# CAPITAL MARKET

## DEUTSCHE POST SHARES

### A year of extremes on the stock market

2009 was a year of extremes on the stock markets. At the start of the year, investors were fleeing from shares in droves and investing in traditionally conservative investment products. Investor fear pushed the DAX down to an annual low of 3,666 points on 6 March – a loss in value of 23.8% on the 2008 closing value. Starting in the spring, sentiment on the capital markets gradually began improving. Good news from the business community, especially the banking sector, gave the markets reason to hope. It became apparent that policymakers were going to come to the aid of the financial world as never before. The first leading indicators were likewise positive, and the DAX climbed back over the 5,000-point mark. The index drifted back down briefly in the summer prior to rebounding in mid-July to close the year at nearly 6,000 points and a gain of approximately 24% on the previous year's closing value. The EURO STOXX 50 gained 21.1% and the Dow Jones rose 18.8%.

**A.11 Deutsche Post shares, multi-year review**

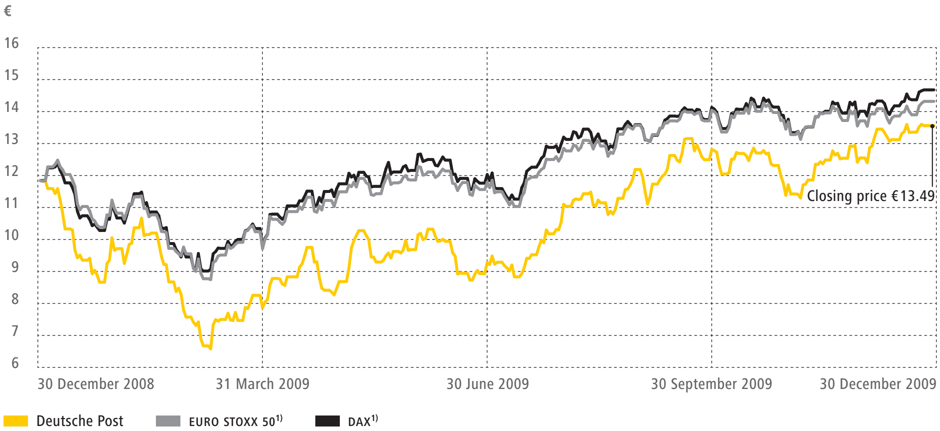
| | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| Year-end closing price | € | 16.90 | 20.48 | 22.84 | 23.51 | 11.91 | 13.49 |
| High | € | 19.80 | 21.23 | 23.75 | 25.65 | 24.18 | 13.79 |
| Low | € | 14.92 | 16.48 | 18.55 | 19.95 | 7.18 | 6.65 |
| Number of shares | millions | 1,112.8 | 1,193.9 | 1,204.0[1)] | 1,208.2[1)] | 1,209.0[1)] | 1,209.0 |
| Market capitalisation as at 31 December | €m | 18,840 | 24,425 | 27,461 | 28,388 | 14,399 | 16,309 |
| Average trading volume per day | shares | 2,412,703 | 3,757,876 | 5,287,529 | 6,907,270 | 7,738,509 | 5,446,920 |
| Annual performance including dividend | % | 6.4 | 24.1 | 14.9 | 6.9 | –45.5 | 18.3 |
| Annual performance excluding dividend | % | 3.4 | 21.2 | 11.5 | 2.9 | –49.3 | 13.3 |
| Beta factor[2)] | | 0.84 | 0.75 | 0.80 | 0.68 | 0.81 | 0.91 |
| Earnings per share[3)] | € | 1.44 | 1.99 | 1.60 | 1.15 | –1.40 | 0.53 |
| Cash flow per share[4)] | € | 2.10 | 3.23 | 3.28 | 4.27 | 1.60 | –0.48 |
| Price-to-earnings ratio[5)] | | 11.7 | 10.3 | 14.3 | 20.4 | –8.5 | 25.5 |
| Price-to-cash flow ratio[4), 6)] | | 8.1 | 6.4 | 7.0 | 5.5 | 7.4 | –28.1 |
| Dividend | €m | 556 | 836 | 903 | 1,087 | 725 | 725[7)] |
| Payout ratio | % | 34.8 | 37.4 | 47.1 | 78.6 | – | 112.6 |
| Dividend per share | € | 0.50 | 0.70 | 0.75 | 0.90 | 0.60 | 0.60[7)] |
| Dividend yield | % | 3.0 | 3.4 | 3.3 | 3.8 | 5.0 | 4.4 |

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 24. 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.

