

## PRESS RELEASE

29 October 2012

Hoofddorp, The Netherlands

### 3Q12 results: Trading conditions remain challenging, better performance Asia Pacific and Americas

- Reported revenues €1,814m (+2.1%); adjusted revenues (at constant FX) €1,744m (-1.9%)
- Reported operating income €46m (+43.8%); adjusted operating income (at constant FX and excluding one-offs) €38m (-11.6%)
- Solid cash performance resulted in €36m net cash (2Q12: €6m net cash)
- Asia Pacific and Americas performed better, Europe & MEA lower

#### Summary: Consolidated results (€m)

		Reported			Adjusted (non-GAAP)		
	Notes	3Q12	3Q11	%chg	3Q12	3Q11	%chg
Revenues	(1)	1,814	1,777	2.1	1,744	1,777	-1.9
Operating income	(2)	46	32	43.8	38	43	-11.6
Operating income margin (%)		2.5	1.8		2.2	2.4	
Profit attributable to shareholders		9	5	80.0			
Cash generated from operations		88	70	25.7			
Net cash from operating activities		66	33	-			
Net cash used in investing activities		5	(26)	-			
Net debt/(cash)		(36)	104				

#### Notes: Non-GAAP adjustments

(1) 3Q12: -€70m FX

(2) 3Q12: -€10m FX, €1m UPS Offer-related, €1m Software impairment

(2) 3Q11: €11m restructuring

Volume growth in Europe & MEA was good, with net customer gains. Challenging trading conditions, however, led to negative price and mix development. Cost control mitigated the lower yield.

In Asia Pacific, operating income improved significantly despite weak Asia-Europe demand, with better results from most units.

In Americas, results improved but Brazil turnaround is proving to be more challenging than had been expected.

Other Networks results unchanged versus prior year. Non-allocated costs were contained.

#### UPS Offer

- UPS and TNT Express preparing response to European Commission's Statement of Objections; open and constructive dialogue continues
- Second Offer period ends 9 November 2012; UPS to extend Offer period if exemption granted by AFM or, if not granted, promptly launch new public offer on the same terms and conditions
- Transaction expected to complete in early 2013

Date 29 October 2012

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**Commenting on this quarter's developments, Bernard Bot, interim CEO said:**

*'TNT Express showed a mixed performance this quarter, with lower results in Europe but improvements in Asia Pacific. In a challenging economic environment, we benefited from our diversified product portfolio and superior customer service. The quarter saw the highest customer satisfaction score ever realised. Customer growth was also good, with notable additional business won in the Automotive, Industrial and High-Tech sectors. Finally, we continue to contain costs and shed loss-making activities to support our operating results. Our cash performance was also strong.'*

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**2012 outlook and aims:**

- 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: year-on-year benefit from reduced exposure to fixed intercontinental air capacity and improved performance from domestic businesses
- Americas: focus on improving results in Brazil
- Working capital to be in line with medium-term aims, capital expenditures lower

**2013:**

- TNT Express and UPS committed to the intended merger and confident that European competition clearance will be achieved, allowing completion of the transaction in early 2013

Date 29 October 2012

### Revenue and operating income by segment, reported and adjusted

		Reported			Adjusted (non-GAAP)				
	Notes	3Q12	3Q11	%chg	FX	One-offs	3Q12	3Q11	%chg
Revenues (€m)									
Europe & MEA		1,118	1,083	3.2	(26)		1,092	1,083	0.8
Asia Pacific		448	460	-2.6	(44)		404	460	-12.2
Americas		118	116	1.7	4		122	116	5.2
Other networks		132	121	9.1	(3)		129	121	6.6
Non-allocated		(2)	(3)		(1)		(3)	(3)	
Total		1,814	1,777	2.1	(70)		1,744	1,777	-1.9
Operating income (€m)									
Europe & MEA		60	69	-13.0	(4)		56	72	-22.2
Asia Pacific		8	(8)		(5)		3	(8)	
Americas		(22)	(30)	26.7	(1)		(23)	(30)	23.3
Other networks		7	7				7	7	
Non-allocated	(1)	(7)	(6)			2	(5)	2	
Total		46	32	43.8	(10)	2	38	43	-11.6
Operating income margin (%)									
Europe & MEA		5.4	6.4				5.1	6.6	
Asia Pacific		1.8	-1.7				0.7	-1.7	
Americas		-18.6	-25.9				-18.9	-25.9	
Other networks		5.3	5.8				5.4	5.8	
Non-allocated		-	-				-	-	
Total		2.5	1.8				2.2	2.4	

