

Long: AGCO Co.
(NYSE: AGCO)

Buy Pitch (35% Implied Upside, $157.22 Price Target)

April 15th, 2026

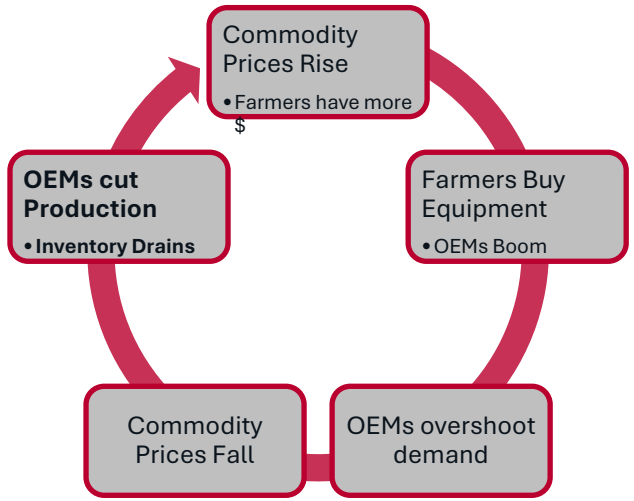
University of Florida

AGCO
Your Agriculture Company

Industry Overview

The agricultural machinery industry designs, manufactures, and distributes equipment used in farming to increase productivity, efficiency, and crop yield.

The Agricultural Cycle



Industry Trends

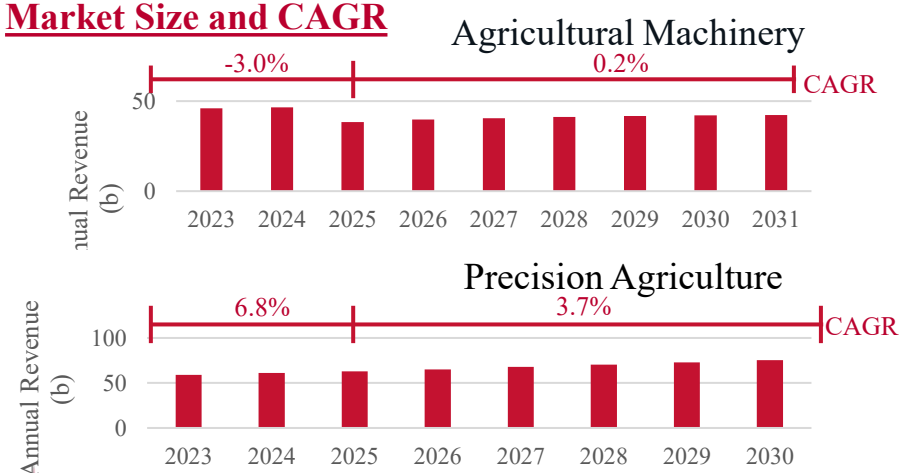
Sales Contraction	▪ Last 30 months, Farm Equipment Sales Index is **below growth-neutral** ▪ In 2025, tractor sales decrease **9.86%** and combine sales dropping **35.58%**
Inventory Scale Back	▪ **20.84%** decrease in OEM inventories compared to Oct. 2022 peak ▪ For **Used Market,** Tractor inventories fell **15.5%** YoY and Combine inventories fell **9.5%** YoY
R&D Innovation	• Focus on **Precision Technology** • AGCO Trimble is one of the leading investors in the industry

Global Trend

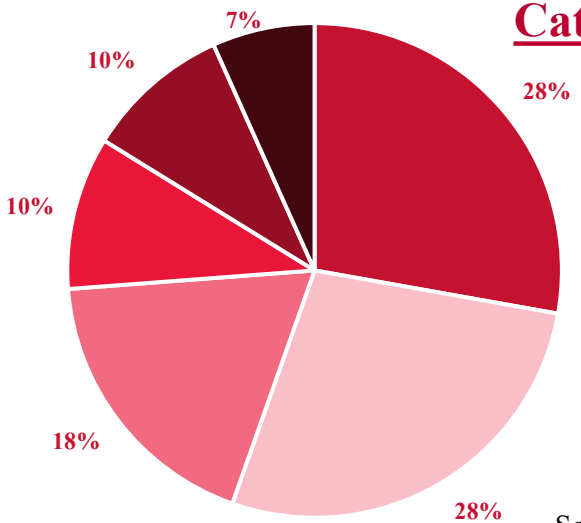


Europe is the agricultural powerhouse with **€77 B** in agricultural machinery revenue

Market Size and CAGR



Categories



- Other farm machinery and equipment
- Tractors and attachments
- Consumer lawn, garden and snow equipment
- Harvesting machinery
- Commercial turf and grounds care equipment
- Farm dairy equipment, sprayers, dusters and blowers

Sources: IBIS World, University of Illinois



Business Model

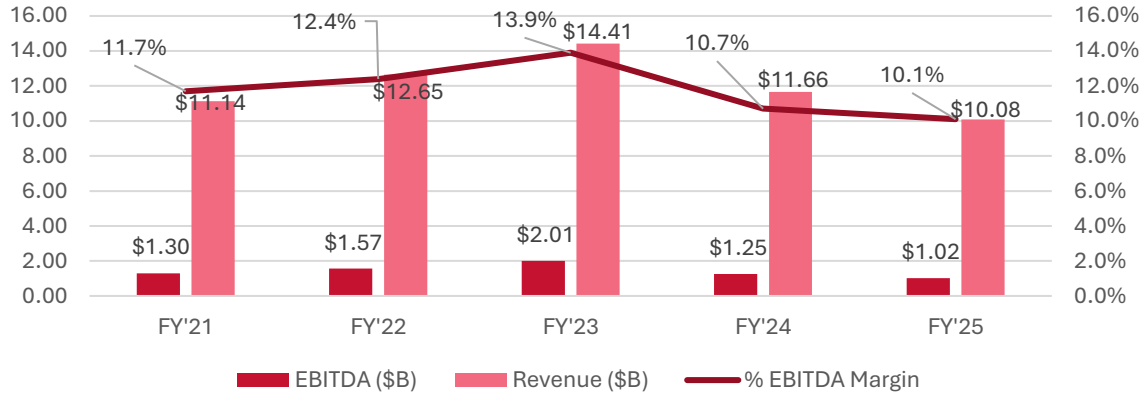
Business Overview

AGCO is a global leader in agricultural machinery and precision agriculture technology. With four brands, they have a diversified portfolio of target markets, while also leading the initiative on precision agriculture technology.

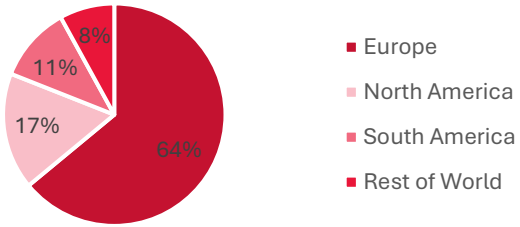
Brands

MASSEY FERGUSON	PTx	FENDT	VALTRA
Global Volume Brand targeting mid-market farmers	The only Precision Ag platform that retrofits any brand of equipment	Premium European Brand targeting professional, large-scale farmers	Scandinavian Brand known for customization and forestry applications

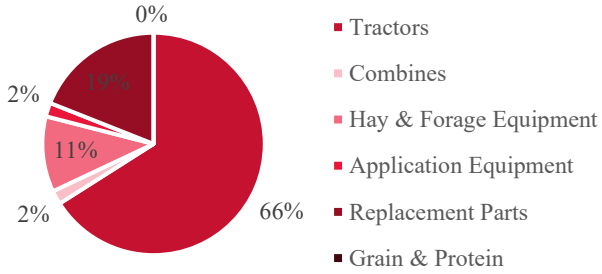
Historical Financial Performance



Geographic Breakdown



Segment Breakdown



Acquisition and Joint Venture

Precision Planting

2017 Aqui.
Solidified AGCO as a leader in precision agriculture

Trimble

2024 JV
AGCO acquired 85% of Trimble Ag, adding GPS to PTx and creating ***FarmEngage***

Key Financial Metrics

Ticker	NYSE:AGCO
Share Price	$ 121.23
Enterprise Value	10,831.71 M
Market Cap	8785.5 M
LTM EV/EBITDA	9.5x
FCF Yield	8.43%

FarmEngage

Launched in 2025
Mixed fleet digital platform designed to deploy work plans, track field work, collect test data from all farm machines regardless of brand

OutRun Autonomous Solutions

Launched in 2025
A platform of retrofit autonomy technologies, providing solutions across three-five stages of crop cycle

