

THIRD-QUARTER 2017 FINANCIAL REVIEW

October 24, 2017



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FORWARD-LOOKING STATEMENTS

Forward-looking Statements

Certain statements in this financial review relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “project,” “intend,” “could,” “should” or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance and speak only as of the date they are made, and we do not undertake to update our forward-looking statements.

Caterpillar's actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global and regional economic conditions and economic conditions in the industries we serve; (ii) commodity price changes, material price increases, fluctuations in demand for our products or significant shortages of material; (iii) government monetary or fiscal policies; (iv) political and economic risks, commercial instability and events beyond our control in the countries in which we operate; (v) our ability to develop, produce and market quality products that meet our customers' needs; (vi) the impact of the highly competitive environment in which we operate on our sales and pricing; (vii) information technology security threats and computer crime; (viii) additional restructuring costs or a failure to realize anticipated savings or benefits from past or future cost reduction actions; (ix) failure to realize all of the anticipated benefits from initiatives to increase our productivity, efficiency and cash flow and to reduce costs; (x) inventory management decisions and sourcing practices of our dealers and our OEM customers; (xi) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xii) union disputes or other employee relations issues; (xiii) adverse effects of unexpected events including natural disasters; (xiv) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xv) failure to maintain our credit ratings and potential resulting increases to our cost of borrowing and adverse effects on our cost of funds, liquidity, competitive position and access to capital markets; (xvi) our Financial Products segment's risks associated with the financial services industry; (xvii) changes in interest rates or market liquidity conditions; (xviii) an increase in delinquencies, repossessions or net losses of Cat Financial's customers; (xix) currency fluctuations; (xx) our or Cat Financial's compliance with financial and other restrictive covenants in debt agreements; (xxi) increased pension plan funding obligations; (xxii) alleged or actual violations of trade or anti-corruption laws and regulations; (xxiii) international trade policies and their impact on demand for our products and our competitive position; (xxiv) additional tax expense or exposure; (xxv) significant legal proceedings, claims, lawsuits or government investigations; (xxvi) new regulations or changes in financial services regulations; (xxvii) compliance with environmental laws and regulations; and (xxviii) other factors described in more detail in Caterpillar's Forms 10-Q, 10-K and other filings with the Securities and Exchange Commission.

A reconciliation of non-GAAP financial information referenced in this presentation can be found in our press release describing 2017 third-quarter financial results which is available on our website at www.caterpillar.com/earnings.

THIRD-QUARTER 2017

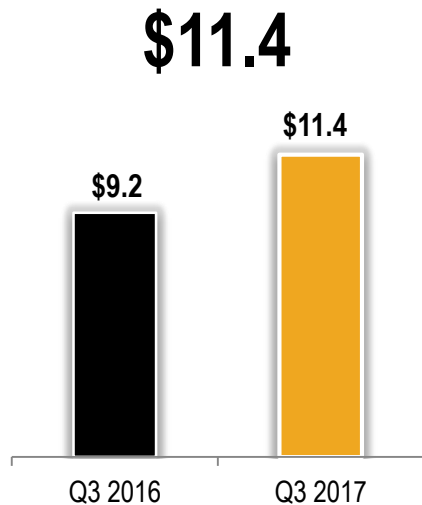


Strong Third Quarter

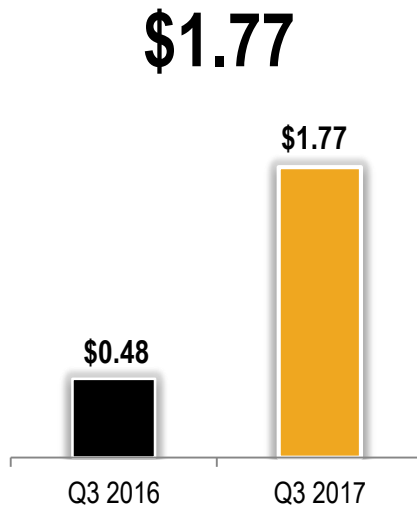
- Sales and revenues up more than \$2 billion from a year ago
- Strong operational performance
- Raised full-year 2017 profit outlook

