



CEMA Business Barometer

Public excerpt December 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 stable at a high level

Executive summary of the survey in December

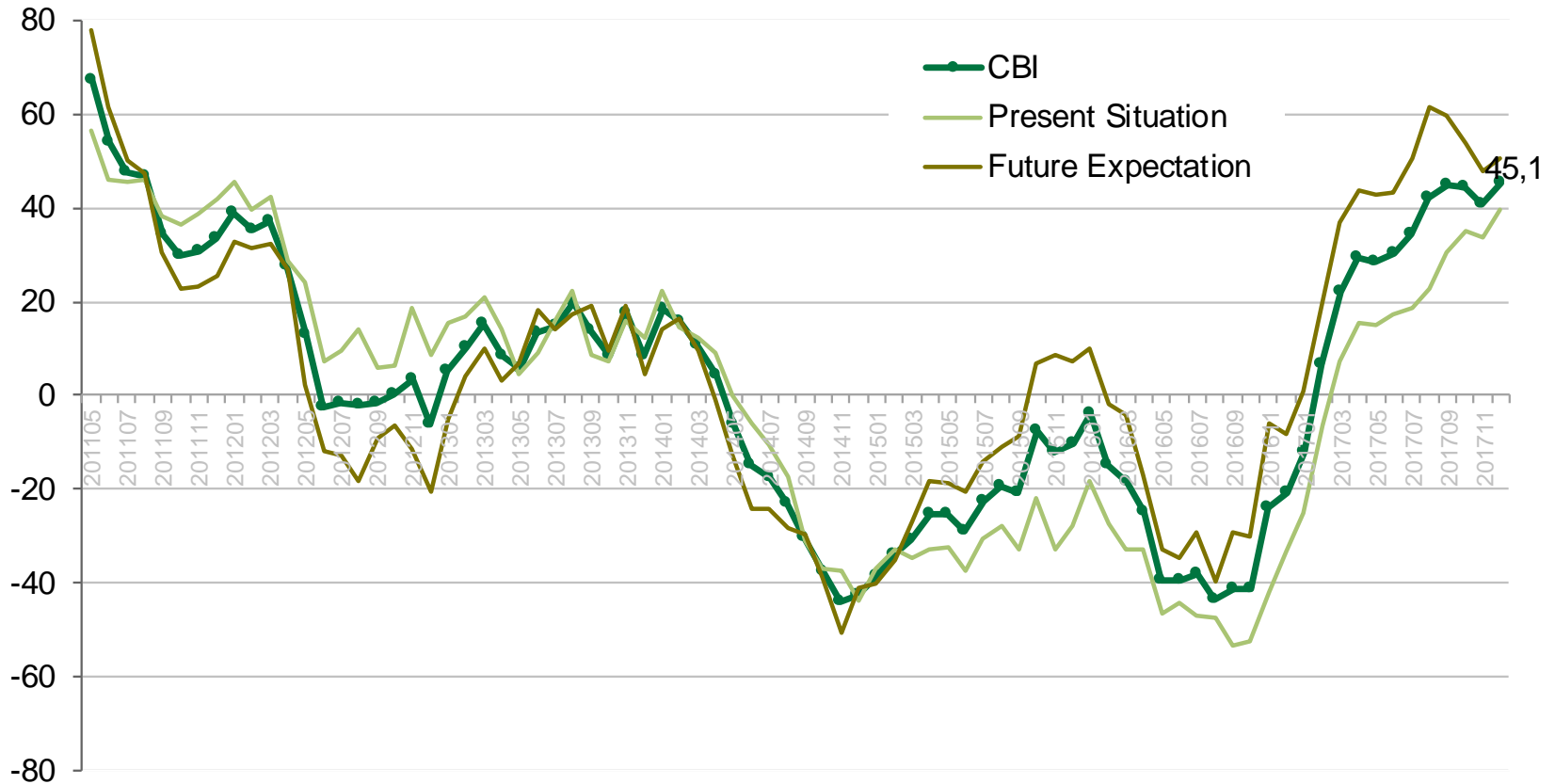
The general business climate index of the agricultural machinery industry in Europe keeps with only little changes on high level. The evaluation of the current business has further improved, while the future expectations are no longer as high as in the last months. The order intake is currently strong, but will not further increase. Altogether, the forecasts of the European industry remain very positive: In December, there are still 84% of the companies expecting their total turnover to grow in 2018 (vs. 94% in September).

The breakdown by segment shows that business climate for tractors has recovered after the slump in the previous month, but both future and current business evaluation are still quite below the industry average. Within the arable equipment segment, turnover expectations have slipped below the current business evaluation, which may signal a market reversal. The manufacturers of livestock equipment seem meanwhile, still little worried about any prospects of lower milk prices.