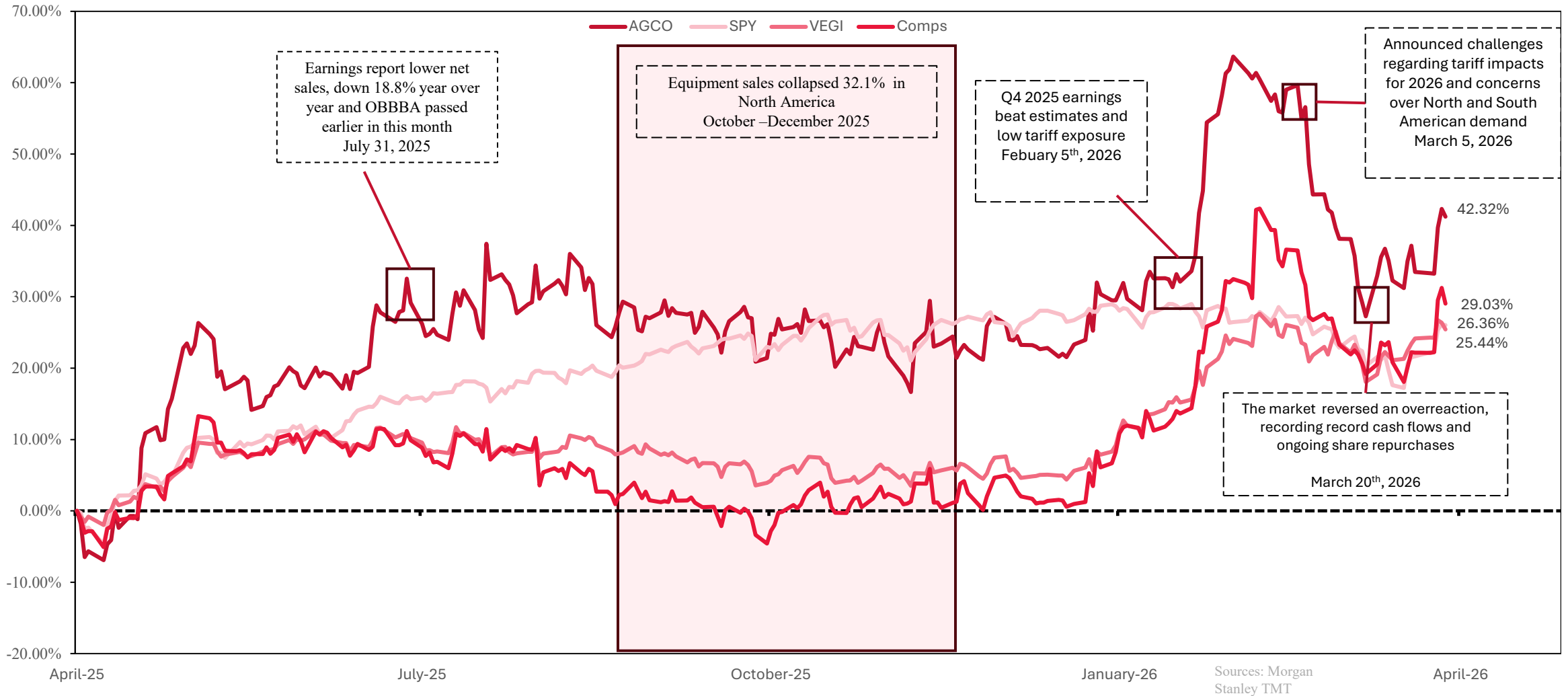
Sources: AGCO



Price Movement Review: The Past 12 Months

Sentiment Analysis

Despite the cyclical downturn in agricultural equipment, AGCO has consistently outperformed its peers and remains undervalued by the market.



Sources: AGCO Q2 2025 Earnings Call (CFO Damon Audia), AGCO Q3 2025 Earnings Release & Earnings Call (CEO Eric Hansotia), AGCO Q4 2025 Earnings Call (CFO Damon Audia), Morgan Stanley TMT Conference transcript (March 5, 2026), Deere & Company Q1 FY2026 Earnings Call, Zacks Investment Research, agcocorp.com, Tractorevolution.com

Sources: Morgan Stanley TMT Conference transcript (March 5, 2026)



Competitive Advantage

Competitive Analysis

AGCO maintains a competitive advantage with its diversified global portfolio, precision agriculture focus, and strategic shifts.

Revolutionary Retrofit

PTx can retrofit existing Equipment

↓

Revenue outside of typical equipment replacement cycle

+

Revenue through Subscription

Precision Ag Dominance

0.4% Trimble Inc. vs **0.2%** Deere & Co

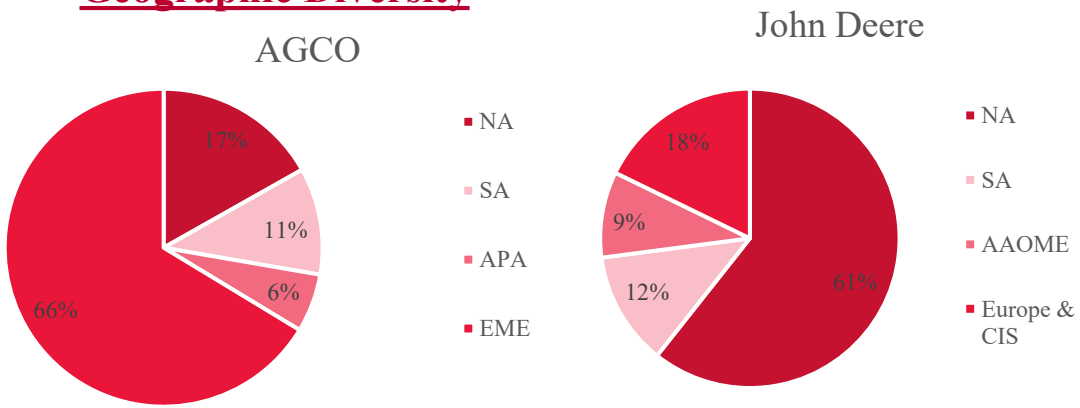
Part Shop B2B Digital Tech Leader

a single, comprehensive environment that offers transparent processes, real-time order tracking, faster delivery and access to a broad product portfolio

2026 "Commendable Prize" in the Digital Transformation of the year

- Deployed in Europe, Middle East, Asia, and Pacific Region
- Planned rollout in North America Oct. 2026

Geographic Diversity



AGCO has European strength on their side

Sources: AGCO, John Deere, IBIS World



Investment Thesis

Investment Thesis Overview

We find AGCO to be undervalued as the market overlooks upcoming government payments, misprices its precision ag platform, and ignores coming policy shifts toward precision agriculture.

Thesis	Our View	What the Market is Missing
Overlooked Scheduled Government Payments	• **$44.3B** in direct government payments are forecast for 2026, a 45% single-year increase driven by OBBBA raising ARC/PLC price floors • With corn prices below the reference floor, **government payments are effectively certain to trigger and impact AGCO's demand**	• OBBBA triggered $15.2B in direct payments to AGCO's core customer base, which is larger than AGCO's entire 2025 revenue of $10.1B • AGCO trades at a 49% discount to its peer median, a valuation that does not account for the $44.3B in scheduled payments flowing directly to farmers
PTx is More Than Just a Tractor Add-On	• **PTx grew every year through a 30% equipment collapse**- the market is wrongfully pricing it as just a tractor business • Dominant platform that **sells to and works on competitors machines** – addressable market is every farm on earth • Recurring revenue is scaling, the financials will prove it- the **repricing just hasn't happened yet**	• FarmENGAGE is not rolled out completely as the autonomy subscription model is in early commercial stages, the re-rate will happen when recurring revenue becomes undeniable • PTx is still only a small percentage of total revenue which will soon force a rethink in the company's business model
Make America Healthy Again Initiative	• MAHA's explicit mandate to prioritize precision agriculture creates a direct policy tailwind for AGCO • USDA's $700M regenerative ag pilot begins rolling out in 2026, directly subsidizing the farming practices that require AGCO's precision platform to execute	• MAHA commission explicitly directed USDA to prioritize precision ag adoption programs, but zero published analyst research connects this policy to AGCO's PTx growth trajectory • The global precision ag market growth is projected at ~10.5% CAGR and AGCO is positioned to capture a disproportionate share as government funding rolls out which is not priced into current discount-to-peers valuation

Sources: USDA Economic Research Service Farm Sector Income Forecast, GCO 10-K (FY2025), AGCO Q4 2025 Earnings Call, Federal Register OBBBA Final Rule, MAHA Commission Strategy Report, USDA Regenerative Agriculture Announcement

Catalyst 1: Overlooked Scheduled Government Payments

Ag equipment stocks are traditionally priced off crop prices and farm income, causing direct government payments legally scheduled for 2026 to be unaccounted for.

"Direct Government farm program payments are forecast at $44.3 billion for 2026, a $13.8 billion increase (or 45.2 percent) from the $30.5 billion total for 2025."

— USDA Economic Research Service, Farm Sector Income Forecast, Feb. 5, 2026

9.7x
vs 19x peer median

Missing Income Stream

AGCO trades at 9.7x EV/EBITDA vs. A 19x peer median, a 49% discount that does not reflect $44.3B In scheduled 2026 government payments.

