

# Investor Presentation

August – October 2018



# Safe Harbor Statement & Disclosures

This presentation includes forward-looking comments subject to important risks and uncertainties. It may also contain financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP).

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.

Guidance noted in the following slides was effective as of the company's most recent earnings release and earnings call (17 August 2018). Nothing in this presentation should be construed as reaffirming or disaffirming such guidance.

This presentation is not an offer to sell or a solicitation of offers to buy any of Deere's securities.

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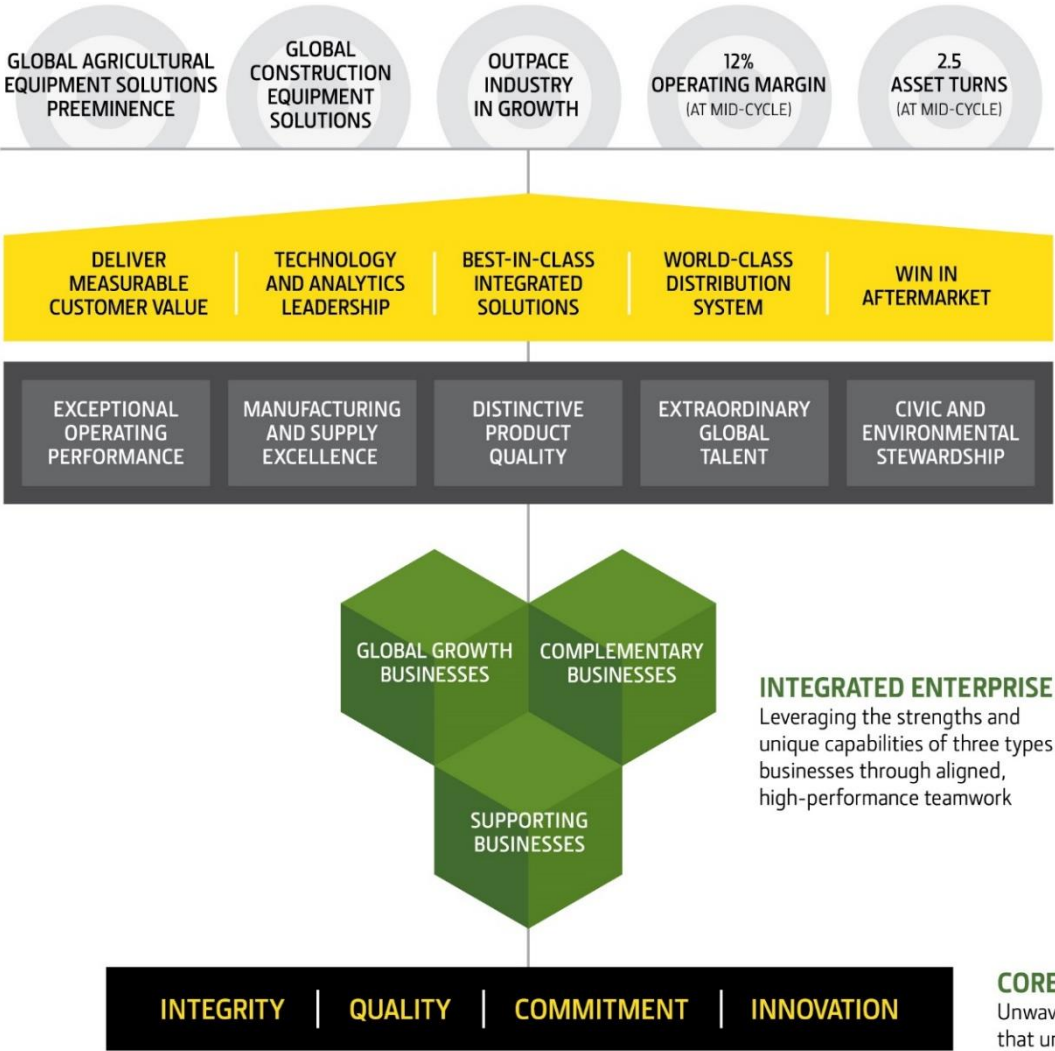
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# John Deere Strategy



# 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

# A POWER FOR GOOD

## 2018 Global Citizenship & Sustainability Report

<https://www.deere.com/en/our-company/citizenship-and-sustainability/global-citizenship-sustainability-report/>

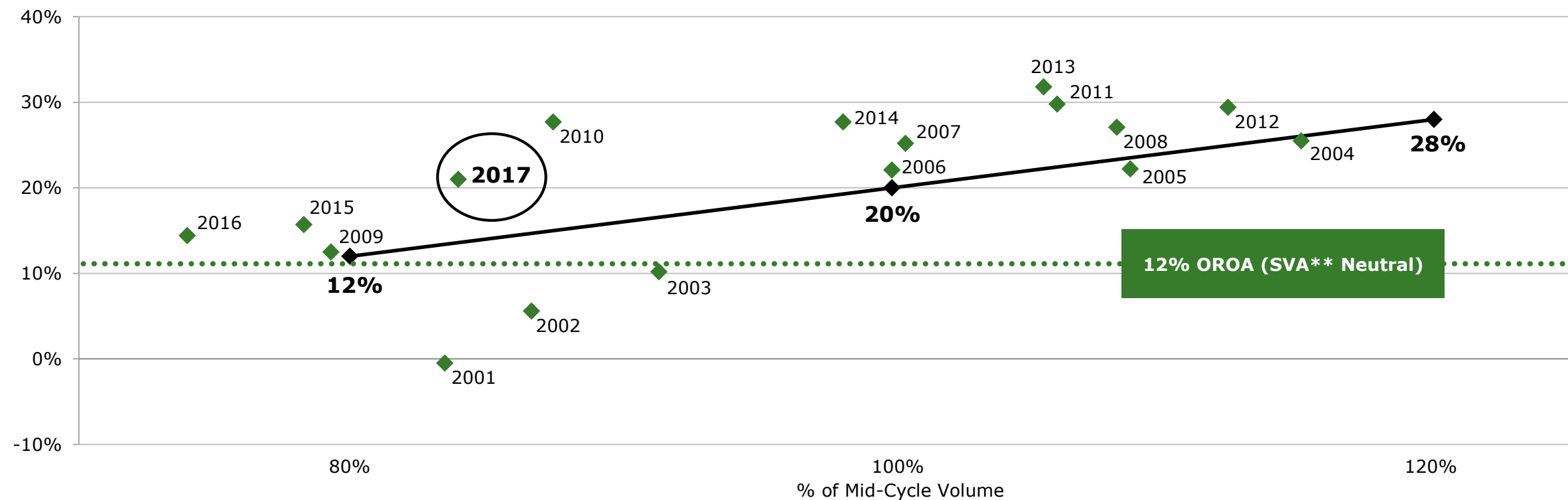


**JOHN DEERE**

# Exceptional Operating Performance - OROA

## Equipment Operations

21.0% OROA\* in 2017

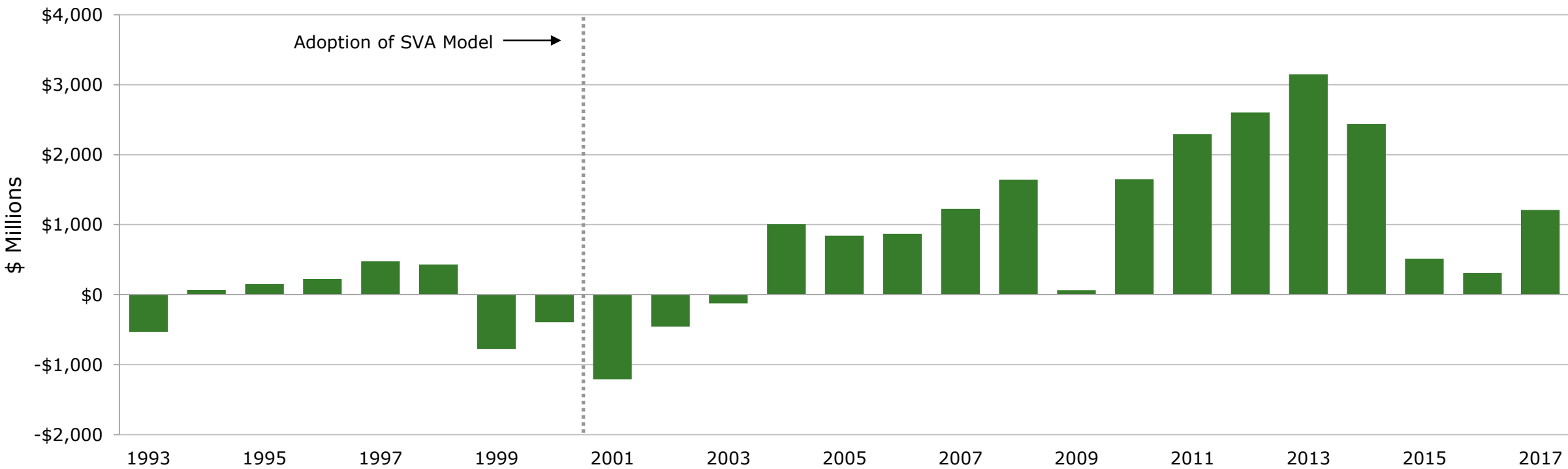


\* Operating Return on Operating Assets  
\*\* Shareholder Value Added; for reconciliation to GAAP see "SVA\* Reconciliation to GAAP" slide in Appendix

# Exceptional Operating Performance – SVA

## Equipment Operations

**\$1.2 billion SVA\* in 2017**

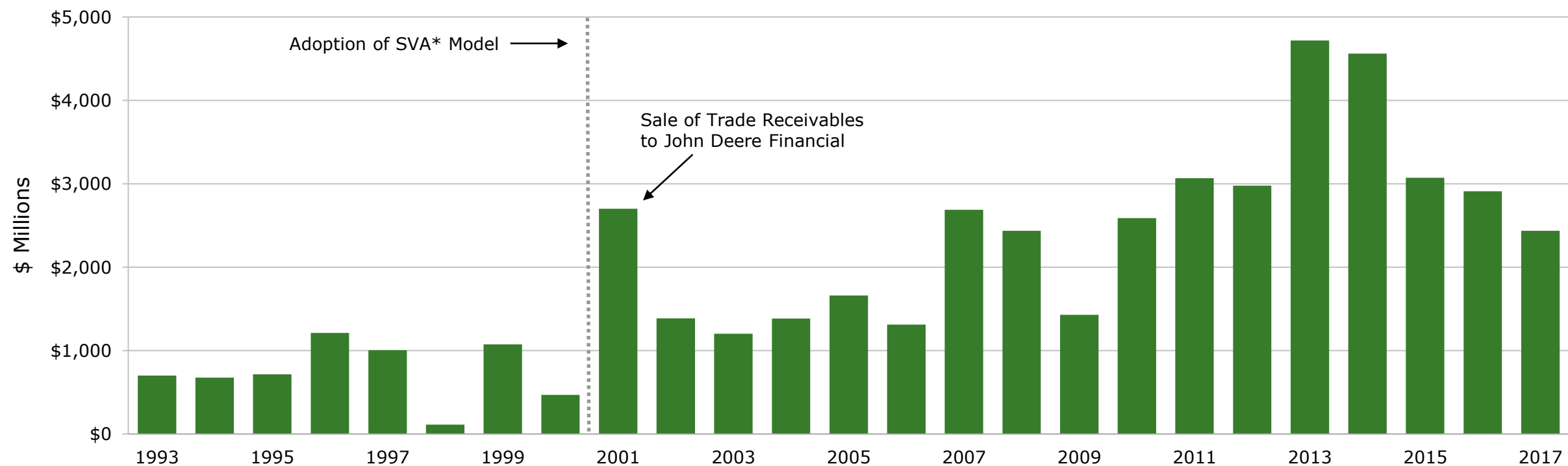


*\* Shareholder Value Added; for reconciliation to GAAP see "SVA\* Reconciliation to GAAP" slide in Appendix*

# Exceptional Operating Performance – Net Cash Flow

## Equipment Operations

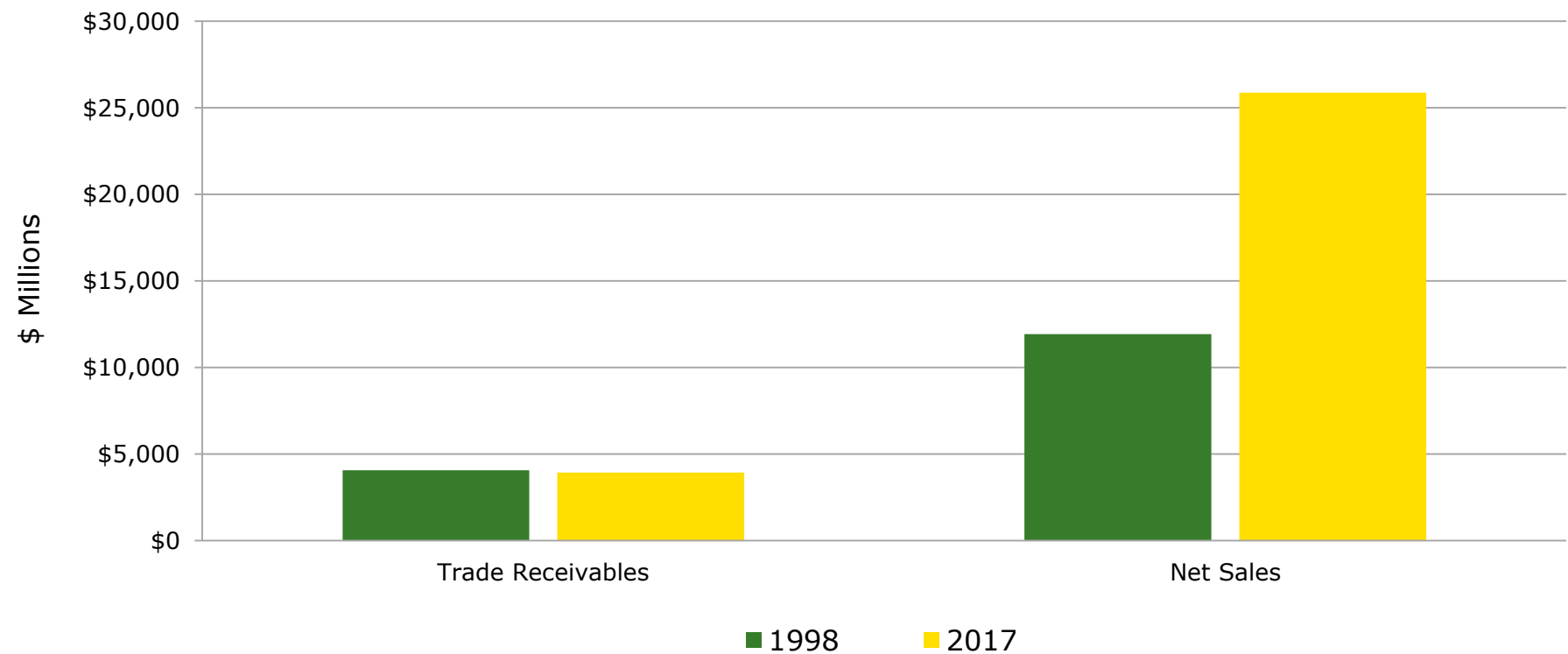
**\$2.4 billion Net Cash Flow in 2017**



*\* Shareholder Value Added*  
*Note: Over \$8 billion in Pension/OPEB contributions from 2001-2017*

