



# 2011 Analyst Briefing

December 16, 2011



# Today's Objectives

- ✓ Recap of 2011 record performance
- ✓ Update on margin improvement initiatives
- ✓ AGCO's growth opportunities
- ✓ Planned investments
- ✓ Preliminary outlook for 2012



Speaker	Topic
Greg Peterson Director – Investor Relations	<ul style="list-style-type: none"><li>• Introduction</li></ul>
Martin Richenhagen Chairman, President & CEO	<ul style="list-style-type: none"><li>• Margin improvement initiatives</li><li>• Growth opportunities</li></ul>
	<ul style="list-style-type: none"><li>• Break – 5 minutes</li></ul>
Andy Beck Senior Vice President & CFO	<ul style="list-style-type: none"><li>• Investment plans / results</li><li>• 2012 targets</li></ul>



# Forward Looking Statements

Statements that are not historical facts, including the projections of sales, earnings, general economic conditions, population levels, grain and protein consumption, technology adoption, market conditions and demand, commodity forecasts and alternative fuel usage, government policies, currency translation impacts, working capital, cost savings, market share, farm income margin and productivity improvements, purchasing initiatives, financing portfolio, free cash flow, pricing levels, write-offs, production, plans for share repurchase and dividends, debt levels, effective tax rates, capital expenditures, acquisitions, accounting adjustments, proposed facilities, new products and upgraded products, research and development expenditures and the underlying assumptions, are forward-looking and subject to risks which could cause actual results to differ materially from those suggested by the statements. The following are among the factors that could cause actual results to differ materially from the results discussed in or implied by the forward-looking statements: Our results depend entirely on the agricultural industry, the economic downturn has and will continue to impact sales, we depend upon suppliers for components and parts, a majority of our sales and manufacturing takes place outside the United States, and we are subject to exchange and interest rate changes. Further information concerning these and other factors is included in AGCO's filings with the SEC, including its Form 10-K for the year ended December 31, 2010. The Company disclaims any responsibility to update any forward-looking statements except as required by law.





OF THE YEAR 2012

Martin Richenhagen

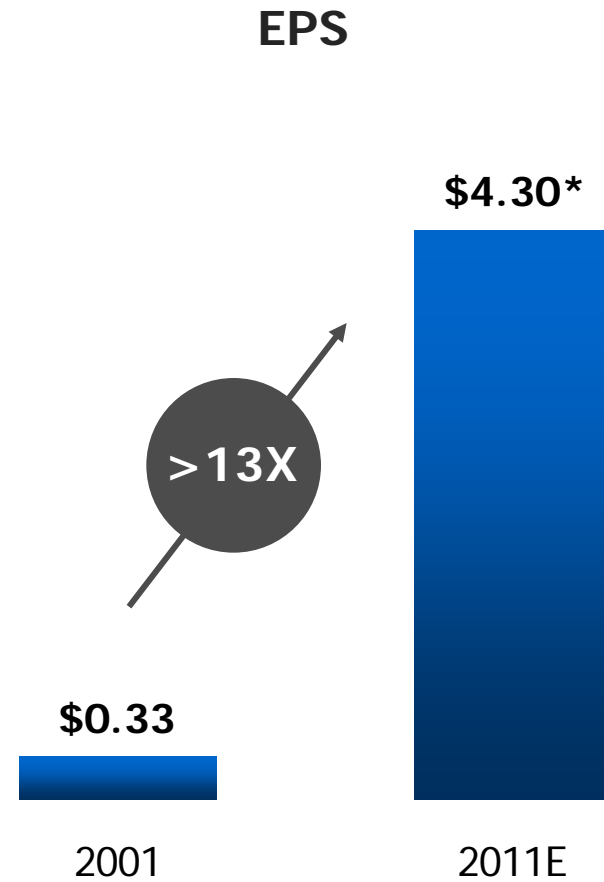
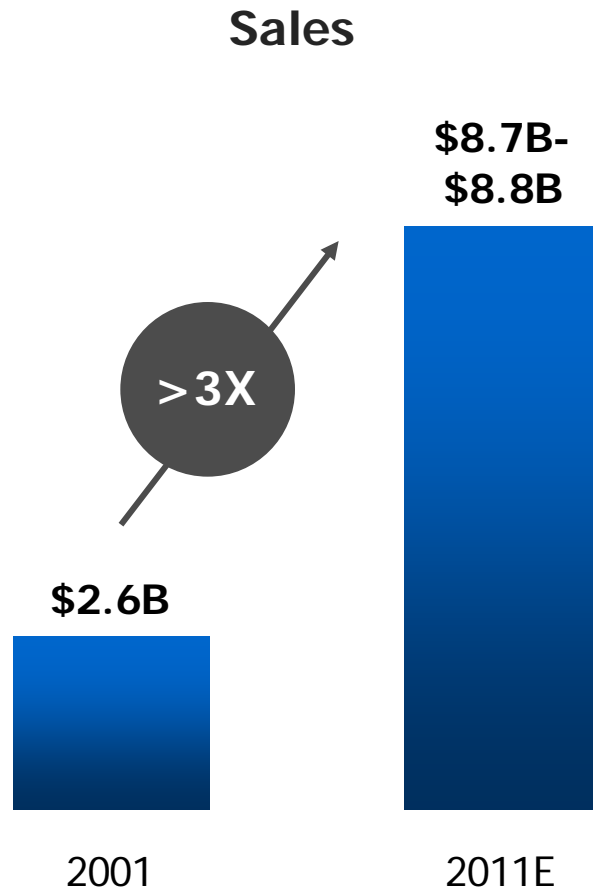
Chairman, President and CEO



- 
- Financial execution
  - Operational highlights
  - Industry fundamentals
  - Margin improvement
  - Growth opportunities

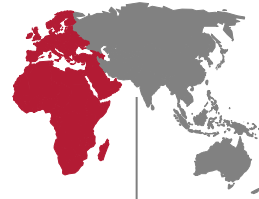


# The AGCO Growth Story

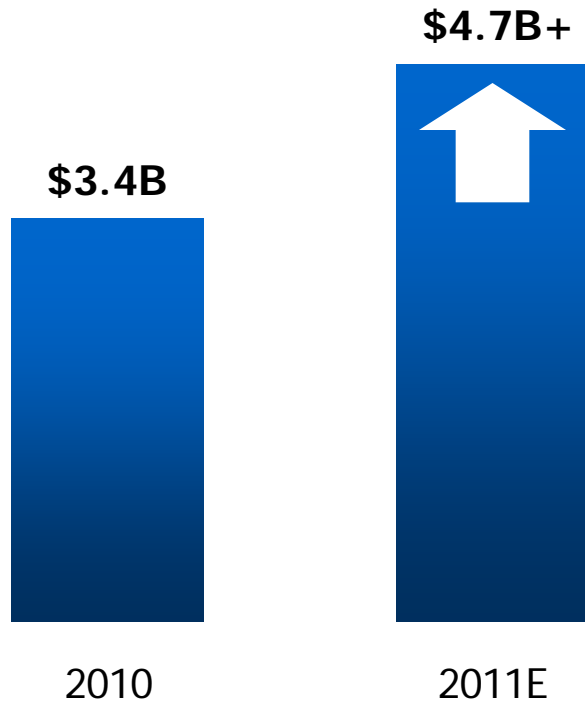


\* Reflects adjusted EPS. See reconciliation to GAAP EPS in appendix.

