



# Fourth Quarter 2013

## Financial and Operational Results



# Forward Looking Statements

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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, 2012. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# Financial Summary



\$M\*

	Q4 13	Q4 13 v Q4 12	YTD 2013	YTD 13 vs YTD 12
Net Sales	<b>\$2,859.7</b>	+5.8%	<b>\$10,786.9</b>	+8.3%
Gross margin	<b>20.7%</b>	+114 bps	<b>22.2%</b>	+85 bps
Adj. Operating income**	<b>\$197.2</b>	+39.6%	<b>\$900.7</b>	+25.9%
Adj. Operating margin**	<b>6.9%</b>	+167 bps	<b>8.4%</b>	+117 bps
Adj. Diluted EPS**	<b>\$1.40</b>	+\$0.41	<b>\$6.01</b>	+\$0.76










\*Except per share amounts

\*\* Reflects adjusted results, which exclude infrequent items during 2012. Please see the reconciliations to GAAP metrics provided in the appendix to this presentation.

# Industry Overview



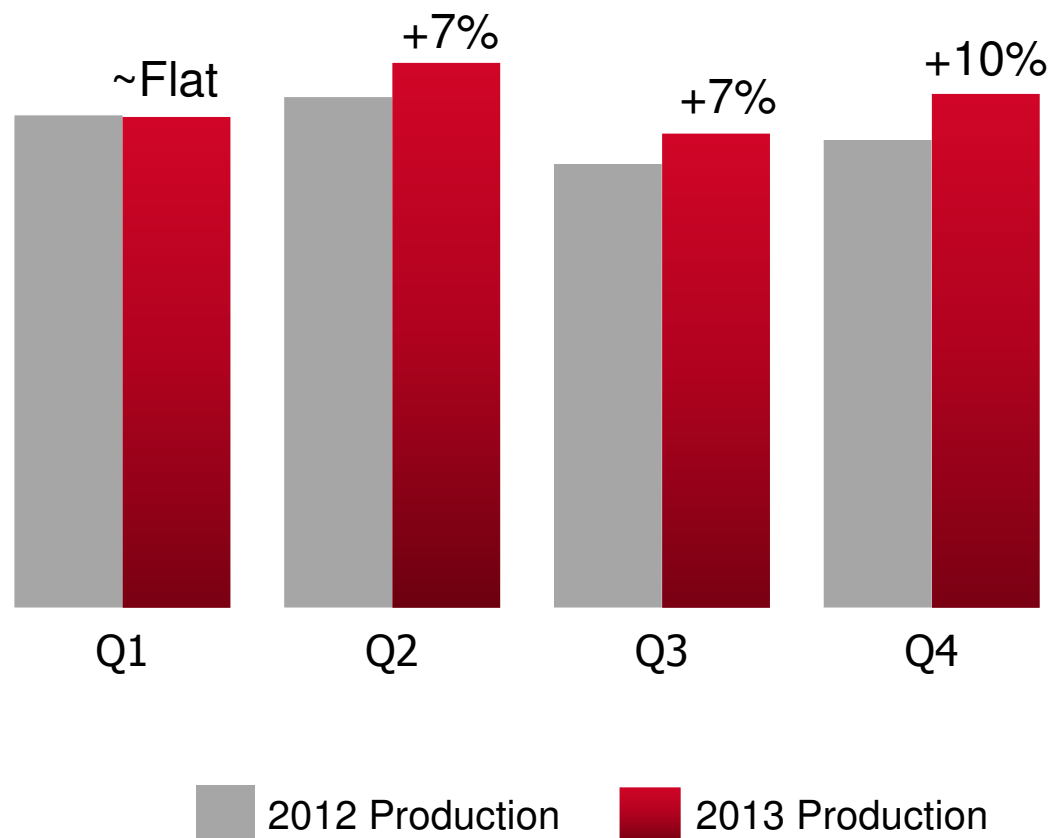
## December Year-to-Date Retail Units

North America		2013 vs. 2012	
	 Tractors	• Industry	+ 9%
	 Combines	• Industry	+ 8%
Western Europe		2013 vs. 2012	
	 Tractors	• Industry	(1%)
	 Combines	• Industry	(10%)
South America		2013 vs. 2012	
	 Tractors	• Industry	+17%
	 Combines	• Industry	+35%

