

CEMA Business Barometer

Public excerpt July 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



Europe's agricultural machinery industry in downturn

Executive summary of the survey in July

The general business climate index of the agricultural machinery industry in Europe has continued to deteriorate significantly. This time all segments are affected (except lawn, garden and municipal equipment). As a result of the renewed sharp deterioration, both the evaluation of the current business and the future expectations are now negative for the first time since 2016.

The manufacturers' high order volumes from the strong order intake in the past, have apparently shrunk to a level where the recent order declines cannot be counterbalanced anymore and are increasingly affecting current business.

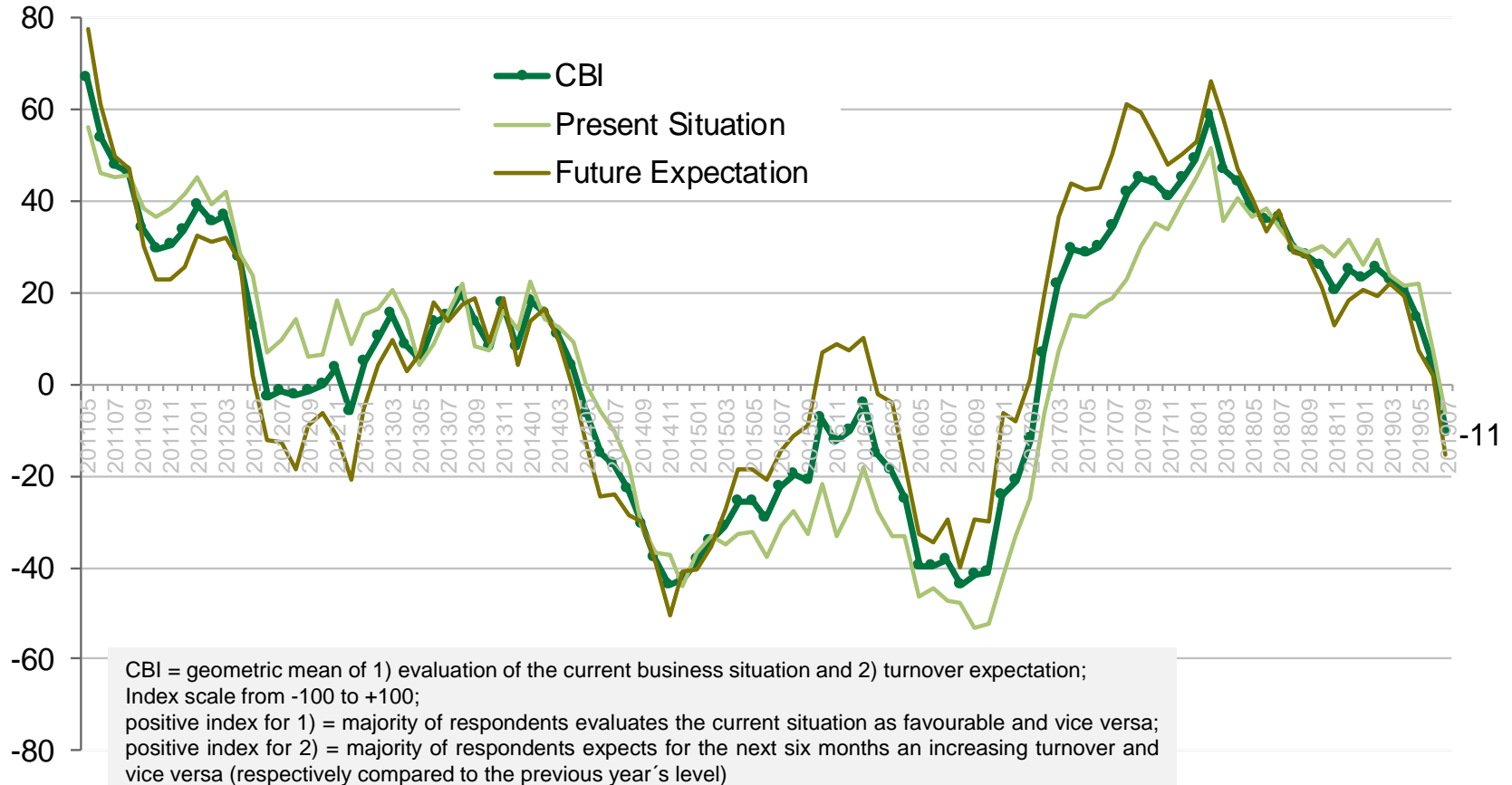
As confirmed again by the survey, the dealer stocks are at comparatively high levels for both new and old machines across almost all markets. In this respect, the UK ranks far above all, followed by Germany.

Accordingly, survey participants consider the UK to be the country with the worst prospects. The confidence level for Germany is low as well. As positive exceptions, a clear majority of survey participants expect turnover increases in France, Spain, Italy and Switzerland. However, new orders for France and Italy seem less promising than in recent months. Additionally, the local manufacturers do not rate their business to be favorable anymore.

