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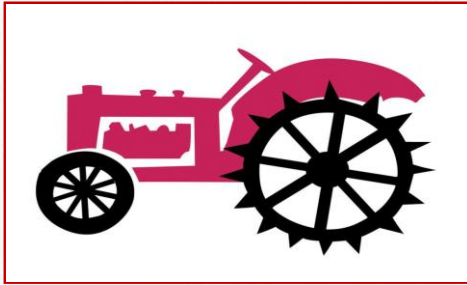
Department of Overseas Market

**Jiangsu World Agriculture
Machinery Co., Ltd.**

P.R. China

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CHINA AGRICULTURAL MACHINERY EXPORT ANYLYSIS

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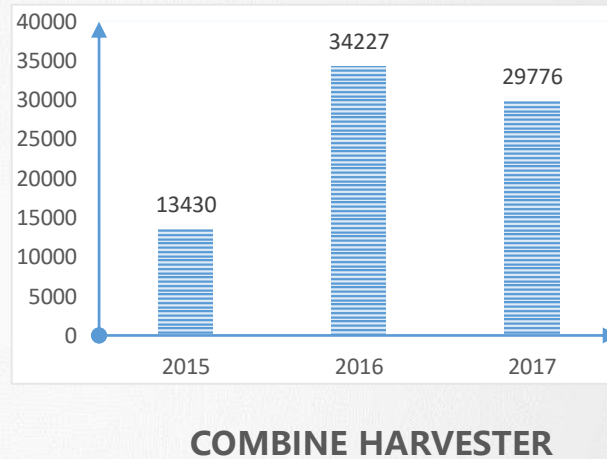
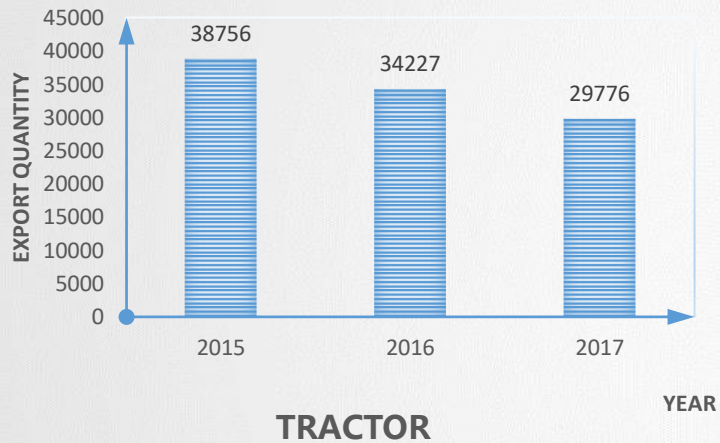


PART ONE

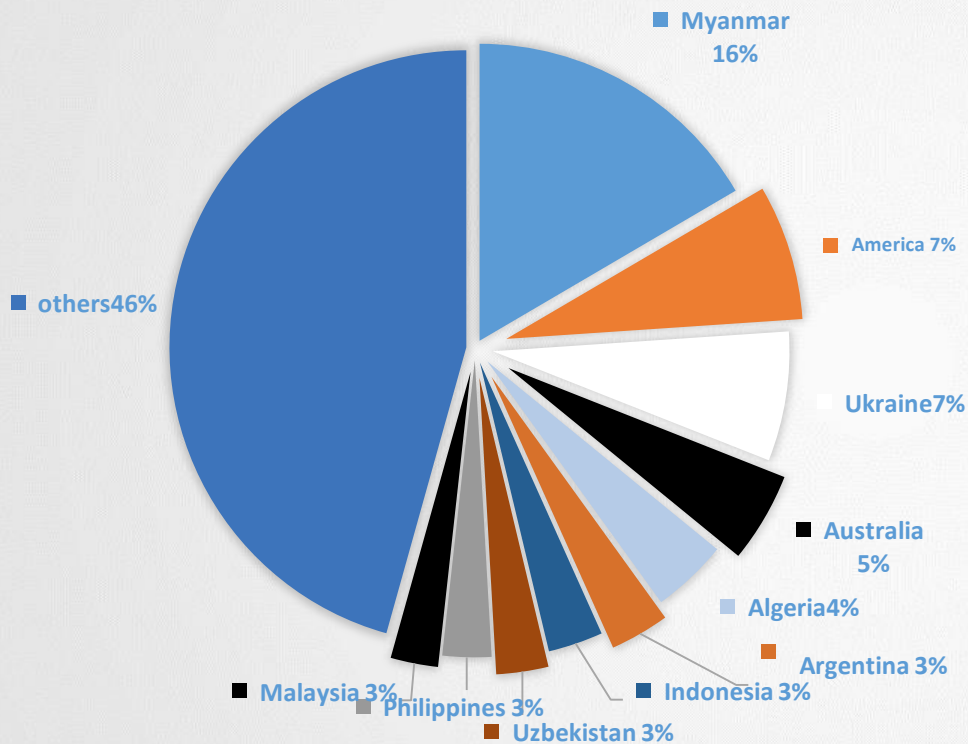
China Agricultural Machinery Export Current Situation

- ▶ Tractor & combine harvester export data
- ▶ Influence by policy
- ▶ Margin analysis
- ▶ What we good at?

