

Ag Equipment Intelligence

News, Information & Analysis for the Ag Equipment Marketer

- Ag Sales' Tough 3Q
- AGI Adds to Catalog
- Russian Opportunities

Farm Borrowing Remains Robust — But Not for Equipment

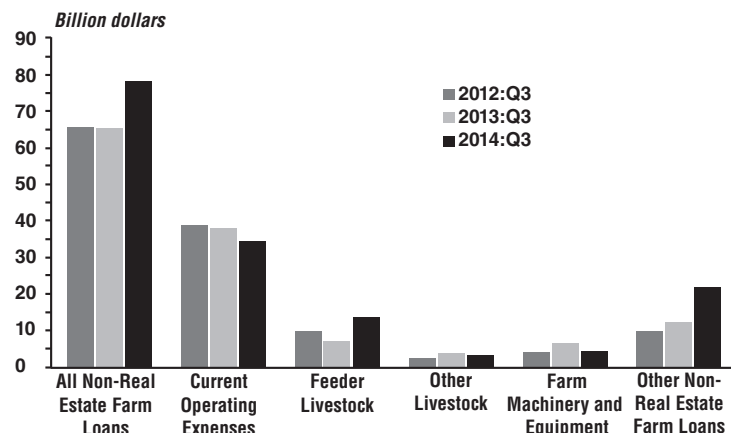
Short-term financing for ongoing production needs appears to be further restraining medium-term borrowing for capital investments, like equipment and grain storage, according to the third-quarter edition of the *Agricultural Finance Databook* from the Federal Reserve Bank of Kansas City. The report, which tracks national trends in farm lending, authored by Nathan Kauffman, Omaha Branch executive, and Maria Akers, associate economist, was released on November 7.

In summarizing the current conditions of farm borrowing, the authors say that "Agricultural lending rose further in the third quarter as commodity price movements continued to increase the need for farm sector financing. Loans to the livestock sector rose alongside sharply higher feeder cattle prices, and operating loans held at high levels as the substantial drop in crop prices over the past year boosted the need for working capital.

"Although debt levels have continued to rise,

Continued on page 2

Non-Real Estate Farm Loan Volumes by Purpose



According to the national Survey of Terms of Bank Lending to Farmers conducted during the first full week of August, the total volume of non-real estate farm loans was 20% higher than the same period in 2013.

Source: *Agricultural Finance Databook*, Table A.3

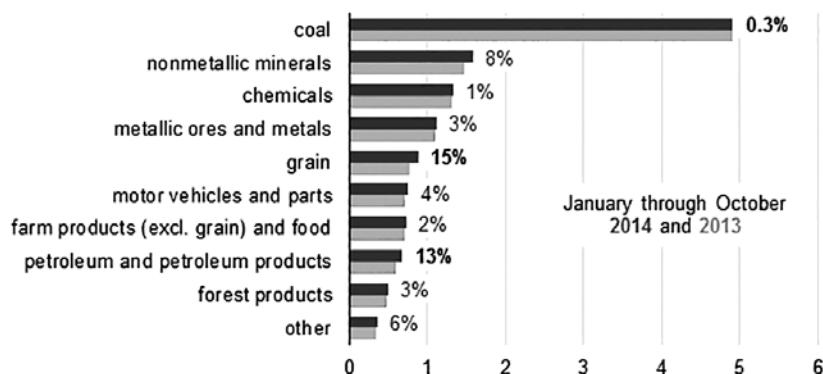
Rail Delays Impeding Crop Shipments

The projected record harvest of corn and soybeans isn't only putting a damper on crop prices, but it's also putting a crimp in the railroads' efforts to get it shipped in a timely manner. Increased movement of grain represents the biggest commodity increase in rail traffic so far this year, up about 15% to 878,824 carloadings, according to American Assn. of Railroads.

Nonetheless, on November 9, the *Wall Street Journal* reported that the worst rail delays in more than a decade are impeding crop shipments in the Midwest, causing grain storage facilities to fill up and sending prices for corn, soybean and soybean meal up sharply.

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Changes in Rail Carloads of Select Commodities



Overall carloadings through the first 10 months of 2014 are up significantly. U.S. rail traffic, including carloadings of all commodity types, has increased 4.5% through October 2014 compared to the same period in 2013.

Source: U.S. Energy Information Administration, based on Assn. of American Railroads.

Note: These carloadings do not include intermodal traffic.

profitability in the livestock sector, expectations of record yields and revenue support from crop insurance are likely to help lessen the drag on farm income from low crop prices this year. However, depending on the direction of commodity prices and production costs, concerns about lower farm income and rising debt levels could intensify in 2015.”

