TNT express

PRESS RELEASE

30 July 2012 Hoofddorp, The Netherlands

2Q12 results: Economic slowdown puts pressure on European performance; Asia Pacific and Brazil improve

- Reported revenues €1,830m (+1.7%); adjusted revenues (at constant FX) €1,767m (-1.8%)
- Reported operating income €77m (+67.4%); adjusted operating income (at constant FX and excluding one-offs) €69m (-6.8%)
- Net cash from operating activities €39m, net cash used in investing activities €10m; net debt €(6)m (1Q12: €36m net debt)
- €50m indirect cost savings programme to be fully implemented by year end
- Europe & MEA additional fixed-cost savings being pursued; timing of implementation temporarily adjusted in light of UPS Offer
- UPS Offer expected to complete in 4Q12, following further European Commission review

Summary: Consolidated results (€m)

		Reported			Adjusted (non-GAAP)		
	Notes	2Q12	2Q11	%chg	2Q12	2Q11	%chg
Revenues	(1)	1,830	1,800	1.7	1,767	1,800	-1.8
Operating income	(2)	77	46	67.4	69	74	-6.8
Operating income margin (%)		*4.2*	*2.6*		*3.9*	*4.1*	
Profit attributable to shareholders		40	4				
Cash generated from operations		80	97	-17.5			
Net cash from operating activities		39	49	-20.4			
Net cash used in investing activities		(10)	(39)	74.4			
Net debt		(6)	107				

Notes: Non-GAAP adjustments
(1) 2Q12: €(63)m FX
(2) 2Q12: €(11)m FX, €3m UPS Offer-related
(2) 2Q11: €(1)m demerger related (€(16)m pension asset recognition, €14m share-based payments, €1m demerger costs), €29m restructuring/one-offs (€5m restructuring, €12m software impairment, €12m Brazil one-offs)

Despite demanding economic conditions in Europe & MEA, volume growth was good. However customers increasingly opted for non-premium products. The resulting negative product mix plus general price pressure were mitigated by cost-control initiatives.

In Asia Pacific, operating income improved even though international volumes declined. All units performed better, in particular Australia, China Domestic (Hoau) and India.

Americas saw an improved performance from Brazil, though challenges remain.

Other Networks results' were ahead of the prior year's. Non-allocated costs continue to be contained.

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Commenting on this quarter's developments, Marie-Christine Lombard, CEO said:

'Despite an increasingly challenging economic environment, TNT Express was able to sustain profitability. In Europe, good volume growth underscores the strength of our diversified product portfolio. Cost savings and revenue-enhancement initiatives also supported profits. Performance in Asia Pacific and Americas continued to improve as a result of business development and restructuring measures.

The UPS Offer was formally launched in June. Earlier this month, UPS and TNT Express announced that the European Commission's assessment of the transaction would move to a phase II review as certain areas require more time to analyse. We expect to conclude the regulatory process by 4Q12. I want to reemphasise the strong strategic rationale for the combination. An enhanced product portfolio, joint functional excellence and expanded geographic reach will create an unmatched combined service proposition for our customers. We look forward to discussing the Offer with our shareholders at our upcoming Extraordinary General Meeting.'

2012 outlook and aims:

- Increasingly challenging trading conditions in Europe and Asia Pacific intercontinental
- Europe & MEA: indirect and fixed cost control initiatives in place to help mitigate impact of negative yield trend
- Asia Pacific: benefit from reduced exposure to fixed intercontinental air capacity and contract portfolio management
- Americas: focus on improving results Brazil
- Timing of implementation of certain long-term projects that are part of 2012-2013 fixed-cost savings programme temporarily adjusted in light of the proposed UPS Offer
- Working capital to be in line with medium-term aims, capital expenditures lower

Medium-term outlook and aims:

- Europe & MEA revenue to grow organically and through new initiatives in adjacent market segments, with an operating margin increasing to 10-11%
- Positive contributions from other operating segments
- Capital expenditure around 3% of total revenue and trade working capital around 10% of total revenue
- Effective tax rate trending towards 31-33%

