



CEMA Business Barometer

Survey Report November 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 8 (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. 12th



Accelerated decline on the European markets

Executive summary of the November survey

The European agricultural machinery branch continues with its economic downturn. The CEMA Business Barometer Index declined by 6 points to -44 in November and thus indicates the weak expectations of the industry for their business over the next six months. While the European markets maintain their retarded performance, demand from outside this region has proved to become similarly weak (mainly reported from tractor and harvesting machinery manufacturers).

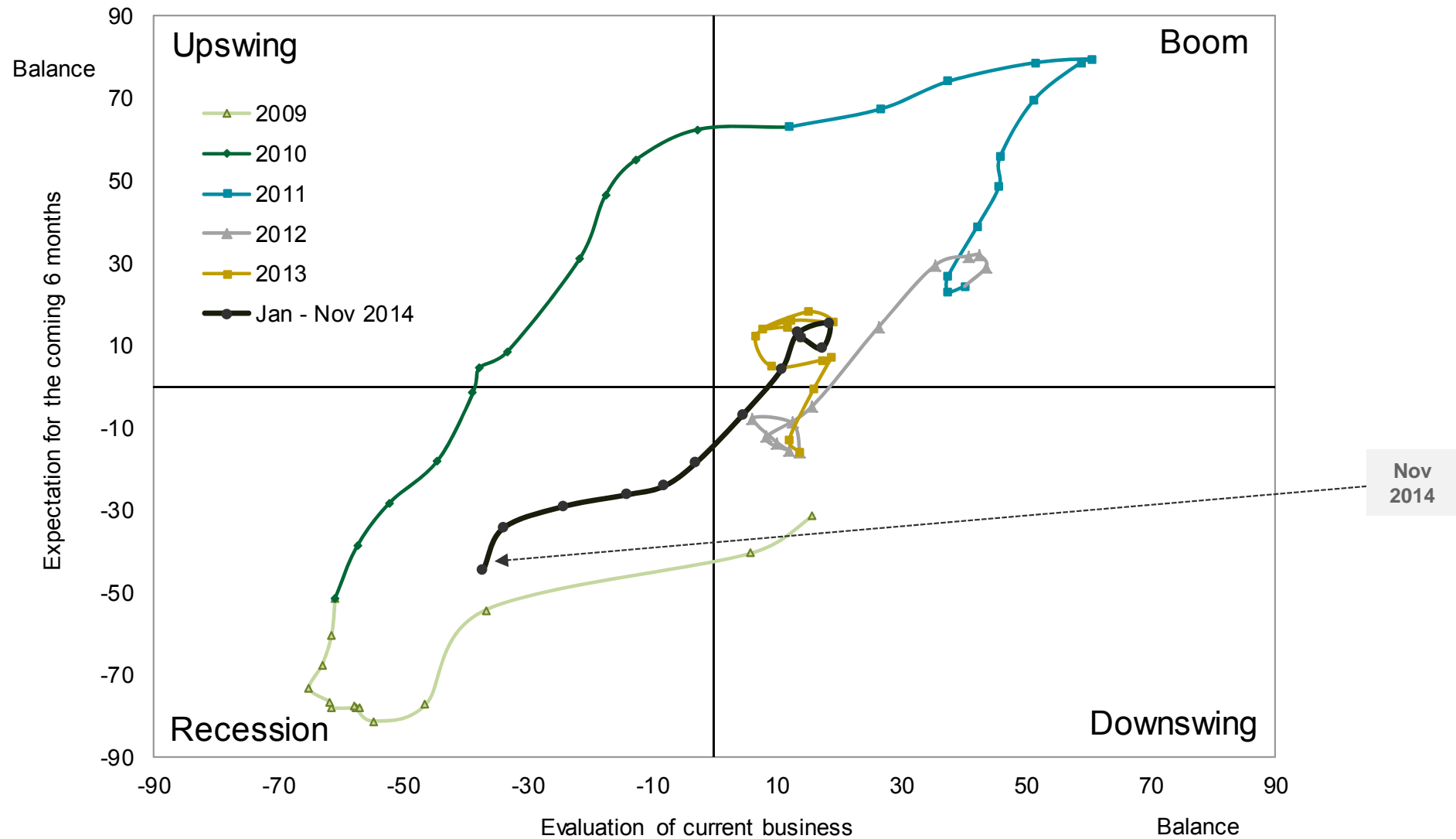
On the other hand, one cannot speak of a uniform development for the whole sector. There are still several companies that are quite satisfied with their business and still look positively into the future. Technology for the dairy farms seems to remain strongly demanded for certain product types. Perspectives for the smaller lawn, municipal and garden machines are supposed to stay robust.

