



CEMA Business Barometer

Survey Report July 2015



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



Improved sales trend in June sustains business climate

Summary of the July survey

In June, the European agricultural machinery industry has brought back its business on a slightly higher level again. Turnover was almost flat, while the order intake trend remained in the range of the past months with ca. -5%. A noticeable improvement of demand was reported for France and Italy, which results in higher sales expectations here in the next couple of months.

A rather weak demand continued on the Spanish and German market. Expectations are also lower for sales in Scandinavia and Romania. The UK market seems to almost stabilize on the current level, but the strong currency might have some effect on the final purchasing decision. The CIS region maintains the weakest performance within Europe, and 55% of the companies expect their turnover to further decline. Nevertheless, it has to be mentioned that the outlook for these countries has become slightly better during the past few months.

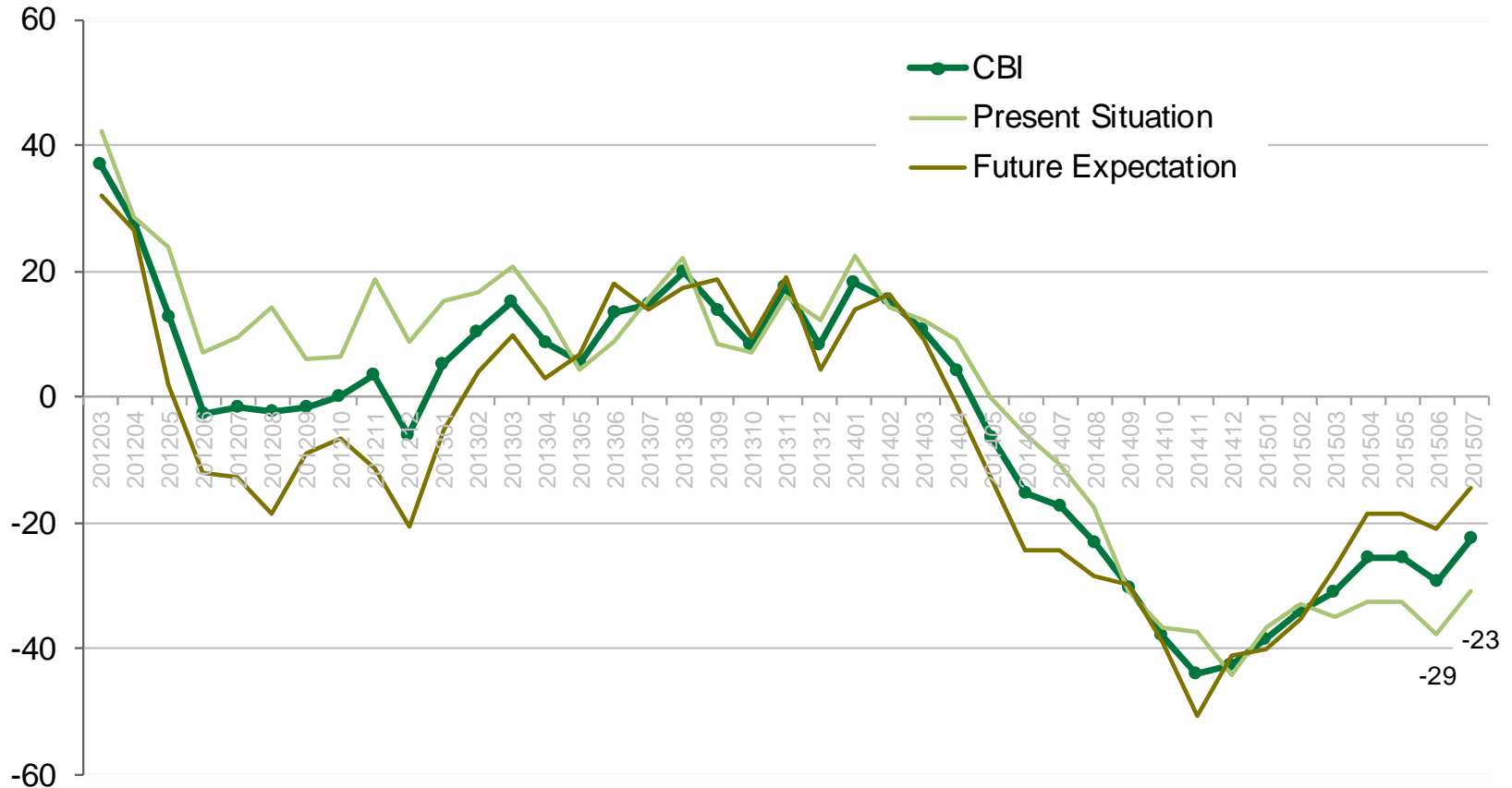
For the second time, the component manufacturers said they expected both orders from the OEMs and their turnover to increase in the short run, which could be a rather positive sign for the overall business in the second half of this year or at least justify the expectation that the recession is not getting much deeper.

On the other hand, there are still certain obstacles on the European markets. This survey showed for instance that the used equipment stock has become higher in Germany, the UK and France, especially for tractors and harvesting machines.

