3Q 2017 Earnings Call

18 August 2017



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.

3Q 2017 Overview

($ millions except where noted)	3Q 2017	3Q 2017 vs. 3Q 2016
Net Sales & Revenues	**$7,808**	↑ **16%**
Net Sales (equipment operations)	**$6,833**	↑ **17%**
Net Income (attributable to Deere & Company)	**$642**	↑ **31%**
Diluted EPS ($ per share)	**$1.97**	↑ **27%**

3Q 2017 Overview

Equipment Operations

	3Q 2017 vs. 3Q 2016	
Net Sales	↑	**17%**
Price realization	↑	1 point
Currency translation	↔	Flat

Worldwide Agriculture & Turf

3Q 2017 Overview

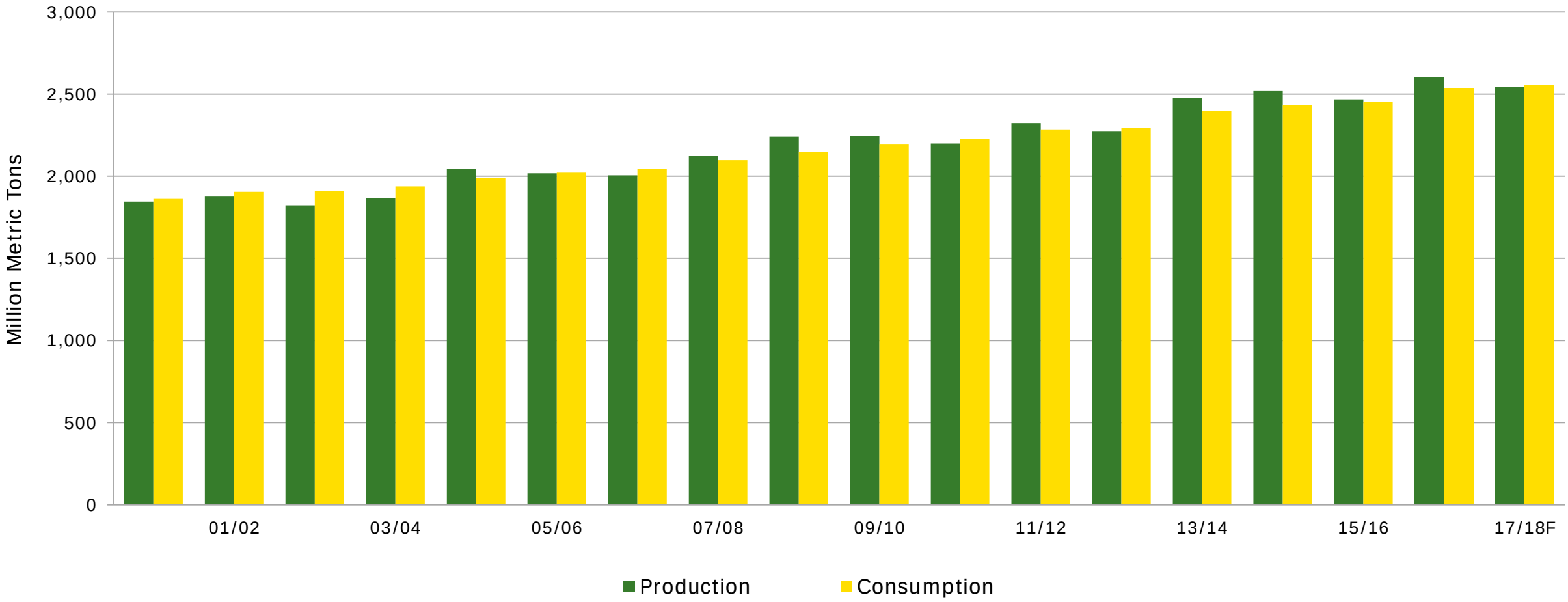
($ millions)	3Q 2017	3Q 2017 vs. 3Q 2016
Net Sales	**$5,338**	↑ **13%**
Operating Profit*	**$685**	↑ **20%**

*3Q 2017 operating profit impacted by:

+ Shipment volumes
+ Price realization
– Production costs
– Warranty costs
– Selling, Administrative & General expenses

