

Fourth Quarter 2017 Earnings Teleconference

February 6, 2018





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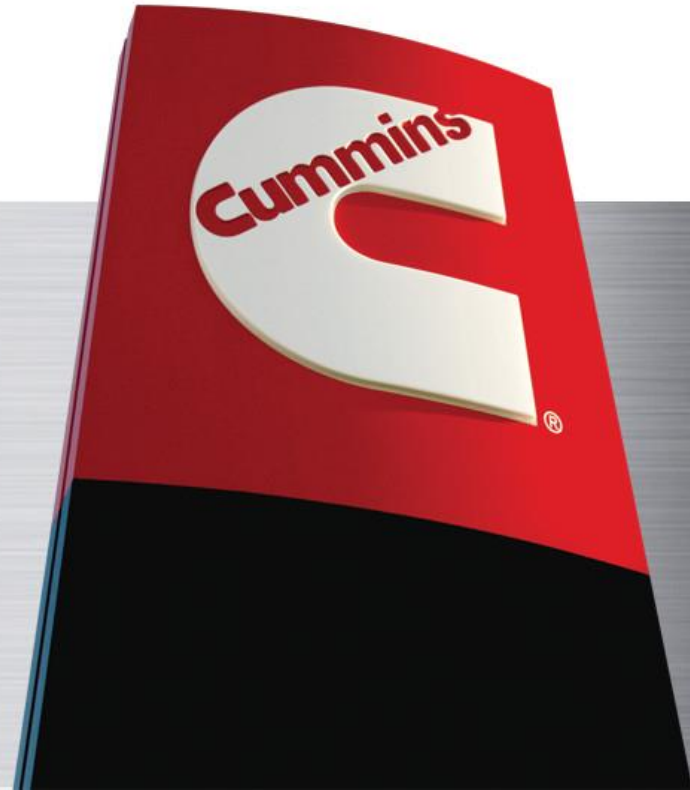
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Disclosure Regarding Forward-Looking Statements

Information provided in this presentation that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our forecasts, expectations, hopes, beliefs and intentions on strategies regarding the future. Our actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to: the adoption and implementation of global emission standards; the price and availability of energy; the pace of infrastructure development; increasing global competition among our customers; general economic, business and financing conditions; governmental action; changes in our customers' business strategies; competitor pricing activity; expense volatility; labor relations; and other risks detailed from time to time in our Securities and Exchange Commission filings, particularly in the Risk Factors section of our 2016 Annual Report on Form 10-K. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this presentation and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.

2017 Summary





Cummins Inc.

Selected Financial Data - Full Year

\$Millions	2017	2016
Sales	20,428	17,509
Gross Margin (% of Sales)	24.9%	25.4%
SAR (% of Sales)	15.4%	15.3%
EBIT ¹	2,485	1,999
EBIT (% of Sales)	12.2%	11.4%
GAAP Net Income attributable to Cummins Inc. ²	1,776	1,394
GAAP Net Income (% of Sales)	8.7%	8.0%
Diluted EPS ³	\$10.62	\$8.23
Dividend Per Share	\$4.21	\$4.00
ROANA ⁴	26%	22%
ROE ⁴	22%	18%

¹2017 EBIT excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

²2017 GAAP Net Income excludes \$777 million of tax charges related to the Tax Cuts and Jobs Act.

³2017 Diluted EPS excludes \$777 million of tax charges related to the Tax Cuts and Jobs Act.

⁴2017 ROANA and ROE calculations exclude the tax charges related to the Tax Cuts and Jobs Act.



Cash Flow

\$Millions	2017	2016
Operating Cash Inflow	2,277	1,939
Capital Expenditures	506	531
Working Capital Measure	4,205	3,846
Working Capital Measure (% of Net Sales)	20.6%	22.0%
Debt to Capital %	19.7%	20.6%



2017 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	Intersegment Eliminations	Total
Year ended December 31, 2017						
Net Sales	8,953	7,058	5,889	4,058	(5,530)	20,428
<i>Sales growth vs 2016</i>	15%	14%	22%	15%	15%	17%
EBIT ¹	982	388	766	294	55	2,485
Segment EBIT %	11.0%	5.5%	13.0%	7.2%		12.2%
Year ended December 31, 2016						
Net Sales	7,804	6,181	4,836	3,517	(4,829)	17,509
EBIT	686	392	641	263	17	1,999
Segment EBIT %	8.8%	6.3%	13.3%	7.5%		11.4%

¹2017 EBIT excludes the impact of recent tax legislation that reduced Engine Segment EBIT by \$23 million, Components Segment EBIT by \$12 million, and Distribution Segment EBIT by \$4 million.



Cummins Inc.

Selected Financial Data - Quarter

\$Millions	Q4'17	Q4'16
Sales	5,476	4,503
Gross Margin (% of Sales)	25.1%	24.9%
SAR (% of Sales)	15.3%	15.0%
EBIT ¹	659	526
EBIT (% of Sales)	12.0%	11.7%
GAAP Net Income attributable to Cummins Inc. ²	503	378
GAAP Net Income (% of Sales)	9.2%	8.4%
Diluted EPS ³	\$3.03	\$2.25
Dividend Per Share	\$1.08	\$1.025

¹Q4'17 EBIT excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

²Q4'17 GAAP Net Income excludes \$777 million of tax charges related to the Tax Cuts and Jobs Act.

³Q4'17 Diluted EPS excludes \$777 million of tax charges related to the Tax Cuts and Jobs Act.

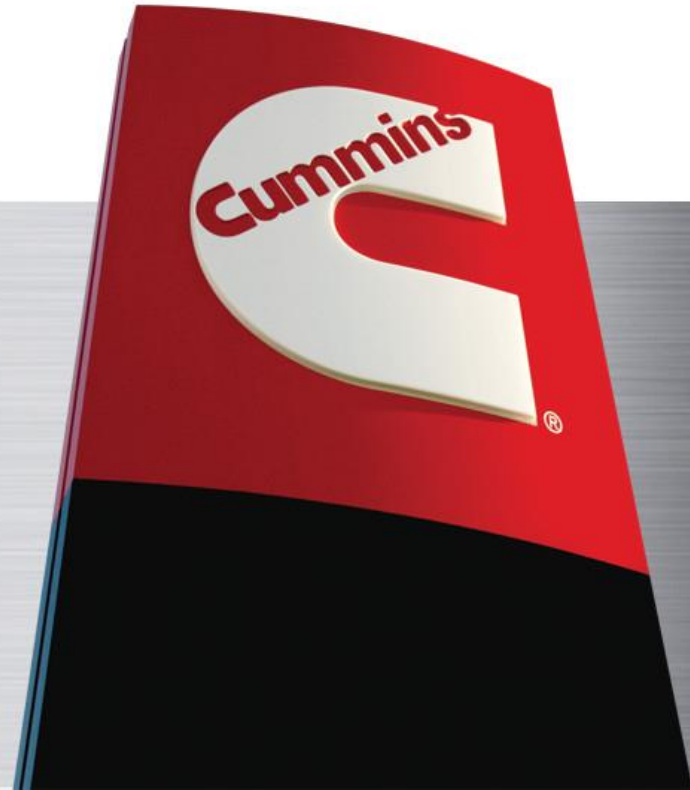


Q4'17 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	Intersegment Eliminations	Total
Three months ended December 31, 2017						
Net Sales	2,287	1,938	1,558	1,103	(1,410)	5,476
<i>Sales growth vs Q4'16</i>	16%	16%	32%	18%	13%	22%
EBIT ¹	247	101	180	95	36	659
Segment EBIT %	10.8%	5.2%	11.6%	8.6%		12.0%
Three months ended December 31, 2016						
Net Sales	1,967	1,670	1,177	932	(1,243)	4,503
EBIT	194	122	140	68	2	526
Segment EBIT %	9.9%	7.3%	11.9%	7.3%		11.7%

¹Q4'17 EBIT excludes the impact of recent tax legislation that reduced Engine Segment EBIT by \$23 million, Components Segment EBIT by \$12 million, and Distribution Segment EBIT by \$4 million.

2018 Guidance





Guidance for 2018 Consolidated Results

Item	Full Year Guidance
Consolidated Revenue	Up 4 to 8%
Earnings from JVs ¹	Down 15%
EBITDA Margin	15.8 to 16.2%
Depreciation & Amortization	\$660 to \$680 M
Effective Tax Rate ²	23.0%
Capital Expenditures	\$730 to \$760 M
Global Pension Funding	\$38 M
Interest Expense	\$85 M

¹ 2018 guidance for JV earnings is relative to 2017 JV earnings excluding the \$39 million tax charges related to the Tax Cuts and Jobs Act.

² Excluding discrete income tax items



Guidance for 2018 Segment Results

Item	Engine	Distribution	Components*	Power Systems	Electrification
Consolidated Revenue Growth	Up 4 to 8%	Up 2 to 6%	Up 8 to 12%	Up 4 to 8%	\$10M to \$30M
2018 EBITDA Margins (% of Revenue)	14.0 to 14.5%	7.75 to 8.25%	15.0 to 15.5%	12.25 to 12.75%	(\$80M) to (\$60M)
2017 EBITDA Margins ¹ (% of Revenue)	13.0%	7.1%	15.8%	10.1%	N/A

¹2017 EBITDA excludes the impact of recent tax legislation that reduced Engine Segment EBITDA by \$23 million, Components Segment EBITDA by \$12 million, and Distribution Segment EBITDA by \$4 million.

*Components 2018 revenue and EBITDA margin guidance includes Eaton Cummins Joint Venture revenue of \$430 million and net EBITDA loss of \$35 million.



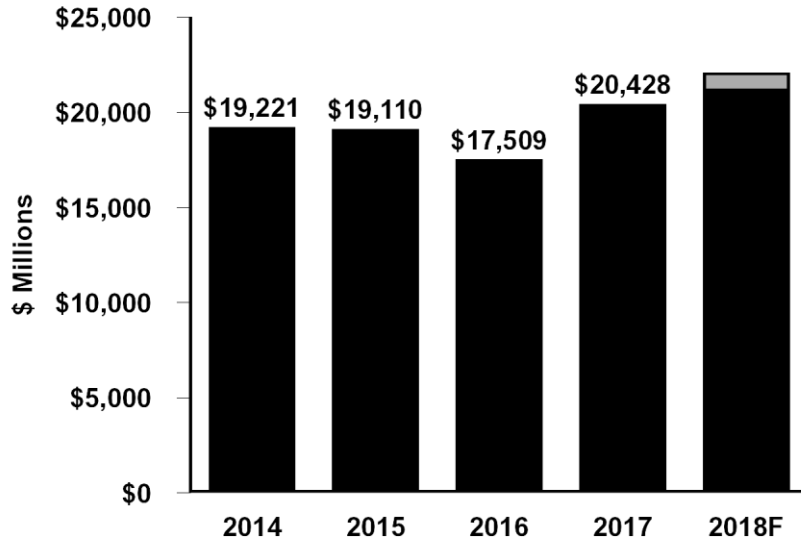
Key On-Highway Engine Markets - 2018

Key Market	2017	2018	Change Market Size
	Actual	Forecast	
Heavy Duty Truck - NAFTA Class 8, Group 2 - Production	221K units	266K units	Up 20%
Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production	118K units	124K units	Up 5%
Heavy & Medium Truck - China Sales	1,346K units	1,152K units	Down 14%
Heavy & Medium Truck - India Production	327K units	370K units	Up 13%
Heavy & Medium Truck - Brazil Production	83K units	84K units	Up 1%

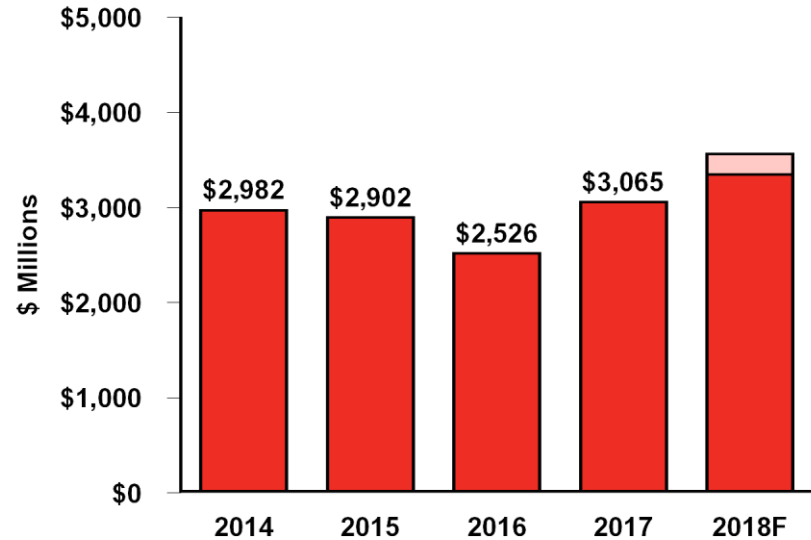


Cummins Inc.

