



# THIRD QUARTER 2020

## FINANCIAL AND OPERATIONAL RESULTS

# FORWARD LOOKING STATEMENTS

Forward-looking statements in this presentation, including statements regarding demand, product development and capital expenditure plans and timing of those plans, acquisition, expansion and modernization plans and our expectations with respect to the costs and benefits of those plans and timing of those benefits, production levels, share repurchases, and our future revenue, price levels, earnings, cash flow, tax rates and other financial metrics, are subject to risks that could cause actual results to differ materially from those suggested by the statements. These risks include, but are not limited to, adverse developments in the agricultural industry, including those resulting from COVID-19 (including plant closings, workforce availability, supply chain disruption, and product demand) weather, commodity prices, and changes in product demand, interruptions in supply of parts and products, the possible failure by us to develop new and improved products on time, within budget and with the expected performance and price benefits, introduction of new or improved products by our competitors and reductions in pricing by them, difficulties in integrating acquired businesses and in completing expansion and modernization plans on time and in a manner that produces the expected financial results, and adverse changes in the financial and foreign exchange markets. Further information concerning these and other risks is included in AGCO's filings with the SEC, including its Form 10-K for the year ended December 31, 2019 and subsequent Form 10-Q filings. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# FINANCIAL SUMMARY

\$M\*\*










Reported	Q3 20	Q3 20 v Q3 19	YTD 20	YTD 20 v YTD 19
<b>Net Sales</b>	<b>\$2,497.5</b>	18.4%	<b>\$6,432.6</b>	(1.5)%
<b>Gross margin</b>	<b>23.2%</b>	+180bps	<b>22.7%</b>	+20bps
<b>Operating income</b>	<b>\$224.0</b>	111.5%	<b>\$421.7</b>	6.0%
<b>Operating margin</b>	<b>9.0%</b>	+400bps	<b>6.6%</b>	+50bps
<b>Diluted EPS</b>	<b>\$2.09</b>	\$1.99	<b>\$3.86</b>	\$1.09

Adjusted	Q3 20	Q3 20 v Q3 19	YTD 20	YTD 20 v YTD 19
<b>Adj. Operating income*</b>	<b>\$224.8</b>	109.7%	<b>\$447.2</b>	11.5%
<b>Adj. Operating margin*</b>	<b>9.0%</b>	+390bps	<b>7.0%</b>	+80bps
<b>Diluted Adjusted EPS*</b>	<b>\$2.09</b>	\$1.27	<b>\$4.06</b>	\$0.56

\* Reflects adjusted results. See reconciliations provided in the appendix to this presentation. \*\*Except per share amounts

# INDUSTRY OVERVIEW

## September 2020 Year-to-Date Retail Units

North America		2020 vs. 2019	
	 Tractors*	Industry	7%
	 Combines	Industry	1%
Western Europe		2020 vs. 2019	
	 Tractors	Industry	(5)%
	 Combines	Industry	(4)%
South America		2020 vs. 2019	
	 Tractors	Industry	9%
	 Combines	Industry	17%

