



CEMA Business Barometer

Survey Report October 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



Adaptations to the tailed off business

Executive summary of the October survey

Business climate of the agricultural machinery sector in October declined by another 8 points. A new trend in this survey was some more hesitation and weaker forecast for Spain, as some manufacturers and importers saw decreasing orders in September, while most representatives from the other countries seem to face the same situation (of decline) as in the past few months. After having been the most satisfied over a long period of time, the German managers now show a discontent with their situation by 50%.

The general weakness of the main markets France, Italy and Germany persists, with Germany keeping still the strongest performance among these three countries, despite recent new order declines. A special weakness was reported in this survey for order intake from the region outside the EU. The decline was about 15% compared to September 2013.

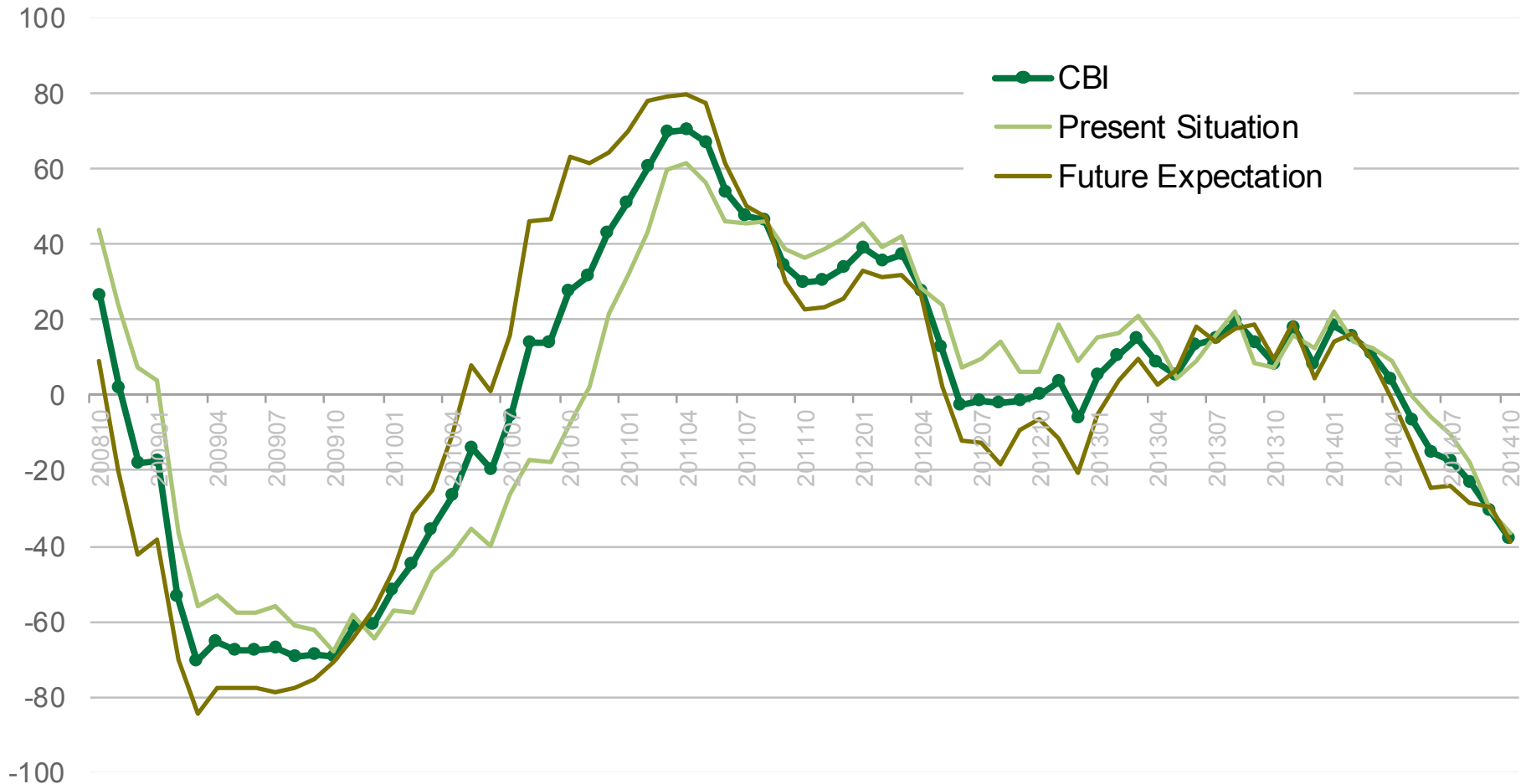
Currently, the tractor and harvesting machinery manufacturers evaluate their economic situation to be worse than average, together with the producers of turf equipment. They are also more sceptical for the outlook compared to the branch average. Component manufacturers expect their orders from OEMs to further decline in the coming 6 months.

On basis of the lower reach of orders on hand, some action has already been taken after the summer break in order to lower the number of temporary workers, that in some companies have had a significant share of total employees in the factories. But still every second company has to take (further) action on this in the next few months. The share of companies that want to already reduce their regular staff increased slightly from 14 to 18%.