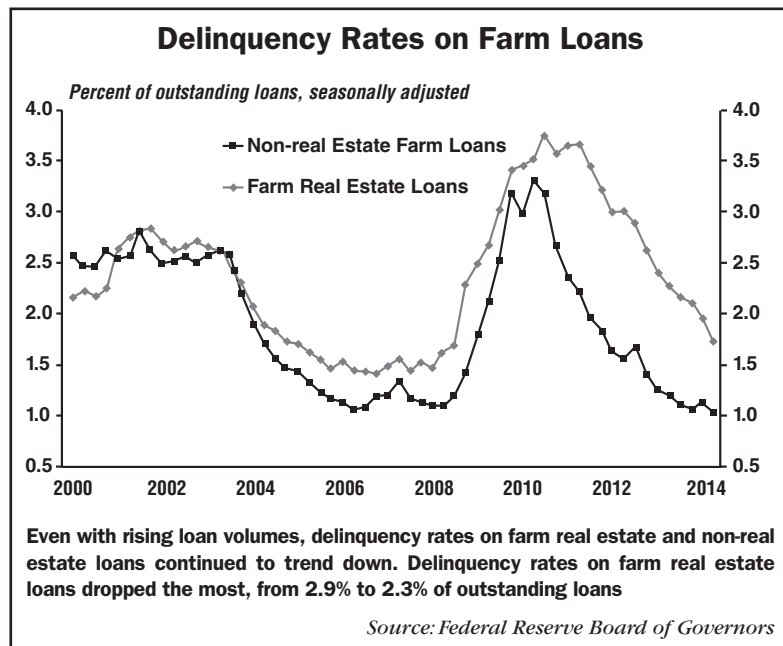
Spending Spree Slows. As a result, Kauffman and Akers say the “capital spending spree” of the past several years has faded as loan volume for farm machinery and equipment fell during 2014. In addition to the significant commodity price swings in recent years, many farmers took advantage of rising farm income and advantageous tax incentives to upgrade their equipment and to add on-farm crop storage capacity.

As of June 30, 2014, total farm debt outstanding grew by 6.4% year-over-year. The volume of loans secured by farmland and the volume of loans to finance farm production rose at a similar pace, 6.5% and 6.3%, respectively.

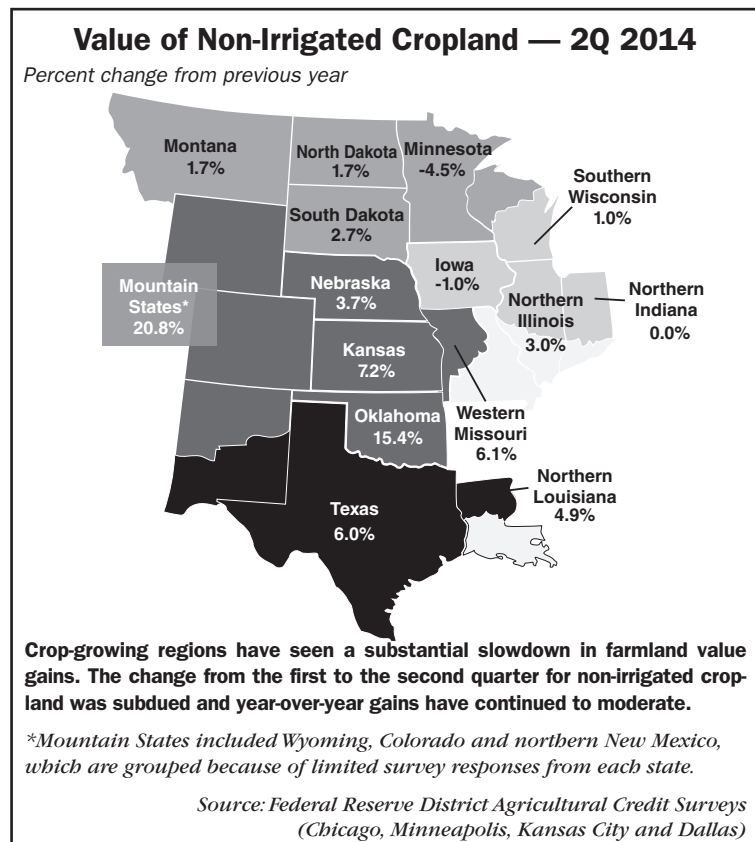
Despite the increasing number of loans, farm operators are so far meeting their repayment obligations. “Even with rising loan volumes, delinquency rates on farm real estate and non-real estate loans continued to trend down,” say Kauffman and Akers. “Delinquency rates on farm real estate loans dropped the most at the 100 largest lenders, from 2.9% to 2.3% of outstanding loans, and they also edged down at other commercial banks. Delinquency rates on non-real estate farm loans fell slightly at all commercial banks and reached a historical low of 1%. The charge-off rate for farm loans also fell, except for farm real estate loans at large banks, where they edged higher.”

