



# TNT Express

1Q12 results presentation

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2 May 2012

# 1Q12 highlights

<b>TNT</b>	<ul style="list-style-type: none"><li>• Timetable for completion of proposed UPS offer proceeding as previously indicated</li><li>• Lower adjusted operating income; affected by sluggish business environment</li><li>• Focus on cash conversion; capital position remains strong</li><li>• Indirect cost savings programme launched in May 2011 on track</li><li>• Timing of implementation of certain long-term projects that are part of 2012-2013 fixed-cost savings programme temporarily adjusted in light of the proposed UPS offer</li></ul>
<b>EMEA</b>	<ul style="list-style-type: none"><li>• Revenue pressure</li><li>• Controlled cost development; European air network capacity reduced as per 2Q12</li><li>• Cost savings and commercial initiatives being pursued</li></ul>
<b>ASPAC</b>	<ul style="list-style-type: none"><li>• Profitability improved, despite weak intercontinental demand</li><li>• Strong performance Australian operations; cost reductions</li><li>• China Domestic performing according to plan</li></ul>
<b>Americas</b>	<ul style="list-style-type: none"><li>• Better results Brazil</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>• Other networks declined due to lower results Innight activities</li><li>• Non-allocated improved, impact indirect cost reduction measures</li></ul>

# Indicative anticipated UPS Offer timetable

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

# 1Q12 financial highlights

(€m)	1Q12	1Q11	%chg
Reported revenues	1,819	1,796	1.3
Adjusted revenues*	1,780	1,796	-0.9
Reported operating income	37	(79)	
Adjusted operating income*	34	50	-32.0
Net cash from operating activities	(2)	(24)	91.7
Net cash used in investing activities	(13)	(49)	73.5

- Reported revenues growth reflects positive impact foreign exchange; adjusted revenues decline due to lower Europe & MEA and Asia-Pacific revenues
- Adjusted operating income reduced due to decline in Europe & MEA; all other segments with exception of Other Networks performed better
- Good cash control; net debt €36m

\* The adjusted revenues and operating income figures are at constant currency (2011 rates) and exclude the impact of restructuring/one-off charges in 2011. Please see 1Q12 press release for details of these adjustments.

# 1Q12 results per segment

(€m)	Adjusted revenues			Adjusted operating income		
	1Q12	1Q11	%chg	1Q12	1Q11	%chg
Europe & MEA	1,140	1,153	-1.1	67	106	-36.8
Asia Pacific	399	419	-4.8	(6)	(18)	66.7
Americas	117	112	4.5	(23)	(32)	28.1
Other networks	125	113	10.6	3	4	-25.0
Other/Non-allocated	(1)	(1)		(7)	(10)	
	<b>1,780</b>	<b>1,796</b>	<b>-0.9</b>	<b>34</b>	<b>50</b>	<b>-32.0</b>

- Mixed economic conditions in Europe and lower Asia-Europe trading volumes
- Europe & MEA affected by negative price and product mix development
- Asia-Pacific, while under pressure because of lower Asia-Europe volumes, benefiting from strong performance of Australian operations and cost reductions. China Domestic performing according to plan
- Americas saw improved performance Brazil
- Non-allocated costs lower

# 2012 outlook and aims

- Mixed economic conditions in Europe and lower Asia-Europe trading volumes expected to persist
- In Europe & MEA, indirect and fixed cost reduction programmes and commercial initiatives in place to alleviate negative trading conditions
- Asia Pacific 1Q12 trends expected to continue; exposure to fixed intercontinental air capacity has been reduced as of 2Q12, with further reductions being investigated
- Americas to benefit from better results in Brazil
- Indirect cost savings programme launched in May 2011 to be completed this year
- Timing of implementation of certain long-term projects that are part of 2012-2013 fixed-cost savings programme temporarily adjusted in light of the proposed UPS offer
- Capital expenditures and working capital targets in line with medium-term aims

