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FORUM ASC MAGAZINE

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MAGAZINE



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EDITORIAL



ANGELA VIEIRA
Corporate Image
and Communication
ASC Group

We are working in a new place!

Since January, we've been working in downtown Lisbon, in offices carefully chosen to serve as corporate headquarters and as ASC Group's reception space. You'll be able to get a look inside through the pictures in this magazine.

We're a group of 11 people with specific responsibilities and we work as a team, so that the ASC Group corporate center will, in fact, add value to the Group.

You'll get a look inside the corporate center's operational units, which Paulo Mieiro explained in detail in his interview. I must highlight the role of corporate Human Resources, which I am pleased to write about, since I have the huge responsibility of developing it.

Our first action will be a culture diagnosis, through a survey to all the Group employees. We hope that the conclusions will ensure us that human capital, culture and employee commitment are in line with the organization's strategic objectives.

I am also pleased to inform everyone that very soon, during this month, the new corporate website will be launched: a site that will serve to inform stakeholders, costumers and websurfers in general about the Group.

Corporate Social Responsibility for ASC Group means to be a conscientious corporate citizen. It is about taking social, ethical, economic and environmental responsibility for our business within our sphere of influence and controlling risk in these areas. The overall objective is to maximize our contribution to sustainable development.

We are working on developing the Group's policy on Sustainability: a very topical, often seemingly cryptic subject. However, we have clear, simple ideas that can make it concrete and therefore achievable. We believe sustainability should be understood as a basic balance between three cornerstones: economic, environmental and social.

Over the course of this year we will measure what we did in each of these key areas and, through very simple goals, try to contribute to a better world!

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ASC Group

Praça Marquês de Pombal, 3A - 5.º, 1250-161 Lisboa

Tel.: +351 213 808 600 • www.grupoasc.com

ASC Grupo
Auto-Sueco Coimbra



LETTER FROM RICARDO MIEIRO



RICARDO MIEIRO
CEO ASC Group

GOOD NEWS

I am delighted to tell you that the Group's Q1 business results are well in line with the *Business Plan*. Sales were 100 million Euros, against an annual target of 500 million (around 700 million Dollars).

Obviously not everyone was able to contribute to the same extent, but what matters more than ever is the overall balance that our **wide range of businesses and global locations can provide**. In fact, this will be one of the formulas for our success in the future.

ASC USA is 30% above target. Machinery exports to Australia, Nigeria and Malaysia made a big contribution to this success. Growth in the US economy, which is just beginning to show, is moderately favorable.

ASK TURK depends to a great extent on the quantity of machinery that Volvo is able to supply us with. After Sales has achieved unprecedented figures and, provided we can secure continued supplies, we shall definitely beat the Company's all-time record, in a market continuing its firm direction.

Volmaquinaria is 27% below target. The steady trend in After Sales business has not been accompanied by sales in new machinery, due to the market continuing its present lackluster run.

Despite being 9% below target, ASC Portugal is managing to "hold its head above water", bucking the financial crisis that Portugal is currently going through.

To all those who have given their utmost to achieve the goals the Group have set themselves, I should once again like to express my deepest gratitude.

We still believe that, within four years (2015), it will be possible to break through the 1 billion Euro (1.4 B Dollar) barrier, a dream we have cherished for several years and that will place us in a privileged position from the perspective of economic and financial performance, the results of which I am sure will increasingly benefit us all, whether employees or shareholders.

To this end, we have initiated contacts with major suppliers towards launching a fifth globalization (geographic platform) initiative to complement those already established in Portugal, Spain, Turkey and the United States.

Similarly, the processes of internationalization in our allied companies continue apace.

TRACTORRASTOS (Portugal), which also operates in Spain and Angola, is boosting its presence in Turkey and further developments will follow.

AIR-RAIL (Spain), after its international expansion into Portugal, is now preparing to enter the Turkish, Angolan and Mozambican markets.

Within the strategy outlined to shareholders two years ago, we intend to acquire 2 or 3 more companies (in addition to Air-Rail and Tractorrastos), which will allow us to strengthen our international dimension, as well as consolidate our volume of business and profitability, all within a perspective of appropriate diversification.

The ASC Group's Corporate Center is now fully operational. The benefits of this move will be felt by all of us over the medium and long term. The Group's Executive Board (myself, Angela, João, Paulo and Rui) have worked together with great satisfaction and responsibility to achieve the objectives we continually pursue.

Hopefully, by the summer, we shall be able to give substance to the draft for the Group's Corporate Restructuring which will be the "icing on the cake" of which we shall all have a share.

As I said at the start, the news is good. With support and understanding from each one of us, we shall always be able overcome the difficulties we face from whatever direction, because our resolve is unshakable.

