



# CMI Analyst Day

September 17, 2013



# 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; the consummation and integration of the planned acquisitions of our North American distributors; and other risks detailed from time to time in our Securities and Exchange Commission filings, particularly in the Risk Factors section of our 2012 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. Any or all of these factors could cause our results of operations, financial condition or liquidity for future periods to differ materially from those expressed in or implied by any 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.



# Agenda

- 9:00 a.m. to 12:15 p.m. – Presentations
  - Tom Linebarger, Chairman and Chief Executive Officer
  - Rich Freeland, President – Engine Business
  - Pamela Carter, President – Distribution Business
  - Tony Satterthwaite, President – Power Generation Business
  - Anant Talaulicar, President – Components Business
  - Anant Talaulicar, Managing Director - India
  - Steve Chapman, Group Vice President – China & Russia
  - John Wall, Chief Technical Officer
  - Pat Ward, Chief Financial Officer
- 12:15 p.m. to 1:00 p.m. – Q and A
- 1:00 p.m. to 2:00 p.m. – Lunch





# CMI Analyst Day

Tom Linebarger

Chairman and Chief Executive Officer

September 17, 2013



# Overview

- Review of 2011 – 2013
- Industry trends remain positive for Cummins
- We are positioned well for profitable growth
- We remain focused on shareholder return



# 2011 to 2013 - Summary of Changes

- Global economy weaker than expected
  - China and India
  - Resource industries
- Emission standard changes implemented on time in US, Europe and Brazil
  - Delays in China and India
- Maintained investments in key growth initiatives
- Accelerated cost reduction efforts

# What Has Gone Well

- Strong execution in launching new products
  - Competitive strength
  - Excellent quality and lower warranty costs
  - Gaining share and winning new customers
- Supply chain initiative
  - Complex, company-wide initiative
  - Reduced costs by 50 basis points to date
  - Savings achieved in logistics and warehousing
  - Next area of focus: synchronizing our internal supply chain



# What Has Gone Well

- Market share gains
  - Strong demand for our technology
  - Winning new products
  - Close cooperation with customers and partners
  - New and expanded partnerships



# What Has Gone Well

- Managed well through a challenging period
  - Experienced management team
  - Constant search for efficiency gains
  - Operating cash flows close to record levels
  - ROE at or above target
  - Dividend growth and share repurchases

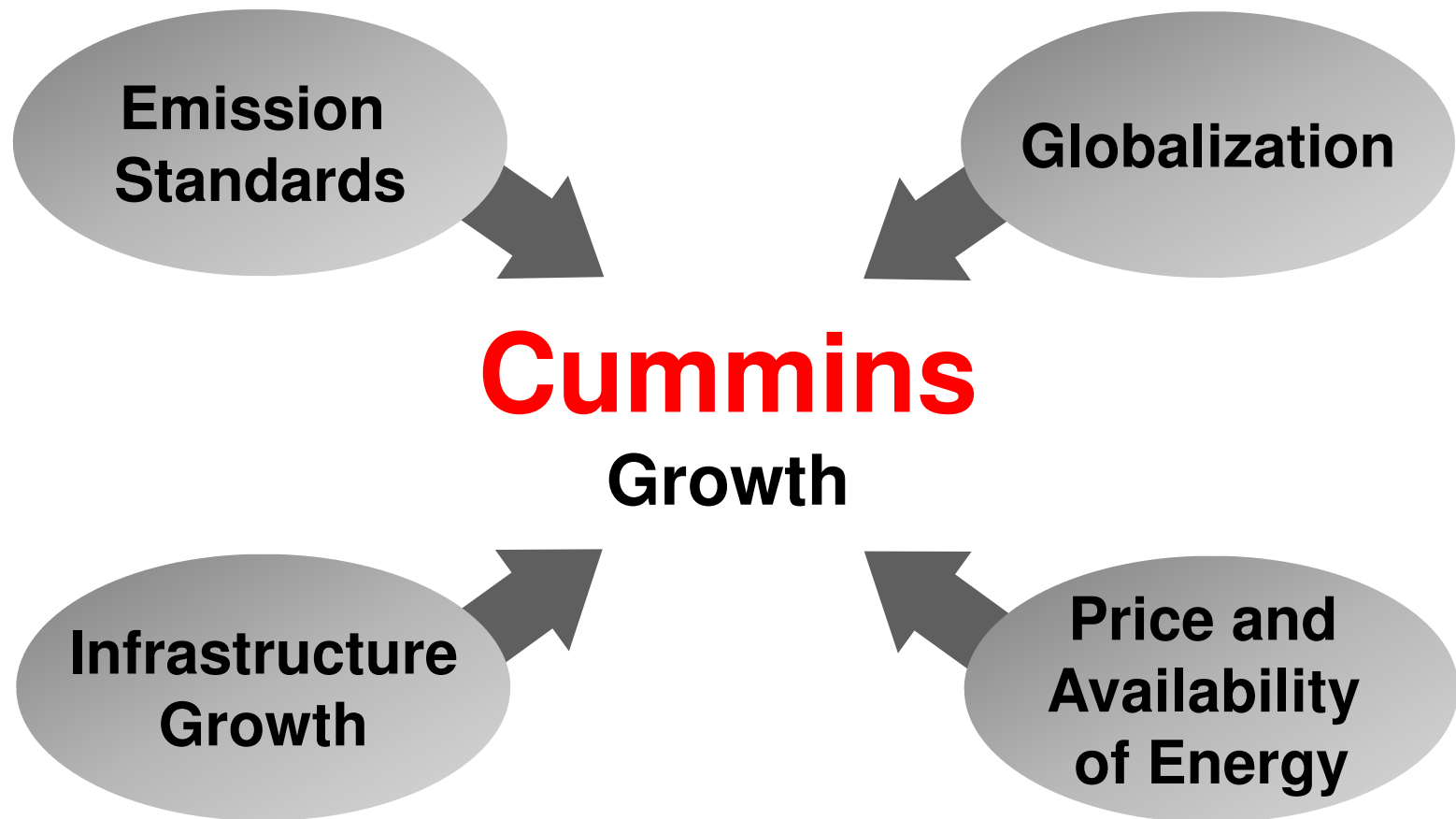
# Areas Behind Expectations

- China emissions regulations
- Power generation profitability
- Progress in Africa

# Key Takeaways Today

- Macro trends drive strong growth opportunities
- Strengthening our market position
- New product launches
- Investment in distribution
- Focus on profitable growth and return on capital

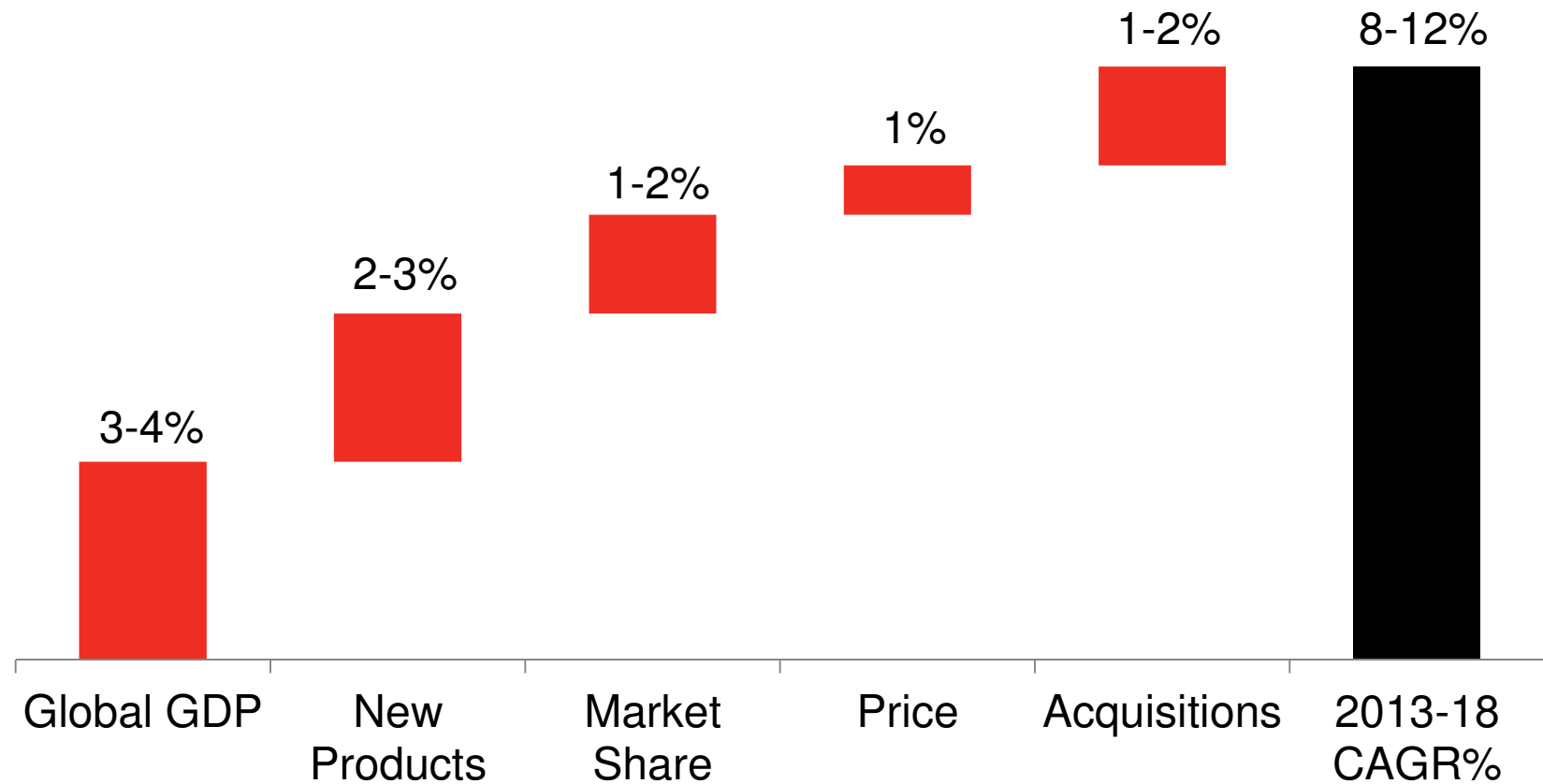
# Four Macro Trends Continue to Drive Sustainable Growth



# Financial Targets

2018	Low Growth Case	High Growth Case
Sales	\$25B	\$31B
EBIT%	16%	18%
EPS	\$15	\$21
ROE	>20%	>25%

# Growing Faster than End Markets



# Margin Expansion

- Investing in attractive markets
- Expanding distribution to capture more aftermarket
- Capturing benefits of higher volumes as markets improve
- Relentless focus on cost

# Summary

- Confidence in growth plans
  - In developed and developing markets
  - With existing and new customers
- Investing to extend our leadership
- Proven ability to manage through periods of uncertainty
- Focused on returns



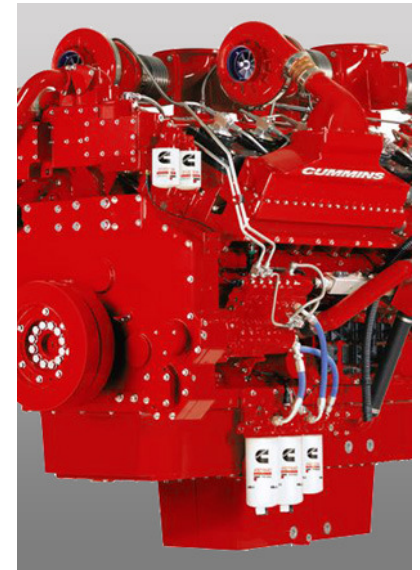
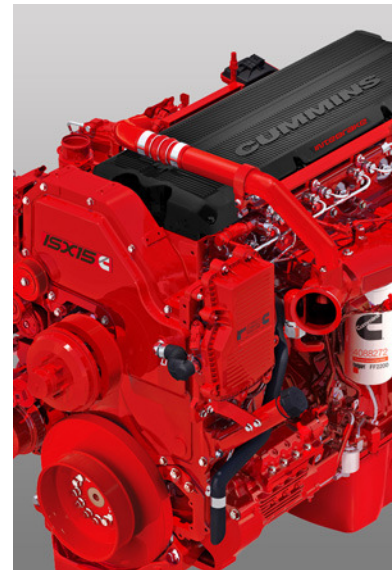
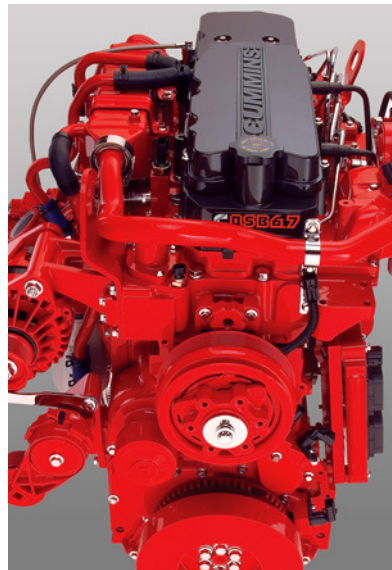
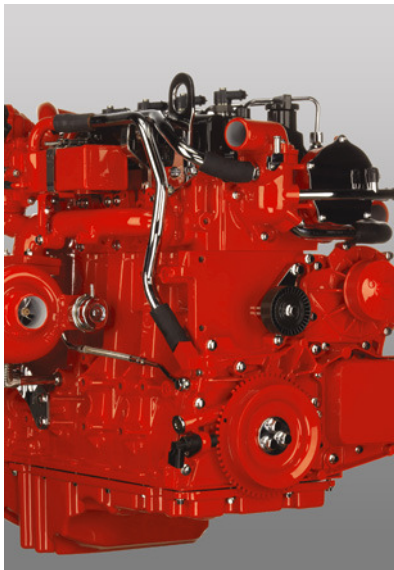


# CMI Analyst Day

Rich Freeland

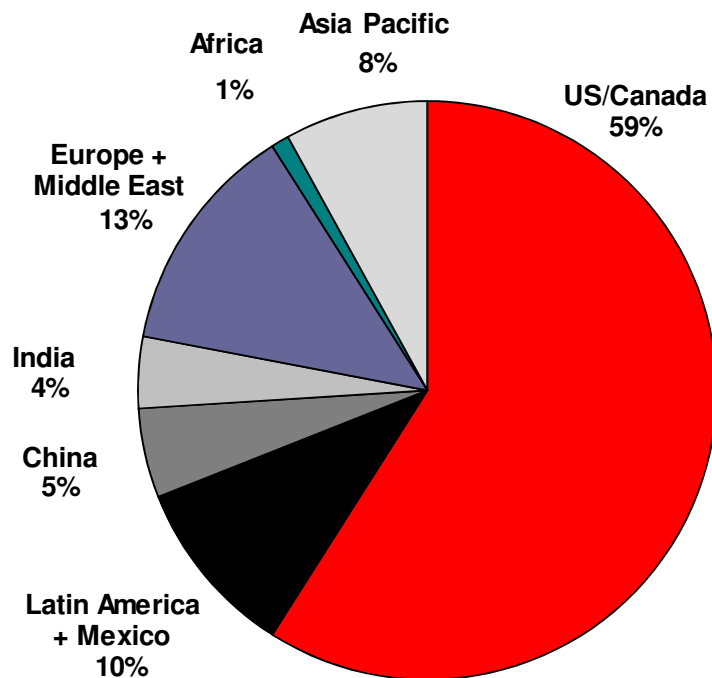
President – Engine Business

September 17, 2013

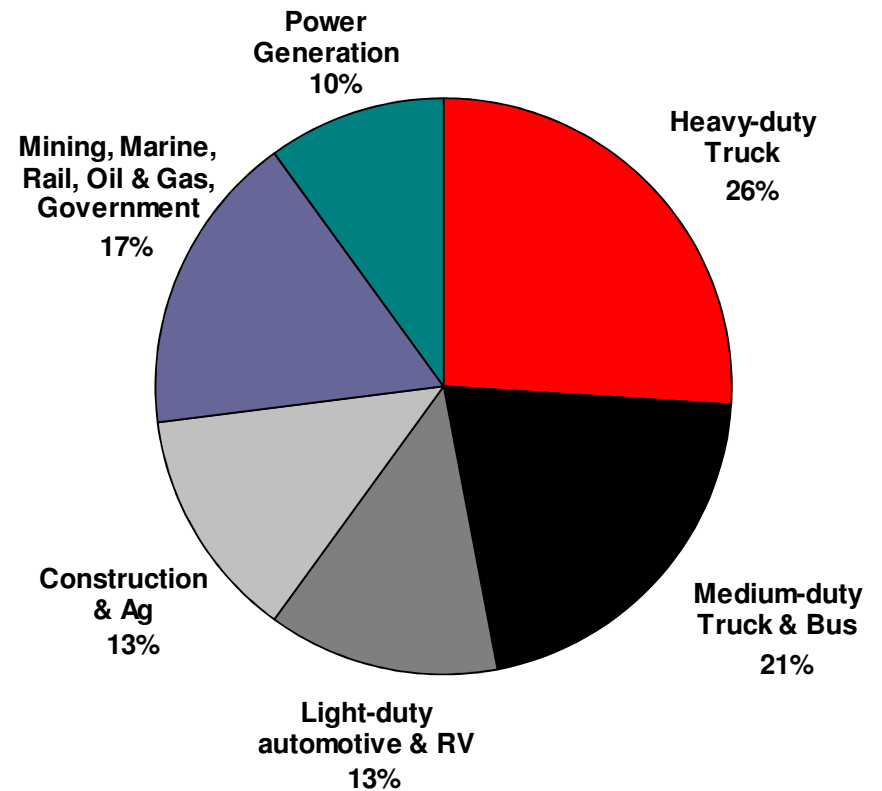


# Who We Are

Revenue by Geography



Revenue by Market

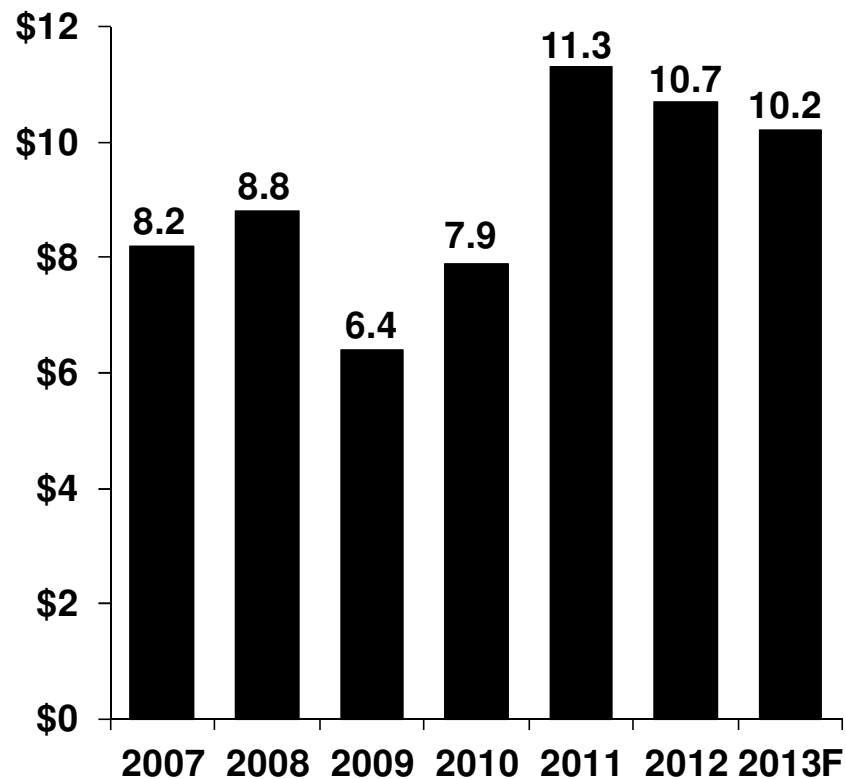


Q2 2013 LTM Revenue: \$10.0 B

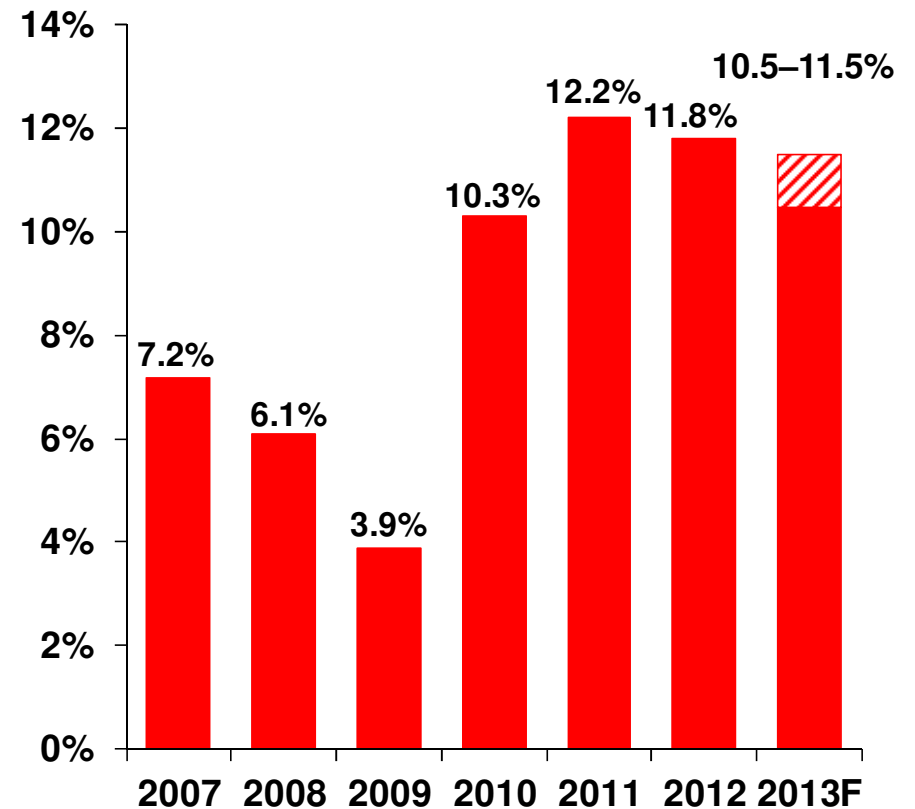


# Where We Have Come From

Consolidated Sales (\$B)



EBIT<sup>1</sup> %



<sup>19</sup> <sup>1</sup> EBIT excludes restructuring charges



# What Has Changed Since 2011

- Weaker macro environment
- Delay in emission regulation implementation in China
- Increased importance of natural gas
- Market share gains realized

# What Hasn't Changed

- Focus on profitable growth
- Investing in leading technology
- Unmatched global footprint
- Leading customer support → Global
- Strong partners