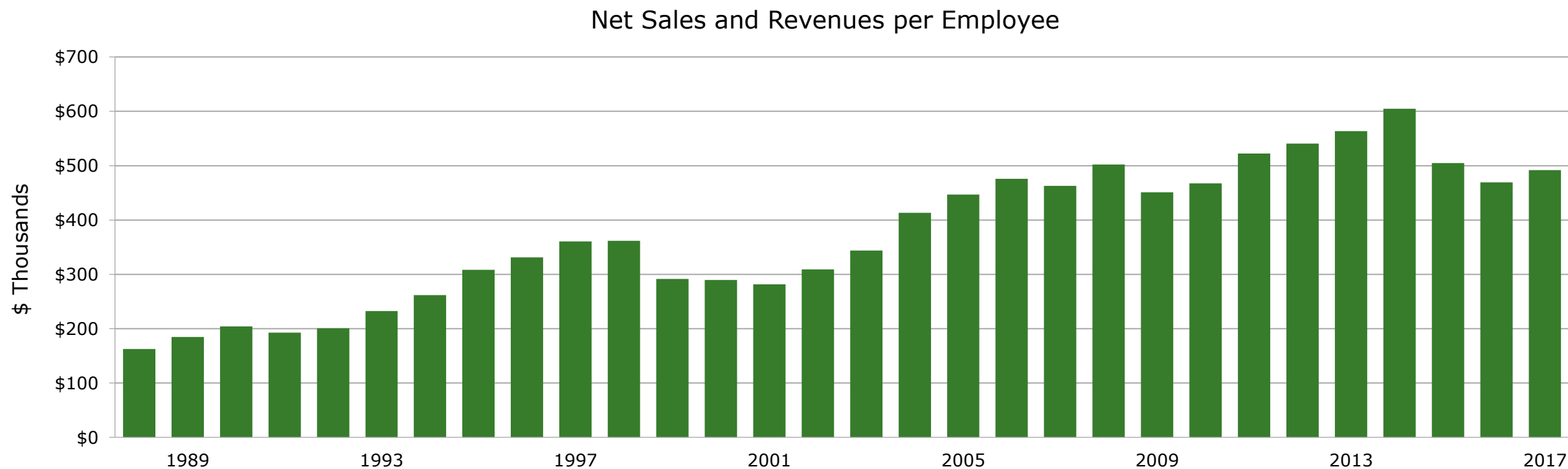
# Asset Management

Receivable level in 2017 lower than 1998, with more than 2x the sales



# Productivity Improvement

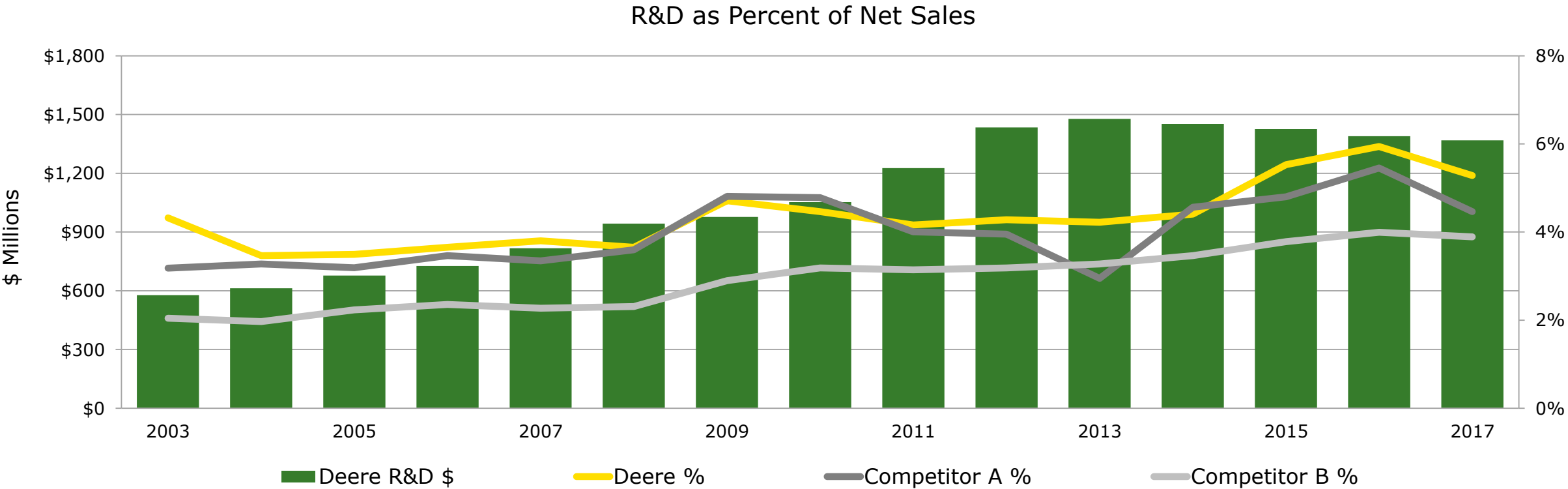
~ 5% CAGR\* over 30 years



\* Compound Annual Growth Rate

# Investment in New Products and Technologies

Consistently spending at or above competition on technology and innovation



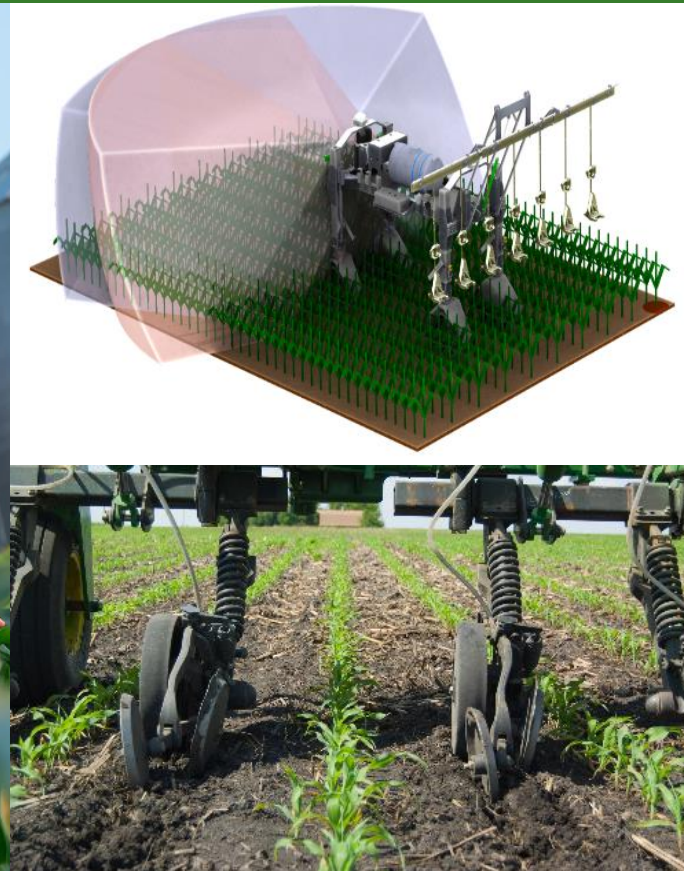
Source: Deere & Company and competitor SEC filings

## Traditional Agriculture



**Bigger. Faster. Stronger.**

## Next Frontier of Agriculture



**Automated. Easy to Use. More Precise.**

# Precision Ag

The Future of Farming Has Always Been Led by John Deere

**Our commitment to game-changing innovation makes farming easier, smarter and more precise**



**BEYOND**

**MACHINE LEARNING IS THE NEXT STEP** to drive the company, and farming, forward.

# Precision Ag

## Equipment + Technology + Services

### Better machine performance



- Ensure machines function as expected
- Maximize machine performance & uptime
  - John Deere Connected Support uses predictive analytics to generate notifications and repair instructions to minimize machine downtime
- Ease of use increases operator consistency

### Better job performance



- Ensure best outcome for each pass across the field
- Coordinate machines to execute jobs more effectively and efficiently
- Monitor job progress and adjust operational plans in near real time

### Better agronomic decisions



- See, collaborate and direct information when needed and where needed with an online set of tools
- Automate collection and transfer of data from the machine to platform
- Manage the farm from anywhere and any device