\* Excludes compact tractors

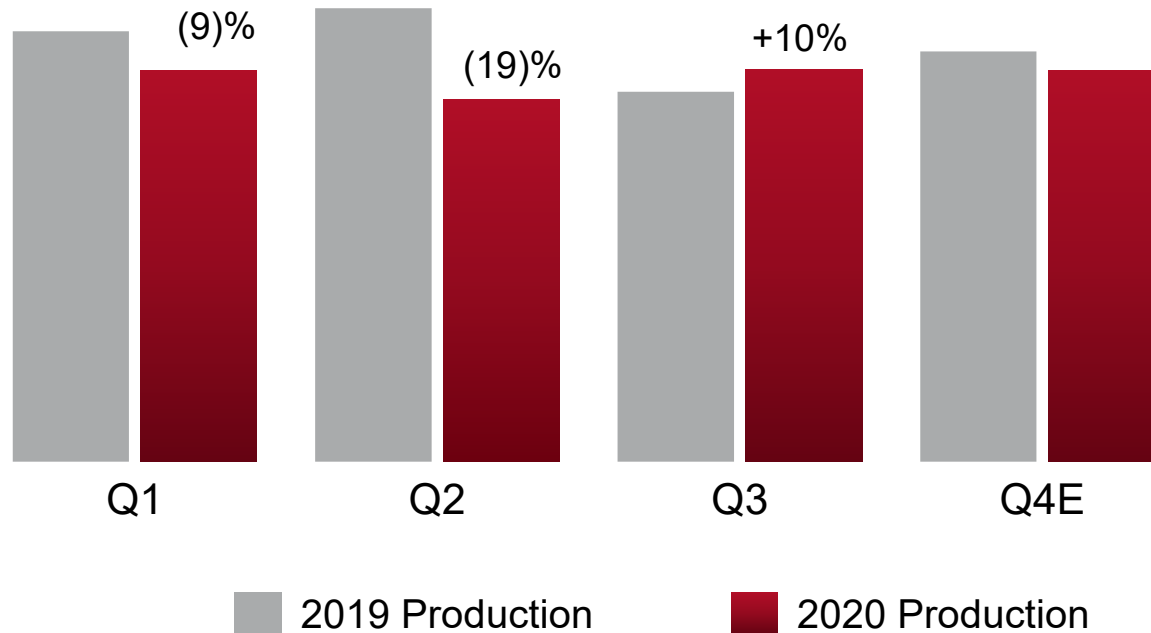
# AGCO RESPONSE TO COVID-19

- ▶ **Focus on health and well-being of AGCO's workforce and our communities**
- ▶ **Support our dealers and farmers to promote food security**
- ▶ **Secure business continuity and liquidity of AGCO business operations**