Sales



EBITDA¹



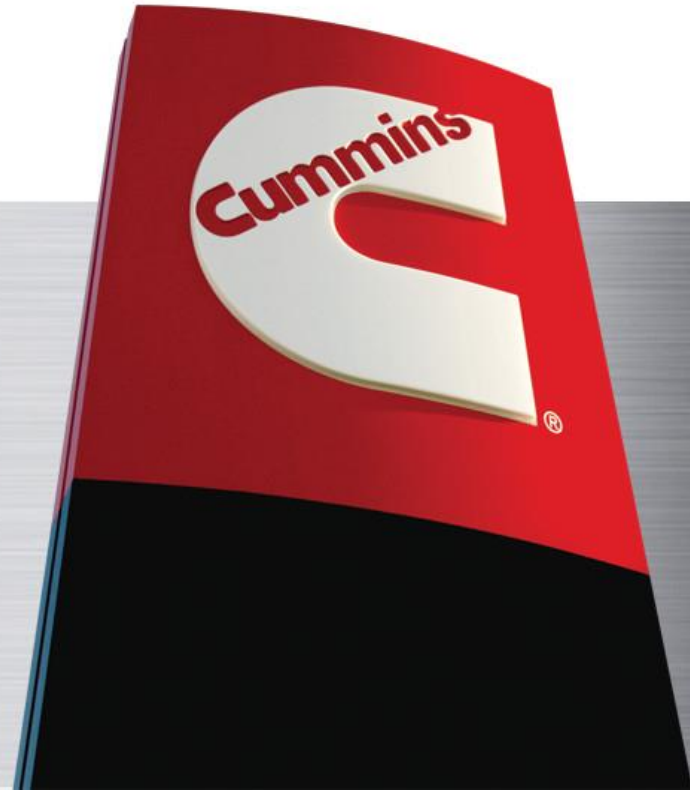
2018 Guidance

Sales Up 4 to 8%

EBITDA 15.8 to 16.2%

¹ 2014 EBITDA excludes \$32 million in operating actions within PSBU. 2015 EBITDA excludes \$211 million of impairment of light-duty diesel assets and \$90 million of restructuring actions and other charges. 2017 EBITDA excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

2017 Supplemental Information





Engine Segment Selected Financial Data

\$Millions	Q4'17	Q4'16	Change
Sales	2,287	1,967	+16%
EBIT ¹	247	194	+27%
EBIT (% of Sales)	10.8%	9.9%	

- Sales increased due to a 14% increase in on-highway revenues and a 27% increase in off-highway revenues.
- EBIT margin increased primarily due to higher volumes, stronger joint venture earnings in China, and material cost reductions.

¹Q4'17 EBIT excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.



Engine Segment - Sales by Market

\$Millions	Q4'17	Q4'16	Change
Heavy-Duty Truck	730	565	+29%
Medium-Duty Truck & Bus	643	606	+6%
Light-Duty Automotive	423	409	+3%
On-Highway	1,796	1,580	+14%
Off-Highway	491	387	+27%

- On-highway revenues increased primarily due to higher industry production and market share gains in the medium and heavy-duty truck markets in North America.
- Off-highway revenues increased as a result of strong demand for construction equipment in North America and China.



Distribution Segment Selected Financial Data

\$Millions	Q4'17	Q4'16	Change
Sales	1,938	1,670	+16%
EBIT ¹	101	122	-17%
EBIT (% of Sales)	5.2%	7.3%	

- Sales increased primarily due to stronger demand in North America for both off-highway engines and parts & services.
- EBIT margins declined primarily due to higher variable compensation as a result of stronger overall Company performance and the absence of a one-time \$15 million gain in the prior period, which more than offset the benefits of higher sales.

¹Q4'17 EBIT excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.



Components Segment Selected Financial Data

\$Millions	Q4'17	Q4'16	Change
Sales	1,558	1,177	+32%
EBIT ¹	180	140	+29%
EBIT (% of Sales)	11.6%	11.9%	

- North America sales increased 35% due to higher truck production and the inclusion of Eaton Cummins Joint Venture revenues. International sales increased 30% due to additional content in India driven by Bharat Stage IV implementation and market growth in China.
- EBIT as percent of sales declined as a result of start-up costs related to the Eaton Cummins Joint Venture. Excluding the joint venture, EBIT as percent of sales improved 1.2% as the benefits of stronger volumes and the execution of cost reduction initiatives more than offset higher variable compensation.

¹Q4'17 EBIT excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.



Power Systems Segment Selected Financial Data

\$Millions	Q4'17	Q4'16	Change
Sales	1,103	932	+18%
EBIT	95	68	+40%
EBIT (% of Sales)	8.6%	7.3%	

- Industrial revenue increased 51% primarily due to increased demand in mining and oil & gas markets. Power generation sales increased 6% due to stronger global demand.
- EBIT margins increased primarily due to higher volumes and material cost reductions, partially offset by higher variable compensation and the absence of a one-time \$17 million gain in the prior period for the divestiture of a joint venture.



Joint Venture Income - Full Year

\$Millions	2017	2016
Engine	242	148
Distribution	48	70
Components	52	41
Power Systems	54	42
Total JV Income ¹	396	301

- Earnings for Engine, Components and Power Systems increased primarily due to stronger results in China.
- Earnings for Distribution decreased primarily due to the acquisition of the last remaining North American distributor joint venture in Q4'16.

¹2017 JV Income excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.



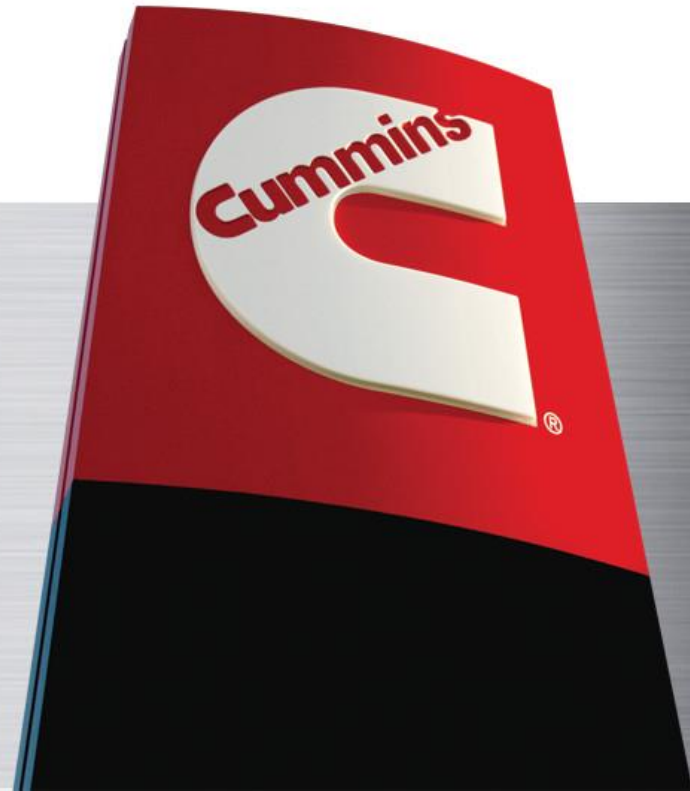
Joint Venture Income - Quarter

\$Millions	Q4'17	Q4'16
Engine	56	28
Distribution	13	14
Components	12	12
Power Systems	14	13
Total JV Income ¹	95	67

- Earnings improved primarily due to stronger results in China.

¹Q4'17 JV Income excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

Appendix





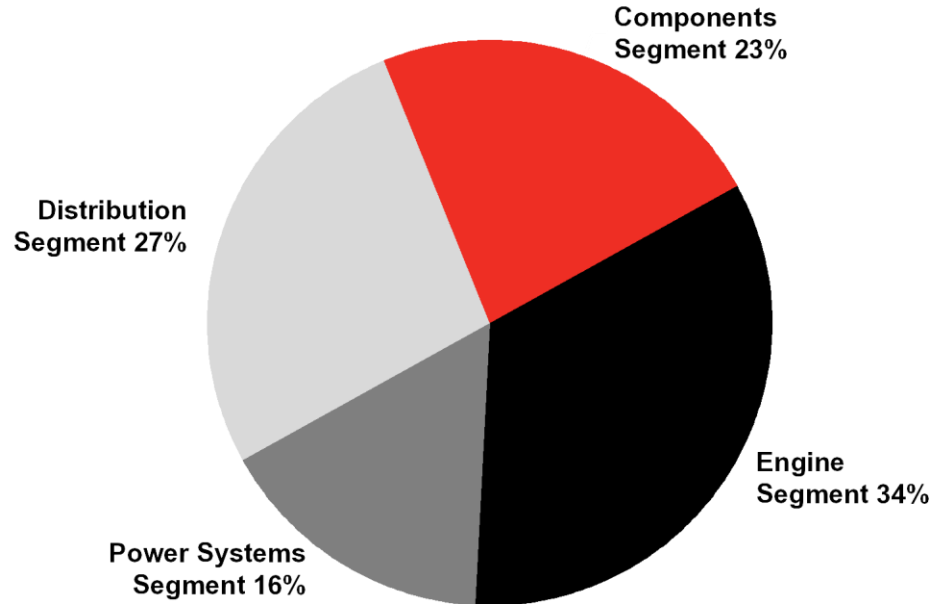
Cummins Inc.

