

CATERPILLAR INC.

Q1 2017 Quarterly Financial Results



Below are key highlights from Caterpillar Inc.'s Q1 2017 earnings results. For full financial results, please refer to the press release on Caterpillar's [Investor Relations site](http://www.caterpillar.com/investors). (<http://www.caterpillar.com/investors>)

2017 FIRST-QUARTER FINANCIAL RESULTS – KEY METRICS:

	FIRST QUARTER	
	2017	2016
(\$ in billions except per share data)		
Sales and Revenues	\$ 9.822	\$ 9.461
Profit Per Share	\$ 0.32	\$ 0.46
Profit Per Share (excluding restructuring costs)	\$ 1.28	\$ 0.64

FIRST-QUARTER HIGHLIGHTS:

- First-quarter sales and revenues up from 2016
- First time in ten quarters for higher year-over-year sales and revenues
- Outstanding operational performance in quarter

Comments on the first quarter from Caterpillar CEO Jim Umpleby:

"Our team delivered outstanding operational performance and, for the first time in more than two years, same quarter sales and revenues increased. We're also benefiting from our significant cost reduction and restructuring actions, which have improved cash flow and further strengthened an already healthy balance sheet. With this momentum, we will continue to focus investment on improving our competitive position by investing in new technologies and improving our productivity to deliver profit growth and shareholder value."

2017 FULL-YEAR OUTLOOK:

	Current Outlook	Previous Outlook
Sales and Revenues	\$38 – \$41 billion <i>with a midpoint of \$39.5 billion</i>	\$36 – \$39 billion <i>with a midpoint of \$37.5 billion</i>
Profit Per Share	\$2.10	\$2.30
Profit Per Share (excluding restructuring costs)	\$3.75	\$2.90

The 2017 outlook does not include a mark-to-market gain or loss for remeasurement of pension and OPEB plans. Profit per share at the midpoint of the sales and revenues range.

2017 OUTLOOK HIGHLIGHTS:

- Full-year sales and revenues outlook raised to a range of \$38 billion to \$41 billion
- Continued uncertainty and economic volatility driving caution for remainder of 2017

Comments on the first quarter from Caterpillar CEO Jim Umpleby:

"There are encouraging signs, with promising quoting activity in many of the markets we serve and retail sales to users turning positive for both machines and Energy & Transportation for the first time in several years. While we are raising the full-year outlook for sales and revenues, there continues to be uncertainty across the globe, potential for volatility in commodity prices, and weakness in key markets."

FIRST-QUARTER NEWS & NOTES (Click each story to learn more)



Caterpillar showcased digital efforts at **CONEXPO**



Caterpillar Visitors Center will be renamed to **honor retiring Chairman Doug Oberhelman**

Jim Buda, Caterpillar's chief legal officer, retired after a distinguished career of more than 30 years



For 16th straight year, Caterpillar named to **Fortune Magazine's 2017 World's Most Admired Companies list**



Caterpillar announced plans to establish its **global headquarters** in the Chicago area; location determined as **Deerfield, Illinois**



Productivity Services added to portfolio of technology-enabled Cat® Connect Services, helping customers streamline operations, control costs and reduce risk

FORWARD-LOOKING STATEMENTS

Certain statements in this press 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 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.

NON-GAAP FINANCIAL MEASURES

The following definition is provided for “non-GAAP financial measures” in connection with Regulation G issued by the Securities and Exchange Commission. The non-GAAP financial measures Caterpillar uses have no standardized meaning prescribed by U.S. GAAP and therefore are unlikely to be comparable to the calculation of similar measures for other companies. Management does not intend these items to be considered in isolation or substituted for the related GAAP measure.

PROFIT PER SHARE EXCLUDING RESTRUCTURING COSTS

The company incurred restructuring costs in 2016 and in the first quarter of 2017 and expects to incur additional restructuring costs during the remainder of 2017. The company believes it is important to separately quantify the profit per share impact of restructuring costs in order for Caterpillar’s results and outlook to be meaningful to readers as these costs are incurred in the current year to generate longer-term benefits.

Reconciliations of profit per share excluding restructuring costs to the most directly comparable GAAP measure, diluted profit per share, are as follows:

	FIRST QUARTER		2017 OUTLOOK	
	2016	2017	Previous ¹	Current ²
Profit Per Share	\$0.46	\$0.32	\$2.30	\$2.10
Per share restructuring costs³	\$0.18	\$0.96	\$0.60	\$1.65
Profit per share excluding restructuring costs	\$0.64	\$1.28	\$2.90	\$3.75

¹ 2017 Sales and Revenues Outlook in a range of \$36-39 billion (as of January 26, 2017). Profit per share at midpoint.

² 2017 Sales and Revenues Outlook in a range of \$38-\$41 billion. Profit per share at midpoint.

³ At estimated annual tax rate based on full-year outlook for per share restructuring costs at statutory tax rates. First-quarter 2017 and Current 2017 Outlook at an estimated annual tax rate of 22 percent plus a \$15 million increase to prior year taxes related to non-U.S. restructuring costs. First-quarter 2017 also includes a favorable interim adjustment of \$0.06 per share resulting from the difference in the estimated annual tax rate for consolidated reporting of 32 percent and the estimated annual tax rate for profit per share excluding restructuring costs and discrete items of 28 percent.