



# SECOND QUARTER 2020

## 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 COVID-19 (including plant closings, workforce availability, supply chain disruption, and product demand) weather, commodity prices, and changes in product demand, interruptions in supply of parts and products, 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, 2019 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	Q2 20	Q2 20 v Q2 19	YTD 20	YTD 20 v YTD 19
<b>Net Sales</b>	<b>\$2,006.8</b>	(17.2)%	<b>\$3,935.1</b>	(10.9)%
<b>Gross margin</b>	<b>21.6%</b>	-170bps	<b>22.4%</b>	-65bps
<b>Operating income</b>	<b>\$97.3</b>	(51.3)%	<b>\$197.7</b>	(32.3)%
<b>Operating margin</b>	<b>4.8%</b>	-340bps	<b>5.0%</b>	-160bps
<b>Diluted EPS</b>	<b>\$0.93</b>	\$(0.89)	<b>\$1.78</b>	\$(0.88)




Adjusted	Q2 20	Q2 20 v Q2 19	YTD 20	YTD 20 v YTD 19
<b>Adj. Operating income*</b>	<b>\$121.2</b>	(39.3)%	<b>\$222.4</b>	(24.3)%
<b>Adj. Operating margin*</b>	<b>6.0%</b>	-220bps	<b>5.7%</b>	-100bps
<b>Diluted Adjusted EPS*</b>	<b>\$1.11</b>	\$(0.71)	<b>\$1.97</b>	\$(0.71)

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



# INDUSTRY OVERVIEW

## June 2020 Year-to-Date Retail Units

North America		2020 vs. 2019	
	 Tractors*	• Industry	2%
	 Combines	• Industry	(9)%
Western Europe		2020 vs. 2019	
	 Tractors	• Industry	(14)%
	 Combines	• Industry	(18)%
South America		2020 vs. 2019	
	 Tractors	• Industry	(1)%
	 Combines	• Industry	6%

\* Excludes compact tractors

# AGCO RESPONSE TO COVID-19

- ▶ Focus on health and well-being of AGCO's workforce and our communities
- ▶ Support our dealers and farmers to promote food security
- ▶ Secure business continuity and liquidity of AGCO business operations



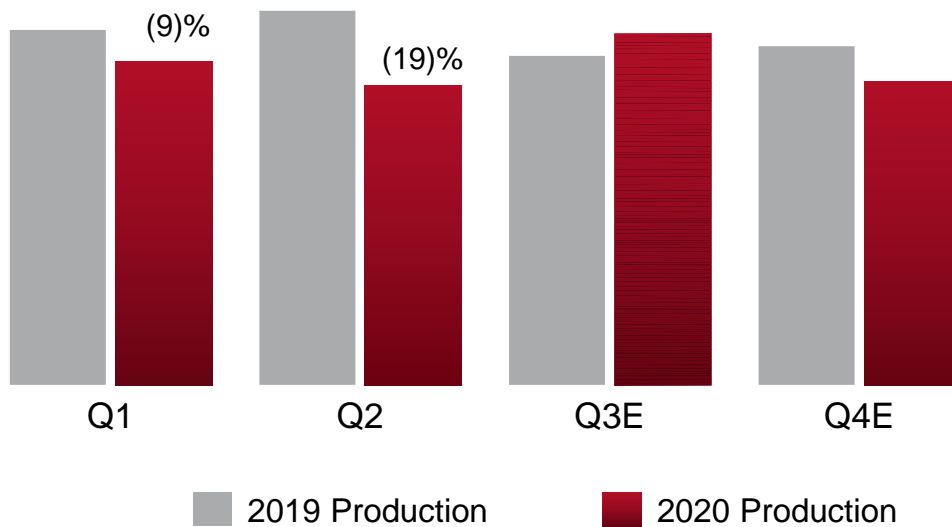
# REGIONAL OPERATIONS UPDATE

<b>Asia / Pacific / Africa</b>	<b>China production suspended early Q1; now operational</b>
<b>Europe / Middle East</b>	<b>Major factories suspended production late March through most of April; now all operational</b>
<b>South America</b>	<b>Primary factories suspended production majority of April; now all operational</b>
<b>North America</b>	<b>No interruption, capacities limited in some cases due to workforce constraints</b>

**Note:** The ability to maintain full-time production remains uncertain for the foreseeable future due to potential government restrictions, supply chain constraints, workforce limitations and safety equipment availability.

