

Deere & Co. (DE)

Rating: Buy

Price	Yield	Market Cap.	52-Week Range
\$475.38	1.4%	\$130.7B	\$533.78 – \$387.03

Data as of 11/06/2025

Sector	Industrials
Subsector	Capital Goods
Investment Category	Large Cap
Price Movement	Average

Company Overview

Deere & Co. was founded in 1837 and has been the world's leading manufacturer of agricultural equipment since 1963 and is a major producer of construction, earthmoving and forestry equipment. It also markets North America's largest line of lawn- and garden-care equipment to residential and commercial markets. It operates a Credit subsidiary which provides financing for its products.	
Revenues International	46%
Standard & Poor's/Moody's	A/A2
MSCI ESG Rating	AA/Leader

Dividend Outlook (1-Year): Rising

Annualized Payment	\$6.48
Last Change	10% (Dec 3, 2024)
Consec. Yrs Increased	5
Paid Since	1937
5-Yr. Trailing Growth	16%
Long-Term Growth Est.	8%
Payout Ratio ('26)	29%
Dividends Paid	Feb, May, Aug, Nov

Commentary: Deere's current dividend represents 34% of our 2026 earnings per share estimate. We expect dividend growth to average 8% over the long term.

Valuation & Earnings

	'24A	'25E	'26E
Earnings Per Share	25.62	19.03	22.05
P/E	18.6x	25.0x	21.6x
PEGY	1.8x	2.4x	2.1x
LT EPS Growth Est.			9%
Est. Earnings Date	November 19, 2025		

Annualized Total Returns	1yr	3yr	5yr
Deere & Co.	19%	8%	15%
S&P Industrials Index	10%	19%	15%
S&P 500 Index	15%	23%	16%

Data as of 11/6/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Investment Summary

We intend to drop coverage of Deere & Company on November 14, 2025, as Edward Jones is no longer producing equity research reports. Our final recommendation on the stock is a Buy. The opinion should not be relied upon after the termination of coverage on November 14, 2025.

Outlook

Agriculture Machinery Cycle Still Supportive - Farmers' incomes are expected to decline from recent highs but will remain above historical averages, which should continue to support further agriculture-equipment demand.

Growth Opportunities Beyond Farm Machinery - Deere offers other equipment and services beyond agriculture, including Construction & Forestry Equipment (excavators, dozers), Turf Management (riding lawn mowers, golf course maintenance machines) and John Deere Credit (financing for Deere machines).

Precision Agriculture, a Long-term Opportunity - Deere continues to make advances in precision agriculture, an approach to farming that uses technology and data to optimize efficiency and productivity while reducing input costs and increasing yields. Deere plans to transform its precision-ag solutions into a recurring revenue model (less than 1% of revenue today, targeting 10% by 2030). This should help improve the company's profit margins and smooth out the cyclicalit y in ag-equipment revenue, leading to a better P/E ratio.

Valuation and Recent Performance – The stock is trading at about 22 times our fiscal 2026 earnings estimate, which is above the five-year average of 16. We think the shares are attractive based on our positive long-term growth outlook. Deere shares have outperformed industrial peers on a one-year basis due to the better-than-expected financial results despite the downturn in agricultural-machinery demand.

Risks – The primary downside risk to our rating is a decline in farm commodity prices, which could be pressured by stronger-than-expected crop yields. Also, slowing economic growth could hurt Deere's construction and

forestry markets.

Key Developments

11/07/25: We intend to drop coverage of Deere & Company on November 14, 2025, as Edward Jones is no longer producing equity research reports. Our final recommendation on the stock is a Buy. The opinion should not be relied upon after the termination of coverage on November 14, 2025.

8/14/25: (summarized) Deere reported fiscal third-quarter earnings per share of \$4.75, above the average analyst estimate of \$4.58 but down 24% from the prior-year quarter's result. Revenue was also slightly above expectations but declined 9% compared with the year-ago period, primarily driven by lower machinery shipment volumes.

We think Deere reported a mixed quarter amid a still-challenged demand environment. Earnings per share slightly exceeded estimates, but the upside stemmed from a lower tax rate. Agriculture & Turf segment operating income exceeded consensus estimates, while Construction & Forestry segment results lagged on worse-than-expected price realization. In Production & Precision Agriculture, the year-over-year pricing headwind was modest, but still a negative surprise, though the 2025 price outlook remains unchanged at +1%, which is a positive. After several years of industry sales declines, we continue to believe the agricultural machinery cycle is approaching a trough in 2025. Deere has managed the downturn well, proactively cutting production to align with retail demand and defending profitability and gaining market share despite headwinds. We think that the downturn is well-understood and that Deere is well-positioned to capitalize when the upcycle returns. Overall, we remain constructive on the long-term outlook for Deere, and we think Deere remains well-positioned to benefit from a favorable equipment-replacement cycle and incremental adoption of precision agriculture.

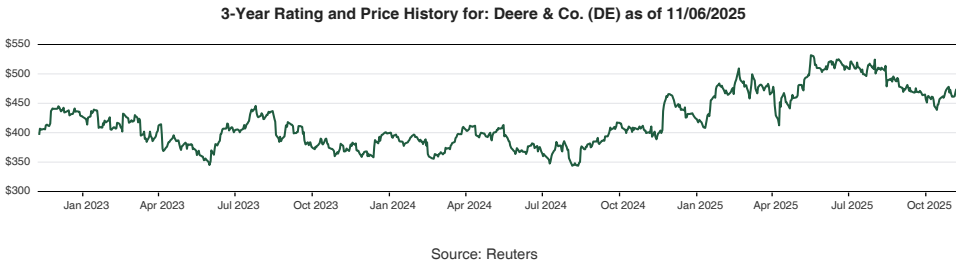
Analyst: Faisal Hersi, CFA

Please see important disclosures and analyst certification on page 2 of the report.

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. Faisal Hersi, CFA

Required Research Disclosures



November 7, 2025	BUY	HOLD	SELL
Stocks	55%	45%	0%
Investment Banking	4%	6%	0%
Services			

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated Coverage PRE-1996.....(B) 10/06/09-11/12/10...(H) 11/12/10-05/24/12...(B) 05/24/12-
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Opinion Rating Definitions: **Buy (B)** - We believe the valuation is attractive and total return potential is above average over the next 3-5 years compared with industry peers. **Hold (H)** - We believe the stock is fairly valued and total return potential is about average over the next 3-5 years compared with industry peers or a special situation exists, such as a merger, that warrants no action. **Sell (S)** - We believe the stock is overvalued and total return potential is below average over the next 3-5 years compared with industry peers. In some cases we expect fundamentals to deteriorate considerably and/or a recovery is highly uncertain. **FYI (FYI)** - For informational purposes only; factual, no opinion. **Under Review (UR)** - Our rating, estimates, and opinion for this company are under review and should not be relied upon for making investment decisions until updated.

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- Price Movement: Above Average (AA) - This stock will likely be more volatile than the average stock in the S&P 500 Index. These companies are often growing faster than the average company and/or are in industries that are more sensitive to the economy. Average (A) - This stock will likely experience volatility similar to the average stock in the S&P 500 Index. Below Average (BA) - This stock will likely be less volatile than the average stock in the S&P 500 Index. These companies are often more mature, grow more slowly than the average company, and/or are in industries that are less sensitive to the economy.
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