July 4 2025
OBBBA signed

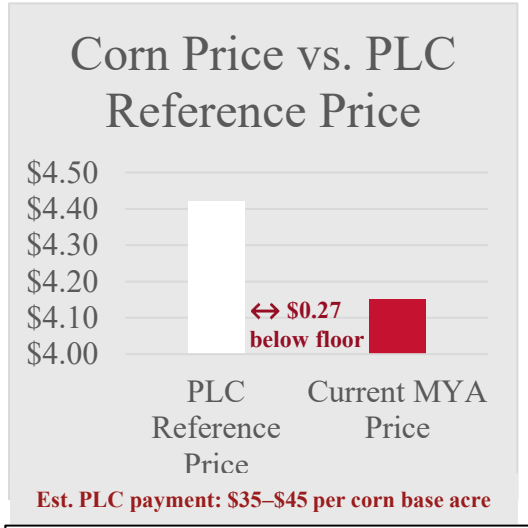
One Big Beautiful Bill Act

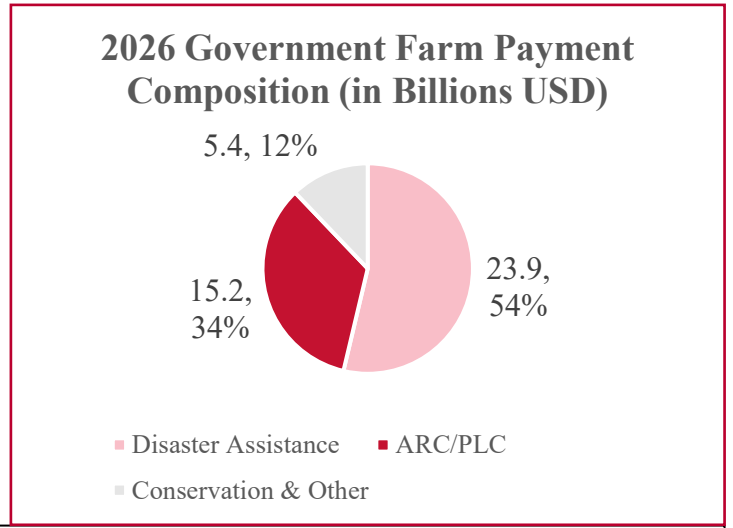
OBBBA was signed July 4, 2025, triggering $15.2B in ARC/PLC (agricultural risk coverage/price loss coverage) payments to farmers, a $13.1 single-year increase, the largest in recent farm policy history.

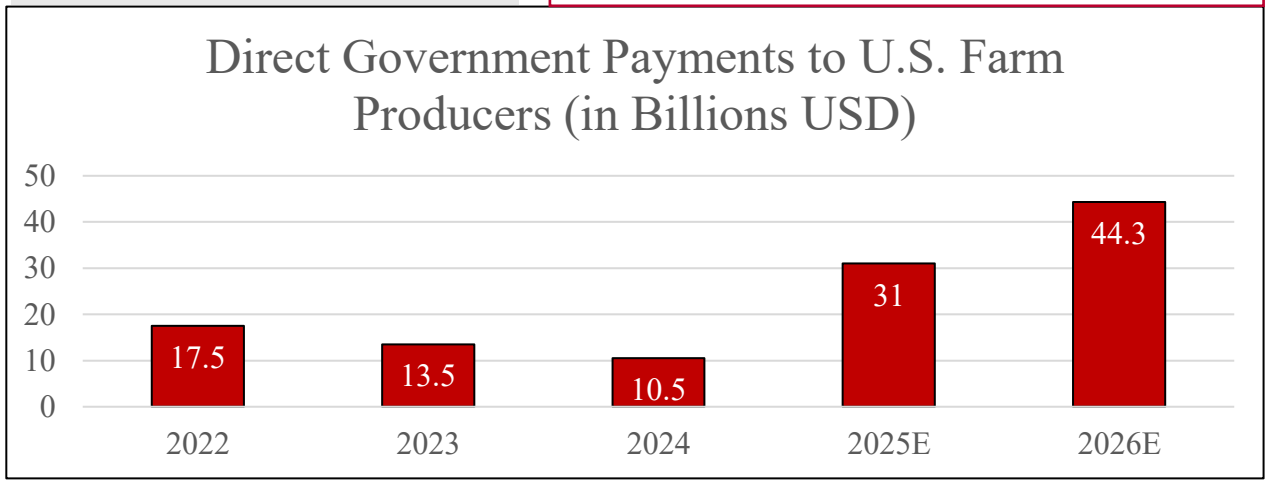
Oct 1 2026
Payment Date

Future Date is Set

Federal law requires ARC/PLC payments to be issued after October 1, 2026. With corn prices currently below the reference price floor, payments are effectively certain to trigger.





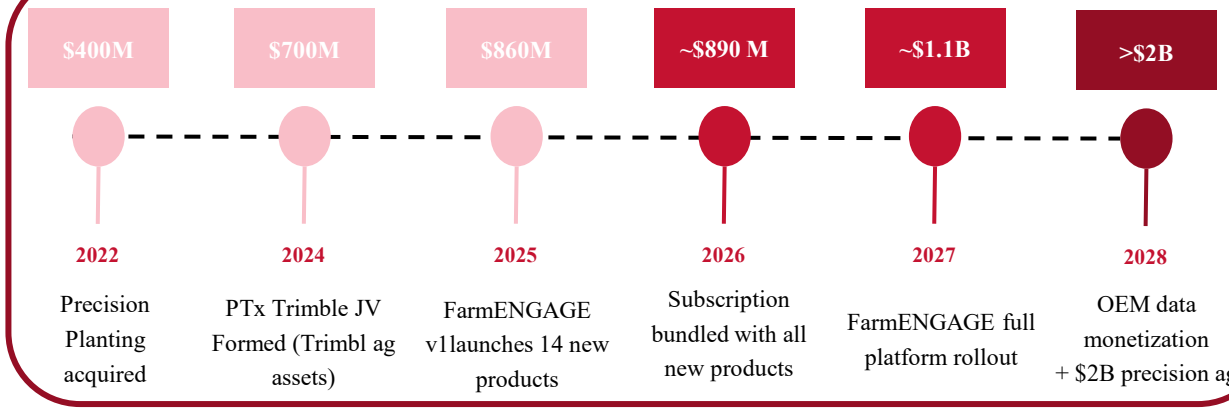


Sources: USDA Economic Research Service Farm Sector Income Forecast, Federal Register OBBBA Final Rule

Catalyst 2: PTx is More Than Just a Tractor Add-On

AGCO is currently priced as a traditional equipment company, despite its growing focus on building a software platform.

Proposed Program Rollout





"We've got about 160 agentic AI projects in flight right now, 50 of them completely done, but a lot of them in flight"

— Eric Hansotia, AGCO Corporation Q4 2025 Earnings Call, February 5, 2026

7%

OF FARMERS BUY NEW EQUIPMENT EACH YEAR

Sources: University Of Illinois Farmdoc Daily

PTx

- Precision agriculture and autonomy division
- Planting, spraying, software and data
- Sells technology to 100+ equipment manufactures including its competitors
- Covers 82% of US arable acres and 70+ dealers



- Can be used on top of John Deere's operation center as additional data layer
- Software subscription business that come complementary with new AGCO tractors
- Works on all machines regardless of branding or age
- Fleet and task management platform

PTx as Software

PTx / Precision Ag	$0.86B	**5–8× rev**	**$4.3–6.9B**	Software / autonomy comps
Parts & Aftermarket	~$1.8B	1.2× rev	~$2.2B	Stable recurring
Core Equipment (ex-PTx)	~$7.4B	0.5× rev	~$3.7B	Trough machinery
TOTAL SUM-OF-PARTS	**$10.1B**	—	**$10.2–12.8B**	**vs ~$8B mkt cap**

Why PTx is Undervalued

→ AGCO trades at 13× P/E — a tractor multiple.

→ Inside AGCO is PTx: $860M in precision ag revenue growing to $2B.

→ FarmENGAGE subscriptions begin on every 2026 machine sold – 3 years free

→ PTx is still relatively new to the company, so the software is not enough to get reclassified yet.

→ Comparable software businesses trade at 30–50× revenue. AGCO gets none of that.

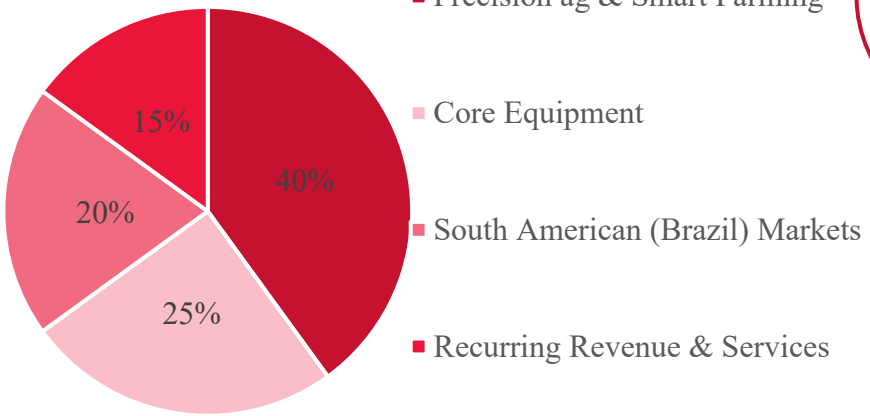
→ **AS Farm engage is yet to be priced in since it is new with no revenue history**

Sources: AGCO 10-K (FY2025), AGCO Q4 2025 Earnings Call (CFO Damon Audia), AGCO SEC 8-K filings, Citi Conference transcript Feb 2026, FTC v. Deere (Jan 2025), Agco.com

Catalyst 3: Make America Healthy Again Initiative

Government policies are in line with AGCO's shifting business model and opens a multi-year growth stream

AGCO Business Model Development



AGCO is shifting from a cyclical equipment manufacturer to a technology-driven, recurring revenue business with global diversification

E15 Ethanol May 1, 2026

MAHA Initiatives

- Regenerative soil & health farming
- No synthetic food dyes
- Restriction of certain pesticides
- Farm productivity and modernization

