Press release

TNT reports second quarter results

- *Revenue growth of 6.2%, 4.1% at constant FX, net of fuel surcharges and disposals*
- *Adjusted operating income of €41m includes Outlook-related transition costs*
- *Signed BPO contract as part of plan to establish global business services (GBS)*
- *Capex investments increased to €96m (2Q14: €37m) in line with Outlook strategy*
- *Higher service performance and revenues from SMEs year-on-year*
- *No interim dividend planned for first half of 2015*
- *Net cash position of €261m*

Amsterdam, The Netherlands, 27 July 2015 – TNT today reported second-quarter revenues of €1,757 million, up 6.2% year-on-year, and an operating income of €19 million, compared with €3 million in the second quarter of 2014.

Adjusted for positive currency effects, which increased revenues by 4.1%, the negative impact of lower fuel surcharges, which lowered revenues by 1.3% and disposals (-0.6%), TNT's underlying revenue growth for the period was 4.1%, driven by the continued growth of revenues from SMEs.

Operating income for the second quarter of 2015 includes €22 million of restructuring and other charges.

Adjusted operating income was €41 million in the second quarter, €29 million below last year. Profitability was affected by IT transition and Outlook project costs (€15 million), costs to introduce new services and facilities, as well as pricing pressures.

Capital expenditures rose to €96 million (or 5.5% of revenues) in the second quarter, compared with €37 million (2.2% of revenues) in the same period of last year. During the second quarter, TNT continued to invest in sorting machinery, vehicles and IT. Next to investing in Liege, the company is completing new sorting facilities in Madrid, Eindhoven, Swindon (UK), Brisbane and Melbourne, all of which will enter operations during the second half of this year.

Tex Gunning, TNT's Chief Executive Officer, said: "TNT's turnaround is progressing well under our Outlook strategy. Service levels and customer satisfaction scores further improved. We are achieving good growth in the SME customer segment after years of decline. Operational excellence investments in infrastructure and Global Business Services are being implemented according to plan and we continue to attract top industry talent. We have guided that we expect 2015 to be a transition year in terms of bottom-line performance, as we continue to invest in the transformation of TNT. As for the macro economic backdrop, we have experienced some positive developments in Western Europe, but we remain cautious given the economic volatility in China, Brazil, Australia and Greece. During the quarter, FedEx announced its intention to acquire TNT. The management team believes this is a very positive development for all our stakeholders."

Summary: Consolidated results

in million euros and @ respective rates	Notes	Reported			Adjusted (non-GAAP)[1]		
		2Q15	2Q14	%chg	2Q15	2Q14	%chg
Revenues		1,757	1,655	6.2			
Operating income/(loss)	(2)	19	3		41	70	-41.4
Operating income margin (%)		1.1	0.2		2.3	4.2	
Profit/(loss) equity holders of the parent		(1)	(4)	75.0			
Cash generated from operations		63	65	-3.1			
Net cash from/(used in) operating activities		26	(11)				
Net cash from/(used in) investing activities		(77)	12				
Net cash		261	395	-33.9			

Notes: Non-GAAP adjustments

(1) The definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate

(2) 2Q15: €17m restructuring related, €5m other cost

(2) 2Q14: €61m restructuring related, €13m implementation cost, €(7)m profit on sale of Fashion Group BV

International Europe segment

in million euros and @ respective rates	2Q15	2Q14	%chg	1H15	1H14	%chg
Revenues	719	684	5.1	1,382	1,356	1.9
Comparable revenue growth (%)(1)	3.9	1.0		0.7	1.6	
Operating income/(loss)	18	20	-10.0	21	45	-53.3
One-offs	10	23	-56.5	15	29	-48.3
Adjusted operating income/(loss)	28	43	-34.9	36	74	-51.4
Adjusted operating income margin (%)	3.9	6.3		2.6	5.5	
Average consignments per day ('000)	253	243	4.1	248	244	1.6
Revenue per consignment (€)(2)	45.3	45.5	-0.4	44.8	44.9	-0.2
Average kilos per day ('000)	8,788	8,263	6.4	8,592	8,232	4.4
Revenue per kilo (€)(2)	1.30	1.34	-3.0	1.29	1.33	-3.0

(1) based on reported revenues @ constant fx
(2) based on reported revenues @avg14

International Europe revenues increased 5.1% year-on-year despite lower fuel surcharges. Currency comparable revenue growth was 3.9%.

Adjusted for positive currency effects, which increased revenues by 1.3%, and the negative impact of lower fuel surcharges, which lowered revenues by 1.9%, the segment's underlying revenue growth was 5.7%. The revenue increase was driven by continued revenue growth from SMEs and supported by continued improvement of on-time delivery performance. The International Europe segment transported more and heavier shipments in the second quarter, with a marginal decline in revenue per consignment (-0.4%) due to lower fuel surcharges and some price pressures.

Adjusted operating income in the second quarter of 2015 was €28 million, compared to €43 million in the second quarter of 2014. The main factors for the decrease were IT transition and Outlook project costs (€8 million) and costs of introducing new road and air connections, such as the flights to Tel Aviv and Malta. The segment also experienced higher air network costs associated with the stronger US dollar (€7 million).