THIRD-QUARTER 2017 FINANCIAL RESULTS

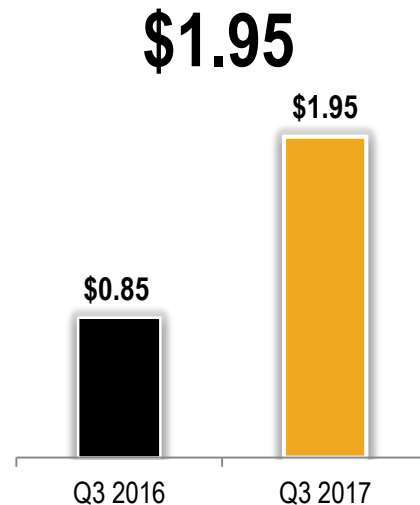
Sales and Revenues
(in billions of dollars)



Profit Per Share
(in dollars)



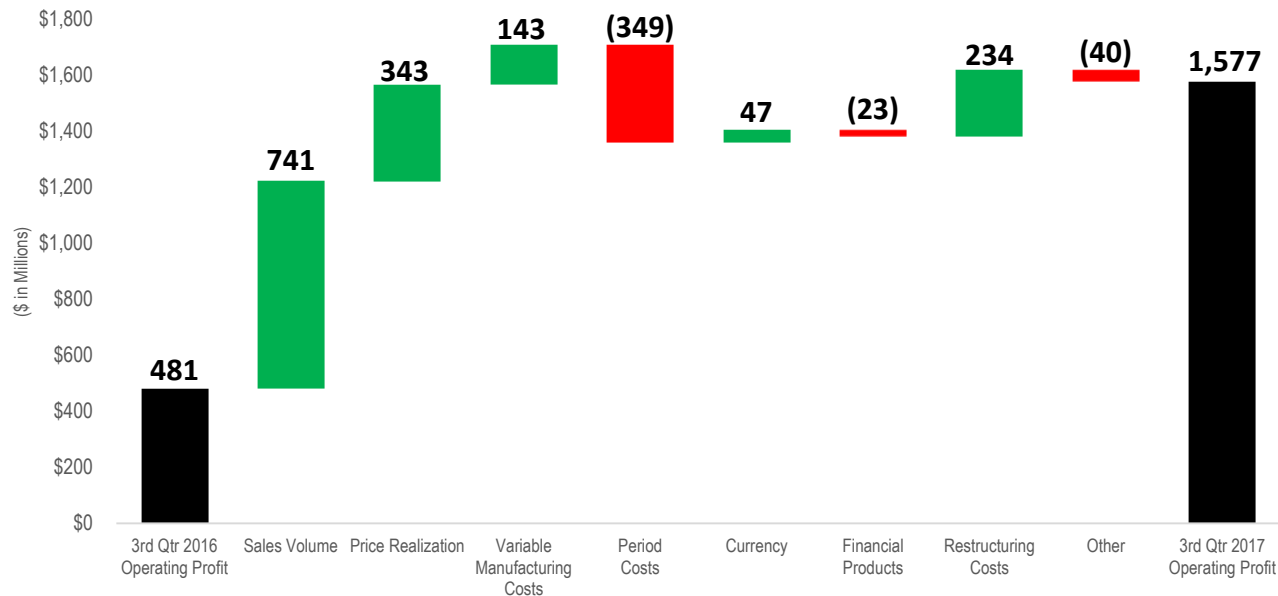
**Adjusted
Profit Per Share¹**
(in dollars)



