



CEMA Business Barometer

Public excerpt October 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 index continuing on high level

Executive summary of the survey in October

The general business climate index of the agricultural machinery industry in Europe keeps on high level (highest value since 2012). Future expectation has become somewhat more cautious (at a very high level), but in return evaluation of the current business has further improved, by which the divergence between these two variables is further closing.

The tractor industry is less euphoric and still more skeptical than the rest of the agricultural machinery industry (with both future and current evaluation below the industry average). In the case of harvesting equipment, on the other hand, there is a clear movement. This industry evaluates current business still worse, but future expectation now for the first time clearly better than the average of the industry.

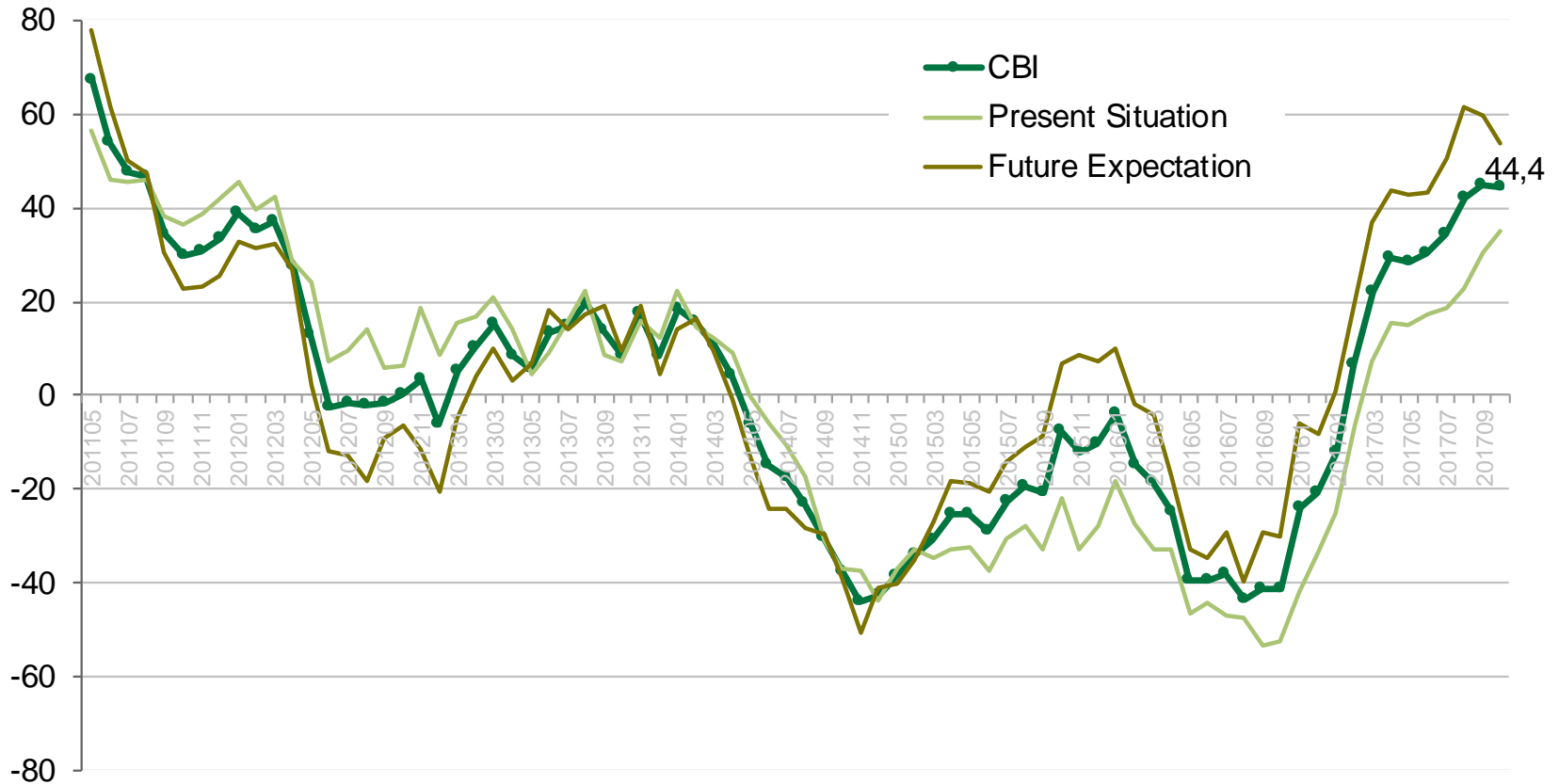
Incoming orders from outside of Europe are in the meanwhile developing considerably more dynamic than those from Europe. This applies by far the clearest for the tractor segment.

Nonetheless, there is still once again for each single European market a majority of survey participants expecting turnover increases in the next six months. Within Europe, Germany is now among the top markets. However, if considering only tractors, arable and harvesting equipment, Germany is rather midfield. In contrast, Poland has further climbed up the ranking across all segments. Also Belgium which was for a long time on the bottom of the ranking (due to extreme income losses in the past year) seems to be recovering. In the southern drought affected areas the situation is mixed, with Italy further slipping down, but Spain seeming to stabilize again.

