

ASCENDUM

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**TEAM SPIRIT, STRENGTH AND DETERMINATION
TOWARDS NEW VICTORIES**

P.03

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Editorial

TEAM SPIRIT, SHARING, STRENGTH AND GOING ONE BETTER

Following several years of expansion, in which the Ascendum Group has consolidated its position in Europe and the Americas, establishing itself as one of the major global players in Volvo CE equipment for construction and industry, the time has come to turn our gaze inwards, to consolidate all this growth and take advantage of all the knowledge we have amassed and the ensuing synergies.

In each country and operation there are some good practices that must be shared and implemented, procedures we can make transversal to generate new added value, and processes to be centralized so that we can achieve business advantages and competitive edge.

We only need to browse through the pages of this magazine to see that there are already many experiments in diversification, ideas for convergence and examples of innovation that, as well as inspiring us, can also open up new routes to success.

These are the routes I challenge you to explore, fostering interaction and integration that can strengthen us as a group and make us more effective in each and every market... throughout the entire universe in which we operate.

And this is no mean challenge. There are many kilometres separating us and we are all caught up in duties that eat up our time and energy, and in tasks vital to ongoing business that we cannot delegate. And the year ahead is going to be very demanding for most of the regions, which continue to operate in adverse conditions.



RICARDO MIEIRO
President of the Executive Board

However, we know the strategy and we are very clear on where we are going and where we want to get! We want to hit 1000 M€ in 2018. Like players in the same team, each with his or her own position and responsibility, we have to work together on tactics that give us the advantage, be innovative to avoid opponents' attacks and move fast for a better result.

I know we have what is needed to consolidate this team spirit and to surpass ourselves in every game. For that reason, I'm counting on the commitment and energy of each one of us, members of this great team of over 1350 members, to play with a cool, clear head, but also with all your heart in the many challenges that 2014 has in store for us. And together we will carve the route to new victories.

Cover photo:

Photo by Chuchi Guerra
Grupo Desportivo de Direito players
before a rugby match

Prospects and Challenges in 2014

STRENGTH AND DETERMINATION TO OVERCOME A DIFFICULT YEAR IN NEARLY ALL GEOGRAPHICAL PLATFORMS

The protracted crisis we have been experiencing in Europe continues to affect a significant part of Ascendum's operations in the old continent, and the various political and current financial situations in several countries – especially in Portugal, Spain, Turkey, Slovakia and Romania – allow for little more than cautious optimism for 2014.

In the USA, political volatility is the factor that could most impinge on our business dealings, although global economic growth prospects and the specific projections for the construction sector suggest a sunnier outlook for the year. Otherwise, the cut in monetary stimulus measures that the US Federal Reserve has already initiated also has implications in other regions, in particular the emerging economies such as Turkey.

In Mexico, 2014 could hardly be more difficult than the previous year and, despite the public investment in infrastructures predicted for this year, we must wait for this programme to get going in order to discern when the business can take off.

Management for the operations in the various geographical regions are fully aware of these structural difficulties and the many specific challenges facing some of Ascendum's main business sectors, yet they are not discouraged and are determined to maintain – and, whenever possible, improve on – their performance.

These are some of the early conclusions to be drawn from the brief interviews with the management of the various geographical platforms, in which we sought to discover, in addition to the global outlook for each market, the challenges faced and the main benefits and the obstacles to achieving them, as well as welcoming ideas that could generate synergies and improve Group efficiency.

In respect of the challenges and the means to tackle them, since each market has its own highly specific situations, there is no unique formula, and we come across dozens of strategies that can help each market to achieve its objectives, ranging from greater focus on the commercial area or investing in team-building to seeking alternative sectors in order to diversify the business, or internationalizing services, or improving internal processes.

In this last area, there is an almost universal acceptance that we need common management and communication tools that will speed up business dealings in the various geographical areas and foster greater information sharing and good practice.

ASCENDUM CEO'S ANSWER THREE QUESTIONS ABOUT THEIR OPERATIONS FOR 2014

- WHAT IS THE OUTLOOK FOR YOUR MARKET IN 2014?
- WHAT CHALLENGES IS YOUR OPERATION FACING AND WHAT ARE THE STRONG POINTS AND OBSTACLES TO OVERCOME THEM?
- WHAT CAN BE DONE TO INCREASE SYNERGIES AND IMPROVE EFFICIENCY AND INNOVATION IN THE ASCENDUM GROUP?



Prospects and Challenges in 2014

WHAT IS THE OUTLOOK FOR YOUR ECONOMIC CRISIS AND POLITICAL UNCERTAINTY AFFECT THE OUTLOOK

PORTUGAL

No significant improvement in the domestic market is envisaged for 2014 because the Portuguese economy continues to suffer strong financial limitations. However, we hope to augment our share of the internal sales market and, at the same time, remain focused on external sales, especially in the area of construction equipment.

Bearing this in mind, we hope to maintain revenue at 2013 levels and take new steps towards improving coverage in certain market niches.

We can thus affirm that, in this difficult environment, we are keeping a positive mindset.



RUI FAUSTINO
CEO of Ascendum Portugal and
Ascendum Group Executive Board member



JUAN ZURERA
CEO of Ascendum Spain

SPAIN

From a macroeconomic point of view, we hope to see a continued improvement in the economy, as various indicators suggest, and that investment in the sector of public works begins to emerge, catalysed by the 2015 general elections, since, after a first part of the legislature focused around containing public spending and structural reforms, the Central Government needs to implement stimulus measures to encourage growth and reduce unemployment.

