

The Importance of Brazil for AGCO's Global Strategy



American Chamber of Commerce
Sao Paulo, November 26th, 2007

Martin Richenhagen
Chairman, President & CEO

Agenda

Company background

Brazilian Economy

Investments in Brazil



Brands and Products

TRACTORS

AGCO[®]

FENDT[™]

Challenger



MASSEY FERGUSON

VALTRA



COMBINES

GLENER[®]

FENDT[™]

Challenger



MASSEY FERGUSON



IMPLEMENTS

HESSTON[®]

RoGator[®]
TerraGator[®]
ag-chem

WHITE
P L A N T E R S

SUNFLOWER



TECHNOLOGY

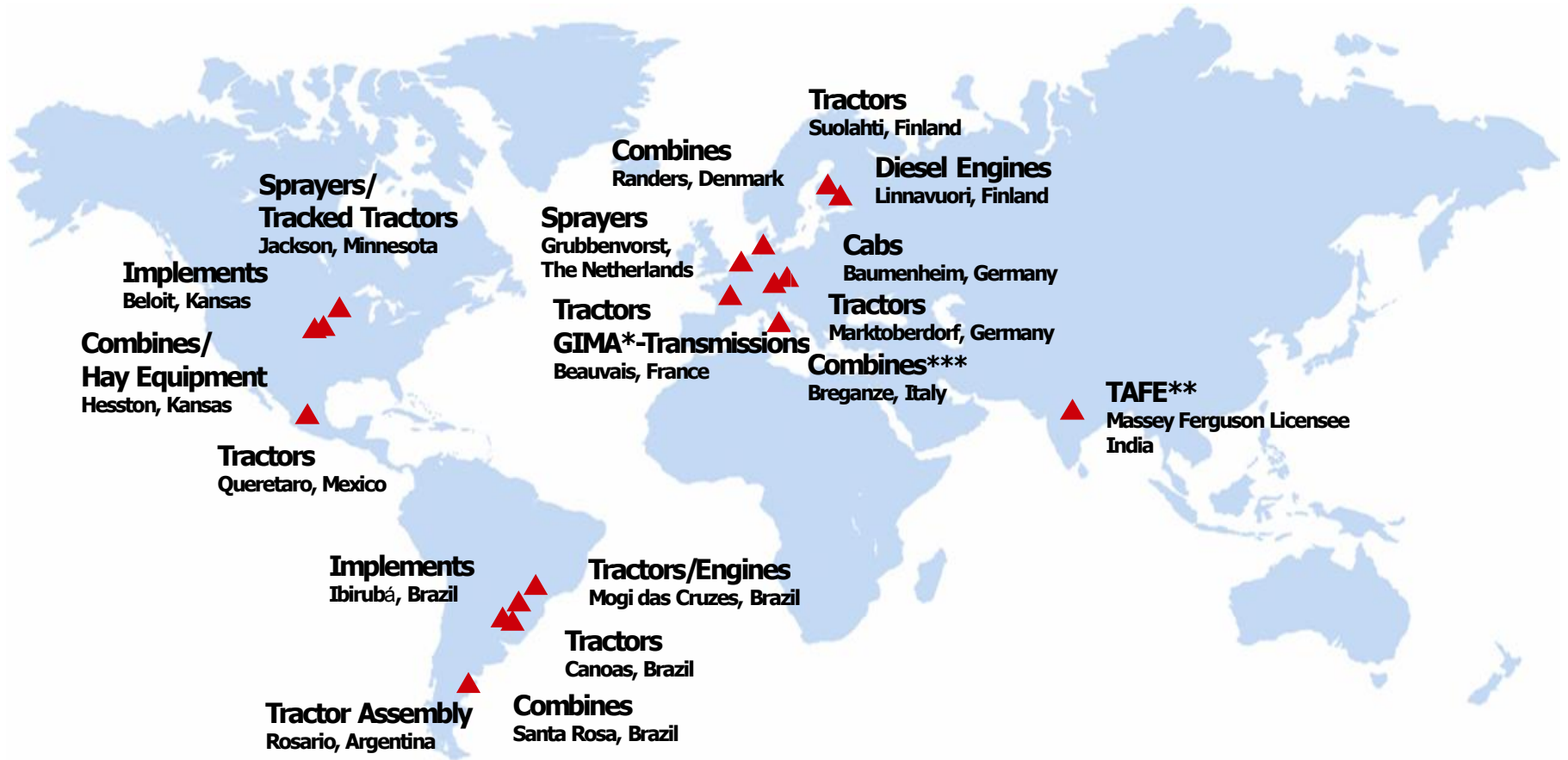
AUTO-GUIDE[™]

