



# TNT Express NV 2012

## Annual General Meeting of Shareholders

Radisson Blu, Schiphol-Rijk

11 April 2012

# Agenda item 1

## Opening and announcements

### *Opening en mededelingen*

Antony Burgmans, Chairman of the Supervisory Board

## Agenda item 2

Presentation on 2011 performance

*Presentatie van de resultaten in 2011*

Marie-Christine Lombard, CEO

# Agenda

## 2011 performance

'Building on Strengths' and outlook

---

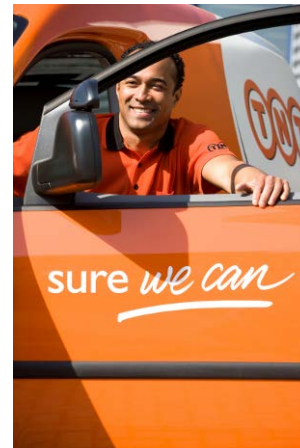
Recommended Offer UPS

---



# TNT Express in 2011

- Market leader in door-to-door B2B express delivering in Europe through unique set of connected country domestic networks
- Unrivalled product portfolio from time-critical through next-day to day-definite
- Broad and loyal customer base from local, region, national and multinationals
- More than 1 million deliveries every day
- 77,000 employees worldwide and more than 30,000 subcontractors
- Highest service levels and customer satisfaction



# 2011 highlights

---

## **TNT Express**

- Demerger from TNT NV
  - Development of new strategy: 'Building on strengths'
  - *March 2012: proposed recommended public offer by United Parcel Service*
- 

## **EMEA**

- Challenging trading environment
  - International Economy growing, Express negative, Domestic moderate increase
  - Pricing pressure, mitigated by strong cost control
- 

## **ASPAC**

- Decrease International volumes
  - Rationalisation of Asia-Europe capacity
  - Positive development China domestic
  - Divestment of India domestic business
- 

## **Americas**

- Brazil integration issues; turnaround programme successfully implemented
  - Operational performance improvement
  - Positive volume and revenue development
-

# 2011 financial results

(€m)	2011	2010	%chg
Reported revenues	7,246	7,053	2.7
Adjusted revenues*	7,251	7,053	2.8
Reported operating income	(105)	180	
Adjusted operating income*	228	323	-29.4
Net cash from operating activities	191	241	-20.7
Net cash used in investing activities	(158)	(150)	-5.3

- Adjusted revenues +2.8%, resulting from muted growth in Europe & MEA (2.1%), continuing growth in Asia Pacific (7.1%) and lower revenues in Americas, mostly due to Brazil)
- Adjusted operating income lower than prior year mostly because of more challenging economic conditions in Europe & MEA in the second half of the year, pressure on Asia-Europe volumes and pricing and losses in Brazil
- Solid cash from operating activities; strict control of investments; solid capital structure maintained; year end net debt €7m

\* The adjusted revenues and operating income figures are at constant currency (2010 rates) and exclude the impact of restructuring/one-off charges in 2010 and 2011. Please see 4Q11 press release for details of these adjustments.

# EMEA

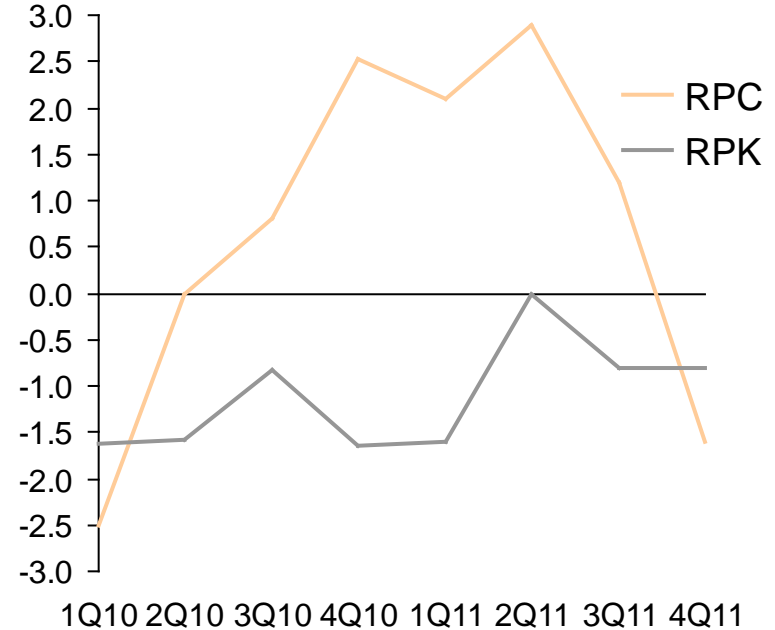
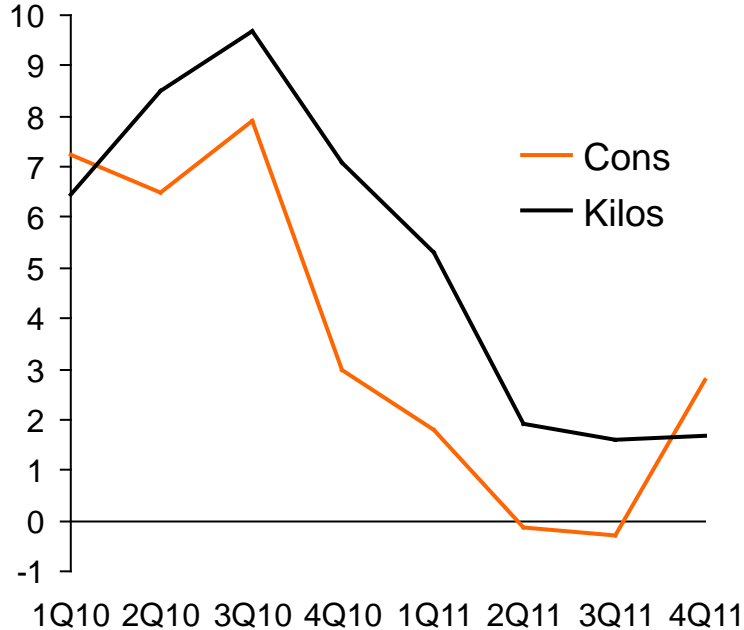
(€m)	2011	2010	%chg YoY
Adjusted revenue	4,547	4,453	2.1
Adj operating income	380	384	-1.0
Avg daily cons ('000)	725	718	1.0
RPC (€) (at constant FX)	24.4	24.1	1.2
Avg daily kilos ('000)	14,661	14,288	2.6
RPK (€) (at constant FX)	1.21	1.21	0.0

