


First Quarter 2021 Financial Review

April 29, 2021

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,” “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; (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; (xxvi) the duration and geographic spread of, business disruptions caused by, and the overall global economic impact of, the COVID-19 pandemic; and (xxvii) other factors described in more detail in Caterpillar’s Forms 10-Q, 10-K and other filings with the Securities and Exchange Commission.

A reconciliation of non-GAAP financial information can be found in our press release describing first-quarter 2021 financial results which is available on our website at www.caterpillar.com/earnings.

Strong Performance from our Global Team

SAFELY
SUPPORTING
OUR CUSTOMERS

CONTINUED
EXECUTING OUR STRATEGY

SALES GROWTH AND **MARGIN EXPANSION**
ACROSS THREE PRIMARY SEGMENTS

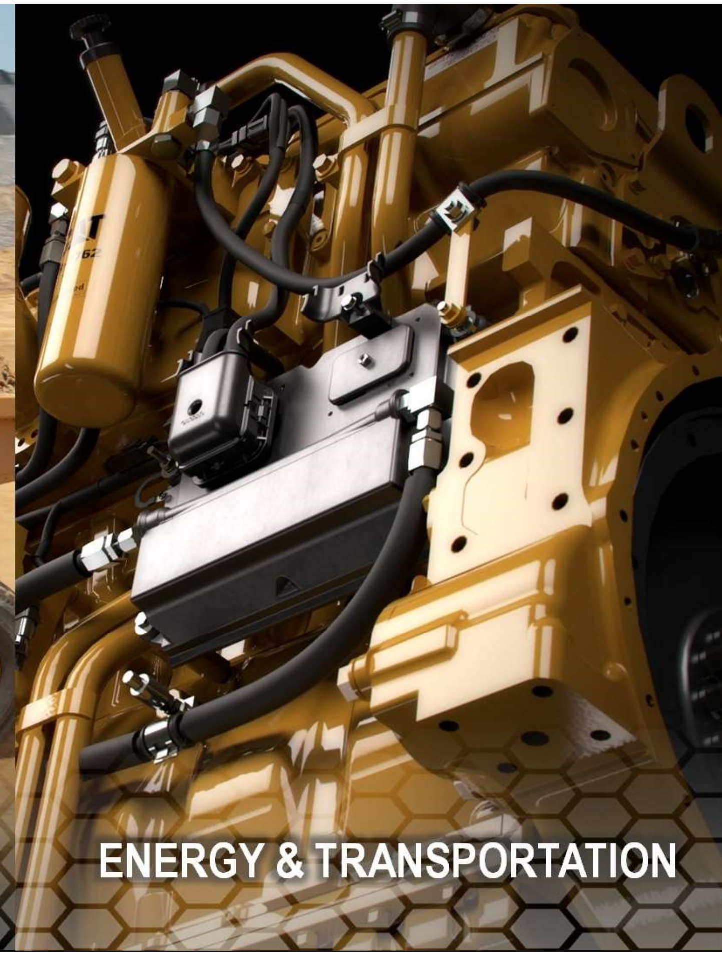
Financial Results Summary

First Quarter 2021 vs. First Quarter 2020

Sales & Revenues	Operating Profit Margin	Profit Per Share	Adjusted Profit Per Share[1]
$11.9B	**15.3%**	**$2.77**	**$2.87**
12%	2.1pts	40%	74%

[1] First-quarter 2021 adjusted profit per share excluded restructuring expenses of $0.10 per share. First-quarter 2020 adjusted profit per share excluded a remeasurement gain of $0.38 per share resulting from settlement of a non-U.S. pension obligation and restructuring expenses of $0.05 per share.

