



# **Third Quarter 2023 Earnings Teleconference**

**November 2, 2023**

---

# CONTENTS

Q3 2023 Summary

2023 Guidance

Q3 2023 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 emission standards; increased scrutiny from regulatory agencies, as well as unpredictability in the adoption, implementation and enforcement of emission standards around the world; changes in international, national and regional trade laws, regulations and policies; changes in taxation; global legal and ethical compliance costs and risks; evolving environmental and climate change legislation and regulatory initiatives; future bans or limitations on the use of diesel-powered products; failure to successfully integrate and / or failure to fully realize all of the anticipated benefits of the acquisition of Meritor, Inc.; raw material, transportation and labor price fluctuations and supply shortages; any adverse effects of the conflict between Russia and Ukraine and the global response (including government bans or restrictions on doing business in Russia); aligning our capacity and production with our demand; the actions of, and income from, joint ventures and other investees that we do not directly control; large truck manufacturers' and original equipment manufacturers' customers discontinuing outsourcing their engine supply needs or experiencing financial distress, or change in control; product recalls; variability in material and commodity costs; the development of new technologies that reduce demand for our current products and services; lower than expected acceptance of new or existing products or services; product liability claims; our sales mix of products; Filtration Technologies Inc. (Atmus) and Cummins of the planned separation of Atmus, including business, industry and market risks, as well as the risks involving the anticipated favorable tax treatment if there is a significant delay in the completion of the envisioned separation; our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions and divestitures and related uncertainties of entering such transactions; increasing interest rates; challenging markets for talent and ability to attract, develop and retain key personnel; climate change, global warming, more stringent climate change regulations, accords, mitigation efforts, greenhouse gas regulations or other legislation designed to address climate change; exposure to potential security breaches or other disruptions to our information technology environment and data security; political, economic and other risks from operations in numerous countries including political, economic and social uncertainty and the evolving globalization of our business; competitor activity; increasing competition, including increased global competition among our customers in emerging markets; failure to meet environmental, social and governance (ESG) expectations or standards, or achieve our ESG goals; labor relations or work stoppages; foreign currency exchange rate changes; the performance of our pension plan assets and volatility of discount rates; the price and availability of energy; 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 2022 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.

# Q3 2023 Summary

- **Third quarter revenues of \$8.4 billion**
- **Third quarter results include \$26 million of cost related to the separation of the Filtration business**
- **EBITDA of \$1,230 million or 14.6 percent of sales**
  - **EBITDA of \$1,256 million or 14.9 percent of sales excluding \$26 million of cost related to the separation of the Filtration business**
- **GAAP<sup>1</sup> Net Income of \$656 million and Diluted EPS of \$4.59**
  - **Net income of \$676 million and Diluted EPS of \$4.73 excluding the cost related to the separation of the Filtration business**
  - **Net income also includes noncontrolling interest as a result of the public offering of 19.5% of the Filtration business that will remain until its full separation**
- **We are raising our full year outlook with sales up 18% - 21% and EBITDA at 15.2% - 15.4%**
  - **Compares to prior guidance of sales up 15% - 20% and EBITDA at 15.0% - 15.7%**
  - **EBITDA outlook excludes the costs related to the separation of the Filtration business**

<sup>1</sup> Generally Accepted Accounting Principles

# Cummins Inc.

## Selected Financial Data - Quarter

\$ MILLIONS	Q3 2023	Q3 2022
Sales	8,431	7,333
Gross Margin (% of Sales) <sup>1</sup>	24.6%	22.4%
SAR (% of Sales) <sup>2</sup>	14.1%	14.2%
EBITDA <sup>3</sup>	1,256	900
EBITDA (% of Sales) <sup>3</sup>	14.9%	12.3%
Net Income attributable to Cummins Inc. <sup>4</sup>	676	412
Net Income (% of Sales) <sup>4</sup>	8.0%	5.6%
Diluted EPS <sup>5</sup>	\$4.73	\$2.90
Dividend Per Share	\$1.68	\$1.57
ROANA (LTM) <sup>6</sup>	29%	24%
ROIC (LTM) <sup>6</sup>	17%	14%

<sup>1</sup> Gross Margin: Q3 2023 excluding \$4 million of cost related to the separation of the Filtration business, Q3 2022 excluding \$2 million of cost related to the separation of the Filtration business, and including \$32 million of cost related to inventory valuation adjustments of Meritor

<sup>2</sup> SAR: Q3 2023 excluding \$22 million of cost related to the separation of the Filtration business, Q3 2022 excluding \$14 million of cost related to the separation of the Filtration business, and including \$45 million of cost related to the acquisition and integration of Meritor

<sup>3</sup> EBITDA: Q3 2023 excluding \$26 million of cost related to the separation of the Filtration business, Q3 2022 excluding \$16 million of cost related to the separation of the Filtration business, and including \$77 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>4</sup> Net Income: Q3 2023 excluding \$20 million of cost related to the separation of the Filtration business, Q3 2022 excluding \$12 million of cost related to the separation of the Filtration business, and including \$59 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>5</sup> Diluted EPS: Q3 2023 excluding \$0.14 per share of cost related to the separation of the Filtration business, Q3 2022 excluding \$0.08 per share of cost related to the separation of the Filtration business, and including \$0.41 of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>6</sup> ROANA (LTM) and ROIC (LTM): Q3 2023 calculations exclude the cost related to the separation of the Filtration business and Q3 2022 calculations exclude the cost related to the indefinite suspension of operations in Russia and the cost related to the separation of the Filtration business

# **Q3 2023 Summary**

# Q3 2023 Net Sales and EBITDA by Segment

\$ MILLIONS	Components	Engine	Distribution	Power Systems	Accelera	Intersegment Eliminations	Total
<b>Three months ended September 30, 2023</b>							
Net Sales	3,236	2,931	2,535	1,444	103	(1,818)	8,431
<i>Sales growth vs 2022</i>	20%	5%	13%	7%	106%	2%	15%
EBITDA <sup>1</sup>	461	395	306	234	(114)	(26)	1,256
Segment EBITDA % <sup>1</sup>	14.2%	13.5%	12.1%	16.2%	NM <sup>3</sup>		14.9%
<b>Three months ended September 30, 2022</b>							
Net Sales	2,703	2,779	2,239	1,349	50	(1,787)	7,333
EBITDA <sup>2</sup>	307	362	225	193	(95)	(92)	900
Segment EBITDA % <sup>2</sup>	11.4%	13.0%	10.0%	14.3%	NM <sup>3</sup>		12.3%

<sup>1</sup> Excluding \$26 million of cost related to the separation of the Filtration business (see slide 8 for cost by segment)

<sup>2</sup> Excluding \$16 million of cost related to the separation of the Filtration business and including \$77 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>3</sup>"NM" - not meaningful information

# Q3 2023 EBITDA Detail

\$ MILLIONS	CMI	Components Segment	Engine Segment	Distribution Segment	Power Systems Segment	Accelera Segment	Eliminations
Reported EBITDA	1,230	441	395	306	234	(114)	(32)
Reported EBITDA included costs related to the separation of the Filtration business	(26)	(20)					(6)



# Q3 2023 EPS Detail

	EPS	
Reported EPS	\$	4.59
Reported EPS included costs related to the separation of the Filtration business	\$	(0.14)

# 2023 Guidance

# Guidance for 2023 Consolidated Results

ITEM	FULL YEAR GUIDANCE
Consolidated Revenue	Up 18% to 21%
Earnings from JVs	Up 10% to 20%
EBITDA Margin	15.2% to 15.4%
Depreciation & Amortization	\$980 to \$1,030 M
Effective Tax Rate <sup>1</sup>	22.0%
Capital Expenditures	\$1.2 B to \$1.3 B
Global Pension Funding	\$115 M
Interest Expense	\$380 M

