Mr. Gröblinghoff, you have been Chairman of the Board at AGCO/Fendt since January 2020. The first 100 days are now behind you, but the consequences of the coronavirus crisis lie before you. What measures have you had to take so far?

Fendt was directly affected when the new coronavirus paralyzed several important supplier companies in the particularly hard hit regions of North Italy in mid-March. On Wednesday March 25 2020, we had to suspend the production of Fendt tractors in Marktoberdorf and the Fendt comfort cabins in Asbach-Bäumenheim. A few days later, manufacturing was halted at other locations. We successfully applied to furlough our workers. The company has topped up the furlough wage to 80 %. Wherever it was necessary and useful, work carried on. For example, the large Vario transmissions were produced and shipped for the Fendt tracked tractor assembly in Jackson (USA).

Why didn’t you stop production completely? We have to supply the market with spare parts. That is why we continued to produce them. Please don’t forget that agricultural technology is extremely system relevant. There is no harvest without harvester machines. Without tractors, land cannot be cultivated. Demand is
Christoph Gröblinghoff (born 1965) assumed the position of Chairman of the Agco/Fendt Management Board on January 01, 2020 and as such is responsible for the strategic and operative Fendt business in the EME region (Europe, Middle East) and the German Agco manufacturing sites. Gröblinghoff has held various positions during his over 30 years in the agricultural sector. He is a qualified and practicing farmer and after completing his agricultural studies and obtaining a degree in agricultural engineering, he started his career at JI Case GmbH in Neuß (Germany). He later moved to the Raiffeisen Goods Center Rhein-Main eG (Raiffeisen Waren-Zentrale Rhein-Main eG) in Cologne (Germany), where he was Head of the technology business unit and expanded it to a core competence. In 2012, he assumed the role of General Manager and Executive Board Member. In 2014, Gröblinghoff accepted the newly established role at Agco of Vice President Distribution Management EME and successfully led this area based in the European Agco headquarters in Neuhausen (Switzerland).

actually high, as is reflected in our current order books. We are fully booked up to fall 2020. That is a record.

When will you be able to restart production? There were reliable signals in the last week of April indicating that the supply chain is intact again. That enabled us to restart the provisionally halted assembly lines in the German production sites after a five week furlough period. However, with comprehensive health measures in place to protect our employees from possible corona infection. The change in tractor assembly to a dual shift model protects our employees and also generates additional production capacity to help partially compensate for the backlog.

Will you be reconsidering the supplier landscape, as other industries that are very dependent on the Chinese production landscape intend to do? Not fundamentally. Our dependence on deliveries from China is hardly worth the mention. Our suppliers are distributed throughout the world. The number of Asian and Chinese suppliers is limited. However, we do have very many Italian partners, above all in North Italy, where a large proportion of European metal processing is located. For example, the state imposed quarantine there meant that we no longer received rims or front axles.

It is interesting, how certain items are suddenly hugely important. What about the powertrain? Fine. The compact performance range from 70 to 140 HP predominantly uses our own three and four cylinder engines from Agco-Power in Finland, the medium performance range from 124 to 280 HP uses the four and six-cylinder engines from Deutz AG in Cologne and our 900 and 1000 model series flagships use MAN engines from 200 to 517 HP.

“We must ensure the market is supplied with spare parts”

The direction you are taking seems to be successful. What challenges will you have to deal with in the weeks to come? We are carefully observing the markets and aligning with our employee representatives how we can process the backlog over the next months. We are continuing with our successful Fendt 2020 strategy which is to produce and sell 20,000 Fendt tractors in the near future. That would be an absolute record in the history of Fendt.

And it would be a wonderful birthday present to celebrate 90 years of Fendt. But can the target be achieved despite the corona crisis? We will not lose sight of the goal. In the current year, we have already lost too much capacity for the original goal thanks to five weeks of furlough. But we still consider it possible to achieve the previous year’s good results of almost 19,000 units.

How much is economic success endangered by the corona crisis? We have been successful for quite a number of years now. In 2019, we succeeded in achieving an all-time high in production, sales and turnover at Fendt. The first quarter of 2020 ended very well with very high production output and an even higher order intake. Over and above this, the Agco Corporation that owns the brand Fendt counts as one of the world’s largest agricultural companies. In addition, the entire agricultural economy is rated worldwide as system-critical. The food supply is extremely important, also in times of crisis. That is why corona, from today’s perspective, will not hit us as hard as it has other sectors.

