



# **SECOND QUARTER 2018**

## **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, 2017. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

# FINANCIAL SUMMARY

\$M\*\*

	Q2 18	Q2 18 v Q2 17	YTD 18	YTD 18 v YTD 17
<b>Net Sales</b>	<b>\$2,537.6</b>	17.2%	<b>\$4,545.1</b>	19.8%
<b>Gross margin</b>	<b>21.9%</b>	~Flat	<b>21.7%</b>	40bps
<b>Operating income</b>	<b>168.1</b>	13.4%	<b>218.6</b>	33.3%
<b>Adj. Operating income*</b>	<b>\$170.8</b>	14.9%	<b>\$227.2</b>	30.3%
<b>Adj. Operating margin*</b>	<b>6.7%</b>	(20)bps	<b>5.0%</b>	40bps
<b>Diluted Adjusted EPS*</b>	<b>\$1.32</b>	\$0.17	<b>\$1.68</b>	\$0.55










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

\*\*Except per share amounts



# INDUSTRY OVERVIEW

## June 2018 Year-to-Date Retail Units

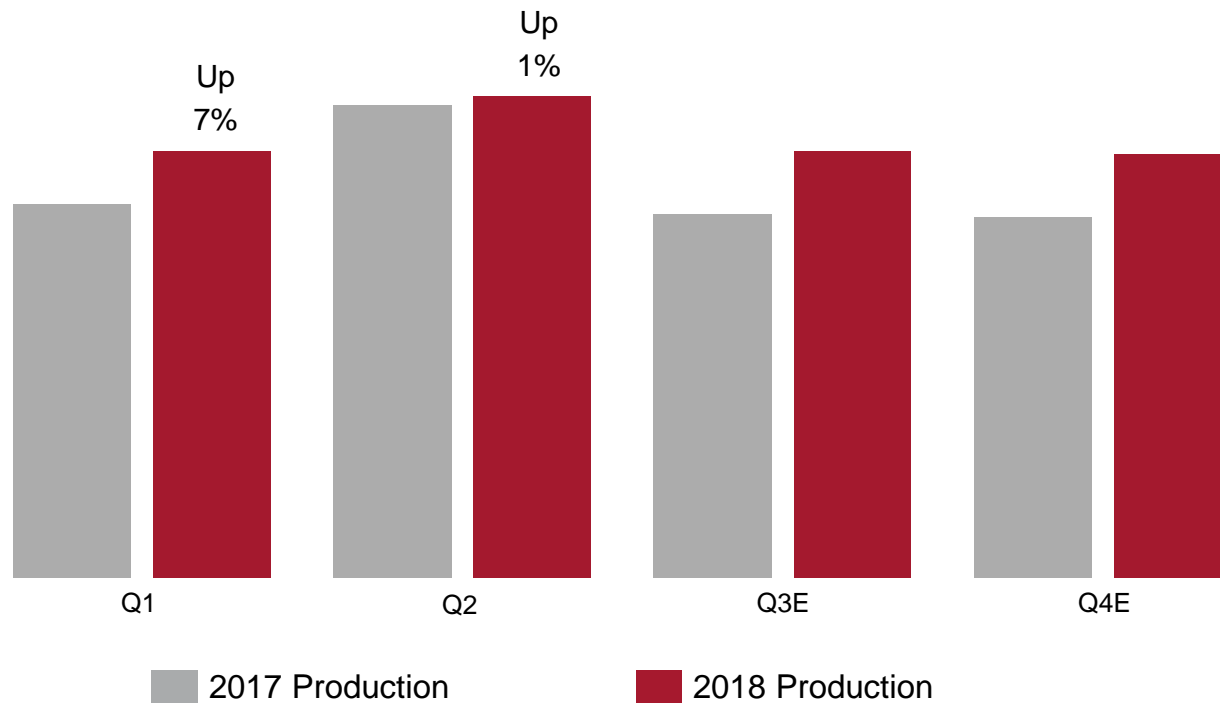
North America		2018 vs. 2017	
	 Tractors*	• Industry	3%
	 Combines	• Industry	15%
Western Europe		2018 vs. 2017	
	 Tractors	• Industry	1%**
	 Combines	• Industry	14%
South America		2018 vs. 2017	
	 Tractors	• Industry	(7)%
	 Combines	• Industry	~Flat