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Revenue and operating income by segment, reported and adjusted

	Notes	Reported					Adjusted (non-GAAP)		
Revenues (€m)		2Q12	2Q11	%chg	FX	One-offs	2Q12	2Q11	%chg
Europe & MEA		1,157	1,135	1.9	(23)		1,134	1,135	-0.1
Asia Pacific		437	442	-1.1	(43)		394	442	-10.9
Americas		118	116	1.7	5		123	116	6.0
Other networks		119	108	10.2	(2)		117	108	8.3
Non-allocated		(1)	(1)				(1)	(1)	
Total		1,830	1,800	1.7	(63)		1,767	1,800	-1.8
Operating income (€m)									
Europe & MEA		88	102	-13.7	(2)		86	109	-21.1
Asia Pacific		16	(8)		(7)		9	(2)	
Americas		(23)	(45)	48.9	(1)		(24)	(32)	25.0
Other networks		4	2				4	2	
Non-allocated	(1)	(8)	(5)		(1)	3	(6)	(3)	
Total		77	46	67.4	(11)	3	69	74	-6.8
Operating income margin (%)									
Europe & MEA		7.6	9.0				7.6	9.6	
Asia Pacific		3.7	-1.8				2.3	-0.5	
Americas		-19.5	-38.8				-19.5	-27.6	
Other networks		3.4	1.9				3.4	1.9	
Non-allocated		-	-				-	-	
Total		4.2	2.6				3.9	4.1	

Notes: Non-GAAP adjustments
(1) 2Q12: €3 UPS Offer-related

2Q12 segmental performance overview

EMEA

	2Q12	2Q11	%chg	1H12	1H11	%chg
Adjusted revenues	1,134	1,135	-0.1	2,274	2,288	-0.6
Adjusted operating income	86	109	-21.1	153	215	-28.8
Average consignments per day ('000)	774	752	2.9	764	745	2.6
Revenue per consignment (€)[1]	23.6	24.4	-3.3	23.4	24.2	-3.3
Average kilos per day ('000)	15,163	14,901	1.8	14,953	14,759	1.3
Revenue per kilo (€)[1]	1.21	1.23	-1.6	1.20	1.22	-1.6

(1) based on reported revenues @avg11

- Flat adjusted revenue development (-0.1%) net result of overall good volume growth and yield contraction
- Volumes increased in all product segments, with highest growth in International Economy
- Yield negatively impacted by product mix changes and pricing pressure
- Cost control measures, including European air network capacity reduction and local savings, partially mitigated impact of negative yield

Asia Pacific

	2Q12	2Q11	%chg	1H12	1H11	%chg
Adjusted revenues	394	442	-10.9	793	861	-7.9
Adjusted operating income	9	(2)		3	(20)	
Average consignments per day ('000)	172	193	-10.9	165	183	-9.8
Revenue per consignment (€)[1]	37.0	37.0	0.0	37.9	37.1	2.2
Average kilos per day ('000)	11,187	14,194	-21.2	10,498	13,364	-21.4
Revenue per kilo (€)[1]	0.57	0.50	14.0	0.59	0.51	15.7

(1) based on reported revenues @avg11

- Adjusted revenues declined by 10.9% because of lower international volumes, India Domestic divestiture and targeted reductions in China Domestic LTL volumes
- Day Definite service now represents 35.8% of China Domestic turnover (2Q11: 21.3%)
- Higher Domestic prices, positive customer mix effects in International and higher fuel surcharges compensated lower International base pricing
- Full quarter impact of agreement with Emirates Sky Cargo, absorbing half of the capacity of the three Boeing 777 freighters
- Good adjusted operating income development (€9m vs €(2)m in 2Q11), supported by improving revenue quality and general cost control
- Operating income improved in all units