- Revenue growth muted
- Average consignments per day +1.0%, increase in weight per consignment
- Negative product mix development: International Economy mid single-digit volume growth, moderate increase Domestic and decline International Express
- Flat to slightly positive year-on-year pricing development in all segments; several efficiency and productivity measures to mitigate



# EMEA: volume (average per day) and price development (FX adj)

YoY %chg



# Asia Pacific

(€m)	FY11	FY10	%chg YoY
Adjusted revenue	1,773	1,656	7.1
Adj operating income	(33)	14	
Avg daily cons ('000)	182	182	0.0
RPC (€) (at constant FX)	38.0	35.4	7.3
Avg daily kilos ('000)	13,391	13,625	-1.7
RPK (€) (at constant FX)	0.52	0.49	6.1

- Revenue growth of 7.1% a mix of decrease in international volumes; Domestic China (Hoau) healthy growth in consignments but decline in kilos in line with shift to lower-weight Day-Definite services
- Positive RPC and RPK supported by fuel and increased contribution from higher-priced Day-Definite volumes Hoau
- Operating loss mainly because of pressure on China International volumes and pricing

# Americas

(€m)	FY11	FY10	%chg YoY
Adjusted revenue	474	502	-5.6
Adj operating income	(125)	(39)	
Avg daily cons ('000)	54	61	-11.5
RPC (€) (at constant FX)	34.3	31.9	7.5
Avg daily kilos ('000)	3,289	4,023	-18.2
RPK (€) (at constant FX)	0.56	0.49	14.3

- Volume and revenue development Brazil positive as year progressed, after significant loss of key customers at the beginning of 2011
- Operational performance continues to improve, focus on cost control
- 2H12 turnaround target reiterated
- Rest of Americas performed in line with expectations

# Corporate Responsibility performance

	2011	2010
Investors in People (% of total headcount)*	83%	80%
Customer satisfaction	92%	92%
Fatal accidents	11	13
Lost time accident frequency rate (lost time accidents per 100 FTE)*	2.90	3.09
CO <sub>2</sub> emissions (ktonnes)*	1,121	1,055
CO <sub>2</sub> efficiency index*	92.2	92.8



\* Figures exclude Hoau

# Agenda

---

2011 performance

**‘Building on Strengths’ strategy and outlook**

Recommended Offer UPS

---



# New strategy – Building on Strengths

- 1 Focus on Europe
- 2 Connect Europe with the rest of the world
- 3 Explore partnerships for Brazil and China domestic operations
- 4 Embed corporate sustainability in all activities



Deliver  
**improved financial  
performance**  
and  
**maximise  
free cash flow**

# Financial outlook and aims

---

## Medium term:

- EMEA revenue to grow organically and through new initiatives in adjacent market segments, with an operating margin increasing to 10-11% assuming normal economic conditions
  - Positive contributions from other operating segments
  - Capital expenditure of around 3% of total revenue and trade working capital around 10% of total revenue
  - Effective tax rate trending towards 31-33%
- 

## 2012:

- Since start of 2012, mixed economic conditions in Europe and slowing Asia-Europe trading volumes
  - In Europe & MEA, pricing pressure and decline in international Express volumes have negatively impacted operating results
  - Fixed-cost optimisation programme initiated, with aim of reducing fixed costs by €150m by end of 2013
  - Results in Asia-Pacific, while under pressure because of lower Asia-volumes, have benefited from strong performance of Australian operations
  - Exposure to fixed intercontinental air capacity will be reduced as of 2Q12 through code-share and block-space agreement with Emirates Sky Cargo
  - Americas' performance to date in line with prior year, with Brazil performing according to plan
-

