



# First Quarter 2015

Financial and Operational Results

# Forward Looking Statements

Forward-looking statements in this presentation, including statements regarding demand for our products and the economic and other factors that drive that demand, product development 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, and our future revenue, earnings 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 weather, commodity prices, and changes in product demand, 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, 2014 and subsequent 10-Q filings. AGCO disclaims any obligation to update any forward-looking statements except as required by law.



# Financial Summary

\$M\*\*

	Q1 2015	Q1 15 vs Q1 14
<b>Net Sales</b>	<b>\$1,702.6</b>	-27.0%
<b>Gross margin</b>	<b>20.4%</b>	-160bps
<b>Adj. Operating income*</b>	<b>\$57.4</b>	-63.1%
<b>Adj. Operating margin*</b>	<b>3.4%</b>	-330bps
<b>Diluted Adjusted EPS*</b>	<b>\$0.43</b>	-\$0.60










\*\*Except per share amounts

\* Reflects adjusted results, which exclude restructuring and other infrequent items. Please see reconciliations to GAAP metrics provided in the appendix to this presentation.



# Industry Overview

## March Year-to-Date Retail Units

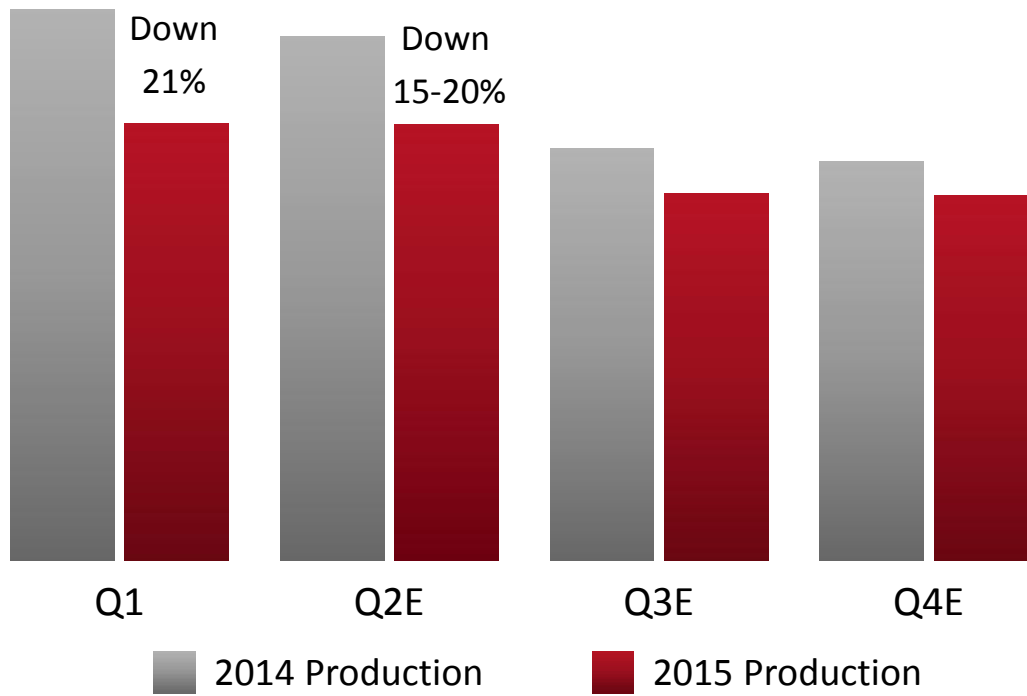
North America		2015 vs. 2014	
	 Tractors*	• Industry	(10%)
	 Combines	• Industry	(44%)
Western Europe		2015 vs. 2014	
	 Tractors	• Industry	(12%)
	 Combines	• Industry	(13%)
South America		2015 vs. 2014	
	 Tractors	• Industry	(12%)
	 Combines	• Industry	(35%)