<sup>1</sup> Excluding discrete income tax items

# Guidance for 2023 Meritor Results

ITEM	FULL YEAR GUIDANCE <sup>1,2</sup>
Consolidated Revenue	\$4.7 to \$4.9 billion
EBITDA Margin	10.5% to 11.0%

<sup>1</sup> Meritor guidance is for the axles and brakes business within the Components segment

<sup>2</sup> The electric powertrain portion of the Meritor business has been integrated within the Accelera portfolio and included in the overall guidance for that segment

# Guidance for 2023 Segment Results

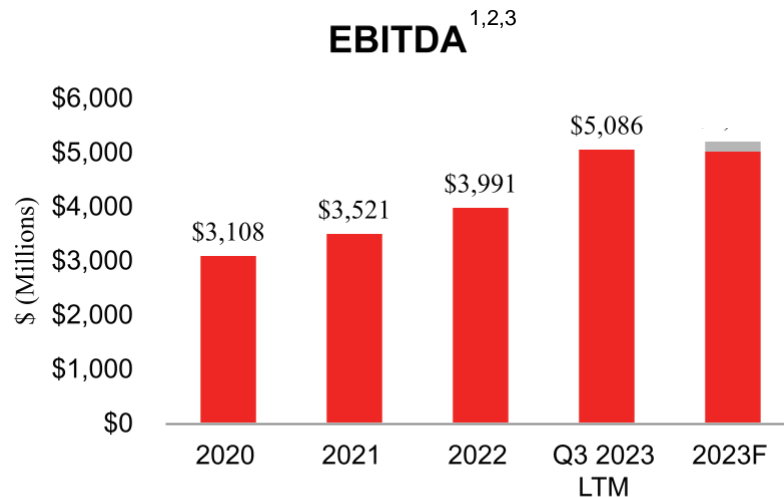
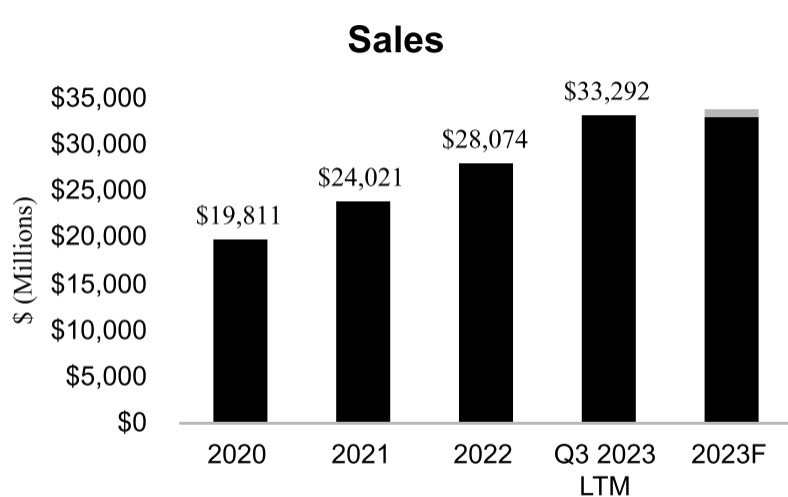
ITEM	COMPONENTS	ENGINE	DISTRIBUTION	POWER SYSTEMS	ACCELERA
Consolidated Revenue Growth	Up 35% to 40%	Up 2% to 7%	Up 10% to 15%	Up 8% to 13%	\$350M to \$400M
2023 EBITDA Margins (% of Revenue)	14.2% to 14.7%	13.6% to 14.1%	11.9% to 12.4%	14.8% to 15.3%	(\$440M) to (\$420M)
2022 EBITDA Margins <sup>1</sup> (% of Revenue)	14.2%	14.3%	10.6%	12.2%	(334)

<sup>1</sup>Excluding net cost related to the indefinite suspension of operations in Russia: Components = \$4 million, Engine = \$33 million, Distribution = \$55 million, Power Systems = \$19 million  
Excluding cost related to the separation of the Filtration business: Components = \$28 million, Intersegment Eliminations = \$53 million  
Including cost related to the acquisition, integration and inventory valuation adjustments of Meritor: Components = \$115 million

# Key On-Highway Engine Markets - 2023

KEY MARKET	2023 Forecast	Market Size Vs. 2022
Heavy Duty Truck - North America Class 8, Group 2 - Production	280K - 300K units	Flat to Up 8% Down 4% to Up 4% in prior guidance
Medium Duty Truck - North America Class 6-7, and Class 8 Group 1 - Production	135K - 150K units	Up 5 - 15% Flat with prior guidance
Heavy & Medium Truck - China Sales	880K - 950K units	Up 15 - 25% Flat with prior guidance
Heavy & Medium Truck - India Sales	380K - 400K units	Flat to up 5% Flat with prior guidance
Heavy & Medium Truck - Brazil Production	100K - 120K units	Down 30 - 40% Flat with prior guidance

# Cummins Inc.



## 2023 Guidance

Sales Up 18% to 21%    EBITDA 15.2% to 15.4%

<sup>1</sup> 2022 EBITDA excludes \$111 million of net cost related to the indefinite suspension of operations in Russia and \$81 million of cost related to the separation of the Filtration business, and includes \$115 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>2</sup> Q3 2023 LTM EBITDA excludes \$86 million of cost related to the separation of the Filtration business and includes \$27 million of cost related to the acquisition and integration of Meritor

<sup>3</sup> 2023 Guidance EBITDA excludes the cost related to the separation of the Filtration business

A red background with a fine, repeating pattern of small, dark, oval shapes, creating a textured effect.

# **Q3 2023 Supplemental Information**



# Components Segment Selected Financial Data

- Sales increased 20% driven by the acquisition of Meritor and strong demand in key markets.
- The increase in EBITDA is primarily due to the acquisition of Meritor, pricing to recover higher input costs, and the one-time employee bonus in 2022.
- Meritor Q3 sales of \$1,177 million and EBITDA of \$129 million

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Sales	3,236	2,703	20%
EBITDA <sup>1</sup>	461	307	50%
EBITDA <sup>1</sup> (% of Sales)	14.2%	11.4%	

<sup>1</sup> EBITDA: Q3 2023 excludes \$20 million in cost related to the separation of the Filtration business, Q3 2022 excludes \$10 million in cost related to the separation of the Filtration business and includes \$77 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

# Engine Segment

## Selected Financial Data

- Sales increased 5% due to higher demand for trucks in North America.
- EBITDA margin as a percent of sales increased due to operational improvements and the impact of the one-time employee bonus in the prior year.

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Sales	2,931	2,779	5%
EBITDA	395	362	9%
EBITDA (% of Sales)	13.5%	13.0%	

# Engine Segment - Sales by Market

- On-highway revenue increase driven by pricing actions and strong demand in North American truck market.
- Off-highway revenues decreased due to lower construction demand in China.

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Heavy-Duty Truck	1,116	972	15%
Medium-Duty Truck & Bus	931	868	7%
Light-Duty Automotive	455	466	(2)%
<b>On-Highway</b>	<b>2,502</b>	<b>2,306</b>	<b>8%</b>
<b>Off-Highway</b>	<b>429</b>	<b>473</b>	<b>(9)%</b>
<b>Total Sales</b>	<b>2,931</b>	<b>2,779</b>	<b>5%</b>

# Distribution Segment

## Selected Financial Data

- Sales increased 13% driven by pricing actions and stronger demand for whole goods.
- The increase in EBITDA is primarily due to pricing actions and higher volumes.

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Sales	2,535	2,239	13%
EBITDA	306	225	36%
EBITDA (% of Sales)	12.1%	10.0%	

# Power Systems Segment Selected Financial Data

- Sales increased 7% due to pricing actions and stronger global demand for power generation products.
- EBITDA margin as a percent of sales increased due to strong price realization and higher volume.

