

ANDY BECK

SVP & CFO



AGENDA



Strategic Update (cont'd)
ROIC / Margin Improvement

AGCO Finance Update

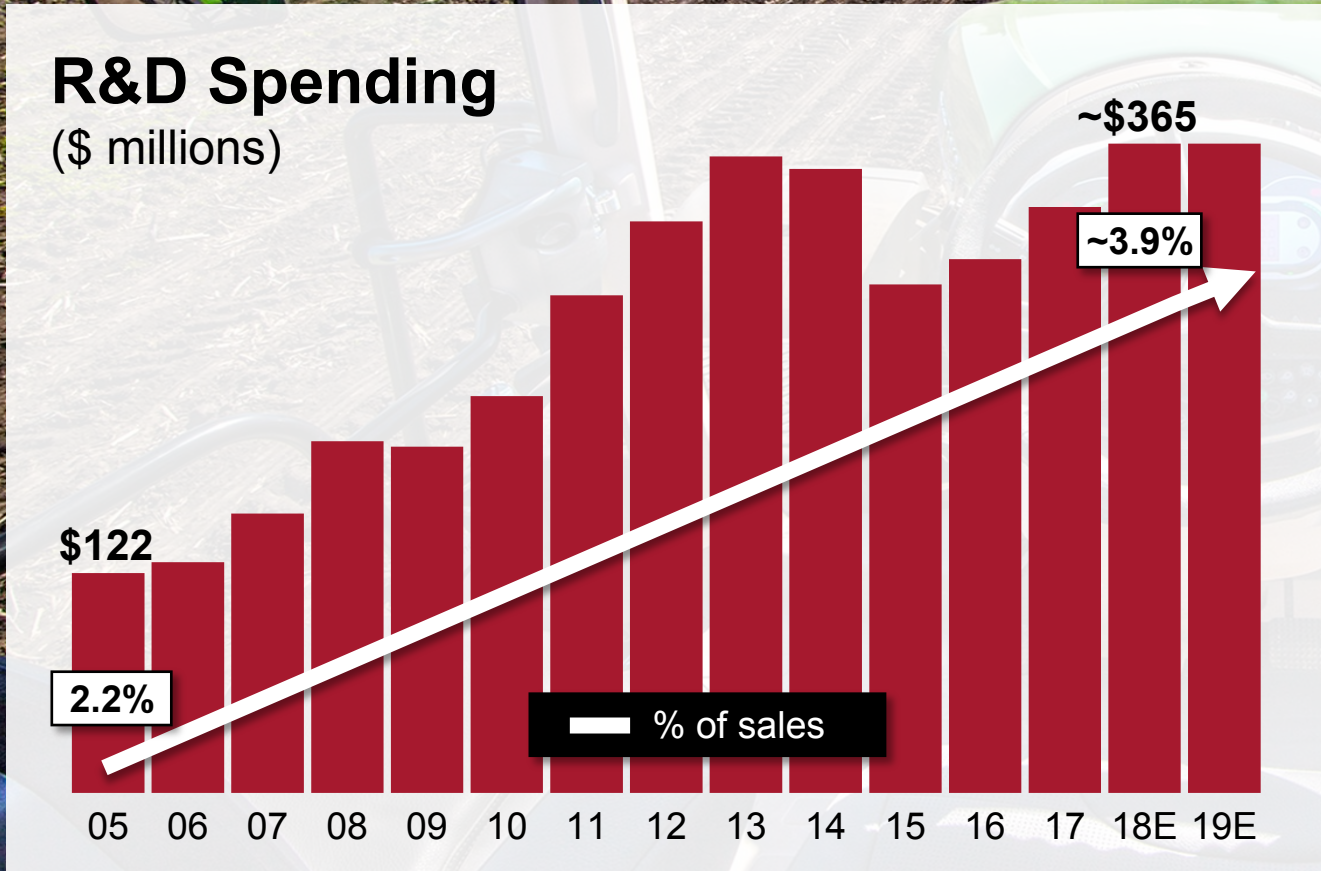
Capital Allocation Update

2019 Preliminary Outlook

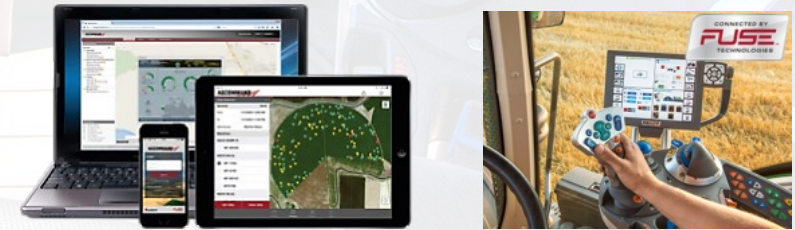
LONG TERM MARGIN TARGET



INVESTING IN NEW PRODUCTS: SIGNIFICANT R&D SPEND



- Maintaining important strategic investments
Continuing to invest in:
 - New products
 - Common component solutions
 - IDEAL Combine
 - Regulatory / Emission changes
- Ongoing Fuse™ Smart Farming investment



DELIVERING ON OUR GLOBAL PLATFORM STRATEGY

Mass Market Low Horsepower Platform

70-130 HP
launched 2016



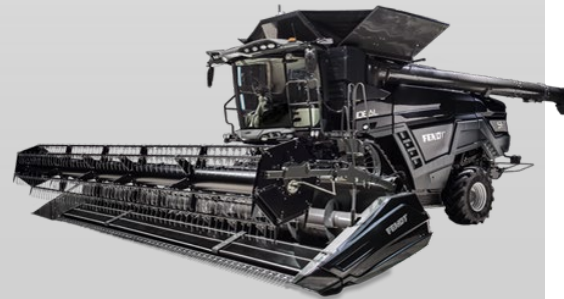
Premium High Horsepower Platform

500+ HP
launched 2016
250-380 HP
to be launched 2019



Combine Harvesters

Launched 2017
Commercial
production in 2019



Mass Market Mid-range Platform

150-250 HP
to be launched 2019/20



QUALITY DRIVEN ACROSS THE ORGANIZATION

1 Right-first-time in product development



Quality gates in product development for prevention before launch

2 Flawless execution in Manufacturing



Error-proof processes for prevention after launch

