



# SECOND QUARTER 2017

## 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, 2016 and subsequent 10-Q filings. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# FINANCIAL SUMMARY

\$M\*\*

	Q2 17	Q2 17 v Q2 16	YTD 2017	YTD 17 vs YTD 16
<b>Net Sales</b>	<b>\$2,165.2</b>	+8.5%	<b>\$3,792.8</b>	+6.7%
<b>Gross margin</b>	<b>22.0%</b>	+60 bps	<b>21.2%</b>	+30bps
<b>Adj. Operating income*</b>	<b>\$148.8</b>	+23.3%	<b>\$174.3</b>	+22.7%
<b>Adj. Operating margin*</b>	<b>6.9%</b>	+80bps	<b>4.6%</b>	+60bps
<b>Diluted Adjusted EPS*</b>	<b>\$1.15</b>	+\$0.13	<b>\$1.13</b>	+\$0.01

\* Reflects adjusted results, which exclude restructuring expenses and a non-cash expense related to waived stock compensation. Please see reconciliations provided in the appendix to this presentation.

3 \*\*Except per share amounts

# INDUSTRY OVERVIEW

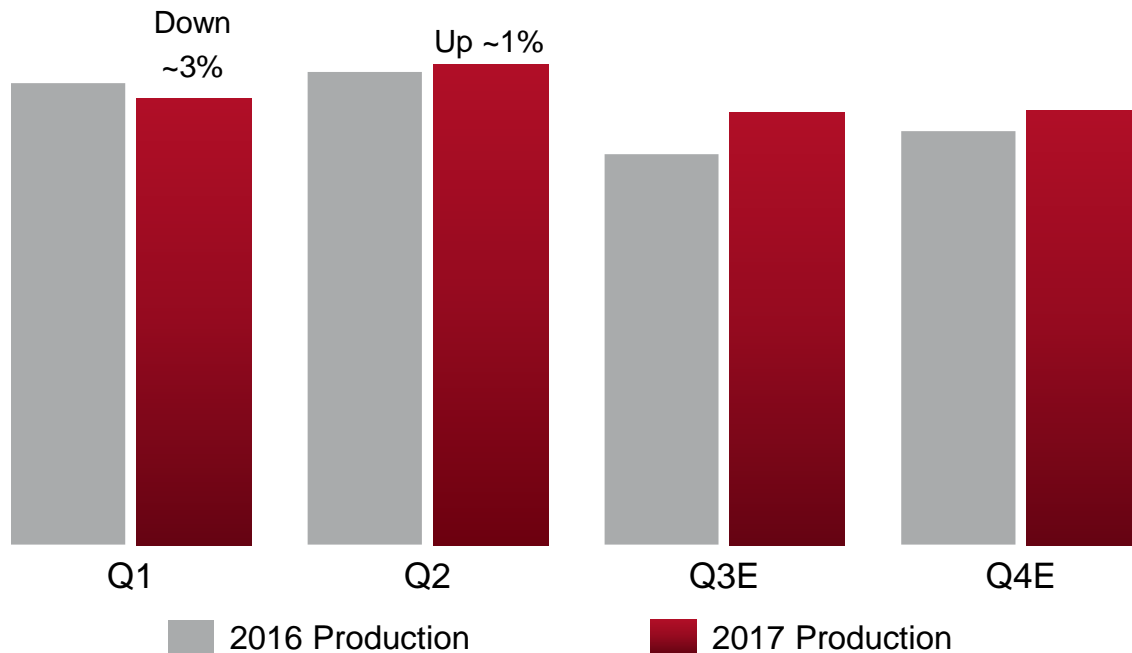
## June 2017 Year-to-Date Retail Units

North America		2017 vs. 2016	
	 Tractors*	• Industry	(3%)
	 Combines	• Industry	3%
Western Europe		2017 vs. 2016	
	 Tractors	• Industry	(2%)
	 Combines	• Industry	(11%)
South America		2017 vs. 2016	
	 Tractors	• Industry	36%
	 Combines	• Industry	28%