\* Excludes compact tractors



# 2015 Production Decline is Front-End Loaded

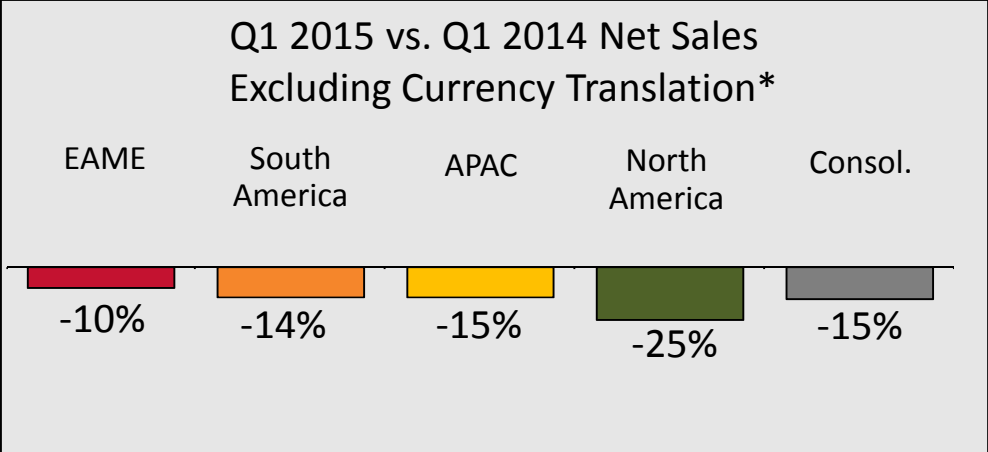
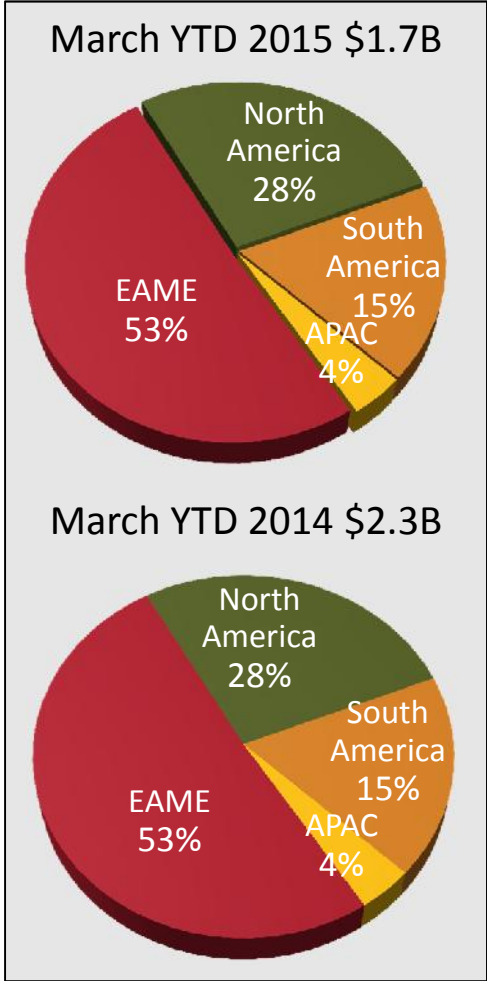
## AGCO Production Hours



- Q1 15 production down ~21% vs. Q1 14
- Full year 2015 production down 12-14% vs 2014



