

M&M[®] NEWS

Nachrichten – News – Nouvelles – Новости

For our clients, partners and employees

December 2005

Welcome to M&M News

Dear Readers:

It's December again! Time to look back, and to set ourselves new goals.

For M&M, a lot happened in 2005. An especially joyful jubilee was celebrated on April 1st: 125 years M&M.



Historical freight tariff of 1892

We opened new offices, such as, most recently, in Passau (Germany), Bialystok (Poland), as well as at Vilnius airport in Lithuania. In Romania, M&M Romania SRL has begun doing business.

At the same time, we are, and have been, investing at different locations to expand our logistics capacities. In Greece, we opened an 8000 square meter logistics terminal and warehouse facility. M&M Polska's new terminal complex will be finished at the beginning of January 2006 – it will boast 20900 square meters for warehousing and 5600 square meters for offices – and construction is going on in

Tianjin/China, as you could read in the November issue of the M&M News.

All these achievements cannot be separated from our staff's commitment, and also, especially, from the trust that our customers and partners have bestowed on us for many years. We like to take the opportunity to thank all of you. We wish you all a Merry Christmas, restful holidays, and all the Best for the New Year.

Engelbert Heiser
for the Executive Board of M&M
Miltzer & Münch International
Holding AG

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General

Poland's transportation and logistics market

(source: Ost-West Contact, edition 12 / 2005)

The dynamics of Poland's economic growth can also be felt in the transportation and logistics sectors. Yet the country's infrastructure still needs modernizing.

We print here a summary of an interview that Prof. Dr. Wojciech Paprocki, managing director of M&M Polksa sp.z o.o. and member of the administrative board of M&M Miltzer & Münch International Holding AG, gave OWC.

Which role does transportation play today in the country's economy?

Poland is an important transit country as well for north-south as for east-west traffic. Four of the Pan-European corridors cross the country.

Yet the infrastructure needs modernizing. There is the new concept of financing infrastructure development publicly as well as privately, in a partnership (PPP). As an example, the motorway section south of Gdansk is being financed that way.

Where do you see the major problems for your industry?

Many of our problems result from years of under development traffic-wise. There is not enough money for infrastructural development. Roads and rails are not sufficient – as far as quality, and quantity goes. Over the last years, some projects have been realized with European Union subventions, and with support from international financial insti-

tutions. Yet, the results cannot match the dynamic increase in passenger and freight transport.

There are also newer problems such as traffic jams on the major roads and within certain cities or an increase in transit traffic in smaller towns due to missing motorways. The roads are in bad repair and are getting worse because heavier trucks use them now, and the quality of rail freight is dissatisfactory.

Some problems have been solved, though: in 1989, there was a huge lack of warehousing facilities; in the meantime, 1.7 million square meters of modern warehousing space have been added.

How about the modernization of the Polish sea ports?

There is investment in all ports. In Gdansk and Gdynia they are building new terminals. At both ports, container traffic has increased. 2005 will prove to have been a good year for the Polish ports with a volume of 24 million tons for Gdansk, Poland's biggest port. The increase results from Poland's EU membership. We feel that too, in our turnover. Ocean and airfreight have been steadily increasing lately.

How has the EU membership affected the competition in your industry?

Especially in road transport, there is an enormous increase in competition, also from abroad. As a result, everyone had to lower their rates – yet things have calmed down a little now. The pressure is still very high in this sector, and many smaller companies have to fight for survival. Plus, there were the increases in energy costs and, for companies that deal internationally, the strength of the Polish currency.

Generally speaking, the growing competition makes for smaller margins in our sector.

Yet, there is a growing demand, too. Thus, if you are able to take the challenge – offering customer-oriented service, good performance, and IT backed concepts – you have a good chance to win.

Any plans from your side?

M&M Polska is extending its logistics capacities with a new terminal complex in Poznan. That is near the motorway A 2 from Berlin to Warsaw with a direct rail connection to Poland's main railway track that connects Western Europe to Russia and the Far East.

Why Poznan?

Poznan is among the most important logistics locations in this country. Over the last years, automakers, the food industry and others have settled here. Geographically, Poznan is an ideal hub for distribution across Central Europe. With our terminal building, we will increase the logistics services we offer, thus following a general tendency toward more logistics. This for two reasons: on the one hand, foreign investors are used to depending on good logistics services providers from their domestic markets. On the other hand, more and more Polish companies begin to recognize the value of outsourcing certain services. Yet this process is still going slow.

The infrastructure of Poland (beginning of 2005):

road network	357.700 kilometers
Density of road network	114,4 kilometers per 100 square km
motorways	550 kilometers (2005: + 122 km; 2006 + 170 km)
railroad network	23.420 km
Density of railroad network	7,5 km per 100 square km
Pipelines for crude oil	2.278 kilometers
Navigable waterways	3.812 kilometers
Largest ports	Gdansk, Szczecin, Gdynia and Swinoujscie
Important airports	Warsaw, Krakow, Katowice, Poznan and Wroclaw

M&M Militzer & Münch International Holding: new CFO

Ingo Seifert (40) is the new CFO of M&M International Holding AG in St. Gallen, Switzerland. He was instituted on December 1st.