My best regards to every one of you.
Ricardo Mieiro

RUI FAUSTINO, CEO OF ASC PORTUGAL

OUR BUSINESSES' NEW FACE IN PORTUGAL

“The goal is to increase Portugal’s contribution to the Group”

Rui Faustino, 49, who holds a degree in Economics, is the new face of the businesses of ASC Group, a structure headquartered in northern Lisbon that was created as part of the Group's ongoing reorganization.

He assumed the post in late October 2010, but Rui Faustino has spent practically his whole career associated with ASC, where he started as a student intern shortly before his 18th birthday.

Now three decades later, he proudly recalls his years with the company, where he performed all manner of jobs before he joined senior management, coinciding with the international growth that catapulted the Group into different parts of the world.

In charge of 19 ASC business units in Portugal, in such diversified fields as construction and public works equipment, cars, trucks, forklifts, equipment for ports, airports and railroads, rentals and parts, Rui Faustino set as his main goal to increase Portugal's contribution to the Group's overall business. By the end of 2010, the companies integrated into the structure of ASC Portugal, which employ 491 people, were generating sales volume of some 110 million Euros.

In this new phase of his life as CEO of ASC Portugal, Rui Faustino spoke with ASC Forum Magazine about his association with the Group, the new company structure, projects and business prospects.

HOW LONG HAVE YOU BEEN WITH ASC GROUP?

I started working at Auto-Sueco Coimbra very young, but in Leiria. I was 17 and had just finished the 11th grade. I was supposed to be a holiday replacement for an employee who never came back to work, and I wound up accepting the offer to take over his vacant position. Over the next few years, until I left to do my military service, I was able to balance work with my studies and I got my degree from the University of Coimbra School of Economics.

IN WHICH DIVISIONS DID YOU WORK?

Several departments, from administrative to financial, mostly providing accounting and IT support, which was interesting because it let me make a connection between what I was learning in college and the real world. Then I worked in a management support area, specifically working with Ricardo Mieiro, the current CEO of ASC Group.

In my whole career there was just one four-year period when I wasn't at this company. I came back in the 90s to head up the financial area. Ricardo Mieiro himself had held that post, but he took on broader management duties and I, who had worked with him, was invited to take over control of the corporate management and financial side of the business.



SO YOU'VE ALWAYS BEEN CLOSELY INVOLVED IN THE GROUP'S DEVELOPMENT?

Unlike what happened in the 80s, which was more about internal development, my return in the early 90s was a time when we were starting the development of the first projects regarding internationalization.

The purchase of Volvo Maquinaria in Spain in 1999 was the first step. Then in 2000, we continued our move toward internationalization. Following visits to several Latin American countries, we ended up acquiring Volvo in the United States in 2004 and last year we expanded into Turkey.

HOW DEEP WAS YOUR INVOLVEMENT IN THESE PROJECTS?

Since the acquisition of Volvomaquinaria my responsibilities extended. Besides Portugal I started to be involved in the Group's financial management, supporting Spain and the U.S. At that point I also began to support our businesses in Spain, where I go whenever there's a Board of Directors meeting, as I do in the United States with the management team – I'm also a Board member.

In Turkey I was also involved, with other people of course, in the acquisition, analysis, negotiations and setup. Even today, I'm a Board member of the company in Turkey.



DID THE COMPANY'S GROWTH SOMEHOW FORCE ITS REORGANIZATION?

Let's say that due this expansion, all of us in key management positions in the areas most affected felt the need to redesign the structure. When things start to grow, we have to divide up duties, especially from an operational standpoint.

And that's why, like other markets such as Spain, the U.S. and now Turkey, we felt that Portugal also needed someone to take on the role of CEO.

I accepted Ricardo Mieiro's invitation and in October of last year, we implemented the same type of platform in Portugal as in other countries, which required developing a set of reorganizations and redesigns.

WHAT EXACTLY ARE YOUR NEW DUTIES?

Everything related to our Portuguese operations is my responsibility.

In the domestic market we have business activities in automotive retail – Volvo, Jaguar, Land Rover, Mazda and Mitsubishi – throughout central Portugal and also in Sacavém, in northern Lisbon. It represents a small percentage of the Group's sales volume, but it's already somewhat relevant for Portugal. In 2010 we sold about 1100 cars, which was very good.

In trucks, we represent Volvo and Mitsubishi Fuso, also in central Portugal.

In the construction equipment and public works sector, our operations resemble those in the other countries, with a few distinctive facets: we are importers and we also do direct sales. This is our principal business, even in Portugal. In volume of business we're talking about 50 to 60%, followed by 20% for trucks and 30 to 35% for cars.

Besides these business segments we are also in load handling, with lift trucks by Yale, an American brand.