- Strong product portfolio and global partners
- Macro growth trends play to Cummins' strengths
- Disciplined investment for growth
- Demonstrated technology leadership

2017 Results

Sales: \$20.4 billion
EBIT¹: \$2.5 billion
EBIT%: 12.2%

2017 Revenue by Segment



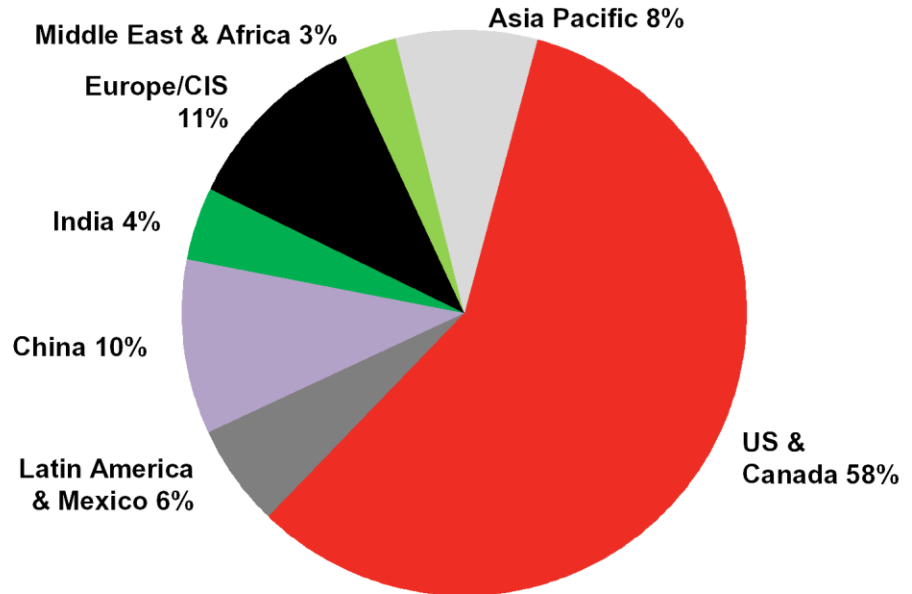
¹2017 EBIT excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.



Cummins Inc.

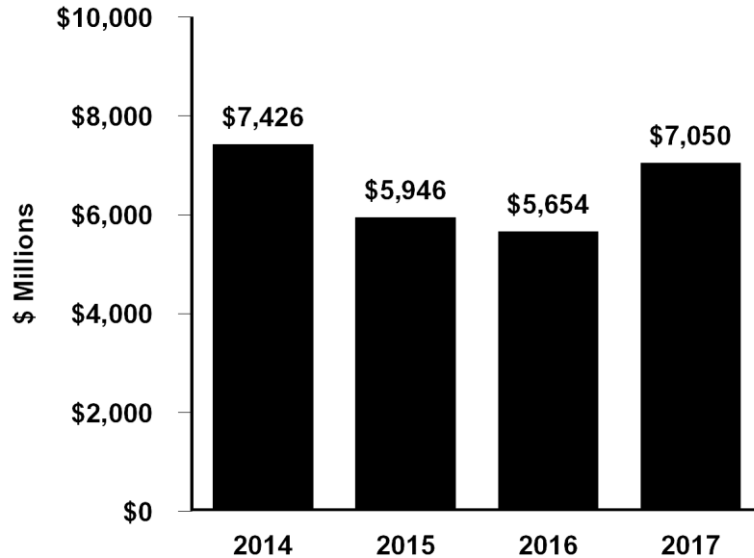
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories

2017 Revenue by Marketing Territory

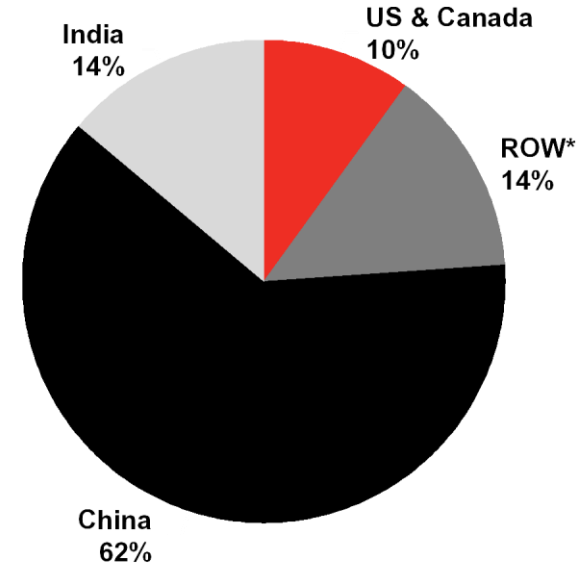




Cummins - Joint Venture Sales Unconsolidated



2017 Revenue



- Increased demand in China for off-highway equipment and commercial vehicles is the primary driver of the increase in revenues.

* Rest of world



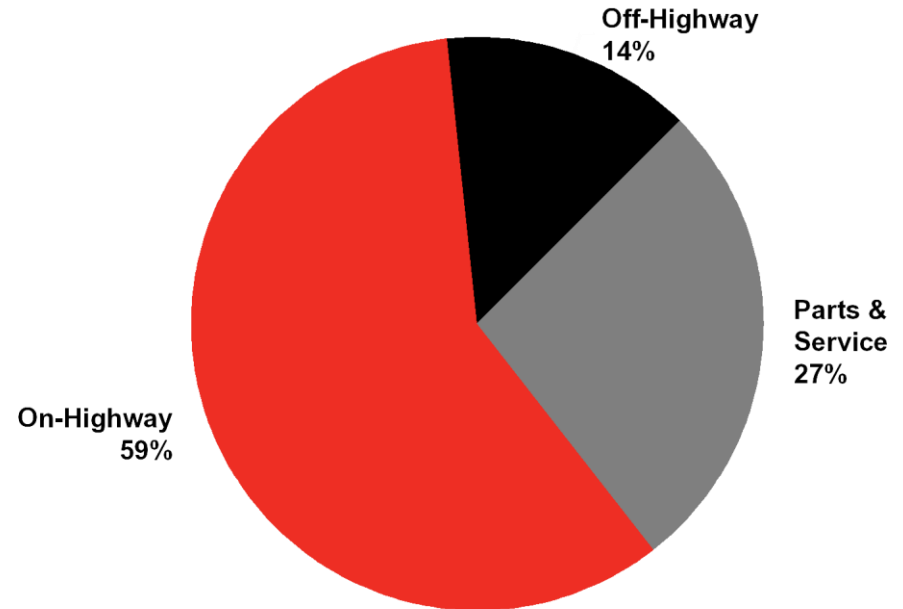
Engine Segment - Overview

- Diesel and natural gas engines from 2.8L to 15L and 48 hp to 715 hp
- Long-term engine supply agreements with key customers to stabilize pricing and to jointly engineer better integrated vehicles to market
- Leading market share in multiple end-markets and geographies

2017 Results

Sales: \$9.0 billion
EBIT¹: \$982 million
EBIT%: 11.0%

2017 Revenue by Product

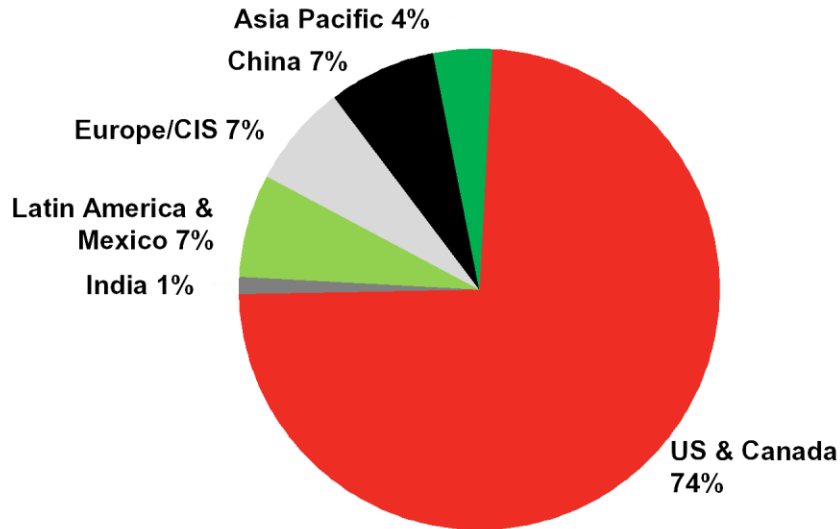


¹2017 EBIT excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.

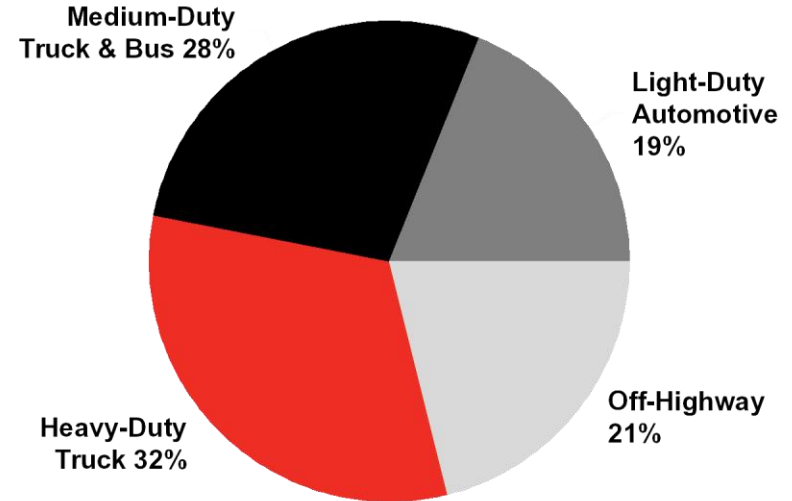


Engine Segment - Sales Mix

Geographic



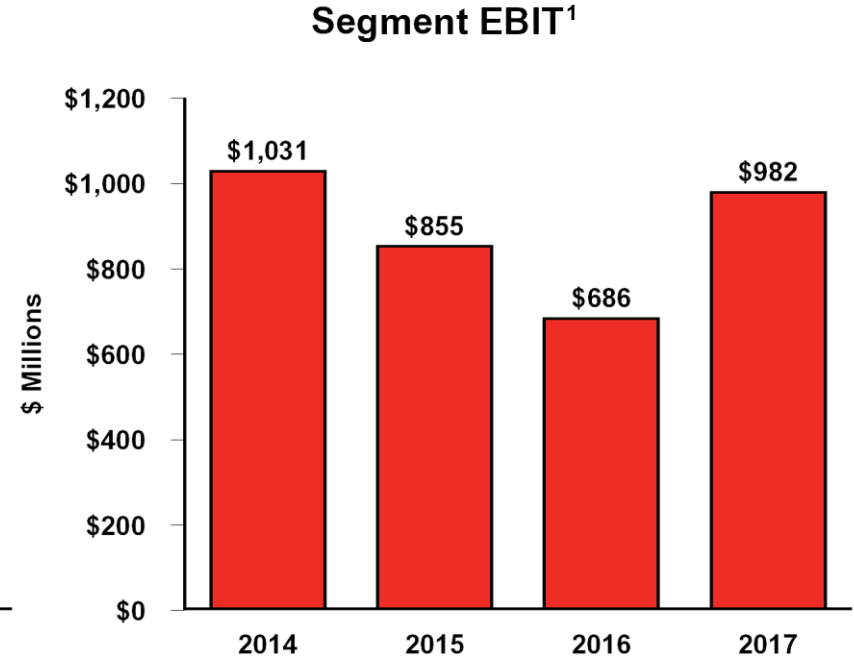
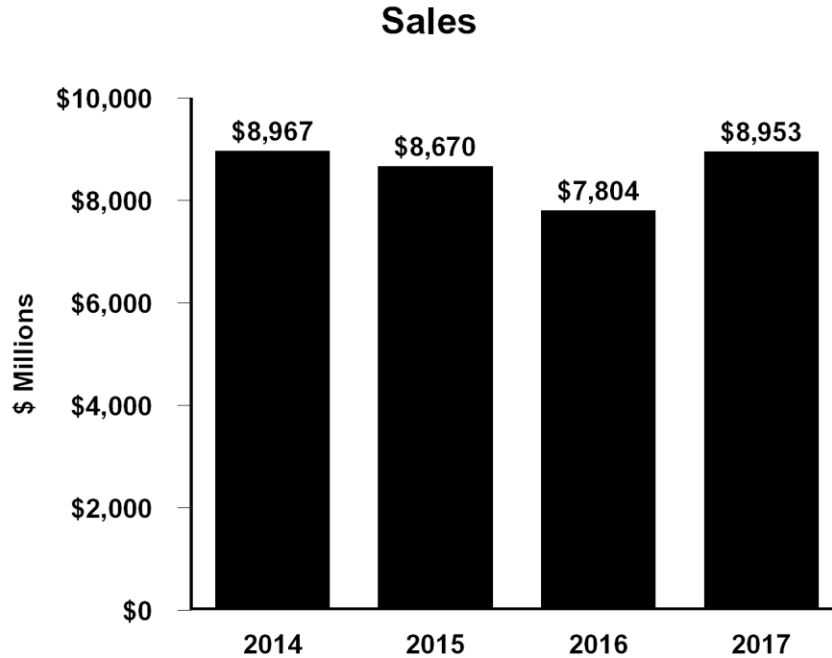
Application



