Agrievolution Business Barometer

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

April 2016

13th edition

Contact: philip.nonnenmacher@vdma.org

What is the Agritech Business Barometer?

- **A survey within senior management of the global agricultural machinery industry** (ca. 85% manufacturers and 15% distributers)
- **Project managed under the umbrella of the new global network for the agricultural machinery associations and industry: Agrievolution**
- **267 participants from China, (Western) Europe** (by CEMA with the results of its separate monthly survey)**, India, Japan, South Korea, Brazil, Russia, 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)

Executive Summary of the Survey in April 2016

The global business climate is back at the low level of October 2014.

Although the global downturn might has come to a halt, at least for the next six month a global recovery is not in sight. On a global scale, the sector seems more likely to stabilize at the current low level.

In comparison with October 2014, the current situation is evaluated significantly worse, while the future expectations improved and are now slightly in the positive. However, compared with the last two surveys in 2015, the future expectations are far more muted – in particular the expectations from companies located in Western Europe. This is the main cause for the relapse of the global business climate. The further deterioration of the current business of the US industry is an additional reason.

Regarding the global industry´s expectations for the single markets in the next six month, East Asia is leading the ranking, followed by Africa. For North and Latin America a majority of the survey participants expect turnover decreases.

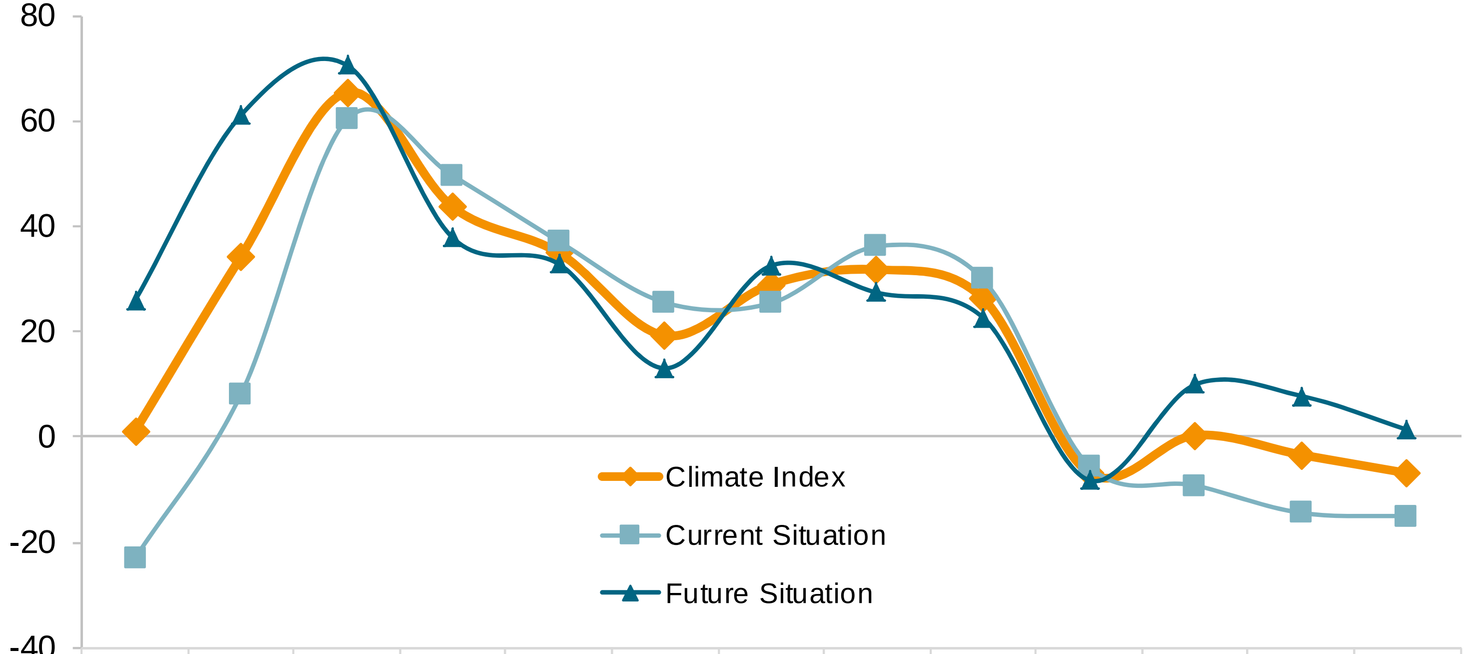
A large majority of Japanese and Russian industry representatives, but also one third of the Turkish participants, report about changes in government programs with positive effects on demand for agricultural machinery in their countries. This could be one explanation, why contrary to other locations, the volume of orders did not decrease in Russia, Japan and Turkey.

