

# 4Q15 results presentation

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**THE PEOPLE NETWORK**

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# 4Q15 Outlook progress



## FOCUS ON PROFITABLE GROWTH

- Move More by Road
- Drive sales from four priority industries
- Serve more SMEs even better
- Increase profitability Domestic and AMEA

- Robust revenue growth of 4.1%
- Accelerated revenue growth from SMEs (+8.1%)
- Improved revenue management
- Domestic adjust. operating income up €23m



## INVEST IN OPERATIONAL EXCELLENCE

- Realise the Perfect Transaction
- Increase efficiency and productivity in Network Operations
- Transform IT and Global Business Services
- Prioritise Health & Safety practices

- On-time delivery performance up 3% YoY
- 4Q15 CAPEX €73 million (3.9% of revenues)
- New hubs in Melbourne and Brisbane
- More than 300 depots upgraded in line with Perfect Depot programme



## ORGANISE TO WIN

- Local Customer Focus, Global Business Services
- Integrated European Express organisation, focused Domestic organisation
- Strengthen leadership performance culture

- Stricter cost management
- Roll out of Global Business and IT transformation progressing to plan

# 4Q & FY15 statement of income

<i>(€m) @ respective rates</i>	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Revenues	1,861	1,787	4.1	6,914	6,680	3.5
Operating income / (loss)	57	(53)		38	(86)	
One-offs	39	103		113	295	
Adjusted operating income / (loss)	96	50	92.0	151	209	-27.8
Net financial (expense) / income	(9)	(9)		(34)	(24)	
Results from associates and JVs	3	1		7	7	
Income taxes	(37)	(74)		(67)	(87)	
<i>Effective tax rate (%)</i>	72.5	-121.3		609.1	-84.5	
Profit / (loss) for the period*	14	(135)		(56)	(190)	

- 4Q15 reported revenues up 4.1%; currency comparable revenue growth was 3.1%
- Underlying revenue growth of 3.0% (excluding currency effects, working day effect and lower fuel surcharges)
- 4Q15 operating income absorbed net one-off charges of €39 million, including restructuring charges of €11 million
- Adjusted operating income of €96 million includes Outlook-related transition costs (€8 million)



\* Profit/(loss) for the period of €14 million, leading to a profit/(loss) equity holders of the parent of €19 million (after correction for the non-controlling interests €5 million)

# 4Q & FY15 statement of cash flows

<i>(€m) @ respective rates</i>	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Cash generated from operations	107	131	-18.3	109	246	-55.7
Net cash from / (used in) operating activities	78	110	-29.1	(6)	106	-105.7
Net cash from / (used in) investing activities	(44)	(82)	46.3	(159)	(117)	-35.9
Net cash from / (used in) financing activities	(6)	13	-146.2	(22)	(33)	33.3
Total changes in cash	28	41		(187)	(44)	
Net cash	231	449	-48.6	231	449	-48.6

- CAPEX €73 million (3.9% of revenues), compared with €86 million in 4Q14 (4.8% of revenues)
- Trade working capital 8.1% of revenues at end of 4Q15
- Net cash position of €231 million reflects higher capital expenditures, in line with Outlook strategy

# International Europe

<i>(€m) @ respective rates</i>	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Revenues	789	723	9.1	2,864	2,743	4.4
Adjusted operating income	52	22	136.4	102	118	-13.6
Adjusted operating income margin (%)	6.6	3.0		3.6	4.3	
Avg daily cons ('000)	260	244	6.6	249	239	4.2
RPC (€) (at constant FX @avg14)	44.4	44.9	-1.1	44.7	45.0	-0.7
Avg daily kilos ('000)	9,132	8,447	8.1	8,691	8,184	6.2
RPK (€) (at constant FX @avg14)	1.26	1.30	-3.1	1.28	1.31	-2.3

