

Dear Readers:

This M&M News issue focuses on Hungary, a country that is turning more and more into a logistics hub for Central, South-Eastern, and Eastern Europe. Our article on Hungary's attraction as a logistics center highlights the Hungarian M&M's plans for the near future and the general Hungarian market development prospects.

We also feature an interesting report on the 16th plenary meeting of the international Coordinating Council on Trans-Siberian Transportation (CCTT) that took place on November 1st and 2nd in St. Gall, Switzerland. The fact that 250 participants from 24 countries attended the event mirrors today's heightened interest in the development of this Euro-Asian land corridor.

Well, enjoy reading about these and other topics!

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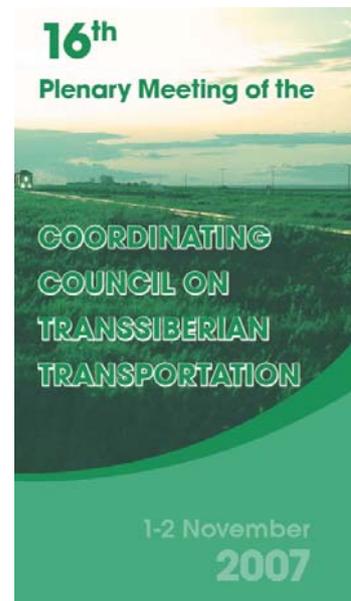
Vladimir Yakunin, President of the Russian Railways: Cooperation welcome

On November 1st and 2nd, the 16th plenary meeting of the international Coordinating Council on Transsiberian Transportation (CCTT) took place in St. Gallen, Switzerland. The event counted about 250 participants from 24 countries – a number that proves today's heightened interest in the development of this Euro-Asian land bridge. Representatives from the 110 members – organizations, railways, and companies – attended the event as well as high ranked political representatives.

Vladimir Yakunin, President of "Russian Railways AG" and Chairman of the CCTT, and Swiss and Russian political representatives, Ambassador of Switzerland in Moscow, Erwin H. Hofer and Ambassador of the Russian Federation to Switzerland, Igor Bratchikov, welcomed the participants and opened the symposium. Words of welcome were also offered by Josef Keller, member of the cantonal Government of St. Gallen.

The main topics on the agenda of the CCTT plenary meeting were the current technical, technological, financial, and legal demands that have to be met as Euro-Asian transportation develops. In this context, the harmonization of the judicial basis for through traffic via railway from Western Europe to the Far East via the Transsiberian land bridge and vice versa plays a major role. New IT solutions to speed up customs pro-

cedures and to monitor transports were presented, and the participants defined guidelines for the further development in this field.



Customs issues were another important point of interest. Here, there have been achieved considerable improvements since the CCTT plenary meeting last fall – the result of a concerted action of CCTT members. Vladimir Yakunin, President of the 'Russian Railways' and CCTT Chairman, informed the plenum of a contract the 'Russian Railways' has signed with the CIS Federal Customs Agency for closer cooperation. In order to speed the flow of goods, CCTT members also want to do away with unnecessary inspections of containers at the different borders. And one of the most urgent problems, one that needs to be solved very fast, is the lack of containers and container carrier wagons in the Russian railway system. In this context, Yakunin explained the Russian Railways' investment program to stock up



on rolling material. "We have provoked countless orders; yet they really are beyond our production capacity. Thus, cooperation offers from Western Europe, for instance for joint production, are very welcome."

Werner Albert, CCTT Vice Chairman and President of TransInvest, St. Gallen, the host of the 16th CCTT plenary meeting, emphasized that his company is prepared to go into commitment to help solve the problems caused by the imbalance of wagons. There were also, he said in his speech, due to lacking logistics know-how in the CIS, numerous other problems that delay transports. Yet there was substantial progress in Russia and its neighbouring states, especially in this field. "The 'Russian Railways', the Chinese railroad companies, and the Kazakhstan railways are taking huge steps to develop a network of transportation logistics terminals. This network will make good the deficits of past years, and lets us look optimistically to the future", he said.

