



Second Quarter 2021 Financial Review

July 30, 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 second-quarter 2021 financial results which is available on our website at www.caterpillar.com/earnings.

Strong Performance from our Global Team



THANK YOU
TO OUR
GLOBAL TEAM



CONTINUED
EXECUTION OF
OUR STRATEGY



HIGHER
END-USER DEMAND

Financial Results Summary

Second Quarter 2021 vs. Second Quarter 2020



Sales
& Revenues
\$12.9B

29%



Operating
Profit Margin¹
13.9%

6.1pts



Profit
Per Share
\$2.56

205%



Adjusted Profit
Per Share²
\$2.60

105%

¹ Adjusted operating profit margin in the second quarter of 2021 was 14.1%. Adjusted operating profit margin is a non-GAAP measure and a reconciliation to the most directly comparable GAAP measure is included in the appendix.

² Second-quarter 2021 adjusted profit per share excluded restructuring expenses of \$0.04 per share. Second-quarter 2020 adjusted profit per share excluded restructuring expenses of \$0.24 per share and remeasurement losses of \$0.19 per share resulting from the settlements of pension obligations.

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Investor Day Targets



**2Q ME&T Free
Cash Flow¹**

\$1.7B

Strong cash generation
in the quarter



**Returned to
Shareholders in 2Q**

\$0.8B

Announced 8% increase in
quarterly dividend and
resumed share repurchases



**Achieve Investor
Day Targets**



Adjusted Operating
Profit Margin² and
ME&T Free Cash Flow¹

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.

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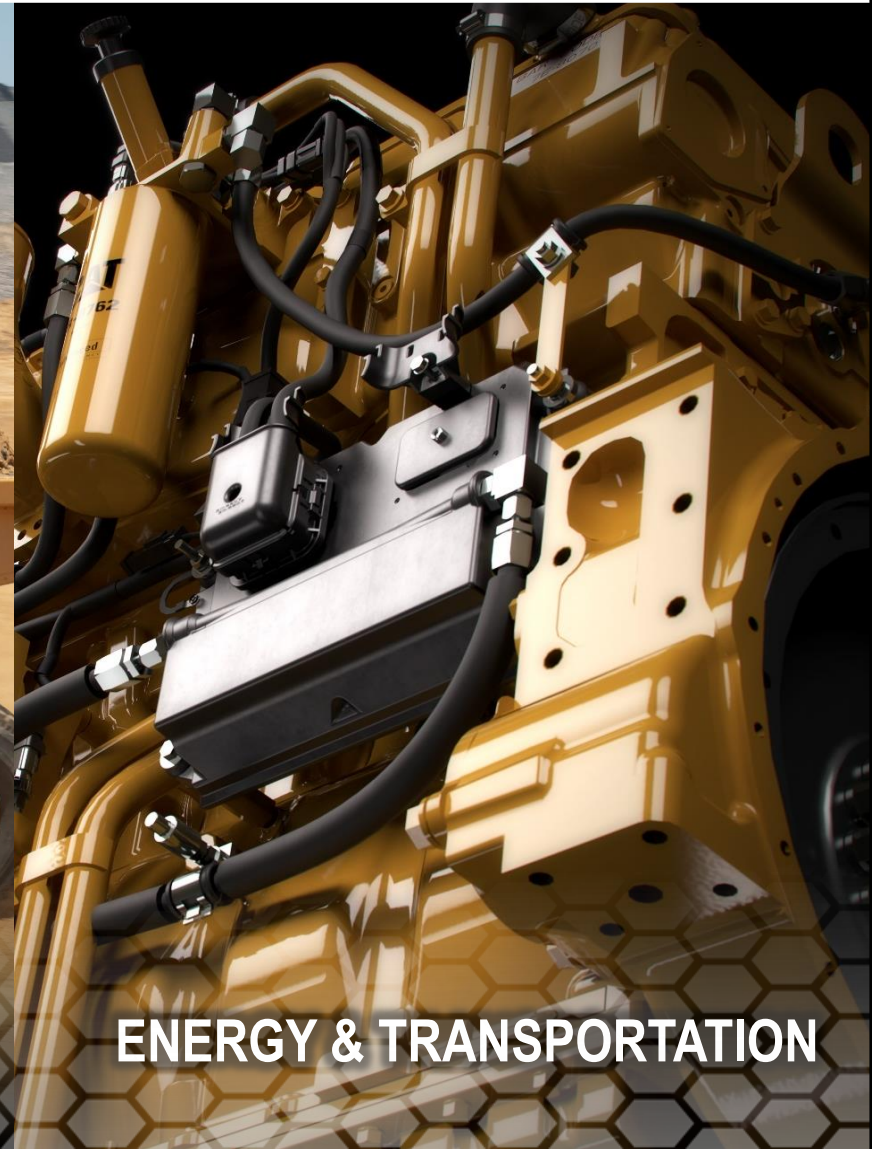
End Market Commentary



