

Market Fundamentals

August – October 2017



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Refer to Deere's reports filed on Forms 8-K (current), 10-Q (quarterly), and 10-K (annual) for information on factors that could cause actual results to differ materially from information in this presentation and for information reconciling financial measures to GAAP. Past performance may not be representative of future results.

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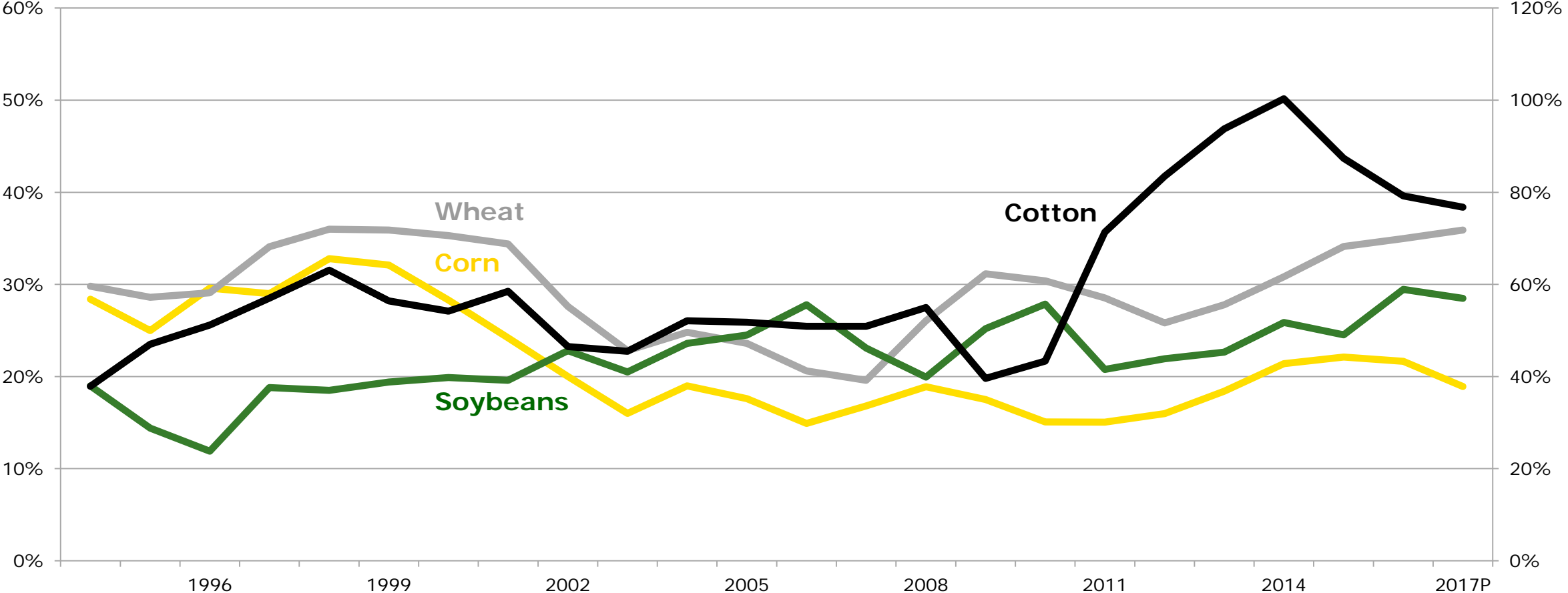
Table of Contents

	<u>Slide</u>
Agriculture Fundamentals	4
Construction & Forestry Fundamentals	21

Agriculture Fundamentals



Global Stocks-to-Use Ratios



Source: USDA, 10 August 2017

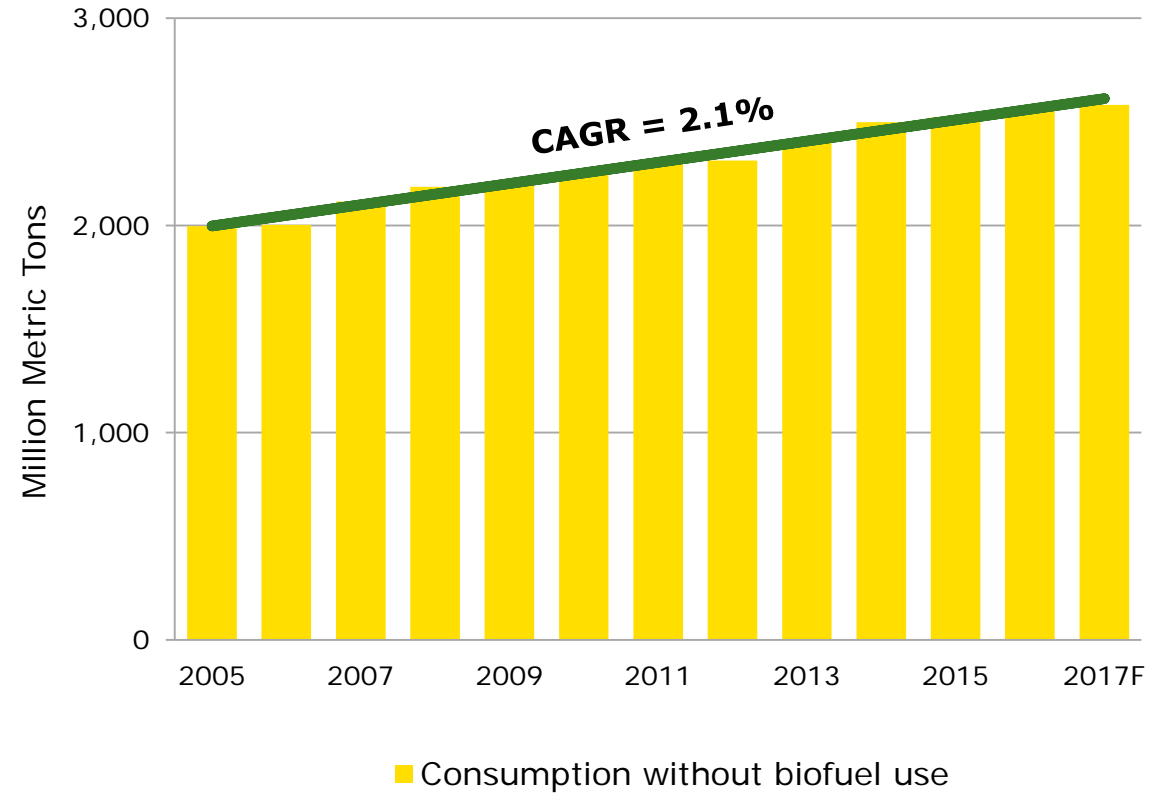
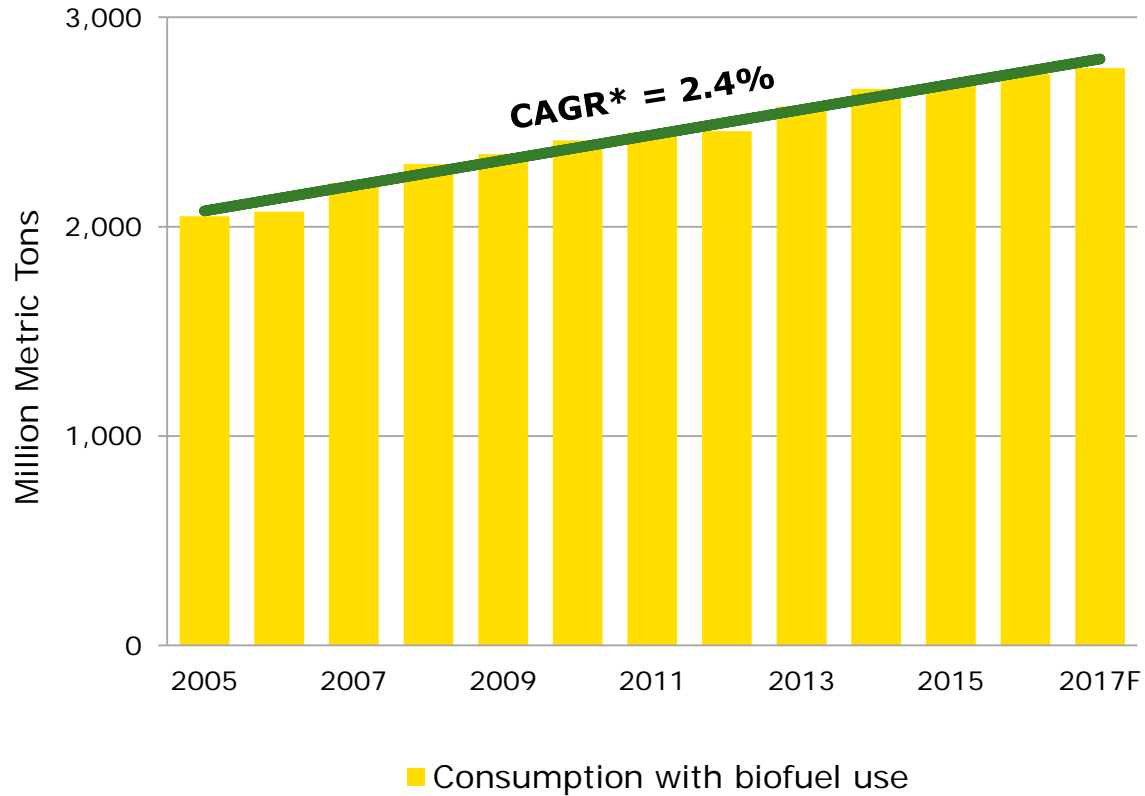
Global Grain Supply and Demand



