

AGCO Reports 1st Qtr Results

AGCO reported net sales of \$2.3 billion for the first quarter of 2012, an increase of 26.5% compared to net sales of \$1.8 billion for the first quarter of 2011. Excluding unfavorable currency translation impacts of 4.3%, net sales in the first quarter of 2012 increased approximately 30.8% compared to the same period in 2011.



“AGCO's strong performance in the first quarter produced record sales and earnings,” said Martin Richenhagen, Chairman, President and Chief Executive Officer. “We capitalized on improved demand in key Western European markets and continued market strength in North America while executing against our important margin improvement initiatives. Margin expansion in the first quarter was led by the Europe/Africa/Middle East (EAME) and North American regions. EAME's first quarter operating margins exceeded 11% and North American operating margins improved over 500 basis points compared to the first quarter of 2011. Our GSI acquisition was also a contributor to the positive results, particularly in North America.”

Sales growth for the first quarter of 2012 was approximately 19.4%, excluding an 11.4% benefit of acquisitions and the 4.3% unfavorable impact of currency translation. AGCO's EAME region reported a net sales increase of approximately 28.5% in the first quarter of 2012 compared to the first quarter of 2011, excluding unfavorable currency translation impacts. Sales growth was strongest in Western and Eastern Europe. In the North American region, sales in the first quarter of 2012 improved 58.6% compared to the first quarter of 2011, excluding unfavorable currency translation impacts. The GSI acquisition and growth in sales of sprayer equipment contributed to the results. AGCO's South American region reported a sales increase of 7.0% in the first quarter of 2012, compared to the first quarter of 2011, excluding unfavorable currency translation impacts. The benefits of acquisitions drove most of the increase.

Sales growth and improved gross margins contributed to higher income from operations for the first quarter of 2012 compared to the first quarter of 2011. Production increases in Europe and North America, and a richer product mix, partially offset by higher material costs, produced improved gross margins. AGCO increased its investment in new product development, resulting in increased engineering expenses in the first quarter of 2012 compared to the same period last year.

The company expects global industry sales to grow modestly in 2012 compared to 2011. Growth is expected in Western and Eastern Europe and market conditions are projected to remain strong in North America and South America. Net sales are expected to range from \$10.2 billion to \$10.5 billion for the full year. Gross margin improvement is expected to be partially offset by increased engineering and market expansion expenditures.