

CEMA Business Barometer

Public excerpt June 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



Future expectations have become less negative

Executive summary of the survey in June

The general business climate index for the agricultural machinery industry in Europe has further improved, but continues deeply negative at -47 points (on a scale of -100 to +100) after having dropped as sharply and deeply as it had not since the financial crisis of 2008/09.

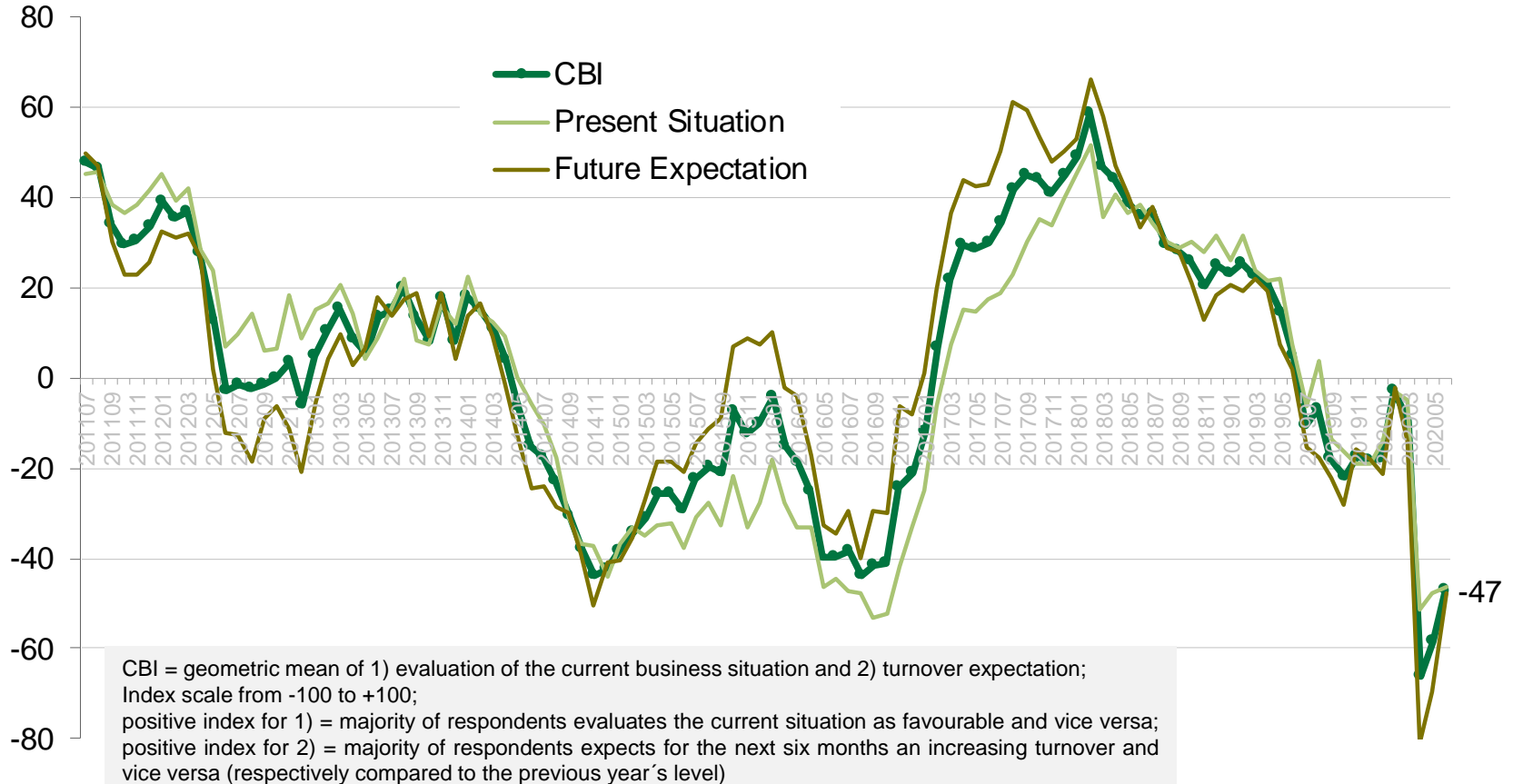
The current improvement of the business climate is primarily the result of less negative future expectations. Last month 75% of the industry representatives were expecting a decreasing turnover, whereas in the meantime “only” 56% of the industry representatives expect a decreasing turnover within the coming six months.

Restrictions in the course of COVID-19 are still in place, but have been further reduced along the way to the end customer: on average of all companies participating in the survey, the production capacity utilization is meanwhile at 83% of the level before COVID-19. The conditions on the distribution side have improved the most compared to last month. Overall, however, the distribution side is still causing slightly more problems than the supplier side, which is now again able to supply at 88% of the level before COVID-19.

With regard to the European market, the expectations of the survey participants have also improved, but there is still a clear majority of participants expecting turnover decreases from all regions except from Scandinavia.

