



Fourth Quarter 2019 Earnings Teleconference

February 4, 2020

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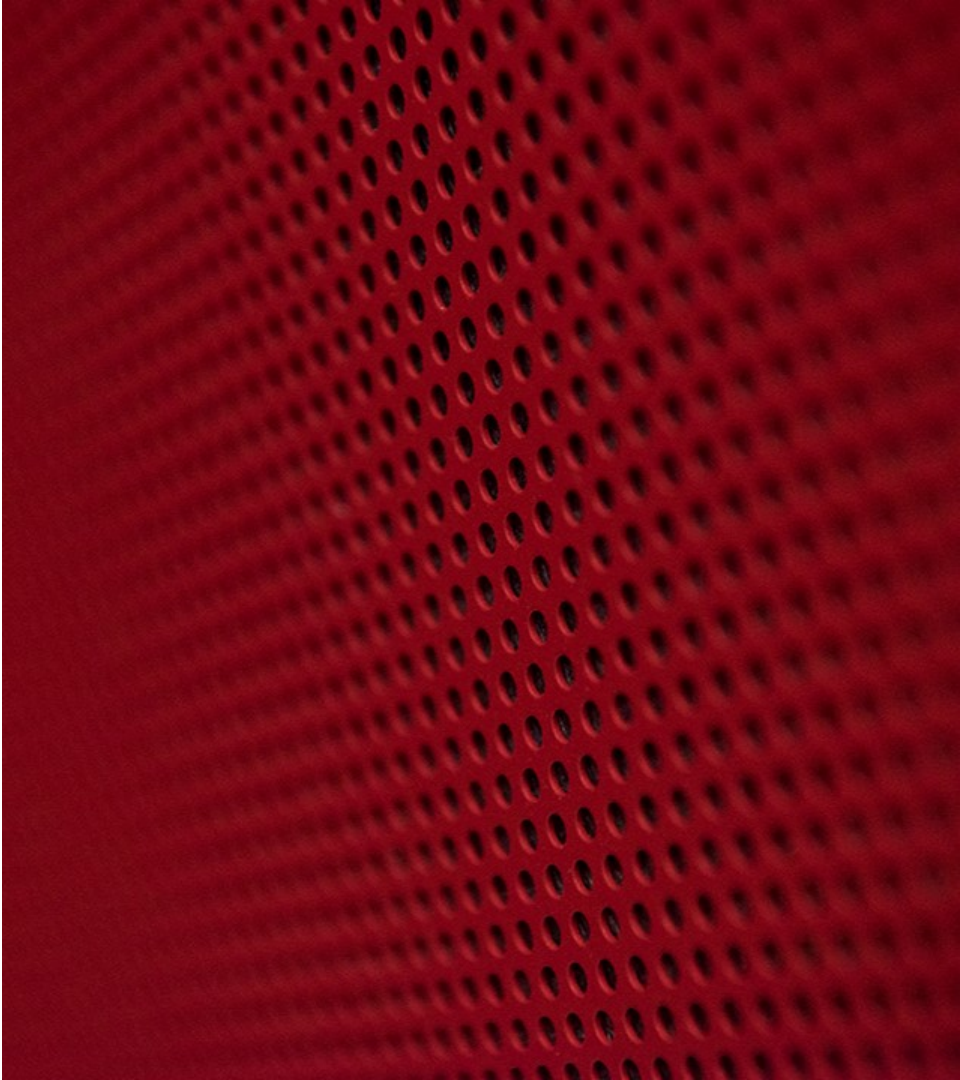
2019 Supplemental Information

Appendix

Disclosure Regarding Forward-Looking Statements

Information provided in this release 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, guidance, preliminary results, expectations, hopes, beliefs and intentions on strategies regarding the future. These forward looking statements include, without limitation, statements relating to our plans and expectations for our revenues and EBITDA. 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: any adverse results of our internal review into our emissions certification process and compliance with emissions standards; a sustained slowdown or significant downturn in our markets; changes in the engine outsourcing practices of significant customers; the development of new technologies that reduce demand for our current products and services; increased scrutiny from regulatory agencies, as well as unpredictability in the adoption, implementation and enforcement of emissions standards around the world; product recalls; policy changes in international trade; the United Kingdom's (U.K.) decision to end its membership in the European Union; lower than expected acceptance of new or existing products or services; a slowdown in infrastructure development and/or depressed commodity prices; supply shortages and supplier financial risk, particularly from any of our single-sourced suppliers; exposure to potential security breaches or other disruptions to our information technology systems and data security; a major customer experiencing financial distress; the actions of, and income from, joint ventures and other investees that we do not directly control; our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions and divestitures and related uncertainties of entering such transactions; failure to realize expected results from our investment in Eaton Cummins Automated Transmission Technologies joint venture; competitor activity; increasing competition, including increased global competition among our customers in emerging markets; foreign currency exchange rate changes; variability in material and commodity costs; political, economic and other risks from operations in numerous countries; changes in taxation; global legal and ethical compliance costs and risks; aligning our capacity and production with our demand; product liability claims; increasingly stringent environmental laws and regulations; future bans or limitations on the use of diesel-powered products; the price and availability of energy; the performance of our pension plan assets and volatility of discount rates; labor relations; changes in accounting standards; our sales mix of products; protection and validity of our patent and other intellectual property rights; the outcome of pending and future litigation and governmental proceedings; continued availability of financing, financial instruments and financial resources in the amounts, at the times and on the terms required to support our future business; and other risks detailed from time to time in our SEC filings, including particularly in the Risk Factors section of our 2018 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. 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 press release 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 SEC, which are available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.

2019 Summary



2019 Summary

- **Fourth quarter revenues of \$5.6 billion**
- **GAAP¹ Net Income of \$300 million and Diluted EPS of \$1.97**
- **Net Income of \$390 million² and Diluted EPS of \$2.56² excluding restructuring charges**
- **EBITDA of \$682 million³ or 12.2 percent³ of sales excluding restructuring charges**
- **Full year revenues of \$23.6 billion**
- **GAAP¹ Net Income of \$2.3 billion and Diluted EPS of \$14.48**
- **Net Income of \$2.4 billion² and Diluted EPS of \$15.05² excluding restructuring charges**
- **EBITDA of \$3.7 billion³ or 15.8 percent³ of sales excluding restructuring charges**

¹Generally Accepted Accounting Principles

²Q4 2019 Net Income and Diluted EPS exclude \$90 million (after-tax) of restructuring charges.

³Q4 2019 EBITDA excludes \$119 million of restructuring charges.

Q4 2019 EBITDA Detail

| \$ Millions | CMI | Engine Segment | Distribution Segment | Components Segment | Power Systems Segment | New Power Segment | Eliminations |
|---|------------|----------------|----------------------|--------------------|-----------------------|-------------------|--------------|
| Reported EBITDA | 563 | 259 | 127 | 189 | 43 | (51) | (4) |
| Reported EBITDA included Restructuring Costs of | (119) | (18) | (37) | (20) | (12) | (1) | (31) |
| Reported EBITDA included JV Impairment Costs of | (15) | | | | (15) | | |

Q4 2019 EPS Detail

| | EPS |
|--|----------------|
| Reported EPS | \$ 1.97 |
| Reported EPS included Restructuring Costs of | \$ (0.59) |
| Reported EPS included JV and Asset Impairment Costs of | \$ (0.14) |

The difference between our actual tax rate and guided tax rate of 21.5% resulted in \$0.10 of EPS benefit

Cummins Inc.

Selected Financial Data - Full Year

| \$ MILLIONS | 2019 | 2018 |
|--|-------------|-------------|
| Sales | 23,571 | 23,771 |
| Gross Margin (% of Sales) | 25.4% | 24.1% |
| SAR (% of Sales) | 14.7% | 14.0% |
| EBITDA ¹ | 3,731 | 3,476 |
| EBITDA (% of Sales) ¹ | 15.8% | 14.6% |
| Net Income attributable to Cummins Inc. ² | 2,350 | 2,141 |
| Net Income (% of Sales) ² | 10.0% | 9.0% |
| Diluted EPS ² | \$15.05 | \$13.15 |
| Dividend Per Share | \$4.90 | \$4.44 |
| ROANA ³ | 35% | 33% |
| ROIC ³ | 21% | 20% |

¹ 2019 EBITDA excludes \$119 million of restructuring charges.

² 2019 Net Income and Diluted EPS exclude \$90 million (after-tax) of restructuring charges.

³ 2019 ROANA and ROIC exclude \$119 million of restructuring charges.

2019 Income Statement by Segment

| \$M | Engine | Distribution | Components | Power Systems | New Power | Intersegment Eliminations | Total |
|-------------------------------------|--------|--------------|------------|---------------|-----------------|---------------------------|--------|
| Year ended December 31, 2019 | | | | | | | |
| Net Sales | 10,056 | 8,071 | 6,914 | 4,460 | 38 | (5,968) | 23,571 |
| <i>Sales growth vs 2018</i> | (5)% | 3% | (4)% | (4)% | 443% | (7)% | (1)% |
| EBITDA ² | 1,472 | 693 | 1,117 | 524 | (148) | 73 | 3,731 |
| Segment EBITDA % ² | 14.6% | 8.6% | 16.2% | 11.7% | NM ¹ | | 15.8% |
| Year ended December 31, 2018 | | | | | | | |
| Net Sales | 10,566 | 7,828 | 7,166 | 4,626 | 7 | (6,422) | 23,771 |
| EBITDA | 1,446 | 563 | 1,030 | 614 | (90) | (87) | 3,476 |
| Segment EBITDA % | 13.7% | 7.2% | 14.4% | 13.3% | NM ¹ | | 14.6% |

¹ "NM" - not meaningful information

² 2019 EBITDA excludes the impact of restructuring charges that reduced Engine Segment EBITDA \$18 million, Distribution Segment EBITDA \$37 million, Components Segment EBITDA \$20 million, Power Systems Segment EBITDA \$12 million, New Power Segment EBITDA \$1 million, and Intersegment Eliminations EBITDA \$31 million.

Cummins Inc.

