

A vertical strip on the left side of the slide shows a close-up of a water droplet falling into a pool of water, creating concentric ripples. The background of the entire slide is a gradient of blue, transitioning from a lighter shade on the left to a darker shade on the right.

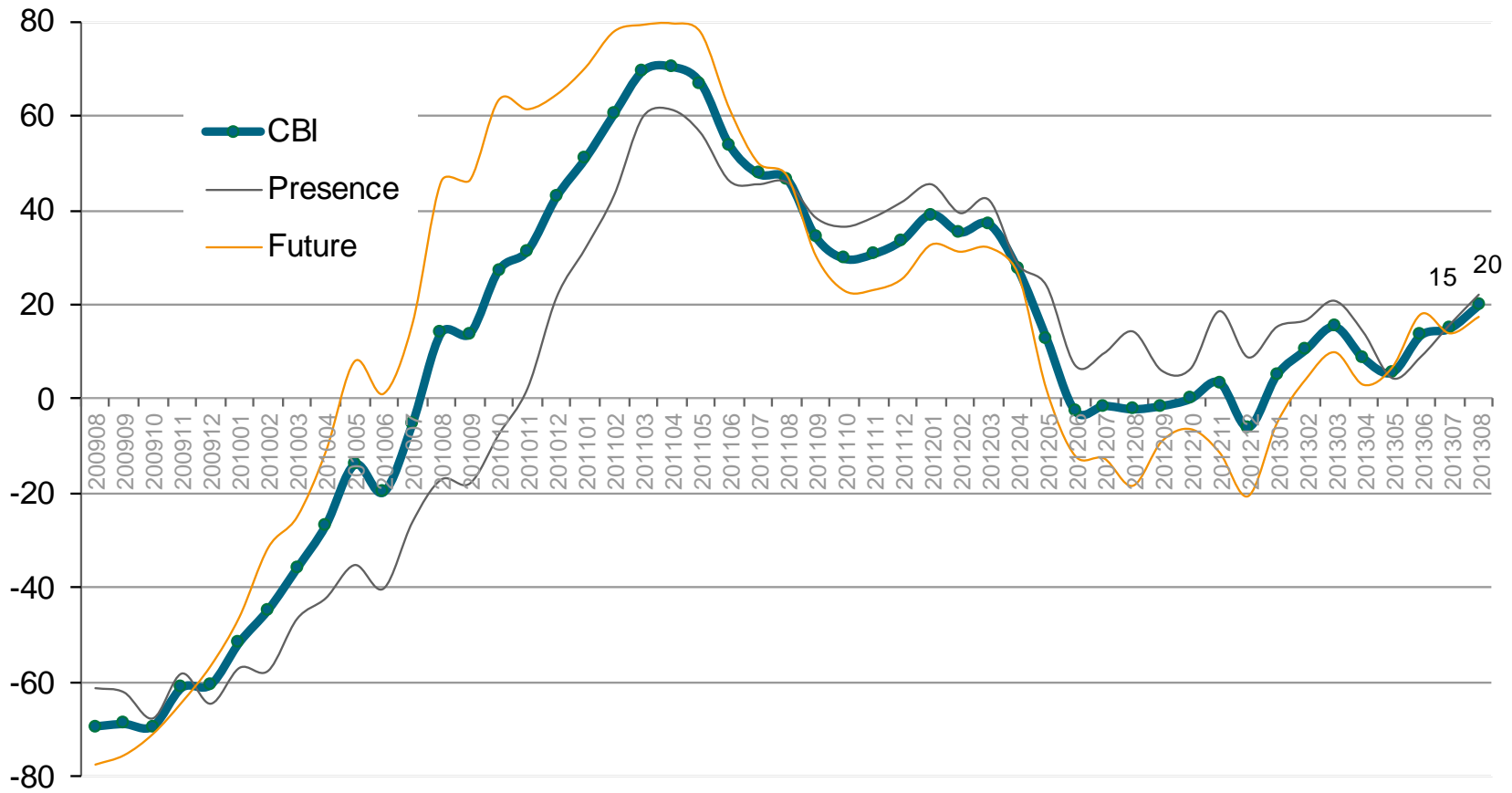
# Market Perspectives for the Agricultural Machinery Industry

VDMA Information Exchange  
Hannover, 11 September 2013

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Managing Director  
VDMA Agricultural Machinery Association

