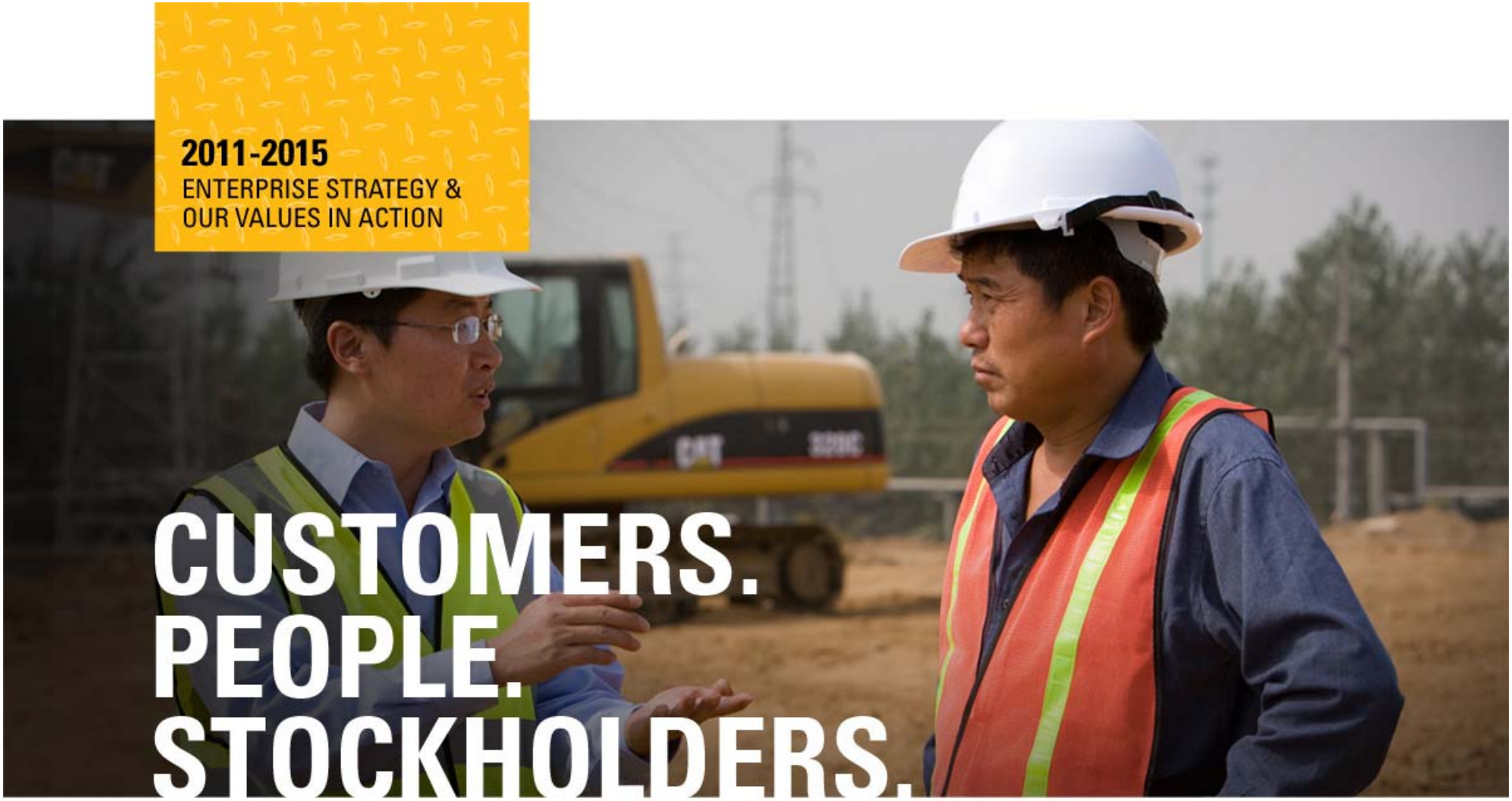


Citi 2013 US and European Industrials Conference

Steve Wunning – Group President
Rich Moore – Director of Investor Relations

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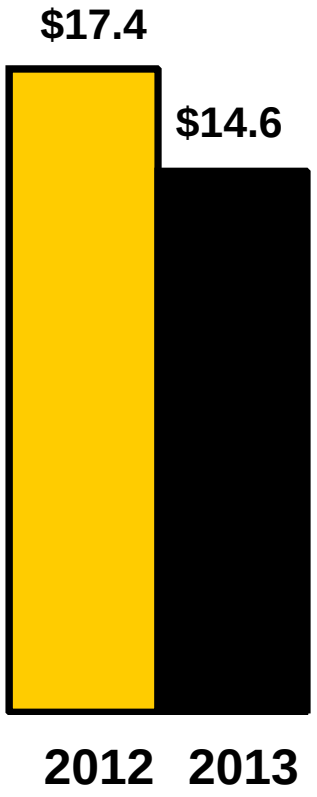
Forward-Looking Statements

Certain statements in this 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,” “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 we do not undertake to update our forward-looking statements.

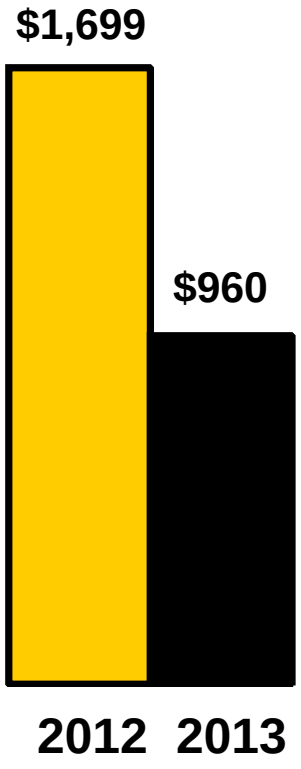
Caterpillar’s actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global economic conditions and economic conditions in the industries and markets we serve; (ii) government monetary or fiscal policies and infrastructure spending; (iii) commodity or component price increases, fluctuations in demand for our products, or limited availability of raw materials and component products, including steel; (iv) our and our customers’, dealers’ and suppliers’ ability to access and manage liquidity; (v) political and economic risks and instability, including national or international conflicts and civil unrest; (vi) our and Cat Financial’s ability to: maintain credit ratings, avoid material increases in borrowing costs, and access capital markets; (vii) the financial condition and credit worthiness of Cat Financial’s customers; (viii) changes in interest rates or market liquidity; (ix) changes in financial services regulation; (x) inability to realize expected benefits from acquisitions, including ERA Mining Machinery Limited, and divestitures, including the divestiture of the Bucyrus distribution business