Changing market

A·B·I

Profile Herman van der Fange

- my whole working life active in the (inter)national farm equipment industry
- before 2000 selling and marketing experience with Vicon, Deutz-Fahr and Unimog as export manager and managing sales companies in Benelux
- since 2000 business intelligence publishing MechaBulletin

MechaBulletin

Agricultural dealer's mission

Supplying and servicing state-of-the-art machinery and systems for efficient production of food on precious agricultural land for a growing world population as the indispensable, closest link to the end-user in a changing market

Dealer as indispensable link

What makes you a strong dealer/competitor on your area?

- selecting the right supplier(s) for machinery and spares
- keeping up with the increasing complexity of machinery and systems
- keeping up with the increasing high standards of suppliers/manufacturers (market share, service level etc.)
- disposal of sufficient financial resources
- offering a lifetime employment to the right qualified personnel
- securing continuity of dealership for your customers
- innovating in new working methods (rental fleet), new marketing tools (internet etc.)

Precious agricultural land

Precious agricultural land

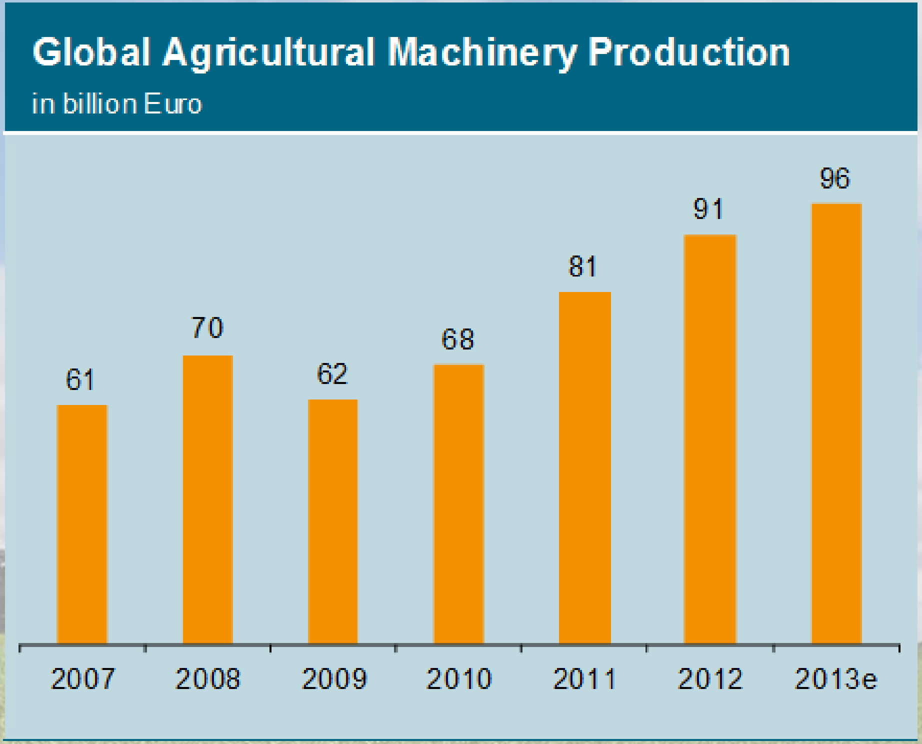
- Globe: Two thirds water
- One third land: 14 billion hectares
- only 11% is fertile= 1.5 billion hectares

Precious agricultural land

Precious agricultural land

- **EU 15: 123.3 million hectares (0.82% of total fertile land)**
- **EU 27: 171.6 million hectares (1.14% of total fertile land)**
- **EU 15: > 5 million farmers 10% > 50 hectare**
- **EU 27: > 10 million famers 6% > 50 hectare**

Changing market



Source: VDMA (own calculations)

- **Spare parts (captive & non-captive) global market € 16 billion**

Changing market

State of the art machinery

- Research & Development average 4% on company's turnover € 3-4 bn
- Excl. R & D suppliers to the industry (tyres, engine, electronics etc)

Changing market

World market Tractors & Combines in numbers

Tractors

Continents/Units	2012	*2013*
North America	210,400	
Europe	173,000	*168,000*
South America	74,600	
Rest of the world	119,800	
World excl. China and India	577,800	*575,000*
% change	+0.5%	*-0.5%*
India	600.000	

