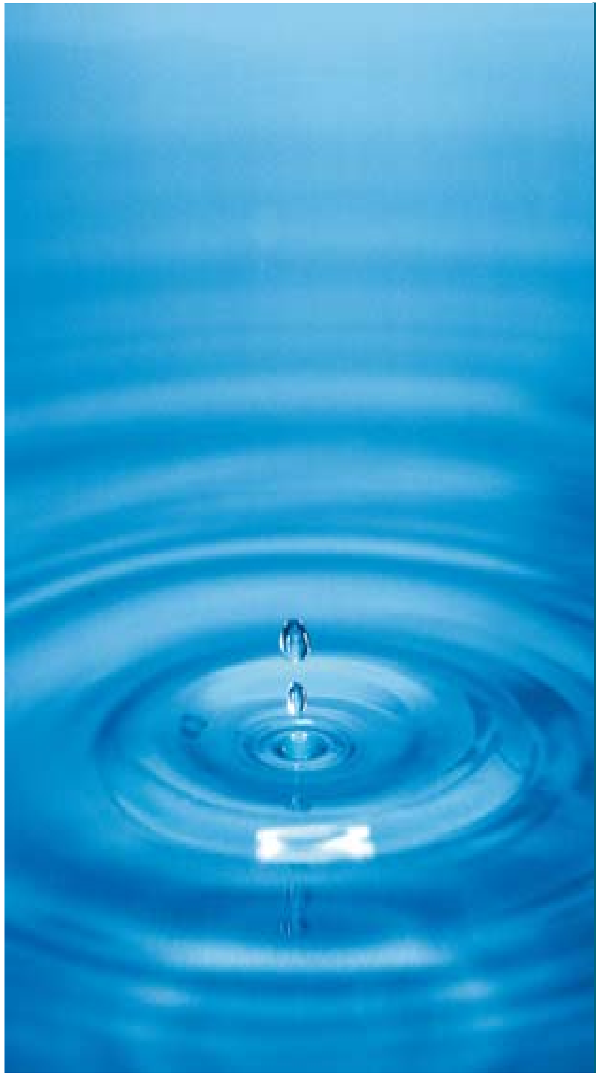
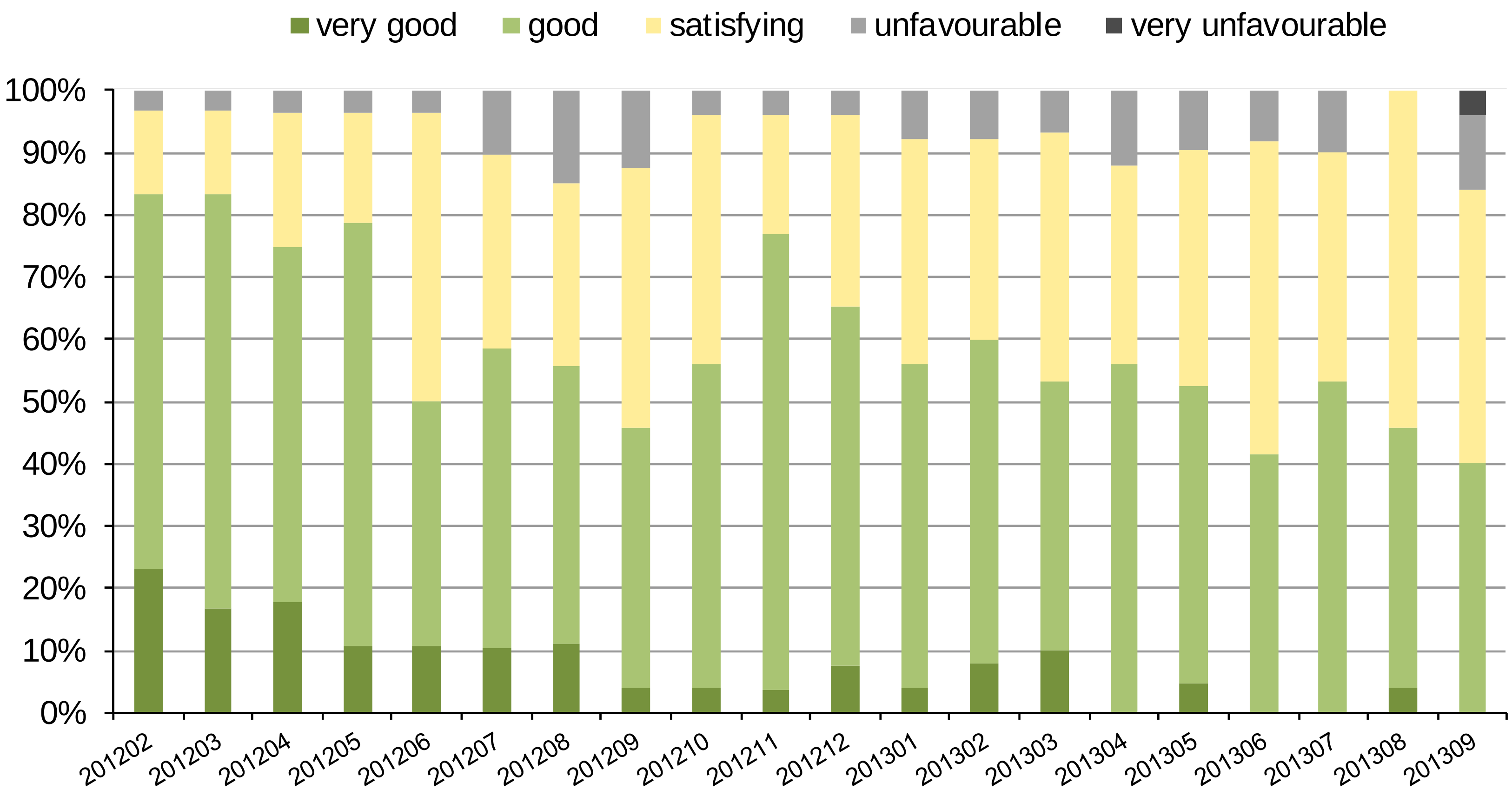


