

ANDY BECK

SENIOR VICE PRESIDENT & CFO



STRENGTHENING OUR FINANCIAL OUTLOOK

**STRATEGIC FOCUS
DRIVING IMPROVED
PERFORMANCE**

**AGCO FINANCE
CONTINUING
STRONG**

**DISCIPLINED
CAPITAL
ALLOCATION**



360° ALL-YEAR



PLANTING



APPLICATION

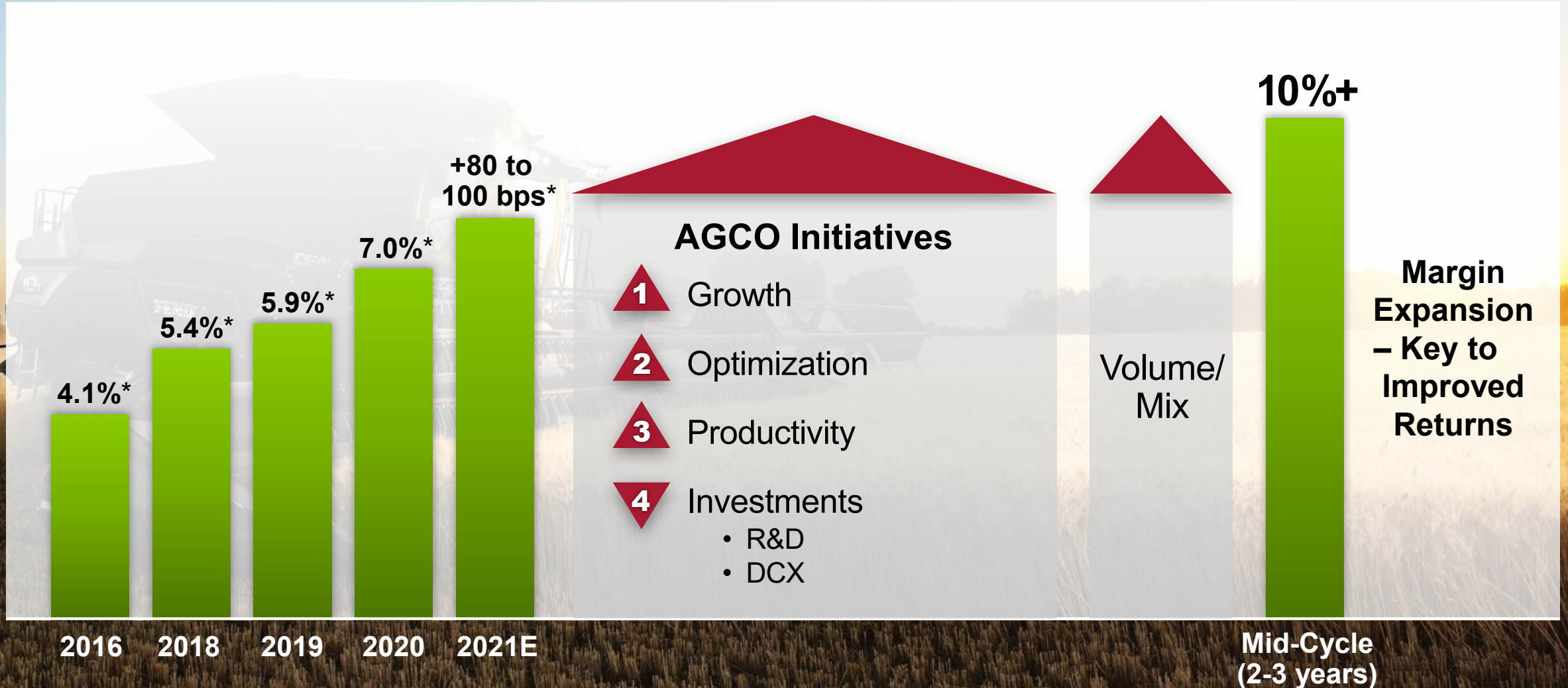


HARVESTING



GRAIN STORAGE

LONG-TERM OPERATING MARGIN TARGETS: ROADMAP TO 10%



STRATEGY INITIATIVES IMPACT: GROWTH IN KEY AREAS

Key Growth Areas

- Parts & Service
- Fendt
- NA Large AG
- Precision Planting



2018

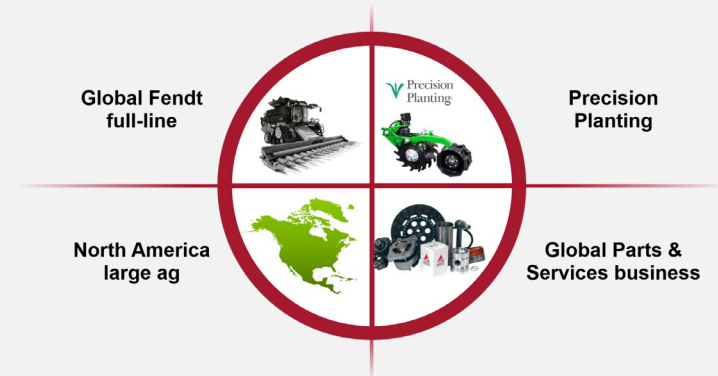


