

ModernGraham Valuation

Company Name:

Deere & Company

Company Ticker DE

Date of Analysis

1/13/2019



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 | \$50,630,764,289 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.84 | 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 | 34.71% | Pass |
| 5. Earnings Growth | | | |
| 6. Moderate PEmg Ratio | PEmg < 20 | 19.76 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 4.55 | Fail |

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 | 1.84 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 1.30 | 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 |
| | Score | | |

Suitability

| | |
|---------------------|------------|
| Defensive | No |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$8.01 |
| MG Growth Estimate | 1.01% |
| MG Value | \$84.33 |
| MG Value based on 3% Growth | \$116.14 |
| MG Value based on 0% Growth | \$68.08 |
| Market Implied Growth Rate | 5.63% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$158.28 |
| % of Intrinsic Value | 187.69% |
| Opinion | Overvalued |
| MG Grade | C |

Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$39.08 |
| Graham Number | \$93.83 |
| PEmg | 19.76 |
| Current Ratio | 1.84 |
| PB Ratio | 4.55 |
| Current Dividend | \$2.58 |
| Dividend Yield | 1.63% |
| Number of Consecutive Years of Dividend Growth | 1 |

Useful Links:

[ModernGraham tagged articles](#)

[Google Finance](#)

[Yahoo Finance](#)

[GuruFocus](#)

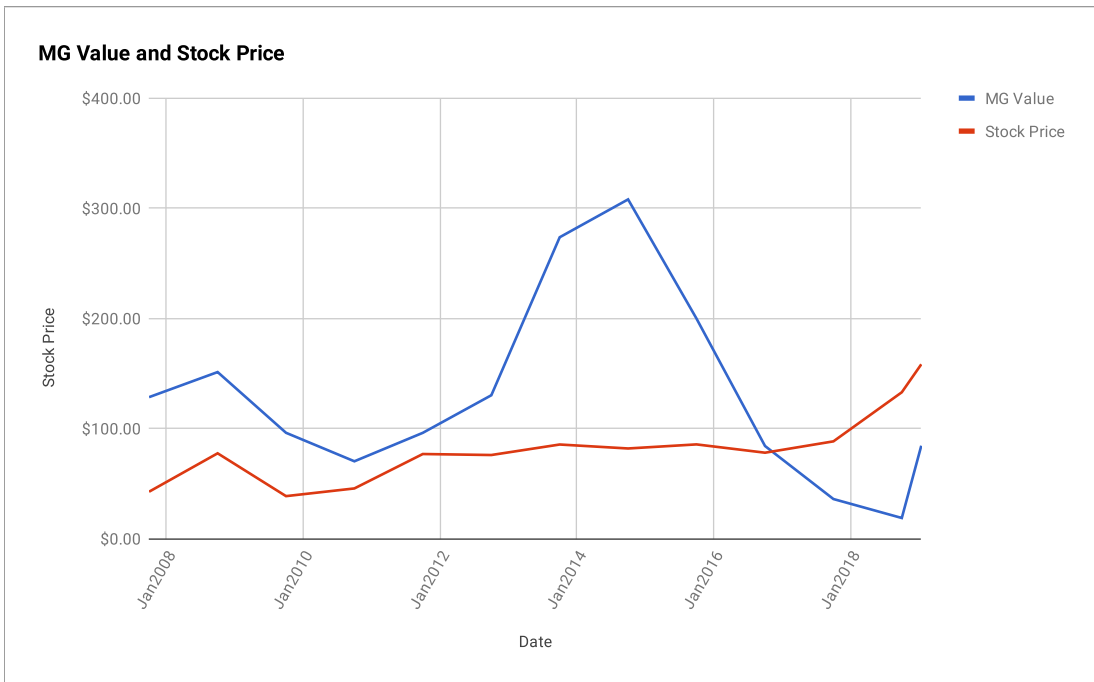
[Morningstar](#)