The further development of the general business climate might, among others, depend on whether growth rates in these markets can be maintained beyond the next 6 months. In any case, nearly every other company already plans to reduce its temporary employment contracts.

Business Climate Index Development

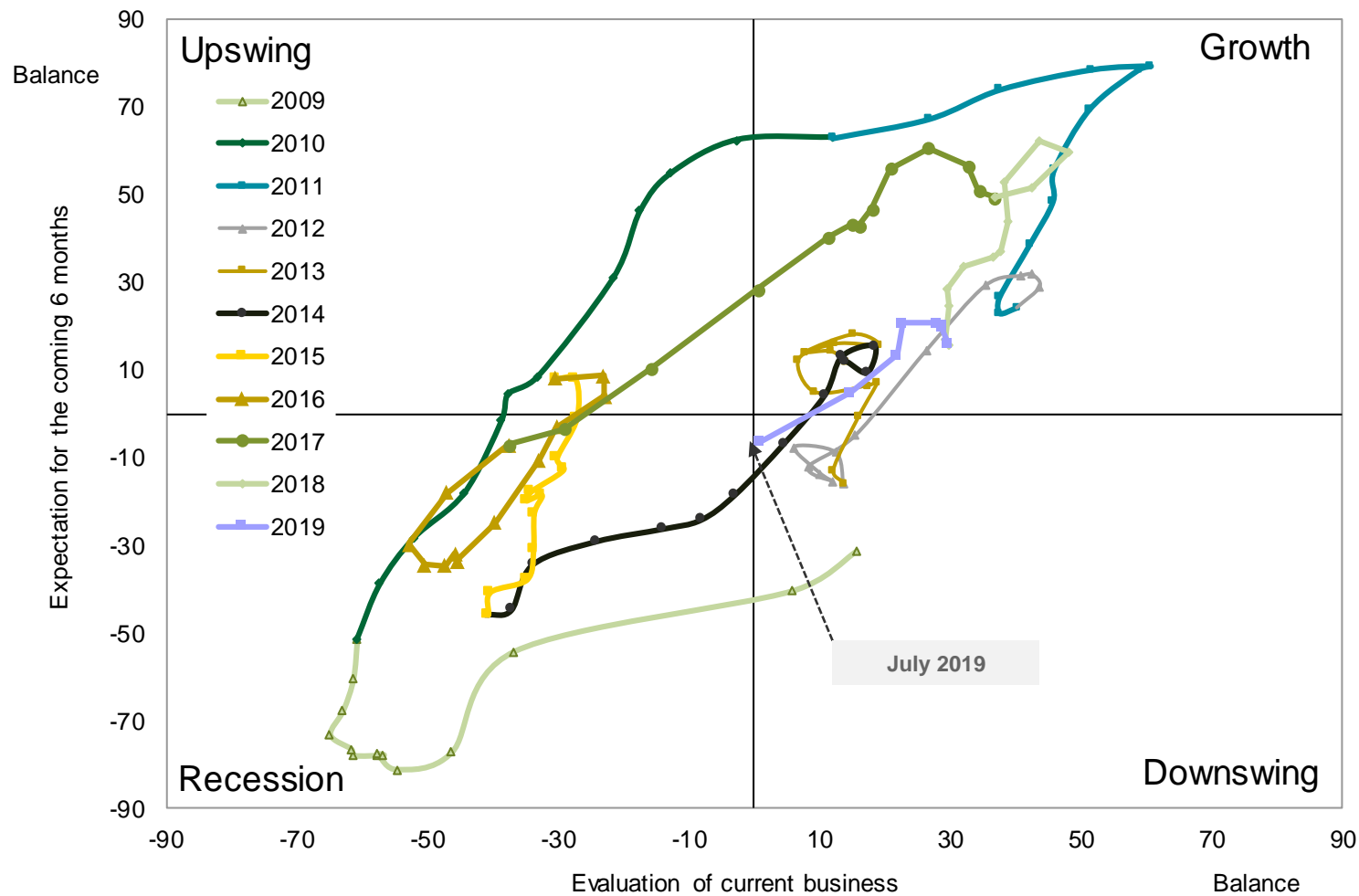
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