2020

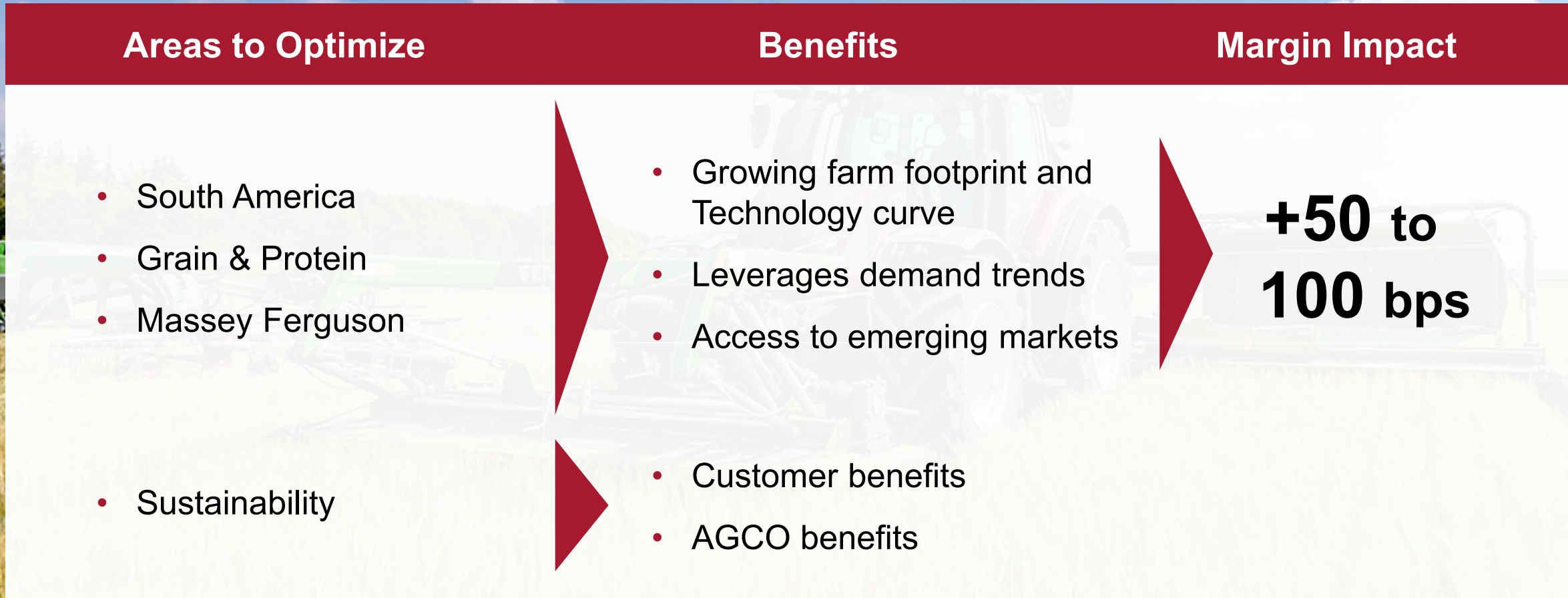
14%
Growth
'20 vs '18

Advantages

- High growth areas growing **2X** faster than rest of business
- Higher incremental margins



OPTIMIZATION IMPACTS: WIDE RANGING



MATERIAL COST AND MANUFACTURING OPTIMIZATION

Global Purchasing Excellence (GPE)

- Common components
- Common suppliers
- Low cost country sourcing

**Material savings
\$30-40M**



AGCO Production Systems

- Utilizing Six Sigma and Lean
- Investing in productivity enhancing technology
- Smart Factory Digitalization