How hard has the crisis hit competition? I cannot judge that. However, we were able to further significantly expand our market position in the first few months, both in Germany and in Europe. For example, last year in Germany, we reached a market share of 25.5 % for machines greater than 50 HP and thus lay 5.1 % higher than the second place. That makes us proud.

So there is no reason to alter the strategy? No. We continue to see high demand. We assume that, in contrast to other sectors such as tourism, hotels and
restaurants, we will be able to partially work off the backlog. Farmers can easily sell their products such as cereal, pork and milk and they will continue to invest strategically. Demand for agricultural machinery is on a very stable level.

Despite the current events, farming continues to be in the focus of environmental and agricultural politics. Will this have an effect on the products in the company?

$CO_2$ reduction always was and still is a huge topic in the development of new, modern agricultural technology. Independent scientific studies show that farming in foreign trade has reduced $CO_2$ emissions since 1990 by over 30%. We are working intensively on new technologies in order to further reduce $CO_2$ emissions. The electrification of the powertrain will certainly play a major role in this. And we think it is also achievable. However, we do not expect production-ready solutions for a large range of powers in the next five to ten years. Until then, we see the diesel engine, the highly efficient and low-emissions diesel engine that we currently use and which fulfils all emissions regulations, as one of the most important drive systems in the near future.

**Do you also have an electric tractor on your agenda?**

We are working on the development of alternative drive systems, of course, and not just since yesterday. Our pre-development teams are also working on the next generations of conventional tractors, for example on swarm robots as well as autonomous driving. Think of the Fendt Xaver seeder, the autonomously driving field robots of the future that work the field in a swarm, around the clock, so to speak. Or think of our battery-electric tractor, the Fendt e100 Vario. The aim is to develop a tractor in the area of less than 100 HP that has a battery-electric drive instead of a diesel engine. The tractor is a conventional vehicle with cabin, three-point hydraulics and Vario transmission, etc.

**“Autonomously driving field robots are constantly at work”**

**And with which service lifetime?**

We are currently assuming an operating duration of up to four hours. But at almost full load! We consider this the best drive for communal use or for bio-operations. However, if we wanted to run a 300 HP tractor using battery-electric technology, we would have to plan for extra tonnage of up to 14 t. But back to the Fendt e100 Vario project. I believe that we will be present on the market with appreciable sales of units by 2025.

**But that doesn’t sound like a comprehensive roll-out of electrification in farming?**

And it won’t happen. Analog to the automotive sector, we will have a pool of powertrain systems. This will include engines burning fossil fuels as well as battery-electric and fuel cell drives. A note regarding fuel cells: it will take years before we can start practical tests. However, I personally can imagine that we could present a first prototype at the next Agritechnica exhibition in Hanover. But we will not be on the market with a fuel cell within the next three years.
Alongside low-emission mobility, digitalization is also playing a major role in the industry. Could you describe your ideas regarding the digitalization and networking strategy at Agco?

You have touched on a very important point. We have already demonstrated our ideas on this with our on-off-board strategy at the Agritechnica 2019. We are now planning the next step with the FendtOne platform and the new Fendt driver workstation. The new generation will combine the on and offboard worlds. This means that the user does not have to be isolated on the tractor in order to carry out all digital programming, controlling or archiving. All this can be done from the office. All settings are then transferred via the Cloud. A contractor can thus continuously transmit new jobs to his drivers. Our system is also open. This means that competitive products and suitable auxiliaries from other manufacturers can be connected.

The technology support program ICT for electro-mobility III has a project GridCON whose scope includes research into a fully electric agricultural machine and the erection of a smart grid infrastructure. Are you involved in the project?

No. At the time it started, we made the conscious decision not to participate. I think it is a very interesting project, but not very practical.

Why?
From my point of view, building up infrastructure requires very large investments that I don’t think are currently expedient for the agricultural sector. I can imagine it in the next ten years, but very limited.

Christoph Gröblinghoff, thank you for this very interesting discussion.