



Cummins Analyst Day

NOVEMBER 21, 2019

PUBLIC

Disclosures 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 2018 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.



CEO Comments

Tom Linebarger

CHAIRMAN AND CEO

PUBLIC

Agenda



Strategic overview

TOM LINEBARGER, CHAIRMAN AND CEO

Business overview

TONY SATTERTHWAITE, PRESIDENT AND COO

Break

Financial overview

MARK SMITH, VICE PRESIDENT AND CFO

Closing

TOM LINEBARGER, CHAIRMAN AND CEO

Q&A

Lunch

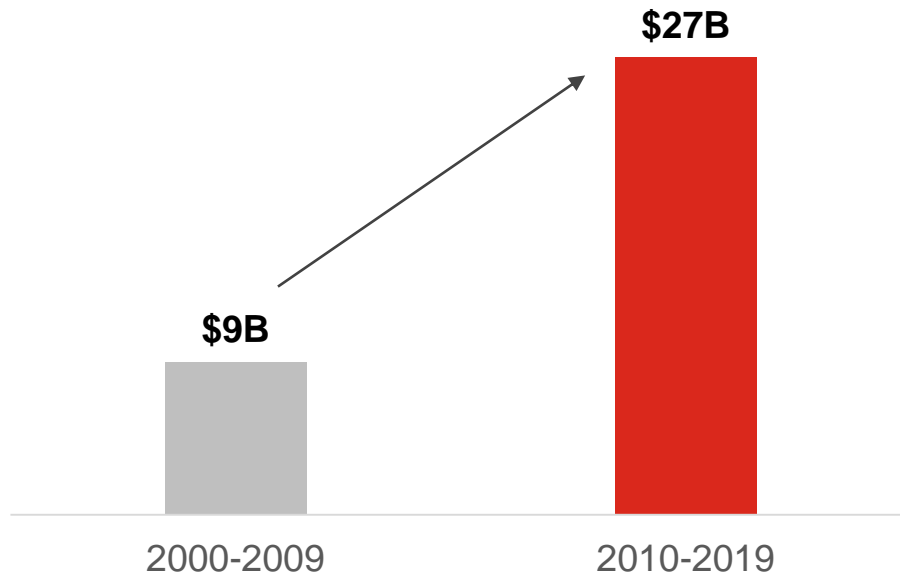
Opening

- ✓ History of innovation and performance improvement
- ✓ Continue to strengthen key capabilities to deliver innovation and be the best powertrain partner for global OEMs
- ✓ Expect to deliver profitable growth in the future through building on our strength in powertrain, increasing participation in attractive markets, and commercializing new technologies

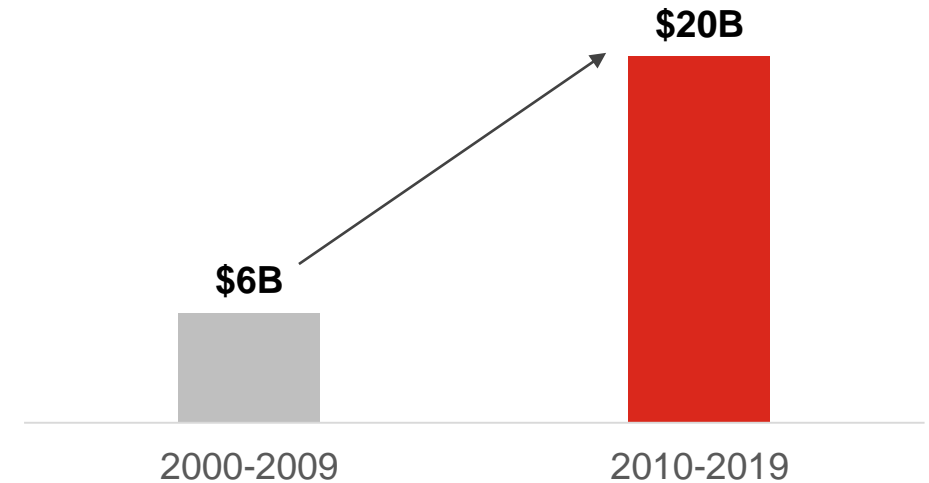


Tripled profits and operating cash flow

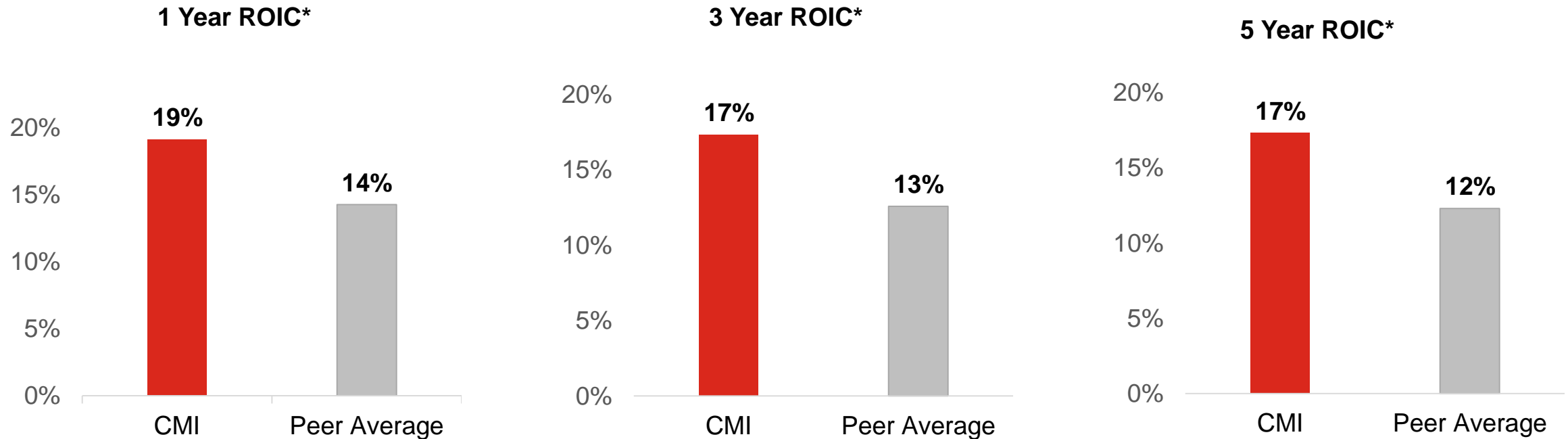
Growing profits (EBITDA)



Delivering increased operating cash flow (OCF)



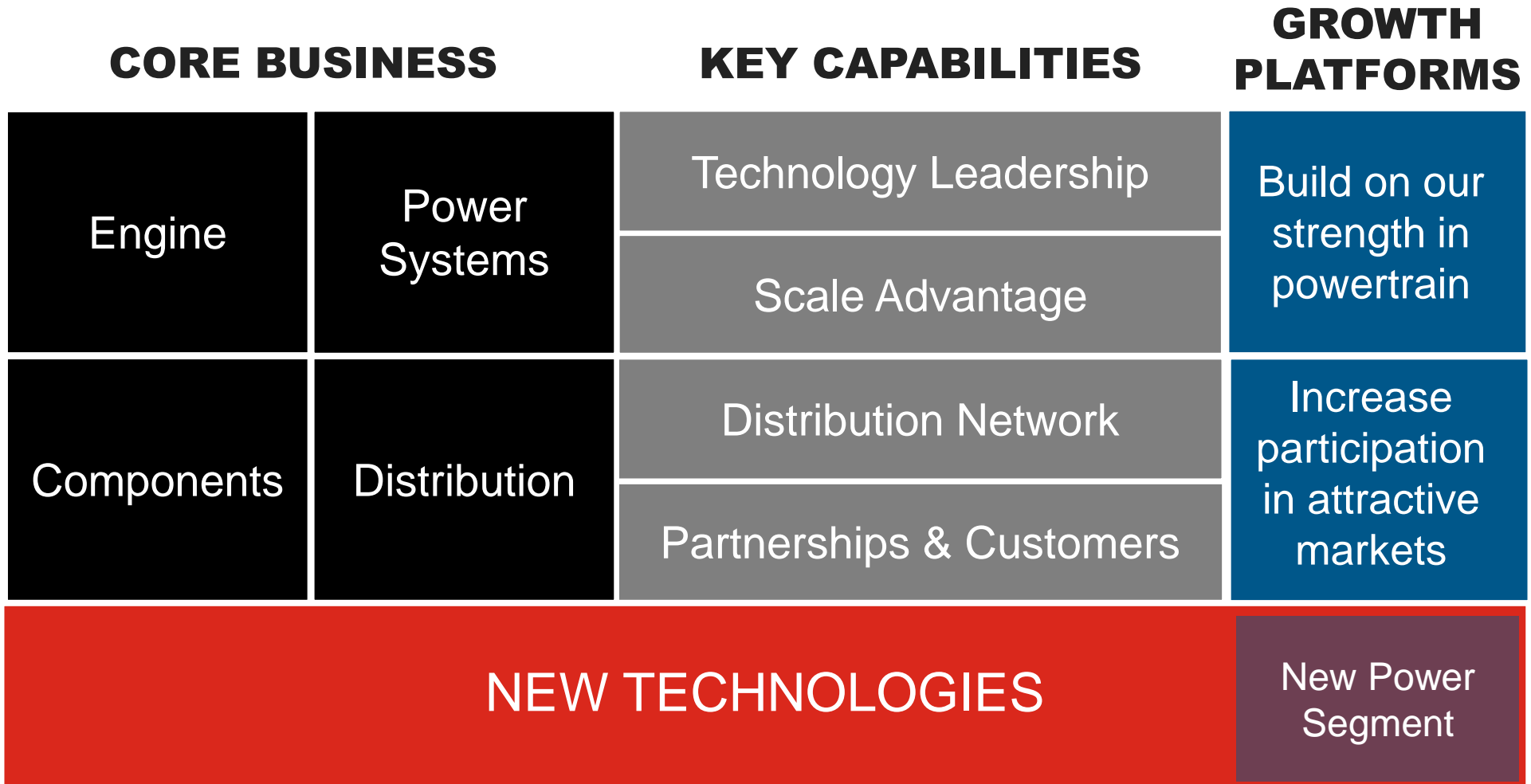
Maintained ROIC advantage vs peers



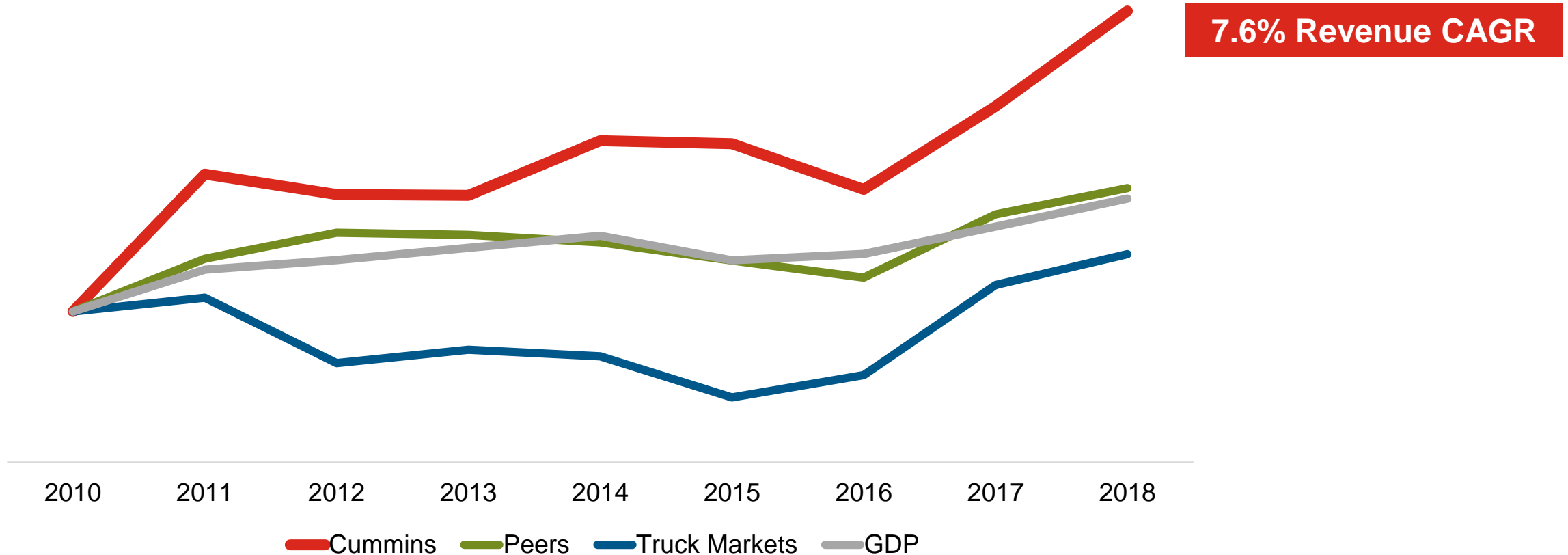
**ROIC, return on invested capital is defined as net operating profit after tax divided by average total capital, excluding pensions and one time items*

