

# Investor Presentation

Fiscal 2021



JOHN DEERE



# 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.

Nothing in this presentation should be construed as reaffirming or disaffirming the guidance set forth in Deere's most recent earnings release and earnings call. This presentation is not an offer to sell or a solicitation of offers to buy any of Deere's securities.

# Table of Contents

Strategy **4**

---

Financial Performance **17**

---

Use of Cash **24**

---

Appendix **28**







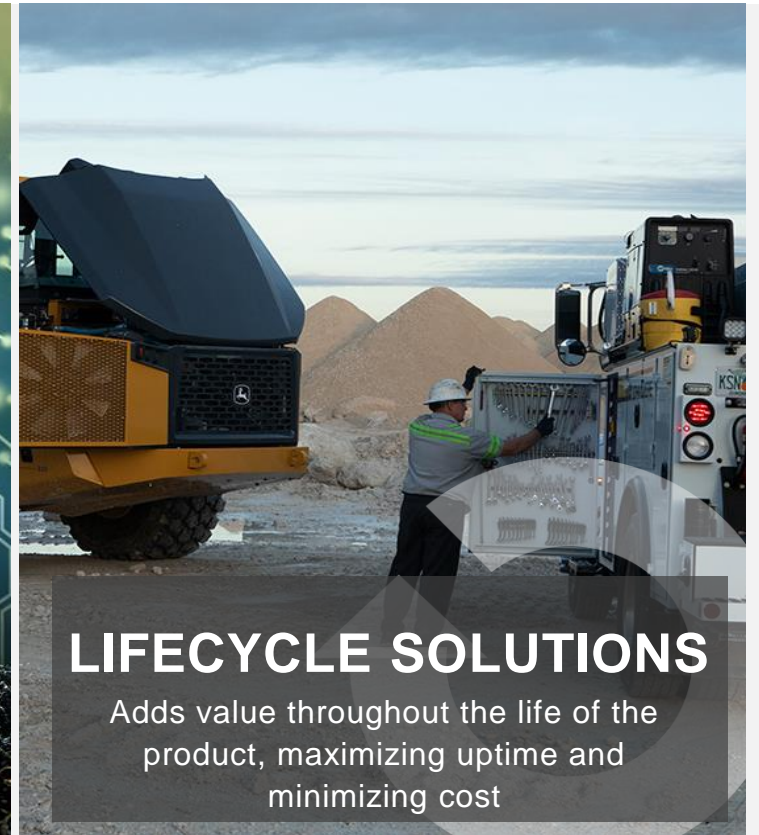
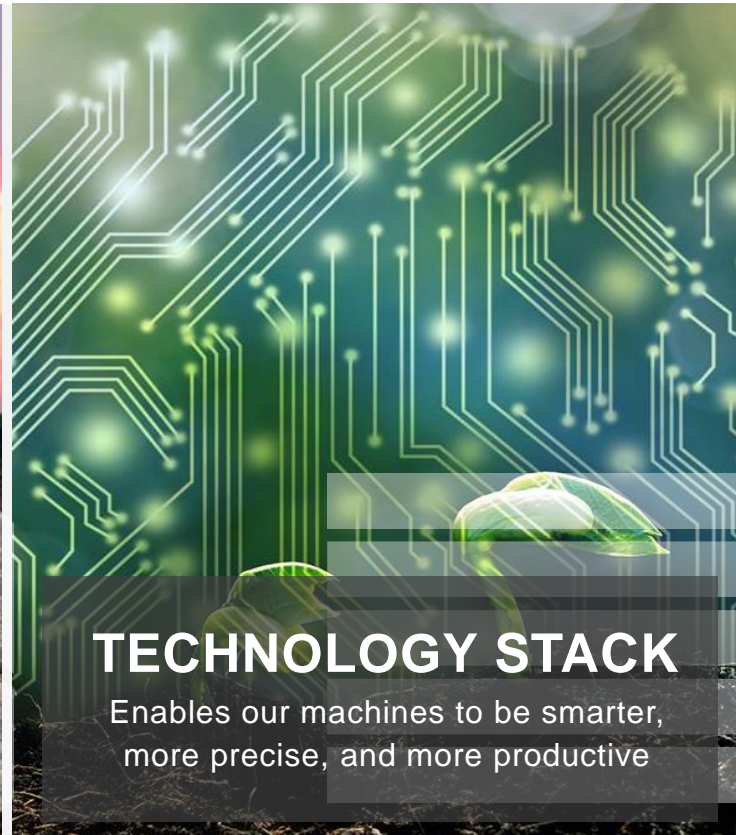
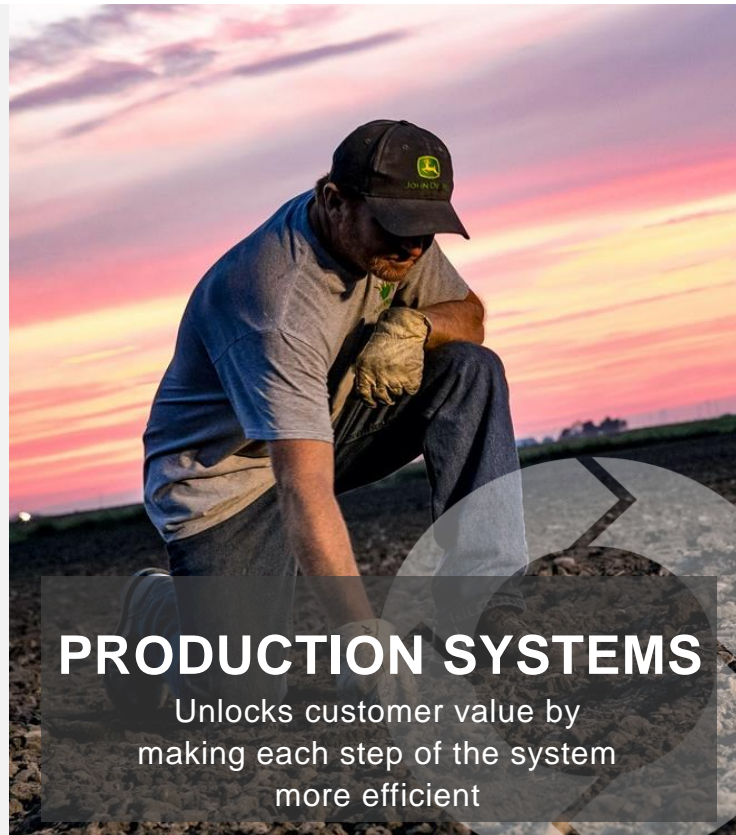
# John Deere Strategy



John Deere's Smart  
Industrial strategy will  
revolutionize agriculture  
and construction

John Deere will deliver  
intelligent, connected  
machines and applications  
that will revolutionize  
production systems in  
agriculture and construction  
to **unlock customer  
economic value** across the  
lifecycle in ways that are  
**sustainable for all**