In after-sales, we own Tractorrastos, which specializes in non-Volvo and non-original parts. The company has a sales volume of about 6 million Euros.

And because it is an important part of the value chain for equipment, we created the rental company VolRent. We rent equipment by the hour, week, day or month, for up to a year.

Recently, with the Group's acquisition of shares in the Spanish company Air-Rail (equipment for ports, airports and railroads), we founded a Portuguese subsidiary, Iber Rail, which benefits from the synergies in the ASC Portugal platform.

These are our companies in Portugal that I oversee. They have a sales volume of about 110 million Euros.

HOW MANY PEOPLE WORK AT ASC PORTUGAL?

We're talking about 491 employees as of December 31, 2010. It's the country where we have the largest headcount since we do a lot of direct automotive sales to the public. However, worldwide, ASC Group now has 1,019 employees.

WHERE DOES ASC PORTUGAL OPERATE?

ASC Portugal is headquartered in northern Lisbon. Each business area has a Managing Director whose team is in charge of buying and selling. The ASC Portugal structure provides support to all the businesses and shares the traditional departments: Human Resources, Finance, Accounting and the Information Systems area.

Three macro functions are in play here: the ASC Portugal business structure, importing equipment and direct sales in the Lisbon metropolitan area.

WHAT IS THE MAIN GOAL OF THIS NEW STRUCTURE?

Our primary goal in creating a structure in Portugal similar to the one used in the other countries is to expand these businesses and increase ASC Portugal's contribution to the Group as a whole. That's what we're working toward.

There's a range of acquisition-related projects we can pursue in the domestic market: partnerships, new dealership concessions in the same or related fields. For instance, we're entering the Recycling sector, where we already have a notable presence. We sell equipment related to the Environment, Recycling, Scrap Metal, Waste Treatment, etc.

We are also developing projects to identify and acquire complementary products, not necessarily competitors, using the know-how and physical capabilities we already have.

Therefore the goal is to gain profitable within the parameters defined by the Group.

WHAT'S YOUR ASSESSMENT OF THE DOMESTIC MARKET FOR THE INDUSTRIES IN WHICH ASC PORTUGAL DOES BUSINESS?

There is severe economic instability in every industry in Portugal. It affects the company's business because we depend mainly on public works, which are nonexistent, and on the construction sector, which is stalled, but fortunately manufacturing and mining remain active, thanks to the country's need to constantly increase its exports.

Therefore, on these occasions, besides the obvious restriction in costs and beyond our focus on internationalization, we need the ability, openness, and mental and physical flexibility to embrace other kinds of projects, such as the construction equipment initiative that we're calling "Follow the Customer," in other words, we go abroad with our customers, wherever that may be.

It's an extremely appealing project in which our employees have been invaluable, and which has had very positive results.

COULD YOU EXPLAIN WHAT FOLLOW THE CUSTOMER IS ALL ABOUT?

It's an initiative launched about 5 years ago that we have been ramping up, which consists of accompanying our customers when they have projects outside Portugal.

What we're offering the customer is not just the use and benefit of our equipment but also human resources to support them. Today, in connection with this project, we have specialized personnel and replacement parts present in various places in Africa, including Ghana, Mali, Guinea, Equatorial Guinea, Congo, Morocco and Libya. We have 10 to 12 technicians permanently outside Portugal to support our customers' projects.

Follow the Customer can also include other solutions as well, including all areas of logistics, customs-related bureaucracy, and even financing. It all depends on the customer's needs.

This project had an initial phase that we want to take to the next level, which might include a direct presence in some African markets. We're still studying and analyzing potential partnerships.

AB VOLVO

OLOF PERSSON IS THE NEW PRESIDENT OF AB VOLVO



OLOF PERSSON
President of AB Volvo

Olof Persson is the new President of AB Volvo and CEO of the Volvo Group. Currently President of Volvo Construction Equipment, Persson was appointed by the Board of Directors of AB Volvo, and will replace current President and CEO, Leif Johansson, who will retire in September.

As of May 1, Persson will become Executive Vice President and deputy CEO and will work in parallel with Leif Johansson until September.

"During his time at Volvo Aero and Volvo Construction Equipment, Persson has gained the right experience and demonstrated the characteristics that make him highly suited to take over as President of AB Volvo and CEO of the Volvo Group and replace Leif Johansson who has strategically transformed and grown the Volvo Group while maintaining the core values of the company," said Louis Schweitzer, Chairman of the Volvo Board, in a press release.