Our action plan for this year will take advantage of this aspect, as well as of the development of initiatives in the more dynamic sectors (ports, agriculture, recycling, industry, logistics and forestry) which should translate into growth in line with that forecast.

USA

In the USA, there should continue to be slow but steady recovery in construction, with the residential and commercial sector advancing more quickly. The bedrock of the construction sector is stronger than ever but the markets continue to be hit by the political uncertainty raised by the "chronic showdowns between" Democrats and Republicans. All forecasts for the industry available to us take this volatility into consideration but if the situation gets out of hand again, the economists may come to a new, less optimistic consensus.

The forecast by the consultancy McGraw Hill Construction is clearly optimistic, predicting a growth of 9% in construction starting this year. Its forecasts indicate strong growth, in the order of two digits, in residential and commercial buildings, with residential property leading the sector, balancing out the losses expected in public works and the energy sector.

Oil and shale gas exploration which, according to the forecasts, should remain on a high for the next seven to ten years is also great potential business for the construction equipment sector in North Dakota.

At the same time, the volatile political situation and clients' lack of investment capital will continue to nourish the demand for rental solutions, since most clients still take a short-term view with regard to acquiring equipment. This demand from the rentals market, especially long-term rental, should provide us with good opportunities.



BRAD STIMMEL
CEO of ASC USA

MARKET IN 2014?

IN ALMOST ALL MARKETS



MAHIR HOCAOGLU
CEO of Ascendum Turkey

TURKEY

Turkey faces two major threats this year. The first is linked with the corruption scandal that blew up last December (resignation of the Economy, Interior and Environment Ministers) which is affecting confidence in the economy; in the run-up to the elections, political unrest is affecting all sectors.

The second threat comes from the reduction in economic stimuli already initiated by the US Federal Reserve (FED) and its impact on the so-called BIIST countries - Brazil, Indonesia, India, South Africa and Turkey. In that group we are the country with the most negative indicators, with a current deficit in the order of 7.5% of Gross Domestic Product (GDP), with CDSs (a type of insurance against default) close to 240 base points (an increase of around 25%) and the Turkish lira devaluing at a rate of 8% per month.

In this scenario, we need a flexible budget and maintain cautious optimism for this year. The recognition of Volvo CE can help us to achieve machine a parts sales.

MEXICO

In Mexico, 2013 was an incredibly difficult year. The market dropped by 7% on 2012 figures and the conditions under which clients acquired equipment worsened, with strong pressure on prices and financing. Bearing in mind that it would be hard to have another year as complicated as the last, we are cautiously optimistic for 2014.

The Government has already approved the planned political reforms and, despite the need to approve and implement specific legislation, efforts should be focused around stimulating the economy. We should begin to see the first projects of the long-awaited National Infrastructure Plan, with its projected investment of over 400 billion dollars, by 2018 (a more realistic view suggests 200 billion dollars, which is nevertheless a good sum) but the key factor for our market is the time when these projects are launched. Given its magnitude and complexity, we will undoubtedly have to wait until the second half of the year to experience its real impact.

The industrial market, in turn, might start to take off sooner, since the companies have already taken on board the uncertainties and implications of the Tax Reform defined for 2014.

Competition continues to be stiff, since the market has seen no appreciable growth and price and financing continue to be highly critical factors.



MARCO LIZ
CEO of
Ascendum Mexico



THOMAS SCHMITZ
CEO of Ascendum
Central Europe

Thanks to our team's excellent performance in the last four years, especially in Austria, Volvo CE products remain in pole position in excavators, dumpers and wheel loaders, and second position in compact excavators. Nevertheless, this will be a challenging year in Austria because we are facing, for the first time, the appearance of important competing brands. And since the competition had less satisfactory results last year, we are expecting aggressive sales tactics, especially in the early months.

The results for Ascendum Central Europe's other markets varied greatly. The best results came from the Czech Republic, followed by Hungary which, with its very young and ambitious team, managed a positive result after several years of losses. The other markets are under pressure from the huge economic challenges facing their countries.

Overall, we would like to maintain our positive results in the markets where we made a profit last year and achieve a slight improvement, of a few percentage points, in the markets that are still fragile.

WHAT CHALLENGES IS YOUR OPERATION FACING AND OBSTACLES TO OVERCOME THEM?

IMPROVING PROFITABILITY, INTERNATIONALIZING OR DIVERSIFYING SERVICES,



PORTUGAL

Our greatest challenge lies in the behaviour of the Portuguese economy and managing to maintain an even better performance in the *Follow the Customer* programme. Here the main question is having machinery available for the unregulated markets in which Portugal has various clients working. They are clients with whom we have excellent relations and who recognise the quality of our services, so we ensure ongoing investment in the skills that uphold these external operations, so as to support any client, wherever s/he might be.

On the other hand, we encounter great challenges

in the business of non-Volvo parts. We have launched operations in Angola and Mozambique and, despite their being start-ups, which is always complicated, we hope to attain revenue that will help us to turn around and recover this business.

In the trucks area, our objective is to manage to improve profitability. Here, the biggest handicap is that we are operating in a very limited geographic area, which limits expansion of our activity. However, we are starting to realise how we can do better and also move into external markets to support clients with international operations, as is the case with construction equipment.

In the car business, we must keep moving so as to attain profits, a goal we haven't yet reached despite the excellent recovery we are making.