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Americas

	2Q12	2Q11	%chg	1H12	1H11	%chg
Adjusted revenues	123	116	6.0	240	228	5.3
Adjusted operating income	(24)	(32)	25.0	(47)	(64)	26.6
Average consignments per day ('000)	57	56	1.8	53	54	-1.9
Revenue per consignment (€)[1]	34.9	33.0	5.8	35.4	33.2	6.6
Average kilos per day ('000)	3,215	3,333	-3.5	3,145	3,267	-3.7
Revenue per kilo (€)[1]	0.62	0.56	10.7	0.60	0.55	9.1

(1) based on reported revenues @avg11

- Brazil's revenue increased compared to the prior year, mainly as a result of higher prices
- Brazil's adjusted operating losses declined, but challenges remain. Focus is on business development and cost control
- The rest of Americas performed in line with expectations

Other Networks and Non-allocated

- Other Networks improved performance in line with expectations
- Non-allocated underlying costs lower as a result of successful central cost-control initiatives; costs are net of reduced charge out to business segments

Other financial indicators

- Effective tax rate of 42.6% reflects weighted average statutory tax rate in the countries in which TNT Express operates, several non-deductible costs and losses for which no tax assets could be recognised
- Net cash from operating activities €10m below prior year due to higher working capital outflow (€24m) partially made up for by lower interest paid and provisions
- Net cash used in investing activities €29m lower than prior year mainly because of €26m lower net capital expenditure (prior year was impacted by €16m related to the transfer of real estate from Post NL to TNT Express as part of the demerger) (net capex 1.0% of reported revenues)
- Trade working capital stable at ~10% of revenues
- Net debt €(6)m (1Q12: €36m)

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Year-to-date performance commentary

Year to date, adjusted revenue decreased by 1.4% and adjusted operating income by 16.9%. Most significant operating trends reported in 1Q12 continued through 2Q12, including positive volume development but yield pressure in Europe & MEA and improving results from Asia Pacific and Americas. Capex and working capital control have remained in focus during the year-to-date period.

Summary: Consolidated results (€m)

	Notes	Reported 1H12	Reported 1H11	Reported %chg	Adjusted (non-GAAP) 1H12	Adjusted (non-GAAP) 1H11	Adjusted (non-GAAP) %chg
Revenues	(1)	3,649	3,596	1.5	3,547	3,596	-1.4
Operating income	(2)	114	(33)		103	124	-16.9
Operating income margin (%)		*3.1*	*(0.9)*		*2.9*	*3.4*	
Profit attributable to shareholders		56	(102)				
Cash generated from operations		97	100	-3.0			
Net cash from operating activities		37	25	48.0			
Net cash used in investing activities		(23)	(88)	73.9			
Net debt		(6)	107				

Notes: Non-GAAP adjustments
(1) 1H12: €(102)m FX
(2) 1H12: €(14)m FX, €3m UPS Offer-related
(2) 1H11: €8m demerger related (€(11)m pensions, €14m share-based payments, €5m demerger costs), €149m restructuring/one-offs (€5m restructuring, €12m software impairment, €132m Brazil one-offs)

Revenue and operating income by segment, reported and adjusted

	Notes	Reported 1H12	Reported 1H11	Reported %chg	FX	One-offs	Adjusted (non-GAAP) 1H12	Adjusted (non-GAAP) 1H11	Adjusted (non-GAAP) %chg
Revenues (€m)									
Europe & MEA		2,304	2,288	0.7	(30)		2,274	2,288	-0.6
Asia Pacific		867	861	0.7	(74)		793	861	-7.9
Americas		236	228	3.5	4		240	228	5.3
Other networks		245	221	10.9	(3)		242	221	9.5
Non-allocated		(3)	(2)		1		(2)	(2)	
Total		3,649	3,596	1.5	(102)		3,547	3,596	-1.4
Operating income (€m)									
Europe & MEA		156	205	-23.9	(3)		153	215	-28.8
Asia Pacific		9	(26)		(6)		3	(20)	
Americas		(46)	(197)	76.6	(1)		(47)	(64)	26.6
Other networks		7	6	16.7			7	6	16.7
Non-allocated	(1)	(12)	(21)		(4)	3	(13)	(13)	
Total		114	(33)		(14)	3	103	124	-16.9
Operating income margin (%)									
Europe & MEA		*6.8*	*9.0*				*6.7*	*9.4*	
Asia Pacific		*1.0*	*-3.0*				*0.4*	*-2.3*	
Americas		*-19.5*	*-86.4*				*-19.6*	*-28.1*	
Other networks		*2.9*	*2.7*				*2.9*	*2.7*	
Non-allocated		-	-				-	-	
Total		*3.1*	*-0.9*				*2.9*	*3.4*	

Notes: Non-GAAP adjustments
(1) 1H12: €3 UPS Offer-related

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

The interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting'.