1 Year ROIC: 2018, **3 Year ROIC:** 2016 to 2018, **5 Year ROIC:** 2014 to 2018

Executing our strategy




Consistent revenue outgrowth



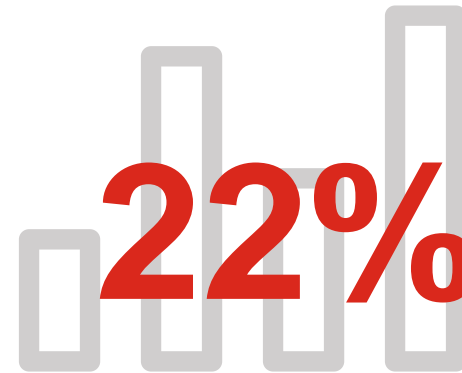
Increase market share

WITH CURRENT CUSTOMERS



16 out of 20

Of the largest truck OEMS
purchase Cummins engines
or components



22%

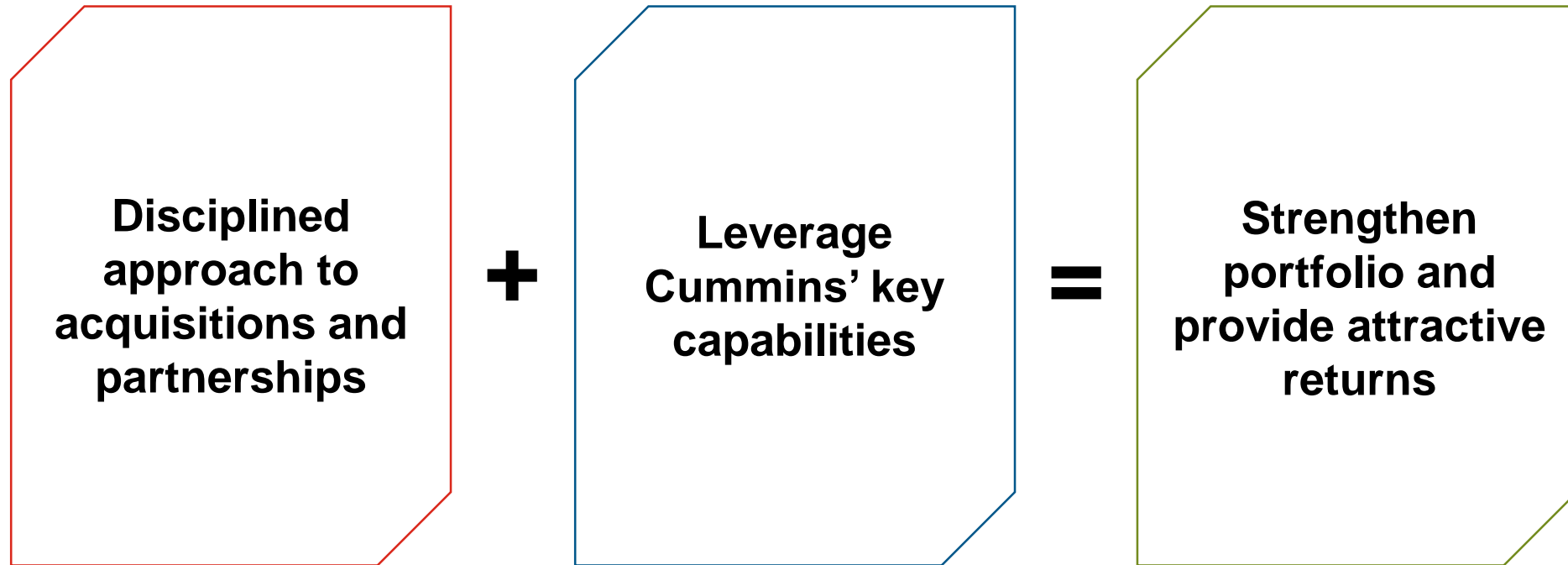
Cummins
market share

**Leverage our manufacturing, purchasing, and technical
footprint to grow market share**

Accelerating market share growth



Expanding into adjacent growth areas



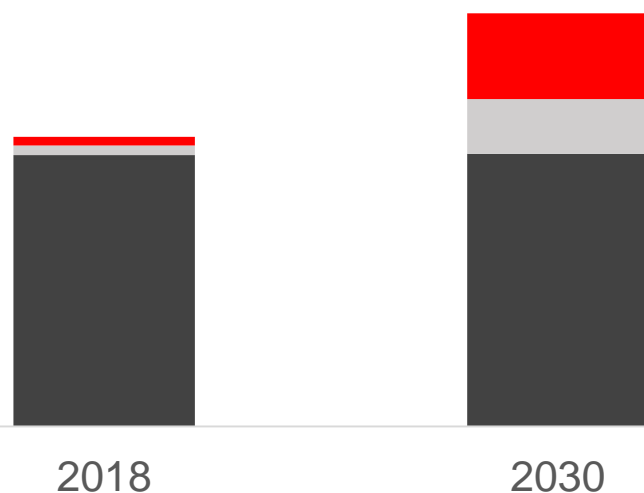
Increased opportunities in a downturn

Slow and varied technology transition

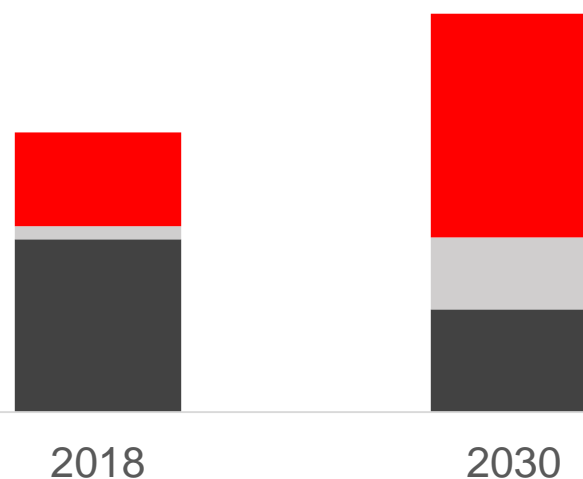
PACING FACTORS

- 1 | Infrastructure
- 2 | Regulations
- 3 | Technology maturity
- 4 | Economics

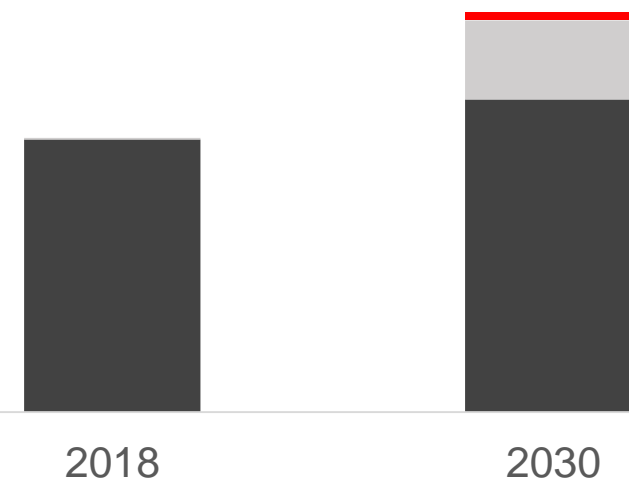
Global Commercial Vehicles



Global Bus



NA HD Truck



Source: Internal projection

Diesel

Natural Gas

xEV

Cummins Public

Targeted investments

IN KEY DIFFERENTIATORS

Batteries and battery management systems

E-drive system

Hybrid systems

Fuel cells

Hydrogen production technologies



Continued leadership

ACROSS POWERTRAINS

Right product at right time for end users

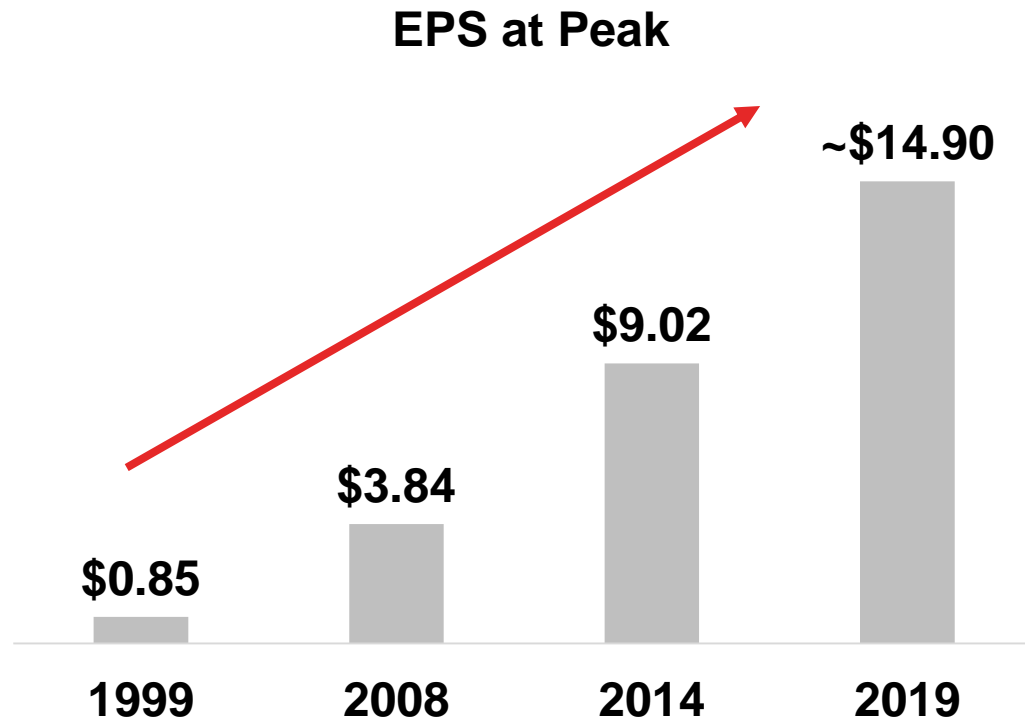
- Diesel
- Natural Gas
- Electrified Power
- Fuel Cell

