

PRESS RELEASE

18 February 2013

Hoofddorp, The Netherlands

4Q12 results: European performance subdued, Asia Pacific improves

- Reported revenues €1,864m (-0.5%); reported operating income €(71)m (4Q11: €(104)m)
- Adjusted revenues (at constant FX) €1,835m (-2.0%); adjusted operating income (at constant FX and excluding one-offs) €47m (4Q11: €58m)
- Net cash from operating activities €168m, net cash used in investing activities €66m and net cash €139m (4Q11: €7m net debt)
- €50m indirect cost savings programme launched in May 2011 fully realised; nearly two thirds of re-scoped €100m further cost savings programme realised in 2012
- €120m business one-offs, including China and India Domestic impairments and value adjustment of 747s
- Proposed pro forma dividend of €0.03, in line with dividend guideline

Further announcements:

- Full strategy update scheduled 25 March 2013; AGM 10 April 2013
- Divestment opportunities sought for Brazil; outcome of China Domestic divestment process to be known in 1Q13

Summary: Consolidated results (€m)

	Notes	Reported			Adjusted (non-GAAP)		
		4Q12	4Q11	%chg	4Q12	4Q11	%chg
Revenues	(1)	1,864	1,873	-0.5	1,835	1,873	-2.0
Operating income	(2)	(71)	(104)	31.7	47	58	-19.0
Operating income margin (%)		-3.8	-5.6		2.6	3.1	
Profit/(loss) equity holders of the parent		(148)	(173)	14.5			
Cash generated from operations		198	189	4.8			
Net cash from operating activities		168	133	26.3			
Net cash used in investing activities		(66)	(44)	-50.0			
Net debt/(cash)		(139)	7				

Notes: Non-GAAP adjustments

(1) 4Q12: -€29m FX

(2) 4Q12: -€2m FX, €2m UPS Offer-related, €7m Brazil, €17m value adjustment aircraft, goodwill impairment €75m Hoau and €19m India

(2) 4Q11: €162m restructuring/one-offs (€104m Brazil, €45 impairment aircraft, €9m restructuring, €4m software impairment)

TNT Express' 4Q12 continued the trends seen in previous quarters.

Europe & MEA volumes grew but yields declined in challenging trading conditions. Cost control lessened negative impact on profitability.

In Asia Pacific, revenue declined due to termination of low margin customers and services and continuing weak demand. Operating income however increased because of improvements in the business portfolio and cost reduction measures.

Brazil's losses declined as turnaround actions start to take hold.

Date 18 February 2013

Commenting on this quarter's developments, Bernard Bot, interim CEO said:

'The fourth quarter continued to be challenging, with our European results under pressure from weak economic conditions. Our market position in Europe however remains strong, with healthy volume growth and positive customer churn. Asia Pacific showed solid year-on-year improvements, with positive results for the quarter and the year as a whole. TNT Express' strengths are the foundation of the strategy update that we are currently undertaking. There are many positive actions we can take to improve profitability and we look forward to providing a full update on 25 March 2013. Divestment opportunities for our domestic activities in Brazil and China are being secured. The outcome for China Domestic will soon be known.'

2013 preliminary guidance:

- Challenging trading conditions foreseen in 2013 with related continued negative development of operating results in Europe & MEA
- Asia Pacific and Other Americas expected to perform in line with prior year
- Other Networks profitability affected by discontinuation of major Fashion contract
- Brazil expected to reduce losses
- Given the challenging trading environment, management is developing a comprehensive profit improvement plan. This plan, including outlook, will be presented on 25 March 2013.

