



**ANALYST BRIEFING  
DECEMBER 18, 2018**

# GREG PETERSON

VICE PRESIDENT INVESTOR RELATIONS



# 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

# AGENDA



**Strategic Update**  
Martin Richenhagen,  
Chairman, President & CEO



**Smart Farming Update**  
Eric Hansotia,  
Senior Vice President & COO

**BREAK**  
five  
minutes



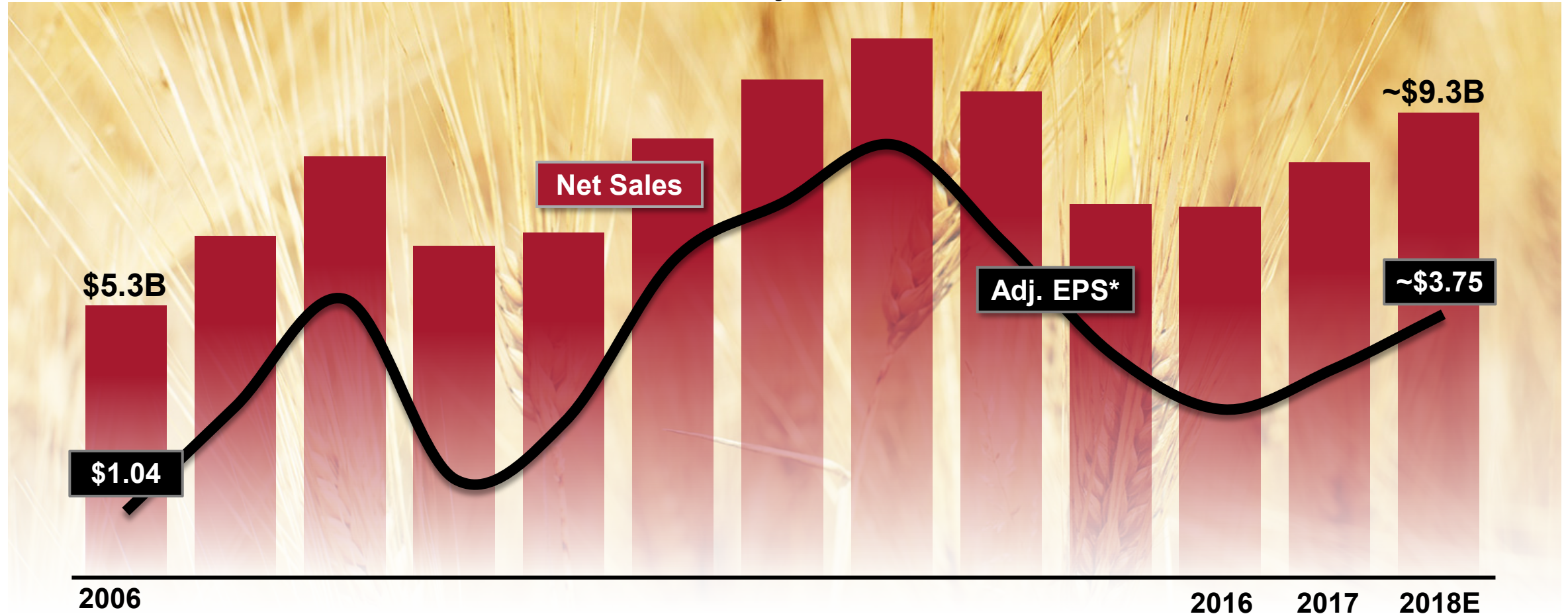
**Financial Update**  
Andy Beck,  
Senior Vice President & CFO

# FORWARD LOOKING STATEMENTS

Forward-looking statements in this presentation, including statements regarding our strategy, demand for our products and the economic and other factors that drive that demand, product development 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, expenses, cost savings, capital expenditures 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, 2017 and subsequent Form 10-Qs. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# EXTENSIVE TRACK RECORD

## Net Sales and Adj. EPS 2006-2018E



# POWERFUL TRENDS SUPPORT LONG TERM GROWTH

## Population Growth



- From 7.3B in 2015 to 8.5B by 2030



## Growth in Middle Class 2X



- From 2.4B in 2015 to 4.9B by 2030



## Changing Diets



- Increasing protein drives greater use of grain

**Long Term Growth**

# MARTIN RICHENHAGEN

CHAIRMAN, PRESIDENT & CEO





# AGENDA

## Executing Consistent Strategy Focused on:

- Beyond industry growth
- Margin expansion and improving ROIC (Andy)

