



WHAT DOES IT TAKE TO FEED A CHANGING WORLD?

SMART SOLUTIONS FOR SUSTAINABLE AGRICULTURE

2019 Annual Report



Chairman's Letter and
2019 Highlights

Notice of Annual Meeting

Proxy Statement for the Annual
Meeting of Stockholders

Annual Report on Form 10-K





WHAT DOES IT TAKE TO FEED A CHANGING WORLD?

Our business has always been about solving practical farming challenges. As a provider of intelligent, transformative, farmer-centric solutions, we are primed to meet the needs and demands of our ever-changing world. All across the agricultural value chain, we collaborate with forward-thinking producers who share our vital purpose: to help feed the world with smart solutions for sustainable agriculture.



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visit our annual report:

AR2019.AGCOCORP.COM



MARTIN H. RICHENHAGEN
Chairman, President and
Chief Executive Officer

CHAIRMAN'S MESSAGE

DEAR FELLOW SHAREHOLDERS, CUSTOMERS, DEALERS AND EMPLOYEES:



Watch the Chairman's video
[AR2019.AGCOCORP.COM](https://www.ar2019.agcocorp.com)

Modern agriculture continues to evolve. Enhanced with promising technology, farming is becoming more innovative, more precise, and more productive.

At AGCO, our farm-centric mindset is focused on delivering smart, efficient, and sustainable agricultural equipment. Through our digital solutions, we strive to ensure our customers' operations are optimized, coordinated, and connected throughout all stages of the crop cycle. Improvements start with field preparation, then planting, and continue all the way through harvesting, grain storage and handling, as well as animal protein production.

2019 PERFORMANCE

Our farmer-first approach delivered strong results in 2019. Despite difficult market conditions driven by low commodity prices, unfavorable growing conditions, and a lingering trade dispute, our results showed promising improvements in a number of key areas. Our achievements are the direct result of the relentless effort of our over 20,000 employees and our

dealer partners. We did it by focusing on our customers, striving for excellence, and acting with integrity. We strengthened our position in key global markets through the successful launch of new products and a strong focus on customer service.

In the midst of challenging industry conditions, AGCO produced solid financial results while making important investments to position us for future success. AGCO reported 2019 net sales of approximately \$9.0 billion, a decrease of approximately 3.3% compared to 2018. Reported net income per share was \$1.63 and adjusted net income per share was \$4.44,* an increase of approximately 14% from the previous year. We generated approximately \$423 million in free cash flow* after funding significant investments in new products and other long-term profitability improvement initiatives. Our free cash flow largely was used to support share repurchases and dividend payments in 2019.

DELIVERING CUSTOMER VALUE

By focusing on delivering smart, efficient and sustainable agricultural equipment, we believe that we can grow profitably and improve our return on invested capital through margin expansion. Our strategic initiatives have two major themes: delivering greater value for our customers and improving operating efficiency. Delivering customer value comes from our smart-farming solutions, including Fendt globalization, moving towards a full-line offering in all markets, and expanding our high-margin parts business. Dealer development in both AGCO's established markets and emerging regions also will contribute to our growth.

We are equally engaged in becoming more efficient. We've done a lot of work over the years to make ourselves a leaner company through investments in factory automation as well as improved systems and processes throughout the company. A key ongoing initiative addresses product complexity reduction and platform consolidation, which supports efficient engineering and increased purchasing scale.

DESIGNING SUSTAINABLE AGRICULTURE SOLUTIONS

AGCO is focusing our product development efforts on making agriculture more efficient, more profitable, and, at the same time, more sustainable. Our goal is to contribute to healthy

and affordable nutrition for all people, while caring for our environment. Helping farmers grow crops more efficiently with lower inputs and higher yields is core to our purpose. Around the globe, we design smart solutions for real-world production challenges.

As standards of living rise worldwide, driving demand for animal protein, so do concerns about animal welfare. AGCO is engineering solutions to help producers care for their animals while also improving efficiency and profitability. AGCO's innovations include technology that makes it easier to maintain a healthy and comfortable environment, equipment that ensures proper nutrition, and tools to address bio-security concerns. Our smart protein solutions of the future will use sensors to monitor behavior, activities and physical characteristics, so the producer can make better decisions based on their animals' individual needs.

EXPANDING OUR CAPABILITIES

We are continuing to invest in AGCO's digital capabilities so that we can deliver more power to our customers. Last year, I introduced you to AGCO's Digital Customer Experience initiative. Once complete, it will deliver customer and dealer portals that provide engaging experiences for our customers and enhanced analytic capabilities for dealers and for AGCO. The online tool will enable our customers to configure, price and quote both new

FINANCIAL HIGHLIGHTS

(In millions, except for share amounts)

Net Sales*



Adjusted Operating Income*



Adjusted Earnings per Share*



Free Cash Flow*



AGCO is focusing our product development efforts on making agriculture more efficient, more profitable, and, at the same time, more sustainable.

equipment and parts and to interact with us seamlessly. Our customer relationship management tools will allow our dealers to identify which customers are the best fit for our solutions and help direct targeted marketing efforts towards those customers.