# Execution of the strategy is focused on three key areas



**CAPITAL ALLOCATION**

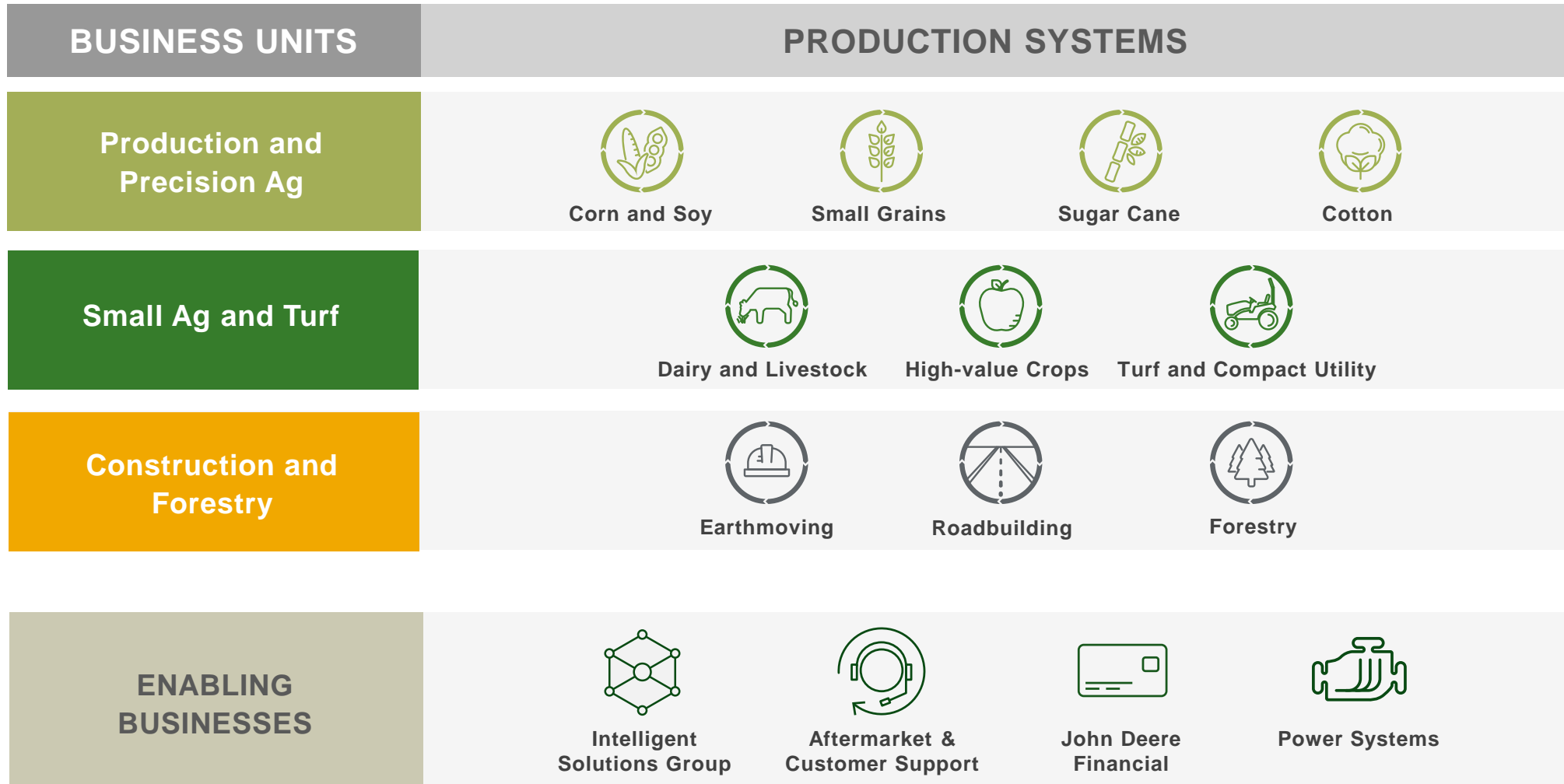
**DIVERSE TALENT**

# Production systems approach leads to customer-focused innovation



- ✓ Unlock economic value
- ✓ Deliver sustainable outcomes

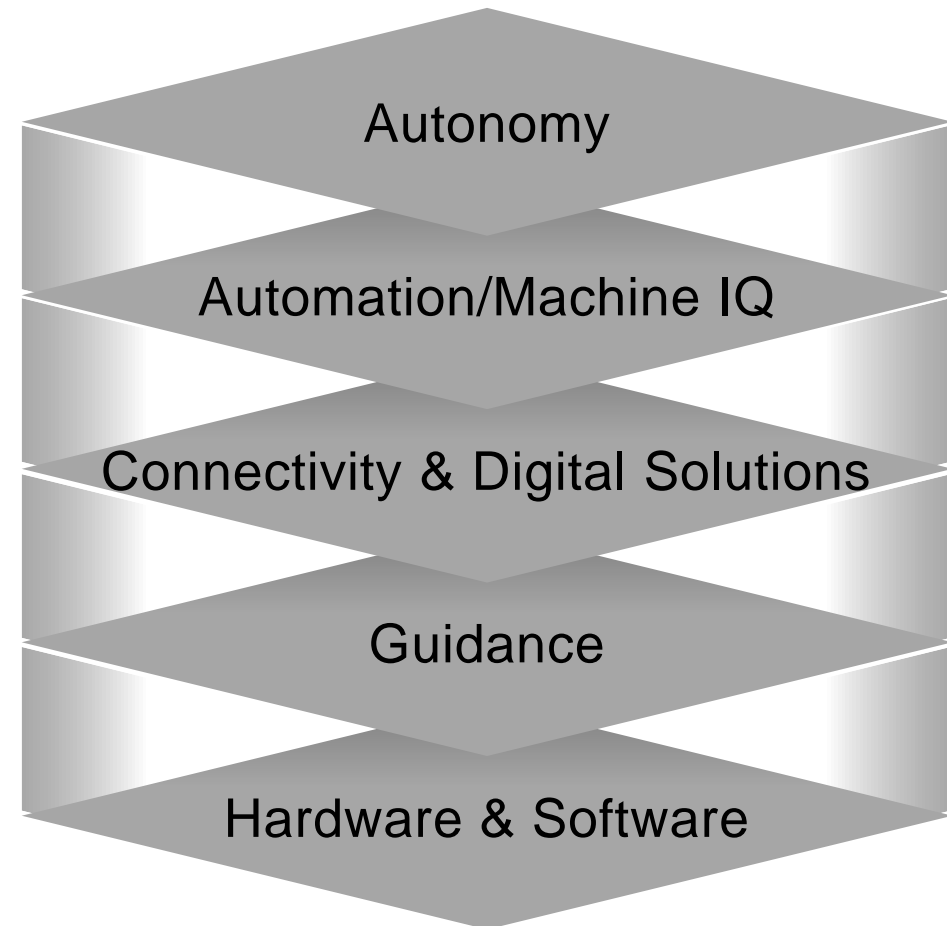
# Organizational design aligns with our customers' business