\* Excludes compact tractors

# 2017 PRODUCTION

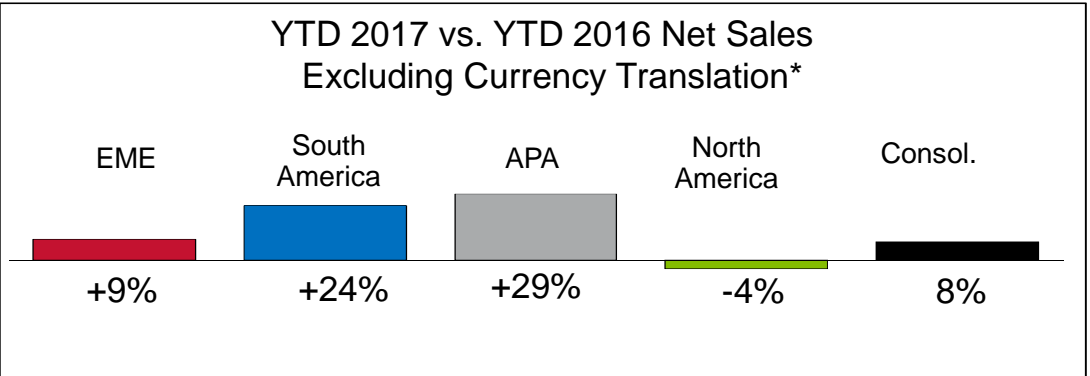
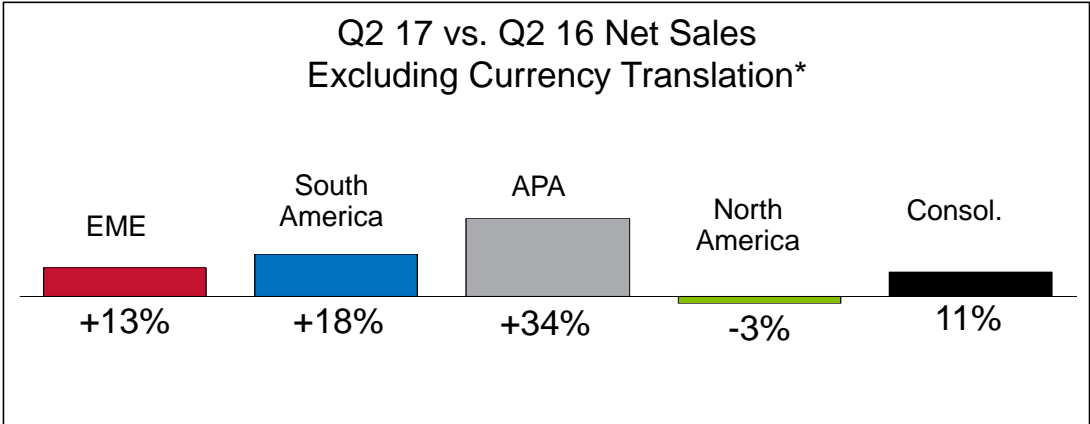
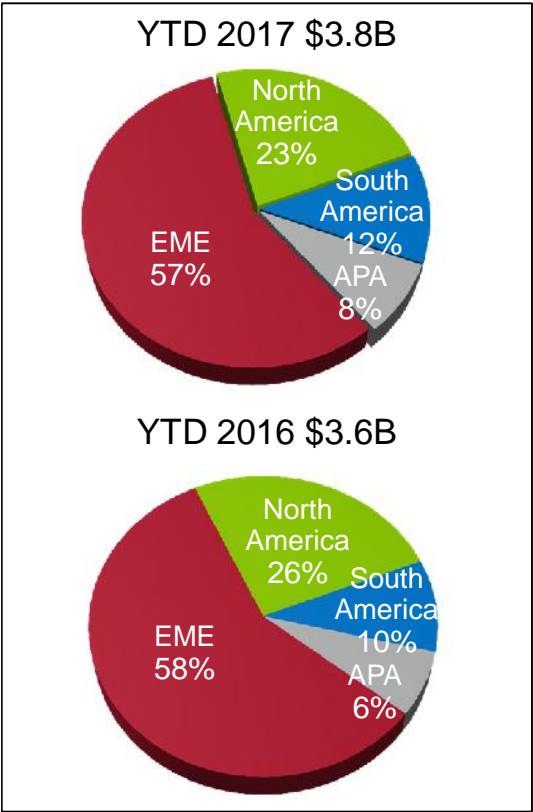
## AGCO Production Hours