Market Perspectives
for the German and European Agricultural Machinery Industry

Gerd Wiesendorfer
VDMA Agricultural Machinery Association

Business climate of German manufacturers remains positive

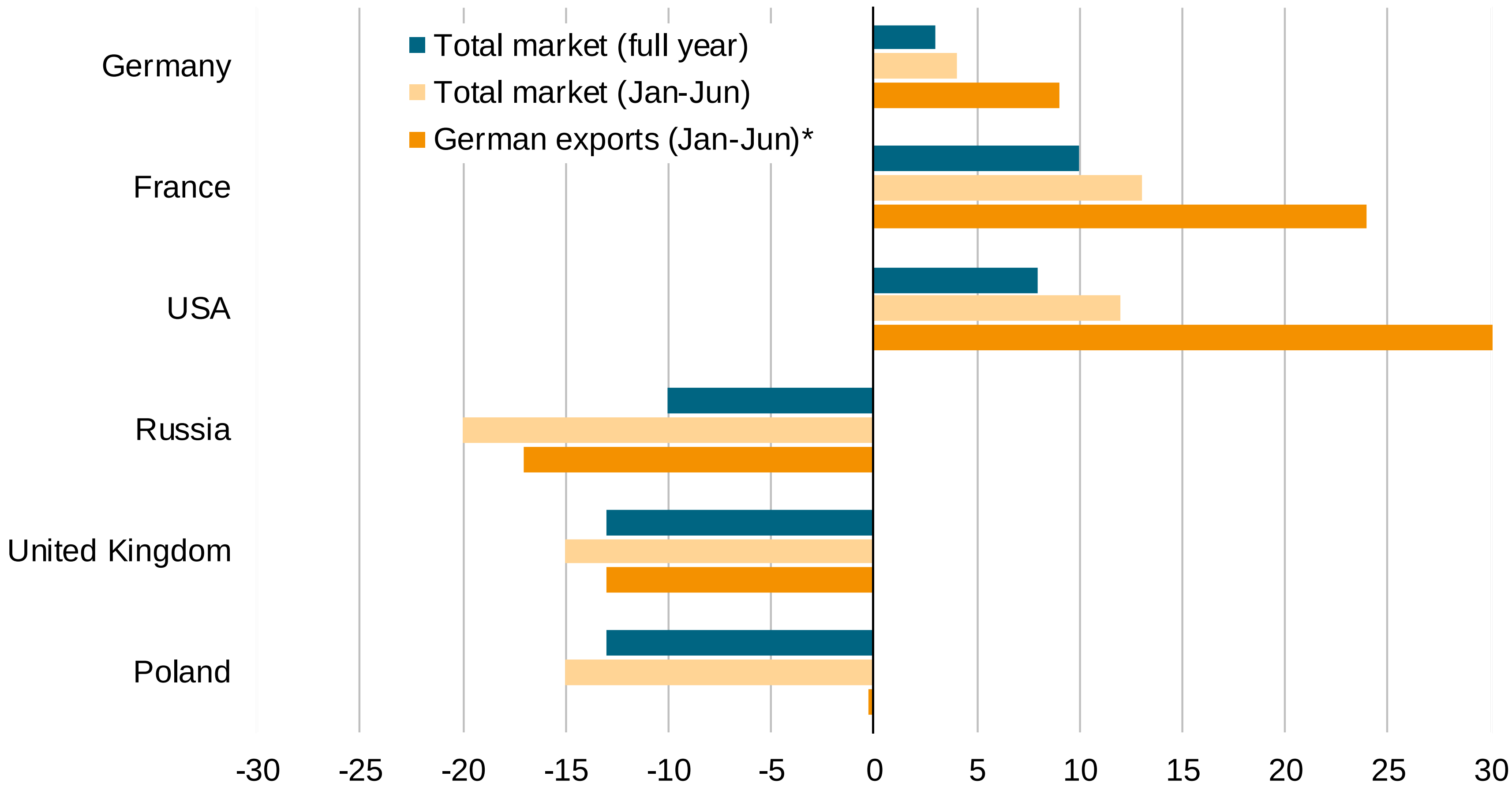
Question: We consider our current business to be ….



