

STI Freight Management - It's done - Joint Venture between HAVI and Keystone completed!

We are more than happy to announce that the most complex restructuring project ever to be executed in our group was successfully accomplished on 30 August 2010. This is following the approval of the European Commission granted on 16 March 2010.

In order to strengthen the market position of the European Freight Management activities of HAVI and Keystone and to enhance their cooperation and internal alignment, all European STI companies were unified under one holding company, STI Freight Management GmbH. Based in Duisburg, STI Freight Management will be jointly controlled by its shareholders HAVI and Keystone, both being

equally responsible for the future development of the European Freight Management business. The joint control is a logical consequence of both shareholders' contribution of their individual European freight forwarding activities to the joint venture STI Freight Management.

Together with the completion of the legal framework of STI Freight Management, Peter Voskühler has been appointed as Managing Director of STI Freight Management GmbH. As a consequence, Horst Rauscher and Peter Voskühler are now jointly responsible for the management of the newly established joint venture and for bringing to life what HAVI and Keystone have been striving for.



Paul Pegg - Keystone
Vice President Distribution Europe

"It has taken a long time and countless hours of work from our teams in HAVI and Keystone, as well as our advisors, but the transaction to form STI Freight Management was completed at the end of August. Thanks to everyone!"

This really is a "landmark" initiative marking the commencement of a Joint Venture in Europe between Keystone and HAVI that will deliver increased value to our customers, enhance our Sustainability and utilise the latest technology in transport and freight planning.

The challenge of creating optimal cost, service and Sustainable solutions is ever increasing across our European markets and I believe the Management and Systems now available, and being implemented in STI FM, will make us a powerful force in our industry.

The Executive Team in STI FM will now lead a further implementation of our CarLo System and other technologies and will also lead the further growth of our business - growth with existing and new customers.

I look forward to a successful and exciting future!"

Paul Pegg



Sustainability and Environmental Protection - An integral part of the transport organisation within STI since mid of the nineties!



A phrase which has been in the spotlight for years already, but everyone is still talking about is: **“Green Logistics and Transport”**. But how were things handled before it became state of the art **“to be green”**?

Sustainability always was a key element of the STI Freight Management transport organisation. Already in the middle of the nineties

STI used reefer swap bodies for intermodal transports of frozen bread from Duisburg/Neuss to Wels in Austria on a daily basis and only the onward transport to Vienna was done by road. At the same time rail transports were organised from Italy to Germany and the Benelux.

The only disadvantage is that alternative transport solutions, which are much more environmental friendly than road transport, are always subject to changes in infrastructure as well as the development of the European goods flows. Furthermore alternative transport modes can hardly compete with traditional road transport when comparing transit times, total time spent for the entire journey and sometimes even reliability and cost.

Nethertheless STI was and still is working on identifying new

opportunities for the usage of alternative transport modes. This has proven successful and for some years now, STI Freight Management has operated several European transport routes which switched from road to alternative modes. This, for example, involves transport from Benelux and Germany to the UK and the Iberian Peninsula as well as from Italy/ Napoli to Spain and France and Germany to Austria, Italy and Spain.

But alternative transport modes are not the only option. Additional potential for the optimisation of transports can often be found within existing supply chains. One example is STI UK. They use a local HUB to consolidate the entire LTL shipments from/to UK on behalf of the STI Freight Management network and make use of the existing distribution services of their key customer Keystone. By consolidating goods and distribution from a central location empty km driven are reduced significantly and the number of trucks on the road is minimised. Another example is STI-Scandinavia, who operate 25.25 m trucks in cooperation with their main customer HAVI from Denmark to Sweden, Finland and soon will serve Norway too. This again leads to a reduction of trucks on the road.

There are many more ideas with regard to alternative transport and optimisation potential which STI is working on. We will keep you updated about the development in our newSTime editions to come.

STI joins the ERRT - European Retail Round Table and contributes to the WayAhead Programme

Not long ago McDonald's was contacted by the ERRT (European Retail Round Table - www.ert.org).

