Press release

TNT reports third quarter 2015 results

- *Substantial progress made toward European Commission clearance of FedEx offer*
- *Reported revenue growth of 2.3%; underlying revenue growth of 3.6%*
- *Continued growth of revenues from SMEs; improved service performance*
- *Adjusted operating income of €13m includes Outlook-related transition costs*
- *Capex investments of €62m (3Q14: €41m) in Q3; Outlook investment programme on track*
- *Completed outsourcing of IT infrastructure to selected partners*
- *Net cash position of €223m*

Amsterdam, The Netherlands, 26 October 2015 – TNT today reported third quarter revenues of €1,674 million, up 2.3% year-on-year, and a negative operating income of €27 million, compared with a negative operating income of €51 million for the third quarter of 2014.

Currency comparable revenue growth was 1.8%. Underlying revenue growth, excluding currency effects and the negative impact of lower fuel surcharges, was 3.6%, reflecting higher revenues from SMEs, particularly in the International Europe segment. The economic volatility in Australia, China and Brazil weighed on TNT's revenues and overall performance in these parts of the world.

Operating income includes net one-off charges of €40 million, including restructuring charges of €23 million.

TNT's adjusted operating income was €13 million in the third quarter, compared with €46 million for the same period of last year. Operating result was affected by pricing pressures, Outlook-related transition and project costs (€8 million), and costs to enhance service capabilities. TNT experienced lower margins in France in particular.

Capital expenditures increased to €62 million (or 3.7% of revenues) in the third quarter of 2015 from €41 million (2.5% of revenues) in the same period of 2014. During the quarter, TNT successfully opened three new automated sorting facilities in Madrid, Swindon and Eindhoven, while upgrading existing ones as part of its Perfect Depot project.

The net cash position of €223 million at quarter-end (2Q15: €261 million) reflects the investments made as part of the Outlook strategy.

Tex Gunning, TNT's Chief Executive Officer, said: "Substantial progress has been made in the recommended acquisition of TNT by FedEx: TNT shareholders have approved the resolutions of the Extraordinary General Meeting. We have been informed by the European Commission that it will not issue a Statement of Objections. We continue to support FedEx in obtaining all necessary approvals and expect the transaction to close in the first half of 2016. At the same time we remain focused on executing our Outlook strategy to transform and turn TNT around. Revenue growth from SMEs continued in the third quarter. Service performance and customer satisfaction further improved. Our investments in IT and productivity are on track. As said, time is needed for these profound transformations to influence the bottom line. 2015 is a transition year for TNT. We expect to see year-on-year margin improvements from 2016 onwards."

Summary: Consolidated results

in million euros and @ respective rates

	Notes	Reported			Adjusted (non-GAAP)[1]		
		3Q15	3Q14	*%chg*	**3Q15**	3Q14	*%chg*
Revenues		**1,674**	1,637	*2.3*			
Operating income/(loss)	(2)	**(27)**	(51)	*47.1*	**13**	46	*-71.7*
Operating income margin (%)		***-1.6***	*-3.1*		***0.8***	*2.8*	
Profit/(loss) equity holders of the parent		**(49)**	(55)	*10.9*			
Cash generated from operations		**32**	86	*-62.8*			
Net cash from/(used in) operating activities		**1**	71	*-98.6*			
Net cash from/(used in) investing activities		**13**	(33)				
Net cash		**223**	414	*-46.1*			

Notes: Non-GAAP adjustments

(1) As from year-end 2014 the definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate

(2) 3Q15: €23m restructuring related, €10m PP&E impairment, €2m fair value adjustment fleet Brazil, €6m other cost, €(1)m profit on sale of SSC Mauritius

(2) 3Q14: €37m restructuring related, €9m implementation cost, €1m software impairments, €50m provision French competition case

International Europe segment

in million euros and @ respective rates	3Q15	3Q14	%chg	YTD'15	YTD'14	%chg
Revenues	693	664	4.4	2,075	2,020	2.7
Comparable revenue growth (%)(1)	4.4	1.7		1.9	1.6	
Operating income/(loss)	(2)	7		19	52	-63.5
One-offs	16	15	6.7	31	44	-29.5
Adjusted operating income/(loss)	14	22	-36.4	50	96	-47.9
Adjusted operating income margin (%)	2.0	3.3		2.4	4.8	
Average consignments per day ('000)	238	224	6.3	244	237	3.0
Revenue per consignment (€)(2)	44.9	45.5	-1.3	44.8	45.1	-0.7
Average kilos per day ('000)	8,419	7,825	7.6	8,532	8,092	5.4
Revenue per kilo (€)(2)	1.27	1.31	-3.1	1.28	1.32	-3.0

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

International Europe's revenues were €693 million, up 4.4% from last year's third quarter.

