Deere & Company (DE)

Updated February 20th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$662	**5 Year CAGR Estimate:**	-5.4%	**Market Cap:**	$179 B
Fair Value Price:	$288	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date[1]:**	3/30/26
% Fair Value:	230%	**5 Year Valuation Multiple Estimate:**	-15.3%	**Dividend Payment Date[1]:**	5/7/26
Dividend Yield:	1.0%	**5 Year Price Target**	$464	**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 $179 billion.

In mid-February, Deere reported (2/19/26) results for the first quarter of fiscal 2026. Sales grew 13% over the prior year's quarter thanks to a recovery in demand in all the segments. Earnings-per-share decreased -24%, from $3.19 to $2.42, due to margin pressure from tariffs but exceeded the analysts' consensus by $0.32. Management stated that it expects the agricultural cycle to bottom this year and thus it expects a recovery from next year. It also raised its guidance for 2026 by an impressive margin. It raised its guidance for annual earnings from $4.00-$4.75 billion to $4.5-$5.0 billion. The stock soared 12% on the news. We have raised our forecast for earnings-per-share in 2026 from $16.20 to $18.00, in line with the revised guidance. Nevertheless, we 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	***$18.00***	***$28.99***
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 Kreisel Electric in 2021. 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	***36.8***	***16.0***
Avg. Yld.	3.0%	2.1%	1.7%	1.9%	1.8%	1.1%	1.2%	1.2%	1.5%	1.4%	***1.0%***	***1.8%***

[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 a blowout earnings multiple of 36.8 thanks to the enthusiasm of investors over an upcoming business recovery. If the stock trades at its fair valuation level in five years, it will incur a -15.3% 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%	***36%***	***29%***

