Enlightenment of Chinese Agricultural Mechanization Development to Southeast Asia

ZOOMLION HEAVY MACHINERY CO., LTD
OVERSEAS DIVISION
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Successful experience of Chinese agricultural mechanization development

Bottleneck of agricultural machinery in Southeast Asian countries

Agricultural machinery opportunities in Southeast Asia Countries

Thinking on sustainable development way of agricultural machinery in Southeast Asian countries

Zoomlion shall create a new future for the Agricultural Machinery in Asia together with you
Successful experience of Chinese agricultural Mechanization Development
1. Products for small and medium farms

Considering in general for labor efficiency, labor costs, machinery costs, the economic capacity of farmers and economic factors etc, the main promotion products are the ones in line with small and medium sized farms, during the development of Chinese agricultural mechanization.
2. Starting from plowing and harvesting

Chinese Agricultural Mechanization, firstly from plowing and harvesting mechanization, and then will gradually developed to including tillage, planting, field management, harvesting, post-harvest processing and other aspects of full-process crop mechanization.
3. Good income for the machine owner

- During the development of Chinese agricultural mechanization, the *farm machinery owners* help other farmers to do field works and charge corresponding service fees, by their purchased tractors or harvesters and other agricultural machinery;

- Take corn harvesting operations as an example, the service fee is 80 Yuan / Mu (0ne Mu=0.16 acre), if one season can harvest 1,500 Mus, net profit is up to 80,000 after deducting fuel and other costs.

- On average, a tractor or a harvester can recover the costs only by 1--3 years.

In summer 2015, ZOOMLION’s harvesters are in the field service operating.
4. Strong local parts and service support

Zoomlion summer national service launch

Zoomlion national summer information service center to provide users with a full-time information services

Zoomlion summer machine service teams to field

Service personnel is in the maintenance for the machine
Bottleneck of agricultural machinery in Southeast Asian countries
1. Japanese equipment—too expensive

- Most farmers can not accept the expensive price of Japan Agricultural Machinery.
- Price factors severely restricted the development and promotion of Japanese agricultural machinery in Southeast Asian countries and regions.
2. Chinese equipment has weak parts and service support

- Relatively about Japanese agricultural machinery, China farm equipment with lower price has a great advantage.

- Most Chinese farm equipment, its strong local parts and service capabilities are difficult to expand to Southeast Asia, then that will have large influence to the agricultural working man during the busy season.

How to balance the relationship between the price, quality, spare parts and services of agricultural machinery, has become a key factor to break the bottleneck in agricultural development of Southeast Asia.
Agricultural machinery opportunities in Southeast Asia Countries
1. Agricultural Operation Service have good profit

- For example, in Indonesia agricultural operations services, agricultural working man purchased a zoomlion tractor (with rotary tiller) The first annual net income is about $16,000, which can cost recovery; first annual net income of rice harvesters and rice transplanters were also reached $11,000 and $6,000.

<table>
<thead>
<tr>
<th>Category</th>
<th>Single unit operation income</th>
<th>Single unit operation cost</th>
<th>Single operation gains</th>
<th>Remark</th>
<th>Single procurement costs</th>
<th>The first annual net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>tractor +rotary tiller</td>
<td>41,600</td>
<td>8,022</td>
<td>33,578</td>
<td>Machine loss calculated by 5% of machine maintenance by 3% per year, or 8% included</td>
<td>17,000</td>
<td>16,578</td>
</tr>
<tr>
<td>harvester</td>
<td>33,920</td>
<td>7,022</td>
<td>26,898</td>
<td></td>
<td>15,300</td>
<td>11,598</td>
</tr>
<tr>
<td>Transplanter</td>
<td>25,440</td>
<td>3,555</td>
<td>21,885</td>
<td></td>
<td>15,500</td>
<td>6,385</td>
</tr>
<tr>
<td>in total</td>
<td>100,960</td>
<td>18,599</td>
<td>82,361</td>
<td></td>
<td>47,800</td>
<td>34,561</td>
</tr>
</tbody>
</table>

NOTE: financing costs and other operating costs not included

Annex I: "The Indonesian agricultural operations and services input-output calculations"
2. Advantages of Chinese products have not established

- On the development of agricultural machinery of southeast Asia region, Chinese products advantages have not been established.

- Combined with the successful experience of China's agricultural machinery, do the combination of products, quality, parts and services in Southeast Asia, Chinese agricultural products will be quickly establish superiority.
Thinking on sustainable development way of agricultural machinery in Southeast Asian Countries
Solution No.1

Supported by the Chinese main manufacturers, agents establish spare parts and service support capability.

