Caterpillar Resource Industries

Denise Johnson, Group President



CATERPILLAR®

Forward-Looking Statements

Certain statements in this presentation 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 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) our ability to develop, produce and market quality products that meet our customers’ needs; (vi) the impact of the highly competitive environment in which we operate on our sales and pricing; (vii) information technology security threats and computer crime; (viii) additional restructuring costs or a failure to realize anticipated savings or benefits from past or future cost reduction actions; (ix) failure to realize all of the anticipated benefits from initiatives to increase our productivity, efficiency and cash flow and to reduce costs; (x) inventory management decisions and sourcing practices of our dealers and our OEM customers; (xi) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xii) union disputes or other employee relations issues; (xiii) adverse effects of unexpected events including natural disasters; (xiv) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xv) 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; (xvi) our Financial Products segment’s risks associated with the financial services industry; (xvii) changes in interest rates or market liquidity conditions; (xviii) an increase in delinquencies, repossessions or net losses of Cat Financial’s customers; (xix) currency fluctuations; (xx) our or Cat Financial’s compliance with financial and other restrictive covenants in debt agreements; (xxi) increased pension plan funding obligations; (xxii) alleged or actual violations of trade or anti-corruption laws and regulations; (xxiii) international trade policies and their impact on demand for our products and our competitive position; (xxiv) additional tax expense or exposure; (xxv) significant legal proceedings, claims, lawsuits or government investigations; (xxvi) new regulations or changes in financial services regulations; (xxvii) compliance with environmental laws and regulations; and (xxviii) other factors described in more detail in Caterpillar’s Forms 10-Q, 10-K and other filings with the Securities and Exchange Commission.

Caterpillar Operating Segments



CONSTRUCTION INDUSTRIES



RESOURCE INDUSTRIES



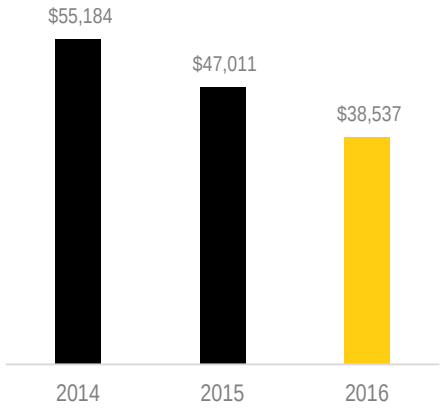
ENERGY & TRANSPORTATION

CATERPILLAR®

Caterpillar Historical Performance

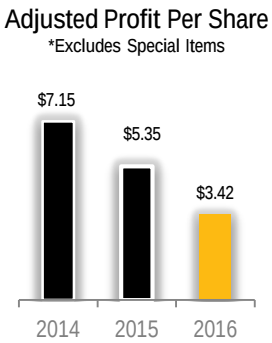
HISTORICAL PERFORMANCE – A LOOK AT 2016

CONSOLIDATED SALES AND REVENUES
($ IN MILLIONS)

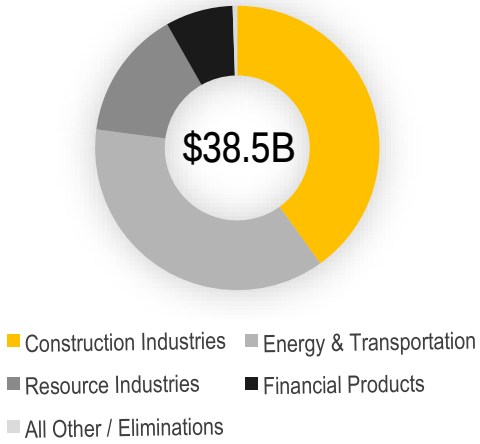


PROFIT PER SHARE





CONSOLIDATED SALES AND REVENUES BY SEGMENT
($ IN MILLIONS)



Excludes Special Items
• Restructuring • Mark-to-market losses related to pension and OPEB
• Goodwill impairment charge • Deferred tax valuation allowance

CATERPILLAR®

Resource Industries

Three Machine Businesses Serving Mining Industry



SURFACE MINING



MATERIAL HANDLING



UNDERGROUND

Enterprise Technology Strategy / Global Component Design, Development, Manufacturing

