Deere & Company (DE)

Updated November 26th, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	$474	**5 Year CAGR Estimate:**	-0.8%	**Market Cap:**	$128 B
Fair Value Price:	$259	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date[1]:**	12/30/25
% Fair Value:	183%	**5 Year Valuation Multiple Estimate:**	-11.4%	**Dividend Payment Date[1]:**	2/9/26
Dividend Yield:	1.4%	**5 Year Price Target**	$417	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:** Industrials		**Rating:**	Hold

Overview & Current Events

Deere & Company is the largest manufacturer of farm equipment in the world. The company also makes equipment used in construction, forestry & turf care, produces engines and provides financial solutions to its customers. Deere was founded in 1837, is headquartered in Moline, Illinois and is currently valued at $128 billion.

In late November, Deere reported (11/26/25) results for the fourth quarter of fiscal 2025. Sales grew 11% over the prior year's quarter thanks to a recovery in demand in all the segments. Earnings-per-share decreased -14%, from $4.55 to $3.93, due to margin pressure from tariffs but exceeded the analysts' consensus by $0.10. Management continued to characterize current business conditions as challenging and did not offer any hint of an imminent recovery. Indeed, the last nine quarters have marked a sharp deceleration over the previous quarters. Due to this deceleration and the impact of tariffs on margins, Deere provided weak guidance for 2026, expecting earnings of $4.00-$4.75 billion. Accordingly, we expect earnings-per-share of $16.20 in the new fiscal year. We agree with management's view and do not expect Deere to revert to the record profitability experienced in 2023 anytime soon.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.81	$6.68	$9.34	$9.92	$8.69	$18.99	$23.98	$34.63	$25.62	$18.50	***$16.20***	***$26.09***
DPS	$2.40	$2.40	$2.58	$3.04	$3.04	$3.61	$4.36	$5.05	$5.88	$6.48	***$6.48***	***$8.48***
Shares[2]	315	322	318	313	317	314	302	287	274	271	***268***	***250***

Deere's earnings-per-share are relatively cyclical. Depending on the conditions in the markets the company addresses (agriculture, forestry, and construction), demand for Deere's products can vary widely on a year-to-year basis. Overall, the earnings-per-share growth trend is positive, but it took Deere five years to grow its EPS above the peak from 2013. Deere has grown its earnings-per-share by an impressive 16% per year on average over the last nine years and by the same rate over the last five years. However, the company is now facing tough comparisons.

There are many factors that could fuel growth for Deere. For instance, acquisitions such as the takeover of Wirtgen Group in late 2017. In addition, long-term global economic growth and share buybacks could add to the growth thesis. The company has reduced its share count by -10% over the last three years so it could keep repurchasing its shares.

Fiscal year 2020 was difficult, but results came in better than anticipated, down less than -15% amidst the COVID-19 pandemic. Moreover, Deere posted record results in 2021-2023. Due to the low comparison base formed by the expected 6-year low earnings-per-share this year, we expect 10.0% intermediate-term growth.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.7	17.1	16.1	15.9	19.8	17.6	15.1	11.7	15.0	25.6	***29.3***	***16.0***
Avg. Yld.	3.0%	2.1%	1.7%	1.9%	1.8%	1.1%	1.2%	1.2%	1.5%	1.4%	***1.4%***	***2.0%***

[1] Estimated date.

[2] In millions.

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During the past decade, the stock of Deere has traded at an average price-to-earnings ratio of 16.0. We assume this valuation level as fair for the stock. Deere is now trading at an earnings multiple of 29.3. If the stock trades at its fair valuation level in five years, it will incur an -11.4% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	50%	36%	27%	31%	35%	19%	18%	15%	23%	35%	***40%***	***32%***

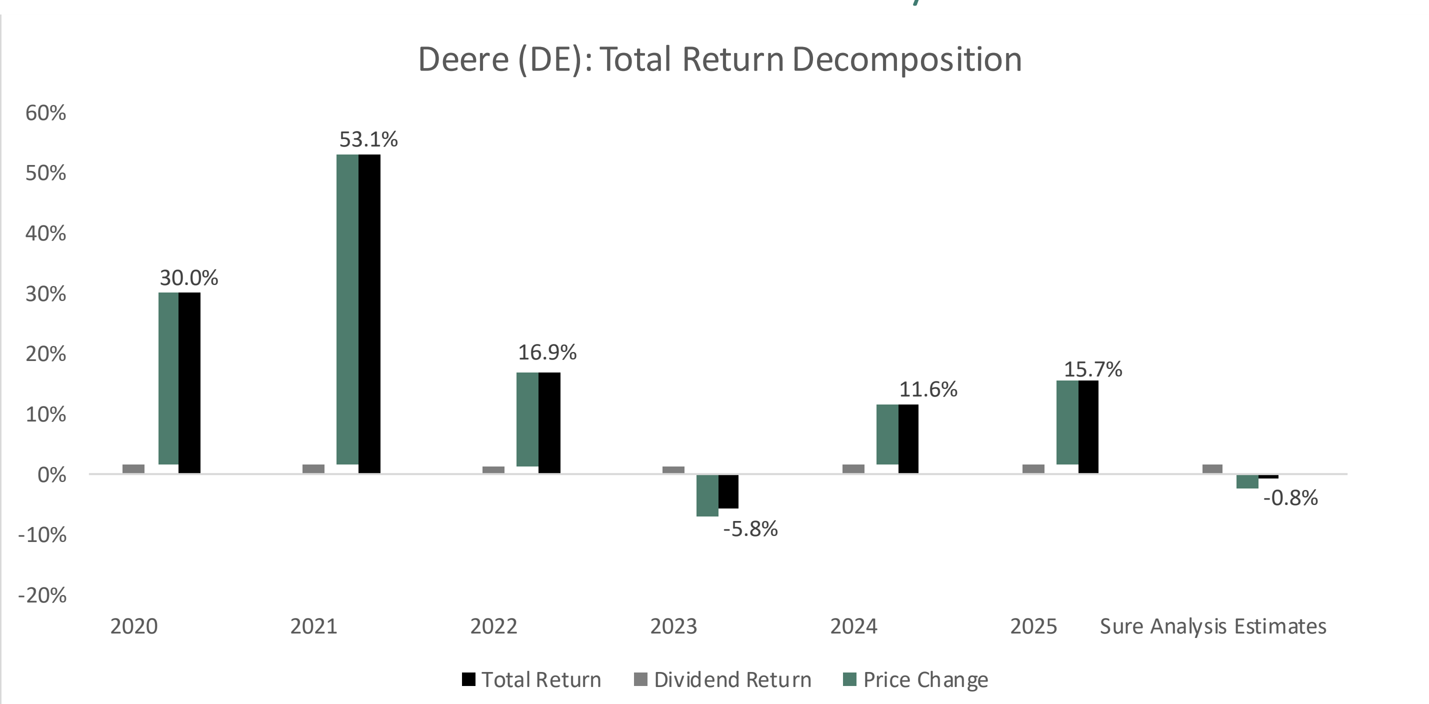
Deere's dividend payout ratio has never been especially high. The company paid out ~50% of its net profits during 2016. Since then, the payout ratio has trended downwards as earnings-per-share have risen considerably. We believe that the dividend is quite safe, but dividend growth has not been overly reliable in the past – during 2015 to 2017 the company froze its dividend at $2.40 each year. More recently, Deere paid the same dividend for 9 quarters in a row.

