

COMBI
WORKS



Asia and Eastern Europe 2016

Quarterly Report

Q1



Combi Works – The Company

Combi Works is the first global Virtual factory. We have built the only factory without capacity or production method limitations. Without needing to invest in factory walls or machinery.

Combi Works has production facilities in China, India, Russia, Belorussia, Estonia, Poland, Turkey and Lithuania. Each production country has its strengths and know-how areas which are used to our clients benefit.

We are a factory with agile capacity – as our client you can select the location and production method.

The mindset

Staying ahead in the world is a mindset – the client must be put in the driver's seat. Our job is to free client resources and management to concentrate on the future. Physical infra and cost reduction are cornerstones, but they look into the past. We free your resources so you can stay ahead of your competition.

Combi Works has built its system around free movement of production, tight control and documentation of production, an automated logistics chain and an engineering setup, which enables the Virtual Factory concept.

The company's vision is to "be the first global virtual factory combining component production and final assembly and be a world leader in IT-advanced industrial production."

Combi Works already produces full-scale tractors, solar panels, LED streetlights, indoor gardens, windmill parts, production lines, boat mooring equipment to name but a few.

We hope to be producing your machines, components or products very soon.

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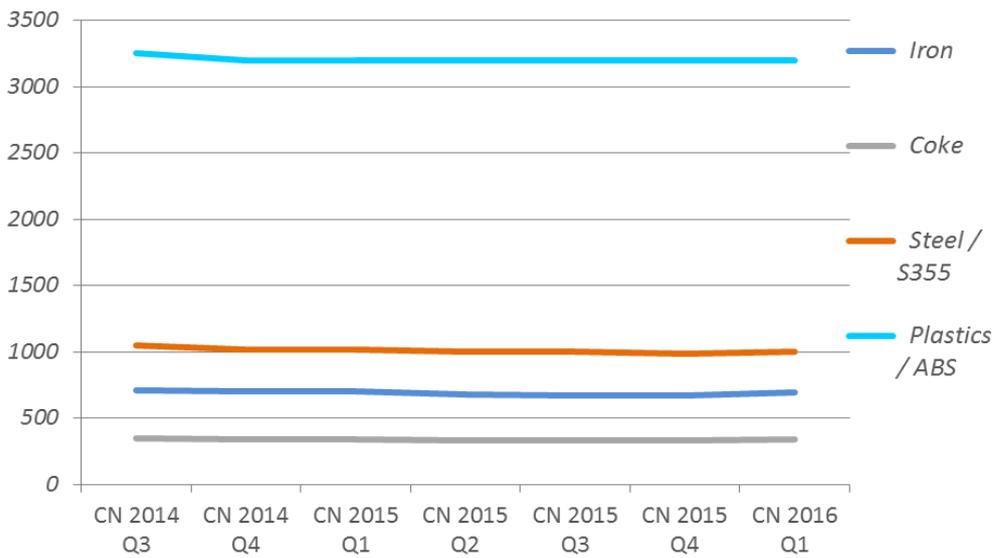
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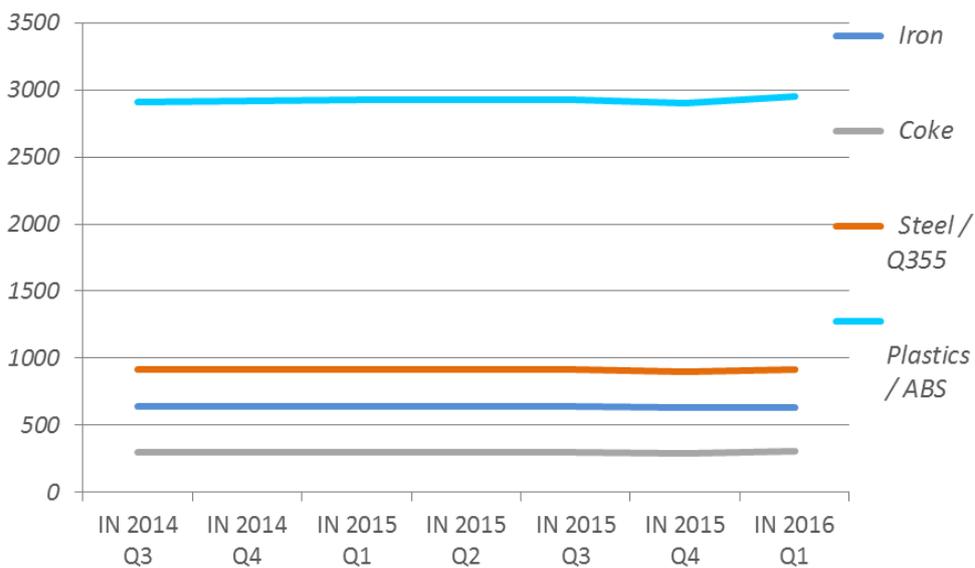
Global Raw Material and Labor costs

Actual cost development in markets Combi Works is active in.

