
Press Release Q3 2008



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2008 Third Quarter Results Highlights

Pressure on results in European recessionary business environment

Express

- Operational revenue growth 5.9%
- Premium (air) volumes in Europe under increasing pressure in the quarter
- International Economy and Special Services products good revenue growth
- Good performance Emerging Platforms
- Operating income down 21.5% at constant fx
- Cost savings programmes aggressively being implemented

Mail

- Continued strong operational revenue growth Emerging Mail & Parcels
- Mail operating profit in line with outlook

Group

- Group in strong financial position, capital requirements substantially refinanced in August
- Net cash from operating activities YTD Q3 up 8.8%

Outlook

- Outlook Express revised downward
- Outlook Mail reaffirmed

Key figures Q3	As reported		Q3 2007	At constant fx	
	Q3 2008	%Change	Q3 2007	Q3 2008	
	€mil		€mil	%Change	€mil
Group					
Revenues	2,687	1.5%	2,648	4.3%	2,762
EBITDA	297	-13.7%	344	-12.0%	303
Operating income (EBIT)	209	-19.0%	258	-18.2%	211
Profit from continuing operations	113	-31.9%	166	-31.9%	113
Profit from discontinued operations	0		0		0
Profit attributable to the shareholders	113	-32.3%	167	-32.3%	113
Net cash from operating activities	104	-28.8%	146		
Express					
Revenues	1,656	2.3%	1,619	5.9%	1,714
EBITDA	154	-16.8%	185	-13.0%	161
Operating income (EBIT)	99	-23.8%	130	-21.5%	102
Mail					
Revenues	964	-0.2%	966	1.7%	982
EBITDA	147	-11.4%	166	-11.4%	147
Operating income (EBIT)	116	-14.7%	136	-14.7%	116

Key figures YTD Q3	As reported		YTD Q3 2007	At constant fx	
	YTD Q3 2008	%Change	YTD Q3 2007	YTD Q3 2008	
	€mil		€mil	%Change	€mil
Group					
Revenues	8,219	2.6%	8,013	5.3%	8,439
EBITDA	1,088	-9.0%	1,196	-7.2%	1,110
Operating income (EBIT)	822	-12.5%	939	-11.2%	834
Profit from continuing operations	499	-21.2%	633	-20.2%	505
Profit from discontinued operations	0		206		0
Profit attributable to the shareholders	497	-40.7%	838	-40.0%	503
Net cash from operating activities	569	8.8%	523		
Express					
Revenues	4,986	4.1%	4,789	7.7%	5,159
EBITDA	523	-7.9%	568	-4.0%	545
Operating income (EBIT)	358	-12.9%	411	-10.0%	370
Mail					
Revenues	3,041	-0.2%	3,047	1.4%	3,089
EBITDA	579	-10.2%	645	-10.1%	580
Operating income (EBIT)	483	-11.9%	548	-11.7%	484

2008 Third Quarter Results Highlights

CEO Peter Bakker comments:

"As we had already highlighted in our October 16 trading update the conditions in our European Express business have significantly worsened in September and the first weeks of October. Air volumes in September were down an unprecedented 10%, while Road volumes were showing low growth. We expect this pressure on volumes to persist at least in the current quarter.

On the positive side the Mail business has performed in line with our outlook. Also we refinanced our capital requirements in August, ahead of the deepening of the financial crisis in September and October. This, coupled with our robust cash flow, leaves us on a solid financial footing.

In these times management focus on efficient operations is even more essential. Our Master plans in Mail continue successfully, we are aggressively implementing the announced € 125 million cost optimisation programme in Express, we focus on improving air network efficiencies and we target all other cost areas for savings as well. At our analyst meeting on 4 December 2008, we will provide further details in this respect."

Group Summary

Introduction

Trading conditions in TNT's **European Express** business have significantly worsened in September. The volumes in the premium International Express (air) product decreased around 10%. The Economy Express volumes (road) have continued to grow albeit well below levels of 2007. The **Mail** performance remained robust.

The mix of TNT's businesses led to overall revenue growth, but with a lower operating margin.

Under the current difficult economic environment, TNT has revised its outlook for 2008 for **Express International & Domestic** downward to a mid single digit revenue growth with an operating margin around 9%. All other lines of the outlook are reaffirmed, albeit that revenue growth in the Express Emerging Platforms is expected to be slightly lower at mid teens.

Summary

TNT's outlook for 2008 is based on constant average 2007 foreign exchange rates versus the Euro. The impact of the strengthening of the Euro against other currencies (mainly the UK Pound) was € 75 million for group revenue, with a € 2 million negative impact on operating income.

Group revenues increased by 1.5%, to reach € 2,687 million. At constant foreign exchange, the revenue increase was 4.3%. Operating income decreased by € 47 million at constant foreign exchange.

In **Express** the operational revenue increase at constant foreign exchange was 5.9% with core volumes declining by 0.2%. The yield was 5.2%, fully attributable to the fuel surcharge. Emerging Platforms grew by 13.7% operationally and showed further margin improvement. The operating margin for the division was 6.0% at constant rates of exchange (2007: 8.0%).

In **Mail**, revenues increased operationally by 1.7%. Emerging Mail & Parcels (excluding EMN Germany) increased 16.4% on the same basis.

