



# FOURTH QUARTER 2016

## 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, 2015 and subsequent 10-Q filings. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# FINANCIAL SUMMARY

\$M\*\*

	Q4 16	Q4 16 v Q4 15	YTD 2016	YTD 16 vs YTD 15
<b>Net Sales</b>	<b>\$2,094.0</b>	6.9%	<b>\$7,410.5</b>	-0.8%
<b>Gross margin</b>	<b>20.1%</b>	-20 bps	<b>20.5%</b>	-45bps
<b>Adj. Operating income*</b>	<b>\$97.8</b>	5.2%	<b>\$300.3</b>	-21.7%
<b>Adj. Operating margin*</b>	<b>4.7%</b>	-10bps	<b>4.1%</b>	-110bps
<b>Diluted Adjusted EPS*</b>	<b>\$0.84</b>	\$0.04	<b>\$2.47</b>	-\$0.77

\* Reflects adjusted results, which exclude restructuring expenses and a non-cash deferred tax adjustment. Please see reconciliations provided in the appendix to this presentation.

\*\*Except per share amounts



# INDUSTRY OVERVIEW

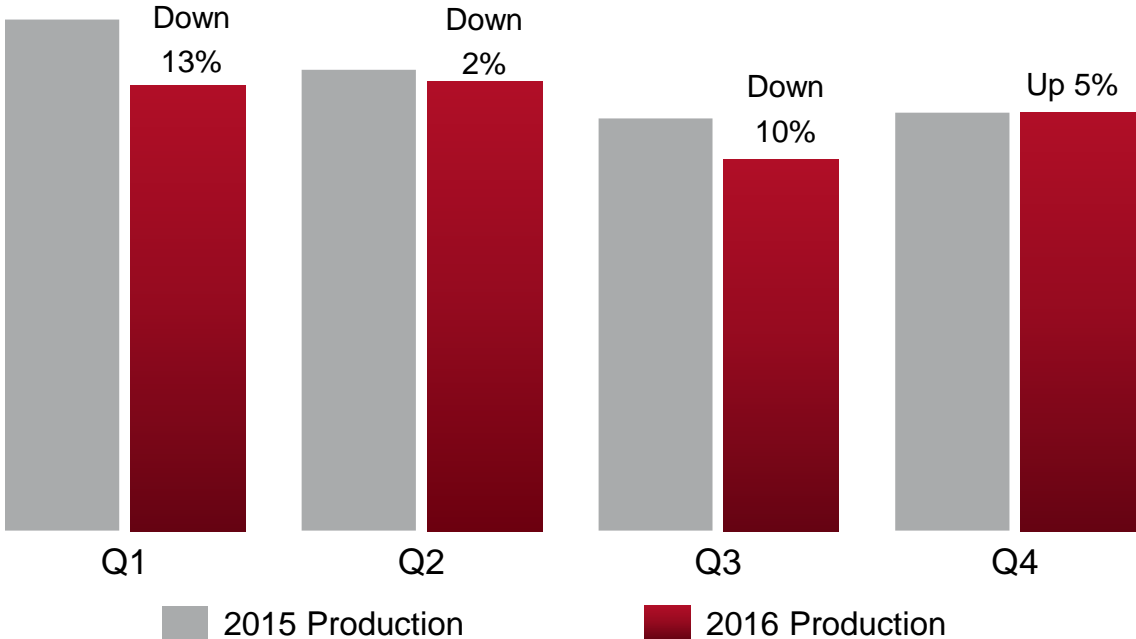
## December 2016 Year-to-Date Retail Units

North America		2016 vs. 2015	
	 Tractors*	• Industry	(10%)
	 Combines	• Industry	(21%)
Western Europe		2016 vs. 2015	
	 Tractors	• Industry	(4%)
	 Combines	• Industry	(14%)
South America		2016 vs. 2015	
	 Tractors	• Industry	(6%)
	 Combines	• Industry	14%