Staff reduction is going on for temporary working contracts.

Business Climate Index Development

CEMA Business Climate Index (CBI)

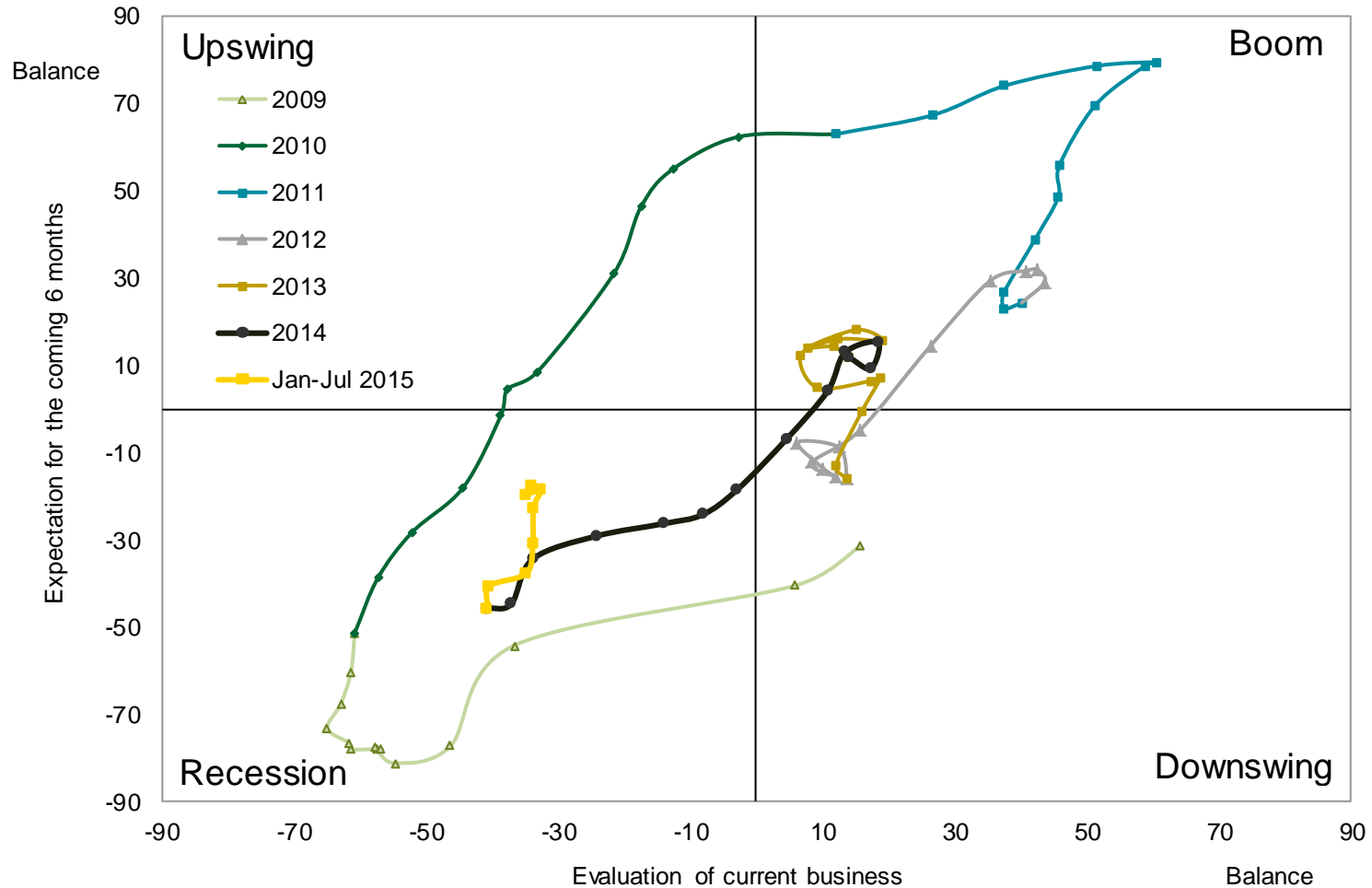


Source: CEMA Business Barometer

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



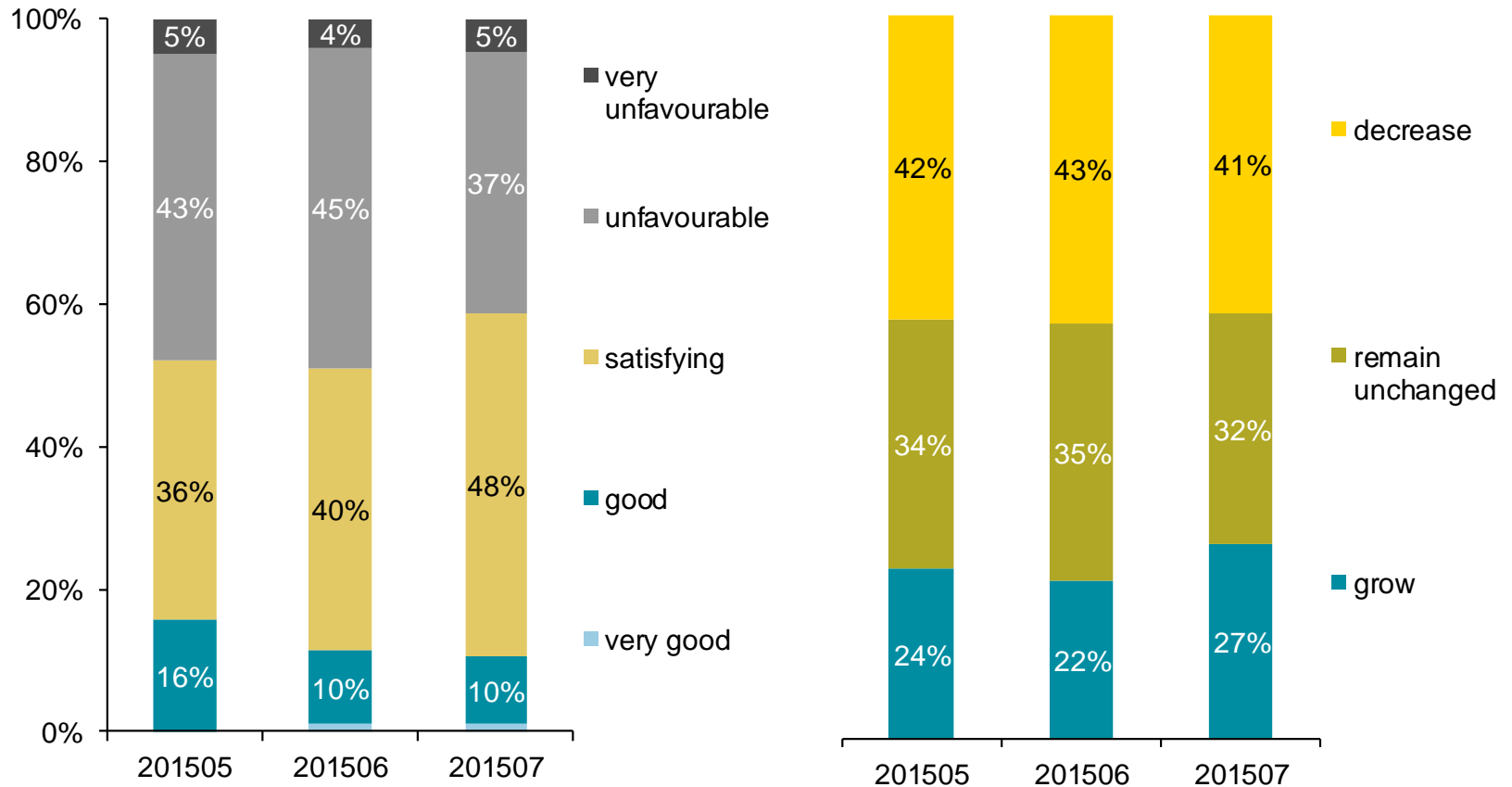