End Market Commentary



2021 versus Investor Day Targets

EXPECT TO MEET
ADJUSTED OPERATING MARGIN TARGET

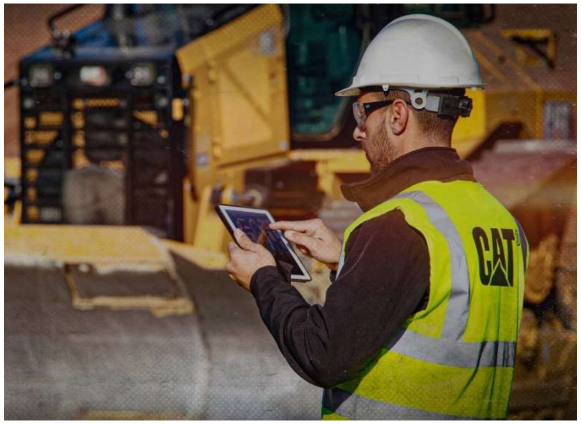
EXPECT TO ACHIEVE
ME&T FREE CASH FLOW TARGET

PAID HIGHER ANNUAL **DIVIDENDS** FOR 27 CONSECUTIVE YEARS

Advancing Our Strategy

Launched SPM Oil & Gas

Leveraging Connected Assets



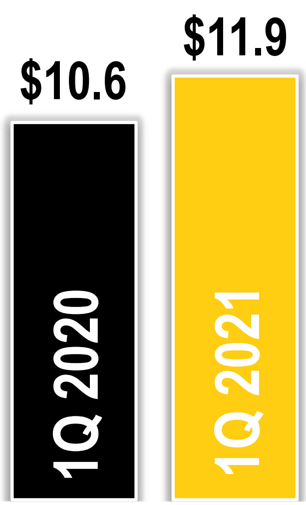
Diversity and Inclusion Report

Financial Results Summary

First Quarter 2021 vs. First Quarter 2020

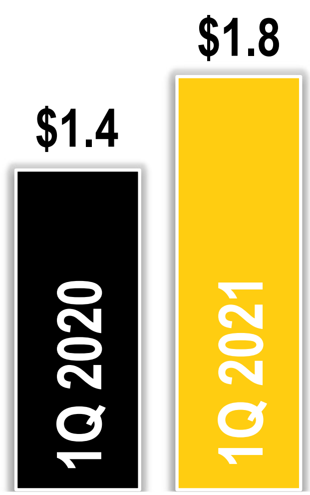
SALES & REVENUES

(in billions of dollars)



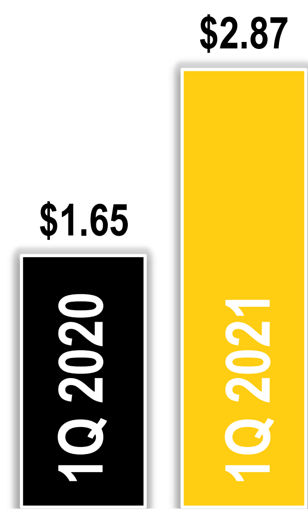
OPERATING PROFIT

(in billions of dollars)



ADJUSTED PROFIT PER SHARE[1]