Land Value Slowdown. The report also noted a substantial slowdown in farmland values in the crop growing regions of the country that had boosted farmer borrowing power during the past several years. “The change in value from the first to the second quarter of 2014 for non-irrigated cropland was fairly subdued and year-over-year gains have continued to moderate with some states posting slight annual declines. Locations with stronger farmland value appreciation, such as the Mountain States, North Dakota, Oklahoma and Texas were also areas where energy exploration has boosted land lease revenues from mineral rights,” say the report authors.

Bankers generally agreed that most farm operators could weather a modest downturn in 2014 with revenue support from crop insurance, high crop yields and



profits from previous years. However, uncertainty surrounding crop prices and input costs could increase farm financial stress in 2015. **AEI**



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Rocky Mountain 3Q Revenues Decline 15%

Rocky Mountain Dealerships reported third quarter results on November 12. The company's total revenues fell by 15.3% to \$230.8 million. Ag sales fell \$37.3 million, or 15%, year-over-year. Parts sales were stable, up 9% year-to-date, while service sales rose 20% year-over-year and year-to-date.

"This, along with reported improvements in parts and service margins, reflects Rocky's successful efforts to raise the performance of its after-market business," Ben Cherniavsky, analyst, Raymond James, said in a note.

"All of the decline in ag sales is related to lower new and used equipment sales, down 19% year-over-year."

He said that Rocky had won "round one" to making a meaningful comeback. "Following the continued margin progress it reported in the third quarter, we would also give Rocky 'round two.' We can't give them the match until we see a knock-out punch in the form of reduced debt,

Rocky Mountain Equipment 3Q & 9 Month Sales Results (period ending Sept. 30; in thousands C\$)						
	3Q 2014	3Q 2013	Change	9 Months 2014	9 Months 2013	Change
Sales						
New Equipment	81,837	97,554	-16%	339,192	344,163	-1%
Used Equipment	102,354	130,826	-22%	223,726	273,936	-18%
Parts	35,568	34,534	-3%	80,302	74,500	8%
Service	10,041	8,497	18%	25,495	22,018	16%
Other	995	1,158	-14%	2,600	2,564	1%
Net Income	6,204	5,915	5%	12,704	13,247	-4%

lower inventories, accelerated earning growth, and more meaningful and consistent margin improvements."

Though encouraged by continued progress on profitability and integration initiatives, Cherniavsky said, "significant end market headwinds, combined with elevated inventory and debt levels, keep us neutral on the stock." **AEI**

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FARM MACHINERY TICKER (AS OF 11/11/14)

MANUFACTURERS	Symbol	11/11/14 Price	10/10/14 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
Ag Growth Int'l.	AFN	\$50.04	\$44.60	\$50.04	\$36.16	22.85	28,130	656.42M
AGCO	AGCO	\$45.11	\$42.08	\$61.39	\$41.83	9.19	1,458,200	4.22B
AgJunction Inc.	AJX	\$0.61	\$0.62	\$1.20	\$0.55	61.00	68,394	44.1M
Alamo	ALG	\$48.13	\$38.33	\$61.27	\$37.93	17.44	42,400	584.68M
Art's Way Mfg.	ARTW	\$5.61	\$5.04	\$7.08	\$4.76	31.17	13,228	22.7M
Blount Int'l	BLT	\$16.01	\$14.09	\$16.66	\$10.84	87.97	308,508	792.06M
Buhler Ind.	BUI	\$5.10	\$5.36	\$7.30	\$4.86	10.00	1,089	127.5M
Caterpillar	CAT	\$102.53	\$93.13	\$111.46	\$81.87	16.59	4,928,790	62.7B
CNH Industrial	CNHI	\$8.12	\$7.46	\$11.95	\$7.45	11.28	1,255,340	10.99B
Deere & Co.	DE	\$88.45	\$80.98	\$94.89	\$78.88	9.93	4,038,620	31.7B
Kubota	KUBTY	\$77.40	\$69.65	\$87.15	\$62.95	15.78	40,526	19.35B
Lindsay	LNN	\$85.95	\$76.64	\$92.93	\$73.01	21.49	146,138	1.05B
Raven Industries	RAVN	\$25.98	\$22.58	\$42.99	\$22.13	24.28	126,958	948.09M
Titan Int'l	TWI	\$10.69	\$9.61	\$19.89	\$9.14	N/A	661,383	573.08M
Trimble Navigation	TRMB	\$28.46	\$27.79	\$40.17	\$25.66	34.29	1,627,440	7.41B
Valmont Industries	VMI	\$138.48	\$131.93	\$163.23	\$126.80	18.53	351,011	3.41B
RETAILERS								
Cervus Equipment	CVL	\$18.24	\$18.45	\$24.50	\$17.80	13.92	19,122	277.52M
Rocky Mountain Equipment	RME	\$11.06	\$10.35	\$13.63	\$10.17	14.55	36,428	213.63M
Titan Machinery	TITN	\$14.86	\$13.49	\$20.40	\$11.85	N/A	211,035	311.85M
Tractor Supply	TSCO	\$73.35	\$57.15	\$78.17	\$55.95	28.98	1,314,210	10.08B