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 Express', 'Group' or 'the company'). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam. TNT Express provides door-to-door express delivery services for customers sending documents, parcels, freight and special services worldwide, with a focus on time-certain and/or day–certain pick-up and delivery.

BASIS OF PREPARATION

The information is reported on quarter-to-date and year-to-date bases ending 30 June 2012. Where material to an understanding of the period starting 1 January 2012 and ending 30 June 2012, 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 Express' consolidated financial statements in the 2011 annual report as published on 21 February 2012.

The significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in TNT Express' consolidated financial statements in the 2011 annual report for the year ended 31 December 2011.

The measure of profit and loss and assets and liabilities is based on the TNT Express Group Accounting Policies, which are compliant with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The pricing of inter-company sales is done at arm's length.

AUDITOR'S INVOLVEMENT

The content of this interim financial report has been reviewed by an external auditor.

SEGMENT INFORMATION

TNT Express operates its businesses through four reportable segments: Europe & MEA, Asia Pacific, Americas and Other networks.

The Express business provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight. The Other networks include TNT Fashion and TNT Innight business. TNT Fashion provides supply change solutions for the fashion industry and fashion retailers. TNT Innight provides time-critical deliveries to individually agreed service delivery points for business customers during the night.

The following table presents the segment information relating to the income statement and total assets of the reportable segments for the first six months of 2012 and 2011:

in € millions	Europe & MEA	Asia Pacific	Americas	Other networks	Non-allocated	Inter-company	Total
HY 2012 ended at 30 June 2012							
Net sales	2,234	864	234	243	0		3,575
Inter-company sales	2	0	0	1	0	(3)	0
Other operating revenues	68	3	2	1	0		74
Total operating revenues	2,304	867	236	245	0	(3)	3,649
Other income	1	1	1	0	0		3
Depreciation property, plant and equipment	(40)	(16)	(6)	(6)	(4)		(72)
Amortisation intangibles	(5)	(2)	(1)	(1)	(16)		(25)
Total operating income	156	9	(46)	7	(12)		114
Total assets	3,079	725	307	177	380		4,668
HY 2011 ended at 2 July 2011							
Net sales	2,246	857	226	220	0		3,549
Inter-company sales	3	0	0	1	0	(4)	0
Other operating revenues	39	4	2	0	2		47
Total operating revenues	2,288	861	228	221	2	(4)	3,596
Other income	5	1	1				7
Depreciation property, plant and equipment	(51)	(15)	(7)	(5)	(4)		(82)
Amortisation/impairment intangibles	(5)	(2)	(122)		(28)		(157)
Total operating income	205	(26)	(197)	6	(21)		(33)
Total assets	3,095	686	445	169	425		4,820

