

**OUR SOLUTIONS HELP OUR CUSTOMERS
BUILD A BETTER WORLD.**

INVESTOR DAY 2019

CATERPILLAR®

Forward-Looking Statements

Certain statements in this financial 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,” “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 including natural disasters; (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; and (xxvi) 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 referenced in this presentation can be found in the appendix to this presentation.

Agenda

Welcome

Strategy Execution – Jim Umpleby

Services – **Bob De Lange**

Operational Excellence / Expanded Offerings – **Denise Johnson**

Financial Framework – **Andrew Bonfield**

Q&A – **Executive Office**

OUR SOLUTIONS HELP OUR CUSTOMERS BUILD A BETTER WORLD.

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Strategy Execution

Jim Umpleby
Chairman & CEO

CATERPILLAR®

Our Company

2018 SALES & REVENUES ~ \$55 BILLION



CONSTRUCTION INDUSTRIES

Sales \$23B*



RESOURCE INDUSTRIES

Sales \$10B*



ENERGY & TRANSPORTATION

Sales \$23B*



FINANCIAL PRODUCTS

Revenues \$3B*

SERVICES, DISTRIBUTION & DIGITAL

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* Full-Year 2018 including inter-segment sales

Experienced Leadership Team



Jim Umpleby

Andrew Bonfield

Ramin Younessi

Denise Johnson

Billy Ainsworth

Bob De Lange

Cheryl Johnson

Suzette Long

Chairman & CEO

*Chief Financial
Officer*

*Group President
Construction
Industries*

*Group President
Resource
Industries*

*Group President
Energy &
Transportation*

*Group President
Services, Distribution
& Digital*

*Chief Human
Resources Officer*

*Chief Legal Officer,
General Counsel &
Corporate Secretary*

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Executing Our Strategy



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Achieved 2017 Investor Day Segment Targets

Construction Industries

Total Sales¹
~\$21B

Total Sales¹
\$23B

~10%²

+5-7%

18.0%

Historical Performance Targeted Performance 2018 Actual

2017 Investor Day Segment Margin Target

Resource Industries

Total Sales¹
~\$10-\$12B

Total Sales¹
\$10B

~10%²

+2-6%

15.6%

Historical Performance Targeted Performance 2018 Actual

2017 Investor Day Segment Margin Target

Energy & Transportation

Total Sales¹
~\$23B

Total Sales¹
\$23B

~15%²

+1-3%

17.3%

Historical Performance Targeted Performance 2018 Actual

2017 Investor Day Segment Margin Target

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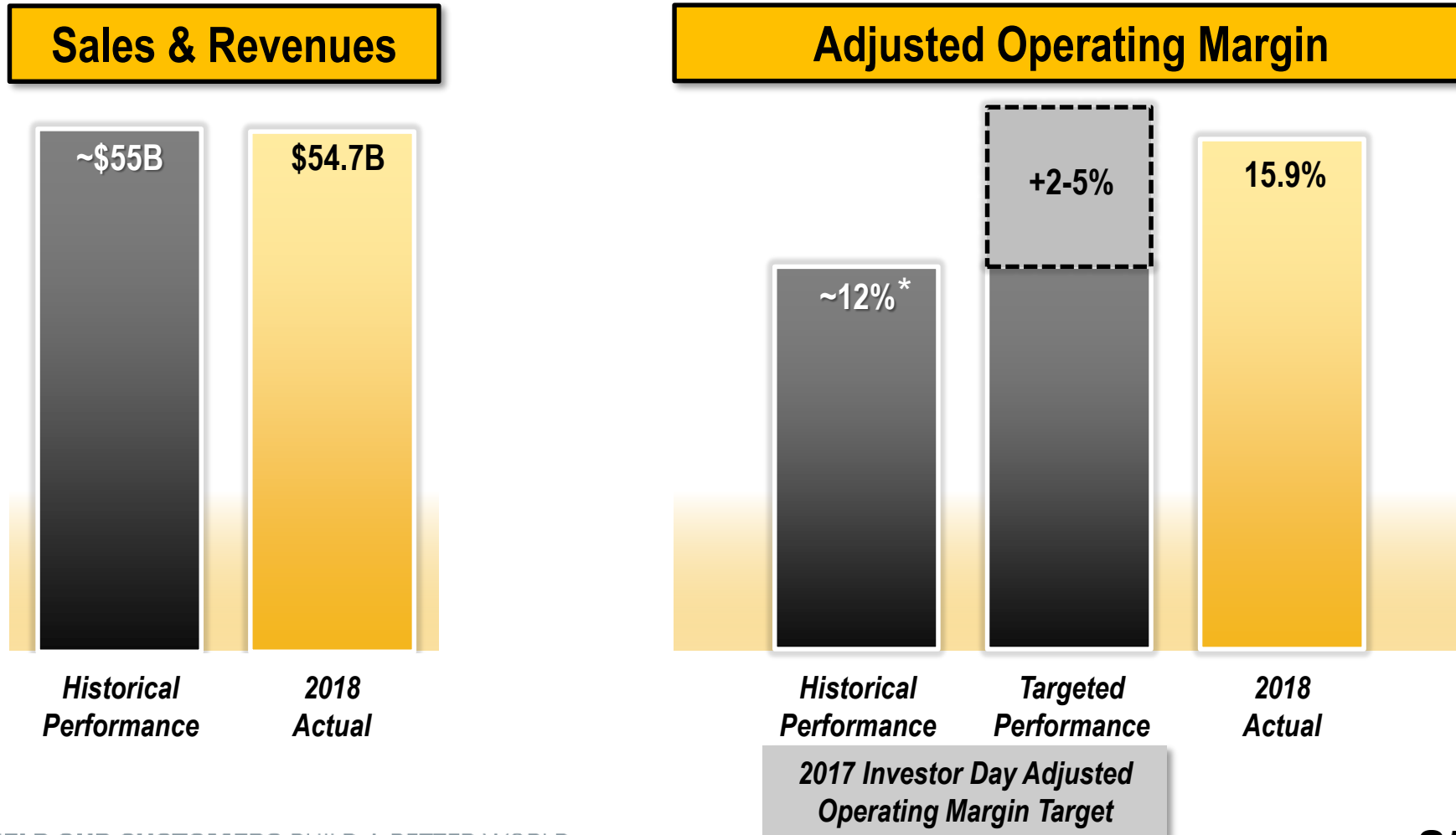
INVESTOR DAY 2019

¹ Total sales includes inter-segment sales

² 2017 Investor Day Segment Margins were not adjusted for U.S. GAAP accounting standard change related to pension and OPEB cost effective January 1, 2018



Achieved 2017 Investor Day Enterprise Targets



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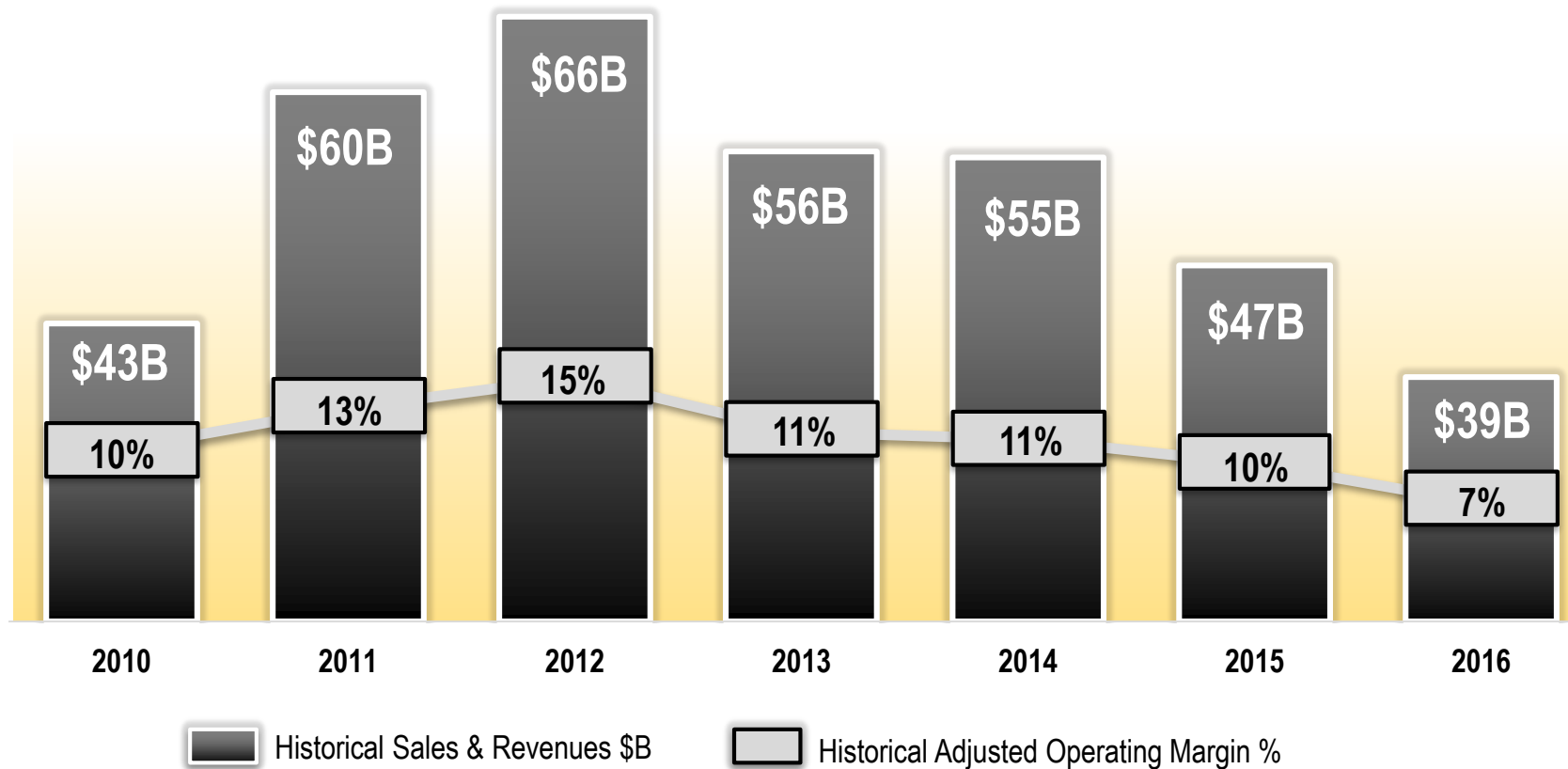
* 2017 Investor Day Adjusted Operating Margin Target was not adjusted for U.S. GAAP accounting standard change related to pension and OPEB cost effective January 1, 2018

Note: A reconciliation of Adjusted Operating Margin % to U.S. GAAP included in Appendix A



Historical Financial Results

Historical Adjusted Operating Margin Range 7% - 15%



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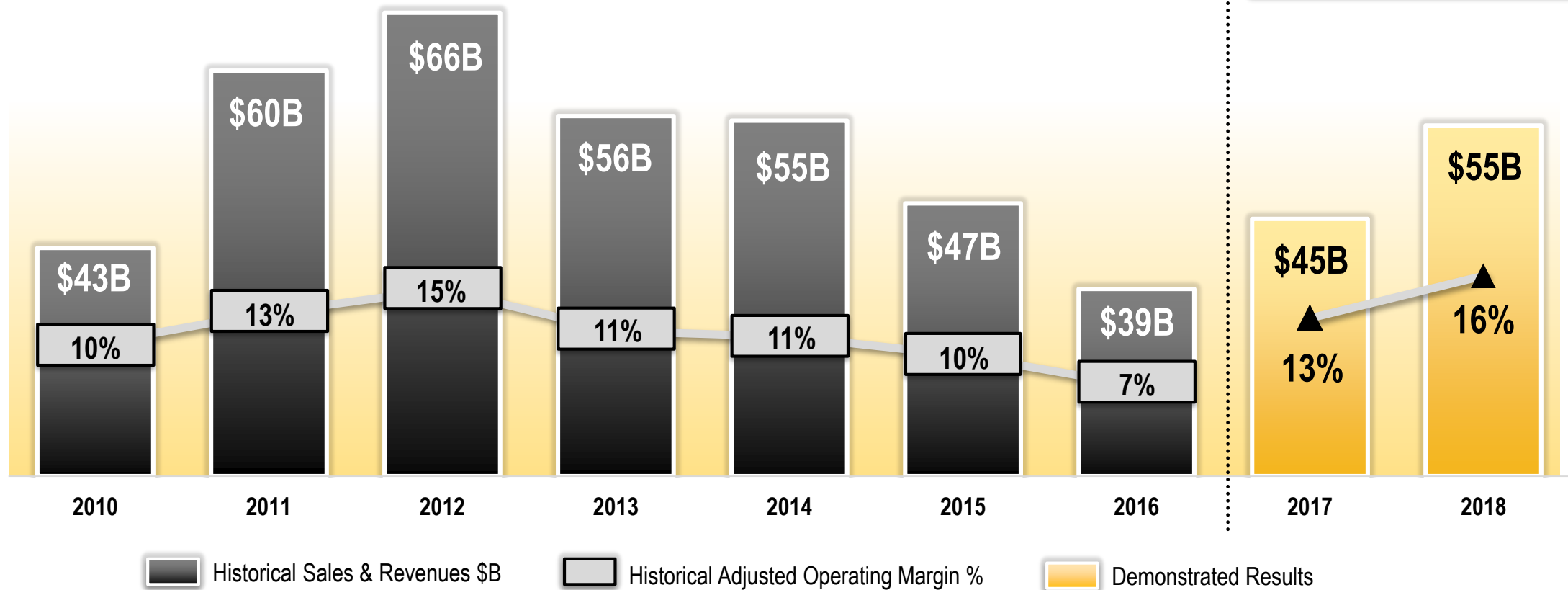
Note: A reconciliation of Adjusted Operating Margin % to U.S. GAAP included in Appendix A



