The Henry Fund
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AGCO CORPORATION (AGCO)

April 16, 2021

Agricultural Machinery Original Equipment Manufacturer

Stock Rating **No Action**

Investment Thesis

We recommend no action on AGCO Corporation (AGCO). Despite our high revenue forecasts and consistent earnings output, the company's price did not fare well in our modeling. Underperforming margins and high debt levels also contributed to this outlook. After a strong recent run-up in agricultural stocks, we believe AGCO is overvalued at $152, where we price them between $130 and $150.

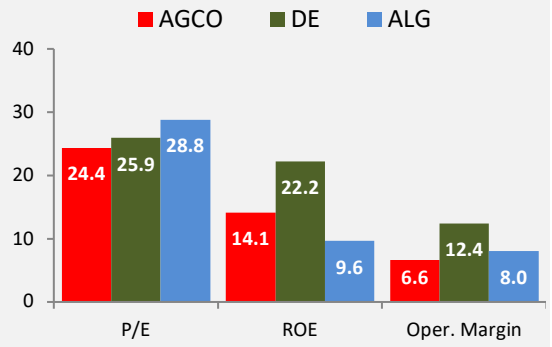
Drivers of Thesis

- AGCO's historic revenues grew at 3.78%, where we follow consensus for the first three forecast years (12.30% for 2021, 4.82% for 2022, and 3.93% for 2023) then grow by 4.48% through 2030. This slightly heightened revenue outlay does not bode well for AGCO pricing because it still produced a price below current trading in our DCF and EP modeling.
- The company's inventory turnover ratio and operating profit margin do not stack up well to other major players in the industry and even show a negative trend over the historic period. Nothing in our modeling suggests we should adjust our forecasts up, so we kept cost structures consistent.
- Our analysis suggests AGCO faces strong headwinds with low relative forecasted growth in the European tractor market, a segment that represents AGCO's largest portion of revenue among any segment. As 40.2% of AGCO's sales, this segment has a CAGR of 2.8% to industry 3.9%.

Risks to Thesis

- The consensus is much more bullish than we are. Though we follow their revenue projections, our earnings come in way lower than theirs. With such a distance between our modeling and consequently distance between our forecasted price, we don't think that their earnings would change our recommendation. In other words, there is still no upside at their earnings.

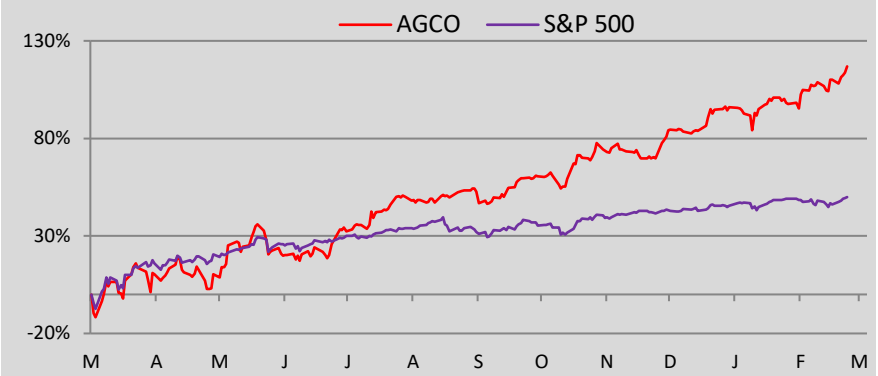
Target Price	$130-150
Henry Fund DCF	$129
Henry Fund DDM	N/A
Relative Multiple	$150
Price Data	
Current Price	$152
52wk Range	$43 – 154
Consensus 1yr Target	$154
Key Statistics	
Market Cap (B)	$11.4
Shares Outstanding (M)	75.0
Institutional Ownership	82.6%
Beta	1.34
Dividend Yield	0.42%
Est. 5yr Growth	2.5%
Price/Earnings (TTM)	26.9
Price/Earnings (FY1)	28.3
Price/Sales (TTM)	1.3
Inventory Turnover	3.4
Profitability	
Operating Margin	6.6%
Profit Margin	4.6%
Return on Assets (TTM)	4.9%
Return on Equity (TTM)	14.1%



Earnings Estimates – Data Source: FactSet

Year	2018	2019	2020	2021E	2022E	2023E
EPS	$3.62	$1.64	$5.69	$7.36	$8.35	$9.19
HF est.				$6.01	$6.41	$6.65
growth	*54.7%*	*-54.7%*	*247%*	*5.6%*	*6.8%*	*3.7%*

12 Month Performance



Company Description

AGCO Corporation is an original equipment manufacturer (OEM) that produces machinery used in all major farming activities, including planting, growing, harvesting, and storage of crops. They are a leading player in global markets and carry brands such as Massey Ferguson, Fendt, Valtra, and Challenger. Based in Duluth, Georgia, they were formed in 1990 through buyouts and acquisitions, with "AG" in AGCO actually being an acronym for two of the major players from that time not from an abbreviation of "agriculture".

COMPANY DESCRIPTION

AGCO is a major original equipment manufacturer (OEM) in the agricultural machinery manufacturing industry. They provide heavy equipment across the spectrum of farming activities, including planting, growing, harvesting, and storage, and are represented around the world through four major brands: Challenger, Fendt, Massey Ferguson, and Valtra. With manufacturing facilities in over 30 countries and dealer networks across approximately 140 countries, AGCO is truly a global company, employing a workforce of just over 20,000 worldwide. Their company's purpose is simple: Farmer-focused solutions to sustainably feed our world. (add footnote—company website)

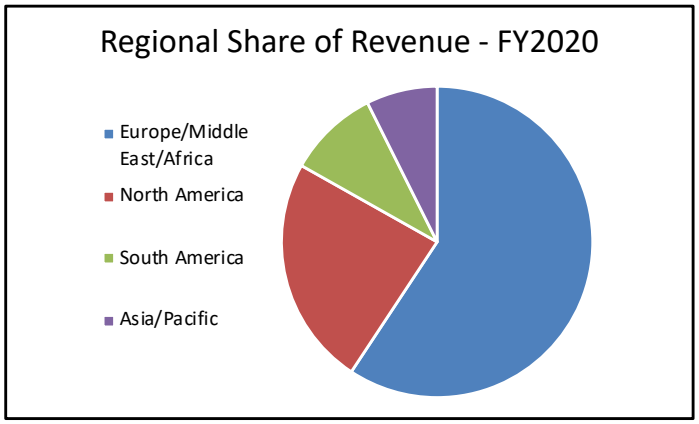
For the purposes of this report, AGCO's revenues will be broken down both regionally and by product line, giving two perspectives of the company's business. There are four major segments in each of these breakdowns:

> Regional – North America, South America, Europe/Middle East/Africa, and Asia/Pacific.
>
> Product Line – Tractors, Replacement Parts, Grain Storage and Protein Production Systems, and Other.

Additionally, the company offers both retail and wholesale financing of their products primarily through a joint venture with Rabobank, a Dutch multinational banking and financial services firm. AGCO owns a 35% stake in this venture, which we have accounted for its value in our DCF modeling. These transactions primarily occur in the North American market, helping facilitate sales.[1]

Regional Business

Though AGCO is a US-based company, the largest share of their revenue comes from sales in the Europe/Middle East/Africa region, with the overwhelming majority of this category coming from Europe (96.4%). As a whole, this region accounted for 59.29% of AGCO's 2020 revenue, up almost 10% through the historic period (2010-2020). North America is the clear second on AGCO's revenue list at 23.86%, with South America and Asia/Pacific rounding out at 9.46% and 7.38% respectively. Over the same timeframe, North America has held steady in the lower-to-mid 20s and Asia/Pacific doubled but at a low percentage, where South America has not only seen their share of the revenue decrease substantially (25.22% to 9.46%) but is the only region that has decreased in total dollar amount as well ($1.7B to $865M).



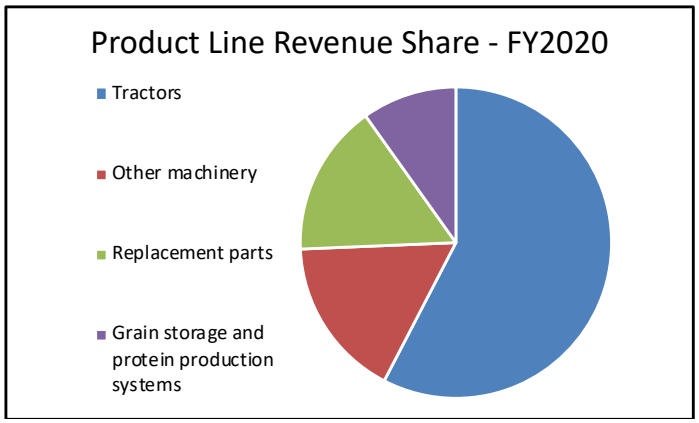
Data Source: AGCO 10-K Report

Though our revenue modeling is discussed in detail below (link to Valuation section here), it should be noted that we ran through several different variations before we decided to follow consensus for the first few years of the forecasted period, then grow revenue at 70 basis points above the historic average. This was a compromise between some of our modeling variations, allowing us to take an aggressive position throughout the forecasted years that would serve as a starting point for our analysis.

Product Line Business

Just as with the regional sales breakdown, there is a category with a large majority of the product line business: tractors. For 2020, tractors made up 57.62% of AGCO's revenue, more than tripling any of the other segments. The generic "Other machinery" came in next with 16.72%, with replacement parts just after at 15.80% and grain storage and protein production systems at 9.86%. This latter category was actually introduced as a new product line early in the historic period (2011), seeing substantial growth in its first couple of years but its percentage of sales has stabilized at around 10% in the last half dozen years. Tractors were down about that same percentage over the same timeframe, with the other two holding steady, indicating the shift in revenue share has been from tractors to grain storage and protein production systems.

Product line revenue disaggregation provides a much less volatile breakdown of the revenue, in terms of both revenue share over time as well as growth in those segments—barring early outliers in the grain storage and protein production category. This is discussed below in greater detail in the Valuation section (linked above) of



Data Source: AGCO 10-K Report

this report. We initially thought that having two types of disaggregation would helped stabilize the model and gave us a happy medium between two disparate projections. In the end, we simply chose to follow consensus, then project off of adjusted historic figures. In the table in that section below, we show the wide range in growth rates between the two models (-5.01% to 13.09% for regional and 2.07% to 4.64% for product line) and explain how we came up with our final revenue model.

Cost Structure

The cost of goods sold includes materials, supplies, and services exhausted in the manufacturing of AGCO products. This includes labor and overhead fees, as well as any inbound and outbound shipping fees associated with moving inventory. Historically, these costs have consistently hovered around 75% of total revenue. Selling, general, and administrative costs have also been consistent over the historic period, coming in right around 11% of sales, and the company has historically invested from 3 to 4% of sales to engineering expenses, which includes research and development investments. In 2019 and 2020, AGCO incurred a total of $196.6 million in impairment charges as a write down of their acquisition of GSI, their grain storage and protein production systems business. Further analysis of the company's cost structure is in our valuation section (here), where we outline how costs fit into our modeling.[1]

ESG Analysis

AGCO ranks 30th out of 486 companies in the Machinery section of the Industry Group of the Sustainalytics ESG ranking system. Their overall score is 23.0, which puts them in the medium risk range, and their classified with a low exposure and average management response to ESG concerns. Though their overall score is pretty good, placing them in the 93rd percentile of companies in this group, AGCO is overshadowed by its peers. With the exception of Alamo Group, who is apparently too small to be in the Sustainalytics system, all the other companies in the comparison section below (here) are ranked above AGCO. In fact, Kubota Corporation, CNH Industrials, and Deere & Company are ranked 1st, 2nd, and 5th respectively in this industry group, each ranging in the low risk category. Unfortunately, this is not the last time AGCO lags behind its peer group in this report's analysis.[2]

AGCO's purpose statement is simply stated: Farmer-focused solutions to sustainably feed our world. To fulfill the sustainability portion of that statement, the company has focused on four initiatives:

- Advancing soil health and soil-carbon capture.
- Decarbonizing our operations and products.
- Elevating employee health, safety and well-being.
- Prioritizing animal welfare in food production.

Notable, tangible goals from the company's sustainability report include 100% connected fleet by 2025, reducing manufacturing CO^2 emission intensity by 20% by 2026, and reach 60% renewable energy use in their manufacturing footprint by 2026. These are laudable goals and should be championed within the company, but they probably do not rank above their peers because these goals seem freshly minted. AGCO is slightly behind the curve on these initiatives compared to their peers, with benchmarks for these goals just set last year. The potential is there, just the question of delivery remains.[3]

RECENT DEVELOPMENTS

Earnings Announcement – February 4, 2021

AGCO ended 2020 with a positive fourth quarter. At just over 8% YoY growth, net sales reached $2.7 billion for the quarter, and earnings per share were reported at $1.78. The company also released their fiscal year 2020 numbers, which also saw a revenue and EPS increase year-over-year. At $9.1 billion for the year, revenue gained 1.2%, and EPS was up to $5.65 from $1.63 in 2019. The company attributed this success to a combination of leveraging improving market conditions, overcoming supply chain challenges, maintaining production levels, and reducing both company and dealer inventories.

For 2021, management is forecasting continued revenue growth that will bring totals between $10.2 and $10.4 billion, citing anticipated improved volume, pricing, and currency translations. Margin improvement initiatives are also cited as reasons for optimism in cost structure outlook, but not many details are given as to what those initiatives actually are. The company plans to continue investments in engineering and technical projects, particularly their precision agriculture and digitization initiatives. Based on these assumptions, management is projecting earnings between $7.00 and $7.25.[4] Consensus is just over the upper end of this range at $7.36 for 2021. We are not that optimistic in our modeling, coming in quite lower at $6.01.

COVID-19 Impact

Any time there is general uncertainty in the economy, capital expenditures receive extra scrutiny. The COVID-19 pandemic brought more economic volatility than this country and the world has seen in decades. Commodity price swings and supply chains disruptions have and will likely continue to dampen confidence and delay equipment purchases. The industry's anticipated 12.8% reduction in revenue in 2020, along with a 23% rise in farm bankruptcies, do not bode well for the immediate horizon. If the economy rebounds quickly, however, and consumer confidence along with it, the farm operations that survive could be looking at cheap cash, large savings, and high demand. This would be good for OEMs. [5]

TAFE Dispute

At the end of last year, Tractors and Farm Equipment Limited (TAFE), an Indian tractor manufacturer who has had a 55-year relationship with AGCO through their Massey Ferguson brand and who is AGCO's largest shareholder at 16.2%, filed a Schedule 13D with the SEC and amended that filings in March with statements concerning AGCO's long-term competitive position. TAFE has concerns that the macroeconomic tailwinds propelling AGCO's recent growth are temporary, masking inadequate financial performance and a weakening position compared to competitors. These issues were raised with AGCO's board six weeks before the filing was submitted, but apparently TAFE still felt compelled to file due to perceived inaction by AGCO. Their main recommendations include reevaluating growth strategies, transforming their cost structure, shuffling their portfolio allocations, and a corporate governance reset.[6, 7]

AGCO released a statement on the filing, saying it included misleading statements and highlighting areas where they believe they have already addressed TAFE's concerns. Both companies struck a conciliatory in their reports, however, and it is not the first time TAFE has filed such a concern, suggesting they have worked through issues before. The main concern here, obviously, is that TAFE is AGCO's largest shareholder and can influence AGCO's market performance through their activism. Should the relationship sour, AGCO will need to find the best approach they can to addressing this situation and appeasing any concerns raised in the market.[8] This is a developing story and is too early to make a certain judgment, but in the complaint, TAFE described its relationship with AGCO as constructive and valuable, which suggests they will not make any rash decision.