Source: CEMA Business Barometer, evaluation of companies based in Germany

Outstanding performance of German machinery in major markets

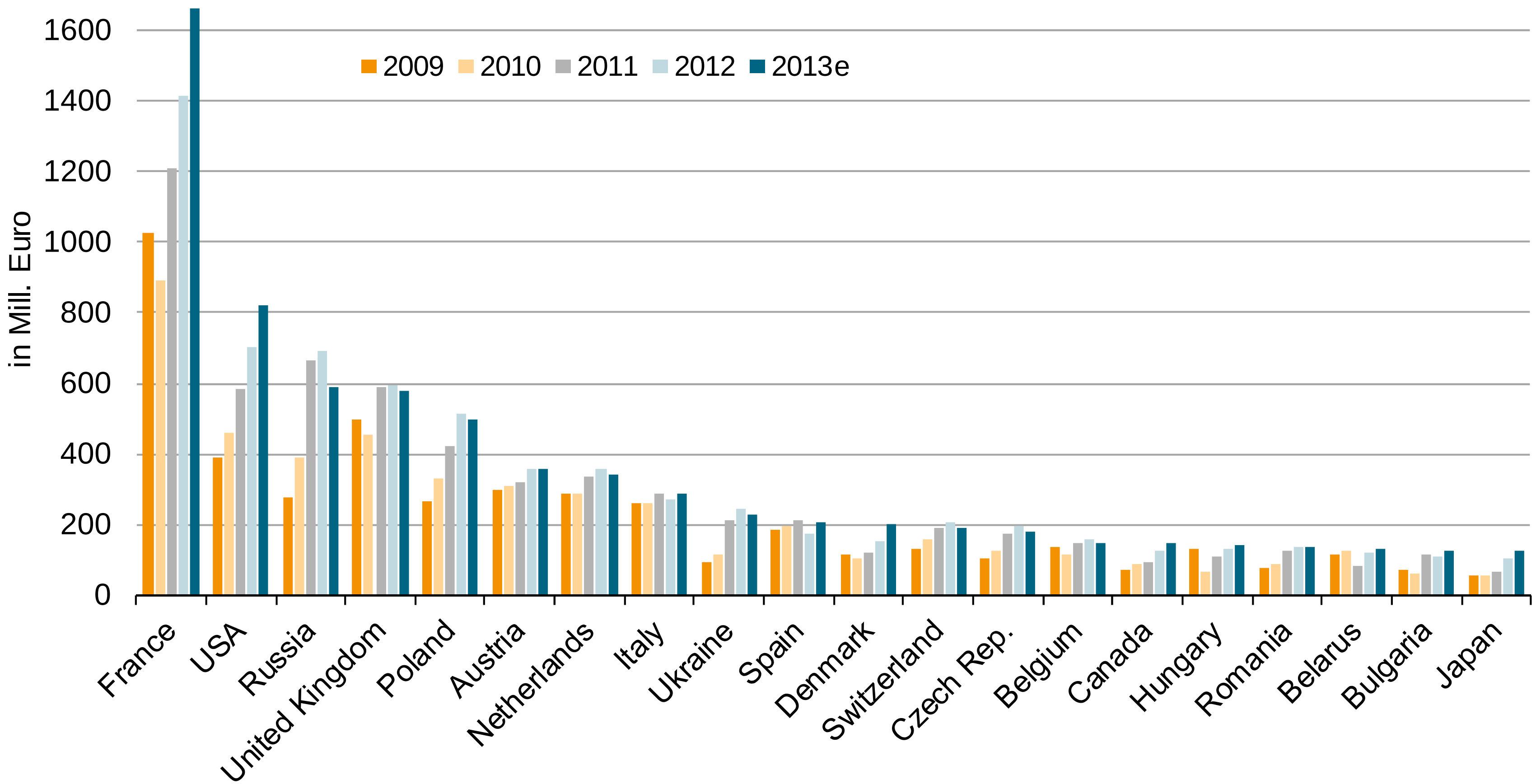
% change 2013 for the main markets of the German agricultural machinery industry



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

German Agricultural Machinery Exports
Situation for main destination markets

Exports from Germany to …



Source: Federal German Statistics Agency, VDMA

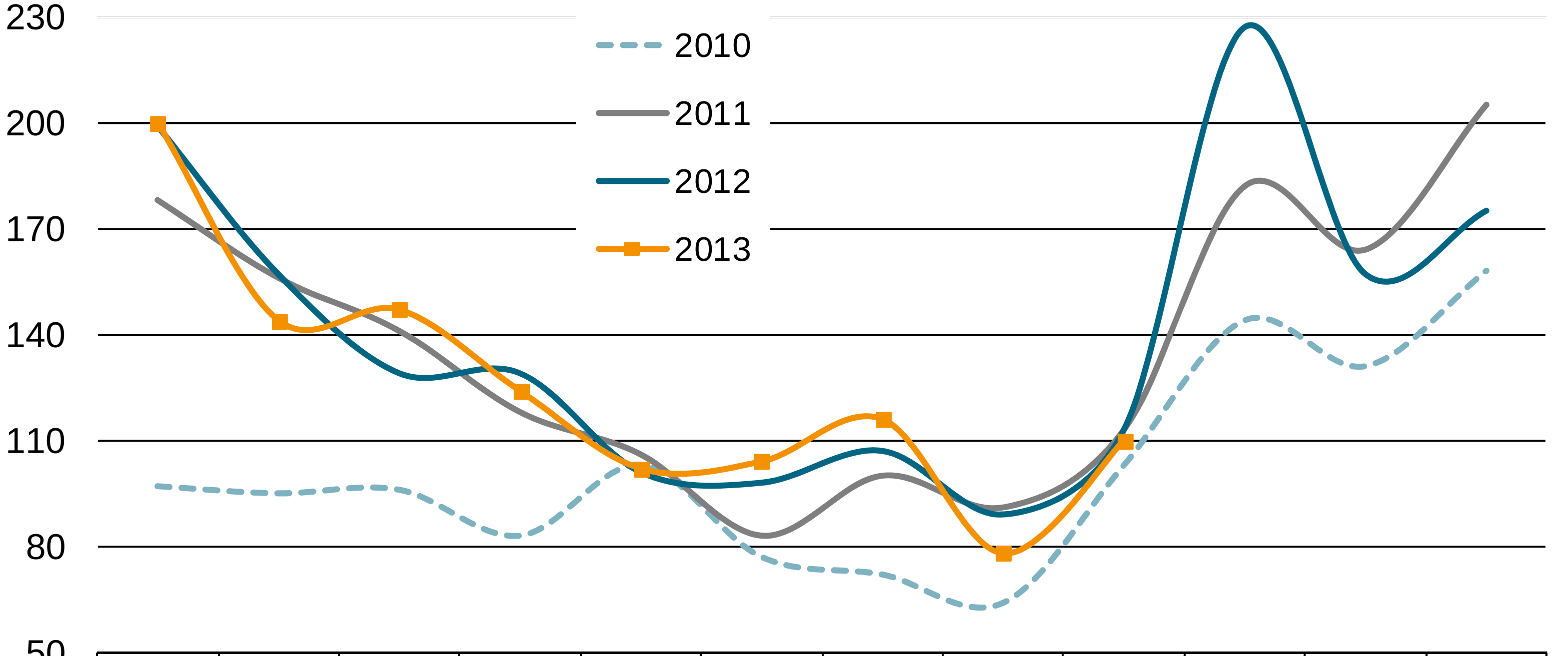
Order backlog slightly below the level of the previous year

