

Deutsche Post DHL

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# INTERIM REPORT 2011

Deutsche Post DHL

# KEY FIGURES

## 01 Selected key figures

		Q1 2010	Q1 2011	+/- %
Revenue	€ m	12,016	12,842	6.9
Profit from operating activities (EBIT)	€ m	512 <sup>1)</sup>	629	22.9
Return on sales <sup>2)</sup>	%	4.3	4.9	–
Consolidated net profit <sup>3)</sup>	€ m	1,747	325	–81.4
Operating cash flow	€ m	–95	–34	–64.2
Net liquidity (–)/net debt (+) <sup>4)</sup>	€ m	–1,382	–1,084	–21.6
Earnings per share	€	1.44	0.27	–81.3
Number of employees <sup>5)</sup>		421,274	419,431	–0.4

1) In the previous year EBIT before non-recurring items was €566 million. 2) EBIT/revenue. 3) Excluding non-controlling interests. 4) Prior-year amount as at 31 December, → page 12 of the Interim Report by the Board of Management for calculation. 5) Average FTEs, prior-year amount corresponds to that of financial year 2010.

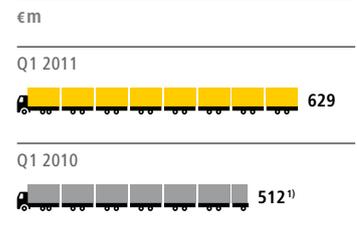
## 02 Consolidated revenue



## 03 Revenue by region



## 04 Consolidated EBIT



1) In the previous year EBIT before non-recurring items was €566 million.

## Q1

### What we achieved in the first quarter

We succeeded in significantly increasing our revenue and earnings compared with the first quarter of 2010, consistently utilising our strengths as the market leader in the German mail business and in nearly all of our logistics activities. The encouraging growth seen in the German parcel business and the fast-growing Asian region substantiate this. Our profitability improved further, resulting in return on sales rising clearly. We increased our investments as planned. Our financial position remains strong and stable.

## 2011

### What we intend to achieve by the end of the year

In light of our good performance over the first three months, we are confirming our forecast of consolidated EBIT for full-year 2011 to reach between €2.2 billion and €2.4 billion. The MAIL division is expected to contribute €1.0 billion to €1.1 billion to this figure, whilst the DHL divisions should deliver €1.6 billion to €1.7 billion. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

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Dr Frank Appel

Chief Executive Officer  
Deutsche Post AG

Deutsche Post DHL

9 May 2011

First quarter of 2011

*Dear Shareholders,*

Your company has started the year 2011 just as successfully as it ended the past financial year. Consolidated revenue rose by 6.9% to €12.8 billion and EBIT was up by an impressive 22.9% to €629 million compared with the same period last year. This demonstrates that our favourable international position allows us to benefit overproportionally from the sustained economic recovery.

Our mail business performed solidly, despite the fact that we have been required to apply value added tax to revenues generated with business customers since mid-2010. What is more, we are reaping the rewards of the boom in e-commerce with strong revenue growth in our parcel business. We saw substantial growth in our DHL divisions, especially in the key growth markets of Asia.

The challenges we faced in the past are now behind us. We have completed the majority of our restructuring initiatives, we have developed innovative products such as E-Postbrief and we have streamlined and optimised our processes. Now we are focusing all efforts on profitable growth. Asia remains the key for our express and logistics business.

We have just the right man for this job. Roger Crook, our new Board member for GLOBAL FORWARDING, FREIGHT, is well acquainted with the region. He not only headed up our express business there in his previous position, he now works out of both Bonn and Singapore and is therefore closer to our customers and markets.

As a logistics company, we have to stay flexible in order to respond quickly to events such as the devastating earthquake in Japan or the recent political unrest in various regions. Finding new ways to offer customers rapid solutions without risking the safety of our employees or the goods we transport is the ultimate art of logistics – and we have mastered this art.

That is why I am convinced that we will successfully continue on our growth course. We confirm our expectation that consolidated EBIT will reach between €2.2 billion and €2.4 billion in financial year 2011.

Yours faithfully,



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# BUSINESS AND ENVIRONMENT

## Organisation

### Change in Board of Management

Hermann Ude, previous Board of Management member responsible for GLOBAL FORWARDING, FREIGHT, left the company on 31 March 2011. Roger Crook has been appointed as the new Board member responsible for this department.

### No material changes to the organisational structure planned

Currently, no material changes to the Group's organisational structure are planned for the year 2011.

## Economic parameters

### Global upswing continues

The global economy remained on its upwards path at the beginning of 2011, with emerging economies seeing the strongest growth. The recovery also continued in most industrial nations, although it is likely that unusually high growth rate disparities remained.

Growth in Asian countries lost some momentum but remained comparatively very high on a global scale. In China, GDP in the first quarter was up by 9.7% year on year and therefore comparably dynamic to the previous quarters. The devastating earthquake that struck Japan on 11 March 2011 has had significant implications for the country, where economic output is likely to have fallen noticeably.

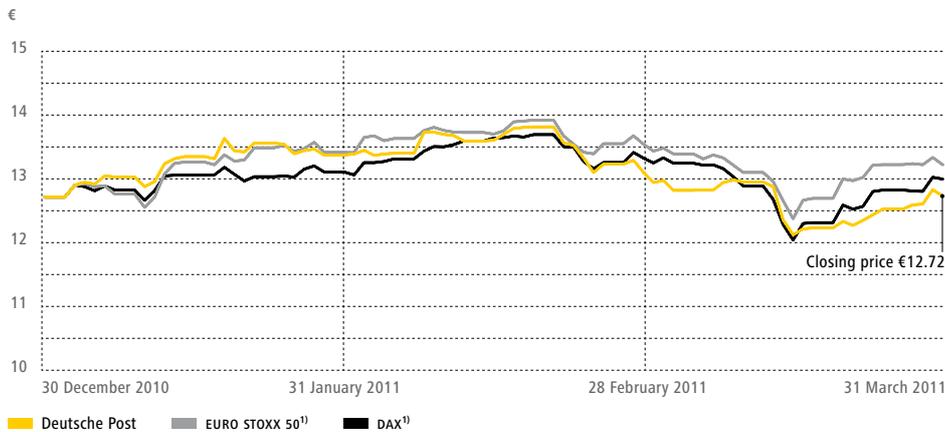
The US economy held to a growth course. Investments in machinery and equipment are expected to have again been the primary drivers. Furthermore, private consumption grew, bolstered by rising employment. Nevertheless, the unemployment rate remained very high. Amidst these economic conditions, the US Federal Reserve retained its key interest rate at 0% to 0.25%.

In the euro zone, economic growth regained speed after seeing only a moderate pace of late. The industrial sector in particular showed a strong upwards trend. Furthermore, the construction industry is beginning to come out of the slump caused by the harsh winter, which is causing gross fixed capital formation to rise. However, private consumption has again probably only seen a moderate rise on account of considerably higher prices. Based on a higher risk of inflation, the European Central Bank raised its key interest rate at the beginning of April from 1.0% to 1.25%.

The German economy began 2011 in very good form, seeing a strong influx of new orders, substantially higher industrial production and even exceptionally solid construction spending. GDP is expected to have climbed significantly in the reporting period, although private consumption has remained moderate. Adjusted for seasonal factors, the unemployment figure fell by 129,000 as at 31 March 2011. The strong upturn was also reflected in the ifo Business Climate Index, which reached a new record high in February before dipping slightly again in March.

# DEUTSCHE POST SHARES

## 05 Share price performance



1) Rebased on the closing price of Deutsche Post shares on 30 December 2010.

### Earthquake in Japan puts pressure on stock markets after good start to the year

The positive economic trend gave stock markets around the world a further boost as 2011 got underway. Although the national budget situation in several European countries remained tense, the EURO STOXX 50 climbed 4.2% to 2,910 points in the first quarter. The DAX got off to a good start to the year only to lose considerable ground due to the political unrest in North Africa, the rise in oil prices and the events triggered by the earthquake in Japan. The index was only up by 1.8% overall but still managed to close the quarter at 7,041 points. Our shares also started off well, topping out at €13.83. The market disruptions that arose in mid-February, however, put strong pressure on the price, which fell to €12.10. Our shares recovered along with the indexes at the end of March, closing the quarter with a slight plus of 0.2% to €12.72. Average trading volumes fell 9.5% below the prior year to 4.8 million.

## 06 Deutsche Post shares

		30 Dec. 2010	31 March 2011
Number of shares	millions	1,209.0	1,209.0 <sup>1)</sup>
Closing price	€	12.70	12.72
Market capitalisation	€m	15,354	15,378
High <sup>2)</sup>	€	14.46	13.83
Low <sup>2)</sup>	€	11.18	12.10
Average trading volume per day <sup>3)</sup>	shares	5,298,800	4,793,596

1) Including treasury shares, ➔ Note 13.

2) In 2010 and in the first three months of 2011.

3) In the first quarter.

## 07 Peer group comparison: closing prices

		30 Dec. 2010	31 March 2011	+/- %	31 March 2010	31 March 2011	+/- %
Deutsche Post DHL	€	12.70	12.72	0.2	12.85	12.72	-1.0
TNT	€	19.21	18.10	-5.8	21.23	18.10	-14.7
FedEx	US\$	92.96	93.55	0.6	93.40	93.55	0.2
UPS	US\$	72.68	74.32	2.3	64.41	74.32	15.4
Kuehne + Nagel	CHF	130.00	128.50	-1.2	106.70	128.50	20.4

# ECONOMIC POSITION

## Overall assessment by the Board of Management

The global economy continued to recover in the first quarter of 2011, despite the repercussions of the devastating earthquake in Japan and the political unrest in North Africa and the Middle East. Against this backdrop, we succeeded in significantly increasing our revenue and earnings compared with the first quarter of 2010. Our profitability improved further, resulting in return on sales rising clearly. The Group's financial position remains stable and we continue to enjoy a good liquidity position, so we did not make use of the syndicated credit facility. We increased our investments as planned, particularly in the maintenance and expansion of our infrastructure.

## Significant events

### Interest in Postbank reclassified

In accordance with the contractual arrangements governing the planned sale of Postbank to Deutsche Bank, we reclassified our remaining 39.5% shareholding in Postbank as held for sale at the end of February 2011. The carrying amount of the investment as at the reclassification date was €1,801 million.

## Earnings

### 08 Selected indicators for results of operations

		Q1 2010	Q1 2011
Revenue	€m	12,016	12,842
Profit from operating activities (EBIT)	€m	512 <sup>1)</sup>	629
Return on sales <sup>2)</sup>	%	4.3	4.9
Consolidated net profit for the period <sup>3)</sup>	€m	1,747	325
Earnings per share	€	1.44	0.27

1) In the previous year EBIT before non-recurring items was €566 million.