Business Climate Index Development

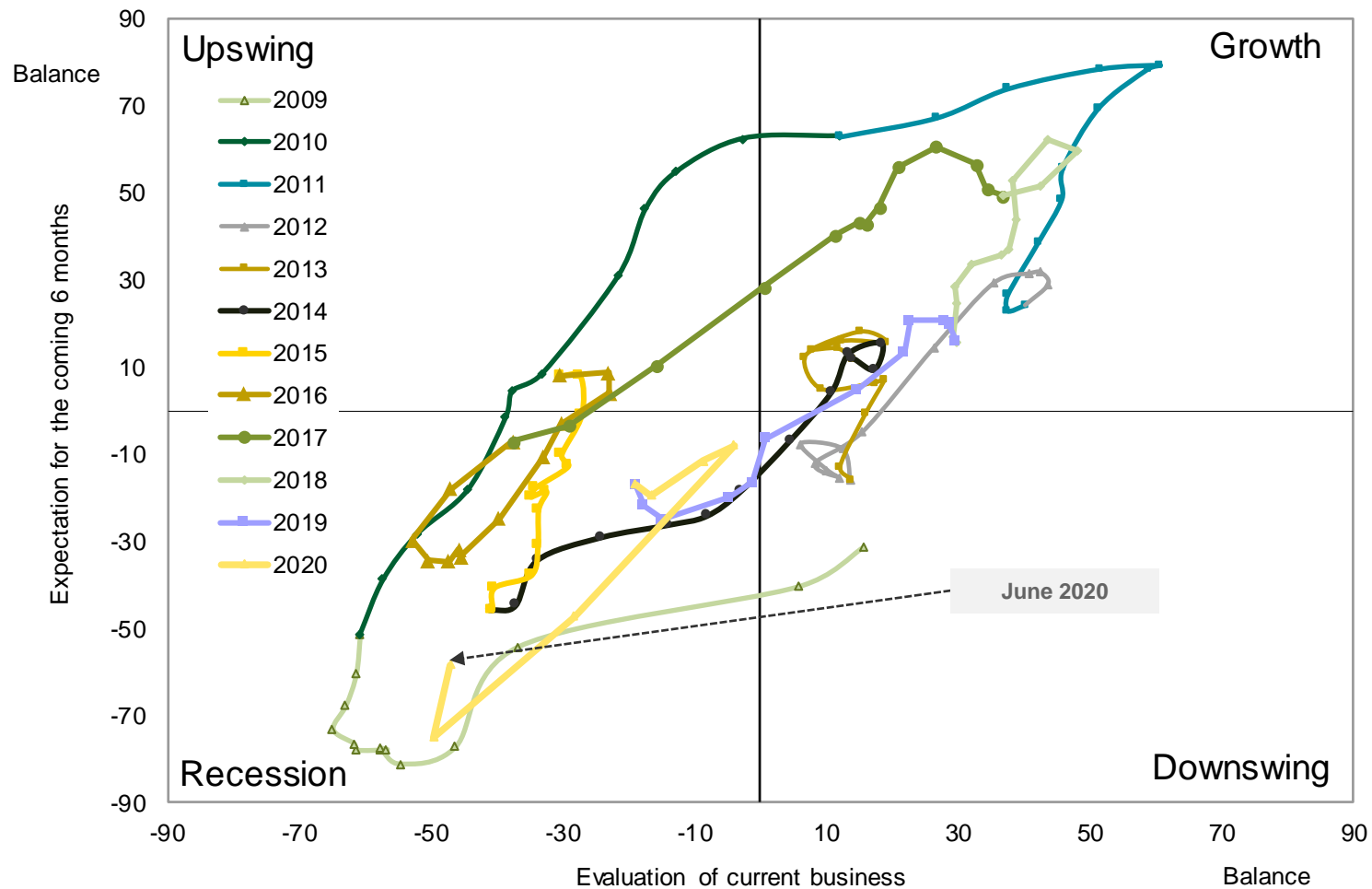
CEMA Business Climate Index (CBI) -Total