Apart from Russia the general mood of farmers remains largely negative due to the low commodity prices and thus profitability. This might not change in the short-term. The industry´s evaluation of the impact from energy production to its end customer is worst in the US. Europe leads the negative ranking concerning the impact from crop and animal production. On the other side, Russian participants report high credit loan restraints.

Global business climate has returned back to the low level of October 2014

Agrievolution 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	Oct 15	Apr 16
Climate Index	1	34	65	44	35	19	29	32	26	-7	0	-3	-7
Current Situation	-23	8	60	49	37	25	25	36	30	-5	-9	-14	-15
Future Situation	26	61	71	38	33	13	33	27	23	-8	10	8	1

Source: Agrievolution Business Barometer — weighted global average

This time´s decline mainly caused by deterioration of European Industry´s future expectations

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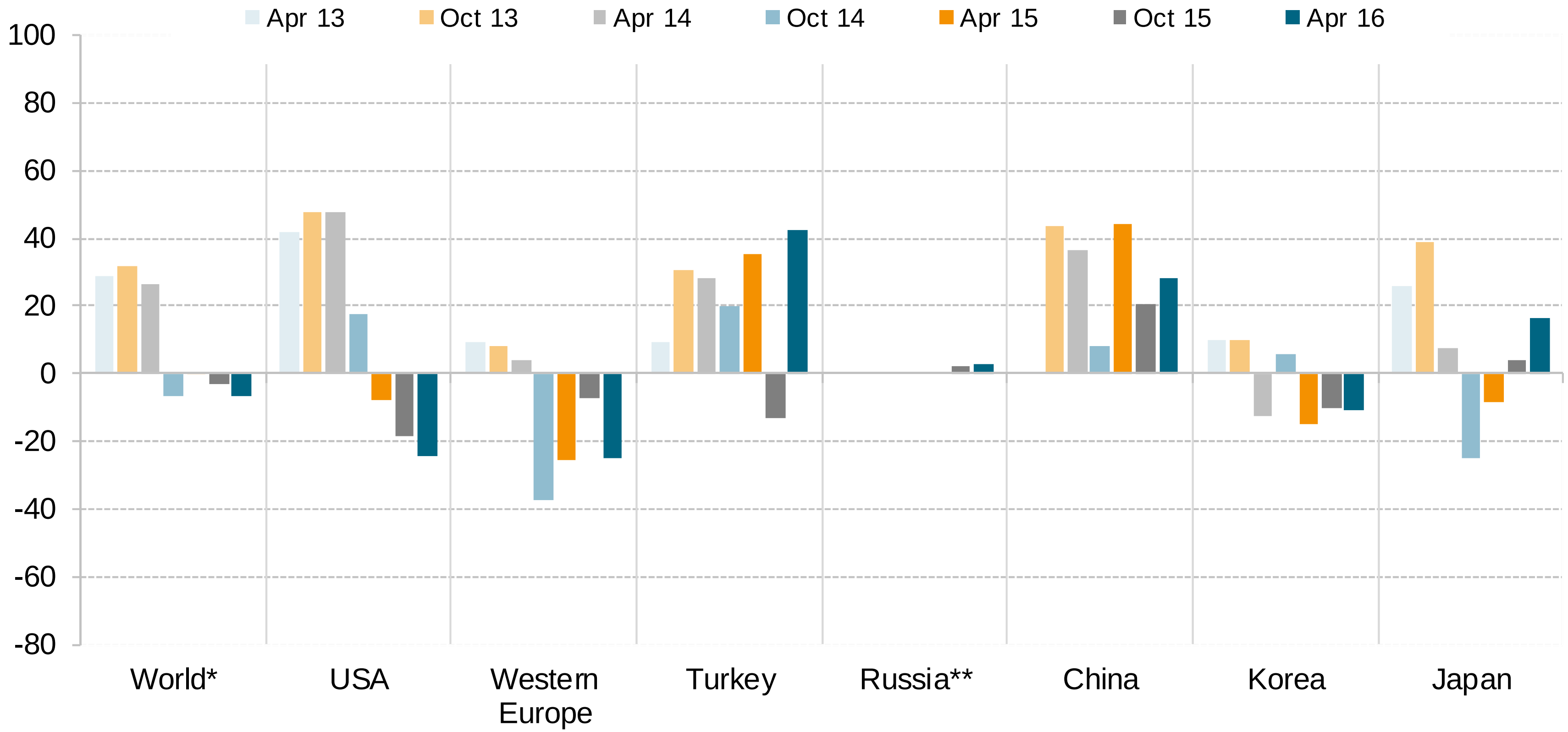
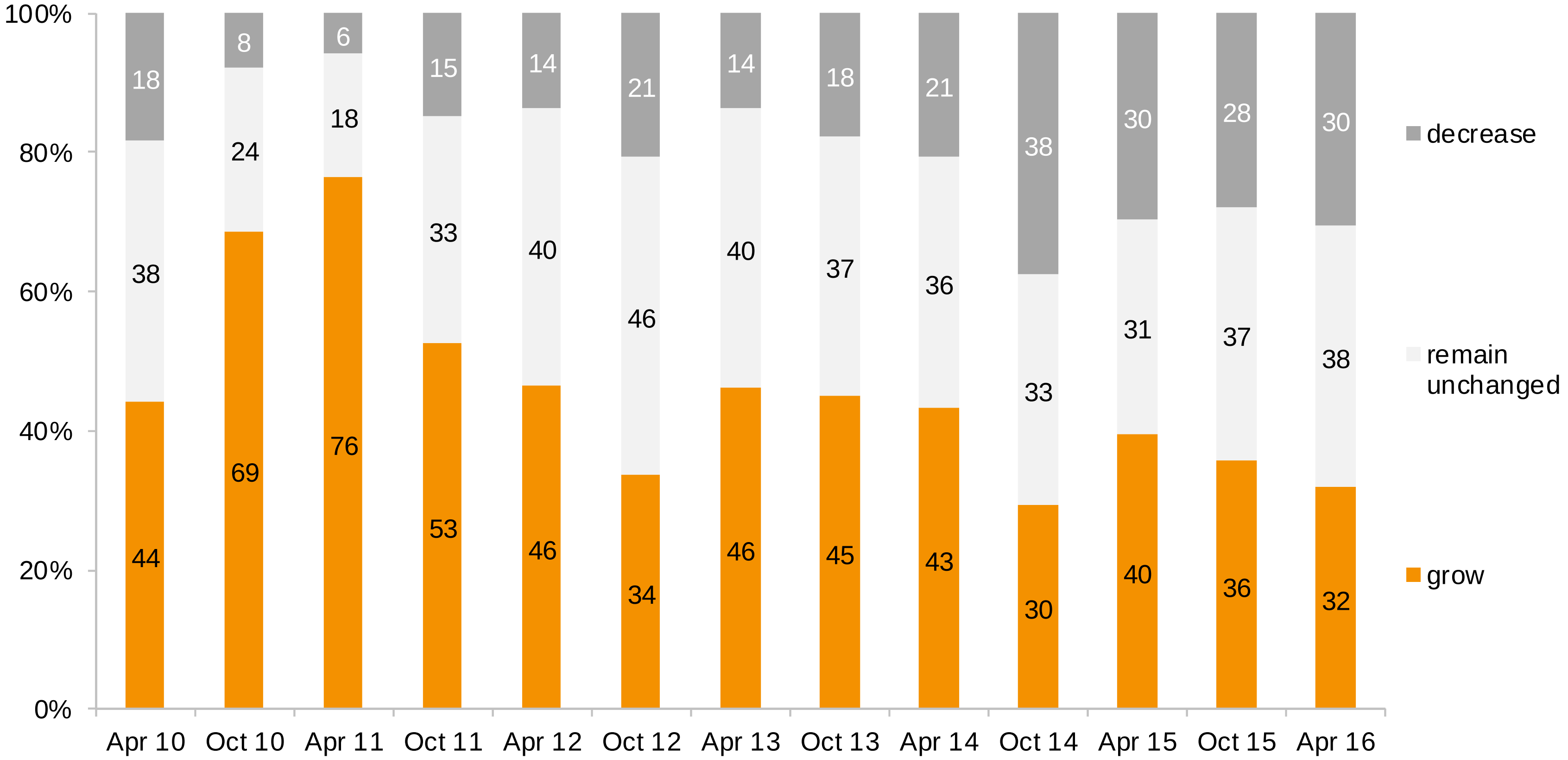