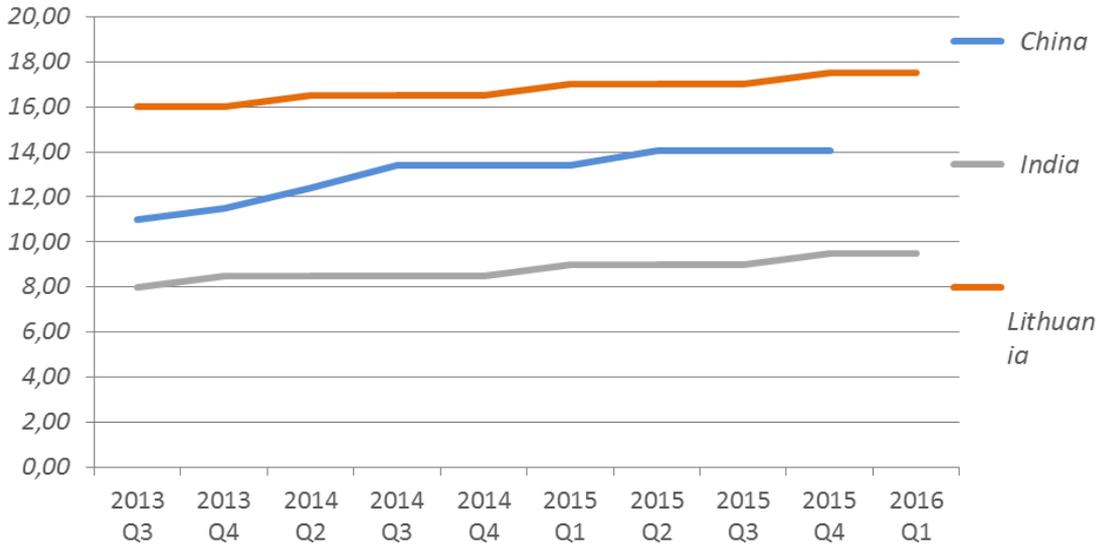
Raw materials (USD/Ton) CH-China



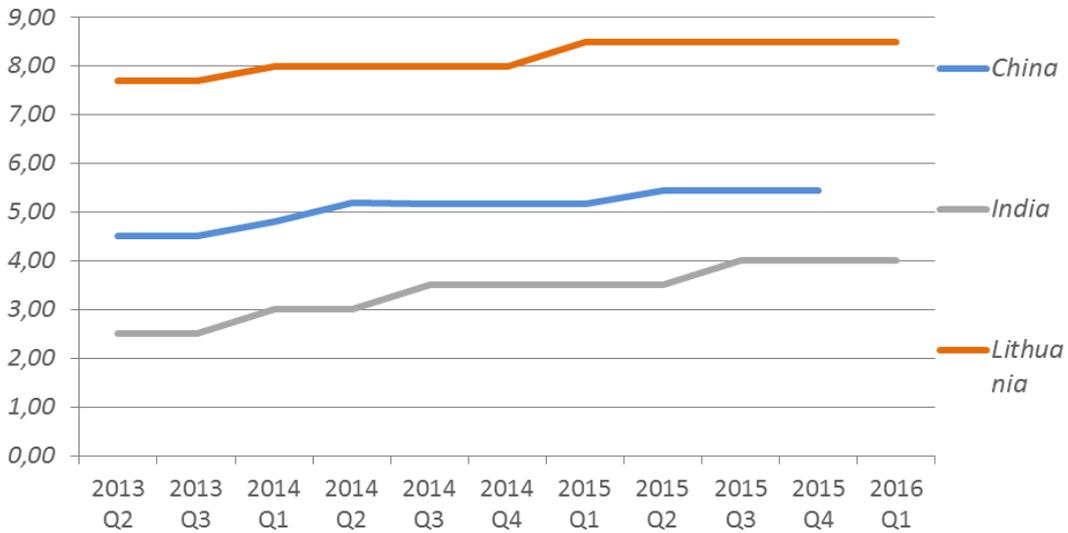
Raw materials (USD/Ton) IN-India



Masters



Floor level





Market development – China

China's outbound investment to grow at least 10% in 2016

China's overseas investment is expected to increase more than 10 percent in 2016 and keep the momentum in the next five years.

