

July 26, 2012

## AGCO Reports Second Quarter Results

### Sales Growth and Improved Margin Performance Produce Record Earnings

DULUTH, Ga.--(BUSINESS WIRE)--Jul. 26, 2012-- AGCO, Your Agriculture Company (NYSE:AGCO), a worldwide manufacturer and distributor of agricultural equipment, reported net sales of approximately \$2.7 billion for the second quarter of 2012, an increase of approximately 14.1% compared to net sales of \$2.4 billion for the second quarter of 2011. Reported and adjusted net income per share were \$2.08 for the second quarter of 2012. These results compare to reported net income per share of \$1.36 and adjusted net income per share of \$1.35 for the second quarter of 2011. Excluding unfavorable currency translation impacts of approximately 11.2%, net sales in the second quarter of 2012 increased approximately 25.3% compared to the same period in 2011.

Net sales for the first six months of 2012 were approximately \$5.0 billion, an increase of 19.4% compared to the same period in 2011. Excluding the unfavorable impact of currency translation of approximately 8.2%, net sales for the first six months of 2012 increased approximately 27.6% compared to the same period in 2011. For the first six months of 2012, reported and adjusted net income were \$3.29 per share. These results compare to reported and adjusted net income of \$2.17 per share for the first six months of 2011.

### Second Quarter Highlights

- Organic sales growth for Q2 2012 vs Q2 2011 was 14.7%, with the strongest growth coming from North America and Europe<sup>(1)</sup>
  - Regional organic sales increases: North America 44.9%; Europe/Africa/ Middle East (EAME) 9.9%; South America 3.7%; and Asia/Pacific 17.0%<sup>(1)</sup>
- Q2 2012 operating margins improved 130 basis points to 9.8% vs Q2 2011
  - North American operating margins exceeded 13% and South American operating margins improved to over 9%
- Increased investment in new products and factory productivity resulted in higher engineering expenses and capital expenditures during the second quarter of 2012

<sup>(1)</sup>Excludes unfavorable currency translation and acquisition impacts

"AGCO's strong execution in the second quarter produced record earnings and operating margins of nearly 10%," stated Martin Richenhagen, Chairman, President and Chief Executive Officer. "We benefited from sales and production growth, improved pricing in North America and Western Europe, low levels of material cost inflation, and savings from our strategic initiatives focused on purchasing and factory productivity. Our recent GSI acquisition also contributed to the positive results with its seasonally strong performance, particularly in North America."

### Market Update

#### Industry Unit Retail Sales

Tractors			
Combines			
Six months ended June 30, 2012		Change from	Change from
		Prior Year Period	Prior Year Period
North America	6%		
	(23)%		
South America	(7)%		
	(12)%		
Western Europe	(2)%		
	15%		

"North American farm economics remain healthy but the current drought conditions across much of the U.S. have added some uncertainty for farm equipment demand for the remainder of 2012 in the region," stated Mr. Richenhagen. "Lower farm production in the U.S. should keep grain inventories at historically low levels and support global soft commodity prices. In Europe, attractive crop fundamentals are sustaining demand at normal levels in the key Western European markets of Germany, France and the United Kingdom while demand has weakened in Southern Europe. Supportive government financing programs in Brazil, favorable crop prices and improved weather are all sustaining industry demand in South America. Longer term, the growing population and the shift to higher protein diets are driving increases in the consumption of food and demand for grain, providing support for farm income and our industry."

