



CEMA Business Barometer

Public excerpt November 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 may have already reached its peak

Executive summary of the survey in November

The general business climate index of the agricultural machinery industry in Europe seems to have reached its peak (but is still on high level). Especially future expectations have become somewhat more cautious (at a very high level).

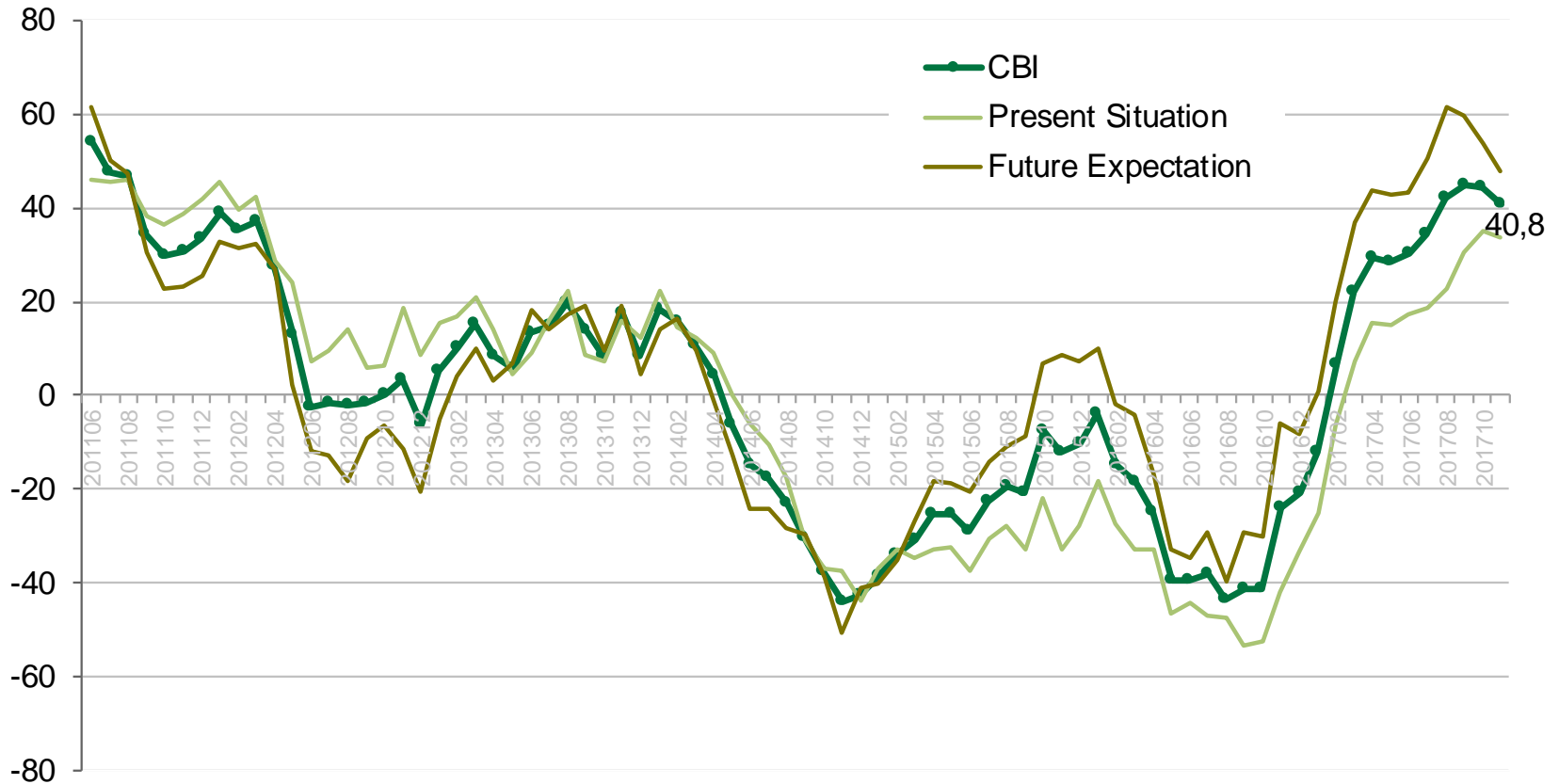
The tractor industry is the main climate brakeman. The cautious view within that segment for the next six months may be related to an expected order decline in 2018Q1, as a consequence of a pull-forward registration effect in the EU.

Business climate for tractors deteriorated significantly (both future and current evaluation are below the industry average), while other segments, as for example livestock equipment, continue with very positive ratings. Also, total agricultural machinery volume of orders remains at a record level of 2.9 months of production.

