

UPS AND THE FAILED ATTEMPT TO BUY TNT EXPRESS

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In March 2012 it was announced the purchase by the U.S UPS (United Parcel Services), the largest courier company in the world, of its Dutch rival TNT Express, at the time the fourth largest behind the U.S FedEx and Germany's DHL, for an amount of 5,160 million Euros, thus creating a new giant in the industry with a combined turnover of around 45,000 million Euros annually.

According to the agreement (that was still under consideration by the European Commission), UPS would paid cash 9.5 Euros per share of TNT, representing a 53.7% premium over the valuation that the Dutch company had a month before the announcement of the talks to formalize the operation. The day after the agreement was closed, UPS rose a 3% while TNT was 1% higher. The synergies that were expected to achieve in the next four years were around 550 million Euros.

With the operation, UPS wanted to reinforce its position in Europe, (where it was already billing a 26% of its income) to achieve the 36%, and in Latin America and Asia, where TNT also has a significant activity.

Nevertheless, in January 2013, after months of waiting and intensive negotiations with the European authorities in which UPS, trying to save the operation, even offered a series of divestitures, the U.S. company finally withdrew its bid after have been informed that the European Commission intended to prohibit the operation due to the competition concerns it posed. The Union meant that the new company would reach a market share of 39% in Europe (adding the UPS 23% and the 16% of TNT), which together with DHL shares (38%) and Fedex (11%) result that only three companies would take up almost 90% of the European market.

After this latest withdrawal, TNT will receive about 200 million euros from UPS as a compensation for the breach of the agreement. Despite this, TNT shares fell down a 41% in the Amsterdam Stock Exchange anticipating an uncertain future alone again for the Dutch company.