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Challenging market conditions and earthquake fail to dent ARGO Tractors performance

Despite challenging market conditions and the trauma of an earthquake in 2012, the manufacturer of Landini, McCormick and Valpadana tractors continued to improve its profitability through increased efficiencies.

ARGO Tractors SpA and its subsidiaries recorded a 19% improvement in net operating result of €10 million (€8.4 million in 2011) on revenues of €472.9 million – a level similar to the preceding year of €479.1 million.

“Despite weakness in markets where ARGO Tractors has always performed particularly well, we are able to report a positive business trend and satisfactory operating results,” says Valerio Morra, chairman of the ARGO Group. “In May 2012, we faced disruption when an earthquake struck the area in which ARGO Tractors operates. It halted production for a time but the dedication shown by our employees ensured that we overcame the negative effects of this event.”

ARGO Tractors operates four factories in northern Italy manufacturing components and assembling tractors from 35hp to 230hp. It has distribution companies in a number of important export territories, including Europe, South Africa and the Americas.

The tractors are distributed in Great Britain by AgriArgo UK from offices and a parts distribution centre at Harworth, near Doncaster, South Yorkshire. The Landini and McCormick products are retailed through separate dealer networks, with the specialist Valpadana tractors handled by both.

Despite the contrasting performance of different markets in 2012, sales volumes enabled ARGO Tractors to maintain its global share and achieve 83% of sales revenues from exports. While market performance in central and northern Europe was “fair”, says Mr Morra, there was a considerable drop in demand for tractors in the countries of southern Europe, an area where ARGO Tractors sales are strong.

Group turnover of €472.9 million was especially encouraging given a global slump in demand for specialist fruit, orchard and vineyard tractors – a product category for which ARGO Tractors is a leading supplier due to the acknowledged performance, features and specification choice of tractors such as the Landini Rex and Valpadana range.

Financial performance indicators show that ARGO Tractors continued to benefit from measures instigated in 2011 to reduce running costs and working capital. EBITDA improved by 8% to €42.9 million last year, while EBIT improved 12% to €29.6 million.

“Another investment plan is now underway to maximise efficiency in every manufacturing process,” says Mr Morra. “At the same time, we remain committed to the substantial investment plan that will deliver a totally renewed product range by the end of 2015.”

The first fruits of that intense design and engineering programme were evident at the SIMA exhibition in France earlier this year where the new McCormick X7 Series four- and six-cylinder tractors were previewed. They are scheduled to enter initial series production in autumn this year and will be followed by further innovations in both the medium and high horsepower categories.

Mr Morra concludes: "Dedicated commitment in all management spheres and the pursuit of development goals will guarantee the success of our Group, which competes in the global market as the true embodiment of the *Made in Italy* concept."

ARGO Group financial results (Euros)

	2012	2011
Turnover	472.9m	479.1m
EBITDA	42.9m	39.7m
EBIT	29.6m	26.4m
Net operating result	10.0m	8.4m

Note: EBITDA = earnings before interest, taxes, depreciation and amortisation; EBIT = earnings before interest and taxes.

Ends



ARGO Valerio Morra – President 01.jpg
ARGO Group president Valerio Morra.



Landini 5-115H Tier 4i.jpg
A major investment programme is bringing new models and technologies to the Landini range..

ARGO Tractors, with its headquarters in Fabbrico (near Reggio Emilia, northern Italy), manufactures tractors under the Landini, McCormick and Valpadana brands and has tripled production volumes in little more than 10 years. It has 1600 employees and four manufacturing/assembly plants, eight business branches in various parts of the World, 130 overseas importers and 2500 dealers. These statistics illustrate that the Landini, McCormick and Valpadana brands have achieved a significant standing in the tractor market and represent one of the most important international players, which confirms the value of a successful group strategy.

Ray Spinks

General Manager & Sales Director
 AgriArgo UK Ltd
 Email: ray.spinks@agriargouk.com
 Tel: 01302 757580

Peter Hill

Farmpress
 Email: agriargouk@aol.com
 Tel: 01491 824355



Argo Tractors S.p.A.
 cap. soc. € 90.000.000 i.v.
 partita iva 02291970354
 R.E.A. Camera di Commercio
 Reggio Emilia n. 0182128
 Cod. Mecc. RE015680

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