Source: USDA, 10 August 2017

Global Grain Demand

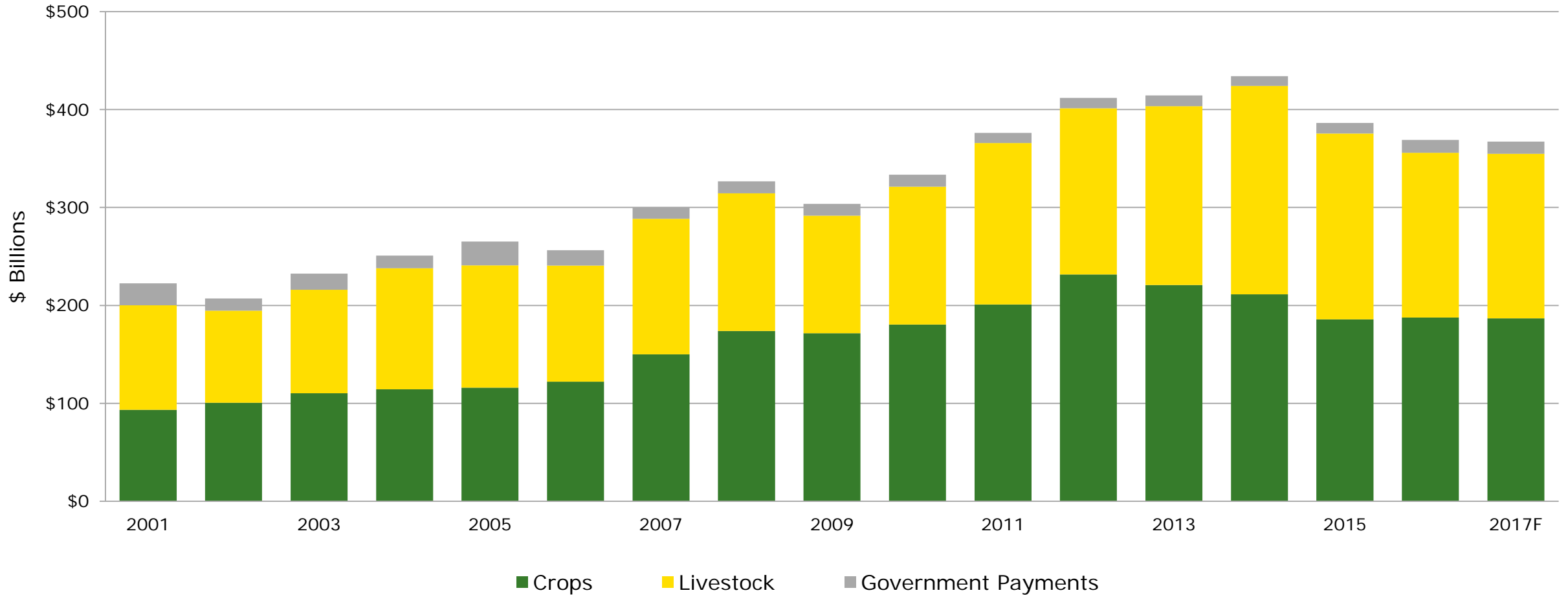
With and Without Biofuel Use



* Compound Annual Growth Rate

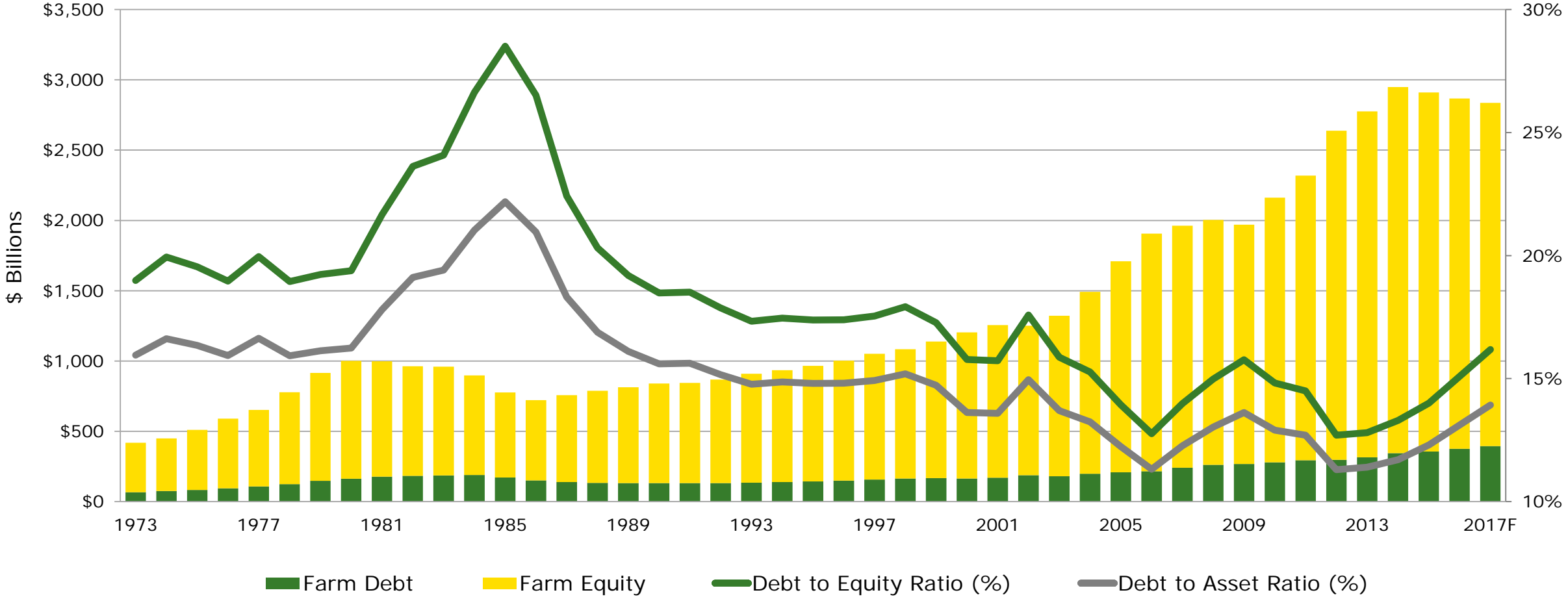
Source: OECD-FAO Agricultural Outlook 2016-2025, July 2016