Where it all connects

- Farming becomes more precision-dependent
- Accelerated demand for retrofit upgrades & automation
- Adoption even in low-income farm environments
- Reduce sensitivity to commodity price swings

Impact

- $700M USDA regenerative agriculture pilot program; funding starts rolling out in 2026
- Adoption accelerates by 2027-2029
- Earnings impact follows; creating a multi-year growth runway



Intrinsic and Relative Valuation

DCF

DCF model with projections

	Historical			Projections				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	14412.4	11661.9	10082.0	10687	11435	12235	12847	13233
% Growth		-19%	-14%	6.0%	7%	7%	5%	3.0%
COGS	10635.0	8762.8	7515.2	7908	8462	8993	9378	9660
% Revenue	73.8%	75.1%	74.5%	74.0%	74.0%	73.5%	73.0%	73.0%
Gross Profit	3777.4	2899.1	2566.8	2779	2973	3242	3469	3573
% Margin	26%	25%	25%	26%	26%	27%	27%	27%
SG&A	1454.5	1397.7	1309.3	1495	1715	1713	1670	1588
% Revenue	10%	12%	13%	14%	15%	14%	13%	12%
D&A	57.7	81.0	71.1	107	114	92	96	66
% Revenue	0%	1%	1%	1%	1%	0.75%	0.75%	0.5%
Other Operating Costs	564.8	1542.5	590.7	641	686	612	514	529
% Revenue	4%	13%	6%	6%	6%	5%	4%	4%
Operating Income	1700.4	-122.1	595.7	536	457	826	1188	1389
Interest income, net	-4.6	-93.0	-66.4	-55	-55	-55	-55	-55
Other income	-294.1	-172.1	112.3	-118	-118	-118	-118	-118
Income before taxes	1401.7	-387.2	641.6	363.2	284.8	653.3	1015.7	1216.8
Tax Expense (Benefit)	230.4	98.4	-77	76.3	59.8	137.2	213.3	255.5
Effective Tax Rate %	16%	-25%	-12%	21%	21%	21%	21%	21%
Net Income	1171.3	-485.6	719.0	286.9	225.0	516.1	802.4	961.3
% Profit Margin	8%	-4%	7%	3%	2%	4%	6%	7%
EBITDA	1758	-41	667	643	572	918	1285	1456

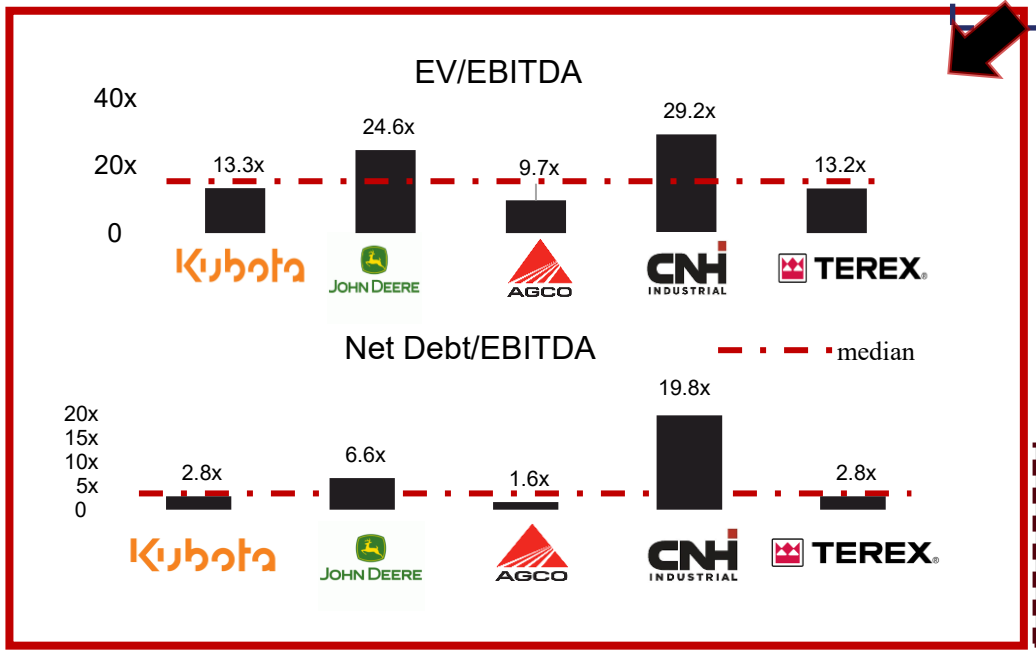
Unlevered FCF								
EBIT	1700.4	-122.1	595.7	536	457	826	1188	1389

Revenue Growth Rate: modest middle ground between projected Ag machinery CAGR 2026-2031 and precision tech projected CAGR 2026-2031; analysis of historical growth between these industries

Decreasing COGS as a % of Revenue: Internal structural changes for improved efficiency; decrease in production to match demand; FarmEngage and OutRun increase margins despite lower production

Comparable Companies Analysis

		General			Trading Multiples					Profitability & Growth			
Company	Ticker	Share Price	Market Cap	Enterprise Value	LTM EV/EBITDA	LTM EV/EBIT	LTM EV/REV	LTM P/E	LTM P/BV	LTM 1 Year Growth Revenue	LTM 1 Year Growth EBITDA	EBITDA Margin	Net Debt / EBITDA
Agricultural Machinery/ Farm Equipment Manufacturing													
Kubota	OTCMKTS: KUBTY	$87.26	$20.39B	$5.3B	13.3x	19.90x	1.8x	12.71x	1.2x	18.50%	28%	13%	2.80
John Deere	NYSE: DE	589.77	159301.2 B	217,263.2 B	24.6x	33.10x	4.6x	31.40x	6.1x	2%	15%	18%	6.60
CNH Inudustrial NV	NYSE: CNH	11.15	13.849B	38.987B	29.2x	49.20x	2.2x	27.20x	1.8x	9%	46%	6%	19.80
Terex	NYSE: TEX	62.05	7.06	8.87	13.2x	19.10x	1.7x	18.63x	1.9x	6%	4%	12%	2.80
Mean					**20.1**	**30.3**	**2.6**	**22.5**	**5.1x**	1%	85%	30%	2.5x
Median					**19.0**	**26.5**	**2.0**	**22.9**	**1.85**	**7.3%**	**21.5%**	**12.3%**	**4.70**
AGCO Corportation	**NYSE: AGCO**	**$123.88**	**8.97B**	**10.97B**	**9.7x**	**15.2x**	**1.1x**	**12.71**	**2.1x**	**-14%**	**-19%**	**10%**	**1.6x**



AGCO trades at **9.7x EV/EBITDA**, representing a significant discount to the **~19x** peer average and larger manufacturers such as Deere & Company and CNH Industrial. This discount likely reflects the market's expectation of more cyclical earnings, driven by AGCO's greater reliance on European markets and equipment sales rather than recurring revenue streams such as services or technology solutions.

On **Net Debt/EBITDA**, AGCO also trades below peers at **1.6x**, with the comparable median at **4.5x** due to its capital allocation strategy, using debt conservatively and higher cash management. Their strategic technological M&A growth along with shifting towards recurring revenues through services may narrow the valuation gap

AGCO's valuation sits below peers, reflecting a reasonable **discount**. Although strategic acquisitions and a shift toward recurring revenues could narrow the gap, a lower **P/E** driven by earnings volatility, declining **revenue** and **EBITDA** margins, and reliance on equipment sales maintain pressure on valuation.

Precedent Transactions Analysis

			General					Target LTM Financials					
Date	Target Company	Acquiror	Price Per Share	% Owned After Transaction	Value of Transation ($ mil)	Enterprise Value ($ mil)	Equity Value ($mil)	Revenue ($ mil)	EBITDA ($ mil)	EV/EBITDA	EV/Revenue	EBIT ($ mil)	Net Income ($ mil)
6/3/2022	Salford Group	Linamar	$44.77	100.00%	$193.43	$6,400.00	$5,300.00	$10,230.00	$1,530.00	4.18x	0.63x	$933.00	$584.00
6/9/2022	Escorts Limited	Kubota Corportation	$26.32	44.80%	$1,220.00	$33,792.96	$20,330.13	$19,130.33	$2,530.02	13.36x	1.77x	$1,682.25	$1,183.01
7/12/2022	Marrone Bio Innovations	Bioceres Crop Solutions	$1.31	100.00%	$156.95	$305.50	$34.00	$318.20	$11.81	25.87x	0.96x	$(4.90)	$(56.40)
10/12/2023	Hemisphere GNSS	CNH Industrial NV	$11.89	100.00%	$181.00	$38,987.00	$13,849.00	$18,095.00	$1,156.00	33.73x	2.15x	$724.00	$510.00
					Mean	$19,871.37	$9,878.28	$11,943.38	$1,306.96	19.28x	1.38x	$833.59	$555.15
					Median	$20,096.48	$9,574.50	$14,162.50	$1,343.00	19.61x	1.36x	$828.50	$547.00
					Min	$305.50	$34.00	$318.20	$11.81	4.18x	0.63x	$(4.90)	$(56.40)
					Max	$38,987.00	$20,330.13	$19,130.33	$2,530.02	33.73x	2.15x	$1,682.25	$1,183.01

- Tillage equipment manufacturer
- Sales tiled to agricultural commodity cycles
- Reflects ag equipment M&A activity
- Benchmark for farm equipment acquisitions

- Primarily agriculture and construction machinery
- Revenue from tractors and pick-and-carry cranes
- Dependent on ag sector health and weather
- Relevant for global ag machinery M&A

- Eco-friendly crop protection and plant health
- Earnings tied to crop outputs and farmer revenues
- Growth via seed company collaborations
- Benchmark for biological and sustainable farming deals

- Precision tech for agriculture, marine, and industrial markets
- Revenue driven by precision ag and automation demand
- Automated solutions for agriculture and construction
- Benchmark for precision farming and connectivity acquisitions



Risks

Risks to Thesis

AGCO faces risks from tech dependency, obsolescence, and political uncertainty.