Global Grains

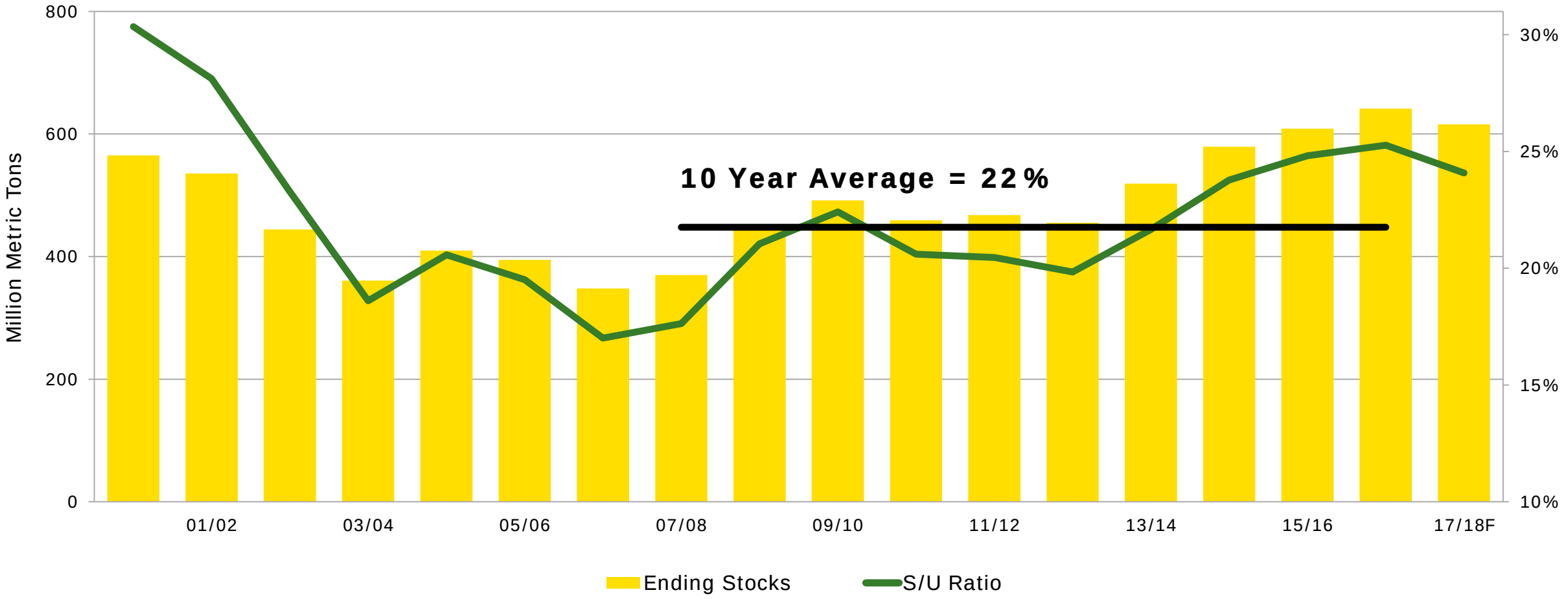
Production and Consumption



Source: USDA FAS, August 2017

Global Grains

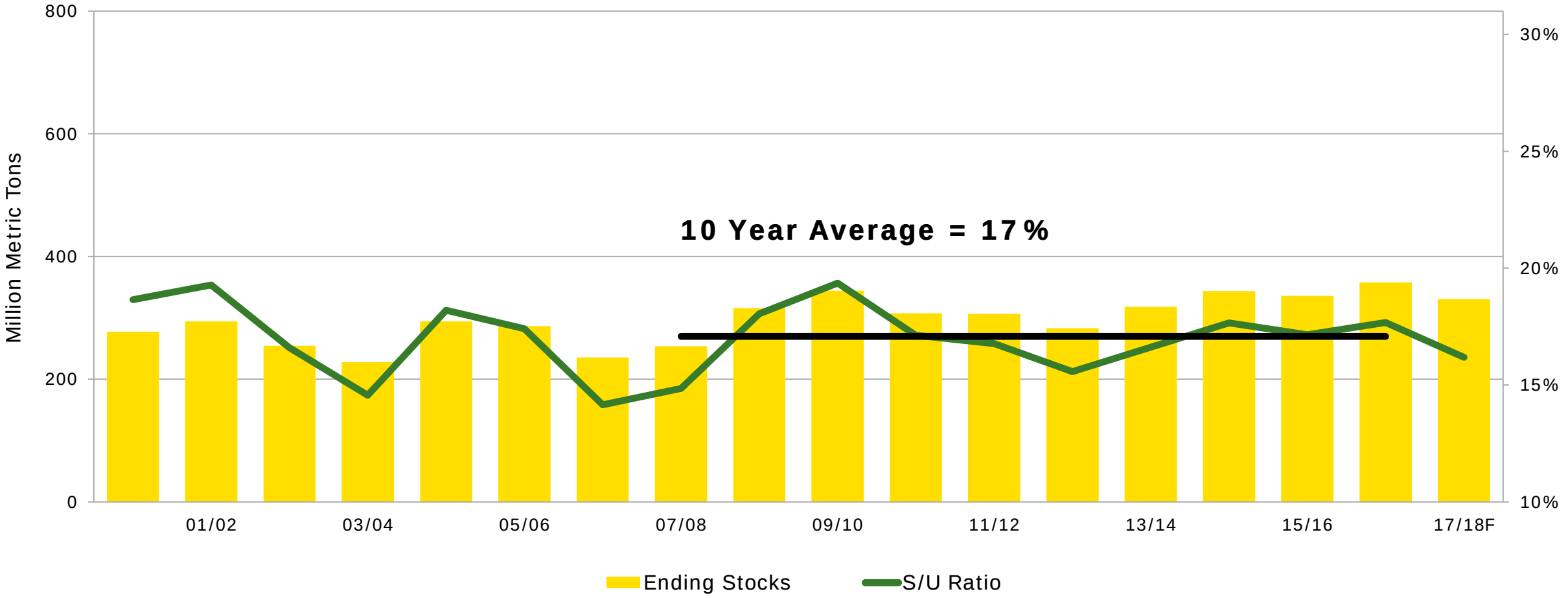
Stocks-to-Use



Source: USDA FAS, August 2017

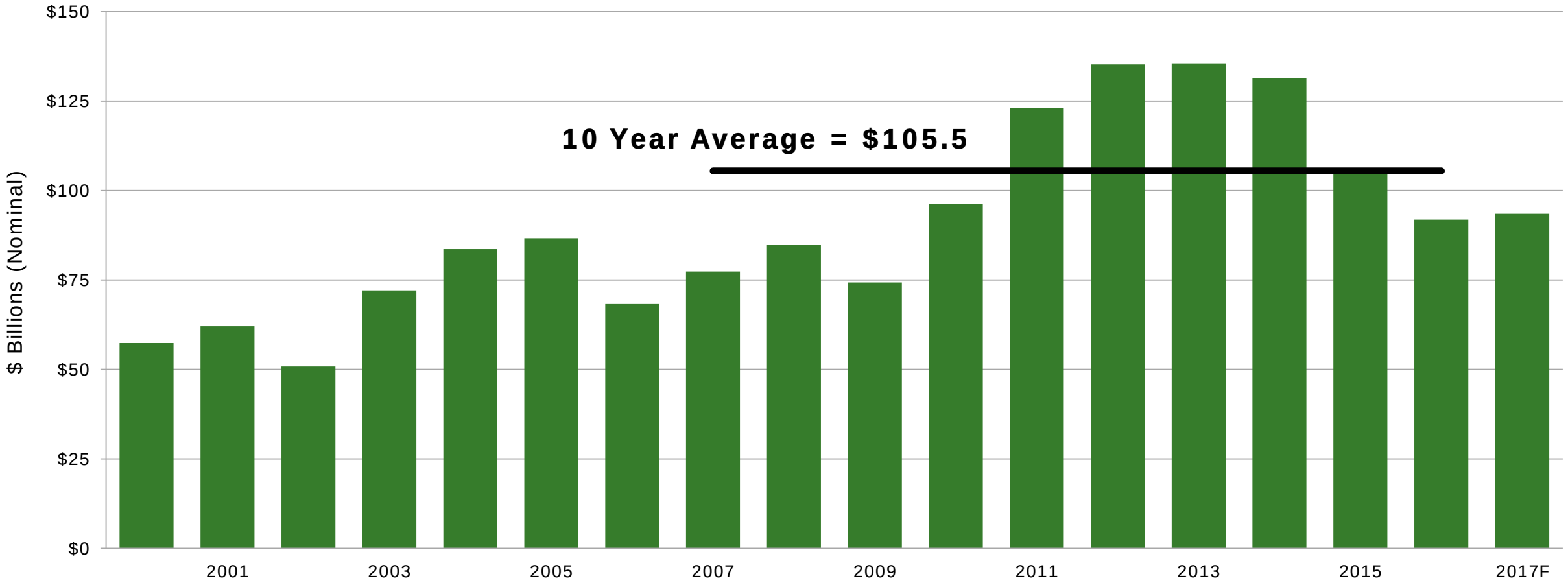
Global Grains (Less China)

Stocks-to-Use



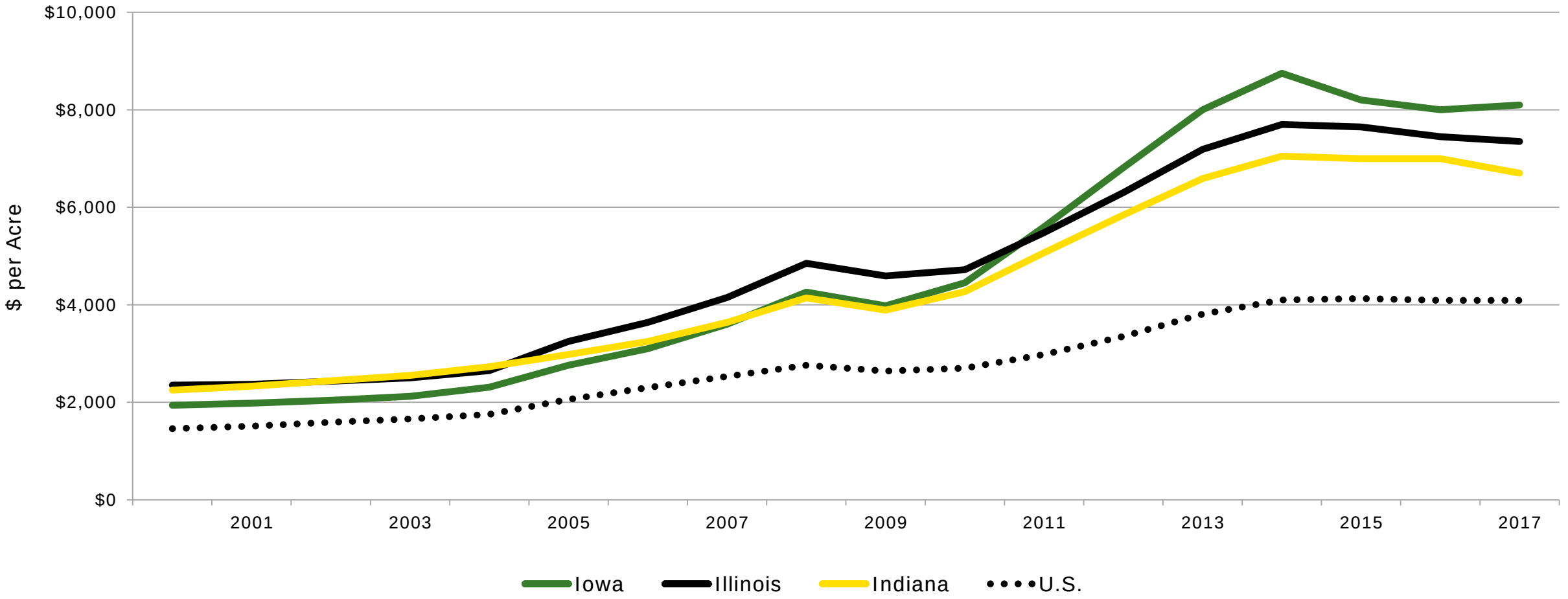
Source: USDA FAS, August 2017

U.S. Net Cash Farm Income



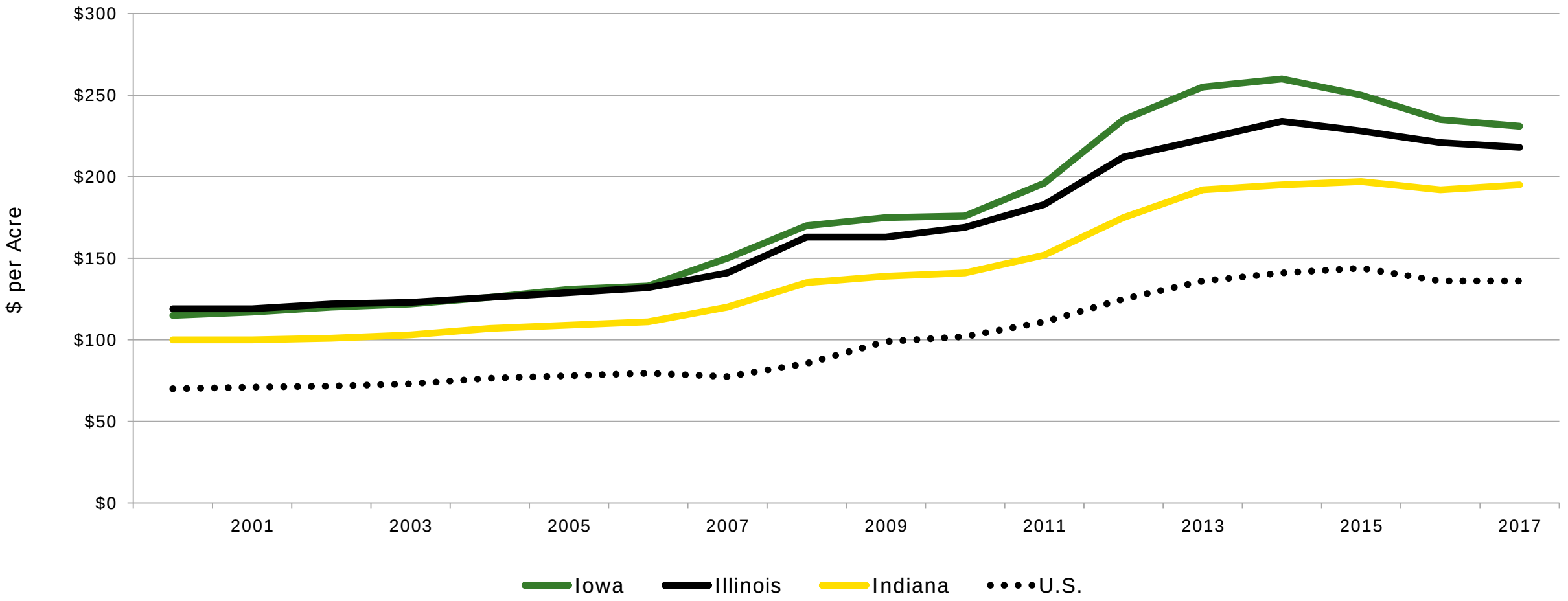
Source: USDA ERS, February 2017

U.S. Cropland Value



Source: USDA NASS, August 2017

U.S. Cropland Cash Rent



Source: USDA NASS, August 2017

Agriculture & Turf Retail Sales

Industry Outlook

	Fiscal 2017 Forecast	Previous Forecast
U.S. and Canada Ag	**~ 5%**	~ 5%
EU 28 Ag	**Flat to down 5%**	Flat to down 5%
South America Ag (tractors and combines)	**~ 20%**	~ 20%
Asia Ag	**Flat to down slightly**	Flat to up slightly
U.S. and Canada Turf and Utility	**~ Flat**	~ Flat