# 2020 PRODUCTION

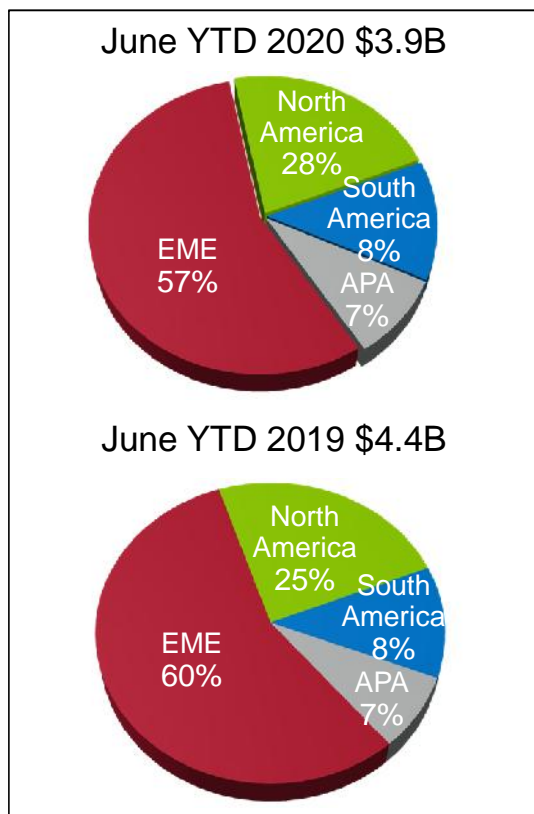
## AGCO Production Hours



- Q2 20 production down ~19% vs. Q2 19
- Full year 2020 production expected to be down approximately 8% vs. 2019

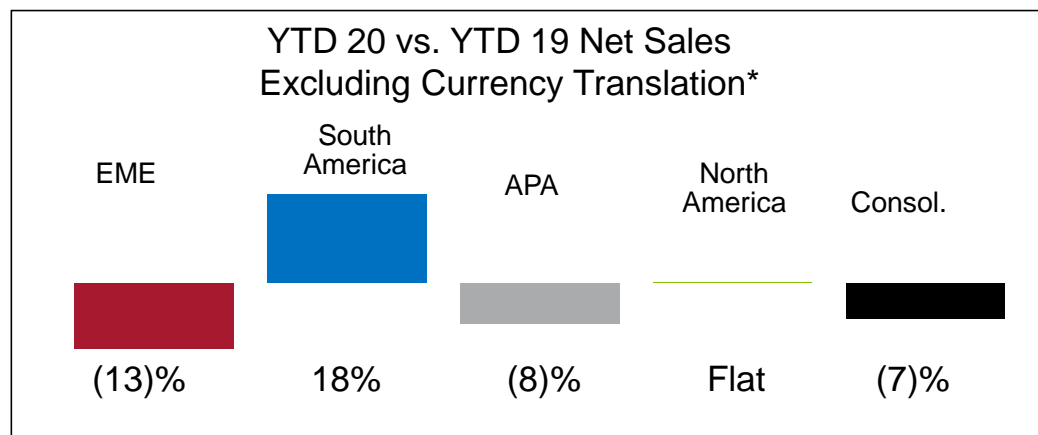
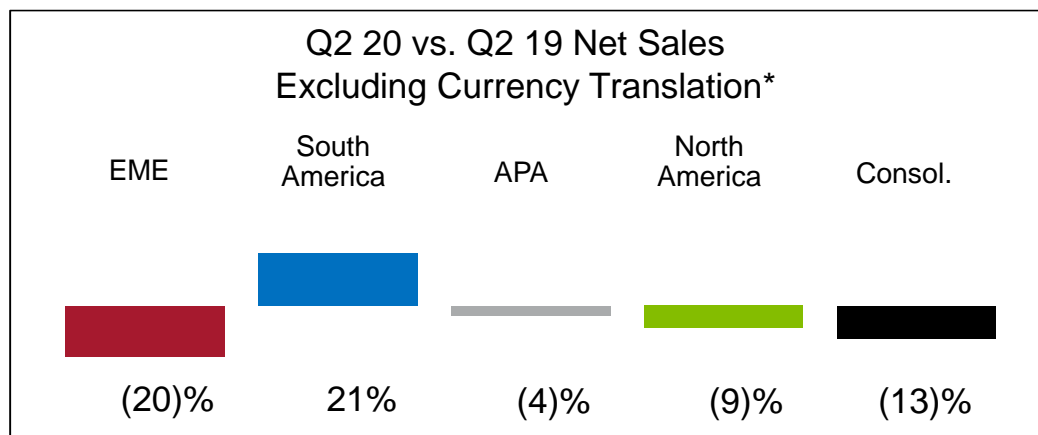


