



GLOBAL RECOMMENDATION



JOHN DEERE

**DE:NYSE
November 2024**

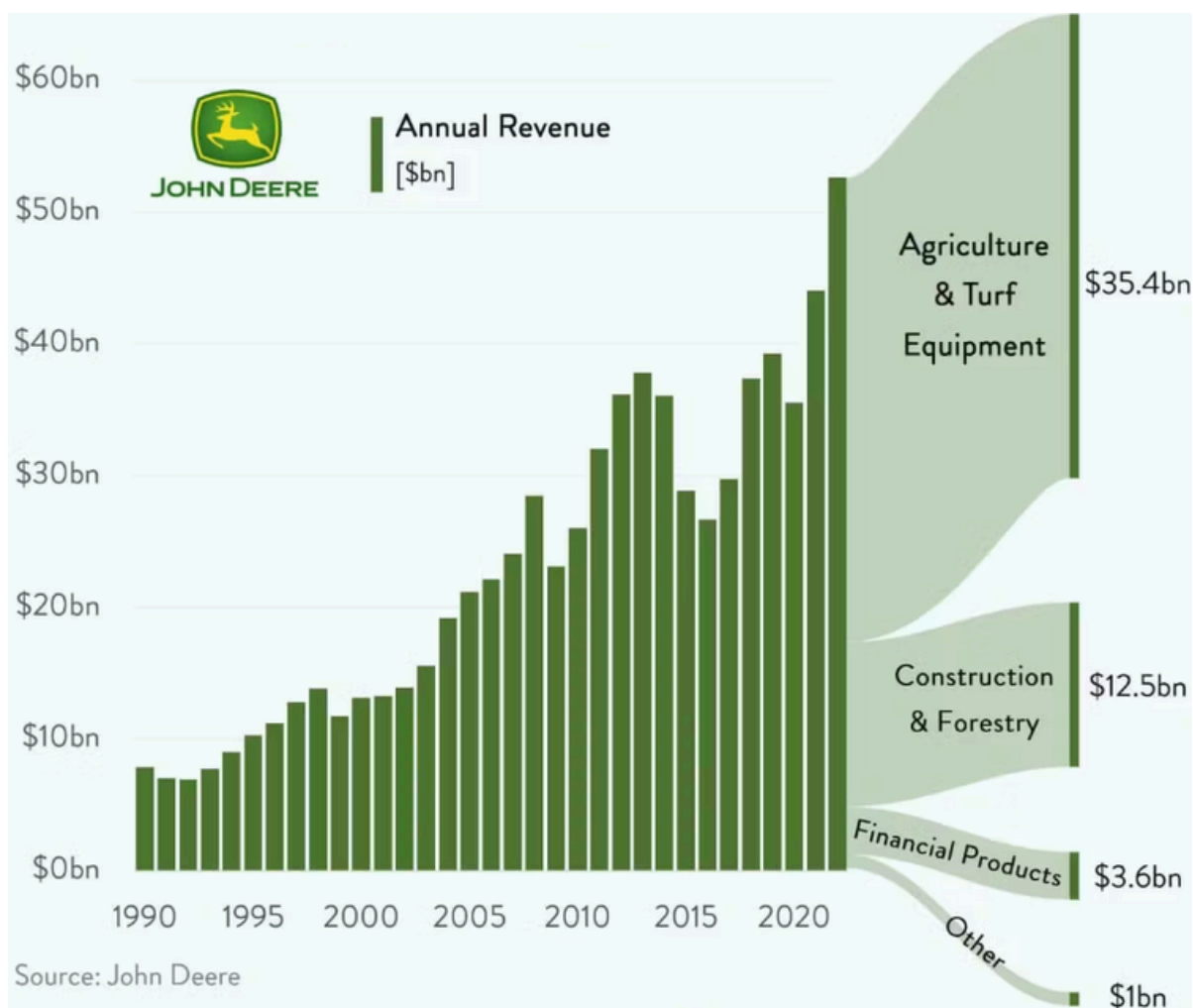
GENERAL ADVICE ONLY - THIS RECOMMENDATION IS GENERAL ADVICE ONLY AND DOES
NOT TAKE INTO ACCOUNT YOUR SPECIFIC CIRCUMSTANCES

GLOBAL RECOMMENDATION

Deere & Company DE:NYSE

John Deere Company, a globally recognized leader in agricultural and construction equipment, has a long-standing reputation for innovation and quality. The company operates through four primary segments:

- **Production & Precision Agriculture:** This segment focuses on large agricultural machinery, including tractors and combines, equipped with cutting-edge technology to enhance productivity and sustainability.
- **Small Agriculture & Turf:** This includes smaller tractors and lawn care equipment, catering to both commercial and residential markets.
- **Construction & Forestry:** This segment provides a range of construction equipment, such as excavators and backhoes, as well as forestry machinery.
- **Financial Services:** John Deere Financial offers financing solutions to support equipment purchases.