Delivered Stronger Financial Results

Historical Adjusted Operating Margin Range 7% - 15%

Improved Financial Performance
Record PPS in 2018



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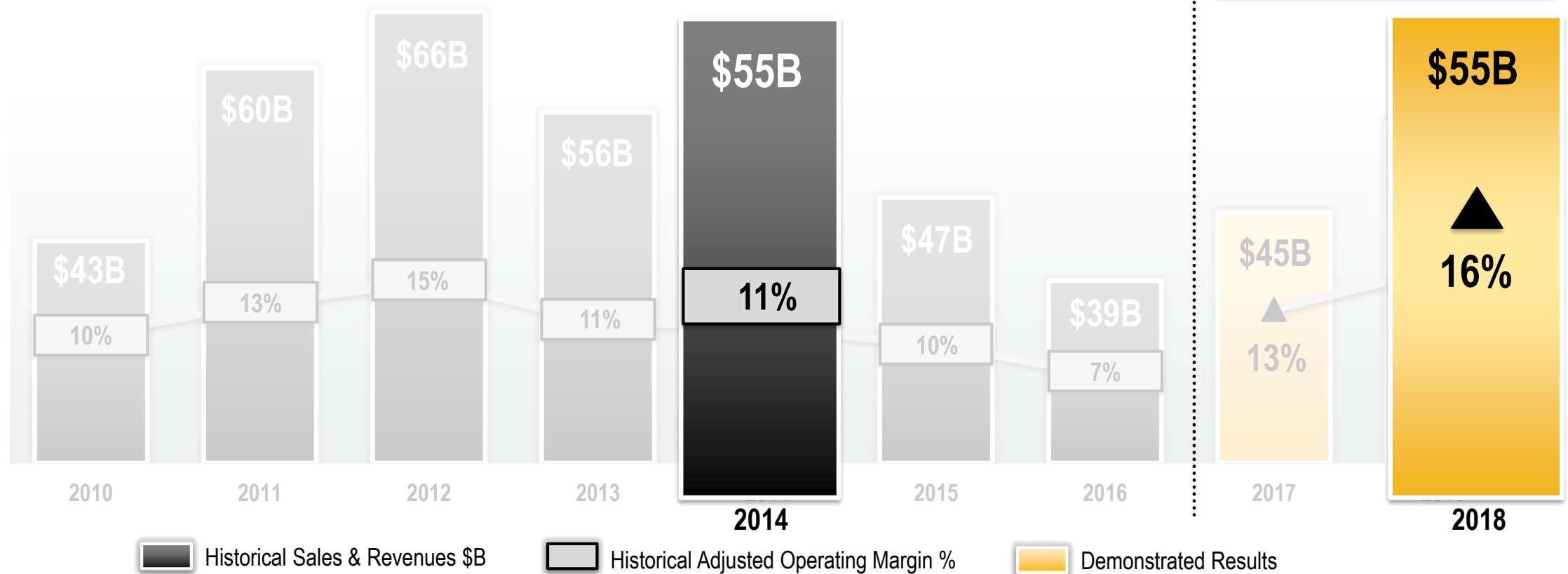
INVESTOR DAY 2019



Note: A reconciliation of Adjusted Operating Margin % to U.S. GAAP included in Appendix A

Delivered Stronger Financial Results

Adjusted Operating Margin Improvement 5% pts



Improved Financial Performance
Record PPS in 2018

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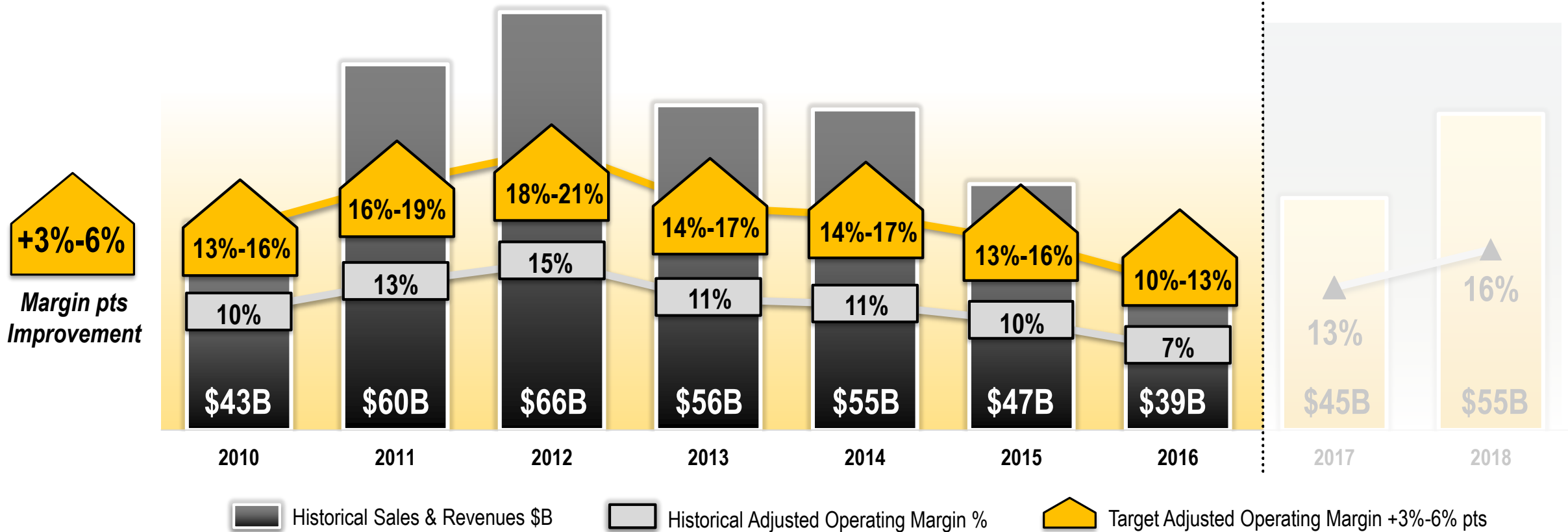
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Note: A reconciliation of Adjusted Operating Margin % to U.S. GAAP included in Appendix A

Improved Adjusted Operating Margin Performance Through the Cycles

Future Expected Adjusted Operating Margin Range **10% - 21%**



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Note: Targeting 3%-6% pts improvement from 2010 – 2016 historical performance

Note: Targets are based on current business assumptions

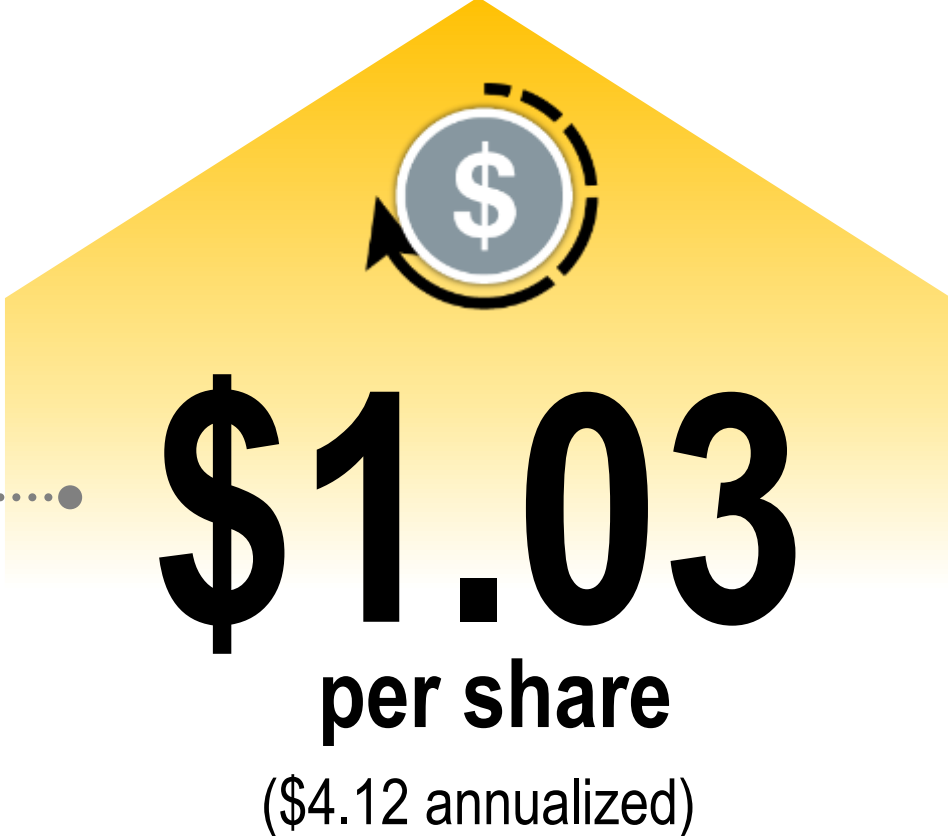
Note: Target is not incremental to 2017 and 2018 performance

Note: A reconciliation of Adjusted Operating Margin to U.S. GAAP included in Appendix A

CATERPILLAR[®]

Returning Capital to Shareholders

Raising the
Quarterly Dividend
by **20%**



\$1.03
per share
(\$4.12 annualized)

Targeting at least
high single-digit %
**Dividend
Increases**
each of the next
4 years

Dividend payable on August 20, 2019 to shareholders of record at the close of business on July 22, 2019

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Profitable Growth Through Services

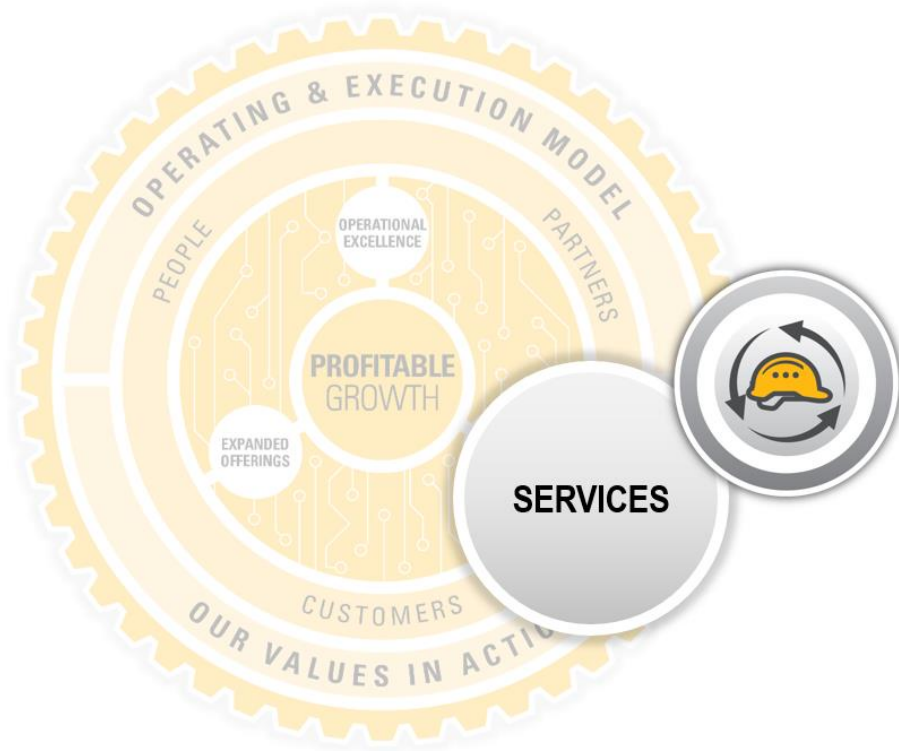


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Services Drive ...