**A.12 Peer group comparison: closing price on 30 December**

| | | 2008 | 2009 | +/–% |
|---|---|---|---|---|
| Deutsche Post DHL | € | 11.91 | 13.49 | 13.3 |
| TNT | € | 13.55 | 21.36 | 57.6 |
| FedEx | US$ | 62.22 | 85.17 | 36.9 |
| UPS | US$ | 54.18 | 58.18 | 7.4 |
| Kuehne + Nagel | CHF | 67.55 | 100.50 | 48.8 |

**A.13 Share price performance**

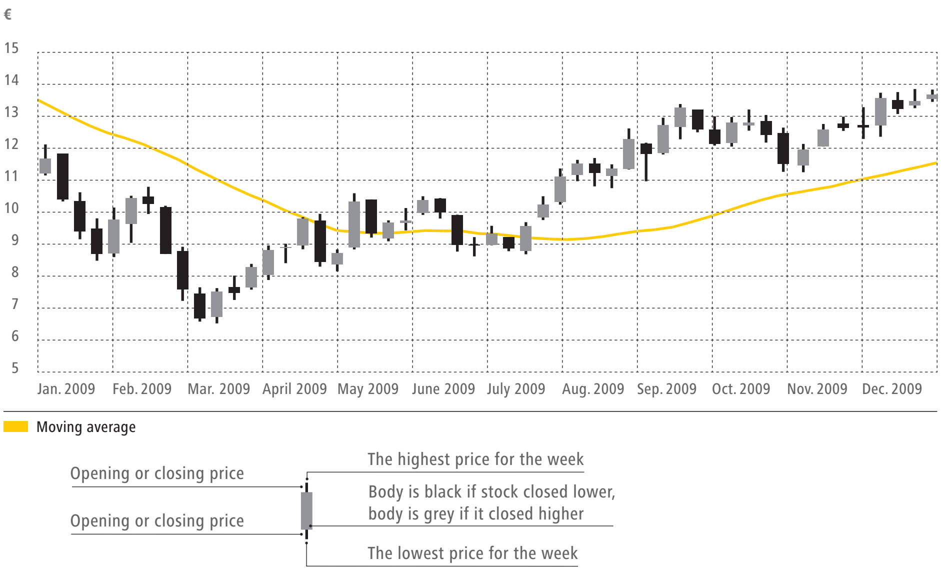



1) Rebased on the closing price of Deutsche Post shares on 30 December 2008.

### Our shares recover markedly from annual low

In the initial weeks of the year, our shares lost considerably more ground than the DAX. The dividend reduction to €0.60 per share for financial year 2008 seriously disappointed investors and moved major US investment funds to abandon the stock. On 9 March, our share price hit an all-time low of €6.65 but then rallied, beginning an impressive climb. In just a few weeks the price shot up over the €10 mark before dipping slightly in the summer along with the rest of the market. Our second-quarter results clearly indicated that the measures implemented by the Group to limit the impact of the economic crisis were beginning to take effect. The share price moved back up, this time to stay, and our third-quarter figures confirmed that our efforts had taken hold. At this time the economic output of the major industrial countries also showed improvement for the first time in the year. The positive sentiment that this generated lifted shares of Deutsche Post to their annual high of €13.79 on 29 December. Our shares closed the year at €13.49, a 13.3% gain in value. Average trading volumes were only 5.4 million shares (previous year: 7.7 million).

