

ModernGraham Valuation

Company Name:

Deere & Company

Company Ticker

DE

Date of Analysis

3/15/2018



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	\$51,591,835,133	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.98	Fail
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	56.44%	Pass
5. Earnings Growth	PEmg < 20	22.61	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.57	Fail
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	1.98	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.19	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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.06
MG Growth Estimate	-1.77%
MG Value	\$35.05
MG Value based on 3% Growth	\$102.34
MG Value based on 0% Growth	\$59.99
Market Implied Growth Rate	7.06%

MG Opinion

Current Price	\$159.60
% of Intrinsic Value	455.41%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$37.95
Graham Number	\$77.16
PEmg	22.61
Current Ratio	1.98
PB Ratio	5.57
Current Dividend	\$2.40
Dividend Yield	1.50%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Oct2017	\$8.91	Oct2017	\$7.06
Oct2016	\$6.68	Oct2016	\$6.42
Oct2015	\$4.81	Oct2015	\$6.59
Oct2014	\$5.77	Oct2014	\$7.50
Oct2013	\$8.63	Oct2013	\$8.00
Oct2012	\$9.09	Oct2012	\$7.11
Oct2011	\$7.63	Oct2011	\$5.77
Oct2010	\$6.63	Oct2010	\$4.68
Oct2009	\$4.35	Oct2009	\$3.71
Oct2008	\$2.06	Oct2008	\$3.41
Oct2007	\$4.70	Oct2007	\$3.93
Oct2006	\$4.00	Oct2006	\$3.34
Oct2005	\$3.59	Oct2005	\$2.76
Oct2004	\$2.94	Oct2004	\$2.06
Oct2003	\$2.78	Oct2003	\$1.46
Oct2002	\$1.32	Oct2002	\$0.76
Oct2001	\$0.67	Oct2002	\$0.60
Oct2001	-\$0.14	Balance Sheet Information	
Oct2000	\$1.03	1/1/2018	
Oct1999	\$0.51	Total Current Assets	\$45,075,100,000
Oct1998	\$2.08	Total Current Liabilities	\$22,779,500,000
		Long-Term Debt	\$26,421,800,000
		Total Assets	\$66,577,500,000
		Intangible Assets	\$4,771,300,000
		Total Liabilities	\$57,324,900,000
		Shares Outstanding (Diluted Average)	322,800,000





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:

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[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](#)
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[Briggs & Stratton Corp Valuation – Initial Coverage \\$BGG](#)
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[Stanley Black & Decker Inc Valuation – April 2017 \\$SWK](#)
[Lindsay Corp Valuation – Initial Coverage \\$LNN](#)