U.S. Farm Cash Receipts



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

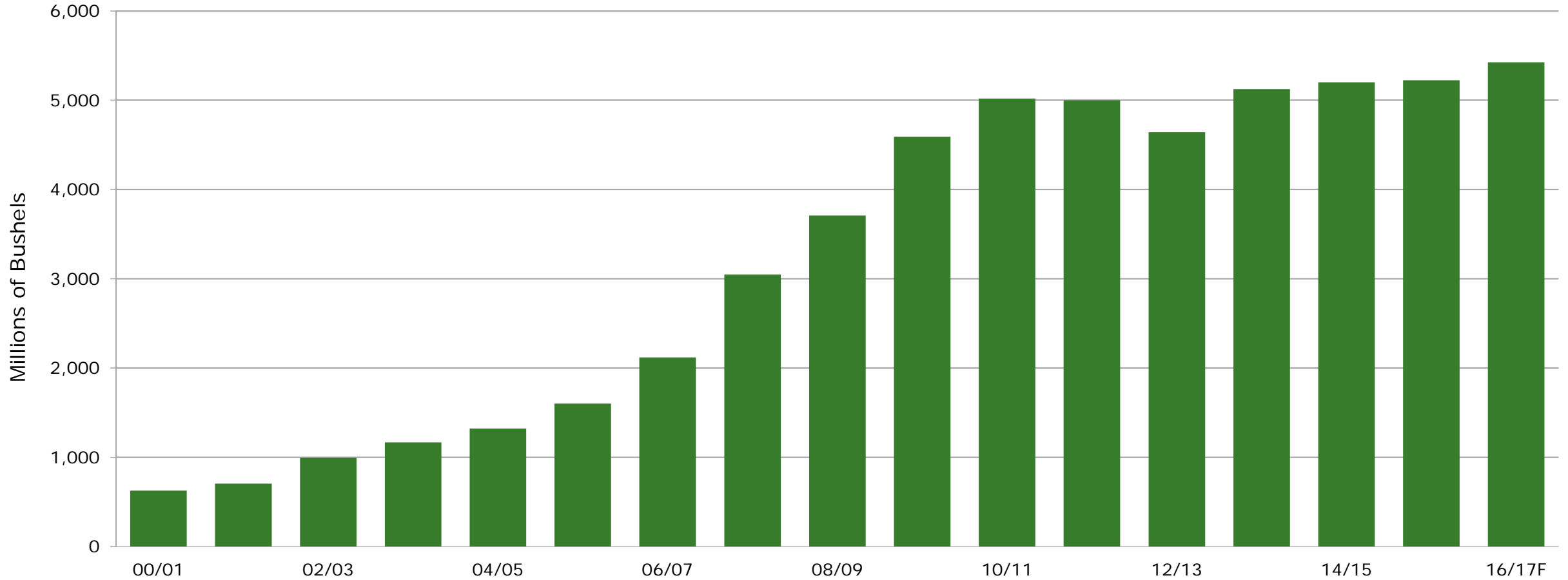
U.S. Farm Balance Sheet



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

Agricultural Growth – Energy

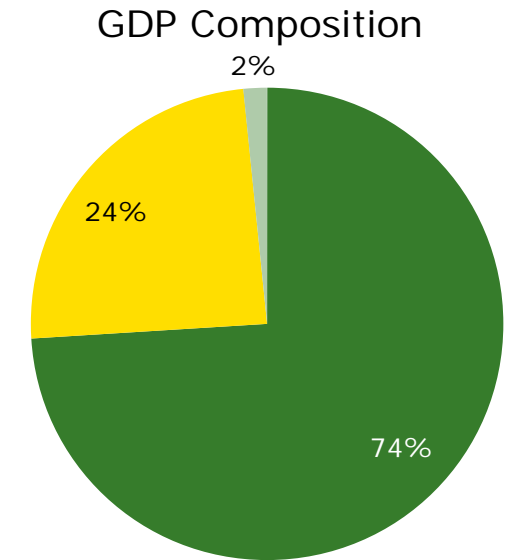
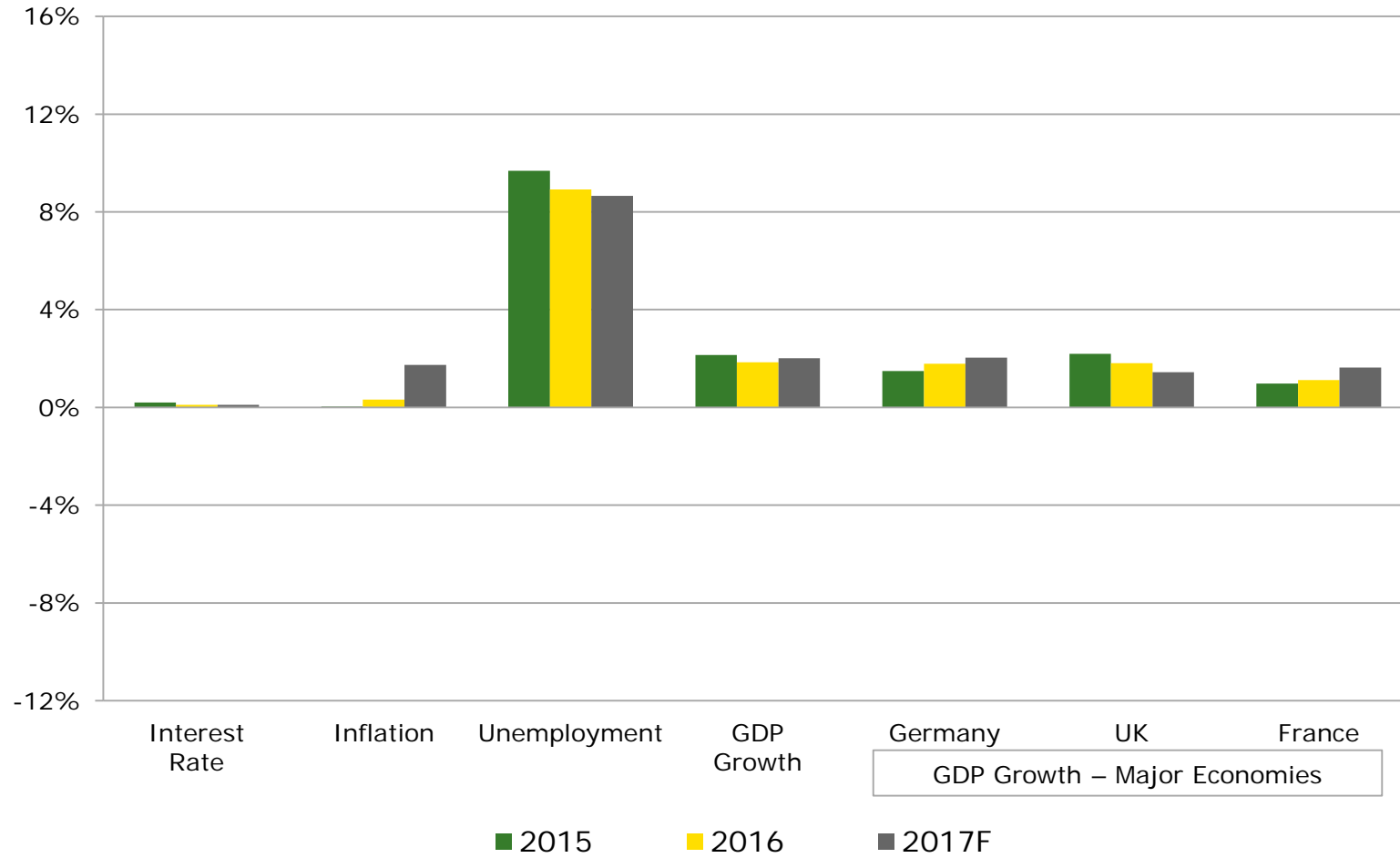
U.S. Corn Used in Ethanol



Source: Informa, August 2017

EU 28

Macroeconomic Data



■ Services ■ Industry ■ Agriculture

Source: The World Factbook, 2015 est.