# 2020 PRODUCTION

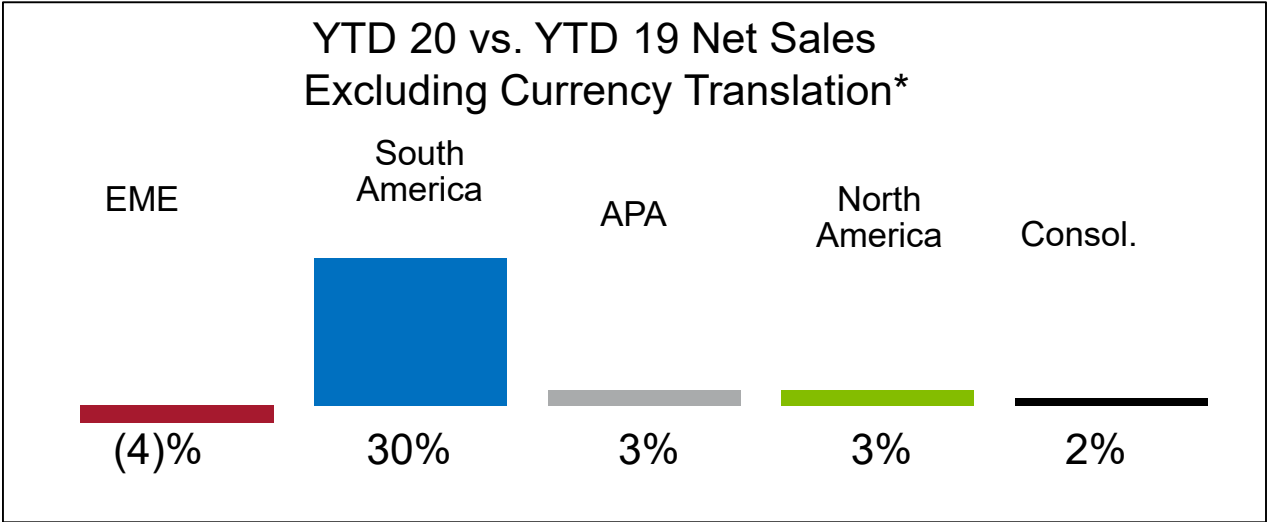
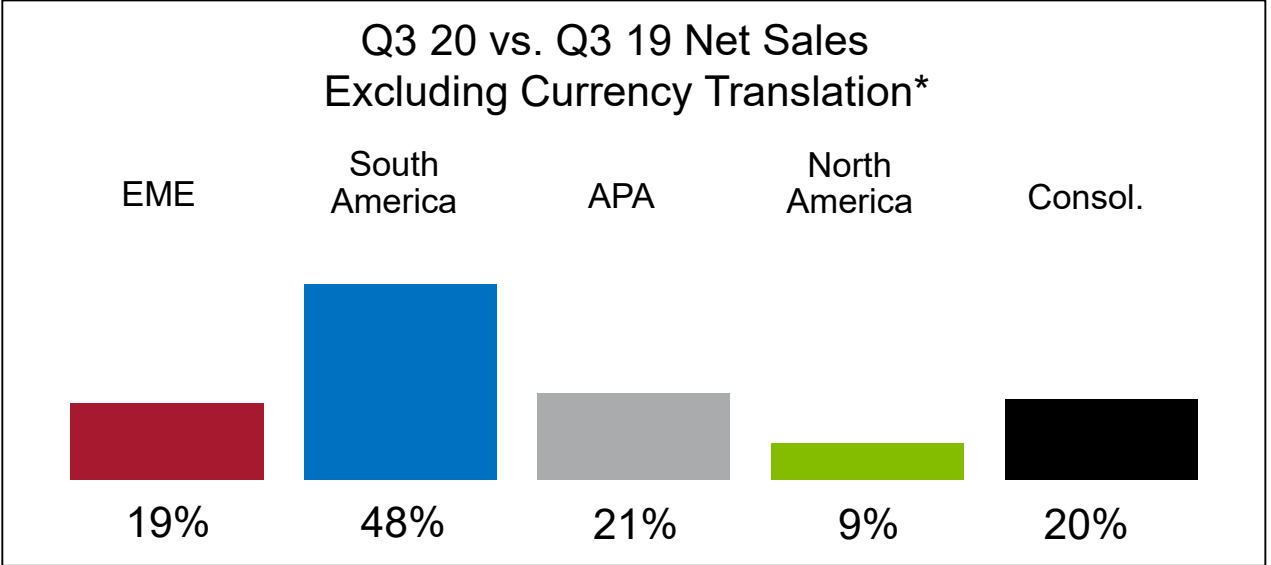
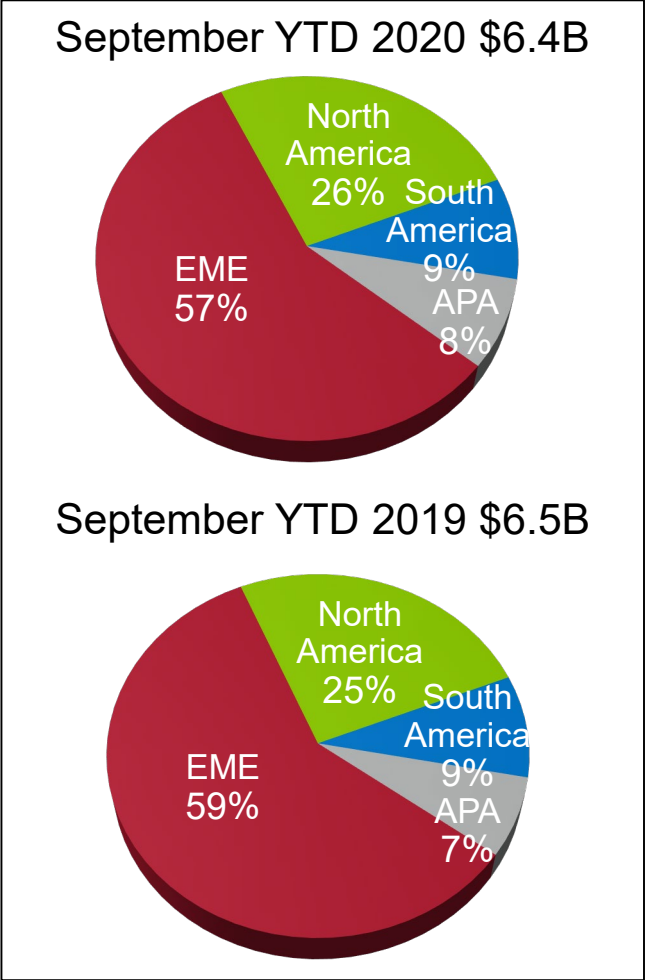
## AGCO Production Hours



