

CEMA Business Barometer

Public excerpt October 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 continues to deteriorate from high level

Executive summary of the survey in October

The general business climate index of the agricultural machinery industry in Europe is gradually losing ground after having reached a record peak at the beginning of this year. Current business remains quite stable, but future expectations are becoming more cautious.

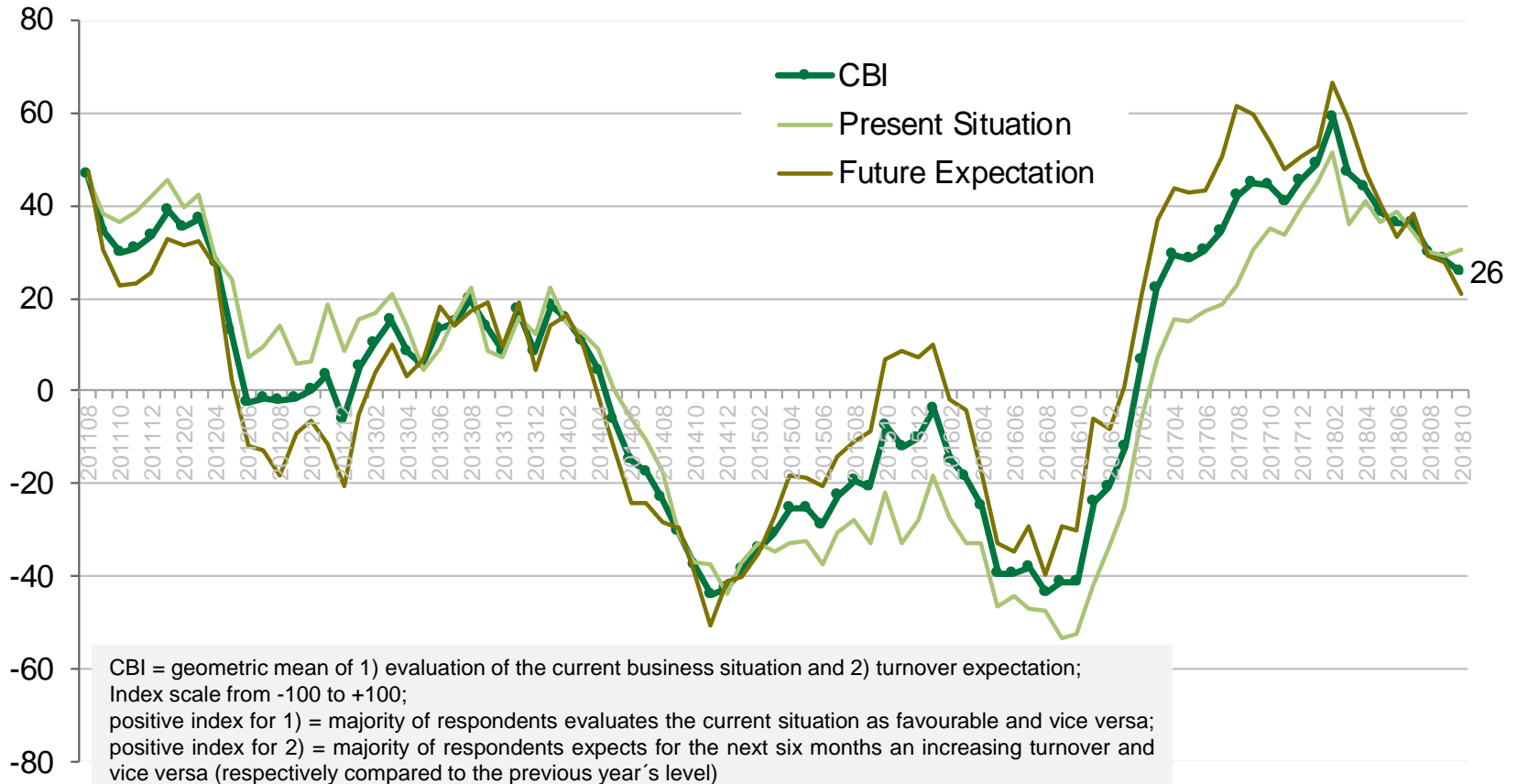
In comparison to other segments, the tractor industry evaluates its business climate below average. For livestock equipment and transportation current business continues to run very well, although livestock is the segment with the highest share of manufacturers expecting declining orders.

In the last month, order intake from Europe seems to have lost some of its dynamic, especially in the segment of tractors. Among the major European markets, the expectations for France and Spain have continued to improve. Germany and Italy have regained some stability after a temporary loss of confidence. By contrast, the outlook for all Scandinavia remains weak. In addition, the participants' prospects for Belgium and the Netherlands, as well as for the CIS countries, have continued to deteriorate significantly.

The CIS countries also show the highest increase in dealer stock levels for new machines. Regarding used machines, dealers seem to build up high stock levels across all segments in nearly all major European markets, especially in France.

