

FIRST-QUARTER 2017 FINANCIAL REVIEW

April 25, 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 first-quarter financial results which is available on our website at www.caterpillar.com/earnings.



Strong First Quarter

- Sales & revenues higher for the first time year-over-year in 10 quarters
- Outstanding operational performance
- Raised sales & revenues outlook range to \$38 billion - \$41 billion
- Continued uncertainty and economic volatility for remainder of 2017

FIRST-QUARTER 2017 FINANCIAL RESULTS

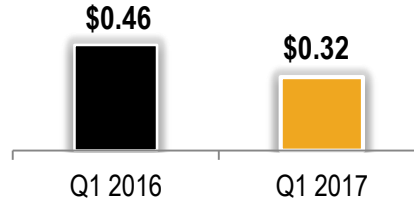
Sales and Revenues (in billions of dollars)

\$9.8



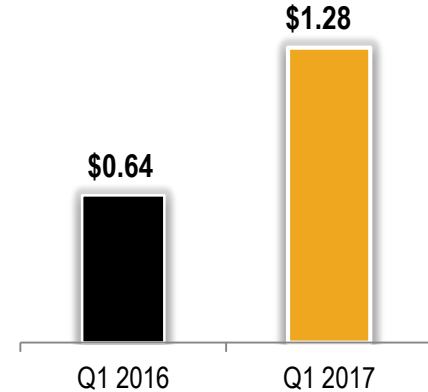
Profit Per Share (in dollars)

\$0.32



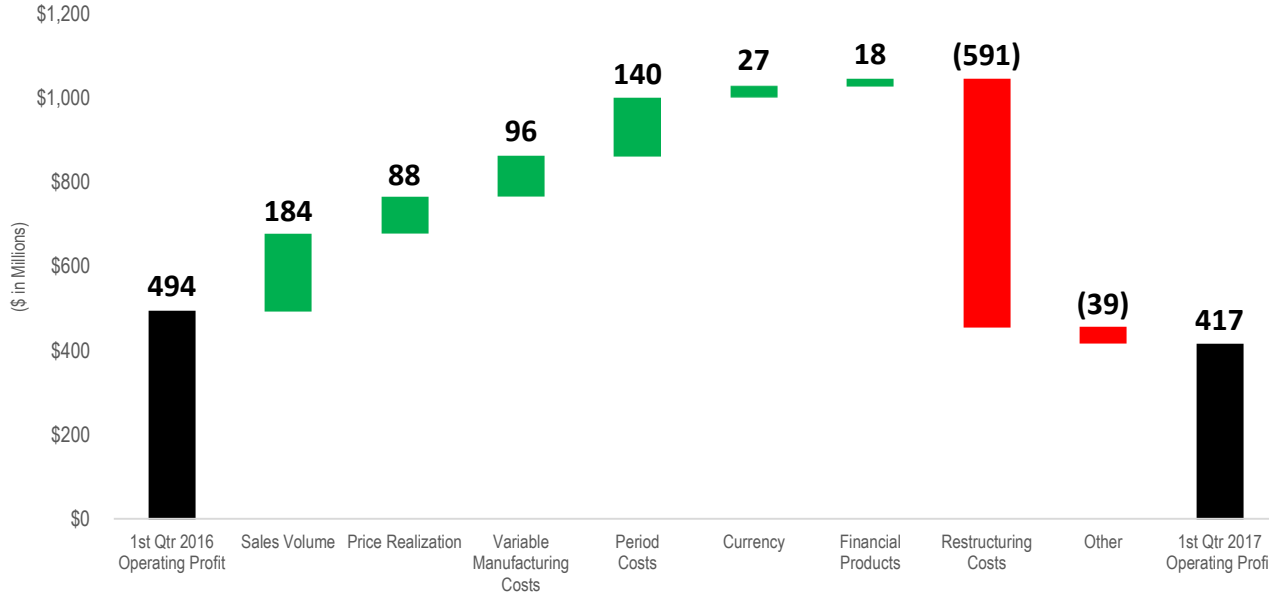
Profit Per Share Excluding Restructuring Costs (in dollars)

\$1.28



CONSOLIDATED OPERATING PROFIT

First-Quarter 2017 vs. First-Quarter 2016



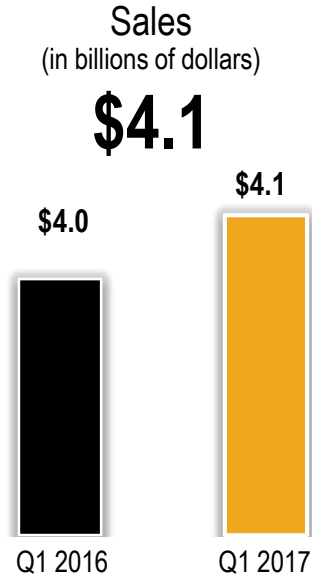
Results

- Higher sales volume, including favorable mix of products
- Lower period costs, improved variable manufacturing costs and favorable price realization
- Restructuring costs higher primarily Gosselies, Belgium