# Tractor/Combine Production

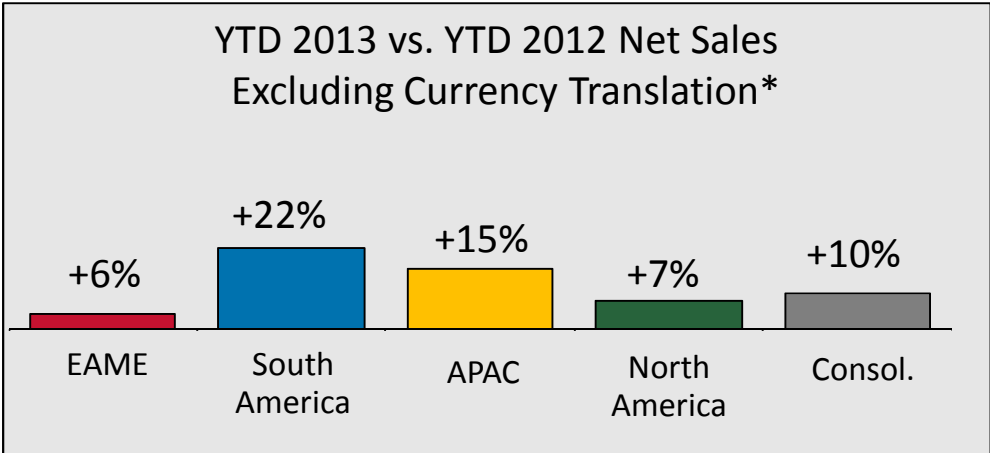
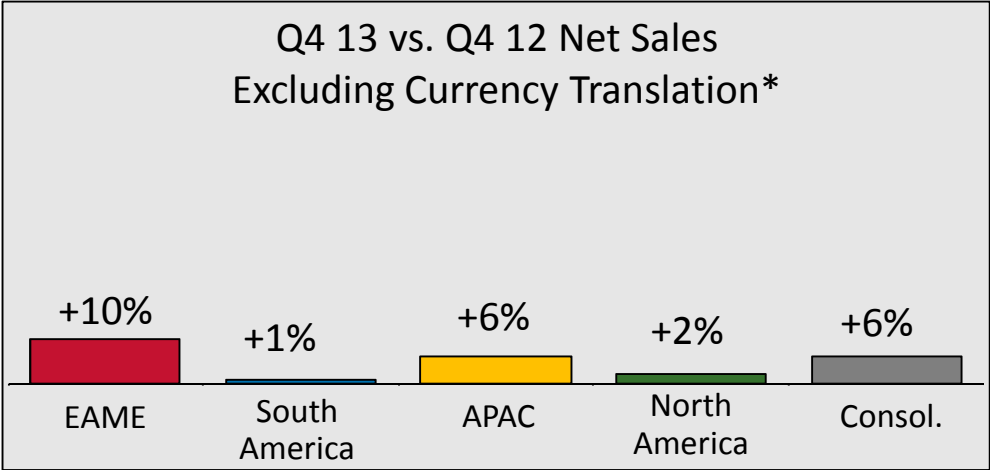
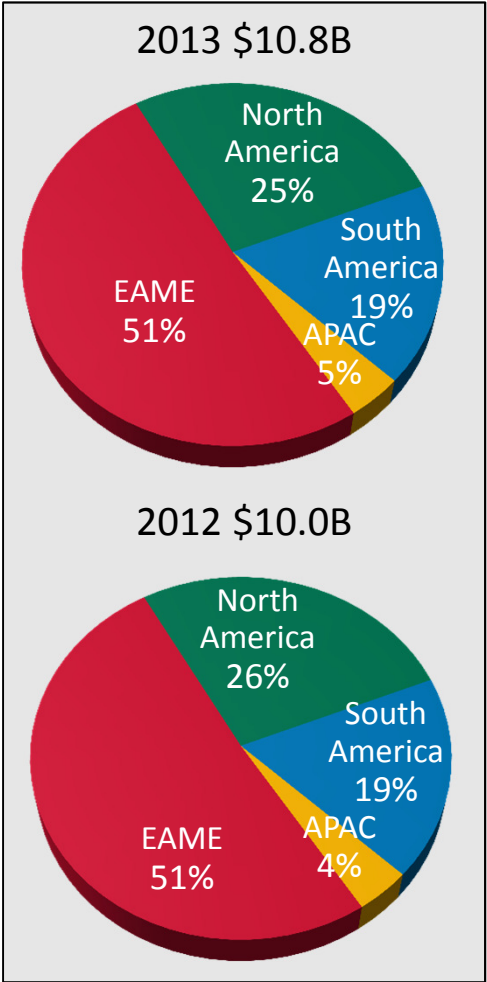


