

Fourth Quarter 2016 Earnings Conference Call

23 November 2016

JOHN DEERE

Safe Harbor Statement & Disclosures

The earnings call and accompanying material include forward-looking comments and information concerning the company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. They also may include financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP). Words such as "forecast," "projection," "outlook," "prospects," "expected," "estimated," "will," "plan," "anticipate," "intend," "believe," or other similar words or phrases often identify forward-looking statements. Actual results may differ materially from those projected in these forward-looking statements based on a number of factors and uncertainties. Additional information concerning factors that could cause actual results to differ materially is contained in the company's most recent Form 8-K and periodic report filed with the U.S. Securities and Exchange Commission, and is incorporated by reference herein. Investors should refer to and consider the incorporated information on risks and uncertainties in addition to the information presented here. Investors should consider non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. The company, except as required by law, undertakes no obligation to update or revise its forward-looking statements whether as a result of new developments or otherwise. The call and accompanying materials are not an offer to sell or a solicitation of offers to buy any of the company's securities.

2016 Overview

(in millions of dollars except per share amounts)	FY 2016	FY 2015	Change
Net Sales and Revenues	$26,644	$28,863	-8%
Net Sales	$23,387	$25,775	-9%
Net Income Attributable to Deere & Company	$1,524	$1,940	-21%
Diluted EPS	$4.81	$5.77	-17%

Fourth Quarter Overview

(in millions of dollars except per share amounts)	Q4 2016	Q4 2015	Change
Net Sales and Revenues	$6,520	$6,715	-3%
Net Sales	$5,650	$5,932	-5%
Net Income Attributable to Deere & Company	$285	$351	-19%
Diluted EPS	$0.90	$1.08	-17%

Fourth Quarter Overview
Net Sales

Equipment operations net sales: Down 5% in Q4 2016 vs. Q4 2015

- Price realization: +3 points
- Currency translation: +1 point

Worldwide Agriculture & Turf
Fourth Quarter Overview

(in millions of dollars)	Q4 2016	Q4 2015	Change
Net Sales	$4,441	$4,656	-5%
Operating Profit*	$371	$271	+37%

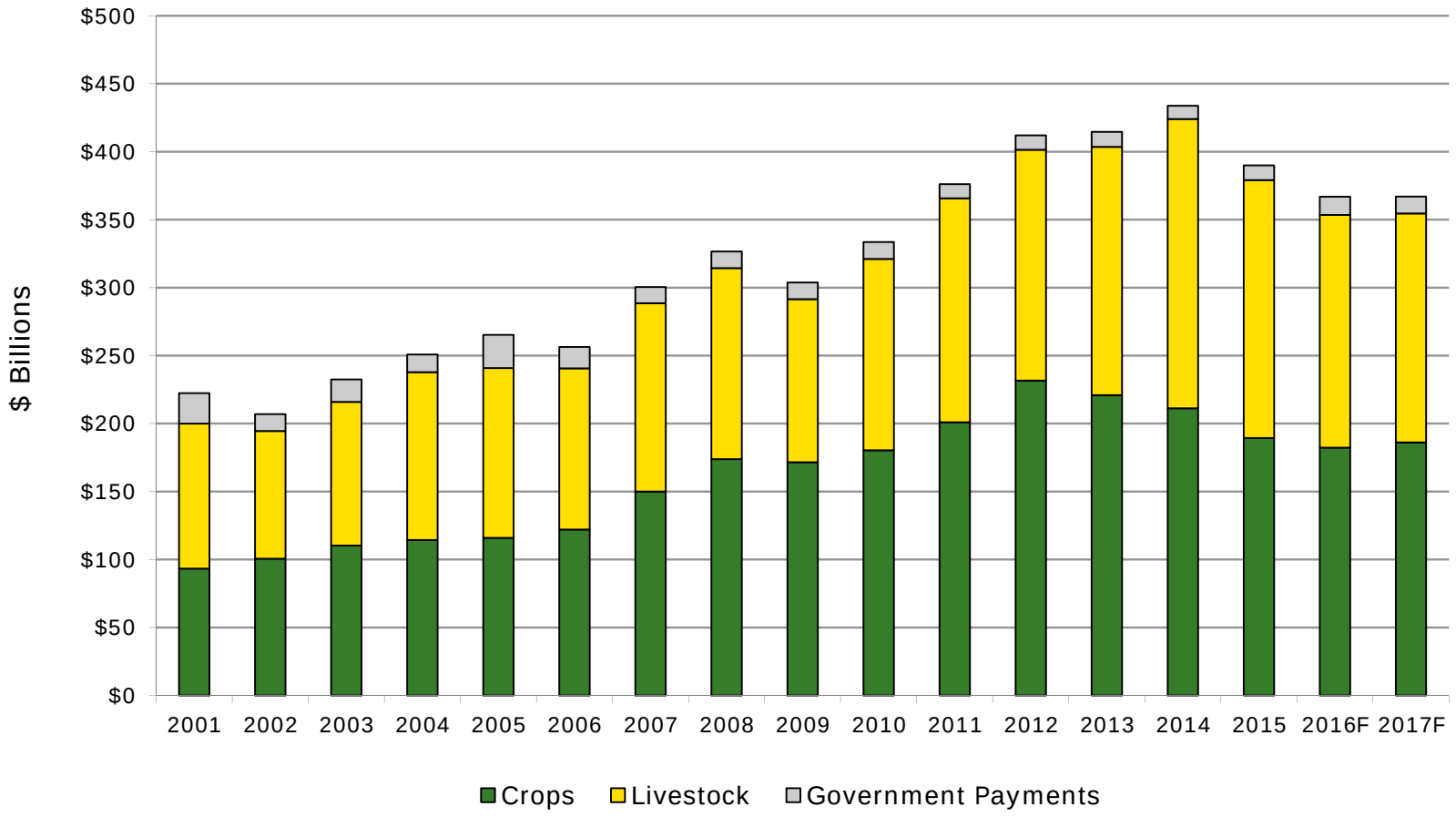
*Q4 2016 operating profit impacted by:

Favorable
- Price Realization

Unfavorable
- Shipment Volumes

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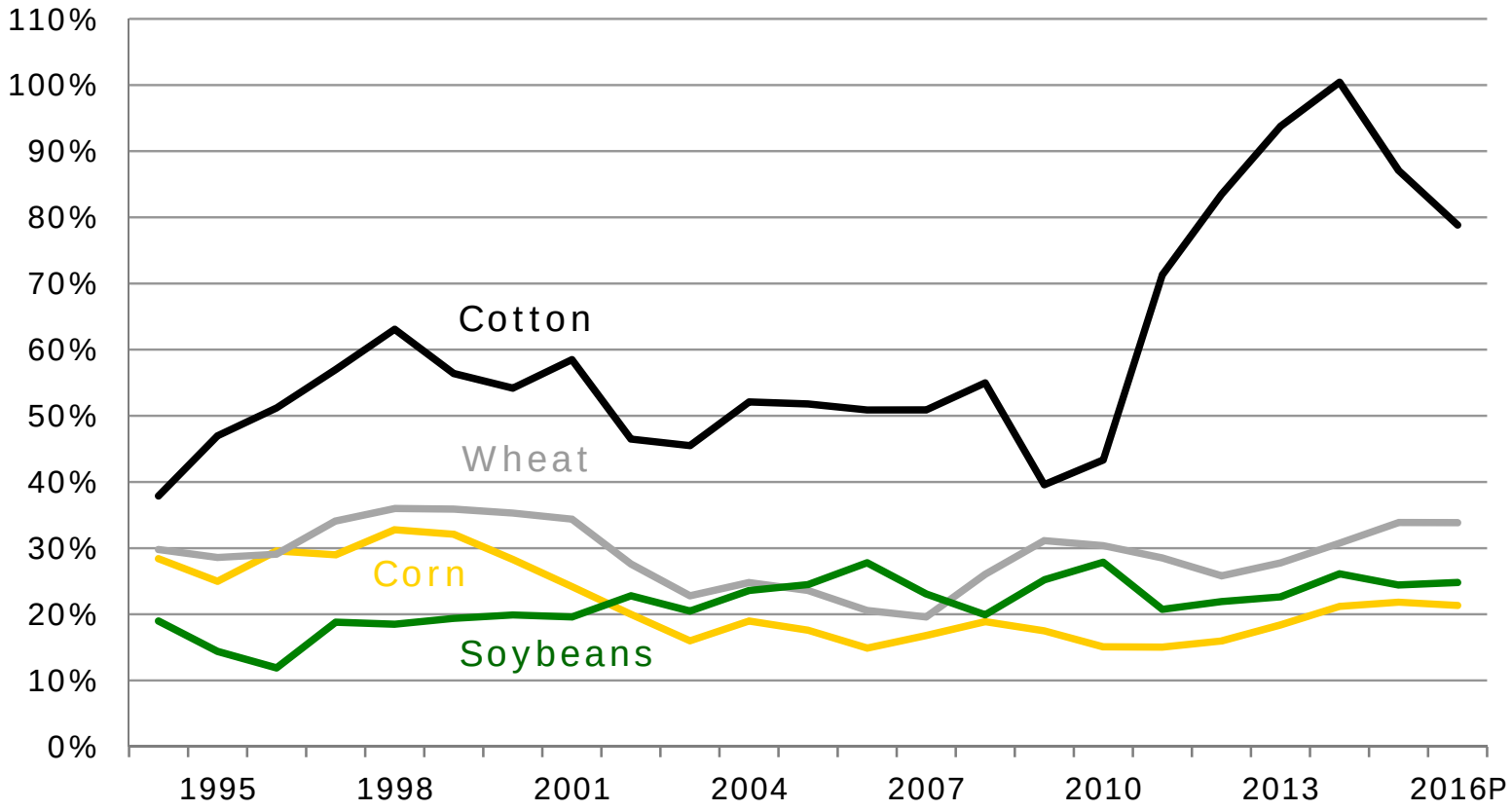
U.S. Farm Cash Receipts



Source: 2001 – 2015: USDA, 30 August 2016
2016F – 2017F: Deere & Company Forecast as of 23 November 2016

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World Farm Fundamentals
Global Stocks-to-Use Ratios



Source: USDA, 9 November 2016

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Economic Update
EU 28 – Fiscal 2017

Slow economic growth, impacted by geopolitical risks

Arable income remains under pressure

Weak dairy sector beginning to bottom out

Beef prices above average; downside to pork prices

Deere & Company Forecast as of 23 November 2016

Economic Update
Other Selected Markets – Fiscal 2017

China

- Slower economic growth continues
- Value of agricultural production expected to be stable
- Uncertainty due to recent policy announcements

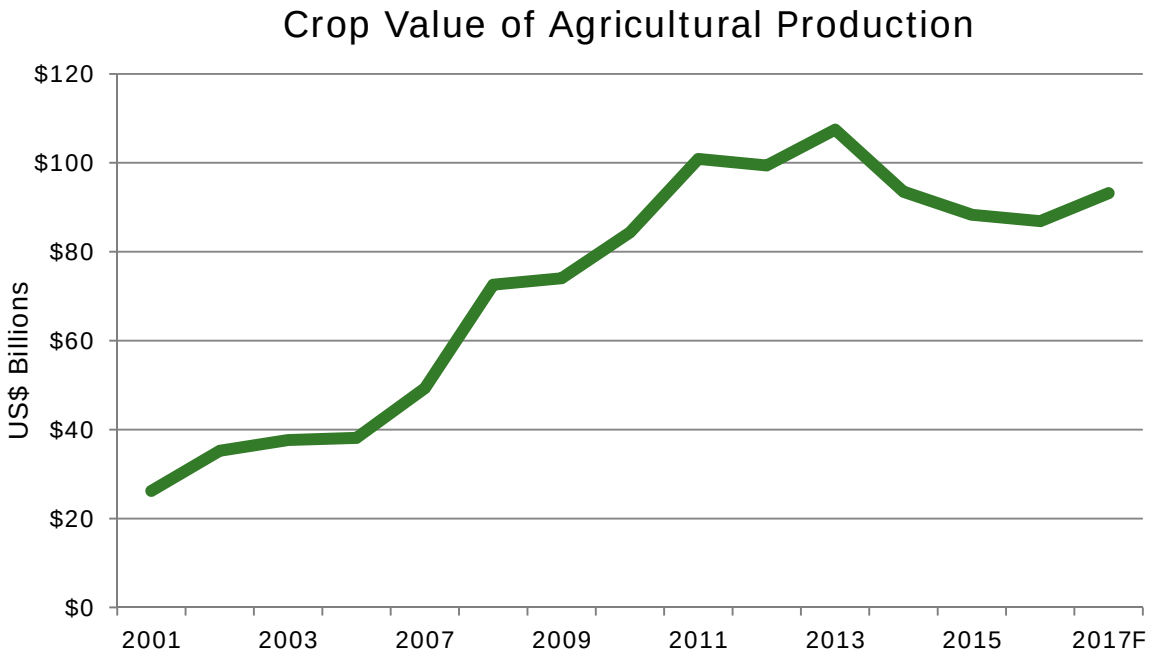
India

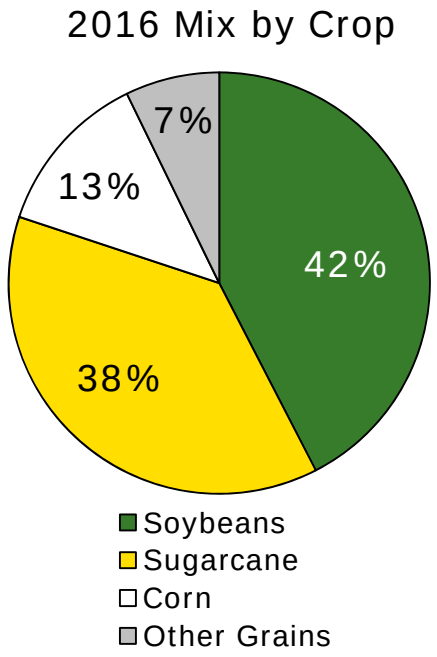
- Economy growing, driven by strong consumer demand
- Government continues to support the agricultural sector
- Value of agricultural production expected to increase
- Normal monsoon, following two consecutive below average seasons