# Regional Net Sales Results

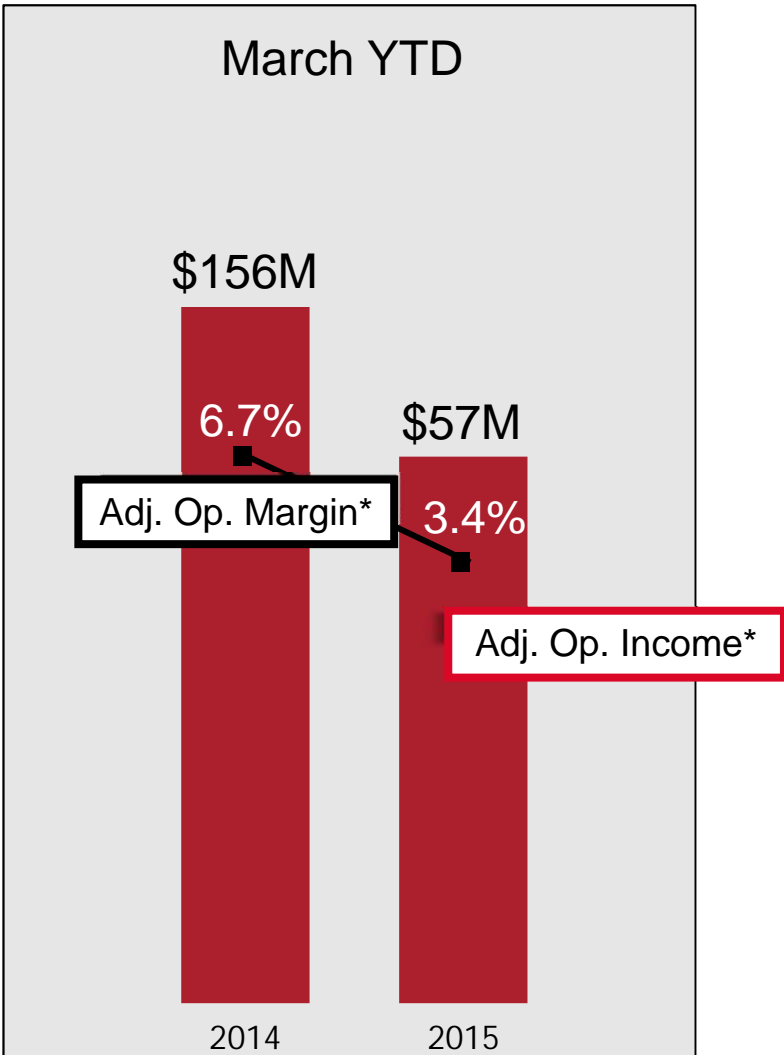
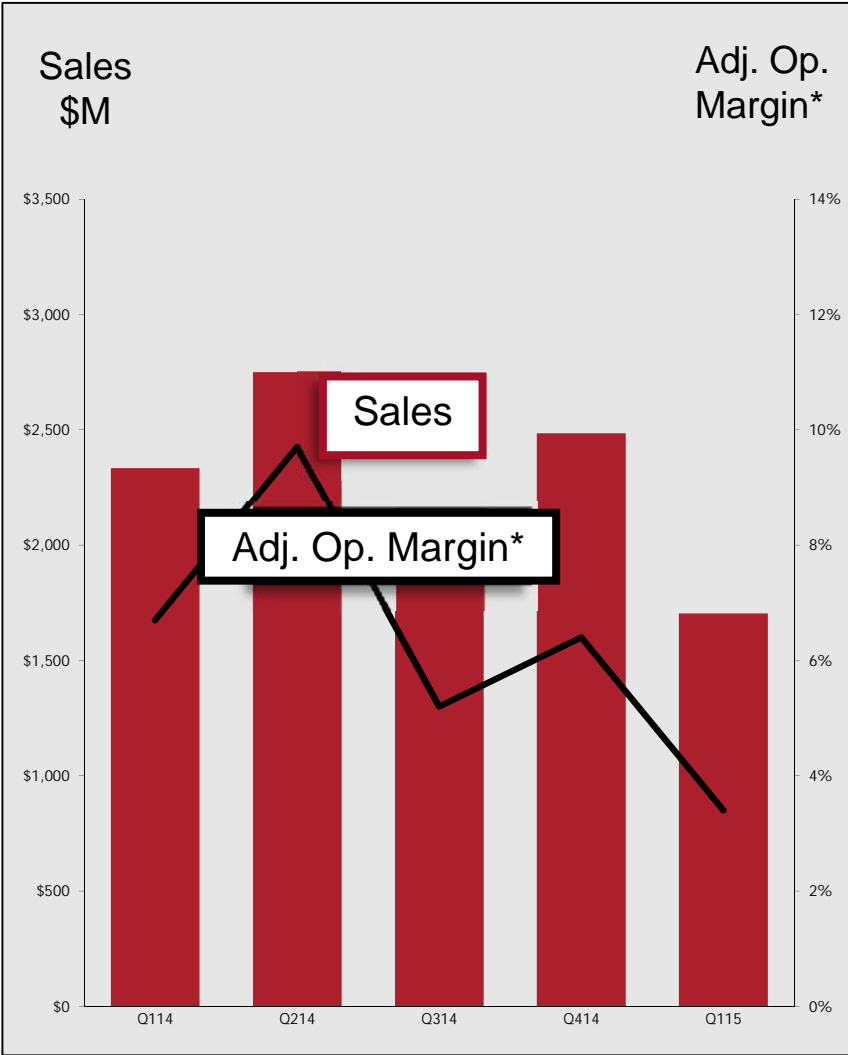


EAME – Europe/Africa/Middle East    APAC – Asia/Pacific

\*Please see the reconciliation to GAAP metrics in the appendix to this presentation.



