



Third Quarter 2018 Financial Review

October 23, 2018

OUR SOLUTIONS HELP OUR CUSTOMERS BUILD A BETTER WORLD.

CATERPILLAR[®]

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) international trade policies and their impact on demand for our products and our competitive position, including the imposition of new tariffs or changes in existing tariff rates; (vi) our ability to develop, produce and market quality products that meet our customers' needs; (vii) the impact of the highly competitive environment in which we operate on our sales and pricing; (viii) information technology security threats and computer crime; (ix) additional restructuring costs or a failure to realize anticipated savings or benefits from past or future cost reduction actions; (x) failure to realize all of the anticipated benefits from initiatives to increase our productivity, efficiency and cash flow and to reduce costs; (xi) inventory management decisions and sourcing practices of our dealers and our OEM customers; (xii) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xiii) union disputes or other employee relations issues; (xiv) adverse effects of unexpected events including natural disasters; (xv) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xvi) 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; (xvii) our Financial Products segment's risks associated with the financial services industry; (xviii) changes in interest rates or market liquidity conditions; (xix) an increase in delinquencies, repossessions or net losses of Cat Financial's customers; (xx) currency fluctuations; (xxi) our or Cat Financial's compliance with financial and other restrictive covenants in debt agreements; (xxii) increased pension plan funding obligations; (xxiii) alleged or actual violations of trade or anti-corruption laws and regulations; (xxiv) additional tax expense or exposure, including the impact of U.S. tax reform; (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.

See appendix A for adjusted operating profit margin calculation and reconciliation to U.S. GAAP. A reconciliation of all other non-GAAP financial information referenced in this presentation can be found in our press release describing 2018 third-quarter financial results which is available on our website at www.caterpillar.com/earnings.

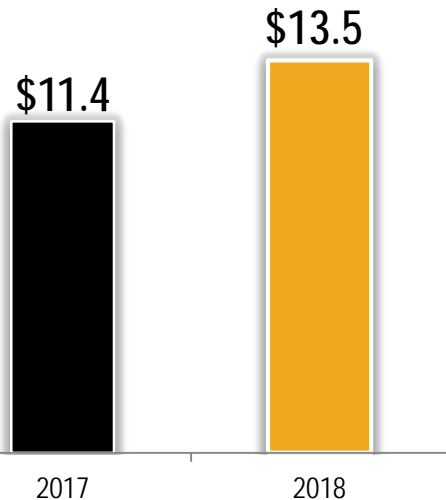
2018 Financial Results

Third Quarter 2018 vs. Third Quarter 2017

Sales and Revenues

(in billions of dollars)

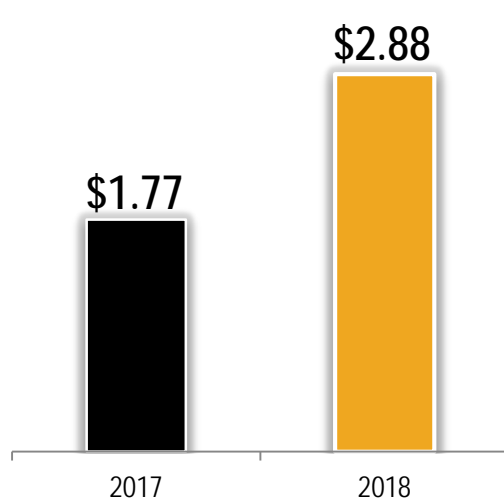
\$13.5



Profit Per Share

(in dollars)

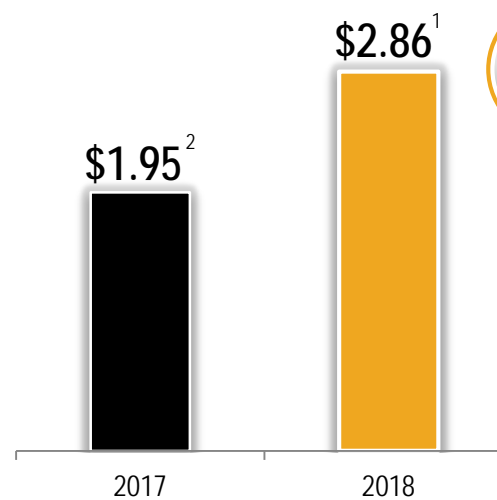
\$2.88



Adjusted Profit Per Share

(in dollars)

