



# 1Q 2021 Earnings Call

19 February 2021

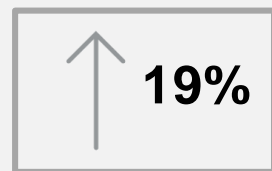
# Safe Harbor Statement & Disclosures

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, acquisitions and divestitures of businesses, anticipated transaction costs, the integration of new businesses, anticipated benefits of acquisitions, 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, including those related to the effects of the COVID-19 pandemic. 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. 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.

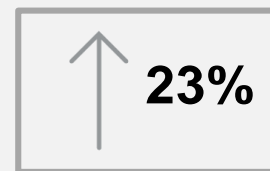
# 1Q 2021 Results

(\$ millions except where noted)

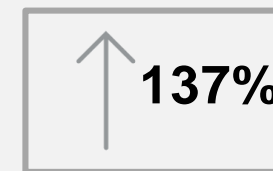
## Net Sales & Revenues



## Net Sales (Equipment Operations)










## Net Income (attributable to Deere & Company)



## Diluted EPS (\$ per share)

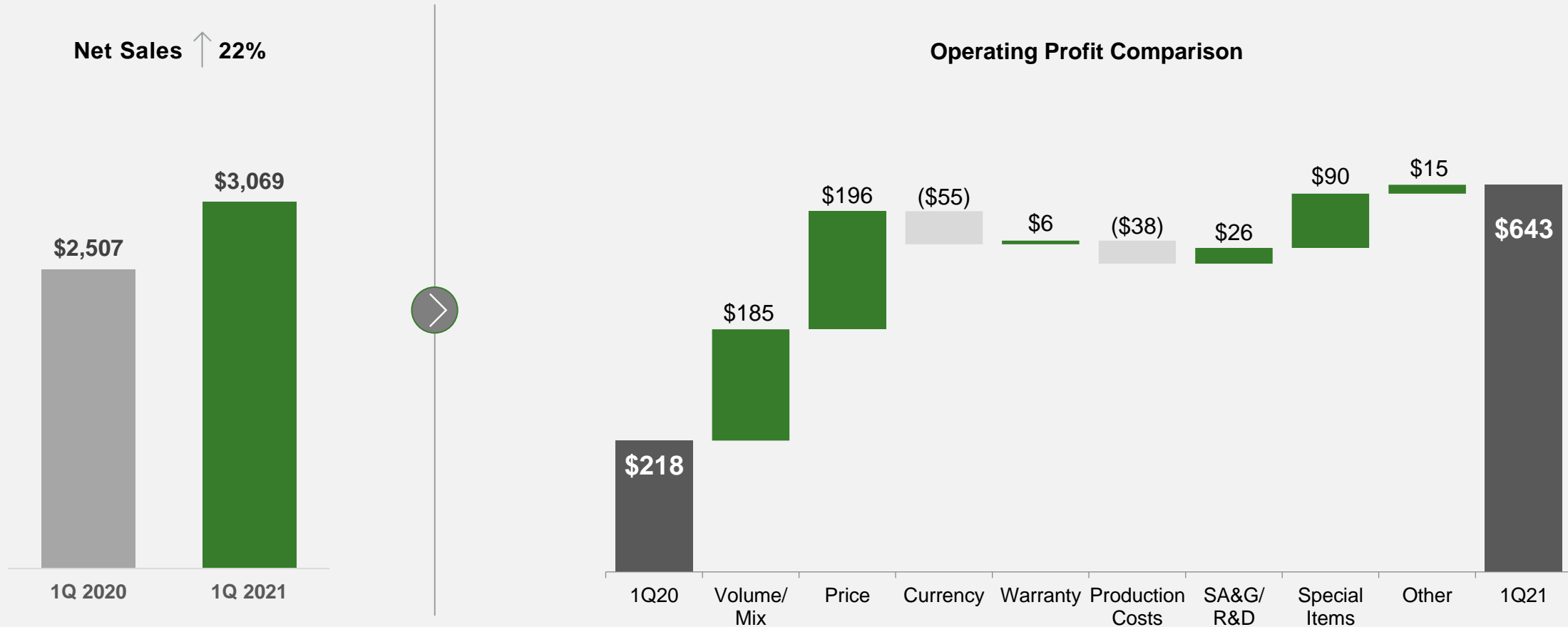


# New Segment Reporting

BUSINESS UNITS	PRODUCTION AND PRECISION AG	SMALL AG AND TURF