Changing market

World market Tractors & Combines in numbers

Combines

Continents/units	2012	*2013*
North America	12,700	
Europe	11,300	*10,400*
South America	7,900	
Rest of the world	5,600	
World excl. China and India	37,500	*38,500*
% change		+2.7

Changing market

Western European tractor market in units

Rank	Country	2011	2012	%	2013 to date	
1	France	38,131	42,712	+12,0	+ 10%	8-2013
2	Germany	35,977	36,264	+0.8	-2.1%	8-2013
3	Italy	23,442	19,339	-17.5		
4	Poland	17,035	19,315	+13.3		
5	Great Britain	15,217	15,065	-1.0	-16.5	8-2013
6	Spain	10,010	8,625	-13.8		
7	Austria	7,612	8,139	+6.9	-6.7%	6-2013
8	Portugal	4,699	3,986	-15.2		
9	Norway	3,816	3,639	-4.6		
10	Sweden	4.266	3,600	-15.6		
11	Netherlands	3,397	3,294	-3.0	-10.8%	7-2013
12	Finland	3,199	2,829	-11.6		
13	Switzerland	2,512	2,686	+6.9		
14	Belgium (2)	2,652	2,142	-19.3		
15	Denmark	1,835	1,795	-2.2		
16	Ireland	1,543	1,893	+22.7		
17	Greece (1)	496	543	+9.5		
18	Luxemburg	234	197	-15.8		
19	Iceland	49	108	+120.4		
	Total	176,122	176,171	+0.03		

(1)Estimate, (2) Incl. telescopic loaders

Changing market

The top players

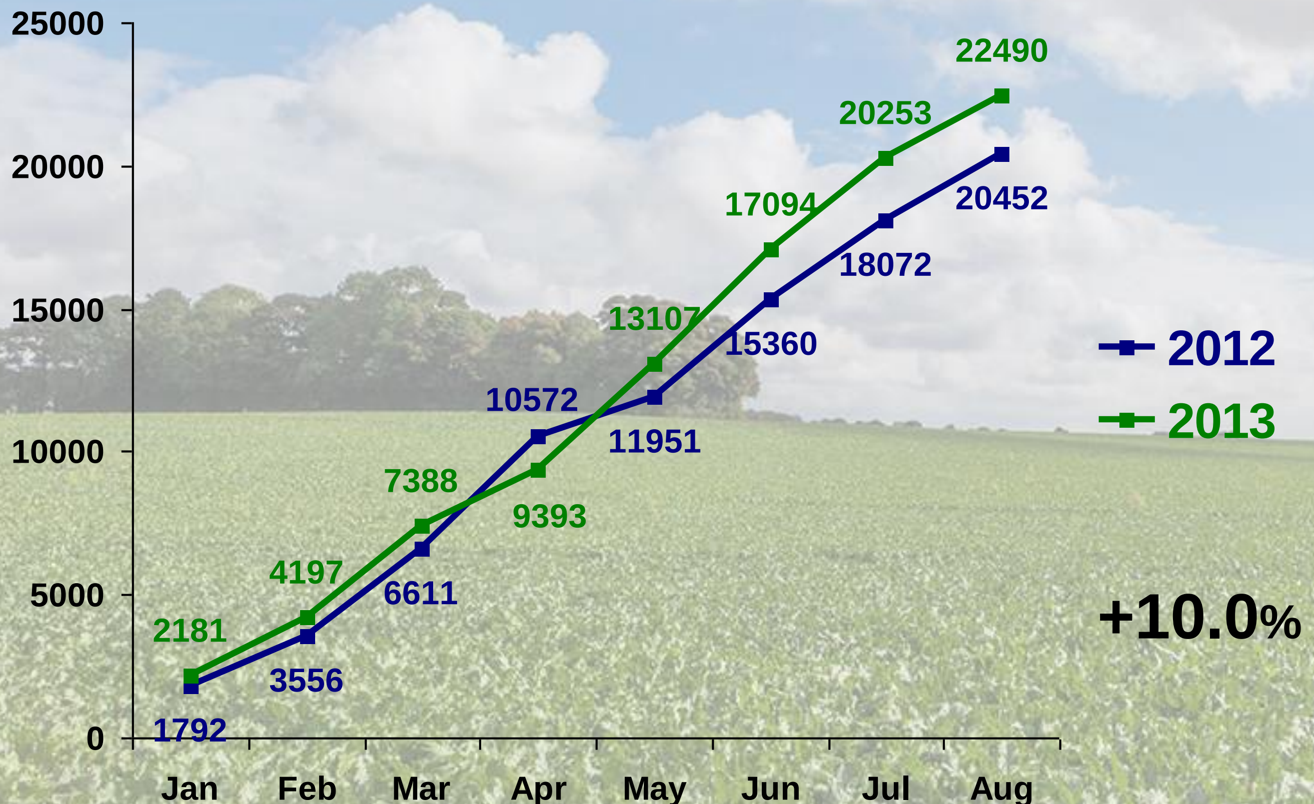
Top-3 ranks per brand in 16 Western European countries in 2012

