



# THIRD QUARTER 2019

## FINANCIAL AND OPERATIONAL RESULTS

# FORWARD LOOKING STATEMENTS

Forward-looking statements in this presentation, including statements regarding demand, product development and capital expenditure 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, production levels, share repurchases, and our future revenue, price levels, earnings, cash flow, tax rates 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, 2018 and subsequent form 10-Q filings. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# FINANCIAL SUMMARY

\$M\*\*

Reported	Q3 19	Q3 19 v Q3 18	YTD 19	YTD 19 v YTD 18
<b>Net Sales</b>	<b>\$2,109.4</b>	(4.8)%	<b>\$6,527.8</b>	(3.4)%
<b>Gross margin</b>	<b>21.3%</b>	(5) bps	<b>22.5%</b>	+95 bps
<b>Operating income</b>	<b>\$105.9</b>	(4.9)%	<b>\$397.9</b>	+20.6%
<b>Operating margin</b>	<b>5.0%</b>	flat	<b>6.1%</b>	+120 bps
<b>Diluted EPS</b>	<b>\$0.10</b>	\$(0.79)	<b>\$2.77</b>	+\$0.44










Adjusted	Q3 19	Q3 19 v Q3 18	YTD 19	YTD 19 v YTD 18
<b>Adj. Operating income*</b>	<b>\$107.2</b>	(5.0)%	<b>\$400.9</b>	+17.9%
<b>Adj. Operating margin*</b>	<b>5.1%</b>	flat	<b>6.1%</b>	+110 bps
<b>Diluted Adjusted EPS*</b>	<b>\$0.82</b>	\$(0.09)	<b>\$3.50</b>	+\$0.92

\* Reflects adjusted results. Please see reconciliations provided in the appendix to this presentation. \*\*Except per share amounts



# INDUSTRY OVERVIEW

## September 2019 Year-to-Date Retail Units

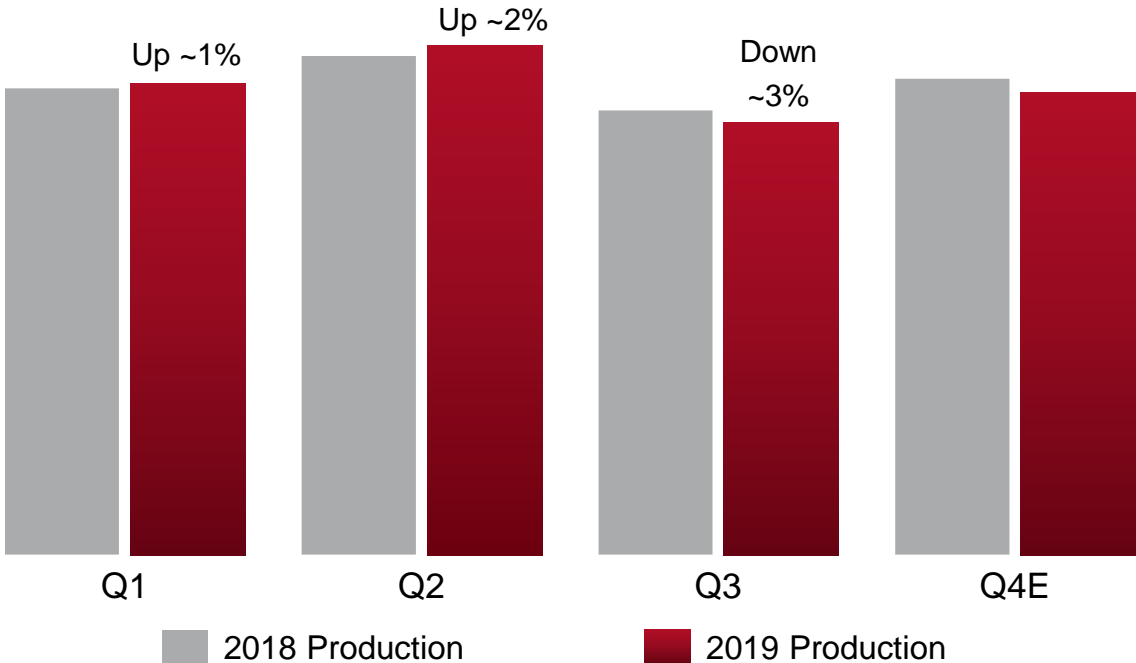
North America		2019 vs. 2018	
	 Tractors	• Industry	~ Flat*
	 Combines	• Industry	(7)%
Western Europe		2019 vs. 2018	
	 Tractors	• Industry	2%**
	 Combines	• Industry	(16)%
South America		2019 vs. 2018	
	 Tractors	• Industry	(13)%
	 Combines	• Industry	7%

