

ASCENDUM

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ASCENDUM SETS COURSE FOR THE FUTURE

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MEXICO - A VENTURE STARTING
FROM THE SCRATCH

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ASCENDUM

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Editorial



RICARDO MIEIRO
CEO of the ASCENDUM GROUP

AN INEVITABLE CHANGE

Over the years we have pursued a consistent strategy of conquering important international markets and diversifying our portfolio of products and services.

With unflagging ambition but without overreaching ourselves, we have achieved successive targets until we have arrived at a positioning and a scale of which all members of our team around the world can rightly be proud.

Faithful to the ethical values and principles and discipline handed down by the founders of our organization, we have been able to expand and update the know-how accumulated over three generations, thereby winning the growing trust of customers and stakeholders who, ever supportive, have enabled us to achieve demanding targets and aspire to an ambitious growth path.

It was therefore with an eye to that successful future that we decided to change our legal structure and create a new identity and new name for our Group to better project the reality of our ambition.

ASCENDUM is the brand that is needed to maximize our capabilities and which, since March 1, has been in use in a new region, Mexico.

It is this whole process of change that we are covering in this special edition of ASCENDUM Magazine, aware of how important it is for our team to understand and grasp this exciting moment with enthusiasm and pride. It is an inevitable change, as they will understand, but one that increases our responsibility to achieve the higher level of performance that the new name implies.

With the optimism and positive attitude that we have always been able to bring to our challenges, we will certainly turn this initial celebratory moment into a further success story. And there will be no lack of challenges...

P.S. All of us in our lives have lost loved ones in our families. Now this sad experience has happened to us. This moment of pride and excitement has been dramatically overshadowed by a tragic accident which has victimized one of the best of us. Those who had the privilege of being close to Dr. António José Vieira Conde recognize that he embodied the highest values of honesty, probity and ability that are our Group's heritage.

To you, our dear brother, we pay this sincere tribute, hoping to make ourselves worthy of your example and capable of passing it on to coming generations.

Ernesto G. Vieira, Chairman of ASCENDUM GROUP



ERNESTO G. VIEIRA
Chairman of
ASCENDUM GROUP

When our company was founded on April 1st, 1959 and we named it **"AUTO-SUECO (COIMBRA), Lda. ASC"**, we did not foresee the **'ASCent'** that would bring us to the Group we are today: **"ASCENDUM, SA"**.

It is this modesty, coupled with hard work and the will to succeed that has enabled us, over more than 50 years, to believe in success and to meet the expectations of the prestigious brands we represent and those of our stakeholders.

From our foundation, **Volvo** has influenced us greatly with its high standards as a manufacturer, its community ethics, its respect for the environment and our

fellow creatures, its pursuit of perfection, its integrity towards all its business partners and its ambition to be the best in its field.

For our part, we still retain our original shareholder structure because our shareholders share a common outlook, which is one of our strengths in building cohesion and corporate identity.

Added to this collection of our values, we were fortunate to have a unique person leveraging our foundation in 1959 – our Founder and Executive Director, **Ernesto Rodrigues Vieira**.

This outstanding figure, with his vision and global management approach, succeeded in achieving ambitious business objectives and creating wealth for the development of our Group. He also transmitted behavioral values and professional and business career development pointers to the generations that followed him, resulting in all his successors, without exception, being involved in the day-to-day activities of the Group.

We therefore continue to climb a ladder whose top is still out of sight, but which is being climbed step by step by a human chain made up of shareholders, CEOs, leaders of Group companies, directors, managers, technicians, salesmen and many other professionals until we reach the **"ASCENDUM Goal"**.

As a living witness to those 53 years of the development of the business and with senior responsibility for achieving the continuing objective of sustainable growth, I am able to state on behalf of the company now called **"ASCENDUM, SA"** that we have faith in our executive leadership teams, headed by the Group's CEO Ricardo Mieirol, who manage this business group. We also are extremely proud of our 1,000 or so employees who work with us in all the countries where the **ASCENDUM** Group has a presence.

