CEMA Business Barometer

Public excerpt August 2020
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 back to pre-COVID-19 level
Executive summary of the survey in August

The general Business Climate Index for the Agricultural Machinery Industry in Europe has continued to improve, and thus has completely reached the pre-COVID-19 level, which however was already negative. Now, in August 2020, the index is at -6 points (on a scale of -100 to +100).

While the improvement in the first months after the COVID-19 shock was mainly due to less negative future expectations, as of July also the evaluation of the current business has improved significantly. Meanwhile, the index on the current business has even returned to the plus zone (for the first time since autumn 2019) and is thus outperforming the expectations for the coming six months. This discrepancy between current business and future expectations is most pronounced in the areas of harvesting, livestock and transportation (thereby from very different levels in each case: the expectations are meanwhile flat for livestock, but still quite negative for harvesting equipment).

Altogether, the survey solidifies the impression that the drivers for the overall positive trend can rather be found in the European market. Last month, both turnover and incoming orders from the EU market were back at the previous year's level, while those from outside the EU were still lower. Further impetus seems to come again from Germany, Italy, Poland and Scandinavia. Accordingly, the volume of orders of the Industry in Europe is still corresponding to a production period of 2.7 months (lower than in the years 18/19, but still an average value).
Business Climate
Index Development

CEMA Business Climate Index (CBI) - Total

CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation;
Index scale from -100 to +100;
positive index for 1) = majority of respondents evaluates the current situation as favourable and vice versa;
positive index for 2) = majority of respondents expects for the next six months an increasing turnover and vice versa (respectively compared to the previous year’s level)

Source: CEMA Business Barometer
Business Climate
Illustration of Business Cycle

Source: CEMA Business Barometer, each value as an average of the last two months.
Question: We consider our current business to be ….

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Unfavourable</th>
<th>Unfavourable</th>
<th>Satisfying</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>202006</td>
<td>6%</td>
<td>33%</td>
<td>33%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>202007</td>
<td>3%</td>
<td>43%</td>
<td>43%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>202008</td>
<td>2%</td>
<td>55%</td>
<td>55%</td>
<td>19%</td>
<td>20%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Decrease</th>
<th>Remain Unchanged</th>
<th>Grow</th>
</tr>
</thead>
<tbody>
<tr>
<td>202006</td>
<td>56%</td>
<td>36%</td>
<td>8%</td>
</tr>
<tr>
<td>202007</td>
<td>38%</td>
<td>49%</td>
<td>13%</td>
</tr>
<tr>
<td>202008</td>
<td>31%</td>
<td>52%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 14%
- Keep unchanged: 77%
- Reduce: 9%

Temporary employees
- Increase: 7%
- Reduce: 24%
- Keep unchanged: 69%

Source: CEMA Business Barometer August 2020