# Net Sales and Operating Margins



\* Reflects adjusted results, which exclude restructuring and other infrequent items. Please see reconciliations to GAAP metrics provided in the appendix to this presentation.





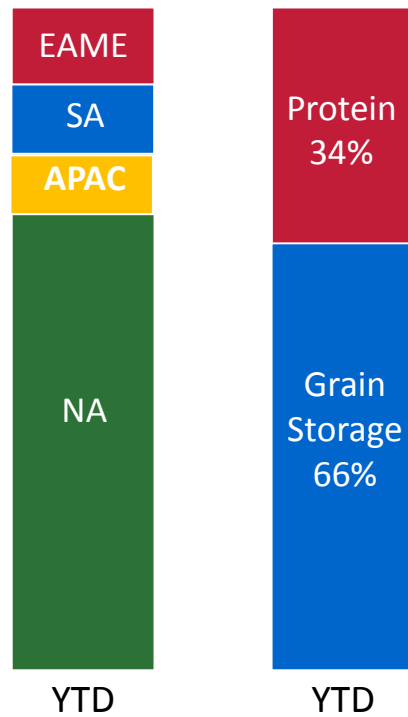


# GSI Results

## Sales

(YTD 2015)

\$176M



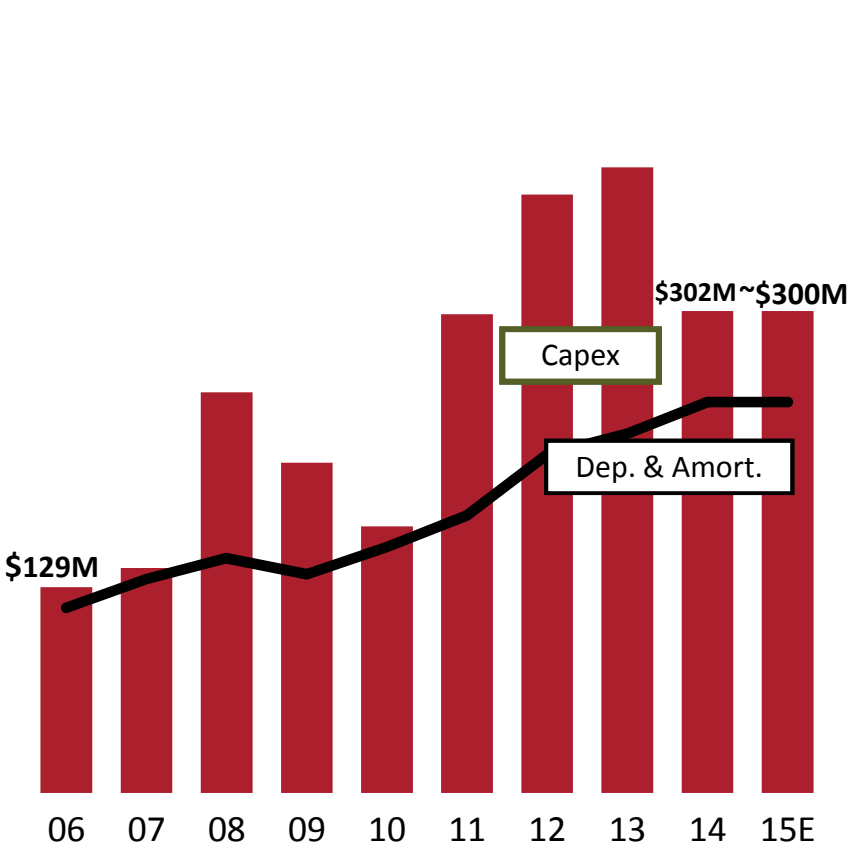
- Q1 2015 sales ~Flat vs Q1 2014
  - Growth in NA and SA
  - Declines in EAME and APAC
- Strong cash flow generation in U.S.
- Longer term:
  - Macro trends driving growth in demand for grain storage and protein production
  - Increases exposure to counter-cyclical protein sector



