

CEMA Business Barometer

Public excerpt June 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



Business climate is slowing down after reaching its peak

Executive summary of the survey in June

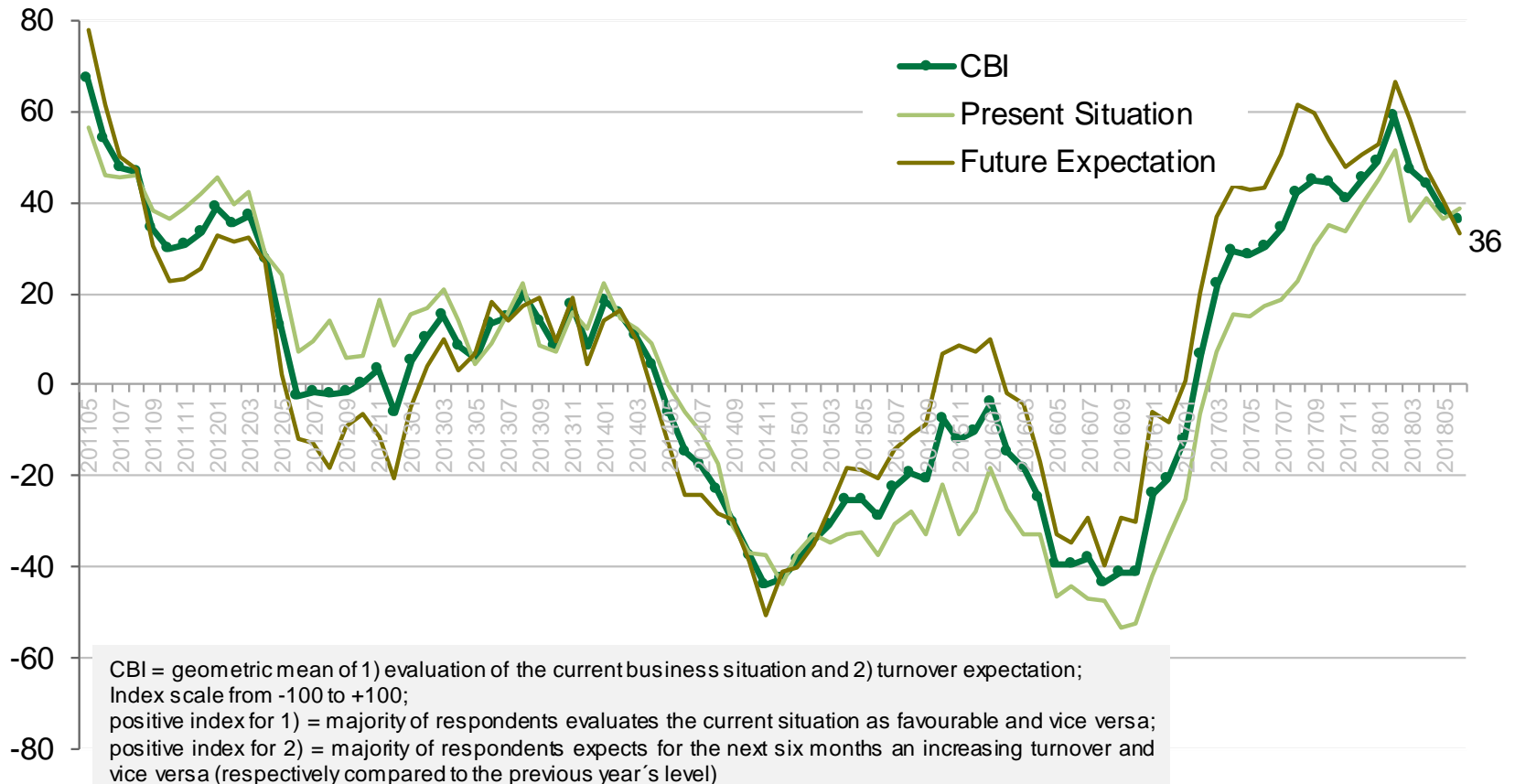
The general business climate index of the agricultural machinery industry in Europe has declined further after reaching its peak. The current business seems to remain at a relatively high level, but future expectations have become more cautious. A significant deterioration can be particularly observed in the segment of arable equipment.

However, the industry's forecast regarding its turnover development is overall still positive. On average, the companies expect an increase by 5% in 2018 and 4% in 2019 (for arable equipment respectively 4% and 3%).

Looking to the market side, the survey further solidifies the picture that the European market has already reached its peak. According to the survey participants, the order intake from Europe has remained strong in the last month, but the confidence regarding turnover expectations in the coming six months has decreased for all single European countries.