# Agenda

---

2011 performance

---

'Building on Strengths' strategy and outlook

**Recommended Offer UPS**





# Proposed transaction highlights

---

## Consideration

- Cash consideration of €9.50 per TNT Express share; €5.18bn enterprise value
  - 53.7% premium over unaffected share price; 63.5% premium to three-month unaffected VWAP
- 

## Other transaction terms

- No financing condition
  - Launch date 2Q12 / Completion 3Q12
  - Transaction subject to a number of conditions, including regulatory clearances and approvals (80% acceptance threshold)
  - PostNL NV committed to tender its shares
- 

## Integration

- Approximately €400-550m of annual run rate cost synergies achieved by year four post close
  - Recognition of meaningful centre of excellence for Marketing, sales and operations within the Netherlands
  - Recognition of the significant value of TNT's leading road freight network in Europe
  - Recognition of the significant value of TNT's operations, assets and people in Liège and seeking for future utilisation in the combined group
  - Existing employee terms including social plans, pension plans, profit-sharing schemes, covenants and CLAs to be respected
-

# Delivering more together



- Leading coverage across Europe
- Extensive intra-Europe road Express freight network
- Strong reputation for customer service
- Sizeable RoW platforms in Australia, Brazil, China, Middle East and other Emerging Markets



- Market leading presence in the US
- Global presence in express small package, forwarding, distribution and supply chain management
- Market leading technology and industrial process expertise
- Industry leading free cash flow generation and margins

**Delivering more together...positioned for growth**

- Creates combined entity with annual sales > €45bn
- Solid domestic and trans-border European network
- Market leader in transportation technology
- Enriched service quality
- Enhanced global network 'built to perform'
- Long-term geographic and portfolio diversification of earnings and free cash flow growth

- Complementary strengths of both organisations will create a unique global platform and enhance our respective capabilities

- Strong cultural fit
  - Strong management teams
  - Customer service
  - Operational excellence
  - Promote from within
  - Corporate citizenship

# Stakeholder benefits

---

## Shareholders

- €9.50/share fair value for shareholders
- 

## Customers

- Creation of global leader in logistics with enhanced, integrated global network
  - Complementary strengths in support of customer-focused global platform
  - Leader in transportation technology and customer service
  - UPS customers to benefit from TNT Express' leading intra-Europe road network
  - TNT Express customers to benefit from UPS's unparalleled access to the North American market, access to its logistics solutions
- 

## Employees

- Strong cultural fit as both entities have strong management teams that focus on customer service, operational excellence and good corporate citizenship
  - Combined business to offer employees enhanced career opportunities
  - Selection and appointment of staff for any function within newly combined entity will be subject to applicable laws and based on 'best person for the job' principle
  - In case of potential consequences for employees of the combination, fairness principle will be applied as to the impact of redundancies on TNT Express and UPS staff
- 

## Communities

- Commitment to good corporate citizenship worldwide
-

# Indicative anticipated Offer timetable

- 17 Feb 2012: Initial announcement of potential transaction
- 19 Mar 2012: UPS and TNT announcement of agreement on transaction
- 11 May 2012: Ultimate date for filing of draft offer memorandum with Dutch Authority for the Financial Markets (AFM) and statutory certain funds announcement
- 2Q12: Start of offer period (minimum 2 weeks – maximum 20 weeks including extension period)
- 2Q12: Publication of Offer Document, including TNT Express Position statement
- End of July 2012: Informative EGM TNT Express
- 3Q12: Close of offer period (assumes phase 1 clearance in the normal timeframe and no extension of offer period)

## Agenda item 3

Annual Report 2011

*Jaarverslag 2011*

## Agenda item 4

Discussion of the Corporate Governance chapter  
of the Annual Report 2011, chapter 4

*Bespreking van het Corporate Governance  
hoofdstuk in het jaarverslag 2011, hoofdstuk 4*

## Agenda item 5

Resolution / *besluit*

Adoption of the 2011 financial statements

*Vaststelling van de jaarrekening over het boekjaar 2011*

## Insert smart card

Insert the card with the gold chip pointing toward you

*Voer de kaart in met de gouden chip naar u toe*





## Insert smart card

When the card is inserted well  
a welcome message  
will appear on the display

*Als de kaart juist is ingevoerd  
ziet u een welkomstboodschap  
op het scherm*



## Insert smart card

Should the card not be inserted well  
a warning message  
will appear on the display

*Als de kaart niet juist is ingevoerd  
zal een waarschuwing  
in het scherm staan*



## Voting

When the agenda item is opened  
the display will show three choices

*Als het agenda item is geopend  
voor stemming zal het scherm  
drie opties tonen*



# Voting

To vote you press 1, 2 or 3.  
For example press 1  
if you're in favour of the item.  
The display will confirm  
your vote

*Om te stemmen kiest u 1, 2 of 3  
Bijvoorbeeld kies 1 om vóór te  
stemmen  
Het scherm zal uw stemming  
bevestigen*



## Voting

You can change your vote at any time.  
Press the C button  
to cancel your vote.  
Then make a new choice

*U kunt uw keus veranderen.  
Toets de C-toets om uw  
stemming te annuleren.  
Maak dan een nieuwe keus*