# Expanding Product Portfolio



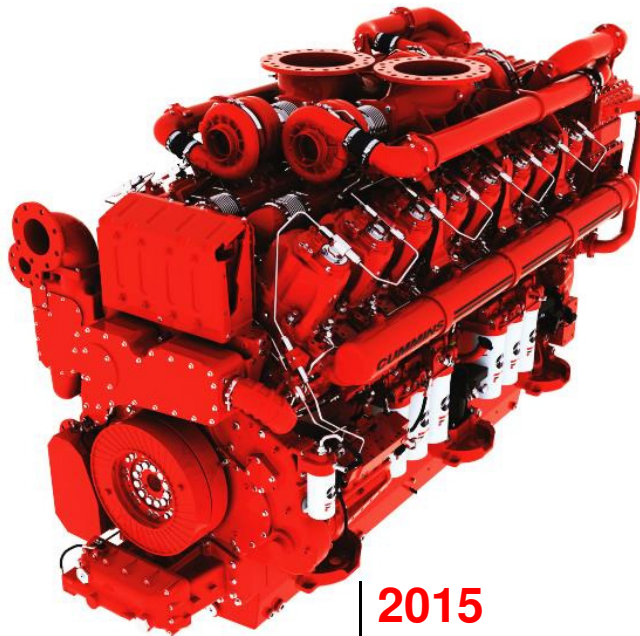
**2014**  
2.8/3.8L



**2014**  
10/12L



**2015**  
5.0L V8



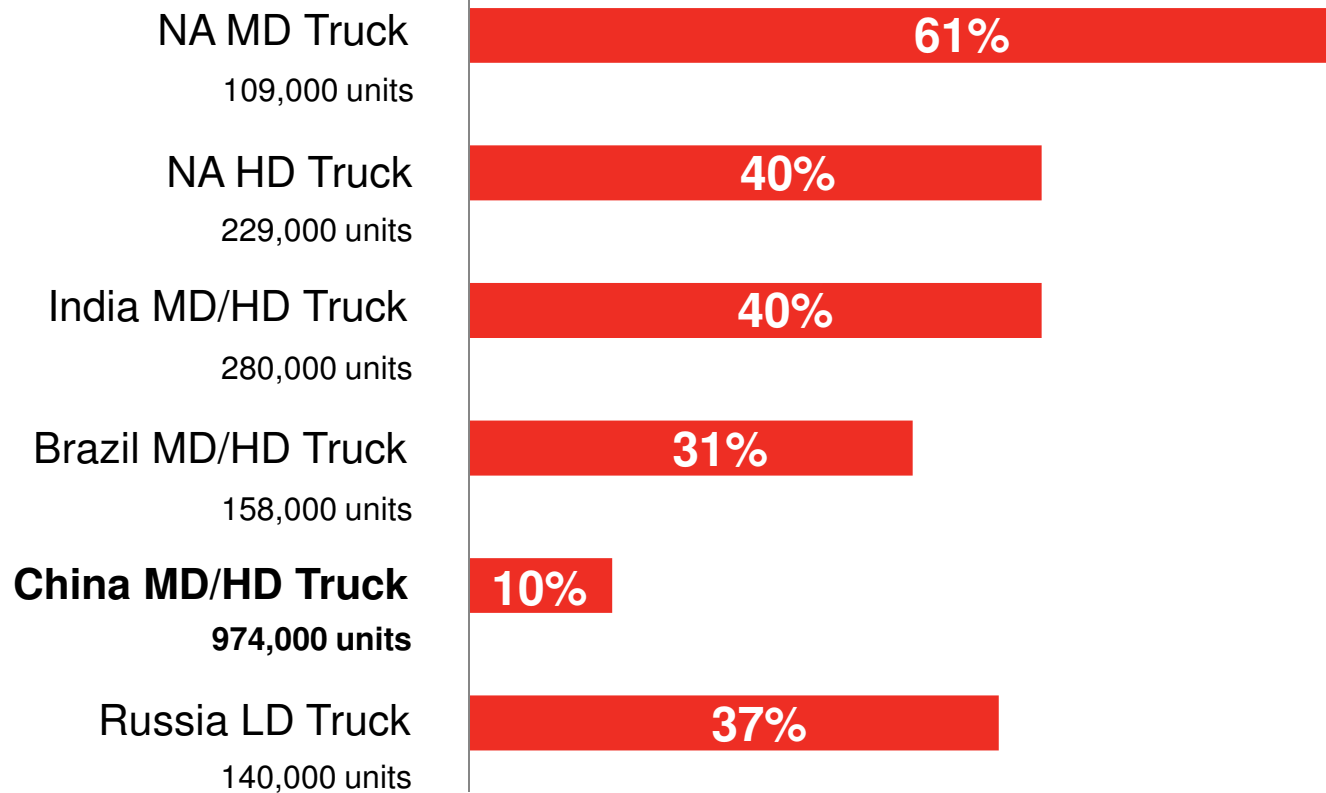
**2015**  
95-120L



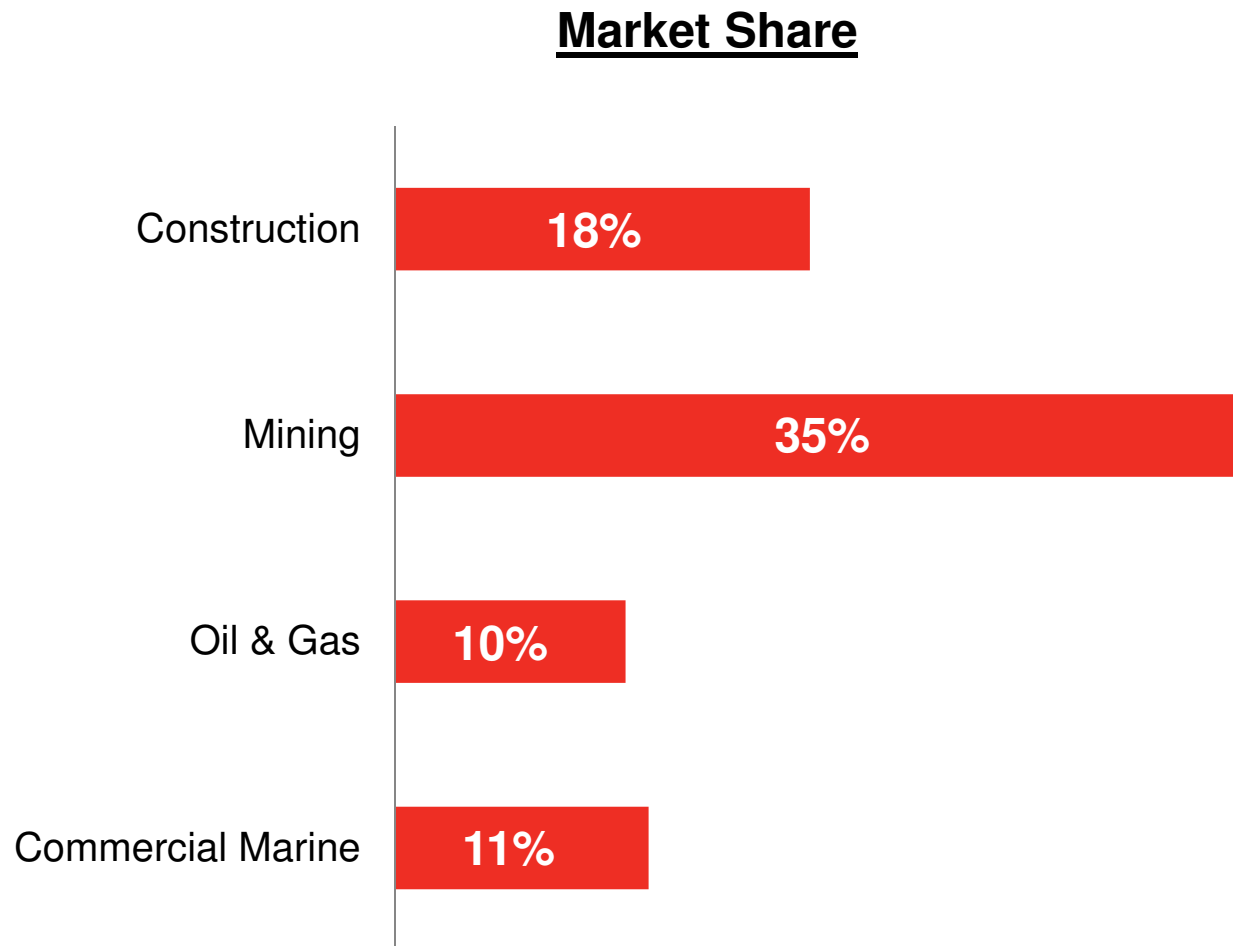
**2016**  
15L Natural Gas

# Well Positioned – On Highway

## Leading On-Highway Market Share

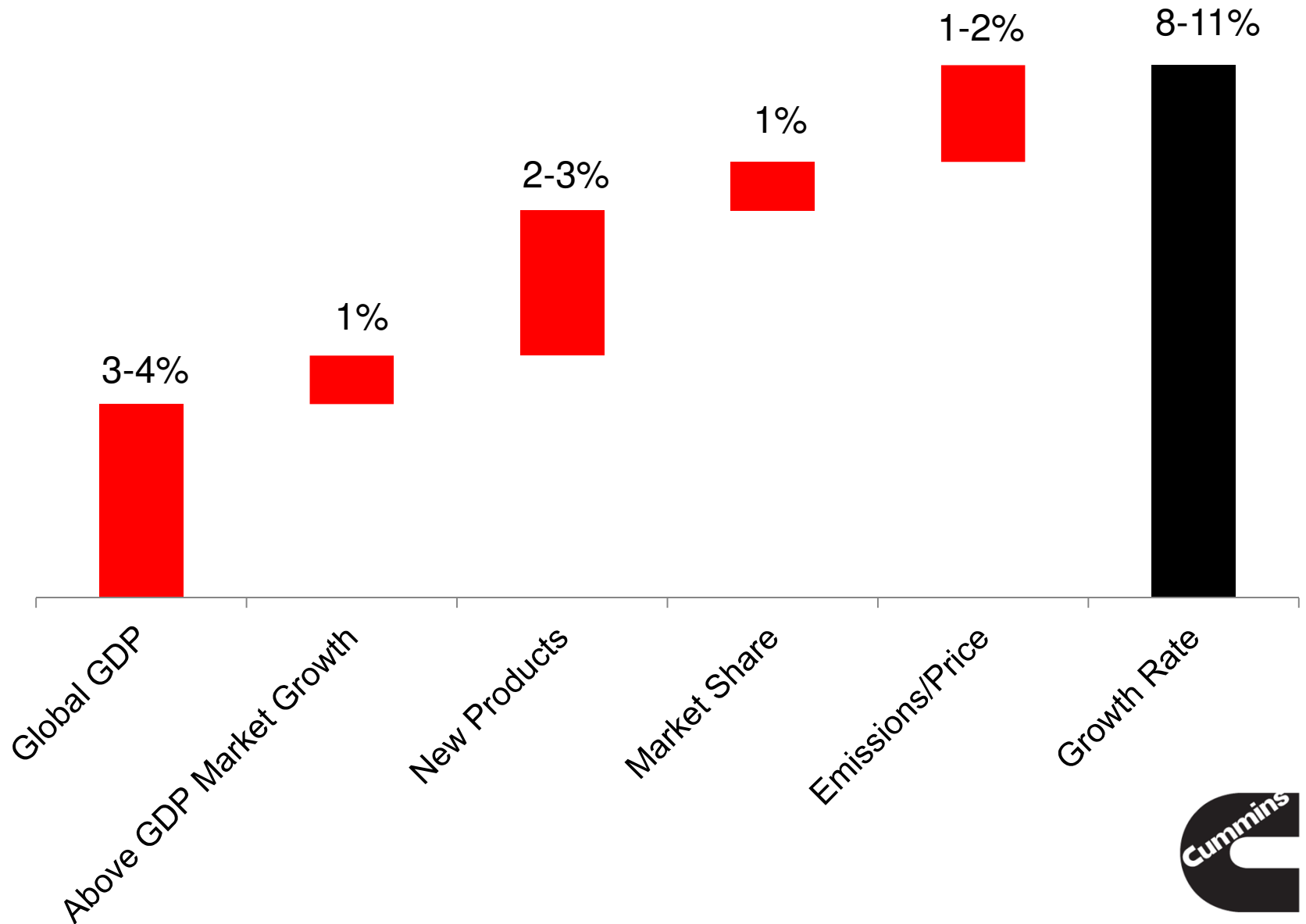


# Well Positioned – Off Highway





# Growing Faster than GDP



# Profitable Growth – Expanding Margins

- Expanding our presence in attractive segments
- Leveraging existing investments
- Supply chain improvements

# Engine Segment Guidance

	2015	2018	2013 – 2018 CAGR%
<b>Revenue</b>	\$12 – 13B	\$15 – 17.5B	8 – 11%
<b>EBIT%</b>	12 – 13%	13.5 – 15%	

# Summary

- Unmatched product portfolio and global footprint
- Continued expansion of product portfolio through new product launches
- Partnered with market leaders
- Expanding margins



# CMI Analyst Day

Pamela Carter

President – Distribution Business

September 17, 2013



# DBU is Cummins' Face To The Market

## What we do:

- Sell and service full range of Cummins products
- Primary path to market for Power Generation products
- Serve customers and OEMs in over 20 application segments
- Engineer, manufacture, and deliver products fit for market
- Train, develop and manage dealers

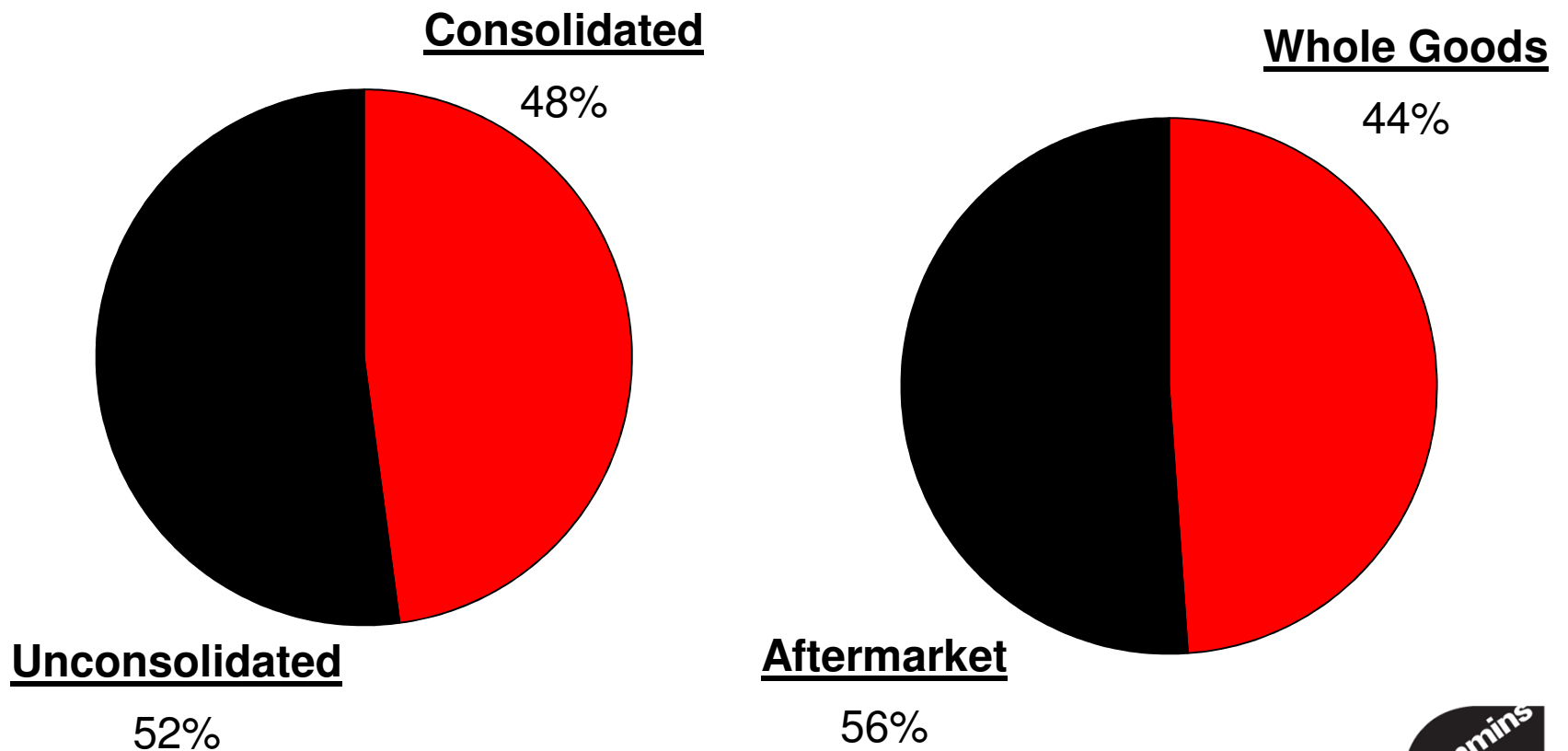
## DBU in numbers:

- 190 countries and territories
- 650+ distributor locations
- 6,500 dealer locations
- 16,000+ employees



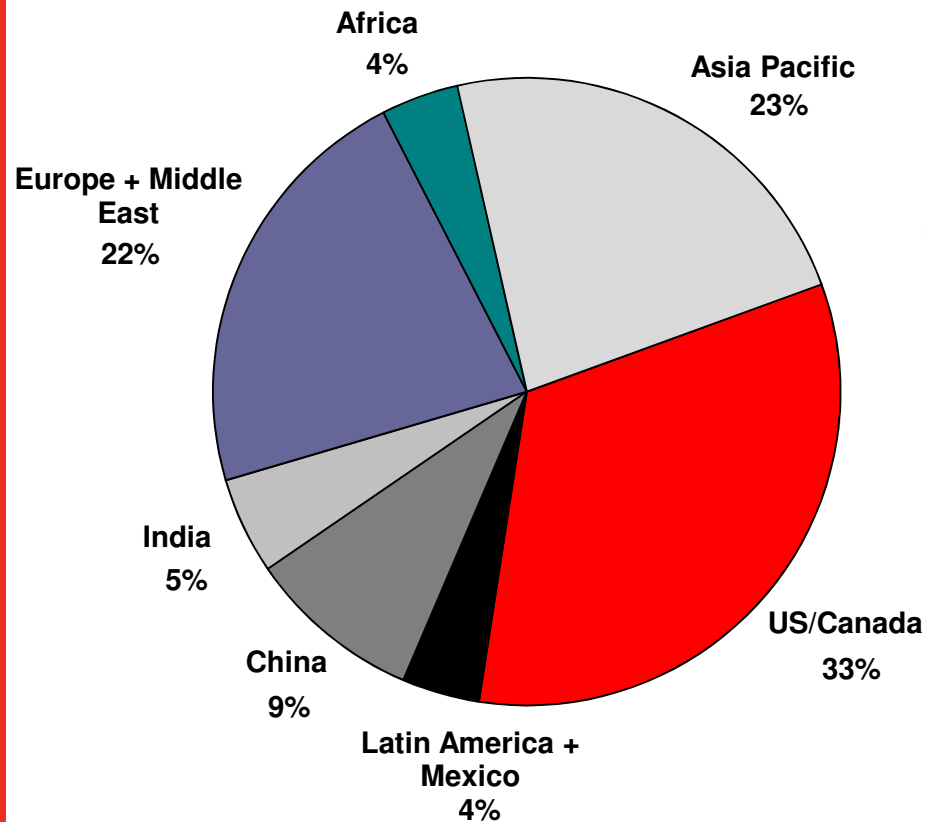
# DBU is a Large and Stable Business

**Q2 2013 LTM Consolidated + Unconsolidated Sales**  
**\$7.2 B**



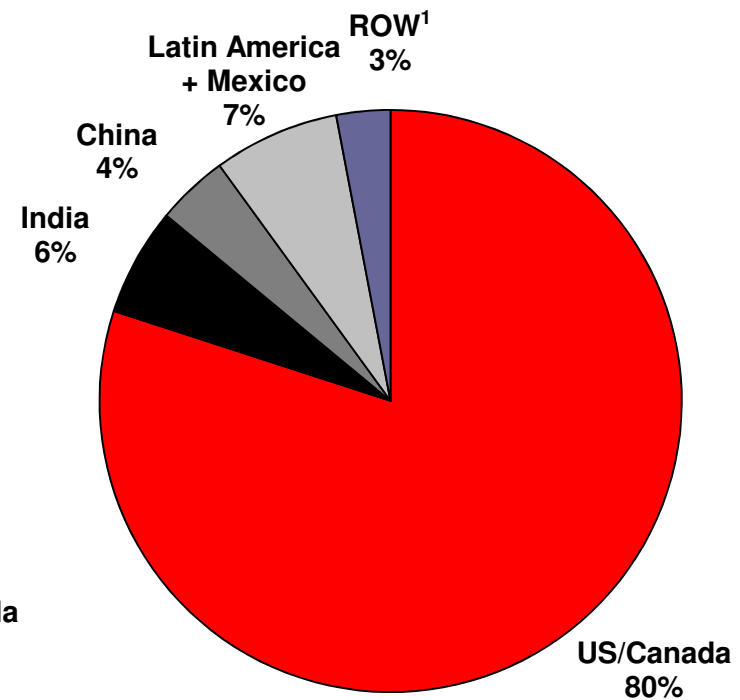
# Who We Are

Consolidated  
Revenue by Geography



Q2 2013 LTM  
Revenue: \$3.4 B

Joint Venture  
Revenue by Geography



Q2 2013 LTM  
Revenue: \$3.8 B

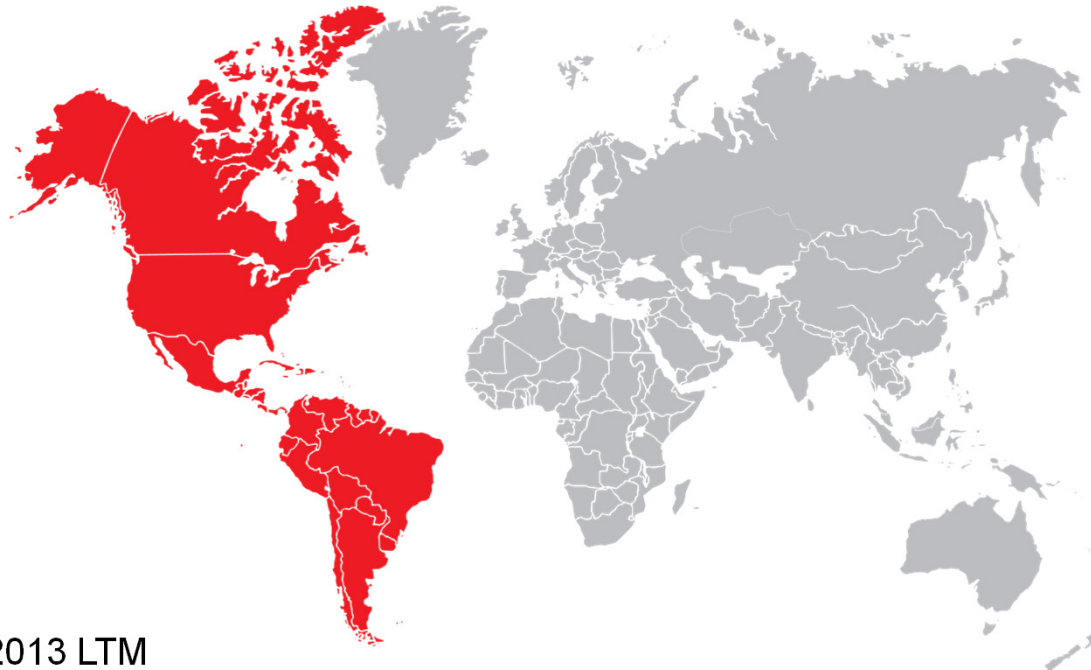




# Where We Are

## Americas

- 9,100 Employees
- Presence in 25 countries
- \$1.3B consolidated revenue
- \$3.3B unconsolidated revenue



# Where We Are

## Europe and Middle East

- 1,300 employees
- Presence in 45 countries
- \$725M consolidated revenue
- Majority of revenue from wholly owned businesses



# Where We Are

## Africa

- 1,000 employees
- Presence in 20 countries
- \$138M consolidated revenue
- \$33M unconsolidated revenue



# Where We Are

## China and India

- 2,500 employees
- Strong coverage in India, growing presence in China
- \$491M consolidated revenue
- \$367M unconsolidated revenue



# Where We Are

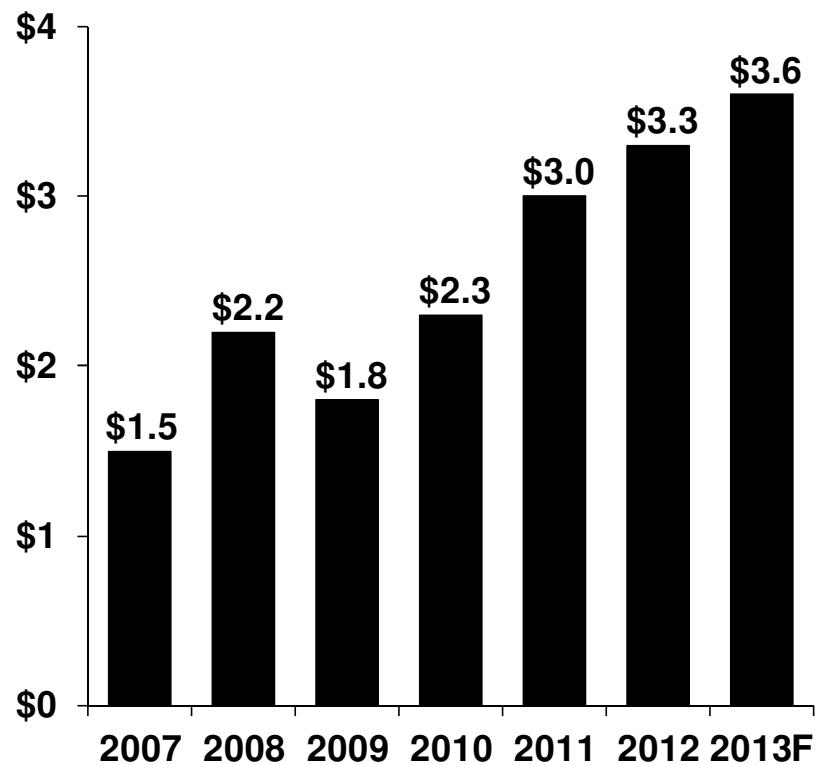
## Asia Pacific

- 2,000 employees
- Presence in 20 countries
- \$791M consolidated revenue
- \$51M unconsolidated revenue

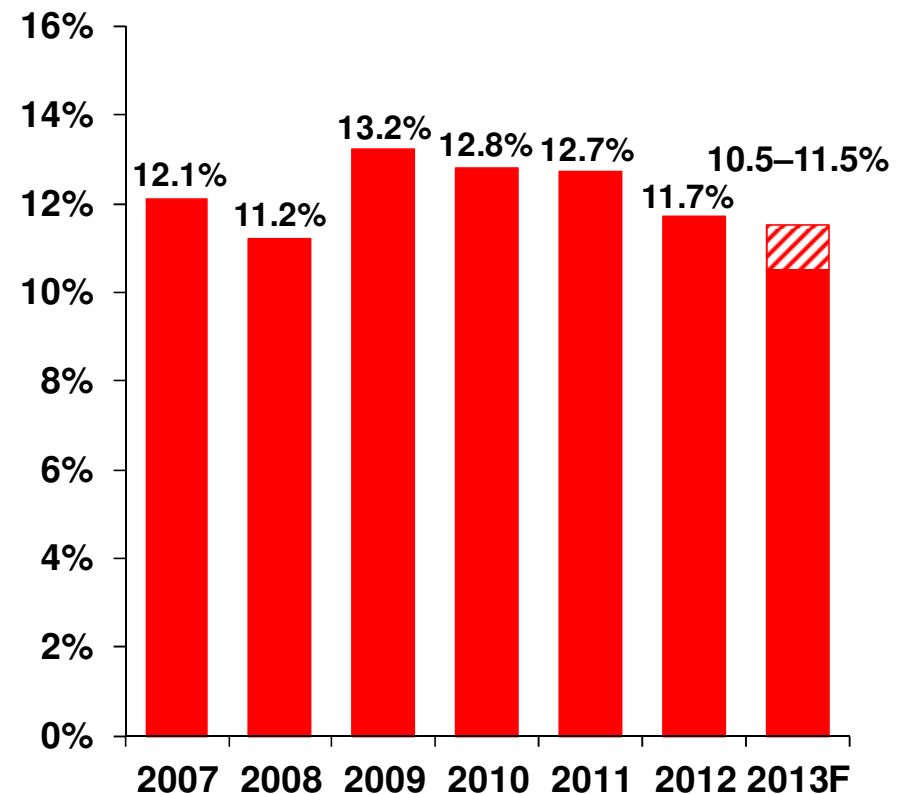


# Where We Have Come From

Consolidated Sales (\$B)