Ricardo Mieirol, CEO of the ASCENDUM Group

ASCENDUM SETS COURSE FOR THE FUTURE

RICARDO MIEIRO EXPLAINS THE CHANGE PROCESS

In the view of Ricardo Mieirol, CEO of ASCENDUM Group, consigning the name and organizational model of Auto Sueco (Coimbra) Lda. to history was a natural consequence of the need to find a more modern and appropriate response to the new situation and scale of this Portuguese family-run business group. The new name that has been chosen, he points out, conveys the company's ambition to move to a higher level of organization and performance with a growing international component. Without disowning the Group's history and the values inherited from its founders, Ricardo Mieirol explains the direction for the future...

WHY THIS CHANGE, AT THIS TIME, OF THE INTERNAL ORGANIZATION, IMAGE AND NAME OF A BUSINESS GROUP WITH A MORE THAN 50-YEAR RECORD OF SUCCESS?

This change was determined by the fact that we have just agreed to a change of legal structure establishing a new organizational model at the top of our Group. This allows us to regroup the companies in a simpler way that better reflects the current situation and is therefore more understandable to all our stakeholders.

BASICALLY, WHAT SORT OF NEW ORGANIZATIONAL MODEL ARE WE TALKING ABOUT?

We have created a holding company which will manage from Lisbon the five sub-holdings across the world (Portugal, Spain, the U.S., Turkey and now Mexico) and their subsidiaries. We have a parent company with "daughters" and "granddaughters" who, although independent, take on board the values and strategic guidance emanating from the holding company, which is the guardian of the values inherited from the founding company of our Group, which

continues to be very much a family concern. Modernizing and clarifying are therefore the initial objectives of this wide-ranging change at various levels. This is because we know that our business group – which has already achieved a certain scale and a significant geographical spread – was often confused by most stakeholders with the Portuguese company from which it sprang, Auto Sueco (Coimbra) Lda. – a name now too restrictive for a group with a presence in so many and such different parts of the world.

In fact the new holding company will not cease to be Portuguese. It will remain a Portuguese private equity company based in central Lisbon, but with its new organic structure and new name and image it will present a more appealing, comprehensible face to the market, more in keeping with the actual situation of a group that now has a very large strategic

Ricardo Mieiro, CEO of the ASCENDUM Group



stake in internationalization since an overwhelming percentage of its sales revenue (85%) is generated outside Portugal.

SO IT'S ABOUT BRINGING THE ORGANIZATION UP TO DATE...

Yes. When people ask me the reason for the change, in the first instance it's about the change of legal structure to a JSC (Joint-Stock Company) and taking advantage of this juncture to underline this change with a new image and a new name with a more international aspiration, like ASCENDUM, the conception of which is explained in more detail ahead in this magazine.

It should be stressed in particular that it was necessary to create a modern management structure with a holding company managed by a Board of Directors with non-executive members, and an Executive Committee consisting of five members which I chair. This committee's job is also to develop the business through the direct participation of its members on the Boards of the different sub-holdings around the world, thereby ensuring the transmission of the organization's culture and know-how in all regions.

So this is the new structure we have given to the businesses and which we think will allow us in the future

to expand our portfolio and replicate our success formula – a formula built on the values and knowledge inherited from the founders of the company – in places where attractive investment opportunities arise.

INTERNATIONALIZATION STRATEGY

FOLLOWING THE GROUP'S RECENT ENTRY INTO MEXICO (WHICH WE COVER ELSEWHERE IN THIS EDITION OF ASCENDUM MAGAZINE), IS THE INTERNATIONALIZATION PROCESS GOING TO BE STEPPED UP?

We have a forward strategy of expanding into new markets where there are good investment opportunities. We know that we have the full support of Volvo in this strategy because, as I would remind you, we are the biggest and most internationalized customer/distributor of the brand in the world. In addition, this is the only way that will enable us to meet management's target of achieving sales revenue of a billion euros by 2015.

Given that our sales are currently at around €600 million, it is clear that we will need to address this with great boldness and determination if we want to achieve that target.

BUT THE GROWTH WILL ALL COME IN PARTNERSHIP WITH VOLVO?

Our link with Volvo is very special – and we want it to continue to be so. But it is also a fact that we have set a strategic objective for the Group of not depending on the Volvo brand for more than 75% of our turnover. So, we have to continue to aim at diversifying our investments, as occurred with the acquisition of Air-Rail in Spain, which allowed us to enter the business of supplying equipment and services for port, railroad and airport infrastructures.