New Orders of the German ag. machinery industry

nominal, index 2010=100, without seasonal adjustment

Current comparison to previous year:

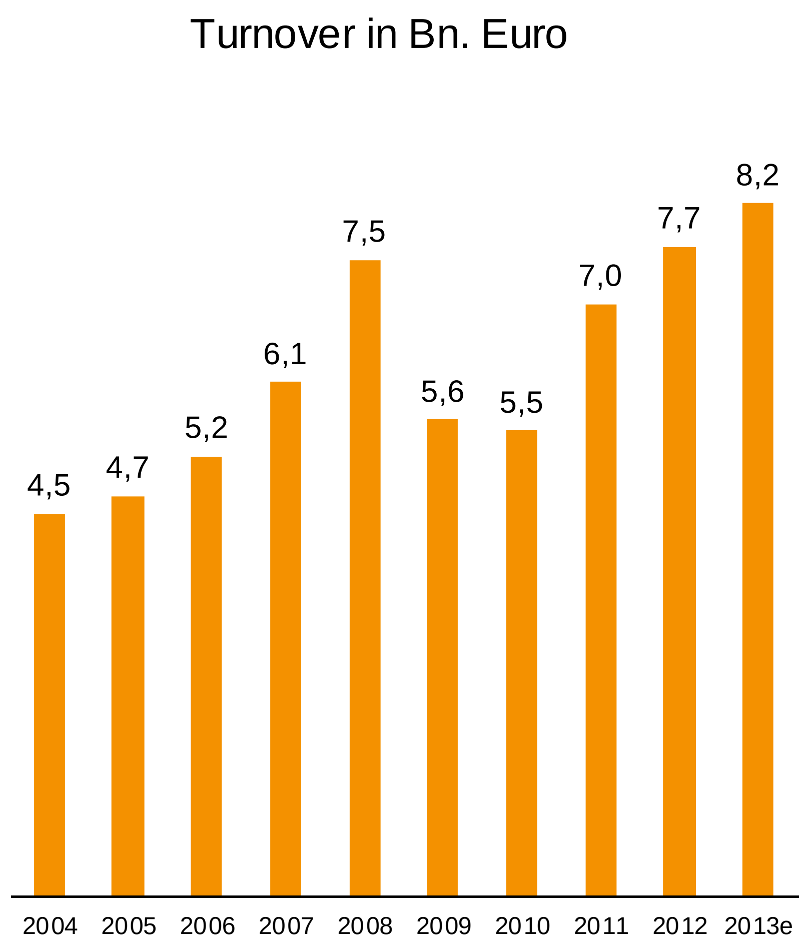
Jul - Sep 13: -2%; Sep 13: -3%

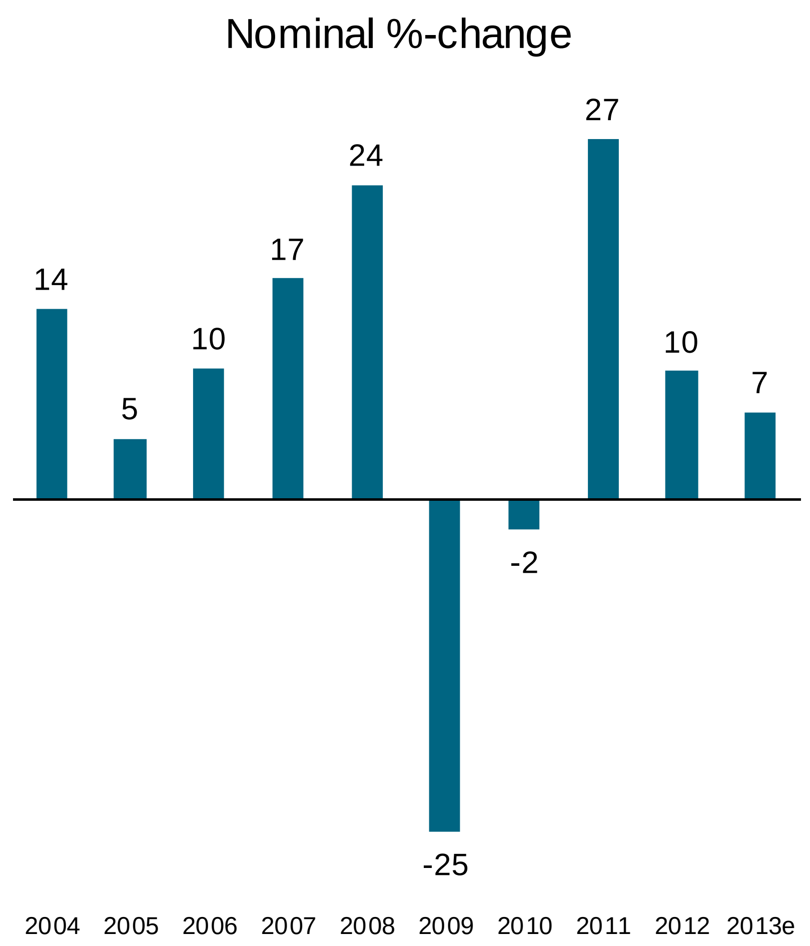


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	97	95	96	83	103	77	72	64	103	144	131	158
2011	178	156	141	118	106	83	100	91	113	182	164	205
2012	199	157	129	129	101	98	107	89	113	227	157	175
2013	200	144	147	124	102	104	116	78	110			