Source: CEMA Business Barometer, each value as an average of the last two months

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....

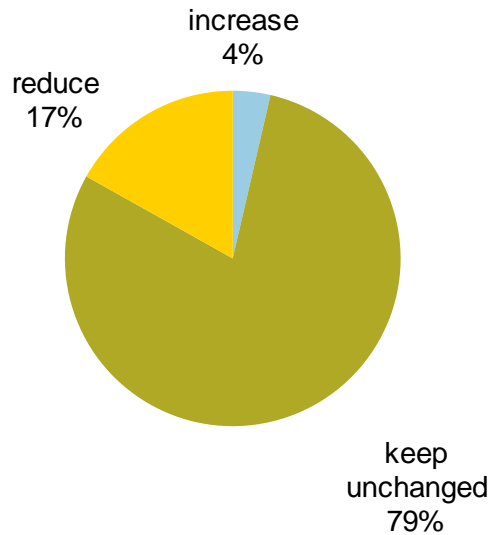


Source: CEMA Business Barometer

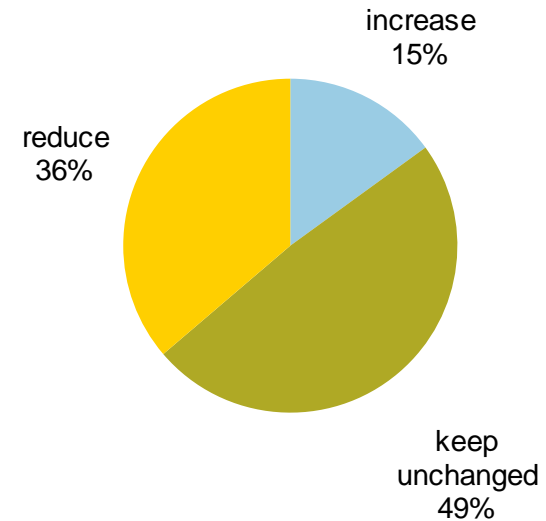
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer July 2015