Increased Customer Value
Including Improved Asset Utilization



Reduced Cyclicity
of Sales & Revenues



Improved Profitability
Through the Cycles

Services at Strategy Launch

ME&T Services
~\$14B Sales
2016 Baseline



Aftermarket Parts

Other Caterpillar Services



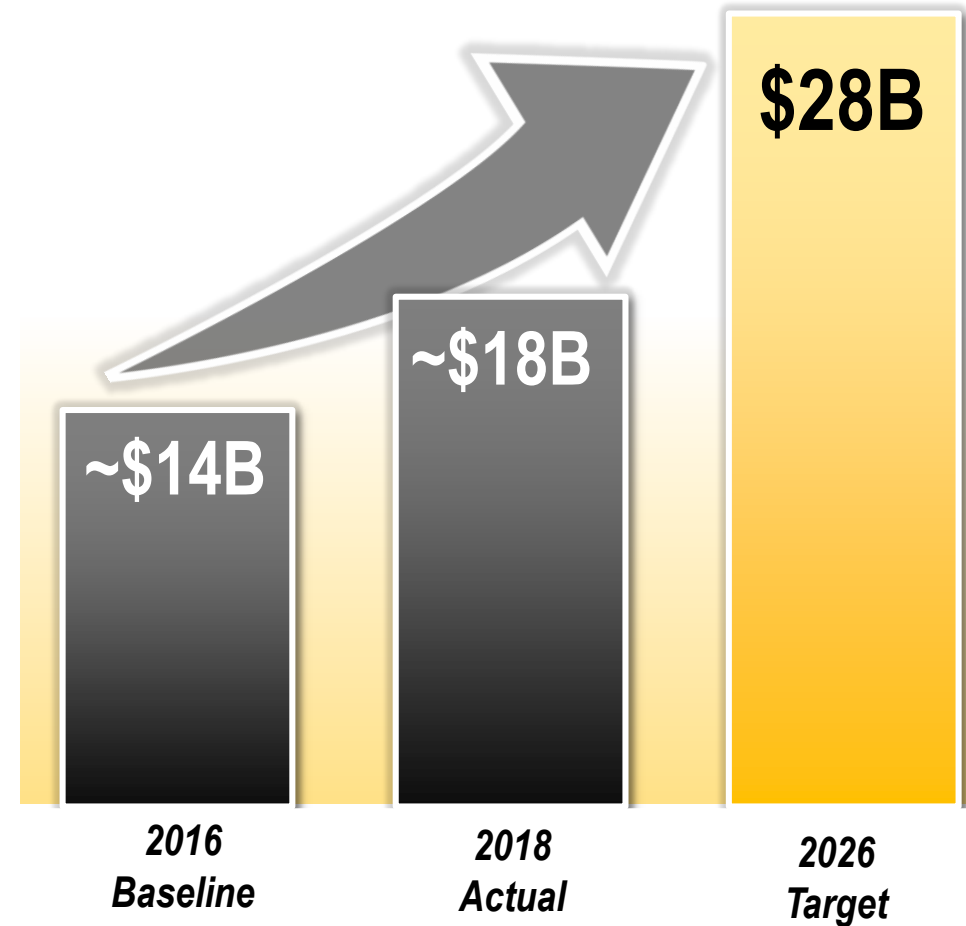
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Note: Machinery, Energy & Transportation (ME&T) Services include, but are not limited to, aftermarket parts and other service-related revenues (excludes Cat Financial and discontinued products)
Note: A reconciliation of ME&T Services Sales to Enterprise Services Revenues included in Appendix C



Double ME&T Services Sales by 2026



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Note: ME&T Services include, but are not limited to, aftermarket parts and other service-related revenues (excludes Cat Financial and discontinued products)
Note: A reconciliation of ME&T Services Sales to Enterprise Services Revenues included in Appendix C



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Services

Bob De Lange

Group President

CATERPILLAR®

Services Drive ...



Increased Customer Value
Including Improved Asset Utilization



Reduced Cyclicality
of Sales & Revenues



Improved Profitability
Through the Cycles

We Are Well Positioned to Grow Services

90+
YEARS

PRODUCT
SUPPORT

LARGE
INSTALLED
BASE

FIELD
TECHNOLOGY



**INSPECT
TROUBLESHOOT
REPAIR**

WORLDWIDE
DEALER NETWORK*



DEALERS

168



BRANCHES

2K+



EMPLOYEES

160K+

CONNECTED
EQUIPMENT
POPULATION

**DATA
& CAT**

EXPERTISE



BREADTH OF

**PRODUCT
LINE**

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*Worldwide dealer network data as of December 2018.

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Our Strategy to Grow Services



Customer-Focused
Design



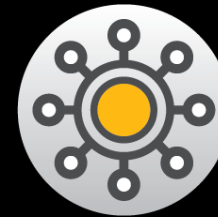
Digital
Enablers



Services
Go-To-Market
Strategy



Cat
Financial



Parts Distribution
Network
Optimization



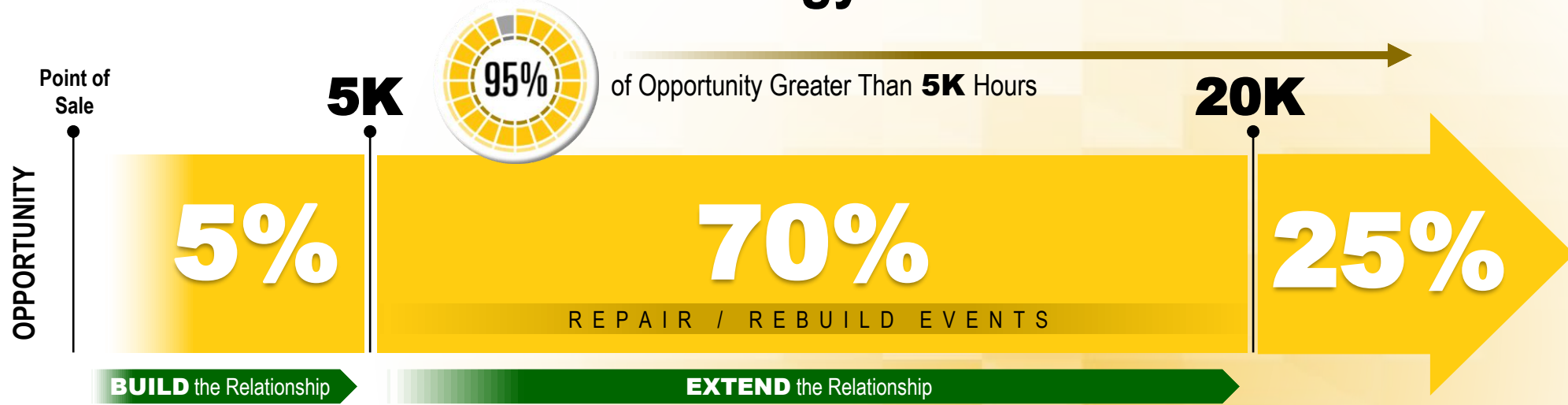
Enhanced
Dealer
Capabilities



Adjacent
Services
Opportunities



Services Go-To-Market Strategy



SERVICES

VALUE PROMISE

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Increasing Customer Value

SERVICES

BUILD THE RELATIONSHIP

Point of Sale Agreement



- ELECTRIC POWER
PEACE OF MIND**
- Assurance
 - Compliance
 - Cost Management

EXTEND THE RELATIONSHIP

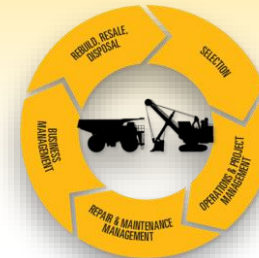
Cat Certified Used (CCU)

- LESS RISK, MORE CONFIDENCE**
- Powertrain & Hydraulics Protection
 - Scheduled Maintenance Care
 - Asset Management



SUSTAIN THE RELATIONSHIP

Lifecycle Contract



- MANAGE & OPTIMIZE**
- Machine Availability
 - Fleet Performance
 - Turnaround Time
 - Costs

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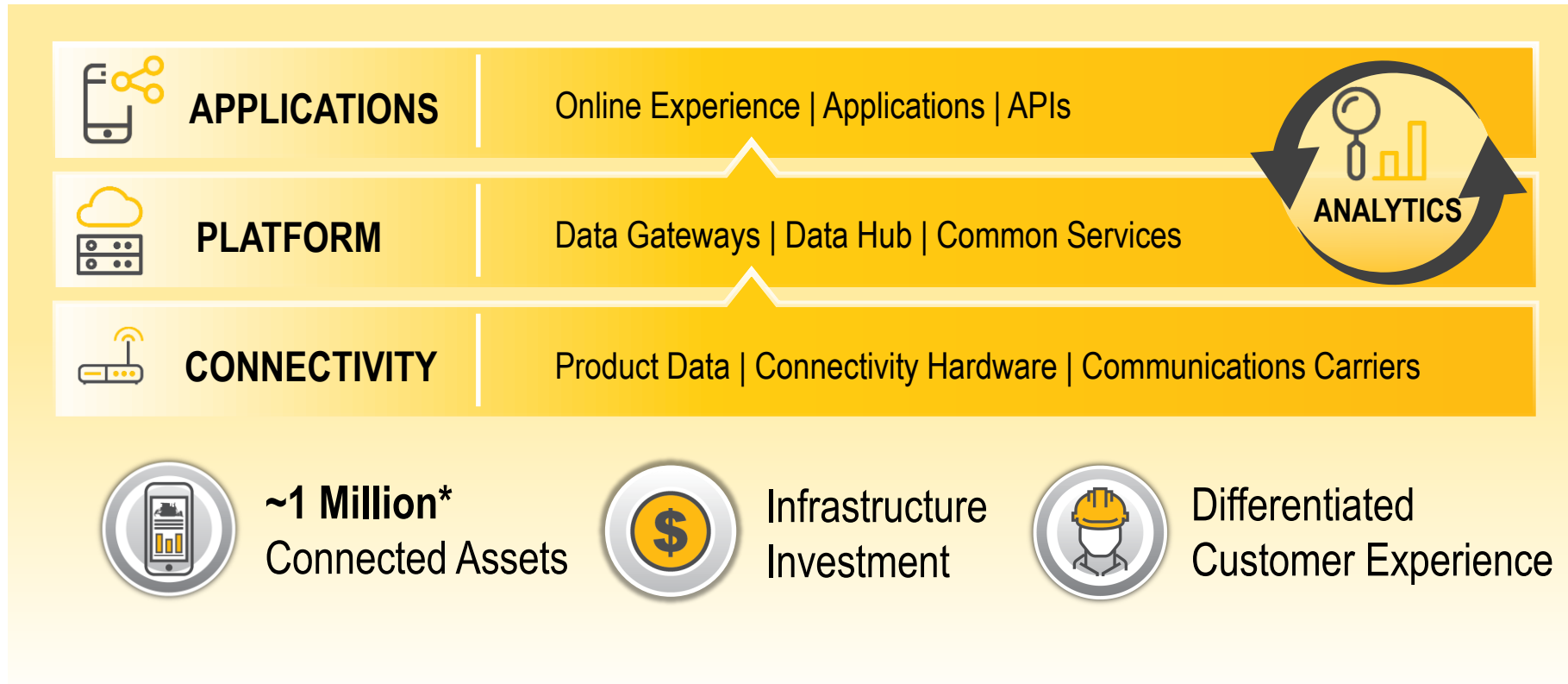
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Enabling Services Growth Through Digital

CATERPILLAR DIGITAL MODEL



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*2019 Target for Connected Assets

