

CEMA Business Barometer

Public excerpt May 2019



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



Future expectations significantly deteriorated

Executive summary of the survey in May

The general business climate index of the agricultural machinery industry in Europe has deteriorated significantly for the first time since autumn. While current business is still maintaining its stability, future expectations have dropped as sharply as they last did in May 2016.

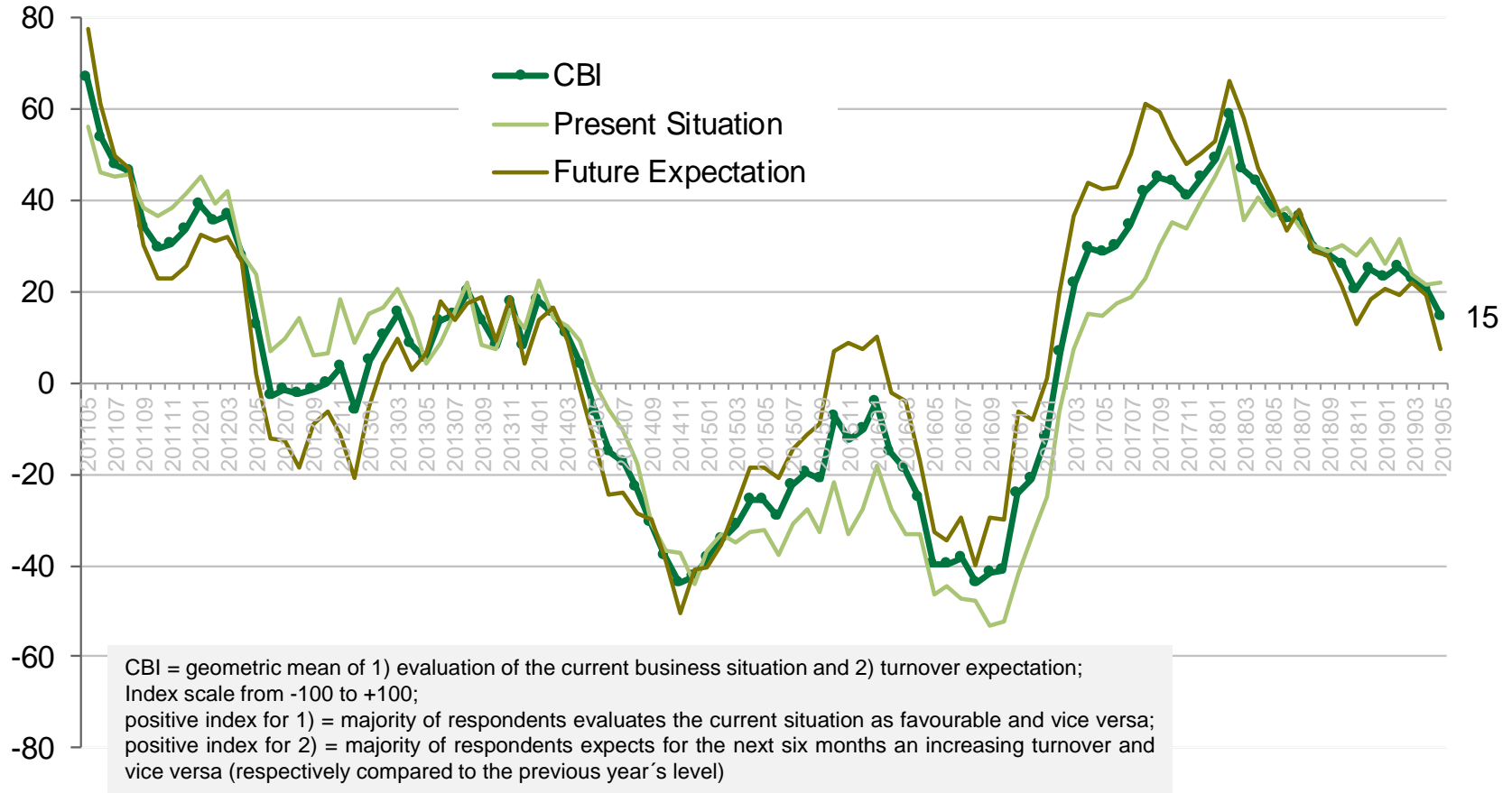
Based on the strong order intake in the past, the volume of orders is still very high (corresponding to a production period of 3.1 months). However, the current order intake is weakening and for the coming six months, a further significant slowdown in incoming orders is expected.

For the segments of tractors and harvesting equipment, not only the future expectation but also the current business evaluation seems already to solidify at a comparatively much lower level. Meanwhile, future expectations of livestock equipment manufacturers have collapsed dramatically. Accordingly, uncertainty among component manufacturers has increased again.