CONSTRUCTION INDUSTRIES



RESOURCE INDUSTRIES



ENERGY & TRANSPORTATION

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Sustainability Progress

Sustainability Report & Climate and Energy Statement



Nouveau Monde Graphite Inc.



**Zero-emission solution with
Cat[®] machines by 2028**

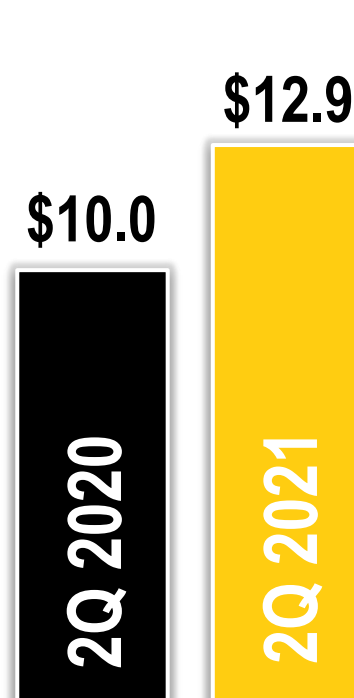
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Financial Results Summary

Second Quarter 2021 vs. Second Quarter 2020

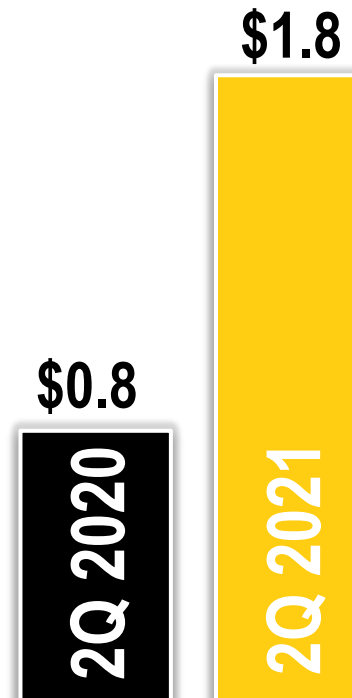
SALES & REVENUES

(in billions of dollars)



OPERATING PROFIT

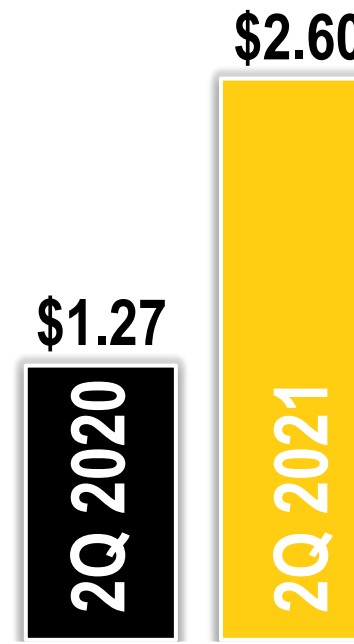
(in billions of dollars)



ADJUSTED PROFIT

PER SHARE¹

(in dollars)

