Deliver!

Bernard Bot – CEO a.i.
Jeroen Seyger – CFO a.i.

25 March 2013
Recent history and timeline

• Protracted merger process with UPS ended January 15
• Immediate follow up by Management Board and functions to develop comprehensive profit improvement plan
• Alignment and input Supervisory Board and proposed permanent CEO
• External publication of *Deliver!* today
• Internal explanation and cascading
• Implementation to start immediately
Agenda

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<th>Introduction – our challenges</th>
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<td>Our strengths and opportunities</td>
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<td>What we need to do – <em>Deliver!</em></td>
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<td>Finance priorities</td>
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<tr>
<td><em>Conclusion – We will Deliver!</em></td>
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</table>
### Strategic challenges and stakeholder priorities

<table>
<thead>
<tr>
<th>Strategic challenges</th>
<th>Stakeholder priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Slow European growth; erratic demand</td>
<td>• Customers: Appreciate TNT Express’ distinctive service offer; want value for money</td>
</tr>
<tr>
<td>• Blurring boundaries express and deferred</td>
<td>• Employees: Clarity about the future, stability</td>
</tr>
<tr>
<td>• Active competition</td>
<td>• Shareholders: Short-term profit improvement and value creation</td>
</tr>
<tr>
<td>• Cost inflation</td>
<td></td>
</tr>
<tr>
<td>• Too much intercontinental aircraft capacity for core volumes</td>
<td></td>
</tr>
<tr>
<td>• China and Brazil Domestic</td>
<td></td>
</tr>
<tr>
<td>• Growth B2C and direct to customer</td>
<td></td>
</tr>
</tbody>
</table>
Difficult market environment in Europe & MEA

Price pressure with growing volumes

Index: 100 = 2008 level

<table>
<thead>
<tr>
<th>Year</th>
<th>Cons</th>
<th>RPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>~95</td>
<td>~115</td>
</tr>
<tr>
<td>2009</td>
<td>~90</td>
<td>~110</td>
</tr>
<tr>
<td>2010</td>
<td>~95</td>
<td>~105</td>
</tr>
<tr>
<td>2011</td>
<td>~100</td>
<td>~100</td>
</tr>
<tr>
<td>2012</td>
<td>~105</td>
<td>~110</td>
</tr>
</tbody>
</table>

Change in mix

Average annual TNTE volume growth since 2008 (%)

- Express: ~650 basis points
- Economy: +11%
TNT Express: 2013 will remain challenging

2012: challenging conditions…

• Adjusted revenue and adjusted operating income decrease
• Positive volume development but yield pressure in Europe & MEA
• Strong cost control not enough to maintain profitability
• Better results Asia Pacific on lower revenues
• Reduction of losses in Brazil, turnaround targets not achieved

…expected to continue in 2013

• Continued negative development of operating results in Europe & MEA
• Asia Pacific and Other Americas expected to perform in line with prior year
• Other Networks profitability affected by discontinuation major Fashion contract
• Brazil performance expected to improve but still loss-making
Deliver! programme to improve profitability

Reshape portfolio
- Divest Brazil and China Domestic
- Reduce intercontinental fixed air capacity exposure

Focus on distinctive service proposition
- Focus on key areas of strength
- Grow International and Special Services, SME and single-source customers, higher weight parcels and palletised freight

Execute better
- Simplify and strengthen organisation
- Optimise operating model and realise €220 million improvements annually by 2015

Invest in infrastructure and IT
- Invest in network optimisation and automation
- Invest in business supporting and customer IT
View on 2015

Europe & MEA Operating income (%)

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<th>Year</th>
<th>Operating income (%)</th>
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<tr>
<td>2012</td>
<td>6.3</td>
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<tr>
<td>2015</td>
<td>~8</td>
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</tbody>
</table>

~2% sales growth for the period (CAGR)

- Uncertain economic climate with limited visibility
- Assumes return to normal economic conditions in Europe (moderate economic growth, 2% annual inflation)

Other

- €220 million improvements from Deliver!
- Other geographic segments contribute to profit
- Non-allocated cost ~ €25 million
- ETR ~30%
- Capex 2-3% of revenues (excluding additional investments Deliver! programme)
- Trade working capital ~8% of revenues
Agenda

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What we need to do – Deliver!