Deere is the largest player in the agricultural machinery manufacturing industry. This means that it is hard for new competitors to steal market share from Deere, especially since it is difficult to replicate the company's global sales and dealership network. Deere has also been growing its presence in the higher-growth construction machinery market, both organically as well as via acquisitions. The company is impacted by downturns in the industries it addresses. During the last financial crisis, Deere remained profitable, but its earnings-per-share declined by -40%. Earnings fell in 2020 due to the pandemic, but Deere proved more resilient than in previous downturns thanks to the immense fiscal stimulus packages offered by governments in response to the pandemic.

Final Thoughts & Recommendation

Deere is the market leader in the agricultural equipment industry, with its global presence providing sizeable competitive advantages. Growth has been solid during the last decade, albeit in a volatile fashion. The stock is currently richly valued. As a result, it could offer a -0.8% average annual return over the next five years, as 10.0% growth of earnings-per-share and a 1.4% dividend may be offset by an -11.4% annualized valuation drag. The stock maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	28609	26364	29116	37021	39258	35260	43580	51282	60248	50518
Gross Profit	7626	7242	8182	10036	11000	10150	13270	15730	22306	19743
Gross Margin	26.7%	27.5%	28.1%	27.1%	28.0%	28.8%	30.4%	30.7%	37.0%	39.1%
SG&A Exp.	3056	2979	3285	3631	3551	3677	3435	3912	4618	4840
D&A Exp.	1382	1560	1716	1927	2019	2118	2050	1895	2004	2118
Operating Profit	2755	2134	2762	4056	4088	3857	7496	9026	14591	11356
Op. Margin	9.6%	8.1%	9.5%	11.0%	10.4%	10.9%	17.2%	17.4%	24.2%	22.5%
Net Profit	1940	1524	2159	2368	3253	2751	5963	7131	10166	7100
Net Margin	6.8%	5.8%	7.4%	6.4%	8.3%	7.8%	13.7%	13.6%	16.9%	14.1%
Free Cash Flow	933	815	-393	-1130	-37	4827	5146	911	4121	4429
Income Tax	840	700	971	1727	852	1082	1658	2007	2871	2094

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	57948	57919	65786	70108	73011	75090	84110	90030	104087	107320
Cash & Equivalents	4162	4336	9335	3904	3857	7066	8017	4774	7458	7324
Acc. Receivable	32695	31840	33188	36080	38808	38620	4208	6410	7739	5326
Inventories	3817	3341	3904	6149	5975	4999	6781	8539	8219	7093
Goodwill & Int.	790	920	1251	4663	4297	4408	4566	5277	5483	4958
Total Liabilities	51190	51388	56226	58817	61594	62150	65680	69673	82201	84395
Accounts Payable	1872	2096	2551	2894	1996	1926	2967	3894	3467	---
Long-Term Debt	36850	35612	40045	42257	45334	45840	48350	51878	63386	65193
Total Equity	6743	6520	9557	11288	11413	12940	18430	20262	21785	22836
LTD/E Ratio	5.46	5.46	4.19	3.74	3.97	3.54	2.62	2.56	2.91	2.85

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.3%	2.6%	3.5%	3.5%	4.5%	3.7%	7.5%	8.2%	10.5%	6.7%
Return on Equity	24.5%	23.0%	26.9%	22.7%	28.7%	22.6%	38.0%	36.9%	48.1%	31.7%
ROIC	4.3%	3.6%	4.7%	4.6%	5.9%	4.8%	9.5%	10.3%	12.9%	8.2%
Shares Out.	317	315	322	318	313	317	314	306	294	277
Revenue/Share	85.15	83.27	90.06	113.11	122.45	111.37	138.80	167.42	205.20	182.31
FCF/Share	2.78	2.57	-1.21	-3.45	-0.12	15.25	16.39	2.97	14.04	15.98

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.