INVESTMENT CONSIDERATIONS

Leadership

The leadership team, led by John C. May, includes key executives such as Cory Reed (President, Worldwide Agriculture), Rajesh Kalathur (CFO & President, John Deere Financial), and Jahmy Hindman (CTO). This experienced team is focused on driving innovation, enhancing operational efficiency, and maintaining Deere's competitive edge in the machinery industry.

Deere's leadership remains focused on strategic execution and value delivery. Chairman and CEO John C. May emphasized the company's resilience in adapting to market fluctuations and its commitment to advancing its strategy.

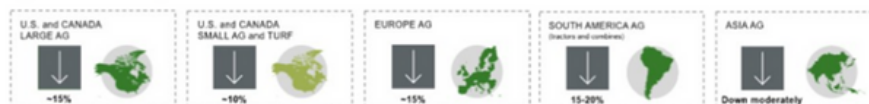
The leadership team has taken proactive measures to reduce costs and align production with customer needs, demonstrating their ability to navigate difficult market conditions.

Looking ahead, Deere faces uncertainties in the global agricultural and construction sectors. However, the company's strong market position, innovative product lineup, and strategic focus on precision agriculture and smart industrial technologies position it well for long-term growth despite near-term headwind.

Financial Performance

Industry Sales Outlook for Fiscal Year 2024

Agriculture and Turf

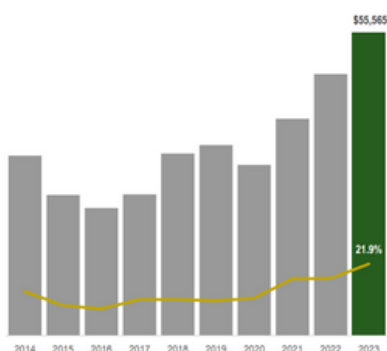


Construction and Forestry

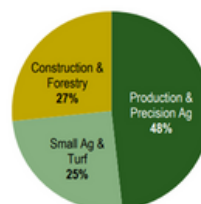


SALES DATA

EQUIPMENT OPERATIONS
NET SALES & OPERATING PROFIT MARGIN
(\$ in millions)



EQUIPMENT OPERATIONS
NET SALES BY OPERATING SEGMENT



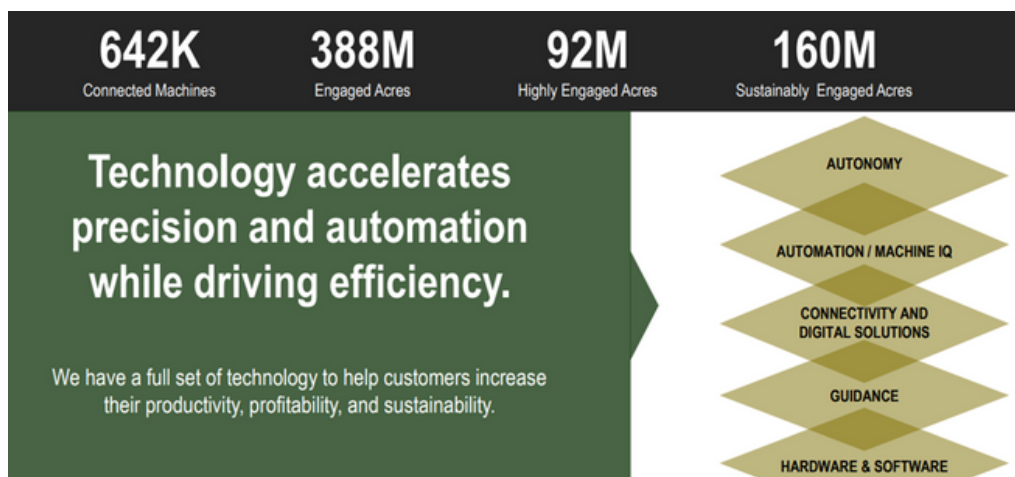
Equipment Operations Net Sales by Operating Segment (\$ in millions)				
	2021	2022	2023	
Production & Precision Ag	\$ 16,509	\$ 22,002	\$ 26,790	
Small Ag & Turf	\$ 11,860	\$ 13,381	\$ 13,980	
Construction & Forestry	\$ 11,368	\$ 12,534	\$ 14,795	
Total	\$ 39,737	\$ 47,917	\$ 55,565	