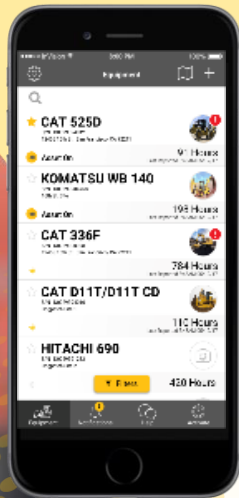


Digital Applications



F O R C U S T O M E R S

Cat® App



Equipment Management



CAT INSPECT

VISIONLINK®

CAT MINESTAR

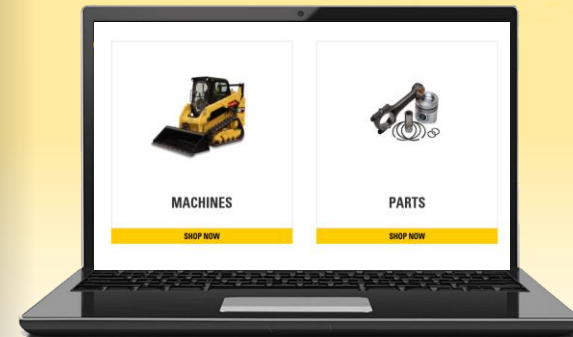


SOLAR
INSIGHT

PROGRESS RAIL UPTIME



eCommerce





Digital Applications



F O R D E A L E R S

Service Information System

IMPROVE DEALER
TECHNICIAN EFFICIENCY



Parts Inventory Optimization Tool

DEALER / CAT COLLABORATIVE
INVENTORY PLANNING



Equipment Care Advisor

SUPPORTS PREDICTIVE
MAINTENANCE & REPAIRS



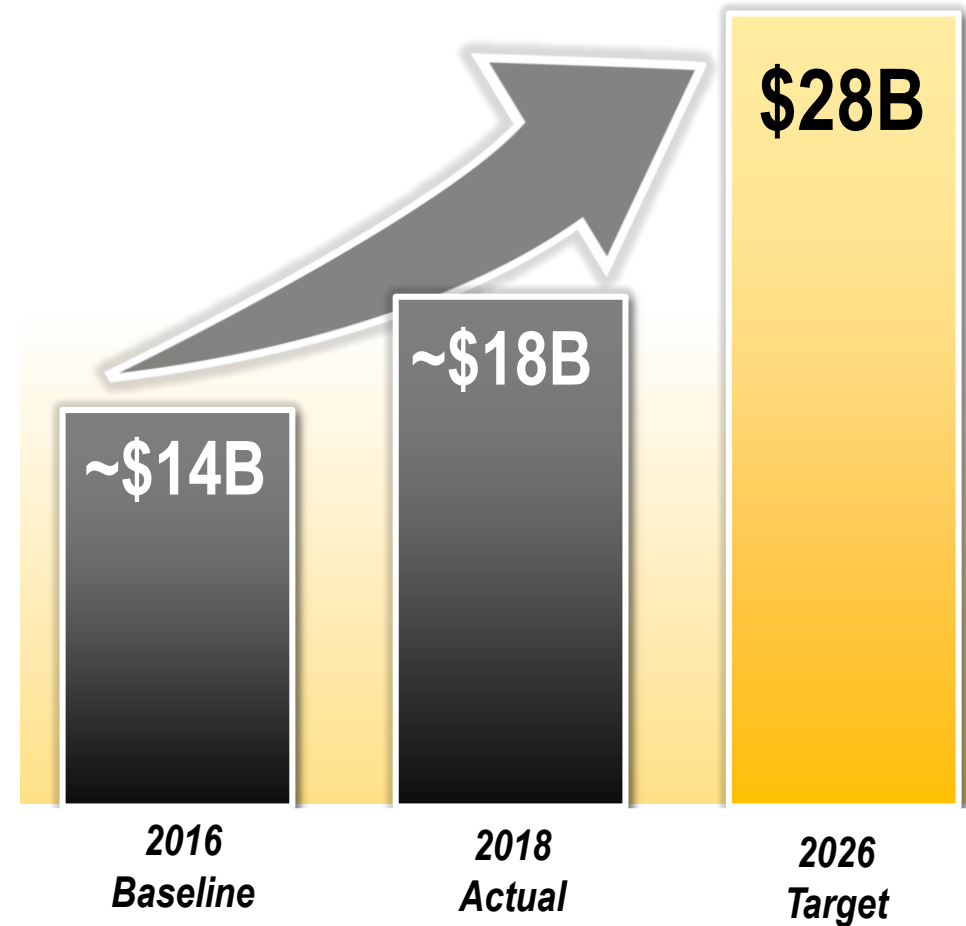
Remote Flash

Remote Troubleshoot

REDUCE TRAVEL TIME &
LEVERAGE EXPERTISE



Double ME&T Services Sales by 2026



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Note: ME&T Services include, but are not limited to, aftermarket parts and other service-related revenues (excludes Cat Financial and discontinued products)
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**Operational Excellence
Expanded Offerings**

Denise Johnson
Group President

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Operational Excellence

We continue to leverage our foundational strengths

- Competitive and Flexible Cost Discipline
- Lean
- Safety
- Quality

Delivering Sustainable Shareholder Returns Through Disciplined Cost Management



\$1.8B*

**Structural
Cost Reduction**



\$3.3B*

**Net Fixed
Asset Reduction**



Announced the closure
or consolidation of
57 Facilities*

*Comparison 2014 to 2018
**For 2018 production



Reduced manufacturing
footprint by **25 M sq. ft.***



Streamlined manufacturing
approach utilizes existing assets
and minimizes floor space

**Flexible and Agile
Manufacturing Processes**



Sufficient manufacturing
capacity for peaks

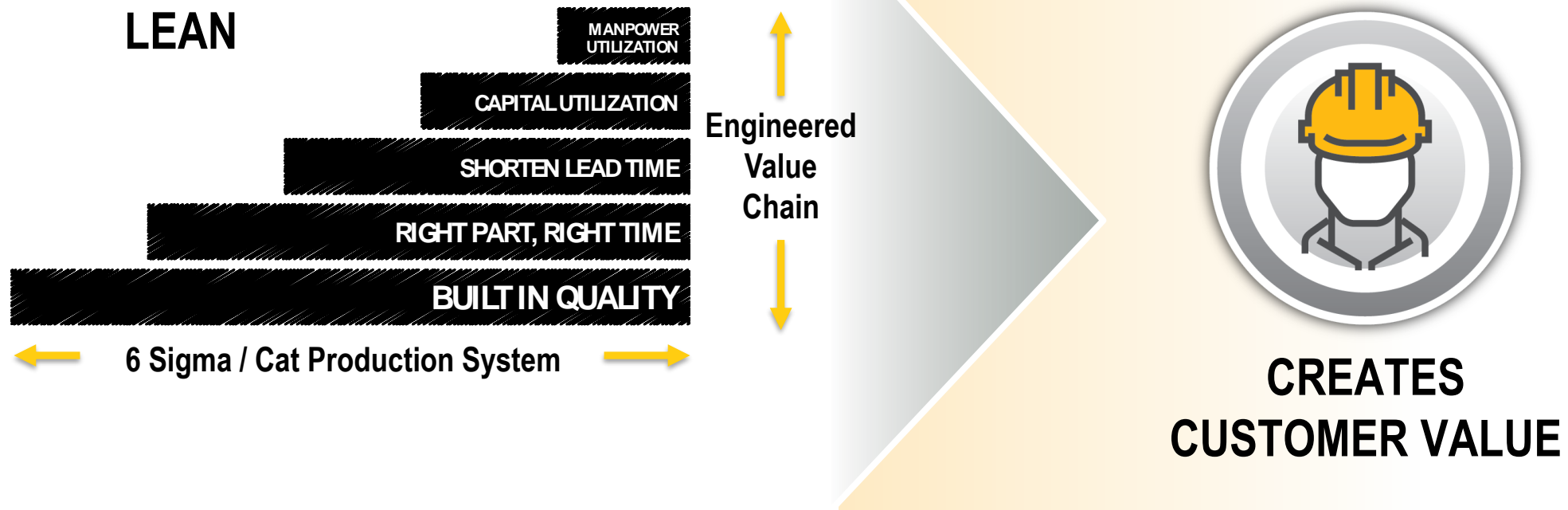
**~70% Capacity
Utilization****

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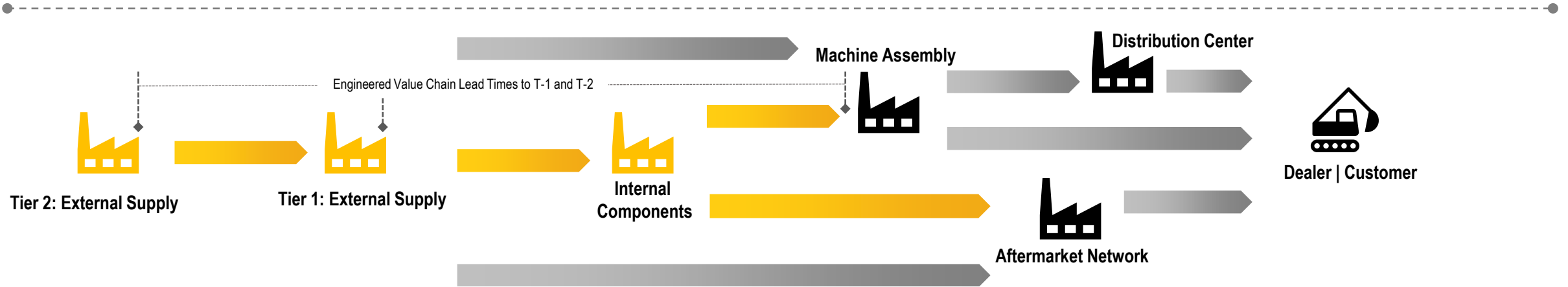
CATERPILLAR®

Strengthening Core Competencies Foundational to Our Brand Promise Using Lean



Improving Supply Flexibility / Agility

- Driving an end-to-end view of flexibility through the cycles
- Engaging with suppliers to synchronize the value chain
- Parts and product availability improvement
- Progress made, focused on continuous improvement



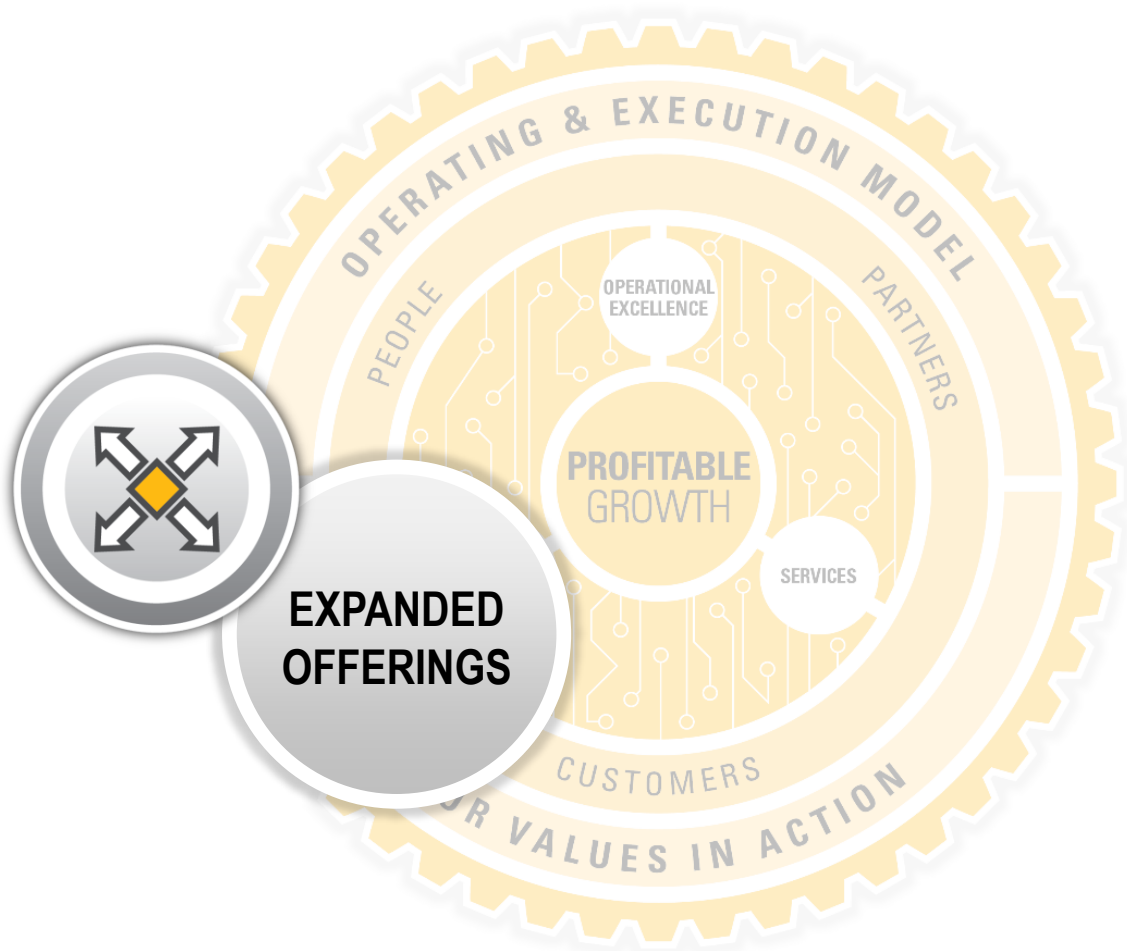
Simplified Engineered Value Chain Schematic

LEAN DEPLOYMENT

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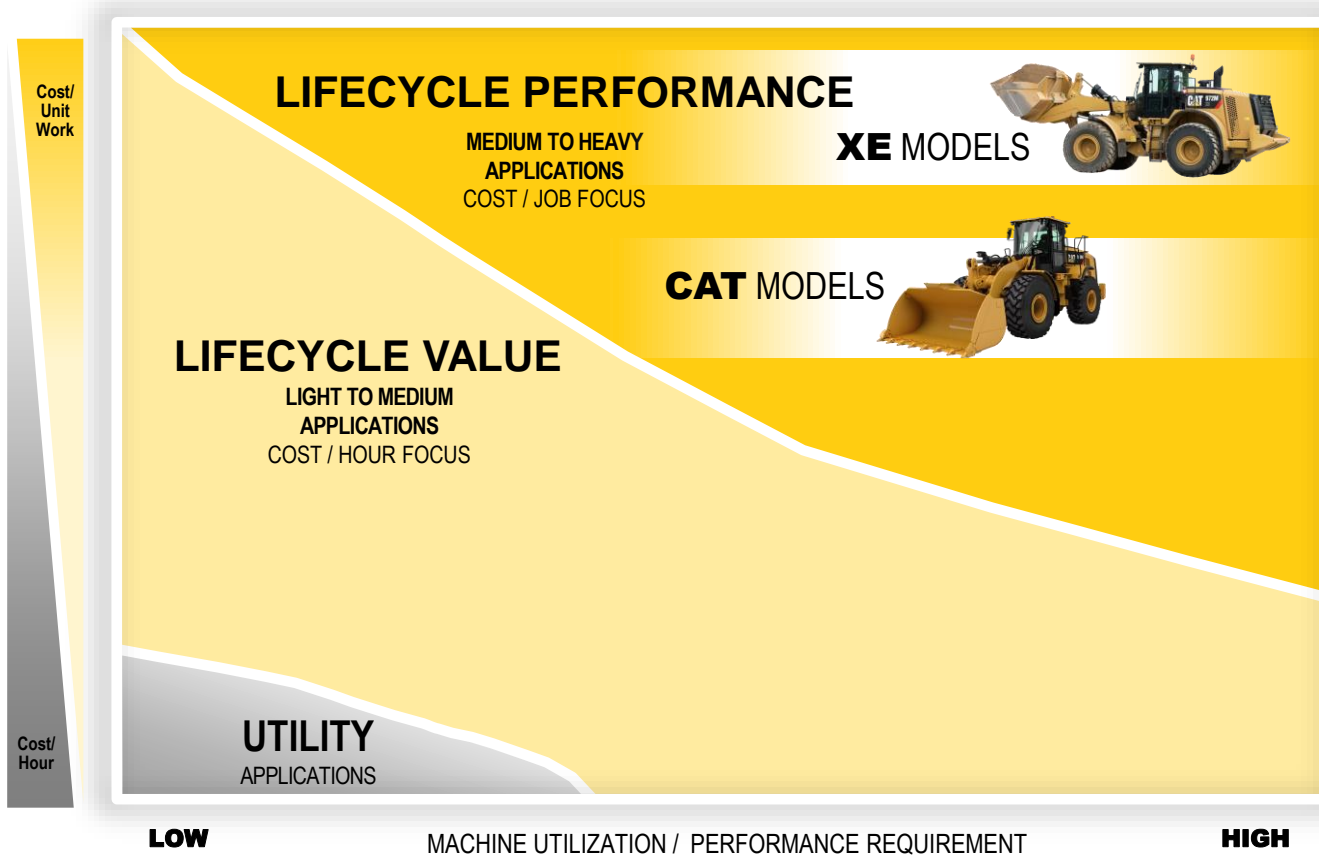


Expanded Offerings

Our focus reflects our commitment to create greater customer value and loyalty by providing the right products and services to meet customer needs.