Tractor & combine harvester export data



Tractor export data



Tractors export market in 2017

Export analysis



- Among China machinery export quantity, agricultural machinery export proportion than the machinery export average level;
- Mainly export market is relatively concentrating, market competition is high;
- Product homogenization is serious, price competition makes the suppliers cannot earn money;
- Yearly export influenced by the agricultural machinery policy, caused to much risks for the suppliers;
- Average price is much lower than the world average price;

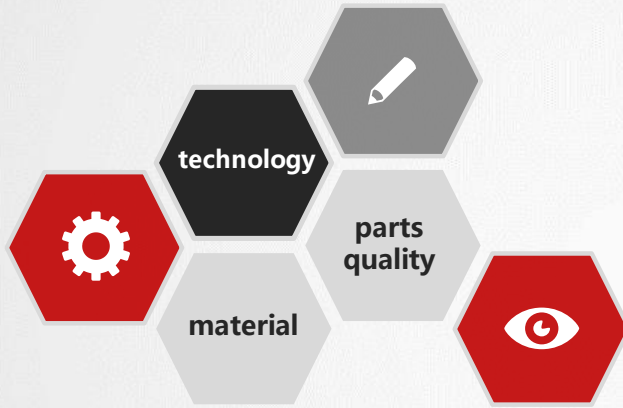


PART TWO

Analysis for China Agricultural Machinery Export Existing Problems

- ▶ Quality issues
- ▶ After-sale service
- ▶ Sales channel build
- ▶ Instalment & Loan
- ▶ Low profit

Quality Problems



1

Most of the Chinese agricultural machinery manufacturers still using the old technology of the last century for production, it's like a big hand workshop, which cannot meet the quality standard;

2

Low quality parts makes the whole machines quality is lower. Bearing, belts, oil seals even the nuts and bolts quality still need be improved;

3

Some special raw material still need import from other countries. Such as some tractor implements raw material still need import.

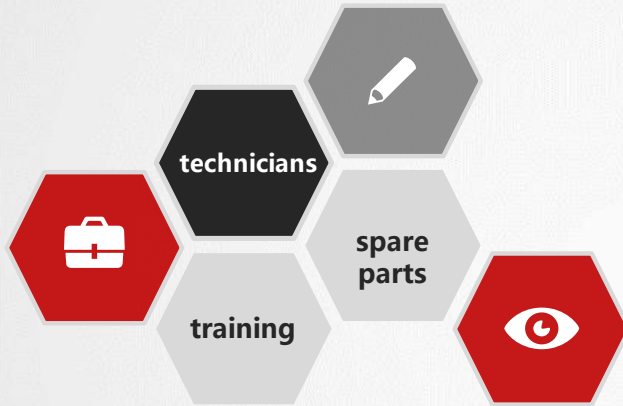
Objectively speaking, compare with the western countries, China industry started late, and the agricultural machinery industry was regarded to be low technology products.

Subsidy' s negative effect to the quality

With subsidy, China farmers can get back their investment on farming machines 1-2 years. However in oversea market, farmers need 3-4 years to get back their investment, that means the risk is bigger;



After-sale Service Team



- 1 Suppliers didn't pay attention to the after sale service, they should not fully rely on the local dealers , aftersales service is buy-out type;
- 2 Spare parts should be available when needed;
- 3 Training should be done again and again;

The suppliers should work with the dealers together to make the after sale service well.

Sales channel problem



- 1 China suppliers now only looking for big dealer to represent their products. If the dealer is not as they expected, there is frequently changes;
- 2 Supplier few attend the sub-dealer channel building;
- 3 Margin is always from the export tax rebate;
- 4 Lack of global and regional operational management people and system;

Instalment & Loan



- 1 Farmers are the main buyers of the agricultural machinery, farmers are not stable income earners;
- 2 Farmers can pay their due payment only after they sell their grains when good weather for the crops. If there is bad weather, they don't have the ability to pay the debt ;
- 3 There is no mature second-hand agricultural machinery market. Even risk happens, it is difficult for the bank or the vendor to take back the old machine and sell in the second hand machinery market;

LOAN PROBLEM

It is the main problem that influence Chinese brand agricultural machinery sell in ASEAN countries. It is not easy to get any bank agrees to loan for Chinese brand machines.