Overall, current dealer stock levels are not indicating any turnaround in any European country. The levels are quite balanced all over Europe, being neither below nor above the average of the past 3 years.

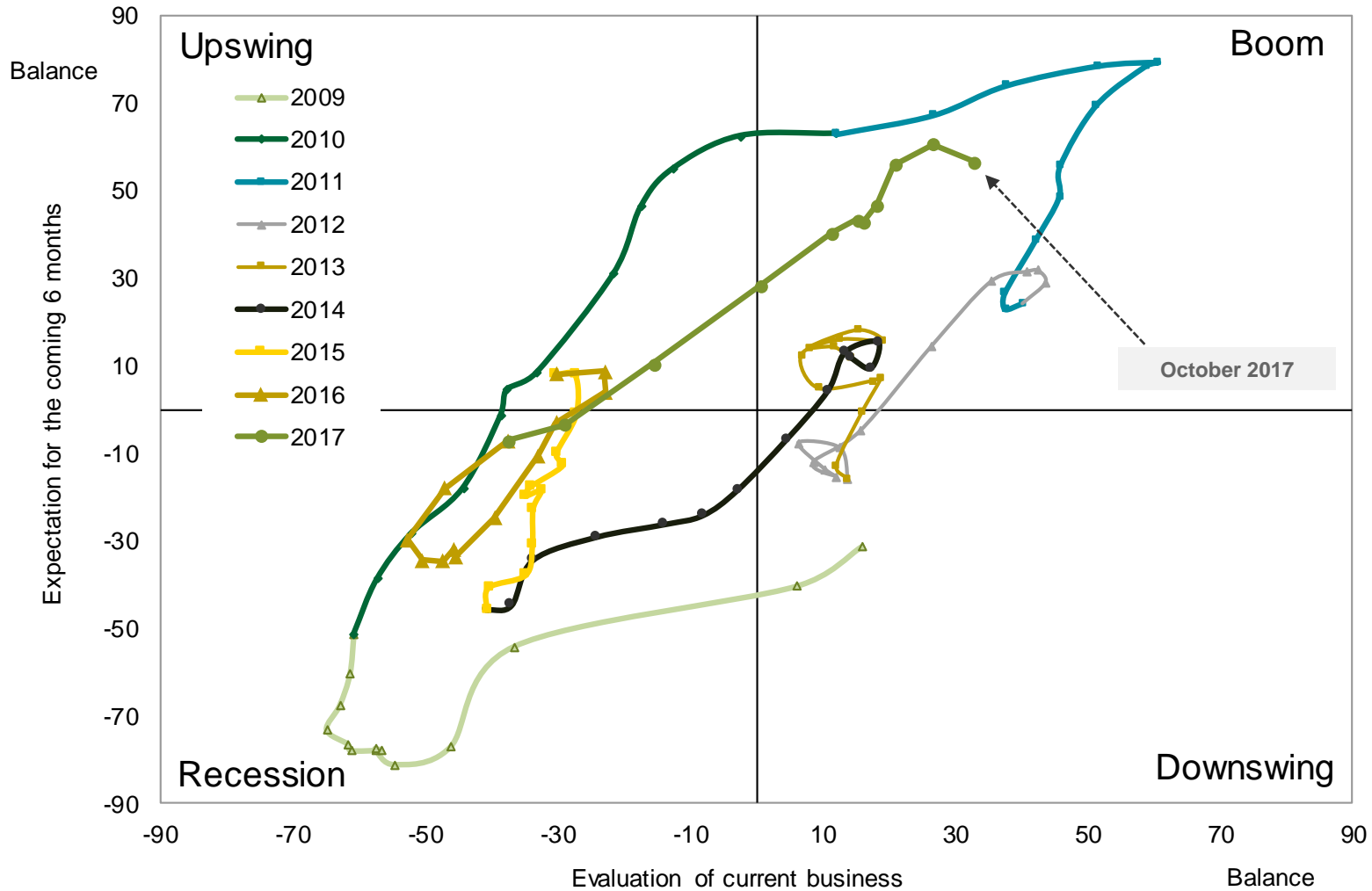
Business Climate Index Development

CEMA Business Climate Index (CBI) -Total



Business Climate

Illustration of Business Cycle