Persson, in turn, stated that ***"it is an honor and a challenge to be provided with the opportunity to lead Sweden's largest company."*** ***"Volvo is a company with tremendously knowledgeable and committed employees, with a unique culture and with very many strong and exciting brands. I am truly looking forward the task."***

VOLVO CE

PATRICK OLNEY IS THE NEW PRESIDENT OF VOLVO CE



PATRICK OLNEY
President of Volvo CE

Pat Olney has an extensive experience spanning 17 years in the Construction Equipment industry, with 10 of these in senior management roles within Volvo CE.

"This is an exciting time in our industry and in Volvo CE in particular. I am honored to have the opportunity to continue the implementation of our plan and strategy, which has been very successful so far," said Pat Olney.

"I am very pleased with Pat Olney as my successor. He has a long and extensive experience in this industry and has been instrumental in putting Volvo CE's new strategy in place," said Olof Persson.



ASC TURK

MARBLE FAIR IN IZMIR, TURKEY

Industry's 2nd largest trade show in the world

Marble 2011 – the 17th edition of the International Natural Stone and Technology Fair, held March 23 to 26 in the Turkish city of Izmir – once again featured the participation of ASC Turk Makina.

Considered the industry's second-largest event worldwide (after the fair in Verona, Italy), this year's Marble exceeded all expectations for the number of exhibitors and visitors.

According to the organizers, the Fair occupied more than 2.1 million square feet of the Izmir Kültürpark, and had participation by 1,160 companies, including 265 from Turkey and 895 foreign businesses from 42 countries. The number of visitors was over 55.000.

ASC Turk Makina's participation also proved beneficial. During the four-day gathering, the company, which was present with its products in a space occupying more than 4,300 square feet, completed the sale of three wheel-loaders (two L220G units and an L180G) and three excavators (two EC360C units and an EC460C). As for the sales teams (sales and after-sales), they signed several CareTrack and VISA contracts and agreements, and established contact with prospective buyers.

David Alström, Manager of Volvo Construction Equipment Product Management, who traveled from Sweden especially to take part in Marble 2011, ran a training session about the new G-Series wheel loaders, that

included participation by the sales teams, sales directors, training and marketing department of ASC Turk Makina.

ASC Turk Makina has set a total turnover target of 200 million Euros for this year.



HISTORIC DEAL

New generation of articulated haulers heading to Turkey

New generation of articulated haulers heading to Turkey.

Volvo Construction Equipment will deliver 110 A40F trucks to Yildizlar Holding in Turkey, marking the largest articulated hauler deal in the history of the International Region.

Yildizlar Holding is a major company in Turkey, and its main business areas are silver mines, ceramics, and electricity distribution, for which it has invested heavily in facilities in different parts of Turkey.

The business relationship between Volvo CE and Yildizlar Holding began in early 2010, when the company bought 50 product units from Volvo CE. Ten of those units were A40Es that were put to the test in Yildizlar Holding jobsites for a year, yielding positive results.

Yildizlar Holding therefore decided to buy 110 A40Fs and the contract has already been signed. The new generation of articulated haulers will be delivered throughout 2011. The machines will work at different jobsites all over the country.

This deal is an example of the solid cooperation and teamwork of all the parties involved, Volvo CE and ASC Turk. From sales to financing, from customer service to sales support and factory, everyone contributed to meet the customer's expectations: a job well done!

ASC GROUP'S CORPORATE CENTER - Interview Paulo Mieiro

CORPORATE CENTER IS A SUPPORT STRUCTURE FOR THE GROUP'S BUSINESSES

“By 2015 we want a total turnover of one billion Euros”

An integral part of reorganization and of developing the growth strategy for Grupo Auto-Sueco Coimbra (ASC), the new Corporate Center has been in operation for several months in Lisbon, in a building in one of the most prestigious parts of the capital, Marquês de Pombal Square.

The new support unit for ASC Group businesses, which occupies a single floor with 7,000 square feet of usable space, is organized into six specific operational units, run by a team of eleven specialized employees. Designed to support the Group's expansion, the new space is, nonetheless, prepared for a significant increase in staffing with no need for additional investments. Creation of the Corporate Center was planned about two years ago by ASC Group top management in conjunction with the consulting firm The Boston Consulting Group, in the context of a study of the Group's growth strategy through 2015, in which, among other things, it was defined as a priority target to reach one billion Euros turnover in the next four years. ASC Group's current annual sales volume is around 500 million Euros.

In parallel with this vision for growth, the study pointed out the need to reorganize all of the businesses and activities, particularly setting up a parent entity, a holding company that would have “as its main goal the governance of the Group as a whole that is greater than the sum of its parts,” as Paulo Mieiro explained to ASC Forum Magazine. “And where the Corporate Center fits in is as an organizational component of this restructuring model; a work and support structure for the future holding company,” he added.

