

CEMA Business Barometer

Public excerpt September 2023



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 in downturn

Executive summary of the survey in September

The general business climate index for the agricultural machinery industry in Europe has continued to fall sharply after reaching negative territory in July for the first time since the crash in the wake of COVID-19. In September, the index fell from -22 point to -31 points (on a scale of -100 to +100).

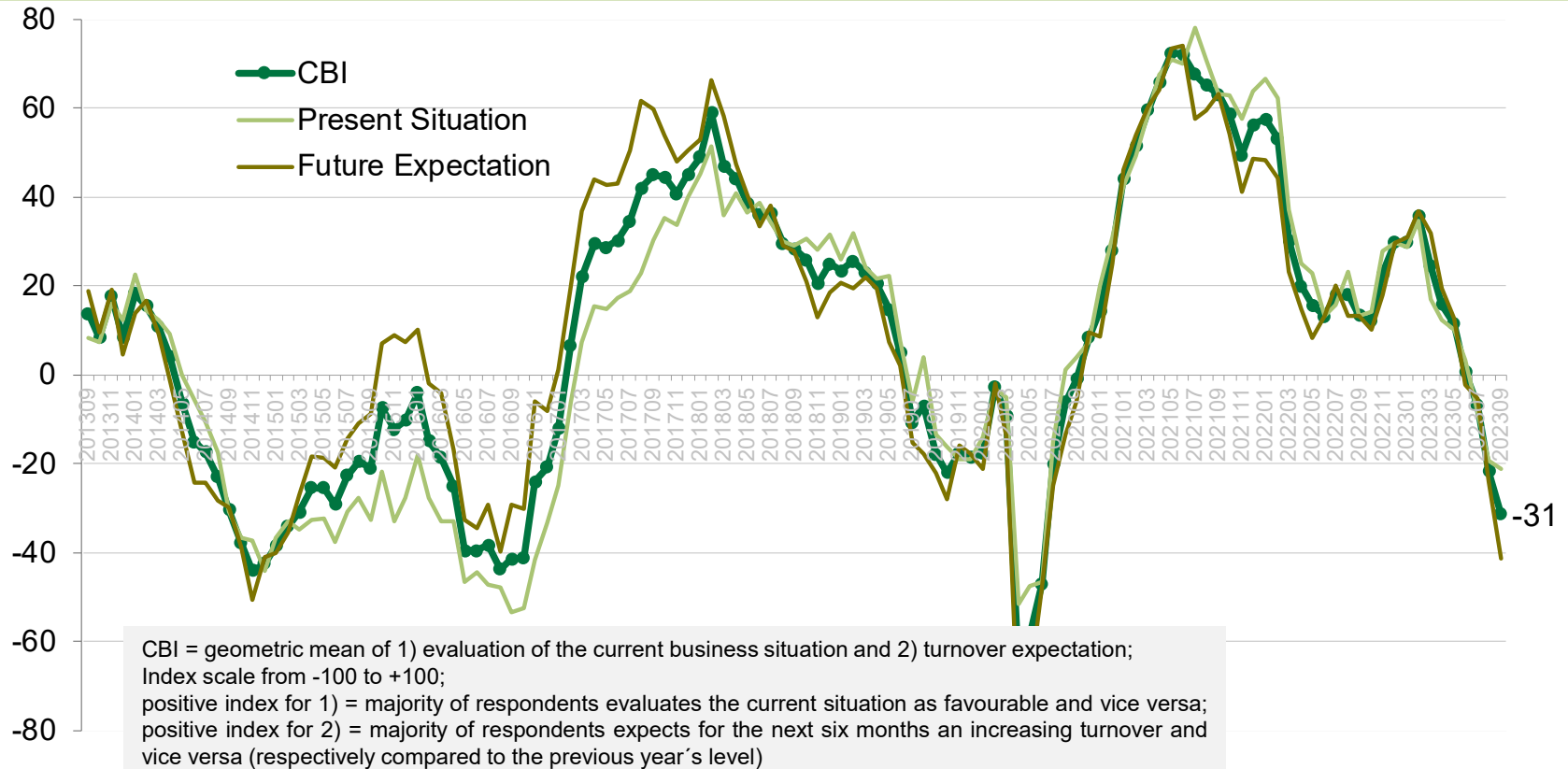
Meanwhile, 58% of the survey participants expect their turnover to decline in the next six months and with view to the coming order intake (an indicator which is not considered in the calculation of the overall barometer index) even 71% expect a further decline. The deterioration also seems to have reached the component manufacturers, who were more optimistic in the previous months but have now corrected their expectations drastically into the negative.

According to the survey participants, the need for investment seems to be exhausted in all European end-customer markets. Accordingly, there is not one single European market for which a majority of survey participants would have positive turnover expectations. Especially the two major markets Germany and Italy have slipped further down the ranking of market confidence levels.