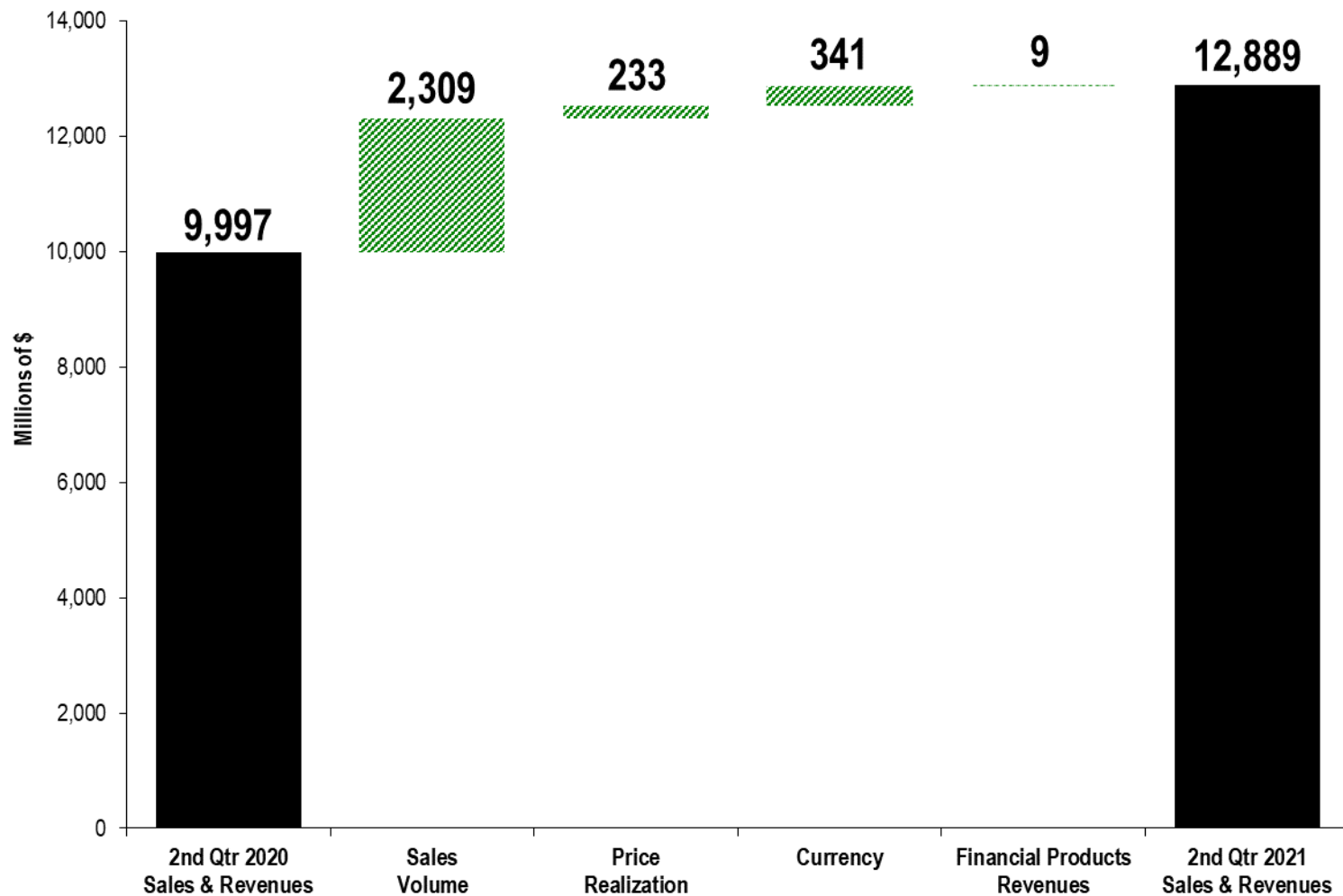


¹ Second-quarter 2021 adjusted profit per share excluded restructuring expenses of \$0.04 per share. Second-quarter 2020 adjusted profit per share excluded restructuring expenses of \$0.24 per share and remeasurement losses of \$0.19 per share resulting from the settlements of pension obligations.