\* Excludes compact tractors

\*\* Based on Company estimates

# 2019 PRODUCTION

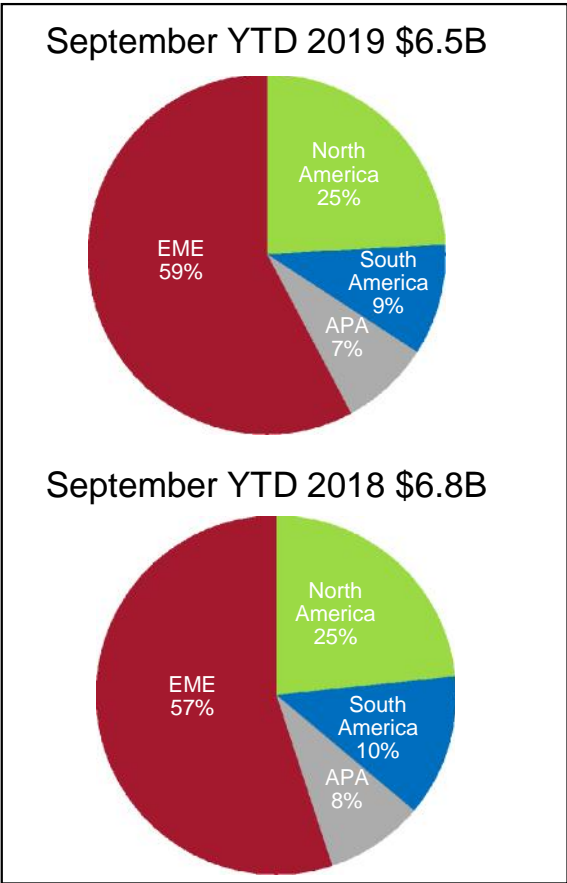
## AGCO Production Hours



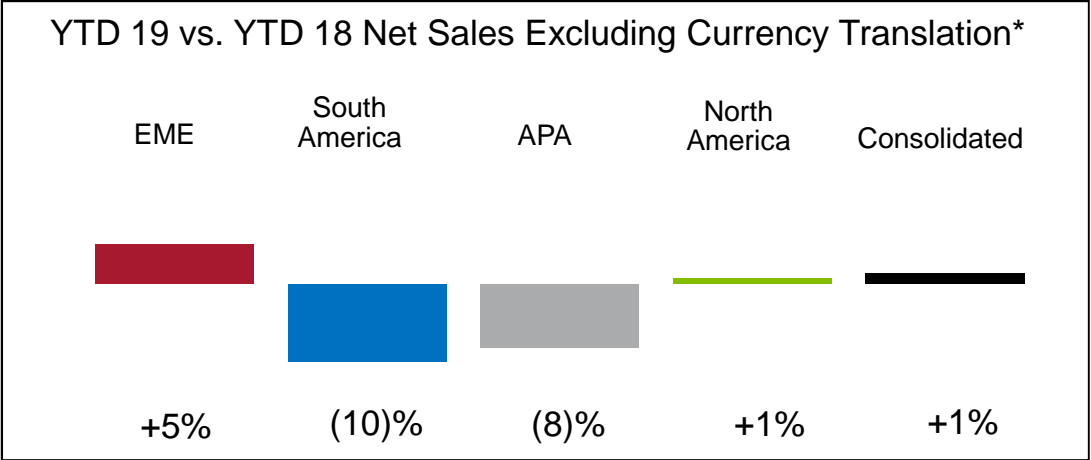
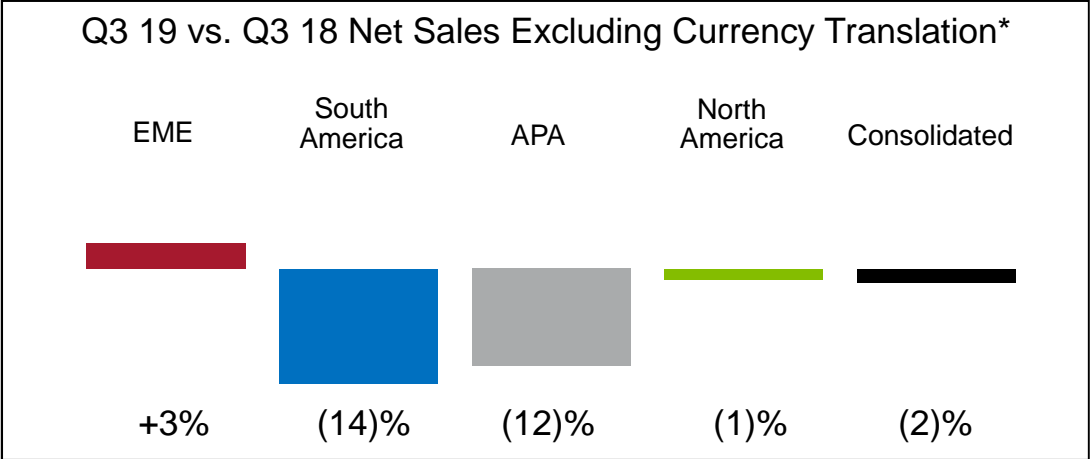
- Q3 19 production down ~3% vs. Q3 18
- Full year 2019 production expected to be down approximately 1% vs. 2018