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Sales	1,444	1,349	7%
EBITDA	234	193	21%
EBITDA (% of Sales)	16.2%	14.3%	

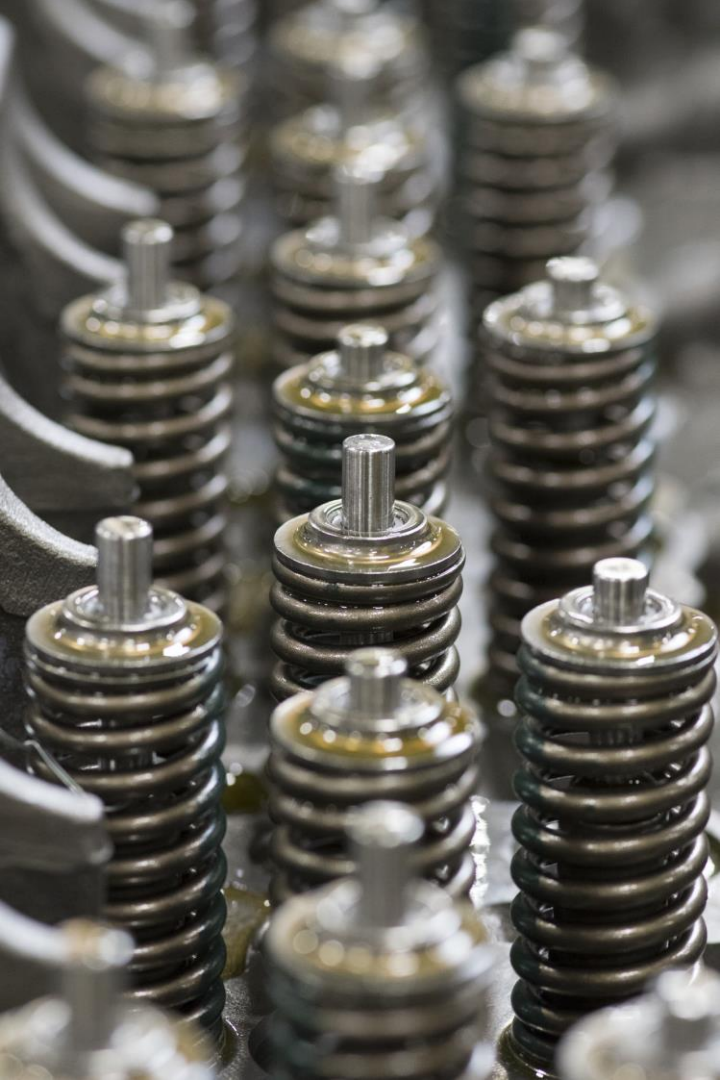
# Accelera Segment

## Selected Financial Data

- Sales increased due to higher demand for battery electric systems, increased electrolyzer installations, and the additions of the Siemens Commercial Vehicle business and electric powertrain portion of the Meritor business.
- EBITDA losses were \$114 million as we continue to invest in the products, infrastructure, and capabilities to support strong future growth.

\$ MILLIONS	Q3 2023	Q3 2022	CHANGE
Sales	103	50	106%
EBITDA	(114)	(95)	(20)%
EBITDA (% of Sales)	NM <sup>1</sup>	NM <sup>1</sup>	

<sup>1</sup> "NM" - not meaningful information



## Joint Venture Income - Quarter

<b>\$ MILLIONS</b>	<b>Q3 2023</b>	<b>Q3 2022</b>
Components	26	17
Engine	62	27
Distribution	22	20
Power Systems	11	10
Accelera	(3)	(4)
<b>Total JV Income</b>	<b>118</b>	<b>70</b>



## Cash Flow - Quarter

\$ MILLIONS	Q3 2023	Q3 2022
Operating Cash Flow	1,529	382
Capital Expenditures	280	202
Working Capital Measure	7,306	6,342
Working Capital Measure (% of Net Sales)	21.7%	21.6%
Total Debt to Capital %	39.0%	46.4%
Net Debt to Capital %	23.0%	29.5%



# Appendix



# Cummins Inc.

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

---

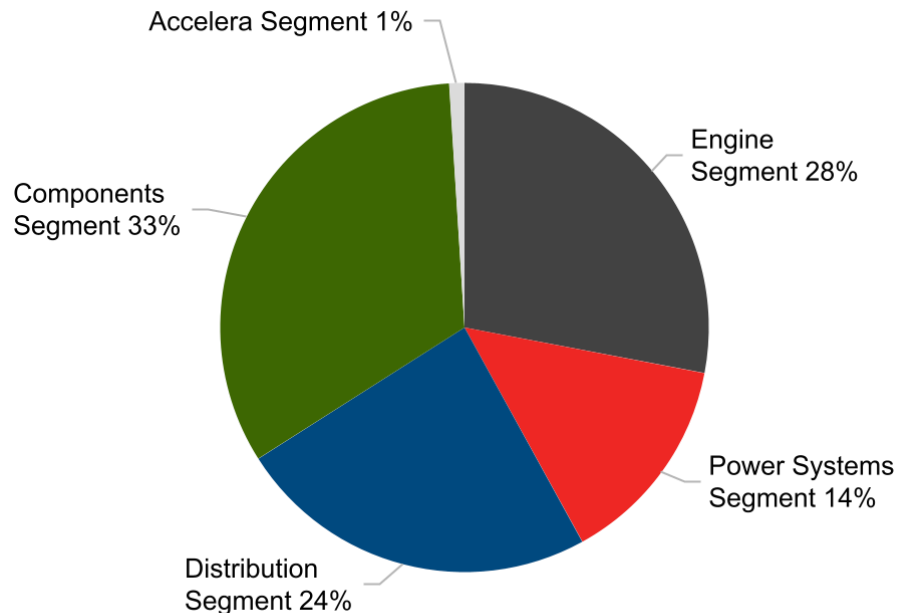
## Q3 2023 LTM Results

---

Sales:	\$33.3 billion
EBITDA <sup>1</sup> :	\$5.1 billion
EBITDA% <sup>1</sup> :	15.3%

---

## Q3 2023 LTM Revenue by Segment

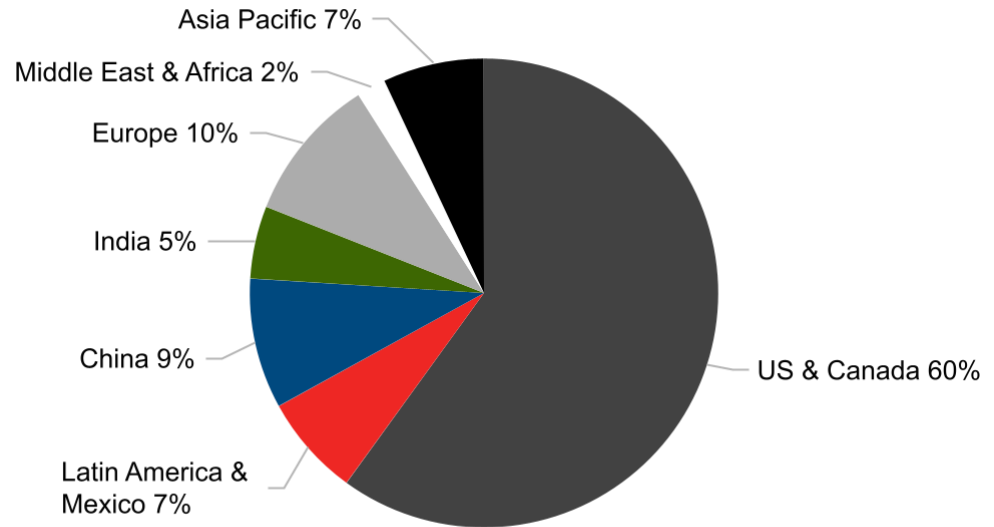


<sup>1</sup> Excluding \$86 million of cost related to the separation of the Filtration business and including \$27 million of cost related to the acquisition and integration of Meritor