Biofuel Feedstock Harvest Equipment Coming of Age

The prospect of commercial production of cellulosic ethanol from corn stover — which is now a reality with the opening of the POET-DSM Advanced Biofuels plant in Emmetsburg, Iowa — has spurred ag engineers to develop new equipment to improve efficiency of the harvesting process and quality of the material delivered to processing plants.

AGCO has taken a lead role in helping to evaluate and develop the harvest process but New Holland, Deere and Vermeer have also stepped up with research support and new machine concepts.

Glenn Farris heads AGCO's newly formed marketing group dedicated to biomass, an initiative that illustrates the corporation's increasing commitment to the sector. Loans of equipment for trials several years ago helped the learning curve and now AGCO supplies balers and tractors, service support and operator training for custom harvesters involved in DuPont's Nevada, Iowa, plant due to go commercial soon.

The preferred method of stover collection and delivery for this plant is through high density large square bales, points out Farris. AGCO's biomass team put together a program of training and daily service and support for custom harvesters using Hesston by Massey Ferguson balers to make sure productivity goals were met.

The jury is still out on which harvesting method will become most popular through the industry, which is expected to offer equipment makers solid sales opportunities.

For now, separate combining and baling — with tractor shredding and windrowing in between — is common practice. But one-pass operation has the attractions of reducing equipment and labor input and minimizing soil contamination risk.

Towing a baler behind the combine, which AGCO has researched with Challenger equipment, seems a logical solution, especially when stover can be fed directly to the baler.

Deere and Hilco Technologies have adopted this approach with a towed

569 round baler fed by a chopper-blower on the S-Series ProDrive combine. An accumulator chamber added to the baler permits non-stop operation.

Vermeer gets around the power sap issue by putting a 115 horsepower engine on its combine-towed corn cob harvester, which separates out and distributes leaves and husks back to the field.

For separate baling protagonists, New Holland Agriculture has adopted a corn header chopper-windrower attachment developed by Indiana-based dealer New Holland Rochester.

The Cornrower chops stover before it hits the ground and deposits stalk material in a windrow — with husks and cob on top — that picks up easily and packs well in a big square baler.

New Holland Rochester says tests at 4 mph with an 8-row header show less than a 3 gallon per hour increase in the combine's fuel consumption for a system that avoids the added cost and risk of soil contamination inherent in using a tractor-mounted chopper-windrower. **AEI**

North American Sales Enhance Pöttinger's Bottom Line

As the U.S. and Canada record healthy increases in sales for implement maker Pöttinger, the Austrian manufacturer of tillage equipment and hay tools plans to enter the very competitive baler market with its own designs for the first time.

The Impress baler and baler wrap range will plug a significant gap in the company's hay tools range, which accounted for 61% of group sales last year. The line includes mowers, rakes and tedders, and the self-loading hay and silage wagons that are popular in Europe as a one-man harvesting system.

In their review of the company's 2013-14 financial year ended September, joint managing directors Klaus and Heinz Pöttinger report that the U.S. and Canada were among the top five for turnover growth.

The two markets served by Pöttinger U.S. Inc. in Michigan City, Ind., and Pöttinger Canada Inc. in St-Cesaire, Quebec, recorded a 47%

increase in sales compared with the prior year, contributing to another set of record results for Pöttinger: turnover was up 3.6% to €314 million, equivalent to \$397 million at current exchange rates.

Grass harvesting equipment gained 3% growth, tillage and seeding machinery recorded a 5% sales gain, while original spare parts business was up a healthy 7% thanks to the company's growing machine population.

The results vindicate Pöttinger's decision to invest in its own sales companies at the expense of importers. In 2012, the company bought its Ireland importer and achieved almost double the turnover last year, while sales in Great Britain — England, Scotland and Wales — accelerated 19% after a sales subsidiary was set up.