\* Excludes compact tractors

\*\* Based on Company estimates

# 2018 PRODUCTION

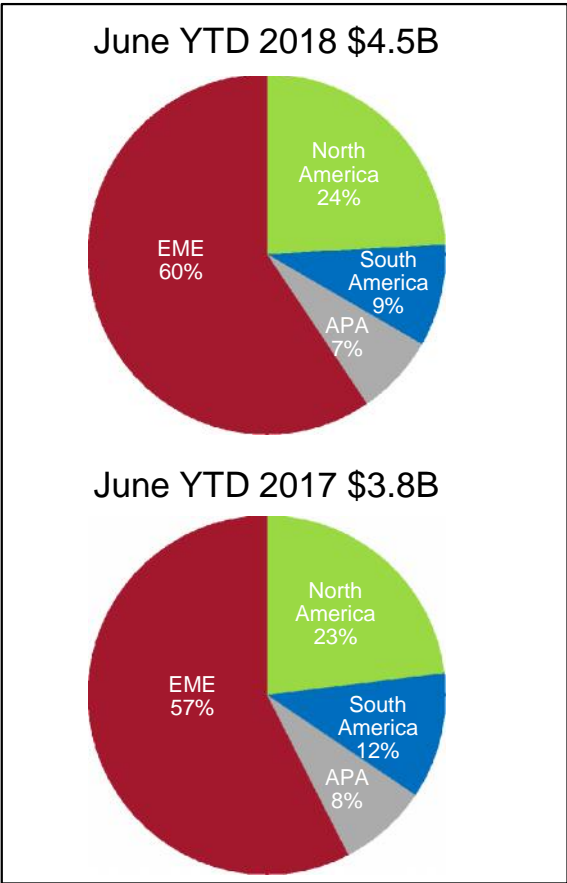
## AGCO Production Hours



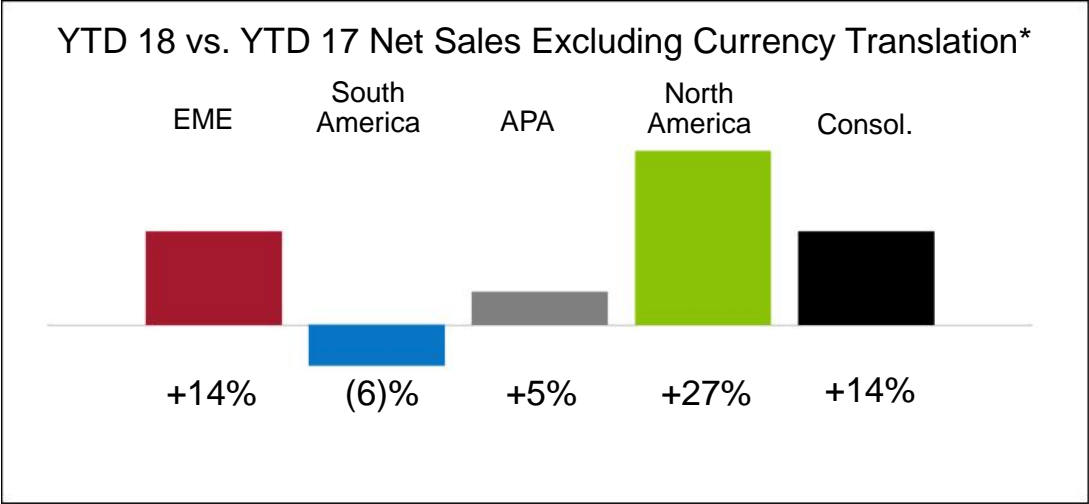
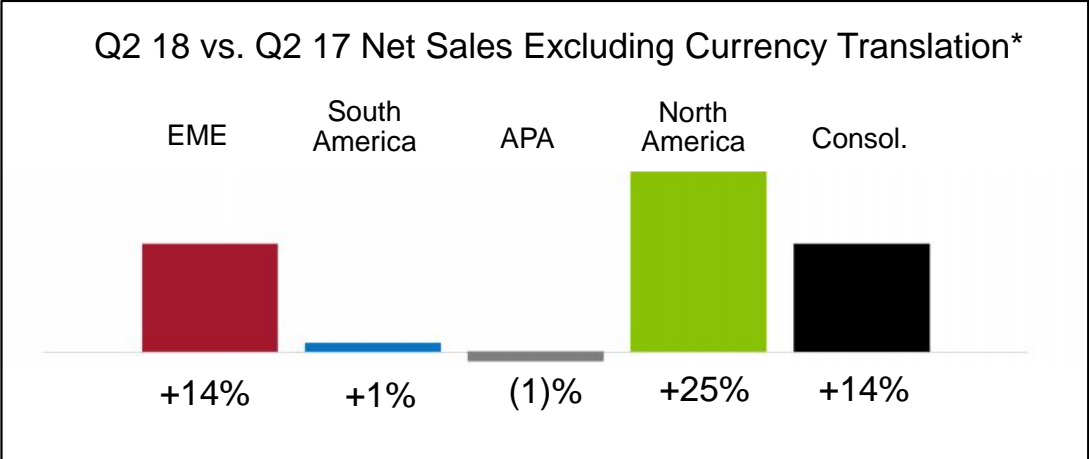
- ▶ Q2 18 production up 1% vs. Q2 17
- ▶ Full year 2018 production up approximately 6% vs. 2017



