

# 2Q15 results presentation

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**THE PEOPLE NETWORK**

# 2Q15 Outlook progress

## Focus on profitable growth

- Move More by Road
- Drive sales from four priority industries
- Serve more SMEs even better
- Increase profitability Domestic and AMEA

- Higher revenues from SMEs
- Customer satisfaction score improving
- Launch of direct road connections from Spain to France, Italy, Switzerland, Austria; new Tel Aviv and Malta flights
- New healthcare hub in the Netherlands operational

## Invest in operational excellence

- Realise the Perfect Transaction
- Increase efficiency and productivity in Network Operations
- Transform IT and Global Business Services
- Prioritise Health & Safety practices

- Improved on-time delivery performance
- 2Q15 CAPEX €96 million (5.5% of group revenues)
- Investments in sorting machines, vehicles and IT
- New hubs/depots will enter operations in Madrid, Eindhoven, Swindon, Brisbane and Melbourne in 2H15

## Organise to win

- Local Customer Focus, Global Business Services
- Integrated European Express organisation, focused Domestic organisation
- Strengthen leadership performance culture

- Signature of BPO contract as part of plan to establish Global Business Services (GBS)
- Started outsourcing of IT infrastructure services
- Sales organisation strengthened

## 2Q15 & YTD statement of income

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Revenues	1,757	1,655	6.2	3,379	3,256	3.8
Reported operating income / (loss)	19	3	533.3	8	18	-55.6
One-offs	22	67	-67.2	34	95	-64.2
Adjusted operating income / (loss)	41	70	-41.4	42	113	-62.8
Net financial (expense) / income	(5)	(6)	16.7	(11)	(9)	-22.2
Results from associates and JVs	2	2	0.0	4	4	0.0
Income taxes	(16)	2		(20)	(12)	
<i>Effective tax rate</i>				2000.0%	92.3%	
Profit / (loss) for the period	0	1		(19)	1	

- 2Q15 reported revenues up 6.2%
- Currency comparable revenue growth was 2.1%
- Underlying comparable revenue growth of 4.1%, after adjusting for currency effects, lower fuel surcharges and disposals
- 2Q15 operating income includes restructuring and other charges of €22 million
- Adjusted operating income of €41 million includes Outlook-related transition costs (€15 million)

## 2Q15 & YTD statement of cash flows

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Cash generated from / (used in) operations	63	65	-3,1	(30)	29	-203.4
Net cash from / (used in) operating activities	26	(11)	336.4	(85)	(75)	-13.3
Net cash from / (used in) investing activities	(77)	12	-747.7	(128)	2	
Net cash from / (used in) financing activities	(17)	(8)	-112.5	(6)	(23)	-73.9
Total changes in cash	(68)	(7)	-871.4	(219)	(100)	-119
Net cash	261	395	-33.9	261	395	-33.9

- CAPEX €96 million (5.5% of revenues), compared with €37 million in 2Q14 (2.2% of revenues)
- Trade working capital 8.5% of revenues at end of 2Q15
- Net cash position of €261 million reflects higher capex, in line with strategy

# International Europe

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Revenues	719	684	5.1	1,382	1,356	1.9
Adjusted operating income	28	43	-34.9	36	74	-51.4
Adjusted operating income margin (%)	3.9	6.3		2.6	5.5	
Avg daily cons ('000)	253	243	4.1	248	244	1.6
RPC (€) (at constant FX @avg14)	45.3	45.5	-0.4	44.8	44.9	-0.2
Avg daily kilos ('000)	8,788	8,263	6.4	8,592	8,232	4.4
RPK (€) (at constant FX @avg14)	1.30	1.34	-3.0	1.29	1.33	-3.0

- Currency comparable revenue growth of 3.9%, underlying revenue growth\* of 5.7%
- Higher revenues from SMEs, driven by business development and improved service levels
- Adjusted operating income of €28 million affected by Outlook-related transition costs (€8 million), costs of introducing new road and air services, higher US\$ denominated air network costs (€7 million)



\* Adjusted for positive FX effects and negative impact from lower fuel surcharges

# International AMEA

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Revenues	257	221	16.3	490	420	16.7
Adjusted operating income	21	18	16.7	30	23	30.4
Adjusted operating income margin (%)	8.2	8.1		6.1	5.5	
Avg daily cons ('000)	58	60	-3.3	57	59	-3.4
RPC (€) (at constant FX @avg14)	60.0	59.5	0.8	59.4	57.2	3.8
Avg daily kilos ('000)	1,323	1,199	10.3	1,243	1,136	9.4
RPK (€) (at constant FX @avg14)	2.65	2.98	-11.1	2.70	2.98	-9.4

- Currency comparable revenue growth of -1.8%, underlying revenue growth\* was flat
- Revenues and volumes affected by sharp decline in China's exports
- Revenue per consignment increased slightly (+0.8%), helped by higher average daily weights (+10.3%)
- Adjusted operating income of €21 million, €3 million higher YoY, supported by ongoing Outlook improvement initiatives

\* Adjusted for positive FX effects and negative impact from lower fuel surcharges

# Domestics

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Revenues	655	630	4.0	1,276	1,225	4.2
Adjusted operating income / (loss)	(1)	20		(5)	35	
Adjusted operating income margin (%)	-0.2	3.2		-0.4	2.9	
Avg daily cons ('000)	673	639	5.3	665	634	4.9
RPC (€) (at constant FX @avg14)	15.3	15.9	-3.8	15.0	15.6	-3.8
Avg daily kilos ('000)	13,383	13,331	0.4	13,135	13,154	-0.1
RPK (€) (at constant FX @avg14)	0.77	0.76	1.3	0.76	0.75	1.3

- Currency comparable revenue growth of 1.1%, underlying revenue growth\* of 1.7%
- Higher revenues from SMEs, supported by improved service levels
- Higher volumes offset by lower selling prices
- Adjusted operating income of €(1) million due to pricing pressures (particularly in France, Brazil and Australia) and Outlook-related transition costs (€5 million)
- Ongoing initiatives to increase productivity, reduce the cost base and increase revenues from SMEs

\* Adjusted for positive FX effects and negative impact from lower fuel surcharges



# Unallocated

<i>(€m) @ respective rates</i>	2Q15	2Q14	%chg YoY	1H15	1H14	%chg YoY
Revenues	128	121	5.8	235	259	-9.3
Adjusted operating income / (loss)	(7)	(11)	36.4	(19)	(19)	0.0

- The Unallocated segment consists of Other Networks (TNT Innight), Central Networks and corporate head office functions
- Reported revenues up 5.8%
- Adjusted operating loss for the second quarter was €7 million, compared with €11 million in 2Q14

# No interim dividend planned for 1H15

- Pending the intended offer by FedEx, we are refraining from distributing a 2015 (pro forma) interim dividend to retain cash within TNT
- Should TNT pay out a 2015 (pro forma) interim dividend, the dividend amount would be subtracted from the offer price upon FedEx actually purchasing the shares from TNT's shareholders

# Guidance reiterated

- 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 between €25 million and €30 million in 3Q15



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Q & A