Insider Stock Sells

Over the trailing 12-month period, AGCO officers and directors have sold $24.5 million worth of shares, with zero in purchases. Of note, CEO Michael Richenhagen sold $18.5 million alone, even below market value. To be fair, this is a weak indicator at best, and the same group of company leaders has not had any strong buying activity since 2015. For context, Richenhagen sold $21.6 million worth in 2019, so the TTM value does not seem out of the norm. The question that always arises, however, is whether company leadership has a hunch about the current price and is exiting ahead of a downturn.[9, 10]

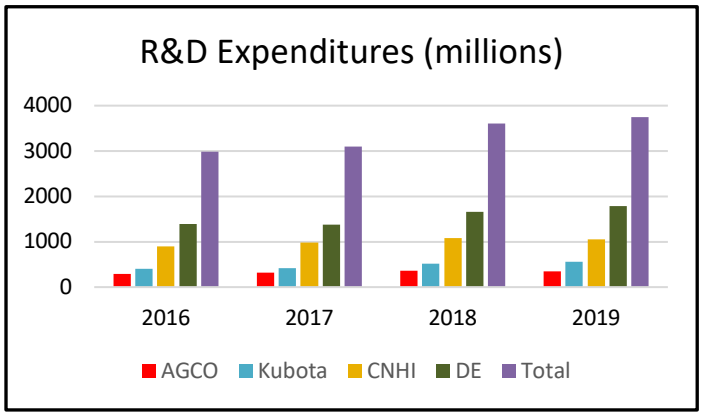
INDUSTRY TRENDS

Technology

Advances in technology proliferate through the economy at large, and the agricultural equipment manufacturing industry is not sitting by idly. GPS capability, connectivity, and autonomy hold a lot of promise to maximize land use, track costs and yields, and increase productivity. Because this industry is mature with full-market saturation, technology is an important way to increase already slim margins and offers those who can afford it a competitive advantage. All the major players are investing to develop the latest technologies, including robotic sprayers that can differentiate weeds from crops, battery powered drones with wide applications, and software that connects the farmer to all aspects of his or her operations.[11] From equipment automation to data collection and analysis, the

digital evolution of agriculture is already a fact of life on farms across the United States.[12, 13]

The agriculture sector offers an interesting case study for autonomous driving technologies. With lighter regulation across the industry, agriculture is poised to be the first sector of the economy to scale up the technology. Innovation also offers space for start-ups or smaller players to make a mark in a mature industry. For instance,



Data Source: *Statista*/AGCO 10-K reports

John Deere acquired Blue River Technology for $300 million in 2017, for their See & Spray artificial intelligence software referenced above that kills weeds but not crops.[14] Research and development expenditures across the four largest companies in this report have grown by nearly a billion dollars from 2016 through 2019 (above).

AGCO's investment in the chart above represented 3.57% of company sales over the historic period. This is labelled under the generic "Engineering expenses" in the company financial, so the exact research and development investments may be slightly inflated in that number. For 2019 (the latest year available with most peer information; numbers are not available for ALG), this is how the peer group compares:

2019	R&D Spend	Revenue	Percent
AGCO	0.34	9.1	3.74%
CNHI	1.03	26.1	3.94%
DE	1.78	39.3	4.54%
KUBTY	0.49	17.8	2.77%

Source: Company Annual Reports

Again, these numbers are not perfect and may not reflect industry-relevant investments, but they do give a good idea of each firm's total commitment to R&D.

Right-to-Repair Issue

In late summer 2018, Deere & Company (DE), the Association of Equipment Manufacturers, the Equipment Dealers Association, and a host of other OEMs and associations released statements pledging to make tractor repairs more accessible. The issue at hand is that technological advances have made software a more prominent feature of agricultural equipment, and as such access to that software is required to make even some basic repairs. Without access to software diagnostics and tools, farmers are reliant on dealers and authorized repair specialists, of which there may only be a few that service a large geographical region, slowing production and adding to the cost of a downed piece of vital equipment.[15, 16, 17]

The statements were a response to growing concern among farmers and state legislatures, promising that by January 1, 2021, farmers would have much greater access to their own equipment and the tools necessary to make repairs. This has not occurred, however, and the battle has recommenced among a growing list of state houses across the country. What the industry was hoping would help them avoid regulations may come back to hurt them if promises are not fulfilled. This may already be occurring with implications fair beyond the agriculture equipment industry, as over 25 states are mulling over right-to-repair laws for a broad swath of consumer products.[18]

This risk is largely systemic, so it will effect firms broadly speaking, and if it rises to the level of new laws and regulations, AGCO may have no choice but to comply. Since Deere is the market leader, it has the biggest target on its back, but AGCO is not immune and could have some exposure. This is an area that investors want to keep their eye on to see if AGCO, and the industry at large, can come up with an agile response.

Trade and Other International Concerns

Though there is a new administration in the White House, there is still much work to be done to fix US trade issues. The former president's trade war with China is a prime example of the externalities that can effect this industry. In mid-2018 when tariffs were announced against Chinese goods, the price of soybeans contracts quickly dropped more than 10%, from around $10.25 to $8.75 a bushel. Soybean prices did not recover to until nearly two and a half years later as America was electing a new president.[19]



Data Source: The Wall Street Journal

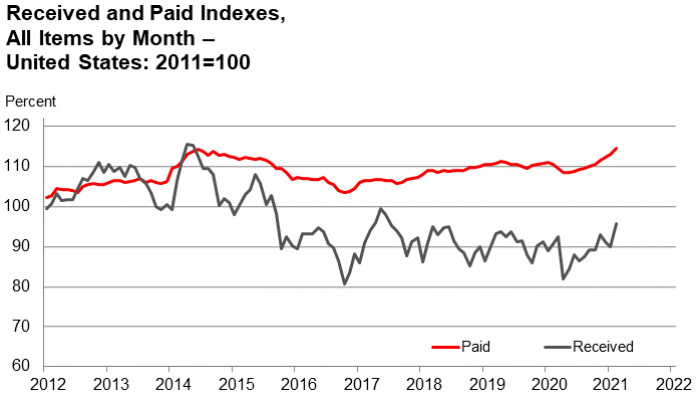
Another example of the vacillation of international concerns is the current agricultural protests in India. Granted, the Indian agriculture sector is much different than the US's, with nearly 60 percent of the country's population still dependent on agriculture to make a living, but the situation shows the delicate balance policy, prices, the climate, and consolidation trends can have on any sector as subject to volatility as agriculture.[20]

ECONOMIC OUTLOOK

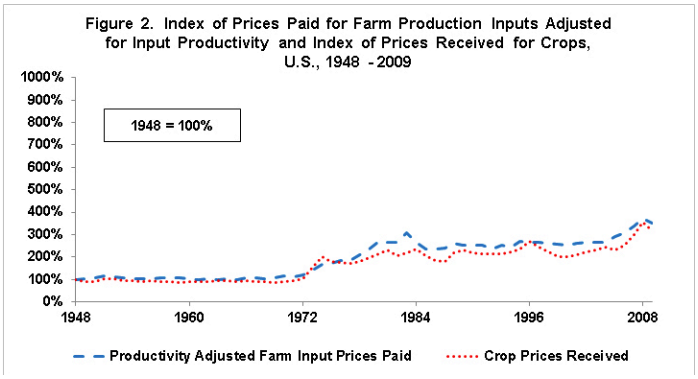
Farm Price Index (FPI)

The Farm Price Index (FPI), also known as the Agricultural Price Index, is a lagging indicator that has broader economic significance beyond this industry. Many analysts see it as a bellwether for capital expenditures, which is the direct effect the indicator has on equipment purchases. The FPI is measured monthly by the US Department of Agriculture's National Agricultural Statistics Service (NASS), taking into account price movements in crops, livestock, and other related products. USDA NASS also tracks prices paid for the inputs used for production, both capital inputs (land, equipment, buildings, etc.) and variable inputs (labor, chemicals, fertilizer, fuel, services, etc.). The common nomenclature for these two categories is prices RECEIVED and prices PAID.

Both historically and recently, prices paid have had the edge over prices received. In fact, the last time prices received topped prices paid was in 2014. In real terms, prices for inputs far outstrip output prices paid to farmers, but the prices paid metric is adjusted for productivity gains.[21] Here are two charts that track recent and historic FPI, with a small gap between 2008 and 2012:

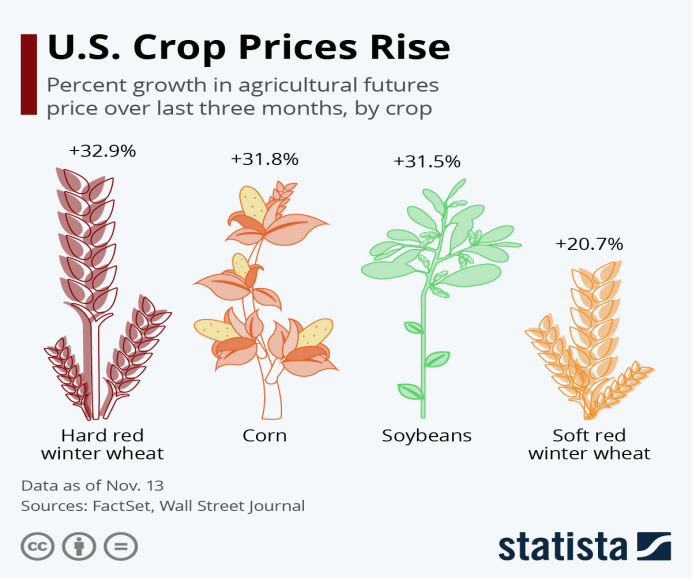


Source: *USDA NASS*



Source: *farmdoc daily*

Though prices received have begun to increase (see chart below), realizing their highest level since mid-2017, input prices are also rising, driven largely by the rebounding cost of fuel. The trailing 5-year CAGR of received prices are expected to be 2.09%, with the index reaching 99.4 this year. Forecasted over the next six years, the index is expected to reach 104.4 at a CAGR of 0.89%. The question

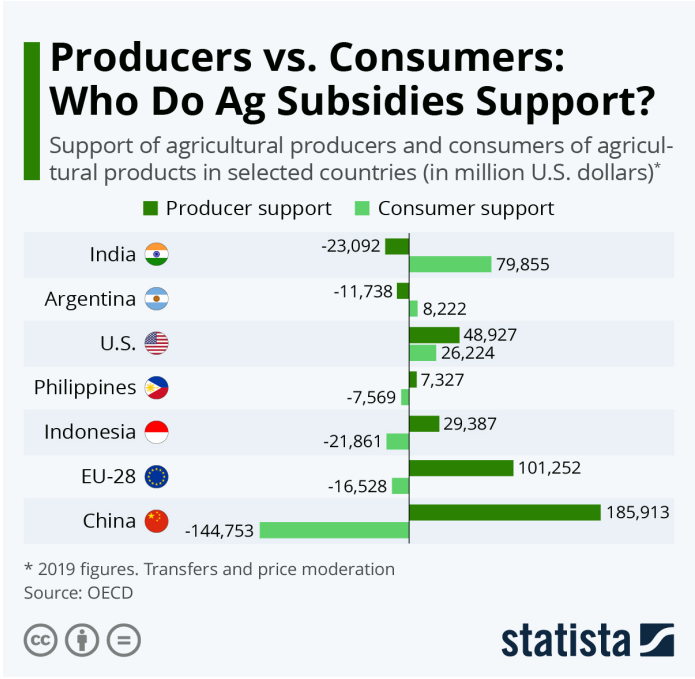


Source: *Statista*

is, however, will input prices come down and can productivity gains be realized enough to boost farm income and buying power, so much so that farmers invest in new equipment.[22, 23, 24]

Government Subsidies

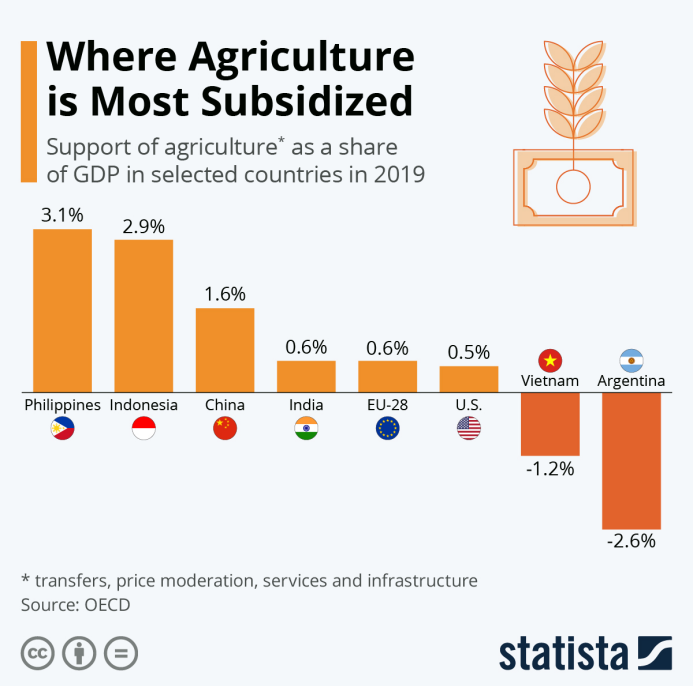
Given that prices paid usually outpace prices received, governments tend to support the agriculture industry through subsidy programs that bolster against too many losses. The US version of this legislation is colloquially called the farm bill, the most recent iteration being the *Agriculture Improvement Act of 2018*. It was signed into law at the end of that year and largely reauthorized expenditures from the previous bill. The US first adopted this type of policy about a hundred years ago, with the express intent of bringing greater stability to the farming economy, as well as to address issues around end use of farming products, namely food assistance programs.[25] Similar dynamics play out in economies around the world, pitting producers against consumers to some degree in most markets. The following chart tells some of that story:



Source: *Statista*

It is no surprise that India's farmers are protesting when seeing their top position on this chart. Their prices are suppressed by the government, to an estimated tune of $23.1 billion in 2019. They also tip roughly $80 billion on the demand side of the scale as well, so farmers are taking it on the chin twice. Argentina is in a similar situation but to a lesser extent. The US is in the unique position, at least among those on this chart, that support both producers and consumers, and the rest tip in favor of producers. Essentially, the latter dynamic asks consumers and taxpayers to support the farm economy, effectively redistributing assets from wealthier citizens to poorer ones. The US's peculiar position might be explained by federal government budget deficits.[26]

As far as how most of those countries fare when comparing GDP to subsidies, this chart delineates:



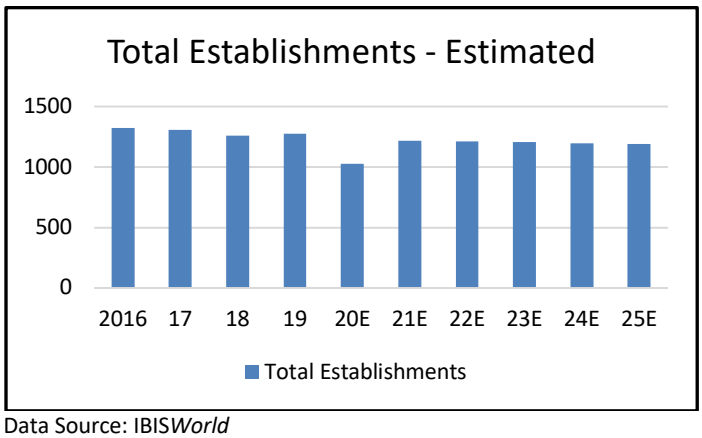
Source: Statista

The OECD found that between 2017 and 2019 governments in 54 countries helped producers with a net $619 billion. India and Argentina again were pointed out to be essentially net taxers of producers, although India's total subsidies turn positive as a result of their high subsidies for consumers.[27] The total US farm bill, which appears to not be completely represented in the first chart above, is $867 billion and expires in 2023, so there will at least be some stability for a couple years with the current iteration of the policy. Perhaps stability can boost farmer confidence to purchase new equipment.