Business Climate Index Development

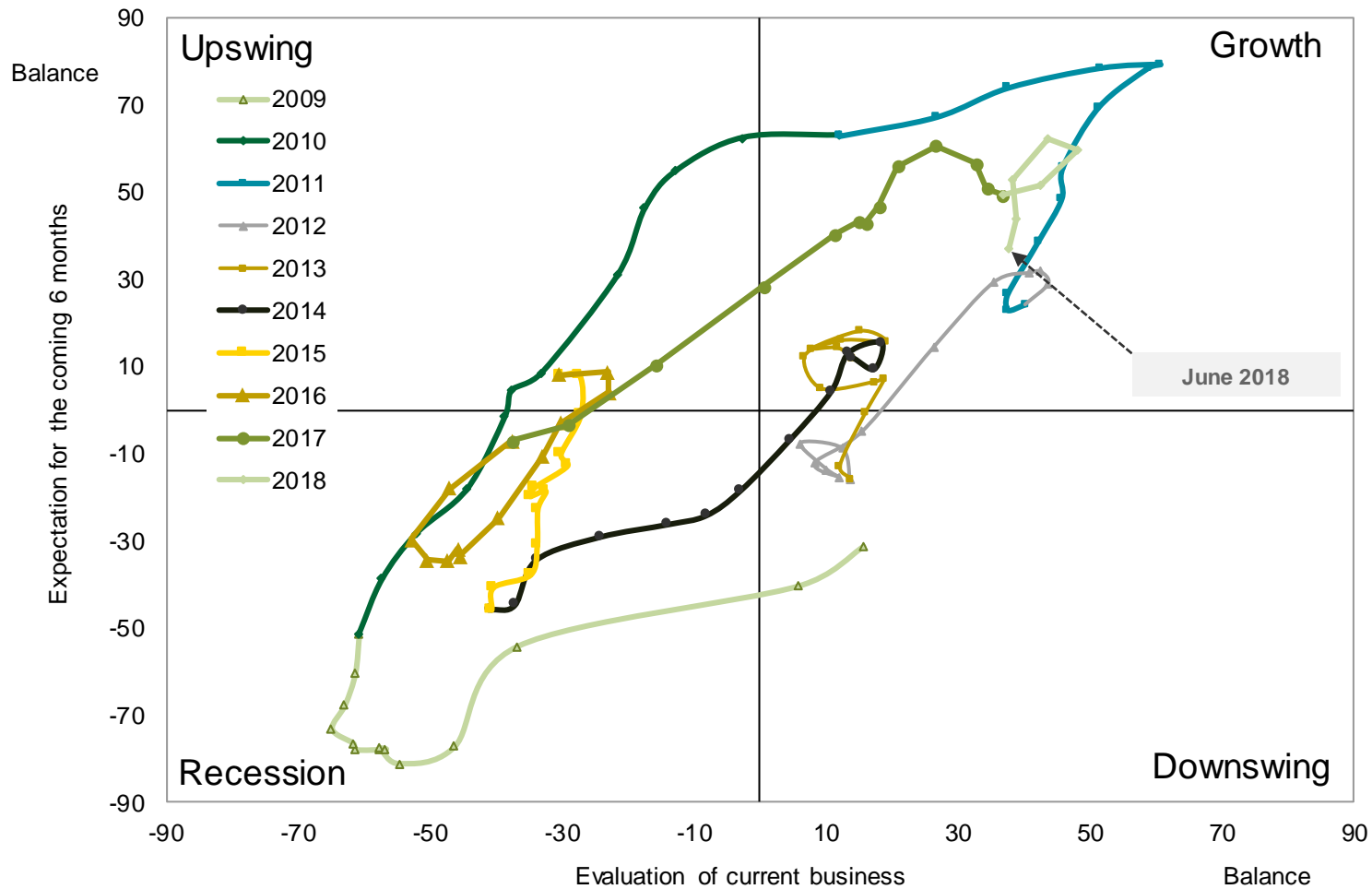
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