International AMEA segment

in million euros and @ respective rates	2Q15	2Q14	%chg	1H15	1H14	%chg
Revenues	257	221	16.3	490	420	16.7
Comparable revenue growth (%)(1)	-1.8	-17.4		-1.7	-18.0	
Operating income/(loss)	20	17	17.6	28	22	27.3
One-offs	1	1		2	1	
Adjusted operating income/(loss)	21	18	16.7	30	23	30.4
Adjusted operating income margin (%)	8.2	8.1		6.1	5.5	
Average consignments per day ('000)	58	60	-3.3	57	59	-3.4
Revenue per consignment (€)(2)	60.0	59.5	0.8	59.4	57.2	3.8
Average kilos per day ('000)	1,323	1,199	10.3	1,243	1,136	9.4
Revenue per kilo (€)(2)	2.65	2.98	-11.1	2.70	2.98	-9.4

(1) based on reported revenues @ constant fx
(2) based on reported revenues @avg14

International AMEA revenues rose 16.3% in the second quarter to €257 million, as a result of stronger local currencies. Currency comparable revenue growth was -1.8%. Adjusted for positive currency effects (18%) and the negative impact of lower fuel surcharges (-2.4%), the segment's underlying revenue growth was flat.

Revenues were affected by a sharp decline in China's exports.

Service quality continued to show marked improvements year-on-year, with on-time delivery performance 5 to 6 percentage points higher than in 2014. The segment also experienced continued revenue growth from SMEs in the second quarter.

As in the first quarter, the segment transported fewer but heavier consignments compared to the prior year. Average daily weights rose by 10.3%, which reflects the growth of higher weight Economy freight shipments. Revenue per consignment rose slightly year-on-year (0.8%).

Adjusted operating income increased by €3 million to €21 million, supported by ongoing Outlook improvement initiatives.

Domestics segment

in million euros and @ respective rates	2Q15	2Q14	%chg	1H15	1H14	%chg
Revenues	655	630	4.0	1,276	1,225	4.2
Comparable revenue growth (%)(1)	1.1	-0.5		0.3	-1.6	
Operating income/(loss)	(7)	(17)	58.8	(15)	(18)	16.7
One-offs	6	37	-83.8	10	53	-81.1
Adjusted operating income/(loss)	(1)	20		(5)	35	
Adjusted operating income margin (%)	-0.2	3.2		-0.4	2.9	
Average consignments per day ('000)	673	639	5.3	665	634	4.9
Revenue per consignment (€)(2)	15.3	15.9	-3.8	15.0	15.6	-3.8
Average kilos per day ('000)	13,383	13,331	0.4	13,135	13,154	-0.1
Revenue per kilo (€)(2)	0.77	0.76	1.3	0.76	0.75	1.3

(1) based on reported revenues @ constant fx
(2) based on reported revenues @avg14

In the Domestics segment, revenues increased 4% year-on-year to €655 million. Currency comparable revenue growth was 1.1%. Adjusted for positive currency effects (2.9%) and the negative impact of lower fuel surcharges (-0.6%), the segment's underlying revenue growth was 1.7%.

Revenues from SMEs improved year-on-year in all markets, supported by improved service quality. On-time delivery performance was 3 to 4 percentage points higher than in 2014.

TNT delivered 5.3% more consignments per day than in the second quarter of 2014. However, revenue per consignment declined 3.8% due to pricing pressures.

Domestic France was affected by lower yield and higher B2C delivery cost. Performance in Pacific and Brazil remained under pressure due to downtrading and pricing pressures in challenging macroeconomic environments.

Adjusted operating income decreased by €21 million to €(1) million, reflecting the pressure on yields, especially in France, Brazil and Australia, as well as €5 million of costs related to the execution of the Outlook strategy (IT transition and Outlook project costs).

The segment continues to execute plans to increase productivity through new or upgraded facilities and to reduce indirect costs further.

Unallocated segment

in million euros and @ respective rates	2Q15	2Q14	%chg	1H15	1H14	%chg
Revenues	**128**	121	*5.8*	**235**	259	*-9.3*
Comparable revenue growth (%)(1)	***5.8***	*-12.9*		***-9.3***	*-5.8*	
Operating income/(loss)	**(12)**	(17)	*29.4*	**(26)**	(31)	*16.1*
One-offs	**5**	6	*-16.7*	**7**	12	*-41.7*
Adjusted operating income/(loss)	**(7)**	(11)	*36.4*	**(19)**	(19)	*0.0*
Adjusted operating income margin (% of tot. TNT rev.)	***-0.4***	*-0.7*		***-0.6***	*-0.6*	

(1) based on reported revenues @ constant fx

The Unallocated segment consists of Other Networks (TNT Innight), Central Networks and corporate head office functions.

The segment's revenues were up 5.8% year-on-year to €128 million. Adjusted operating loss was €7 million, compared with €11 million in the second quarter of 2014.

Guidance

TNT reiterates its current financial year and longer-term guidance.

TNT expects 2015 to be a challenging year of transition marked by the progressive ramp-up of new and upgraded facilities and other transformation projects, such as the outsourcing of IT.

TNT anticipates restructuring charges of between €25 million and €30 million in the third quarter of 2015.