Leverage existing key capabilities

- Application knowledge
- Service and support
- Partnerships and customers

Best powertrain partner for OEMs

Improving financial performance



Improve core business performance

Investing in the future

EPS = Diluted Earnings Per Share

2019 estimate excludes restructuring costs

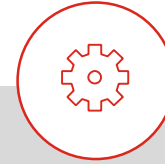
Entering a weak period in many markets



**Downturn management
is key to performance
improvement**



**Make structural cost
improvements to the
business**



**Continue to invest in
key capabilities when
others cut back**

**Emerge stronger and position the company to raise
performance cycle over cycle**

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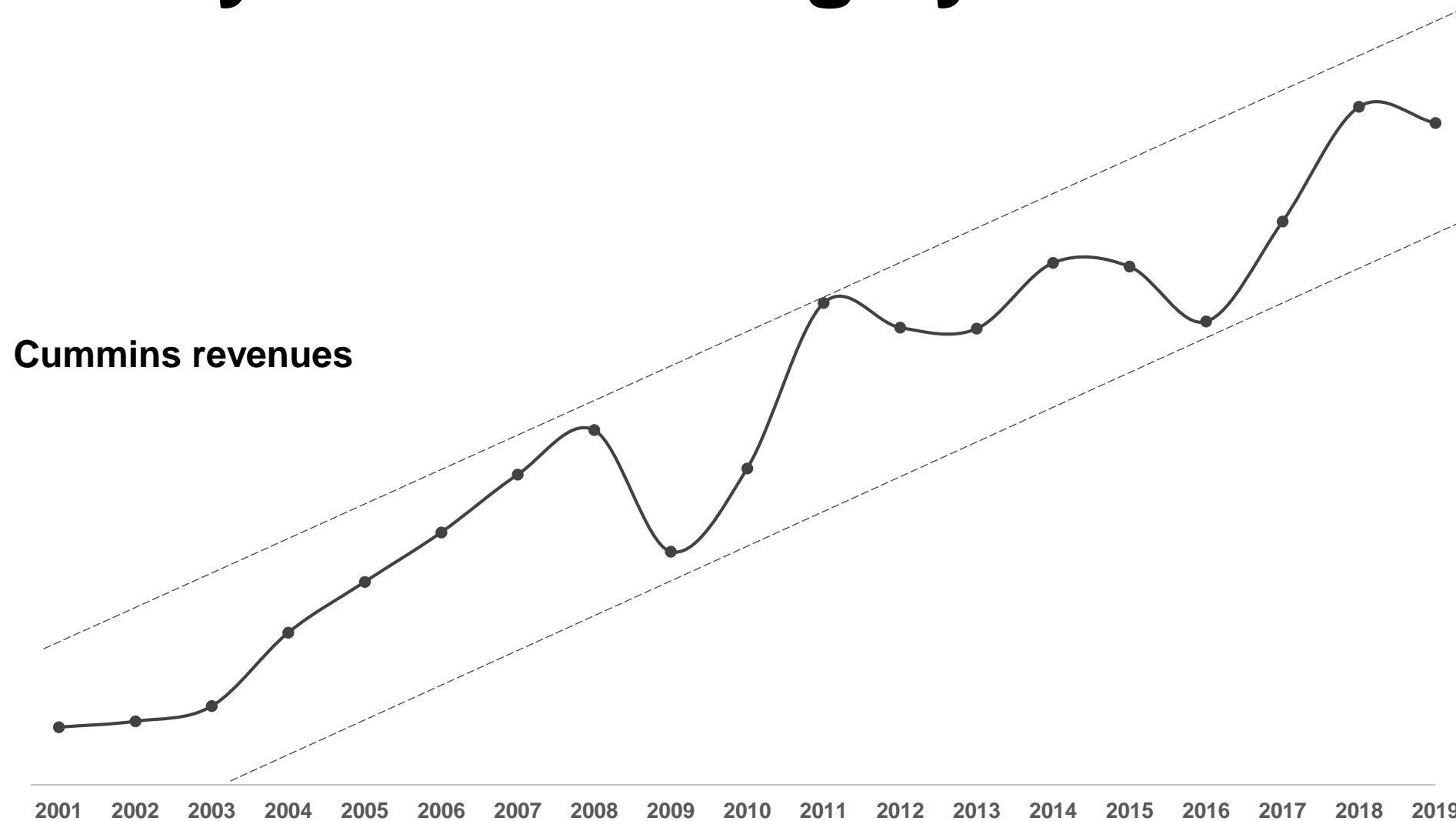
COO Comments