The ERRT is a network of business leaders which was established to express the views of large retailers on a range of issues of common interest. Their businesses operate worldwide and represent a cross-section of the retail sector.

One of the main projects of this network is the **WayAhead programme** (www.way-ahead.org). This programme was launched following the conclusions of the Retail Forum regarding the “Optimisation of distribution systems”. It helps to eliminate transport emissions - cutting CO2 through fewer and friendlier road miles, use of alternative fuels, better driver training, less idling and the use of environmental management systems.

This is achieved by encouraging and facilitating exchange of environmental information between shippers and road freight carriers.

After being contacted by the ERRT McDonald's and their European distributors agreed that STI Freight Management GmbH should participate in meetings and discussions on their behalf to support the development for the benefit of all parties involved.

Joining this initiative does not only positively impact the expansion of our businesses, but also the environmental activities within the McDonald's world, such as organising regular workshops and common actions to further develop an environmental supply chain.

Fire in Kaliningrad - STI and HAVI give **outstanding support** to their customer **McDonald's!**



On 11 June 2010 a fire started at Concordia food factory in Kaliningrad. The result of the investigations showed that a lightning hit the security post at 20:00 hrs and was reflected to the wall of the factory. As the flash was very powerful the heat-insulating fire-proof materials between the walls started to burn. Already 20 minutes later half of the production section of the factory was burning. Although the fire-fighters arrived just a few minutes after the it took three days to get the situation under control. Due to the fire damages the production had to be stopped and it will take at least one year to resume production.

The plant normally supplies about one million kilograms of chicken products to McDonald's in Russia and Ukraine on a monthly basis. You can surely imagine that the impact of the production stop was terrific for the McDonald's system.

To cope with the situation in the best possible way McDonald's Europe immediately formed a contingency team to ensure constant information exchange between all parties concerned. STI as Freight Manager for McDonald's got involved from the start. It was STI's responsibility to provide the equipment once dates and volumes were fixed. A daily communication was established to monitor incoming orders, changes in production plans and transit progress of products on the way from the supplier to the Moscow Distribution Centre.

STI decreased its freight rates for the delivery of chicken products and implemented a contingency plan without charging the usual forwarding fee for such transports.

HAVI Logistics in Russia as an important member of the contingency team coordinated all information flows and prepared the needed documentation to get the products into the country. As HAVI Logistics managed the goods flow of chicken products very professionally the whole contingency team is proud to say that no restaurant went out of stock during these days.

One of the challenges to cope with was faced when the first truck entered Russia as the Russian customs authorities evaluated and increased the customs value of the products to the maximum statistic value for such

products. This led to an increase of the customs duties and taxes by 10 thousands USD per truck. Notwithstanding the urgency and quite serious situation about the first contingency trucks the decision was made to argue the customs' decision and undergo some additional actions that could help to support our position later on. The next two weeks were spent to collect various documents and carry out negotiations with customs authorities on various levels.

The results were outstanding as STI was able to prove the actual customs value of the products. Already paid customs duties and taxes were returned by the Russian customs authorities and savings of more than 10 thousand USD per truck were achieved.

Fortunately the state of emergency is over and orders are proceeded in a normal way. STI continues to support McDonald's and we can say it was really difficult in the beginning, but thanks to the great cooperation between McDonald's, the suppliers, HAVI Logistics and STI we were able to overcome this contingency situation successfully.



35 Tons Payload with 25.25 m Nordic Road Trains

In good co-operation with the Nordic Procurement at HAVI Logistics, STI-Scandinavia AB is collecting most of the LTL shipments from Europe for the Nordic countries into a consolidation hub at the HAVI Logistics distribution centre in Vejle, Denmark.

From Vejle shipments are dispatched to the Nordic distribution centres on 25.25 metre long road trains capable to load 51 floor pallets in three different temperature compartments. The road trains are also equipped with loading bars to allow safe double stacking of pallets.

