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," "forecast," "target," "guide," "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) inventory management decisions and sourcing practices of our dealers and our OEM customers; (x) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xi) union disputes or other employee relations issues; (xii) adverse effects of unexpected events including natural disasters; (xiii) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xiv) 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; (xv) our Financial Products segment’s risks associated with the financial services industry; (xvi) changes in interest rates or market liquidity conditions; (xvii) an increase in delinquencies, repossessions or net losses of Cat Financial’s customers; (xviii) currency fluctuations; (xix) our or Cat Financial’s compliance with financial and other restrictive covenants in debt agreements; (xx) increased pension plan funding obligations; (xxi) alleged or actual violations of trade or anti-corruption laws and regulations; (xxii) additional tax expense or exposure, including the impact of U.S. tax reform; (xxiii) significant legal proceedings, claims, lawsuits or government investigations; (xxiv) new regulations or changes in financial services regulations; (xxv) compliance with environmental laws and regulations; and (xxvi) 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 for free cash flow calculation and reconciliation to U.S. GAAP. A reconciliation of non-GAAP financial information can be found in our press release describing fourth-quarter and full-year 2019 financial results which is available on our website at www.caterpillar.com/earnings.
Fourth Quarter 2019 Financial Results

Sales & Revenues
$13.1B
(8%)

Profit Per Share
$1.97
+11%

Operating Profit Margin
14.1%
+1.0pts

Adjusted Profit Per Share¹
$2.63
+3%

¹ Adjusted PPS for 2019 excludes pension and OPEB mark-to-market losses. Adjusted PPS for 2018 excludes pension and OPEB mark-to-market losses, restructuring costs, the impact of U.S. tax reform and certain deferred tax valuation allowance adjustments.
Full Year 2019 Financial Results

Sales & Revenues
$53.8B
(2%)

Profit Per Share
$10.74
+5%

Operating Profit Margin
15.4%
+0.2pts

Adjusted Profit Per Share¹
$11.06
(1%)

¹ Adjusted PPS for 2019 excludes pension and OPEB mark-to-market losses and a discrete tax benefit in the first quarter related to U.S. tax reform. Adjusted PPS for 2018 excludes pension and OPEB mark-to-market losses, restructuring costs, the impact of U.S. tax reform and certain deferred tax valuation allowance adjustments.
2019 Highlights

- **BEST SAFETY PERFORMANCE ON RECORD**
- **15.4% OPERATING MARGIN WITHIN INVESTOR DAY TARGET RANGE**
- **$6.9B ENTERPRISE OPERATING CASH FLOW**
- **$6.2B RETURNED TO SHAREHOLDERS; INCREASED DIVIDEND BY 20%**
- **$4.9B ME&T OPERATING CASH FLOW**
- **$9% SHARE COUNT REDUCTION ACHIEVED SINCE 1Q 2018**
- **$5.3B FREE CASH FLOW*$$18B ME&T SERVICES REVENUES UP 2%**

*Free cash flow represents ME&T operating cash flow less capital expenditures, excluding discretionary pension contributions.
Executing Our Strategy

OPERATIONAL EXCELLENCE
- Best safety performance on record
- Proactively managed production levels
- Strong cost control

EXPANDED OFFERINGS
- New product launches to meet diverse customer needs
- Increase in mining trucks using Cat’s autonomous solutions

SERVICES
- Continued growth in ME&T services revenues
- Achieved target of 1 million connected assets
Full Year 2020 Outlook

2019 ACTUAL

- PROFIT PER SHARE: $10.74
- ADJUSTED PROFIT PER SHARE\(^1\): $11.06

2020 OUTLOOK\(^2\)

- $8.50 - $10.00

- Lower Sales & Revenues on expected decrease in end-user demand and dealers reducing their inventories
- Ready to respond quickly to positive or negative changes in demand
- Continue to take action to maintain a competitive and flexible cost structure
- Continue to invest in services and expanded offerings

\(^1\) Adjusted PPS for 2019 excludes pension and OPEB mark-to-market losses and a discrete tax benefit in the first quarter related to U.S. tax reform.

\(^2\) As of January 31, 2020.
2020 Key Areas of Focus

OPERATIONAL EXCELLENCE
- Maintain focus on safety and quality
- Continue Lean journey with focus on improving cost structure
- Address underperforming products

EXPANDED OFFERINGS
- Invest in new products to add value for our customers
- Expand our line of GC products

SERVICES
- Continued investment in digital capabilities
- Invest in customer-focused designs
- Improve parts availability
2020 End Market Assumptions by Segment

CONSTRUCTION INDUSTRIES

North America
• Reduction in dealer inventories
• Investment in state and local infrastructure stable
• Residential and non-residential construction to decline

Asia/Pacific
• China expected to be flat to down

EAME
• Growth in Europe slowing
• Africa/Middle East recovering from lows

LATIN AMERICA
• Recovery continues from low levels, mainly in Brazil

RESOURCE INDUSTRIES

Mining
• End-user demand up mid-single digits
• Active quoting for large fleet deals, machine replacements and technology
• Commodity prices generally supportive of investment
• Miners remain cautious on capex amid continued economic uncertainty