EBIT<sup>1</sup> %



# What Has Changed Since 2011

- Weaker macro environment
- Progress in Africa is behind plan
- Stronger US Dollar
- Increasing ownership in North America distribution

# What Has Not Changed

- Our focus on profitable growth
- Investments in functional and operational capability
- Expansion in China, Africa, and South America
- Our growth strategy and execution



# Growth Drivers

- Extending geographic footprint
- Expanding product and service offerings within the geographies we already serve
- Large and growing installed base of Cummins-powered devices and power generation systems
- Increasing ownership in global distribution network



# Growth in North America

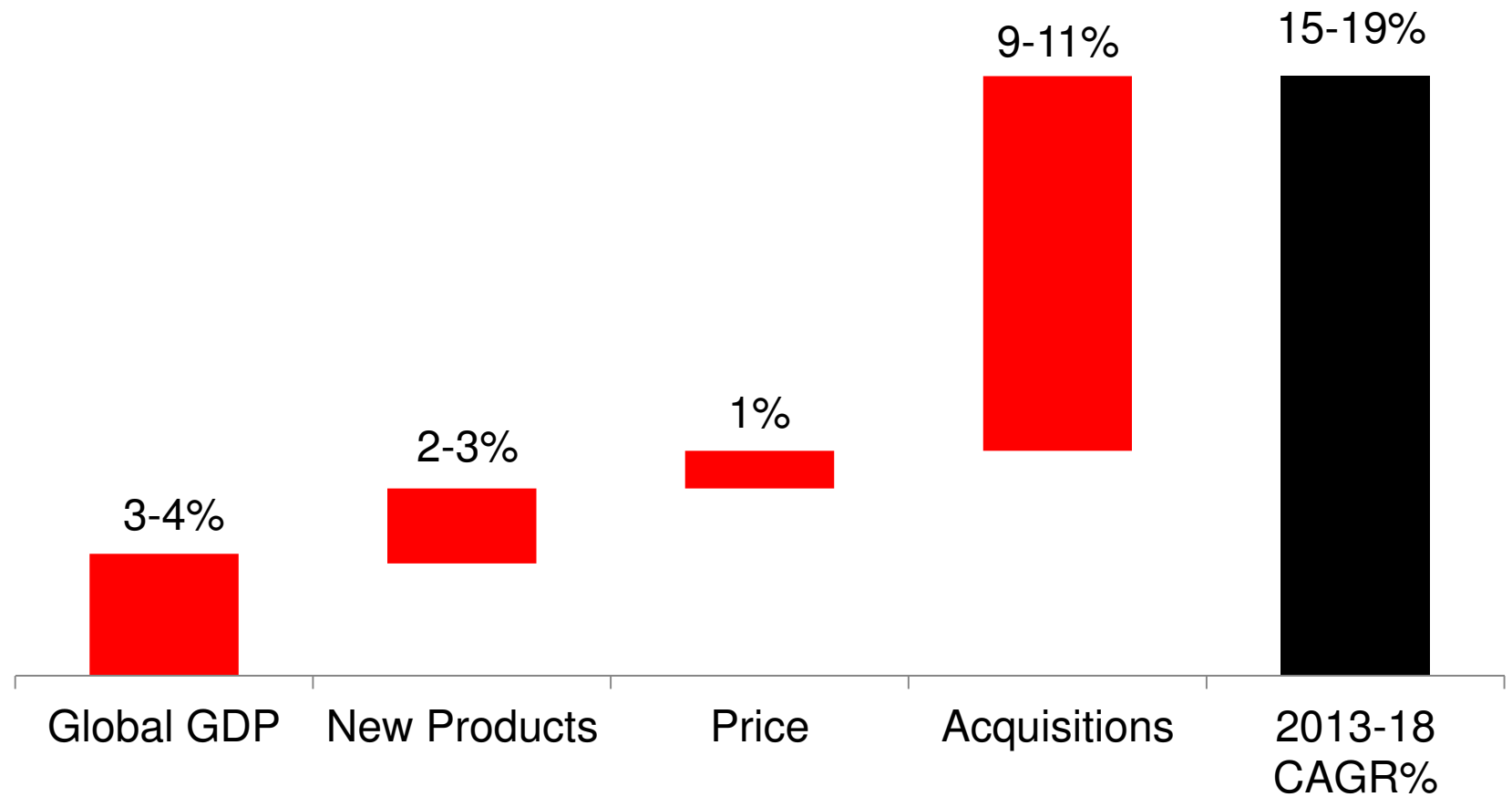
- Acquisition of North American joint ventures
- Elimination of boundaries allows sharper focus on customer needs in key application segments
- Coordination and support for technical product lines
- Leverages scale benefits in operations and planning
- Increases aftermarket revenues



# Growth in North America

- Adds to Distribution revenues
  - \$2.0 - \$2.5B in 2015 and \$3.0 - \$3.5B in 2018
- Adds to Distribution EBIT but dilutive in % terms
- Immediately Accretive to CMI Earnings

# Growing Faster than End Markets



# Distribution Segment Guidance

	2015	2018	2013 – 2018 CAGR%
<b>Base Net Sales</b>	\$4 – 4.5B	\$4.5 – 5.5B	6 – 8%
<b>Acquisition Revenue</b>	\$2 – 2.5B	\$3 – 3.5B	9 – 11%
<b>Total Revenue</b>	\$6 – 7B	\$7.5 – 9B	15 – 19%
<b>EBIT%</b>	9 – 10%	10 – 11%	

# Summary

- Delivering profitable growth
- Extending our network and increasing coverage
- Investing in functional and operational capability
- Building our future by focusing on the ever more complex customer needs



# CMI Analyst Day

Tony Satterthwaite

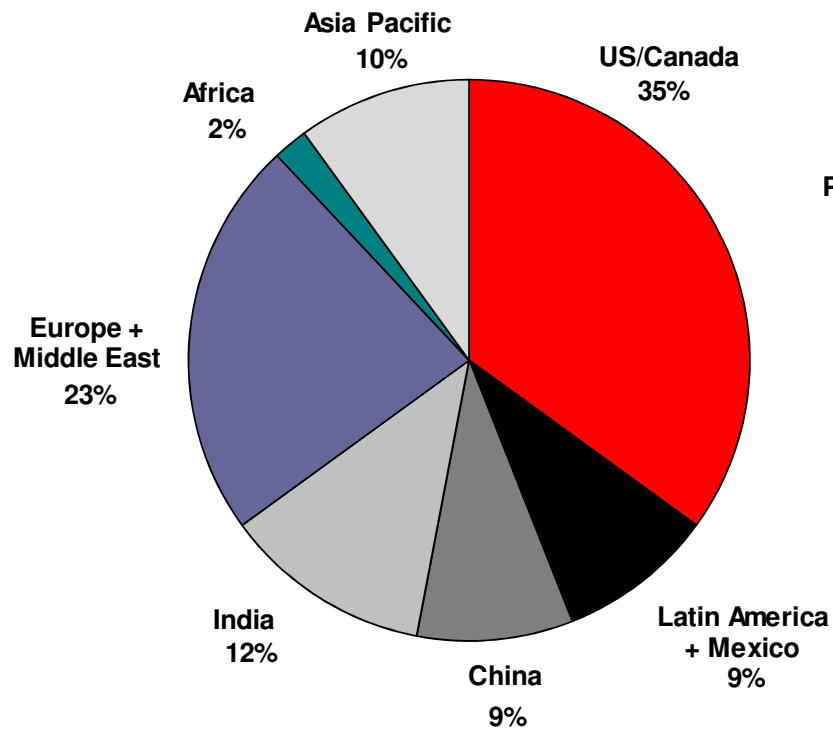
President – Power Generation Business

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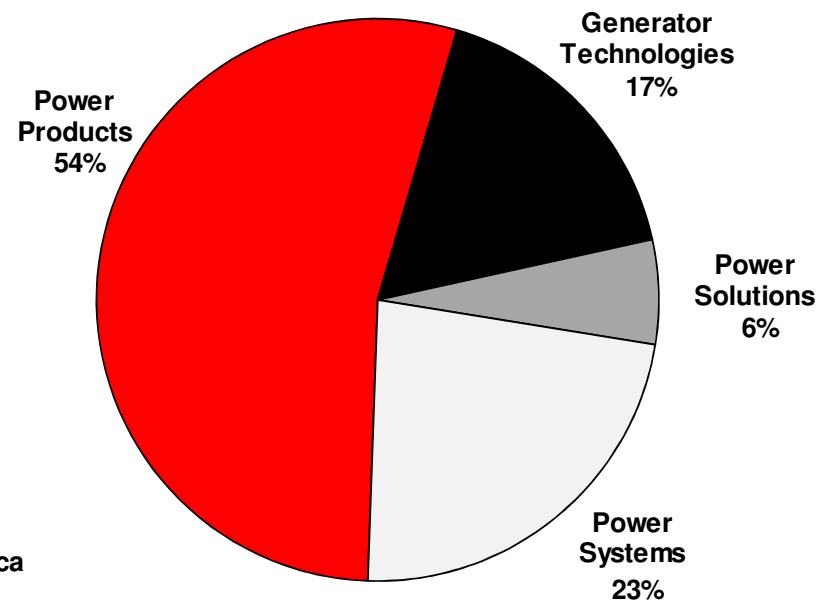


# Who We Are

Revenue by Geography



Revenue by Product



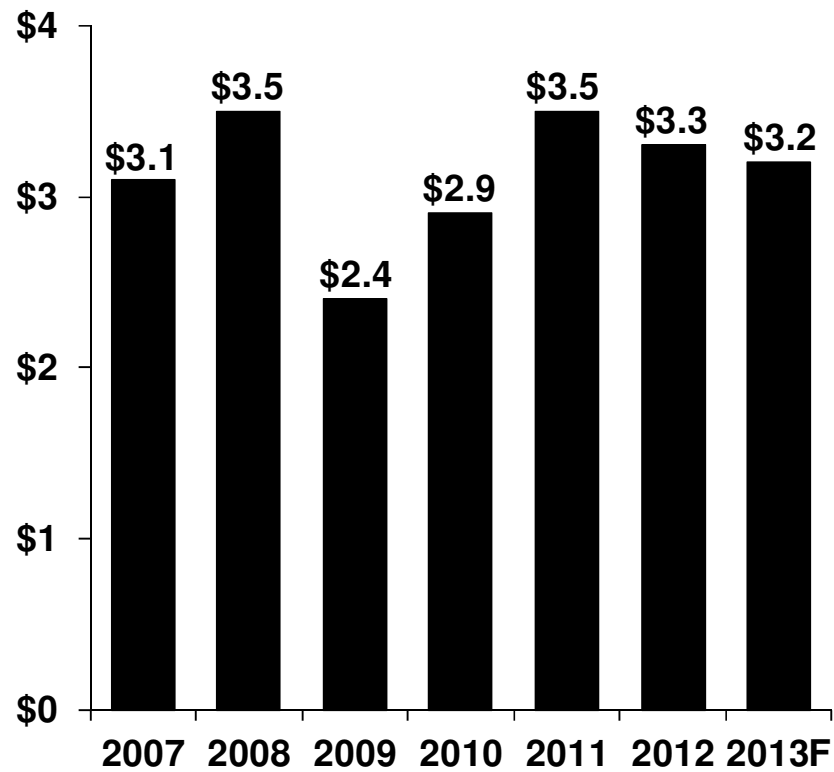
Q2 2013 LTM Revenue \$3.1 B



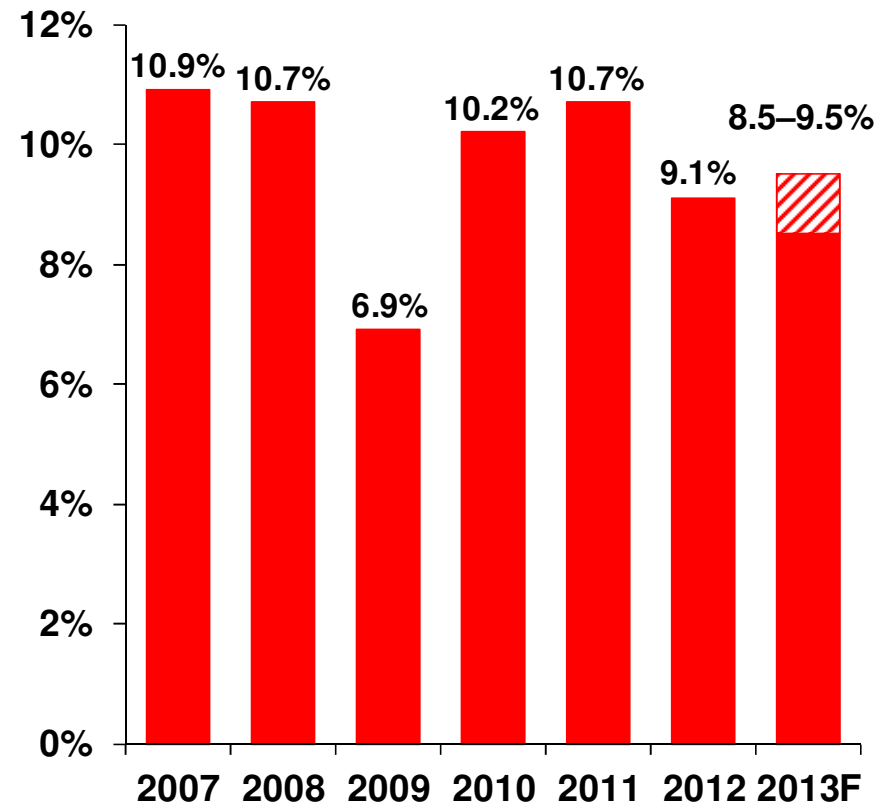


# Where We Have Come From

Consolidated Sales (\$B)



EBIT<sup>1</sup> %



# What Has Changed Since 2011

- Weaker macro environment
- Delay in emission norms
- European alternator restructuring

# What Hasn't Changed

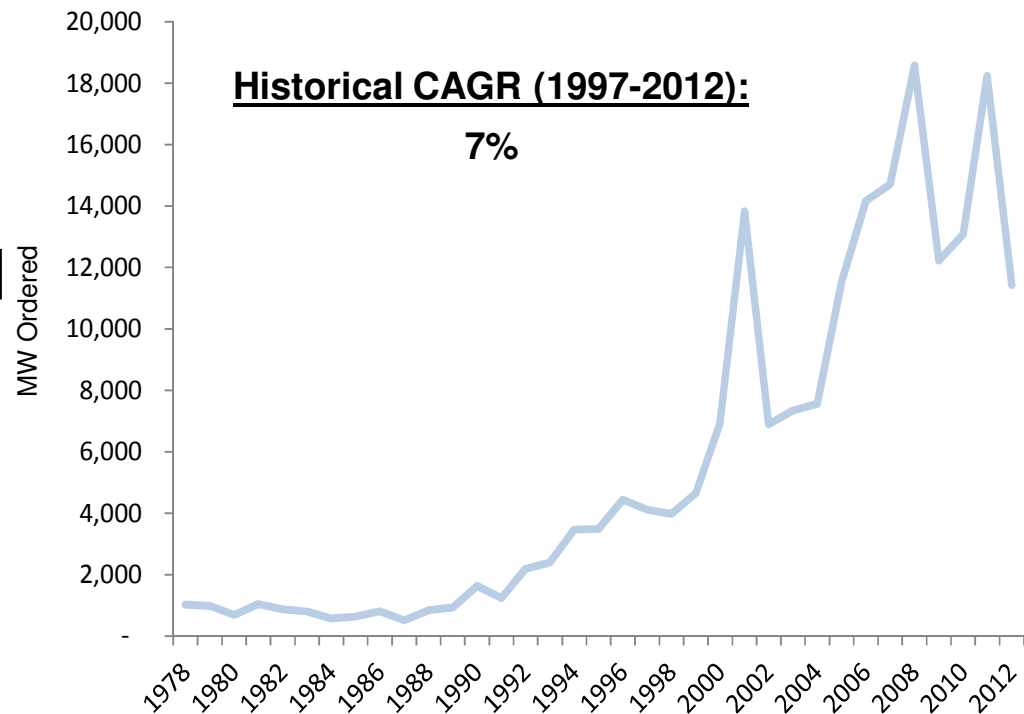
- Actively managing our growth portfolio
- Investing in leading technology
- Unmatched global footprint
- Expanding capabilities and footprint of distribution

# Growing but Volatile Market

## Key Drivers:

- Growth in non-residential infrastructure and construction
- Growth in global energy demands
- Outages in developed markets

Standby and Peaking MW Ordered,  
Reciprocating (Diesel or Nat Gas) Engines

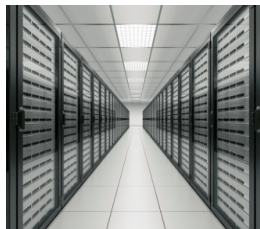


Source: Diesel & Gas Turbine Worldwide, VRP



# Strong and Diverse Business

## Wide Range of Applications



## Strong Product Portfolio



# Strategic Plan

## Focus on High-Growth Segments and Emerging Markets

- Africa, Middle East, Russia, India, and China
- Natural gas
- Light commercial and residential, critical protection, telecom

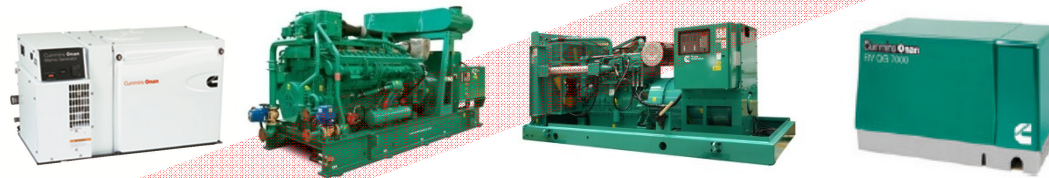


# Product Portfolio

**Extending into HHP range**



**Improving current portfolio**



**Extending into low HP range**



# Channel Partnership



## Traditional Distribution

- Regional support
- Diverse applications

## Dealer Networks

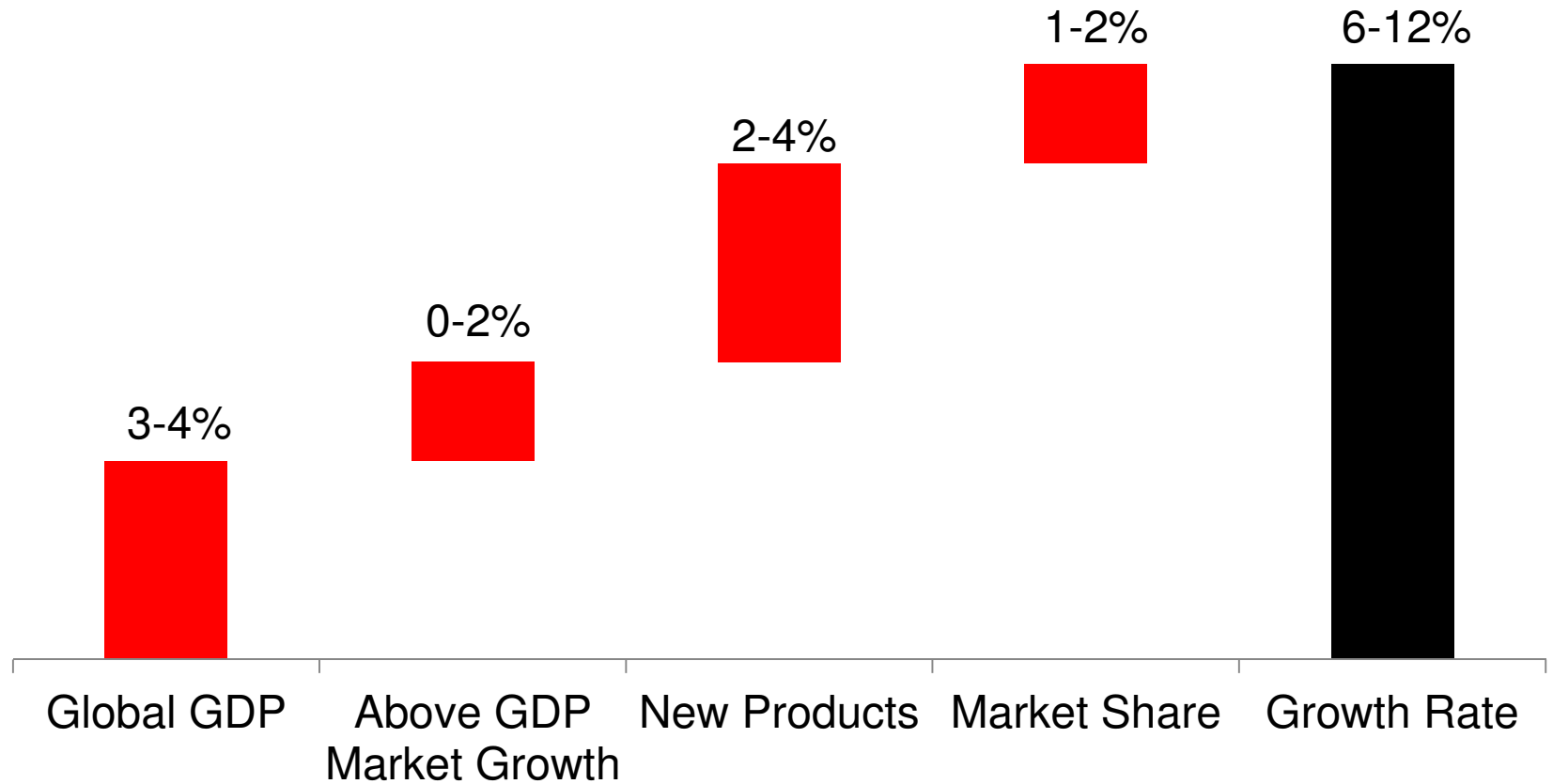
- Local retail presence
- Smaller gensets

## Project Companies

- Consultative
- Complete turnkey solutions
- Global support



# Growing Faster Than GDP



# Improved Profitability

- Restructuring alternator business in Europe
- Product improvements
- Supply Chain

# Power Generation Segment Targets

	2015	2018	2013 – 2018 CAGR%
<b>Revenue</b>	\$3.5 – 4B	\$4.5 – 5.5B	6 – 12%
<b>EBIT%</b>	9.5 – 11.5%	11.5 – 14%	

# Summary

- Investing in key growth markets
- Expanding product range
- Improving profitability



# CMI Analyst Day

Anant Talaulicar

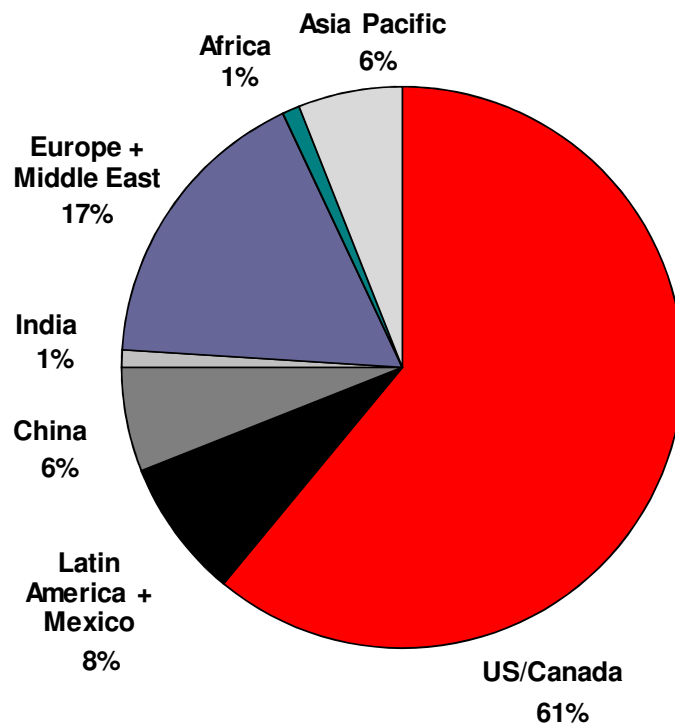
President – Components Business

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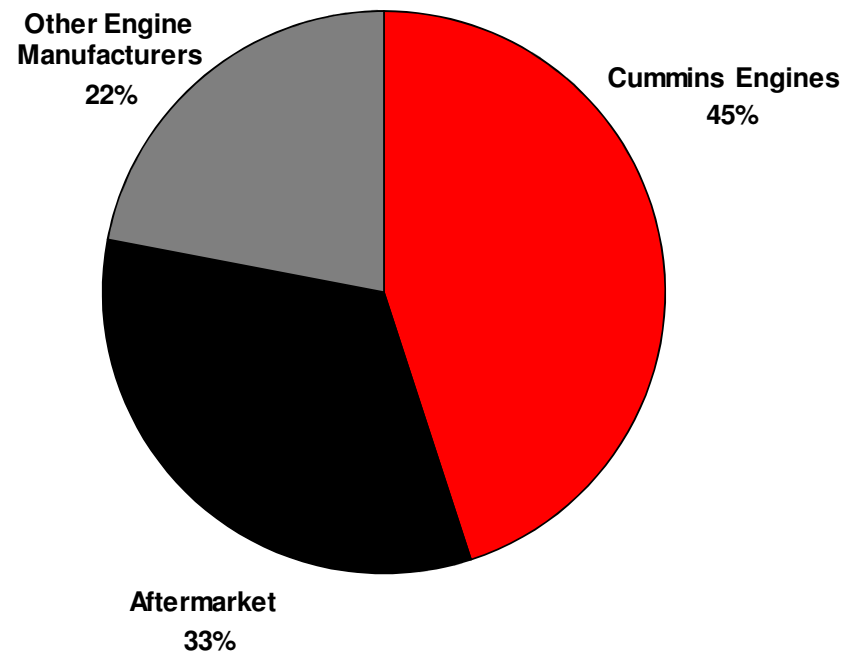


