

CEMA Business Barometer

Public excerpt May 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



Business Climate remains deeply negative

Executive summary of the survey in May

The general business climate index for the agricultural machinery industry in Europe has improved slightly, but continues deeply negative at -59 points (on a scale of -100 to +100) after having dropped as sharply and deeply as it has not since the financial crisis of 2008/09. 60% of the industry representatives consider their current business to be unfavorable, 75% expect a declining turnover in the coming six months.

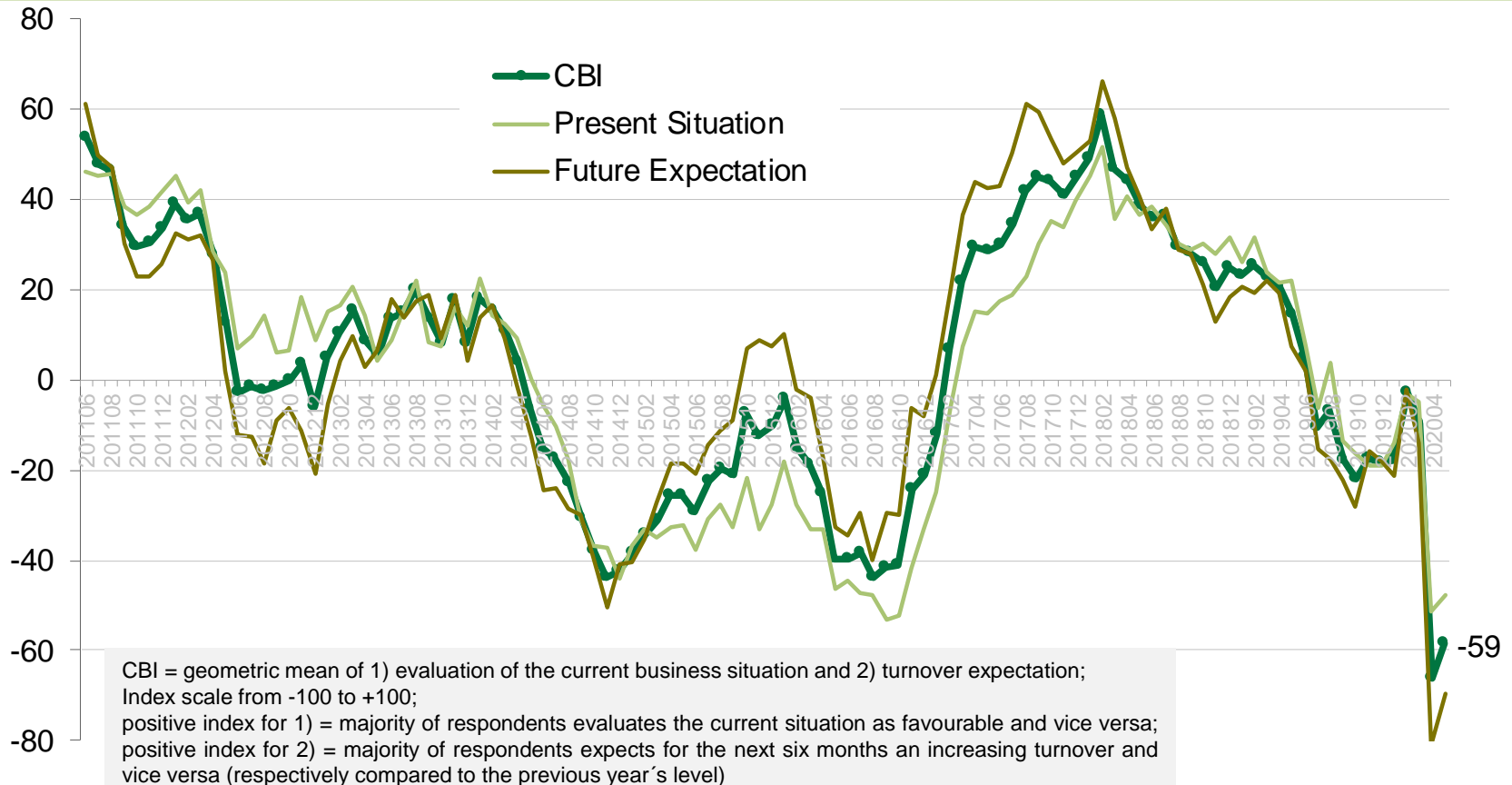
Although the restrictions in the course of COVID-19 are no longer quite as strong as a month ago, they are still there: On average of all companies participating in the survey, the production capacity utilization is only at 74% of the level before COVID-19. According to the companies, their supplier side is supplying 80% and their partners on the distribution side are running business at only 66% of the level before COVID-19.

Only based on and thanks to the high order intake from the pre-COVID-19 era, the order volume is at a relatively good level. However, the order coverage will continue to melt. For the coming six months, more than 70% of the industry representatives expect further declines in incoming orders. And, according to this survey, also the actual order intake dropped further in the last month: Again, almost three quarters of the companies report falling orders, both from the EU market and from outside the EU, with more than half of them even reporting double-digit decreases.

