DHL Freight

DHL RAIL AB

Green Logistics - An opportunity for Rail
OVERVIEW

- Deutsche Post DHL
- DHL Delphi Study
- DHL Go Green Program
- DHL Rail – Green Logistics
WE ARE ONE COMPANY WITH TWO STRONG PILLARS

Deutsche Post DHL

Die Post für Deutschland

The Logistics Company for the World
OUR NEW GROUP STRATEGY 2015 LAUNCHED

Deutsche Post DHL

Our purpose
Die Post für Deutschland
The Logistics Company for the World

Our guiding principle
Respect
Results

Our customer promise
Simplifying Services
Sustainable Solutions

Strategy well perceived & seen as the right step to take
Deutsche Post DHL

- **MAIL**
  - Delivers 72 million mail items to 40 million households in Germany
  - DHL Global Mail largest network for mail distribution worldwide
  - Revenue: 13.6 bn€
  - Employees: 180,000

- **EXPRESS**
  - Cross-border express service
  - Presence in 220 countries and territories
  - 6,500 branches
  - 4.2 million customers
  - Revenue: 10.3 bn€
  - Employees: 100,000

- **GLOBAL FORWARDING, FREIGHT**
  - Air freight
  - Ocean freight
  - Road freight
  - Rail activities
  - 3,000 locations
  - Strong customer base (>50% of Forbes 500)
  - Revenue: 10.8 bn€
  - Employees: 40,000

- **SUPPLY CHAIN**
  - Contract logistics
  - 3.5 million m² managed warehouse space
  - Leading provider of Corporate Information Solutions worldwide
  - Strong customer base (50% of Forbes 500)
  - Revenue: 12.5 bn€
  - FTE: 120,000

Revenue: 46.2 bn€  Underlying EBIT: 1.4 bn€

Note: Reported Financial Figures as per 2009 (Source: Media Mail 2010); Employees numbers are approximated
DHL: RETHINKING LOGISTICS IN THE 21ST CENTURY

DHL Revenues: 33.6 bn€ (2009)

DHL’s customer base includes 50% of Forbes top 500 companies

DHL has logistics facilities in 3,000 locations and 50,000 Express service points in over 220 countries

One of the world’s leading courier and express service providers

Global Market Share

9.3%

World’s largest ocean freight forwarder (in both FCL & LCL)  

11.9%

World’s largest air freight forwarder

One of Europe’s leading road freight forwarders

Global Market Share

6.2%

~22%

22.1%

World’s largest logistics service provider

European Market Share

6.2%

~22%

2.1%

One of the world’s leading courier and express service providers

Global International Express

Market Share

DHL employs approx. 260,000 people

1) Full-container load; Less-than-container load ; 2) All Market Share Data as per 2007 (Source: Annual Report 2008)
DHL COMBINES STRONG BUSINESS UNITS AND VALUE THROUGH COLLABORATION

- Shared use and purchase of air and ground capacities (Aviation)
- Use of Express network for time critical forwarding products

- Inject Contract Logistics volume into Forwarding Network
- Contract Logistics can use Forwarding for transport organization/purchasing
- Combined warehousing and transport solutions

- Common brand
- Common leadership approach
- Joint sector/industry solutions/strategies
- Overhead/back office integration

- Inject Contract Logistics volumes into Express network
- Shared use of distribution networks
- Fulfillment

Green Logistics – An opportunity for Rail, DHL Rail
SUCCESSFUL INITIATIVES

Joint platform for change as regular part of the organization

Employee focus to monitor our potentials for improvements

Continuous, tight cash management

Concrete CO₂ reduction target for the Group
Customer Needs in 2020 and Beyond

A Global Delphi Study.
A Delphi study is a sociological instrument designed to establish reliable prognoses about the future.

The Deutsche Post DHL Delphi study “Delivering Tomorrow: Customer Needs in 2020 and Beyond” focuses on future developments and asks:

- What will the world look like in ten year’s time and beyond?
- What will our customers expect from us?
- What will a logistics company need to do to ensure that it can live up to these customer requirements?

The study pursues a global and holistic approach; in other words, it takes political, economic and technological developments into account.

The study’s results have an impact on Deutsche Post DHL’s future-oriented mindset and will influence the new Group strategy.
1. Climate change will become the big issue and unleash a “green” revolution of products and services – sustainable energy production is on the threshold of a breakthrough.