Gennadi Bessonov, General Secretary of the CCTT Secretariat in Moscow, pointed out that the CCTT had succeeded in getting the 2008 tariffs already decided on by November. In previous years, the tariffs had been declared at the end of December only. Thus, it is now easier for railways, forwarders, and their customers to budget next year's costs. Bessonov also highlighted the latest positive results that CCTT had effected, such as the new electronic portal for Transsibe-

rian traffic, the container bourse that was created in 2007, and the growing collaboration between the CCTT members. Countless initiatives had been agreed upon among CCTT members to improve the service and quality of transportation, and to intensify marketing.



(from left) **Werner Albert**, CCTT Vice Chairman and President of TransInvest, St. Gallen, **Vladimir Yakunin**, President of "Russian Railways AG" and Chairman of the CCTT and **Gennadi Bessonov**, General Secretary of the CCTT Secretariat in Moscow

All participants agreed that the 16th CCTT plenary meeting had once more proven the importance of this international Coordinating Council as an efficient instrument in the creation of joint transportation solutions and as a valuable platform for Euro-Asian cooperation. "Nowadays, no railway company can grow unless it is integrated in the global transportation market, and CCTT makes a substantial contribution towards creating the practical basis for that growth", said Chair-

man Yakunin at the end of the meeting.

The participants also agreed that there is high potential for Transsiberian transports. In view of the countless current efforts to improve frame conditions, everyone expects faster progress in this field. In this light, an estimated 25 to 30 % per annum growth of container transit via the Transsiberian railway corridor was regarded as realistic.

www.transsibcouncil.com

Hungary's Growing Attraction as a Logistics Location

Hungary is turning more and more into a logistics hub for Central, South-Eastern, and Eastern Europe. The country owes this new profile to the region's best developed motorway net, good connections to the Adriatic and Black Sea ports, and efficient, workable terminals for combined transports and airfreight – a field that is developing at dynamic speed. The Hungarian daughter company of the M&M Group, M&M Hungary Kft, regards Hungary as an attractive location for all customers who are interested in developing business with this region. For over one and a half decades, M&M Hungary has served an increasing number of customers, offering logistics and forwarding.



Krisztina Buti

M&M News talked to Krisztina Buti, M&M Hungary Kft General Manager, about the company's plans for the near future and the general prospects for the development of the Hungarian market.

What are the latest news concerning M&M Hungary?

We have just inaugurated a new 2.600 square meter warehouse, as there is growing demand among our customers for logistics services. Here we have, on the one hand, customers that make more and more use of our logistics offers; which of course shows that our customers value the quality, reliability, and performance of our service. That makes us very happy, of course. And on the other hand, we see new customers arriving – Hungarian daughter firms of the big international groups such as Nespresso, which belongs to Nestle, but also Hungarian national companies. Thus, at the moment, we are performing the complete logistics services palette for one of our Hungarian customers: labelling, packaging, commissioning, and other related logistics jobs.



M&M Törökbalint

Your location has always been Törökbalint, on the outskirts of Budapest. This location, is it still attractive today?

Oh yes, it is, and it has become even more attractive actually. The Törökbalint logistics center has direct connections to the M1 motorway to Vienna and the M7 towards Croatia.

And via the part of the Budapest circular road that has already been finished, it is very easy from where we are to reach M5, the motorway that takes you to the Serbian border – and a branch of which leads to Romania. That part has al-

most been completed. We also have good connections to the Adriatic ports of Koper and Trieste.

Where does M&M Hungary experience the largest growth at the moment?

The largest growth happens in logistics and, increasingly, also in airfreight. Airfreight is really going strong and has increased continuously over the past few years. In airfreight business, mainly Far East transports have multiplied. Among other cargo, we transport parts for the automotive sector. Nowadays, there are direct flights between Budapest Ferihegy Airport and the airports of Hong Kong, Taipei, and Bangkok.

As a consequence of the growth in airfreight, we opened our own sales office at the airport last November. We are currently hiring more staff for this office.

As is generally known, the Hoch-Tief Corporation has taken over the management of Budapest International Airport with plans to build a new cargo terminal there next year. This means that we forwarders will all be able to work under much better conditions. We figure that this will also give additional impulses to the airfreight business.

Looking at our growth potential as per the products we handle, I would say that our growth is biggest in the field of pharmaceuticals. There is huge growth potential in this market in Hungary, and we have had an enormous increase in inquiries in this field.

Does this growth also entail proportionally growing profit margins?