# Upwards trend of the business climate index for the European agricultural machinery sector

## CEMA Business Climate Index (CBI)



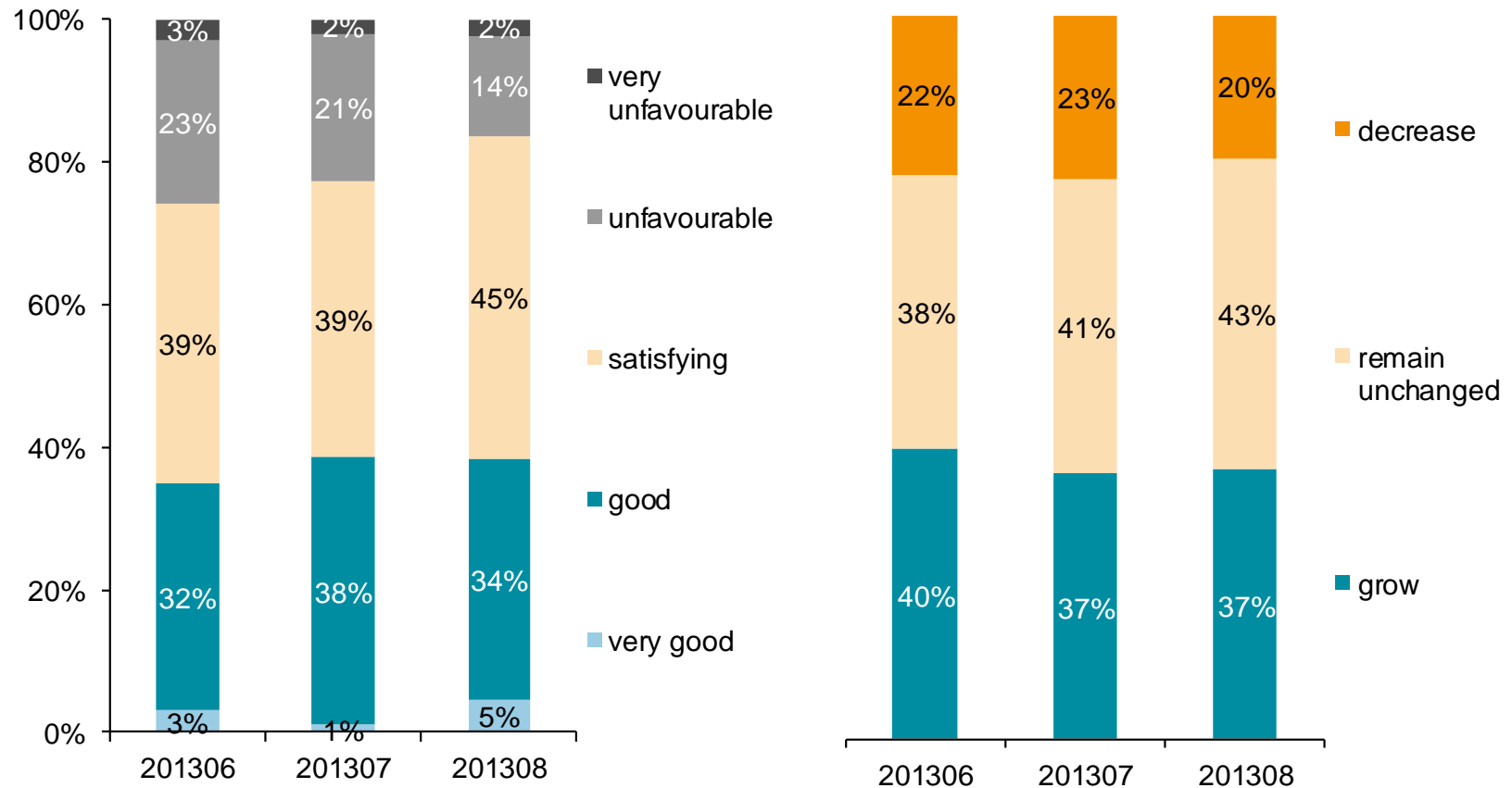
Source: CEMA Business Barometer

Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

# Positive evaluation of current business and expansive trend for turnover

Question: We consider our current business to be ....