Currency comparable revenue growth was also 4.4%. Adjusted for the negative impact of lower fuel surcharges (-2.1%), the segment's underlying revenue growth was 6.5%, driven primarily by higher revenues from SMEs, but revenue growth remains uneven across Europe. Average daily consignments grew 6.3%. Revenue per consignment was down 1.3% due to lower fuel surcharges and price pressures in some markets.

International Europe's adjusted operating income for the third quarter of 2015 was €14 million, down from €22 million a year ago. The decrease reflects transition and Outlook project costs (€2 million), the costs of introducing new services or upgrading existing ones, such as the expansion of TNT's air network coverage and pre-noon delivery service in the Nordic countries. The stronger US dollar led to higher air network costs than prior year.

International AMEA segment

in million euros and @ respective rates	3Q15	3Q14	%chg	YTD'15	YTD'14	%chg
Revenues	242	228	6.1	732	648	13.0
Comparable revenue growth (%)(1)	-3.9	-16.3		-2.5	-17.5	
Operating income/(loss)	11	7	57.1	39	29	34.5
One-offs	3			5	1	
Adjusted operating income/(loss)	14	7		44	30	46.7
Adjusted operating income margin (%)	5.8	3.1		6.0	4.6	
Average consignments per day ('000)	55	57	-3.5	56	59	-5.1
Revenue per consignment (€)(2)	61.9	61.2	1.1	60.2	58.5	2.9
Average kilos per day ('000)	1,218	1,147	6.2	1,234	1,140	8.2
Revenue per kilo (€)(2)	2.77	3.06	-9.5	2.73	3.01	-9.3

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

International AMEA revenues rose 6.1% to €242 million, mainly due to favourable currency effects.

Currency comparable revenue growth was -3.9%. Adjusted for positive currency effects and the negative impact of lower fuel surcharges (-4.0%), the segment's underlying revenue growth was roughly flat compared with last year.

The segment's revenues were affected by the drop in China's exports, especially to Europe, as exports products make up for more than 70% of TNT's revenues in Greater China, the segment's largest unit.

Service quality continued to improve over last year, with on-time delivery performance 6 percentage points higher than in the third quarter of 2014. The segment also continued to grow revenues from SMEs.

As in the first half of 2015, International AMEA transported fewer but heavier consignments compared to the prior year. Average daily weights rose by 6.2%, which reflects the growth of higher weight Economy freight shipments and a continued trend of falling document volumes. Revenue per consignment rose slightly year-on-year (1.1%).

Adjusted operating income increased by €7 million to €14 million, supported by cost management initiatives.

Domestics segment

in million euros and @ respective rates	3Q15	3Q14	%chg	YTD'15	YTD'14	%chg
Revenues	615	632	-2.7	1,891	1,857	1.8
Comparable revenue growth (%)(1)	-0.3	1.7		0.1	-0.6	
Operating income/(loss)	(19)	7		(34)	(11)	
One-offs	16	16	0.0	26	69	-62.3
Adjusted operating income/(loss)	(3)	23		(8)	58	
Adjusted operating income margin (%)	-0.5	3.6		-0.4	3.1	
Average consignments per day ('000)	608	593	2.5	645	620	4.0
Revenue per consignment (€)(2)	15.9	16.4	-3.0	15.3	15.8	-3.2
Average kilos per day ('000)	12,713	12,778	-0.5	12,989	13,025	-0.3
Revenue per kilo (€)(2)	0.76	0.76	0.0	0.76	0.75	1.3

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

The Domestics segment reported revenues of €615 million, down 2.7% from last year, as lower revenues in Brazil and Australia more than offset revenue growth in Europe.

Underlying revenue growth, excluding currency effects and the negative impact of lower fuel surcharges, was 0.6%.

Revenues from SMEs improved year-on-year in all units, supported by better service quality. On-time delivery performance was 2 percentage points higher than in 2014.

Domestics average daily consignments increased by 2.5%. Revenue per consignment improved sequentially, but declined 3.0% year-on-year due to pricing pressures, lower fuel surcharges and customer mix effects.