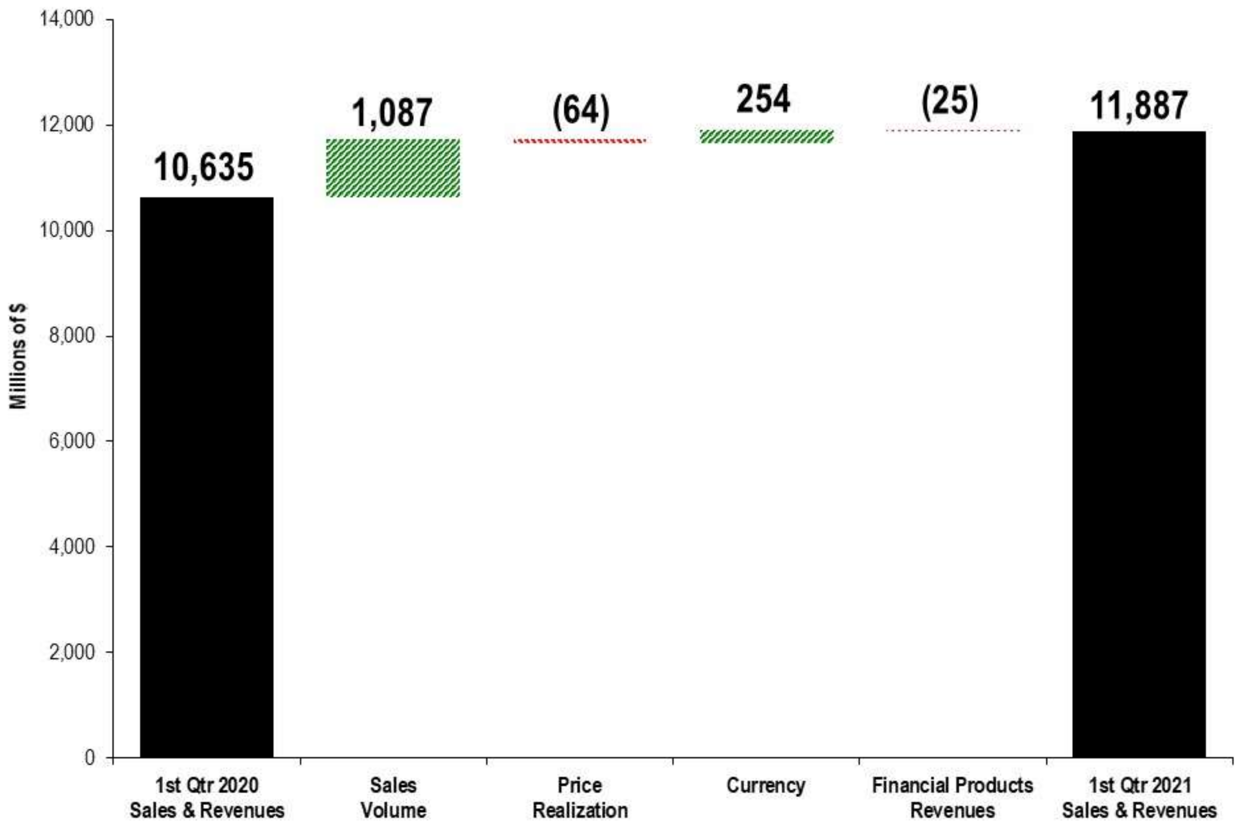
(in dollars)



[1] First-quarter 2021 adjusted profit per share excluded restructuring expenses of $0.10 per share. First-quarter 2020 adjusted profit per share excluded a remeasurement gain of $0.38 per share resulting from settlement of a non-U.S. pension obligation and restructuring expenses of $0.05 per share.

