

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

Second Quarter 2023 Financial Review

August 1, 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 second-quarter 2023 financial results which is available on our website at www.caterpillar.com/earnings.

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Strong Performance

2Q 2023 EARNINGS RELEASE

THANK YOU
TO OUR
GLOBAL TEAM

HEALTHY DEMAND
ACROSS MOST
END MARKETS

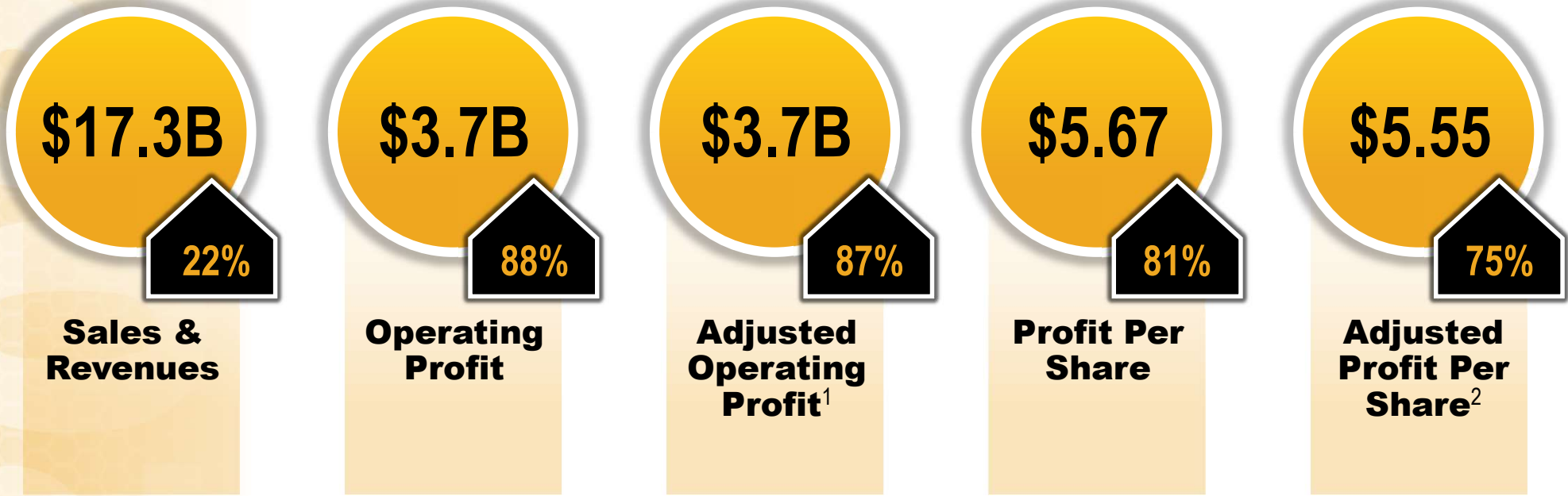
EXECUTING OUR
STRATEGY FOR
LONG-TERM
PROFITABLE
GROWTH

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Key Takeaways

Second Quarter 2023 vs. Second 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 Second-quarter 2023 adjusted profit per share excluded a discrete tax benefit to adjust deferred tax balances of \$0.17 per share and restructuring costs of \$0.05 per share. Second-quarter 2022 adjusted profit per share excluded restructuring costs of \$0.05 per share.

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ME&T Free Cash Flow¹ and Capital Deployment

2Q 2023 EARNINGS RELEASE



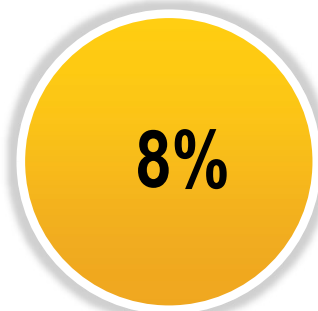
2Q 2023 ME&T Free Cash Flow¹

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



Returned to Shareholders in 2Q 2023

Through share repurchases and dividends



Increased Dividend

Increased quarterly dividend per share by 51% since May 2019

¹ME&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

2Q 2023 EARNINGS RELEASE



CONSTRUCTION INDUSTRIES



RESOURCE INDUSTRIES



ENERGY & TRANSPORTATION

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Sustainability

2022 Sustainability Report



2Q 2023 EARNINGS RELEASE

Caterpillar D6 XE



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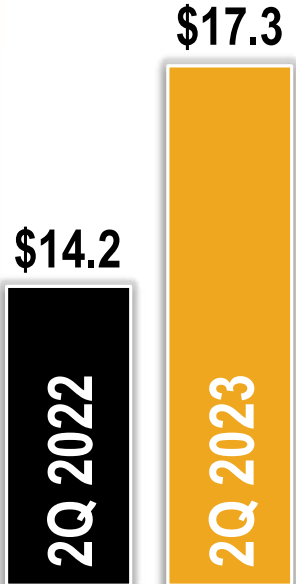