Adjusted operating income decreased by €26 million to €(3) million. The decline is attributable to lower sales in Brazil and Australia, lower yields -particularly in France and Australia- and Outlook-related transition and project costs. To adjust to the economic recession, Brazil management took cost-reduction measures, which helped protect margins. TNT's performance in France was affected by competitive pressures and higher B2C delivery cost. TNT also faced competitive pressures in Australia, compounded by the drop in commodity markets, and the ongoing cost of modernising the Australian infrastructure. During the fourth quarter, TNT will ramp up activities at two new hubs in Melbourne and Brisbane to enhance service to customers and productivity.

Unallocated segment

in million euros and @ respective rates	3Q15	3Q14	%chg	YTD'15	YTD'14	%chg
Revenues	127	117	8.5	362	376	-3.7
Comparable revenue growth (%)(1)	8.5	-19.9		-3.7	-10.9	
Operating income/(loss)	(17)	(72)	76.4	(43)	(103)	58.3
One-offs	5	66	-92.4	12	78	-84.6
Adjusted operating income/(loss)	(12)	(6)		(31)	(25)	-24.0
Adjusted operating income margin (% of tot. TNT rev.)	-0.7	-0.4		-0.6	-0.5	

(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 8.5% year-on-year to €127 million. Adjusted operating income was minus €12 million, compared with minus €6 million in the third quarter of 2014. This result includes transition costs of €4 million related to the establishment of Global Business Services, a three-year, strategic Outlook project.

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 about €10 million in the fourth quarter of 2015.

3Q15 segmental performance overview

in million euros and @ respective rates		Reported				Adjusted (non-GAAP)[1]		
Revenues (€m)	Notes	3Q15	3Q14	%chg	One-offs	3Q15	3Q14	%chg
International Europe		693	664	4.4				
International AMEA		242	228	6.1				
Domestics		615	632	-2.7				
Unallocated		127	117	8.5				
Elimination		(3)	(4)	25.0				
Total		1,674	1,637	2.3				
Operating income (€m)								
International Europe	(2)	(2)	7		16	14	22	-36.4
International AMEA	(3)	11	7	57.1	3	14	7	
Domestics	(4)	(19)	7		16	(3)	23	
Unallocated	(5)	(17)	(72)	76.4	5	(12)	(6)	
Total		(27)	(51)	47.1	40	13	46	-71.7
Operating income margin (%)								
International Europe		-0.3	1.1			2.0	3.3	
International AMEA		4.5	3.1			5.8	3.1	
Domestics		-3.1	1.1			-0.5	3.6	
Unallocated (% of total TNT revenues)		-1.0	-4.4			-0.7	-0.4	
Total		-1.6	-3.1			0.8	2.8	

Notes: Non-GAAP adjustments
(1) As from year-end 2014 the definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate
(2) 3Q15: €6m restructuring related, €10m PP&E impairment
(2) 3Q14: €15m restructuring related
(3) 3Q15: €1m restructuring related, €2m other cost
(4) 3Q15: €15m restructuring related, €2m fair value adjustment fleet Brazil, €(1)m profit on sale of SSC Mauritius
(4) 3Q14: €16m restructuring related
(5) 3Q15: €1m restructuring related, €4m other cost
(5) 3Q14: €6m restructuring related, €9m implementation cost, €1m software impairments, €50m provision French competition case

Year-to-date performance commentary

2015 is a challenging year of transition for TNT, as the company takes structural measures to transform its business under the Outlook strategy. For the first nine months of 2015, revenues were €5,053 million, a year-on-year increase of 3.3%.

Adjusted operating income for the first nine months of 2015 was €55 million, down 65.4% from the year-ago number. Profitability was affected by transition costs related to the execution of the Outlook strategy, lower volumes from international accounts and pricing pressures.

