4Q13 results

and Outlook strategy

Tex Gunning – CEO
Bernard Bot – CFO
18 February 2014

Agenda

CEO update – 2013

Outlook – Introduction

4Q13/2013 financial review

2013 overview

Group	• Continued pressure on profitability • Improving trend, with better year-on-year operating results in 4Q13 • Solid capital position with €472m net cash
Segments	• Europe Main: difficult trading environment continued to affect results, especially in Italy • Europe Other & Americas: benefited from positive effect of commercial measures and cost control • Pacific: significantly impacted by product mix changes and higher wage and other cost inflation • AMEA: performed better despite lower revenues • Brazil domestic: improving trend continued
Profit improvement	• *Deliver!* on track • Updated strategy *Outlook* announced, with further details to come in 2H14

Deliver! on track

Reshape portfolio	• Sale of China Domestic road operations (Hoau) completed • Brazil Domestic no longer for sale, focus on further improvements • Sale Boeing 747 freighters less attractive than continued use; reclassified as PPE
Focus on distinctive service proposition	• Investments made in digital sales channel • Higher growth realised in International, SME and higher weight parcels and palletised freight • Expansion of premium and express freight services in Europe and worldwide
Execute better	• Optimised functional organisation in place • Operational improvements and new back office activities rolled-out
Invest in infrastructure and IT	• IT transformation underway, targeting outsourced operating model • Several major infrastructure projects approved

Financials

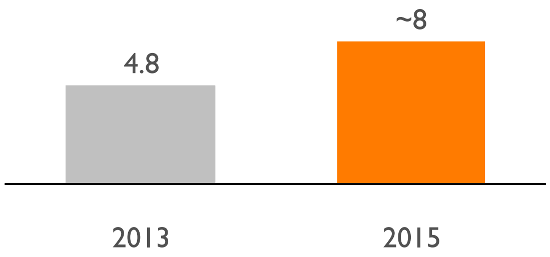
- Total €240m improvements: €35m in 2013; target €120m in 2014 and €85m in 2015
- Total restructuring €200m, total capex €175m, other one-offs ~€50m

2015 ambitions confirmed

- Full focus is given on realising the improvements from *Deliver!*
- Assumes normal economic conditions in Europe

Europe Main & Europe Other and Americas

(Adjusted operating income margin, %)



- Sales growth of around 2% per year (CAGR)

Other

- All other reportable segments to contribute increasingly to profitability
- €240m from *Deliver!* by 2015, to be integrated in *Outlook*
- Unallocated around €(25)m
- ETR around 30%
- Capex 2-3% of revenues (excluding additional strategic investments)
- Trade working capital around 8% of revenues

Outlook strategy

Company stabilised – ready to perform

Address immediate priorities

- Stabilised company following prohibition UPS merger
- Launched comprehensive 2013 – 2015 improvement plan
- Appointed new CEO

Define strategy: *Outlook*

- Analysed strengths, weaknesses and market opportunities
- Identified priorities and announced new organisation
- Launched strategic initiatives

Perform!

- Market-leading customer satisfaction
- Strong employee engagement
- Continuous improvement financial performance

Deliver! | *Outlook* integrates *Deliver!* | *Outlook*

Feb 2014

Outlook addresses stakeholder needs

Customers

- Competitive products and services
- Perfect Transaction
- Competitive prices

Outlook

Employees

- Secure employment
- Meaningful future

Shareholders

- Improving results
- Solid return on investment

Start from strengths – leverage opportunities

	Strengths	Opportunities
Market	• Express Economy - unique European Road Network • Strong position in automotive, industrial, healthcare and high-tech sectors • Large base of SME customers	• Stronger growth in most profitable segments • Customer interaction and interface (including digital)
Operating processes	• Integrated networks and operations • Parcels/freight • Express/Economy	• End-to-end optimisation • Automation and mechanisation • Outsourcing and partnering
Organisation	• Staff expertise and dedication • Focus on customers	• Separate focus on domestics and on integrated international express • Direct accountability