Consolidated Sales & Revenues

First Quarter 2021 vs. First Quarter 2020



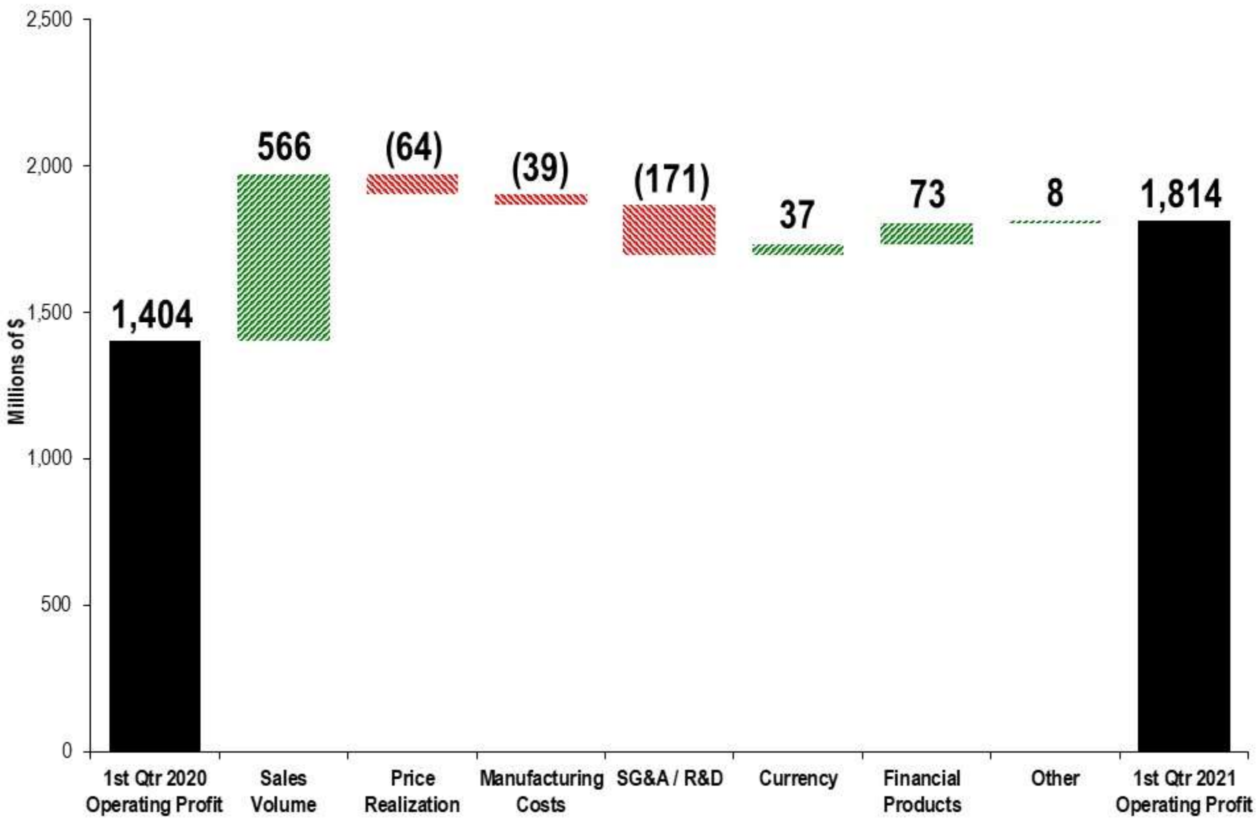
1st Quarter Highlights

Sales & Revenues Increased $1.3B or 12%

- Sales volume increased across the three primary segments
- Strong growth in Asia Pacific, Latin America and EAME, while North America was flat
- Higher end-user demand
- Favorable impact from changes in dealer inventories, led by Construction Industries

Consolidated Operating Profit

First Quarter 2021 vs. First Quarter 2020



1st Quarter Highlights

Operating Profit Increased $410M or 29%

- Increased sales volume
- Strength in Financial Products
- Unfavorable SG&A/R&D expenses, driven by reinstatement of incentive compensation
- Unfavorable price realization
- Excluding the impact of incentive compensation, manufacturing costs were favorable

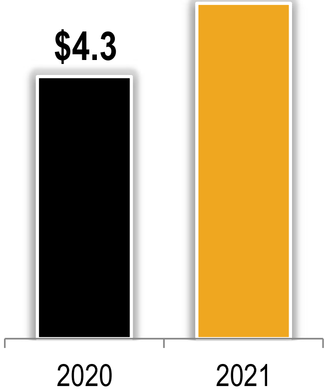
Operating Profit Margin of 15.3%

Adjusted Operating Profit Margin of 15.8%

Construction Industries

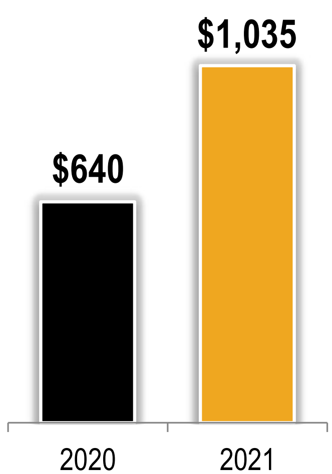
First Quarter 2021 vs. First Quarter 2020

Total Sales*
(in billions of dollars)

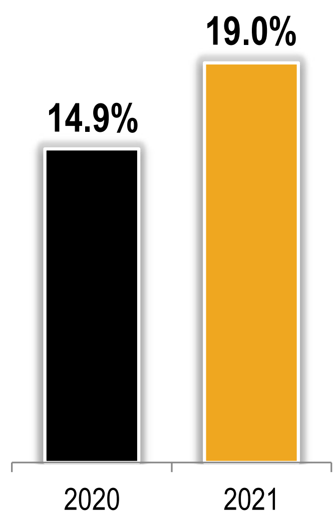


* Includes inter-segment sales.