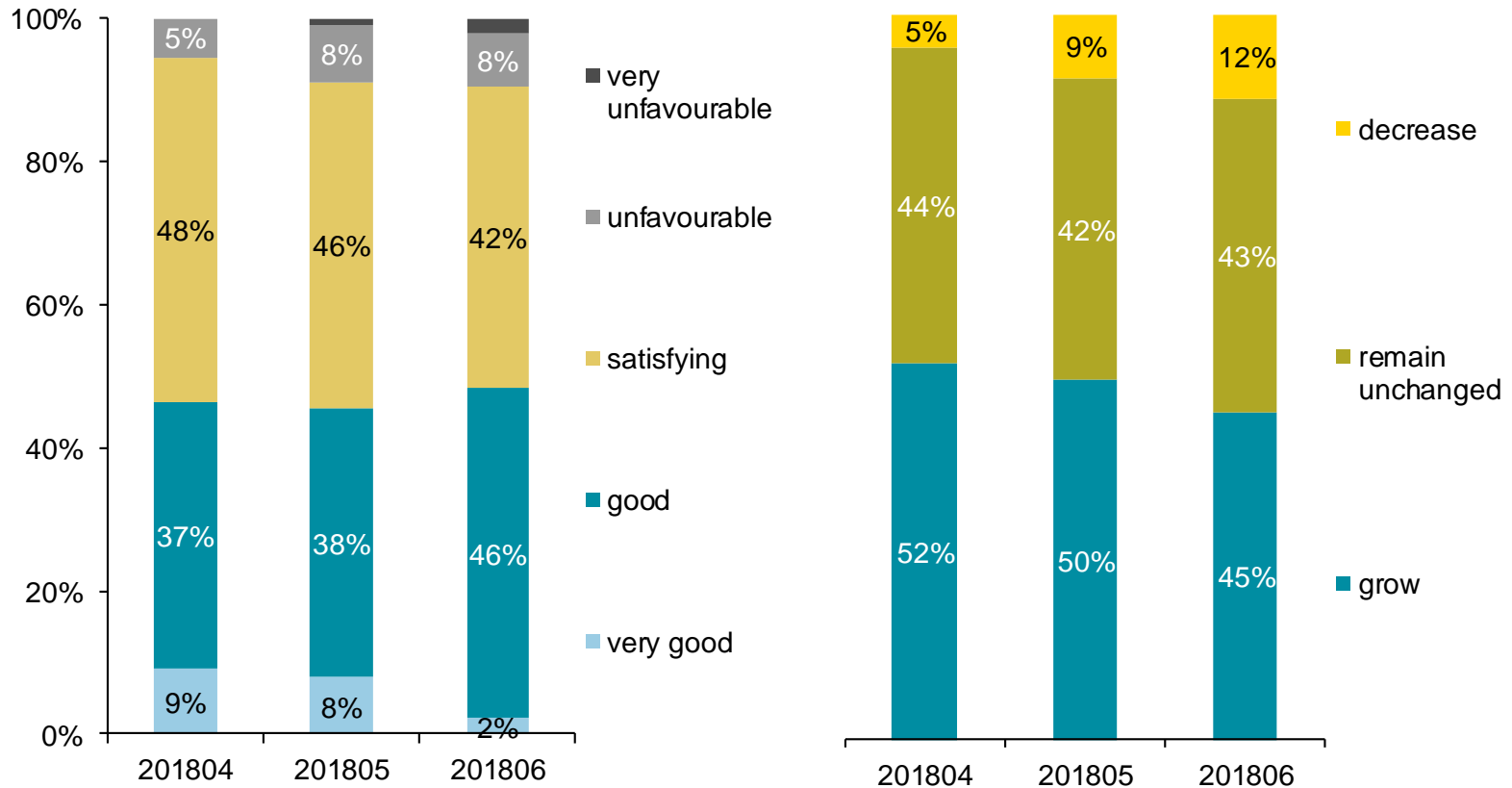
Source: CEMA Business Barometer, each value as an average of the last two months

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....

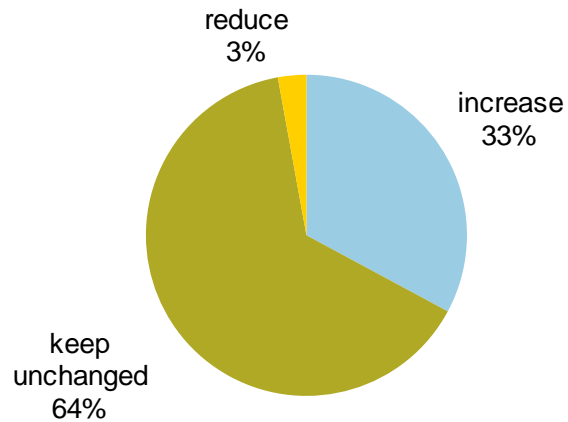


Source: CEMA Business Barometer

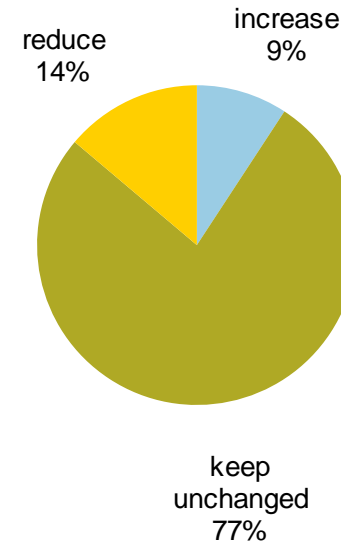
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer June 2018