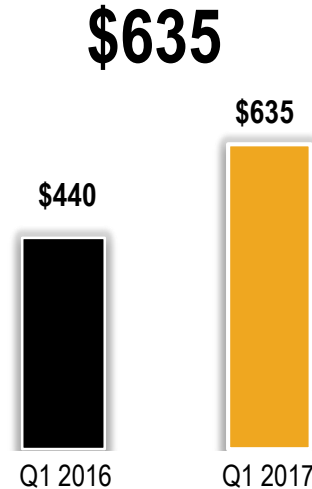
CONSTRUCTION INDUSTRIES

Highlights

- Price realization favorable
- Asia/Pacific higher end-user demand primarily in China
- North America unfavorable impact from changes in dealer inventories and end-user demand, partially offset by favorable price realization
- EAME and Latin America about flat



Segment Profit (in millions of dollars)



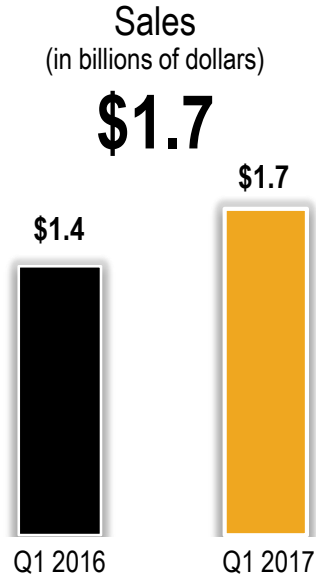
Highlights

- Favorable price realization
- Lower period costs

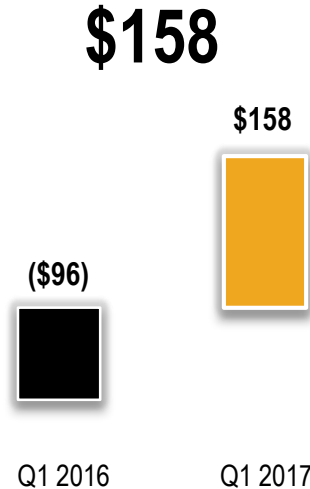
RESOURCE INDUSTRIES

Highlights

- Sales increased in both new equipment and aftermarket parts
- Most of the increase was for aftermarket parts
- Dealer inventories increased slightly in 1Q 2017 and decreased in 1Q 2016
- End-user demand for new equipment was lower



Segment Profit / (Loss) (in millions of dollars)



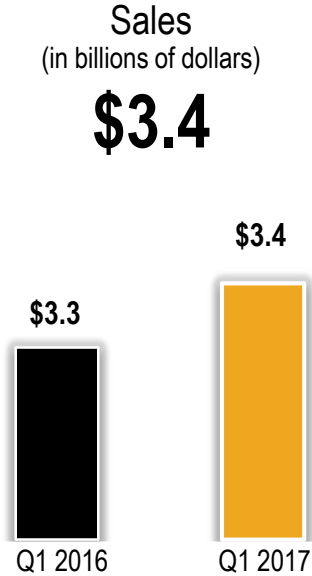
Highlights

- Higher sales volume
- Lower period costs
- Short-term incentive compensation expense increased

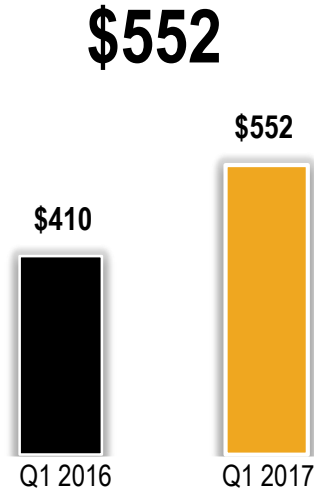
ENERGY & TRANSPORTATION

Highlights

- **Oil and Gas** higher sales in North America for aftermarket parts and reciprocating engines used in gas compression
- **Power Gen** sales decreased in EAME and were about flat in all other regions
- **Industrial** sales were about flat
- **Transportation** sales were about flat as higher sales for rail applications were about offset by sales for marine applications



Segment Profit
(in millions of dollars)



Highlights

- Higher sales volume
- Favorable impact from cost absorption
- Improved material costs
- Period costs about flat as favorable impact of restructuring and cost reduction actions were about offset by higher short-term incentive compensation expense

FULL-YEAR OUTLOOK

	<u>Previous Outlook¹</u>	<u>Current Outlook²</u>
Sales and Revenues	\$36 to \$39 billion	\$38 to \$41 billion
Profit Per Share ³	\$2.30	\$2.10
Restructuring Costs	\$500 million	\$1.25 billion
Profit Per Share Excluding Restructuring Costs ³	\$2.90	\$3.75
	Sales and revenues Midpoint: \$37.5 billion	Sales and revenues Midpoint: \$39.5 billion

¹ As of January 26, 2017

² As of April 25, 2017

³ At midpoint of sales & revenues range

POSITIVES & RISKS FOR OUTLOOK

Positives

Business confidence

Global growth

Backlog up

Risks

Competitive pricing

Commodity and oil price volatility

Geopolitical uncertainty elevated

Retail stats (outside of Asia/Pacific)

U.S. | Construction activity

China | Industry growth

Middle East | Weak economies

Mining | Commodity prices driving demand

FULL-YEAR OUTLOOK COMPARED TO 2016

Sales

Construction Industries	flat to up 5 percent
Resource Industries	up 10 to 15 percent
Energy & Transportation	flat

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KEY TAKEAWAYS

- Great quarter – First quarter of higher year-over-year sales and revenues in more than two years
- Raised sales and revenues outlook range for full-year 2017
- Outstanding operational performance, reflecting cost focus and restructuring actions taken
- Healthy balance sheet and good cash flow

Q & A

April 25, 2017



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