"We place the needs of customers and dealerships at the center of all decisions," say Klaus and Heinz Pöttinger. "Reliable business relation-

ships and fair partnerships based on integrity, authenticity and regional proximity worldwide.

"We are always thinking in our customers' dimensions, in terms of sustainability and innovation, quality and stability, as well as cost effectiveness and productivity," they add. "We have plenty planned for the future, because farming and agricultural technology are always in demand."

As for the new balers, Pöttinger managers are confident that design innovations and the company's reputation in the grass sector will help carve out a share of a very competitive market, in which all the full-line manufacturers compete head-to-head with specialty equipment makers.

The new line is scheduled for commercial launch at next year's Agritechnica exhibition in Hanover, Germany, after pilot built machines have been put through their paces for final refinements. **AEI**

A November 13 report from the U.S. Energy Information Administration confirmed that overall carloadings through the first 10 months of 2014 are up significantly. U.S. rail traffic, including carloadings of all commodity types, has increased 4.5% through October 2014 compared to the same period in 2013.

"Crude oil and petroleum products had the second-biggest increase in car-

loadings through the first 10 months of this year, with these shipments occurring in parts of the country where there is also strong demand to move coal and grain by rail. In response to shipper concerns over the slow movement of crude oil, coal, grain, ethanol and propane, federal regulators are closely tracking service among the major U.S. freight railroad companies."

On October 22, the U.S. Department

of Transportation's Surface Transportation Board (STB) began requiring major freight rail carriers to file weekly updates on their service performance in delivering goods and commodities. According to EIA, these filings will lead to a better understanding of commodity movements by rail and the potential issues associated with increased demand from multiple types of commodities. **AEI**

AGI Aims to Extend Its Grain Storage Business Globally

In a presentation announcing it would acquire Westeel, a manufacturer of grain storage solutions, Ag Growth International said its vision is "To be the global leader in grain handling, storage and conditioning solutions."

It looks like AGI is setting itself up to go head-to-head with AGCO's GSI unit in pursuing the burgeoning worldwide market for grain storage.

Established in 1996, AGI, much like AGCO, has grown through more than a dozen acquisitions to become a major manufacturer of grain handling and conditioning equipment. Among the best known names in AGI's equipment catalog are Westfield, Hi Roller, Tramco and Batco.

The manufacturer of portable and stationary grain handling, storage and conditioning equipment paid C\$221.5 million in cash for Westeel,

which is part of the Vicwest group.

Both AGI and Westeel are headquartered in Winnipeg, Manitoba. Gary Anderson, president and CEO of AGI, said, "Westeel provides a complementary product offering to expand our growth platform within North America and around the world. Combined we create a Canadian-based agricultural champion, providing an expanded North American platform to leverage globally while in turn reducing our overall risk profile to emerging market development."

Geographic Balance. The acquisition will give added strength in its domestic market. In 2013, the geographic breakdown of AGI's business was 53% U.S., 26% Canada and 21% international. Westeel's regional revenue was 83% Canada, 10% international and 7% U.S. Combined, revenues

will be more balanced, with 40% U.S., 38% Canada and 22% international.

According to agrimoney.com, Anderson said, "Double digit growth in our portable grain handling space substantiates our assertion that the primary demand driver for our business is crop volume rather than commodity prices."

AGI also reported its third-quarter earnings on November 11 and said the period was the fifth consecutive record quarter for AGI in terms of both trade sales and adjusted EBITDA.

Net sales for the period were up 2% at \$119 million vs. \$117 million in 2013. For 9 months ended September 30, sales were up 17% to \$317.4 million compared with \$270.3 million for the same period a year earlier. Net profit for the quarter was \$8.6 million vs. \$12.7 million a year ago. **AEI**

German Tractor Sales* — 2013 vs. 2014

	Jan.-Sept. 2014		Jan.-Sept. 2013		Oct. 2013-Sept. 2014		Prior Year's Results	
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)
1. Fendt	5,036	19.2	5,402	20.4	5,895	16.4	6,261	17.3
2. John Deere	4,921	18.8	5,659	21.3	6,998	19.5	7,736	21.3
3. Case IH/Steyr	2,703	10.3	2,150	8.1	3,362	9.4	2,809	7.7
4. Claas	2,375	9.1	2,285	8.6	2,989	8.3	2,899	10.5
5. New Holland	2,250	8.6	2,016	7.6	2,762	7.7	2,528	8.0
6. Deutz-Fahr	2,221	8.5	2,489	9.4	3,530	9.8	3,798	7.0
7. Massey Ferguson	1,223	4.7	1,099	4.1	1,662	4.6	1,538	4.2
8. Kubota	970	3.7	1,024	3.9	1,752	4.9	1,806	5.0
9. Iseki	513	2.0	519	2.0	1,011	2.8	1,017	2.1
10. Valtra	512	2.0	585	2.2	676	1.9	749	2.8
All Others	3,467	13.5	3,278	12.3	5,296	14.5	5,107	14.1
Total	26,191	100	26,506	100	35,933	100	36,248	100
Year-over-year change	-1.2%		-1.1%		-0.1%		0.0%	