Non-Residential/Quarry & Aggregate
• End-user demand softening
• Reduction in dealer inventories

ENERGY & TRANSPORTATION

Oil & Gas
• Weakness continuing in NA on-shore:
  • Well servicing
  • Reciprocating gas compression
  • Drilling
• Solar sales flat to slight growth

Power Generation
• Continued moderate growth

Industrial
• Slightly down

Transportation
• Modest growth
**2019 Financial Results**
*Fourth Quarter 2019 vs. Fourth Quarter 2018*

### SALES & REVENUES
(in billions of dollars)

- **2018:** $14.3
- **2019:** $13.1

### OPERATING PROFIT
as a percent of sales & revenues

- **2018:** 13.1%
- **2019:** 14.1%

### PROFIT PER SHARE
(in dollars)

- **2018:** $1.78
- **2019:** $1.97

### ADJUSTED PROFIT PER SHARE\(^1\)
(in dollars)

- **2018:** $2.55
- **2019:** $2.63

---

\(^1\) Adjusted PPS for 2019 excludes pension and OPEB mark-to-market losses. Adjusted PPS for 2018 excludes pension and OPEB mark-to-market losses, restructuring costs, the impact of U.S. tax reform and certain deferred tax valuation allowance adjustments.
Consolidated Sales & Revenues
Fourth Quarter 2019 vs. Fourth Quarter 2018

Sales & Revenues Decreased ($1.2B) or (8%)

• Sales volume decreased primarily in Construction Industries and Resource Industries
• End-user demand decreased
• Decrease due to changes in dealer inventories:
  • 4Q 2019 decreased $700M
  • 4Q 2018 increased $200M

4th Quarter Highlights

Sales & Revenues Decreased ($1.2B) or (8%)

- Sales volume decreased primarily in Construction Industries and Resource Industries
- End-user demand decreased
- Decrease due to changes in dealer inventories:
  - 4Q 2019 decreased $700M
  - 4Q 2018 increased $200M
Consolidated Operating Profit
Fourth Quarter 2019 vs. Fourth Quarter 2018

Operating Profit Decreased ($33M) or (2%)
• Lower sales volume
• Favorable SG&A/R&D, driven by short-term incentive compensation expense
• Higher Financial Products profit due to lower provision for credit losses
• Favorable manufacturing costs more than offset unfavorable price realization

Operating Profit Margin of 14.1%
Energy & Transportation
Fourth Quarter 2019 vs. Fourth Quarter 2018

Total Sales*
(in billions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$6.3</td>
<td>$5.9</td>
</tr>
</tbody>
</table>

Segment Profit
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and Gas</td>
<td>$1,079</td>
<td>$1,165</td>
</tr>
</tbody>
</table>

Segment Profit as a percent of total sales*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.2%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

* Includes inter-segment sales.

4th Quarter Highlights

Total Sales Decreased ($338M) or (5%)
- Oil and Gas – Lower demand in North America for reciprocating engines used in gas compression and turbine project deliveries
- Power Generation – Increased slightly due to turbines in EAME
- Industrial – About flat
- Transportation – Higher due to stronger marine demand in EAME

Segment Profit Increased +$86M or +8%
- Favorable SG&A/R&D, driven by short-term incentive expense
- Favorable manufacturing costs offset lower sales volume

Full Year 2019
Total Sales*
$22.1B
Segment Margin 17.7%
Construction Industries
Fourth Quarter 2019 vs. Fourth Quarter 2018

Total Sales Decreased ($685M) or (12%)
- North America: Decreased due to changes in dealer inventories, while end-user demand was about flat
- Latin America: Higher sales driven by road and residential construction activities
- EAME: Decreased due to changes in dealer inventories and lower end-user demand
- Asia/Pacific: About flat; unfavorable price realization was mostly offset by higher sales volume

Segment Profit Decreased ($186M) or (22%)
- Lower sales volume
- Favorable manufacturing costs, mostly offset by unfavorable price realization

4th Quarter Highlights

Full Year 2019
Total Sales*: $22.6B
Segment Margin: 17.4%

<table>
<thead>
<tr>
<th>Total Sales* (in billions of dollars)</th>
<th>Segment Profit (in millions of dollars)</th>
<th>Segment Profit as a percent of total sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018: $5.7</td>
<td>2018: $845</td>
<td>2018: 14.8%</td>
</tr>
<tr>
<td>2019: $5.0</td>
<td>2019: $659</td>
<td>2019: 13.1%</td>
</tr>
</tbody>
</table>

* Includes inter-segment sales.
Resource Industries
Fourth Quarter 2019 vs. Fourth Quarter 2018

Total Sales Decreased ($402M) or (14%)
• Decreased due to changes in dealer inventories and lower end-user demand
• Mining customers remain disciplined in their capital expenditures
• Lower demand in non-residential construction

