TNT EXPRESS SAYS THIRD-QUARTER PROFIT FELL ON BRAZIL, CHINA WOES

News / Airlines

TNT Express NV, the Dutch logistics company being taken over by FedEx Corp., said third-quarter profit fell because of economic turmoil in markets such as Brazil, China and Australia.

Adjusted operating income in the period was probably "materially lower" than last year, TNT said in a statement prior to an extraordinary shareholder meeting at its headquarters in Hoofddorp on Monday. Profit margins in France also declined "substantially", the company said. The shares fell as much as 2 percent.

Chief Executive Officer Tex Gunning is meeting with shareholders today to seek approval for an 8 euro-per-share bid by FedEx, after United Parcel Service Inc. dropped an offer of EUR 9.50 in 2013 because of antitrust opposition by the European Commission. The European Union's executive arm announced an in-depth probe into the FedEx bid in July, arguing the combined company may cut competition in the market for small packages, which could lead to higher prices.

TNT shares dropped to as low as EUR 6.70 and were down 0.7 percent at EUR 6.79 at 9:53 a.m.

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in Amsterdam, valuing the company at EUR 3.73 billion (US$4.2 billion) and also reflecting investor pessimism on the likelihood of the transaction closing. The Dutch company is scheduled to release detailed third-quarter earnings figures on Oct. 26.

There is "no reason to expect the European Commission to block the deal," Chairman Antony Burgmans said at the shareholders meeting. Preparations to sell TNT's airline are already underway, he added, as a U.S. investor cannot own such an asset in Europe.

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