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.

 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
Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at	Pass
5. Earnings Growth	beginning and end	87.55% Pass
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

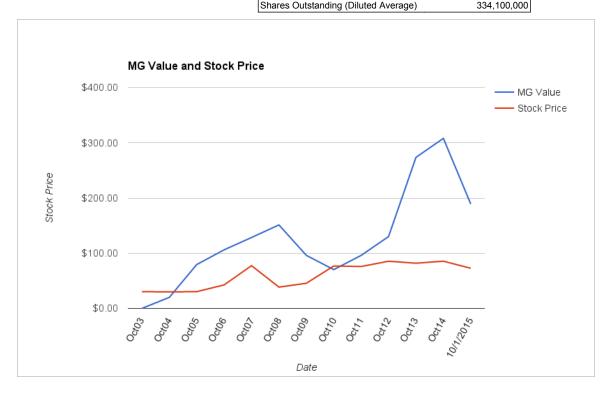
Stage 3: Information for Further Research

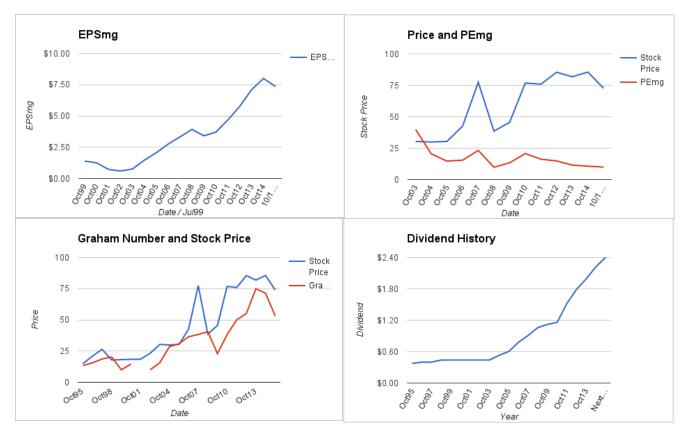
Net Current Asset Value (NCAV)	-\$22.57
Graham Number	\$53.12
PEmg	9.88
Current Ratio	2.05
PB Ratio	3.14
Dividend Yield	3.30%
Number of Consecutive Years of Dividend Growth	12

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha SEC Filings GuruFocus

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

 $\underline{ \ \ \ \ } \ \ \, \text{The 8 Best Stocks For Value Investors This Week} - 6/27/15}$

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