

CEMA Business Barometer

Public excerpt July 2018



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 on high level (after some deterioration)

Executive summary of the survey in July

The general business climate index of the agricultural machinery industry in Europe has moved sideways on high level after some deterioration in the previous months.

Based on the incoming orders from the past months, every second company expects an increasing turnover for the coming six months. However, only a minority of one third expects the order intake to further increase.

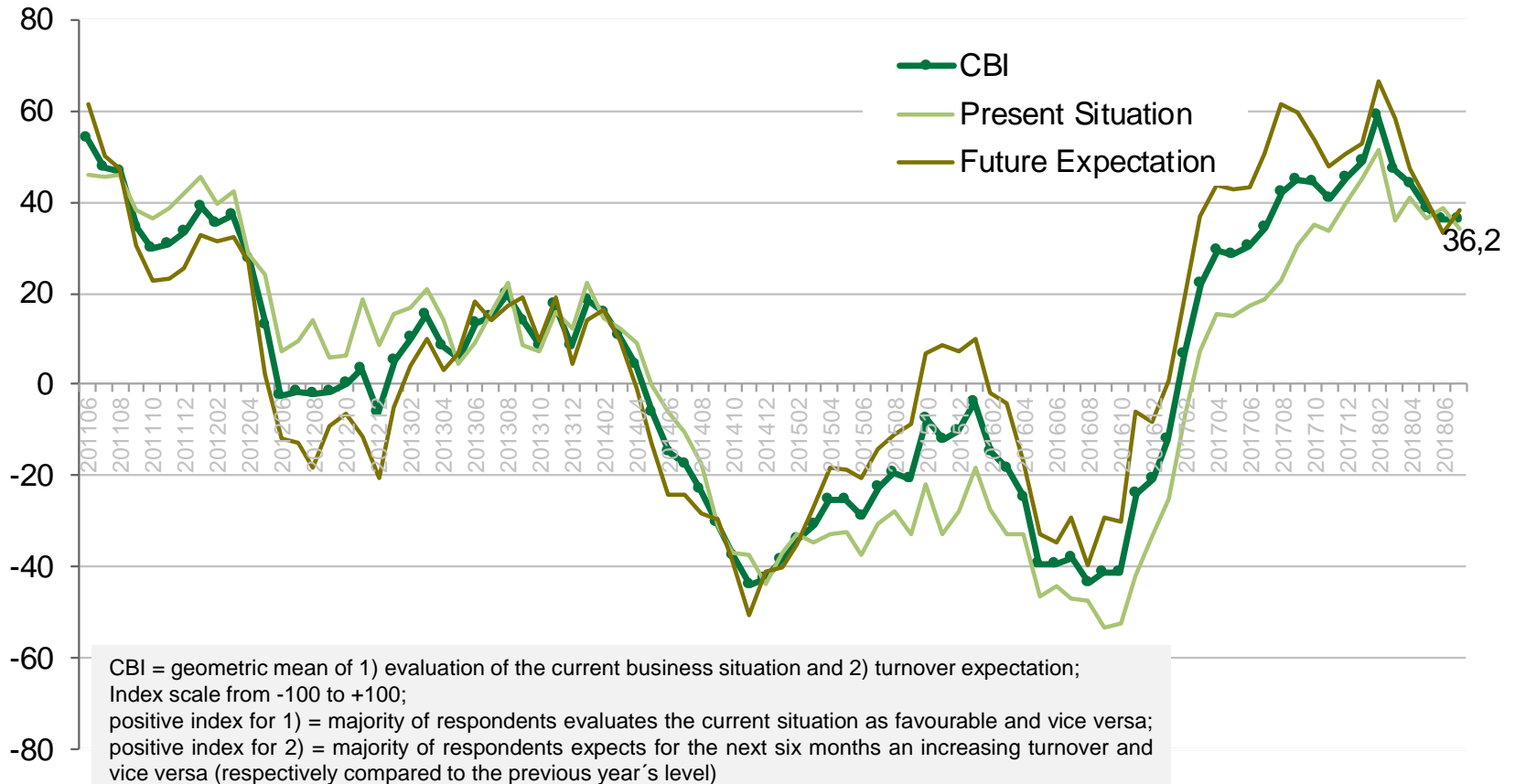
Business climate for the transportation and livestock equipment continues to be far above the industry average. Business climate within the tractor segment has meanwhile converged close to the average. Manufacturers of arable equipment show the widest spread regarding evaluation of the current business and are more divided in their expectations for the coming six months.

The June order intake from Europe has been mixed for arable equipment and mostly negative for components. For all other segments it has been mostly growing, especially for harvesting machinery.

For the major European markets, a clear majority of survey participants expect turnover increases. Poor harvest expectations might be the reason for a decreasing confidence in Poland and other markets in Eastern Europe like Czech Republic and Romania. At the bottom of the confidence ranking remain the Netherlands, the Scandinavian and the CIS countries. Accordingly, the latter two markets show the highest dealer stock levels.