# Cummins Inc.

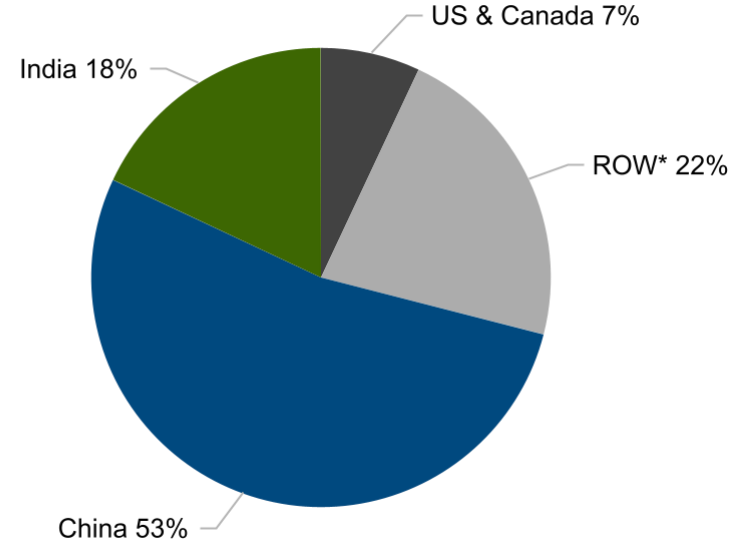
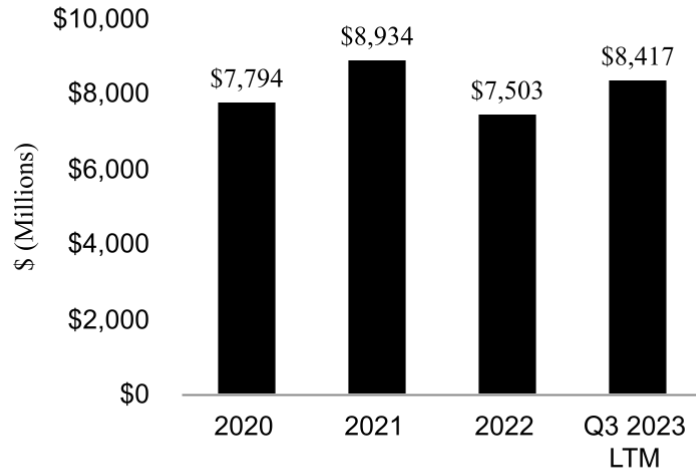
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in approximately 190 countries and territories

## Q3 2023 LTM Revenue by Marketing Territory



# Cummins - Joint Venture Sales Unconsolidated

## Q3 2023 LTM Revenue



\* Rest of world

# Components Segment - Overview

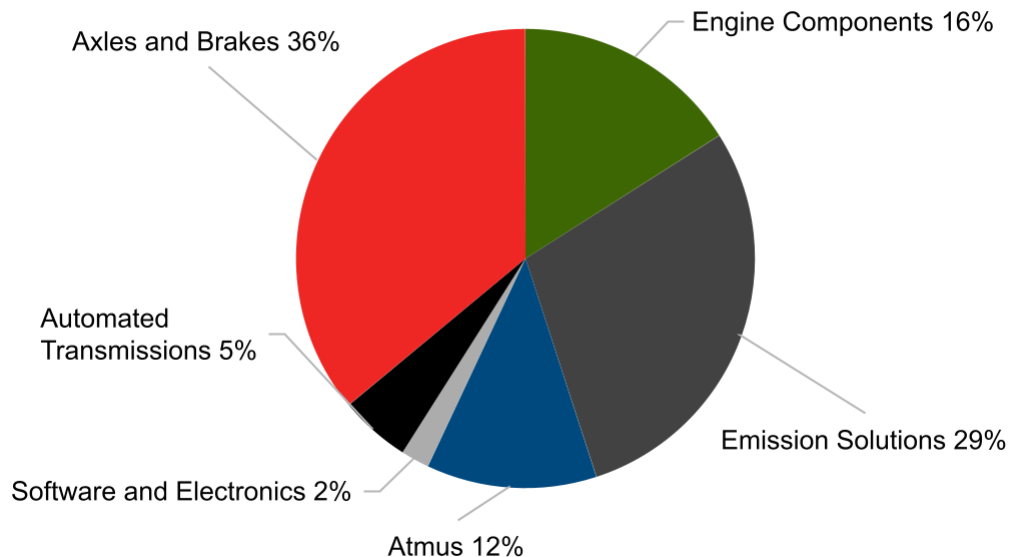
- Leading supplier of axles, brakes, and aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

## Q3 2023 LTM Results

Sales:	\$13.3 billion
EBITDA <sup>1</sup> :	\$1.9 billion
EBITDA% <sup>1</sup> :	14.1%

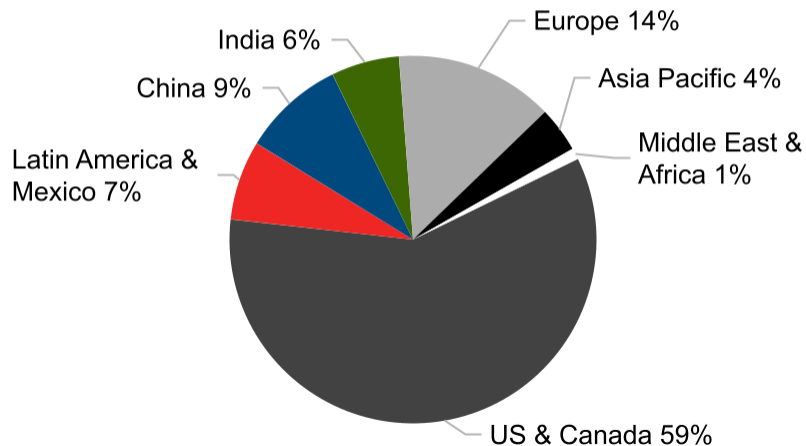
<sup>1</sup> Excluding \$63 million of cost related to the separation of the Filtration business and including \$27 million of cost related to the acquisition and integration of Meritor