### Regional Results

AGCO                      Regional Net Sales (in millions)

% change from			
	2011 due to		% change
	currency		
Net sales			
from 2011			
translation	(1)		

Three months ended June 30, 2012

North America

\$	
733.4	
85.8%	
(2.2)%	

South America

448.5	
(9.7)%	
(19.0)%	

Europe/Africa/Middle East

1,406.9	
0.5%	
(11.2)%	

Asia/Pacific

101.3	
51.7%	
(6.9)%	

Total	\$
2,690.1	
14.1%	
(11.2)%	

Six months ended June 30, 2012

North America

\$	
1,299.9	
72.4%	
(1.6)%	

South America

863.9	
(4.8)%	
(13.0)%	

Europe/Africa/Middle East

2,606.7	
9.8%	
(8.8)%	

Asia/Pacific

193.3	
59.0%	
(3.0)%	

Total	\$
4,963.8	
19.4%	
(8.2)%	

(1) See Footnotes for additional disclosure

North America

Strong seasonal performance from GSI, solid industry demand and high acceptance of new products produced growth of 74.0% in North American sales in the first half of 2012 compared to the same period of 2011, excluding the impact of unfavorable currency translation. Excluding the benefit of acquisitions and currency translation, North American sales increased 36.4% in the first half of 2012 compared to the same period in 2011. The most significant increases were in sprayers, hay equipment and high horsepower tractors. The positive impact of acquisitions, higher sales and margin improvement all contributed to growth in income from operations of \$113.2 million for the first six months of 2012 compared to the same period in 2011.

#### South America

Sales in the first half of 2012 increased 8.2% compared to the first six months of 2011 on a constant currency basis. Excluding the benefit of acquisitions and negative currency translation, South American sales were 2.0% higher in the first half of 2012 compared to the same period in 2011. Higher sales in Brazil were offset by declines in Argentina. AGCO's profitability in South America improved during the second quarter with operating margins rebounding to 9.3% compared to 7.6% in the second quarter of 2011. Income from operations decreased \$5.7 million in the first half of 2012 compared to the same period in 2011. The negative impact of currency translation was partially offset by improved margins in the core business.

#### EAME

Healthy farm fundamentals in Western Europe and increased industry demand in Eastern Europe resulted in sales growth of approximately 15.9% in the EAME region compared to the first six months of 2011, exclusive of acquisition benefits and the unfavorable impact of currency translation. AGCO experienced the largest sales increases in Germany, France, the United Kingdom and Russia. Income from operations grew by \$51.0 million in the first half of 2012 compared to the same period in 2011. Higher sales and production levels, along with a richer mix of products, was partially offset by the negative impact of currency translation.

#### Asia/Pacific

Net sales in AGCO's Asia/Pacific segment increased by approximately 62.0% during the first half of 2012 compared to the prior year period, excluding the unfavorable impact of currency translation. Excluding the benefit of acquisitions and negative currency translation, net sales in the Asia/Pacific region were 20.0% higher in the first six months of 2012 compared to the same period in 2011. Growth in Australia and New Zealand produced most of the increase. Income from operations in the Asia/Pacific region decreased \$3.4 million in the first six months of 2012 compared to the same period in 2011 as additional market development costs in China were partially offset by improved gross margins.

"We were pleased with our sales and margin performance in the first half of 2012," continued Mr. Richenhagen. "In the second half of the year we will maintain our focus on margin improvement, while also increasing our investments to support our longer term objectives. These investments include an expansion at our Fendt manufacturing facility in Marktobendorf, Germany and construction of a low horsepower production facility in China. In addition, our important investments in new product development and market expansion will remain at high levels in the coming quarters as we work to meet Tier 4 final emission requirements and refresh and grow our product line."

#### Outlook

AGCO is increasing its earnings outlook and targeting adjusted earnings per share in a range from \$5.50 to \$5.75 for the full year of 2012. The new guidance reflects the Company's improved operating performance which is partially offset by the negative impact of currency translation. Net sales are expected to range from \$10.1 billion to \$10.3 billion for the full year. Gross margin improvement is expected to be partially offset by increased engineering and market expansion expenditures.

#### AGCO Announces Share Repurchase Program

AGCO announced today that its Board of Directors has approved a share repurchase program under which the Company can repurchase up to \$50 million of its common stock. The primary purpose of the new program is to limit dilution resulting from equity incentive plan.