Operating income in Mail reduced from € 136 million to € 116 million mainly because of the volume declines, in line with TNT's guidance, and price/mix changes, plus the fact that Q3 2007 benefited from net positive one-offs of € 4 million. The operating margin for the division was 11.8% at constant rates of exchange (2007: 14.1%).

Financial review

Other Networks achieved 6.0% operational revenue growth while delivering € 5 million EBITDA and € 4 million EBIT, both figures the same as Q3 2007.

Non-allocated costs were € 10 million, in line with last year. The net financial expense was € 42 million, compared to € 29 million last year. The increase in interest expense was due to the issuance of the two new bonds, which were issued in November 2007 and August 2008 respectively. The tax charge was € 53 million compared to € 62 million in the prior year. The effective tax rate was 31.9%, somewhat higher than Q3 2007 due to mix effects.

The profit from continuing operations was € 113 million in this quarter versus € 166 million last year, mainly driven by lower operating income and higher financing costs.

Earnings per share from continuing operations amounted to 31.2 cents.

Pensions

TNT's main defined benefit plan in the Netherlands, covering approximately 95% of TNT's pension obligations had a coverage ratio of 115% as calculated under the requirement of the Nederlandsche Bank per 30 September 2008. Due to the severe turbulence in financial and equity markets in October, the coverage ratio is expected to have dropped below 105%. If the coverage ratio remains at this level, TNT will have the obligation to increase buffers over time. This could lead to an additional cash contribution to the fund of around € 75 million in 2009. The factual outcome, however, is primarily dependent on developments in equity markets going forward and is reviewed regularly.

Cash flow / financial position

The net cash from operating activities decreased by € 42 million, from € 146 million in Q3 2007 to € 104 million in Q3 2008, mainly due to lower cash generated from operations of € 86 million partly offset by lower income taxes paid of € 45 million. The net change in overall working capital of -€ 41 million (2007: -€ 1 million) impacted the cash flow negatively. Trade working capital improved by € 21 million compared to last year, due to TNT's increased focus on trade receivables and trade payables. Other working capital impacted the cash flow negatively by € 62 million due to timing differences. The year-to-date contribution from working capital to cash flow is around € 40 million higher than in 2007.

At quarter end, net debt stood at € 2,039 million. Compared to the end of Q3 2007, net debt increased by € 436 million mainly because of TNT's share repurchase programme finalised at the end of June 2008.

In August, TNT announced that it had successfully placed a benchmark Eurobond offering of £ 450 million due August 2018. The £ 450 million proceeds have been swapped into € 568 million with a coupon of 7.14% and a maturity of 14 August 2018.

With this bond, TNT was able to substantially refinance its capital requirements in August, ahead of the deepening of the financial crisis in September/October.

Trading Statement 16 October 2008

On 16 October 2008, TNT issued a trading statement summarised below:

"Trading conditions in TNT's European Express business have significantly worsened in September and, based on the volume patterns in the first two weeks of October, TNT expects this pressure to continue in the fourth quarter."

"TNT will present an updated outlook for 2008 in its Q3 publication on October 27. The margins in the Express 'International & Domestic' line of business are currently expected to develop around a solid 9% for the full year, with somewhat lower revenue growth."

Analyst Day 4 December 2008

At its annual analyst day, TNT will give an update on the progress of its strategy. This will include further cost savings targets in its businesses.

Outlook

Economic conditions in Europe have worsened considerably in September and October. This has led and will continue to lead to a significant decrease in the premium air volumes in Europe.

TNT assumes the economy will remain under the same pressure for the rest of the year as witnessed in September / October. The outlook below is barring any further worsening of these trading conditions.

Express is expected to show a mid single digit organic revenue growth in International & Domestic, with an operating margin around 9% (previously: high single digit organic revenue growth at low double digit operating margin, at the low end of the range). The Express Emerging Platforms are expected to deliver organic revenue growth in the mid teens (previously: high teens), with a low single digit operating margin.

Mail is expected to show a low single digit organic revenue increase overall, with an operating margin around 16.5%. Emerging Mail & Parcels (excluding EMN Germany), as part of Mail, is expected to achieve a low double digit organic revenue increase, with a high mid single digit operating margin.

Other information:

TNT's outlook continues to be based on constant 2007 exchange rates.

The overall Express outlook excludes any charges associated with the earlier announced €100 - €125 million savings programme, as well as any possible charges related to further cost restructuring.

The overall Mail outlook includes expectations and assumptions on revenue development and operating margins for EMN Germany on an ongoing basis, which, due to the current legal and business environment, are more uncertain than usual.

The overall Mail margin outlook excludes possible further restructuring charges in the context of Master plans in the Netherlands and decisions on the future of EMN Germany.