CREATING VALUE

A structure whose creation was linked with or involved an investment in

physical and human resources, and for that very reason (according to the director of the Corporate Center) it focuses on creating value for the Group practically every day. “That's our watchword,” said Paulo Mieiro.

Going into more detail, he added:

– “Creating value for the Group has two major vectors. The first, which results from the operational units, is to develop the business. In other words: on one hand, this team is obliged to pursue and develop new business opportunities; on the other, it must contribute decisively to implement the opportunities to reach our target. It also aims to create value, optimizing synergies between companies, creating the mechanisms needed to systematize the exchange of best practices among the Group's various companies.”

Another aspect, according to Paulo Mieiro, is the formalization of the knowledge we have gained from many years managing this business: more than a half century in the field of Cars, Construction Equipment and Volvo products. “By this I mean that, through this structure we should increasingly help the organization formalize its processes, document and formalize them, systematize its tools and develop its information systems. That's the only way to ensure that this knowledge will be passed on from one generation to the next and won't be lost. At heart, this is a precious asset of the company.” For Paulo Mieiro, the second component in creating value has to do with strengthening the management monitoring and support mechanisms that exist in the different operational units, to ensure that, as the geographical scope broadens, value is not lost due to the various complexities.

“The Corporate Center is a support structure for the Group's businesses. It cannot be seen as just an oversight body. We want to play a role when it comes





to analyzing a project with a greater degree of complexity, when it comes to supporting negotiations, provide support in dealings with a bank, etc. It is also our concern to create value through that approach,” Paulo Miero concluded.

HOW THE CORPORATE CENTER WORKS

The Corporate Center is structured into six operational units – Strategy & Business Development, Reporting and Controlling, Financial Operations, Consolidation & Auditing, Image & Communication, and Human Resources – currently staffed by eleven people with specific duties. However, according to Paulo Miero, the idea of the working philosophy is to act as extremely flexible resource pool, and for people to engage in as much teamwork as possible to secure the various components of these units, which are not silos. The director of the Corporate Center explains each unit’s role to us.

Strategy & Business Development – This first unit consists of a team specialized in strategic planning, whose goal is to look beyond the Group’s consolidated annual budget. Their competencies include performing simulations at three and five years, conducting sensitivity analyses and

anticipating some impacts on our business by analyzing major trends.

In the M&A (Mergers and Acquisitions) component, the team develops its capacities in business valuation and project analysis. The goal is to systematize assessment of projects that originate in the various geographical platforms in order to better prioritize the investments that exist in the Group as a whole because, in some manner, they are competing among themselves. The Organizational Development facet is about leveraging best practices used in a particular country, identifying them and replicating them in other countries. Special Projects include Group-level purchasing and Group information systems.

Reporting and Controlling – Focuses on developing the Group’s management control by making the Group’s Reporting consistent and by increasing systematization: the Group’s numbers have been generated quarterly and we want to start producing them monthly, while strengthening a set of indicators of a more financial nature. We will need new support tools to generate that kind of information.





Financial Operations – This is an important change: the Group's strategic debt, which is different from operating debt, will now be managed by this Corporate Center. The term "strategic debt" refers to debt associated with acquisition activities we have engaged in over the years. It therefore involves managing and tracking those repayment flows. On the other hand, setting up the new financing arising from new acquisitions and ensuring the flow of dividends helps us meet these responsibilities.

Another of this unit's purposes is to be able to help the Group's companies, whenever possible, in their respective negotiations with financial institutions.

Consolidation & Auditing – An existing unit that has been strengthened. It is involved in all aspects of consolidation of accounts. This unit now faces more challenges because of the number of companies that are now included in the consolidation. We have goals we want to achieve in terms of the timing and frequency of the consolidation and of the relationship processes with our auditing partners.

The Tax Planning unit, which faces ever greater challenges, needs all types of mechanisms to be strengthened because of the complex tax regulations in some locations, such as Turkey.

Similarly, given the greater geographical spread and the company's move toward greater institutionalization, even the Internal Audit mechanisms

must be strengthened, so that all areas of this process will be managed more professionally, with greater separation between capital ownership and professional management.

Image & Communication – Developing the Group's external and internal image and communication policies and developing the implementation of the Group's institutional image.

It also includes so-called Institutional Relations that professionally manage all facets of relationships with other stakeholders, suppliers, the media, banks, etc.

Human Resources – This unit handles Human Resources, in terms of managing talent within the Group. We track the careers of some 30 senior executives in the Group's companies, designing their incentive programs, career paths and training.





AIR-RAIL - Interview João Mieirol

AIR-RAIL FOCUSES ON INTERNATIONALIZATION



THE INTERNATIONALIZATION OF AIR-RAIL, THE LEADING SUPPLIER OF EQUIPMENT FOR AIRPORTS, RAILROADS AND PORTS, IS ONE OF THE PRIORITIES DEFINED IN THE GROUP'S BUSINESS DIVERSIFICATION STRATEGY.