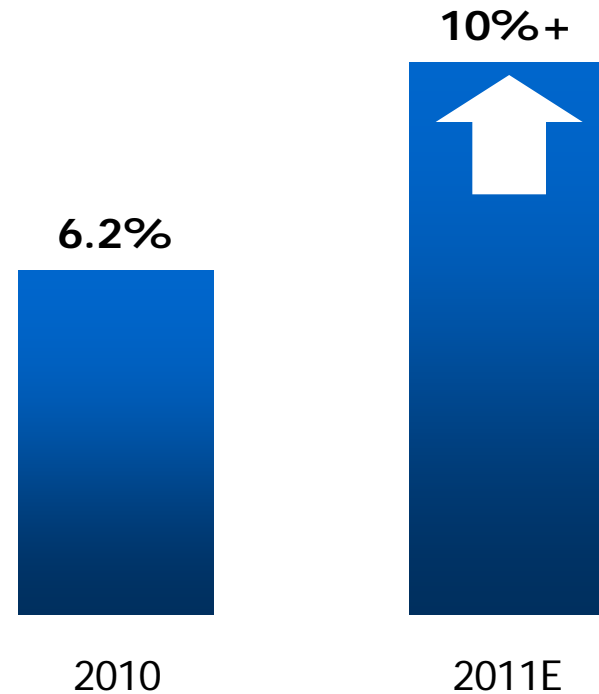
# EAME Region Capitalizes on Market Recovery



## Sales

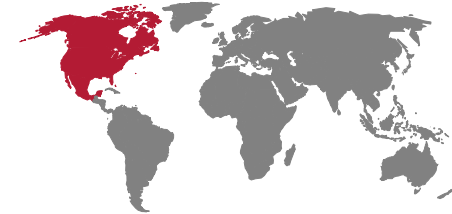
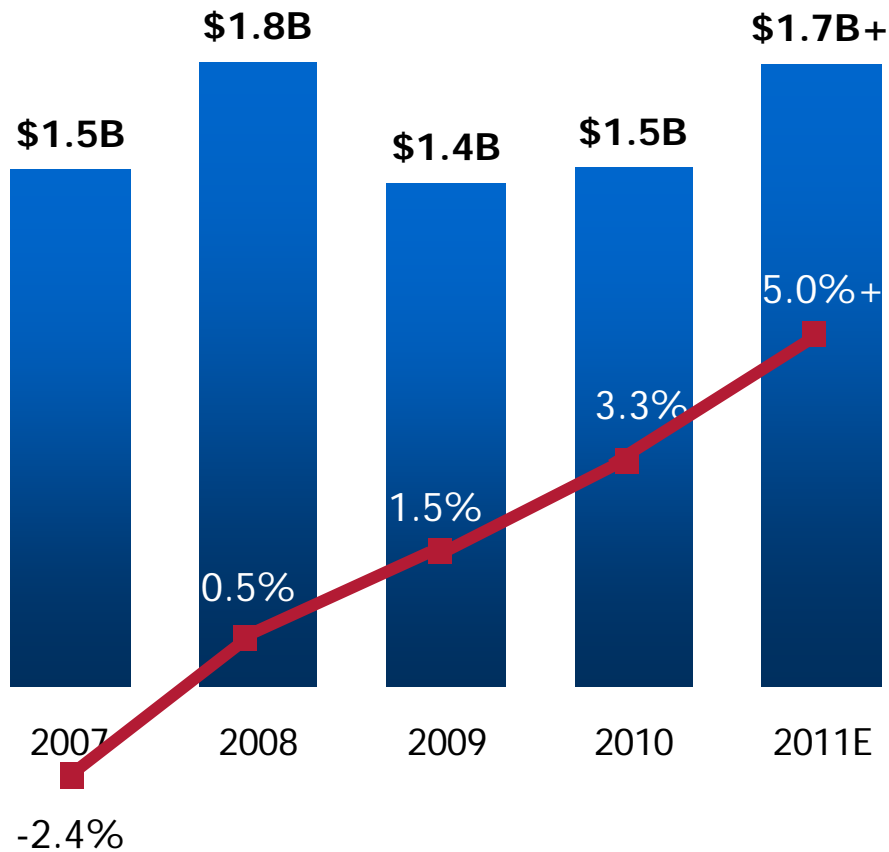


## Operating Margin





## North American Sales and Margins



- Significant progress over last 5 years
- Consistent margin improvement despite volatile sales
- Progress driven by:
  - new products
  - stronger dealer network
  - factory productivity
  - logistics savings
  - pricing initiatives



- Financial execution
- Operational highlights
- Industry fundamentals
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# Marketing Events

## – Massey Ferguson's 50th Anniversary in Brazil



# Marketing Events

## – South American Sprayer Launch



# Marketing Events

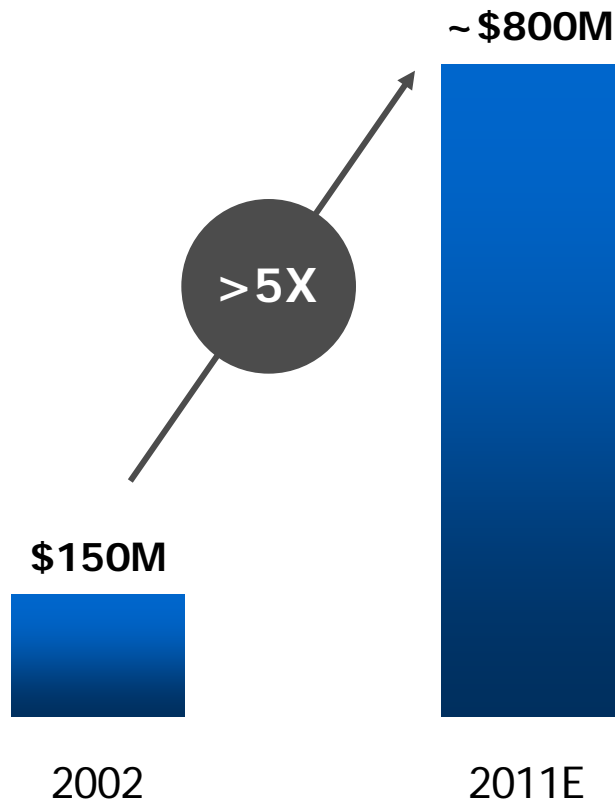
## – Europe Forage Harvester Launch



- All new Fendt development
- Superior fuel efficiency
- Highest throughput capacity
- Common electronic architecture and components with industry leading Fendt tractors

