



**Bold Moves.**  
**Smart Growth.**

Presentation to American Chamber of Commerce Executives  
16<sup>th</sup> February 2009 - Beijing

# The World of Uncertainty !

**Global Financial Crisis**

**Recession**

**Deteriorating profitability**

**Survival**

## The Challenges in China !

**2003 SAR's Outbreak**

**2008 Sichuan Earthquake**

**2008 Snow Storms**

**2009 Financial Tsunami**

# Agenda

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Purpose : Share the OSKKOSH story in China  
and our response to the downturn !

Process : 30 minutes Presentation ( $\pm$  50 slides)  
15 minutes Q&A

Product : Understand Chinese Landscape  
Macro overview of “China-Unique”  
factors for success in doing business in China

# Welcome to PRC

## (The People's Republic of China)

### China Statistics

1.3 Billion People  
(World's Most Populous Nation)

9,596,960 km<sup>2</sup> - 4<sup>th</sup> Largest  
(2X the size of EU , Equal to USA)

23 provinces, 5 autonomous regions, and 5 municipalities.  
(Beijing – Capital)

Mandarin Chinese- Putonghua  
(52 major dialects)

Main religions: Confucian, Taoist, Buddhist, Christian, Sunni Muslim

Communist Country –  
Democratic Centralism

One Time Zone

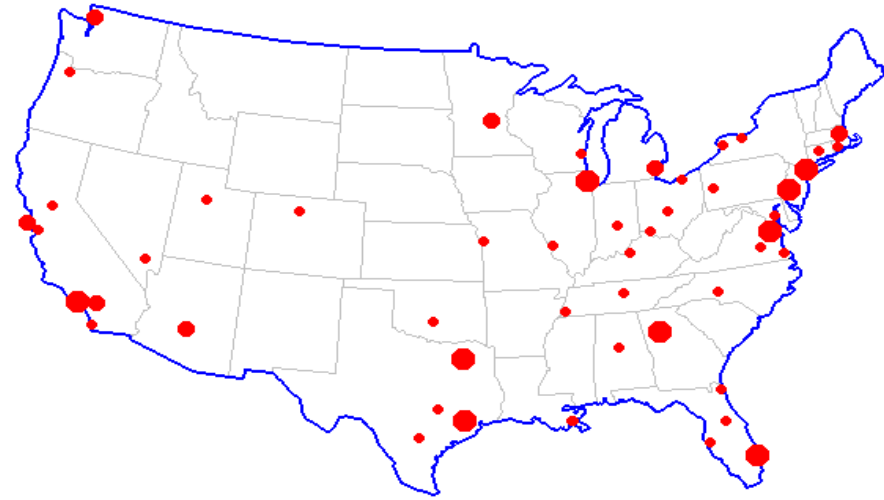
Joined WTO in 2002 !



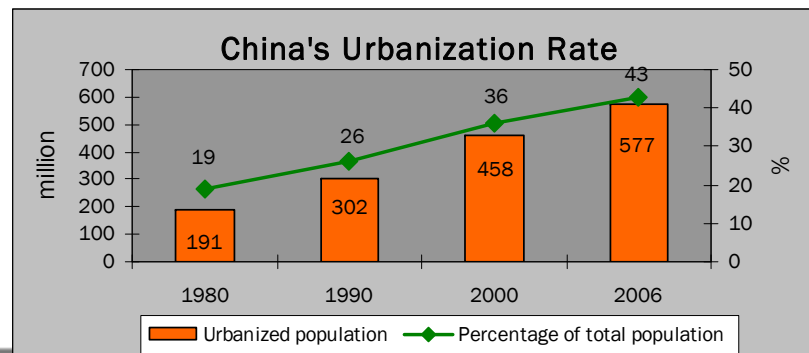
# Cities with $\geq 1$ million in Population