Overview of press releases since the second quarter

5 August 2008	<ul style="list-style-type: none">• TNT successfully placed benchmark Eurobond of £ 450million
18 August 2008	<ul style="list-style-type: none">• TNT completes integration of Speedage
4 September 2008	<ul style="list-style-type: none">• TNT sustains leadership position in Dow Jones Sustainability Indexes
22 September 2008	<ul style="list-style-type: none">• TNT captures 'can do' mentality in new strap line: 'sure we can'
24 September 2008	<ul style="list-style-type: none">• Expanded International Express Network Strengthens TNT's Leading Position in China-Europe Services
24 September 2008	<ul style="list-style-type: none">• Draft bill regarding value added tax in the German postal market: TNT Post demands improvements
16 October 2008	<ul style="list-style-type: none">• TNT issues trading statement
23 October 2008	<ul style="list-style-type: none">• TNT sets up new gateway at Osaka Kansai International Airport; transit time for deliveries from China and Vietnam is shortened by one day

Group Summary

Group Summary Q3

	Q3 2008 €mil	Q3 2007 €mil	%Change		
			Operational	Fx	Total
Revenues	2,687	2,648	4.3%	-2.8%	1.5%
EBITDA	297	344	-12.0%	-1.7%	-13.7%
Operating income (EBIT)	209	258	-18.2%	-0.8%	-19.0%
Profit from continuing operations	113	166	-31.9%		-31.9%
Profit from discontinued operations		-			
Profit attributable to the shareholders	113	167	-32.3%		-32.3%
Net cash from operating activities	104	146	-20.5%	-8.3%	-28.8%
Earnings per share (in € cents)	31.2	44.4			-29.7%

Segment Summary Q3

	Q3 2008	Q3 2007	Operational	Fx	Total
Express					
Revenues	1,656	1,619	5.9%	-3.6%	2.3%
EBITDA	154	185	-13.0%	-3.8%	-16.8%
Operating income (EBIT)	99	130	-21.5%	-2.3%	-23.8%
Operating margin	6.0%	8.0%			
Mail					
Revenues	964	966	1.7%	-1.9%	-0.2%
EBITDA	147	166	-11.4%		-11.4%
Operating income (EBIT)	116	136	-14.7%		-14.7%
Operating margin	12.0%	14.1%			
Other Networks					
Revenues	72	67	6.0%	1.5%	7.5%
EBITDA	5	5			
Operating income (EBIT)	4	4			
Non-allocated					
	(10)	(12)			
Operating income (EBIT)	209	258	-18.2%	-0.8%	-19.0%

Group Summary YTD Q3

	YTD Q3 2008 €mil	YTD Q3 2007 €mil	%Change		
			Operational	Fx	Total
Revenues	8,219	8,013	5.3%	-2.7%	2.6%
EBITDA	1,088	1,196	-7.2%	-1.8%	-9.0%
Operating income (EBIT)	822	939	-11.2%	-1.3%	-12.5%
Profit from continuing operations	499	633	-20.3%	-0.9%	-21.2%
Profit from discontinued operations		206			
Profit attributable to the shareholders	497	838	-40.0%	-0.7%	-40.7%
Net cash from operating activities	569	523	11.7%	-2.9%	8.8%
Earnings per share (in € cents)	136.1	217.3			-37.4%

Segment Summary YTD Q3

	YTD Q3 2008	YTD Q3 2007	Operational	Fx	Total
Express					
Revenues	4,986	4,789	7.7%	-3.6%	4.1%
EBITDA	523	568	-4.0%	-3.9%	-7.9%
Operating income (EBIT)	358	411	-10.0%	-2.9%	-12.9%
Operating margin	7.2%	8.6%			
Mail					
Revenues	3,041	3,047	1.4%	-1.6%	-0.2%
EBITDA	579	645	-10.1%	-0.1%	-10.2%
Operating income (EBIT)	483	548	-11.7%	-0.2%	-11.9%
Operating margin	15.9%	18.0%			
Other Networks					
Revenues	207	193	6.8%	0.5%	7.3%
EBITDA	11	11			
Operating income (EBIT)	9	9			
Operating margin	4.3%	4.7%			
Non-allocated					
	(28)	(29)			
Operating income (EBIT)	822	939	-11.2%	-1.3%	-12.5%

Highlights

- Operational revenue growth 5.9%
- Premium (air) volumes in Europe under increasing pressure in the quarter
- International Economy and Special Services products good revenue growth
- Good performance Emerging Platforms
- Operating income down 21.5% at constant fx
- Cost savings programmes aggressively being implemented

Express Summary	At constant fx			At constant fx		
	Q3 2008 €mil	Q3 2007 €mil	%Change	YTD Q3 2008 €mil	YTD Q3 2007 €mil	%Change
Revenues	1,714	1,619	5.9%	5,159	4,789	7.7%
EBITDA	161	185	-13.0%	545	568	-4.0%
Operating income (EBIT)	102	130	-21.5%	370	411	-10.0%
Operating margin	6.0%	8.0%		7.2%	8.6%	

Express reported 5.9% operational revenue growth in the third quarter. Revenue growth was affected by a sharp decline in demand for premium (air) products in Europe, particularly accelerating in September, plus an overall softening across core markets. Year to date, operational revenues for the division grew by 7.7%, of which approximately 3% was due to higher fuel surcharges.

Core kilo development in the second quarter was -0.2%. International Express volumes deteriorated markedly in September. This worsening trend was partially seen in more customers shifting to economy products. TNT sees no evidence that it has lost any customers during the quarter. The growth rate in economy products remained positive for the quarter, although below Q3 2007 levels.

Revenue yield on core volumes was +5.2% – the thirty-seventh consecutive positive quarter, fully attributable to the fuel surcharge. The fuel surcharge lag reported last quarter has been recovered.

Volume growth in the economy products was lower than previously, but with a strong yield.

