

CATERPILLAR INC.

2Q 2019 Quarterly Financial Results

Below are key highlights from Caterpillar Inc.'s 2Q 2019 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>)

2019 SECOND-QUARTER FINANCIAL RESULTS – KEY METRICS:

(\$ in billions except profit per share)	SECOND QUARTER	
	2019	2018
Sales and Revenues	\$14.4	\$14.0
Profit Per Share	\$2.83	\$2.82

SECOND-QUARTER HIGHLIGHTS:

- Sales and revenues up 3%
- Profit per share slightly up
- Strong ME&T operating cash flow; returned about \$1.9 billion in share repurchases and dividends

Comments on the second quarter from Caterpillar Chairman & CEO Jim Umpleby:

"Sales and revenues increased this quarter, including a record performance from Construction Industries, which reflected our strong competitive position globally. Our strong operating cash flow in the quarter allowed us to repurchase shares and pay dividends of about \$1.9 billion. This is in line with our intention to return substantially all free cash flow to shareholders."

2019 FULL-YEAR OUTLOOK:

	2018 Actual	Previous 2019 Outlook ¹	Current 2019 Outlook ²
Profit Per Share	\$10.26	\$12.06 – \$13.06	\$12.06 – \$13.06 Lower End of Range

¹ As of April 24, 2019. Includes a first-quarter discrete tax benefit related to U.S. tax reform of \$0.31 per share.

² As of July 24, 2019. Includes a first-quarter discrete tax benefit related to U.S. tax reform of \$0.31 per share. The company expects to be at the lower end of this range.

2019 OUTLOOK HIGHLIGHTS:

- Full-year profit per share outlook range is maintained at \$12.06 to \$13.06; company currently expects to be at the lower end of this range
- Company continues to expect modest sales growth in 2019

Comments on the Outlook from Caterpillar Chairman & CEO Jim Umpleby:

"We expect our profit per share in 2019 to be another record. We have the right strategy in place to deliver long-term profitable growth through our continued focus on strategic investments, including growing services and expanding offerings. We will also continue to focus on driving operational excellence including a flexible and competitive cost structure."

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

DELIVERING ON OUR STRATEGY

INVESTOR DAY 2019



Raised Dividend **20%***

* Dividend payable on August 20, 2019 to shareholders of record at the close of business on July 22, 2019



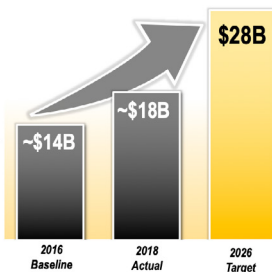
Improved Profitability: **New Margin Targets**



Continued dividend growth and more consistent share repurchases

SERVICES

Double ME&T Services Sales by 2026



bauma 2019: Rewrite the Rules.

64 machines, 9 work tools and 2 engines displayed.
90% of new machines sold with Customer Value Agreements

Progress Rail

A Caterpillar Company

New contract to repower locomotives for long-time UK rail customer GB Railfreight



LET'S DO THE WORK



Partners



The Centennial Challenge:
Caterpillar Embarks into Deep Space Exploration



Teamwork

The people who have the grit, hard work and determination to build a better world.

The 2018 Annual and Sustainability Reports

LET'S DO THE WORK.

We have the resources. The people who do what it takes to create our world forward, be that in support of those who will get their jobs done and do the work. A commitment of people who understand their work and a commitment to get things done. The people who get up and go to work. The ones who work through and under every barrier. This will save lives. This is who we are. That's why Caterpillar is committed to building the best products and services for you — and to have to look.

#LetsDoTheWork

Facebook Twitter LinkedIn

2018 ANNUAL REPORT

2018 SUSTAINABILITY REPORT



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,” “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.

NON-GAAP FINANCIAL MEASURES

The following definitions are provided for the non-GAAP financial measures. 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 significant items in order for the company’s results to be meaningful to readers. These items consist of a discrete tax benefit related to U.S. tax reform in the first quarter of 2019, and 2018 restructuring costs, which were incurred to generate longer-term benefits. 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. The company intends to discuss adjusted profit per share for the fourth quarter and full-year 2019, excluding a mark-to-market gain or loss for remeasurement of pension and other postemployment benefit plans along with any other discrete items.

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

	SECOND QUARTER		OUTLOOK	
	2018	2019	Previous ¹	Current ²
Profit Per Share	\$2.82	\$2.83	\$12.06 – \$13.06	\$12.06 – \$13.06
Per share U.S. tax reform impact	—	—	(\$0.31)	(\$0.31)
Per share restructuring costs³	\$0.15	—	—	—
Adjusted profit per share	\$2.97	\$2.83	\$11.75 – \$12.75	\$11.75 – \$12.75

¹ Profit per share outlook range as of April 24, 2019.

² Profit per share outlook range as of July 24, 2019. The company expects to be at the lower end of this range.

³ At estimated annual tax rate of 24%. 2019 restructuring costs are not material.