Interest for overseas property high despite rising prices in Chinese market

Surging home prices in first-tier cities show little sign of damping rich Chinese's appetite for overseas property.

Shanghai puts teeth into e-food oversight

Shanghai will require companies that offer food ordering and delivery through online platforms to sign a contract committing them to unified standards of service.

China's Q1 transport investment up 7%

China reported \$39.35 billion in fixed investment in highways and waterways in the first quarter, the transport ministry said Tuesday.

Chinese private company purchases US industrial robot manufacturer

A handover ceremony was held on Monday after Chinese private Wanfeng Technology Group had acquired all stakes of US industrial robot manufacturer Paslin for 300 million dollars.

Serbian govt, Chinese company sign deal on sale of Smederevo steel mill

The contract for the sale of Serbia's sole steel mill was signed between representatives of Serbian government and Chinese HeSteel Group (HBIS) at a ceremony in the city of Smederevo on Monday.

Global sluggish demand, not China, causes steel glut: spokesman

The Ministry of Commerce (MOC) Tuesday slammed the accusation that China was to blame for global steel overcapacity, saying that weak global demand and the economic slowdown were the culprits.

Chinese agribusinesses to hold 'match-making' event in New Zealand

Leading Chinese agribusiness representatives will gather in Auckland next month for a new event to promote New Zealand agricultural technology, products and services.

Mobile live streaming market to reach 100b yuan by 2020

Live Streaming 3.0 is a new era in which people can watch live streaming video anywhere and anytime with their smartphones. They are now planning to stimulate the appetite of the Chinese capital market.

Short Analysis of Chinese Economy 2016 Q1

New data show that the Chinese economy is stabilizing, thanks primarily to growth in the service industries and internet-based businesses, although the manufacturing sector remains weak.

The country's GDP growth in the first quarter did not continue to fall at a worrisome speed. The 6.7 percent year-on-year figure was lower by only 0.1 percentage point than the fourth quarter of last year.

But GDP is not the only thing to consider, said Sheng Laiyun, spokesman for the National Bureau of Statistics.

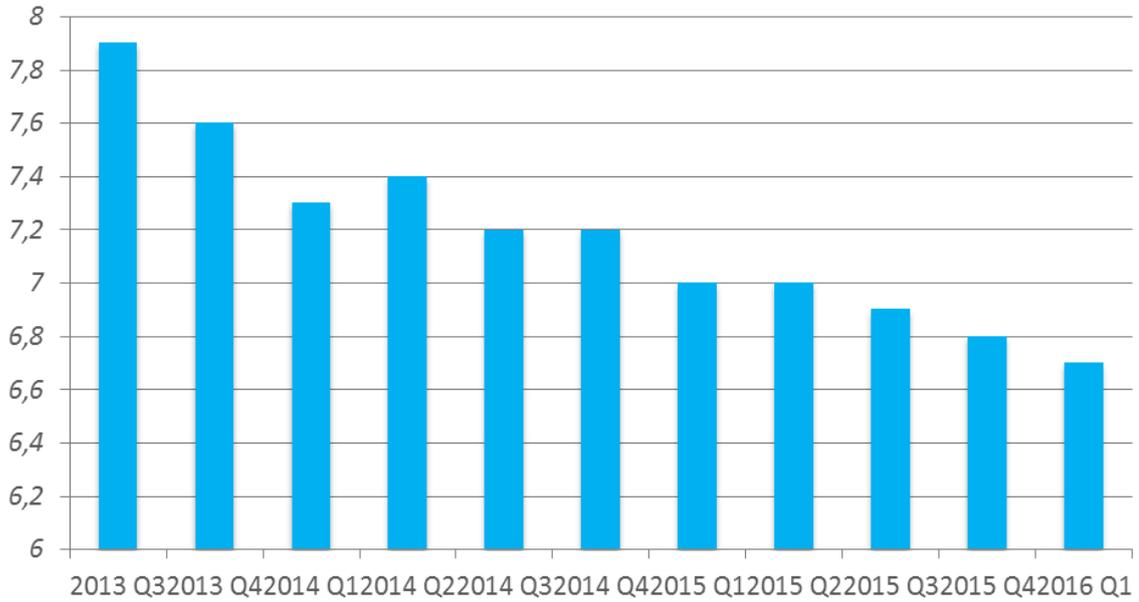
The economy showed structural resilience by no longer relying on highly pollutant heavy industry, low value-added shipments to overseas markets and local governments' debt-financed investments.

