



CEMA Business Barometer

Public excerpt March 2016

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



Investment need highest in Romania, lowest in Germany

Executive summary of the survey in March

The general business climate index has lost a further 4 points. After sharply turning back into negative in the last month, the future expectations further decreased. However, this month it was predominantly the evaluation of the current situation causing the downward move.

Companies from the Netherlands, Austria and Germany, but also from France, regard their current business situation as particularly unfavorable. Companies from the UK, Italy and Spain evaluate the situation better than the rest of Europe. A similar picture reveals the regional comparison by future expectations.

The exceptionally good evaluation of the current situation for lawn, garden and municipal equipment has subsided, however the future expectations continue still above total industry average. The latter holds slightly more pronounced for components. Arable equipment has remained stable when compared to industry average - in both turnover and new order expectations, as well as in the evaluation of the current business climate. On the other side are the segments that are especially affected by low agricultural commodity prices. Livestock equipment ranks very low. Harvesting equipment and tractors are also coming off badly regarding these indicators.

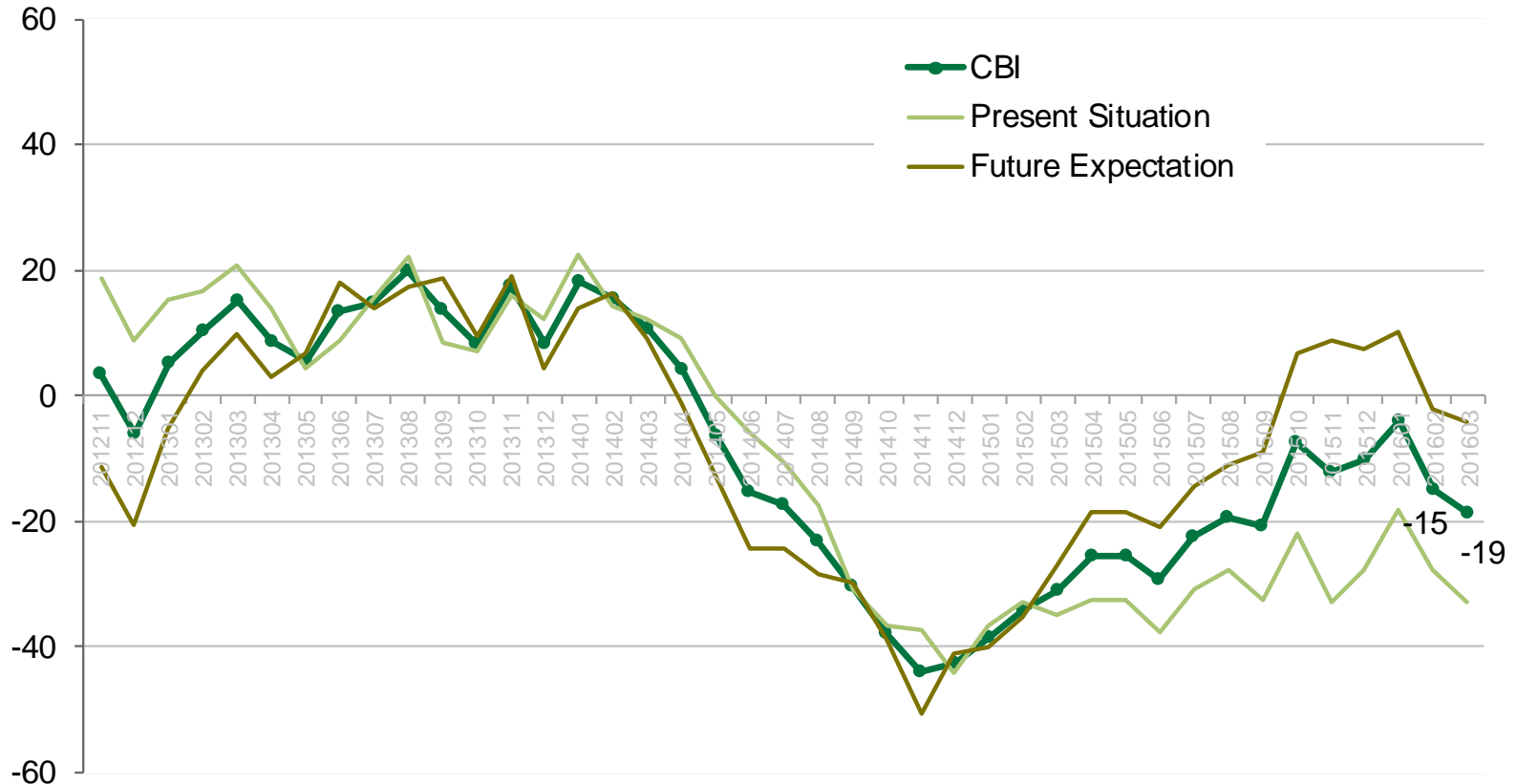
Looking at the market side by region, the overall picture of the last months has once again solidified. The countries of Romance languages and Scandinavia continue leading the ranking. For Poland and Germany a wide majority of the survey participants expect turnover decreases.