	John Deere	CNH	AGCO	Same Deutz-Fahr	Claas	Kubota
1st rank	8	5 New Holland 1 Steyr	2 Valtra			
2nd rank	7	4 New Holland	2 Fendt, 1 MF	1 Same		
3rd rank	1	3 New Holland 2 Case IH	2 Fendt, 4 MF	1 Deutz-Fahr	1	1
Total	16	15	11	2	1	1

Changing market

Sales trends in individual markets

Registration of tractors (excl. garden and park) in France during 8 months in 2012 and 2013

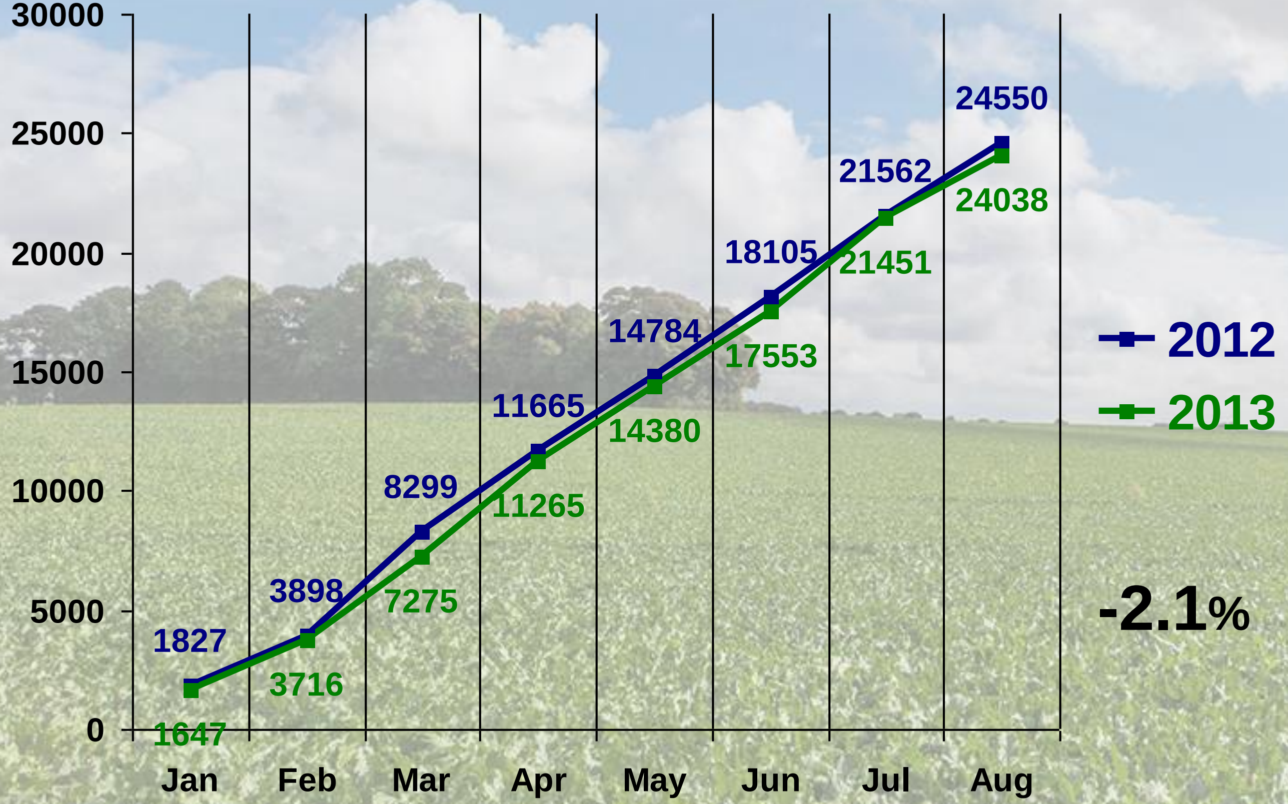


Source: Axema

Changing market

Sales trends in individual markets

Registration all types tractors in Germany during 8 months in 2012 and 2013



Source: VDMA-Kraftfahrt Bundesamt

Changing market

Sales trends in individual markets

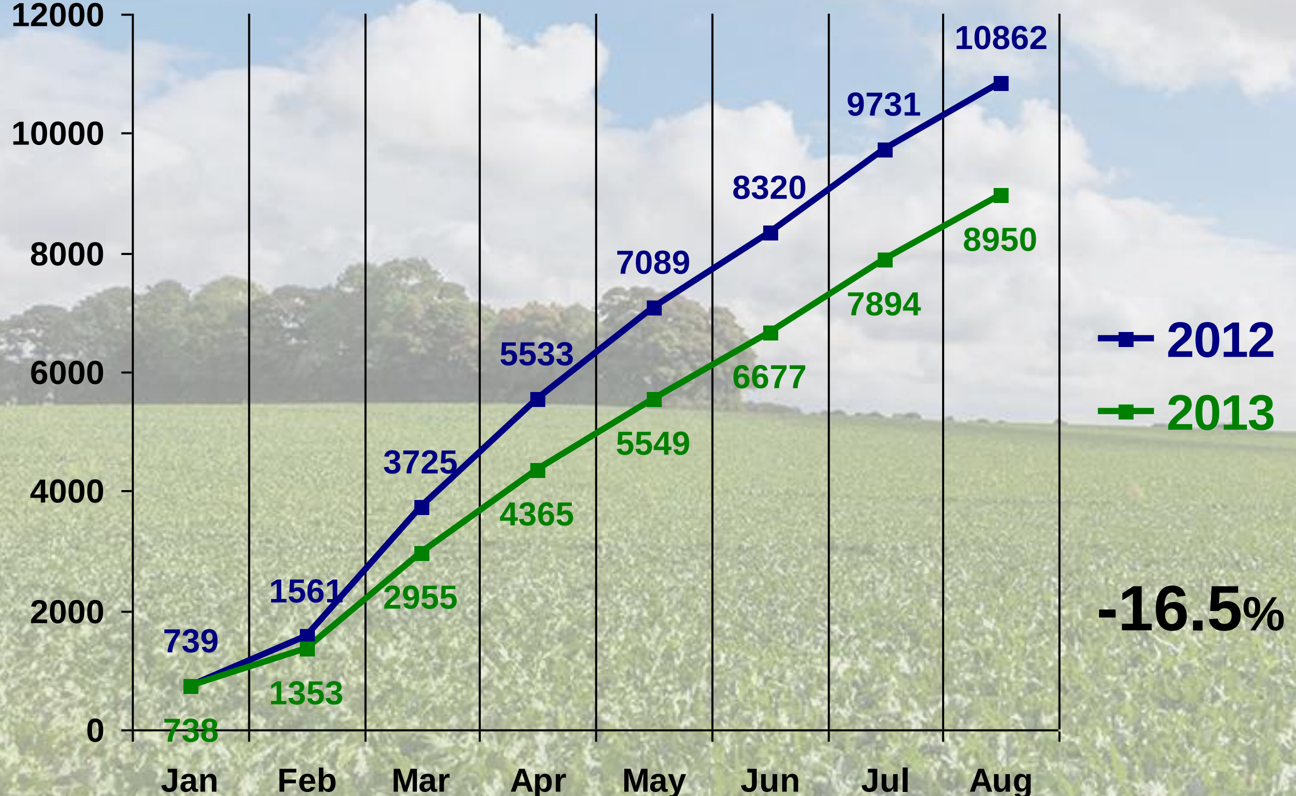
Sales of harvesting and haymaking machinery in Germany