2) EBIT/revenue.

3) After deduction of non-controlling interests.

### Changes in reporting and portfolio

In order to strengthen the focus on our core business in the United States, we sold Exel Transportation Services, a provider of freight brokerage and intermodal services in the USA and Canada, on 1 April 2011, prior to which all of the assets and liabilities of the companies concerned were therefore reclassified as held for sale as at 31 March 2011.

### Consolidated revenue rises

During the reporting period, consolidated revenue increased by €826 million, or 6.9%, to €12,842 million (previous year: €12,016 million). Currency effects of €146 million contributed to this increase. The share of consolidated revenue generated abroad rose from 65.9% in the first quarter of 2010 to 67.0%.

### Higher transport costs push up materials expense

At €389 million, other operating income was €46 million lower than in the prior-year period (€435 million). The higher figure last year was largely attributable to the reversal of provisions recognised for restructuring.

Materials expense rose by €712 million to €7,298 million in the reporting period due, amongst other things, to the higher oil price. We are able to pass on this effect to our customers in most cases.

Staff costs fell slightly, from €4,174 million to €4,128 million, primarily due to the sale in 2010 of the day-definite domestic express businesses in the United Kingdom and France.

Depreciation, amortisation and impairment losses also fell slightly, decreasing by €10 million to €308 million.

Other operating expenses remained practically unchanged at €868 million (previous year: €861 million).

### EBIT up, net financial income down

Profit from operating activities (EBIT) rose by €117 million or 22.9% during the reporting period to reach €629 million.

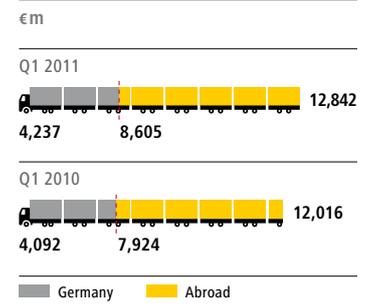
However, net financial income dropped from €1,328 million to €-161 million (reported as net finance costs). In particular, the previous year's figure had been lifted by €1,453 million by the initial measurement of the fair market value of a forward related to the second tranche of the Postbank sale.

Profit before income taxes declined by €1,372 million to €468 million (previous year: €1,840 million). Income taxes increased by €47 million to €117 million. The measurement of the derivatives from the planned Postbank sale had no effect on tax. The tax rate increased to the current figure of 25% due to the higher income generated abroad.

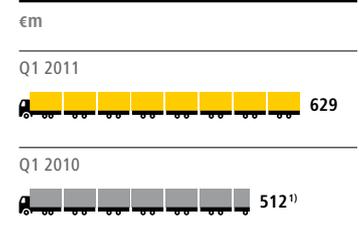
### Consolidated net profit and earnings per share down sharply

Consolidated net profit decreased from €1,770 million in the first quarter of 2010 to €351 million in the reporting period. Of this amount, €325 million is attributable to shareholders of Deutsche Post AG and €26 million to non-controlling interest holders. Both basic and diluted earnings per share fell from €1.44 to €0.27.

#### 09 Consolidated revenue



#### 10 Consolidated EBIT



<sup>1)</sup> In the previous year EBIT before non-recurring items was €566 million.

## Financial position

### 11 Selected cash flow indicators

€ m	Q1 2010	Q1 2011
Cash and cash equivalents as at 31 March	2,696	2,943
Change in cash and cash equivalents	-407	-424
Net cash used in operating activities	-95	-34
Net cash used in investing activities	-195	-237
Net cash used in financing activities	-117	-153

### Good liquidity position

The principles and aims of our financial management presented in the 2010 Annual Report remain valid and are being pursued unchanged as is our finance strategy.

“FFO to debt”, our dynamic performance metric, is calculated on a rolling 12-month basis. The definition of this metric and the methodology used to calculate its individual components correspond to those used by the rating agency Standard & Poor’s.

In the first quarter of 2011, “FFO to debt” declined slightly as anticipated due to the prepayment made to the Bundes-Pensions-Service für Post und Telekommunikation, although funds from operations (FFO) increased. At 34.9%, this performance metric is, however, well within our expectations.

Our liquidity position remains good. In the reporting period, we therefore did not utilise the five-year syndicated credit facility agreed upon in December 2010, which has a total volume of €2 billion. As at 31 March 2011, the Group had cash and cash equivalents of €2.9 billion. There are also investment funds callable at sight of approximately €400 million that are reported as current financial assets in the balance sheet.

### 12 FFO to debt

€ m	1 Jan. to 31 Dec. 2010	1 April 2010 to 31 March 2011
Operating cash flow before changes in working capital	2,109	2,296
⊕ Interest and dividends received	59	56
⊖ Interest paid	183	178
⊕ Adjustment for operating leases	1,055	1,055
⊕ Adjustment for pensions	198	198
⊖ Non-recurring income/expenses	531	387
⊖ <b>Funds from operations (FFO)</b>	<b>3,769</b>	<b>3,814</b>
Reported financial liabilities <sup>1)</sup>	7,022	6,885
⊖ Financial liabilities related to the sale of Deutsche Postbank AG <sup>1)</sup>	4,164	4,207
⊖ Financial liabilities at fair value through profit or loss <sup>1)</sup>	115	122
⊕ Adjustment for operating leases <sup>2)</sup>	5,527	5,527
⊕ Adjustment for pensions <sup>2)</sup>	5,323	5,323
⊖ Surplus cash and near-cash investments <sup>1), 3)</sup>	2,893	2,463
⊖ <b>Debt</b>	<b>10,700</b>	<b>10,942</b>
<b>FFO to debt (%)</b>	<b>35.2</b>	<b>34.9</b>

1) As at 31 December 2010 and 31 March 2011, respectively. 2) As at 31 December 2010. 3) Surplus cash and near-cash investments are defined as cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

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➔ Page 11

### Investments higher than previous year

The Group's capital expenditure (capex) totalled €252 million in the first quarter of 2011, which reflects a significant year-on-year increase of 29.2% (previous year: €195 million). Funds were used mainly to replace and expand assets as follows: €222 million was invested in property, plant and equipment and €30 million in intangible assets excluding goodwill. Investments in property, plant and equipment related mainly to advance payments and assets under development (€103 million), transport equipment (€41 million), technical equipment and machinery (€28 million), IT equipment (€16 million) and aircraft (€16 million).

Our regional investments focused mainly on Europe and the Americas. In Europe, investments were centred on Germany and the UK.

### 13 Capex and depreciation, amortisation and impairment losses

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	Q1 2010 adjusted	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010 adjusted	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
Capex (€m)	84	48	41	82	18	21	35	60	17	41	195	252
Depreciation, amortisation and impairment losses (€m)	72	76	89	82	24	25	71	76	62	49	318	308
Ratio of capex to depreciation, amortisation and impairment losses	1.17	0.63	0.46	1.00	0.75	0.84	0.49	0.79	0.27	0.84	0.61	0.82

Capital expenditure in the MAIL division in the reporting period fell from €84 million (adjusted) to €48 million, primarily because some investments were deferred to later in the year and because some investments were made in new sorting systems in the prior-year period. We invested mainly in technical equipment and machinery, internally generated software and in other operating and office equipment.

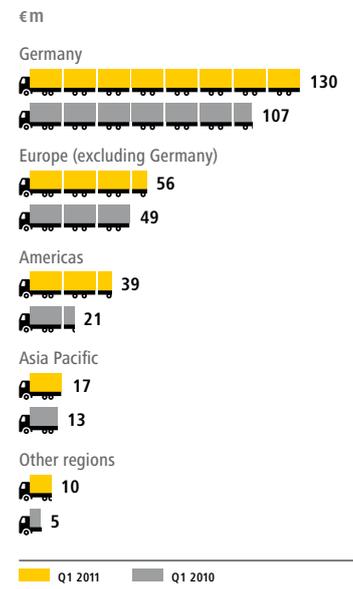
In the EXPRESS division, a total of €82 million was invested in the first quarter of 2011 (previous year: €41 million). We have made advance payments in the amount of €50 million to, amongst other things, renew parts of our aircraft fleet. In addition, €16 million was spent for aircraft maintenance and €7 million for technical equipment and machinery. By region, we invested mainly in Europe and Asia, with the focus there on India and China.

In the GLOBAL FORWARDING, FREIGHT division, €21 million was invested in the first quarter (previous year: €18 million). €15 million of this figure was attributable to the Global Forwarding business unit, where we fitted out and modernised our warehouses. In the Freight business unit, we invested €6 million, most of which was in property, plant and equipment and intangible assets.

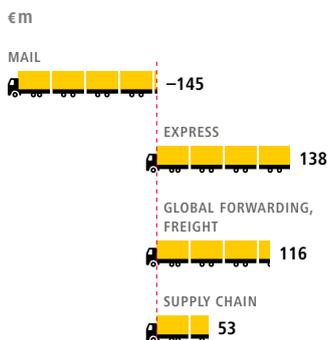
In the SUPPLY CHAIN division, capex amounted to €60 million in the reporting period, which was €25 million more than the adjusted prior-year figure. €47 million of our investments was dedicated to property, plant and equipment. Compared with the prior year, we invested more in all regions; €50 million was attributable to the Supply Chain business unit and €10 million to Williams Lea.

Cross-divisional capital expenditure rose from €17 million in the first quarter of 2010 to the current figure of €41 million. The purchase of vehicles accounted for the highest share of expenditure. In the first quarter of 2010, capital expenditure in this area was considerably reduced when vehicle operating life was extended and new vehicle orders suspended.

### 14 Capex by region



### 15 Operating cash flow by division, Q1 2011



### Cash flow statement

Net cash used in operating activities amounted to €34 million in the first quarter of 2011, €61 million lower than in the same period last year. The improved EBIT and reduced utilisation of provisions led to a higher cash inflow before adjustments for changes in working capital. However, the changes in working capital gave rise to a cash outflow of €662 million. Operating cash flow is regularly impacted in the first quarter of the financial year by the prepaid annual contribution to the Bundes-Pensions-Service für Post und Telekommunikation; the 2011 payment was €542 million.

Net cash used in investing activities increased by €42 million to €237 million, primarily because we accelerated our investments in property, plant and equipment and intangible assets. Our intention to increase organic growth is also reflected in the cash outflows for subsidiaries and other business units: no payments were made or received regarding this item in the reporting period as opposed to the prior-year period.