Operating income decreased by 21.5% year on year, at constant rates of exchange. Also at constant rates of exchange, the operating margin was 6.0%. EBIT was adversely affected by lower capacity utilisation mainly in the air network; adjusting that cost base could not keep pace with the rapid deterioration of premium volumes and the resulting less favourable price/mix impact, felt particularly in September.

The Network Optimisation programme is on track. Express performance in the short term will be supported by further cost control, including even stricter control over discretionary expenditures, headcount freezes and tighter holiday-season operational planning.

The last quarter of 2008 will benefit from various positive working day effects, such as All Saints' Day falling on a Saturday, and Christmas and Boxing day on a Thursday and Friday.

At constant fx					
Revenue Analysis Q3	Q3 2008	Q3 2007	%Change	Organic	Acq
	€mil	€mil	Total		
International & Domestic	1,391	1,335	4.2%	4.2%	0.0%
Emerging platforms*	323	284	13.7%	13.0%	0.7%
Express	1,714	1,619	5.9%	5.8%	0.1%

At constant fx					
Revenue Analysis YTD	YTD Q3 2008	YTD Q3 2007	%Change	Organic	Acq
	€mil	€mil	Total		
International & Domestic	4,239	4,009	5.7%	5.7%	0.0%
Emerging platforms*	918	780	17.7%	14.9%	2.8%
Express	5,157	4,789	7.7%	7.2%	0.5%

*Apac, India, China, LAM, MEA, Russia, Turkey

International & Domestic revenues grew 4.2%, at constant foreign exchange, despite core kilos declining by 1.1%.

Within International & Domestic, the **large countries in Europe** (UK, France, Benelux, Germany, Italy) saw moderating revenue growth on the back of lower volumes. In August and September, international volumes were particularly weak, though economy products remained positive in the quarter albeit at lower levels than were enjoyed last year.

Outside the large countries in Europe, Australia continues to perform well albeit at sequentially lower levels.

International Express (premium) revenue and volumes were lower than in the third quarter of 2007, down 1.3% and 6.4%, respectively. International Economy had relatively strong growth, achieving 9.7% revenue growth on 0.4%

higher volumes. In Domestic Express, revenue was 4.4% up on 1.2% lower volumes.

Emerging platforms achieved operational revenue growth of 13.7%. The margin developed in line with the 2008 outlook.

China, the Middle East, Asia Pacific/India and Latin America all continued to grow revenues double digit at constant rates of exchange. TNT's unique economy product in China performed particularly well which, once again, vindicates TNT's emerging platforms strategy of focusing on developing strong domestic networks, first, and adding international connectivity later.

Revenue growth for Express Emerging Platforms for the year is expected to be slightly lower than previously indicated, at mid teens, which reflects current trading conditions.

Highlights

- Continued strong operational revenue growth Emerging Mail & Parcels
- Mail operating profit in line with outlook

Mail Summary	At constant fx			At constant fx		
	Q3 2008	Q3 2007	%Change	YTD Q3 2008	YTD Q3 2007	%Change
	€mil	€mil		€mil	€mil	
Revenues	982	966	1.7%	3,089	3,047	1.4%
EBITDA	147	166	-11.4%	580	645	-10.1%
Operating income (EBIT)	116	136	-14.7%	484	548	-11.7%
Operating margin	11.8%	14.1%		15.7%	18.0%	

Overall Mail revenues grew 1.7% at constant fx. Substantial revenue growth in **Emerging Mail & Parcels** (excluding EMN Germany) of 16.4% operationally offset revenue lost due to volume declines in Mail Netherlands.

The overall decline in Mail Netherlands addressed volumes was 4.0%, in line with TNT's guidance. Bulk mail decreased less than single-item mail because of the success of retaining bulk mail volumes in the market.

Emerging Mail & Parcels (excluding EMN Germany) achieved operational revenue growth of 16.4% compared to last year. The Dutch parcel activities showed revenues up and a good EBIT development. TNT Post UK showed substantial growth with new client volume wins every month.

EMN Germany's revenue and operating margin are developing in line with TNT's outlook. The consolidator Postcon, in particular, performed well with revenue and operating margin improvements. Unaddressed business is under pressure. Strong revenue growth and better results were attained in addressed.

Overall Mail operating income decreased by 14.7%, with the operating margin at 11.8% (against 14.1% last year). The decrease in operating income was, on balance, due to the revenue decline in Mail Netherlands and the extra costs of the new collective labour

agreement (effective 1 April 2008), not fully compensated by cost reductions, with Master plan savings in the quarter at € 13 million.

Emerging Mail & Parcels showed an increase in operating income.

TNT welcomes the fact that the German Government is revising the VAT regulation in the postal market. This is a necessary step because the current VAT exemption for Deutsche Post is contrary to EU law and impedes competition. However the present draft bill will not encourage competition in the postal market, as inexact phrasing, that is open to various interpretations, may enable Deutsche Post to maintain its VAT exemption.

In the Netherlands, TNT has started the first negotiations with the unions regarding the collective labour agreement that will take effect as of April 2009. The monthly payment of 0.5%, as agreed in the current collective labour agreement, will become a structural increase with retroactive effect to 1 April 2008 if agreement is reached by no later than 1 April 2009 on matters relating to market conformity going forward.

Mail is developing according to the outlook, producing a robust operating income and cash flow for 2008.

