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|--|---|--|---|
| Company: Deere & Company   | Ticker: NYSE: DE, Price: \$427.50                   | Industry: Industrials<br>Sub Industry: Agricultural and Construction Machinery and Equipment |   |
| Target Price: 444.86<br>Stop Loss: 342<br>52 Week High/Low: 448.40, 283.81 | TTM P/E: 16.07x<br>Forward P/E: 14.4x<br>EPS: 23.28 | Beta: 1.06<br>Credit Rating: A<br>Rating Outlook: Stable                                     | Market Cap: 127.5B<br>Avg. Vol. (12 M): 1.5M<br>Div. Yield: 1.10% |

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| <b>Company Background:</b>  |
| Deere & Company dates to 1837 in Moline, IL, when John Deere invented one of the first steel plows. Since then, Deere & Company has developed into a manufacturing business of hundreds of different pieces of equipment in the agriculture and construction industries. Deere now also has a financial services arm of their business, that accounts for about 7% of their revenue.  |
| <b>Industry Outlook:</b>  |
| Deere & Company's agriculture and construction industry exposures rely on the underlying performance of commodity prices and the real estate market. Commodity prices are projected to hold steady through 2023 into 2024. The real estate market is projected to slow, as we have already seen home prices decline along with high mortgage rates and high inflation.  |
| <b>Investment Thesis:</b>   |
| Exposure to 2 separate industries, giving the company a hedge from one industry to the other.<br>Consistent value returned to shareholders. Deere has put a large focus on paying out competitive dividends as well as buying back shares.<br>Deere is a worldwide company with a presence on every continent and around 50% of its revenue coming from out of the United States.<br>Revolutionizing farming. Deere has and will continuously implement advanced technology and innovative solutions that improve efficiency, productivity and sustainability.  |
| <b>Investment Risks:</b>  |
| Economic conditions: Deere & Company's business is tied closely to the health of the economy, and economic downturns could reduce demand for its products and services<br>John Deeres bank loans could become a liability for the company.<br>Changes in Government Policies: Trade tariffs, environmental regulations, and antitrust laws can significantly affect Deere's operations and profitability<br>Supply chain disruptions: Deere relies on global supply chains which may face disruptions like natural disasters or geopolitical tensions and significantly hurt company operations<br>Technological advancements: With rapid technological advancements in agriculture and construction machinery production, there is a risk that Deere will become outdated and lose market share. |
| <b>3-5 takeaways from last quarter investor call transcript:</b>  |
| Earnings per share came in at \$6.55, well above the estimate of \$5.53 and up 124% from year-ago earnings.<br>Equipment revenues increased 34% year-over-year to \$11.7 billion.<br>Production and precision agriculture sales are projected to grow 20%.<br>Construction and forestry sales are expected to grow 10-15% and small agriculture and turf equipment sales are likely to grow as much as 5%.  |

| ESG   | Discounted Cash Flow Valuation: |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
|---|---------------------------------|----------------------------|----------------------------|-------------|-----------|---|------------|---------|----|--------------|-----------|----|--------------|--------------|----|---|--------------------|-----------|---------------|----|----------------|------------|------------------------|----|-----------|-----------|----------------------|------------|------------------|------------|------------|-----------|-------------------------|----------|--------------|------------|--------------------|-----|---------------------|-----------|---------------|-----------|------------------|-----|
| <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-bottom: 5px;"><b>Environmental</b></div> <ul style="list-style-type: none"> <li>Score: 5.43 - Leading</li> <li>Improve nitrogen use efficiency 20% by 2030</li> <li>Reduce 15% of customer CO2 emissions by 2030</li> </ul> <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-bottom: 5px;"><b>Social</b></div> <ul style="list-style-type: none"> <li>3.63 - Above Median</li> <li>9.2% increase of women in senior management in the U.S. from 2021</li> <li>\$55.5 million in charitable contributions in 2021</li> </ul> <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-bottom: 5px;"><b>Governance</b></div> <ul style="list-style-type: none"> <li>38.14 - Leading</li> <li>Created a corporate sustainability department</li> <li>Issued John Deere's first sustainability-linked bond</li> </ul> <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-top: 10px;"><b>Industry Comparison</b></div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9e1f2;">Company</th> <th style="background-color: #d9e1f2;">ESG Risk Rating</th> <th style="background-color: #d9e1f2;">Industry Rank (out of 538)</th> </tr> </thead> <tbody> <tr> <td>Deere &amp; Co.