



CEMA Business Barometer

Executive summary report March 2015



General view on the markets has improved

Executive summary of the March survey

Since its recent lowest level in November 2014, the business climate of the European agricultural machinery industry has permanently improved. The reason behind is mainly a less unfavorable expectation for sales in the near future. Nevertheless, it remains unclear where a new growth should take place, as only two of the 15 European countries and regions in scope are currently seen on the rise: Spain and Switzerland. Behind those two markets, a rather flat development is foreseen for the UK, the Czech Republic and Poland, according to the CEMA survey.

For France and Germany - both markets having a weight of 35-40% within the EU - the perspectives continue to be “bullish”, with around 10% decline for 2015. This trend is confirmed by the last order intake estimates.

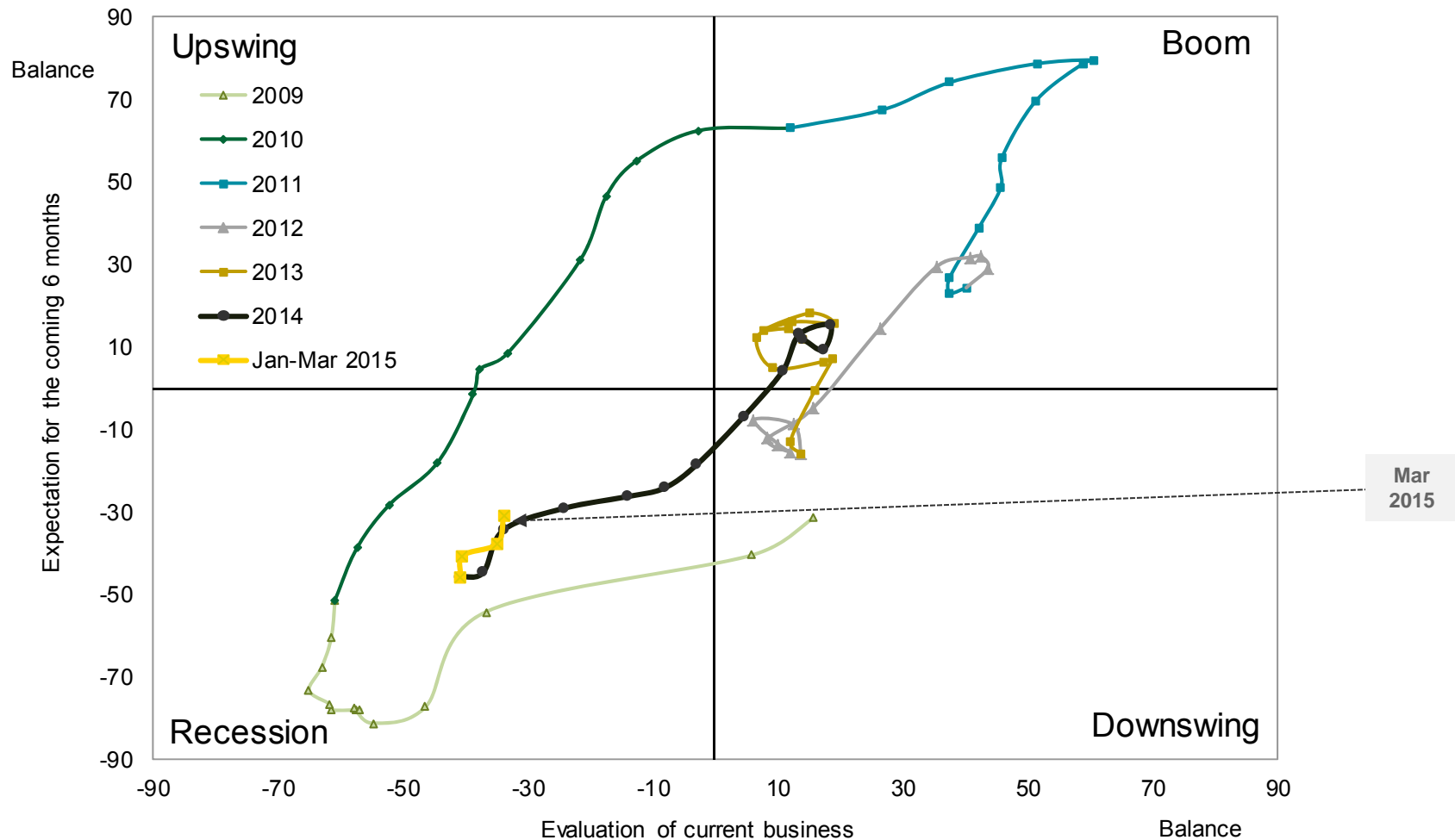
For both the EU and outside EU markets, the total new order levels of the industry declined by another 5% approximately in February.