Notes: Non-GAAP adjustments

(1) 3Q12: €1 UPS Offer-related, €1m Software impairment

Date 29 October 2012

### 3Q12 segmental performance overview

#### EMEA

	3Q12	3Q11	%chg	YTD'12	YTD'11	%chg
Adjusted revenues	1,092	1,083	0.8	3,366	3,371	-0.1
Adjusted operating income	56	72	-22.2	209	287	-27.2
Average consignments per day ('000)	713	666	7.1	747	718	4.0
Revenue per consignment (€) <sup>(1)</sup>	23.6	25.0	-5.6	23.5	24.4	-3.7
Average kilos per day ('000)	14,282	14,044	1.7	14,726	14,517	1.4
Revenue per kilo (€) <sup>(1)</sup>	1.18	1.19	-0.8	1.19	1.21	-1.7

(1) based on reported revenues @avg11

- Positive volume development and revenue growth despite challenging economic conditions
- Volumes grew in all product segments, with highest growth in International economy services
- Consignment growth exceeded kilo growth due to general decrease in weight-per consignment and lower weight per consignment B2C growth
- Pricing pressure in addition to negative mix effect from higher growth of lower-priced economy services continued
- Cost control measures (cost per consignment -4.3%) partially mitigated impact of negative yield

#### Asia Pacific

	3Q12	3Q11	%chg	YTD'12	YTD'11	%chg
Adjusted revenues	404	460	-12.2	1,197	1,321	-9.4
Adjusted operating income	3	(8)		6	(28)	
Average consignments per day ('000)	165	181	-8.8	165	182	-9.3
Revenue per consignment (€) <sup>(1)</sup>	37.7	39.0	-3.3	37.8	37.7	0.3
Average kilos per day ('000)	10,905	13,654	-20.1	10,636	13,462	-21.0
Revenue per kilo (€) <sup>(1)</sup>	0.57	0.52	9.6	0.59	0.51	15.7

(1) based on reported revenues @avg11

- Revenue decline because of lower international volumes, targeted reductions in China Domestic LTL volumes and India domestic road disposal
- Day Definite service now represents 36.7% of China Domestic turnover (3Q11: 23.4%)
- Lower RPC mostly due to pressure on International prices; sequentially lower RPK due to prior year comparison China Domestic
- Emirates SkyCargo agreement currently undergoing further negotiation; alternatives being prepared, with limited impact on 2012 profitability expected
- Operating income improved in most units
- Closure India domestic air announced mid-October; India infrastructure and organisation to be resized, focus on International Express

Date 29 October 2012

## Americas

	3Q12	3Q11	%chg	YTD'12	YTD'11	%chg
Adjusted revenues	122	116	5.2	362	344	5.2
Adjusted operating income	(23)	(30)	23.3	(70)	(94)	25.5
Average consignments per day ('000)	53	53		53	54	-1.9
Revenue per consignment (€) <sup>(1)</sup>	34.9	33.6	3.9	35.3	33.4	5.7
Average kilos per day ('000)	3,153	3,118	1.1	3,148	3,217	-2.1
Revenue per kilo (€) <sup>(1)</sup>	0.59	0.57	3.5	0.60	0.56	7.1

(1) based on reported revenues @avg11

- Brazil's revenue increased compared to prior year, mainly as a result of higher prices
- Brazil's adjusted operating losses declined, however turnaround more challenging than had been expected; additional yield and cost actions being taken
- The value of Brazil's service and product offering remains intact
- The rest of Americas performed in line with expectations

## Other Networks and Non-allocated

- Other Networks performance in line with prior year
- Non-allocated adjusted costs contained as a result of successful central cost-control initiatives

## Other financial indicators

- Effective tax rate of 75.0% 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 €33m above prior year mainly due to positive change in working capital and lower taxes paid
- Net cash used in investing activities €31m lower than prior year mainly because of €28m proceeds from a matured foreign exchange hedge
- Net capex below trend at 1.4% of reported revenues
- Trade working capital stable at 9.6% of revenues
- Net cash €36m (2Q12: €6m net cash)

