

CEMA Business Barometer

Public excerpt December 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



Recession potentially only relatively short-term

Executive summary of the survey in December

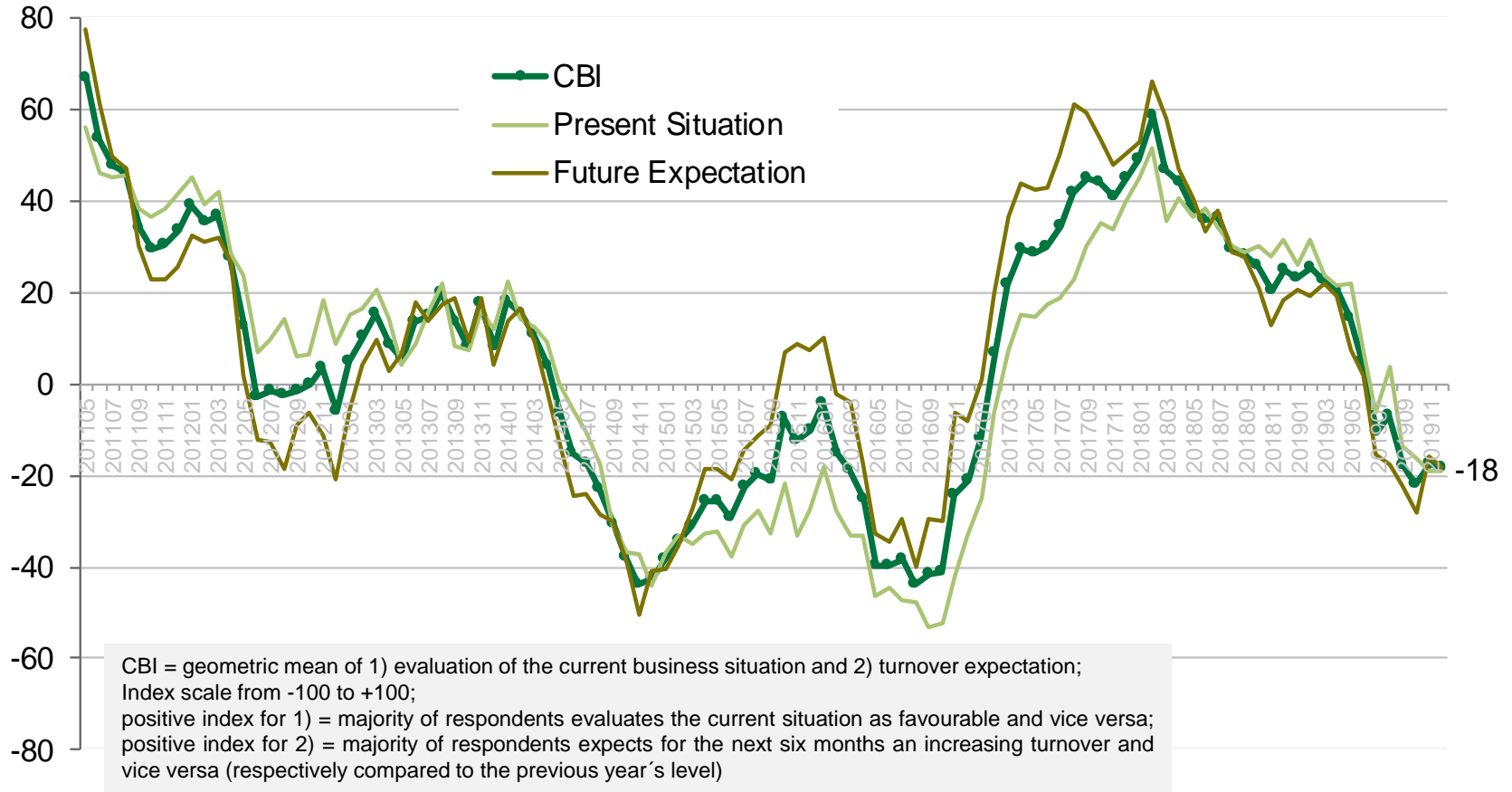
The general business climate index of the agricultural machinery industry in Europe continues to move in the recession zone. Both the current business evaluations and turnover expectations are negative across all segments. Meanwhile, arable equipment appears to be particularly affected.

However, the current recession phase, unlike the previous one, may only be a comparatively shorter, temporary correction. In any case, although the industry representatives' expectations for the coming six months are negative across all segments, their turnover forecast for 2020 as a whole is flat. Conversely, this means that at some point from the middle of next year, the market would have to turn positive again.

In comparison with their 2020 full-year turnover forecast, industry representatives see Europe (and the USA) even performing above average. Within Europe, currently France remains by far the strongest market, but the prospects for the coming six months have become more mixed. On the other hand, for all other markets, the six-months expectations of the industry representatives have improved, albeit mostly from a negative level.