FIELDSTAR

SOILTEQ



Global Presence



* AGCO owns a 50% interest in the GIMA transmission joint venture

** AGCO owns a 23% interest in TAFE

*** AGCO owns 50% of Laverda



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10th Largest Economy in the World

Largest in:

Fresh-Water Reserves
Dry Beans
Coffee
Oranges
Ethanol & Sugar Cane

Second Largest in:

Beef
Poultry
Soybeans
Tobacco
Iron Ore

Strong in:

Agricultural Machinery
Petroleum
Aviation industry
Steel production
Textile industry
Automobile
Construction
Hydroelectricity



Main Drivers of Brazil's Commodities Expansion

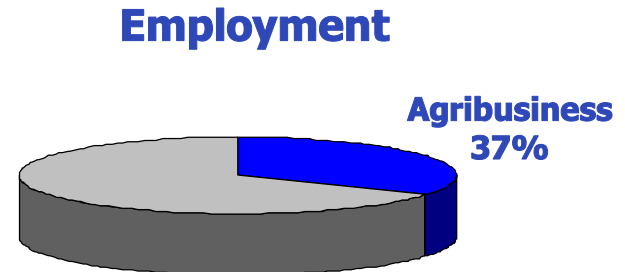
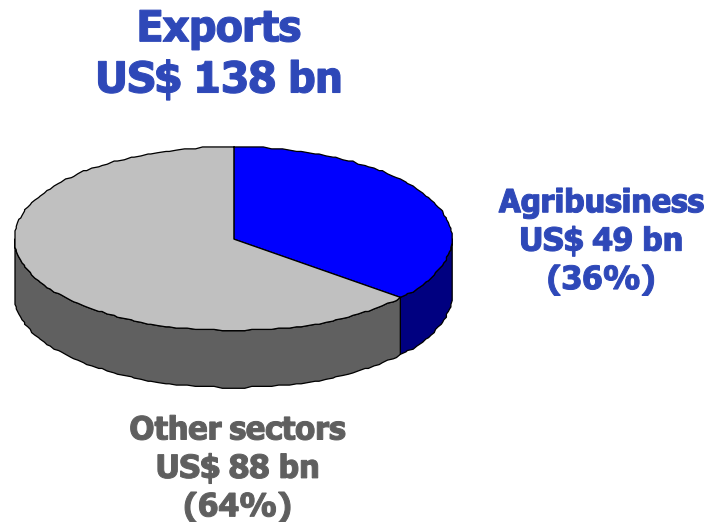
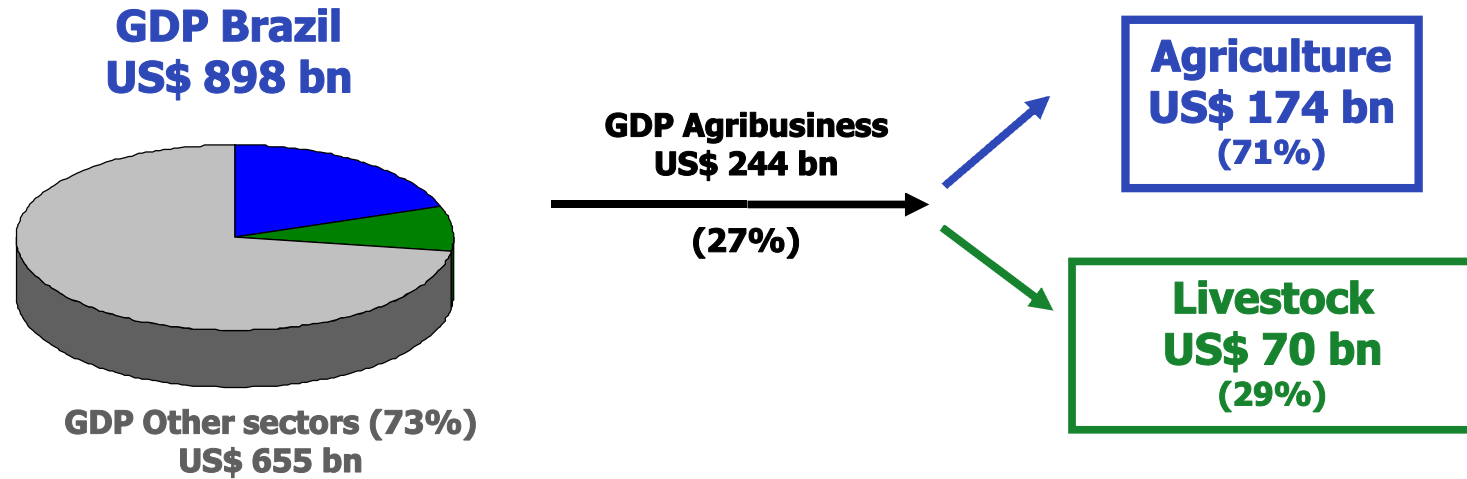
- **Population and economic growth will increase the food demand;**
- **Growth of biofuel markets;**
- **Improving commodity prices;**
- **Natural resources available and capacity to expand areas;**
- **Farmers with high productivity;**
- **Potential technology to improve.**