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Worldwide Agriculture & Turf

Deere & Company Outlook

	Fiscal 2017 Forecast	Previous Forecast
Net Sales	**~ 9%**	~ 8%
Currency translation	~ 1 point	~ Flat

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Worldwide Construction & Forestry

3Q 2017 Overview

($ millions)	3Q 2017	3Q 2017 vs. 3Q 2016
Net Sales	**$1,495**	↑ **29%**
Operating Profit*	**$110**	↑ **104%**

*3Q 2017 operating profit impacted by:

+ Shipment volumes
– Selling, Administrative & General expenses
– Sales-incentive expenses
– Production costs

Worldwide Construction & Forestry

U.S. Economic Indicators

(annual percentage rate* except where noted)	Fiscal 2017 Forecast	Previous Forecast
GDP Growth	**2.2%**	2.3%
Housing Starts (thousands)	**1,214**	1,258
Total Construction Investment	**3.0%**	3.3%
Government Construction Investment	**1.7%**	0.1%

** Change from prior year in real dollars*
Source: IHS Global Insight, Calendar Year Estimates – July 2017 (previous forecast as of April 2017)

Worldwide Construction & Forestry

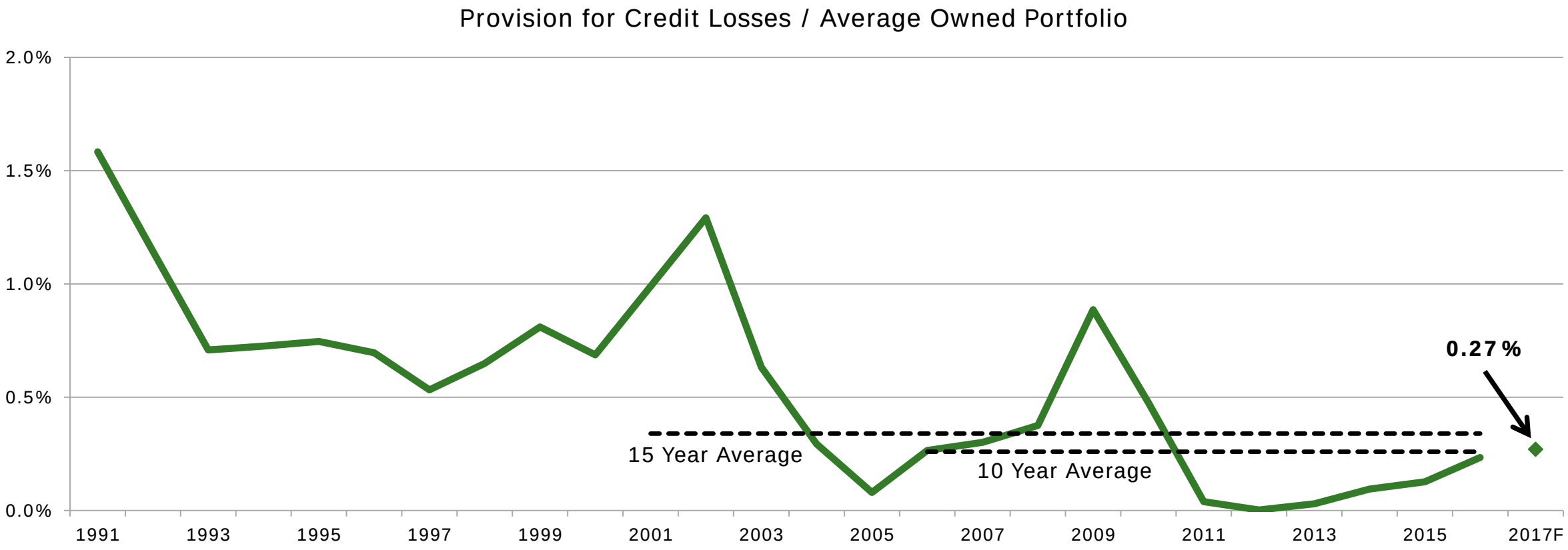
Deere & Company Outlook

	Fiscal 2017 Forecast	Previous Forecast
Net Sales	**~ 15%**	~ 13%
Currency translation	~ Flat	~ Flat

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Worldwide Financial Services

Credit Loss History



Source: Deere & Company forecast as of 18 August 2017

Worldwide Financial Services

($ millions)	3Q 2017	Fiscal 2017 Forecast	Previous Forecast
Net Income (attributable to Deere & Company)	**$131.2**	**~ $475**	~ $475

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Consolidated Trade Receivables & Inventory

($ millions)	3Q 2017*	Fiscal 2017 Forecast**	Previous Forecast**
Agriculture & Turf	**$589**	**~ $575**	~ $225
Construction & Forestry	**$278**	**~ $375**	~ $175
Total (as reported)	**$867**	**~ $950**	~ $400
Total (constant exchange)	**$704**	**~ $775**	~ $400

** Change at 30 July 2017 vs. 31 July 2016*
*** Forecasted change at 29 October 2017 vs. 30 October 2016*
Note: Before the sale of receivables to John Deere Financial
Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Cost of Sales
Equipment Operations

	3Q 2017	Fiscal 2017 Forecast	Previous Forecast
COS (percent of Net Sales)	**77.1%**	**~ 77%**	~ 77%

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Research & Development Expense

Equipment Operations

	3Q 2017 vs. 3Q 2016	Fiscal 2017 Forecast	Previous Forecast
R&D Expense	↓ **1%**	↓ **~ 1%**	↓ ~ 1%

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Selling, Administrative & General Expense
Equipment Operations

	3Q 2017 vs. 3Q 2016	Fiscal 2017 Forecast	Previous Forecast
SA&G Expense	**12%**	**~ 11%**	~ 7%
Incentive compensation	4 points	~ 2 points	~ 2 points
Commissions paid to dealers	3 points	~ 2 points	~ 1 point
Acquisition-related activities	2 points	~ 2 points	~ Flat
Voluntary separation program	Flat	~ 2 points	~ 2 points
Currency translation	Flat	~ 1 point	~ Flat

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Income Taxes
Equipment Operations

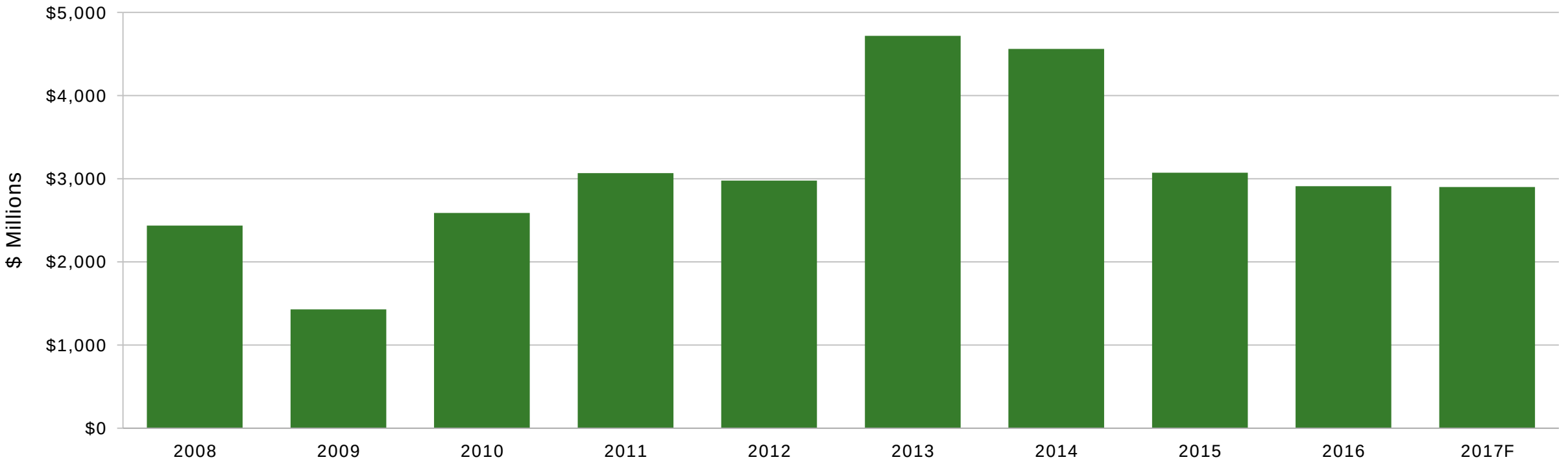
	3Q 2017	Fiscal 2017 Forecast	Previous Forecast
Effective Tax Rate	**27%**	**30-32%**	32-34%

