



Second Quarter 2019 Earnings Teleconference

July 30, 2019

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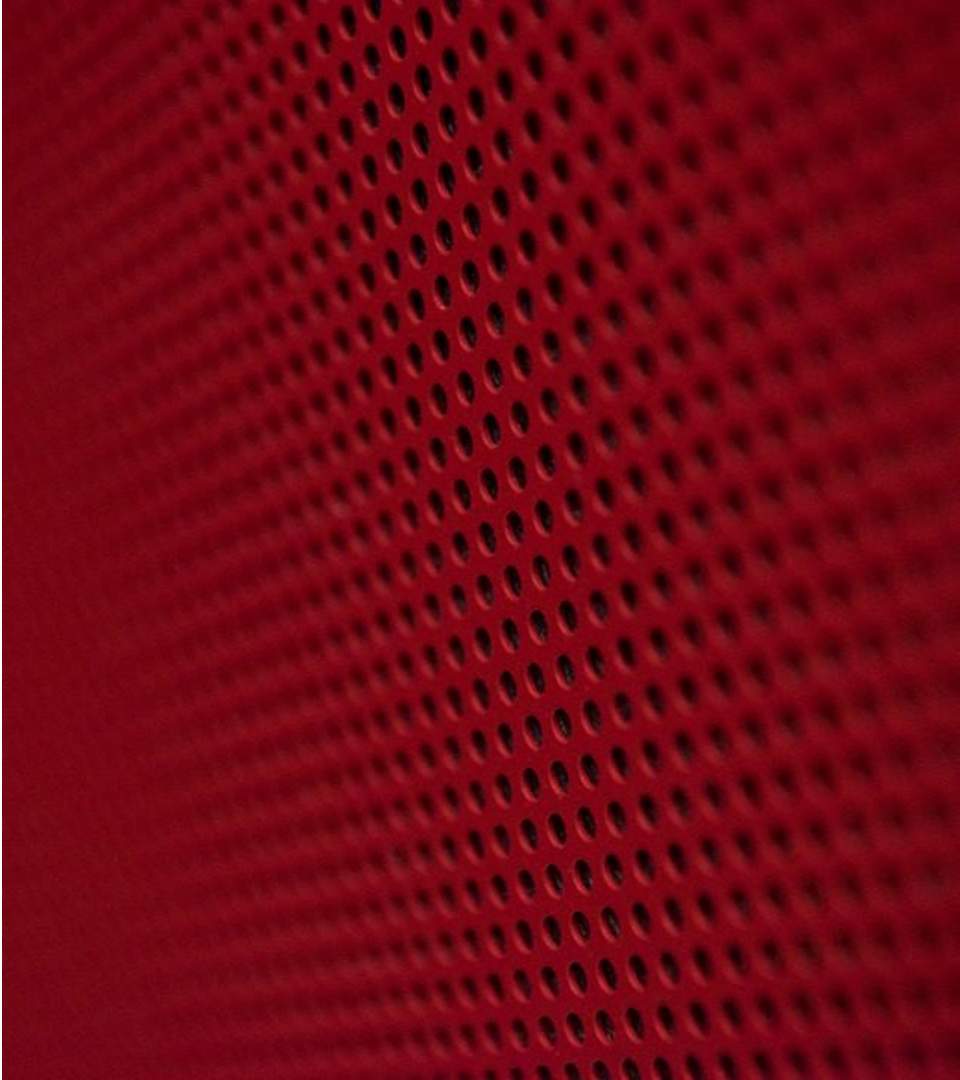
2019 Supplemental Information

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 percentage for the full year of 2019. 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



Q2 2019 Summary

- **Second quarter revenues of \$6.2 billion**
- **GAAP¹ Net Income of \$675 million and Diluted EPS of \$4.27**
- **EBITDA of \$1.1 billion or 17.0 percent of sales**
- **Full year revenues expected to be flat, at the low end of our prior guidance range**
- **EBITDA is expected to be in the range of 16.25 to 16.75 percent of sales, no change from prior guidance**

¹ Generally Accepted Accounting Principles

Cummins Inc.

Selected Financial Data - Quarter

\$ MILLIONS	Q2 2019	Q2 2018
Sales	6,221	6,132
Gross Margin (% of Sales)	26.4%	23.5%
SAR (% of Sales)	14.1%	13.6%
EBITDA	1,058	897
EBITDA (% of Sales)	17.0%	14.6%
GAAP Net Income attributable to Cummins Inc.	675	545
GAAP Net Income (% of Sales)	10.9%	8.9%
Diluted EPS	\$4.27	\$3.32
Dividend Per Share	\$1.14	\$1.08
ROANA (LTM) ¹	36%	32%
ROIC (LTM) ¹	22%	17%

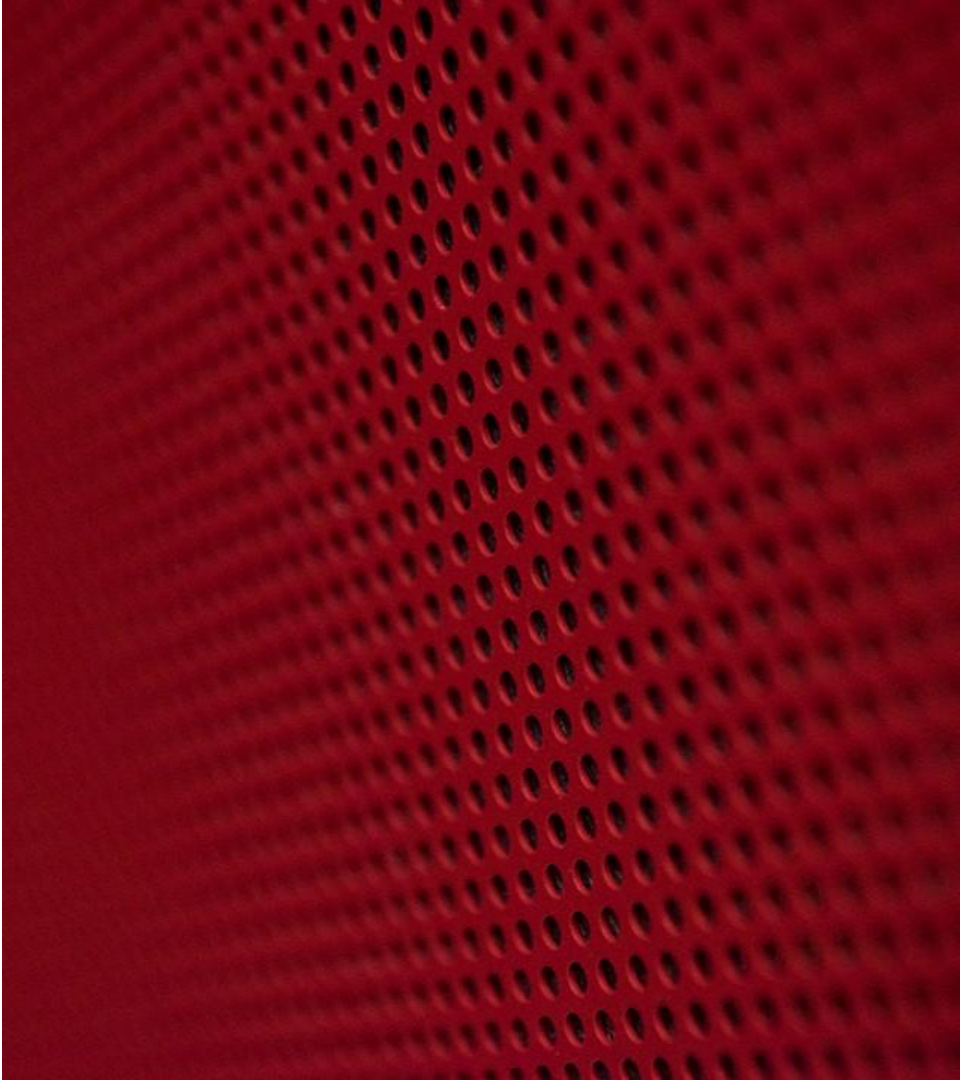
¹ ROANA and ROIC calculations exclude the 2017 tax charges related to Tax Legislation.

