

WE HELP OUR CUSTOMERS BUILD A BETTER, MORE SUSTAINABLE WORLD.

First Quarter 2023 Financial Review

April 27, 2023

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) catastrophic events, including global pandemics such as 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 2023 financial results which is available on our website at www.caterpillar.com/earnings.

Strong Performance

1Q 2023 EARNINGS RELEASE

THANK YOU
TO OUR
GLOBAL TEAM

HEALTHY DEMAND
ACROSS MOST
END MARKETS

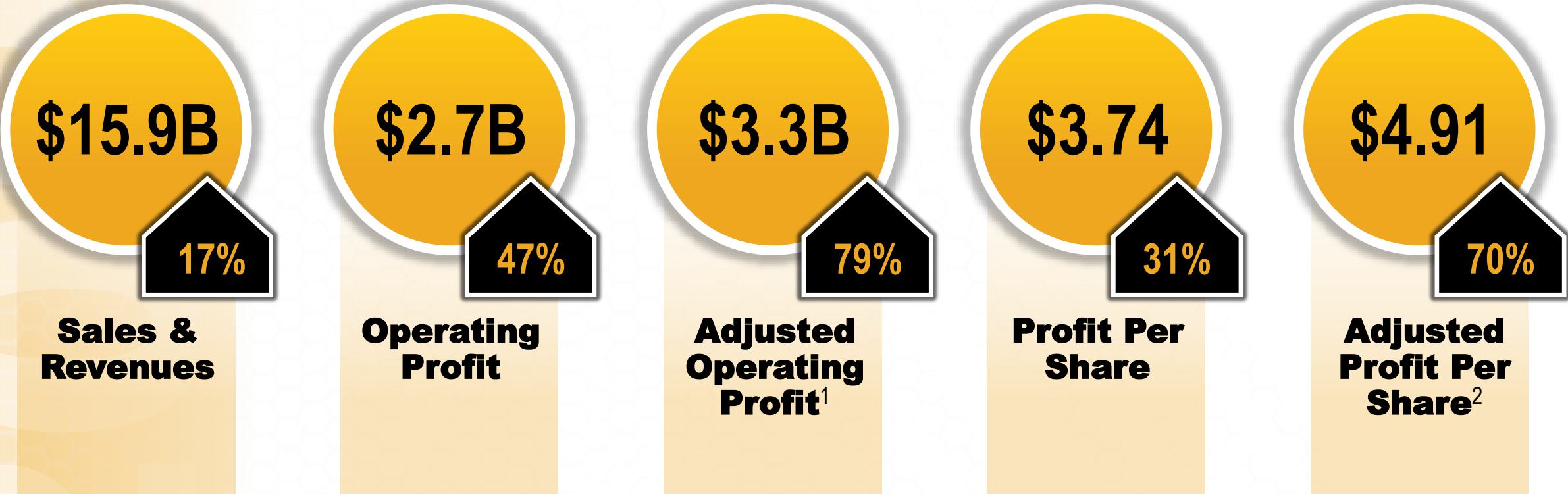
EXECUTING OUR
STRATEGY FOR
LONG-TERM
PROFITABLE
GROWTH

WE HELP OUR CUSTOMERS **BUILD A BETTER, MORE SUSTAINABLE WORLD.**

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Key Takeaways

First Quarter 2023 vs First Quarter 2022



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

² First-quarter 2023 adjusted profit per share excluded restructuring costs of \$1.17 per share, which included \$1.13 per share for the impact of the divestiture of the company's Longwall business and \$0.04 per share of other restructuring costs. First-quarter 2022 adjusted profit per share excluded restructuring costs of \$0.02 per share.

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ME&T Free Cash Flow¹ and Capital Deployment



1Q 2023 ME&T Free Cash Flow¹

Expect to return substantially all ME&T Free Cash Flow¹ to shareholders over time



Returned to Shareholders in 1Q 2023

Through dividends and share repurchases



Dividend Aristocrat

Paid higher annual dividends to shareholders for 29 consecutive years

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.