## Production Units



- Production in 2013 up ~5% vs. 2012
  - Strong Growth in SA
  - Modest growth in NA and Europe

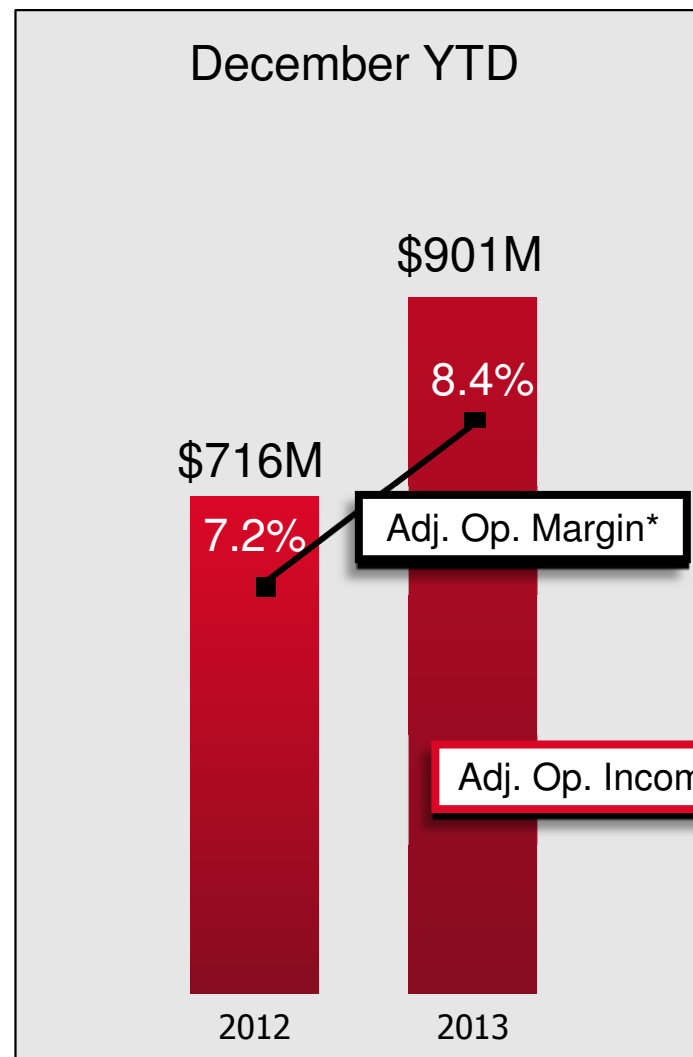
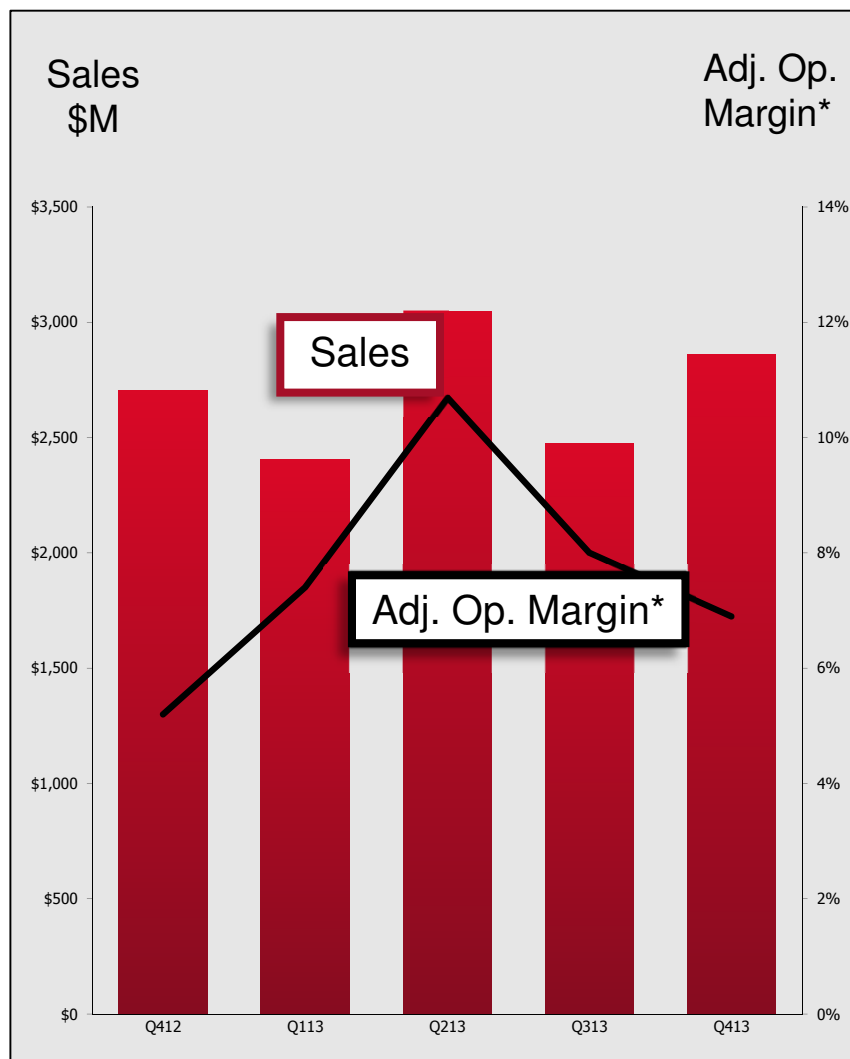
# Regional Net Sales Results