**Direct Labor savings
\$10-\$15M**

**Incremental
annual savings
\$40M-\$50M**

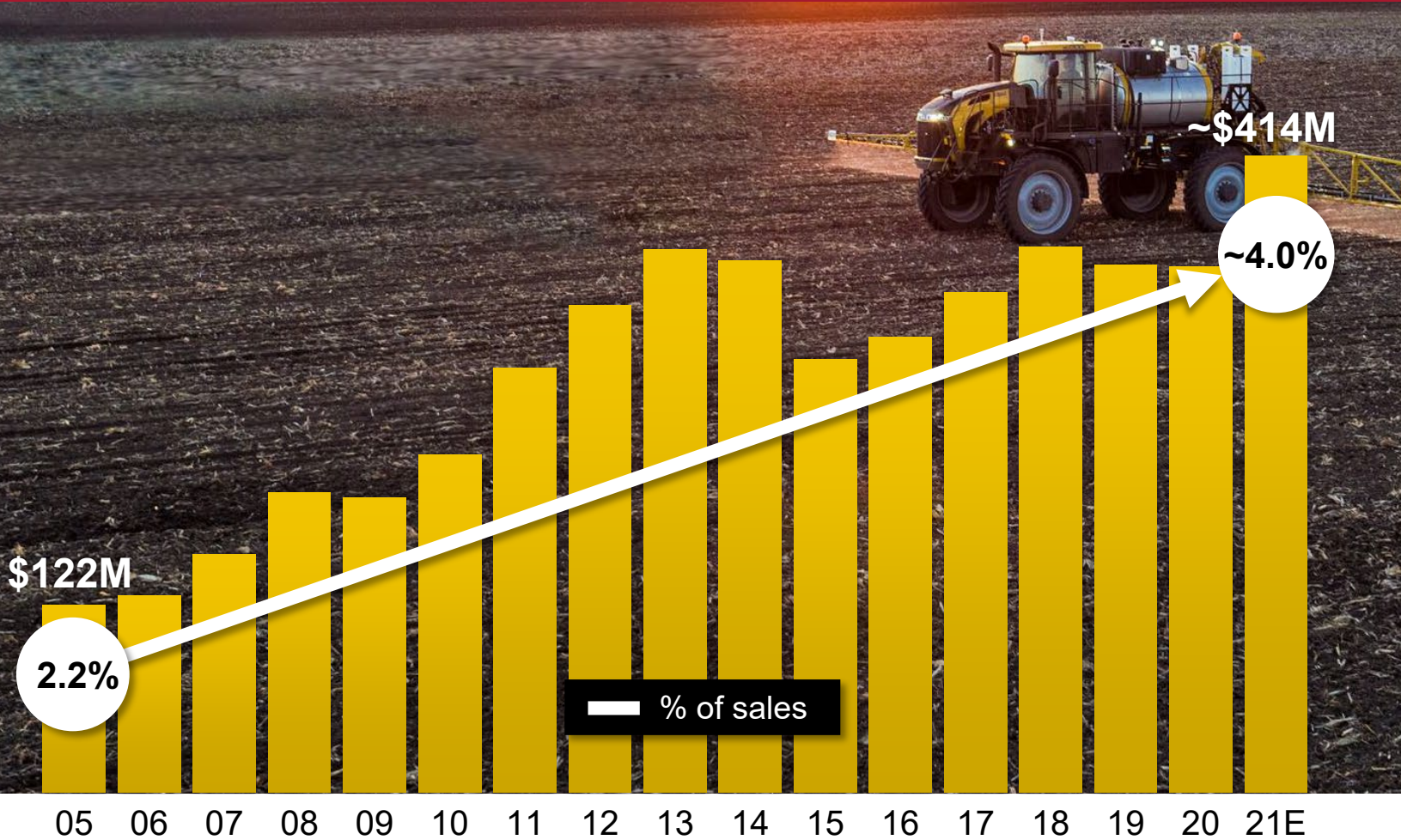


INVESTMENTS IN TECHNOLOGY, R&D AND DISTRIBUTION



A CLOSER LOOK: INVESTING IN NEW PRODUCTS

Significant R&D Spending



R&D Driving Higher Margins and Returns

- Increased technology development
- Refreshed, competitive products
- Expanding competitive differentiation



