



CEMA Business Barometer

Public excerpt January 2018

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



Current business evaluation on highest level since 2011

Executive summary of the survey in January

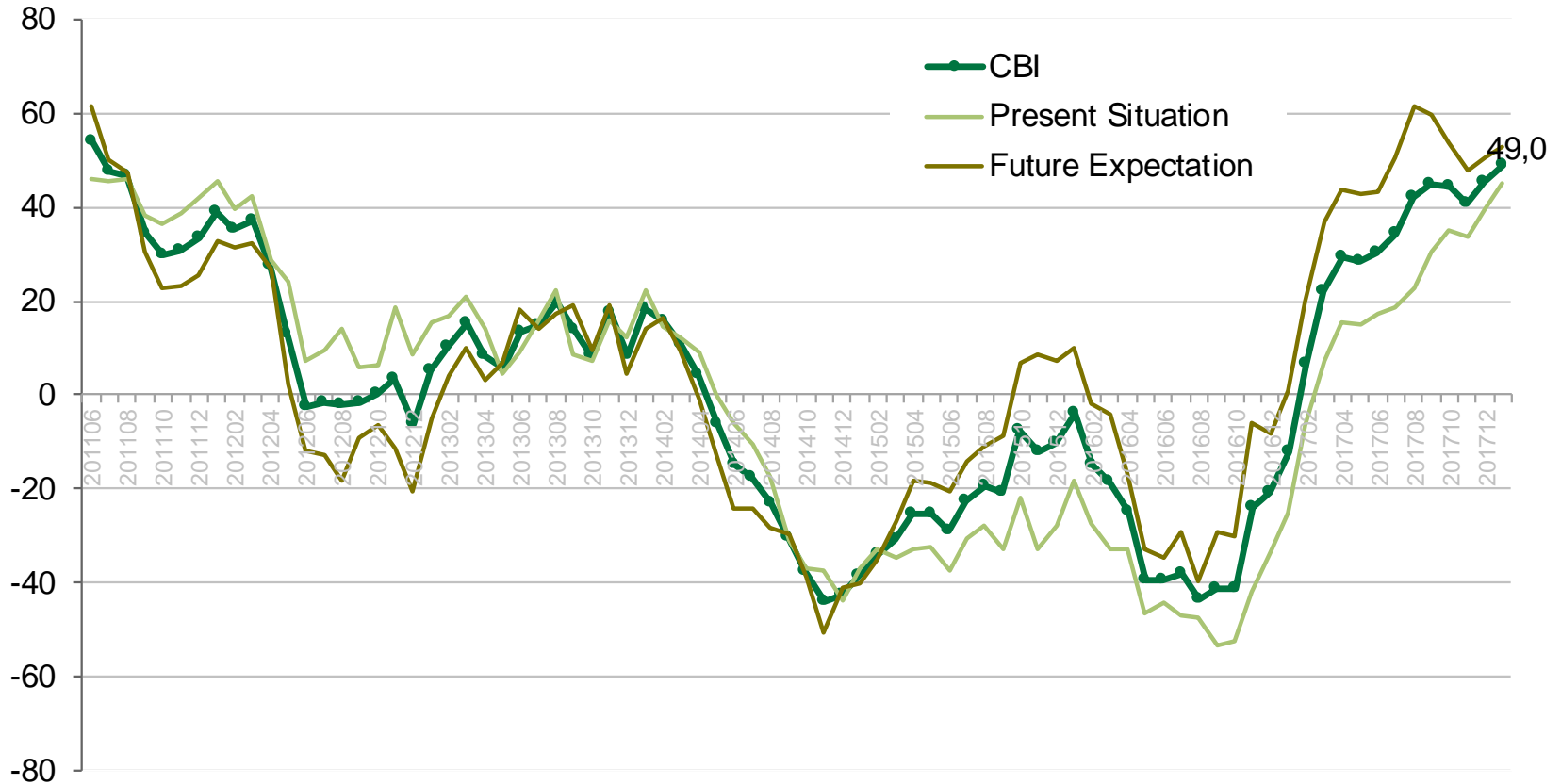
The general business climate index of the agricultural machinery industry in Europe keeps with only little changes on a very good level. The evaluation of the current business has further improved (reached its highest value since 2011), while the future expectations are no longer as high as in the last months.

In terms of breakdown by segment, business climate for tractors remains below the industry average (both, future and current business evaluation). For the arable equipment segment, order intake expectations have slipped below the total industry average, which may signal that the upswing is going to slow down. On the other hand, manufacturers of livestock equipment still appear to be not worried about prospects of lower milk prices.