Financial Results Summary

Second Quarter 2023 vs. Second Quarter 2022

SALES & REVENUES

(in billions of dollars)



OPERATING PROFIT

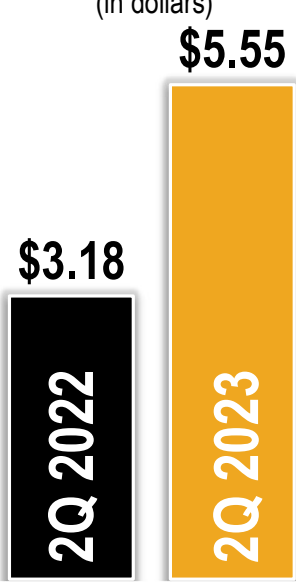
(in billions of dollars)



ADJUSTED PROFIT

PER SHARE¹

(in dollars)



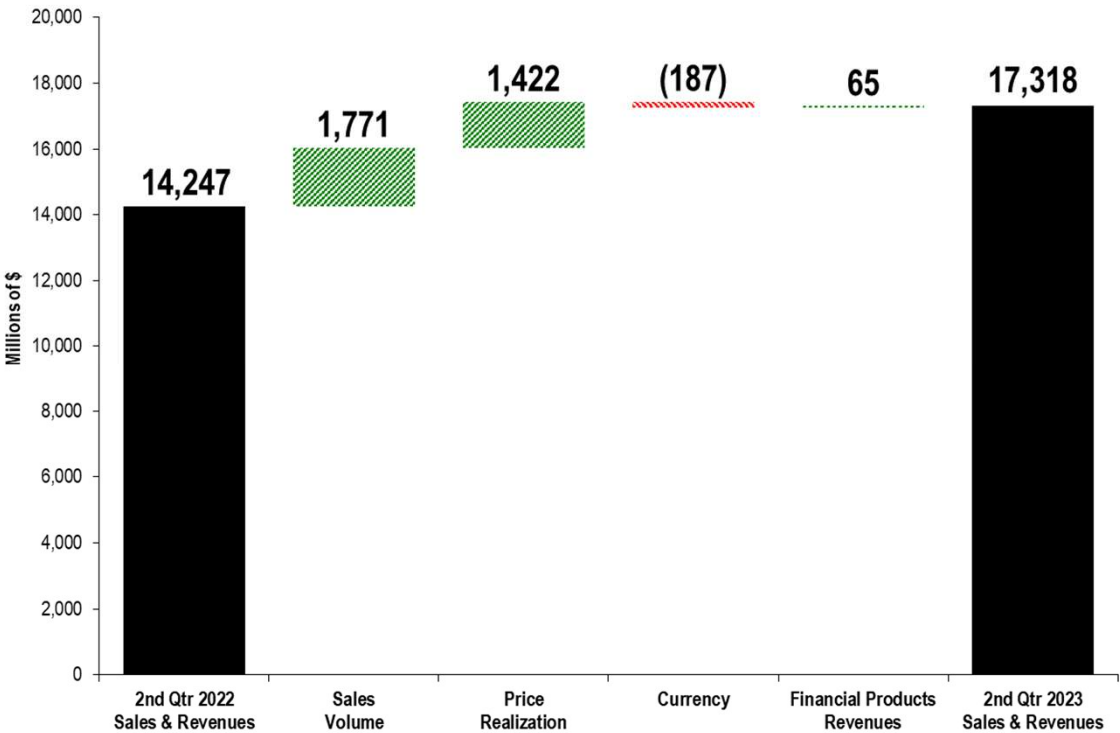
¹ Second-quarter 2023 adjusted profit per share excluded a discrete tax benefit to adjust deferred tax balances of \$0.17 per share and restructuring costs of \$0.05 per share. Second-quarter 2022 adjusted profit per share excluded restructuring costs of \$0.05 per share.

