



CEMA Business Barometer

Survey report – December 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



Cautious, but confident outlook for 2015

Summary of the December survey

The agricultural machinery sector finishes the year 2014 with still a high level of sales, but most of the companies experienced a certain drop compared to the (record) previous year. For the total sector, EU production is forecast 5-10% below 2013 (to 27 bn. €)

Decline in order intake continued in November, both for the European and non-European markets. The average development was ca. -10%. Accordingly, the rating of the general business situation remains unsatisfactory. On the other hand, slightly more companies do not expect that demand further deteriorates. In the distinction of different branch segments, it becomes clear that the manufacturers of livestock equipment and garden/turf equipment show the highest confident levels for their sales in the first half of next year.

In the two biggest markets, Germany and France, the last turnover trends were similar compared to the previous year's development, with a decline by ca. 10% in November. Order intake was even weaker in France, but only ca. -5% in Germany. For Italy and Spain, the recent turnover trend seems to have become slightly more positive.

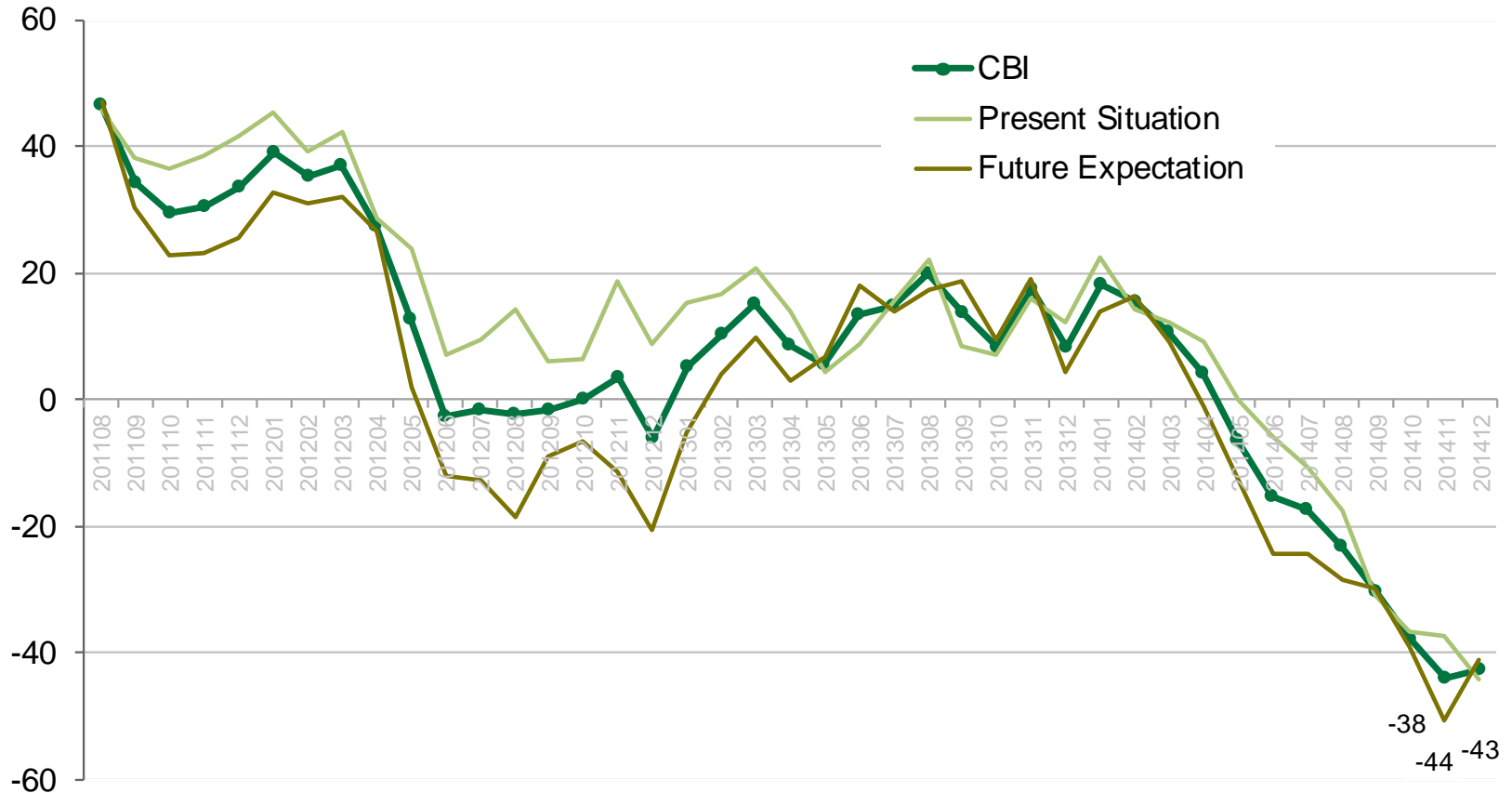
The perspectives for sales in the CIS region stay on a very poor level – only one out of ten company representatives sees a possible increase in the first half of 2015, while 50% expect their turnover in this region to decline by another minimum 10%.