\$2.86¹



3rd Quarter Highlights

Sales and Revenues up 18%

- Increased across the three primary segments

Profit

- Record 3Q profit per share

Financial Position

- \$8.0B cash on hand

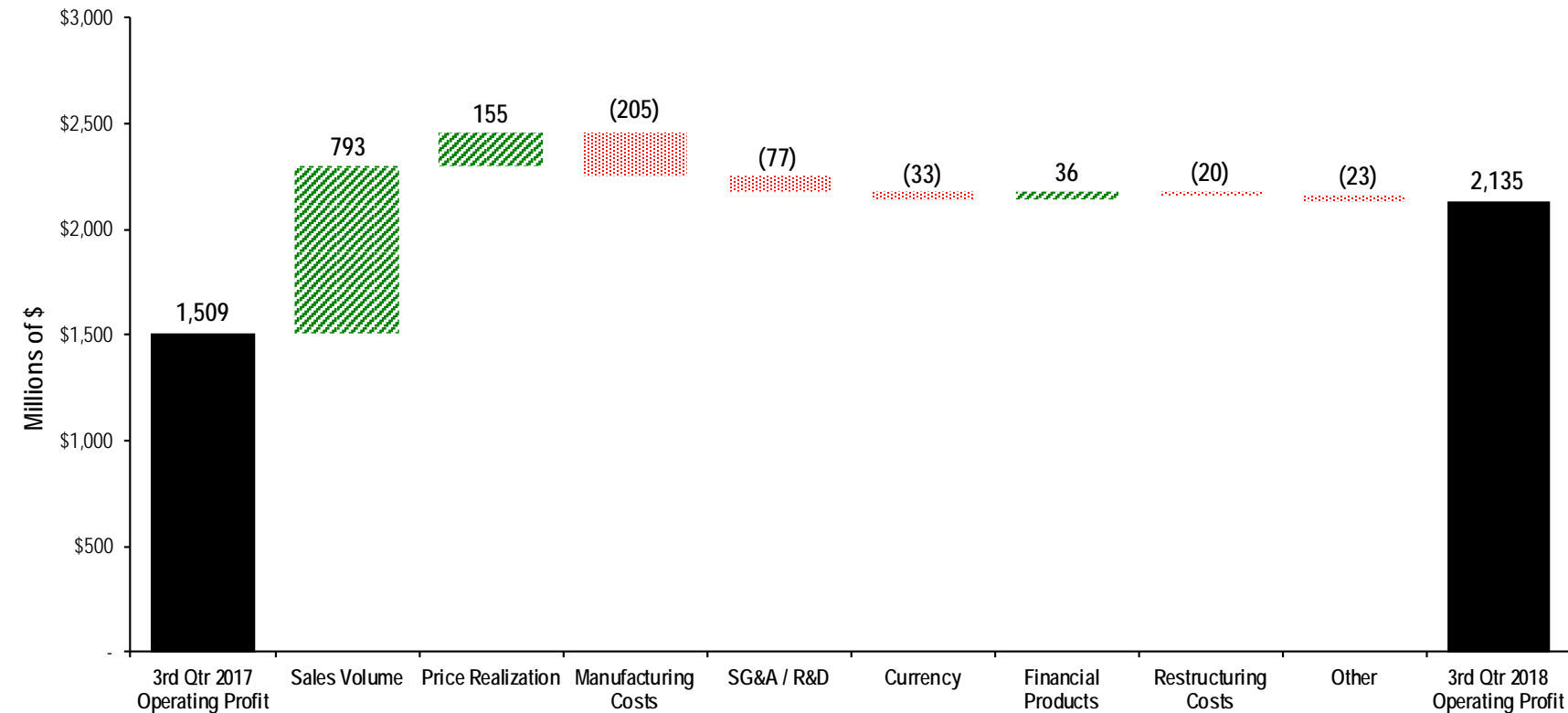


¹ Excludes restructuring costs and net benefit to adjust deferred tax balances.

² Excludes restructuring costs.