Clear *Outlook* agenda – 10 initiatives

Focus on profitable growth

1. Move More by Road
2. Drive sales from four priority industries
3. Serve more SMEs even better
4. Increase profitability Domestics

Invest in performance

5. Realise the Perfect Transaction
6. Increase efficiency and productivity
7. Establish superior revenue management
8. Prioritise Health & Safety practices

Organise to win

9. Create focused and accountable units
10. Strengthen leadership culture

Targets

- Leading customer 'Orange Experience Score'
- Strong employee engagement
- Continuous improvement financial performance

TNT express

Focus on profitable growth

Move More by Road

"Reliability is the number one reason we've chosen TNT Express to manage our express transportation activities in Europe. We have a great dashboard that provides excellent visibility of return shipments to our distribution centre."

Alex Smits, EMEA DC Manager Gibson Europe

Unrivalled European Road Network

- TNT Express faster in Economy Express on 51% of all benchmarked sectors; faster or equal on 87%
- Day-definite or guaranteed <12:00 deliveries across Europe and up to 1,000kg
- Connecting more than 40 European countries, 19 road hubs and 550 depots
- Integrated with European air and Domestic networks

Actions

- Invest in European Road Network to expand day-definite and cross-border deliveries
- Automate road hubs
- Capture synergies domestic and international networks

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Invest in performance

Realise the Perfect Transaction

Perfect customer understanding → Perfect order process → Perfect delivery – on time and in perfect condition → Accurate and timely invoicing

People

- Empowerment and training of staff
- Purpose-driven engagement
- Stimulate and reward proactive service-improving behaviours

Process

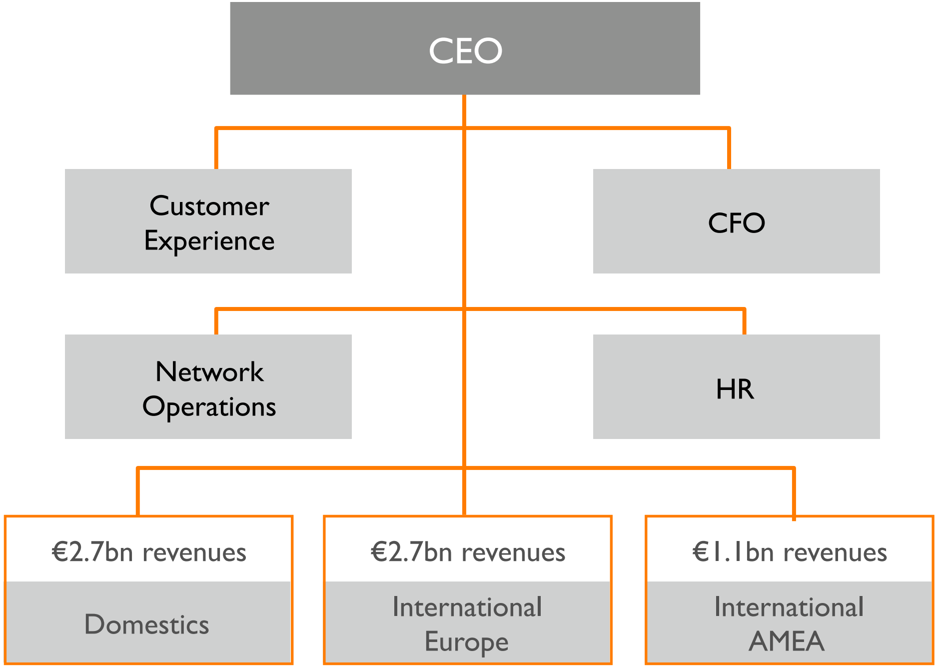
- Simplification and standardisation
- 100% compliance enabled by real-time automated service monitoring
- Seamless end-to-end customer processes
- Lean and Kaizen standards

Systems

- Automation (functionality and ease of use)
- Systems support to prevent human errors
- 100% accurate, timely, relevant information at every step of the supply-chain