PRODUCTION SYSTEMS	<div>   <b>Corn and Soy</b> </div> <div>   <b>Small Grains</b> </div> <div>   <b>Sugar Cane</b> </div> <div>   <b>Cotton</b> </div>	<div>   <b>Dairy and Livestock</b> </div> <div>   <b>High-value Crops</b> </div> <div>   <b>Turf and Compact Utility</b> </div>
PRODUCT LINES	<div>Large Tractors</div> <div>Sprayers</div> <div>Combines</div> <div>Seeding</div> <div>Cotton Pickers</div> <div>Tillage</div> <div>Sugar Cane Harvesters &amp; Loaders</div> <div>Mid Tractors</div>	<div>Small Tractors</div> <div>Commercial Mowing</div> <div>Hay and Forage</div> <div>Utility Vehicles</div> <div>Loaders</div> <div>Golf</div> <div>Riding Lawn Equipment</div>

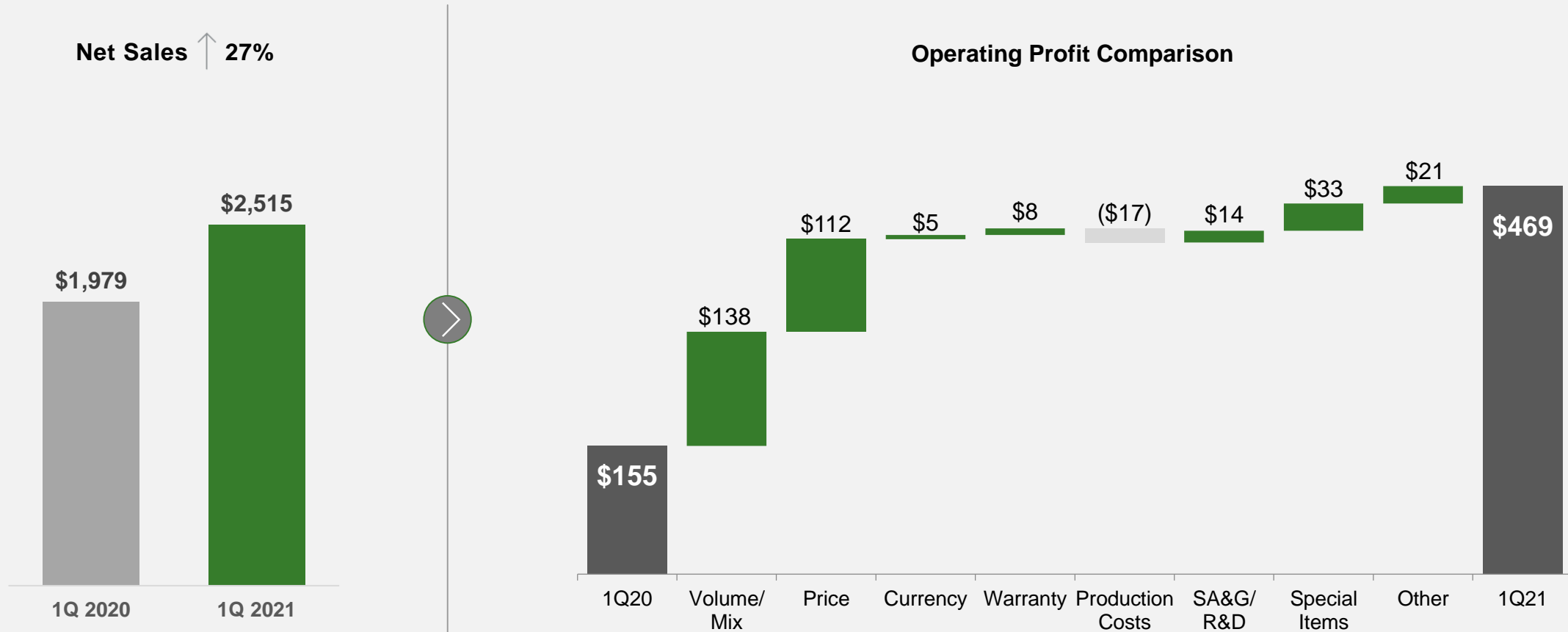
# Production and Precision Ag

1Q 2021 Results *\$ in millions*



# Small Ag and Turf

1Q 2021 Results *\$ in millions*



# Ag & Turf

## Industry Outlook – FY 2021

U.S. & CANADA  
LARGE AG



**15-20%**



U.S. & CANADA  
SMALL AG & TURF



**~5%**



EUROPE AG



**~5%**



SOUTH AMERICA AG  
(tractors and combines)



