



THE MARKET

TNT N.V., is a global leading provider of Express, Logistics and Mail services headquartered in the Netherlands. The group employs about 162,000 people in 63 countries and serves more than 200 countries. In 2004 the company reported sales of €12.6 billion. TNT N.V. is listed on the stock exchanges of Amsterdam, New York, London and Frankfurt. TNT has been named one of the Top 10 most admired companies in the Express and Logistics category by Fortune Magazine for consecutive 6 years.

TNT Express is the largest express company in Europe. It owns 42 aircraft and 19,023 vehicles and handles 187 million consignments per year. TNT Express offers unique, integrated pan-European and domestic express delivery and was a pioneer in adopting internet-based tracing and tracking and ordering services as well as the first company to achieve worldwide recognition as an Investor in People organisation.

TNT Logistics is a leading global logistics company. It designs, implements and operates complex supply chain solutions on a national, regional or global scale for medium to large enterprises. TNT logistics is the second-largest logistics operator worldwide. It is the first logistics provider to the automotive industry in the world and key provider of logistics services to the electronics and pharmaceuticals sectors. It manages over 8.5 million square metres of warehouse space and is the first supplier of logistics services to achieve ISO certification for contracts and operations.

TPG Post is a market leader in international business mail and has been established for more than 200 years. It runs mail networks in seven European countries for collecting, sorting, transporting and delivering 5 billion mail items each year.

With almost 20 years development in China, TNT has become the largest 3rd Party automotive logistics provider in China through the joint venture set up with Shanghai Automotive Industry Sales Corporation.



ACHIEVEMENTS

In 2003, TNT was named one of the world's Top 10 Best Companies to Work for in Europe by Fortune Magazine.

In 2003, TNT was named one of the Best Companies to Work For in China by Watson Wyatt.

In 2005, TNT China was named one of the Top 10 Employers in Best Employers in Asia 2005 by Hewitt.

In 2005, TNT won Best Logistics Provider China Award and Best Road Haulier Award by Asian Freight & Supply Chain Awards.

HISTORY

TNT formed the International Express joint venture with Sinotrans in 1988. In 2002, it established the largest automotive logistics JV with Shanghai Automotive Industry Corporation, providing state-of-the-art logistics technology, solutions design and implementation. In October 2002 TNT launched new express direct air freight flights from China to Europe under a code-share agreement with China Southern Airlines. In April 2003 TPG and China Post signed Memorandums of Understanding to deepen cooperation in areas of express, logistics and mail. In May 2003 TNT launched a nationwide toll free Customer Service Hotline and expanded China-Europe direct flights to five times per week. In August 2004, TNT launched Economy Express, a heavy parcel priority service. In March 2005, TNT introduced

its logistics flagship suite Matrix system into China to advance proficiency and efficiency in Supply Chain management.

While introducing the latest technologies to its existing Logistics, Express, Direct Marketing services into China, TNT also has been active in developing local talent. In July 2004, TNT kicked off a "China University Undergraduate Internship" campaign. The program is an opportunity for young Chinese talent to learn about international logistics management and it promotes cross cultural communication between China and the Netherlands. Under this programme, four outstanding university students were selected and were sent to TNT headquarters in the Netherlands to receive training. As a long-term plan, this programme aims to train up to 20 top university students each year. In November last year, TNT unveiled its new China University partnership with Shanghai Jiaotong University.



The partnership is aimed at utilizing each institution's comparative advantages to train local talent in China's fast-developing logistics industry.

Through a strategic partnership with United Nations' World Food Programme (WFP), TNT demonstrated its leadership in terms of corporate social responsibility. Since 2002, TNT has been in a long-term partnership with WFP to raise awareness and funds for WFP's fight against global hunger. As a part of the programme, TNT and WFP initiate "Walk the World" event, an annual global fundraising initiative aims to raise money for food and education for poor children. In China, TNT donated all the funds raised from Walk the World for WFP's School Feeding Programme in China's Gansu province. The programme gives hungry school children essential food in return for attending school and in addition, provides money to help schools improve their infrastructure and teacher training.

TNT, together with CNBC and CNB, hosted the 3rd annual Asia Business Leaders Awards in



Shanghai in May 2004 at the Four Seasons Hotel. The awards, the Oscars of the business world, were attended by 400 top decision makers from China and around Asia.

THE PRODUCT

TNT is an integrated express and logistics company in China, offering customers a full range of distribution services from complex supply chain management solutions for the automotive industry to time-definite door-to-door international express delivery services.

TNT has been running business in China since 1988. Today, TNT is the largest automotive logistics company in China, having a total of 32 logistics centres covering a total of 1,000,000 square metres. TNT has branches in 25 cities and seven international gateways, and employs 3,000 people in China.