# Statement of income

(€m)	1Q12	1Q11	%chg
Revenues	1,819	1,796	1.3
Operating income	37	(79)	
Net financial expense	(6)	(8)	25.0
Income taxes	(15)	(19)	21.1
<i>Effective tax rate</i>	48.4%	-21.8%	
<b>Profit for the period</b>	<b>16</b>	<b>(106)</b>	

- No one-off operating income adjustments in 2012; operating income 2011 included €120m impairments and €9m demerger-one offs
- Effective tax rate of 48.4% reflects the weighted average statutory tax rate in the countries TNT Express operates, several non-deductible costs and losses for which no tax assets could be recognised

# 1Q12 statement of cash flows

(€m)	1Q12	1Q11
Cash generated from operations	17	3
Net cash from operating activities	(2)	(24)
Net cash used in investing activities	(13)	(49)
Net cash used in financing activities	(6)	71
Total changes in cash	(21)	(2)

- Net cash from operating activities higher than prior year as lower operating income more than offset by improvement in Trade and Other working capital and lower taxes paid.
- Trade working capital stable at ~10% of revenues
- Net cash used in investing activities lower than last year principally because of lower net capital expenditure
- Net debt €36m (4Q11: €7m)



# Europe & MEA

(€m)	1Q12	1Q11	%chg YoY
Adjusted revenues	1,140	1,153	-1.1
Adj operating income	67	106	-36.8
Avg daily cons ('000)	754	739	2.0
RPC (€) (at constant FX)	23.3	24.0	-2.9
Avg daily kilos ('000)	14,752	14,625	0.9
RPK (€) (at constant FX)	1.19	1.21	-1.7

- 1.1% adjusted revenues decline as a net result of positive volume growth and yield contraction
- Despite slow start of the year, increase in average consignments per day in all product categories
- Average kilos per day show International Economy kilos growing but slight decline in Domestic and more significant decrease in International Express
- Controlled cost development despite volume growth and inflation; European air network capacity reduced as per 2Q12
- Lower operating income mainly due to negative yield (mix and pricing) and cost inflation

# Asia Pacific

(€m)	1Q12	1Q11	%chg YoY
Adjusted revenues	399	419	-4.8
Adj operating income	(6)	(18)	66.7
Avg daily cons ('000)	158	173	-8.7
RPC (€) (at constant FX)	38.8	37.3	4.0
Avg daily kilos ('000)	9,840	12,573	-21.7
RPK (€) (at constant FX)	0.62	0.51	21.6

- Adjusted revenues decline of 4.8% because of lower international revenues, India Domestic divestment and targeted shift away from standard LTL activities China Domestic
- Large decline in volume and large difference between RPC and RPK attributable to India Domestic divestment and increased uptake of Day Definite service in China Domestic
- Day Definite service now represents 34% of China Domestic turnover (1Q11: 18%)
- Lower intercontinental volumes continued; as of 2Q12 half of the capacity of the three Boeing 777 freighters to be absorbed through code-share and block-space agreement with Emirates Sky Cargo
- Higher operating income due to Australia performing strongly, better performance other Asian activities and general cost control, offsetting weaker China international performance

# Americas

(€m)	1Q12	1Q11	%chg YoY
Adjusted revenues	117	112	4.5
Adj operating income	(23)	(32)	28.1
Avg daily cons ('000)	50	51	-2.0
RPC (€) (at constant FX)	36.0	33.4	7.8
Avg daily kilos ('000)	3,078	3,204	-3.9
RPK (€) (at constant FX)	0.59	0.54	9.3

- Brazil's revenues increased compared to the prior year as a result of higher prices and continuing volume recovery, with growth in Automotive and Telecom verticals
- Brazil's adjusted operating losses declined compared to the 1Q11
- The rest of Americas performed better than the prior year

## Other Networks, Non-allocated

- Other Networks declined due to lower results of Innight activities
- Non-allocated improved; net impact of cost reduction measures implemented in 2011 and lower charge out to segments