- Q3 20 production up ~10% vs. Q3 19
- Full year 2020 production expected to be down approximately 5% vs. 2019



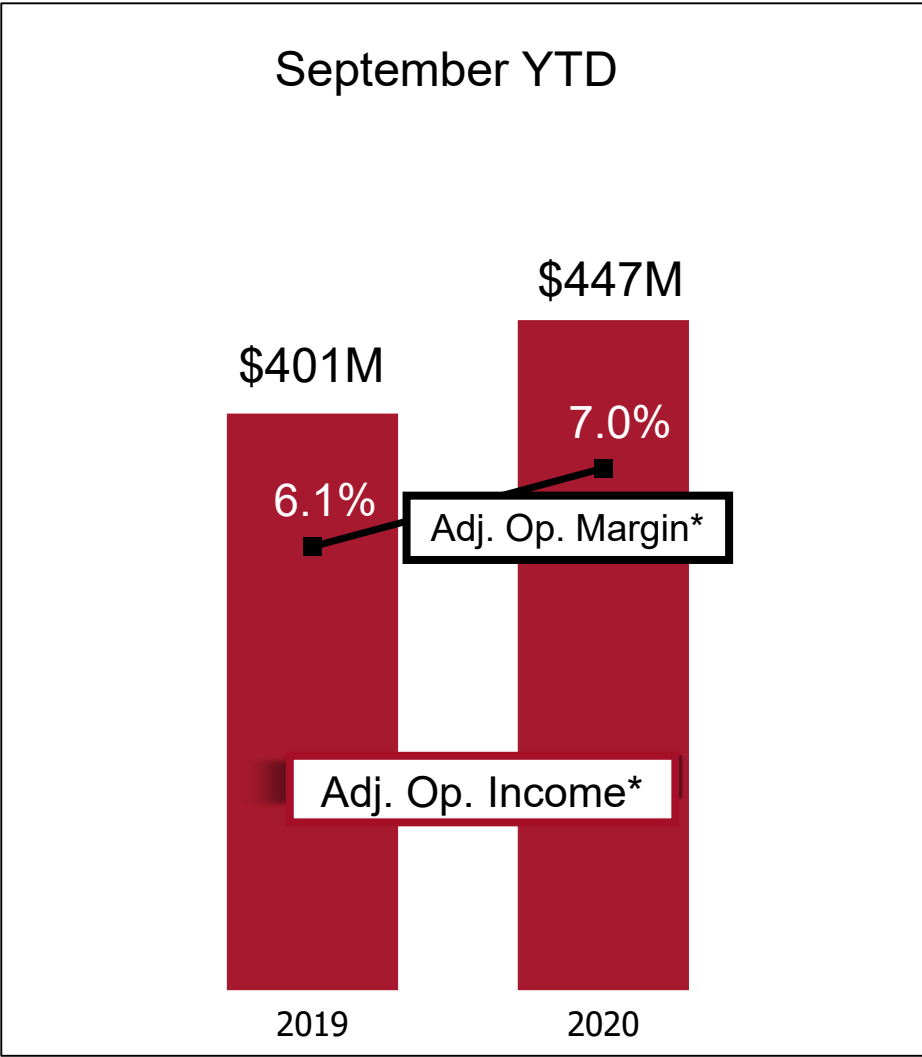