**~10%**



ASIA AG



**Slightly**



*Source: Deere & Company forecast as of 19 February 2021*

# Production and Precision Ag

## Business Segment Outlook

### FY 2021 FORECAST

Net Sales

**\$15.5-16.5B**

Operating Margin

**19.5-20.5%**

*Source: Deere & Company forecast as of 19 February 2021*

# Small Ag and Turf

## Business Segment Outlook

### FY 2021 FORECAST

Net Sales

**\$10.5-11.5B**

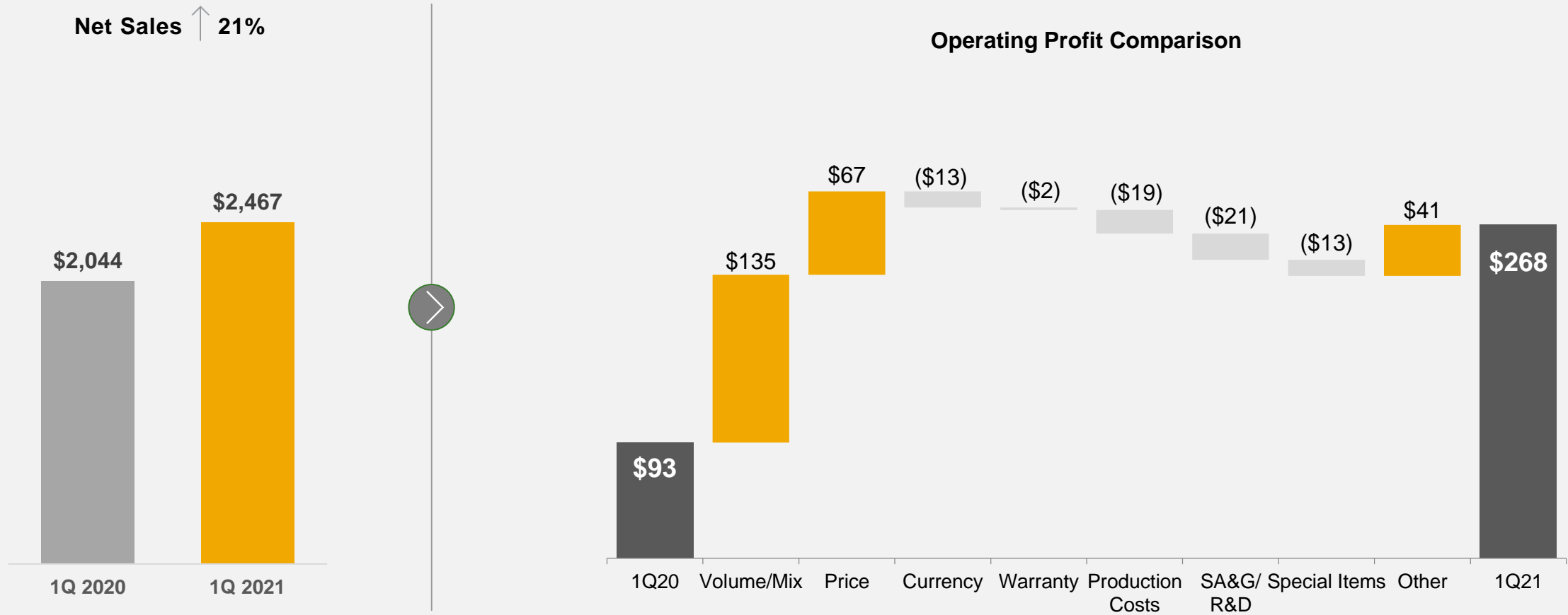
Operating Margin

**14.5-15.5%**

*Source: Deere & Company forecast as of 19 February 2021*

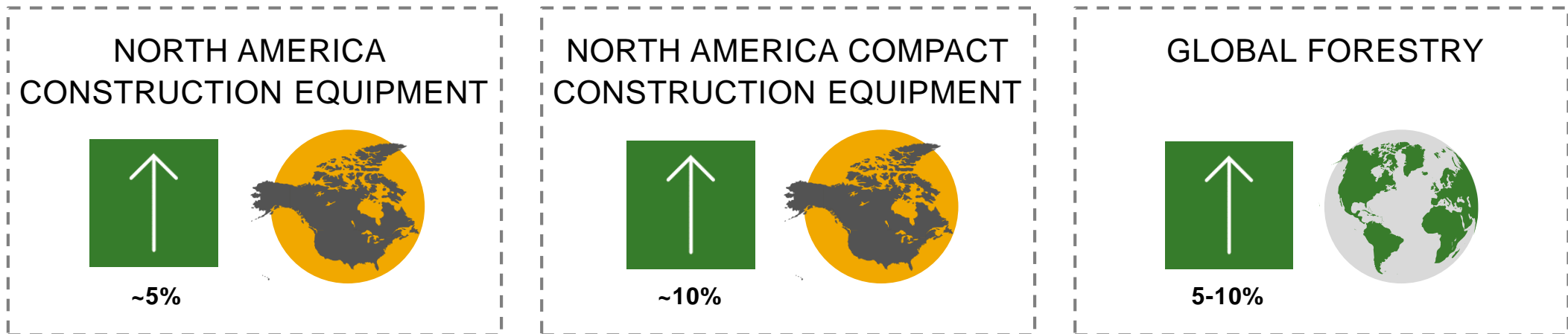