## Regional Opportunities and Focus Areas

## People Initiatives

# AGCO CORPORATION: OUR VISION, MISSION AND PURPOSE

## VISION

High-tech solutions  
for farmers feeding the world

## MISSION

Profitable growth through  
superior customer service,  
innovation, quality and  
commitment

## PURPOSE

Improving farm income



**FENDT**

*Challenger*

**VALTRA**



MASSEY FERGUSON



**AGCO**  
Your Agriculture Company

# EXECUTING CONSISTENT STRATEGY TO DRIVE PROFITABLE GROWTH



# FENDT GLOBALIZATION



## Key Initiatives

Full-line offering

Market boost in NA

Market entry in SA

Improved customer experience

Focused dealer support

Fendt becomes a global, digital full-line brand

# DIGITALIZATION IS GIVING POWER TO OUR CUSTOMERS



DIGITAL CUSTOMER EXPERIENCE

**AGCO's transformation program will be touching digital customer-facing functions across the entire customer journey**



## Enhancements to

Customer Portal & Dealer Workplace

Data Analytics

Configure Price and Quote

E-commerce

CRM & Marketing Automation

# NEW PRODUCTS: GLOBAL SERIES SMALL TRACTOR SUCCESS

From 6+ Heritage Products...

... to one Common MF and Valtra Platform



# COMBINE PLATFORM STRATEGY OBJECTIVES



# IDEAL LAUNCH PLANS AND FINANCIAL IMPACTS

## Progress thru 2018

- Introduced at Agritechnica Nov. 2017
- Produced units for field demos in EME & NA

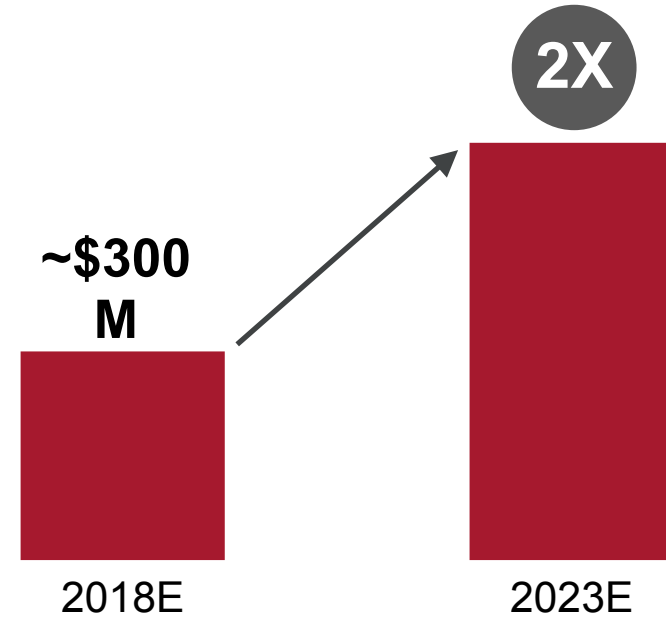
## 2019 Plans

- Introductory sales period in EME, NA & APA
- Demonstrator units produced for SA

## 2020 Plans

- Full production in EME ,NA & APA
- Introductory sales period in SA

## AGCO Combine Sales



- Sales growth
- Margin expansion





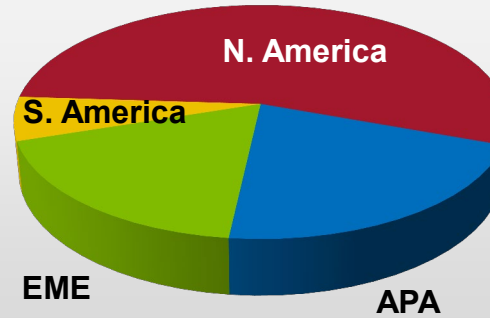
# EXPANSION OF GSI AND PRECISION PLANTING