**Precision Ag  
Equipment**



**Precision Ag  
Technology**



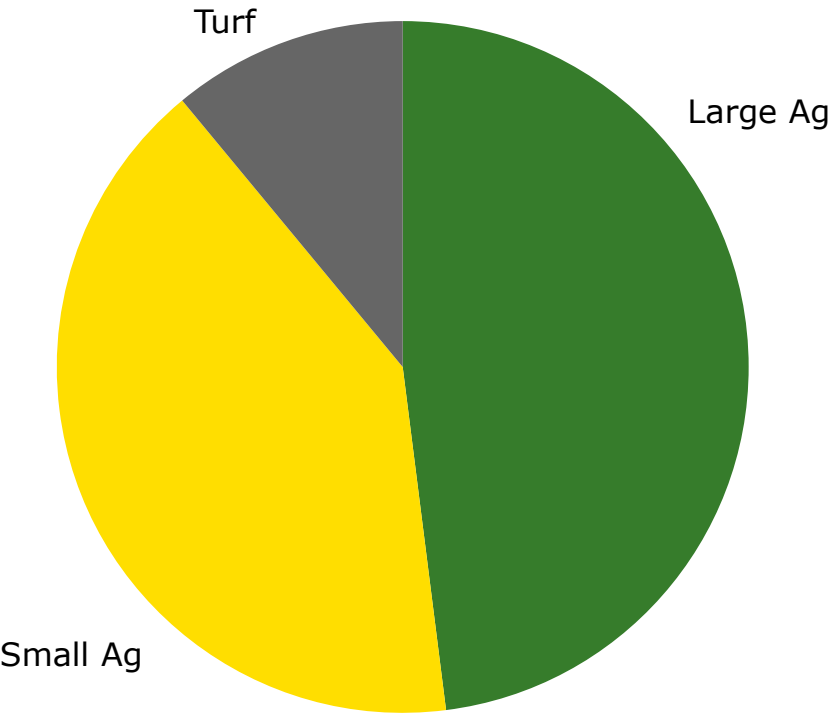
**Dealer Services  
& Support**



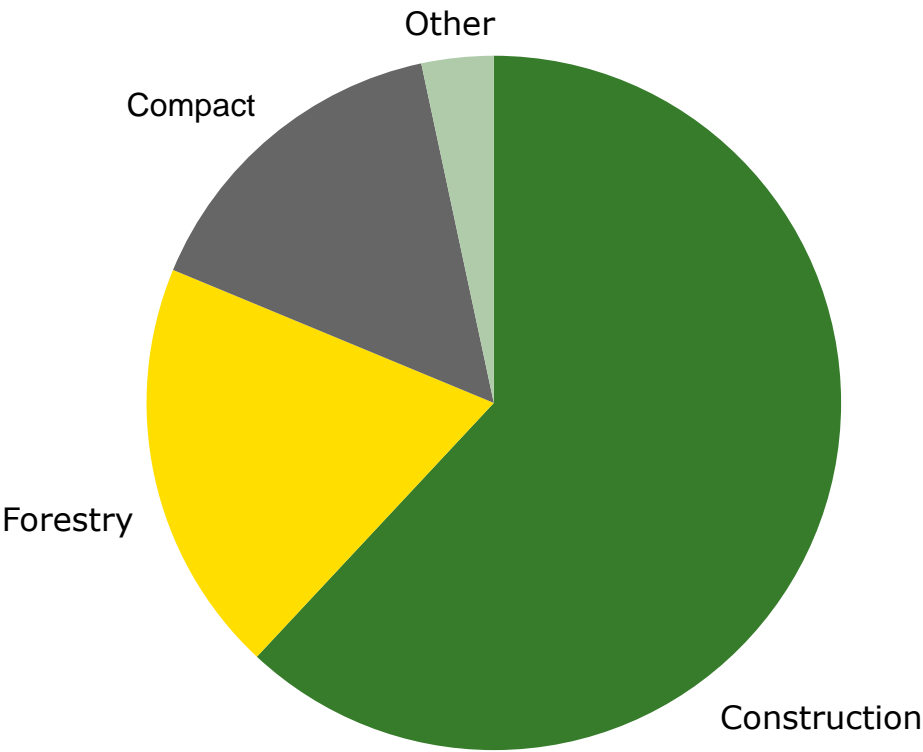
# Net Sales by Product Category

Equipment Operations – Fiscal 2017

**Agriculture & Turf**  
**\$20.2 billion**



**Construction & Forestry**  
**\$5.7 billion**



# Use-of-Cash



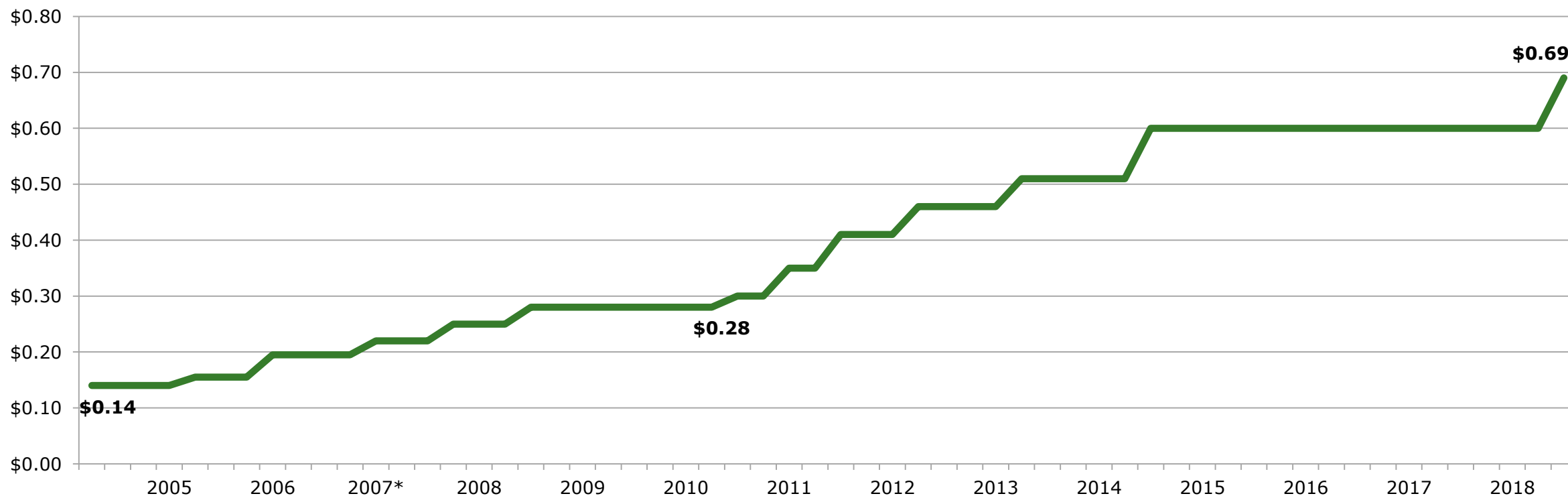
# Deere Use-of-Cash Priorities



# Deere Quarterly Dividends Declared

## 1Q 2004 – 3Q 2018

**Dividend raised 146% 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

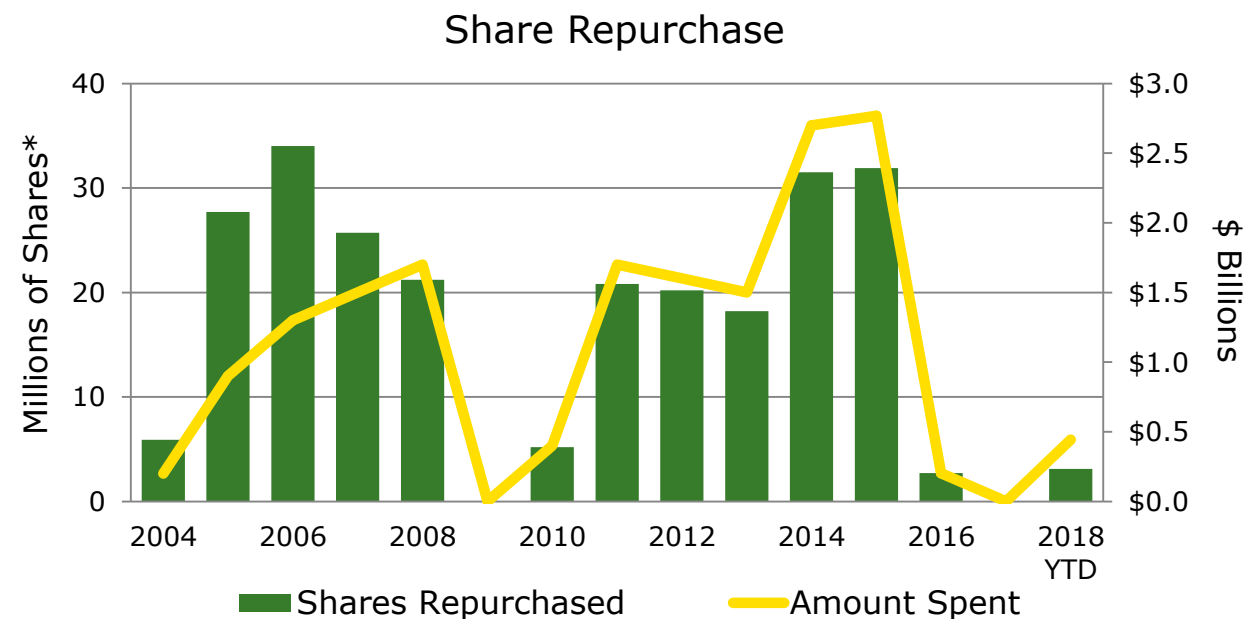
#### 2004–3Q 2018:

Cumulative cost of repurchases	\$16.8 billion
Shares repurchased	248.0 million
Average repurchase price	\$67.91

#### December 2013 authorization of \$8 billion:

Amount remaining	\$2.8 billion
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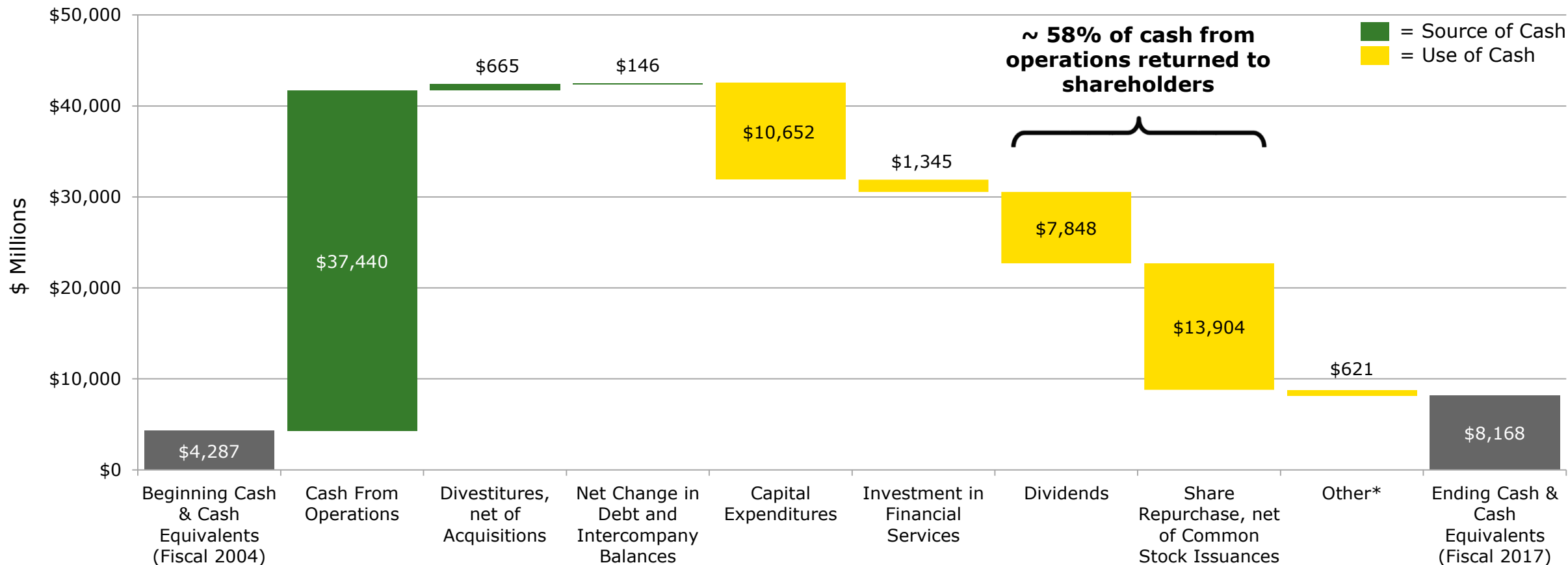
29 July 2018 period ended basic shares	321.7 million
3Q 2018 average diluted shares	328.0 million