Finance priorities

Conclusion – We will Deliver!
TNT Express: distinctive service proposition

- Broadest integrated product portfolio
- Excellent service to customers
- Strong local presence
- Best European service, worldwide connections

we will **Deliver!**
Leader in European Express and Deferred
2011 European B2B parcels and freight, € billion

<table>
<thead>
<tr>
<th>Category</th>
<th>Domestic</th>
<th>Intraregional</th>
<th>Intercontinental</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express</td>
<td>28.7</td>
<td>5.5</td>
<td>2.0</td>
<td>36.2</td>
</tr>
<tr>
<td>Deferred</td>
<td>19.5</td>
<td>7.0</td>
<td>2.2</td>
<td>28.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.4</strong></td>
<td><strong>12.5</strong></td>
<td><strong>4.2</strong></td>
<td><strong>62.1</strong></td>
</tr>
</tbody>
</table>

TNTE market share
~15%
~10%
<1%
Strong position in all European markets
Intra-regional (excluding domestic) express and deferred market share, 2011 (%)

Market rank
- # 1
- # 2
- # 3
Unique integrated European Air and Road Networks

**European Air Network**
- 66 airports
- 689 weekly flights
- Late pick-up and early next-day drop-off

**European Road Network**
- 40 countries
- 556 hubs and depots
- 70% of customers by value can be reached overnight by truck
Strong worldwide capabilities
Intercontinental coverage and transit time; to/from Europe vs UPS, FedEx and DHL

Intercontinental comparison to other integrators

<table>
<thead>
<tr>
<th></th>
<th>Parcels</th>
<th>Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express</td>
<td>≈</td>
<td>≈</td>
</tr>
<tr>
<td>Economy</td>
<td>+</td>
<td>++</td>
</tr>
</tbody>
</table>

- Similar offering
- E.g., Europe to Asia TNTE covers 50 origins, 22 destinations, average speed 2.3 days, equal to average of competition

- No or only limited network proposition of competitors in Economy Freight
Operating set-up enables broad service offer

Simplified TNT Express operating system

<table>
<thead>
<tr>
<th>Customer service</th>
<th>Pick-up/collection</th>
<th>Sorting/handling</th>
<th>Transport/linehaul</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Vans</td>
<td>• Automated sorting</td>
<td>• Loose loading</td>
<td>• Vans</td>
<td></td>
</tr>
</tbody>
</table>

Parcels

<table>
<thead>
<tr>
<th>Freight</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Small trucks</td>
<td>• One desk for all services</td>
</tr>
<tr>
<td>• Trailers</td>
<td></td>
</tr>
<tr>
<td>• Forklifts</td>
<td>• Special Services for non-network solutions</td>
</tr>
<tr>
<td>• Cages and pallets</td>
<td></td>
</tr>
<tr>
<td>• Small trucks</td>
<td></td>
</tr>
<tr>
<td>• Trailers</td>
<td></td>
</tr>
</tbody>
</table>
Special Services: tailored solutions for key verticals

High-tech
- Service logistics
- Merge in transit
- Door-to-door airfreight

Automotive & Industrial
- Service logistics
- Door-to-door airfreight

Financial & Government
- Dedicated network

Healthcare
- Clinical trials
- Temperature controlled
- Hospital delivery

Lifestyle & other
- Dangerous goods
- Shop-to-shop

Revenues per vertical
- High-tech
- Automotive, Industrial
- Other
- Healthcare
- Finance Institutions, Government

Revenues per segment
- Large
- SME
- Global

100% Special Services revenue = €1 billion
Flexibility and customer focus: distinctive versus competition

Customer surveys

- Integrated freight and parcels
- Competitive prices
- Accommodating
- Personal
- Friendly
- Build relationships
- Perceived number of service destinations
- Customer interface

Product portfolio

Technology

Worldwide presence

Pricing

Customer focused

Flexible
Potential for greater operational excellence

Cost efficiency
- Further standardisation opportunities
- Automation benefits

Greater process discipline
- From local to global optimisation
- Opportunities for consolidation of utility-type activities

CIT investments
- Ease of use
- Market leading functionality
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Finance priorities

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**Deliver! programme to improve profitability**

| Reshape portfolio | • Divest Brazil and China Domestic  
|                   | • Reduce intercontinental fixed air capacity exposure |
| Focus on distinctive service proposition | • Focus on key areas of strength  
|                                               | • Grow International and Special Services, SME and single-source customers, higher weight parcels and palletised freight |
| Execute better | • Simplify and strengthen organisation  
|                | • Optimise operating model and realise €220 million improvements annually by 2015 |
| Invest in infrastructure and IT | • Invest in network optimisation and automation  
|                                      | • Invest in business supporting and customer IT |
## Reshape portfolio

### Status and next steps

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
</table>
| China domestic        | • Sale process well-advanced  
                        | • Outcome to be known imminently                                             |
| Brazil domestic       | • Sale announced and process underway  
                        | • Target sale by end of the year  
                        | • Turnaround continues; losses reduced in first two months                  |
| Fixed intercontinental air capacity | • 2x747 financial leases until 2016/17; 3x777 operating leases until 2023  
                        | • Current operation of longhaul fleet covers costs  
                        | • Various options to reduce capacity exposure being pursued                 |
Grow most profitable segments