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Consolidated Sales and Revenues

Second Quarter 2023 vs. Second Quarter 2022



2nd Quarter Highlights

Sales & Revenues Increased \$3.1B or 22%

- Favorable impact from sales volume and price realization
- Sales increased across the three primary segments

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Consolidated Operating Profit

Second Quarter 2023 vs. Second Quarter 2022

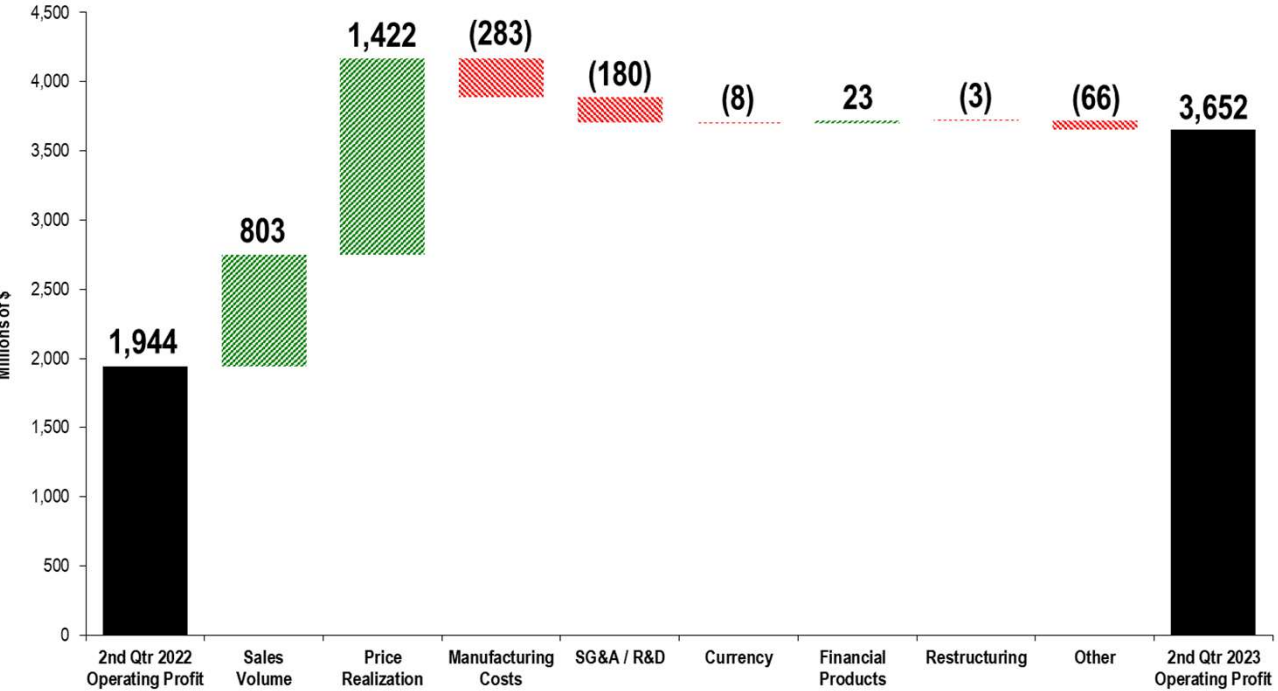
2nd Quarter Highlights

Operating Profit Increased \$1.7B or 88%

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

Operating Profit Margin of 21.1%

Adjusted Operating Profit Margin¹ of 21.3%



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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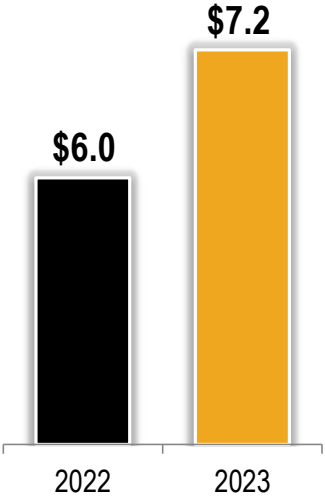
Construction Industries