	Risks	Mitigants
1 **Overdependency on a single technology**	- Data breaches, having majority of equipment relying on PTx technologies	AGCO created a new position of chief Digital and Information Officer that is helping to create a secure framework for ai advancements. Along with seeking third party suppliers to help with security management.
2 **Technology becomes obsolete**	- Other company's take over their market share - Declining adoption of their platforms	AGCO is shifting the perspective to "Farmer-First" and creating a multi-brand portfolio. They are focusing on helping farmers by creating Farmer Core, delivering parts directly to farms. Along with allocating more money to smart machines to improve precision solutions.
3 **Political Uncertainty**	- Tariffs - Long Term uncertainty from MAHA-related policies	Expanding their plant in California to address US tariffs on products shipped from Europe. MAHA-related policies align with the technology needed to make farmers more efficient and reduce chemical dependency.

Sources: AGCO Machine Data Statement (agcocorp.com), AgAmerica — "MAHA and the Future of U.S. Food Policy" (Sept. 2025), Gartner Atlanta CIO Executive Summit — CDIO Viren Shah remarks (2025), MatrixBCG — AGCO Customer Demographics & Target Market Analysis (Sept. 2025)



Appendix

Company Management



Eric Hansotia
AGCO CHAIRMAN, PRESIDENT & CHIEF EXECUTIVE OFFICER



Kelvin Bennett
SENIOR VICE PRESIDENT, ENGINEERING



Luis Felli
SENIOR VICE PRESIDENT, GENERAL MANAGER, GLOBAL MASSEY FERGUSON AND BUSINESS EFFECTIVENESS



Damon Audia
SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER



Stefan Caspari
SENIOR VICE PRESIDENT, CUSTOMER SUCCESS AND NORTH AMERICA AG



Tim Millwood
SENIOR VICE PRESIDENT, CHIEF SUPPLY CHAIN OFFICER



Roger N. Batkin
SENIOR VICE PRESIDENT, GENERAL COUNSEL, CHIEF SUSTAINABILITY OFFICER AND CORPORATE SECRETARY



Torsten Dehner
SENIOR VICE PRESIDENT, GENERAL MANAGER, GLOBAL FENDT/VALTRA AND PRODUCT MANAGEMENT



Brian Sorbe
PRESIDENT OF PTx

Supporting Brands

Precision Planting®

Delivers industry-leading retrofit planting technology that improves yield and input efficiency

PTx Trimble

A joint venture that expands AGCO's precision ag ecosystem through advanced guidance, automation, and data solutions—powering a **brand-agnostic, mixed-fleet platform** that scales across the entire farm.

AGCO GLEANER

A specialized combine brand known for its unique harvesting technology and loyal customer base

SUNFLOWER

Provides high-performance tillage and seeding equipment

Service & Information

Provide service and maintenance for equipment

AGCO PARTS GENUINE CARE

A proactive maintenance and service program that maximizes equipment uptime

AGCO PARTS

A high-margin aftermarket business supplying replacement parts across all equipment brands

AGCO POWER

Designs and manufactures advanced engines and powertrain systems

AGCO PROTECTION

Offers extended service contracts and equipment protection plans

AGCO FINANCE

Provides retail and wholesale financing solutions to farmers and dealers

DCF - Base

The DCF model produced an average implied share price of $157.22

DCF Assumptions	
Calendar Adjustment Factor	0.71
Effective Tax Rate	21.00%
Exit Multiple	20.4x
Perpetuity Growth Rate	3.00%
Weighted Average Cost of Capital	8.51%
Shares Outstanding	72400

Output

Exit Multiple Method	
Terminal Year EBITDA	$1,455.59
Exit Multiple	12.0x
Future Value of Terminal Value	$17,467.09
Terminal Year Discount Period	4.72
Present Value of Terminal Value	$11,884.83
(+) Sum of Present Value of Unlevered FCF	$1,769
Implied Enterprise Value	**$13,654**
Terminal Value / Enterprise Value	*87.04%*
(-) Net Debt	$2,323
(-) Non-Controlling Interests	-
(-) Preferred Stock	-
Equity Value	**$11,331**
(/FDSO)	72.4
Implied Share Price	**$156.51**
Implied Premium	*35.07%*
Average Implied Premium	***35.38%***

Perpetuity Growth Method	
Terminal Year Unlevered FCF	$938
Perpetuity Growth Rate	3.00%
Future Value of Terminal Value	$17,543
Terminal Year Discount Period	4.72
Present Value of Terminal Value	$11,937
(+) Sum of Present Value of Unlevered FCF	$1,769
Implied Enterprise Value	**$13,706**
Terminal Value / Enterprise Value	*87.09%*
(-) Net Debt	$2,323
(-) Non-Controlling Interests	-
(-) Preferred Stock	-
Equity Value	**$11,383**
(/FDSO)	72.4
Implied Share Price	**$157.22**
Implied Premium	*35.69%*

Implied Perpetuity Growth Rate	
Terminal Year Unlevered FCF	$938.34
Future Value of Terminal Value (EMM)	$17,467.09
Implied Perpetuity Growth Rate	**2.98%**

Implied Exit Multiple	
Terminal Year EBITDA	$1,455.59
Future Value of Terminal Value (PGR)	$17,543
Implied Exit Multiple	12.05x

DCF - Bear

The DCF model produced an average implied share price of $115.65

DCF Assumptions	
Calendar Adjustment Factor	0.71
Effective Tax Rate	21.00%
Exit Multiple	20.4x
Perpetuity Growth Rate	2.00%
Weighted Average Cost of Capital	8.51%
Shares Outstanding	72400

Output

Exit Multiple Method		Perpetuity Growth Method	
Terminal Year EBITDA	$1,323.22	Terminal Year Unlevered FCF	$861
Exit Multiple	12.0x	Perpetuity Growth Rate	2.00%
Future Value of Terminal Value	$15,878.67	Future Value of Terminal Value	$13,492
Terminal Year Discount Period	4.72	Terminal Year Discount Period	4.72
Present Value of Terminal Value	$10,804.04	Present Value of Terminal Value	$9,180
(+) Sum of Present Value of Unlevered FCF	$1,516	(+) Sum of Present Value of Unlevered FCF	$1,516
Implied Enterprise Value	**$12,320**	**Implied Enterprise Value**	**$10,696**
Terminal Value / Enterprise Value	*87.70%*	*Terminal Value / Enterprise Value*	*85.83%*
(-) Net Debt	$2,323	(-) Net Debt	$2,323
(-) Non-Controlling Interests	-	(-) Non-Controlling Interests	-
(-) Preferred Stock	-	(-) Preferred Stock	-
Equity Value	**$9,997**	**Equity Value**	**$8,373**
(/FDSO)	72.4	(/FDSO)	72.4
Implied Share Price	**$138.08**	**Implied Share Price**	**$115.65**
Implied Premium	*19.17%*	*Implied Premium*	*-0.19%*
Average Implied Premium	***9.49%***		

Implied Perpetuity Growth Rate		Implied Exit Multiple	
Terminal Year Unlevered FCF	$861.03	Terminal Year EBITDA	$1,323.22
Future Value of Terminal Value (EMM)	$15,878.67	Future Value of Terminal Value (PGR)	$13,492
Implied Perpetuity Growth Rate	**2.93%**	**Implied Exit Multiple**	10.20x

DCF - Bull

The DCF model produced an average implied share price of $463.03

DCF Assumptions	
Calendar Adjustment Factor	0.71
Effective Tax Rate	21.00%
Exit Multiple	20.4x
Perpetuity Growth Rate	5.00%
Weighted Average Cost of Capital	8.51%
Shares Outstanding	72400

Output

Exit Multiple Method	
Terminal Year EBITDA	$2,346.84
Exit Multiple	12.0x
Future Value of Terminal Value	$28,162.03
Terminal Year Discount Period	4.72
Present Value of Terminal Value	$19,161.80
(+) Sum of Present Value of Unlevered FCF	$3,262
Implied Enterprise Value	**$22,424**
Terminal Value / Enterprise Value	*85.45%*
(-) Net Debt	$2,323
(-) Non-Controlling Interests	-
(-) Preferred Stock	-
Equity Value	**$20,101**
(/FDSO)	72.4
Implied Share Price	**$277.64**
Implied Premium	*139.61%*
Average Implied Premium	***219.61%***

Implied Perpetuity Growth Rate	
Terminal Year Unlevered FCF	$1,600.49
Future Value of Terminal Value (EMM)	$28,162.03
Implied Perpetuity Growth Rate	**2.67%**

