

Capital Market

Deutsche Post shares

Stock markets suffer heavy losses

2008 was a hard year for the international stock markets. The US subprime crisis, a faltering US economy and rising oil prices sent prices into steep decline right from the first half of the year. The stock markets were dominated by fears that the economic slowdown in the United States would spread to Asia and most of all to Europe. The DAX shed a fifth of its value in the first half-year alone. The situation worsened dramatically with the insolvency of the US investment bank Lehman Brothers in September. More major banks began to struggle from then on. Governments around the world found themselves forced to put together rescue packages, especially as the crisis began to affect other parts of the economy. The stock exchanges suffered heavily: Over the course of the year, the DAX lost 40.4% of its value, the Dow Jones 33.8% and the EURO STOXX 50 44.4%.

Key share data

		2004	2005	2006	2007	2008	+/-%
Year-end closing price	€	16.90	20.48	22.84	23.51	11.91	-49.3
High	€	19.80	21.23	23.75	25.65	24.18	-5.7
Low	€	14.92	16.48	18.55	19.95	7.18	-64.0
Number of shares	millions	1,112.8	1,193.9	1,204.0 ¹⁾	1,208.2 ¹⁾	1,209.0 ¹⁾	0.1
Market capitalisation as at 31 December	€m	18,840	24,425	27,461	28,388	14,399	-49.3
Average trading volume per day	shares	2,412,703	3,757,876	5,287,529	6,907,270	7,738,509	12.0
Annual performance with dividend	%	6.4	24.1	14.9	6.9	-45.5	-
Annual performance excluding dividend	%	3.4	21.2	11.5	2.9	-49.3	-
Beta factor ²⁾		0.84	0.75	0.80	0.68	0.81	-
Earnings per share ³⁾	€	1.44	1.99	1.60	1.15	-1.40	-
Cash flow per share ⁴⁾	€	2.10	3.23	3.28	4.27	1.60	-62.5
Price/earnings ratio ⁵⁾		11.7	10.3	14.3	20.4	-8.5	-
Price/cash flow ratio ^{4), 6)}		8.1	6.4	7.0	5.5	7.4	-
Dividend	€m	556	836	903	1,087	725 ⁷⁾	-33.3
Payout ratio	%	34.8	37.4	47.1	78.6	-	-
Dividend per share	€	0.50	0.70	0.75	0.90	0.60 ⁷⁾	-33.3
Dividend yield	%	3.0	3.4	3.3	3.8	5.0	-

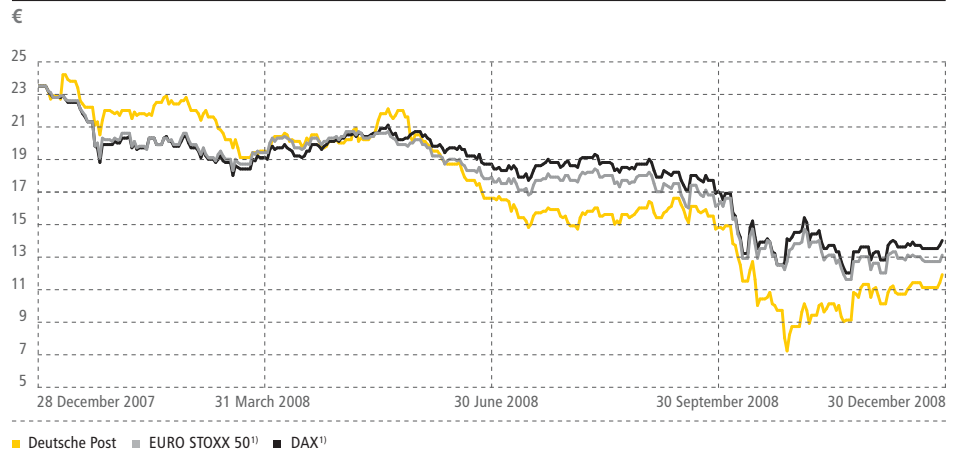
1) Increase due to exercise of stock options, Note 39. 2) From 2006: Beta 3 years. Source: Bloomberg. 3) Based on consolidated net profit excluding minorities, Note 22.
4) Cash flow from operating activities. 5) Year-end closing price/earnings per share. 6) Year-end closing price/cash flow per share. 7) Proposal.