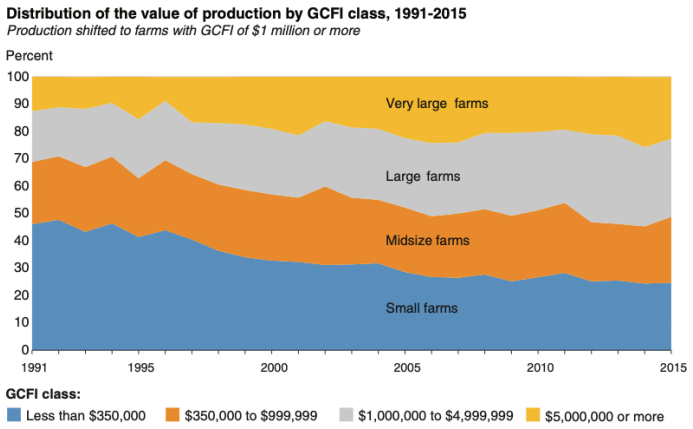
Establishment Consolidations

The corporatization and consolidation of farms has increased over the past few decades, leading to larger economies of scale and heightened demand for heavier,

more technically savvy equipment. The trend is expected to continue slowly over the coming 5-year period but will not likely be enough of a countervailing factor to price volatility and the broader economic hardships of the COVID-19 pandemic. [5]



Data Source: IBIS*World*



Source: USDA, MacDonald

This trend appears to be spurred on heavily by technological advancements. Larger and faster machines allow more acreage to be farmed with lower input costs (less labor, more fuel efficiency). Likewise, precision agriculture—GPS-assisted vehicle guidance systems, yield and soil mapping, and variable-rate applications of inputs—has had a similar effect on farm consolidation, allowing fewer people to manage more and more acres. Though just in its infancy in agriculture and yet to make a major impact, robotics could spur on or reverse the consolidation trend. Equipment design changes radically when no driver is needed, allowing for smaller and lighter machines that improve efficiency and cut labor costs. These gains can be realized across farm sizes, allowing smaller farmers to take advantage of advancements that were previously only realized by "the big guys".[28]

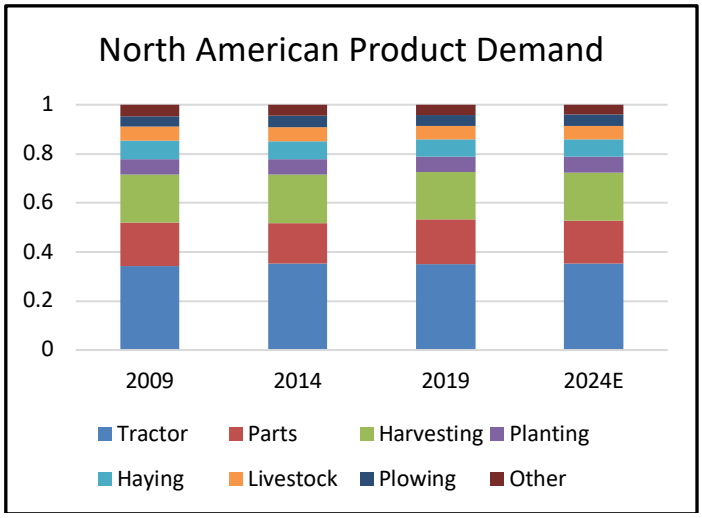
Information on global farm characteristics is tough to find, but if the US is any indication of the rest of the world, trends will tilt toward consolidation. US farm policy explicitly favored consolidation in the mid-twentieth century, expressly seeking to reduce the number of farm families and increase the industrial labor pool. Though the farm bill has become less explicitly biased to large farms, the lobbying power of Big Ag, including all the tangential players (OEMs, seed companies, etc.), has sought the favor of continuing legislation.[29] This is certainly happening in India, where small farmers are protesting policy changes they say will advantage large agricultural players. It is our estimation that the trend of this indicator, whether farms become more or less consolidated, is less important than the rate of change. Faster movements in the rate of consolidation or fractionalization of farms likely requires equipment investments, which would be good for equipment manufacturers.

PRODUCTS AND MARKETS

Developed countries have the most advanced markets, with growth limited to the margins of technology, M&A activity, and broader economic factors. Immerging markets present higher advantages for technological and consolidation trends, as well as progressive farming policy, but India serves as a current cautionary tale of the risks accompanying the returns.[5]

North America

Demand for farm equipment in this region (the US, Canada, and Mexico) is expected to increase annually by 3.4% to $41.2 billion by 2024, primarily as a result of rising crop production, farm commodity demand increases, and

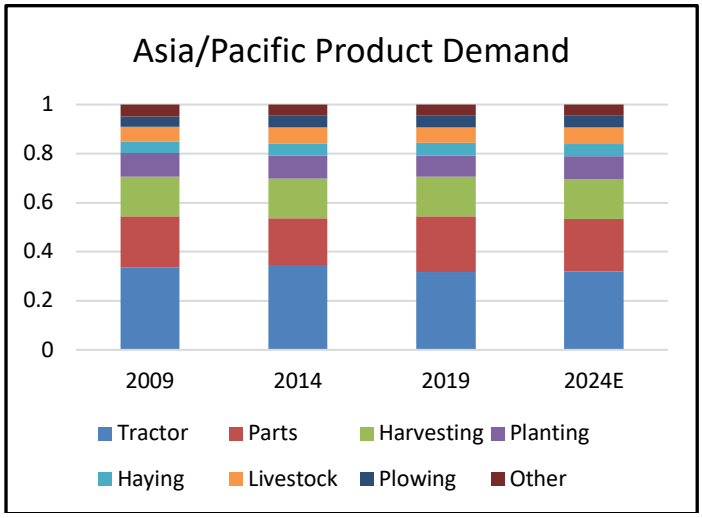


Data Source: *The Freedonia Group*

commodity price recovery. Technological advancements in equipment are expected to contribute to this increased demand as well, as farmers will seek to find gains wherever possible, and all product segments are expected to fare well due to the diversified nature of North American crop and livestock production. Market saturation is a possible risk to this gain, but the overall outlook remains positive.[30]

Asia/Pacific

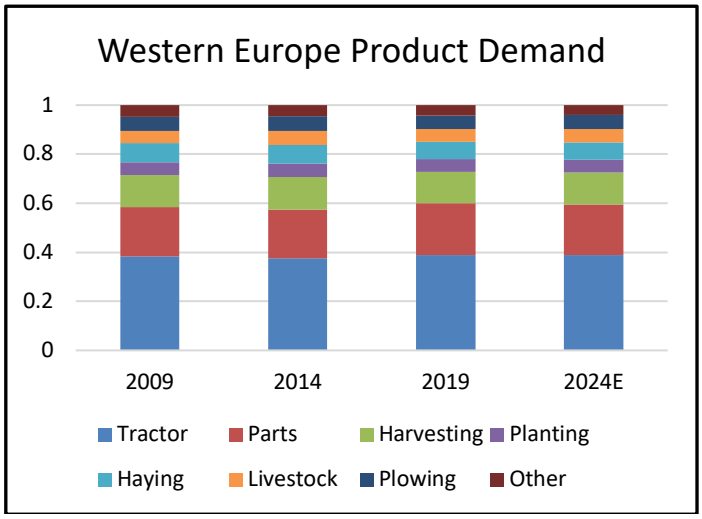
Of the three major regions, Asia/Pacific demand is expected to grow the most in the next few years at an annual rate of 4.5% to $57.2 billion. The same factors listed above for the North American market will contribute to this increase, as well as an improving subsidy environment for producers and investments from governments and private companies to improve the standard of living for broad swaths of the population. Tractor and harvesting equipment purchases are expected to outpace other product lines, although all are expected to rise, and the pandemic recovery is expected to be lopsided as well, with larger economies (China, Australia, Japan, and South Korea) in favor here.[30]



Data Source: *The Freedonia Group*

Western Europe

Western European demand is forecast to grow below average, expanding at just 2.8% to $30.9 billion by 2024. Drags on demand include an already large stock of advanced equipment in the field, previous gains due to favorable regulation in 2018, reforms to farm subsidies expected to hurt producer income, and Brexit. Planting, fertilizing, plowing, and cultivating equipment is expected to have better gains than other product lines, mainly due to technological advancements in these products.[30]



Data Source: *The Freedonia Group*

Other Regions

This segment includes Central and South America, Eastern Europe, and Africa/Mideast, each of which are expected to grow 5.1%, 4.1%, and 4.8% respectively. Establishment consolidation and commercialization, which drives demand for mechanized and advanced equipment, are expected to drive growth in these regions, along with changing food environments (increases in processed food demand) and increased government intervention. The pandemic recovery is expected to be weaker in these regions, especially in Eastern Europe, but not enough to completely dampen equipment sales.[30]

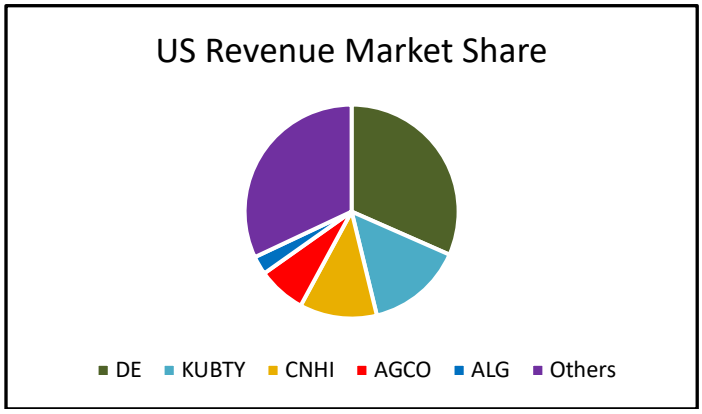
The following heat map illustrates the varying demand by product line for each geographical region, represented by estimated CAGR . Of note, larger pieces of equipment like tractors and harvesters are lagging to middling in each section, planting equipment being the only exception

2019-24 CAGR	North America	Asia/Pacific	Western Europe	Other Regions
Tractors	3.5%	4.6%	2.8%	4.9%
Harvesting	3.6%	4.6%	2.8%	4.9%
Planting	4.1%	5.5%	3.4%	5.4%
Haying	3.1%	4.5%	2.8%	4.8%
Livestock	3.7%	5.5%	3.2%	5.2%
Plowing	3.8%	5.5%	3.2%	5.3%

Data Source: *The Freedonia Group*

PEER COMPARISONS

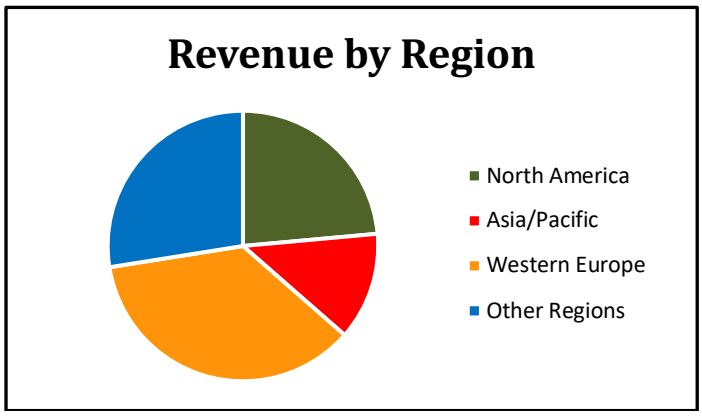
The major players all have either a substantial or majority presence in foreign markets outside the US and Canada, ranging from just under 20% abroad with ALG to about 76% with AGCO. US revenues are dominated by the following five companies, who in the aggregate have about two-thirds market share.



Data Source: IBIS*World* and 10-K Reports

CNH Industrials – $15.97 (+27.9% YTD)

The second largest manufacturer of US agriculture equipment, CNH Industrials is an Italian-Anglo-American conglomerate offering a broad product line that includes construction equipment, industrial vehicles, and powertrains. Case IH (International Harvester) and New Holland are their largest and eponymous brands and are sold through a network of approximately 2,300 full-line dealers and distributors. Like other industrials of their size, they too offer retail and wholesale financing for their products and services. CNHI is headquartered in The Netherlands, with its strongest manufacturing presence in Europe, the US, and South America, though they are globally represented.

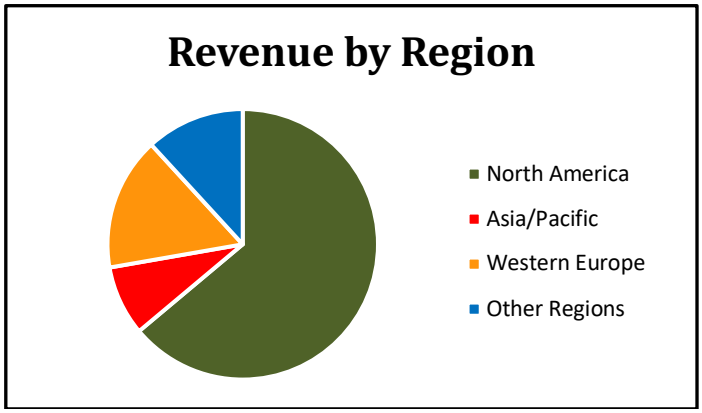


Source: CNHI 2020 20-F

Though the fourth quarter was positive for CNHI, the year as a whole ended in the red. Revenue saw a YoY Q4 increase of 10% to $8.5 billion. Net income rose by 56% to $187 million, giving a diluted EPS of $0.12 for a 50% YoY increase. The company's agriculture segment played a big role in these gains, improving 17% over the previous year, only coming in behind powertrain's 19.4% growth but still more significant because agriculture represents a substantially larger portion of CNHI's business. For the year, revenue decreased by 7%, the company had a net loss of $438 million, and the diluted loss per share was down 134% to negative $0.36.[31]

Deere & Company – $383.07 (+43.1% YTD)

Deere & Company is the behemoth in this space, with a market cap 5-times the next largest player. They too have a broad product offering, which includes construction, lawn & turf, and forestry equipment, in addition to agricultural equipment. A third of their manufacturing facilities are in the US and Canada, with the rest widely distributed globally. Headquartered in Moline, Illinois, they are the most recognizable agricultural equipment brand in the US and enjoy intense brand loyalty. Agricultural sales make up slightly more than half of Deere's $35.5B total revenue reported on their 2020 10-K. Again, as such a large producer, they provide financing options to customers at all levels of the market.



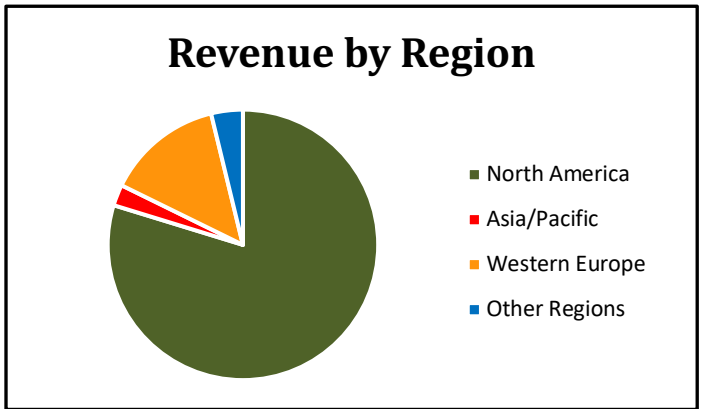
Source: DE 2020 10-K

With a fiscal year that ends October 31st, DE is the only company that currently has a Q1 2021 earnings release. They saw gains in total revenue and across all division revenues but financial services, which saw a slight decrease of 9% but a net income gain of 69%. All sales for the quarter topped $9.1 billion for a 19% gain and an increase in net income of 137% to $1.2 billion. Diluted EPS more than doubled for the quarter YoY. This is good news

for DE, since 2020 was not a great year in total, with revenue and net income dipping 9% and 15% respectively for the year.[32]

Alamo Group Inc. – $159.04 (+15.5% YTD)

Alamo Group (ALG) produces a wide variety of agricultural and ag-adjacent equipment. They are the smallest company compared in this report, with a market cap of $1.8 billion and total annual sales of $1.1 billion. The company has 30 manufacturing facilities globally and uses independent dealers and distributors to move their product. As their name indicates, they are headquartered in Texas and have been manufacturing since the mid 1950s. Since the early 2000s, ALG has grown substantially through purchases and acquisitions, averaging over an acquisition a year between 2000 and 2020. The US represents the lion's share of their total revenue, with just under 70% gained domestically. Unlike the large players, ALG does not offer financial services to their customers.