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Consolidated Sales & Revenues

Second Quarter 2021 vs. Second Quarter 2020



2nd Quarter Highlights

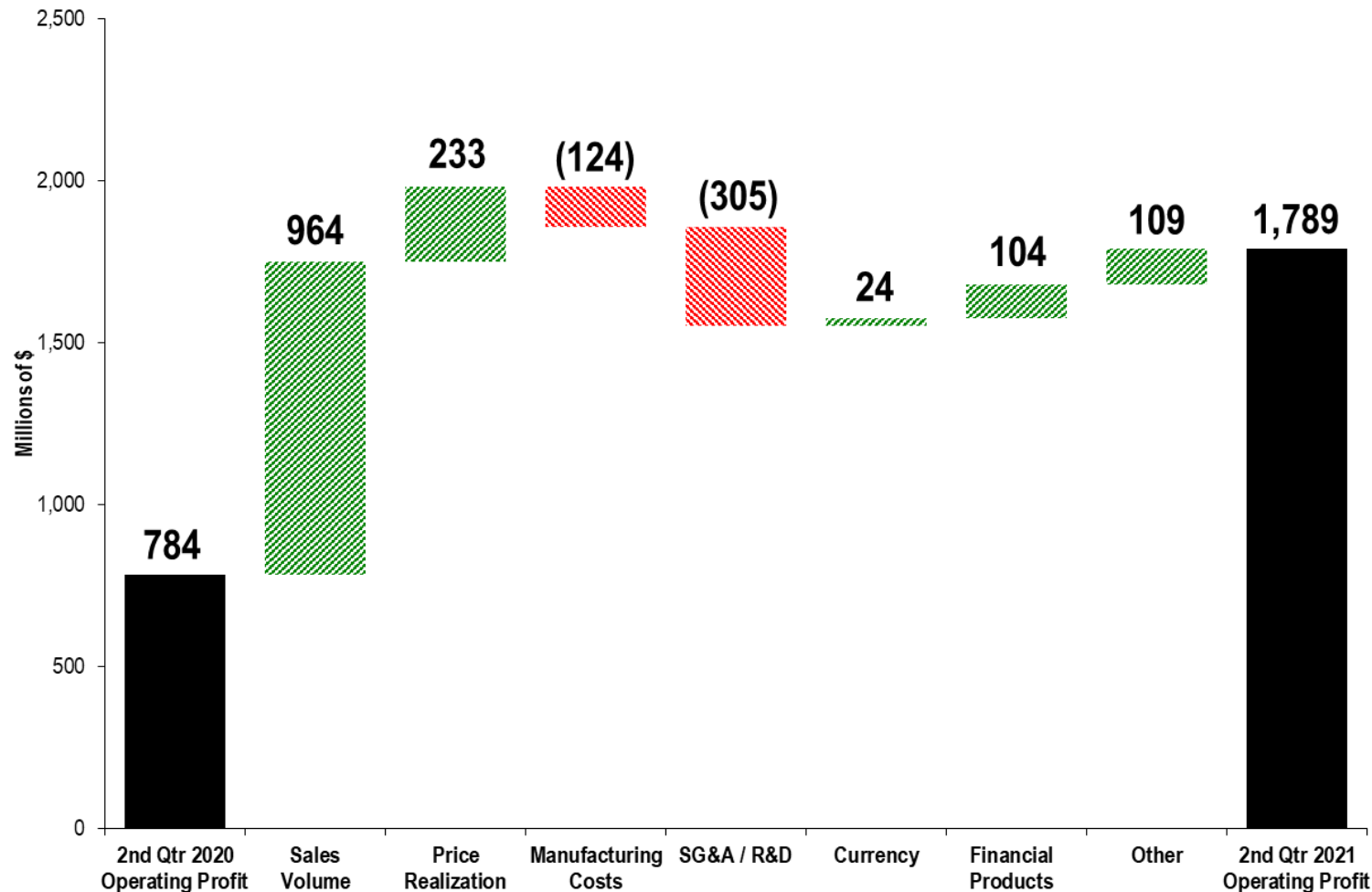
Sales & Revenues Increased \$2.9B or 29%