# Regional Net Sales Results

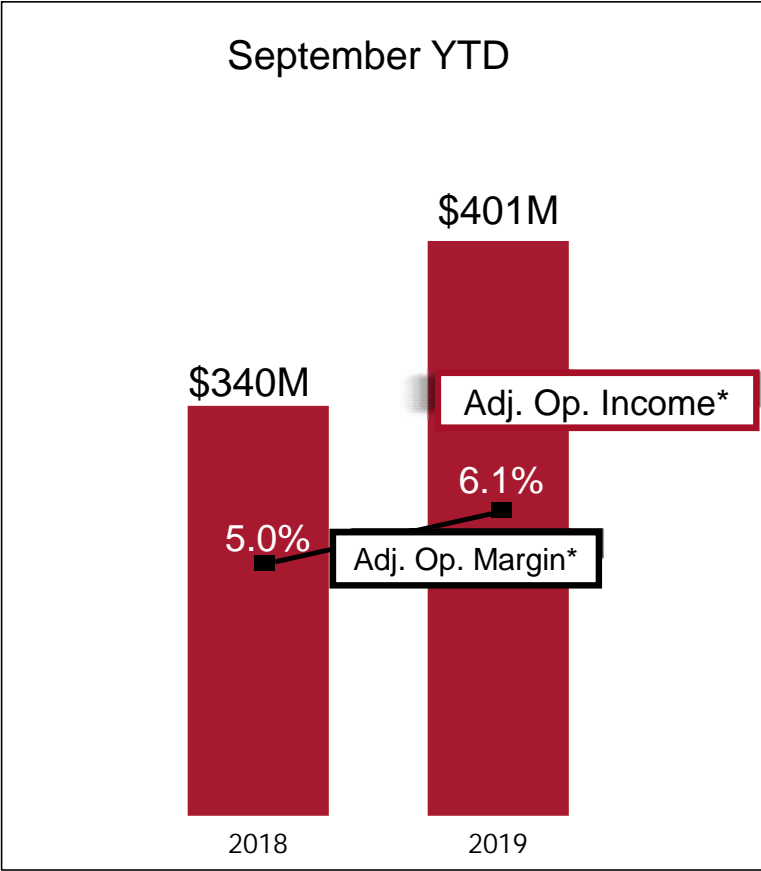
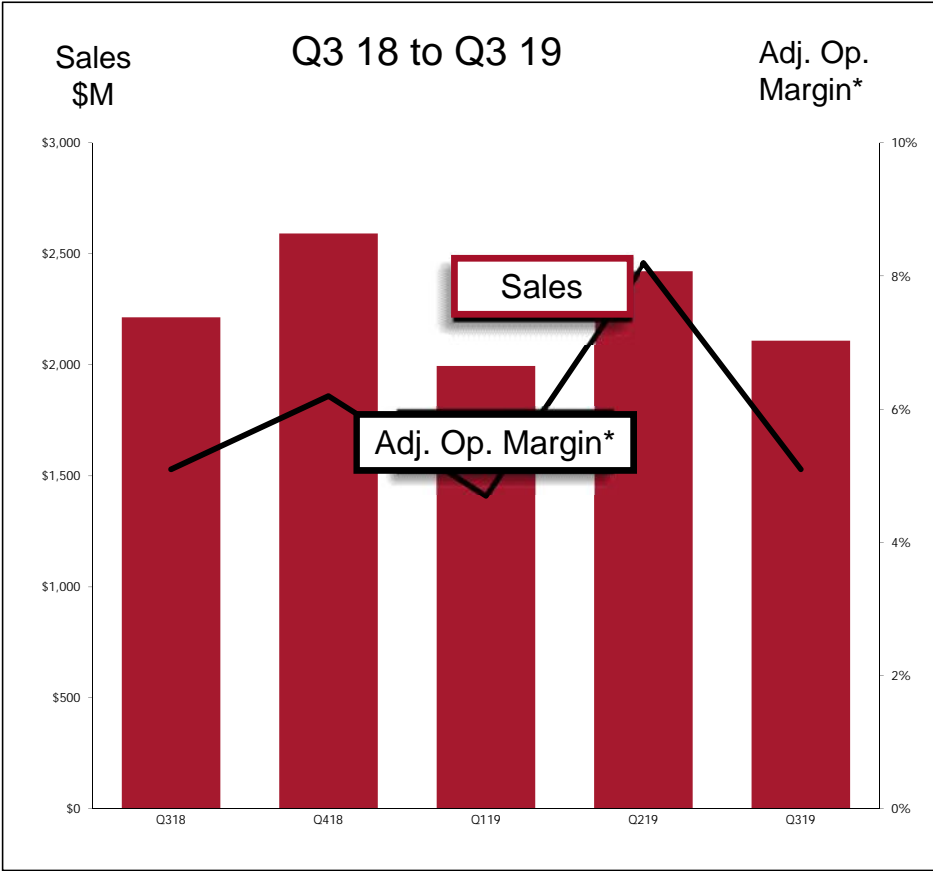


EME – Europe/Middle East    APA – Asia/Pacific/Africa



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

# NET SALES, OPERATING INCOME AND OPERATING MARGINS



\* Reflects adjusted results, which exclude restructuring expenses. Please see reconciliations provided in the appendix to this presentation.