A changing landscape



2006 Brazilian Agribusiness

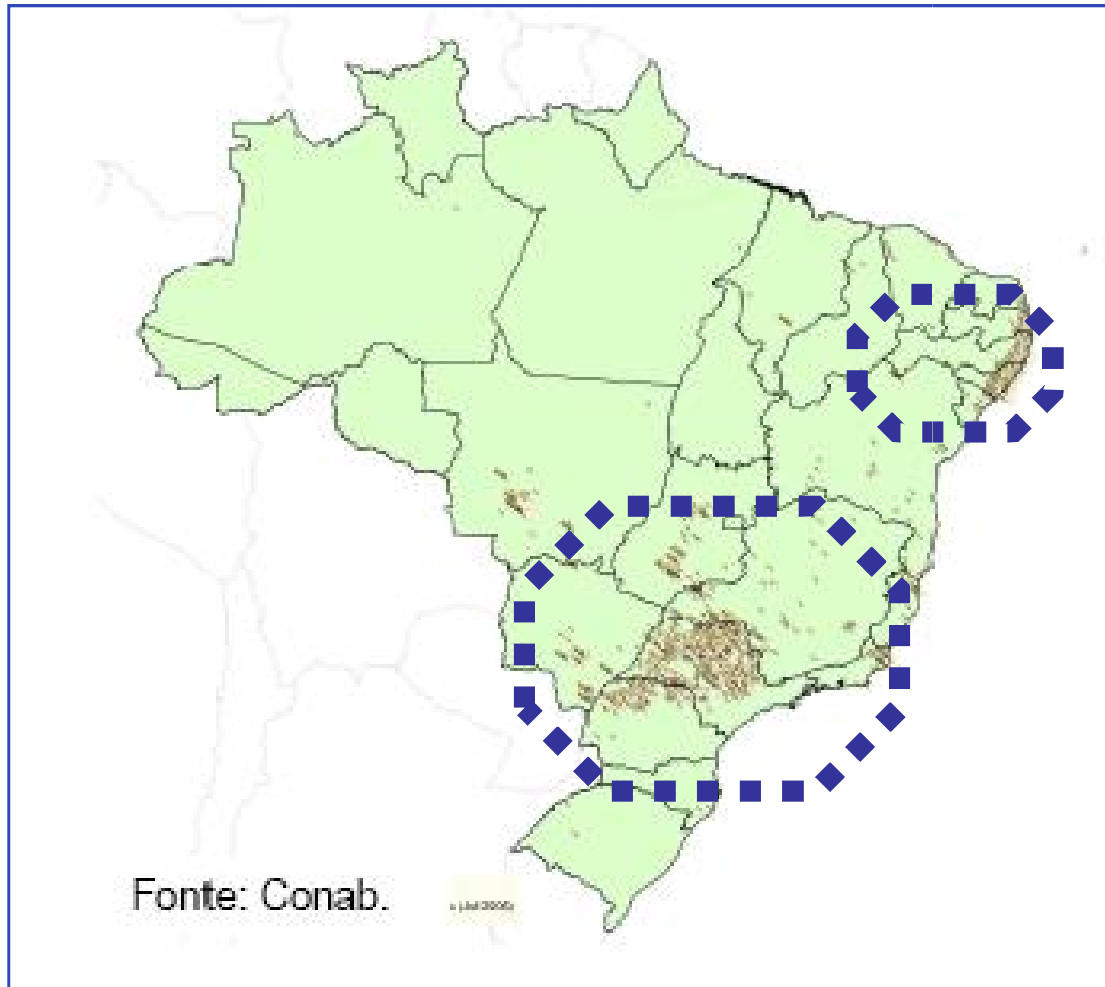


Source: CEPEA-USP, SUT/CAN, MAPA and IPEA
US\$ 1 = R\$ 2,21, average BACEN 2006
Employment data of 2006

Brazil in the Worldwide Agribusiness

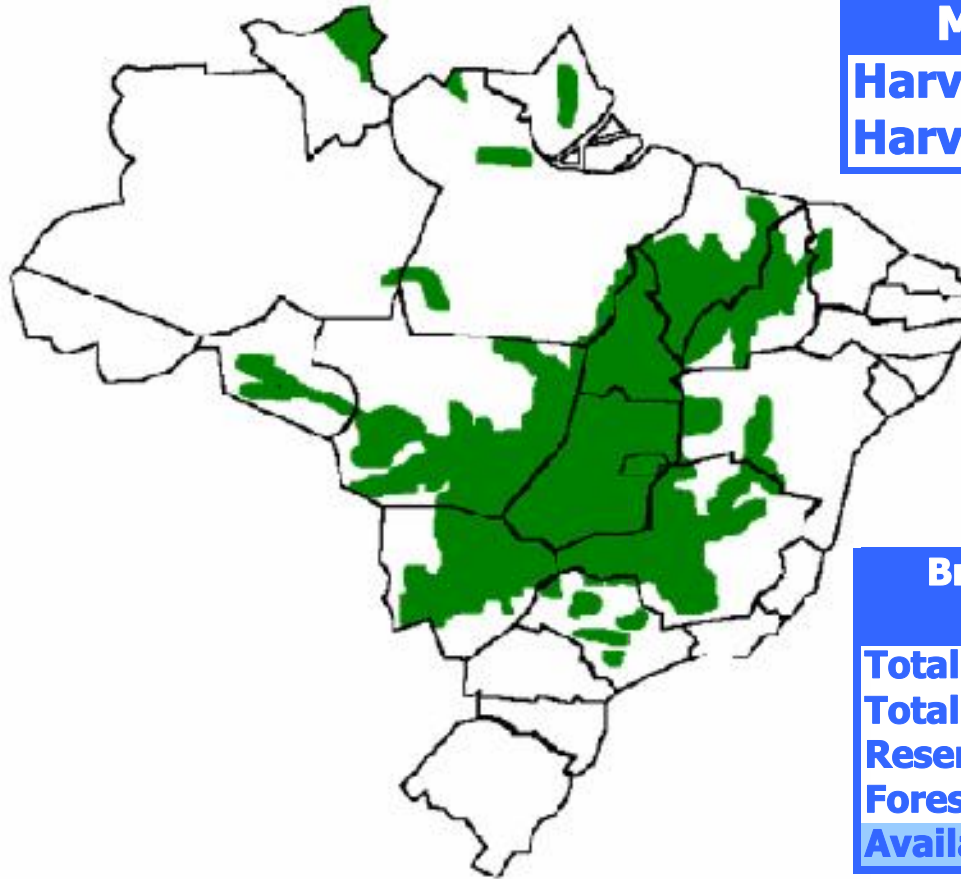
Commodity	Brazil - Worldwide Ranking		% Worldwide Trade
	Production	Export	
Sugar	1^o	1^o	41%
Coffee	1^o	1^o	28%
Orange juice	1^o	1^o	82%
Alcohol	2^o	1^o	36%
Cattle	2^o	1^o	27%
Soya	2^o	1^o	37%
Poultry	2^o	1^o	39%
Corn	3^o	3^o	6%
Pork	3^o	3^o	11%

