

CEMA Business Barometer

Public excerpt April 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



Business climate still positive, but with more risks

Executive summary of the survey in April

After a period of losses starting from the record highs at the beginning of last year, the general business climate index is maintaining in very positive range despite a slight decline compared to last month. However, the survey also confirms that dealer stocks are at comparatively high levels across almost all markets.

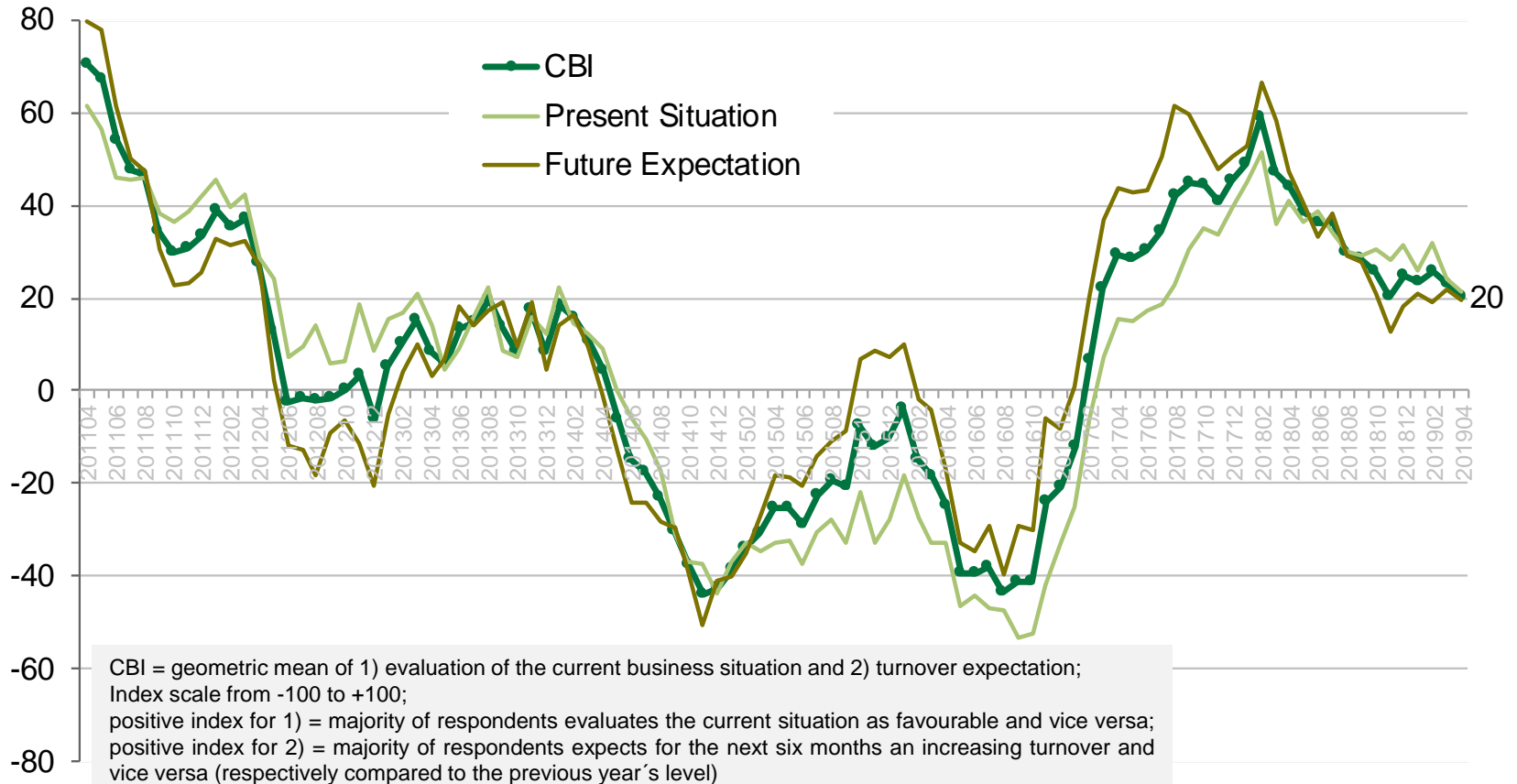
In the important segments of tractors and harvesting equipment, both the evaluations of the current business and future expectations, have dropped significantly, which is (so far still) being compensated by the evaluations and expectations of manufacturers from other segments (currently in particular arable equipment). The business climate index for tractors is negative again for the first time since the beginning of 2017. Every third representative of the tractor manufacturers sees an unsatisfactory development, only every fourth expects an increase in turnover. The expectations for the order intake are even more pessimistic. The picture for harvesting equipment is similar (though not all that negative).

The regional breakdown reveals a very clear deterioration in the UK as the most striking change. The business climate of local manufacturers has changed dramatically since last month. The built-up inventories are not being sold as expected. 50% of local participants expect incoming orders to decrease. Among survey participants from Continental Europe, expectations for the UK have similarly collapsed. At the same time, confidence for big markets like Germany and the CIS countries have repeatedly weakened, while for Romania, Belgium and the Netherlands, there is again a majority of participants expecting turnover decreases.