Well, we have just finished budgeting for 2008, and in the sectors concerned, things look especially promising. We aim at increasing our gross forwarding profit by 20 % in airfreight, and by 40 to 50 % in warehouse logistics. This is of course only possible if we expand considerably.

We are not yet completely happy with the groupage development. Here, of course, the European Union's extension to the East has brought about

some changes, and some customers seem to think they can do without the forwarders' competence and support, and thereby cut costs. Yet, the truth is, things are just the other way round: With our support, customers optimize their goods flow and, in the end, save costs.

Hungary is an excellent hub for the whole region, an optimal distribution center from where all neighbouring countries can be easily and beautifully served. A growing number of customers is discovering this, too.



M&M Team Hungary

What are the general prospects for the development of the Hungarian market?

M&M is, as we all know, a medium-size group of companies that distinguishes itself through its special customer proximity and also through an excellent and highly developed international network that comprises Central Asia and the Far East, the Mediterranean and the Persian Gulf. The market here acknowledges this. Add to this the quality of our service, the professionalism of our team, and our intensive customer service, and you get the very solid market position that we are holding here.

15 years of M&M Ukraine

There was reason to celebrate in Kiev, Ukraine: At the beginning of November, M&M Ukraine GmbH had its 15 year jubilee.

About 80 guests took part in the celebration; staff and customers of M&M Ukraine, but also representatives from other M&M companies such as Viktor Blazhukévitch, general manager M&M Belorussia, and

Eugene Shakalida, general manager Trasko, as well as Ingo Seifert and Prof. Wojciech Paprocki, both M&M International Holding AG St. Gall, Switzerland.



M&M Ukraine was founded on November 3rd, 1992, and has developed successfully ever since. Apart from the main office in Kiev, there are branch offices now in Dnepropetrovsk, Kharkov, seaport Odessa as well as at the Odessa International Airport, and at Boryspil Airport. At this time, M&M Ukraine employs a staff of 50 employees.



The product portfolio of M&M Ukraine comprises national, international, and transit transports via rail and road, as well as airfreight, ocean freight, warehousing, distribution, and customs clearance.

M&M invests in Youth

by Krzysztof Senator

This November, a three day seminar was held at the Warsaw School of Economics. Students from the universities of Jena (Germany) and St. Gallen (Switzerland) took part in several lectures and panel discussions dedicated to marketing and logistics in international companies. Professors Wolfgang Stölzle (Logistics Management Department, St. Gallen) and Roland Helm (Economics and Business, particu-

larly Market, Marketing and Trade Department, Jena) attended the event with over 35 students. They had the possibility to talk with such high caliber experts as Prof. Boguslaw Liberadzki, Member of the European Parliament, and Prof. Piotr Ploszajski, Vice Rector of the Warsaw School of Economics.

But where does M&M fit into all this? The answer is simple.

It is no secret that M&M Militzer & Münch International Holding AG has long had plans to promote logistics amongst students. We want to wake the young generation's interest in logistics and forwarding, and to attract the attention of young people to the fact that TFL is the business of the future. In order to do so, the head of the "St. Gallen – Jena project", Jochen Auffhammer (President of the Advisory Board, M&M IH AG), organized the event in cooperation with professor Wojciech Paprocki (member of the board of M&M Poland and senior lecturer at the transport department of the Warsaw School of Economy).

Having the privilege to be the main sponsor of the event, the M&M Group in Poland was responsible for the visitors' well being. And since we all were present at the Munich fairs, we all are aware of the Polish organization skills. This time was no different.



M&M Poland did a great job providing all the basics such as transfers, accommodation, transport around town and much, much more. "We couldn't let our visitors waste a second of their short stay and we wanted them to see and experience all there is to see in Warsaw" – said Wiktor Paprocki (manager of PR, M&M

air cargo service Polska) who coordinated the event. During the three day seminar students were provided with snacks and drinks, courtesy of M&M Poland. Also Tadeusz Zalejski (Key Account Manager for M&M air cargo service Polska) and Jakub Przeliorz (Sales Analysis Specialist for M&M Polska) were present during lectures; they provided help and served as a valuable source of practical information to be contrasted with the theory.