An update of the quarterly turnover forecast for 2015 lead to similar results compared to December: An expected decline by around 3% for the total Western European industry. Every third company sees certain growth for their business in 2015, while 60% of the answers range from “flat” to -20%.

In the international context, the European industry sees an above average decline of the markets in their home region, while the general expectation for the overseas markets – including the USA – is not that bad.

Business Climate

Illustration of Business Cycle

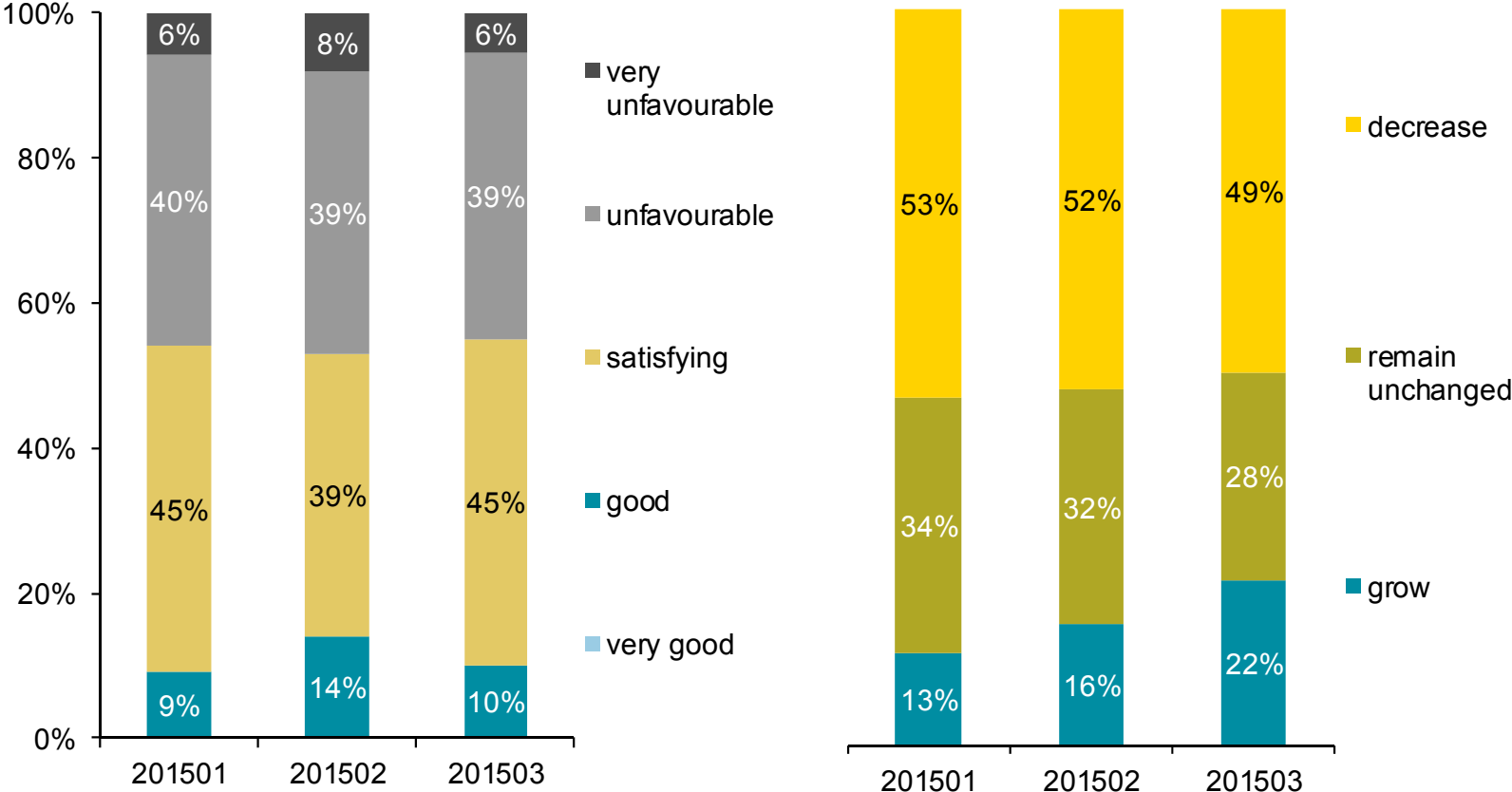


Source: CEMA Business Barometer, each value as an average of the last two months

Optimists are getting some ground referring to near future sales

Question: We consider our current business to be

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

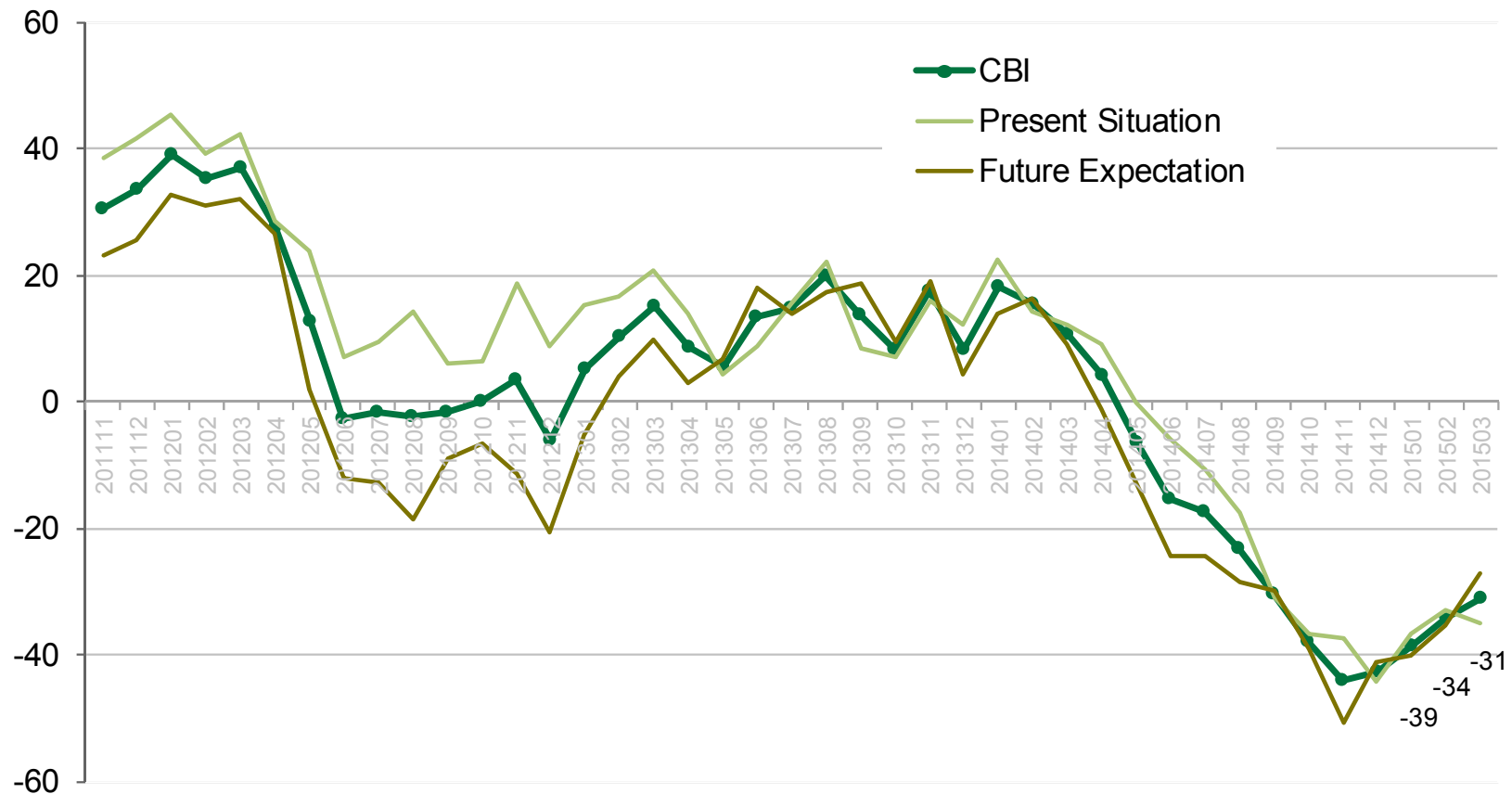


Source: CEMA Business Barometer



Constant and slight increase of the CEMA Business climate index

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

Not much change for perspectives on the major European markets

Ranking according to the expected turnover on the single European markets


	Country	Index		
		201501	201502	201503
1	Spain	12	9	11
2	Switzerland	-1	4	7
3	UK + Ireland	-1	-4	-2
4	Czech Republic + Slovakia	3	-4	-4
5	Poland	-5	-5	-2
6	Italy	-13	-9	-9
7	Austria	-15	-13	-9
7	Romania	-8	-13	-12
9	Germany	-13	-15	-21
10	Other new EU member states	-11	-19	-21
11	Scandinavia (DK, N, S) + FIN	-5	-20	-21
12	Belgium	-19	-20	-18
13	France	-19	-21	-27
14	Netherlands	-10	-21	-21
15	CIS countries	-50	-52	-50


Status March 2015

Explanatory note:

Possible index scale: from -100 to +100

All single market indications given in the survey are summed up and weighted according to the extent of expected decrease/increase