Source: IHS Global Insight, July 2017

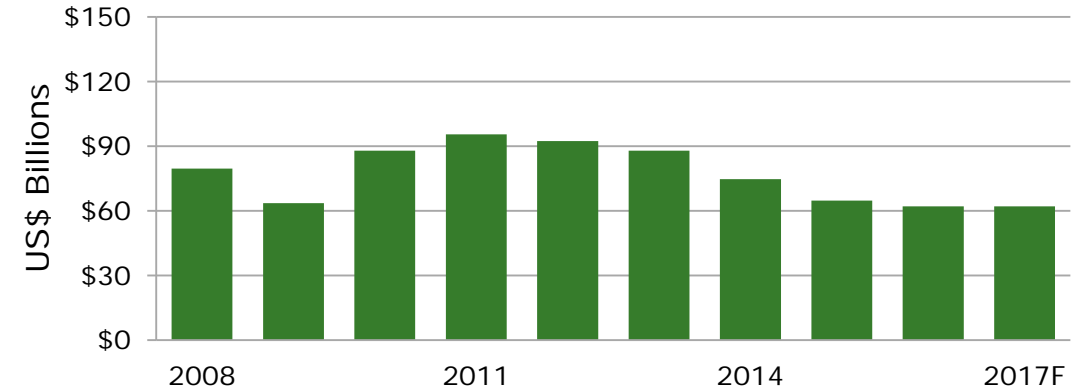
EU 28

Ag Economic Data

- Utilized agricultural area ~ 190 million hectares
- Arable land ~ 110 million hectares
- Growth potential for Western Ag equipment industry in Central & Eastern Europe
 - Ongoing farm & Ag land consolidation and yield improvements
- Average farm size ~ 16 hectares
 - Number of farms ~ 11 million

Source: FAO, Eurostat Agricultural Census 2013

Crop Value of Production



Includes wheat, barley, corn, sunflower seed, rapeseed, soybean, sugar beet, cotton, rice

Source: IHS Global Insight, May 2017

Share of the World Market

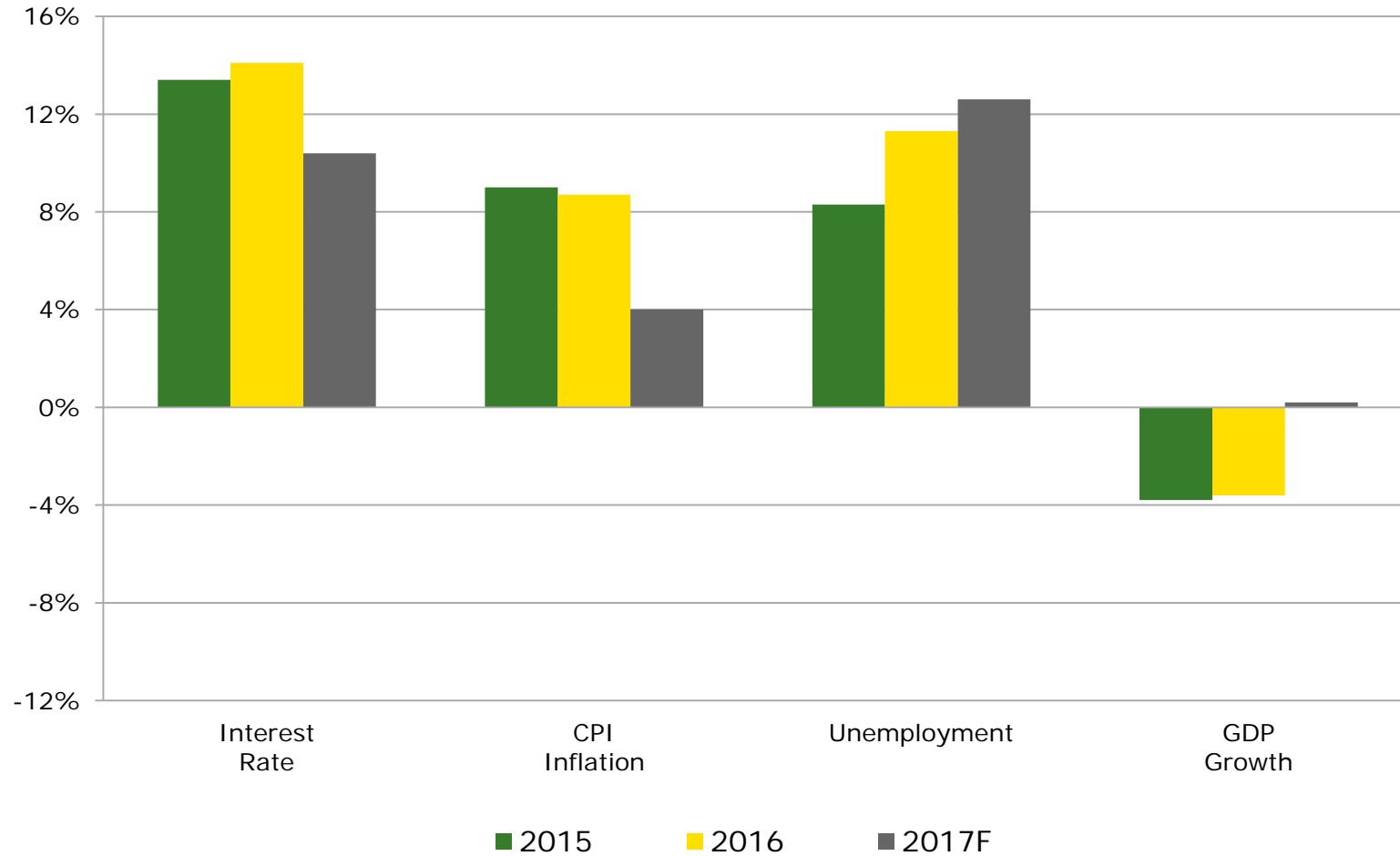
	Production	Net Exports
Total Grains	15%	12%
Wheat	21%	19%
Barley	42%	29%
Pork Meat	21%	34%
Cow Milk	30%	44%

Source: USDA, July 2017; average 2014-2016

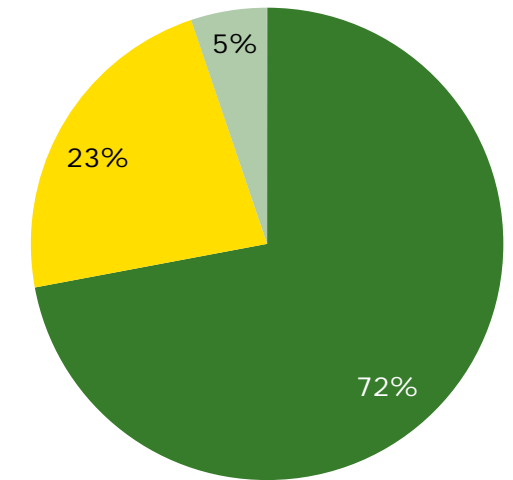
(Total Grains: excludes rice; Cow Milk: net exports of cheese)