Business Climate

Index Development 2008-2014

CEMA Business Climate Index (CBI)

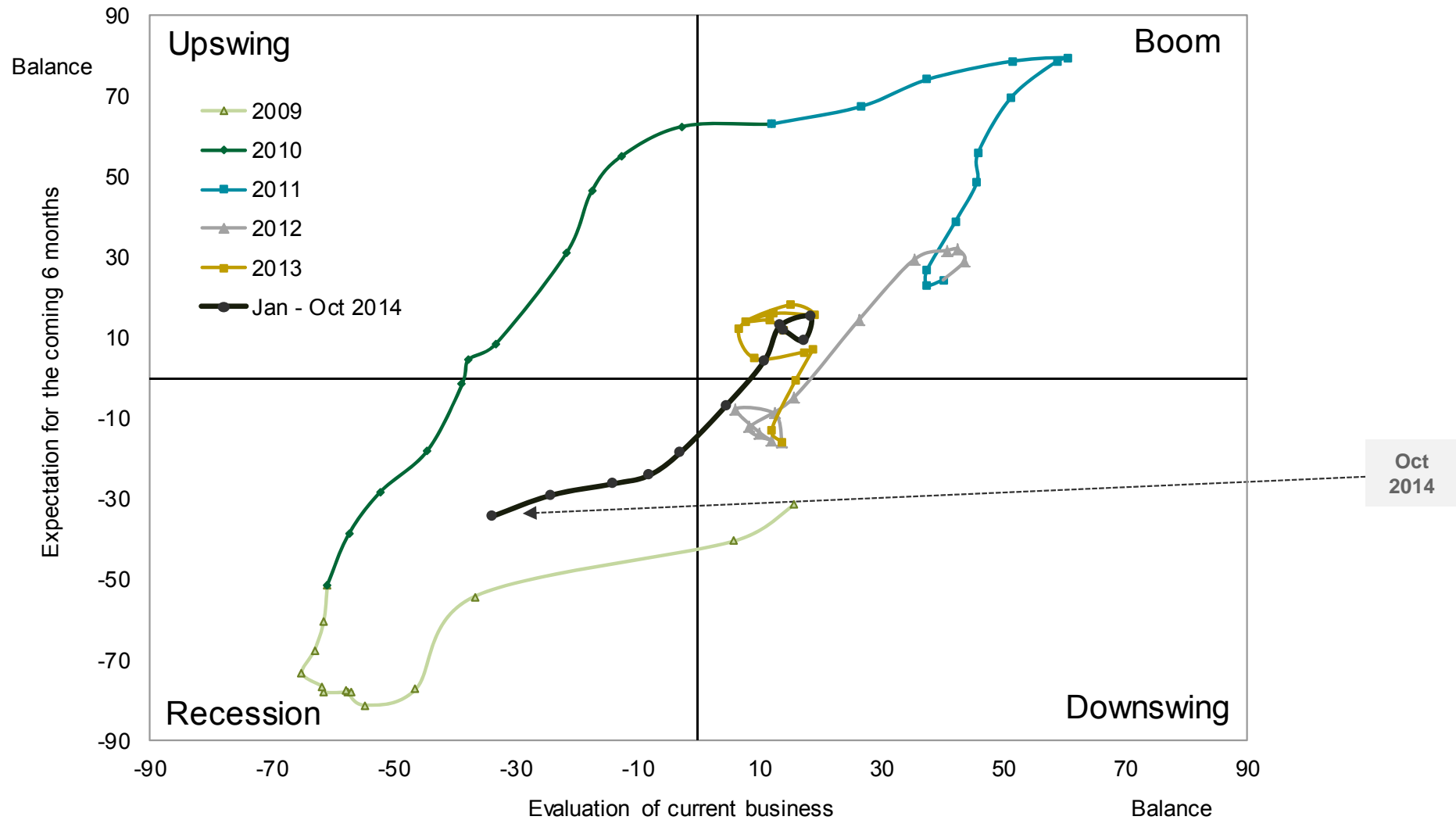


Source: CEMA Business Barometer

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



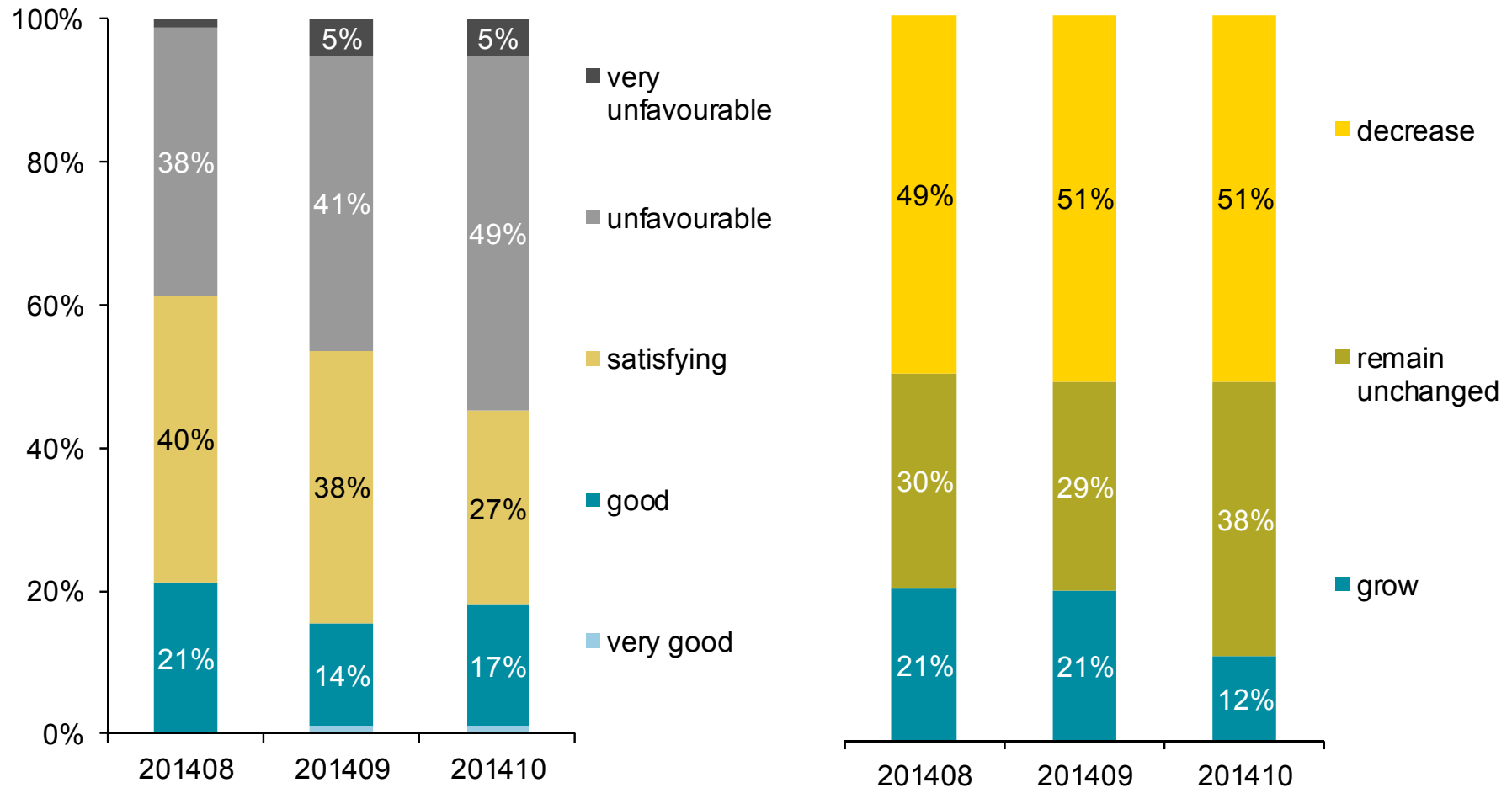