Consolidated Operating Profit

Third Quarter 2018 vs. Third Quarter 2017



3rd Quarter Highlights

Operating profit up 41%

- Higher sales volume across the three primary segments
- Favorable price realization
- Higher manufacturing costs:
 - Higher material costs due to steel and tariffs
 - Increased freight costs
- Increased SG&A/R&D expenses

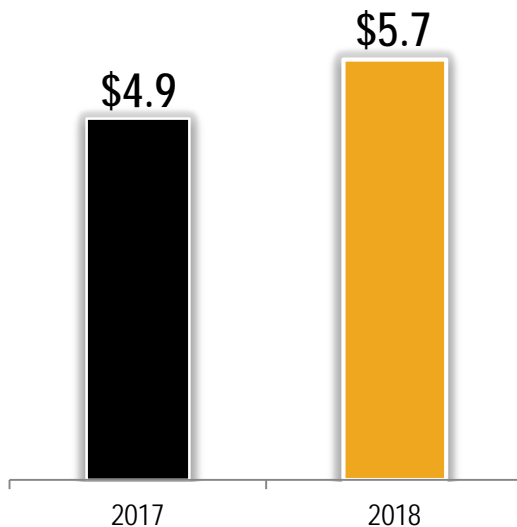
Construction Industries

Third Quarter 2018 vs. Third Quarter 2017

Investor Day
Segment
Margin Range
15%-17%

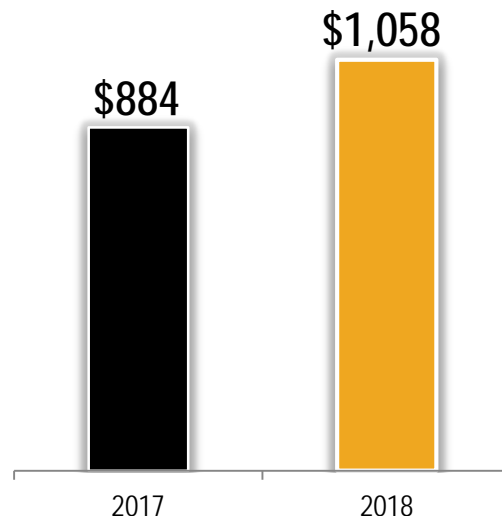
Total Sales*

(in billions of dollars)



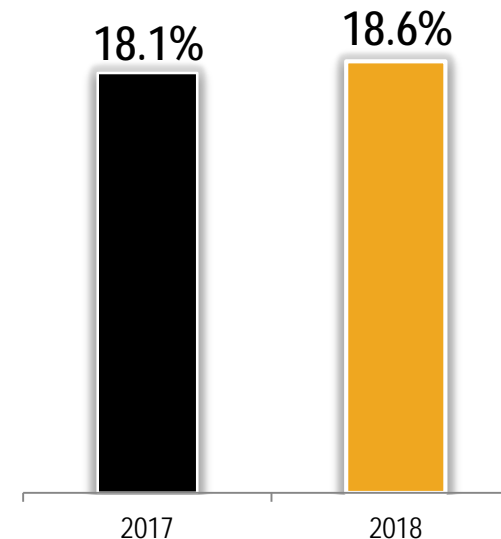
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

3rd Quarter Highlights

Total Sales Increase – \$797M (16%)

- **North America** – Higher demand for oil and gas, including pipelines, and non-residential construction activities
- **Asia/Pacific** – Higher demand across the region, largest increase in China
- **EAME** – Higher demand in several countries
- **Latin America** – Construction activities remained weak

Segment Profit Increase – \$174M (20%)

- Higher sales volume
- Higher material and freight costs

Resource Industries

Third Quarter 2018 vs. Third Quarter 2017

Investor Day
Segment
Margin Range
12%-16%

3rd Quarter Highlights

Total Sales Increase – \$682M (35%)