- Q2 17 production up ~1% vs. Q2 16
- Full year 2017 production expected to be up approximately 3% vs. 2016



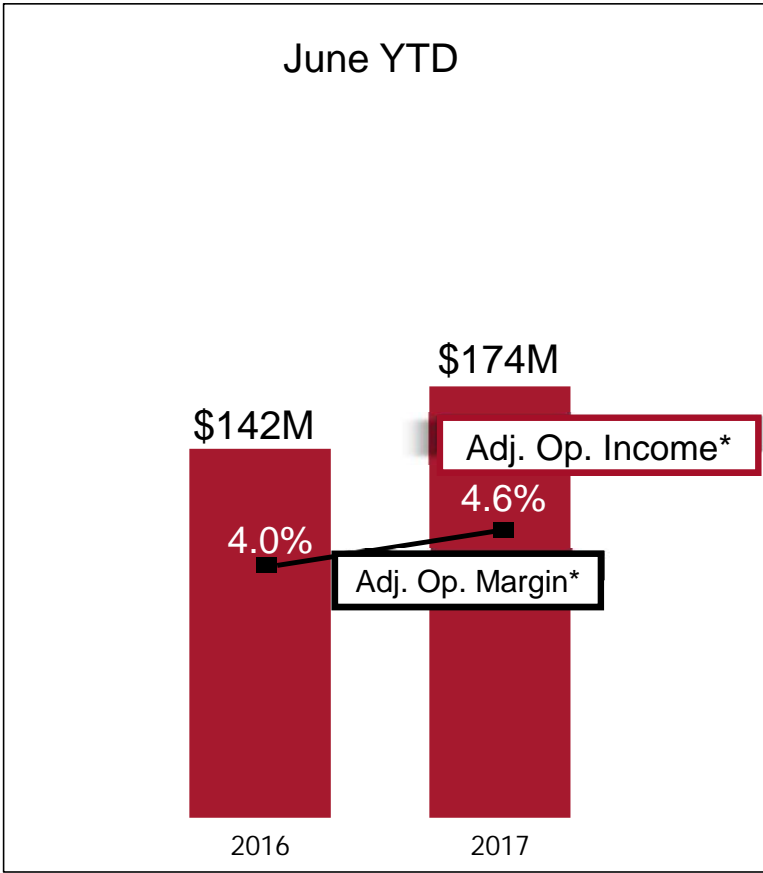
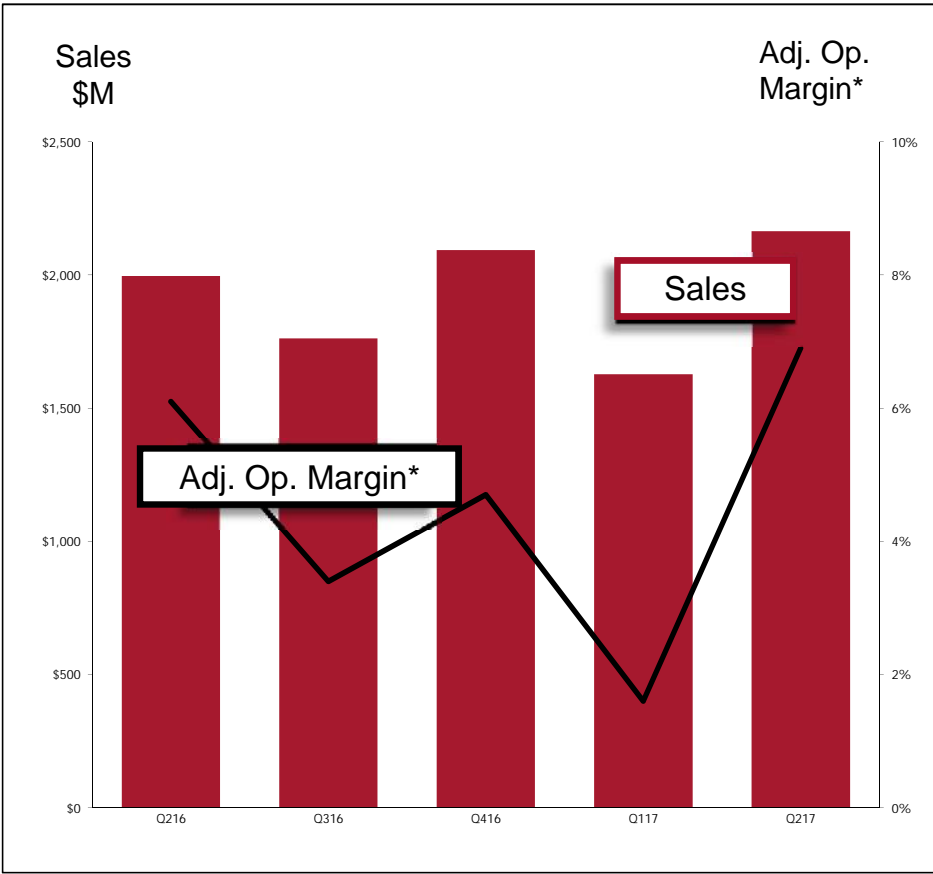
# Regional Net Sales Results