\* Excludes compact tractors

# 2016 PRODUCTION

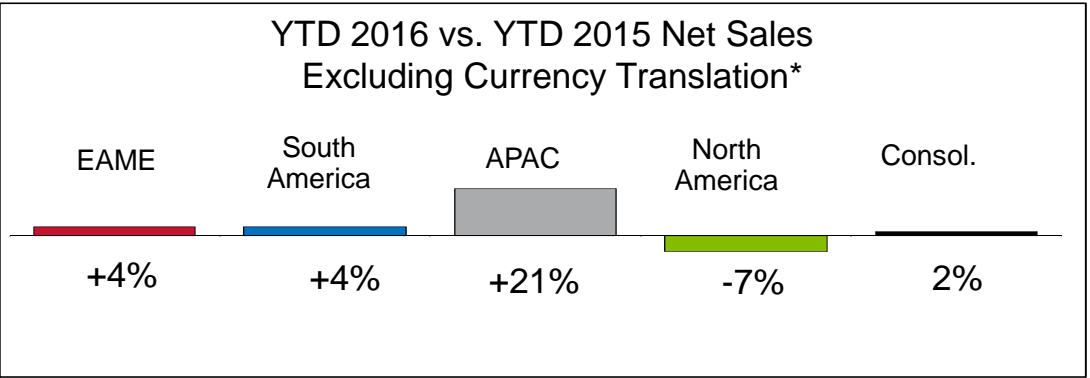
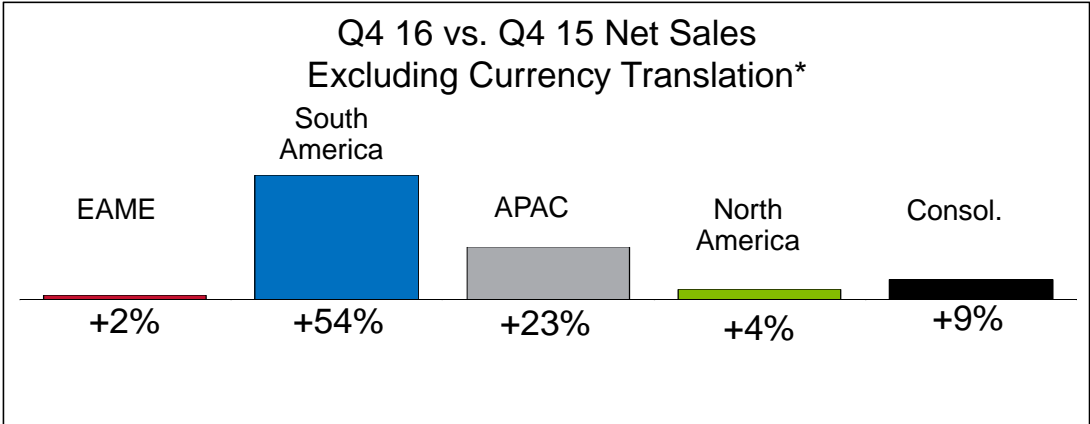
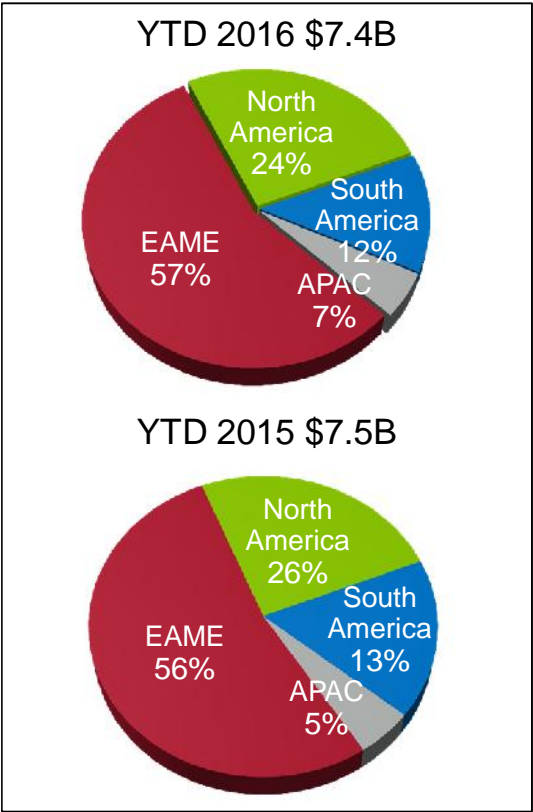
### AGCO Production Hours