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Net Operating Cash Flows

Equipment Operations

Fiscal 2017 Forecast* ~ $2.9 billion



** Previous forecast ~ $3.1 billion*
Note: 2008-2016 adjusted with the adoption of FASB ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting"
Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Deere & Company Outlook

Fiscal 2017 Forecast

($ billions except where noted)	4Q 2017 Forecast	Fiscal 2017 Forecast	Previous Forecast
Net Sales (equipment operations)	↑ **~ 24%**	↑ **~ 10%**	↑ ~ 9%
Price realization	↑ ~ 1 point	↑ ~ 1 point	↑ ~ 1 point
Currency translation	↑ ~ 2 points	↑ ~ 1 point	↔ ~ Flat
Net Income (attributable to Deere & Company)		**~ $2.075**	~ $2.0

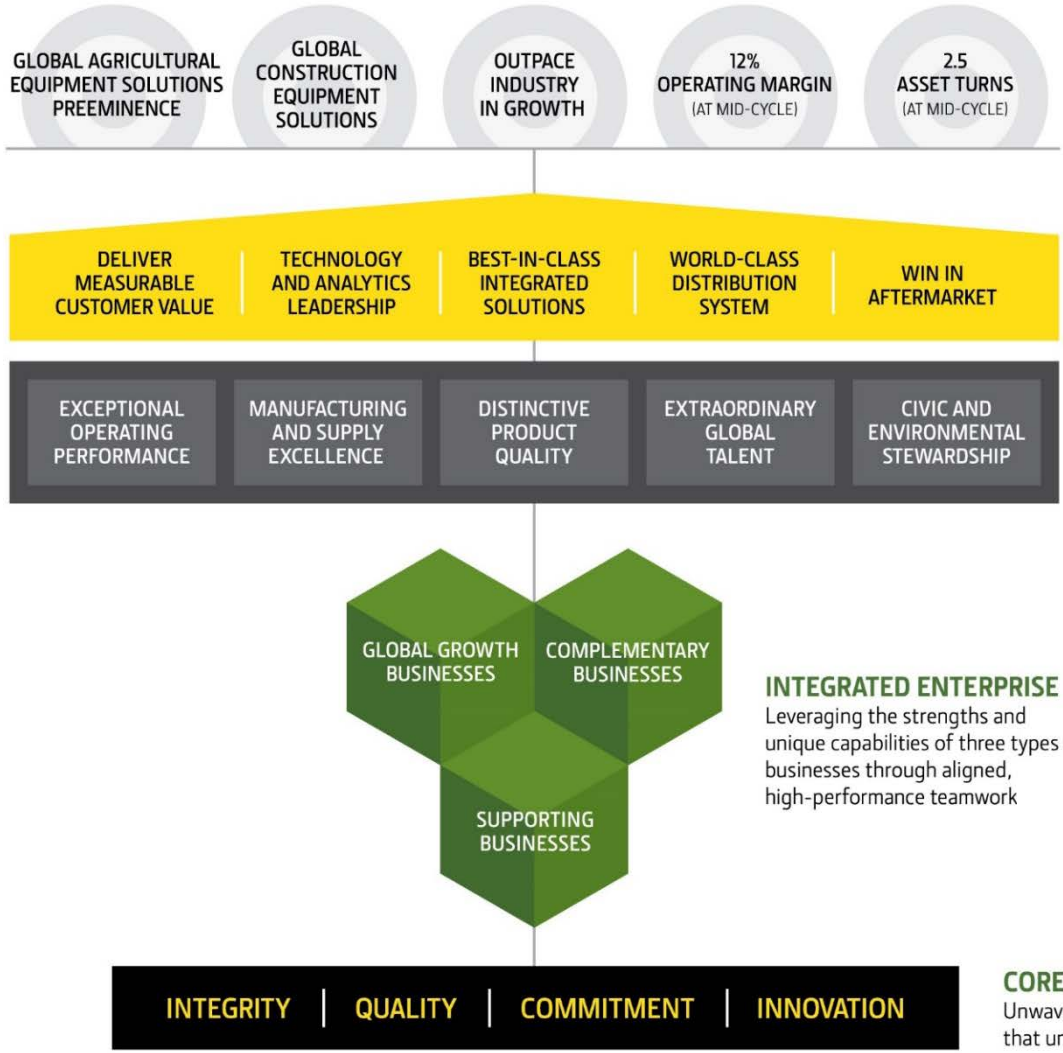
Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

Appendix



THE JOHN DEERE STRATEGY

OUR PURPOSE Committed to those linked to the land



OUR ASPIRATIONS
Realizing sustainable SVA growth through innovation and disciplined expansion

CRITICAL SUCCESS FACTORS
Further developing the capabilities essential to reaching our goals

FOUNDATIONAL SUCCESS FACTORS
Investing in the core strengths that have guided our success

INTEGRATED ENTERPRISE
Leveraging the strengths and unique capabilities of three types of businesses through aligned, high-performance teamwork

CORE VALUES
Unwavering adherence to the values that unite and differentiate us

Deere Use-of-Cash Priorities

Cash from Operations

Committed to "A" Rating

- Manage the balance sheet, including liquidity, to support a rating that provides access to low-cost and readily available short- and long-term funding mechanisms
  - Reflects the strategic nature of our financial services operation

Fund Operating and Growth Needs

- Fund value-creating investments in our businesses

Common Stock Dividend

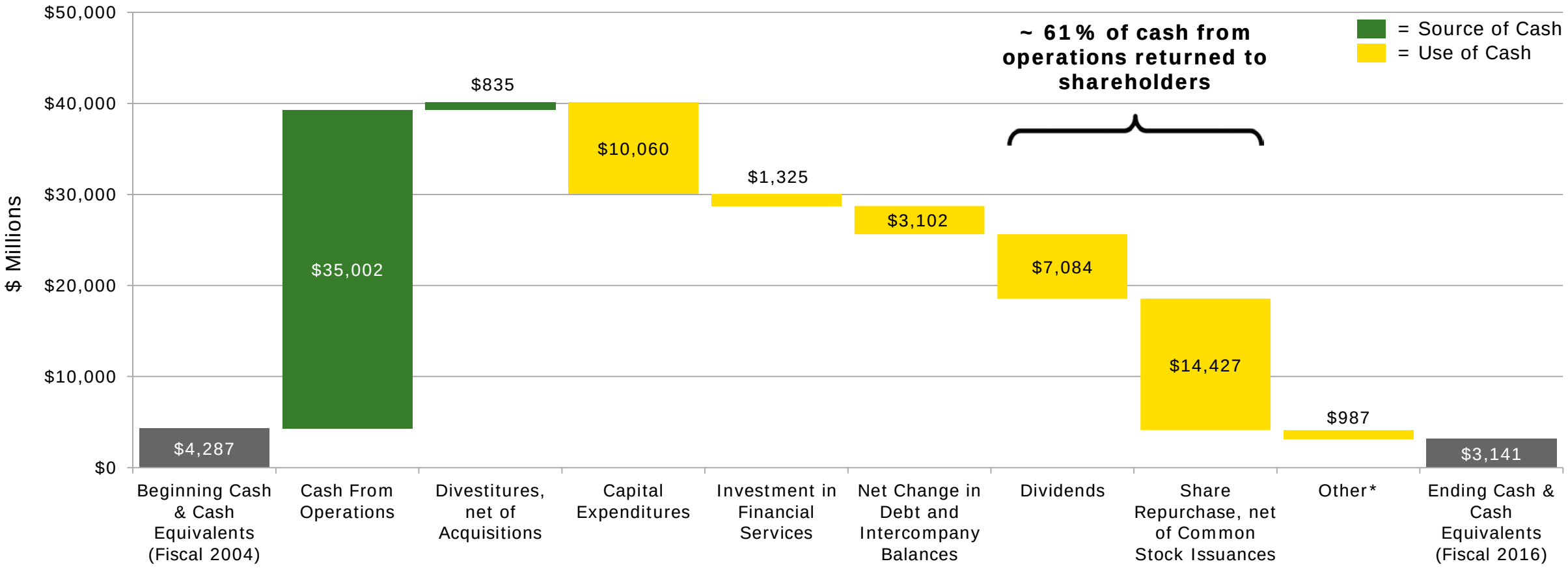
- Consistently and moderately raise dividend targeting a 25%-35% payout ratio of mid-cycle earnings

Share Repurchase

- Consider share repurchase as a means to deploy excess cash to shareholders, once above requirements are met and repurchase is viewed as value-enhancing

Sources and Uses of Cash Fiscal 2004-2016

Equipment Operations



** Other includes proceeds from maturities and sales of marketable securities and purchases of marketable securities and reconciliation for non-cash items including the effect of exchange rates on cash and cash equivalents*