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

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

# NET SALES AND OPERATING MARGINS

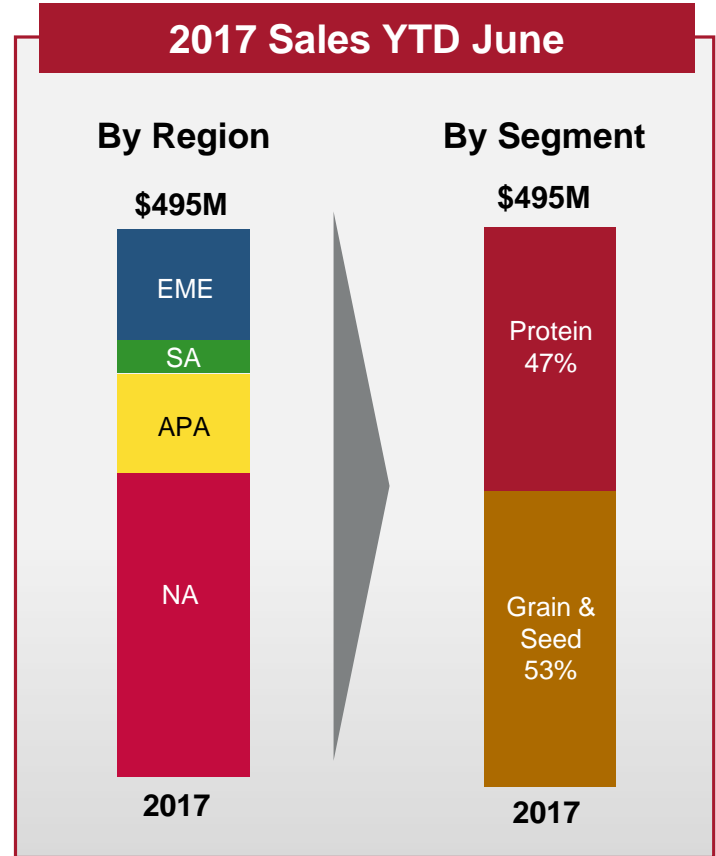


\* Reflects adjusted results, which exclude restructuring expenses and a non-cash expense related to waived stock compensation. Please see reconciliations provided in the appendix to this presentation.