Deere & Company Forecast as of 23 November 2016

Crop Value of Agricultural Production
Brazil

Expected to increase ~ 7% in 2017 over prior season

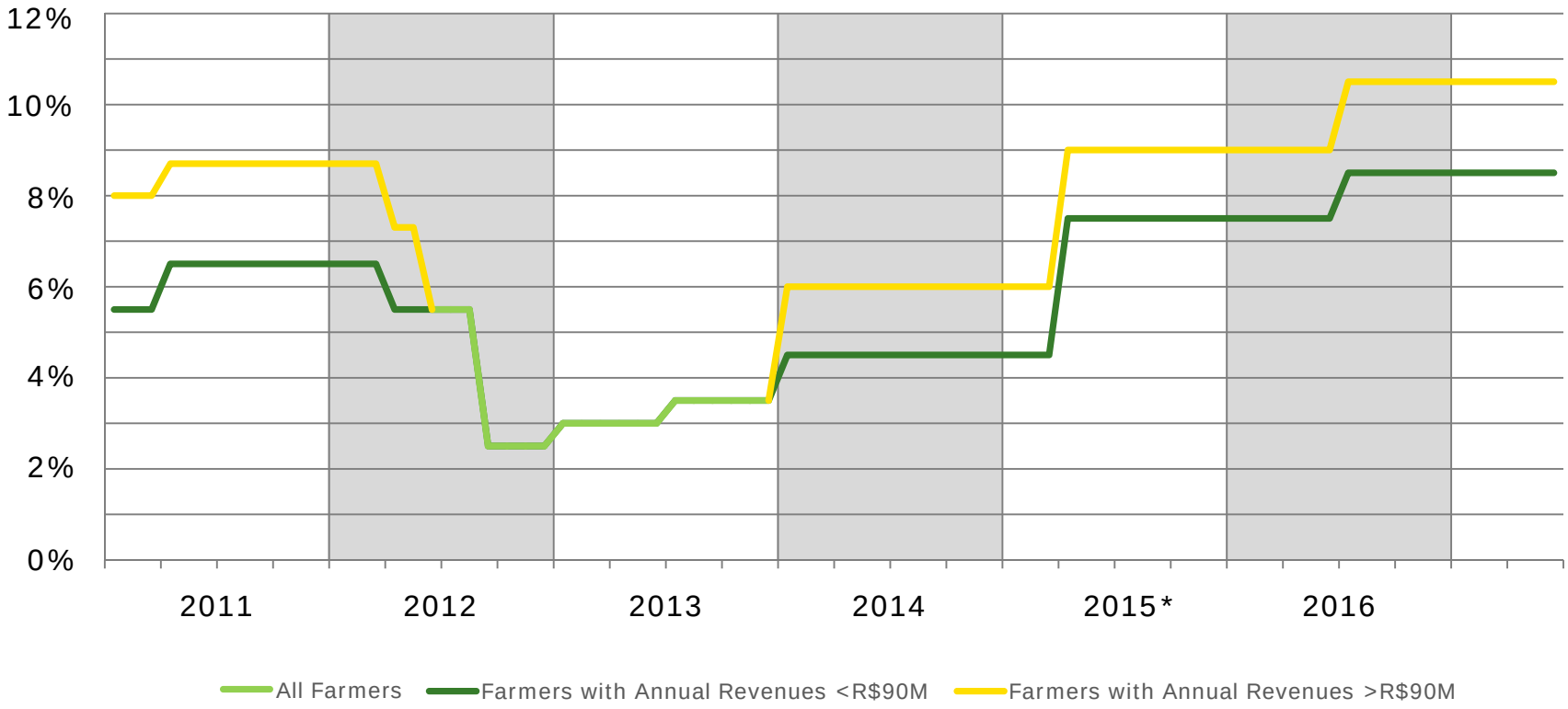




Source: IHS Global Insight, November 2016

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Eligible Finance Rates for Agricultural Equipment
Brazil



** Moderfrota suspended September – November 2015*
Source: ABIMAQ (Brazilian Association of Machinery and Equipment) and BNDES
PSI-FINAME was the key credit line for machinery acquisition from 2011 – 2014; Moderfrota is currently the most attractive credit line

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Agriculture & Turf Retail Sales
Industry Outlook – Fiscal 2017

	2017 Forecast
U.S. and Canada Ag	Down 5-10%
EU 28 Ag	Down ~ 5%
South America Ag (Tractors and Combines)	Up ~ 15%
Asia Ag	Flat to up slightly
U.S. and Canada Turf and Utility Equipment	~ Flat

Deere & Company Forecast as of 23 November 2016

Worldwide Agriculture & Turf
Deere & Company Outlook

Fiscal Year 2017 Forecast

- Net sales: Down ~ 1%
  - Currency translation: ~ +1 point

Deere & Company Forecast as of 23 November 2016

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Worldwide Construction & Forestry
Fourth Quarter Overview

(in millions of dollars)	Q4 2016	Q4 2015	Change
Net Sales	$1,209	$1,276	-5%
Operating Profit*	($17)	$64	

*Q4 2016 operating profit impacted by:

<u>Unfavorable</u>

- Sales-Incentive Expenses
- Impairment Charge for International Operations
- Production Costs

Worldwide Construction & Forestry
Deere & Company Outlook

Fiscal Year 2017 Forecast

- Net sales: Up ~ 1%
  - Currency translation: ~ +1 point

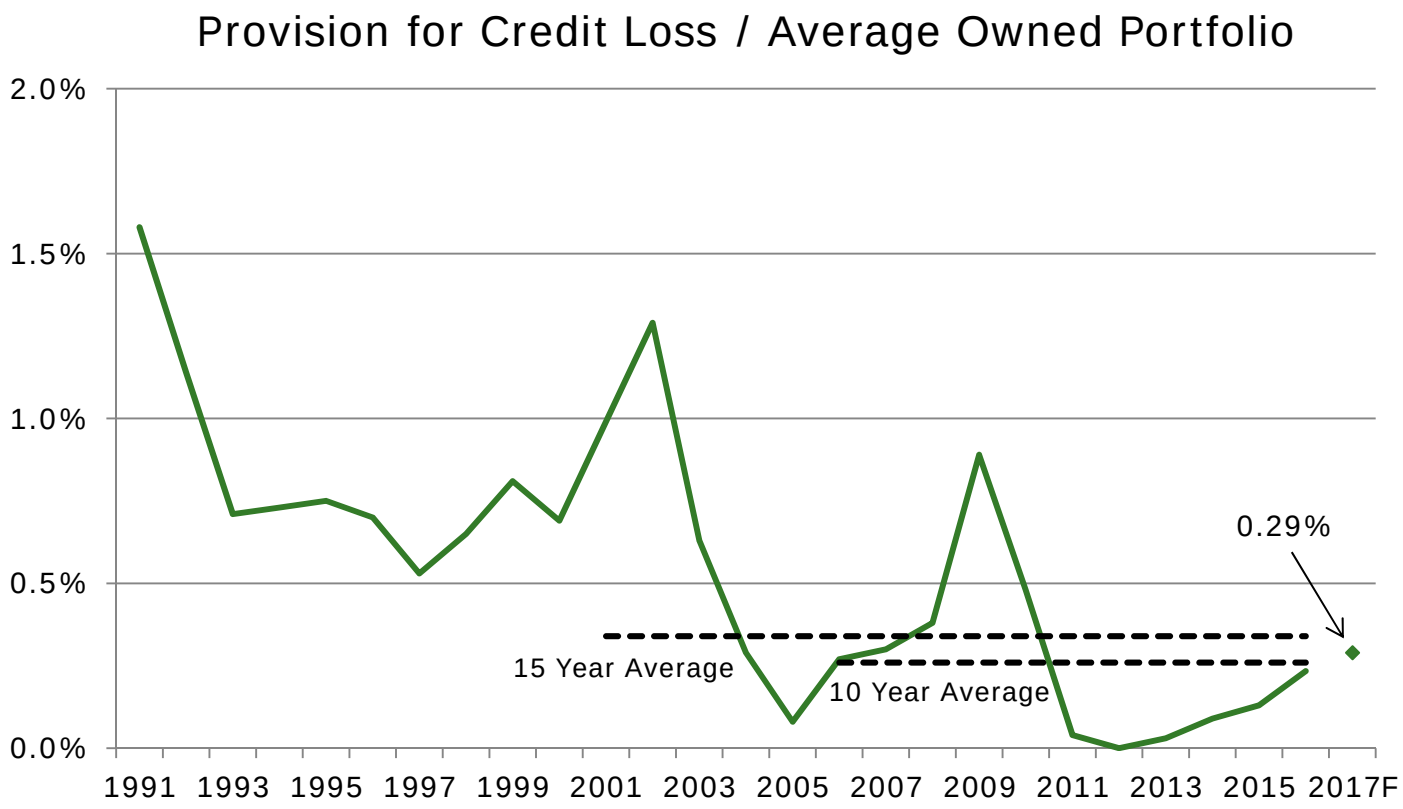
U.S. Economic Indicators	2017 Forecast
GDP Growth (annual percentage rate)*	+2.0%
Housing Starts (thousands)	1,197
Total Construction Investment (annual percentage rate)*	+1.9%
Government Construction Investment (annual percentage rate)*	+2.6%