* does not include Quads, ATV and Telescopic handlers

Source: Eilbote, October 30, 2014

Despite Unrest, Pockets of Opportunity Exist in Russia

Howard Dahl, CEO, Amity Technology, Fargo, N.D., gave a presentation on Ukraine at last week's Farm Equipment Manufacturers Assn. Convention in Las Vegas. Dahl has made 73 trips to the region and has been selling farm equipment in Russia since 1991.

Despite political unrest (Dahl says the unpredictability of Russian President Vladimir Putin makes the region a more serious world situation than the Middle East right now), there are pockets of opportunities for farm equipment manufacturers, namely in the livestock sector.

"If you're doing business in Russia and in the cattle, hogs or dairy industry in any way, there are record profits right now," he says. "The amount of money being made is phenomenal. Potato growers told me in October that they were making \$5,000 per hectare in profit after all expenses."

However, with the sanctions, which he said are working as the country's banking system is suffering greatly, American farm machinery has become very expensive. That is, unless you think of the barter system. "Commodities are world commodities and payment in sugar, wheat or whatever can equalize things."

He estimated that 80% of equipment on the farms in Russia, Kazakhstan and Ukraine is of very poor quality, indicating a strong appetite for American technology. Citing a recent get-together he had with 10 farmers where the smallest farmer had 700,000 acres, he said that "most farmers are serious and wanting to modernize everything they do."

To illustrate how things have changed, he noted that in 1991 when first sold equipment, farmers were

Russian Unit Sales January – September 2014			
	2014	2013	% Change
2WD Tractors			
<40 HP	11,785	11,407	3.3
40-100 HP	10,795	13,959	-22.7
100 HP Plus	5,804	5,501	5.5
Total 2WD Tractors	28,384	30,867	-8.0
4WD Tractors	861	673	27.9
Total Tractors	29,245	31,540	-7.3
Combines	4,244	3,956	7.3

happy to have anything. If they got one year out of it, they were happy. "You didn't need to talk about parts and service, one year's use was what they were used to. These farmers today need the equipment we have. The time is great if you supply equipment for cattle, dairy, hogs, potatoes — there are significant opportunities right now." Other areas, however, continue to suffer.

Dahl said that he and his brother bought 10,000 acres in Russia for \$200 an acre. "It is the same quality of land as we have around Fargo. We're betting that it'll be worth some money in 5 years, but the risk is great because of what Putin might do."

As for the political unrest, he noted that Putin, whose current 6-year term runs through 2018, is enjoying high popularity among Russians as attitudes toward the U.S. are very negative. But noting that the Russian's budget is based on \$105 oil, which means the country is operating on cash reserves, the nation soon won't be able to pay for the pensions of its people. That may change support for Putin in a hurry.

And if the U.S. were to continue to increase energy production and free Europe from its dependence on Russian oil, sentiment toward the Putin administration could change quickly, Dahl added. **AEI**

Europe's Ag Equipment Makers Expect 5% Decline in 2014

Following the boom of the past 3 years, demand for agricultural machinery in Europe has weakened in 2014, according to the European manufacturers' association CEMA. "For 2014, we expect the market to be around 5% below last year's level," said CEMA President Richard Markwell during a press conference held on November 13 at the EIMA trade show in Bologna, Italy.

Nonetheless, the overall sales volume for 2014 will still represent the second highest level of machinery investment ever achieved by the European farming sector.

With an estimated volume of €26 billion (\$32.4 billion) for 2014, the European market will remain at the top position in the world, ahead of the U.S. at €21 billion (\$26.2 billion) and China at €14 billion (\$17.5 billion). **AEI**

Sales Decline Accelerates in October

The decline in large ag equipment sales accelerated in October — a seasonally important month — despite easier comparisons, with 4WD tractors sales falling 40.1% year-over-year, combine sales down 40.3% and row-crop tractors down 17%, according to the latest numbers released by the Assn. of Equipment Manufacturers.

Mircea (Mig) Dobre, analyst with RW Baird, commented in a note to investors that mid-range tractors continue to show relative strength increasing 6.4% year-over-year following a 28.1% increase last month.