Date 29 October 2012

## Year-to-date performance commentary

Year to date, adjusted revenue decreased by 1.5% and adjusted operating income by 15.6%. Most significant operating trends reported in 1H12 continued through 3Q12, 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			Adjusted (non-GAAP)		
		YTD'12	YTD'11	%chg	YTD'12	YTD'11	%chg
Revenues	(1)	5,463	5,373	1.7	5,291	5,373	-1.5
Operating income	(2)	160	(1)		141	167	-15.6
Operating income margin (%)		2.9	(0.0)		2.7	3.1	
Profit attributable to shareholders		65	(97)				
Cash generated from operations		185	170	8.8			
Net cash from operating activities		103	58	77.6			
Net cash used in investing activities		(18)	(114)	84.2			
Net debt/(cash)		(36)	104				

#### Notes: Non-GAAP adjustments

(1) YTD'12: -€172m FX

(2) YTD'12: -€24m FX, €4m UPS Offer-related, €1m Software impairment

(2) YTD'11: €8m demerger related (€(11)m pensions, €14m share-based payments, €5m demerger costs), €160m restructuring/one-offs (€16m restructuring, €12m software impairment, €132m Brazil one-offs)

### Revenue and operating income by segment, reported and adjusted

Revenues (€m)	Notes	Reported			FX	One-offs	Adjusted (non-GAAP)		
		YTD'12	YTD'11	%chg			YTD'12	YTD'11	%chg
Europe & MEA		3,422	3,371	1.5	(56)		3,366	3,371	-0.1
Asia Pacific		1,315	1,321	-0.5	(118)		1,197	1,321	-9.4
Americas		354	344	2.9	8		362	344	5.2
Other networks		377	342	10.2	(6)		371	342	8.5
Non-allocated		(5)	(5)				(5)	(5)	
Total		5,463	5,373	1.7	(172)		5,291	5,373	-1.5

#### Operating income (€m)

Europe & MEA		216	274	-21.2	(7)		209	287	-27.2
Asia Pacific		17	(34)		(11)		6	(28)	
Americas		(68)	(227)	70.0	(2)		(70)	(94)	25.5
Other networks		14	13	7.7			14	13	7.7
Non-allocated	(1)	(19)	(27)		(4)	5	(18)	(11)	-63.6
Total		160	(1)		(24)	5	141	167	-15.6

#### Operating income margin (%)

Europe & MEA		6.3	8.1				6.2	8.5	
Asia Pacific		1.3	-2.6				0.5	-2.1	
Americas		-19.2	-66.0				-19.3	-27.3	
Other networks		3.7	3.8				3.8	3.8	
Non-allocated		-	-				-	-	
Total		2.9	0.0				2.7	3.1	

#### Notes: Non-GAAP adjustments

(1) YTD'12: €4 UPS Offer-related, €1m Software impairment

Date 29 October 2012

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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 29 September 2012. Where material to an understanding of the period starting 1 January 2012 and ending 29 September 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.

Date 29 October 2012

## 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 chain 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 nine months of 2012 and 2011:

in € millions	Europe & MEA	Asia Pacific	Americas	Other networks	Non-allocated	Inter-company	Total
<b>Q3 2012 ended at 29 September 2012</b>							
Net sales	3,306	1,310	351	375	0	(1)	5,341
Inter-company sales	3	0	0	1	0	(4)	0
Other operating revenues	113	5	3	1	0		122
<b>Total operating revenues</b>	<b>3,422</b>	<b>1,315</b>	<b>354</b>	<b>377</b>	<b>0</b>	<b>(5)</b>	<b>5,463</b>
Other income	1	1	1	0	0	1	4
Depreciation property, plant and equipment	(59)	(24)	(9)	(8)	(6)		(106)
Amortisation intangibles	(7)	(3)	(2)	(1)	(26)		(39)
<b>Total operating income</b>	<b>216</b>	<b>17</b>	<b>(68)</b>	<b>14</b>	<b>(19)</b>		<b>160</b>
<b>Total assets</b>	<b>3,044</b>	<b>704</b>	<b>304</b>	<b>185</b>	<b>419</b>		<b>4,656</b>
<b>Q3 2011 ended at 01 October 2011</b>							
Net sales	3,305	1,315	342	340	0	1	5,303
Inter-company sales	5	0	0	1	0	(6)	0
Other operating revenues	61	6	2	1	0		70
<b>Total operating revenues</b>	<b>3,371</b>	<b>1,321</b>	<b>344</b>	<b>342</b>	<b>0</b>	<b>(5)</b>	<b>5,373</b>
Other income	5	1	1	0	2	1	10
Depreciation property, plant and equipment	(74)	(23)	(10)	(8)	(6)		(121)
Amortisation/impairment intangibles	(7)	(3)	(123)	0	(36)		(169)
<b>Total operating income</b>	<b>274</b>	<b>(34)</b>	<b>(227)</b>	<b>13</b>	<b>(27)</b>		<b>(1)</b>
<b>Total assets</b>	<b>3,099</b>	<b>711</b>	<b>422</b>	<b>176</b>	<b>353</b>		<b>4,761</b>



Date 29 October 2012

Consolidated statement of financial position TNT Express N.V.		29 Sep	31 Dec
in € millions		2012	2011
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill		1,487	1,483
Other intangible assets		126	146
<b>Total</b>		<b>1,613</b>	<b>1,629</b>
<b>Property, plant and equipment</b>			
Land and buildings		474	485
Plant and equipment		225	241
Aircraft		36	50
Other		85	100
Construction in progress		27	23
<b>Total</b>		<b>847</b>	<b>899</b>
<b>Financial fixed assets</b>			
Investments in associates		19	20
Other loans receivable		3	3
Deferred tax assets		245	244
Other financial fixed assets		18	17
<b>Total</b>		<b>285</b>	<b>284</b>
<b>Pension assets</b>			
		50	34
<b>Total non-current assets</b>		<b>2,795</b>	<b>2,846</b>
<b>Current assets</b>			
Inventory		14	15
Trade accounts receivable		1,046	1,117
Accounts receivable		97	139
Income tax receivable		18	29
Prepayments and accrued income		165	159
Cash and cash equivalents		313	250
<b>Total current assets</b>		<b>1,653</b>	<b>1,709</b>
Assets classified as held for disposal		208	146
<b>Total assets</b>		<b>4,656</b>	<b>4,701</b>
<b>Liabilities and equity</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the parent		2,885	2,806
Non-controlling interests		5	6
<b>Total equity</b>		<b>2,890</b>	<b>2,812</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		26	26
Provisions for pension liabilities		44	46
Other provisions		107	101
Long-term debt		203	219
Accrued liabilities		4	4
<b>Total non-current liabilities</b>		<b>384</b>	<b>396</b>
<b>Current liabilities</b>			
Trade accounts payable		366	435
Other provisions		69	88
Other current liabilities		325	309
Income tax payable		41	31
Accrued current liabilities		530	630
<b>Total current liabilities</b>		<b>1,331</b>	<b>1,493</b>
Liabilities related to assets classified as held for disposal		51	0
<b>Total liabilities and equity</b>		<b>4,656</b>	<b>4,701</b>