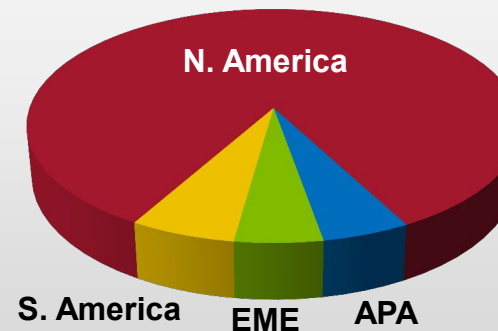
- Grain storage and seed processing equipment
- Commercial egg and animal protein production systems



## Significant Growth Opportunity Outside NA



- Low penetration in developing markets where strong demand for protein exists



- Building sales and dealer infrastructure in Brazil and EME to enable growth

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# EUROPE / MIDDLE EAST (EME) – OUTGROWING THE MARKET

## EME Addressed Markets

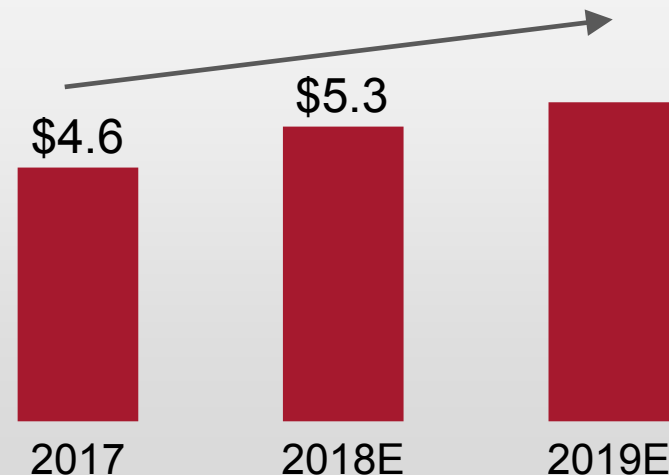
~\$25B



## Current Market Positioning

- Technology leadership in HHP tractors
- Broad distribution network coverage
- Strong brands
- Outperforming industry on sales growth

## AGCO EME Sales (\$B)



## AGCO Strategy Focused On:

- Growing the harvesting business
- Regional expansion
- Move towards full line product offering

# EME SIGNIFICANT GROWTH OPPORTUNITY

## Initiatives

- Expanded harvesting offering through organic developments (IDEAL) & targeted acquisitions (Lely)
- Expanded sprayer line and integrated Fendt track tractors
- Transform dealer network thru performance assessment and training



# EME GROWTH OPPORTUNITY – REGIONAL EXPANSION

- Accelerated profitable market share growth in Eastern Europe and selected Central European markets
  - Exclusive two channel full line networks implemented in Poland and Ukraine in 2018
  - AGCO Partner Excellence Program is increasing dealers' bandwidth and professionalism





# NORTH AMERICA – PROFITABLE GROWTH

## NA Addressed Markets

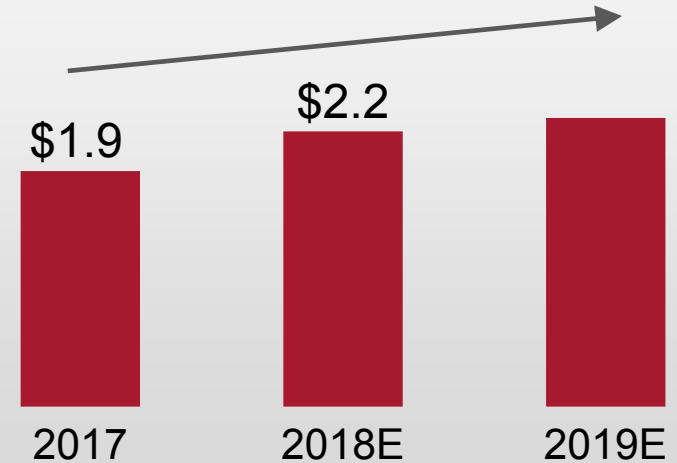
~\$18B



## Current Market Positioning

- Recovering from industry downturn
- Gaining success with Massey Ferguson in small AG
- Strong position in the application and hay segments

## AGCO NA Sales (\$B)



## AGCO Strategy Focused On:

- Improving NA Large Ag dealer network performance
- Improving market position with new product introductions