</td> <td>16.4  Low</td> <td style="background-color: #008000; color: white; text-align: center;">5</td> </tr> <tr> <td>AGCO Corp.</td> <td>18  Low</td> <td style="background-color: #92d050; text-align: center;">14</td> </tr> <tr> <td>Kubota Corp.</td> <td>19.9  Low</td> <td style="background-color: #ffcc00; text-align: center;">31</td> </tr> <tr> <td>The Toro Co.</td> <td>21.3  Medium</td> <td style="background-color: #ff0000; color: white; text-align: center;">44</td> </tr> </tbody> </table> | Company                         | ESG Risk Rating            | Industry Rank (out of 538) | Deere & Co. | 16.4  Low | 5 | AGCO Corp. | 18  Low | 14 | Kubota Corp. | 19.9  Low | 31 | The Toro Co. | 21.3  Medium | 44 | <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-bottom: 5px;"><b>Implied Perpetuity Growth Rate</b></div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr><td>Terminal Value FCF</td><td style="text-align: right;">\$ 12,961</td></tr> <tr><td>Discount Rate</td><td style="text-align: right;">9%</td></tr> <tr><td>Terminal Value</td><td style="text-align: right;">\$ 222,500</td></tr> <tr><td>Perpetuity Growth Rate</td><td style="text-align: right;">3%</td></tr> </tbody> </table> <div style="background-color: #008000; color: white; padding: 2px; text-align: center; margin-top: 10px;"><b>Implied Equity Value and Share Price</b></div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr><td>PV of FCF</td><td style="text-align: right;">\$ 36,418</td></tr> <tr><td>PV of Terminal Value</td><td style="text-align: right;">\$ 144,610</td></tr> <tr><td>Enterprise Value</td><td style="text-align: right;">\$ 181,028</td></tr> <tr><td>Less: Debt</td><td style="text-align: right;">\$ 51,899</td></tr> <tr><td>Add: Cash &amp; Equivalents</td><td style="text-align: right;">\$ 4,774</td></tr> <tr><td>Equity Value</td><td style="text-align: right;">\$ 133,903</td></tr> <tr><td>Shares Outstanding</td><td style="text-align: right;">301</td></tr> <tr><td>Implied Share Price</td><td style="text-align: right;">\$ 444.86</td></tr> <tr><td>Current Price</td><td style="text-align: right;">\$ 402.96</td></tr> <tr><td>Margin of Safety</td><td style="text-align: right; background-color: yellow;">10%</td></tr> </tbody> </table> | Terminal Value FCF | \$ 12,961 | Discount Rate | 9% | Terminal Value | \$ 222,500 | Perpetuity Growth Rate | 3% | PV of FCF | \$ 36,418 | PV of Terminal Value | \$ 144,610 | Enterprise Value | \$ 181,028 | Less: Debt | \$ 51,899 | Add: Cash & Equivalents | \$ 4,774 | Equity Value | \$ 133,903 | Shares Outstanding | 301 | Implied Share Price | \$ 444.86 | Current Price | \$ 402.96 | Margin of Safety | 10% |
| Company   | ESG Risk Rating                 | Industry Rank (out of 538) |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Deere & Co.   | 16.4  Low                       | 5                          |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| AGCO Corp.  | 18  Low                         | 14                         |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Kubota Corp.  | 19.9  Low                       | 31                         |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| The Toro Co.  | 21.3  Medium                    | 44                         |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Terminal Value FCF  | \$ 12,961                       |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Discount Rate   | 9%                              |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Terminal Value  | \$ 222,500                      |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Perpetuity Growth Rate  | 3%                              |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| PV of FCF   | \$ 36,418                       |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| PV of Terminal Value  | \$ 144,610                      |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Enterprise Value  | \$ 181,028                      |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Less: Debt  | \$ 51,899                       |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Add: Cash & Equivalents   | \$ 4,774                        |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Equity Value  | \$ 133,903                      |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Shares Outstanding  | 301                             |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Implied Share Price   | \$ 444.86                       |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Current Price   | \$ 402.96                       |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |
| Margin of Safety  | 10%                             |                            |                            |             |           |   |            |         |    |              |           |    |              |              |    |   |                    |           |               |    |                |            |                        |    |           |           |                      |            |                  |            |            |           |                         |          |              |            |                    |     |                     |           |               |           |                  |     |