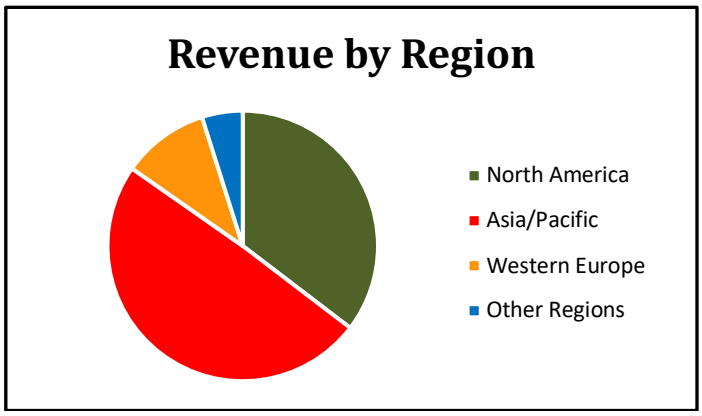


Source: ALG 2020 10-K

Alamo Group ended 2020 in the opposite manner than Deere, with revenue underperforming for the quarter but up for the year. Numbers were down across the board in Q4, with revenue of $288.6 million, net income of $8.1 million, and diluted EPS of $0.68 for 3.8%, 15.6%, and 16% decreases respectively. The numbers for the year were mixed, with record high sales of $1.16 billion but a decrease in net income of 10% to $56.6 million. One notable metric from ALG's earnings report is a $354.1 million order backlog. This represents a 35.6% increase YoY and is a combination of growth and complications from pandemic production and supply chain disruptions. This presents both a logistical challenge and an opportunity for growth.[33]

Kubota Corporation – $118.87 (+11.4% YTD)

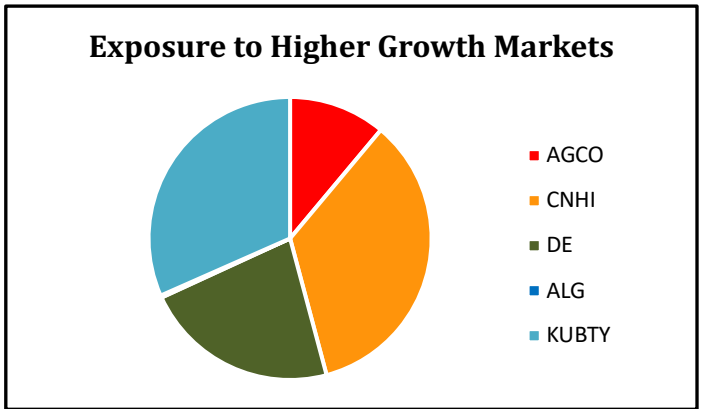
Like the other major companies in this sector, Kubota Corporation (KUBTY) offers a wide variety of products, with farm and construction equipment providing the overwhelming majority of their revenue. The company started in 1890 as a pipe manufacturing company and still today has substantial business in water and environmental products. KUBTY is based in Japan but also has a large presence the US, European, and other Asian markets.



Source: KUBTY 2020 Annual Report

Unlike the other companies in this report, Kubota does not report quarter four numbers, but rather just year-end figures. The company saw losses across the board, with negative 3.5% revenue growth to $17 billion and net income fell by 11.1% to $1.3 billion on the year. Basic EPS was down 12.9% to $0.97. The decrease was more pronounced for Kubota domestically, with a 4.8% decrease to a 2.8% decrease abroad. The company attributes most of this to production and supply chain shocks from the pandemic, particularly in their farm and industrial machinery segments.[34]

Though the accompanying charts above show the regional revenue breakdown for each company, further analysis



Source: *The Freedonia Group* and Company Reports

can illuminate how each company might fare under expected growth conditions. The chart just above shows the relative revenue exposure each company has to the higher growth markets (Asia/Pacific and Other Regions identified in the Freedonia report). ALG has such little exposure to these markets they are not even registering on the chart. Kubota has high revenues throughout Asia/Pacific and CNHI is strong in Other Regions. With higher forecasted CAGR in these regions, these two companies are better positioned than the others to realize growth over the coming years. For AGCO, the story gets even worse, considering that 40.2% of their total sales comes from tractor sales in Europe, a product category and region that has the lowest forecasted CAGR of any subsection of the industry at 2.8%.[30-34]

VALUATION

Revenue and Cost Assumptions

Initial Revenue Analysis

Upon first testing our model, we forecasted AGCO with a 4.48% revenue growth rate over the period of 2021 through 2030. We derived this number by breaking down historic revenues over the period of 2010 through 2020, analyzing historic growth by both regional sales and product line sales. Each category had four subcategories whose growth was averaged individually over the historic period and forecasted individually then summed to give the regional forecast and the product line forecast by each forward-looking year. The categories were grown at the following rates in the table below:

Regional Historic Growth Rates	
North America	5.15%
South America	-5.01%
Europe/Middle East/Africa	5.77%
Asia/Pacific	13.09%
Product Line Historic Growth Rates	
Tractors	2.07%
Replacement parts	4.13%
Grain storage and protein production systems	3.31%
Other machinery	4.64%

Data Source: Henry Fund Model

This gave us two ranges of forecasted growth from 2021 through 2030, 5.14% to 6.23% when forecasting by regional averages and 2.95% to 3.05% when forecasting by product line averages. Not wanting to have to choose between the more aggressive and wider ranging regional model and the lower and slimmer growth of the product line model, we summed the two totals and divided by two to get an average of total revenue for each forecasted year, which then gave us a range of 4.04% to 4.82% from 2021 through 2030. We saw this as a good compromise between the two models that allowed us to get closer to the historic average of 3.78% revenue growth, within 0.5% in the first few years of the forecasted period.

We did not just grow the forecast years' revenue by the average of these forecasted years (the 4.48% quoted at the beginning of this section) but rather imputed these forecasted totals directly into our model, which we reasoned gave us a more dynamic model with slightly less of a compounding effect over time with the early years having a smaller percentage.

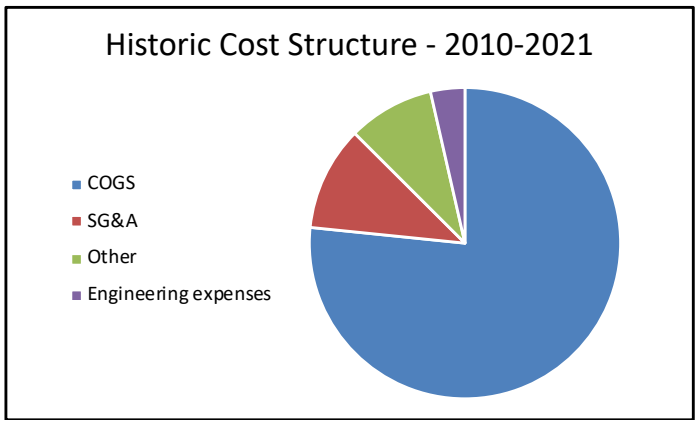
Finalized Revenue Model

Ultimately though, the approach above had to be scrapped in favor of a simpler model. The model had revenue appreciating over time, ever so slightly, and we felt like it did not capture the anticipated heightened growth in the early forecast horizon. Our second approach was to model early growth by region as estimated by The Freedonia Group's *Global Agriculture Equipment* report. This too proved too weak in the early forecast period, however, so we made a compromise to follow consensus for the first three years of modeling. This gave us 12.3%, 4.82%, and 3.93% growth for 2021, 2022, and 2023, then we grew the remaining forecast years by the 4.48% we identified above as a fair, if not generous, terminal growth rate. We are comfortable with this optimistic outlook because it did not produce wildly divergent prices from the model above but allowed for us to adopt consensus expectations.

Cost Structure and CapEx Assumptions

AGCO has a fairly stable cost structure as a percentage of revenue, with historic numbers that fluctuate a few percentage points at most over the whole historic period and even less so over the previous five years. As such, we find it reasonable to forecast with our model many accounts by these historic percentages, with few exceptions. Some accounts do not intuitively follow from revenue though, so they were handled differently. For instance, interest expense on the income statement was forecasted from beginning of the year cash and investments multiplied by the risk free rate, 2.36%. This was tested at first against the 1-year T-bill, but that did not yield a forecast close to the historic numbers, so the risk

free rate was chosen to dial the model in to just a 0.03% difference between historic and forecasted percentages. This difference had minimal effect on the final modeling. All other forecasted costs change minimally over the period, which we are comfortable with given historic costs did not vary widely.

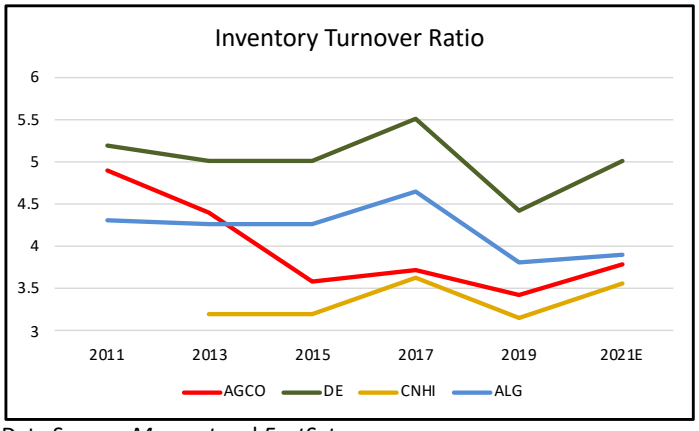


Data Source: *Mergent* and Henry Fund Model

Finally for costs, capital expenditures were grown at the forecasted revenue growth rate, coming in at just under 3% of sales annually. We reasoned this fit the model better than the standard inflationary rate because depreciation outpaced inflation both historically and in the forecast, requiring us to boost the capital expenditures in order to reflect PP&E replacement costs. Depreciation itself was a product of an implied historic rate of 15.39% and the beginning net PP&E.

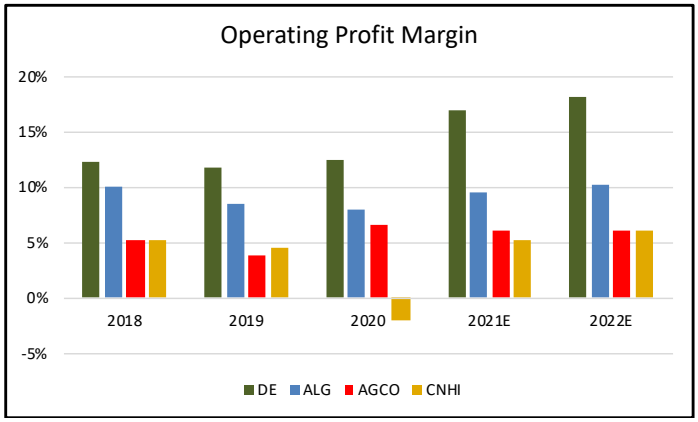
Margins and Profitability

The agricultural machinery manufacturing industry is an old, mature industry that is sensitive to commodity prices, and as such margins are particularly important. AGCO lags behind industry leaders with two important margins: inventory turnover ratio and operating profit margin. Over the historic period, AGCO averages an inventory turnover of 3.97, which is one whole turnover less than DE at 5.02. They are outpaced by ALG by about half a turnover and slightly edge out CNHI. The *trend* is the most worrying aspect of AGCO's inventory turnover ratio. At the start of the historic period, they were close to Deere and dominated ALG, but they came down early in the period and have not recovered. This could be a result of the acquisition of GSI early in the historic period, which has been a drag on AGCO's performance since the acquisition, cited by TAFE in their complaint to the SEC.

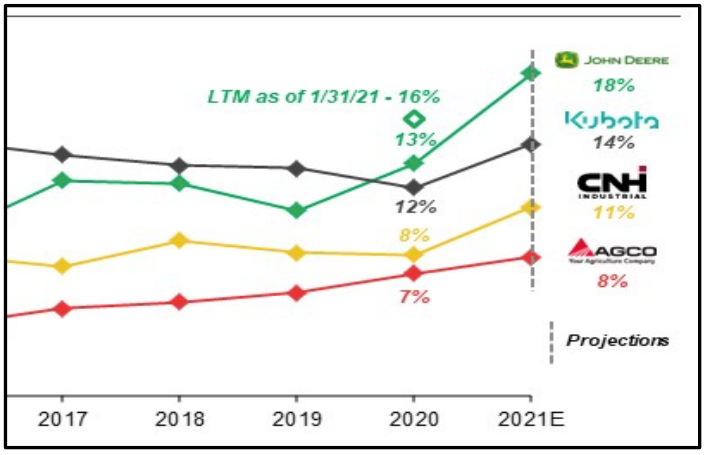


Data Source: *Mergent* and *FactSet*

The historic picture is the same when it comes to operating profit margin, with these three companies in the same positions relative to AGCO. Over the historic period, AGCO averaged less than half as high an operating profit margin as DE and two-thirds as that of ALG, with 5.71%, 12.75%, and 8.2% respectively. These margins have been more consistent over time than the inventory turnover, but so have the relative positions. These two metrics stay very consistent over the forecast horizon, mainly as a result of the firm's stable cost structure: 3.79 to 3.98 inventory turnover and 5.76% to 5.98% operating profit margin.



Data Source: *Mergent* and *FactSet*



Data Source: SEC Schedule 13D/A (full chart in filing)

Tractor and Farming Equipment Limited (TAFE)—AGCO's Indian partner and largest shareholder—also referenced lagging operating profit as a key concern in the SEC Schedule 13D/A filing, citing sub-optimal component sourcing and higher SG&A costs compared to their peers. Instead of ALG, their analysis included Kubota, with the chart above displaying over a similar historic period.