Summary: Consolidated results

in million euros and @ respective rates	Notes	Reported			Adjusted (non-GAAP)[1]		
		YTD'15	YTD'14	%chg	YTD'15	YTD'14	%chg
Revenues		5,053	4,893	3.3			
Operating income/(loss)	(2)	(19)	(33)	42.4	55	159	-65.4
Operating income margin (%)		-0.4	(0.7)		1.1	3.2	
Profit/(loss) equity holders of the parent		(69)	(58)	-19.0			
Cash generated from operations		2	115	-98.3			
Net cash from/(used in) operating activities		(84)	(4)				
Net cash from/(used in) investing activities		(115)	(35)				
Net cash		223	414	-46.1			

Notes: Non-GAAP adjustments

(1) As from year-end 2014 the definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate

(2) YTD'15: €51m restructuring related, €10m PP&E impairment, €2m fair value adjustment fleet Brazil, €12m other cost, €(1)m profit on sale of SSC Mauritius

(2) YTD'14: €112m restructuring related, €27m implementation cost, €(7)m profit on sale of Fashion Group BV, €9m impairment and depreciation Brazil Domestic, €1m software impairments, €50m provision French competition case

in million euros and @ respective rates	Notes	Reported				Adjusted (non-GAAP)[1]		
Revenues (€m)		YTD'15	YTD'14	%chg	One-offs	YTD'15	YTD'14	%chg
International Europe		2,075	2,020	2.7				
International AMEA		732	648	13.0				
Domestics		1,891	1,857	1.8				
Unallocated		362	376	-3.7				
Elimination		(7)	(8)	12.5				
Total		5,053	4,893	3.3				
Operating income (€m)								
International Europe	(2)	19	52	-63.5	31	50	96	-47.9
International AMEA	(3)	39	29	34.5	5	44	30	46.7
Domestics	(4)	(34)	(11)		26	(8)	58	
Unallocated	(5)	(43)	(103)	58.3	12	(31)	(25)	-24.0
Total		(19)	(33)	42.4	74	55	159	-65.4
Operating income margin (%)								
International Europe		0.9	2.6			2.4	4.8	
International AMEA		5.3	4.5			6.0	4.6	
Domestics		-1.8	-0.6			-0.4	3.1	
Unallocated (% of total TNT revenues)		-0.9	-2.1			-0.6	-0.5	
Total		-0.4	-0.7			1.1	3.2	

Notes: Non-GAAP adjustments

(1) As from year-end 2014 the definition of adjusted operating income has changed from constant foreign exchange rate to respective foreign exchange rate

(2) YTD'15: €21m restructuring related, €10m PP&E impairment

(2) YTD'14: €44m restructuring related

(3) YTD'15: €3m restructuring related, €2m other cost

(3) YTD'14: €1m restructuring related

(4) YTD'15: €25m restructuring related, €2m fair value adjustment fleet Brazil, €(1)m profit on sale of SSC Mauritius

(4) YTD'14: €60m restructuring related, €9m impairment and depreciation Brazil Domestic

(5) YTD'15: €2m restructuring related, €10m other cost

(5) YTD'14: €7m restructuring related, €27m implementation cost, €1m software impairments, €(7)m profit on sale of Fashion Group BV, €50m provision French competition case

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 26 September 2015. Where material to an understanding of the period starting 1 January 2015 and ending 26 September 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 or reviewed by an external auditor.

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 consists of Other Networks (TNT Innight), Central Networks, IT 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 nine months of 2015 (ended 26 September) and 2014 (ended 27 September):

in €millions	International Europe	International AMEA	Domestics	Unallocated	Inter-company	**Total**
Q3 2015 ended at 26 September 2015						
Net sales	2,061	726	1,889	193		4,869
Inter-company sales	3		1	3	(7)	0
Other operating revenues	11	6	1	166		184
Total operating revenues	2,075	732	1,891	362	(7)	5,053
Other income/(loss)			3	2		5
Depreciation/impairment property, plant and equipment	(28)	(8)	(42)	(46)		(124)
Amortisation/impairment intangibles	(2)	(2)	(5)	(20)		(29)
Operating income	19	39	(34)	(43)		(19)
Total assets	1,294	613	1,332	980		4,219
Q3 2014 ended at 27 September 2014						
Net sales	2,010	643	1,854	239		4,746
Inter-company sales	3		2	3	(8)	0
Other operating revenues	7	5	1	134		147
Total operating revenues	2,020	648	1,857	376	(8)	4,893
Other income/(loss)	1		4	10		15
Depreciation/impairment property, plant and equipment	(18)	(7)	(43)	(36)		(104)
Amortisation/impairment intangibles	(1)	(2)	(6)	(17)		(26)
Operating income	52	29	(11)	(103)		(33)
Total assets	1,418	567	1,201	1,134		4,320