- Sales higher across all regions and segments
- Higher end-user demand
- Favorable impact from changes in dealer inventories
- Favorable currency and price realization impacts

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Consolidated Operating Profit

Second Quarter 2021 vs. Second Quarter 2020



2nd Quarter Highlights

Operating Profit Increased \$1.0B or 128%

- Increased sales volume
- Favorable price realization
- Strength in Financial Products
- Lower restructuring expenses (included in Other)
- Unfavorable SG&A/R&D expenses, driven by short-term incentive compensation
- Higher manufacturing costs

Operating Profit Margin of 13.9%

Adjusted Operating Profit Margin¹ of 14.1%

¹ Adjusted operating profit margin is a non-GAAP measure and a reconciliation to the most directly comparable GAAP measure is included in the appendix.

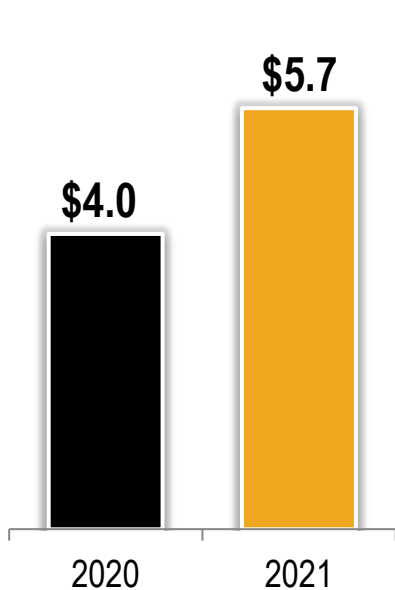
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Construction Industries

Second Quarter 2021 vs. Second Quarter 2020

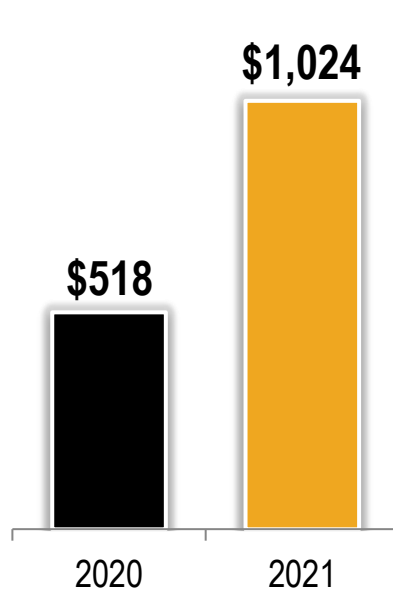
Total Sales*

(in billions of dollars)



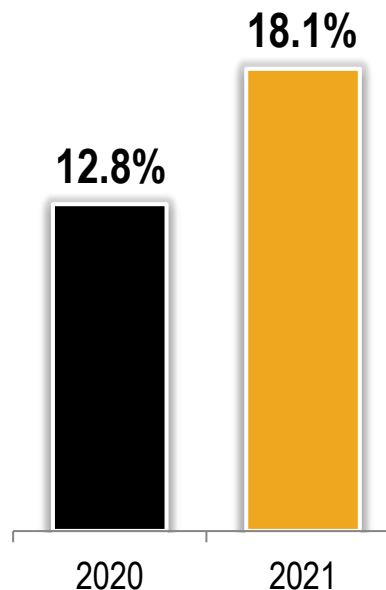
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



2nd Quarter Highlights

Total Sales Increased \$1,608M or 40%

- **North America** – Higher sales volume and favorable price realization
- **Latin America** – Increased sales volume
- **EAME** – Higher sales volume and favorable currency impacts
- **Asia/Pacific** – Favorable currency and price realization, partially offset by lower sales volume