CATERPILLAR®

Resource Industries Priorities



Profitability

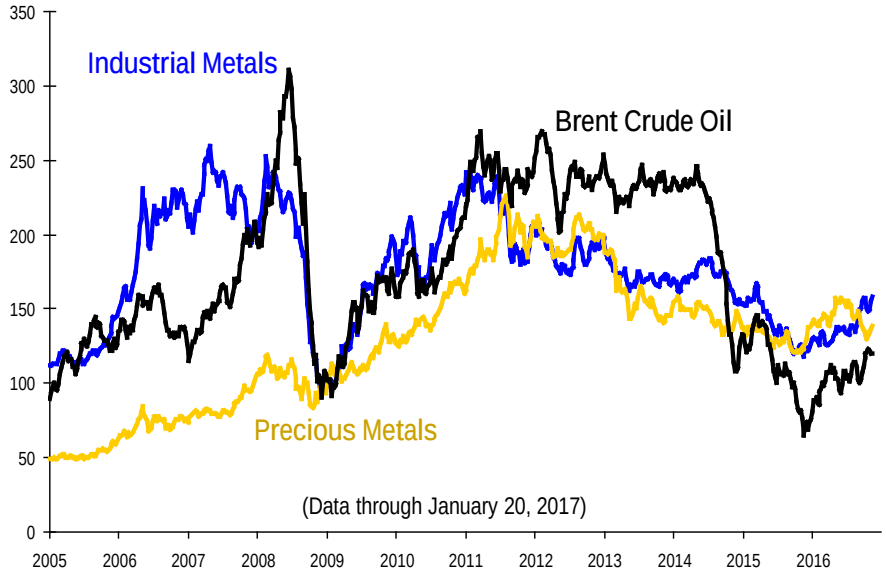
Technology

Customers

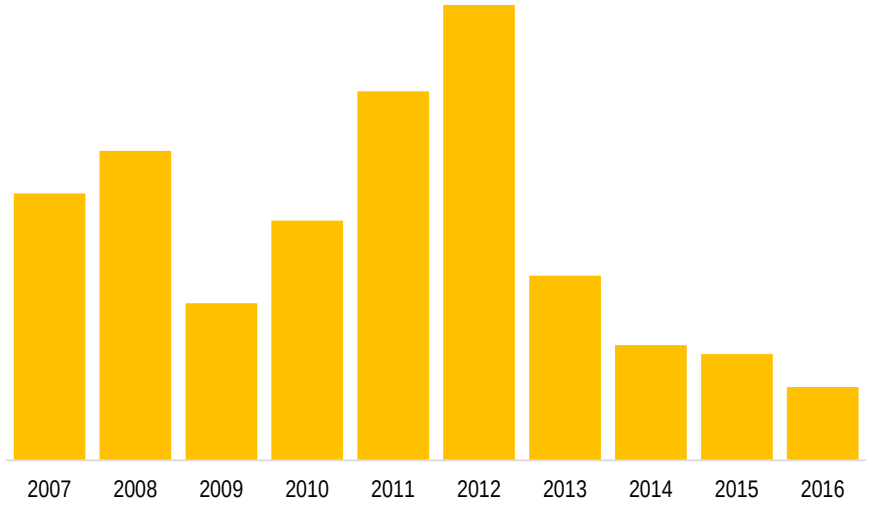
People

Mining Has Experienced An Extended Deep Downturn

Commodity Dollar Index
2009 = 100



Machine Shipments *

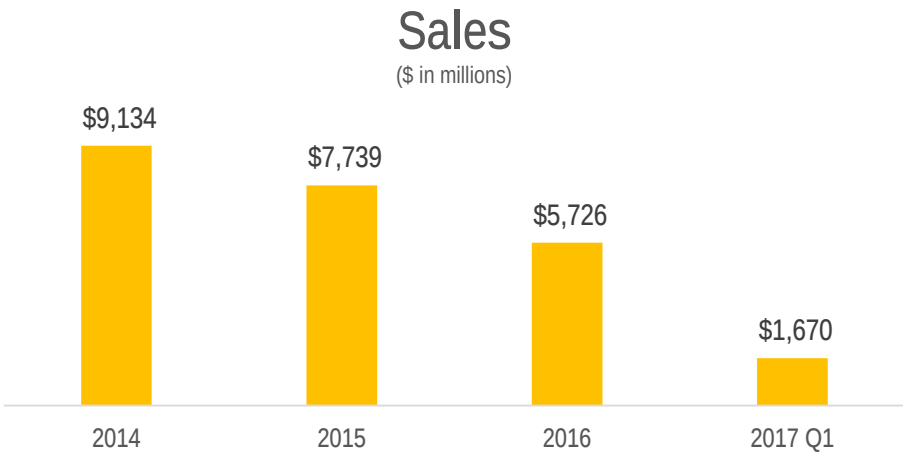