End Market Commentary

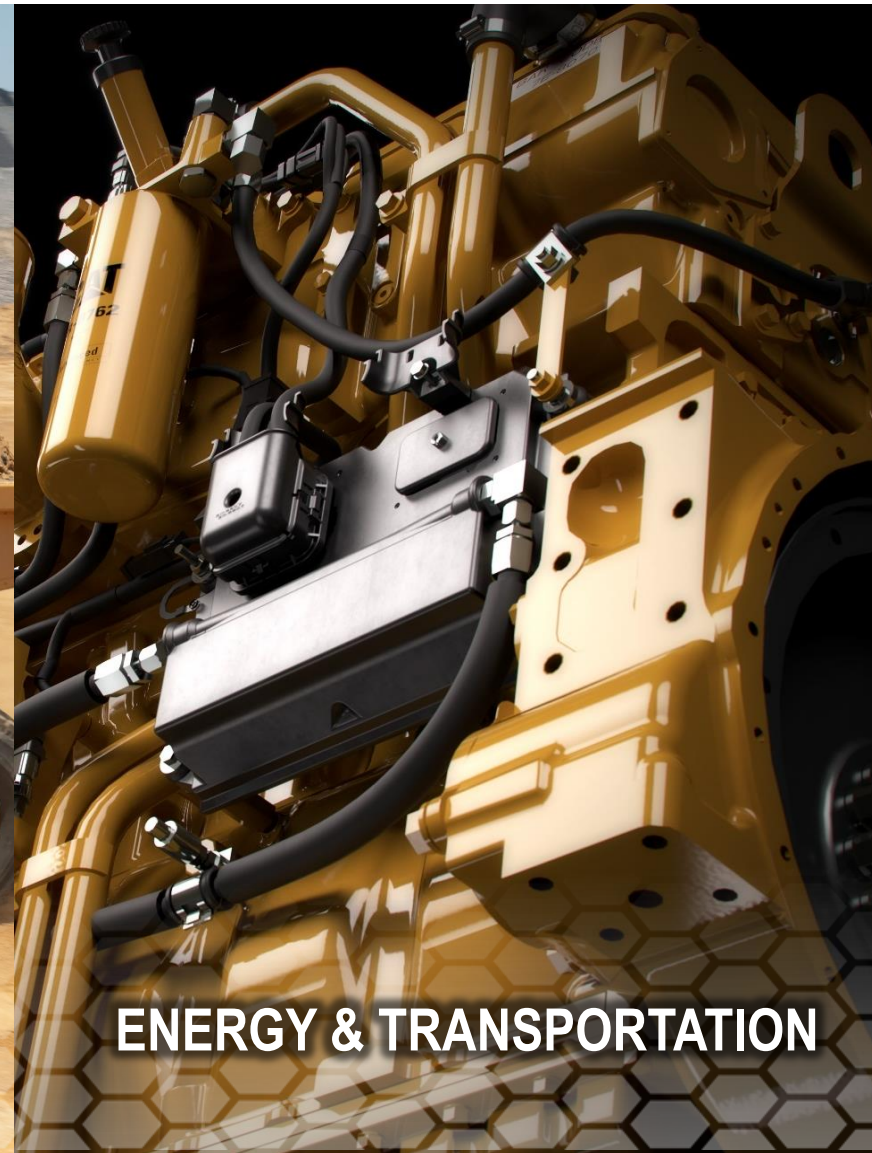
1Q 2023 EARNINGS RELEASE



CONSTRUCTION INDUSTRIES



RESOURCE INDUSTRIES



ENERGY & TRANSPORTATION

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Sustainability



**Helping our customers
achieve their climate-related objectives
while improving operational efficiencies**

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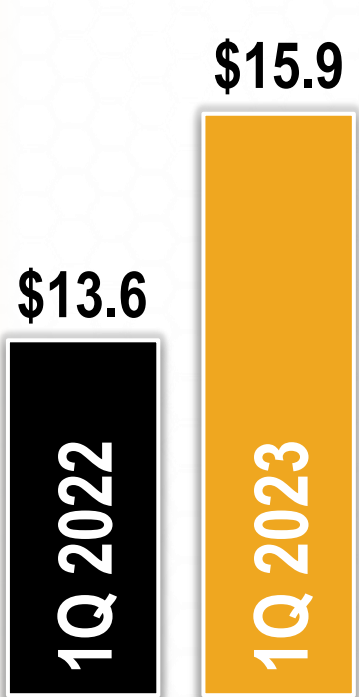
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Financial Results Summary