At this time, all these negative trends are (still) being counterbalanced by good expectations for several regions, especially France, Spain and Italy as well as Austria and Switzerland in addition to better developments in most segments other than tractors and harvesting equipment. 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.

Business Climate Index Development

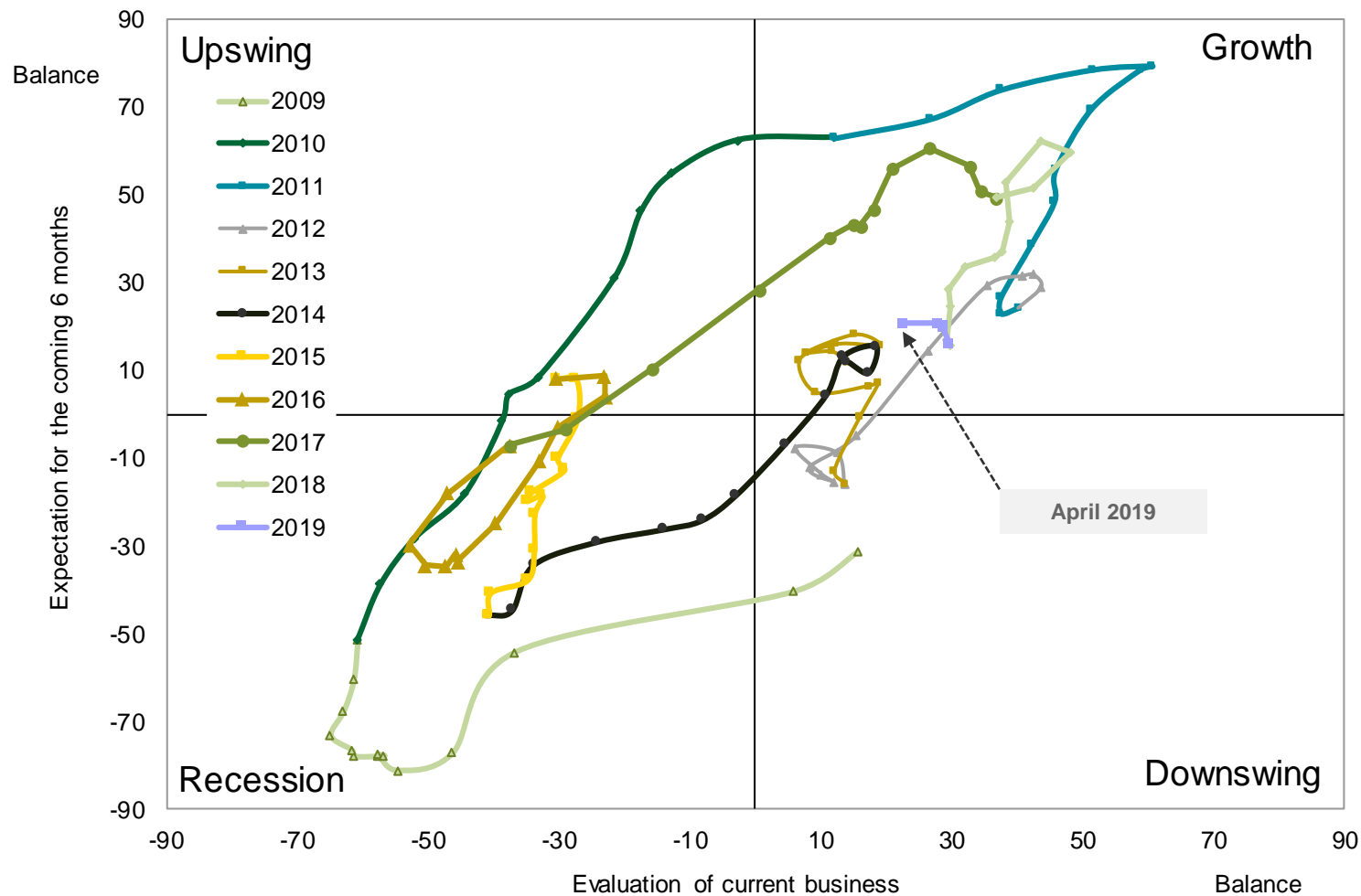
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



