



CEMA Business Barometer

Public report June 2014



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



Optimists are in the minority

Executive summary of the June survey

The June survey of the CEMA Business Barometer showed a continuation of the downward trend that was initiated four months ago. For the first time since the end of 2010, a slightly higher share of the interview partners (32%) describes their business situation to be unsatisfactory against the ones saying that their situation was favourable (26%). Companies located in Germany give the most positive feedback in this respect, despite a weaker trend on the domestic market.

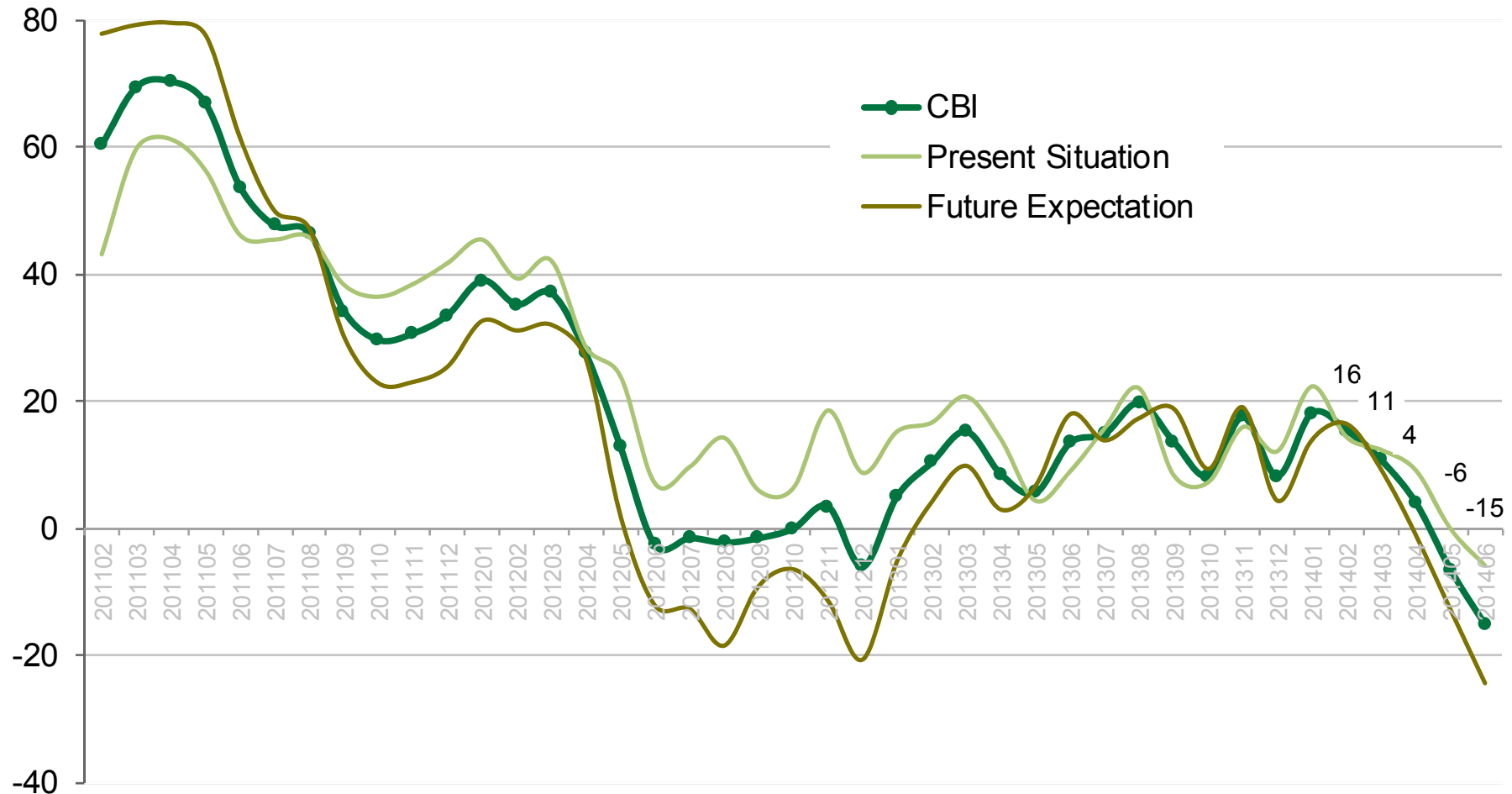
Turnover forecast has become lower. On the other hand, more than 50% of the company representatives still expect their level to be at least maintained in the second half of 2014. Accordingly, turnover and production forecast for the calendar year 2014 is only slightly more negative than 3 months ago: European branch average went from +1% to -2% in nominal terms, according to this survey. This might be still too much optimism given the fact that the order books are remarkably lower compared to record levels 2013.

The ranking for European agricultural machinery markets is continuously led by Spain, although with slightly lower expectations. Drought conditions on the arable fields might play a role here. General expectations for the Scandinavian region have become considerably more hesitant now. For the CIS, perspectives are not yet as poor as in 2009, but comparable to the situation one year later. 2/3 currently expect lower sales.