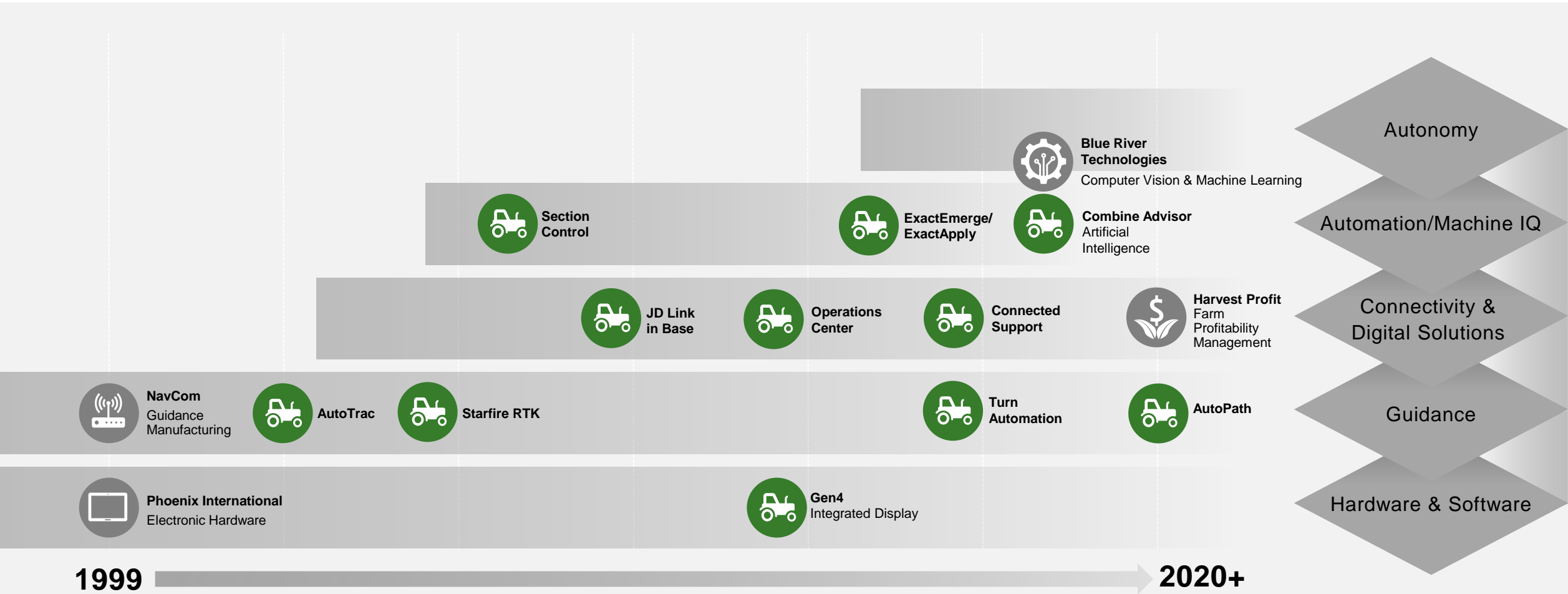


# Technology stack accelerates precision & automation while driving efficiency

Full set of technology required to help customers increase their productivity, profitability and sustainability