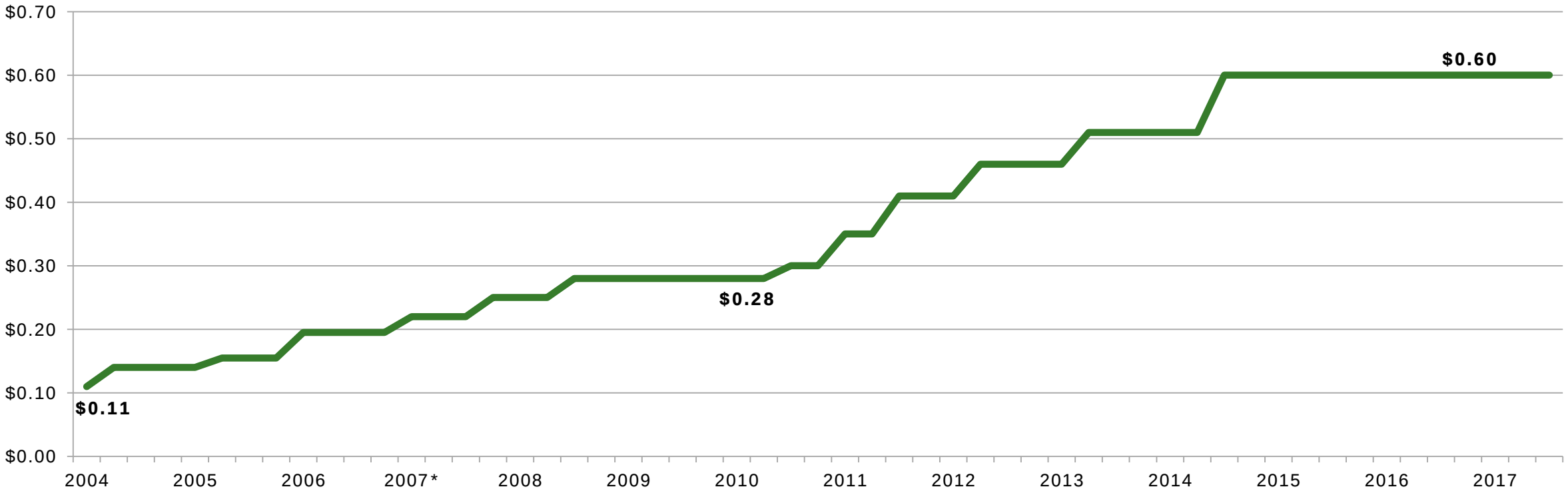
Note: "Cash from Operations" adjusted with the adoption of FASB ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting"

Source: Deere & Company SEC filings

Deere Quarterly Dividends Declared

1Q 2004 – 3Q 2017

Dividend raised 114% since 2010



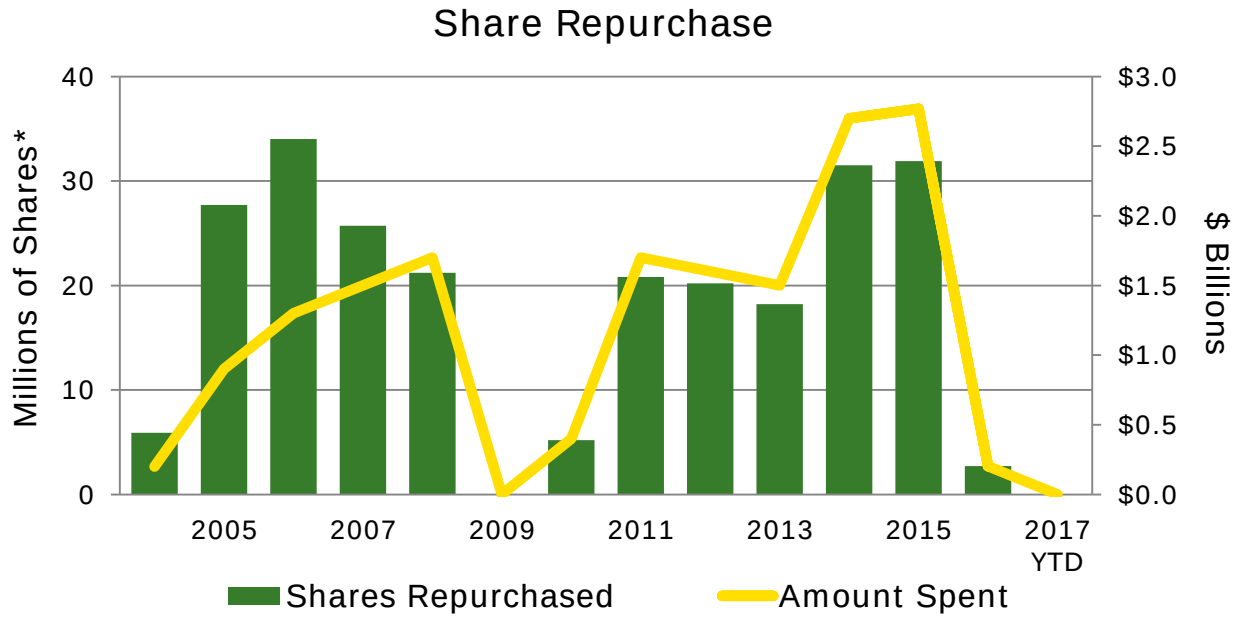
** Adjusted for 2 for 1 stock split on 26 November 2007*

Share Repurchase

As Part of Publicly Announced Plans

35% net share reduction since 2004

2004–3Q 2017:	
Cumulative cost of repurchases	$16.4 billion
Shares repurchased	245.0 million
Average repurchase price	$66.96
December 2013 authorization of $8 billion:	
Amount remaining	$3.3 billion
30 July 2017 period ended basic shares	321.3 million
3Q 2017 average diluted shares	325.1 million



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

Pension and OPEB Expense

($ millions)	3Q 2017	Fiscal 2017 Forecast	Previous Forecast
Pension and OPEB Expense	**$12**	**~ $30**	~ $35

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

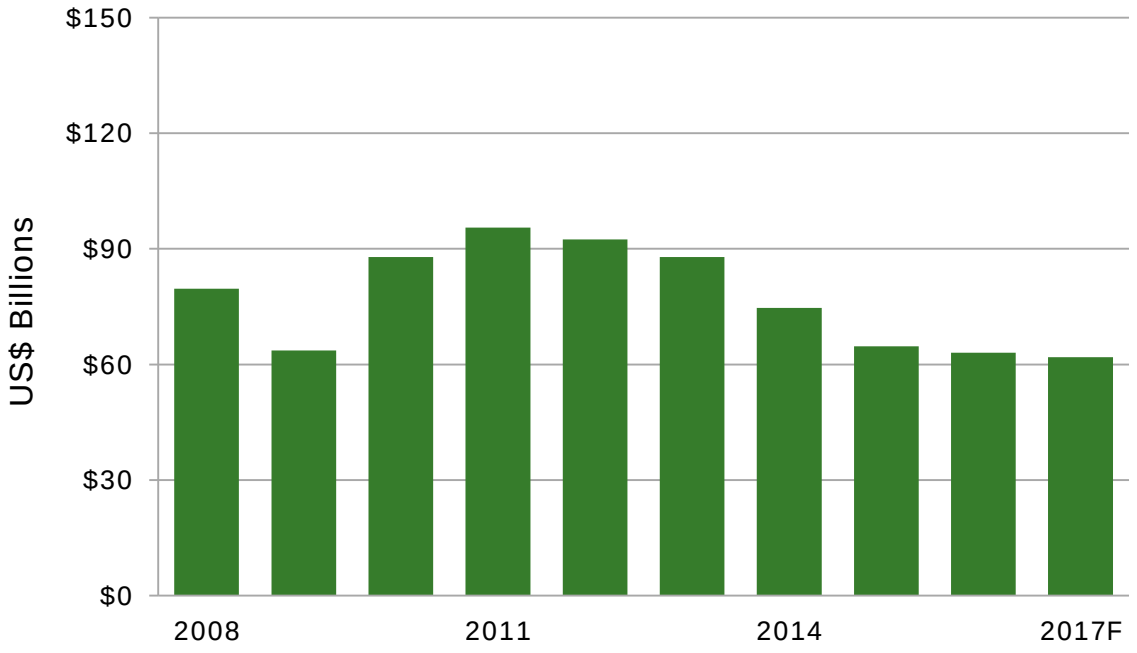
Other Information
Equipment Operations

($ millions)	Fiscal 2017 Forecast	Previous Forecast
Capital Expenditures	**~ $650**	~ $650
Depreciation and Amortization	**~ $850**	~ $850
Pension / OPEB Contributions	**~ $115**	~ $100

