

CEMA Business Barometer

Public excerpt August 2023



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 in downturn

Executive summary of the survey in August

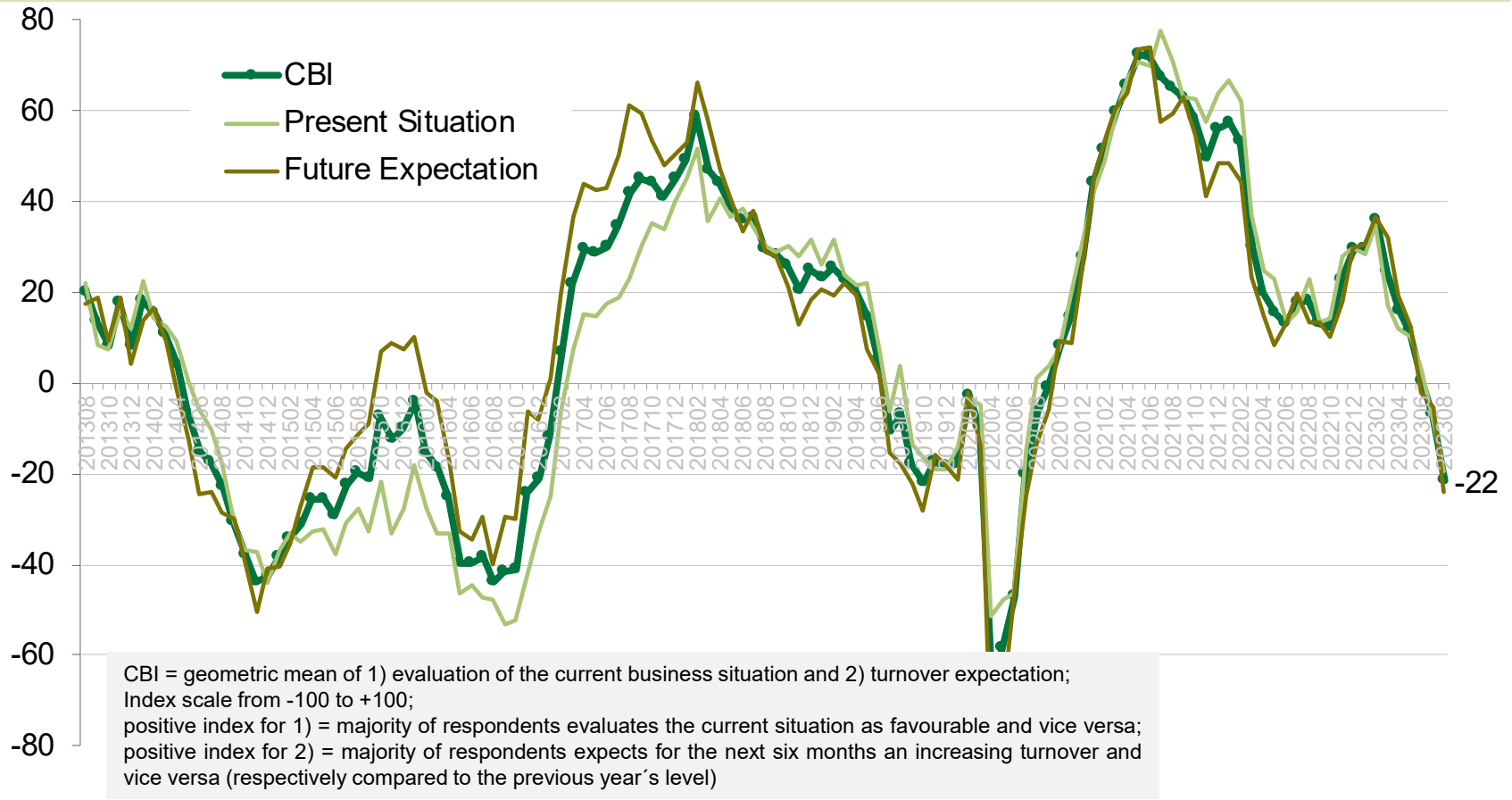
The general business climate index for the agricultural machinery industry in Europe has continued to fall sharply after reaching negative territory in the previous month for the first time since the crash in the wake of COVID-19. In August, the index fell from -7 point to -22 points (on a scale of -100 to +100), which is one of the sharpest declines in the history of the survey.

After order backlogs had peaked at the beginning of the year, the volume of orders has seen a repeated significant reduction and is now corresponding to a production period of 4.4 months, which is still high in a long-term comparison, but substantially lower than at any time in the past two years. For every second manufacturer, the turnover from the order backlog reduction still ensures a stagnating or even increasing turnover for the for the current year.