Consolidated statement of financial position

in € millions	Notes	26 Sep 2015	31 Dec 2014
Assets			
Non-current assets			
Intangible assets			
Goodwill		1,005	1,007
Other intangible assets		130	110
Total	(1)	1,135	1,117
Property, plant and equipment			
Land and buildings		415	441
Plant and equipment		250	204
Aircraft		129	156
Other		75	87
Construction in progress		98	50
Total	(2)	967	938
Financial fixed assets			
Investments in associates and joint ventures		16	17
Other loans receivable		2	2
Deferred tax assets		177	198
Other financial fixed assets		14	14
Total		209	231
Pension assets	(3)	7	4
Total non-current assets		2,318	2,290
Current assets			
Inventory		11	11
Trade accounts receivable		1,015	968
Accounts receivable		137	127
Income tax receivable		60	46
Prepayments and accrued income		220	182
Cash and cash equivalents	(6)	435	652
Total current assets		1,878	1,986
Assets classified as held for disposal	(4)	23	1
Total assets		4,219	4,277
Liabilities and equity			
Equity			
Equity attributable to the equity holders of the parent		2,189	2,180
Non-controlling interests		10	12
Total equity	(5)	2,199	2,192
Non-current liabilities			
Deferred tax liabilities		6	10
Provisions for pension liabilities	(3)	190	222
Other provisions	(7)	85	94
Long-term debt	(6)	172	166
Accrued liabilities		5	4
Total non-current liabilities		458	496
Current liabilities			
Trade accounts payable		449	471
Other provisions	(7)	175	218
Other current liabilities		305	290
Income tax payable		28	52
Accrued current liabilities		605	558
Total current liabilities		1,562	1,589
Liabilities related to assets classified as held for disposal	(4)	0	0
Total liabilities and equity		4,219	4,277

Consolidated income statement

in € millions	Notes	3Q15	3Q14	YTD'15	YTD'14
Net sales		1,609	1,586	4,869	4,746
Other operating revenues		65	51	184	147
Total revenues		1,674	1,637	5,053	4,893
Other income/(loss)	(8)	2	3	5	15
Cost of materials		(90)	(104)	(270)	(298)
Work contracted out and other external expenses		(971)	(899)	(2,855)	(2,645)
Salaries and social security contributions		(510)	(516)	(1,570)	(1,595)
Depreciation, amortisation and impairments		(57)	(42)	(153)	(130)
Other operating expenses		(75)	(130)	(229)	(273)
Total operating expenses		(1,703)	(1,691)	(5,077)	(4,941)
Operating income		(27)	(51)	(19)	(33)
Interest and similar income		4	3	12	8
Interest and similar expenses		(18)	(9)	(37)	(23)
Net financial (expense)/income	(10)	(14)	(6)	(25)	(15)
Results from investments in associates and joint ventures		0	2	4	6
Profit/(loss) before income taxes		(41)	(55)	(40)	(42)
Income taxes	(9)	(10)	(1)	(30)	(13)
Profit/(loss) for the period		(51)	(56)	(70)	(55)
Attributable to:					
Non-controlling interests		(2)	(1)	(1)	3
Equity holders of the parent		(49)	(55)	(69)	(58)
Earnings per ordinary share (in € cents) [1]		(8.9)	(10.1)	(12.6)	(10.6)

[1] Based on an average of 548,559,982 of outstanding ordinary shares (2014: 545,759,648)

Consolidated statement of comprehensive income

in € millions	3Q15	3Q14	YTD'15	YTD'14
Profit/(loss) for the period	(51)	(56)	(70)	(55)
Other comprehensive income that will not be reclassified to the income statement				
Pensions: Actuarial gains/(losses), before income tax	(103)	(53)	43	(118)
Income tax on pensions	26	13	(10)	29
Other comprehensive income items that are or may be reclassified to the income statement				
Gains/(losses) on cash flow hedges, before income tax	2	1	5	5
Income tax on gains/(losses) on cash flow hedges	(1)	(1)	(2)	(2)
Currency translation adjustment, before income tax	(24)	39	50	70
Income tax on currency translation adjustment	0	0	0	0
Total other comprehensive income	(100)	(1)	86	(16)
Total comprehensive income for the period	(151)	(57)	16	(71)
Attributable to:				
Non-controlling interests	(2)	(1)	(1)	3
Equity holders of the parent	(149)	(56)	17	(74)