I also want to mention the role the Fendt brand has in our smart machine effort. Fendt always has had a well-deserved reputation as the premier tractor brand, and we have the awards to prove it. Over the last few years we've been working on a two-dimensional growth effort to make Fendt a full-line global brand. The first dimension is expanding the Fendt portfolio to cover the entire crop cycle, providing a full-line of solutions to our customers. We've added hay equipment, sprayers, and harvesters, each of which we believe matches Fendt's long-standing reputation. This expansion significantly increases Fendt's growth opportunity in its core market of Europe. The second dimension is taking the Fendt products to the rest of the world. We've redesigned the Fendt tractor range with the flexibility to adjust to the differing farming practices across the globe, while continuing to be a perfect fit for the European market. We are very excited about Fendt's future!

INVESTING IN OUR PEOPLE AND OUR COMMUNITIES

I'd like to close this message with some thoughts on our most important asset: our people. AGCO is investing in attracting and retaining the best people in the business. At the heart of our employee development efforts is a diversity and inclusion initiative we call TRAIT. This initiative embraces AGCO's core values of Transparency, Respect, Accountability, Integrity, and Team Spirit and is focused on enabling regional diversity and inclusive strategies. The TRAIT program promotes a collaborative culture that supports business success and individual fulfillment.

We are also investing in our communities. Last year, we established the AGCO Agriculture Foundation (AAF), a private foundation committed to food security and sustainable agricultural development. One of AAF's first projects was the AGCO Agribusiness Qualification Program at Strathmore



AGCO's digital solutions optimize, coordinate and connect our customers' operations throughout all stages of the crop cycle.

University Business School in Nairobi, Kenya. I am pleased to tell you that on December 5, 2019, the first class of 20 students graduated from the inaugural two-year program. The students rotated between working commercial farms, agricultural machinery manufacturers and dealers, and more traditional campus settings in Kenya, Zambia, South Africa, and the United States, to obtain a wide variety of experiential and classroom-learning opportunities. Helping to build the agribusiness talent pool in Africa is a key part of AGCO's commitment to corporate social responsibility and sustainability to assist in the achievement of food security on the continent.

As I reflect on the past year, I'm proud of our progress and impact. And I'm even more optimistic about our opportunities ahead. I would like to thank our customers, employees, dealers and shareholders for their support and commitment. We are well-positioned to leverage our considerable strengths and take advantage of the favorable long-term industry fundamentals in order to create meaningful shareholder value. Thank you for your confidence in AGCO. We look forward to rewarding you for your continued support in the years ahead.

Sincerely,

MARTIN RICHENHAGEN
Chairman, President and Chief Executive Officer

* See reconciliations of non-GAAP measures on page 4.

RECONCILIATION OF NON-GAAP MEASURES

(In millions, except per share amounts)

Years Ended December 31,

	2019			2018			2017		
	Income from Operations	Net Income ⁽¹⁾⁽²⁾	Net Income per Share ⁽¹⁾⁽²⁾	Income from Operations	Net Income ⁽¹⁾	Net Income per Share ⁽¹⁾	Income from Operations	Net Income ⁽¹⁾	Net Income per Share ⁽¹⁾⁽²⁾
As reported	\$ 348.1	\$ 125.2	\$ 1.63	\$ 489.0	\$ 285.5	\$ 3.58	\$ 404.4	\$ 186.4	\$ 2.32
Impairment charges	176.6	176.6	2.29	—	—	—	—	—	—
Restructuring expenses	9.0	8.3	0.11	12.0	8.7	0.11	11.2	8.8	0.11
Swiss tax reform	—	(21.8)	(0.28)	—	—	—	—	—	—
Non-cash expense related to waived stock compensation	—	—	—	—	—	—	4.8	4.8	0.06
Extinguishment of debt	—	—	—	—	24.5	0.31	—	—	—
Deferred income tax adjustment	—	53.7	0.70	—	—	—	—	—	—
Tax (benefit) provision associated with U.S. tax reform	—	—	—	—	(8.5)	(0.11)	—	42.0	0.52
As adjusted	<u>\$ 533.7</u>	<u>\$ 341.9</u>	<u>\$ 4.44</u>	<u>\$ 501.0</u>	<u>\$ 310.2</u>	<u>\$ 3.89</u>	<u>\$ 420.4</u>	<u>\$ 242.0</u>	<u>\$ 3.02</u>

(1) Net income and net income per share amounts are after tax.

(2) Rounding may impact summation of amounts.

	2019	2018	2017
Net cash provided by operating activities	\$ 695.9	\$ 595.9	\$ 577.6
Less:			
Capital expenditures	(273.4)	(203.3)	(203.9)
Free cash flow	<u>\$ 422.5</u>	<u>\$ 392.6</u>	<u>\$ 373.7</u>

FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements, including the statements in the Chairman's Message and other statements in this report regarding market demand, strategic initiatives, commitments and their effects, and general economic conditions.

