Economic Situation

Construction Equipment and Building Material Machinery

November 2016

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Construction Equipment: Economic Cycle
Order impulse after summer

Order intake compared to previous year in %, rolling six-month averages, source: VDMA
Construction Equipment: Incoming Orders and Turnover
Industry almost unchanged, but strong spread in sub-sectors

January-September 2016/2015, source: VDMA
Building Construction Equipment
The slight downturn continues

Rolling 12-month averages and original values, index 2010=100, last data point: September 2016, source: VDMA
Earthmoving Equipment
A very strong September

Rolling 12-month averages and original values, index 2010=100, last data point: September 2016, source: VDMA
Road Construction Equipment
Order intake on track after the summer

Rolling 12-month averages and original values, index 2010=100, last data point: September 2016, source: VDMA
Germany: Construction Equipment Sales
Q1-Q3 2016 number is 2.2% above 2007 record levels!

Units of earthmoving equipment sales, 2016: first nine months and full year forecast, 20-years average, source: VDMA
Sales in Europe Jan-Sept 2016
Positive news from most European markets

source: CECE
Sales in Europe Jan-Sept 2016
All sub-sectors with growth

Q3 2016
YTD 2016

Source: CECE
World Construction Equipment Sales Jan-Sept 2016
The growth poles are Europe and India

Europe: +8%
Russia: +28%
China: +8%
India: +35%
Oceania: +14%
North America: -9%
Middle East: -23%
Africa: -12%
Latin America: -28%
Other Asia: -17%

units of earthmoving equipment, source: international statistics, own estimations and calculations
Building Material Machinery
Back to normal after order spike

Rolling 12-month averages and original values, index 2010=100, last data point: September 2016, source: VDMA
Building Material Machinery
Spring order boost still visible

January-September 2016/2015, source: VDMA
Economic Cycle Building Material Machinery
Real upturn or just a singular effect?

Order intake compared to previous year in %, rolling six-month averages, source: VDMA
Building Material Machinery: German Exports
Russia bounces back surprisingly strongly

in EUR million, source: German Federal Statistics Bureau
German Manufacturers: Business Climate

Sentiments still worse than actual business

source: ifo, October 2016
European Manufacturers: Business Climate
Industry sentiments bounce back after Brexit vote shock

Climate Index
Current
Future

source: CECE, October 2016
Europe: The Construction Industry Growth is back, Poland takes the lead

2015 value in EUR bn

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Germany</td>
<td>297</td>
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<td>0.9%</td>
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<td>France</td>
<td>222</td>
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<tr>
<td>Europe</td>
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Construction industry output against previous year in %, source: Euroconstruct, June 2016
The European Construction Industry
All sub-sectors set for growth

change against previous year in %, construction sector output in EUR bn, source: Euroconstruct, June 2016
World: Construction Industry
Positive forecast until 2019 for most regions

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<td>Canada</td>
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<td>-2.4%</td>
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<td>0.7%</td>
<td>-0.4%</td>
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forecast of construction investments growth in %, source: SIMCO
Summary: Industry Outlook
Short and medium term prospects

Inconsistent signals at the moment
» Germany on record track, Europe in general with good growth
» Beyond Europe, only India is seeing growth
» Industry sentiments stabilize, but do not show optimism

Medium to long term demand rather positive
» Construction industry growth, emerging markets will be back
» Mining sector to stabilize, but later than expected

Sales Forecast
» German market to see more than 5% sales growth this year
» Flat world sales is the most realistic scenario for 2016
» Industry turnover forecast 2016: construction equipment +3%, building material machinery +/-0% at best