Business Climate Index Development

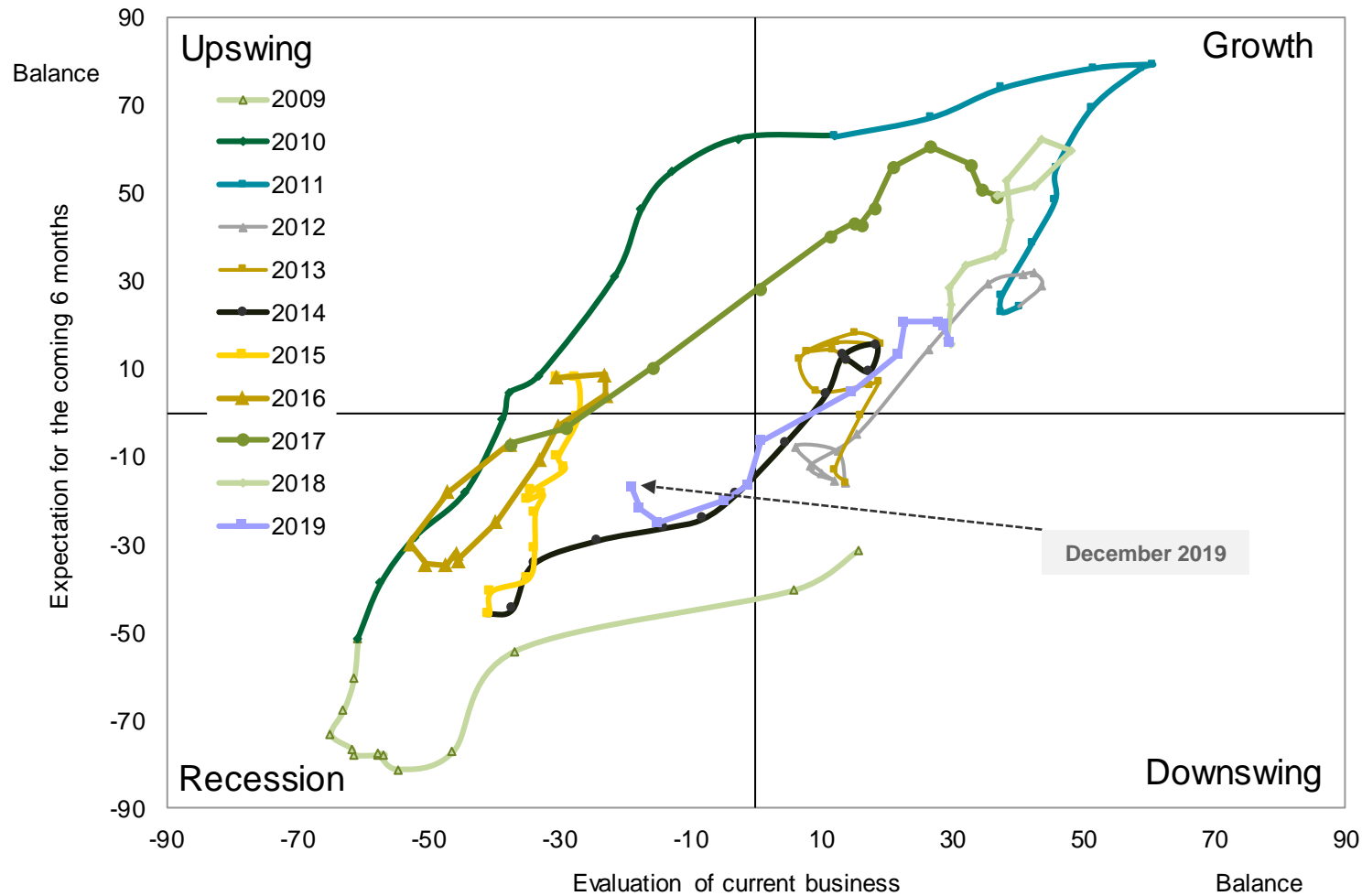
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