# GSI RESULTS



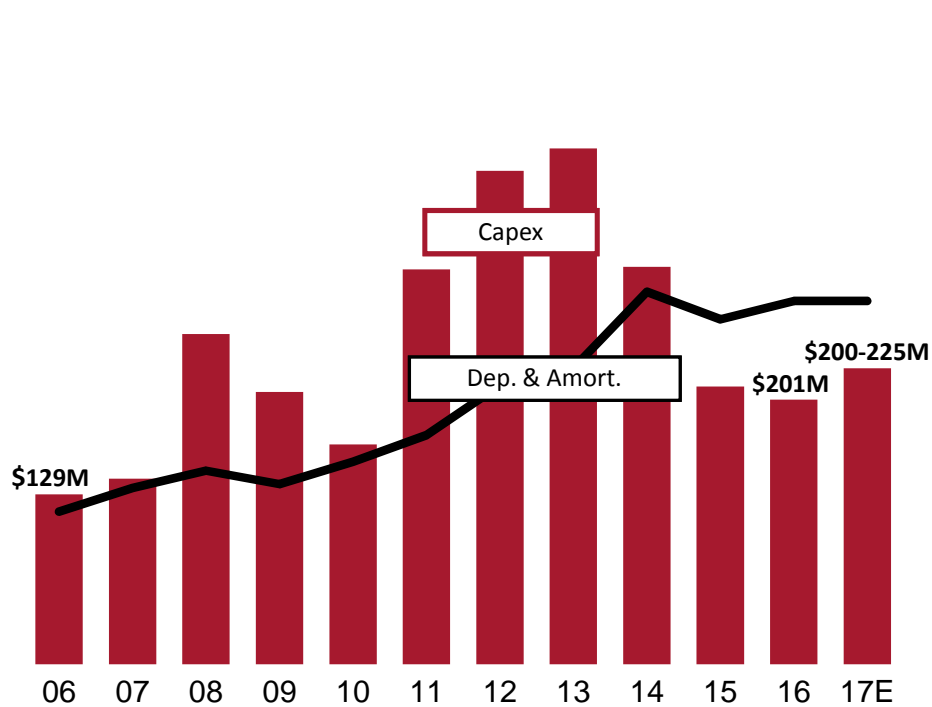
- ▶ 1H 2017 sales up ~20% vs 2016 on a constant currency basis including the benefit of acquisitions
  - Organic growth in sales of protein production equipment in APA
  - Declines in sales of grain and seed equipment in all regions
- ▶ Strong cash flow generation in U.S.
- ▶ Longer term:
  - ▶ Macro trends driving growth in demand for grain storage and protein production
- ▶ Increases exposure to counter-cyclical protein sector