Brazil

Macroeconomic Data



GDP Composition



■ Services ■ Industry ■ Agriculture

Source: Brazilian Institute of Geography and Statistics (IBGE), 2015

Source: IHS Global Insight, July 2017

Brazil

Ag Economic Data

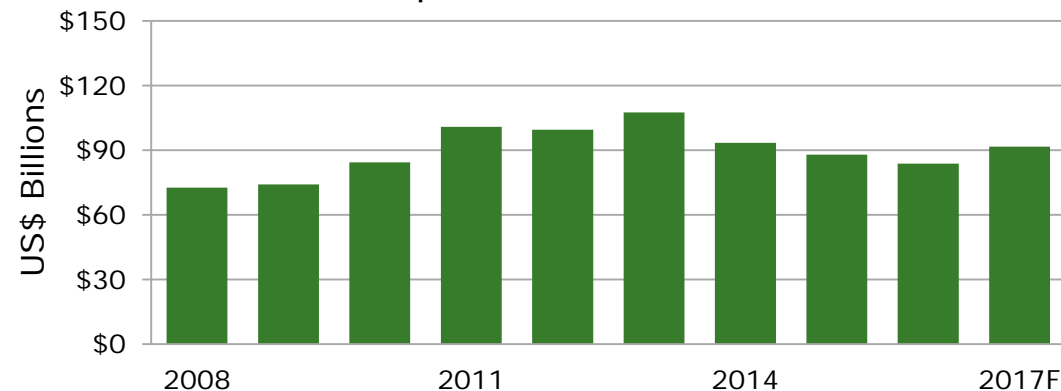
- Agricultural area ~ 279 million hectares*
- Arable land & permanent crop ~ 83 million hectares
 - ~ 17 million hectares brought into production from 2002-2012 (~ half from pasture)
 - ~ 25 million hectares will be brought into production from 2013-2025
- ~ 12% CAGR in industry equipment sales through the end of the decade**
- Average farm size ~ 64 hectares
 - Number of farms ~ 5 million

* Includes pasture, excludes double crop

** Deere & Company forecast as of 18 August 2017 (volume only, compared with 2016 actual volume)

Source: FAO, Conab, Brazilian Institute of Geography and Statistics (IBGE)

Crop Value of Production



Includes key grains, ethanol, sugar

Source: IHS Global Insight, May 2017

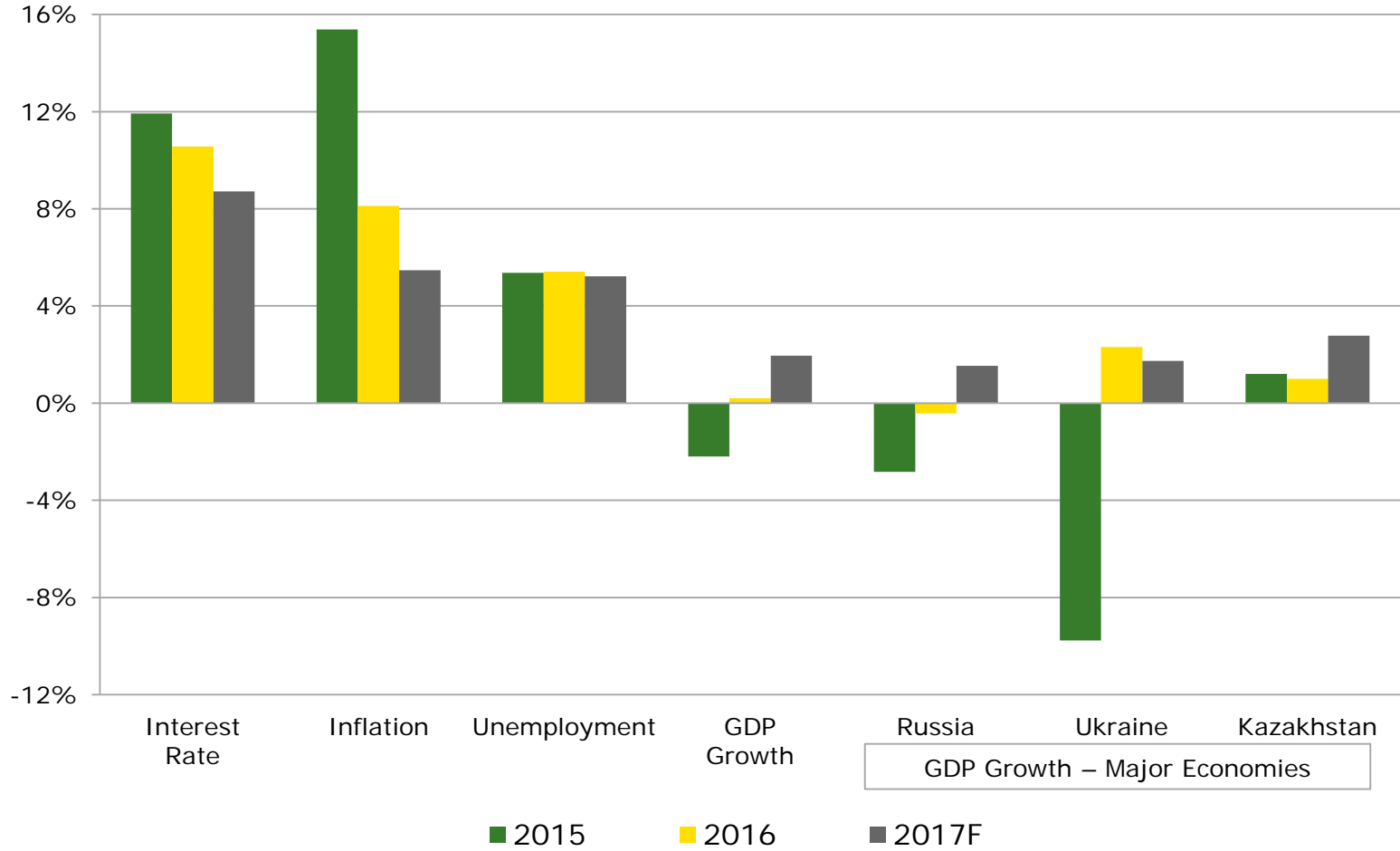
Share of the World Market

	Production	Net Exports
Soybean	31%	41%
Corn	8%	18%
Sugar	20%	44%
Beef	16%	18%
Chicken	14%	36%

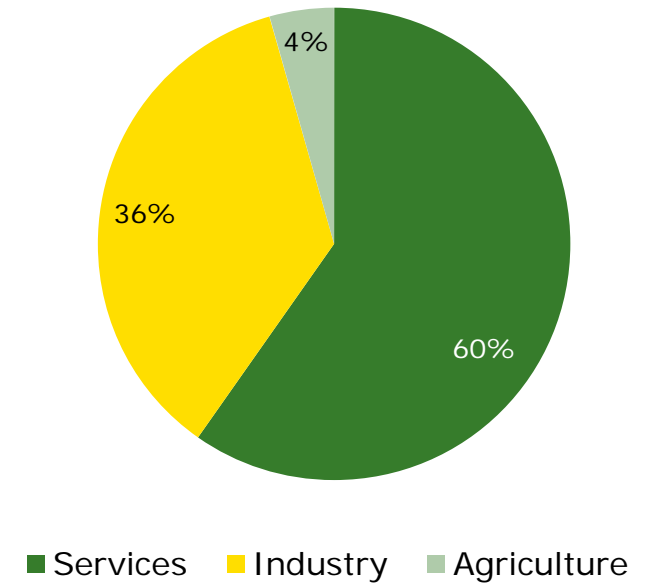
Source: IHS Global Insight, May 2017; average 14/15-15/16

CIS

Macroeconomic Data



GDP Composition (Russia)



Source: The World Factbook, 2015 est.

