

ModernGraham Valuation

Company Name:

Deere & Company

Company Ticker DE

Date of Analysis

10/1/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$23,728,645,067	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.05	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	87.55%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	9.88	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.14	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.05	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.04	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.36
MG Growth Estimate	8.60%
MG Value	\$189.01
MG Value based on 3% Growth	\$106.65
MG Value based on 0% Growth	\$62.52
Market Implied Growth Rate	0.69%

MG Opinion

Current Price	\$72.68
% of Intrinsic Value	38.45%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.57
Graham Number	\$53.12
PEmg	9.88
Current Ratio	2.05
PB Ratio	3.14
Dividend Yield	3.30%
Number of Consecutive Years of Dividend Growth	12

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.33	Next Fiscal Year Estimate	\$7.36
Oct14	\$8.63	Oct14	\$8.00
Oct13	\$9.09	Oct13	\$7.11
Oct12	\$7.63	Oct12	\$5.77
Oct11	\$6.63	Oct11	\$4.68
Oct10	\$4.35	Oct10	\$3.71
Oct09	\$2.06	Oct09	\$3.41
Oct08	\$4.70	Oct08	\$3.93
Oct07	\$4.00	Oct07	\$3.34
Oct06	\$3.59	Oct06	\$2.76
Oct05	\$2.94	Oct05	\$2.06
Oct04	\$2.78	Oct04	\$1.46
Oct03	\$1.32	Oct03	\$0.76
Oct02	\$0.67	Oct02	\$0.60
Oct01	-\$0.14	Oct01	\$0.73
Oct00	\$1.03	Oct00	\$1.25
Oct99	\$0.51	Oct99	\$1.40
Oct98	\$2.08	Balance Sheet Information Jul15	
Oct97	\$1.87	Total Current Assets	\$43,668,800,000
Oct96	\$1.56	Total Current Liabilities	\$21,252,800,000
Oct95	\$1.35	Long-Term Debt	\$23,200,900,000
		Total Assets	\$58,932,200,000
		Intangible Assets	\$773,700,000
		Total Liabilities	\$51,209,100,000
		Shares Outstanding (Diluted Average)	334,100,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in DE at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[10 Undervalued Companies for the Defensive Dividend Stock Investor – September 2015](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – September 2015](#)

[10 Low PE Stocks for the Defensive Investor – August 2015](#)

[The Best Companies of the Machinery Industry – August 2015](#)

[The 8 Best Stocks For Value Investors This Week – 6/27/15](#)

Other
ModernGraham
posts about related
companies

[Allegion PLC Analysis – September 2015 Update \\$ALLE](#)

[Parker Hannifin Corporation Analysis – September 2015 Update \\$PH](#)

[Roper Technologies Inc. Analysis – September 2015 Update \\$ROP](#)

[My Personal Holdings: Dover Corporation – September 2015 Update \\$DOV](#)

[Xylem Inc. Analysis – August 2015 Update \\$XYL](#)

[Cummins Inc. Analysis – August 2015 Update \\$CMI](#)

[Fastenal Company Analysis – August 2015 Update \\$FAST](#)

[A.O. Smith Corporation Analysis – Initial Coverage \\$AOS](#)

[The Best Companies of the Machinery Industry – August 2015](#)

[Danaher Corporation Analysis – August 2015 Update \\$DHR](#)