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AGCO will be hosting a conference call with respect to this earnings announcement at 10:00 a.m. Eastern Time on Thursday, July 26, 2012. The Company will refer to slides on its conference call. Interested persons can access the conference call and slide presentation via AGCO's website at [www.agcocorp.com](http://www.agcocorp.com) on the "Investors/Events" page in the "Company" section of our website. A replay of the conference call will be available approximately two hours after the conclusion of the conference call for twelve months following the call. A copy of this press release will be available on AGCO's website for at least twelve months following the call.

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#### Safe Harbor Statement

Statements that are not historical facts, including the projections of earnings per share, sales, market conditions, population growth, farm incomes and production, commodity prices, grain inventories, margin improvements, currency translation, investments in product development, facilities and expanding markets, industry demand, general economic conditions, engineering efforts and capital expenditures, are forward-looking and subject to risks that could cause actual results to differ materially from those suggested by the statements. The following are among the factors that could cause actual results to differ materially from the results discussed in or implied by the forward-looking statements.

- Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, increases in farm input costs, lower commodity prices, lower farm income and changes in the availability of credit for our retail customers, will adversely affect us.

- The recent poor performance of the general economy may result in a decline in demand for our products. However, we are unable to predict with accuracy the amount or duration of this decline, and our forward-looking statements reflect merely our best estimates at the current time.
- A majority of our sales and manufacturing take place outside the United States, and, as a result, we are exposed to risks related to foreign laws, taxes, economic conditions, labor supply and relations, political conditions and governmental policies. These risks may delay or reduce our realization of value from our international operations.
- Most retail sales of the products that we manufacture are financed, either by our joint ventures with Rabobank or by a bank or other private lender. During 2011, our joint ventures with Rabobank, which are controlled by Rabobank and are dependent upon Rabobank for financing as well, financed approximately 50% of the retail sales of our tractors and combines in the markets where the joint ventures operate. Any difficulty by Rabobank to continue to provide that financing, or any business decision by Rabobank as the controlling member not to fund the business or particular aspects of it (for example, a particular country or region), would require the joint ventures to find other sources of financing (which may be difficult to obtain), or us to find another source of retail financing for our customers, or our customers would be required to utilize other retail financing providers. As a result of the recent economic downturn, financing for capital equipment purchases generally has become more difficult in certain regions and in some cases, was expensive to obtain. To the extent that financing is not available or available only at unattractive prices, our sales would be negatively impacted.
- Both AGCO and our retail finance joint ventures have substantial account receivables from dealers and end customers, and we would be adversely impacted if the collectability of these receivables was not consistent with historical experience; this collectability is dependent upon the financial strength of the farm industry, which in turn is dependent upon the general economy and commodity prices, as well as several of the other factors listed in this section.
- We recently have experienced substantial and sustained volatility with respect to currency exchange rate and interest rate changes, including uncertainty associated with the Euro, which can adversely affect our reported results of operations and the competitiveness of our products.
- All acquisitions, including the acquisition of GSI, involve risks relating to retention of key employees and customers and fulfilling projections prepared by or at the direction of prior ownership. In addition, we may encounter difficulties in integrating GSI into our business and may not fully achieve, or achieve within a reasonable time frame, expected strategic objectives and other expected benefits of the acquisition.
- Our success depends on the introduction of new products, particularly engines that comply with emission requirements, which requires substantial expenditures.
- Our expansion plans in emerging markets, including establishing a greater manufacturing and marketing presence and growing our use of component suppliers, could entail significant risks.
- We depend on suppliers for components, parts and raw materials for our products, and any failure by our suppliers to provide products as needed, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products. We also are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.
- We face significant competition, and if we are unable to compete successfully against other agricultural equipment manufacturers, we would lose customers and our net sales and profitability would decline.
- We have a substantial amount of indebtedness, and, as result, we are subject to certain restrictive covenants and payment obligations that may adversely affect our ability to operate and expand our business.

Further information concerning these and other factors is included in AGCO's filings with the Securities and Exchange Commission, including its Form 10-K for the year ended December 31, 2011. AGCO disclaims any obligation to update any forward-looking statements except as required by law.

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