In the past, free cash flow was characterised by substantial changes in financial assets. In order to improve the informative value of free cash flow from an operating perspective, we have changed the way we report this indicator:

### 16 Calculation of free cash flow

€ m

	Q1 2010	Q1 2011
<b>Net cash used in operating activities</b>	<b>-95</b>	<b>-34</b>
Sale of property, plant and equipment and intangible assets	54	52
Purchase of property, plant and equipment and intangible assets	-203	-305
<b>Net cash used for changes in property, plant and equipment and intangible assets</b>	<b>-149</b>	<b>-253</b>
Disposal of subsidiaries and other business units	-24	0
Acquisition of subsidiaries and other business units	-47	0
<b>Net cash used for acquisitions/divestments</b>	<b>-71</b>	<b>0</b>
Interest received	11	12
Interest paid	-72	-67
<b>Net interest payments</b>	<b>-61</b>	<b>-55</b>
<b>Free cash flow</b>	<b>-376</b>	<b>-342</b>

Free cash flow changed from €-376 million in the first quarter of 2010 to €-342 million in the first quarter of 2011.

Net cash used in financing activities was €36 million higher year on year, at €153 million, with interest payments of €67 million representing the largest item. The change in current financial liabilities also led to a cash outflow of €22 million, compared with a cash inflow of €27 million in the first quarter of 2010.

Compared with 31 December 2010, cash and cash equivalents fell from €3,415 million to €2,943 million due to the changes in the cash flows from the individual activities.

## Assets and liabilities

### 17 Selected indicators for net assets

		31 Dec. 2010	31 March 2011
Equity ratio	%	28.3	28.8
Net liquidity (-)/net debt (+)	€m	-1,382	-1,084
Net interest cover <sup>1)</sup>		8.4	11.4
FFO to debt <sup>2)</sup>	%	35.2	34.9

1) In the first quarter.

2) For calculation → page 8.

#### Decline in Group's total assets

The Group's total assets amounted to €37,434 million as at 31 March 2011, €329 million lower than at 31 December 2010.

Since the planned sale of Postbank is now expected to take place within the next 12 months, it was necessary to reclassify all of the associated non-current assets and liabilities to the relevant current balance sheet items. In addition, the carrying amount of the investment in Postbank was reclassified as held for sale.

At €19,671 million, non-current assets were €4,822 million lower than the prior-year figure. Intangible assets fell by €323 million or 2.7% to €11,525 million, largely due to a decline in goodwill resulting from currency translation differences. The decline of €132 million in property, plant and equipment to €5,998 million was also largely attributable to currency translation differences. In addition, deferred tax assets decreased by €29 million to €944 million. In particular, the above-mentioned reclassifications in connection with the sale of Postbank reduced investments in associates by €1,797 million and non-current financial assets by €2,509 million.

Current assets rose from €13,270 million to €17,763 million, largely as a result of the reclassifications mentioned. Receivables and other current assets increased by €545 million to €9,186 million, with the accrual of the prepaid annual contribution to Bundes-Pensions-Service accounting for €407 million of this increase. Cash and cash equivalents declined from €3,415 million to €2,943 million. Assets held for sale increased from €113 million to €2,068 million, mainly because we reclassified our remaining equity interest in Postbank and on 1 April 2011 sold the US subsidiary Exel Transportation Services.

At €10,586 million, equity attributable to Deutsche Post shareholders is slightly higher than at 31 December 2010 (€10,511 million). This figure was affected positively by consolidated net profit for the period but reduced by negative currency translation differences.

Current and non-current liabilities decreased from €17,640 million to €17,439 million, primarily because trade payables fell by €500 million to €5,207 million. This reflects a seasonal effect: business is usually stronger towards the end of a financial year than at the beginning. However, other current liabilities increased from €4,047 million to €4,441 million because tax liabilities, deferred income as well as liabilities from wages, salaries and severance payments have increased. Financial liabilities decreased by €137 million, from €7,022 million to €6,885 million, accompanied by a fundamental change in the maturity structure: the liabilities relating to the planned Postbank sale were reclassified from non-current financial liabilities to current financial liabilities, in line with the methodology applied to the related assets. Current and non-current provisions were also reduced, from €9,427 million to €9,214 million. Other non-current provisions decreased largely as a result of currency translation factors.

### Balance sheet indicators

Our net liquidity declined from €1,382 million as at 31 December 2010 to €1,084 million as at 31 March 2011, since our operating, investing and financing activities in the first quarter all resulted in cash outflows. However, the equity ratio improved further by 0.5 percentage points to 28.8%. Net interest cover, which shows the extent to which net interest obligations are covered by EBIT, rose from 8.4 to 11.4. As we have net liquidity, the informative value of net gearing is limited. We therefore do not present or comment on it here.

#### 18 Net liquidity (-)/net debt (+)

€ m	31 Dec. 2010	31 March 2011
Non-current financial liabilities	6,275	2,054
⊕ Current financial liabilities	747	4,831
⊖ Financial liabilities	7,022	6,885
⊖ Cash and cash equivalents	3,415	2,943
⊖ Current financial assets	655	3,115
⊖ Long-term deposits <sup>1)</sup>	120	0
⊖ Positive fair value of non-current financial derivatives <sup>1)</sup>	2,531	125
⊖ Financial assets	6,721	6,183
⊖ Financial liabilities to Williams Lea minority shareholders	28	28
⊖ Mandatory exchangeable bond <sup>2)</sup>	2,796	2,827
⊖ Collateral for the put option <sup>2)</sup>	1,248	1,260
⊕ Net effect from measurement of Postbank derivatives <sup>3)</sup>	2,389	2,329
⊖ Non-cash adjustments	1,683	-1,786
<b>Net liquidity (-)/net debt (+)</b>	<b>-1,382</b>	<b>-1,084</b>

1) Reported in non-current financial assets in the balance sheet. 2) Reported in non-current or current financial liabilities in the balance sheet. 3) Reported in non-current or current financial assets and liabilities in the balance sheet.

# DIVISIONS

## Overview

### 19 Key figures by operating division

€m	Q1 2010 adjusted	Q1 2011	+/- %
<b>MAIL</b>			
Revenue	3,506	3,514	0.2
of which Mail Communication	1,469	1,386	-5.7
Dialogue Marketing	667	679	1.8
Press Services	205	202	-1.5
Value-Added Services	86	89	3.5
Parcel Germany	650	706	8.6
Retail Outlets	196	198	1.0
Global Mail	423	426	0.7
Pension Service	20	23	15.0
Consolidation/Other	-210	-195	7.1
Profit from operating activities (EBIT)	389 <sup>2)</sup>	373	-4.1
Return on sales (%) <sup>1)</sup>	11.1	10.6	-
Operating cash flow	-8	-145	<-100
<b>EXPRESS</b>			
Revenue	2,620	2,765	5.5
of which Europe	1,277	1,212	-5.1
Americas	409	453	10.8
Asia Pacific	730	841	15.2
EEMEA (Eastern Europe, the Middle East and Africa)	279	301	7.9
Consolidation/Other	-75	-42	44.0
Profit from operating activities (EBIT)	110 <sup>3)</sup>	216	96.4
Return on sales (%) <sup>1)</sup>	4.2	7.8	-
Operating cash flow	81	138	70.4
<b>GLOBAL FORWARDING, FREIGHT</b>			
Revenue	3,117	3,581	14.9
of which Global Forwarding	2,276	2,632	15.6
Freight	867	981	13.1
Consolidation/Other	-26	-32	-23.1
Profit from operating activities (EBIT)	53 <sup>4)</sup>	69	30.2
Return on sales (%) <sup>1)</sup>	1.7	1.9	-
Operating cash flow	-10	116	>100
<b>SUPPLY CHAIN</b>			
Revenue	3,044	3,273	7.5
of which Supply Chain	2,820	3,015	6.9
Williams Lea	223	259	16.1
Consolidation/Other	1	-1	-
Profit from operating activities (EBIT)	56 <sup>5)</sup>	78	39.3
Return on sales (%) <sup>1)</sup>	1.8	2.4	-
Operating cash flow	45	53	17.8

1) EBIT/revenue. 2) In the previous year EBIT before non-recurring items was €391 million. 3) In the previous year EBIT before non-recurring items was €154 million.

4) In the previous year EBIT before non-recurring items was €54 million. 5) In the previous year EBIT before non-recurring items was €63 million.

## MAIL division

### Revenue at prior-year level

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. These parts are reported on in the Value-Added Services business unit. The previous year's segment reporting figures were adjusted accordingly.

Revenue in the first quarter of 2011, which had one additional working day compared with 2010, amounted to €3,514 million and was therefore at the prior-year level (€3,506 million). Since 1 July 2010, we have been required to apply value added tax (VAT) to revenues generated from business customers. In order to retain this key customer group, we increased our graduated discount scale, which lowered our revenue. No currency effects were applicable in the reporting period.

### More deliveries made to business customers

In the Mail Communication business unit, we made more deliveries to business customers for the second quarter in a row. However, since we increased the discount applicable to these deliveries, our revenue declined from €1,469 million to €1,386 million. Even though we retained and won back quality-conscious customers, some of our more price-sensitive customers turned to competitors.

The market is shrinking steadily owing to the increasing use of electronic means of communications. Information on market volumes is collected each year; for the latest figures, please see page 51 of the [2010 Annual Report](#).

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#### 20 Mail Communication: volumes

mail items (millions)	Q1 2010	Q1 2011	+/- %
Business customer letters	1,726	1,750	1.4
Private customer letters	311	297	-4.5
<b>Total</b>	<b>2,037</b>	<b>2,047</b>	<b>0.5</b>

### Revenue and volumes increase in addressed advertising mail

We saw a revenue and volume increase for addressed advertising mail and our *Einkauf-aktuell* product in the reporting period. Customers are again increasing their advertising budgets. Revenue increased by 1.8% to €679 million (previous year: €667 million).

#### 21 Dialogue Marketing: volumes

mail items (millions)	Q1 2010	Q1 2011	+/- %
Addressed advertising mail	1,520	1,567	3.1
Unaddressed advertising mail	1,117	1,069	-4.3
<b>Total</b>	<b>2,637</b>	<b>2,636</b>	<b>0.0</b>

### Press services revenue slightly below prior year

Revenue in the Press Services business unit totalled €202 million in the reporting period, 1.5% below the prior-year figure of €205 million. The German press services market, the volume of which we have described in detail on page 52 of the [2010 Annual Report](#), continues to decline. Newspaper and magazine circulation is declining, although item weights remain stable.

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### Increased revenue from value-added services

Revenue in the Value-Added Services business unit reached €89 million, exceeding the previous year's figure of €86 million by 3.5%. Growth in our document management and mailroom services was the main reason for the increase.

### Parcel business profits from e-commerce

Revenue in the Parcel Germany business unit reached €706 million in the reporting period, improving on the previous year's high figure of €650 million by 8.6%. This strong growth was similar to that achieved in the previous quarter. Mail-order business is generally returning to growth alongside the expanding e-commerce business, a trend that was reflected in our higher business customer volumes.

#### 22 Parcel Germany: volumes

mail items (millions)	Q1 2010	Q1 2011	+/- %
Business customer parcels <sup>1)</sup>	161	179	11.2
Private customer parcels	28	27	-3.6
<b>Total</b>	<b>189</b>	<b>206</b>	<b>9.0</b>

<sup>1)</sup> Including intragroup sales.