# Regional Net Sales Results



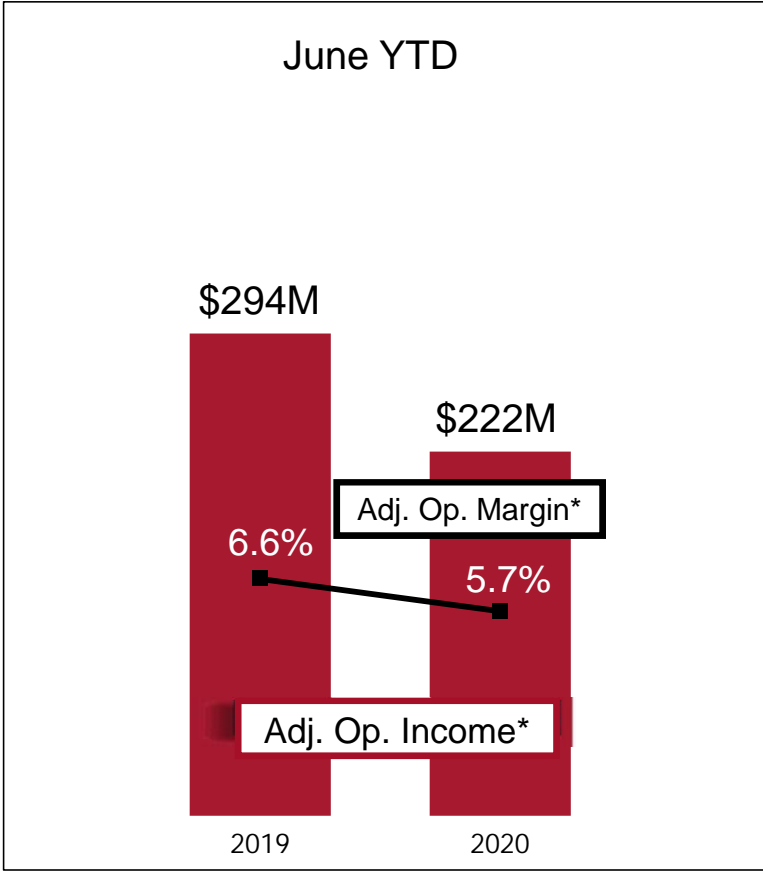
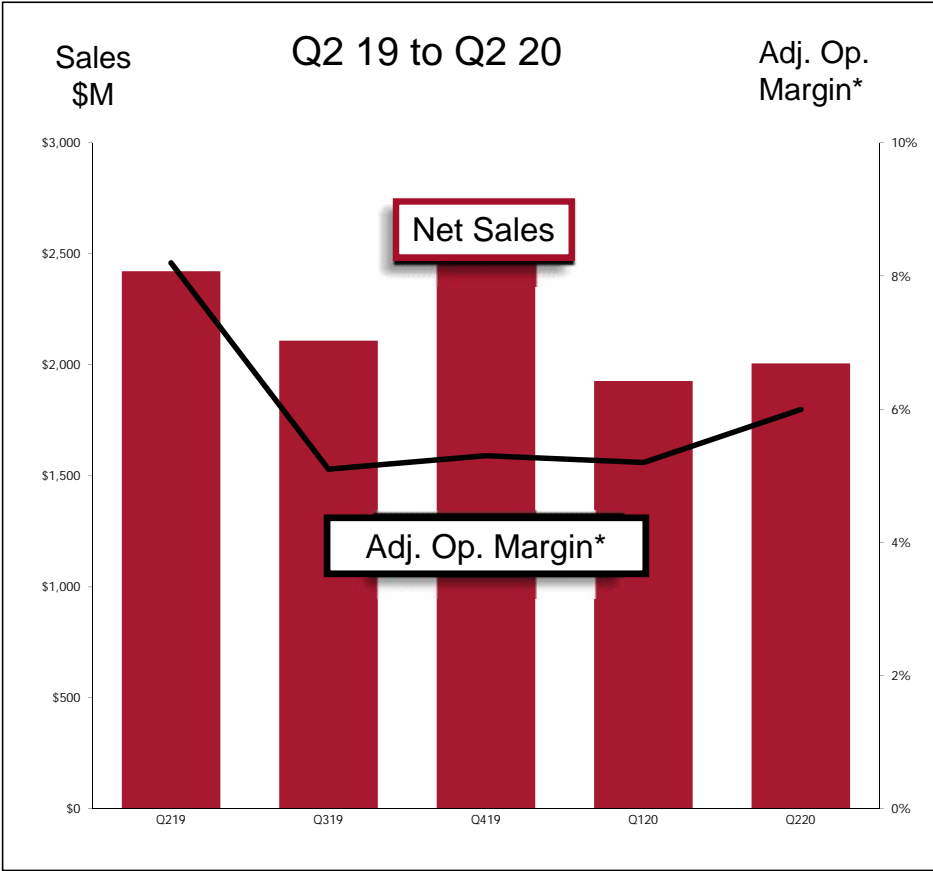
EME – Europe/Middle East    APA – Asia/Pacific/Africa

