

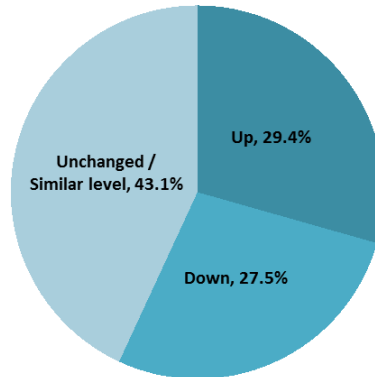


Baird Global Industrial Survey 2016 Results

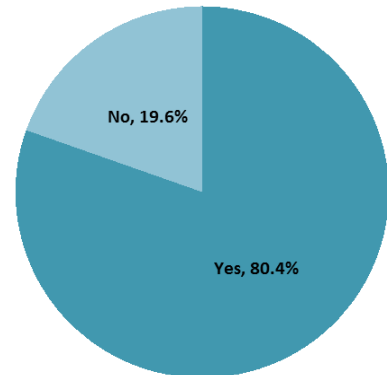
Capex and cost outlook

Forty-three percent of survey respondents expect 2017 capital expenditure to be flat and 80 percent of respondents anticipate cutting costs.

What are your CapEx plans in 2017?



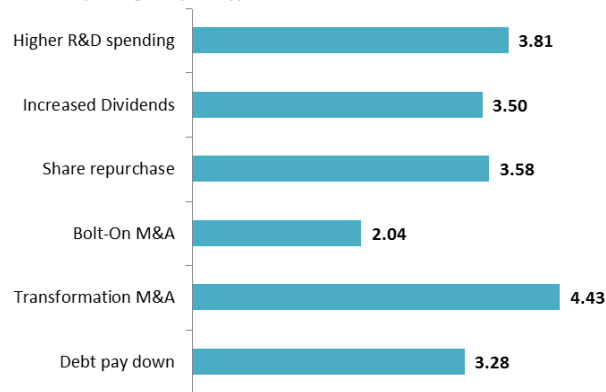
Do you anticipate cutting costs in 2017?



Capital allocation priorities

Respondents ranked bolt-on acquisitions as their top capital allocation priority over the next 12 months, followed by paying down debt.

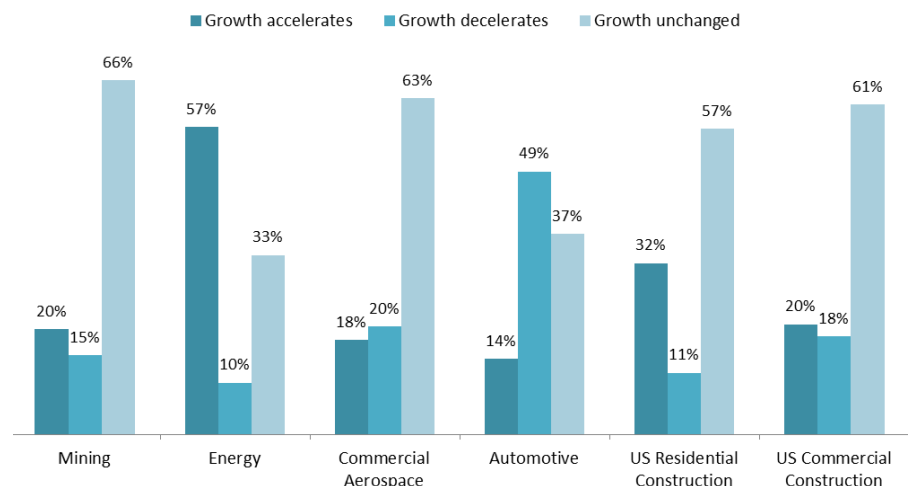
What are your capital allocation priorities over the next 12 months?
(1 = highest priority)