- Currency comparable revenue growth of 8.7%, underlying revenue growth\* of 8.2%
- Higher revenues from SMEs (+9.5%), driven by business development and service improvements
- Adjusted operating income of €52 million compared to €22 million in the prior year
- Increase due to revenue growth and lower indirect costs



\* Adjusted for positive FX effects, working day effect and negative impact from lower fuel surcharges

# International AMEA

<i>(€m) @ respective rates</i>	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Revenues	270	258	4.7	1,002	906	10.6
Adjusted operating income	26	21	23.8	70	51	37.3
Adjusted operating income margin (%)	9.6	8.1		7.0	5.6	
Avg daily cons ('000)	57	66	-13.6	56	60	-6.7
RPC (€) (at constant FX @avg14)	63.6	59.5	6.9	61.2	58.8	4.1
Avg daily kilos ('000)	1,320	1,243	6.2	1,257	1,167	7.7
RPK (€) (at constant FX @avg14)	2.77	3.14	-11.8	2.74	3.05	-10.2

- Currency comparable revenue growth of -3.5%, underlying revenue growth\* was -1.6%.
- Decrease in revenues and volumes from China, partly offset by revenue growth in India and Middle-East & Africa
- Revenue per consignment increased 6.9% helped by higher average daily weights (+6.2%)
- Adjusted operating income of €26 million, €5 million higher YoY, supported by good cost management



\* Adjusted for positive FX effects, working day effect and negative impact from lower fuel surcharges

# Domestics

(€m) @ respective rates	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Revenues	690	690	0.0	2,581	2,547	1.3
Adjusted operating income	31	8	+287.5	23	66	-65.2
Adjusted operating income margin (%)	4.5	1.2		0.9	2.6	
Avg daily cons ('000)	679	673	0.9	654	634	3.2
RPC (€) (at constant FX @avg14)	15.1	15.5	-2.6	15.3	15.8	-3.2
Avg daily kilos ('000)	13,611	14,255	-4.5	13,154	13,343	-1.4
RPK (€) (at constant FX @avg14)	0.75	0.73	2.7	0.76	0.75	1.3

- Underlying revenue growth\* of 0.9%
- Revenue growth in Europe balanced the decrease in Brazil and Australia
- Higher revenues from SMEs (+7.7%), supported by better service quality
- Slight increase in volumes could not offset pricing pressures and the impact of lower fuel surcharges
- Adjusted operating of €31 million, €23 million higher YoY, due to cost reductions

\* Adjusted for positive FX effects, working day effect and negative impact from lower fuel surcharges

# Unallocated

<i>(€m) @ respective rates</i>	4Q15	4Q14	%chg YoY	FY15	FY14	%chg YoY
Revenues	115	120	-4.2	477	496	-3.8
Adjusted operating income / (loss)	(13)	(1)		(44)	(26)	-69.2

- The Unallocated segment consists of Other Networks (TNT Innight), Central Networks and corporate head office functions
- Reported revenues decreased by €5 million
- Adjusted operating income of minus €13 million in 4Q15 compared to minus €1 million the prior year, due to higher pension costs



# No dividend payment in view of FedEx offer

- Considering FedEx's offer to acquire TNT, the Executive Board of TNT has decided, with the approval of the Supervisory Board, not to pay a dividend for 2015.
- If TNT were to pay a dividend, the dividend amount would be subtracted from the offer price upon FedEx's actually purchasing the shares from TNT's shareholders.

# Guidance

- TNT reiterates its Outlook agenda and guidance for 2018/19, as presented during the capital markets day on 18 February 2015. The company expects to achieve structural improvements from 2016 onwards and to see the full benefit of the outlook strategy from 2018/2019.
- For the first quarter, TNT expects continued economic volatility in some markets outside Europe, especially in Brazil. TNT anticipates restructuring charges of about €10 million in the first quarter.
- Closing of the FedEx Offer to acquire TNT is anticipated in the first half of calendar year 2016.



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Q & A