The regional breakdown reveals again France as one of the few stable growth markets within Europe. Italy, Spain and Austria remain positive, but have lost some dynamics. The German market continues at low confidence level. The UK appears to be stabilizing in the negative to flat range, after the strong deterioration in the previous month. For Romania, Belgium and the Netherlands, there is again a clear majority of participants expecting turnover decreases.

Business Climate Index Development

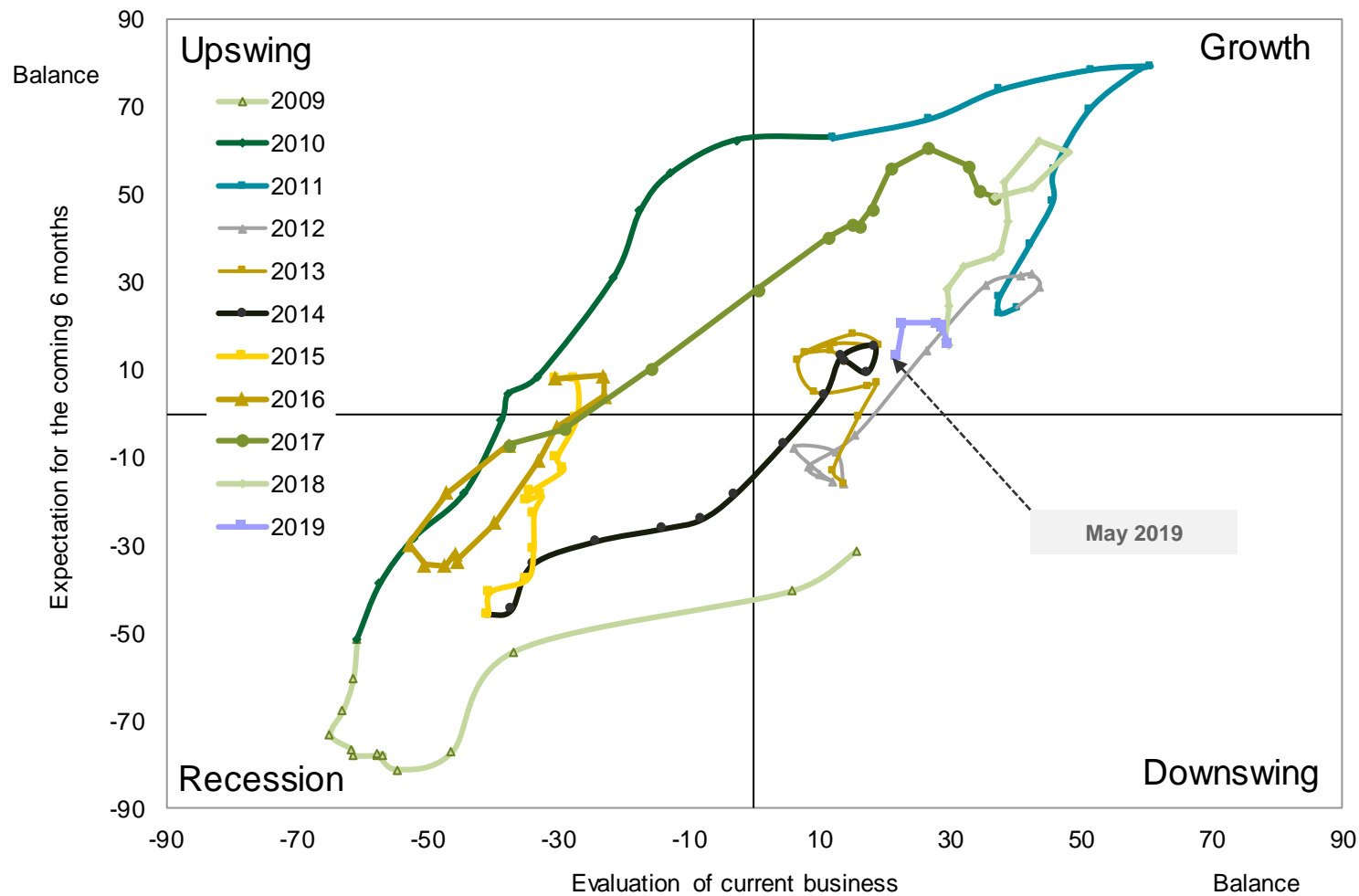
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