Segment Profit
(in millions of dollars)



Segment Profit
as a percent of total sales*



1st Quarter Highlights

Total Sales Increased $1,153M or 27%

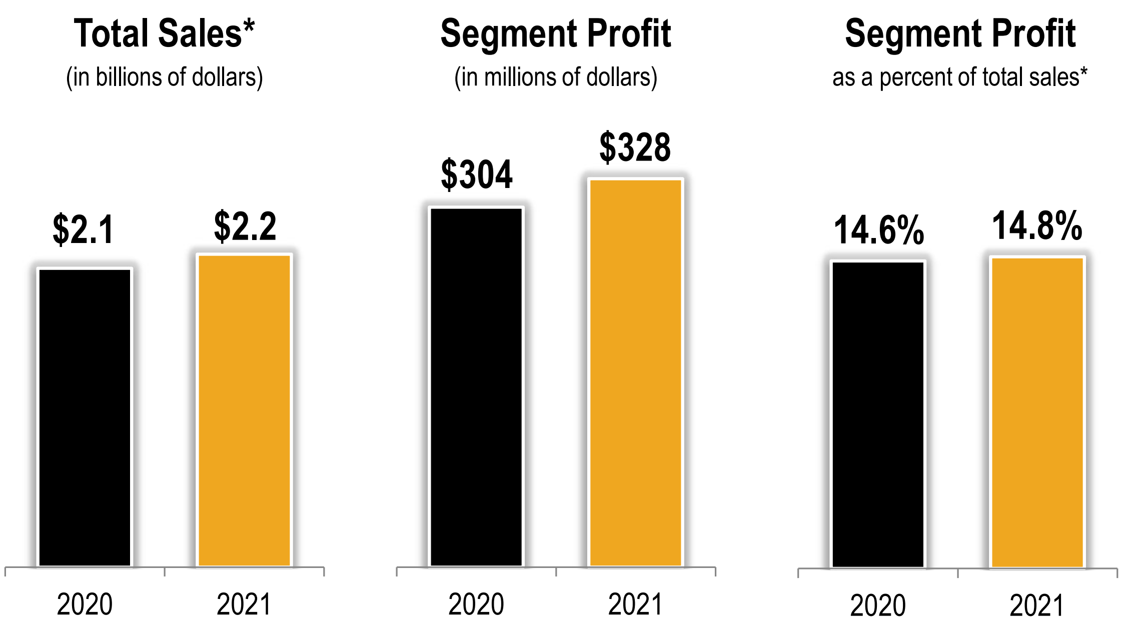
- **Asia/Pacific** – Increase due to higher sales volume and favorable currency
- **EAME** – Increase reflects higher sales volume and favorable currency impacts
- **Latin America** – Improvement driven by higher sales volume, partially offset by unfavorable currency impacts
- **North America** – Increase due to higher sales volume, partially offset by unfavorable price realization

Segment Profit Increased $395M or 62%

- Profit driven by higher sales volume

Resource Industries

First Quarter 2021 vs. First Quarter 2020



* Includes inter-segment sales.

1st Quarter Highlights

Total Sales Increased $132M or 6%

- Increase due to impact of changes in dealer inventories and higher end-user demand for equipment and aftermarket parts

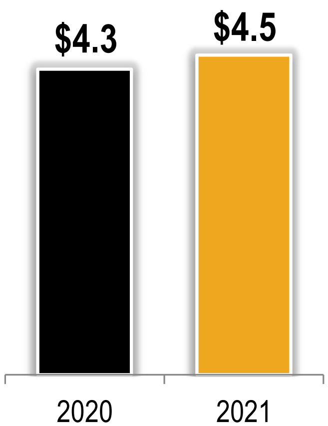
Segment Profit Increased $24M or 8%

- Favorable manufacturing costs
- Higher sales volume
- Partially offset by unfavorable price realization