3 High-speed issue detection / resolution



Big data and advanced analytics for field issue identification and resolution

4 Excellence in customer experience



Doing the right thing from the factory thru dealer delivery



Quality culture across product lifecycle

MATERIAL COST IMPROVEMENT: GLOBAL PURCHASING EXCELLENCE + BEST-COST COUNTRY SOURCING

Global Purchasing Excellence (GPE)

- ▶ Common components
- ▶ Common suppliers



Best-Cost Country Sourcing

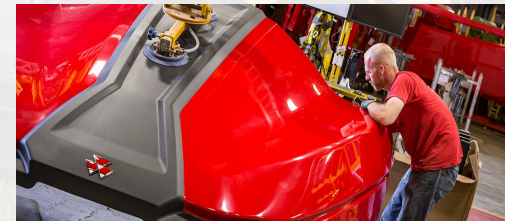
Value of materials sourced from low cost locations
~\$3M 2007 → ~\$500M 2018



Incremental Savings

\$40-\$50M

Incremental annual material savings



FOCUSED COST MANAGEMENT

PRODUCTIVITY: MANUFACTURING OPTIMIZATION

Key Initiatives

- ▶ Utilizing six sigma and lean
- ▶ Investing in productivity enhancing technology
- ▶ Smart Factory Digitalization



Incremental Savings

\$15-\$20M

**AGCO Production Systems
incremental annual savings**



FOCUSED COST MANAGEMENT

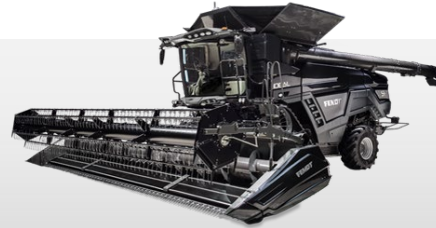
INVESTMENTS IN TECHNOLOGY AND PRODUCT SUPPORT

INVESTMENTS



FUSE[®]
SMART FARMING. SYNCHRONIZED.

