

Deere 1Q Net Income Jumps 22 Percent

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The Associated Press

MOLINE, Ill. (AP) — Farm and construction equipment maker Deere & Co. said Wednesday that its first-quarter net income leaped 22 percent on growing sales of farm machinery at higher prices.

The Moline, Ill., company's earnings soundly beat Wall Street expectations.

In the quarter ending Jan. 31, Deere said it earned \$649.7 million, or \$1.65 per share, compared with \$532.9 million, or \$1.30 per share, a year earlier. Revenue rose almost 10 percent to \$7.42 billion.

Analysts surveyed by FactSet expected earnings of \$1.39 per share on revenue of \$6.73 billion.

Deere is executing its marketing plans, expanding its global presence and keeping a tight grip on costs, Chairman and CEO Samuel Allen said in a statement.

The company predicted that sales would rise about 4 percent in the second quarter and 6 percent for the full year. It expects 2013 net income of about \$3.3 billion, slightly more than its earlier forecasts and the predictions of analysts.

But Allen cautioned that although Deere sees strong future results on growing need for food, shelter and infrastructure, "the near-term outlook is being tempered by uncertainties over fiscal, economic and trade issues that are undermining business confidence and restraining growth."

Deere shares dropped \$2.52, or 2.7 percent, to \$91.45 in in midday trading. They are still near the upper end of their 52-week range of \$69.51 to \$95.60.

Deere is the world's largest maker of agricultural equipment, like the bright green tractors and combines that roll on farm fields during planting and harvest seasons. Its fortunes rise and fall with those of farmers. The company said farm business should be good this year, predicting that agriculture and turf equipment sales would rise by about 6 percent, with a 5 percent increase over last year's strong numbers in the U.S. and Canada.

"Relatively high commodity prices and strong farm incomes are expected to continue supporting a favorable level of demand for farm machinery during the year," the company's statement said.

It also predicted that European agricultural and turf sales would fall 5 percent due to economic weakness and a poor harvest last year in the United Kingdom. But South American agricultural sales are expected to rise 10 percent to 15 percent on strong conditions in Brazil. Asian sales are projected to be only slightly higher than

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last year.

In addition to farm equipment, Deere makes construction and forestry equipment such as backhoes, excavators, riding mowers and leaf blowers, making the company sensitive to movements in the global economy. But Deere predicted that worldwide construction and forestry equipment sales would rise 3 percent this year on higher international sales of construction equipment.

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