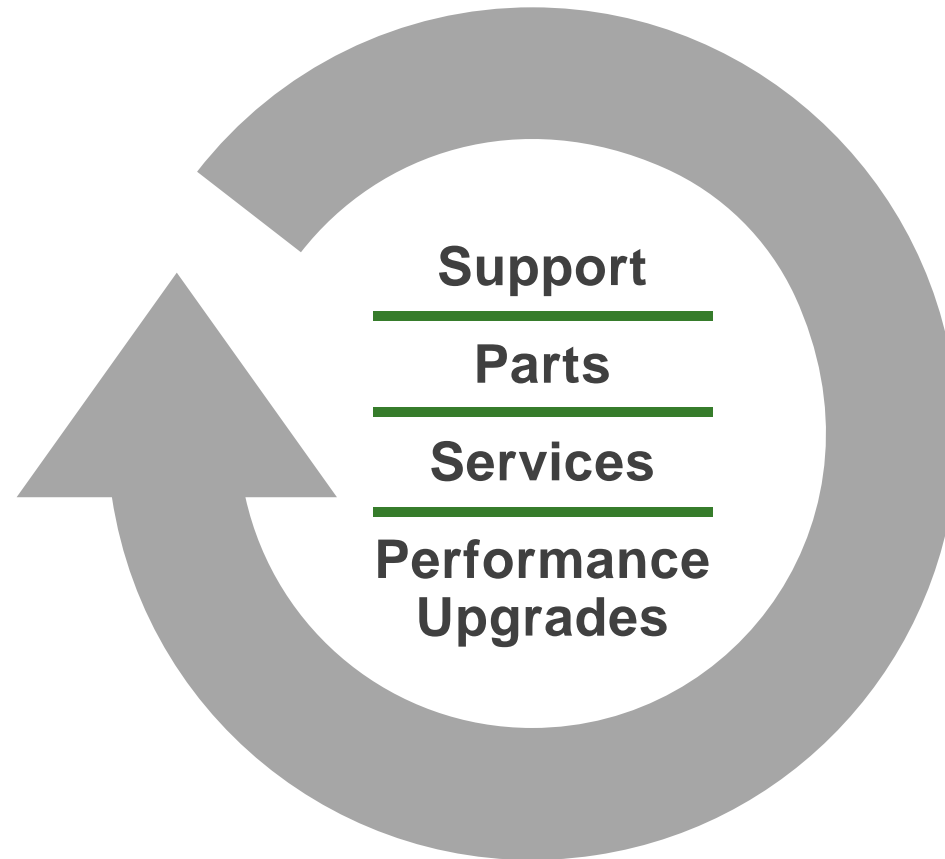


# Our technology stack continues to evolve

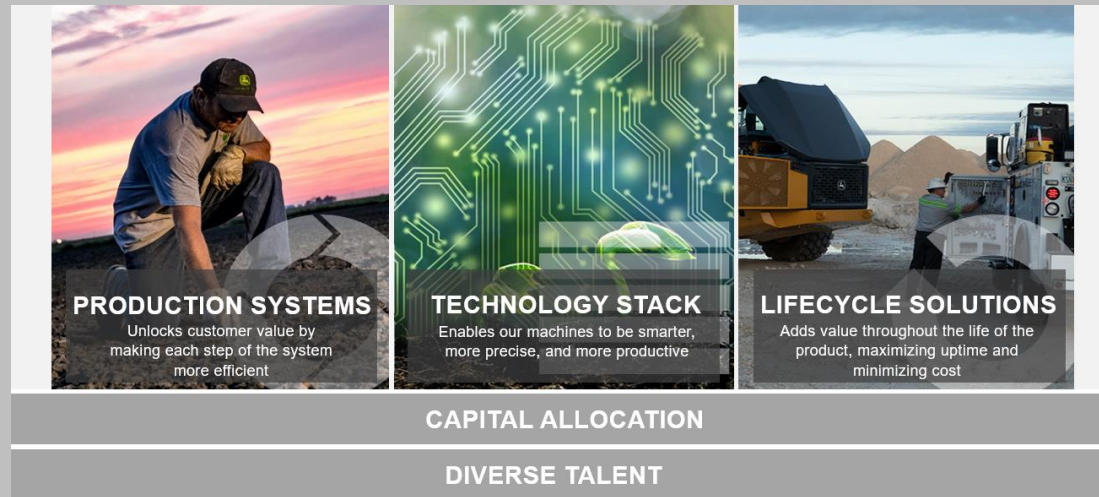




# Lifecycle solutions enhance customer experience and extend product value



# New strategy enables stronger financial performance



2022 Goal at Mid-Cycle

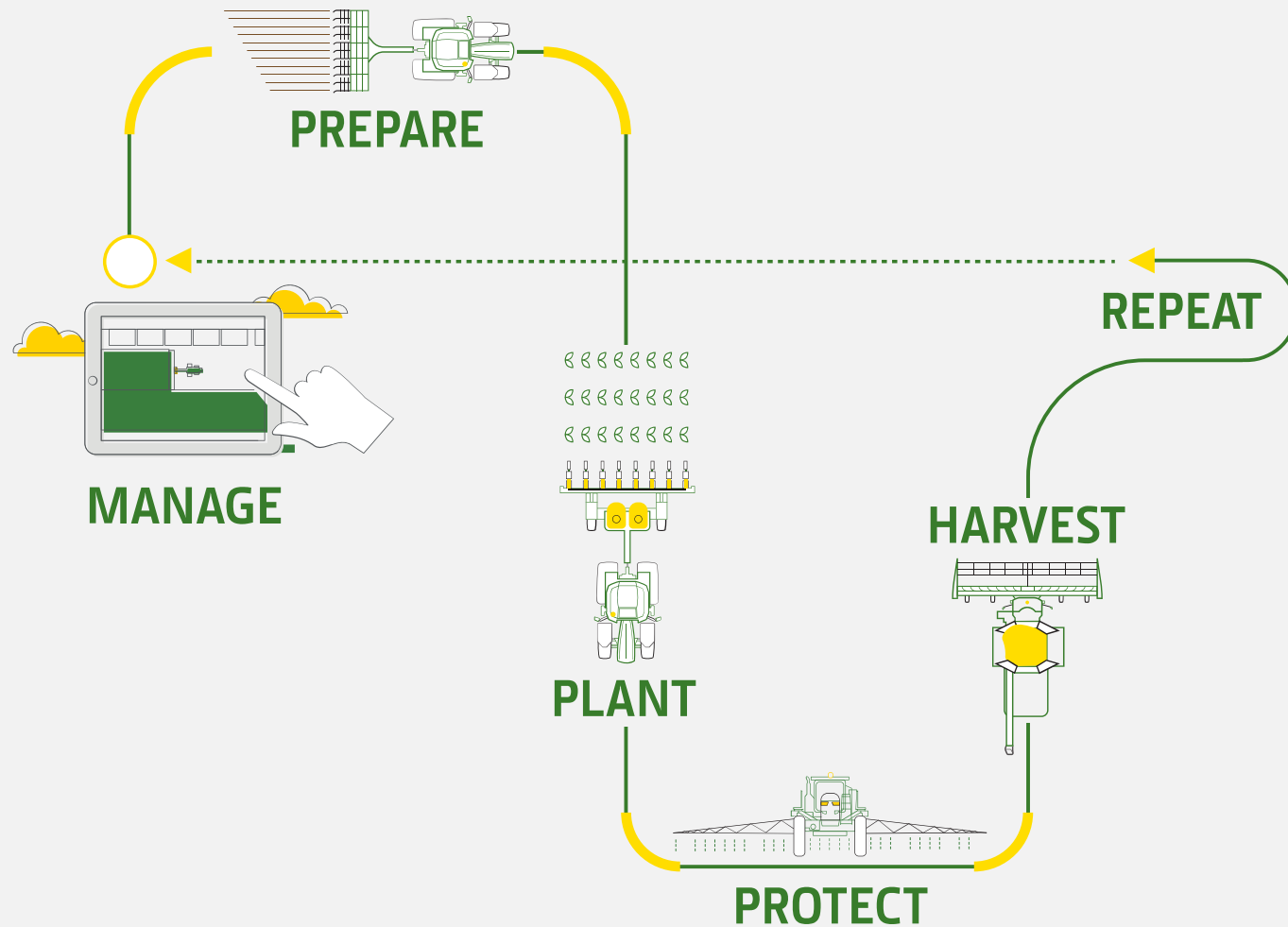
**15%**  
MARGINS



# Executing strategy delivers sustainable outcomes

John Deere machines, stacked with our industry-leading technology, optimize our customers' complete production cycles – **ensuring that every hour, every drop, every seed, every pound, and every pass counts** – delivering better outcomes with less resources

# Technology drives sustainability in our customers' operations



## 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\*

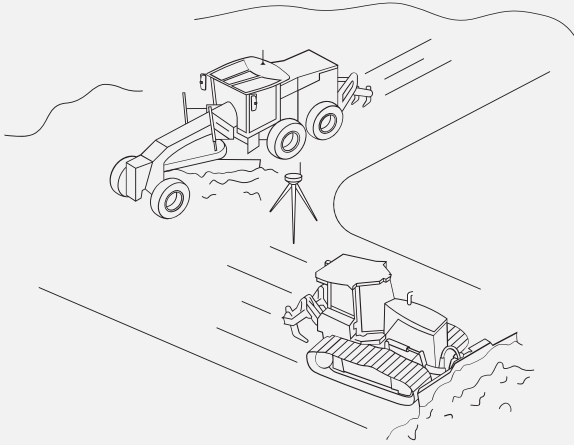
**\$40/acre**  
ECONOMIC VALUE  
TO OUR CUSTOMERS

\*Based on a 6,500 acre model farm



# Technology drives sustainability in our customers' operations

## EARTHMOVING – GRADE CONTROL



## IMPROVED OUTCOMES DRIVEN BY EXISTING TECHNOLOGIES



LESS  
MATERIALS  
USED



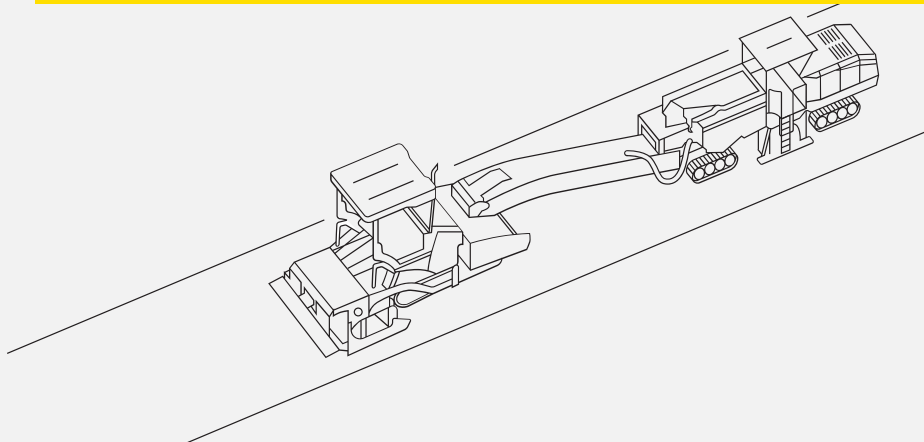
EMISSIONS  
AVOIDED



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**

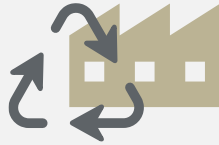
# Operating sustainably benefits all stakeholders