These statements are subject to risks that could cause actual results to differ materially from those suggested by the statements, including:

Our financial results depend entirely upon the agricultural industry, and factors that adversely affect the agricultural industry generally, including declines in the general economy, adverse weather, increases in farm input costs, and lower commodity prices, will adversely affect us.

We face significant competition, and if we are unable to compete successfully against other agricultural equipment manufacturers, we would lose our customers and our net sales would decline.

Our success depends on the introduction of new products, which requires substantial expenditures and may not be well received in the marketplace.

Most of our sales depend on the retail customers obtaining financing, and any disruption in their ability to obtain financing, whether due to economic downturns or otherwise, will result in the sale of fewer products by us. A majority of the retail sales of our products is financed by our retail finance joint ventures with Rabobank, and any interruption or decrease on Rabobank's part in funding the venture would adversely impact net sales.

We depend on suppliers for raw materials, components, and parts for our products, and any failure by our suppliers to provide products as needed, whether due to the coronavirus or otherwise, or by us to promptly address supplier issues, will adversely impact our ability to timely and efficiently manufacture and sell products.

A majority of our sales and manufacturing take place outside the United States, and many of our sales involve products that are manufactured in one country and sold in a different country, and, as a result, we are exposed to risks related to foreign laws, taxes and tariffs, trade restrictions,

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. Among these risks are the uncertain consequences of Brexit, Russian sanctions and tariffs imposed on exports to and imports from China.

Volatility with respect to currency exchange rates and interest rates can adversely affect our reported results of operations and the competitiveness of our products.

We are subject to extensive environmental laws and regulations, and our compliance with, or our failure to comply with, existing or future laws and regulations could delay production of our products or otherwise adversely affect our business.

We are subject to raw material price fluctuations, which can adversely affect our manufacturing costs.

We disclaim any obligation to update forward-looking statements except as required by law.

OUR LEADERSHIP

BOARD OF DIRECTORS

ROY V. ARMES

Former Executive Chairman,
President and CEO
Cooper Tire and Rubber Company

MICHAEL C. ARNOLD

Former President and CEO
Ryerson Inc.

SONDRA L. BARBOUR

Former Executive Vice President
Lockheed Martin Corporation

P. GEORGE BENSON

Professor of Decision Sciences
and former President
College of Charleston

SUZANNE P. CLARK

President
U.S. Chamber of Commerce

WOLFGANG DEML

Former President and
Chief Executive Officer
BayWa Corporation

GEORGE E. MINNICH

Former Senior
Vice President and CFO
ITT Corporation

MARTIN H. RICHENHAGEN

Chairman, President and
Chief Executive Officer

GERALD L. SHAHEEN

Former Group President
Caterpillar Inc.

MALLIKA SRINIVASAN

Chairman and Managing Director
Tractors and Farm
Equipment Limited (TAFE)

HENDRIKUS VISSER

Former Chairman
Royal Huisman Shipyards N.V.

SENIOR MANAGEMENT

BRADLEY C. ARNOLD

Senior Vice President,
Global Crop Cycle and
Fuse Connected Services

ROGER N. BATKIN

Senior Vice President,
General Counsel and
Corporate Secretary

ANDREW H. BECK

Senior Vice President,
Chief Financial Officer

STEFAN CASPARI

Senior Vice President,
General Manager,
Grain and Protein

GARY L. COLLAR

Senior Vice President,
General Manager,
Asia/Pacific/Africa

ROBERT B. CRAIN

Senior Vice President,
General Manager,
North America

TORSTEN R.W. DEHNER

Senior Vice President,
General Manager,
Europe/Middle East

HELMUT R. ENDRES

Senior Vice President,
Engineering

LUÍS F.S. FELLI

Senior Vice President,
General Manager,
South America

ERIC P. HANSOTIA

Senior Vice President,
Chief Operating Officer

MARTIN H. RICHENHAGEN

Chairman, President and
Chief Executive Officer

LUCINDA B. SMITH

Senior Vice President,
Global Business Services

JOSIP T. TOMASEVIC

Senior Vice President,
Chief Procurement Officer

HANS-BERND VELTMAAT

Senior Vice President,
Chief Supply Chain Officer

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS

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Regular Mail Delivery

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Louisville, KY 40233 U.S.

Telephone

+1-800-962-4284

STOCK EXCHANGE

AGCO Corporation common stock
(trading symbol is "AGCO") is traded
on the New York Stock Exchange.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Atlanta, Georgia U.S.

FORM 10-K

The Form 10-K Annual Report filed
with the Securities and Exchange
Commission is available in the
"Investors" Section of our corporate
website (www.agcocorp.com), under
the heading "SEC Filings," or upon
request from the Investor Relations
Department at our corporate
headquarters.

ANNUAL MEETING

The annual meeting of the Company's
stockholders will be held at 9:00 a.m.
ET on April 30, 2020, at the offices of
AGCO Corporation, 4205 River Green
Parkway, Duluth, Georgia 30096 U.S.



4205 River Green Parkway, Duluth, Georgia 30096 U.S.

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