DCX
DIGITAL CUSTOMER EXPERIENCE



**IDEAL combine
launch expenses**



**Distribution
expansion**



**Global system
platforms**

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PROFITABLE, STABLE FINANCE BUSINESS

Attractive Portfolio (\$B)



+



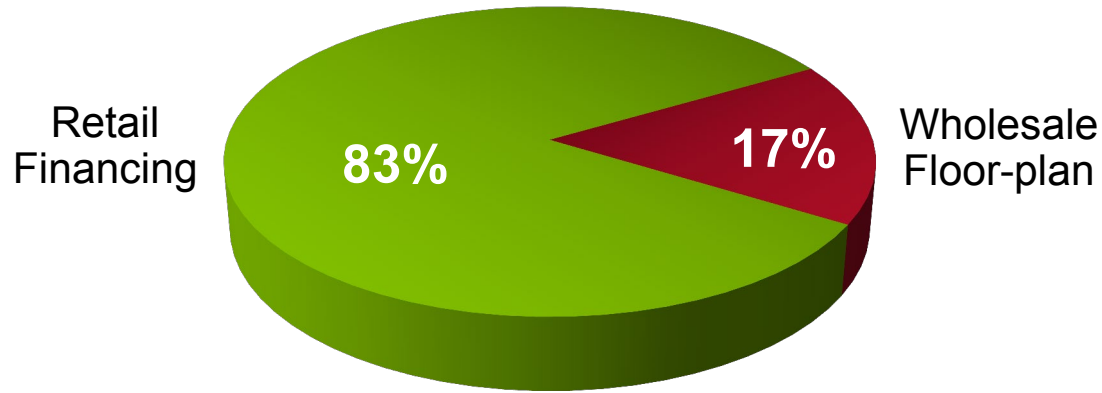
- ▶ AGCO Finance is JV with Rabobank based in the Netherlands
- ▶ Rabobank is among the world's highest rated banks
- ▶ AGCO Finance is 49% owned by AGCO
- ▶ Funded by Rabobank
- ▶ ~\$8.8 billion portfolio
- ▶ Consistent financial performance and credit quality