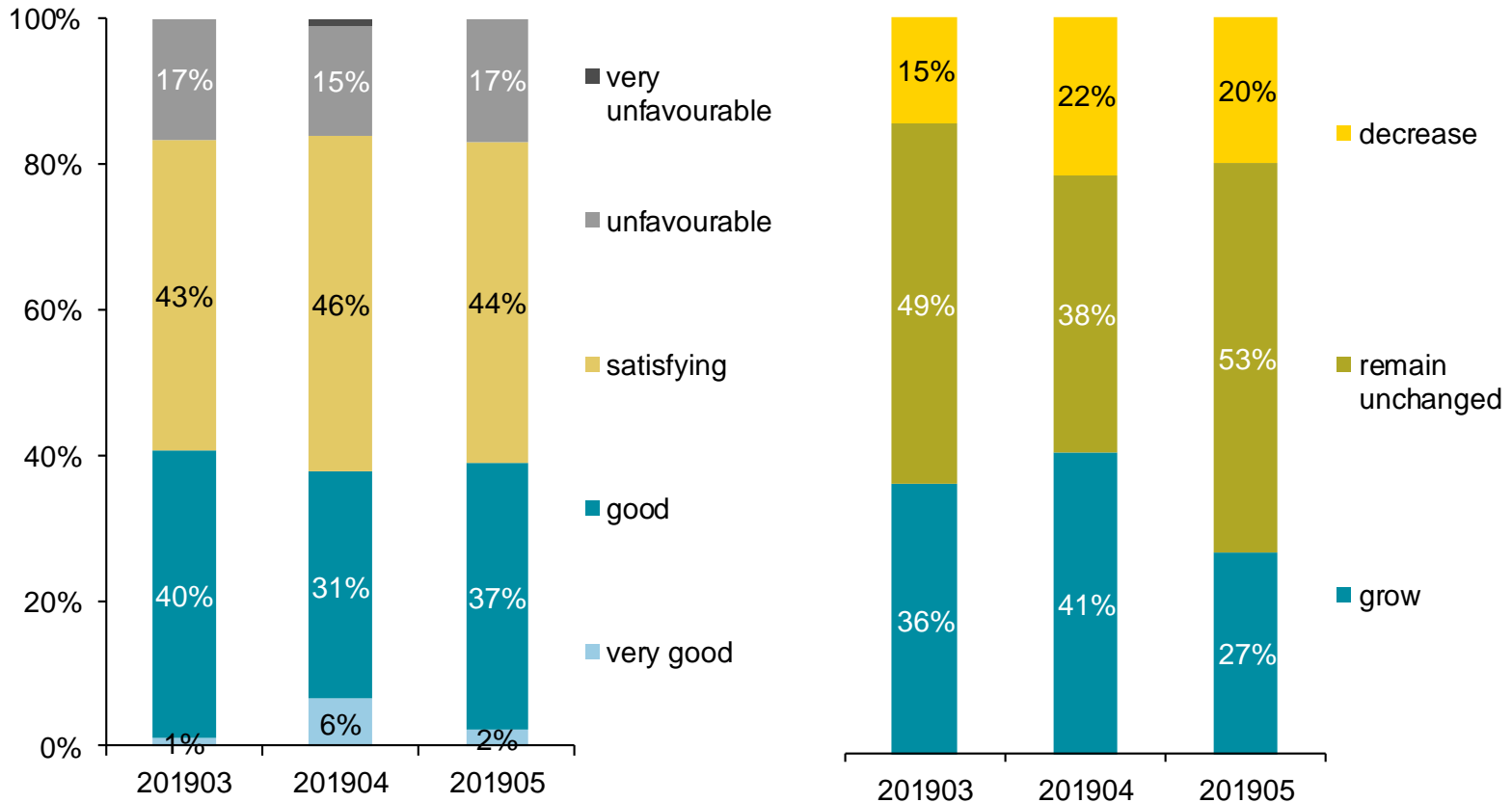
Source: CEMA Business Barometer, each value as an average of the last two months

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....

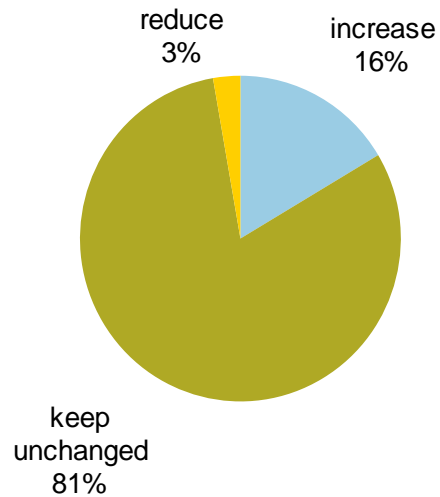


Source: CEMA Business Barometer

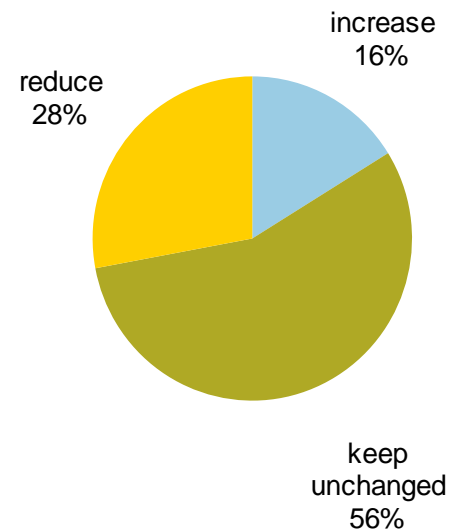
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer MAy 2019