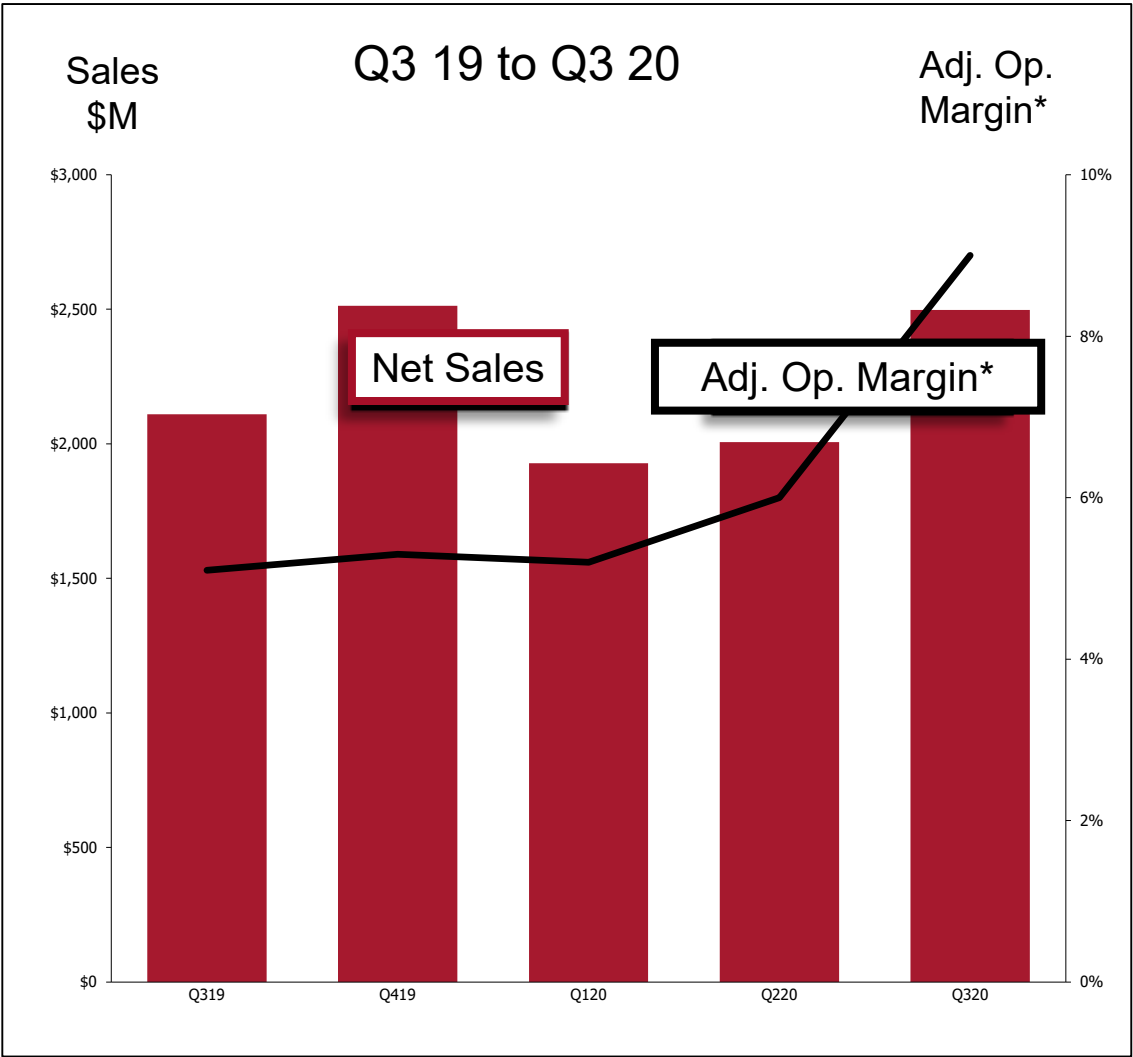
# Regional Net Sales Results



EME – Europe/Middle East    APA – Asia/Pacific/Africa

\*See reconciliations in the appendix to this presentation.