WHAT ARE THE REASONS FOR VOLVO'S CONTINUING LOYALTY?

There are various reasons. A brand like Volvo – one of the 60 most recognized brands in the world – demands three basic requirements from a stakeholder such as us: a thorough knowledge of the business and a well-developed capacity for adaptation and management in diverse geographical regions, employing the best practices in all cases; a very comfortable financial position, where leverage is a distrusted concept and equity is never less than 35% or 40% of the investment; and a succession plan at Board and management level, in other words, a guarantee of confidence in those who will manage the business of distributing the brand. Today, the third generation of the Group's founders is heading ASCENDUM and Volvo needs assurances

ASCENDUM GROUP

that those who succeed them will be guaranteed by us and trained by us in the ethical values, experience and know-how instilled since the founding of the organization.

That is why we are already developing the fourth generation of leaders, who of course will be increasingly professionalized, together with the good fortune that we already have a group of exceptional senior managers who appear to have come from our cradle, so strongly do they share our values and principles.

HONORING THE PAST AND WINNING THE FUTURE

YOU'RE NOT AFRAID THAT THIS CHANGE COULD BE A RUPTURE WITH A LONG AND VALUABLE PAST?

I accept that there's a break with the name and image, but the change we have mapped out for the future is a continuation of the human factor, which is the most important part of an organization, where there is a very strong commitment to continuity, the preservation of our history and the example of those who preceded us.

It is for that reason also that we always have members of the Executive Committee of the holding company on the Boards of the foreign sub-holdings. It is their presence that ensures the transmission of our business culture and values to our local employees and partners.

HAS THE EXPORT OF THE COMPANIES' CULTURE AND MANAGEMENT PROCESSES BEEN WELL RECEIVED IN THE VARIOUS GEOGRAPHICAL PLATFORMS?

The reality shows us that that is so. Our strategy has been to acquire 100% of the share capital of local companies and only in the case of Air-Rail did we stick at 50% and establish a partnership with the previous owner, but there too things have gone well, because our partner is a specialist in a new business for the Group.

We have not met with any culture shock and I think that's not due simply to the fact that we have majority ownership of the companies. It is also due to the way we are, to our ability for adaptation, our upholding of ethical values, respect and quality that have been part of our makeup for more than 50 years. All this in addition to developing a top level human resources plan that we try to adapt to all regions and which offers attractive career prospects with bonuses where performance justifies them.

All this helps break down any barriers between people and is the result of a management style that we intend to be increasingly sophisticated to reflect the new ASCENDUM name – a name that will have consequences for us, since the ambition to rise to a higher level brings new responsibilities, not least to fulfill the promise of treating our people ever better and to continue to deserve the high degree of loyalty of our employees, which in the case of the older companies averages over 15 years.

WHAT DO YOU THINK THE REACTION OF THE VARIOUS STAKEHOLDERS WILL BE TO THE NEW IMAGE AND NEW NAME?

I'm an optimist by nature. I think it will be like throwing a stone in a pond and watching the ripples, and a big challenge for everyone. Changing Auto Sueco Coimbra to ASCENDUM will force us to be better, to optimize the organization and meet ever more exacting demands. The challenge is ours and not the market's, so it will be especially important to see whether we can continue to provide a service of excellence.

ASCENDUM of course has an obligation to honor and perpetuate the memory of Auto-Sueco Coimbra and the important thing will be that people – employees, customers, suppliers – remember Auto-Sueco Coimbra fondly but that they do not miss Auto-Sueco Coimbra...

ASCENDUM GROUP AROUND THE GLOBE

WITH AROUND 1000 EMPLOYEES, THE ASCENDUM GROUP OPERATES DIRECTLY IN PORTUGAL, SPAIN, U.S, TURKEY AND MEXICO.