KEY METRIC TO DRIVE STRONG RETURNS: RETURN ON NET ASSETS (RONA)

$$\text{RONA} = \frac{\text{Operating Return}}{\text{Net Assets}}$$

$$\text{Operating Return} = \begin{aligned} & \text{Operating income} \\ & + \text{Amortization} \\ & + \text{Stock comp.} \\ & + \text{Interest income} \\ & - \text{Less: Disc. On A/R} \end{aligned}$$

$$\text{Net "Assets"} = \begin{aligned} & \text{A/R, inventory, PP\&E} \\ & \text{goodwill + intangibles} \\ & - \text{Less: A/P and acc exp} \end{aligned}$$

Advantages

- Key operating metric to drive strong returns through sound investment and working capital management
- Metric focuses on “controllable” assets/liabilities by operations management
- Intent to push metric down operating regions/divisions
- Important metric for Short and Long-term compensation (in addition to Op. Margin)
- 2020 RONA =20% Target = 35%

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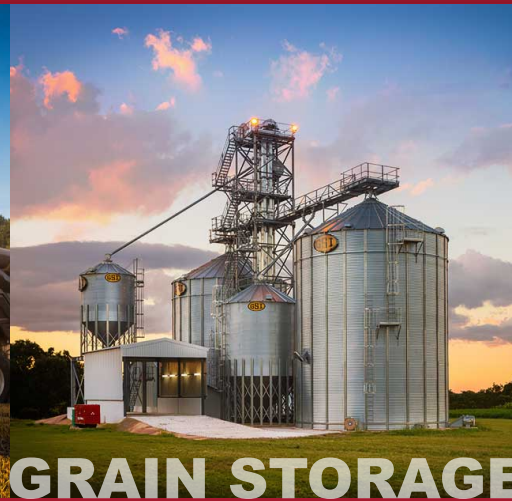
PLANTING



APPLICATION



HARVESTING



GRAIN STORAGE

PROFITABLE, STABLE FINANCE BUSINESS

Attractive Portfolio



+



Rabobank

JV with Global Agribusiness bank

Rabobank

AGCO / Rabobank ownership

49% / 51%

Credit rating of Rabobank – one of

Highest

Percent of AGCO's retail sales funded by AGCO finance

~48%

Financial performance and credit quality

Strong



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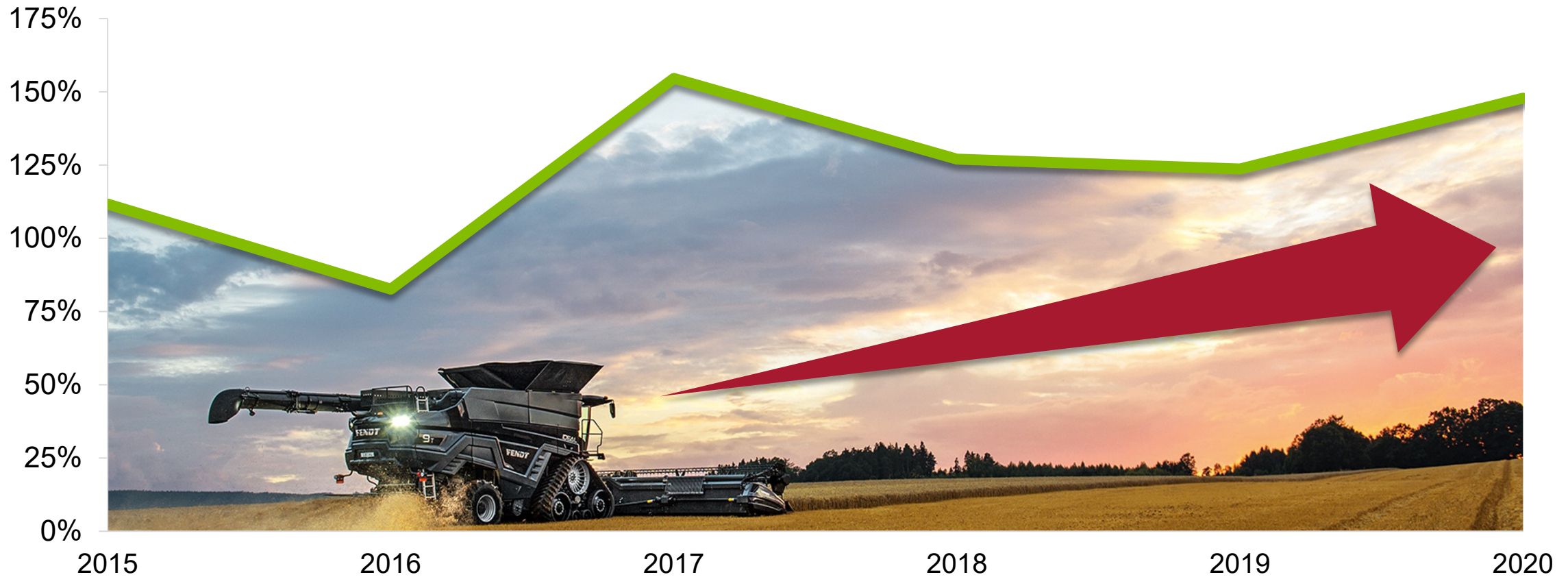
HARVESTING