2017 Revenue: \$9.0 billion



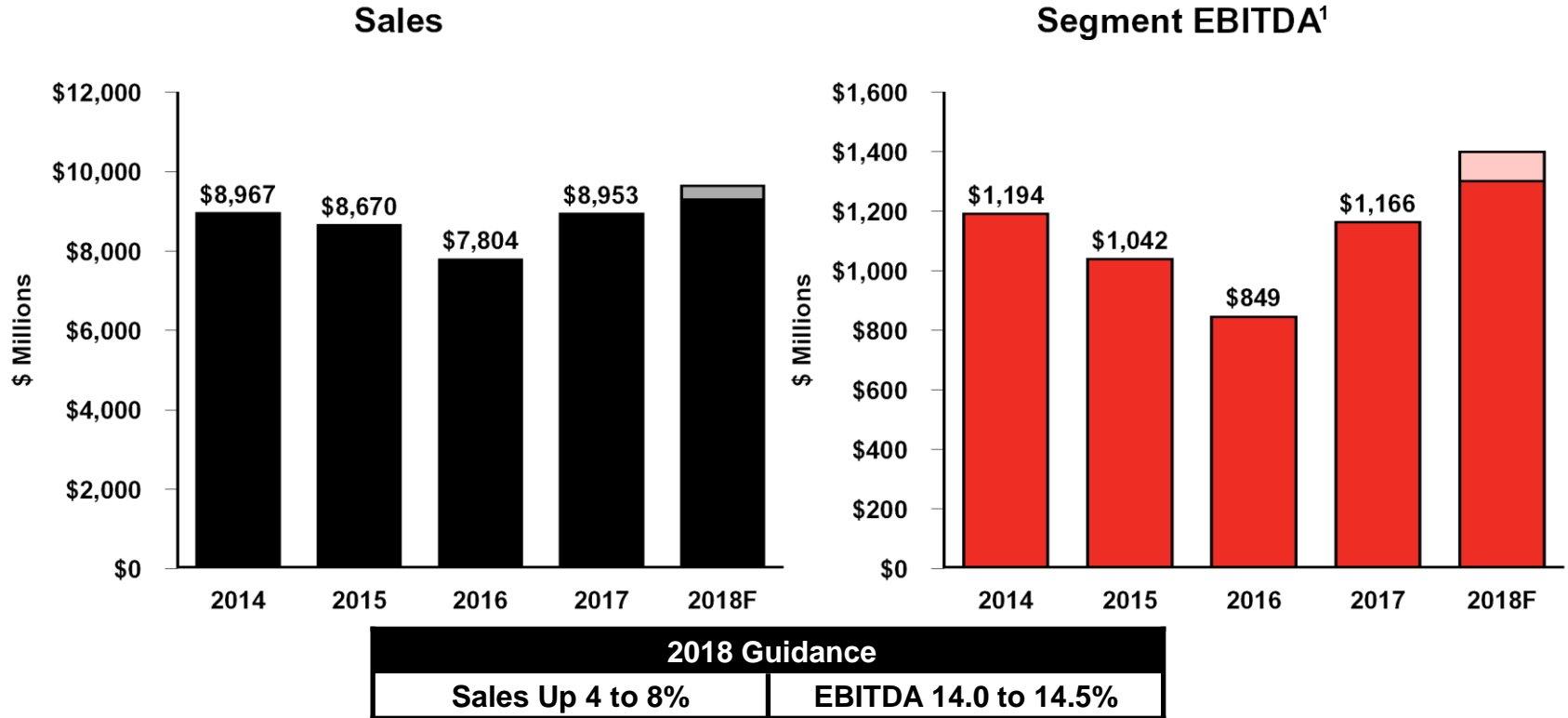
Engine Segment - Historical Performance



¹ 2015 EBIT excludes \$202 million of impairment of light-duty diesel assets and \$17 million of restructuring actions and other charges. 2017 EBIT excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.



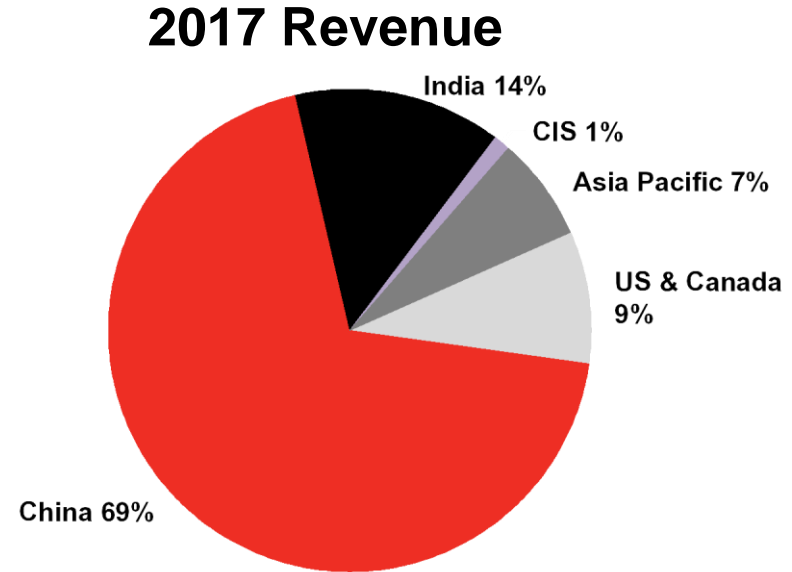
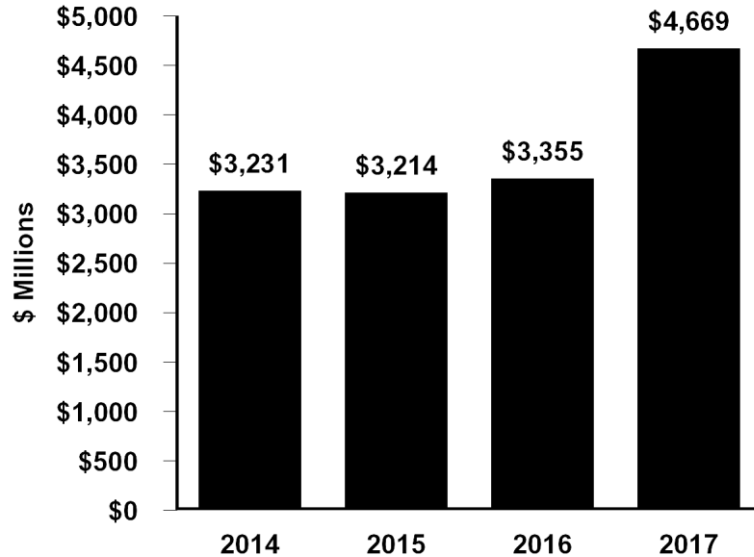
Engine Segment - Historical Performance



¹ 2015 EBITDA excludes \$202 million of impairment of light-duty diesel assets and \$17 million of restructuring actions and other charges. 2017 EBITDA excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.



Engine Segment - Joint Venture Sales Unconsolidated





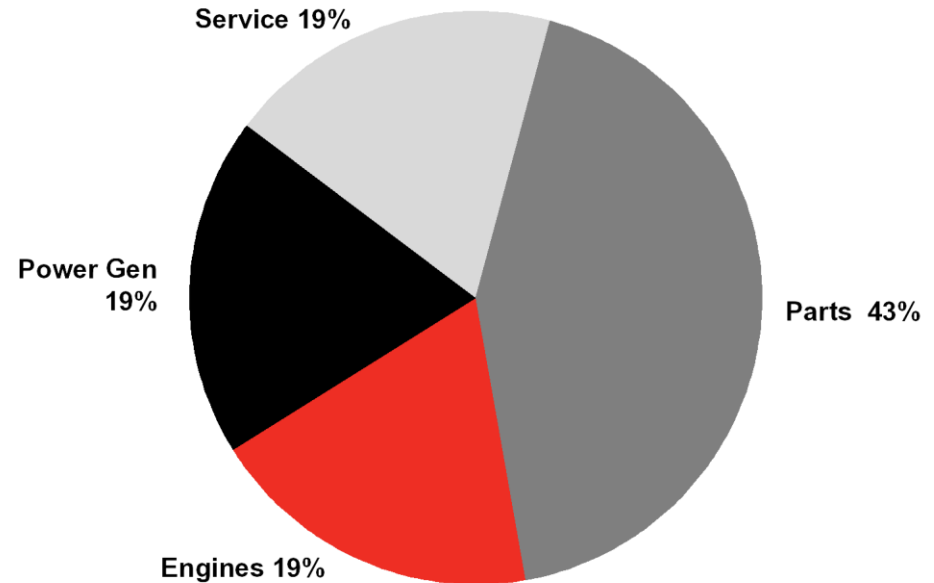
Distribution Segment - Overview

- Provide aftermarket support and increase solution-based revenue
- Acquired our North American distributors
- Increasing network capabilities in emerging markets to capture profitable growth

2017 Results

Sales: \$7.1 billion
EBIT¹: \$388 million
EBIT%: 5.5%

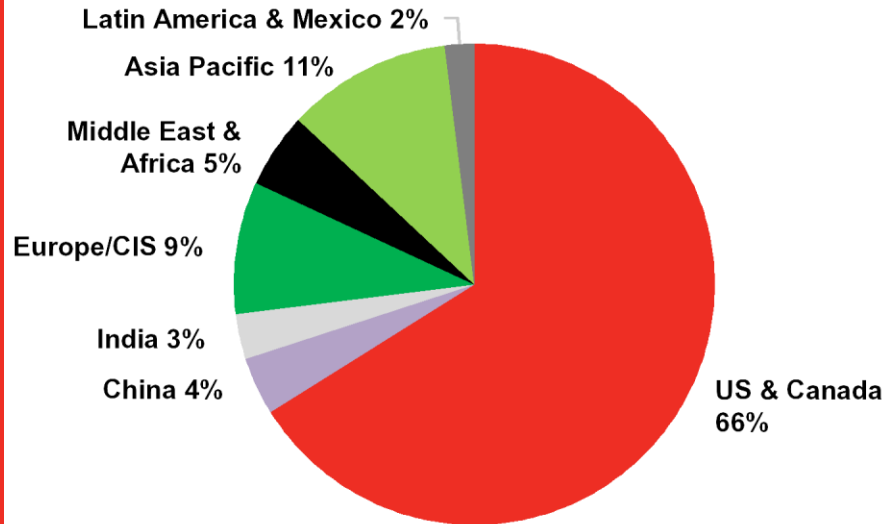
2017 Revenue by Product



¹2017 EBIT excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.