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

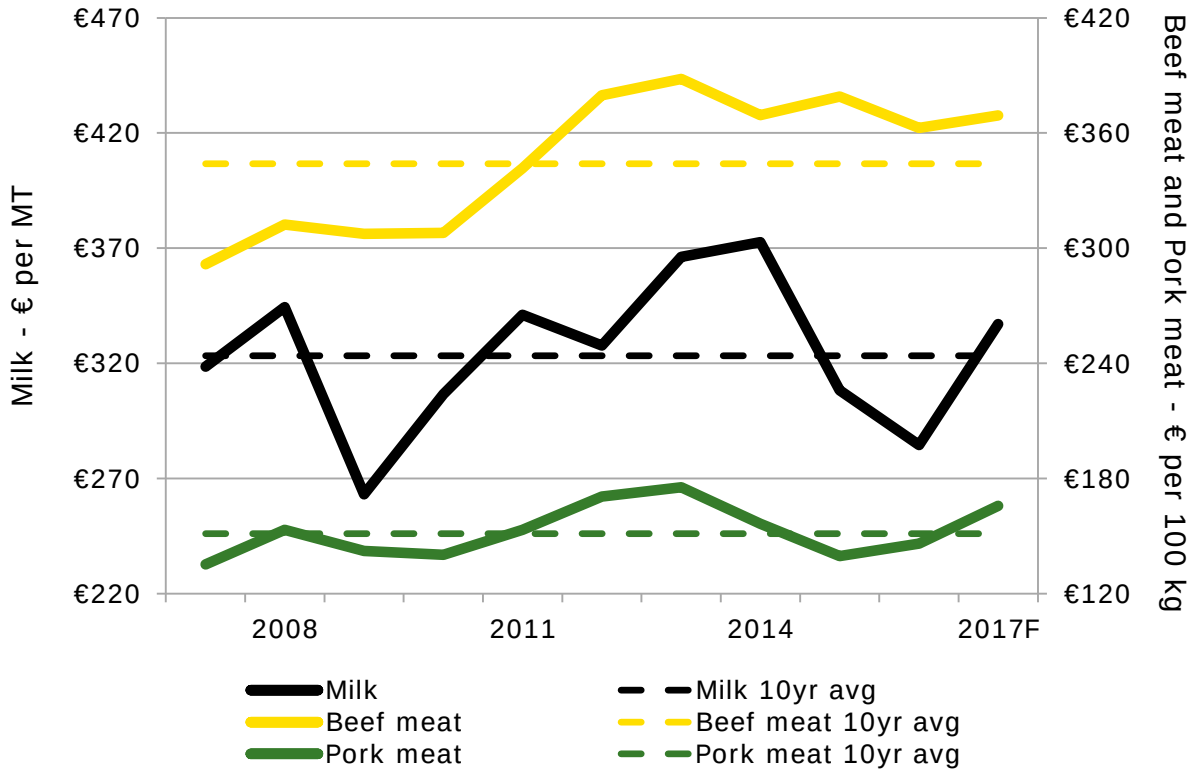
Economic Update
EU 28

Crop Value of Production*



** Includes wheat, barley, corn, sunflower seed, rapeseed, soybean, sugar beet, cotton, rice*
Source: IHS Global Insight, May 2017

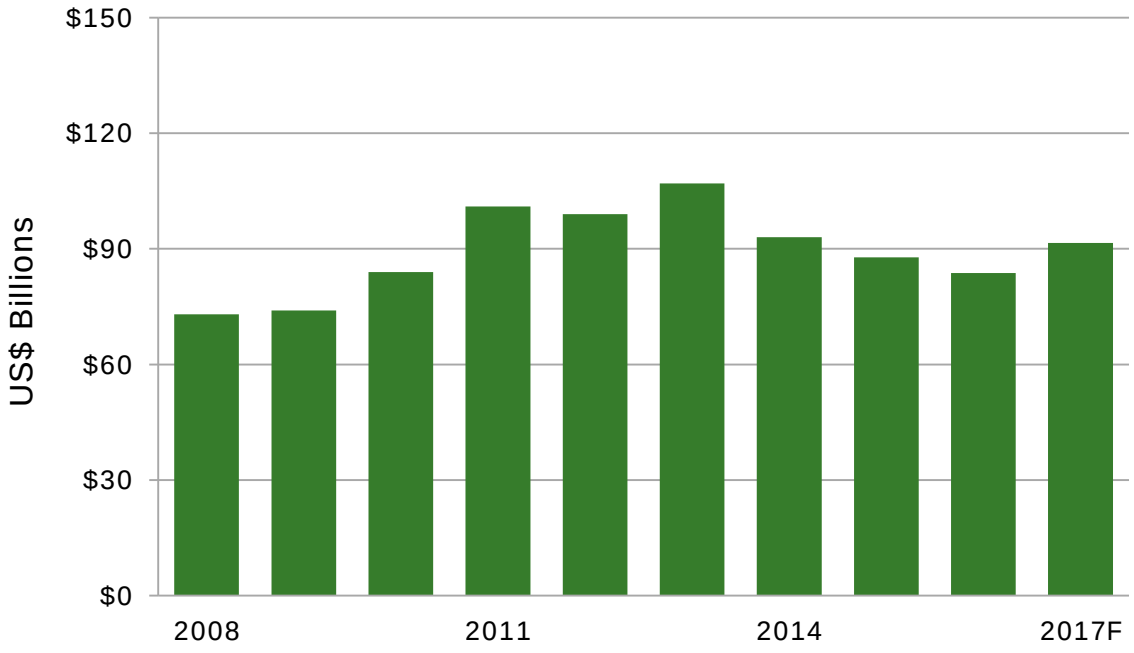
Dairy, Beef and Pork Prices



Source: EU Com, LTO, IFCN, July 2017
Deere & Company forecast as of 18 August 2017

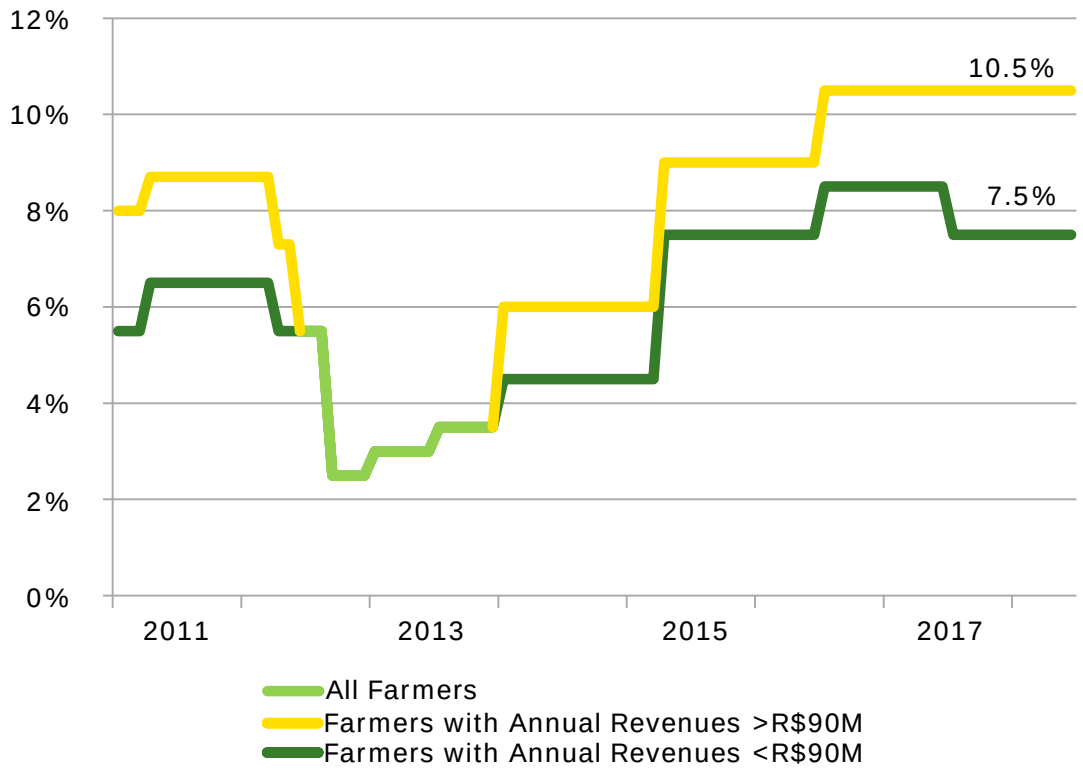
Economic Update
Brazil

Crop Value of Production*



** Includes key grains, ethanol, sugar*
Source: IHS Global Insight, May 2017

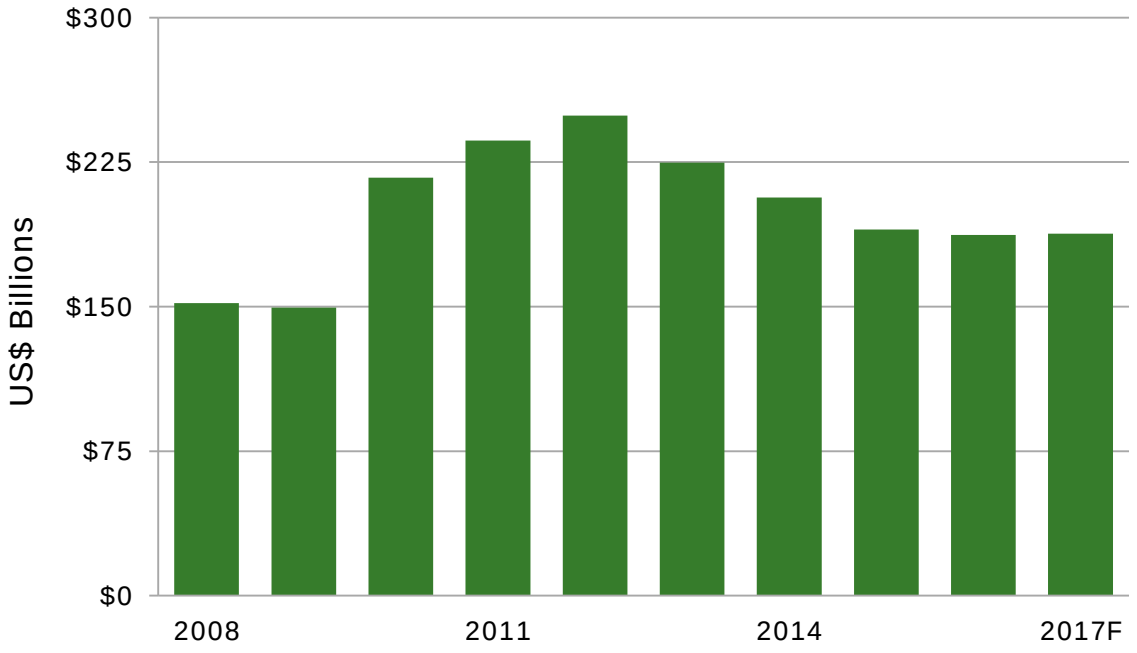
Eligible Finance Rates for Agriculture Equipment