Source: IHS Global Insight, July 2017

CIS

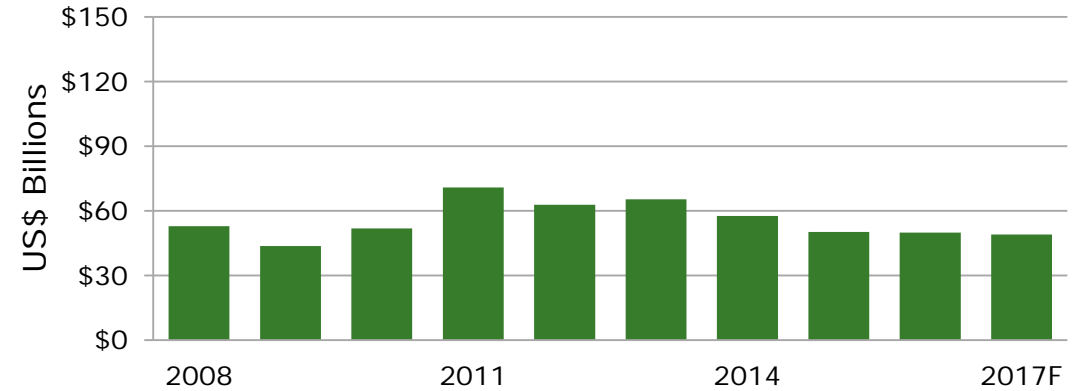
Ag Economic Data

- Utilized agricultural area ~ 560 million hectares
- Arable land ~ 195 million hectares
- Significant opportunities to improve yield rates in all major crops*
 - Land under cultivation (sown crops) expected to remain nearly flat over the next decade
 - "Western-style" equipment used on <25% of farm land
- Average farm size ~ 995 hectares
 - Number of farms ~ 0.5 million

* Deere & Company forecast as of 18 August 2017

Source: FAO, CIS farm statistics 2006-2007 (Russia, Ukraine and Kazakhstan)

Crop Value of Production



Includes wheat, barley, corn, sunflower seed, rapeseed, soybean, sugar beet

Source: IHS Global Insight, May 2017

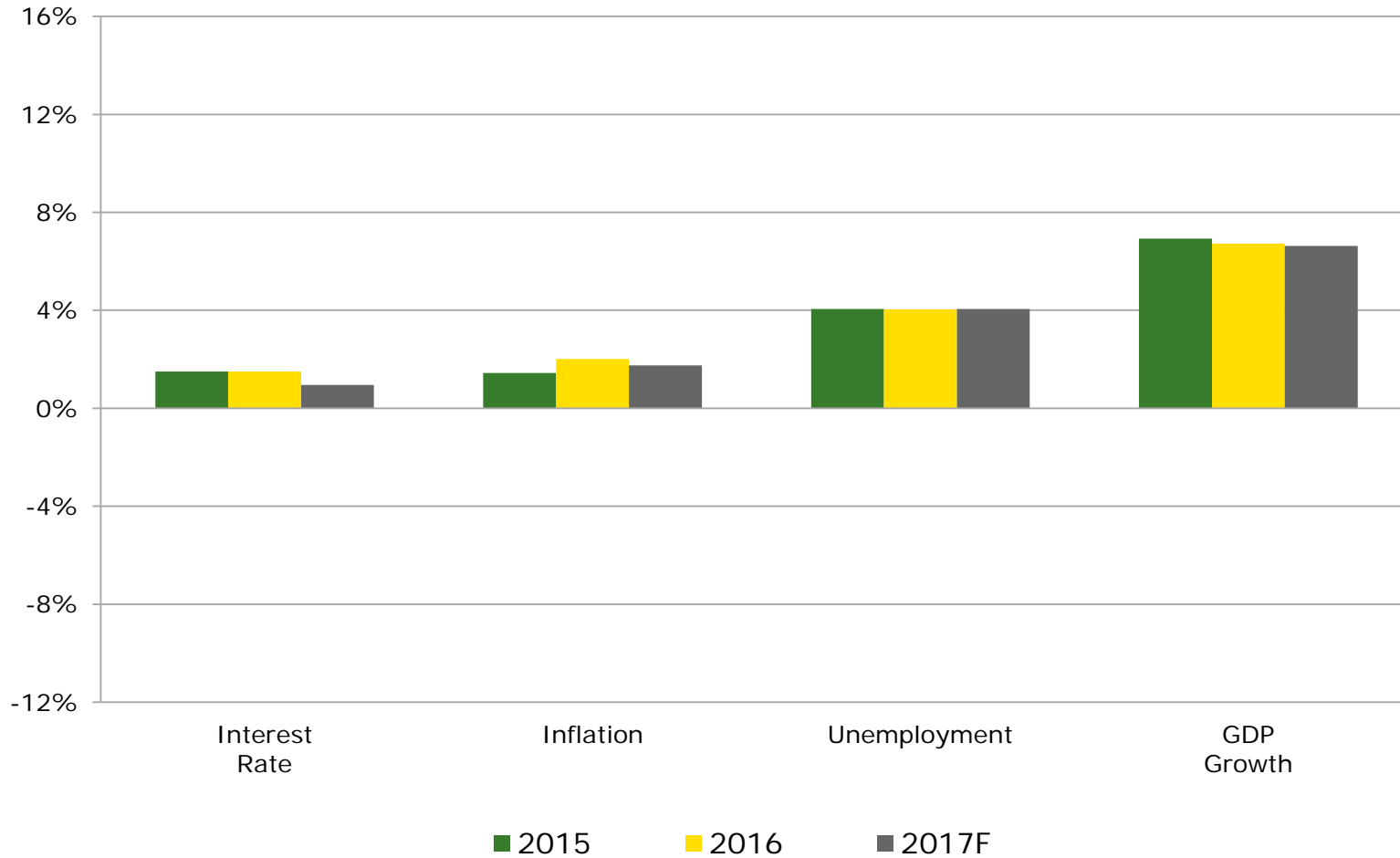
Share of the World Market

	Production	Net Exports
Total Grains	10%	23%
Wheat	16%	28%
Barley	24%	35%
Corn	4%	17%
Sunflower	54%	39%

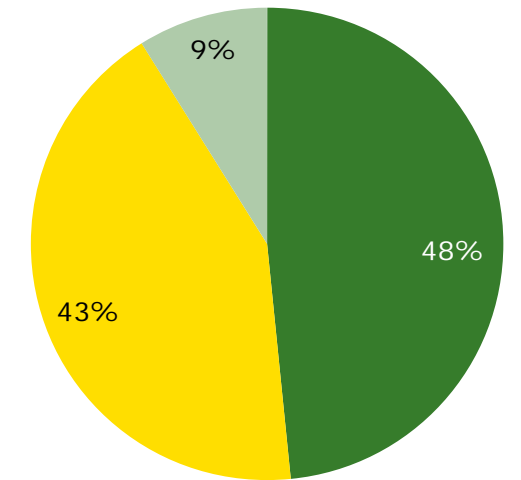
Source: USDA, July 2017; average 2014-2016
(Total Grains: excludes rice)

China

Macroeconomic Data



GDP Composition



■ Services ■ Industry ■ Agriculture

Source: The World Factbook, 2015 est.