Distribution Segment - Sales Mix

Geographic

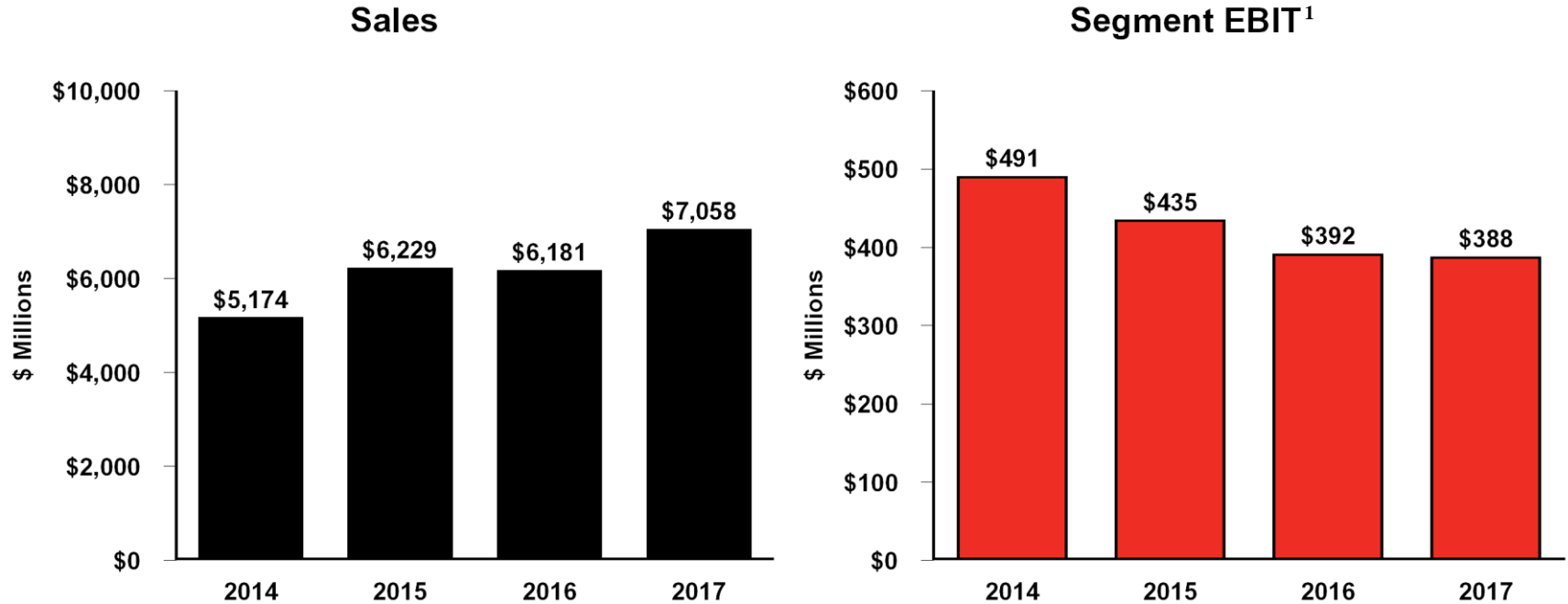


- Key enabler for Cummins growth
- Benefiting from increased population of product in the field

2017 Revenue: \$7.1 billion



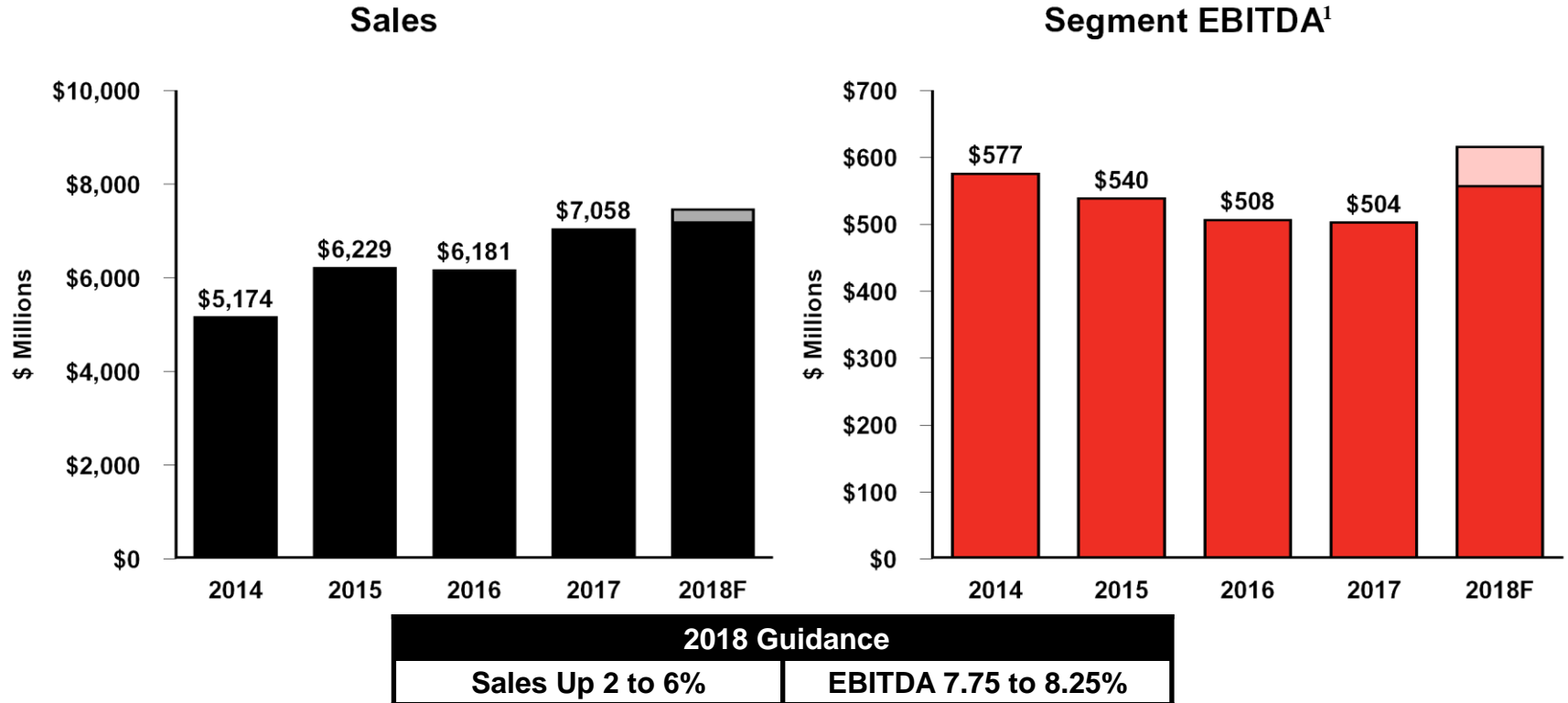
Distribution Segment - Historical Performance



¹ 2015 EBIT excludes \$23 million of restructuring actions and other charges. 2017 EBIT excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.



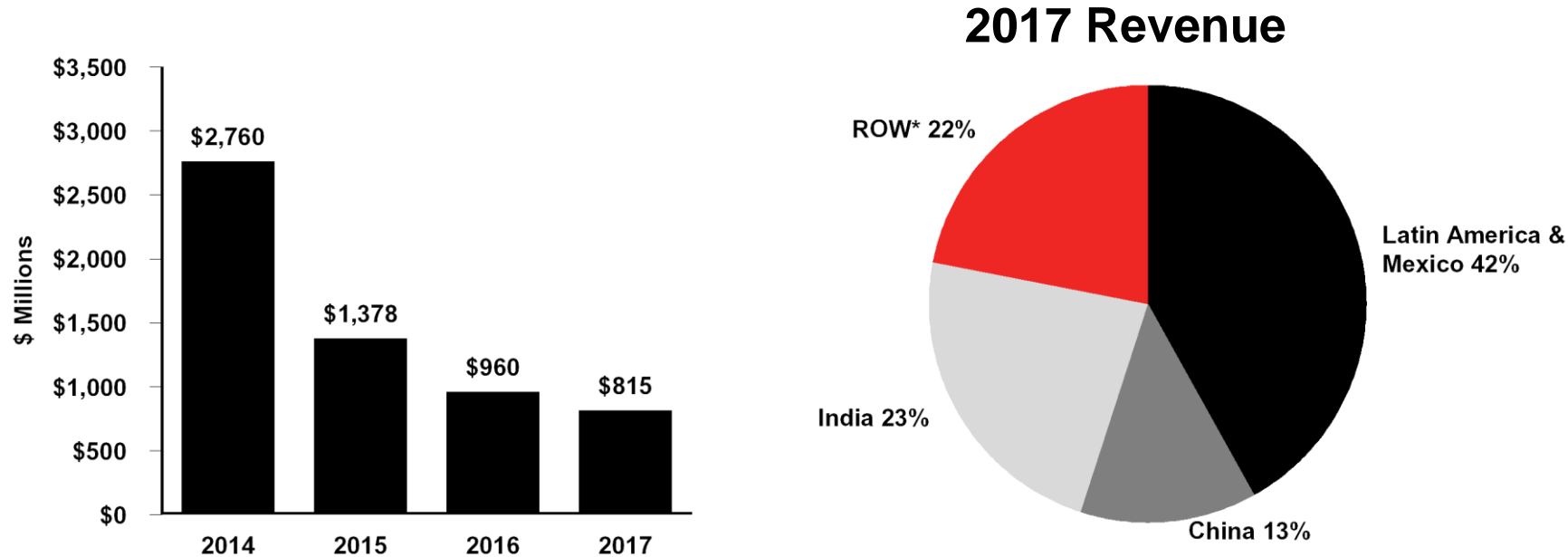
Distribution Segment - Historical Performance



¹ 2015 EBITDA excludes \$23 million of restructuring actions and other charges. 2017 EBITDA excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.



Distribution Segment - Joint Venture Sales Unconsolidated



■ In 2013, we announced our plans to acquire our North American distributors. This is the driver of the multi-year decline in joint venture sales.

