

CEMA Business Barometer

Public excerpt October 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 in recession

Executive summary of the survey in October

The general business climate index for the agricultural machinery industry in Europe remains in negative territory showing little change compared to September after the sharp declines of the previous months. In October, the index decreased from -31 point to -32 points (on a scale of -100 to +100).

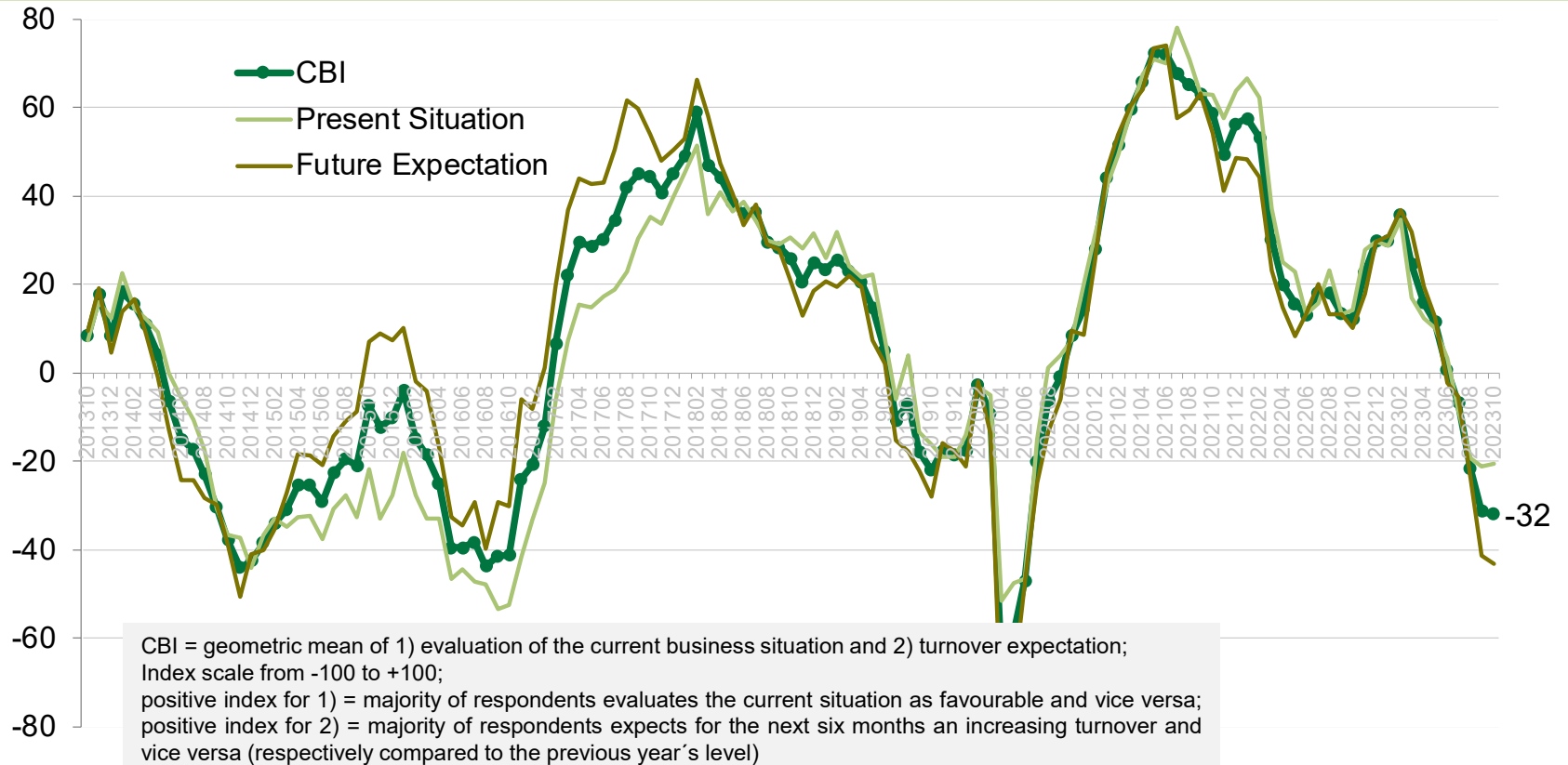
The survey confirms once again that the direct customers of the manufacturers, the dealers, are not able to pass on their numerous orders to the end customers and have thus slid from undersupply to record-high oversupply. According to the survey, the dealer stocks are now in most European markets higher than in the year 2019, which went down in history due to high dealer stock levels.

Accordingly, there is not one single European market for which a majority of survey participants would have positive turnover expectations. The strongest declines are expected for the markets in Central and Eastern Europe. France remains ahead of Germany in the market ranking.