Japanese brand marketing

Japanese band

Deposit **30%**

Balance will be paid in 3-5 years **70%**



Chinese band

100% Full payment

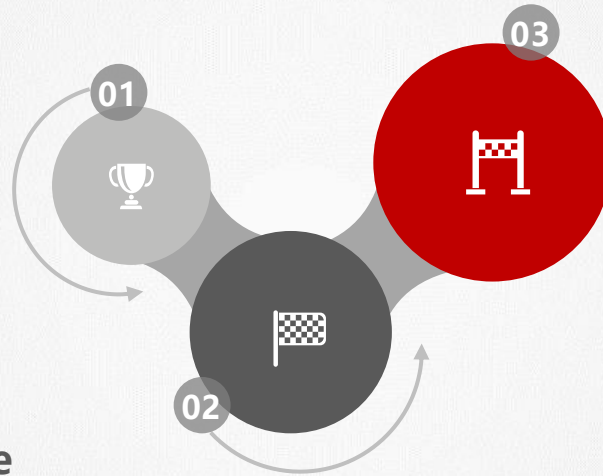
• **installment**
If there is the installment, the local dealer undertakes the risks of the installment.

Japanese bank is the brain and the heart. It holds the stocks of all the constituent companies of the consortium, dispatches shareholders and senior managers to the consortium companies, and issues loans. The bank is also the largest shareholder of the integrated trading company. The real competition Chinese suppliers facing is a single company fighting with a big Japanese consortium.

PROBLEMS NEED RESOLVE

Quality

Reduce the small problems
Increase the machines ' durability



Service

Invest more on service team building
Invest more on spare parts investment

Finance

Cooperate with local bank to do long term business
Invest in local market to ensure the service



PART THREE

Solutions

- ▶ Build specialized farm machinery service company
- ▶ Help developing countries agricultural machinery standard setting

Features of Chinese agricultural machinery



Performance 01

1

Chinese agricultural machinery performance always similar with Japanese or other world famous brands;



Price 02

2

The price is more competitive and more farmers can afford;

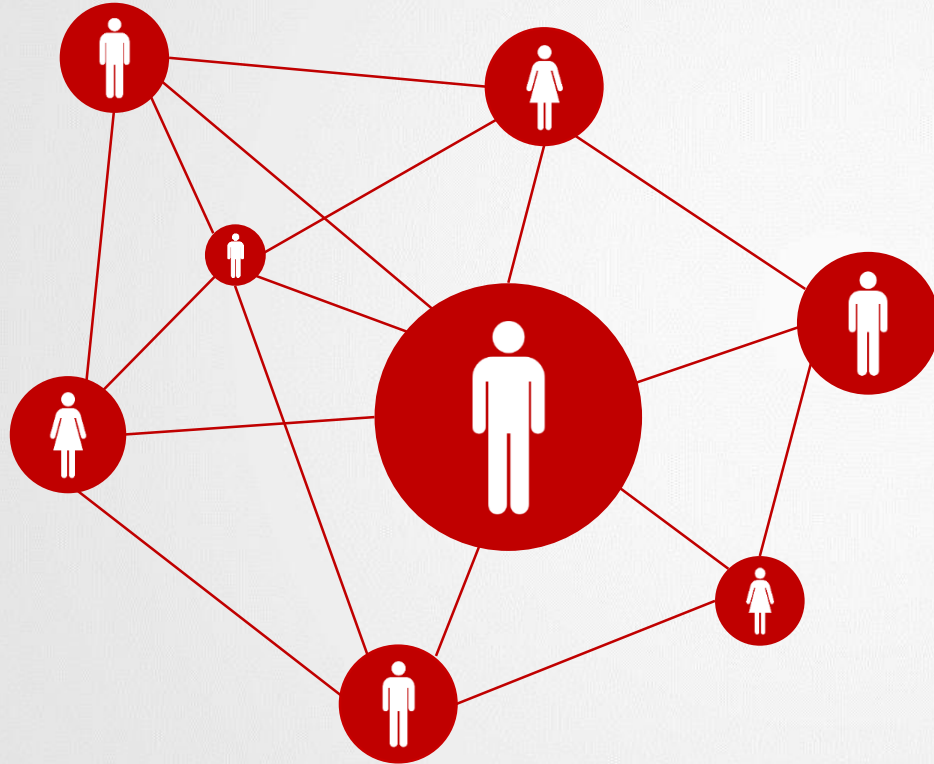


Maintenance 03

3

Low spare parts price makes the repair and maintenance costs much cheaper;