	10/11	11/12	12/13	%
Combines	2,015	1,964	2,058	+4.8
Round balers	1,765	1,990	1,897	- 4.7
Bigbalers	379	394	442	+12.2
Mowers	9,681	11,077	10,800	-2.5
Tedders & Rakes	8,702	10,678	10,265	-3.9
Self loading and unloading trailers	794	896	767	-14.4

Changing market

Sales trends in individual markets

Registration agricultural tractors > 50hp in UK during 8 months in 2012 and 2013

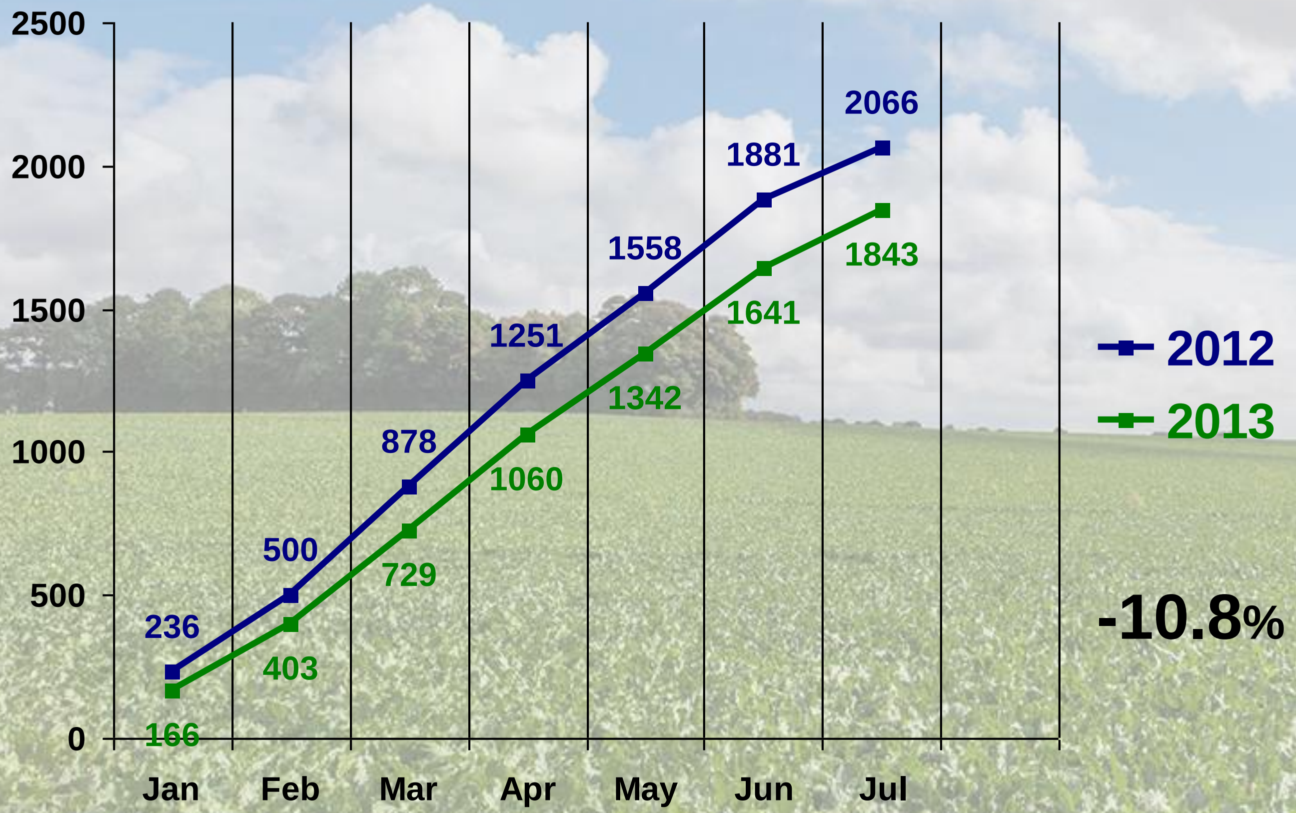


Source: AEA

Changing market

Sales trends in individual markets

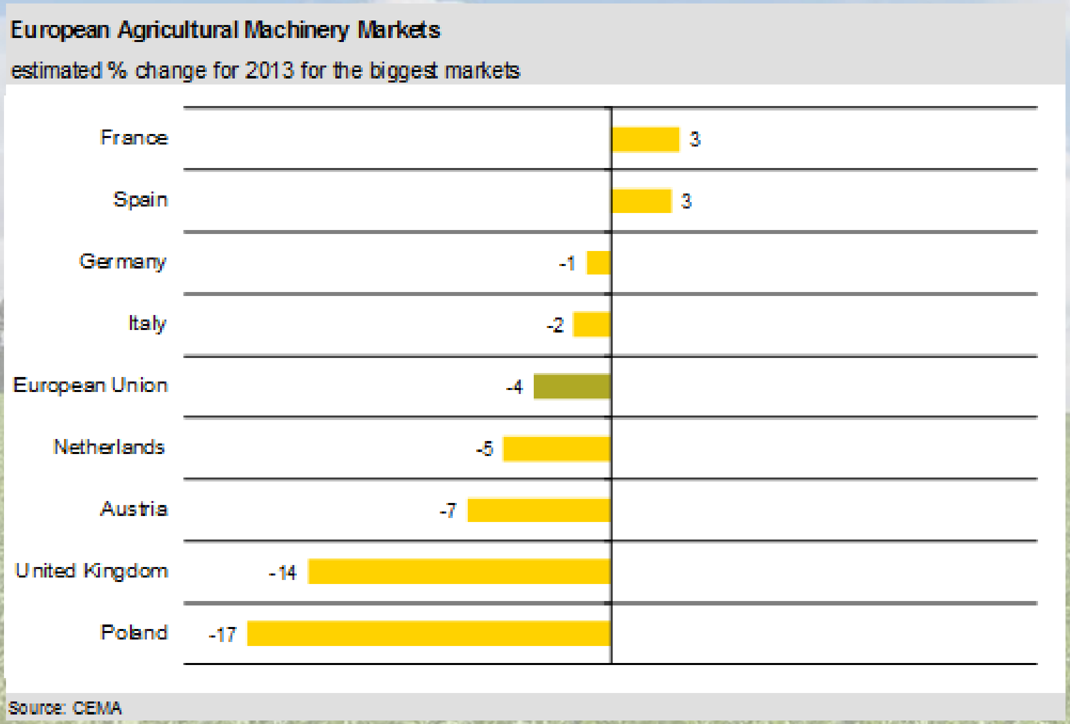
Registration agricultural tractors (non compact) in the Netherlands during 6 months in 2012 and 2013



Source: Fedecom

Changing market

European machinery markets



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EU-market for farm equipment

x € 1 bn	2012	%
Tractors	8.3	37.7
Harvesting machinery	4.7	21.4
Tillage equipment	1.15	5.2
Drilling, planting & fertilizing machinery	0.85	3.8
Spraying and sprinkling equipment	1.1	5.0
Transport and handling equipment	1.6	7.3
Animal husbandry equipment	1.0	4.5
Milking technology	1.1	5.0
Garden, park and golf equipment	2.0	9.1
Vineyard and orchard equipment	0.2	1.0
Total	22.0	100

Source: Axema

Changing market

Dealer groups on the move

- **Listed US dealergroup entering Europe in 2012**
- **13 European CNH dealerships in Romania, Bulgaria and Serbia**
- **Revenue in Europe 2013 increased by 165% from $ 25.5 mn to 67.7 mn.**

Changing market

Total group

- $ 2.2 bn (+33%) revenue with 106 branches in 19 states
- selling both New Holland and Case IH ag (86%) and construction (14%) equipment
- revenue halfway current financial year +12%

Changing market

Changing distribution channel

- **Manufacturers move closer to dealer/enduser by replacing distributor**
  - **Benelux: Grimme, Same Deutz-Fahr, Pöttinger**
  - **France, Austria, Romania: Claas, Noremat (France)**
- **New tractor brands entering European market**
  - **Brands from Turkey, Korea (Tym, Kioti) and India (Mahindra, Solis (Sonalika), China (Dong Feng, Foton, Branson)**
- **re-launch Belarus tractors in France and other European markets**