Debt Analysis

AGCO holds no publicly traded debt in the US, therefore, it can be difficult to find information on their debt. S&P's rating on their most recently rated debt was a BBB-. By comparing similar midcap companies from the same sector, we have come up with a 4.45% pre-tax cost of debt. We derived this number by identifying nearly 20 companies with similar market capitalizations and revenue make-ups and recorded their bond yields from 5 to 30 years. These companies had ratings from BB to BBB-. We then narrowed that to five of the best fits, all with BBB ratings, and averaged their government spreads (S) on their 5, 7, and 10 year bonds, with the following result:

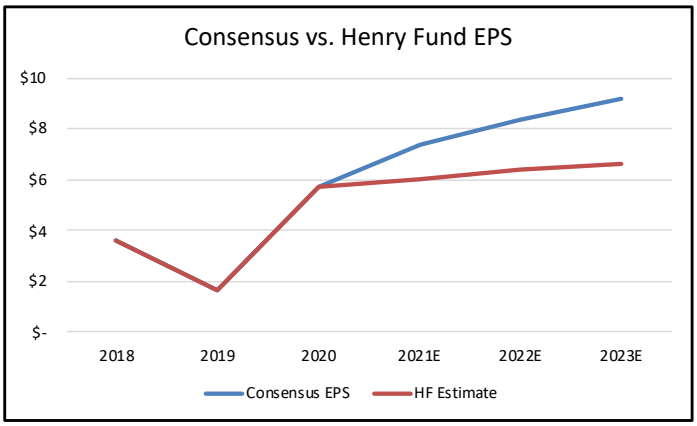
Ticker	MrktCap(B)	Revenue(20)	CR rating	5-yr S	7-y S	10-y S
TTC	*10.4*	3.4	BBB	126	-	128
LII	*10.5*	3.6	BBB	69	-	-
CSL	*7.8*	4.2	BBB	68	-	107
OSK	*7.9*	6.9	BBB	-	-	117
OC	*8.1*	7.1	BBB	75	107	197

Data Source: *Bloomberg*

This gave us a solid baseline with an average 10-year spread of 137.3, which we then compared to the average spread of a group of BBB- rated bonds (we didn't use these for the first step because they did not offer good 10-year information). We calculated from here that we needed to add around 90 base points to our BBB baseline in order to get a fair rate for the lower credit score. Adding this to the 137.3 gave us 227.3, or 2.27%, which we added to our risk free rate of 2.18% for our 4.45% cost of debt. This helped us dial in our WACC calculation, putting our DCF modeled price in a range we liked.

Model Comparisons

Our discounted cash flow and economic profit modeling yields us a price of $128.51, which is $20 plus shorter than the current price. This is a lot closer, however, to the current price than our dividend discount model, which only gave us a price of $54.12. The company has a spotted history of dividend payouts, underpaying when ROE is high, and does not have an aggressive stock repurchasing



Data Source: *FactSet* and Henry Fund Model

program. We did not substantially adjust payout or repurchasing schemes for our forecast horizon, basically keeping them on par with historic percentages between 60 and 70 basis points. Because the DDM price is so low, we do not focus on it as an indicator of the company's price.

For our relative price to earnings valuation, we chose similar companies we used for our debt modeling, as well as companies that AGCO competes with more directly but had a much better debt rating so we did not use them in the debt calculation. This list and analysis is outlined here:

Ticker	Company	Price	EPS 2021E	EPS 2022E	P/E 21	P/E 22
DE	Deere & Co.	$383.07	$15.79	$18.29	24.26	20.94
ALG	Alamo Group	$159.04	$7.12	$8.08	22.34	19.68
KUBTY	Kubota	$118.86	$4.85	$5.83	24.51	20.39
OSK	Oshkosh Corp.	$121.02	$5.81	$7.62	20.83	15.88
CNHI	CNH Industrial	$15.97	$0.79	$1.00	20.22	15.97
TTC	The Toro Company	$112.80	$3.49	$3.84	32.32	29.38
LII	Lennox International	$333.99	$11.17	$12.48	29.90	26.76
Data Source: Henry Fund Model				Average	**24.91**	**21.29**

Imputing our own AGCO estimated 2021 and 2022 EPS into this analysis, the model gave us a PE ratio of 25.3 and an EPS of $150 for 2021 and 23.7 and $137 for 2022. We are comfortable with this pricing and consider it in our final modeling, contributing to our recommendation for no action with the firm since even if adopted as the only model it provides not upside and downside in 2022.

Summary

We recommend taking no action on AGCO. Given that our modeling was generous on revenue growth for the forecast horizon compared to the historic period yet still led to weak price modeling, that the inventory turnover and operating profit margin over the historic period were bad to middling, and that their debt situation is less than desirable, we cannot confidently position AGCO to perform well in the near term compared to their current

price. We believe the stock is overvalued at $152, where we would put the price between $130 and $150. For this, again, we endorse no action on AGCO.

KEYS TO MONITOR

The following are key indicators to follow to gauge AGCO's performance over the next six to twelve months:

- **Revenue and earnings**: because our earnings estimates come in substantially below consensus, yet our revenue follows consensus, we recommend the investor keep an eye on margins moving forward. It could that we are missing something other analysts are seeing that will drastically improve AGCO's margins, but our analysis does not suggest that we should diverge too far from historic averages for the margins, especially since they have been so consistent through the years. Furthermore, the investor would be wise to consider the specific product and region mix of revenue results. Our analysis suggests AGCO faces two headwinds with low relative forecasted growth in the European tractor market, a segment that represents AGCO's largest portion of revenue among any segment.
- **TAFE dispute**: though we are not too concerned about this development, it would not bode well for AGCO should their largest shareholder dump all their stocks on the market. TAFE has over a billion dollar holding, roughly 16% of AGCO, and is not currently that happy with AGCO performance. The relationship does not seem to be at a point of no return yet, but the investor should be wary of how this story develops.
- **Right-to-repair**: this indicator is largely systemic, effecting all the large players alike should new regulations be written concerning consumers' right to fix their own equipment. The impact will likely not be equal, however, and the dexterity with which AGCO addresses this concern will determine how they come out on the backside. The company could get ahead of any downside by making their software open source. Not a likely development, but something to pay attention to.
- **FPI and international concerns**: this is the main metric the investor should monitor. If received prices can outpace paid prices, a condition not realized since 2014 and only briefly at that, then farm incomes will rise and farmers will expend capital. Closely tied to this, intra- and intergovernmental farming policies can have significant effect on prices. If subsidies are increased or if trade barriers weaken, farming incomes can take a shot in the arm, spurring farmers to make capital investments. The resolution of Indian farming protests and the US/China trading relationship are two situations to monitor on the international agriculture stage.

For these reasons, among others, we recommend no action on AGCO. There are too many headwinds with not enough upside in the best case scenario that would convince us to invest in the company.

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AGCO Corporation

Revenue Decomposition

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue by Region:													
Europe/Middle East/Africa	5520.7	5445	5425.2	6092.4	6385.9	6636.7	6934.0	7244.6	7569.2	7908.3	8262.6	8632.8	9019.5
	16.17%	-1.37%	-0.36%	12.30%	2.80%	2.80%	2.80%	5.77%	4.77%	3.77%	2.77%	2.77%	2.77%
North America	2196	2204.3	2183.4	2451.9	2570.0	2671.0	2790.6	2915.6	3046.3	3182.7	3325.3	3474.3	3629.9
	15.51%	0.38%	-0.95%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
South America	943.1	789.7	865.4	971.8	1018.6	1058.6	1106.1	1155.6	1207.4	1261.5	1318.0	1377.1	1438.7
	-9.25%	-16.27%	9.59%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Asia/Pacific	692.3	602.4	675.7	758.8	795.3	826.6	863.6	902.3	942.7	985.0	1029.1	1075.2	1123.4
	12.79%	-12.99%	12.17%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Total	9352.3	9041.2	9149.8	10275.0	10770.0	11193.0	11694.4	12218.4	12765.7	13337.6	13935.2	14559.5	15211.7
	12.59%	-3.33%	1.20%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Major products:													
Tractors	5361.1	5182.7	5272.2	6109.1	6403.5	6655.0	6953.1	7264.6	7590.0	7930.1	8285.3	8656.5	9044.3
	12.04%	-3.33%	1.73%	15.87%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Other machinery	1531.5	1476.1	1529.8	1794.2	1880.6	1954.5	2042.0	2133.5	2229.1	2329.0	2433.3	2542.3	2656.2
	31.27%	-3.62%	3.64%	17.28%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Replacement parts	1346	1347.8	1445.7	1514.1	1587.0	1649.4	1723.2	1800.4	1881.1	1965.4	2053.4	2145.4	2241.5
	3.14%	0.13%	7.26%	4.73%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Grain storage and protein production systems	1113.5	1034.8	902	857.6	898.9	934.2	976.1	1019.8	1065.5	1113.2	1163.1	1215.2	1269.6
	6.09%	-7.07%	-12.83%	-4.92%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Total Revenue	9,352	9,041.4	9,149.8	10275.0	10770.0	11193.0	11694.4	12218.4	12765.7	13337.6	13935.2	14559.5	15211.7
	12.59%	-3.32%	1.20%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%
Total Revenue	9352	9,041.4	9,149.8	**10275.0**	**10770.0**	**11193.0**	**11694.4**	**12218.4**	**12765.7**	**13337.6**	**13935.2**	**14559.5**	**15211.7**
	12.59%	-3.32%	1.20%	12.30%	4.82%	3.93%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%	4.48%

AGCO Corporation

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	9352	9041.4	9,149.7	10275.0	10770.0	11193.0	11694.4	12218.4	12765.7	13337.6	13935.2	14559.5	15211.7
Cost of goods sold	7130.1	6846.2	6,879.7	7872.4	8251.6	8575.7	8959.9	9361.3	9780.7	10218.9	10676.7	11155.0	11654.7
Depreciation	225.2	210.9	212.5	232.1	242.6	253.7	265.0	276.8	289.1	302.0	315.5	329.6	344.4
Gross profit	1996.7	1984.3	2057.5	2170.5	2275.8	2363.6	2469.6	2580.3	2695.9	2816.7	2943.0	3074.8	3212.6
Selling, general & administrative expenses	1069.4	1040.3	1,001.5	1115.5	1169.3	1215.2	1269.6	1326.5	1385.9	1448.0	1512.9	1580.7	1651.5
Engineering expenses	355.2	343.4	342.6	366.7	384.3	399.4	417.3	436.0	455.6	476.0	497.3	519.6	542.9
Impairment charges	-	176.6	20.0	-	-	-	-	-	-	-	-	-	-
Restructuring expenses	12	9	19.7	4.8	5.0	5.2	5.5	5.7	6.0	6.2	6.5	6.8	7.1
Amortization of intangibles	64.7	61.1	59.5	56.8	56.3	53.8	52.3	64.9	67.8	70.8	74.0	77.3	80.8
Bad debt expense	6.4	5.8	14.5	12.0	12.5	13.0	13.6	14.2	14.9	15.5	16.2	16.9	17.7
Income (loss) from operations	489	348.1	599.7	614.8	648.3	676.9	711.2	732.9	765.8	800.2	836.1	873.5	912.7
Interest income (expense), net	-53.8	-19.9	-15	-33.6	-31.5	-40.6	-43.3	-59.7	-62.6	-71.4	-84.1	-93.4	-104.8
Other income (expense), net	-74.9	-67.1	-22.7	-49.4	-51.8	-53.8	-56.3	-58.8	-61.4	-64.2	-67.0	-70.0	-73.2
Income (loss) before income taxes & equity in net earnings of affiliates	360.3	261.1	562.0	531.8	565.0	582.5	611.6	614.4	641.8	664.6	684.9	710.1	734.8
Income tax provision (benefit)	110.9	180.8	187.7	121.5	129.1	133.1	139.8	140.4	146.7	151.9	156.5	162.3	167.9
Income (loss) before equity in net earnings of affiliates	249.4	80.3	374.3	410.3	435.9	449.4	471.9	474.0	495.2	512.7	528.4	547.8	566.9
Finance joint ventures	34.7	41.5	45	37.5	39.3	40.9	42.7	44.6	46.6	48.7	50.9	53.2	55.5
Manufacturing & other joint ventures	-0.4	1	0.5	4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.5	5.8	6.1
Equity in net earnings of affiliates	34.3	42.5	45.5	41.6	43.6	45.3	47.4	49.5	51.7	54.0	56.4	59.0	61.6
Net income (loss)	283.7	122.8	419.8	451.9	479.5	494.7	519.2	523.5	546.9	566.7	584.9	606.8	628.5
Net loss (income) attributable to noncontrolling interests	1.8	2.4	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Net income (loss) attributable to AGCO Corporation & subsidiaries	285.5	125.2	427.1	459.2	486.8	502.0	526.5	530.8	554.2	574.0	592.2	614.1	635.8
Weighted average shares outstanding - basic	78.8	76.2	75.0	75.2	74.8	74.4	74.0	73.7	73.3	72.9	72.6	72.3	72.0
Year end shares outstanding	76.5	75.5	75.5	75.0	74.6	74.2	73.9	73.5	73.1	72.8	72.4	72.1	71.9
Net income (loss) per share - basic	3.62	1.64	5.69	6.01	6.41	6.65	7.01	7.10	7.46	7.77	8.05	8.39	8.73
Cash dividends declared & paid per common share	0.6	0.63	0.64	0.67	0.70	0.73	0.76	0.78	0.80	0.82	0.84	0.86	0.88
Total dividend payout	47.28	48.01	48.00	50.41	52.36	54.31	56.26	57.47	58.65	59.82	60.99	62.17	63.36

