

CATERPILLAR INC.

1Q 2018 Quarterly Financial Results



Below are key highlights from Caterpillar Inc.'s 1Q 2018 earnings results. For full financial results, please refer to the press release on Caterpillar's [Investor Relations site](http://www.caterpillar.com/investors). (<http://www.caterpillar.com/investors>)

2018 FIRST-QUARTER FINANCIAL RESULTS – KEY METRICS:

(\$ in billions except profit per share)	FIRST QUARTER	
	2018	2017
Sales and Revenues	\$12.9	\$ 9.8
Profit Per Share	\$ 2.74	\$ 0.32
Adjusted Profit Per Share	\$ 2.82	\$ 1.28

FIRST-QUARTER HIGHLIGHTS:

- First-quarter sales and revenues up 31 percent
- Significant increase in profit per share; adjusted profit per share more than doubled
- Full-year profit per share outlook raised
- Repurchased \$500 million of common stock

Comments on the first quarter from Caterpillar CEO Jim Umpleby:

"I'd like to thank our global Caterpillar team for outstanding results. The combination of strength in many of our end markets and our team's continued focus on operational excellence – including strong cost control – helped us deliver improved margins and a record first-quarter profit."

2018 FULL-YEAR OUTLOOK:

	Current Outlook	Previous Outlook
Profit Per Share	\$9.75 – \$10.75	\$7.75 – \$8.75
Adjusted Profit Per Share¹	\$10.25 – \$11.25	\$8.25 – \$9.25

¹ Excludes about \$400 million of restructuring costs.

2018 OUTLOOK HIGHLIGHTS:

- 2018 profit outlook raised by \$2.00 per share
- Increase due to growing demand for products and services

Comments on the first quarter from Caterpillar CEO Jim Umpleby:

"Based on our strong first-quarter results and higher demand across all regions and most end markets, we are raising our outlook for 2018. We will continue to make targeted investments in expanded offerings and services, consistent with our strategy for long-term profitable growth."

FIRST-QUARTER NEWS & NOTES (Click each story to learn more)

BUILDING A BETTER WORLD

Named among **Fortune's World's Most Admired Companies**



Caterpillar Foundation advocating for the 'Value of Water'



STEM support activated through strategic partnership with FIRST®

STRATEGY IMPLEMENTATION



Expanded Offerings



New motor grader delivers improved serviceability, superior user experience



Customers



Customer-first focus expanded to rental power



Services

Services for global rail customers aided through acquisitions of

- ▶ **Italy's ECM S.p.A.**
- ▶ **Australia's Downer Freight Rail**



PEOPLE NEWS

New leadership at **Building Construction Products division**



Vice President Tony Fassino



FORWARD-LOOKING STATEMENTS

Certain statements in this document 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, 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.

NON-GAAP FINANCIAL MEASURES

The following definitions are provided for the non-GAAP financial measures used in this report. These non-GAAP financial measures have no standardized meaning prescribed by U.S. GAAP and therefore are unlikely to be comparable to the calculation of similar measures for other companies. Management does not intend these items to be considered in isolation or as a substitute for the related GAAP measures.

PROFIT PER SHARE EXCLUDING RESTRUCTURING COSTS

The company incurred restructuring costs in 2017 and in the first quarter of 2018 and expects to incur additional restructuring costs during the remainder of 2018. The company believes it is important to separately quantify the profit per share impact of restructuring costs in order for Caterpillar’s results and outlook to be meaningful to readers as these costs are incurred in the current year to generate longer-term benefits.

Reconciliations of adjusted profit per share to the most directly comparable GAAP measure, diluted profit per share, are as follows:

	FIRST QUARTER		2018 OUTLOOK	
	2017	2018	Previous ¹	Current ²
Profit Per Share	\$0.32	\$2.74	\$7.75 – \$8.75	\$9.75 – \$10.75
Per share restructuring costs³	\$0.96	\$0.08	\$0.50	\$0.50
Adjusted profit per share	\$1.28	\$2.82	\$8.25 – \$9.25	\$10.25 – \$11.25

¹ 2018 profit per share outlook range as of January 25, 2018.

² 2018 profit per share outlook range as of April 24, 2018.

³ At estimated annual tax rate based on full-year outlook for per share restructuring costs at statutory tax rates. 2018 at estimated annual tax rate of 24 percent. First-quarter 2017 at estimated annual tax rate of 22 percent plus a \$15 million increase to prior year taxes related to non-U.S. restructuring costs. First-quarter 2017 also includes a favorable interim adjustment of \$0.06 per share resulting from the difference in the estimated annual tax rate for consolidated reporting of 32 percent and the estimated annual tax rate for profit per share excluding restructuring costs and discrete items of 28 percent.