The world's second-largest economy is now "more balanced and shows a better quality", Sheng said.

In the first quarter, China generated 3.18 million new jobs, accounting for 31.8 percent of the target for this year, Sheng said. Export and fixed-asset investment growth in March, in particular, picked up strongly to beat market expectations.

The services sector contributed much more than industry to the GDP growth, along with strategic emerging industries and high-tech industries.

China- GDP





Market development - India

The overall growth of GDP

The Indian economy expanded 7.9 percent year-on-year in the first three months of 2016, higher than a downwardly revised 7.2 percent growth in the previous quarter and much better than market expectations of a 7.5 percent increase. It is the best performance in six quarters as the farm sector rebounded and grew 2.3 percent and manufacturing jumped 9.3 percent.

Food Inflation

Cost of food in India increased 8.23 percent in March of 2016 over the same month in the previous year. Food Inflation in India averaged 8.50 percent from 2012 until 2016, reaching an all time high of 14.72 percent in November of 2013 and a record low of 2.15 percent in July of 2015.

Industrial Production Percentage(IIP)

Industrial production in India increased by 1.9 percent year-on-year in March of 2016, following a downwardly revised 1.1 percent rise in the previous month and beating market consensus of 1.5 percent. It was the biggest gain since October last year, mainly driven by consumer durables (+5.6 percent) and electricity production (+8.3 percent). In contrast, output for capital goods contracted sharply by 16.5 percent. Industrial Production in India averaged 6.30 percent from 1994 until 2016, reaching an all time high of 20 percent in November of 2006 and a record low of -7.20 percent in February of 2009.

Government Spending

Government Spending in India decreased to 2303.08 INR Billion in the first quarter of 2016 from 2740.71 INR Billion in the fourth quarter of 2015. Government Spending in India averaged 1761.17 INR Billion from 2004 until 2016, reaching an all time high of 3365.78 INR Billion in the third quarter of 2015 and a record low of 735.82 INR Billion in the second quarter of 2004.

Balance of trade

The trade deficit in India narrowed to USD 7.76 billion in March of 2016 from USD 13.09 billion a year earlier. Exports dropped 6.84 percent to USD 21.69 billion, as non-petroleum sales declined 4.46 percent. Among export partners, shipments fell for the United States (-6.57 percent), Japan (-1.80 percent) and China (-5.49 percent) but rose for the European Union (+1.37 percent). Imports slumped 19.03 percent over a year earlier to USD 29.45 billion, marking the 20th consecutive month of declines: oil purchases fell 28.10 percent and non-oil went down 15.83 percent.

Exports from India

Exports from India dropped 5.84 percent year-on-year to USD 21.34 billion in March 2016, as non-petroleum sales declined 4.46 percent. Among export partners, shipments fell for the United States (-6.57 percent), Japan (-1.80 percent) and China (-5.49 percent) but rose for the European Union (+1.37 percent).

Foreign Exchange Reserves

Foreign Exchange Reserves in India increased to 367170 USD Million on March 2016 from 365820 USD Million in the previous week. Foreign Exchange Reserves in India averaged 196512.67 USD Million from 1998 until 2016, reaching an all time high of 383643 USD Million in December of 2009 and a record low of 29048 USD Million in September of 1998