# Who We Are

Revenue by Geography



Revenue by Application

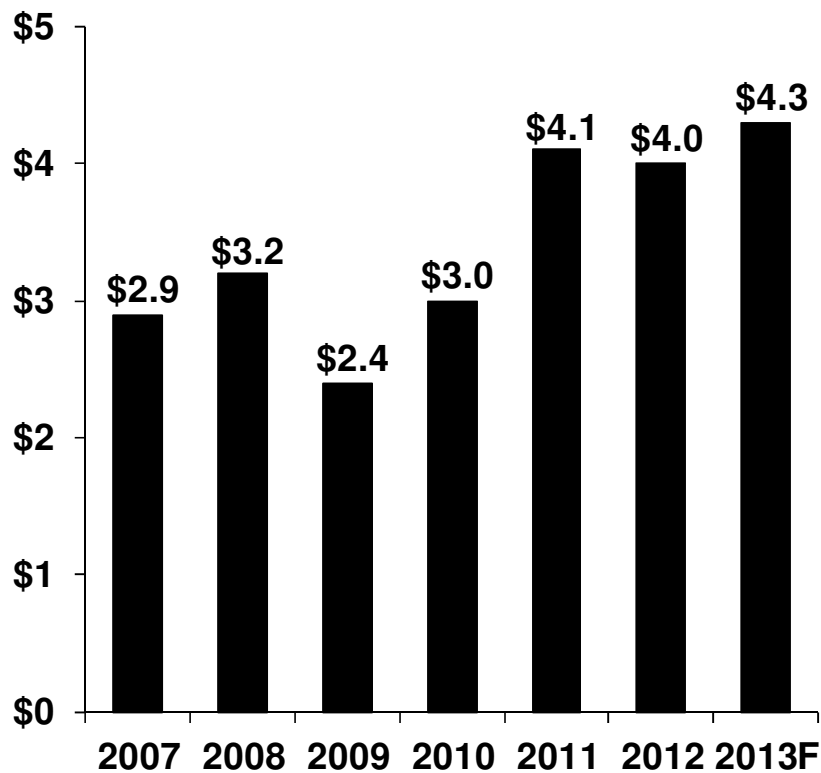


Q2 2013 LTM Revenue \$4.0 B

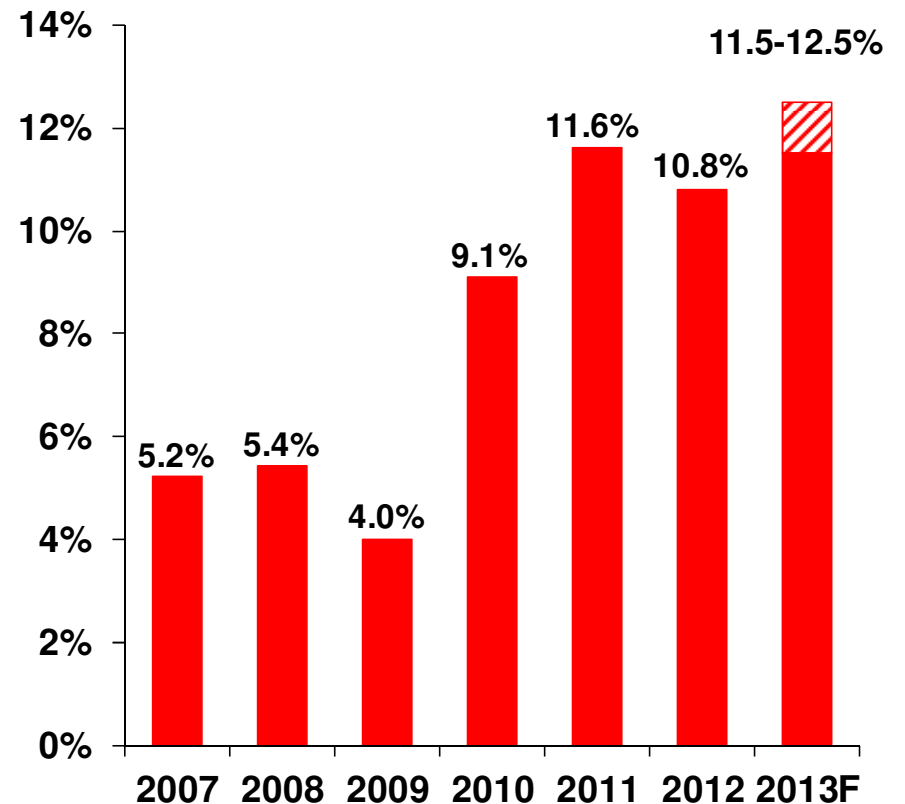


# Where We Have Come From

Consolidated Sales (\$B)



EBIT<sup>1</sup> %



# What Has Changed Since 2011

- Weakness in global economy
- Delay in implementation of emission regulations in China and India
- Actively managing growth portfolio
- Market share gains
- Natural gas



# What Has Not Changed

- Consistently growing earnings faster than revenues
- Investing for future profitable growth
- Market leadership in critical technology
- New emissions regulations drive growth

# Building on a Position of Strength

## Turbocharger Market Share

**70%**

North America  
MD Truck

**80%**

North America  
HD Truck

**47%**

India  
MD/HD Truck

**40%**

Brazil  
MD/HD Truck

**50%**

China  
MD/HD Truck

**30%**

Europe  
MD/HD Truck

## Aftertreatment Market Share

**61%**

**60%**

**31%**

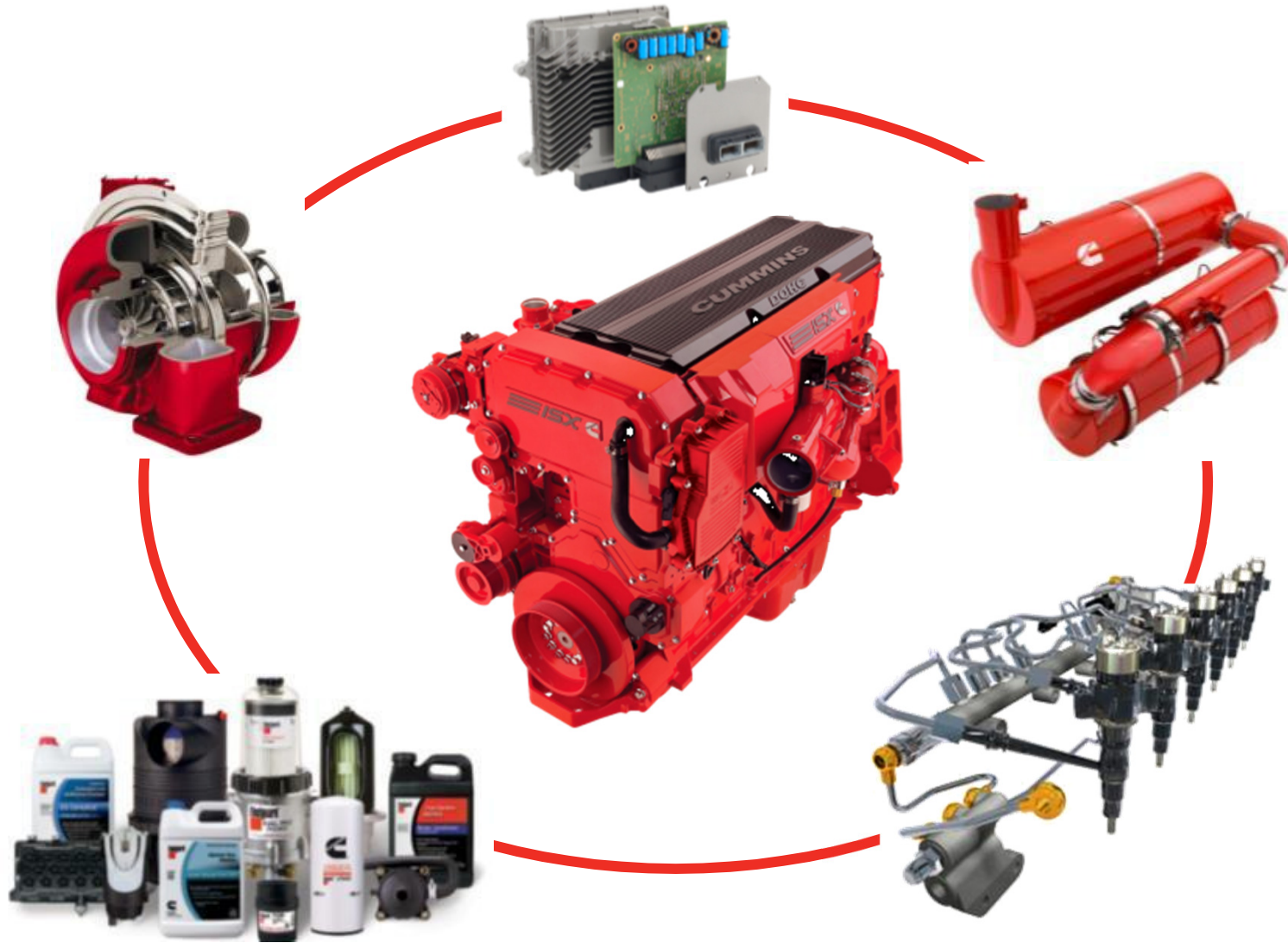
**20%**



# Strategy Aligned With Continuing Trends

- Tougher global emission standards
- Fuel efficiency mandates
- Global growth (China, India, Brazil)
- OEMs globalizing

# Leading Technology and System Integration to Continue to Differentiate Cummins



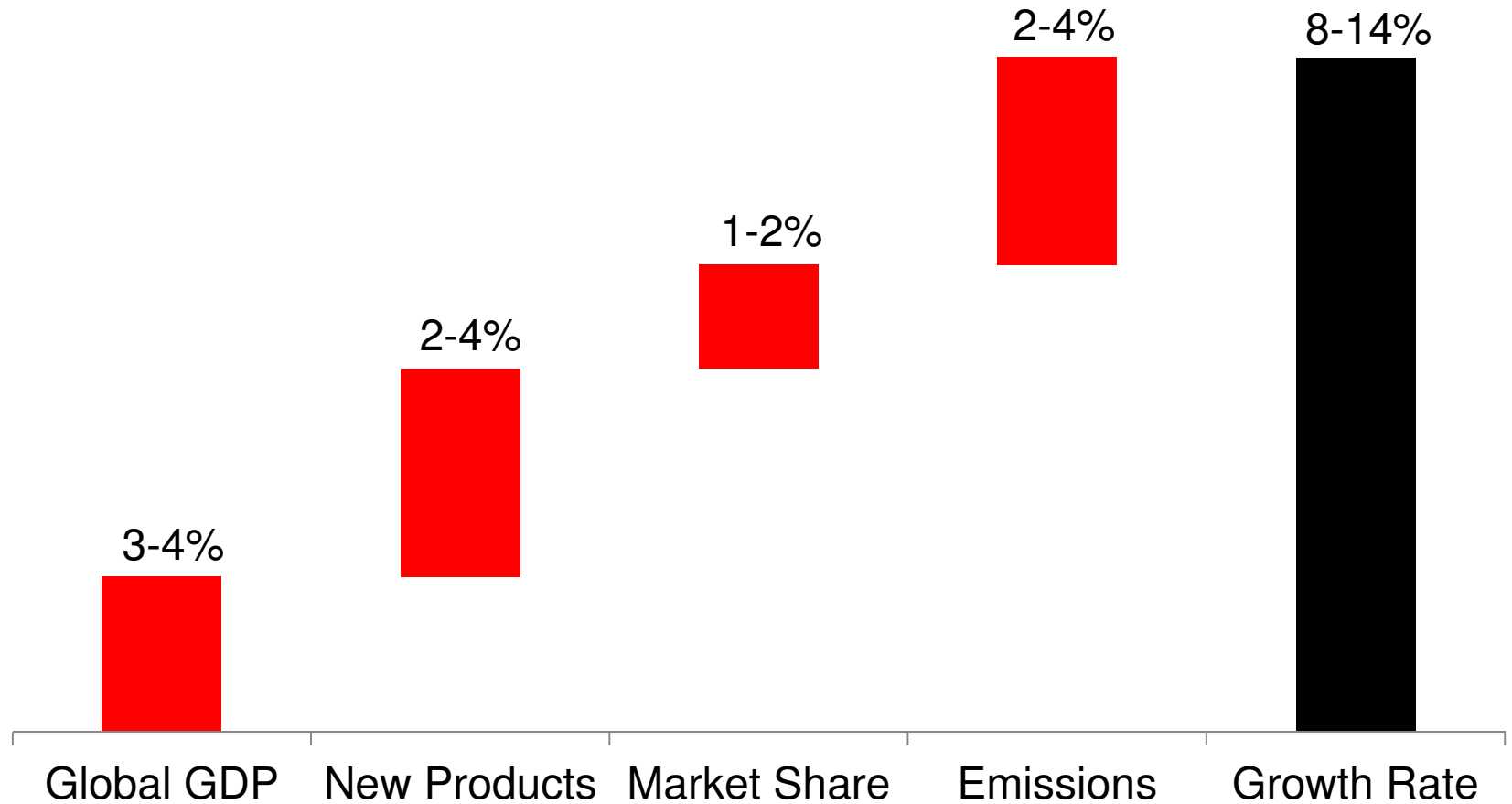
# Global Emissions Regulations – Driving More Content

Market	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>US On-Hwy</b>	EPA 2010			EPA 2013	EPA 2014 (GHG)		EPA 2016	EPA 2017 (GHG)		
<b>Europe On-Hwy</b>					Euro VI			GHG		
<b>Brazil On-Hwy</b>			Euro V							
<b>China On-Hwy</b>				NS IV			NS V			
<b>India On-Hwy</b>							BS IV			
<b>US Off-Hwy</b>		Tier 4i	Tier 4i		Tier 4F					Tier 5
<b>Europe Off-Hwy</b>		Stage 3B			Stage 4					Stage 5

# Further Strengthening Our Market Position

- Commitment to investments in new products, even through slowdown
- New customers wins
- Deepening customer partnerships to better prepare for new emission regulations
- Improved operational efficiencies

# Positioned to Grow Faster Than GDP



# Continued Focus on Improving Margins

- Supply chain efficiencies
- Technical productivity improvements
- Fit-for-market products
- Warranty cost reduction
- Cross-business synergies



# Components Segment Guidance

	2015	2018	2013–2018 CAGR%
<b>Revenue</b>	\$5 – 6B	\$6 – 8.5B	8 – 14%
<b>EBIT%</b>	12.5 – 14%	14 – 15%	

# Summary

- New products
- Growing market share
- Growing content
- Ready to outperform



# CMI Analyst Day

Anant Talaulicar

Managing Director – India ABO

September 17, 2013



# Who We Are

- Present in India since 1962
- Key end markets – truck, bus, power generation, off-highway
- Key products – Engines, Gensets, Turbochargers, Emission Solutions, Filtration, Lubricants
- 14 production facilities
- 700 engineers
- 212 dealer locations
- 9,000+ employees
- Greater than 1.3 million in-service engines



# What Has Changed Since 2011

- Economy weaker than expected
- Weakening currency
- Delay in implementation of emission regulations
- Infrastructure spending delays

# What Has Not Changed

- Strong long-term market fundamentals
  - Strong macro growth: Middle class, demographic dividend, private consumption
  - Power shortages
- Our strong market position
  - Leadership in key markets
  - Deepening relationships with OEMs

# Building On Our Market-Leading Position

## ■ On-highway

- 40% market share in Medium & Heavy Commercial Vehicles
- 60-65% share in Tata Motors

## ■ Power Gen

- Over 50% share in large gensets (>160kVA)
- 30-40% share in small gensets (35-160kVA)

## ■ Off-Highway

- 40% share in Construction
- Above 50% share in most other markets



# Several Trends Driving Demand Across Our Markets

## On-Highway



- Rapid growth likely upon economic recovery
- BSIV implementation in 2016
- Hub and spoke model driving higher power density

**Future CAGR**  
(2013 - 18)

8 - 10%

## Power Gen



- Chronic power deficit driving gensets demand for back-up
- Growth of natural gas, producer gas, biogas
- Tightening emissions standards

11 - 13%

## Off-Highway



- Higher tonnage and privatization of mines
- Manual to mechanized construction
- Emergence of shale/natural gas

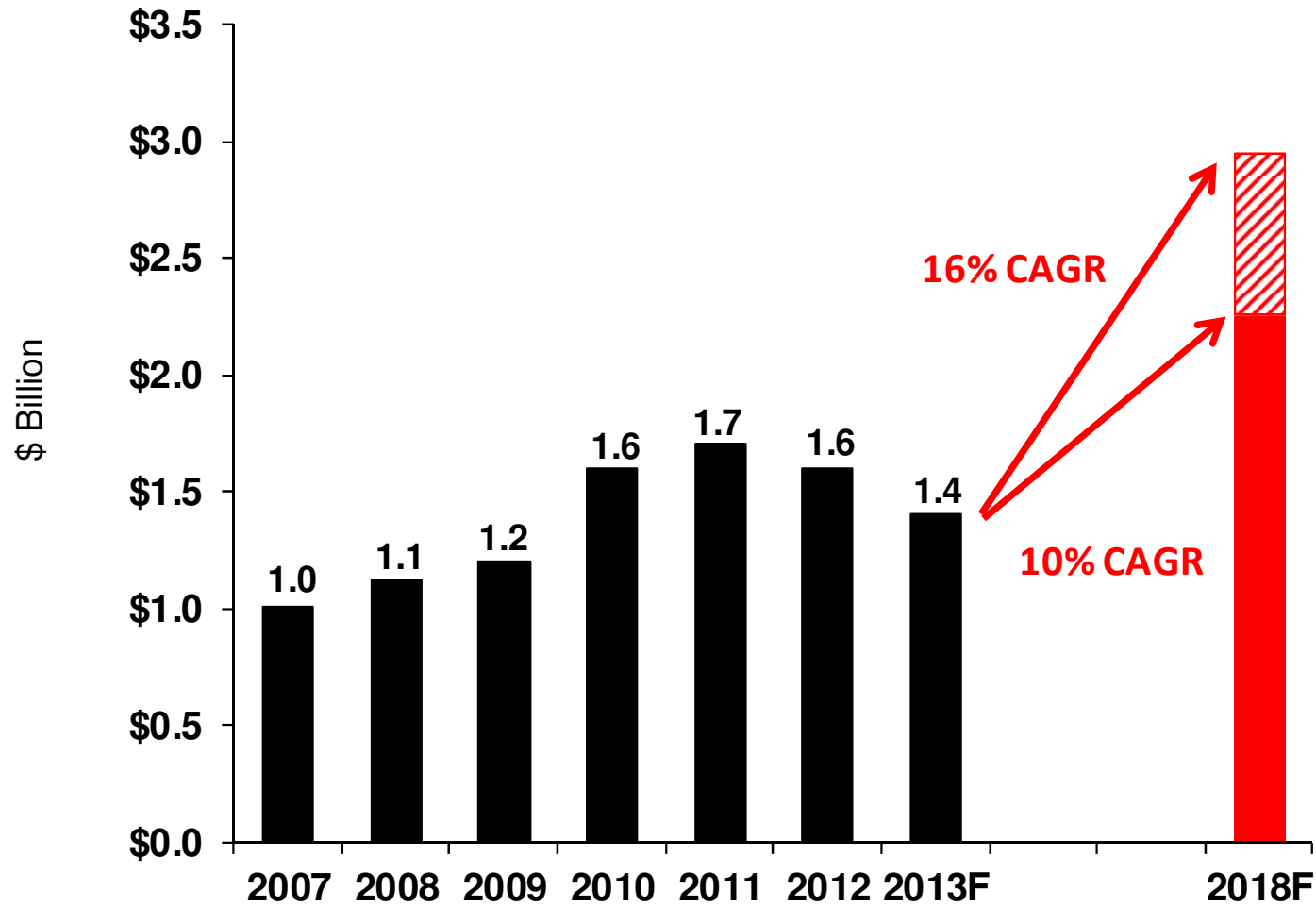
9 - 11%



# Well Positioned for Profitable Growth

- Introducing new technology and additional content to support:
  - OEM product upgrades
  - Emissions regulations
- Developing fit-for-market
- Expanding capability and density of service network
- Leveraging India to support Cummins globally

# Revenue Growth - India





# CMI Analyst Day

Steve Chapman

Group Vice President – China & Russia

September 17, 2013

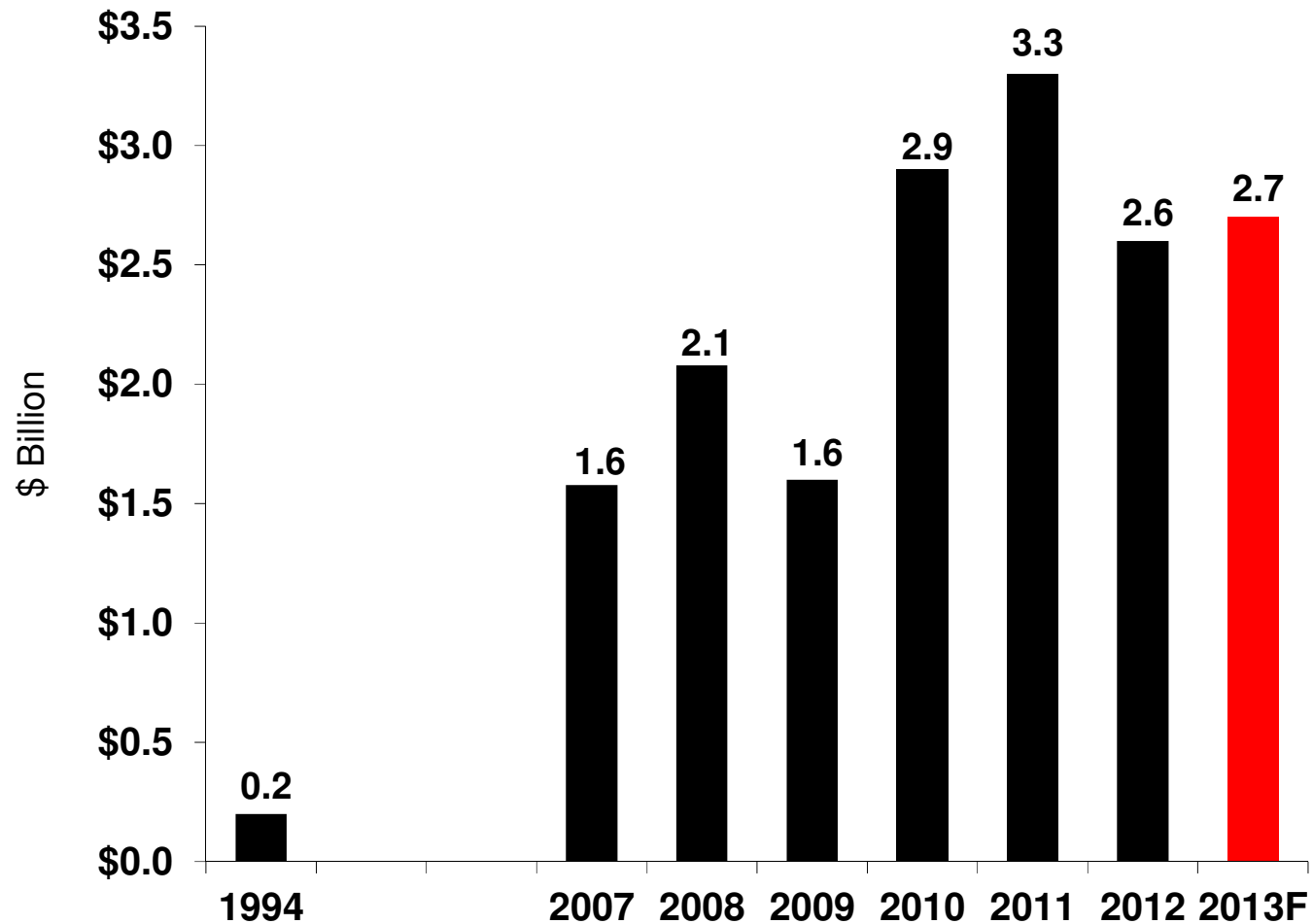


# Who We Are

- Present in China for over 30 years
- Largest foreign investor in China's diesel industry
- Key end markets
  - Truck, Power Generation, Construction and Mining
  - From Light Duty to High Horsepower
- 17 production facilities
- 1,000+ engineers
- 2,000+ service sites
- 9,000+ employees
- 2+ million in-service engines



# Where We Have Come From



Domestic Consolidated + JV Sales



# What Hasn't Changed Since 2011

- China remains largest market in the world for commercial vehicles and construction
- Investment and Introduction of Fit For Market products and technology
- Strong and growing partnerships

# What Has Changed Since 2011

- Economy grew at a much slower rate but still 2x-3x developed economies
- Significant contraction in construction related demand
- Delay in implementation of emission standards

# View Of End Markets

- Historically key end markets grew @ 1-2x GDP
- GDP assumed to grow at 7.0 - 7.5% in strong growth case
- Cummins will grow faster than the market



# How We Grow Faster Than The Market

- Defend and grow premium truck market, high horsepower and power generation
- Expand business into mainstream segments
  - Truck, Wheel loader, Excavator, and Natural Gas
- Grow components with emission upgrades
- Expand and develop partnerships
- Enhance distribution network



