

# CATERPILLAR INC.

## Q2 2017 Quarterly Financial Results



Below are key highlights from Caterpillar Inc.'s Q2 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 SECOND-QUARTER FINANCIAL RESULTS – KEY METRICS:

(\$ in billions except profit per share data)	SECOND QUARTER	
	2017	2016
<b>Sales and Revenues</b>	\$11.331	\$10.342
<b>Profit Per Share</b>	\$ 1.35	\$ 0.93
<b>Adjusted Profit Per Share</b>	\$ 1.49	\$ 1.09

### SECOND-QUARTER HIGHLIGHTS:

- Second-quarter sales and revenues up \$1 billion from a year ago.
- Profitability across enterprise reflects strong operational performance.
- Delivered strong operating cash flow and increased the quarterly cash dividend.

### Comments on the second quarter from Caterpillar CEO Jim Umpleby:

*"Our team delivered an impressive quarter. As demand increased, we continued to control costs and generated higher profit margins. While a number of our end markets remain challenged, construction in China and gas compression in North America were highlights in the quarter. Mining and oil-related activities have come off of recent lows, and we are seeing improving demand for construction in most regions."*

### 2017 FULL-YEAR OUTLOOK (as of July 25, 2017):

	Current Outlook	Previous Outlook
<b>Sales and Revenues</b>	\$42 – \$44 billion with a midpoint of \$43 billion	\$38 – \$41 billion with a midpoint of \$39.5 billion
<b>Profit Per Share</b>	\$3.50	\$2.10
<b>Adjusted Profit Per Share</b>	\$5.00	\$3.75

Profit per share and adjusted profit per share are at the midpoint of the sales and revenues range. The 2017 adjusted profit per share outlook excludes restructuring costs and a gain on the sale of an equity investment in IronPlanet.

### 2017 OUTLOOK HIGHLIGHTS:

- Raised full-year outlook for 2017 sales and revenues and profit per share.
- Some risks remain in the outlook, including weakness in the Middle East and Latin America, as well as geopolitical and commodity risk.



### Comments from Caterpillar CEO Jim Umpleby:

*"Given our performance in the first half of the year and current quotation and ordering activity, we are confident in raising our full-year 2017 outlook. We remain focused on serving our customers, delivering strong operational performance and executing our ongoing restructuring activities. During the second half of 2017, we anticipate making targeted investments in initiatives that are important to our future competitiveness, including enhanced digital capabilities and accelerating technology updates to our products. We intend to do this without adding to the structural costs we've worked so hard to streamline. These investments will prepare us to take advantage of the growth opportunities ahead."*

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



**Vice president retirements, appointments and organizational changes**

-  [Click here to read the June 15 press release](#)
-  [Click here to read the June 28 press release](#)



**Increased quarterly cash dividend**



Former AT&T executive  
**Ray Wilkins joins Caterpillar's Board of Directors**

Caterpillar highlights commitment to "Building Better" and making sustainable progress possible in **2016 Annual Report and Sustainability Report**



Caterpillar celebrates **50th anniversary of the D5 track-type tractor** and **Athens, Georgia, facility ships 30,000th machine**



**50 YEARS**  
**30,000th MACHINE**



**Caterpillar and Westrac-China win large hydraulic excavator deal** in Inner Mongolia, China



**Strategic alliance with Ritchie Bros.** launches



**Cat® excavator makes appearance** in "Transformers: The Last Knight" movie

**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 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.

## ADJUSTED PROFIT PER SHARE

Caterpillar believes it is important to separately quantify the profit impact of two special items in order for the company's results to be meaningful to readers. These items consist of restructuring costs, which are incurred in the current year to generate longer term benefits, and a gain on sale of an equity investment. Caterpillar does not consider these items indicative of earnings from ongoing business activities and believes the non-GAAP measure will provide useful perspective on underlying business results and trends, and a means to assess the company's period-over-period results.

### Reconciliations of adjusted profit per share to the most directly comparable GAAP measure, diluted profit per share, are as follows:

	SECOND QUARTER		2017 OUTLOOK	
	2016	2017	Previous <sup>1</sup>	Current <sup>2</sup>
<b>Profit Per Share</b>	\$0.93	\$1.35	\$2.10	\$3.50
<b>Per share restructuring costs<sup>3</sup></b>	\$0.16	\$0.23	\$1.65	\$1.59
<b>Per share gain on sale of equity investment<sup>4</sup></b>	—	(\$0.09)	—	(\$0.09)
<b>Adjusted Profit Per Share</b>	\$1.09	\$1.49	\$3.75	\$5.00

<sup>1</sup> 2017 Sales and Revenues Outlook in a range of \$38-\$41 billion (as of April 25, 2017). Profit per share at midpoint.

<sup>2</sup> 2017 Sales and Revenues Outlook in a range of \$42-\$44 billion. Profit per share at midpoint.

<sup>3</sup> At estimated annual tax rate based on full-year outlook for per share restructuring costs at statutory tax rates. Second-quarter 2017 and 2017 Outlook at an estimated annual rate of 22 percent. 2017 Outlook includes \$15 million increase to prior year taxes related to non-U.S. restructuring costs recognized in the first quarter of 2017. Second-quarter 2017 includes a favorable interim adjustment of \$0.01 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, gain on sale of equity investment and discrete items of 29 percent.

<sup>4</sup> At U.S. statutory tax rate of 35 percent.