### Retail outlet revenue at prior-year level

Revenue generated by our approximately 20,000 retail outlets and sales points amounted to €198 million in the reporting period and was thus at the previous year's level (€196 million).

### Slight revenue growth in international mail business

Revenue in the Global Mail business unit totalled €426 million in the reporting period, an increase of 0.7% on the prior-year figure of €423 million. We are registering encouraging revenue gains in both our international mail business and the traditional import and export business. Volumes declined year on year due to our having relinquished the bulk mail business in the Netherlands.

#### 23 Mail International: volumes

mail items (millions)	Q1 2010	Q1 2011	+/- %
Global Mail	1,577	1,089	-30.9

### Solid earnings despite value added tax

With EBIT of €373 million, we were slightly below the prior-year level of €389 million in the MAIL division. Due to higher revenues in the parcel business, and strict cost management, we were able to compensate for most of the losses incurred from the above-mentioned discounts in the mail business. Return on sales was 10.6%.

Operating cash flow amounted to €-145 million (previous year: €-8 million). This figure is impacted in the first quarter of each year by the annual payments to the Bundes-Pensions-Service für Post und Telekommunikation. This is reflected especially in the high cash outflow in working capital.

## EXPRESS division

### International express business continues on growth path

Revenue generated in the EXPRESS division increased by 5.5% in the first quarter of 2011 to €2,765 million (previous year: €2,620 million) despite the fact that the figure for the first quarter of the previous year still included revenue of €125 million from our day-definite domestic businesses in the UK and France, which have meanwhile been sold. Revenue was positively affected by currency gains of €36 million. Without these gains, the revenue rise would have amounted to 4.2%. This growth is primarily attributable to the rise in daily shipment volumes of 7.8% in the TDI product line and 10.0% in the TDD product line. We also generated higher revenues from fuel surcharges levied to cover our increased fuel costs. In the TDI product line, weight per shipment exceeded the prior-year figure by 6.6%, additional evidence that our international business is continuing on a strong growth path. In the DDD product line, revenues and volumes decreased significantly, above all due to the sale of the day-definite domestic businesses in the UK and France.

#### 24 EXPRESS: revenue by product

€m per day	Q1 2010 adjusted	Q1 2011	+/- %
Time Definite International (TDI)	26.3	28.5	8.4
Time Definite Domestic (TDD)	4.9	5.2	6.1
Day Definite Domestic (DDD)	5.9	3.9	-33.9

#### 25 EXPRESS: volumes by product

thousand of items per day	Q1 2010 adjusted	Q1 2011	+/- %
Time Definite International (TDI)	475	512	7.8
Time Definite Domestic (TDD)	628	691	10.0
Day Definite Domestic (DDD)	657	425	-35.3

### Pleasing growth in international shipment volumes in the Europe region

Revenue in our Europe region declined by 5.1% on the prior year to €1,212 million in the reporting period (previous year: €1,277 million). The main reason for the decrease was the sale of our day-definite domestic businesses in the UK and France. Revenue in this region was positively impacted by currency gains of €14 million, which resulted predominantly from our business operations in Switzerland, the UK and Scandinavia. Without these currency gains, revenue would have dropped by 6.2%. In the highly competitive European express market, we increased our daily shipment volumes by an encouraging 7.1% in the TDI product line.

### Significant growth in revenue and volumes in Americas region

In the Americas region, revenue grew by 10.8% in the reporting period to €453 million (previous year: €409 million). Daily shipment volumes in the TDI product line rose by 5.0% overall, with the increase in the United States amounting to even 8.0%.

Compared with revenue, however, volumes rose only moderately due to effects of the product mix: instead of documents, customers are now sending more express parcels.

### Double-digit revenue growth in Asia Pacific region

The Asia Pacific region continues to drive growth in the express business. Revenue increased sharply on the prior year with a rise of 15.2% to €841 million in the first quarter of 2011 (previous year: €730 million). Revenue was positively affected by currency gains of €25 million. Without these gains, the revenue growth would have amounted to 11.8%. Particularly in the TDI product line, shipment volumes saw a clear 9.7% rise, thus reaching a higher level than prior to the crisis of 2009. The devastating earthquake in Japan had no significant effect on our business; we were able to maintain our services. For more information, please refer to the [Risk Report](#).

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### Growth continues in EEMEA region

Revenue in the EEMEA region (Eastern Europe, the Middle East and Africa) increased by 7.9% to €301 million in the first quarter of the reporting year (previous year: €279 million). Revenue was negatively impacted by currency effects of €5 million. Adjusted for these currency effects, the revenue rise amounted to 9.7%. In all product lines, daily shipment volumes increased versus the prior year.

### EBIT grows substantially

Due to significant revenue and volume growth as well as strict cost management, EBIT rose substantially versus the previous year, increasing from €110 million to €216 million.

Return on sales increased to 7.8% in the first quarter of 2011 (previous year: 4.2%).

Operating cash flow rose from €81 million in the first quarter of the previous year to €138 million. Although higher shipment volumes and revenues led to a slight increase in working capital, lower cash payments for restructuring and the substantial EBIT improvement more than compensated for the associated cash outflow.

## GLOBAL FORWARDING, FREIGHT division

### Good performance in freight forwarding business

In the GLOBAL FORWARDING, FREIGHT division we improved revenue by 14.9% to €3,581 million in the first quarter of 2011 (previous year: €3,117 million). Revenue was positively affected by currency gains of €66 million. Without these gains, the increase would have amounted to 12.8%. Overall, in the first quarter we got off to a good start to the new financial year with a particularly strong March.

In the Global Forwarding business unit, we increased revenue from €2,276 million to €2,632 million, a rise of 15.6% year on year. The increase amounted to 13.8% after adjustment for currency gains of €41 million. Fuel prices, which were already high, rose further during the reporting period. We were nonetheless able to improve gross profit by 14.4% from €499 million to €571 million.

### Volumes and revenues increased in air and ocean freight

In our air and ocean freight businesses, transport volumes and revenues performed increasingly well as the first quarter of 2011 progressed. Although fuel prices rose markedly, freight rates declined, as in the previous quarter, particularly rates for ocean freight, allowing us to slightly increase our operating margins.

Air freight volumes rose by 4.8% year on year and revenue improved by 15.1%. We were able to benefit from improved purchasing conditions given that capacity shortages are now less prominent in the air freight market, resulting in gross profit growing by 16.1%.

The rise in ocean freight volumes amounted to 1.7% due to the fact that warehouse stocks were already replenished to a large extent in the first quarter of the previous year. Revenue increased by 24.8%. Freight rates dropped on individual trade lanes. Gross profit increased by 21.0%.

After the devastating earthquake in Japan, some airports and seaports were temporarily closed. For more information, please refer to the [Risk Report](#).

We were able to achieve slight growth in our industrial project business, as can be seen by the fact that gross profit continued to improve slightly compared with the previous year. The industrial project business is referred to as a part of Other in the table below.

#### 26 Global Forwarding: revenue

€ m	Q1 2010	Q1 2011	+/- %
Air freight	1,169	1,345	15.1
Ocean freight	703	877	24.8
Other	404	410	1.5
<b>Total</b>	<b>2,276</b>	<b>2,632</b>	<b>15.6</b>

**27 Global Forwarding: volumes**

thousands		Q1 2010 adjusted <sup>1)</sup>	Q1 2011	+/- %
Air freight	tonnes	1,037	1,087	4.8
of which exports	tonnes	581	596	2.6
Ocean freight	TEUS <sup>2)</sup>	637	648	1.7

1) At the beginning of 2011 we adapted our systems for recording transport volumes, which also resulted in a slight retroactive adjustment.

2) Twenty-foot equivalent units.

**European overland transport exceeds prior-year level**

In the Freight business unit, revenue rose by 13.1% to €981 million in the reporting period (previous year: €867 million), mainly due to increases in business in Germany, Sweden and Eastern Europe. This figure contains currency gains of €25 million. Gross profit increased by 4.2% to €249 million (previous year: €239 million).

**Stable margins lead to improved EBIT and cash flow increases considerably**

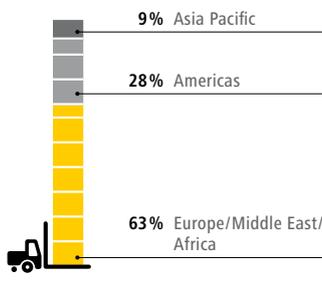
Due to our positive margin development, divisional EBIT improved by 30.2%, rising from €53 million to €69 million. The prior-year figure contained restructuring costs of €1 million. Return on sales amounted to 1.9% (previous year: 1.7%).

Although volumes continued to rise, net working capital improved in the reporting period compared with the previous quarter, due to an increase in liabilities. Operating cash flow thus improved significantly by €126 million to €116 million (previous year: €-10 million).

## SUPPLY CHAIN division

### 28 SUPPLY CHAIN: revenue by region, Q1 2011

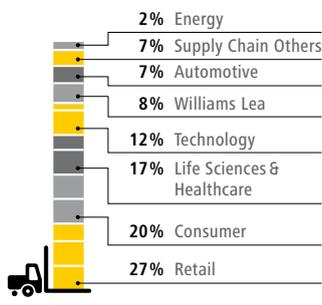
Total revenue: €3,273 million



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### 29 SUPPLY CHAIN: revenue by sector, Q1 2011

Total revenue: €3,273 million



#### Revenue growth from new and existing business

On 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. The previous year's segment reporting figures were adjusted accordingly.

The SUPPLY CHAIN division generated revenue of €3,273 million in the first quarter of 2011, an increase of 7.5% (previous year: €3,044 million). Revenue was positively affected by exchange rate gains of €47 million. Without these gains, the increase would have amounted to 6.0%. We experienced strong development, in the Retail and Life Sciences & Healthcare sectors in particular.

Revenue in the Supply Chain business unit was €3,015 million, an increase of 6.9% (previous year: €2,820 million). The Americas region benefitted in particular from growth in the Consumer, Retail and Life Sciences & Healthcare sectors as well as in transport activity. The Asia Pacific region had the highest level of revenue growth with additional new and existing business, especially in China, Australia, India and Thailand. In Japan, the volumes of some of our customers fell following the earthquake on 11 March 2011, as described in the [Risk Report](#). In Europe, we also saw an increase in revenue, driven primarily by new business and continued growth in the Life Sciences & Healthcare sector in the UK. The sale of the temperature-controlled logistics business in Austria in April 2010 had an opposite effect on revenue.

Williams Lea revenue increased by 16.1% in the first quarter of 2011 to €259 million (previous year: €223 million). The Americas marketing solutions business and new business gained in the European banking sector accounted for much of this growth.

