Agritech Business Barometer

Public report of the survey about the worldwide situation of the agricultural machinery business

May 2015

11th edition

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What is the Agritech Business Barometer?

- **A survey within senior management of the global agricultural machinery industry** (ca. 85% manufacturers and 15% importers)
- **Project managed under the umbrella of the new global network for the agricultural machinery associations and industry: Agrievolution**
- **Around 250 participants from China, (Western) Europe** (represented by CEMA with the results of its separate monthly survey)**, India, Japan, South Korea, Turkey and the United States**
- **Implementation of the survey by the correspondent national associations**
- **Project lead and summary of the results: VDMA** (Germany)
- **Objectives: illustration of the current and future branch development for the most relevant topics of the industry**
    - General evaluation of the business
    - Order intake
    - Turnover
    - Employmenent
    - Delivery times
    - Machinery stocks
    - Farmers´ mood and economic conditions
    - Others
- **Survey periods: April and October** (Start was in 2010)

Indicators for a better business in the months ahead

Executive Summary of the Survey in April 2015

The Agrievolution **business climate** index rises by 7 points with the new survey edition - a fact that might be surprising at first glance. But the improvement only comes from the anticipation of a better business in the next six months, while the current business is evaluated at a similarly low level than in the second half 2014. On a global average, 30% of the agricultural machinery manufacturers regard their situation to be „good“, while 40% describe it as unfavourable.

The **turnover** development in the first 3 months was a clear decline. The estimation for global sales is between -5 and -10%. But regional differences are well pronounced – a more dynamic development is anticipated for the Asian markets, mainly China, but also Turkey. Europe and the USA are facing the most pronounced recession trends. South America did not take part in this survey, but would probably show similar results.

The optimism for a more lively demand in the short future comes from an improved **order intake** situation in several countries, but this upward trends is not predominant yet in America and Europe.

A certain easing of the previous **financing** restrictions is one of the core results of this survey.

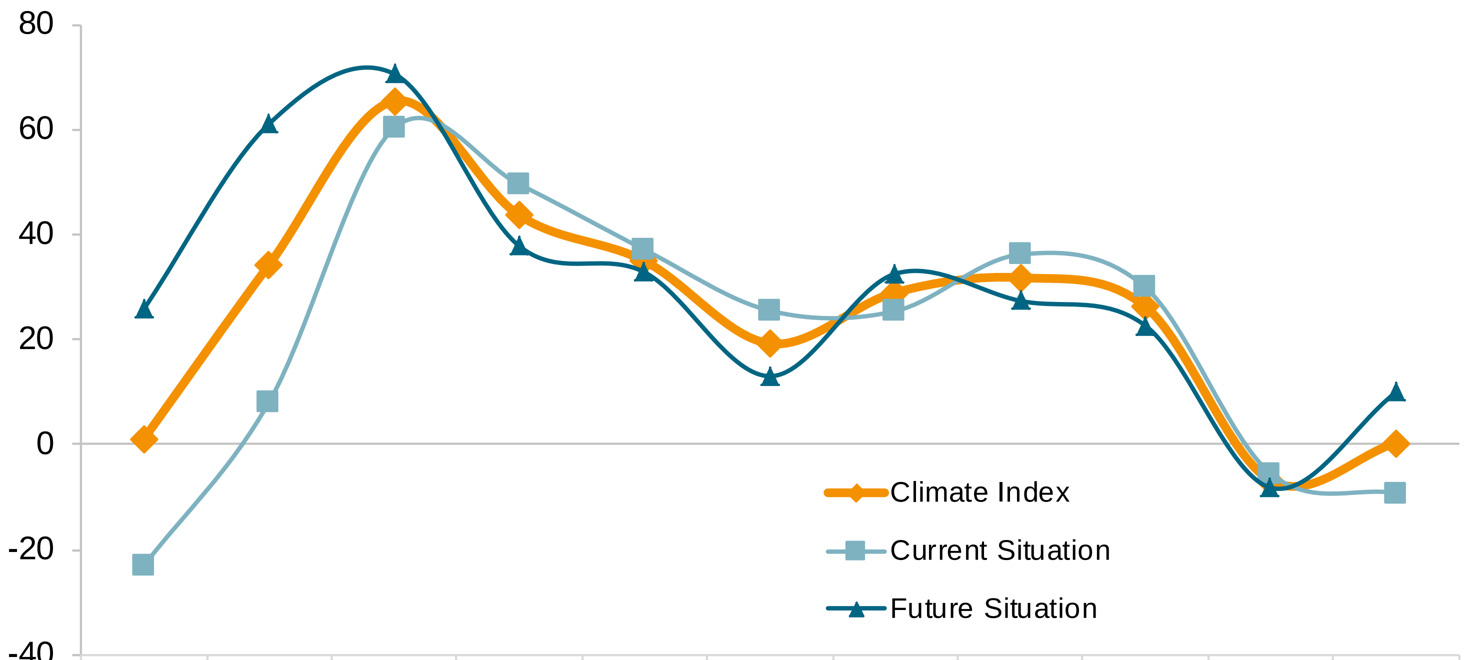
Government support is generally considered to be positive, although there are voices that ask for more activities here, e.g. by the Asian manufacturers to help improving their position on the world markets. Also from the farmers´ perspective, the subsidies still play a major role, with consequent complaints when programs are phased out how it seems to be the case in Turkey now.