# Fit-For-Market Products With Partners

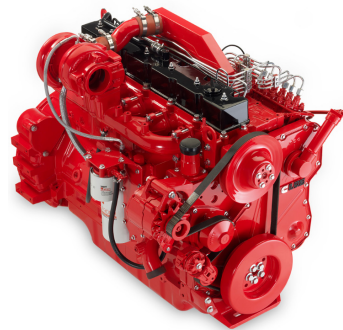
## **Dongfeng Cummins**

Heavy duty truck and  
after-treatment



## **Liugong Cummins**

Wheel loader and  
excavator



## **Foton Cummins**

Light duty and heavy  
duty truck



**Introducing products with leading technology at globally  
competitive costs**

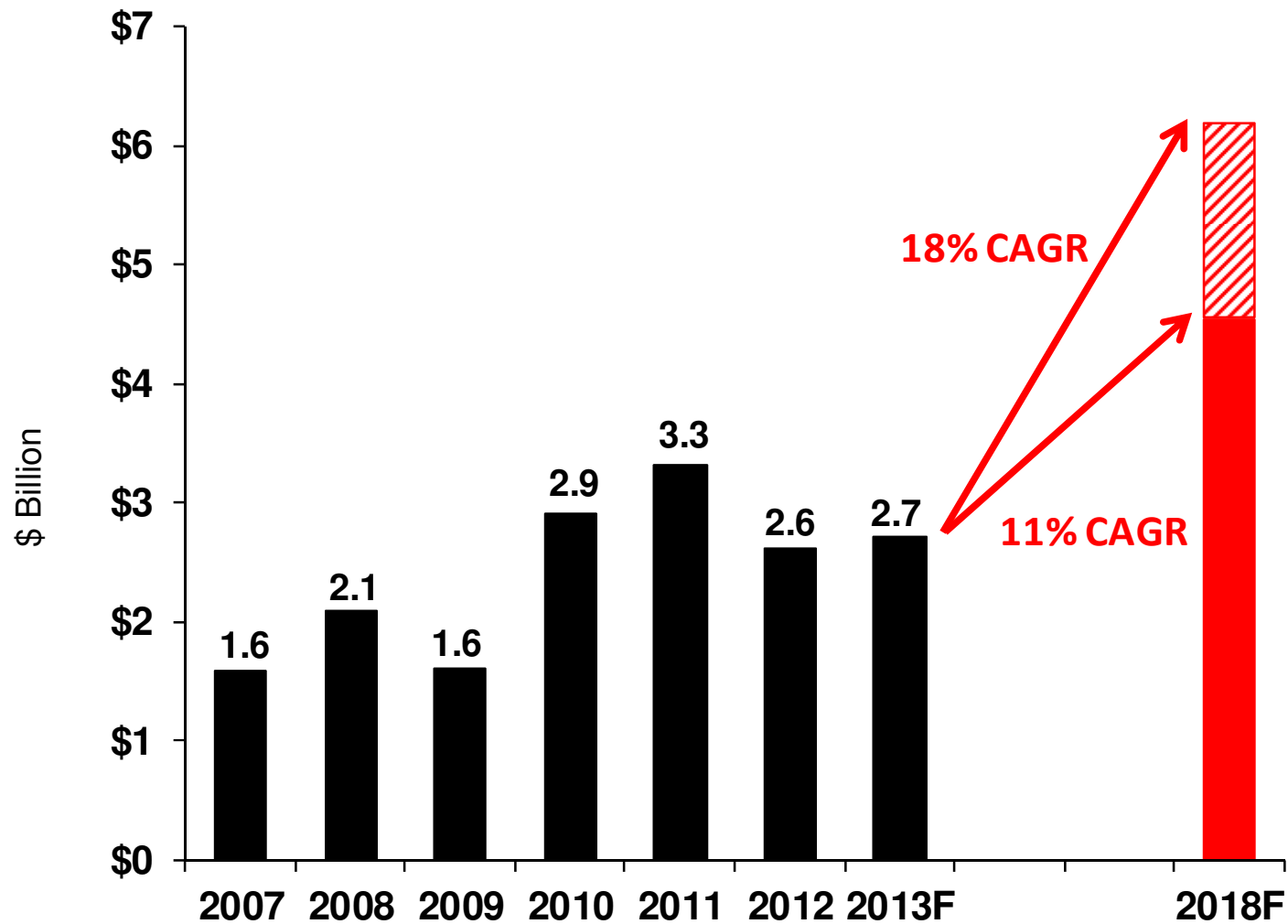
# Emission Standards in China

- Several factors causing delayed enforcement
- More emission regulations coming for both on- and off-highway markets
- Issues, but stricter emissions are inevitable
- Increasing pressure to improve the environment
- All manufacturers are investing

# Well Positioned For Growth Through Cycle

- Over 30 years in China
- Market-focused
- Diversified portfolio
- Local capabilities for local market
- Together with partners, best position in our industry
- Winning strategy to grow profitably

# Revenue Growth - China





# CMI Analyst Day

John Wall

Chief Technical Officer

September 17, 2013

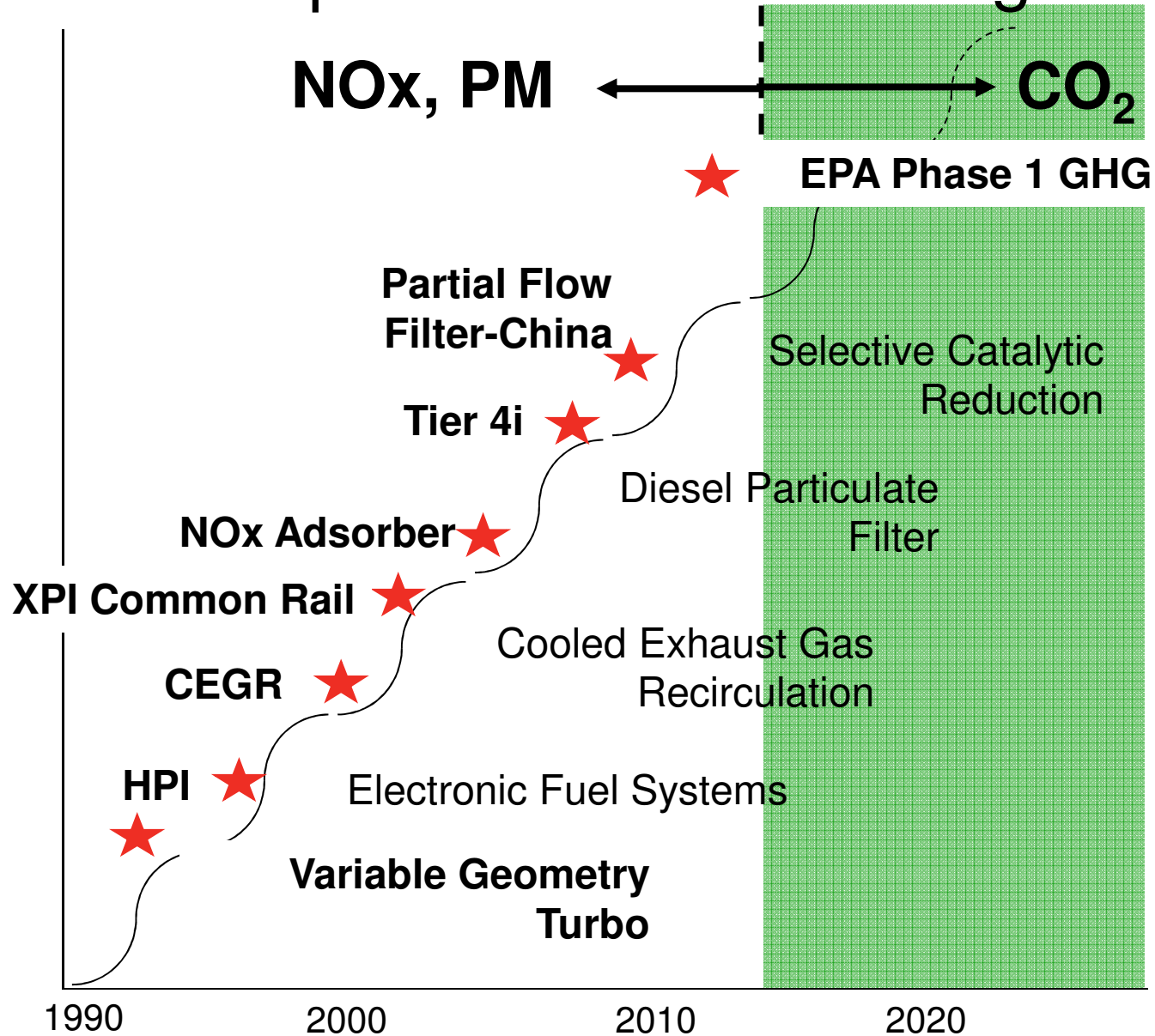


# Cummins DOE SuperTruck Program

## System Integration

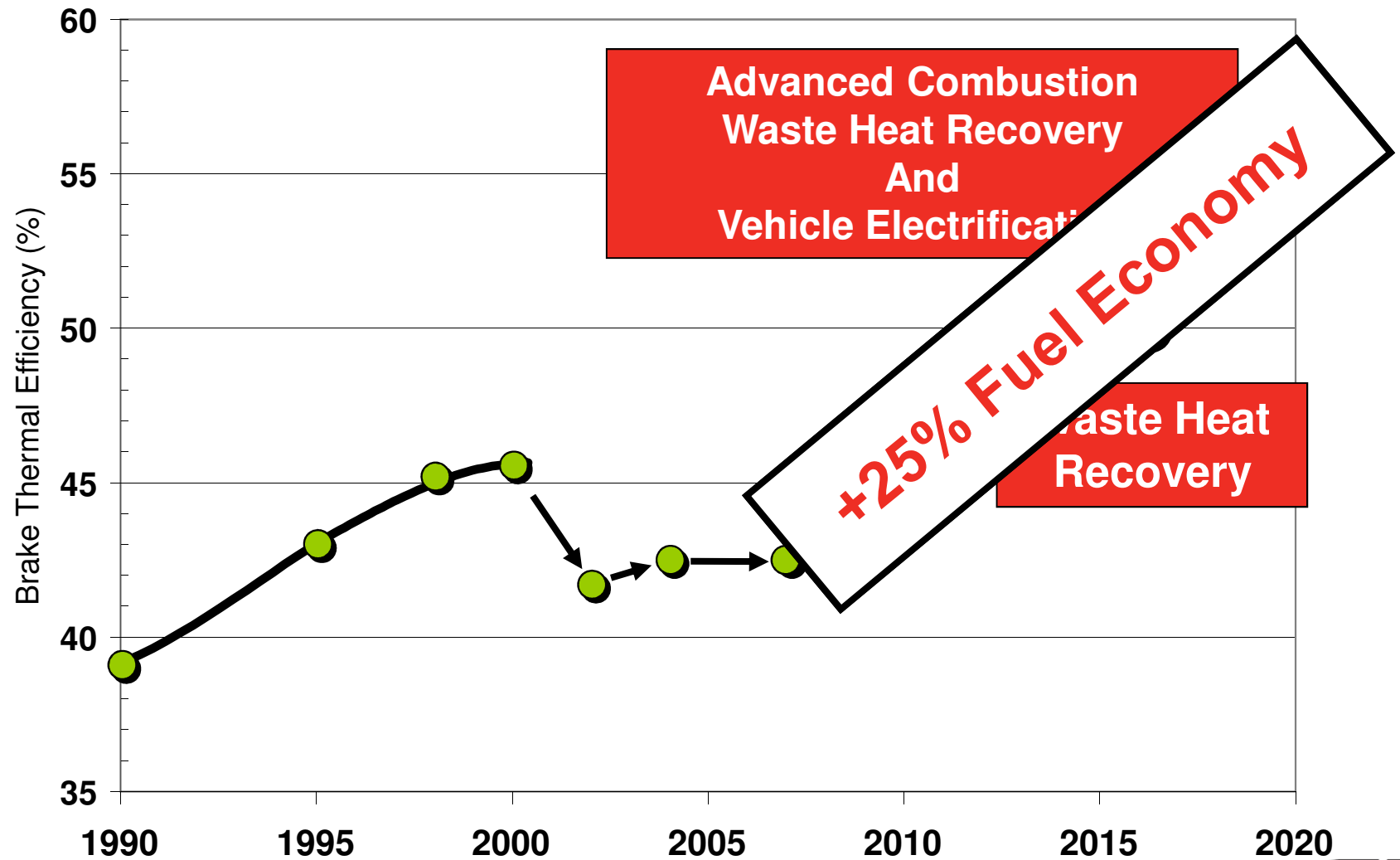


# Leadership in Critical Technologies

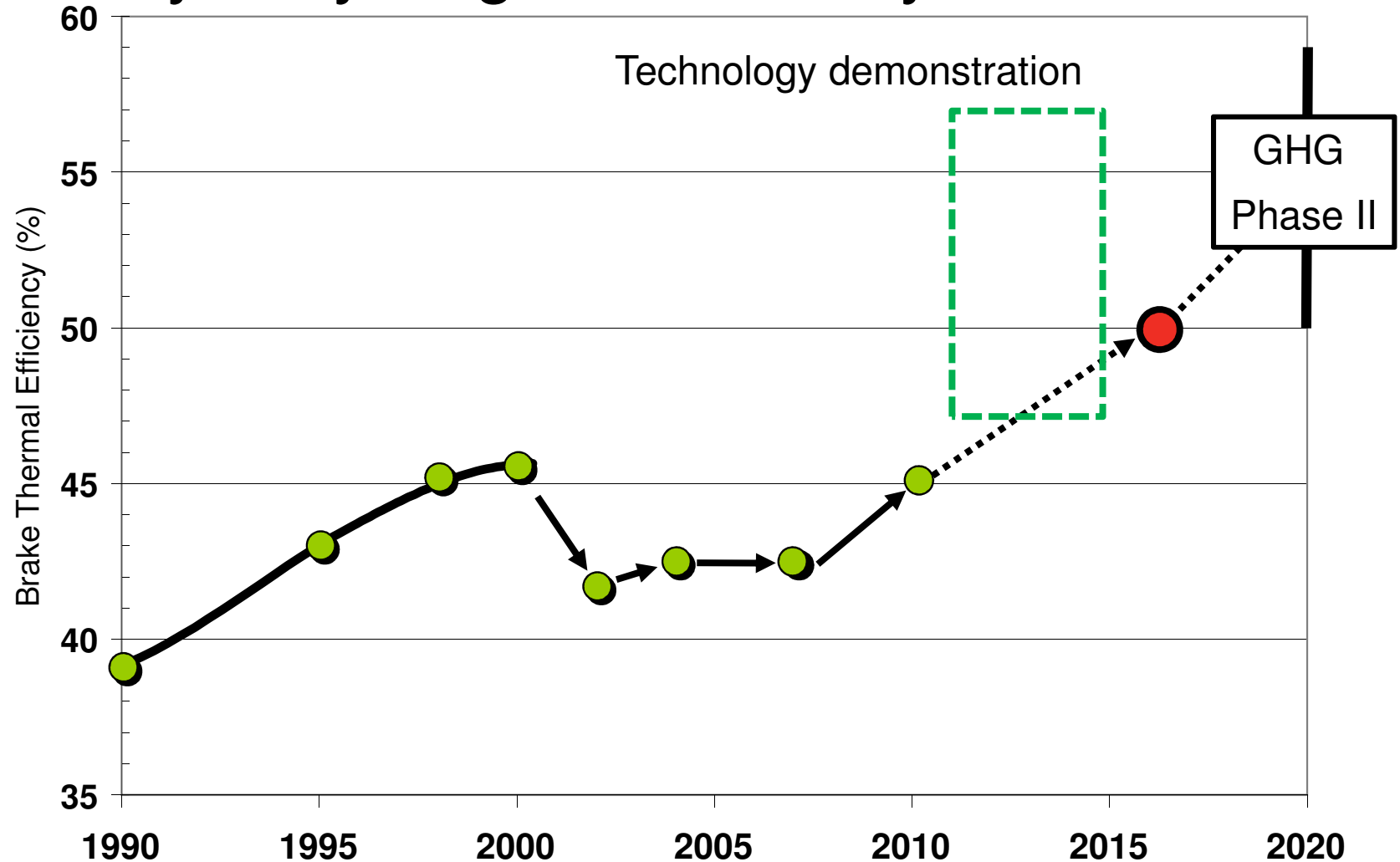




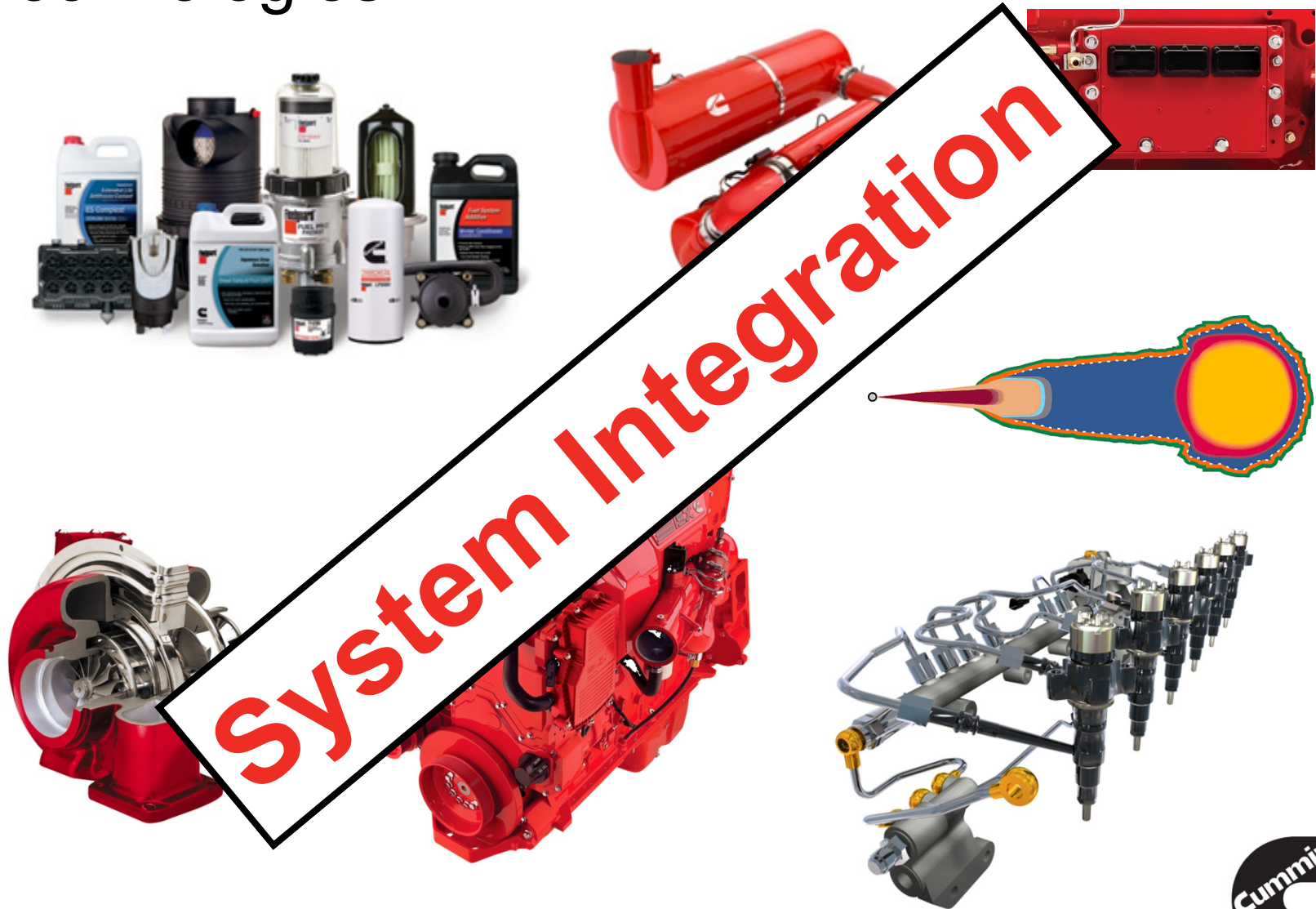
# Heavy Duty Engine Efficiency



# Heavy Duty Engine Efficiency



# Innovation in Critical Component Technologies



# Cummins Genset System Integration

## Cummins Engine Business:

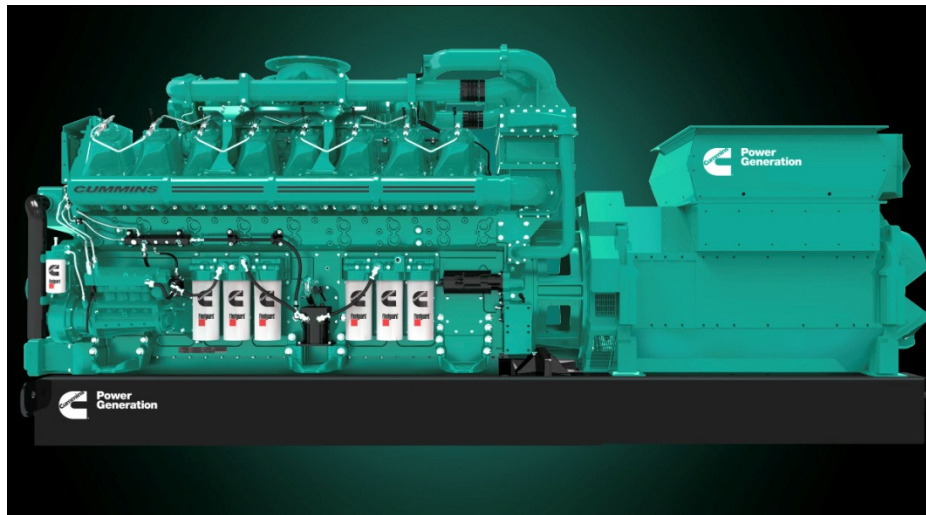
Engine design, block machining, assembly

## Cummins Power Generation:

Cooling System Integration

Power Controls

Gen-Set Packaging



## Cummins Filtration:

Air Filtration

Fuel Filtration

Crankcase Breathing

Lube Filtration

## Cummins Turbo Technologies:

HE 800 and HE900

Turbochargers

## Fuel Systems Business:

Fuel Injector

## Cummins Emissions Solution:

After-Treatment

## Cummins Generator Technologies:

Alternator

Power Electronics

# Advanced Medium Mobile Power Sources (AMMPS)

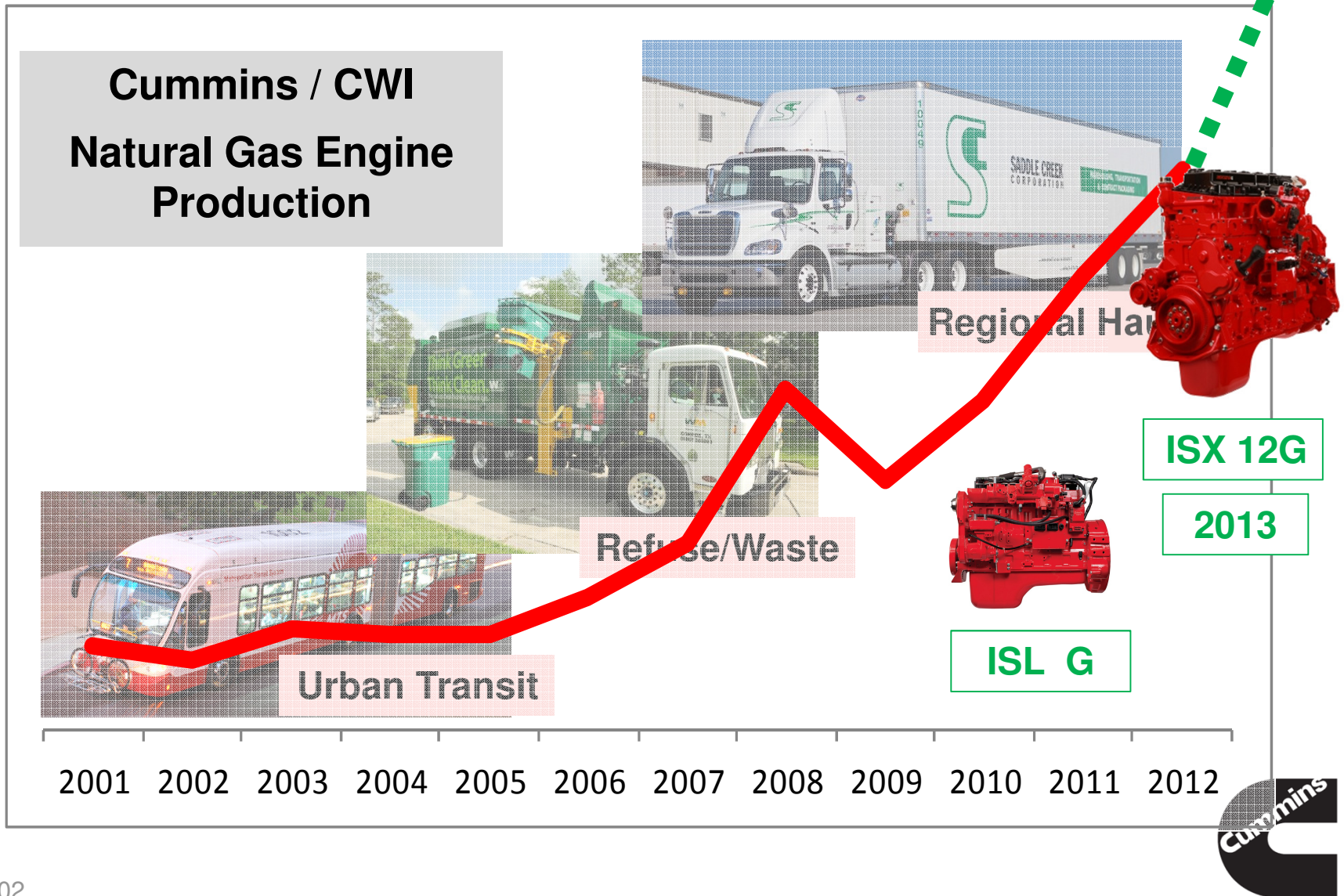


- >20% Improvement in fuel economy
- Up to 800 lb weight reduction





Natural gas vehicle use has evolved and grown significantly in the last decade.