**FENDT**

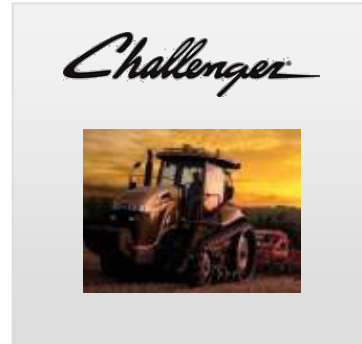
## Challenger Sales\*



The Challenger logo is written in a cursive font at the top. Below it, on the left, is a yellow and black Challenger tractor. On the right is a white service truck with 'Service' written on its side, parked in a field next to a yellow Challenger tractor.

- Keys to future growth
  - new locations expand rural presence
  - growing dealer sales force
  - superior mobile service capabilities
  - strong dealer financial base

# Our Focus on Quality Receives Global Recognition



## 2011 Industry Awards



# Factory Productivity Initiatives

## – Massey Ferguson Fast Forward Progress



*Fast  
Forward*

- Pricing
- Complexity
- Direct material
- Productivity
- Working capital

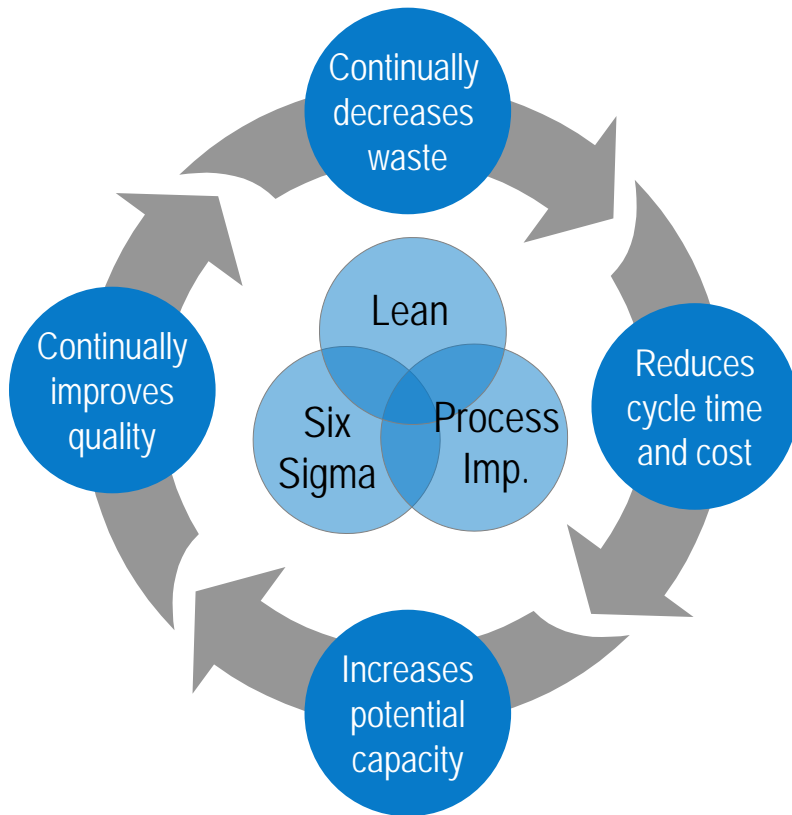


**2011 Project Benefit: \$20 million operating income improvement**

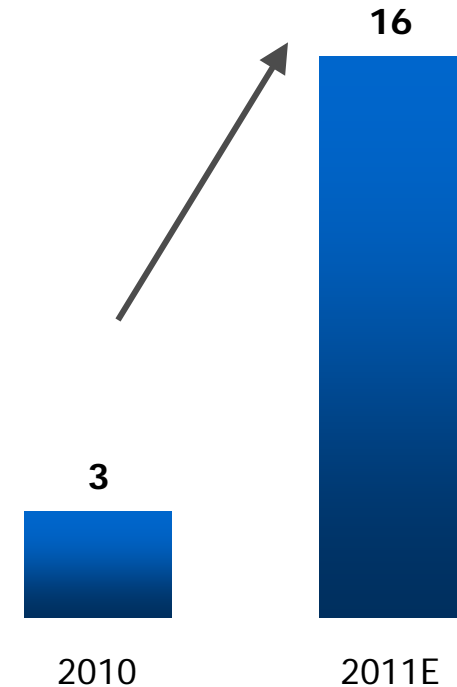


# AGCO Production Systems – Progress on Factory Productivity

## AGCO Production Systems (APS)



## APS Labor Productivity Improvement\*

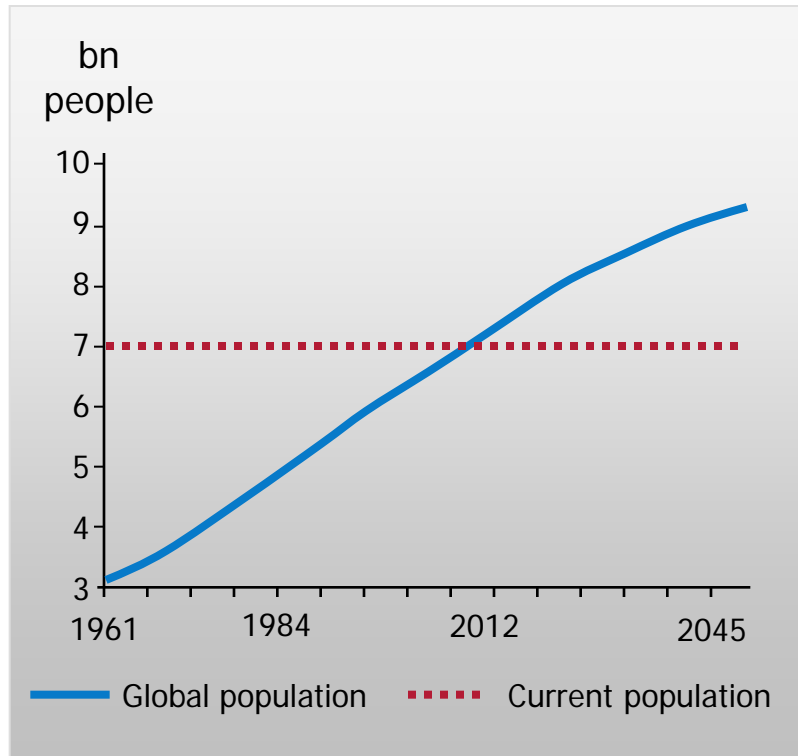


- Financial execution
- Operational execution
- Industry fundamentals
- Margin improvement
- Growth opportunities



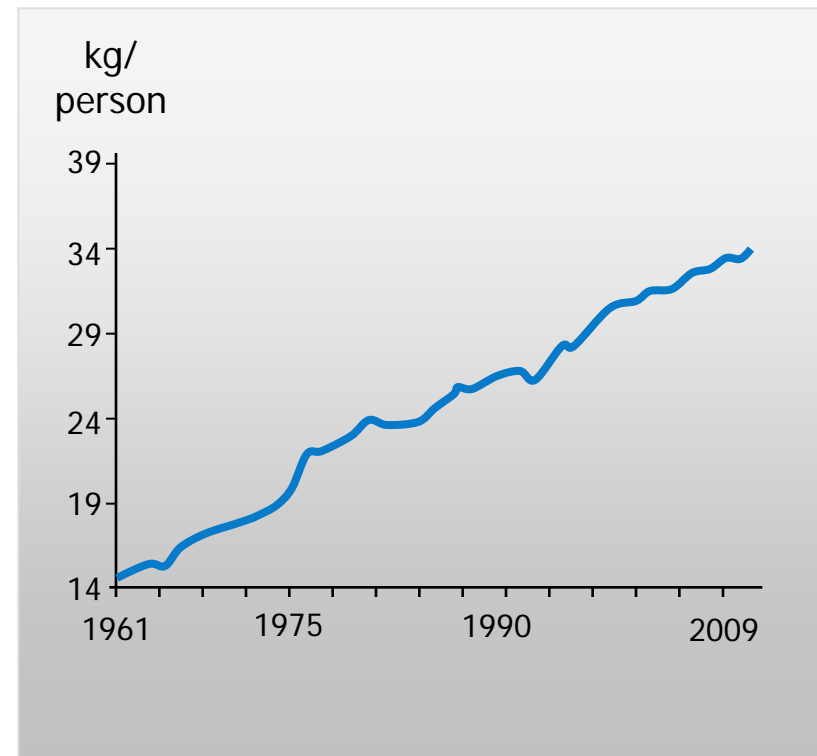
# Positive Industry Fundamentals Will Support Growth

## Growing Global Population



Source: World Bank

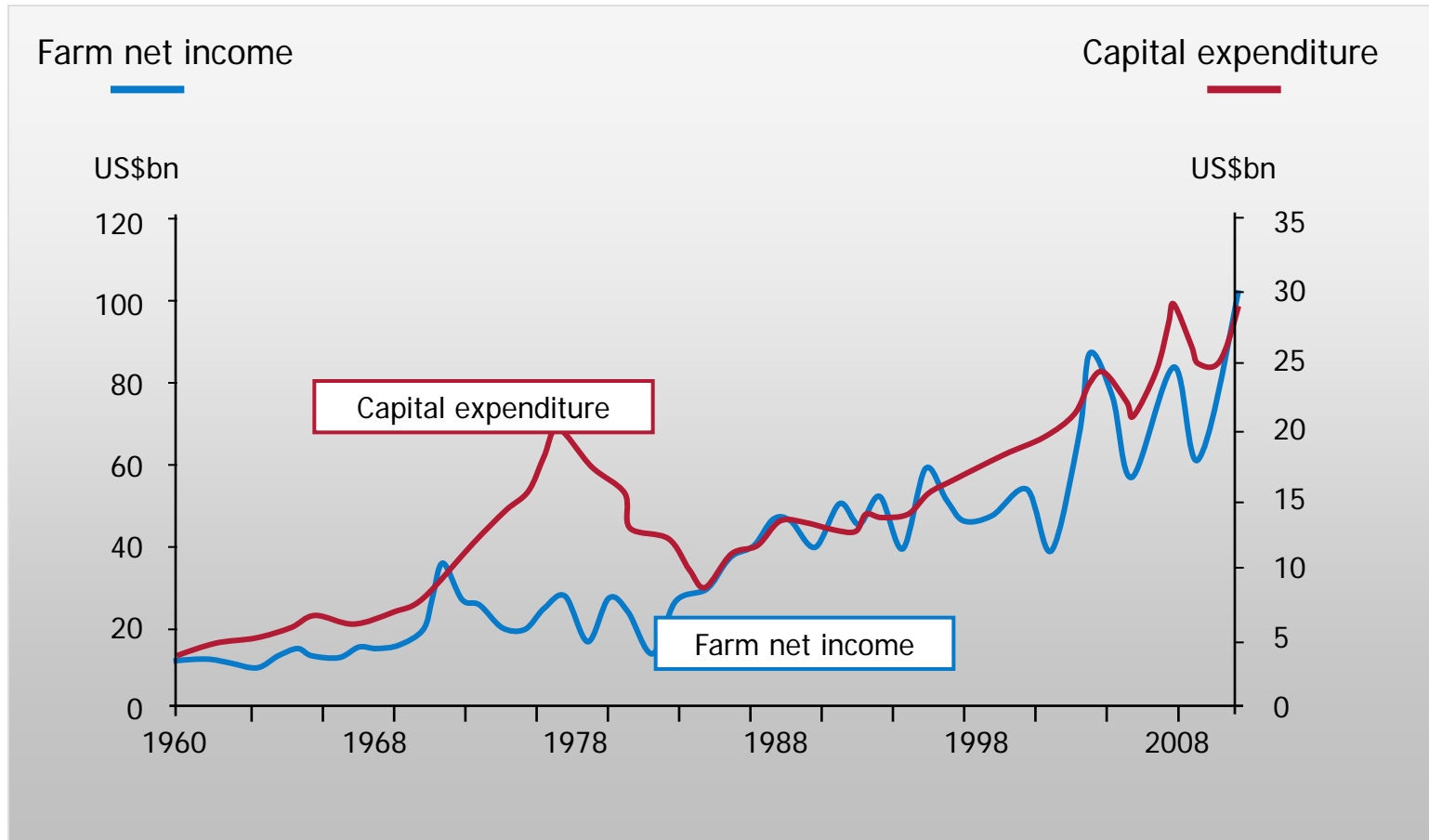
## Growing Global Protein Consumption per Capita