Source: VDMA, figures related to manufacturers in Germany

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





Source: VDMA Agricultural Machinery Association, Production in Germany

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

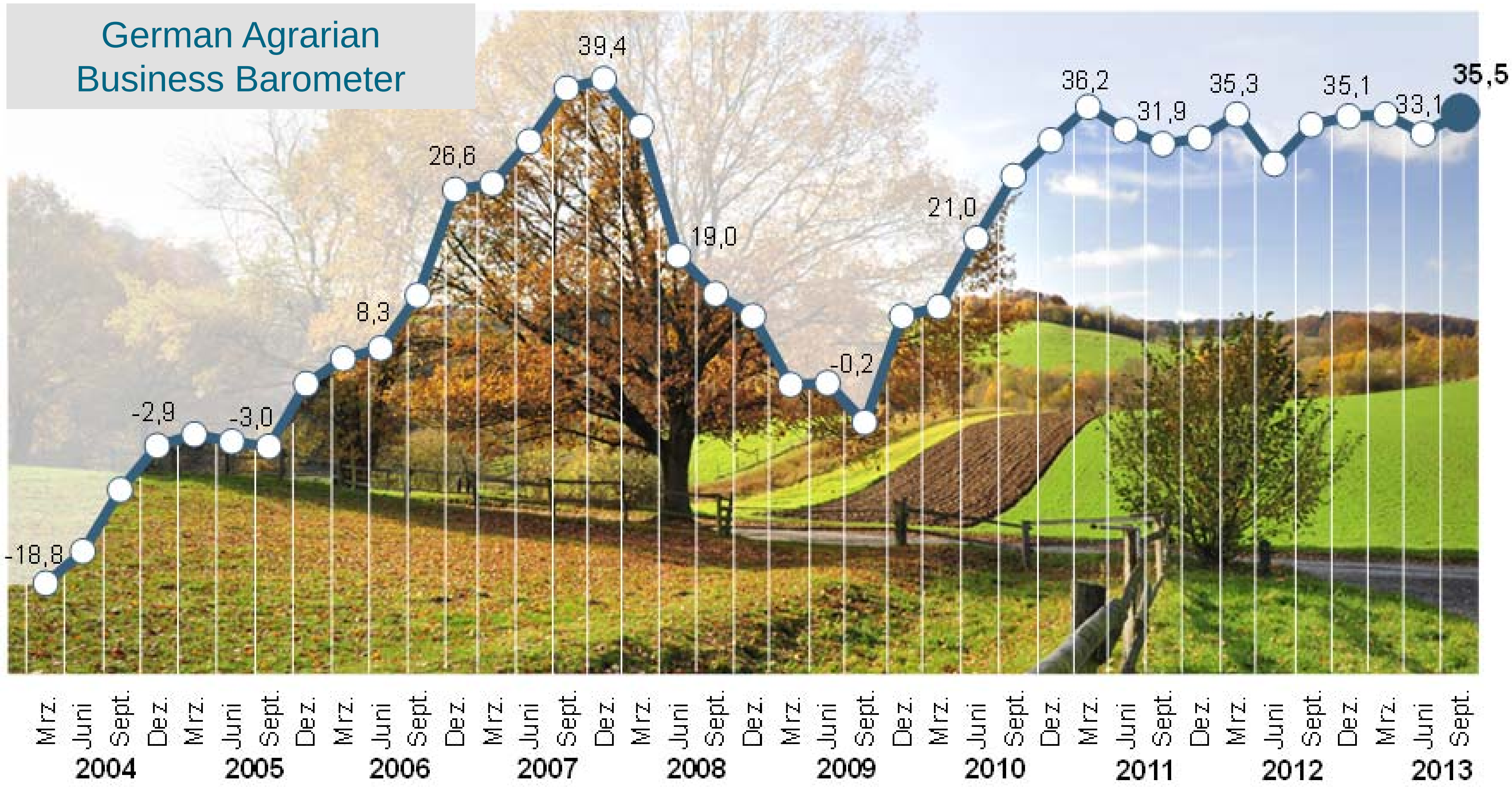
Average future price for quality wheat - € per ton (mix of various stock exchanges)

Source: finanzen.net, VDMA Agricultural Machinery Association, last value for Oct 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) with recent recovery
  - Long-term comparison: average prices
  - Positive milk and meat prices
- **Comparably lower 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