The **general mood** of the farmers is worse than in 2014 due to the lower commodity prices and thus profitability. This might not change in the short-term and will rather slow down demand for new machines.

Short-term optimism pushes the business climate for the sector globally upwards

Agritech Business Climate Index

Possible range from -100 to +100



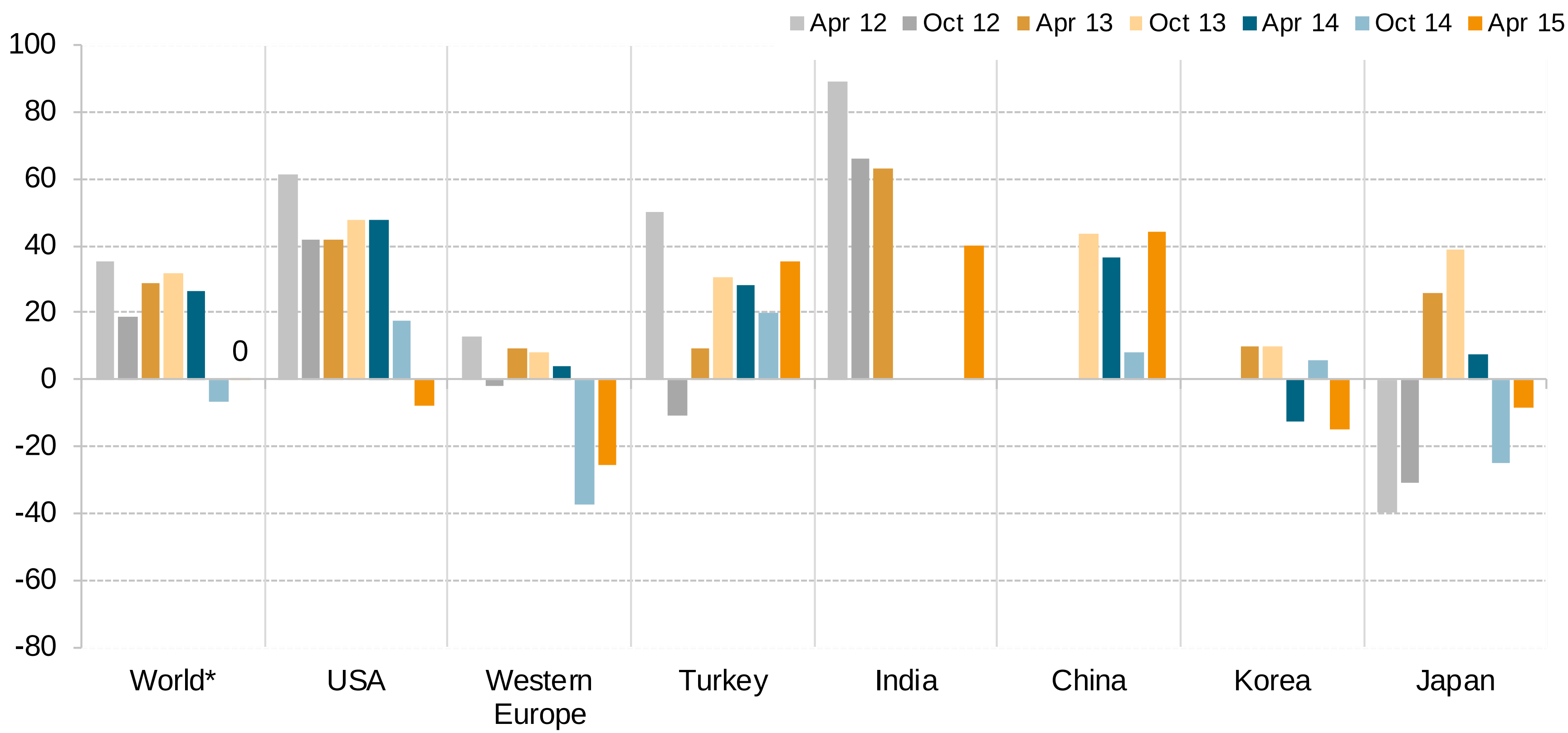
	Apr 10	Oct 10	Apr 11	Oct 11	Apr 12	Oct 12	Apr 13	Oct 13	Apr 14	Oct 14	Apr 15
Climate Index	1	34	65	44	35	19	29	32	26	-7	0
Current Situation	-23	8	60	49	37	25	25	36	30	-5	-9
Future Situation	26	61	71	38	33	13	33	27	23	-8	10