Source: USDA, World Bank



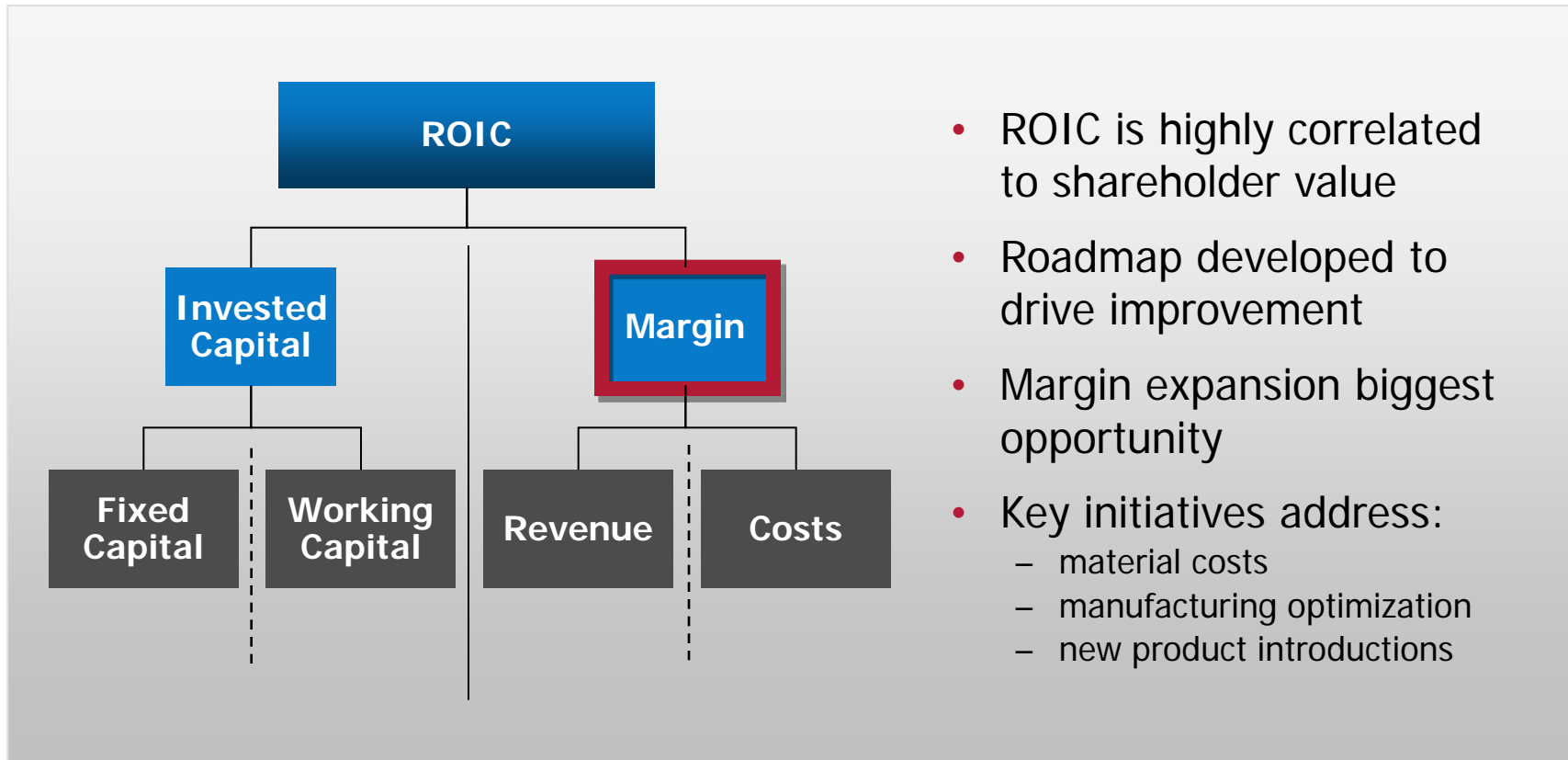
## US Farm Income Driving Capital Expenditures



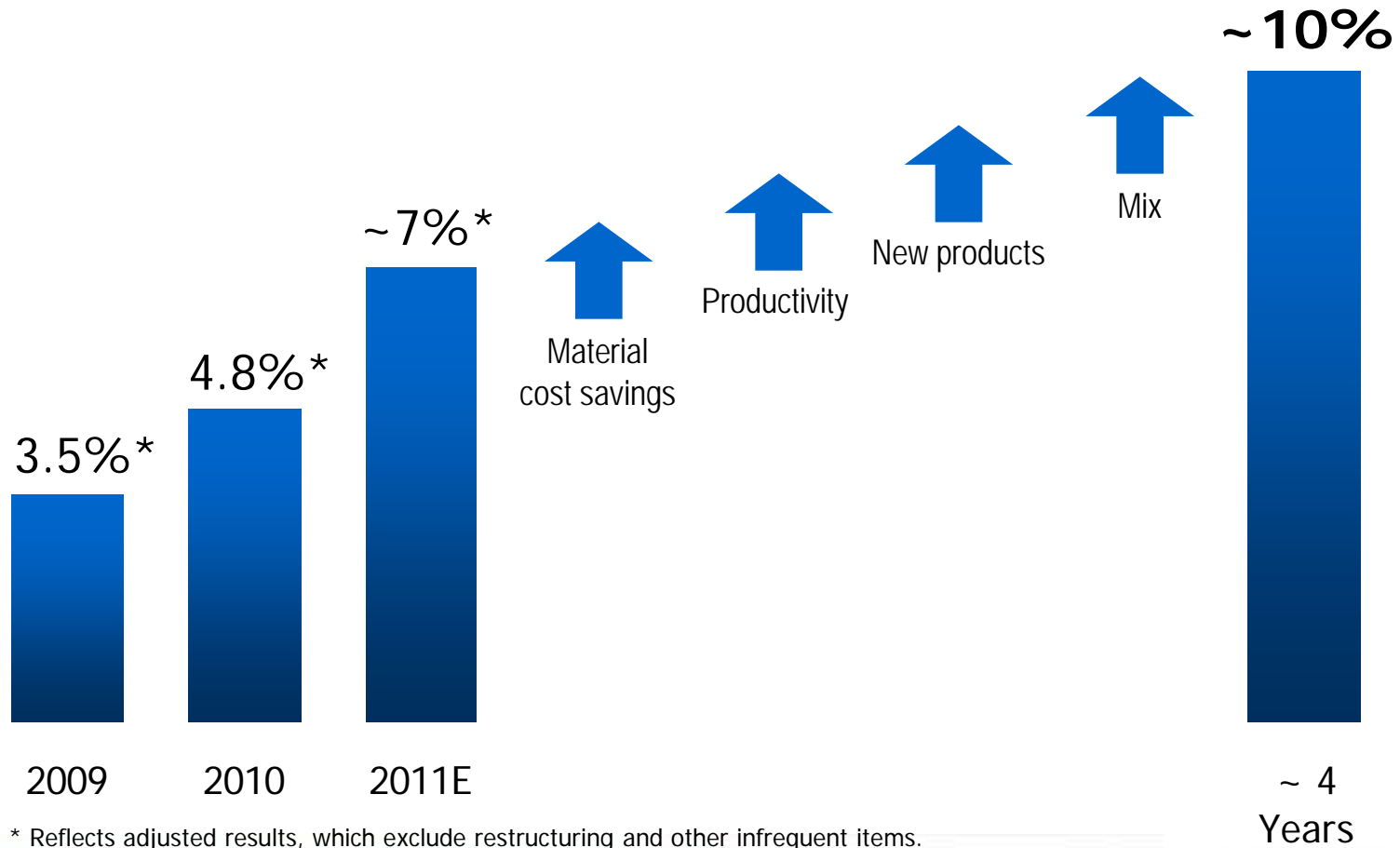
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# Focusing on ROIC Improvement