# GRAIN AND PROTEIN RESULTS



- ▶ September 2019 YTD sales decreased 1% vs 2018 on a constant currency basis
  - Growth in sales of grain and seed equipment of 4%
  - Decline in sales of protein production equipment of 7%
- ▶ Longer term:
  - Macro trends driving growth in demand for grain storage and protein production
  - Increases exposure to counter-cyclical protein sector



## September 2019 YTD Sales

### By Region

\$793M



2019

### By Product

\$793M

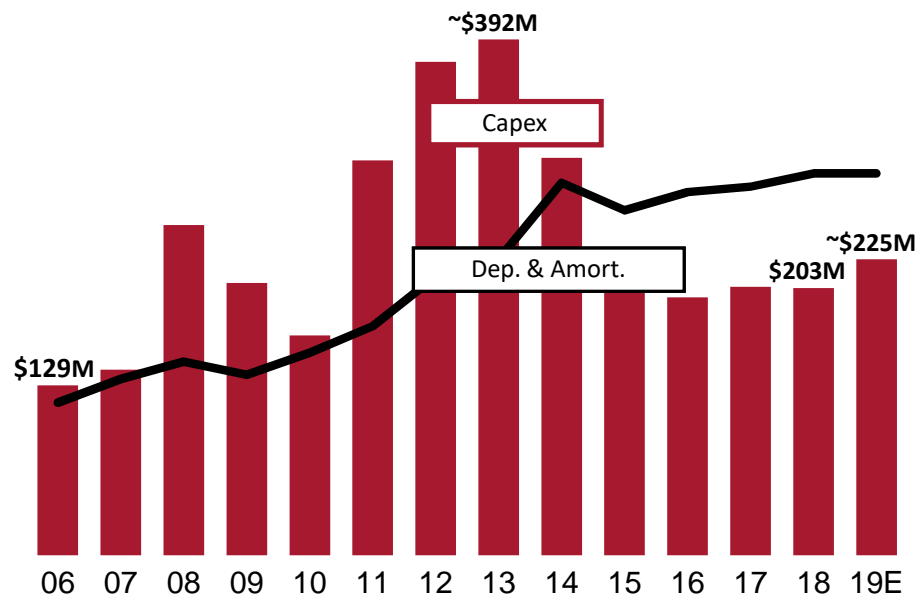


2019

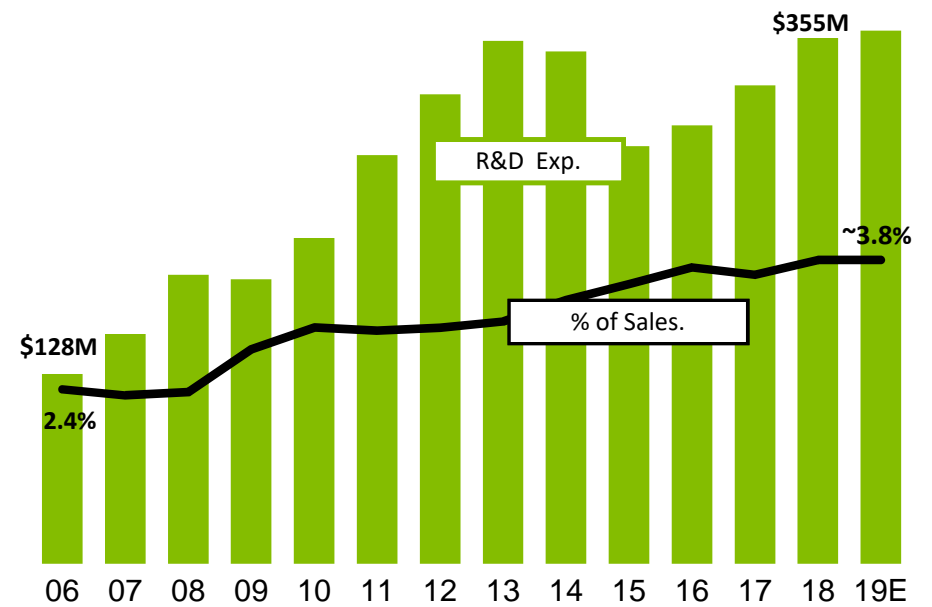


# INVESTING FOR GROWTH

## CAPEX

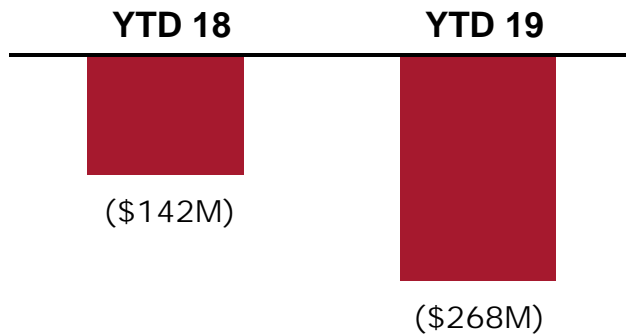


## Engineering Expenses

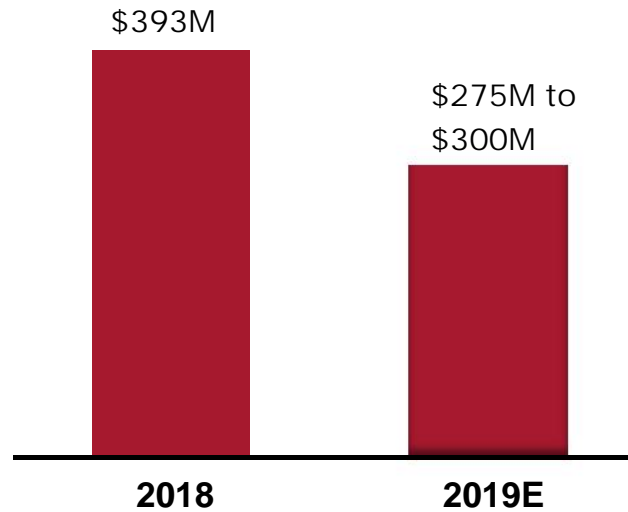


# FREE CASH FLOW\*

## YTD Free Cash Flow



## Full-Year Free Cash Flow



Fourth quarter seasonally stronger for free cash flow  
Targeting \$275M to \$300M free cash flow in 2019

Note: Free cash flow is defined as net cash (used in) provided by 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**