Source: IHS Global Insight, Calendar Year Estimates, October 2016
** Change from prior year in real dollars*

Deere & Company Forecast as of 23 November 2016

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Worldwide Financial Services
Provision for Credit Loss



Deere & Company Forecast as of 23 November 2016

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Worldwide Financial Services
Net Income Attributable to Deere & Company

Fourth Quarter 2016

- $110 million in Q4 2016 vs. $153 million in Q4 2015

Fiscal Year 2016

- $468 million in 2016 vs. $633 million in 2015

Fiscal Year 2017 Forecast

- ~ $480 million

Deere & Company Forecast as of 23 November 2016

Consolidated Trade Receivables & Inventory

(in millions of dollars)	2016* Actual	2016* Previous Forecast	2017** Forecast
A&T	↓ $81	↓ $100	↓ $125
C&F	↓ $436	↓ $400	↓ $125
Total, as reported	↓ $517	↓ $500	↓ $250
Total, constant exchange	↓ $549	↓ $550	↓ $300

** Change at 31 October 2016 vs. 31 October 2015*
*** Forecasted change at 31 October 2017 vs. 31 October 2016*
Note: Before the sale of receivables to John Deere Financial
Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

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Cost of Sales as a Percent of Net Sales
Equipment Operations

Fourth Quarter 2016

- 77.6%

Fiscal Year 2016

- 78.0%
- Previous forecast: ~ 78.7%

Fiscal Year 2017 Forecast

- ~ 78%

Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

Research & Development Expense
Equipment Operations

Fourth Quarter 2016

- Down 4% vs. Q4 2015

Fiscal Year 2016

- Down 3% vs. FY 2015
  - Currency translation: (1) point
- Previous forecast: Down ~ 1% vs. FY 2015

Fiscal Year 2017 Forecast

- Down ~ 3% vs. FY 2016

Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

Selling, Administrative & General Expense
Equipment Operations

Fourth Quarter 2016

- Up 3% vs. Q4 2015
  - Commissions paid to dealers: +2 points
  - Incentive compensation: +1 point
  - Voluntary separation program: +1 point
  - Pension/OPEB: (2) points

Fiscal Year 2016

- Down 5% vs. FY 2015
  - Currency translation: (2) points
  - Pension/OPEB: (2) points
  - Incentive compensation: (2) points
- No change from previous forecast

Deere & Company Previous Forecast as of 19 August 2016

Selling, Administrative & General Expense
Equipment Operations

Fiscal Year 2017 Forecast

- Up ~ 1% vs. FY 2016
  - Voluntary separation program: ~ +2 points
  - Currency translation: ~ +1 point
  - Incentive compensation: ~ (1) point

Deere & Company Forecast as of 23 November 2016

Pension and OPEB Expense

Fourth Quarter 2016

- Down $53 million vs. Q4 2015

Fiscal Year 2016

- Down $200 million vs. FY 2015
- Previous forecast: Down ~ $210 million vs. FY 2015

Deere & Company Previous Forecast as of 19 August 2016

Income Taxes
Equipment Operations

Fourth Quarter 2016

- Effective tax rate: 32%

Fiscal Year 2016

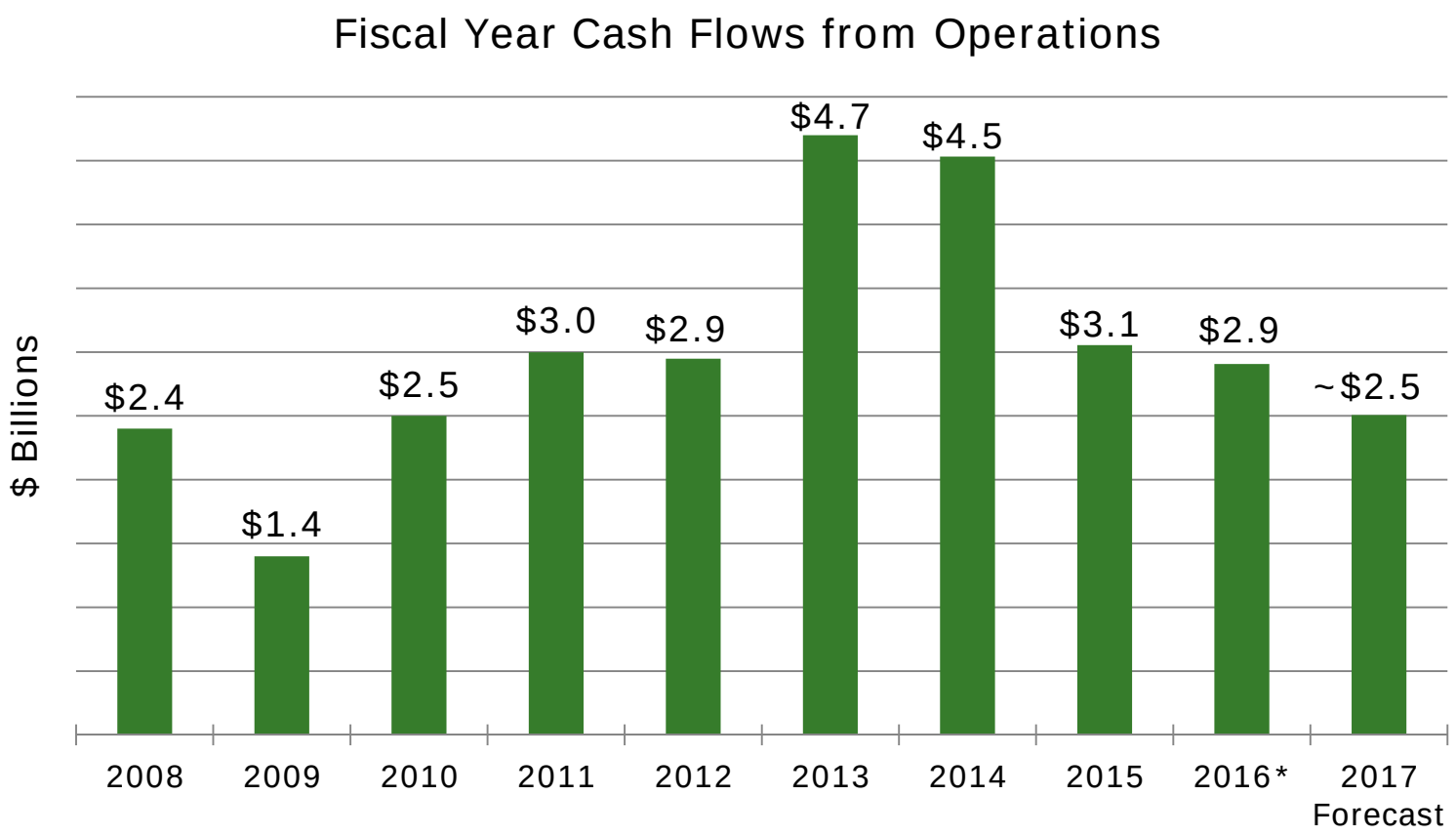
- Effective tax rate: 30%
  - Previous forecast: 29-31%

Fiscal Year 2017 Forecast

- Effective tax rate: 33-35%

Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

Strong Operating Performance
Equipment Operations



** Previous forecast ~ $2.1 billion*
Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

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2017 Company Outlook

First Quarter 2017 Forecast

- Net sales: Down ~ 4% vs. Q1 2016
  - Price realization: ~ +1 point
  - Currency translation: ~ +2 points

