



CEMA Business Barometer

Public excerpt September 2016



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



Current business situation has reached a record low

Executive summary of the survey in September

The general business climate index remains deeply negative. The future expectations recovered, but from a low level and possibly only against the background that the evaluation of the current business situation has reached a record low.

A wide majority of survey participants expect turnover decreases from many important European markets. Germany, Poland and Austria continue at the bottom of the ranking. The UK has recovered somewhat after the initial shock caused by the Brexit and seems to “stabilize” slightly above these countries. On the other hand, the French market has sharply fallen, reaching now the same low levels, which might not be only a short-term outlier, as the general investment need from the perspective of the end user is in the meanwhile evaluated as low as for Germany. Italy is another market balancing out on low confidence levels.

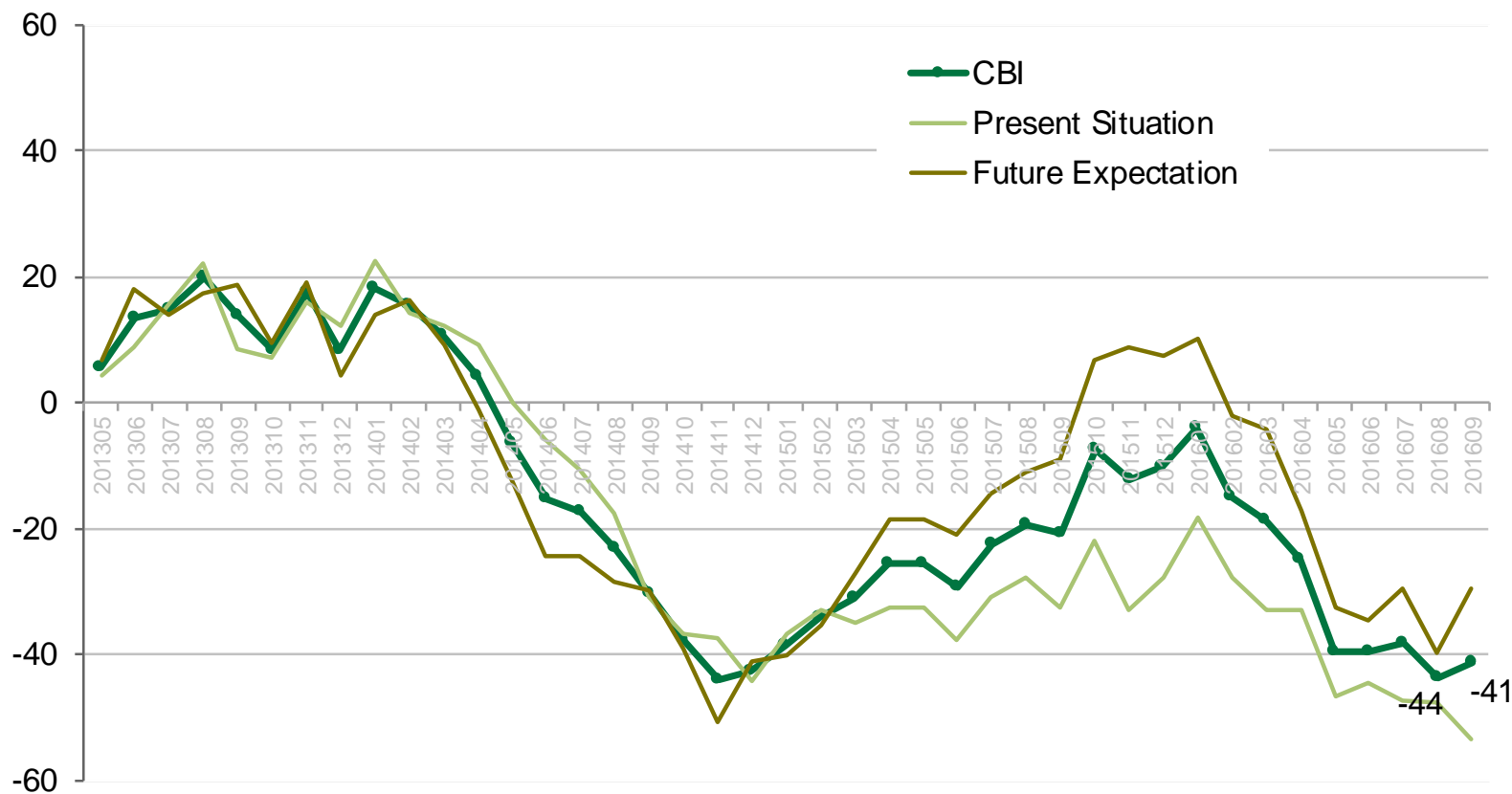
The only bright spot is Spain, where good harvest results and favorable prices for pigs and special crops seem to outweigh the uncertain political circumstances, making it the only market from which a majority of survey participants expect turnover increases. The continuation of the upward path of the CIS countries and the recovery in Romania also promise to be sustainable, especially as these markets are again evaluated to have the highest investment needs.

Altogether, the previous forecasts for 2016 have been confirmed. The first outlook for 2017 shows a slight growth. Only one third sees a turnover decline for next year.