Selected Financial Data - Quarter

| \$ MILLIONS | Q4 2019 | Q4 2018 |
|--|---------|---------|
| Sales | 5,578 | 6,126 |
| Gross Margin (% of Sales) | 23.5% | 25.2% |
| SAR (% of Sales) | 16.2% | 14.5% |
| EBITDA ¹ | 682 | 896 |
| EBITDA (% of Sales) ¹ | 12.2% | 14.6% |
| Net Income attributable to Cummins Inc. ² | 390 | 579 |
| Net Income (% of Sales) ² | 7.0% | 9.5% |
| Diluted EPS ² | \$2.56 | \$3.63 |
| Dividend Per Share | \$1.31 | \$1.14 |
| ROANA (LTM) ³ | 35% | 33% |
| ROIC (LTM) ³ | 21% | 20% |

¹ Q4 2019 EBITDA excludes \$119 million of restructuring charges.

² Q4 2019 Net Income and Diluted EPS exclude \$90 million (after-tax) of restructuring charges.

³ 2019 ROANA and ROIC exclude \$119 million of restructuring charges.

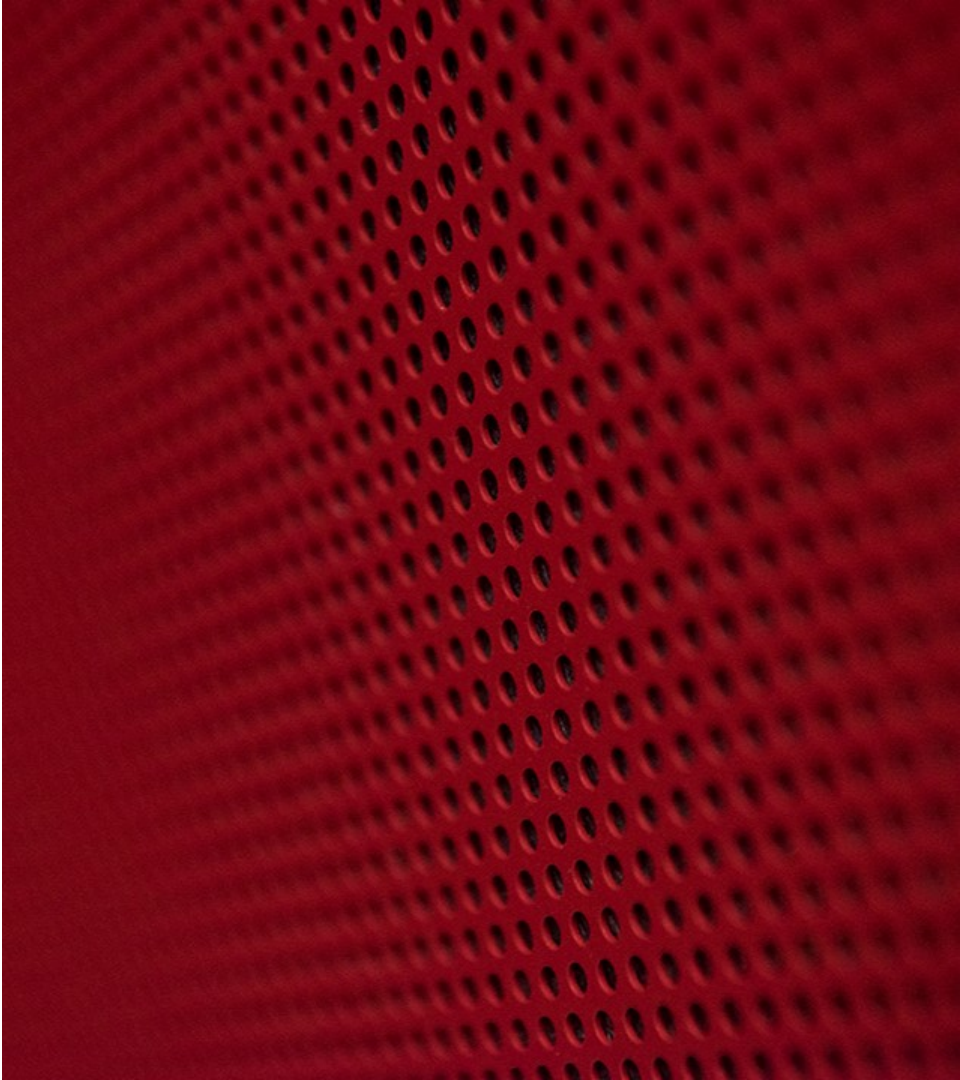
Q4 2019 Income Statement by Segment

| \$M | Engine | Distribution | Components | Power Systems | New Power | Intersegment Eliminations | Total |
|---|--------|--------------|------------|---------------|-----------------|---------------------------|-------|
| Three months ended December 31, 2019 | | | | | | | |
| Net Sales | 2,284 | 2,038 | 1,557 | 1,054 | 18 | (1,373) | 5,578 |
| <i>Sales growth vs Q4 2018</i> | (15)% | (1)% | (12)% | (12)% | 800% | (14)% | (9)% |
| EBITDA ² | 277 | 164 | 209 | 55 | (50) | 27 | 682 |
| Segment EBITDA % ² | 12.1% | 8.0% | 13.4% | 5.2% | NM ¹ | | 12.2% |
| Three months ended December 31, 2018 | | | | | | | |
| Net Sales | 2,698 | 2,050 | 1,772 | 1,199 | 2 | (1,595) | 6,126 |
| EBITDA | 393 | 140 | 278 | 123 | (29) | (9) | 896 |
| Segment EBITDA % | 14.6% | 6.8% | 15.7% | 10.3% | NM ¹ | | 14.6% |

¹ "NM" - not meaningful information

² 2019 EBITDA excludes the impact of restructuring charges that reduced Engine Segment EBITDA \$18 million, Distribution Segment EBITDA \$37 million, Components Segment EBITDA \$20 million, Power Systems Segment EBITDA \$12 million, New Power Segment EBITDA \$1 million, and Intersegment Eliminations EBITDA \$31 million.

2020 Guidance



Guidance for 2020 Consolidated Results

| ITEM | FULL YEAR GUIDANCE |
|---------------------------------|--------------------|
| Consolidated Revenue | Down 8% to 12% |
| Earnings from JVs | Up 15% |
| EBITDA Margin | 14.2 to 15.2% |
| Depreciation & Amortization | \$660 to \$680 M |
| Effective Tax Rate ¹ | 22.0% |
| Capital Expenditures | \$650 to \$700 M |
| Global Pension Funding | \$100 M |
| Interest Expense | \$110 M |

¹ Excluding discrete income tax items

Guidance for 2020 Segment Results

| ITEM | ENGINE | DISTRIBUTION | COMPONENTS | POWER SYSTEMS | NEW POWER |
|---|-----------------|-----------------|----------------|----------------|----------------------|
| Consolidated Revenue Growth | Down 15% to 19% | Flat to Down 4% | Down 9% to 13% | Down 7% to 11% | \$100M to \$120M |
| 2020 EBITDA Margins (% of Revenue) | 13.3 to 14.3% | 8.6 to 9.6% | 13.8 to 14.8% | 10.0 to 11.0% | (\$170M) to (\$150M) |
| 2019 EBITDA Margins (% of Revenue) ¹ | 14.6% | 8.6% | 16.2% | 11.7% | (\$148M) |

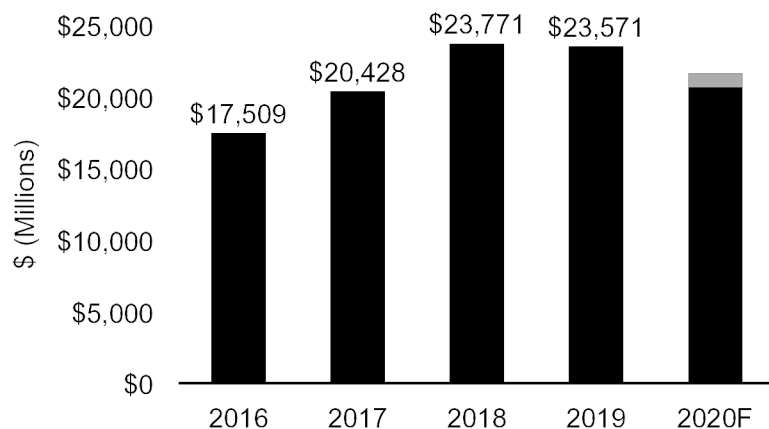
¹2019 EBITDA margins exclude restructuring charges.

Key On-Highway Engine Markets - 2020

| KEY MARKET | 2020 Forecast | CHANGE Market Size |
|--|---------------|--------------------|
| Heavy Duty Truck - NAFTA Class 8, Group 2 - Production | 185K units | Down 40% |
| Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production | 123K units | Down 20% |
| Heavy & Medium Truck - China Sales | 1,183K units | Down 10% |
| Heavy & Medium Truck - India Sales | 318K units | Down 5% |
| Heavy & Medium Truck - Brazil Production | 120K units | Up 6% |

Cummins Inc.

Sales



EBITDA^{1,2}



2020 Guidance

Sales Down 8% to 12% EBITDA 14.2 to 15.2%

¹ 2017 EBITDA excludes \$39 million of joint venture tax charges related to Tax Legislation.

² 2019 EBITDA excludes \$119 million of restructuring charges.

A vertical red bar on the left side of the page, featuring a pattern of small, dark, oval-shaped perforations that create a mesh-like texture.

2019 Supplemental Information

Engine Segment Selected Financial Data

- Revenues decreased by 13% in on-highway and 22% in off-highway.
- EBITDA decreased due to the negative impact of lower volumes partially offset by favorable pricing and material cost reductions.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------------------|---------|---------|--------|
| Sales | 2,284 | 2,698 | (15)% |
| EBITDA ¹ | 277 | 393 | (30)% |
| EBITDA (% of Sales) ¹ | 12.1% | 14.6% | |

¹ Q4 2019 EBITDA excludes \$18 million of restructuring charges.