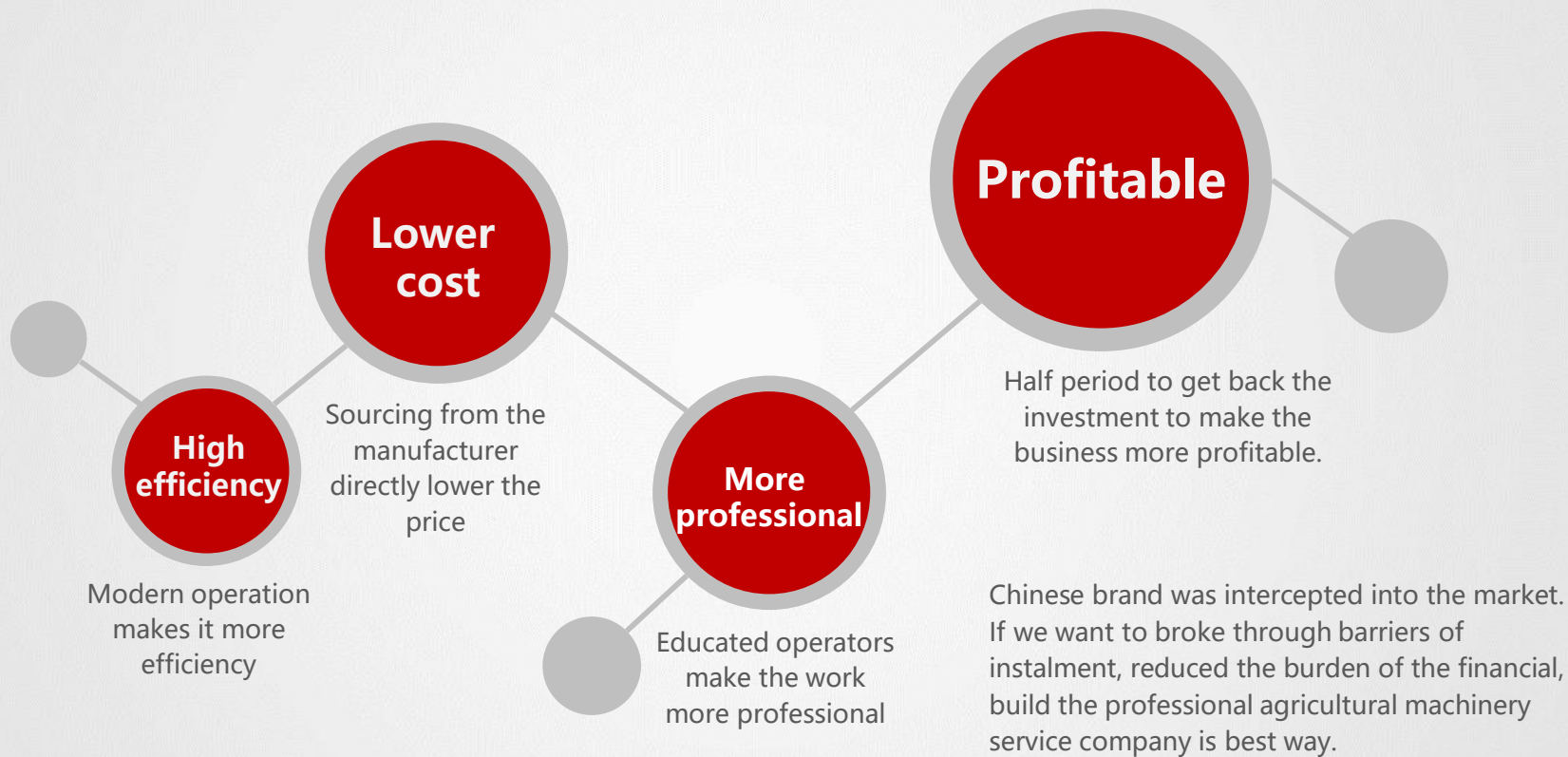
Proposal of operation of the company



Internet

More experience can be gained from taxi area like uber, Didi and Shenzhou Special Car. Internet used can reduce the costs of farm machinery transport costs and improve utilization factor. With internet, farm owners easy to find the service team and the service team east get their customers.

What it brings us?





PART FIVE

Insist on innovation and Sustainable Development

- ▶ Investment in object countries

Invest in the object country

Lower the costs

China labor costs is higher year by year, use the local human resource can lower the costs;

Adaptability

Different countries the local farming habit is different, investing in local can improve the adaptability.

Lowering barriers

In order to protect their own industry, every country has their tariff walls and non-tariff walls, invest in local can lower the walls;

Reduce the government burden

Offer more jobs for the people that caused by farming mechanization;
Increase the local government tax income;





THANKS

Reporting is finished Thank you for listening. I wish we can create a better future!