#### New contract gains generate improved profit margins

The Supply Chain business unit concluded additional contracts worth €320 million in annualised revenue with both new and existing customers in the first quarter of 2011, a 33% rise over the previous year. The biggest increase was in the UK Retail sector. We monitor the performance of all major contracts on a regular basis. For new contracts, both revenue and profitability exceeded expectations by around 7% for the most recent 12 months. Overall, new contract profit margins have improved significantly year on year. The annualised contract renewal rate remained at the 2010 level.

The Williams Lea Americas region won a sizeable print management contract with an international direct marketing company.

#### EBIT improves substantially

The division reported EBIT of €78 million for the first quarter of 2011, an increase of 39.3% (previous year: €56 million). The prior-year figure included restructuring costs of €7 million. Return on sales improved from 1.8% to 2.4%, which was largely a result of the increase in business activity and the incremental benefits of our restructuring initiatives.

Operating cash flow improved from €45 million to €53 million. A higher cash flow before adjustments for changes in working capital was partly offset by increased working capital.

# NON-FINANCIAL PERFORMANCE INDICATORS

## Employees

### Number of employees at prior-year level

The average number of employees (full-time equivalents) decreased to 419,431 in the first three months of 2011, a slight seasonal decline of 0.4% compared with the previous year's average.

### Employee numbers to remain stable until end of year

Our current planning calls for maintaining the total number of employees at the current level in financial year 2011.

## Research and development

### No research and development in the narrower sense

As a service provider, Deutsche Post DHL does not undertake any research and development activities in the narrower sense and thus does not report significant expenses in this area.

# FURTHER DEVELOPMENTS

### Sale of Canadian domestic express business

At the beginning of May 2011, DHL Express Canada announced the sale of its domestic express business in Canada to the transport company TransForce, with the two companies entering into a 10-year strategic alliance. DHL Express Canada continues to provide international express services.

### Purchase of Italian Eurodifarm

At the end of March 2011, we entered into an agreement to acquire a 100% interest in Eurodifarm srl., Lodi, Italy. The agreement is subject to conditions precedent which had not yet been fulfilled at the balance sheet date. Eurodifarm is the market leader in the controlled-temperature distribution of pharmaceutical and diagnostic products in Italy.

### Internet advertising specialist acquired

On 1 April 2011, we acquired all shares of Adcloud GmbH, Cologne, Germany. This company is a specialised provider of internet advertising space marketing and placement services.

# OUTLOOK

## Report on expected developments

We originally assumed that the world economy would grow by 3% to 4% and that world trade would exceed this growth by a factor of 1.5 to 2. We continue to expect those growth forecasts to materialise. In light of our good performance over the first three months, we are confirming our forecast of consolidated EBIT for full-year 2011 to reach between €2.2 billion and €2.4 billion. The MAIL division is expected to contribute €1.0 billion to €1.1 billion to this figure, whilst the DHL divisions should deliver €1.6 billion to €1.7 billion. At around €-0.4 billion, the Corporate Center/Other result should be on a par with the previous year. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

## Opportunities and risks

### Opportunity and risk controlling process facilitates sustainable Group management

We identify, assess and report opportunities and risks to management at an early stage as part of a Group-wide process led by Corporate Controlling. This allows key information about future events and developments to flow systematically into the company's control processes. In this way, the opportunity and risk controlling process facilitates sustainable management of our company. We describe our opportunity and risk management process and the significant risks affecting our earnings, financial position, as well as assets and liabilities in the 2010 Annual Report beginning on page 88.

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### Opportunities

We describe the Group's unchanged economic opportunities in the 2010 Annual Report starting on page 90.

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### Risk resulting from the earthquake in Japan

We have been working closely with Japanese authorities since the devastating earthquake struck the country on 11 March. Our goal is to maintain our service whilst taking all safety precautions. Cargo flights were resumed very rapidly. Collection and delivery services are in operation; however, we are experiencing some delays. A few of our buildings were damaged, which has partially affected service. We suspended services in some parts of the north-east, which are either difficult or impossible to reach. The port of Sendai, which is particularly relevant to our operations, was also affected. The harbours in Tokyo and Yokohama temporarily refused to accept bookings, which caused some shipments to reach their destinations late. The Group's management is in close contact with the local management team in order to be able to respond quickly to any potential changes in the situation there in an effort to protect our staff and in the interest of our customers. The financial implications for our Group depend greatly on how the Japanese economy develops and what impact this has on the global economy and shipping volumes.

### Overall assessment of the Group's risk position

In the first quarter of 2011, no further significant risks or changes arose beyond those presented in the [2010 Annual Report](#) and in this report. No risks are currently identifiable that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern.

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## Future economic parameters

### Global upturn with regional uncertainties

The International Monetary Fund (IMF) is predicting an increase of 4.4% in global economic output for full-year 2011 and 7.4% growth for global trade. Commodity prices, which are already higher, may carry economic risks, especially for emerging markets.

The Japanese economy will presumably continue to suffer greatly in the second quarter from the aftermath of the earthquake. In the second half of the year, public expenditure for clean-up and rebuilding may spur an economic turnaround. However, the overall impact remains difficult to predict. Consequently, growth forecasts vary considerably (IMF: 1.4%, Postbank Research: -0.5%).

In China, the government and the central bank continue to work to keep the economy from overheating. The economy is therefore expected to grow somewhat more slowly (IMF: 9.6%).

In the United States, the upturn is rather broad based as business investment, private consumption and exports are all trending upwards. Rising employment is creating favourable conditions for the economy to gain momentum and GDP to grow at a solid pace (IMF: 2.8%, Postbank Research: 3.3%).

The economy in the euro zone is expected to continue on its recovery path, driven by business investment and exports. By contrast, private consumption is likely to only expand marginally as a result of rising inflation and high unemployment. A moderate increase in total GDP is forecast (ECB: 1.7%, Postbank Research: 2.0%).

The German economy in 2011 is expected to see a remarkably broad-based upturn. A sharp rise in exports and investments in machinery and equipment is anticipated. Construction spending is also expected to make a positive contribution to growth. Furthermore, private consumption will probably see a boost from the strong rise in employment. GDP growth should again be markedly higher in Germany than in the rest of the euro zone (IMF: 2.5%, Postbank Research: 2.8%).

## Revenue and earnings forecast

We believe that the global economy will continue recovering in 2011 even though some economic risk does exist. We originally budgeted for growth of 3% to 4% and assumed that the international trading volumes relevant for our business would exceed this growth by a factor of 1.5 to 2. We continue to expect our revenue to increase more or less in line with our forecast medium-term growth rates of 7% to 9%, especially in the DHL divisions, with the increase pertaining to each of the three divisions.

In light of our good performance over the past three months, we are confirming our forecast of consolidated EBIT for full-year 2011 to reach between €2.2 billion and €2.4 billion. The MAIL division is expected to contribute between €1.0 billion and €1.1 billion to this figure. Compared with the previous year, we expect an additional improvement in overall earnings to between €1.6 billion and €1.7 billion in the DHL divisions. This corresponds to an increase of 10% to 17% on the prior-year figure. At around €-0.4 billion, the Corporate Center/Other result should be on a par with the previous year.

We are maintaining our finance policy in 2011 and plan to increase capital expenditures to no more than €1.6 billion after having increased it to just under €1.3 billion in 2010. Following our corporate strategy, we are focusing on organic growth. We anticipate only a few small acquisitions in 2011, as in the previous year. In 2011, cash flow will be impacted by the restructuring measures resolved in 2009 to a much lesser extent than in previous years.

Provided that the global economy continues to recover, the positive trend in our earnings that we are anticipating for 2011 is likely to continue into 2012. The cost reduction measures and growth programmes initiated in the MAIL division are expected to stabilise EBIT even if traditional physical letter volumes continue to lose out to electronic means of communication. We expect EBIT to improve in the DHL divisions at an annual average of 13% to 15% until 2015 as trading volumes continue to recover.

The mark-to-market measurement of certain financial instruments required under IFRS in connection with the Postbank transaction will be reviewed at the end of each quarter until early 2012, and adjusted if necessary, based on the change in the Postbank share price. Any adjustments made will not impact liquidity and will be reported under net finance costs/net financial income. To a large extent, this impact will be negated by offsetting changes in the fair value of the remaining shareholding in Postbank. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

## Projected financial position

### Creditworthiness of the Group remains stable

Based on the projected earnings trend for 2011 and the planned increase in capital expenditure, we expect the “FFO to debt” performance metric to remain at approximately the prior-year level. We do not anticipate significant changes to our credit ratings.

### Liquidity situation remains good

Due to our favourable liquidity position, we continue to have no plans for any major funding initiatives at present. Since we pass on most of the commodity price risk to our customers, we do not expect the latest increase in the price of crude oil to significantly impact our earnings.

### Further increase in capital expenditure planned

As described in the 2010 Annual Report, we intend to step up capital expenditure in 2011 in all of the divisions. The majority of the increase will be focused on property, plant and equipment as well as transport equipment.

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This interim report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets” and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this interim report.

 Any internet sites referred to in the Interim Report by the Board of Management do not form part of the report.

# 30 INCOME STATEMENT

1 January to 31 March

€m

	2010	2011
Revenue	12,016	12,842
Other operating income	435	389
<b>Total operating income</b>	<b>12,451</b>	<b>13,231</b>
Materials expense	-6,586	-7,298
Staff costs	-4,174	-4,128
Depreciation, amortisation and impairment losses	-318	-308
Other operating expenses	-861	-868
<b>Total operating expenses</b>	<b>-11,939</b>	<b>-12,602</b>
<b>Profit from operating activities (EBIT)</b>	<b>512</b>	<b>629</b>
Net income from associates	34	58
Other financial income	1,550	79
Other finance costs	-250	-296
Foreign currency result	-6	-2
<b>Net other financial income/net other finance costs</b>	<b>1,294</b>	<b>-219</b>
<b>Net financial income/net finance costs</b>	<b>1,328</b>	<b>-161</b>
<b>Profit before income taxes</b>	<b>1,840</b>	<b>468</b>
Income taxes	-70	-117
<b>Consolidated net profit for the period</b>	<b>1,770</b>	<b>351</b>
attributable to Deutsche Post AG shareholders	1,747	325
attributable to non-controlling interests	23	26
<b>Basic earnings per share (€)</b>	<b>1.44</b>	<b>0.27</b>
<b>Diluted earnings per share (€)</b>	<b>1.44</b>	<b>0.27</b>