## Voting

Please leave the keypad and the smart card with the hostesses when leaving the room

*Kunt u alstublieft uw stemkastje en de kaart bij de hostesses inleveren bij het verlaten van de zaal*



## Agenda item 5

Resolution / *Besluit*

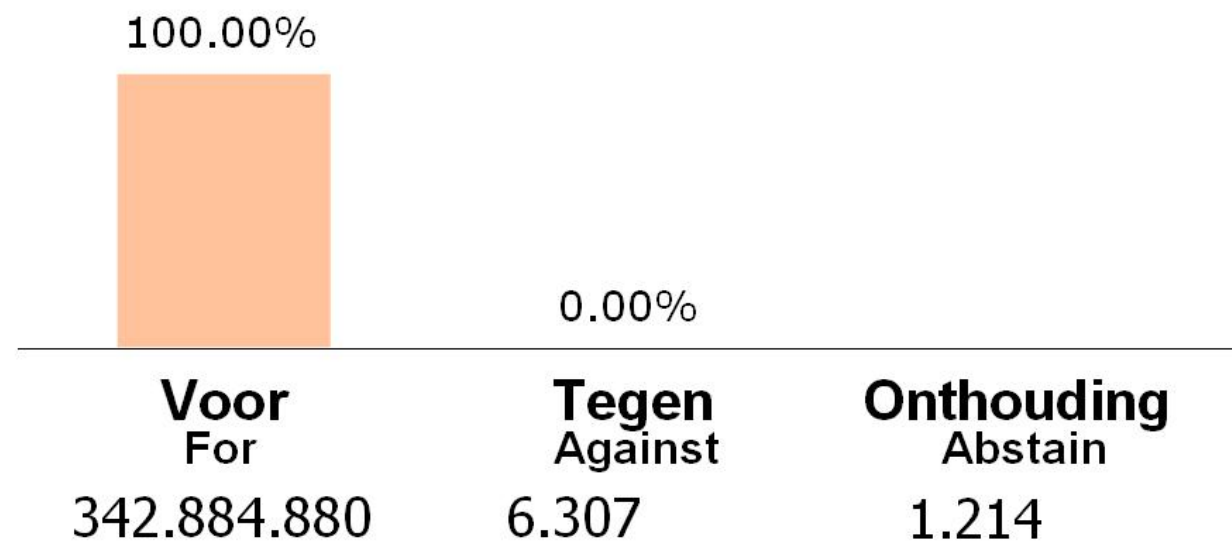
Adoption of the 2011 financial statements