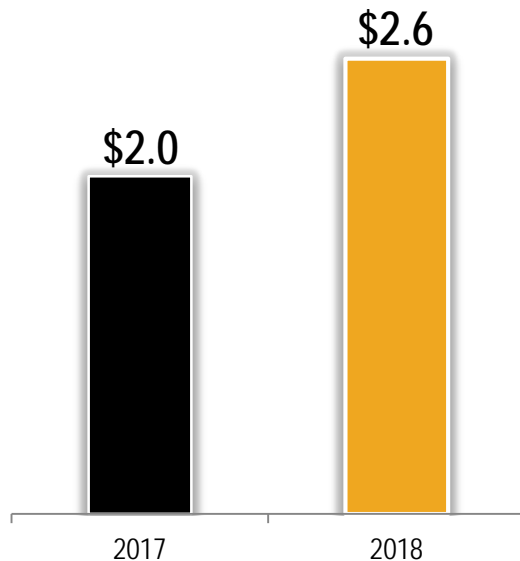
- Commodity fundamentals remained positive for mining customers
- Positive global economic growth resulted in higher heavy construction equipment sales

Segment Profit Increase – \$185M (81%)

- Higher sales volume
- Favorable price realization
- Higher freight and material costs
- Increased SG&A/R&D expenses

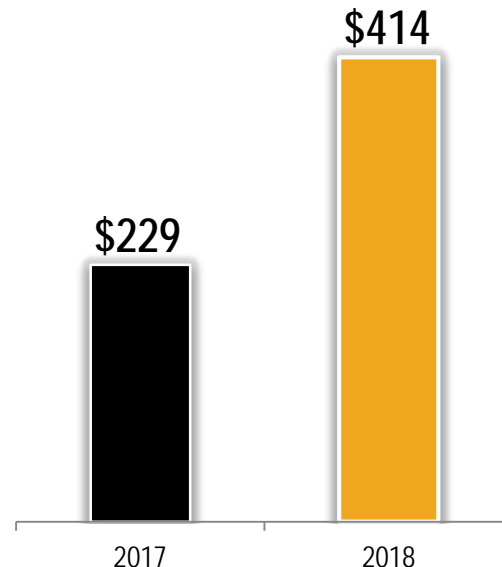
Total Sales*

(in billions of dollars)



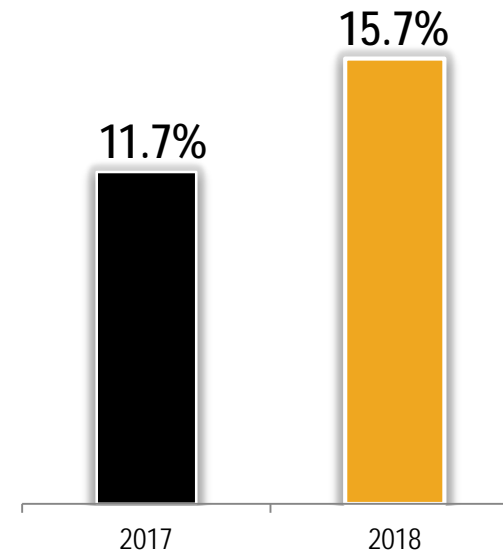
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

Energy & Transportation

Third Quarter 2018 vs. Third Quarter 2017

Investor Day
Segment
Margin Range
16%-18%

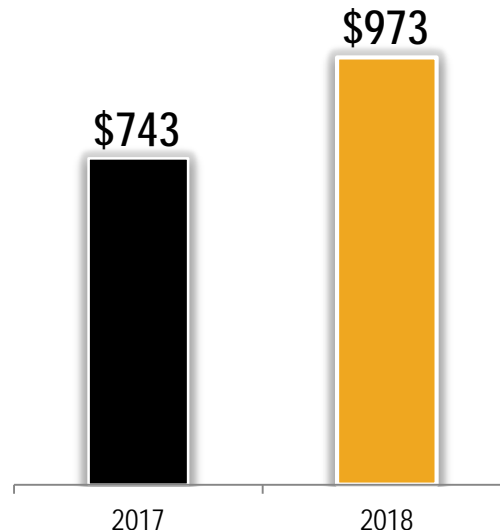
Total Sales*

(in billions of dollars)