- Q4 16 production up 5% vs. Q4 15
- Full year 2016 production down 5% vs. 2015



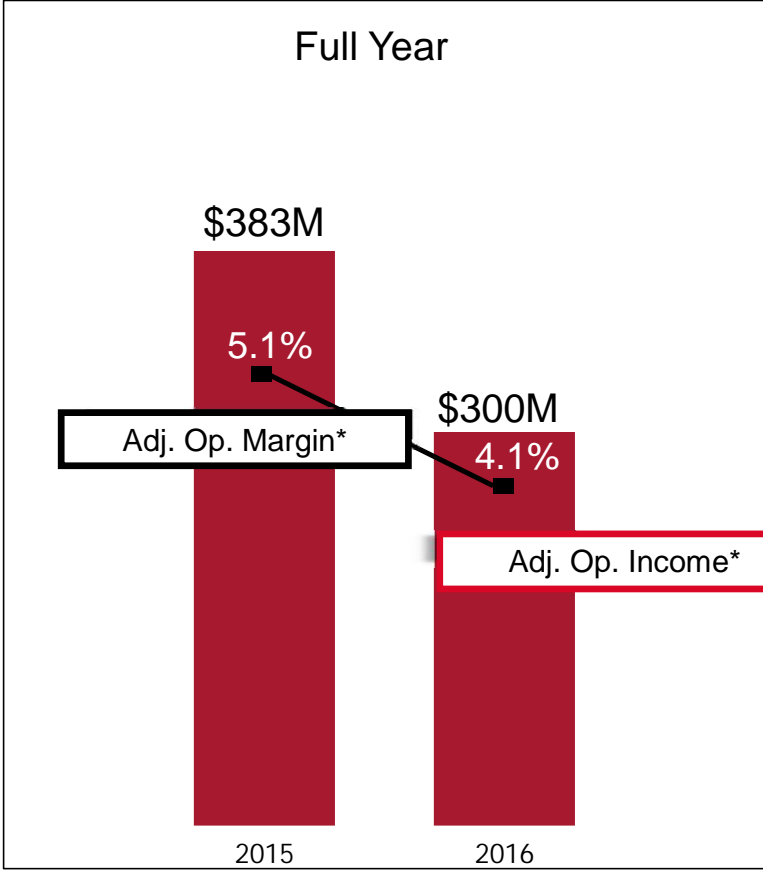
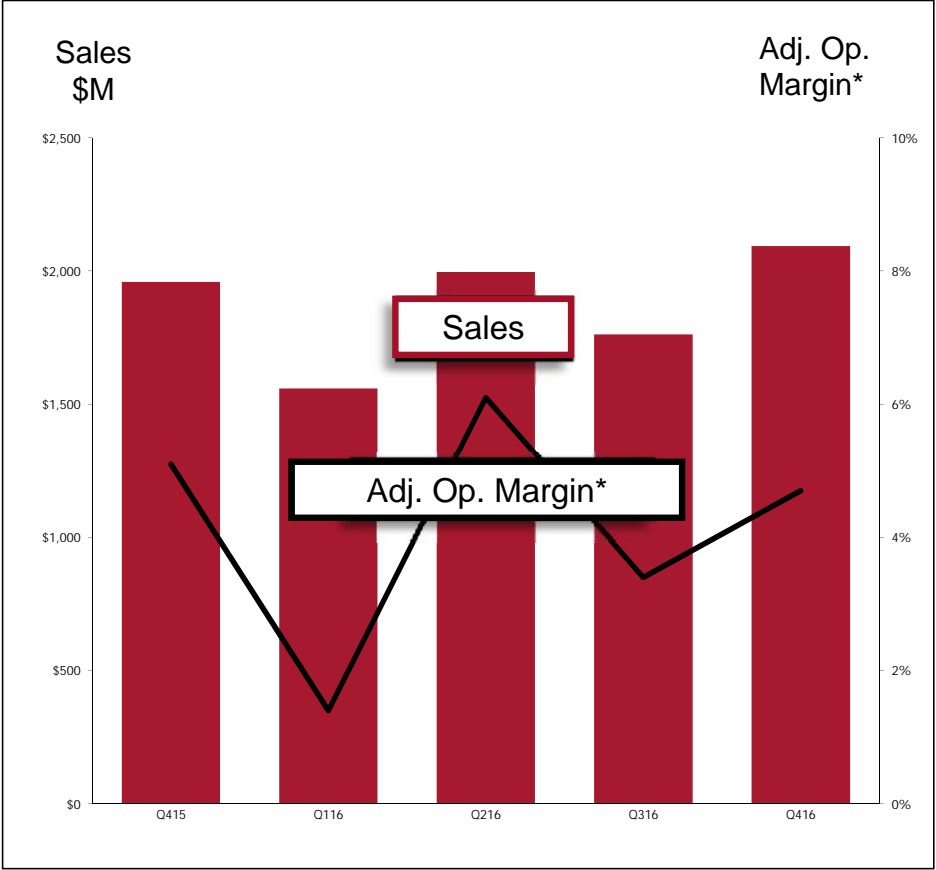
# Regional Net Sales Results