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



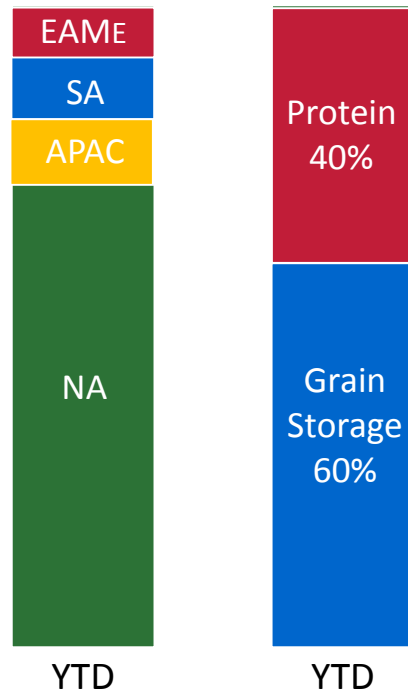
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## Sales

(Year ended December 2013)

\$772M



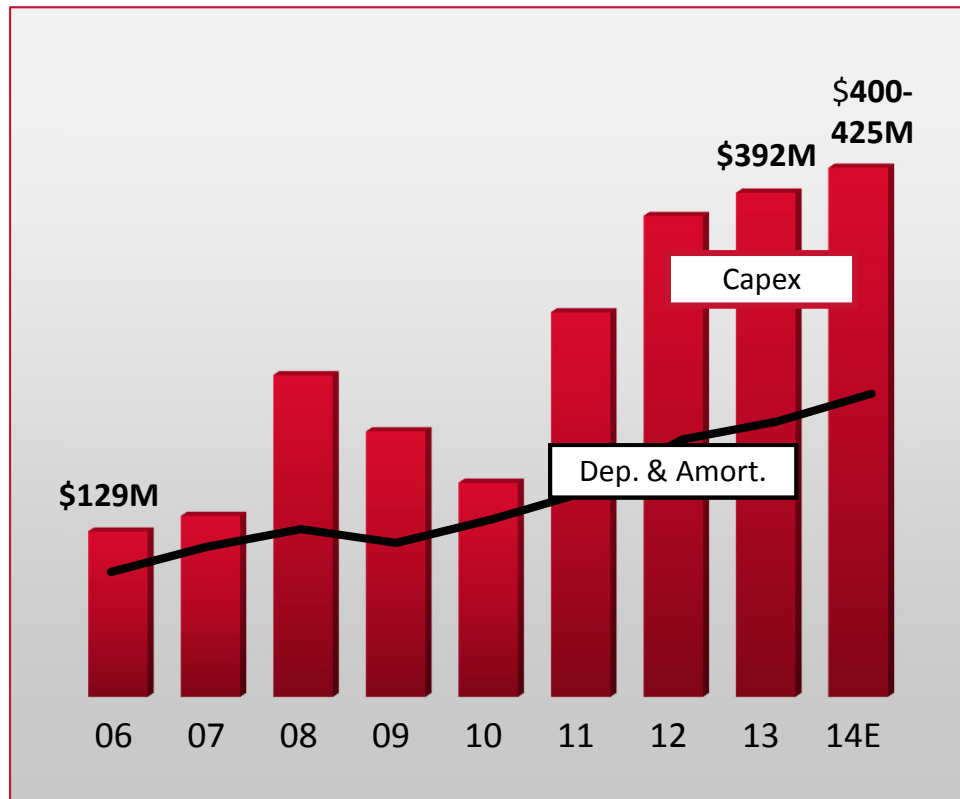
- YTD 13 sales up 6% vs YTD 12
- 2014 GSI sales expected to be up 10-15% vs 2013
- Strong cash flow generation in U.S.
- Longer term:
  - Macro trends driving growth in demand for grain storage and protein production
  - Increases exposure to counter-cyclical protein sector