to our independent dealers; (xi) international trade and investment policies; (xii) market acceptance of our products and services; (xiii) changes in the competitive environment, including market share, pricing and geographic and product mix of sales; (xiv) successful implementation of capacity expansion projects, cost reduction initiatives and efficiency or productivity initiatives, including the Caterpillar Production System; (xv) inventory management decisions and sourcing practices of our dealers or original equipment manufacturers; (xvi) compliance with environmental laws and regulations; (xvii) alleged or actual violations of trade or anti-corruption laws and regulations; (xviii) additional tax expense or exposure; (xix) currency fluctuations; (xx) our or Cat Financial’s compliance with financial covenants; (xxi) increased pension plan funding obligations; (xxii) union disputes or other labor matters; (xxiii) significant legal proceedings, claims, lawsuits or investigations; (xxiv) compliance requirements imposed if carbon emissions legislation and/or regulations are adopted; (xxv) changes in accounting standards; (xxvi) failure or breach of information technology security; (xxvii) adverse effects of natural disasters; and (xxviii) other factors described in more detail under “Item 1A. Risk Factors” in our Form 10-K filed with the SEC on February 19, 2013 for the year ended December 31, 2012. This filing is available on our website at www.caterpillar.com/secfilings.

2nd Quarter 2013 versus 2nd Quarter 2012

Sales & Revenues (in billions)



Profit after tax (in millions)



Profit per share (in dollars)