EAME – Europe/Africa/Middle East    APAC – Asia/Pacific

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

# NET SALES AND OPERATING MARGINS



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



# GSI RESULTS



- ▶ 2016 sales up ~18% vs 2015 on a constant currency basis including the benefit of acquisitions
  - Organic protein production growth in NA, SA and APAC
  - Organic grain storage declines globally
- ▶ 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



## 2016 Sales YTD December

### By Region

\$893M



2016

### By Segment

\$893M

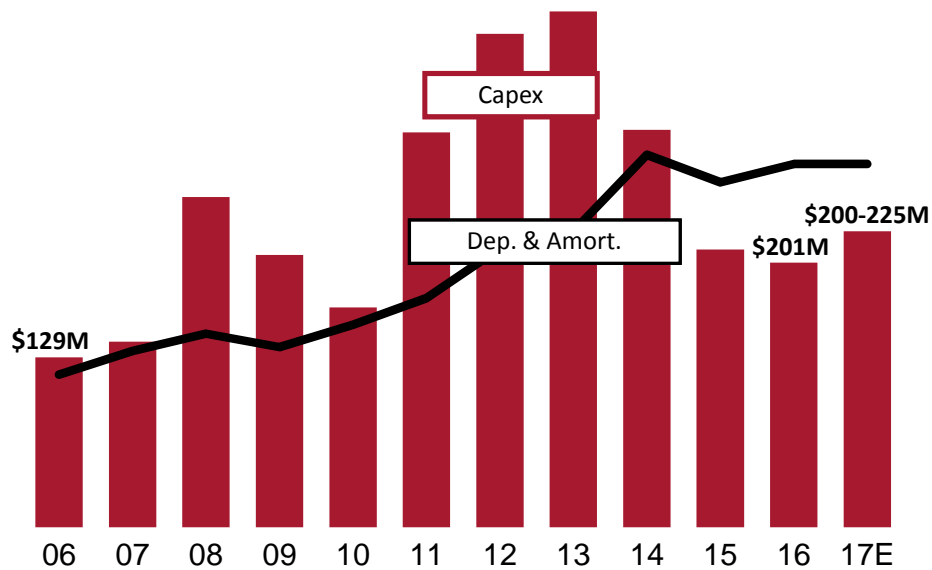


2016

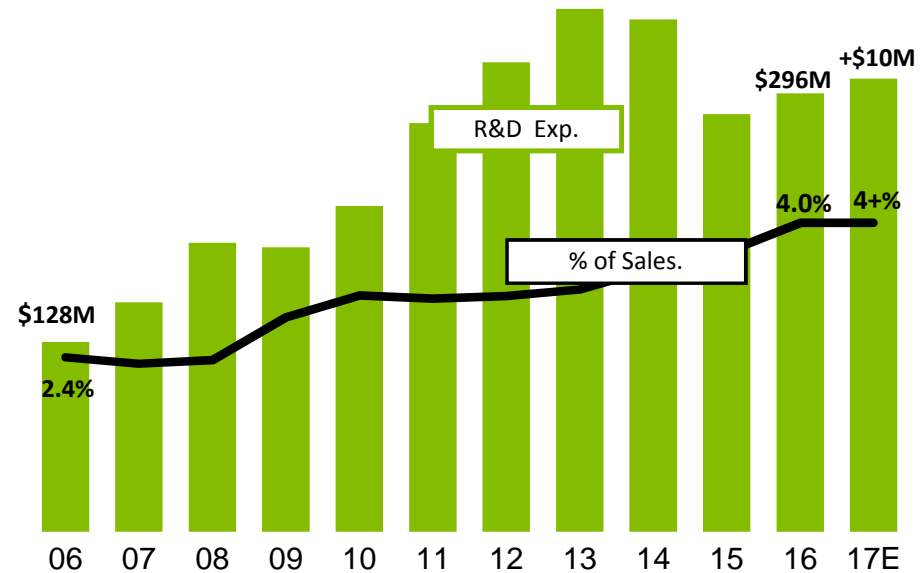


# INVESTING FOR GROWTH

## CAPEX

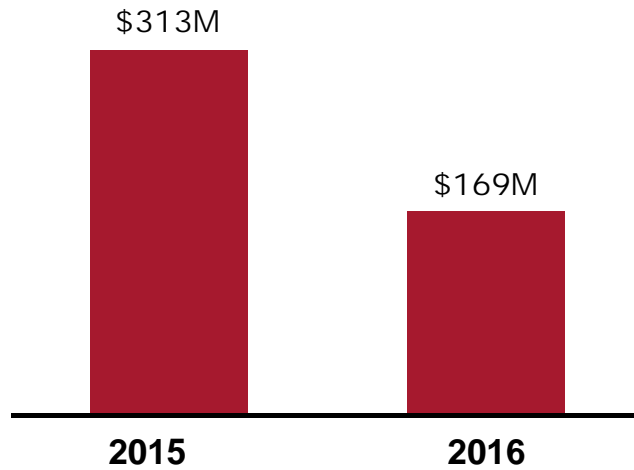


## Engineering Expense



# FREE CASH FLOW\*

## Full-Year Free Cash Flow



2016 includes impact of 2H16 inventory build in SA for Tier 3 emissions

Targeting \$225M-\$250M free cash flow in 2017