Sugar Cane Production Regions and Mills



Mills in Use	
Center-South	238
North-Northeast	80
Brazil	318

Sugar Cane – Growth Potential Areas and Mills in Construction



Mills in Construction	
Harvest 07/08	16
Harvest 08/09	30

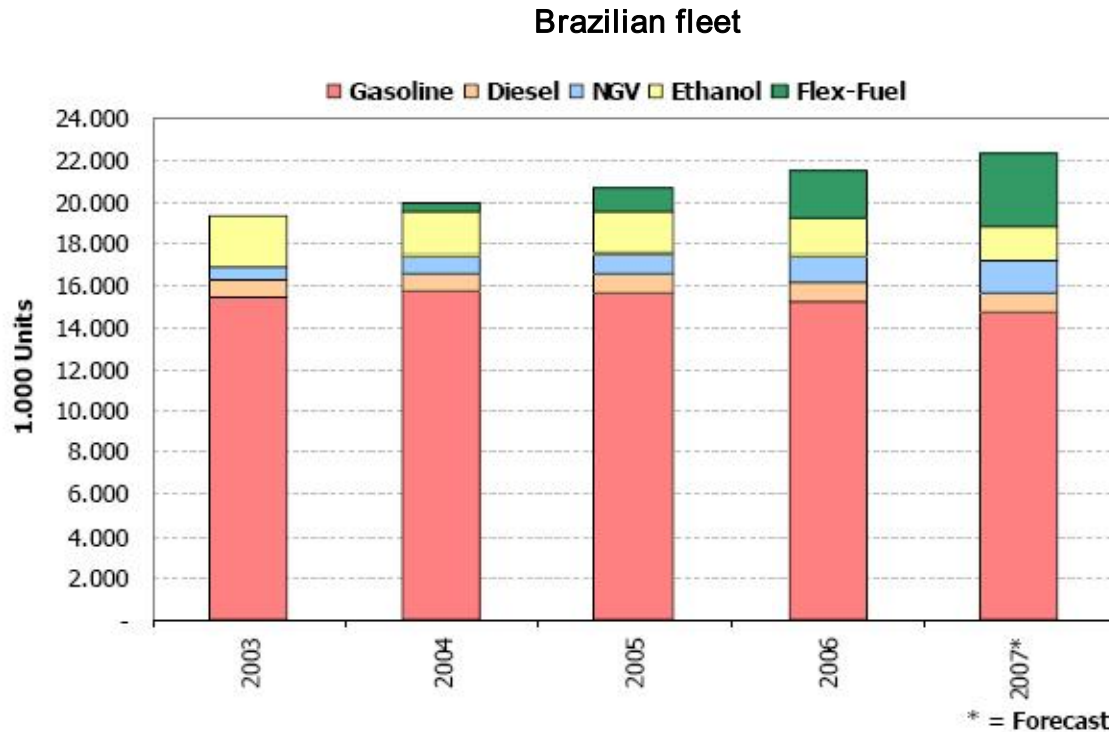
Brazilian Savanah (Cerrado)	Area Mill ha
Total Area	204
Total Arable Land	137
Reserves	-35
Forest and Crops	-12
Available for expansion	90

Sugar Cane in Brazil	7
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Source: EMERAPA

Car Fleet in Brazil

- In 2007 83% of the automobiles sold in Brazil are flex models.