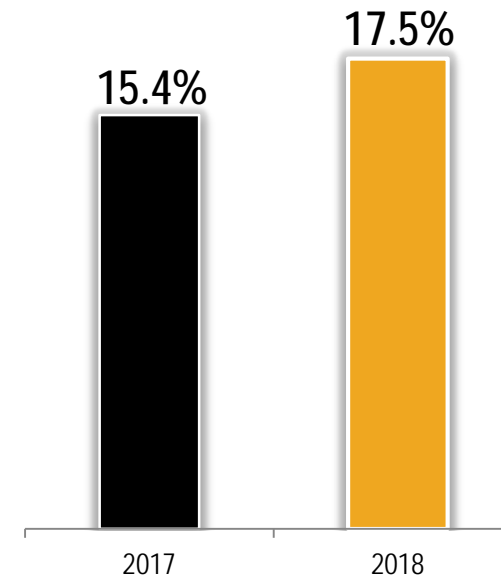
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

3rd Quarter Highlights

Total Sales Increase – \$717M (15%)

- **Oil and Gas** – strong North America onshore activity
- **Power Generation** – higher in all regions led by North America and Asia/Pacific
- **Industrial** – economic uncertainty in a few countries in the Middle East
- **Transportation** – rail services from acquisitions and higher rail traffic

Segment Profit Increase – \$230M (31%)

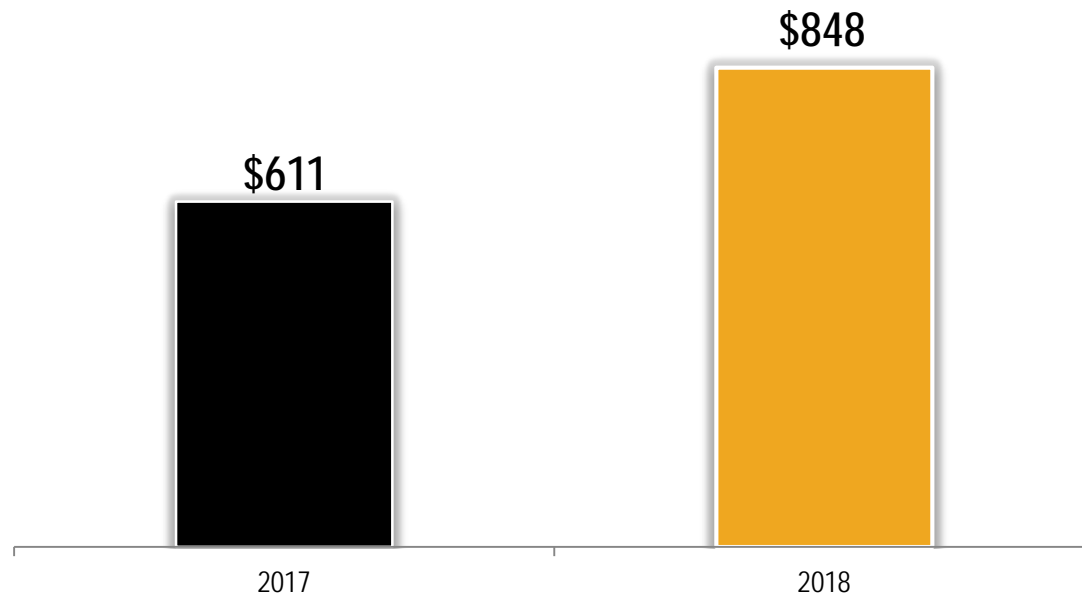
- Higher sales volume
- Higher manufacturing costs
- Increased SG&A/R&D expenses

Cash Flow and Capital Deployment

Third Quarter 2018 vs. Third Quarter 2017

ME&T Operating Cash Flow

(in millions of dollars)



3rd Quarter Highlights

ME&T Operating Cash Flow – \$848M (up \$237M)

- Mainly driven by higher profit offset by \$1.0 billion of discretionary pension contribution

Capital Returned to Shareholders

- \$750 million share repurchase (\$2.0 billion YTD)
- \$511 million dividend payment (\$1.4 billion YTD)

Full Year 2018 Outlook

	Previous Outlook ¹	Current Outlook ²
Profit Per Share Range	\$10.50 – \$11.50	\$10.65 – \$11.65
Restructuring Costs	~\$400 million	~\$400 million
Deferred Tax Balance Adjustment	–	\$95 million
Adjusted Profit Per Share Range	\$11.00 – \$12.00	\$11.00 – \$12.00

¹ As of July 30, 2018.

² As of October 23, 2018.