After a day filled with the students' presentations (in English) about marketing and logistics in Poland – in preparation for the event, they had interviewed Polish companies and now presented their results - the visitors had the possibility to explore the famous Warsaw Old Town and learn about its history guided by Krzysztof Senator (Assistant, M&M PR Department). Afterwards they were invited to dinner – another opportunity to discuss practical issues of logistics and marketing with their professors and the M&M staff.

The second day of the visit brought even more interesting events. The students and professors were taken to the M&M terminal in Pruszkow, where they could see with their own eyes what logistics is all about. Divided into four groups, they were given presentations on such topics as storing, distribution and logistics. The most popular topics however were the M&Mnet (a unique distribution system in Poland) presented by the director of the M&M terminal, Mr. Maciej Bartosiewicz, and the state of the art IT solutions implemented in the Pruszkow terminal. The rest of the day again brought very interesting presen-

tations by students from Jena and Sankt Gallen. The third and last day ended with a press conference. Journalists from the "Polish Transport Newspaper", the "Financial Newspaper" and "Radio for you" wanted to know all about the project and since they had the ability to interview a Member of the M&M IH Board, they made the most of it and questions were a plenty.

Amongst typical business related topics one question raised the most interest: "What was the aim of the project?" to which Jochen Auffhammer had a clear answer: "It is only natural that an alternation of generations is taking place; in order to develop, M&M has to look for "new faces" for its business."

New management director at M&M ACS France

Céline Dottel took over the position of managing director of M&M Air cargo service S.A. France this October, following Gérard Bertolini, who retired.

She last worked for Maersk Logistics France at Roissy CDG, where she was responsible for the airfreight sector. Dottel has ample experience in airfreight also from previous jobs.

Céline Dottel perfected her English during a stay in the US.

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Always ready for challenges

by Dieter Buchinger

One always knew that M&M China is flexible and ready for

challenges, even the most difficult ones.

This time the job was to ship an entire plane (Boeing 767), dismantled, by ocean freight.

What once looked like this:



Ended like that:



So, if you need logistics and freight forwarding services to/from or via China, do not bother asking somebody else, M&M China will solve your transport problem.

Obituary

Antony Issac passed away unexpectedly on November 5, at the young age of 38.

Antony Issac was general manager of M&M Emirates Logistics LLC in Dubai, a company that was opened last January. During the past months, Issac developed this company together with his team.

His untiring commitment and his friendliness were exemplary, and highly valued by his staff and all M&M colleagues.

To his family, we wish to express our deeply felt condolences.

Executive Board and staff,
 M&M Group

General

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Information from the Trans- Invest Group

InterRail boosts its product WestRail

The Swiss rail service provider InterRail is step by step widening its scope of activities. Apart from rail shipments to the CIS which traditionally remain its core business, InterRail boosts its product WestRail. It comprises rail shipments between Western, Central and Eastern Europe to and from the CIS. InterRail is not restrained to certain relations, but reacts flexibly to the wishes of its clients.

Recently, InterRail organized the export of more than 50 bogies from Arad in Romania to Kerman in Iran on the Romanian, Bulgarian and Turkish stretches. The shipment went smoothly. In Turkey, Halkali or Van, the cargo was reloaded, mostly on the very day of arrival. From there, it was shipped to Iran.

Apart from route tracking, as a special service the client was also provided with online photographs of the reloading. More shipments of bogies from Romania to Iran will follow this year.

WestRail

„Boosting the product WestRail will remain in the focus of our attention. We are happy that we could strengthen the trust of our clients not only in our traditional CIS shipments, but also in shipments in other regions“, Hans Reinhard, CEO of InterRail Holding AG, has commented on the recent developments.

Meet the World of your M&M

One year in Warsaw, Poland, six months in Kiev, Ukraine, or a year in Hamburg, Germany - with about 115 locations in over 30 countries world wide, the M&M Group offers ample opportunities for their employees willing to widen their horizons.

So, if you want to gather new experiences abroad, learn about the business from another point of view, and perfect yourself in a foreign language that will always be a useful and valuable asset in your career, meet the world of your M&M.

There are numerous opportunities for internships from six to twelve months in the different business sectors of our group.

Interested? Please contact us directly at Jochen.Auffhammer@mumnet.com stating the country you would like to work in, your foreign language level for the country in question, and the time frame of your stay.



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