CEMA Business Barometer

Public excerpt June 2019



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



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Business climate further deteriorating significantly

Executive summary of the survey in June

The general business climate index of the agricultural machinery industry in Europe has continued to deteriorate significantly. While previously it had been primarily future expectations that dragged down the index (last month future expectations have dropped as sharply as they last did in May 2016), meanwhile the current business also seems to be affected.

The industry representatives confirm in the survey that incoming orders, both from the EU and from outside the EU, decreased in the last month. The high order volume, as seen in the last survey, based on the strong order intake in the previous months, is thus diminishing.

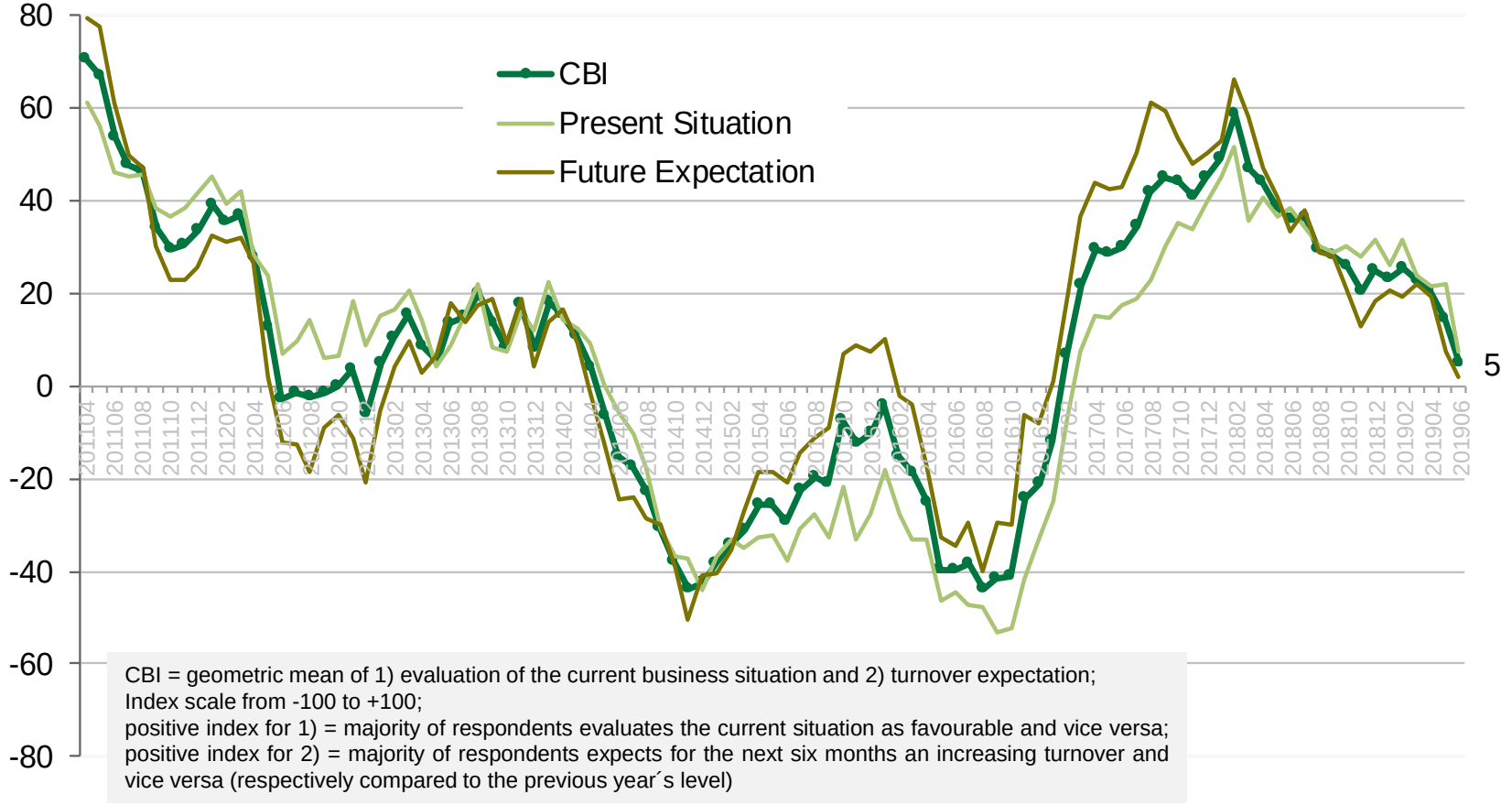
For the first time since 2016, there is now again a majority of survey participants expecting turnover declines from most European markets in the coming six months. France, Spain, Italy, Switzerland and the CIS countries remain as positive exceptions.

The further development of the general business climate might, among others, depend on whether growth rates in these markets can be maintained beyond the next 6 months. In fact, the industry remains surprisingly positive with regard to the year as a whole. On average, the companies still expect an increase by 3% in 2019.