Segment Profit Decreased ($139M) or (35%)
• Lower sales volume
• Favorable SG&A/R&D driven by short-term incentive compensation expense and timing of R&D expenses

Full Year 2019
Total Sales* $10.3B
Segment Margin 15.9%

4th Quarter Highlights

<table>
<thead>
<tr>
<th>Total Sales* (in billions of dollars)</th>
<th>Segment Profit (in millions of dollars)</th>
<th>Segment Profit as a percent of total sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 $2.8</td>
<td>2018 $400</td>
<td>2018 14.3%</td>
</tr>
<tr>
<td>2019 $2.4</td>
<td>2019 $261</td>
<td>2019 10.9%</td>
</tr>
</tbody>
</table>

* Includes inter-segment sales.
Financial Products
Fourth Quarter 2019 vs. Fourth Quarter 2018

4th Quarter Highlights

Total Revenues Increased +$34M or +4%
- Absence of returned or repossessed equipment in EAME
- Favorable financing rates in North America

Segment Profit Increased +$181M or +624%
- Lower provision for credit losses
- Favorable impact from equity securities in Insurance Services

Full Year 2019
- Total Revenues*: $3.4B
- Segment Profit: $0.8B

<table>
<thead>
<tr>
<th>Total Revenues* (in millions of dollars)</th>
<th>Segment Profit (in millions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018: $812</td>
<td>2018: $29</td>
</tr>
<tr>
<td>2019: $846</td>
<td>2019: $210</td>
</tr>
</tbody>
</table>

* Includes inter-segment sales.
Full Year 2020 Outlook

2019 ACTUAL

- PROFIT PER SHARE: $10.74
- ADJUSTED PROFIT PER SHARE\(^1\): $11.06

2020 OUTLOOK\(^2\)

- PROFIT PER SHARE: $8.50 - $10.00

OUTLOOK ASSUMPTIONS:

- Lower Sales & Revenues year-over-year
  - End-user demand down about 4% - 9%
  - Dealer inventory expected to decline about $1.0 - $1.5B
- Favorable manufacturing costs

- Restructuring costs at normal level; In addition, $200M placeholder for strategic actions
- Tax rate about 25%, excluding discrete tax items
- Capex about $1.2B

\(^1\) Adjusted PPS for 2019 excludes pension and OPEB mark-to-market losses and a discrete tax benefit in the first quarter related to U.S. tax reform.

\(^2\) As of January 31, 2020.
Cash Flow and Capital Structure

ENTERPRISE CASH BALANCE
$8.3B
STRONG FINANCIAL POSITION

2019 FREE CASH FLOW*
$5.3B
STRONG CASH GENERATION

RETURNED TO SHAREHOLDERS IN 2019
$6.2B
THROUGH DIVIDENDS & SHARE REPURCHASES
INCREASED DIVIDEND BY 20%

2019 FREE CASH FLOW DEPLOYMENT
~115%
TARGET TO RETURN SUBSTANTIALLY ALL FREE CASH FLOW TO SHAREHOLDERS THROUGH THE CYCLES

* Free cash flow represents ME&T operating cash flow less capital expenditures, excluding discretionary pension contributions.
2019 Key Takeaways

Sales & Revenues decreased (2%); PPS of $10.74

2020 PPS outlook range of $8.50 to $10.00

Proactively managing production

Increased dividend by 20%

Returned $6.2B to shareholders through share repurchases & dividends

Executing our strategy & continuing to invest for long-term profitable growth
Full Year Highlights

Sales & Revenues Decreased ($0.9B) or (2%)

- Sales decreased primarily in Energy & Transportation and Construction Industries
- Decrease due to changes in dealer inventories:
  - 2019 increased $0.8B
  - 2018 increased $2.3B
- End-user demand increased +2%
- Favorable price offset by unfavorable currency
Consolidated Operating Profit

Full Year 2019 vs. Full Year 2018

Full Year Highlights

Operating Profit nearly flat
- Lower sales volume
- Favorable price realization more than offset higher manufacturing costs
- Favorable SG&A/R&D, driven by short-term incentive compensation expense

Operating Profit Margin of 15.4%
## Appendix – Reconciliation to U.S. GAAP

### ME&T Cash Flow from Operations to ME&T Free Cash Flow

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ME&amp;T cash flow from operations</td>
<td>$4.9</td>
</tr>
<tr>
<td>ME&amp;T discretionary pension and OPEB plan contributions</td>
<td>1.5</td>
</tr>
<tr>
<td>ME&amp;T capital expenditures</td>
<td>(1.1)</td>
</tr>
<tr>
<td>ME&amp;T free cash flow</td>
<td>$5.3</td>
</tr>
</tbody>
</table>

Note: Amounts may not add due to rounding.

Note: See reconciliation of ME&T cash flow from operations to consolidated net cash provided by operating activities in the Supplemental Data for Statement of Cash Flow contained in our annual 10-K filing.