Source: Agritech Business Barometer, Agrievolution — weighted global average

Manufacturers in China, India and Turkey are in a good mood.

Agritech Business Climate Index

Possible range from -100 to +100



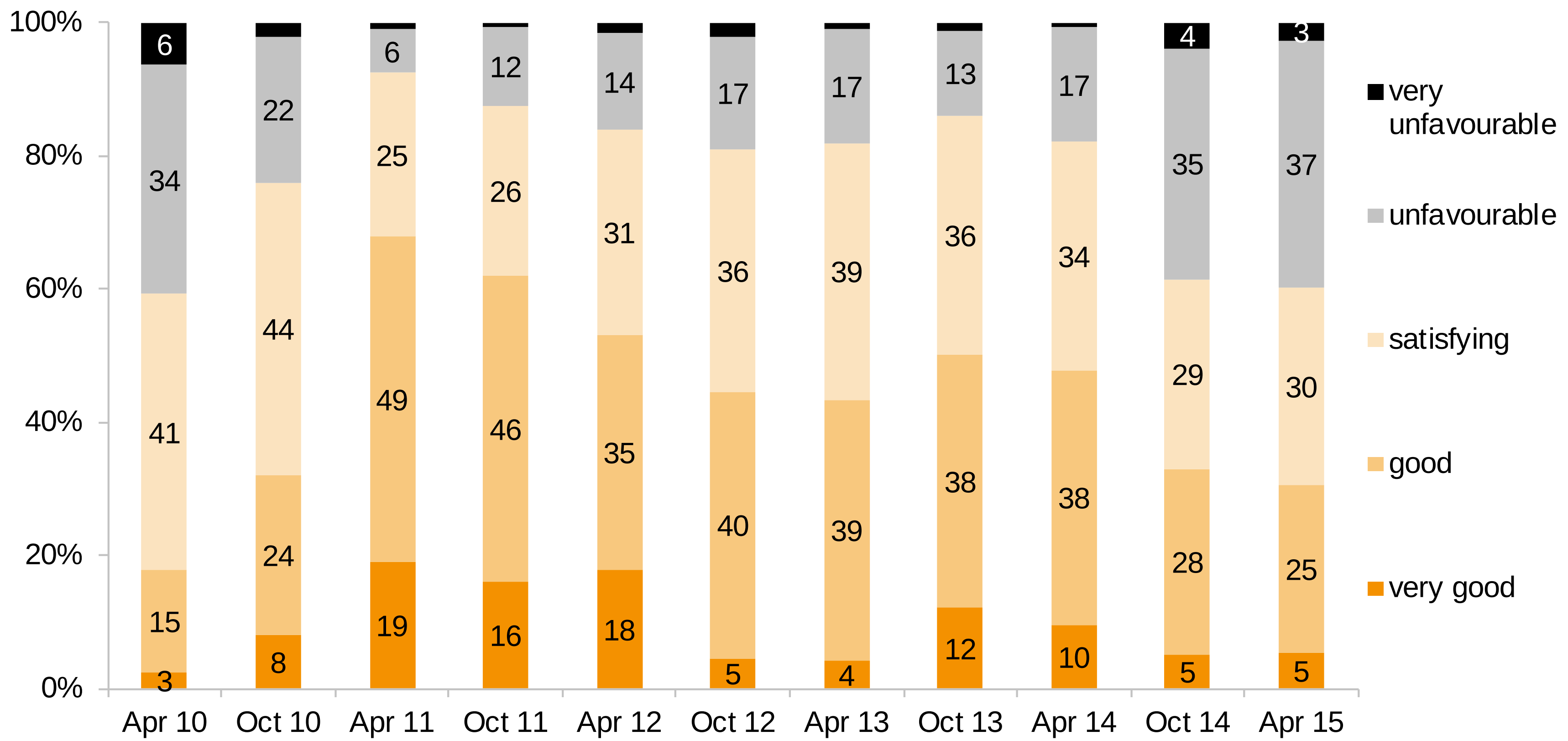
Remark: low number of participants in April 2015 for the US and India that might not be representative for the entire country