2Q15 segmental performance overview

in million euros and @ respective rates		Reported				Adjusted (non-GAAP)[1]		
Revenues (€m)	Notes	**2Q15**	2Q14	*%chg*	One-offs	**2Q15**	2Q14	*%chg*
International Europe		**719**	684	*5.1*				
International AMEA		**257**	221	*16.3*				
Domestics		**655**	630	*4.0*				
Unallocated		**128**	121	*5.8*				
Elimination		**(2)**	(1)					
Total		**1,757**	1,655	*6.2*				
Operating income (€m)								
International Europe	(2)	**18**	20	*-10.0*	10	**28**	43	*-34.9*
International AMEA	(3)	**20**	17	*17.6*	1	**21**	18	*16.7*
Domestics	(4)	**(7)**	(17)	*58.8*	6	**(1)**	20	
Unallocated	(5)	**(12)**	(17)	*29.4*	5	**(7)**	(11)	*36.4*
Total		**19**	3		22	**41**	70	*-41.4*
Operating income margin (%)								
International Europe		***2.5***	*2.9*			***3.9***	*6.3*	
International AMEA		***7.8***	*7.7*			***8.2***	*8.1*	
Domestics		***-1.1***	*-2.7*			***-0.2***	*3.2*	
Unallocated (% of total TNT revenues)		***-0.7***	*-1.0*			***-0.4***	*-0.7*	
Total		***1.1***	*0.2*			***2.3***	*4.2*	

Notes: Non-GAAP adjustments

(1) The definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate
(2) 2Q15: €10m restructuring related
(2) 2Q14: €23m restructuring related
(3) 2Q15: €1m restructuring related
(3) 2Q14: €1m restructuring related
(4) 2Q15: €6m restructuring related
(4) 2Q14: €37m restructuring related
(5) 2Q15: €5m other cost
(5) 2Q14: €13m implementation cost, €(7)m profit on sale of Fashion Group BV

Year-to-date performance commentary

2015 is a year of transition for TNT, as the company takes structural measures to transform and reinvigorate its business under the Outlook strategy. Year-to-date, revenue increased by 3.8%.

Adjusted operating income in the first half was €42 million, down 62.8% from the year-ago number. Profitability was affected by transition costs related to the execution of the Outlook strategy, lower volumes from international accounts as well as pricing pressures.

Summary: Consolidated results

in million euros and @ respective rates	Notes	Reported			Adjusted (non-GAAP)[1]		
		1H15	1H14	%chg	1H15	1H14	%chg
Revenues		3,379	3,256	3.8			
Operating income/(loss)	(2)	8	18	-55.6	42	113	-62.8
Operating income margin (%)		0.2	0.6		1.2	3.5	
Profit/(loss) equity holders of the parent		(20)	(3)				
Cash generated from operations		(30)	29				
Net cash from/(used in) operating activities		(85)	(75)	-13.3			
Net cash from/(used in) investing activities		(128)	(2)				
Net cash		261	395	-33.9			

Notes: Non-GAAP adjustments
(1) The definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate
(2) 1H15: €28m restructuring related, €6m other cost
(2) 1H14: €75m restructuring related, €18m implementation cost, €(7)m profit on sale of Fashion Group BV
€9m impairment and depreciation Brazil Domestic

in million euros and @ respective rates	Notes	Reported				Adjusted (non-GAAP)[1]		
Revenues (€m)		1H15	1H14	%chg	One-offs	1H15	1H14	%chg
International Europe		1,382	1,356	1.9				
International AMEA		490	420	16.7				
Domestics		1,276	1,225	4.2				
Unallocated		235	259	-9.3				
Elimination		(4)	(4)					
Total		3,379	3,256	3.8				
Operating income (€m)								
International Europe	(2)	21	45	-53.3	15	36	74	-51.4
International AMEA	(3)	28	22	27.3	2	30	23	30.4
Domestics	(4)	(15)	(18)	16.7	10	(5)	35	
Unallocated	(5)	(26)	(31)	16.1	7	(19)	(19)	
Total		8	18	-55.6	34	42	113	-62.8
Operating income margin (%)								
International Europe		1.5	3.3			2.6	5.5	
International AMEA		5.7	5.2			6.1	5.5	
Domestics		-1.2	-1.5			-0.4	2.9	
Unallocated (% of total TNT revenues)		-0.8	-1.0			-0.6	-0.6	
Total		0.2	0.6			1.2	3.5	

Notes: Non-GAAP adjustments
(1) The definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate
(2) 1H15: €15m restructuring related
(2) 1H14: €29m restructuring related
(3) 1H15: €2m restructuring related
(3) 1H14: €1m restructuring related
(4) 1H15: €10m restructuring related
(4) 1H14: €44m restructuring related, €9m impairment and depreciation Brazil Domestic
(5) 1H15: €1m restructuring related, €6m other cost
(5) 1H14: €1m restructuring related, €18m implementation cost, €(7)m profit on sale of Fashion Group BV

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

TNT Express N.V. is a public limited liability company domiciled in Amsterdam, the Netherlands. The consolidated financial statements include the financial statements of TNT Express N.V. and its consolidated subsidiaries (hereafter referred to as ‘TNT’, ‘Group’ or ‘the company’). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam.

TNT operates in the Courier, Express and Parcel (CEP) market and collects, transports and delivers documents, parcels and palletised freight on a day-definite or time-definite basis. Its services are primarily classified by the speed, distance, weight and size of consignments. Whereas the majority of its shipments are between businesses (B2B), TNT also offers business-to-consumer (B2C) services to select key customers.

The express business is seasonal in that it is affected by public and local holiday patterns.