*Vaststelling van de jaarrekening over het boekjaar 2011*

## Resolutie / Resolution 5

Vaststelling van de jaarrekening over het boekjaar 2011

Adoption of the 2011 financial statements





## Agenda item 6

### Dividend

a. Discussion of the reserves and dividend guidelines

*a. Behandeling van het reserverings- en dividendbeleid*

## Agenda item 6

### Resolution / *Besluit*

#### Dividend

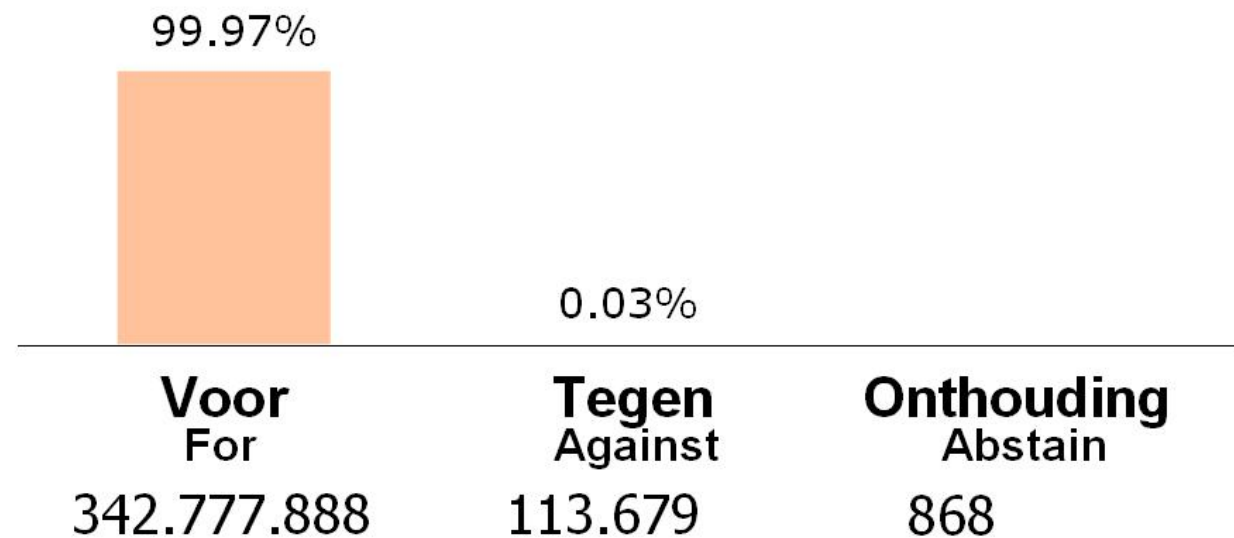
##### b. Dividend 2011

##### *b. Dividend 2011*

## Resolutie / Resolution 6b

Dividend 2011

Dividend 2011



## Agenda item 7

### Resolution / *Besluit*

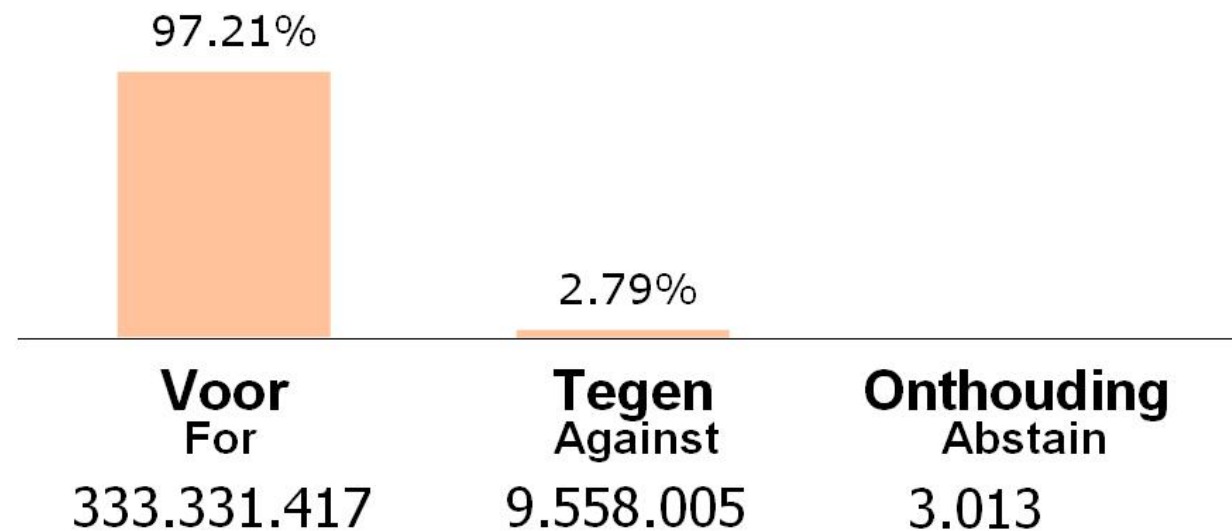
Release from liability of the Executive Board members

*Het verlenen van kwijting aan de leden van de Raad van Bestuur*

## Resolutie / Resolution 7

Het verlenen van kwijting aan de leden van de Raad van Bestuur

Release from liability of the Executive Board members



## Agenda item 8

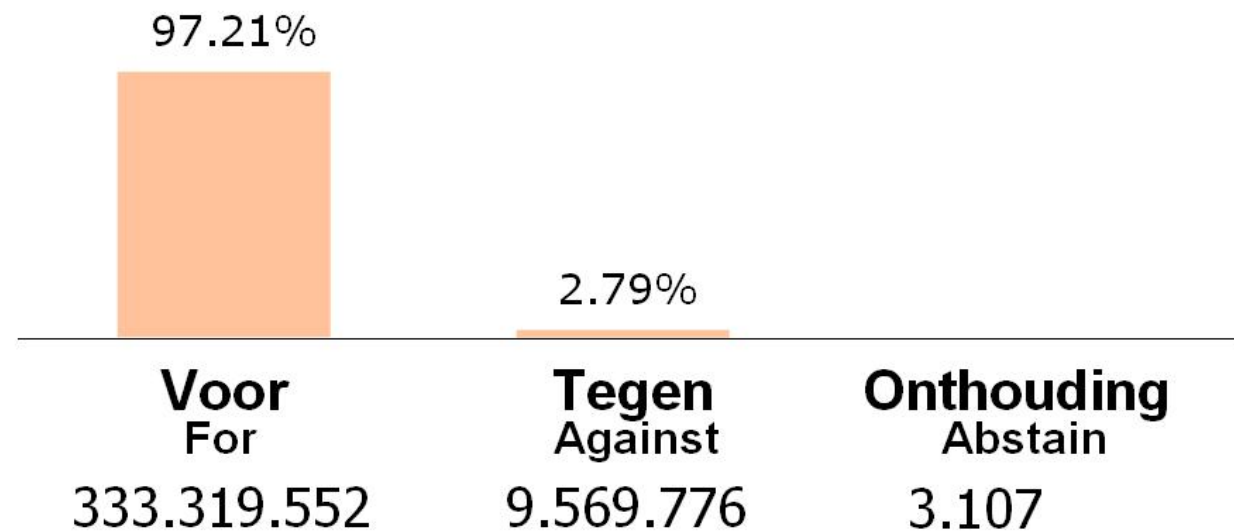
### Resolution / *Besluit*

Release from liability of the Supervisory Board members

*Het verlenen van kwijting aan de leden van de Raad van  
Commissarissen*

## Resolutie / Resolution 8

Het verlenen van kwijting aan de leden van de Raad van Commissarissen  
Release from liability of the Supervisory Board members