Business Climate Index Development

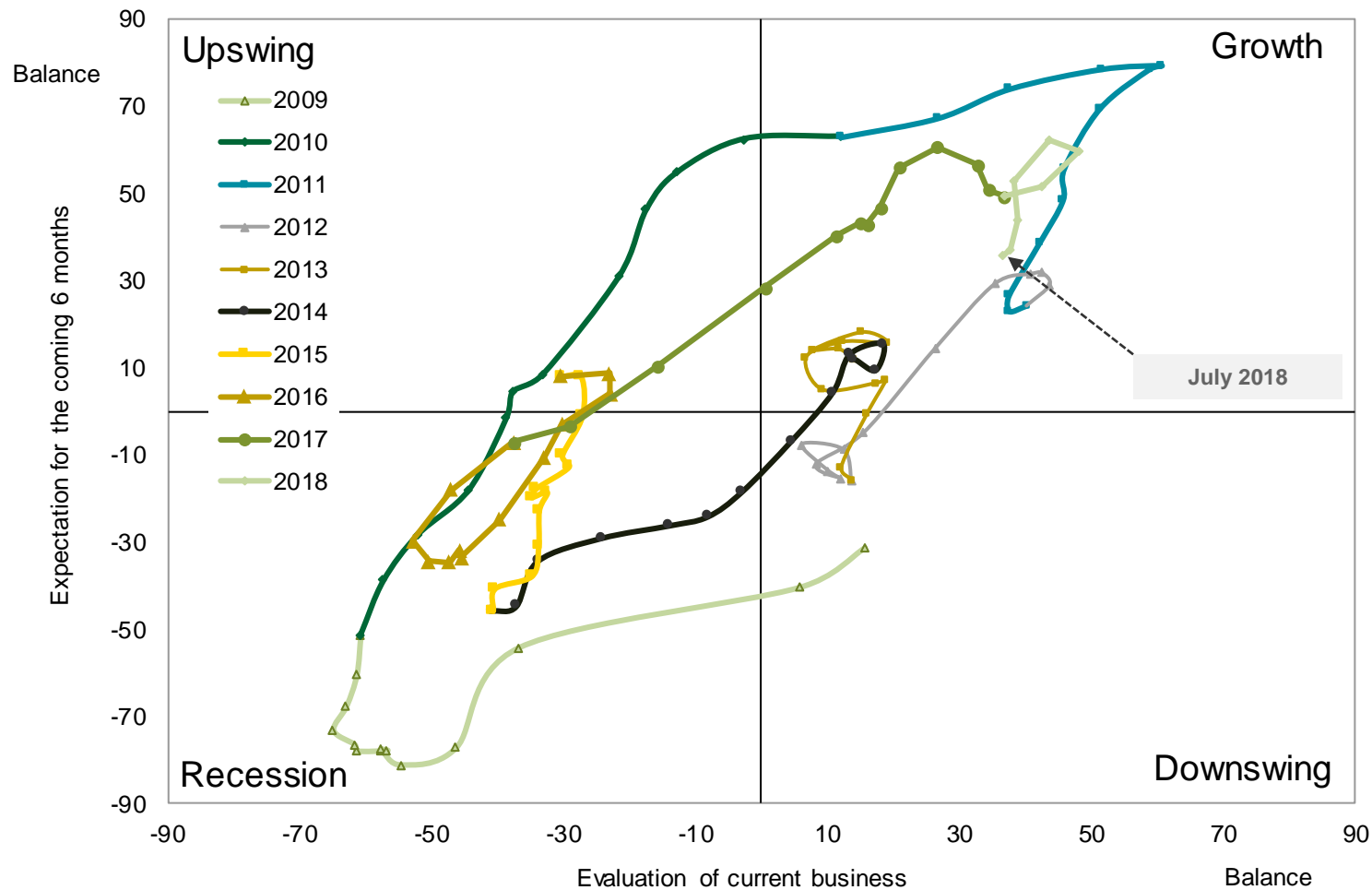
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