China - 140

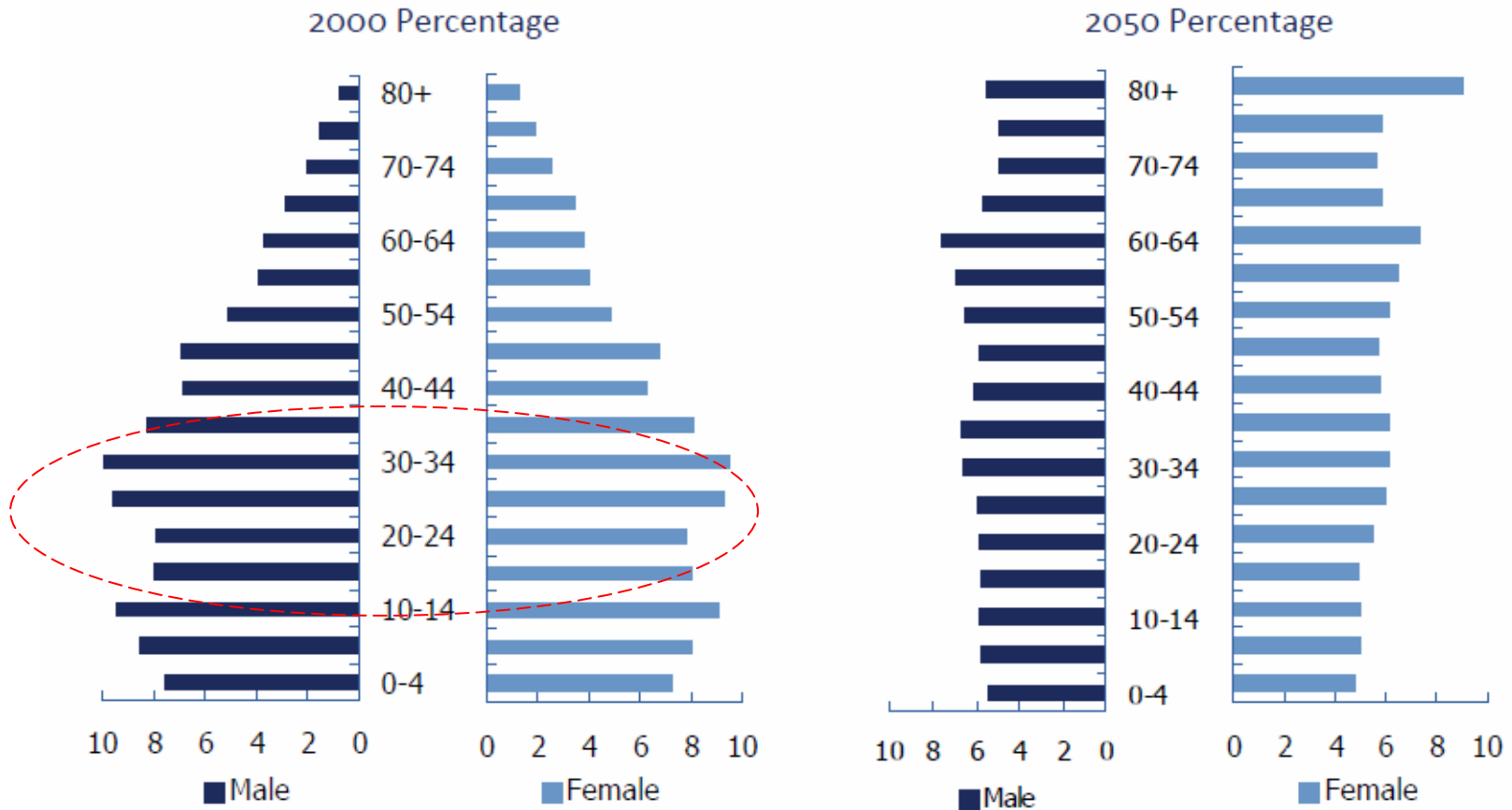


US - 50



Source :USCBC Research

# Ageing Population