The mood amongst farmers is currently at a very high level

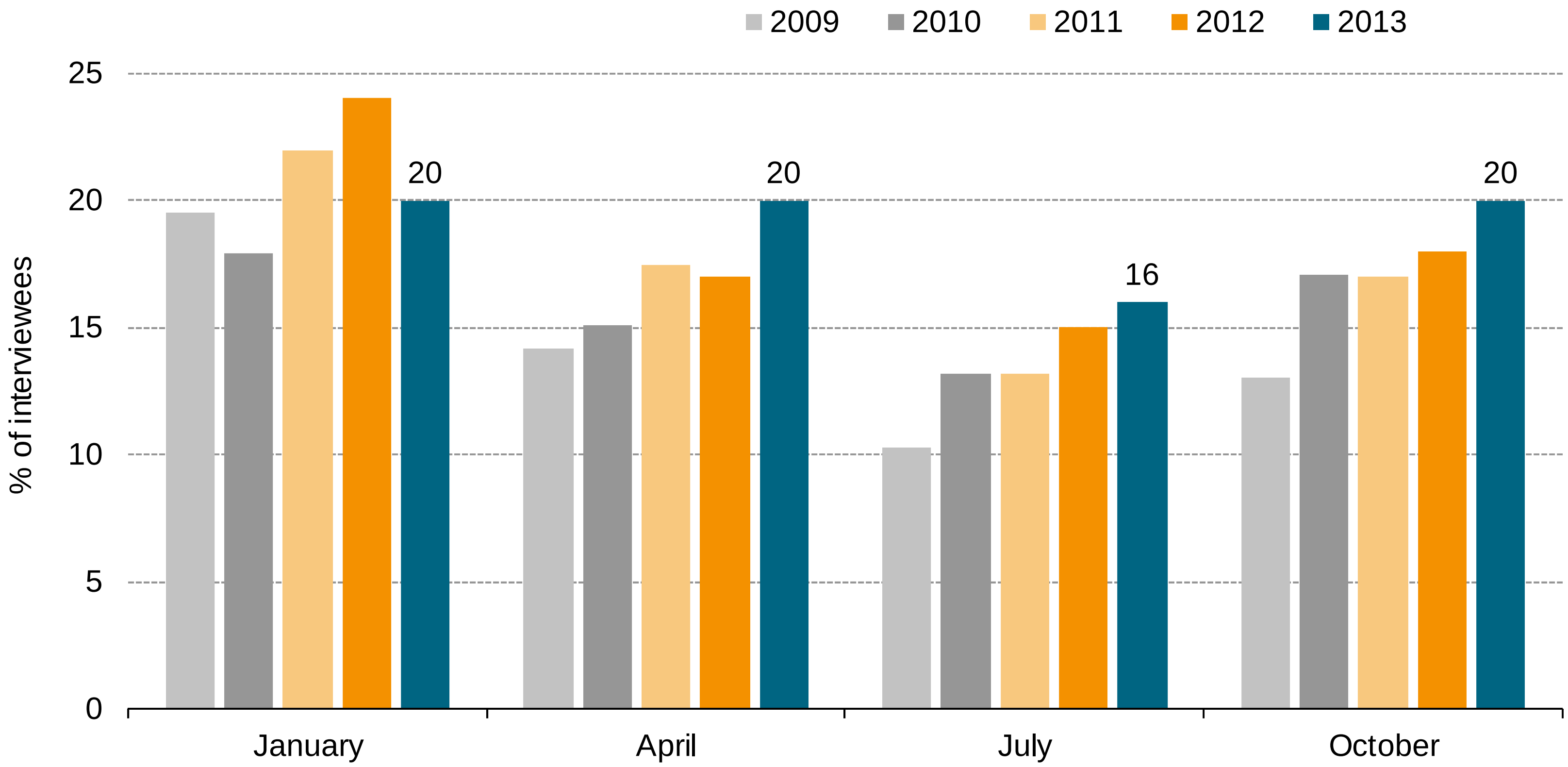


Index: zero = mean 2000 – 2006

Sources: Produkt+Markt, VDMA

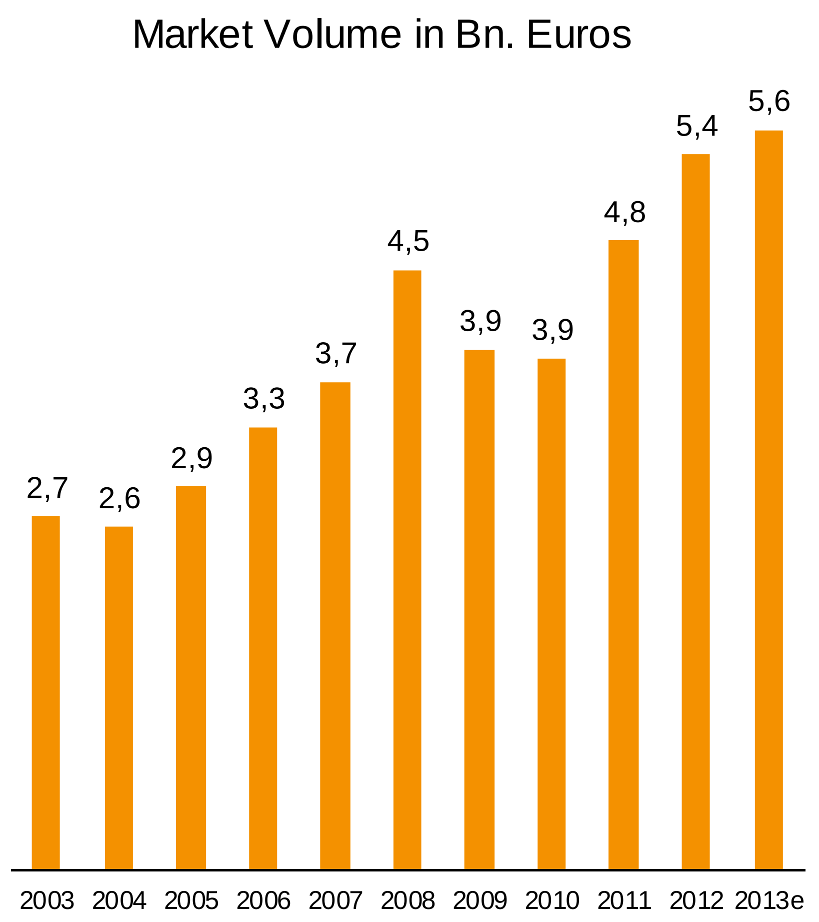
Investment planning of German farmers over the previous year‘s level

Share of agricultural holdings in Germany
with investment plans for agricultural machinery (for half year ahead)