Revenue Analysis Q3	At constant fx				
	Q3 2008	Q3 2007	%Change	Organic	Acq.
	€mil	€mil	Total		
Mail	982	966	1.7%	1.8%	-0.1%
of which					
Emerging Mail & Parcels					
(excl. EMN Germany)*	320	275	16.4%	16.8%	-0.4%

Revenue Analysis YTD	At constant fx				
	YTD Q3 2008	YTD Q3 2007	%Change	Organic	Acq.
	€mil	€mil	Total		
Mail	3,089	3,047	1.4%	1.6%	-0.2%
of which					
Emerging Mail & Parcels					
(excl. EMN Germany)*	946	815	16.1%	17.0%	-0.9%

*EMN +parcel activities of Mail in the Benelux

Information Express / Mail

€mil	Q3 2008	Q3 2007	%Change	YTD Q3 2008	YTD Q3 2007	%Change
EXPRESS						
International & Domestic						
Revenues	1,341	1,335		4,106	4,009	
Growth %	0.4%	4.7%		2.4%	5.5%	
Organic	4.2%	4.8%		5.7%	5.7%	
Acquisition / Disposal	0.0%	0.0%		0.0%	0.0%	
Fx	-3.8%	-0.1%		-3.3%	-0.2%	
Emerging platforms						
Revenues	315	284		880	780	
Growth %	10.9%	105.8%		12.8%	97.5%	
Organic	13.0%	34.7%		14.9%	31.9%	
Acquisition / Disposal	0.7%	72.5%		2.8%	67.1%	
Fx	-2.8%	-1.4%		-4.9%	-1.5%	
Total Express						
Revenues	1,656	1,619		4,986	4,789	
Growth %	2.3%	14.6%		4.1%	14.2%	
Organic	5.8%	8.0%		7.2%	8.2%	
Acquisition / Disposal	0.1%	6.8%		0.5%	6.3%	
Fx	-3.6%	-0.2%		-3.6%	-0.3%	
Operating income (EBIT)	99	130		358	411	
Operating margin	6.0%	8.0%		7.2%	8.6%	
Other information Express						
Working days	64	64		188	188	
Core** consignments (mil)	49.0	48.9	0.2%	153.3	151.0	1.5%
Domestic core consignments (mil)	37.7	37.4	0.8%	118.0	116.0	1.7%
International core consignments (mil)	11.3	11.5	-1.5%	35.3	35.0	0.8%
Core** kilos (mil)	986.5	988.3	-0.2%	3,055.8	2,998.7	1.9%
Domestic core kilos (mil)	701.2	703.6	-0.3%	2,167.3	2,132.6	1.6%
International core kilos (mil)	285.3	284.7	0.2%	888.5	866.1	2.6%
Core** revenue quality yield improvement	5.2%	1.0%				
** Core excludes Special Services, Ho au, Mercurio and Speedage.						
€mil	Q3 2008	Q3 2007		YTD Q3 2008	YTD Q3 2007	
MAIL						
Revenues	964	966		3,041	3,047	
Growth %	-0.2%	4.8%		-0.2%	4.3%	
Organic	1.8%	4.1%		1.6%	4.7%	
Acquisition / Disposal	-0.1%	0.8%		-0.2%	-0.4%	
Fx	-1.9%	-0.1%		-1.6%	0.0%	
of which Emerging Mail & Parcels (excl Germany)						
Revenues	303	275		902	815	
Growth %	10.2%	3.4%		10.7%	4.0%	
Organic	16.8%	-2.3%		17.0%	-0.4%	
Acquisition / Disposal	-0.4%	4.9%		-0.9%	4.1%	
Fx	-6.2%	0.8%		-5.4%	0.3%	
Operating income (EBIT)	116	136		483	548	
Operating margin	12.0%	14.1%		15.9%	18.0%	
Other information Mail						
Addressed Mail NL volumes (million pieces)	998	1,040		3,302	3,440	
Growth %	-4.0%	-2.1%		-4.0%	-3.6%	
Working days	65	65		189	190	

Consolidated Interim Financial Statements

General information

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

TNT N.V. ("TNT" or the "Company"), a public limited liability company with its registered seat in Amsterdam, the Netherlands, and its head office in Amsterdam, the Netherlands, provides businesses and consumers worldwide with an extensive range of services for their express delivery and mail needs. TNT's services involve the collection, storage, sorting, transport and distribution of a wide range of items for the Company's customers within specific timeframes, and related data and document management services.

Basis of preparation

The information is reported on a year-to-date basis ending 27 September 2008. Where material to an understanding of the period starting 1 January 2008 and ending 27 September 2008 further information is disclosed.

The interim financial statements were discussed in and approved by the Board of Management. The Supervisory Board had mandated certain members of its committee to approve the second quarter results for 2008 and the accompanying press release. The interim financial statements should be read in conjunction with TNT's consolidated 2007 annual report as published on 18 February 2008.

The accounting policies applied in these interim financial statements are consistent with those applied in TNT's consolidated 2007 annual report.

The measure of profit and loss and assets and liabilities is based on the TNT Group Accounting Policies which are compliant with IFRS. The pricing of intercompany sales is done at arm's length.

The information in these interim financial statements is unaudited.

Segment information

TNT operates its businesses through three reportable segments Express, Mail and Other networks.