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



Source: CEMA Business Barometer

# Marketing challenges for farmers in 2013 due to price drop for arable crops ...

Average future price for quality wheat - € per ton (mix of various stock exchanges)



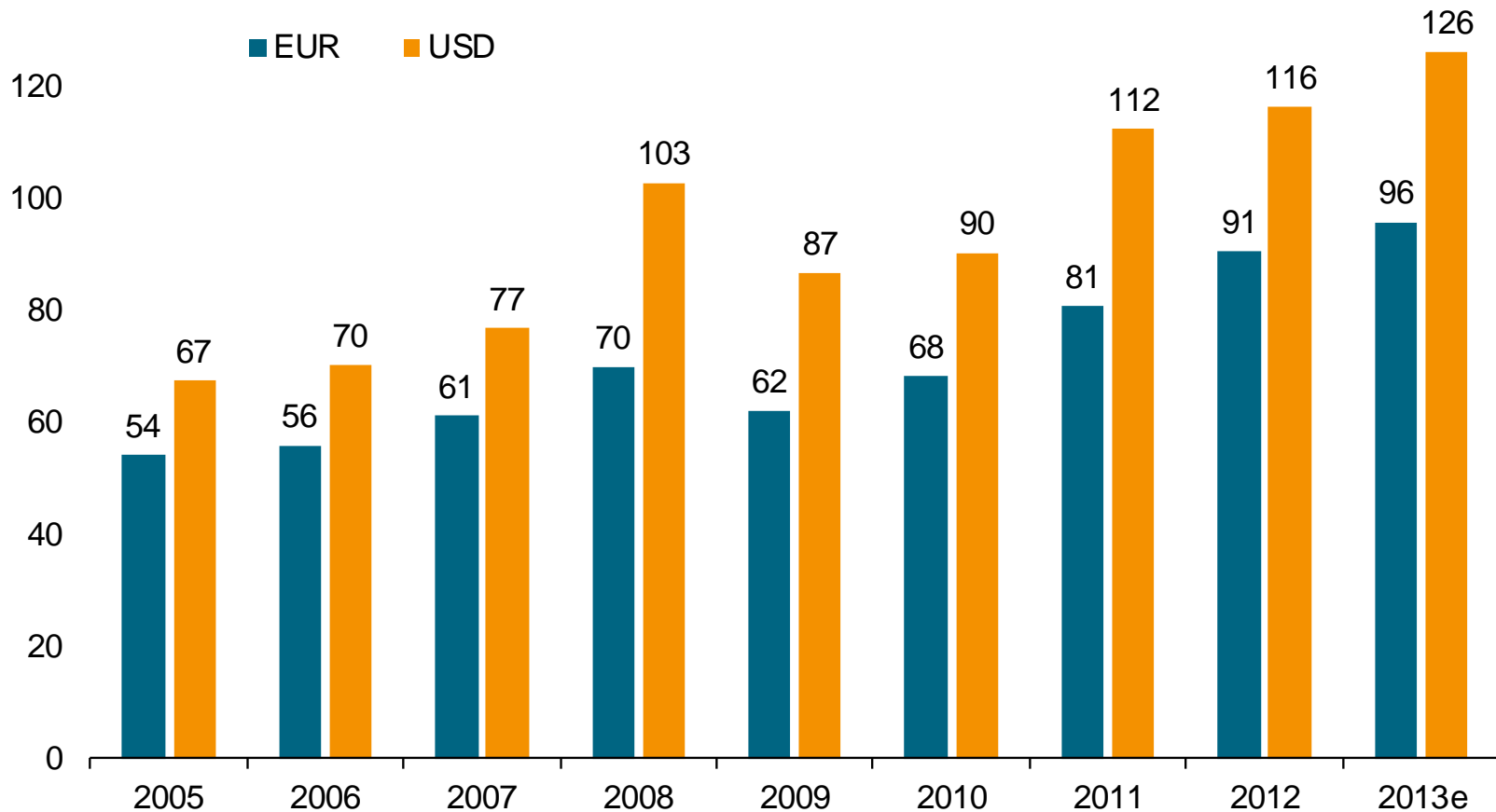
Source: finanzen.net, VDMA Agricultural Machinery Association, last value for Aug 2013

## ... but overall farming conditions remain favourable

- **Good quantities harvested in Europe**
  - EU +10% to 298 mn tons
  - Above average results in Germany and France
  - Compensation of poor 2012 results in Central / South East Europe
- **Lower commodity prices**
  - Sharp drop for all arable crops (wheat, barley, rapeseed)
  - Long-term comparison: average prices
  - Positive milk and meat prices
- **Comparably high input cost**
  - Still above long-term average, but slight drop compared to 2012 (feed, fertiliser, energy)
- **No major change in European agricultural policy (CAP)**
  - Budget for 2014-2020: 370 bn € → reduction by 12% (after inflation)
  - Major tools (direct payments) remain unchanged
  - Some regional and sectoral impact on markets can be expected