Organise to win

Create focused and accountable units



Changes

- Domestics cluster with separate domestic activities in France, Italy, UK as well as Brazil, Chile and Pacific
- Dedicated focus on domestic but synergies with international activities maintained
- New International Europe entity, centrally-led, with integrated responsibility across Europe
- International Asia, Middle East & Africa entity separate but operating in close coordination with International Europe
- New eight-member Management Board
- Targeted implementation second half of 2014

* Indicative revenue numbers, Unallocated including Innight and Fashion Netherlands activities €0.5m not shown

Organise to win

New Management Board

Chief Executive Officer

Tex Gunning

Joined TNT in June 2013

Previously: TNT Supervisory Board member; Akzo Nobel, Unilever

Chief Financial Officer

Bernard Bot

9 years with TNT

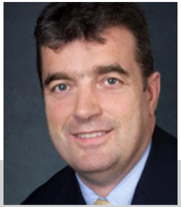
Member of Executive Board since March 2011

MD Domestics & Chief Transformation Officer

Marco van Kalleveen

Strategy and turnaround specialist

Previously: McKinsey, Bain Capital



MD International Europe

Ian Clough

20 years industry experience, most recently as DHL's CEO North America

MD International AMEA

Michael Drake

20 years with TNT, most recently as MD AMEA

MD Customer Experience

Chris Goossens

25 years with TNT, most recently as MD Europe Other & Americas

Chief People Officer

Steven Scheers

20 years HR experience, most recently as Global HR Director

MD Network Operations

Martin Södergård

25 years industry experience, including DHL Managing Director Network Operations, Europe

The existing reporting lines will not change until second half of 2014.

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Summary: focus on stakeholders

Build from strengths…	• Distinctive European Road Network– with unparalleled granularity, service performance and low cost • Integrated Parcels/freight and Express/Economy • Strong match with existing large base SME customers and strong position in four key industries
…and improve performance	• Be the 'fastest and most reliable' in European road • Provide seamless and hassle-free customer experience • Realise other improvements - from Operations to IT and Health & Safety
… to meet stakeholder needs	• Competitive products and services at competitive prices, provided in a 'Perfect Transaction' • Secure and meaningful future for employees • Improving financial results and returns for shareholders

express

4Q13 results

4Q13 highlights

Group	• Reported operating income €88m (4Q12: €(52)m), reported revenues €1,704m (-4.6%), • Higher adjusted operating income €76m (4Q12: €58m), adjusted revenues €1,774m (-0.7%) • Period end net cash €472m (3Q13: €349m) • Brazil Domestic no longer for sale; improving trend continued • Boeing 747 freighters reclassified as PPE; 4Q13 depreciation charge €3m (FY13: €12m) • Proposed final dividend of €0.024, in line with dividend guidelines
Segments	• Europe Main: profitability higher in all units except Italy and UK Fashion activities • Europe Other & Americas: continued strong performance with solid revenue growth • Pacific: some growth but revenue quality remains negative; results stabilised • AMEA: China Domestic disposal completed; growth and improved profitability core activities
Deliver!	• 4Q13 savings of €25m; €35m full year • Restructuring provisions €49m; €90m full year

4Q13/2013 statement of income

(€m)	4Q13	4Q12	%chg YoY	FY13	FY12	%chg YoY
Revenues	1,704	1,787	-4.6	6,693	7,023	-4.7
Operating income	88	(52)		48	158	-69.6
Net financial expense	(6)	(7)	14.3	(24)	(30)	20.0
Results from associates	0	(8)		17	(8)	
Income taxes	(44)	(49)	10.2	(134)	(103)	-30.1
Effective tax rate	53.7%	-73.1%		326.8%	85.8%	
Profit for the period continued operations	38	(116)		(93)	17	
Loss from discontinued operations	(7)	(29)	75.9	(29)	(101)	71.3
Profit/(loss) for the period	31	(145)		(122)	(84)	-45.2