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

# Sources and Uses of Cash Fiscal 2004-2017

## 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

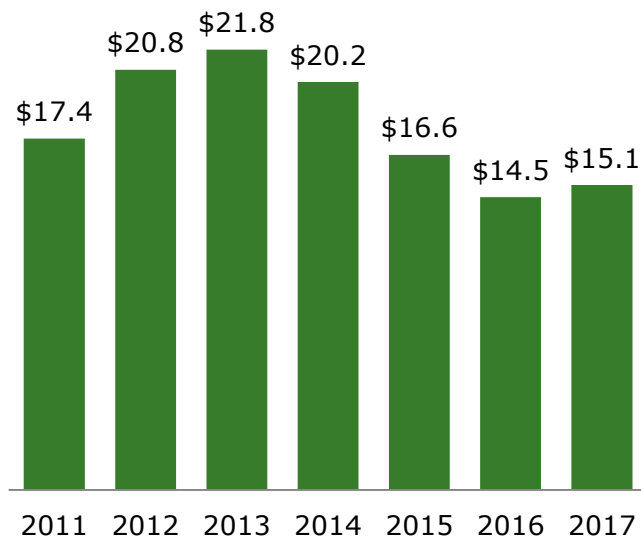
# Global Markets



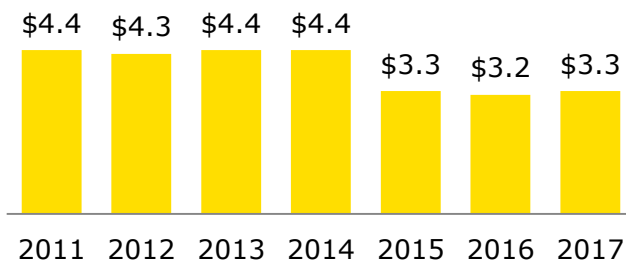
# Net Sales by Major Markets

## Equipment Operations

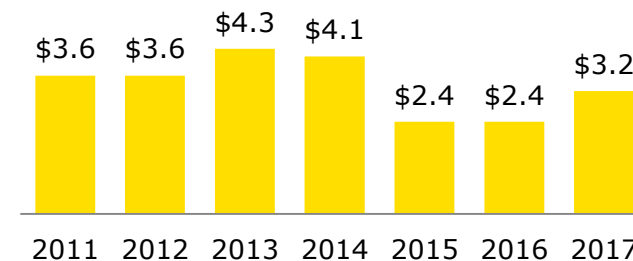
U.S. & Canada\*



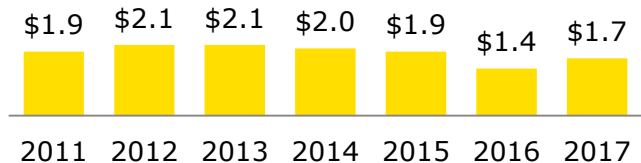
Western Europe



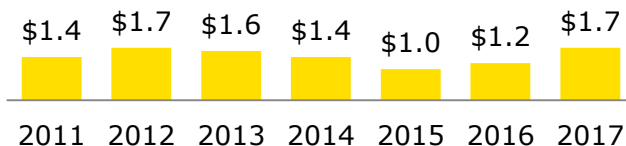
Latin America



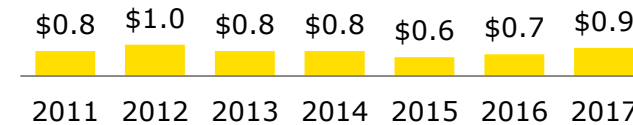
Asia, Africa & Middle East



Central Europe & CIS



Asia Pacific, Australia  
& New Zealand

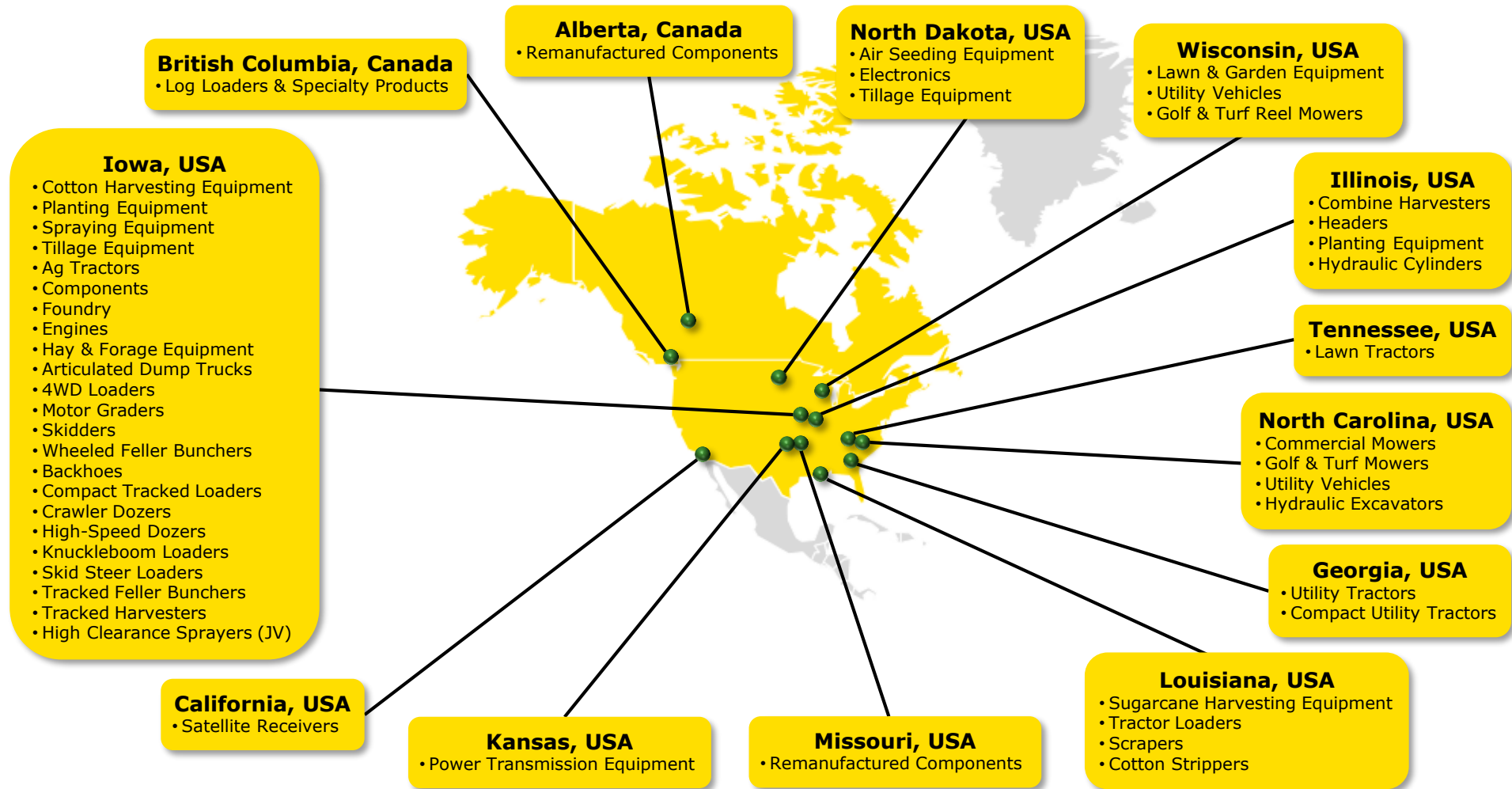


\$ Billions

\* U.S. & Canada not to scale with other markets

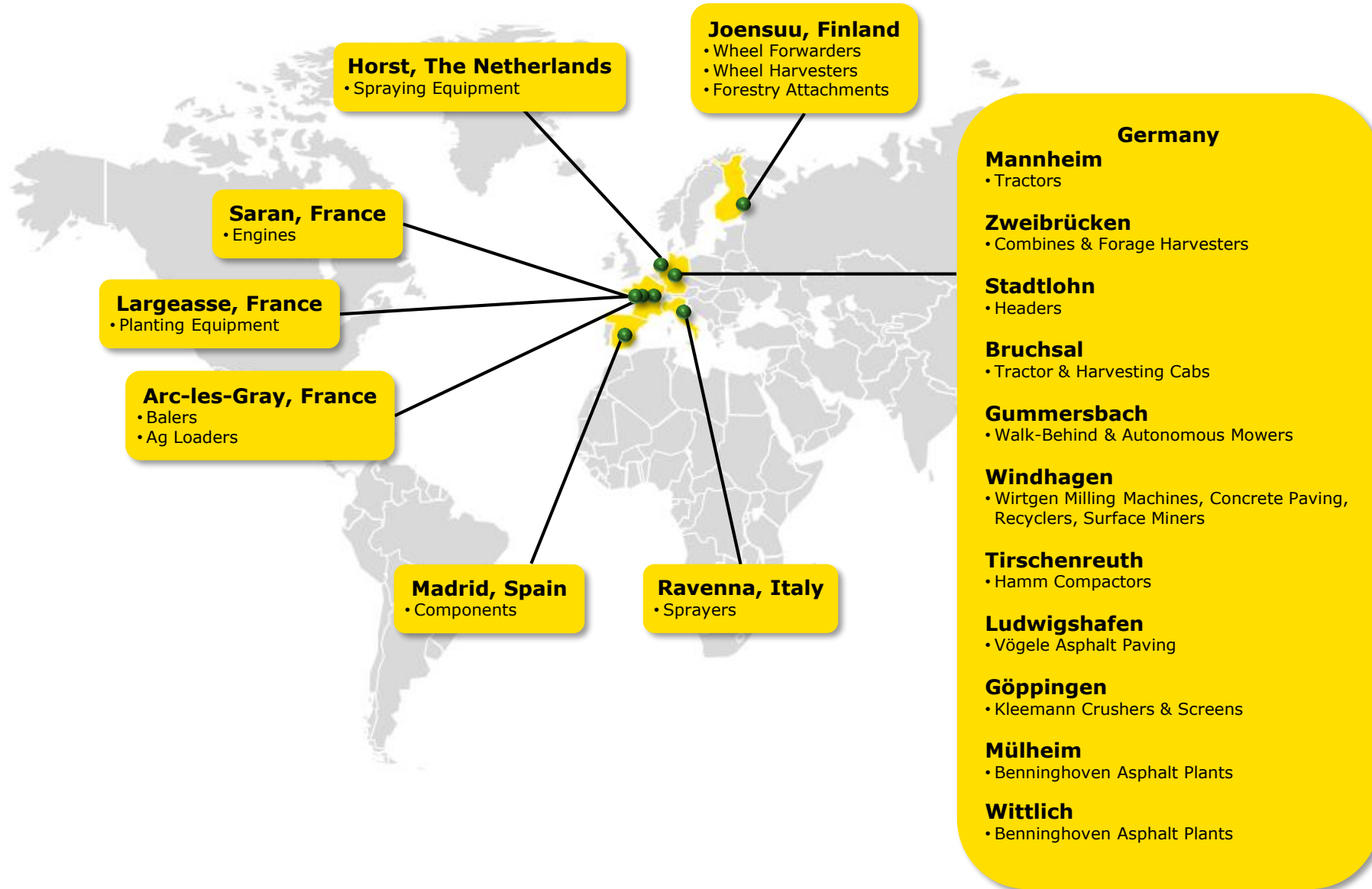
# U.S. and Canada

## Factory Locations



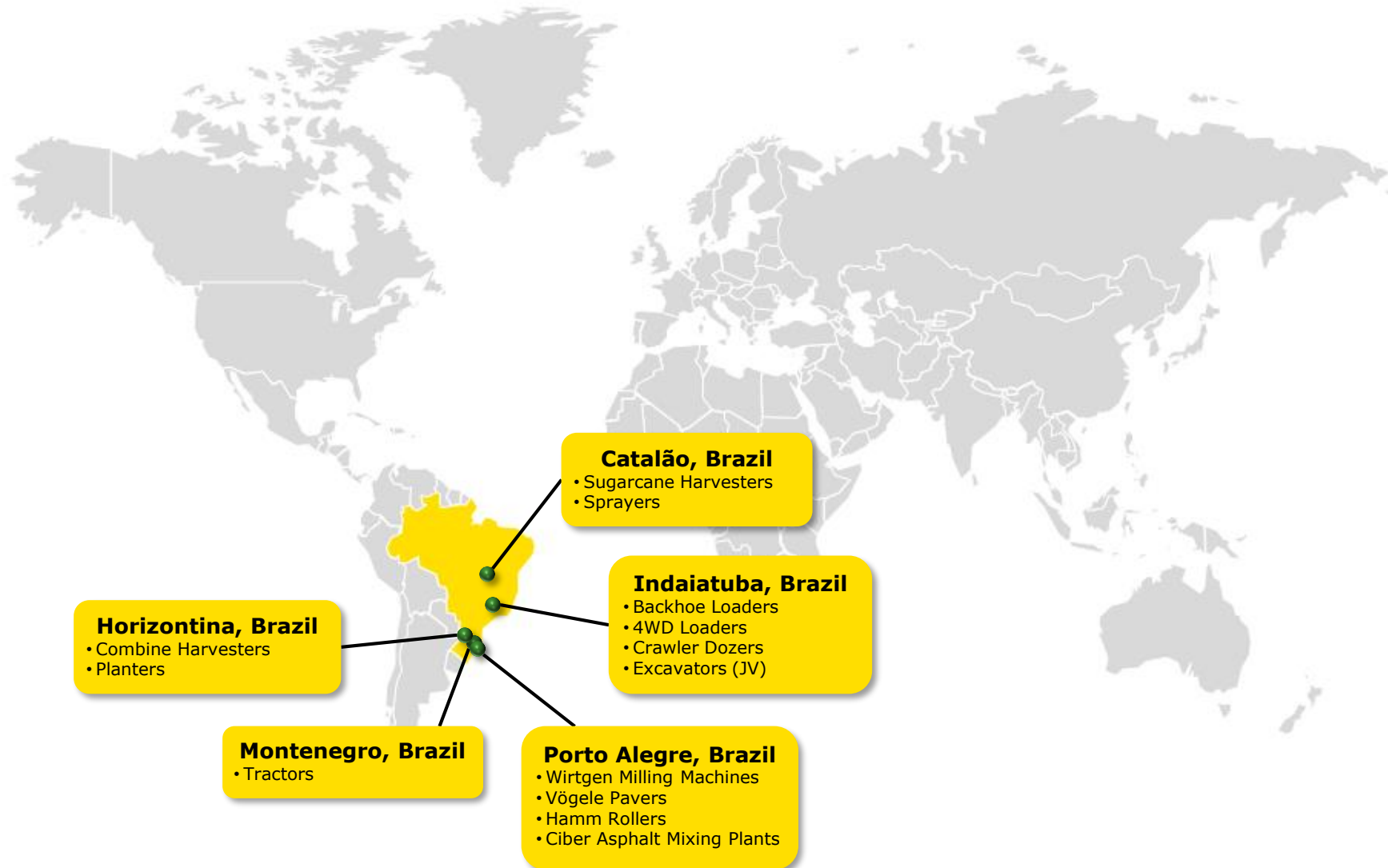
# EU 28

## Factory Locations



# Brazil

## Factory Locations





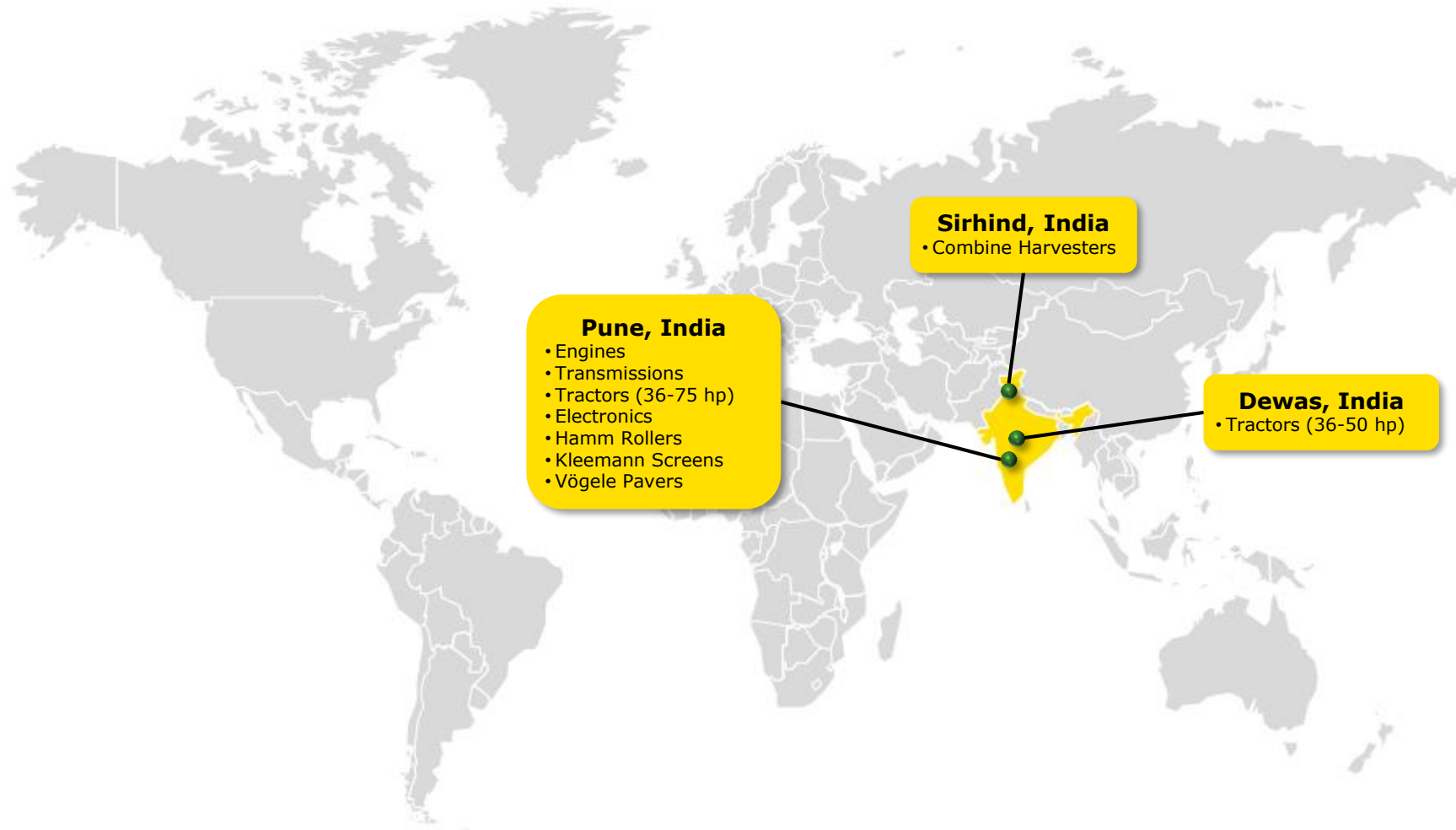