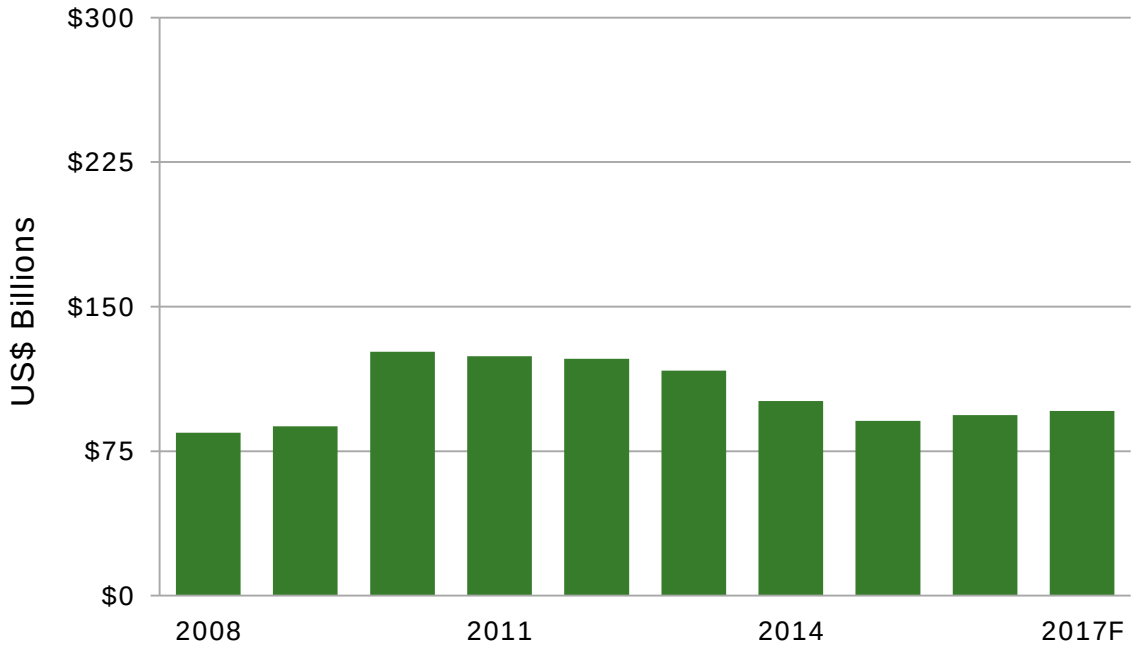
Note: PSI-FINAME was key credit line for machinery acquisition 2011–2014; Moderfrota is currently the most attractive credit line
Source: ABIMAQ (Brazilian Association of Machinery & Equipment) and BNDES

Economic Update
Other Selected Markets

China - Crop Value of Production*

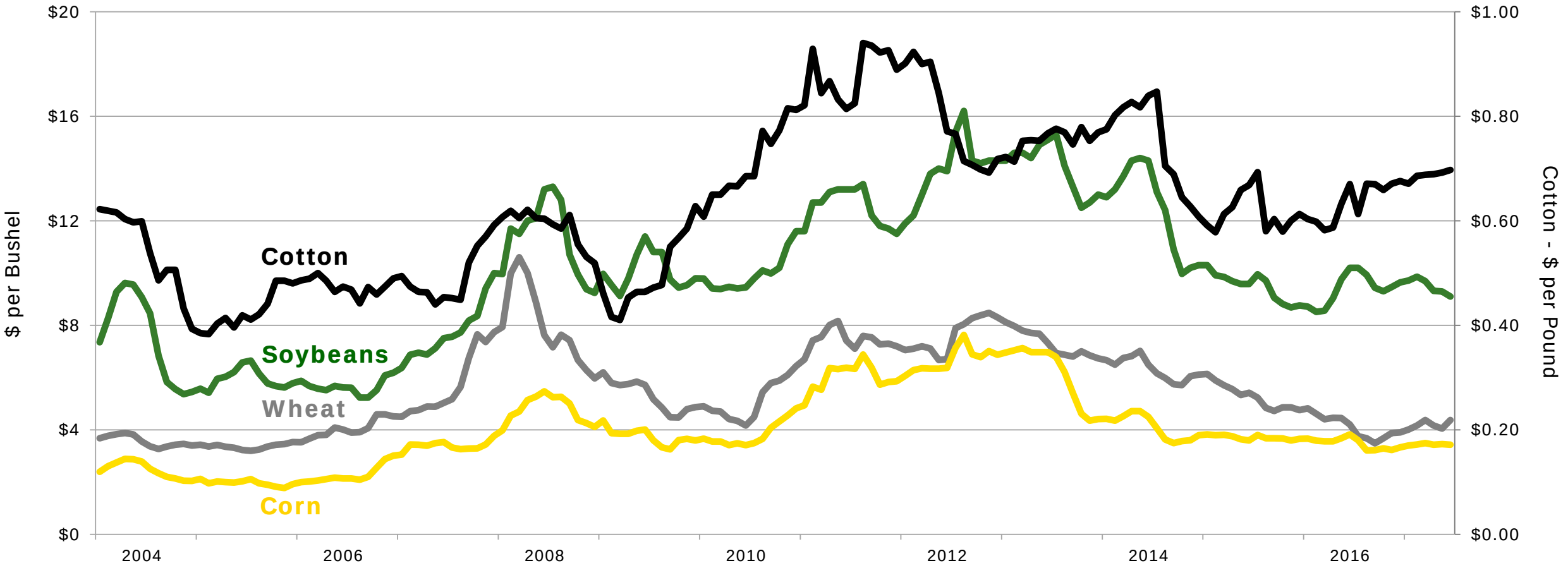


India - Crop Value of Production*



** Includes corn, wheat, rice, barley, sorghum, oilseeds, peanut, sugar, cotton*
Source: IHS Global Insight, May 2017

U.S. Farm Commodity Prices



Source: USDA, 31 July 2017

U.S. Farm Commodity Prices

($ per bushel except where noted)	2015/16	2016/17 Estimate	2017/18 Projection	Previous 2017/18
Corn	**$3.61**	**$3.35**	**$3.30**	$3.40
Soybeans	**$8.95**	**$9.50**	**$9.30**	$9.30
Wheat	**$4.89**	**$3.89**	**$4.80**	$4.25
Cotton ($ per pound)	**$0.61**	**$0.68**	**$0.61**	$0.64

Source: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

U.S. Acres Harvested

(millions)	2016/17 Estimate	2017/18 Projection
Corn	86.7	83.5
Soybeans	82.7	88.7
Wheat	43.9	38.1
Cotton	9.5	11.1

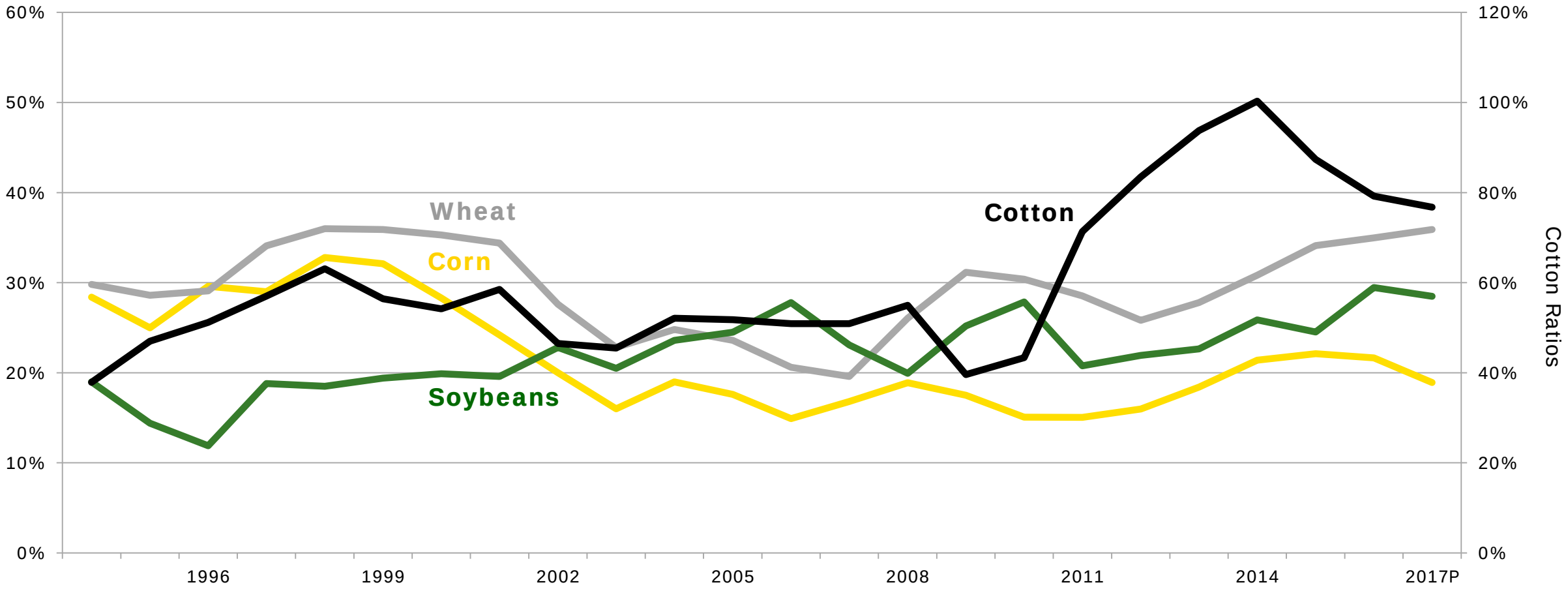
Source: Deere & Company forecast as of 18 August 2017