Business Climate Index Development

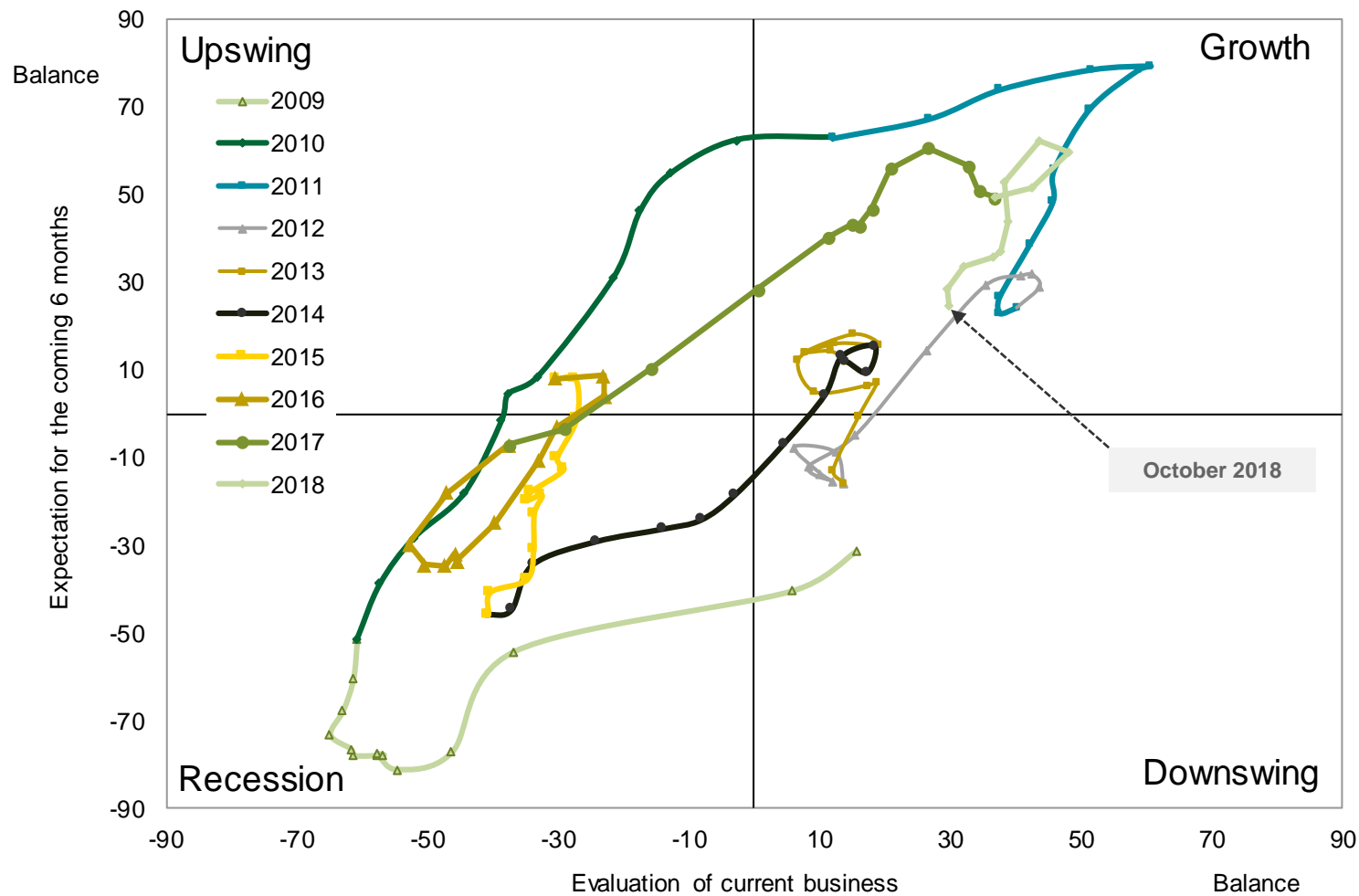
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



