



CEMA Business Barometer

Public excerpt June 2017

What is the CEMA Business Barometer?

- ▶ A monthly survey within 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



Business climate index solidifying on high level

Executive summary of the survey in June

The general business climate index of the agricultural machinery industry in Europe is solidifying on high level (highest value since 2012). Correspondingly, the European industry's forecast for its total turnover in 2017 further improved. A clear majority of 62% expects a moderate growth between 1 and 9%. Only 10% of the companies expect a decline.

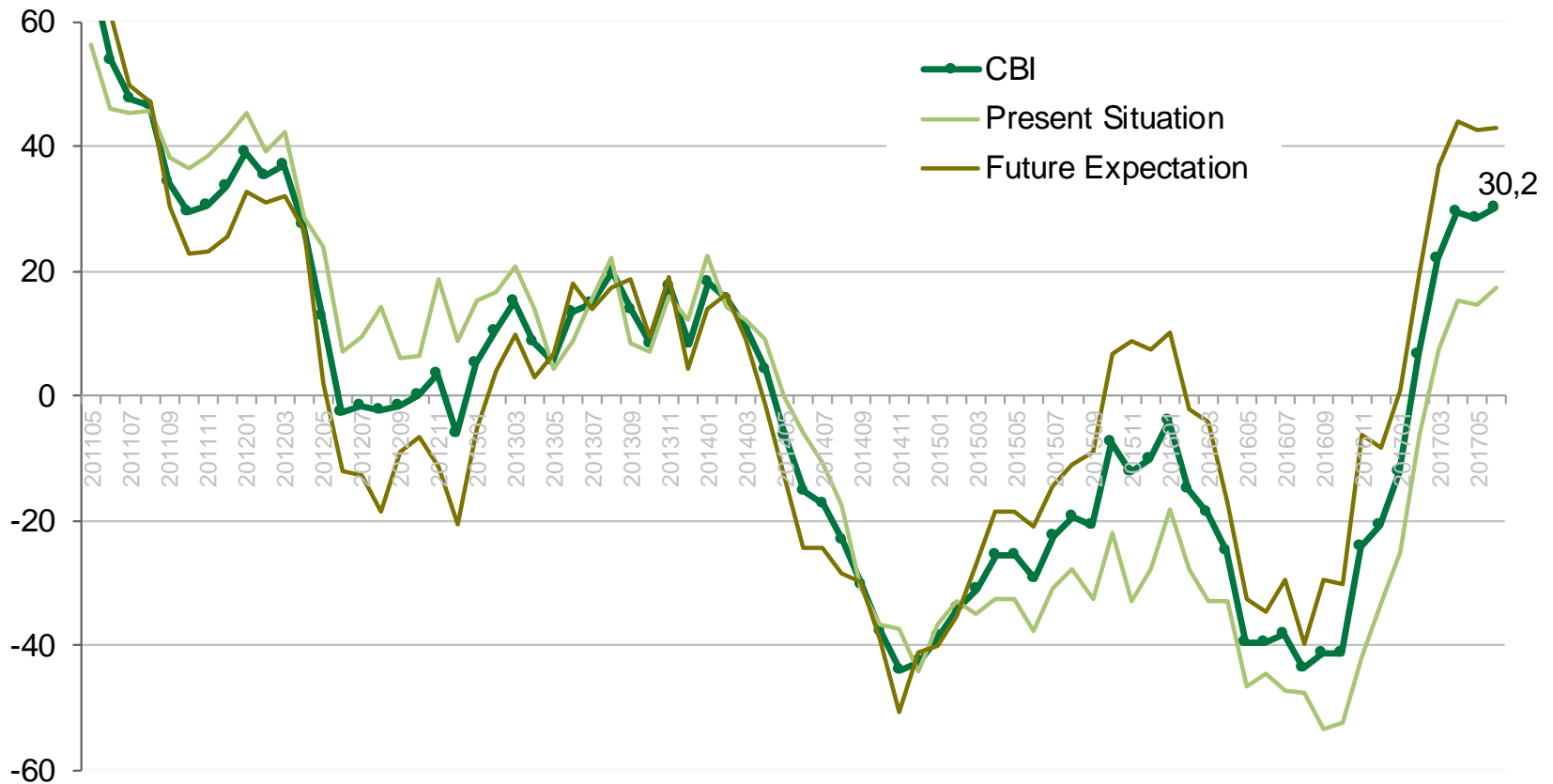
Based on the past and current order intake, turnover is secured to rise in the coming months, however, companies are becoming uncertain if the next six month will bring further growing order intakes.

Currently, business for arable equipment is running best, after business for components, where the manufacturers show once again excellent values on all indicators. The segment of lawn garden and municipal equipment turned to have the worst expectations, suggesting saturation after a long growth phase. At the same time, especially for livestock equipment, the divergence between future expectations and current business evaluation is persisting (livestock equipment has the best expectations after components, but the worst current business evaluation among all segments).

