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

Contact: Philip.Nonnenmacher@vdma.org
European Industry’s business climate back in recession
Executive summary of the survey in May

The general business climate index has decreased the fourth month in a row. This time it has lost 15 points. This is the sharpest decline since 2012.

On average, the volume of orders of the European agricultural machinery industry has reached a historic low, currently corresponding to a production period of 1.8 months.

Only the Scandinavian countries and Spain remain in the positive range regarding the industry’s next six month’s turnover expectation. From all other countries, including France, Italy and Romania, a majority of survey participants expect a decrease of their company’s turnover, with Germany and Poland continuing at the bottom of the ranking.

Tractors, harvesting and livestock equipment are still the most affected segments when compared to industry average in both, turnover and new order expectations, as well as in the evaluation of the current business climate.
Components have deteriorated in the latter indicator for the first time after a long period.

Correspondingly, more than half of the participants report that the plan of their company is to reduce the temporary workforce.
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
Illustration of Business Cycle

Balance

Y-axis: Expectation for the coming 6 months
X-axis: Evaluation of current business

-90 -70 -50 -30 -10 10 30 50 70 90

Recession
Upswing
Boom
Downswing

2009
2010
2011
2012
2013
2014
2015
May 2016

Contact: Philip.Nonnenmacher@vdma.org
Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ….

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Unfavourable</th>
<th>Unfavourable</th>
<th>Satisfying</th>
<th>Good</th>
<th>Very Good</th>
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<td>9%</td>
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<tr>
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</tr>
<tr>
<td>201605</td>
<td>50%</td>
<td>32%</td>
<td>10%</td>
<td>15%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Decrease</th>
<th>Remain Unchanged</th>
<th>Grow</th>
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</thead>
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<td>32%</td>
<td>18%</td>
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</table>

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 10%
- Keep unchanged: 69%
- Reduce: 21%

Temporary employees
- Increase: 8%
- Reduce: 54%
- Keep unchanged: 38%

Source: CEMA Business Barometer May 2016