# Construction and Forestry

1Q 2021 Results *\$ in millions*



# Construction and Forestry

## Industry Outlook – FY 2021



Source: Deere & Company forecast as of 19 February 2021

# Construction and Forestry

## Business Segment Outlook

### **FY 2021 FORECAST**

---

Net Sales

**\$10.5-11.0B**

Operating Margin

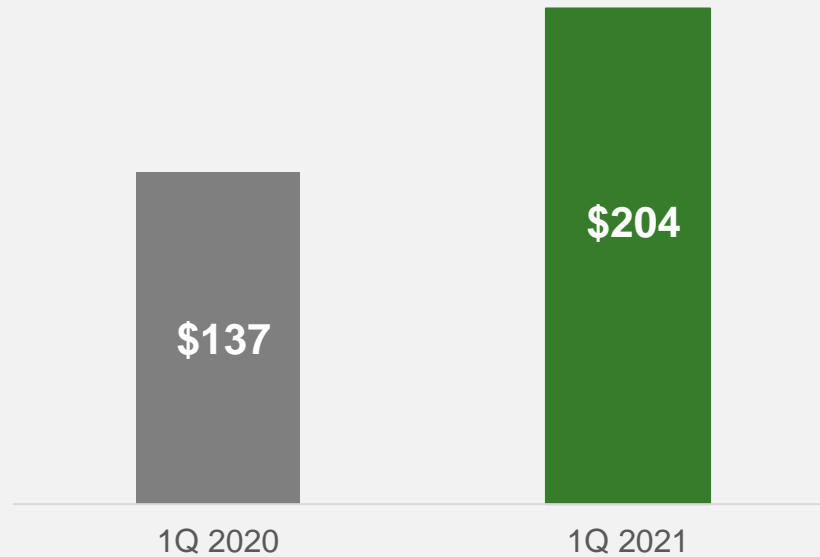
**10.5-11.5%**

*Source: Deere & Company forecast as of 19 February 2021*

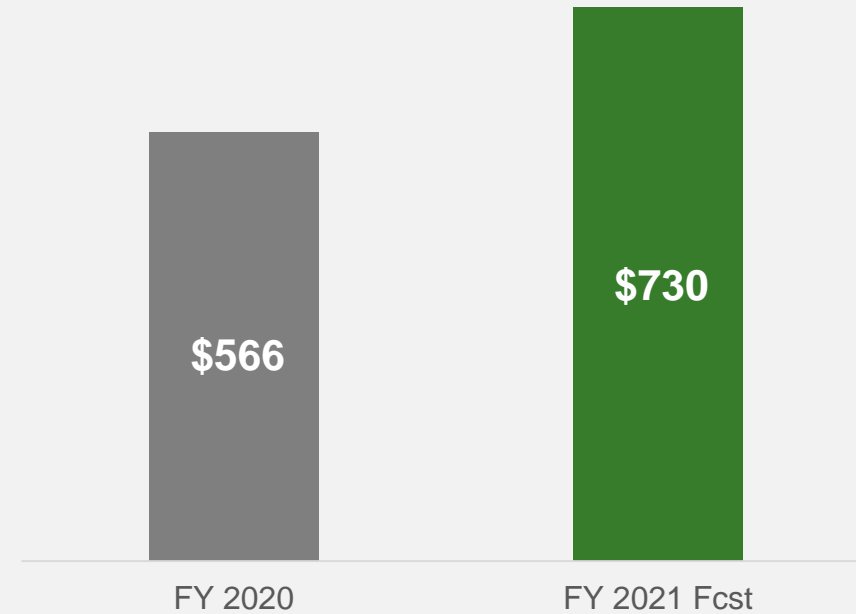
# Financial Services

## Net Income - Results and Outlook

### Quarter Results



### Fiscal Year Forecast



Source: Deere & Company forecast as of 19 February 2021