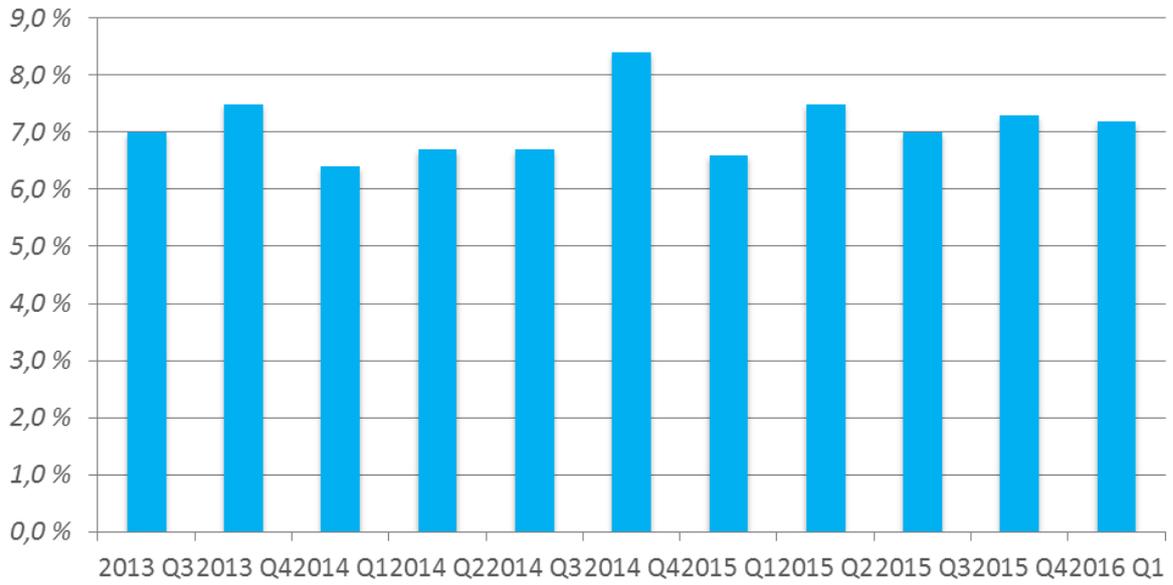
Consumer Price Index

Consumer Price Index CPI in India increased to 125.10 Index Points in Mar from 120.10 Index Points in Feb of 2016. Consumer Price Index CPI in India averaged 110.08 Index Points from 2011 until 2016, reaching an all time high of 131.10 Index Points in July of 2016 and a record low of 86.81 Index Points in February of 2011.

Business Confidence

Business Confidence in India was 54.10 in the first quarter of 2016. Business Confidence in India averaged 57.95 from 2005 until 2016, reaching an all time high of 71.80 in the first quarter of 2007 and a record low of 45.70 in the third quarter of 2013.

India- GDP





Market development – Estonia

Estonia Balance of trade

Estonia recorded a trade deficit of € 120.1 million in Mar of 2016, compared to a € 142 million gap a year earlier. Compared to the preceding year, sales dropped by 2.0 percent to € 980 million, mainly driven by mineral products and wood and articles of wood. In contrast, exports rose for: electrical equipment, wood and articles of wood, agricultural products and food preparations. Sales decreased to the US, Latvia and Russia. Import shrank 2.0 percent to € 1,129.1 million. Purchases declined for mineral products, articles of plastics and rubber, textiles and base metals and articles of base metals. In May 2016, trade deficit came in at € 158.6 million.

Estonia Business Confidence

Business Confidence in Estonia increased to 101.10 in Mar from 94.30 in Feb of 2016. Business Confidence in Estonia averaged 102.80 from 2001 until 2016, reaching an all time high of 117.40 in September of 2006 and a record low of 69.60 in March of 2009

Estonia Current Account

Estonia recorded a Current Account deficit of 112 EUR Million in the first quarter of 2016. Current Account in Estonia averaged -122.96 EUR Million from 1992 until 2016, reaching an all time high of 239 EUR Million in the second quarter of 2015 and a record low of -751.70 EUR Million in the first quarter of 2007.

Estonia Inflation Rate

Consumer Prices in Estonia declined by 0.12 percent year-on-year in Mar of 2016, compared to a 0.4 percent drop in Feb. It was the 14th straight month of drop, driven by a decline in cost of housing (-1.9 percent yoy), transport (-5.1 percent), communications (1.5 percent) and education (-13.8 percent). In contrast, prices were higher for: food and non-alcoholic beverages (+1.1 percent), alcoholic beverages and tobacco (+6.1 percent), clothing and footwear (+5.8 percent), health (+1.4 percent), hotel, cafes and restaurants (+2.7 percent) and miscellaneous goods and services (+2.0 percent). On a monthly basis, consumer prices were flat, following a 0.3 percent rise in June.