Second Quarter 2023 vs. Second Quarter 2022

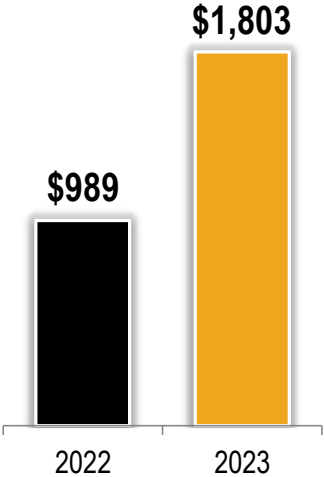
2Q 2023 EARNINGS RELEASE

2nd Quarter Highlights

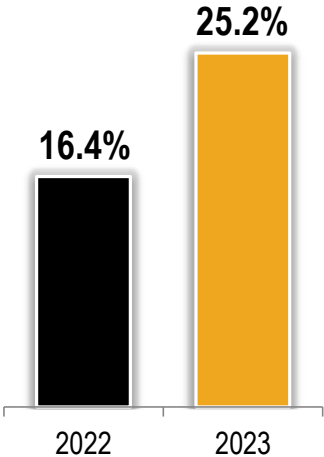
Total Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit
as a percent of total sales*



* Includes inter-segment sales.

Total Sales Increased \$1,121M or 19%

- **North America** – Higher sales volume and favorable price realization
- **Latin America** – Lower sales volume, partially offset by favorable price realization
- **EAME** – Higher sales volume and favorable price realization
- **Asia/Pacific** – Sales were about flat

Segment Profit Increased \$814M or 82%

- Favorable price realization and higher sales volume

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Resource Industries

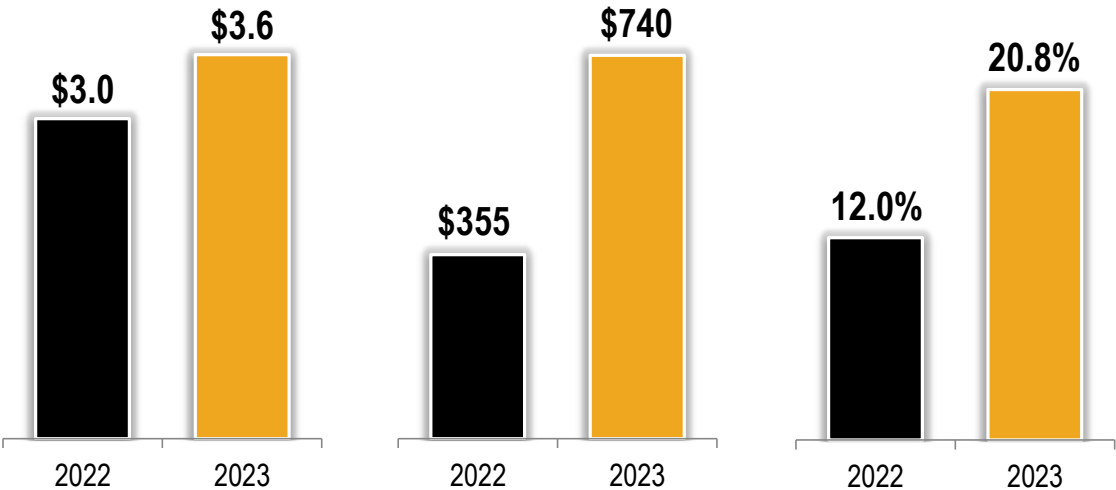
Second Quarter 2023 vs. Second Quarter 2022

2Q 2023 EARNINGS RELEASE

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 \$602M or 20%

- Favorable price realization and higher sales volume

Segment Profit Increased \$385M or 108%

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

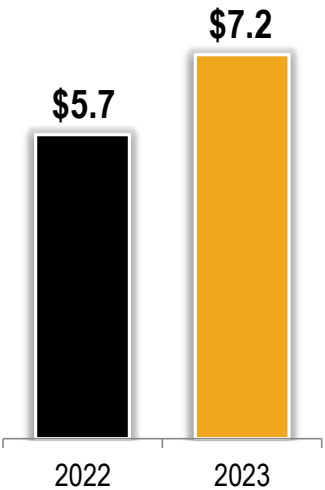
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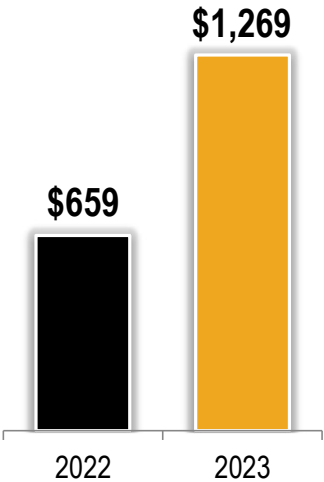
Energy & Transportation

Second Quarter 2023 vs. Second Quarter 2022

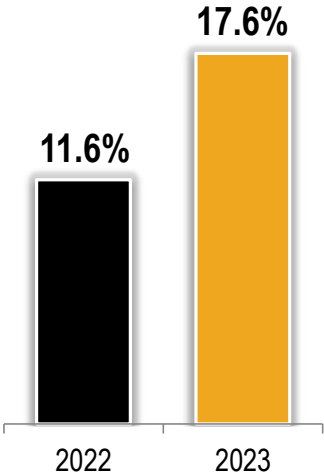
Total Sales*
(in billions of dollars)



Segment Profit
(in millions of dollars)



Segment Profit
as a percent of total sales*



* Includes inter-segment sales.