On a regional basis, the expectations for all major markets have risen to roughly similar good levels. Though not euphoric, recovery in Poland seems to further solidify. Spain has deteriorated due to bad weather conditions. The French market has improved significantly regarding expectations, however, a breakthrough looks different – a clear majority of companies located in France consider current business still to be unfavourable. Only companies from Belgium rate their situation worse.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

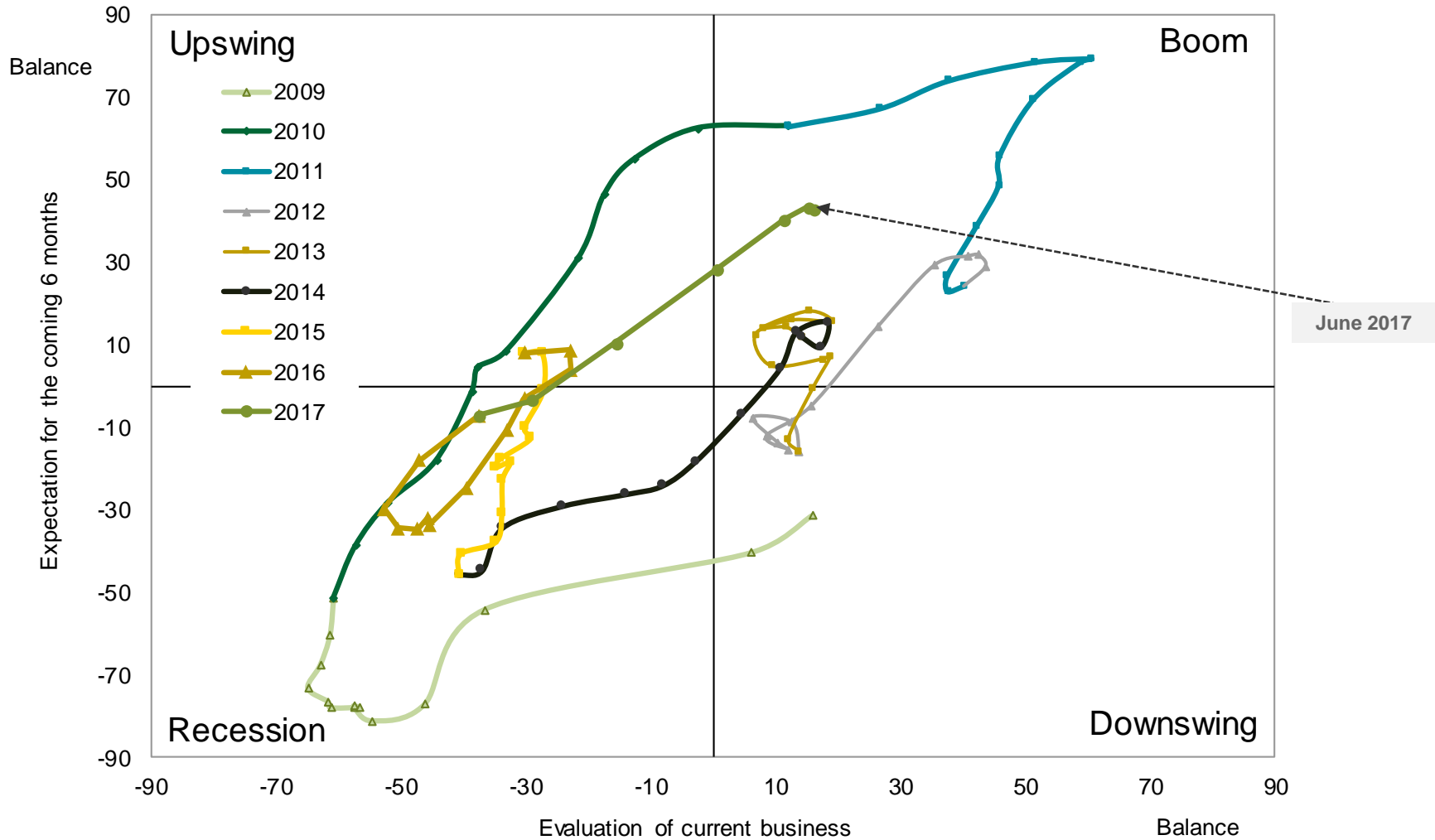


Source: CEMA Business Barometer

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

Business Climate

Illustration of Business Cycle

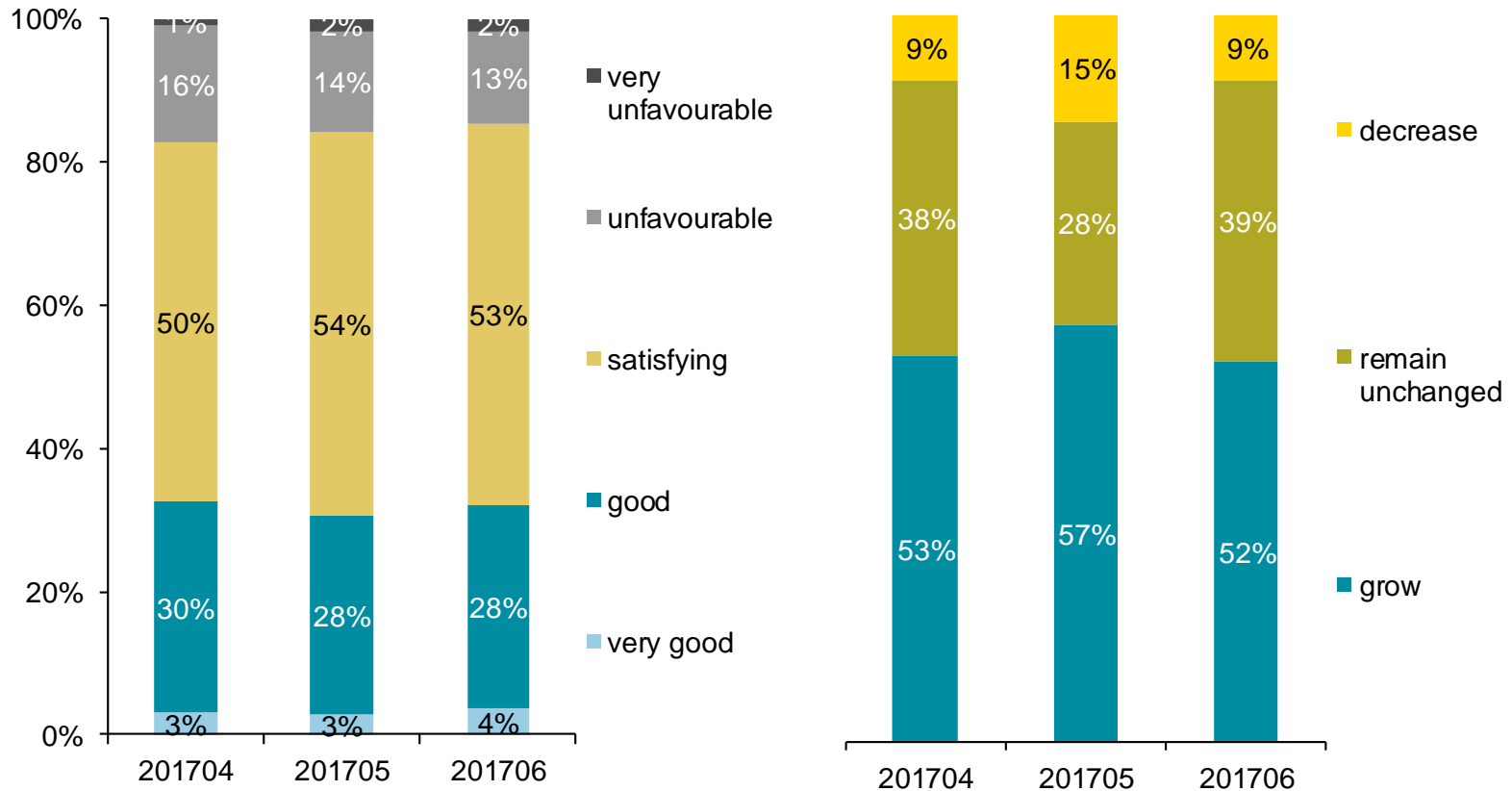


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

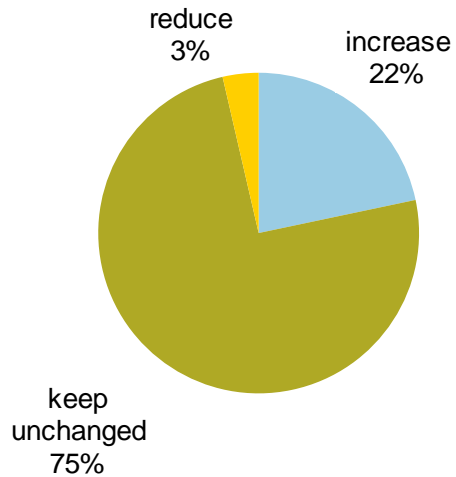


Source: CEMA Business Barometer

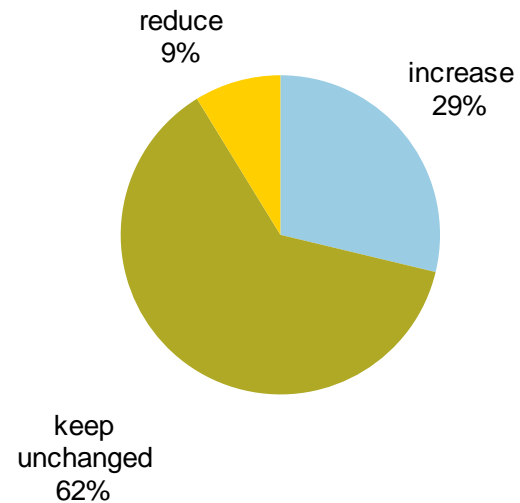
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer June 2017