First Quarter 2023 vs First Quarter 2022

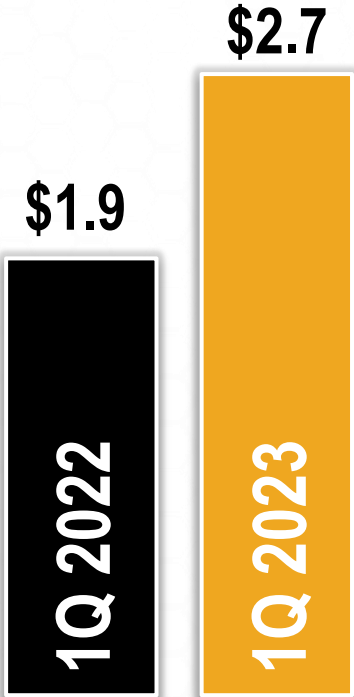
SALES & REVENUES

(in billions of dollars)



OPERATING PROFIT

(in billions of dollars)



ADJUSTED PROFIT

PER SHARE¹

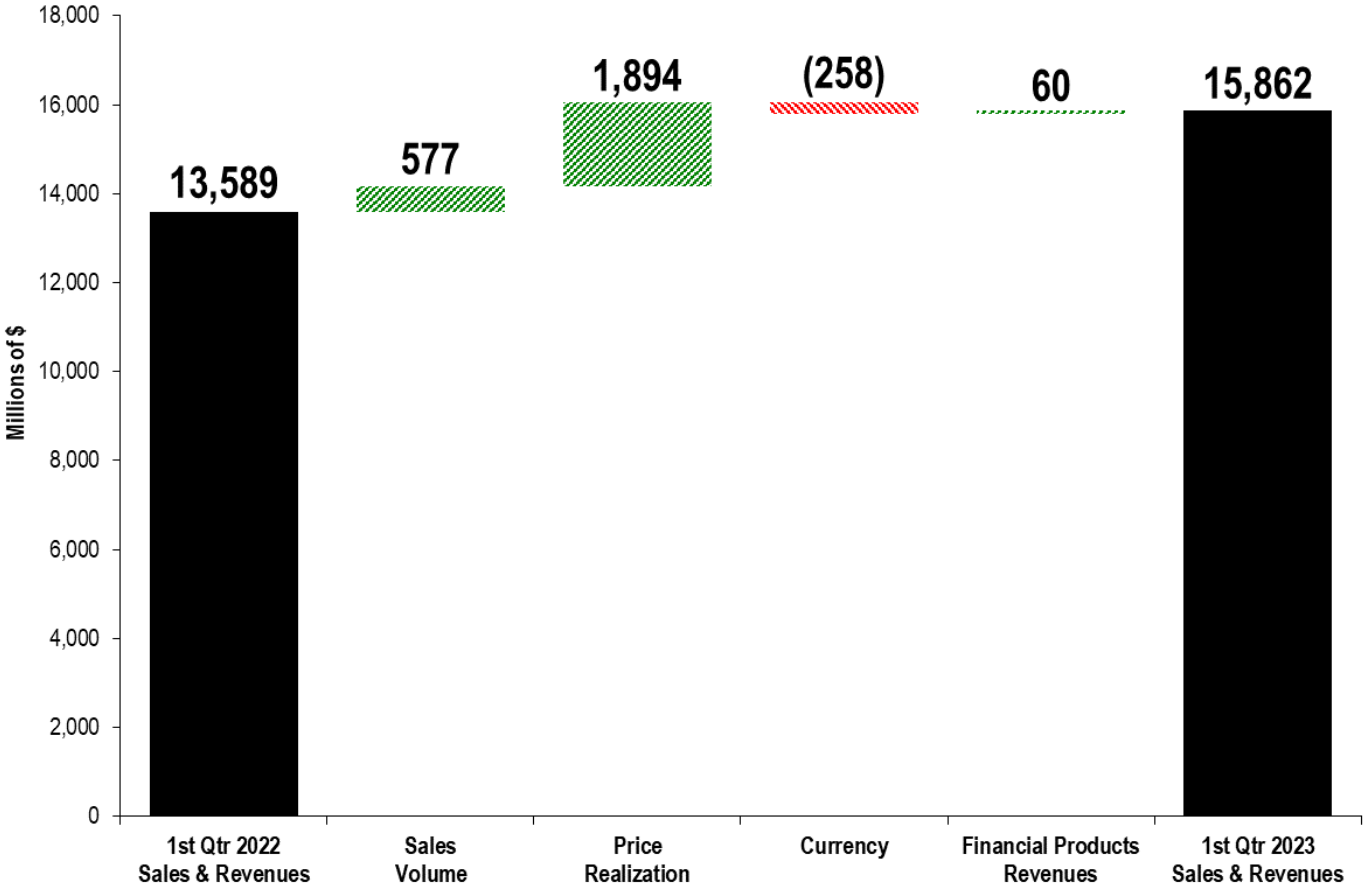
(in dollars)