AGCO Corporation

Balance Sheet

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
ASSETS:													
Cash & cash equivalents	326.1	432.8	1,119.1	1136.0	1543.2	1657.1	2404.6	2521	2914.8	3484.9	3900.2	4407.4	4952.2
Accounts & notes receivable, net	880.3	800.5	856	1140.4	1195.4	1242.3	1298.0	1356.1	1416.9	1480.3	1546.7	1616.0	1688.4
Inventories, net	1908.7	2078.7	1,974.4	2022.1	2119.6	2202.8	2301.5	2405	2512.3	2624.9	2742.5	2865.3	2993.7
Other current assets	422.3	417.1	418.9	437.6	457.1	477.4	498.7	520.9	544.1	568.4	593.7	620.2	647.8
Total current assets	3537.4	3729.1	4368.4	4736.1	5315.2	5579.7	6502.8	6802.2	7388.1	8158.5	8783.0	9508.8	10282.1
Gross property, plant & equipment	3417.6	3626	3986.9	4287	4602	4929	5271	5628	6001	6390	6798	7223	7668
Accumulated depreciation & amortization	2044.5	2209.7	2478.4	2710.5	2953.1	3206.8	3471.8	3748.6	4037.7	4339.8	4655.3	4984.9	5329.3
Property, plant & equipment, net	1373.1	1416.3	1508.5	1576.6	1648.8	1722.1	1798.9	1879.1	1963.0	2050.7	2142.4	2238.2	2338.3
Right-of-use lease assets	-	187.3	165.1	190.0	198.7	207.5	216.7	226.4	236.5	247.1	258.1	269.7	281.7
Finance joint ventures	358.7	339	395.3	295	309.1	321.2	335.6	350.6	366.3	382.8	399.9	417.8	436.5
Manufacturing joint ventures	26.3	26.8	31.8	23	23.6	24.6	25.7	26.8	28.0	29.3	30.6	32.0	33.4
Other investments in affiliates	15	14.4	15.6	11.2	11.7	12.2	12.7	13.3	13.9	14.5	15.1	15.8	16.5
Investment in affiliates	400	380.2	442.7	328.6	344.4	357.9	374.0	390.7	408.2	426.5	445.6	465.6	486.5
Deferred tax assets	104.9	93.8	77.6	89.7	95.3	98.2	103.2	103.6	108.2	112.1	115.5	119.8	123.9
Other assets	142.4	153	179.8	169.2	177.4	184.3	192.6	201.2	210.3	219.7	229.5	239.8	250.5
Intangible assets, net	573.1	501.7	455.6	398.8	342.5	288.7	236.4	171.5	103.8	33.0	-41.0	-118.3	-199.1
Goodwill	1495.5	1298.3	1,306.5	1306.5	1306.5	1306.5	1306.5	1306.5	1306.5	1306.5	1306.5	1306.5	1306.5
Total assets	**7626.4**	**7759.7**	**8504.2**	**8795.5**	**9428.7**	**9745.0**	**10731.0**	**11081.4**	**11724.7**	**12554.1**	**13239.7**	**14030.0**	**14870.5**
LIABILITIES:													
Current portion of long-term debt	184.2	2.9	325.9	463.5	304.3	2.5	383.8			102.6			
Short-term debt	-	150.5	33.8										
Accounts payable	865.9	914.8	855.1	964	1010.3	1050.0	1097.0	1146.2	1197.5	1251.1	1307.2	1365.8	1427.0
Reserve for volume discounts & sales incentives	537.7	580.4	582.9	529.1	554.6	576.4	602.2	629.2	657.4	686.9	717.6	749.8	783.4
Accrued warranty reserves	308.6	331.9	431.6	306.1	320.9	333.5	348.4	364.0	380.3	397.4	415.2	433.8	453.2
Accrued employee compensation & benefits	286.2	290.8	329.2	288.2	302.1	314.0	328.0	342.7	358.1	374.1	390.9	408.4	426.7
Accrued taxes	137.8	170.3	249.6	180.3	191.6	197.5	207.4	208.3	217.6	225.3	232.2	240.8	249.1
Other accrued expenses	252.1	280.8	323.4	251.2	263.3	273.6	285.9	298.7	312.1	326.0	340.6	355.9	371.8
Accrued expenses	1522.4	1654.2	1916.7	1555.0	1632.5	1695.0	1772.0	1843.0	1925.5	2009.7	2096.6	2188.6	2284.3
Other current liabilities	194.2	162.1	231.3	191.9	201.1	209.0	218.4	228.2	238.4	249.1	260.2	271.9	284.0
Total current liabilities	2766.7	2884.5	3362.8	3174.2	3148.2	2956.5	3471.1	3217.3	3361.4	3612.5	3664.0	3826.3	3995.3
Long-term debt, total	1275.3	1191.8	1,256.7	1514.4	1803.6	1933.4	1998.3	2200.5	2272.3	2404.2	2574.3	2714.9	2877.0
Operating lease liabilities	-	148.6	125.9	148.0	154.7	161.6	168.8	176.4	184.2	192.5	201.1	210.1	219.5
Pensions & postretirement health care benefits	223.2	232.1	253.4	240.7	228.7	217.3	206.4	196.1	186.3	177.0	168.1	159.7	151.7
Deferred tax liabilities	116.3	107	112.4	135.4	143.8	148.3	155.7	156.4	163.4	169.2	174.4	180.8	187.1
Other noncurrent liabilities	251.4	288.7	375	235.2	246.5	256.2	267.7	279.7	292.2	305.3	319.0	333.3	348.2
Total liabilities	**4632.9**	**4852.7**	**5486.2**	**5447.8**	**5725.6**	**5673.3**	**6268.1**	**6226.3**	**6459.8**	**6860.7**	**7100.8**	**7425.0**	**7778.7**
EQUITY:													
Common stock/APIC	11.0	5.5	31.7	38.3	45	51.6	58.2	62.7	62.7	62.7	62.7	62.7	62.7
Retained earnings	4477.3	4443.5	4,759.1	5075	5416	5771	6148	6529	6931	7352	7791	8250	8729
Accumulated other comprehensive income (loss)	-1555.4	-1595.2	-1,810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8	-1810.8
Total AGCO Corporation stockholders' equity	2932.9	2853.8	2980.0	3302.4	3651	4011.8	4395.8	4780.5	5183.1	5604.3	6042.4	6501.4	6980.8
Noncontrolling interests	60.6	53.2	38	45.3	52.6	59.9	67.2	74.5	81.8	89.1	96.4	103.7	111.0
Total stockholders' equity	**2993.5**	**2907**	**3018**	**3347.7**	**3703.1**	**4071.7**	**4463.0**	**4855.0**	**5264.9**	**5693.4**	**6138.8**	**6605.1**	**7091.8**

AGCO Corporation

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net income (loss)	220.2	585.3	516.4	592.3	404.2	264	160.2	189.3	283.7	122.8	419.8
Depreciation	135.9	151.9	180.6	211.6	239.4	217.4	223.4	222.8	225.2	210.9	212.5
Deferred debt issuance cost amortization	2.9	2.9	3.5	3.5	2.7	2	1	0.7	-	-	-
Impairment charge	-	-	22.4	-	-	-	-	-	-	176.6	20
Amortization of intangibles	18.4	21.6	49.3	47.8	41	42.7	51.2	57	64.7	61.1	59.5
Amortization of debt discount	15.3	8.2	8.7	9.2	-	-	-	-	-	-	-
Stock compensation expense (credit)	13.4	24.4	36.8	34.6	-10.8	12.2	18.1	38.2	46.3	41.3	37.6
Proceeds from termination of hedging instrument	-	-	-	-	-	-	7.3	-	-	-	-
Equity in net losses (earnings) of affiliates, net cash received	-14.8	-19	-25.7	-19	-25.4	-19	-1.4	41.2	-3.2	-	-43.7
Deferred income tax provision (benefit)	2.9	-127.6	-36.4	21.7	3.6	-26.8	2.1	-14.1	-14.7	15.1	3.4
Gain (loss) on extinguishment of debt	-	-	-	-	-	-	-	-	24.5	-	-
Loss (gain) on sale of property, plant & equipment	0.1	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-1.3	0.6	0.3	2.5	-0.1	1.3	2.3	2.6	6.9	-7.4
Accounts & notes receivable, net	-21.2	-0.1	40.6	-36.2	-103.9	3.8	-4.5	-34.7	63.3	63.8	-90.5
Inventories, net	-60.6	-221	-160.9	-356.9	111.4	117.6	-33.1	-196	-214.3	-216.3	119.7
Other current & noncurrent assets	-92.8	-11	-71.8	7	29.1	-49.3	-98.7	-36.6	-85.6	-14.4	-49.8
Accounts payable	70.6	162.3	-61.7	54.7	-219.4	37.3	62.8	123.5	-24.3	35.7	-59.1
Accrued expenses	114.9	183.5	154.5	123.4	-71.2	-34.8	47	149	161.3	114.5	185.3
Other current & noncurrent liabilities	33.5	-34.2	9.5	103	35.2	-42.8	-67.2	35	66.4	77.9	89.2
Total adjustments	218.5	140.6	150	204.7	34.2	260.2	209.3	388.3	312.2	573.1	476.7
Net cash flows from operating activities	438.7	725.9	666.4	797	438.4	524.2	369.5	577.6	595.9	695.9	896.5
Purchases of property, plant & equipment (CapEx)	-167.1	-300.4	-340.5	-391.8	-301.5	-211.4	-201	-203.9	-203.3	-273.4	-269.9
Proceeds from sale of property, plant & equipment	0.9	1.5	0.9	2.6	2.8	1.5	2.4	4.1	3.2	4.9	1.9
Sale (purchase) of businesses, net of cash acquired	-81.5	-1018	-2.9	-9.5	-130.3	-25.4	-383.8	-293.1	-	-	-2.8
Investment in consolidated affiliates, net of cash acquired	-	-34.8	-20.1	-	-	-	-11.8	-	-	-	-
Investments in (sale of) unconsolidated affiliates	-25.4	-8.3	-15.8	-10	-3.9	-3.8	-4.5	-0.8	-5.8	-3.1	-2.1
Other cash flows from investing activities	-	-	-	-	-	-	-	-	0.4	-	-
Restricted cash & other investing activities	-	-	-	-	-	-1.7	0.4	-	-	-	-
Restricted cash & other cash flows from investing activities	-	-3.7	3.7	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-273.1	-1363.7	-374.7	-408.7	-432.9	-240.8	-598.3	-493.7	-205.5	-271.6	-241.7
Repurchase or conversion of convertible senior subordinated notes	-60.8	-161	-	-	-	-	-	-	-	-	-
Proceeds from indebtedness	71.4	1676.9	926.3	1135.9	1689.4	1951.9	3117.9	3513.9	5257.5	2082.7	1195.6
Repayments of indebtedness	-109.2	-826.4	-1148.8	-1194	-1588.8	-1769.5	-2622.4	-3639.7	-5433.6	-2191.1	-1045.6
Purchases & retirement of common stock	-	-	-17.6	-1	-499.7	-287.5	-212.5	-	-184.3	-130	-55
Repurchase or conversion of convertible senior subordinated notes	-	-	-	-	-201.2	-	-	-	-	-	-
Payment of dividends to stockholders	-	-	-	-38.9	-40.8	-42	-42.5	-44.5	-47.1	-48	-48
Proceeds from issuance of common stock	0.5	0.3	-	-	-	-	-	-	-	-	-
Payment of minimum tax withholdings on stock compensation	-11.3	-2.5	-0.3	-17	-13.2	-6.3	-2	-6.9	-4	-28.1	-19.8
Payment of debt issuance costs	-	-14.8	-0.2	-0.1	-1.4	-	-2.5	-	-2.7	-0.5	-1.4
Excess tax benefit related to stock compensation	-	-	-	11.4	-	-	-	-	-	-	-
Investments by noncontrolling interests, net	-	-	-	-	-6.1	-	0.4	0.5	0.9	1.6	-3.1
Investments by (distribution to) noncontrolling interests	-	-1.5	-1	-3.1	-	-	-	-	-	-	-
Other cash flows from financing activities	-	-	-	-	-0.2	-	-	-	-	-	-
Net cash flows from financing activities	-109.4	671	-241.6	-106.8	-662	-153.4	236.4	-176.7	-413.3	-313.4	22.7
Effects of exchange rate changes on cash & cash equivalents	12.3	-28.7	6.8	-15.6	-27	-67	-4.6	30.8	-18.7	-4.2	8.8
Increase (decrease) in cash & cash equivalents	68.5	4.5	56.9	265.9	-683.5	63	3	-62	-41.6	106.7	686.3
Cash & cash equivalents, beginning of year	651.4	719.9	724.4	781.3	1047.2	363.7	426.7	429.7	367.7	326.1	432.8
Cash & cash equivalents, end of year	719.9	724.4	781.3	1047.2	363.7	426.7	429.7	367.7	326.1	432.8	1119.1

AGCO Corporation

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
CASH FLOWS FROM OPERATING ACTIVITIES										
Net Income	451.9	479.5	494.7	519.2	523.5	546.9	566.7	584.9	606.8	628.5
activities:										
Add: Depreciation expense	288.9	298.9	307.5	317.3	341.7	356.9	372.9	389.5	406.9	425.1
Changes (increases or decreases) in working capital accounts:										
Increase in receivables	-284.4	-54.9	-46.9	-55.7	-58.1	-60.8	-63.5	-66.3	-69.3	-72.4
Increase in inventories	-47.7	-97.4	-83.2	-98.7	-103.1	-107.7	-112.6	-117.6	-122.9	-128.4
Increase in other current assets	-18.7	-19.5	-20.4	-21.3	-22.2	-23.2	-24.2	-25	-26.5	-27.6
Increase (decrease) in right-of-use leases assets	-24.9	-8.7	-8.8	-9.2	-9.7	-10.1	-10.6	-11.0	-11.5	-12.1
Increase (decrease) in other assets	10.6	-8.2	-7.0	-8.3	-8.6	-9.0	-9.4	-9.8	-10.3	-10.7
Increase in accounts payable	109	46	39.7	47	49.1	51.3	53.6	56.1	58.6	61
Increase in accrued expenses	-361.7	77.5	62.5	77.0	71.0	82.5	84.2	86.8	92.0	95.6
Increase in other current liabilities	-39.4	9.2	7.9	9.4	9.8	10.2	10.7	11.2	11.7	12.2
Increase in short-term debt	-33.8									
Increase in pensions and postretirement health care benefits	-12.7	-12.0	-11.4	-10.9	-10.3	-9.8	-9.3	-8.8	-8.4	-8.0
Increase (decrease) in deferred taxes	10.9	2.9	1.5	2.5	0.2	2.4	2.0	1.7	2.2	2.1
Increase (decrease) in other non-current liabilities	-139.8	11.3	9.7	11.5	12.0	12.5	13.1	14	14.3	14.9
Increase (decrease) in operating lease liabilities	22.1	6.8	6.9	7.2	7.5	7.9	8.2	8.6	9.0	9.4
Net cash provided by operating activities	**-70.1**	**731.8**	**752.6**	**787.1**	**802.8**	**850.0**	**881.8**	**913.5**	**952.6**	**989.9**
CASH FLOWS FROM INVESTING ACTIVITIES										
(Increase) decrease in short-term investments	114.1	-15.8	-13.5	-16.0	-16.8	-17.5	-18.3	-19.1	-20.0	-20.9
Capital expenditures	-300.2	-314.7	-327.1	-341.7	-357.0	-373.0	-389.7	-407.2	-425.4	-444.5
Net cash used for investing activities	**-186**	**-330.5**	**-340.6**	**-357.8**	**-373.8**	**-390.5**	**-408.0**	**-426**	**-445**	**-465.4**
CASH FLOWS FROM FINANCING ACTIVITIES										
Current portion long-term debt	138	-159	-302	381	-384	0	103	-103	0	0
Long-term debt	257.7	289.2	129.8	64.9	202.2	71.8	131.9	170.1	140.6	162.1
Payments of dividends	-50.4	-52.4	-54.3	-56.3	-57.5	-58.7	-59.8	-61.0	-62.2	-63.4
Proceeds from issuance of common stock	6.6	6.6	6.6	6.6	4.4	0.0	0.0	0.0	0.0	0.0
Repurchases of common stock	-85.7	-85.7	-85.7	-85.7	-85.7	-85.7	-85.7	-85.7	-85.7	-85.7
Noncontrolling interest	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Net cash provided by financing activities	**273.1**	**5.9**	**-298.0**	**318.1**	**-313.0**	**-65.2**	**96.3**	**-71.9**	**0.0**	**20.3**
NET INCREASE (DECREASE) IN CASH	**16.9**	**407**	**113.9**	**747.5**	**116.0**	**394.3**	**570.1**	**415.3**	**507.2**	**544.8**
CASH, BEGINNING OF YEAR	**1119.1**	**1136.0**	**1543.2**	**1657.1**	**2404.6**	**2520.5**	**2914.8**	**3484.9**	**3900.2**	**4407.4**
CASH, END OF YEAR	**1136.0**	**1543.2**	**1657.1**	**2404.6**	**2520.5**	**2914.8**	**3484.9**	**3900.2**	**4407.4**	**4952.2**

AGCO Corporation

Common Size Income Statement

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of goods sold	76.24%	75.72%	75.19%	76.62%	76.62%	76.62%	76.62%	76.62%	76.62%	76.62%	76.62%	76.62%	76.62%
Depreciation	2.41%	2.33%	2.32%	2.26%	2.25%	2.27%	2.27%	2.27%	2.26%	2.26%	2.26%	2.26%	2.26%
Gross profit	21.35%	21.95%	22.49%	21.12%	21.13%	21.12%	21.12%	21.12%	21.12%	21.12%	21.12%	21.12%	21.12%
Selling, general & administrative expenses	11.43%	11.51%	10.95%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%
Engineering expenses	3.80%	3.80%	3.74%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%
Impairment charges	-	1.95%	0.22%	-	-	-	-	-	-	-	-	-	-
Restructuring expenses	0.13%	0.10%	0.22%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Amortization of intangibles	0.69%	0.68%	0.65%	0.55%	0.52%	0.48%	0.45%	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Bad debt expense	0.07%	0.06%	0.16%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Income (loss) from operations	5.23%	3.85%	6.55%	5.98%	6.02%	6.05%	6.08%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest income (expense), net	-0.58%	-0.22%	-0.16%	-0.33%	-0.29%	-0.36%	-0.37%	-0.49%	-0.49%	-0.54%	-0.60%	-0.64%	-0.69%
Other income (expense), net	-0.80%	-0.74%	-0.25%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%	-0.48%
Income (loss) before income taxes & equity in net earnings of affiliates	3.85%	2.89%	6.14%	5.18%	5.25%	5.20%	5.23%	5.03%	5.03%	4.98%	4.92%	4.88%	4.83%
Income tax provision (benefit)	1.19%	2.00%	2.05%	1.18%	1.20%	1.19%	1.20%	1.15%	1.15%	1.14%	1.12%	1.11%	1.10%
Income (loss) before equity in net earnings of affiliates	2.67%	0.89%	4.09%	3.99%	4.05%	4.01%	4.04%	3.88%	3.88%	3.84%	3.79%	3.76%	3.73%
Finance joint ventures	-	-	-	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%
Manufacturing & other joint ventures	-	-	-	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Equity in net earnings of affiliates	0.37%	0.47%	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Net income (loss)	3.03%	1.36%	4.59%	4.40%	4.45%	4.42%	4.44%	4.28%	4.28%	4.25%	4.20%	4.17%	4.13%
Net loss (income) attributable to noncontrolling interests	0.02%	0.03%	0.08%	0.07%	0.07%	0.07%	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%
Net income (loss) attributable to AGCO Corporation & subsidiaries	3.05%	1.38%	4.67%	4.47%	4.52%	4.49%	4.50%	4.34%	4.34%	4.30%	4.25%	4.22%	4.18%
Weighted average shares outstanding - basic	0.84%	0.84%	0.82%	0.73%	0.69%	0.66%	0.63%	0.60%	0.57%	0.55%	0.52%	0.50%	0.47%
Year end shares outstanding	0.82%	0.83%	0.82%	0.73%	0.69%	0.66%	0.63%	0.60%	0.57%	0.55%	0.52%	0.50%	0.47%
Net income (loss) per share - basic	0.04%	0.02%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Cash dividends declared & paid per common share	0.006%	0.007%	0.007%	0.007%	0.006%	0.007%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%