Perpetuity Growth Method	
Terminal Year Unlevered FCF	$1,600
Perpetuity Growth Rate	5.00%
Future Value of Terminal Value	$47,889
Terminal Year Discount Period	4.72
Present Value of Terminal Value	$32,584
(+) Sum of Present Value of Unlevered FCF	$3,262
Implied Enterprise Value	**$35,846**
Terminal Value / Enterprise Value	*90.90%*
(-) Net Debt	$2,323
(-) Non-Controlling Interests	-
(-) Preferred Stock	-
Equity Value	**$33,523**
(/FDSO)	72.4
Implied Share Price	**$463.03**
Implied Premium	*299.61%*

Implied Exit Multiple	
Terminal Year EBITDA	$2,346.84
Future Value of Terminal Value (PGR)	$47,889
Implied Exit Multiple	20.41x

Operating Model - Base

	Historical			Projections				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	14412.4	11661.9	10082.0	10687	11435	12235	12847	13233
% Growth		-19%	-14%	6.0%	7%	7%	5%	3.0%
COGS	10635.0	8762.8	7515.2	7908	8348	9054	9443	9660
% Revenue	73.8%	75.1%	74.5%	74.0%	73.0%	74.0%	73.5%	73.0%
Gross Profit	3777.4	2899.1	2566.8	2779	3087	3181	3405	3573
% Margin	26%	25%	25%	26%	27%	26%	27%	27%
SG&A	1454.5	1397.7	1309.3	1495	1715	1713	1670	1588
% Revenue	10%	12%	13%	14%	15%	14%	13%	12%
D&A	57.7	81.0	71.1	107	114	92	96	66
% Revenue	0%	1%	1%	1%	1%	0.75%	0.75%	0.5%
Other Operating Costs	564.8	1542.5	590.7	641	686	612	514	529
% Revenue	4%	13%	6%	6%	6%	5%	4%	4%
Operating Income	1700.4	-122.1	595.7	536	572	765	1124	1389
Interest income, net	-4.6	-93.0	-66.4	-55	-55	-55	-55	-55
Other income	-294.1	-172.1	112.3	-118	-118	-118	-118	-118
Income before taxes	1401.7	-387.2	641.6	363.2	399.1	592.1	951.5	1216.8
Tax Expense (Benefit)	230.4	98.4	-77	76.3	83.8	124.3	199.8	255.5
Effective Tax Rate %	16%	-25%	-12%	21%	21%	21%	21%	21%
Net Income	1171.3	-485.6	719.0	286.9	315.3	467.7	751.7	961.3
% Profit Margin	8%	-4%	7%	3%	3%	4%	6%	7%
EBITDA	1758	-41	667	643	686	856	1220	1456
Unlevered FCF								
EBIT	1700.4	-122.1	595.7	536	572	765	1124	1389
NOPAT	1421	-153	668	423	452	604	888	1098
Capital Expenditures	518.1	393.3	247.9	336	342	245	257	198
% Revenue	4%	3%	2%	3%	3%	2%	2%	2%
D&A	57.7	81.0	71.1	107	114	92	96	66
Current Operating Assets								
A/R		1267.4	1079.4					
Inventory		2731.3	2709.3					
Other current assets		526.6	545.6					
Current Operating Liabilities								
Accounts payable		813.0	951.0					
Accrued expenses		2469.6	2538.7					
Other current liabilities		128.2	121.7					
Net Operating Working Capital		1115	723	748	800	856	899	926
% Revenue		10%	7%	7.0%	7.0%	7.0%	7.0%	7.0%
Change in Working Capital			**-392**	**25**	**52**	**56**	**43**	**27**
Future Value of Unlevered Free Cash Flow				169	172	395	685	938
Discount Period				0.72	1.72	2.72	3.72	4.72
Mid-Year Convention				0.36	1.22	2.22	3.22	4.22
Present Value of Unlevered Free Cash Flow				**160**	**149**	**317**	**505**	**638**

WACC - Base

- Our DCF analysis uses a weighted average cost of capital of 8.51%

Capital Asset Pricing Model	
Risk Free Rate	4.32%
Market Risk Premium	5.50%
Equity Beta	1.11
Cost of Equity	**10.43%**

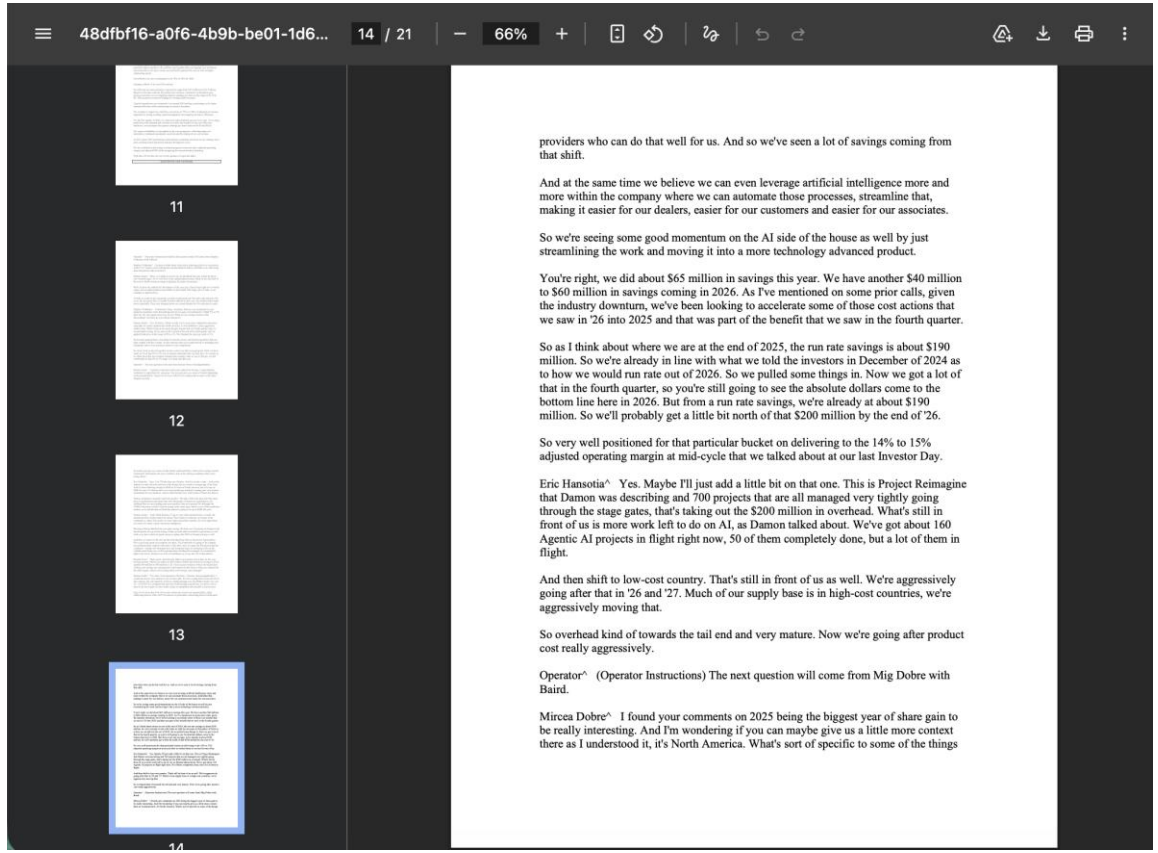
Capital Structure	
Market Value of Debt (LT Leases)	$2,323,000
Market Value of Equity	$8,388,988
Total Capital	**$10,711,988**

Cost of Debt	
Risk Free Rate	4.32%
Spread Baa2	2.00%
Tax Rate	21.00%
Cost of Debt	**1.58%**

Weighted Average Cost of Capital		
Parameter	**Cost**	**Weight**
Debt	1.58%	21.69%
Equity	10.43%	78.31%
Total	**8.51%**	

Credit Spread Table			
> Than	<= To	Estimated Credit Rating	Default Spread
8.50	100,000.0 0	Aaa/AAA	0.75%
6.50	8.50	Aa2/AA	1.00%
5.50	6.50	A1/A+	1.25%
4.25	5.50	A2/A	1.38%
3.00	4.25	A3/A-	1.56%
2.50	3.00	Baa2/BBB	2.00%
2.25	2.50	Ba1/BB+	3.00%
2.00	2.25	Ba2/BB	3.60%
1.75	2.00	B1/B+	4.50%
1.50	1.75	B2/B	5.40%
1.25	1.50	B3/B-	6.60%
0.80	1.25	Caa/CCC	9.00%
0.65	0.80	Ca2/CC	11.08%
0.20	0.65	C2/C	14.54%
- 100,000.00	0.20	D2/D	19.38%

PTx Software evolution



Fourth Quarter 2025 Earnings Transcript

"3x–5x ARR for smaller SaaS companies to 7x–12x for mid to large companies that are showing consistent growth," with the highest-performing larger companies occasionally reaching 10x–15x multiples." - https://www.axial.net/forum/saas-multiples/

"The PTx team finished the year right around $860 million" - Q4 2025 Earnings Call, February 5, 2026

10-K discloses replacement parts at 19% of net sales. 19% × $10,082M = $1,915M,

$10,082M total (AGCO Q4 2025 Earnings Release) minus $860M PTx minus $1,916M parts = ~$7.4B

AGCO Corp, BofA Global Industrials Conference 2026

MAHA Importance

AEM shared the findings of the recently released study ***The Benefits of Precision Agriculture in the United States*** with the MAHA Commission as it worked on its second report. Earlier this year we hosted Calley Means during our **Precision Application Field Demo Day** in Newburg, Maryland, where we provided him with a firsthand demonstration of how modern precision spraying, conservation practices, and autonomous equipment help farmers reduce inputs while also boosting crop yields and protecting the environment. More recently, AEM hosted Secretary Kennedy for a discussion about precision agriculture technology during his visit to the Great American Farmers Market in Washington, D.C.