Date 18 February 2013

Revenue and operating income by segment, reported and adjusted

	Notes	Reported			FX	One-offs	Adjusted (non-GAAP)		
		FY12	FY11	%chg			FY12	FY11	%chg
Revenues (€m)									
Europe & MEA		4,605	4,525	1.8	(73)		4,532	4,525	0.2
Asia Pacific		1,755	1,797	-2.3	(137)		1,618	1,797	-10.0
Brazil		304	309	-1.6	25		329	309	6.5
Other Americas		172	158	8.9	(10)		162	158	2.5
Other networks		498	463	7.6	(6)		492	463	6.3
Non-allocated		(7)	(6)				(7)	(6)	
Total		7,327	7,246	1.1	(201)		7,126	7,246	-1.7
Operating income (€m)									
Europe & MEA		289	356	-18.8	(11)		278	380	-26.8
Asia Pacific	(1)	(93)	(76)	-22.4	(7)	111	11	(31)	
Brazil	(2)	(73)	(332)	78.0	(6)	7	(72)	(96)	25.0
Other Americas		(22)	(28)	21.4	1		(21)	(27)	22.2
Other networks		14	20	-30.0			14	20	-30.0
Non-allocated	(3)	(26)	(45)		(3)	7	(22)	(21)	-4.8
Total		89	(105)		(26)	125	188	225	-16.4
Operating income margin (%)									
Europe & MEA		6.3	7.9				6.1	8.4	
Asia Pacific		-5.3	-4.2				0.7	-1.7	
Brazil		-24.0	-107.4				-21.9	-31.1	
Other Americas		-12.8	-17.7				-13.0	-17.1	
Other networks		2.8	4.3				2.8	4.3	
Non-allocated		-	-				-	-	
Total		1.2	-1.4				2.6	3.1	

Notes: Non-GAAP adjustments

(1) FY12: €17m aircraft impairment, goodwill impairment €75m Hoau and €19m India

(2) FY12: €6m restructuring related charges and €1m impairment

(3) FY12: €6m UPS Offer-related: €1m software impairment



Date 18 February 2013

Revenue and operating income by segment, reported and adjusted

		Reported			Adjusted (non-GAAP)				
Revenues (€m)	Notes	4Q12	4Q11	%chg	FX	One-offs	4Q12	4Q11	%chg
Europe & MEA		1,183	1,154	2.5	(17)		1,166	1,154	1.0
Asia Pacific		440	476	-7.6	(19)		421	476	-11.6
Brazil		78	82	-4.9	9		87	82	6.1
Other Americas		44	41	7.3	(2)		42	41	2.4
Other networks		121	121				121	121	
Non-allocated		(2)	(1)				(2)	(1)	
Total		1,864	1,873	-0.5	(29)		1,835	1,873	-2.0
Operating income (€m)									
Europe & MEA		73	82	-11.0	(4)		69	93	-25.8
Asia Pacific	(1)	(110)	(42)		4	111	5	(3)	
Brazil	(2)	(22)	(126)	82.5	(3)	7	(18)	(22)	18.2
Other Americas		(5)	(7)	28.6			(5)	(7)	28.6
Other networks		0	7				0	7	
Non-allocated	(3)	(7)	(18)		1	2	(4)	(10)	
Total		(71)	(104)	31.7	(2)	120	47	58	-19.0
Operating income margin (%)									
Europe & MEA		6.2	7.1				5.9	8.1	
Asia Pacific		-25.0	-8.8				1.2	-0.6	
Brazil		-28.2	-153.7				-20.7	-26.8	
Other Americas		-11.4	-17.1				-11.9	-17.1	
Other networks		-	5.8				-	5.8	
Non-allocated		-	-				-	-	
Total		-3.8	-5.6				2.6	3.1	

Notes: Non-GAAP adjustments

(1) 4Q12: €17m aircraft impairment, goodwill impairment €75m Hoau and €19m India

Date 18 February 2013

4Q12 segmental performance overview

EMEA

	4Q12	4Q11	%chg	FY'12	FY'11	%chg
Adjusted revenues	1,166	1,154	1.0	4,532	4,525	0.2
Adjusted operating income	69	93	-25.8	278	380	-26.8
Average consignments per day ('000)	823	746	10.3	766	725	5.7
Revenue per consignment (€) ⁽¹⁾	22.1	23.8	-7.1	23.1	24.3	-4.9
Average kilos per day ('000)	15,194	15,087	0.7	14,843	14,661	1.2
Revenue per kilo (€) ⁽¹⁾	1.20	1.18	1.7	1.19	1.20	-0.8

(1) based on reported revenues @avg11

- Revenue growth supported by intercontinental air cargo sales; without these, slight revenue decline
- Positive volume development despite challenging economy. Volumes grew in all product segments – highest in Domestic and International Economy
- Consignment exceeded kilo growth due to general decrease in weight per consignment and higher growth of lower weight per consignment B2C parcels
- Pricing pressure in addition to negative mix effect
- Cost control measures only partially mitigated impact of negative yield

Asia Pacific

	4Q12	4Q11	%chg	FY'12	FY'11	%chg
Adjusted revenues	421	476	-11.6	1,618	1,797	-10.0
Adjusted operating income	5	(3)		11	(31)	
Average consignments per day ('000)	173	180	-3.9	167	182	-8.2
Revenue per consignment (€) ⁽¹⁾	38.1	40.7	-6.4	37.9	38.5	-1.6
Average kilos per day ('000)	10,974	13,179	-16.7	10,720	13,391	-19.9
Revenue per kilo (€) ⁽¹⁾	0.60	0.56	7.1	0.59	0.52	13.5