Key Takeaways



Record third-quarter profit per share



Strong operating margins



Strong financial position



Profit per share outlook \$10.65 to \$11.65; Maintained adjusted profit per share outlook \$11.00 to \$12.00

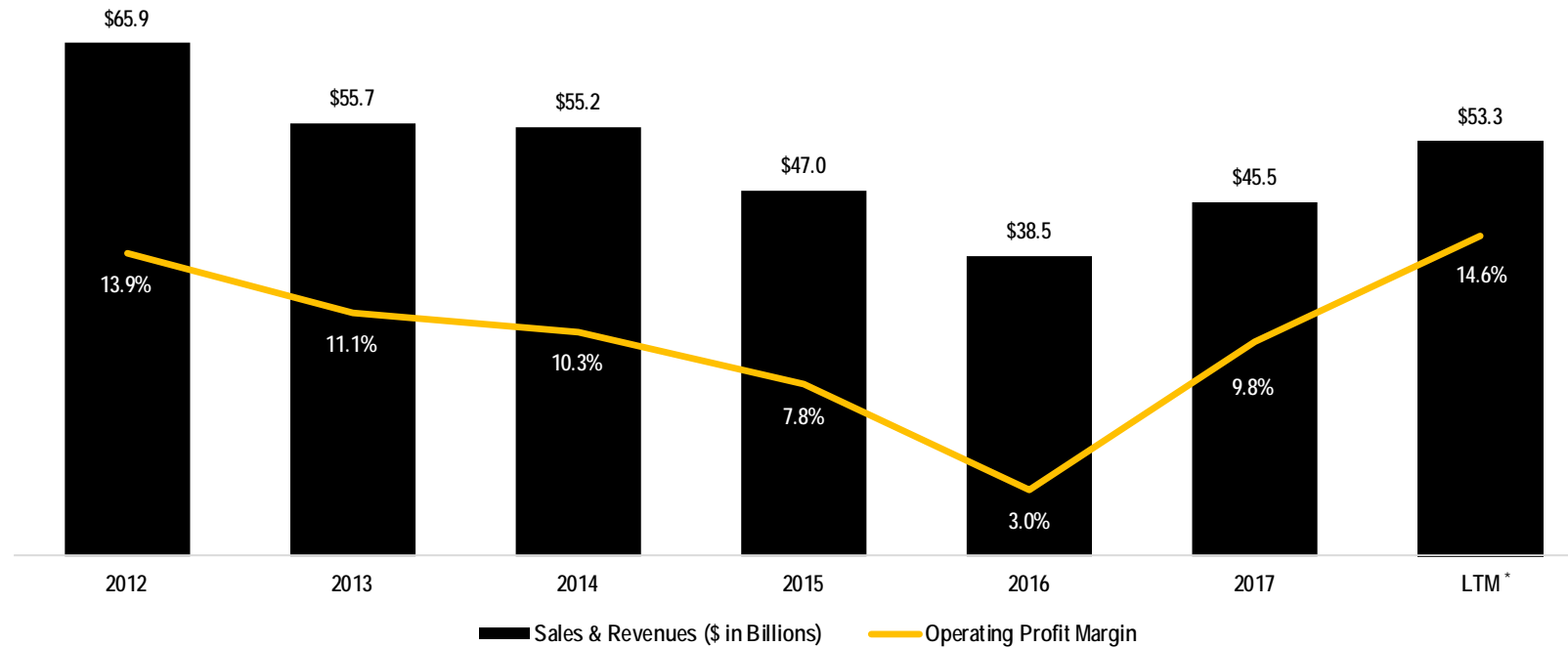


Executing our strategy and investing for long-term profitable growth

Q & A

Appendix

Caterpillar Inc. – Appendix of Reconciliation to US GAAP



	2012	2013	2014	2015	2016	2017	LTM*	3Q 2018
Operating margin %	13.9%	11.1%	10.3%	7.8%	3.0%	9.8%	14.6%	15.8%
Operating margin % restructuring costs	-	0.4%	0.8%	1.8%	2.6%	2.7%	1.0%	0.8%
Operating margin % goodwill impairment	-	-	-	-	1.6%	-	-	-
Adjusted operating margin %	13.9%	11.5%	11.1%	9.6%	7.2%	12.5%	15.6%	16.6%

*LTM – Last 12 Months (October 2017 – September 2018)