AGCO Opens New Manufacturing Base in Changzhou

USD 300 Million invested in factories in China to date

SHANGHAI -- (BUSINESS WIRE) -- Sep. 9, 2015 -- AGCO (NYSE: AGCO), a world-leading manufacturer and distributor focusing on agricultural equipment, today held a press conference to announce the opening of its brand new manufacturing base in Changzhou. To date, AGCO has invested USD 300 million in factories in China. “China is one of the world’s largest farm equipment markets and AGCO has attached great importance to the market,” said Martin Richenhagen, Chairman, President and Chief Executive Officer of AGCO. “The opening of the new Changzhou location will further enhance our R&D and manufacturing capacity in China, and is a critical step in the implementation of our development strategy for the Asia Pacific region.”

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Since entering China in 2001, AGCO has taken a series of measures to expand the business and benefit local customers. The establishment of the new Changzhou factory shows its continuous confidence and commitment to the Chinese market. The new site will serve both domestic as well as export markets with its professional products and covers a total area of nearly 200,000 square meters. Established as a manufacturing and R&D base with state of the art technology, the company aims to gradually reach an annual capacity of 20,000 tractors, 30,000 engines and 40,000 rear axles and transmissions, and further promote the localization of product manufacturing in China.

The launch of the new Changzhou factory is undoubtedly of great significance. “AGCO has already invested USD 300 million into existing and new manufacturing sites in China. We are now operating a total of five manufacturing sites in Changzhou, Shanghai, Daqing and Yanzhou respectively across the country and employ more than 1,500 people,” Gary Collar, AGCO Senior Vice President and General Manager of Asia Pacific explained. “Our whole-machine and spare parts equipment produced in Changzhou are for the domestic market, but are also exported to other Asian and international markets. We aim to offer comprehensive solutions for professional farmers feeding the world and to promote the agricultural mechanization progress of China and the whole world.”

“Changzhou is a strategic location for our long-term development. The geographical advantage and the policy support and incentives to the industry, led to its advantages for establishing manufacturing facilities and the supply chain,” said Fred Yang, AGCO Vice President and Managing Director of China. "The Changzhou site will not only serve the domestic market, but also become a major global hub of AGCO’s brand new product series - 'Global Series' 70 to 130 hp tractor range. It will provide more opportunities for AGCO to increase its production capacity and develop lean production efficiencies.”

There is a keen demand for high-end agricultural machinery products in China but with insufficient supply, AGCO has invested strategically in China and aims to become the premium international agricultural equipment supplier that leads the agricultural equipment market trends of the country. The company now operates four key brands in China, Massey Ferguson, Valtra, Dafeng King, and GSI, and continuously introduces and manufactures premium medium and high end products, in order to provide more mature and feasible solutions for users.

In terms of products, the MF2204 (formerly known as MF7624) is a star tractor series from the Massey Ferguson product line, which features consistently stable and highly efficient performance. Now, the 220 hp and 240 hp better-configured products will launch into the market to provide a more efficient working performance and better driving comfort. Massey Ferguson proudly provides hay and forage harvester products highly prized in China. Its stable and highly efficient product lines, including the MF-WR9700 series self-propelled windrowers, the MF1800 series small square balers, and the MF2200 series large square balers, guarantee high quality harvesting operations for customers. MF-T7 and 4YZ-3A are star products of our fleet of Combine and Harvesters of Massey Ferguson and Dafeng King. The new Changzhou factory will build the newly developed “Global Series” 70 to 130 hp tractor range which targets the global
market. The series is based on the 168 years’ of Massey Ferguson production experience and adopts the modular new design concept and global strategy of parts purchasing, aiming to meet the Chinese users’ needs with stronger power, higher fuel economy, richer product configuration and a more comfortable operator environment. The ‘Global Series’ will become an important part of AGCO’s Chinese product lineup to showcase its promise to provide all-around high tech solutions continuously.

AGCO is gradually implementing the upgrade and tests for a full set of agricultural machinery products targeting the China market, to ensure the products comply with the Chinese emission standards at Phase III for non-road motor machinery.

In addition, AGCO is making sustained efforts to further strengthen its dealer performance management. Besides its new development initiatives on brand image, the channel strategy this year will focus more on the ‘quality’ of sales and service standard of dealers, and AGCO will implement stricter qualification requirements, supervision and more comprehensive training to further promote the integrated capability of dealers to better serve the end users.

As a key aspect of total solutions, AGCO Finance has developed steadily since launching in China early last year, and has already penetrated more than 10% percent of AGCO’s sales in China. As one of the world’s leaders in precision agriculture technology, AGCO unveiled “Fuse Technologies” in 2013, which is a total solution of precision agriculture for a new generation. Utilizing Fuse Technologies solutions, farmers can realize the optimization of operational efficiency and logistics management in the whole crop production cycle and be able to tightly integrate farm assets, achieve higher output, less cost and generate greater farm income.

When talking about the development strategy in China, Fred Yang stated, “AGCO’s China strategy includes growing domestic sales and market share by providing full solutions, leveraging global technology and resources to produce high quality and competitive machines for global distribution, sourcing competitively for global operations, and building one team with strong ownership, energy, transparency and a lean culture. Our vision is to become a leading global agricultural machinery manufacturer in China with the best technology, quality and innovative solutions.” So far, AGCO’s business in China is growing steadily, from a provider with product sales and after-sales services only to a total solution provider, to better serve the Chinese farmers and promote the modernization of agricultural machinery in China.

China, as an agricultural country, has not only a tremendous agricultural machinery market, but also the supportive government policies and labor force resources, which are beneficial to the brands in the industry. In response to the “new normal” period characterized by a slower growth rate and restructuring in the agricultural machinery industry, the central government issued several new policies to boost the development of agriculture and improve the security of grain production earlier this year. According to the ‘Made in China 2025’ initiative, the agricultural machinery industry, in addition to eight others, will come under the scope of support as part of the “intelligent manufacturing” program which involves a total intelligent approach to the design, processing, testing and assembly of agricultural machines. Also, according to the document No. 1 of the Central Government issued in 2015, the government has made it clear that it will prioritize the investment in agriculture and rural areas, develop the pilot financing and rental projects for large-sized agricultural machinery, strongly encourage agricultural machinery leasing, and press forward with the reforms of the rural financing systems.

About AGCO

AGCO (NYSE: AGCO) is a global leader in the design, manufacture and distribution of agricultural equipment. AGCO supports more productive farming through a full line of tractors, combines, hay tools, sprayers, forage equipment, grain storage and protein production systems, seeding and tillage implements and replacement parts. AGCO products are sold through five core equipment brands, Challenger®, Fendt®, GSI®, Massey Ferguson® and Valtra® and are distributed globally through a combination of approximately 3,100 independent dealers and distributors in more than 140 countries. Founded in 1990, AGCO is headquartered in Duluth, GA, USA. In 2014, AGCO had net sales of $9.7 billion. For more information, visit http://www.AGCOcorp.com.

AGCO : 25 years of identity, centuries of history

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