(1) based on reported revenues @avg11

- Revenue decline because of lower international volumes, targeted reductions in China Domestic LTL volumes and India Domestic disposal
- Day Definite service now 36% of China Domestic turnover (4Q11: 28%)
- Higher RPK and lower RPC reflects improved Domestic pricing and mix offset by lower China International pricing
- Block space agreements with multiple partners ensured capacity utilisation

Date 18 February 2013

Brazil

	4Q12	4Q11	%chg	FY12	FY11	%chg
Adjusted revenues	87	82	6.1	329	309	6.5
Adjusted operating income	(18)	(22)	18.2	(72)	(96)	25.0
Average consignments per day ('000)	38	37	2.7	36	37	-2.7
Revenue per consignment (€) ⁽¹⁾	36.4	34.1	6.7	35.5	32.2	10.2
Average kilos per day ('000)	2,249	2,317	-2.9	2,213	2,223	-0.4
Revenue per kilo (€) ⁽¹⁾	0.61	0.55	10.9	0.58	0.54	7.4

(1) based on reported revenues @avg11

- Positive results from further turnaround measures, including pricing actions
- However weak volume development
- Divestment opportunities to be explored while turnaround plan continues to be implemented

Other Americas

	4Q12	4Q11	%chg	FY'12	FY11	%chg
Adjusted revenues	42	41	2.4	162	158	2.5
Adjusted operating income	(5)	(7)	28.6	(21)	(27)	22.2
Average consignments per day ('000)	18	17	5.9	18	17	5.9
Revenue per consignment (€) ⁽¹⁾	36.3	36.8	-1.4	35.6	37.3	-4.6
Average kilos per day ('000)	1,057	1,187	-11.0	974	1,066	-8.6
Revenue per kilo (€) ⁽¹⁾	0.62	0.53	17.0	0.65	0.58	12.1

(1) based on reported revenues @avg11

- Profitability in Chile and North America improved

Other Networks and Non-allocated

- Other Networks performance below the prior year
- Overhead costs contained

Other financial indicators

- Effective tax rate of 64.8% reflects weighted average statutory tax rate in the countries in which TNT Express operates, several non-deductible costs, losses for which no tax assets could be recognised and downward revaluation of deferred tax assets
- Net cash from operating activities €35m above prior year in large part due to lower taxes paid
- Net cash used in investing activities €22m higher than prior year mainly because of higher capex and cash out for matured foreign exchange hedges
- Net capex at 3.4% of reported revenues
- Trade working capital reduced to 8.0% of revenues
- Net cash €139m (4Q12: €7m net debt)
- €200m break fee received from UPS in February 2013

Date 18 February 2013

Full year 2012: performance commentary

Adjusted revenue decreased by 1.7% and adjusted operating income decreased by 16.4%. The year saw positive volume development but significant yield pressure in Europe & MEA. Despite strong cost control measures, profitability in this segment declined. Results from Asia Pacific and Americas improved. In Brazil, operating losses were reduced but turnaround targets were not achieved.

Strong investment and working capital control ensured a positive cash flow before financing and dividends.

TNT Express has proposed to compensate the loss out of the distributable part of the shareholders' equity and to pay a pro forma dividend relating to the full year 2012 normalised net income of €0.03 per share, out of the distributable part of the shareholders' equity. The dividend is to be received in stock or in cash, with at least 3% premium for stock election. The proposed dividend represents a payout of 39% of normalised net income over the full year 2012.

Summary: Consolidated results (€m)

	Notes	Reported			Adjusted (non-GAAP)		
		FY12	FY11	%chg	FY12	FY11	%chg
Revenues	(1)	7,327	7,246	1.1	7,126	7,246	-1.7
Operating income	(2)	89	(105)		188	225	-16.4
Operating income margin (%)		1.2	(1.4)		2.6	3.1	
Profit/(loss) equity holders of the parent		(83)	(270)	69.3			
Cash generated from operations		383	359	6.7			
Net cash from operating activities		271	191	41.9			
Net cash used in investing activities		(84)	(158)	46.8			
Net debt/(cash)		(139)	7				

