

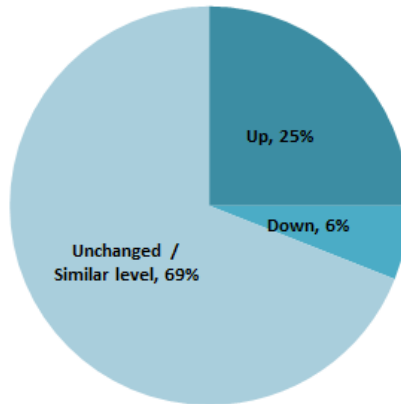


Baird Global Industrial Survey 2017 Results

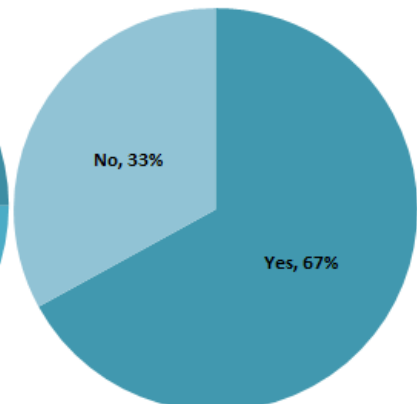
Capex and cost outlook

Sixty-nine percent of survey respondents expect flat 2018 capital expenditure and 67 percent of respondents anticipate cutting costs, mirroring similar market expectations for 2017.

What are your CapEx plans in 2018?



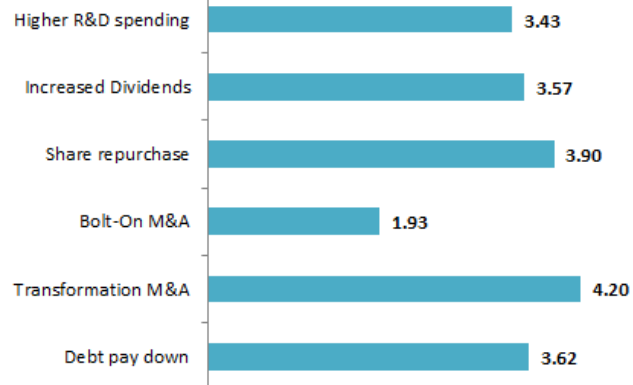
Do you anticipate cutting costs in 2018?



Capital allocation priorities

For the second year, respondents ranked bolt-on acquisitions as their top capital allocation priority over the next 12 months, followed by higher R&D spending in 2018.

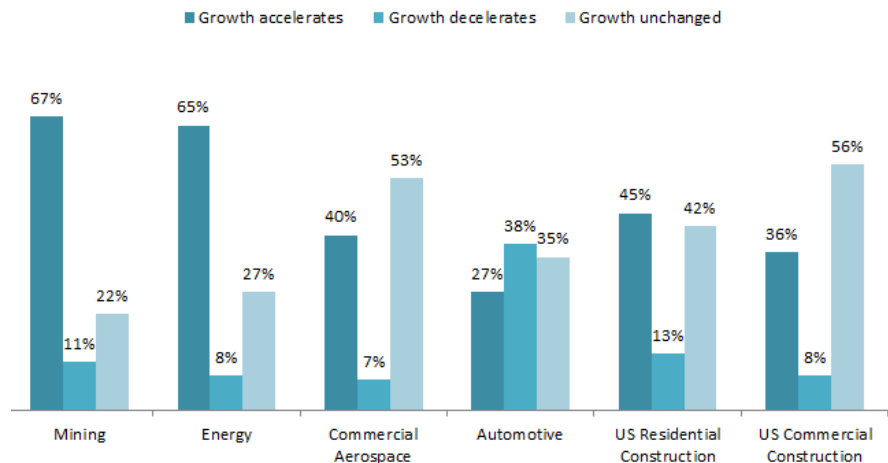
What are your capital allocation priorities over the next 12 months? (1 = highest priority)



End market growth expectations

In the next 12 months, respondents expect growth to accelerate in the Mining sector, and continue accelerating in the Energy sector.