# REGIONAL NET SALES RESULTS

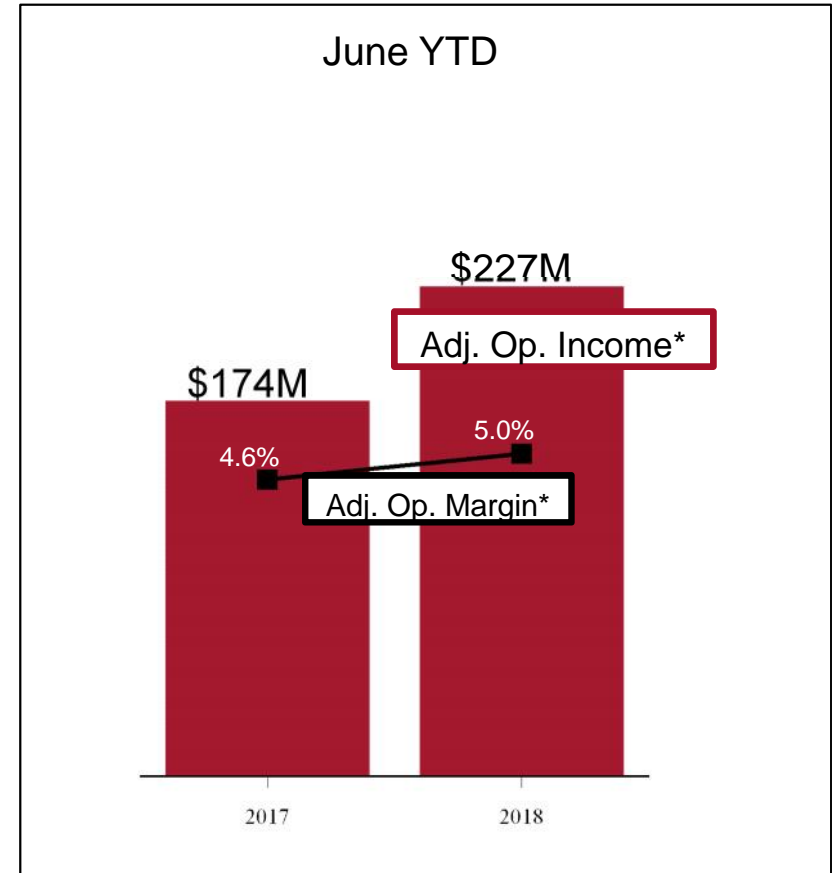
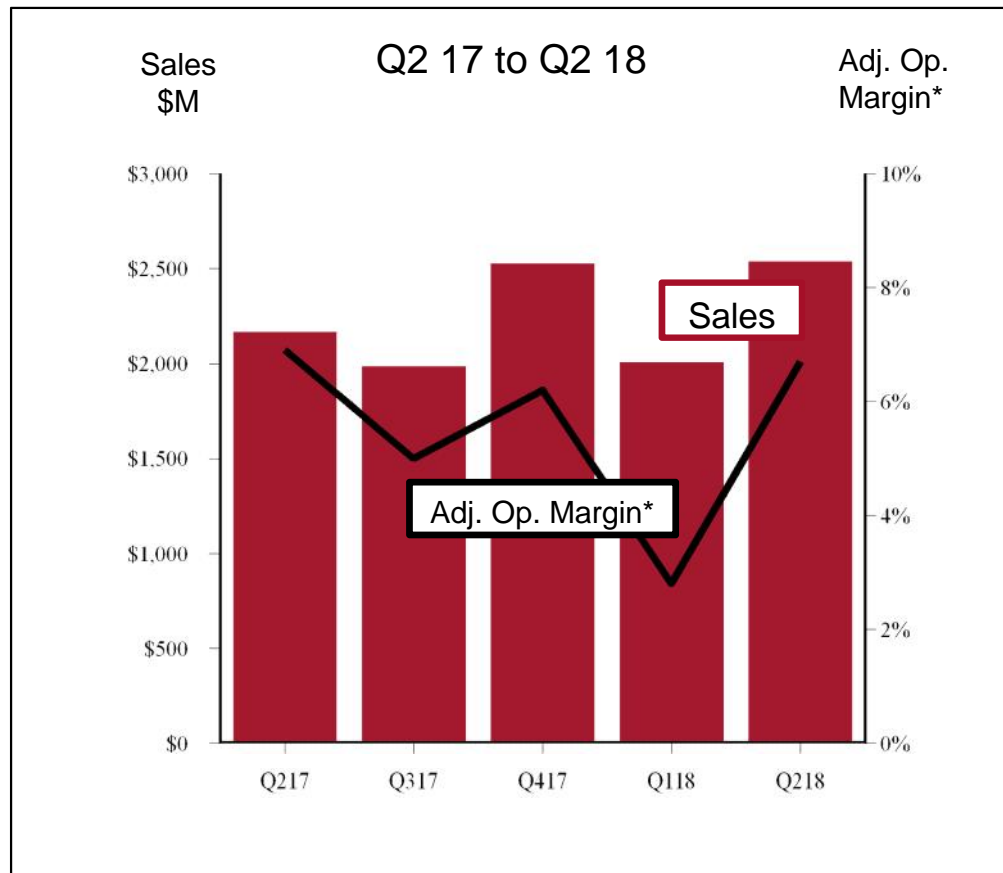