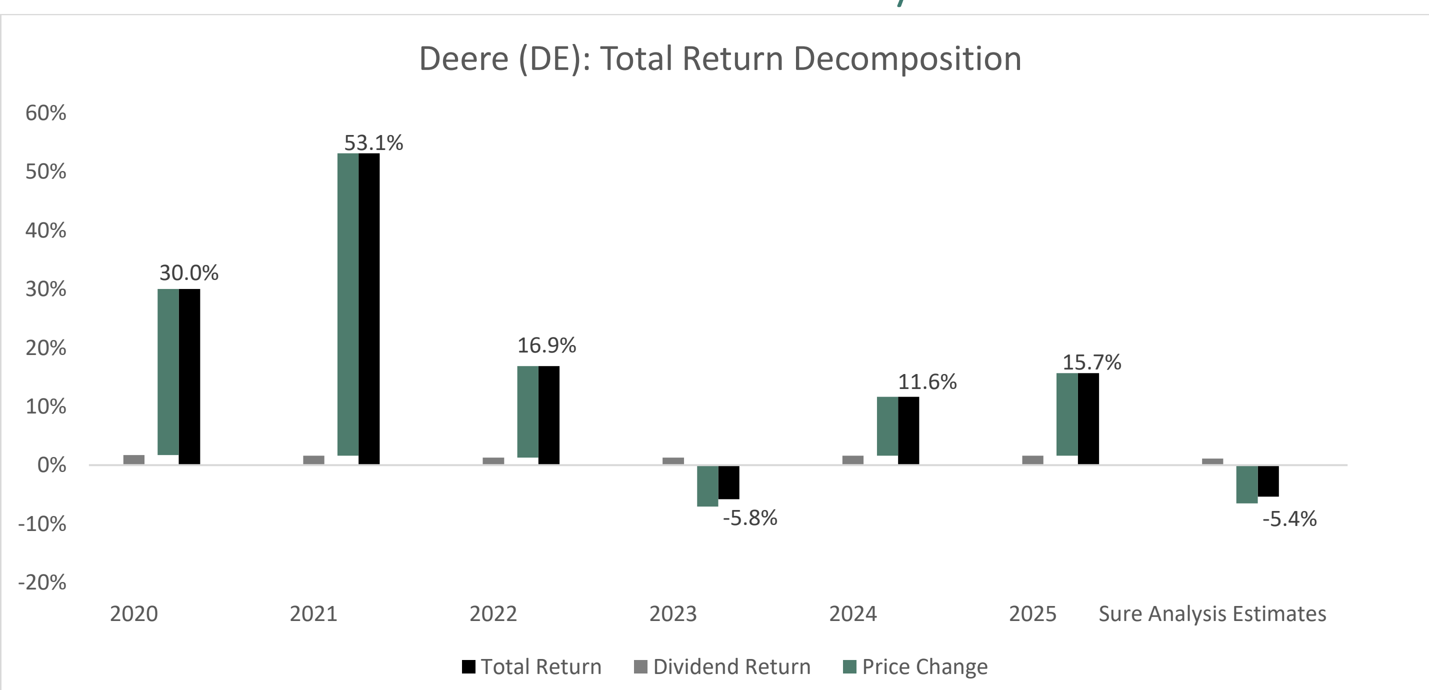
Deere's dividend payout ratio has never been especially high. The company paid out ~50% of its net profits during 2016. Since then, the payout ratio has trended downwards as earnings-per-share have risen considerably. We believe that the dividend is quite safe, but dividend growth has not been overly 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 -5.4% average annual return over the next five years, as 10.0% growth of earnings-per-share and a 1.0% dividend may be offset by a -15.3% annualized valuation drag. The stock maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	26364	29116	37021	39258	35260	43580	51282	60248	50518	45628
Gross Profit	7242	8182	10036	11000	10150	13270	15730	22306	19743	17474
Gross Margin	27.5%	28.1%	27.1%	28.0%	28.8%	30.4%	30.7%	37.0%	39.1%	38.3%
SG&A Exp.	2979	3285	3631	3551	3677	3435	3912	4618	4840	4663
D&A Exp.	1560	1716	1927	2019	2118	2050	1895	2004	2118	2229
Operating Profit	2134	2762	4056	4088	3857	7496	9026	14591	11356	9229
Op. Margin	8.1%	9.5%	11.0%	10.4%	10.9%	17.2%	17.4%	24.2%	22.5%	20.2%
Net Profit	1524	2159	2368	3253	2751	5963	7131	10166	7100	4998
Net Margin	5.8%	7.4%	6.4%	8.3%	7.8%	13.7%	13.6%	16.9%	14.1%	11.0%
Free Cash Flow	815	-393	-1130	-37	4827	5146	911	4121	4429	3231
Income Tax	700	971	1727	852	1082	1658	2007	2871	2094	1259

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	57919	65786	70108	73011	75090	84110	90030	104087	107320	105996
Cash & Equivalents	4336	9335	3904	3857	7066	8017	4774	7458	7324	9687
Acc. Receivable	31840	33188	36080	38808	38620	4208	6410	7739	5326	5317
Inventories	3341	3904	6149	5975	4999	6781	8539	8219	7093	7406
Goodwill & Int.	920	1251	4663	4297	4408	4566	5277	5483	4958	5550
Total Liabilities	51388	56226	58817	61594	62150	65680	69673	82201	84395	79989
Accounts Payable	2096	2551	2894	1996	1926	2967	3894	3467	2902	3176
Long-Term Debt	35612	40045	42257	45334	45840	48350	51878	63386	65193	52471
Total Equity	6520	9557	11288	11413	12940	18430	20262	21785	22836	25950
LTD/E Ratio	5.46	4.19	3.74	3.97	3.54	2.62	2.56	2.91	2.85	2.48

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.6%	3.5%	3.5%	4.5%	3.7%	7.5%	8.2%	10.5%	6.7%	4.7%
Return on Equity	23.0%	26.9%	22.7%	28.7%	22.6%	38.0%	36.9%	48.1%	31.7%	20.4%
ROIC	3.6%	4.7%	4.6%	5.9%	4.8%	9.5%	10.3%	12.9%	8.2%	5.6%
Shares Out.	315	322	318	313	317	314	306	294	277	272
Revenue/Share	83.27	90.06	113.11	122.45	111.37	138.80	167.42	205.20	182.31	167.94
FCF/Share	2.57	-1.21	-3.45	-0.12	15.25	16.39	2.97	14.04	15.98	11.89

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