Source: Agrievolution Business Barometer Survey, **no data before Oct 15 *weighted global average

Future expectations now slightly positive, but far more muted than in the last two surveys of 2015

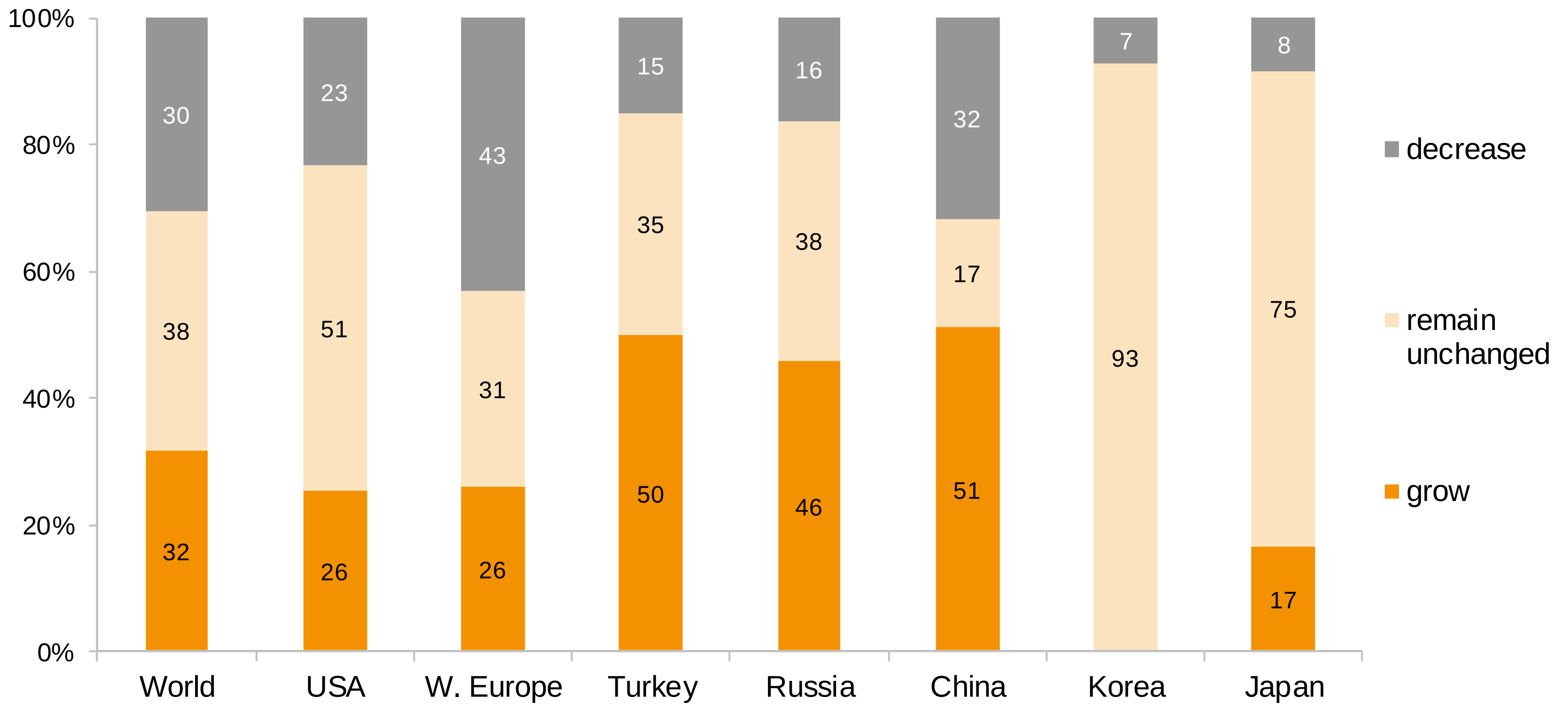
Question: We expect our overall turnover within the next 6 months to ….