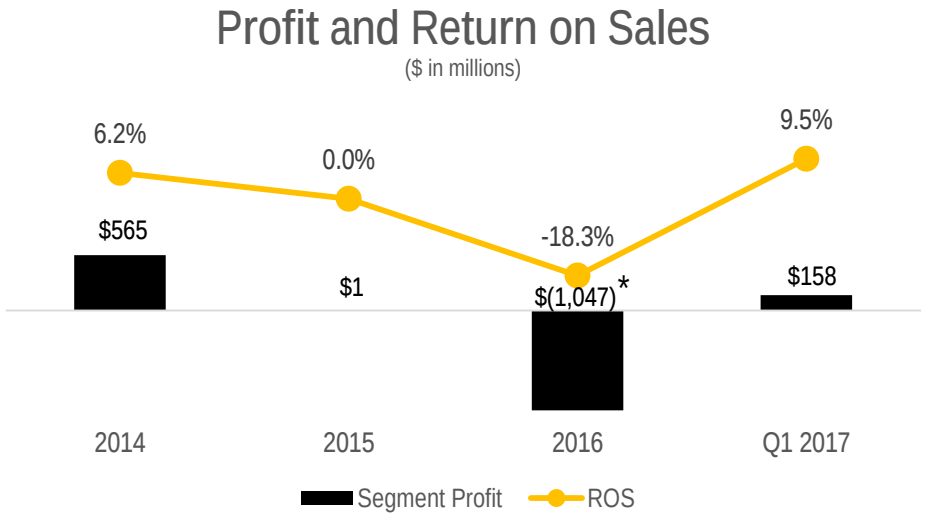
Source: Standard & Poor's/Goldman Sachs/Haver Analytics

* Only LWL,OHT,LTT, LMT, ERS, HMS, & HRV depicted at constant dollars

CATERPILLAR®

Resource Industries



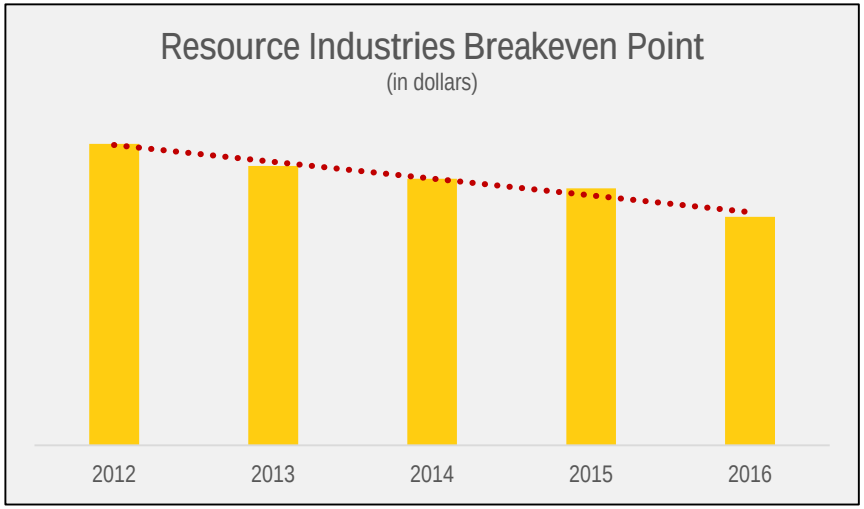


* Includes goodwill impairment of $595 million



What Have We Done To Improve The RI Business?