***ISX12G***



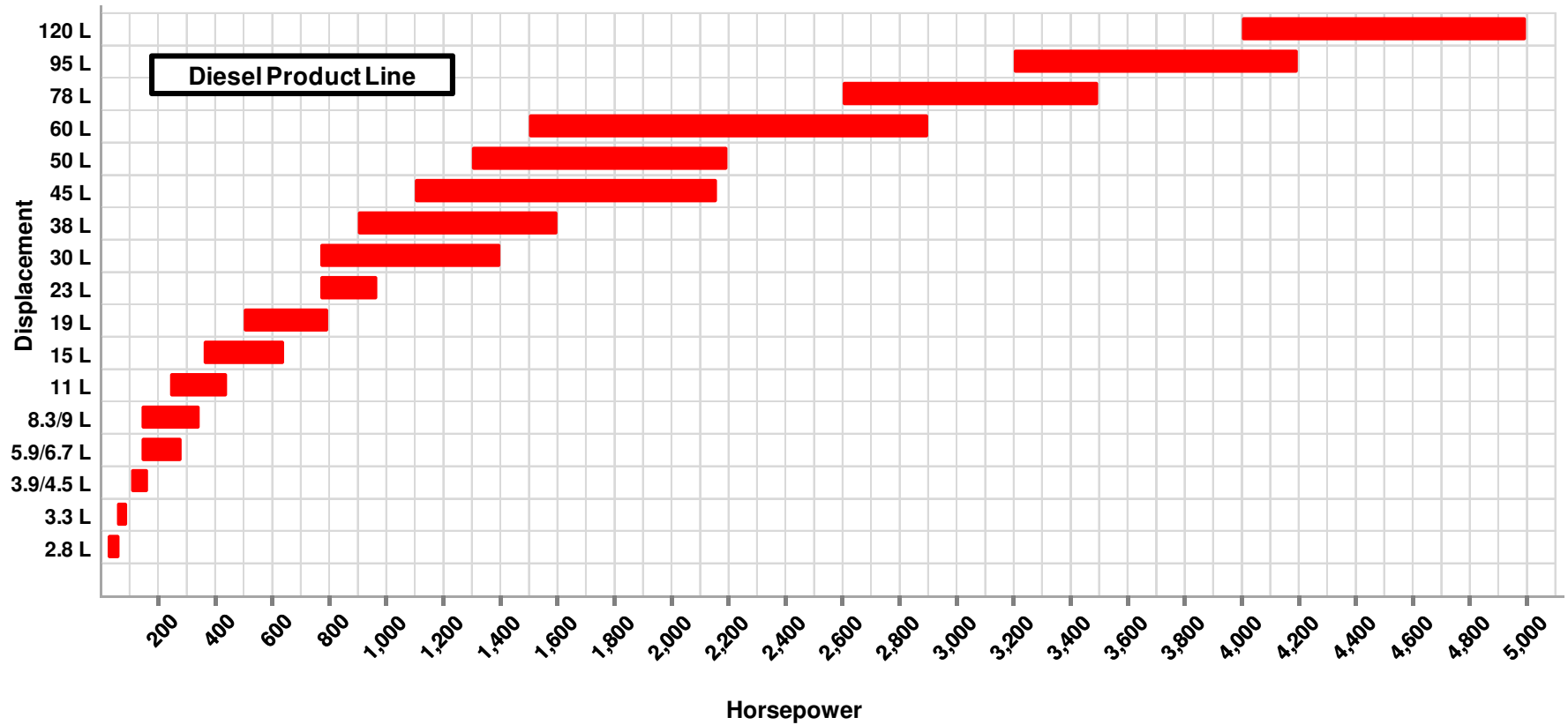
**2013**

**ISX15G**



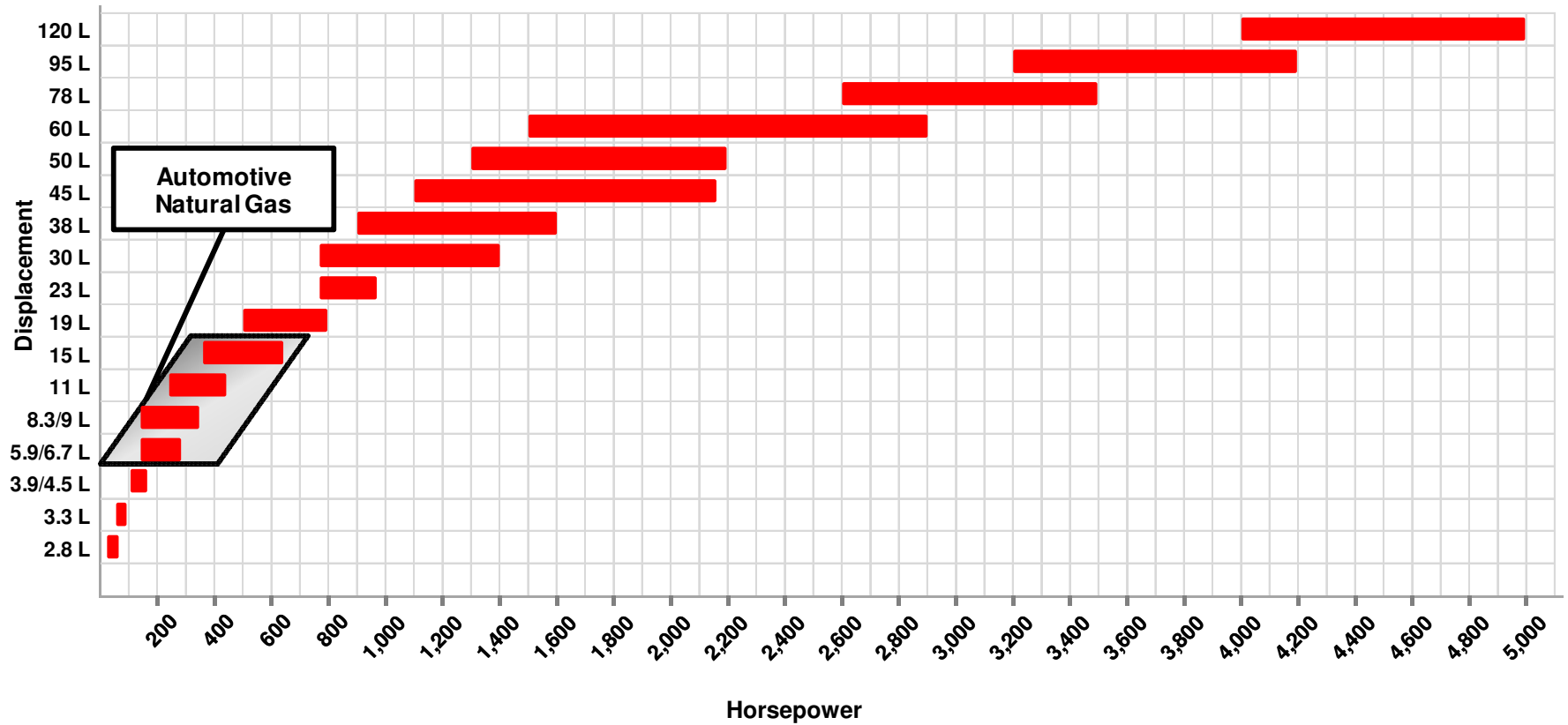
**2016**

# Cummins Engines

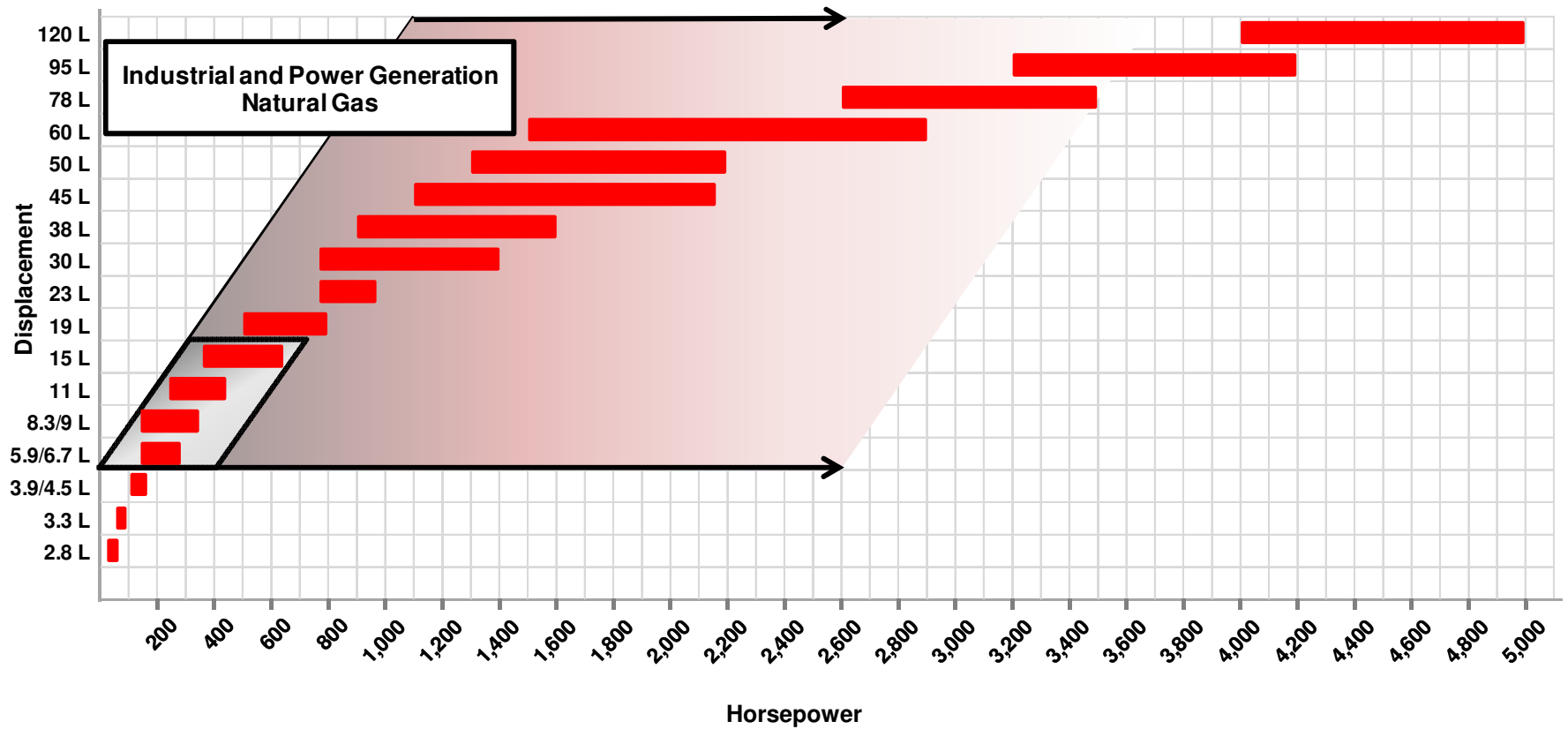




# Cummins Engines



# Cummins Engines



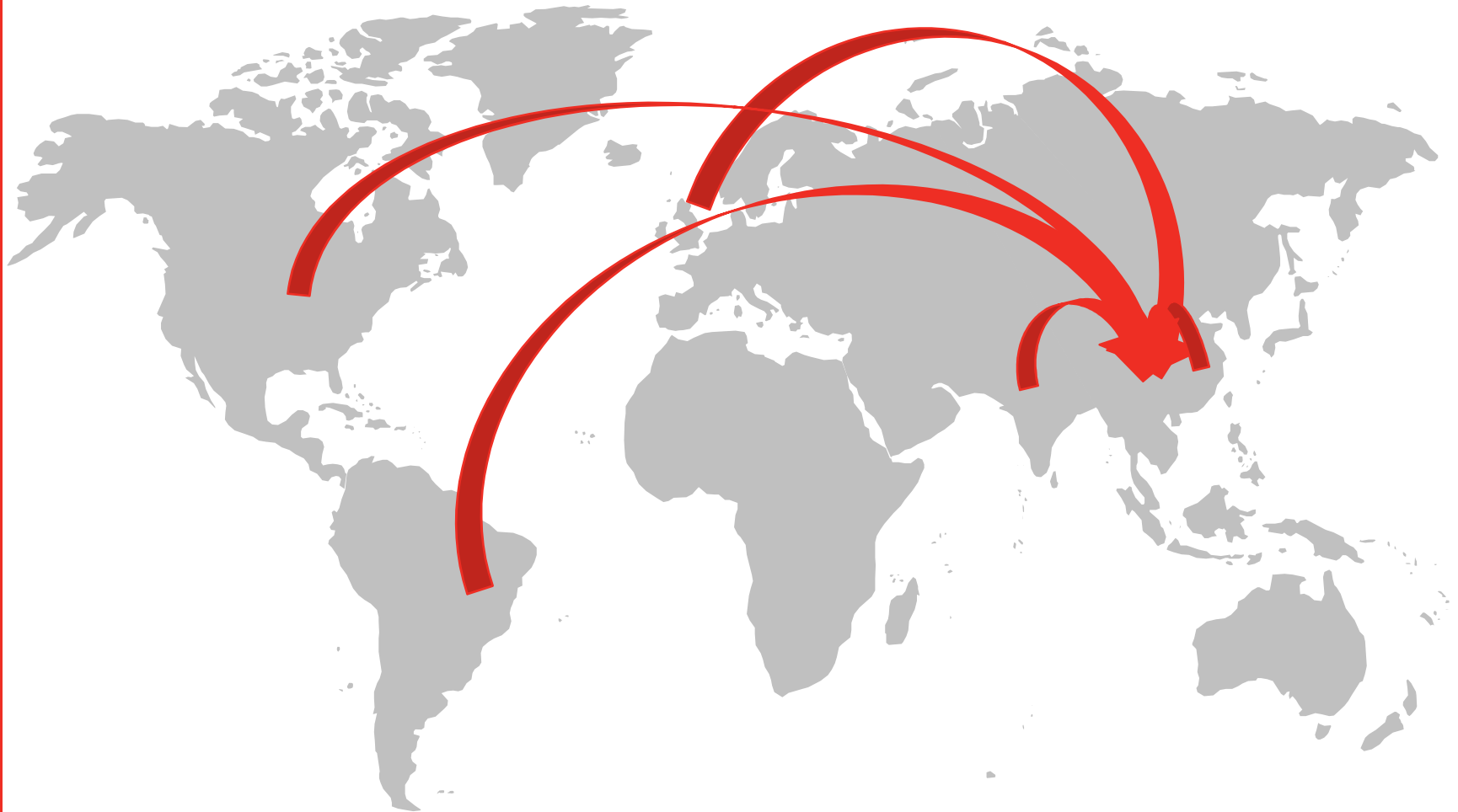
# “Fit For Market”

- *Global Presence*
- *Global Access*

# Global Footprint



# ISF (2.8/3.8) Engineering

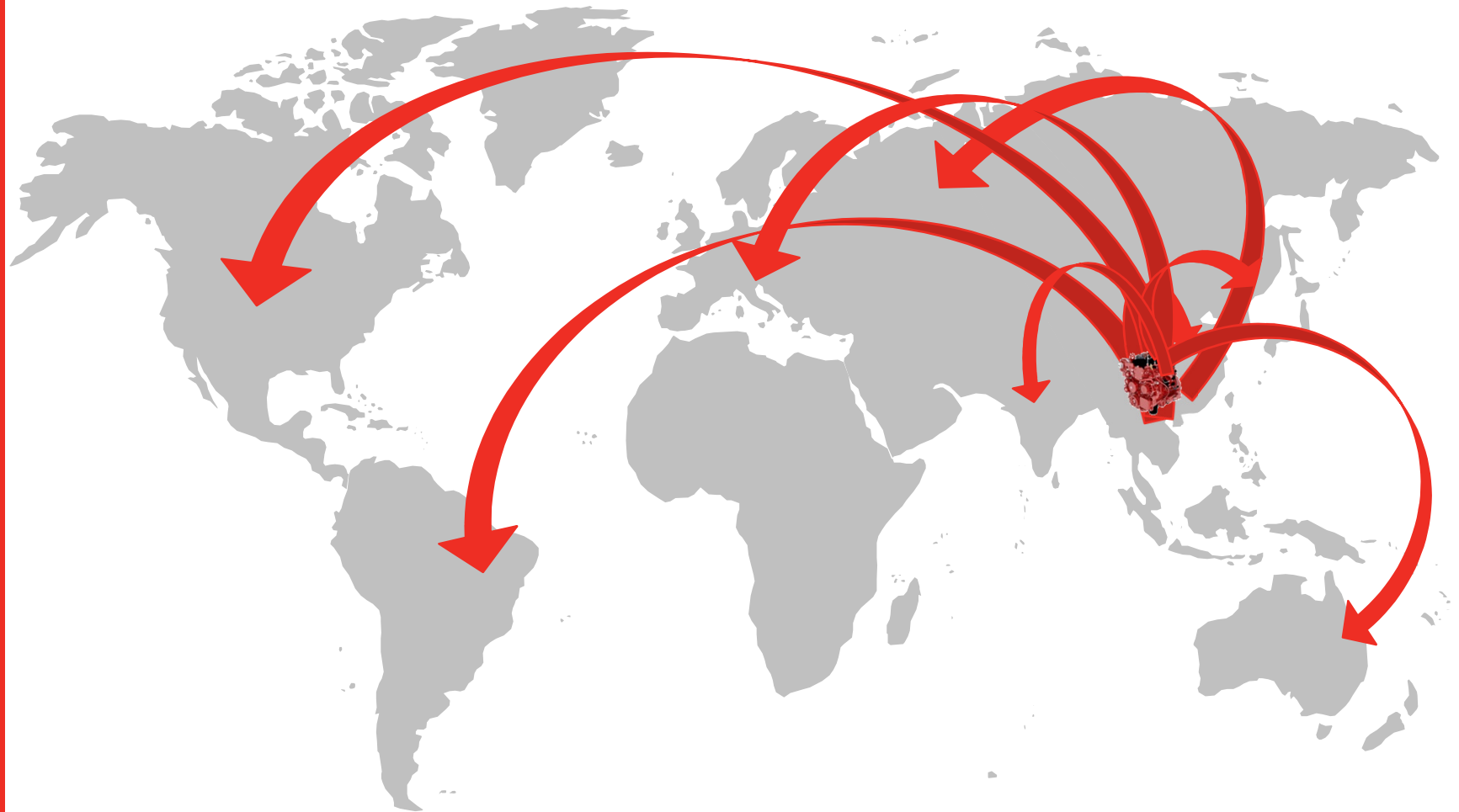


## ISF (2.8/3.8) “Fit For Market” Design

- Designed for local market customer values and local sourcing
- Alternative approaches to meet emissions depending on market needs
- First Cummins engine to certify with EGR + Ceramic Partial-Flow Filter
- First product developed for the China market and leveraged globally



# ISF (2.8/3.8) Sales



# Building to Support Global Growth

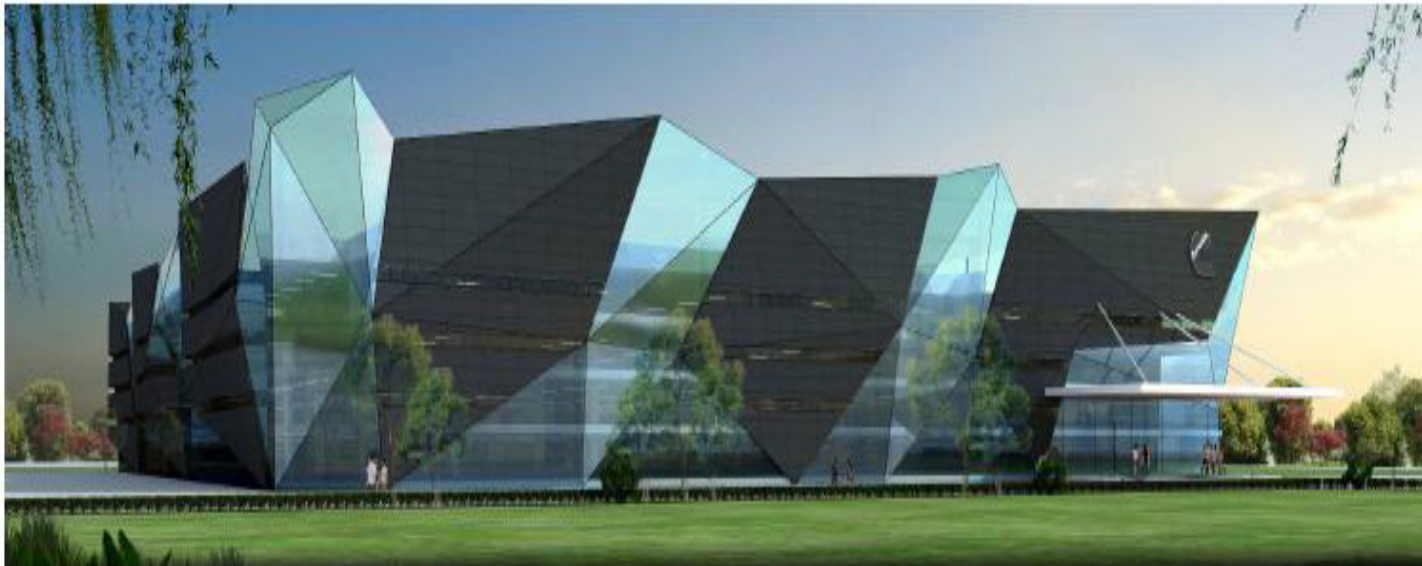
## USA



## CHINA



## INDIA





# **\$2.7 Billion Engineering Investment Over the Past 5 Years**

- Renewed All Engine Platforms
- Introduced 6 New Engines
- New Power Generation platforms
- New Turbocharger Platforms
- New Filter Media and Integrated Filter Modules
- New Exhaust Aftertreatment Systems



**Innovation You Can Depend On™**

- 您可信赖的创新 ■ L'innovation  
Sur Laquelle Vous Pouvez Compter
- 期待に答える技術革新 ■  
Innovación En La Que Usted Puede  
Confiar ■ 신뢰할 수 있는 혁신
- Inovação Que Você Pode Confiar
- नवयुक्ति जिस पर आप निर्भर कर सकें ■

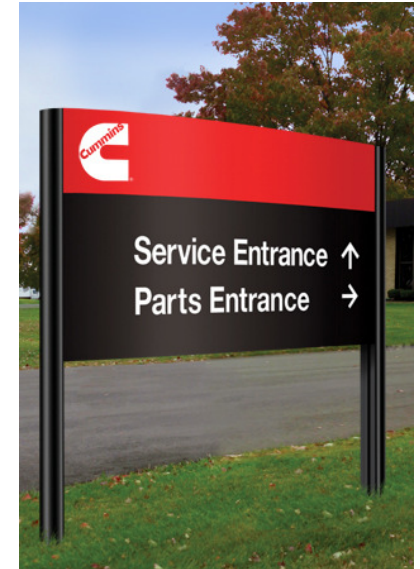
**One World. One Mission.  
Technical Excellence.**