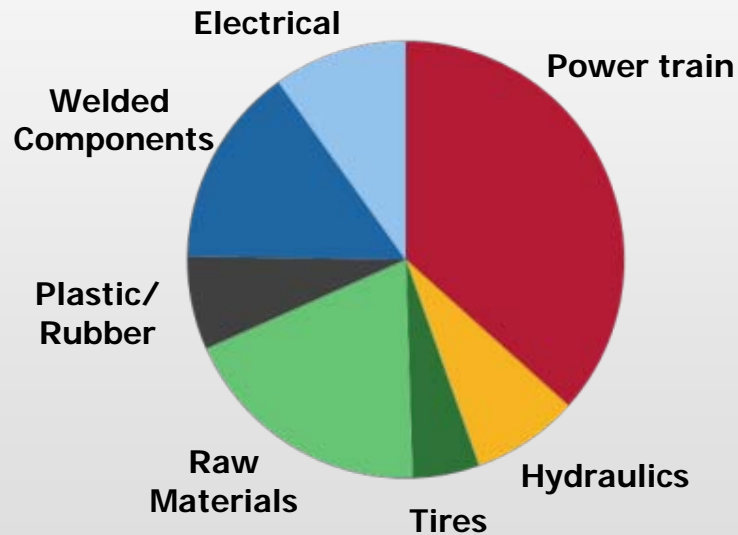


# On Track to Achieve Margin Target



## The Opportunity

**Annual material spend**  
~80% of COGS



## Key Initiatives

**The Global Purchasing Excellence (GPE) program**

- Common components
- Common suppliers

**Best-cost country sourcing**

- China
- Eastern Europe
- India





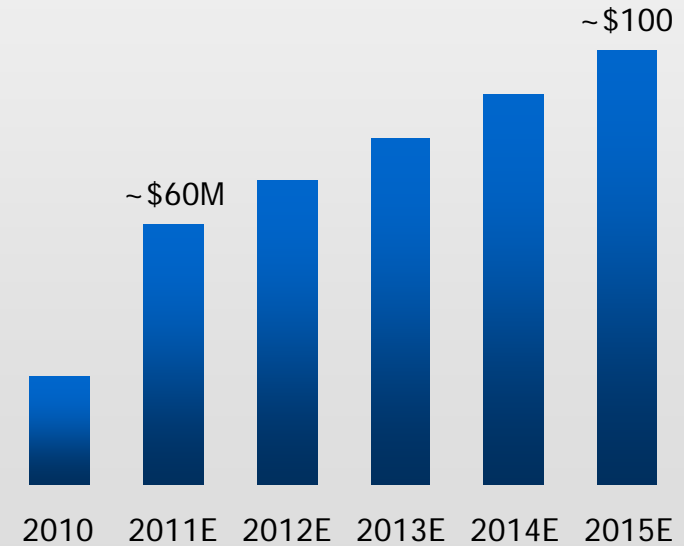
# Material Cost Improvement – Global Purchasing Excellence

## Global Focus

- 24 commodity teams
- 3 regions
  - EAME
  - N. America
  - S. America
- Wide range of products
- Cross functional approach
- Organizational and process changes