Tony Satterthwaite

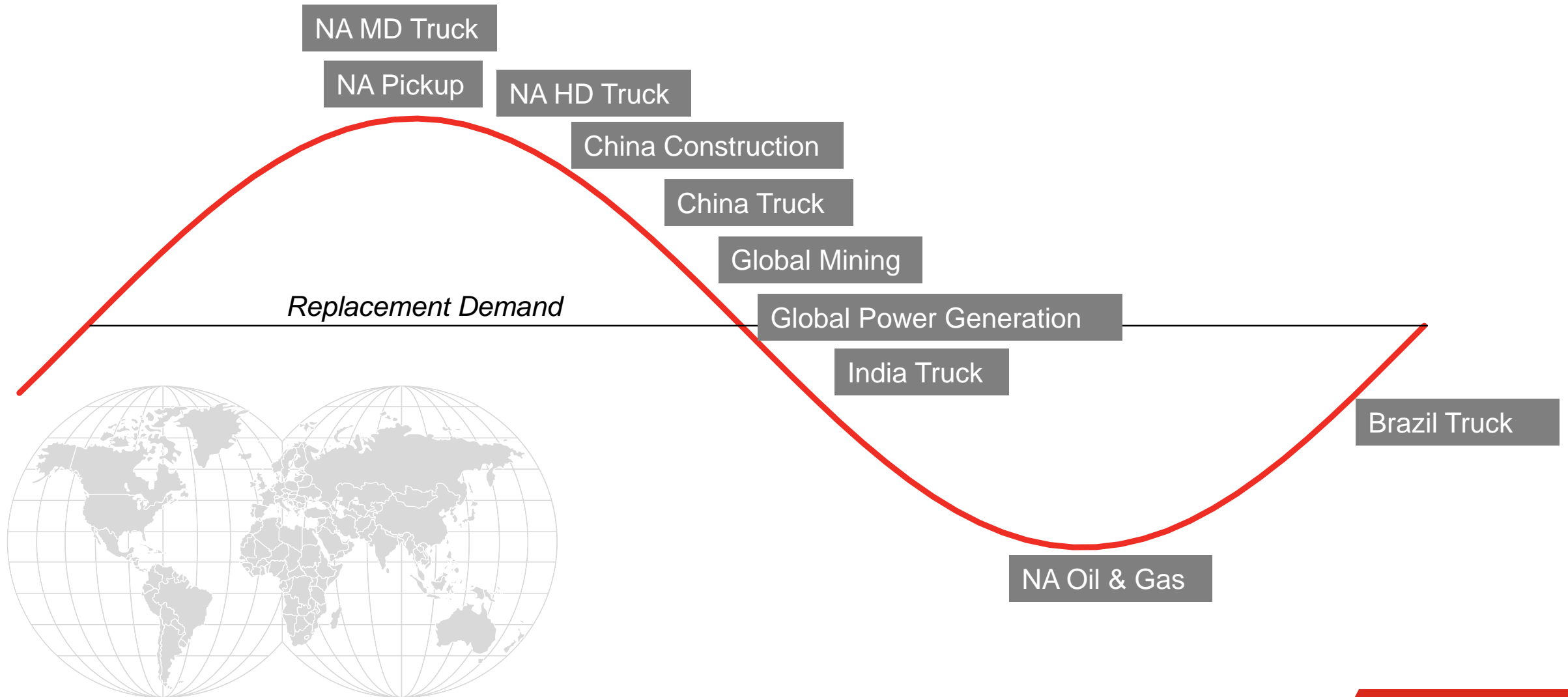
PRESIDENT AND COO

PUBLIC

History of embracing cycles



Markets generally above replacement



Managing the current cycle

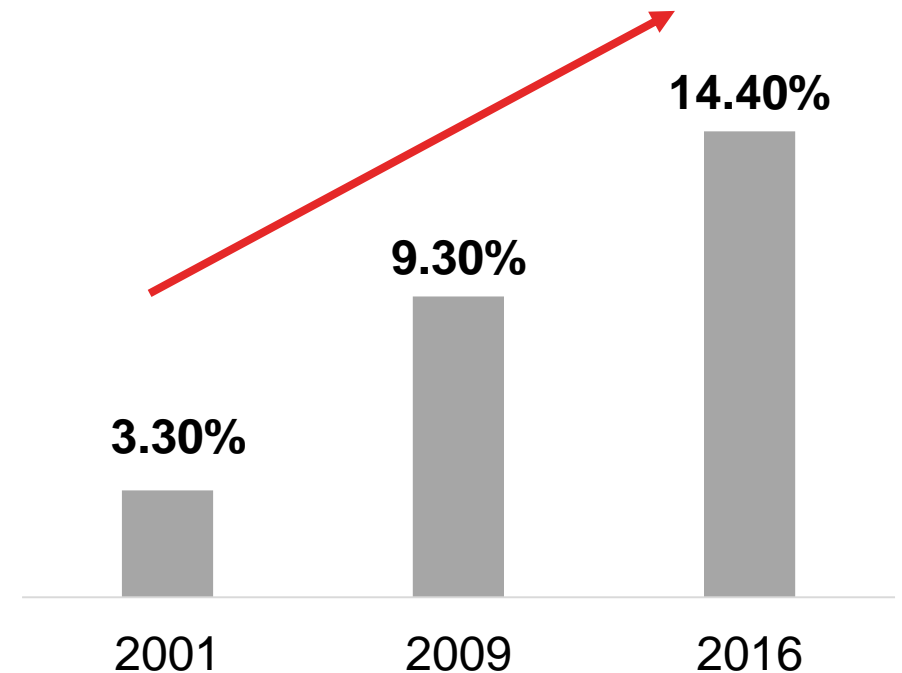
EBITDA% in Downturn

1

Improve core business performance

2

Invest in future technologies



Cost reductions in the downturn



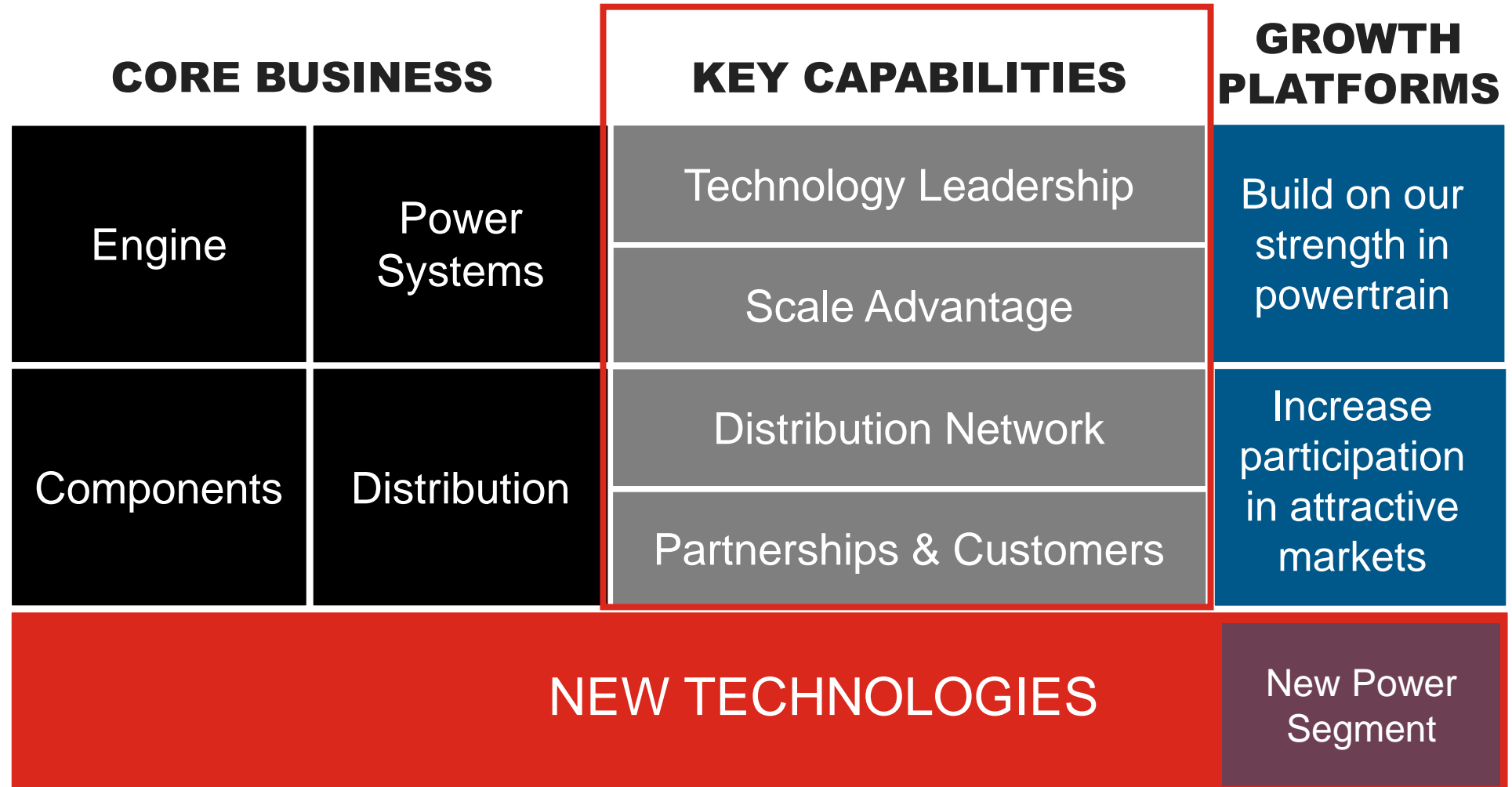
\$250M – 300M structural cost improvement



25% Decremental EBITDA in base business

- Have been preparing for a downturn
- Set of actions identified and actions ongoing
- Actions substantially complete by end of Q1 2020

Drivers of long-term success



Unrivalled technical capability

TECHNOLOGY LEADERSHIP



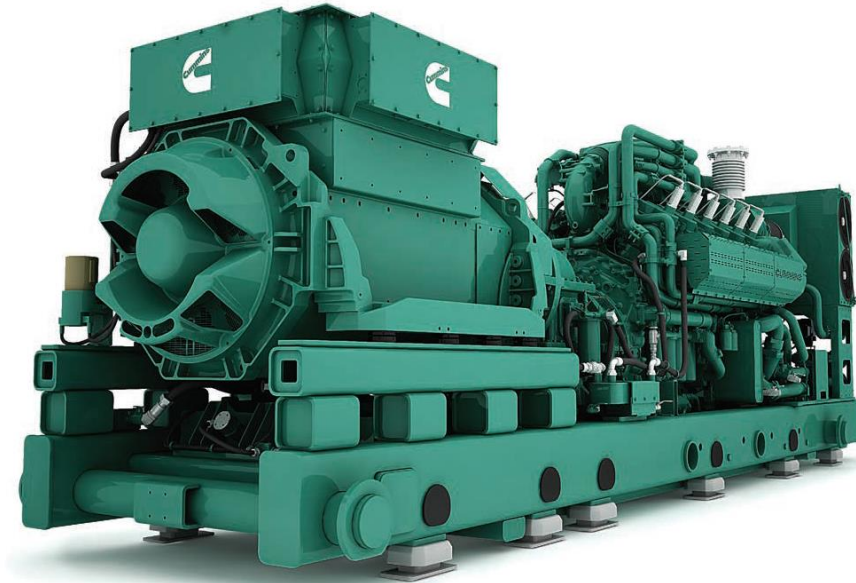
**7,700 engineers in
Research & Development**