Source: IHS Global Insight, July 2017

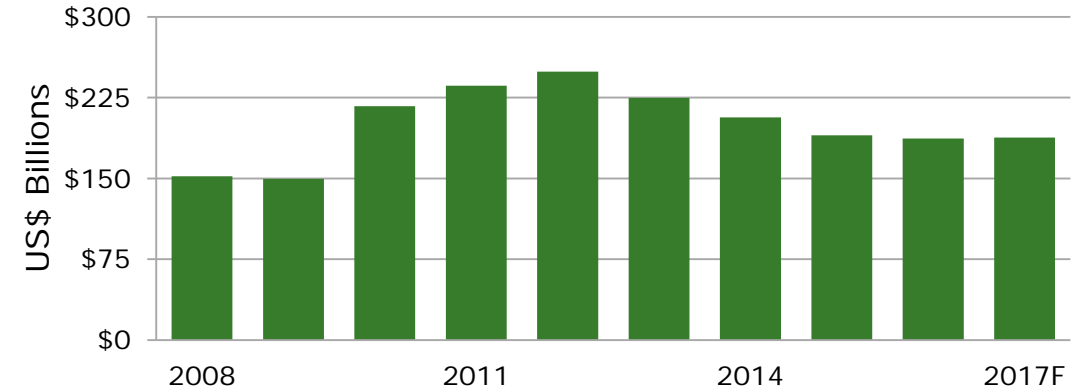
China

Ag Economic Data

- Utilized agricultural area ~ 515 million hectares
- Arable land & permanent crops ~ 122 million hectares
- Annual industry tractor sales ~ 300,000 units
- Rural population % of total declined 15% from 2003-2014
- Average farm size ~ 0.47 hectares
 - Number of farms ~ 257.7 million in 2012

Source: FAO, IHS Global Insight, China National Bureau of Statistics

Crop Value of Production



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

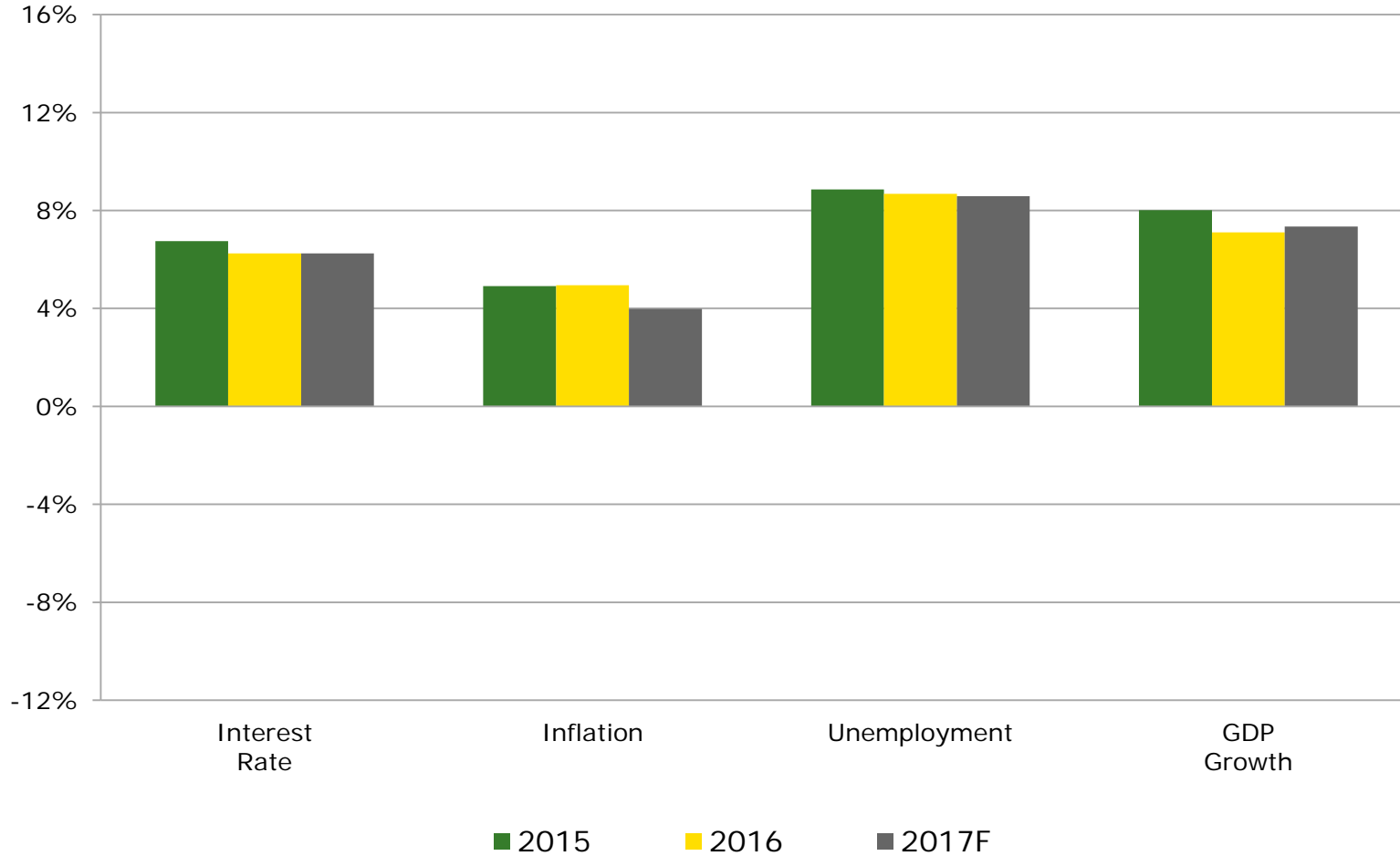
Share of the World Market

	Production	Exports
Total Grains	17%	0.3%
Wheat	17%	0.5%
Corn	22%	0.0%
Rice	30%	0.8%
Cotton	23%	0.2%

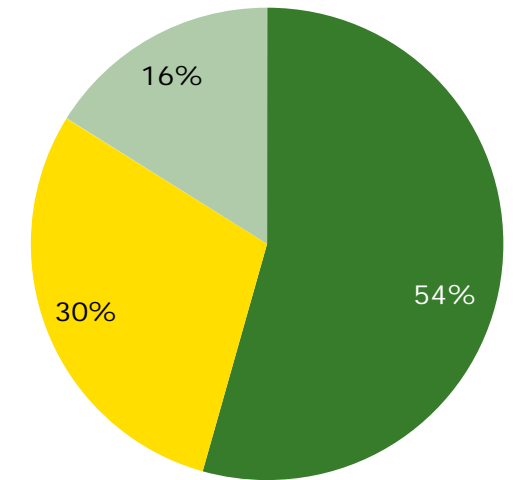
Source: IHS Global Insight, July 2017; average 2014-2016

India

Macroeconomic Data



GDP Composition



■ Services ■ Industry ■ Agriculture

Source: The World Factbook, 2015 est.