¹ Excluding restructuring costs

CONSOLIDATED OPERATING PROFIT

Third-Quarter 2017 vs. Third-Quarter 2016

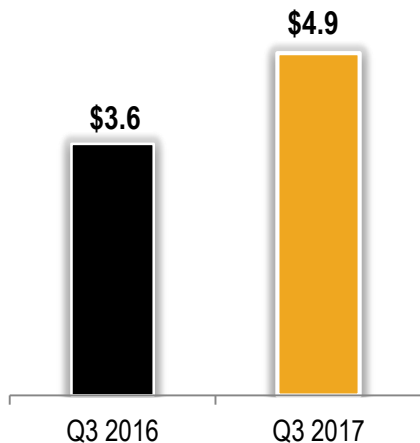


Results

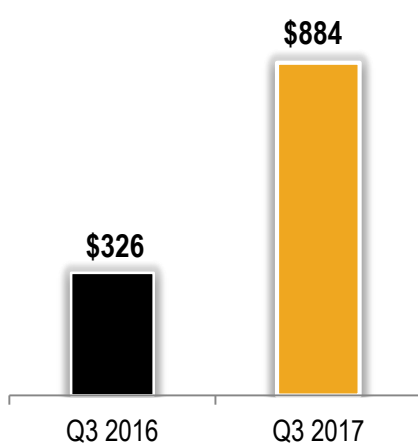
- Higher sales volume:
 - Increased across all regions
 - Largest increase in North America
 - China sales remain strong
- Improved price realization primarily in Construction Industries
- Period costs were about flat excluding an increase in short-term incentive compensation

CONSTRUCTION INDUSTRIES

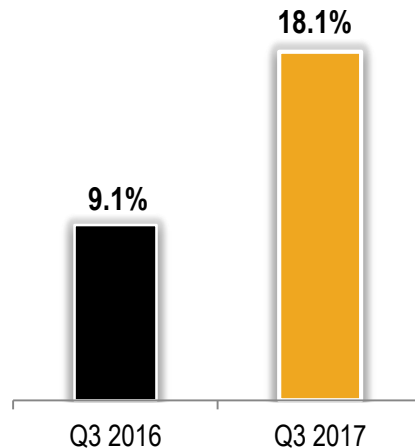
Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit as a
percent of sales*



* Includes inter-segment sales

3rd Quarter Highlights

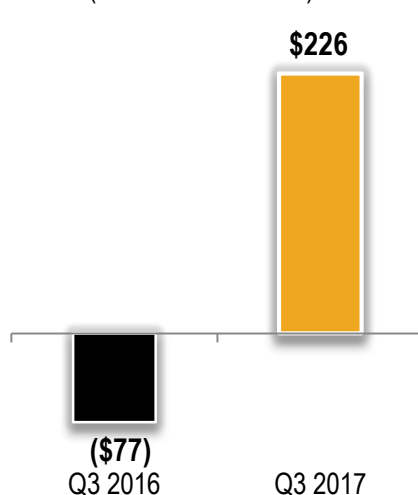
- Largest increases in sales in North America and Asia/Pacific
- Favorable price realization
- Period costs excluding short-term incentive compensation expenses were about flat

RESOURCE INDUSTRIES

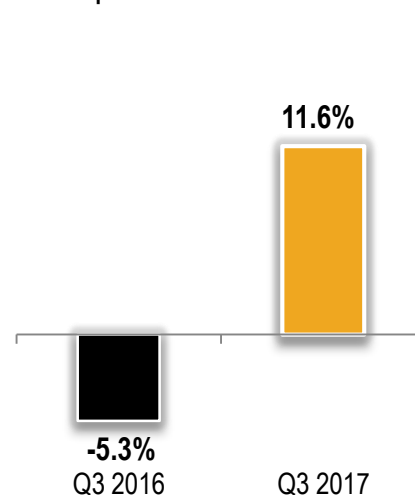
Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit as a
percent of sales*



