

M&M[®] NEWS

Nachrichten – News – Nouvelles – Новости

For our clients, partners and employees

May 2006

Welcome to M&M News

Dear readers:

As early as in 1930, M&M became a freight agent for shipping companies, and in November 1949, M&M were appointed official IATA agent. Today there are independent M&M air and sea cargo companies in many countries, and other national M&M companies have air and sea experts among their employees.

The main topic of this M&M News is M&M's grown role in the international air and sea cargo business. This sector has gained weight for the progress of M&M as a whole.

Due to globalization, the significance of air and sea shipments will continue to rise. Read more about strategies and current developments in this sphere ...

Of course, also in this month's issue we have interesting reports from the M&M family, which we hope you will enjoy reading.

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Air and Sea Cargo gaining ground

The German M&M air sea cargo GmbH has set sail for new ambitious projects in the automobile logistics sector, which require high quality standards, door-to-door service and comprehensive IT-service. This is proof of M&M's growing importance in the international air and sea freight business.

Over the past few years, the sector has constantly gained weight within the M&M group of companies. The development was fuelled by requirements of our customers that have adapted to the globalization of the economy, by lively co-operation and the successful international standing of M&M air sea cargo as a quality hallmark.

M&M News talked to Harald Mazarin, Executive Director of M&M air sea cargo GmbH in Hof, Germany, on strategies and current developments in this field. Harald Mazarin is member of the Executive Board of the M&M International Holding AG based in Sankt Gallen, Switzerland, with special responsibility for the

development of the group's air and sea cargo business.



Harald Mazarin

What role do air and sea shipments play within M&M?

Over the past two years, 25% per cent of the group's gross forwarding profit came from air and sea shipments. Outstanding results were achieved by our companies in Asia, with China at the top. There, at times up to two-thirds of the gross forwarding profit were realized in the air and sea cargo sector. Eastern Europe, too, particularly Russia, Poland and Bulgaria, have seen very positive developments in this field. The gross forwarding profit of our German air and sea cargo operation rose by 12 per cent over the past year, marking growth not only in turnover but in profits, too.

Meanwhile, we have independent M&M air and sea cargo companies in 12 countries, and air and sea branches within national M&M companies or offices. In all other organizations, we have seasoned experts in place for the sector. All this makes the international M&M network very efficient in this sphere, too. In the next few years, the importance of air and sea

shipments will rise even further. Globalization has made the sector fairly profitable, and demand is on the rise. Our customers value our expertise in the field and our high quality and service standards that will enable us to make further progress.

For a medium-sized group such as M&M, the new global developments are without doubt a great challenge. How do you try to keep pace with the global players that are increasingly dominating the international air and sea cargo business?

M&M is well represented internationally, with offices in over 30 countries and exclusive partners in many more. Thus, we are at home on all five continents. To be competitive on the global stage it is reasonable for companies of our size to cooperate in an effective system with other companies. In short, for us, cooperation in alliances of shippers or in their associations has always been a major issue on the road to growth and success.

Could you give some examples?

As you may know, M&M is a member of the German "Group '99", an alliance of medium-size forwarding companies providing sea shipments. In the field of air cargo shipments, we joined the "Future" alliance of medium-sized forwarders which for years has ranked among Germany's leading three air cargo shippers. The idea was to bundle freight, know how and IT competence of innovative medium-sized air cargo logistics experts in order to take a leading position in the market. This concept has proved successful and our customers benefit from it in many ways through competitive offers, improved service, fixed capacities, optimized workflow, compatible IT solutions and much more.



Do you plan to roll out this idea globally?

For a medium-sized company, cooperation in networks is essential. Some time ago, a number of our companies with a focus on air and sea shipments have joined FETA Freight Systems International (FFSI), a global network of universal forwarders. This network, founded in the Far East, is an alliance of 73 companies of 58 countries, with offices in 173 cities.