# Deere & Company Outlook

## FY 2021 FORECAST

---

Net Income

*(attributable to Deere & Co.)*

**\$4.6-5.0B**

Effective  
Tax Rate\*

**24-26%**

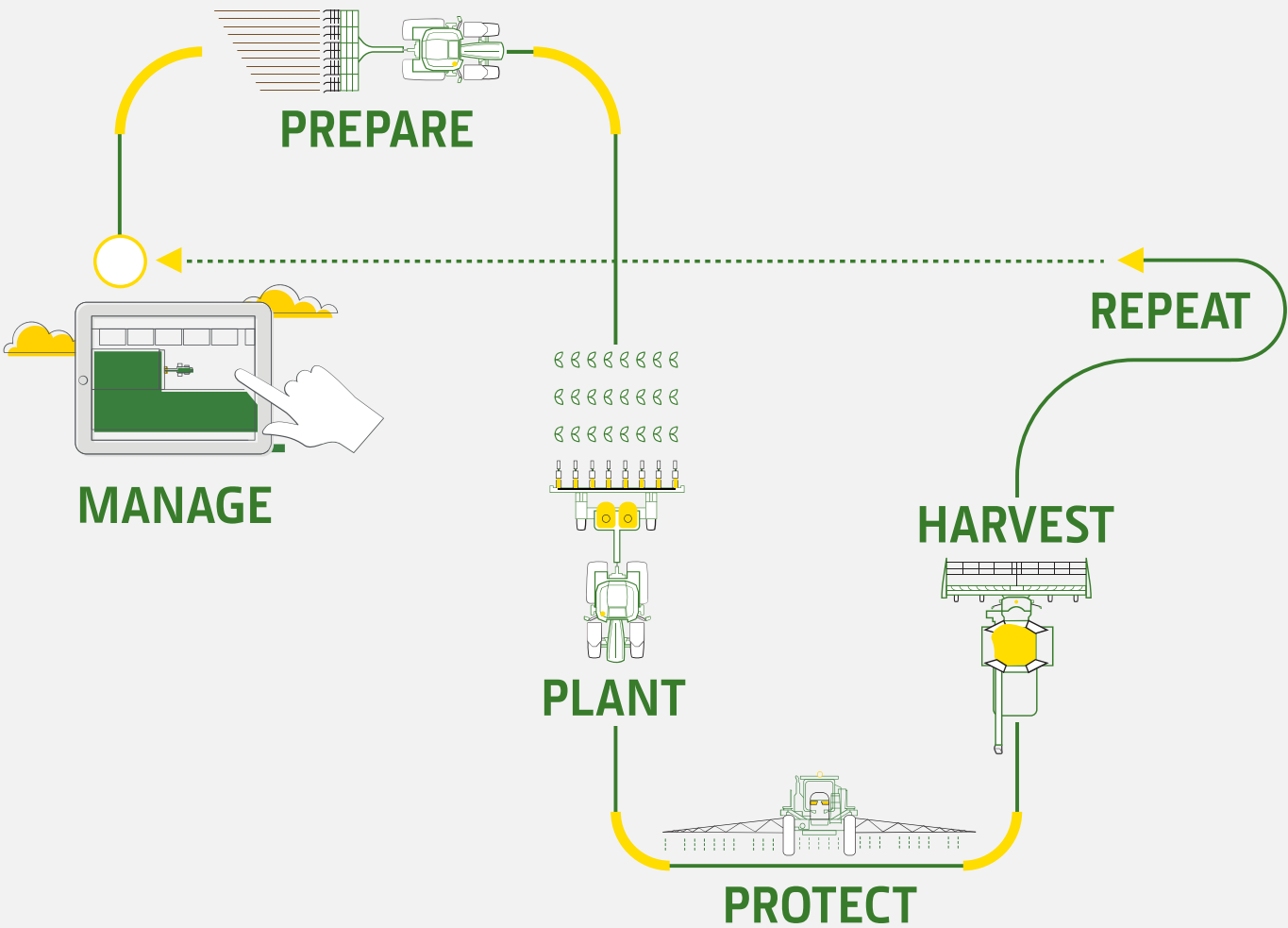
Net Operating  
Cash Flow\*

**\$4.6-5.0B**

*\*Equipment Operations*

*Source: Deere & Company forecast as of 19 February 2021*

# A Model for Sustainability



## IMPROVED OUTCOMES DRIVEN BY EXISTING TECHNOLOGIES



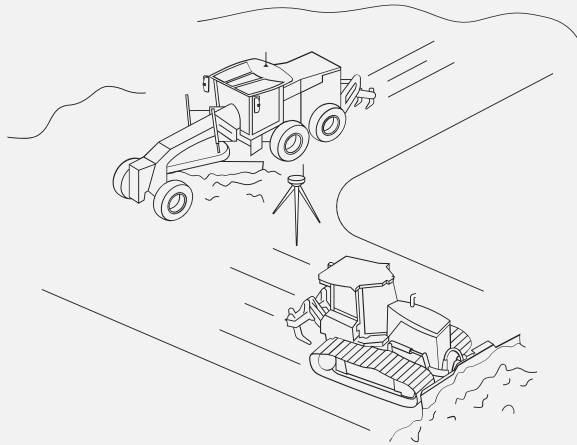
One farm can achieve lower GHG emissions equivalent to nearly **1,000,000** passenger vehicle miles per production cycle\*