Engine Segment - Sales by Market

- On-highway revenues declined due to lower truck production in North America.
- Off-highway revenues decreased due to lower demand in global construction markets.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------|----------------|----------------|---------------|
| Heavy-Duty Truck | 755 | 959 | (21)% |
| Medium-Duty Truck & Bus | 602 | 687 | (12)% |
| Light-Duty Automotive | 464 | 456 | +2% |
| On-Highway | 1,821 | 2,102 | (13)% |
| Off-Highway | 463 | 596 | (22)% |
| Total Sales | 2,284 | 2,698 | (15)% |

Distribution Segment Selected Financial Data

- Sales decreased due to lower demand for engines in construction and oil and gas markets, partially offset by increased power generation demand in data center markets.
- EBITDA increased due to improved pricing and lower variable compensation costs.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------------------|---------|---------|--------|
| Sales | 2,038 | 2,050 | (1)% |
| EBITDA ¹ | 164 | 140 | +17% |
| EBITDA (% of Sales) ¹ | 8.0% | 6.8% | |

¹ Q4 2019 EBITDA excludes \$37 million of restructuring charges.

Components Segment Selected Financial Data

- Sales declined due to lower truck production in North America and Europe.
- EBITDA decreased due to the impact of lower volumes and increased investment in research and development, partially offset by lower material costs.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------------------|----------------|----------------|---------------|
| Sales | 1,557 | 1,772 | (12)% |
| EBITDA ¹ | 209 | 278 | (25)% |
| EBITDA (% of Sales) ¹ | 13.4% | 15.7% | |

¹ Q4 2019 EBITDA excludes \$20 million of restructuring charges.

Power Systems Segment Selected Financial Data

- Sales declined due to lower demand in mining, oil and gas, and power generation markets.
- EBITDA decreased due to lower volumes, increased warranty costs, and impairment of a joint venture.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------------------|---------|---------|--------|
| Sales | 1,054 | 1,199 | (12)% |
| EBITDA ¹ | 55 | 123 | (55)% |
| EBITDA (% of Sales) ¹ | 5.2% | 10.3% | |

¹ Q4 2019 EBITDA excludes \$12 million of restructuring charges.

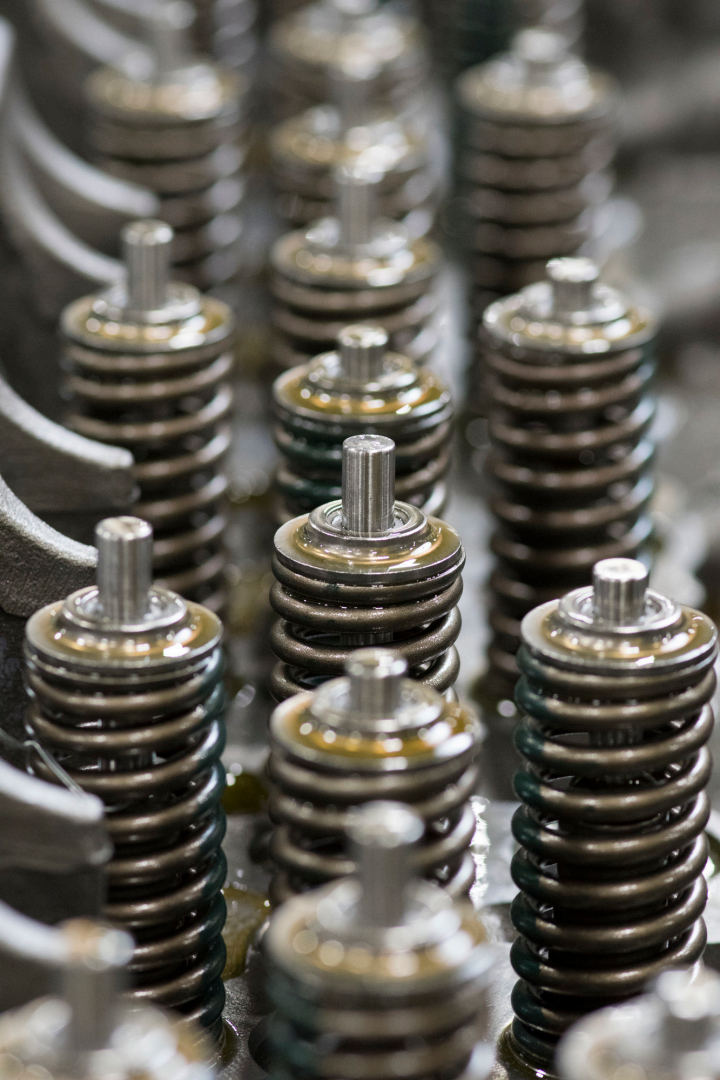
New Power Segment Selected Financial Data

- EBITDA losses were \$50 million for the quarter driven by targeted investments in new products.

| \$ MILLIONS | Q4 2019 | Q4 2018 | CHANGE |
|-------------------------------------|-----------------|-----------------|-----------------|
| Sales | 18 | 2 | +800% |
| EBITDA ² | (50) | (29) | NM ¹ |
| EBITDA (% of Sales) ² | NM ¹ | NM ¹ | |

¹ "NM" - not meaningful information

² Q4 2019 EBITDA excludes \$1 million of restructuring charges.



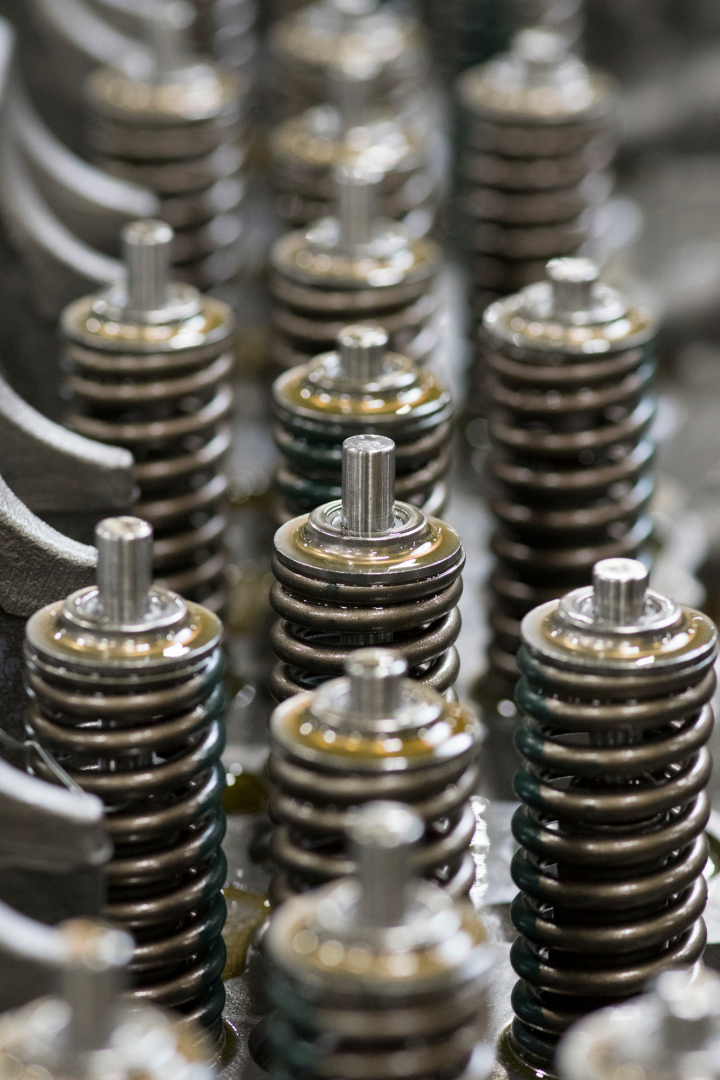
Joint Venture Income - Full Year

| \$ MILLIONS | 2019 | 2018 |
|------------------------|-------------|-------------|
| Engine | 200 | 238 |
| Distribution | 52 | 46 |
| Components | 40 | 54 |
| Power Systems | 38 | 56 |
| New Power | — | — |
| Total JV Income | 330 | 394 |



Cash Flow - Full Year

| \$ MILLIONS | 2019 | 2018 |
|---|-------------|-------------|
| Operating Cash Flow | 3,181 | 2,378 |
| Capital Expenditures | 700 | 709 |
| Working Capital Measure | 4,622 | 4,803 |
| Working Capital Measure (% of Net Sales) | 19.6% | 20.2% |
| Debt to Capital % | 21.9% | 23.1% |



Joint Venture Income - Quarter

| \$ MILLIONS | Q4 2019 | Q4 2018 |
|------------------------|----------------|----------------|
| Engine | 48 | 49 |
| Distribution | 17 | 13 |
| Components | 10 | 12 |
| Power Systems | (1) | 5 |
| New Power | — | — |
| Total JV Income | 74 | 79 |

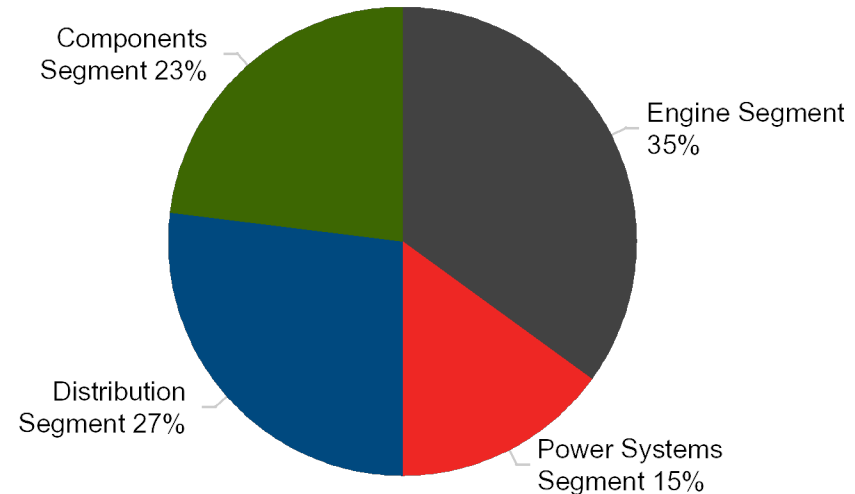
Appendix



Cummins Inc.