Once the harvesting machinery season is completed, companies will use their possibilities to reduce their temporary staff in the factories on the background of lower order books.

Business Climate Index Development

CEMA Business Climate Index (CBI)

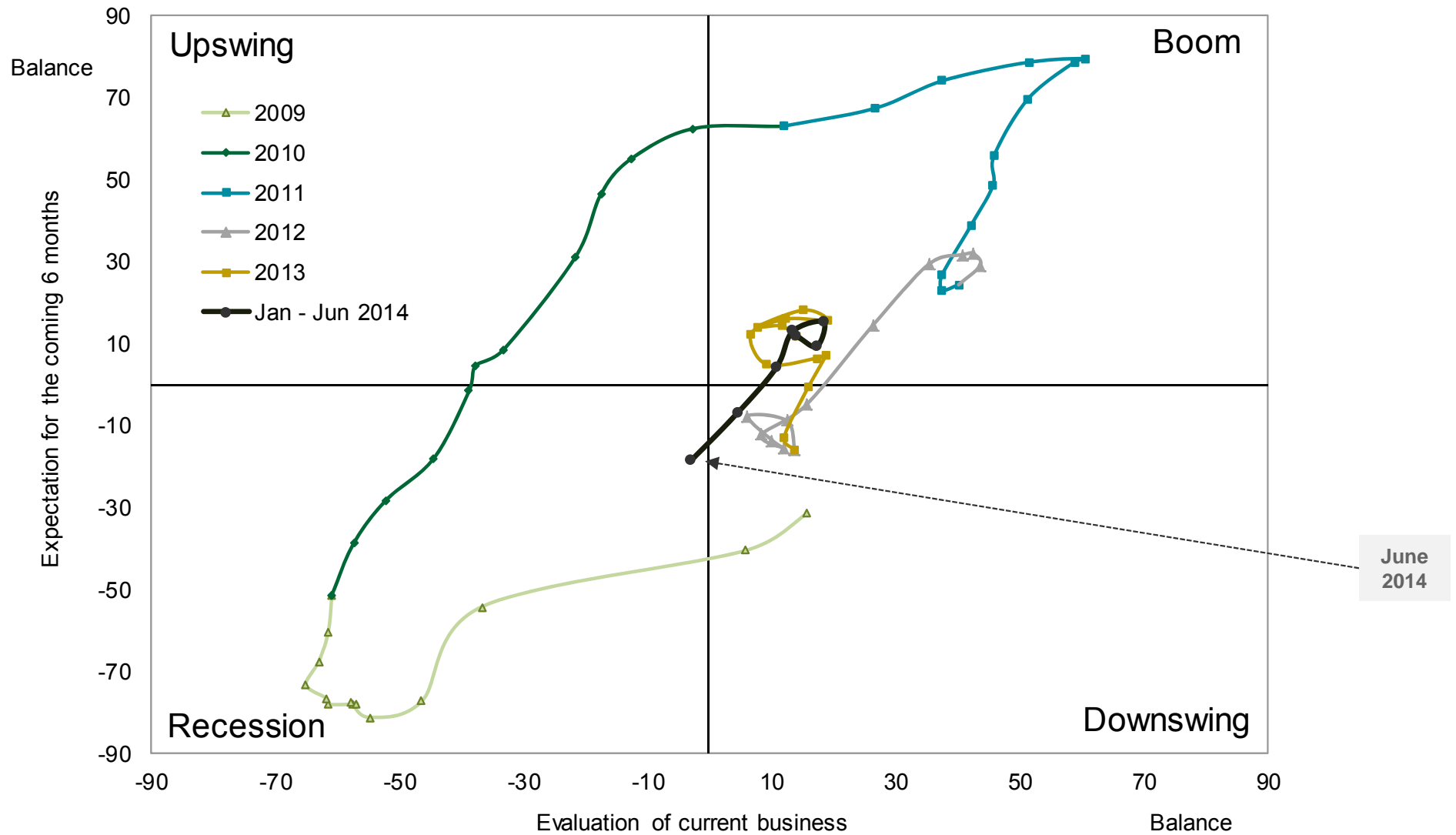


Source: CEMA Business Barometer

Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

Business Climate