TNT has maintained good relations with key partners. It has established a strategic alliance with China Post to explore cooperation in mail, express and logistics areas, which now boasts more than 2,000 service centres in more than 500 cities. In April 2003 both parties signed Memorandums of Understanding to broaden cooperation. In 2002, TNT set up Anji-TNT Automotive Logistics Co Ltd, a joint venture between Anji and TNT. As the largest automotive logistics provider in China, TNT has a total investment of US\$49.5 million and manages 71 warehouses for its automotive logistics customers.

In 1992, TNT founded Shanghai TNT Logistics Co Ltd, a joint venture with Shanghai Traffic & Transportation Group, which manages 5,160 square metres of warehouse space and a fleet of 45 heavy trucks.

RECENT DEVELOPMENTS

TNT is confident of the growth of Chinese markets, fuelled by the surging Chinese economy. China is expected to be the world's third-largest exporter by 2008. By 2015, it is forecasted to be responsible for 40% of global manufacturing output. China has enormous potential in the logistics, express and mail areas. The country's automotive market is growing at 20% a year. By 2010, China is expected to be the world's second-largest passenger car market, in terms of volume, and the world's sixth-largest express market, making it a key country in terms of global supply chains. China's direct mail business has huge potential growth. While European residents receive an average 88 pieces of direct mail a year, Chinese currently receive just eight.

To capitalise on this opportunity and realise its leadership vision, TNT has identified China as its home market in Asia and as one of its three strategic global growth markets. In September 2004, TNT officially opened its China Head Office in Shanghai and announced to invest Euro 200 million in China over the next few years.

TNT provides integrated business solutions in China ranging from Direct Marketing solutions, door-to-door delivery services and complex Supply Chain management. It expects that its China network needs to expand to more than 100 branches by 2010, in order to provide its complete product mix of Logistics, Express and Direct mail services to 1,000 cities in China.

Also TNT needs to increase the number of vehicles to 2,400 to handle this growth, staffing levels are expected to increase ten-fold and the warehouse capacity expand by up to 10 times.

PROMOTION

Innovative business operation module: Based on the TNT-1 initiative, TNT China has integrated its mail, express and logistics products and services. It is a strategic initiative aimed at maximising the group's revenue and cost synergies by mobilising cross-divisional teams in business support areas such as HR, finance and marketing.

Innovative services: TNT is committed to developing and providing better services to satisfy and exceed customers' expectations. For instance, TNT is the first industry player to launch a 9am-next-day express service.



Innovative solutions: TNT exploits technology to achieve optimisation, integration and transparency throughout the supply chain. For instance, TNT provides integrated express and logistics solutions to customers, such as services of Storapart, Breakbulk, Repair & Return.

Innovative branding: TNT launched its award winning corporate identity in 1998. The circles in TNT's logo represent flexibility and innovation and the orange colour signifies the company's Dutch parentage. The circular logo inspires many of TNT's print advertising and design, making TNT's advertising different from its competitors. In 2000, TNT was the first company in its industry category to advertise itself as a business logistics solution company, rather than an express company by launching its TV commercial on CNBC. In 2001, TNT co-conceptualised and co-presented with CNBC the pan-regional business awards called the Asia Business Leaders Awards. The Awards have been running for three years, receiving widespread publicity and support from the business leaders from Hong Kong to India.

Customer Interface Technology: TNT provides customers with a transparent and



consistent tracking and tracing interface to facilitate administration management.

Innovative partnership with World Food Program (WFP): TNT's cooperation with WFP is more than donation. Besides fund-raising, TNT also provides people, intelligence and expertise to run the project as a business unit with a budget, target and quarterly programme review. The project has been used as a case study in a leading business schools.

BRAND VALUES

In 2004, TNT has achieved good progress in Mail, Express and Logistics businesses, which all managed to increase their margins.

TNT Express continues to improve, reaching a new record margin of 10% in the 4th quarter of 2004. All global markets put in a positive underlying result, led by China region, which was up over 30%.

TNT Logistics also successfully posted a 9.3% growth in global logistics business and with the acquisition of Wilson, freight management has been added to its portfolio of services which will further reinforce its position as a leading logistics and express service provider.

In Mail, the prospect of real penetration into new markets is improving with strong growth in European Mail Networks.

THINGS YOU DIDN'T KNOW ABOUT TNT

- "Walk the World" is a global programme run by TNT in conjunction with the United Nation's World Food Program to raise funds for fighting against hunger to help feed and educate about 30,000 children. The programme was introduced to China in August 2003 and was run again in June 2004. In June 2004, TNT raised €800,000 through Walk the World worldwide. In China, TNT raised €60,000 to feed and educate 4,000 Chinese children in Gansu province, one of the poorest in China
- TNT helps optimise warehouse management in emergency response depots around the world, increasing the efficiency of the UN World Food Program. For example, TNT helped WFP's Brindisi warehouse save €400,000 in operating costs, which is equal to providing food to 13,000 children