



# TNT Express

3Q11 results presentation

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# 3Q11 results highlights

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- TNT**
- Reported operating income €32m; adjusted operating income (at constant FX and excluding one-offs) €43m
  - First phase €50m indirect cost savings implemented; ~€20m annualised savings to be realised in 2011, €11m associated costs in 3Q11 (€28m YTD)
  - Additional operational cost savings and improvement measures, including significant flexibilisation of Asia-Europe capacity, currently being identified
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- EMEA**
- Resilient
  - International Economy continuing to outgrow Express, Domestic relatively contained
  - Focus on costs to improve efficiency and given uncertain economy
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- ASPAC**
- Weaker demand for core intercontinental express
  - Pressure on optimal capacity utilisation and pricing Asia-Europe; Asia-Europe capacity to be reduced significantly in 2012
  - China domestic 2013 breakeven deadline
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- Americas**
- Operational KPIs, such as on-time delivery, in Brazil improved from 2Q11
  - Focus on revenue development to achieve 2H12 deadline
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- Other**
- Indirect cost containment and significantly better Non-allocated result

# Financial highlights

(€m)	3Q11	3Q10	%chg
Reported revenues	1,777	1,754	1.3
Adjusted revenues*	1,788	1,754	1.9
Reported operating income	32	37	-13.5
Adjusted operating income*	43	81	-46.9
Net cash from operating activities	33	41	-19.5
Net cash used in investing activities	(26)	(32)	18.8

- Revenue development reflects combination of muted growth EMEA, continuing growth Asia Pacific and lower revenues Americas (Brazil)
- Operating income down mostly because of larger losses Americas (Brazil) and Asia-Pacific
- Good cost control – significantly lower Non-allocated result

\* 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 3Q11 press release for details of these adjustments.

## 3Q11 statement of income

(€m)	3Q11	3Q10	YTD'11	YTD'10
Revenues	1,777	1,754	5,373	5,223
Operating income	32	37	(1)	156
Net financial expense	(11)	(8)	(33)	(28)
Income taxes	(16)	(15)	(64)	(63)
<b>Profit for the period</b>	<b>5</b>	<b>14</b>	<b>(98)</b>	<b>65</b>

## 3Q11 one-offs, non-GAAP adjustments

(€m)	3Q11	3Q10	YTD'11	YTD'10
<b>Revenues</b>	<b>1,777</b>	<b>1,754</b>	<b>5,373</b>	<b>5,223</b>
FX	11		92	
<b>Adjusted revenues</b>	<b>1,788</b>	<b>1,754</b>	<b>5,382</b>	<b>5,223</b>
<b>Operating income</b>	<b>32</b>	<b>37</b>	<b>(1)</b>	<b>156</b>
FX			4	
Demerger related		41	8	78
Restructuring/one-offs	11	3	160	4
<b>Adjusted operating income</b>	<b>43</b>	<b>81</b>	<b>171</b>	<b>238</b>

## 3Q11 results per segment

(€m)	Adjusted revenues			Adjusted operating income		
	3Q11	3Q10	%chg	3Q11	3Q10	%chg
Europe & MEA	1,095	1,083	1.1	73	78	-6.4
Asia Pacific	455	422	7.8	(9)	7	
Americas	120	131	-8.4	(32)	(6)	
Other networks	121	119	1.7	7	7	
Other/Non-allocated	(3)	(1)		4	(5)	
	<b>1,788</b>	<b>1,754</b>	<b>1.9</b>	<b>43</b>	<b>81</b>	<b>-46.9</b>

- Muted revenue growth EMEA
- Asia Pacific good revenue growth; profitability impacted by Asia-Europe price pressure and sub-optimal capacity utilisation
- Americas revenue development not yet sufficient to cover past customer losses
- Restructuring of indirect costs successfully underway: annualised €20m expected in 2011

# EMEA

(€m)	3Q11	3Q10	%chg YoY	YTD'11	YTD'10	%chg YoY
Adjusted revenue	1,095	1,083	1.1	3,388	3,305	2.5
Adj operating income	73	78	-6.4	287	277	3.6
Avg daily cons ('000)	666	668	-0.3	718	715	0.4
RPC (€) (at constant FX)	25.3	25.0	1.2	24.6	24.1	2.1
Avg daily kilos ('000)	14,044	13,822	1.6	14,517	14,102	2.9
RPK (€) (at constant FX)	1.20	1.21	-0.8	1.22	1.22	0.0