BASIS OF PREPARATION

The information is reported on quarter-to-date and year-to-date bases ending 27 June 2015. Where material to an understanding of the period starting 1 January 2015 and ending 27 June 2015, further information is disclosed. The interim financial statements were discussed and approved by the Executive Board. The interim financial statements should be read in conjunction with TNT’s consolidated financial statements in the 2014 annual report as published on 17 February 2015. The interim financial statements have been prepared in accordance with IAS 34 ‘Interim financial reporting’.

The significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in TNT’s consolidated financial statements in the 2014 annual report for the year ended 31 December 2014.

The measure of profit and loss and assets and liabilities is based on the TNT Group Accounting Policies, which are compliant with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

AUDITOR’S INVOLVEMENT

The content of this interim financial report has not been audited by our external auditor PwC. A review report on the figures referring to first half year 2015 ending per 27 June as included in these interim financial statements has been issued. We refer to page 19.

SEGMENT INFORMATION

TNT discloses the following reportable segments: 1) International Europe; 2) International AMEA; 3) Domestics; and 4) Unallocated. This reporting segmentation was introduced during 4Q14 and is integral to TNT’s Outlook strategy to create focused and accountable units, with a clearer line of sight on the distinct domestic and international businesses.

The International Europe reporting segment is centrally led with integrated responsibility across Europe.

The International Asia, Middle East & Africa reporting segment is managed separately but operates in close cooperation with International Europe.

The Domestics reportable segment includes the domestic operations in France, Italy and the United Kingdom, as well as Brazil, Chile, Australia and New Zealand. The domestic entity creates a dedicated focus on domestic operations, whilst keeping the synergies with the international activities.

The Unallocated segment consist of Other Networks (TNT Innight), Central Networks, IT, GBS (Global Business Services) and the TNT Head Office.

The following table presents the segment information relating to the income statement and total assets of the reportable segments for the first half year of 2015 (ending 27 June) and 2014 (ending 28 June):

in €millions	International Europe	International AMEA	Domestics	Unallocated	Inter-company	**Total**
1H 2015 ended at 27 June 2015						
Net sales	1,373	487	1,275	125		3,260
Inter-company sales	1		1	2	(4)	0
Other operating revenues	8	3	0	108		119
Total operating revenues	1,382	490	1,276	235	(4)	3,379
Other income/(loss)			2	1		3
Depreciation/impairment property, plant and equipment	(13)	(5)	(28)	(31)		(77)
Amortisation/impairment intangibles	(1)	(2)	(3)	(13)		(19)
Operating income	21	28	(15)	(26)		8
Total assets	1,424	604	1,285	1,038		4,351
1H 2014 ended at 28 June 2014						
Net sales	1,349	417	1,224	170		3,160
Inter-company sales	2			2	(4)	0
Other operating revenues	5	3	1	87		96
Total operating revenues	1,356	420	1,225	259	(4)	3,256
Other income/(loss)			2	10		12
Depreciation/impairment property, plant and equipment	(12)	(5)	(31)	(22)		(70)
Amortisation/impairment intangibles	(1)	(1)	(5)	(11)		(18)
Operating income	45	22	(18)	(31)		18
Total assets	1,404	596	1,192	1,037		4,229

Consolidated statement of financial position

in € millions	Notes	27 Jun 2015	31 Dec 2014
Assets			
Non-current assets			
Intangible assets			
Goodwill		1,008	1,007
Other intangible assets		130	110
Total	(1)	1,138	1,117
Property, plant and equipment			
Land and buildings		439	441
Plant and equipment		243	204
Aircraft		139	156
Other		79	87
Construction in progress		88	50
Total	(2)	988	938
Financial fixed assets			
Investments in associates and joint ventures		16	17
Other loans receivable		2	2
Deferred tax assets		156	198
Other financial fixed assets		14	14
Total		188	231
Pension assets	(3)	9	4
Total non-current assets		2,323	2,290
Current assets			
Inventory		11	11
Trade accounts receivable		1,078	968
Accounts receivable		146	127
Income tax receivable		60	46
Prepayments and accrued income		263	182
Cash and cash equivalents	(6)	435	652
Total current assets		1,993	1,986
Assets classified as held for disposal	(4)	35	1
Total assets		4,351	4,277
Liabilities and equity			
Equity			
Equity attributable to the equity holders of the parent		2,338	2,180
Non-controlling interests		14	12
Total equity	(5)	2,352	2,192
Non-current liabilities			
Deferred tax liabilities		7	10
Provisions for pension liabilities	(3)	82	222
Other provisions	(7)	92	94
Long-term debt	(6)	165	166
Accrued liabilities		5	4
Total non-current liabilities		351	496
Current liabilities			
Trade accounts payable		501	471
Other provisions	(7)	182	218
Other current liabilities		326	290
Income tax payable		42	52
Accrued current liabilities		596	558
Total current liabilities		1,647	1,589
Liabilities related to assets classified as held for disposal	(4)	1	0
Total liabilities and equity		4,351	4,277