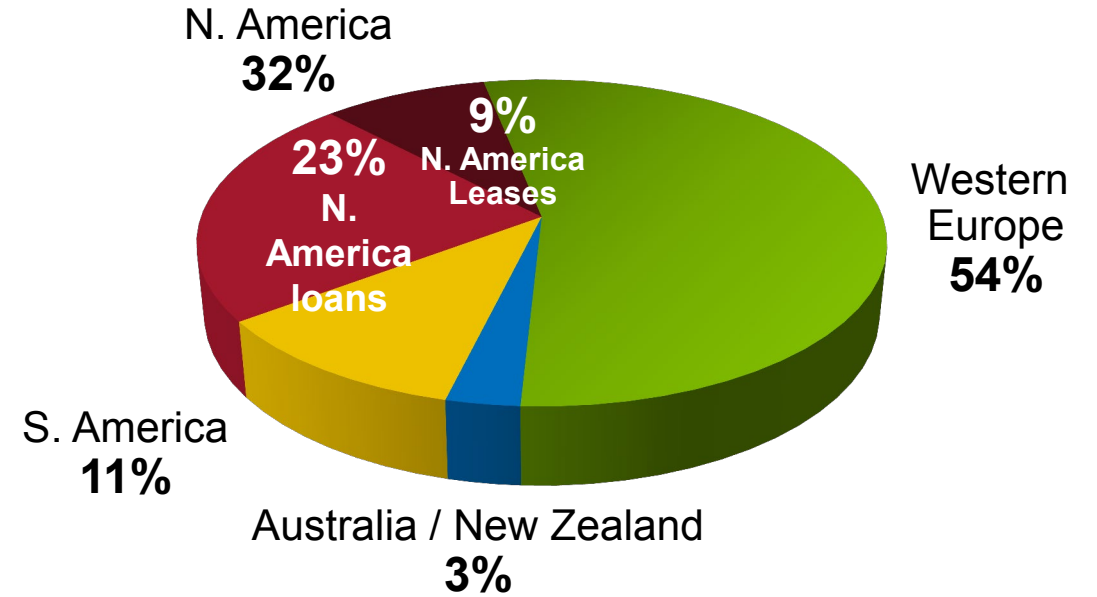
AGCO FINANCE: A CLOSER LOOK

Y/E 2018E

Breakdown By Product



Breakdown By Region



AGENDA

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DISCIPLINED CAPITAL DEPLOYMENT – CLEAR PRIORITIES



Disciplined Approach to Capital Deployment

Capex

- ▶ Invest in facilities
- ▶ Invest in new products

Maintain Balance Sheet

- ▶ Maintain investment grade credit rating

Acquisitions

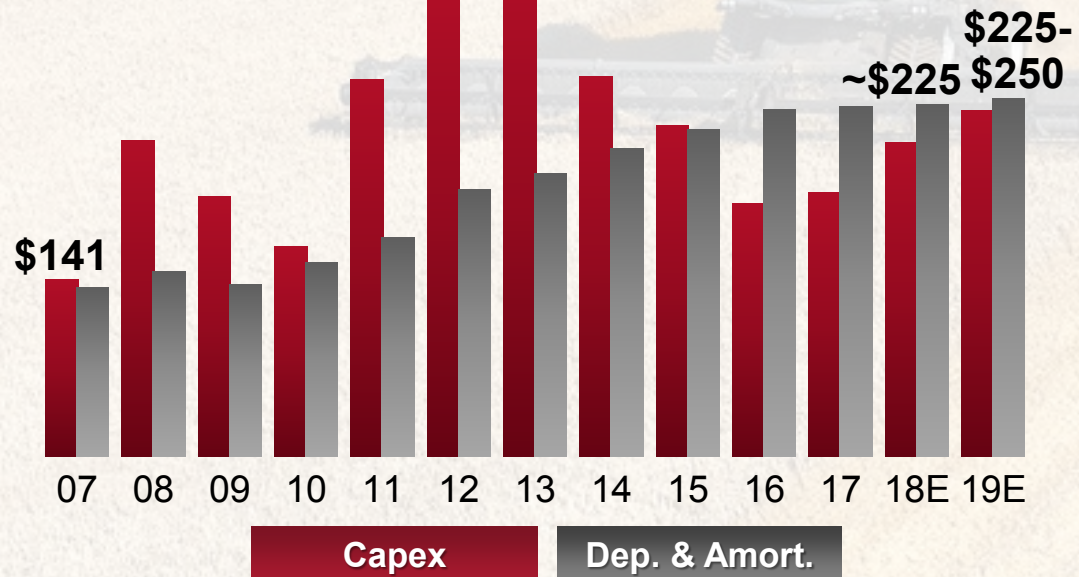
- ▶ Opportunistic approach to add to product offerings or geographic reach

Return Cash to Shareholders

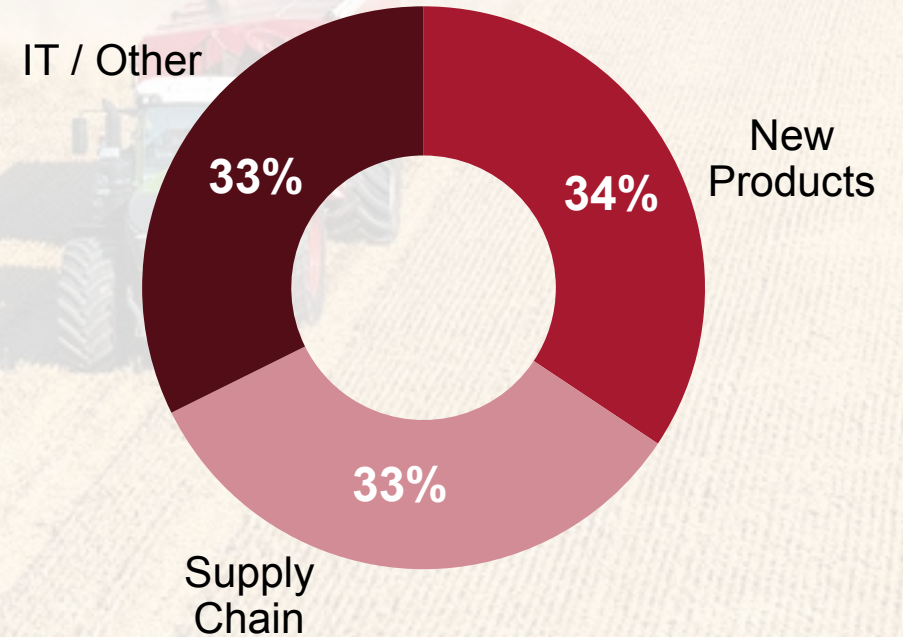
- ▶ Share repurchases
- ▶ Dividends

CAPITAL EXPENDITURES: INVESTING FOR GROWTH

Continuing to Invest
(\$M)



2018 Capex Components



RETURNING CASH TO SHAREHOLDERS

**Cash to be
Returned to
Shareholders**

Dividend

- ▶ Initiated in 2013
- ▶ Ambition to grow

Share Repurchase

- ▶ Completed ~\$1.2B over last 6 years
- ▶ ~\$180M completed in 2018

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2019 MARKET OUTLOOK: STABLE



North America Industry Retail Units Tractors* and Combines (000's)