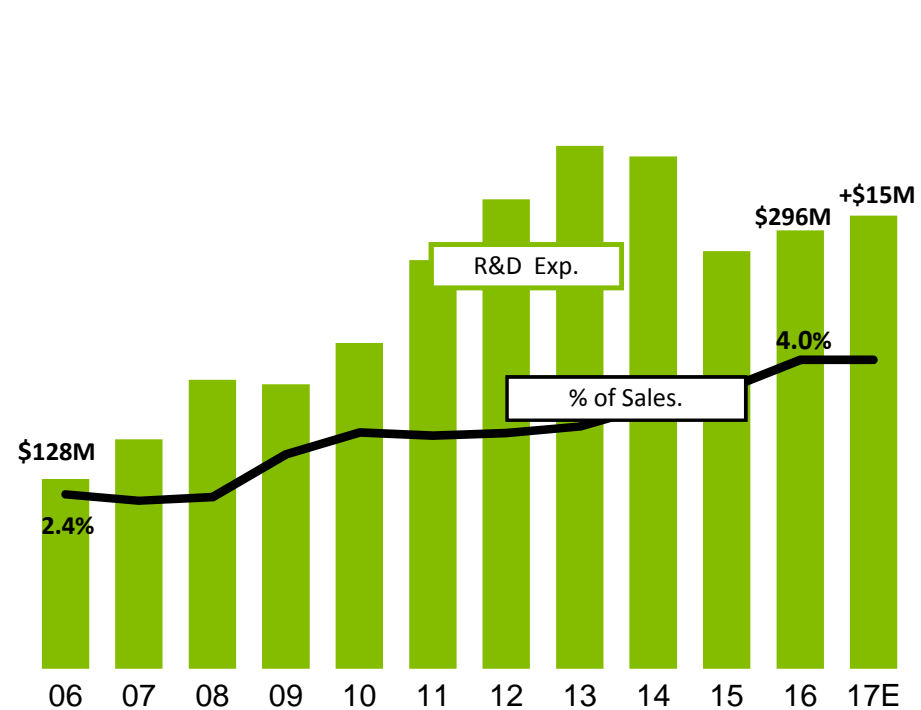


# INVESTING FOR GROWTH

## CAPEX

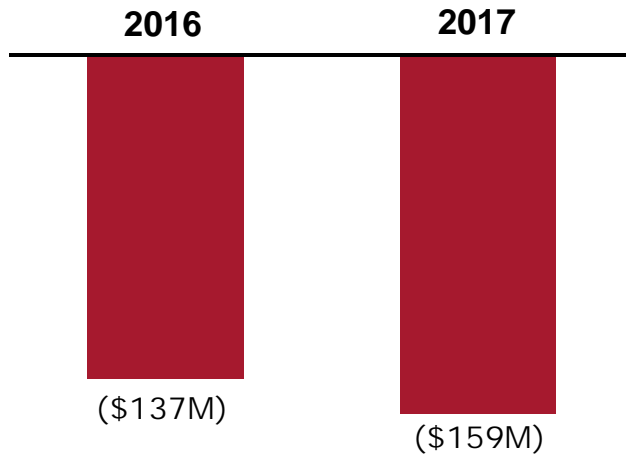


## Engineering Expenses

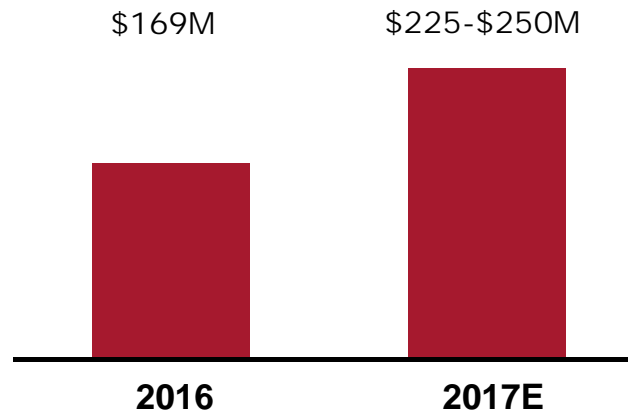


# FREE CASH FLOW\*

## June YTD Free Cash Flow



## Full-Year Free Cash Flow



Second half of year seasonally stronger for free cash flow  
Targeting \$225 to \$250M free cash flow in 2017

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

### Dividend

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



### Share Repurchase

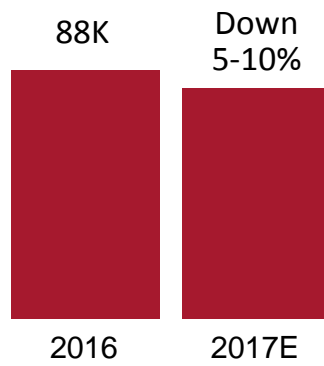
- ▶ \$213 million of repurchases in 2016
- ▶ New \$300M program authorized through December 2019



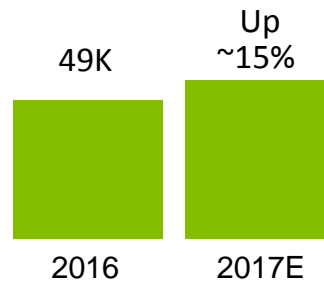
# 2017 MARKET OUTLOOK

## 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 up ~8% vs 2016
  - +2% from acquisitions
  - +1.5% pricing
  - Currency translation impact ~Neutral
- ▶ Engineering up ~\$15M vs '16
- ▶ Operating margin improvement
- ▶ Effective tax rate ~37%