EME – Europe/Middle East    APA – Asia/Pacific/Africa



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

# NET SALES AND OPERATING MARGINS

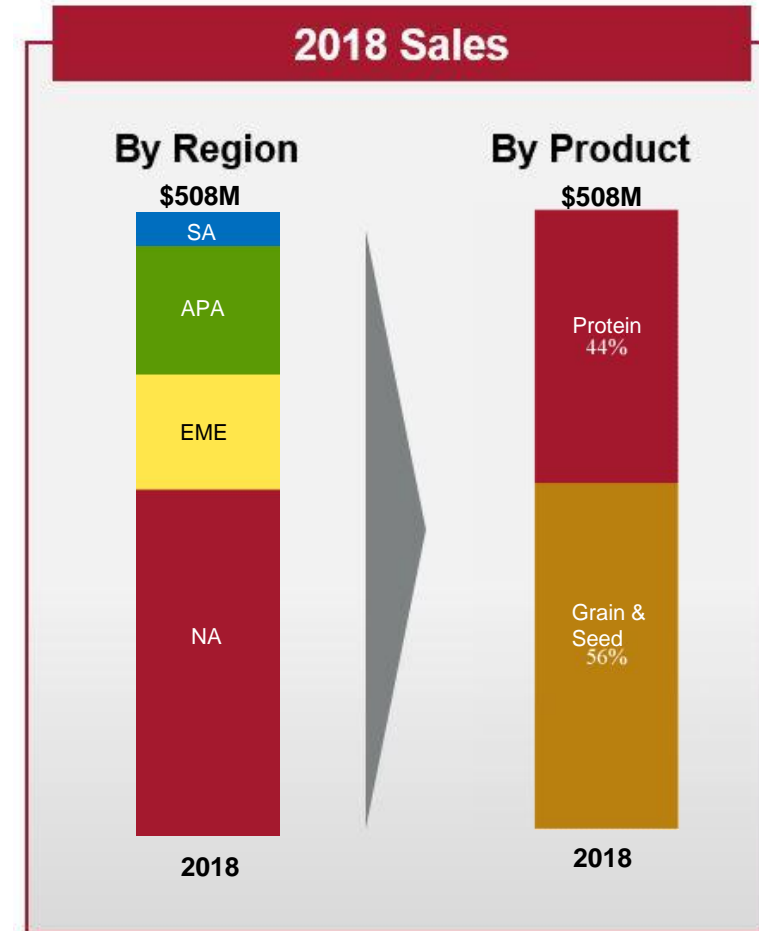


\* Reflects adjusted results, which exclude restructuring expenses and a loss on extinguishment of debt. Please see reconciliations provided in the appendix to this presentation.