Source: ANFAVEA, IBP, SCA

In 2012 the flex models will represent 52% of the total Brazilian fleet.

- To supply demand, Brazil will need to enhance the ethanol production, from 20 bn liters (2007/08) to 34 bn liters (2012).

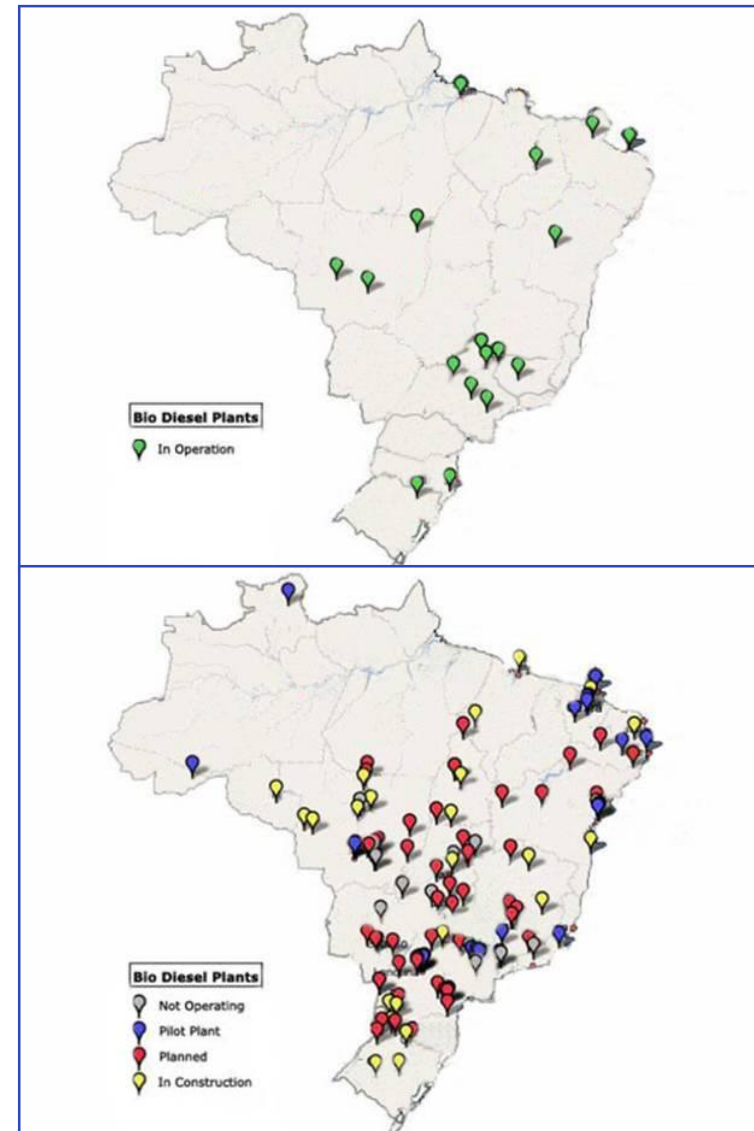
BIODIESEL Plants

Now

19 plants in operation
664 mill / lts

In 2008

65 plants in operation
3 bn / lts



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Manufacturing in Brazil



Ibirubá - SFIL

Farm Implements
 Total area: 200,000 m²
 Employees: 220



VALTRA
Challenger

SisuDiesel

Mogi das Cruzes - SP

Tractor Manufacturing
 Total area: 140,000 m²
 Employees: 964

Canoas - RS

Tractor Manufacturing