# Forecast of worldwide agricultural machinery production for 2013: +6%

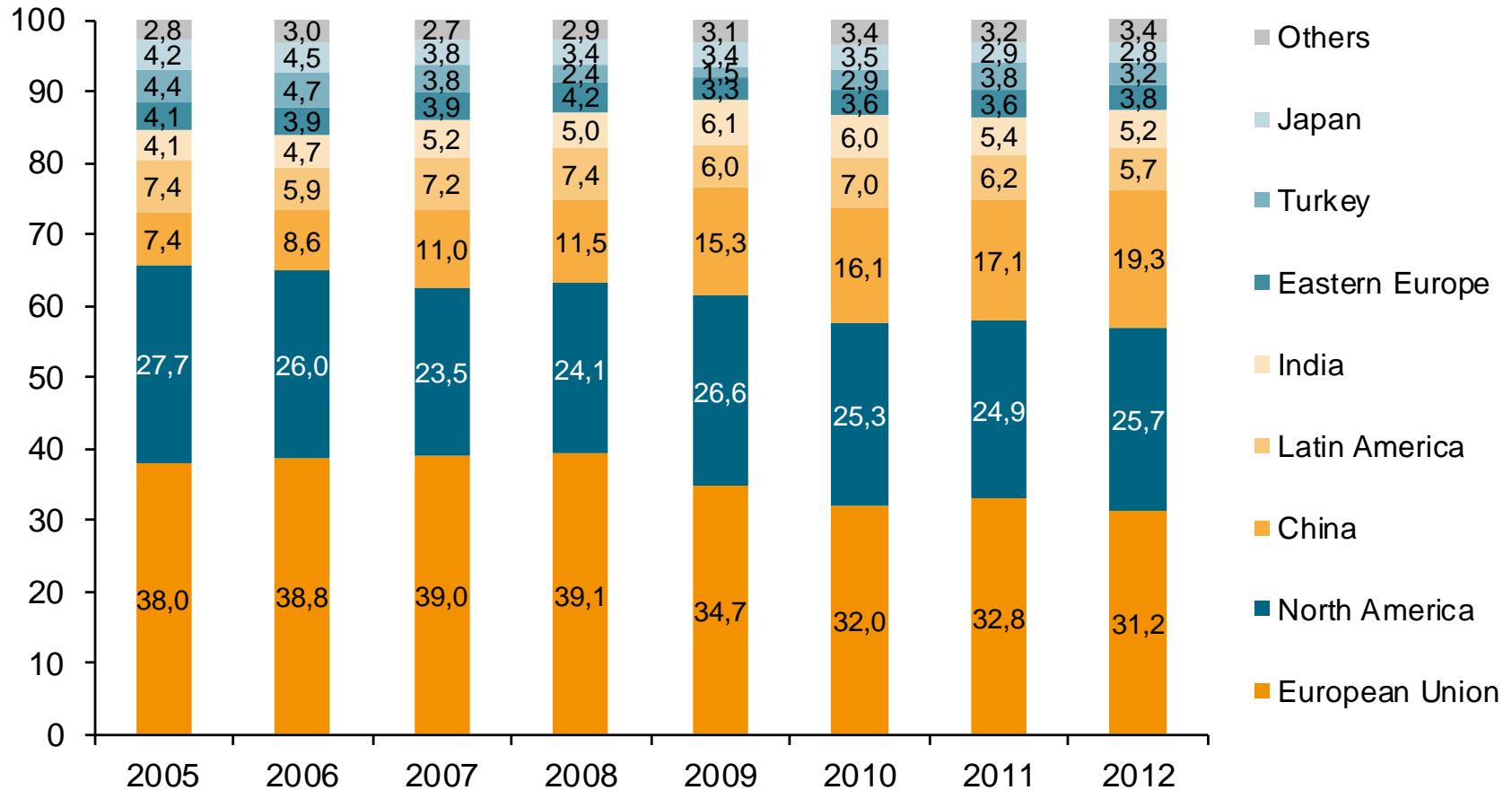
Global Production Development in bn EUR and USD



Source: VDMA Agricultural Machinery Association (estimations May 2013)