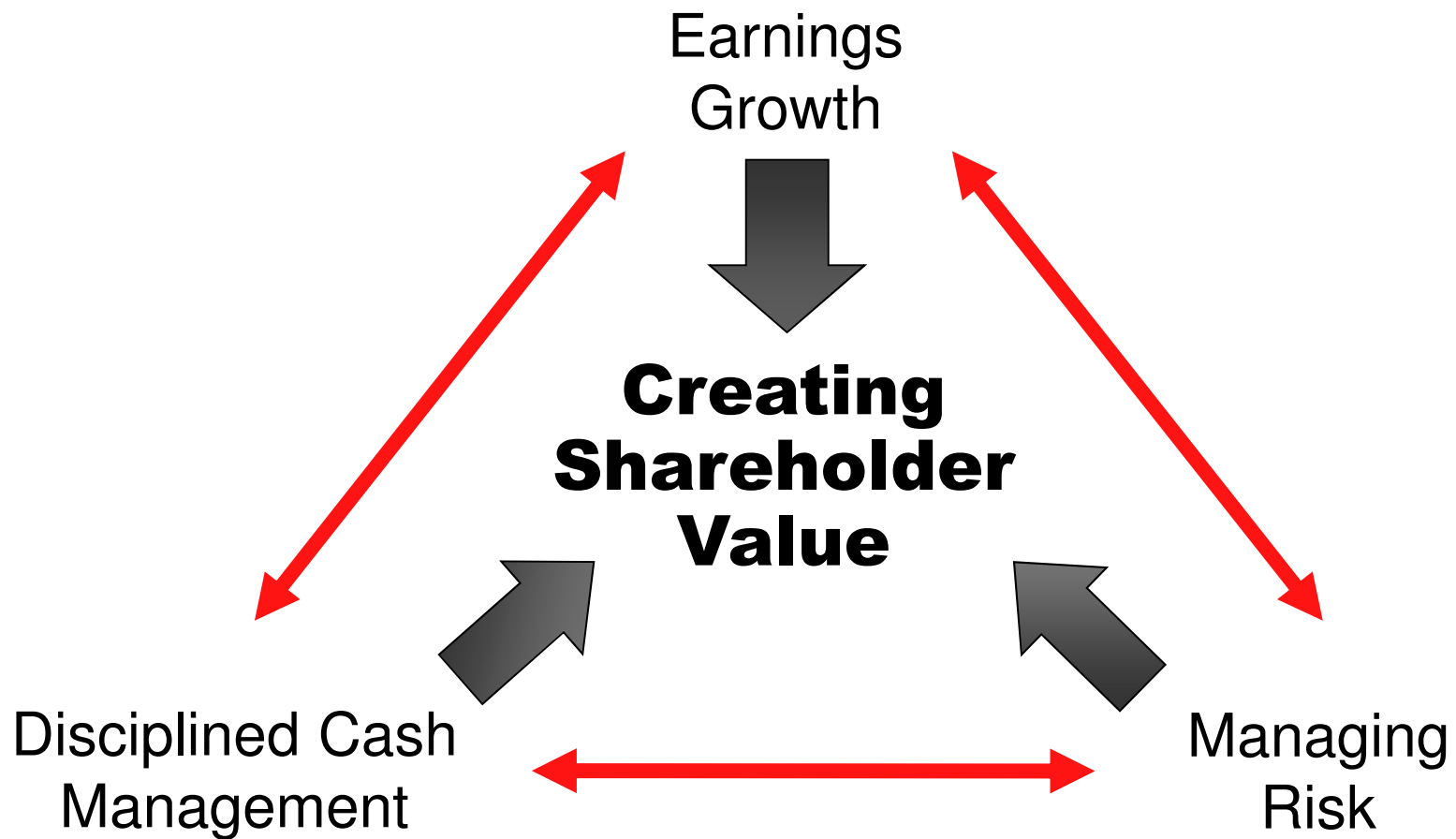


# CMI Analyst Day

Pat Ward  
Chief Financial Officer  
September 17, 2013

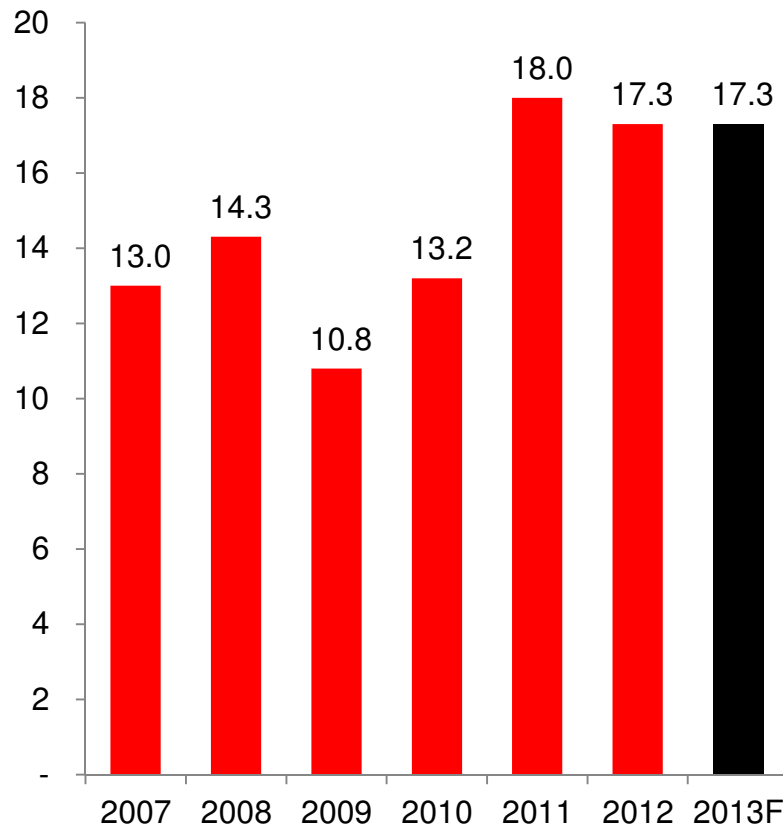


# Disciplined Growth Model

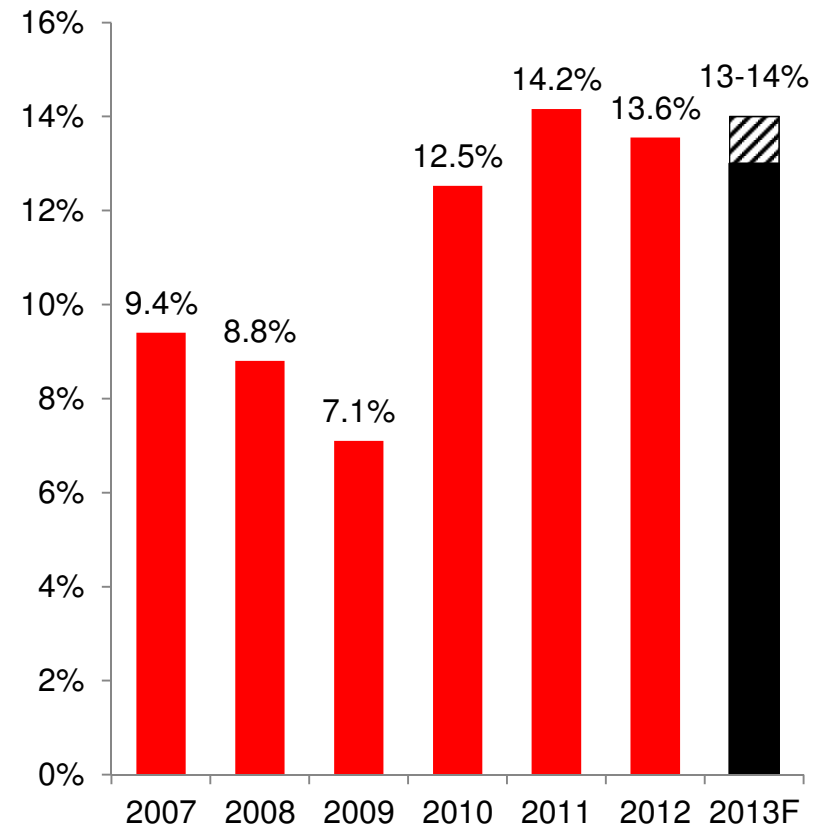


# How Have We Performed?

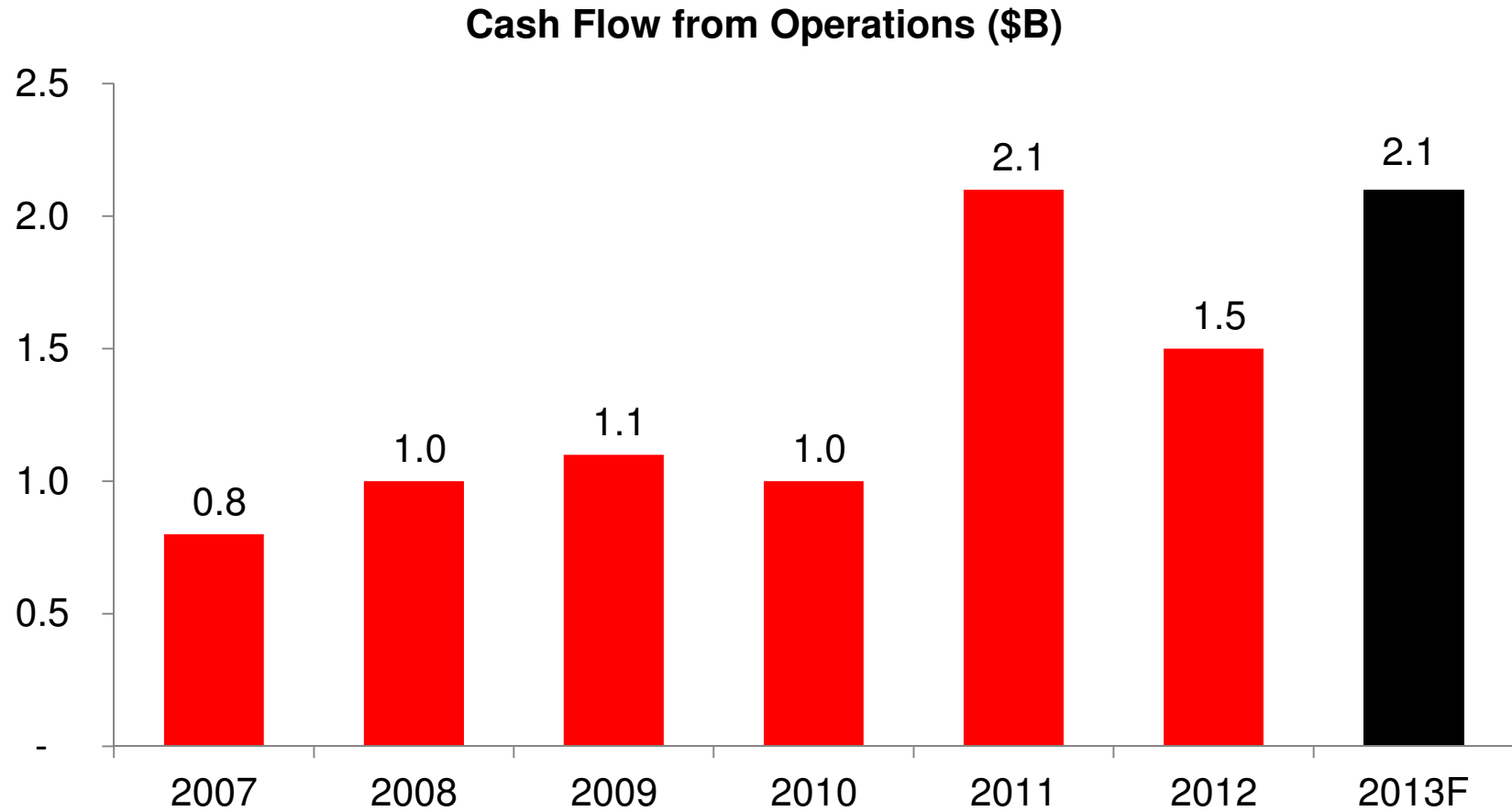
**Consolidated Revenue (\$B)**



**EBIT %**



# Generating Strong Cash Flow



# Delivering High Returns on Investments

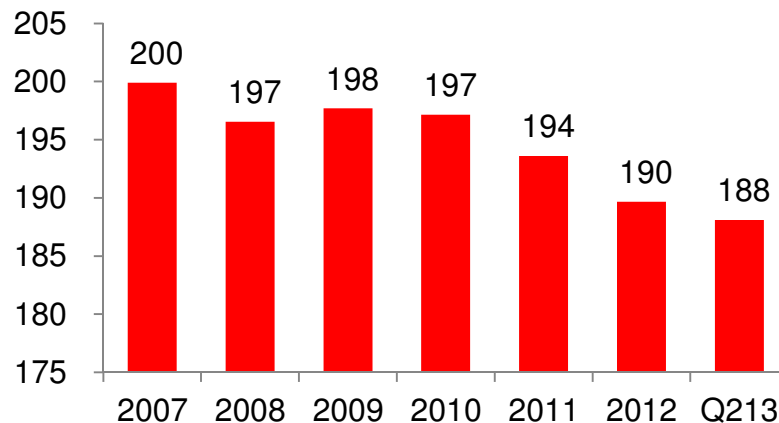
- ROANA has averaged 30% since 2010
- ROE has averaged 24% since 2010
- Have invested almost \$5 billion since 2010
  - Capital, Acquisition, and Joint Venture investments of \$2.6 billion
  - R&D \$2.1 billion

# Returning Value to Shareholders

## Share Repurchase

- Reduced diluted shares by 6% since 2007
- Effective share repurchase execution

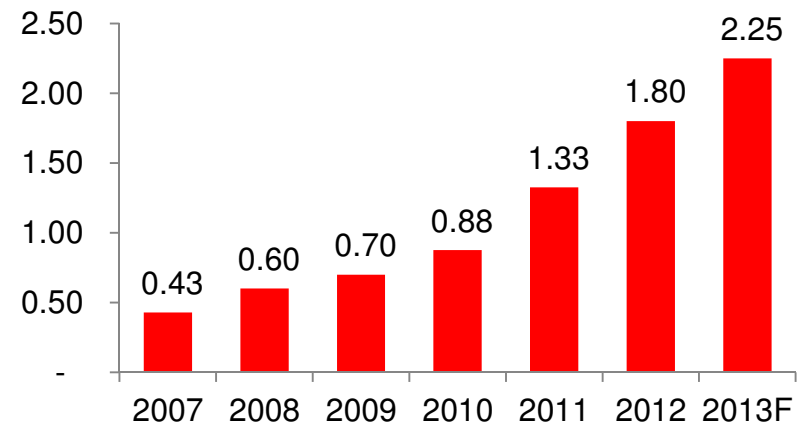
**Diluted Shares Outstanding (M)**



## Dividend

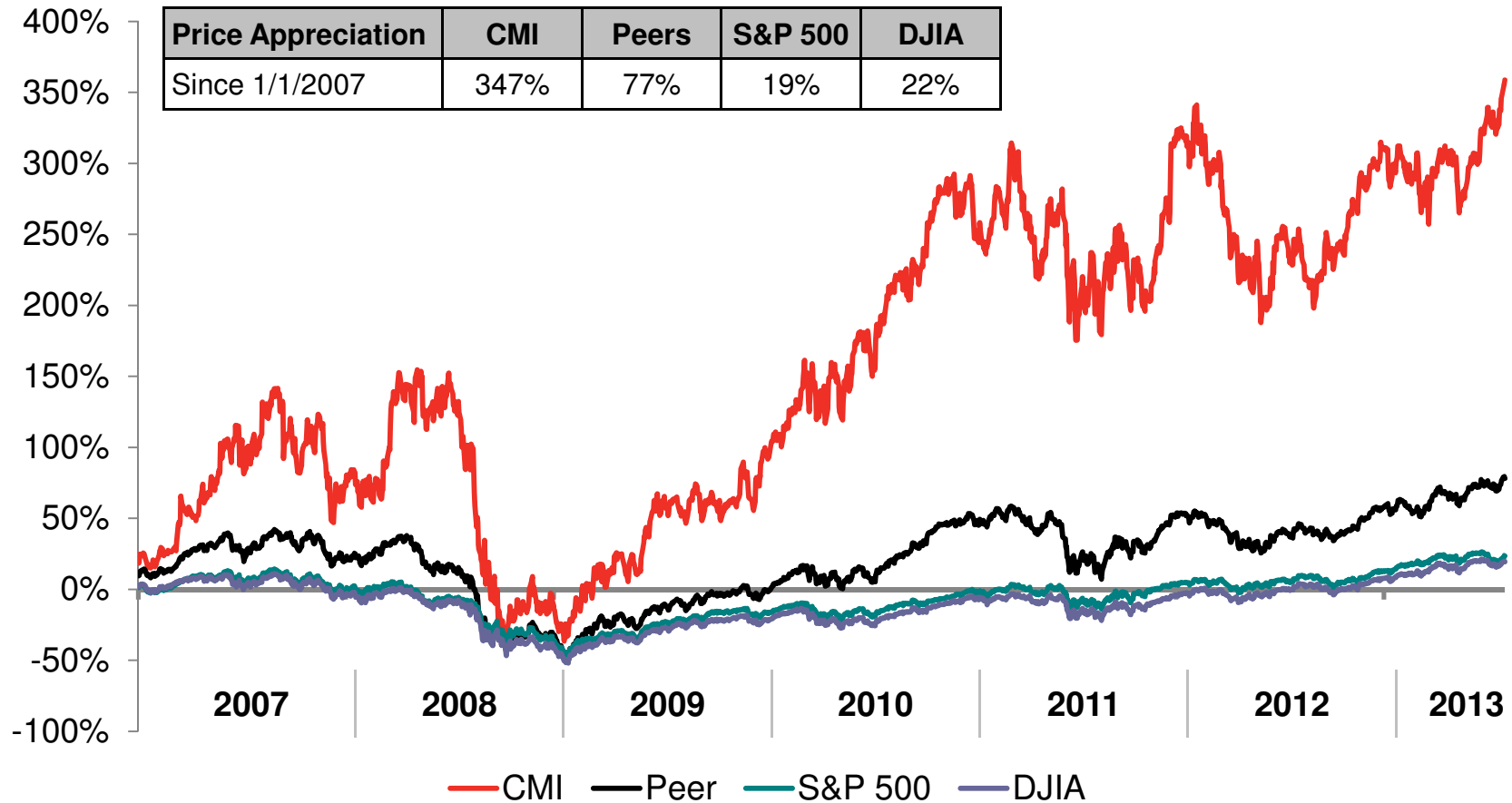
- Increased >400% since 2007
- Top 10% in growth in S&P500

**Dividend per Share (\$)**





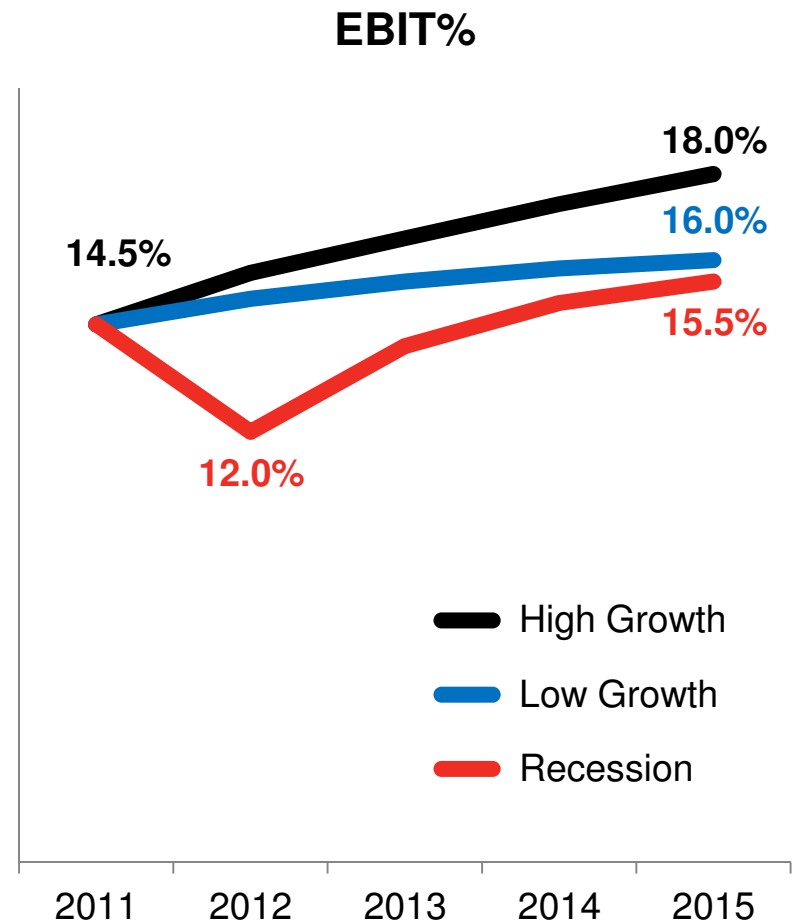
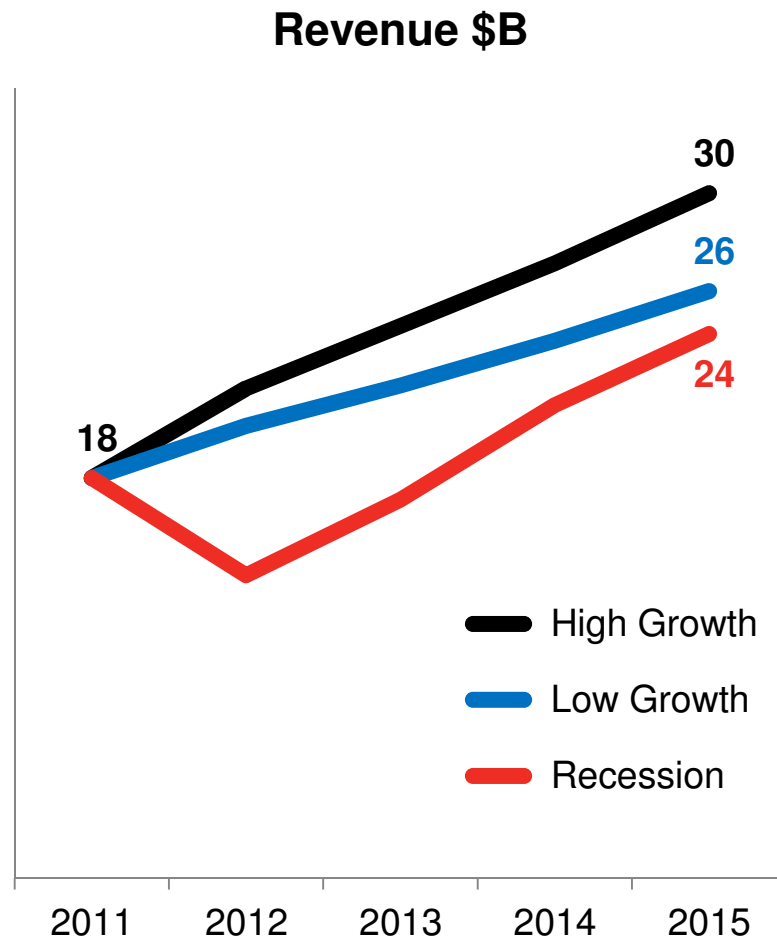
# Results in Long Term Shareholder Value



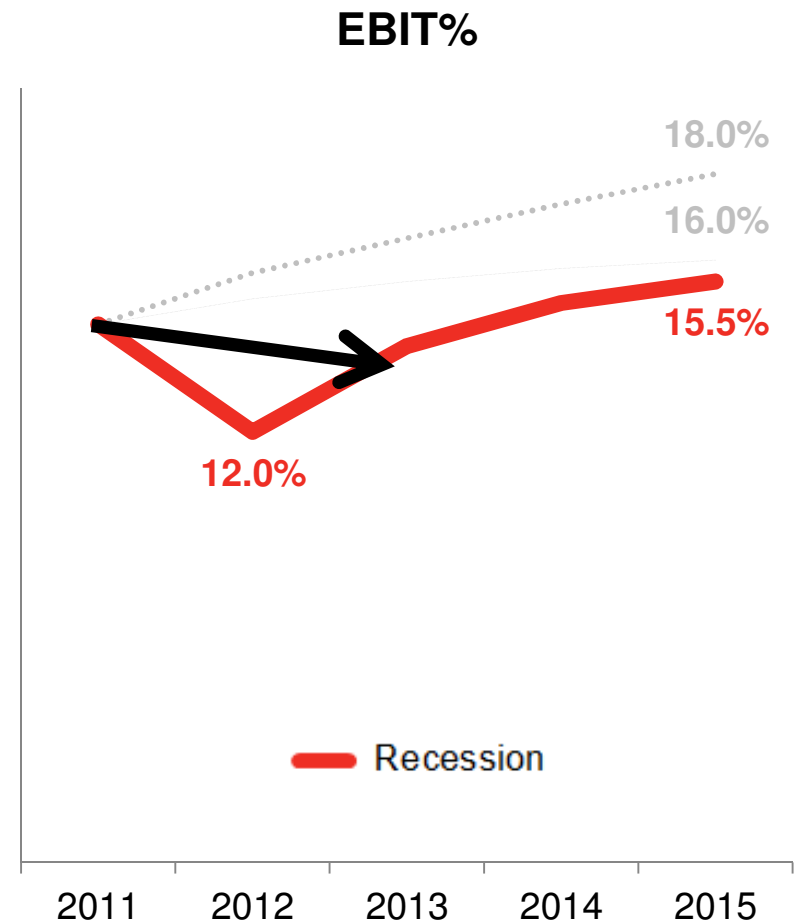
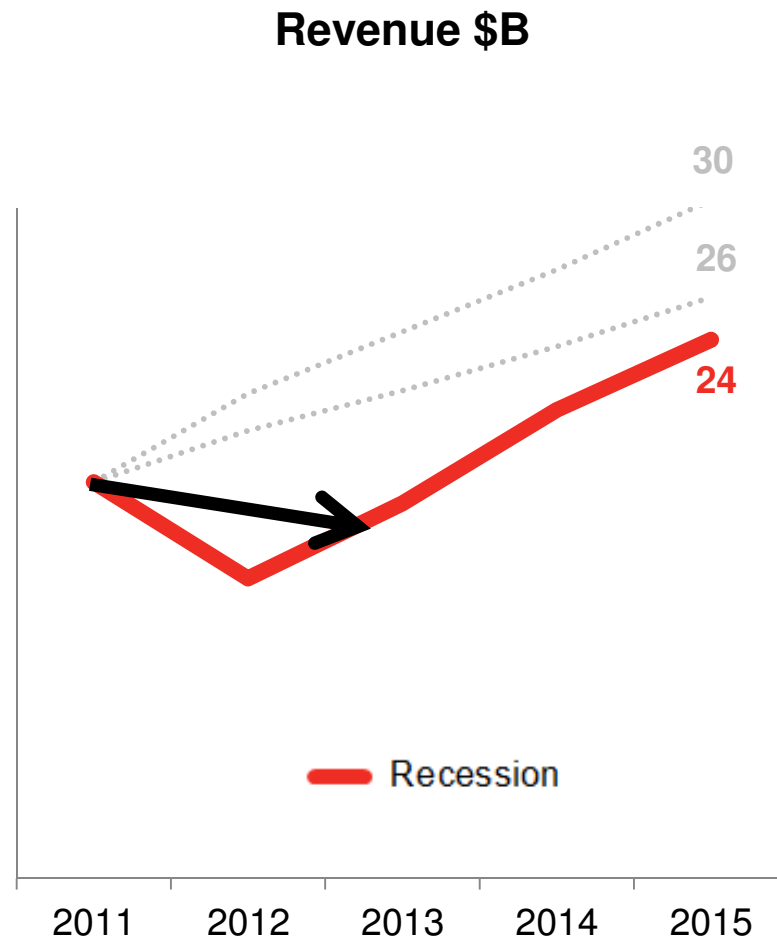
Peers Include: BorgWarner, Caterpillar, Danaher, Deere, Donaldson, Eaton, Emerson, Honeywell, Illinois Tool Works, Ingersoll Rand, Navistar, Paccar, Parker Hannifin, Textron, W.W. Grainger, Volvo