The regional breakdown shows once again for each single European market a majority of survey participants expecting turnover increases in the next six months. By far the best rating has achieved Poland, which is in the midst of a strong upswing. Germany and France are now also in the upper part of the country ranking, however, if considering only tractors, arable and harvesting equipment, they are rather midfield (especially France). At the bottom ends up again the drought affected Spanish market. On a global level, the highest growth potential is seen in Central and South Asia, followed by Oceania.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

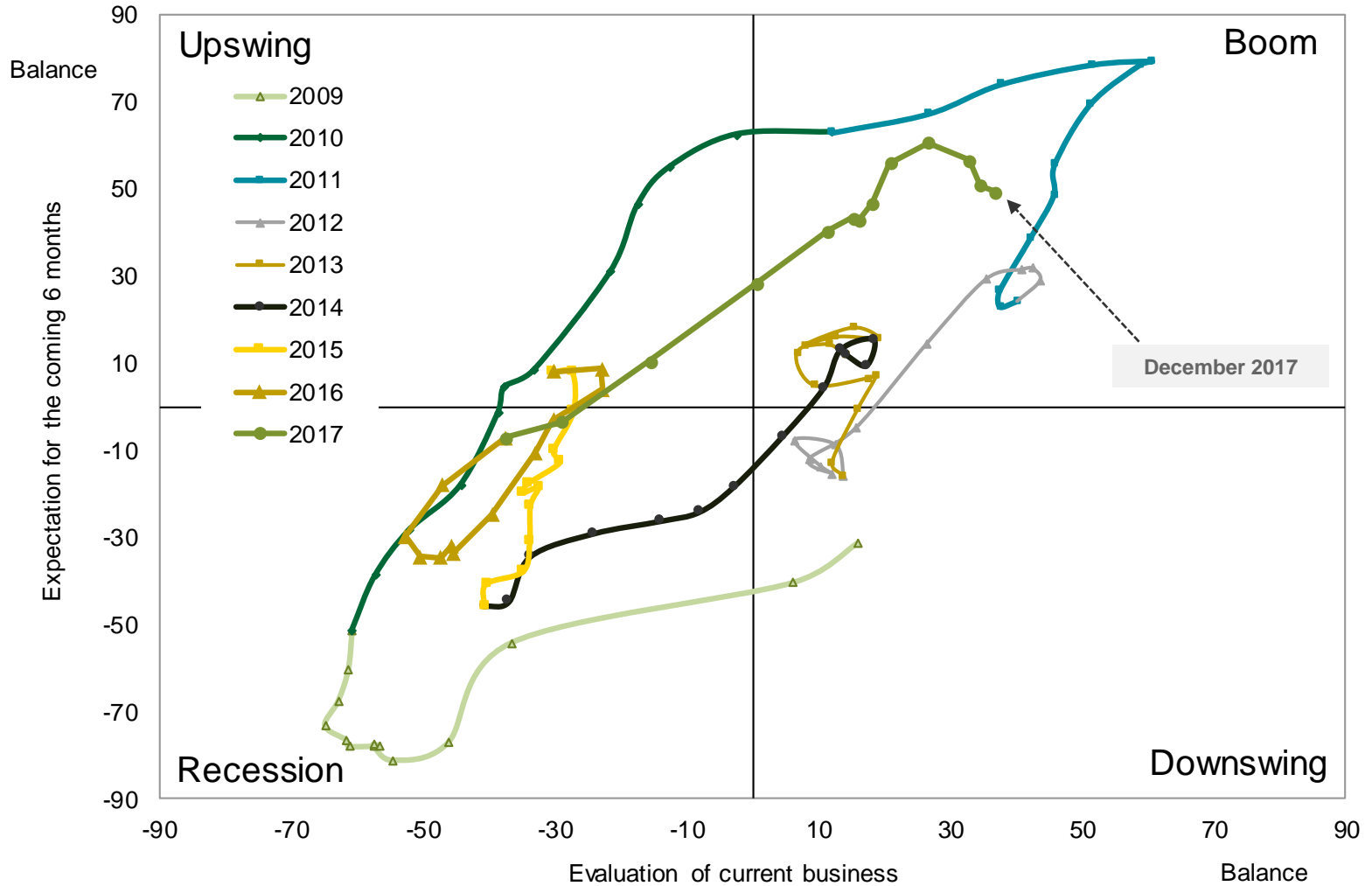


Source: CEMA Business Barometer

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

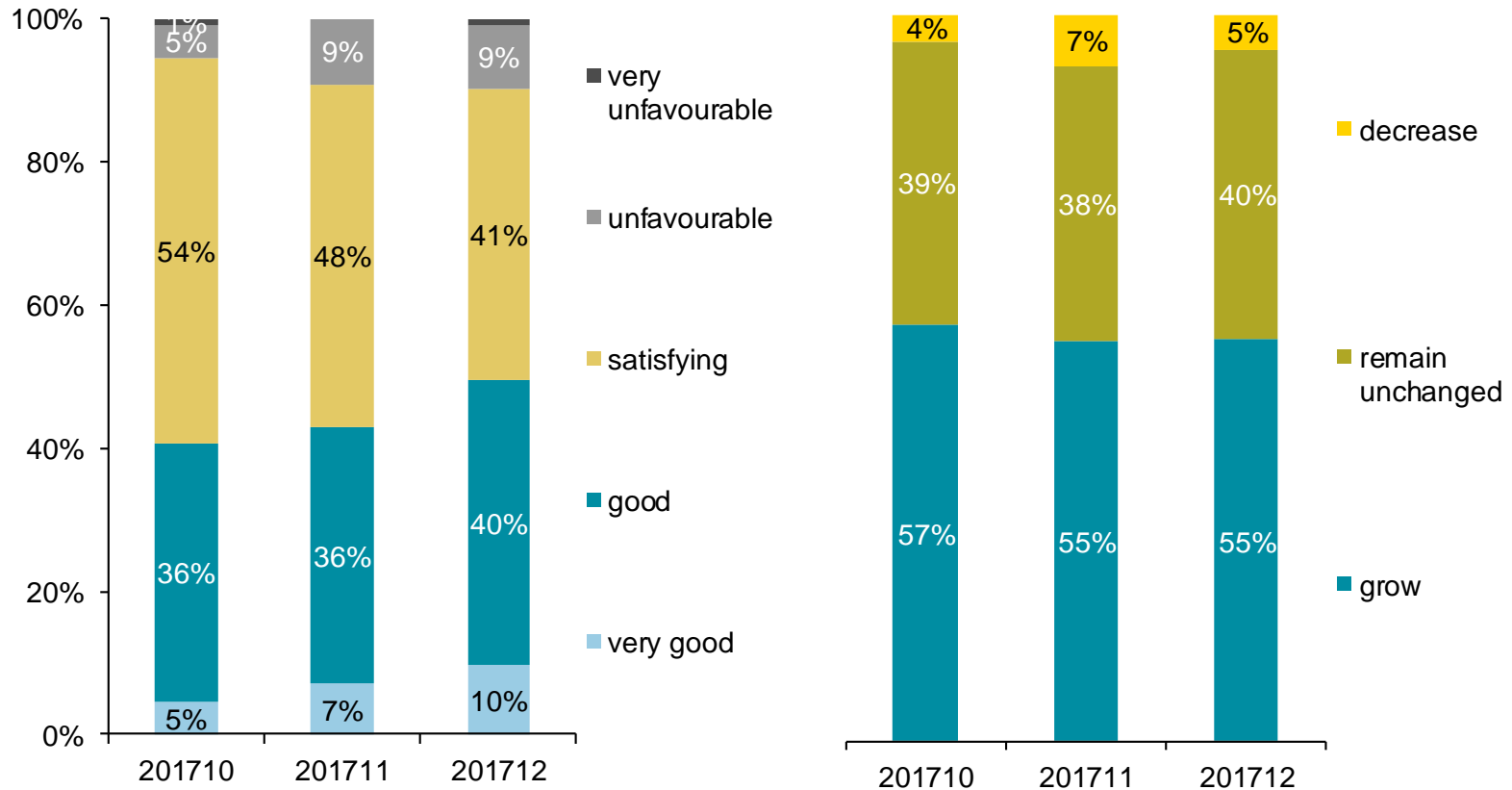


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

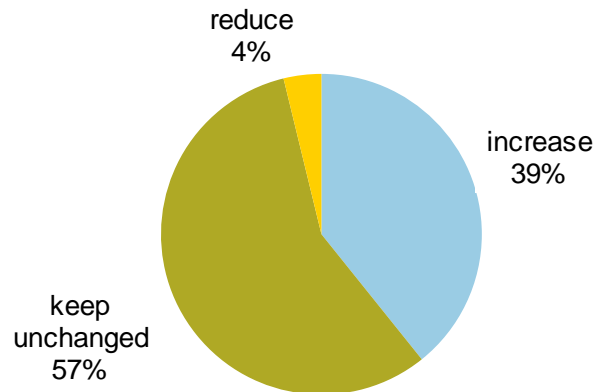


Source: CEMA Business Barometer

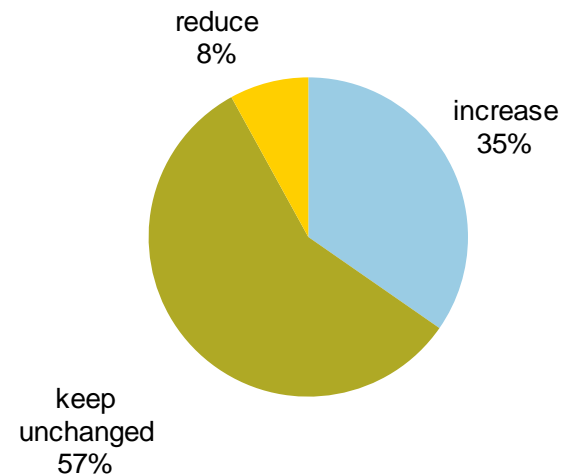
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer December 2017