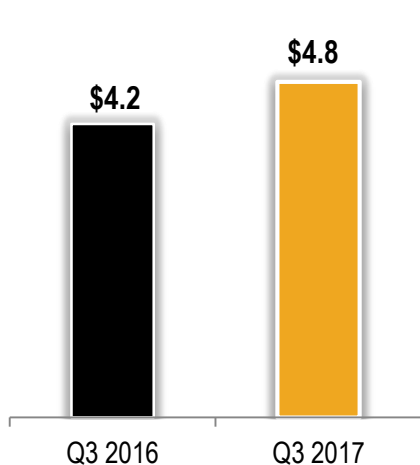
* Includes inter-segment sales

3rd Quarter Highlights

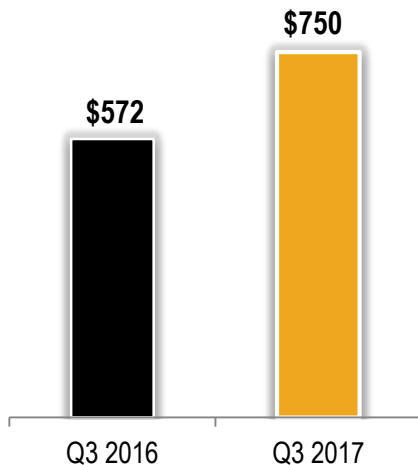
- Sales Volume increased:
 - Favorable changes in dealer inventories
 - Aftermarket parts
 - Dealer deliveries for equipment
- Period costs excluding short-term incentive compensation expenses were lower

ENERGY & TRANSPORTATION

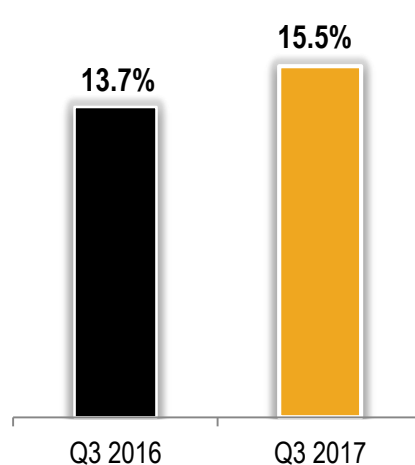
Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit as a
percent of sales*



* Includes inter-segment sales

3rd Quarter Highlights

- Sales increased across all applications
- Favorable variable manufacturing costs
- Period costs excluding short-term incentive compensation expenses were slightly higher

FULL-YEAR 2017 OUTLOOK

	<u>2016</u>	<u>Previous Outlook¹</u>	<u>Current Outlook²</u>
Sales and Revenues	\$38.5 billion	\$42 to \$44 billion	~\$44 billion
Profit/(Loss) Per Share	\$(0.11)	\$3.50	~\$4.60
Restructuring Costs	\$1.019 billion	\$1.20 billion	\$1.30 billion
Adjusted Profit Per Share ^{3,4}	\$3.42	\$5.00	~\$6.25

¹ As of July 25, 2017. Profit per share and adjusted profit per share Outlook at midpoint of 2017 sales and revenues outlook range

² As of October 24, 2017

³ 2017 adjusted profit per share outlook excludes restructuring costs and gain on sale of equity investment in IronPlanet

⁴ 2016 excludes restructuring costs, mark-to-market losses related to pension and OPEB, goodwill impairment, deferred tax valuation allowance

2017 FULL-YEAR SALES & REVENUES OUTLOOK COMPARED TO 2016



Construction
Industries

↑ ~20%



Resource
Industries

↑ ~30%



Energy &
Transportation

↑ ~10%

Excludes inter-segment sales

KEY TAKEAWAYS

- Improving demand across a number of our end markets
- Higher year-over-year sales and revenues of more than \$2 billion
- Strong operational performance
- Strong balance sheet
- Raised the 2017 full-year profit outlook
- Focused on executing our new strategy to drive profitable growth

Q & A

October 24, 2017

The background of the slide features a yellow Caterpillar excavator in a construction setting. Overlaid on this image is a semi-transparent bar chart with several vertical bars of varying heights, suggesting data analysis or performance metrics.

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PEOPLE.
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