CEMA Business Barometer

Public excerpt February 2020



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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Recession potentially only relatively short-term
Executive summary of the survey in February

The general business climate index for the agricultural machinery industry in Europe continues to be in the negative range, but has improved significantly compared to the previous month. Unlike the previous one, the current recession phase may only prove to be a comparatively shorter, temporary correction.

However, the improvement of the overall turnover expectations is due less to an increase in participants with growth expectations, but rather to the fact that more participants expect an unchanged instead of a declining turnover. Furthermore, only 14% of participants expect incoming orders to increase, while a record of 59% foresee neither an increase nor a decrease in incoming orders. A large proportion of them may simply be undecided, which again indicates that there is great uncertainty in the industry about the near future.

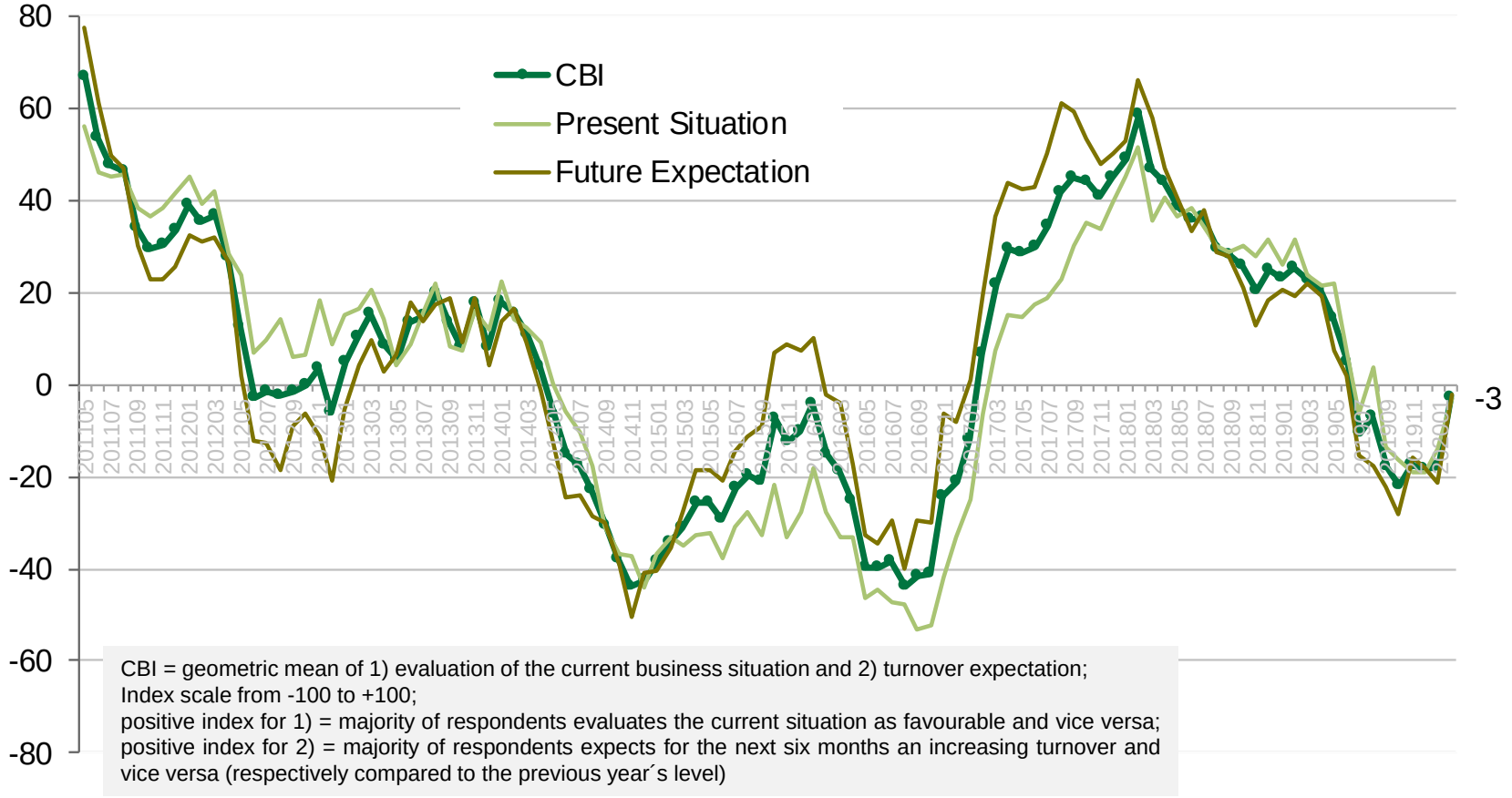
On the other hand, the volume of orders has returned to a high level (corresponding to a production period of 3.3 months). Orders from dealers seem to have picked up again. The dealers apparently see good conditions in the end customer market for selling off their stocks.

In any case, incoming orders from Europe, by nature the most important market for the industry in Europe, showed an average increase last month for the first time after several months of decline. Also with regard to the individual European countries, the participants have revised their expectations upwards for the second time in a row for almost all regions, with Scandinavia at the top and the UK still deeply negative at the bottom of the ranking.