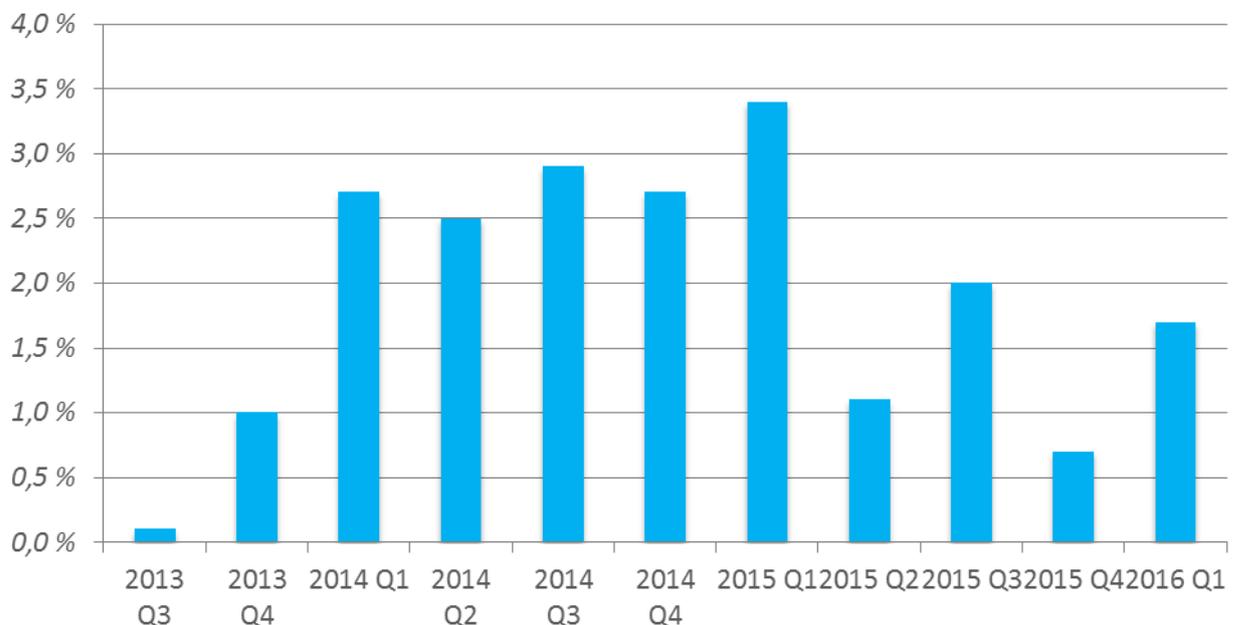
Short Analysis of Estonian Economy Q1

Estonian economy expanded 0.5 percent year-on-year in the Mar quarter of 2016, compared to a 1.5 percent growth in the previous period, preliminary estimates showed. Net external demand contributed negatively, as exports of goods grew 5 percent from a year earlier while imports increased at a faster 7 percent. On a quarterly basis, the economy grew by 0.3 percent, after stalling in the preceding quarter.

Consumer Spending in Estonia increased to 2437.10 EUR Million in the first quarter of 2016 from 2410.70 EUR Million in the fourth quarter of 2015. Consumer Spending in Estonia averaged 1765.48 EUR Million from 1995 until 2016, reaching an all time high of 2538.80 EUR Million in the fourth quarter of 2007 and a record low of 865.60 EUR Million in the third quarter of 1995.

Foreign Direct Investment in Estonia increased by 100.50 EUR Million in the first quarter of 2016. Foreign Direct Investment in Estonia averaged 181.52 EUR Million from 1994 until 2016, reaching an all time high of 1057.90 EUR Million in the second quarter of 2005 and a record low of -414 EUR Million in the second quarter of 2015.

Estonia - GDP





Market development – Latvia

Latvia's Current Account

Latvia recorded a Current Account deficit of 86.12 EUR Million in Mar of 2016. Current Account in Latvia averaged -86.01 EUR Million from 2000 until 2016, reaching an all time high of 348.10 EUR Million in June of 2009 and a record low of -546.30 EUR Million in July of 2007.

Industrial production output

Industrial production in Latvia went up 5.8 percent year-on-year in Mar of 2016, following an upwardly revised 5.4 percent growth in the previous month. It is the highest gain since March of 2015.

Latvia Balance of trade

Latvia's trade deficit slumped by 21.1 percent to €168.7 million in Mar of 2016 compared to €213.9 million a year earlier. Exports rose 0.4 percent, boosted by higher sales of wood and wood products (+17.9 percent), whereas imports fell by 4 percent, as purchases of electrical appliances and electrical equipment declined 14.7 percent.

Latvia Exports

Exports from Latvia Exports rose 0.6 percent year-on-year to €880.4 million in Mar of 2016 from €805.8 million a year earlier, boosted by higher sales of wood and wood products (+17.9 percent), vehicles (+13.5 percent) and pharmaceutical products (+28.9 percent).