INVESTMENT CONSIDERATIONS

Strategic Initiatives

To navigate the current market downturn, John Deere is actively pursuing several strategic initiatives:

- **Inventory Management:** The company is reducing production levels to avoid excess unsold inventory while focusing on selling used equipment, particularly large tractors and combines. This proactive approach helps mitigate financial strain during downturns.
- **Cost Control Measures:** Implementing job cuts and other efficiency measures allows Deere to align its cost structure with lower demand while maintaining operational effectiveness.
- **International Growth Opportunities:** Partnerships, such as with a Brazilian bank, aim to enhance growth opportunities in emerging markets where demand for agricultural machinery is rising.
- **Investment in Technology:** Significant investments are being made in AI and precision farming technologies. The company aims for full implementation of autonomous farming solutions by 2030, which could revolutionize the agricultural sector.



Growth Prospects

Looking ahead, John Deere's growth prospects are supported by several factors:

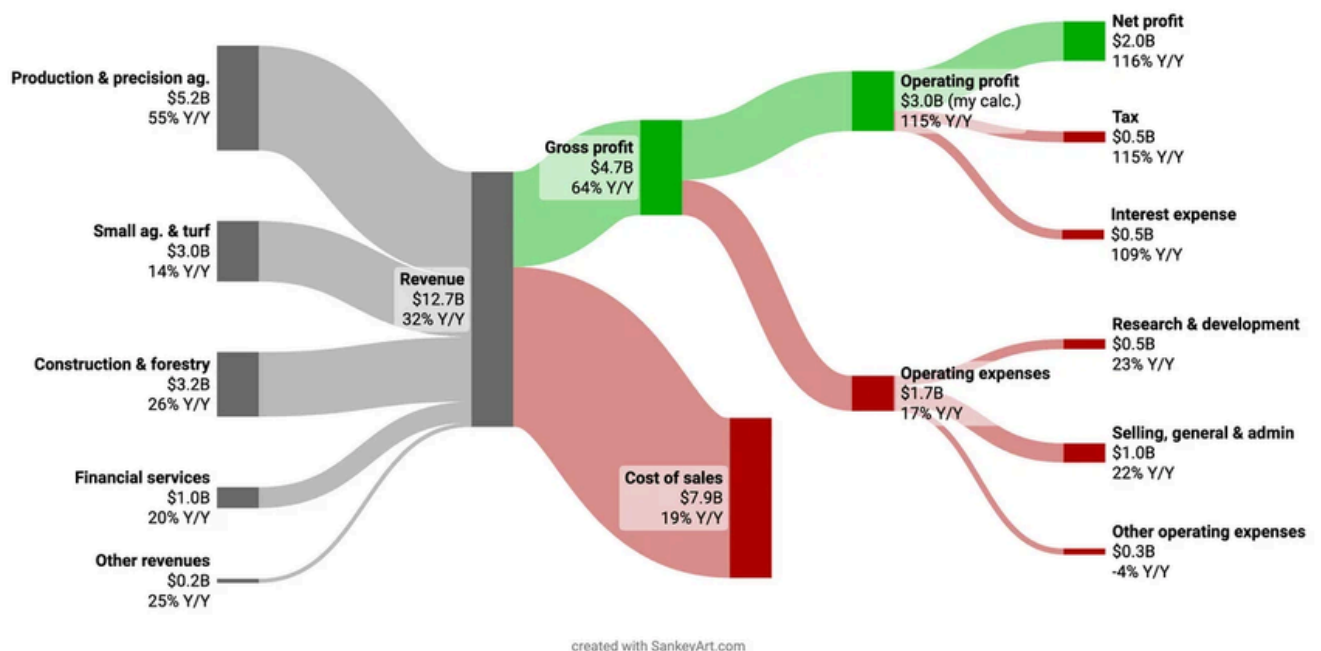
- **Technological Advancements:** Continued development of autonomous farming solutions positions Deere as a leader in agricultural innovation. The integration of AI into farming practices is expected to drive demand for advanced machinery.
- **Sustainability Trends:** Increasing global emphasis on sustainable farming practices aligns well with John Deere's technological innovations aimed at reducing environmental impact.
- **Market Recovery Potential:** As economic conditions stabilize, demand for agricultural and construction equipment is expected to rebound. The company's strong brand loyalty will likely facilitate this recovery.