Fiscal Year 2017 Forecast

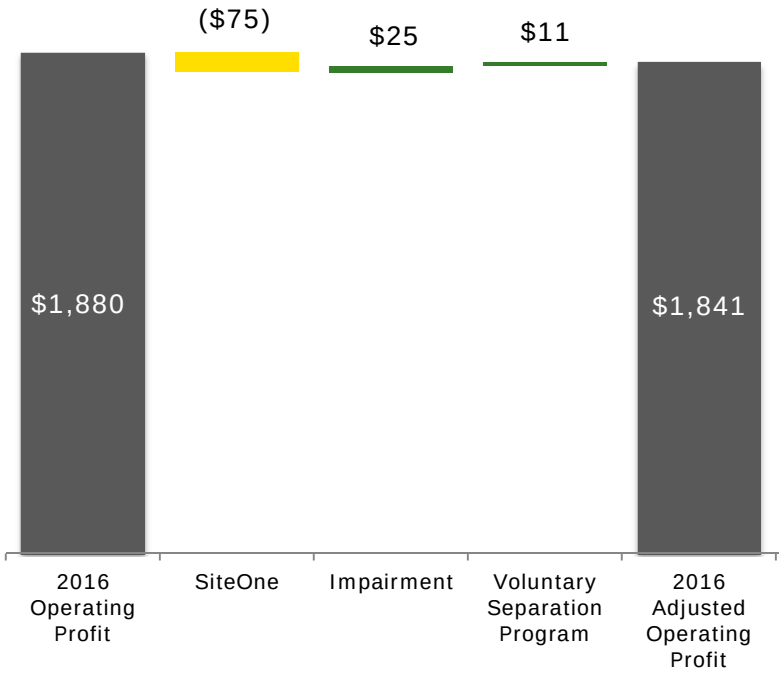
- Net sales: Down ~ 1% vs. FY 2016
  - Price realization: ~ +1 point
  - Currency translation: ~ +1 point

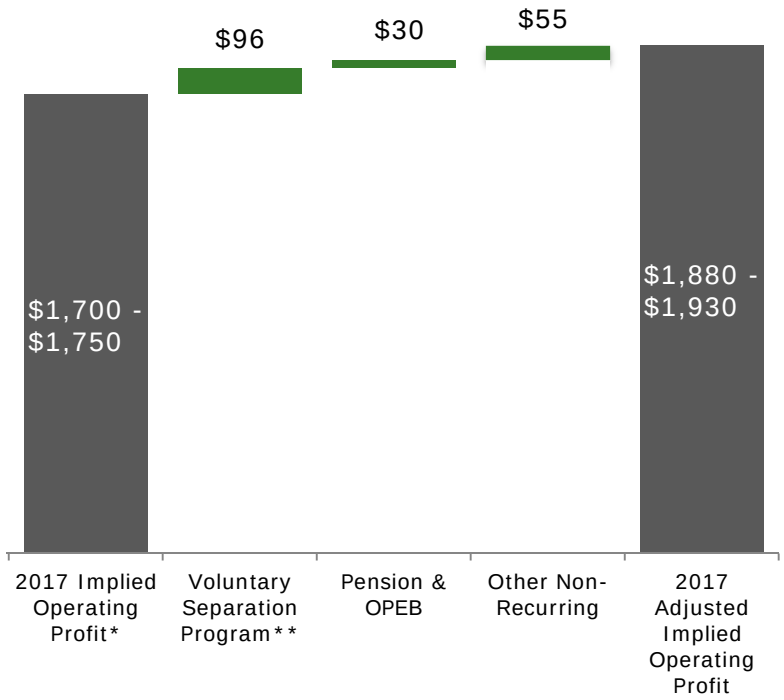
- Net income attributable to Deere & Company of ~ $1.4 billion

Deere & Company Forecast as of 23 November 2016

2016 vs. 2017 Operating Profit
Equipment Operations

- $40–$90 million improvement to Adjusted Implied Operating Profit on lower volume
- Volume impact in excess of $200 million



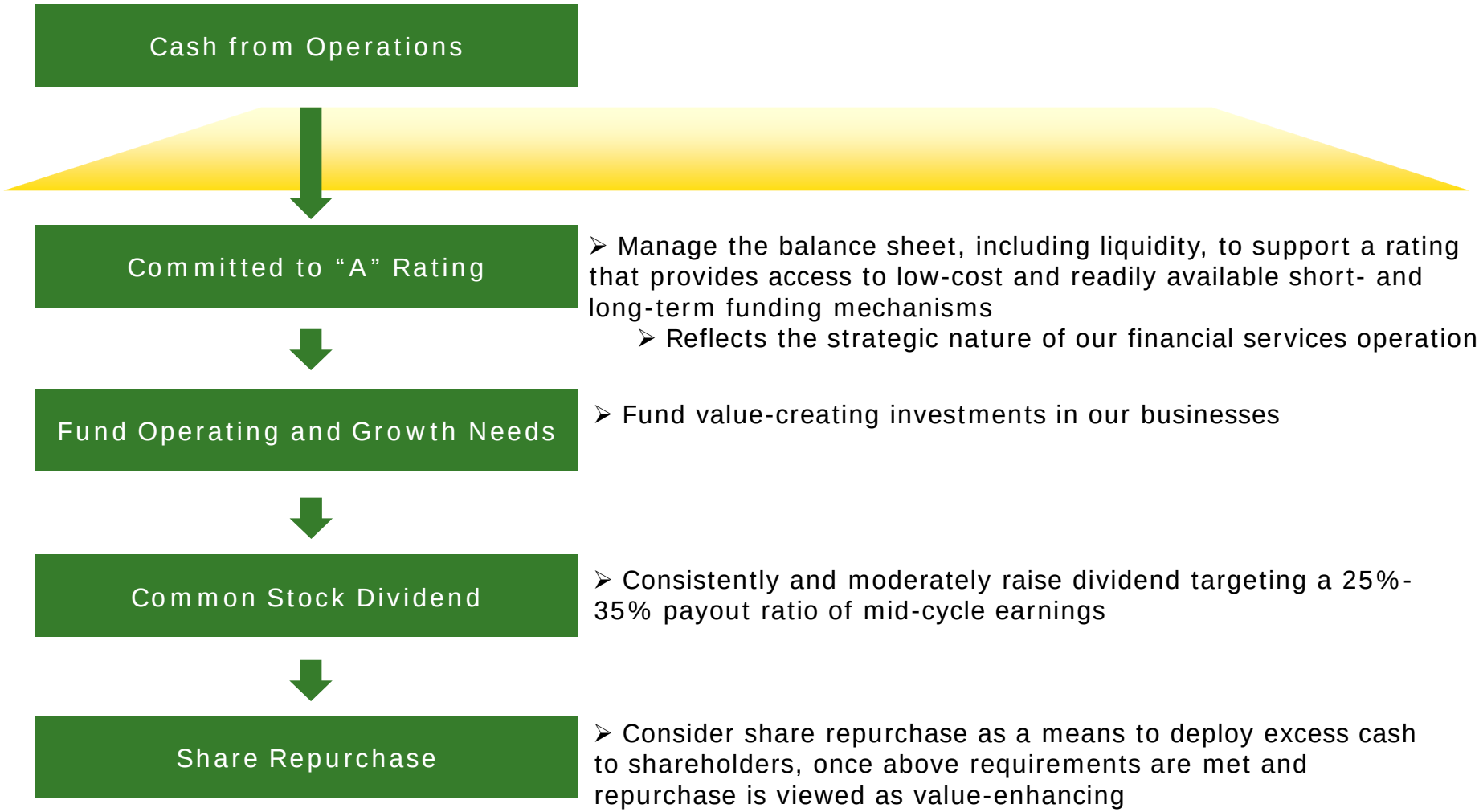


Note: in millions of dollars
** 2017 Implied Operating Profit is based on guidance for net sales change year over year and operating margins by segment*
*** Portion of $105 million Voluntary Separation pretax expense related to Equipment Operations*
Deere & Company Forecast as of 23 November 2016