ANGOLA AND MOZAMBIQUE ARE TWO NEW MARKETS WHERE ASCENDUM PORTUGAL IS LAUNCHING OPERATIONS TO DEVELOP THE NON-VOLVO PARTS BUSINESS. THE INTERNATIONALISATION OF SERVICES THROUGH *FOLLOW THE CUSTOMER* CONTINUES TO BE A CENTRAL FACTOR IN CONSTRUCTION EQUIPMENT AND MAY SPREAD TO THE TRUCKS BUSINESS.



SPAIN

The weak after-sales business and the strong competition to attract the existing supply is one of the main challenges we face. This reality leads clients to seek alternatives and compare them with the maintenance and service conditions provided by the official brand, which, in turn, forces us to negotiate the more important bids (and even the less important ones) as intensively as one normally does in commercial operations. This situation forces us into an ongoing analysis of the market and the competition in order to be able to define a competitive price level, in many cases seeking alternatives with which we can meet the values established by the client.

From the commercial point of view, the most important thing, given the low demand for new machines, is the development of alternative markets that can compensate for the low turnover. Thus, the development of a profitable business buying and selling used machinery is an absolute priority, together with a rentals portfolio.

AND WHAT ARE THE STRONG POINTS

IMPROVING COMMUNICATION AND MANAGEMENT SUPPORT...



USA

IN SPAIN, THE DEVELOPMENT OF A PROFITABLE BUSINESS BUYING AND SELLING USED MACHINERY IS AN ABSOLUTE PRIORITY, TOGETHER WITH A RENTALS PORTFOLIO. THESE TWO AREAS CAN HELP TO COUNTERBALANCE THE FALL IN DEMAND FOR NEW EQUIPMENT.

Internally, communication within the department and with other areas - especially with the commercial area because of the affinity it has with clients - is essential to create synergies that will help us to be aware of all business opportunities and present Global Service Agreements to the main clients. As well as price benefits based on volume, these agreements include a Comprehensive Follow-up and Advisory Service supported by the manufacturers' tools (Cartrack, Matrix, Service Programmes etc.).

In the commercial area, the development of the tools needed for management and communication, cross connecting the dynamism, concentration and enthusiasm of our various employees, will doubtless allow us to meet our objectives. The versatility of our team will also be an important factor in achieving these goals, allowing us to enter new sectors.

Volvo CE in the USA has been increasingly resisting investment in machine stocks. They continue to fail in their machine predictions sent to the factories and to reduce orders.

The GPE market share of Volvo CE in the USA fell to 8.8% in 2013 while we, ASC USA, have a market share of 17.2% in the states where we operate.

We do not envisage any significant measures from Volvo CE to turn this situation around, but rather a cutting of internal costs, reducing discounts and stocks.

In the road machinery products, prospects are good because the launch of the new paver has enjoyed some success. The market share of motor graders in the USA is 9%, while, in the states where ASC USA operates, it corresponds to 30%.

With regard to parts distribution, there continue to be some hold-ups at Volvo CE due to logistical problems. Parts stocks in the Volvo CE warehouses are below minimum levels due to changes in processes, software, people and policies.

The future outlook is negative because, in addition to this, the main warehouse is going to be moved to a more distant part of the country in 2015. We believe two years will be needed for Volvo CE to regain the requisite stock levels to meet our clients' needs.

Otherwise, we will continue our strong strategy of promoting the various other brands with which we work: we are the main SDLG dealer and the brand plans to expand the number of its dealerships in North America in the second quarter, meaning that our role as main dealer for machine parts and preparation may bring us extra revenue in Buford and added advantage in the parts business for that brand. We are among the 10 main dealerships for the Doosan portable range of equipment - we are currently in seventh position. As for Sennebogen, although the scrap and recycling business is at a low due to the fall in raw materials prices, we are finding new sectors for these machines, in areas such as phosphates, forestry, ports and wood compressing, so we expect this business to start growing again this year.

IN THE USA WE NEED TO FIND A JOINT SOLUTION WITH VOLVO CE THAT WILL ALLOW FOR THE RESTITUTION OF STOCK LEVELS, FOR BOTH THE PARTS BUSINESS AND CONSTRUCTION EQUIPMENT. THESE ARE TWO OF THE CHALLENGES THAT MUST BE OVERCOME.

Prospects and Challenges in 2014

WHAT CHALLENGES IS YOUR OPERATION FACING AND OBSTACLES TO OVERCOME THEM?



TURKEY

The macroeconomic and political issues are our main challenges but, since the current troubled situation must fade away after the planned elections of 30 March, market conditions should improve and we believe that the second half of the year will be more positive. Note that the Bank forecasts for GDP growth in 2014 are 3.5%.

One of the main obstacles facing us is a result of the fall in demand. In this business area, weaker demand and the fact that the competition has built up high stock levels is making a price war inevitable. Another difficulty is due to the weakness of the yen, which is making the Japanese markets more attractive and supporting the growth of their market share.

The fact that the Turkish lira is also growing weaker means that the export companies are gaining an advantage and, for this very reason, we are mindful of the large construction firms with international contracts. We are also focused on the mining sector, on large infrastructure projects, on urban restructuring and on high

speed trains. We are strong in all these sectors and if we manage to focus on these projects and do it with the support of Volvo CE, we will have great advantages.