Ingo Seifert is an expert in finances. He was CFO for M&M already from 1999 to 2002. Since 2001, as a member of the Board of Directors of the TransInvest Group – M&M belongs to that group – he has been responsible for Controlling and Reporting.

M&M Euronational (Germany) expands IT basis

*Jens Wolfrum
head of IT
M&M Interservices GmbH*

M&M Euronational will expand its IT based services with the electronic integrated planning and fleet management F-KOM. The IT services will then be the same that the big companies use. Customers and the company itself will profit from the new, practically paperless forwarding processes.

There will be no more manual data entering at the warehouse or on loading. A mobile





data port will store all status information up to delivery. With the mobile communication units, the cargo is scanned in the warehouse, and the trucker scans it again on delivery. The customer signs receipt on the display of the unit. The new system also allows to archive, to track, and to trace.

For the customer, the new IT means significantly better quality service, and for Euronational, it means better control during all the phases of the forwarding process, and lower costs.



Jens Wolfrum, head of IT

The customers' reaction was very positive. More and more customers are also using the online shipment services: customers can download all the shipping documents, even bar code labels. This also cuts costs, and eliminates mistakes. Implementing new IT systems means changes in the organization, and in the way the customers, and M&M, work, to a mutual benefit. Which is why M&M Euronational will keep working on finding the best IT solutions in the own interest, as

well as in the interest of the customers.

M&M Germany: new Passau office

M&M Euronational opened a new office in Passau on December 1st. M&M representative Mr. Erwin Melch can be reached at:

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M&M supports charity

As in the past, M&M supports the charitable project "Compassion" ("Aktion Nächstenhilfe") also this Christmas.

3000 Euros were donated to the organization that is run by the Free Christians, and again M&M will have trucks ready to transport humanitarian aid goods such as clothes and food to Eastern Europe.

For 15 years, "Compassion" has helped fight poverty in Belarus and the Ukraine. The project translates the true spirit of Christmas finds into real help.
(from left) **Werner Krauß**,
Klaus Lutze (managing di-



Directors of M&M Miltzer & Münch Deutsche Holding GmbH, with Mr. Pfenning (Free Christians Hof)

Our customers approve – they willingly agreed not to receive any gifts, and thus support the project.

Area Codes in Russia changed

Please be aware that the area codes for Russian cities that so far began with "0" are now beginning with "4".

Thus, the Moscow area code is now 495 instead of: 095. The old codes are still valid through January.

New M&M office at Vilnius airport and new address of M&M Tallinn

M&M Baltica opened a new office at Vilnius (Lithuania) airport. The new address is:



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M&M Tallinn (Estonia) moved.
The new address:

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EE-11415 Tallinn / Estonia
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M&M at the CCTST Conference in Seoul

Dieter Buchinger, managing director of M&M Tianbao, China, represented M&M at the CCTST conference in Seoul. M&M supports international transports via the Trans-Siberian route through its rail freight activities in the CIS, and also through its membership in the Union of European Trans-Siberian Transporters GETO. Werner Albert, President of the TransInvest Group, is GETO's President and vice president of CCTST, Moscow.

“At the Seoul conference, they introduced new initiatives for the development of the Trans-Siberian transports, and explained the status of the Trans-Korea railroad”, says Dieter Buchinger. “At the moment, South Korean customers account for 66% of the container transit via the Trans-Siberian railroad. The reunification of the Trans-Korean railroad will offer new possibilities for surface transport between Europe and Asia. Korea wants to become the hub for the whole region.”

Werner Albert pointed out achievements that have been made since the last conference. “New rail cargo products are being developed or tested, via multiple routes”, he said. As an



(photo: Kulke-Fiedler)

example, he mentioned, among others, the regular freight train from the Baltic Sea to Central Asia. There was also demand for routing via the Ukraine. Customers needed, said Albert, reliable standard services such as the Eastwind that connects Germany and the CIS.

At the end of the 14. CCTST Conference in Seoul the participants visited the re-opened National Museum of Korea. The exhibition venue, the largest in Asia and the world's sixth largest in size, today has some 11,000 artifacts of its 150,000 piece collection on display.

(photo: Kulke-Fiedler)



General

Romania joins forwarding treaty

On January 1st, 2006, Romania will join the EU-EFTA treaties on “Communal forwarding processes” and “Simplifying paperwork”.

EZT online – electronic customs tariffs.

From January 2006 on, customs offers the electronic customs tariffs (EZT) as EZT-online. It contains the tariffs of the European Union TARIC plus (German) domestic data.

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