¹ First-quarter 2023 adjusted profit per share excluded restructuring costs of \$1.17 per share, which included \$1.13 per share for the impact of the divestiture of the company's Longwall business and \$0.04 per share of other restructuring costs. First-quarter 2022 adjusted profit per share excluded restructuring costs of \$0.02 per share.

Consolidated Sales and Revenues

First Quarter 2023 vs First Quarter 2022



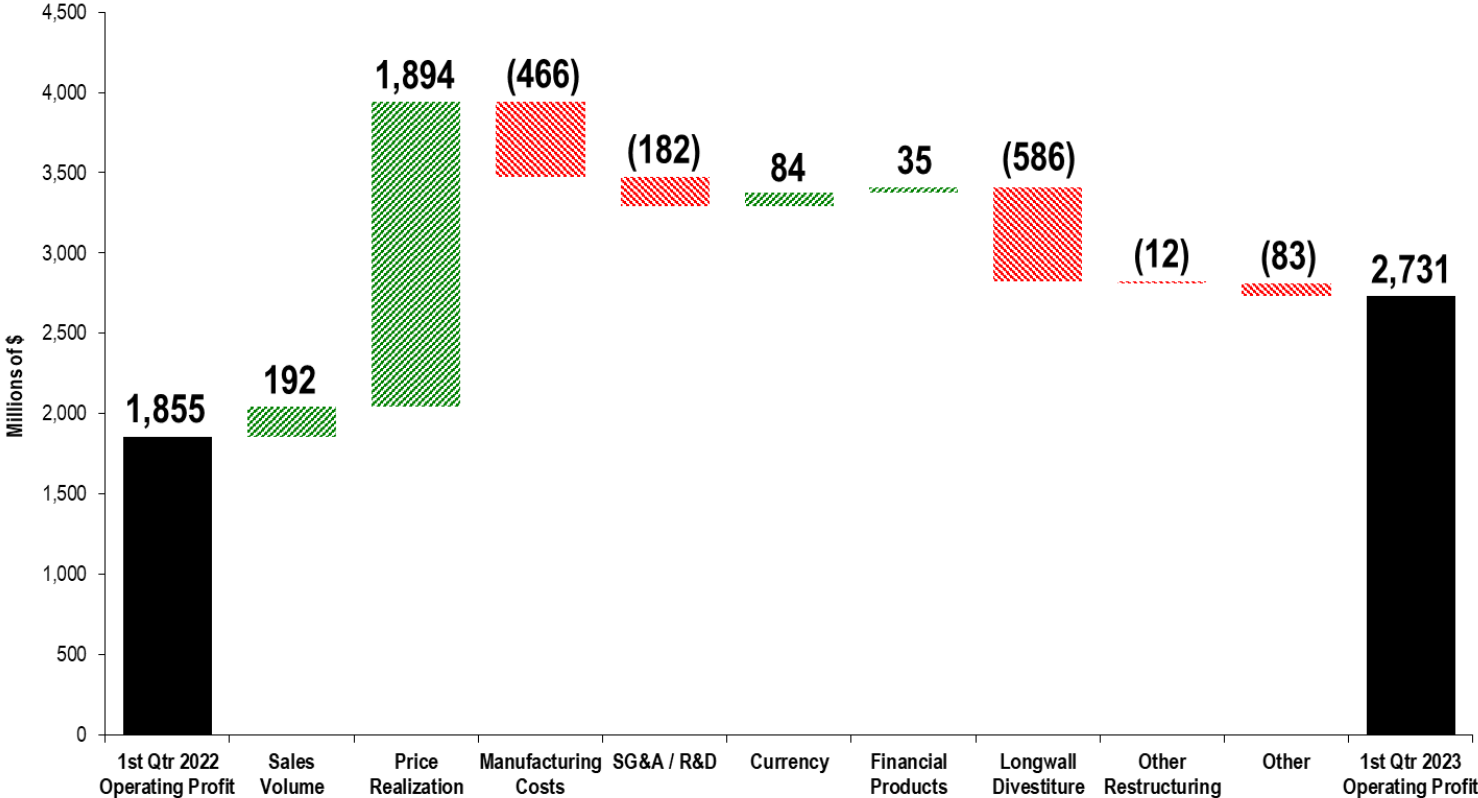
1st Quarter Highlights

Sales & Revenues Increased \$2.3B or 17%

- Favorable impact from price realization and sales volume
- Partially offset by unfavorable currency impacts
- Sales increased across the three primary segments