However, with view to the coming order intake, around 60% of the companies expect a further decline, as in the previous months. Confidence levels for the European market have deteriorated in particular. Meanwhile, there is no longer any single European market for which a majority of survey participants would have positive turnover expectations. So, while the manufacturers' supply side continues to ease, the uncertainties on the market side have now definitely come to the fore.

Business Climate Index Development

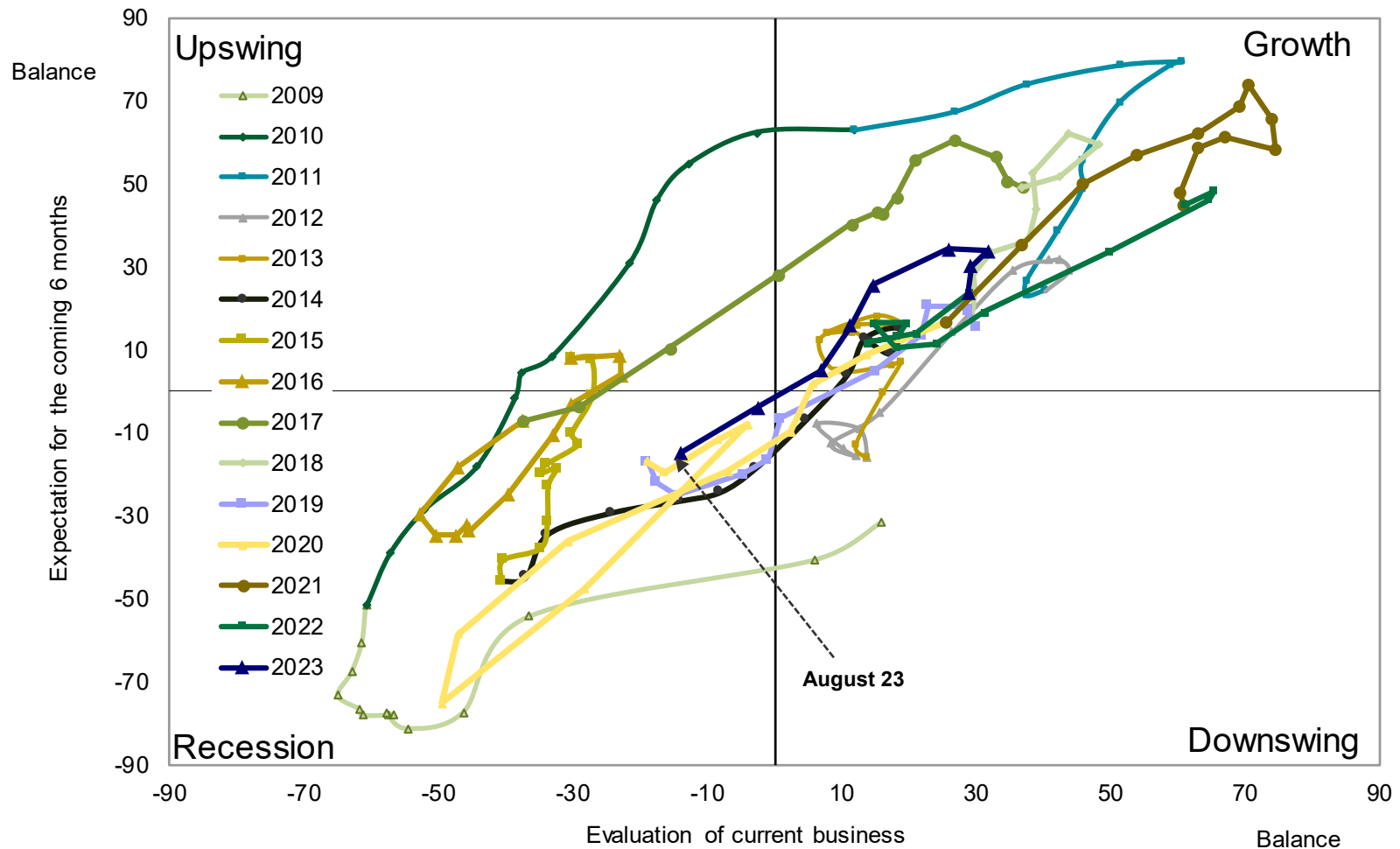
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