The investments we have made recently, in the new branch in Ankara and the new site which will be for used equipment, in the new dealership in the Esmak region, represent further advantages.

The new Sany crawler cranes and drilling rig, as complementary products, will also open up new markets. The AGCO franchise in tractors and combine harvesters may also create new opportunities in the agricultural segment, a different area to that of infrastructures and construction.

ASCENDUM TURKEY IS INVESTING IN A NEW BUSINESS AREA – AGRICULTURAL EQUIPMENT. OTHERWISE, THE OPERATION IN TURKEY IS FOCUSED ON JOINING WITH THE LARGE CONSTRUCTION COMPANIES WITH PROJECTS ABROAD AND IN SECTORS WHERE IT HOLDS GREAT ADVANTAGES: MINING, INFRASTRUCTURES, URBAN RESTRUCTURING AND HIGH SPEED TRAINS.



MEXICO

We are a very young company operating in complex market circumstances, which means that we have several critical challenges.

Firstly, we need to find a financing solution for retail that is competitive, fast and flexible to beat our main rivals, who are very cut-throat. In the current economic context, some construction clients will not have the best financial history, so their risk has to be assessed along with factors such as the contracts portfolio, collateral assets and other financial guarantees. It has not been easy finding a partner willing to adopt this approach but we believe that the improvement in economic conditions will help finance companies to recognise more attractive opportunities in our clients.

Secondly, we need to focus our efforts not only on the clients who are tendering but on those where we stand a real chance of winning. In certain cases, we have invested too heavily in opportunities that provided no pay back in sales. We have learned from experience and we have to be highly critical and realistic to focus on better quality contracts.

AND WHAT ARE THE STRONG POINTS



CENTRAL EUROPE

THE IMPROVEMENT IN INTERNAL PROCEDURES AND ONGOING INVESTMENT IN STAFF TRAINING ARE KEY FACTORS TO RENDER ASCENDUM MEXICO BETTER PREPARED FOR THE HIGHLY COMPLEX CHALLENGES FACING THEM IN THIS MARKET.

With regard to these two challenges, the advantage we have is that we have the experience garnered in 2013 and the adjustments made to strengthen the motivation and skills of our sales team. We must continue to train them to be more focused and rounded, as they move on to managing more complex processes, such as retail financing and clients' strategic information.

In addition to this, we need to improve our administrative processes and controls in all areas to manage our resources more effectively. We had a bad experience in 2013 but we are already adjusting procedures and training staff... In this we can benefit from group good practice in the other geographical platforms. The procedures and controls have already been implemented in companies that have been operating for decades and we must follow their example, making only the necessary adjustments to the local reality. The potential obstacle is that we are a very young and relatively inexperienced organisation. Even so, we are confident that, with our effort and commitment, we will be able to overcome the situation.

In addition to those imposed by the context of the different countries, our greatest challenge has come from the area of Information Systems and Technologies. On one hand, with the separation from Volvo CE, we have to establish, as quickly as possible, a new network structure for Central Europe, a challenging task, especially for the migration plan established with Volvo CE.

On the other hand, we have to decide on the implementation of a new system of Enterprise Resource Planning (ERP) in Austria and the main obstacle here is the very short timescale available to us and the fact that we have limited internal resources, since the members allocated to the project are also indispensable in the daily activities imposed by the business. When it is finished, this system must also be implemented in the other markets of Ascendum Central Europe.

The main challenges in the markets are to achieve the required sales volumes for machines, in a context of growing prices and a setting that remains volatile, a reality that is valid for the whole group but that especially affects Romania.

CENTRAL EUROPE IS CREATING A NEW NETWORK OF INFORMATION SYSTEMS TO SUPPORT THE BUSINESS ACTIVITY OF THE VARIOUS COUNTRIES THAT MAKE UP THE OPERATION. THIS CHALLENGE HAS ARISEN FROM THE MIGRATION PLAN DEFINED AFTER THE ASCENDUM GROUP ENTERED THE MARKET, A MOVE THAT ENTAILS LEAVING THE FORMER VOLVO CE INFRASTRUCTURES.

WHAT CAN BE DONE TO INCREASE SYNERGIES AND INNOVATION IN THE ASCENDUM GROUP?

SHARING OF GOOD PRACTICE AND INVESTING IN MANAGEMENT AND

PORTUGAL

Since we are growing in size, we can use that as an advantage in developing a centralised purchasing procedure for equipment and parts, following a volume rationale that will allow us to obtain more favourable conditions from the supplier.

SPAIN

We believe it is essential to have fluid, real-time communication at all levels. Thus, the development of a CRM system will allow us to make the best of the individual experience we are garnering every day with that which is available in the systems, so that we can make concrete and effective decisions, addressing them to the appropriate niches.

It is equally essential to have efficient communication between the different countries (between people and systems in real time). We are confident that these measures will be reflected in economies and efficiency for the organisation.

On the other hand, we need to increase our internet presence, with a page that serves as a showcase and platform for launching all our new projects and products.

USA

The Group should consider setting up a new post of project manager, with responsibility for creating, managing, developing coordinating and assessing the many projects that can help the Ascendum platforms to achieve more agile and efficient processes.

This manager should work on various projects and with all geographical regions at once to obtain the necessary local feedbacks and proceed with the implementation of projects. This manager could use attested methods and processes such as LEAN SIX SIGMA or Root Cause Analysis and Solutions.

S/he may be anywhere, working with distance communication supports such as Webex for Skype meetings, in order to receive opinions and suggestions directly from colleagues in the other geographical regions.