| Relative Valuation:   | Total Return % |          |              |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
|---|----------------|----------|--------------|--------------|-------------------|-------------------|-------|-----|-------|--------|------|------|---|--------|-------|------|------|-------|----|-----|-----|--------|-------|------|-------------|--------|------|------|-----|--------|-------|------|------|-------|------|------|-----|--------|-------|-------|--------|-------|------|------|-----|--------|------|------|------|--------|-------|-------|------|--------|-------|------|---|--|-------|----------|---------|-----|------|-------|-------|------|------|-------|-------|---------|--------|--------|-------|---------|---------|--------|--------|
| <table border="1" style="width: 100%; border-collapse: collapse; font-size: 8px;"> <thead> <tr> <th></th> <th>Mkt. Cap</th> <th>BF P/E</th> <th>BF EV/EBITDA</th> <th>LF P/BV</th> <th>Dividend (annual)</th> <th>ROE</th> <th>ROA</th> </tr> </thead> <tbody> <tr><td>Deere</td><td>121.85</td><td>14.4</td><td>11.1</td><td>6</td><td>\$4.80</td><td>36.8%</td><td>7.1%</td></tr> <tr><td>AGCO</td><td>10.16</td><td>10</td><td>6.2</td><td>2.6</td><td>\$0.96</td><td>23.9%</td><td>8.5%</td></tr> <tr><td>Caterpillar</td><td>128.42</td><td>15.6</td><td>10.9</td><td>8.2</td><td>\$4.80</td><td>41.4%</td><td>8.1%</td></tr> <tr><td>Toro</td><td>11.83</td><td>22.1</td><td>15.6</td><td>8.7</td><td>\$1.36</td><td>35.4%</td><td>11.2%</td></tr> <tr><td>Kubota</td><td>17.96</td><td>12.8</td><td>11.9</td><td>1.3</td><td>\$1.64</td><td>9.1%</td><td>3.2%</td></tr> <tr><td>Mean</td><td>58.044</td><td>14.98</td><td>11.14</td><td>5.36</td><td>\$2.71</td><td>29.3%</td><td>7.6%</td></tr> </tbody> </table> |                | Mkt. Cap | BF P/E       | BF EV/EBITDA | LF P/BV           | Dividend (annual) | ROE   | ROA | Deere | 121.85 | 14.4 | 11.1 | 6 | \$4.80 | 36.8% | 7.1% | AGCO | 10.16 | 10 | 6.2 | 2.6 | \$0.96 | 23.9% | 8.5% | Caterpillar | 128.42 | 15.6 | 10.9 | 8.2 | \$4.80 | 41.4% | 8.1% | Toro | 11.83 | 22.1 | 15.6 | 8.7 | \$1.36 | 35.4% | 11.2% | Kubota | 17.96 | 12.8 | 11.9 | 1.3 | \$1.64 | 9.1% | 3.2% | Mean | 58.044 | 14.98 | 11.14 | 5.36 | \$2.71 | 29.3% | 7.6% | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Deere</th> <th>Industry</th> <th>S&amp;P 500</th> </tr> </thead> <tbody> <tr><td>YTD</td><td>.96%</td><td>1.94%</td><td>4.67%</td></tr> <tr><td>2023</td><td>.96%</td><td>1.94%</td><td>4.67%</td></tr> <tr><td>3 Years</td><td>141.43</td><td>53.49%</td><td>19.9%</td></tr> <tr><td>5 Years</td><td>157.68%</td><td>43.43%</td><td>45.66%</td></tr> </tbody> </table> |  | Deere | Industry | S&P 500 | YTD | .96% | 1.94% | 4.67% | 2023 | .96% | 1.94% | 4.67% | 3 Years | 141.43 | 53.49% | 19.9% | 5 Years | 157.68% | 43.43% | 45.66% |
|   | Mkt. Cap       | BF P/E   | BF EV/EBITDA | LF P/BV      | Dividend (annual) | ROE               | ROA   |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| Deere   | 121.85         | 14.4     | 11.1         | 6            | \$4.80            | 36.8%             | 7.1%  |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| AGCO  | 10.16          | 10       | 6.2          | 2.6          | \$0.96            | 23.9%             | 8.5%  |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| Caterpillar   | 128.42         | 15.6     | 10.9         | 8.2          | \$4.80            | 41.4%             | 8.1%  |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| Toro  | 11.83          | 22.1     | 15.6         | 8.7          | \$1.36            | 35.4%             | 11.2% |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| Kubota  | 17.96          | 12.8     | 11.9         | 1.3          | \$1.64            | 9.1%              | 3.2%  |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| Mean  | 58.044         | 14.98    | 11.14        | 5.36         | \$2.71            | 29.3%             | 7.6%  |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
|   | Deere          | Industry | S&P 500      |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| YTD   | .96%           | 1.94%    | 4.67%        |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| 2023  | .96%           | 1.94%    | 4.67%        |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| 3 Years   | 141.43         | 53.49%   | 19.9%        |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |
| 5 Years   | 157.68%        | 43.43%   | 45.66%       |              |                   |                   |       |     |       |        |      |      |   |        |       |      |      |       |    |     |     |        |       |      |             |        |      |      |     |        |       |      |      |       |      |      |     |        |       |       |        |       |      |      |     |        |      |      |      |        |       |       |      |        |       |      |   |  |       |          |         |     |      |       |       |      |      |       |       |         |        |        |       |         |         |        |        |