2019 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	Electrified Power	Intersegment Eliminations	Total
Three months ended June 30, 2019							
Net Sales	2,703	2,028	1,846	1,203	8	(1,567)	6,221
<i>Sales growth vs 2018</i>	—%	2%	(2)%	(3)%	700%	(7)%	1%
EBITDA	416	172	297	173	(33)	33	1,058
Segment EBITDA %	15.4%	8.5%	16.1%	14.4%	NM ¹		17.0%
Three months ended July 1, 2018							
Net Sales	2,696	1,994	1,887	1,246	1	(1,692)	6,132
EBITDA	362	145	237	186	(21)	(12)	897
Segment EBITDA %	13.4%	7.3%	12.6%	14.9%	NM ¹		14.6%

¹ "NM" - not meaningful information

2019 Guidance



2019 Revenue Guidance

Prior Guidance	Flat to up 4%
	Better / (Worse)
North America Parts	(\$200M)
China LCV	(\$100M)
Fx	(\$100M)
India / Brazil Truck	(\$65M)
Mining	(\$50M)
NAFTA Truck Share	\$90M
Current Guidance	Flat

Guidance for 2019 Consolidated Results

ITEM	FULL YEAR GUIDANCE
Consolidated Revenue	Flat
Earnings from JVs	Down 10%
EBITDA Margin	16.25 to 16.75%
Depreciation & Amortization	\$625 to \$645 M
Effective Tax Rate	21.5%
Capital Expenditures	\$650 to \$700 M
Global Pension Funding	\$123 M
Interest Expense	\$125 M

Guidance for 2019 Segment Results

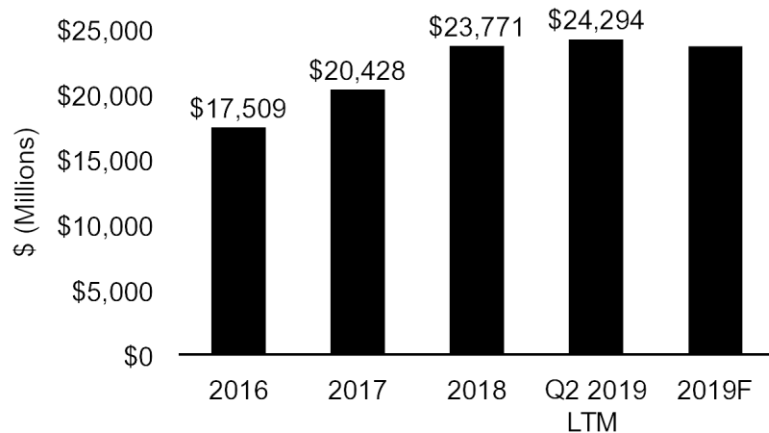
ITEM	ENGINE	DISTRIBUTION	COMPONENTS	POWER SYSTEMS	ELECTRIFIED POWER
Consolidated Revenue Growth	Down 2 to Up 2%	Up 1 to 5%	Down 2 to Up 2%	Down 2 to Up 2%	\$30M
2019 EBITDA Margins (% of Revenue)	15.0 to 15.5%	8.0 to 8.5%	15.75 to 16.25%	13.25 to 14.0%	(\$150M) to (\$120M)
2018 EBITDA Margins (% of Revenue)	13.7%	7.2%	14.4%	13.3%	(\$90M)

Key On-Highway Engine Markets - 2019

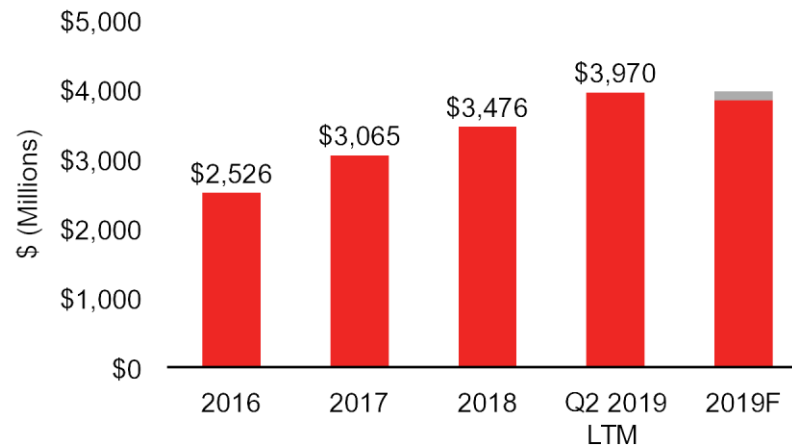
KEY MARKET	2018 Actual	2019 Forecast	CHANGE Market Size
Heavy Duty Truck - NAFTA Class 8, Group 2 - Production	286K units	300K units	Up 5%
Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production	132K units	140K units	Up 6%
Heavy & Medium Truck - China Sales	1,325K units	1,193K units	Down 10%
Heavy & Medium Truck - India Sales	445K units	369K units	Down 17%
Heavy & Medium Truck - Brazil Production	106K units	108K units	Up 2%

Cummins Inc.

Sales



EBITDA¹



2019 Guidance

Sales Flat

EBITDA 16.25 to 16.75%

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

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2019 Supplemental Information

Engine Segment Selected Financial Data

- Sales were flat as industry production increased in the North American truck markets while demand decreased in Chinese light duty truck and international construction markets.
- EBITDA increased due to lower campaign costs, improved pricing, and lower material costs which more than offset lower joint venture income, increased investment in research, and the negative impact of tariffs.

\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Sales	2,703	2,696	—%
EBITDA	416	362	+15%
EBITDA (% of Sales)	15.4%	13.4%	

Engine Segment - Sales by Market

- On-highway revenues increased 2% due to increased demand in North America.
- Off-highway revenues decreased 7% due to lower demand in international construction markets.

\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Heavy-Duty Truck	970	920	+5%
Medium-Duty Truck & Bus	739	777	(5)%
Light-Duty Automotive	480	444	+8%
On-Highway	2,189	2,141	+2%
Off-Highway	514	555	(7)%
Total Sales	2,703	2,696	—%

Distribution Segment Selected Financial Data

- Sales increased due to higher demand for power generation equipment in North America.
- EBITDA margin as a percent of sales increased due to higher volumes and positive pricing.

\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Sales	2,028	1,994	+2%
EBITDA	172	145	+19%
EBITDA (% of Sales)	8.5%	7.3%	

Components Segment Selected Financial Data

- Sales in North America increased 5% driven by higher truck build rates, while revenues in international markets declined by 12% as a result of lower truck demand in China, India, and Europe.
- EBITDA increased primarily due to lower campaign and material costs.

\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Sales	1,846	1,887	(2)%
EBITDA	297	237	+25%
EBITDA (% of Sales)	16.1%	12.6%	

Power Systems Segment Selected Financial Data

- Demand in industrial markets declined 11% due to lower sales of oil and gas and mining engines, while sales of power generation were flat.
- EBITDA decreased largely due to lower joint venture income in China.

\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Sales	1,203	1,246	(3)%
EBITDA	173	186	(7)%
EBITDA (% of Sales)	14.4%	14.9%	

Electrified Power Segment Selected Financial Data

- EBITDA losses were \$33 million for the quarter driven by targeted investments in new products.