AND IMPROVE EFFICIENCY

COMMUNICATION SUPPORT TOOLS ARE ROUTES TO EXPLORE

TURKEY

My suggestions cover three areas:

1. Parts sales are under pressure due to the existence of various competitors, especially for excavators, so the support of Volvo CE is indispensable for us not to lose sales. In addition, machines more than five years old don't come in for repair to our workshops due to the existence of alternative parts on the market. We can create a synergy here through the Ascendum Group and Volvo CE.
2. The Key Performance Indicators (KPIs) must be used to measure business parameters in the different geographical regions. They could be a good tool for analysing good practice in the regions, to achieve increased efficiency.
3. We need to be able to sell used Volvo CE equipment to other markets, namely the unregulated markets for which the new Tier 4 Final engines are not suitable. To that end we need to work with Volvo so it supplies the Ascendum regions with the software to convert this equipment.

MEXICO

We had a very positive experience with the project led by Herlander Santos, which ran from April to December 2013, to improve our operation in the After-Sales Department, especially in the Parts area. It was an excellent way of acquiring the best practice of other Group platforms.

It was a demanding approach that called for great sacrifice from Herlander and from the Group but the time invested had a great impact on our operation.

CENTRAL EUROPE

I make five suggestions:

1. Develop synergies and tactics for the used equipment business;
2. Share best practice so we can learn from each other;
3. Create a contact network and promote globally the communication between the various Ascendum platforms;
4. Create common Information Systems and Technologies (network, system, etc.) to reduce operational cost worldwide;
5. Draw up complementary strategies at products level and make regular exchange of information.



Major works around the world

ASCENDUM MACHINERY SUPPORT LARGE

THE MACHINES SOLD AND LEASED BY ASCENDUM, TOGETHER WITH THE AFTER-SALES, PARTS AND MAINTENANCE SERVICES IT PROVIDES, FOSTER DIRECT OR INDIRECT INVOLVEMENT BY THE GROUP IN LARGE-SCALE WORKS THAT BOLSTER THE ECONOMY OF DIFFERENT COUNTRIES OR IN PROJECTS OF COMPANIES OPERATING IN KEY AREAS. ASCENDUM MAGAZINE CHECKED OUT SOME OF THE MOST ICONIC PROJECTS CURRENTLY UNDERWAY IN VARIOUS PARTS OF EUROPE, THE AMERICAS AND AFRICA.

ASCENDUM PORTUGAL BUILDING INFRASTRUCTURES IN EQUATORIAL GUINEA

Within the scope of its *Follow the Customer* service, Ascendum Portugal, via Ascendum Machinery, followed one of its major clients to the African continent, to Equatorial Guinea, where it is involved in many public works projects, including the construction of the country's future international airport, roads, bridges, viaducts and various urban infrastructures.

Since 2006 Ascendum Portugal has been a partner in these huge operations, which call for a fleet of many dozens of machines, over 100 of which are Volvo equipment and Sandvik Mobile Gyratory Crushers, recently sold by Ascendum Portugal.

Backup and technical support for this fleet is crucial, with maintenance services and parts management being decisive factors, together with the operational readiness of the machines.

"We are aware that an effective response to these requirements also calls for total availability and commitment from our technicians, which is why we have two professionals based permanently in Equatorial Guinea and it has now been established that we need to augment the team with a third member.



And during times of peak demand, this team has five members on call", says José Luis Mendes. Since this is a large-scale operation taking place far away, another fundamental factor is constant communication between Ascendum Portugal managers and the client's teams.

The *Follow the Customer* programme, set up to meet client needs wherever they might be, has already taken the Portuguese Ascendum Máquinas to various countries in Europe, America and Africa.



ASCENDUM TURKEY MACHINES SUPPORT MARBLE QUARRYING

In Turkey, mineral exploration and mining is an activity with growing economic relevance. A number of L350-related contracts confirm this trend and show that marble quarries are becoming more important in this sector, in which Ascendum Turkey has been active.

Marble exports represent over 3.5 billion dollars to the Turkish economy.

-SCALE WORKS IN MANY COUNTRIES



ASCENDUM USA IN PORT OF CHARLESTON EXPANSION

Volvo Excavators and Dumpers have been constantly at work in the Port of Charleston expansion, especially in the construction of the new sea terminal that is taking shape in the old Naval Base area of Charleston.

“The port authority awarded a 42.7 million dollar contract to our client Jay Cashman to build a container terminal. It involves the EC480s and EC340s and countless A40 Dumpers to excavate and transport many tonnes of earth”, says Brad Stimmel.

NEW OPPORTUNITIES ON THE HORIZON

For hundreds of years, few resources have proved as important to the prosperity and growth of the State of South Carolina as its sea ports, especially the Port of Charleston. With the deepest waters in the region and five terminals, Charleston is deemed to be one of the ports with the best conditions on the whole east coast and the most productive in the whole country. It is also the one with the highest growth rate, with a 28% increase in container shipping since 2009.

Being aware of the importance of their ports to the economy, the State of South Carolina and the Port Authority have undertaken to expand the Port of Charleston, investing 2 billion dollars in port infrastructures over the next ten years.

The container terminal construction project, for which ASC USA sold equipment, is part of this investment plan, which also includes dredging the port, an inter-modal container platform, a new port access road, an inland waterway port and various other big projects. With this growing construction requirement and the need for quality equipment, good new opportunities have opened up in the Charleston area for ASC USA.