## Dividends

- ▶ Initiated in 2013
- ▶ Ambition to grow

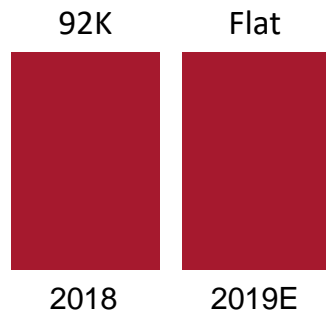
## Share Repurchases

- ▶ Completed ~\$1.3B over last 6+ years
- ▶ ~\$100M completed YTD 2019

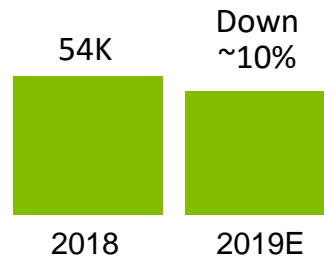
# 2019 MARKET OUTLOOK

## Regional Market Outlook – Industry Unit Retail Tractor Sales

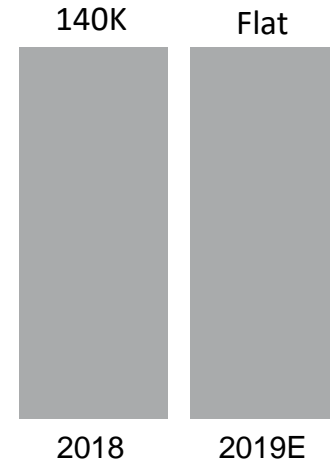
### N. America\*



### S. America



### Western Europe



\*Excludes compact tractors

# 2019 ASSUMPTIONS: SUMMARY



- ▶ 2019 sales down ~2% vs 2018
  - Softening end-market demand
  - Pricing +~2.0%
  - Negative currency translation ~ -4.0%
- ▶ Engineering up ~\$10M on constant currency basis vs 2018
- ▶ Operating margin improvement

# 2019 OUTLOOK



	2019 Estimates
Sales	~\$9.3B
Adjusted EPS*	~\$5.10
CAPEX	~\$225M
Free Cash Flow*	\$275M to \$300M

14 \* See reconciliation to GAAP metrics in the appendix of this presentation  
Note: Free cash flow is defined as net cash (used in) provided by operating activities less capital expenditures.

# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

## Free Cash Flow

\$M	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net cash used in operating activities	\$ (80.2)	\$ (4.0)
Less:		
Capital expenditures	(188.1)	(138.5)
Free cash flow	<u>\$ (268.3)</u>	<u>\$ (142.5)</u>

	Year ended December 31, 2019	Year ended December 31, 2018
Net cash provided by operating activities	\$ 500 to 525	\$ 595.9
Less:		
Capital expenditures	~(225)	(203.3)
Free cash flow	<u>\$ 275 to 300</u>	<u>\$ 392.6</u>

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



## RECONCILIATION OF CURRENCY TRANSLATION IMPACTS TO NET SALES

Net Sales

⸮

	Three Months Ended September 30,			Change due to currency translation	
	2019	2018	% change from 2018	\$	%
North America	\$ 536.2	\$ 545.5	(1.7)%	\$ (1.9)	(0.3)%
South America	239.4	281.1	(14.8)%	(1.2)	(0.4)%
Europe/Middle East	1,145.7	1,164.5	(1.6)%	(56.6)	(4.9)%
Asia/Pacific/Africa	188.1	223.6	(15.9)%	(8.2)	(3.7)%
	<u>\$ 2,109.4</u>	<u>\$ 2,214.7</u>	<u>(4.8)%</u>	<u>\$ (67.9)</u>	<u>(3.1)%</u>

	Nine Months Ended September 30,			Change due to currency translation	
	2019	2018	% change from 2018	\$	%
North America	\$ 1,651.3	\$ 1,648.9	0.1 %	\$ (9.1)	(0.6)%
South America	581.3	682.8	(14.9)%	(35.0)	(5.1)%
Europe/Middle East	3,813.5	3,873.4	(1.5)%	(253.9)	(6.6)%
Asia/Pacific/Africa	481.7	554.7	(13.2)%	(29.0)	(5.2)%
	<u>\$ 6,527.8</u>	<u>\$ 6,759.8</u>	<u>(3.4)%</u>	<u>\$ (327.0)</u>	<u>(4.8)%</u>

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

Three Months Ended September 30,

	2019			2018		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 105.9	\$ 7.6	\$ 0.10	\$ 111.3	\$ 71.1	\$ 0.89
Restructuring expenses	1.3	1.3	0.02	1.5	1.1	0.01
Deferred income tax adjustment	—	53.7	0.70	—	—	—
As adjusted	\$ 107.2	\$ 62.6	\$ 0.82	\$ 112.8	\$ 72.2	\$ 0.91

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

Nine Months Ended September 30,

	2019			2018		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 397.9	\$ 213.5	\$ 2.77	\$ 329.9	\$ 186.8	\$ 2.33
Restructuring expenses	3.0	2.5	0.03	10.1	7.3	0.09
Deferred income tax adjustment	—	53.7	0.70	—	—	—
Extinguishment of debt	—	—	—	—	12.7	0.16
As adjusted	\$ 400.9	\$ 269.7	\$ 3.50	\$ 340.0	\$ 206.8	\$ 2.58

# NON-GAAP TO GAAP RECONCILIATION

Year ended December 31, 2019

As targeted  
Restructuring expenses  
Deferred income tax adjustment  
As adjusted targeted

<u>Net Income Per Share</u>	
\$	4.37
	0.03
	0.70
\$	<u>5.10</u>