OCCUPATIONAL  
SAFETY



SUSTAINABLE  
ENERGY USE



INCREASE  
RECYCLING



PRODUCT  
SUSTAINABILITY



PRODUCT  
INNOVATIONS



COMMUNITY  
INVESTMENT





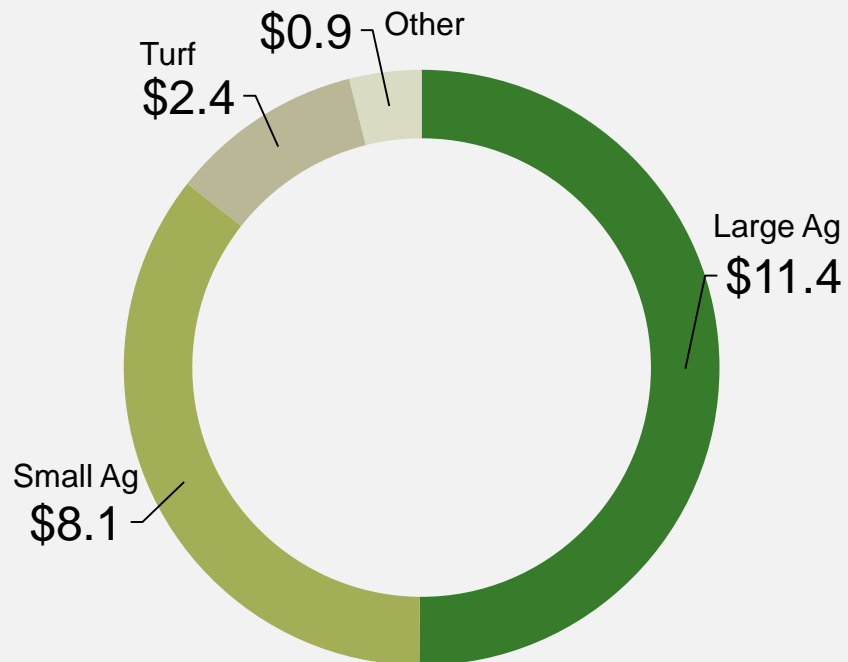


# Financial Performance

# Net Sales by Product Category

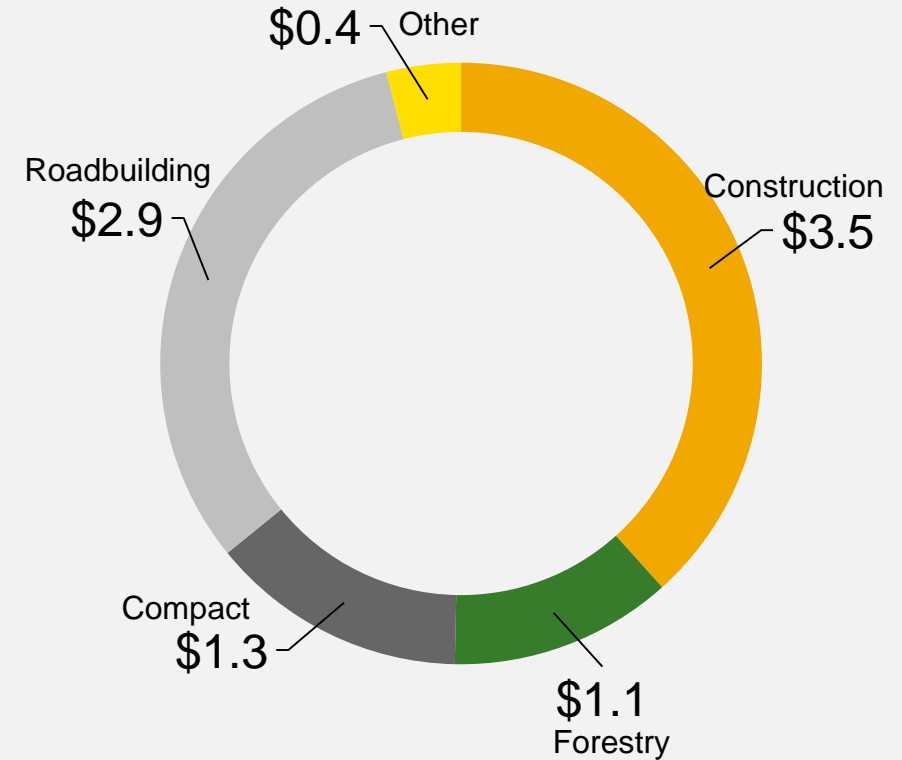
Equipment Operations – Fiscal 2020

## Agriculture & Turf \$22.8 billion\*



\*Includes Other Revenues