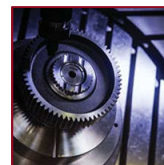
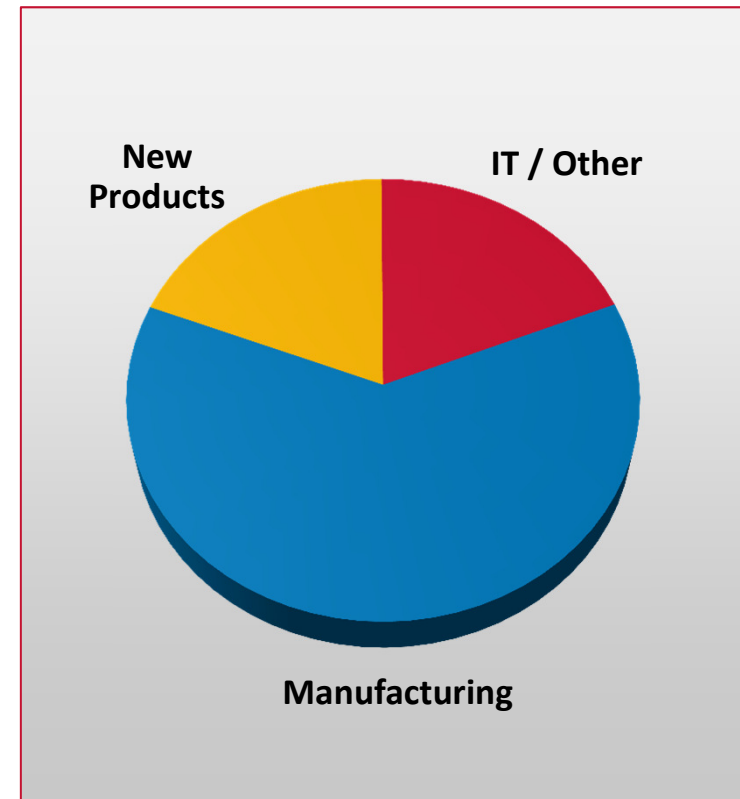


# Capital Expenditures – Investing for Growth

## Continuing to Invest



## 2014 Capex Components



# Free Cash Flow\*

## Free Cash Flow

(Year Ended Dec. 31 )



- Strong fourth quarter produced robust full-year free cash flow
- Targeting FCF for 2014 of \$250M+ after elevated CAPEX