- Revenues include €70m negative foreign exchange impact – China Domestic included until 1 November 13
- Reported operating income for 4Q13 includes €12 million net positive one offs
- Reported ETR of 53.7% impacted by business and tax one offs
- Discontinued operations reflect losses Brazil Domestic

4Q13 bridge to 4Q12

(€m)	4Q13 reported	Restruc-turing	Reversal impairment / fair value adjustments	Catch-up dep'n	Fx	4Q13 adjusted	4Q12 adjusted	Aircraft dep'n	Previous 4Q12 adjusted
Europe Main	(8)	44		4	1	41	45	(1)	46
Europe Other & Americas	17	3		3	3	26	19		19
Pacific	4	1			1	6	6		6
AMEA	81	2	(94)	14	3	6	(2)	(2)	0
Unallocated	(6)	3				(3)	(10)		(10)
Total	88	53	(94)	21	8	76	58	(3)	61

- *Deliver!*-related restructuring of €53m
- Reclassification of TNT Express' Boeing 747 freighters as Property, Plant & Equipment requires reversal of impairment / fair value adjustments and adjustment for 'catch up' depreciation for period 1Q12 – 3Q13
- For comparability, prior year figures adjusted to include quarterly depreciation charge
- Carrying value of Boeing 747 freighters on balance sheet €144m

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4Q13/2013 statement of cash flows

(€m)	4Q13	4Q12	*%chg YoY*	FY13	FY12	*%chg YoY*
Cash generated from operations	149	210	*-29.0*	514	446	*15.2*
Net cash from operating activities	122	188	*-35.1*	397	359	*10.6*
Net cash used in investing activities	6	(66)		(40)	(81)	*50.6*
Net cash used in financing activities	(4)	(37)	*89.2*	(53)	(126)	*57.9*
Change in cash from discontinued	(0)	(1)	*100.0*	0	(1)	*100.0*
Total changes in cash	124	84	*47.6*	304	151	

- Net cash from operating activities lower due to smaller positive working capital movement
- Net cash used in investing activities includes proceeds from the sale of Domestic China
- 4Q13 net capex was €57m or 3.3% of revenues
- Net cash used in financing activities in 4Q13 €(4)m (4Q12: €(37)m); prior year included €33m capital contributions Domestic Brazil
- Trade working capital 7.5% of revenues for the year
- Solid net cash of €472m

Europe Main

(€m)	4Q13	4Q12	*%chg YoY*	FY13	FY12	*%chg YoY*
Adjusted revenues	855	868	*-1.5*	3,301	3,392	-2.7
Adjusted operating income	41	45	*-8.9*	150	202	-25.7
Avg daily cons ('000)	670	707	-5.2	668	657	*1.7*
RPC (€) (at constant FX)	19.6	19.2	*2.1*	19.4	20.2	*-4.0*
Avg daily kilos ('000)	11,332	11,332	*0.0*	11,097	11,060	*0.3*
RPK (€) (at constant FX)	1.16	1.20	-3.3	1.17	1.20	-2.5

- Results impacted by ended Fashion UK contract and restructuring in Italy – adjusting for both, single-digit revenue growth and higher operating income as a result of good cost control and initial *Deliver!* savings
- Better trading environment in Benelux, Germany and UK and higher domestic growth in France, however pricing pressure remains
- Restructuring in Italy well underway, with improving revenue quality and initial savings realised

Europe Other & Americas

(€m)	4Q13	4Q12	*%chg YoY*	FY13	FY12	*%chg YoY*
Adjusted revenues	332	304	*9.2*	1,216	1,177	*3.3*
Adjusted operating income	26	19	*36.8*	69	50	*38.0*
Avg daily cons ('000)	115	118	*-2.5*	111	111	*0.0*
RPC (€) (at constant FX)	44.2	40.2	*10.0*	43.1	41.3	*4.4*
Avg daily kilos ('000)	4,456	4,515	*-1.3*	4,193	4,321	*-3.0*
RPK (€) (at constant FX)	1.14	1.05	*8.6*	1.14	1.06	*7.5*