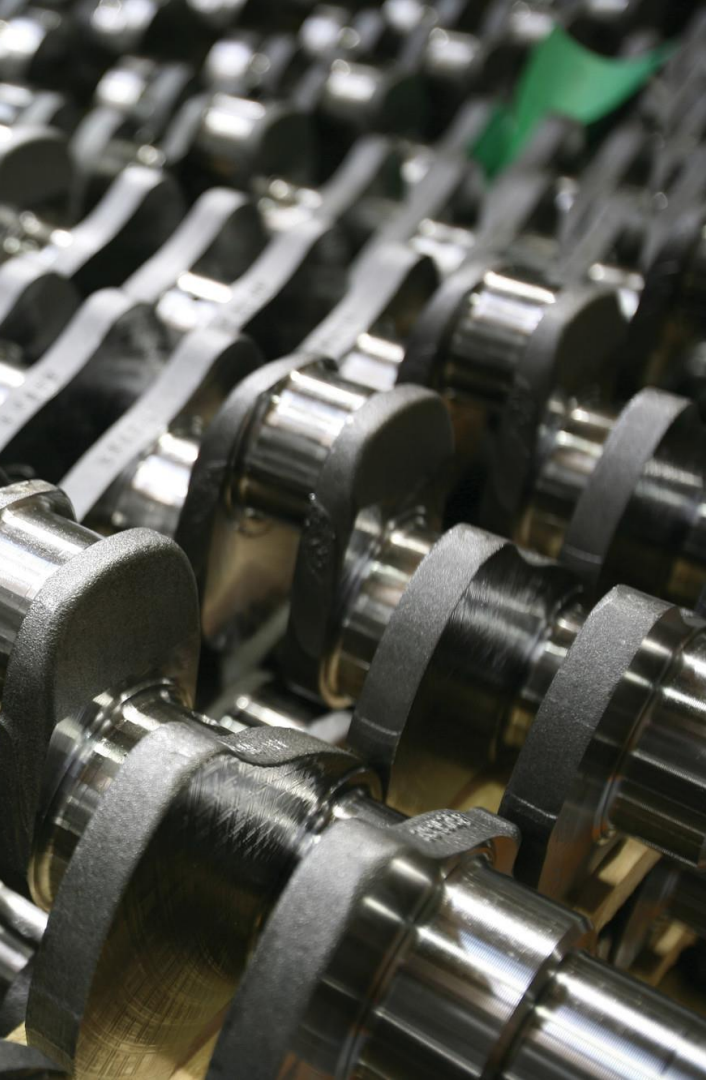
\$ MILLIONS	Q2 2019	Q2 2018	CHANGE
Sales	8	1	+700%
EBITDA	(33)	(21)	NM ¹
EBITDA (% of Sales)	NM ¹	NM ¹	

¹ "NM" - not meaningful information



Joint Venture Income - Quarter

\$ MILLIONS	Q2 2019	Q2 2018
Engine	62	67
Distribution	12	11
Components	11	14
Power Systems	11	18
Electrified Power	—	—
Total JV Income	96	110



Cash Flow - Quarter

\$ MILLIONS	Q2 2019	Q2 2018
Operating Cash Flow	808	590
Capital Expenditures	133	114
Working Capital Measure	5,084	4,673
Working Capital Measure (% of Net Sales)	20.4%	19.1%
Debt to Capital %	19.5%	23.1%

Appendix



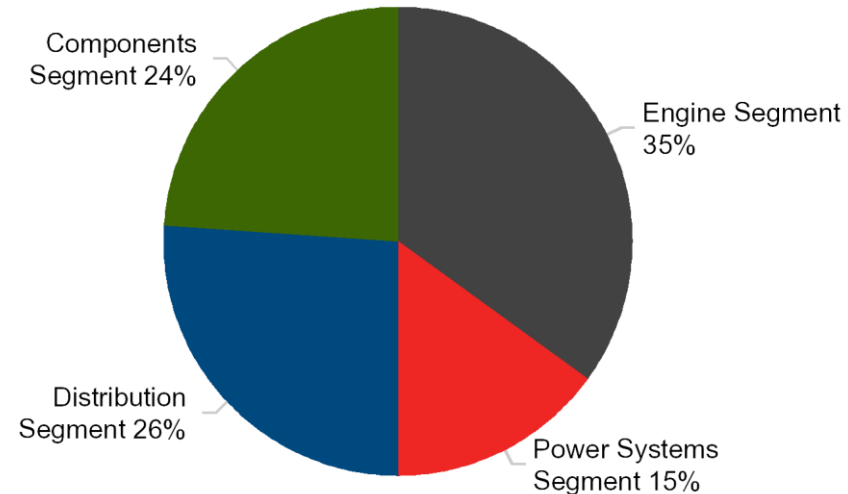
Cummins Inc.

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

Q2 2019 LTM Results

Sales:	\$24.3 billion
EBITDA:	\$4.0 billion
EBITDA%:	16.3%

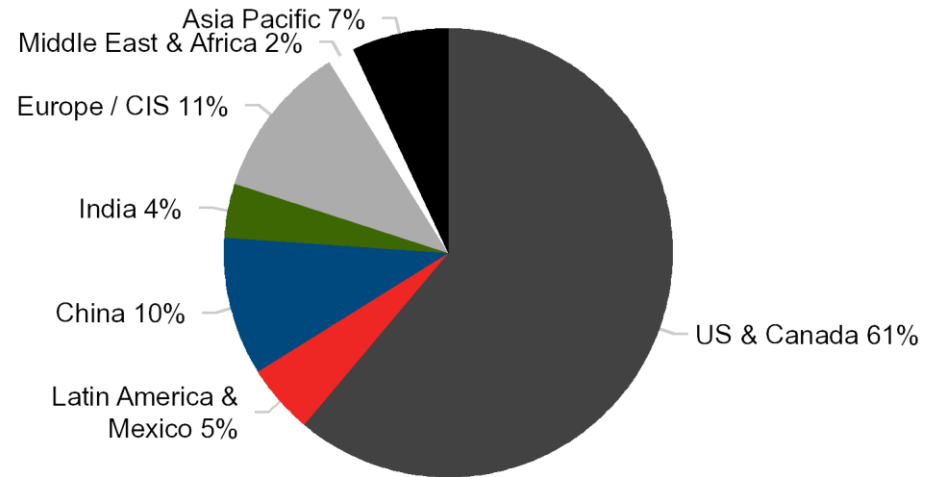
Q2 2019 LTM Revenue by Segment



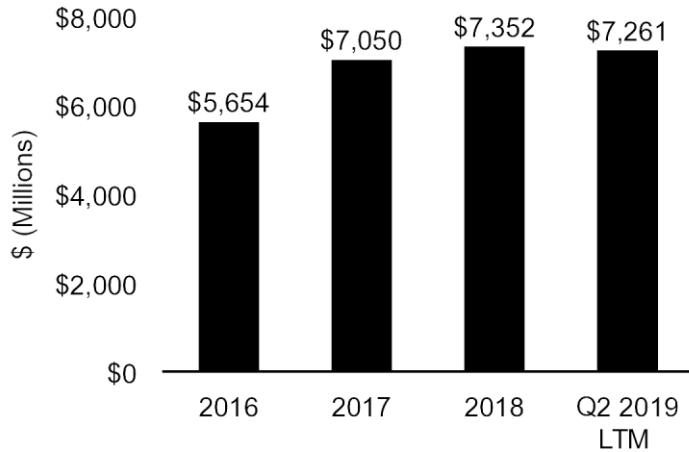
Cummins Inc.

- 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

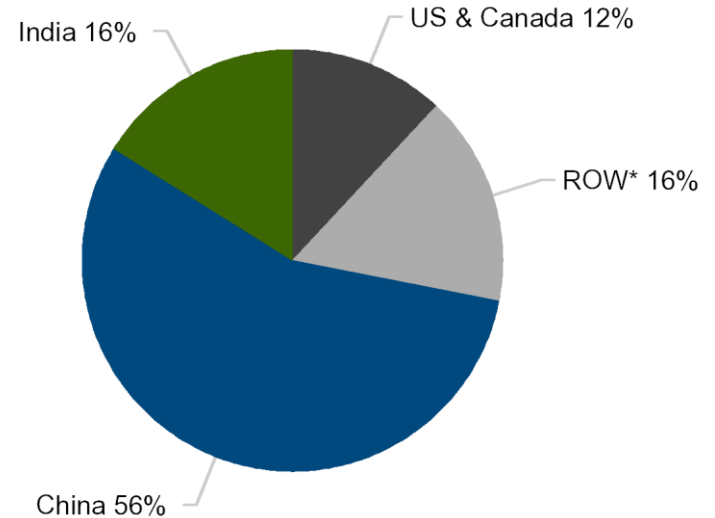
Q2 2019 LTM Revenue by Marketing Territory



Cummins - Joint Venture Sales Unconsolidated



Q2 2019 LTM Revenue:



* Rest of world

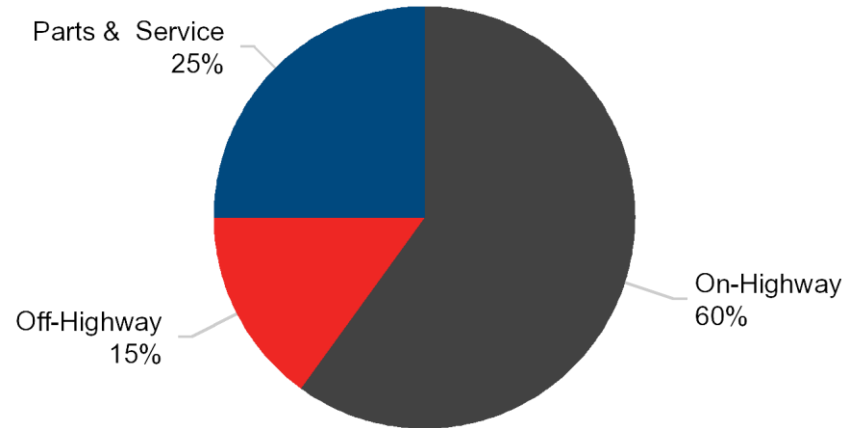
Engine Segment - Overview

- 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

Q2 2019 LTM Results

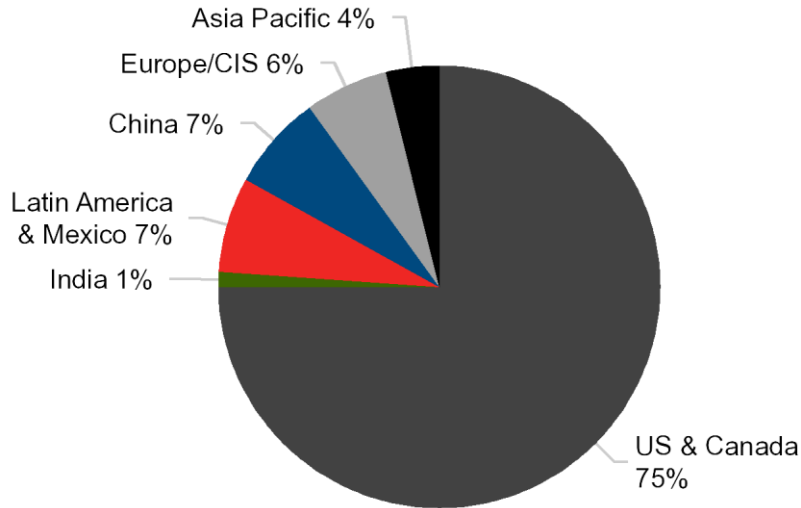
Sales:	\$10.8 billion
EBITDA:	\$1.7 billion
EBITDA%:	15.3%

Q2 2019 LTM Revenue by Product

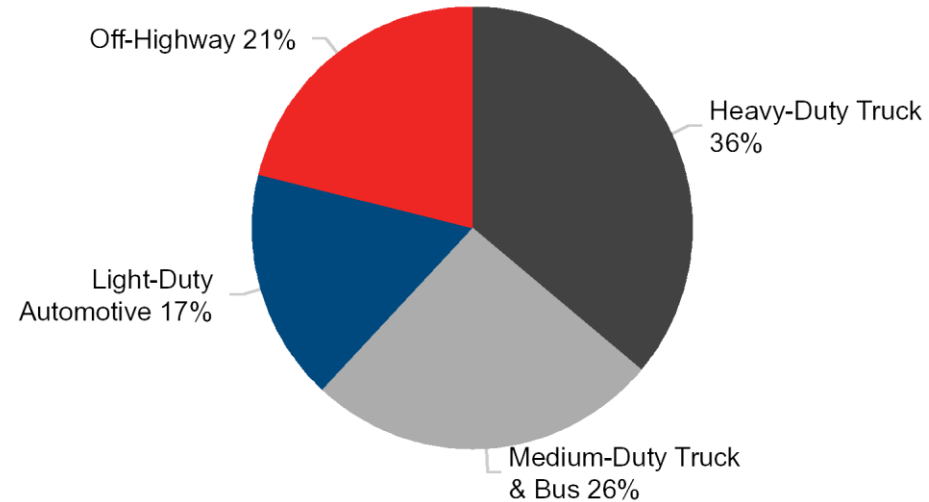


Engine Segment - Sales Mix

By Region



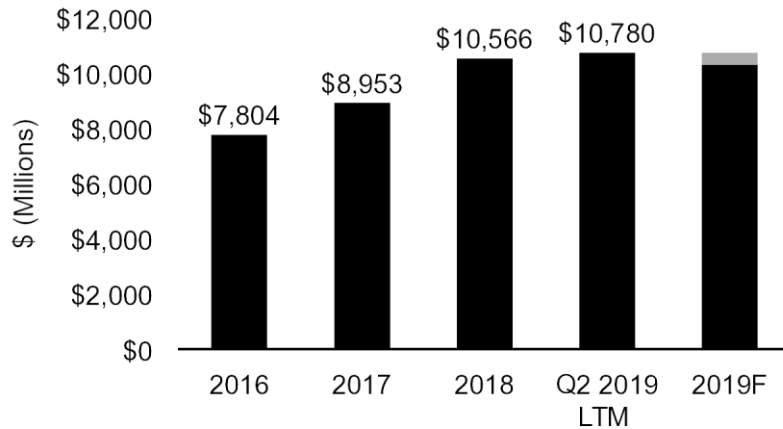
By Application



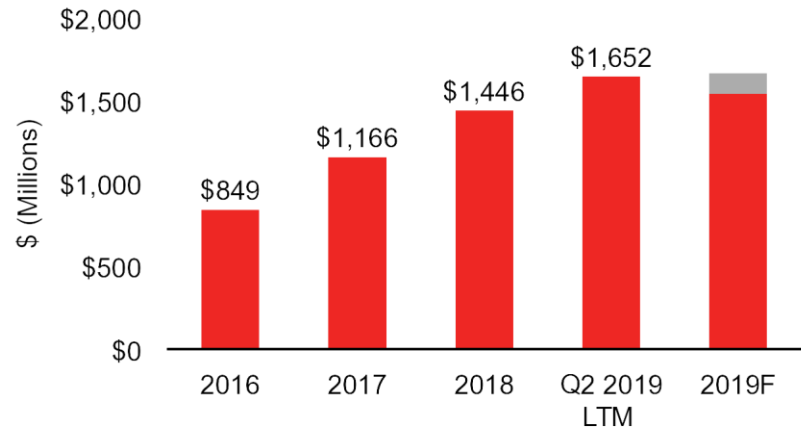
Q2 2019 LTM Revenue: \$10.8 billion

Engine Segment - Historical Performance

Segment Sales



Segment EBITDA¹



2019 Guidance

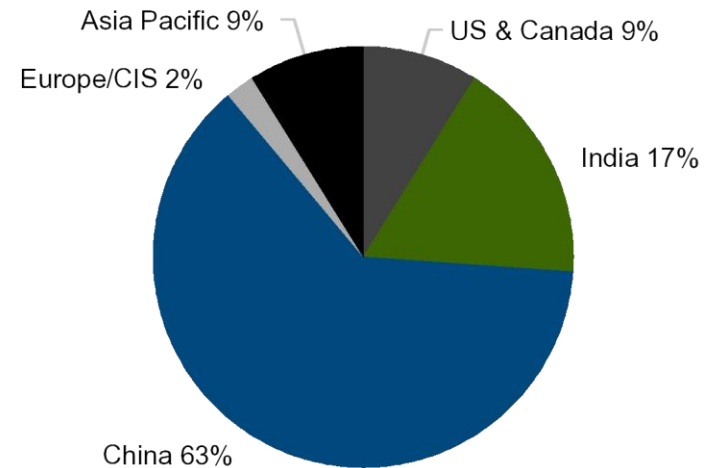
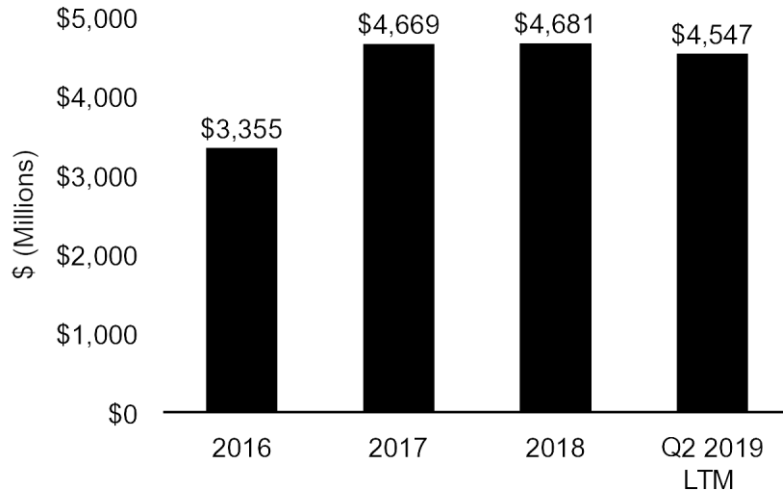
Sales Down 2 to Up 2%

