

# EME REGION UPDATE

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# AGENDA

**European Ag Overview**



AGCO's EME Business



Key Strategic Initiatives Driving Profitable Growth



# FARM INCOME SUPPORTING MARKET STABILITY

## EME Market Environment



2017 farm income up after a three year drop\*

€165+bn\*  
Farm Income  
Projection 2018



**Positive market outlook** continues in dairy and livestock due to dairy price increases

European Milk Prices  
Stabilized after  
**2017 Recovery**



Economic drivers supporting **stable tractor industry in 2018**

Tractor Industry  
Forecast 2018  
**~Flat**

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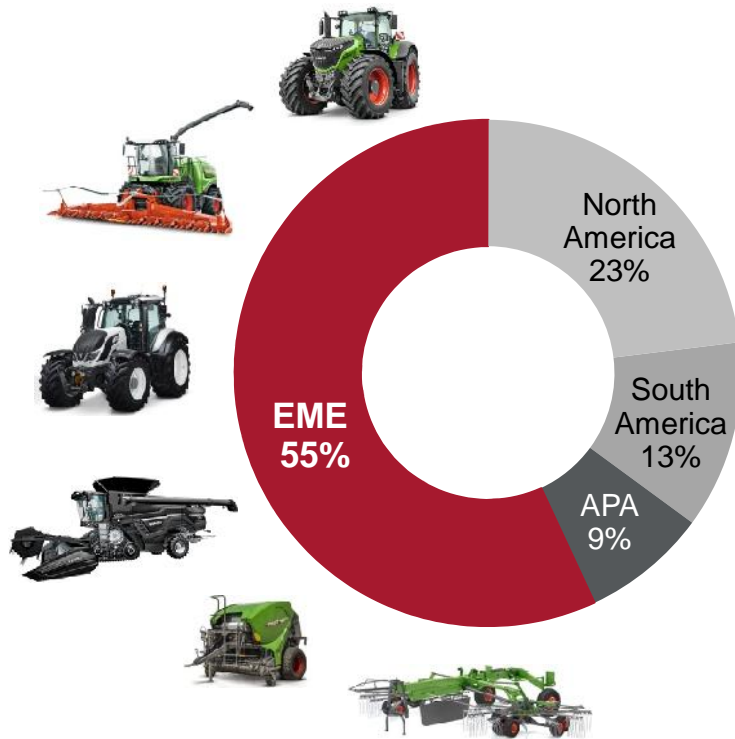


Key Strategic Initiatives Driving Profitable Growth



# MARKET LEADER IN EUROPEAN AG MACHINERY INDUSTRY

## AGCO Total Sales Breakdown



## Key EME Metrics

Annual Revenue (2017E)