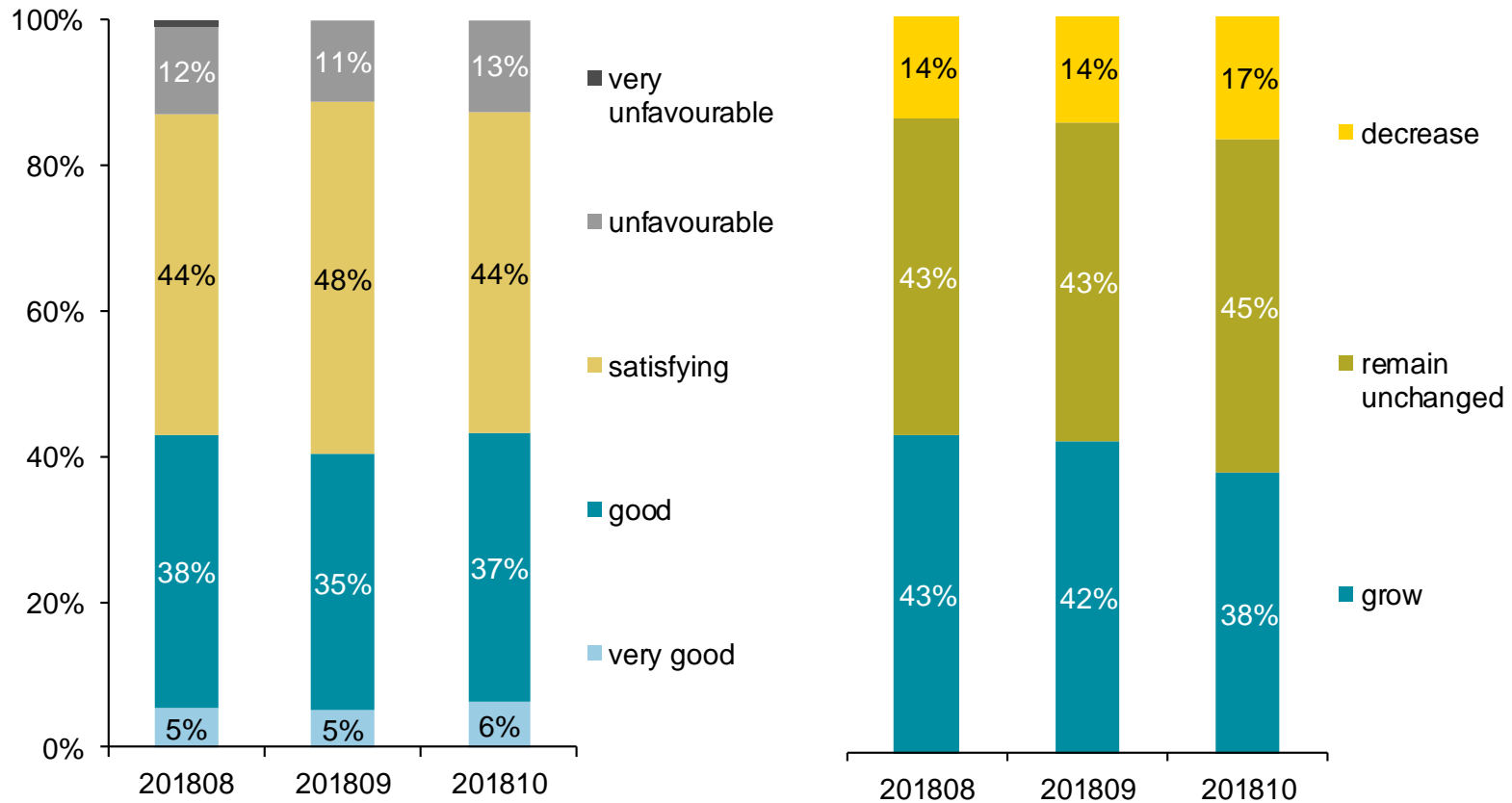
Source: CEMA Business Barometer, each value as an average of the last two months

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....

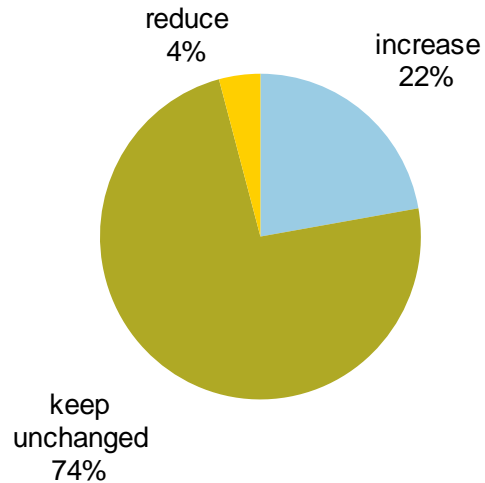


Source: CEMA Business Barometer

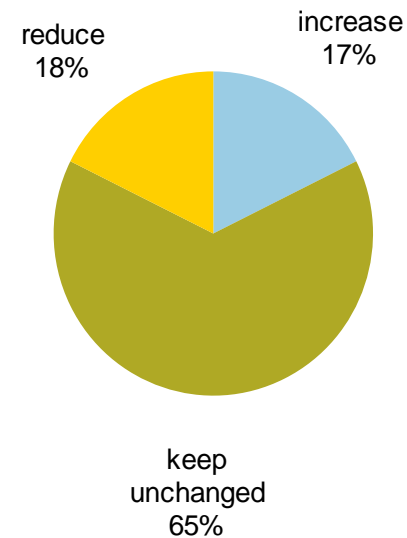
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer October 2018