Date 29 October 2012

### Consolidated income statement TNT Express N.V.

in € millions	3Q12	3Q11	YTD'12	YTD'11
Net sales	1,766	1,754	5,341	5,303
Other operating revenues	48	23	122	70
<b>Total revenues</b>	<b>1,814</b>	<b>1,777</b>	<b>5,463</b>	<b>5,373</b>
Other income	1	3	4	10
Cost of materials	(120)	(119)	(357)	(355)
Work contracted out and other external expenses	(975)	(945)	(2,881)	(2,813)
Salaries and social security contributions	(564)	(552)	(1,725)	(1,667)
Depreciation, amortisation and impairments	(48)	(51)	(145)	(290)
Other operating expenses	(62)	(81)	(199)	(259)
<b>Total operating expenses</b>	<b>(1,769)</b>	<b>(1,748)</b>	<b>(5,307)</b>	<b>(5,384)</b>
<b>Operating income</b>	<b>46</b>	<b>32</b>	<b>160</b>	<b>(1)</b>
Interest and similar income	4	4	13	17
Interest and similar expenses	(13)	(15)	(38)	(50)
Net financial (expense)/income	(9)	(11)	(25)	(33)
Results from investments in associates	(1)	0	0	0
<b>Profit before income taxes</b>	<b>36</b>	<b>21</b>	<b>135</b>	<b>(34)</b>
Income taxes	(27)	(16)	(71)	(64)
<b>Profit for the period</b>	<b>9</b>	<b>5</b>	<b>64</b>	<b>(98)</b>
Attributable to:				
Non-controlling interests	0	0	(1)	(1)
<b>Equity holders of the parent</b>	<b>9</b>	<b>5</b>	<b>65</b>	<b>(97)</b>
<b>Earnings per ordinary share (in € cents) <sup>1</sup></b>	<b>1.7</b>	<b>0.9</b>	<b>12.0</b>	<b>(17.9)</b>

<sup>1</sup> Based on an average of 543,239,885 of outstanding ordinary shares (2011: 543,202,420)

### Consolidated statement of comprehensive income TNT Express N.V.

in € millions	3Q12	3Q11	YTD'12	YTD'11
<b>Profit for the period</b>	<b>9</b>	<b>5</b>	<b>64</b>	<b>(98)</b>
Gains/(losses) on cashflow hedges, net of tax	0	(20)	0	(17)
Currency translation adjustment net of tax	(12)	41	16	(35)
	(12)	21	16	(52)
<b>Total comprehensive income for the period</b>	<b>(3)</b>	<b>26</b>	<b>80</b>	<b>(150)</b>
Attributable to:				
Non-controlling interests	0	0	(1)	(1)
<b>Equity holders of the parent</b>	<b>(3)</b>	<b>26</b>	<b>81</b>	<b>(149)</b>

The YTD 2012 tax impact on the cash flow hedges was €(1)m (2011: €7m). There was no tax impact on the currency translation adjustment.

Date 29 October 2012

## Consolidated statement of cash flows TNT Express N.V.

in € millions	3Q12	3Q11	YTD'12	YTD'11
Profit before income taxes	36	21	135	(34)
Adjustments for:				
Depreciation, amortisation and impairments	48	51	145	290
Amortisation of financial instruments/derivatives	1		2	
Share-based compensation				19
Investment income:				
(Profit)/loss of assets held for disposal			(2)	(3)
Interest and similar income	(4)	(4)	(13)	(17)
Foreign exchange (gains) and losses	1	3	4	5
Interest and similar expenses	12	12	34	45
Results from investments in associates			(1)	
Changes in provisions:				
Pension liabilities	(5)	(3)	(18)	(28)
Other provisions	(4)	18	(27)	19
Changes in working capital:				
Inventory				
Trade accounts receivable	49	10	47	(11)
Accounts receivable		8	8	9
Other current assets	(18)	(20)	(39)	(36)
Trade accounts payable	(22)	(6)	(73)	(71)
Other current liabilities excluding short-term financing and taxes	(6)	(20)	(17)	(17)
Cash generated from operations	88	70	185	170
Interest paid	(11)	(11)	(32)	(42)
Income taxes received/(paid)	(11)	(26)	(50)	(70)
Net cash from operating activities	66	33	103	58
Interest received	4	5	13	17
Disposal of associates			1	
Capital expenditure on intangible assets	(6)	(5)	(16)	(26)
Disposal of intangible assets	1	1	3	
Capital expenditure on property, plant and equipment	(26)	(26)	(66)	(108)
Proceeds from sale of property, plant and equipment	5	(1)	19	6
Cash from financial instruments/derivatives	28		28	
Other changes in (financial) fixed assets	(1)			(3)
Net cash from/(used in) investing activities	5	(26)	(18)	(114)
Share-based payments				(9)
Proceeds from long-term borrowings	1	9	1	5
Repayments of long-term borrowings	(4)	(10)	(7)	(11)
Proceeds from short-term borrowings	1	29	36	142
Repayments of short-term borrowings	(8)	(87)	(34)	(143)
Repayments of finance leases	(2)	(8)	(12)	(13)
Dividends paid		(14)	(2)	(14)
Financing related to PostNL				(526)
Net cash used in financing activities	(12)	(81)	(18)	(569)
Total changes in cash	59	(74)	67	(625)