by 2050

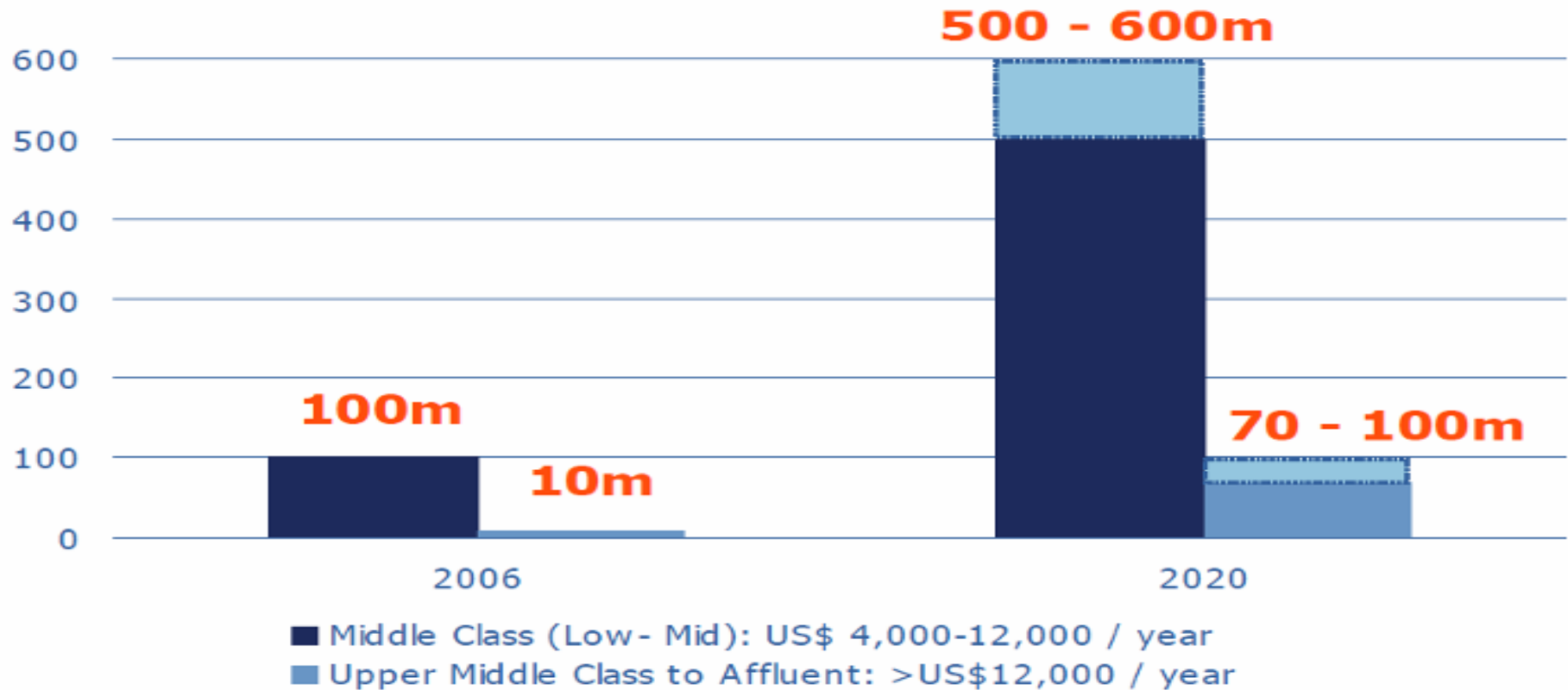


Source: World Population Prospects: The 2004 Revision (2005)