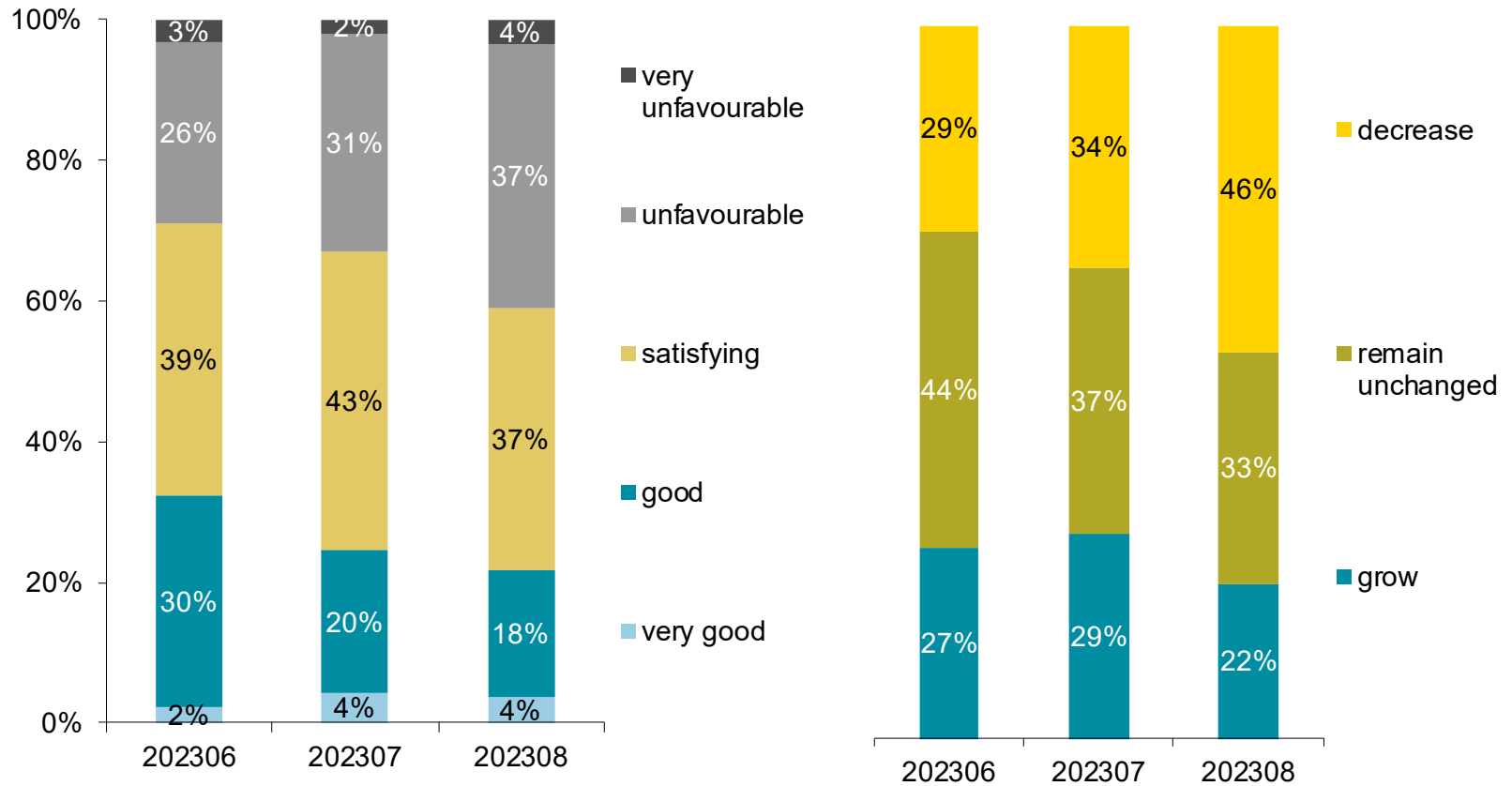
Source: CEMA Business Barometer, each value as an average of the last two months

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....

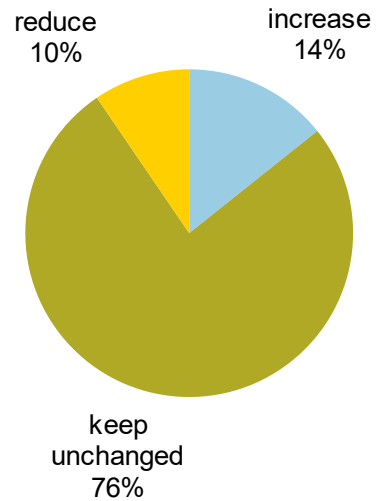


Source: CEMA Business Barometer

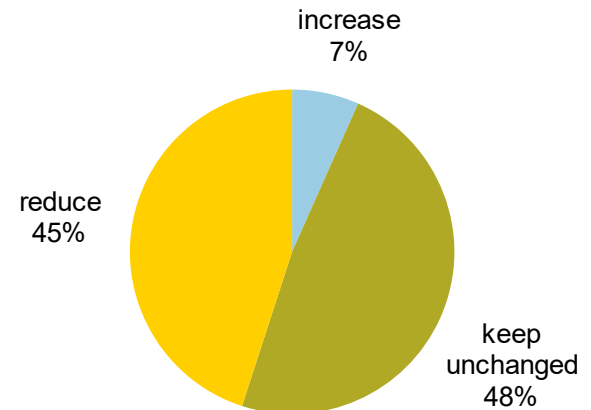
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer August 2023