Nevertheless, also a little light at the end of the tunnel can be seen: Regarding the turnover for the total year 2020, less survey participants (20% instead of 30% one month ago) forecast a decline of more than 20%, which leads to a less negative average industry forecast (Arithmetic mean -10% in May versus -13% in April). This correction might be the result of an expectation that the order intake will improve again in a few months so that some losses can be recovered towards the end of the year.

Business Climate Index Development

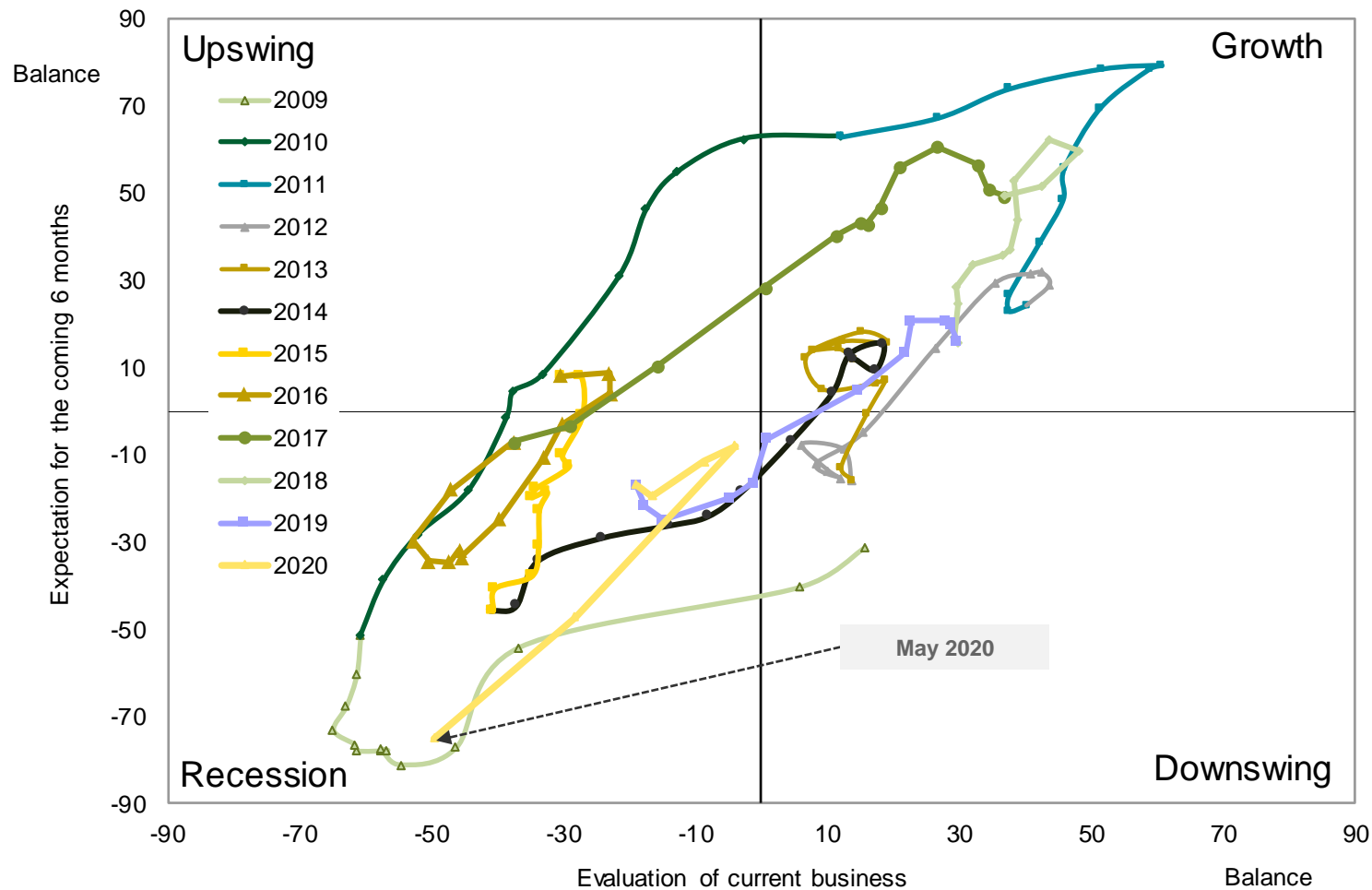
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