Consolidated statement of cash flows

in € millions	3Q15	3Q14	YTD'15	YTD'14
Profit/(loss) before income taxes	(41)	(55)	(40)	(42)
Adjustments for:				
Depreciation, amortisation and impairments	57	42	153	130
Amortisation of financial instruments/derivatives			1	1
Share-based compensation	1	1	5	3
Investment income:				
(Profit)/loss of assets held for disposal		(2)	(3)	(5)
(Profit)/loss on sale of Group companies	(1)		(1)	(7)
Interest and similar income	(4)	(3)	(12)	(8)
Foreign exchange (gains) and losses	8	3	9	3
Interest and similar expenses	10	6	28	20
Results from investments in associates and joint ventures		(2)	(4)	(6)
Changes in provisions:				
Pension liabilities	(2)	(1)	(2)	(7)
Other provisions	(6)	65	(45)	85
Changes in w orking capital:				
Inventory				
Trade accounts receivable	37	1	(51)	(18)
Accounts receivable	4	(10)	(11)	(31)
Other current assets	(1)	(6)	(70)	(68)
Trade accounts payable	(41)	37	(23)	(20)
Other current liabilities excluding short-term financing and taxes	11	10	68	85
Cash generated from/(used in) operations	32	86	2	115
Interest paid	(9)	(5)	(26)	(18)
Income taxes received/(paid)	(22)	(10)	(60)	(101)
Net cash from/(used in) operating activities	1	71	(84)	(4)
Interest received	5	3	13	8
Acquisition of subsidiaries and joint ventures				(1)
Disposal of subsidiaries and joint ventures	2		2	39
Capital expenditure on intangible assets	(14)	(12)	(46)	(30)
Disposal of intangible assets		1	1	3
Capital expenditure on property, plant and equipment	(48)	(29)	(190)	(74)
Proceeds from sale of property, plant and equipment	17	4	25	11
Cash from financial instruments/derivatives	52	(2)	57	2
Other changes in (financial) fixed assets	1	1	19	3
Dividends received			5	4
Other	(2)	1	(1)	
Net cash from/(used in) investing activities	13	(33)	(115)	(35)
Proceeds from long-term borrow ings	1	1	2	1
Proceeds from short-term borrow ings	8	(3)	48	23
Repayments of short-term borrow ings	(16)	(5)	(40)	(39)
Repayments of finance leases	(3)	(2)	(14)	(10)
Dividends paid		(14)	(12)	(21)
Net cash from/(used in) financing activities	(10)	(23)	(16)	(46)
Total changes in cash	4	15	(215)	(85)

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					(58)	(58)	3	(55)
Other comprehensive income/(loss)			73	(89)		(16)		(16)
Total comprehensive income/(loss)			73	(89)	(58)	(74)	3	(71)
Final dividend previous year		(7)				(7)		(7)
Interim dividend		(15)				(15)		(15)
Compensation retained earnings		(125)			125			
Legal reserves reclassifications			5	(5)				
Share-based payments				3		3		3
Stock dividend	0	(0)						
Total direct changes in equity	0	(147)	5	(2)	125	(19)		(19)
Balance at 27 September 2014	44	2,500	(6)	(160)	(58)	2,320	10	2,330
Balance at 31 December 2014	44	2,500	12	(181)	(195)	2,180	12	2,192
Profit/(loss) for the period					(69)	(69)	(1)	(70)
Other comprehensive income/(loss)			53	33		86		86
Total comprehensive income/(loss)			53	33	(69)	17	(1)	16
Final dividend previous year		(12)				(12)		(12)
Compensation retained earnings		(195)			195			
Legal reserves reclassifications			5	(5)				
Share-based payments				5		5		5
Stock dividend	0	(0)						
Other					(1)	(1)	(1)	(2)
Total direct changes in equity	0	(207)	5	0	194	(8)	(1)	(9)
Balance at 26 September 2015	44	2,293	70	(148)	(70)	2,189	10	2,199

[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	46	30
Disposals	(1)	(3)
Amortisation	(29)	(26)
Exchange rate differences	2	4
Transfers from/(to) assets held for disposal	0	3
Balance at end of period (26 Sept. 2015, 27 Sept. 2014)	1,135	1,145

The intangible assets of €1,135m consist of goodwill for an amount of €1,005m and other intangibles for an amount of €130m.