Consolidated income statement

in € millions	2Q15	2Q14	1H15	1H14
Net sales	1,689	1,606	3,260	3,160
Other operating revenues	68	49	119	96
Total revenues	1,757	1,655	3,379	3,256
Other income/(loss)	2	7	3	12
Cost of materials	(97)	(98)	(180)	(194)
Work contracted out and other external expenses	(970)	(879)	(1,884)	(1,746)
Salaries and social security contributions	(545)	(562)	(1,060)	(1,079)
Depreciation, amortisation and impairments	(49)	(40)	(96)	(88)
Other operating expenses	(79)	(80)	(154)	(143)
Total operating expenses	(1,740)	(1,659)	(3,374)	(3,250)
Operating income	19	3	8	18
Interest and similar income	4	2	8	5
Interest and similar expenses	(9)	(8)	(19)	(14)
Net financial (expense)/income	(5)	(6)	(11)	(9)
Results from investments in associates and joint ventures	2	2	4	4
Profit/(loss) before income taxes	16	(1)	1	13
Income taxes	(16)	2	(20)	(12)
Profit/(loss) for the period	0	1	(19)	1
Attributable to:				
Non-controlling interests	1	5	1	4
Equity holders of the parent	(1)	(4)	(20)	(3)
Earnings per ordinary share (in € cents) [1]	(0.2)	(0.7)	(3.6)	(0.6)

[1] Based on an average of 548,386,715 of outstanding ordinary shares (2014: 545,233,990)

Consolidated statement of comprehensive income

in € millions	2Q15	2Q14	1H15	1H14
Profit/(loss) for the period	0	1	(19)	1
Other comprehensive income that will not be reclassified to the income statement				
Pensions: Actuarial gains/(losses), before income tax	304	(47)	146	(65)
Income tax on pensions	(75)	12	(36)	16
Other comprehensive income items that are or may be reclassified to the income statement				
Gains/(losses) on cash flow hedges, before income tax	3	2	3	4
Income tax on gains/(losses) on cash flow hedges	(1)	0	(1)	(1)
Currency translation adjustment, before income tax	(13)	24	74	31
Income tax on currency translation adjustment	0	0	0	0
Total other comprehensive income	218	(9)	186	(15)
Total comprehensive income for the period	218	(8)	167	(14)
Attributable to:				
Non-controlling interests	1	5	1	4
Equity holders of the parent	217	(13)	166	(18)

Consolidated statement of cash flows

in € millions	2Q15	2Q14	1H15	1H14
Profit/(loss) before income taxes	16	(1)	1	13
Adjustments for:				
Depreciation, amortisation and impairments	49	40	96	88
Amortisation of financial instruments/derivatives	1	1	1	1
Share-based compensation	3	2	4	2
Investment income:				
(Profit)/loss of assets held for disposal	(2)	(1)	(3)	(3)
(Profit)/loss on sale of Group companies		(7)		(7)
Interest and similar income	(4)	(2)	(8)	(5)
Foreign exchange (gains) and losses	(1)		1	
Interest and similar expenses	10	8	18	14
Results from investments in associates and joint ventures	(2)	(2)	(4)	(4)
Changes in provisions:				
Pension liabilities	1	(5)		(6)
Other provisions	(15)	33	(39)	20
Cash from/(used in) financial instruments/derivatives				
Changes in w orking capital:				
Trade accounts receivable	(45)	(7)	(88)	(19)
Accounts receivable	(6)	(8)	(15)	(21)
Other current assets	(4)	(4)	(69)	(62)
Trade accounts payable	28	8	18	(57)
Other current liabilities excluding short-term financing and taxes	34	10	57	75
Cash generated from/(used in) operations	63	65	(30)	29
Interest paid	(11)	(10)	(17)	(13)
Income taxes received/(paid)	(26)	(66)	(38)	(91)
Net cash from/(used in) operating activities	26	(11)	(85)	(75)
Interest received	4	3	8	5
Acquisition of subsidiaries and joint ventures				(1)
Disposal of subsidiaries and joint ventures		39		39
Capital expenditure on intangible assets	(20)	(8)	(32)	(18)
Disposal of intangible assets		1	1	2
Capital expenditure on property, plant and equipment	(76)	(29)	(142)	(45)
Proceeds from sale of property, plant and equipment	6	2	8	7
Cash from financial instruments/derivatives	1	(1)	5	4
Other changes in (financial) fixed assets	3	1	18	2
Dividends received	5	4	5	4
Other			1	(1)
Net cash from/(used in) investing activities	(77)	12	(128)	(2)
Proceeds from long-term borrow ings	(1)		1	
Proceeds from short-term borrow ings	17	21	40	26
Repayments of short-term borrow ings	(12)	(16)	(24)	(34)
Repayments of finance leases	(9)	(6)	(11)	(8)
Dividends paid	(12)	(7)	(12)	(7)
Net cash from/(used in) financing activities	(17)	(8)	(6)	(23)
Total changes in cash	(68)	(7)	(219)	(100)

Consolidated statement of changes in equity

in €millions	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
Balance at 31 December 2013[1]	44	2,647	(84)	(69)	(125)	2,413	7	2,420
Profit/(loss) for the period					(3)	(3)	4	1
Other comprehensive income/(loss)			34	(49)		(15)		(15)
Total comprehensive income/(loss)			34	(49)	(3)	(18)	4	(14)
Final dividend previous year		(7)				(7)		(7)
Compensation retained earnings		(125)			125			
Legal reserves reclassifications			2	(2)				
Share-based payments				2		2		2
Total direct changes in equity		(132)	2		125	(5)		(5)
Balance at 28 June 2014	44	2,515	(48)	(118)	(3)	2,390	11	2,401
Balance at 31 December 2014	44	2,500	12	(181)	(195)	2,180	12	2,192
Profit/(loss) for the period					(20)	(20)	1	(19)
Other comprehensive income/(loss)			76	110		186		186
Total comprehensive income/(loss)			76	110	(20)	166	1	167
Final dividend previous year		(12)				(12)		(12)
Compensation retained earnings		(195)			195			
Legal reserves reclassifications			4	(4)				
Share-based payments				4		4		4
Stock dividend	0	(0)						
Total direct changes in equity	0	(207)	4	-	195	(8)	1	(7)
Balance at 27 June 2015	44	2,293	92	(71)	(20)	2,338	14	2,352