AGCO Corporation

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSETS:													
Cash & cash equivalents	3.49%	4.79%	12.23%	11.06%	14.33%	14.80%	20.56%	20.63%	22.83%	26.13%	27.99%	30.27%	32.56%
Accounts & notes receivable, net	9.41%	8.85%	9.36%	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%
Inventories, net	20.41%	22.99%	21.58%	19.68%	19.68%	19.68%	19.68%	19.68%	19.68%	19.68%	19.68%	19.68%	19.68%
Other current assets	4.52%	4.61%	4.58%	4.26%	4.24%	4.27%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%
Total current assets	37.83%	41.24%	47.74%	46.09%	49.35%	49.85%	55.61%	55.67%	57.87%	61.17%	63.03%	65.31%	67.59%
Gross property, plant & equipment	36.54%	40.10%	43.57%	41.72%	42.73%	44.04%	45.07%	46.06%	47.01%	47.91%	48.78%	49.61%	50.41%
Accumulated depreciation & amortization	21.86%	24.44%	27.09%	26.38%	27.42%	28.65%	29.69%	30.68%	31.63%	32.54%	33.41%	34.24%	35.03%
Property, plant & equipment, net	14.68%	15.66%	16.49%	15.34%	15.31%	15.39%	15.38%	15.38%	15.38%	15.38%	15.37%	15.37%	15.37%
Right-of-use lease assets	-	2.07%	1.80%	1.85%	1.84%	1.85%	1.85%	1.85%	1.85%	1.85%	1.85%	1.85%	1.85%
Finance joint ventures	3.84%	3.75%	4.32%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%
Manufacturing joint ventures	0.28%	0.30%	0.35%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Other investments in affiliates	0.16%	0.16%	0.17%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
Investment in affiliates	4.28%	4.21%	4.84%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
Deferred tax assets	1.12%	1.04%	0.85%	0.87%	0.88%	0.88%	0.88%	0.85%	0.85%	0.84%	0.83%	0.82%	0.81%
Other assets	1.52%	1.69%	1.97%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%
Intangible assets, net	6.13%	5.55%	4.98%	3.88%	3.18%	2.58%	2.02%	1.40%	0.81%	0.25%	-0.29%	-0.81%	-1.31%
Goodwill	15.99%	14.36%	14.28%	12.72%	12.13%	11.67%	11.17%	10.69%	10.23%	9.80%	9.38%	8.97%	8.59%
Total assets	**81.55%**	**85.82%**	92.95%	85.60%	87.55%	87.06%	91.76%	90.69%	91.84%	94.13%	95.01%	96.36%	97.76%
LIABILITIES:													
Current portion of long-term debt	1.97%	0.03%	3.56%	4.51%	2.83%	0.02%	3.28%	0.00%	0.00%	0.77%	0.00%	0.00%	0.00%
Short-term debt	-	1.66%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accounts payable	9.26%	10.12%	9.35%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%
Reserve for volume discounts & sales incentives	5.75%	6.42%	6.37%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%
Accrued warranty reserves	3.30%	3.67%	4.72%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%	2.98%
Accrued employee compensation & benefits	3.06%	3.22%	3.60%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Accrued taxes	1.47%	1.88%	2.73%	1.75%	1.78%	1.76%	1.77%	1.71%	1.70%	1.69%	1.67%	1.65%	1.64%
Other accrued expenses	2.70%	3.11%	3.53%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%
Accrued expenses	16.28%	18.30%	20.95%	15.13%	15.16%	15.14%	15.15%	15.08%	15.08%	15.07%	15.05%	15.03%	15.02%
Other current liabilities	2.08%	1.79%	2.53%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Total current liabilities	29.58%	31.90%	36.75%	30.89%	29.23%	26.41%	29.68%	26.33%	26.33%	27.09%	26.29%	26.28%	26.26%
Long-term debt, total	13.64%	13.18%	13.73%	14.74%	16.75%	17.27%	17.09%	18.01%	17.80%	18.03%	18.47%	18.65%	18.91%
Operating lease liabilities	-	1.64%	1.38%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%
Pensions & postretirement health care benefits	2.39%	2.57%	2.77%	2.34%	2.12%	1.94%	1.76%	1.60%	1.46%	1.33%	1.21%	1.10%	1.00%
Deferred tax liabilities	1.24%	1.18%	1.23%	1.32%	1.34%	1.32%	1.33%	1.28%	1.28%	1.27%	1.25%	1.24%	1.23%
Other noncurrent liabilities	2.69%	3.19%	4.10%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%
Total liabilities	**49.54%**	**53.67%**	59.96%	53.02%	53.16%	50.69%	53.60%	50.96%	50.60%	51.44%	50.96%	51.00%	51.14%
EQUITY:													
Common stock/equity	0.12%	0.06%	0.35%	0.37%	0.42%	0.46%	0.50%	0.51%	0.49%	0.47%	0.45%	0.43%	0.41%
Retained earnings	47.88%	49.15%	52.01%	49.39%	50.29%	51.56%	52.57%	53.43%	54.30%	55.13%	55.91%	56.66%	57.38%
Accumulated other comprehensive income (loss)	-16.63%	-17.64%	-19.79%	-17.62%	-16.81%	-16.18%	-15.48%	-14.82%	-14.18%	-13.58%	-12.99%	-12.44%	-11.90%
Total AGCO Corporation stockholders' equity	31.36%	31.56%	32.57%	32.14%	33.90%	35.84%	37.59%	39.13%	40.60%	42.02%	43.36%	44.65%	45.89%
Noncontrolling interests	0.65%	0.59%	0.42%	0.44%	0.49%	0.54%	0.57%	0.61%	0.64%	0.67%	0.69%	0.71%	0.73%
Total stockholders' equity	**32.01%**	**32.15%**	32.98%	32.58%	34.38%	36.38%	38.16%	39.74%	41.24%	42.69%	44.05%	45.37%	46.62%

AGCO Corporation

Value Driver Estimation

Fiscal Years Ending Dec. 31	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
NOPLAT:	**299.4**	**453.0**	**503.7**	**522.5**	**544.0**	**572.4**	**587.8**	**616.3**	**643.4**	**672.0**	**702.4**	**733.8**
NOPLAT Growth	-16.53%	51.33%	11.20%	3.72%	4.12%	5.22%	2.69%	4.85%	4.40%	4.44%	4.53%	4.46%
EBITA:												
Net Sales	9041.4	9149.7	10275.0	10770.0	11193.0	11694.4	12218.4	12765.7	13337.6	13935.2	14559.5	15211.7
-Cost of goods sold	-6846.2	-6879.7	-7872.4	-8251.6	-8575.7	-8959.9	-9361.3	-9780.7	-10218.9	-10676.7	-11155.0	-11654.7
-Depreciation	-210.9	-212.5	-232.1	-242.6	-253.7	-265.0	-276.8	-289.1	-302.0	-315.5	-329.6	-344.4
-Selling, general & administrative expenses	-1040.3	-1001.5	-1115.5	-1169.3	-1215.2	-1269.6	-1326.5	-1385.9	-1448.0	-1512.9	-1580.7	-1651.5
-Engineering expenses	-343.4	-342.6	-366.7	-384.3	-399.4	-417.3	-436.0	-455.6	-476.0	-497.3	-519.6	-542.9
-Amortization of intangibles	-61.1	-59.5	-56.8	-56.3	-53.8	-52.3	-64.9	-67.8	-70.8	-74.0	-77.3	-80.8
Implied interest on leases	9.3	8.4	7.3	7.6	8.0	8.3	8.7	9.1	9.5	9.9	10.4	10.8
	548.8	662.3	638.8	673.5	703.1	738.6	761.6	795.7	831.4	868.7	907.6	948.3
Adjusted Taxes:												
Income Tax Provision	180.8	187.7	121.5	129.1	133.1	139.8	140.4	146.7	151.9	156.5	162.3	167.9
+Tax shield on Impairment charges	58.7	6.6	-	-	-	-	-	-	-	-	-	-
+Tax shield on Restructuring expenses	2.0	4.5	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.6	1.6
+Tax shield on Bad debt expense	1.3	3.3	2.7	2.9	3.0	3.1	3.2	3.4	3.5	3.7	3.9	4.0
+Tax shield on Interest income (expense), net	4.5	3.4	7.7	7.2	9.3	9.9	13.6	14.3	16.3	19.2	21.3	23.9
+Tax shield on Other income (expense), net	15.2	5.2	11.3	11.8	12.3	12.9	13.4	14.0	14.7	15.3	16.0	16.7
+Tax shield on Implied interest on leases	2.1	1.9	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5
Total Adjusted Tax	264.6	212.7	146.0	153.9	160.7	168.8	174.0	181.8	190.0	198.5	207.4	216.7
Change in Deferred Taxes	15.1	3.4	11	2.9	1.5	2.5	0.2	2.4	2.0	1.7	2.2	2.1
Invested Capital (IC):	**2853.0**	**2499.3**	**3329.8**	**3406.3**	**3486.4**	**3575.7**	**3668.3**	**3756.8**	**3851.3**	**3951.2**	**4054.3**	**4162.6**
Net Operating Working Capital:												
Normal Cash	315.5	319.3	358.6	375.9	390.6	408.1	426.4	445.5	465.5	486.3	508.1	530.9
Accounts & notes receivable, net	800.5	856.0	1140.4	1195.4	1242.3	1298.0	1356.1	1416.9	1480.3	1546.7	1616.0	1688.4
Inventories, net	2078.7	1974.4	2022.1	2119.6	2202.8	2301.5	2404.6	2512.3	2624.9	2742.5	2865.3	2993.7
Other current assets	417.1	418.9	437.6	457.1	477.4	498.7	520.9	544.1	568.4	593.7	620.2	647.8
-Accounts payable	-914.8	-855.1	-963.9	-1010.3	-1050.0	-1097.0	-1146.2	-1197.5	-1251.1	-1307.2	-1365.8	-1427.0
-Accrued expenses	-1654.2	-1916.7	-1555.0	-1632.5	-1695.0	-1772.0	-1843.0	-1925.5	-2009.7	-2096.6	-2188.6	-2284.3
-Other current liabilities	-162.1	-231.3	-191.9	-201.1	-209.0	-218.4	-228.2	-238.4	-249.1	-260.2	-271.9	-284.0
Total	880.7	565.5	1248.0	1304.0	1359.2	1419.0	1490.8	1557.5	1629.2	1705.2	1783.3	1865.5
Property, plant & equipment, net	1416.3	1508.5	1576.6	1648.8	1722.1	1798.9	1879.1	1963.0	2050.7	2142.4	2238.2	2338.3
PV of Operating Leases	189.9	164.8	172.3	180.2	188.2	196.6	205.3	214.5	224.1	234.1	244.6	255.5
Other assets	153.0	179.8	169.2	177.4	184.3	192.6	201.2	210.3	219.7	229.5	239.8	250.5
Intangible assets, net	501.7	455.6	398.8	342.5	288.7	236.4	171.5	103.8	33.0	-41.0	-118.3	-199.1
-Other noncurrent liabilities	-288.7	-375.0	-235.2	-246.5	-256.2	-267.7	-279.7	-292.2	-305.3	-319.0	-333.3	-348.2
Total	1972	1934	2082	2102	2127	2157	2178	2199	2222	2246	2271	2297
Free Cash Flow (FCF):												
NOPLAT	299.4	453.0	503.7	522.5	544.0	572.4	587.8	616.3	643.4	672.0	702.4	733.8
Change in IC	-150.3	-353.7	830.5	76.5	80.1	89.4	92.6	88.5	94.5	99.9	103.1	108.3
FCF	**449.7**	**806.7**	**-326.8**	**446.0**	**463.9**	**483.0**	**495.2**	**527.8**	**548.9**	**572.0**	**599.3**	**625.5**
Return on Invested Capital (ROIC):												
NOPLAT	299.4	453.0	503.7	522.5	544.0	572.4	587.8	616.3	643.4	672.0	702.4	733.8
Beginning IC	3003.3	2853.0	2499.3	3329.8	3406.3	3486.4	3575.7	3668.3	3756.8	3851.3	3951.2	4054.3
ROIC	**9.97%**	**15.88%**	**20.16%**	**15.69%**	**15.97%**	**16.42%**	**16.44%**	**16.80%**	**17.13%**	**17.45%**	**17.78%**	**18.10%**
Economic Profit (EP):												
Beginning IC	3003.3	2853.0	2499.3	3329.8	3406.3	3486.4	3575.7	3668.3	3756.8	3851.3	3951.2	4054.3
x (ROIC - WACC)	1.98%	7.90%	12.17%	7.71%	7.99%	8.43%	8.45%	8.82%	9.14%	9.46%	9.79%	10.12%
EP	**59.60**	**225.24**	**304.21**	**256.63**	**272.04**	**294.02**	**302.31**	**323.40**	**343.47**	**364.49**	**386.97**	**410.10**

AGCO Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	2.15%	*20-year Treasury bond*
Beta	1.34	*Average 1-year through 10-year, daily, weekly, monthly and quarterly (see table below)*
Equity Risk Premium	4.90%	*HF Consensus from historical risk premium.*
Cost of Equity	**8.70%**	
Cost of Debt:		
Risk-Free Rate	2.15%	*20-year Treasury bond*
Implied Default Premium	2.27%	
Pre-Tax Cost of Debt	4.42%	*Comparison of midcap industrial companies (see table below)*
Marginal Tax Rate	22.85%	
After-Tax Cost of Debt	**3.41%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	75.0	
Current Stock Price	$151.88	
MV of Equity	**11,391.00**	86.48%
Market Value of Debt:		
Short-Term Debt	33.8	
Current Portion of LTD	325.9	
Long-Term Debt	1256.7	
PV of Operating Leases	164.8	
MV of Total Debt	**1,781.23**	13.52%
Market Value of the Firm	**13,172.23**	100.00%

	Estimated WACC	**7.98%**

AGCO Corporation

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:	
CV Growth of NOPLAT	4.46%
CV Year ROIC	18.10%
WACC	7.98%
Cost of Equity	8.70%