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Business Climate
Index Development

CEMA Business Climate Index (CBI) -Total

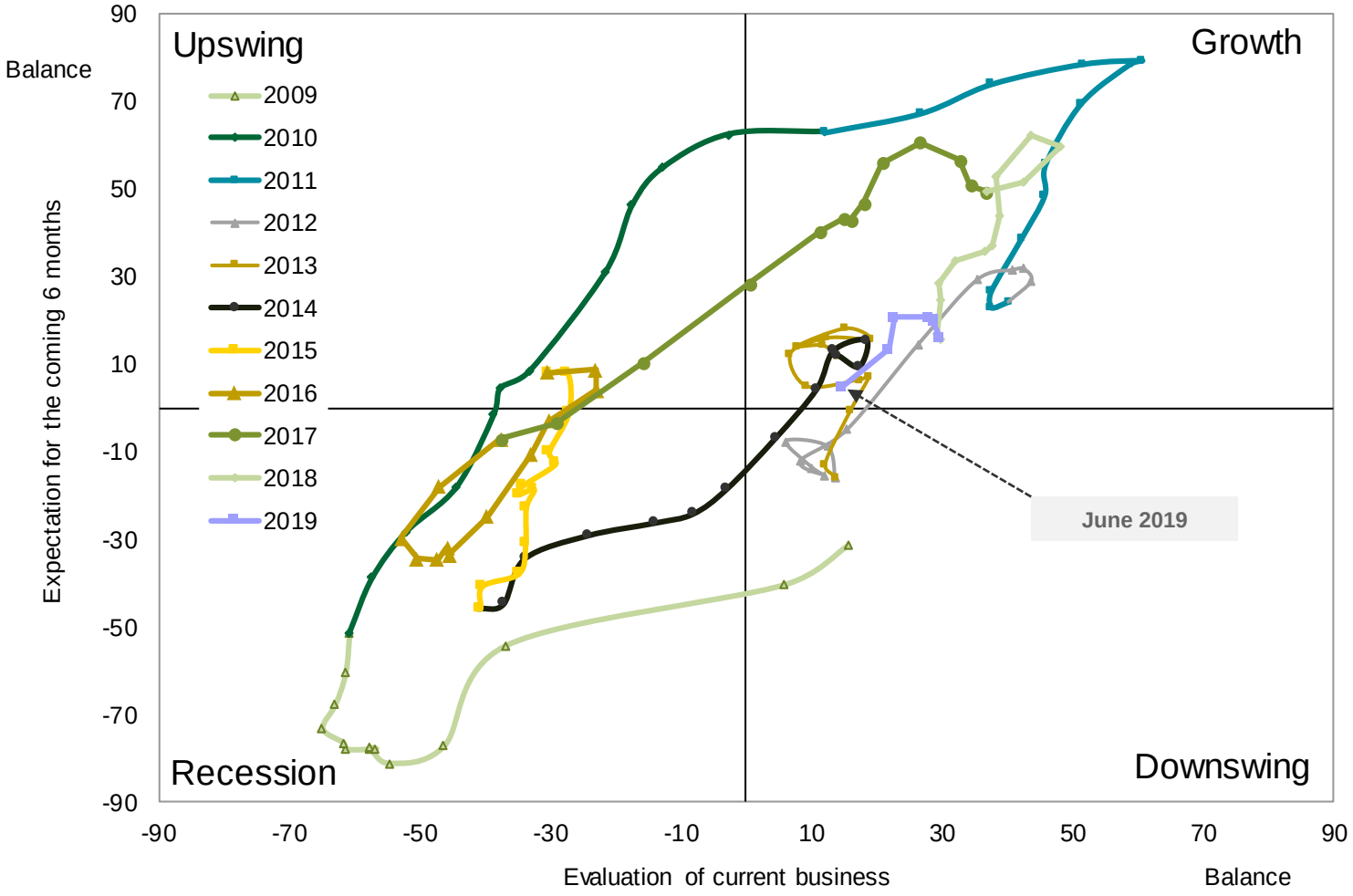


CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation;
Index scale from -100 to +100;
positive index for 1) = majority of respondents evaluates the current situation as favourable and vice versa;
positive index for 2) = majority of respondents expects for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

Source: CEMA Business Barometer

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Business Climate
Illustration of Business Cycle

