



CEMA Business Barometer

Public excerpt February 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



Industry in Europe in upswing

Executive summary of the survey in February

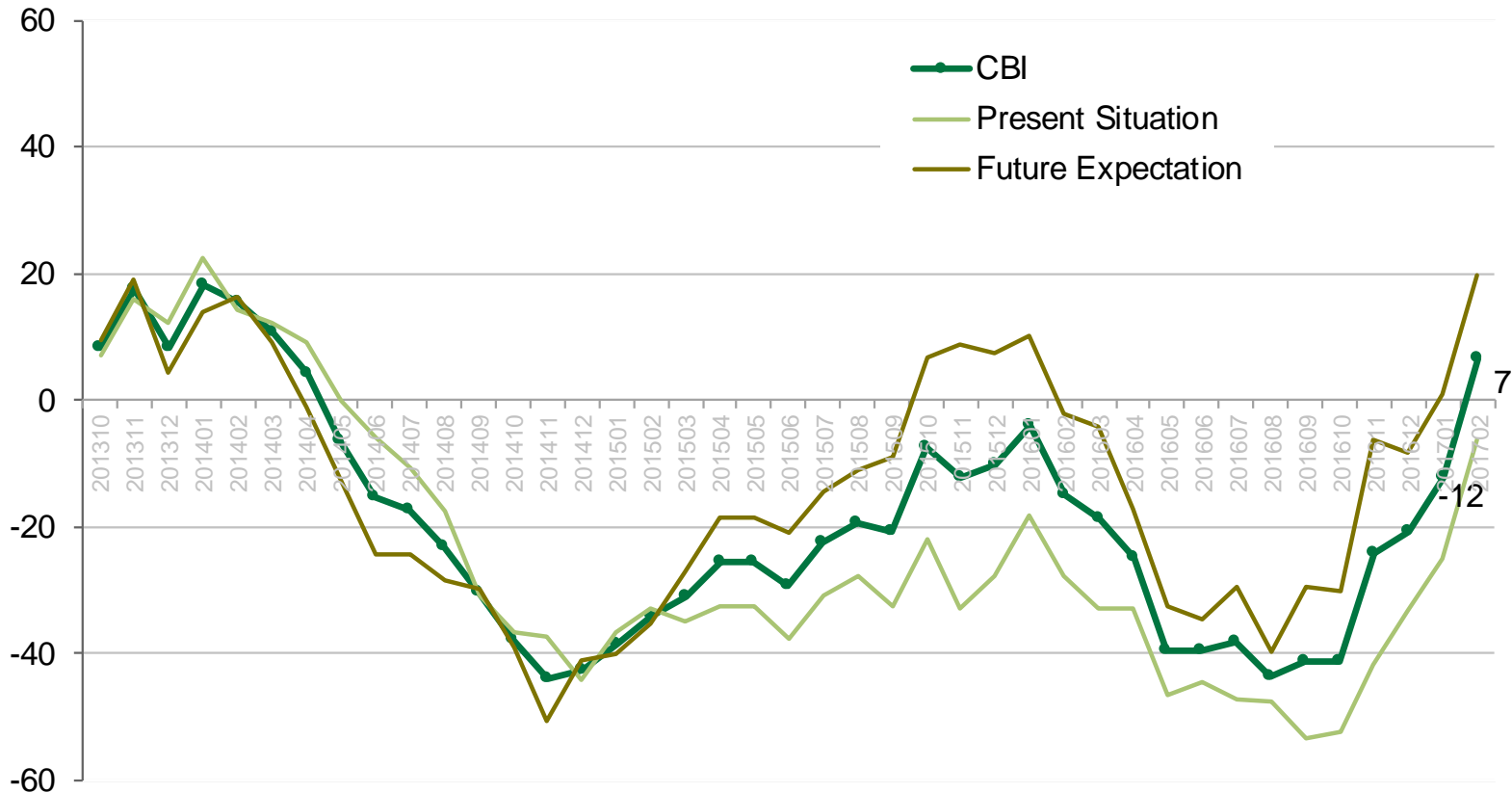
The agricultural machinery industry in Europe is in the upswing. The general business climate has repeatedly risen sharply and thus turned into positive - for the first time since early 2014.

Corresponding to a production period of 2.7 months on average, the volume of orders of the total industry is as high as the last time in 2013. While the current situation has improved particularly due to edge segments and is continuing weak for livestock equipment, the future expectations turned positive across all segments. With 40% expecting a higher turnover within the next six months, optimism is definitely back. At the same time, it is again best for the edge segment of components, where more than 70% of the manufacturers expect a higher turnover, which can be taken as a further positive early indicator for the total industry.