Date 29 October 2012

### 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				29	(29)				
Total comprehensive income				(52)		(97)	(149)	(1)	(150)
Interim dividend 2011			(14)				(14)		(14)
Share-based compensation					11		11		11
Other					(3)		(3)		(3)
Total direct changes in equity			(14)		8		(6)		(6)
Balance at 01 October 2011		43	3,021	(23)	(21)	(97)	2,923	7	2,930
Balance at 31 December 2011		43	3,021	24	(12)	(270)	2,806	6	2,812
Total comprehensive income				16		65	81	(1)	80
Final dividend previous year			(2)				(2)		(2)
Changes in legal reserves				(13)	13				
Total direct changes in equity			(2)	(13)	13		(2)		(2)
Balance at 29 September 2012		43	3,019	27	1	(205)	2,885	5	2,890

Date 29 October 2012

## 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	16	26
Disposals	(2)	(1)
Amortisation	(37)	(37)
Impairments	(2)	(132)
Exchange rate differences	9	(21)
Balance at end of period (29 September 2012, 1 October 2011)	1,613	1,727

The intangible assets of €1,613m consist of goodwill for an amount of €1,487m and other intangibles for an amount of €126m.

The additions to the intangible assets of €16m are related to software licence and software development costs.

As at 29 September 2012, the impairment of €2m relates to software development costs.

As at 1 October 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	66	108
Capital expenditures in financial leases/other	3	4
Disposals	(5)	(2)
Exchange rate differences	8	(21)
Depreciation	(106)	(121)
Transfers to assets held for disposal	(18)	0
Balance at end of period (29 September 2012, 1 October 2011)	847	1,057

Capital expenditures of €69m consist of investments within Europe & MEA of €42m, Asia Pacific of €13m, Americas of €7m and Other Networks of €7m. The investments mainly relate to hubs, depots, sorting machinery, depot equipment and vehicles.

Date 29 October 2012

### 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 in place are 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 €16m and pension liability decreased by €2m, resulting in a net movement of €18m. This movement is mainly due to contributions made to the various defined benefits pension schemes over the first nine 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 29 September 2012, the employer pension expense would have been €3m 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 CLASSIFIED AS HELD FOR DISPOSAL

The assets classified as held for disposal amount to €208m and relate to aircraft of €135m, vehicles of €1m and to the assets of TNT Airways and PanAir of €72m. The liabilities related to assets classified as held for disposal of €51m 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 29 September 2012.

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

in € millions	29 Sep 2012
<b>Balance as at</b>	
Property, plant and equipment	17
Current assets	55
<b>Total assets</b>	<b>72</b>
Long-term debt	1
Current liabilities	50
<b>Total liabilities</b>	<b>51</b>

The Current assets position includes €4m Cash and cash equivalents.

Date 29 October 2012

## 5. EQUITY

Total equity attributable to equity holders of the parent increased to €2,885m on 29 September 2012 from €2,806m as per 31 December 2011. This increase of €79m is mainly due to comprehensive income attributable to equity holders of the parent of €81m, of which €65m relates to the profit for the period and a positive of €16m due to foreign currency translation 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 29 September 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 under (former) incentive schemes which are beneficially owned by the employees. As at 29 September 2012, the number of TNT Express shares involved amounted to 558,821 with a nominal value of €0.08 per share.

## 6. NET DEBT

The net debt is specified in the table below:

in € millions	29 Sep 2012	31 Dec 2011
Short term debt	77	38
Long term debt	204	219
Total interest bearing debt	281	257
Cash and cash equivalents	(317)	(250)
Net debt/(cash)	(36)	7

The net debt position as at 29 September 2012 improved by €43m compared to 31 December 2011. The improvement is due to: net cash from operating activities (€103m), net cash used in investing activities (€(18)m) and various non-cash items (€(42)m).

The long-term debt position of €204m includes €1m Liabilities related to assets classified as held for disposal and the Cash and cash equivalents position of €317m includes €4m Assets classified as held for disposal, see note 4.