Consolidated Operating Profit

First Quarter 2023 vs First Quarter 2022



1st Quarter Highlights

Operating Profit Increased \$876M or 47%

- Favorable price realization and sales volume
- Partially offset by impact of the divestiture of the company’s Longwall business and higher manufacturing costs
- Unfavorable manufacturing costs largely reflected higher material costs

Operating Profit Margin of 17.2%

Adjusted Operating Profit Margin¹ of 21.1%

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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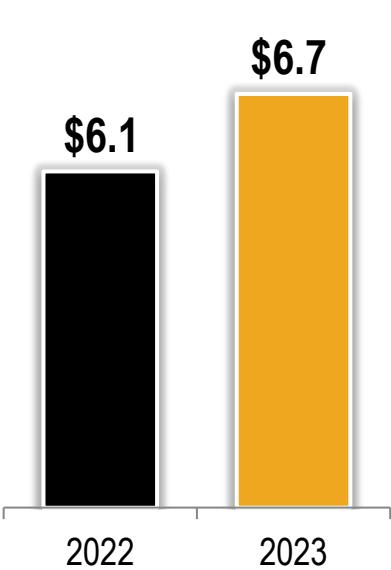


Construction Industries

First Quarter 2023 vs First Quarter 2022

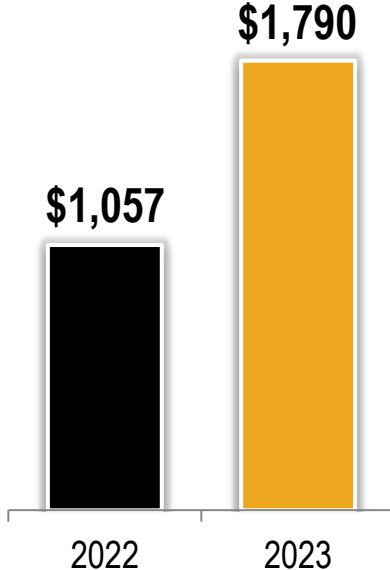
Total Sales*

(in billions of dollars)



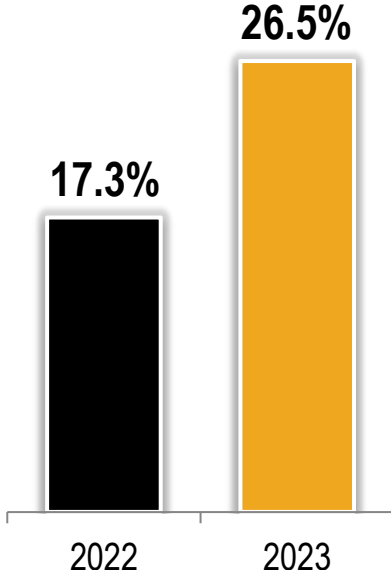
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

1st Quarter Highlights

Total Sales Increased \$631M or 10%

- **North America** – Favorable price realization and higher sales volume
- **Latin America** – Lower sales volume, partially offset by favorable price realization
- **EAME** – Favorable price realization, partially offset by unfavorable currency impacts
- **Asia/Pacific** – Lower sales volume and unfavorable currency impacts, partially offset by favorable price realization

Segment Profit Increased \$733M or 69%

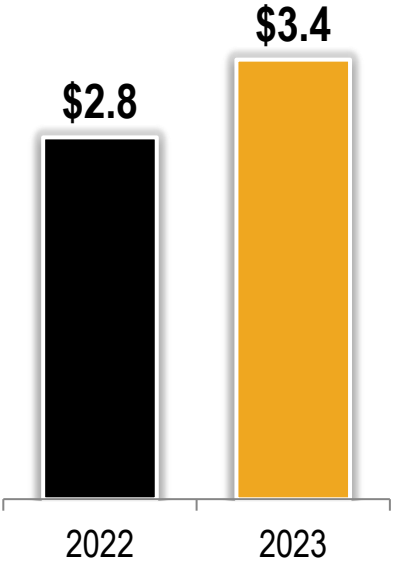
- Favorable price realization
- Partially offset by lower sales volume, including an unfavorable mix of products, and higher material costs