The Express business provides on demand door-to-door express delivery services for customers sending documents, parcels and freight. The Mail business provides services for collecting, sorting, transporting and distributing domestic and international mail. The Other networks business provides time-critical deliveries to individually agreed service delivery points for business customers during the night.

Revenues and results are impacted by the seasonality of sales whereby Q4 is the strongest quarter in the financial year and Q3 is the weakest quarter, due to the holiday season.

In the following table a reconciliation is presented of the segment information relating to the income statement and total assets of the reportable segments for the first three quarters of 2008 and 2007:

€ mil	Express	Mail	Other networks	Inter-company	Non-allocated	Total
YTD 2008 ended at 27 September 2008						
Net sales	4,878	3,013	202		0	8,093
Inter-company sales	4	8	3	(15)		0
Other operating revenues	104	20	2			126
Total operating revenues	4,986	3,041	207	(15)	0	8,219
Other income	6	18	1		1	26
Depreciation/impairment property, plant and equipment	(127)	(69)	(2)		(2)	(200)
Amortisation/impairment intangibles	(38)	(27)	0		(1)	(66)
Total operating income	358	483	9		(28)	822
Total assets	4,486	1,630	103		1,343	7,562
YTD 2007 ended at 29 September 2007						
Net sales	4,702	3,022	190		4	7,918
Inter-company sales	13	6	1	(20)		0
Other operating revenues	74	19	2			95
Total operating revenues	4,789	3,047	193	(20)	4	8,013
Other income	6	53	1		0	60
Depreciation/impairment property, plant and equipment	(123)	(79)	(2)		(1)	(205)
Amortisation/impairment intangibles	(34)	(18)	0		0	(52)
Total operating income	411	548	9		(29)	939
Total assets	4,444	1,561	96		864	6,965

Consolidated Interim Balance Sheets

€mil	27 Sep 2008	31 Dec 2007
Goodwill	1,830	1,828
Other intangible assets	274	291
① Intangible assets	2,104	2,119
Land and buildings	814	847
Plant and equipment	346	349
Aircraft	360	387
Other	159	163
Construction in progress	56	39
② Property, plant and equipment	1,735	1,785
Investments in associates	94	83
Other loans receivable	5	5
Deferred tax assets	203	203
Prepayments and accrued income	32	34
Financial fixed assets	334	325
③ Pension assets	686	594
Total non-current assets	4,859	4,823
Inventory	27	30
Accounts receivable	1,698	1,656
Income tax receivable	40	35
Prepayments and accrued income	297	236
Cash and cash equivalents	632	295
Total current assets	2,694	2,252
Assets held for sale	9	10
Total assets	7,562	7,085
Equity attributable to the equity holders of the parent	1,781	1,931
Minority interests	22	20
Total equity	1,803	1,951
Deferred tax liabilities	318	298
③ Provisions for pension liabilities	379	437
⑤ Other provisions	171	200
④ Long-term debt	1,844	1,294
Accrued liabilities	6	3
Total non-current liabilities	2,718	2,232
Trade accounts payable	362	336
⑤ Short term provisions	134	162
Other current liabilities	1,294	1,188
Income tax payable	83	69
Accrued current liabilities	1,168	1,147
Total current liabilities	3,041	2,902
Liabilities related to assets classified as held for sale	0	0
Total liabilities and equity	7,562	7,085

○ these refer to the notes to these interim financial statements.

Consolidated Interim Income Statements

€mil	Q3 2008	Q3 2007	YTD Q3 2008	YTD Q3 2007
Net sales	2,637	2,609	8,093	7,918
Other operating revenues	50	39	126	95
Total revenues	2,687	2,648	8,219	8,013
Other income	1	18	26	60
Cost of materials	(125)	(104)	(355)	(299)
Work contracted out and other external expenses	(1,240)	(1,193)	(3,677)	(3,485)
Salaries and social security contributions	(854)	(849)	(2,634)	(2,598)
Depreciation, amortisation and impairments	(88)	(87)	(266)	(257)
Other operating expenses	(172)	(175)	(491)	(495)
Total operating expenses	(2,479)	(2,408)	(7,423)	(7,134)
Operating income	209	258	822	939
Interest and similar income	17	21	48	80
Interest and similar expenses	(59)	(50)	(162)	(140)
Net financial (expense)/income	(42)	(29)	(114)	(60)
Results from investments in associates	(1)	(1)	(2)	4
Profit before income taxes	166	228	706	883
Income taxes	(53)	(62)	(207)	(250)
Profit from continuing operations	113	166	499	633
Profit from discontinued operations	0	0	0	206
Profit for the period	113	166	499	839
Attributable to:				
Minority interests	0	(1)	2	1
Shareholders	113	167	497	838
Earnings from continuing operations per share (in €cents)	31.2	44.1	136.1	163.9
Earnings from continuing operations per diluted share (in €cents)	31.1	43.7	135.5	163.0
Earnings from discontinued operations per share (in €cents)				53.4
Earnings from discontinued operations per diluted share (in €cents)				53.2
Earnings per share (in €cents)	31.2	44.4	136.1	217.3
Earnings per diluted share (in €cents)	31.1	44.1	135.5	216.2