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Business Climate
Index Development

CEMA Business Climate Index (CBI) -Total

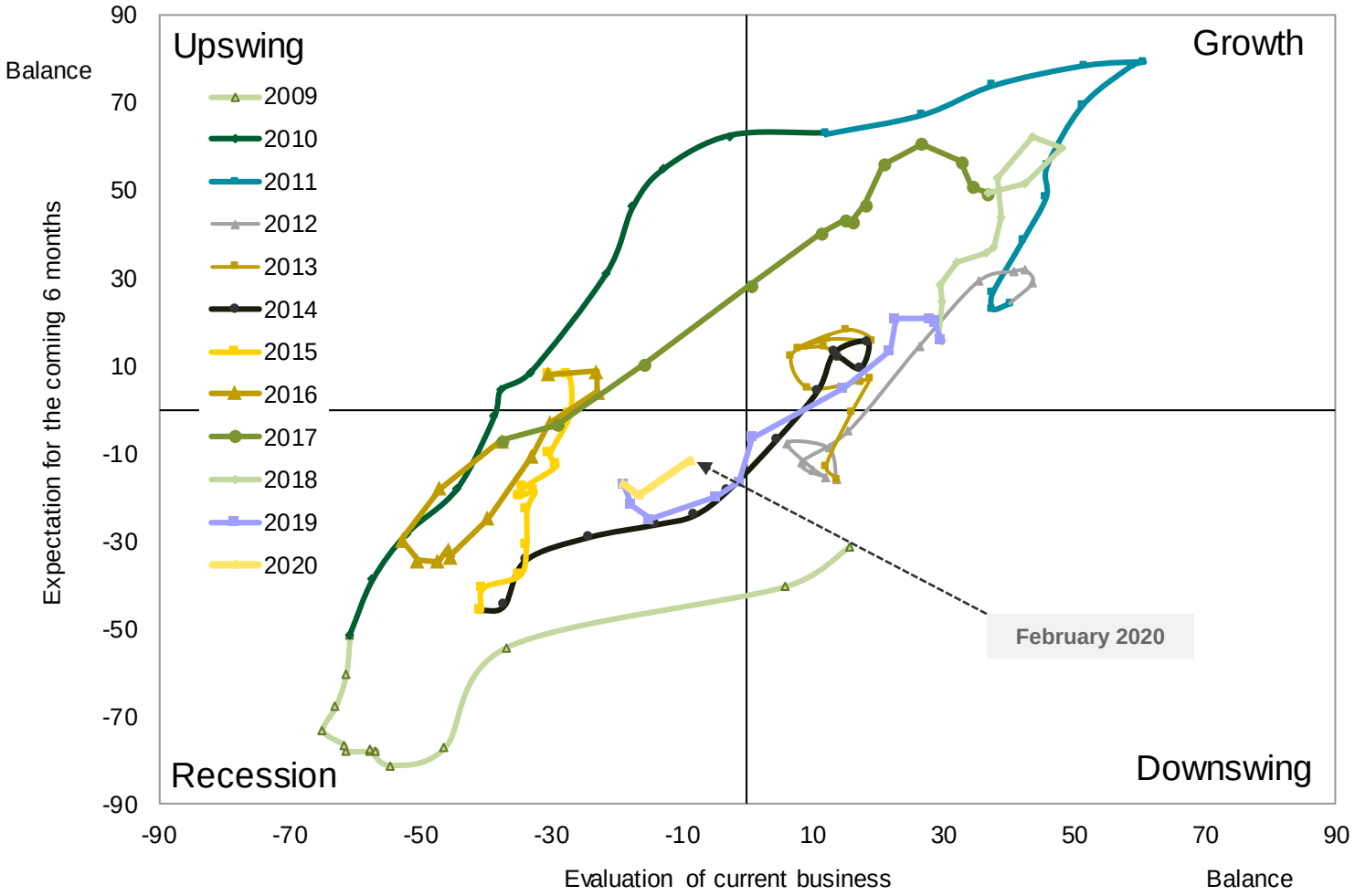


CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation;
Index scale from -100 to +100;
positive index for 1) = majority of respondents evaluates the current situation as favourable and vice versa;
positive index for 2) = majority of respondents expects for 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