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

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

# RETURNING CASH TO SHAREHOLDERS

## Cash to be Returned to Shareholders

### Dividend

- ▶ Initiated in 2013
- ▶ Raised in 4 consecutive years



### Share Repurchase

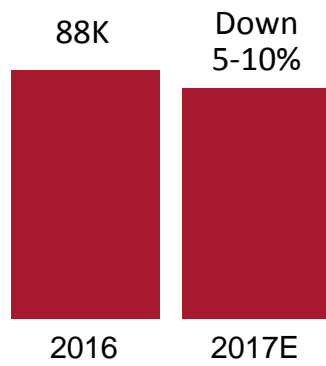
- ▶ \$213 million of repurchases in 2016
- ▶ New \$300M program authorized through December 2019



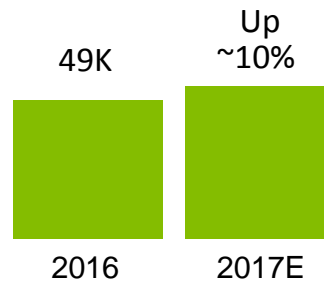
# 2017 MARKET OUTLOOK

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

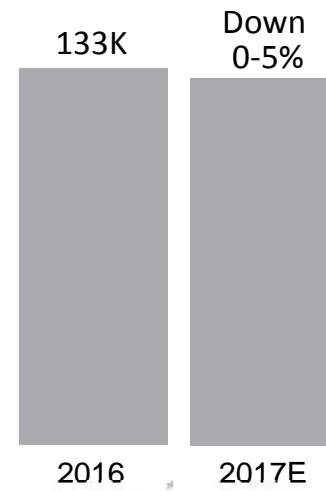
### N. America\*



### S. America



### Western Europe



\*Excludes compact tractors

# 2017 ASSUMPTIONS – SUMMARY

- ▶ 2017 Sales Flat vs 2016
  - Softer end-market demand in North America and Western Europe.
  - 1.5% to 2% pricing
  - Impact of currency translation expected to be –3%
- ▶ Engineering ~4.1% of sales (up ~\$10M vs '16)
- ▶ Operating margin improvement
- ▶ Effective tax rate ~40%