End market growth expectations

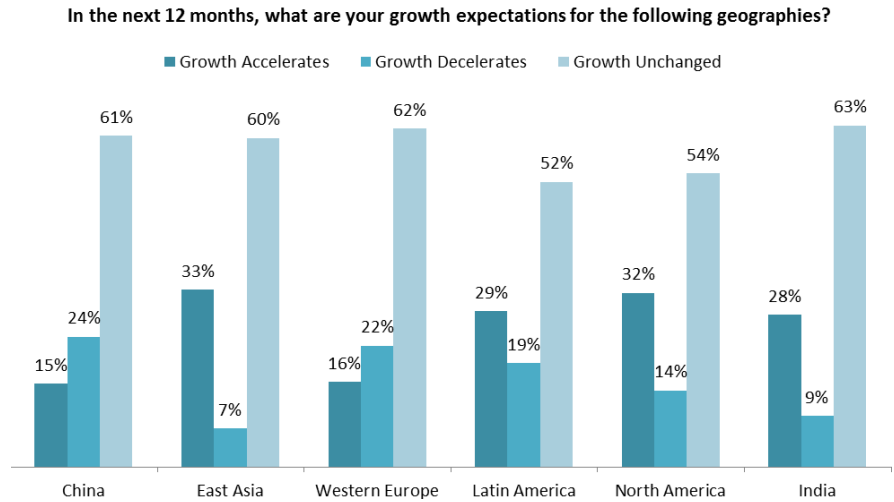
In the next 12 months, respondents expect growth to accelerate in the Energy sector.

In the next 12 months, what are your growth expectations for the following end markets?



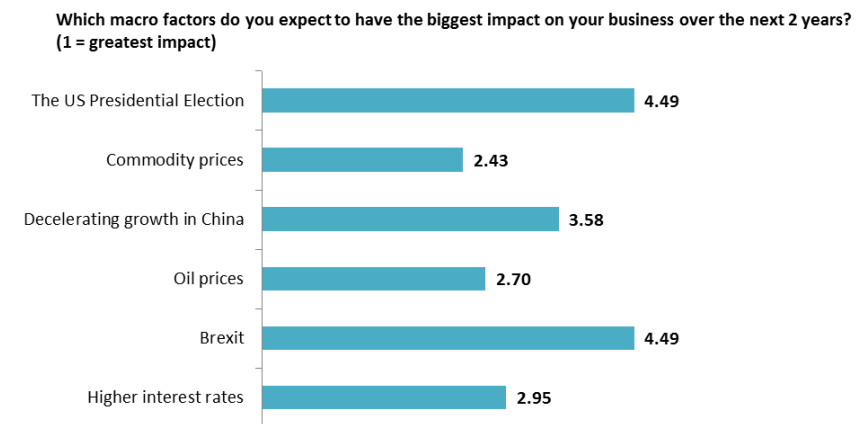
Geographic growth expectations

The majority of respondents expect growth to be flat across geographies over the next year. The remaining respondents expect growth to accelerate in East Asia and North America, and expect growth to decelerate in China and Western Europe.



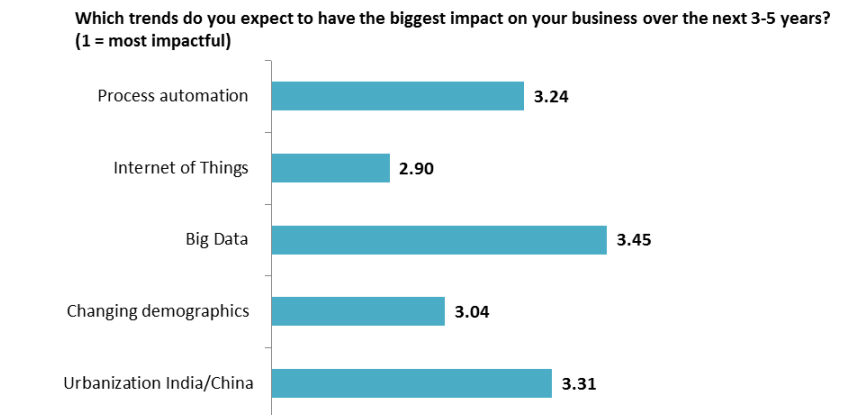
Most impactful macro factors

Over the next two years, respondents expect commodity prices to have the biggest impact on their business. They expect geopolitical developments like Brexit and the US Presidential Election to have the least impact.



Most impactful long-term trends

Over the next 3-5 years, respondents expect higher machine connectivity to have the biggest impact on their business, followed closely by changing demographics given aging in the developed world. Respondents also wrote in wage inflation as an impactful trend.



Baird conducted a survey of fifty-one industrial company executives in conjunction with the 2016 Baird Global Industrial Conference in Chicago, Illinois, November 8-10, 2016.