Resource Industries

First Quarter 2023 vs First Quarter 2022

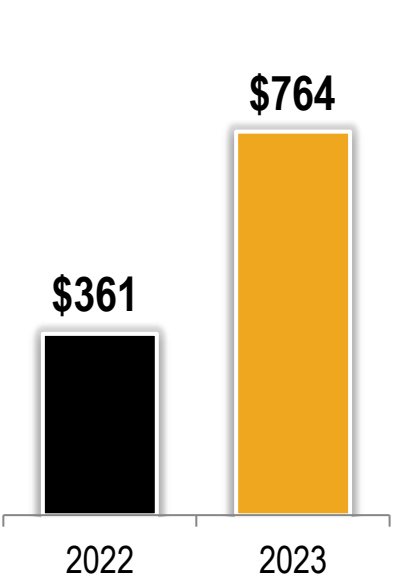
Total Sales*

(in billions of dollars)



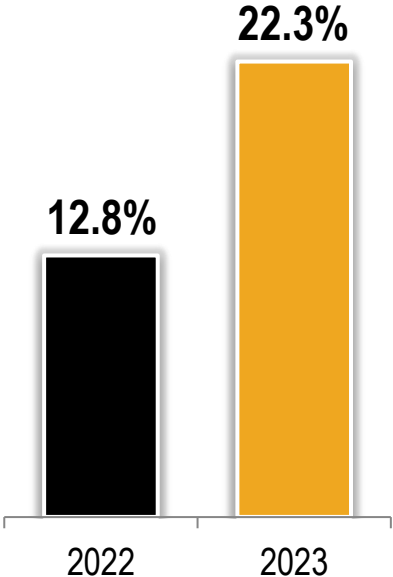
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



1st Quarter Highlights

Total Sales Increased \$597M or 21%

- Favorable price realization and higher sales volume

Segment Profit Increased \$403M or 112%

- Favorable price realization and higher sales volume
- Partially offset by higher material costs

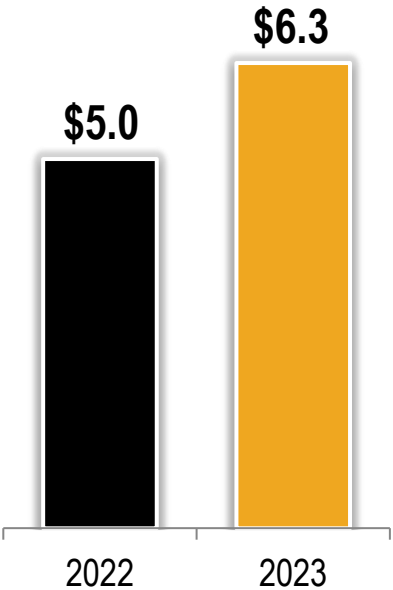
* Includes inter-segment sales.

Energy & Transportation

First Quarter 2023 vs First Quarter 2022

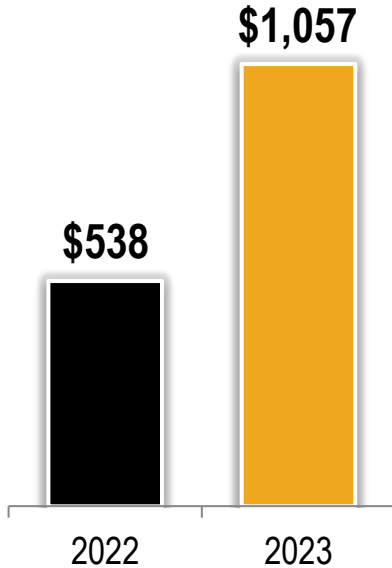
Total Sales*

(in billions of dollars)



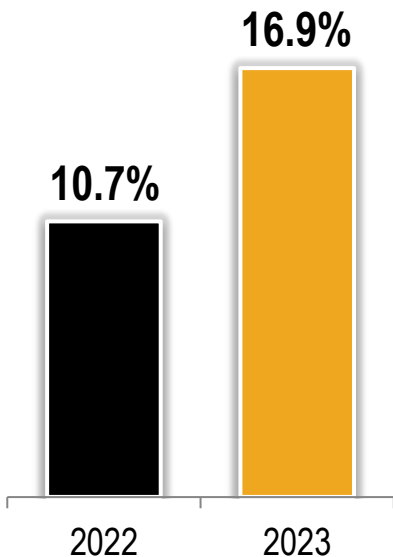
Segment Profit

(in millions of dollars)



Segment Profit

as a percent of total sales*



* Includes inter-segment sales.