Source: CEMA Business Barometer, each value as an average of the last two months

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....

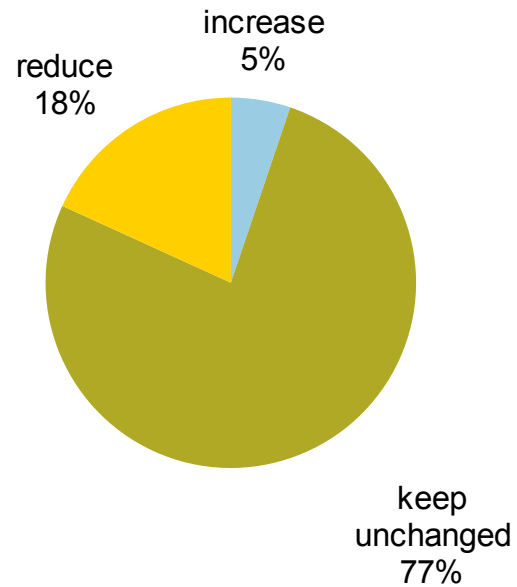


Source: CEMA Business Barometer

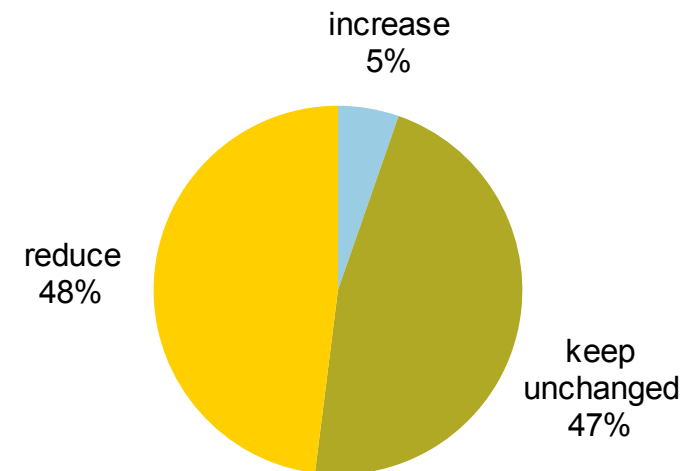
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer October 2014