<table>
<thead>
<tr>
<th>Service</th>
<th>Customer segment</th>
<th>Weight band</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>Corporate/global</td>
<td>Lower weight parcels</td>
</tr>
<tr>
<td>International</td>
<td>National major</td>
<td>Higher weight parcels and palletised freight</td>
</tr>
<tr>
<td>Special Services</td>
<td>SME/single source</td>
<td>Other freight</td>
</tr>
</tbody>
</table>
Simplify organisation*

Old structure

Executive Board

Functions

• HR
• ICS
• Global Networks & Operations
• Marketing & Sales

3 Regions

Countries Asia Pacific
Countries Northern Europe & North America
Countries Southern Europe, MEA & SA

New structure

Executive Board

Functional Board

• Finance
• HR
• ICS & Shared services
• Marketing & Strategy
• Networks
• Operations & Engineering
• Sales

Business Units

• AMEA**
• Australia/NZ
• Benelux
• Europe/Americas***
• France
• Germany
• Italy
• Other Networks
• UK/Ireland

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* Subject to employee representatives approvals

** Asia, Middle East, Africa: Includes Africa, Greater China, India, Japan, Korea, Middle East, South East Asia

*** Includes Austria, Chile and Spanish Speaking South America, Eastern Europe, Nordics, North America, South Eastern Europe, Spain / Portugal, Turkey, Switzerland
## Strong senior management team*

<table>
<thead>
<tr>
<th>Marketing &amp; Strategy</th>
<th>Sales</th>
<th>Operations &amp; Engineering</th>
<th>ICS &amp; Shared services</th>
<th>HR</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan Willem Breen</td>
<td>David Burton</td>
<td>Christian Drenthen</td>
<td>Guy Mason</td>
<td>Steven Scheers</td>
<td>Jeroen Seyger</td>
</tr>
<tr>
<td>&gt;20 years in Marketing &amp; Sales and strategy</td>
<td>&gt; 30 years including operations, M&amp;S and country and regional management</td>
<td>&gt;25 years in networks, operations, country and regional management</td>
<td>&gt;20 years in transport and IT</td>
<td>&gt;20 years in HR</td>
<td>&gt;20 years in risk mgmt, operations and Finance</td>
</tr>
</tbody>
</table>

* Networks t.b.a.
## Optimise operating model and realise improvements

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td>Consolidate services</td>
<td>Optimise infrastructure and increase productivity</td>
<td>Reduce indirect costs</td>
</tr>
<tr>
<td>Create regional shared service centres (Operations, Admin and IT)</td>
<td>Concentrate depots and hubs (AU, D, F, I, NL, UK)</td>
<td>Reduce Central, Regional and Business Unit indirect costs and overheads</td>
</tr>
<tr>
<td>Create excellence centres in Commercial and IT</td>
<td>Improve depot sorting and loading</td>
<td></td>
</tr>
<tr>
<td>Realise additional procurement savings</td>
<td>Optimise international air and road networks and commercial linehaul</td>
<td></td>
</tr>
</tbody>
</table>

**Targeted savings = €220 million by 2015**
Consolidate services

- Consolidate labour intensive operational data entry at depot level and local administrative back office processes in regional shared service centres
- Concentrate data centres and computer rooms
- Implement global IT service management organisation and centres of excellence for development, testing and support of ICS
- Establish Commercial centres of excellence
- Rationalise and consolidate telecom providers globally
- Capture procurement benefits
Optimise infrastructure and increase productivity

- Restructure and optimise hub and depot network in Australia, France, Germany, Italy, the Netherlands and the UK/Ireland
- Optimise depot sort and load activities by changing depot configuration and processes
- Fully roll out dynamic round planning (daily round optimisation) and PUD best practices
- Implement new air and road network blueprint
  - Optimise use of existing hub and network / linehaul capacity
  - Improve network routings
  - Realise rate reductions from global tendering
Reduce indirect costs

Indirect costs

100% = €800 million

- Finance and administration
- Facilities
- Functional management
- HR
- Management

- Apply best practice functional blueprints globally
- Streamline support functions

Indirect €100 million
Invest in infrastructure and IT

Invest in network optimisation and automation

- Historic depot footprint and instances of lack of automation
- Consolidate into fewer larger depots to reduce occupancy costs, improve process and scale efficiencies where appropriate
- Capture opportunities to automate sort in depots and hubs to increase productivity, facilitate further growth and improve service quality

Invest in business supporting and customer IT

Examples:

- Standardise connections with customer systems and processes
- Invest in simplified labelling
- Develop vertical markets/Special Services solutions
- Further support sales and customer service solutions

*Deliver!: ~€200* million in additional investments 2013-15

* Includes €175m in infrastructure and IT and an additional €25m in service consolidation
Agenda

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Our strengths and opportunities

What we need to do – Deliver!