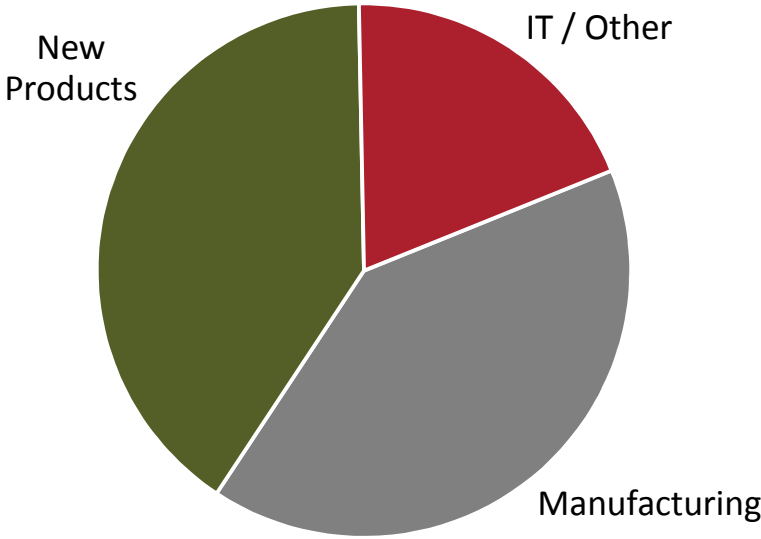


# Capital Expenditures – Investing for Growth

Continuing to Invest

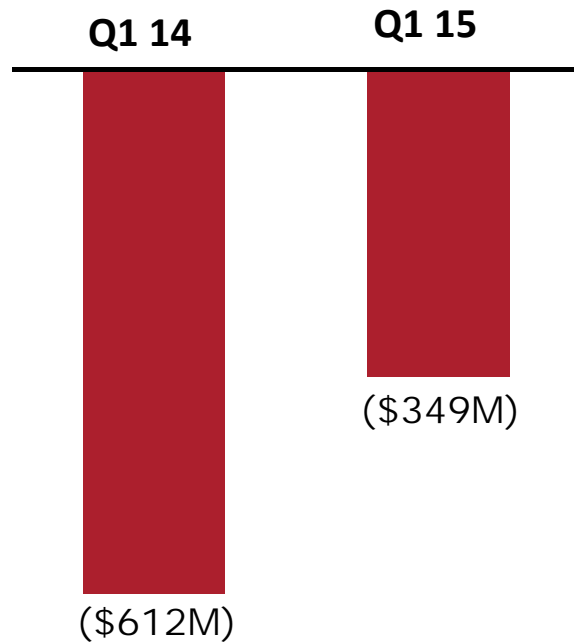


2015 Capex Components

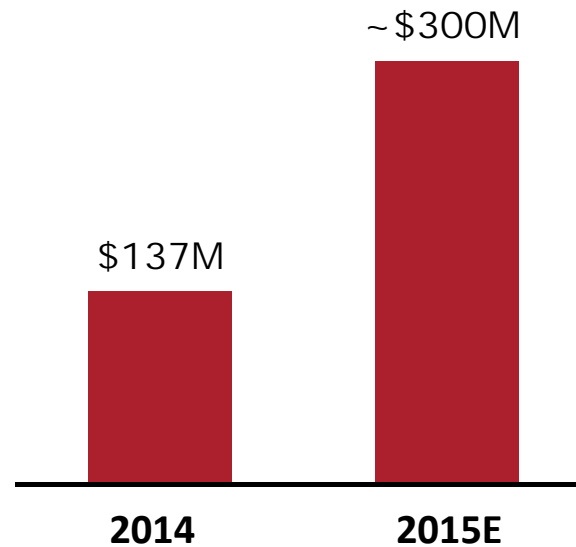


# Free Cash Flow\*

## Q1 Free Cash Flow



## Full-Year Free Cash Flow



Smaller seasonal working capital build in first half of year

Second half of year seasonally stronger for free cash flow

Targeting ~\$300M free cash flow in 2015 after funding capex

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

\* Please see reconciliations to GAAP metrics provided in the appendix to this presentation.