MEXICO SINCE 2012

Business areas:
**Construction and
infrastructure equipment**
Employees: **60**
Branches: **3**
14 until 2014



USA SINCE 2004

Business areas:
**Construction and
infrastructure equipment**
Employees: **231**
Branches: **16**

TURKEY SINCE 2010

Business areas:
**Construction and
 infrastructure equipment**
 Employees: **156**
 Branches: **15**

● ASC Turk Makina ○ Dealers



PORTUGAL

Business areas:
**Construction and
 infrastructure equipment,
 cars and trucks**
 Employees: **407**
 Branches: **10**



SPAIN SINCE 1999

Business areas:
**Construction and
 infrastructure equipment**
 Employees: **123**
 Branches: **17**

● Volmaquinaria ○ Dealers

Angela Vieira, Image & Communication of ASCENDUM Group

ASCENDUM

“THE NEW BRAND BETTER REFLECTS OUR PRESENT”



ANGELA VIEIRA

The process of changing the identity and name of the Auto-Sueco Coimbra Group was uncontroversial. Not just in terms of the need for change, which was in any case dictated by the company’s new legal structure, but also as regards the name that was selected. “The suggestion of the name ASCENDUM was well received from the outset and there was a wide consensus that it better reflected our present situation,” maintains Board Member Angela Vieira, who closely oversaw the entire process, which she explains here in greater detail.

ISN'T IT SOMETHING OF AN UPHEAVAL TO CHANGE THE NAME AND IDENTITY OF A SUCCESSFUL BUSINESS GROUP THAT'S NOW OVER 50 YEARS OLD?

It’s not a decision to be taken lightly. In this case, however, from the time when everybody agreed to change the legal structure to a JSC (Joint Stock Company), it made sense to take the opportunity to change the name and modernize the identity so that they would better reflect the Group’s present scale and operations, in other words, its new situation.

SO YOU ARE SAYING THAT THE OLD NAME NO LONGER CONVEYED THE TRUE POSITION OF THE GROUP?

Exactly. If we break down the name Auto-Sueco Coimbra Ltd., we see that the word “Auto” implies a very limiting association with the automobile business – a very important business at the time when the company was formed but which today accounts for less than 5% of the Group’s total sales, since industrial equipment makes up the biggest slice as everyone knows.

The word “Sueco” (Swedish) could still make some sense because it’s true that we still mostly sell Swedish products, given our association with Volvo, but it is equally true that many of those products long ago ceased to be made in Sweden because Volvo’s plants are spread all over the world, from China to Brazil. So the Scandinavian reference is also very restrictive.

As for the place name “Coimbra,” it’s obvious that it’s no longer appropriate these days when our Group is spread over several continents and has its head office in central Lisbon – not to mention the need to change the legal designation “Ltd” now that we have become a joint stock company.

It’s true that the old name conveys an important reference to a long history of success of which we are extremely proud and which is the foundation of what we are today and will never be forgotten. But it is also true that it no longer reflects the Group’s present situation and even was causing some confusion among stakeholders.

HOW DID THE NAME ASCENDUM EMERGE?

It emerged very naturally once we had told our publicity agency what we wanted. It was one of the first suggestions made and we realized straightaway that it was right on the button with our present situation and with what we want to be in the future.

CAN YOU EXPAND ON THAT?

I’d say that the ASCENDUM brand reflects an aspirational sense that has characterized us since our founding, a persistent wish to go higher and further, to excel at the service of what we believe in.

The new brand also projects the current scale of our internationalized companies and the day-to-day performance of all our employees, as well as their high sense of responsibility.

The fact is that the Auto-Sueco Coimbra Group has changed a lot over the decades. We have grown a lot, we have improved our performance, we have conquered challenges and torn down boundaries, but we have always been faithful to our founding values, our history as a family concern, which have been the bedrock of our ambition to achieve excellence in our services in order to satisfy the customers and partners who have made our growth possible.

HOW DO YOU THINK THE MARKET WILL REACT TO THIS CHANGE?

I think the reaction will be positive. The initial signs are encouraging. The word ASCENDUM, derived from Latin, is understood in various languages and therefore has an international character that matches our situation and our ambition of increasing internationalization.

Even in Portugal, where the tradition of the old name obviously has more impact, we feel the message will get across easily, all the more so because the new name, which retains the three former initials – ASC – reflects much more accurately our present business which continues to focus on equipment for specialized infrastructures in construction, forestry, the processing industry, mining, airports, ports and railroads, as well as the traditional areas of cars and trucks.

Mexico - New internationalization step

MEXICO - A VENTURE STARTING FROM SCRATCH



It is the Group's latest major venture: since March 1 a new geographical platform has been operating in the Mexican market. The move breaks with the traditional internationalization strategy followed to date. Instead of the operation beginning as usual with the acquisition of a local company, this time the business is being set up from scratch.