# China

## Factory Locations



# India

## Factory Locations



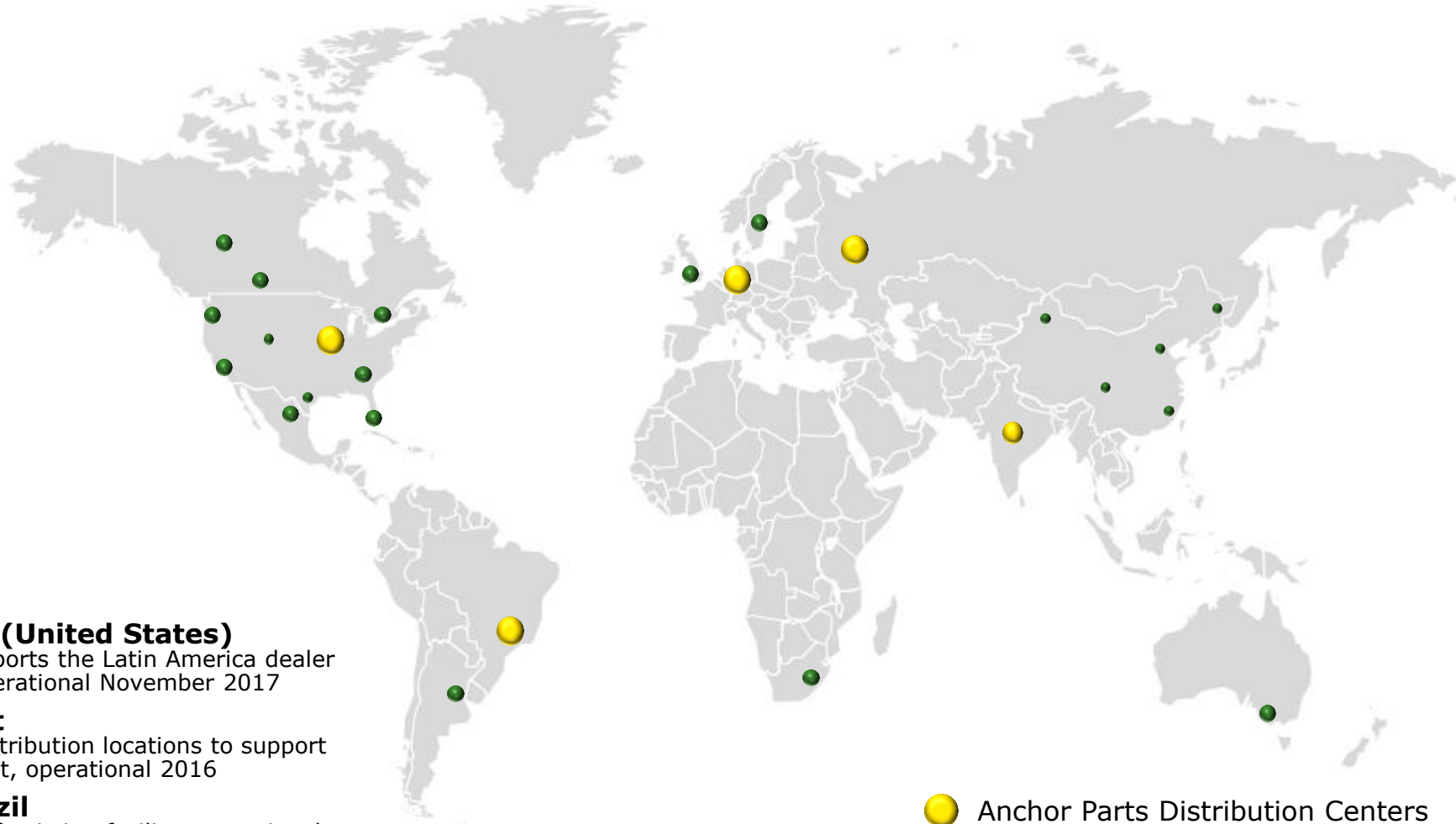
# Other Regions

## Factory Locations



# Worldwide Parts Services

Supporting the Growth of Our Equipment Operations



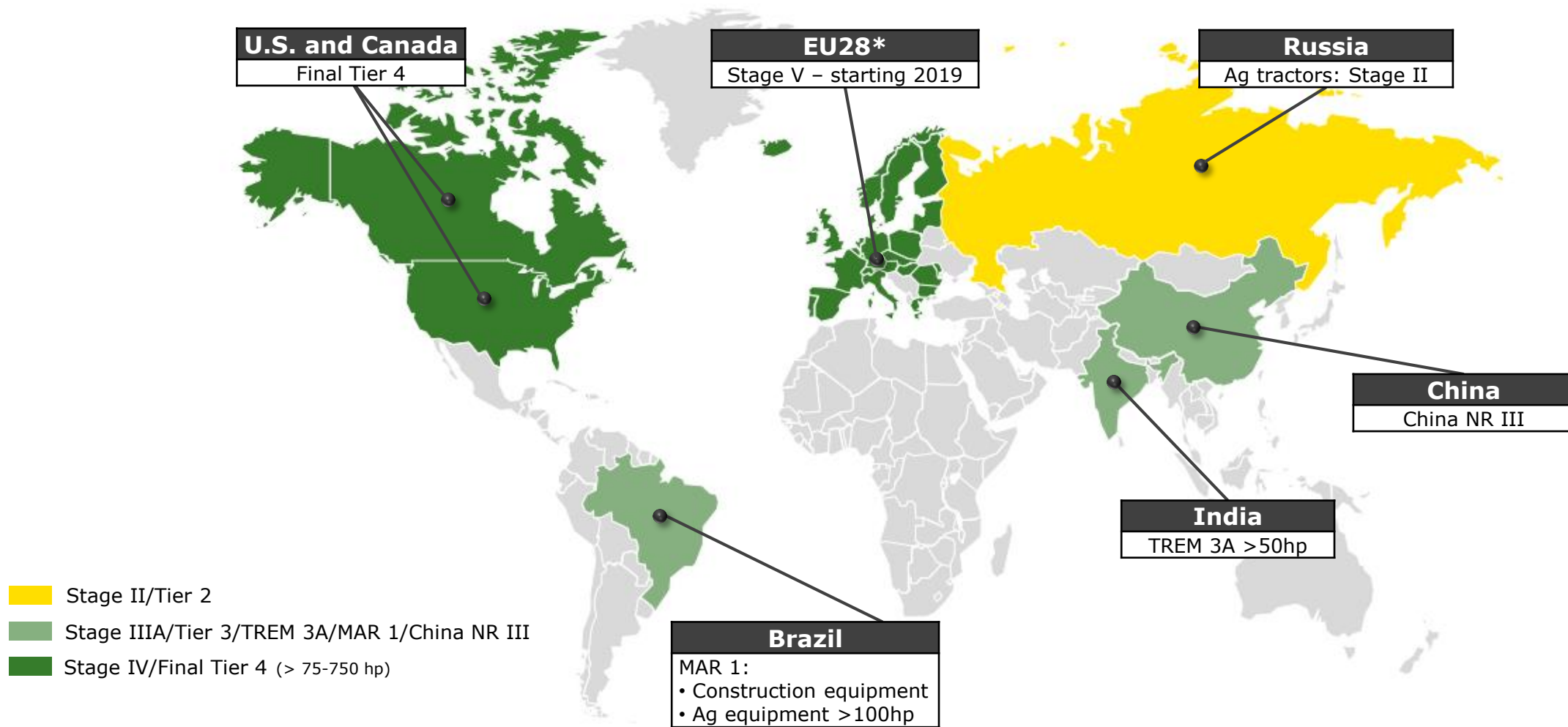
## Highlights:

- **Miami, Florida (United States)**
  - Directly supports the Latin America dealer network, operational November 2017
- **China footprint**
  - Strategic distribution locations to support China market, operational 2016
- **Campinas, Brazil**
  - Expansion of existing facility, operational March 2015

- Anchor Parts Distribution Centers
- Regional Parts Distribution Centers or Depots

# Engine Emissions

## 2018 Worldwide Off-Road Emissions Regulations > 75 hp



\* Includes some non-EU28 countries that follow EU28 emissions regulations

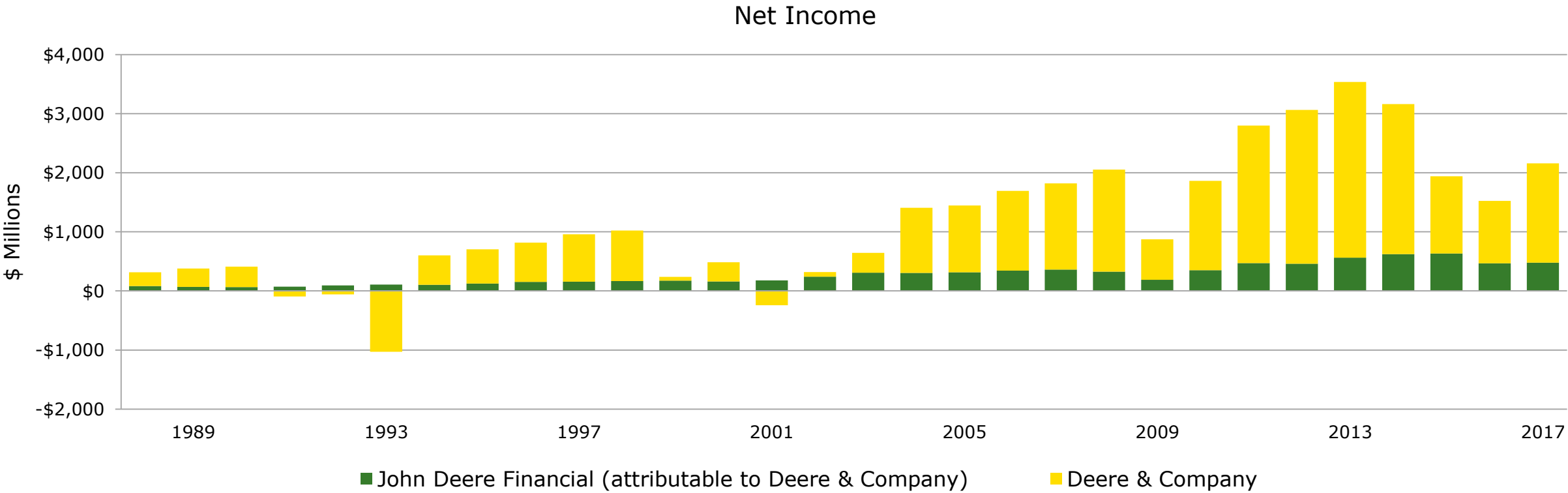
# John Deere Financial Services





# John Deere Financial Services

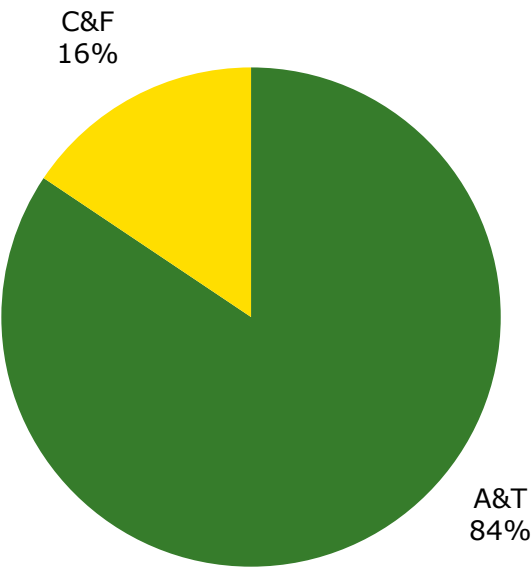
## Consistent earnings throughout the cycle