- Slowing revenue growth
- International Economy volume growth, decline of International Express, Domestic growth flat
- Con/kg volume development reflects relatively higher growth of higher-weight International Economy
- Reasonable pricing environment, despite pressure on product mix and lower other revenues – further base-price increases for International Economy forthcoming
- Operating income negatively impacted by declining International Express, with its associated higher fixed-cost base
- Most units grew revenues ahead of the prior year period, particularly Eastern Europe

# EMEA – slowing revenue growth

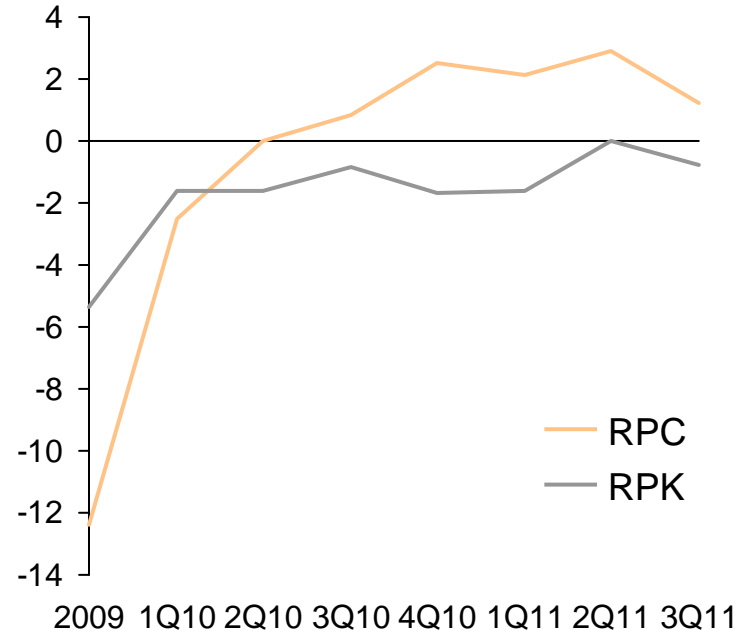
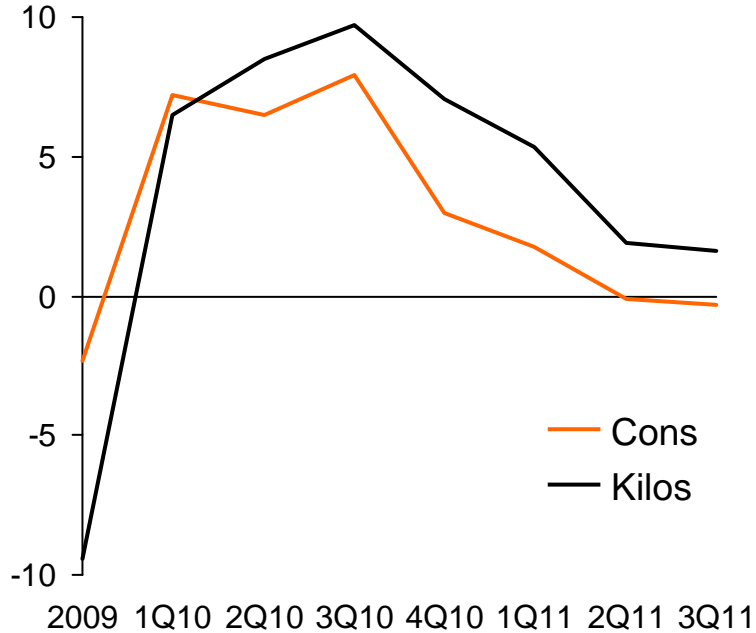
Product and customer mix	<ul style="list-style-type: none"><li>• International Economy ↑</li><li>• International Express ↓</li><li>• Domestic →</li><li>• Large/global &gt; SME</li><li>• Other revenue ↓</li></ul>
x Price	<ul style="list-style-type: none"><li>• Base rate increased</li><li>• Fuel and other surcharges deployed</li></ul>
= Revenue	<b>+1.1%</b>
- Costs	<ul style="list-style-type: none"><li>• Productivity ↑</li><li>• Cost control initiatives ↑</li><li>• Short term fixed-cost base air network →</li></ul>
= Operating income	<b>-6.4%</b>