Source: Agrarian Business Barometer, VDMA

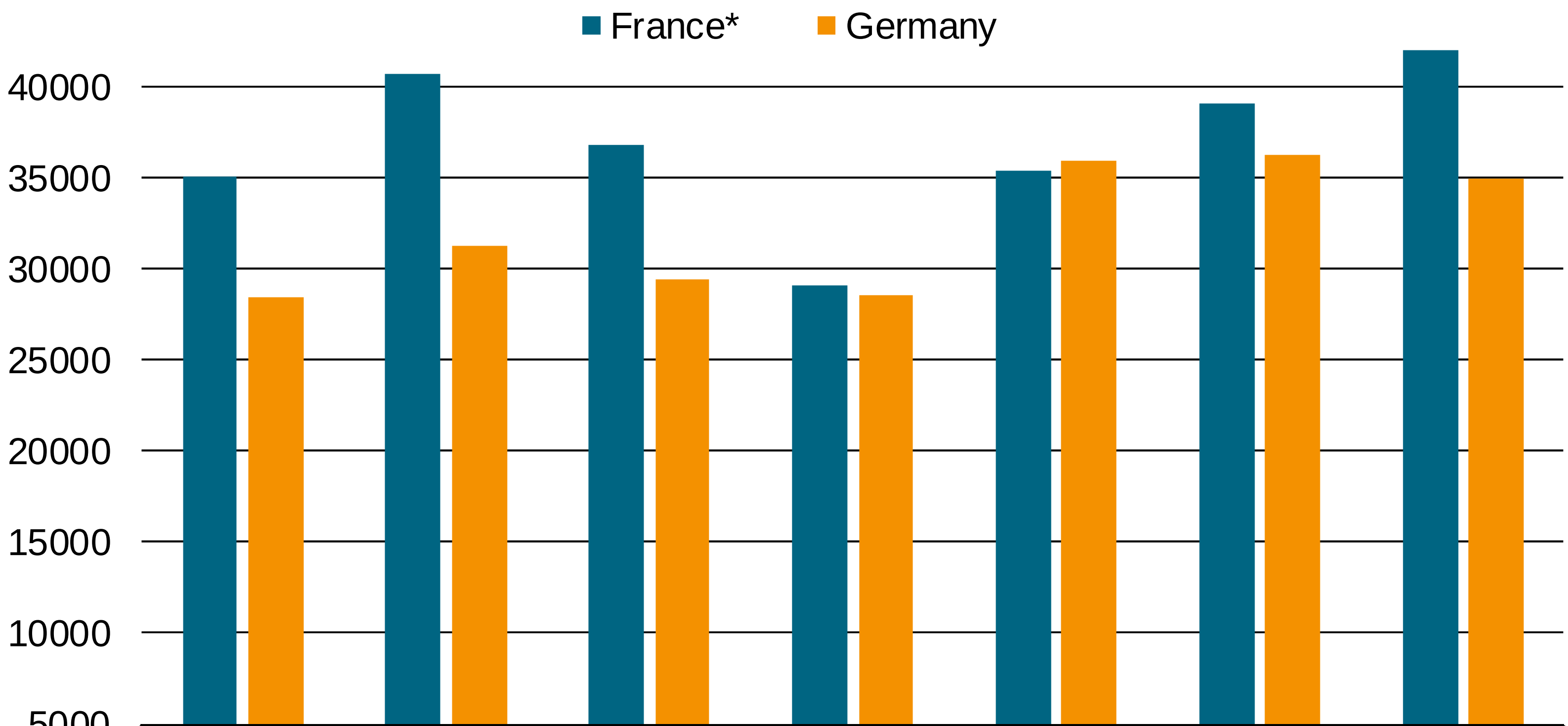
German Agricultural Machinery Market



Source: VDMA Agricultural Machinery Association, forecast status: July 2013

The high demand for tractors underlines this thesis

Tractor registrations in units



	2007	2008	2009	2010	2011	2012	2013e
France*	35083	40716	36800	29123	35409	39089	42000
Germany	28451	31250	29464	28587	35977	36264	35000

* excluding telescopic handlers

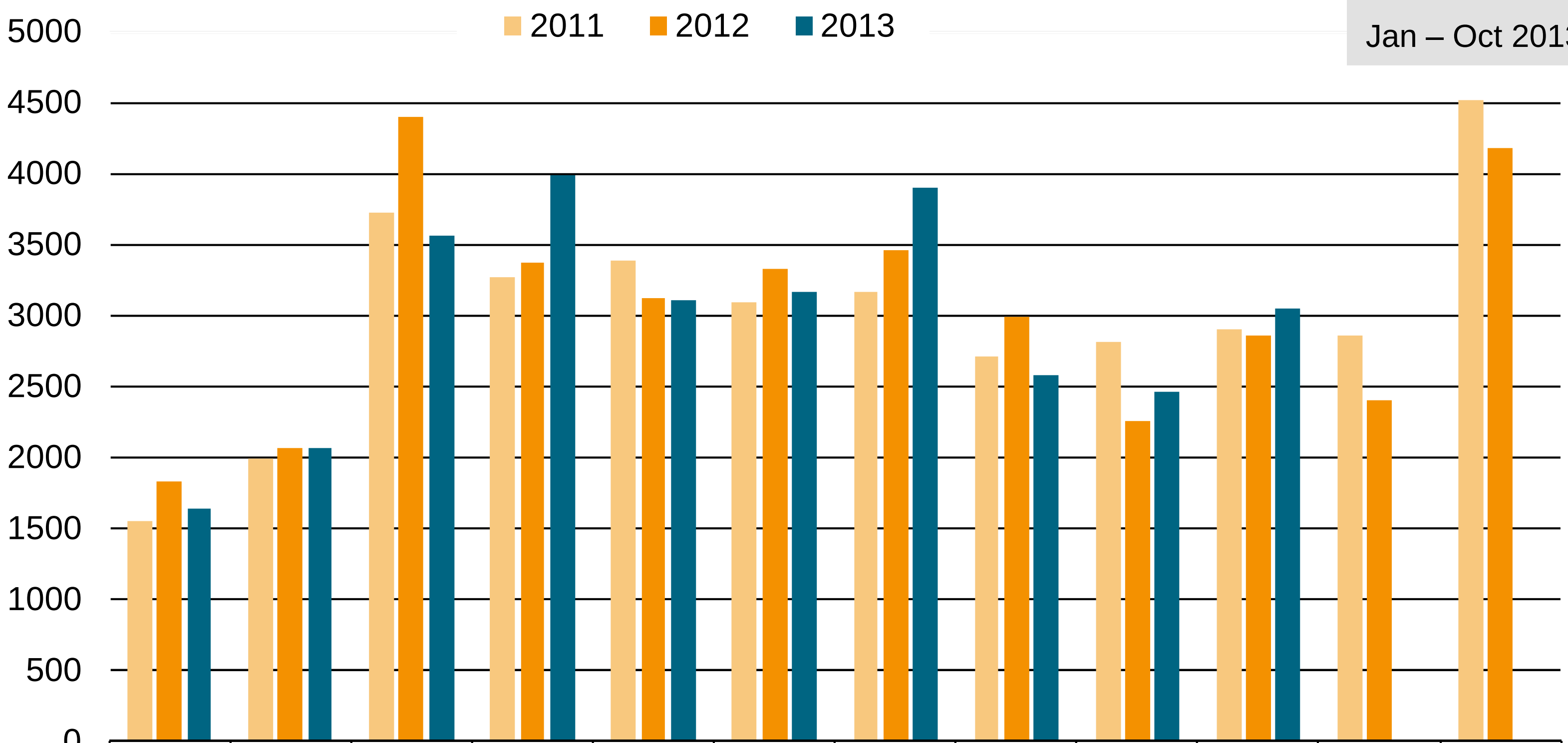
Sources: Federal German Traffic Agency (KBA), VDMA, AXEMA, Forecast 2013: VDMA