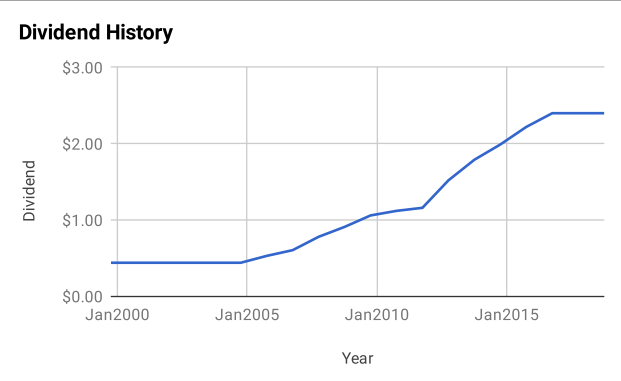
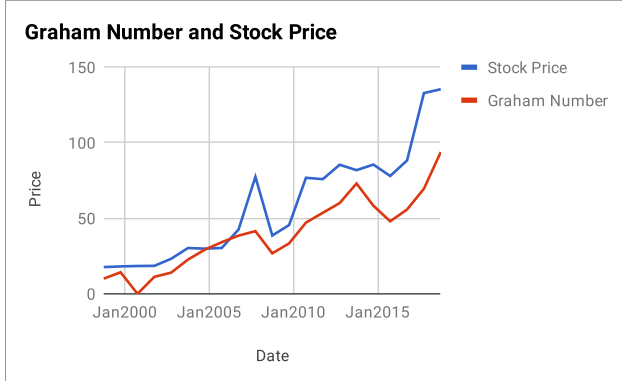
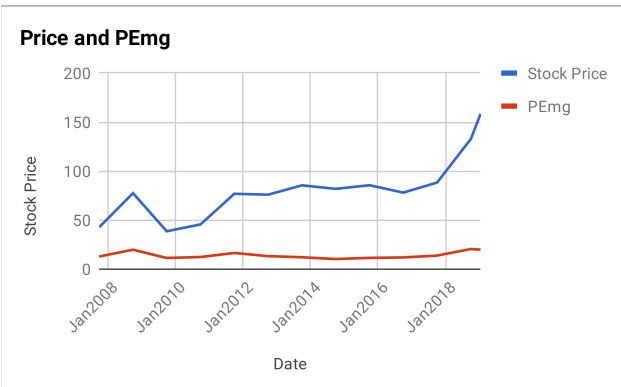
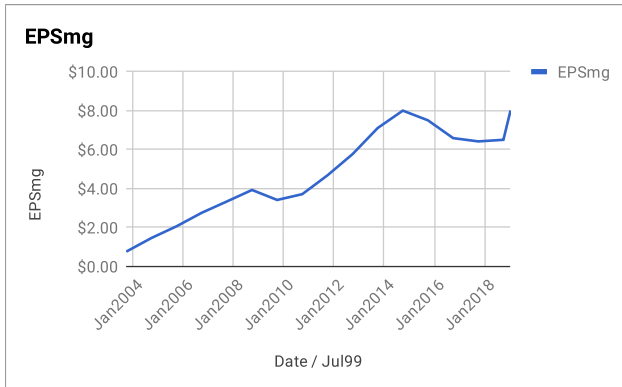
[MSN Money](#)

[Seeking Alpha](#)

[SEC Filings](#)

| EPS History | | EPSmg History | |
|---------------------------|---------|--|------------------|
| Next Fiscal Year Estimate | \$11.15 | Next Fiscal Year Estimate | \$8.01 |
| Oct2018 | \$7.24 | Oct2018 | \$6.50 |
| Oct2017 | \$6.68 | Oct2017 | \$6.42 |
| Oct2016 | \$4.81 | Oct2016 | \$6.59 |
| 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 | Balance Sheet Information 10/1/2018 | |
| Oct2001 | -\$0.14 | Total Current Assets | \$46,132,700,000 |
| Oct2000 | \$1.03 | Total Current Liabilities | \$25,130,300,000 |
| Oct1999 | \$0.51 | Long-Term Debt | \$27,237,400,000 |
| | | Total Assets | \$70,108,000,000 |
| | | Intangible Assets | \$4,662,700,000 |
| | | Total Liabilities | \$58,816,800,000 |
| | | Shares Outstanding (Diluted Average) | 324,600,000 |





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 & Co Valuation – March 2018 \\$DE](#)
- [Deere & Company Valuation – June 2016 \\$DE](#)
- [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](#)

Other ModernGraham posts about related companies

- [A.O. Smith Corp Valuation – January 2019 \\$AOS](#)
- [Parker-Hannifin Corp Valuation – January 2019 \\$PH](#)
- [Dover Corp Valuation – January 2019 \\$DOV](#)
- [Caterpillar Inc Valuation – November 2018 \\$CAT](#)
- [Lindsay Corp Valuation – October 2018 \\$LNN](#)
- [Lennox International Inc Valuation – October 2018 \\$LII](#)
- [Standex International Corp Valuation – September 2018 \\$SXI](#)
- [Lincoln Electric Holdings Inc Valuation – August 2018 \\$LECO](#)
- [Regal Beloit Corp Valuation – August 2018 \\$RBC](#)
- [Kennametal Inc Valuation – August 2018 \\$KMT](#)