RISKS

While there are significant opportunities, potential investors should consider the following risks:

- **Market Volatility:** Fluctuations in crop prices can directly impact farmer purchasing power and demand for equipment. Lower crop prices can lead to reduced investment from farmers in new machinery.
- **Economic Conditions:** High interest rates may deter investment in new equipment across both agricultural and construction sectors. Economic uncertainty can lead to cautious spending behaviors among consumers and businesses alike.
- **Inventory Management Challenges:** An oversupply of unsold equipment could further strain financial performance if market conditions do not improve.

John Deere Q1 FY23 Income Statement



WHY HOLD THE COMPANY?

Investing in John Deere presents a compelling opportunity due to several key factors:

- **Strong Market Position:** John Deere holds a significant market share in both agriculture and construction sectors. Its brand loyalty and extensive dealer network provide a competitive edge.
- **Technological Innovation:** The company is at the forefront of integrating artificial intelligence (AI) into its products. Innovations like See & Spray technology exemplify its commitment to precision agriculture, enabling farmers to reduce herbicide use significantly while enhancing crop yields. This positions Deere favorably as sustainability becomes increasingly important in farming practices.
- **Financial Resilience:** Despite recent declines in sales and profits, Deere has maintained a robust profit margin of 18.5%, indicating strong operational efficiency. The company is projected to achieve approximately \$7 billion in profit for fiscal year 2024, showcasing its ability to generate substantial income even in challenging times.



Growth Prospects

John Deere Company demonstrates resilience in a tough market environment. While sales and profits are down, the company is taking proactive steps to manage costs and inventory effectively. Its commitment to investing in new technologies positions it well for long-term growth in an evolving industry landscape.

Given its established market presence, commitment to technological advancement, and expected recovery in demand post-economic stabilization, investors should consider owning shares in John Deere as part of a diversified portfolio focused on growth sectors. The combination of strong fundamentals, innovative strategies, and favorable market trends makes John Deere an attractive investment opportunity for those looking to capitalize on the future of agriculture and construction technology.

Disclaimer



Our Commitment

recommendations, managed and presented by Milton Park Equities Pty Ltd (ABN 33 668 234 562), as a Corporate Authorised Representative of LeMessurier Securities Pty Ltd (ABN 43 111 931 849) (LemSec), holder of Australian Financial Services Licence No. 296877, offers insights and analyses formulated in good faith. Our evaluations and projections are grounded in the known facts at the time of creation and aim to provide a comprehensive view of the anticipated financial landscape in 2024. However, readers should be aware that these projections are estimates and may not fully materialize.

Scope and Application

The insights within MPC Markets are crafted for a broad audience and do not specifically cater to individual investment objectives, financial situations, or needs. Readers should consider the suitability of the advice in relation to their personal circumstances before making any investment decisions.

Research Integrity and Use

The research and content of MPC Markets are intended solely for our readers and should not be copied, distributed, or shared without proper attribution. While we strive to ensure accuracy and relevance, Milton Park Equities cannot guarantee the continuous updating or correction of the information or opinions expressed within the publication.

Disclaimer of Liability

Milton Park Equities, in its capacity as a Corporate Authorised Representative of LemSec, disclaims any responsibility for losses or damages arising from reliance on the opinions, advice, recommendations, or information—whether direct or implied—contained in the MPC Markets Discount Entry Note, notwithstanding any errors, omissions, or instances of negligence.

Analyst Objectivity

All research analysts contributing to the MPC Markets Discount Entry Note affirm that the views expressed represent their personal opinions regarding the subject companies and financial products covered in the publication.

Copyright and Usage Rights

The content of MPC Markets Discount Entry Note is the property of Milton Park Equities Pty Ltd, either through ownership or licensing agreements. Unauthorized reproduction, adaptation, linkage, framing, broadcasting, distribution, or transmission of this material is prohibited without express written permission from Milton Park Equities, except for personal use or as allowed by applicable laws.