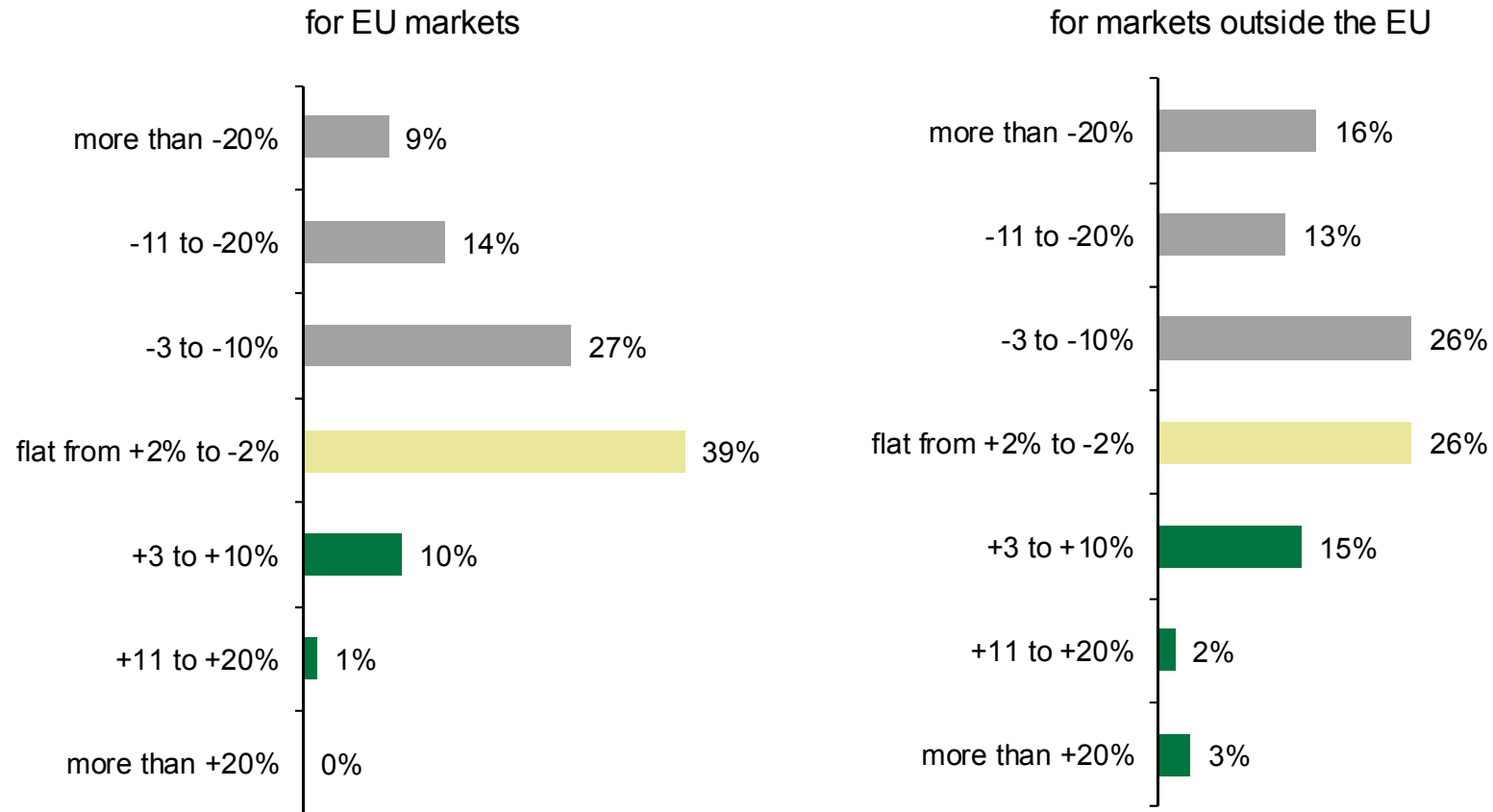
 → positive index value illustrates prevailing expectation for **increasing** turnover in this market over the next six months

 → negative index value illustrates prevailing expectation for **decreasing** turnover in this market over the next six months

Country ranking ascending from highest increase resp. lowest decrease to lowest increase resp. highest decrease. The index figures do not show expected %-change rates in turnover, just the expected trend up/down!