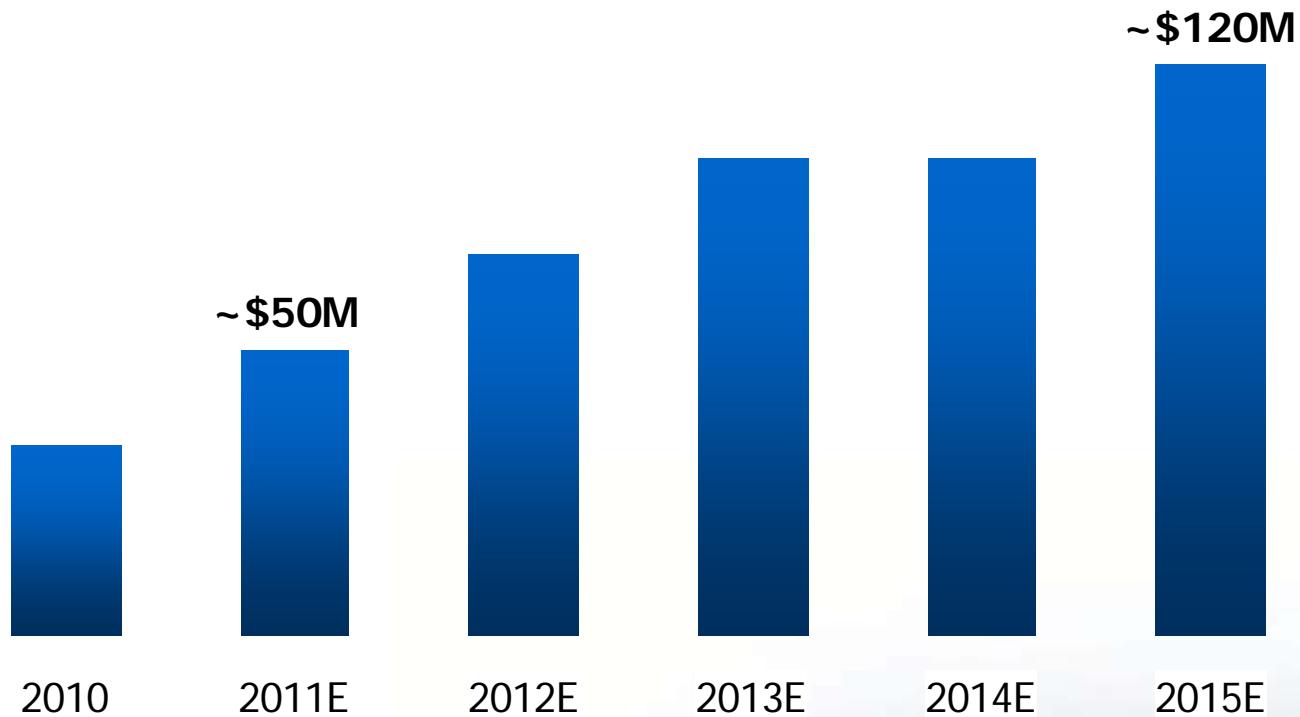
## Results

### Cumulative GPE Savings



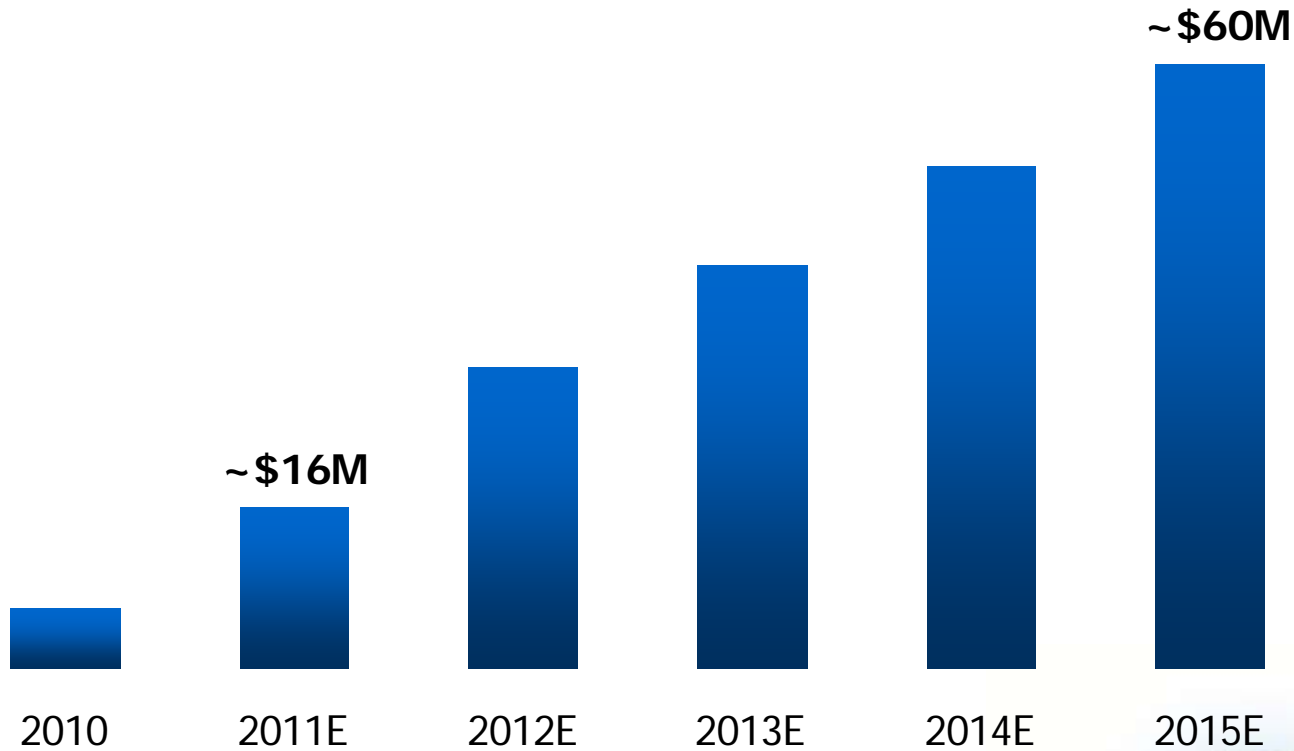
# Material Cost Improvement – Best Cost Country Sourcing

## Best-Cost Country Sourcing Savings



\$120M in cumulative savings by 2015

## AGCO Production Systems Cumulative Savings



\$60M in annual savings by 2015



## New Centurion Project “World Platform” 50-130HP replaces many diverse current products

### Current Products...



### ...Converging to one Modular Tractor Family

#### Centurion “Family”



**C1  
Light  
55-  
75HP**

**C2/C3  
Medium  
75-  
105HP**

**C3/C4  
Heavy  
95-  
130HP**

**~ \$1 Billion in  
global sales**

Expected sales and margin improvement to produce \$60-80M of annual income

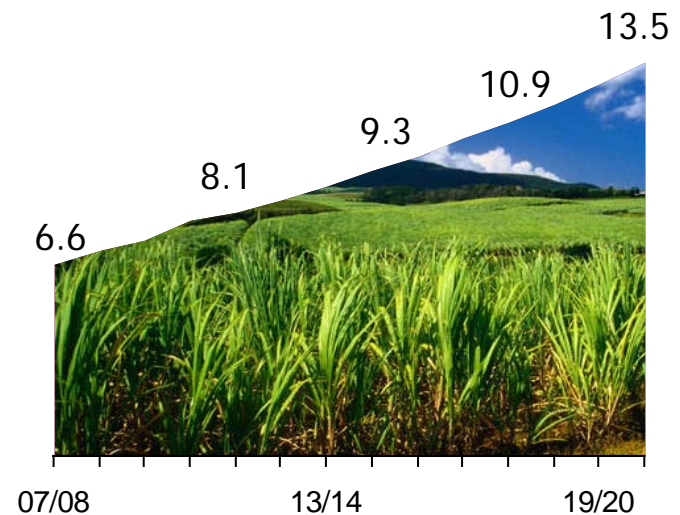
- Financial execution
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- 10th largest economy in the world
  - ~23% of GDP from agribusiness
- World's second largest soybean producer
  - Bio-diesel program will drive more production
- Robust sugar cane industry
  - Ethanol production growth
- Supportive government
  - Subsidized interest rates for all tractors and combines approved through the end of 2012
  - Federal "Mais Alimentos" program