FOUNDED IN 1987 AND HEADQUARTERED IN SPAIN, AIR-RAIL WAS ONE OF THE LATEST ACQUISITIONS BY ASC GROUP, WHICH HAS OWNED A 50% SHARE IN THE SPANISH COMPANY SINCE MARCH OF LAST YEAR. THE OTHER 50% IS OWNED BY GARCÍA PRIETO, FOUNDING PARTNER OF AIR-RAIL. THROUGH VARIOUS SHAREHOLDERS AGREEMENTS, ASC HAS A GOVERNING MAJORITY.

IN THE CURRENT FIRST STAGE OF BUSINESS DEVELOPMENT, AIR-RAIL SUCCESSFULLY COMPLETED EXPANSION INTO PORTUGAL, BUT OTHER MARKETS ARE ALREADY AT AN ADVANCED STAGE OF IMPLEMENTATION, INCLUDING TURKEY, WHERE THE COMPANY SHOULD BEGIN OPERATIONS THIS SUMMER. POLAND AND MEXICO ARE TWO OTHER PLATFORMS BEING CONSIDERED.

WITH THE LAUNCH IN TURKEY, THE COMPANY EXPECTS ITS VOLUME OF BUSINESS TO REACH ABOUT 25 MILLION EUROS IN 2012. HOWEVER, THAT FIGURE SHOULD RISE TO 50 OR 60 MILLION EUROS IN THE NEXT THREE YEARS WITH THE EXPECTED RECOVERY OF THE SPANISH MARKET, AS JOÃO MIEIRO, BOARD MEMBER OF AIR-RAIL, REVEALED IN AN INTERVIEW WITH ASC FORUM MAGAZINE.

WHAT IS AIR-RAIL'S POSITION IN THE MARKET?

Air-Rail has been doing business for more than two decades. It started out in the railroad sector, but over time the business expanded into airports and port structures. When ASC Group bought shares in the company in March of last year, Air-Rail was already fully involved in these three business areas. It is a company with 24 workers and is headquartered in Madrid. Its highest total sales to date was 36 million Euros in 2007. Now, thanks to the crisis that we're all familiar with, its volume is in the neighborhood of 13 million. Its market share varies by sector. In railroads, it is the market leader with a roughly 60% share, and in ports it's 20%. It is also a leader in airports with 50%.

WHAT IS THE BUSINESS STRATEGY?

When we acquired Air-Rail, it was only doing business in Spain. Our business strategy is to expand the company into the platforms where we already have operations. Or perhaps into other regions where attractive investment opportunities arise.

Since January we've had a company set up in Portugal and it's now in full swing. Air-Rail Portugal is working and making sales. The busiest segment is airports.

WAS PORTUGAL THE FIRST STAGE IN AN EXPANSION PROCESS?

The company in Portugal is just the first. But in theory, sometime after this summer, we'll be opening Air-Rail in Turkey. Establishing a company in Turkey is more bureaucratically complicated. We've been working on it since the beginning of the year, and we hope to have the company incorporated in mid-June. Meanwhile, to that end, we've already managed to recruit people in Turkey.

WHAT ARE THE NEXT STEPS IN AIR-RAIL'S INTERNATIONALIZATION?

There are other countries, such as Poland and Mexico, where we'd like to have operations. In Poland we're already talking with a local partner.

These are potentially interesting countries. First, because of the strong growth they're experiencing, with airport expansions and ambitious infrastructure plans, secondly some of our customers are already doing business there. Our airport clients that are multinational ground-handling companies, such as Swissport, have operations in those countries and they know us.

We are also working very actively in the Angolan market, but doing so from Portugal, with logistical support from the companies we have in Angola. At the moment, we have no plans to establish an Angolan branch of Air-Rail, since the market is not large enough to justify it.

WITHIN THAT STRATEGY, WHAT DO YOU ESTIMATE FOR AIR-RAIL?

We think the company could reach 50 to 60 million Euros in the next three years, as the Spanish market recovers, because the weight of the Spanish market is still quite significant. We mustn't forget that, under normal conditions, Spanish airports serve a fantastic volume of passengers: in 2010, it grew by 2% and for 2011 a 3% growth is expected.

Potentially, Turkey could eventually be on the same level as Spain, since Turkey's infrastructure investment plan is spectacular.

Fifty percent of the total estimated investment is expected to go to the airport sector. Ports and railroads will represent 20 and 30%, respectively.



WHO MANAGES THE DIFFERENT AIR-RAIL COMPANIES IN THE VARIOUS COUNTRIES?