## Construction & Forestry \$9.2 billion\*

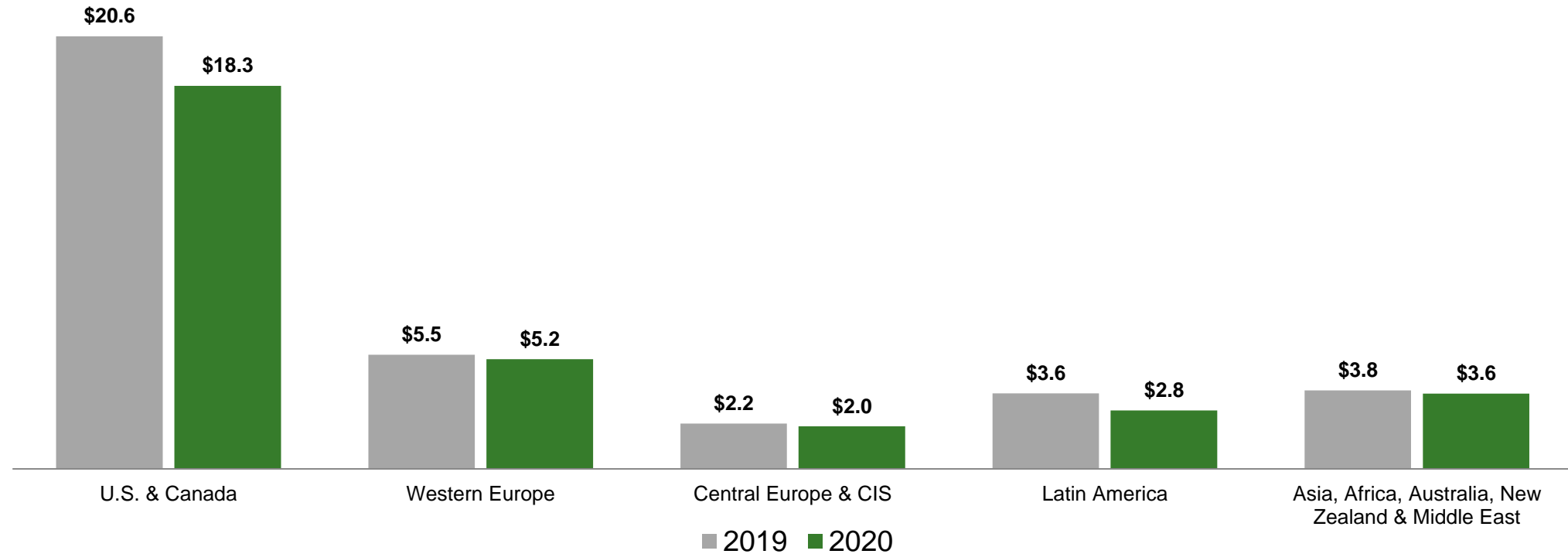




# Net Sales by Major Markets

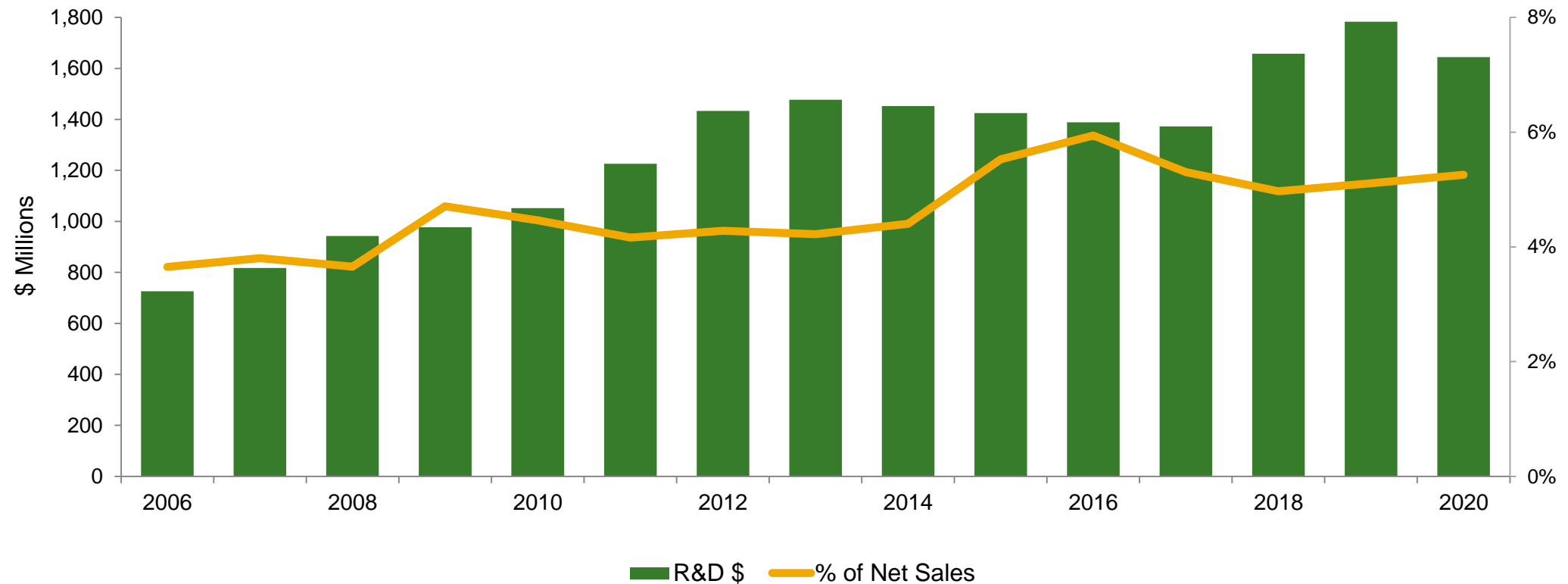
Equipment Operations (\$ Billions)

**Focused approach to serve customers**



# Investment in New Products and Technologies

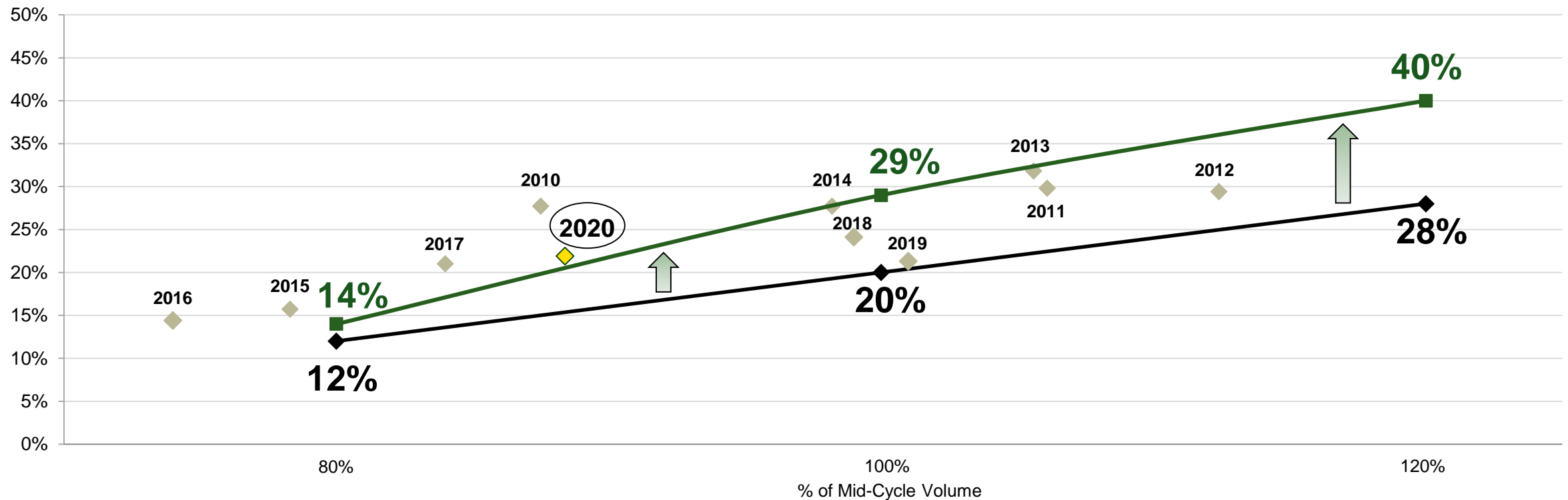
Consistent R&D investment allocated to biggest opportunities