* Rest of World



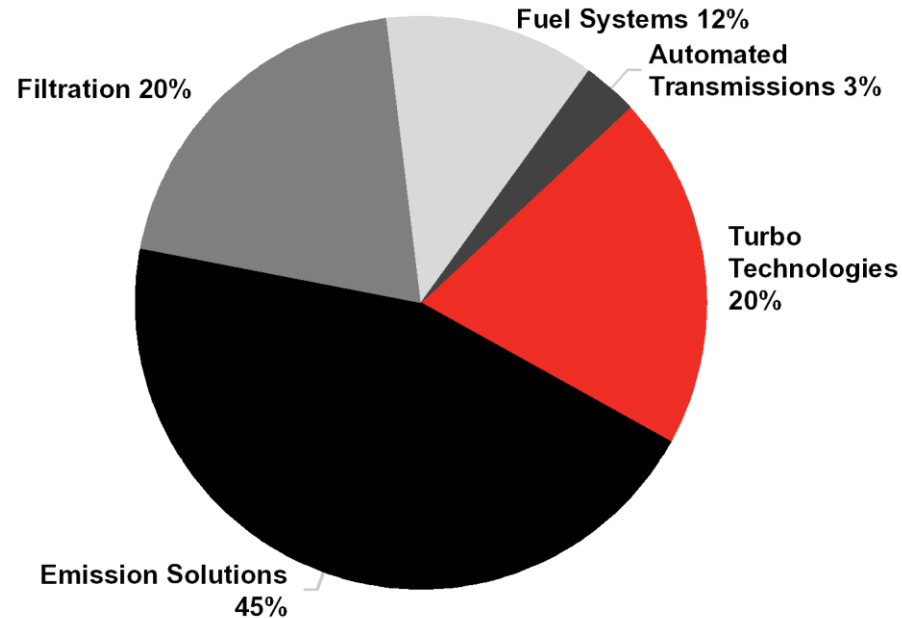
Components Segment - Overview

- Leading supplier of aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

2017 Results

Sales: \$5.9 billion
EBIT¹: \$766 million
EBIT%: 13.0%

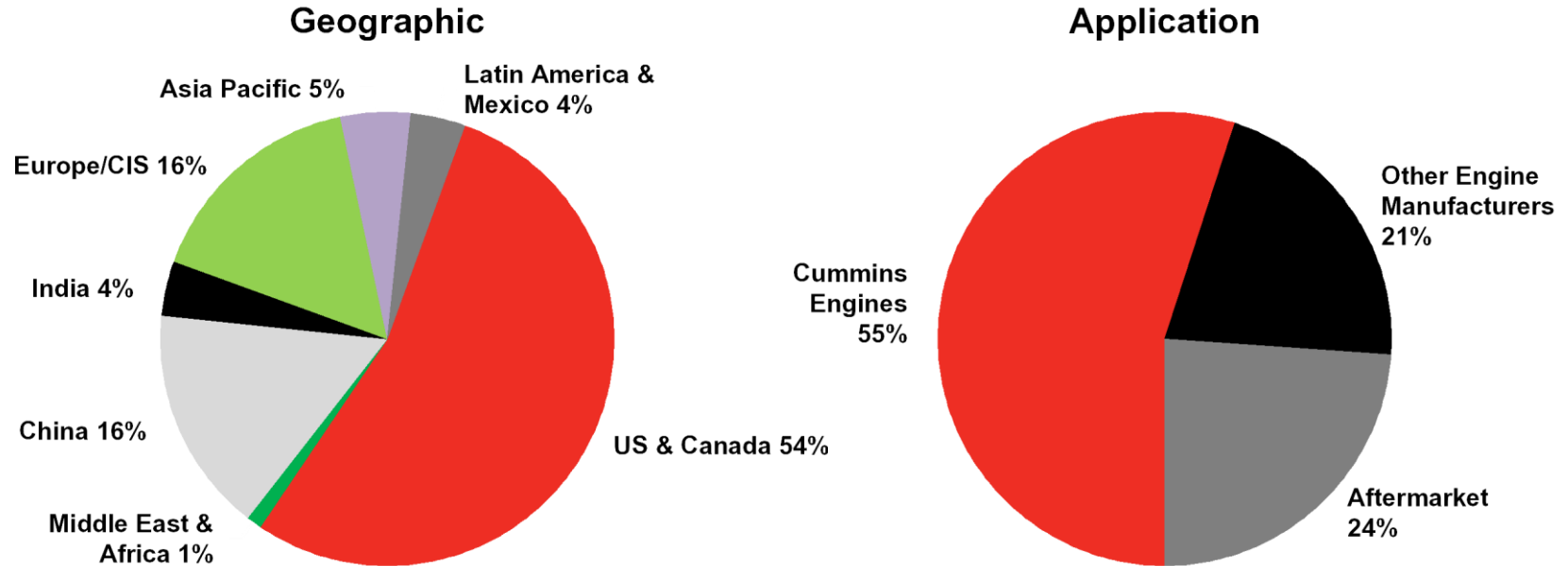
2017 Revenue by Business



¹2017 EBIT excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.



Components Segment - Sales Mix

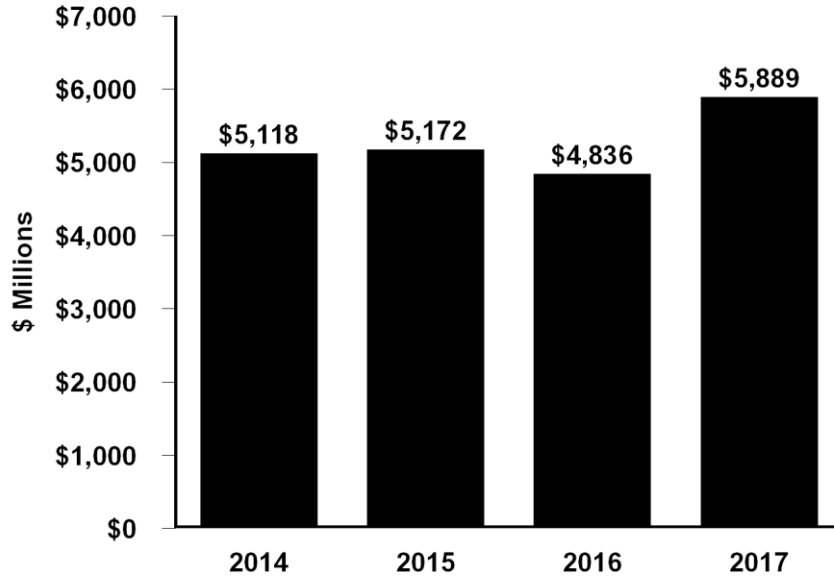


2017 Revenue: \$5.9 billion

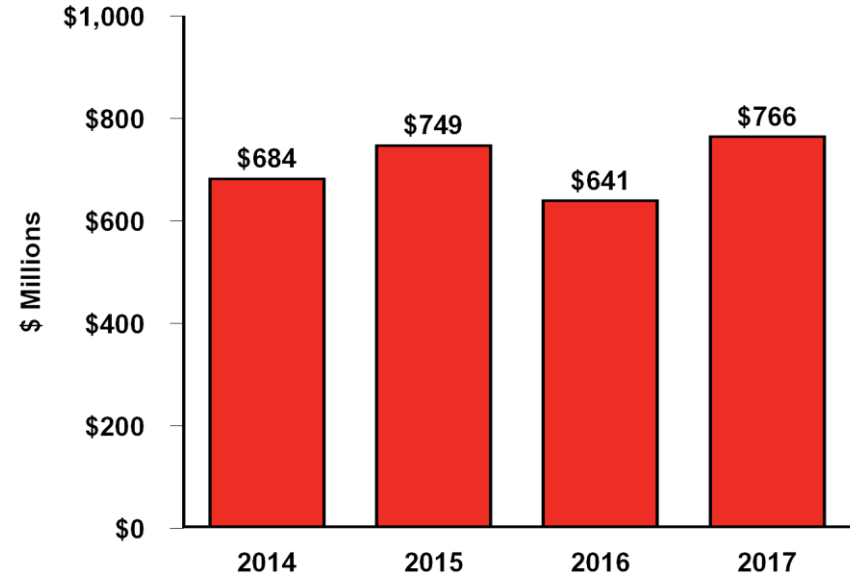


Components Segment - Historical Performance

Sales



Segment EBIT¹

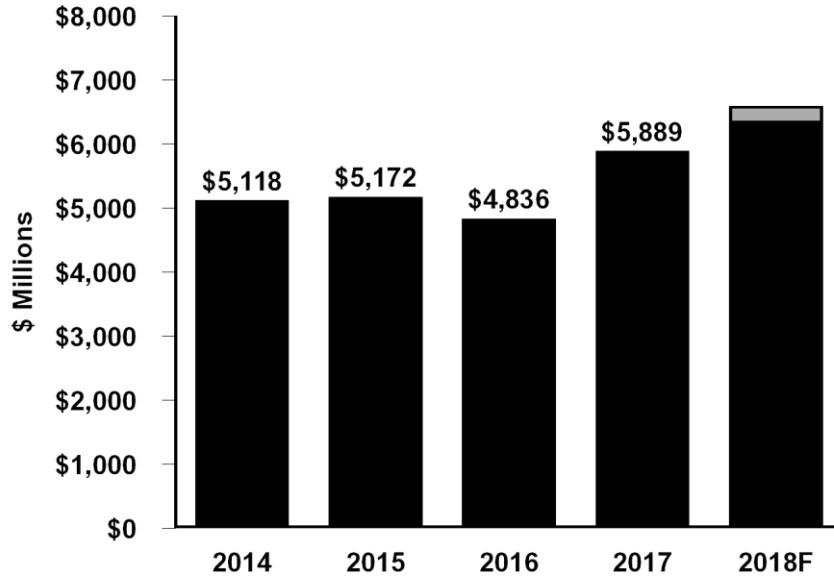


¹ 2015 EBIT excludes \$9 million of impairment of light-duty diesel assets and \$13 million of restructuring actions and other charges. 2017 EBIT excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.

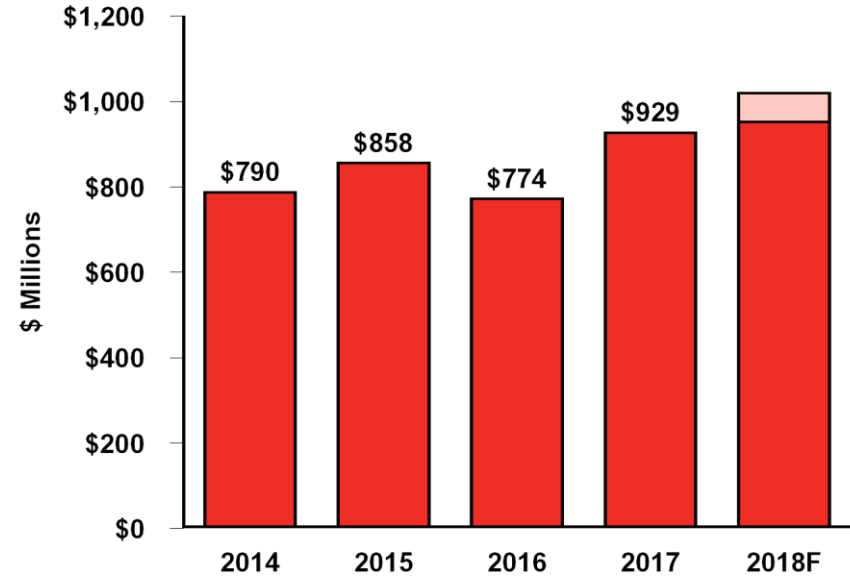


Components Segment - Historical Performance

Sales



Segment EBITDA¹



2018 Guidance

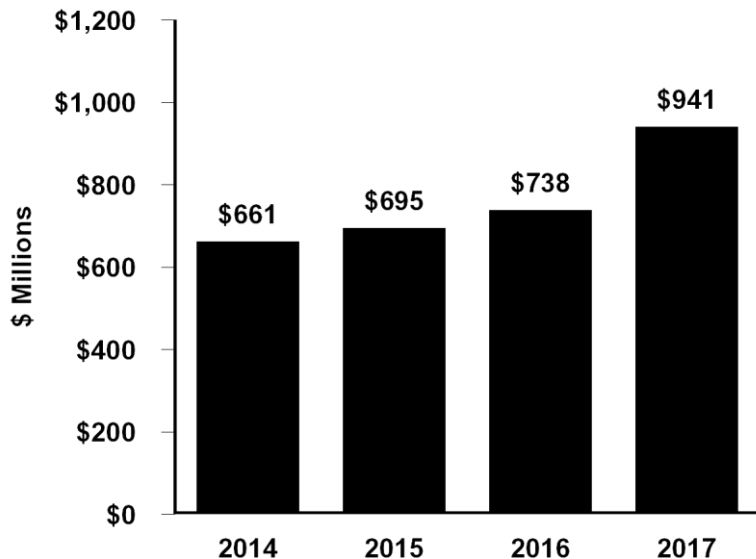
Sales Up 8 to 12%

EBITDA 15.0 to 15.5%

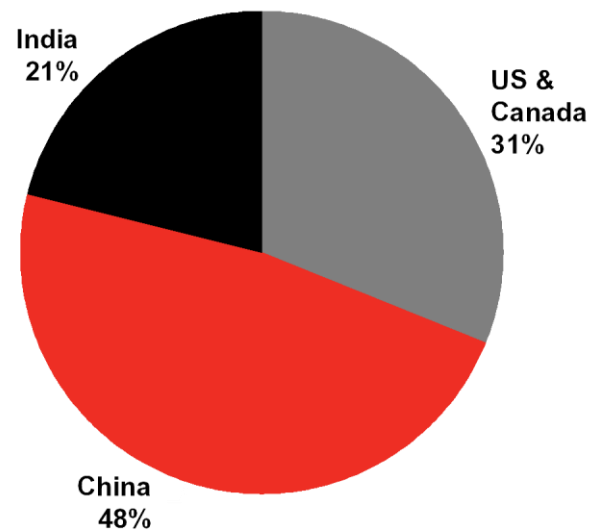
¹ 2015 EBITDA excludes \$9 million of impairment of light-duty diesel assets and \$13 million of restructuring actions and other charges. 2017 EBITDA excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.