Source: Agrievolution Business Barometer weighted global average

Western European Industry expecting decreasing turnover

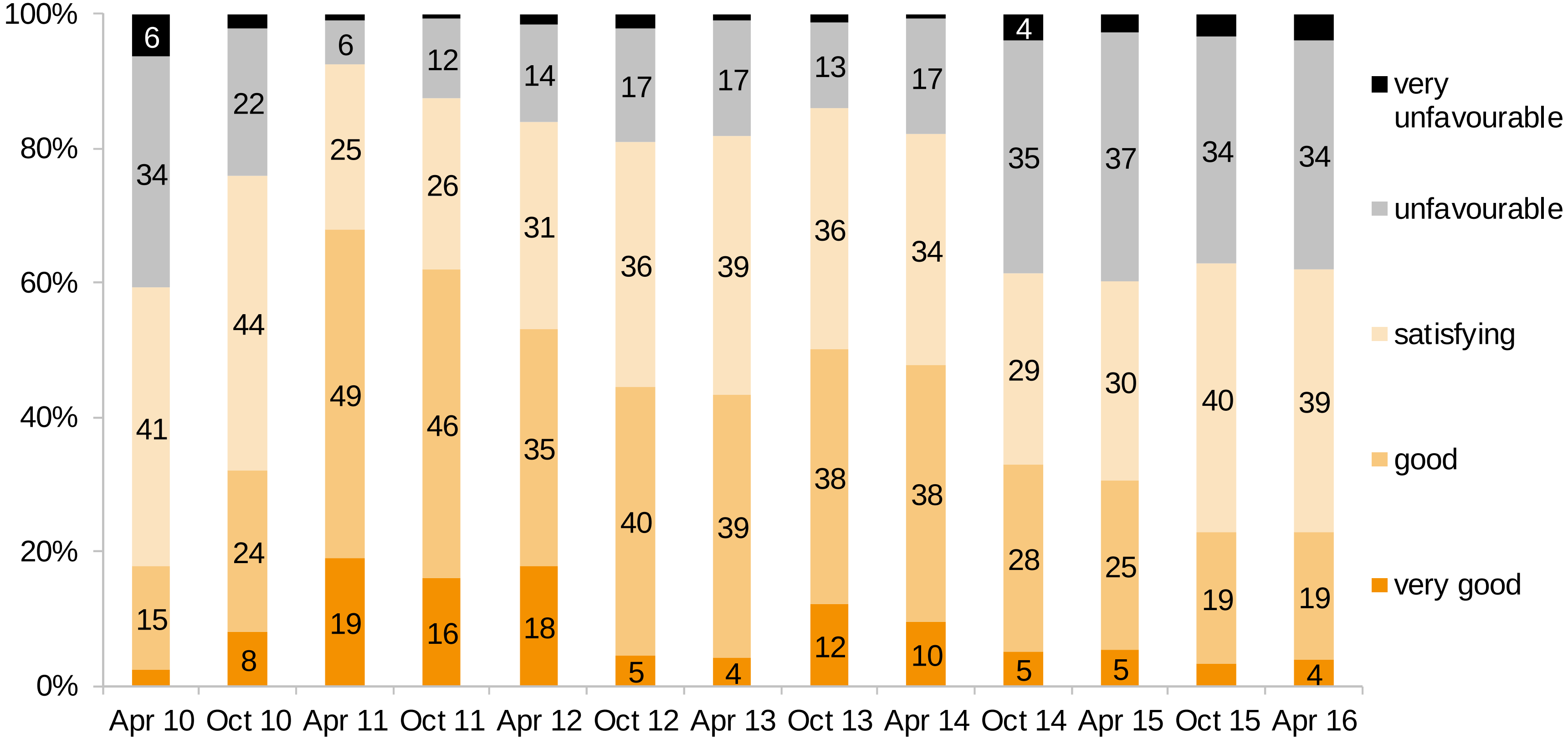
Question: We expect our overall turnover within the next 6 months to …
Answers from manufacturers / importers according to location