Average -5%/-10% in turnover in February both for European and overseas markets

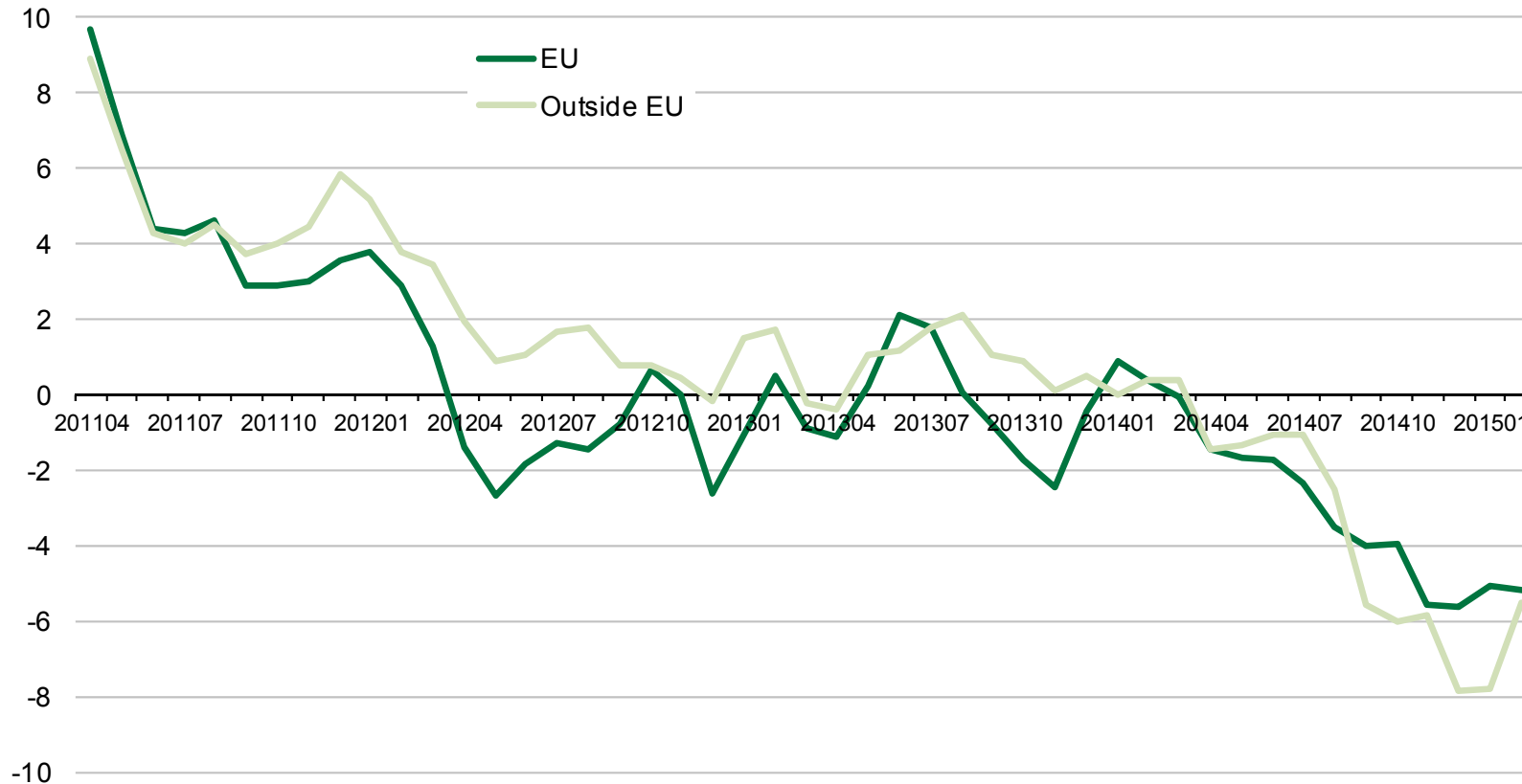
Question: Compared to the same period a year ago our **turnover** in the past month developed as follows:



Source: CEMA Business Barometer March 2015

New orders are performing below 2014 levels

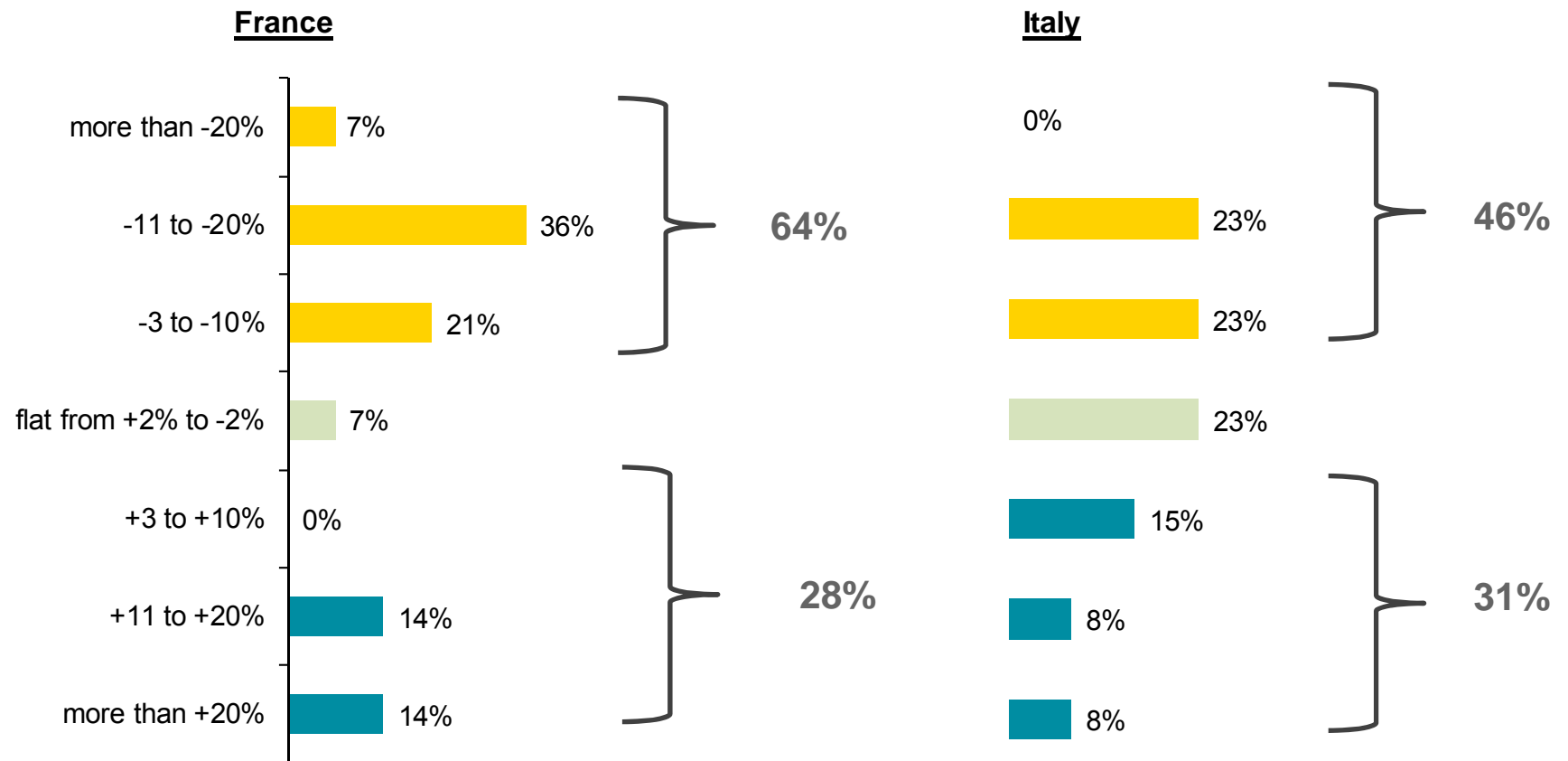
Order intake development: % change trend for EU and non-EU markets
calculated as an unweighted average value and illustrated as an average for the past two months