Components Segment - Joint Venture Sales Unconsolidated



2017 Revenue





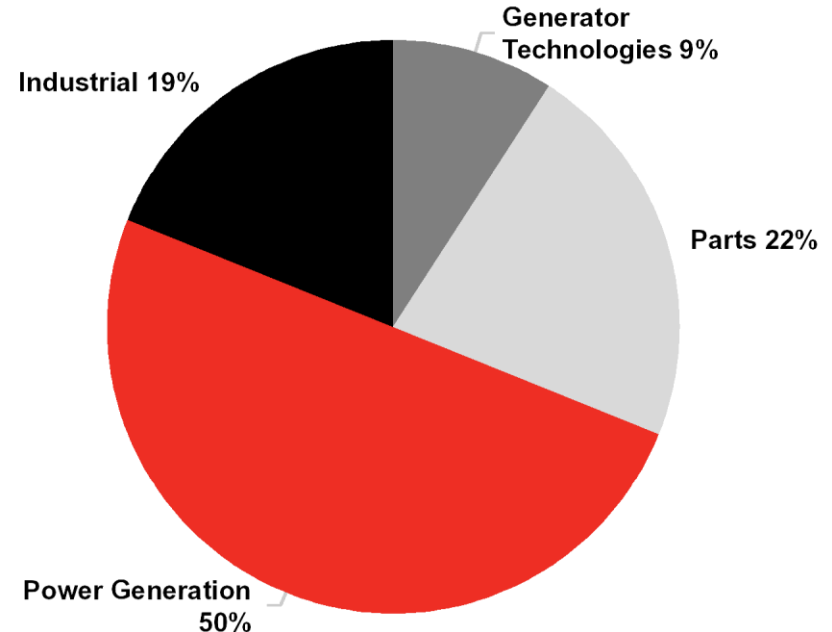
Power Systems Segment - Overview

- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 3kVA to 12,000kVa
- Leading market share in multiple geographies

2017 Results

Sales: \$4.1 billion
EBIT: \$294 million
EBIT%: 7.2%

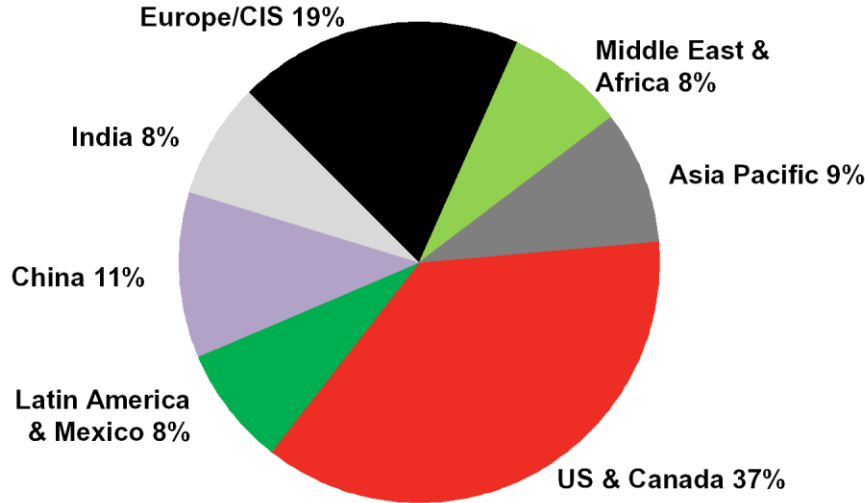
2017 Revenue by Product



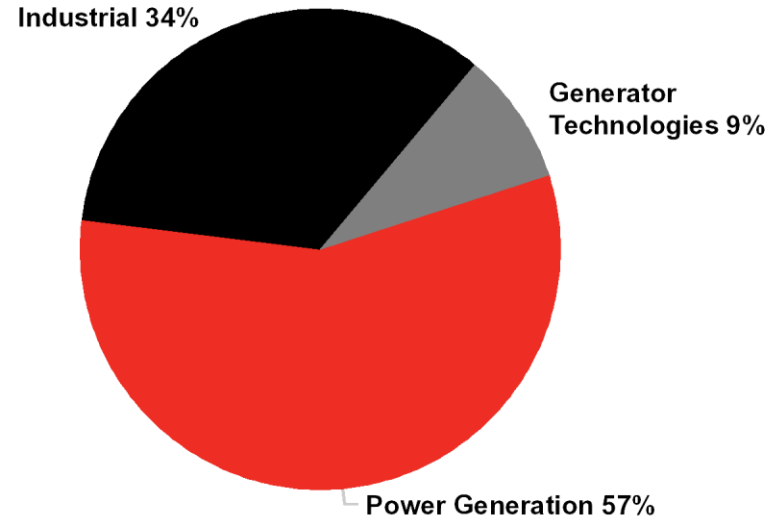


Power Systems Segment - Sales Mix

Geographic



Product Lines

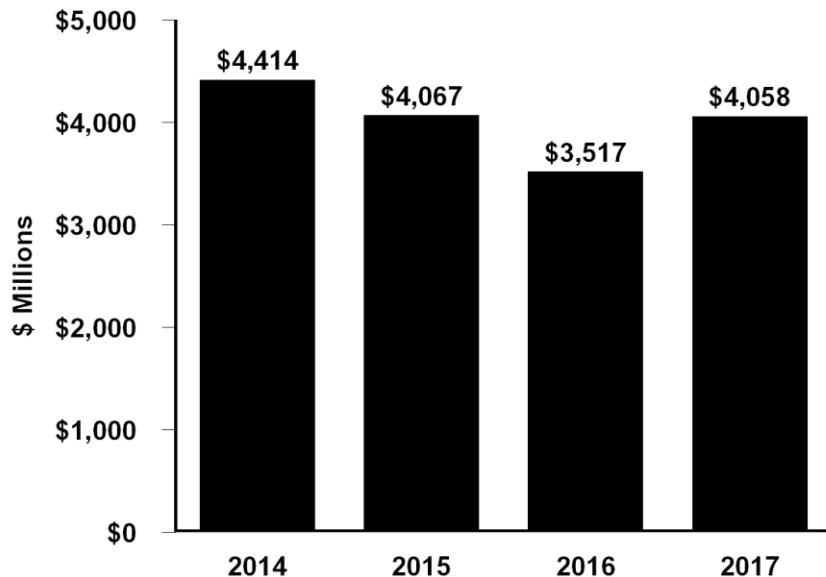


2017 Revenue: \$4.1 billion

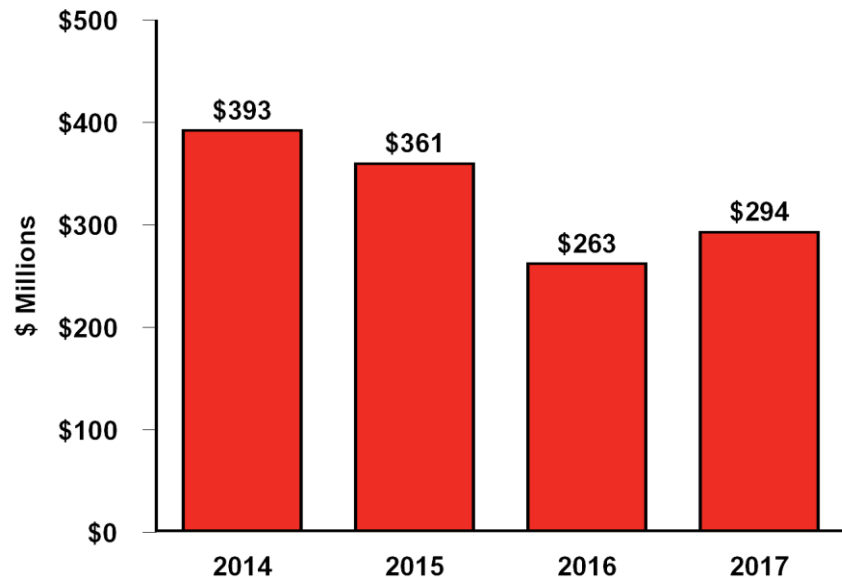


Power Systems Segment - Historical Performance

Sales



Segment EBIT¹

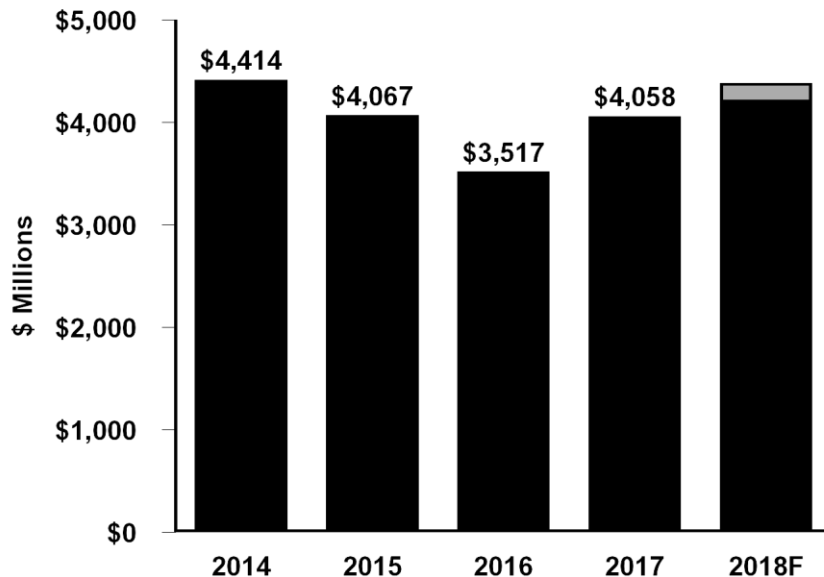


¹ 2014 EBIT excludes \$32 million in operating actions. 2015 EBIT excludes \$26 million of restructuring actions and other charges.