Segment Profit Increased \$506M or 98%

- Profit driven by higher sales volume
- Favorable price realization
- Higher short-term incentive compensation expense

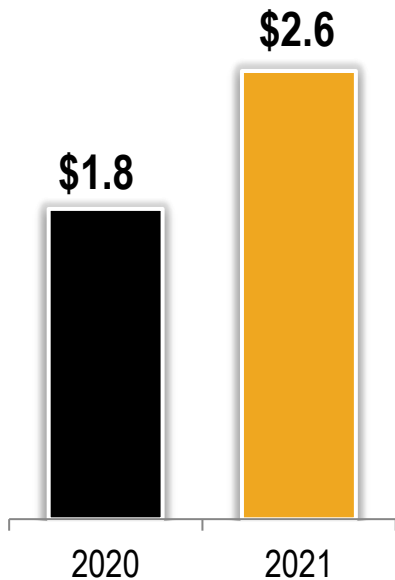
* Includes inter-segment sales.

Resource Industries

Second Quarter 2021 vs. Second Quarter 2020

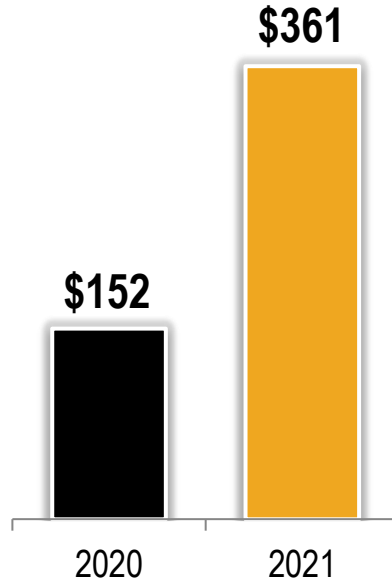
Total Sales*

(in billions of dollars)



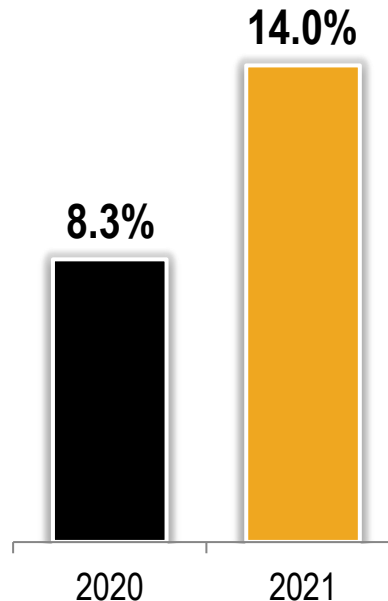
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

2nd Quarter Highlights

Total Sales Increased \$753M or 41%

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

Segment Profit Increased \$209M or 138%

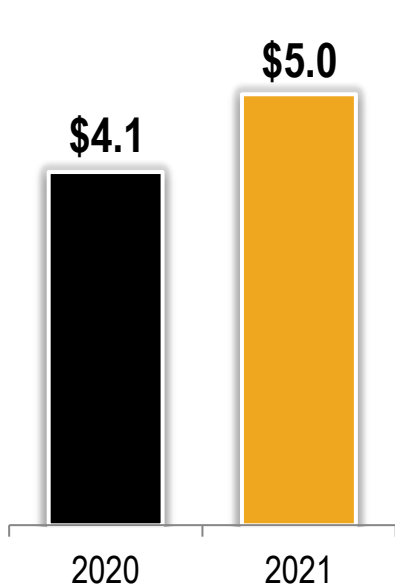
- Higher sales volume
- Partially offset by higher SG&A/R&D expenses primarily driven by higher short-term incentive compensation expense

