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: 140 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
March 2014

► Business climate:
  ► Index falls by 5 points – overall picture is mainly unchanged, but regional expectations have become more different
  ► Top rating of the German manufacturers about their business situation

► Orders and turnover in February (unweighted average):
  ► EU market with flat turnover and new orders
  ► Exports ex EU: previous order decrease has changed into slight increase again

► Turnover expectations:
  ► Still more companies expect their turnover in the coming months to increase than to decrease (33% vs. 24%)
  ► Especially the companies in Italy, Spain and France expect growing sales, while there is a declining trend in France and Germany
  ► Average forecast is +1% for turnover in 2014 (compared to +4% from last survey)
  ► Expectations for the CIS markets have gone done very clearly
  ► Outlook for USA / Canada still rather positive despite last year’s new peak
Only marginal change of business evaluation over the past months

Question: We consider our current business to be ….  

<table>
<thead>
<tr>
<th></th>
<th>201401</th>
<th>201402</th>
<th>201403</th>
</tr>
</thead>
<tbody>
<tr>
<td>very unfavourable</td>
<td>13%</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>unfavourable</td>
<td>51%</td>
<td>53%</td>
<td>48%</td>
</tr>
<tr>
<td>satisfying</td>
<td>33%</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>good</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>very good</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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</table>

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

<table>
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<tbody>
<tr>
<td>decrease</td>
<td>21%</td>
<td>21%</td>
<td>24%</td>
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<tr>
<td>remain unchanged</td>
<td>45%</td>
<td>42%</td>
<td>43%</td>
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<tr>
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<td>33%</td>
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<tr>
<td>good</td>
<td>33%</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

Source: CEMA Business Barometer
Climate index develops above the zero line

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
Industry can consider itself to remain in the boom situation – with still slightly expansive expectations

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

Question: Our plans regarding the workforce

Regular employees
- Increase: 16%
- Reduce: 9%
- Keep unchanged: 75%

Temporary employees
- Increase: 15%
- Reduce: 27%
- Keep unchanged: 58%

Source: CEMA Business Barometer March 2014