Independently thereof, the highest investment need for agricultural machinery is seen for Romania, followed by the CIS, Poland, other new EU members and Spain. Germany is considered to have the lowest investment need, followed by Austria, the Netherlands, Switzerland, Belgium and also France.

With a view to the global market, Asia is the only region in which the participants expect their turnover to develop better than on global average. The worst outlook persists for Latin America.

Business Climate Index Development

CEMA Business Climate Index (CBI)

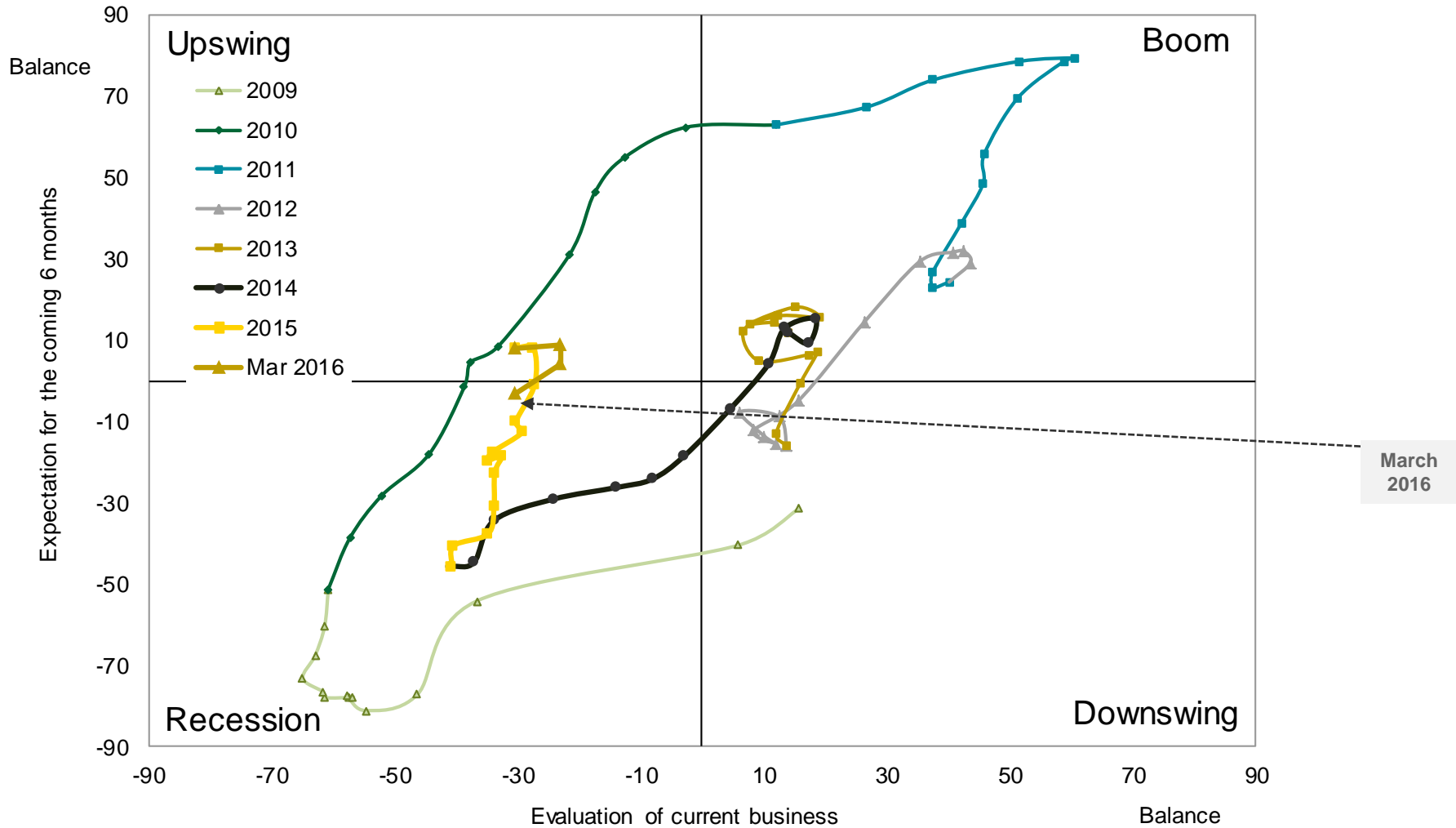


Source: CEMA Business Barometer

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

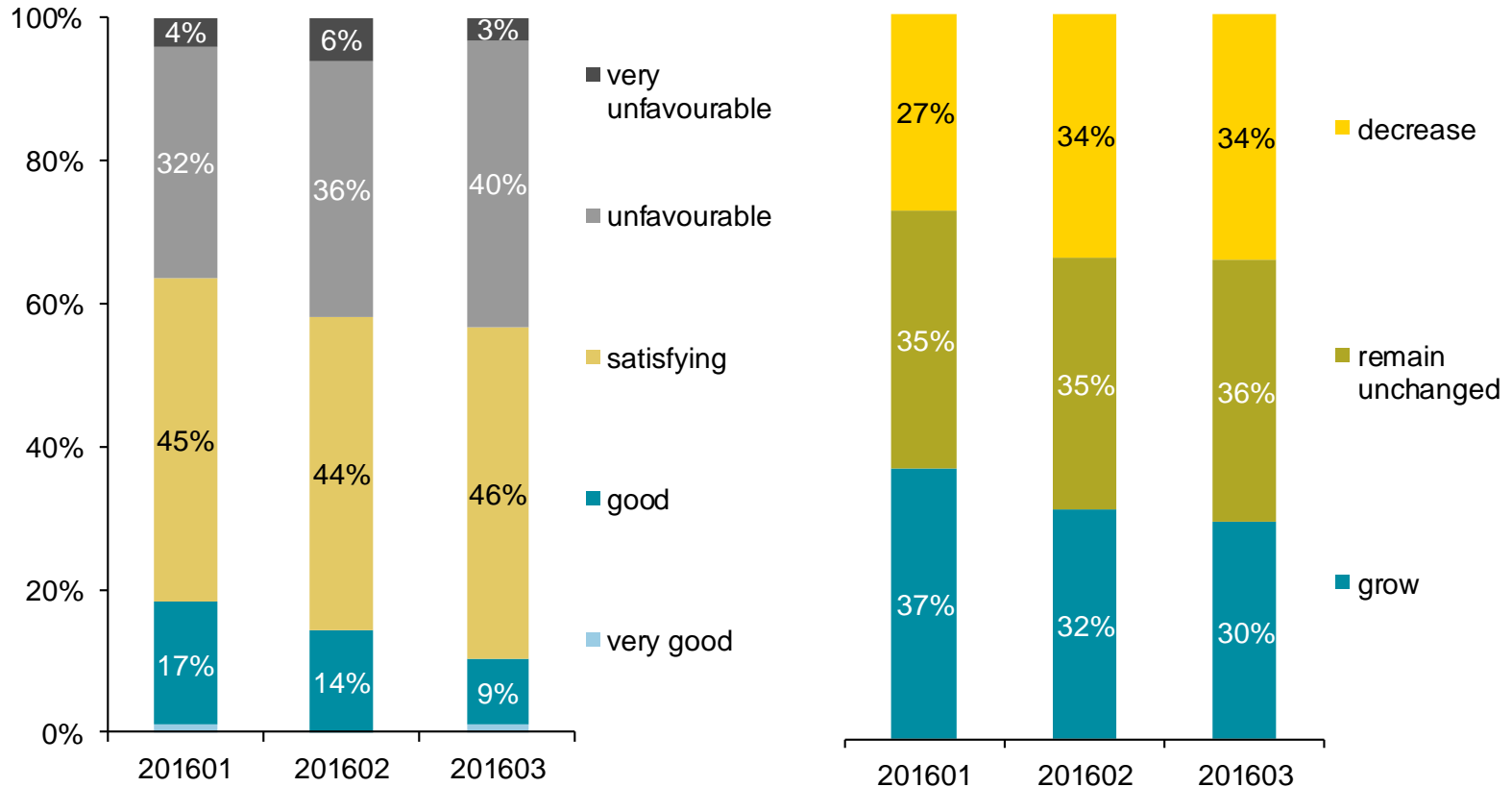


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

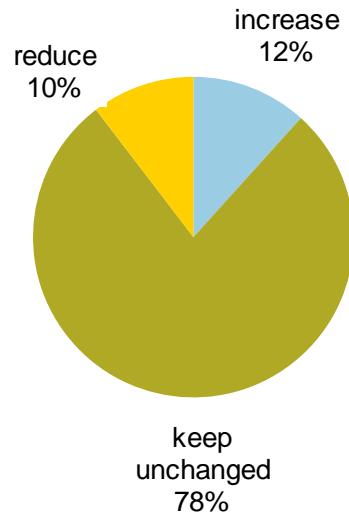


Source: CEMA Business Barometer

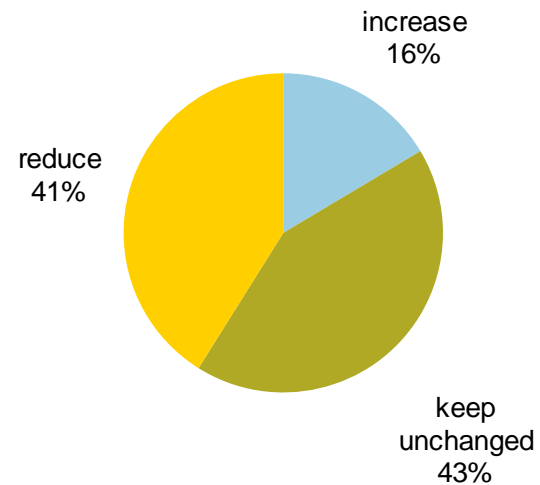
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer March 2016