2. The economic gap will grow larger worldwide – the potential for social conflicts will increase, and could lead to increased expenditures on security.

3. China will be the undisputed winner of economic growth and join the ranks of the world’s technological leaders.
4. The Internet will transform customer expectations and behavior all over the world – the focus will be on individualization, transparency, availability, and speed.

5. Eco-friendly and conscientious consumption will determine purchasing behavior to an increasing degree.

6. Convenience, comfort and simplicity will be the central requirements.

7. Person-to-person communication will remain a priority.
8. The logistics industry will become a trendsetter and establish new standards for cooperative efforts and “green” business.

9. Offshoring and outsourcing will create new possibilities – the value chain will expand in all directions for services relating to logistics.

10. Logistics providers will increasingly develop into consulting companies; their complementary services will offer added value.
CONCLUSIONS

- Thanks to the Delphi study, we can gauge how the requirements of our customers are likely to evolve over the coming years.

- Between now and 2020, the logistics sector needs to react to a number of different developments:
  - The growing importance of green products
  - A greater necessity for intercompany cooperation
  - Increasing customer demands for speed, convenience, and service

- Deutsche Post DHL is already an innovation leader in the logistics sector and, with initiatives like GoGreen, is already offering a range of products for tomorrow today. But to stay ahead in the long term, we need to constantly update our portfolio.

- As a customer, you also profit directly from the Delphi study: we will be using its findings to help us develop even better products and services for our customers.
DELPHI-STUDY SHOWS TRENDS AND CUSTOMER EXPECTATIONS IN 2020 AND BEYOND

3 out of 10 global trends show: The future belongs to companies, meeting the challenge of climate change

THE WORLD ECONOMY GROWS

1. Climate change will become the big issue and unleash a “green” revolution of products and services – sustainable energy production is on the threshold of a breakthrough.

NEW CUSTOMER EXPECTATIONS

5. Eco-friendly and conscientious consumption will determine purchasing behavior to an increasing degree.

LOGISTICS – THE NEW MODEL INDUSTRY

8. The logistics industry will become a trendsetter and establish new standards for cooperative efforts and “green” business.
We are a leading logistics company with worldwide presence

We have a truly global operation, with locations in 220 different countries and territories. We touch approximately 5% of the global trade volume through our extensive network and infrastructure.

We employ more than 440,000 employees, and are one of the top ten biggest employers worldwide.

We manage more than 1 million customer interactions every hour.

With our fleet of 120,000 vehicles, 319 airplanes and facilities in 220 countries and regions we do have a yearly consumption\(^1\) of:

- 67 Mio. l. gasoline
- 562 Mio. l. diesel
- 1,531 Mio. l. kerosene
- 4,172 Mio. kWh energy consumption

\(^1\) status 2008, of scope 1 & 2 as defined in Greenhouse Gas Protocol
On the way to a low-carbon economy DPDHL is part of the solution

Our purpose: The Logistics company for the World

Rising energy and emission costs

Customers ask for green solutions

Globalization: to be organized sustainably

First logistics company with a quantified CO₂ efficiency target:

- Improving CO₂ efficiency of DPDHL and subcontractors
  30 % by 2020

- Intermediate target: Improving our own CO₂ efficiency
  10 % by 2012
Leveraging the potential of DPDHL, GoGreen improves CO₂ efficiency and sets leading-edge standards in green logistics

I. Provide transparency regarding CO₂ emissions
   - Carbon accounting & controlling:
     - Accurate group footprint
     - Local management of CO₂ emissions
     - Customer & product footprint

II. Increase CO₂ efficiency (10% by 2012, 30% by 2020)
   - Develop, pilot and implement abatement levers
   - Integrate CO₂ into subcontractor management

III. Mobilize management and employees across the Group
   - Raise awareness; make them understand why their contribution is crucial
   - Integrate CO₂ in regular business decisions

IV. Create value @ the market with CO₂ efficient logistics
   - Transfer customer requirements into innovative and profitable products and services
   - Position DPDHL as the leader in CO₂ efficient logistics

V. Shape the political agenda
   - Evaluate risks and opportunities in regulatory development
   - Engaging in shaping future policy framework and regulation
CHALLENGE TRANSPARENCY

The implementation of a Carbon Accounting & Controlling System provides transparency regarding our CO₂ emissions

Carbon Accounting & Controlling:

- Assure a Group-wide consistent reporting of CO₂ data – with the potential for industry-wide standards
- CO₂ transparency on the relevant management level – enables identification of CO₂ reduction potentials and performance measurement
- Data accuracy through automatic capture
- Integration of Carbon Accounting into Financial Accounting & Controlling
LEVERS TO INCREASE CO₂ EFFICIENCY

We are improving our carbon efficiency with abatement levers in the areas of vehicles, real estate and network

**Vehicles**
- Bio fuel technologies
- Hybrid Trucks
- Electric vehicles
- Teardrop trailer
- Trailers (for Rail)
- Environmental friendly company cars

**Real Estate**
- Innovative energy concept
- Efficient lighting and heating systems
- Photovoltaic, solar panels, change of energy mix, etc.

**Network**
- Network & route optimization
- Modal shift, e.g. air to road, road to rail etc.
- Load factor/ capacity optimization
- Supplier Management
- Consolidation points such as Packstation
- Consolidation Centers for city logistics

Green Logistics – An opportunity for Rail, DHL Rail
INCREASING FLEET AND BUILDING EFFICIENCY – GOING GREEN WORLD-WIDE

- Air capacity utilization program (Asia rollout in 2007)
- Biogas vehicles for Express (Sweden since 2002, Switzerland since 2004)
- Fuel cell vehicle (test 2006 - 2009)
- Hybrid (10 Mercedes Benz & Mitsubishi trucks, tests started 2008)
- NExBTL (10 Mercedes Benz trucks, test 2008 - 2011)
- SmartTruck for dynamic tour planning (pilot started in 2009)
- Solar power at the European Express Hub (since 2008)
- Aerodynamics (200 DON-BUR Teardrop trailers, starting 2007)
- Underground warehouse for food retail customer
- Block Trains Sweden, Germany, Italy
- Missouri
- UK
- Sweden
- Germany
- Switzerland
- Japan
We are one company with two roles under one roof
DHL Rail Vision

Become the Rail provider of choice for our customers and internal divisions!

Clear strategy how to extend the organization and activities.

Use of different Rail service equipment

Clear definition of our rail solution; Intermodal rail and conventional rail = one service

DHL Freight should sell optimal logistical transport solutions based on Rail!
## Strategy

Create tailored and innovative solutions based on rail!
Use a mix of rail service equipment (conventional wagons, trailers, containers, swap bodies) and get the best result!

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<thead>
<tr>
<th>What</th>
<th>Actions</th>
<th>How</th>
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<tbody>
<tr>
<td>build efficient networks and processes</td>
<td>sell environmentally friendly logistics</td>
<td>sell environmentally friendly logistics</td>
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<tr>
<td>use of block trains</td>
<td>reliable transports with high performance when needed</td>
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<tr>
<td>reduction of CO2 emission</td>
<td>use common DHL objective to reduce CO2 emission for both DHL and Customers</td>
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<tr>
<td>geographic expansion</td>
<td>internal marketing</td>
<td>internal marketing</td>
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<tr>
<td>internal marketing</td>
<td>establish new trade lanes</td>
<td>establish new trade lanes</td>
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<td>internal marketing</td>
<td>common business internally</td>
<td>common business internally</td>
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<tr>
<td>internal marketing</td>
<td>build new logistics set-ups with different alternatives; i.e. use both private and national operators</td>
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<td>internal marketing</td>
<td>buy share (fix slots), set up own and work with risk sharing models</td>
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<td>internal marketing</td>
<td>do common DHL business.</td>
<td>do common DHL business.</td>
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<td>internal marketing</td>
<td>utilize terminals within DHL</td>
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<tr>
<td>internal marketing</td>
<td>sell environmental friendly logistics</td>
<td>sell environmental friendly logistics</td>
</tr>
<tr>
<td>internal marketing</td>
<td>meet common customers and seek for new volumes within existing customers</td>
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What Actions How
Flows:
Volumes Sweden to/from Western Europe, examples
- Block train Hub Malmö to Hub Duisburg and vv
- Block train Hub Trave to Hub Verona and vv
- Block train Kristinehamn to Ranheim
- Block train Klippan to Helsingborg

Type of equipment:
- Semitrailer 13,60 mtr
- Megatrailer 13,60 mtr
- Conventional wagons
- Containers
- Swap Bodies
Main developments:
- Central Europe > Iberia
- CZ / Poland / Romania
- Nordics
- Russia / China (TSR)
- Scandinavia > Iberia
Thank you for your attention!

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