The additions to the intangible assets of €46m (2014: 30) 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	190	74
Capital expenditures in financial leases/other	13	6
Disposals	(5)	(3)
Depreciation	(114)	(100)
Impairment	(10)	(4)
Exchange rate differences	(4)	23
Transfers from/(to) assets held for disposal	(41)	18
Balance at end of period (26 Sept. 2015, 27 Sept. 2014)	967	902

Total capital expenditures of €203m consist of investments within International Europe of €30m, International AMEA of €12m, Domestics of €123m and Unallocated of €38m. 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 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 26 September 2015 TNT has entered into several capital expenditure commitments amounting to €31m (December 2014: 49), primarily related to vehicle replacement and upgrading of operational equipment.

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 26 September 2015, the pension asset is €7m (2014: 4) and the pension liability is €190m (2014: 222). In the first nine months, ending 26 September 2015, the net pension liability decreased significantly due to a higher discount rate of 2.55% per September 2015 versus 2.3% per December 2014. Total Defined Benefit Obligation decreases with €43m through other comprehensive income (or €33m net of tax) thus increasing the group equity with €33m.

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 €23m (2014: 1) and relate to buildings of €21m (2014: 0) and vehicles of €2m (2014: 1).

There are no liabilities related to assets classified as held for disposal as at 26 September 2015.

(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. The activities in the service centres of Poland and India were transferred on 1 September 2015.

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 profit on sale as reported in Other Income (within Domestics) amounted to €1m.

(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 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

As 26 September 2015, total equity comprises of equity attributable to equity holders of the parent of €2,189m (2014: 2,180) and non-controlling interests of €10m (2014: 12).

This increase of €9m in equity attributable to equity holders of the parent is mainly related to the positive impact from currency translation results (€50m), actuarial gains on pensions (net of tax) (€33m) and share-based payments (€5m). The increase is largely offset by the loss for the period (attributable to equity holders of the parent) (€69m) and the final 2014 dividend payments (€12m).

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 26 September 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 26 September 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	26 Sep 2015	31 Dec 2014
Short-term debt	40	37
Long-term debt	172	166
Total interest bearing debt	212	203
Cash and cash equivalents	(435)	(652)
Net debt/(cash)	(223)	(449)

The net cash position per 26 September 2015 decreased by €226m compared to 31 December 2014. The decrease reflects the negative change in cash of €217m and new lease liabilities of €12m offset by repayments of leases and various cash and non-cash items of €3m. The short-term debt position includes the net asset value for derivatives amounting to €2m (2014: 13). The decrease in net asset value for derivatives which mainly relates to the settlement of the cross currency swap (2014: 15) is the main reason for the increase in the short-term debt position, although mostly offset by decreases in short term bank debt. The negative total changes in cash of €217m is due to net cash used in operating activities of €84m, net cash used in investing activities of €115m, net cash used in financing activities of €16m and €2m of negative 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 26 September 2015 decreased by €52m compared to 31 December 2014 as specified hereafter.

in €millions	2015	2014
Balance at 1 January	312	188
Additions	60	172
Withdrawals/releases	(106)	(87)
Exchange rate differences	(6)	5
Transfers from/(to) liabilities held for disposal		22
Balance at end of period (26 Sept. 2015, 27 Sept. 2014)	260	300

The additions of €60m relate to restructuring (€38m), long-term employment benefits (€7m), claims indemnities (€3m) and other movements (€12m).

The withdrawals/releases of €106m relate to restructuring (€77m), long-term employment benefits (€4m), claims indemnities (€3m) and other movements (€22m).

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 €5m is related to the profit on the sale of TNT Business Solutions Ltd. of €1m and other assets held for disposal of €4m.

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 €5m and miscellaneous items of €3m.

9. TAXES

The tax expense in the first nine months of 2015, ending 26 September 2015 amounted to €30m (2014: 13). This €30m 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 €30m and the profit before tax of €-40m leads to the effective tax rate of -75% in the first nine months of 2015 (2014: -31%). The Dutch statutory tax rate is 25% (2014: 25%), the effect of the other statutory tax rates is 12.0% (2014: 19.8%). The mix of income from countries in which TNT operates resulted in a weighted average statutory tax rate of 37.0%. Non deductible costs adversely affected the effective tax rate by 23.6 percentage points.

10. NET FINANCIAL (EXPENSE) / INCOME

The net financial expenses of €25m (2014: 15) consist of interest expenses from long-term borrowings of €7m (2014: 6), net interest expenses on foreign currency hedges of €5m (2014: 6), other interest expenses of €4m (2014: 0) and foreign exchange losses of €9m (2014: 3) of which €6m this quarter was related to realised currency translation adjustments on liquidated foreign investments.