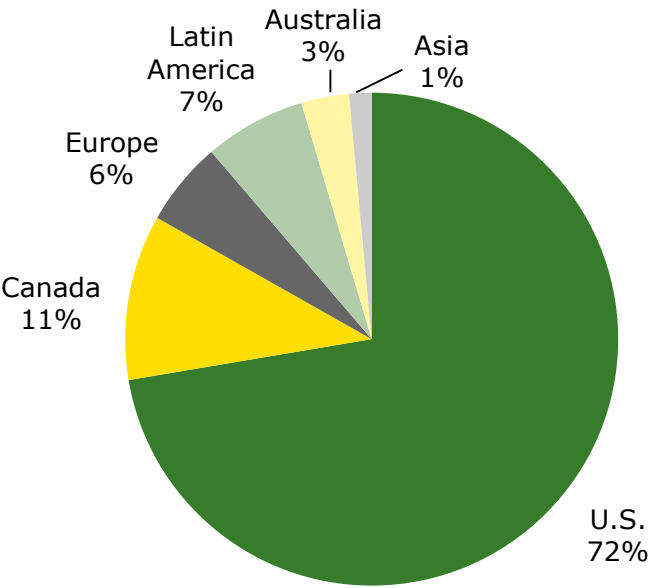
# John Deere Financial Services

**\$40.0 billion Net Owned Portfolio as of 29 October 2017**

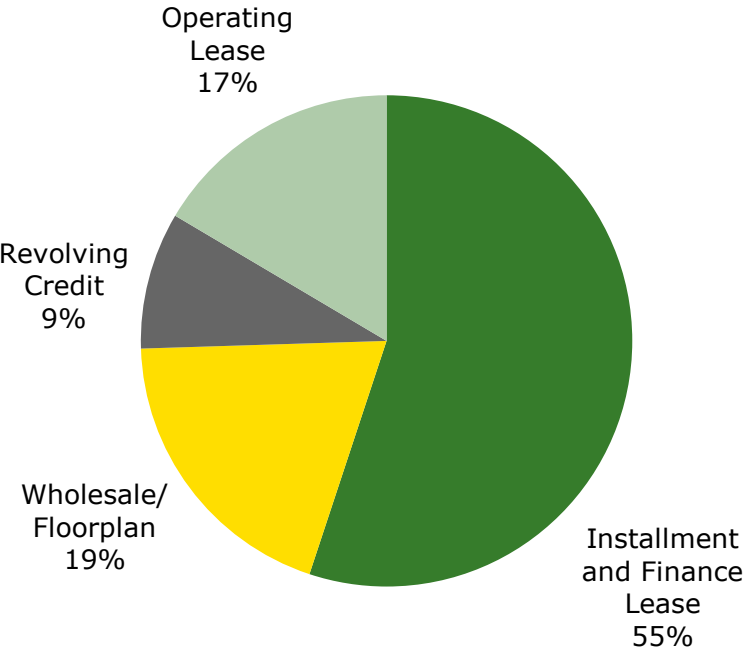
Portfolio Composition by Segment



Portfolio Composition by Geography



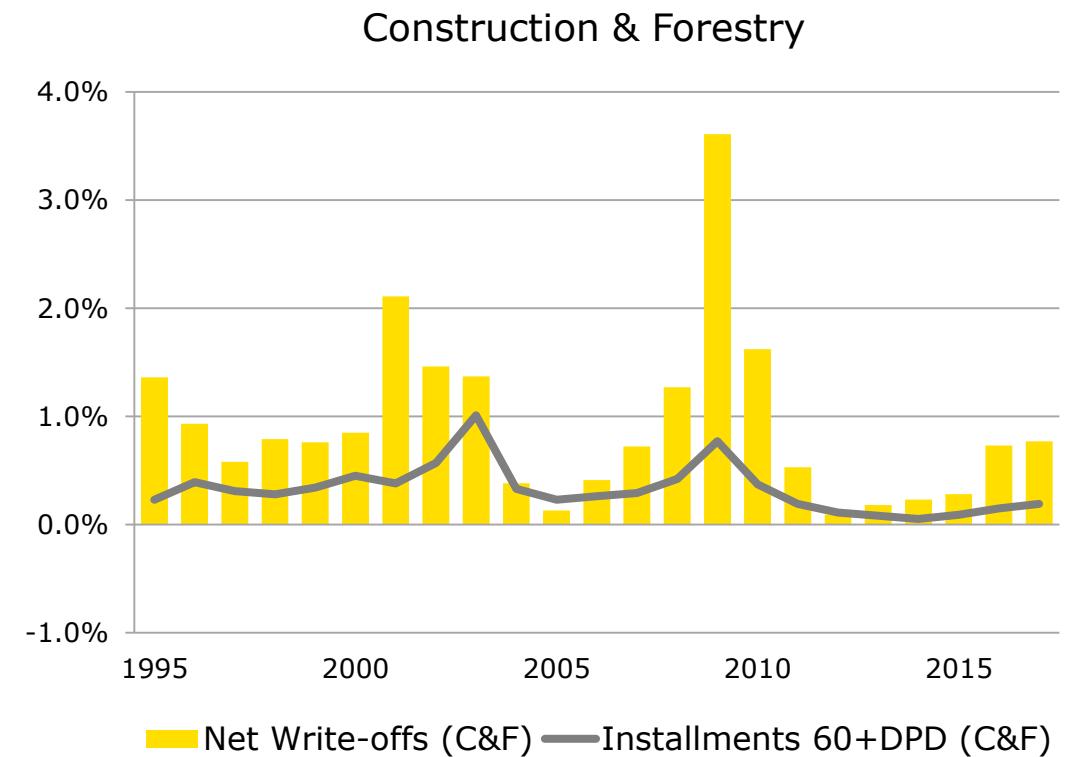
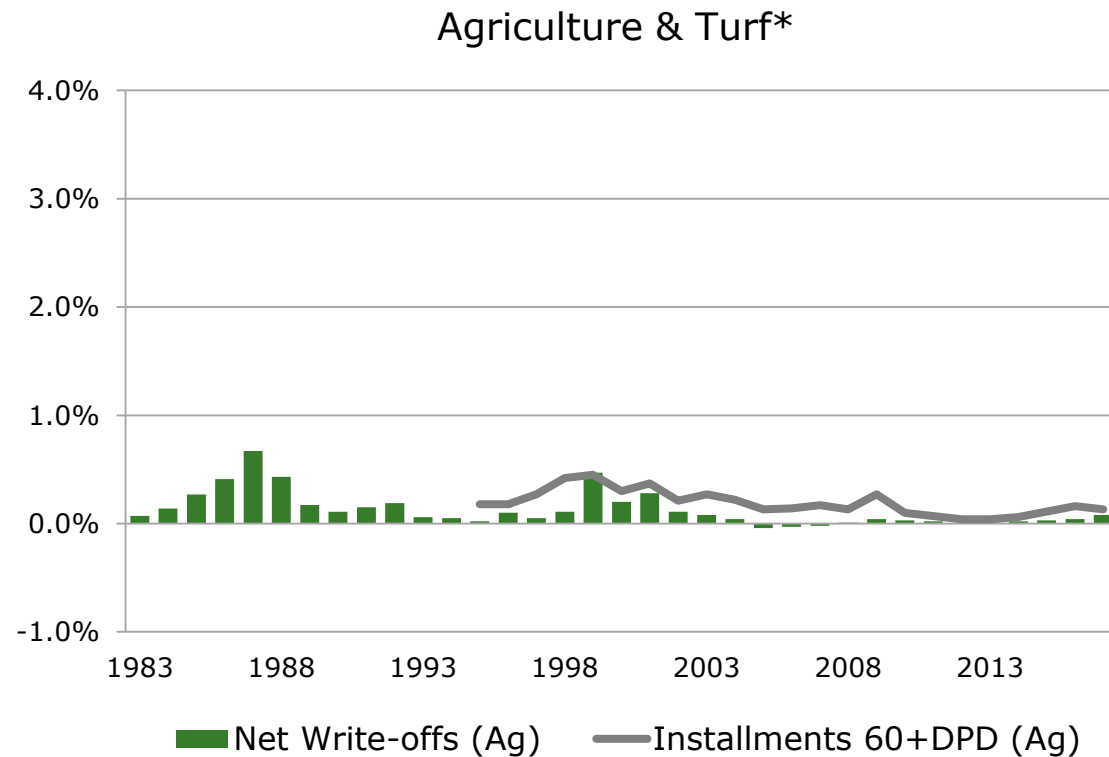
Portfolio Composition by Product



*Note: Information above includes all Deere & Company lending activities worldwide. John Deere Capital Corporation is the largest lending operation of Deere & Company.*

# John Deere Capital Corporation

## Continued extremely low write-offs in Agriculture & Turf and Construction & Forestry

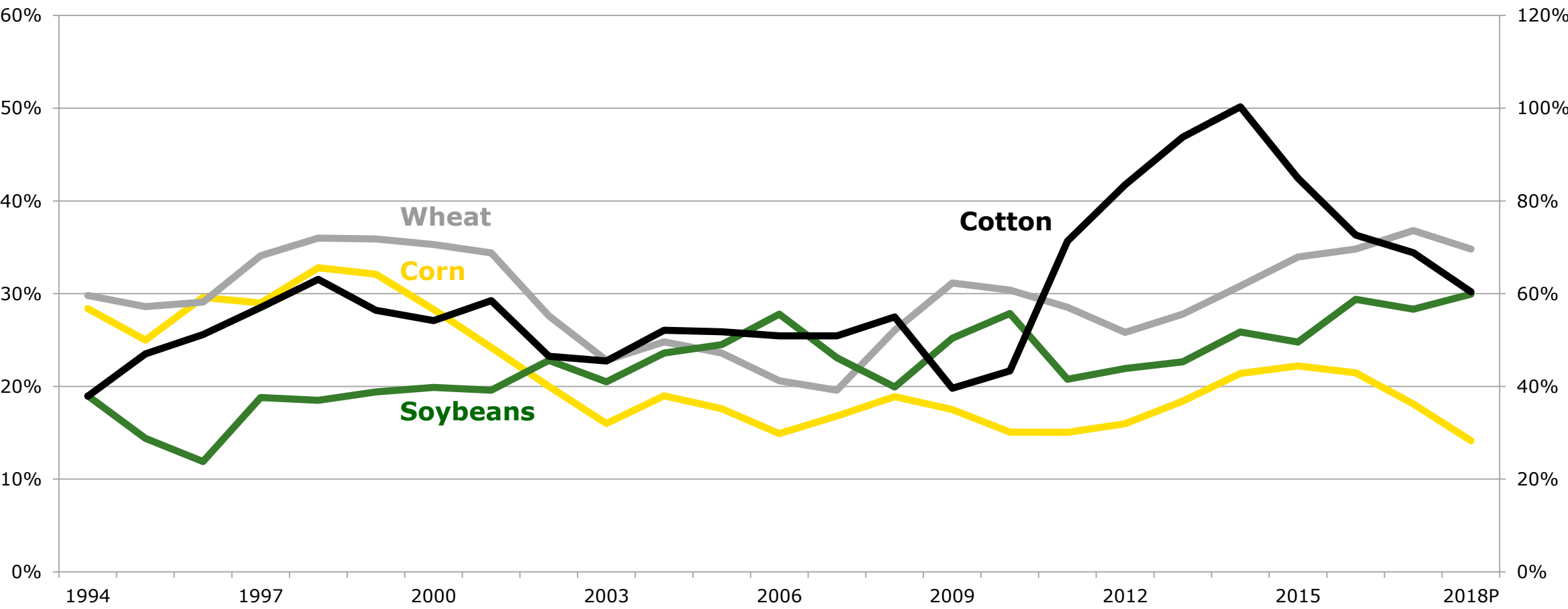


\* 1983–1985 includes construction; 1986–1994 includes lawn & grounds care; 2009 forward includes ag & turf equipment; as % of owned losses after dealer reserve charges  
Source: 1983–1994 internal reporting, 1995–2011 JDCC 10-K filings, 2012–2017 internal reporting