According to the single market expectations in total, Spain is the only country left on the ranking where a slight majority of optimists remains over the pessimists who expect the market to shrink again. For all the other European markets, expectations have become more cautious, with CIS and France forming the bottom line. Especially the situation in France seems to have worsened again. 9 of 10 French companies registered a decline of their new order intake in October from their home market. Less than 15% of the European industry expects this market to grow in the next half year.

The employment in the sector is being reduced, mainly for temporary workers.

Business Climate

Illustration of Business Cycle

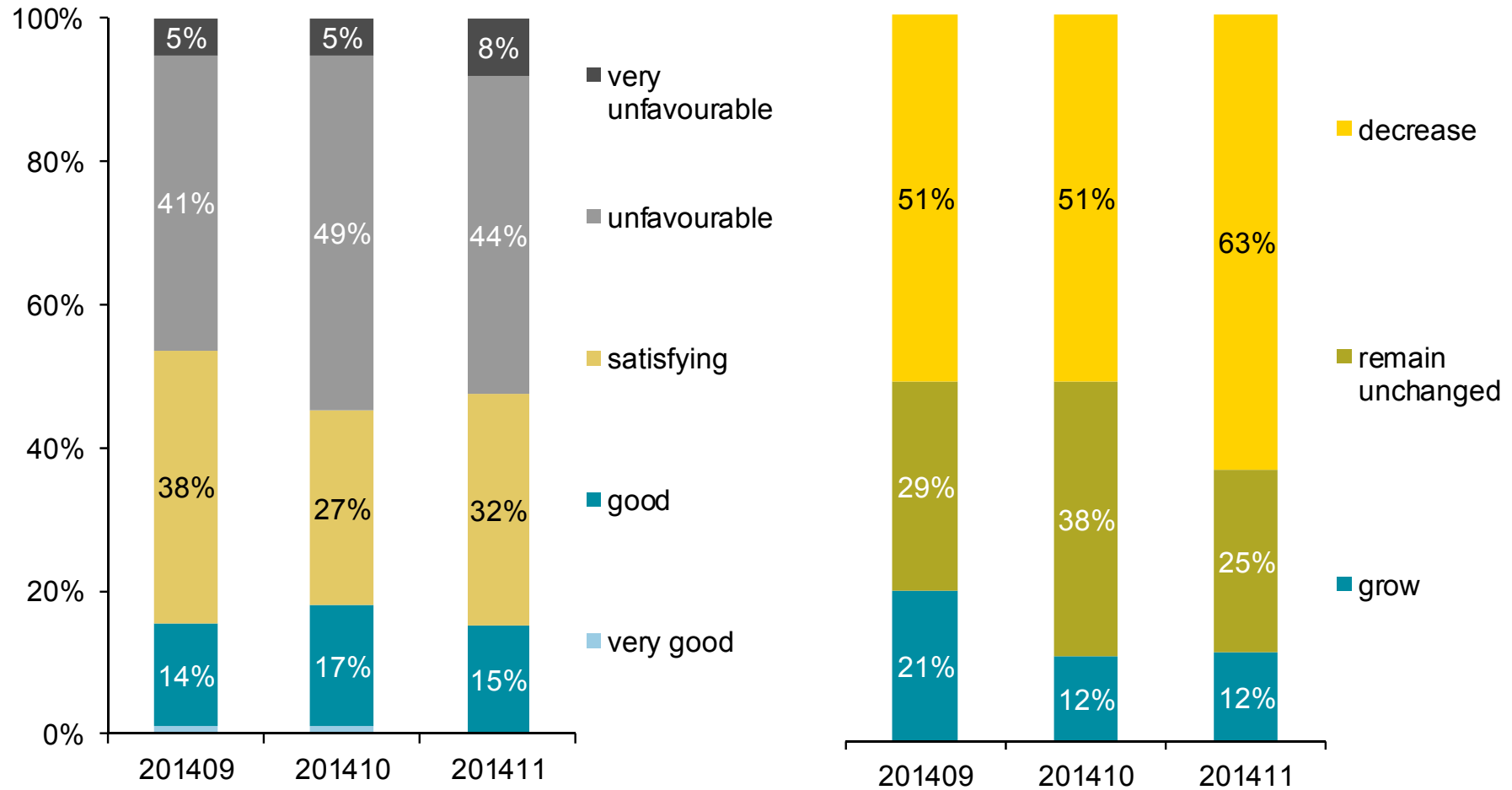


Source: CEMA Business Barometer, each value as an average of the last two months

Small minority of entrepreneurs who are expecting more business again already in the near future

Question: We consider our current business to be

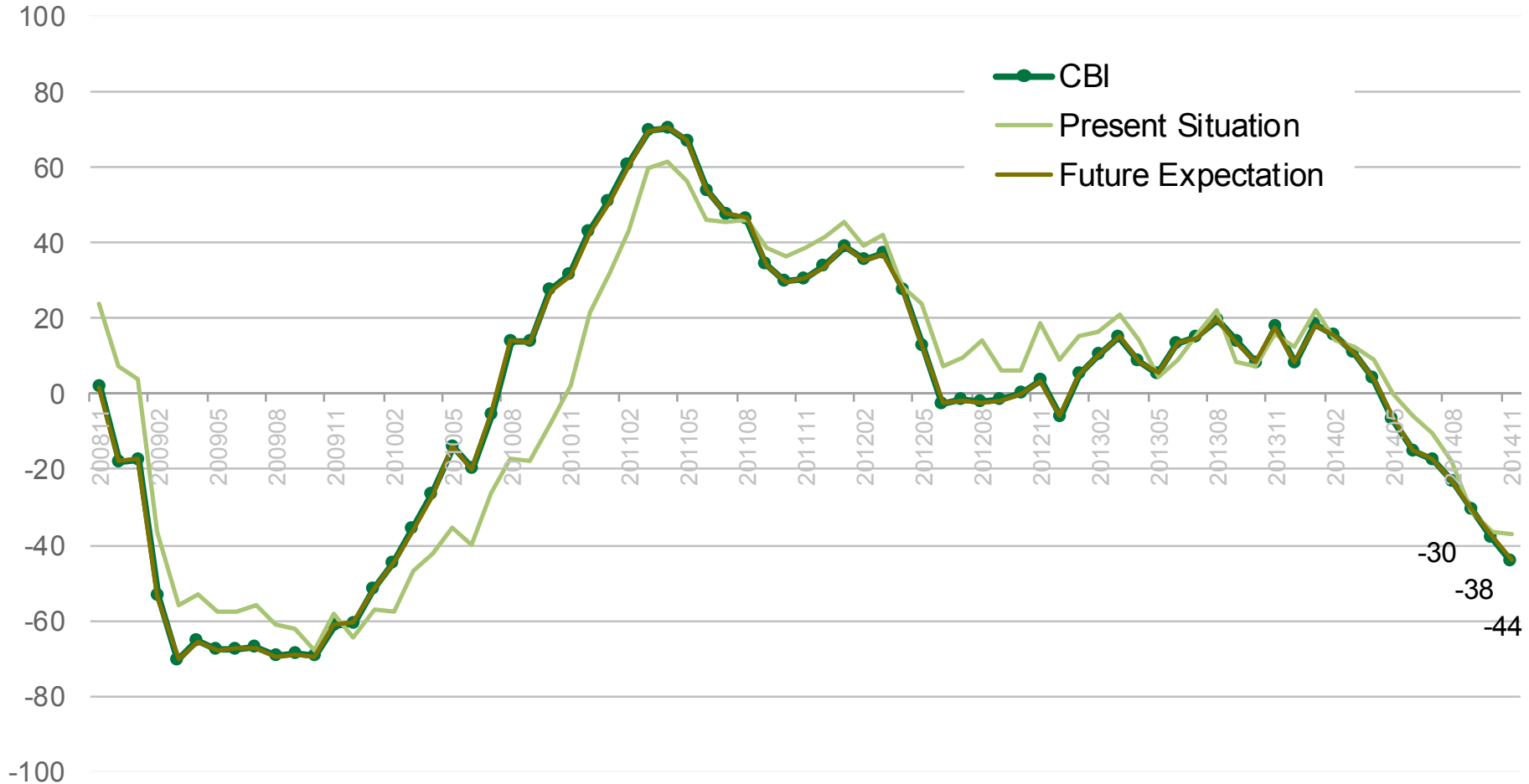
Question: We expect our overall turnover within the next 6 months to....