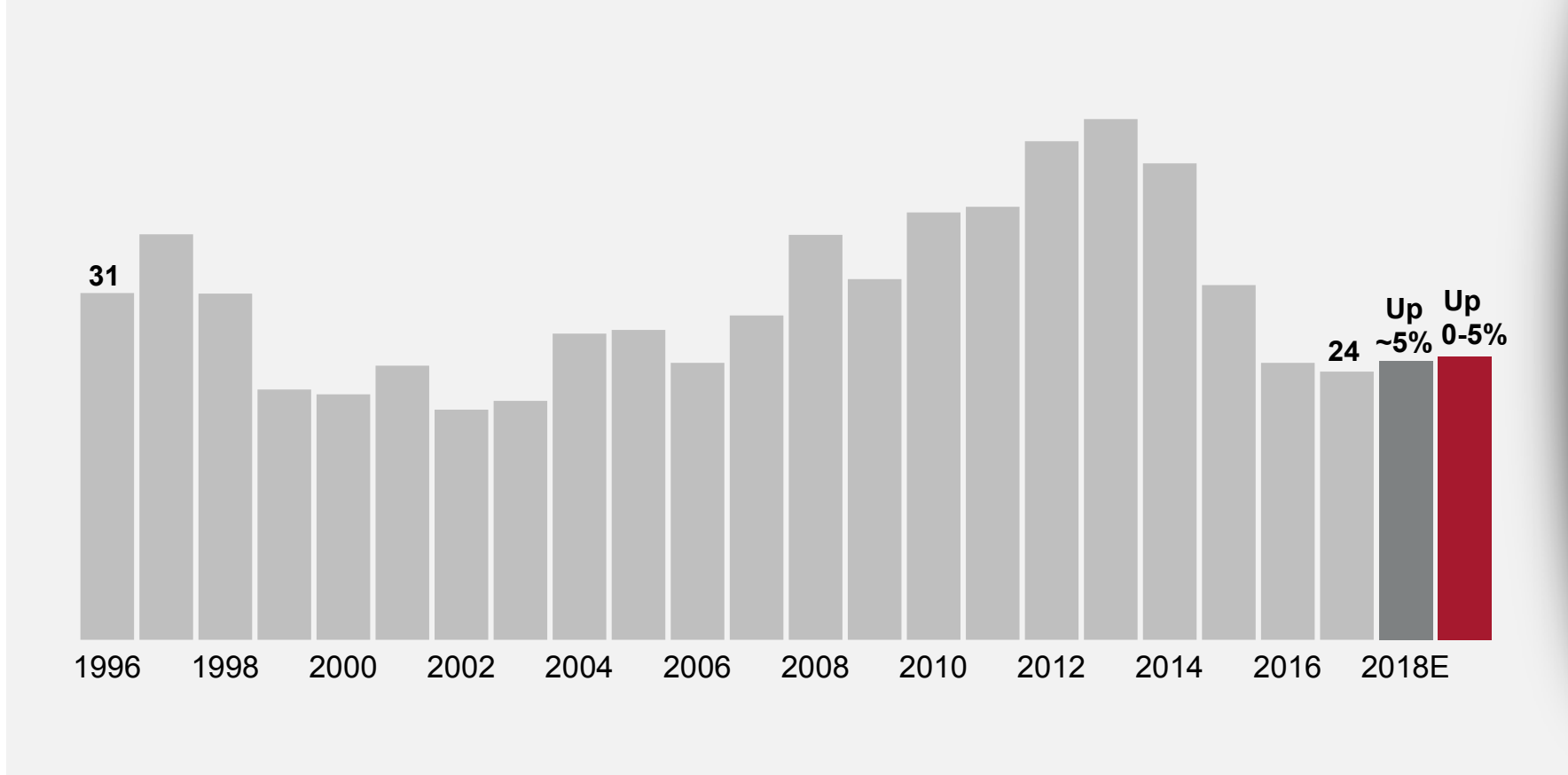
- ▶ Projected 2019 farm income remains under pressure
- ▶ Row crop sector recovery continuing at slow pace
- ▶ Mix improving



2019 HHP* INDUSTRY OUTLOOK: MODEST GROWTH



North America Industry Retail Units High Horsepower Tractors* (000's)