U.S. Crop Yields

(bushels per acre except where noted)	2016/17 Estimate	2017/18 Projection
Corn	**174.6**	**169.5**
Soybeans	**52.1**	**49.4**
Wheat	**52.6**	**45.6**
Cotton (pounds per harvested acre)	**867**	**892**

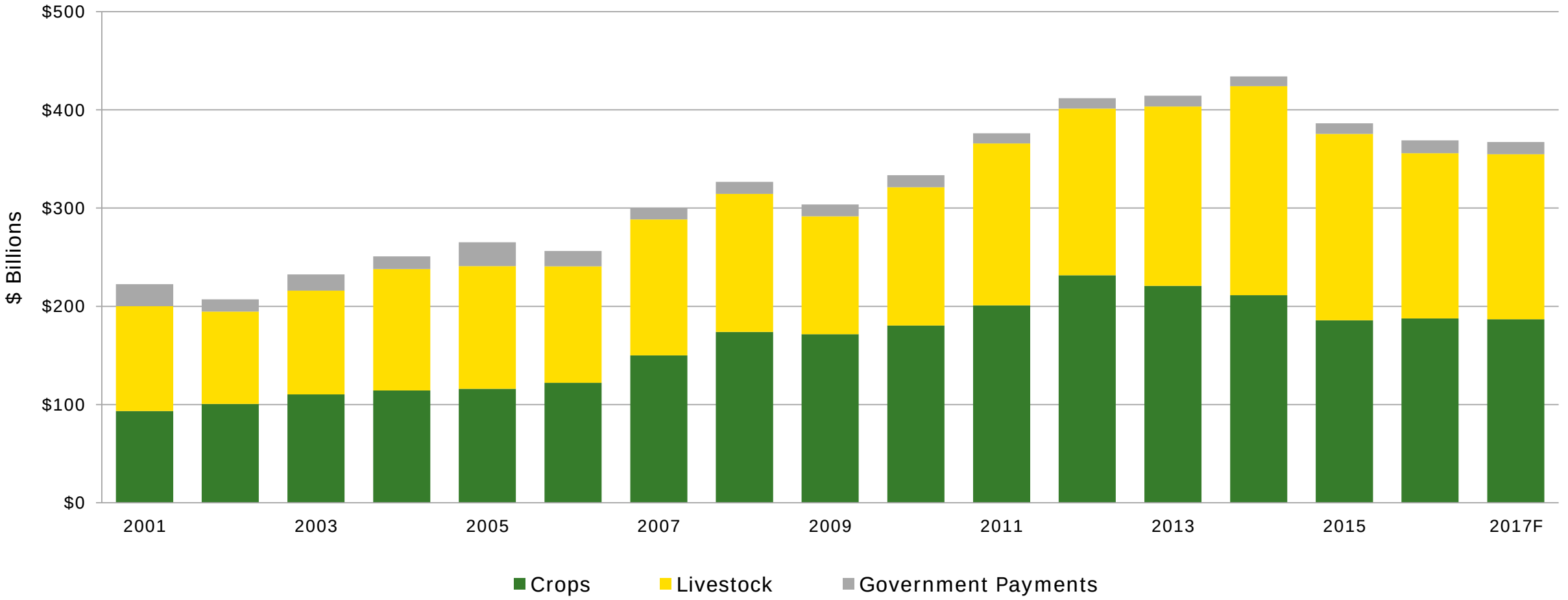
Source: Deere & Company forecast as of 18 August 2017

Global Stocks-to-Use Ratios



Source: USDA, 10 August 2017

U.S. Farm Cash Receipts



Source: 2001–2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 18 August 2017

U.S. Farm Cash Receipts

($ billions)	2015	2016 Forecast	2017 Forecast	Previous 2017
Crops	**$185.7**	**$187.7**	**$186.7**	$186.7
Livestock	**$189.8**	**$168.2**	**$168.2**	$168.2
Government Payments	**$10.8**	**$13.0**	**$12.5**	$12.5
Total Cash Receipts	**$386.3**	**$368.9**	**$367.4**	$367.4

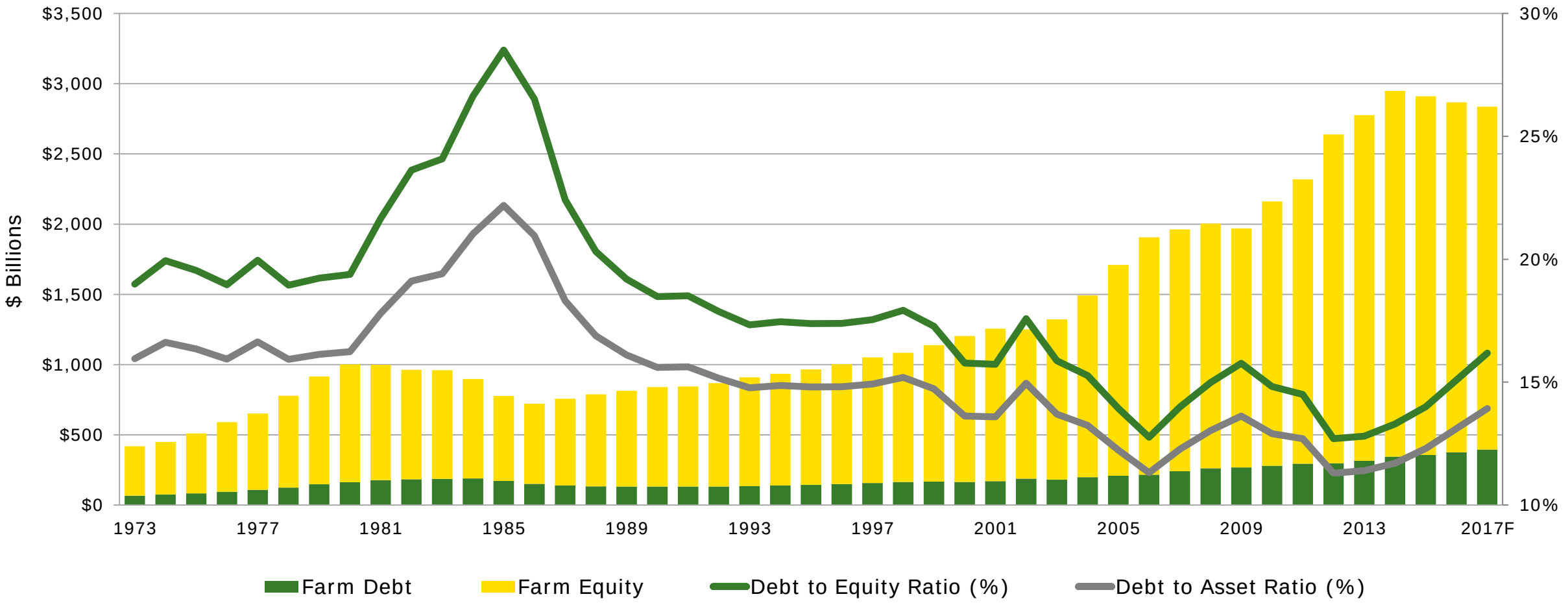
Source: 2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

U.S. Net Farm Cash Income

($ billions)	2015	2016 Forecast	2017 Forecast	Previous 2017
Total Cash Receipts	**$386.3**	**$368.9**	**$367.4**	$367.4
Other Farm-Related Income	**$34.3**	**$30.6**	**$34.4**	$34.4
Gross Cash Income	**$420.6**	**$399.5**	**$401.8**	$401.8
Cash Expenses	**($315.9)**	**($307.6)**	**($308.3)**	($308.3)
Net Cash Income	**$104.7**	**$91.9**	**$93.5**	$93.5

Source: 2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 18 August 2017 (previous forecast as of 19 May 2017)

U.S. Farm Balance Sheet



Source: 1973–2015: USDA, 7 February 2017
2016F–2017F: Deere & Company forecast as of 18 August 2017

July 2017 Retail Sales and Dealer Inventories

Retail Sales U.S. and Canada Ag	Industry*	Deere**
2WD Tractors (< 40 PTO hp)	↑ 3%	↑ Double digits
2WD Tractors (40 < 100 PTO hp)	↑ 2%	↑ In line with the industry
2WD Tractors (100+ PTO hp)	↓ 23%	↓ More than the industry
4WD Tractors	↓ 11%	↑ Single digit
Combines	↑ 6%	↑ Double digits

Deere Dealer Inventories*** U.S. and Canada Ag	2017	2016
2WD Tractors (100+ PTO hp)	31%	37%
Combines	26%	20%

** As reported by the Association of Equipment Manufacturers*
*** As reported to the Association of Equipment Manufacturers*
**** In units as a % of trailing 12 months retail sales, as reported to the Association of Equipment Manufacturers*

July 2017 Retail Sales

Retail Sales EU 28 Ag	Deere*
Tractors	↑ Single digit
Combines	↓ Single digit

Retail Sales U.S. and Canada	Deere*
Selected Turf & Utility Equipment	↑ Single digit
Construction & Forestry	
First-in-the-Dirt	↑ Single digit
Settlements	↓ Single digit

** Based on internal sales reports*

Deere & Company's 4Q 2017 earnings call is scheduled for 9:00 a.m. central time on Wednesday, 22 November 2017