# NET SALES, OPERATING INCOME AND OPERATING MARGINS



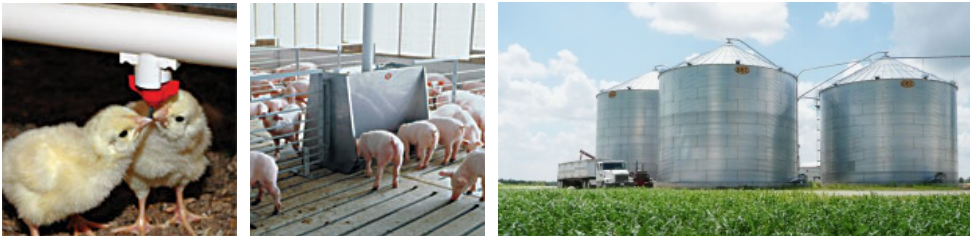
\* Reflects adjusted results, which exclude a non-cash impairment charge and restructuring expenses. See reconciliations in the appendix to this presentation.



# GRAIN AND PROTEIN RESULTS



- ▶ September 2020 YTD net sales decreased ~12% vs 2019 on a constant currency basis
  - Decline in sales of grain and seed equipment of ~17%
  - Decline in sales of protein production equipment ~3%
- ▶ Longer term:
  - Macro trends driving growth in demand for grain storage and protein production
  - Increases exposure to counter-cyclical protein sector



## September 2020 YTD Sales

### By Region

\$682M



2020

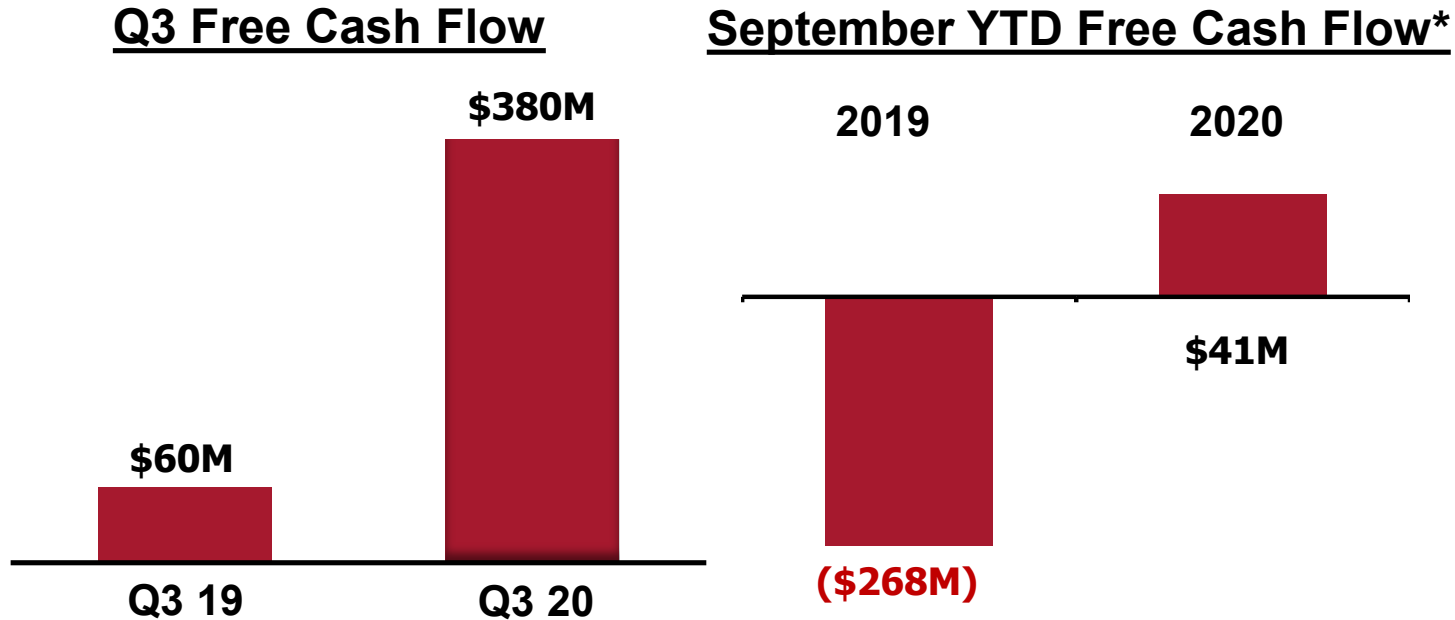
### By Product

\$682M



2020

# LIQUIDITY / FREE CASH FLOW\*



- Q3 20 inventory ~\$220M below Q3 19 (constant currency basis)
- Strong FCF generation in Q3 positions AGCO for healthy full year FCF