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Consolidated statement of financial position TNT Express N.V. in € millions	note	30 Jun 2012	31 Dec 2011
Assets			
Non-current assets			
Intangible assets			
Goodwill		1,488	1,483
Other intangible assets		132	146
Total	(1)	1,620	1,629
Property, plant and equipment			
Land and buildings		476	485
Plant and equipment		232	241
Aircraft		39	50
Other		89	100
Construction in progress		20	23
Total	(2)	856	899
Financial fixed assets			
Investments in associates		19	20
Other loans receivable		3	3
Deferred tax assets		254	244
Other financial fixed assets		17	17
Total		293	284
Pension assets	(3)	45	34
Total non-current assets		2,814	2,846
Current assets			
Inventory		14	15
Trade accounts receivable		1,096	1,117
Accounts receivable		91	139
Income tax receivable		14	29
Prepayments and accrued income		170	159
Cash and cash equivalents	(6)	259	250
Total current assets		1,644	1,709
Assets classified as held for disposal	(4)	210	146
Total assets		4,668	4,701
Liabilities and equity			
Equity			
Equity attributable to the equity holders of the parent		2,887	2,806
Non-controlling interests		5	6
Total equity	(5)	2,892	2,812
Non-current liabilities			
Deferred tax liabilities		29	26
Provisions for pension liabilities	(3)	44	46
Other provisions	(7)	90	101
Long-term debt	(6)	214	219
Accrued liabilities		3	4
Total non-current liabilities		380	396
Current liabilities			
Trade accounts payable		385	435
Other provisions	(7)	75	88
Other current liabilities		308	309
Income tax payable		28	31
Accrued current liabilities		540	630
Total current liabilities		1,336	1,493
Liabilities related to assets classified as held for disposal	(4)	60	0
Total liabilities and equity		4,668	4,701

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Consolidated income statement TNT Express N.V.

in € millions	note	2Q12	2Q11	1H12	1H11
Net sales		1,785	1,775	3,575	3,549
Other operating revenues		45	25	74	47
Total revenues		1,830	1,800	3,649	3,596
Other income		2	4	3	7
Cost of materials		(118)	(120)	(237)	(236)
Work contracted out and other external expenses		(944)	(927)	(1,906)	(1,868)
Salaries and social security contributions		(578)	(549)	(1,161)	(1,115)
Depreciation, amortisation and impairments		(49)	(64)	(97)	(239)
Other operating expenses		(66)	(98)	(137)	(178)
Total operating expenses		(1,755)	(1,758)	(3,538)	(3,636)
Operating income		77	46	114	(33)
Interest and similar income		5	3	9	13
Interest and similar expenses		(15)	(17)	(25)	(35)
Net financial (expense)/income		(10)	(14)	(16)	(22)
Results from investments in associates		1	-	1	-
Profit before income taxes		68	32	99	(55)
Income taxes	(8)	(29)	(29)	(44)	(48)
Profit for the period		39	3	55	(103)
Attributable to:					
Non-controlling interests		(1)	(1)	(1)	(1)
Equity holders of the parent		40	4	56	(102)
Earnings per ordinary share (in € cents) [1]		7.4	0.7	10.3	(18.8)

1 Based on an average of 543,223,590 of outstanding ordinary shares (2011: 542,033,181)

Consolidated statement of comprehensive income TNT Express N.V.

in € millions	2Q12	2Q11	1H12	1H11
Profit for the period	39	3	55	(103)
Gains/(losses) on cashflow hedges, net of tax	0	0	0	3
Currency translation adjustment net of tax	46	(20)	28	(76)
	46	(20)	28	(73)
Total comprehensive income for the period	85	(17)	83	(176)
Attributable to:				
Non-controlling interests	(1)	(1)	(1)	(1)
Equity holders of the parent	86	(16)	84	(175)

The HY 2012 tax impact on the cash flow hedges is €0m (2011: €(1)m). There is no tax impact on the currency translation adjustment.

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Consolidated statement of cash flows TNT Express N.V.