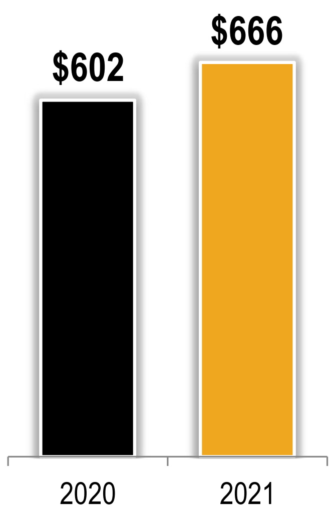
Energy & Transportation

First Quarter 2021 vs. First Quarter 2020

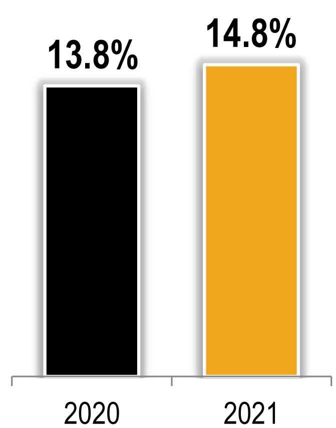
Total Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit
as a percent of total sales*



* Includes inter-segment sales.

1st Quarter Highlights

Total Sales Increased $158M or 4%

- **Oil and Gas** – Increase in reciprocating engine aftermarket parts
- **Power Generation** – Increase due to turbines, turbine-related services and large reciprocating engine applications
- **Industrial** – About flat
- **Transportation** – Decrease mostly due to Rail in North America

Segment Profit Increased $64M or 11%

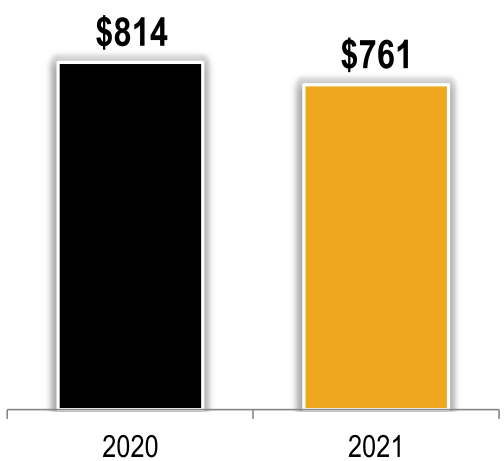
- Higher sales volume
- Favorable manufacturing costs
- Partially offset by higher SG&A/R&D expenses

Financial Products

First Quarter 2021 vs. First Quarter 2020

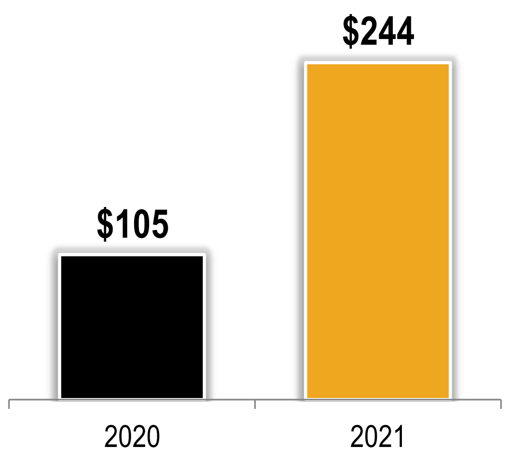
Total Revenues*

(in millions of dollars)



Segment Profit

(in millions of dollars)



* Includes inter-segment revenues.