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

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

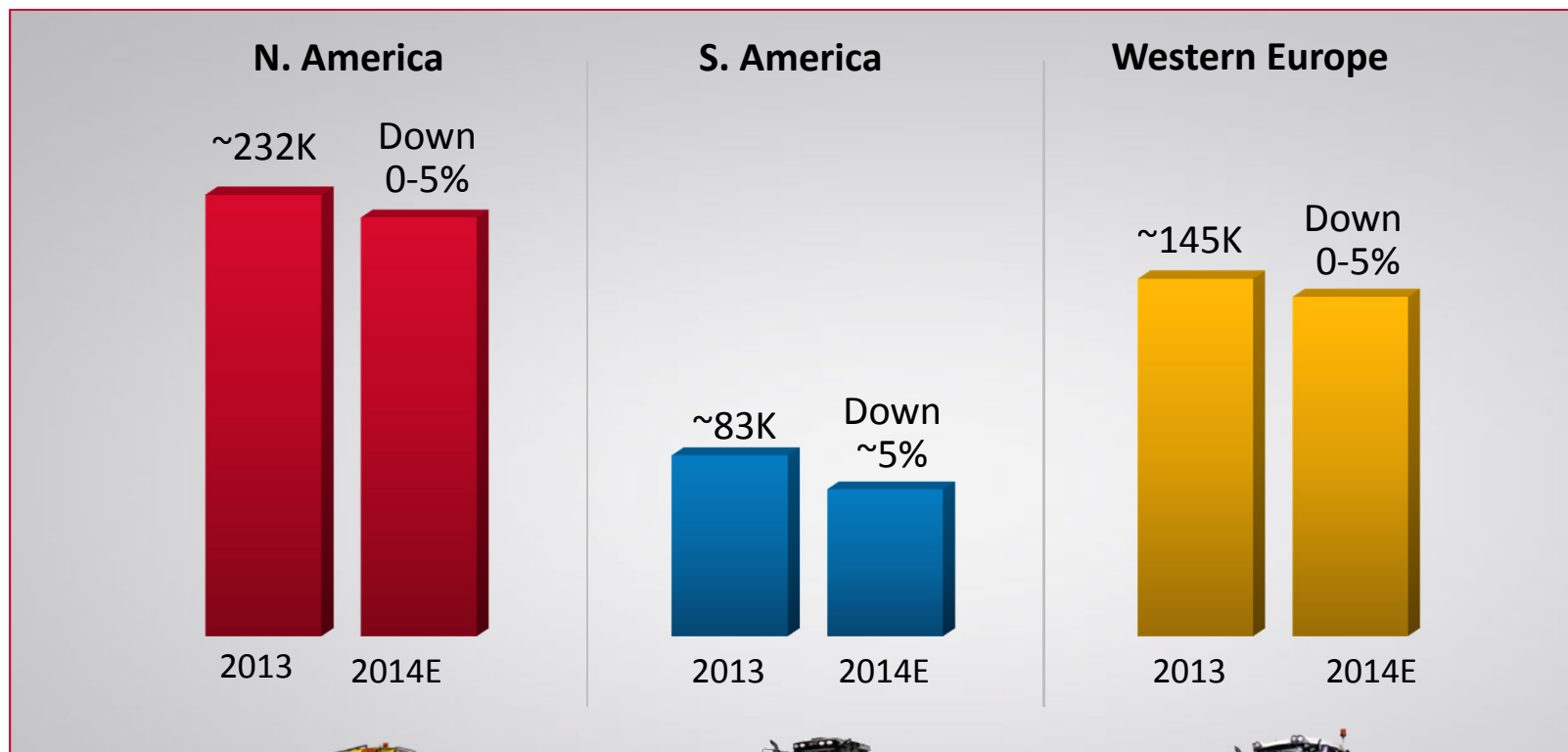


# Returning Cash to Shareholders



# 2014 Market Outlook

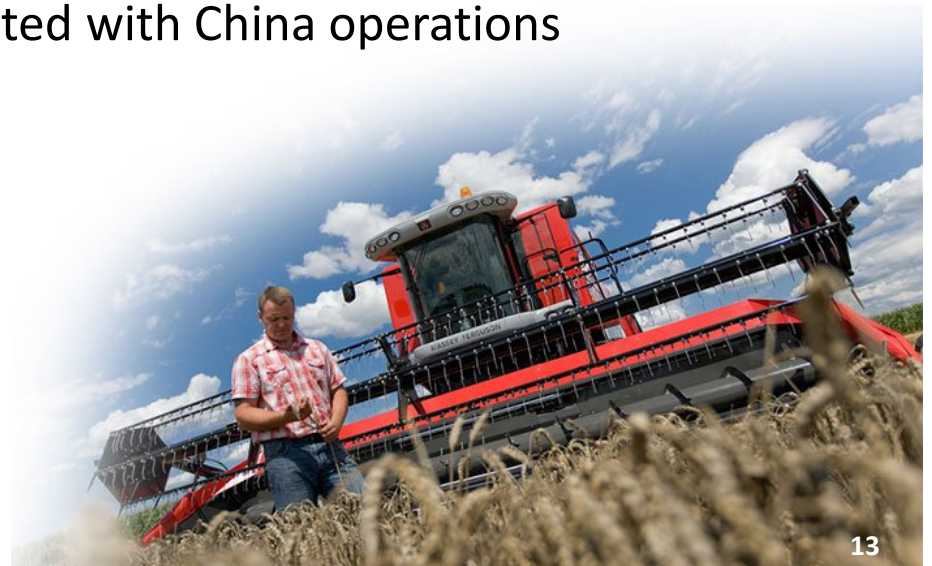
## Regional Market Outlook – Industry Unit Retail Tractor Sales (Volume in Units)