# Agriculture Fundamentals

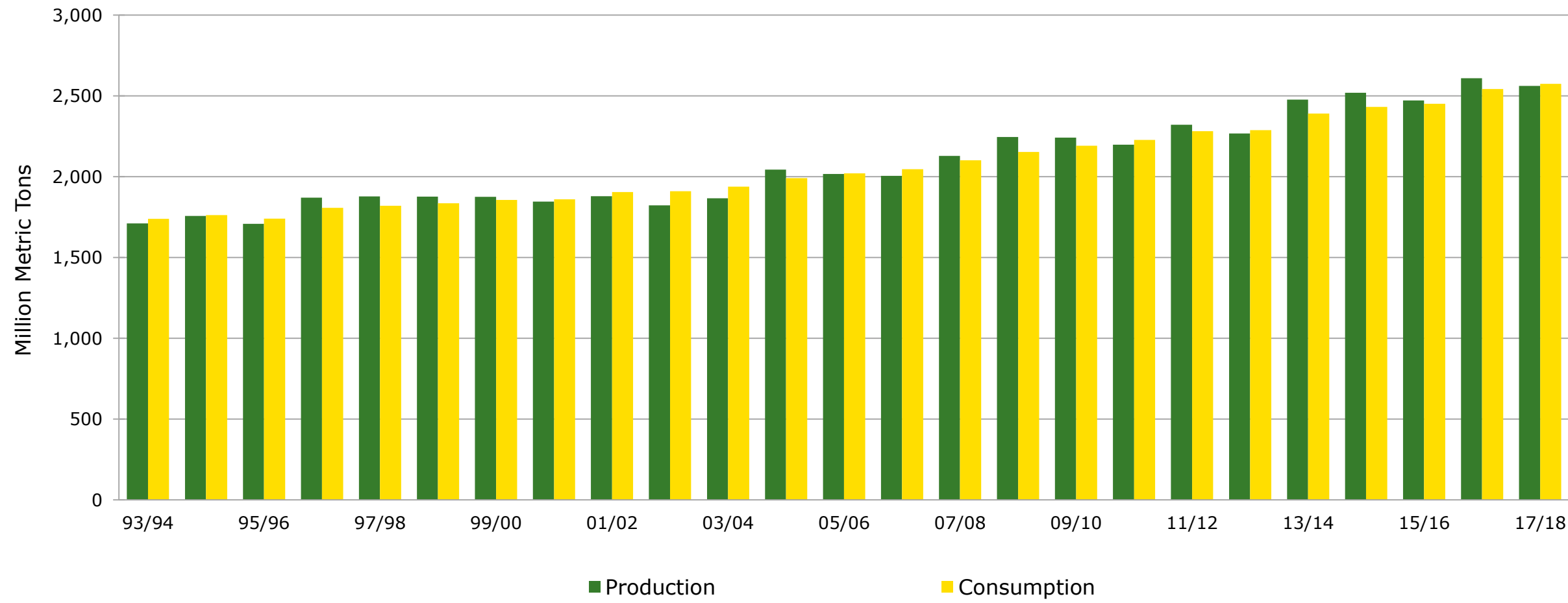


# Global Stocks-to-Use Ratios



Source: USDA, 10 August 2018

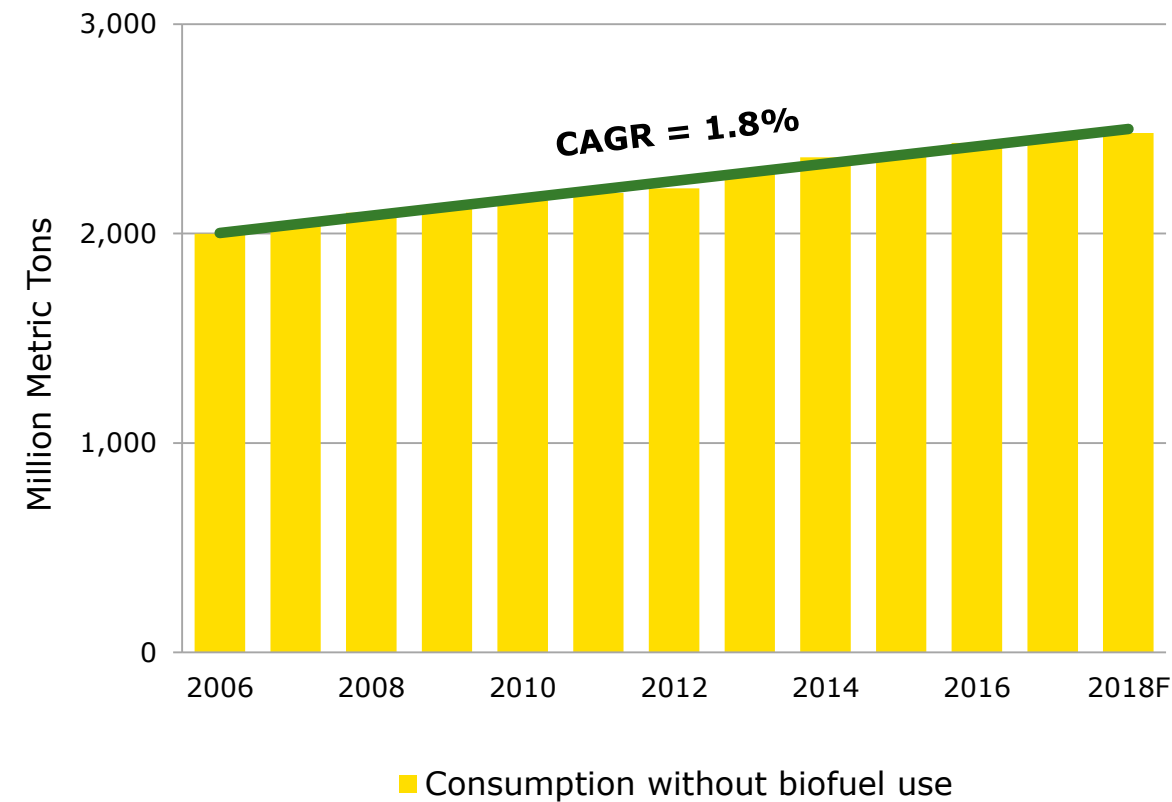
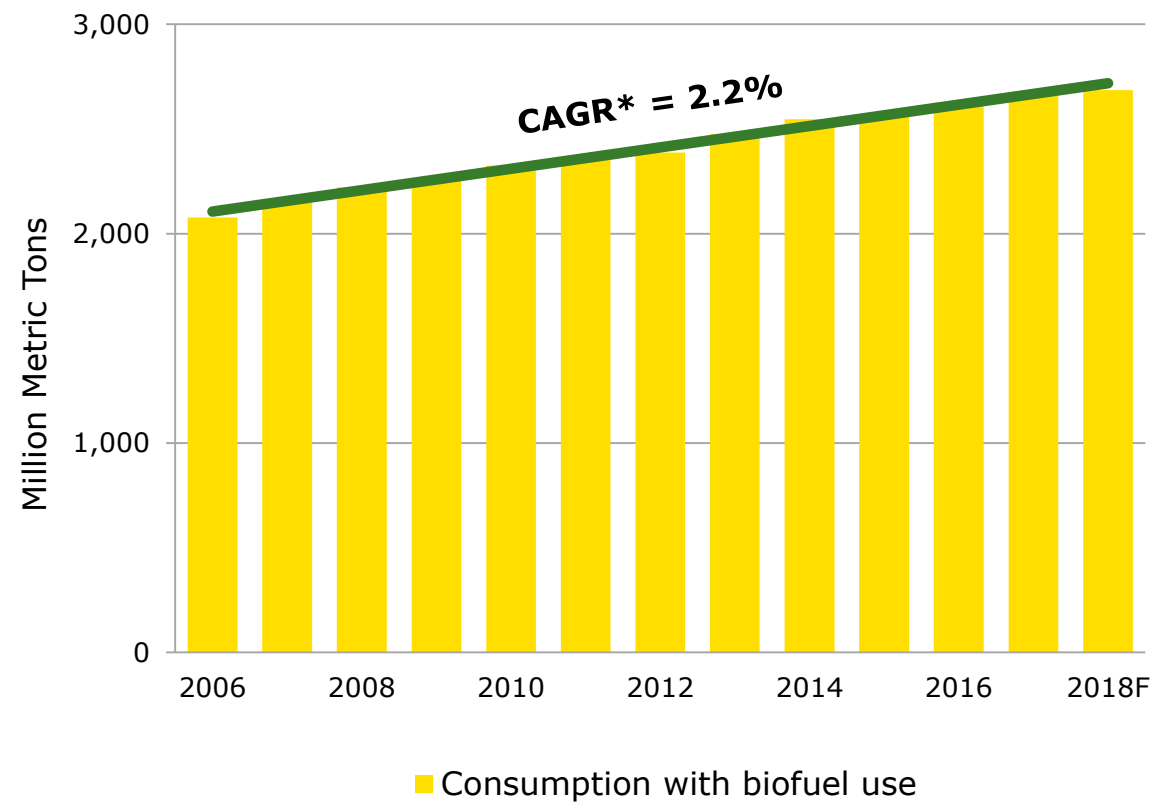
# Global Grain Supply and Demand



Source: USDA, 10 August 2018

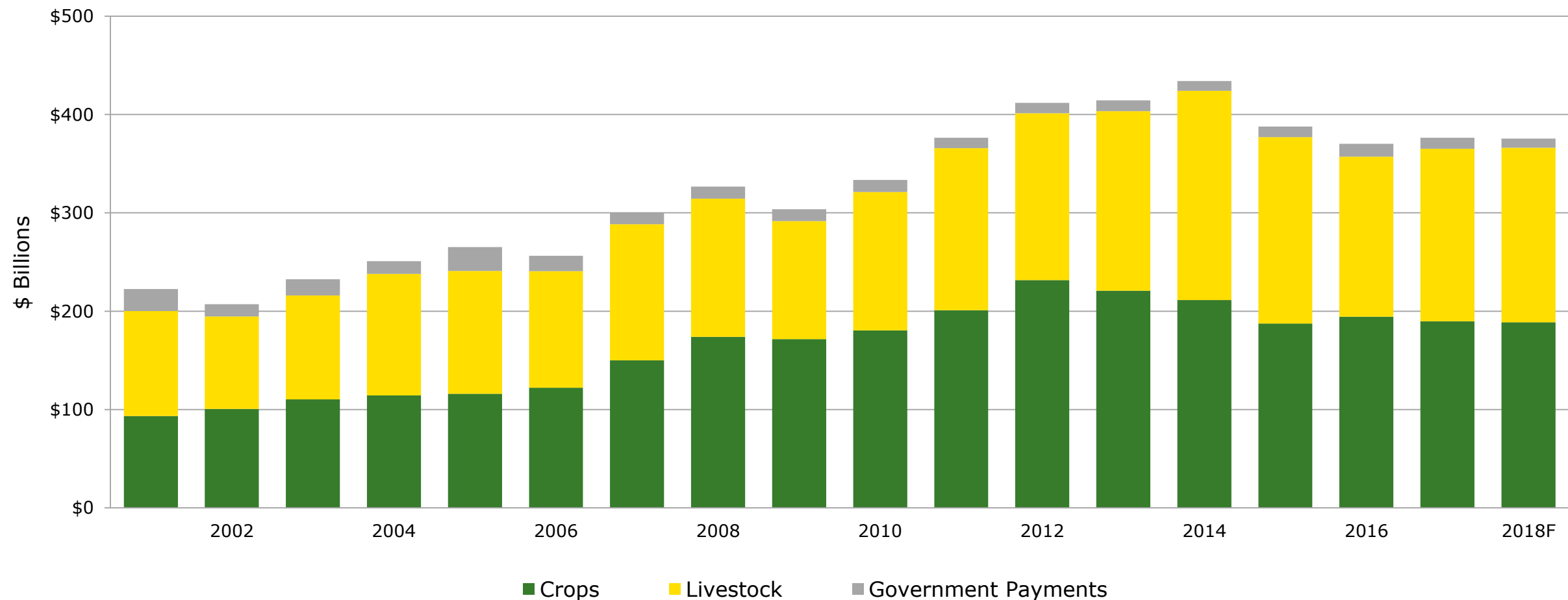
# Global Grain Demand

## With and Without Biofuel Use



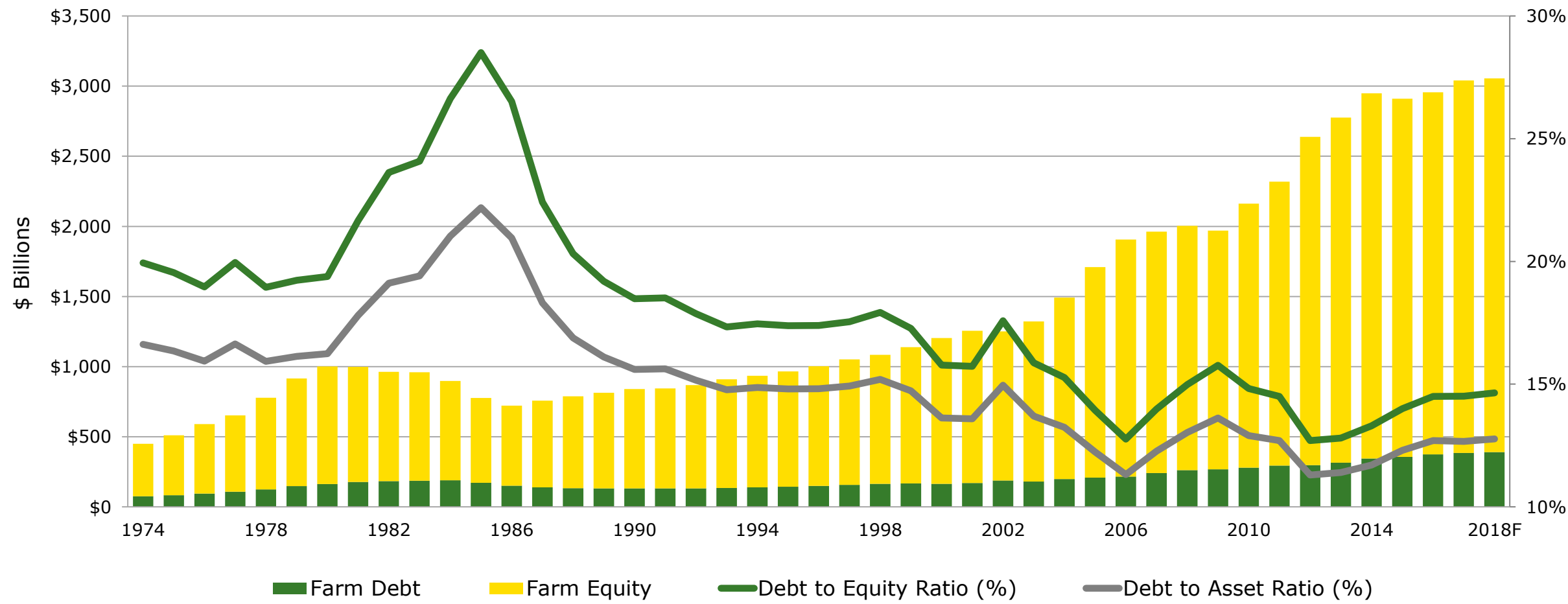
\* Compound Annual Growth Rate  
Source: OECD-FAO Agricultural Outlook 2017-2026, July 2017

# U.S. Farm Cash Receipts



Source: 2001–2016: USDA, 7 February 2018  
2017F–2018F: Deere & Company forecast as of 17 August 2018

# U.S. Farm Balance Sheet

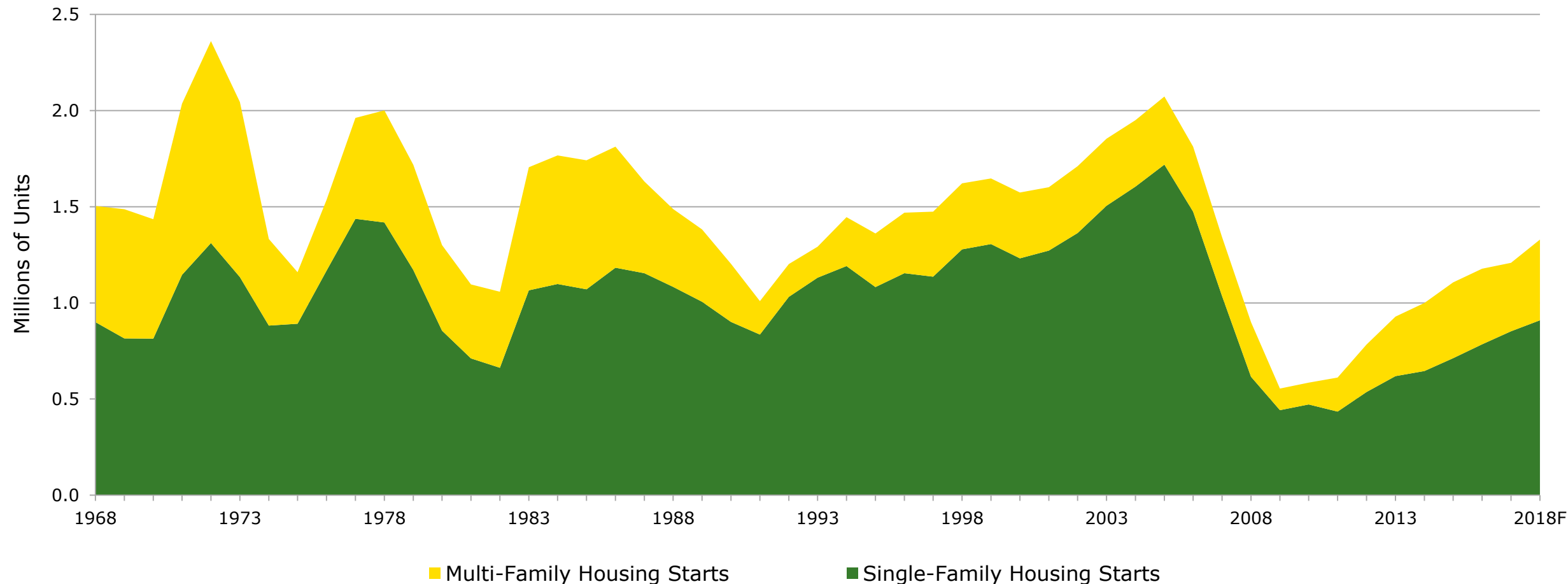


Source: 1974–2016: USDA, 7 February 2018  
2017F–2018F: Deere & Company forecast as of 17 August 2018