Total turnover forecast 2015: 36% expect a growth, 13% say “flat” and 51% see a decline. More companies reduce their personnel now, including the staff with regular contracts.

Business Climate

Index Development 2011-2014

CEMA Business Climate Index (CBI)

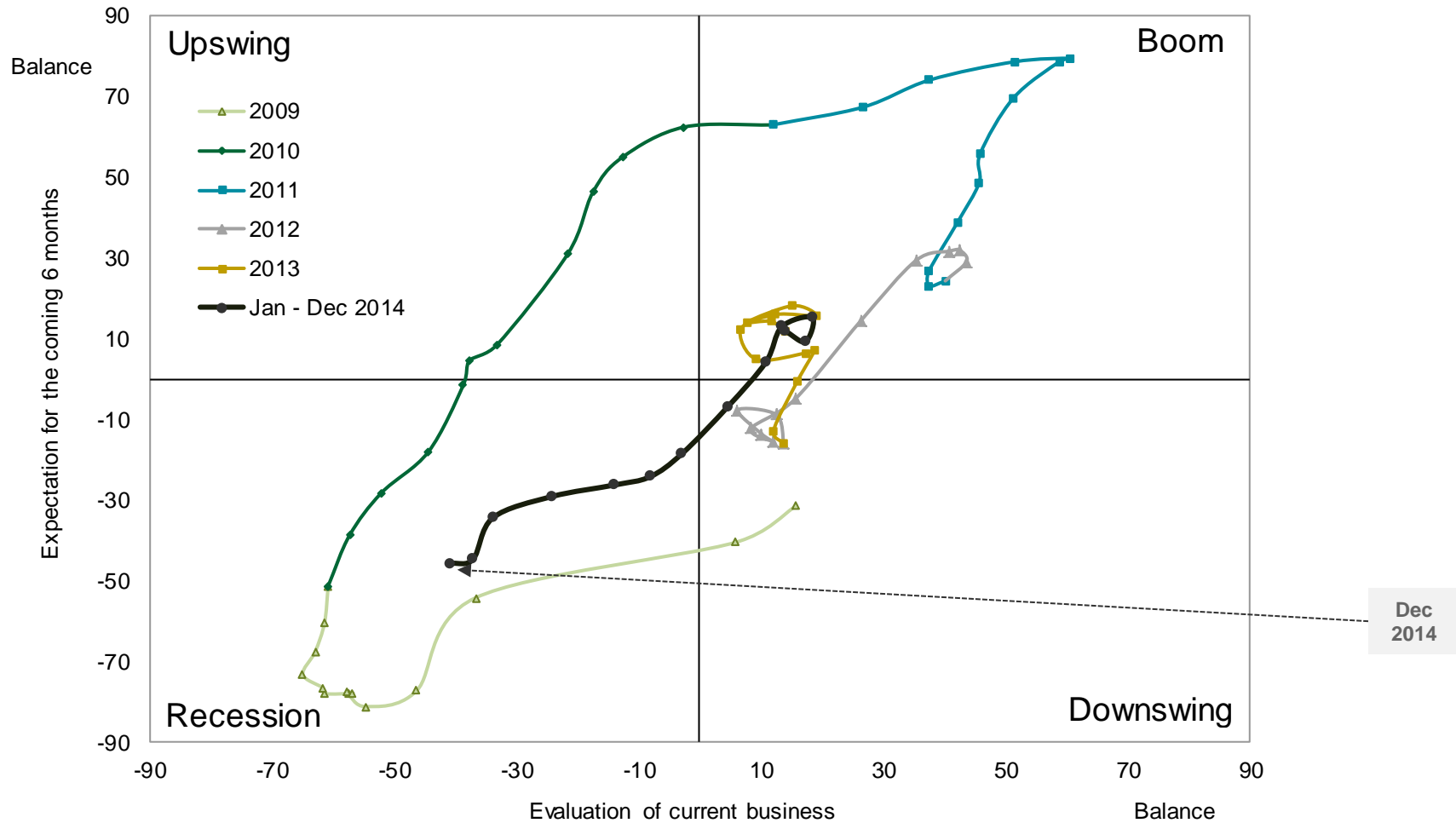


Source: CEMA Business Barometer

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