## Demographic Composition, 2000-2050

# Rising Affluence

## Figure 9: China's Middle Class: 2006 vs. 2020



Source: InterChina Analysis

# Infrastructure Development

85,000 km National Super Highway Network

## “7918 Road Network”

- 7 : radiations from Beijing
- 9 : longitude roads
- 18 : latitude roads

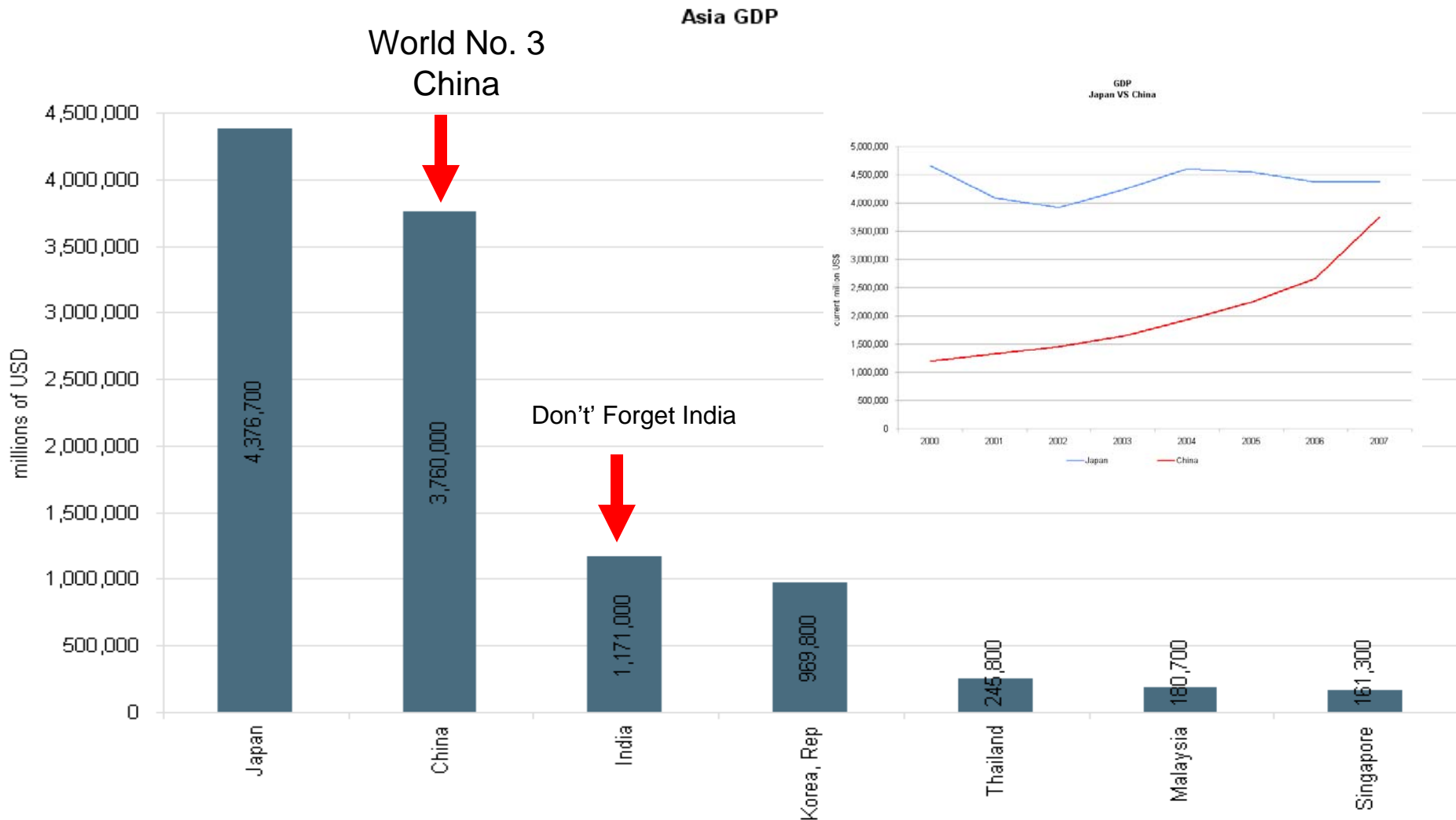
## Connecting .....

- provincial capitals
- large cities with >500,000 residents
- middle tier cities >200,000 population