Through this successful co-operation, we reduce cost as well as the impact on the environment! Next development: Sweden now runs a trial to use even longer units: 32 metres long!



Bonduelle and STI - A "FRESH" CONNECTION!

Following a new listing agreement in 2008 when McDonald's France chose Bonduelle (www.bonduelle.com) as an additional supplier of fresh salads, STI France started a new collaboration with this major player of fresh products. The good performance provided to McDonald's and the solutions developed convinced Bonduelle of STI expertise and today STI France handles deliveries to the LR Services DC's in Paris on a daily basis.

Due to the good cooperation for McDonald's deliveries Bonduelle and STI France expanded their partnership to domestic and export flows in February 2009. As a first step Bonduelle entrusted STI France with the distribution of their products to the retail market in Belgium.

This collaboration also developed very successfully as STI was able to prove its excellence and reliability. Bonduelle therefore assigned STI for several additional domestic transport lanes from their production units to their final customers. Main expectations to be fulfilled: punctuality and perfect delivery.



Bonduelle Factory of Genas (F- 69)

Meanwhile nine dedicated trucks of STI France are operated Monday to Saturday for Bonduelle transports: Six in three areas of France (Paris, South-West, Central area) and three in Belgium.

Due to the high quality of service and flexibility shown STI France is recognised as one of the two top logistics partner of Bonduelle.

Laurent Rouault and Jean-Michel Ros, Supply Chain Director and Logistics Manager at Bonduelle touch on the partnership between their company and STI France.

Laurent Rouault, Supply Chain Director ...

"STI was a logistic actor which Bonduelle did not request originally to deliver its customers in retail and food industry. The McDonald's business brought us together and gave us the opportunity to develop our exchanges. We select our suppliers according to three criteria in a precise order required by our activity: Quality, Consistency and Rate. As STI is meeting these requirements, our business keeps growing and at the same time we appreciate their professionalism."

... and Jean-Michel Ros, Logistics Manager

"We can add that the STI team is totally involved in our organizations. Although we achieve an essential work of anticipation, the specificity of ultra fresh flows requires a constant adaptation and a real communication which STI is perfectly experienced in".

The common values shared with Bonduelle and STI France as well as the mutual and daily exchanges are the key factors of this efficient cooperation and allow us to handle the future and exciting challenges for 2011 and in the years to come enthusiastically



Bonduelle
FRAIS INTERNATIONAL

One for All - STI and HAVI Hungary common Sales Force

What a challenging job - In April 2010 STI Hungary Kft. decided to employ Peter Csipes as common Business Development Manager for STI Hungary and HAVI Logistics Kft. It is the first time in our history that one BD Manager is actually "shared" by two companies. You can surely imagine that it can be really challenging to represent two companies at the same time. However, soon it was visible that it was the absolute right decision and that any doubts which might have existed in the first place were absolutely unnecessary. Because the advantages arising from this combination are tremendous. By representing two service providers Peter is able to offer a much wider range of services to our potential customers. And the feedback we have received from customers visited so far is very positive.

With the support of Mr. Zoltan Valentinyi - Managing Director HAVI Logistics Kft. - a very flexible and smooth communication between HAVI and STI has meanwhile been developed. And first results of the common activities are already apparent: STI and HAVI started the cooperation with a wellknown sandwich chain as well as with a dynamic incremental Café chain which supplies the gastro and HoReCa sector. Both of them use STI Hungary to organise their international inbound traffic and HAVI Logistics for storage and local distribution.

The main target now is to make ourselves known and strengthen our position in the food industry sector on the Hungarian market.

There are potential bulk storage customers, restaurant and café chains which are on our list of customers to be acquired.

With the support of the STI Hungary dedicated fleet it will be possible to expand our business as we can act flexible in any way. Experiences show that potential customers on the Hungarian market of course choose their partners based on the service rates, but are even more focussing on quality! In cooperation with HAVI Logistics our quality and our network is our main force! ...and the force is with us!