## Liquidity

- Closely managing costs and cash expenditures
- Maintaining dividend
- Suspended share repurchases
- Added \$542M term loan facility in Q2
- ~\$1.6B in available funds at 9-30-20
  - ~\$503M Cash
  - ~\$1.1B Available borrowing
  - Net Debt ~\$323M below Sept. 2019

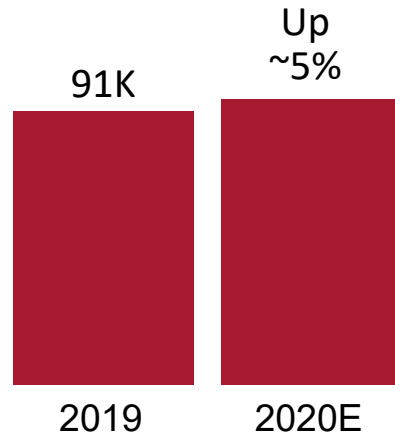
Note: Free cash flow is defined as net cash (used in) provided by operating activities less capital expenditures.

\* See reconciliations in the appendix to this presentation.

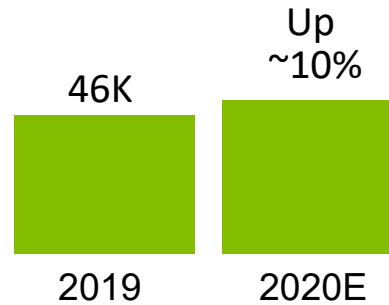
# 2020 MARKET OUTLOOK

## Regional Market Outlook – Industry Unit Retail Tractor Sales

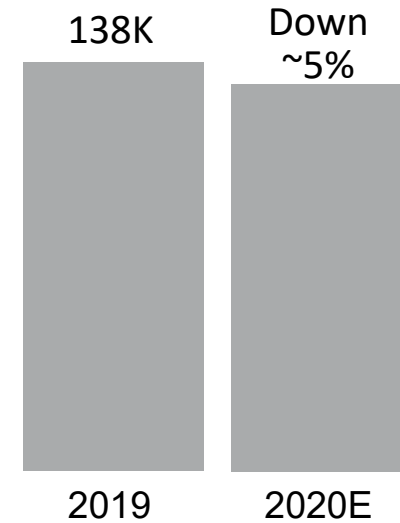
### N. America\*



### S. America



### Western Europe



\*Excludes compact tractors

# 2020 ASSUMPTIONS: SUMMARY

- 2020 sales vs. 2019
  - Flat end-market demand
  - Negative currency impact of ~(-2.0%)
  - Targeting lower dealer inventory
  - + Pricing +1.0% to 1.5%
  - + Market share gains
- Engineering expense **~3.9% of sales**
- Operating margin **Up 50-60bps vs '19**
- Effective tax rate **34% to 36%**



# 2020 OUTLOOK



2020 Estimates	
Sales	~\$8.9B
Adjusted EPS	~\$5.00
CAPEX	~\$250M
Free Cash Flow*	\$300M-350M

- See reconciliation to GAAP metrics in the appendix of this presentation.
- Note: Free cash flow is defined as net cash provided by operating activities less capital expenditures.

# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow

\$M

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
Net cash provided by (used in) operating activities	\$ 445.7	\$ 132.7
Less: capital expenditures	(65.6)	(73.2)
Free cash flow	<u>\$ 380.1</u>	<u>\$ 59.5</u>

Note: Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures.

# NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow

\$M

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net cash provided by (used in) operating activities	\$ 224.1	\$ (80.2)
Less: capital expenditures	(183.1)	(188.1)
Free cash flow	<u>\$ 41.0</u>	<u>\$ (268.3)</u>

Note: Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures.