\*See reconciliations in the appendix to this presentation.





# NET SALES, OPERATING INCOME AND OPERATING MARGINS

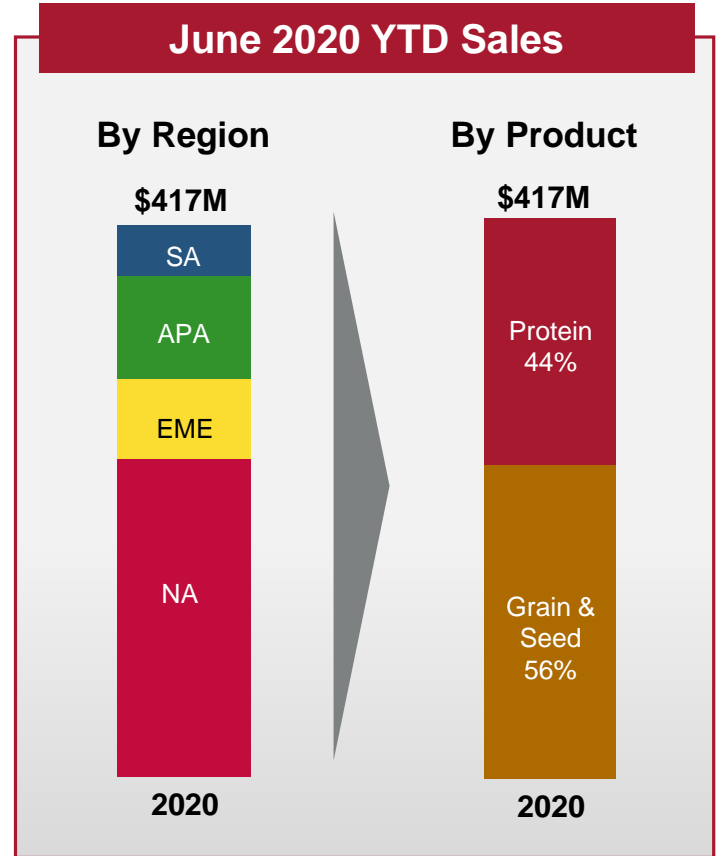


\* Reflects adjusted results, which exclude a non-cash impairment charge and restructuring expenses. See reconciliations in the appendix to this presentation.