Illustration of Business Cycle



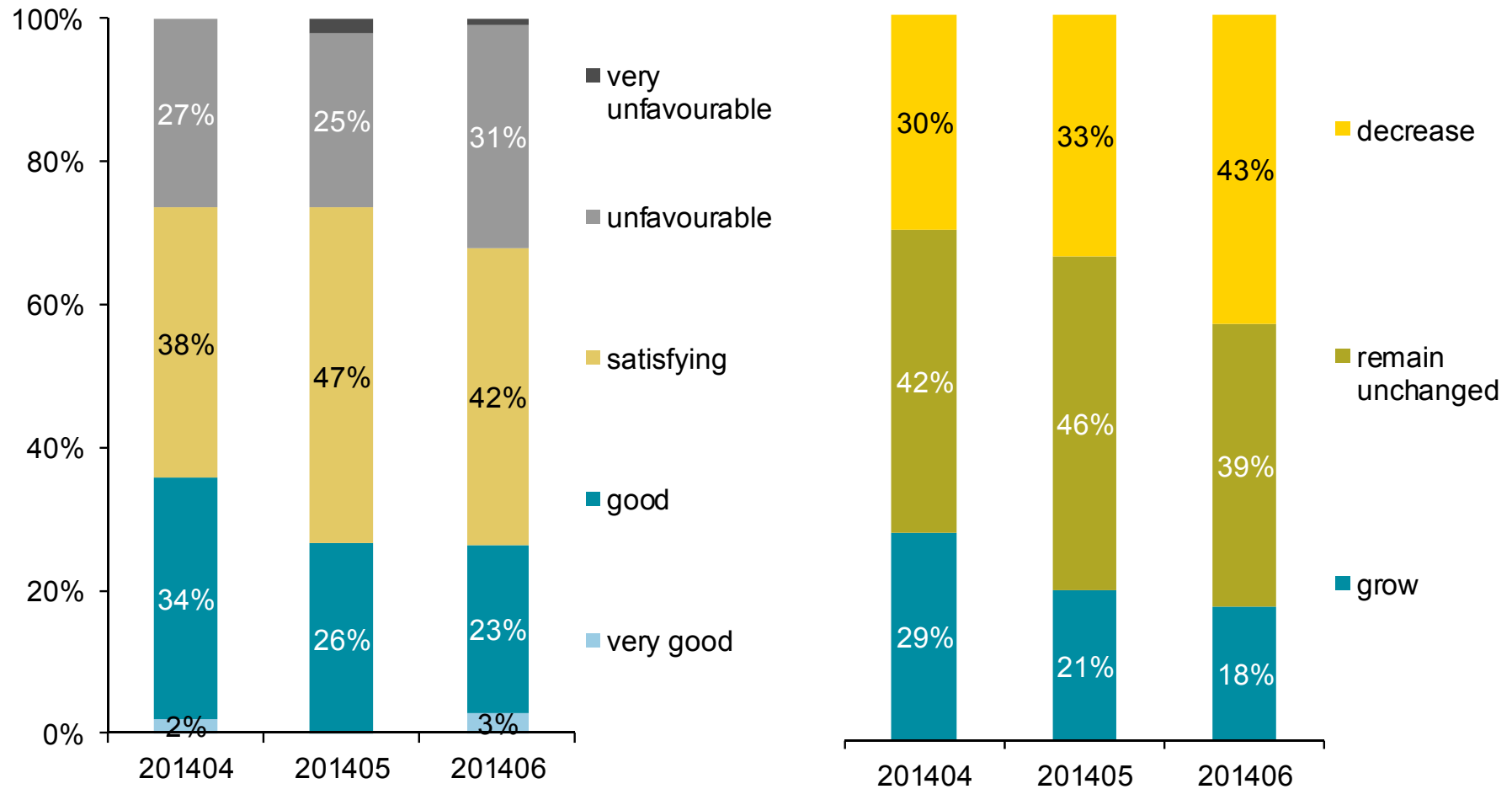
Source: CEMA Business Barometer, each value as an average of the last two months

Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

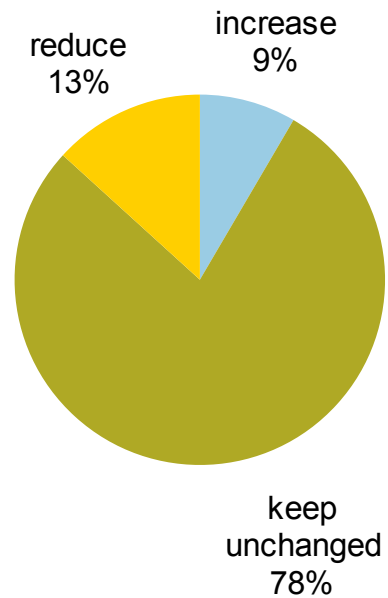


Source: CEMA Business Barometer

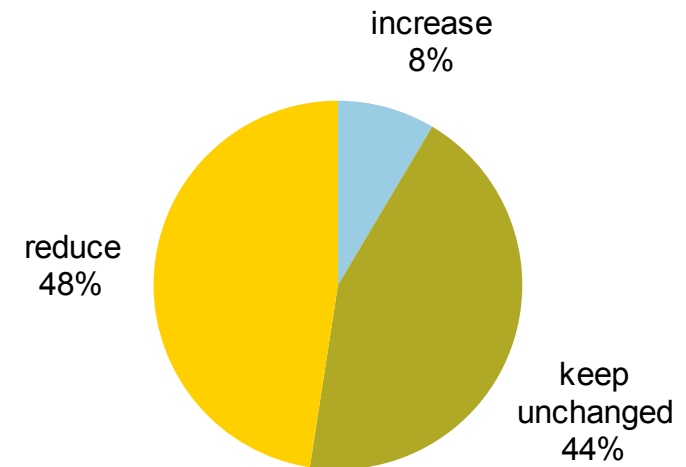
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer June 2014