[1]For comparative purposes 2013 numbers have been restated to reflect the impact of changes in accounting policies.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. INTANGIBLE ASSETS

The movements in the intangible assets are as follows:

in €millions	2015	2014
Balance at 1 January	1,117	1,137
Additions	32	18
Disposals	(1)	(2)
Amortisation	(19)	(18)
Exchange rate differences	9	2
Transfers from/(to) assets held for disposal	0	3
Balance at end of period (27 June 2015, 28 June 2014)	1,138	1,140

The intangible assets of €1,138m consist of goodwill for an amount of €1,008m and other intangibles for an amount of €130m.

The additions to the intangible assets of €32m (2014: 18) are related to software licence and software development costs.

In 2014, the transfers (to)/from assets held for disposal relate to the re-classification of Brazil as an asset held for disposal and discontinued operations to continuing operations and the classification of the Dutch operations of TNT Fashion Group B.V. to assets held for disposal. Refer to note 4.

2. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are as follows:

in €millions	2015	2014
Balance at 1 January	938	888
Capital expenditures in cash	142	45
Capital expenditures in financial leases/other	0	2
Disposals	(4)	(2)
Depreciation	(77)	(66)
Impairment	0	(4)
Exchange rate differences	23	16
Transfers from/(to) assets held for disposal	(34)	18
Balance at end of period (27 June 2015, 28 June 2014)	988	897

Total capital expenditures of €142m consist of investments within International Europe of €20m, International AMEA of €7m, Domestics of €87m and Unallocated of €28m. The investments mainly relate to sorting machinery, depots, depot equipment, vehicles and IT.

In 2015, the transfers (to)/from assets held of disposal relate to the intended sale of buildings, vehicles, and IT equipment. Refer to note 4.

In 2014, the transfers (to)/from assets held for disposal relate to the re-classification of Brazil as an asset held for disposal and discontinued operations to continuing operations and the classification of the Dutch operations of TNT Fashion Group B.V. to assets held for disposal. Refer to note 4.

As per 27 June 2015 TNT has entered into capital expenditure commitments accounting to €44m (December 2014: 49), primarily related to vehicle replacement and upgrading of network infrastructure.

3. PENSIONS

TNT operates a number of post-employment benefit plans around the world. Most of TNT's post-employment benefit plans are defined contribution plans. The most significant defined benefit plans in place are in the Netherlands, the United Kingdom, Germany, Australia and Italy.

On the balance sheet, the net pension assets and net pension liabilities of the various defined benefit pension schemes have been presented separately. At 27 June 2015, the pension asset is €9m (2014: 4) and the pension liability is €82m (2014: 222). In the first half year ending 27 June 2015 the net pension liability decreased significantly due to a higher discount rate of 2.95% per June 2015 versus 2.3% per December 2014. Total Defined Benefit Obligation decreases with €146m through other comprehensive income (or €110m net of tax) thus increasing the group equity with €110m.

4. ASSETS CLASSIFIED AS HELD FOR DISPOSAL AND LIABILITIES RELATED TO ASSETS CLASSIED AS HELD FOR DISPOSAL

The assets classified as held for disposal amount to €35m (2014: 1) and relate to buildings of €18m (2014: 0), vehicles of €3m (2014: 1), IT equipment of €11m (2014: 0) and Global Business Services Mauritius of €3m (2014: 0). The IT equipment predominately relates to the IT transformation process.

The liabilities related to assets classified as held for disposal of €1m (2014: 0) fully relate to Global Business Services Mauritius.

(i) Global Business Services (GBS)

TNT announced on 1 July 2015 that it had signed a 5-year business process outsourcing (BPO) contract with Accenture as part of its drive to focus on core express delivery activities, reduce indirect costs and improve operational efficiencies. As part of this transaction, the service centre in Mauritius (TNT Business Solutions Ltd.) was sold on 1 July 2015. As per 1 September 2015 the activities in the service centres of Poland and India will be transferred.

Until completion date, the year-to-date third party revenue for TNT Business Solutions Ltd. was €1m and operating income was €0m as included in the consolidated income statement.

The sales transaction is expected to be completed in the third quarter of 2015.

(ii) Brazil Domestic

As of 2014, Brazil Domestic is no longer reported as a discontinued operation and asset held for disposal, as the ultimately offers received from bidders were determined by management to be unacceptable. Consequently, amortisation and depreciation has been continued.

(iii) TNT Fashion Group B.V.

On 16 May 2014, TNT has completed the sale of its specialist fashion supply chain business in the Netherlands, TNT Fashion Group B.V. (TNT Fashion).Until completion date, the year-to-date revenue for TNT Fashion was €40m and operating income was €1m as included in the consolidated income statement of 2014. The profit on sale as reported in Other Income (within Unallocated) amounted to €7m. The net cash proceeds of €39m were received in full in the second quarter of 2014.