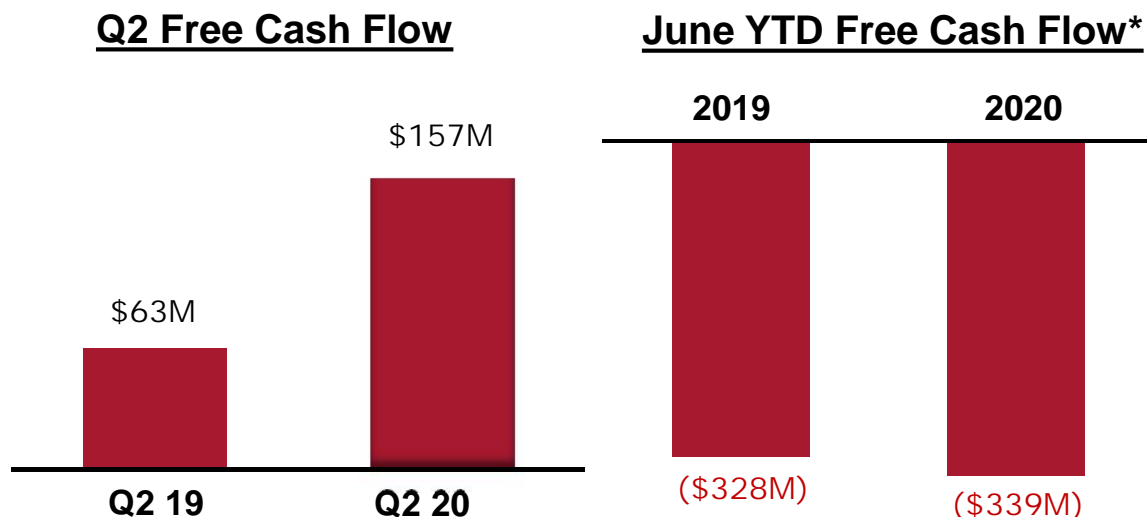
# GRAIN AND PROTEIN RESULTS



- ▶ June 2020 YTD net sales decreased ~15% vs 2019 on a constant currency basis
  - Decline in sales of grain and seed equipment of ~23%
  - Decline in sales of protein production equipment ~3%
- ▶ Longer term:
  - Macro trends driving growth in demand for grain storage and protein production
  - Increases exposure to counter-cyclical protein sector



# LIQUIDITY / FREE CASH FLOW\*



Normal seasonal build of working capital in 1H  
 Strong FCF generation in Q2 positions AGCO for healthy full year FCF

## Liquidity

Closely managing costs and cash expenditures  
 Maintaining dividend  
 Suspending share repurchases  
 Added \$530M term loan facility in Q2  
 ~\$1.3B in available funds at 6-30-20  
 ~\$400M Cash  
 ~\$870M Available borrowing  
 Net Debt ~\$125M below June 2019

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

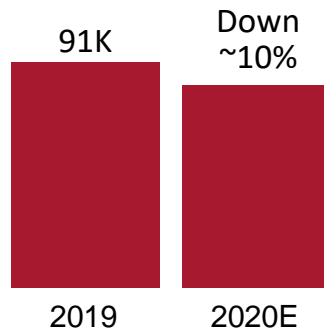
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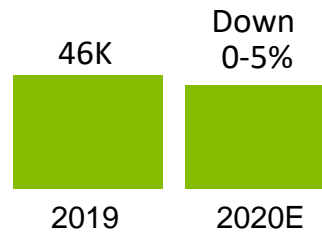
# 2020 MARKET OUTLOOK

## Regional Market Outlook – Industry Unit Retail Tractor Sales

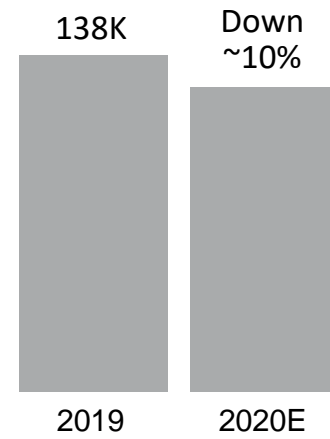
### N. America\*



### S. America



### Western Europe




\*Excludes compact tractors

# 2020 ASSUMPTIONS: SUMMARY

- 2020 sales vs. 2019
  - Lower end-market demand
  - Negative currency impact of ~(-3.5%)
  - Targeting lower dealer inventory
  - + Pricing +1.0% to 1.5%
  - + Market share gains
- Engineering expense **~4.1% of sales**
- Operating margin **Down modestly vs '19**
- Effective tax rate **36% to 38%**



# 2020 OUTLOOK



	2020 Estimates
Sales	\$8.3B to \$8.4B
Adjusted EPS	\$3.50 to \$3.75
CAPEX	~\$225M
Free Cash Flow*	\$200M to \$250M

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

# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

## Free Cash Flow

\$M

	Quarter ended June 30, 2020	Quarter ended June 30, 2019
	<u>                    </u>	<u>                    </u>
Net cash provided by operating activities	\$ 213.7	\$ 117.1
Less:		
Capital expenditures	<u>(56.9)</u>	<u>(54.0)</u>
Free cash flow	<u><u>\$ 156.8</u></u>	<u><u>\$ 63.0</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