# 2017 OUTLOOK

	2017 Estimates
Sales	~\$7.4B
EPS	~\$2.50
CAPEX	\$200-225M
Free Cash Flow*	\$225-\$250M



# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

## Free Cash Flow

\$M

	Year ended December 31, 2016	Year ended December 31, 2015
	<u>                    </u>	<u>                    </u>
Net cash provided by operating activities	\$ 369.5	\$ 524.2
Less:		
Capital expenditures	<u>(201.0)</u>	<u>(211.4)</u>
Free cash flow	<u><u>\$ 168.5</u></u>	<u><u>\$ 312.8</u></u>

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



# NON-GAAP TO GAAP RECONCILIATION

## Free Cash Flow

\$M

	Year ended December 31, 2017	Year ended December 31, 2016
	<hr/>	<hr/>
Net cash provided by operating activities	\$425.0 – 475.0	\$ 369.5
Less:		
Capital expenditures	<u>(200.0 – 225.0)</u>	<u>(201.0)</u>
Free cash flow	<u><u>\$225.0 – 250.0</u></u>	<u><u>\$ 168.5</u></u>

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

# RECONCILIATION OF CURRENCY TRANSLATION IMPACT TO NET SALES

## Net Sales \$M

	Three Months Ended December 31,		% change from 2015	Change due to currency translation	
	2016	2015		\$	%
North America	\$ 447.4	\$ 434.5	3.0 %	\$ (6.1)	(1.4)%
South America	308.1	188.3	63.6 %	18.3	9.7 %
Europe/Africa/Middle East	1,187.1	1,211.9	(2.0)%	(47.0)	(3.9)%
Asia/Pacific	151.4	124.3	21.8 %	(1.1)	(0.9)%
	<u>\$ 2,094.0</u>	<u>\$ 1,959.0</u>	<u>6.9 %</u>	<u>\$ (35.9)</u>	<u>(1.8)%</u>

	Years Ended December 31,		% change from 2015	Change due to currency translation	
	2016	2015		\$	%
North America	\$ 1,807.7	\$ 1,965.0	(8.0)%	\$ (25.9)	(1.3)%
South America	917.5	949.0	(3.3)%	(72.2)	(7.6)%
Europe/Africa/Middle East	4,206.0	4,151.3	1.3 %	(90.0)	(2.2)%
Asia/Pacific	479.3	402.0	19.2 %	(7.9)	(2.0)%
	<u>\$ 7,410.5</u>	<u>\$ 7,467.3</u>	<u>(0.8)%</u>	<u>\$ (196.0)</u>	<u>(2.6)%</u>

# NON-GAAP TO GAAP RECONCILIATION

	Three Months Ended December 31,					
	2016			2015		
	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 reported	\$ 91.4	\$ 62.0	\$ 0.77	\$ 85.3	\$ 62.1	\$ 0.73
Restructuring expenses	6.4	5.6	0.07	7.7	5.4	0.07
As adjusted	\$ 97.8	\$ 67.6	\$ 0.84	\$ 93.0	\$ 67.5	\$ 0.80

<sup>(1)</sup> Net income and net income per share amounts are after tax.

# NON-GAAP TO GAAP RECONCILIATION

Years Ended December 31,

	2016			2015		
	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 reported	\$ 288.4	\$ 160.1	\$ 1.96	\$ 361.1	\$ 266.4	\$ 3.06
Restructuring expenses	11.9	9.9	0.12	22.3	16.1	0.18
Deferred income tax adjustment	—	31.6	0.39	—	—	—
As adjusted	\$ 300.3	\$ 201.6	\$ 2.47	\$ 383.4	\$ 282.5	\$ 3.24

<sup>(1)</sup> Net income and net income per share amounts are after tax.