Energy & Transportation

Second Quarter 2021 vs. Second Quarter 2020

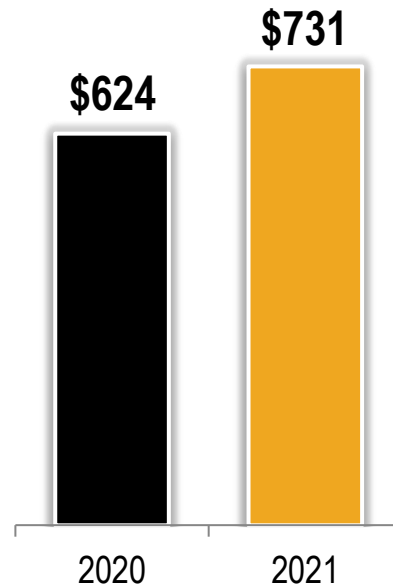
Total Sales*

(in billions of dollars)



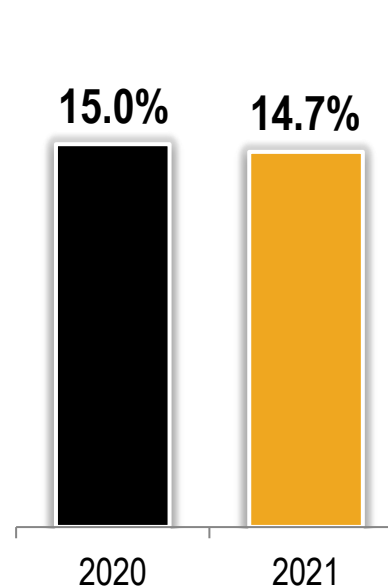
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

2nd Quarter Highlights

Total Sales Increased \$826M or 20%

- **Oil and Gas** – Increase in reciprocating engine aftermarket parts
- **Power Generation** – Strong data center demand
- **Industrial** – Higher demand across all regions
- **Transportation** – Increase in rail services and marine

Segment Profit Increased \$107M or 17%

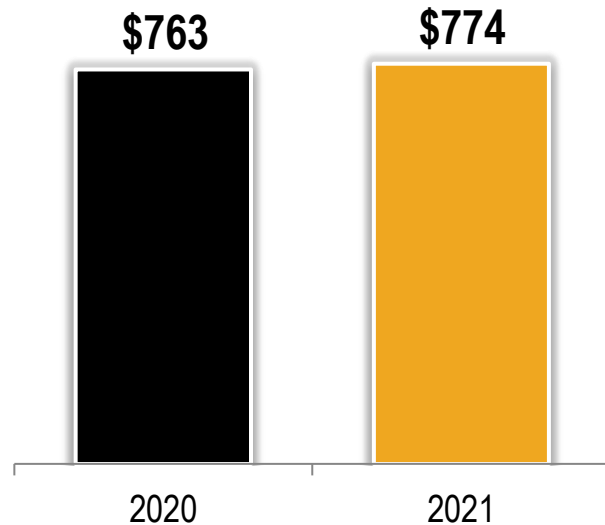
- Higher sales volume
- Partially offset by the impact of higher short-term incentive compensation and acquisition-related expenses

Financial Products

Second Quarter 2021 vs. Second Quarter 2020

Total Revenues*

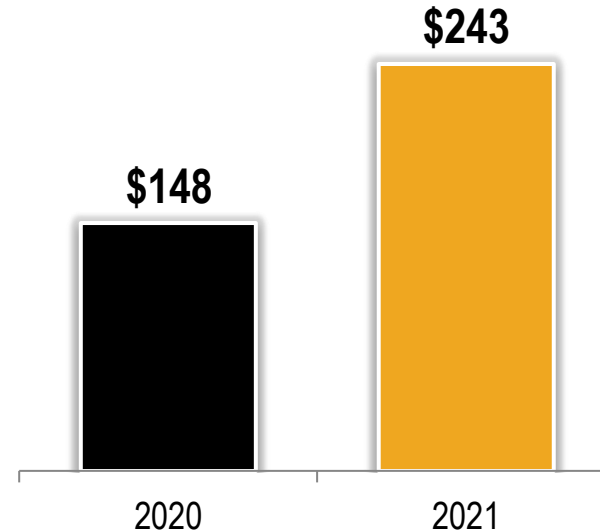
(in millions of dollars)



* Includes inter-segment revenues.