Source: IHS Global Insight, July 2017

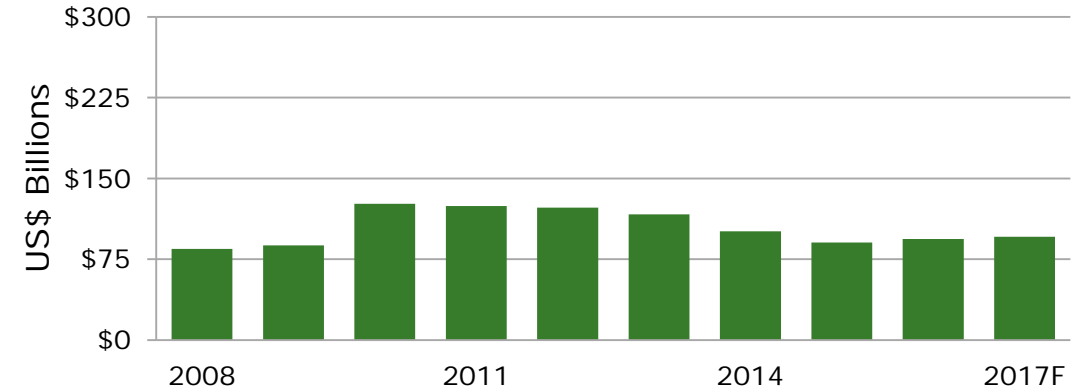
India

Ag Economic Data

- Utilized agricultural area ~ 180 million hectares
- Arable land ~ 157 million hectares
- Annual industry tractor sales ~ 550,000 units
- Average farm size ~ 1.2 hectares
 - Number of farms ~ 129 million

Source: FAO, Tractor Manufacturers Association of India, Indian Ministry of Agriculture

Crop Value of Production



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

Share of the World Market

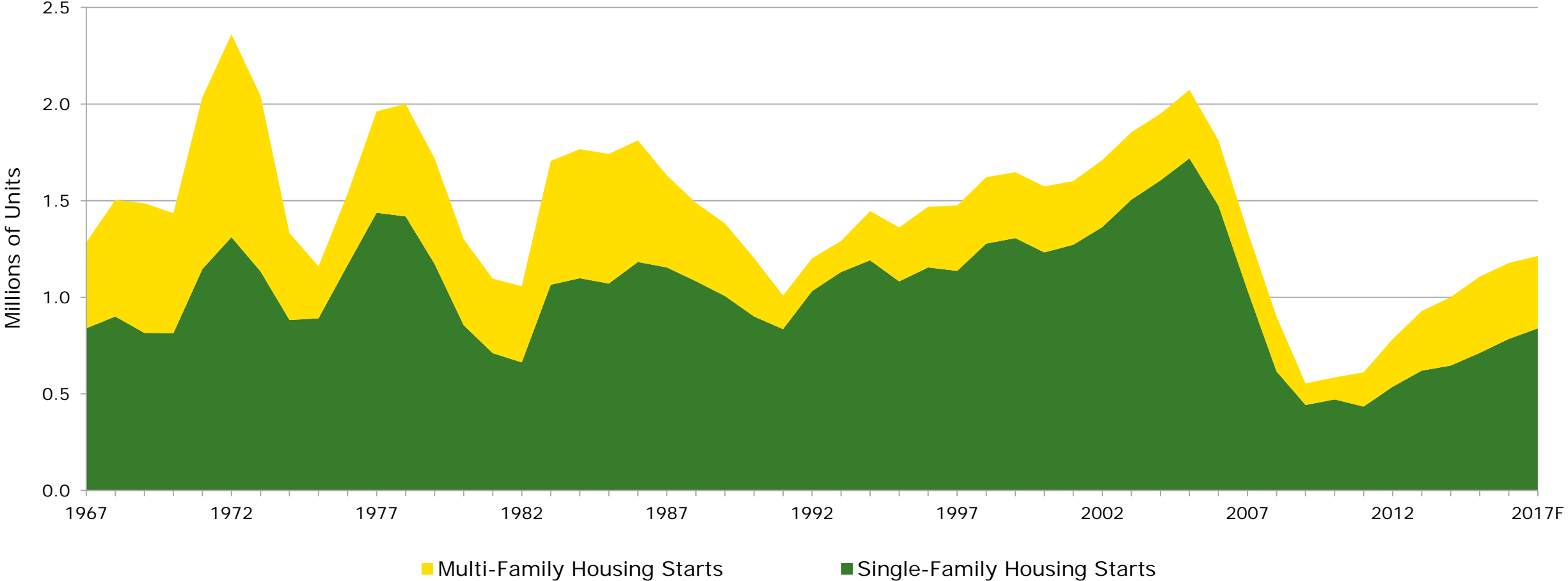
	Production	Exports
Total Grains	6%	3%
Wheat	12%	1%
Corn	2%	1%
Rice	26%	26%
Cotton	26%	13%

Source: IHS Global Insight, July 2017; average 2014-2016

Construction & Forestry Fundamentals

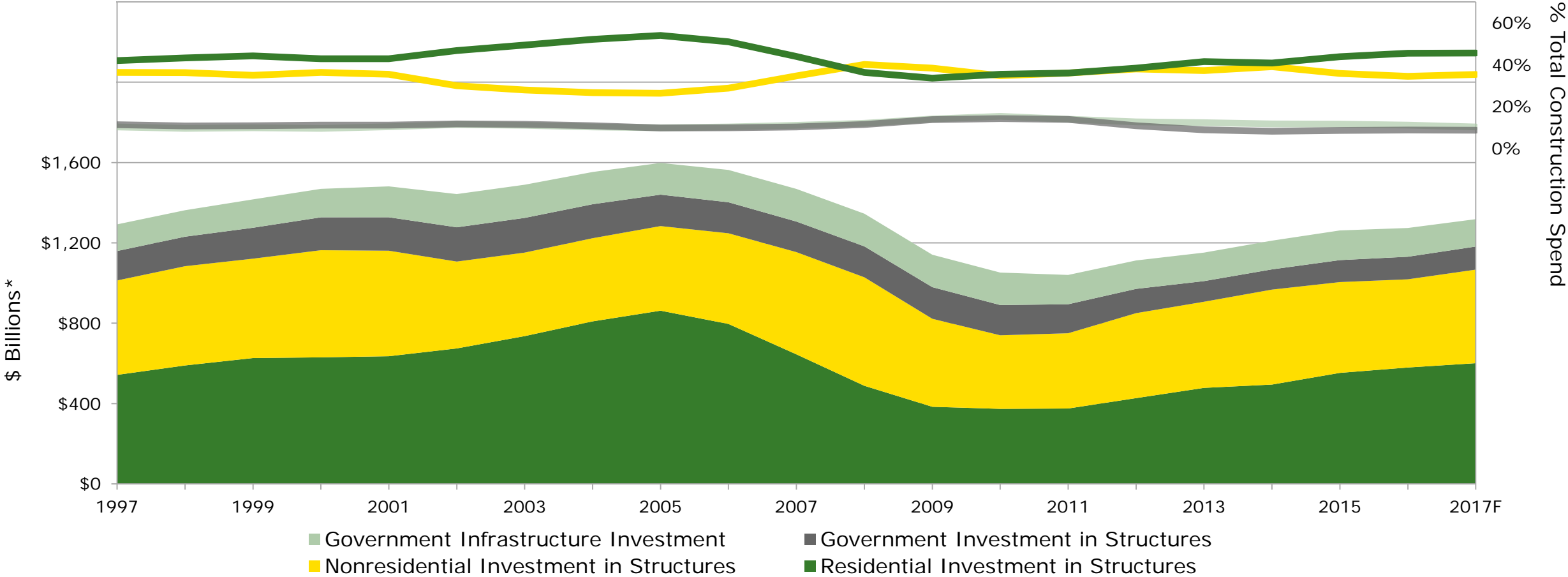


U.S. Housing Starts



Source: 1967–2015: U.S. Census Bureau, July 2017
2016F–2017F: Deere & Company forecast as of 18 August 2017

U.S. Construction Spending



* 2009\$ base
 Source: 1997–2015: U.S. Bureau of Economic Analysis, July 2017
 2016F–2017F: Deere & Company forecast as of 18 August 2017



JOHN DEERE