**2,700 engineers supporting
current products**

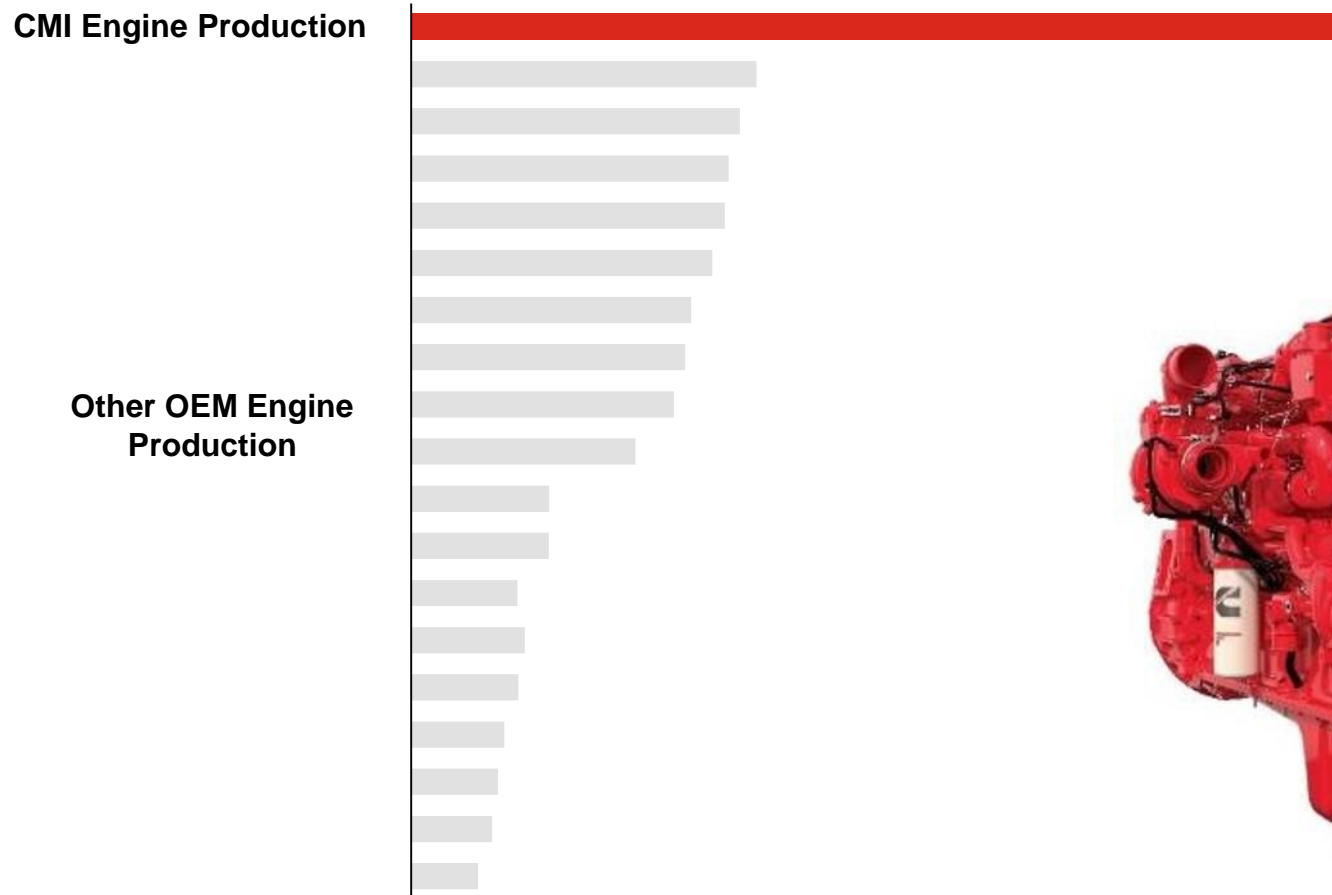
Industry-leading portfolio

TECHNOLOGY LEADERSHIP



Global scale

SCALE ADVANTAGE

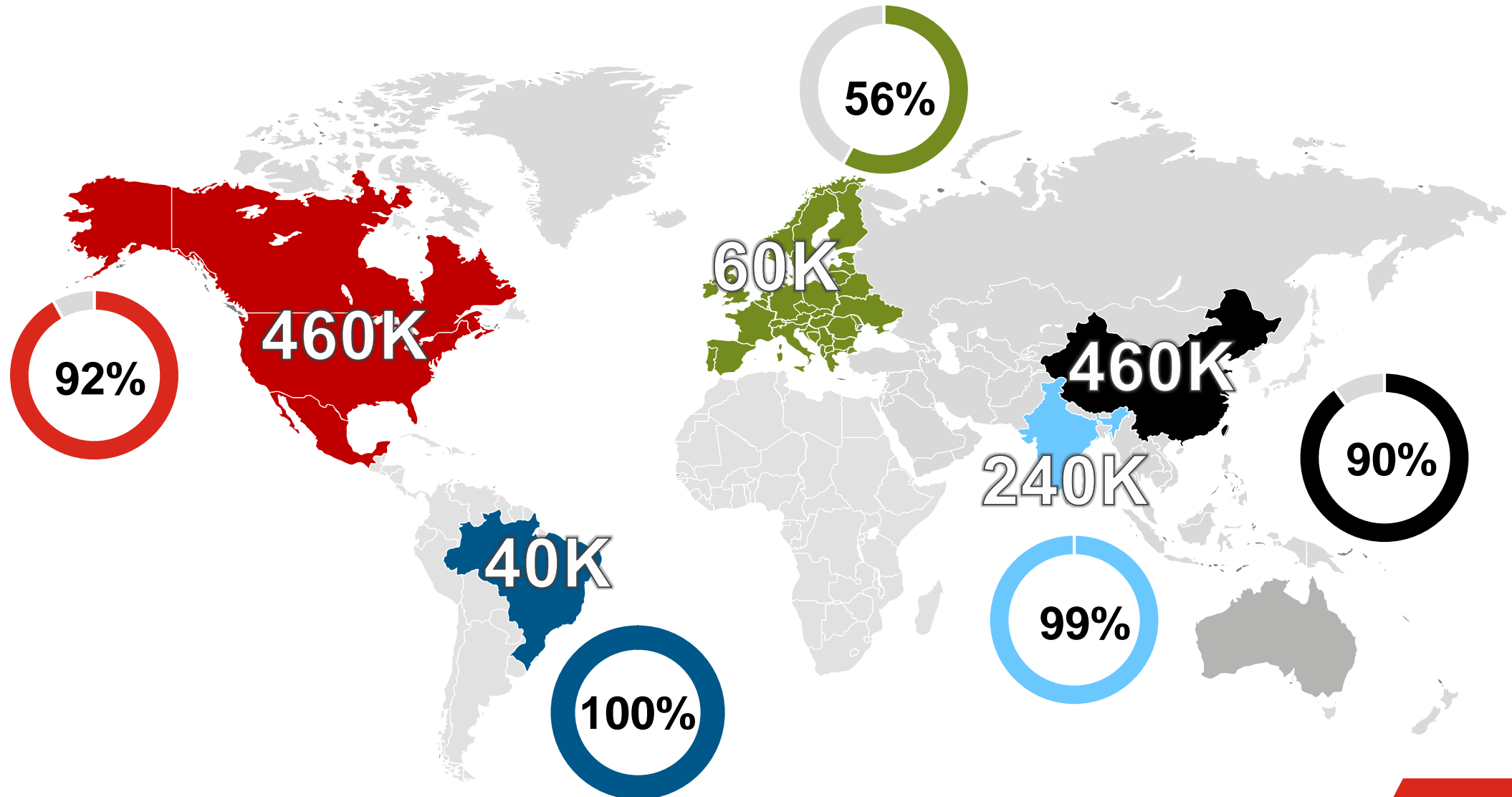


Cummins produced 1.3 million engines in 2018



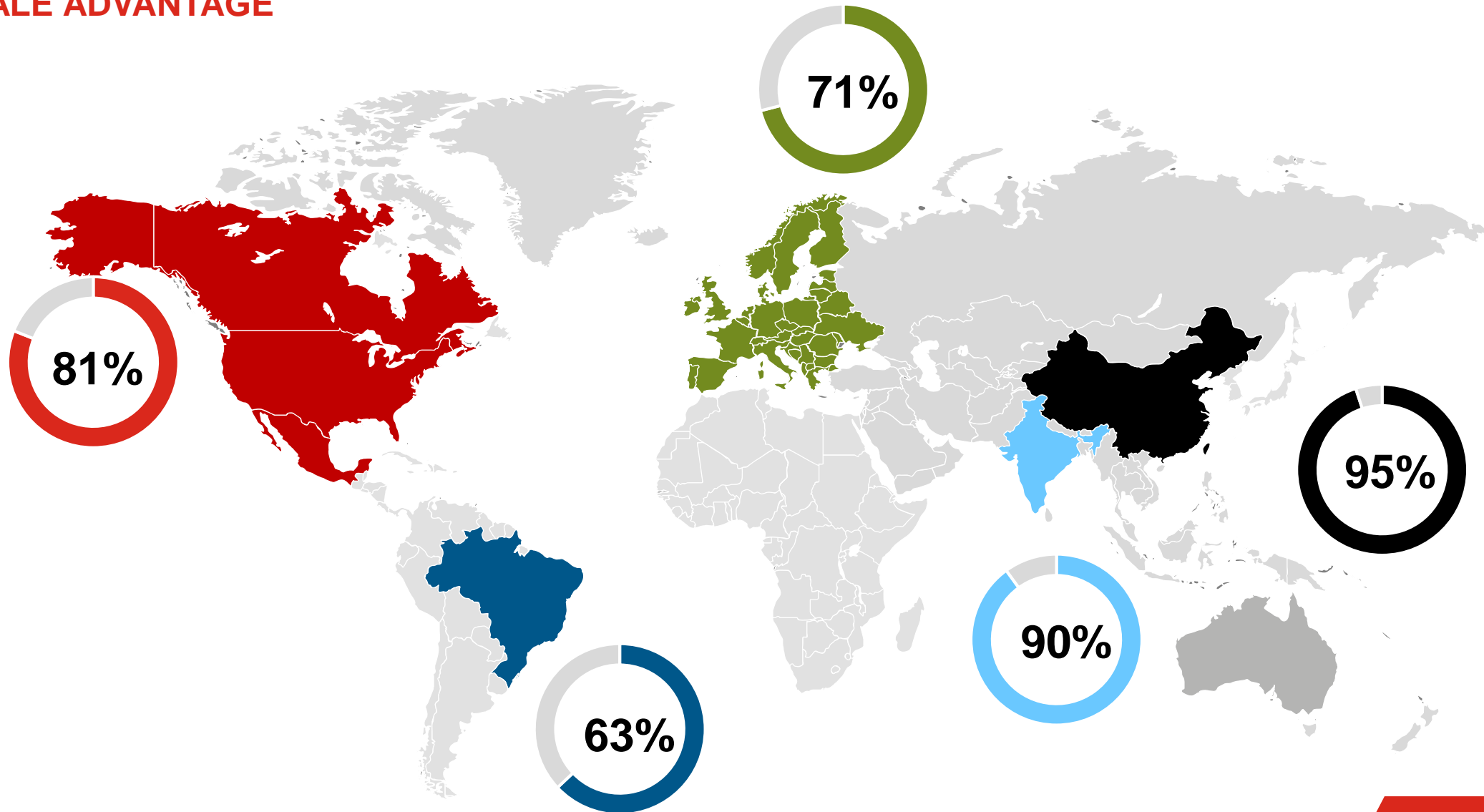
Regional manufacturing scale

SCALE ADVANTAGE



Regional purchasing network

SCALE ADVANTAGE



World-class customer support

DISTRIBUTION NETWORK

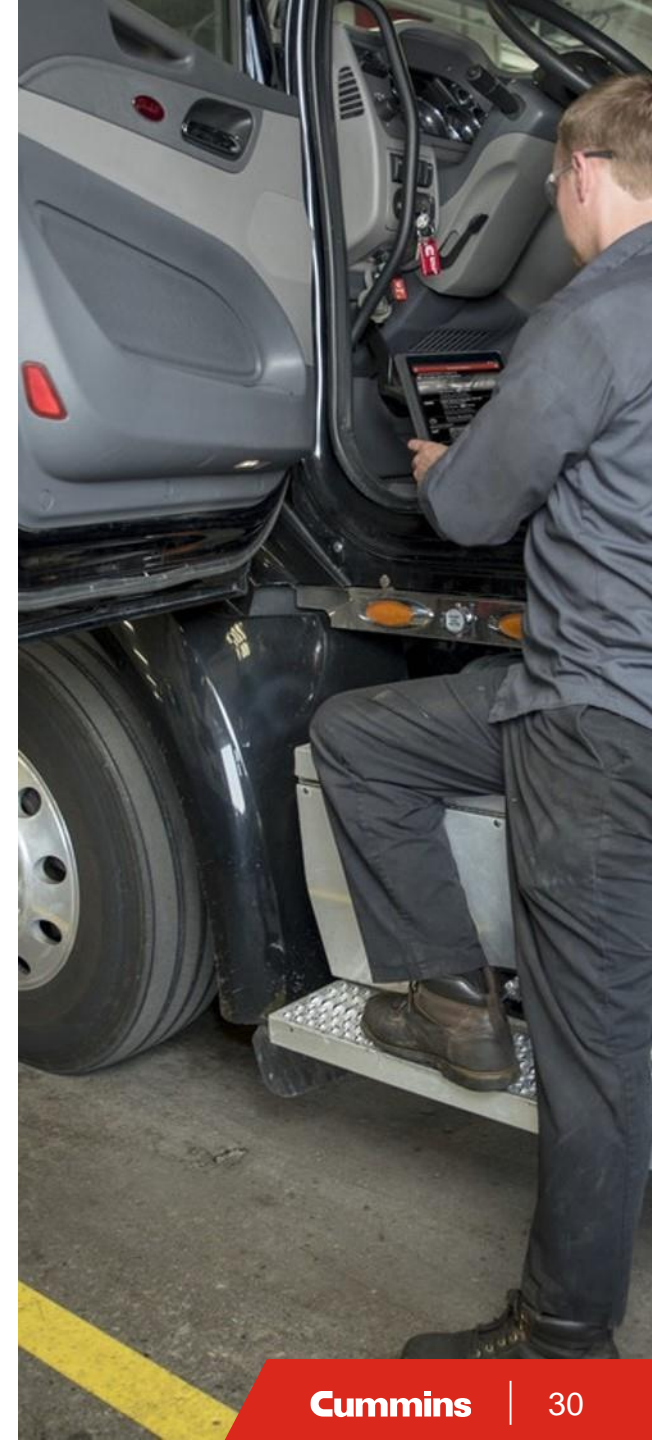
- ✓ Network size and density
- ✓ Application and customer knowledge
- ✓ Technology-coordinated customer support