# 2017 OUTLOOK

	2017 Estimates
Sales	~\$8.0B
Adjusted EPS	~\$3.00
CAPEX	\$200-225M
Free Cash Flow*	\$225-250M



# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow

\$M

	Six months ended June 30, 2017	Six Months ended June 30, 2016
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	\$ (66.4)	\$ (64.6)
Less:		
Capital expenditures	<u>(92.3)</u>	<u>(72.0)</u>
Free cash flow	<u><u>\$ (158.7)</u></u>	<u><u>\$ (136.6)</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, 2017	Year ended December 31, 2016
	<u>                    </u>	<u>                    </u>
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 June 30,		% change from 2016	Change due to currency translation		Change due to acquisitions	
	2017	2016		\$	%	\$	%
North America	\$ 478.8	\$ 498.9	(4.0)%	\$ (3.9)	(0.8)%	\$ 3.2	0.6%
South America	251.9	203.4	23.8 %	11.1	5.5 %	1.1	0.5%
Europe/Middle East	1,269.5	1,168.0	8.7 %	(44.5)	(3.8)%	38.7	3.3%
Asia/Pacific/Africa	165.0	125.3	31.7 %	(3.1)	(2.5)%	3.7	3.0%
	<u>\$ 2,165.2</u>	<u>\$ 1,995.6</u>	<u>8.5 %</u>	<u>\$ (40.4)</u>	<u>(2.0)%</u>	<u>\$ 46.7</u>	<u>2.3%</u>

## RECONCILIATION OF CURRENCY TRANSLATION IMPACT TO NET SALES

Net Sales  
\$M

	Six Months Ended June 30,		% change from 2016	Change due to currency translation		Change due to acquisitions	
	2017	2016		\$	%	\$	%
North America	\$ 861.4	\$ 907.3	(5.1)%	\$ (6.3)	(0.7)%	\$ 9.4	1.0%
South America	474.1	347.6	36.4 %	44.3	12.7 %	1.8	0.5%
Europe/Africa/Middle East	2,162.0	2,067.1	4.6 %	(87.5)	(4.2)%	68.3	3.3%
Asia/Pacific	295.3	232.9	26.8 %	(4.2)	(1.8)%	11.2	4.8%
	<u>\$ 3,792.8</u>	<u>\$ 3,554.9</u>	<u>6.7 %</u>	<u>\$ (53.7)</u>	<u>(1.5)%</u>	<u>\$ 90.7</u>	<u>2.6%</u>

# NON-GAAP TO GAAP RECONCILIATION

Three Months Ended June 30,

	2017			2016		
	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	\$ 148.4	\$ 91.5	\$ 1.14	\$ 118.6	\$ 50.3	\$ 0.61
Restructuring expenses	0.4	0.3	0.01	2.1	1.7	0.02
Deferred income tax adjustment	—	—	—	—	31.6	0.39
As adjusted	\$ 148.8	\$ 91.8	\$ 1.15	\$ 120.7	\$ 83.6	\$ 1.02

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

# NON-GAAP TO GAAP RECONCILIATION

Six Months Ended June 30,

	2017			2016		
	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	\$ 164.0	\$ 81.4	\$ 1.02	\$ 138.0	\$ 58.1	\$ 0.70
Restructuring expenses	5.5	4.1	0.05	4.0	2.9	0.04
Non-cash expense related to waived stock compensation	4.8	4.8	0.06	—	—	—
Deferred income tax adjustment	—	—	—	—	31.6	0.38
As adjusted	\$ 174.3	\$ 90.3	\$ 1.13	\$ 142.0	\$ 92.6	\$ 1.12

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

# NON-GAAP TO GAAP RECONCILIATION

	Net Income Per Share <sup>(1)</sup>	
As targeted	\$	2.89
Restructuring expenses		0.05
Non-cash expense related to waived stock compensation		0.06
As adjusted targeted	\$	3.00

<sup>(1)</sup> Net income per share amount is after tax.