

February 07, 2012

## AGCO Reports Fourth Quarter Results

### Sales and Earnings per Share Set Records for Fourth Quarter and Full Year

DULUTH, Ga.--(BUSINESS WIRE)--Feb. 7, 2012-- AGCO, Your Agriculture Company (NYSE:AGCO), a worldwide manufacturer and distributor of agricultural equipment, reported net sales of \$2.5 billion for the fourth quarter of 2011, an increase of 16.1% compared to net sales of \$2.2 billion for the fourth quarter of 2010. Reported and adjusted net income for the fourth quarter of 2011 were \$2.90 per share and \$1.44 per share, respectively. Adjusted net income excludes a tax gain and transaction expenses associated with the acquisition of GSI Holdings Corp. ("GSI"). These results compare to reported net income of \$0.87 per share and adjusted net income, excluding restructuring and other infrequent items, of \$0.88 per share for the fourth quarter of 2010. Excluding unfavorable currency translation impacts of 2.1%, net sales in the fourth quarter of 2011 increased 18.3% compared to the same period in 2010.

Net sales for the full year of 2011 were approximately \$8.8 billion, an increase of approximately 27.2% compared to the full year of 2010. For the full year of 2011, reported net income was \$5.95 per share and adjusted net income, excluding restructuring and other infrequent income and the one-time GSI acquisition items discussed above, was \$4.48 per share. These results compare to reported net income of \$2.29 per share and adjusted net income, excluding restructuring and other infrequent expenses, of \$2.32 per share for the full year of 2010. Excluding the favorable impact of currency translation of 5.0%, net sales for the full year of 2011 increased 22.2% compared to 2010.

"We finished 2011 on a strong note, setting sales and earnings records for both the fourth quarter and full year," stated Martin Richenhagen, Chairman, President and Chief Executive Officer. "Attractive farm economics supported robust global demand for agricultural equipment and produced sales growth for AGCO of over 27% for 2011 compared to the full year of 2010. During 2011, AGCO made significant investments in new products and in building our business in developing markets. Our sales growth and cost reduction initiatives funded these strategic investments while delivering margin expansion. AGCO's adjusted operating margin reached 7.0% for 2011, an increase of over 220 basis points compared to 2010. In addition, AGCO generated significant cash flow in 2011 supporting our growth-oriented strategic initiatives in 2012."

"As we move into 2012, we remain optimistic about AGCO's ability to take advantage of the positive long-term demand drivers for our industry. Organic growth, margin improvement, and cash flow generation will continue to be our primary focus. AGCO's cost reduction initiatives are aimed at lowering material and labor costs through purchasing actions and factory productivity. We will continue to invest in new products including upgraded harvesting, high horsepower tractor and sprayer offerings and to devote significant resources to enhance our presence in the CIS region, China and Africa. Our plans in 2012 also include investing in our production facilities to enable our growth and improve our productivity."

AGCO completed the acquisition of GSI on November 30, 2011 for \$932.2 million, net of cash acquired. GSI is a leading global manufacturer of grain storage and protein production systems. The transaction was financed through \$300 million of 5.875% senior notes and a new credit facility. AGCO's fourth quarter reported results include a tax gain for a reversal of a valuation allowance against AGCO's net deferred tax assets associated with the acquisition accounting for GSI of approximately \$149.3 million as well as one-time acquisition expenses. The tax gain and acquisition expenses were excluded from the Company's adjusted results.

AGCO's fourth quarter sales increase was the result of increased volumes as well as acquisition and currency impacts. On a segment reporting basis, market recovery in 2011 across Western Europe resulted in AGCO's Europe/Africa/Middle East (EAME) region reporting a sales increase of 15.0% compared to the fourth quarter of 2010, excluding unfavorable currency translation impacts. Growth in the professional farming segment and the benefit of new product introductions produced sales improvement in the North American region of 30.1% in the fourth quarter of 2011 compared to the fourth quarter of 2010, excluding unfavorable currency translation impacts. Sales in AGCO's South American region were up 8.0% in the fourth quarter of 2011 compared to the fourth quarter of 2010, excluding unfavorable currency translation impacts.

Income from operations during the fourth quarter of 2011 increased over 30% compared to the fourth quarter of 2010 due to higher sales and improved gross margins. Higher gross margins resulted from increased production levels in Europe and North America as well as pricing benefits, partially offset by higher material costs. Investments in new product development and tier 4 emission compliance resulted in increased engineering expenses in the fourth quarter of 2011 compared to the same period last year. Income from operations for the full year of 2011 increased approximately \$286.1 million compared to the same period in 2010 also due to an increase in sales and margin improvement.

### Market Update

#### Industry Unit Retail Sales

Year ended December 31, 2011

	Tractors	Change from	Prior Year Period
	Combines	Change from	Prior Year Period
North America	+2%		
	(4%)		
South America			
	(3%)		

Western Europe

+20%

+12%

+35%

#### North America

Record farm income in 2011 supported strong industry retail sales of tractors and combines in North America. Industry unit retail sales of tractors were up modestly, while industry retail sales of combines were down about 4% for the full year of 2011 compared to high levels in 2010. Improvement in the dairy and livestock sector contributed to higher industry unit retail sales of mid-range tractors and hay equipment, both of which increased compared to 2010 levels. The high level of profitability for row crop farmers also produced growth in industry sales of high horsepower tractors and sprayers.