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

YoY %chg



# Asia Pacific

(€m)	3Q11	3Q10	%chg YoY	YTD'11	YTD'10	%chg YoY
Adjusted revenue	455	422	7.8	1,311	1,204	8.9
Adj operating income	(9)	7		(29)	12	
Avg daily cons ('000)	181	187	-3.2	182	181	0.6
RPC (€) (at constant FX)	38.6	34.8	10.9	37.4	34.7	7.8
Avg daily kilos ('000)	13,654	13,792	-1.0	13,462	13,477	-0.1
RPK (€) (at constant FX)	0.51	0.47	8.5	0.51	0.47	8.5

- Day Definite now 23% of turnover (2Q11 21%, 3Q10 13%)
- Positive Asia Pacific RPC and RPK supported by higher revenue quality from China Domestic and despite soft pricing environment for International
- Operating results reflect price pressure in International and sub-optimal capacity utilisation – solutions to flexibilise Asia-Europe capacity to impact 2012
- Australia performing strongly due to price improvements and cost savings

# Asia Pacific – volume optimisation

<b>Asia-Europe</b>	<ul style="list-style-type: none"><li>• Weak Asia-Europe demand, with soft pricing environment</li><li>• Good utilisation of Chongqing and Shanghai rotations, lower for Hong Kong</li><li>• Capacity optimisation: B777s and B747s fleet optimisation to be achieved fully in 2012</li></ul>
<b>China Domestic</b>	<ul style="list-style-type: none"><li>• Day Definite now represents 23% of turnover (2Q11 21%, 3Q10 13%)</li></ul>



# Americas

(€m)	3Q11	3Q10	%chg YoY	YTD'11	YTD'10	%chg YoY
Adjusted revenue	120	131	-8.4	345	379	-9.0
Adj operating income	(32)	(6)		(96)	(32)	
Avg daily cons ('000)	53	59	-10.2	54	62	-12.9
RPC (€) (at constant FX)	34.7	34.0	2.1	33.5	31.7	5.7
Avg daily kilos ('000)	3,118	3,741	-16.7	3,217	4,103	-21.6
RPK (€) (at constant FX)	0.59	0.54	9.3	0.56	0.48	16.7

- Revenue development not yet sufficient to cover the past loss of major customers, though pipeline of potential new clients is encouraging
- Operational KPIs in Brazil improved from 2Q11
- 2H12 turnaround target reiterated
- Rest of Americas performed in line with expectations

# Brazil turnaround – on track for 2H12 deadline

## Operations

- Quality improving
  - OTD up to >93%
  - Damaged or lost items more than three times lower than peak level
- Organisational redesign rolled out

## Sales

- No further significant customer losses
- Significant pipeline, both from Territory Sales and CAM/GAM customers



**On track to meet 2H12 turnaround deadline – short term will continue to be challenging**

# Other Networks and other

- Other Networks performed in line with prior year
- Non-allocated was positive as a result of lower overhead and project-related costs, charge out to business units and beneficial phasing of certain costs
- First phase of €50m indirect cost savings successfully implemented; over €20m annualised savings to be realised in 2011, with €11m of associated costs in 3Q11 (€28m year to date)

## 3Q11 statement of cash flows

(€m)	3Q11	3Q10	YTD'11	YTD'10
Cash generated from operations	70	67	170	174
Net cash from operating activities	33	41	58	103
Net cash used in investing activities	(26)	(32)	(114)	(103)
Net cash used in financing activities	(81)	(10)	(569)	(218)
Total changes in cash	(74)	(1)	(625)	(218)

# 2011 aims

Given its challenging trading environment, TNT Express' aims for the year are:

- Europe & MEA revenue to achieve muted growth, with an underlying operating margin of 8-9%
- Asia Pacific's 2H11 operating result to continue 1H11 trend; focus on optimising intercontinental capacity exposure
- Americas' continuing negative performance being addressed through a full range of corrective measures
- Other networks to perform somewhat below the prior year
- Cash flow to be supported by tight cash capex and working capital management
- Annualised ~€50m cost savings, with expected related charges and write-offs of €45-65m. Implementation is underway.