5,900 Cummins technicians
supporting customers



32,000 certified
dealer technicians



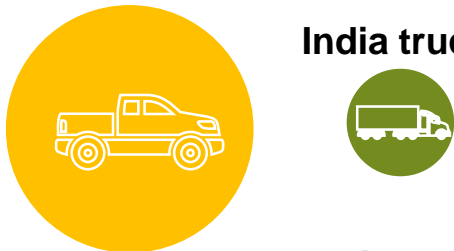
Diversified

END MARKETS, PARTNERSHIPS AND CUSTOMERS

NAFTA On-highway



India truck



U.S. Pickup



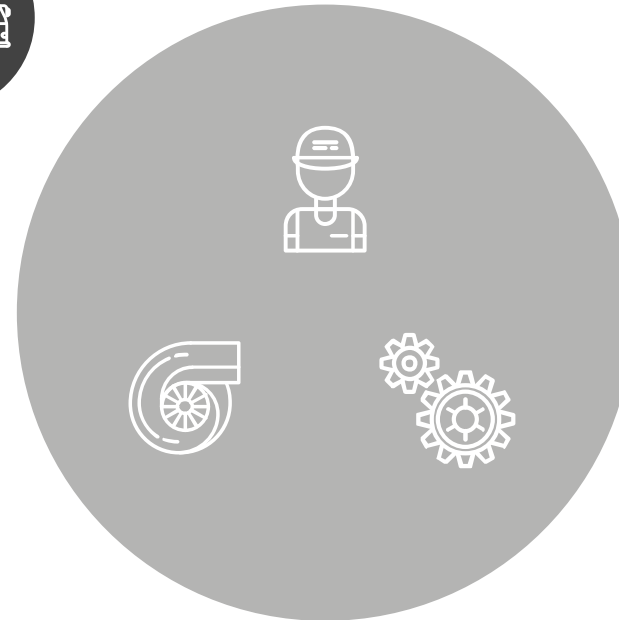
Brazil truck



ROW truck



China truck



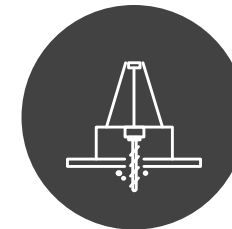
Aftermarket



Construction & Ag



Power Generation



Mining, Oil & Gas
Marine, Defense

Our approach for continued growth and profitability

KEY CAPABILITIES

Technology Leadership

Scale Advantage

Distribution Network

Partnerships & Customers



1

Outgrow end markets

2

New partnerships

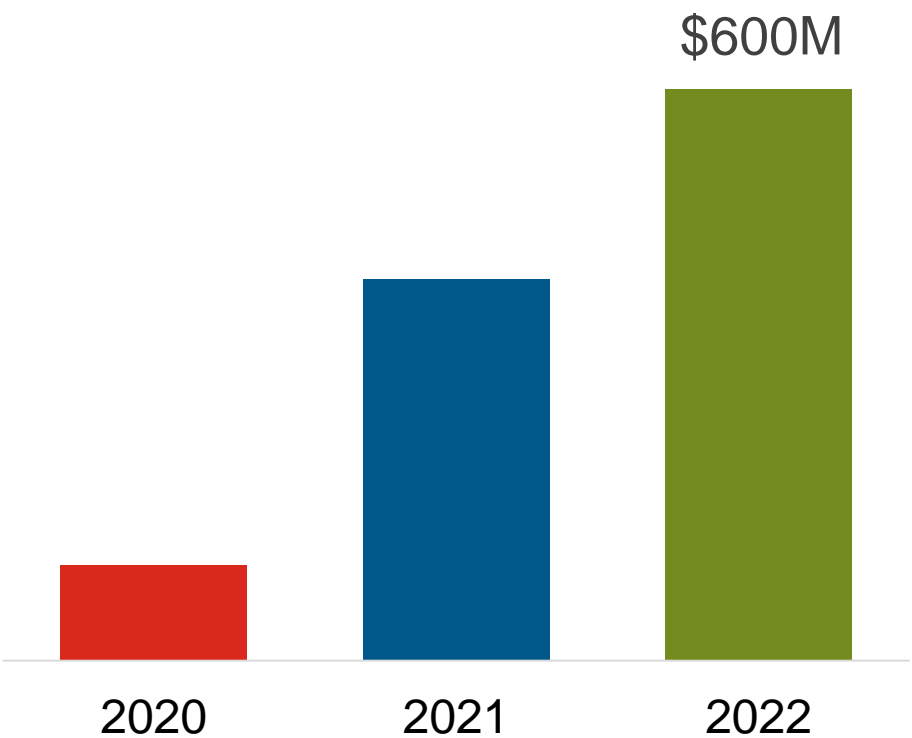
3

Expand margins

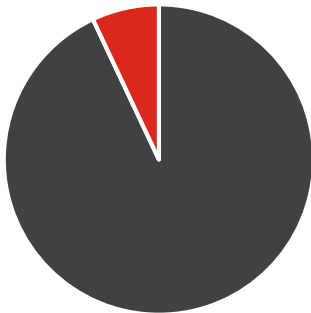
Emissions

OUTGROW END MARKETS

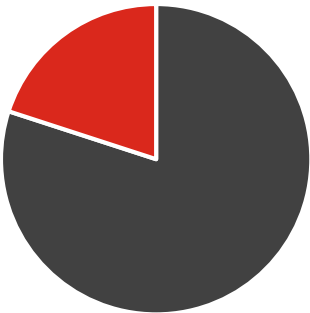
China and India On-highway opportunity



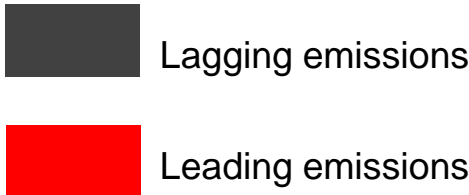
Construction / Agriculture



Power Generation

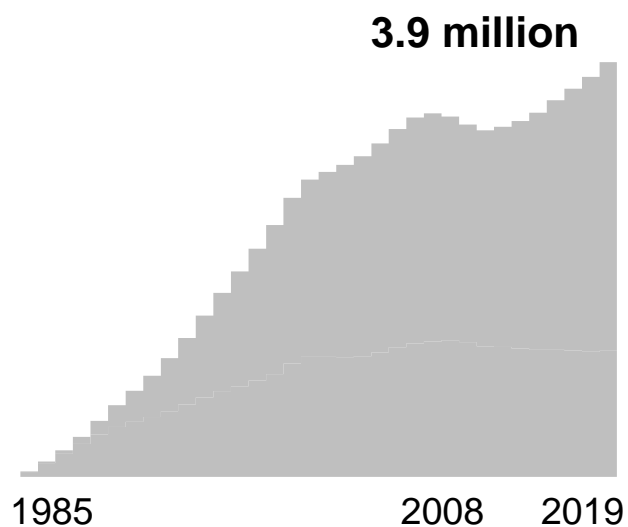


High Horsepower Industrial

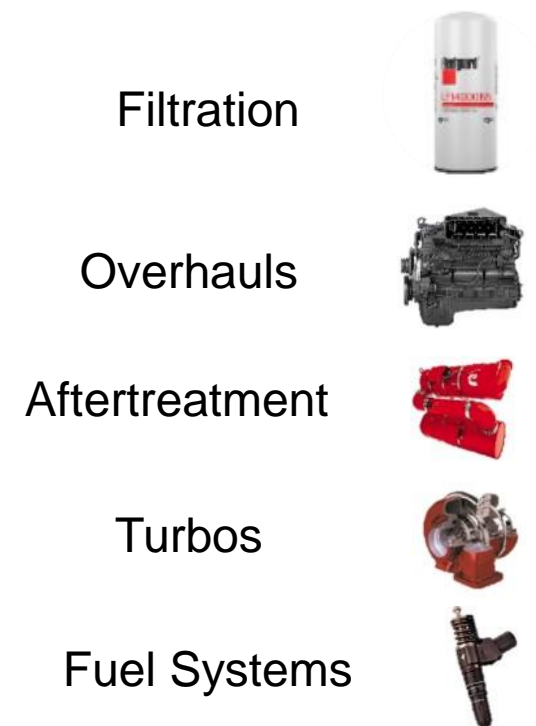


Aftermarket

OUTGROW END MARKETS



Growing engine population



Increasing powertrain complexity and content

Growth

AROUND TECHNOLOGIES AND MARKETS

GROWTH PLATFORMS

Build on our
strength in
powertrain

Increase
participation
in attractive
markets

New Power
Segment



Expand margins

1

North America Distribution

2

Aftermarket growth

3

Lower material costs

4

Leverage increasing whole goods volume

Well positioned

FOR CONTINUED SUCCESS

- ✓ Embrace cycles and improve base profitability
- ✓ We are ready for 2020
- ✓ Increasing opportunities to develop partnerships and grow market share
- ✓ Continue to outgrow end markets and expand margins



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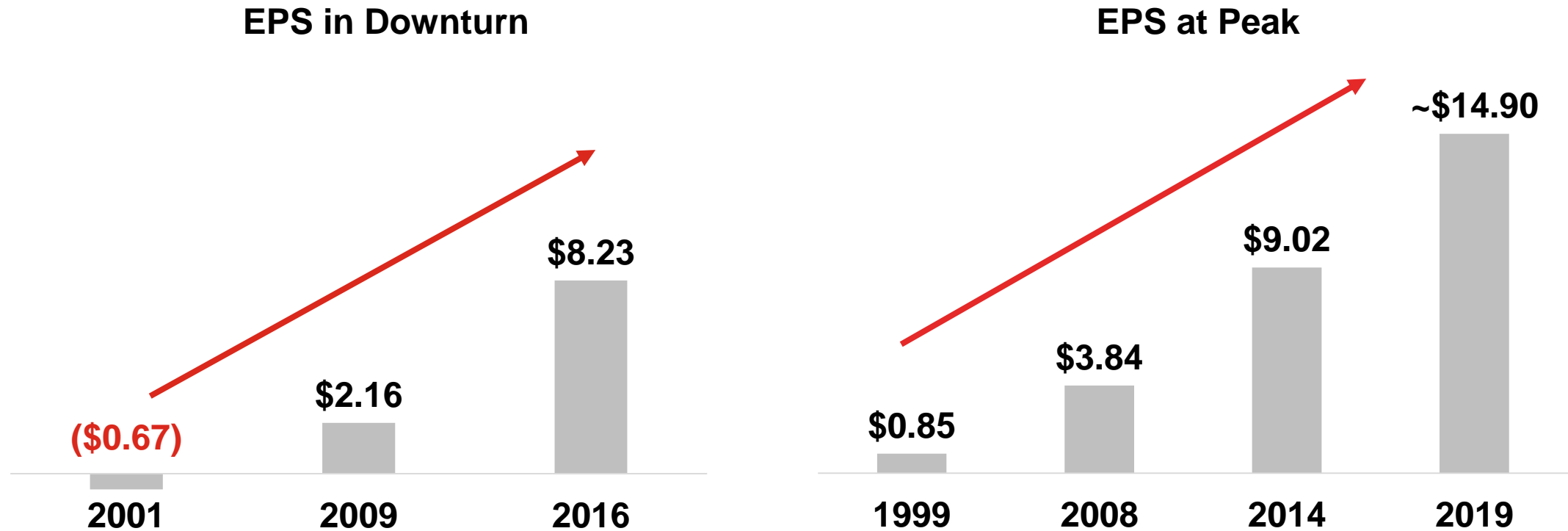
CFO Comments