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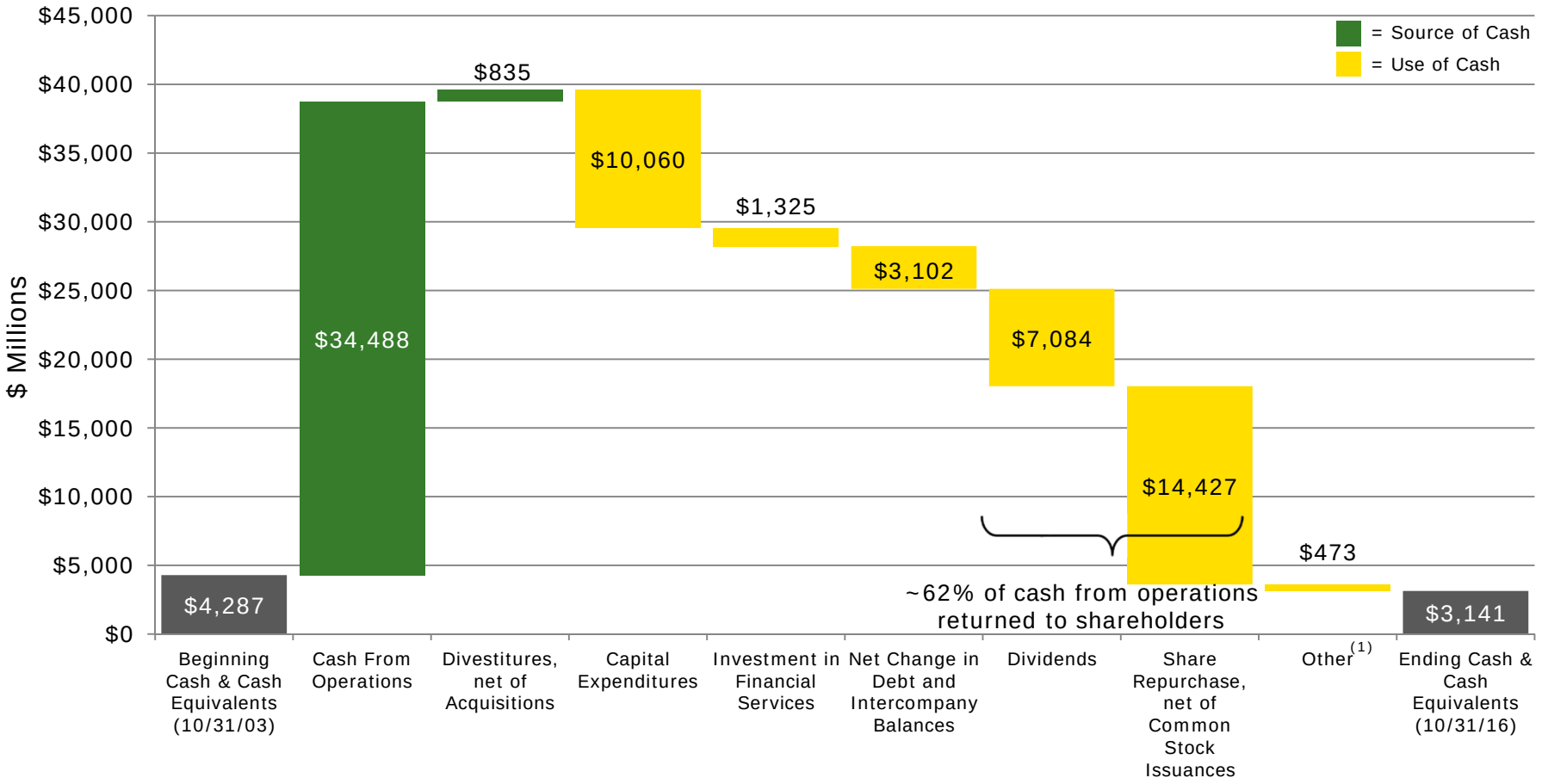
Appendix

Deere Use-of-Cash Priorities



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Sources and Uses of Cash Fiscal 2004–2016
Equipment Operations

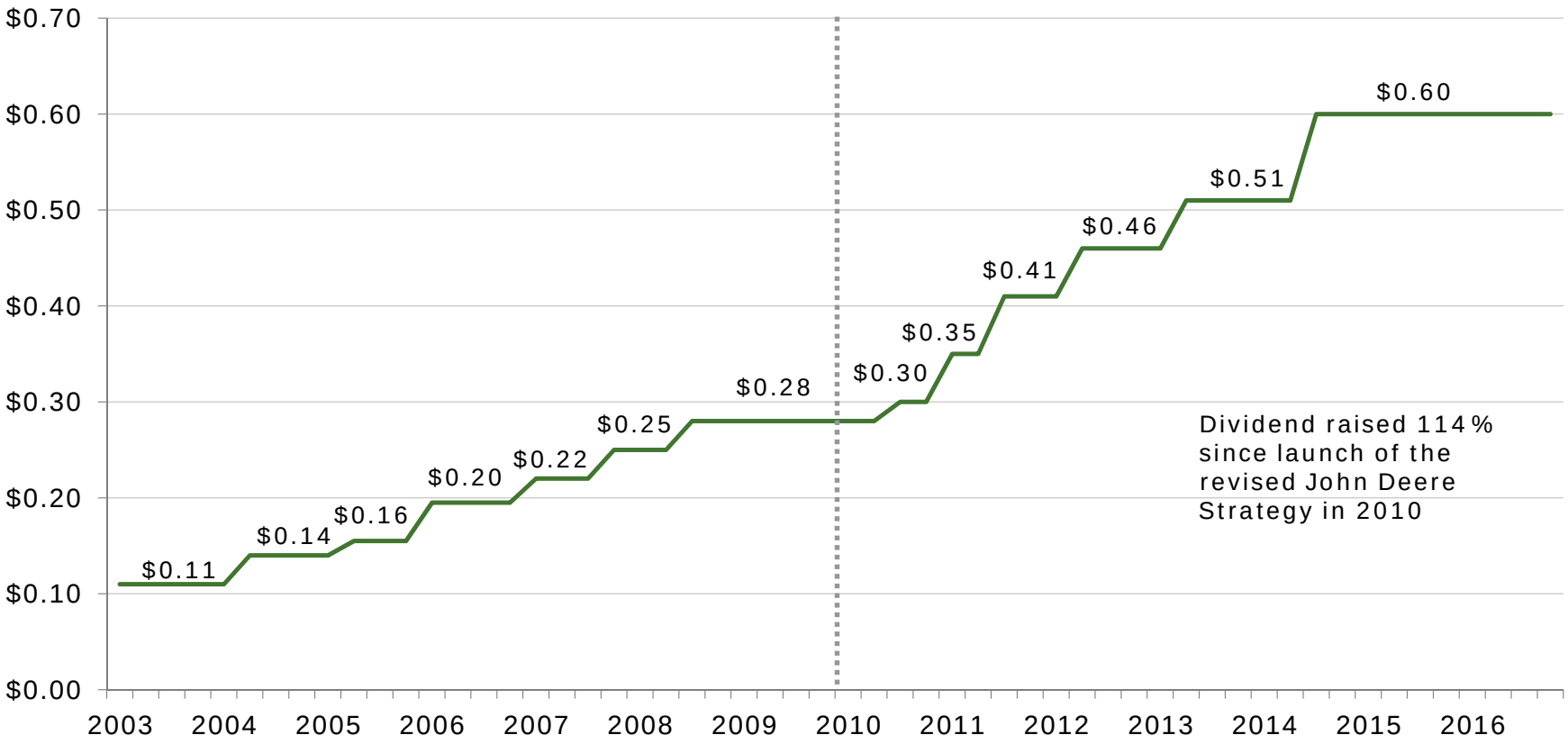


(1) Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including excess tax benefits from share-based compensation and the effect of exchange rates on cash and cash equivalents