## Agenda item 9a

### Resolution / *Besluit*

a. Remuneration policy for Executive Board members

*a. Bezoldigingsbeleid voor de leden van de Raad van Bestuur*



# 2012 Remuneration policy for Executive Board

M.E. Harris

11 April 2012



# 2012 Remuneration Policy – Reasons for change

## **TNT Express is newly listed company; need for some adjustment in top executive pay**

- Current policy is heritage policy
- Total remuneration package at *European* median level
- Current volatile economic environment – more focus on annual target setting
- Full alignment with compensation policy senior management
- Need for Executive Board participation in share plans
- New balance between short term and long term incentives
- More focus on deferred compensation
  
- As a result adjustment to variable pay policy:
  - no change in base salary approach
  - no change in pension benefits – but 3% employee contribution introduced

# 2012 Remuneration Policy – Components

- **Current** Remuneration package of the Executive Board is composed of:
  - Base salary
  - Variable income
  - Pension
- **Proposed** Remuneration package of the Executive Board is composed of:
  - Base salary
  - Short Term Incentive (Bonus) + Bonus / Matching plan
    - together: hybrid scheme with annual cash and deferred share compensation
  - Long Term Incentive (Performance Share Plan)
  - Pension

# 2012 Remuneration Policy – Characteristics

## Main characteristics of the proposed variable pay policy

- Distribution between fixed and variable income:
  - 100% Base salary
  - 155% variable 'at target'
  - + 25% for 'stretch' performance
- Unchanged: emphasis on sustainable development of the company:
  - Less emphasis on short term incentive
  - 40% of short term incentive dedicated to non-financial targets
  - 50% of long term incentive dedicated to non-financial targets

# 2010 Remuneration Policy – Short Term Incentive

## Characteristics variable income short term incentive

- The performance targets are based on the long term strategic plans of the company
- These are then translated into yearly targets with a corresponding yearly pay-out and deferred pay-out in shares:
  - *After each year* performance is measured against set targets to determine level of the yearly compensation in cash
  - In case there is a bonus realized, investment in company shares is required to trigger the deferred compensation component in shares
- The targets represent a multi-stakeholder approach. 60% are financial targets and 40% are non-financial targets

# 2012 Remuneration Policy – Long Term Incentive

## Characteristics variable income Long Term Incentive

- Conditional right on performance shares, with IFRS value of 30% of base salary
- Vesting of rights on performance shares after three years subject to:
  - Continued employment
  - Achievement of performance criteria:
    - Total Shareholders Return (TSR) TNT Express N.V. (50%)
    - Three non-financial targets (50%) in the area of Employee engagement, Client satisfaction and Environmental responsibility
- However, no share schemes are operational in 2012:
  - The Executive Board waived all entitlements on FY 2011 bonus
  - The Bonus-Matching plan will be operational in 2013 at the earliest
  - Due to the intended offer of UPS, the Supervisory Board has decided to suspend the planned 2012 grant of performance shares

# 2012 Remuneration Policy – Pension

CEO: French private pension scheme:

- Pure defined contribution scheme
- Yearly contribution of €281,520

CFO: Dutch pension scheme:

- Career average scheme
- Retirement age at 65
- Pensionable income is based on annual base salary only
- Annual accrual rate for the old-age pension is 2.25%
- Offset for state pension
  
- **NEW for CEO and CFO:** 3% Employee contribution as of April 2012

# 2012 Remuneration Policy – Other

## Supervisory Board prerogatives

- Conforming with the corporate governance code, the Supervisory Board has the power to adjust upwards or downwards the value of the variable income originally awarded if the outcome would produce an unfair result due to extraordinary circumstances
- In case of a Change in Control the Supervisory Board may allow all or part of the share allocations to vest
  - Guidance for a cap in proceeds:
    - 50% of the difference between the ultimate share price paid and the average of the closing prices of the TNT share for a period of five days prior to the date the first announcement to make a public offer was made
- A claw back clause has been introduced since 2007