Earlier this week, the **Make America Healthy Again (MAHA) Commission** unveiled its strategy to "Make Our Children Healthy Again which highlighted the critical role of precision agriculture technology in giving farmers the tools they need to enhance sustainability through the more efficient use of land, water, fuel, fertilizer, and pesticides.

- Precision Agricultural Technology: USDA and EPA will prioritize research and programs to help growers adopt precision agricultural techniques, including remote sensing and precision application technologies that will further optimize crop applications. The research and programs should emphasize ways in which precision technology can help to decrease pesticide volumes, improve the soil microbiome, and have a significant financial benefit for growers.

Precision Agriculture: USDA and EPA will launch a partnership with private-sector innovators to ensure continued investment in new approaches and technologies to allow even more targeted and precise pesticide applications. This can support increased crop productivity and reduce the total amount of pesticides needed. These partnerships should focus on precision application methods, including targeted drone applications, computer-assisted targeted spray technology, robotic monitoring, and related innovations

$700M Pilot Program

Protecting Soil and Reducing Production Costs

In response to the Dust Bowl in the 1930s, Congress created the USDA Natural Resources Conservation Service (NRCS) to help people help the land and improve conservation of the nation's soil and water resources.

This action led to improved soil health and natural resources management which, in turn, has led to increased productivity. Between 1948 and 2021, total U.S. farm production increased 190% while total farm inputs—such as land, labor, and water—decreased 2% in the same period.

About the Regenerative Pilot Program

Administered by NRCS, this new Regenerative Pilot Program delivers a streamlined, outcome-based conservation model—empowering producers to plan and implement whole-farm regenerative practices through a single application. The initiative highlights USDA's commitment to putting Farmers First and advancing the Make America Healthy Again (MAHA) agenda by building a healthier, more resilient food system.

In FY2026, the Regenerative Pilot Program will focus on whole-farm planning that addresses every major resource concern—soil, water, and natural vitality—under a single conservation framework. USDA is dedicating $400 million through the Environmental Quality Incentives Program (EQIP) and $300 million through the Conservation Stewardship Program (CSP) to fund this first year of regenerative agriculture projects.

Producers can now bundle multiple regenerative practices into one application, streamlining the process and increasing flexibility for operations. The program is designed for both beginning and advanced producers, ensuring availability for all farmers ready to take the next step in regenerative agriculture.

Requirements

As part of participating in Regenerative Pilot Program, producers must:

- Work with NRCS staff, partners, or technical service providers to conduct a **whole-farm assessment**;
- Use at least one primary **regenerative management practice** (see list below); and
- Agree to perform **soil health testing** in the first and last year of the contract (at a minimum) to establish a starting baseline and to record the resulting changes. CEMA 216 Soil Health Testing Fact Sheet (2.1 MB)

The whole-farm assessment includes all resource concerns, and it must meet NRCS planning criteria in the soil and water resource categories.

Precision ag market

Precision Farming Market Revenue and Trends 2025 to 2033

The global precision farming market revenue surpassed USD 14.18 billion in 2025 and is predicted to attain around USD 38.52 billion by 2033, growing at a CAGR of 46%. The global market is witnessing accelerated growth, driven by the increasing demand for sustainable agricultural practices and technological advancements in farm data management.

AGCO historic OutRun tractor kit success

With expanded operating hours, tractors pulling tillage implements may be able to operate at lower engine load for higher fuel efficiency. During AGCO's tillage testing, they found an upward of 7% to 8% in fuel efficiency savings by taking engine load from 100% to around 85%.

OutRun will be compatible with AGCO brands and other OEMs/brands. Specifically, the initial product launch of OutRun tillage will support retrofit solutions for both Fendt 900 series and John Deere 8R. OutRun is a single platform covering multiple applications. The retrofit kit requires no changes to low-level machine control.

Tillage products for fall operations are coming in 2026. AGCO's driverless grain cart operation is available now.

He shares a story from a customer in Nebraska who it's a father-son farming duo, and the OutRun grain cart allows the father to truck grain while the son harvests supported by the autonomous grain cart. That 3,500 acre farm has been able to finish harvest in 20% to 25% less time.

John Deere autonomous systems cost between $40,000 and $45,000 for the kit, plus dealership install and yearly subscription fee, which is $10,000 for unlimited acres for tillage, for example.

Soil health correlation

Measuring soil health directly in the field is aimed at providing farmers with immediate soil data.

Farmers need fast and accurate soil health information to manage crops effectively. Traditional methods, which involve sending soil samples to labs, take too long and don't provide data often enough.

Agco Corp has developed a method for measuring soil conditions directly in agricultural fields. This technology provides real-time monitoring of soil health, the measuring devices used for the monitoring are distributed beneath the surface of the soil and these devices are equipped with soil sensors and communication devices. The system uses electromagnetic signals for location tracking and generates a field map based on soil property data. Continuous or periodic measurements inform decisions on agricultural practices, such as planting and harvesting, enhancing precision and efficiency in crop management. These sensors can gather data regarding the concentration of an ion, a concentration of organic matter, soil pH, cation exchange capacity, and moisture content.

Incorporating Agco Corp's soil monitoring system can help farmers act on soil health problems faster. This means they can manage their fields more effectively and could increase their farm's output and profits. The system's design, which shares data constantly, allows farmers to understand and respond to changes in soil conditions through the growing season and beyond.

This case exemplifies Agco Corp innovation in soil health technology and underlines how our concentrated efforts in technology scouting can identify emerging innovations.

Brazil as an opportunity

Over the years, AGCO expanded its portfolio to meet demand in both North and South America, including offering more types of equipment through its Fendt brand.

"We've created a full line in the Fendt brand — which legacy was just more of a tractor portfolio — so added a combine, added a sprayer, added a planter, and we've begun to bring that into North America and South America and roll that out through an array of dealer networks. And we've seen good growth in market share with Fendt in both of those regions," Audia said.

Demand for Agco's PTx technology, a portfolio of precision ag technologies that include guidance, steering, water management, and other capabilities, is also strong and expected to accelerate in the coming years, Audia said.

PTx generates approximately $860 million in revenue annually, "runs at around a 30% EBITDA margin," and is expected to reach $2 billion by 2029, Audia explained. The OEM purchased an 85% stake in Trimble Ag in 2024, which was later rebranded as PTx Trimble.

Historically, AGCO's business was skewed to the European market, accounting for 60% of its business, Audia noted. However, the OEM expects "tremendous growth potential" in South America for its Fendt brand, especially in the Brazilian state of Mato Grosso, he added.

"We have had a strong presence in South America for years with Massey Ferguson and Valtra," Audia said. "[The] Cerrado does two to three plantings per year, and so you have ... big farms there, and that's where Fendt plays quite well."

Additionally, the upcoming Brazilian presidential election can result in a surge of ag-related spending, Audia pointed out. Brazil's current president, Luiz Inácio Lula da Silva, is seeking a fourth term and is expected to run against Flávio Bolsonaro, the son of Jair Bolsonaro, who is serving jail time for an attempted coup.

Brazilian ag spending was constrained in 2025 due to a combination of low commodity prices and trade uncertainty, but the long-term trajectory is positive for the Latin American country, Audia explained. Brazil is "really the only country that's adding arable land, and as grain demand continues to increase longer term, we know that Brazil is a critical market to help service those needs," he added.

"We've looked at our data analytics models, and historically, in the year that there is an election, there's usually stimulus that is put into the ag market to drive sort of favourable outcomes to the election. So, our flat assumes that there is some ... stimulus in the back half of the year. As we've talked to the teams down in South America, we expect interest rates to start coming down, hopefully here in March," he elaborated.

Brazil as an opportunity

A country with ample land and water in reserve, Brazil still has much unfarmed land that holds potential for future agriculture production. The USDA Agricultural Projections to 2031 indicate an additional 20 million hectares of cropland will be brought into production by 2031, a 2.6 percent annual rate of expansion. This would be one of the fastest rates of cropland expansion in the world. Brazil will need to produce 76 percent more grain and 41 percent more oilseeds in 2031 than it did in 2021 to meet projected demand from consumers and from corn and soybean importers such as China, according to USDA projections. Production of red meats and poultry are forecast to rise from 61 million tons in 2021 to 70 million tons in 2031. The amount of feed grains needed to supply that growth is projected to rise to more than 105 million tons, 17 percent more than was consumed in 2021. This growth could accelerate if Brazil continues to innovate farming practices and technology, develop storage facilities and transport infrastructure, and improve sanitary controls. Those developments would help Brazil increase the value of products sold in high-income countries as well as continue its growth in emerging markets.

AGCO GTM Strategy

But when it comes to precision ag technology, AGCO is done rowing upstream against the green and the red guys. Now it's time to play nice and make sure the only kid in the sandbox AGCO says it cares about – the farmer – is content.

