What is the CEMA Business Barometer?

► A monthly survey within for the European agricultural machinery industry (started in 2008)
► Coverage of all major sectors – from tractors to municipal equipment
► Target group: 135 senior managers from 9 (CEMA) countries
► Implementation: online survey
► Questionnaire available in five languages
► Executed by VDMA for CEMA
► Subjects of the survey:
  ► current and future business situation
  ► situation of order intake
  ► development of turnover
  ► turnover expectation per country
  ► production plans
  ► employment plans
  ► special topics, e.g. delivery times
► Deadlines: starting ca. 5th each month, closure: ca. 13th
Summary Notes
February 2014

► Business climate:
  ► No significant move of the business climate – illustrating stagnating sales on high levels at the beginning of 2014

► Orders and turnover in January (unweighted average):
  ► EU market: turnover flat (+/-0), new orders ca. +3%
  ► Export business (outside EU): turnover flat (+/-0) and new orders ca. -2%
  ► Turnover in Italy and France declining, only partial new stimulus in demand

► Turnover expectations:
  ► Unchanged view on the markets, Spain and UK with further recovery
  ► General expectations for Europe are not too pessimistic for 2014, but regional differences remain pronounced

► Order stock levels
  ► 2.6 months in production terms, i.e. comparable to results of Feb. 2013

► Employment:
  ► Less plans for change than in previous months; temporary contracts are further reduced
Business climate unchanged, with some decline of present business evaluation

CEMA Business Climate Index (CBI)

Source: CEMA Business Barometer
Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100
Business cycle (showing 2-months-average values) only marginally moving around – stable situation!

Source: CEMA Business Barometer, each value as an average of the last two months
Ongoing optimism of the industry

Question: We consider our current business to be ....

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Unfavourable</th>
<th>Unfavourable</th>
<th>Satisfying</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>201312</td>
<td>46%</td>
<td>32%</td>
<td>10%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>201401</td>
<td>51%</td>
<td>33%</td>
<td>29%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>201402</td>
<td>53%</td>
<td>30%</td>
<td>29%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Question: We expect our overall turnover within the next 6 months to....

<table>
<thead>
<tr>
<th>Year</th>
<th>Decrease</th>
<th>Remain Unchanged</th>
<th>Grow</th>
</tr>
</thead>
<tbody>
<tr>
<td>201312</td>
<td>33%</td>
<td>32%</td>
<td>35%</td>
</tr>
<tr>
<td>201401</td>
<td>21%</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>201402</td>
<td>21%</td>
<td>42%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 13%
- Reduce: 7%
- Keep unchanged: 80%

Temporary employees
- Reduce: 25%
- Increase: 17%
- Keep unchanged: 58%

Source: CEMA Business Barometer February 2014