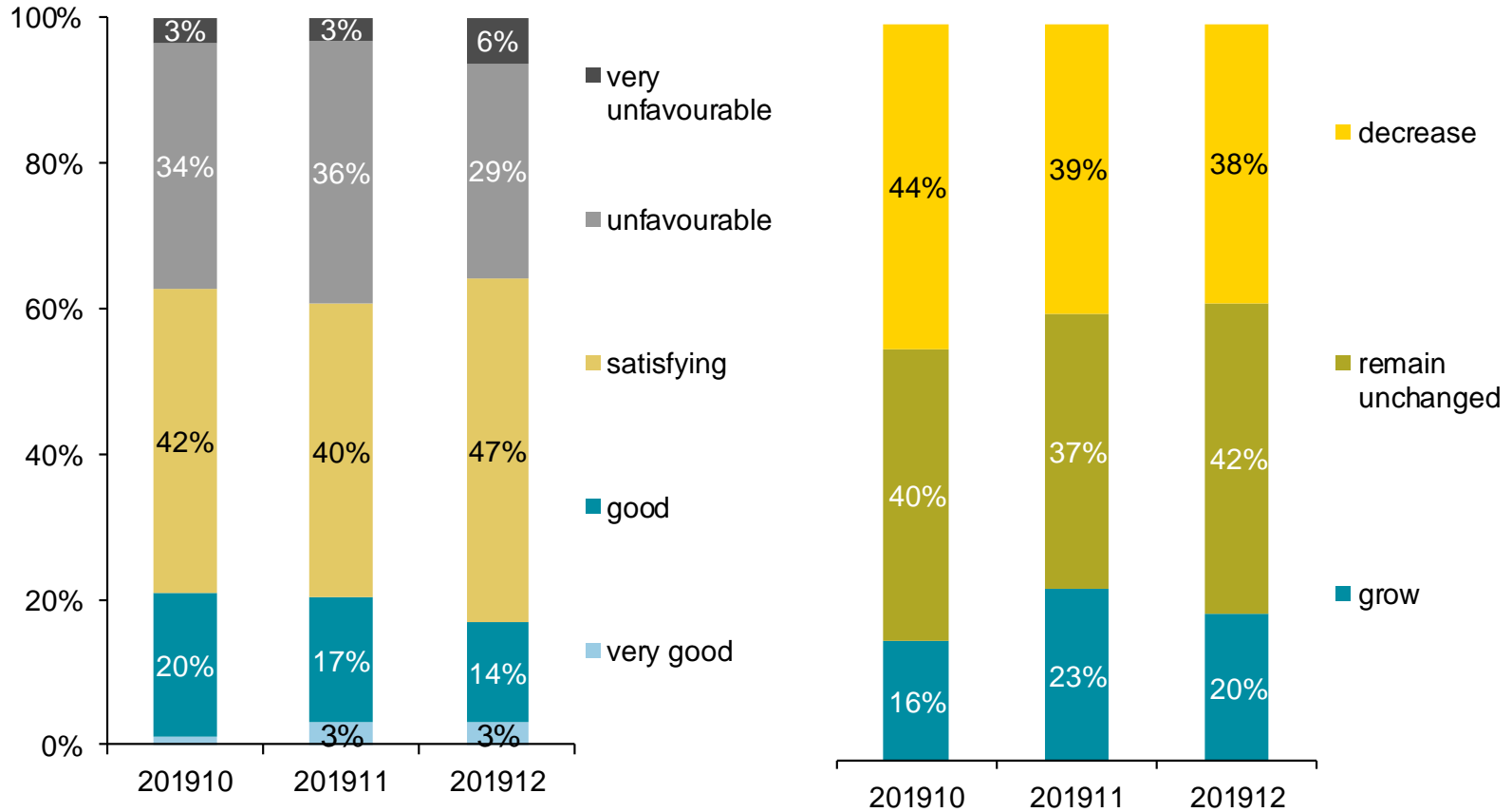
Source: CEMA Business Barometer, each value as an average of the last two months

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....

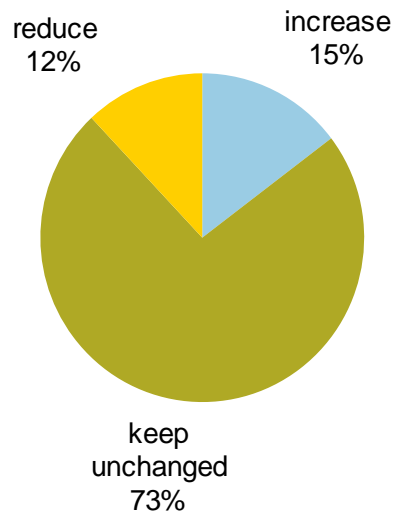


Source: CEMA Business Barometer

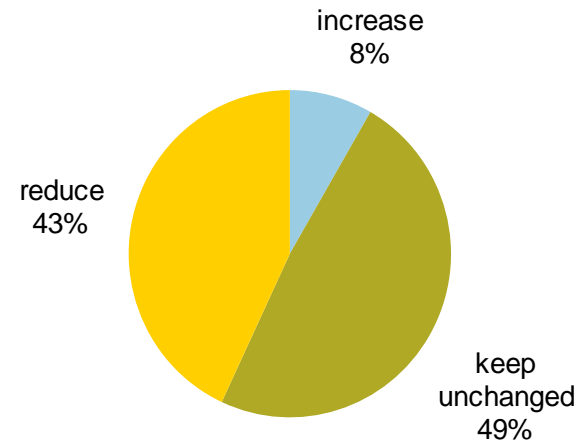
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer December 2019