Growing Our Customer Base with Lifecycle Performance Offerings

Lifecycle Performance Products



- Iconic brand promise
- Premium products designed to be powerful, durable, highest efficiency for the toughest jobs and longest hours
- Leverages integration of technology and expanded features

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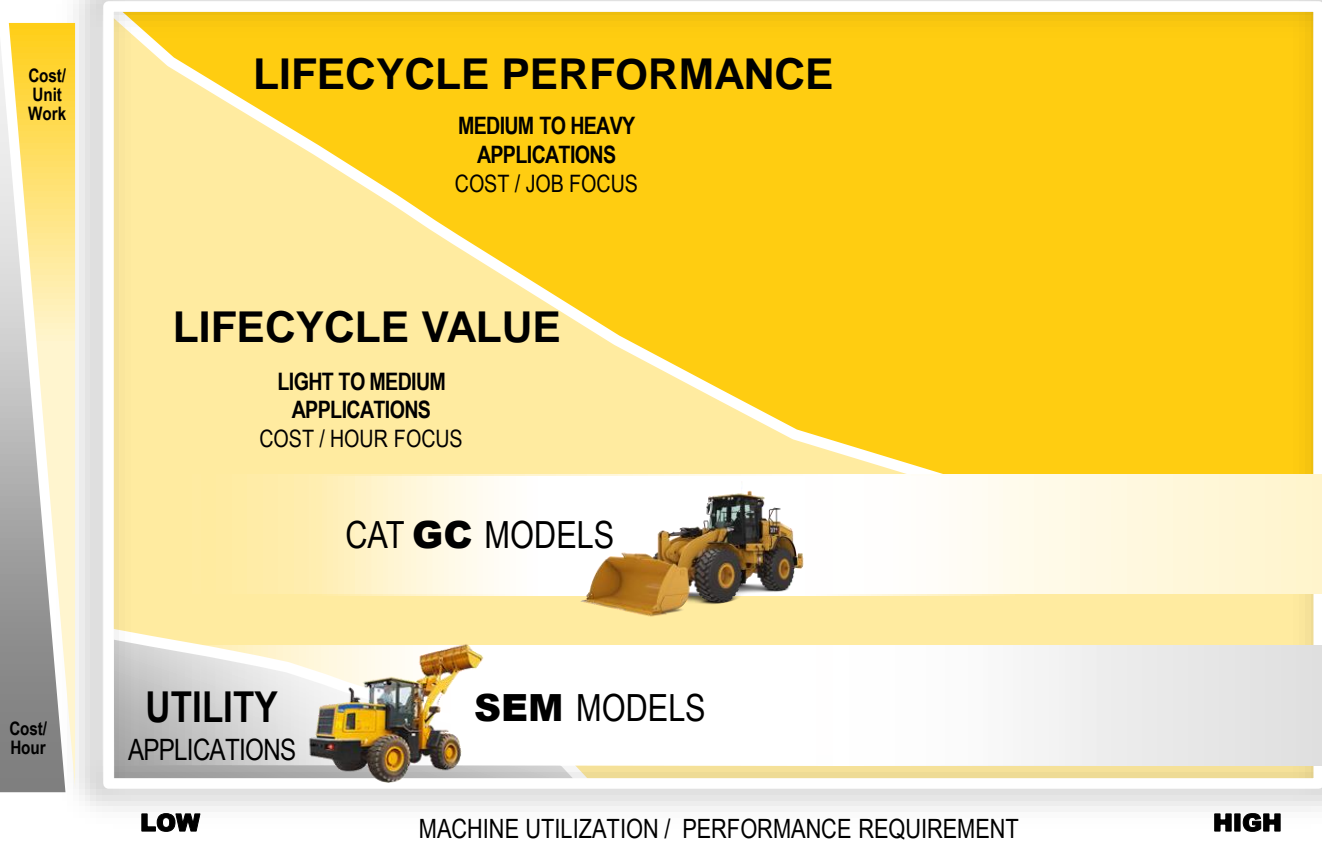
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Profitable Growth with an Expanded Customer Base

Growing Our Customer Base with New Offerings

Reaching New Customers – Right Product for the Right Customer for the Right Job



- Expand into untapped market segments and regions
- Deliver customer value for every application
- Grow number of offerings by 2021

24 New / Refreshed GC Models

27 New / Refreshed Utility Models

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Investing in Technologies to Support Our Customers

Electric Drive



D6

- Up to 20% better fuel efficiency
- Automatic transmission

D6XE

- Up to 35% better fuel efficiency
- World's first high drive electric drive – class leading maneuverability and power

New, Higher Accuracy Cat Grade with 3D

Next Generation Filter



- 2X filter life
- Improved serviceability
- Ultra high efficiency media
- Sensors provide accurate measurement of remaining life

Leveraging a Broad Product Offering and New Technologies for Oil & Gas Customers

Pipeline Construction

Site Prep

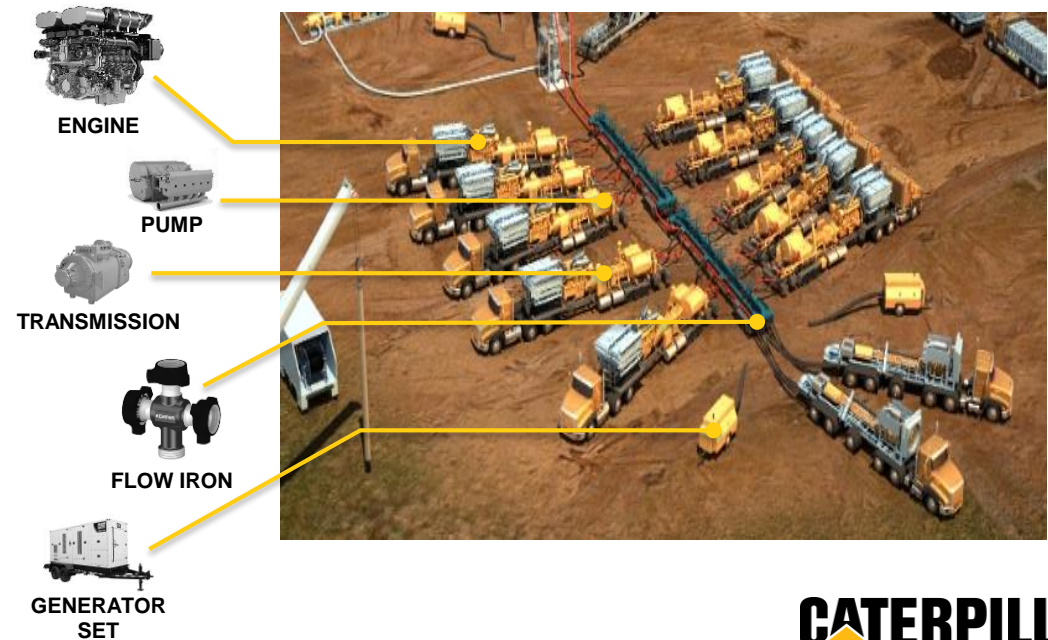
Rig Mobilization / Drilling

Well Servicing

Production / Transmission



- Products ranging from Construction Industries to Reciprocating Engines to Solar Turbines
- Caterpillar provides up to 65-70% of the content value on a well stimulation trailer
- New Technologies are creating customer value:
 - Pump Electronic Monitoring System
 - Engine Idle Reduction System (EIRS)
 - Dynamic Gas Blending



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Investing in Technologies to Support Our Customers

REMOTE CONTROL



SEMI-AUTONOMY *Cat® GRADE Assist*



AUTONOMY



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Financial Framework

Andrew Bonfield

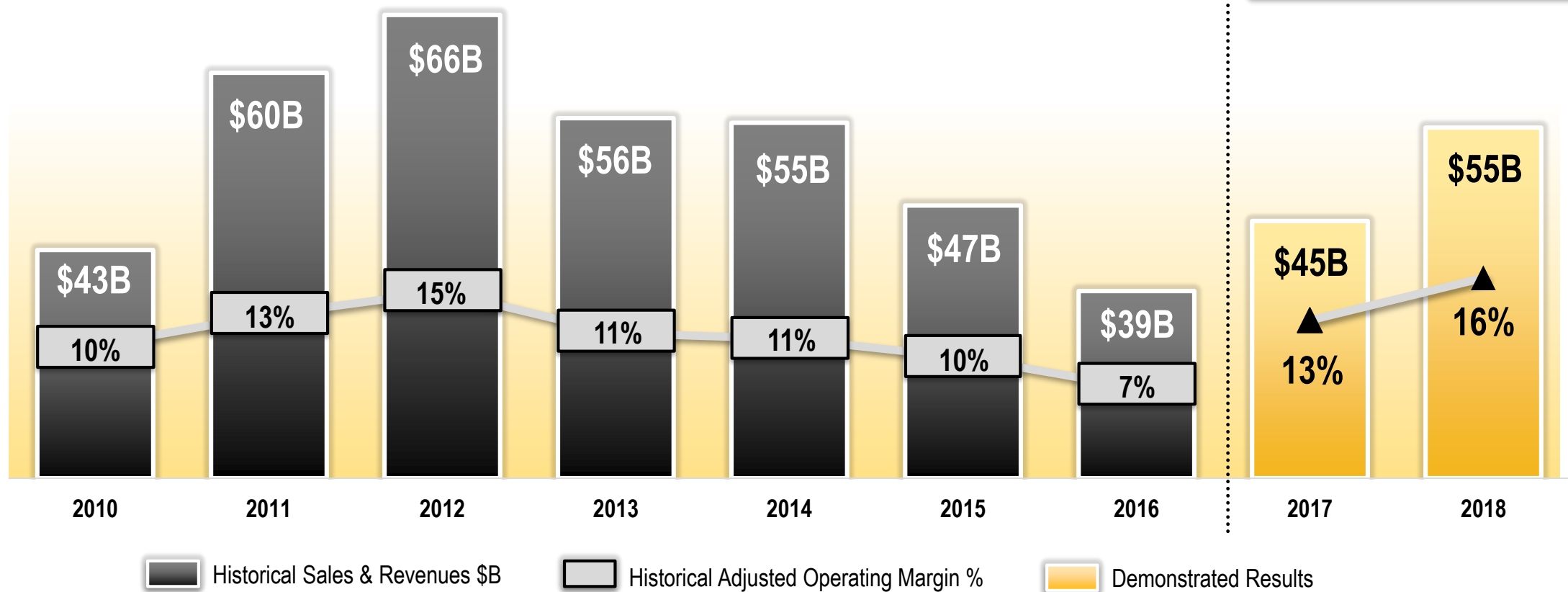
Chief Financial Officer

CATERPILLAR®

Delivered Stronger Financial Results

Historical Adjusted Operating Margin Range 7% - 15%

Improved Financial Performance
Record PPS in 2018



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Note: A reconciliation of Adjusted Operating Margin % to U.S. GAAP included in Appendix A

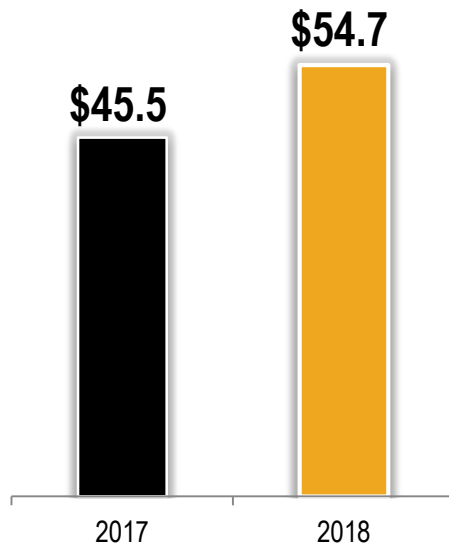
2018 Financial Results: Record Profit Per Share

Full Year 2018 vs. Full Year 2017

Sales and Revenues

(in billions of dollars)