# GSI RESULTS



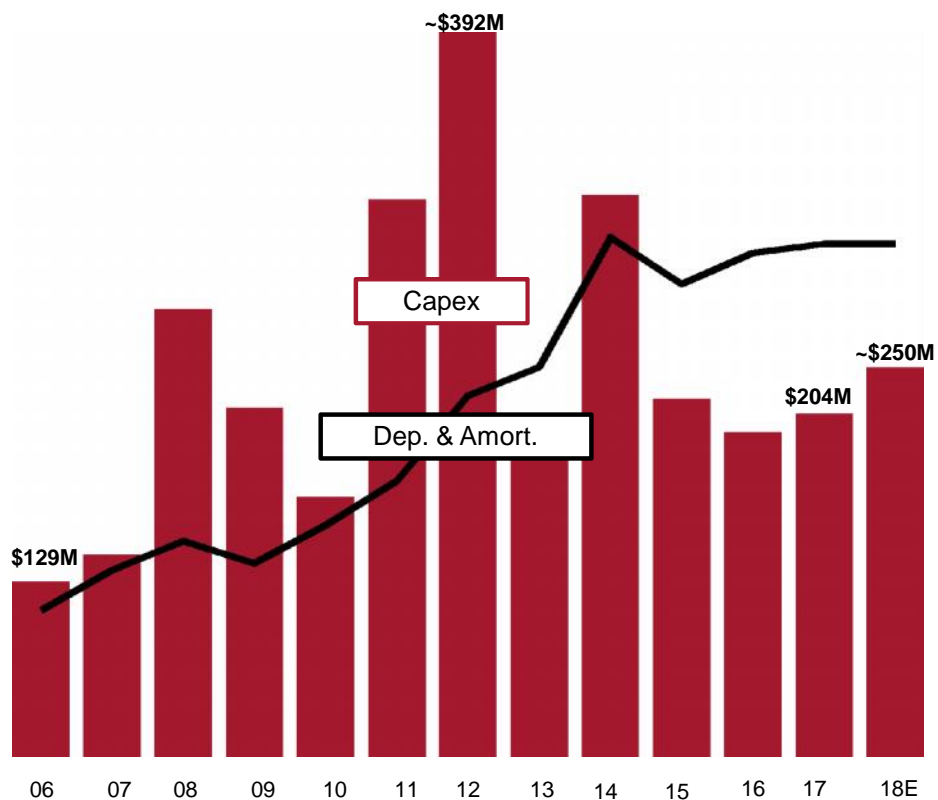
- ▶ 1H 2018 sales down 1% vs 1H 2017 on a constant currency basis
  - Declines in sales of grain and seed equipment in EME & APA and protein production equipment in NA & SA -- mostly offset by
  - Growth in sales of grain and seed in NA & SA and protein production equipment in EME
- ▶ Strong cash flow 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