2030 Road Development Plan

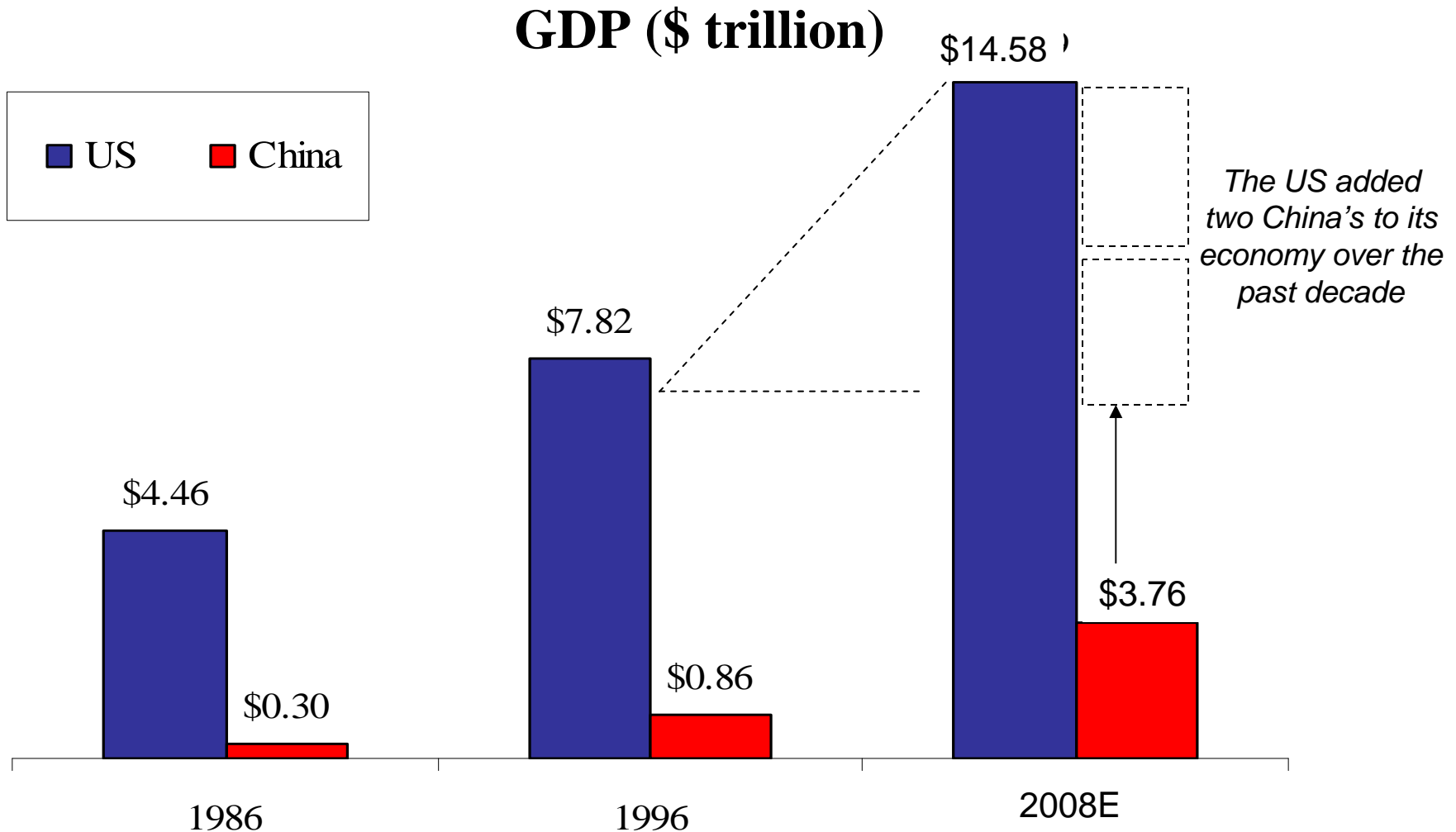
# Asia GDP Overview



**In 2008 China has surpassed Germany as third largest economy behind the United States and Japan. China is likely to displace Japan to become second largest economy by 2010.**