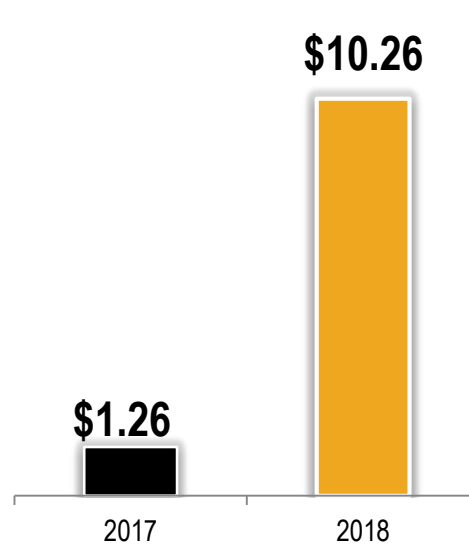
\$54.7



Profit Per Share

(in dollars)

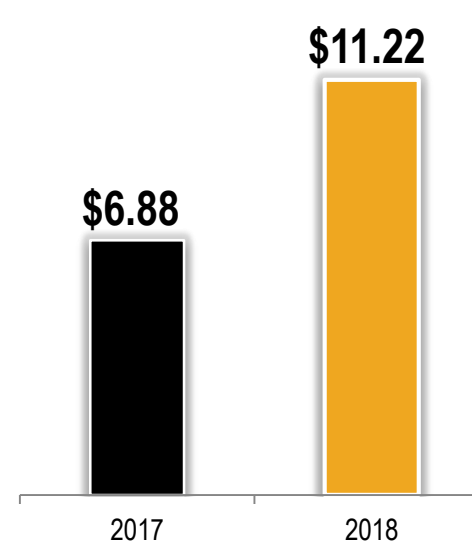
\$10.26



Adjusted Profit Per Share*

(in dollars)

\$11.22



Full-Year Highlights

Sales and Revenues up 20%

- Increased across the three primary segments

Profit

- Record profit per share

Financial Position

- \$7.9B enterprise cash on hand

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* Excludes restructuring costs, pension and OPEB mark-to-market losses, deferred tax valuation allowance adjustments and the impact of U.S. tax reform. For 2017, also excludes a gain on the sale of an equity investment.

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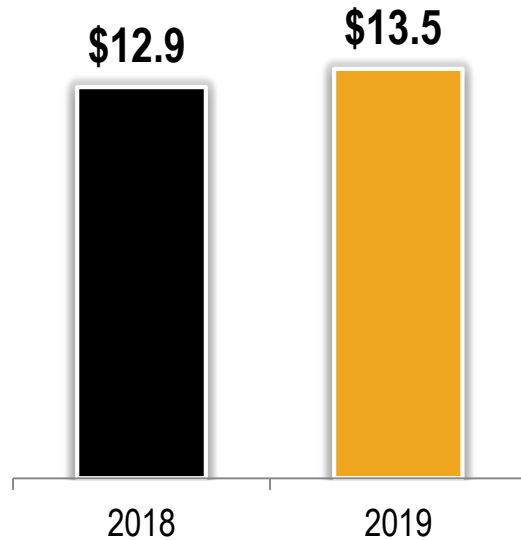
2019 First Quarter Financial Results: Another Record

First Quarter 2019 vs. First Quarter 2018

Sales and Revenues

(in billions of dollars)

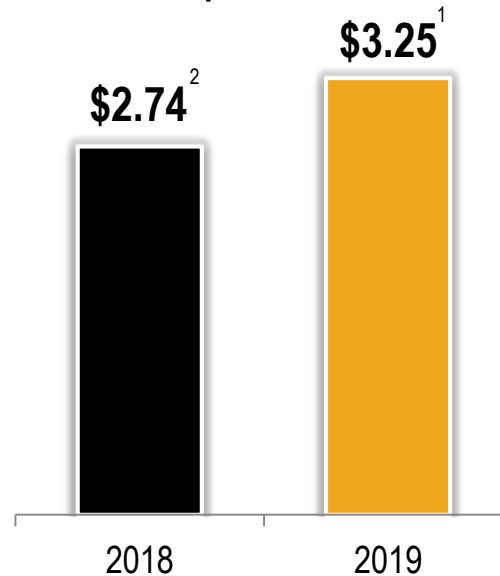
\$13.5



Profit Per Share

(in dollars)

\$3.25¹



1st Quarter Highlights

Sales and Revenues up 5%

- Increase primarily in Resource Industries and Construction Industries
- Energy & Transportation about flat

Profit

- Record 1Q profit per share

Financial Position

- \$1.2B in buybacks and dividends
- \$7.1B enterprise cash on hand

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¹ Profit Per Share for 2019 includes a discrete tax benefit of \$0.31 per share related to U.S. tax reform.

² Profit Per Share for 2018 includes restructuring costs of \$0.08 per share.

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Full Year 2019 Outlook

	2018 Actual	Previous 2019 Outlook ¹	Current 2019 Outlook ²
Profit Per Share	\$10.26	\$11.75 - \$12.75	\$12.06 - \$13.06

¹ As of January 28, 2019.

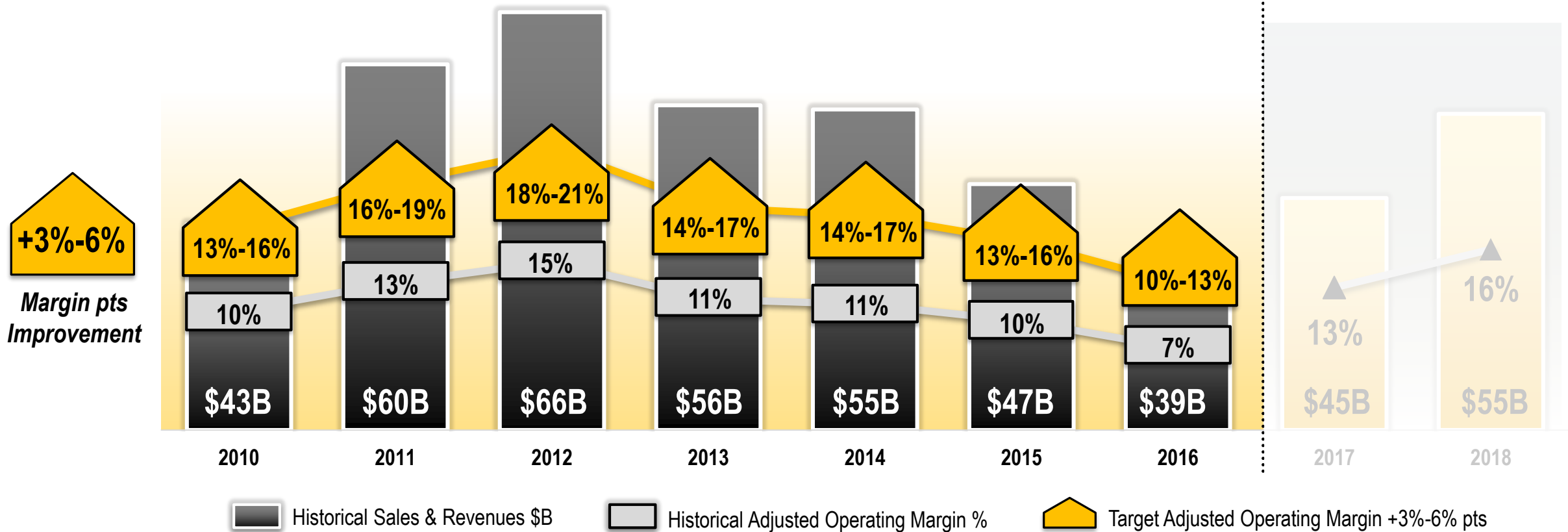
² As of April 24, 2019. Current outlook now includes a first-quarter discrete tax benefit related to U.S. tax reform of \$0.31 per share.

2019 Assumptions:

- Modest year-over-year sales increase
- Price realization offsetting higher costs
- About \$500M lower year-over-year short-term incentive compensation expense
- Restructuring costs of about \$100M to \$200M
- Tax rate 26%, excluding discrete tax items
- Capex of \$1.3B to \$1.5B

Improved Adjusted Operating Margin Performance Through the Cycles

Future Expected Adjusted Operating Margin Range **10% - 21%**



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INVESTOR DAY 2019

Note: Targeting 3%-6% pts improvement from 2010 – 2016 historical performance

Note: Targets are based on current business assumptions

Note: Target is not incremental to 2017 and 2018 performance

Note: A reconciliation of Adjusted Operating Margin to U.S. GAAP included in Appendix A

CATERPILLAR[®]

A Lean and Disciplined Company



Reduced Period Cost Structure

Over \$1.8B in annual restructuring savings ¹



Reduced Manufacturing Footprint

29% reduction in sq. ft. ¹



Disciplined Capex

Less than depreciation & amortization



Consistently Invested

~\$1.8B annually in R&D ²



Maintained Strong Balance Sheet

ME&T debt to EBITDA within targeted range



Delivered Solid ME&T Free Cash Flow

of \$6.1B in 2018 ³

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¹ Reduction from 2014 to 2018

² Invested at least \$1.8B in 2016, 2017 and 2018

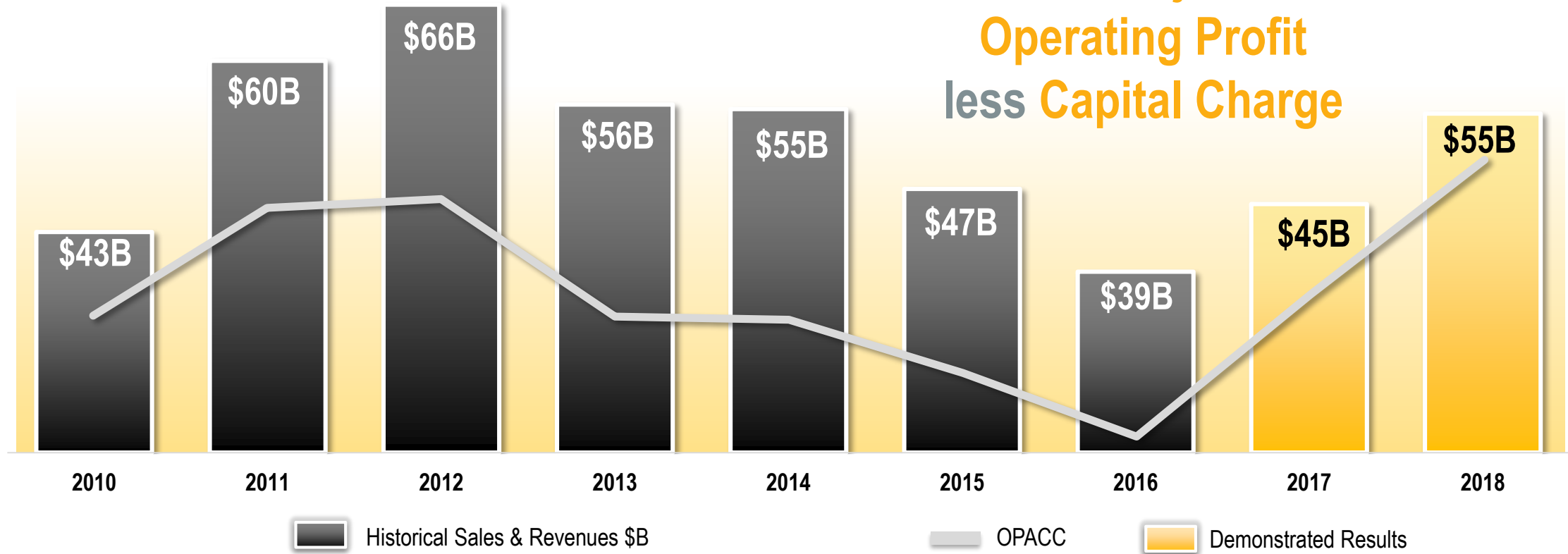
³ Excludes Discretionary Pension Contribution of \$1B

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OPACC is Our Internal Measure of Profitable Growth