## 31 STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 March

€m

	2010	2011
<b>Consolidated net profit for the period</b>	<b>1,770</b>	<b>351</b>
<b>Currency translation reserve</b>		
Changes from unrealised gains and losses	261	-281
Changes from realised gains and losses	11	0
<b>Other changes in retained earnings</b>		
Changes from unrealised gains and losses	0	0
Changes from realised gains and losses	0	0
<b>Hedging reserve in accordance with IAS 39</b>		
Changes from unrealised gains and losses	-17	25
Changes from realised gains and losses	18	1
<b>Revaluation reserve in accordance with IAS 39</b>		
Changes from unrealised gains and losses	7	-6
Changes from realised gains and losses	-5	0
<b>Revaluation reserve in accordance with IFRS 3</b>		
Changes from unrealised gains and losses	0	0
Changes from realised gains and losses	0	0
Income taxes relating to components of other comprehensive income	3	-8
Share of other comprehensive income of associates (after tax)	34	10
<b>Other comprehensive income (after tax)</b>	<b>312</b>	<b>-259</b>
<b>Total comprehensive income</b>	<b>2,082</b>	<b>92</b>
attributable to Deutsche Post AG shareholders	2,047	77
attributable to non-controlling interests	35	15

## 32 BALANCE SHEET

€ m	31 Dec. 2010	31 March 2011
<b>ASSETS</b>		
Intangible assets	11,848	11,525
Property, plant and equipment	6,130	5,998
Investment property	37	37
Investments in associates	1,847	51
Non-current financial assets	3,193	646
Other non-current assets	465	470
Deferred tax assets	973	944
<b>Non-current assets</b>	<b>24,493</b>	<b>19,671</b>
Inventories	223	233
Income tax assets	223	218
Receivables and other current assets	8,641	9,186
Current financial assets	655	3,115
Cash and cash equivalents	3,415	2,943
Assets held for sale	113	2,068
<b>Current assets</b>	<b>13,270</b>	<b>17,763</b>
<b>Total ASSETS</b>	<b>37,763</b>	<b>37,434</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	1,209	1,207
Other reserves	1,535	1,306
Retained earnings	7,767	8,073
Equity attributable to Deutsche Post AG shareholders	10,511	10,586
Non-controlling interests	185	195
<b>Equity</b>	<b>10,696</b>	<b>10,781</b>
Provisions for pensions and similar obligations	4,513	4,502
Deferred tax liabilities	215	202
Other non-current provisions	2,440	2,329
Non-current provisions	7,168	7,033
Non-current financial liabilities	6,275	2,054
Other non-current liabilities	401	363
Non-current liabilities	6,676	2,417
<b>Non-current provisions and liabilities</b>	<b>13,844</b>	<b>9,450</b>
Current provisions	2,259	2,181
Current financial liabilities	747	4,831
Trade payables	5,707	5,207
Income tax liabilities	463	481
Other current liabilities	4,047	4,441
Liabilities associated with assets held for sale	0	62
Current liabilities	10,964	15,022
<b>Current provisions and liabilities</b>	<b>13,223</b>	<b>17,203</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>37,763</b>	<b>37,434</b>

## 33 CASH FLOW STATEMENT

1 January to 31 March

€ m

	2010	2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders <sup>1)</sup>	1,747	325
Consolidated net profit for the period attributable to non-controlling interests	23	26
Income taxes	70	117
Net other financial income/net other finance costs	-1,294	219
Net income from associates	-34	-58
Profit from operating activities (EBIT)	512	629
Depreciation, amortisation and impairment losses	318	308
Net loss/income from disposal of non-current assets	2	-10
Non-cash income and expense	70	10
Change in provisions	-358	-198
Change in other non-current assets and liabilities	-28	-25
Income taxes paid	-75	-86
<b>Net cash from operating activities before changes in working capital</b>	<b>441</b>	<b>628</b>
Changes in working capital		
Inventories	4	-15
Receivables and other current assets	-782	-838
Liabilities and other items	242	191
<b>Net cash used in operating activities</b>	<b>-95</b>	<b>-34</b>
Subsidiaries and other business units	-24	0
Property, plant and equipment and intangible assets	54	52
Other non-current financial assets	14	8
Proceeds from disposal of non-current assets	44	60
Subsidiaries and other business units	-47	0
Property, plant and equipment and intangible assets	-203	-305
Other non-current financial assets	-10	-9
Cash paid to acquire non-current assets	-260	-314
Interest received	11	12
Dividend received	4	0
Current financial assets	6	5
<b>Net cash used in investing activities</b>	<b>-195</b>	<b>-237</b>
Proceeds from issuance of non-current financial liabilities	8	7
Repayments of non-current financial liabilities	-29	-31
Change in current financial liabilities	27	-22
Other financing activities	-34	-14
Proceeds from transactions with non-controlling interests	0	0
Cash paid for transactions with non-controlling interests	0	0
Dividend paid to Deutsche Post AG shareholders	0	0
Dividend paid to non-controlling interest holders	-7	-5
Purchase of treasury shares	-10	-21
Interest paid	-72	-67
<b>Net cash used in financing activities</b>	<b>-117</b>	<b>-153</b>
Net change in cash and cash equivalents	-407	-424
Effect of changes in exchange rates on cash and cash equivalents	39	-42
Changes in cash and cash equivalents associated with assets held for sale	0	-6
Changes in cash and cash equivalents due to changes in consolidated group	0	0
Cash and cash equivalents at beginning of reporting period	3,064	3,415
<b>Cash and cash equivalents at end of reporting period</b>	<b>2,696</b>	<b>2,943</b>

<sup>1)</sup> The profit before income taxes item on the basis of which cash flows are calculated has been changed to consolidated net profit for the period attributable to Deutsche Post AG shareholders to increase transparency. The presentation of the prior-year figures has been adjusted. This change does not affect the calculation.

## 34 STATEMENT OF CHANGES IN EQUITY

1 January to 31 March

	Other reserves					Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
	Issued capital	Capital reserves	IAS 39 reserves	IFRS 3 revaluation reserve	Currency translation reserve				
Balance at 1 January 2010	1,209	2,147	-70	7	-1,215	6,098	8,176	97	8,273
<b>Capital transactions with owner</b>									
Dividend	0	0	0	0	0	0	0	-7	-7
Transactions with non-controlling interests	0	0	0	0	0	0	0	0	0
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	-1	0	0	0	0	-9	-10	0	-10
Share Matching Scheme (issuance)	0	6	0	0	0	0	6	0	6
Share Matching Scheme (exercise)	0	0	0	0	0	0	0	0	0
							-4	-7	-11
<b>Total comprehensive income</b>									
Consolidated net profit for the period	0	0	0	0	0	1,747	1,747	23	1,770
Currency translation differences	0	0	0	0	264	0	264	12	276
Other changes	0	0	36	0	0	0	36	0	36
							2,047	35	2,082
<b>Balance at 31 March 2010</b>	<b>1,208</b>	<b>2,153</b>	<b>-34</b>	<b>7</b>	<b>-951</b>	<b>7,836</b>	<b>10,219</b>	<b>125</b>	<b>10,344</b>
Balance at 1 January 2011	1,209	2,158	53	6	-682	7,767	10,511	185	10,696
<b>Capital transactions with owner</b>									
Dividend	0	0	0	0	0	0	0	-5	-5
Transactions with non-controlling interests	0	0	0	0	0	0	0	0	0
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	-2	0	0	0	0	-19	-21	0	-21
Share Matching Scheme (issuance)	0	19	0	0	0	0	19	0	19
Share Matching Scheme (exercise)	0	0	0	0	0	0	0	0	0
							-2	-5	-7
<b>Total comprehensive income</b>									
Consolidated net profit for the period	0	0	0	0	0	325	325	26	351
Currency translation differences	0	0	0	0	-273	0	-273	-11	-284
Other changes	0	0	25	0	0	0	25	0	25
							77	15	92
<b>Balance at 31 March 2011</b>	<b>1,207</b>	<b>2,177</b>	<b>78</b>	<b>6</b>	<b>-955</b>	<b>8,073</b>	<b>10,586</b>	<b>195</b>	<b>10,781</b>

# SELECTED EXPLANATORY NOTES

## Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany.

The accompanying condensed consolidated interim financial statements have been reviewed.

## BASIS OF PREPARATION

### 1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 31 March 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRS to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2011 are not necessarily an indication of how business will develop in the future.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2010. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2010, on which these interim financial statements are based.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year.

### New developments in international accounting under IFRS effective 1 January 2011

Departures from the accounting policies applied in financial year 2010 consist of the new or amended international accounting pronouncements under IFRS required to be applied since financial year 2011.

- IAS 24 (Related Party Disclosures); the simplification option was already applied as at 31 December 2010 prior to the effective date.
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- IAS 32 (Financial Instruments: Presentation)

The amendments have no material effects on the consolidated financial statements. Detailed explanations can be found in the [2010 Annual Report](#), Note 4 "New developments in international accounting under the IFRS".

### 2 Consolidated group

In addition to Deutsche Post AG as the Group parent, the consolidated group generally includes all German and foreign entities in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it is otherwise able to control.

#### Consolidated group

	31 Dec. 2010	31 March 2011
<b>Number of fully consolidated companies (subsidiaries)</b>		
German	80	80
Foreign	747	742
<b>Number of proportionately consolidated joint ventures</b>		
German	1	1
Foreign	16	16
<b>Number of equity-accounted companies (associates)</b>		
German	28	28
Foreign	31	31

### Acquisitions

As in the prior-year period, there were no acquisitions in the first quarter of 2011.

In the prior-year period, €47 million was expended for subsidiaries already acquired in previous years. The purchase prices of the acquired companies were paid in cash.

### Acquisitions after the reporting date

On 1 April 2011, Deutsche Post DHL acquired all shares of Adcloud GmbH, Cologne, Germany. This company is a specialised provider of internet advertising space marketing and placement services. The purchase price is a fixed price of €11 million. The company's net assets are less than €1 million. Final purchase price allocation will be disclosed in a subsequent financial report because not all the necessary information is available as yet. Added to the fixed price, there is a revenue and earnings-related variable purchase price for financial years 2011 to 2013. It has been classified as contingent consideration in accordance with IFRS 3 and will increase goodwill during final purchase price allocation accordingly. On this basis, provisional purchase price allocation excluding contingent considerations resulted in goodwill of €11 million. Inclusion of the company as at 1 January 2011 would not have materially affected consolidated revenue and EBIT.

At the end of March 2011, Deutsche Post DHL entered into an agreement to acquire a 100% interest in Eurodifarm srl., Lodi, Italy. The agreement is subject to conditions precedent which had not yet been fulfilled at the time the present consolidated financial statements were prepared. Eurodifarm is the market leader in the controlled-temperature distribution of pharmaceutical and diagnostic products in Italy.

### Disposal and deconsolidation effects

There were no disposal and deconsolidation effects of companies or business operations in the period up to 31 March 2011.

In the prior-year period, DHL Express (UK) Ltd. sold its day-definite domestic business. The loss of €51 million was reported in other operating expenses. In the course of the transaction, pro rata expenses of €12 million were transferred from the currency translation reserve to profit or loss. An additional loss of €2 million was realised in the second quarter of 2010, resulting in a total deconsolidation loss of €53 million.