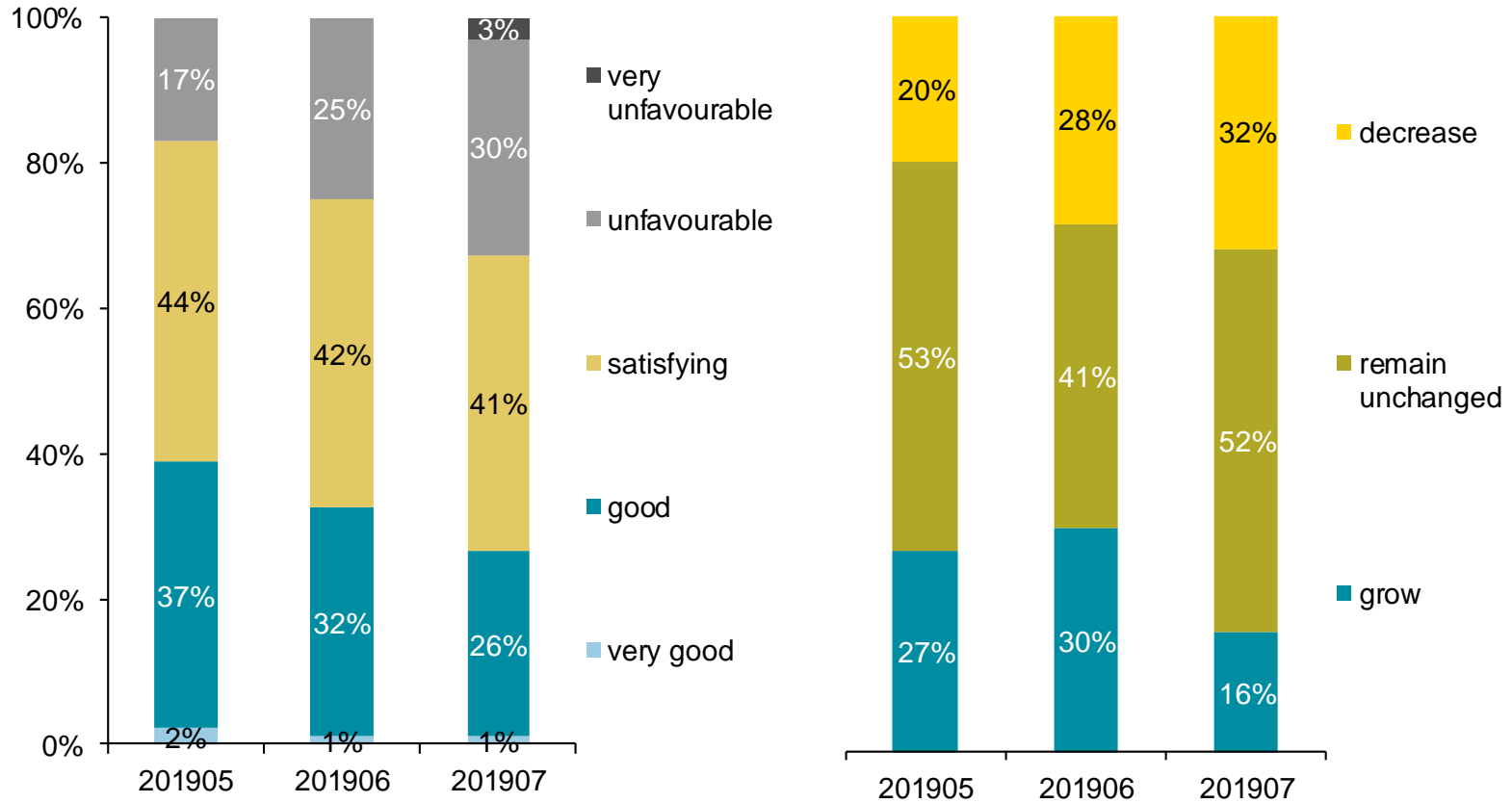
Source: CEMA Business Barometer, each value as an average of the last two months

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....

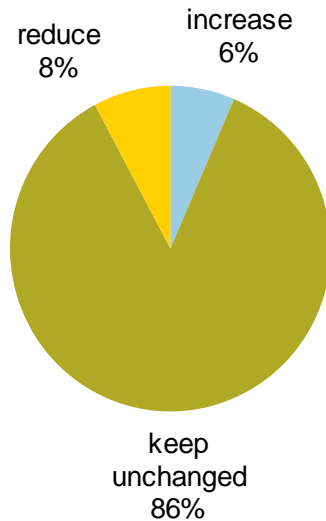


Source: CEMA Business Barometer

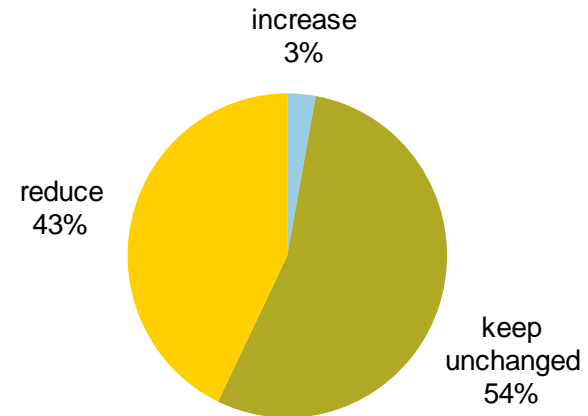
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer July 2019