Source: Agrievolution Business Barometer Survey April 2016 * weighted global average

Since October 2014 current business has deteriorated significantly

Question: We consider our current business to be ….



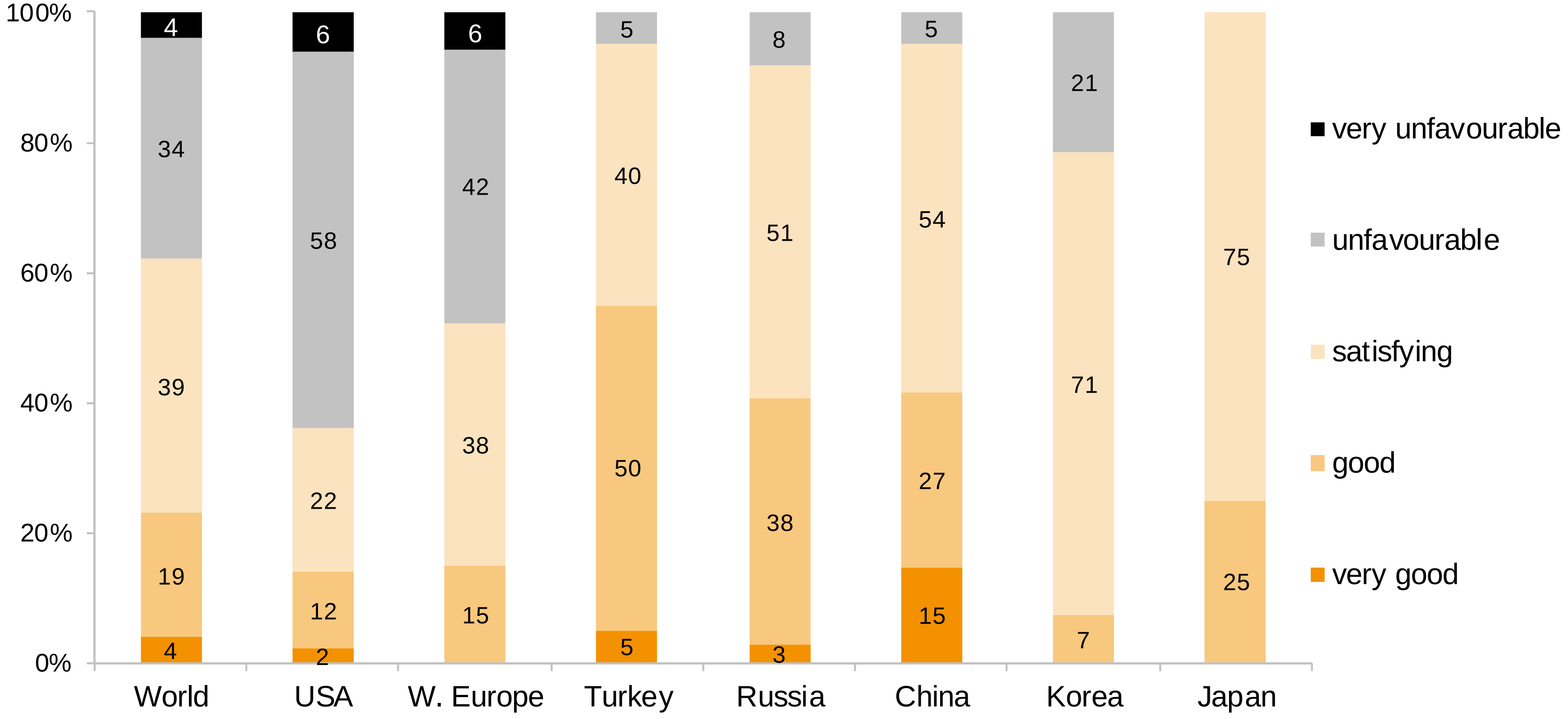
Source: Agrievolution Business Barometer, Agrievolution

weighted global average

Current business considered worst in the US, followed by Europe

Question: We consider our current business to be ….