Source: Deere & Company SEC filings

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Deere Quarterly Dividends Declared*
Q1 2003 – Q4 2016

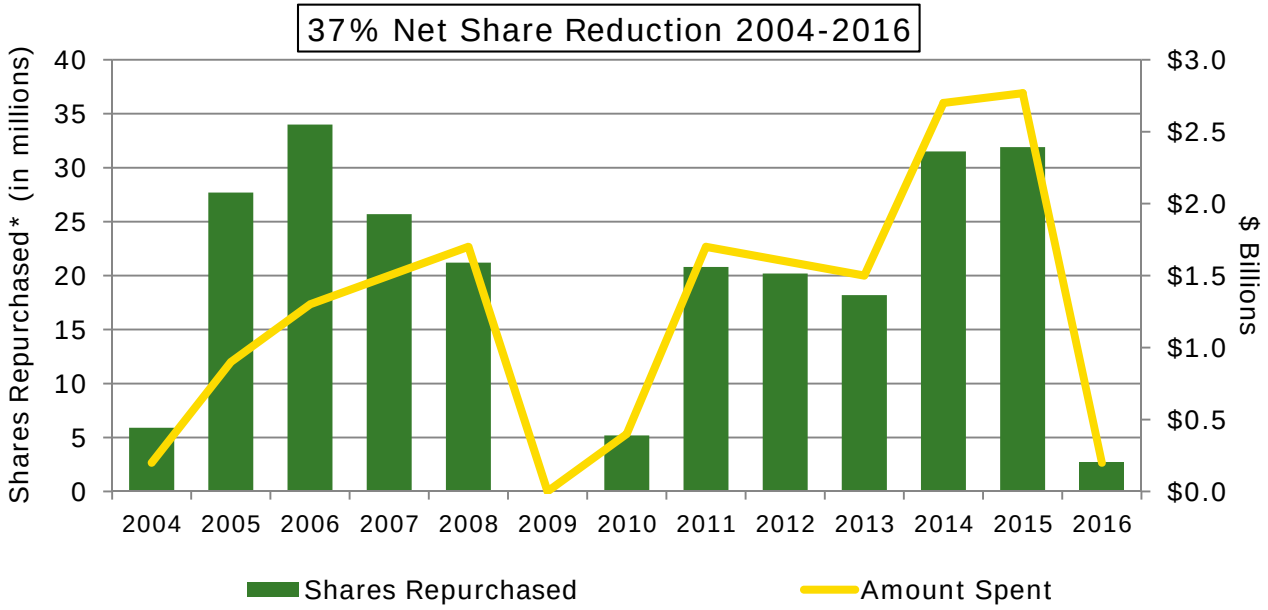


** Adjusted for 2 for 1 stock split on 26 November 2007*

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Share Repurchase
As Part of Publicly Announced Plans

Cumulative cost of repurchases 2004-2016:	$16.4 billion
Amount remaining on December 2013 authorization of $8 billion:	$3.3 billion
31 October 2016 period ended basic shares:	314.8 million
2016 average diluted shares:	316.6 million
Shares repurchased 2004-2016:	245.0 million
Average repurchase price 2004-2016:	$66.96



** All shares adjusted for two-for-one stock split effective 26 November 2007*

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Other Information
Equipment Operations

Fiscal Year 2016

- Capital Expenditures: $642 million
  - Previous forecast: ~ $650 million
- Depreciation and Amortization: $803 million
  - Previous forecast: ~ $800 million
- Pension/OPEB Contributions: $127 million
  - Previous forecast: ~ $105 million

Deere & Company Previous Forecast as of 19 August 2016

Other Information
Equipment Operations

Fiscal Year 2017 Forecast

- Capital Expenditures: ~ $600 million
- Depreciation and Amortization: ~ $850 million
- Pension/OPEB Contributions: ~ $100 million

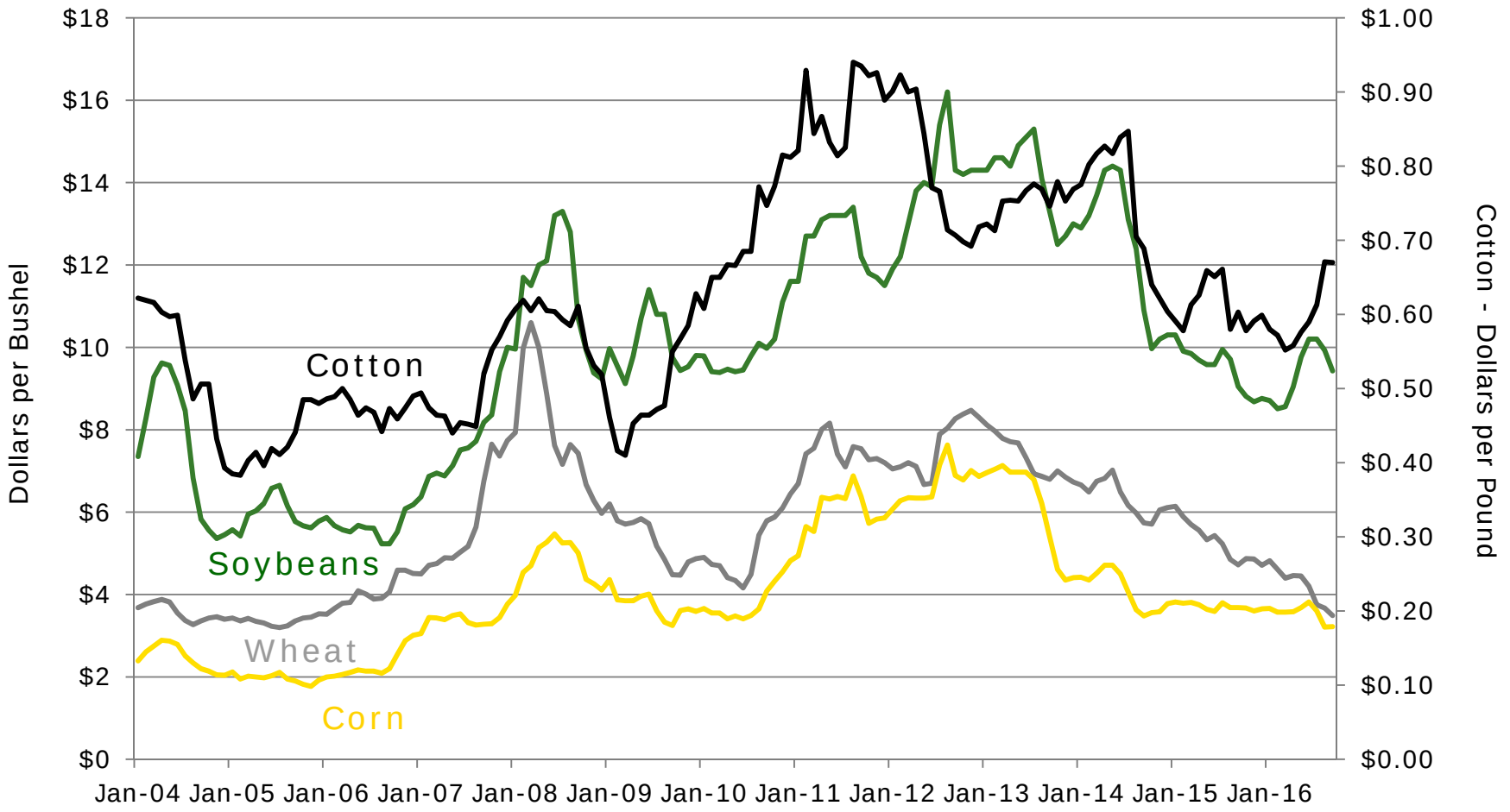
Deere & Company Forecast as of 23 November 2016