# The US and China In Context

Sources: US DOC, IMF, PRC National Bureau of Statistics

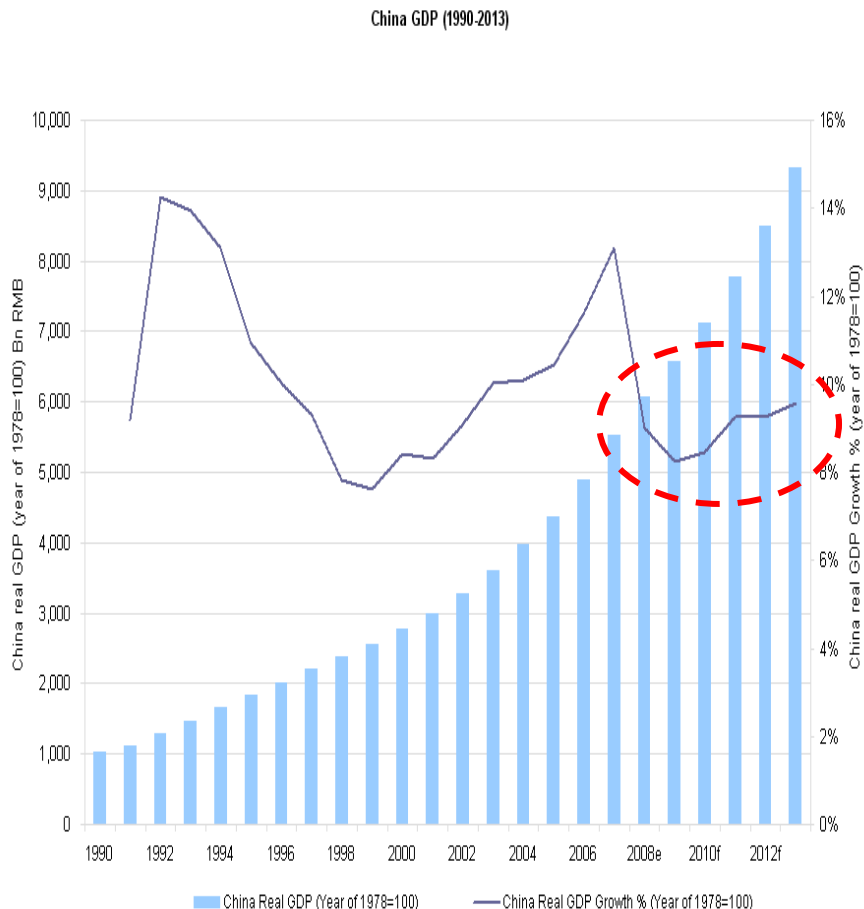


***The US Economy Is About Four Times Larger Than China's***

World Bank's ranking of GDP Per capita for 2007 using Purchasing power parity shows china ranked 112th At US\$5,370 behind Egypt, El Salvador and Armenia)

# China's GDP : Single Digit Projections

## China GDP (1990-2013)



Source: World Bank, IMF, leading international lending institutions, China NDRC, Chinese Academy of Sciences

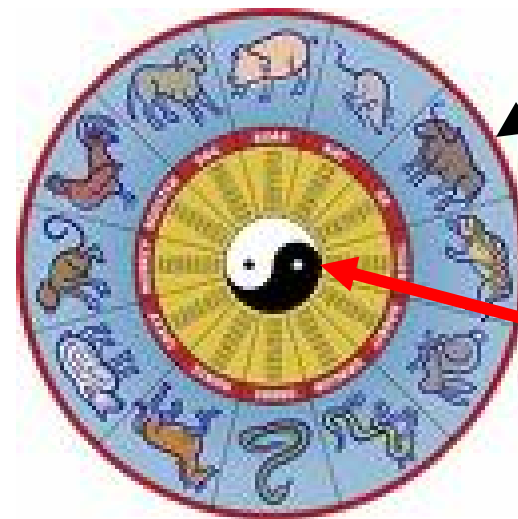
- Largest drop in 6 years.
- GDP growth is projected to continue to slow and settle at a rate of between 8 to 10% by 2013
- Government will pursue a two pronged strategy:
  - The first is an **easing of monetary policy in 2009** which is in response to a reduction in inflationary pressures which is expected to stimulate growth
  - China has initiated a **four trillion RMB (USD 590 billion) economic stimulus package** covering the period from Q4 2008 to year-end 2010.

# Next Frontier ?

Where is China really “heading” ?

Is China still Viable ?

Should we re-work our Oshkosh-China Strategy ?



1 cycle = 12 years

Ying & Yang

- \_Wind
- Water
- Fire
- Metal
- Wood

# Oshkosh Corporation

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We are in the business of protecting lives and property ,  
whilst providing Safety and Efficiency

We make the *World's Toughest Equipments* to  
deliver that Commitment !

# Oshkosh: Global Leader in Specialty Vehicles



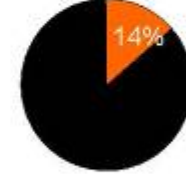
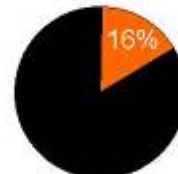
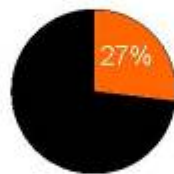
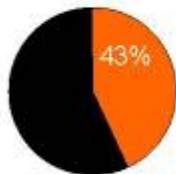
Access Equipment  
\$3.08 billion