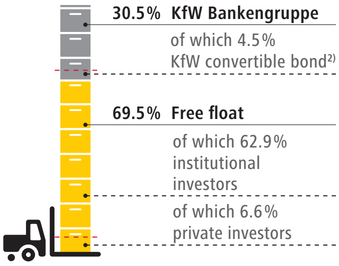
**A.14 Candlestick graph/30-day moving average**



### Majority of analysts give "buy" recommendation

Following the previous year's trend, 18 analysts issued buy recommendations on Deutsche Post shares at year-end, with 10 analysts advising investors to hold and eight to sell. The average price target was €14 – the same as at year-end 2008.

A.15 Shareholder structure[1)]




1) As at 4 February 2010.
2) On 23 July 2009 KfW issued a convertible bond on Deutsche Post AG shares (volume: 54.1 million shares). Investors can convert this bond from the first due date for interest until 30 July 2014.

### Stable shareholder structure

Our ownership structure was nearly the same as in the previous year. KfW Bankengruppe still held 30.5% of our shares. The free float amounted to 69.5%, 31.8% of which were held in the USA, 14.2% in Germany and 28.0% in the United Kingdom.

### ADR programme facilitates US investor access to our shares

On 7 December 2009, we launched a Level 1 American Depositary Receipt (ADR) programme. These depositary receipts (ticker symbol: DPSGY) enable US investors to hold shares in Deutsche Post indirectly.

### Investor relations receives top ranking again

In 2009, investors showed great interest in learning how the economic crisis had affected the company and what measures had been taken to counteract these effects. Other issues of significance were the sale of Postbank to Deutsche Bank as well as the mail business, particularly wage negotiations and the possible introduction of a value added tax on mail products. Our IR team and management spoke with investors about these and other topics in numerous individual meetings and at conferences. The Thomson Reuters Extel Pan-European Survey, which is highly regarded in the sector, again awarded us first place in the transport sector.

## ROADMAP TO VALUE

### Clear focus on profitability

Throughout 2009 we continued to implement our Roadmap to Value capital markets programme – which we announced in November 2007 – with successful results. In particular, our initiatives to improve profitability made a significant contribution to consolidated net profit. Our IndEx programme helped us to lower indirect costs throughout the Group by €1.108 billion – €138 million in 2008 and €970 million in 2009. We even exceeded our total savings target, reaching it twice as quickly as planned thanks to quicker implementation of the savings measures by our divisions, in part due to the ongoing crisis. We were able to compensate for some of the revenue losses resulting from volume declines by lowering costs.

### Tight cash management

We invested €1.2 billion in 2009, €0.5 billion less than the prior-year period and a substantial reduction in capital expenditure. At the same time, we improved working capital by €426 million in the reporting period. Since the end of 2007, we have reduced working capital by a total of €890 million, thus surpassing our target of €700 million.

**A.16 Progress on the Roadmap to Value**

| | Goals | Results | |
|---|---|---|---|
| 1 **Profitability** | • Initiation of two-year programme to improve profits by €1 billion. | • Profit improvement target for 2008 reached and IndEx programme implemented earlier than expected. | ✓ |
| | • Consolidated EBIT of at least €4.2 billion in 2008. | • EBIT target missed due to various factors including recession, exclusion of Postbank's earnings as a result of its sale etc. | ✗ |
| 2 **Liquidity** | • Reduction in net working capital of €700 million by the end of 2009. | • Target exceeded. Reduction of €890 million in net working capital since the end of 2007. | ✓ |
| | • Cash proceeds of at least €1 billion from the sale of non-strategic assets within 24 months. | • Real estate totalling €1.35 billion sold. | ✓ |
| 3 **Dividend** | • Proposed dividend increase of 20% to €0.90 per share for 2007 and continuous growth in the years to follow. | • 2007 dividend: €0.90<br>• 2008 dividend: €0.60 | ✗ |
| 4 **Transparency** | • Enhanced transparency and disclosure. | • Transparency increased significantly, additional reporting detail. | ✓ |
| 5 **Organic growth** | • Reduction in M&A spend. | • No major M&A conducted. | ✓ |