# Construction & Forestry Fundamentals

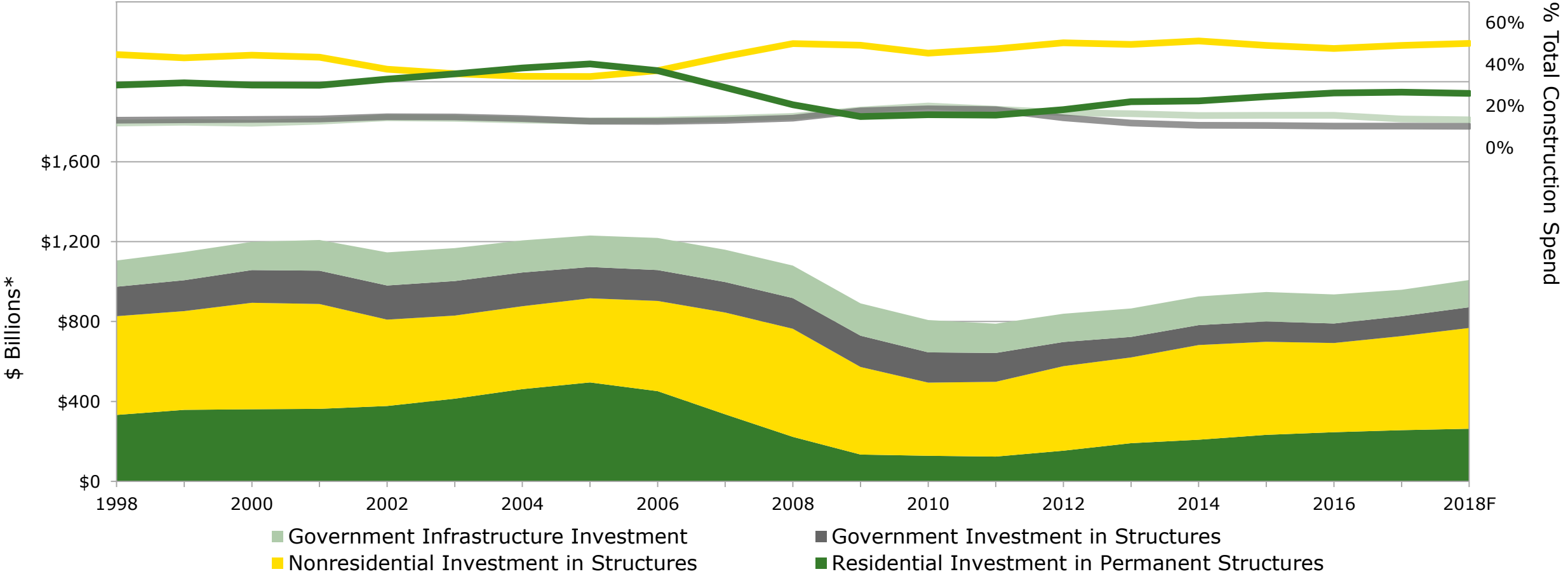


# U.S. Housing Starts



Source: 1968–2016: U.S. Census Bureau, July 2018  
2017F–2018F: Deere & Company forecast as of 17 August 2018

# U.S. Construction Spending



\* 2009\$ base  
Source: 1998–2016: U.S. Bureau of Economic Analysis, July 2018  
2017F–2018F: Deere & Company forecast as of 17 August 2018

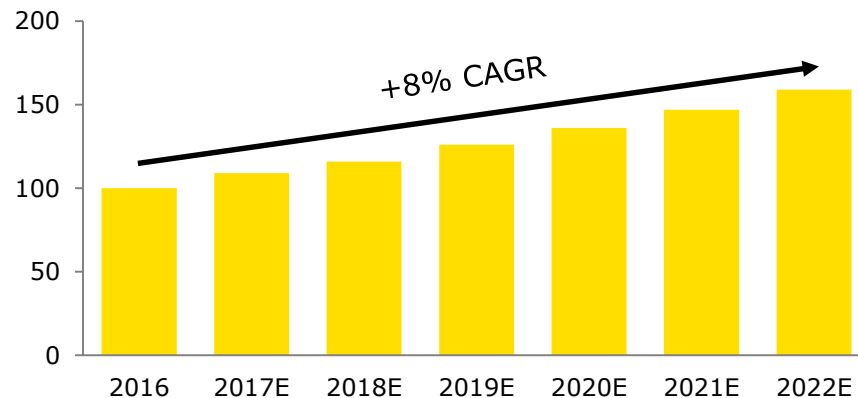
# Wirtgen Acquisition

## Attractive Industry Fundamentals

**Transaction provides greater exposure to transportation infrastructure, a faster growing, less cyclical sector than broader construction**

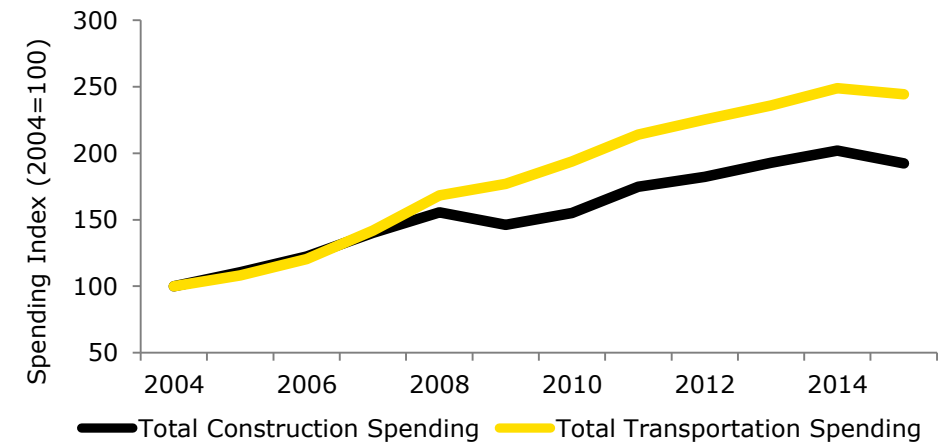
- Attractive margin opportunity with significant growth tailwinds
- Road construction AND repair emphasized in many countries, resulting in a large installed base of equipment

**Road Construction Equipment Spend**



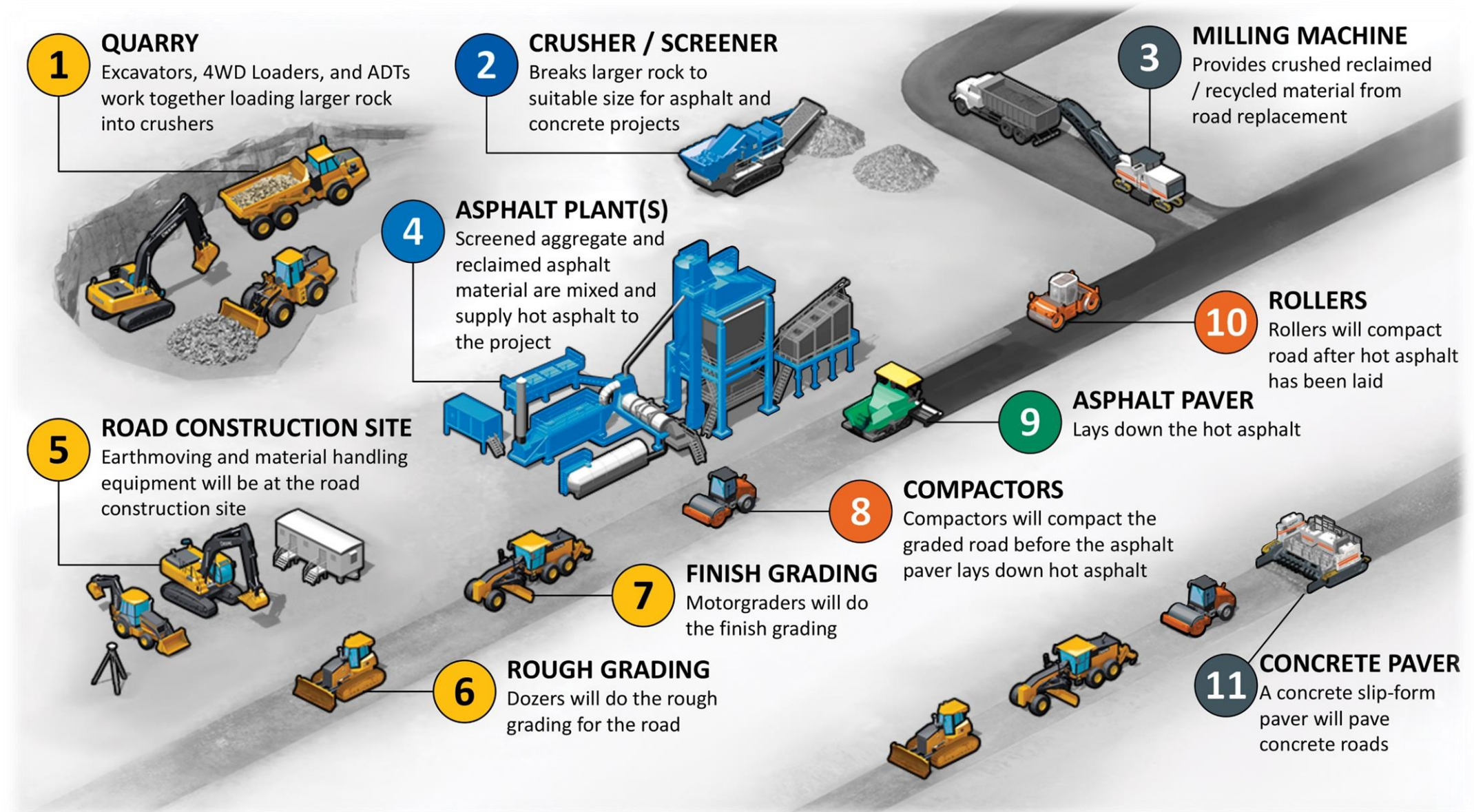
Source: BCG; indexed using 2016 figures

**Construction vs. Transportation Spend**



Source: IHS Global Insight

# End to End Road Construction Portfolio



# Appendix



# SVA\* Reconciliation to GAAP

## Equipment Operations

(\$ millions except where noted)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net Sales	6,479	7,663	8,830	9,640	11,082	11,926	9,701	11,169	11,077	11,703	13,349	17,673	19,401
Average Identifiable Assets													
With Inventories at LIFO	5,449	5,551	6,187	6,502	6,682	7,672	7,724	8,069	8,743	6,229	5,965	6,482	7,248
With Inventories at Standard Cost	6,442	6,494	7,131	7,488	7,703	8,711	8,739	9,039	9,678	7,147	6,925	7,477	8,312
Operating Profit	242	847	1,006	1,125	1,402	1,476	272	693	(46)	401	708	1,905	1,842
Percent of Net Sales	3.7%	11.1%	11.4%	11.7%	12.6%	12.4%	2.8%	6.2%	(0.4%)	3.4%	5.3%	10.8%	9.5%
Operating Return on Assets													
With Inventories at LIFO	4.4%	15.3%	16.3%	17.3%	21.0%	19.3%	3.5%	8.6%	(0.5%)	6.4%	11.9%	29.4%	25.4%
With Inventories at Standard Cost	3.8%	13.0%	14.1%	15.0%	18.2%	16.9%	3.1%	7.7%	(0.5%)	5.6%	10.2%	25.5%	22.2%
SVA Cost of Assets	(773)	(780)	(856)	(898)	(924)	(1,045)	(1,049)	(1,085)	(1,162)	(858)	(831)	(897)	(998)
SVA	(531)	68	150	226	477	431	(776)	(392)	(1,208)	(457)	(123)	1,008	844

(\$ millions except where noted)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	19,884	21,489	25,803	20,756	23,573	29,466	33,501	34,998	32,961	25,775	23,387	25,885
Average Identifiable Assets												
With Inventories at LIFO	7,546	8,092	9,652	9,647	9,196	11,516	13,594	14,569	14,113	12,491	11,816	12,150
With Inventories at Standard Cost	8,634	9,205	10,812	10,950	10,494	12,875	14,965	15,924	15,493	13,840	13,092	13,421
Operating Profit	1,905	2,318	2,927	1,365	2,909	3,839	4,397	5,058	4,297	2,177	1,880	2,821
Percent of Net Sales	9.6%	10.8%	11.3%	6.6%	12.3%	13.0%	13.1%	14.5%	13.0%	8.4%	8.0%	10.9%
Operating Return on Assets												
With Inventories at LIFO	25.2%	28.6%	30.3%	14.1%	31.6%	33.3%	32.3%	34.7%	30.4%	17.4%	15.9%	23.2%
With Inventories at Standard Cost	22.1%	25.2%	27.1%	12.5%	27.7%	29.8%	29.4%	31.8%	27.7%	15.7%	14.4%	21.0%
SVA Cost of Assets	(1,036)	(1,094)	(1,284)	(1,301)	(1,259)	(1,545)	(1,795)	(1,911)	(1,860)	(1,661)	(1,570)	(1,611)
SVA	869	1,224	1,643	64	1,650	2,294	2,602	3,147	2,437	516	310	1,210

\* Shareholder Value Added



**JOHN DEERE**