Defense  
\$1.89 billion

Fire & Emergency  
\$1.19 billion

Commercial  
\$1.04 billion

Portion of  
2008 Sales



# China Vision

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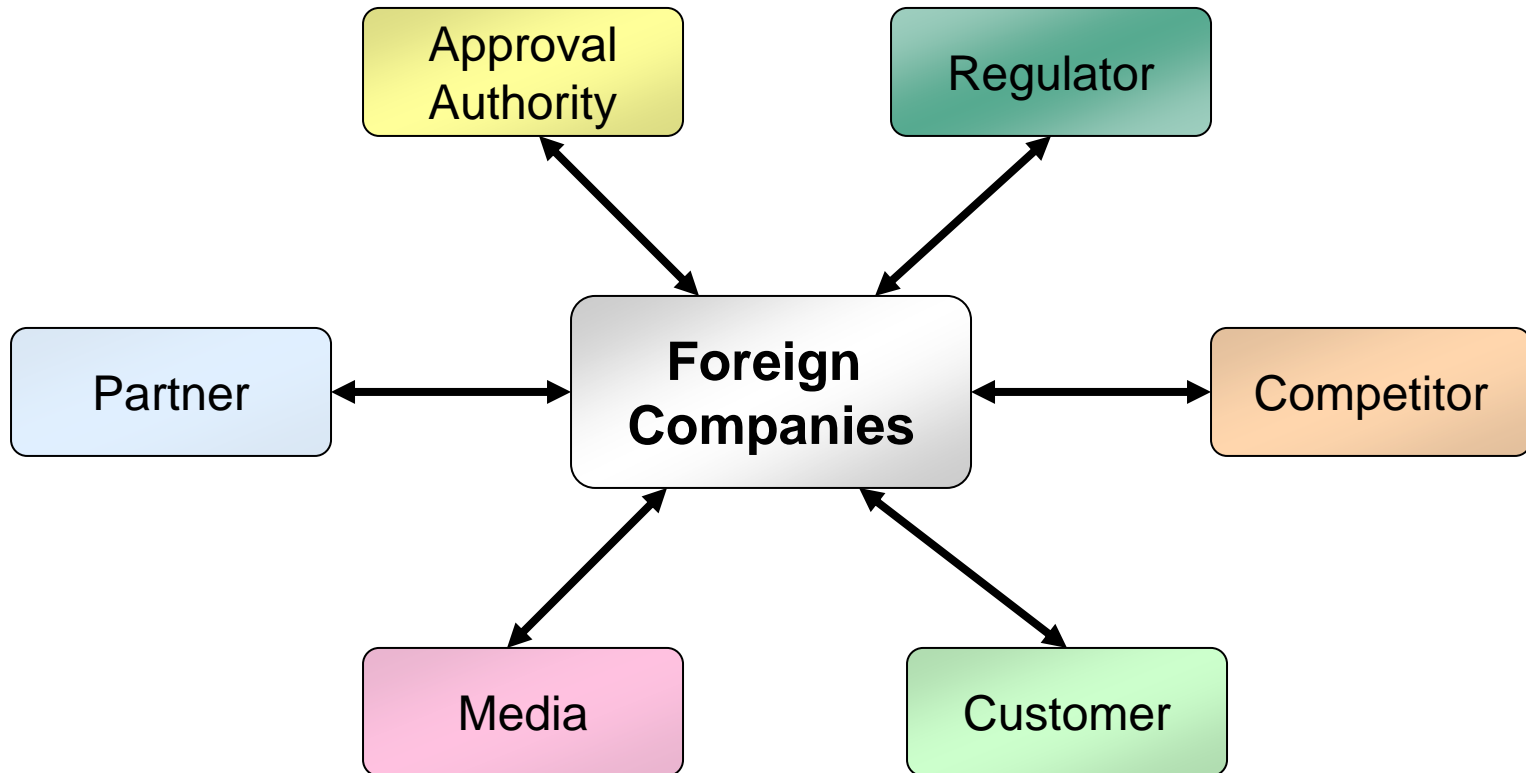
- Grow Revenue by 7X by 2013
- Low Cost Country Sourcing by 50X
- Achieve Market Leadership Position

# Our China Presence

<b>Beijing</b>	<b>China HQ</b>	<b>100% Wholly-owned Foreign Enterprise (WOFE)</b>
<b>Shanghai</b>	<b>Sourcing</b>	<b>100% WOFE</b>
<b>Tianjin</b>	<b>Manufacturing (AWP's)</b>	<b>100% WOFE (Pending Construction)</b>
<b>Changzhou</b>	<b>Manufacturing (Lift-POD)</b>	<b>Outsource to Contract Manufacturer</b>
<b>Yangzhou</b>	<b>Manufacturing (Refuse Compactors)</b>	<b>Licensing</b>

All Foreign Investments into China needs PRC Government Approval  
( *Encouraged – Permitted – Restricted* , Some requires Compulsory JV's)

# China Market Development Strategy



## *The Role of Government*

# China Market Development Strategy

<b>Positioning</b>	<b>Brand ourselves as a Company with Strong Core Values , True Business Partner</b>
<b>Product</b>	<b>High Technology – Bring in our Best</b>
<b>Price</b>	<b>Avoid the Low end of the Market – Price War</b>
<b>Place</b>	<b>Focus on 1<sup>st</sup> and 2<sup>nd</sup> Tier Cities of China</b>
<b>Promotion</b>	<b>Leverage US-China Relations</b>  <b>Work closely with US Foreign Commercial Services, Amcham China ,USCBC, Industry Associates</b>  <b>PRC Government Relations</b>  <b>Good Corporate Citizen</b>

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# Where are we now ?