in € millions	2Q12	2Q11	1H12	1H11
Profit before income taxes	68	32	99	(55)
Adjustments for:				
Depreciation, amortisation and impairments	49	64	97	239
Amortisation of financial instruments/ Derivatives			1	
Share-based compensation		16		19
Investment income:				
(Profit)/loss of assets held for disposal	(2)	(3)	(2)	(3)
Interest and similar income	(5)	(3)	(9)	(13)
Foreign exchange (gains) and losses	2	1	3	2
Interest and similar expenses	13	15	22	33
Results from investments in associates	(1)		(1)	
Changes in provisions:				
Pension liabilities	(6)	(24)	(13)	(25)
Other provisions	(12)		(23)	1
Changes in working capital:				
Inventory		1		
Trade accounts receivable	17	14	(2)	(21)
Accounts receivable	(4)	(12)	8	1
Other current assets	24	26	(21)	(16)
Trade accounts payable	(8)	3	(51)	(65)
Other current liabilities excluding short-term financing and taxes	(55)	(33)	(11)	3
Cash generated from operations	80	97	97	100
Interest paid	(15)	(22)	(21)	(31)
Income taxes received/(paid)	(26)	(26)	(39)	(44)
Net cash from operating activities	39	49	37	25
Interest received	5	8	9	12
Investments in associates	1			
Disposal of associates	1		1	
Capital expenditure on intangible assets	(6)	(10)	(10)	(21)
Disposal of intangible assets	2	(1)	2	(1)
Capital expenditure on property, plant and equipment	(24)	(39)	(40)	(82)
Proceeds from sale of property, plant and equipment	10	6	14	7
Other changes in (financial) fixed assets	1	(3)	1	(3)
Net cash used in investing activities	(10)	(39)	(23)	(88)
Share-based payments		(9)		(9)
Proceeds from long-term borrowings		(5)		(4)
Repayments of long-term borrowings	(1)	1	(3)	(1)
Proceeds from short-term borrowings	23	78	35	113
Repayments of shortterm borrowings	(12)	(22)	(26)	(56)
Repayments of finance leases	(8)	(3)	(10)	(5)
Dividends paid	(2)		(2)	
Financing related to PostNL	0	(599)		(526)
Net cash used in financing activities	0	(559)	(6)	(488)
Total changes in cash	29	(549)	8	(551)

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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				13	(13)				
Total comprehensive income				(73)		(102)	(175)	(1)	(176)
Share-based compensation					11		11		11
Other					(2)		(2)		(2)
Total direct changes in equity			0		9		9		9
Balance at 02 July 2011		43	3,035	(60)	(4)	(102)	2,912	7	2,919
Balance at 31 December 2011		43	3,021	24	(12)	(270)	2,806	6	2,812
Total comprehensive income				28		56	84	(1)	83
Final dividend previous year			(2)				(2)		(2)
Changes in legal reserves				(6)	6				
Other					(1)		(1)		(1)
Total direct changes in equity			(2)	(6)	5		(3)		(3)
Balance at 30 June 2012		43	3,019	46	(7)	(214)	2,887	5	2,892

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. INTANGIBLE ASSETS

The movements in the intangible assets are as follows:

in € millions	2012	2011
Balance at 1 January	1,629	1,892
Additions	10	21
Disposals	(1)	(1)
Amortisation	(25)	(25)
Impairments	0	(132)
Exchange rate differences	7	(22)
Balance at end of period (30 June 2012, 2 July 2011)	1,620	1,733

The intangible assets of €1,620m consist of goodwill for an amount of €1,488m and other intangibles for an amount of €132m.

The additions to the intangible assets of €10m are related to software licence and software development costs.

As at 2 July 2011, the total impairment of €132m related to impairment of goodwill (€105m), customer relationships (€15m) and software (€12m). The impairment of goodwill and customer relationships was related to the South American operations and resulted from unexpected volume losses and performance pressure.

2. PROPERTY, PLANT AND EQUIPMENT

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

in € millions	2012	2011
Balance at 1 January	899	1,089
Capital expenditures in cash	40	82
Capital expenditures in financial leases/other	1	5
Disposals	(4)	(3)
Exchange rate differences	9	(21)
Depreciation	(72)	(82)
Transfers to assets held for disposal	(17)	0
Balance at end of period (30 June 2012, 2 July 2011)	856	1,070

Capital expenditures of €41m consist mainly of investments within Europe & MEA of €24m, Asia Pacific of €9m, Americas of €4m and Other Networks of €4m. The investments mainly relate to hubs, depots, sorting machinery, depot equipment and vehicles.

3. PENSIONS

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

On the balance sheet, the pension assets and pension liabilities of the various defined benefit pension schemes have been presented separately. The pension assets increased by €11m and pension liability decreased by €2m, resulting in a net movement of €13m. This movement is mainly due to contributions made to the various defined benefits pension schemes over the first six months of 2012.