That means taking a different approach: Gone are the days, in AGCO leadership's minds, when you must buy new to get the latest and greatest technology. As long as the equipment is 10 years old or newer, you can bolt this aftermarket kit onto your tractor and experience *similar* smart farming capabilities as the guy up the road who just plunked down half a million on a brand new 2024 model.

The Trump administration is moving to allow sales of gasoline that contains ethanol as it grapples with rising gas prices that have upset many Americans in an election year.

The U.S. Environmental Protection Agency said in a statement released on Wednesday, March 25 that it has "issued a temporary emergency fuel waiver to allow nationwide sales of E15, gasoline blended with 15% ethanol, and to remove all federal impediments to selling E10, gasoline blended with 10% ethanol, across the country."

The agency said the waiver would start on May 1, 2026, and it will last until May 20, 2026. The EPA noted 20 days is the maximum window they could authorize more use of ethanol gas under the Clean Air Act.

RFA **on March 9 urged the White House** to take action earlier than usual to allow summertime sales of E15, among other steps, to help blunt the effects of Mideast turmoil on American consumers. As of this morning, E15 had been selling an average of 28 cents per gallon less than regular gasoline, an 8.6 percent discount, according to real-time tracking at **RFA's website reporting prices** of ethanol blends.

DCF Assumptions

ResearchAndMarkets.com's offering.

The North America agricultural machinery market is projected to expand from USD 54.3 billion in 2025 to USD 57.5 billion in 2026, estimated to reach USD 76.57 billion by 2031, reflecting a 5.9% CAGR over 2026-2031. This growth trajectory highlights the ongoing demand for mechanization despite financial challenges like heightened interest rates and volatile commodity prices that curbed capital expenditure in 2024.

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Company Logo

The Precision Agriculture Market is projected to grow from USD 9.50 Billion in 2025 to USD 17.29 Billion by 2031, at a CAGR of 10.50%. This growth is driven by advancements in AI-enabled agronomy, rising sustainability priorities, and the need to combat increasing input costs. Key components like hardware, especially guidance and steering systems, dominate, while farm management software sees rising CAGRs. North America leads in market share, fueled by advanced row-crop operations and connectivity policies, but APAC is expected to grow fastest. Major players include Deere & Company, AGCO, CNH Industrial, and Trimble.

divestiture." Hansotia stated that full-year adjusted earnings per share were $5.28 on sales of $10.1 billion, pointing to disciplined execution and progress on high-margin growth levers. He emphasized AGCO's structural transformation, noting, "we have nearly doubled our adjusted operating margins from prior troughs and are close to prior industry peaks, clear evidence that AGCO has structurally changed to a higher performing and more profitable company."

Hansotia underscored the expansion of the PTx precision ag business, with 14 new products launched and more than 70 global PTx elite dealers established by year end. He described Fendt's standout market performance, particularly in North America, and highlighted dealer inventory reductions.

Hansotia detailed cost actions resulting in a $65 million bottom line savings in 2025, with anticipated incremental savings of $40 million to $60 million in 2026. He also referenced $250 million in share repurchases in Q4 as part of a $1 billion capital return program.

Senior VP & CFO Damon Audia reported, "Net sales for the fourth quarter were 3% lower year-over-year, excluding the favorable impact of currency translation." Audia added, "We generated record free cash flow of $740 million in 2025, up more than $440 million versus 2024."

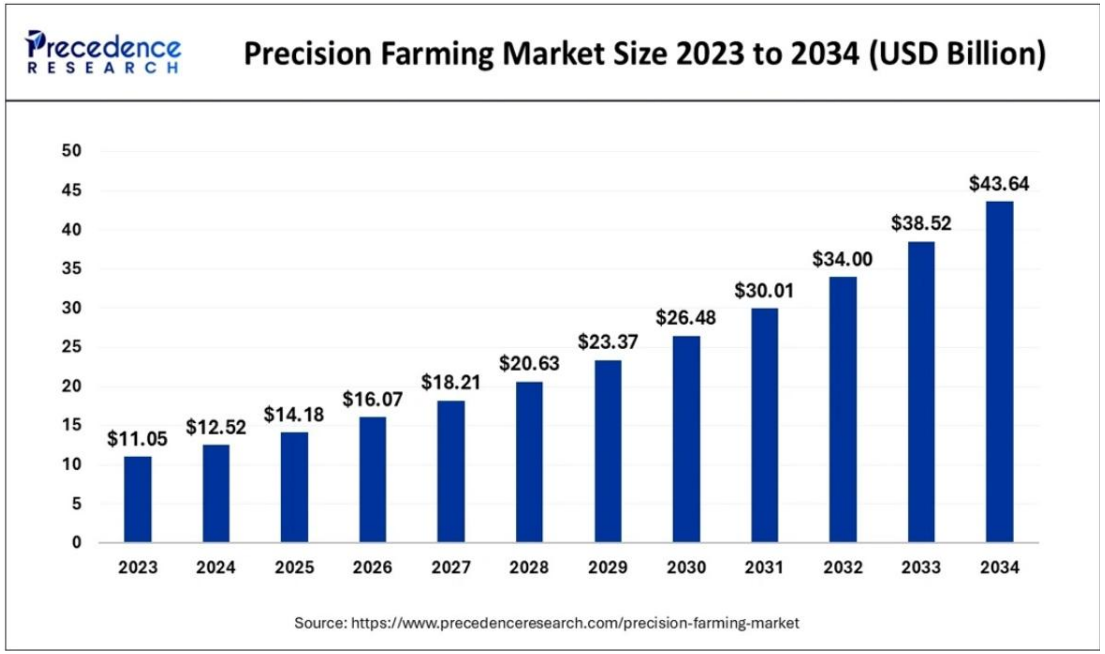
Drivers of Future Performance

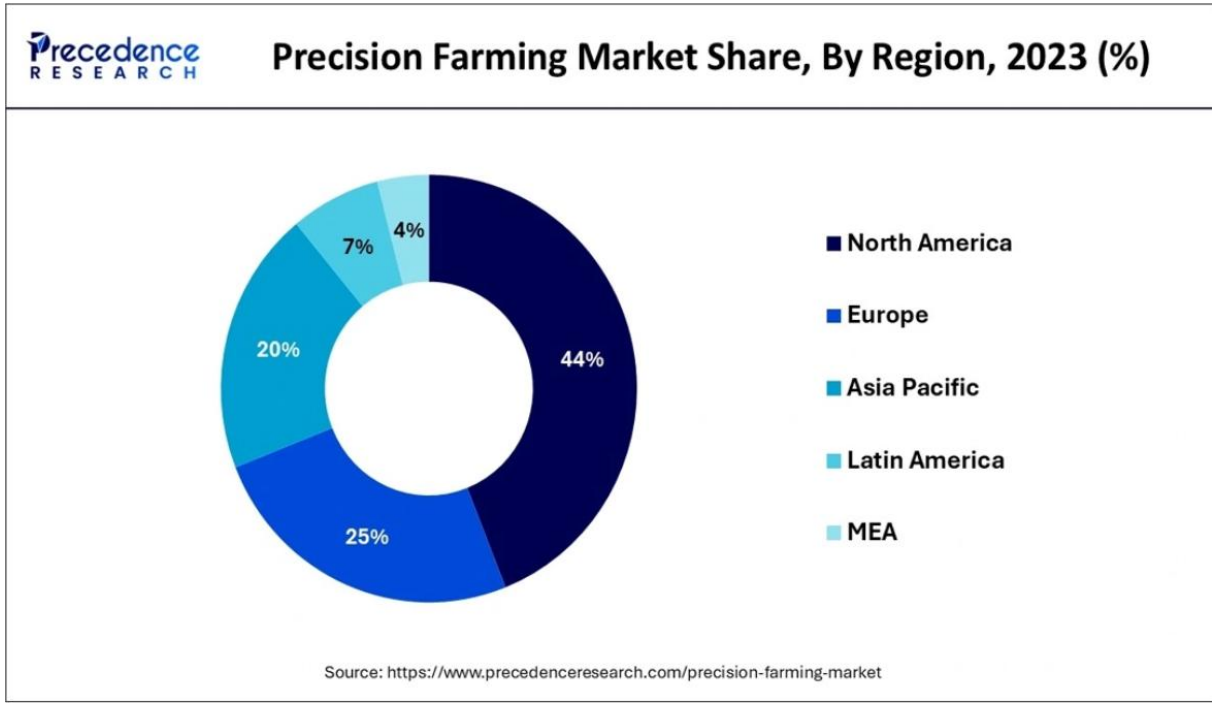
AGCO expects a challenging demand environment to persist, with strategic focus on technology investments, operational efficiency, and inventory alignment driving guidance for margins and profitability.

- **Tariff and trade policy risks:** Management flagged evolving tariffs and trade agreements as continued sources of uncertainty, emphasizing that any additional U.S. or retaliatory tariffs could impact costs and require further pricing or cost mitigation actions globally.
- **Precision Ag and digital solutions:** The growing PTx platform and new digital tools such as FarmENGAGE are expected to drive higher-margin revenue streams and support AGCO's goal of becoming a leader in autonomous and smart farming technologies, even as broader equipment demand remains subdued.
- **Restructuring and cost discipline:** Project Reimagine's ongoing restructuring efforts are projected to yield $40 to $60 million in incremental savings next year, supporting margin improvement despite lower production volumes and market pressures, particularly in North America.

Precision Ag Industry Extras

Precision ag Growth Projections





Additional Background on Farm Payments Etc.