- Accelerating revenue growth; volumes higher in the most profitable customer segments
- Excellent management of revenue quality
- Good cost control, with *Deliver!*-related savings initiatives
- All major units performing better

Pacific

(€m)	4Q13	4Q12	%chg YoY	FY13	FY12	%chg YoY
Adjusted revenues	187	187	0.0	724	727	-0.4
Adjusted operating income	6	6	0.0	12	28	-57.1
Avg daily cons (‘000)	82	79	3.8	78	73	6.8
RPC (€) (at constant FX)	35.1	36.9	-4.9	36.2	38.7	-6.5
Avg daily kilos (‘000)	3,103	3,207	-3.2	2,970	3,016	-1.5
RPK (€) (at constant FX)	0.93	0.91	2.2	0.96	0.94	2.1

- Continued growth of lower weight domestic consignments; revenues flat overall
- Restructuring initiatives offsetting inflationary pressure and higher volumes
- Investments in infrastructure and automation underway

AMEA

(€m)	4Q13	4Q12	%chg YoY	FY13	FY12	%chg YoY
Adjusted revenues	261	295	-11.5	1,108	1,191	-7.0
Adjusted operating income	6	(2)		22	(4)	
Avg daily cons ('000)	75	104	-27.9	90	104	-13.5
RPC (€) (at constant FX)	53.7	44.4	20.9	48.1	44.9	7.1
Avg daily kilos ('000)	3,522	8,143	-56.7	6,708	8,117	-17.4
RPK (€) (at constant FX)	1.14	0.57		0.65	0.57	14.0

- Year-on-year comparisons impacted by sale of China Domestic and last year's closure of India Air Domestic
- Excluding these, single-digit revenue growth with higher kilos and moderate yield improvement
- Better peak season with improved international volumes, also inbound
- Nearly all units ahead of prior year

Discontinued operations – Brazil Domestic

(€m)	4Q13	4Q12	*%chg YoY*	FY13	FY12	*%chg YoY*
Adjusted revenues	91	77	*18.2*	346	304	*13.8*
Adjusted operating income	(5)	(13)	*61.5*	(27)	(66)	*59.1*

- Strong adjusted revenue growth with positive impact pricing actions; good customer retention and solid customer pipeline
- Excellent cost control driven by restructuring measures (headcount reductions and operational improvements)
- Significant reduction of losses
- No longer reported as 'discontinued' as of 1Q14
- Full year 2013 adjusted operating income excludes €5m depreciation and amortisation because accounted for on a discontinued basis

Unallocated

- Adjusted for one-off items, the Unallocated segment was €7m better because of good results of our Network activities somewhat offset by lower performance in our TNT Innight unit

Deliver! financial update

(€m)	2013	2014	2015	Total
Annual savings	35	120	*85*	*240*
Restructuring	90	90	*20*	200
One-offs		~30	*~20*	~50
Capex		110	*65*	175

- *Deliver!* financials updated to reflect the latest programme status
- €240m recurring annual savings from 2015
- €200m in redundancy payments; €50m in one-offs, mainly related to IT transition costs
- €175m estimated investments, mostly infrastructure and IT (in addition to normal capex)

2014 guidance

- Trading conditions remain volatile and uncertain; risk of continued negative FX impact
- Assuming an improving external environment:
  - Combined Europe Main and Europe Other & Americas operating results to show positive development
  - Combined results Asia Middle East & Africa and Pacific expected to be stable
  - Brazil to continue to improve, no longer reported as discontinued as of 1Q14
  - Unallocated around €(25)m
- Business as usual capex (excluding *Deliver!* investments) to increase to around 3% of revenues

Other

- As of 1 January 2014, application of IFRS 11, 'Joint Arrangements' (equity method instead of proportionate consolidation)
- If applied in 2013, reported net sales €86m lower and operating income €7m lower. Profit attributable to shareholders constant
- Impact Outlook in 2H14 – Reporting segments to change, with related alignment of guidance

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