"Volvo made three previous attempts to set up in Mexico but they all failed," says Ricardo Mieiro, CEO of ASCENDUM, adding that this was not sufficient to deter the Portuguese group from becoming the sole distributor of the brand in a market that is complicated but which offers clear opportunities for success.

Although the invitation by Volvo Construction Equipment is further undeniable proof of confidence in the Portuguese company's capability, the Mexican challenge is "of major proportions," if for no other reason than it means setting up a business from scratch in a market with highly individual characteristics, beginning with a complex financial system, and one where Volvo was never able to win more than 4% market share.

Under the agreement with Volvo, ASCENDUM will have to create 14 industrial establishments across Mexico by 2014. Only then is the operation expected to attain some stability.

Despite the size and complexity of the task, Ricardo Mieiro is confident that his team will be able to repeat in Mexico what it has already achieved in Spain, the U.S. and Turkey – to increase market share and the quality of service provided by Volvo in those regions.

During the first 30 days around 50 employees were hired, equipment was acquired and the construction of premises was begun, all under the eye of the new company's CEO, Marco Liz, assisted by an excellent management team.



A DIAMOND WAITING TO BE POLISHED

Ricardo Mieiro is in no doubt that the Mexico team will have “a hard job in front of them and will need time to create volume and critical mass, especially in the area of equipment rentals, which is without doubt the area of top importance in the Mexican market, similar to the case in the U.S.”

Regarded by many as “a rough diamond waiting to be polished,” the Mexican market could be a success opportunity if the “polisher” is good, although the risks are high and disaster stories are many. For that reason, ASCENDUM’s CEO is cautious but is also

confident that the team will once again show the persistence and tenacity needed to succeed.

“We are going to study the specifics of the local market very closely so that we can achieve a successful adaptation process,” says Ricardo Mieiro, who at the moment still does not know if the entry strategy for the Mexican market will involve a local partner.

MEXICO PROFILE

FACTS AND FIGURES

MEXICO CITY

The federal republic of Mexico has an area 21 times the size of mainland Portugal and a population of 108.6 million inhabitants, 17.8 million of whom live in Mexico City.

In terms of GDP, Mexico is currently the 14th biggest economy in the world and the 2nd biggest in Latin America. With an age pyramid the reverse of European patterns, Mexico's population is mainly young. The middle class numbers around 70 million people.

Although it has a poorly educated workforce, Mexican society has seen significant improvements in recent years in the effectiveness of the legal, administrative and tax systems, but bureaucracy and corruption continue to hamper businesses.

In spite of everything, the economy is much more open to foreign investment than most Latin American countries and there has been major investment in infrastructure by local authorities, which has reduced regional disparities.

Heavily dependent on the U.S. market both as a supplier and a customer, the Mexican economy enjoys low inflation (4.4%) and low interest rates (5.3%), with its currency – the Peso – showing a depreciating trend through 2015.

Mexico's low inflation and interest rates are therefore an advantage in terms of local financing given current spreads and the expected rise in the Euribor.



Current Brand Project* 1st stage

ASCENDUM Portugal	ASCENDUM España	ASCENDUM U.S.A.	ASCENDUM Türk	ASCENDUM México
ASC Veículos	VOLMAQUINARIA ASCENDUM GROUP	ASC Construction Equipment USA, INC.	ASC Türk Makina	ASCENDUM Maquinaria México
ASC Máquinas e Equipamentos Industriais	AIR-RAIL		TRP	
VOLRENT			AIR-RAIL Türk	
TRACTORRASTOS				
AIR-RAIL Portugal				

*In development

Brand Project 2nd stage – medium-term

ASCENDUM Portugal	ASCENDUM España	ASCENDUM U.S.A.	ASCENDUM Türk	ASCENDUM México
ASCENDUM Veículos	ASCENDUM Maquinaria	ASCENDUM Machinery	ASCENDUM Türk Makina	ASCENDUM Maquinaria México
ASCENDUM Máquinas	AIR-RAIL		TRP	
ASCENDUM Rental			AIR-RAIL Türk	
TRACTORRASTOS				
AIR-RAIL Portugal				