- In 2013, the ports of South Carolina provided logistics support for 1839 ships and the Port of Charleston handled 723,420 tonnes of cargo.
- In 2012, ships from more than 150 countries were served by the ports of South Carolina.
- Work related with port activities generates 260,800 jobs throughout the State.
- The economic impact of port activities in South Carolina is estimated at 45 billion dollars per year.



Major works around the world



ASCENDUM
CENTRAL EUROPE
SELLS VOLVO
TO BUILD S10

One of Ascendum Central Europe's recent and most iconic projects is in Austria, more precisely in Upper Austria, where construction of the S10 expressway will provide an important link to the north of the country. There are currently many Volvo machines in action at the construction site, including excavators, wheel loaders and articulated dumpers.

SILICA EXTRACTION CALLS FOR PROMPT RESPONSE
BY ASCENDUM MEXICO

One of the most important projects that Ascendum Mexico is involved in is a silica mine sited in Jaltipán, from which raw materials for the glass and ceramics industry are extracted. The client, Grupo Materias Primas (UNIMIN Group) has a very complex operation here, with two or three shifts of professionals working consecutively in highly demanding conditions in human terms and also in terms of equipment. And all of the equipment operating, nine machines all told, is Volvo machines supplied by Ascendum: three L220 Loaders, an EC460 excavator and five A40 articulated dumpers.



"The mine is situated approximately 250 km away from the Ascendum premises in the city of Veracruz, which implies a three-hour journey, and as the machines cannot stop, we have created a special service in collaboration with the client: we have a container on site with critical parts and those with high turnaround, and we guarantee 24 hours maximum response for any equipment requirement", reports Marco Liz.

The team is closely involved in meeting equipment needs, although CareTrack allows them to anticipate and properly programme the necessary interventions and resources. *"This tool has helped us to identify areas where the operation could be improved and we have also trained an operator who is currently a full member of the client's team, which has led to fuel savings and shorter cycle times", he adds.*

New businesses



ASCENDUM TURKEY DIVERSIFIES ENTERING INTO THE AGRICULTURAL SECTOR

At the end of last year, Ascendum Turkey diversified its activity into equipment for the agricultural sector. This new step was achieved with the signing of a concession contract with AGCO, an internationally recognised company and one of the leaders in the design, manufacture and distribution of agricultural machinery.

As a result of this agreement, Ascendum Turkey began distributing Massey Ferguson farm tractors in the southern region of Marmara and Laverda combine harvesters in the central region of Anatolia, with 10 models of tractors and four of combine



harvesters. The forecasts for this first year of activity indicate probable sales of around 100 tractors and 25 combine harvesters.

Reliability and quality, together with product price and quality, financing conditions and customer support service are decisive factors for the client in making equipment purchase decisions. In order to respond more effectively to these factors, Ascendum Turkey has already taken on eight professionals who are supporting this first phase of the business and is going to open new premises in Balıkesir, a region known as the nerve centre of the farm tractor business. The combine harvesters segment will remain based at the Ankara premises.

AGCO OFFERS A COMPETITIVE RANGE OF PRODUCTS

Massey Ferguson and Laverda are two brands belonging to AGCO, whose portfolio also includes names such as Challenger, Fendt, Valtra and Gleaner. Farm tractors represent about 67% of this company's revenue, which totalled 10 billion dollars in 2012. Combine harvesters generated 7% of this sum



and the parts segment is even more representative for AGCO, having accounted for 14% of its turnover.

AGCO began producing in Turkey only a year ago, dedicating itself in this country to making compact tractors, with engine power of less than 100 HP, although it also has a full range of tractors in the high power segment (100-585 HP).

The agricultural machinery sector is cut-throat and AGCO's main global competitors are Deere and CNH. Several. The latter also produces its equipment in Turkey, where it has a market share of around 55%.

New businesses

HARDPARTS OPENS IN MOZAMBIQUE

AN ASCENDUM PORTUGAL INVESTMENT IN INTERNATIONALISATION

HardParts has already had its official opening at its premises in Matola-Rio, in Maputo, Mozambique's main city and financial centre. This event, which was celebrated on 17 and 18 January, represents yet another

investment by Ascendum Portugal in its internationalisation and brought together more than 50 guests from 32 companies operating in the country, from a wide variety of business sectors.

HardParts' first client, Prefangol Moçambique SA, was represented by its manager, Carlos Rey, who was symbolically presented with a small memento to mark the inaugural business of the new company.



During the event, the guests had the chance to visit the new warehouse and discover more about the products in stock and the semi new equipment, the industrial tyres and hydraulic tubes that complement the product range specific to this market.

The HardParts team also took the opportunity to obtain more information about the business activity of clients and potential clients at the event and to ascertain their requirements in parts supply and services.

Although informal, this information helped to strengthen our conviction that this is a market with good growth potential and one where the notoriety of the Ascendum Group provides added value to allow us to respond to this new challenge.

Modernization

TRACTORASTOS "OPENS ITS DOORS" TO PRESENT THE NEW LEIRIA PREMISES

TractorRastos opened its doors on 1 February to introduce around 80 guests from over 50 clients and partners to its new premises in Leiria, Portugal.

The new premises cover around 6,000 metres in total, with 1,500 metres under cover, and will house the TractorRastos parts warehouse, its showroom, offices and the logistics support for international operations, and will improve working conditions, optimise company logistics processes and provide a more effective response to growing market demands in Portugal and also those arising from international expansion.