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

2019 Revenue by Segment



2019 Results

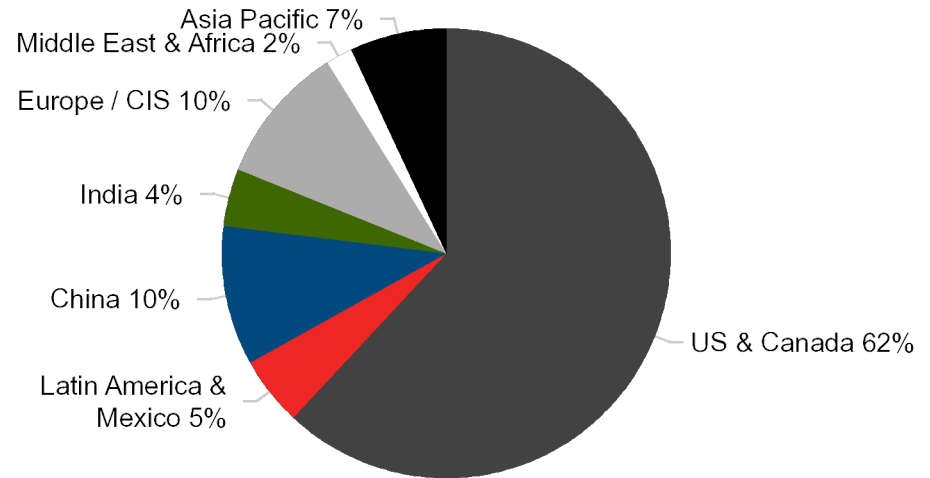
| | |
|------------------------|----------------|
| Sales: | \$23.6 billion |
| EBITDA ¹ : | \$3.7 billion |
| EBITDA% ¹ : | 15.8% |

¹ 2019 EBITDA excludes \$119 million of restructuring charges.

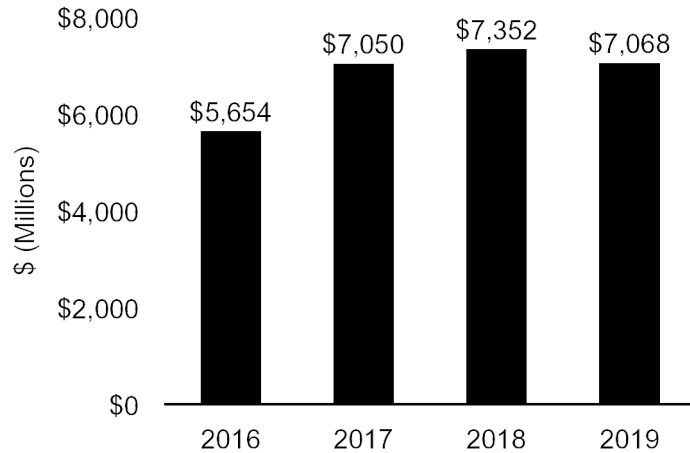
Cummins Inc.

- 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

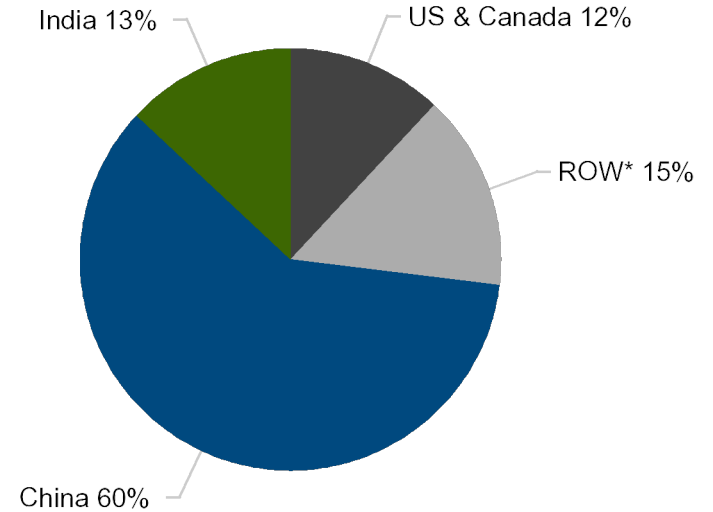
2019 Revenue by Marketing Territory



Cummins - Joint Venture Sales Unconsolidated



2019 Revenue:



* Rest of world

Engine Segment - Overview

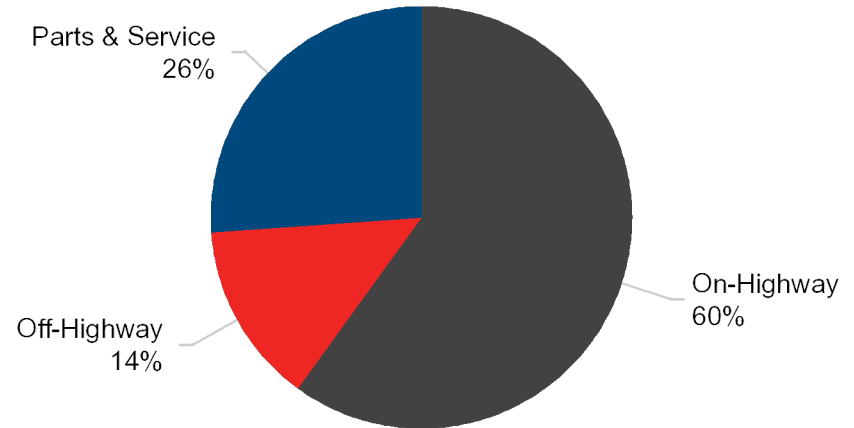
- Diesel and natural gas engines from 2.8L to 15L and 48 hp to 715 hp
- Long-term engine supply agreements with key customers to stabilize pricing and to jointly engineer better integrated vehicles to market
- Leading market share in multiple end-markets and geographies

2019 Results

| | |
|------------------------|----------------|
| Sales: | \$10.1 billion |
| EBITDA ¹ : | \$1.5 billion |
| EBITDA% ¹ : | 14.6% |

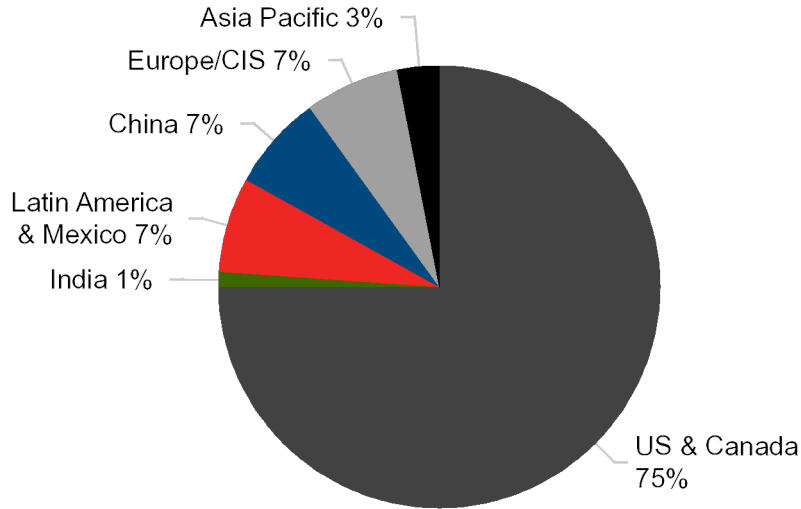
¹ 2019 EBITDA excludes \$18 million of restructuring charges.