Changing market

Change in dealer ownership

- Upscaling dealer structures (forced mergers?) Burgess in UK, Pape in US, Brandt in Canada (27 outlets) from Pacific to Atlantic coast

- Private investors:
  - In dealer structures (De Kat owns biggest Dutch Deere dealer)
  - In distributors (Teslin): Reesink (NL) and Baywa (D)

- Listed dealer groups Titan Machinery $ 2.2 bn (CNH) and Ekinova € 170 mn (John Deere)

- Distributors (Reesink & Mechangroep in NL)

Changing market

Manufacturers on the move

- Joint ventures (China and Russia)
  - AGCO joint-venture with Russian Machinery
- Mahindra & Mahindra entering Europe through Romania
- Completing long line:
  - AGCO (Fella & Laverda), John Deere (Sampo & Gregoire Besson)
- Kubota offering tractors in the higher hp-range & equipment range (Kverneland take-over)

Changing market

Market approach

- Internet sales: Agram in F (Galucho) & Podia (F)
- Cross selling CNH
- Dealer franchise concept in milking technology (Lely Centers)
- Rental fleet (Collé-NL)
- Finance programs (lease etc)

A Global Leader in the Capital Goods Sector

Source: Company filings

[1] Excluding financial services; converted at exchange rate of 0.778 EUR/USD, 102.7 JPY/EUR and 0.115 EUR/SEK

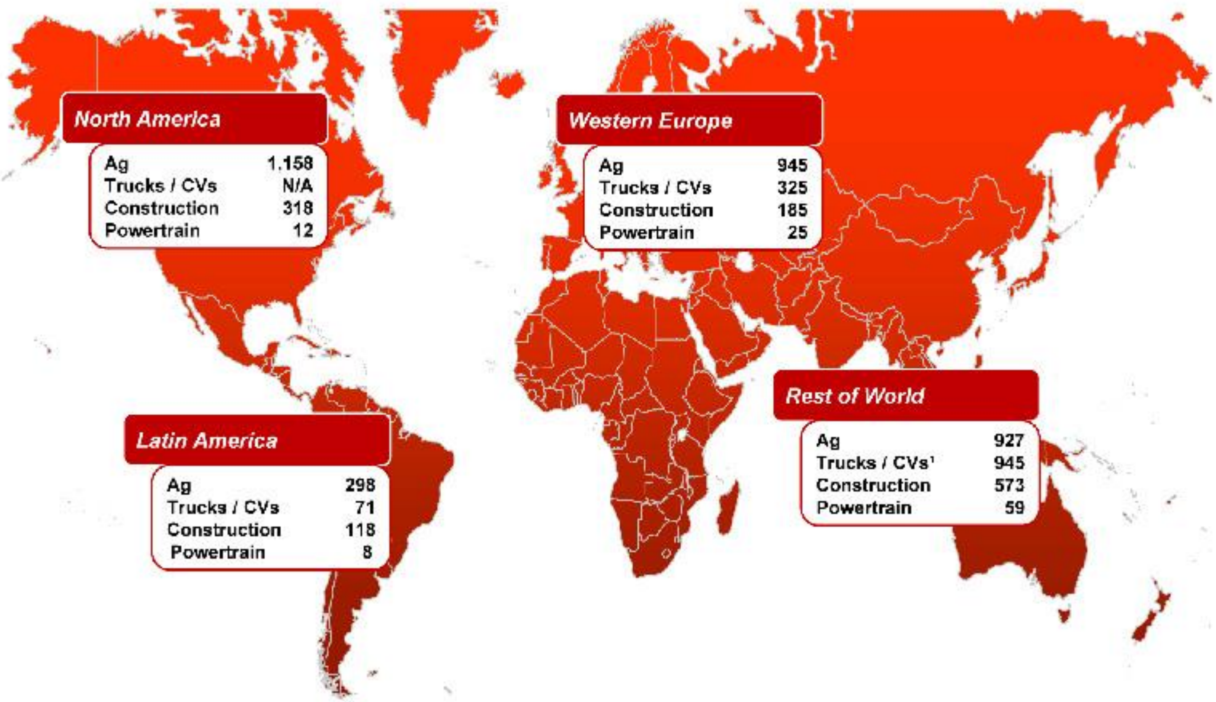
[2] Ranking based on global players (excluding domestic producers in China)