Chinese Manufacturer  

Overseas Agents
Solution No.2

Agents to Establish Self-supporting Operation of Agricultural Machinery Service Organization

- Demonstration/Promotion
  - Establishing agricultural machinery demonstration base
  - Demonstrating farm machinery operation presentation
  - Product promotion: Based on agricultural machinery operation demonstration, promote agricultural machinery products

- Repurchase Guarantee
  - By repurchase guarantee, establish the confidence of cooperation

- Self-supporting spare parts, service center
  - With the support of manufacturers, the agent through self-supporting parts, service center to strengthen the spare parts and service support capability
Solution No.3

Agricultural Machinery Driver Vocational Training Promotion
Zoomlion Shall Create a New Future for Agricultural Machinery in Asia Together With you
## 1. Products

With The most optimal Chinese support platform of engineering machinery, agricultural machinery, food machinery and combination products

<table>
<thead>
<tr>
<th>Product portfolio of the whole process of the agricultural production mechanization</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forest soil preparation</strong></td>
<td>Excavator, bulldozer, grader, rollers, loaders and other earth-moving equipment is complete</td>
</tr>
<tr>
<td><strong>Cultivation</strong></td>
<td>12-210 horsepower tractor, covering meshing sets, synchronizer, power shift, and other technology platform</td>
</tr>
<tr>
<td><strong>Irrigation</strong></td>
<td>Provide a variety of equipment for irrigation network construction, realize full coverage of the various terrain and the planting of crops and agronomic requirements</td>
</tr>
<tr>
<td><strong>Field management</strong></td>
<td>Meet the row, spreader, spray insecticide, etc all kinds of field management requirements</td>
</tr>
<tr>
<td><strong>Planting</strong></td>
<td>Complete product series, meet rice, wheat, corn, sugar cane, cassava, etc growing demand</td>
</tr>
<tr>
<td><strong>Harvest</strong></td>
<td>“GUWANG” wheat harvester, rice harvester, with its superior performance, sales ranked top three in China</td>
</tr>
<tr>
<td><strong>Drying</strong></td>
<td>Circulation at low temperature, high temperature continuous and mobile dryer, meet the rice, corn, soybeans, wheat and other crops drying requirements</td>
</tr>
<tr>
<td><strong>Warehousing and shallow processing</strong></td>
<td>Meet the demand of grain post-harvest storage and raw processing</td>
</tr>
</tbody>
</table>
1. Products

- Tractor
- Harvester
- Dryer
- Agricultural Implements
- Irrigation Machinery
- Generator Set
- Garden Machinery
- Forest Machinery

- Paddy Field Machinery
- Tomato Machinery
- Potato Machinery
- Cassava Machinery
- Sugarcane Machinery
- Hay Silage Making

- Tractor
- Harvester
- Dryer
- Agricultural Implements
- Irrigation Machinery
- Generator Set
- Garden Machinery
- Forest Machinery

- Paddy Field Machinery
- Tomato Machinery
- Potato Machinery
- Cassava Machinery
- Sugarcane Machinery
- Hay Silage Making

- Rice Transplanter
- Tomato Harvester
- Potato Planter
- Cassava Planter
- Sugarcane Planter
- Hay Silage Making

- Sprout Cultivating Line
- Potato Planter
- Cassava Planter
- Sugarcane Planter
- Hay Stalk Rakes
- Balers

- Corn dryer
- Unmanned Aerial Vehicle
- DYP
- Mini-tiller
- Water pump
- Brush Cutter
- Wood chipper
- Hedge Trimmer

- Maize harvester
- Unmanned Aerial Vehicle
- Planting & fertilizing machinery
- Field management machinery
- Generator Set
- Water pump
- Hedge Trimmer

- Rice harvester
- Combined harvester
- Unmanned Aerial Vehicle
- DYP
- Mini-tiller
- Water pump
- Hedge Trimmer

- Tomato Harvester
- Potato Planter
- Cassava Planter
- Sugarcane Planter
- Hay Stalk Rakes
- Balers

- Tomato Harvester
- Potato Planter
- Cassava Planter
- Sugarcane Planter
- Hay Stalk Rakes
- Balers

- Corn dryer
- Unmanned Aerial Vehicle
- Planting & fertilizing machinery
- Field management machinery
- Generator Set
- Water pump
- Hedge Trimmer
2. Spare parts and Service

Zoomlion has more than 100 senior service engineer team and perfect accessories network, can provide guarantee services for global customers.
3. Global Strength

Global leader in construction machinery manufacturing - No.7 in 2014 global construction machinery yellow pages

- 779th in the 2013 Forbes Global

- The company ranks among the world's best in two business segments: concrete machinery & hoisting machinery

- Annual revenue of nearly US$ 12.7 billion in 2013

- Ranked seventh largest construction machinery company in the world and largest in China

Global manufacturing
- 13 China industrial parks + 4 overseas industries = Localized manufacturing clusters
- Total area: More than 3 million m²

Global network
- 88 dealership networks + over 40 self-owned subsidiaries = Global marketing trade platform.

Global service
- 45 self-supporting service centers + 88 dealer services centers + 6 logistics platforms = Hierarchical global parts supply service system

Global finance
- 6 financial subsidiaries + 4 financing cooperation agencies = Financial support for market in key areas
4. Globalization advantage

Stand on domestic market, deploy oversea market, and integrate with global resources, to build the worldwide agricultural equipment provider.

- Foster **global class dealer network**.
- Create the **global leading parts and services**.
- Develop the **global star product platform**.
- Provide the **global convenient financial services**.
- Develop the **global VIP project cooperation**.
- Agglomerate the **global business elite team**.
THANK YOU!