Source: CEMA Business Barometer, last indication for Feb 2015

Diverging order intake trends in France and Italy

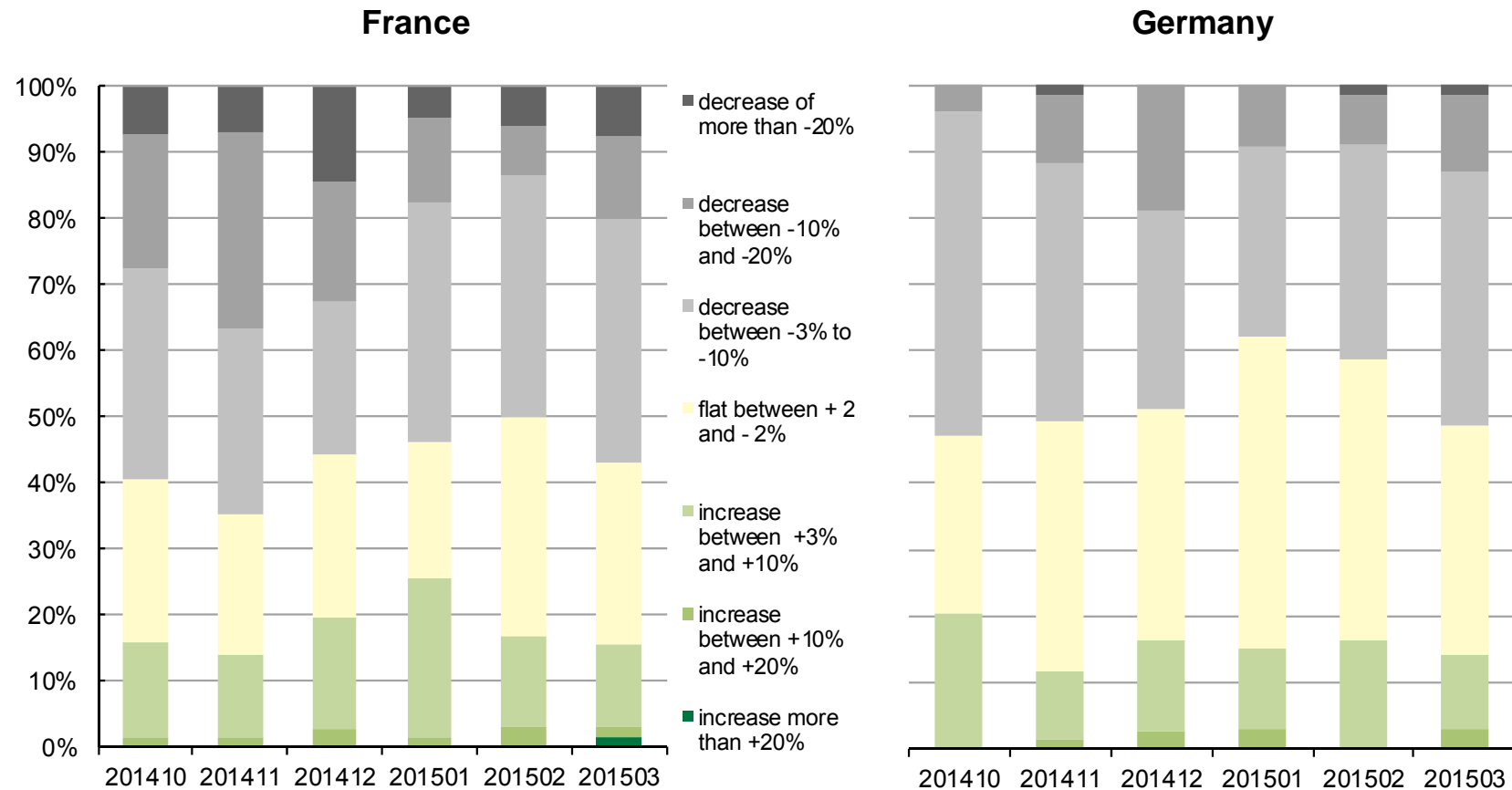
Question: Compared to the same period a year ago, the development of our **order intake** on the domestic market in the past month was...



Source: CEMA Business Barometer March 2015, answers of the French, German and Italian participants referring to their domestic market

Constantly rather negative market expectations for France and Germany.

Question: Turnover expectation for the next 6 months on the two biggest European markets



Source: CEMA Business Barometer

Current Voices of the Industry

Selection of participants' comments with indication of their origin by country

- ▶ « Revival of European market which started in Q4/2014 continues in the new year (UK, Southern and Central Europe). Situation in CIS unchanged: Investment decisions are blocked by the rouble exchange rate and lack of government support. » (Belgium)
- ▶ « Our company turnover is supported by the good performance of the viticulture sector, while the arable farming business is rather 30% down. » (France)
- ▶ « We've had a good SIMA Show in Paris end of February with similar number of visitors and a good mood. » (France)
- ▶ « France is the most difficult market. Overall the high HP tractors will face a difficult situation in North America. » (Italy)
- ▶ « It looks like dairy farmers have frozen most investments decisions. They are waiting for the quota system to end and milk prices to increase. We bet on the second half of the year to make the budget. » (The Netherlands)
- ▶ « The market trend will obviously be influenced by the four elections we have within the country this year – whether there will be any subsidies for the modernization of the machinery park or not. But we think that in all case the (national) market will go up. » (Spain)
- ▶ « Exchange rates and commodity prices are impacting hard on our farmers directly and indirectly. Similarly the dealers are feeling the pressure of the strong Pound/weak Euro on both second hand prices and on potentially devalued new stock. » (United Kingdom)