The regional breakdown shows once again for each single European market a majority of survey participants expecting turnover increases. This month, the Netherlands has become one of the top-rated markets (after Germany and the UK). Poland is no longer rated as euphoric as last month, but remains on high level. The Scandinavian, and even more the CIS countries, have already reached the top of the upswing. At the bottom of the country ranking ends up again Spain.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

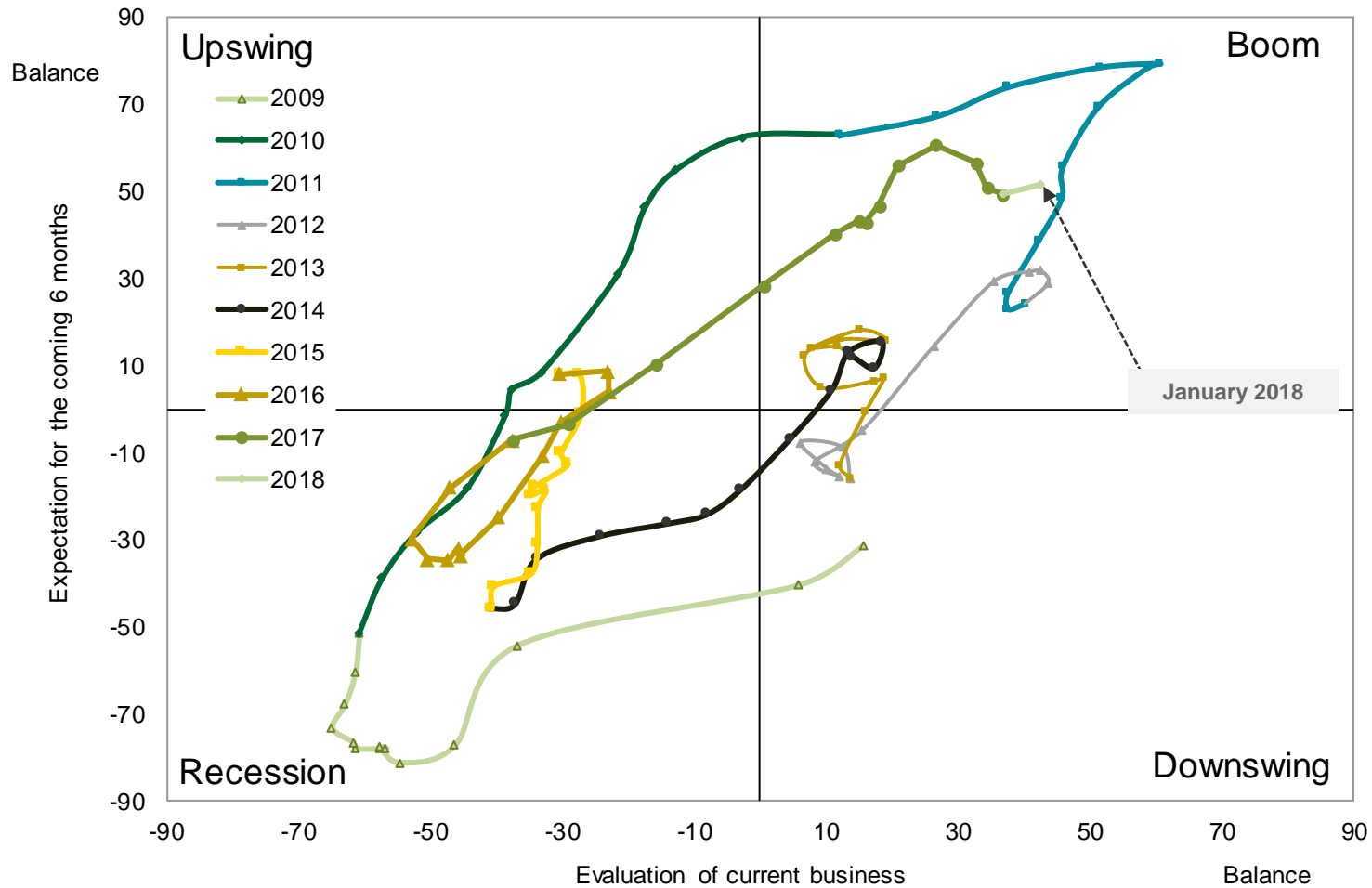


Source: CEMA Business Barometer

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



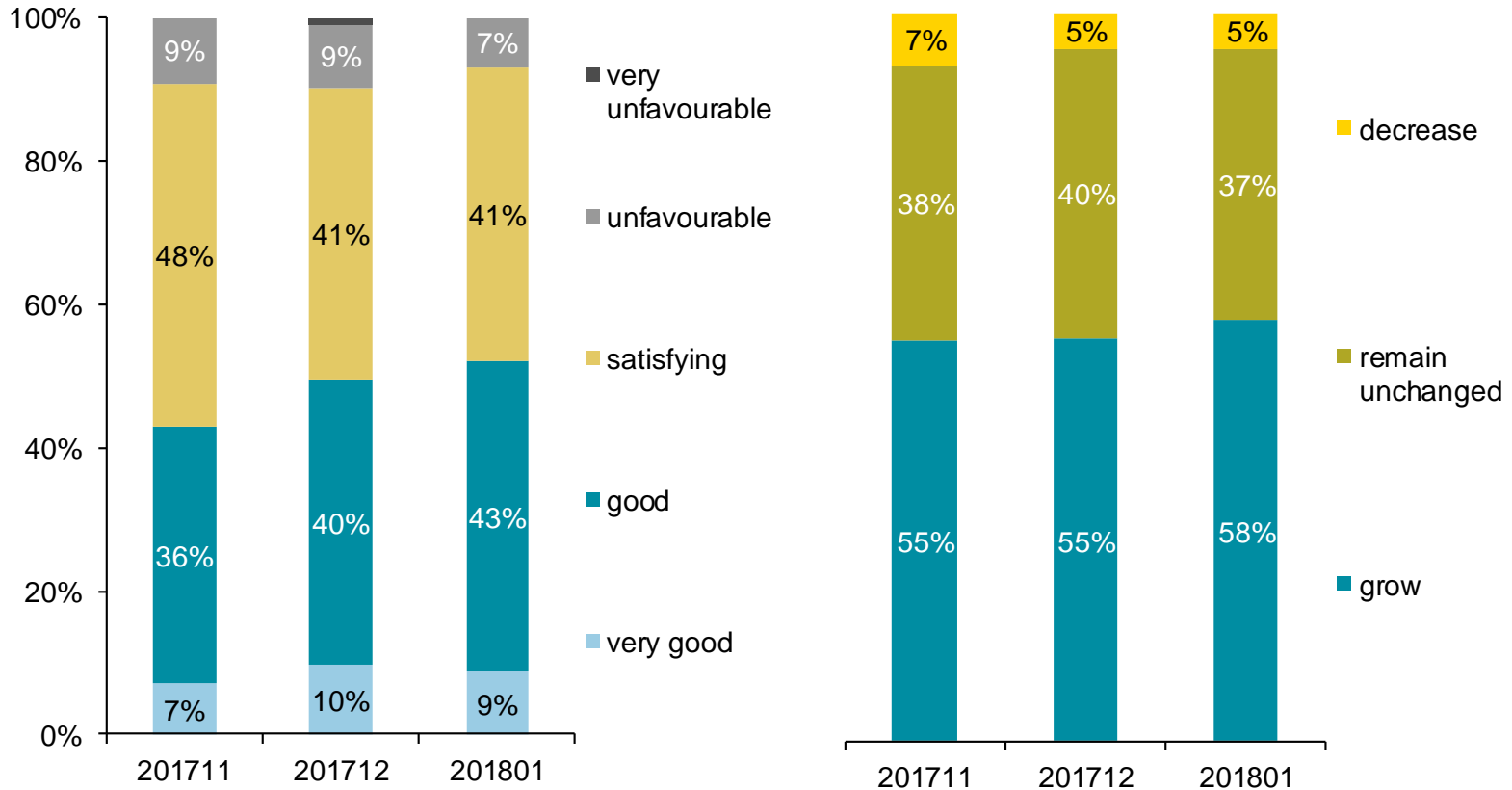
Source: CEMA Business Barometer, each value as an average of the last two months

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....

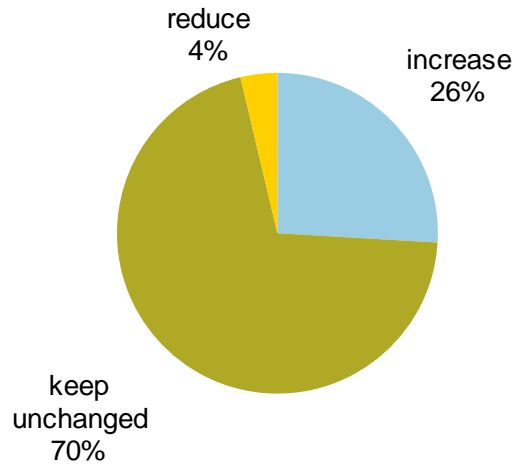


Source: CEMA Business Barometer

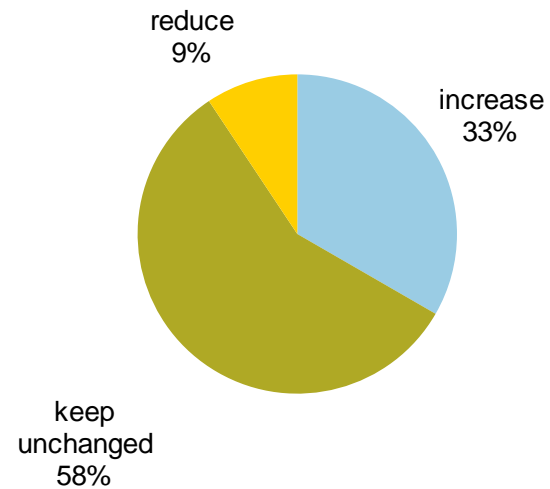
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer January 2018