Peer group comparison¹⁾

		2007	2008	+/-%
Deutsche Post	€	23.51	11.91	-49.3
TNT	€	28.25	13.76	-51.3
FedEx	US\$	89.17	64.15	-28.1
UPS	US\$	70.72	55.16	-22.0
Kuehne + Nagel	CHF	104.61	67.55	-35.4

1) Closing prices on last trading day.

Share price performance



1) Rebased on the closing price of Deutsche Post shares on 28 December 2007.

Deutsche Post share price falls further than market

Our share price twice escaped the downtrend in the first half of the year: after publication of the preliminary results for 2007 on 23 January and after publication of the results for the first quarter of 2008 on 13 May. Following the announcement of the programme to realign our US express activities on 28 May, however, the share price fell continuously, as the candlestick graph shows. Indeed, our shares performed markedly worse over the rest of the year than the applicable indices and the share prices of our competitors. Deutsche Post shares closed the year at €11.91, a 49.3% drop in value. The average number of shares traded on Xetra was 7.7 million, representing a 12% increase on the previous year.

Candlestick graph/30-day moving average



Majority of analysts recommend buying

More than half of analysts – 63%, compared with 75% the year before – still advised investors to buy Deutsche Post shares, 23% to hold and 14% to sell. Their average price target was down from €26 to €14 per share.

Most institutional investors in the United States

Our ownership structure has scarcely changed from a year ago: KfW continues to hold 30.5%, leaving a 69.5% free float, the largest share of which (35%) is held in the USA. In response to this trend, our Investor Relations department has had an office in New York from the beginning of 2009.

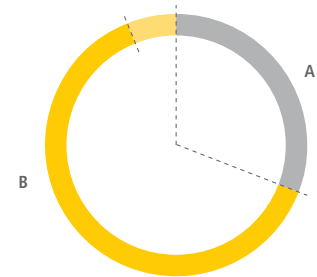
Recognition for investor relations work

Investors showed particular interest during the year under review in the situation in the US express business, the future of Postbank, the issue of minimum wages in the German postal sector and progress on the Roadmap to Value. Our investor relations team and management communicated intensively and successfully with investors and analysts at international conferences and in numerous one-on-one meetings. We took first place in the transport sector in the highly regarded Pan-European Survey published by Thomson Reuters Surveys. The jury voted both Frank Appel best CEO and John Allan best CFO in the sector.

Shareholder structure

As at 31 December 2008

A 30.5%	KfW Bankengruppe of which 4.6% KfW Uridashi bond ¹⁾
B 69.5%	Free float
	63.0% Institutional investors
	6.5% Private investors



1) In 2005 KfW issued a convertible bond in Japan for private investors (volume: 55.6 million shares). Investors can convert this bond until January 2010.

Roadmap to Value

Capital markets programme taking effect

In November 2007, we initiated an extensive capital markets programme geared towards achieving a sustained increase in enterprise value. On the basis of organic growth, the Group aims to improve profitability, increase cash generation and give shareholders a larger stake in the resulting benefits. Investors and analysts are provided with extensive information so that they can reliably assess the Group's performance.

Progress on the Roadmap to Value

Goal	Outcome
1 Profitability	<ul style="list-style-type: none"> Operational improvement initiatives achieve €0.5 billion. Additional €1 billion cost reduction programme launched for 2009 and 2010. Restructuring of US express activities decided and started.
2 Cash generation	<ul style="list-style-type: none"> Real estate disposals amount to €1.35 billion versus €1 billion target. Working capital increased. New performance metric adopted: EBIT after asset charge. Capital expenditure fell considerably below the prior-year level.
3 Payout to shareholders	<ul style="list-style-type: none"> €0.90 per share dividend for 2007 proposed, approved and distributed.
4 Transparency	<ul style="list-style-type: none"> SERVICES segment unbundled. Cash flow and capital expenditure disclosed by division. Volumes disclosed for express activities. Postbank reported under "discontinued operations".
5 Organic growth	<ul style="list-style-type: none"> DHL attaining strong growth in developing regions. Healthy growth rates on business with customers served by Global Customer Solutions.