EBITDA 15.0 to 15.5%

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

Engine Segment - Joint Venture Sales Unconsolidated

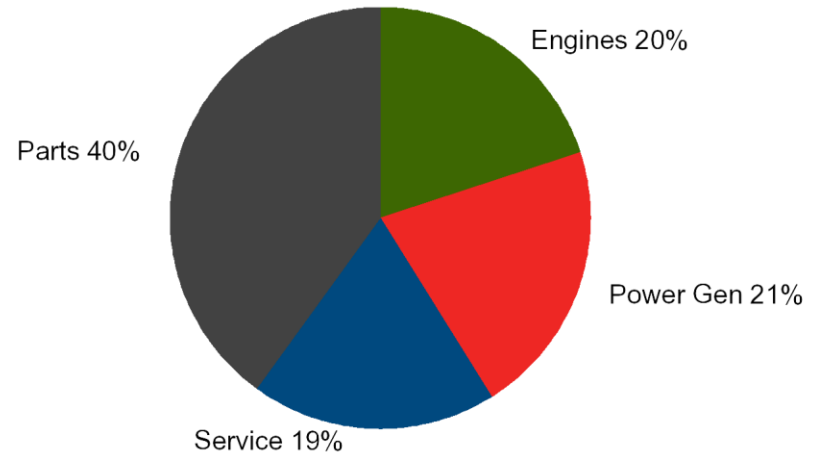
Q2 2019 LTM Revenue



Distribution Segment - Overview

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

Q2 2019 LTM Revenue by Product

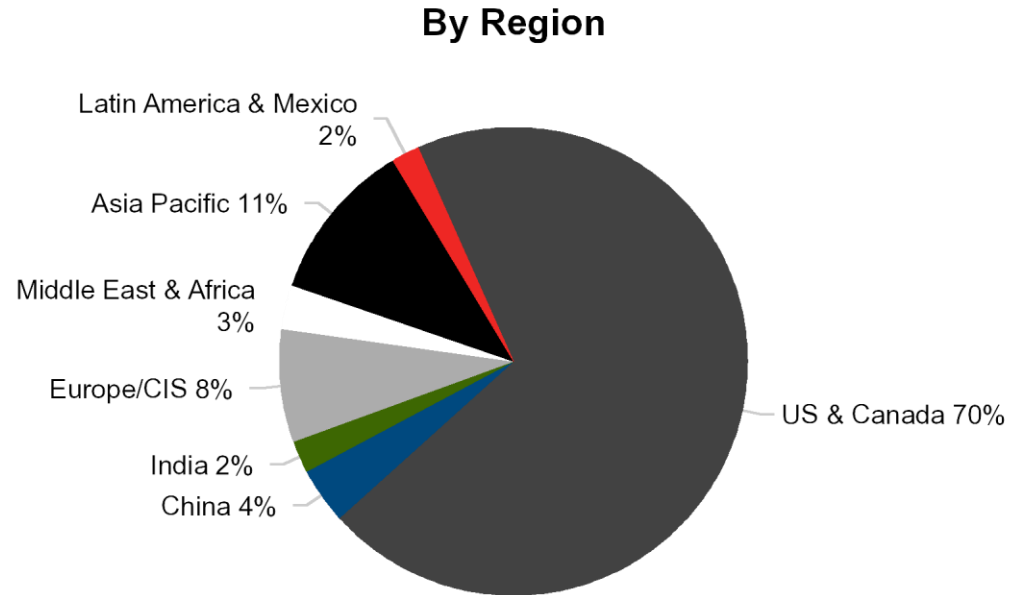


Q2 2019 LTM Results

Sales:	\$8.0 billion
EBITDA:	\$638 million
EBITDA%:	8.0%

Distribution Segment - Sales Mix

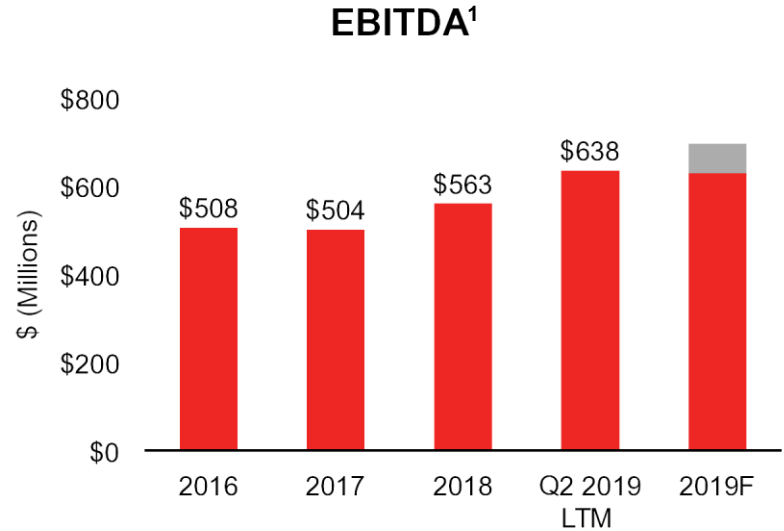
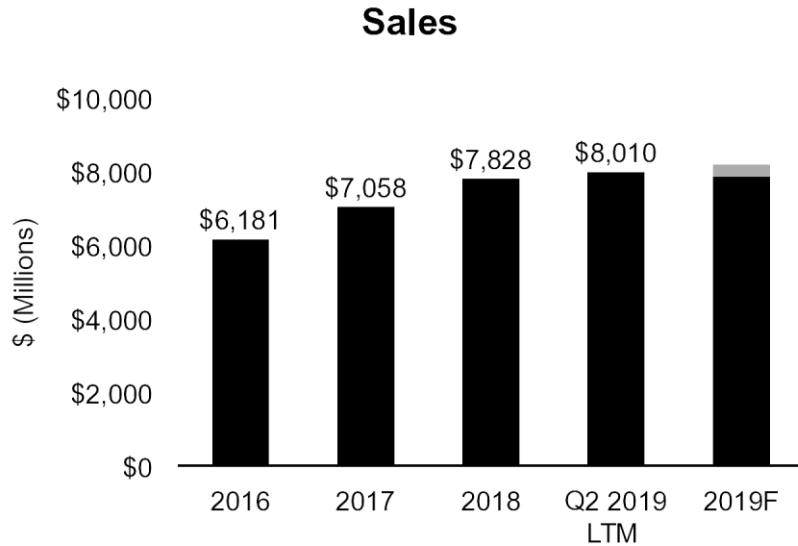
- Key enabler for Cummins growth
- Benefiting from increased population of products in the field



Q2 2019 LTM Revenue

\$8.0 billion

Distribution Segment - Historical Performance



2019 Guidance

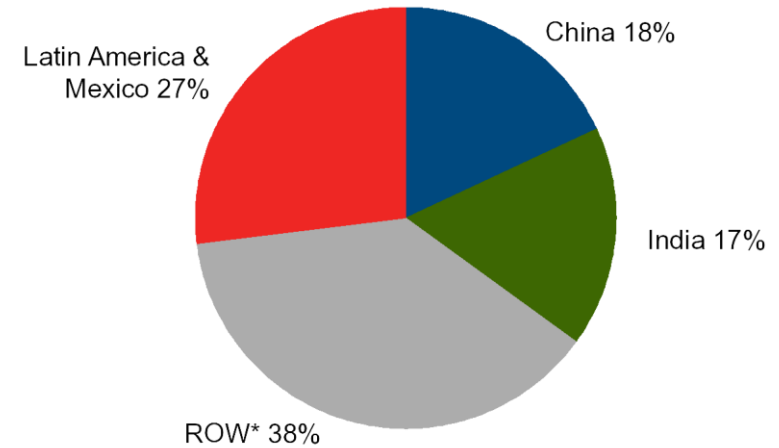
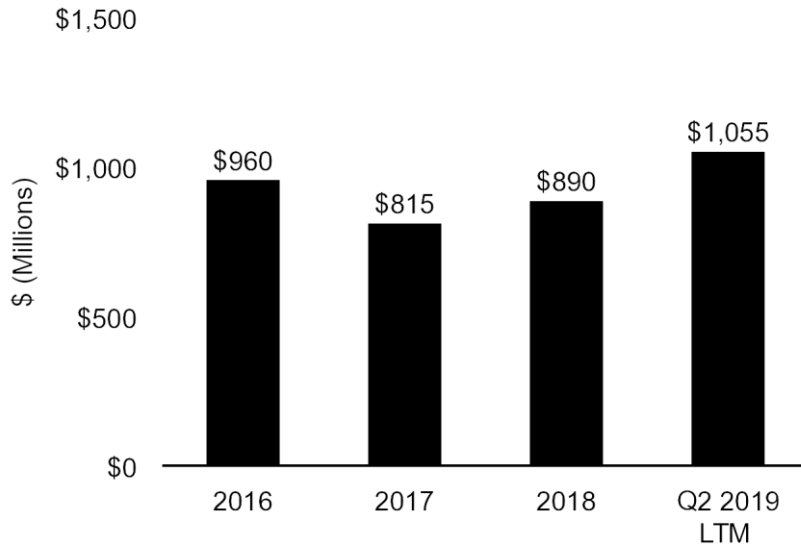
Sales Up 1 to 5%