Answers from manufacturers / importers according to location

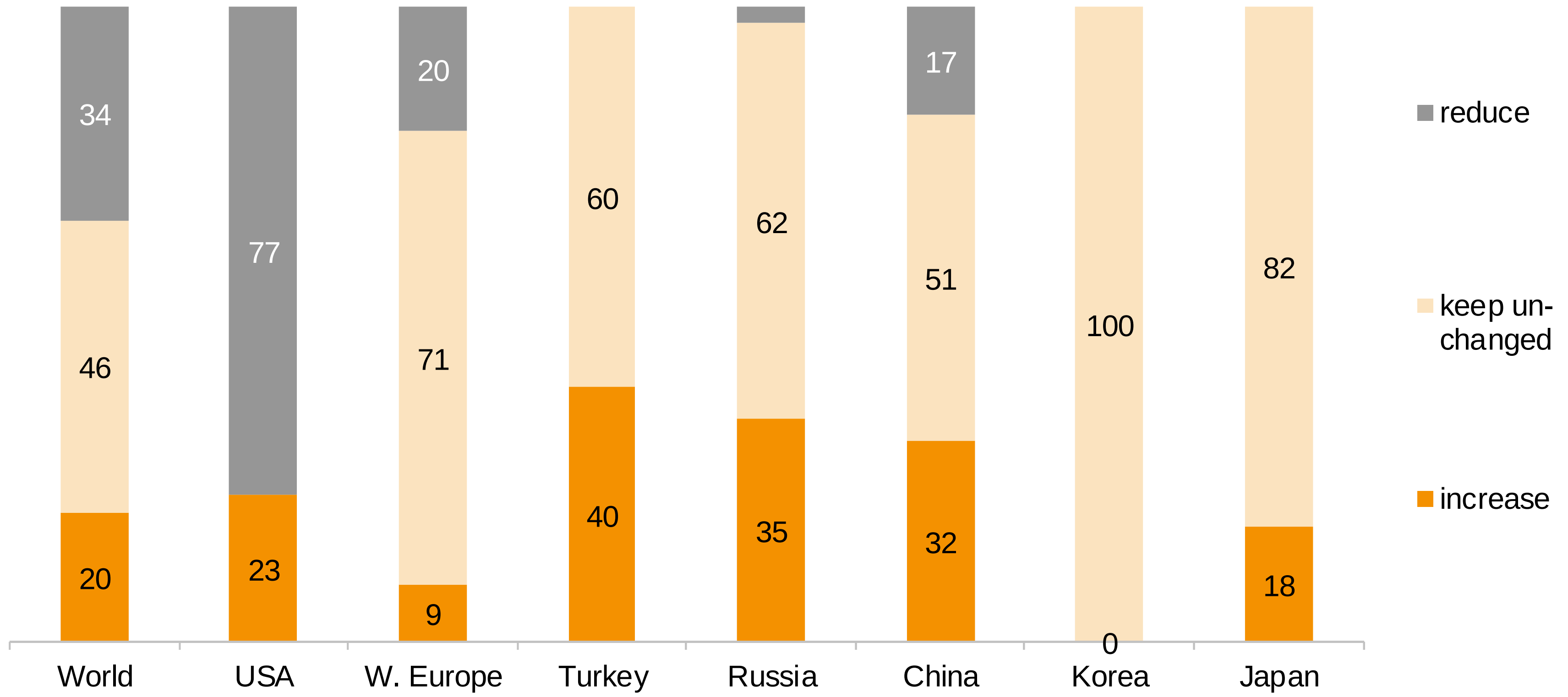


Source: Agrievolution Business Barometer Survey April 2016

* weighted global average

Accelerated working staff reduction in the US

Question: Our plans regarding the workforce (regular employees):
in % of the interviewed persons according to country of company location



Source: Agritech Business Barometer April 2016 * weighted global average