Segment Profit

(in millions of dollars)



2nd Quarter Highlights

Total Revenues Increased \$11M or 1%

- Growth in new business volume, led by North America

Segment Profit Increased \$95M or 64%

- Lower provision for credit losses
- Higher net yield on average earning assets
- Favorable impact from returned or repossessed equipment
- Partially offset by higher SG&A expenses, primarily driven by short-term incentive compensation expense

Investor Day Targets



**Achieve Investor
Day Targets**



Adjusted Operating Profit Margin¹
and ME&T Free Cash Flow²



**Returned to
Shareholders in 2Q**

\$0.8B

Announced increase in dividend
and resumed share repurchases



**Capital
Deployment**



Maintained status as
a Dividend Aristocrat

¹ Adjusted operating profit margin is a non-GAAP measure and a reconciliation to the most directly comparable GAAP measure is included in the appendix.

² 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.

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Key Thoughts As We Look Ahead

- Expect strong volume growth in 3Q 2021 while managing supply chain challenges
- Within machines, expect price to offset higher manufacturing costs for FY 2021
- Expect 3Q 2021 adjusted operating profit margin¹ to be higher than 3Q 2020 on increased volume; margins to moderate vs. 2Q 2021
- Expect to achieve Investor Day target for adjusted operating profit margin¹ and ME&T free cash flow²



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² 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.

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Key Takeaways



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



Strong demand in all regions



Expect to deliver **Investor Day targets** for both **Adjusted Operating Profit Margin¹** and **ME&T Free Cash Flow²**

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Q&A

2021 Caterpillar Earnings Call Schedule

Earnings Quarter	Release Date	Call Time
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

**Decreased
(\$0.4B)**

2Q 2021
vs. 1Q 2021

**Decreased
(\$1.4B)**

2Q 2020
vs. 1Q 2020

**Favorable
\$1.0B**

2Q 2021
Impact on Sales



Order Backlog

**Increased
\$1.5B**

2Q 2021
vs. 1Q 2021

**Increased
\$2.7B**

1Q 2021
vs. 4Q 2020

**Increased
\$5.5B**

2Q 2021
vs. 2Q 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 June 30, 2021 - U.S. GAAP	\$ 1,789	13.9 %	\$ 1,870	\$ 470	25.1 %	\$ 1,413	\$ 2.56
Restructuring costs	25	0.2 %	25	3	15.0 %	22	\$ 0.04
Three Months Ended June 30, 2021 - Adjusted	<u>\$ 1,814</u>	<u>14.1 %</u>	<u>\$ 1,895</u>	<u>\$ 473</u>	<u>25.0 %</u>	<u>\$ 1,435</u>	<u>\$ 2.60</u>
Three Months Ended June 30, 2020 - U.S. GAAP	\$ 784	7.8 %	\$ 678	\$ 227	33.5 %	\$ 458	\$ 0.84
Restructuring costs	147	1.5 %	147	15	10.2 %	132	\$ 0.24
Remeasurement losses of pension obligations	—	—%	122	21	17.2 %	101	\$ 0.19
Three Months Ended June 30, 2020 - Adjusted	<u>\$ 931</u>	<u>9.3 %</u>	<u>\$ 947</u>	<u>\$ 263</u>	<u>27.8 %</u>	<u>\$ 691</u>	<u>\$ 1.27</u>

Note: Amounts may not add due to rounding.

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Reconciliation to U.S. GAAP

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

(USD in billions)	2Q 2020	2Q 2021
ME&T cash flow from operations	\$0.7	\$1.9
ME&T capital expenditures	(0.2)	(0.2)
ME&T free cash flow	\$0.5	\$1.7

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.

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