OPACC Calculation

**ME&T Adjusted
Operating Profit
less Capital Charge**

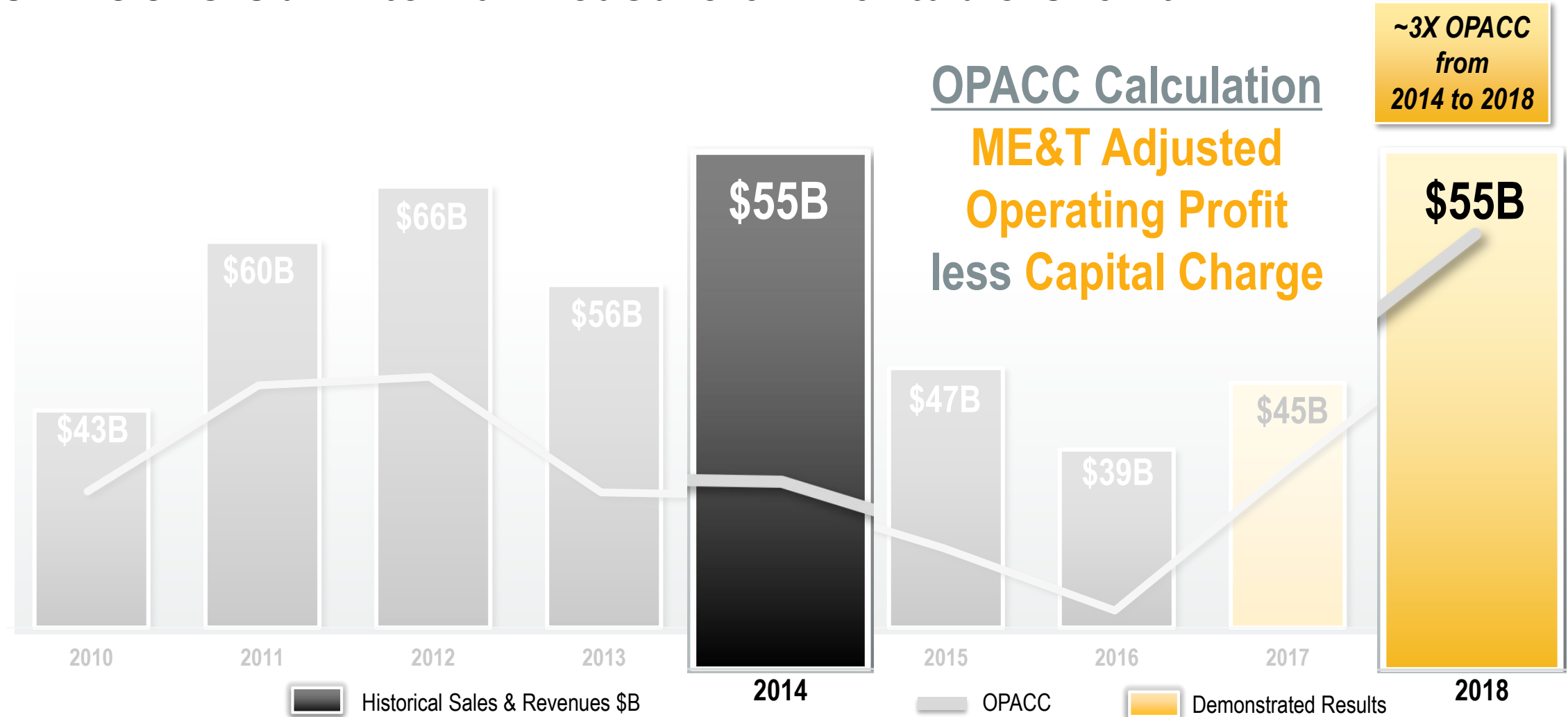


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OPACC is Our Internal Measure of Profitable Growth



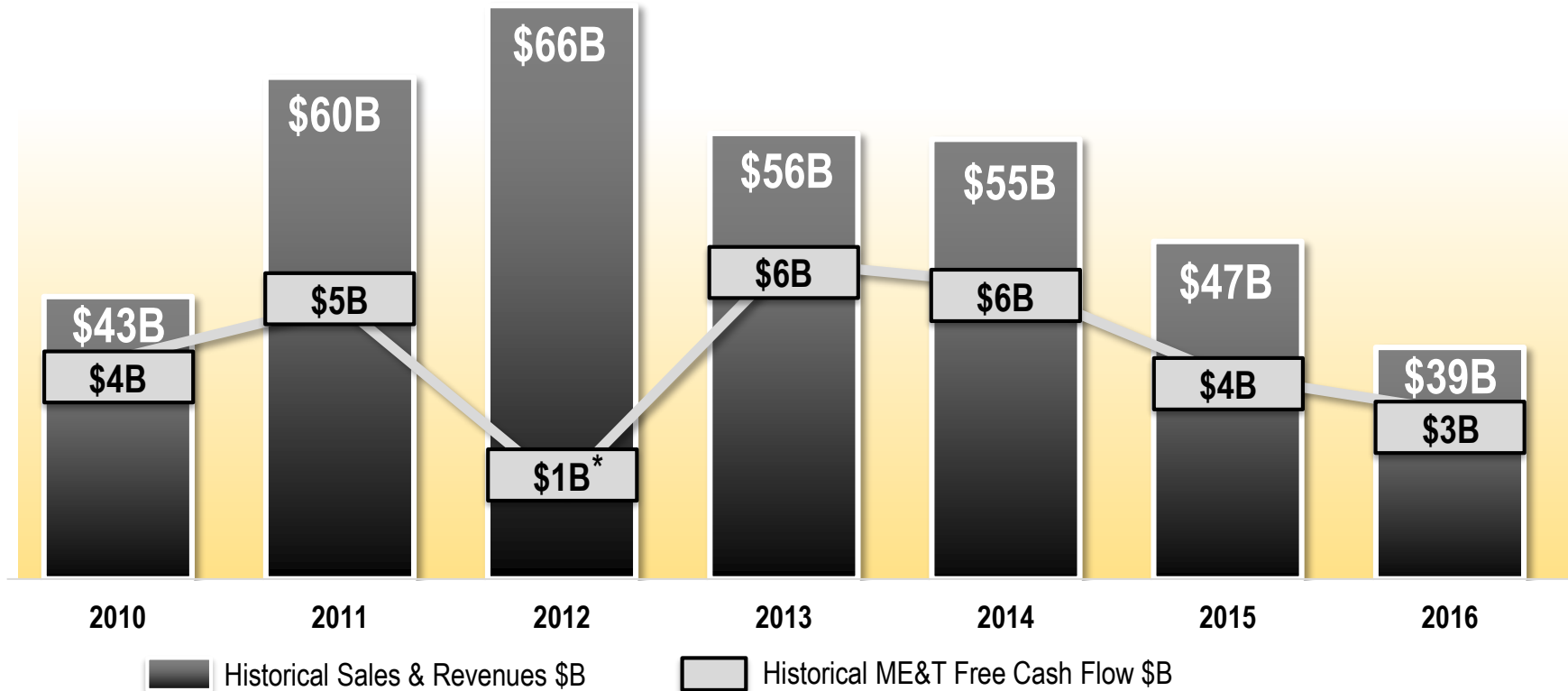
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Historical Free Cash Flow Results

*Historical ME&T Free Cash Flow Range \$3B-\$6B**



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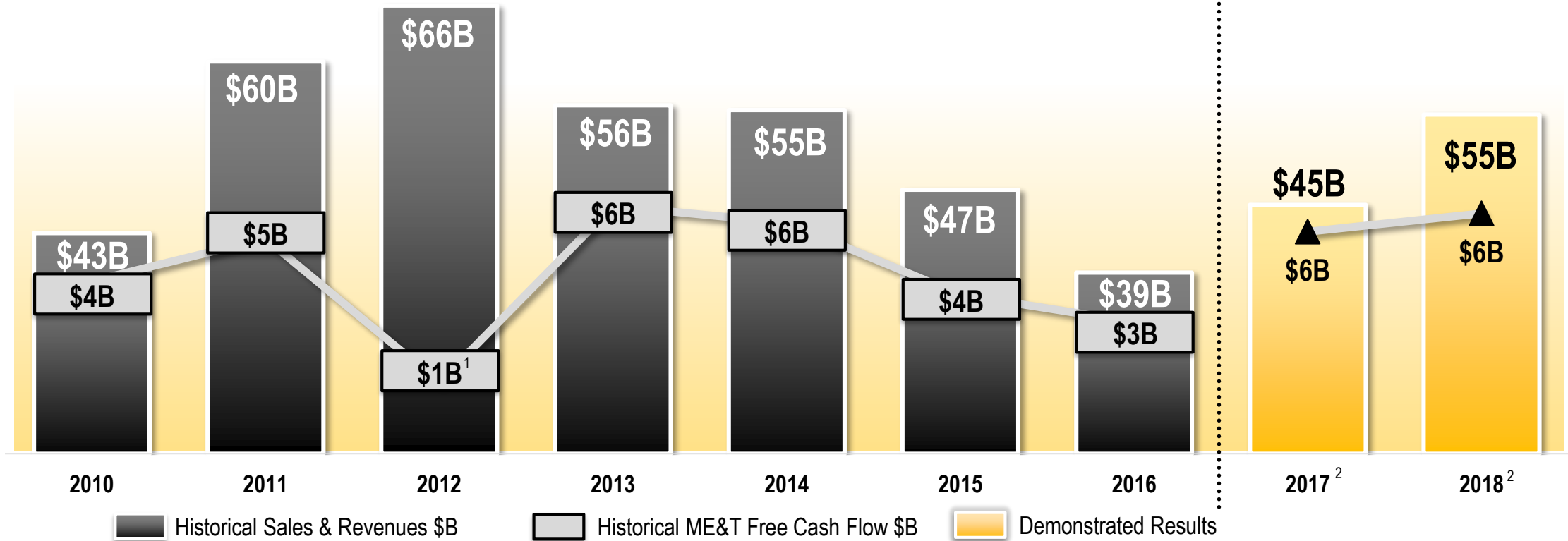
*Historical ME&T Free Cash Flow Range shown excludes 2012 due to a large unfavorable working capital impact and higher capex that is not expected to repeat
 Note: A definition and reconciliation of ME&T Free Cash Flow to US GAAP included in Appendix B



Delivered Stronger Free Cash Flow

Historical ME&T Free Cash Flow Range \$3B-\$6B¹

Strong Free Cash Flow
on Increased
Sales & Revenues



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¹ Historical ME&T Free Cash Flow Range shown excludes 2012 due to a large unfavorable working capital impact and higher capex that is not expected to repeat

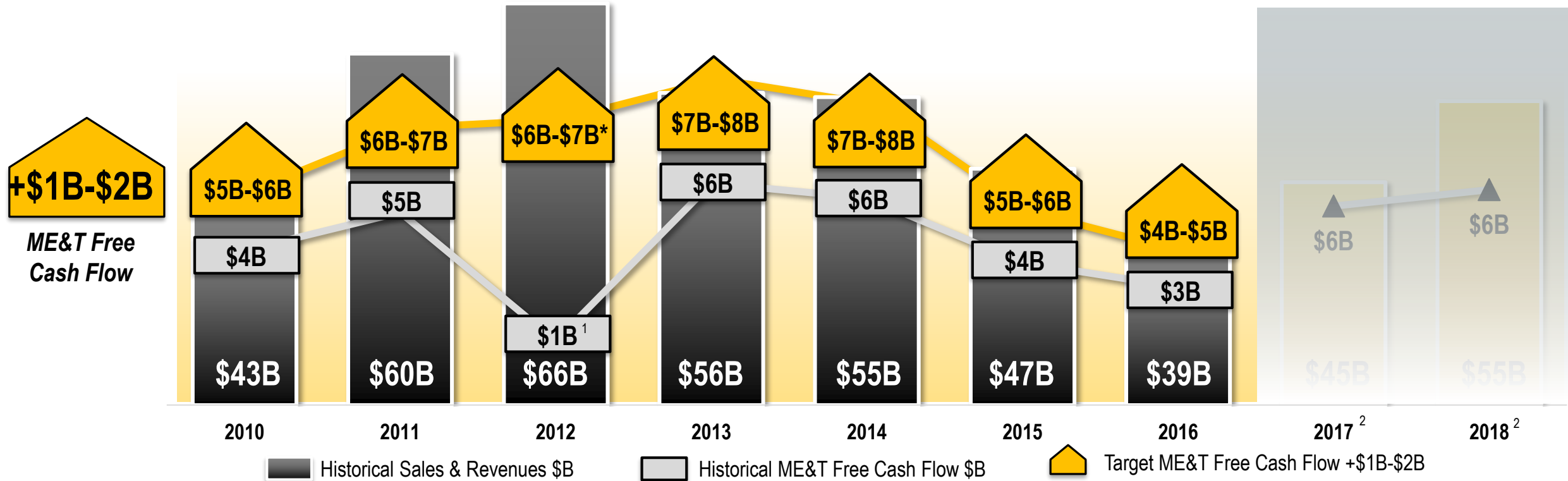
² Excludes Discretionary Pension Contribution of \$1B

Note: A definition and reconciliation of ME&T Free Cash Flow to US GAAP included in Appendix B



Improved Free Cash Flow Performance Through the Cycles

Future Expected ME&T Free Cash Flow Range **\$4B-\$8B**



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¹ Historical ME&T Free Cash Flow Range shown excludes 2012 due to a large unfavorable working capital impact and higher capex that is not expected to repeat