- U.S. and Canada large tractor and combine sales decreased 25% year-over-year in October, accelerating from the 6% drop in September. Dobre notes that October experienced the sharpest year-over-year decrease thus far in 2014 in spite of easier comparisons in the seasonally most important month for combines, 4WD tractors and row-crop tractors. U.S. sales were down 30%, while Canadian sales decreased 5%.

- Combine retail sales fell, posting a 40.3% decrease in October following an 11.4% drop in September. U.S. combine inventories were 14.5% lower year-over-year in September vs. up 2.3% last month. October is typically the most important month for combine sales, accounting for 13% of annual sales over the last 5 years.

- Row-crop tractor sales were down 17% year-over-year from a 2.4% decrease in September. U.S. row-crop tractor inventories increased 7.2% in September vs. a 0.3% increase in August. October has accounted for 13.7% of annual sales over the last 5 years, making it the most important month for row-crop tractor sales.

- 4WD tractor sales declined 40.1% year-over-year in October vs. a 13.8% decrease in September. U.S. dealer inventories of 4WD tractors were down 3.8% year-over-year in September.

- Mid-range tractor sales rose by 6.4% year-over-year following a 28.1% increase in September. Compact tractor sales were up 13.4%, but down from the 31.9% increase in September. **AEI**

OCTOBER U.S. UNIT RETAIL SALES



Equipment	October 2014	October 2013	Percent Change	YTD 2014	YTD 2013	Percent Change	September 2014 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	9,285	8,113	14.4	97,330	89,157	9.2	54,910
40-100 HP	5,873	5,528	6.2	50,867	47,542	7.0	31,575
100 HP Plus	3,862	4,971	-22.3	27,292	30,620	-10.9	13,269
Total-2WD	19,020	18,612	2.2	175,489	167,319	4.9	99,754
Total-4WD	508	916	-44.5	4,434	5,546	-20.1	1,783
Total Tractors	19,528	19,528	0.0	179,923	172,865	4.1	101,537
SP Combines	583	1,149	-49.3	6,951	8,837	-21.3	1,976

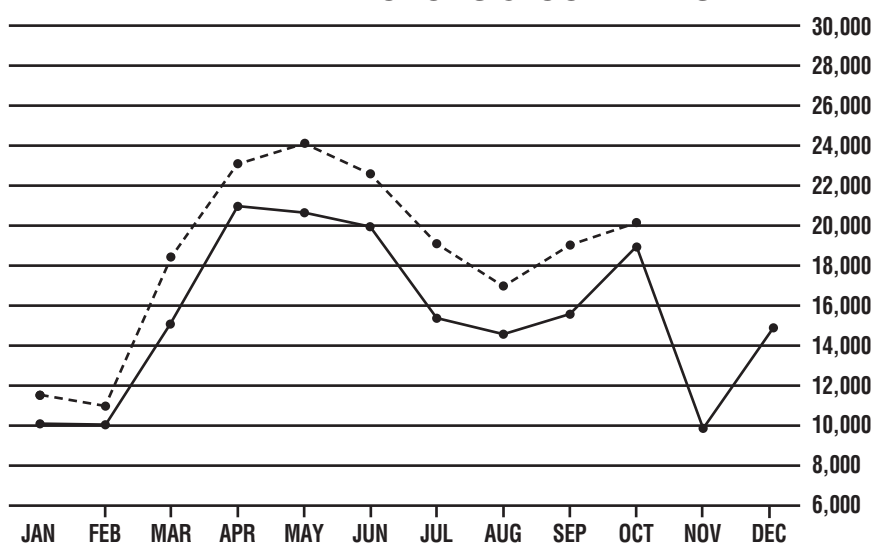
OCTOBER CANADIAN UNIT RETAIL SALES



Equipment	October 2014	October 2013	Percent Change	YTD 2014	YTD 2013	Percent Change	September 2014 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	1,649	1,531	7.7	12,065	11,792	2.3	6,901
40-100 HP	1,242	1,159	7.2	5,782	5,387	7.3	4,351
100 HP Plus	1,067	967	10.3	4,989	4,744	5.2	2,916
Total-2WD	3,958	3,657	8.2	22,836	21,923	4.2	14,168
Total-4WD	226	309	-26.9	1,040	1,321	-21.3	616
Total Tractors	4,184	3,966	5.5	23,876	23,244	2.7	14,784
SP Combines	411	516	-20.3	1,916	2,423	-20.9	915

U.S. UNIT RETAIL SALES OF 2-4 WHEEL DRIVE TRACTORS & COMBINES

--- 2014
— 5 year average



— Assn. of Equipment Manufacturers

Tough 3Q for Ag Equipment Makers

AGCO reported its third quarter net sales were \$2.2 billion, a 13% drop from third quarter sales in 2013. For the first 9 months of 2014, net sales were down 8.7% vs. last year. AGCO's North American sales for the first 9 months of the year were down 10.3%.