1st Quarter Highlights

Total Revenues Decreased ($53M) or (7%)

- Lower average financing rates
- Lower average earning assets

Segment Profit Increased $139M or 132%

- Favorable impact from appreciation in equity securities
- Lower provision for credit losses

ME&T Free Cash Flow[1] and Capital Deployment

1Q ME&T Free Cash Flow[1]

$1.7B

On track to deliver Investor Day ME&T FCF targets for 2021

Enterprise Cash Balance

$11.3B

21% increase from 4Q 2020

Capital Deployment

Intention remains to return substantially all ME&T FCF through the cycles

[1] ME&T Free Cash Flow represents ME&T operating cash flow less capital expenditures, excluding discretionary pension contributions. A reconciliation of ME&T net cash provided by operating activities to ME&T free cash flow is included in the appendix and will also be included in our first quarter 10-Q filing.

2Q 2021 Key Thoughts

We expect:

- Normal seasonality for 2Q
- Sales to users to improve in Construction Industries, led by North America
- Improving end-user demand in Resource Industries in both Mining as well as Heavy Construction and Quarry and Aggregates
- Sales in Energy & Transportation to increase vs prior year 2Q
- Operating margin to moderate in 2Q vs 1Q

Key Takeaways

Expect to deliver **Investor Day targets** for both **Adjusted Operating Margin** and **ME&T Free Cash Flow**[1]

Sales and **Margin improvement** across the three primary segments while **proactively managing** supply chain risks

Continuing to execute our **strategy** for **long-term profitable growth**

[1] ME&T Free Cash Flow represents ME&T operating cash flow less capital expenditures, excluding discretionary pension contributions. A reconciliation of ME&T net cash provided by operating activities to ME&T free cash flow is included in the appendix and will also be included in our first quarter 10-Q filing.

Q&A

2021 Caterpillar Earnings Call Schedule

Earnings Quarter	Release Date	Call Time
2^{nd} Quarter 2021	Friday, July 30, 2021	8:30 a.m. Eastern
3^{rd} Quarter 2021	Thursday, October 28, 2021	8:30 a.m. Eastern

Dealer Inventory and Order Backlog

Dealer Inventories*

*Dealers are independent businesses and control their own inventory
Note: Amounts may not add due to rounding

Increased **$0.7B** 1Q 2021 vs. 4Q 2020	Increased **$0.1B** 1Q 2020 vs. 4Q 2019	Favorable **$0.5B** 1Q 2021 Impact on Sales

Order Backlog

Increased **$2.7B** 1Q 2021 vs. 4Q 2020	Increased **$0.8B** 4Q 2020 vs. 3Q 2020	Increased **$2.8B** 1Q 2021 vs. 1Q 2020

Non-GAAP Financial Measures

(Dollars in millions except per share data)	Operating Profit	Operating Profit Margin	Profit Before Taxes	Provision (Benefit) for Income Taxes	Effective Tax Rate	Profit	Profit per Share
Three Months Ended March 31, 2021 - US GAAP	**$ 1,814**	**15.3 %**	**$ 1,997**	**$ 475**	**23.8 %**	**$ 1,530**	**$ 2.77**
Restructuring costs	64	0.5 %	64	10	15.0 %	54	$ 0.10
Three Months Ended March 31, 2021 - Adjusted	$ 1,878	15.8 %	$ 2,061	$ 485	23.5 %	$ 1,584	$ 2.87
Three Months Ended March 31, 2020 - US GAAP	**$ 1,404**	**13.2 %**	**$ 1,513**	**$ 425**	**28.1 %**	**$ 1,092**	**$ 1.98**
Remeasurement gain of a non-U.S. pension obligation	—	— %	(254)	(43)	17.0 %	(211)	$ (0.38)
Restructuring costs	37	0.3 %	37	7	19.0 %	30	$ 0.05
Three Months Ended March 31, 2020 - Adjusted	$ 1,441	13.5 %	$ 1,296	$ 389	30.0 %	$ 911	$ 1.65

Note: Amounts may not add due to rounding.

Reconciliation to U.S. GAAP

Reconciliation of ME&T Cash Flow from Operations to ME&T Free Cash Flow

(USD in billions)	1Q 2020	1Q 2021
ME&T cash flow from operations	**$0.3**	**$1.9**
ME&T capital expenditures	(0.3)	(0.3)
ME&T free cash flow	**$0.0**	**$1.7**

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 quarter 10-Q filing.