## Q3 2023 LTM Revenue by Business

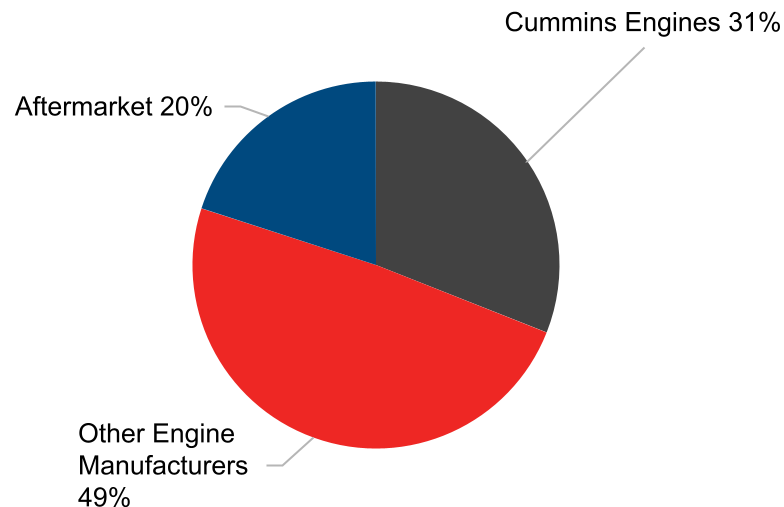


# Components Segment - Sales Mix

## By Region



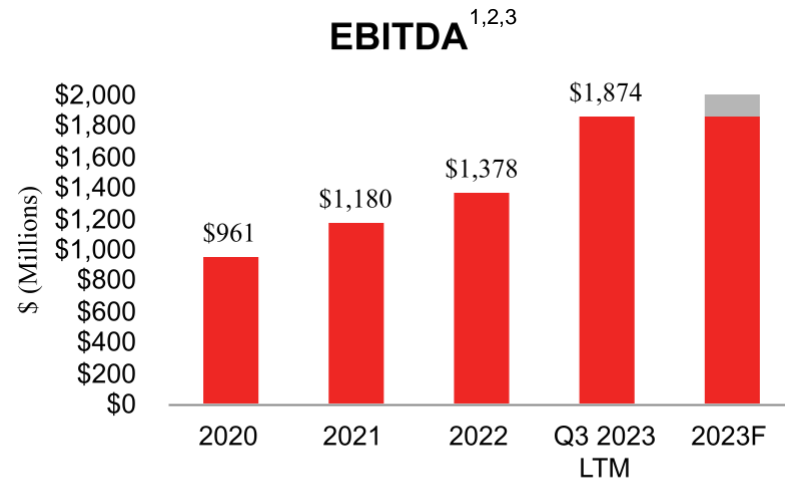
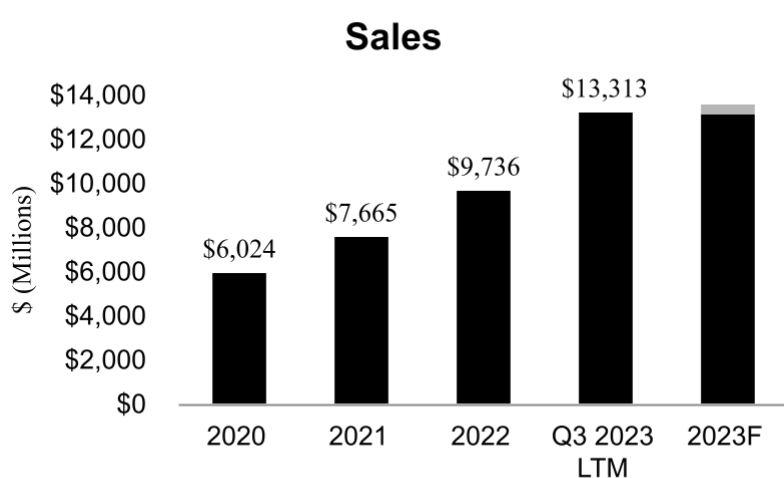
## By Application



**Q3 2023 LTM Revenue**

**\$13.3 billion**

# Components Segment - Historical Performance



## 2023 Guidance

Sales Up 35% to 40%

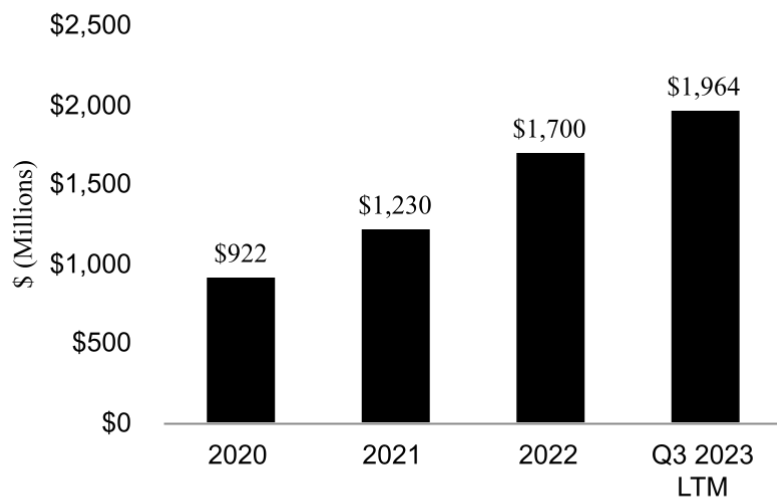
EBITDA 14.2% to 14.7%

<sup>1</sup> 2022 EBITDA excludes \$4 million of net cost related to the indefinite suspension of operations in Russia and \$28 million of cost related to the separation of the Filtration business, and includes \$115 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

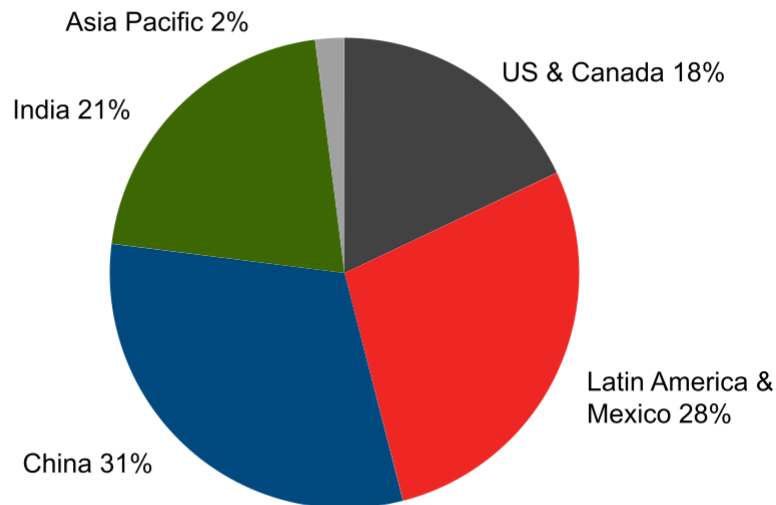
<sup>2</sup> Q3 2023 LTM EBITDA excludes \$63 million of cost related to the separation of the Filtration business and includes \$27 million of cost related to the acquisition and integration of Meritor

<sup>3</sup> 2023 Guidance EBITDA excludes the cost associated with the separation of the Filtration business

