

ModernGraham Valuation

Company Name:

Deere & Company

Company Ticker DE

Date of Analysis

6/24/2016



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	\$25,778,679,448 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.10 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	68.68% Pass
5. Earnings Growth	PEmg < 20	13.10 Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.61 Pass
7. Moderate Price to Assets		

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	2.10 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.10 Fail
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	\$6.24
MG Growth Estimate	1.21%
MG Value	\$68.11
MG Value based on 3% Growth	\$90.41
MG Value based on 0% Growth	\$53.00
Market Implied Growth Rate	2.30%

MG Opinion

Current Price	\$81.67
% of Intrinsic Value	119.91%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$29.52
Graham Number	\$43.86
PEmg	13.10
Current Ratio	2.10
PB Ratio	3.61
Current Dividend	\$2.40
Dividend Yield	2.94%
Number of Consecutive Years of Dividend Growth	13

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.75	Next Fiscal Year Estimate	\$6.24
Oct2015	\$5.77	Oct2015	\$7.50
Oct2014	\$8.63	Oct2014	\$8.00
Oct2013	\$9.09	Oct2013	\$7.11
Oct2012	\$7.63	Oct2012	\$5.77
Oct2011	\$6.63	Oct2011	\$4.68
Oct2010	\$4.35	Oct2010	\$3.71
Oct2009	\$2.06	Oct2009	\$3.41
Oct2008	\$4.70	Oct2008	\$3.93
Oct2007	\$4.00	Oct2007	\$3.34
Oct2006	\$3.59	Oct2006	\$2.76
Oct2005	\$2.94	Oct2005	\$2.06
Oct2004	\$2.78	Oct2004	\$1.46
Oct2003	\$1.32	Oct2003	\$0.76
Oct2002	\$0.67	Oct2002	\$0.60
Oct2001	-\$0.14	Oct2001	\$0.74
Oct2000	\$1.03	Oct2000	\$1.25
Oct1999	\$0.51	Balance Sheet Information 4/1/2016	
Oct1998	\$2.08	Total Current Assets	\$42,676,100,000
Oct1997	\$1.89	Total Current Liabilities	\$20,308,100,000
Oct1996	\$1.57	Long-Term Debt	\$24,648,000,000
		Total Assets	\$59,183,300,000
		Intangible Assets	\$955,500,000
		Total Liabilities	\$52,019,000,000
		Shares Outstanding (Diluted Average)	316,500,000





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

- [Deere & Company Valuation – January 2016 Update \\$DE](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – December 2015](#)
- [10 Low PE Stocks for the Defensive Investor – December 2015](#)
- [10 Most Undervalued Companies for the Defensive Investor – November 2015](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – November 2015](#)

Other
ModernGraham
posts about related
companies

- [A.O.Smith Corporation Valuation – June 2016 \\$AOS](#)
- [Ingersoll-Rand PLC Valuation – May 2016 \\$IR](#)
- [Snap-on Inc Valuation – February 2016 \\$SNA](#)
- [AGCO Corporation Valuation – February 2016 \\$AGCO](#)
- [Joy Global Inc Valuation – February 2016 \\$JOY](#)
- [Allegion PLC Valuation – February 2016 Update \\$ALLE](#)
- [Rockwell Automation Inc Valuation – February 2016 Update \\$ROK](#)
- [Parker Hannifin Corp Valuation – January 2016 Update \\$PH](#)
- [Stanley Black & Decker Inc Valuation – January 2016 Update \\$SWK](#)
- [Paccar Inc Valuation – January 2016 Update \\$PCAR](#)