### Disposal and deconsolidation effects

€ m	
1 January to March 31, 2010	DHL Express UK
Assets held for sale <sup>1)</sup>	54
Liabilities associated with assets held for sale <sup>1)</sup>	-39
Net assets	15
Total consideration received	-24
<b>Deconsolidation gain (+)/loss (-)</b>	<b>-51</b>

<sup>1)</sup> Figures before deconsolidation.

### 3 Significant transactions

At the end of February 2011, Deutsche Post AG's 39.5% interest in Deutsche Postbank AG was reclassified as held for sale;

➔ Note 12.

## INCOME STATEMENT DISCLOSURES

### 4 Other operating income

€ m		
	Q1 2010	Q1 2011
Rental and lease income	42	43
Insurance income	38	42
Income from currency translation differences	38	38
Income from fees and reimbursements	30	36
Income from the reversal of provisions	128	32
Income from prior-period billings	16	23
Gains on disposal of non-current assets	19	16
Reversals of impairment losses on receivables and other assets	11	15
Income from the remeasurement of liabilities	7	13
Income from work performed and capitalised	14	11
Recoveries on receivables previously written off	3	11
Income from the derecognition of liabilities	8	10
Commission income	4	9
Income from loss compensation	6	5
Income from derivatives	3	0
Subsidies	1	1
Miscellaneous	67	84
<b>Total</b>	<b>435</b>	<b>389</b>

Miscellaneous other operating income includes a large number of smaller individual items.

## 5 Other operating expenses

€m	Q1 2010	Q1 2011
Travel and training costs	66	77
Other business taxes	91	72
Cost of purchased cleaning, transport and security services	69	71
Warranty expenses, refunds and compensation payments	66	63
Expenses for advertising and public relations	66	63
Telecommunication costs	54	59
Insurance costs	25	47
Office supplies	41	43
Consulting costs (including tax advice)	35	42
Write-downs of current assets	40	41
Expenses from currency translation differences	38	39
Entertainment and corporate hospitality expenses	24	30
Prior-period other operating expenses	7	22
Voluntary social benefits	36	21
Services provided by the Federal Posts and Telecommunications Agency	19	19
Contributions and fees	14	19
Legal costs	31	17
Commissions paid	14	14
Donations	12	14
Losses on disposal of assets	75	9
Monetary transaction costs	7	7
Audit costs	7	6
Expenses from derivatives	13	4
Additions to provisions	2	1
Miscellaneous	9	68
<b>Total</b>	<b>861</b>	<b>868</b>

The losses on disposal of assets in the prior year largely related to the deconsolidation loss on the sale of the business in the United Kingdom; ↻ Note 2.

Miscellaneous other operating expenses include a large number of smaller individual items.

## 6 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses declined by €10 million year on year, from €318 million to €308 million. This item includes impairment losses of €5 million (previous year: €14 million), which are attributable to the segments as follows:

€m	Q1 2010	Q1 2011
<b>Impairment losses</b>		
<b>EXPRESS</b>		
Property, plant and equipment	1	0
<b>SUPPLY CHAIN</b>		
Property, plant and equipment	0	5
<b>Corporate Center/Other</b>		
Property, plant and equipment	13	0
<b>Impairment losses</b>	<b>14</b>	<b>5</b>

The impairment losses relate to land and buildings. In the previous year, €13 million of the impairment losses was attributable to properties reclassified as held for sale.

## 7 Net income from associates

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €58 million (previous year: €34 million) to net financial income/net finance costs; this is attributable to Deutsche Postbank AG, as in the previous year.

## 8 Net other financial income/net other finance costs

The net other finance costs of €219 million (previous year: net other financial income of €1,294 million) are mainly affected by the planned sale of Postbank. They also include impairment losses resulting from the measurement of the Deutsche Postbank shares before and after they were reclassified as held for sale in accordance with IFRS 5; ↻ Note 12.

### Effects of planned sale of Postbank

€m	Q1 2010	Q1 2011
Interest expense on exchangeable bond	-30	-31
Interest expense on cash collateral	-11	-12
Net gain/loss on recognition and subsequent measurement of the forward	1,453	-42
Net gain/loss on measurements of the option (tranche III)	2	-19
Impairment loss (-) on measurement of shares before reclassification under IFRS 5	0	-63
Impairment loss (-)/reversal of impairment loss (+) on shares under IFRS 5	0	53
	<b>1,414</b>	<b>-114</b>

## 9 Earnings per share

Basic earnings per share in the period under review were €0.27.

### Basic earnings per share

	Q1 2010	Q1 2011	
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,747	325
Weighted average number of shares outstanding	shares	1,208,759,276	1,208,465,874
<b>Basic earnings per share</b>	€	<b>1.44</b>	<b>0.27</b>

Diluted earnings per share in the period under review were €0.27. Executives were entitled to 4,470,605 rights to shares as at the reporting date.

#### Diluted earnings per share

		Q1 2010	Q1 2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,747	325
Weighted average number of shares outstanding	shares	1,208,759,276	1,208,465,874
Potentially dilutive shares	shares	982,007 <sup>1)</sup>	1,434,295
Weighted average number of shares for diluted earnings	shares	1,209,741,283 <sup>1)</sup>	1,209,900,169
<b>Diluted earnings per share</b>	€	<b>1.44</b>	<b>0.27</b>

1) Adjusted prior-year amount. The adjustment did not affect diluted earnings.

## BALANCE SHEET DISCLOSURES

### 10 Intangible assets and property, plant and equipment

Investments in intangible assets and property, plant and equipment in the period up to 31 March 2011 amounted to €252 million (previous year: €195 million), of which €30 million was attributable to intangible assets (previous year: €30 million). Investments in property, plant and equipment are shown in the following table:

#### Investments in property, plant and equipment

	31 March 2010	31 March 2011
<b>Property, plant and equipment</b>		
Land and buildings (incl. leasehold improvements)	7	7
Technical equipment and machinery	47	28
Transport equipment	12	41
Aircraft	11	16
IT equipment	15	16
Other operating and office equipment	10	11
Advance payments and assets under development	63	103
	<b>165</b>	<b>222</b>

Of the advance payments, €35 million relates to the renewal of the aircraft fleet.

Goodwill changed as follows in the reporting period:

#### Change in goodwill

	2010	2011
<b>Cost</b>		
Balance at 1 January	11,291	11,759
Additions to consolidated group	20	0
Additions	4	0
Disposals	-11	-29
Currency translation differences	455	-259
<b>Balance at 31 December/31 March</b>	<b>11,759</b>	<b>11,471</b>
<b>Impairment losses</b>		
Balance at 1 January	1,048	1,093
Disposals	0	-6
Currency translation differences	45	-21
<b>Balance at 31 December/31 March</b>	<b>1,093</b>	<b>1,066</b>
<b>Carrying amount at 31 December/31 March</b>	<b>10,666</b>	<b>10,405</b>

The net disposals of €23 million relate to the goodwill of Exel Transportation Services Inc., USA, which was reclassified as held for sale in accordance with IFRS 5.

### 11 Investments in associates

The decline in investments in associates is due solely to the reclassification of the carrying amount of the investment in Deutsche Postbank AG amounting to €1,801 million as held for sale; ↻ Note 12.

#### Investments in associates

	2010	2011
Balance at 1 January	1,772	1,847
<b>Changes in Group's share of equity</b>		
Changes recognised in profit or loss	56	58
Profit distributions	-4	0
Changes recognised in other comprehensive income	93	10
Impairment losses	-69	-63
Elimination of intercompany profits and losses	-1	0
Reclassified to current assets	0	-1,801
<b>Carrying amount at 31 December/31 March</b>	<b>1,847</b>	<b>51</b>

## 12 Assets held for sale and liabilities associated with assets held for sale

€m	Assets		Liabilities	
	31 Dec. 2010	31 March 2011	31 Dec. 2010	31 March 2011
Investment in Deutsche Postbank AG	0	1,854	0	0
Exel Transportation Services Inc., USA	0	113	0	62
Deutsche Post AG – real estate	71	70	0	0
Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate	25	15	0	0
us Express Aviation, USA – aircraft	12	10	0	0
Miscellaneous	5	6	0	0
<b>Assets held for sale and liabilities associated with assets held for sale</b>	<b>113</b>	<b>2,068</b>	<b>0</b>	<b>62</b>

As part of the planned sale of Deutsche Postbank shares and in accordance with the contractual arrangements, the shares of Deutsche Postbank AG held by Deutsche Post AG amounting to a 39.5% interest (86,417,432 shares) were reclassified as held for sale. The shares were reclassified at the end of February 2011.

As at 31 December 2010, the carrying amount of the investment in Deutsche Postbank AG was written down by €52 million due to the lower share price (as at 31 December 2010: €20.80 per share). The most recent measurement of the carrying amount of the investment prior to its reclassification resulted in an impairment loss of €63 million, which was recognised in net other finance costs.

Following its reclassification, the investment in Deutsche Postbank is now accounted for in accordance with IFRS 5. The fair value of the investment was €1,854 million as at 31 March 2011. Deutsche Postbank's share price was €21.45 as at 31 March 2011. This resulted in a €53 million reversal of the impairment loss, which is presented in net other finance costs.

The following table shows the income and expenses attributable to Deutsche Postbank AG and recognised in other comprehensive income.

### Cumulative other comprehensive income

€m	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
<b>2011</b>			
IAS 39 revaluation reserve	70	0	70
Currency translation reserve	-44	0	-44
	<b>26</b>	<b>0</b>	<b>26</b>

After the reporting date, Deutsche Post DHL completed the sale of the freight forwarding company Exel Transportation Services Inc., USA, which is reported under the SUPPLY CHAIN division, including Exel Trucking Inc., USA, and Exel Transportation Services Inc. (Canadian Branch), Canada. The buyer is the Hub Group, USA. As at 31 March 2011, the assets and liabilities were presented as held for sale in accordance with IFRS 5.

### Exel Transportation Services

€m	31 March 2011
<b>ASSETS</b>	
Intangible assets	23
Property, plant and equipment	7
Non-current financial assets	1
Receivables and other current assets	76
Cash and cash equivalents	6
<b>Total ASSETS</b>	<b>113</b>
<b>EQUITY AND LIABILITIES</b>	
Non-current provisions	4
Current provisions	1
Current liabilities	57
<b>Total EQUITY AND LIABILITIES</b>	<b>62</b>

Income and expenses recognised in other comprehensive income are shown in the following table:

#### Cumulative other comprehensive income

€m	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
<b>2011</b>			
Currency translation reserve	24	0	24

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft, Germany, plans to sell four properties. These properties were therefore reclassified in the previous year from property, plant and equipment to assets held for sale. The most recent appraisal prior to reclassification resulted in an impairment loss of €13 million.