Finance priorities

Conclusion – We will Deliver!
Key finance priorities

<table>
<thead>
<tr>
<th>Area</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>• Support <em>Deliver!</em> initiatives</td>
</tr>
<tr>
<td></td>
<td>• Continuous tax optimisation</td>
</tr>
<tr>
<td>Asset efficiency</td>
<td>• Stringent investment selection</td>
</tr>
<tr>
<td></td>
<td>• Working capital management</td>
</tr>
<tr>
<td></td>
<td>• Divest non-core</td>
</tr>
<tr>
<td></td>
<td>• Options to reduce 747/777 capital employed</td>
</tr>
<tr>
<td>Balance sheet and financing strategy</td>
<td>• Solid BBB+ / Baa1 credit rating</td>
</tr>
<tr>
<td></td>
<td>• Sufficient liquidity (cash and committed facilities)</td>
</tr>
<tr>
<td></td>
<td>• Dividend guideline: around 40% pay-out</td>
</tr>
<tr>
<td>Compliance</td>
<td>• Internal control over financial reporting expanded</td>
</tr>
<tr>
<td></td>
<td>• Risk based internal audit approach</td>
</tr>
<tr>
<td></td>
<td>• Integrated compliance function</td>
</tr>
</tbody>
</table>
## Normalised ETR

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported ETR</td>
<td>45%</td>
<td>-58%</td>
<td>272%</td>
</tr>
</tbody>
</table>

Adjustments for non-deductible impairments / costs and for current year losses for which no deferred tax assets can be recognised

+ Exclusion Brazil and China Domestic

### Adjusted ETR

<table>
<thead>
<tr>
<th></th>
<th>~30%</th>
</tr>
</thead>
</table>

- Continuous initiatives to drive cash tax down
- Target to maintain around 30% normalised ETR and cash tax rate over time
Cash management

Net trade working capital

- Net working capital as percentage of revenue reduced with 2% in past 4 years, freeing up >€100m in cash
- Focus on working capital, including non-trade elements to continue
- Future net trade working capital targeted at around 8% of revenue

Capex

- Ongoing capex expense 2-3%
- Additional one-off investments in infrastructure, automation and IT as part of Deliver!
- All larger capex reviewed centrally against return on capital and risk
## Capital structure

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>Amount (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported net debt 2012</td>
<td>(139)</td>
</tr>
<tr>
<td>Lease adjustments</td>
<td>~900</td>
</tr>
<tr>
<td>Pension adjustments</td>
<td>~75</td>
</tr>
<tr>
<td>De-central cash adjustments</td>
<td>~75</td>
</tr>
<tr>
<td><em><em>Adjusted</em> net debt 2012</em>*</td>
<td>~900</td>
</tr>
</tbody>
</table>

* Adjustments based on S&P methodology

### Key elements

- Targeted BBB+/ Baa1 credit rating
- Availability of at least €400-500 million undrawn committed facilities
- TNT Express highly cyclical
- Solid credit rating required for business continuity and demanded by long-term customers
- Current Moody’s rating (Baa2 Negative outlook) below target
- Credit rating metrics sensitive: €50-75 million EBIT loss is one notch downgrade
**Deliver!: key financials**

<table>
<thead>
<tr>
<th>€ million</th>
<th>Annual saving</th>
<th>Restructuring</th>
<th>Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service consolidation</td>
<td>50</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Infrastructure and productivity</td>
<td>70</td>
<td>20</td>
<td>175*</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>100</td>
<td>80</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>220</strong></td>
<td><strong>150</strong></td>
<td><strong>200</strong></td>
</tr>
</tbody>
</table>

- €220 million improvements from *Deliver!*
- €150 million in estimated *Deliver!* restructuring costs, mostly redundancy payments
- €200 million estimated *Deliver!* capex, mostly in infrastructure and IT (in addition to normal capex)
- In total, around 4,000 positions expected to be affected in next three years

*Includes IT investments*
View on 2015

Europe & MEA Operating income (%)

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~2% sales growth for the period (CAGR)

Other

- €220 million improvements from Deliver!
- Other geographic segments contribute to profit
- Non-allocated cost ~ €25 million
- ETR ~30%
- Capex 2-3% of revenues (excluding additional investments Deliver! programme)
- Trade working capital ~8% of revenues

- Uncertain economic climate with limited visibility
- Assumes return to normal economic conditions in Europe (moderate economic growth, 2% annual inflation)
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Conclusion

- Our business faces difficult market conditions
- But we have a unique competitive position
- We have identified specific measures to secure improved and sustainable profitability in the near term
- We will Deliver!