# Exceptional Operating Performance – OROA\*

## Equipment Operations

**2018 – raised the bar to drive higher performance\*\***



\* Operating Return on Operating Assets

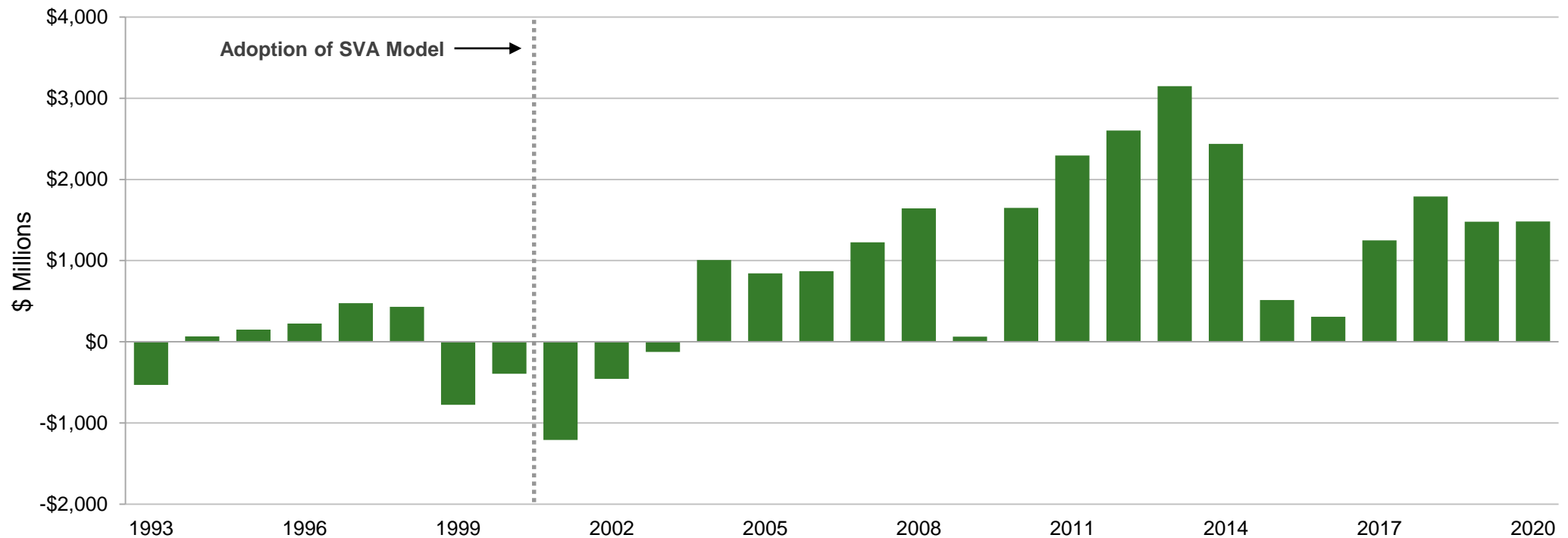
\*\* In FY 2018, the OROA metrics used to determine executive compensation were increased



# Exceptional Operating Performance – SVA

## Equipment Operations

**\$1.5 billion SVA\* in 2020**

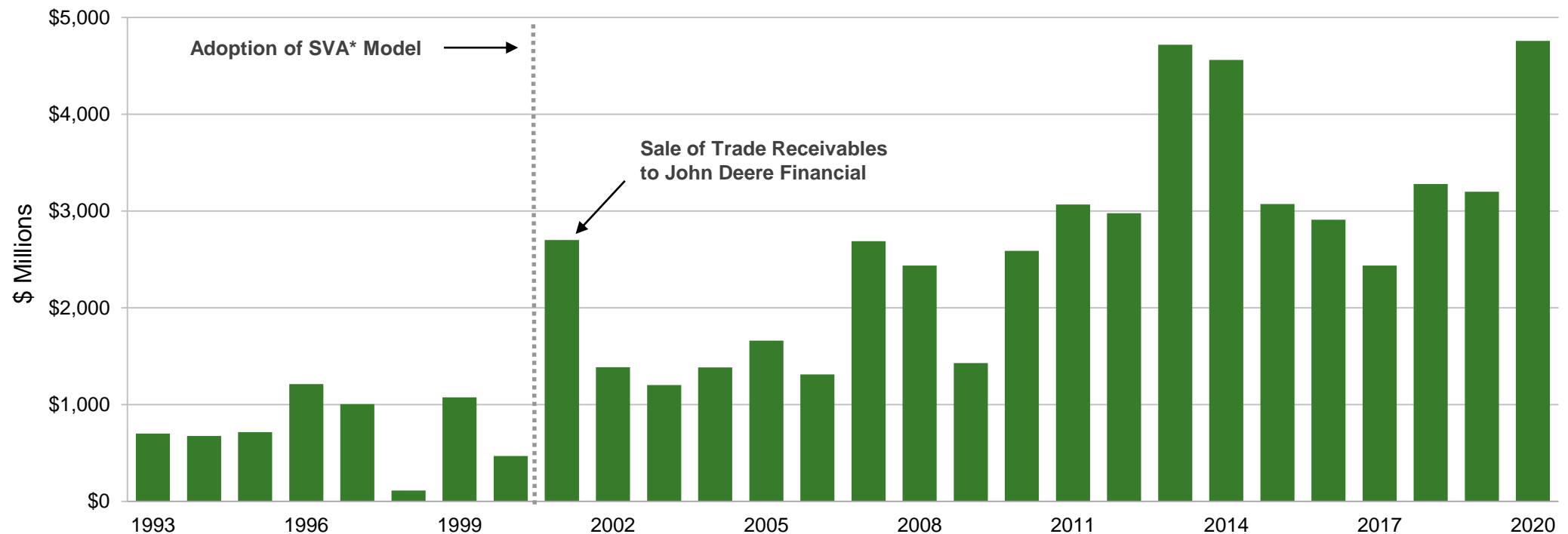


\* Shareholder Value Added; for reconciliation to GAAP see "SVA\*\* Reconciliation to GAAP" slide in Appendix