~\$4.6B

Countries Covered

67

No of Dealers

~830

Employees

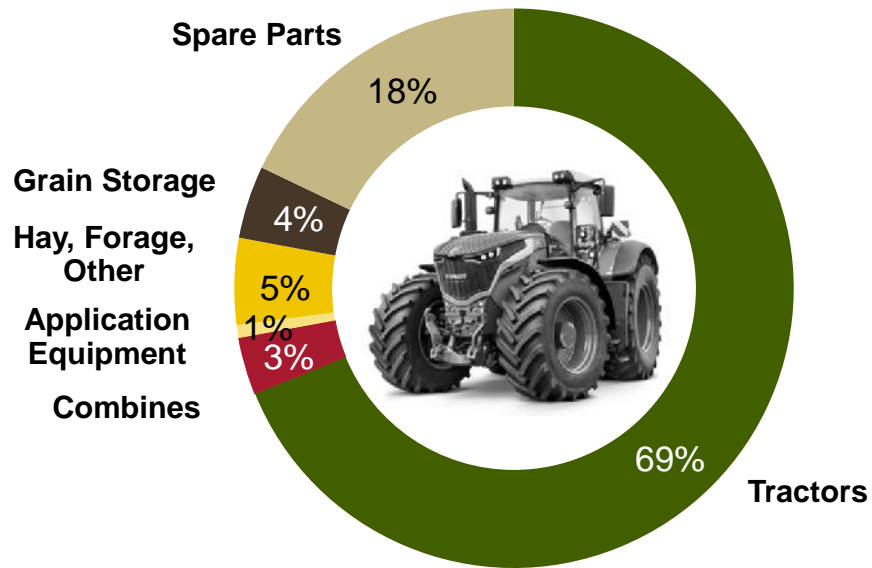
10,900

Manufacturing Plants

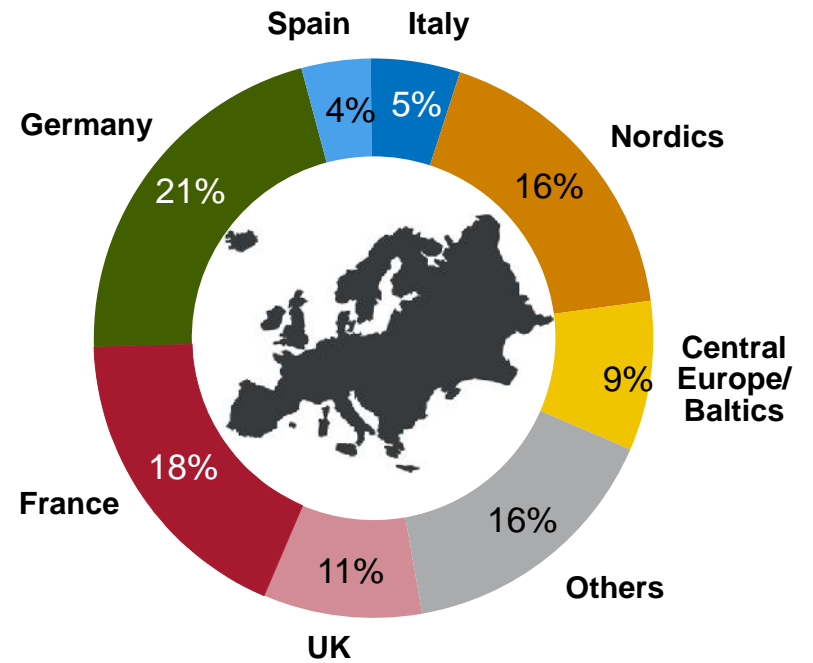
16

# DIVERSIFIED PRODUCTS AND COUNTRIES

2017E AGCO EME Sales by Product



2017E AGCO EME Sales by Country





# OUTPERFORMED THE MARKET WITH FOCUS ON PROFITABILITY

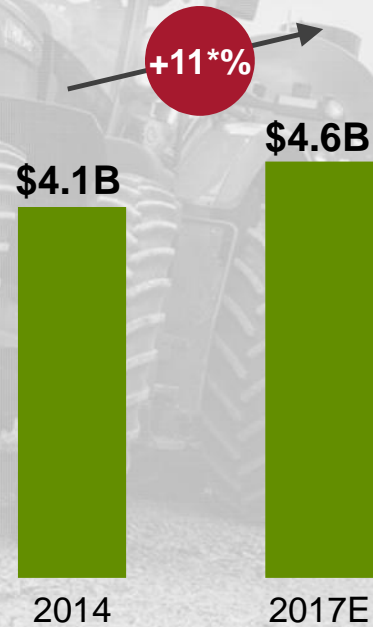
## Despite Market Declining...

### Tractor Unit Sales

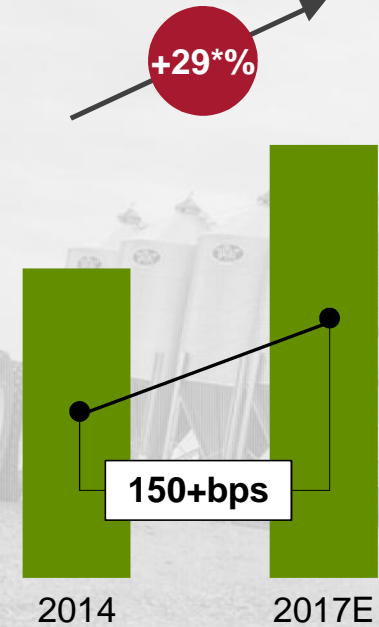


## ... AGCO EME Has Delivered Strong Results

### Net Sales (\$B)



### Income from Operations (\$B)



\* Constant Currency growth rate

# STRONG FOCUS ON OPERATIONAL PERFORMANCE

## Top Line Growth

- New product introductions
- Distribution efforts
- Acquisitions
- Growing the parts business

## Strengthened Aftermarket Business

- Best-in-the-industry customer service and parts availability
- Integrated parts and technical service to a customer-centric aftersales organization
- Grew parts sales & income by 30+% from 2013 to 2017

## Cost Management

- Global manufacturing/purchasing/product cost reduction initiatives
- Right-sized the overhead cost structure strengthening customer facing brand businesses
- Reduced 15% headcount and \$50m SG&A cost in 2014/2015



Continued  
Cost  
Reduction  
Focus



# MULTI-BRAND APPROACH – CLEAR POSITIONING OF BRANDS



**VALTRA**

Completely  
customized  
performance



Grain storage and  
protein production  
solutions

**FENDT**

Premium reputation  
for high tech  
solutions



**MASSEY FERGUSON**

One of the most  
widely distributed  
ag brands



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# CLEAR VISION & PLAN TO CONTINUE TO DRIVE PROFITABILITY AND GROWTH

## Accelerate Distribution Transformation



- Exclusive partners
- Dealers distribute AGCO harvesting machines
- Bundling of Fendt and Valtra



## Full-Line Expansion



- Full-line product offering through own developments (IDEAL) & targeted acquisitions (Lely)
- Expanded sprayer line and integrated Fendt track tractors



## Customer Centricity Becoming Digital



- Grow market share and aftersales business by improving customer experience, increasing retention and attracting new customers



IN SUMMARY

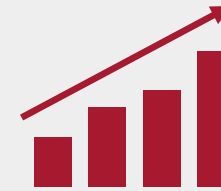
# STRONG RESULTS, CLEAR VISION, CONTINUING TO DRIVE PROFITABLE GROWTH



EME remains one of the more attractive global regions



**AGCO has delivered outstanding results**



Multiple initiatives will drive continued profitable growth