 Total area: 199,000 m²
 Employees: 1.479



AGCO Allis



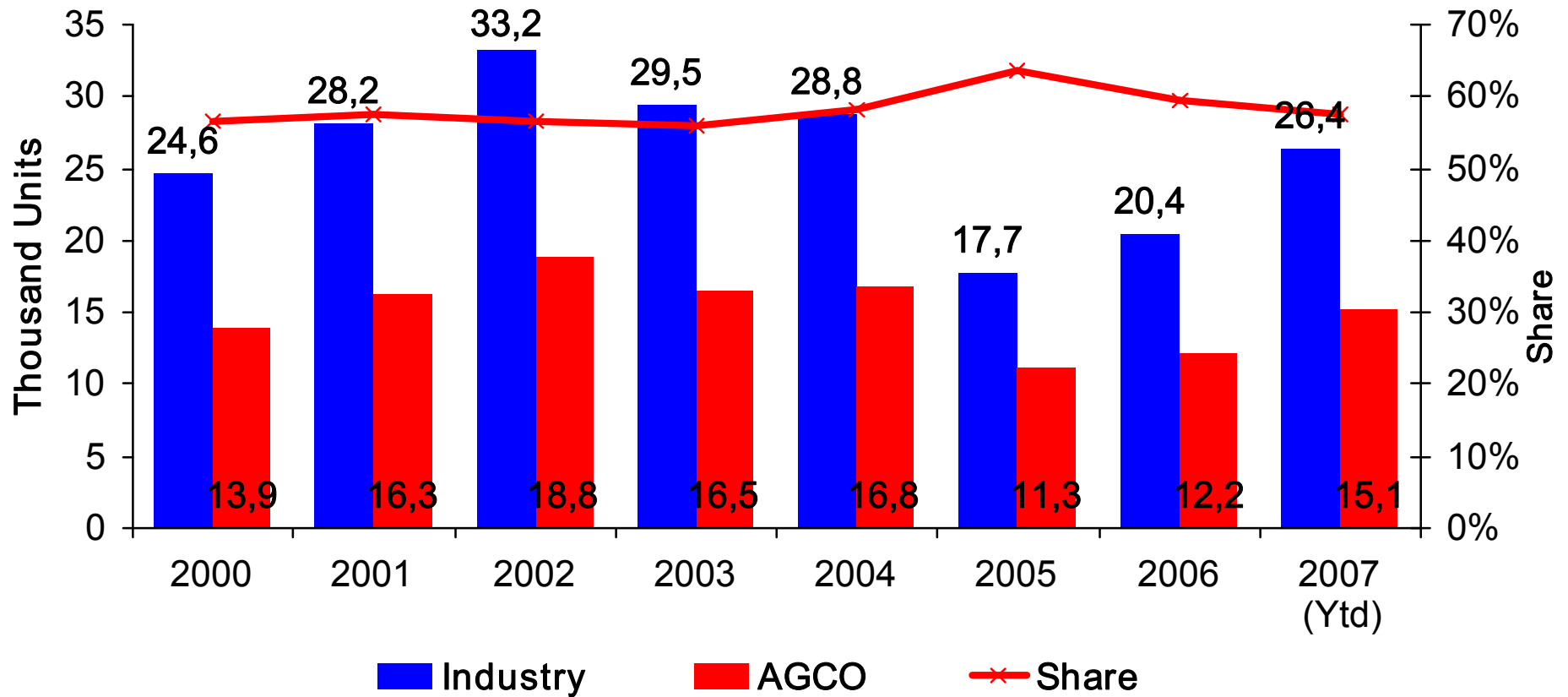
AGCO Allis

VALTRA

Santa Rosa - RS
 Combine Manufacturing
 Total area: 230,000 m²
 Employees: 432



Tractor Sales in Brazil and AGCO Share



Industry Overview

September YTD Retail Units

North America YTD07 vs YTD06

Tractors	– Industry	+1%	
	– AGCO		↓
Combines	– Industry	+11%	
– AGCO			↑

Europe

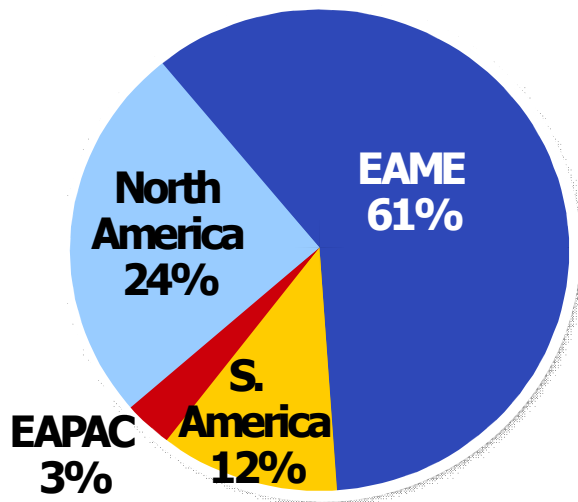
Tractors	– Industry	+5%	
	– AGCO		↑

South America

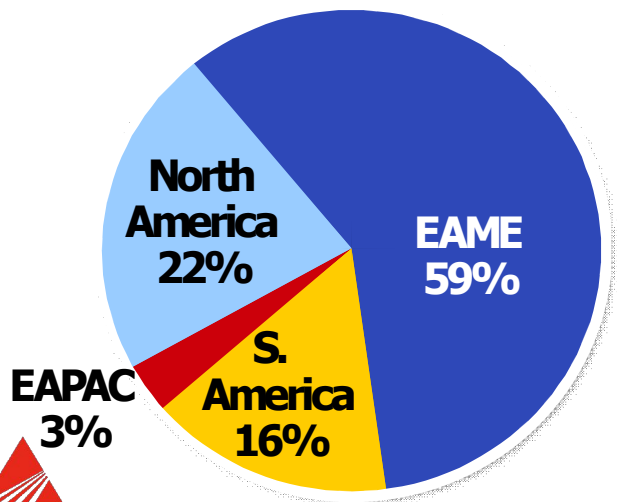
Tractors	– Industry	+44%	
	– AGCO		↑
Combines	– Industry	+64%	
	– AGCO		↑

Regional Net Sales Results

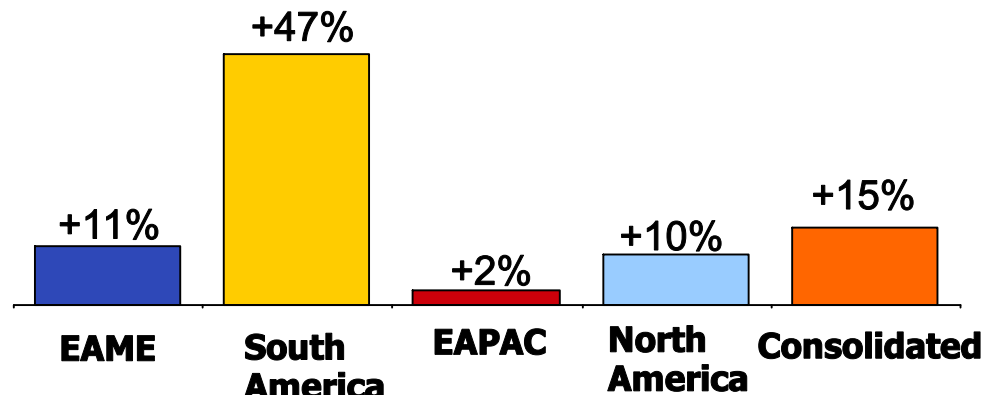
YTD 2006 \$3.8 billion



YTD 2007 \$4.7 billion



YTD 07 vs YTD 06 Net Sales Excl. Translation



EAME – Europe/Africa/Middle East

EAPAC – East Asia/Pacific

Main Challenges for AGCO in Brazil

- **continue optimizing synergies between plants**
- **additional customer requirements (e.g. rental, contractors, precision farming)**
- **further complete product offer (e.g. planters, sugar cane harvester, sprayers)**
- **further strengthening dealer networks**
- **cost reduction opportunities (e.g. lean manufacturing, overheads, use more common components with less platforms, expand low cost country sourcing)**

Muito Obrigado



ALWAYS GROWING

AGCO