Only 20% of the survey participants give a good evaluation of the current business, nearly 60% expect their turnover to decline in the next six months and with a view to the coming order intake (an indicator which is not considered in the calculation of the overall barometer index) nearly 70% expect further declines.

Business Climate Index Development

CEMA Business Climate Index (CBI) -Total

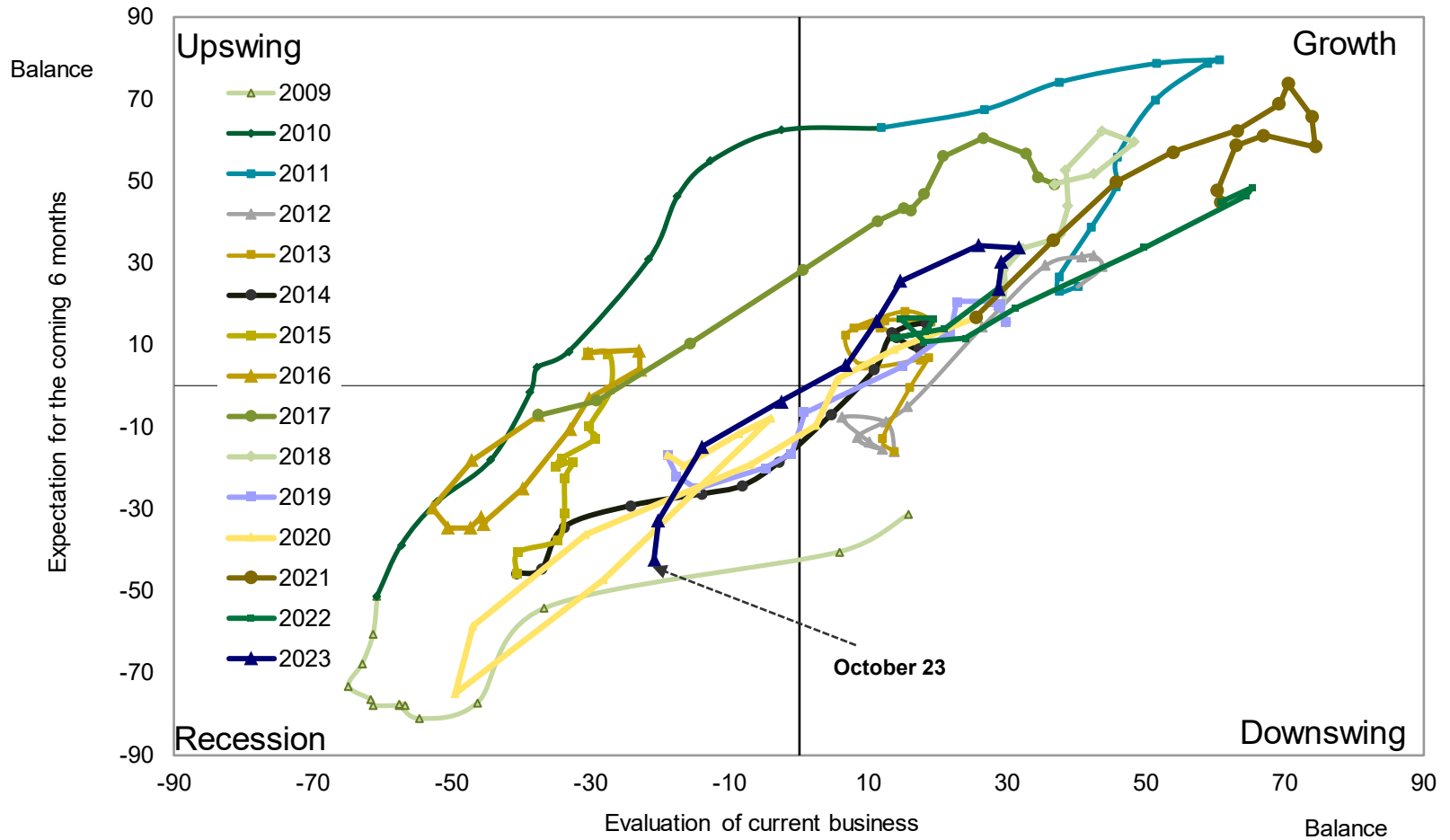


Source: CEMA Business Barometer

CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

Business Climate

Illustration of Business Cycle



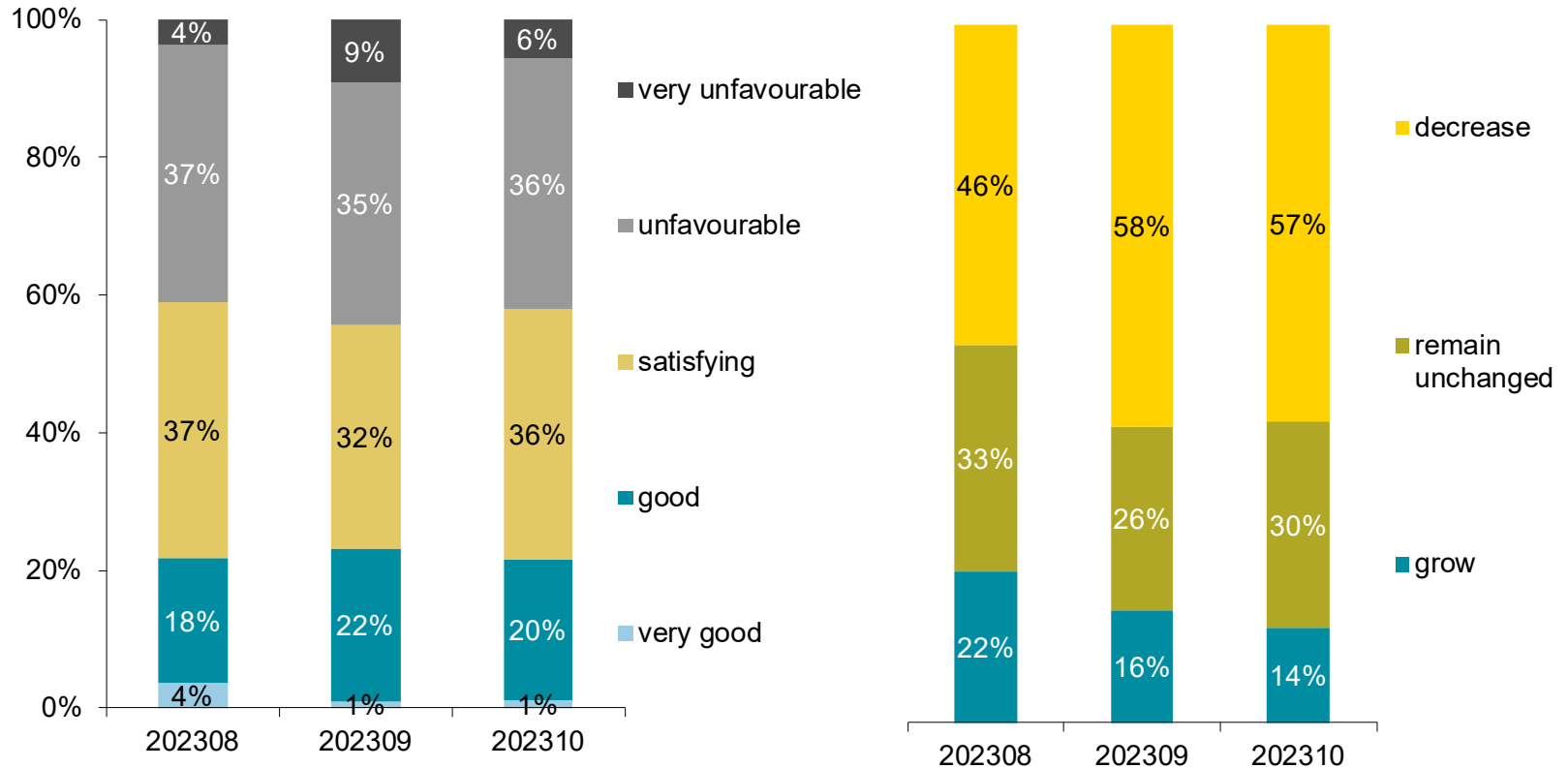
Source: CEMA Business Barometer, each value as an average of the last two months

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....

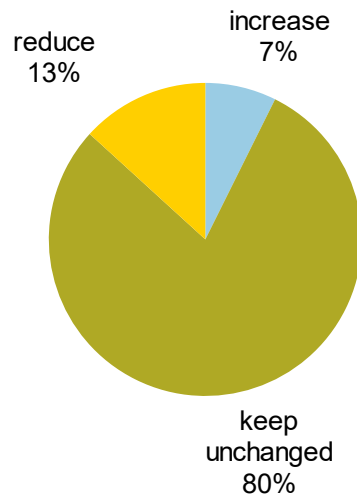


Source: CEMA Business Barometer

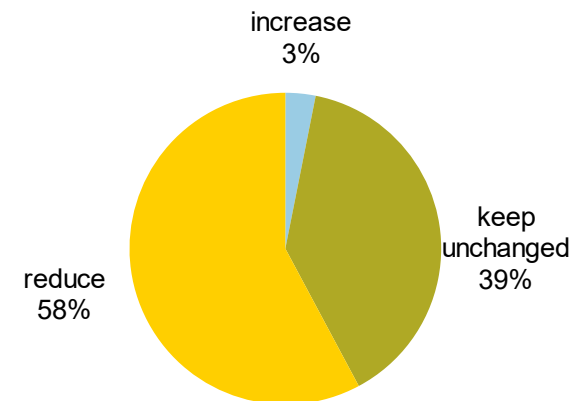
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer October 2023