2nd Quarter Highlights

Total Sales Increased \$1,514M or 27%

- **Oil and Gas** – Increase in turbine and turbine-related services as well as reciprocating engines used in gas compression and well servicing
- **Power Generation** – Increase in large and small reciprocating engines and turbine and turbine-related services
- **Industrial** – Increase in sales across all regions
- **Transportation** – Increase in marine and rail services

Segment Profit Increased \$610M or 93%

- Higher sales volume and favorable price realization
- Partially offset by higher material costs, increased period manufacturing costs and higher SG&A/R&D expenses

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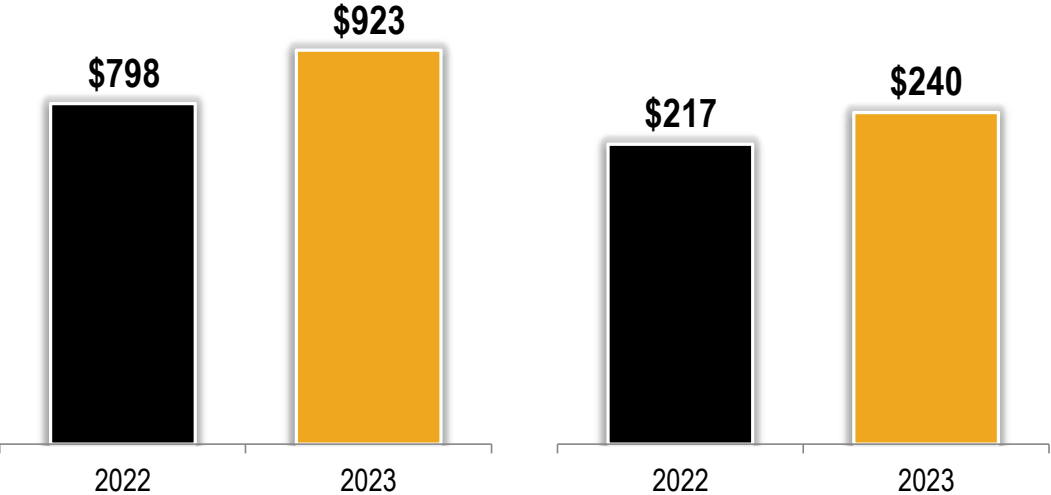
Financial Products

Second Quarter 2023 vs. Second Quarter 2022

2nd Quarter Highlights

Total Revenues*
(in millions of dollars)

Segment Profit
(in millions of dollars)



* Includes inter-segment revenues.

Total Revenues Increased \$125M or 16%

- Higher average financing rates across all regions

Segment Profit Increased \$23M or 11%

- Increase mainly due to lower provision for credit losses at Cat Financial
- Partially offset by an increase in SG&A expenses

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ME&T Free Cash Flow¹ and Capital Deployment



2Q 2023 ME&T Free Cash Flow¹

Expect to be around the top of the ME&T free cash flow¹ target range² of \$4B - \$8B for the full year