German Tractor Market

VDMA

Jan – Dec 2011: +26%
Jan – Dec 2012: +2%
Jan – Oct 2013: +/-0%

New Registrations of Tractors in Germany (in units, total over all hp segments*)



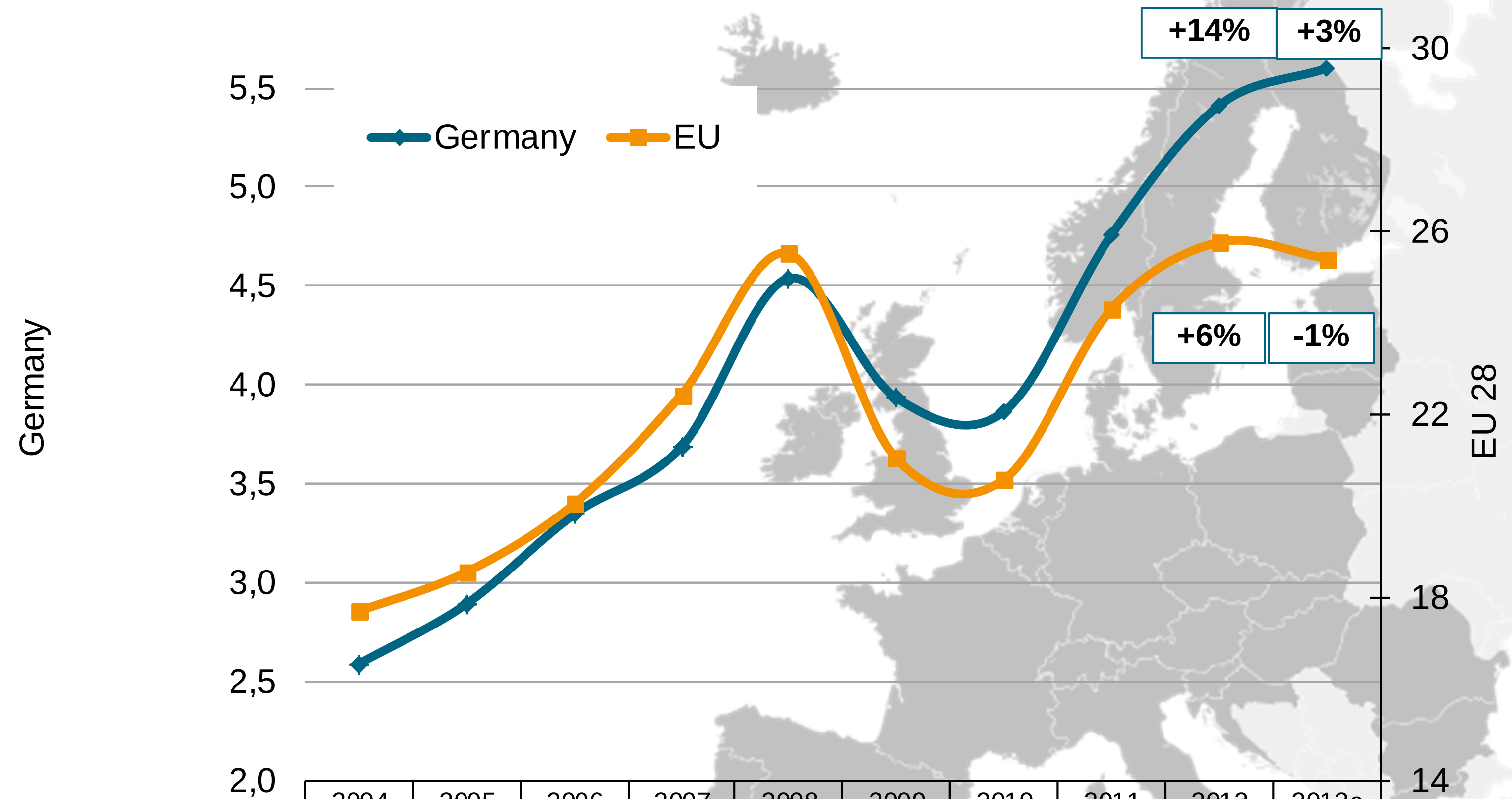
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	1546	1995	3725	3271	3382	3095	3160	2708	2813	2905	2861	4516
2012	1827	2071	4401	3366	3119	3321	3457	2988	2263	2856	2409	4186
2013	1647	2069	3559	3990	3115	3173	3898	2587	2469	3046		

Source: KBA * excluding ATVs and telescopic handlers

Forecast 2013: ca. 35,500 units

Agricultural Machinery Market Development: Comparison for the EU and Germany

Development of the Market Volumes in Bn. Euro



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
Germany	2,59	2,90	3,35	3,69	4,54	3,93	3,87	4,76	5,41	5,60
EU	17,71	18,57	20,05	22,44	25,52	21,04	20,58	24,31	25,77	25,42

Source: VDMA Agricultural Machinery Association, Eurostat, EU calculation including Croatia starting in 2009