"It was an excellent opportunity to forge closer ties with these guests and introduce them to our products and representations, and also to the human resources who make sure our company activity and our operations in Angola and Mozambique run smoothly". The clients and partners present recognised the improvement provided by the premises

and congratulated the team for the modern image and the functionality of the space.

Now this step has been concluded, TractorRastos will begin the process of transferring its workshop to "Polígono Industrial ASCENDUM" in Alto do Vieiro, Leiria.

Profile

GRAÇA MIEIRO TAKES ON THE ASCENDUM BRAND MANAGEMENT

IN ITS FOCUS TO HEIGHTEN AWARENESS OF THE ASCENDUM BRAND AND ITS REPUTATION AROUND THE WORLD, THE HOLDING COMPANY HAS JUST WELCOMED A NEW MEMBER, IN CHARGE OF PLANNING AND COORDINATING ALL THE ACTIVITIES RELATED TO THE GROUP'S INSTITUTIONAL BRAND. WE ARE TALKING ABOUT GRAÇA MIEIRO, WHO HAS ACCEPTED THE CHALLENGE TO MANAGE THE BRAND THAT SHE HELPED CREATE LESS THAN THREE YEARS BEFORE, WHILE WORKING AT THE COMPANY THAT DEVELOPED ASCENDUM'S NEW IDENTITY.

WHAT IS YOUR STANCE ON THIS NEW PROFESSIONAL CHALLENGE?

Less than three years ago, Angela Vieira challenged Blug, the agency where I was working, to come up with the identity that transformed Auto Sueco Coimbra into what is now Ascendum. This was the first time I had looked at this Group from a professional, detached point of view. And I think it was probably the first time the holding team viewed me not as the daughter of Ricardo Mieiro, but as someone responsible for their rebranding.

These past few years have thus been crucial for me in order to get my head around working for the family business and also so that the holding's members could recognize the value of my work. These years also helped to really expand my knowledge of the business... I have shared a strong emotional bond with this company from the day I was born but I gained a more rational, profound perception of it through my professional relationship. After eight years of experience in managing brands, image and communications with an agency – a very hands-on area where one works on brands from all kinds of sectors and does a bit of everything – I'm sure I can be an important asset in creating Ascendum's brand. I think that this is probably my first challenge: proving I deserve to be here and can bring added value to this Group.

WITH THE GROUP'S STRATEGY IN MIND, WHAT PROJECTION DO YOU HAVE IN MIND FOR THE ASCENDUM BRAND?

Having not been on the team long, it's still too early to talk about the brand's future projections. We need to deliberate over the brand, analyse options and take in information from the various geographical regions in order to build a consistent project, one capable of boosting Ascendum's brand and reputation all over the world. For now, what I do know is that there's space and willingness to build this glo-

bal project and that we are capable of giving the Ascendum brand a whole new dimension without ever losing sight of its institutional side and its relatively discreet attitude, which is a part of Ascendum's ethos.

BUT THERE ARE PROJECTS IN PROGRESS...

Yes, several projects are already underway, some of which were already being developed and in which I am completely involved. For example, there's the Group's institutional film, which we have been working on for quite some time and which I was already working on when I was with Blug; we are also working on the Annual Report and Financial Statement, as well as planning the supports to mark the Group's 55th anniversary, which is this year. We are also currently standardizing the overall look of the websites from our various geographical locations, which is something I have been supervising.

HOW ARE YOU GOING TO DEAL WITH ASCENDUM'S DIFFERENT GEOGRAPHICAL LOCATIONS IN ORDER TO CREATE A GLOBAL BRAND?

The brand's management must be applied to every single one of its locales, otherwise it is impossible to create a consistent, harmonious brand. It is vital to foster a very close relationship with every locale so I can help them to embrace the brand and cultivate all its different dimensions and expressions, from its most basic supports to the tools that could give it greater visibility and recognition in the eyes of its stakeholders.

Working on the brand in far off countries, each with their own very different reality, is another major challenge I face with this new job, but I think the fact that various operations can count on me to help develop their brand will allow everyone to work harder and better.



"AFTER EIGHT YEARS OF EXPERIENCE IN MANAGING BRANDS, IMAGE AND COMMUNICATIONS WITH AN AGENCY – A VERY HANDS-ON AREA WHERE ONE WORKS ON BRANDS FROM ALL KINDS OF SECTORS AND DOES A BIT OF EVERYTHING – I'M SURE I CAN BE AN IMPORTANT ASSET IN CREATING ASCENDUM'S BRAND".

Graça has a degree in corporate communication. She started out by working in international relations for television channel TVI, and then joined the now defunct weekly paper, "O Independente", where she had the chance to write about "travel, fashion and many of life's other perks". Despite excellent memories of her journalism experience, her love of design, advertising and communication got the better of her and led her to Blug, the agency she stayed with for eight years and through which she first came into contact professionally with Ascendum. Aged thirty and after becoming a mother, Graça joined the Image & Communication area at the Ascendum Corporate Center, reporting to Angela Vieira.

Ascendum Brand



www.ascendum.at

THE NEW ASCENDUM WEB SHOWCASE FOR THE GROUP SITES

To bolster the strategic asset that the Ascendum brand represents for us all, the Group's graphic identity is being applied to the websites in the various geographical regions, creating a coherence that did not previously exist and promoting the visibility of the Ascendum name and image globally.