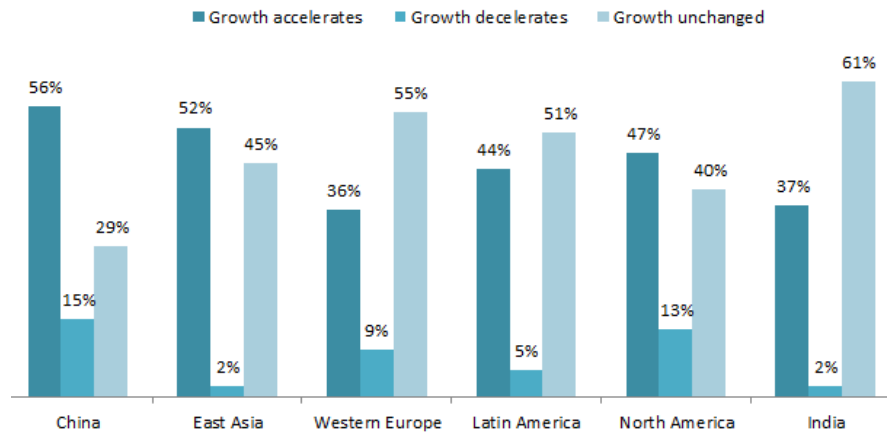
In the next 12 months, what are your growth expectations for the following end markets?



Geographic growth expectations

Over the next 12 months respondents expect that growth will accelerate in China, East Asia and North America. Similar to last year, they expect growth will remain unchanged in Western Europe, Latin America and India.

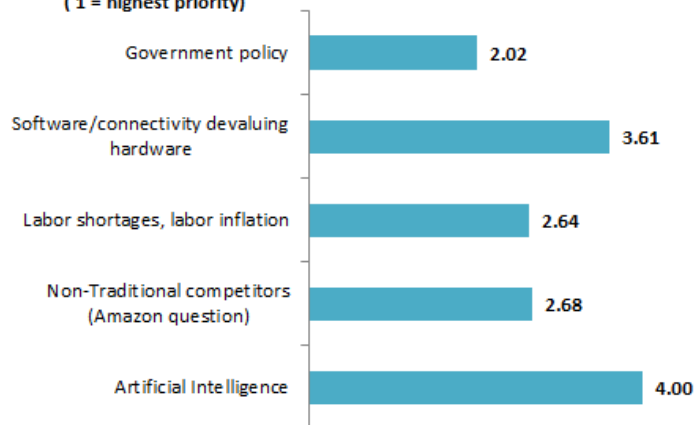
In the next 12 months, what are your growth expectations for the following geographies?



Most worrisome trend disrupting business

Longer term, majority of respondents worry about government policy disrupting their business.

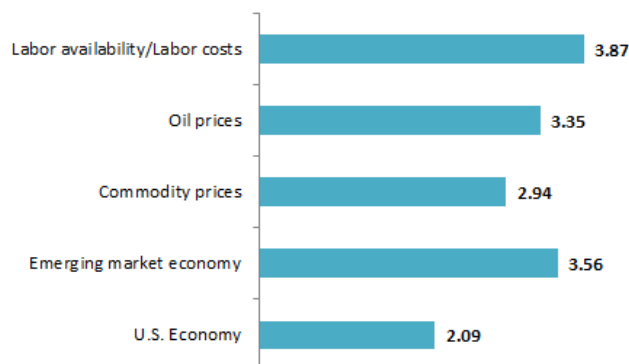
What trends do you worry about disrupting your business longer than 12 months out? (1 = highest priority)



Most impactful macro factors

Survey respondents' views on geopolitical developments have shifted drastically compared to last year. The majority anticipate the U.S. economy will have the biggest impact on their business over the next two years.

Which macro factors do you expect to have the biggest impact on your business over the next 2 years? (1 = greatest impact)

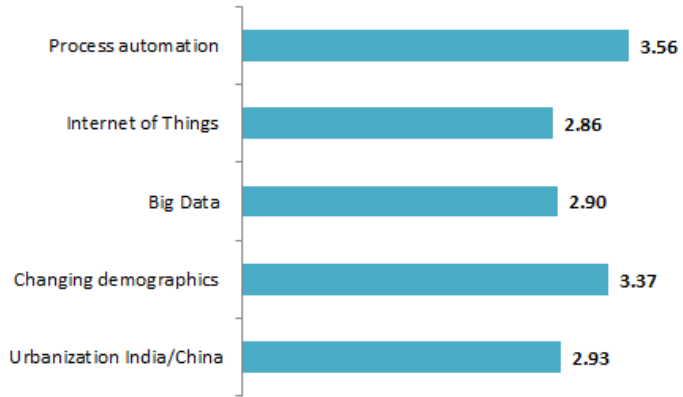




Most impactful long-term trends

Higher machine connectivity continues to be the trend respondents expect will have the biggest impact on their business over the next 3-5 years.

Which trends do you expect to have the biggest impact on your business over the next 3-5 years? (1 = most impactful)



Baird conducted a survey of forty-eight industrial company executives in conjunction with the 2017 Baird Global Industrial Conference in Chicago, Illinois, November 7-9, 2017.