Peter Csipes - BD Manager in Hungary

Analyst Bruce Barnard warns **Container Vessel Surplus Looming**

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The Journal of Commerce Online - News Story

Ocean container carriers, just back to profitability after last year's steep shipping downturn, face a return to overcapacity in the coming 12 to 18 months because a projected fourth quarter slowdown in cargo demand will likely continue into next year, an analyst said.

Paris-based Alphaliner expects demand growth to fall from about 12 percent this year to 6 to 8 percent in 2011. The global fleet of container ships is expected to grow 9.6 percent next year, Alphaliner said.

Despite this year's strong fleet growth, the balance between supply and demand for container ships has returned to relative equilibrium after the global slowdown in 2009 resulted in a demand gap of more than 14 percent, according to Alphaliner.

Better balance may return in 2012, with the boxship fleet forecast to grow 7.7 percent in while cargo demand is projected to increase 8.2 percent.

The overall fleet is expected to grow 9.5 percent this year after slumping to a record low expansion of 5.6 percent in 2009 due to high scrapping levels of older tonnage and delivery deferrals.

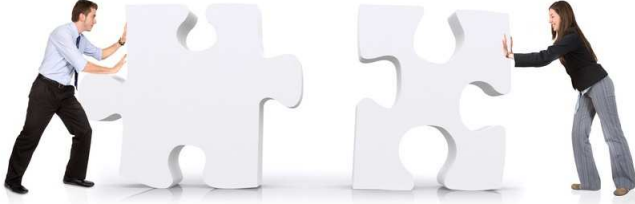
The active container ship fleet soared even faster, growing 19 percent so far this year with deliveries of new vessels adding 1.15 million 20-foot equivalent units of capacity while a further 1.28 million TEUs of idled ships have returned to service as cargo demand increased.

If the idle fleet remains steady at current levels until the end of the year, it will bring the increase in active capacity to 22 percent, Alphaliner says.

This supply surge has been matched by a growth in demand that has reached an average 17.3 percent for the major carriers so far this year. However, slower demand growth in the second half will reduce full year growth to about 12 percent.

Demand for containerships is boosted by extra slow steaming, which Alphaliner said absorbed an estimated 4 percent of the fleet.

STI France and STI Italia - A good example of real Networking



The 15 July 2010 was a sunny day and for some of us the holiday season already started. On that day STI Italia received an inquiry from Autofrigo S.r.l. to quote for a new potential big business. Autofrigo is an Italian transport company located in Rome who closely cooperates with the government agency Agea (www.agea.gov.it - Agenzia per le Erogazioni in Agricoltura).

STI was asked to quote rates for 6/8 trucks a day, 5 days a week for import transports from Blainville and Saint Herblain located in the Northern-Western region in France. Reason for this inquiry was that the Italian government ordered milk powder which needed to be transported from France to Italy and re-distributed in real time in the Benelux. This basically meant that all at once STI was requested to quote for more or less 12 transports per day.

As soon as all details were received it was clear that this job needed to be commonly served by STI Italia and STI France. Due to the good cooperation between the offices the freight quotation was provided to the customer within one day and a confirmation was received from the customer on 17 August 2010 that the transport as soon as 19 August 2010.

You can surely imagine that this was a very discerning time of the year as many companies were closed in Italy for the holidays. As hauliers reduced their truck capacity it was really challenging to provide the sufficient number of trucks to cover the volumes at this short notice. But due to the well running information exchange between STI France and STI Italia the requirements where matched.

One important advantage was achieved due to the fact that the exports from Italy to the Benelux were carried out by container. This way STI was able to contribute to further cost reductions, and most importantly was able to guarantee "green transports". Meanwhile STI organises 6 to 8 containers per day to the economical and operational satisfaction of the customer.

Thanks to all parties involved we are very proud to say that our colleagues in Italy and France organised 218 loads from France to Italy and 147 loads from Italy to the rest of Europe in total! This was just one example of real networking as it is taking place between the European STI branches on daily basis.