The regional breakdown shows at the same time still once again for each single European market a majority of survey participants expecting turnover increases in the next six months. The CIS region has lost some ground (from top to midfield). The best prospects are now seen in Scandinavia. In Poland, the recovery is further solidifying after years of recession. The outlook for Germany and the UK continues strong. At the bottom of the European ranking ends up again the drought affected Spanish market.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

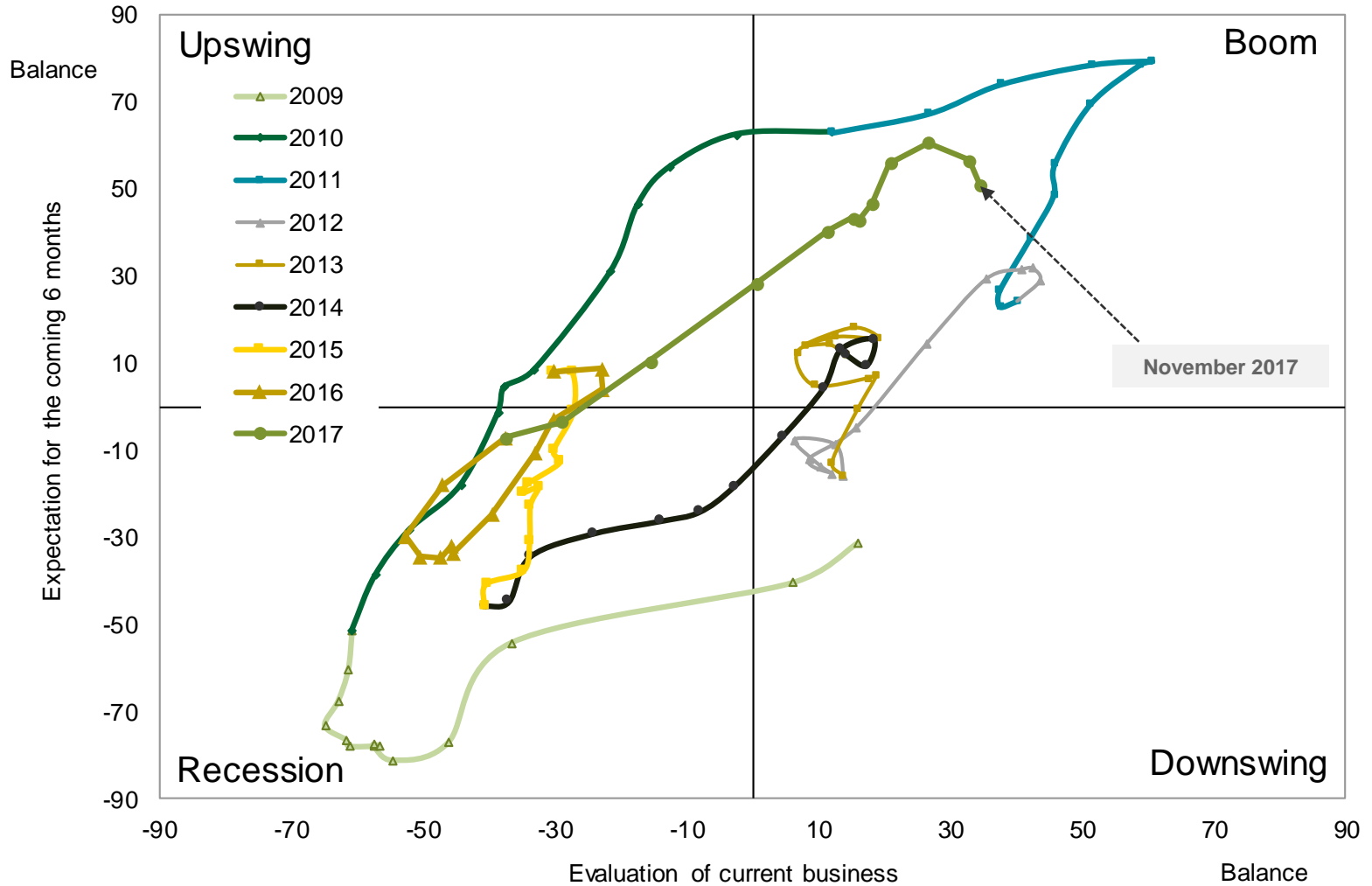


Source: CEMA Business Barometer

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

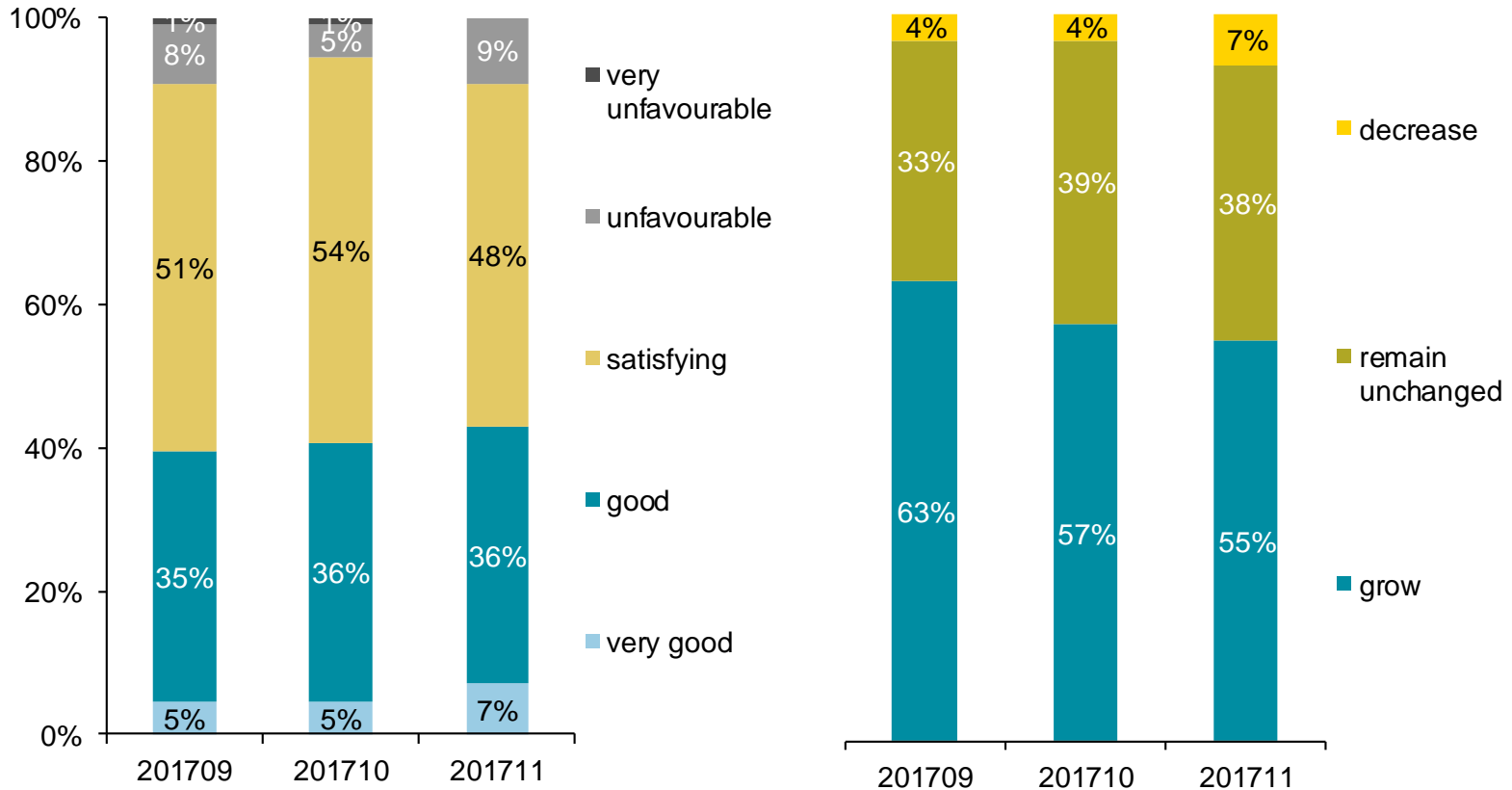


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

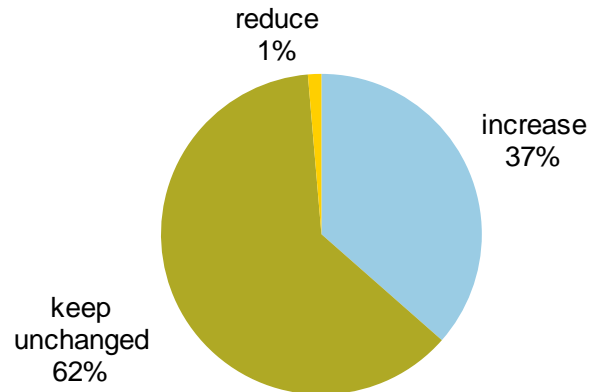


Source: CEMA Business Barometer

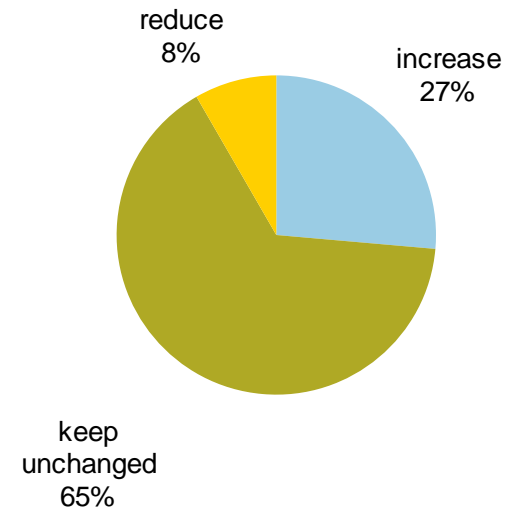
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer November 2017