² Excludes Discretionary Pension Contribution of \$1B

Note: Targets are based on current business assumptions

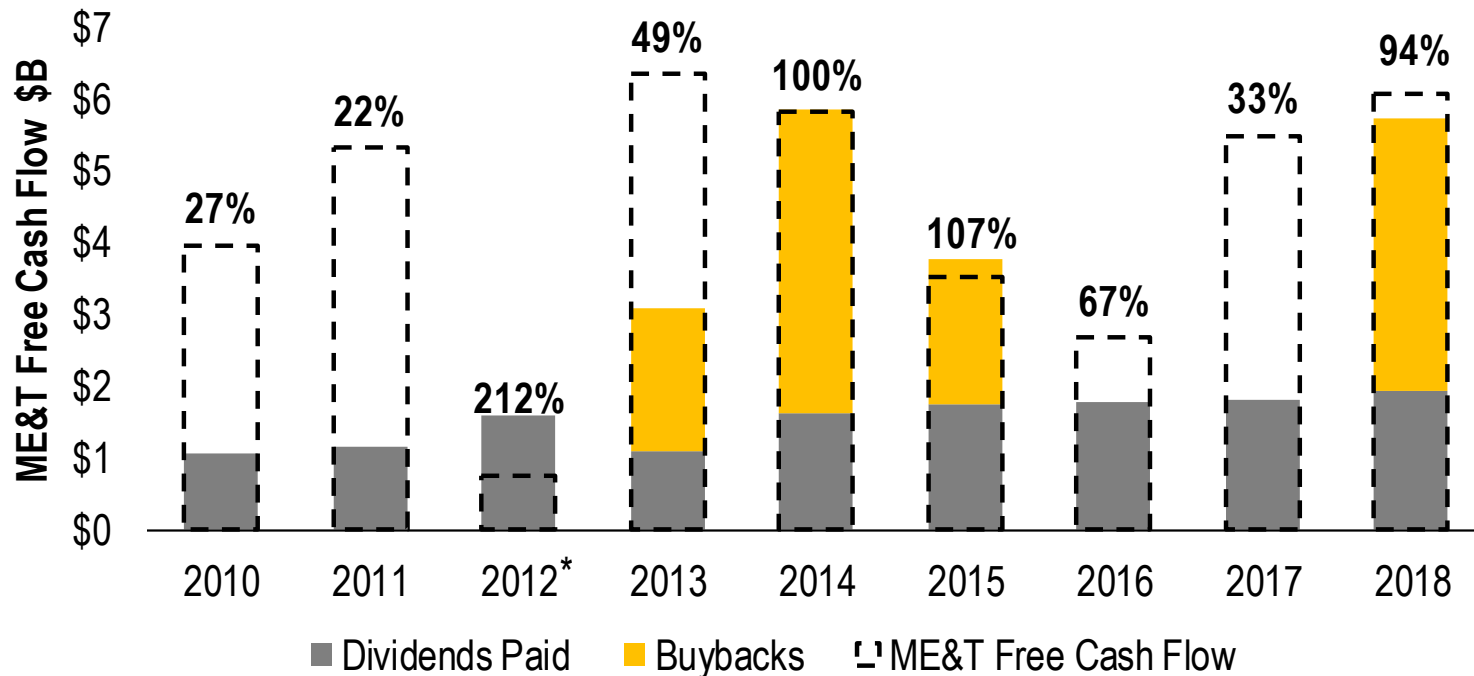
Note: Target is not incremental to 2017 and 2018 performance

Note: A definition and reconciliation of ME&T Free Cash Flow to US GAAP included in Appendix B



Inconsistent ME&T Free Cash Flow Deployment

% of ME&T Free Cash Flow Returned to Shareholders



65% of ME&T FCF returned to shareholders 2010-2018



Annual dividend increases the last 25 years



Historical share repurchases have been inconsistent

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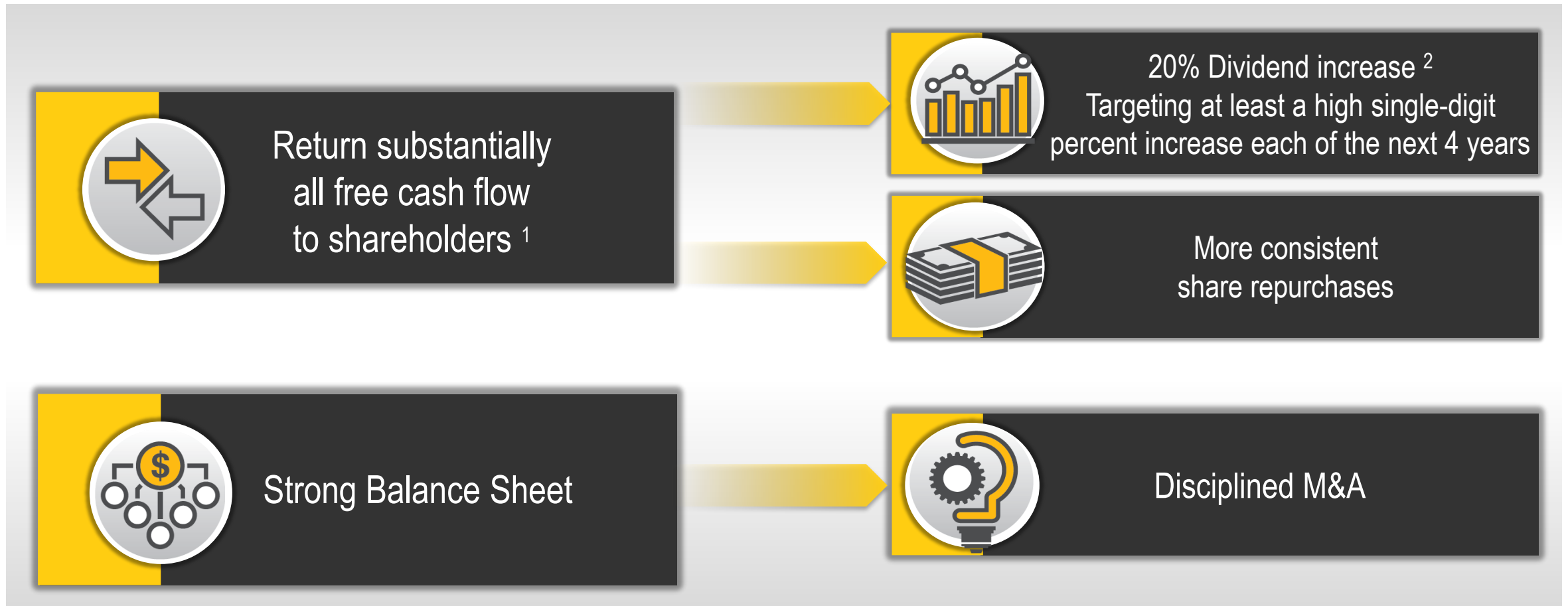
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* There were five dividend payments in 2012 due to the acceleration of the fourth quarter dividend payment from January 2013 to December 2012

Note: A definition and reconciliation of ME&T Free Cash Flow to US GAAP included in Appendix B

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Future ME&T FCF Deployment to Drive Improved Shareholder Returns



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¹ Target to return substantially all of ME&T free cash flow to shareholders based on current business assumptions

² Dividend payable on August 20, 2019 to shareholders of record at the close of business on July 22, 2019

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Why Invest in Caterpillar?



*Achieving
Targets*



*Financially
Stronger*



*Continuous
Operational
Improvement*



*Improving
Cash Flow*



*Investing
for Growth*



*Returning
Capital to
Shareholders*

Agenda

Welcome

Strategy Execution – **Jim Umpleby**

Services – **Bob De Lange**

Operational Excellence / Expanded Offerings – **Denise Johnson**

Financial Framework – **Andrew Bonfield**

Q&A – Executive Office

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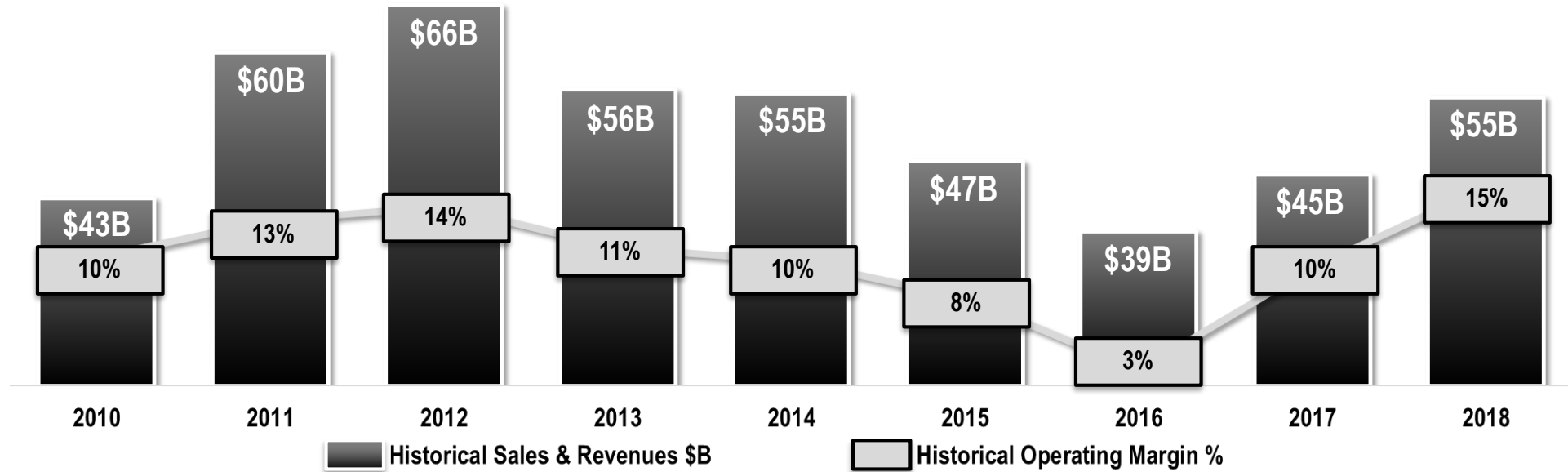
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Appendix

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Caterpillar Inc. – Appendix A of Reconciliation to U.S. GAAP

Operating Margin % to Adjusted Operating Margin %

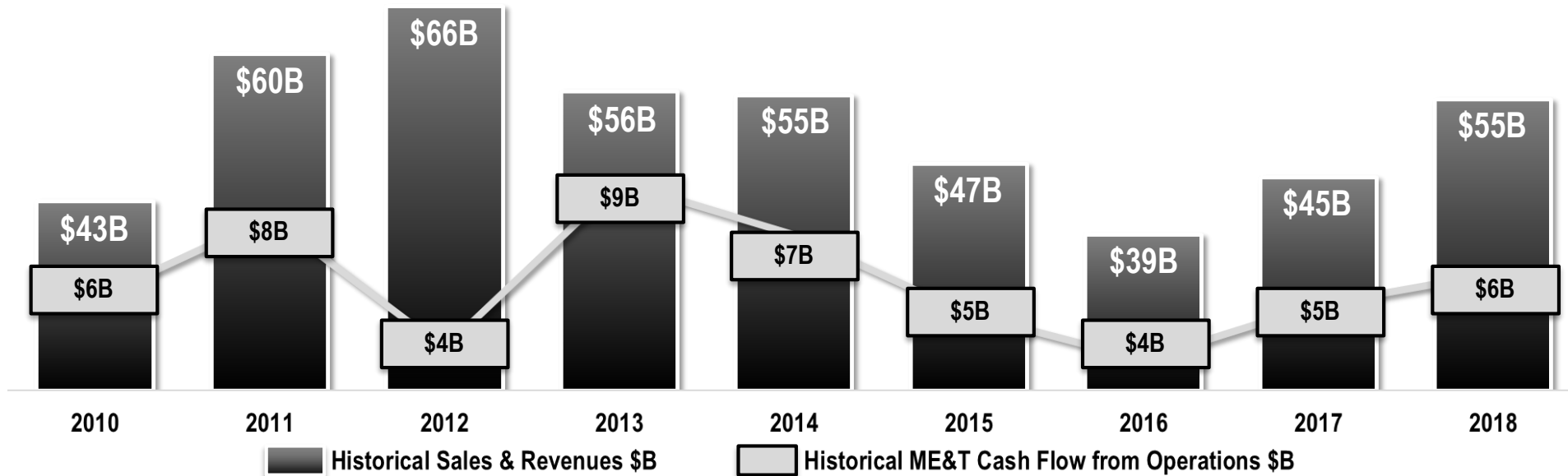


	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating margin %	10%	13%	14%	11%	10%	8%	3%	10%	15%
Operating margin % restructuring costs	-	-	-	-	1%	2%	3%	3%	1%
Operating margin % goodwill impairment	-	-	1%	-	-	-	2%	-	-
Adjusted operating margin %	10%	13%	15%	11%	11%	10%	7%	13%	16%

Note: Amounts may not add due to rounding.

Caterpillar Inc. – Appendix B of Reconciliation to U.S. GAAP

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



(USD in billions)	2010	2011	2012	2013	2014	2015	2016	2017	2018
ME&T cash flow from operations	\$ 6	\$ 8	\$ 4	\$ 9	\$ 7	\$ 5	\$ 4	\$ 5	\$ 6
ME&T discretionary pension and OPEB plan contributions	-	-	-	-	-	-	-	1	1
ME&T capital expenditures	(2)	(3)	(3)	(3)	(2)	(2)	(1)	(1)	(1)
ME&T free cash flow	\$ 4	\$ 5	\$ 1	\$ 6	\$ 6	\$ 4	\$ 3	\$ 6	\$ 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 annual 10-K filing.

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Caterpillar Inc. – Appendix C of Reconciliation to U.S. GAAP

Services Revenues to ME&T Services Sales

(USD in billions)	<u>2016</u>	<u>2018</u>
Services revenues	\$ 18	\$ 21
Financial Products' revenues	(3)	(3)
Discontinued products	<u>(1)</u>	<u>(1)</u>
ME&T services sales	\$ 14	\$ 18

Note: Amounts may not add due to rounding.

Note: Services - Enterprise services include, but are not limited to, aftermarket parts, Financial Products' revenues and other service-related revenues. Machinery, Energy & Transportation segments exclude Financial Products' revenues.