# Continuously higher weight of Chinese production

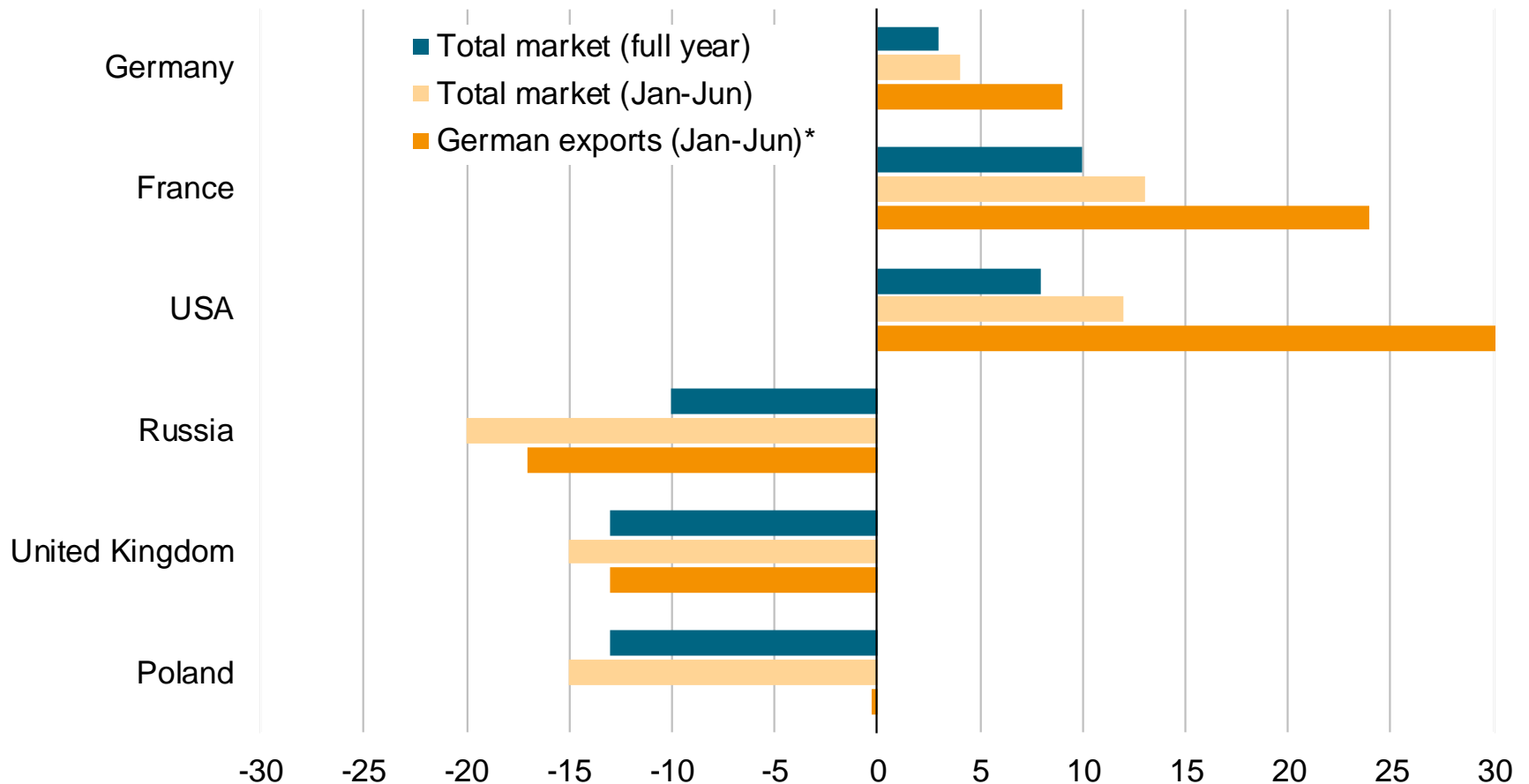
## Shares of Global Production in %



Source: VDMA (estimations), Status May 2013, basis in Euro

# Outstanding performance of German machinery in major markets

% change 2013 for the main markets of the German agricultural machinery industry

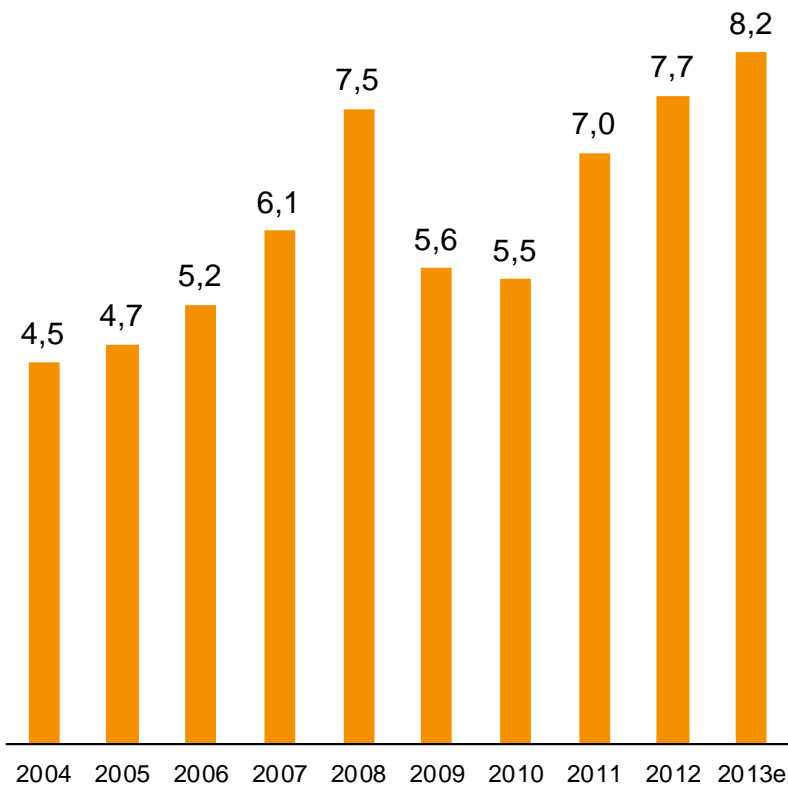