Industrial production

Industrial production in Latvia went up 5.5 percent year-on-year in Mar of 2016, following an upwardly revised 5.5 percent growth in the previous month. It is the highest gain since March of 2015, as manufacturing production rose 8.2 percent (from +5.6 percent in May), mainly boosted by repair and installation of machinery and equipment (+43.4 percent); manufacture of computer, electronic and optical products (+16.8 percent); fabricated metal products (+15.5 percent) and wood and of products of wood (+12 percent). Also, electricity and gas supply jumped (+9.6 percent from

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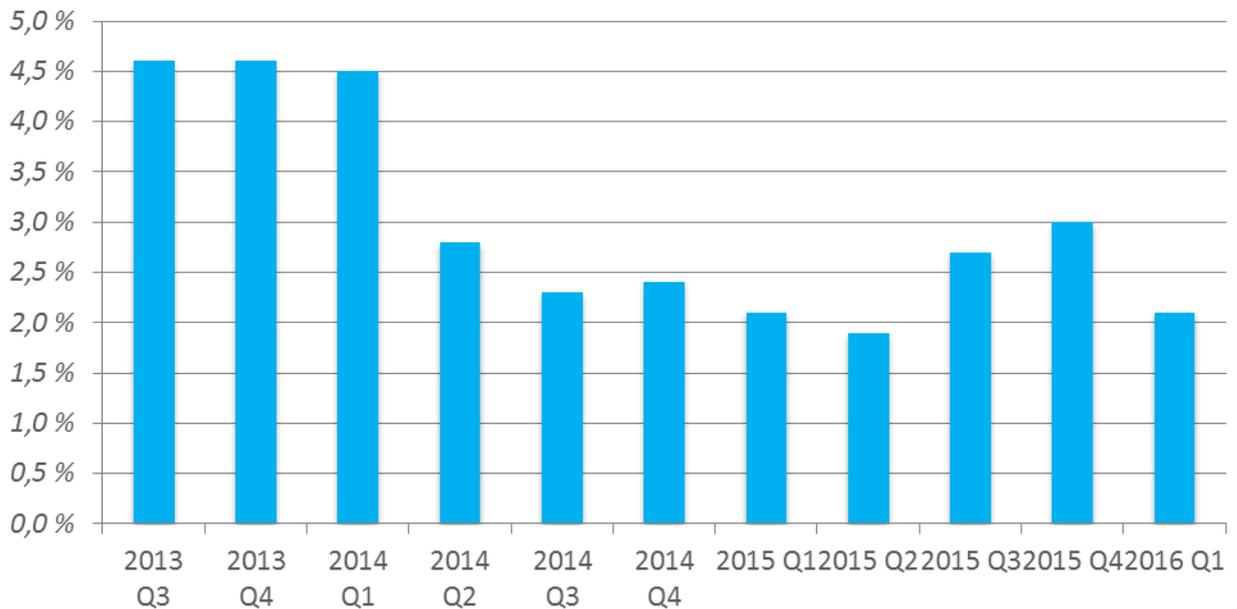
+4.8 percent in May) while mining and quarrying output dropped further (-3.2 percent from -2.5 percent in May). Consumer Price Index CPI in Latvia decreased to 99.20 Index Points in Mar from 100.60 Index Points in Feb of 2016. Consumer Price Index CPI in Latvia averaged 74.41 Index Points from 1993 until 2016, reaching an all time high of 109 Index Points in May of 2015 and a record low of 22.60 Index Points in January of 1993.

Short Analysis of Latvian Economy Q1

The Gross Domestic Product (GDP) in Latvia was worth 27.04 billion US dollars in 2015. The GDP value of Latvia represents 0.04 percent of the world economy. GDP in Latvia averaged 14.94 USD Billion from 1987 until 2015, reaching an all time high of 35.54 USD Billion in 2008 and a record low of 4.50 USD Billion in 1993.

The Gross Domestic Product (GDP) in Latvia expanded 2.10 percent in the first quarter of 2016 over the same quarter of the previous year. GDP Annual Growth Rate in Latvia averaged 4.33 percent from 1996 until 2016, reaching an all time high of 13.90 percent in the first quarter of 1996 and a record low of -19.10 percent in the third quarter of 2009.

Latvia - GDP





Market development – Lithuania

Lithuania's Consumer Confidence

Consumer Confidence in Lithuania decreased to -6 in Feb from -5 in Mar of 2016. Consumer Confidence in Lithuania averaged -15.39 from 2001 until 2016, reaching an all time high of 9 in March of 2007 and a record low of -56 in January of 2009.

Exports from Lithuania

Exports from Lithuania went down 6.5 percent year-on-year to €1543.3 million in Mar of 2016, due to lower sales of oil products, fruits and nuts and fertilizers. Exports in Lithuania averaged 933.62 EUR Million from 1994 until 2016, reaching an all time high of 2373.30 EUR Million in October of 2014 and a record low of 135.50 EUR Million in October of 1994

Labour costs in Lithuania

Labour Costs in Lithuania increased to 120.40 Index Points in the first quarter of 2016 from 117.90 Index Points in the fourth quarter of 2015. Labour Costs in Lithuania averaged 79.56 Index Points from 2000 until 2016, reaching an all time high of 120.40 Index Points in the first quarter of 2016 and a record low of 45 Index Points in the second quarter of 2001.