	Six months ended June 30, 2020	Six months ended June 30, 2019
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	\$ (221.6)	\$ (212.9)
Less:		
Capital expenditures	<u>(117.5)</u>	<u>(114.9)</u>
Free cash flow	<u><u>\$ (339.1)</u></u>	<u><u>\$ (327.8)</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, 2020E
Net cash provided by operating activities	\$ 425 to 475
Less:	
Capital expenditures	<u>~(225)</u>
Free cash flow	<u>\$ 200 to 250</u>

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

## RECONCILIATION OF CURRENCY TRANSLATION AND ACQUISITION IMPACTS TO NET SALES

Net Sales  
\$M

	Three Months Ended June 30,			Change due to currency translation	
	2020	2019	% change from 2019	\$	%
North America	\$ 555.8	\$ 618.9	(10.2)%	\$ (6.9)	(1.1)%
South America	178.5	185.8	(3.9)%	(46.7)	(25.1)%
Europe/Middle East	1,125.0	1,457.2	(22.8)%	(35.2)	(2.4)%
Asia/Pacific/Africa	147.5	160.7	(8.2)%	(6.6)	(4.1)%
	<u>\$ 2,006.8</u>	<u>\$ 2,422.6</u>	<u>(17.2)%</u>	<u>\$ (95.4)</u>	<u>(3.9)%</u>

	Six Months Ended June 30,			Change due to currency translation	
	2020	2019	% change from 2019	\$	%
North America	\$ 1,107.7	\$ 1,115.1	(0.7)%	\$ (9.3)	(0.8)%
South America	332.4	341.9	(2.8)%	(70.5)	(20.6)%
Europe/Middle East	2,238.3	2,667.8	(16.1)%	(75.0)	(2.8)%
Asia/Pacific/Africa	256.7	293.6	(12.6)%	(12.5)	(4.3)%
	<u>\$ 3,935.1</u>	<u>\$ 4,418.4</u>	<u>(10.9)%</u>	<u>\$ (167.3)</u>	<u>(3.8)%</u>

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Three Months Ended June 30,					
	2020			2019		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 97.3	\$ 69.7	\$ 0.93	\$ 199.6	\$ 140.8	\$ 1.82
Goodwill impairment charge	20.0	10.0	0.13	—	—	—
Restructuring expenses	3.8	3.7	0.05	—	—	—
As adjusted	\$ 121.2	\$ 83.4	\$ 1.11	\$ 199.6	\$ 140.8	\$ 1.82

	Six Months Ended June 30,					
	2020			2019		
	Income From Operations <sup>(1)</sup>	Net Income <sup>(1)</sup>	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As reported	\$ 197.7	\$ 134.4	\$ 1.78	\$ 292.0	\$ 205.9	\$ 2.66
Goodwill impairment charge	20.0	10.0	0.13	—	—	—
Restructuring expenses	4.6	4.4	0.06	1.7	1.2	0.02
As adjusted	\$ 222.4	\$ 148.9	\$ 1.97	\$ 293.7	\$ 207.1	\$ 2.68

(1) Rounding may impact summation of amounts

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

The following is a reconciliation of the Company's available funding as of June 30, 2020 (in millions):

	June 30, 2020
Credit facility, total borrowing capacity	\$ 1,330.9
Less: Credit facility and term loan borrowings	(461.6)
Credit facility, available borrowing capacity	<u>\$ 869.3</u>
Cash and cash equivalents	\$ 404.4
Less: Restricted cash	(4.7)
Available cash and cash equivalents	<u>\$ 399.7</u>
Available funding	<u><u>\$ 1,269.0</u></u>

The following is a reconciliation of net debt as of June 30, 2020 and 2019 (in millions):

	June 30, 2020	June 30, 2019
Long-term indebtedness	\$ 1,654.0	\$ 1,606.0
Short-term borrowings	102.6	238.7
Less: Amounts related to the sale of receivables	(40.3)	(123.1)
Short-term indebtedness	<u>\$ 62.3</u>	<u>\$ 115.6</u>
Total indebtedness	<u>\$ 1,716.3</u>	<u>\$ 1,721.6</u>
Cash and cash equivalents	\$ 404.4	\$ 279.9
Less: Restricted cash	(4.7)	—
Available cash and cash equivalents	<u>\$ 399.7</u>	<u>\$ 279.9</u>
Net debt	<u><u>\$ 1,316.6</u></u>	<u><u>\$ 1,441.7</u></u>