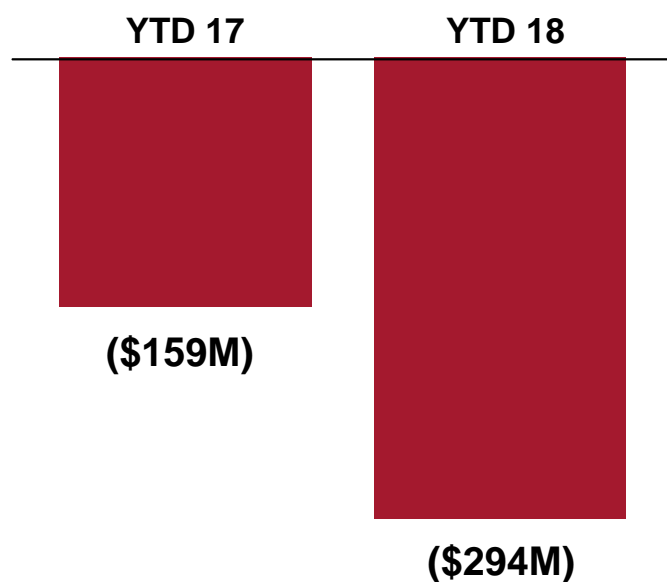


## Engineering Expenses

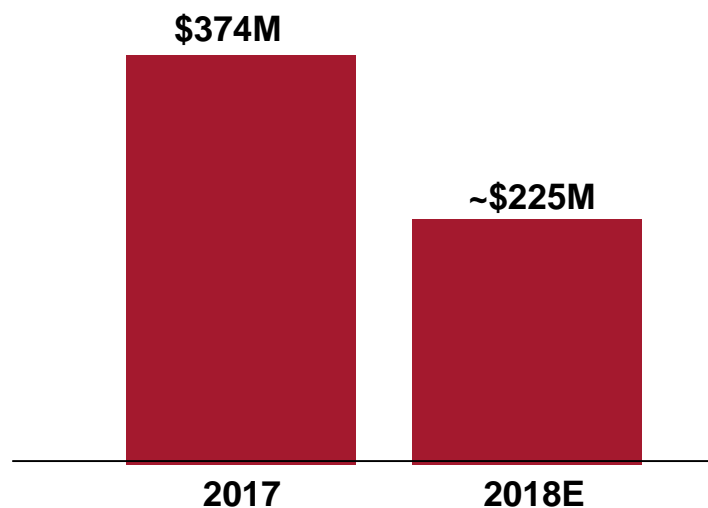


# FREE CASH FLOW\*

## YTD Free Cash Flow



## Full-Year Free Cash Flow



- ▶ Second half of year seasonally stronger for free cash flow
- ▶ Includes inventory build for emissions transition stock
- ▶ Targeting ~\$225M free cash flow in 2018

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**

## **Dividend**

- ▶ Initiated in 2013
- ▶ Ambition to grow



## **Share Repurchase**

- ▶ \$1 billion repurchased over last 4 years
- ▶ \$300M program authorized through December 2019
- ▶ ~\$34 million ytd thru end of June 2018

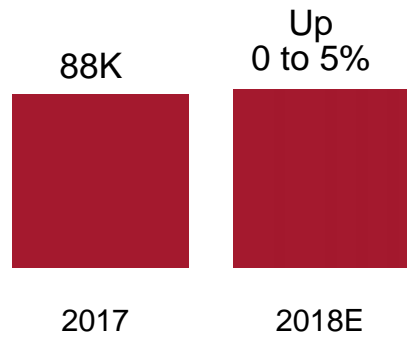


# 2018 MARKET OUTLOOK

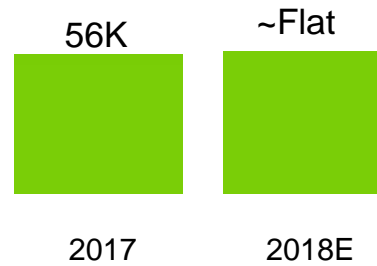
## Regional Market Outlook – Industry Unit Retail Tractor Sales

(Volume in Units)

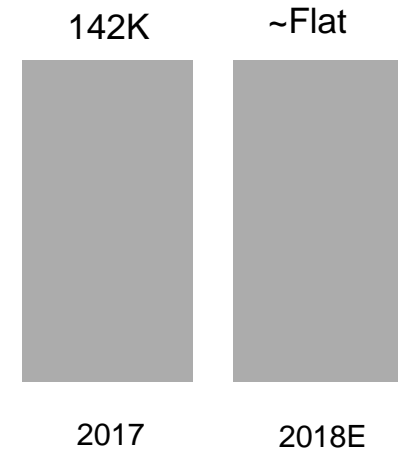
### N. America\*



### S. America



### Western Europe



\*Excludes compact tractors

## 2018 ASSUMPTIONS: SUMMARY

- ▶ 2018 sales up ~12% vs 2017
  - Relatively stable end-market demand
    - Pricing +1.5% to +1.75%
  - Positive currency translation +1.5%
  - Acquisitions +2.5%
- ▶ Engineering ~4% of sales (up ~\$40M vs 2017)
- ▶ Operating margin improvement
- ▶ Effective tax rate 36-37%