Lithuania Completed Dwellings

Housing Index in Lithuania increased to 119.66 Index points in the first quarter of 2016 from 118.70 Index points in the fourth quarter of 2015. Housing Index in Lithuania averaged 117 Index points from 2006 until 2016, reaching an all time high of 159.72 Index points in the second quarter of 2008 and a record low of 98.28 Index points in the first quarter of 2010.

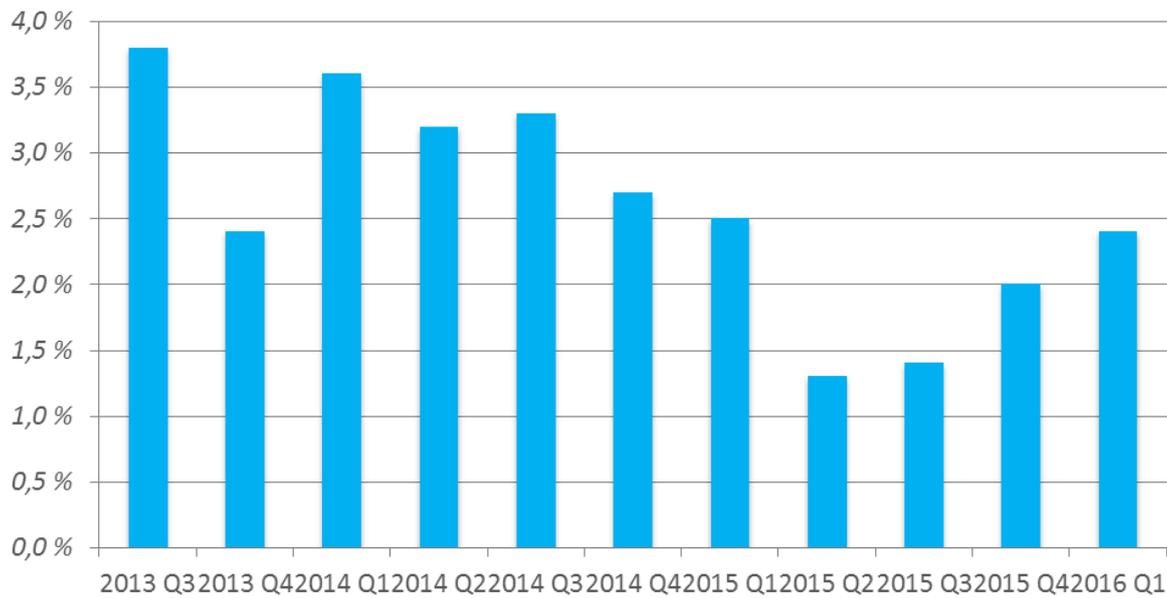
Short Analysis of Lithuania Economy Q1

Industrial Production in Lithuania decreased 3.50 percent in Mar of 2016 over the same month in the previous year. Industrial Production in Lithuania averaged 3.72 percent from 1999 until 2016, reaching an all time high of 40.50 percent in February of 2003 and a record low of -26.30 percent in April of 2009.

Manufacturing Production in Lithuania decreased 1.5 percent in Mar of 2016 over the same month in the previous year. Manufacturing Production in Lithuania averaged 4.48 percent from 1999 until 2016, reaching an all time high of 38 percent in February of 2003 and a record low of -33.70 percent in November of 1999.

Foreign Exchange Reserves in Lithuania decreased to 1255.70 USD Million in Mar from 1865.30 USD Million in Feb of 2016. Foreign Exchange Reserves in Lithuania averaged 3561.35 USD Million from 1992 until 2016, reaching an all time high of 8958.10 USD Million in February of 2013 and a record low of 107.20 USD Million in December of 1992.

Lithuania- GDP



Report Sources:

India

- Ministry of Finance, Govt. of India

Estonia

- Statistics Estonia and Focus Economics Consensus Forecast.

Latvia

- Central Statistics Bureau and FocusEconomics calculations.

Lithuania

- “Macro Research - Swedbank Economic Outlook”. Reviewed 16 October 2013.
- “Central Statistics Bureau and FocusEconomics calculations” . Reviewed 16 October 2013.
- “New Market Research Report: Lithuania Business Forecast Report Q3 2013”. Reviewed 16 October 2013.