# Present State

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- Market Leader for Aircraft Fire Fighting & Rescue Trucks (ARFF)
- Market Leader for Snow Trucks (Custom Chassis)
- Progressive in-roads on Aerial Work Platforms market
- Increased opportunities for Media & Broad casting Specialty Vans
- Stepping up efforts on penetrating the Municipal and Industrial Fire Trucks Markets

# *Strategic Marketing !*

*November 2006 – Great Hall of the People*

*Oshkosh was one of 25 companies selected to participate in a Business Development Mission led by Secretary of Commerce Gutierrez*



# *Active Positioning !*

*Signing Ceremony in Beijing for Beijing Capital International Airport –  
September 17, 2007*

*Six Striker and Twenty Six Snow Trucks*



*Wisconsin Governor Visits Shanghai*  
*Wisconsin Governor Jim Doyle Pays Visit to Shanghai Pudong*  
*Airport Fire Department – September 2007*



# Our Products used in Olympics Construction



鸟巢封顶

**Bird's Nest**



水立方

**Water Cube**

# OSK High Definition OB Van for Olympics Live Broadcast - CCTV



# Future State

危机  
(Wei Ji)  
(CRISIS)



*In every crisis(危), there is an equal opportunity(机)!*

# Catching the “Bull” by the Horns !

Project	Allocation (%)	Allocation (RMB)
Infrastructure: Railway, highway, airport, and grid construction	45	1.8 trillion
Sichuan earthquake reconstruction	25	1 trillion
Rural livelihood and infrastructure	9	370 billion
Ecological/environmental protection	9	350 billion
Housing projects	7	280 billion
Reform of 'indigenous innovation' structure	4	160 billion
Health, culture, and education	1	40 billion

**Table 3: Proposed Investment Amount in Selected Provinces\***

Province	Amount (RMB billion)
Yunnan	3000
Sichuan	3000
Guangdong	2370
Chongqing	1500
Liaoning	1300
Beijing	1270
Jiangsu	950
Shandong	800
Hebei	589
Shanghai	500
Jilin	400
Zhejiang	350
Fujian	340

\*These are selected figures compiled from local media reports and reflect a wish list of projects rather than funds allocated.

## China's stimulus Package

Source: CEIC, UBS Estimates

# Next Steps

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- No “let-up” on China Strategy, continue to stay intensely focused.
  - Market Development
  - Manufacturing
  - Low Cost Country Sourcing
- Grow Human Capital
- Grow “Relationships”
- Leverage Chinese Stimulus Package sharpen our focus.
- Continue to position OSK as the Brand Name of Choice.

# Corporate Social Responsibility



## Equipment Donation to help Sichuan Earthquake Reconstruction



## Oshkosh – JLG Tianjin Factory



**Getting Ready for the Chinese Market when it takes off !  
( In Winter – You Prepare for the next battle )**

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# Navigating China

# On-going Challenges

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- CCCF ( China Compulsory Certification for Fire Trucks)
- Low Quality of Local Supply Chain
- IPR Concerns
- Talent
- Unified Tax rates
- Export Rebates
- New Labor Law

# The World's No.2 Economy...soon!

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***“China is a threat, China is a customer, China is an opportunity. You have to internalize China to succeed. You cannot ignore it. Instead of competing with China as an enemy, you break down your business and think about which part of the business you would like to do in China, which part you would like to sell to China, and which part you want to buy from China.*”**

***Kenichi Ohmae, Japanese Business Consultant from the book, The World is Flat, by Thomas Friedman***

# Welcome to the P.R.C.

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- P : Patience      If you are here for quick results – forget it
- R : Relations      You need the right connections !
- C : Commitment      There will be disappointments and Challenges,  
You need 100% Commitment to succeed !

China is not for the faint- hearted !

If you are not engaging the World's 3<sup>rd</sup> Largest Economy,  
get back to the Drawing Board !

*( Experts say China will be World No.1 by the year  $\leq$  2050)*

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Thank you