# Revisit the “2011” Targets



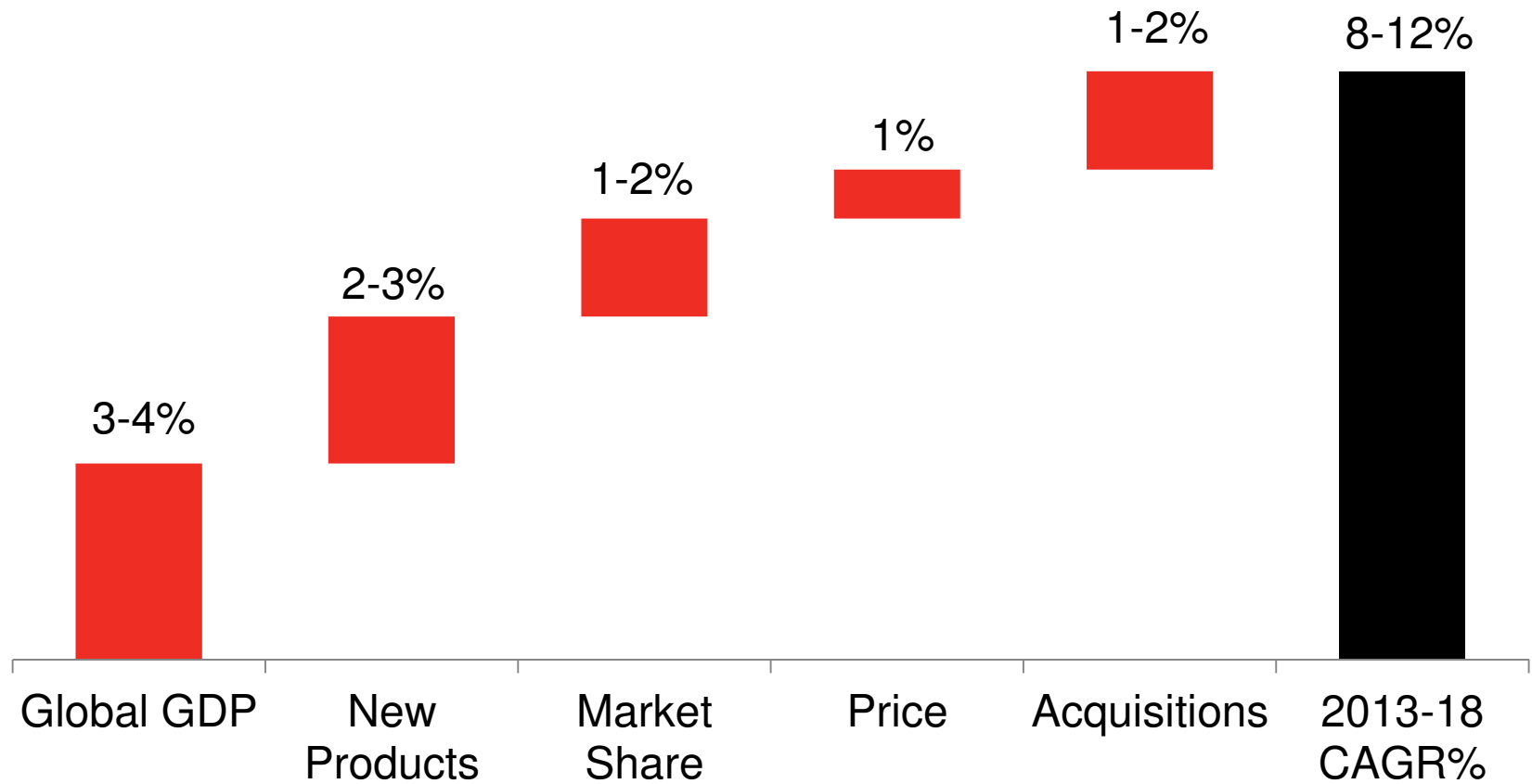
# Revisit the “2011” Targets



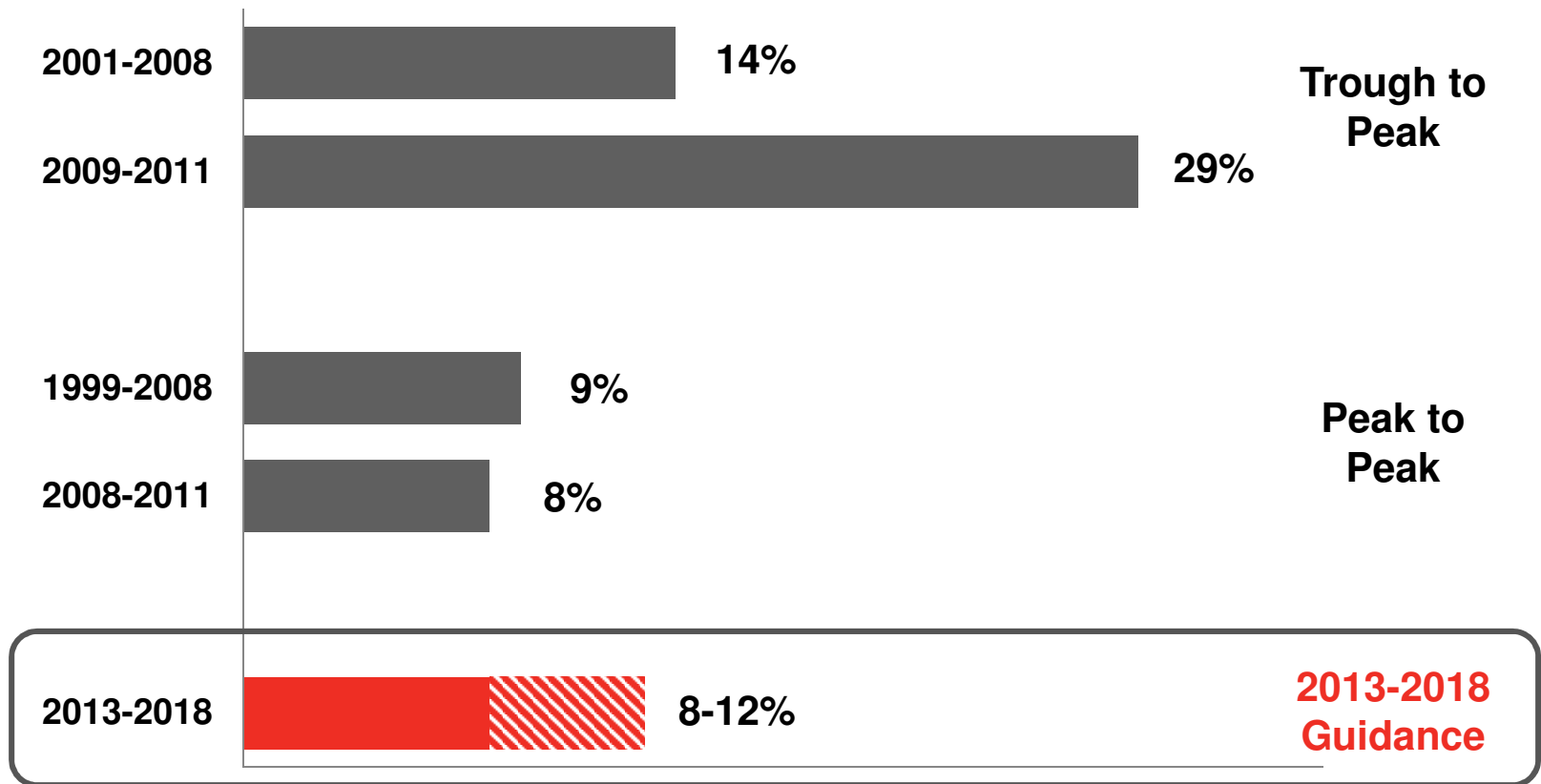
# What Changed from Our 2011 Outlook?

- Global GDP growth below expectations
  - Emerging Markets considerably weaker
- Emission Regulations
  - North America, Europe and Brazil implemented on time
  - Delays in China and India
- End Market Weakness
- Market Share
  - Gains in North America and International markets offset lower underlying economic growth

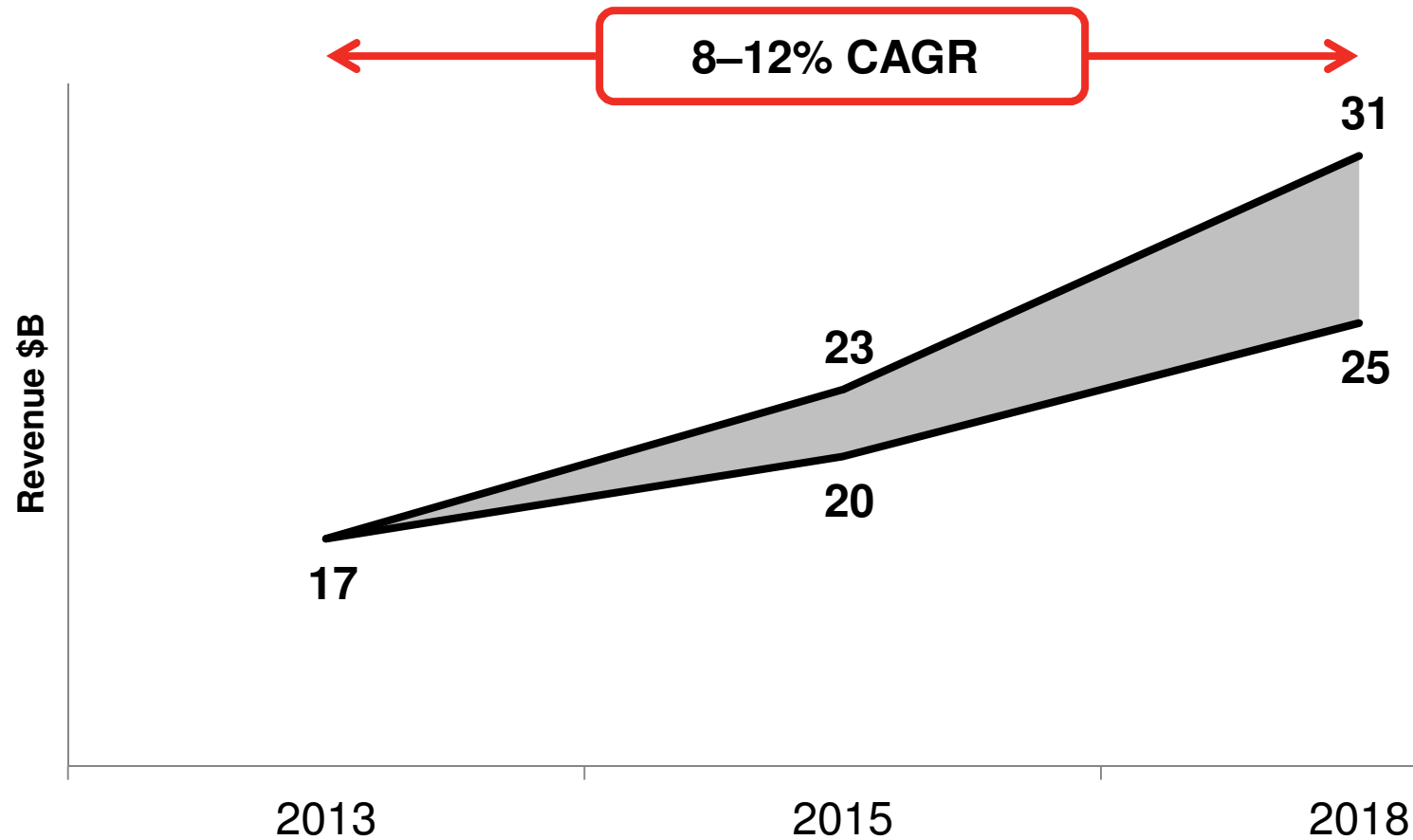
## 2013 – 2018: Revenue Growth



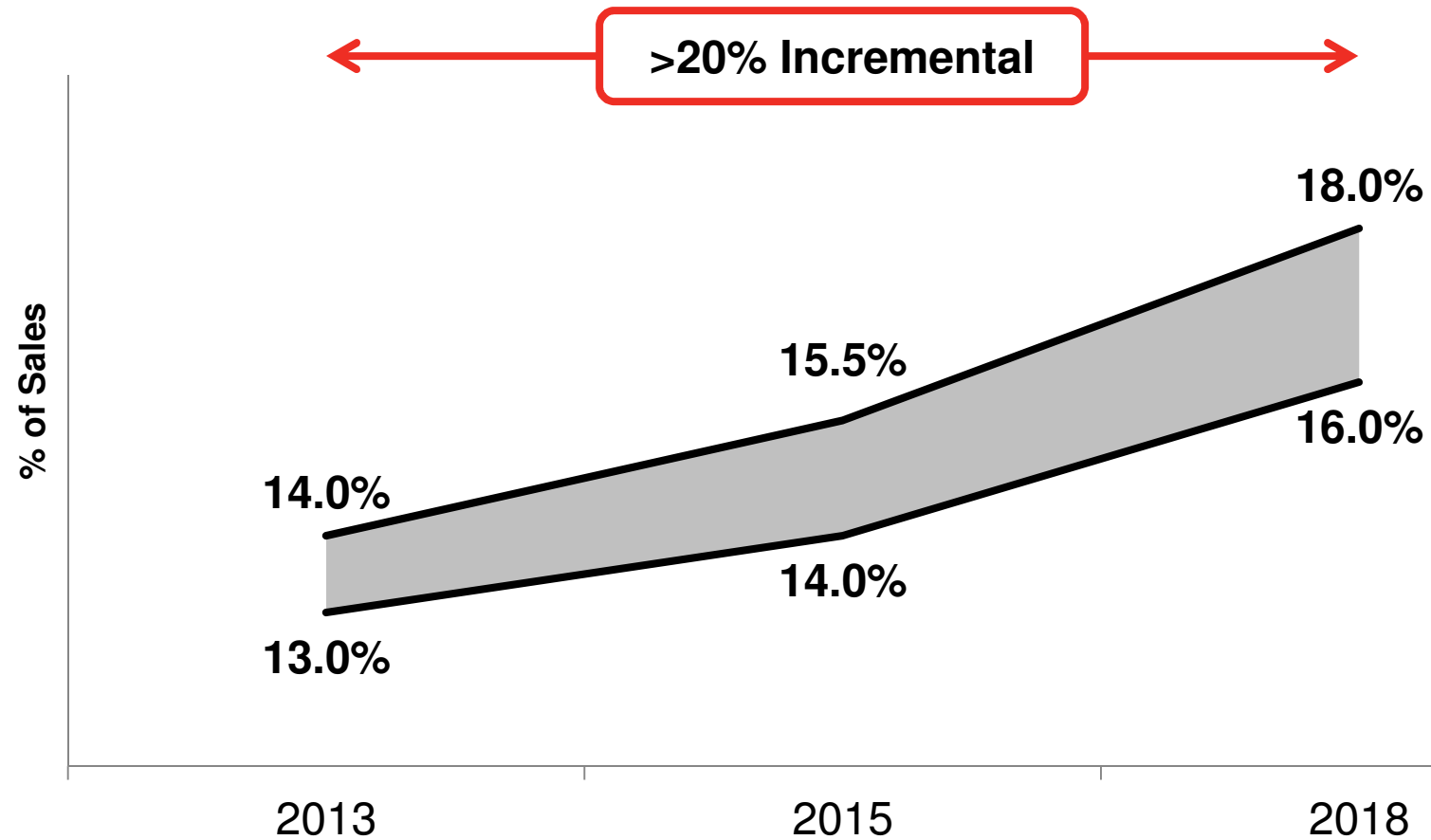
# Revenue Growth: Comparison to Previous Cycles



# Revenue Growth Scenarios



# Expanding EBIT Margins





# Updated 2015 Projections

	2015 Revenue	2015 EBIT%
<b>Engine</b>	\$12–\$13B	12–13%
<b>Components</b>	\$5–\$6B	12.5–14%
<b>Power Generation</b>	\$3.5–\$4B	9.5–11.5%
<b>Distribution</b>	\$6–\$7B	9-10%
<b>Cummins</b>	<b>\$20–\$23B</b>	<b>14–15.5%</b>



# Downturn Management

- Manage to 20% to 25% decremental EBIT Margins
- Maintain Dividend
- Step-Up Share Repurchase
- Maintain key investments for profitable growth

# Segment Outlook

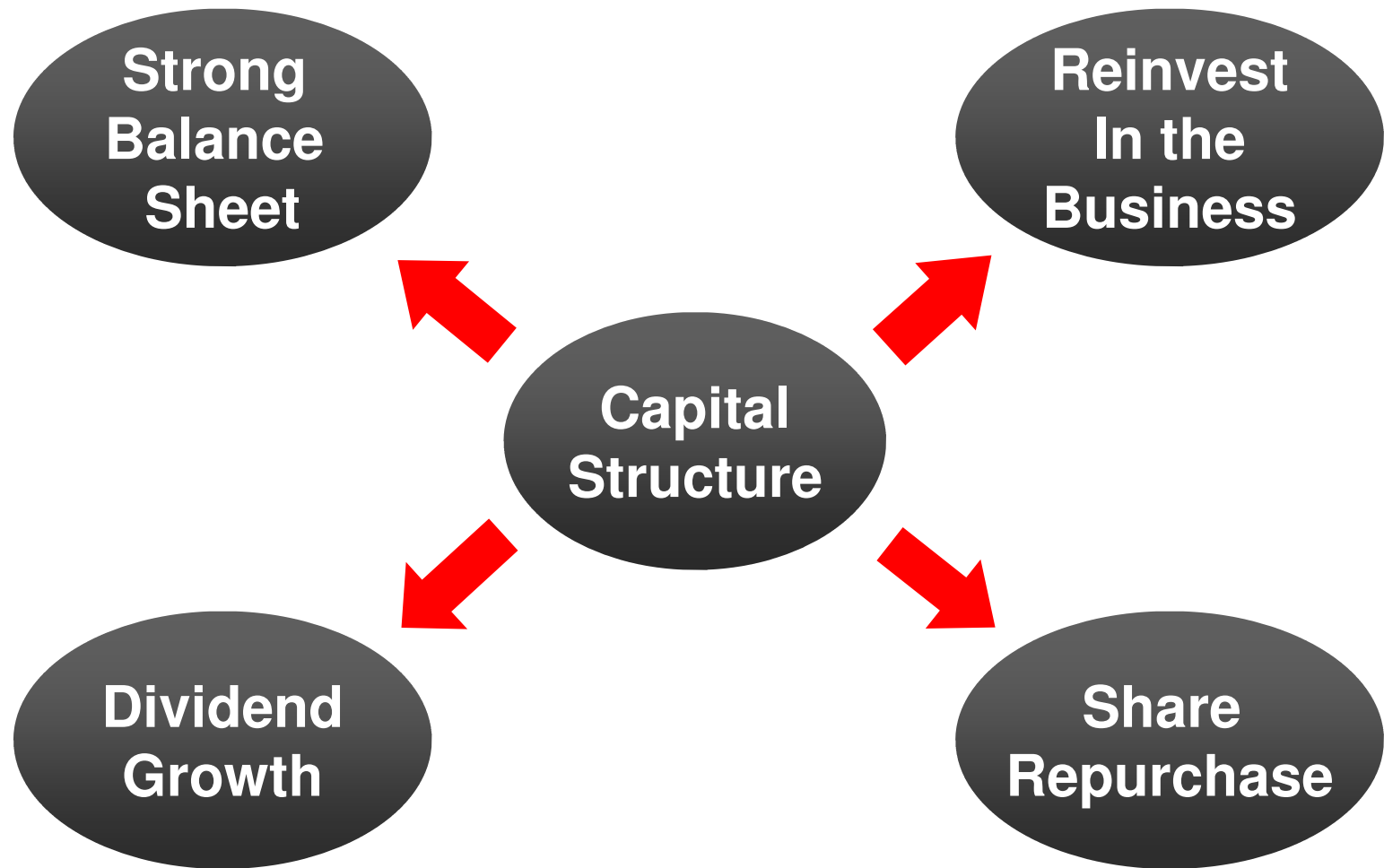
Low Growth	Revenue Growth 2013–2018	2018 Revenue	2018 EBIT%
Engine	8%	\$15B	13.5%
Components	8%	\$6B	14%
Power Generation	6%	\$4.5B	11.5%
Distribution	15%	\$7.5B	10%

High Growth	Revenue Growth 2013–2018	2018 Revenue	2018 EBIT%
Engine	11%	\$17.5B	15%
Components	14%	\$8.5B	15%
Power Generation	12%	\$5.5B	14%
Distribution	19%	\$9B	11%

# Company Outlook

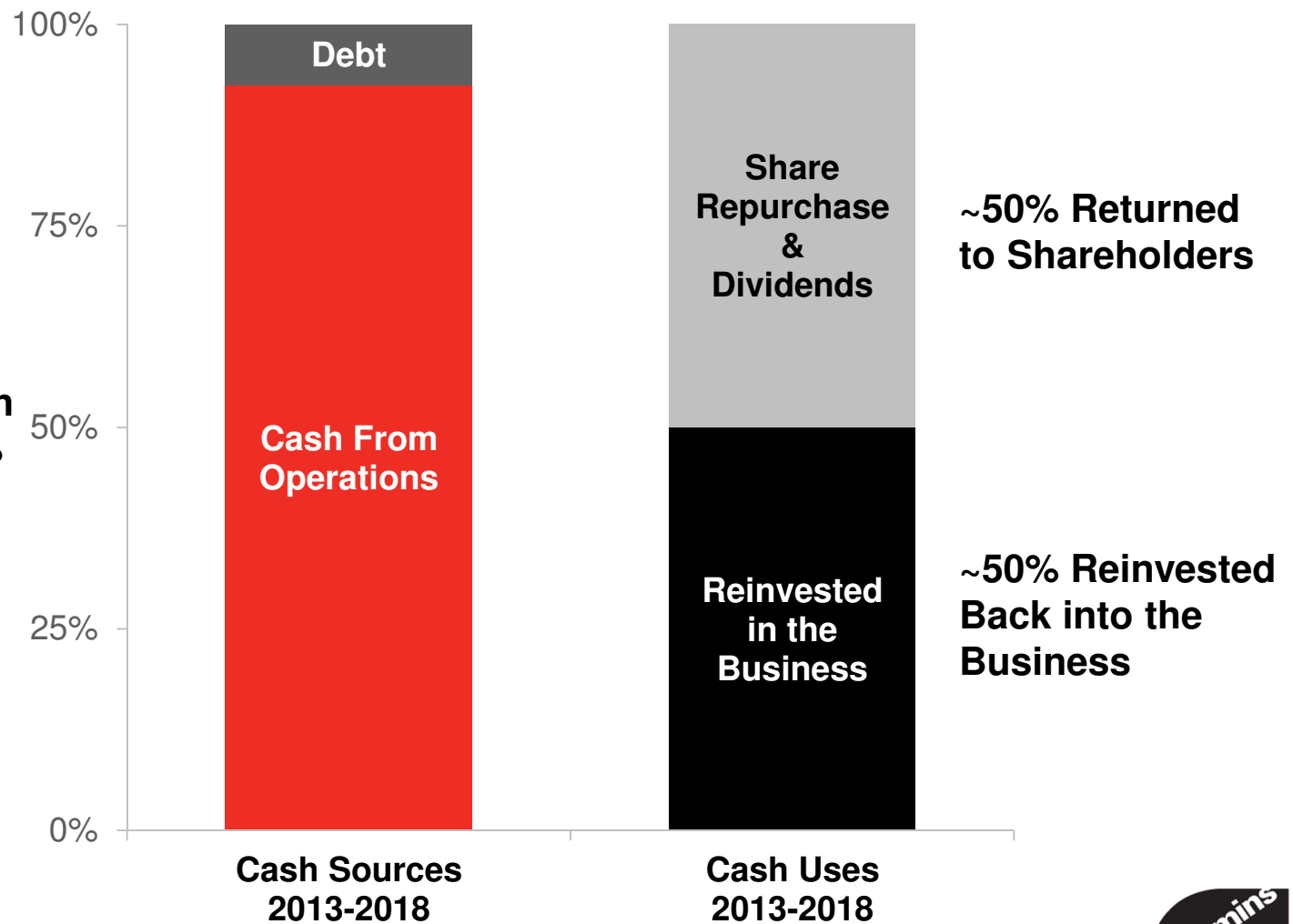
	Low Growth 2018	High Growth 2018
<b>Sales</b>	\$25 Billion	\$31 Billion
<b>Sales Growth</b>	8%	12%
<b>EBIT%</b>	16%	18%
<b>EPS</b>	\$15	\$21

# Capital Structure and Use of Cash



# Cash Sources & Uses

**Generating  
Operating Cash  
Flow at 10-15%  
of Sales**



# Reinvest in the Business

- High Return Focus
  - Profitable Growth: New Products and Markets
  - Operating Effectiveness
- Investment Close to Core
  - Lower Risk
  - Expanding Product Ranges and Customer Relationships
  - Distribution / Technology Acquisitions

# NA Distribution Acquisitions

- Expected timing – mostly complete by end of 2016
- Projected cost of all acquisitions approximately \$600 million
- Expect to fund through debt
- Anticipated financial impact
  - 2015: + \$1.0 billion Sales, +\$120 million EBIT, +\$0.50 EPS
  - 2018: +\$1.5 billion Sales, +\$220 million EBIT, +\$0.85 EPS





# Summary

- Cummins remains well positioned
  - Market share
  - Terrific partnerships
  - New products
  - Emerging markets presence
  - Demonstrated ability to manage volatility
  
- Continue to focus on profitable growth and strong returns
  - Organic growth at 2-3x GDP
  - Distributor acquisitions
  - 20% incremental EBIT margins
  - Top Quartile ROANA / ROE performance