1st Quarter Highlights

Total Sales Increased \$1,216M or 24%

- **Oil and Gas** – Increase in reciprocating engines aftermarket parts and engines as well as turbine and turbine-related services
- **Power Generation** – Increase in large reciprocating engines, and turbine and turbine-related services
- **Industrial** – Increase in sales across all regions
- **Transportation** – Increase in rail services and marine, international locomotives were also higher

Segment Profit Increased \$519M or 96%

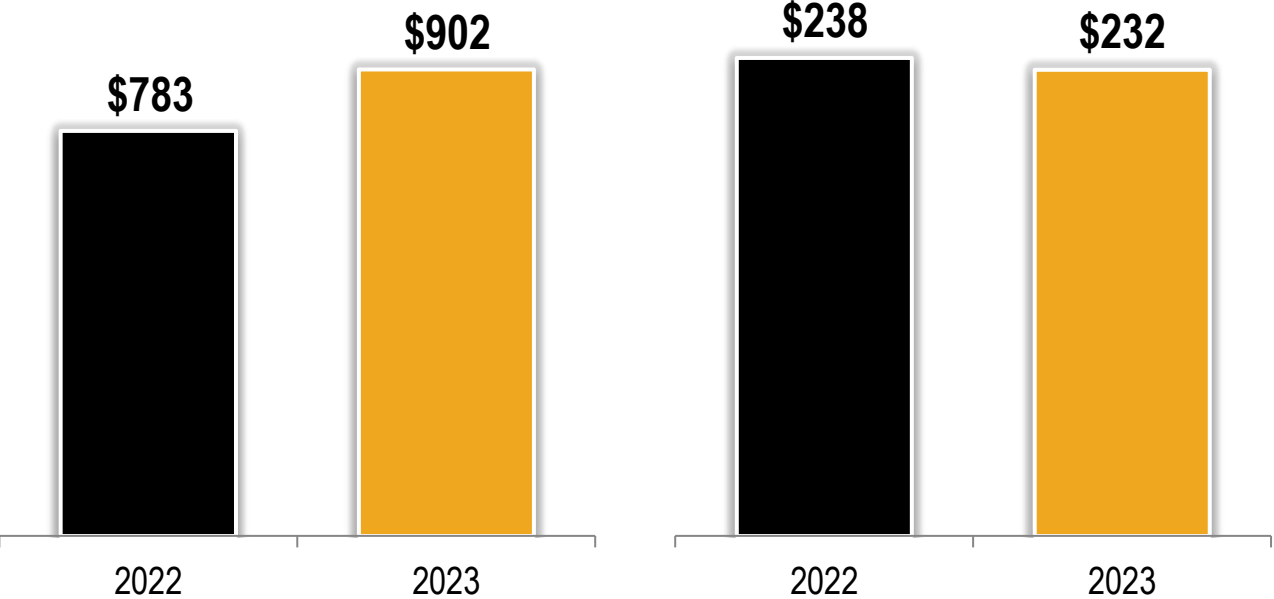
- Favorable price realization and higher sales volume
- Partially offset by higher material costs and higher SG&A/R&D expenses

Financial Products

First Quarter 2023 vs First Quarter 2022

Total Revenues*
(in millions of dollars)

Segment Profit
(in millions of dollars)



* Includes inter-segment revenues.

1st Quarter Highlights

Total Revenues Increased \$119M or 15%

- Higher average financing rates across all regions

Segment Profit Decreased (\$6M) or (3%)

- Unfavorable impacts from equity securities, currency exchange losses and mark-to-market adjustments on derivative contracts
- Partially offset by higher net yield on average earning assets and lower provision for credit losses at Cat Financial

ME&T Free Cash Flow¹ and Capital Deployment

1Q 2023 EARNINGS RELEASE

\$1.4B

1Q 2023 ME&T Free Cash Flow¹

Expect to be at the top half of the ME&T free cash flow¹ target range²

\$1.0B

Returned to Shareholders in 1Q 2023

Through dividends and share repurchases

\$6.8B

Enterprise Cash Balance

Liquidity remains strong

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.