Business Climate

Index Development

CEMA Business Climate Index (CBI)



Source: CEMA Business Barometer

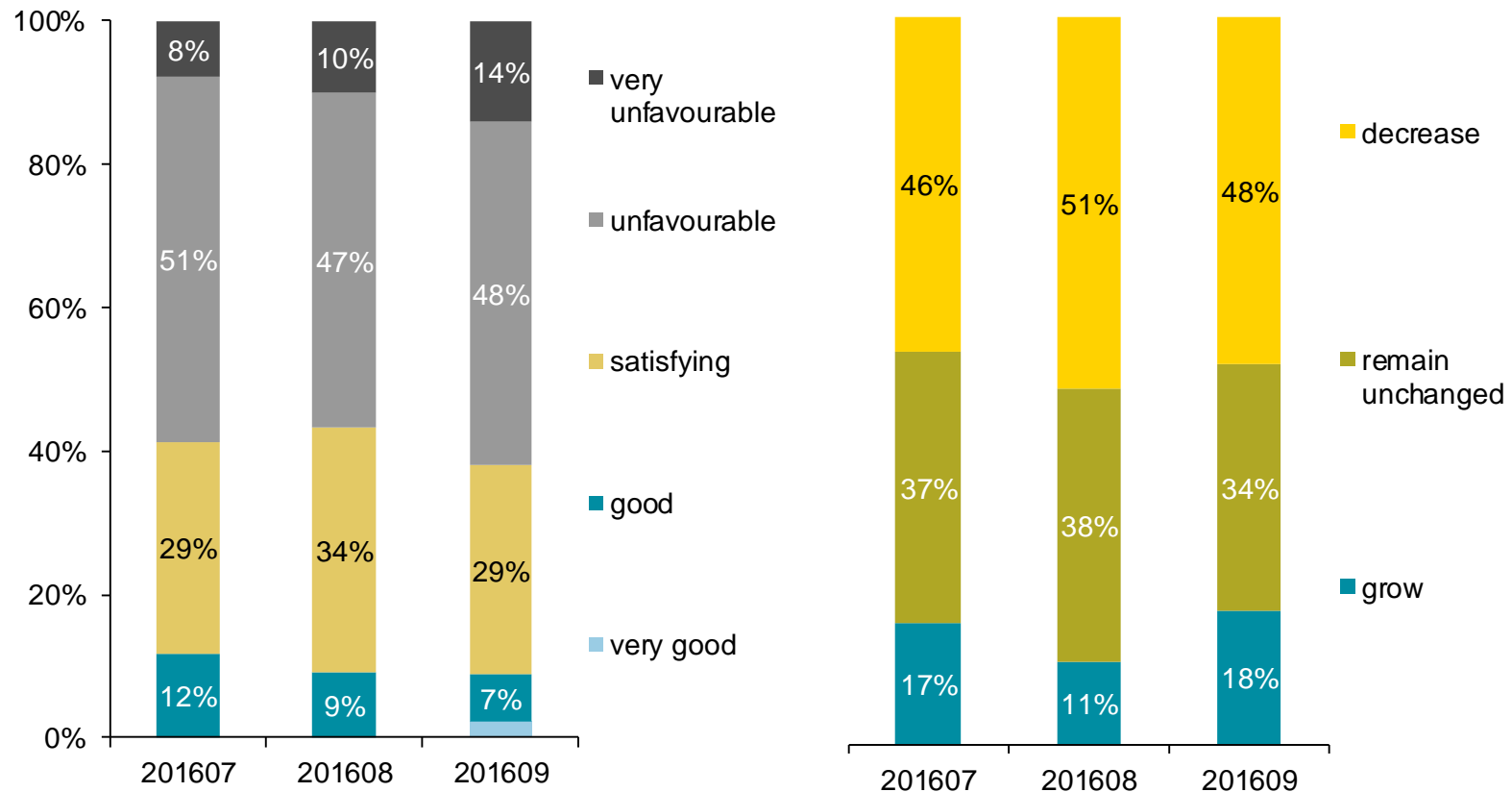
Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

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....

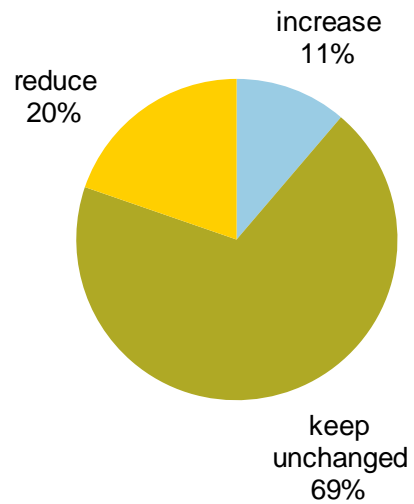


Source: CEMA Business Barometer

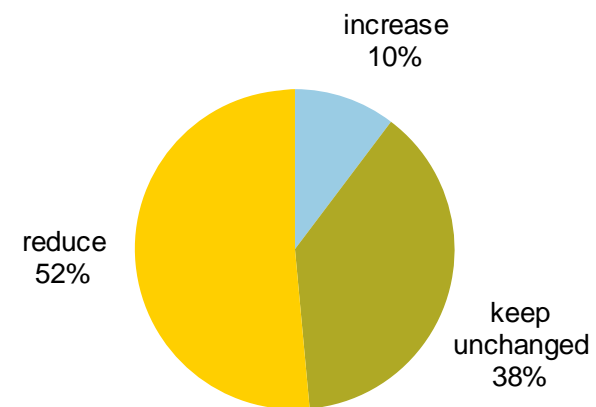
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer September 2016