Membership per country is limited and is contingent on a certain level of solvency and quality, which is for the benefit of all members and, above all, their customers. The vision of FETA founders was to establish a multinational quality service to use the synergy effect for improving the ability of any single member to serve its customers and keep pace with the global players.

This idea corresponds very well with our own intentions. It allows us to take advantage of our biggest asset – the personal service we render as a medium-sized company also on a global scale.

Is there unexploited potential within M&M for better service in air and sea shipments?

We have many ideas on how to provide our group's companies with better conditions of purchase, how to achieve profound improvements of our products and how to make better use of dynamics and competence inside the group. As air and sea shipments have their destinations everywhere on the globe, we need to bundle activities within our group, which also requires closer cooperation.

What are your biggest headaches as an air and sea forwarder at present?

Some airline companies render unreliable service. For instance, guaranteed capacities are not granted, the amount of pallets is cut or our cargo is adjourned when another customer is given priority at short notice. This is very unpleasant, as it interferes with the high quality standards we feel obliged to meet for the benefit of our customers. We are a top contractor of airline companies and we expect to be treated as such, especially in the interest of our customers.

How will upgraded security standards in international air traffic affect your company?

As any other forwarder, we will meet the requirements with thoroughness. We think it is very important that all aspects of the requirements be made transparent for our customers, as we will have to pass on most of the extra costs to them.

As a member of the Executive Board of M&M International Holding AG, you are responsible for the development of the entire M&M group's air and sea cargo business. What are the prospects in this field?

In the near future, we will expand the air and sea divisions of several locations and make the necessary investments. This goes, for instance, for the Czech Republic. We are also looking at Hungary and Greece. And we will put Central Asia more into the focus of attention. We also consider strategic acquisitions in the field of air and sea cargo.



What is the idea behind the fact that M&M almost everywhere has merged air and sea cargo into one division?

Usually, both air and sea cargo is shipped to more distant destinations. The difference lies in the duration of transport. Cargo that needs to be moved swiftly is shipped by air, cargo needed less urgently is shipped by sea. Otherwise, the two branches' features are similar. We either merge air and sea cargo divisions and set up autonomous companies or we form air and sea branches inside the national M&M companies. Using this synergy effect, our company can always offer custom-tailored solutions. With a few exceptions, we will continue to link the two divisions closely and we will advance our product portfolio.

New M&M terminal opens in Vilnius / Lithuania

The Lithuanian subsidiary of M&M Militzer & Münch launched operations at a new terminal in Vilnius, Lithuania, with over 1,000 square metres of storage and 300 square metres of office space. The terminal complex is situated in an industrial area with a direct motorway access.

The new terminal will allow

M&M Militzer & Münch Baltica UAB to render their clients first-class logistics service and even more reliable transport solutions, particularly for road shipments, said Bruno Kaspar, General Director of M&M Baltica in the opening ceremony which was attended by numerous clients and M&M staff from Lithuania, Latvia and Estonia.

With M&M across the Caspian Sea to Central Asia

M&M Militzer & Münch Turkmenistan Ltd. has broadened its range of products with an ambitious service. As agent of the ferry service of the Russian international commercial port of Makhachkala M&M provides service in operating the new rail ferry between Makhachkala - Turkmenbashi (Turkmenistan) and Makhachkala - Aktau (Kazakhstan). M&M applies for permissions for ferries' calling at Turkmenbashi port, makes advance payments, coordinates and controls shipments' readiness for despatch and implements import and export customs procedures. Clients of M&M know this ensures a fast and smooth handling of their shipments and low freight rates.

Thanks to a well-developed port and rail infrastructure, this

service is a serious alternative as route to Central Asia. Shorter transit times, a high capacity of the ferries (52 rail wagons) and competitive prices make this route worth considering for a wide range of cargo and thus might attract more and more clients.

A major advantage is the modern technical equipment which allows not only loading of single units, bulk cargo and project cargo, but also liquid cargo such as gas and crude oil products and other hazardous cargo.