# GROWTH THRU NEW PRODUCT INTRODUCTIONS

**Fendt IDEAL Combine**



**State-of-the-art combine**

**900 Series Tractor**



**Builds on successful launch of X1000**

**RoGator Air Max**



**56% more capacity and 17% wider spread**



# SOUTH AMERICA – BUILDING ON A STRONG FOUNDATION

## SA Addressed Markets

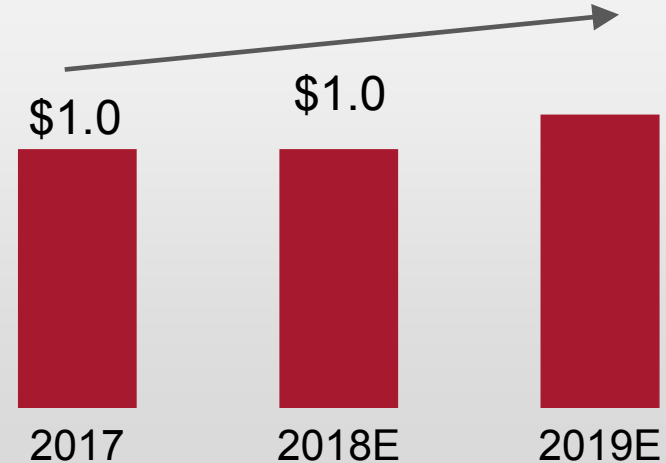
~\$5B



### Current Market Positioning

- Recovering from industry downturn
- Strong brands and distribution in central / southern Brazil
- Technology transition and emission change has negatively impacted margins

## AGCO SA Sales (\$B)



### AGCO Strategy Focused On:

- Technology transition and global series launch
- Cerrado growth through distribution development





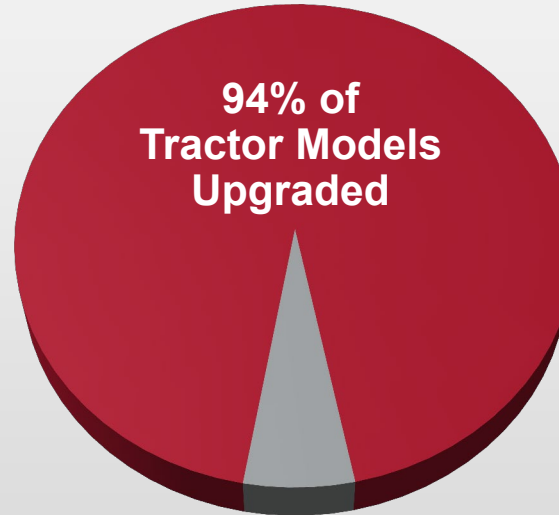
# AGGRESSIVE SA TECHNOLOGY TRANSITION / GLOBAL SERIES LAUNCH