Source: Agritech Business Barometer Survey, Agrievolution *weighted global average

Current demand is globally still on a weak level…

Question: We consider our current business to be ….

Answers from manufacturers / importers according to location



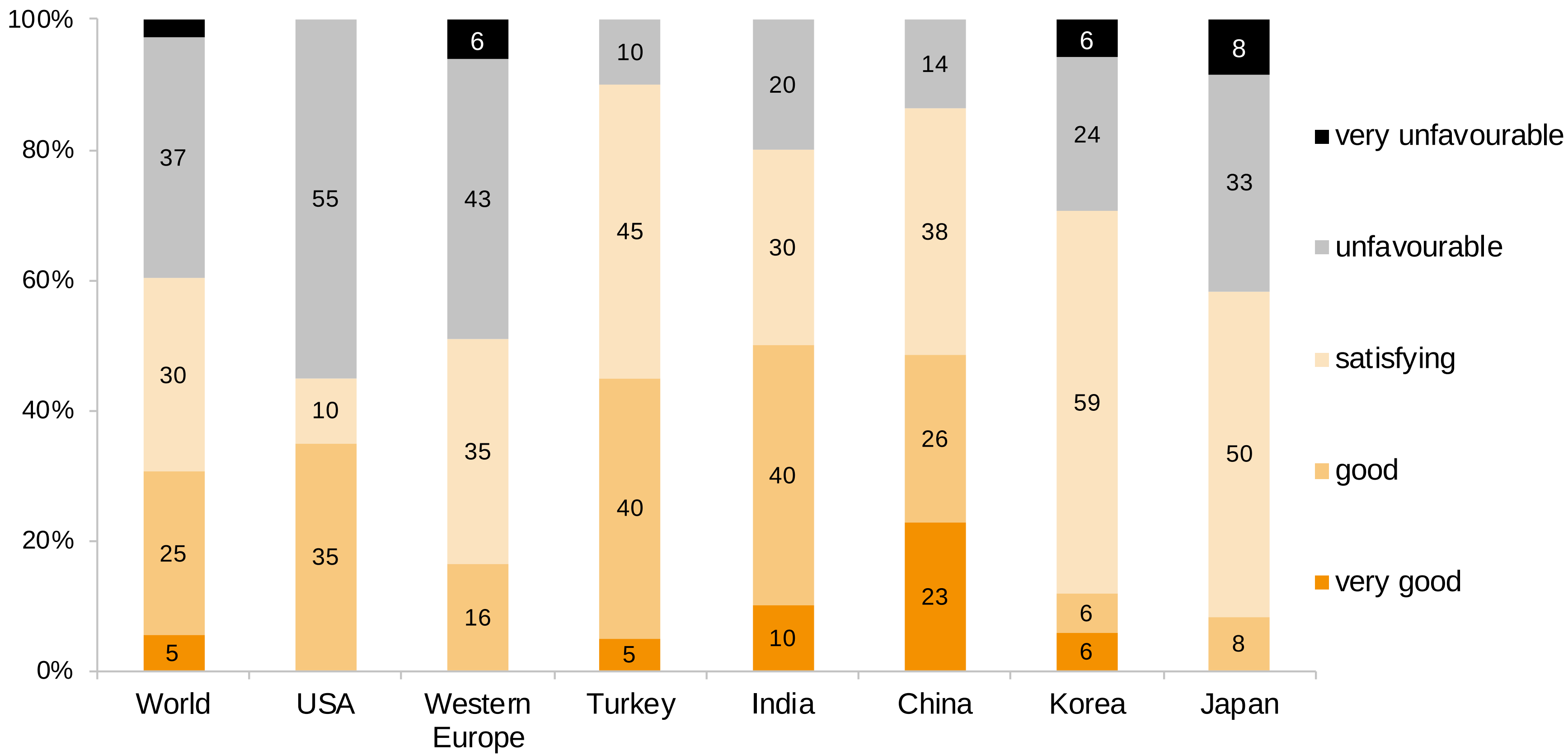
Source: Agritech Business Barometer, Agrievolution