Source: CEMA Business Barometer

Business climate index with a clear trend line for the past 9 months

CEMA Business Climate Index (CBI)



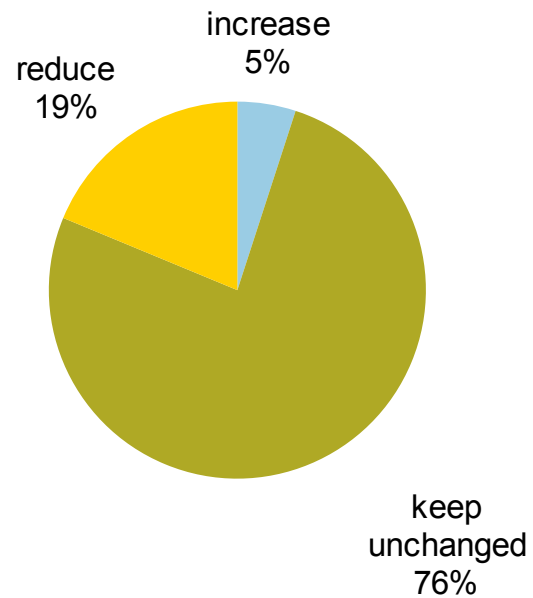
Source: CEMA Business Barometer

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

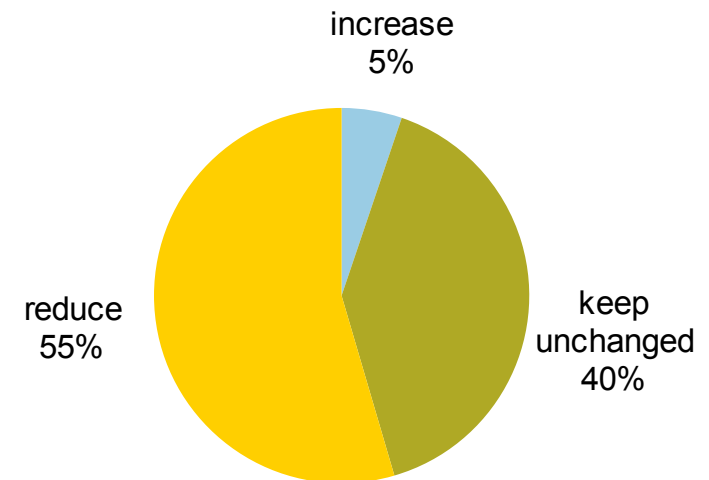
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer November 2014