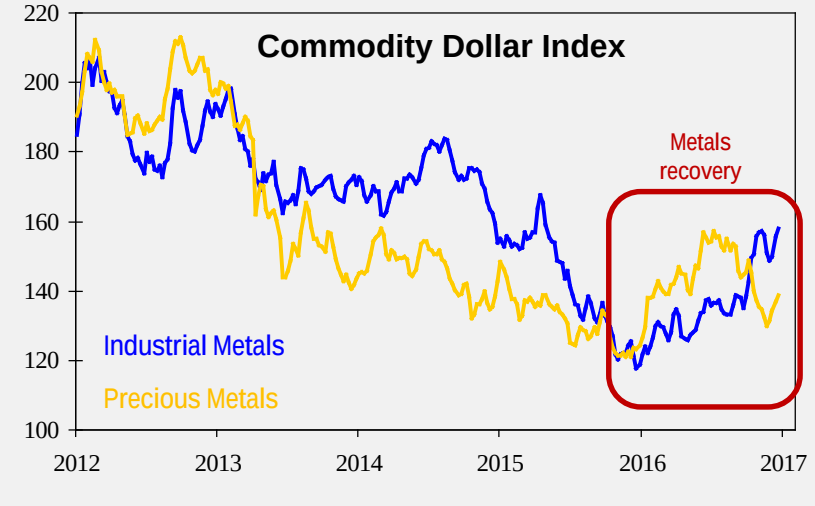
- Completed closure or restructuring of 20+ facilities
- Reduced floor space
- Reduced headcount – Nearly half of the overall Caterpillar reductions of 34,000
- Exited three product lines – Room and Pillar, Material Handlers and Track Drills
- Lowered the breakeven point every year since 2012… and continuing



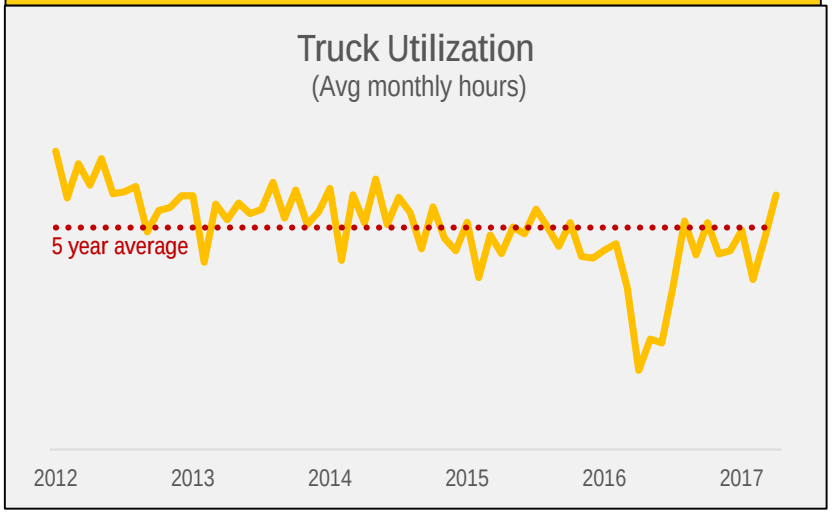
CATERPILLAR®

The Recovery Is Starting

A Recovery Period Has Started In Most Commodities



Machines Are Going Back To Work… And Working Harder



…Machine Replacements Will Be Needed

- ✓ After several years of decline, dealer inventory has stabilized at low levels
- ✓ Machine demand will need to be met through factory supply
- ✓ Currently selling well below replacement demand
- ✓ Original equipment orders on hand steadily increasing since mid-2016

Source: Standard & Poor's/Goldman Sachs/Haver Analytics

CATERPILLAR®

Autonomous Capabilities

THINK LIKE A CUSTOMER

The key to success is understanding our customers' business challenges, then providing them the best solutions possible.



CATERPILLAR®

Success With Cat Command For Hauling

TONNES SAFELY HAULED BY AUTONOMOUS TRUCKS



…AND COUNTING

74	3.5	500	0	100
CAT 793F CMD TRUCKS ON CUSTOMER SITES	YEARS IN OPERATION	MILLION TONNES SAFELY HAULED	LOST-TIME INJURIES	LINE OF SITE TO …….AUTONOMOUS TRUCKS OPERATING BY 2017

Source: September 2016 Command Data

CATERPILLAR®

The Portfolio is Positioned for Growth





CATERPILLAR®



WE ARE COMMITTED
TO THE SUCCESS OF OUR CUSTOMERS

CATERPILLAR®