**\$40/acre**  
ECONOMIC VALUE TO OUR CUSTOMERS

\*Based on a 6,500 acre model farm

# Building Better Infrastructure

## EARTHMOVING – GRADE CONTROL



## IMPROVED OUTCOMES DRIVEN BY EXISTING TECHNOLOGIES



LESS  
MATERIALS  
USED



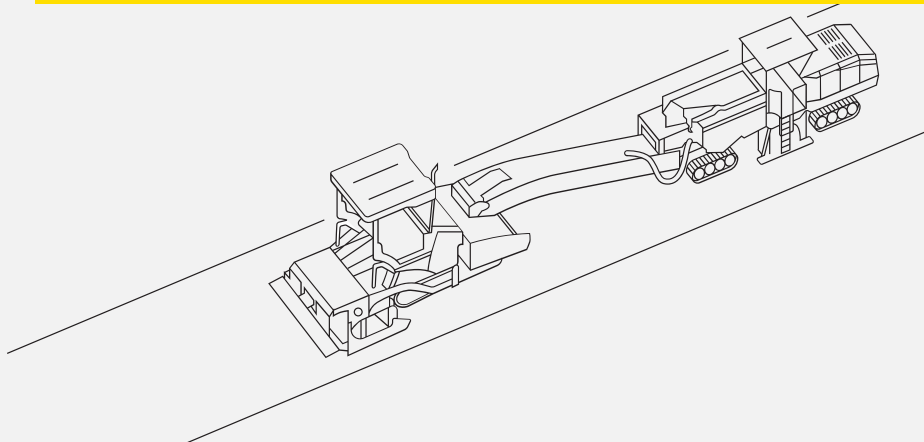
EMISSIONS  
AVOIDED



REDUCED  
FUEL  
USAGE

**1,900 TONS LESS ASPHALT**  
used on an annual basis per machine

## ROADBUILDING – COLD-IN-PLACE RECYCLING



**2x**

ROADWAY  
LIFE



LESS  
MATERIALS  
USED



EMISSIONS  
AVOIDED

One Cold Recycler reduces GHG emissions by the equivalent of  
**12M PASSENGER VEHICLE MILES/JOB**