weighted global average

… especially when we focus on the „established markets“ America, Europe and Japan.

Question: We consider our current business to be ….

Answers from manufacturers / importers according to location



Remark: low number of participants for the US and India that might not be representative for the entire country

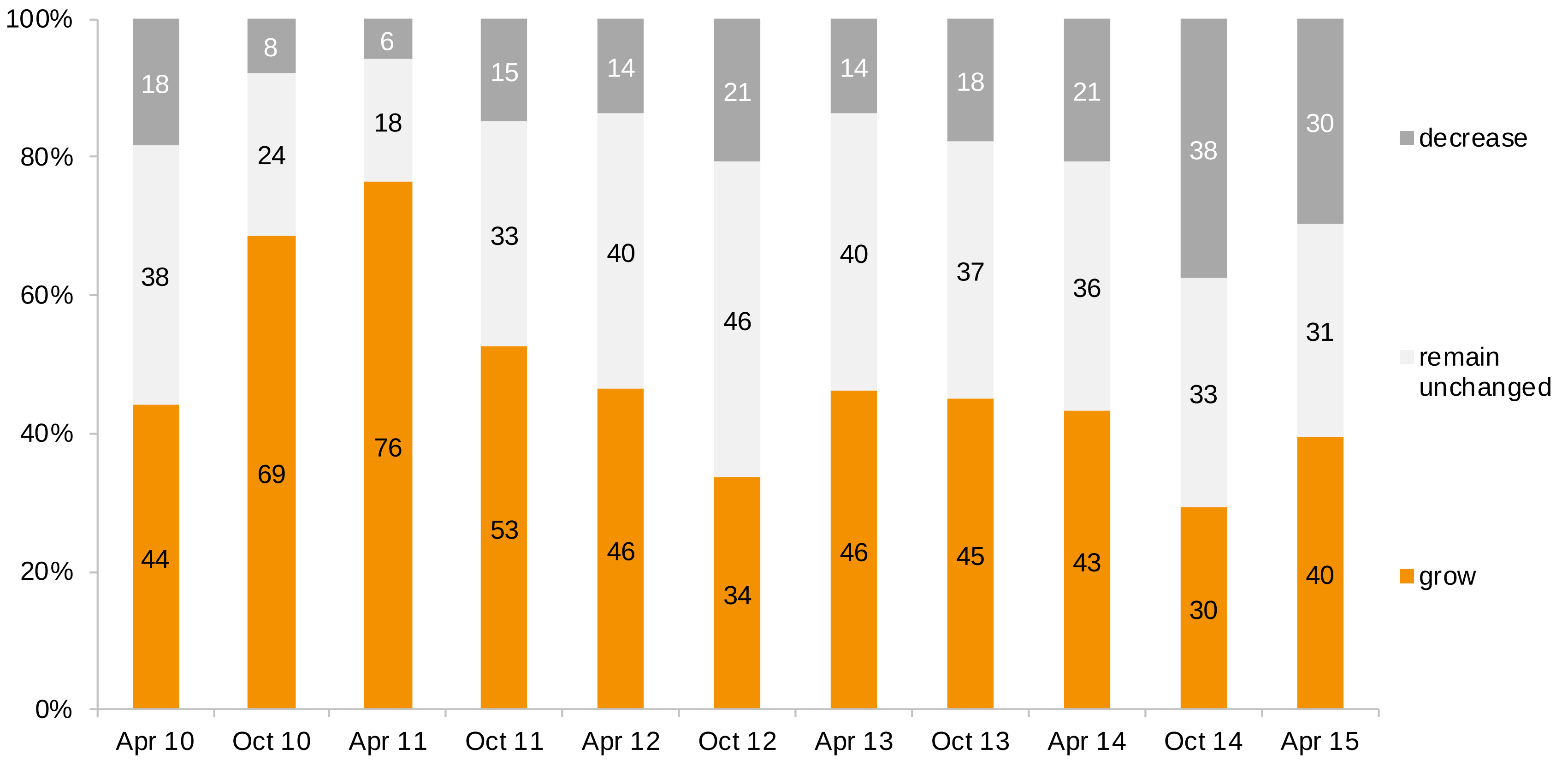
Source: Agritech Business Barometer Survey April 2015, Agrievolution

* weighted global average

But the outlook is more optimistic again.