# Components Segment - Joint Venture Sales Unconsolidated



## Q3 2023 LTM Revenue





# 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

---

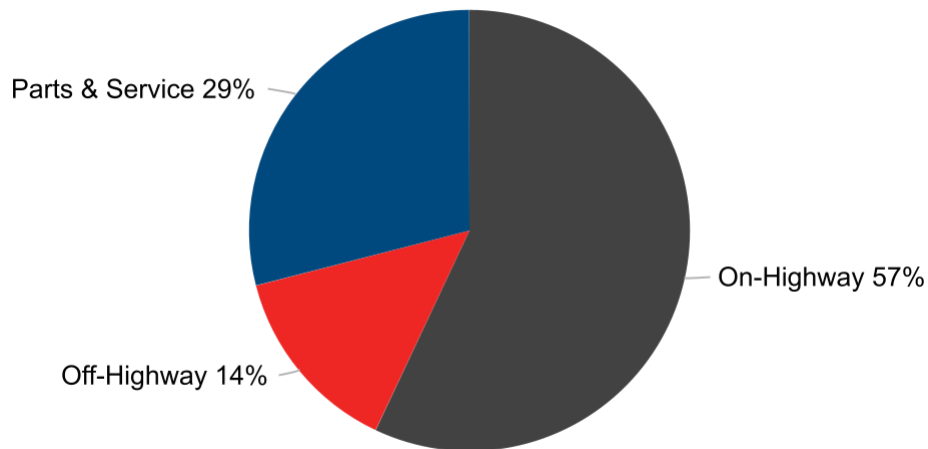
## Q3 2023 LTM Results

---

Sales:	\$11.5 billion
EBITDA:	\$1.6 billion
EBITDA%:	14.2%

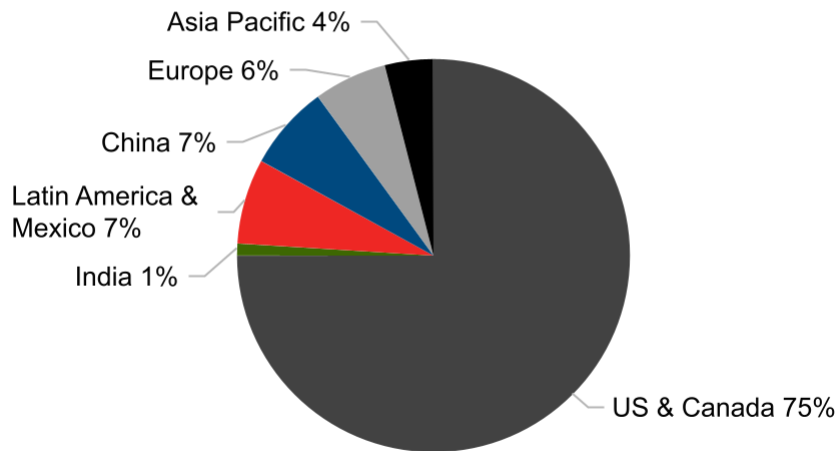
---

## Q3 2023 LTM Revenue by Product

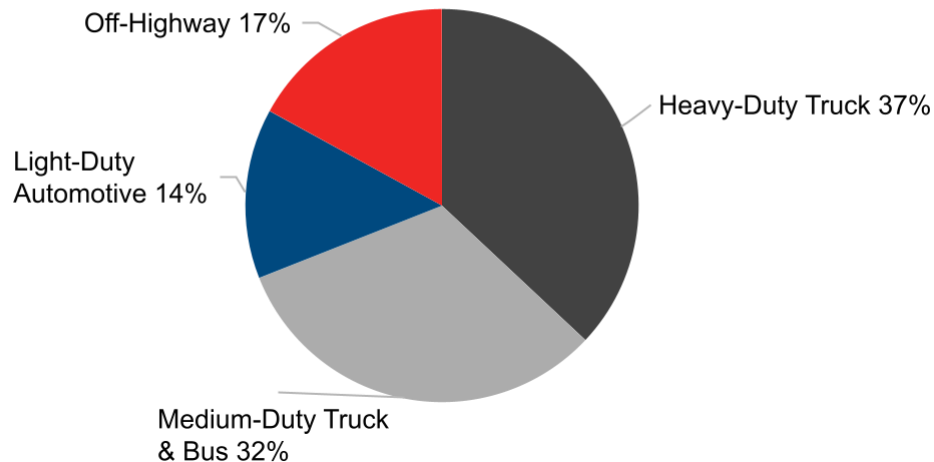


# Engine Segment - Sales Mix

By Region



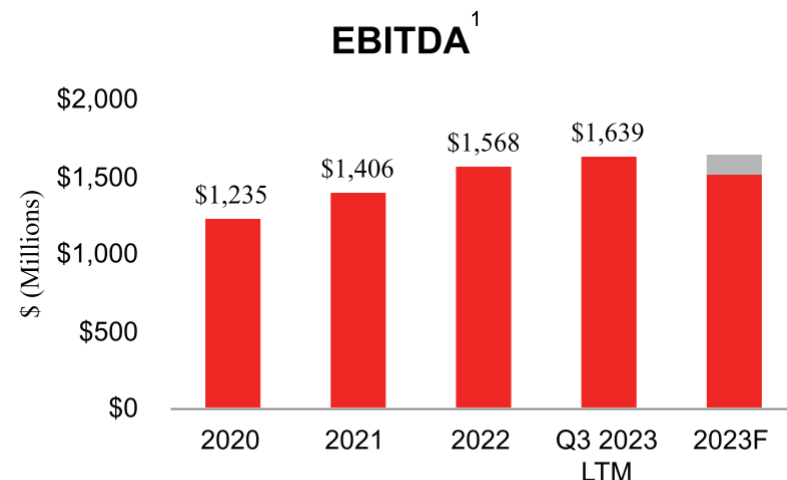
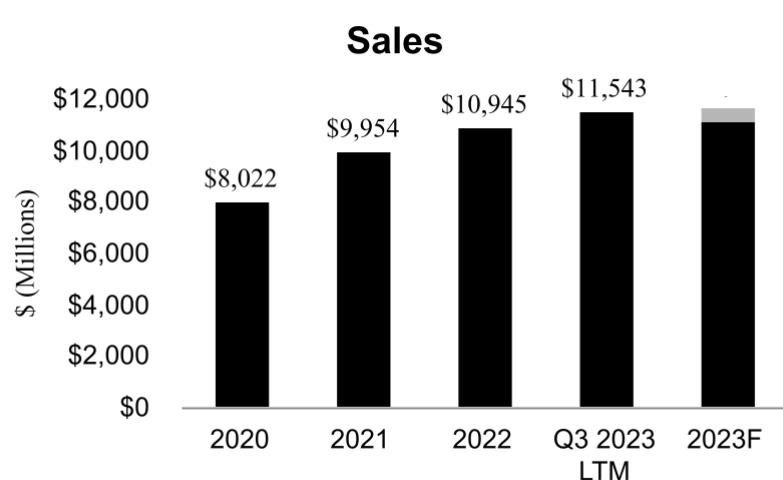
By Application



**Q3 2023 LTM Revenue**

**\$11.5 billion**

# Engine Segment - Historical Performance



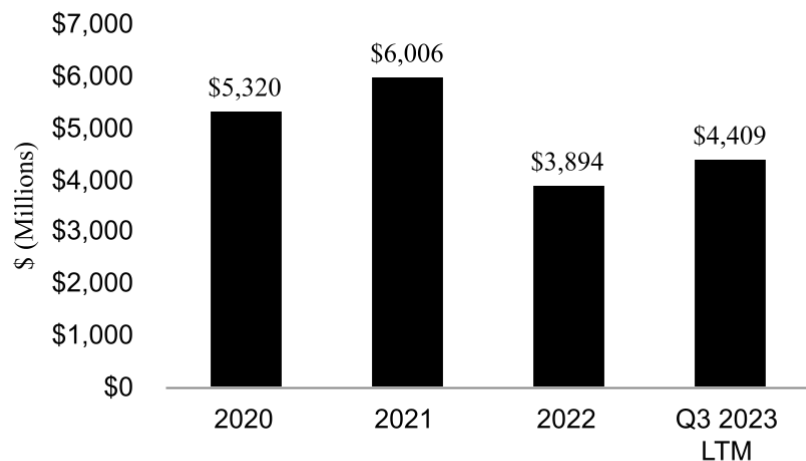
## 2023 Guidance

Sales Up 2% to 7%

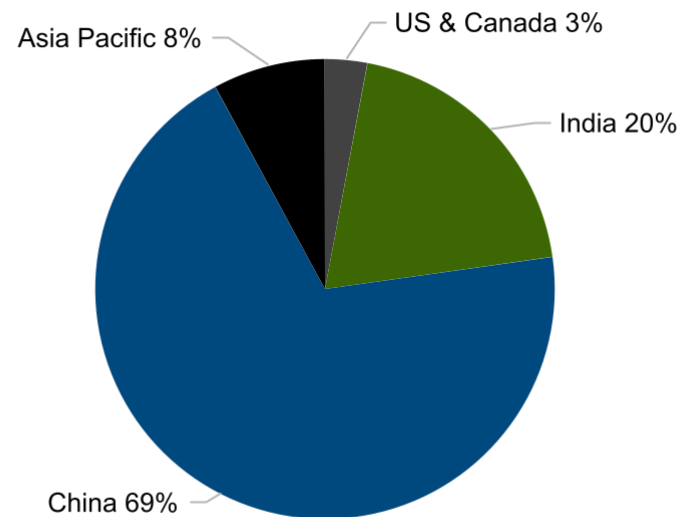
EBITDA 13.6% to 14.1%

<sup>1</sup> 2022 EBITDA excludes \$33 million of cost related of the indefinite suspension of operations in Russia

