

Deere 4Q Net Income Misses Expectations

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MINNEAPOLIS (AP) — Deere & Co., the world's largest maker of agricultural equipment, reported a bigger fourth-quarter profit as it sold more equipment at higher prices, but results still missed analyst expectations.

Deere said its net income rose 2.7 percent to \$687.6 million, or \$1.75 per share, for the quarter ended Oct. 31. Revenue rose 14 percent to \$9.79 billion. Analysts surveyed by FactSet had been expecting earnings of \$1.88 per share. A year ago, Deere's net income was \$669.6 million, or \$1.62 per share.

Deere's revenue got a boost from a 4 percent increase in prices, although some of that gain was offset by unfavorable foreign currency exchange that hurt sales by 3 percent.

The U.S.-based Deere also makes construction and forestry equipment, including backhoes, excavators, riding mowers and leaf blowers. Since it touches so many important manufacturing markets, it has a unique look into the state of the economy, in the U.S. and abroad.

Equipment sales rose to \$9.05 billion, topping analyst forecasts of \$8.93 billion. Sales were strong in the U.S. and Canada, rising 26 percent for the quarter. Elsewhere, sales fell 2 percent. Sales of agriculture and turf equipment rose 16 percent, while construction and forestry equipment sales rose 7 percent.

Deere predicted that equipment sales would rise about 5 percent for the fiscal year that began this month and would increase 10 percent in the first quarter. It expects full-year 2013 net income of about \$3.2 billion. That's a little more than analysts are expecting.

Deere is in a good position to carry out its growth plans, but "present global economic and fiscal concerns warrant continued caution," Chairman and CEO Samuel R. Allen said.

Deere expects worldwide sales of agriculture and turf equipment to rise 4 percent in the upcoming year, boosted by high crop prices. However, sales are expected to be flat in the U.S. as livestock and dairy farmers remain cautious. It expects full-year sales in Europe to be flat to down 5 percent. It predicted 10 percent growth in South America. Deere expects worldwide growth of 8 percent for construction equipment, "due in part to modest improvement in U.S. economic conditions."

Deere shares fell \$2.24, or 2.6 percent, to \$83.75 in premarket trading.

For the full fiscal year, Deere earned \$3.07 billion, or \$7.63 per share, up from \$2.8 billion, or \$6.63 per share, during the prior year. Revenue rose 13 percent to \$36.16

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billion for the year.

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