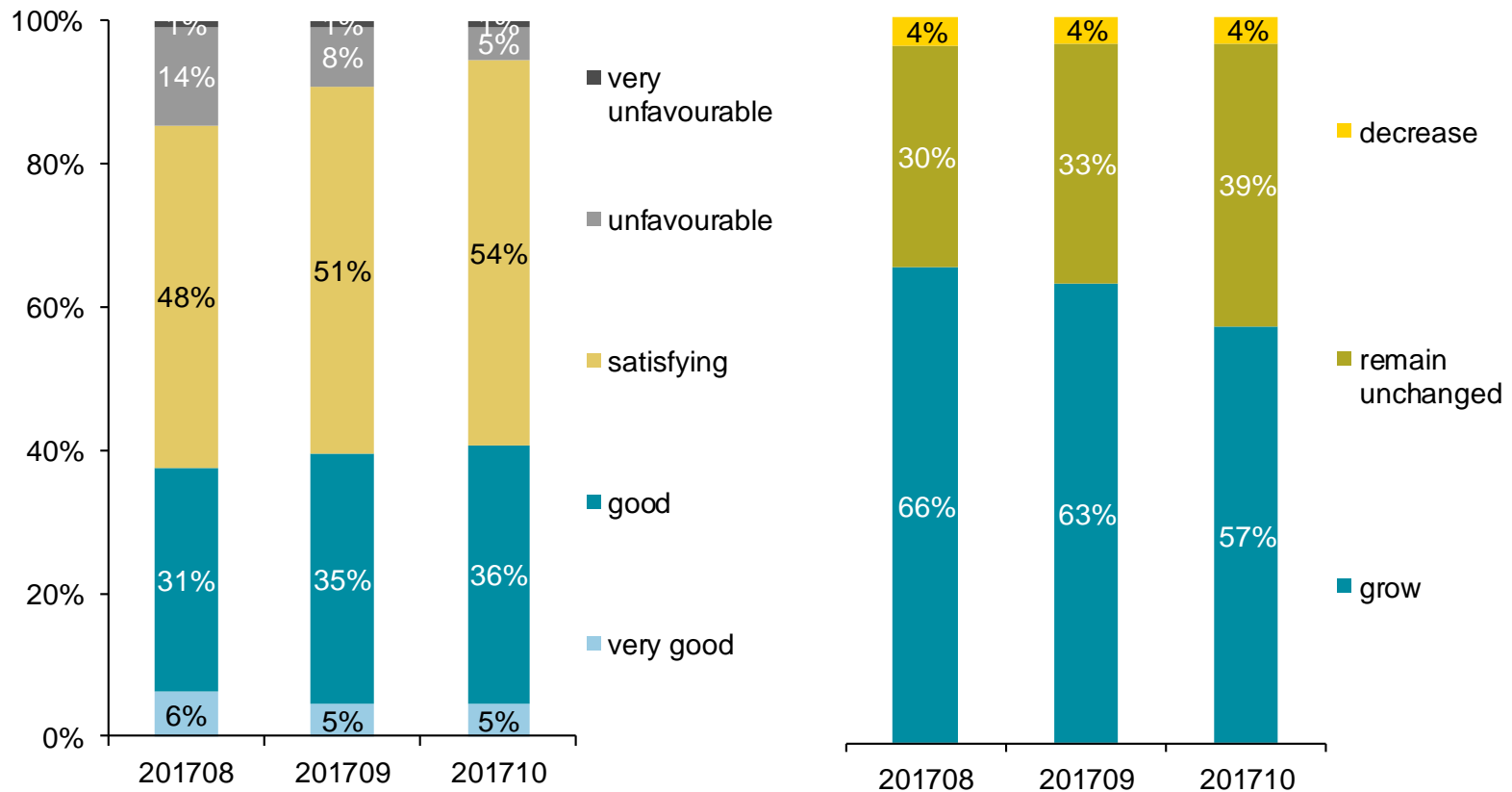


Business Climate

Current Evaluation and Expectations

Question: We consider our current business to be

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

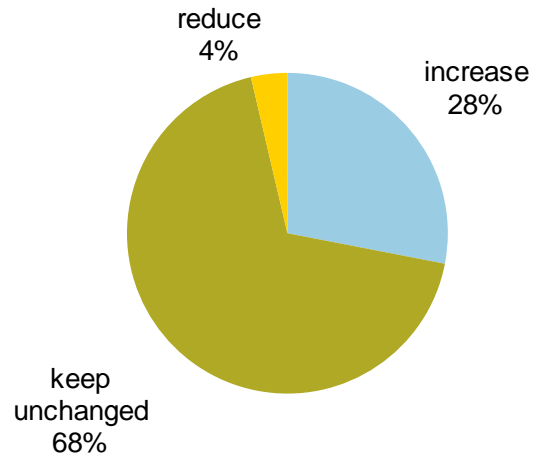


Source: CEMA Business Barometer

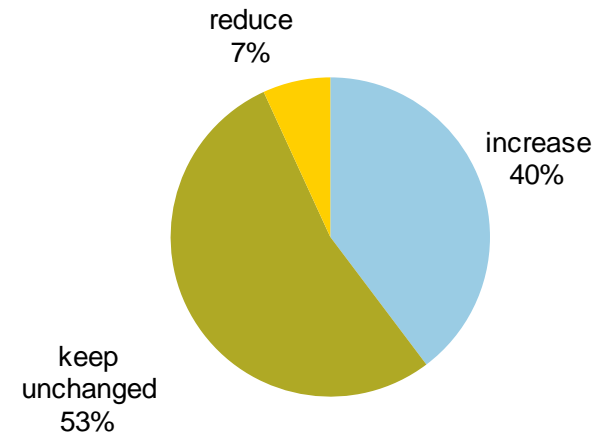
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer October 2017