# Exceptional Operating Performance – Operating Cash Flow

## Equipment Operations

**\$4.8 billion net cash flow in 2020**



\* Shareholder Value Added

Note: Over \$11.5 billion in Pension/OPEB contributions from 2001-2020



Use-of-Cash



# 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

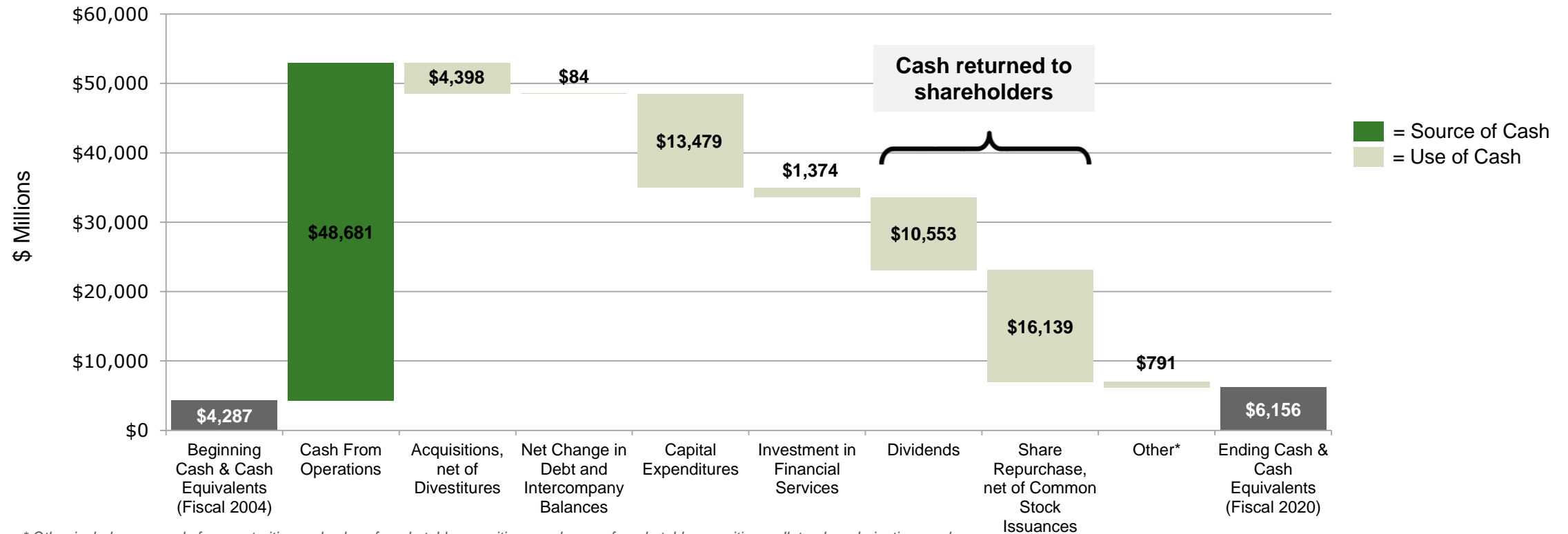
### SHARE REPURCHASE

Consider share repurchase as a means to deploy excess cash to shareholders, once above requirements are met

# Sources and Uses of Cash Fiscal 2004-2020

## Equipment Operations

**~55% of cash from operations returned to shareholders**



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

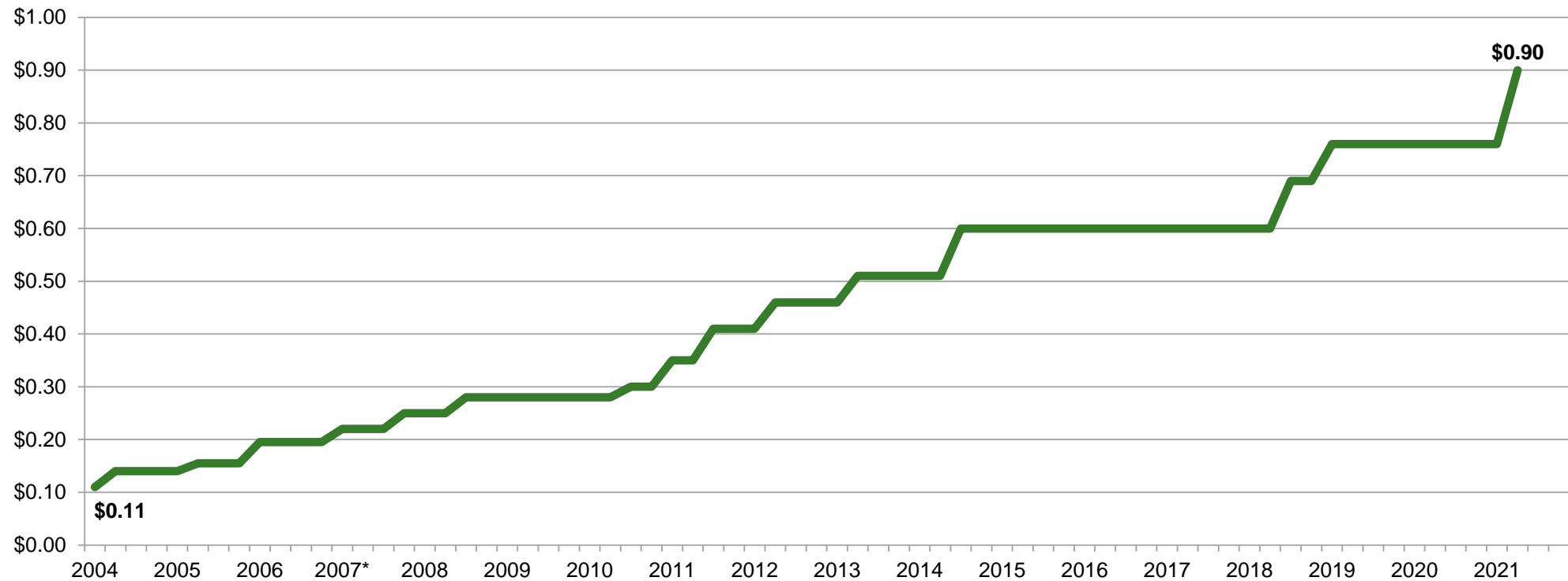
Note: "Cash from Operations" adjusted with the adoption of FASB ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting"

Source: Deere & Company SEC filings as of 25 November 2020

# Deere Quarterly Dividends Declared

1Q 2004 – 2Q 2021

Demonstrated commitment to a quarterly dividend



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





# Appendix

# SVA\*\* Reconciliation to GAAP

## Equipment Operations

(\$ millions except where noted)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
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	19,884
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	7,546
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	8,634
Operating Profit	242	847	1,006	1,125	1,402	1,476	272	693	(46)	401	708	1,905	1,842	1,905
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%	9.6%
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%	25.2%
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%	22.1%
SVA Cost of Assets	(773)	(780)	(856)	(898)	(924)	(1,045)	(1,049)	(1,085)	(1,162)	(858)	(831)	(897)	(998)	(1,036)
SVA	(531)	68	150	226	477	431	(776)	(392)	(1,208)	(457)	(123)	1,008	844	869

(\$ millions except where noted)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*	2020*
Net Sales	21,489	25,803	20,756	23,573	29,466	33,501	34,998	32,961	25,775	23,387	25,885	30,324	31,693	28,348
Average Identifiable Assets														
With Inventories at LIFO	8,092	9,652	9,647	9,196	11,516	13,594	14,569	14,113	12,491	11,816	12,150	13,566	14,460	13,629
With Inventories at Standard Cost	9,205	10,812	10,950	10,494	12,875	14,965	15,924	15,493	13,840	13,092	13,421	14,825	15,838	15,046
Operating Profit	2,318	2,927	1,365	2,909	3,839	4,397	5,058	4,297	2,177	1,880	2,821	3,568	3,378	3,289
Percent of Net Sales	10.8%	11.3%	6.6%	12.3%	13.0%	13.1%	14.5%	13.0%	8.4%	8.0%	10.9%	11.8%	10.7%	11.6%
Operating Return on Assets														
With Inventories at LIFO	28.6%	30.3%	14.1%	31.6%	33.3%	32.3%	34.7%	30.4%	17.4%	15.9%	23.2%	26.3%	23.4%	24.1%
With Inventories at Standard Cost	25.2%	27.1%	12.5%	27.7%	29.8%	29.4%	31.8%	27.7%	15.7%	14.4%	21.0%	24.1%	21.3%	21.9%
SVA Cost of Assets	(1,094)	(1,284)	(1,301)	(1,259)	(1,545)	(1,795)	(1,911)	(1,860)	(1,661)	(1,570)	(1,611)	(1,778)	(1,900)	(1,806)
SVA	1,224	1,643	64	1,650	2,294	2,602	3,147	2,437	516	310	1,210	1,790	1,478	1,483

\* Excluding Wirtgen

\*\* Shareholder Value Added



**JOHN DEERE**