## Sugar Cane Hectares in Brazil (Millions Ha)



Source: Carlos Cogo

- Leverage strong brands and strong distribution with complementary non-tractor products
- Advanced technology to support market leadership
- Drive production and purchasing efficiencies to increase margins



# Growth Opportunity

## – China: Escalating Mechanization

### Harvesting the Opportunity

- Large, growing market for low/mid horsepower tractors
- Farm consolidation and government policies drive growth in high horsepower tractors and combines
- AGCO strategy focusing on
  - growing import business
  - establishing domestic production and localization of tractors and combines
  - leverage of China as global sourcing and manufacturing base





## China Footprint

### Daqing Site

- HHP tractors
- HHP combines



### Yanzhou Dafeng Site\*

- LHP/MHP combines
- Other harvesting machinery



### Changzhou Site

- LHP/MHP tractors
- Drivelines/Engines



### Shanghai Site

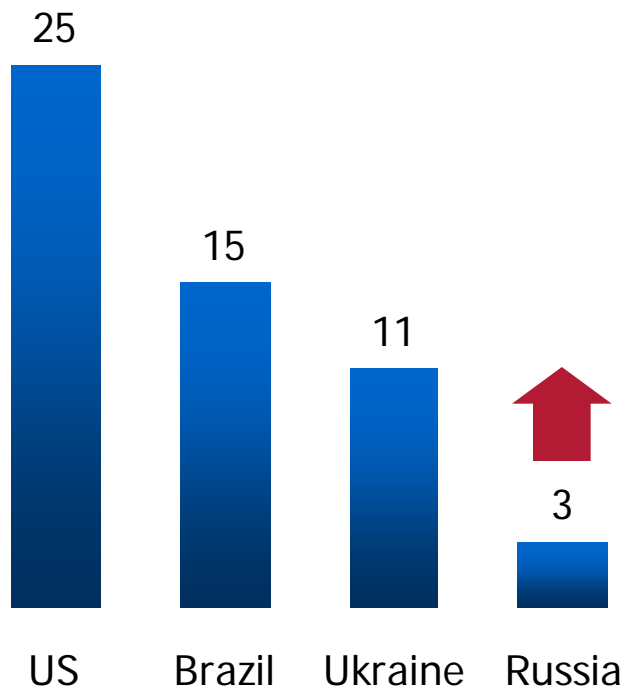
- AGCO Power Generating Sets



# Growth Opportunity

## – Russia: Immense Farm Footprint

Tractors per  
1,000 hectares\*



- Under-investment in farm equipment
- Millions of hectares of arable available for production
- Yields well below Western levels
- Market remains challenged due to credit constraints
- Russian government increasing support of farm industry

\* Source: United Nations Food and Agriculture Organization (FAO)



## AGCO strategy focused on:

- Continued growth of existing import business
- Establish combine and tractor assembly plant
- Further develop distribution

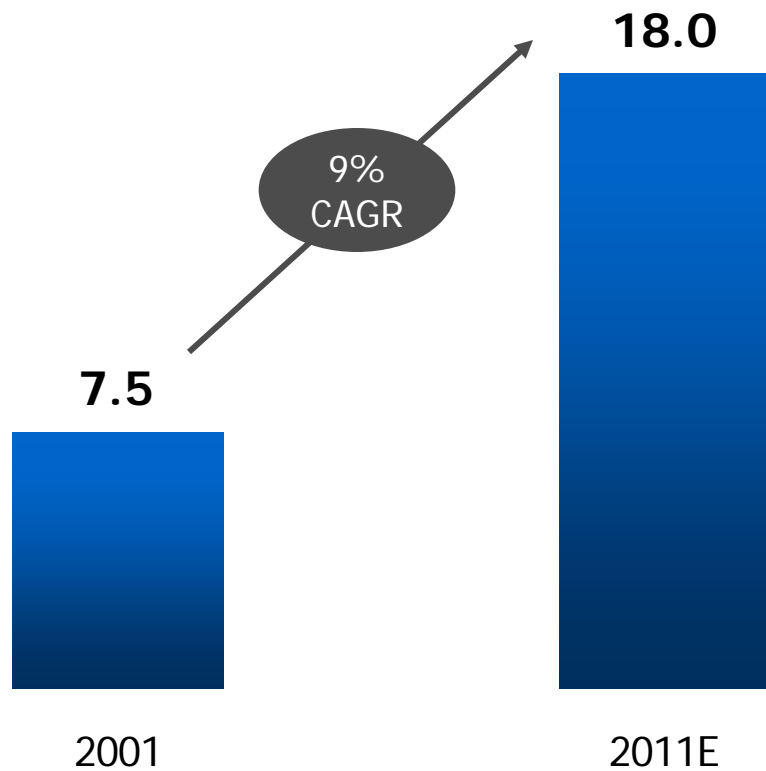


# Growth Opportunity

## – Africa: Significant Reserves of Fertile Land

### African Industry Tractor Units

(000's)



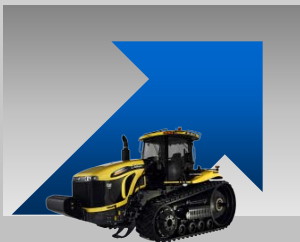
- Massey Ferguson has strong share and brand equity
- AGCO strategy focused on:
  - improving distribution including on-farm training
  - expanding product offering



# Our Priorities Are Clear

1

Execute plans  
for margin  
improvement



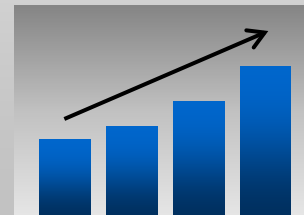
2

Capitalize on  
AGCO's growth  
opportunities



3

Achieve long-term  
earnings growth





## 2011 Analyst Briefing



**The 2011 Adjusted EPS estimate of \$4.30 given on slide 7 excludes:**

1. GSI results for the month of December 2011
2. GSI acquisition fees and expenses
3. Tax gain associated with GSI purchase accounting adjustments (preliminary estimate of approximately \$1.25 per share)