5. EQUITY

Total equity increased to €2,352m per 27 June 2015 from €2,192m as per 31 December 2014. This increase of €160m is mainly due to a positive comprehensive income attributable to equity holders of the parent of €166m, of which €110m relates to actuarial gains (refer to note 3) on pensions (net of taxes), €74m is due to positive foreign currency translation results offset by a loss of €20m attributable to equity holders of the parent and a final dividend paid of €12m pertaining to 2014.

The Company's authorised share capital amounts to €120m, divided into 750,000,000 ordinary shares with a nominal value of €0.08 each and 750,000,000 Preference shares with a nominal value of €0.08 each.

At 27 June 2015, the Company's issued share capital amounts to €44m divided into 548,898,900 ordinary shares with a nominal value of €0.08 each.

Additional paid-in capital amounted to €2,293m per 27 June 2015. The amount of paid-in capital recognised for Dutch dividend withholding tax purposes was €762m.

For administration and compliance purposes, a foundation ('Stichting Bewaarneming Aandelen TNT') legally holds shares under (former) incentive schemes which are beneficially owned by the employees.

6. NET CASH

The net cash is specified in the table below:

in €millions	27 Jun 2015	31 Dec 2014
Short term debt	11	37
Long term debt	165	166
Total interest bearing debt	176	203
Cash and cash equivalents	(437)	(652)
Net debt/(cash)	(261)	(449)

The net cash position per 27 June 2015 decreased by €188m compared to 31 December 2014. The decrease reflects the negative change in cash of €215m offset by repayments of leases and various non-cash items of €27m. The short-term debt position includes the net asset value for derivatives amounting to €43m (2014: 13). The increase in net asset value for derivatives is the main reason for the decrease in the short-term debt position. The decrease in cash includes €4m of positive foreign currency exchange rate differences. The Cash and cash equivalents include €2m cash from entities that are classified as assets held for disposal in the balance sheet.

The negative total changes in cash of €215m is due to net cash used in operating activities of €85m, net cash used in investing activities of €128m and net cash used in financing activities of €6m, offset by €4m of positive foreign currency exchange rate differences.

7. OTHER PROVISIONS

The other provisions consist of long-term provisions and short-term provisions for employee benefits, restructuring, claims and indemnities and other obligations and risks incurred in the normal course of business. The long-term and short-term provisions as at 27 June 2015 decreased by €38m compared to 31 December 2014 as specified hereafter.

in €millions	2015	2014
Balance at 1 January	312	188
Additions	33	84
Withdrawals/releases	(72)	(61)
Exchange rate differences	1	5
Transfers from/(to) liabilities held for disposal		22
Balance at end of period (27 June 2015, 28 June 2014)	274	238

The additions of €33m relate to restructuring (€19m), long-term employment benefits (€5m), claims indemnities (€2m) and other movements (€7m).

The withdrawals/releases of €72m relate to restructuring (€50m), claims indemnities (€3m), long-term employment benefits (€3m) and other movements (€16m).

In 2014, the transfers (to)/from assets held for disposal relate to the re-classification of Brazil as an asset held for disposal and discontinued operations to continuing operations and the classification of the Dutch operations of TNT Fashion Group B.V. to assets held for disposal. Refer to note 4.

8. OTHER INCOME

In 2015, other income of €3m is related to the profit on sale of assets held for disposal.

In 2014, other income is related to the profit on the sale of TNT Fashion Group B.V. of €7m, other assets held for disposal of €2m and miscellaneous items of €3m.

9. TAXES

The tax expense in the half year of 2015 amounted to €20m (2014: 12m). This €20m tax expense is largely caused by the adverse net impact of losses for which no deferred tax assets could be recognised. The combination of the relatively high tax expense of €20m and the relatively low profit before tax of €1m leads to the high effective tax rate of 2000% in the first half year of 2015 (2014: 92.3%). The Dutch statutory tax rate is 25% (2014: 25%), the effect of the other statutory tax rates is -462.2% (2014: 23.2%). The mix of income from countries in which TNT operates resulted in a weighted average statutory tax rate of -437.2%. Non deductible costs adversely affected the effective tax rate by 547.1 percentage points.

10. LABOUR FORCE

Employees	27 Jun 2015	31 Dec 2014
International Europe	15,155	15,205
International AMEA	9,132	9,260
Domestics	27,527	27,864
Unallocated	5,941	5,963
Total	57,755	58,292

Average FTEs	YTD 2015	YTD 2014
International Europe	13,794	13,267
International AMEA	9,527	9,444
Domestics	28,036	28,911
Unallocated	5,520	6,126
Total	56,877	57,748

The average number of full time equivalents working in TNT during the first half year ending 27 June 2015 was 56,877, a decrease by 871 compared to YTD December 2014.

This was mainly due to the restructuring in Brazil, Benelux, France, United Kingdom, Australia and Spain. The decrease in Unallocated mainly relates to the sale of TNT Fashion Group B.V. in the second quarter of 2014 and the establishment of the new International Europe organisation which was offset by the ramp-up of shared service centre activities in Eastern Europe.

The presented figures are excluding joint ventures and external agency staff.

11. FINANCIAL INSTRUMENTS

TNT uses a variety of financial derivatives to manage foreign currency risk and interest rate risk. The derivative financial instruments are solely used for the purpose of hedging exposures. The fair value of financial instruments is based on foreign exchange and interest rate market prices. TNT uses commonly practised fair value valuation methods for its derivatives. The valuations represent a best approximation of the trading value of these derivatives at their valuation moment. The derivatives are grouped within level 2 of the fair value measurement hierarchy.