## Agenda item 9a

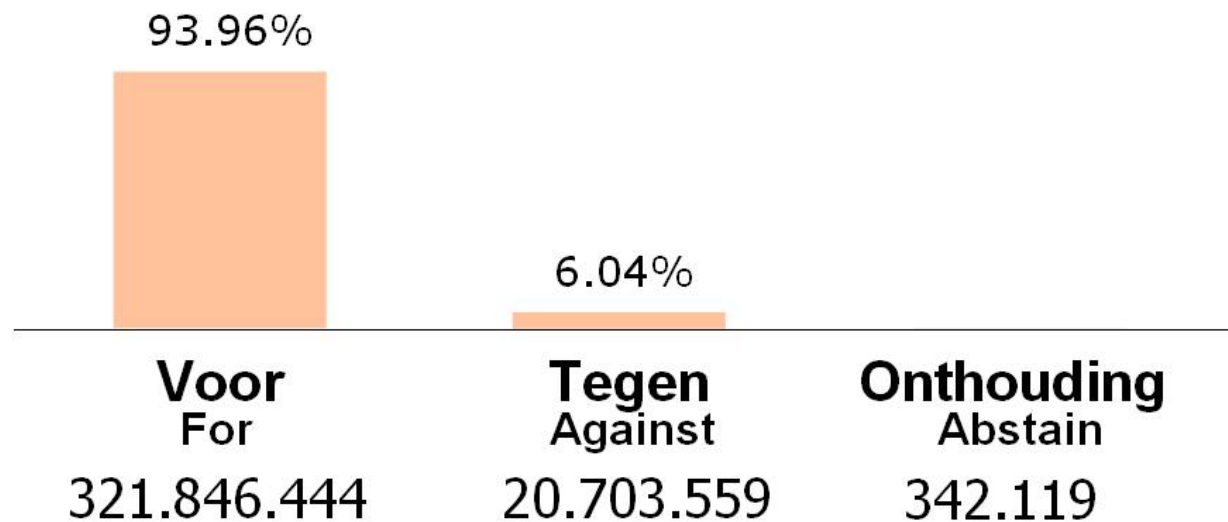
### Resolution / *Besluit*

a. Remuneration policy for Executive Board members

*a. Bezoldigingsbeleid voor de leden van de Raad van Bestuur*

## Resolutie / Resolution 9a

Bezoldigingsbeleid voor de leden van de Raad van Bestuur  
Remuneration policy for Executive Board members



## Agenda item 9b

### Resolution / *Besluit*

b. Remuneration Supervisory Board members

*b. Bezoldiging van de leden van de Raad van Commissarissen*

# 2012 Remuneration policy Supervisory Board members

M.E. Harris

11 April 2012



# 2012 Remuneration Policy – Supervisory Board

## Two adjustments to Supervisory Board remuneration

### Introduction attendance fee for meetings over and above normal business calendar

- Fees Supervisory Board designed for ‘normal’ business calendar
- Special situations like a start up or a merger generate extraordinary workload
- To compensate for this a variable fee is proposed for full SB meetings over and above the normal business calendar:
  - Chairman SB €2,500 per additional SB meeting
  - Member SB €1,500 per additional SB meeting
- A variable fee is proposed so that there is no extra cost when the normal business calendar is followed

### Travel allowance

- The existing travel allowance of €1,500 is raised to €2,500 for members who travel intercontinentally

## Agenda item 9b

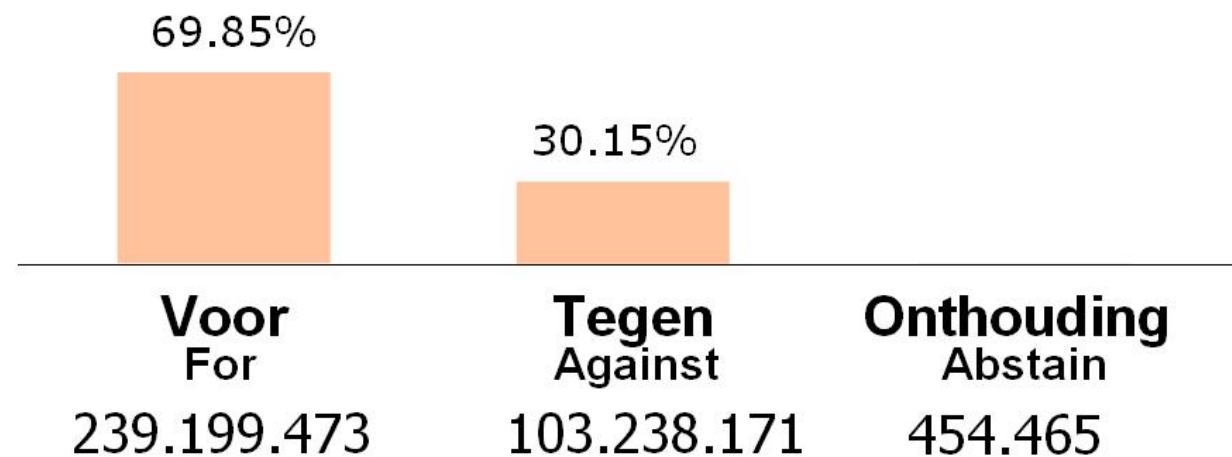
### Resolution / *Besluit*

b. Remuneration Supervisory Board members

*b. Bezoldiging van de leden van de Raad van Commissarissen*

## Resolutie / Resolution 9b

Bezoldiging van de leden van de Raad van Commissarissen  
Remuneration Supervisory Board members



## Agenda item 10a and 10b

- a. Proposal to appoint Mr Marcel Smits to the Supervisory Board
- b. Proposal to appoint Mr Sjoerd van Keulen to the Supervisory Board

- a. Voorstel tot benoeming van de heer Marcel Smits tot lid van de Raad van Commissarissen*
- b. Voorstel tot benoeming van de heer Sjoerd van Keulen tot lid van de Raad van Commissarissen*