# Engine Segment - Joint Venture Sales Unconsolidated



## Q3 2023 LTM Revenue



# Distribution Segment - Overview

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

---

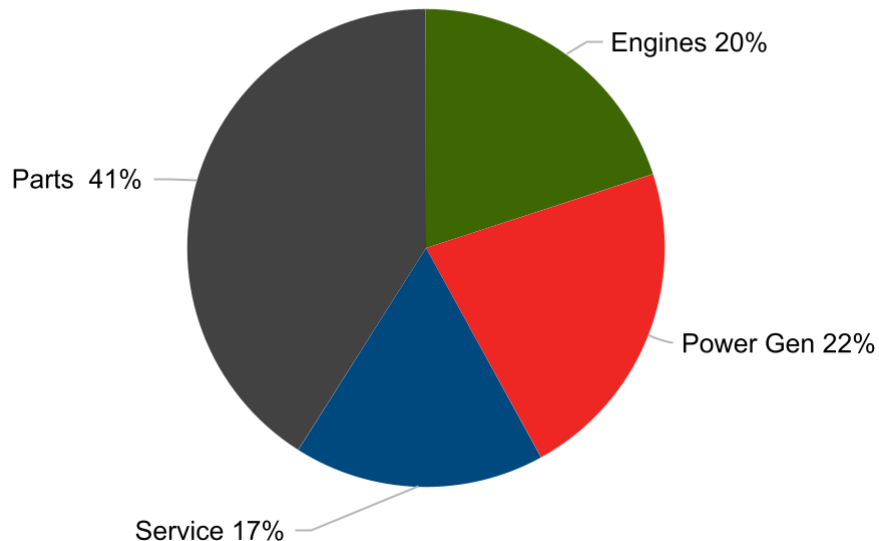
## Q3 2023 LTM Results

---

Sales:	\$9.9 billion
EBITDA:	\$1.2 billion
EBITDA%:	12.1%

---

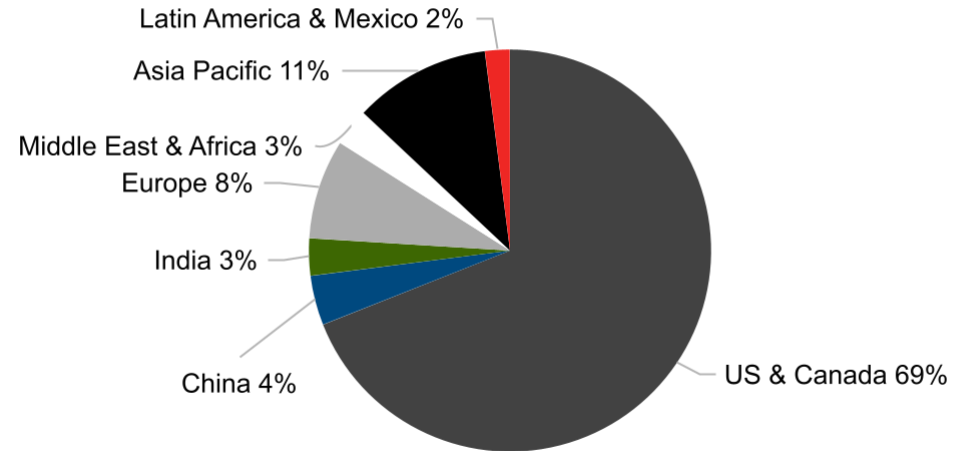
## Q3 2023 LTM Revenue by Product



# Distribution Segment - Sales Mix

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

By Region



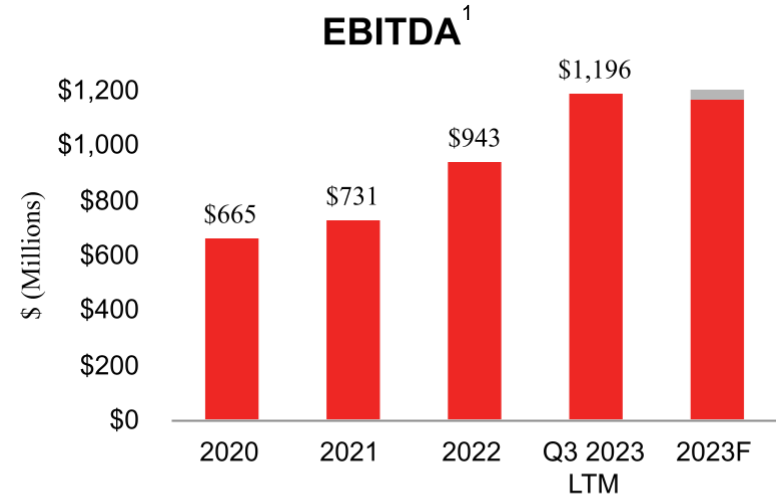
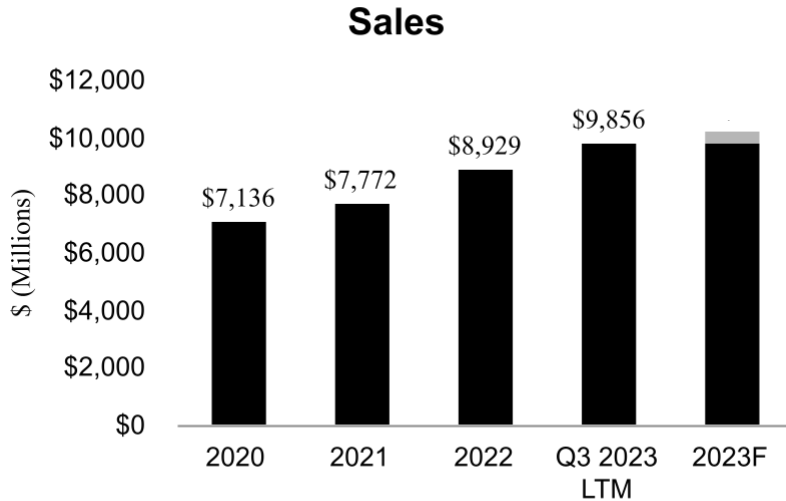
---