Expansion of dedicated truck fleet in Poland

Since 2006 S.T.I. Poland is steadily increasing its **dedicated truck fleet** on the market and in the meantime nine dedicated trucks are running on the road - two of them labelled with our company logo.

But what does dedicated fleet mean?

STI does not own any trucks. We appoint specific hauliers, who fulfil our quality requirements are appointed. They solely work for STI, i.e. they can be operated like an own truck.

Another advantage of the **dedicated truck fleet** is that we can release our customers from having to search for trucks on the market to secure their contracts. To offer the best possible service in Poland and to be in line with our strategy two trucks are equipped with temperature recorders and separation walls. Such trucks allow us to support our customers every day without unnecessary risk. STI wants to continue to offer best service to its customers and will therefore further expand its dedicated fleet to ensure that we always have access to well equipped and reliable hauliers.



STI Freight Management is in roll-out Mode

In the past editions of our newsletter we already informed you that the STI network is implementing a new TMS for all STI entities. The roll-out-season for STI companies started in the UK beginning of September with SAP and CarLo (common TMS). Thanks to the involved project members we can consider the roll-out as a success as both applications are running smoothly.

The next country where SAP and CarLo were rolled out successfully was Italy beginning of October this year.

STI Scandinavia completed the CarLo implementation for 2010 with a successful roll-out beginning of November. In Sweden STI went live in combination with a new interface which has been developed to integrate Kissels as the relevant accounting system.

For November we also have IS Core in France on our schedule as a prerequisite for the CarLo implementation planned for March 2011. In the 2nd quarter 2011 the CarLo implementation in Spain will take place as the last one scheduled so far.

The local teams as well as the implementation teams made a tremendous job so far. There was an excellent communication between the STI team and the HAVI IS team wherever it was needed and we could also see benefits from lessons learned we had from the previous roll-outs.

CSSN is a very challenging project and we are coming closer to see results and benefits. A lot of work still has to be done, but we are on track and know our direction. The more we will have a common information base the more we will come closer to each other and open up new opportunities for our existing and potential new customers.



Push the button...

....and get **your** controlling report, is one of our targets. At the STI Workshop held in September the key decisions for a new controlling concept within SAP have been taken. It is STI's objective to implement the SAP module "CO-PA" (Controlling and Profitability Analysis) to optimize the controlling and reporting process for all STI FM companies using SAP.

CO-PA will enable us to significantly reduce effort and increase quality of controlling related processes such as regular reporting, planning and forecasting. This also means that a report in Germany will look the same way as a report in Sweden or in the UK.

We are happy to have acquired Angela Dominguez (Controller Spain), Francoise Gauvreau (Controller France) and Uwe Heimsoth (STI FM Group Controlling) as representatives from our subsidiaries for the team. With them we won three key users that bring along many years of STI-experience, however from completely different points of view. In addition the team is completed by HAVI Finance representatives (Sigrid Br ux, Ralf Haas) and HAVI IS representatives (Thomas Rudloff, Christoph Greiwe). We are happy to have such a dedicated and skilled team making sure that this project will be a success. We are convinced that it will bring us a huge step closer towards "one STI controlling language".



Key features of the CO-PA project:

- ⇒ The same cost center structure for all STI countries that use SAP
- ⇒ Defined set of Key Performance Indicators
- ⇒ SAP-CO functionalities that support Forecast and Planning processes
- ⇒ Automated and standardized reports tailor made to the various stakeholders
- ⇒ A defined reporting template (CO-PA template) and Roll out plan to the STI-SAP countries.

THE MBTI® INSTRUMENT, AND ITS USE IN OUR SALES ORGANISATION



The Myers-Briggs Type Indicator® (MBTI®) is the most widely used psychological type indicator and has numerous applications across team building, group working and in the sales environment. Its basis is in the work of Carl Jung and its aim is to allow individuals to understand both themselves and others better so that they can flex their style to allow better/more effective communications.

