

Overview

Carving out a clear path in a difficult environment

The year 2008 was an extraordinary year for our Group. It began with a transition in management and successful wage agreements. As the year progressed, we agreed to sell shares of Postbank to Deutsche Bank and we began to reorganise our US express business. All of this took place in the shadow of a weak financial market that evolved into a global economic crisis during the course of the year.

Thanks above all to the fact that we consistently implement the initiatives set forth in our Roadmap to Value capital markets programme and run a tight cost management system, we have met our adjusted target for the period: Earnings from operating activities before non-recurring items (excluding Postbank) were just above our target of €2.4 billion.

In the year under review, non-recurring items impacted our earnings. The repayment from the German government awarded as a result of the state aid proceedings boosted earnings, whilst the restructuring costs for the US express business and an impairment loss on the goodwill of SUPPLY CHAIN/CIS undermined our bottom line.

Including non-recurring items, we are reporting a loss: EBIT (excluding Postbank) declined by €2.7 billion to €-567 million; the Group generated a consolidated net loss for the period of €1.98 billion.

Consolidated revenue (excluding Postbank) grew by 0.8% to €54.5 billion. Trading volumes continued to drop in most of our business units in a year-on-year comparison, especially in the fourth quarter. All of our divisions performed below the expectations, which we had laid out at the beginning of the reporting year in a different economic environment.

Our financial position appears to be stable. Net cash from operating activities (Postbank at equity) significantly increased, whilst working capital fell. Moreover, because investments were below the prior-year level, free cash flow grew significantly by €950 million to €2,448 million.

By agreeing to sell Postbank and initiating restructuring activities, we are carving out a strategic path on which we can take our continuing operations and face the challenges of the current economic crisis head on. We are confident that we will come out of the crisis a stronger market leader.

Selected key indicators for results of operations¹⁾

		2007	2008
Revenue	€m	54,043	54,474
Profit/loss from operating activities (EBIT)	€m	2,133	-567
Return on sales ²⁾	%	3.9	-
Consolidated net profit/loss ³⁾	€m	1,383	-1,688
Earnings per share ⁴⁾	€	1.15	-1.40
Dividend per share	€	0.90	0.60 ⁵⁾

1) Excluding Postbank. 2) EBIT/revenue. 3) Excluding minorities, including Postbank. 4) Including Postbank. 5) Proposal.