² Target based on Caterpillar Investor Day held in 2022. Caterpillar communicated a ME&T free cash flow target in the range of \$4B to \$8B annually.

Key Thoughts As We Look Ahead

- Expect strong sales to users and no significant change in dealer inventory¹ versus year-end 2022
- Full-year 2023 adjusted operating profit margin² to be in the top half of our target range³
- Expect 2Q 2023 sales to increase vs 1Q 2023 in line with normal seasonality
- Expect 2Q 2023 adjusted operating profit margin² to be lower than 1Q 2023 in line with normal seasonality
- Restructuring expense expected to be about \$700 million for the full year
- Capex of about \$1.5 billion for the full year
- Estimated global tax rate of about 23%, excluding discrete items



¹ Dealers are independent businesses and control their own inventory.

² Adjusted operating profit margin is a non-GAAP measure, and a reconciliation to the most directly comparable GAAP measure is included in the appendix.

³ 2023 adjusted operating profit margin target communicated during 4Q 2022 earnings call.

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First-Quarter 2023 Key Takeaways

SALES GROWTH
ACROSS THE THREE
PRIMARY
SEGMENTS

ADJUSTED
OPERATING PROFIT
MARGIN¹
INCREASED TO
21.1%

\$1.4B IN ME&T
FREE CASH
FLOW²

EXECUTING OUR STRATEGY
FOR LONG-TERM
PROFITABLE
GROWTH

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.

Q&A

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2023 Caterpillar Earnings Call Schedule

1Q 2023 EARNINGS RELEASE

Earnings Quarter	Release Date	Call Time
2 nd Quarter 2023	Tuesday, August 1, 2023	8:30 a.m. Eastern
3 rd Quarter 2023	Tuesday, October 31, 2023	8:30 a.m. Eastern

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Dealer Inventory and Order Backlog

1Q 2023 EARNINGS RELEASE

Dealer Inventories¹

¹Dealers are independent businesses and control their own inventory.
Note: Amounts may not add due to rounding.

Increased
\$1.4B
1Q 2023
vs. 4Q 2022

Increased
\$1.3B
1Q 2022
vs. 4Q 2021

Favorable
\$0.1B
1Q 2023
Impact on Total Sales

Order Backlog

About flat
\$0.0B
1Q 2023
vs. 4Q 2022

Increased
\$0.4B
4Q 2022
vs. 3Q 2022

Increased
\$3.9B
1Q 2023
vs. 1Q 2022

Non-GAAP Financial Measures

1Q 2023 EARNINGS RELEASE

(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, 2023 - U.S. GAAP	\$ 2,731	17.2 %	\$ 2,634	\$ 708	26.9 %	\$ 1,943	\$ 3.74
Restructuring costs - Longwall divestiture	586	3.7 %	586	—	— %	586	1.13
Other restructuring costs	25	0.2 %	25	5	20.0 %	20	0.04
Three Months Ended March 31, 2023 - Adjusted	<u>\$ 3,342</u>	21.1 %	<u>\$ 3,245</u>	<u>\$ 713</u>	22.0 %	<u>\$ 2,549</u>	\$ 4.91
Three Months Ended March 31, 2022 - U.S. GAAP	\$ 1,855	13.7 %	\$ 1,999	\$ 469	23.4 %	\$ 1,537	\$ 2.86
Restructuring costs	13	0.1 %	13	2	13.0 %	11	0.02
Three Months Ended March 31, 2022 - Adjusted	<u>\$ 1,868</u>	13.7 %	<u>\$ 2,012</u>	<u>\$ 471</u>	23.4 %	<u>\$ 1,548</u>	\$ 2.88

Note: Amounts may not add due to rounding.

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Reconciliation to U.S. GAAP

1Q 2023 EARNINGS RELEASE

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

(USD in billions)	1Q 2022	1Q 2023
ME&T cash flow from operations	\$ (0.1)	\$ 1.8
ME&T capital expenditures	(0.3)	(0.4)
ME&T free cash flow	\$ (0.4)	\$ 1.4

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.

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