Between 106 and 130 passages between Makhachkala - Turkmenbashi and Aktau are planned for the year 2006. Presently, two new ferryboats are in operation. Two more ferries are scheduled to go into service later this year. The Russian government has planned to put into operation another four ferries by 2008. By then, they plan to move about 3 million tons a year.



Turkmenistan's economic growth and its rising role in international trade allows M&M to open up alternative transport routes and to offer new logistic solutions.

If you have more questions, please contact M&M Turkmenistan.

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Over 506 tons of air freight to Pakistan

Together with Excel Freight System Pakistan – their partners in the FFSI network – M&M air sea cargo GmbH Hamburg (Germany) moved over 506 tons of underground telephone cables and equipment by air freight to Karachi. There were 4 partial shipments with a total 781 units.



For each shipment, an average 22 trucks were needed to take the cargo from Hannover to Frankfurt. As the cable drums could be moved only in an upright position, they were fastened on the truck floor. The air shipment was done by Pakistan International Airlines (PIA) and Lufthansa.

Cooperation worked smoothly, and the cargo reached the

consignee safe and without problems. Thus, the way was paved for modernizing mobile communication in Pakistan.

During a recent business trip to Germany, the representatives of Excel Freight Pakistan paid a visit to the sender in Hannover.



(from left to right): Muhammad Asif Khan (Director / Excel Freight / KHI), York Pokornowski (General Manager / LWS, Logistics Provider of RFS), Andreas Grupe (Commercial Director / LWS), Muhammad Saleem But (Director / Excel Freight / LHE), Shahzada Khurram Khan (Director / Excel Freight / LHE), Oliver Klitzing (M&M Hamburg air)

M&M ships donated toys

Children of the Montessori kindergarten in Berlin's Hohenschönhausen district recently said "thank you" with a letter and colourful paper butterflies they had made themselves.

The children had received dolls, cuddly toys and toy cars as a present from a client of M&M Euronational Spedition GmbH at Hof, Germany. M&M did the shipment free of charge.



M&M at the AMI 2006

As to be seen on the photo, M&M placed themselves prominently at the Auto Mobile International fair in Leipzig from April 1st to 9th, 2006. The advertising on the tarp of a pickup, especially made for the fair was an eye catcher and met with wide response.

AMI, the Auto Mobile International, is Europe's third-ranking automobile fair. This year, some 450 exhibitors presented the current standard and new developments in the international automobile industry on 130,000 square metres. The fair attracted a record 290,000 visitors this year. (<http://www.ami-leipzig.de>)



M&M Dresden moved to Bretnig

On 29th May 2006, M&M Dresden moved from Dresden to Bretnig. The new address is:

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M&M boost presence in Southern China

Bright Zhang and Samuel Shen have recently joined the management of M&M Shanghai.

Bright Zhang, who has vast experience in the transport sector, will help boost M&M's marketing and sales activities in Shanghai and Southern China. He will act both as the coordinator of the sales team for this region as well as a contact partner for nationwide and international sales information. He will also support Markus Benz with key accounts.



Samuel Shen und Bright Zhang
(from left)

Samuel Shen, an experienced air cargo manager, was appointed development and public affairs manager. He will be responsible for the development of operational sectors, restructuring freight rate purchasing and the entire chain of air freight service. In addition, he will be the contact person for authorities and the local government.

Furthermore a new sales office opened in Shenzhen, a subsidiary of M&M Shanghai. The city with China's second largest seaport is developing into a major economic center, and demand for transport services keeps growing.

M&M thus proceeds on the path of the very positive



M&M Shanghai - team

developments of the past years and expands its activities on the Southern Chinese market. This was also pointed out by Serge Trevisan, member of the Executive Board of M&M Militzer & Münch International Holding AG in Switzerland in talks with staff during his last visit to Shanghai.

Address of new sales office in Shenzhen:

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