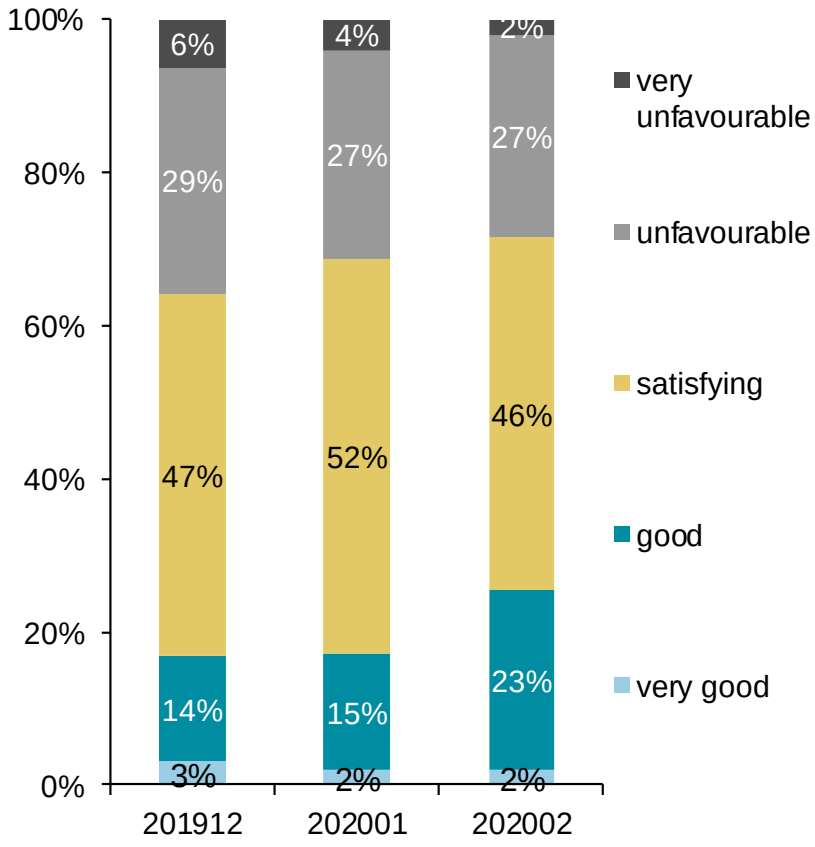


Source: CEMA Business Barometer, each value as an average of the last two months

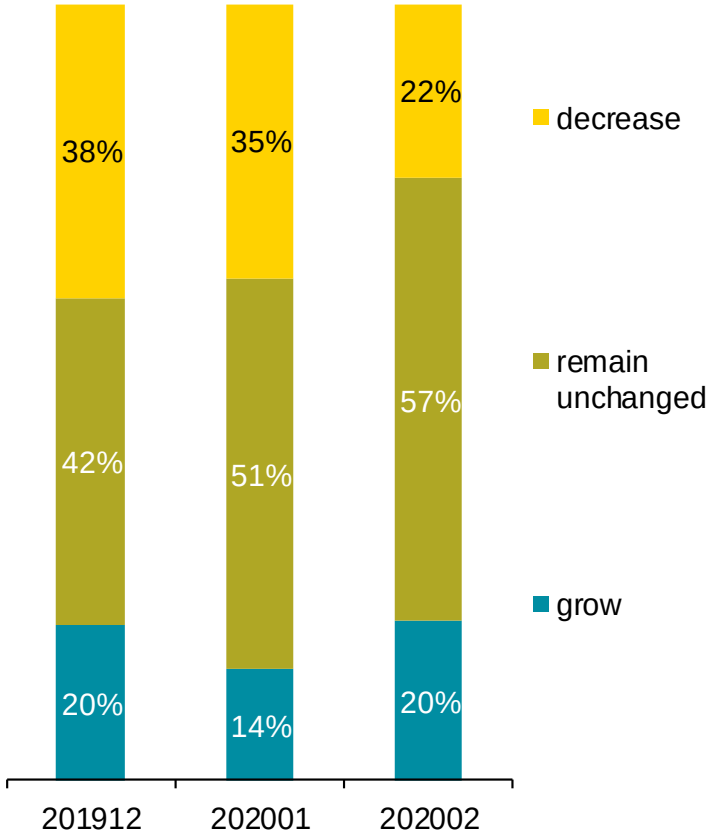
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Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ….



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



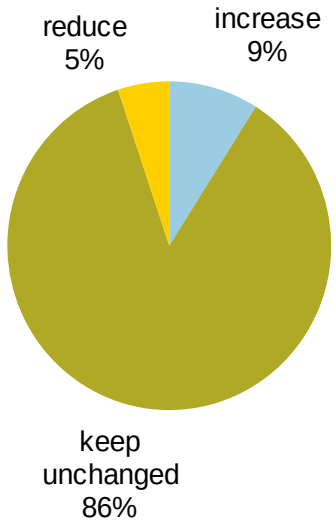
Source: CEMA Business Barometer

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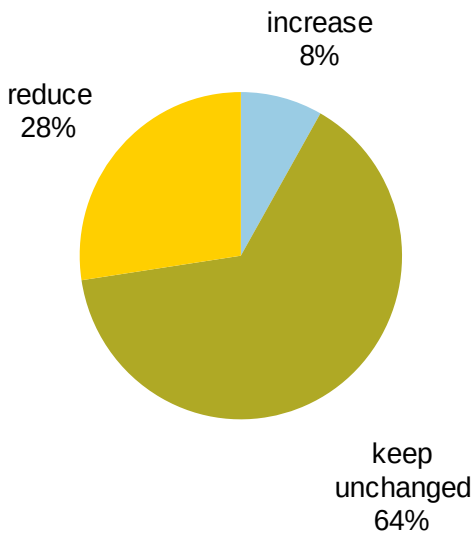
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer February 2020

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