

CATERPILLAR INC.

2Q 2018 Quarterly Financial Results



Below are key highlights from Caterpillar Inc.'s 2Q 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 SECOND-QUARTER FINANCIAL RESULTS – KEY METRICS:

(\$ in billions except profit per share)	SECOND QUARTER	
	2018	2017
Sales and Revenues	\$14.0	\$11.3
Profit Per Share	\$2.82	\$1.35
Adjusted Profit Per Share	\$2.97	\$1.49

SECOND-QUARTER HIGHLIGHTS:

- Second-quarter sales and revenues up 24 percent
- Profit per share doubled; adjusted profit per share nearly doubled
- Repurchased \$750 million of shares; increased quarterly dividend 10 percent

Second-quarter comments from Caterpillar CEO Jim Umpleby:

"Caterpillar delivered record second-quarter profit per share. Our team is doing a great job executing our strategy for profitable growth, focusing on operational excellence, expanded offerings and services."

2018 FULL-YEAR OUTLOOK:

	Current Outlook ¹	Previous Outlook ²
Profit Per Share	\$10.50 – \$11.50	\$9.75 – \$10.75
Adjusted Profit Per Share ³	\$11.00 – \$12.00	\$10.25 – \$11.25

¹ 2018 profit per share outlook range as of July 30, 2018.

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

³ Excludes about \$400 million of restructuring costs.

2018 OUTLOOK HIGHLIGHTS:

- Raised full-year profit per share outlook range
- Most end markets continue to improve; Seeing strong demand and taking orders for delivery well into 2019 for certain applications
- Expect additional share repurchases in second half of the year

Outlook comments from Caterpillar CEO Jim Umpleby:

"Based on outstanding results in the first half of the year and continued strength in many of our end markets, Caterpillar is again raising our profit outlook for 2018. We remain focused on operational excellence, cost discipline and investing for long-term profitable growth."

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



BUILDING A BETTER WORLD

Reported greater progress

toward our sustainability goals



DELIVERING OUR STRATEGY



Returning capital to shareholders with **increase to quarterly cash dividend**

PRODUCTION MILESTONES FOR CORE MINING PRODUCTS



➤ 1000th 797 Ultra-Class Truck

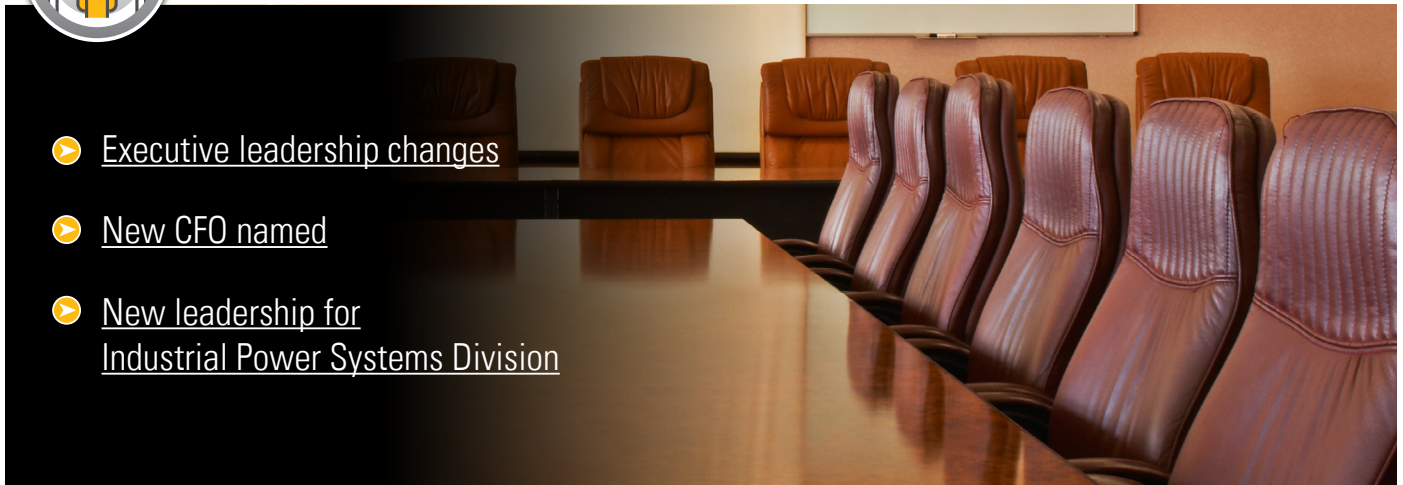


➤ 5000th 793 Mining Truck



PEOPLE NEWS

- Executive leadership changes
- New CFO named
- New leadership for Industrial Power Systems Division



FORWARD-LOOKING STATEMENTS

Certain statements in this press release 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.

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.

ADJUSTED PROFIT PER SHARE

The company believes it is important to separately quantify the profit impact of two special items in order for the company’s results to be meaningful to readers. These items consist of restructuring costs, which are incurred in the current year to generate longer-term benefits, and a gain on sale of an equity investment in the second quarter of 2017. The company does not consider these items indicative of earnings from ongoing business activities and believes the non-GAAP measure provides investors with useful perspective on underlying business results and trends and aids with assessing the company’s period-over-period results.

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

	SECOND QUARTER		2018 OUTLOOK	
	2017	2018	Previous ¹	Current ²
Profit Per Share	\$1.35	\$2.82	\$9.75 – \$10.75	\$10.50 – \$11.50
Per share restructuring costs³	\$0.23	\$0.15	\$0.50	\$0.50
Per share gain on sale of equity investment⁴	(\$0.09)	—	—	—
Adjusted profit per share	\$1.49	\$2.97	\$10.25 – \$11.25	\$11.00 – \$12.00

¹ 2018 profit per share outlook range as of April 24, 2018.

² 2018 profit per share outlook range as of July 30, 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. Second-quarter 2017 at estimated annual tax rate of about 22 percent.

⁴ At U.S. statutory tax rate of 35 percent.