The main reason for the upswing lies in Europe itself. After the incoming orders of the past months having shown more dynamics for exports to the outside of the EU, now in January the order intake from the EU market has followed by increasing significantly. As a consequence, turnover expectations are much better for Europe, with an overall improvement across all single markets, except Belgium, where the last year's agricultural income losses (-12) seem to impact more noticeable. Even from France a slight majority of survey participants sees now for the next six months a turnover increase, even though this might be rather a basis effect and the market remains still on a bottom position. On the top of the ranking continues Spain, followed by the UK, which is again mainly a result of the enthusiastic expectations of companies that are producing locally in the country – nearly all British and Spanish dealers expect their turnover and order intake to increase.

Business Climate Index Development

CEMA Business Climate Index (CBI)

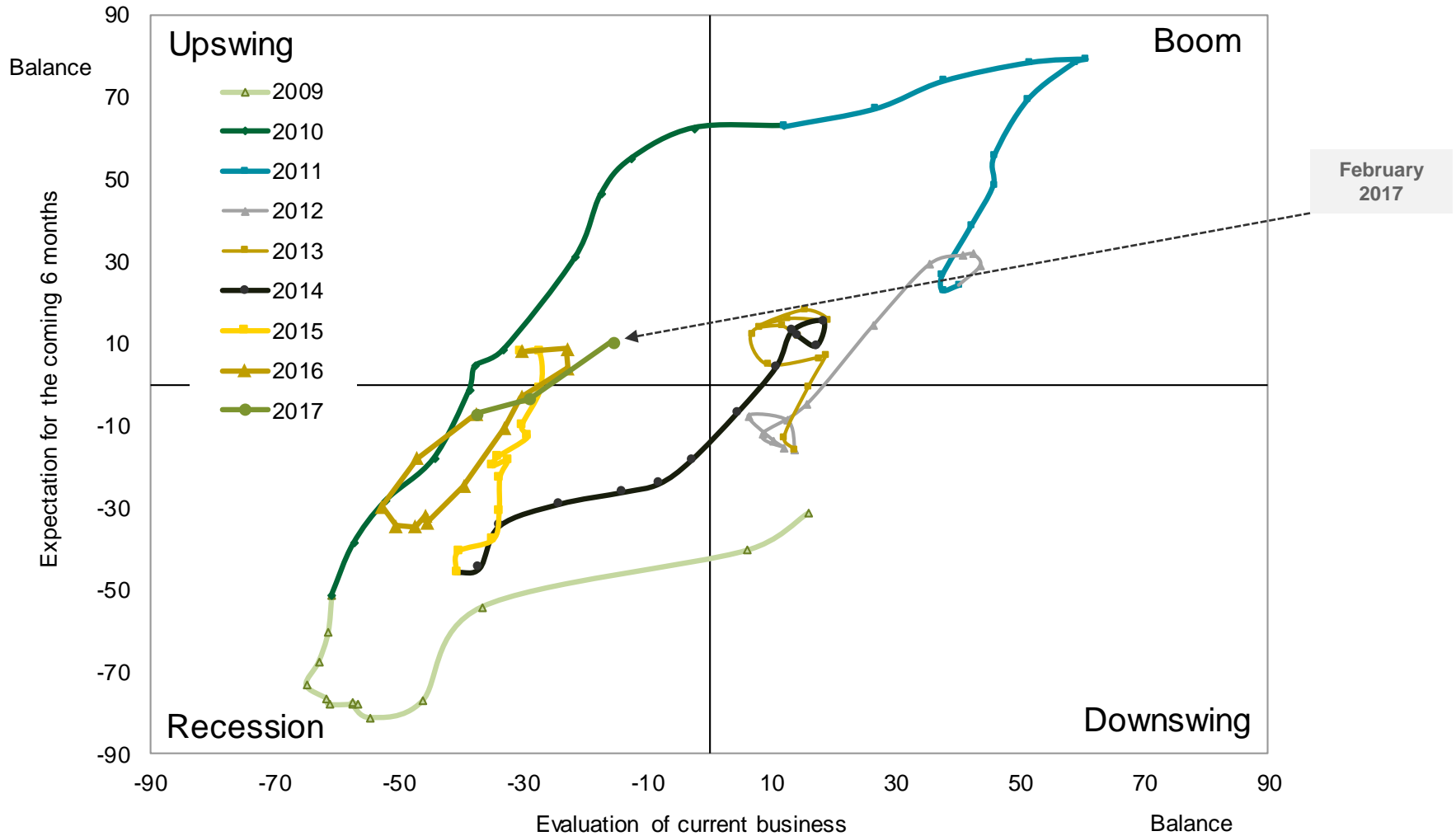


Source: CEMA Business Barometer

Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

Business Climate

Illustration of Business Cycle

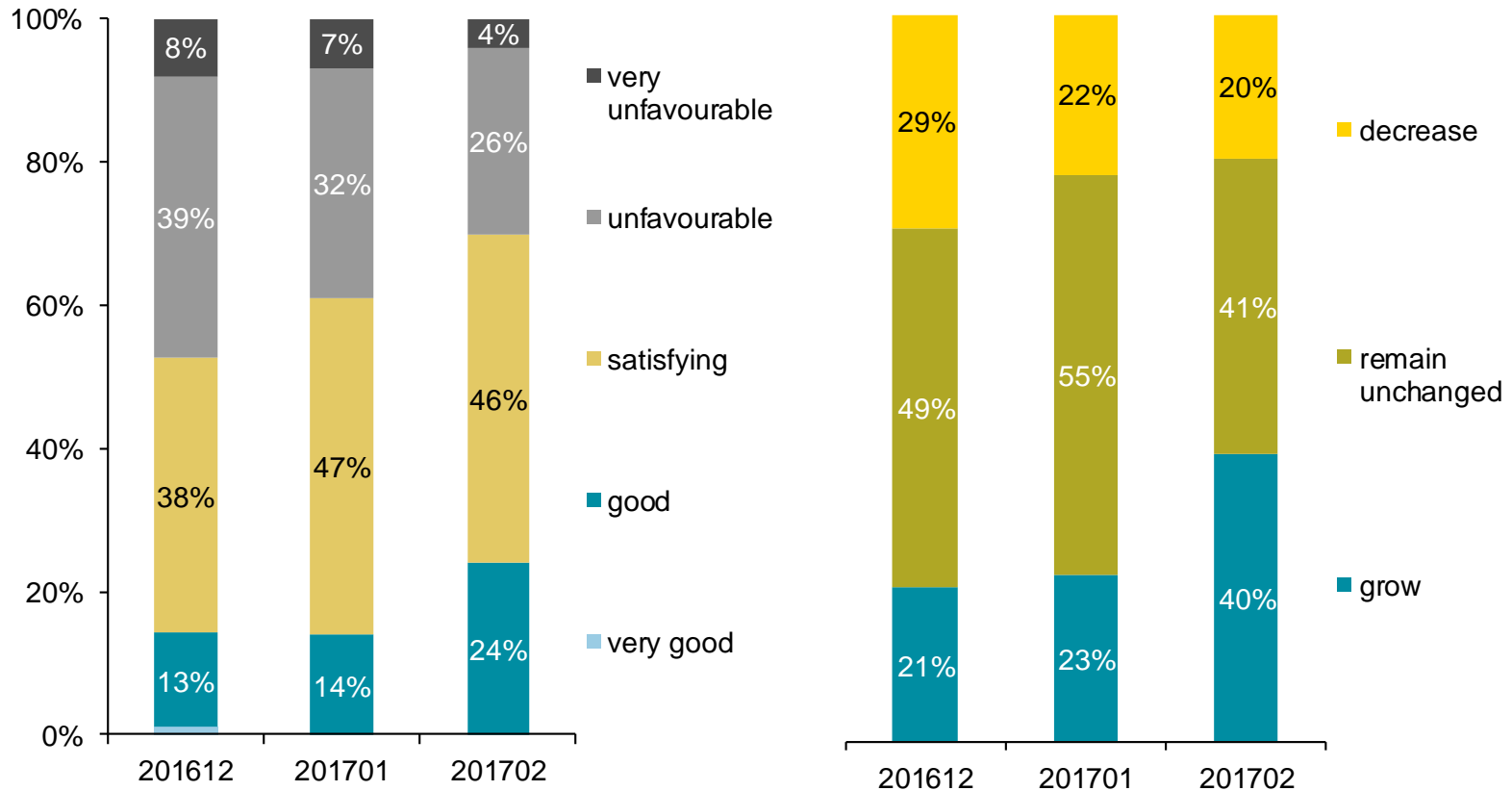


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

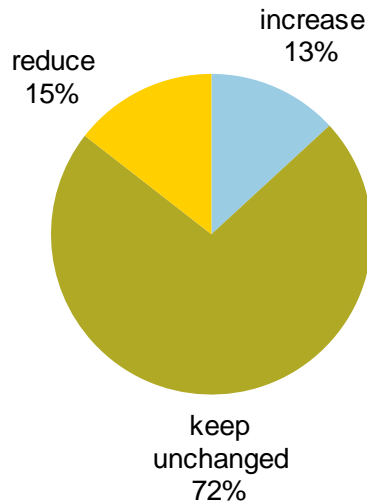


Source: CEMA Business Barometer

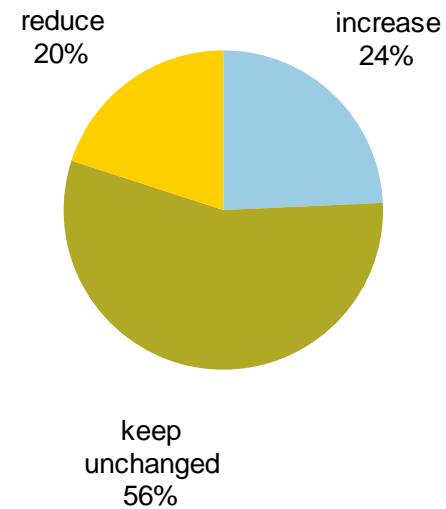
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer February 2017