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

Answers from manufacturers / importers according to location



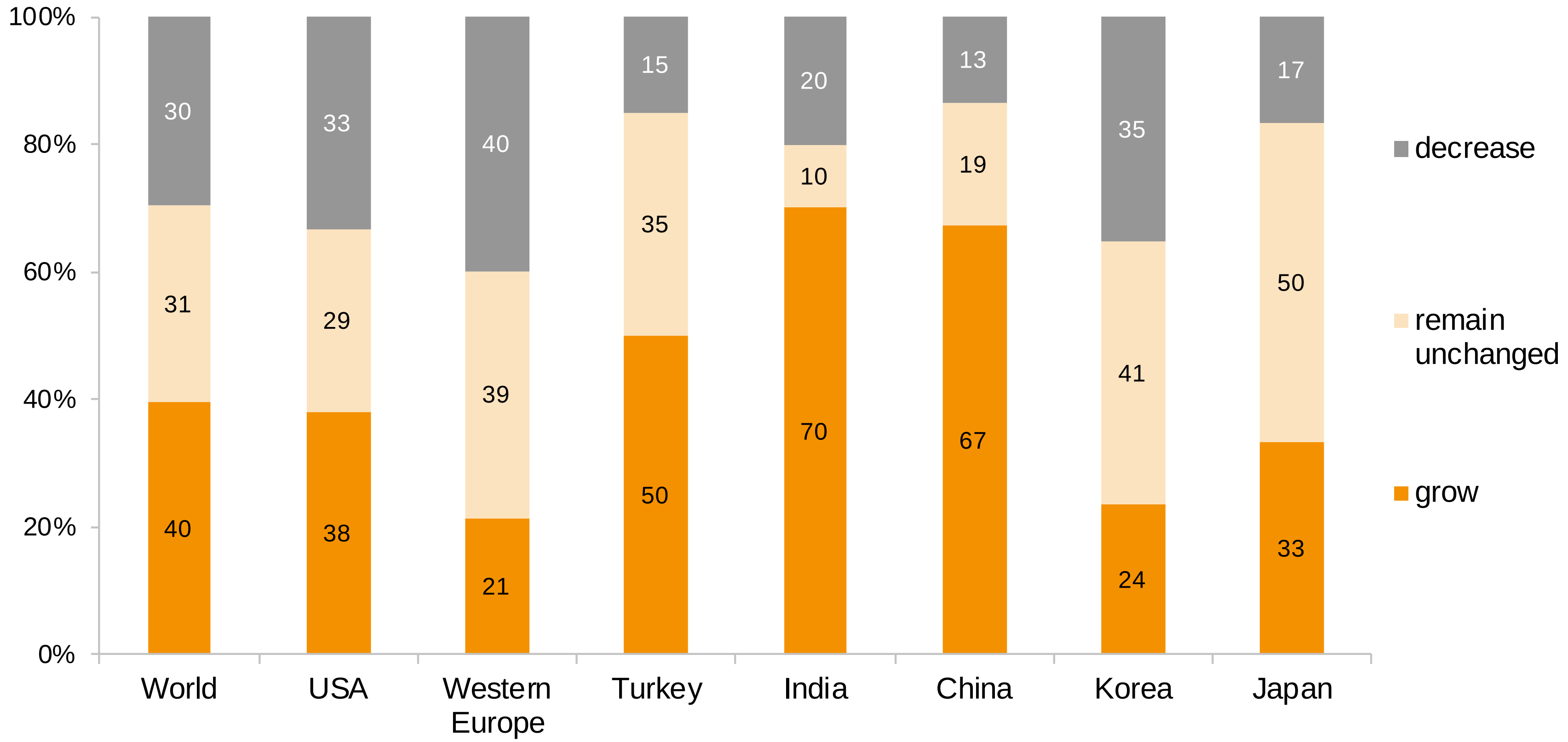
Source: Agritech Business Barometer, Agrievolution

weighted global average

Compared to last survey: More growth perspectives in China, Japan and Europe

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

Answers from manufacturers / importers according to location



Remark: low number of participants for the US and India that might not be representative for the entire country