Consolidated Interim Cash Flow Statements

	Q3 2008 €mil	Q3 2007 €mil	YTD Q3 2008 €mil	YTD Q3 2007 €mil
CASH FLOWS FROM CONTINUING OPERATIONS				
Profit before income taxes	166	228	706	883
Adjustments for:				
Depreciation, amortisation and impairments	88	87	266	257
Share based payments	4	3	12	7
Investment income:				
(Profit)/loss on sale of property, plant and equipment	0	(18)	(23)	(54)
Interest and similar income	(17)	(20)	(48)	(79)
Foreign exchange (gains) and losses	1	6	8	(1)
Interest and similar expenses	58	43	154	140
Results from investments in associates	1	1	2	(4)
Changes in provisions:				
Pension liabilities	(60)	(52)	(150)	(124)
Other provisions	(13)	(4)	(67)	(41)
Changes in working capital:				
Inventory	1	2	1	0
Trade accounts receivable	23	16	(39)	(10)
Other accounts receivable	(3)	10	(13)	84
Other current assets	9	(26)	(50)	(55)
Trade accounts payable	(2)	10	21	(4)
Other current liabilities excluding short term financing and taxes	(69)	(13)	76	(58)
Cash generated from operations	187	273	856	941
Interest paid	(31)	(30)	(105)	(119)
Income taxes paid	(52)	(97)	(182)	(299)
Net cash from operating activities	104	146	569	523
Acquisition of group companies (net of cash)	(1)	(10)	(4)	(276)
Disposals of group companies and joint ventures	0	0	0	483
Investment in associates	(6)	(5)	(12)	(21)
Disposals of associates	0	0	0	7
Capital expenditure on intangible assets	(17)	(24)	(55)	(67)
Capital expenditure on property, plant and equipment	(58)	(56)	(192)	(173)
Proceeds from sale of property, plant and equipment	2	5	33	50
Other changes in (financial) fixed assets	(1)	(2)	2	(1)
Changes in minority interests	0	1	1	1
Interest received	14	16	41	51
Dividends received	0	0	0	13
Net cash used in investing activities	(67)	(75)	(186)	67
Repurchases of shares	(28)	(230)	(308)	(519)
Other equity changes	0	3	1	28
Proceeds from long term borrowings	562	1	562	14
Repayments to long term borrowings	0	0	(2)	(18)
Proceeds from short term borrowings	31	246	166	556
Repayments to short term borrowings	(83)	0	(128)	(327)
Repayments to finance leases	(2)	(1)	(10)	(10)
Dividends paid	(122)	(115)	(324)	(298)
Financing relating to our discontinued operations	0	(10)	0	(17)
Net cash used in financing activities	358	(106)	(43)	(591)
Changes in cash from continuing operations	395	(35)	340	(1)
CASH FLOWS FROM DISCONTINUED OPERATIONS				
Changes in cash from discontinued operations	0	0	0	1
TOTAL CHANGES IN CASH	395	(35)	340	0
Cash at beginning of the period	235	333	295	326
Cash from divested business	0	0	0	(29)
Exchange rate differences	2	(3)	(3)	(2)
Total changes in cash	395	(35)	340	0
Cash at end of period as reported	632	295	632	295

Consolidated Interim Statement of changes in Equity

€mil	Issued share capital	Additional paid in capital	Translatio n reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total equity
Balance at 31 December 2006	203	1,245	(5)	(21)	0	561	1,983	25	2,008
Profit for the period						838	838	1	839
Gains/(losses) on cashflow hedges, net of tax				9			9		9
Currency translation adjustment			(36)				(36)		(36)
Total recognised income	0	0	(36)	9	0	838	811	1	812
Final dividend previous year						(183)	(183)		(183)
Appropriation of net income					378	(378)	0		0
Interim dividend current year						(115)	(115)		(115)
Repurchases and cancellation of shares	(15)	(113)			(385)		(513)		(513)
Share based compensation					8		8		8
Other			4		35		39	(6)	33
Total direct changes in equity	(15)	(113)	4	0	36	(676)	(764)	(6)	(770)
Balance at 29 September 2007	188	1,132	(37)	(12)	36	723	2,030	20	2,050
Balance at 31 December 2007	182	982	(82)	(22)	0	871	1,931	20	1,951
Profit for the period						497	497	2	499
Gains/(losses) on cashflow hedges, net of tax				(7)			(7)		(7)
Currency translation adjustment			(25)				(25)		(25)
Total recognised income	0	0	(25)	(7)	0	497	465	2	467
Final dividend previous year						(202)	(202)		(202)
Appropriation of net income					669	(669)	0		0
Interim dividend current year						(122)	(122)		(122)
Repurchases and cancellation of shares	(5)	(106)			(195)		(306)		(306)
Share based compensation					12		12		12
Other			0		3		3	0	3
Total direct changes in equity	(5)	(106)	0	0	489	(993)	(615)	0	(615)
Balance at 27 September 2008	177	876	(107)	(29)	489	375	1,781	22	1,803

Notes to the Consolidated Interim Financial Statements

1. Intangible assets

The movements in the intangible assets are as follows:

	2008 €mil	2007 €mil
Balance at 1 January	2,119	1,785
Additions	62	283
Disposals	0	(2)
(De)consolidations	1	68
Exchange rate differences	(12)	0
Amortisation and impairments	(66)	(51)
Balance at end of period	2,104	2,083

The comparative figures relate to the nine month period ended 29 September 2007

The closing balance of the period as at 27 September 2008 relates to Goodwill for an amount of € 1,830 million and Other intangible assets of € 274 million. No significant acquisitions have occurred during Q3 2008.