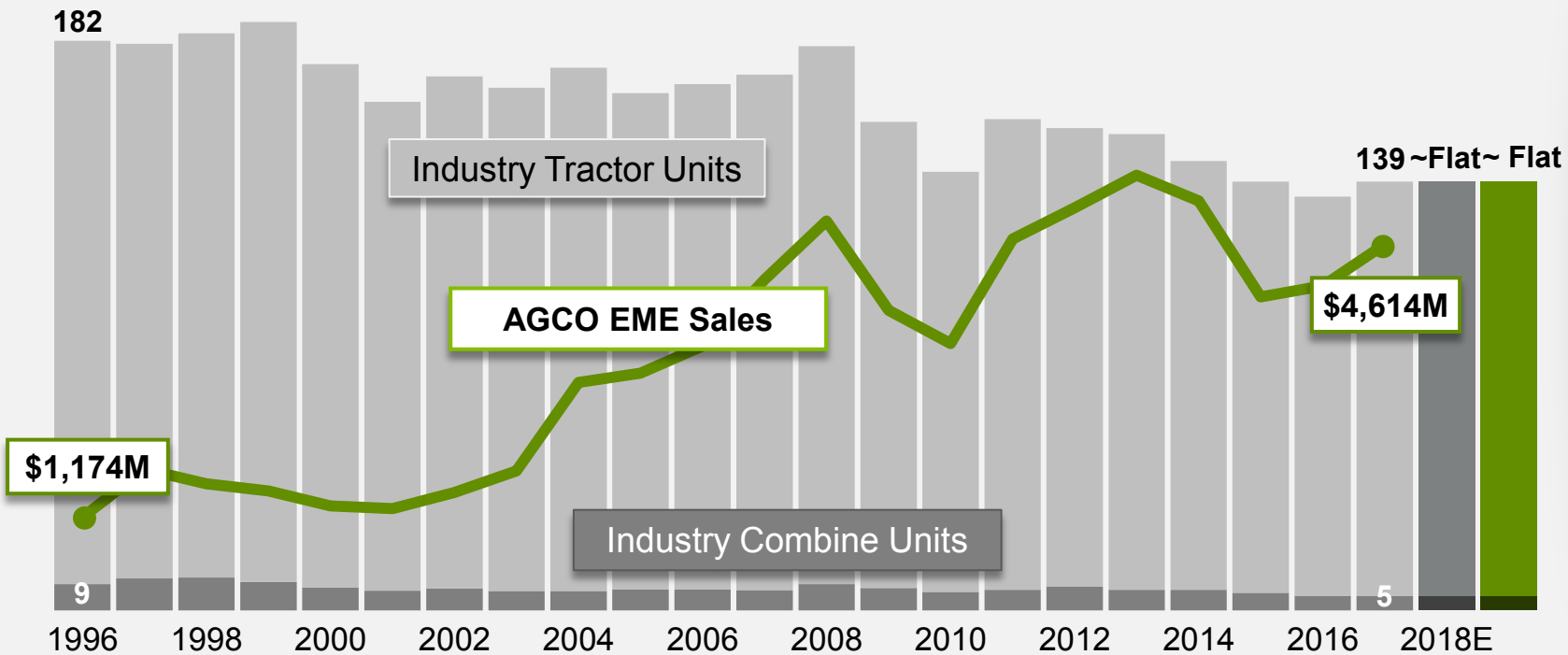
- ▶ HHP tractors good surrogate for Row Crop sector
- ▶ HHP* tractors Up ~5% YTD in 2018
- ▶ Up 0-5% in 2019



2019 MARKET OUTLOOK: MIXED



Western Europe Industry Retail Units Tractors and Combines (000's)