In a note, Steven Fisher, analyst for UBS, said, "The deterioration in North America continues, with the third quarter's -23% down sharply from second quarter's -13%."

Net sales in CNHI's industrial segment were \$7.4 billion, down 6% compared with the third quarter of 2013. Net sales for farm equipment were \$3.7 billion for the quarter, down 11.6% from a year earlier.

Michael Shlisky, analyst, Global Hunter Securities, said in a note, "While anticipated growth in construction and profitability improvement initiatives are promising, heavy ag markets are expected to remain challenged in 2015 and potentially into 2016."

Trimble reported revenue of \$584.8 million, up 5% compared to the third quarter of 2013. However, field solutions revenue, the company's ag segment, was down 11% from last year. Net income was \$11.8 million, down 78% year-over-year.

Steven Berglund, Trimble's president & CEO, said, "Our current outlook for 2015 for agriculture assumes our base market will retreat by another 15% to reflect general industry expectations."

Titan International sales for the third quarter were \$449.6 million, down 9.6% compared to the third quarter of 2013. Net income was \$9.1 million, compared to \$8.1 million last year. The company indicated that it has eliminated nearly 800 positions in anticipation of the decline.

Kubota's revenues increased 2.2% vs. the same time last year to \$6.5 billion. The company's farm and industrial machinery segment revenues increased by 2% year-over-year to \$5.2 billion, which accounted for 80.4% of consolidated revenues. Kubota attributes the increase in farm and industrial machinery revenues to higher revenues in North America and Europe. **AEI**

AGCO Selected Financials 2014 3Q & 9 Months Results

(period ending Sept. 30; in millions \$)

	3Q 2014	3Q 2013	9 Months 2014	9 Months 2013
Net Sales	\$2,154	\$2,475	\$7,238	\$7,927
Gross Profit	\$421	\$556	\$1,568	\$1,799
Net Income	\$62	\$125	\$327	\$455

Trimble Selected Financials 2014 3Q & 9 Months Results

(period ending Sept. 30; in thousands \$)

	3Q 2014	3Q 2013	9 Months 2014	9 Months 2013
Total Revenues	\$584,796	\$556,502	\$1,831,716	\$1,688,906
Total Cost of Sales	\$268,023	\$261,449	\$833,480	\$804,538
Net Income	\$11,832	\$54,469	\$158,290	\$158,858

Segment Results

	Revenue	Operating Income	Operating Margin (% of net revenues)
Engineering and Construction	\$342,272	\$70,553	20.6%
Field Solutions	\$88,791	\$25,185	28.4%
Mobile Solutions	\$121,171	\$18,209	15.0%
Advanced Devices	\$32,562	\$9,091	27.9%

Titan International Selected Financials 2014 3Q & 9 Months Results

(period ending Sept. 30; in thousands \$)

	3Q 2014	3Q 2013	9 Months 2014	9 Months 2013
Net Sales	\$449,579	\$497,510	\$1,512,250	\$1,669,188

Segment Revenue

Agriculture	\$227,650	\$273,301	\$830,090	\$907,797
Construction	\$154,057	\$168,964	\$470,958	\$586,806
Consumer	\$67,872	\$55,245	\$211,292	\$174,585
Gross Profit	\$45,299	\$62,506	\$122,409	\$245,912
Net Income	\$(9,067)	\$8,093	\$(27,415)	\$50,785

CNH Industrial Selected Financials 2014 3Q & 9 Months Results

(period ending Sept. 30; in millions \$)

	3Q 2014	3Q 2013	9 Months 2014	9 Months 2013
Net Sales	\$7,403	\$7,872	\$23,180	\$23,665
Total Revenue	\$7,739	\$8,166	\$24,190	\$24,546

Segment Revenue

Ag Equipment	\$3,659	\$4,138	\$11,801	\$12,621
Const. Equip.	\$841	\$733	\$2,546	\$2,426
Com. Vehicles	\$2,522	\$2,688	\$7,534	\$7,727
Powertrain	\$1,025	\$1,007	\$3,476	\$3,081
Net Income	\$162	\$275	\$621	\$774

Kubota Selected Financials 6 Month Results

(period ending Sept. 30; in millions \$)

	6 Months 2014	6 Months 2013
Total Revenue	\$6,484	\$6,344
Segment Revenue		
Farm & Industrial Machinery	\$5,215	\$5,111
Water & Environment	\$1,167	\$1,139
Other	\$218	\$202
Net Income	\$575	\$586