They're local people. The companies in these local platforms are wholly owned by Air-Rail. Air-Rail's shareholding model is reflected in the other companies. They have two types of reporting. First, they report functionally to Air-Rail Spain. Then each of the companies has a local board of directors composed of local people and ASC Group people who ensure management of day-to-day operations such as banking matters, salaries, staffing and legal issues. Business activities – activities that allow money to generate more money – are largely handled and supported by Spain, in all platforms. Administrative, financial, legal, and HR activities are handled by the ASC Group support platform, which supports the local board of directors.

WHICH BRANDS DOES AIR-RAIL REPRESENTS?

For the airport market, mainly the French brand TLD, owned by AXA and Barclays, which has a range of products covering practically everything we sell, all the airport apron ground equipment around the plane, except the fuel truck and hose. Everything else, we can sell. In the ports sector, the largest supplier is the Swiss company Konne Craine, the market leader in harbor cranes. In the railroad sector, the market leader is Zephyr.

ARE YOU IN OTHER RELATED AREAS OF OPERATION?

For the past five years, we have had a partnership with the Spanish company Maquivías, which manufactures and modifies vehicles and train cars for various railroad applications, for maintenance of overhead lines, and has special tools that can gauge whether the track is properly aligned, since it can move and expand. That is a strong contribution by Spanish industry. In airport equipment maintenance, we have nine partnerships (one for each Spanish airport) through supplementary joint venture agreements with Ferrovial Servicios. We have a 20 % share and Ferrovial has 80 %. We have been fostering and bolstering this approach because these joint ventures are not limited to just maintaining equipment we market; they are broader, and even include cleaning the aircraft. In railroads, we also sell equipment for subway operators, for their train repair shops. Equipment for lifting the cars, train washes, etc. And we are in negotiations for a partnership with a company in the industry to position ourselves in railroad rolling stock equipment maintenance, for conventional trains and subways.

WHAT ABOUT THE RENTAL BUSINESS?

Rentals are a response to needs in the marketplace. Customers often choose not to buy but to rent. The product rentals we offer are long term, because they are usually linked to contracts that airport administration authorities (ANA in Portugal and AENA in Spain) award to companies so they can operate in the

airports. These are usually at least four-year concessions and therefore low-risk undertakings: stable revenue is guaranteed, which makes it appealing. Financing this kind of rental is equally attractive to financial institutions, because they typically also involve reputable, respected major operators.

DID THE SUSPENSION OF MAJOR PROJECTS IN PORTUGAL (HIGH-SPEED RAIL, AIRPORTS) AFFECT AIR-RAIL?

Air-Rail sells products and equipment to airlines that have their own ground-handling operations or to airport ground-handling companies, such as Groundforce and Portway. We don't sell to the ANA, for example.

What can happen, though, is that airport authorities can recommend products that they feel best comply with the standards they've set for that airport. Every time an airline adds a service to or from Lisbon, that's a potential customer. If there are fewer routes, that's worse for us.

Major projects that are on hold? We'll see relatively soon. It may be that over time we'll see tourism shift from North Africa to Portugal and Spain, since they're more competitive destinations. The flow of tourists is a very interesting thing.

In the railroad industry a lot depends on where the investments are made. If rail transportation of freight is promoted and upgraded, that could be very appealing because our main customers are industries whose companies have their own railroad terminals.

They're major customers, because they have freight cars they need to transport on private branch lines. There are plans to upgrade those branch lines, of which there are about 24 in Portugal. If that happens, obviously that's a business opportunity. If the upgrades don't occur, there will just be investments in repairs.

Then there is all the maintenance needed on the existing tracks, which is still, in my opinion, not very professionalized in Portugal.



CORPORATE HR'S ROLE IN ASC GROUP

**“IF YOU ARE PLANNING FOR A YEAR, SOW RICE;
IF YOU ARE PLANNING FOR A DECADE, PLANT
TREES; IF YOU ARE PLANNING FOR A LIFETIME,
EDUCATE PEOPLE.”**

Chinese proverb



“I embrace this new challenge enthusiastically. All the support is most welcome for the success of this project.”

ANGELA VIEIRA
Head of Development,
Group Corporate HR

People are a strategic asset at Grupo Auto-Sueco Coimbra. For over five decades, our guiding principle has been to attract, retain, develop and motivate talent. We consider this an unquestionably critical factor in successfully carrying out our Mission of “being the leader in our fields and representing the deepest, finest respect for ethical, social, and environmental standards.”

That's why, in creating the Group Corporate Center, a Corporate Human Resources unit was included.

The need to establish a Corporate Center arose from the strategic growth plan that was defined, specifically as regards consolidating and expanding the business, and from participation in new projects to broaden our product portfolio.