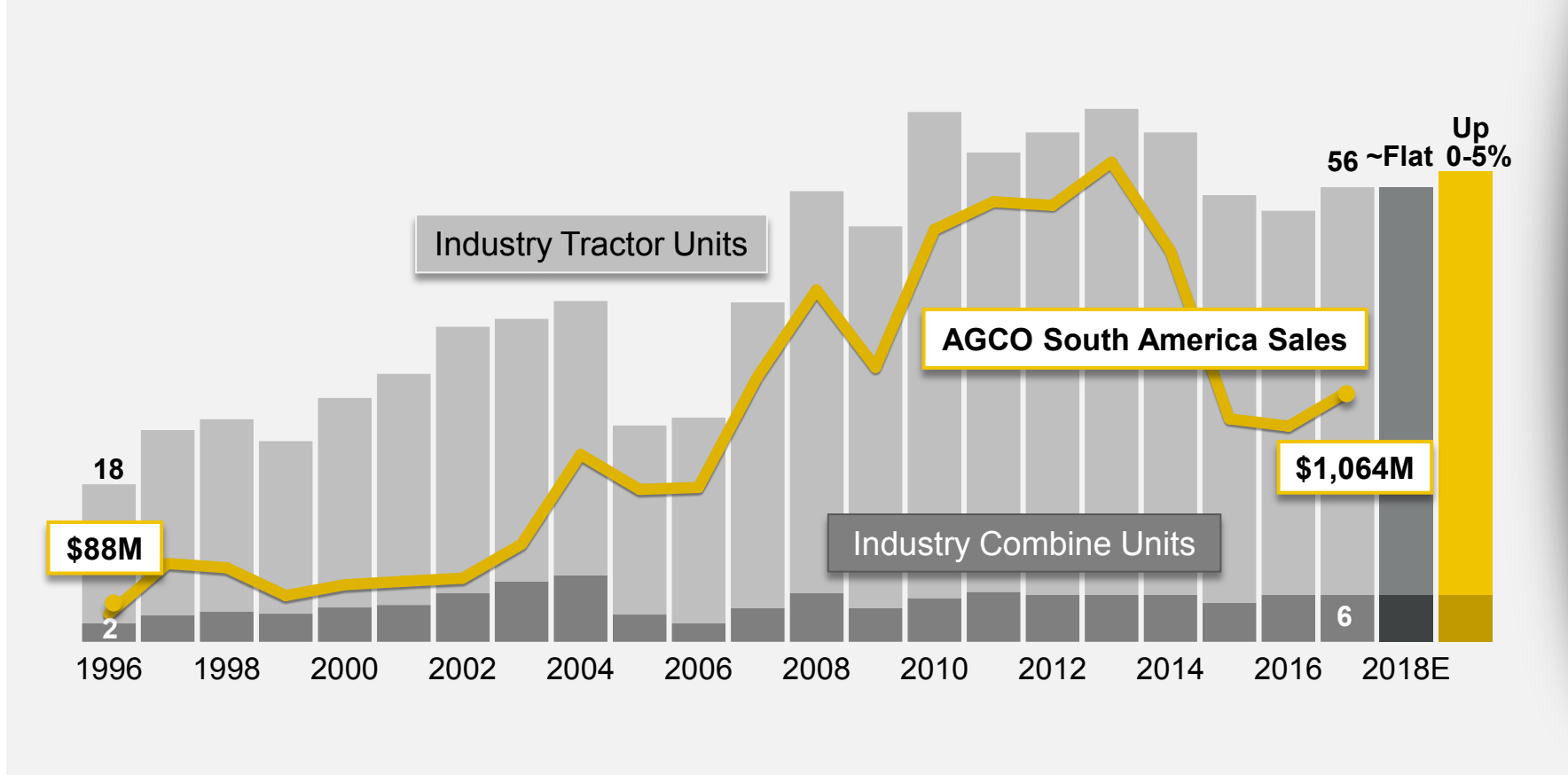
- ▶ Dairy sector remains healthy
- ▶ Arable demand varies regionally due to drought impacts



2019 MARKET OUTLOOK: STABLE



South America Industry Retail Units Tractors and Combines (000's)



- ▶ Brazil providing safe haven from trade disputes with crops in high demand
- ▶ Demand remains weak in Argentina