[3] By global units shipped, including unconsolidated joint ventures

5 Wide Distribution Network with Long-Standing Dealer Relationships

CNH INDUSTRIAL

Global Dealers



- Global dealer network provides worldwide distribution channel
- Nearly 6,000 dealers worldwide[1]
  - ~60 depots distribute aftermarket parts within the dealer network[2]
- Dealers' local relationships are a critical part of the value chain
  - Sales / distribution channel for machines
  - Drives parts and service revenue streams for the installed base
- Long-standing dealer relationships provide a barrier to new entrants
- Network allows CNHI to cross-sell products through existing channels (i.e., Ag and Construction)

Nearly 6,000 dealers worldwide[1]

[1] Includes dealers of unconsolidated joint ventures
[2] Includes 7 parts depot joint ventures

Agricultural Equipment Footprint and Competitive Landscape

CNH INDUSTRIAL

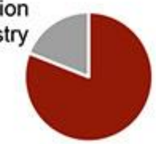
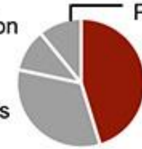
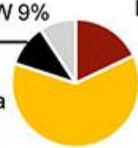
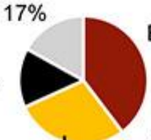
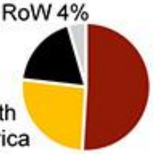
COMPETITIVE LANDSCAPE

		North America Market Position	Europe Market Position	Latin America Market Position
Tractors	#1		CNH INDUSTRIAL	AGCO Your Agriculture Company
	#2	CNH INDUSTRIAL		
	#3	Kubota	AGCO Your Agriculture Company	CNH INDUSTRIAL
Combines	#1		CLAAS	CNH INDUSTRIAL
	#2	CNH INDUSTRIAL	CNH INDUSTRIAL	
	#3	AGCO Your Agriculture Company		AGCO Your Agriculture Company

Source: Management estimates. Note: Ranked by market share; 2013 YTD as of June

Agricultural Equipment
Footprint and Competitive Landscape

CNH INDUSTRIAL

		CNH INDUSTRIAL	AGCO Your Agriculture Company
Global Market Position	#1	#2	#3
Segment Revenues[1]	€21.2 bn	€12.2bn	€7.8bn
2012 Industrial Revenues by Segment	 Construction and Forestry 19%; Agricultural and Turf 81%	 Construction 11%; Powertrain 11%; Trucks / CVs 33%; Agricultural 45%	 Agricultural 100%
2012 Group Revenues by Geography	 RoW 9%; Europe 18%; Latin America 11%; North America 62%	 RoW 17%; Europe 40%; Latin America 15%; North America 28%	 Latin America 19%; RoW 4%; EMEA 51%; North America 26%

Source: Company presentations and regulatory filings. Note: Deere and AGCO converted at exchange rate of 0.778 EUR/USD; [1] Respective segment revenues only

Changing market

Ranking top-3

by segment

X € 1 bn	Deere	CNHI	AGCO
Total revenue	21.2	12,2	7,8
-Agriculture & Turf	17.2		
-Agriculture		5.5	7.8
-Construction & Forestry	4.0		0
-Construction		1.3	0
-Truck & CVs		4.0	
-Powertrain		1.4	

by region

X € 1 bn	Deere	CNHI	AGCO
Total revenue	21.2	12,2	7,8
-Europe (Ag & Turf)	3.8		
-EMEA		4.9	4.0
-North America	13.2	3.4	2.0
-Latin America	2.3	1.8	1.5
-RoW	1.9	2.1	0.3

Changing market

Ranking top-3 by region

X € 1 bn	Deere	CNHI	AGCO
Total revenue	21.2	12,2	7,8
-Europe (Ag & Turf)	3.8		
-EMEA		4.9	4.0
-North America	13.2	3.4	2.0
-Latin America	2.3	1.8	1.5
-RoW	1.9	2.1	0.3