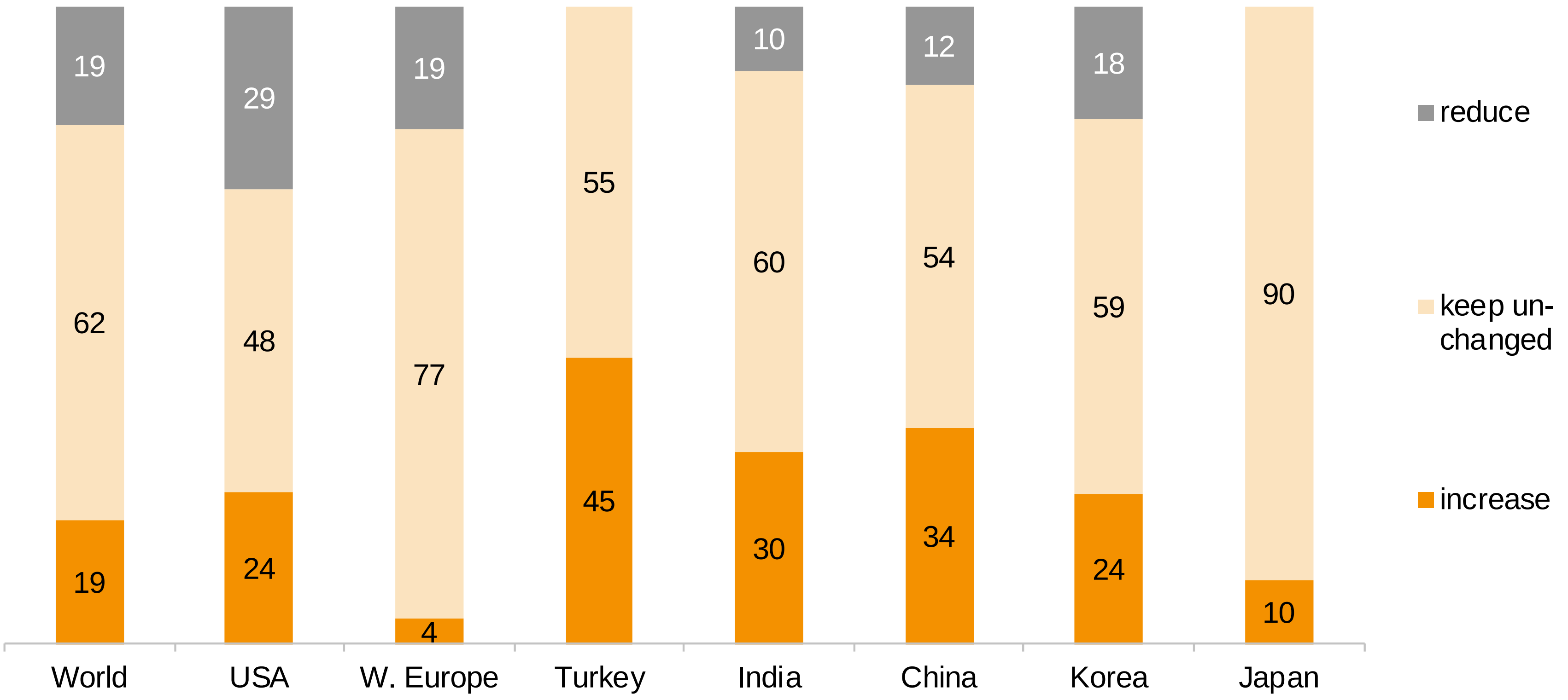
Source: Agritech Business Barometer Survey April 2015, Agrievolution * weighted global average

Accelerated working staff reduction in the US, while the Asian factories are looking for additional people

Agrievolution

Question: Our plans regarding the workforce (regular employees):

in % of the interviewed persons according to country of company location



Remark: low number of participants for the US and India that might not be representative for the entire country

Source: Agritech Business Barometer April 2015, Agrievolution * weighted global average