Fluctuations in fair value of financial instruments are mainly due to increased volatility of foreign currency rates. As a result the asset value of the cross currency swap increased to €37m (31 December 2014: 15), which is recorded under current assets in prepayments and accrued income. The fair value of the Interest rate swaps of €11m (31 December 2014: 12) is recorded in long-term debt.

The fair value of the other financial instruments approximates the carrying amount of these assets and liabilities.

12. RELATED PARTIES

Purchases of TNT from joint ventures amounted to €13m (2014: 13). During the first half of 2015, ending 27 June 2015, €18m (2014: 13) sales were made by TNT companies to its joint ventures.

At 27 June 2015, net amounts due to the joint venture entities amounted to €17m (28 June 2014: 16). Net amounts due to associated companies amounted to €6m (28 June 2014: 0).

At 27 June 2015, TNT is owned by PostNL N.V. ("PostNL") for approximately 14.8%, as per AFM-register, of TNT's outstanding share capital. TNT also has trading relationships with a number of PostNL subsidiary companies.

As a result of the demerger, TNT and PostNL entered into a relationship agreement which contains certain arrangements in respect of the stake that PostNL retained in TNT after the demerger (‘the Relationship Agreement’). The Relationship Agreement was updated in February 2013, amongst others to provide for relaxation of certain conditions and restrictions in respect of possible divestment by PostNL of its shareholding, or part thereof, in TNT. The Relationship Agreement will terminate if PostNL holds less than 5% of the ordinary shares. Reference is made to the 2014 annual report as published on 17 February 2015, for more information on the Relationship Agreement.

12. SUBSEQUENT EVENTS

No subsequent events to report.

REVIEW REPORT

To: the Executive Board and the Supervisory Board of TNT Express N.V.

Introduction

We have reviewed the accompanying consolidated interim financial information for the six-month period ended 27 June 2015 of TNT Express N.V., Amsterdam, which comprises the consolidated statement of financial position as at 27 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the selected explanatory notes for the six-month period then ended (the “condensed consolidated interim financial information”). We have not reviewed the consolidated interim financial information for the three-month period ended 27 June 2015. The Executive Board is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 27 June 2015 is not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union.

Amsterdam, 27 July 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

EXECUTIVE BOARD COMPLIANCE STATEMENT

In-line with the requirements of the EU Transparency Directive as incorporated in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) the Executive Board confirms to the best of its knowledge that:

- The consolidated interim financial statements for the period ended 27 June 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of TNT Express N. V. and its consolidated companies, and

- The Interim Report of the Executive Board gives a fair review of the information required pursuant to section **5:25d/(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).**

Tex Gunning – *Chief Executive Officer*
Maarten de Vries – *Chief Financial Officer*
Hoofddorp, 27 July 2015

RISKS

TNT's management has regularly reviewed the risk profile of the company in the first half of 2015 and will continue to do so throughout the rest of the year. For those risks deemed material, comprehensive mitigation action plans are developed and reviewed by the Executive Board. All operating units worldwide and material projects participate in the risk identification process, the outcome of which is reported to the relevant functional management and regular status reports detailing the mitigation actions are provided to the Executive Board to further strengthen the company's risk management processes. The outcome of the risk management process is shared and discussed with the audit committee of the Supervisory Board and with the Supervisory Board.

The Executive Board has reviewed TNT's risk profile as at 27 June 2015 and confirms that the risks disclosed in Chapter 4 (Section VI) of the TNT Express N.V. 2014 Annual Report have been updated but remain and continue to require focused and decisive management attention in the second half of 2015. The Executive Board has added a new risk regarding the intended offer by FedEx Corporation (FedEx). This risk relates to the situation where there is a delay in, or non-pursuit of, the intended acquisition of TNT by FedEx as a result of the offer conditions not being satisfied or waived. This could have a material adverse effect on the share price of TNT. The updated risk profile can be found at www.tnt.com/corporate/risks.

It should be noted that no matter how good a risk management and control system is, it cannot be assumed to be exhaustive nor can it provide certainty that it will prevent negative developments in TNT's business and business environment from occurring or that mitigating actions are fully effective. It is important to note that new risks could be identified that are not known currently.

FINANCIAL CALENDAR

26 October 2015	Publication 3Q15 results

CONFERENCE CALLS AND WEBCASTS

TNT will discuss its second quarter 2015 results on a **conference call for analysts and investors today at 2:00 pm CET.**

The live conference call can be accessed via audio webcast at http://www.tnt.com/corporate

Pre-registration is required for participants who wish to ask questions during the call.

To register, please use the following link:

https://www.kpnconferencing.nl/EventRegistration/aeb6176a-9984-4741-96e3-cbdef1ae37fd

TNT will also hold a **press conference call today at 9:00 am CET.**

The live conference call can be accessed via audio webcast at http://www.tnt.com/corporate

Pre-registration is required for journalists who wish to ask questions during the call.

To register, please use the following link:

https://www.kpnconferencing.nl/EventRegistration/144eab29-3daf-4bb0-9368-ecff7ce22b37

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Corporate website:	http://www.tnt.com/corporate		

WARNING ABOUT FORWARD-LOOKING STATEMENTS

Some statements in this press release are "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.