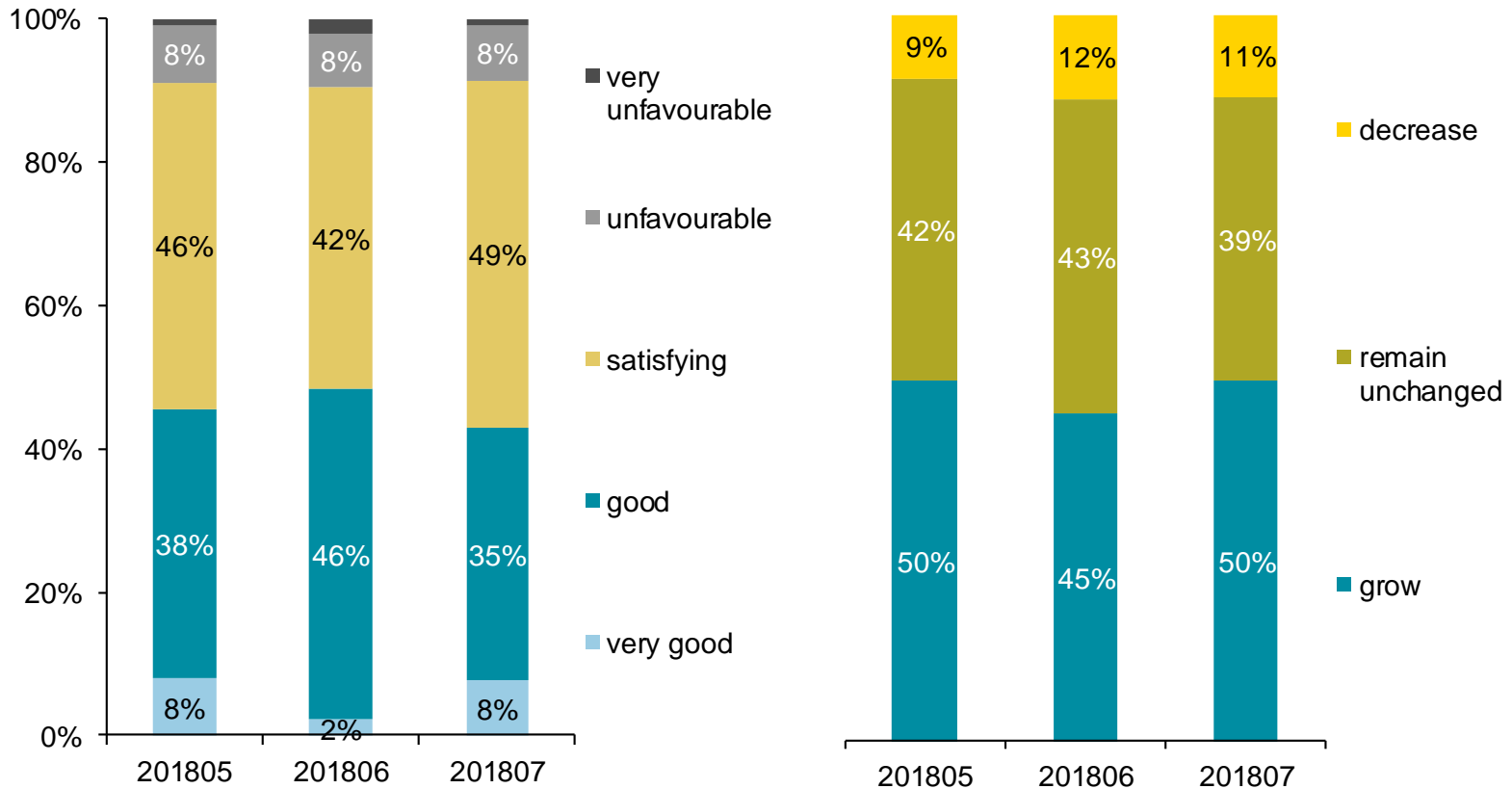
Source: CEMA Business Barometer, each value as an average of the last two months

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....

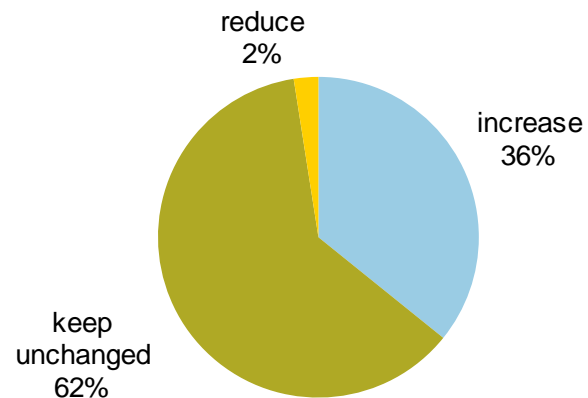


Source: CEMA Business Barometer

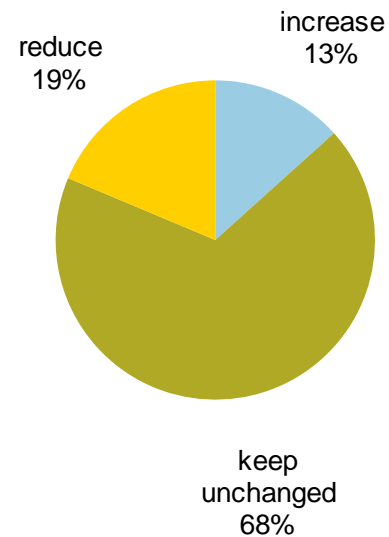
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer July 2018