## Agenda item 11

### Resolution / *Besluit*

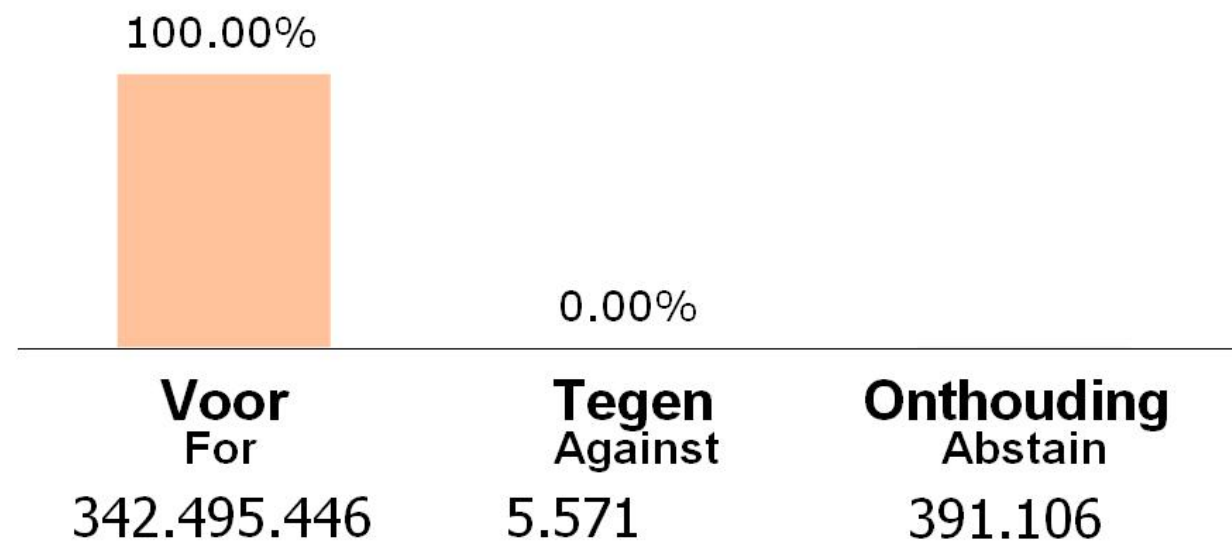
Authorisation of the Executive Board to have the Company acquire its own shares

*Machtiging van de Raad van Bestuur tot het verkrijgen van eigen aandelen door de Vennootschap*

## Resolutie / Resolution 11

Machtiging van de Raad van Bestuur tot het verkrijgen van eigen aandelen door de Vennootschap

Authorisation of the Executive Board to have the Company acquire its own shares



## Agenda item 12

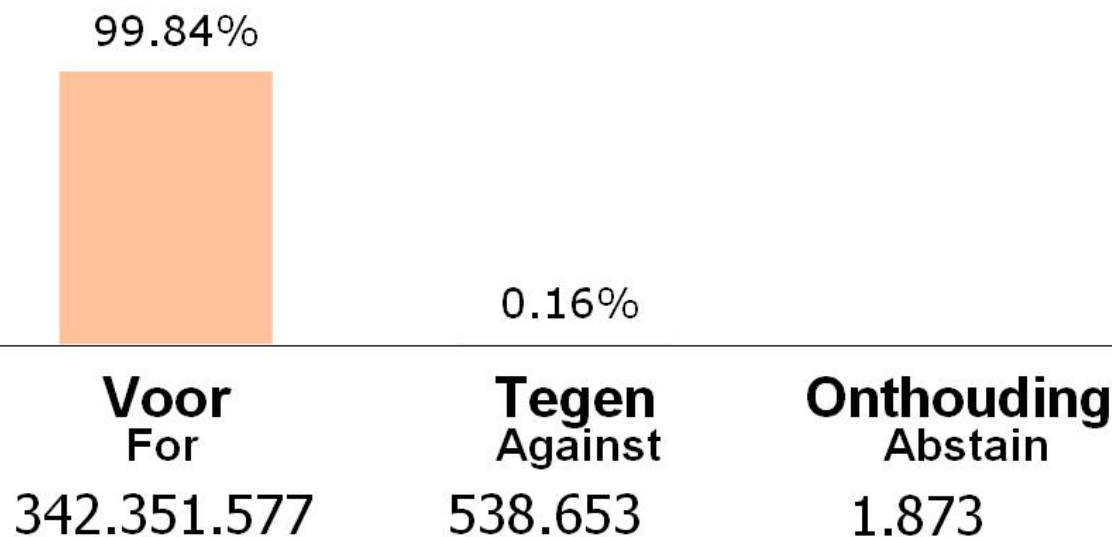
### Resolution / *Besluit*

Amendment of the articles of association regarding appointment and removal of Executive Board members and Supervisory Board members

*Wijziging van de statuten ten aanzien van de benoeming en het ontslag van leden van de Raad van Bestuur en leden van de Raad van Commissarissen*

## Resolutie / Resolution 12

Wijziging van de statuten ten aanzien van de benoeming en het ontslag van leden van de Raad van Bestuur en leden van de Raad van Commissarissen  
Amendment of the articles of association regarding appointment and removal of Executive Board members and Supervisory Board members



# Agenda item 13

Questions

*Rondvraag*

## Agenda item 14

Close

*Sluiting*



express

sure *we can*

# Warning about forward-looking statements

Some statements in this press release are "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.