U.S. Farm Commodity Prices

(dollars per bushel, except cotton, which is dollars per pound)	2015/16 Estimate	Previous 2015/16	2016/17 Projection	Previous 2016/17
Corn	$3.61	$3.60	$3.30	$3.15
Wheat	$4.89	$4.89	$3.70	$3.75
Soybeans	$8.95	$8.95	$9.20	$9.30
Cotton	$0.58	$0.58	$0.67	$0.62

Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

U.S. Farm Commodity Prices



Source: USDA, 9 November 2016

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U.S. Acres Harvested and Crop Yields

(Yield in bushels per acre, except cotton, which is pounds per acre)	Acres Harvested *(millions)*		Yield	
	2015/16 Estimate	2016/17 Projection	2015/16 Estimate	2016/17 Projection
Corn	80.7	86.8	168.4	175.3
Wheat	47.3	43.9	43.6	52.6
Soybeans	81.7	83.0	48.0	52.5
Cotton	8.1	9.7	766	803

Deere & Company Forecast as of 23 November 2016

U.S. Farm Cash Receipts

(in billions of dollars)	2015	2016 Forecast	Previous 2016	2017 Forecast
Crops	$189.4	$182.3	$188.2	$186.2
Livestock	$189.8	$171.2	$171.3	$168.4
Government Payments	$10.8	$13.5	$13.9	$12.5
Total Cash Receipts	$390.0	$367.0	$373.4	$367.1

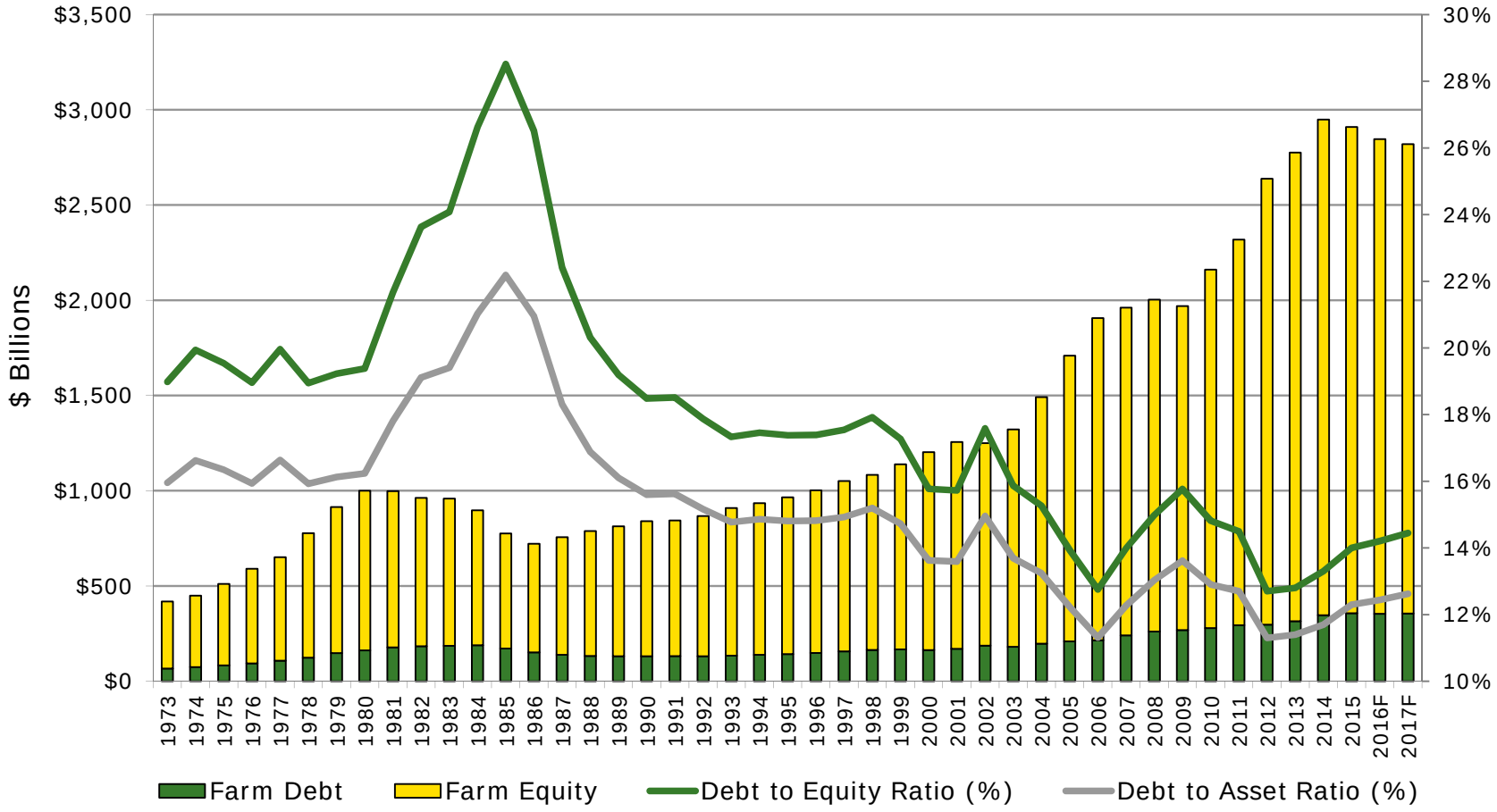
Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

U.S. Net Farm Cash Income

(in billions of dollars)	2015	2016 Forecast	Previous 2016	2017 Forecast
Total Cash Receipts	$390.0	$367.0	$373.4	$367.1
Other Farm-Related Income	$34.4	$33.7	$34.9	$34.3
Gross Cash Income	$424.4	$400.7	$408.3	$401.4
Cash Expenses	($315.9)	($306.6)	($323.0)	($299.0)
Net Cash Income	$108.5	$94.1	$85.3	$102.4

Deere & Company Forecast as of 23 November 2016 (Previous Forecast as of 19 August 2016)

U.S. Farm Balance Sheet



Source: 1973 – 2015: USDA, 30 August 2016
2016F – 2017F: Deere & Company Forecast as of 23 November 2016

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October 2016 Retail Sales and Dealer Inventories

Retail Sales		
U.S. and Canada Ag	Industry*	Deere**
2WD Tractors (< 40 PTO hp)	↑ 7%	↑ low double digits
2WD Tractors (40 < 100 PTO hp)	flat	↓ single digit
2WD Tractors (100+ PTO hp)	↓ 17%	↓ more than the industry
4WD Tractors	↑ 19%	↑ more than the industry
Combines	↓ 27%	↓ more than the industry

Deere Dealer Inventories***		
U.S. and Canada Ag	2016	2015
2WD Tractors (100+ PTO hp)	31%	24%
Combines	5%	6%

* *As reported by the Association of Equipment Manufacturers*
** *As reported to the Association of Equipment Manufacturers*
*** *At 31 October – in units as a % of trailing 12 months retail sales, as reported to the Association of Equipment Manufacturers*

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October 2016 Retail Sales

EU 28	Deere*
Tractors	↓ double digits
Combines	↓ single digit

U.S. and Canada	Deere*
Selected Turf & Utility Equipment	↑ double digits

U.S. and Canada – Construction & Forestry	Deere*
First-in-the-Dirt	↓ low double digits
Settlements	↓ double digits

** Based on internal sales reports*

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Deere's first quarter 2017 conference call
is scheduled for 9:00 a.m. central time
on Friday, February 17, 2017



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