Supply Chain Management

Agco Harvesting Operations Center Breganze

October 2016

AGCO



About AGCO

OUR VISION

High-tech solutions for professional farmers feeding the world

OUR MISSION

Profitable growth through superior customer service, innovation, quality and commitment



About AGCO

AGCO CORE BRANDS





GLOBAL 2014 Sales by Geographic Region



We have an established presence throughout the world's agricultural growing regions.

DIVERSIFIED 2014 Sales by Product



Tractors: 57%

- Replacement Parts: 14%
- Other Machinery: 9%
- Grain Storage and Protein Production Equipment: 9%
- Combines: 6%
- Application Equipment: 5%

Our product portfolio provides customers with comprehensive solutions to support their farms.



PERFORMANCE STRENGTH

As of Dec. 31



* Please see the reconciliation to the GAAP metrics in the appendix of this presentation



LEVERAGING A GLOBAL PRESENCE

EAME & APAC



CORE BRANDS DISTRIBUTED

Challenger, Fendt, GSI, Massey Ferguson, Valtra

MAIN CROPS

Wheat, barley, corn, oil seeds, dairy and livestock



CORE BRANDS DISTRIBUTED

Challenger, Fendt, GSI, Massey Ferguson, Valtra

MAIN CROPS

Cereal grains, rice, palm oil, corn, sugarcane, dairy and livestock

* Dealer number includes GSI, as of December 31, 2013



LEVERAGING A GLOBAL PRESENCE

EAME & APAC



CORE BRANDS DISTRIBUTED

Challenger, Fendt, GSI, Massey Ferguson

MAIN CROPS

Wheat, hay, corn, canola, soybeans, cotton, dairy and livestock



CORE BRANDS DISTRIBUTED

Challenger, GSI, Massey Ferguson, Valtra

MAIN CROPS

Soybeans, sugarcane, corn, coffee

* Dealer number includes GSI, as of December 31, 2013



The People of AGCO

A SINGLE FORCE. THOUSANDS STRONG.







*As of December 31, 2014

AGCO global combine sources



The history



AGCO EAME Harvesting Operations Center Breganze









Challenger_

11

Market



Manufacturing system



Average cycle time to complete work on each station 1.5 H





Number of pre-assembly



Maximum production capacity per day

13

Supply Chain





Planning process



Suppliers information flow



The suppliers is integrated with our manufacturing system with a Web Portal where we can share:

- ✓ Delivery schedule
- ✓ Daily delivery status
- ✓ Communications

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Internal material flow



Assembly line feeding:

Kanban: components are by the operator with Kanban card when the container used is empty. The Kanban is distributed from the central warehouse or supplier using internal milk-run.

Kit: the components are grouped by kits and supplied by pull system using internal milk-run from the internal supermarket or suppliers following the line sequence.



The market expectations

- Volumes seasionality
- Flexibility & reactivity
- Competitiveness
- Quality perception
- Delivery





Breganze Supply Chain Transformation Project

The target of the Breganze Supply Chain Trasformation project it's to support the company strategy following the increase expectations of the farmer





The 360° iTMS center will manage and standardize all inbound transportation for the AGCO sites in Europe



Concept:

- Merging AGCO's inbound transportation network
- Standardizing transportation ordering process
- Introducing a web-based and integrated transportation management system (iTMS)
- 4flow as a neutral 4PL takes over the planning, optimization and operation of the network

Benefits:

- Simplifying the transport ordering process by using the web-based iTMS
- Reducing transportation spent
- Harmonizing routing information between sites, suppliers and carriers
- Providing a single point of contact for all transportation related topics

The concepts principle is to integrated Planning, Optimization, Controlling and Reporting for Transportation at the central AGCO 360° iTMS Center



The AGCO 360° iTMS Center will cover all activities from strategic planning ...



... to daily execution including freight cost control, controlling and reporting integrated in one system.



SDP- Suppliers Development Program





Logistics agreement



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AGCO

Logistics agreement status





Lean supply chain



Lean supply chain

Plastic shieldings





After Kaizen

Before Kaizen







Actual state material flow

□ In the actual layout we have material crossing, long transport distance, inefficient material handling/warehousing and no transparency.



- The location of the new paint shop was chosen considering the further extension.
- The central warehouse is very inefficient kitting area: we want to eliminate it.



Actual state material flow

□ Inefficient kitting activity before and after paint department





	Kitting area before paint	Kitting area before assembly
N° kit prepared per combine	41	154
FTE	5	16
N° of shifts	1	3

- 3 shifts does not give the opportunity to manage kitting on due time to the assembly line resulting on.
- Oversize of access of material in front of warehouse.
- Outside tenth of staging/kit preparation.
- Weekend overtime.



New layout principles





Future state material flow



Future state material flow



100% kit

- New supermarket to kitting on the floor
- Less handling thanks to move the high runners items from kit to kanban
- KLT box to optimize the handling







kit + kanban = less handling



1 to 2 shifts max = less waiting time

Organization & change management



Organization & change management



KPIs





AGCO Supply Chain Strategy



2014 In future AGCO will source <u>processes</u> and not only parts



Conclusion

Achieve best supply solutions for our customer needs !