Notes: Non-GAAP adjustments

(1) FY12: -€201m FX

(2) FY12: -€26m FX, €6m UPS Offer-related, €1m softw are impairment, €7m Brazil, €17m value adjustment aircraft, goodwill impairment €75m Hoau and €19m India

(2) FY11: €3m demerger related (€11m pensions, €14m share-based payments, €5m demerger costs), €322m restructuring/one-offs (€25m restructuring, €45m aircraft charges, €16m softw are impairment, €236m Brazil one-offs)

Date 18 February 2013

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position TNT Express N.V. in € millions	31 Dec 2012	31 Dec 2011
Assets		
Non-current assets		
Intangible assets		
Goodwill	1,340	1,483
Other intangible assets	117	146
Total	1,457	1,629
Property, plant and equipment		
Land and buildings	482	485
Plant and equipment	207	241
Aircraft	40	50
Other	87	100
Construction in progress	20	23
Total	836	899
Financial fixed assets		
Investments in associates	10	20
Other loans receivable	3	3
Deferred tax assets	209	244
Other financial fixed assets	15	17
Total	237	284
Pension assets		
	57	34
Total non-current assets	2,587	2,846
Current assets		
Inventory	13	15
Trade accounts receivable	1,026	1,117
Accounts receivable	88	139
Income tax receivable	14	29
Prepayments and accrued income	129	159
Cash and cash equivalents	397	250
Total current assets	1,667	1,709
Assets classified as held for disposal	235	146
Total assets	4,489	4,701
Liabilities and equity		
Equity		
Equity attributable to the equity holders of the parent	2,710	2,806
Non-controlling interests	7	6
Total equity	2,717	2,812
Non-current liabilities		
Deferred tax liabilities	31	26
Provisions for pension liabilities	43	46
Other provisions	109	101
Long-term debt	191	219
Accrued liabilities	3	4
Total non-current liabilities	377	396
Current liabilities		
Trade accounts payable	439	435
Other provisions	66	88
Other current liabilities	297	309
Income tax payable	44	31
Accrued current liabilities	504	630
Total current liabilities	1,350	1,493
Liabilities related to assets classified as held for disposal	45	0
Total liabilities and equity	4,489	4,701

Date 18 February 2013

Consolidated income statement TNT Express N.V.				
in € millions	4Q12	4Q11	FY12	FY11
Net sales	1,821	1,853	7,162	7,156
Other operating revenues	43	20	165	90
Total revenues	1,864	1,873	7,327	7,246
Other income/(loss)	(15)	(3)	(11)	7
Cost of materials	(123)	(127)	(480)	(482)
Work contracted out and other external expenses	(999)	(996)	(3,880)	(3,809)
Salaries and social security contributions	(577)	(571)	(2,302)	(2,238)
Depreciation, amortisation and impairments	(146)	(204)	(291)	(494)
Other operating expenses	(75)	(76)	(274)	(335)
Total operating expenses	(1,920)	(1,974)	(7,227)	(7,358)
Operating income	(71)	(104)	89	(105)
Interest and similar income	3	4	16	21
Interest and similar expenses	(12)	(16)	(50)	(66)
Net financial (expense)/income	(9)	(12)	(34)	(45)
Results from investments in associates	(8)	(22)	(8)	(22)
Profit before income taxes	(88)	(138)	47	(172)
Income taxes	(57)	(36)	(128)	(100)
Profit for the period	(145)	(174)	(81)	(272)
Attributable to:				
Non-controlling interests	3	(1)	2	(2)
Equity holders of the parent	(148)	(173)	(83)	(270)
Earnings per ordinary share (in € cents) ¹	(27.2)	(31.8)	(15.3)	(49.7)

¹ Based on an average of 543,248,166 of outstanding ordinary shares (2011: 542,748,930)

Consolidated statement of comprehensive income TNT Express N.V.				
in € millions	4Q12	4Q11	FY12	FY11
Profit/(loss) for the period	(145)	(174)	(81)	(272)
Gains/(losses) on cashflow hedges, net of tax	2	5	2	(12)
Currency translation adjustment, net of tax	(29)	48	(13)	13
	(27)	53	(11)	1
Total comprehensive income for the period	(172)	(121)	(92)	(271)
Attributable to:				
Non-controlling interests	3	(1)	2	(2)
Equity holders of the parent	(175)	(120)	(94)	(269)

The 2012 tax impact on the cash flow hedges is -€2 million (2011: 10). There is no tax impact on the currency translation adjustment.