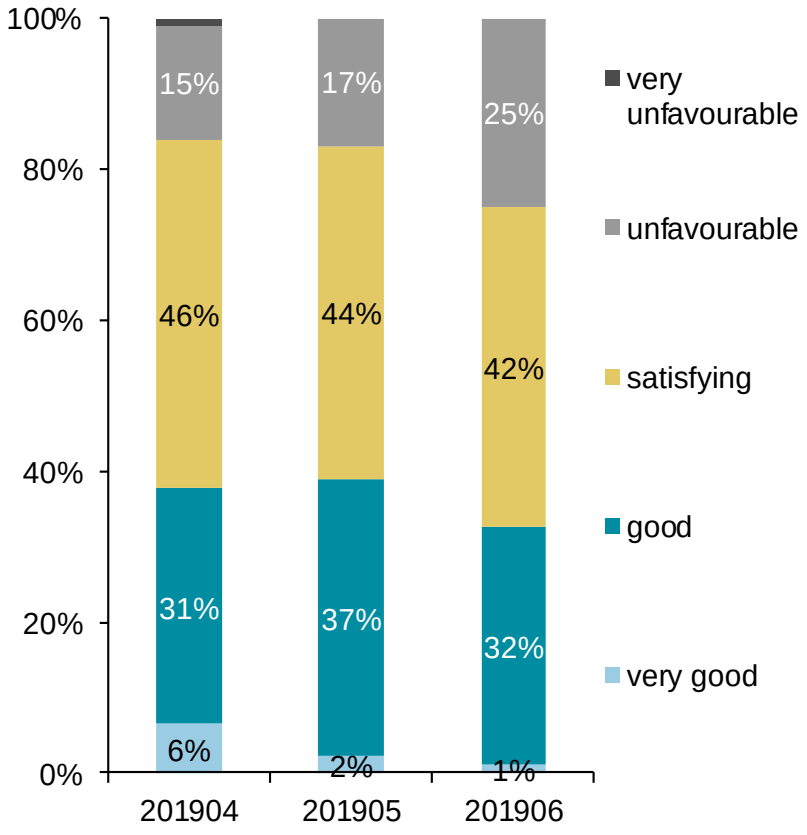


Source: CEMA Business Barometer, each value as an average of the last two months

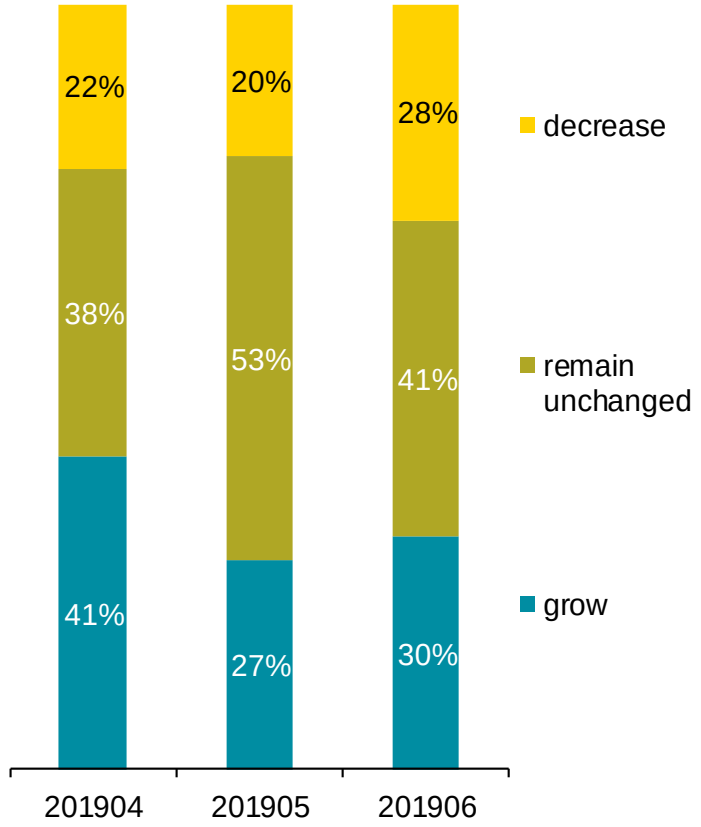
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Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ….



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



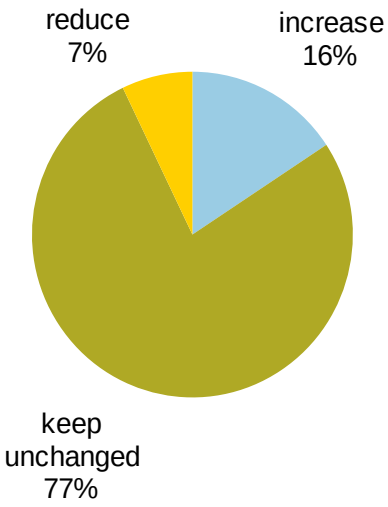
Source: CEMA Business Barometer

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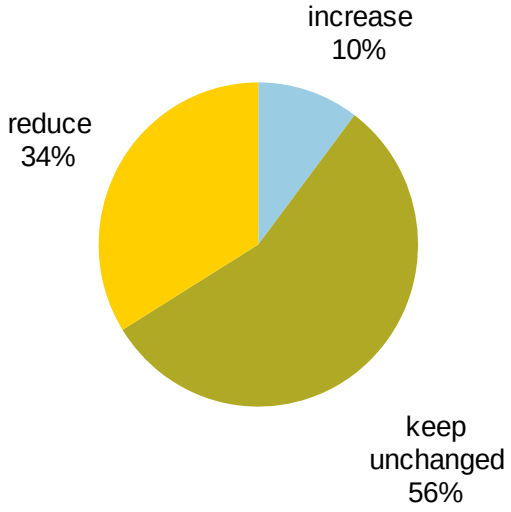
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer June 2019

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