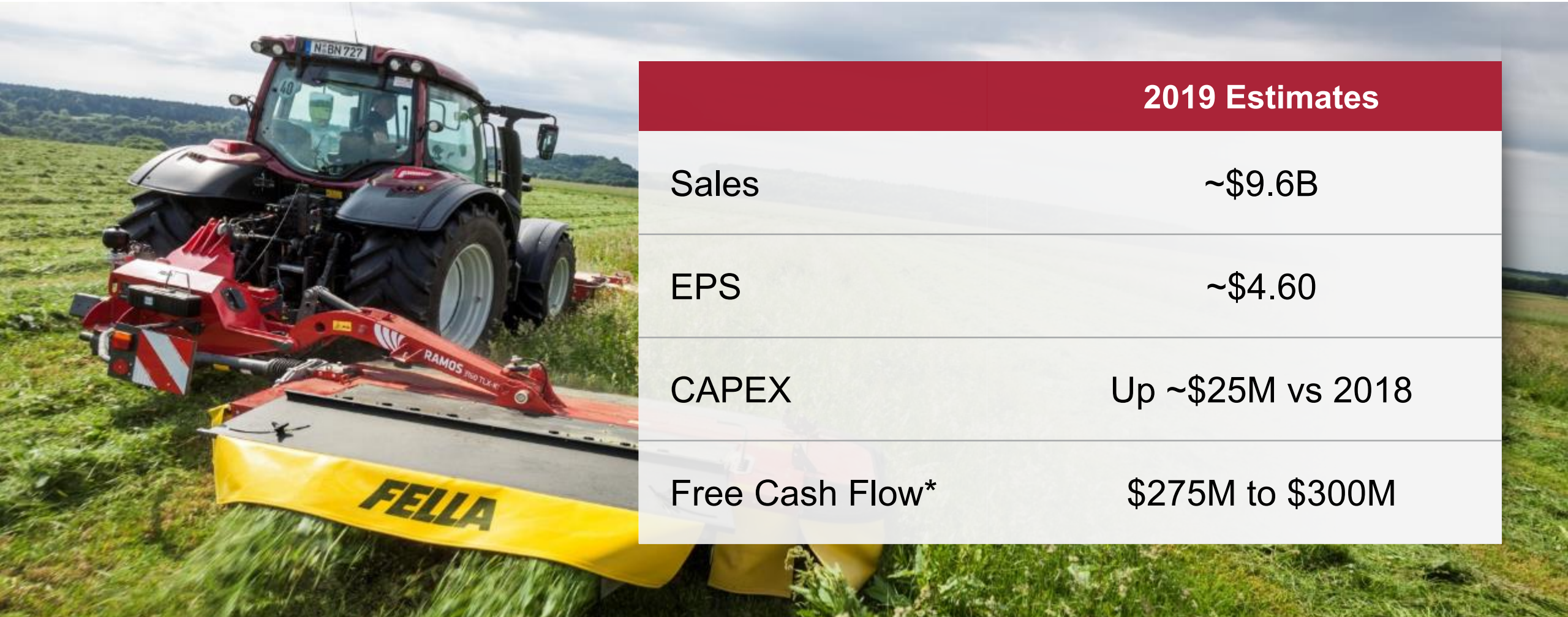


2019 PRELIMINARY ASSUMPTIONS: SUMMARY



- ▶ 2019 sales up ~3% vs 2018
 - Relatively stable end-market demand
 - Pricing +2.0% to 2.5%
 - Negative currency translation ~ -2.5%
- ▶ Engineering approx. flat vs 2018
- ▶ Operating margin improvement
- ▶ Effective tax rate 32-33%

2019 PRELIMINARY OUTLOOK



	2019 Estimates
Sales	~\$9.6B
EPS	~\$4.60
CAPEX	Up ~\$25M vs 2018
Free Cash Flow*	\$275M to \$300M

KEY MESSAGES

1

THE FUNDAMENTALS

Long term fundamentals support optimism for industry / AGCO

2

THE STRATEGY

Executing successful strategy

3

THE EXECUTION

Aggressively managing for the long-term

GOAL

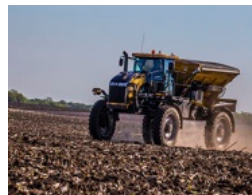
Delivering improved shareholder returns

APPENDIX



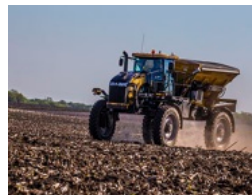
NON-GAAP TO GAAP RECONCILIATION

	2006	2018E
	Earnings Per Share ⁽¹⁾	Earnings Per Share ⁽¹⁾
As adjusted	\$1.04	~\$3.75
Restructuring and other expenses/adjustments	1.83	~0.09
Extinguishment of debt	--	0.31
As reported	\$(0.79)	~\$3.35



NON-GAAP TO GAAP RECONCILIATION

	2016	2018E
	Operating Margin	Operating Margin
As adjusted	4.1%	5.5%
Restructuring and other expenses/adjustments	0.2%	0.1%
As reported	3.9%	5.4%



NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow \$M	Projected Year Ended Dec. 31, 2019
Net cash provided by operating activities	\$525 to \$550
Less: Capital expenditures	~\$(275)
Free Cash Flow	<hr/> \$275 to \$300 <hr/>