The Corporate Center's role is to interpret threats and opportunities across business lines, creating value by leveraging synergies, harmonizing policies, and developing a set of actions that promote the performance of the Organization as a whole.

CORPORATE HR MISSION

To create value, HR Corporate must play an active part in the subsidiaries of ASC Group and work in synergy and cooperation with the different countries.

The dynamics of the market require ever greater harmonization between customers, shareholders and employees in terms of creating added value for everyone.

We therefore aim to strengthen a chain of commitment and trust by developing Group-wide Talent Management policies.

In developing Group-wide Human Resource Management Policies, Corporate HR aims to promote the concept that “business development is supported by people” while at the same time fostering ASC Group's values: passion, learning, the will to move forward, sustained growth, vision and ambition.

The main objectives of Corporate Human Resources are to:

- > Boost the Group's Return on Human Capital (ROHC = EBITDA / Staff Costs) in alignment with overall best practices;
- > Promote the Group's values and culture, as well as a sense of belonging and pride;
- > Work with the various platforms in defining HR management strategies and policies;
- > Strengthen the Group's global nature and its overall abilities, fostering the sharing of best practices between countries;
- > Perform talent development for senior management.



THE CORPORATE HR UNIT WILL BE RESPONSIBLE FOR:

- > **Developing the corporate human resources management Balanced Scorecard:** Defining and developing the Group-wide key indicators for human resource management (financial, staff development, efficiency and motivation) and supporting the benchmark between subsidiaries in different countries.
- > **Promoting synergies and the sharing of best practices:** create mechanisms and tools for sharing experiences and best practices among the different platforms;

- > **Spreading the Group culture:** jointly with the regions, develop Group-wide mechanisms and tools for culture diagnosis, integrating employees, spreading the Group's values and promoting a Group-wide sense of pride.
- > **Developing corporate human resource management policies:** Devise and develop Group-wide policies for human resource management, always safeguarding the unique local traits.

1ST CORPORATE HR ACTION

Culture Diagnosis

What do our employees think about ASC Group? Soon you will be able to share your thoughts with us about the culture and climate at ASC Group. All answers will be confidential and anonymous. Your contribution is very important.

The business strategy guides the organization through attainment of particular objectives. Their achievement is related with the way we do things, think and feel. The internal Organization and the Culture have a decisive impact on the business's earnings.

In this framework, ASC Group will conduct a culture diagnosis as an integrated human resource management tool. We want to ensure that the human capital, culture and employee commitment are in line with the organization's strategic objectives.

This diagnosis, to be performed in May, primarily aims to:

- > Diagnose the values that characterize the life of the group in the current context.
- > Identify cultural traits to develop to successfully achieve strategic objectives.
- > Analyze the main needs and priorities for intervention in terms of the culture and the internal climate.



SUSTAINABILITY

COMMITMENT TO QUALITY RESPECT FOR THE ENVIROMENT



WE AT ASC GROUP BELIEVE EVERY STEP IS A GOAL IN ITSELF, WHICH IS WHY WE WORK EVERY DAY FROM THE PERSPECTIVE OF A RESPONSIBLE POLICY FOR THE GROUP'S GROWTH.

WE ARE GROWING AND WANT TO KEEP GROWING IN A SUSTAINABLE WAY. WE DEFINE SUSTAINABILITY AS THE FUNDAMENTAL BALANCE BETWEEN THE **ECONOMIC, ENVIRONMENTAL AND SOCIAL** PILLARS. THAT IS WHY WE TAKE GREAT RESPONSIBILITY IN DEVELOPING OUR DAILY COMMITMENT TO QUALITY AND RESPECT FOR THE ENVIRONMENT IN ALL OF OUR PROJECTS AND SERVICES. IN THE NEAR FUTURE, YOU WILL LEARN THE GROUP'S SUSTAINABILITY POLICY AND IT'S MAIN GOALS.

ASC PORTUGAL REDUCED ITS ELETRIC CONSUMPTION IN 2010

ASC Portugal met its target of reducing energy consumption by 2% in 2010. This was partly the result of various awareness activities as well as energy-efficient technologies that were installed at the business units in Viseu, Castelo Branco and Coimbra.

There was also success in terms of absorbent waste in that, though no real decrease was observed, the placement of appropriate signage on all containers, together with practice sessions that were held, led to better trash separation in all teams.

In 2010 the Group invested in two hours of Environmental training in all business units. In 2011 the number of hours should increase with the goal of improving the Group's environmental and sustainable behavior even more.

In Portugal, we recently received ISO 14001:2004 environmental certification from APC&R.



INDICATORS

THE BIG LEAP 2009 - 2011