Mark Smith

VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PUBLIC

We have a track record of performance improvement

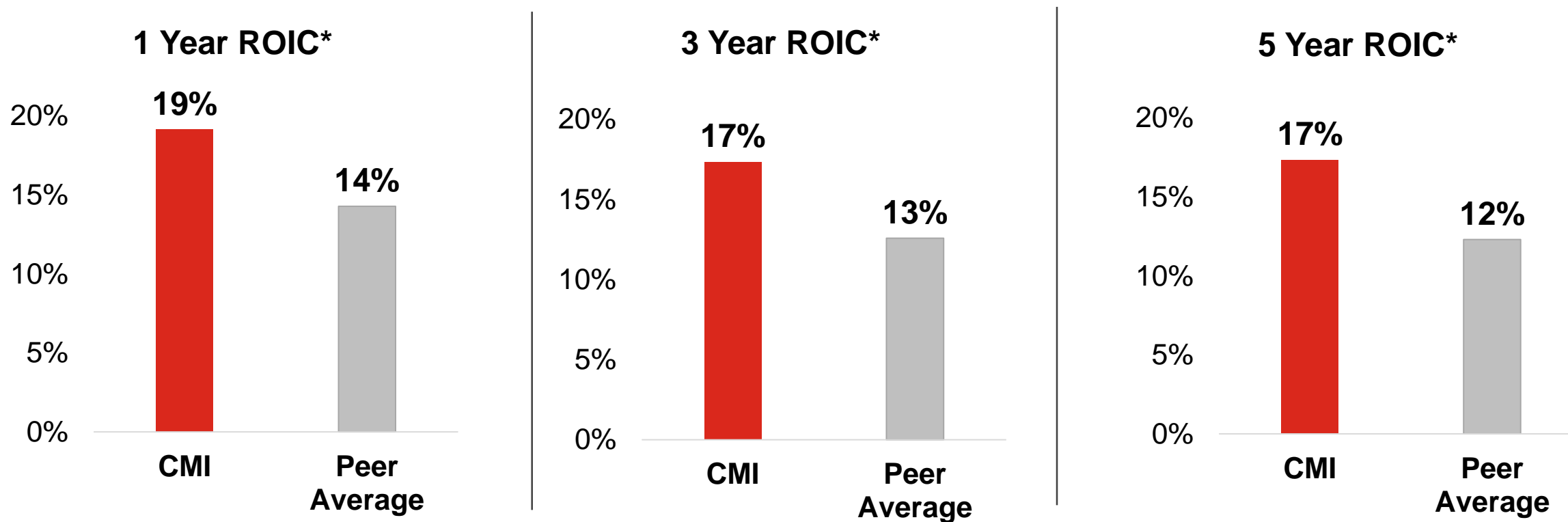


EPS = Diluted Earnings Per Share

2019 estimate excludes restructuring costs

Disciplined investment delivering first quartile ROIC

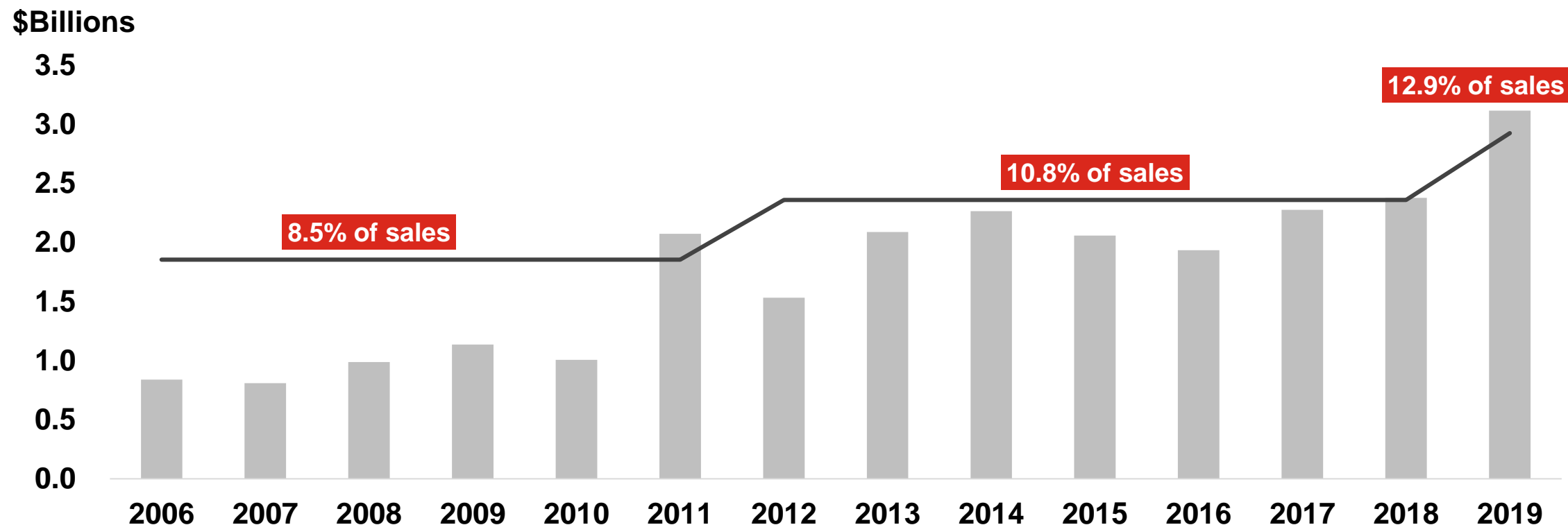
- Consistently delivering 400-500 bps of performance advantage compared to peer average



**ROIC, return on invested capital is defined as net operating profit after tax divided by average total capital, excluding pensions and one time items*

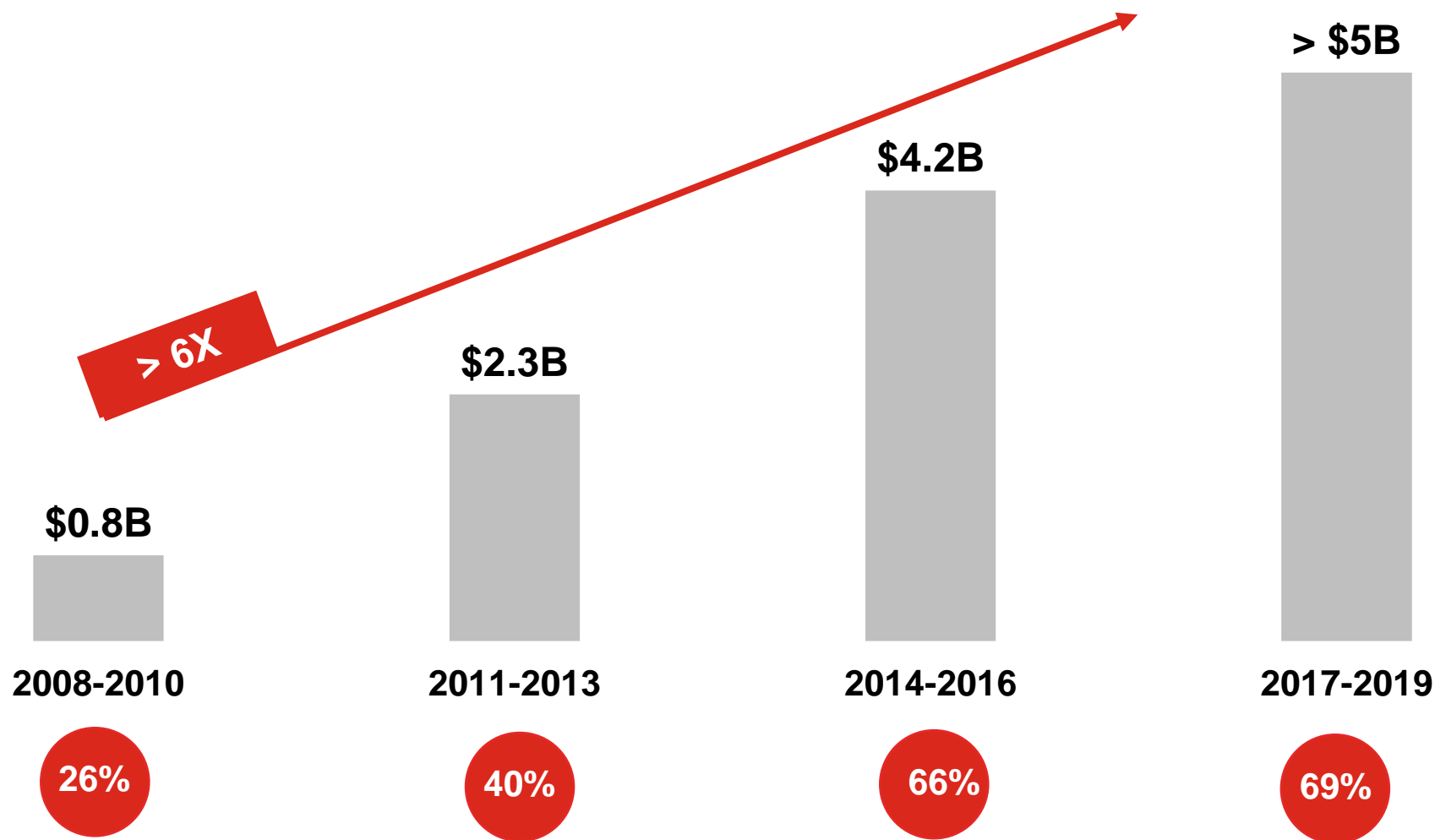
1 Year ROIC: 2018, 3 Year ROIC: 2016 to 2018, 5 Year ROIC: 2014 to 2018

Yielding consistently stronger operating cash flow levels



Includes estimate for 2019

Returning record levels of cash to shareholders



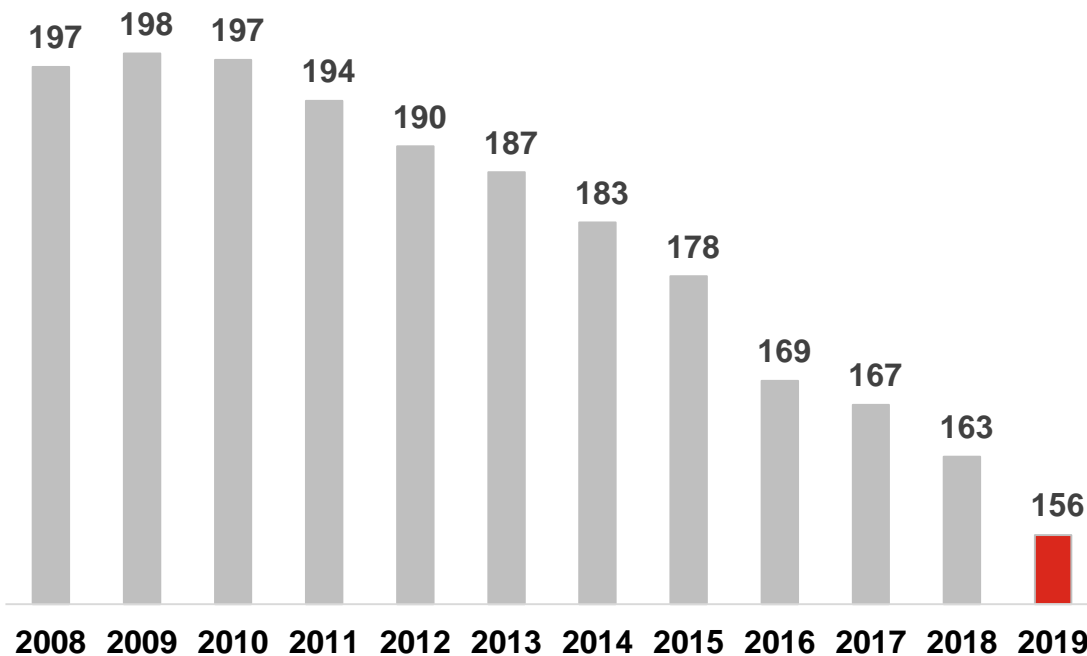
Dividends & Share Repurchases as % of Operating Cash Flow

Includes estimate for 2019

Increasing cash returned to shareholders

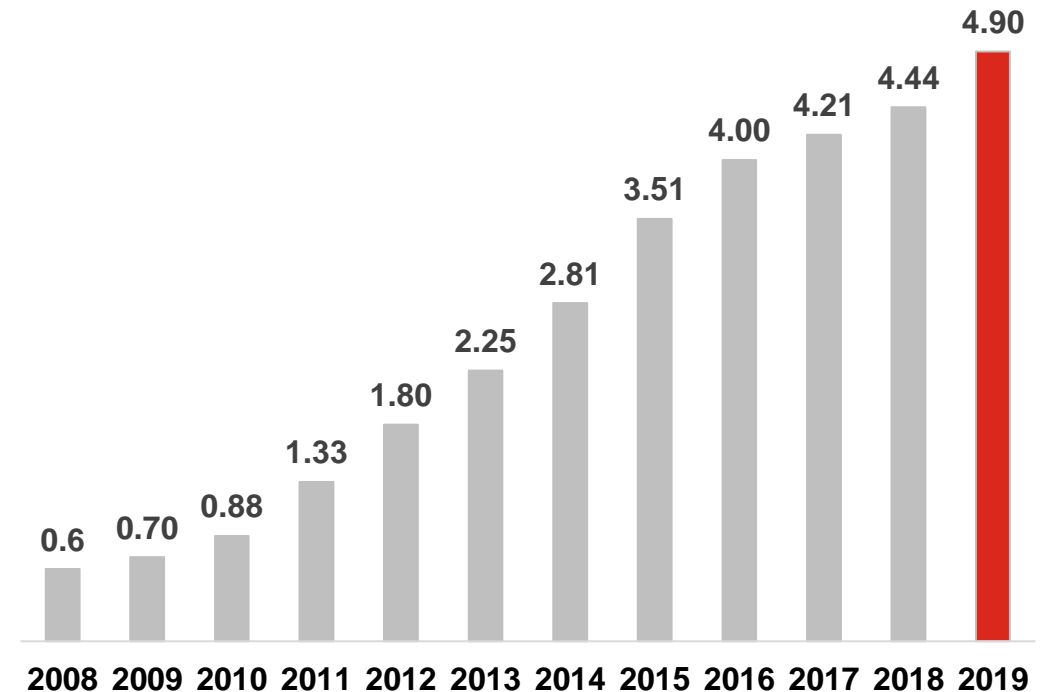
Diluted Shares Outstanding (M)