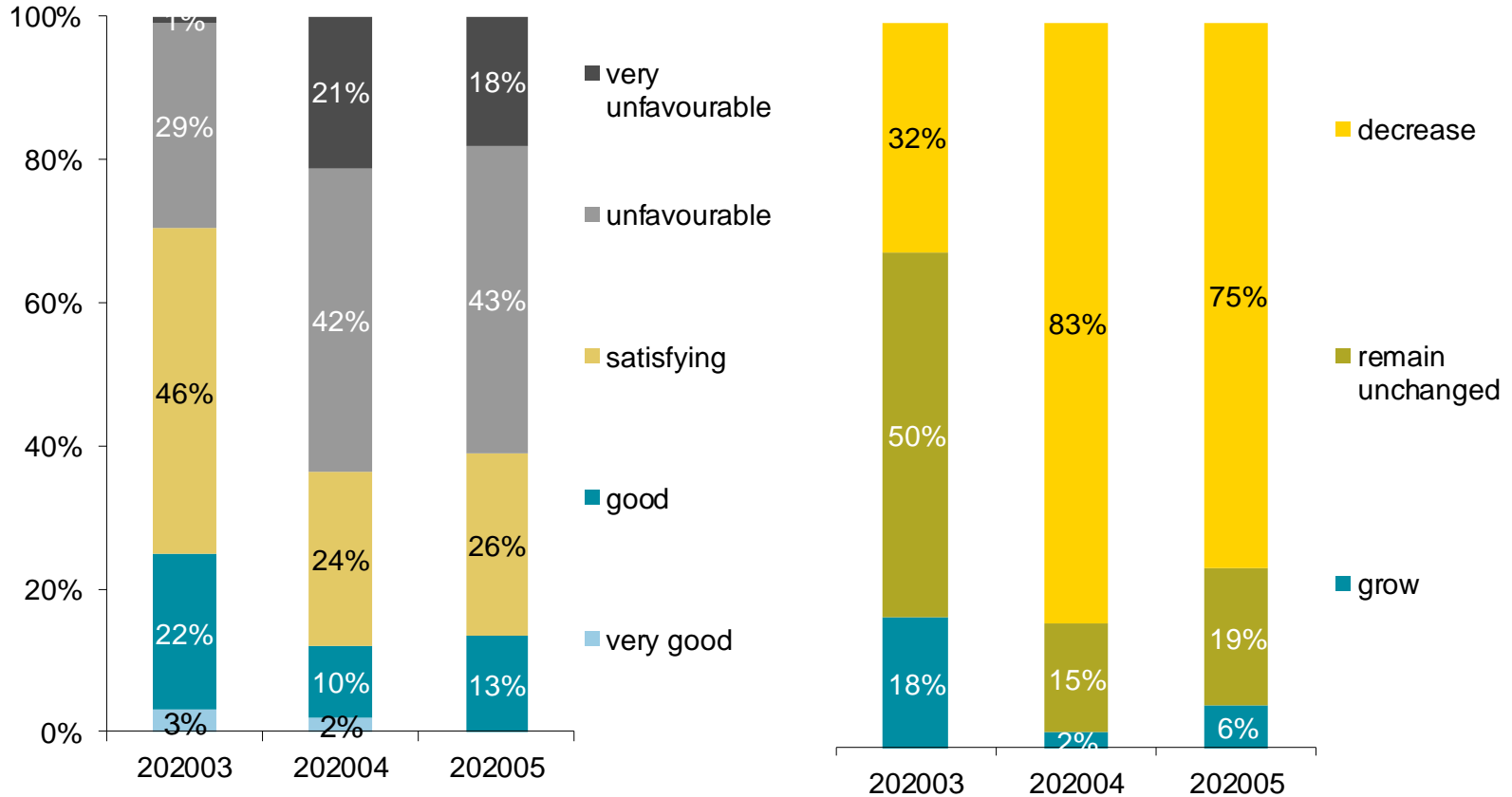
Source: CEMA Business Barometer, each value as an average of the last two months

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....

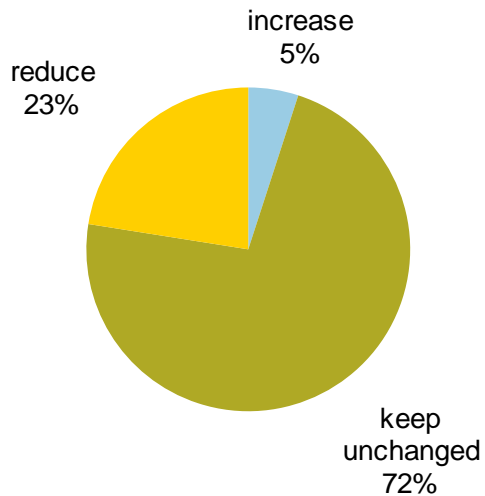


Source: CEMA Business Barometer

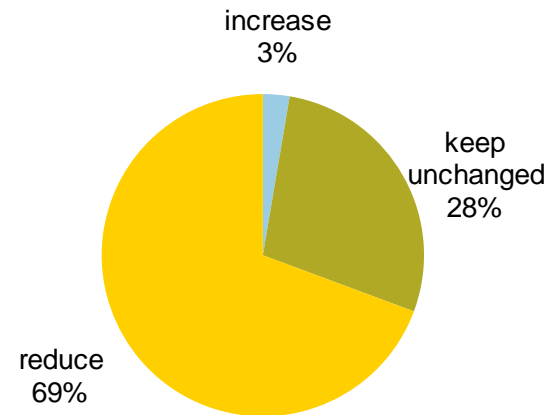
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer May 2020