In 2011, the IASB issued the revised IAS 19 'Employee Benefits' as endorsed by the EU. The revised IAS 19 is expected to be effective for TNT Express as from 1 January 2013. Had the revised IAS 19 been applied as at 30 June 2012, the employer pension expense would have been €2m higher (net of tax) and the net actuarial losses of €40m (net of tax) would have been recognised immediately in other comprehensive income.

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 €210m and relate to aircraft of €135m, vehicles of €3m and to TNT Airways and PanAir of €72m. The liabilities related to assets classified as held for disposal of €60m relate fully to TNT Airways and PanAir.

On 21 June 2012, an Offer Memorandum by United Parcel Services, Inc. (UPS) and a Position Statement by the Boards of TNT Express were published in connection with the recommended public cash Offer by UPS for all issued and outstanding shares of TNT Express N.V. The Executive Board and the Supervisory Board of TNT Express fully support and unanimously recommend the Offer by UPS.

Under EU airline regulations, TNT Express' airlines, TNT Airways and PanAir, could lose full EU market access rights as soon as TNT Express is acquired by a non-EU company such as UPS. To ensure that the airline operations will be able to continue despite the change in ownership and control of TNT Express, TNT Express and UPS have agreed to implement an independent European ownership and control structure for TNT Airways and PanAir. Consequently, TNT Airways and PanAir are reported as assets held for disposal as at 30 June 2012.

The major classes of assets and liabilities classified as held for sale related to TNT Airways and PanAir are presented below:

in € millions	30 Jun
Balance as at	2012
Property, plant and equipment	17
Current assets	55
Total assets	72
Current liabilities	60
Total liabilities	60

5. EQUITY

Total equity attributable to equity holders of the parent increased to €2,887m on 30 June 2012 from €2,806m as per 31 December 2011. This increase of €81m is mainly due to comprehensive income attributable to equity holders of the parent of €84m, of which €56m relates to the profit for the period and a positive of €28m due to foreign currency translation and hedge results.

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.

The Company's issued share capital amounts to €43,461,797.92 divided into 543,272,474 ordinary shares with a nominal value of €0.08 each.

Additional paid-in capital amounted to €3,019m on 30 June 2012 as a final cash dividend of €2m of €0.4cent per ordinary share was distributed in May 2012. The amount of paid-in capital recognised for Dutch dividend withholding tax purposes was €797m.

For administration and compliance purposes, a foundation (Stichting Bewaarneming Aandelen TNT) legally holds shares belonging to TNT Express employees under (former) incentive schemes that are beneficially owned by the employees. As at 30 June 2012, the number of TNT Express shares involved amounted to 558,933 with a nominal value of €0.08 per share.

6. NET DEBT

The net debt is specified in the table below:

in € millions	30 Jun 2012	31 Dec 2011
Short term debt	39	38
Long term debt	214	219
Total interest bearing debt	253	257
Cash and cash equivalents	(259)	(250)
Net debt	(6)	7

The net debt position as at 30 June 2012 improved by €13m compared to 31 December 2011. The improvement is due to: net cash from operating activities (€37m), net cash used in investing activities (€(23)m) and various non-cash items (€(1)m).

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 30 June 2012 decreased by €24m compared to 1 January 2012.

in € millions	2012	2011
Balance at 1 January	189	168
Additions	22	23
Withdrawals/releases	(46)	(22)
Other	0	1
Exchange rate differences	0	(3)
Balance at end of period (30 June 2012, 2 July 2011)	165	167

The additions of €22m relate to claims indemnities (€13m), long-term employment benefits (€4m) and others (€5m). The withdrawals of €46m relate to claims indemnities (€16m), restructuring (€11m), long-term employment benefits (€1m) and others (€18m). Other withdrawals relate mainly to the settlement and the release of claims provisions in Brazil.