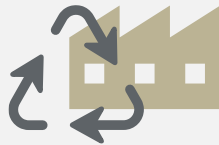
# Operating our Business in a Sustainable and Socially Responsible Manner



OCCUPATIONAL  
SAFETY



SUSTAINABLE  
ENERGY USE



INCREASE  
RECYCLING



PRODUCT  
SUSTAINABILITY



PRODUCT  
INNOVATIONS



COMMUNITY  
INVESTMENT








# Appendix



# Other Financial Information

## Equipment Operations

(\$ millions)	1Q 2021	FY 2021 Forecast
<b>COS (percent of Net Sales)*</b>	<b>72%</b>	<b>~73%</b>
<b>SA&amp;G*</b>	 <b>3%</b>	 <b>~4%</b>
<b>Research and Development*</b>	 <b>14%</b>	 <b>~2%</b>
<b>Capital Expenditures</b>		<b>~ \$900</b>
<b>Pension/OPEB Expense</b>		 <b>~ \$140</b>
<b>Pension/OPEB Contributions</b>		<b>~ \$950</b>

*\*As reported (including Employee Separation Expense)  
Source: Deere & Company forecast as of 19 February 2021*

# January 2021 Retail Sales (Rolling 3 Months) and Dealer Inventories

Retail Sales U.S. and Canada Ag	Industry*		Deere**
<b>2WD Tractors</b> (< 40 PTO hp)	↑	37%	↑ Less than the industry
<b>2WD Tractors</b> (40 < 100 PTO hp)	↑	26%	↑ Less than the industry
<b>2WD Tractors</b> (100+ PTO hp)	↑	8%	↑ Less than the industry
<b>4WD Tractors</b>	↑	24%	↑ More than the industry
<b>Combines</b>	↑	6%	↑ More than the industry

Deere Dealer Inventories*** U.S. and Canada Ag	2021	2020
<b>2WD Tractors</b> (100+ PTO hp)	28%	32%
<b>Combines</b>	12%	15%

\* 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

# January 2021 Retail Sales (Rolling 3 Months)

Retail Sales Europe Ag		Deere*
Tractors	↑	Double digits
Combines	↓	Double digits
Retail Sales U.S. and Canada		Deere*
Selected Turf & Utility Equipment	↑	Double digits
Construction & Forestry		
First-in-the-Dirt	↑	Single digit
Settlements	↑	High single digit

\* Based on internal sales reports

# 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  
& 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

# Segment Reporting Q&A

## **Why is Deere changing segment reporting?**

The updated segment reporting aligns with the new operating model. While Production & Precision Ag and Small Ag & Turf will continue to collaborate to leverage efficiencies, the business segments will be managed separately to accommodate the specific needs of each customer base.

## **Why are Mid Tractors included in both Production & Precision Ag and Small Ag & Turf?**

Mid Tractors are used in operations across both business segments. Therefore, the product line is split based on end use of equipment by production system.

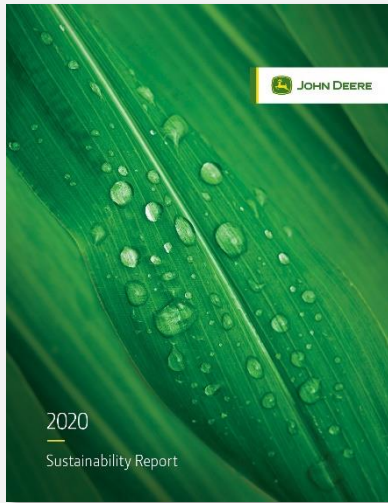
## **Will Deere disaggregate Production & Precision Ag and Small Ag & Turf by geography?**

Splits will be provided in revenue recognition disclosures in subsequent quarterly filings.

## **Will Deere split Construction and Forestry into further segments?**

There are no plans to further segment Construction and Forestry.

# Sustainability



We run so life can *leap forward*.

For additional information please view the  
2020 Sustainability Report at:

<https://www.deere.com/en/our-company/sustainability/>

Deere & Company's 2Q 2021 earnings call is scheduled for 9:00 a.m. central time on Friday, 21 May 2021.



**JOHN DEERE**