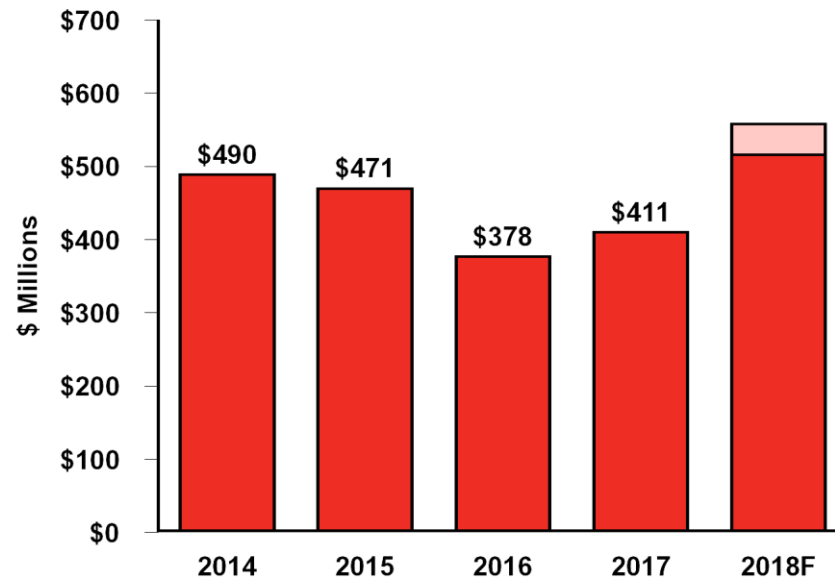


Power Systems Segment - Historical Performance

Sales



Segment EBITDA¹



2018 Guidance

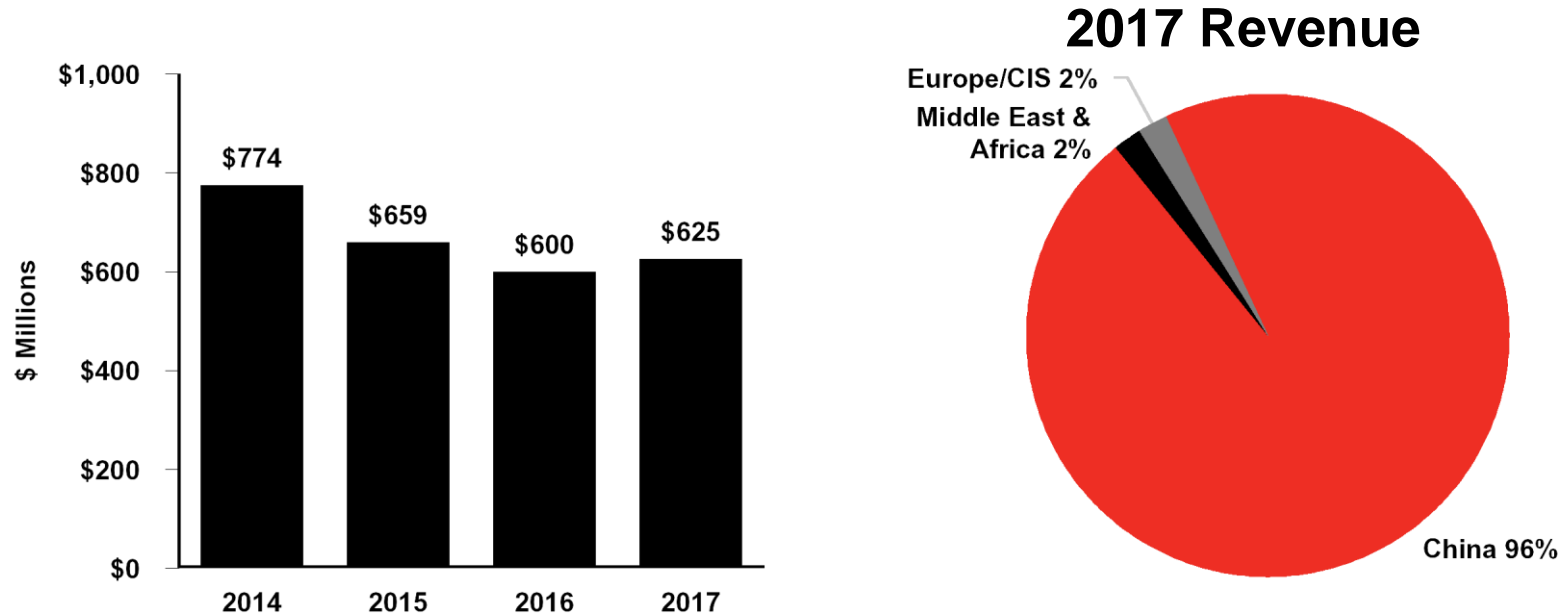
Sales Up 4 to 8%

EBITDA 12.25 to 12.75%

¹ 2014 EBITDA excludes \$32 million in operating actions. 2015 EBITDA excludes \$26 million of restructuring actions and other charges.

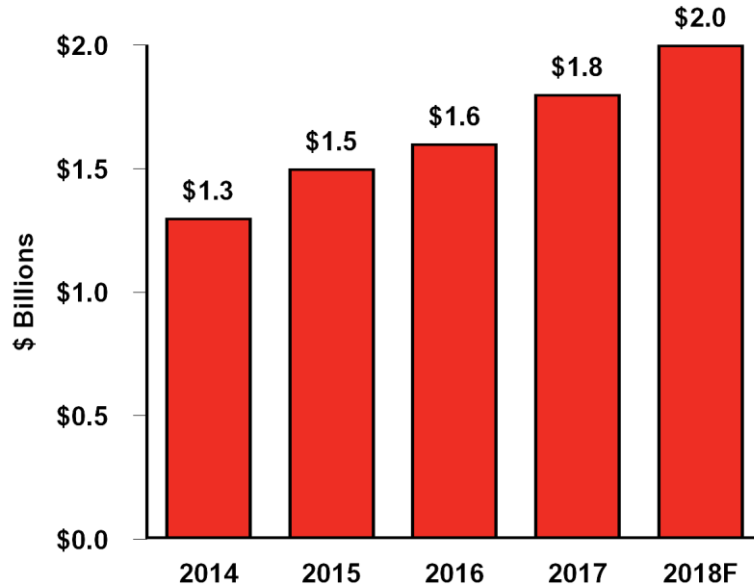


Power Systems Segment - Joint Venture Sales Unconsolidated





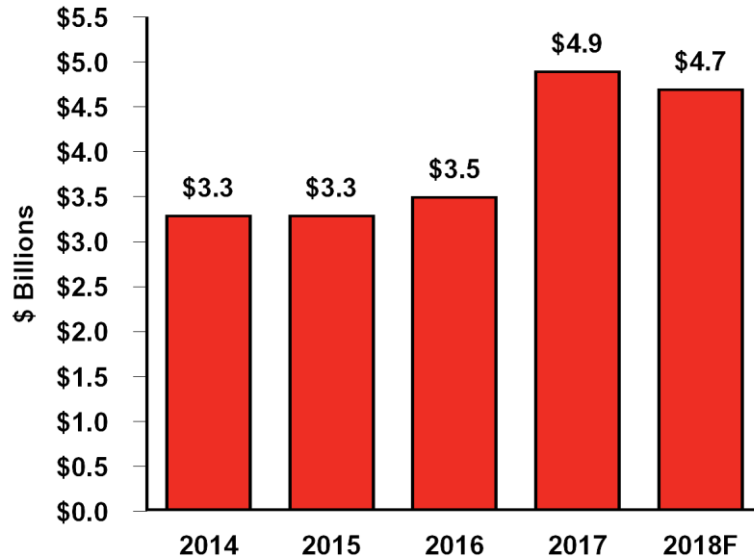
Emerging Market Sales - India¹



- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets

¹ Domestic consolidated + unconsolidated revenue before intercompany eliminations.

Emerging Market Sales - China¹



- Present in China for over 40 years
- Broad product portfolio for On- and Off-Highway
- Strong OEM partners
- Growth from new products and tightening emission standards

¹ Domestic consolidated + unconsolidated revenue before intercompany eliminations



Non-GAAP Reconciliation - EBIT

In Millions	Years End	
	December 31, 2017	December 31, 2016
EBIT excluding tax reform impact	\$ 2,485	\$ 1,999
Less: Tax reform impact	39	—
EBIT	2,446	1,999
Less: Interest Expense	81	69
Income before taxes	2,365	1,930
Less: Income tax expense	1,371	474
Consolidated net income	994	1,456
Less: Net income attributable to noncontrolling interests	(5)	62
Net income attributable to Cummins Inc.	\$ 999	\$ 1,394

We define EBIT as earnings before interest expense, provision for income taxes, and non-controlling interests in earnings of consolidated subsidiaries. We use EBIT to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation program. The table above reconciles EBIT, a non-GAAP financial measure, to our consolidated earnings before income taxes and non-controlling interests, for each of the applicable periods. We believe EBIT is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard for financing methods, capital structure, or income taxes. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data.



Non-GAAP Reconciliation - EBITDA

Years End

In Millions	December 31, 2017	December 31, 2016
EBITDA	\$ 3,065	\$ 2,526
Less: Depreciation and Amortization	580	527
EBIT excluding tax reform impact	2,485	1,999
Less: Tax reform impact	39	—
EBIT	2,446	1,999
Less: Interest Expense	81	69
Income before taxes	2,365	1,930
Less: Income tax expense	1,371	474
Consolidated net income	994	1,456
Less: Net income attributable to noncontrolling interests	(5)	62
Net income attributable to Cummins Inc.	\$ 999	\$ 1,394

We define EBITDA as earnings before interest expense, provision for income taxes, depreciation & amortization, and non-controlling interests in earnings of consolidated subsidiaries. Beginning January 1, 2018, we will use EBITDA to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation program. The table above reconciles EBITDA, a non-GAAP financial measure, to our consolidated earnings before income taxes and non-controlling interests, for each of the applicable periods. We believe EBITDA is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard for financing methods, capital structure, income taxes, or depreciation & amortization methods. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data.



Non-GAAP Reconciliation - Working Capital

In Millions	December 31, 2017	December 31, 2016
Accounts and notes receivable, net	\$ 3,618	\$ 3,025
Inventories	3,166	2,675
Less: Accounts Payable - (principally trade)	(2,579)	(1,854)
Working capital measure	<u>\$ 4,205</u>	<u>\$ 3,846</u>
Annualized Working capital measure (% of Net Sales)	20.6%	22.0%

A reconciliation of the calculation of working capital measure as a % of annualized net sales to our Condensed Consolidated Financial Statements is shown in the table above.



Non-GAAP Reconciliation - Net Assets

In Millions	December 31, 2017	December 31, 2016
Net assets for operating segments	\$ 10,142	\$ 8,721
Brammo Inc. assets ¹	72	—
Liabilities deducted in arriving at net assets	7,397	6,152
Pension and other postretirement benefit adjustments excluded from net assets	156	(284)
Deferred tax assets	306	420
Deferred debt costs	2	2
Total Assets	<u>\$ 18,075</u>	<u>\$ 15,011</u>

¹All assets associated with the Brammo Inc. acquisition is presented as a reconciling item as it has not yet been assigned to a reportable segment.



Non-GAAP Reconciliation - Equity Used for Return on Equity Calculation

In Millions	December 31, 2017	December 31, 2016
Equity used for return on equity calculation	\$ 8,725	\$ 7,560
Less: Tax reform impact	777	—
Equity including tax reform impact	7,948	7,560
Defined benefit postretirement plans	(689)	(685)
Total shareholders equity	7,259	6,875
Noncontrolling Interest	905	299
Total Equity	\$ 8,164	\$ 7,174

A reconciliation of equity used for return on equity calculation to total shareholder's equity in our Consolidated Financial Statements is shown in the table above.

Thank You for Your Interest in



For additional information contact:
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