2019 Revenue by Product

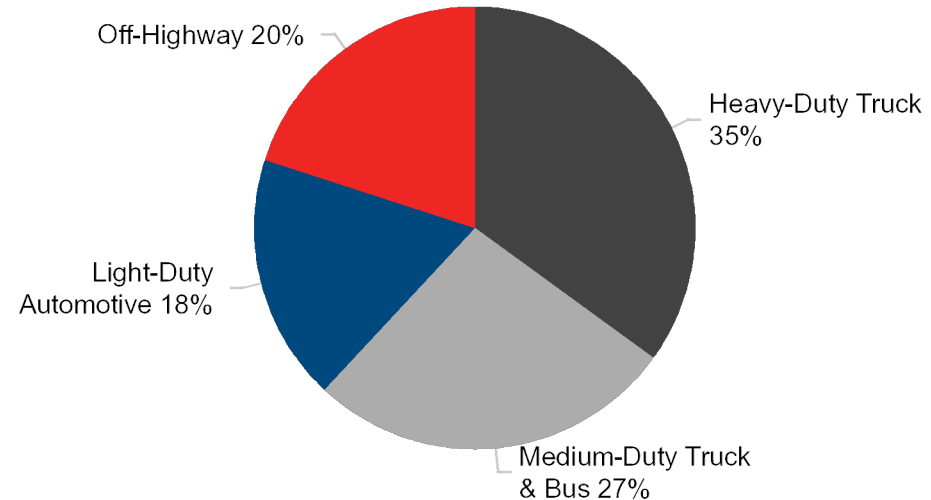


Engine Segment - Sales Mix

By Region



By Application

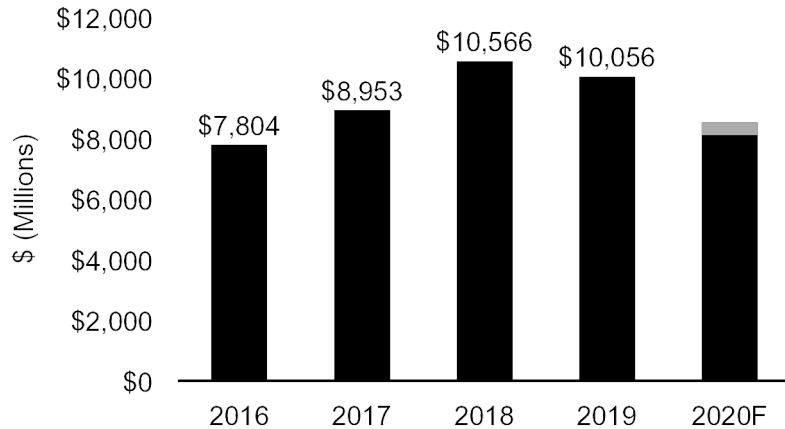


2019 Revenue:

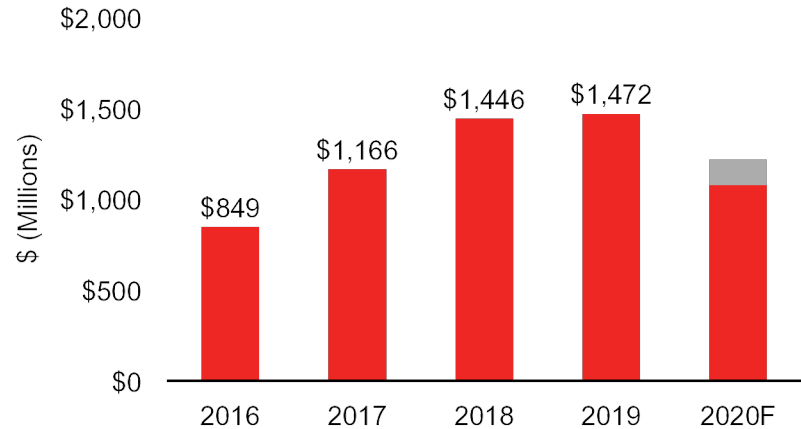
\$10.1 billion

Engine Segment - Historical Performance

Segment Sales



Segment EBITDA^{1 2}



2020 Guidance

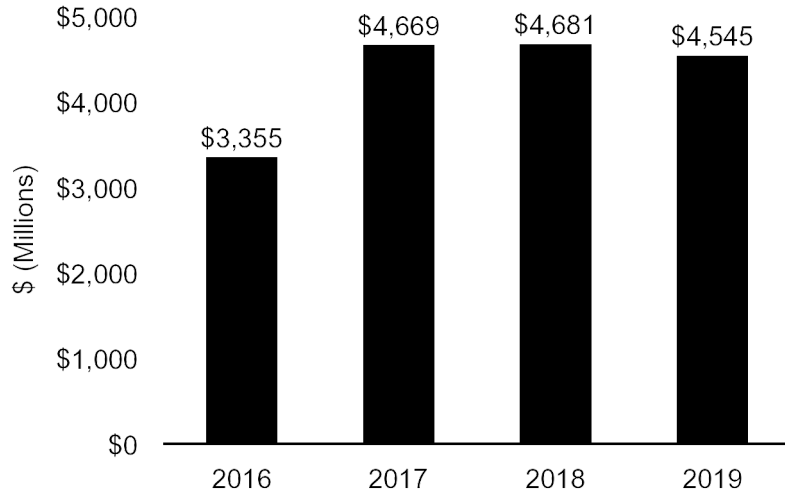
Sales Down 15% to 19%

EBITDA 13.3 to 14.3%

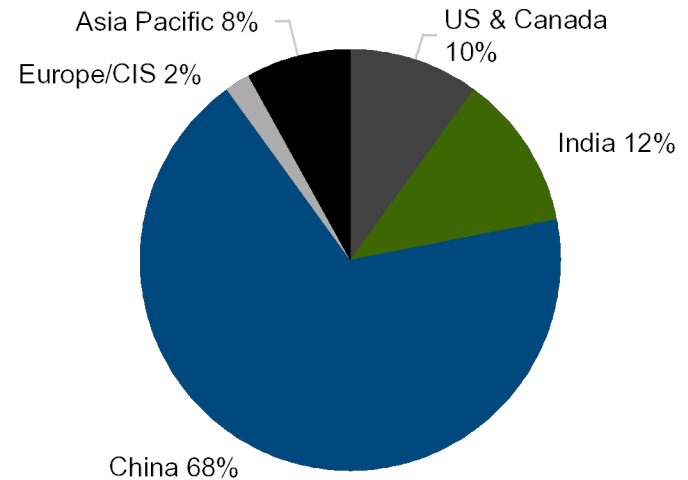
¹ 2017 EBITDA excludes \$23 million of joint venture tax charges related to Tax Legislation.

² 2019 EBITDA excludes \$18 million of restructuring charges.

Engine Segment - Joint Venture Sales Unconsolidated



2019 Revenue



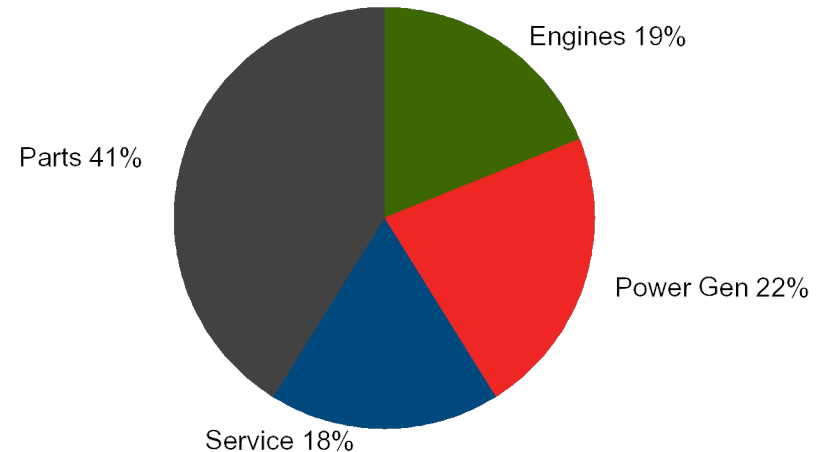
Distribution Segment - Overview

- Provide aftermarket support and increase solution-based revenue
- Increasing network capabilities in emerging markets to capture profitable growth

| 2019 Results | |
|------------------------|---------------|
| Sales: | \$8.1 billion |
| EBITDA ¹ : | \$693 million |
| EBITDA% ¹ : | 8.6% |

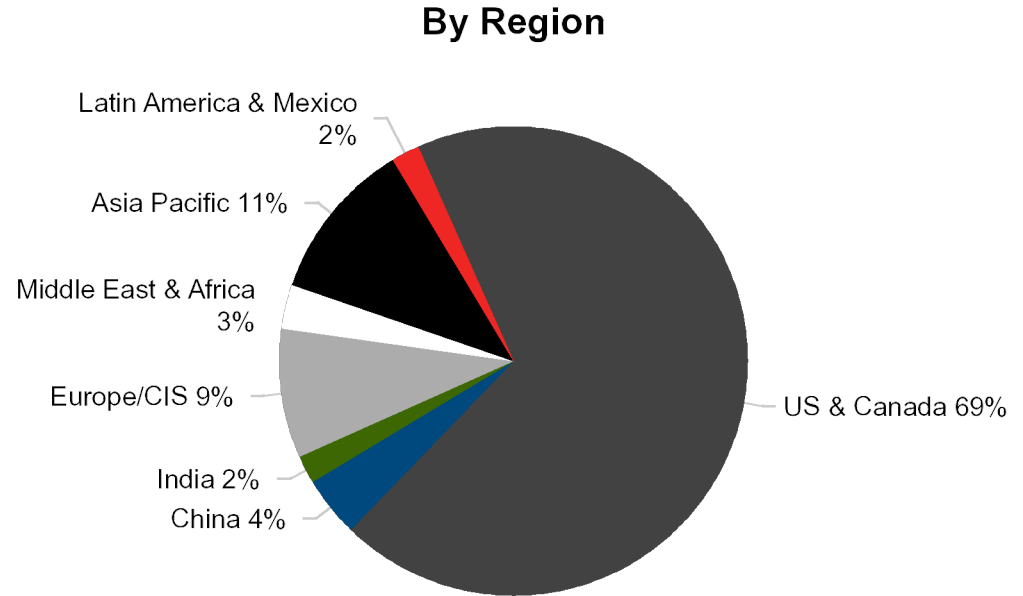
¹ 2019 EBITDA excludes \$37 million of restructuring charges.

2019 Revenue by Product



Distribution Segment - Sales Mix

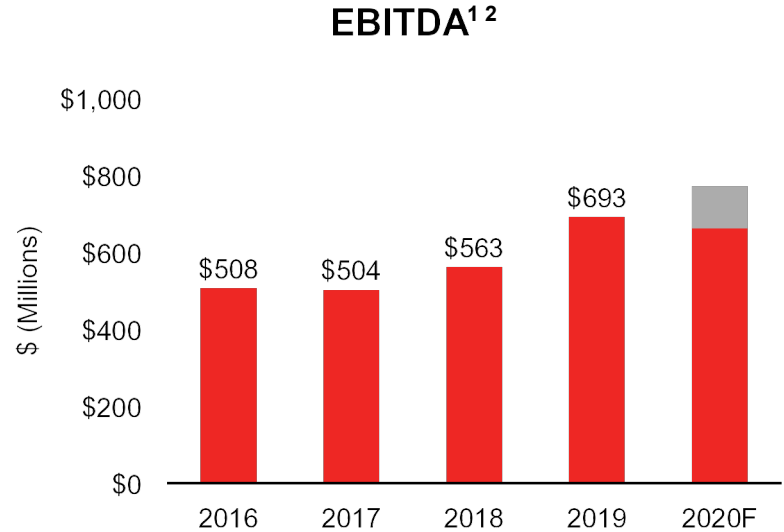
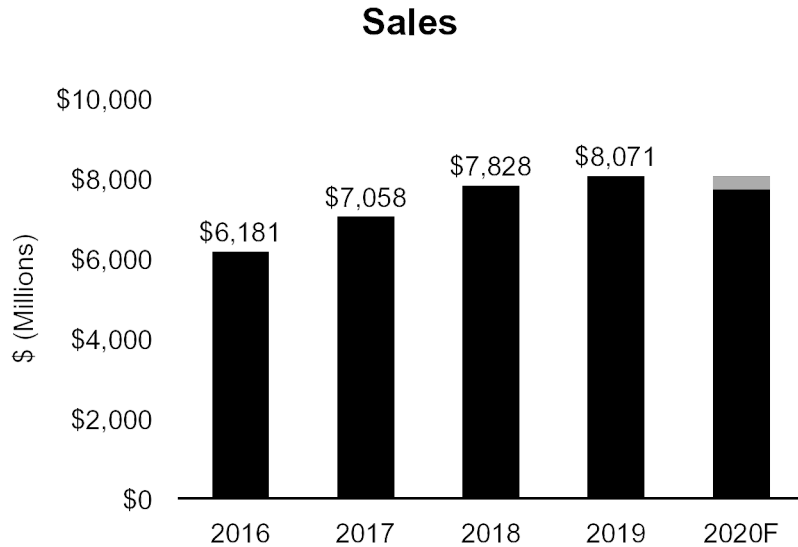
- Key enabler for Cummins growth
- Benefiting from increased population of products in the field