Source: CEMA Business Barometer

Business Climate

Illustration of Business Cycle



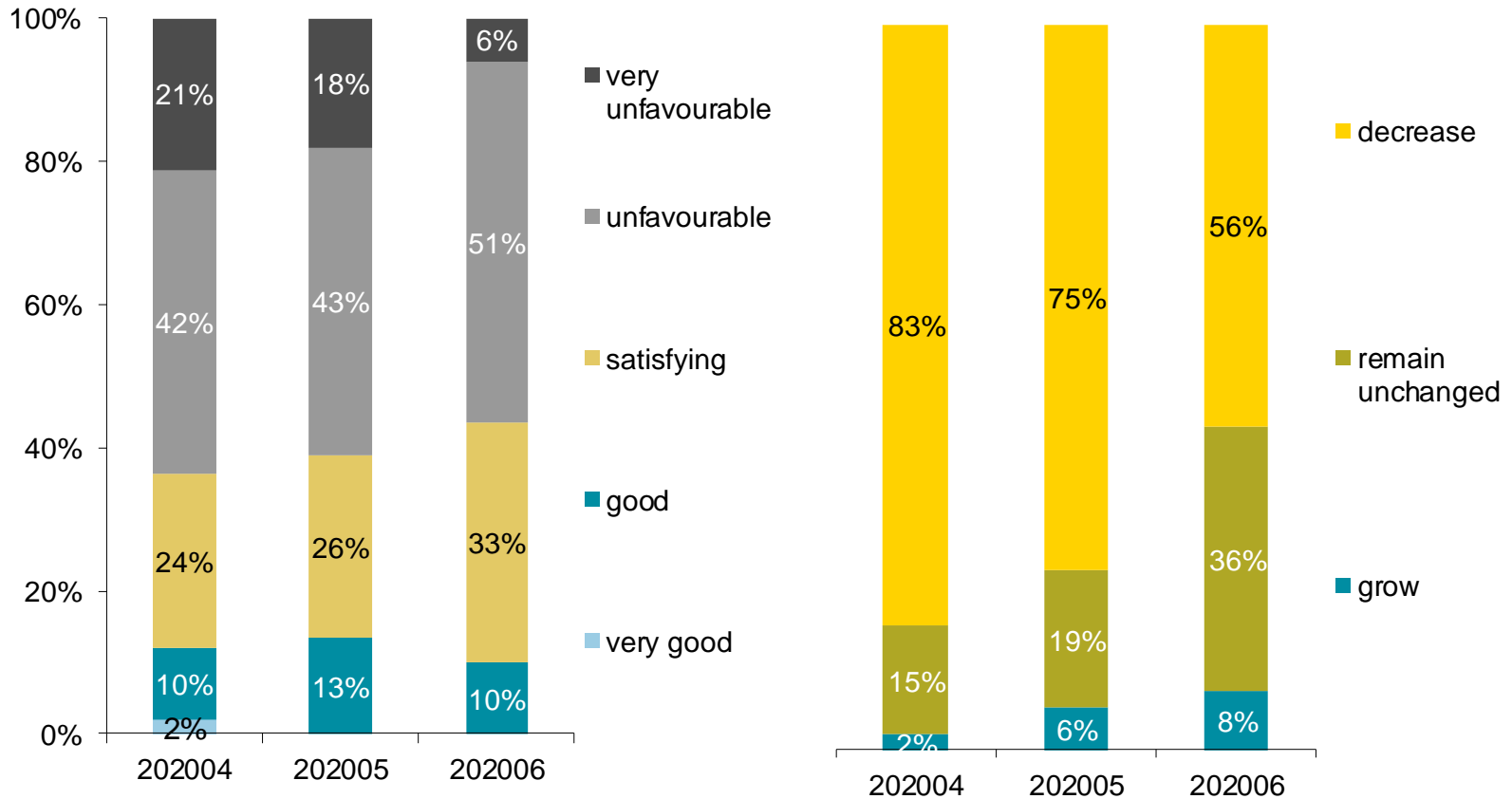
Source: CEMA Business Barometer, each value as an average of the last two months

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....

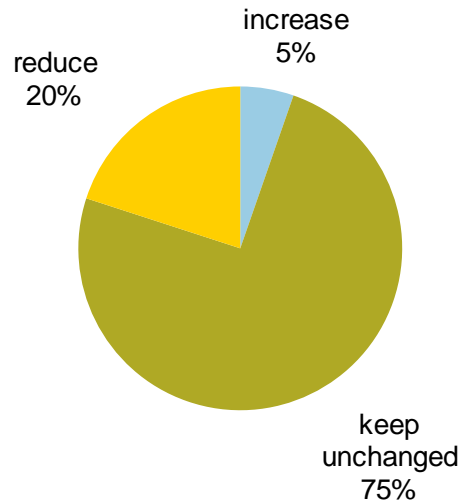


Source: CEMA Business Barometer

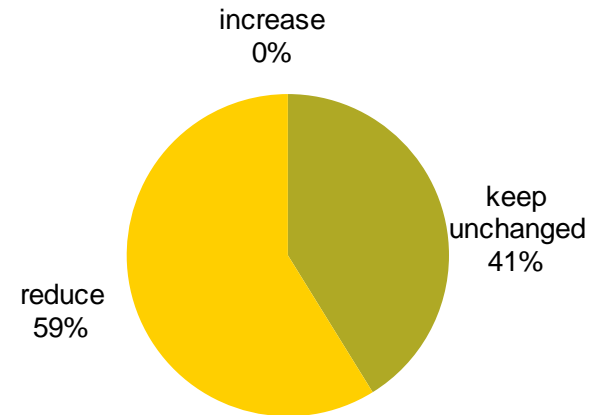
Employment

Question: Our plans regarding the workforce

Regular employees



Temporary employees



Source: CEMA Business Barometer June 2020