GRAIN STORAGE

STRONG FREE CASH FLOW

Free Cash Flow Conversion (FCF/Net Income)



DISCIPLINED CAPITAL DEPLOYMENT – CLEAR PRIORITIES

1.

Capex / Engineering

- Invest in new products
- Invest for productivity improvement



2.

Maintain Balance Sheet

- Maintain investment grade credit rating



3.

Acquisitions

- Opportunistic approach to add to product offerings or geographic reach



4.

Return Cash to Shareholders

- Share repurchases
- Dividends



Strong Free Cash Flow

KEY MESSAGES FOR THE DAY

1

Customer-Focus

- Farmer first strategy anchors future investments



2

Optimizing

- Optimizing business to sharpen focus and improve margin performance



3

Tech-Fueled Growth

- Accelerating precision ag and digital solutions to drive growth



Winning Outcomes

RONA
35%

Operating margin
10+%



**ANALYST BRIEFING
MARCH 3, 2021**

NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Years Ended December 31,					
	2020			2019		
	Income From Operations	Net Income ⁽¹⁾	Net Income Per Share	Income From Operations	Net Income ⁽¹⁾	Net Income Per Share ⁽¹⁾
As reported	\$ 599.7	\$ 427.1	\$ 5.65	\$ 348.1	\$ 125.2	\$ 1.63
Restructuring expenses	19.7	19.5	0.26	9.0	8.3	0.11
Impairment charges	20.0	10.0	0.13	176.6	176.6	2.29
Gain on sale of investment in affiliate	—	(32.5)	(0.43)	—	—	—
Deferred income tax adjustment	—	—	—	—	53.7	0.70
Swiss tax reform	—	—	—	—	(21.8)	(0.28)
As adjusted	<u>\$ 639.4</u>	<u>\$ 424.2</u>	<u>\$ 5.61</u>	<u>\$ 533.7</u>	<u>\$ 341.9</u>	<u>\$ 4.44</u>

(1) Rounding may impact summation of amounts.

NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Years Ended December 31,					
	2018			2017		
	Income From Operations	Net Income ⁽¹⁾	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 489.0	\$ 285.5	\$ 3.58	\$ 404.4	\$ 186.4	\$ 2.32
Restructuring expenses	12.0	8.7	0.11	11.2	8.8	0.11
Non-cash expense related to waived stock compensation	—	—	—	4.8	4.8	0.06
Extinguishment of debt	—	24.4	0.31	—	—	—
U.S. tax reform	—	(8.5)	(0.11)	—	42.0	0.52
As adjusted	\$ 501.0	\$ 310.2	\$ 3.89	\$ 420.4	\$ 242.0	\$ 3.02

(1) Rounding may impact summation of amounts.

NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Years Ended December 31,					
	2017			2016		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 403.3	\$ 186.4	\$ 2.32	\$ 288.4	\$ 160.1	\$ 1.96
Restructuring expenses	11.2	8.8	0.11	11.9	9.9	0.12
Non-cash expense related to waived stock compensation	4.8	4.8	0.06	—	—	—
Deferred income tax adjustment	—	—	—	—	31.6	0.39
U.S. tax reform	—	42.0	0.52	—	—	—
As adjusted	\$ 419.3	\$ 242.0	\$ 3.02	\$ 300.3	\$ 201.6	\$ 2.47

NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow \$M

	2015	2016	2017	2018	2019	2020
Net cash provided by operating activities	\$ 524	\$ 369	\$ 578	\$ 596	\$ 696	\$ 897
Less:						
Capital expenditures	\$ (211)	\$ (201)	\$ (204)	\$ (203)	\$ (273)	\$ (270)
Free cash flow	\$ 313	\$ 168	\$ 374	\$ 393	\$ 423	\$ 627