# Returning Cash to Shareholders

Cash to be Returned to Shareholders

## Dividend

- Initiated in 2013
- Raised in Q1 14 and Q1 15



## Share Repurchase

- New \$500M share repurchase program through 2016



# 2015 Assumptions – Summary

- Sales down 19-21% (was 15-17%)
  - softer end markets
  - 2% pricing
  - impact of currency translation expected to be ~11% (was 8%)
- Engineering ~3.6% of sales
- Operating margins of 5.75% to 6.0%
- Pre-tax restructuring charges of approximately \$15M in 2015
- Effective tax rate 35-36%



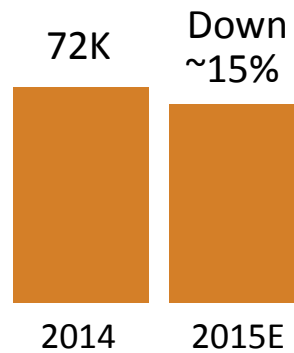
# 2015 Preliminary Market Outlook

## Regional Market Outlook – Industry Unit Retail Tractor Sales (Volume in Units)

### N. America\*



### S. America



### Western Europe



\*Excludes compact tractors



# 2015 Outlook

	2015 Estimates
Sales	\$7.7B to \$7.9B
Adjusted EPS	~\$3.00
CAPEX	~\$300M
Free Cash Flow*	~\$300M



\* Free cash flow is defined as net cash from operations less capital expenditures. See reconciliation to GAAP metrics in the appendix of this presentation.



Appendix



# Non-GAAP To GAAP Reconciliation

## Free Cash Flow

\$M

	Three months ended March 31, 2014	Three months ended March 31, 2015
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	\$ (511.0)	\$ (286.0)
Less:		
Capital expenditures	<u>(101.2)</u>	<u>(62.9)</u>
Free cash flow	<u><u>\$ (612.2)</u></u>	<u><u>\$ (348.9)</u></u>

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

# Non-GAAP To GAAP Reconciliation

## Free Cash Flow

\$M

	Year ended December 31, 2014	Year ended December 31, 2015
Net cash provided by operating activities	\$ 438.4	\$ ~625.0
Less:		
Capital expenditures	(301.5)	~ (325.0)
Free cash flow	<u>\$ 136.9</u>	<u>\$ ~300.0</u>

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

# Non-GAAP To GAAP Reconciliation

## Net Sales \$M

	Three Months Ended March 31,		% change from 2014	Change due to currency translation	
	2015	2014		\$	%
North America	\$ 472.5	\$ 647.5	(27.0)%	\$ (11.0)	(1.7)%
South America	249.0	353.6	(29.6)%	(53.7)	(15.2)%
Europe/Africa/Middle East	908.1	1,235.9	(26.5)%	(198.9)	(16.1)%
Asia/Pacific	73.0	96.4	(24.3)%	(9.2)	(9.5)%
	<u>\$ 1,702.6</u>	<u>\$ 2,333.4</u>	<u>(27.0)%</u>	<u>\$ (272.8)</u>	<u>(11.7)%</u>

# Non-GAAP To GAAP Reconciliation

Three months ended March 31,

	2015			2014		
	Income From Operations	Net Income <sup>(1)</sup>	Earnings Per Share <sup>(1)</sup>	Income From Operations	Net Income <sup>(1)</sup>	Earnings Per Share <sup>(1)</sup>
As adjusted	\$ 57.4	\$ 38.0	\$ 0.43	\$ 155.7	\$ 99.6	\$ 1.03
Restructuring and other infrequent expenses	10.6	7.9	0.09	—	—	—
As reported	\$ 46.8	\$ 30.1	\$ 0.34	\$ 155.7	\$ 99.6	\$ 1.03

(1) Net income and earnings per share amounts are after tax.



## Non-GAAP To GAAP Reconciliation

	<u>March 31,</u> <u>2015</u>	<u>March 31,</u> <u>2014</u>	<u>Change</u> <u>from 2014</u>	<u>Change due</u> <u>to currency</u> <u>translation</u>	<u>Change</u> <u>excluding</u> <u>currency</u> <u>translation</u>
Inventories, net	\$ 1,840.7	\$ 2,442.4	\$ (601.7)	\$ (427.2)	\$ (174.5)

# Non-GAAP To GAAP Reconciliation

	2015
As adjusted	<u>Earnings Per Share <sup>(1)</sup></u> \$3.00
Restructuring and other infrequent expenses	<u>0.11</u>
As targeted	<u><u>\$2.89</u></u>

<sup>(1)</sup>Earnings per share amount is after tax