Fiscal Years Ending Dec. 31	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
DCF Model:										
Free Cash Flow (FCF)	-326.8	446.0	463.9	483.0	495.2	527.8	548.9	572.0	599.3	625.5
Continuing Value (CV)										15705.0
PV of FCF	-302.6	382.5	368.4	355.2	337.3	332.9	320.6	309.4	300.2	7867.2
Value of Operating Assets:	10271.2									
Non-Operating Adjustments										
+Excess cash	799.8									
+Investment in affiliates	442.7									
-Current portion of LTD	-325.9									
-Short-term debt	-33.8									
-Long-term debt	-1256.7									
-PV Operating Leases	-164.8									
-Pension and postretirement health care benefits	-253.4									
-ESOP	-37.6									
+Noncontrolling interests	38.0									
Value of Equity	9479.4									
Shares Outstanding	75.0									
Intrinsic Value of Last FYE	$ 126.39									
Implied Price as of Today	$ 128.51									
EP Model:										
Economic Profit (EP)	304.2	256.6	272.0	294.0	302.3	323.4	343.5	364.5	387.0	410.1
Continuing Value (CV)										11650.7
PV of EP	281.7	220.1	216.1	216.2	205.9	204.0	200.6	197.2	193.8	5836.3
Total PV of EP	7771.9									
Invested Capital (last FYE)	2499.3									
Value of Operating Assets:	10271.2									
Non-Operating Adjustments										
+Excess cash	799.8									
+Investment in affiliates	442.7									
-Current portion of LTD	-325.9									
-Short-term debt	-33.8									
-Long-term debt	-1256.7									
-PV Operating Leases	-164.8									
-Pension and postretirement health care benefits	-253.4									
-ESOP	-37.6									
+Noncontrolling interests	38.0									
Value of Equity	9479.4									
Shares Outstanding	75.0									
Intrinsic Value of Last FYE	$ 126.39									
Implied Price as of Today	$ 128.51									

AGCO Corporation

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending Dec. 31	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EPS	$ 6.01	$ 6.41	$ 6.65	$ 7.01	$ 7.10	$ 7.46	$ 7.77	$ 8.05	$ 8.39	$ 8.73
Key Assumptions										
CV growth of EPS	3.99%									
CV Year ROE	9.00%									
Cost of Equity	8.70%									
Future Cash Flows										
P/E Multiple (CV Year)										11.83
EPS (CV Year)										$ 8.73
Future Stock Price										$ 103.23
Dividends Per Share	0.67	0.70	0.73	0.76	0.78	0.80	0.82	0.84	0.86	
Discounted Cash Flows	0.62	0.59	0.57	0.54	0.51	0.49	0.46	0.43	0.41	48.73
Intrinsic Value as of Last FYE	$ 53.35									
Implied Price as of Today	$ 54.12									

AGCO Corporation

Relative Valuation Models

Ticker	Company	Price	EPS 2021E	EPS 2022E	P/E 21	P/E 22
DE	Deere & Co.	$383.07	$15.79	$18.29	24.26	20.94
ALG	Alamo Group	$159.04	$7.12	$8.08	22.34	19.68
KUBTY	Kubota	$118.86	$4.85	$5.83	24.51	20.39
OSK	Oshkosh Corp.	$121.02	$5.81	$7.62	20.83	15.88
CNHI	CNH Industrial	$15.97	$0.79	$1.00	20.22	15.97
TTC	The Toro Company	$112.80	$3.49	$3.84	32.32	29.38
LII	Lennox International	$333.99	$11.17	$12.48	29.90	26.76
Data Source: Henry Fund Model				Average	**24.91**	**21.29**
AGCO	AGCO Corporation	$151.88	$6.01	$6.41	25.3	23.7

Implied Relative Value:

P/E (EPS21)	**$ 149.60**
P/E (EPS22)	**$ 136.47**

AGCO Corporation

Valuation of Options Granted under ESOP

Current Stock Price	$151.88
Risk Free Rate	2.15%
Current Dividend Yield	0.42%
Annualized St. Dev. of Stock Returns	39.73%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	142,106	60.52	3.73	$ 96.80	$ 13,755,953
Range 2	261,044	69.66	4.21	$ 91.33	$ 23,840,478
Total	403,150	$ 66.44	4.04	$ 95.55	**$ 37,596,432**

AGCO Corporation

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	403,150
Average Time to Maturity (years):	4.04
Expected Annual Number of Options Exercised:	99,770
Current Average Strike Price:	$ 66.44
Cost of Equity:	8.70%
Current Stock Price:	$151.88

Fiscal Years Ending Dec. 31	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Increase in Shares Outstanding:	99,770	99,770	99,770	99,770	66,846					
Average Strike Price:	$ 66.44	$ 66.44	$ 66.44	$ 66.44	$ 66.44					
Increase in Common Stock Account:	**6,628,525**	**6,628,525**	**6,628,525**	**6,628,525**	**4,441,112**	-	-	-	-	-
Share Repurchases ($)	85.7	85.7	85.7	85.7	85.7	85.7	85.7	85.7	85.7	85.7
Expected Price of Repurchased Shares:	$ 151.88	$ 164.15	$ 177.41	$ 191.74	$ 207.23	$ 223.97	$ 242.07	$ 261.62	$ 282.76	$ 305.60
Number of Shares Repurchased:	**564,201**	**522,030**	**483,011**	**446,908**	**413,503**	**382,596**	**353,999**	**327,539**	**303,057**	**280,405**
Shares Outstanding (beginning of the year)	75,472,000	75,007,568	74,585,308	74,202,067	73,854,929	73,508,271	73,125,675	72,771,677	72,444,138	72,141,081
Plus: Shares Issued Through ESOP	99,770	99,770	99,770	99,770	66,846	0	0	0	0	0
Less: Shares Repurchased in Treasury	564,201	522,030	483,011	446,908	413,503	382,596	353,999	327,539	303,057	280,405
Shares Outstanding (end of the year)	**75,007,568**	**74,585,308**	**74,202,067**	**73,854,929**	**73,508,271**	**73,125,675**	**72,771,677**	**72,444,138**	**72,141,081**	**71,860,676**
Weighted Average Shares Outstanding	75.2	74.8	74.4	74.0	73.7	73.3	72.9	72.6	72.3	72.0

AGCO Corporation

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	42.8	48	50.3	48.8	52.2	50.2	50.4	47.5	46.7	48.3	47.6
Year 2	29	34.9	33.4	35.3	35.5	33.5	33.7	30	39.5	40.8	37.7
Year 3	19.1	24.5	23.6	25	24.8	24.9	21.3	21.7	32.6	31.5	28.6
Year 4	10.5	15	16.6	13.6	18.2	12.6	14.7	16.3	26	24.1	18.9
Year 5	7	13.1	11.6	12	11.6	10.1	12.4	12.1	21.7	16.7	13.6
Thereafter	36.3	51	48.3	45.4	51.9	43	41.6	39.6	85.5	61.6	44.5
Total Minimum Payments	144.7	186.5	183.8	180.1	194.2	174.3	174.1	167.2	252.0	223.0	190.9
Less: Cumulative Interest	20.2	26.9	26.1	24.9	28.0	24.0	23.4	22.6	41.1	33.1	26.1
PV of Minimum Payments	**124.5**	**159.6**	**157.7**	**155.2**	**166.2**	**150.3**	**150.7**	**144.6**	**210.9**	**189.9**	**164.8**
Implied Interest in Year 1 Payment		**5.5**	**7.1**	**7.0**	**6.9**	**7.3**	**6.6**	**6.7**	**6.4**	**9.3**	**8.4**
Pre-Tax Cost of Debt	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%
Years Implied by Year 6 Payment	5.2	3.9	4.2	3.8	4.5	4.3	3.4	3.3	3.9	3.7	3.3
Expected Obligation in Year 6 & Beyond	7	13.1	11.6	12	11.6	10.1	12.4	12.1	21.7	16.7	13.6
Present Value of Lease Payments											
PV of Year 1	41.0	46.0	48.2	46.7	50.0	48.1	48.3	45.5	44.7	46.3	45.6
PV of Year 2	26.6	32.0	30.6	32.4	32.6	30.7	30.9	27.5	36.2	37.4	34.6
PV of Year 3	16.8	21.5	20.7	22.0	21.8	21.9	18.7	19.1	28.6	27.7	25.1
PV of Year 4	8.8	12.6	14.0	11.4	15.3	10.6	12.4	13.7	21.9	20.3	15.9
PV of Year 5	5.6	10.6	9.3	9.7	9.3	8.1	10.0	9.7	17.5	13.5	11.0
PV of 6 & beyond	25.6	37.0	34.8	33.0	37.2	31.0	30.5	29.1	62.0	44.9	32.7
Capitalized PV of Payments	124.5	159.6	157.7	155.2	166.2	150.3	150.7	144.6	210.9	189.9	164.8

AGCO Corporation

Sensitivity Tables

Operating

SGA %

COGS % \ SGA %	128.51	9.36%	9.86%	10.36%	10.86%	11.36%	11.86%	12.36%
75.87%	198.42	182.96	167.50	152.05	136.59	121.14	105.70	
76.12%	190.50	175.04	159.58	144.13	128.68	113.23	97.79	
76.37%	182.58	167.12	151.67	136.21	120.76	105.32	89.88	
76.62%	174.67	159.21	143.75	128.30	112.85	97.41	81.98	
76.87%	166.75	151.29	135.84	120.39	104.94	89.50	74.08	
77.12%	158.83	143.37	127.92	112.48	97.03	81.60	66.18	
77.37%	150.91	135.46	120.01	104.56	89.13	73.70	58.28	

CapEx %

A/R % \ CapEx %	128.51	2.33%	2.53%	2.73%	2.93%	3.13%	3.33%	3.43%
8.10%	163.20	154.16	145.40	136.92	128.71	120.78	116.92	
9.10%	160.12	151.13	142.43	134.01	125.86	117.98	114.14	
10.10%	157.05	148.11	139.46	131.09	123.00	115.18	111.37	
11.10%	153.97	145.09	136.50	128.18	120.14	112.38	108.59	
12.10%	150.89	142.07	133.53	125.27	117.29	109.58	105.82	
13.10%	147.81	139.05	130.56	122.36	114.43	106.77	103.04	
14.10%	144.73	136.02	127.60	119.45	111.58	103.97	100.27	

Marginal Tax Rate

Pre-Tax Cost of Debt \ Marginal Tax Rate	128.51	16.85%	18.85%	20.85%	22.85%	24.85%	26.85%	28.85%
3.65%	138.88	136.47	134.01	131.48	128.89	126.23	123.51	
3.95%	137.56	135.20	132.79	130.31	127.77	125.16	122.49	
4.25%	136.26	133.96	131.59	129.16	126.67	124.11	121.48	
4.55%	134.99	132.73	130.41	128.03	125.58	123.07	120.50	
4.85%	133.74	131.53	129.25	126.92	124.52	122.05	119.52	
5.15%	132.52	130.35	128.12	125.83	123.47	121.05	118.57	
5.45%	131.32	129.19	127.00	124.75	122.44	120.07	117.62	

Structural

CV Growth of NOPLAT

Cost of Equity \ CV Growth of NOPLAT	128.51	4.30%	4.55%	4.80%	5.05%	5.30%	5.55%	5.80%
7.83%	160.89	170.99	183.18	198.15	217.00	241.45	274.44	
8.13%	146.58	154.67	164.27	175.83	190.02	207.87	230.99	
8.43%	134.42	140.99	148.67	157.78	168.73	182.18	199.08	
8.73%	123.96	129.35	135.59	142.88	151.51	161.89	174.63	
9.03%	114.86	119.33	124.45	130.37	137.28	145.46	155.30	
9.33%	106.87	110.62	114.86	119.72	125.32	131.87	139.62	
9.63%	99.80	102.96	106.51	110.53	115.14	120.45	126.65	

Beta

Equity Risk Premium \ Beta	128.51	1.19	1.24	1.29	1.34	1.39	1.44	1.49
4.6%	179.78	165.94	153.94	143.43	134.15	125.90	118.51	
4.7%	172.37	159.27	147.88	137.89	129.05	121.18	114.12	
4.8%	165.50	153.07	142.24	132.72	124.29	116.77	110.01	
4.9%	159.11	147.29	136.97	127.89	119.83	112.63	106.16	
5.0%	153.16	141.90	132.05	123.37	115.65	108.74	102.53	
5.1%	147.61	136.86	127.44	119.12	111.72	105.09	99.12	
5.2%	142.41	132.13	123.11	115.13	108.02	101.64	95.89	

CV ROIC

WACC \ CV ROIC	128.51	14.70%	15.70%	16.70%	17.70%	18.70%	19.70%	20.70%
6.97%	174.42	178.60	182.29	185.56	188.47	191.10	193.47	
7.27%	154.39	158.04	161.25	164.09	166.64	168.92	170.98	
7.57%	138.22	141.44	144.26	146.77	149.01	151.02	152.84	
7.87%	124.89	127.75	130.26	132.49	134.48	136.27	137.89	
8.17%	113.70	116.27	118.52	120.52	122.30	123.91	125.36	
8.47%	104.18	106.49	108.53	110.33	111.94	113.39	114.70	
8.77%	95.98	98.08	99.92	101.56	103.02	104.34	105.52	

AGCO Corporation

Key Management Ratios

Fiscal Years Ending Dec. 31	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Liquidity Ratios:													
Current assets / current liabilities	1.28	1.29	1.30	1.49	1.69	1.89	1.87	2.11	2.20	2.26	2.40	2.49	2.57
Cash & cash equivalents / current liabilities	0.12	0.15	0.33	0.36	0.49	0.56	0.69	0.78	0.87	0.96	1.06	1.15	1.24
(Cash + accounts receivable) / current liabilities	0.44	0.43	0.59	0.72	0.87	0.98	1.07	1.20	1.29	1.37	1.49	1.57	1.66
Asset-Management Ratios:													
COGS / Average inventory	3.77	3.43	3.39	3.94	3.98	3.97	3.98	3.98	3.98	3.98	3.98	3.98	3.98
Sales / Total assets	1.23	1.17	1.08	1.17	1.14	1.15	1.09	1.10	1.09	1.06	1.05	1.04	1.02
Sales / Average accounts receivable	9.85	10.76	11.05	10.29	9.22	9.18	9.21	9.21	9.21	9.21	9.21	9.21	9.21
Financial Leverage Ratios:													
Total liabilities / Total assets	0.61	0.63	0.65	0.62	0.61	0.58	0.58	0.56	0.55	0.55	0.54	0.53	0.52
Total equity / Total assets	0.39	0.37	0.35	0.38	0.39	0.42	0.42	0.44	0.45	0.45	0.46	0.47	0.48
Debt / Equity ratio	0.56	0.53	0.59	0.59	0.57	0.48	0.53	0.45	0.43	0.44	0.42	0.41	0.41
Profitability Ratios:													
Net income / Total stockholders' equity	9.67%	4.30%	14.09%	13.68%	13.14%	12.33%	11.81%	10.95%	10.55%	10.11%	9.68%	9.33%	9.00%
Net income / Total assets	3.72%	1.58%	4.94%	5.14%	5.09%	5.08%	4.84%	4.72%	4.66%	4.51%	4.42%	4.32%	4.23%
Operating income / Revenue	5.23%	3.85%	6.55%	5.98%	6.02%	6.05%	6.08%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Payout Policy Ratios:													
DPS / EPS	16.57%	38.41%	11.25%	11.16%	10.92%	10.98%	10.84%	10.98%	10.73%	10.56%	10.43%	10.25%	10.08%
(Dividend + Repurchases) / Net income	81.63%	144.96%	17.39%	30.12%	28.79%	28.30%	27.34%	27.35%	26.40%	25.68%	25.08%	24.37%	23.72%
Dividends Paid / Net Income	16.67%	39.09%	11.43%	11.16%	10.92%	10.98%	10.84%	10.98%	10.73%	10.56%	10.43%	10.25%	10.08%