#### South America

For the full year of 2011, South American industry unit retail sales of tractors were down modestly compared to record levels in 2010. Declines in the two largest South American markets, Argentina and Brazil, were mostly offset by strong growth in other South American markets compared to 2010. Despite the modest decline, industry unit retail sales in Brazil remained at high levels due to attractive farm economics and supportive government financing rates that have been extended through the end of 2012.

#### Western Europe

Improved dairy, meat and grain prices, along with a solid harvest, produced improved farm income across most of Western Europe. Demand for farm equipment responded accordingly, increasing from low levels experienced in 2010. Industry unit retail sales of both tractors and combines posted double-digit growth rates in the full year of 2011 compared to the same period in 2010. The tractor retail sales growth was strongest in Germany, France, Scandinavia and Finland.

"Robust farm income across all major global agricultural markets is supporting elevated demand for farm equipment," stated Mr. Richenhagen. "Despite a modest increase in some global soft commodity inventories at the end of 2011, stocks-to-use levels remain at historically low levels. Growing protein and grain consumption is expected to keep pressure on grain supplies and maintain attractive soft commodity prices. Going into 2012, we expect these positive farm fundamentals to support strong demand for farm equipment."

#### Regional Results

##### AGCO Regional Net Sales (in millions)

Net sales					
	% change	from 2010			
	% change from	2010 due to	currency	translation	(1)
Three months ended December 31, 2011					
North America					
	\$				
	598.7				
	29.3				
	%				
	(0.8				
	%)				
South America					
		448.5			
	1.9				
	%				
	(6.1				
	%)				
Europe/Africa/Middle East					
		1,347.3			
	13.6				
	%				
	(1.4				
	%)				
Rest of World					
	123.3				
	55.1				

%		
	1.1	
%		
Total		\$
2,517.8		
	16.1	
%		
	(2.1	
%)		
Year ended December 31, 2011		
North America		
	\$	
1,770.6		
	18.9	
%		
	0.9	
%		
South America		
	1,871.5	
	6.7	
%		
	4.7	
%		
Europe/Africa/Middle East		
	4,681.7	
	39.2	
%		
	6.5	
%		
Rest of World		
	449.4	
	55.2	
%		
	10.4	
%		
Total		\$
8,773.2		
	27.2	
%		
	5.0	
%		
(1)	See Footnotes for additional disclosure	

#### North America

AGCO's North American sales benefited from strong industry conditions and an aggressive new product introduction program, increasing approximately 18.0% in the full year of 2011 compared to the full year of 2010, excluding the impact of favorable currency translation. The increase in demand for high horsepower tractors, combines and sprayers all contributed to the sales growth. Improved sales, the benefit of increased production, and cost control initiatives combined to produce growth in income from operations of \$41.4 million during the full year of 2011 compared to 2010.

#### South America

Sales for the full year of 2011 increased slightly over 2010 in AGCO's South American region, excluding the positive impact of currency translation. Results were mixed across the South American markets. Sales grew strongly in smaller South American countries, which benefited from higher commodity prices and healthy crop production, while sales in Brazil were flat compared to strong levels in 2010. Income from operations decreased \$18.6 million in the full year of 2011 compared to 2010 due primarily to a less favorable geographic sales mix, material and labor cost inflation, and higher engineering and product introduction expenses.

#### EAME

AGCO's EAME region reported an increase in sales of 32.6% for the full year of 2011 compared to 2010, excluding the impact of favorable currency translation. Improved farm economics produced robust sales growth particularly in the high horsepower tractor segment. Geographically, the largest increases were recorded in Germany, France, the United Kingdom and Scandinavia. Income from operations increased by \$272.2 million in the full year of 2011 compared to 2010. Higher sales and production rates, favorable pricing and a richer mix of products contributed to the improvement.

## Rest of World

Net sales in AGCO's Rest of World segment increased by 44.7% during the full year of 2011 compared to 2010, excluding the impact of currency translation. Substantial growth in Russia and Eastern Europe compared to depressed 2010 levels, produced most of the increase. Income from operations increased \$17.2 million in the full year of 2011 compared to 2010.

## Outlook

In 2012, tight supplies of soft commodities are expected to support healthy farm income and sustain strong equipment demand. AGCO is targeting net sales over \$10 billion with forecasted pricing benefits, market share improvements and acquisition impacts being partially offset by the negative impact of currency. Operating margins are expected to improve from 2011 levels after covering increased expenditures for product development and new market expansion. Based on these assumptions, AGCO is targeting 2012 earnings of approximately \$5.00 per share.

AGCO will be hosting a conference call with respect to this earnings announcement at 10:00 a.m., Eastern Time, on Tuesday, February 7, 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.

## Safe Harbor Statement

Statements that are not historical facts, including the projections of earnings per share, sales, market conditions, margin improvements, farm economics, industry demand, general economic conditions, acquisitions and their expected impacts, commodity prices and supply, and emerging markets 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 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 any 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 of 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 retail finance 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 ongoing economic downturn, financing for capital equipment purchases generally has become more difficult and 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 accounts 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 have experienced substantial and sustained volatility with respect to currency exchange rate and interest rate changes, 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, fulfilling projections prepared by or at the direction of prior ownership and general challenges related to integration.
- Our success depends on the introduction of new products, particularly engines that comply with emission requirements, which requires substantial expenditures.
- We depend on suppliers for raw materials, components and parts 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, 2010. AGCO disclaims any obligation to update any forward-looking statements except as required by law.