Date 29 October 2012

## 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 29 September 2012 decreased by €13m compared to 1 January 2012.

in € millions	2012	2011
Balance at 1 January	189	168
Additions	51	51
Withdrawals/releases	(63)	(32)
Other	0	1
Exchange rate differences	(1)	(7)
Balance at end of period (29 September 2012, 1 October 2011)	176	181

The additions of €51m relate to claims indemnities (€18m), long-term employment benefits (€7m) and other movements (€26m). Other additions consist mainly of reclassification of €19m from accrued liabilities and claims provision in Brazil. The withdrawals of €63m relate to claims indemnities (€23m), restructuring (€14m), long-term employment benefits (€3m) and other movements (€23m). Other withdrawals relate mainly to settlement and release of claims provisions in Brazil.

## 8. TAXES

Effective tax rate	YTD 2012	YTD 2011
Dutch statutory tax rate	25.0%	25.0%
Other statutory tax rates	-1.6%	-3.3%
Weighted average statutory tax rate	23.4%	21.7%
Non and partly deductible costs	4.6%	-19.5%
Non and partly deductible impairments	0.0%	-86.8%
Other	24.6%	-103.6%
Effective tax rate	52.6%	-188.2%

The tax expense in the first nine months of 2012 amounted to €71m (2011: €64m). The effective tax rate was 52.6% (2011: -188.2%).

The mix of income from countries in which TNT Express operates resulted in a weighted average statutory tax rate of 23.4%. Several non-deductible costs adversely affected the effective tax rate by 4.6 percentage points.

The line 'other' shows an impact of 24.6 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: 17.0 percentage points;
- Positive effects in connection with intragroup financing structures: -6.8 percentage points;
- The remaining 'other' of 14.4 percentage points reflects mainly the net impact of several local taxes and accounting estimates relating to tax balances.



Date 29 October 2012

## 9. LABOUR FORCE

	29 Sep 2012	31 Dec 2011
<b>Employees</b>		
Europe & MEA <sup>1</sup>	35,482	36,262
Asia Pacific	19,426	24,825
Americas	10,810	11,255
Other networks	2,589	2,534
Non-allocated	1,371	1,534
<b>Total</b>	<b>69,678</b>	<b>76,410</b>
<b>Average FTEs</b>	<b>YTD 2012</b>	<b>YTD 2011</b>
Europe & MEA <sup>1</sup>	33,952	34,298
Asia Pacific <sup>1</sup>	21,230	27,862
Americas	11,545	11,312
Other networks	2,408	2,249
Non-allocated	1,379	1,545
<b>Total</b>	<b>70,514</b>	<b>77,266</b>

<sup>1</sup> For comparative purposes 2011 numbers have been restated

The average number of full time equivalents working in TNT Express during the first nine months of 2012 was 70,514, which decreased by 6,752, mainly due to China and India.

## 10. RELATED PARTIES

Purchases of TNT Express from joint ventures amounted to €20m (2011: €20m). During the first nine months of 2012, €0m sales were made by TNT Express companies to its joint ventures.

As at 29 September 2012, net amounts due to the joint venture entities amounted to €26m (1 October 2011: €30m). Net amounts due to associated companies amounted to €1m (1 October 2011: €1m).

PostNL currently owns 29.8% of TNT Express. 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 19 October 2012, United Parcel Service and TNT Express jointly announced that they had received a Statement of Objections (SO) from the European Commission (EC). The SO is a normal step in a second phase merger procedure and its content does not prejudice the final outcome. UPS and TNT Express have worked closely with the EC during this process, and will continue to have open and constructive discussions as they work towards completion of the transaction in early 2013.

Date 29 October 2012

## REVIEW REPORT

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

### *Introduction*

We have reviewed the accompanying consolidated interim financial statements for the nine-month period ended 29 September 2012 of TNT Express N.V., Amsterdam, which comprises the consolidated statement of financial position as at 29 September 2012, the consolidated income statement, the consolidated statement of comprehensive income, changes in equity, cash flows and the selected explanatory notes for the nine-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 this 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 29 September 2012 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 29 October 2012  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

Date 29 October 2012

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## FINANCIAL CALENDAR

**18 February 2013** Publications 4Q12 results

Additional information available at [www.tnt.com/corporate/en/site/home.html#](http://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.

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