# 2018 OUTLOOK

2018 Estimates	
Sales	~\$9.3B
Adjusted EPS	~\$3.70
CAPEX	~\$250M
Free Cash Flow*	~\$225M



# APPENDIX



# NON-GAAP TO GAAP RECONCILIATION

Free Cash Flow  
\$M

	Six months ended June 30, 2018	Six months ended June 30, 2017
Net cash used in operating activities	\$(204.3)	\$(66.4)
Less:		
Capital expenditures	(89.8)	(92.3)
Free cash flow	\$(294.1)	\$(158.7)

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, 2018E	Year ended December 31, 2017
Net cash provided by operating activities	~\$475.0	\$577.6
Less:		
Capital expenditures	(250.0)	(203.9)
Free cash flow	~\$225.0	\$373.7

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,	2018	2017	% change from 2017	% change from 2017 due to currency translation	% change from 2017 due to acquisitions
North America	\$ 600.5	\$ 478.8	25.4%	0.7%	5.0%
South America	219.6	251.9	(12.8)%	(14.1)%	2.1%
Europe/Middle East	1,545.2	1,269.5	21.7%	7.5%	3.7%
Asia/Pacific/Africa	172.3	165.0	4.4%	5.1%	1.3%
Total	\$ 2,537.6	\$ 2,165.2	17.2%	3.3%	3.6%

# RECONCILIATION OF CURRENCY TRANSLATION AND ACQUISITION IMPACTS TO NET SALES

Net Sales  
\$M

<b>Six Months Ended June 30,</b>	<b>2018</b>	<b>2017</b>	<b>% change from 2017</b>	<b>% change from 2017 due to currency translation</b>	<b>% change from 2017 due to acquisitions</b>
North America	\$ 1,103.4	\$ 861.4	28.1%	1.2%	10.7%
South America	401.7	474.1	(15.3)%	(9.8)%	1.7%
Europe/Middle East	2,708.9	2,162.0	25.3%	11.0%	3.7%
Asia/Pacific/Africa	331.1	295.3	12.1%	7.0%	2.2%
<b>Total</b>	<b>\$ 4,545.1</b>	<b>\$ 3,792.8</b>	<b>19.8%</b>	<b>5.9%</b>	<b>4.9%</b>

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Three Months Ended June 30,					
	2018			2017		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As Reported	\$ 168.1	\$ 91.4	\$ 1.14	\$ 148.3	\$ 91.5	\$ 1.14
Restructuring expenses	2.7	2.0	0.02	0.4	\$ 0.3	0.01
Extinguishment of debt	—	12.7	0.16	—	—	—
As Adjusted	\$ 170.8	\$ 106.1	\$ 1.32	\$ 148.7	\$ 91.8	\$ 1.15

# NON-GAAP TO GAAP RECONCILIATION

(In millions, except per share amounts)

	Six Months Ended June 30,					
	2018			2017		
	Income From Operations	Net Income	Net Income Per Share	Income From Operations	Net Income	Net Income Per Share
As Reported	\$ 218.6	\$ 115.7	\$ 1.44	\$ 164.0	\$ 81.4	\$ 1.02
Restructuring expenses	8.6	6.2	0.08	5.5	\$ 4.1	0.05
Extinguishment of debt	—	12.7	0.16	—	—	—
Non-cash expense related to waived stock compensation	—	—	—	4.8	4.8	0.06
As Adjusted	\$ 227.2	\$ 134.6	\$ 1.68	\$ 174.3	\$ 90.3	\$ 1.13

# NON-GAAP TO GAAP RECONCILIATION

	2018 Net Income Per Share <sup>(1)</sup>	
As targeted	\$	3.46
Restructuring expenses		0.08
Extinguishment of debt		0.16
As adjusted targeted	\$	3.70

(1) Net income per share amount is after tax.