8. TAXES

Effective tax rate	1H12	1H11
Dutch statutory tax rate	25.0%	25.0%
Other statutory tax rates	-2.5%	-4.0%
Weighted average statutory tax rate	22.5%	21.0%
Non and partly deductible costs	3.4%	-9.7%
Non and partly deductible impairments	0.0%	-53.6%
Other	18.5%	-45.0%
Effective tax rate	44.4%	-87.3%

The tax expense in the first six months of 2012 amounted to €44m (2011: €48m). The effective tax rate was 44.4% (2011: -87.3%).

The mix of income from countries in which TNT Express operates resulted in a weighted average statutory tax rate of 22.5%. Several non-deductible costs adversely affected the effective tax rate by 3.4 percentage points.

The line 'other' shows an impact of 18.5 percentage points and includes:

- The net impact of losses for which no deferred tax assets could be recognised due to uncertainty of the recoverability of those assets: 14.2 percentage points;
- Positive effects in connection with intragroup financing structures: -6.3 percentage points;
- The remaining 'other' of 10.6 percentage points reflects mainly the net impact of several local taxes and accounting estimates relating to deferred tax balances.

9. LABOUR FORCE

Employees	30 Jun 2012	31 Dec 2011
Europe & MEA[1]	35,887	36,262
Asia Pacific	20,182	24,825
Americas	10,994	11,255
Other networks	2,603	2,534
Non-allocated	1,388	1,534
Total	71,054	76,410

Average FTEs	1H12	1H11
Europe & MEA[1]	34,063	34,273
Asia Pacific[1]	21,736	26,972
Americas	11,552	12,179
Other networks	2,404	2,239
Non-allocated	1,375	1,513
Total	71,130	77,176

[1] For comparative purposes 2011 numbers have been restated

The average number of full time equivalents working in TNT Express during the first six months of 2012 was 71,130, which decreased by 6,046, mainly due to China and India.

10. RELATED PARTIES

Purchases of TNT Express from joint ventures amounted to €14m (2011: €14m). During the first six months of 2012, €0m sales were made by TNT Express companies to its joint ventures.

As at 30 June 2012, net amounts due from the joint venture entities amounted to €21m (2 July 2011: €23m). Net amounts due to associated companies amounted to €0m (2 July 2011: €2m).

TNT Express is currently owned by PostNL for 29.8%. It also has trading relationships with a number of other PostNL companies, joint ventures and uncombined companies in which it holds minority shares. In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from such undertakings, or such undertakings source supplies from TNT Express.

11. SUBSEQUENT EVENTS

On 13 July, 2012, UPS and TNT Express announced that the UPS Offer is expected to be completed in fourth quarter 2012. The European Commission's review of United Parcel Service Inc.'s (UPS) proposed acquisition of TNT Express N.V. (TNT Express) has moved to a Phase II review, as there are certain areas that require more time to analyse.

Date 30 July 2012

REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated interim financial statements for the six-month period ended 30 June 2012 of TNT Express N.V., Hoofddorp, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity, cash flows and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements 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 consolidated interim financial statements as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 30 July 2012
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

Date 30 July 2012

FINANCIAL CALENDAR

6 August 2012	Extraordinary General Meeting
29 October 2012	3Q12 results

Additional information available at www.tnt.com/corporate/en/site/home.html#

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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.

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 30 June 2012 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).

Marie-Christine Lombard – *Chief Executive Officer*
Bernard Bot – *Chief Financial Officer*

Hoofddorp, 30 July 2012

RISKS

TNT Express' management has regularly reviewed the risk profile of the company in the first half of 2012 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 operational 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 Express' risk profile as at 30 June 2012 and confirms that the risks disclosed in Chapter 5 (Section V) of the TNT Express 2012 Annual Report have been updated but remain and continue to require focused and decisive management attention in the second half of 2012. The Executive Board has added one new risk regarding the offer by United Parcel Services Inc (UPS). This risk relates to the situation where by UPS may not pursue the Offer for TNT Express as a result of the offer conditions not being satisfied or waived. This could have a material negative effect on the share price of TNT Express. 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 Express' 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.