Although each region continues to be free to include on its site contents that make sense locally, all pages will be clearly identified as Ascendum and will benefit from a simple structure based on image and highlights, with links, as before, to the brands, equipment and services that make up the offer in each market.

This new look, which functions as a web showcase for the Ascendum world, has begun to be applied already on the sites in Central Europe and Turkey, with the other geographical regions to follow suit in the next few months.



www.ascendum.com.tr

Holding



From left to right:
 1st row: Ernesto Silva Vieira, Paulo Mieiro, Angela Vieira, Pedro Mieiro, João Mieiro, Ricardo Mieiro, Pedro Arêde, Reinard Schachl
 2nd row: José Luis Mendes, Marco Liz, Nuno Colaço, Rui Faustino, Luis Rubio, Sant Margos, Luis Almeida
 3rd row: Fernando Almeida, Juan A. Zurera, Brad Stimmel, Mahir Hocaoglu, Thomas Schmitz

EXECUTIVE BOARD MEETS IN LISBON

28 and 29 January were decisive days for approving the 2014 budget, and that was one of the items on the agenda at the meeting of the enlarged Executive Board, which brought together in Lisbon the directors of Ascendum's 6 geographical regions.

Also up for debate was the Group's three-year plan for 2015-17.

EMPLOYEE EFFECTIVENESS SURVEY

PROUD TO BE ASCENDUM

The large majority of Ascendum staff is proud to work in this Group. This was the response from 78% of the professionals canvassed in the Employee Effectiveness Survey, the organisational climate study that sought to understand what motivates, involves and satisfies all those who work at Ascendum, as well as what can be improved to benefit the organisation and its greatest asset: its human resources.

Pride in being Ascendum was borne out by the overall result of this study, which was carried out at the end of 2013, with the same percentage of staff, 78%, replying favourably to the question "Are you pleased to be working in the Ascendum Group?". As well as being positive in itself, the result indicates an improvement on the 68% who responded in like manner to the first Employee Effectiveness Survey in 2011.

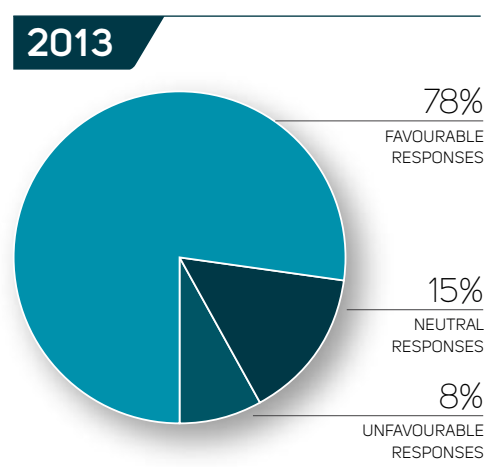
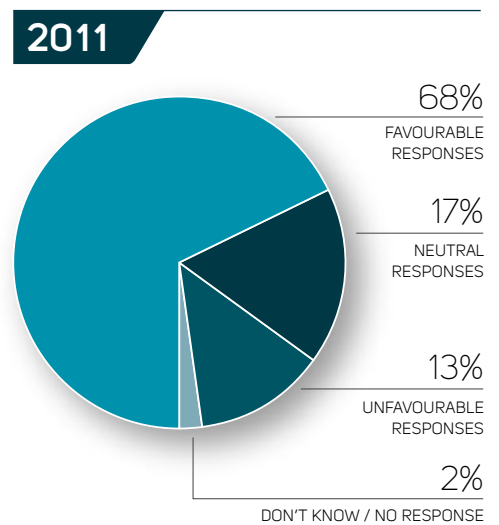
Among the main results to highlight in this study is the fact that more than 70% recognise that their functions are interesting and challenging.

Solid understanding of the organisation, its strategy and objectives is shared by most staff, who also value the fact that Ascendum is focused on responding to client needs and aspirations. Less consensual, for example, is the question of training, with around half of those questioned thinking that there should be more effort put into this area.

"The indication from this questionnaire with regard to training confirms what we had already understood and arises in part from the Ascendum group's recruitment of new professionals in different countries. This perception led us to prepare a coaching programme for second line managers – to the Business Units, so they can then implement more efficient ways of working that will be transmitted to the entire structure. This coaching is a Talent Management initiative, whose objective is to develop leadership capacities and bring Directors' skills into line with the Ascendum group's strategic objectives", reveals Angela Vieira, head of Group Corporate HR, who is aware that the information taken from this study is a valuable management tool.

Angela also adds that *"we are still working on ideas for a medium-term project in e-learning that can be transversal to the entire group"*.

She says that both studies, in 2011 and 2013, were carried out by the Hay Group, which was responsible for administering the questionnaires (which were online and confidential), processing the information and presenting the results.



TURNOVER

558M€



2013

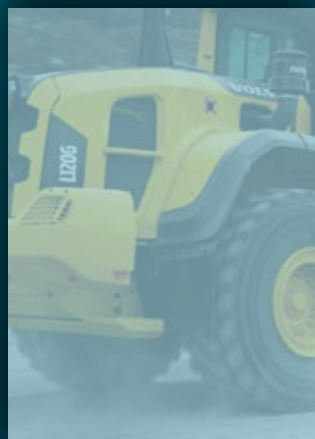
697M€



2014 (B)

MACHINES SOLD

27.225



2013

31.817



2014 (B)