# 2014 Assumptions – Summary

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- Stable Sales
  - softer end markets
  - ~2% pricing
  - impact of currency translation expected to be neutral
- ~\$15M increase in engineering expense for new product development, Centurion, platform and tier 4 emission requirements
- Gross margin improvement
- ~\$10 million of start-up expense associated with China operations
- Effective tax rate 34-35%



# 2014 Outlook



2014 Estimates	
Sales	\$10.8B to \$11.0B
EPS	~\$6.00
CAPEX	\$400-\$425M
Free Cash Flow*	~\$250M+



\* Free cash flow is defined as net cash from operations less capital expenditures. See reconciliation to GAAP metrics in the appendix of this presentation 14



# Appendix



# Non-GAAP To GAAP Reconciliation



\$M  
(except per share amts)

Three months ended December 31,

	2013			2012		
	Income From Operations	Net Income <sup>(1)</sup>	Net Income Per Share <sup>(1)</sup>	Income From Operations	Net Income <sup>(1)</sup>	Net Income Per Share <sup>(1)</sup>
As adjusted	\$ 197.2	\$ 139.3	\$ 1.40	\$ 141.3	\$ 98.0	\$ 0.99
Tax adjustments	—	—	—	—	(26.9)	(0.27)
Impairment charge	—	—	—	22.4	22.4	0.22
As reported	\$ 197.2	\$ 139.3	\$ 1.40	\$ 118.9	\$ 102.5	\$ 1.04

(1) After tax.

See accompanying notes in the Company's press release.



# Non-GAAP To GAAP Reconciliation



\$M  
(except per share amts)

Years ended December 31,

	2013			2012		
	Income From Operations	Net Income <sup>(1)</sup>	Net Income Per Share <sup>(1)</sup>	Income From Operations	Net Income <sup>(1)</sup>	Net Income Per Share <sup>(1)</sup>
As adjusted	\$ 900.7	\$ 597.2	\$ 6.01	\$ 715.6	\$ 517.6	\$ 5.25
Tax adjustments	—	—	—	—	(26.9)	(0.27)
Impairment charge	—	—	—	22.4	22.4	0.22
As reported	<u>\$ 900.7</u>	<u>\$ 597.2</u>	<u>\$ 6.01</u>	<u>\$ 693.2</u>	<u>\$ 522.1</u>	<u>\$ 5.30</u>

(1) After tax.

See accompanying notes in the Company's press release.

# Non-GAAP To GAAP Reconciliation



## Free Cash Flow

\$M

	Year ended December 31, 2013	Year ended December 31, 2012
Net cash provided by operating activities	\$ 797.0	\$ 666.4
Less:		
Capital expenditures	(391.8)	(340.5)
Free cash flow	<u>\$ 405.2</u>	<u>\$ 325.9</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 December 31,		% change from 2012	Change due to currency translation	
	2013	2012		\$	%
North America	\$ 658.1	\$ 652.3	0.9 %	\$ (4.0)	(0.6)%
South America	461.7	511.9	(9.8)%	(52.7)	(10.3)%
Europe/Africa/Middle East	1,602.9	1,406.5	14.0 %	53.8	3.8 %
Asia/Pacific	137.0	132.7	3.2 %	(4.1)	(3.1)%
	<u>\$ 2,859.7</u>	<u>\$ 2,703.4</u>	<u>5.8 %</u>	<u>\$ (7.0)</u>	<u>(0.3)%</u>

	Years Ended December 31,		% change from 2012	Change due to currency translation	
	2013	2012		\$	%
North America	\$ 2,757.8	\$ 2,584.4	6.7%	\$ (7.7)	(0.3)%
South America	2,039.7	1,855.7	9.9%	(220.2)	(11.9)%
Europe/Africa/Middle East	5,481.5	5,073.7	8.0%	115.9	2.3 %
Asia/Pacific	507.9	448.4	13.3%	(9.5)	(2.1)%
	<u>\$ 10,786.9</u>	<u>\$ 9,962.2</u>	<u>8.3%</u>	<u>\$ (121.5)</u>	<u>(1.2)%</u>