Returned to Shareholders in 2Q 2023

Through share repurchases and dividends



Enterprise Cash Balance

In addition, hold \$2B in liquid marketable securities

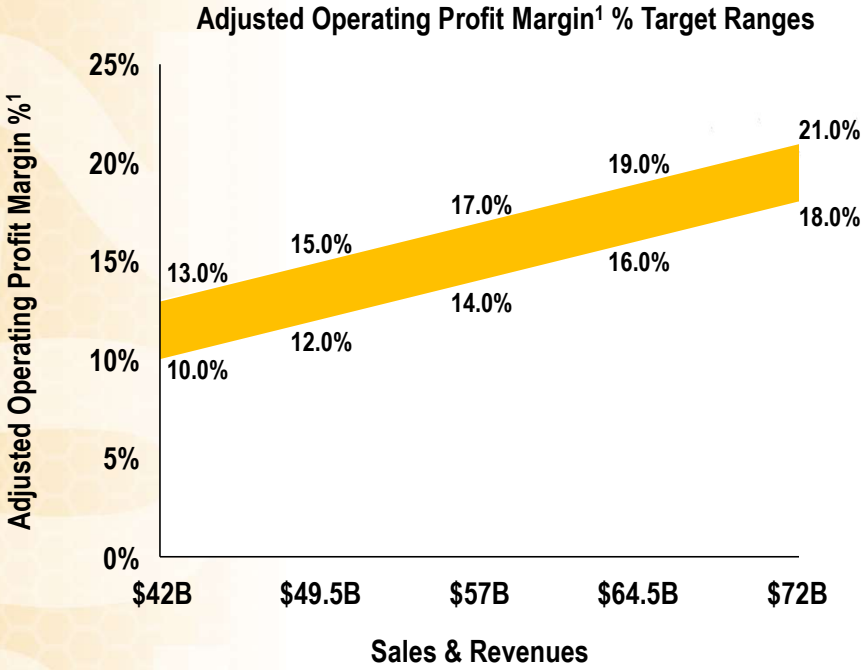
¹ ME&T free cash flow represents ME&T operating cash flow less capital expenditures, excluding discretionary pension contributions. A reconciliation of ME&T net cash provided by operating activities to ME&T free cash flow is included in the appendix.

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.

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Key Thoughts As We Look Ahead



- Full-year 2023 adjusted operating profit margin¹ expected to be close to the top end of our target range²
- Expect higher second-half sales and revenues vs 2022
- Adjusted operating profit margin¹ in second half of 2023 higher than second half of 2022
- Expect 3Q 2023 sales and revenues to be higher than 3Q 2022, but lower than 2Q 2023
- Expect 3Q 2023 adjusted operating profit margin¹ to be higher than 3Q 2022 but lower than 2Q 2023

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 2023 adjusted operating profit margin target based on expected sales level and communicated during 4Q 2022 earnings call.

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Second-Quarter 2023 Key Takeaways

ADJUSTED
OPERATING PROFIT
MARGIN¹
INCREASED TO
21.3%

\$2.6B 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.

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Q&A

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2023 Caterpillar Earnings Call Schedule

2Q 2023 EARNINGS RELEASE

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

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Dealer Inventory and Order Backlog

2Q 2023 EARNINGS RELEASE

Dealer Inventories¹

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

Increased
\$0.6B
2Q 2023
vs. 1Q 2023

Decreased
\$0.4B
2Q 2022
vs. 1Q 2022

Favorable
\$1.0B
2Q 2023
Impact on Total Sales

Order Backlog

Increased
\$0.3B
2Q 2023
vs. 1Q 2023

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

Increased
\$2.2B
2Q 2023
vs. 2Q 2022

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Key Thoughts As We Look Ahead

- Restructuring expense expected to be about \$700 million for the full year
- Capex about \$1.5 billion for the full year
- Estimated global tax rate of about 23%, excluding discrete items



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Non-GAAP Financial Measures

2Q 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 June 30, 2023 - U.S. GAAP	\$ 3,652	21.1 %	\$ 3,652	\$ 752	20.6 %	\$ 2,922	\$ 5.67
Restructuring costs	31	0.2 %	31	6	20.0 %	25	0.05
Deferred tax valuation allowance adjustments	—	— %	—	88	— %	(88)	(0.17)
Three Months Ended June 30, 2023 - Adjusted	\$ 3,683	21.3 %	\$ 3,683	\$ 846	23.0 %	\$ 2,859	\$ 5.55
Three Months Ended June 30, 2022 - U.S. GAAP	\$ 1,944	13.6 %	\$ 2,096	\$ 427	20.4 %	\$ 1,673	\$ 3.13
Restructuring costs	28	0.2 %	28	2	10.0 %	26	0.05
Three Months Ended June 30, 2022 - Adjusted	\$ 1,972	13.8 %	\$ 2,124	\$ 429	20.2 %	\$ 1,699	\$ 3.18

Note: Amounts may not add due to rounding.

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Reconciliation to U.S. GAAP

2Q 2023 EARNINGS RELEASE

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

(USD in billions)	2Q 2022	2Q 2023
ME&T cash flow from operations	\$ 1.4	\$ 2.9
ME&T capital expenditures	(0.2)	(0.3)
ME&T free cash flow	\$ 1.1	\$ 2.6

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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