Nevertheless, for 2023 as a whole, the survey participants still expect a slight increase in turnover for their company on average, due to the high turnover at the beginning of the year as a result of the reduction in manufacturers' order backlogs.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

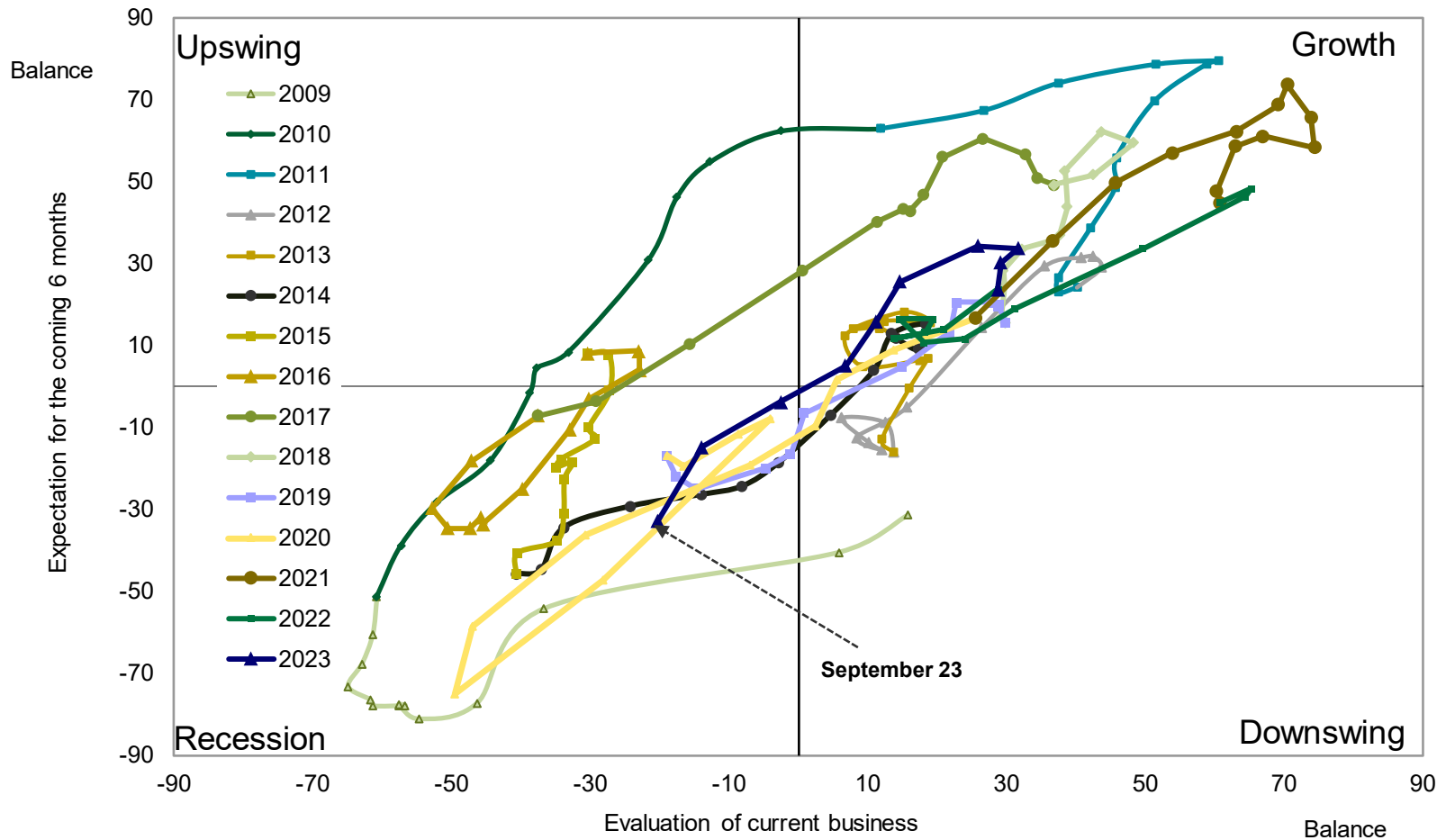


Source: CEMA Business Barometer