2019 Revenue

\$8.1 billion

Distribution Segment - Historical Performance



2020 Guidance

Sales Flat to Down 4%

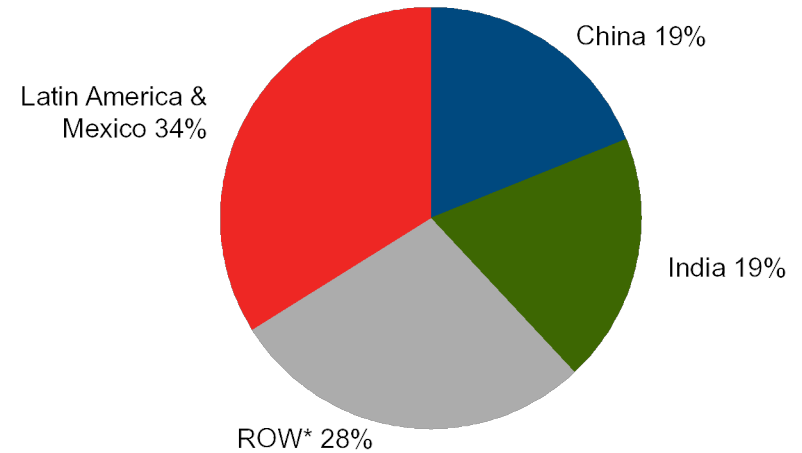
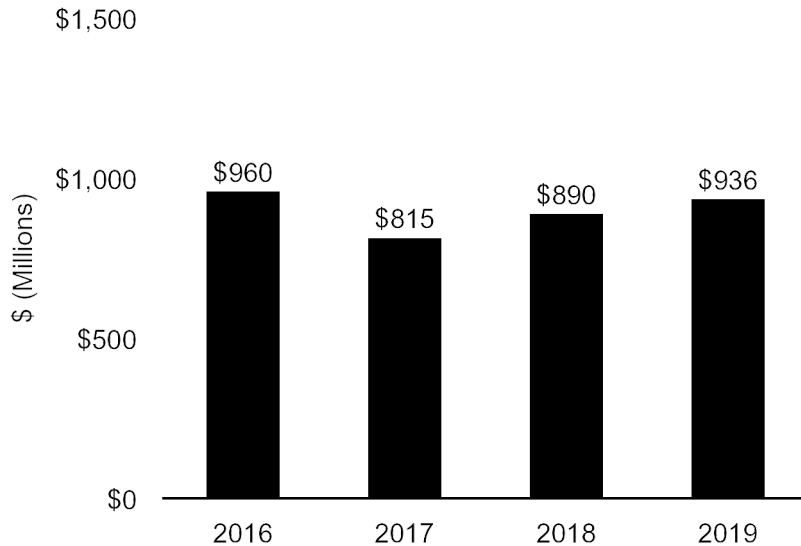
EBITDA 8.6 to 9.6%

¹ 2017 EBITDA excludes \$4 million of tax charges related to Tax Legislation.

² 2019 EBITDA excludes \$37 million of restructuring charges.

Distribution Segment - Joint Venture Sales Unconsolidated

2019 Revenue



* Rest of World

Components Segment - Overview

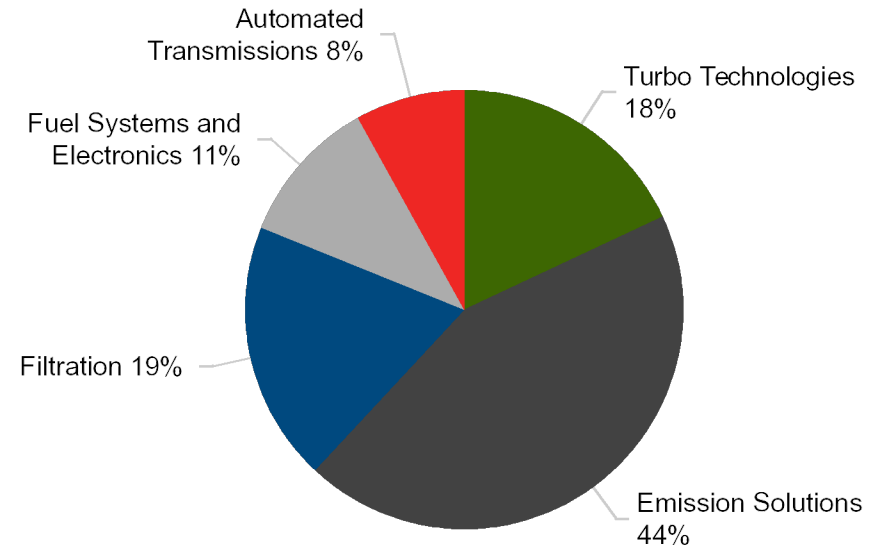
- Leading supplier of aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

2019 Results

| | |
|------------------------|---------------|
| Sales: | \$6.9 billion |
| EBITDA ¹ : | \$1.1 billion |
| EBITDA% ¹ : | 16.2% |

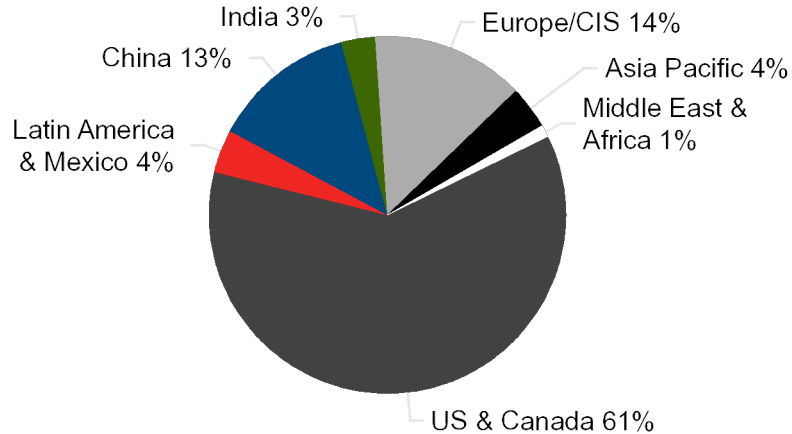
¹ 2019 EBITDA excludes \$20 million of restructuring charges.

2019 Revenue by Business

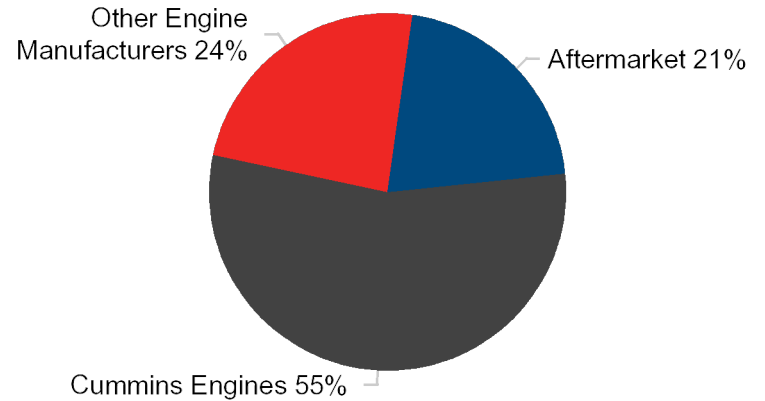


Components Segment - Sales Mix

By Region



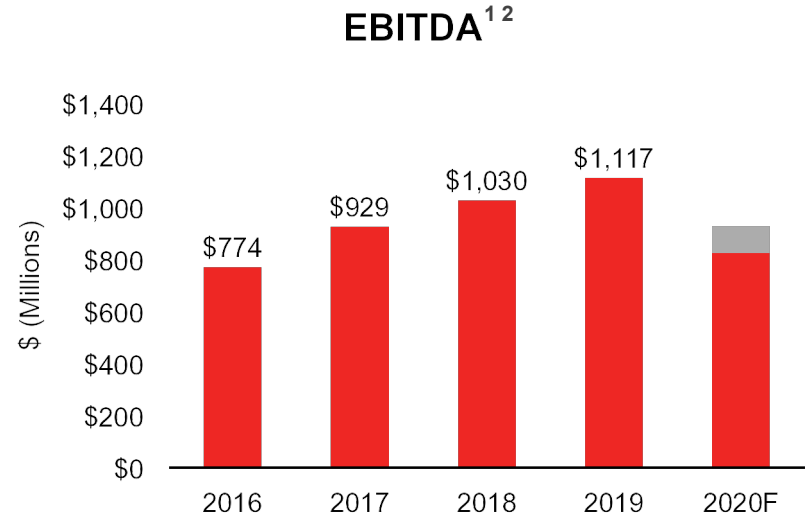
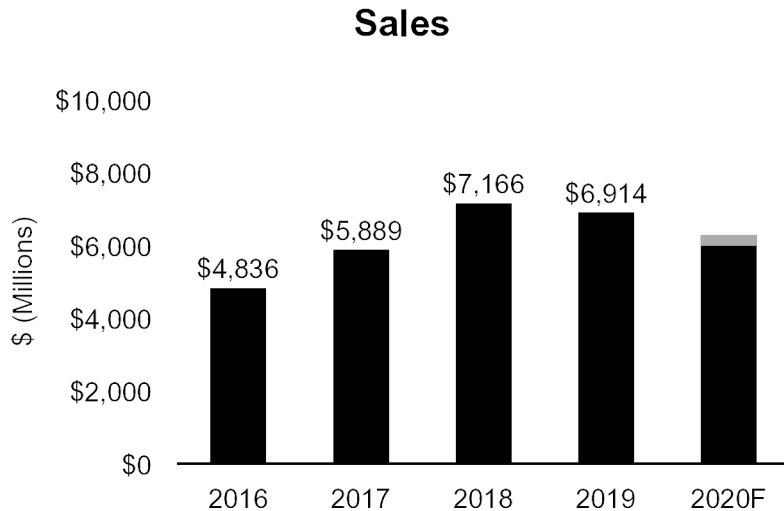
By Application