21% reduction



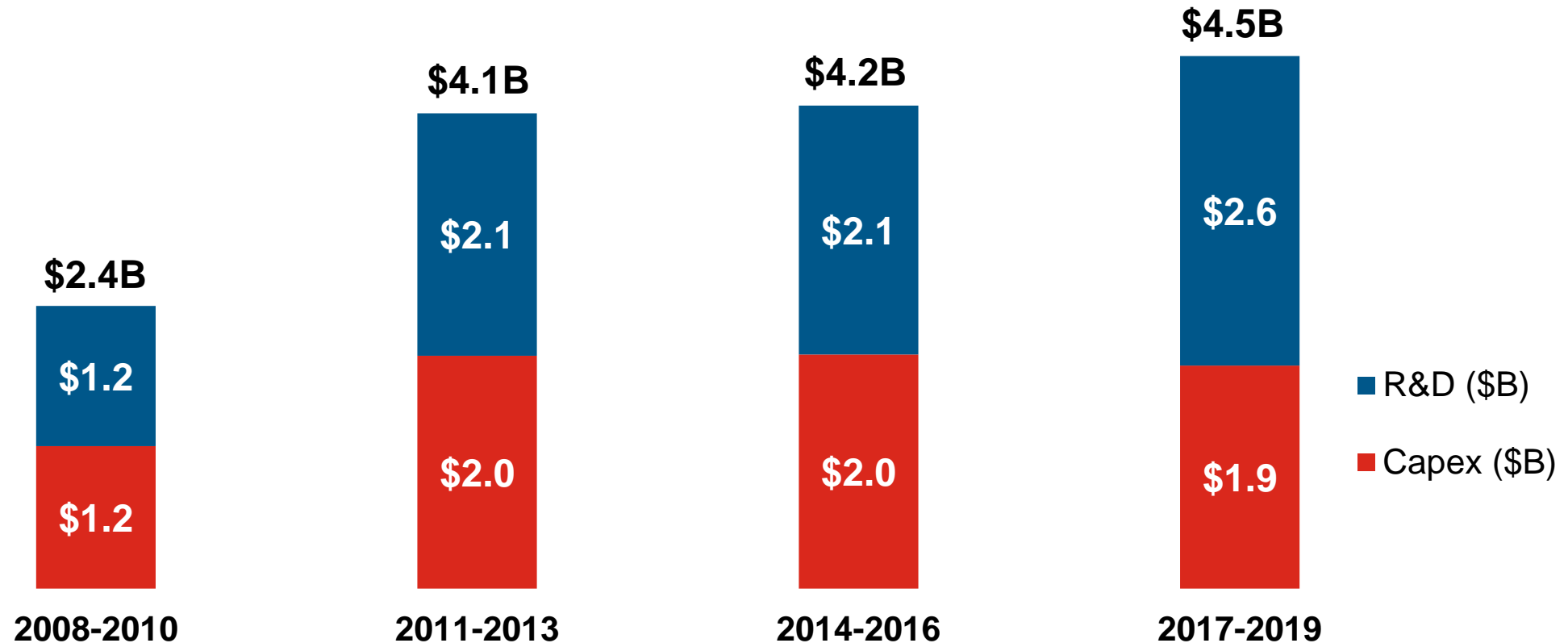
Dividend Per Share (\$)

21% CAGR



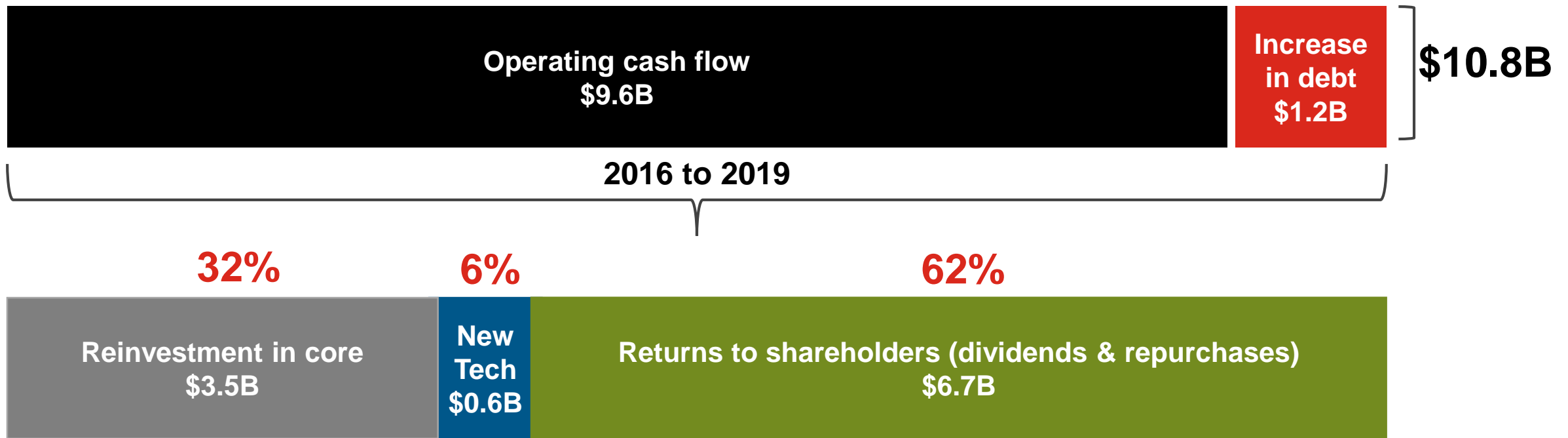
- Includes estimate for 2019
- Diluted Share amounts are adjusted for 2-1 stock split in 2008

While investing in the business

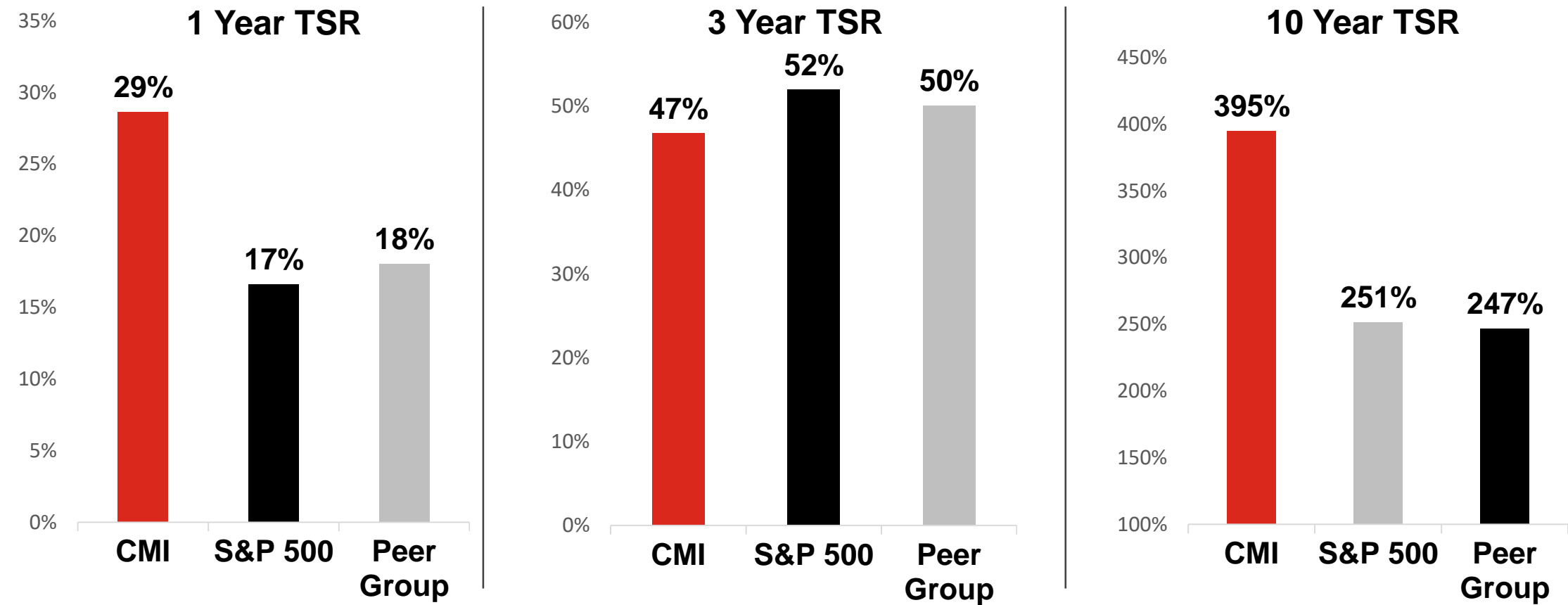


Includes estimate for 2019

Cash deployment across the cycle



Resulting in strong total shareholder returns (TSR)



**TSR Calculations as of November 15, 2019*

Strong balance sheet is an advantage

Credit ratings and metrics

Standard & Poor's	A+
Moody's	A2
Total debt	\$2.7B
Debt / capital	23.3%

- ✓ Invest in the business through the cycles
- ✓ Flexibility to add value through enhancing partnerships and acquisitions
- ✓ Continue to return cash to shareholders

**Credit rating and metrics as of September 29, 2019*

Delivering on our commitments from Analyst Day 2017

2017

Progress

- | | |
|---|------------------------|
| • $\geq 20\%$ incremental EBITDA margins on base business | ✓ |
| • \$500M cash investment in electrification 2017-2020 | • ~\$340M through 2019 |
| • Increase cash to shareholders | ✓ |

What you should expect from us

	2020	Next three years
EBITDA Base Margins*	25% Decremental	≥ 20% Incremental
New Power EBITDA	~(\$160M)	< (\$500M)
Operating Cash Flow	>\$2.0B	>\$7.0B
Share Repurchase	✓	✓
Dividend Growth	✓	✓

Base Business: Engine Segment, Distribution Segment, Power Systems Segment and Components Segment (Excluding Automated Transmission business)

Agenda

A vertical timeline consisting of a thin black line with seven circles. The fifth circle from the top is highlighted with a red border and a red dot in the center.

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CEO Closing

Tom Linebarger

CHAIRMAN AND CEO

PUBLIC

Positioned to win

- ✓ Leadership Team prepared for a challenging 2020
- ✓ Best positioned to be the partner of choice for global OEMs
- ✓ Uniquely positioned to deliver increasing profits while investing in technologies



Agenda

A vertical timeline consisting of a thin grey line with seven circles. The circles are white with black outlines, except for the fifth circle from the top, which is red with a red outline. The timeline is positioned to the left of the agenda items.

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Addendum

2020 Decremental Margin Detail

- Base business is Cummins excluding (1) EPBU [now New Power] and (2) Eaton Cummins Joint Venture. This is the same definition used at our prior analyst day when describing base business.
 - In the New Power business EBITDA losses go from approximately \$145m in 2019 to approximately \$160m in 2020. **2019 to 2020 incremental loss is \$15m**
 - We do not anticipate ECJV to have a material impact on 25% 2019 to 2020 decremental math.
- The decremental guidance does not include expenses related to restructuring costs, either in 2019 or 2020. Note: Our current 2019 EBITDA (16.1% at midpoint) does not include restructuring costs that will occur in Q4 as we are still working through the impact. We will clearly callout one-time restructuring charges in February when releasing earnings – both EPS and EBITDA.
- The \$250m to \$300m of cost savings we discussed are required to hit the 25% decremental. They are not in addition.