Surplus aircraft capacity that was no longer required following the restructuring of us Express Aviation was classified in accordance with IFRS 5 in the previous year.

### 13 Issued capital and purchase of treasury shares

#### Issued capital

€	2010	2011
Balance at 1 January	1,209,015,874	1,209,015,874
Treasury shares acquired	-769,794	-1,650,000
Treasury shares issued	769,794	0
Balance at 31 December/31 March	1,209,015,874	1,207,365,874

In the first quarter of 2011, Deutsche Post AG acquired 1.65 million shares at a total price of €21 million, including transaction costs, to settle entitlements due under the 2010 tranche of the bonus programme for executives (Share Matching Scheme). Consequently, issued capital was reduced by the notional value of the shares purchased. The average purchase price per share was €12.783.

The notional value of the treasury shares is deducted from issued capital and the difference between the notional value and the reported value of the treasury shares is deducted from retained earnings.

Issued capital will increase again when the shares are issued to executives in April 2011. Changes in treasury shares are presented in the statement of changes in equity.

### 14 Retained earnings

Changes in retained earnings are presented in the statement of changes in equity.

#### Retained earnings

€m	2010	2011
Balance at 1 January	6,098	7,767
Dividend payment	-725	0
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	2,541	325
Transactions with non-controlling interests	-147	0
Change due to Share Matching Scheme	-1	-19
Miscellaneous other changes	1	0
Balance at 31 December/31 March	7,767	8,073

The purchase of treasury shares to settle the 2010 tranche of the Share Matching Scheme reduced retained earnings by €19 million.

The company plans to distribute a dividend of €786 million for financial year 2010. A dividend of €725 million was distributed in 2010 for financial year 2009.

## SEGMENT REPORTING

### 15 Segment reporting

#### Segments by division

	€ m													
	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Consolidation		Group	
1 January to 31 March	2010 <sup>1)</sup>	2011	2010	2011	2010	2011	2010 <sup>1)</sup>	2011	2010 <sup>1)</sup>	2011	2010 <sup>1)</sup>	2011	2010	2011
External revenue	3,475	3,481	2,543	2,673	2,969	3,430	3,012	3,244	17	14	0	0	12,016	12,842
Internal revenue	31	33	77	92	148	151	32	29	311	309	-599	-614	0	0
Total revenue	3,506	3,514	2,620	2,765	3,117	3,581	3,044	3,273	328	323	-599	-614	12,016	12,842
Profit/loss from operating activities (EBIT)	389	373	110	216	53	69	56	78	-96	-107	0	0	512	629
Net income from associates	0	0	0	0	0	0	0	0	34	58	0	0	34	58
Segment assets <sup>2)</sup>	4,029	4,522	8,323	8,316	7,727	7,612	6,030	5,807	1,167	3,064	-246	-251	27,030	29,070
Investments in associates <sup>3)</sup>	8	8	28	28	15	15	0	0	1,796	0	0	0	1,847	51
Segment liabilities <sup>2),3)</sup>	2,795	2,858	2,525	2,463	2,777	2,875	2,942	2,747	818	800	-187	-171	11,670	11,572
Capex	84	48	41	82	18	21	35	60	17	41	0	0	195	252
Depreciation and amortisation	72	76	88	82	24	25	71	71	49	49	0	0	304	303
Impairment losses	0	0	1	0	0	0	0	5	13	0	0	0	14	5
Total depreciation, amortisation and impairment losses	72	76	89	82	24	25	71	76	62	49	0	0	318	308
Other non-cash expenses	53	49	132	44	15	19	28	24	8	23	0	0	236	159
Employees <sup>4)</sup>	146,365	143,980	88,384	87,379	41,729	42,347	131,032	132,159	13,764	13,566	0	0	421,274	419,431

#### Information about geographical areas

	€ m											
	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
1 January to 31 March	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
External revenue	4,092	4,237	3,999	4,222	1,935	2,146	1,546	1,736	444	501	12,016	12,842
Non-current assets <sup>2)</sup>	4,085	4,048	7,198	7,124	3,261	3,109	3,231	3,055	329	313	18,104	17,649
Capex	107	130	49	56	21	39	13	17	5	10	195	252

1) Prior-year amounts adjusted. 2) As at 31 December 2010 and 31 March 2011. 3) Including non-interest-bearing provisions. 4) Average FTES.

Deutsche Post DHL reports four operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL's top management.

The Consolidation column and the Corporate Center/Other collective segment are reported separately. The collective segment comprises the activities of Global Business Services (GBS), the Corporate Center and other areas. The activities concerned are composed of non-operating activities and other business activ-

ities. The profit/loss generated by GBS is allocated to the operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

The main geographical areas in which the Group is active are Germany, Europe, the Americas, Asia Pacific and Other regions. External revenue, non-current assets and capex are disclosed for these regions.

Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Non-current assets primarily comprise intangible assets, property, plant and equipment, and other non-current assets.

The allocation of assets to segment assets and of liabilities to segment liabilities between the MAIL division and Corporate Center/Other was modified for reasons of transparency. The prior-year figures were adjusted accordingly.

Additionally, goodwill of €-114 million arising from a previous intragroup transaction was reclassified from Corporate Center/Other to Consolidation. The adjustment did not affect the amounts presented for the operating segments. The prior-year amounts were adjusted accordingly.

In the previous year, the management structure of Williams Lea Germany changed as at 1 July 2010. The reason for this was the many strategic and operational links between the MAIL division and Williams Lea Germany. Significant parts of Williams Lea Germany were therefore reclassified from the SUPPLY CHAIN division to MAIL. The prior-year amounts were adjusted accordingly.

#### Reconciliation

€m	Q1 2010	Q1 2011
Total income of reportable segments	608	736
Corporate Center/Other	-96	-107
Reconciliation to Group/Consolidation	0	0
<b>Profit from operating activities (EBIT)</b>	<b>512</b>	<b>629</b>
<b>Net financial income/net finance costs</b>	<b>1,328</b>	<b>-161</b>
<b>Profit before income taxes</b>	<b>1,840</b>	<b>468</b>
Income taxes	-70	-117
<b>Consolidated net profit for the period</b>	<b>1,770</b>	<b>351</b>

## OTHER DISCLOSURES

### 16 Share-based payment

A new system to grant variable remuneration components to certain Group executives was implemented in financial year 2009.

#### Share Matching Scheme

	2009 tranche	2010 tranche	2011 tranche
Grant date	1 Nov. 2009	1 Jan. 2010	1 Jan. 2011
Term	months	53	63
Expires	March 2014	March 2015	March 2016
Share price at grant date	€ 11.48	13.98	12.90

An amount of €19 million (31 December 2010: €20 million) was transferred to the capital reserves for the 2009, 2010 and 2011 tranches of the Share Matching Scheme.

Exercise of the rights to shares of the 2009 tranche in April 2010 reduced the capital reserves by €9 million due to the corresponding issuance of treasury shares to the executives.

#### Capital reserves

€m	2010	2011
Balance at 1 January	2,147	2,158
<b>Addition</b>		
Issue of share rights under the 2009 Share Matching Scheme	6	1
Issue of share rights under the 2010 Share Matching Scheme	14	16
Issue of share rights under the 2011 Share Matching Scheme	0	2
Exercise of share rights under the 2009 Share Matching Scheme	-9	0
<b>Balance at 31 December/31 March</b>	<b>2,158</b>	<b>2,177</b>

The SAR provisions for the other share-based payment systems for executives amounted to €45 million as at 31 March 2011 (31 December 2010: €37 million).

### 17 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2010; [2010 Annual Report](#), Note 55.

### 18 Contingent liabilities and other financial obligations

The Group's contingent liabilities and other obligations have not changed significantly compared with 31 December 2010; [2010 Annual Report](#), Notes 51 and 52.

### 19 Other disclosures/Events after the reporting date

At the beginning of May 2011, DHL Express Canada announced the sale of its domestic express business in Canada to the transport company TransForce, with the two companies entering into a 10-year strategic alliance. The domestic express business is planned to be handled via TransForce's subsidiary Loomis Express. DHL Express Canada continues to provide international express services. Deconsolidation is planned for the second quarter of 2011.

## RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 9 May 2011

Deutsche Post AG  
The Board of Management



Dr Frank Appel



Ken Allen



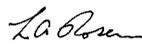
Roger Crook



Bruce A. Edwards



Jürgen Gerdes



Lawrence Rosen



Walter Scheurle

## REVIEW REPORT

### To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 31 March 2011, which are part of the quarterly financial report pursuant to section 37x (3) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group

management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – Institute of Public Auditors in Germany) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion. Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 9 May 2011

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann  
Wirtschaftsprüfer  
(German Public Auditor)

Dietmar Prümm  
Wirtschaftsprüfer  
(German Public Auditor)

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#### Publication

Published on 10 May 2011.

### Ordering a copy of the Interim Report

#### External

E-mail: [ir@deutschepost.de](mailto:ir@deutschepost.de)  
 Online: [dp-dhl.com/en/investors.html](http://dp-dhl.com/en/investors.html)

#### Internal

GeT and DHL Webshop  
 Mat. no. 675-601-532

### English translation

Deutsche Post Corporate Language Services et al.

The English version of the Interim Report on the first quarter of 2011 of Deutsche Post DHL constitutes a translation of the original German version.

Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.



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## 35 EVENTS

Financial calendar<sup>1)</sup>

2011 Annual General Meeting (Frankfurt am Main)

25  
MAY 2011

Dividend payment

26  
MAY 2011

Interim Report on the first half of 2011

02  
AUGUST 2011

Interim Report on the first nine months of 2011

09  
NOVEMBER 2011

2011 Annual Report

13  
MARCH 2012

Interim Report on the first quarter of 2012

08  
MAY 2012

2012 Annual General Meeting (Frankfurt am Main)

09  
MAY 2012

Dividend payment

10  
MAY 2012

Interim Report on the first half of 2012

02  
AUGUST 2012

Interim Report on the first nine months of 2012

08  
NOVEMBER 2012

Investor events<sup>1)</sup>

18 May 2011	Cheuvreux Pan-Europe London Forum (London)
19–20 May 2011	Deutsche Bank German & Austrian Corporate Conference (Frankfurt am Main)
14–16 June 2011	Deutsche Bank Global Industrials Conference (Chicago)
20–21 June 2011	Goldman Sachs Business Services Conference (London)
12–13 September 2011	UBS Transport Conference (London)
14–15 September 2011	UBS Best of Germany Conference (New York)
20–21 September 2011	Sanford C. Bernstein's Strategic Decisions Conference (London)
29 September 2011	UniCredit German Investment Conference (Munich)

<sup>1)</sup> Further dates, updates as well as information on live webcasts [dp-dhl.com/en/investors.html](http://dp-dhl.com/en/investors.html).

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