11. LABOUR FORCE

Employees	26 Sep 2015	31 Dec 2014
International Europe	15,160	15,205
International AMEA	9,047	9,260
Domestics	27,105	27,864
Unallocated	4,806	5,963
Total	56,118	58,292
Average FTEs	**YTD 2015**	**YTD 2014**
International Europe	13,785	13,200
International AMEA	9,490	9,497
Domestics	27,885	28,864
Unallocated	5,249	6,164
Total	56,409	57,725

The average number of full time equivalents working in TNT during the first nine months ending 26 September 2015 was 56,409, a decrease of 1,316 compared to YTD 2014.

This was mainly due to the restructuring in Brazil, the outsourcing of IT activities, the transfer of in-house shared service centres to TNT’s BPO provider and the sale of TNT Fashion Group B.V. in the second quarter of 2014. The presented figures are excluding joint ventures and external agency staff.

12. 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 the settlement of the cross currency swap and increased volatility of foreign currency rates. Due to the settlement of the cross currency swap, the asset value recorded under current assets in prepayments and accrued income decreased with €15m to zero (31 December 2014: 15). The fair value of the interest rate swaps of €9m (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.

13. RELATED PARTIES

Purchases of TNT from joint ventures amounted to €19m (2014: 20). During the nine months of 2015, ending 26 September, €26m (2014: 20) sales were made by TNT companies to its joint ventures.

At 26 September 2015, net amounts due to the joint venture entities amounted to €15m (27 September

2014: 20). Net amounts due to associated companies amounted to €0m (27 September 2014: 0).

As per AFM-register at 26 september 2015, TNT is owned by PostNL N.V. ("PostNL") for approximately 14.6% based on TNT's current issued 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.

14. SUBSEQUENT EVENTS

Extraordinary General Meeting

On 5 October 2015 an Extraordinary General Meeting of shareholders (EGM) was held to discuss the recommended public offer by FedEx Acquisition B.V., an indirect wholly-owned subsidiary of FedEx Corporation. The Executive Board and Supervisory Board of TNT Express restated their support and recommendation for FedEx’s offer, which is set to provide compelling benefits and opportunities to TNT’s customers, employees and shareholders. Accordingly, the Boards recommended to shareholders to tender their shares pursuant to the offer.

Furthermore, the general meeting resolved to adopt the following resolutions:

- Conditional Asset Sale and Liquidation
- Conditional amendment of TNT Express’ articles of association as per the Settlement Date
- Conditional conversion of TNT Express in a B.V. and amendment of the Articles of Association as per the date of delisting from Euronext Amsterdam and pursuant to the conversion
- Conditional appointment of Mr. D. Cunningham, Ms. C.P. Richards and Mr. D. Bronczek as members of the Supervisory Board as per the Settlement Date
- Conditional appointment of Mr. D. Binks and Mr. M. Allen as member of the Executive Board as per the Settlement Date
- Conditional amendment of the 2014 remuneration policy of the Executive Board to make changes to the remuneration of Mr. De Vries as per the Settlement Date
- Conditional granting of full and final discharge from liability to all members of the Supervisory Board for their functioning until the date of the EGM, as per the Settlement Date: Mr A. Burgmans, Mr. S. Levy, Ms. M.E. Harris, Mr. R. King, Ms. M.A. Scheltema and Mr. S.S. Vollebregt
- Conditional granting of full and final discharge from liability to all members of the Executive Board for their functioning until the date of the EGM, as per the Settlement Date: Mr L.W. Gunning and Mr. M.J. de Vries

Shareholders have the opportunity until 30 October 2015 17:40 CET to tender their Shares under the Offer, unless the Acceptance Period is extended.

FedEx and TNT Update competition process

FedEx and TNT have been informed by the European Commission that no Statement of Objections will be issued. FedEx and TNT continue to expect that the Offer will close in the first half of calendar year 2016.

FINANCIAL CALENDAR

16 February 2016	Publication 4Q and FY15 results

CONFERENCE CALLS AND WEBCASTS

TNT will discuss its third 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:

http://www.tnt.com/corporate/en/site/home/investors/Financialevents/invitation.html

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:

http://www.tnt.com/corporate/en/site/home/press/invitation.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.