Date 18 February 2013

Consolidated statement of cash flows TNT Express N.V.

in € millions	4Q12	4Q11	FY12	FY11
Profit before income taxes	(88)	(138)	47	(172)
Adjustments for:				
Depreciation, amortisation and impairments	146	204	291	494
Amortisation of financial instruments/derivatives		1	2	1
Share-based compensation				19
Investment income:				
(Profit)/loss of assets held for disposal	17	1	15	(2)
(Profit)/loss on sale of group companies/joint ventures	(1)		(1)	
Interest and similar income	(3)	(4)	(16)	(21)
Foreign exchange (gains) and losses		1	4	6
Interest and similar expenses	12	15	46	60
Results from investments in associates	9	22	8	22
Changes in provisions:				
Pension liabilities	(8)	(3)	(26)	(31)
Other provisions	5	(8)	(22)	11
Cash from/(used in) financial instruments/derivatives		(20)		(20)
Changes in working capital:				
Inventory	1		1	
Trade accounts receivable	29	(29)	76	(40)
Accounts receivable	10	16	18	25
Other current assets	43	56	4	20
Trade accounts payable	77	95	4	24
Other current liabilities excluding short-term financing and taxes	(51)	(20)	(68)	(37)
Cash generated from operations	198	189	383	359
Interest paid	(14)	(16)	(46)	(58)
Income taxes received/(paid)	(16)	(40)	(66)	(110)
Net cash from operating activities	168	133	271	191
Interest received	4	4	17	21
Acquisition of subsidiaries and joint ventures		3		3
Disposal of associates	1		2	
Capital expenditure on intangible assets	(8)	(12)	(24)	(38)
Disposal of intangible assets	(3)			
Capital expenditure on property, plant and equipment	(55)	(43)	(121)	(151)
Proceeds from sale of property, plant and equipment	2	1	21	7
Cash from financial instruments/derivatives	(9)		19	
Other changes in (financial) fixed assets	2	3	2	
Net cash used in investing activities	(66)	(44)	(84)	(158)
Share-based payments				(9)
Proceeds from long-term borrowings		(1)	1	4
Repayments of long-term borrowings	(1)	(4)	(8)	(15)
Proceeds from short-term borrowings	21	20	57	162
Repayments of short-term borrowings	(32)	(28)	(66)	(171)
Repayments of finance leases	(6)	(7)	(18)	(20)
Dividends paid			(2)	(14)
Financing related to PostNL				(526)
Net cash used in financing activities	(18)	(20)	(36)	(589)
Total changes in cash	84	69	151	(556)

Date 18 February 2013

Consolidated statement of changes in equity TNT Express N.V.

in @millions	Net investment	Issued share capital	Additional paid in capital	Legal reserves	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Combined balance at 31 December 2010	3,065			(71)			2,994	8	3,002
Demerger and related reclassifications	(3,065)	43	3,035	71			84		84
Balance at 1 January 2011		43	3,035	0			3,078	8	3,086
Legal reserves reclassifications				23	(23)				
Total comprehensive income				1		(270)	(269)	(2)	(271)
Interim dividend 2011			(14)				(14)		(14)
Share-based compensation					11		11		11
Total direct changes in equity			(14)		11		(3)		(3)
Balance at 31 December 2011		43	3,021	24	(12)	(270)	2,806	6	2,812
Total comprehensive income				(11)		(83)	(94)	2	(92)
Final dividend previous year			(2)				(2)		(2)
Legal reserves reclassifications				(17)	17			(1)	(1)
Total direct changes in equity			(2)	(17)	17		(2)	(1)	(3)
Balance at 31 December 2012		43	3,019	(4)	5	(353)	2,710	7	2,717

Date 18 February 2013

FINANCIAL CALENDAR

25 March	Strategy Update
10 April	AGM
29 April	1Q13 results
29 July	2Q13 results
28 October	3Q13 results

Additional information available at www.tnt.com

CONTACT INFORMATION

INVESTORS

Andrew Beh
Phone +31 (0)88 393 9500
Email andrew.beh@tnt.com

MEDIA

Ernst Moeksis
Phone +31 (0)88 393 9323
Mobile +31 (0)6 5118 9384
Email ernst.moeksis@tnt.com

PUBLISHED BY TNT Express N.V.

Taurusavenue 111
2132 LS Hoofddorp
P.O. Box 13000
1100 KG Amsterdam
Phone +31 (0)88 393 9000
Fax +31 (0)88 393 3000
Email investorrelations@tnt.com

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