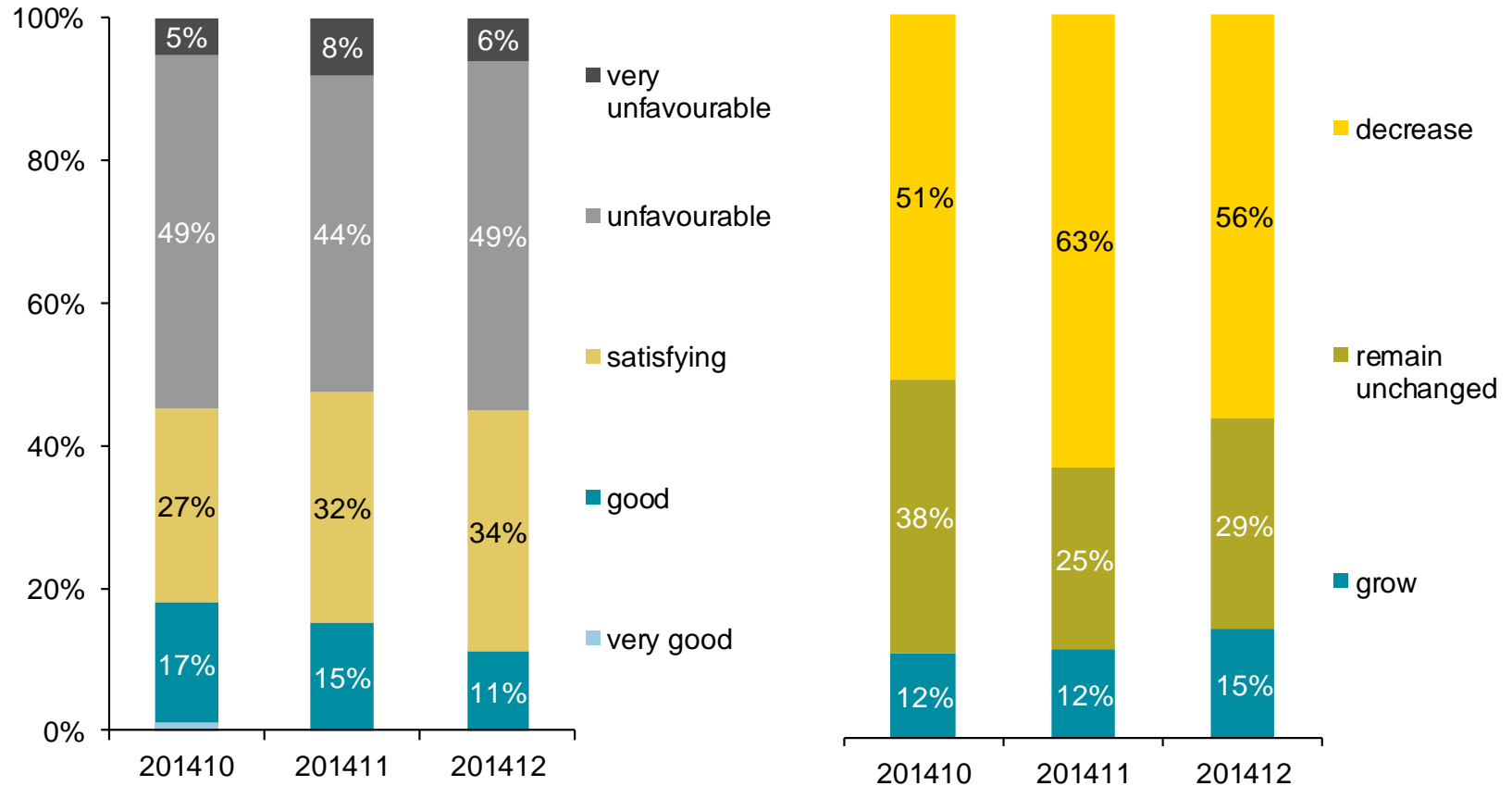
Source: CEMA Business Barometer, each value as an average of the last two months

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....

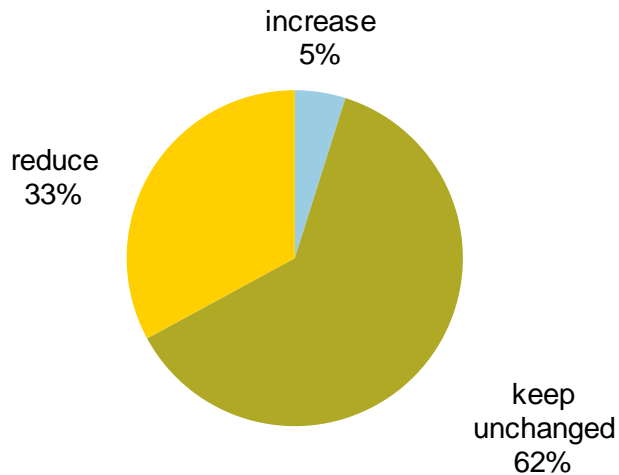


Source: CEMA Business Barometer

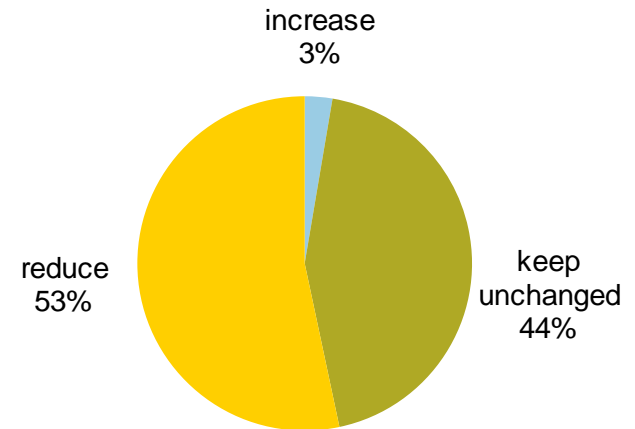
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer December 2014