The purpose of the Myers-Briggs Type Indicator® (MBTI®) personality inventory is to make the theory of psychological types described by Jung understandable and useful in people's lives. The essence of the theory is that much seemingly random variation in the behavior is actually quite orderly and consistent, being due to basic differences in the ways individuals prefer to use their perception and judgment.

What is the Myers-Briggs Type Indicator® personality inventory?

The MBTI® personality inventory, as it is known, is the most widely used personality instrument in history. Based on 70 years of research, it is now translated into 19 languages and administered to over 2 million people each year.

The typology model regards personality as similar to left- or right-handedness; individuals are born with and develop certain preferred ways of thinking and acting.

In the same way that writing with the left hand is hard work for a right-hander, so people tend to find using their opposite psychological preferences more difficult, even if they can become more proficient (and therefore behaviorally flexible) with practice and development.

The MBTI® sorts some of these psychological differences into four opposite pairs, or "dichotomies," the various combinations of which result in 16 possible psychological types. None of these types is "better" or "worse"; but Briggs and Myers recognized that everyone naturally prefers one overall combination of type differences.

The 4 dichotomies are:

- Extraversion/Introversion (the E-I Scale)
- Sensing/iNtuition (the S-N Scale)
- Thinking/Feeling (the T-F Scale)
- Judging/Perceiving (the J-P Scale)

Why is the MBTI® personality inventory so popular?

It is based on a "psychology that works." The MBTI® personality inventory is a pathway for lifelong development, providing an affirming and energizing way to fulfill the potential that is within each of us.

What can the MBTI® personality inventory do for you?

The MBTI® personality inventory has a broad range of applications. It is a powerful tool to:

- Increase self awareness
- Understand different learning styles
- Build high performance teams
- Develop own leadership style
- Manage conflict, reduce stress
- Improve customer service
- Boost self esteem and sales activities

Let's face facts; no one likes to be "sold." We all have unique preferences for communicating with others, gathering information, and decision making. These same preferences are vital to a positive sales experience. A well-trained sales person can adapt their selling process/style to the cues they gather from a customer.

Understanding and using Myers-Briggs for Sales is one of its most appropriate applications. By learning their own type, and as the other 15 types, salespeople are able to establish stronger, better relationships and increase the likelihood of closing sales and generating future business.

For example, imagine a salesperson who has a preference for iNtuition (N), which means that they tend to give explanations that focus on possibilities and concepts. Meanwhile, if they are selling to a Sensing type (S), such a presentation will not be as powerful as one that discusses practical details, concrete data and current realities. Type can also give clues about things like whether they should communicate by email, phone or in person.

If salespeople understand the behavioral cues that people exhibit, they can tailor their presentations accordingly. In our Type for Sales Workshop, we teach salespeople how to do this effectively, first by giving a basic overview of type, and then by applying the concepts through role-play and active learning. Sales Managers can also use the skills learned through MBTI® to better motivate and inspire their teams. We can also combine a personality typing program with a team program to further strengthen our sales activities in the markets.

One of Us!



Tamas Kapczar and his Twin Pack Delivery for Hungary

On 14 July 2010 our colleague and MD of STI Hungary Tamas Kapczar received a special delivery he was waiting for a long time! His wife Andrea gave birth to their twins Dávid (1,950 g) and Ádám (2,700 g). What a day!

We are very happy for both of them as their biggest wish finally became true. The little ones are thriving gorgeously and meanwhile the two little ones have grown a lot.

We wish the Kapczar family all the best for their future and look forward to see how the two little ones will develop!



We say Thank You very much!

The end of 2010 is getting closer and the holiday season is about to start in a couple of weeks. We as the Management of STI FM would like to take this as one opportunity to say:

A big thank you **to our European staff!** There were a lot of challenges in 2010 which had to be born and everybody has shown an outstanding performance to meet our targets.

And a special thank you **to our customers and partners** for their business and partnership during this year.

Together we made things happen!

We wish everybody a Happy Holiday Season and a New Year of Happiness and Success.



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