## 2018 and 2019 New Product Introductions

### 2018 - HHP Introductions

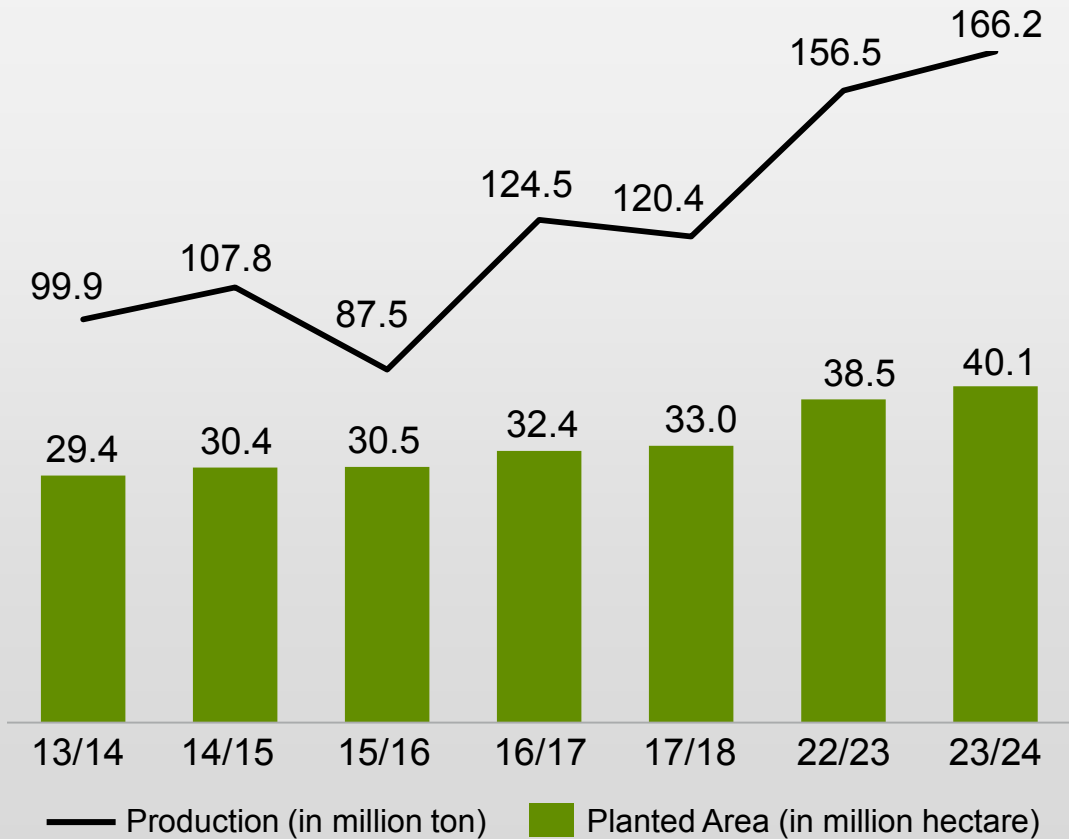


### 2019 - LHP Introductions



# DEALER DEVELOPMENT AND NEW PRODUCTS FOR CERRADO

## Cerrado: Rapidly Growing AG Production



- Key account initiatives implemented and Key account team expanded
- Full Portfolio launch
  - Momentum planter
  - IDEAL combine
  - Sprayer
  - Premium HHP tractor





# ASIA/PACIFIC/AFRICA – WELL POSITIONED FOR ACCELERATED GROWTH

## APA Addressed Markets

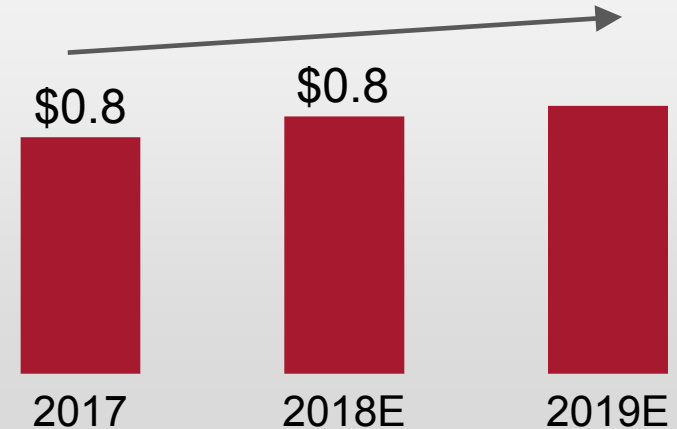
~\$9B



### Current Market Positioning

- Mechanization and technology upgrade continues in Africa, China and Far East markets
- Australia and New Zealand continuing sustainable growth
- Population growth and dietary change in Africa
- Food security and safety high priority especially in China and Africa

## AGCO APA Sales (\$B)



### AGCO Strategy Focused On:

- Dealer development
- Growing the GSI business
- Customer training initiatives

# APA SUB-REGIONAL PRIORITIES

## Australia / New Zealand

**~38% of regional sales**

- Mature, developed market
- Large professional farms
- AGCO strategy focused on:
  - dealer development
  - growing the harvesting business



## China

**~23% of regional sales**

- Developing market
- Small, consolidating farms
- AGCO strategy focused on:
  - grow the GSI business
  - distribution improvement



## Africa

**~14% of regional sales**

- Developing market
- Small, consolidating farms
- AGCO strategy focused on:
  - improving distribution
  - utilizing future farm for training
  - customer segmentation strategy



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# FOCUSED ON PEOPLE INITIATIVES

## Human Capital Development

- Drive high performing workforce
- Attract and inspire excellence in our people



## Diversity

The **TRAIT** diversity and inclusion effort emphasizes how our core values work together to foster an inclusive work environment. It includes four focus areas related to our employees, our community, our suppliers and our customers.



## Sustainable Development

AGCO's strong commitment to specific Sustainable Development Goals developed by the United Nations with the **holistic approach to prevent and relieve global hunger and provide basic necessities to a growing world population.**