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



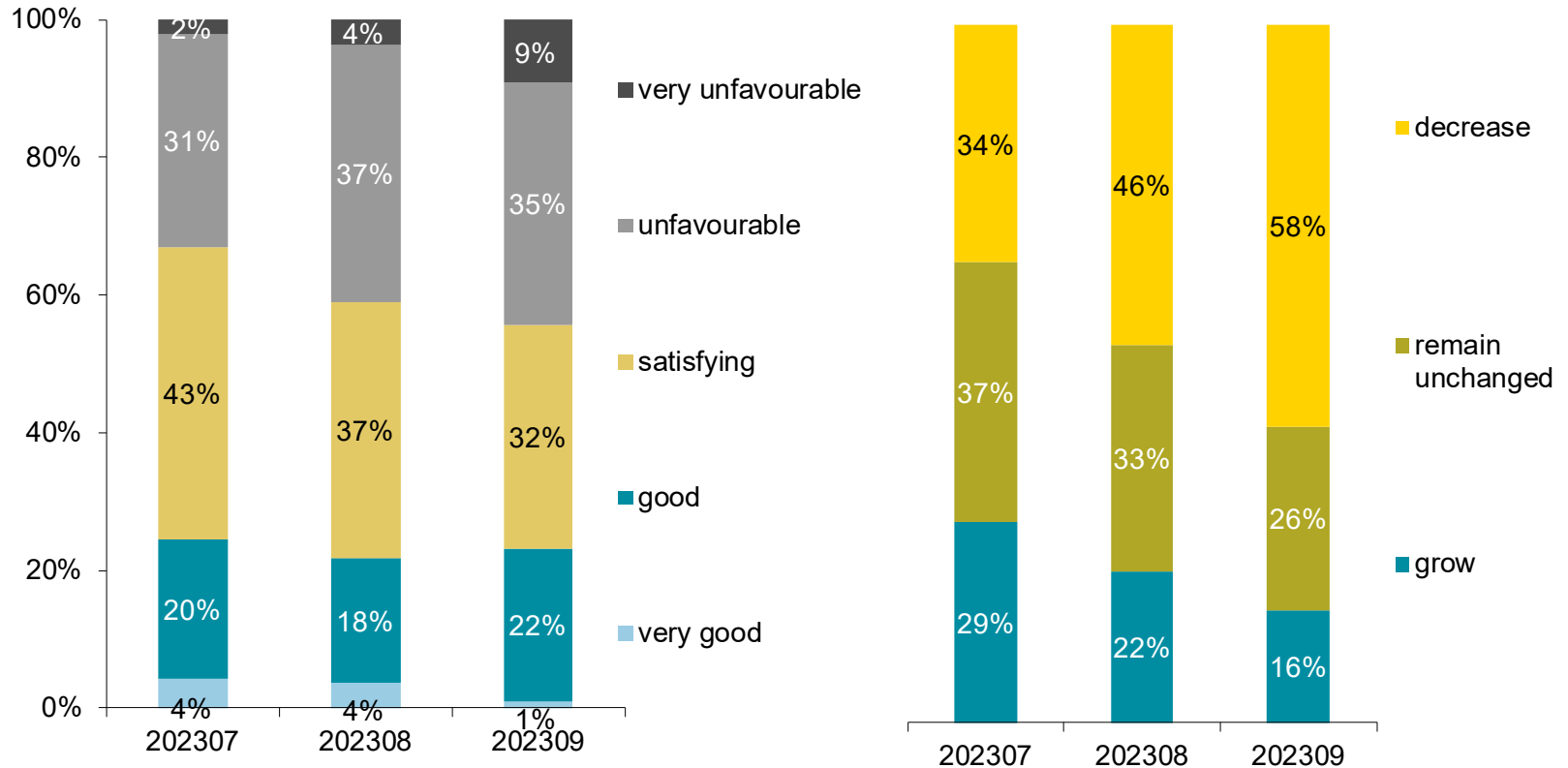
Source: CEMA Business Barometer, each value as an average of the last two months

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....

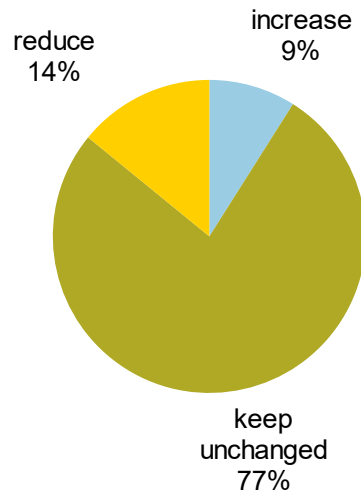


Source: CEMA Business Barometer

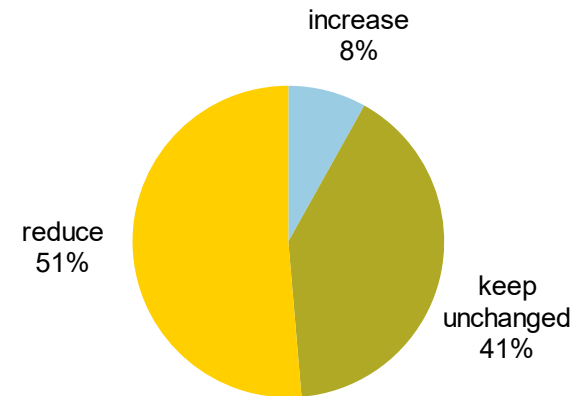
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer September 2023