Source: VDMA, own estimations and calculations; \*for Germany: national production for German market

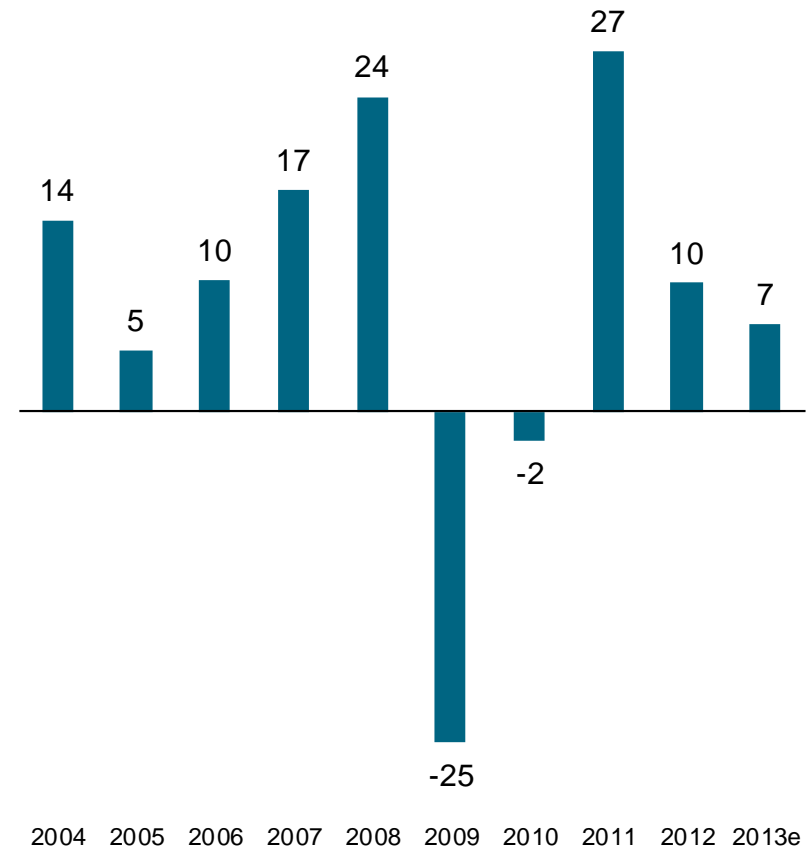


# Forecast for German agricultural machinery industry 2013: +7% to new all-time-high

Turnover in Bn. Euro



Nominal %-change



Source: VDMA Agricultural Machinery Association, Production in Germany