EBITDA 8.0 to 8.5%

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

Distribution Segment - Joint Venture Sales Unconsolidated

Q2 2019 LTM Revenue



* Rest of World

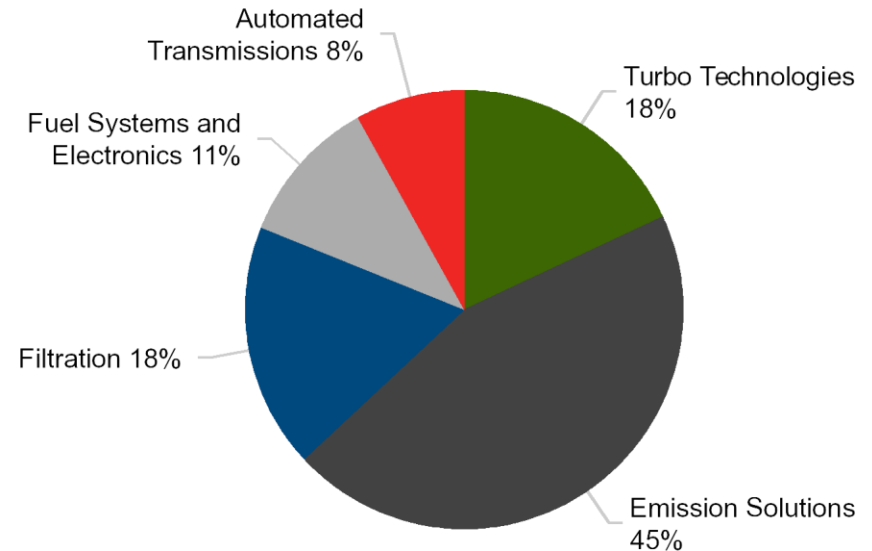
Components Segment - Overview

- 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

Q2 2019 LTM Results

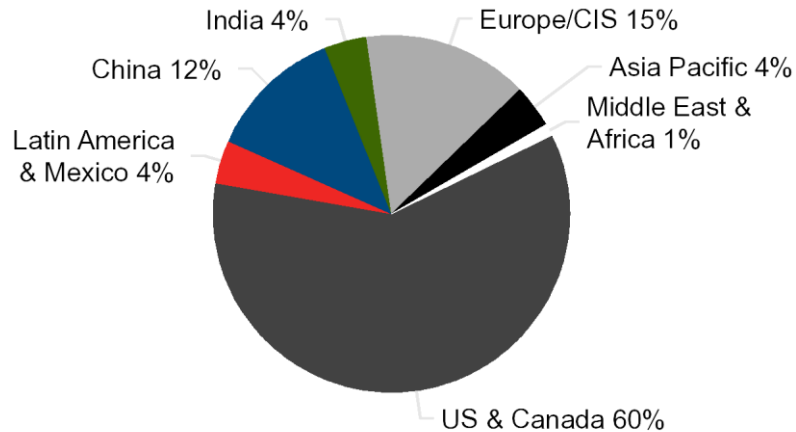
Sales:	\$7.2 billion
EBITDA:	\$1.2 billion
EBITDA%:	16.4%

Q2 2019 LTM Revenue by Business

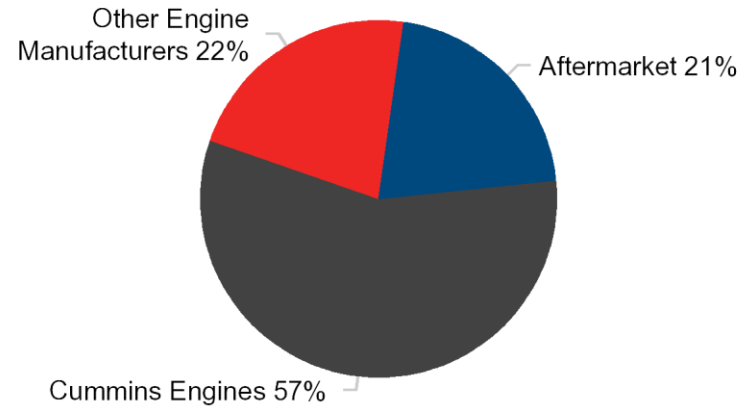


Components Segment - Sales Mix

By Region



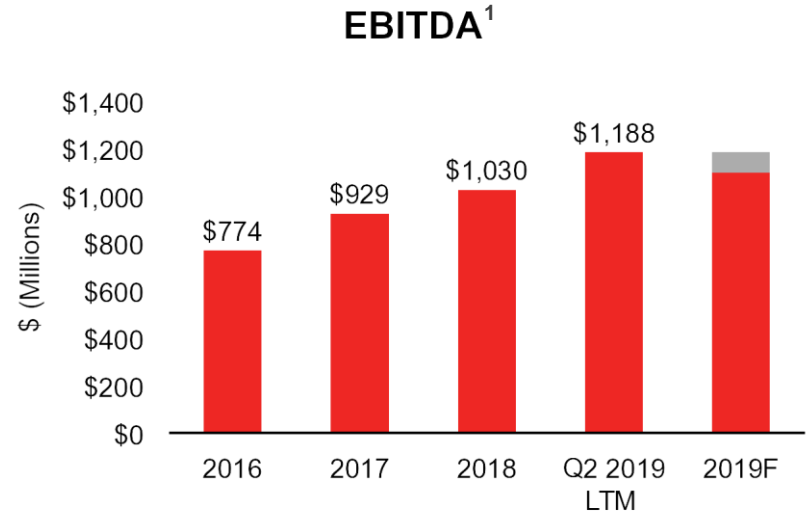
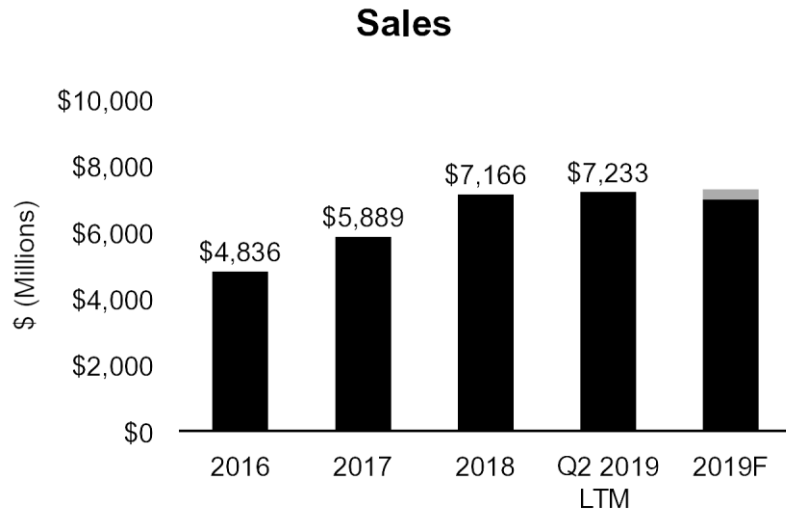
By Application



Q2 2019 LTM Revenue:

\$7.2 billion

Components Segment - Historical Performance



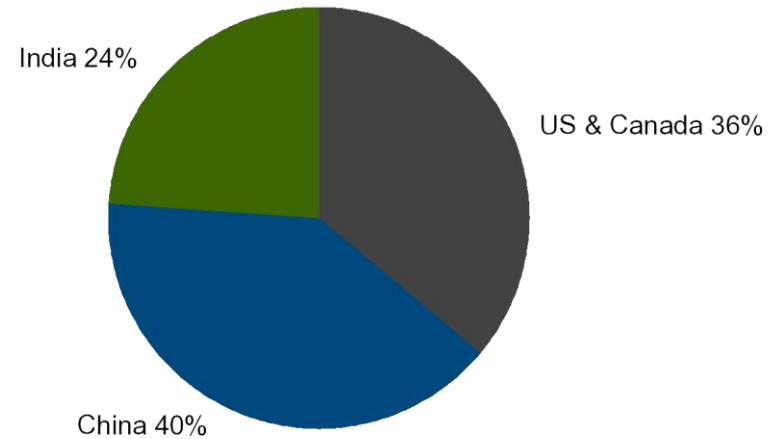
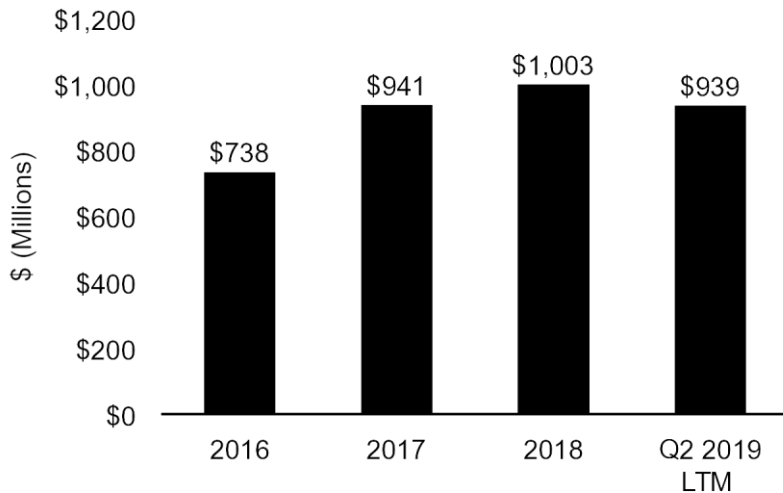
2019 Guidance

Sales Down 2 to Up 2% EBITDA 15.75 to 16.25%

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

Components Segment - Joint Venture Sales Unconsolidated

Q2 2019 LTM Revenue



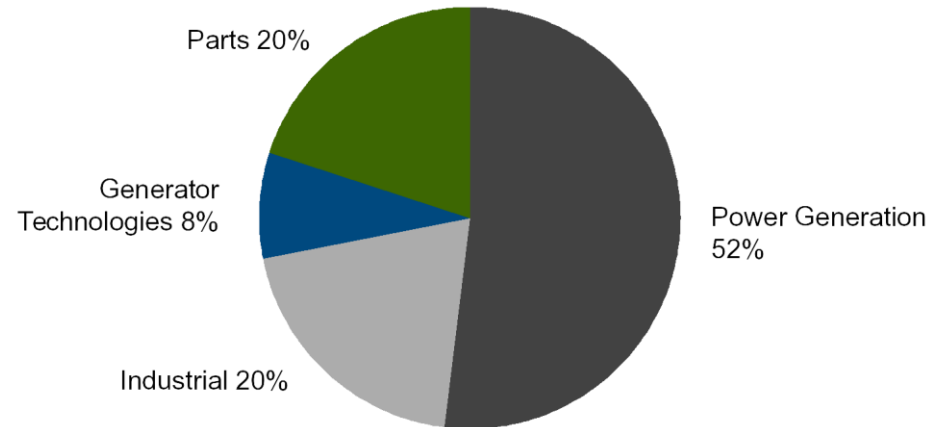
Power Systems Segment - Overview

- 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

Q2 2019 LTM Results

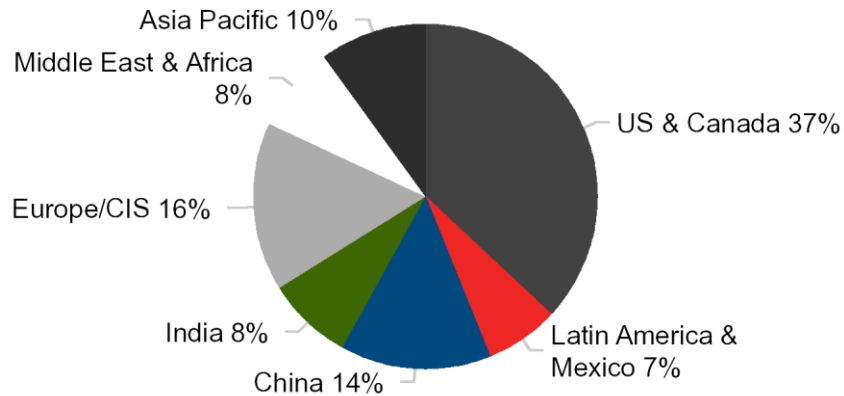
Sales:	\$4.6 billion
EBITDA:	\$597 million
EBITDA%:	13.0%

Q2 2019 LTM Revenue by Product

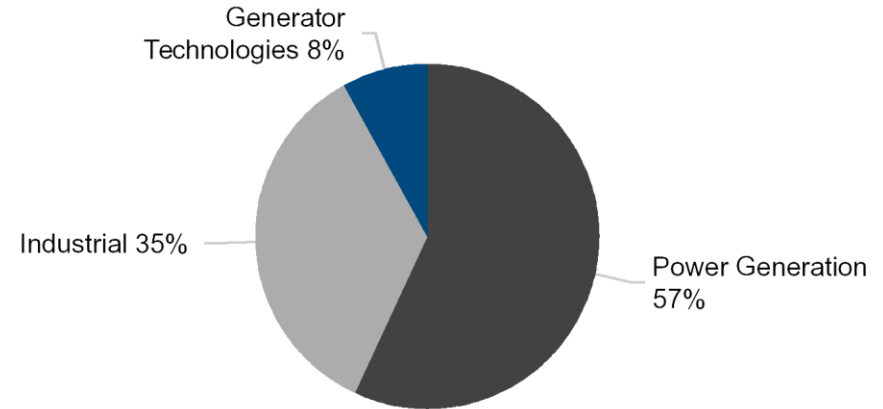


Power Systems Segment - Sales Mix

By Region



By Product Line



Q2 2019 LTM Revenue:

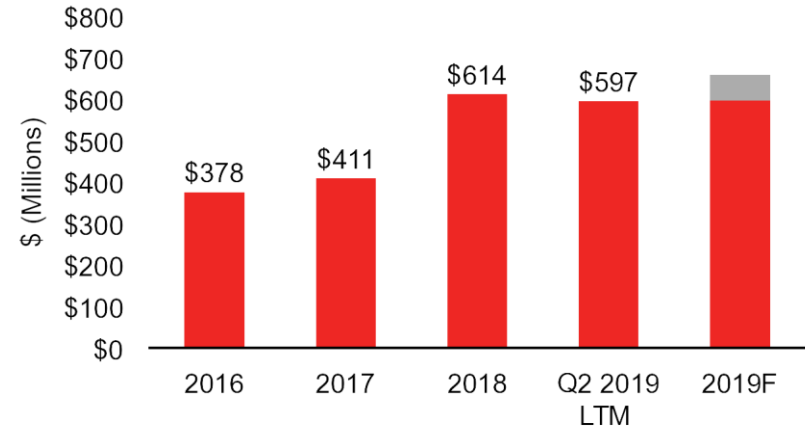
\$4.6 billion

Power Systems Segment - Historical Performance

Sales



EBITDA

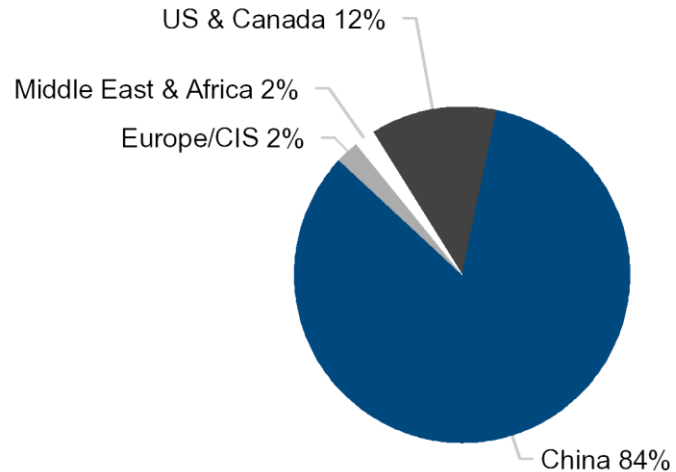
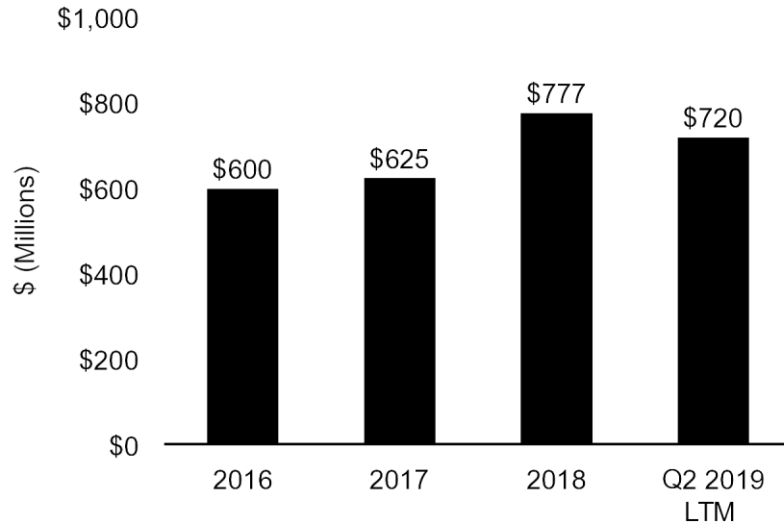


2019 Guidance

Sales Down 2 to Up 2% EBITDA 13.25 to 14.0%

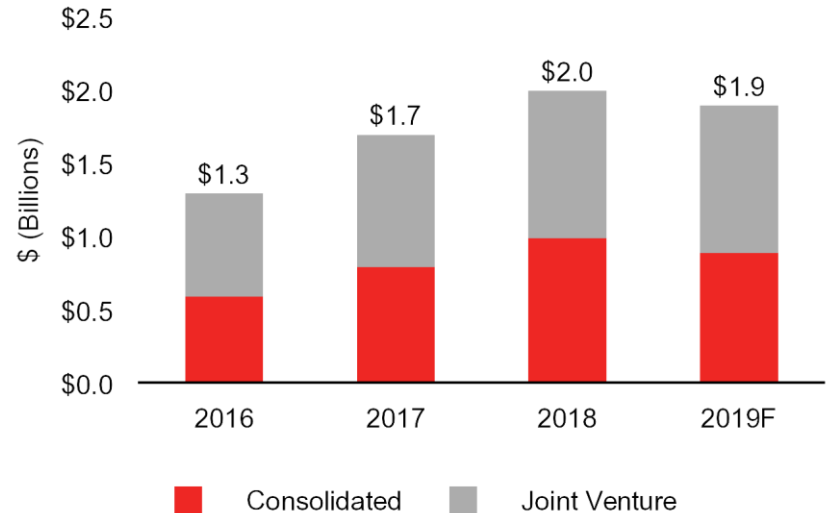
Power Systems Segment - Joint Venture Sales Unconsolidated

Q2 2019 LTM Revenue



Emerging Market Sales - India¹

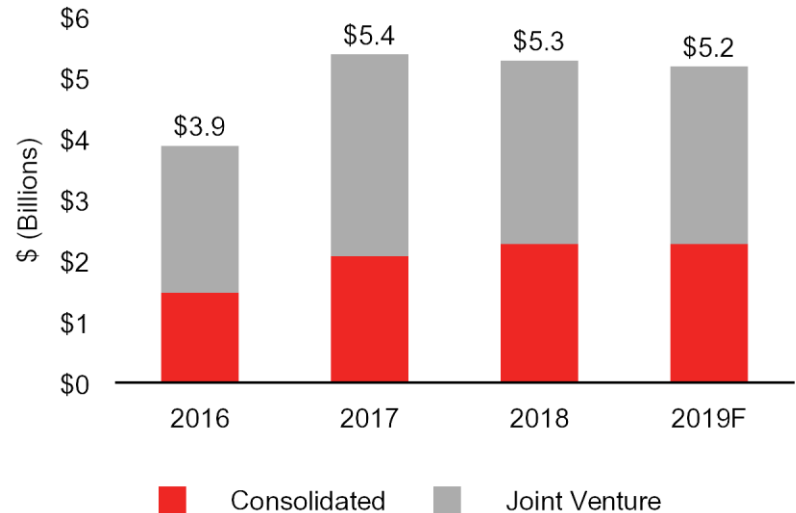
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



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	Three Months Ended	
	30-Jun-19	1-Jul-18
Net income attributable to Cummins Inc.	\$ 675	\$ 545
Net income attributable to noncontrolling interests	10	9
Consolidated net income	685	554
Income tax expense	186	161
Income before taxes	871	715
Interest expense	29	28
EBIT	900	743
Depreciation and amortization	158	154
EBITDA	1,058	897
Less: Non-segment EBITDA	33	(12)
Total Segment EBITDA	\$ 1,025	\$ 909

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 - EBITDA (LTM)

	<u>Twelve Months Ended</u>	
In Millions	30-Jun-19	1-Jul-18
Net income attributable to Cummins Inc.	\$ 2,609	\$ 1,049
Net income attributable to noncontrolling interests	53	(22)
Consolidated net income	2,662	1,027
Income tax expense	569	1,429
Income before taxes	3,231	2,456
Interest expense	123	94
EBIT	3,354	2,550
Depreciation and amortization	616	604
EBITDA	3,970	3,154
Tax Legislation impact	—	39
Total EBITDA excluding Tax Legislation impact	3,970	3,193
Less: Non-segment EBITDA	16	(22)
Total Segment EBITDA excluding Tax Legislation impact	\$ 3,954	\$ 3,215

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	Three Months Ended	
	30-Jun-19	1-Jul-18
Accounts and notes receivable, net	\$ 4,179	\$ 4,095
Inventories	3,896	3,559
Accounts Payable - (principally trade)	(2,991)	(2,981)
Working capital measure	\$ 5,084	\$ 4,673
Annualized Working capital measure (% of Net Sales)	20.4%	19.1%

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			
	30-Jun-19	1-Jul-18	2-Jul-17
Total Assets	\$ 20,254	\$ 18,915	\$ 16,260
Less: Deferred debt costs	3	2	2
Less: Deferred tax assets	408	330	402
Less: Pension and other postretirement benefit adjustments excluded from net assets	87	155	(134)
Less: Liabilities deducted in arriving at net assets	8,354	7,737	6,754
Total net assets	11,402	10,691	9,236
Less: Cash, cash equivalents and marketable securities	1,732	1,532	1,467
Net assets for operating segments	\$ 9,670	\$ 9,159	\$ 7,769

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

In Millions

	30-Jun-19	1-Jul-18	2-Jul-17
Total Equity	\$ 9,196	\$ 8,194	\$ 7,822
Less: Defined benefit postretirement plans	(676)	(668)	(649)
Equity including Tax Legislation impact	9,872	8,862	8,471
Tax Legislation impact	777	777	—
Equity used for return on invested capital calculation	10,649	9,639	8,471
Loans payable	119	55	54
Commercial paper	434	802	134
Current maturities of long-term debt	46	49	45
Long-term debt	1,624	1,556	1,564
Invested capital used for return on invested capital calculation	\$ 12,872	\$ 12,101	\$ 10,268

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	Twelve Months Ended	
	30-Jun-19	1-Jul-18
Net income attributable to Cummins Inc.	\$ 2,609	\$ 1,049
Net income attributable to noncontrolling interests	53	(22)
Consolidated net income	2,662	1,027
Income tax expense	569	1,429
Income before taxes	3,231	2,456
Interest expense	123	94
EBIT	3,354	2,550
Tax Legislation impact		39
EBIT excluding Tax Legislation impact	3,354	2,589
Less: Tax effect on EBIT	591	672
Net operating profit after taxes used for return on invested capital calculation	\$ 2,763	\$ 1,917

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.

CMI Analyst Day

Thursday, November 21, 2019

New York, NY

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Thank you for your interest

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