2019 Revenue:

\$6.9 billion

Components Segment - Historical Performance



2020 Guidance

Sales Down 9% to 13%

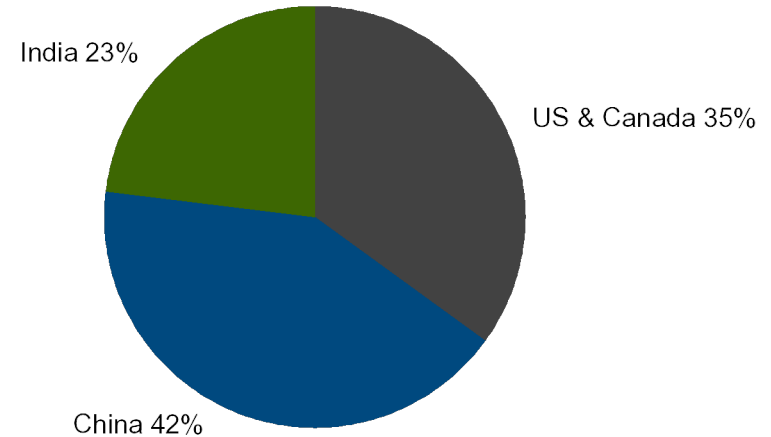
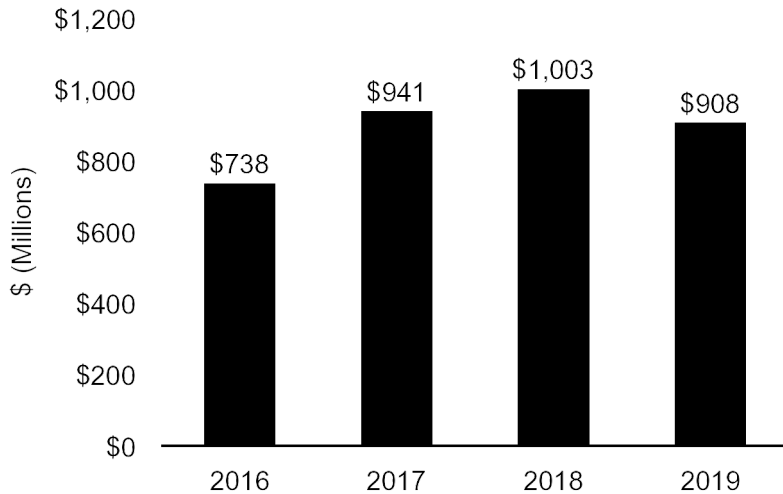
EBITDA 13.8 to 14.8%

¹ 2017 EBITDA excludes \$12 million of joint venture tax charges related to Tax Legislation.

² 2019 EBITDA excludes \$20 million of restructuring charges.

Components Segment - Joint Venture Sales Unconsolidated

2019 Revenue



Power Systems Segment - Overview

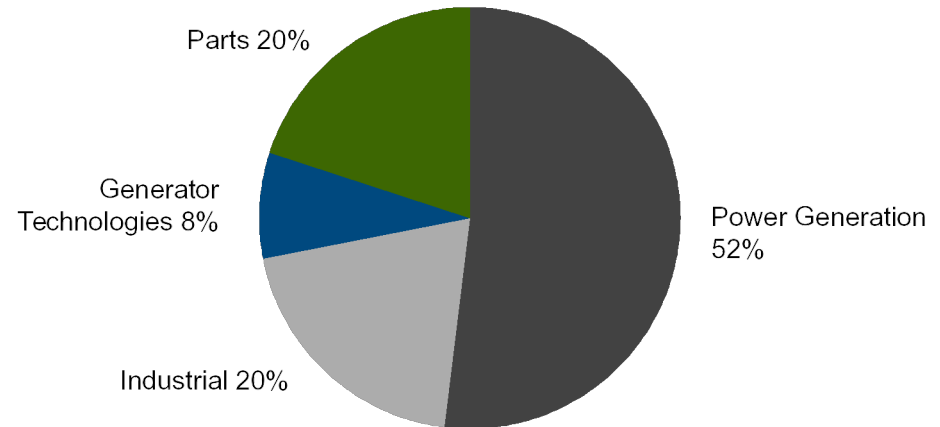
- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 3kVA to 12,000kVa
- Leading market share in multiple geographies

2019 Results

| | |
|------------------------|---------------|
| Sales: | \$4.5 billion |
| EBITDA ¹ : | \$524 million |
| EBITDA% ¹ : | 11.7% |

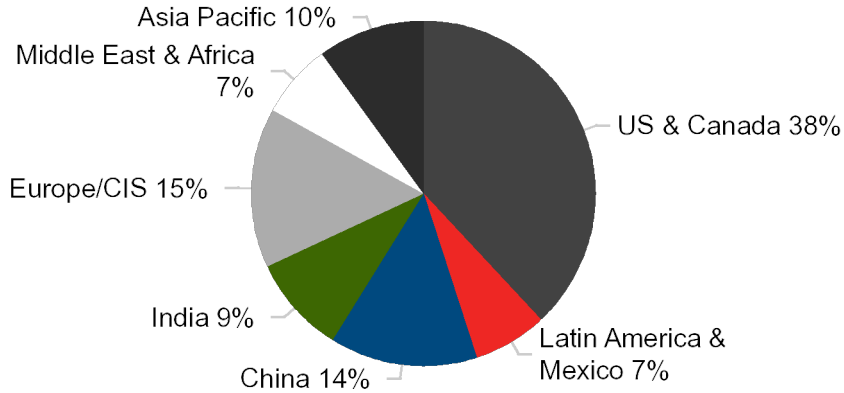
¹ 2019 EBITDA excludes \$12 million of restructuring charges.