2013 Outlook

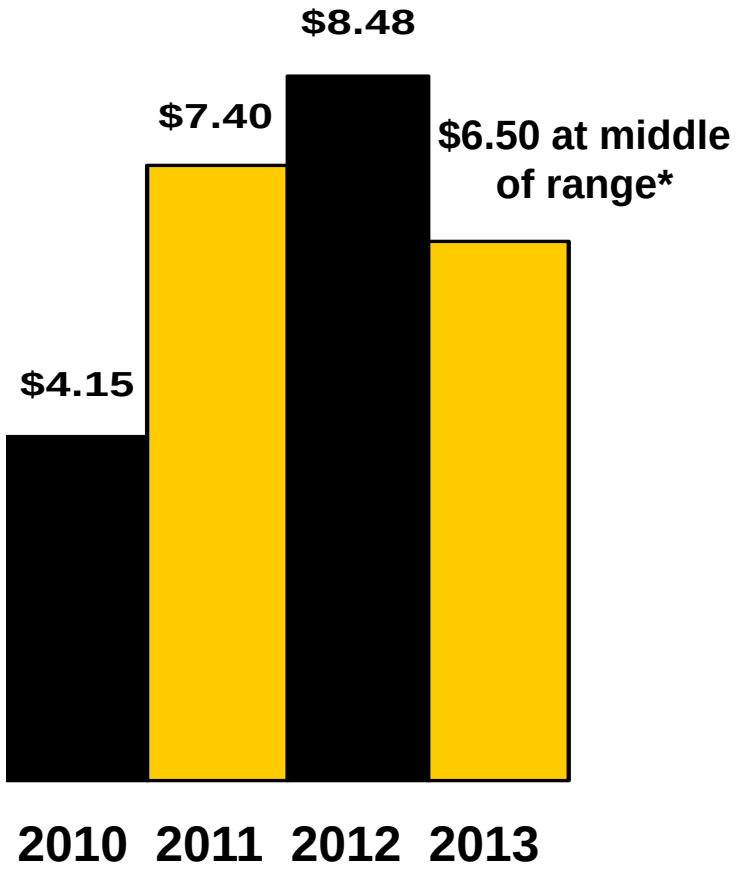
* Outlook is as of July 24, 2013

2013 Profit Outlook Revised

Sales & Revenues (in billions)



Profit per share (in dollars)



2011-2015
ENTERPRISE STRATEGY & OUR VALUES IN ACTION

CUSTOMERS. PEOPLE. STOCKHOLDERS.

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Discussion Points

Second Quarter 2013 Results

- Second quarter 2013 was challenging, but operationally we did better
  - Inventory reductions
  - Safety and quality
  - Managing costs
- Cash flow and balance sheet are strong – enables stockholder friendly cash deployment
  - Dividend increase
  - Share repurchase
- Mining is getting a disproportionate share of attention

Mining … short-term

Bloomberg

Barrick Gold - *"Expected asset write-downs* July 9, 2013 ***of $5.5 billion*** *on the Pascua Lama project in Chile would slash the company's net worth by roughly 40%…"*

MINING.com

Freeport McMoRan - *"… logged a significant* July 23, 2013 *decline in Q2 profit and announced a* ***plan to cut $1.9 billion from it's medium-term capital spending …"***

REUTERS

Anglo American - "*New boss*, Cutifani, July 26, 2013 ***vowed to cut spending,*** *halve its pipeline of projects and revive the performance of lagging mines in order to lift cash flow by an annual $1.3 billion."*

MINING.com

Peabody Energy - "*America's largest coal-miner* July 24, 2013 *has announced Q2 results showing more than 50% fall in income compared to 2012.* ***Cost reduction is a major focus for the coal miner these days."***

WSJ Live

BHP Billiton, Rio Tinto, Vale - *"Capacity to produce iron ore is set to boom* July 25, 2013 ***in the next few years*** *as expansion programs start to come on stream… iron-ore companies are producing iron ore at $30 -$50 a ton but supplied prices are averaging $90-$120 a ton…"*

Mining … long-term

United States Census Bureau

World Population Growth …
6.5 million people added every month

Large Mining Company …

Declining ore grades, greater depth, increasing ore hardness … harder to get to deposits

Copper grade was 1.3% … now 1.1% … going to 0.9%

Recent discoveries … deeper & going underground

GDP per Capita …
in developing countries

2010	2015	2018
$7,400	$11,000	$13,600

McKinsey&Company

Material moved to extract grows from 2012 – 2020 by 26% (coal), 34% (iron ore), and 37% (copper)

eia Independent Statistics & Analysis U.S. Energy Information Administration

World demand for electricity will almost double by 2040 … coal remains the largest source (73% growth)

China … *Commissioning a new coal fired power plant on average every week.*



Q & A

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