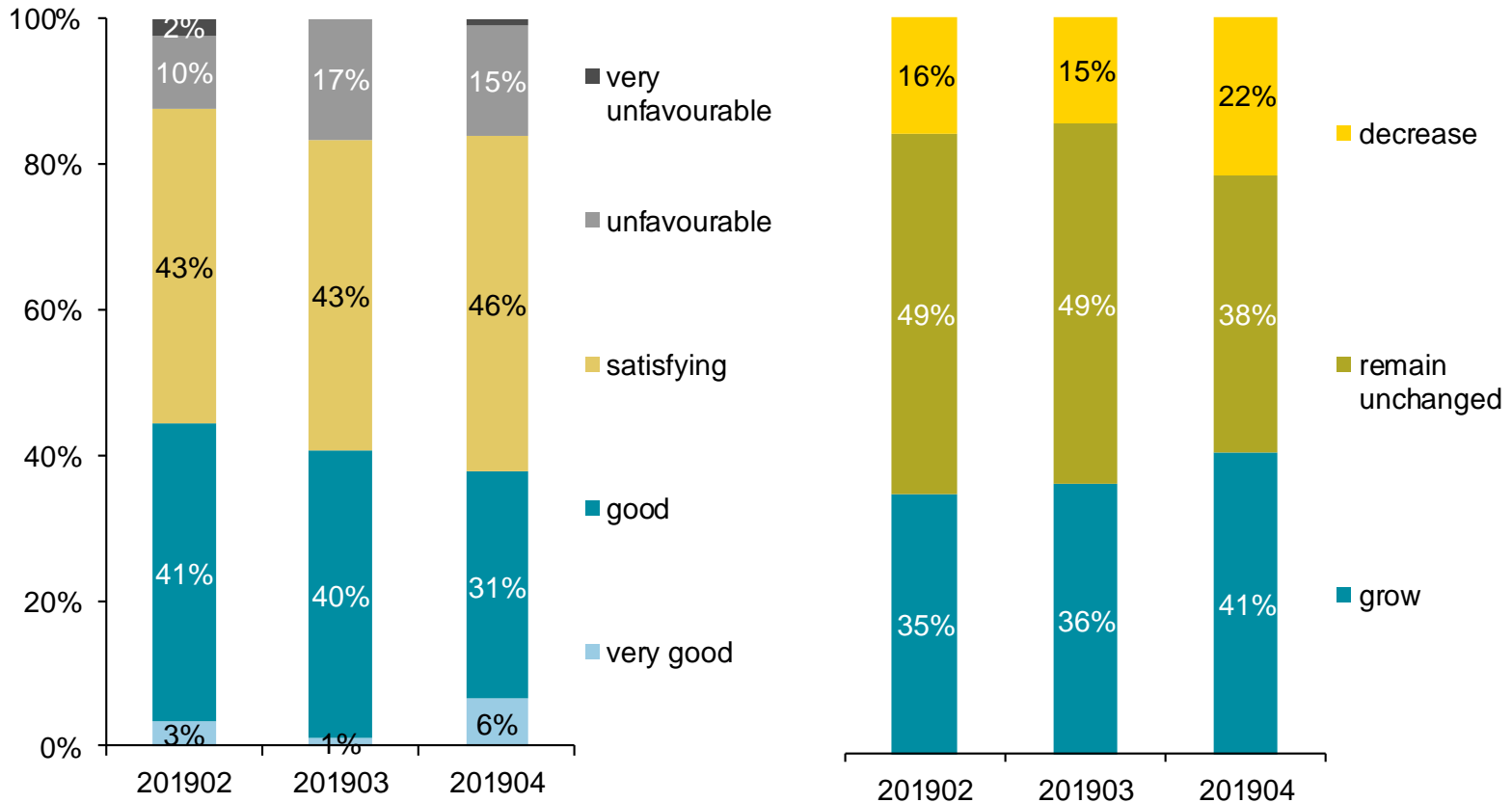
Source: CEMA Business Barometer, each value as an average of the last two months

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....

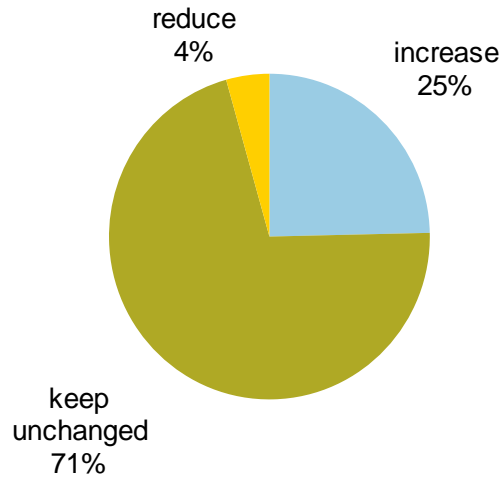


Source: CEMA Business Barometer

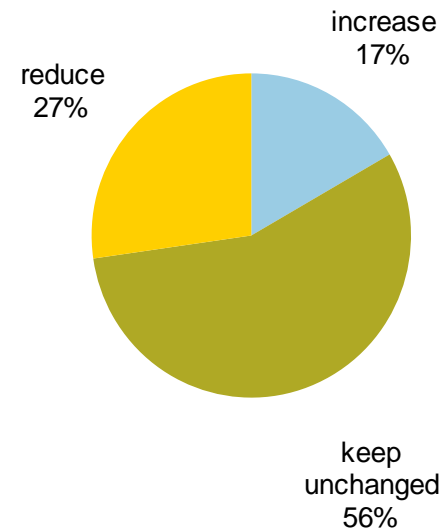
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer April 2019