# RECONCILIATION OF CURRENCY TRANSLATION AND ACQUISITION IMPACTS TO NET SALES

Net Sales  
\$M

	Three Months Ended September 30,			Change due to currency translation	
	2020	2019	% change from 2019	\$	%
North America	\$ 582.2	\$ 536.2	8.6 %	\$ (2.6)	(0.5) %
South America	273.9	239.4	14.4 %	(81.5)	(34.0) %
Europe/Middle East	1,405.9	1,145.7	22.7 %	43.5	3.8 %
Asia/Pacific/Africa	235.5	188.1	25.2 %	7.4	3.9 %
	<u>\$ 2,497.5</u>	<u>\$ 2,109.4</u>	<u>18.4 %</u>	<u>\$ (33.2)</u>	<u>(1.6) %</u>

	Nine Months Ended September 30,			Change due to currency translation	
	2020	2019	% change from 2019	\$	%
North America	\$ 1,689.9	\$ 1,651.3	2.3 %	\$ (11.9)	(0.7) %
South America	606.3	581.3	4.3 %	(152.0)	(26.1) %
Europe/Middle East	3,644.2	3,813.5	(4.4)%	(31.5)	(0.8) %
Asia/Pacific/Africa	492.2	481.7	2.2 %	(5.1)	(1.1) %
	<u>\$ 6,432.6</u>	<u>\$ 6,527.8</u>	<u>(1.5)%</u>	<u>\$ (200.5)</u>	<u>(3.1) %</u>

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Three Months Ended September 30,					
	2020			2019		
	Income From Operations	Net Income	Net Income Per Share <sup>(1)</sup>	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 224.0	\$ 157.3	\$ 2.09	\$ 105.9	\$ 7.6	\$ 0.10
Restructuring expenses	0.8	0.7	0.01	1.3	1.3	0.02
Deferred income tax adjustment	—	—	—	—	53.7	0.70
As adjusted	\$ 224.8	\$ 158.0	\$ 2.09	\$ 107.2	\$ 62.6	\$ 0.82

	Nine Months Ended September 30,					
	2020			2019		
	Income From Operations <sup>(1)</sup>	Net Income <sup>(1)</sup>	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 421.7	\$ 291.7	\$ 3.86	\$ 397.9	\$ 213.5	\$ 2.77
Goodwill impairment charge	20.0	10.0	0.13	—	—	—
Restructuring expenses	5.4	5.1	0.07	3.0	2.5	0.03
Deferred income tax adjustment	—	—	—	—	53.7	0.70
As adjusted	\$ 447.2	\$ 306.9	\$ 4.06	\$ 400.9	\$ 269.7	\$ 3.50

(1) Rounding may impact summation of amounts.

# NON-GAAP TO GAAP RECONCILIATION

(In millions)

The following is a reconciliation of available funding as of September 30, 2020 (in millions):

	September 30, 2020
Credit facility, total borrowing capacity	\$ 1,342.4
Less: Credit facility and term loan borrowings	(271.2)
Credit facility, available borrowing capacity	\$ 1,071.2
Cash and cash equivalents	\$ 511.0
Less: Restricted cash	(7.7)
Available cash and cash equivalents	\$ 503.3
Available funding	\$ 1,574.5

# NON-GAAP TO GAAP RECONCILIATION

(In millions)

The following is a reconciliation of net debt as of September 30, 2020 and 2019 (in millions):

	September 30, 2020	September 30, 2019
Long-term indebtedness	\$ 1,515.5	\$ 1,550.8
Short-term borrowings	47.7	229.7
Less: Amounts related to the sale of receivables	(2.5)	(117.8)
Short-term indebtedness	\$ 45.2	\$ 111.9
Total indebtedness	\$ 1,560.7	\$ 1,662.7
Cash and cash equivalents	\$ 511.0	\$ 282.0
Less: Restricted cash	(7.7)	—
Available cash and cash equivalents	\$ 503.3	\$ 282.0
Net debt	\$ 1,057.4	\$ 1,380.7