2. Property, plant and equipment

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

	2008 €mil	2007 €mil
Balance at 1 January	1,785	1,678
Capital expenditures	193	289
Acquisitions	1	31
Disposals	(9)	(7)
Exchange rate differences	(34)	(13)
Depreciation and impairments	(200)	(206)
Transfers to assets held for sale	(1)	(2)
Balance at end of period	1,735	1,770

The comparative figures relate to the nine month period ended 29 September 2007

Capital expenditures of € 193 million include expenditures within Express of € 147 million and within Mail of € 42 million. These relate mainly to investments in depots and hubs, vehicle replacements and sorting machinery.

Included in depreciation and impairments are impairment charges of € 7 million relating to the impairment of assets of "Postkantoren B.V." as reported in Q1 2008.

3. Pensions

On the balance sheet, the pension assets and pension liabilities of the various defined benefit pension schemes have been presented separately. The positive net movement in the pension assets of € 92 million and pension liabilities of € 58 million amounted to € 150 million, mainly due to contributions to the pension fund and contributions for the early retirement plan.

4. Net debt

The net debt is specified in the below table.

	27 Sep 2008 €mil	29 Sep 2007 €mil
Short term debt	831	640
Long term debt	1,844	1,286
Total interest bearing debt	2,675	1,926
Cash and other interest bearing assets	(636)	(323)
Net debt	2,039	1,603

* Net debt does not include adjustments for operating leases and pension liabilities that are incorporated in the definition of total debt used for credit rating purposes.

In the first three quarters of 2008, the net debt position increased with € 250 million compared to 31 December 2007 (€ 1,789 million). This increase was mainly the result of higher long term debt following the issue of the £ 450 million bond in August 2008, dividend payments and the share repurchases. The net debt position as of December 2007 included the € 650 million bond which was issued in November 2007.

5. Provisions

The provisions consist of long term and short term provisions for restructuring, claims and indemnities and other employee benefits. Total provisions decreased from € 362 million as per 31 December 2007 to € 305 million at 27 September 2008. The withdrawals of € 86 million mainly relate to restructuring payments of € 27 million within the Mail division (due to outflow at delivery), settlement of the exit fee of € 20 million relating to the transfer to Parcelnet Ltd. of the contract underlying the terminated UK parcel operations of the Mail division and payments relating to other employee related obligations of € 8 million and settlement of insurance claims with clients of € 9 million.

The increase in provisions from 29 September 2007 to 1 January 2008 relates almost entirely to the € 110 million Master plan provision added in Q4 2007.

	2008 €mil	2007 €mil
Balance at 1 January	362	250
Additions	43	53
Withdrawals	(86)	(65)
(De)consolidations	(1)	2
Other/releases	(8)	(14)
Exchange rate differences	(5)	0
Balance at end of period	305	226

The comparative figures relate to the nine month period ended 29 September 2007

Notes to the Consolidated Interim Financial Statements

6. Share repurchases and EPS

The share repurchase programme of € 500 million as announced on 30 July 2007 has been fully completed in Q3 2008. In Q3 2008, the remaining shares with a total value of € 8 million (340,393 shares) were repurchased. The total value of shares repurchased in 2008 amounted to € 306 million (12.2 million shares).

All shares repurchased have already been cancelled.

Aggregated averages and numbers at period end (in millions)	27 Sep 2008	29 Sep 2007
Number of issued and outstanding shares	360.0	391.8
Shares held by the company to cover share plans	1.1	1.7
Shares held by the company for cancellation	0	12.6
Average number of shares	365.2	385.6
Average number of diluted shares	1.7	2.0
Average number of shares on a fully diluted basis	366.9	387.6

7. Labour force

The headcount at the end of the quarter as well as the average number of full time equivalents is specified in the table below:

	2008	2007
Express	75,521	74,249
Mail	83,526	81,319
Other Networks	1,391	1,406
Non-allocated	262	237
Employees at period end	160,700	157,211
Express	70,748	70,376
Mail	42,284	41,870
Other Networks	1,130	1,237
Non-allocated	255	226
Average FTE's up to and incl. the period	114,417	113,709

The average number of full time equivalent working with TNT Express as at 27 September 2008 was 70,748 being an increase of 372 staff (0.5%) compared to the same period in 2007. The highest increases have occurred to support the business growth and expansion.

The average number of full time equivalents working with TNT Mail as at 27 September 2008 was 42,284 being an increase of 414, the result of a decrease of 565 in Mail NL staff at Operations due to declining volumes and efficiency improvement in Operations, helped by stimulated outflow at delivery and an increase due to expansion in EMN Germany and UK.

8. Subsequent events

On 16 October 2008, TNT issued a trading statement: trading conditions in TNT's European Express business have significantly worsened in September and, based on the volume patterns in the first two weeks of October, TNT expects this pressure to continue in the fourth quarter.

Financial Calendar & Contact Information

Thursday 4 December 2008

Analysts' Meeting

Monday 16 February 2009

Publication of 2008 fourth quarter and full year results

Wednesday 8 April 2009

Annual general meeting of shareholders

Monday 4 May 2009

Publication of 2009 first quarter results

Monday 27 July 2009

Publication of 2009 second quarter and half year results

Monday 2 November 2009

Publication of 2009 third quarter results

Additional information available at

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