2019 Revenue by Product

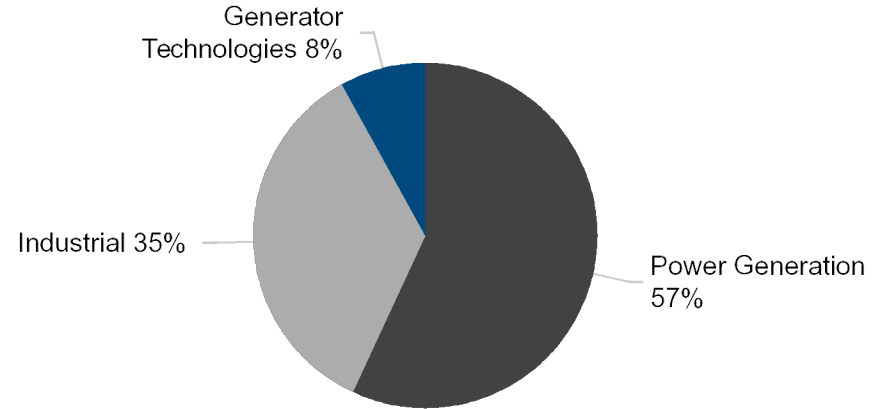


Power Systems Segment - Sales Mix

By Region



By Product Line

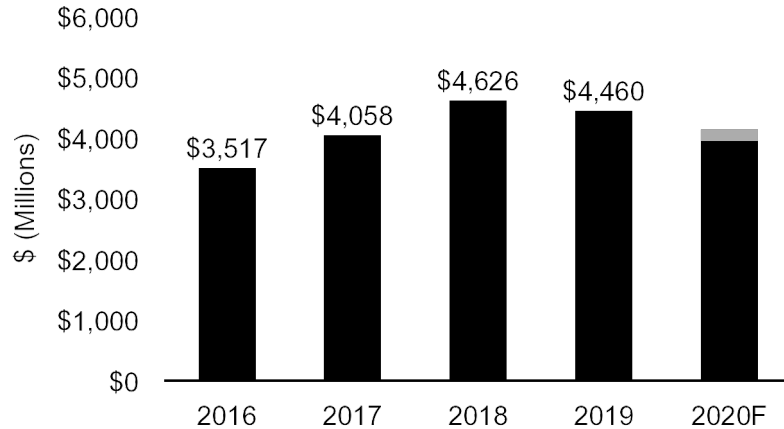


2019 Revenue:

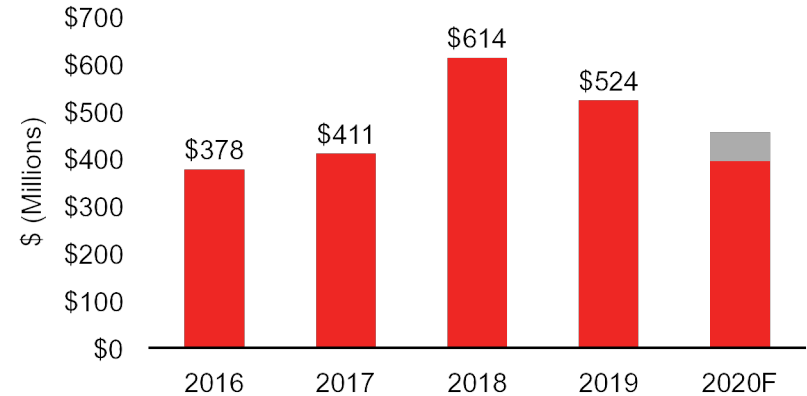
\$4.5 billion

Power Systems Segment - Historical Performance

Sales



EBITDA¹



2020 Guidance

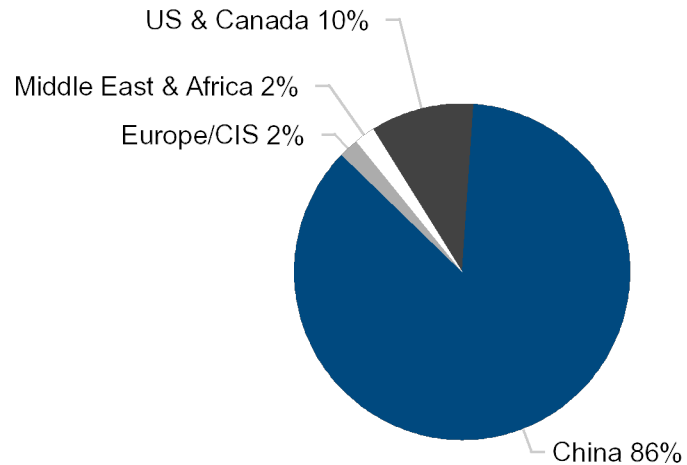
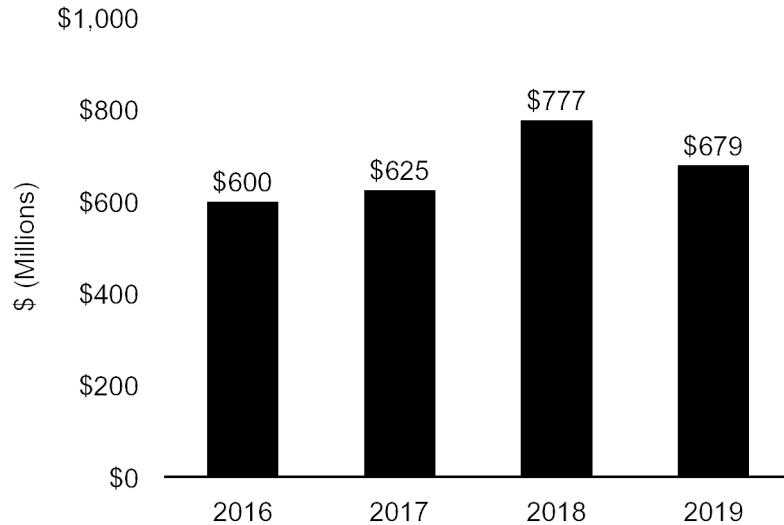
Sales Down 7% to 11%

EBITDA 10.0 to 11.0%

¹2019 EBITDA excludes \$12 million of restructuring charges.

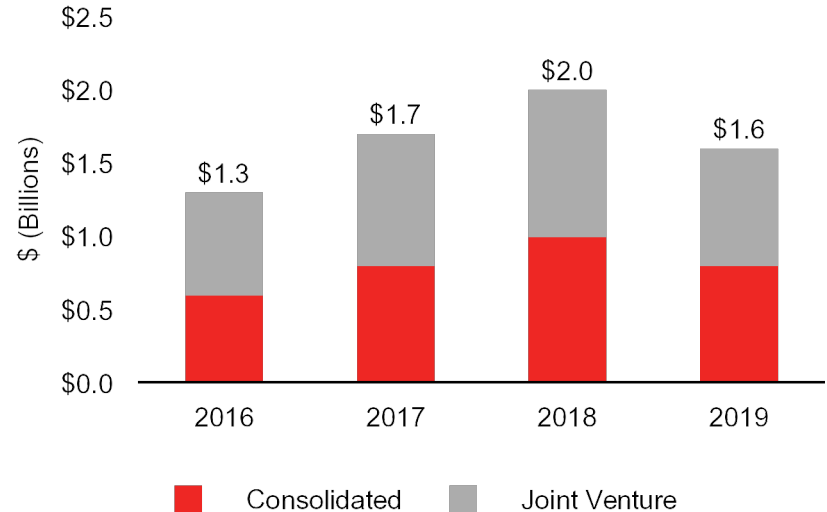
Power Systems Segment - Joint Venture Sales Unconsolidated

2019 Revenue



Emerging Market Sales - India¹

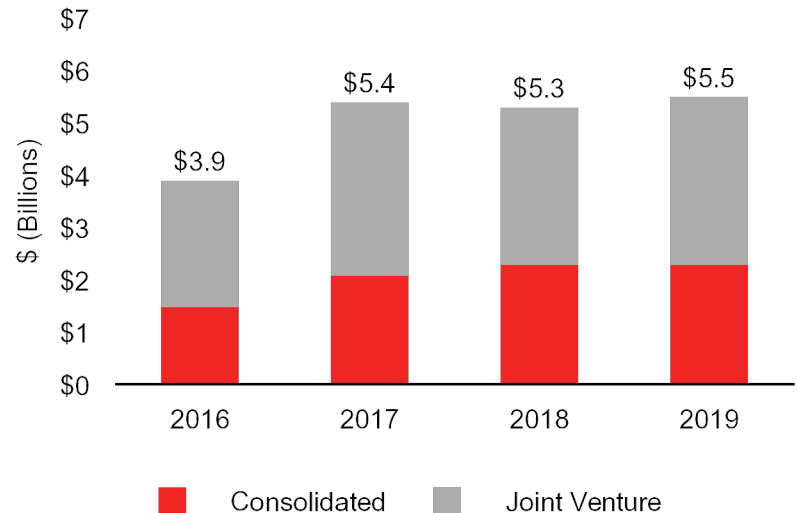
- Present in India for over 50 years
- Broad product portfolio for On and Off Highway
- Market leadership
- Strong OEM relationships
- Expanding our markets



¹ Consolidated & JV sales with 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 Consolidated & JV sales with eliminations

Non-GAAP Reconciliation - EBITDA

| In Millions | Years End | |
|--|-------------|-------------|
| | 31-Dec-2019 | 31-Dec-2018 |
| Net income attributable to Cummins Inc. | \$ 2,260 | \$ 2,141 |
| Net income attributable to noncontrolling interests | 8 | 46 |
| Consolidated net income | 2,268 | 2,187 |
| Income tax expense | 566 | 566 |
| Income before taxes | 2,834 | 2,753 |
| Interest expense | 109 | 114 |
| EBIT | 2,943 | 2,867 |
| Depreciation and amortization | 669 | 609 |
| EBITDA | 3,612 | 3,476 |
| Restructuring charges | 119 | — |
| EBITDA excluding restructuring charges | 3,731 | 3,476 |
| Less: Non-segment EBITDA excluding restructuring charges | 73 | (87) |
| Total Segment EBITDA excluding restructuring charges | \$ 3,658 | \$ 3,563 |

We define EBITDA as earnings before interest expense, provision for income taxes, depreciation & amortization, and non-controlling interests in earnings of consolidated subsidiaries. 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 | Years End | |
|--|-----------|-----------|
| | 31-Dec-19 | 31-Dec-18 |
| Accounts and notes receivable, net | \$ 3,670 | \$ 3,866 |
| Inventories | 3,486 | 3,759 |
| Accounts Payable - (principally trade) | (2,534) | (2,822) |
| Working capital measure | \$ 4,622 | \$ 4,803 |
| Annualized Working capital measure (% of Net Sales) | 19.6% | 20.2% |

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 | Years End | | |
|---|-----------|-----------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 |
| Total Assets | \$ 19,737 | \$ 19,062 | \$ 18,075 |
| Less: Deferred debt costs | 3 | 3 | 2 |
| Less: Deferred tax assets | 441 | 410 | 306 |
| Less: Pension and other postretirement benefit adjustments excluded from net assets | 67 | 68 | 156 |
| Less: Liabilities deducted in arriving at net assets | 8,498 | 7,836 | 7,398 |
| Less: Brammo Inc. assets | — | — | 72 |
| Total net assets | 10,728 | 10,745 | 10,141 |
| Less: Cash, cash equivalents and marketable securities | 1,470 | 1,525 | 1,567 |
| Net assets for operating segments | \$ 9,258 | \$ 9,220 | \$ 8,574 |

A reconciliation of net assets for operating segments to total assets in our Condensed Consolidated Financial Statements is shown in the table above.

In 2018, we reevaluated our net asset allocation methodology and realigned it to both simplify and better represent our reportable segments consistent with how the Chief Operating Decision Maker evaluates them. In accordance with the realignment, we reclassified historical segment net assets for 2017 to be consistent with our 2018 presentation. Key changes during the realignment were to remove cash equivalents and marketable securities from segment net assets as these corporate items are not managed and evaluated at the segment level.

Non-GAAP Reconciliation - Invested Capital Used for Return on Invested Capital Calculation

| | <u>Years End</u> | | |
|--|------------------|-----------|-----------|
| In Millions | | | |
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 |
| Total Equity | \$ 8,465 | \$ 8,259 | \$ 8,164 |
| Less: Defined benefit postretirement plans | (734) | (671) | (689) |
| Equity used for return on invested capital calculation | 9,199 | 8,930 | 8,853 |
| Loans payable | 100 | 54 | 57 |
| Commercial paper | 660 | 780 | 298 |
| Current maturities of long-term debt | 31 | 45 | 63 |
| Long-term debt | 1,576 | 1,597 | 1,588 |
| Invested capital used for return on invested capital calculation | \$ 11,566 | \$ 11,406 | \$ 10,859 |

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

Non-GAAP Reconciliation - Net Operating Profit After Taxes Used for Return on Invested Capital Calculation

| In Millions | Years End | |
|--|-----------|-----------|
| | 31-Dec-19 | 31-Dec-18 |
| Net income attributable to Cummins Inc. | \$ 2,260 | \$ 2,141 |
| Net income attributable to noncontrolling interests | 8 | 46 |
| Consolidated net income | 2,268 | 2,187 |
| Income tax expense | 566 | 566 |
| Income before taxes | 2,834 | 2,753 |
| Interest expense | 109 | 114 |
| EBIT | 2,943 | 2,867 |
| Restructuring charge | 119 | — |
| EBIT excluding restructuring charge | 3,062 | 2,867 |
| Less: Tax effect on EBIT | 615 | 591 |
| Net operating profit after taxes used for return on invested capital calculation | \$ 2,447 | \$ 2,276 |

A reconciliation of net operating profit after taxes used for return on invested capital calculation to net income attributable to Cummins Inc. in our Consolidated Financial Statements is shown in the table above.



Thank you for your interest

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