

AGCO's Earnings Fall 90% in 3Q

DULUTH, Ga. (Oct. 27, 2009) — AGCO Corp. said on Tuesday that third-quarter earnings fell 90% as lower commodity prices and tight credit in some fast-growing markets weighed on sales of its tractors and harvesters.

The company said it was seeing softening demand in both Western Europe and North America, and continued weakness in Russia and Eastern Europe, partially offset by stabilizing demand in South America.

The company said that as long as agricultural markets remained unsettled, its top priority would remain cutting costs and reducing inventory.

AGCO, which makes farm equipment under the Massey Ferguson, Challenger, Fendt and Valtra brand names, reported a net profit of \$10 million, or 12 cents a share, down from \$99 million, or \$1.01 a share, a year earlier.

Excluding special items, earnings were 13 cents a share. Sales fell 32.7 percent to \$1.4 billion.

Analysts on average expected the Duluth, Ga.-based company to report a profit of 4 cents a share on sales of \$1.37 billion. AGCO said it expected to earn \$1.30 to \$1.50 a share for the full year, on sales of \$6.4 billion to \$6.6 billion.

"Expectations of lower farm income in 2009 and the lingering effects of constrained credit in some markets have negatively impacted our business," Martin Richenhagen, the company's chairman, president and chief executive, said in a statement.

Richenhagen said the company remained focused on "lowering our investment in working capital in order to better align us with current market demand."

Source: *Reuters*