**Q3 2023 LTM Revenue**

**\$9.9 billion**

---

# Distribution Segment - Historical Performance

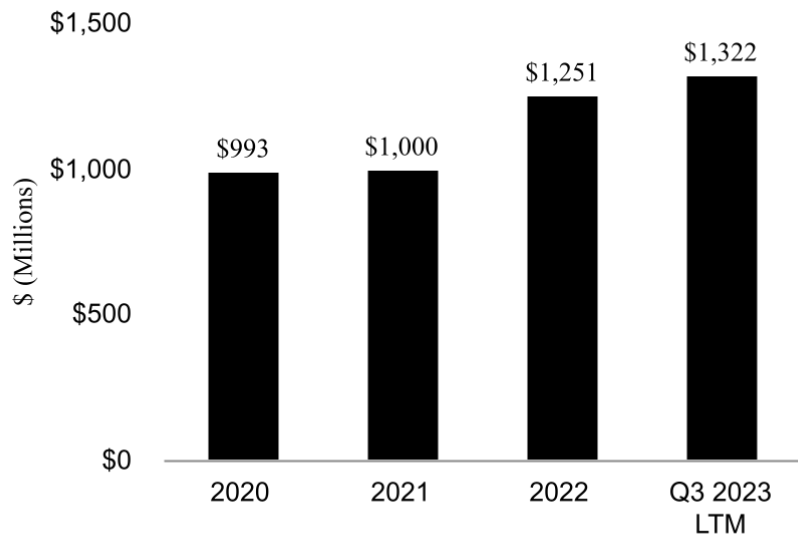


## 2023 Guidance

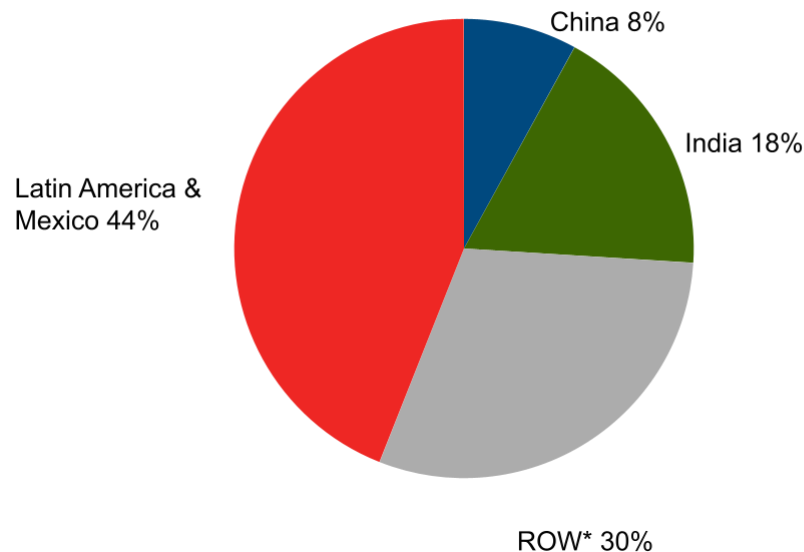
Sales Up 10% to 15%    EBITDA 11.9% to 12.4%

<sup>1</sup> 2022 excludes \$55 million of net cost related to the indefinite suspension of operations in Russia

# Distribution Segment - Joint Venture Sales Unconsolidated



## Q3 2023 LTM Revenue



\* Rest of World



# 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 7.5kVA to 11,200kVA
- Leading market share in multiple geographies

---

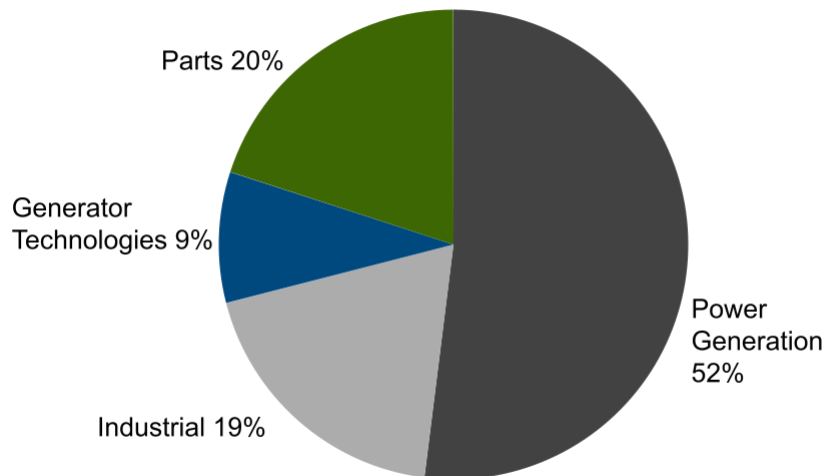
## Q3 2023 LTM Results

---

Sales:	\$5.6 billion
EBITDA:	\$839 million
EBITDA%:	15.1%

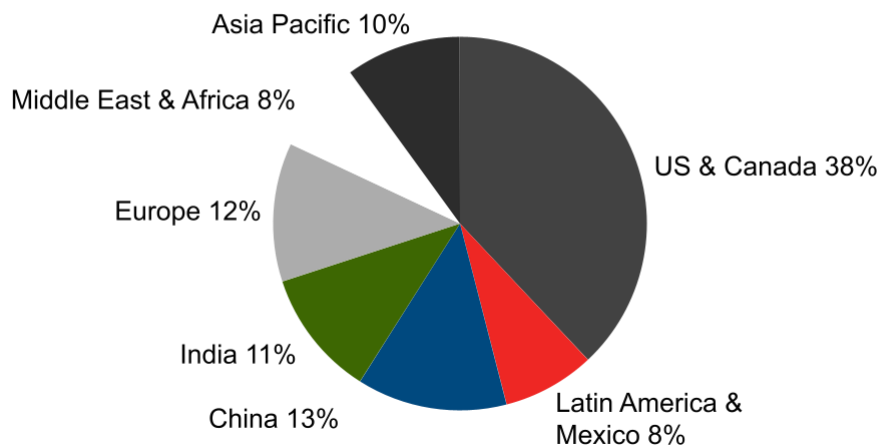
---

## Q3 2023 LTM Revenue by Product

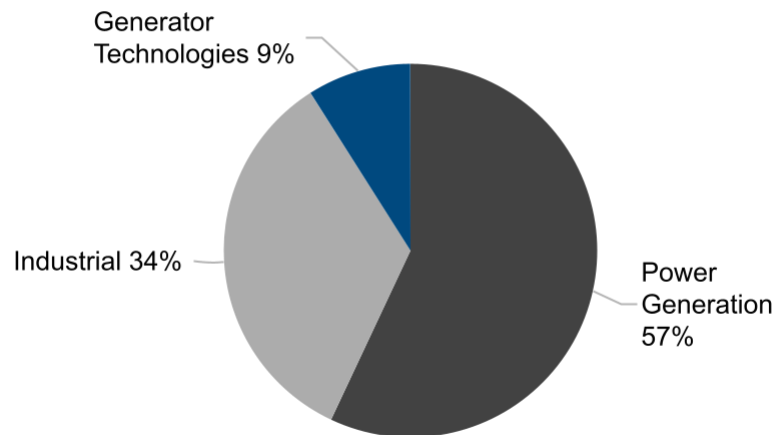


# Power Systems Segment - Sales Mix

By Region



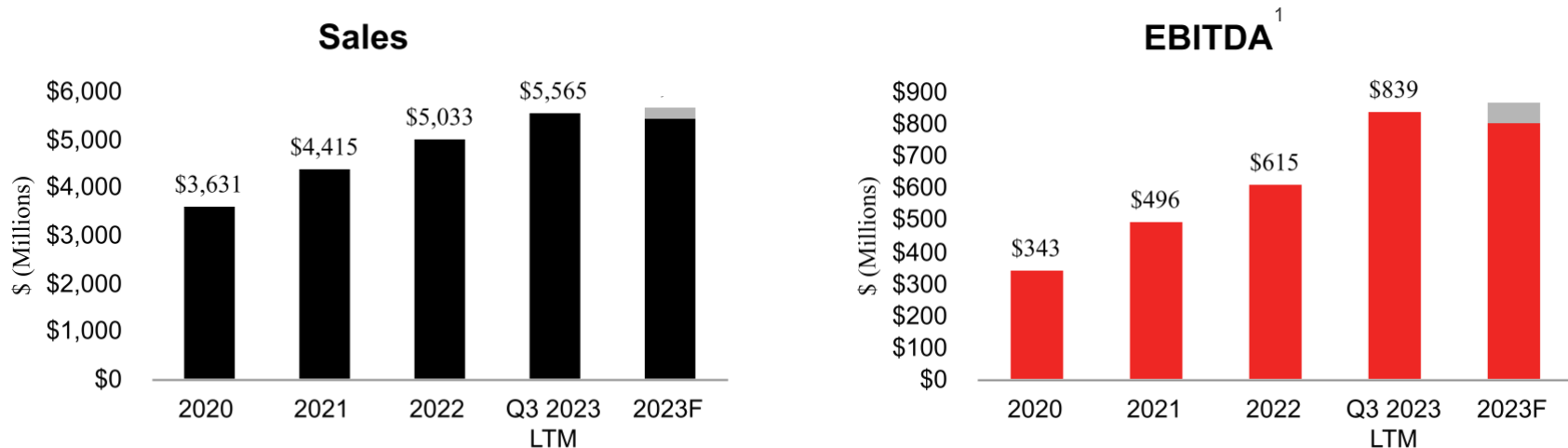
By Product Line



**Q3 2023 LTM Revenue**

**\$5.6 billion**

# Power Systems Segment - Historical Performance



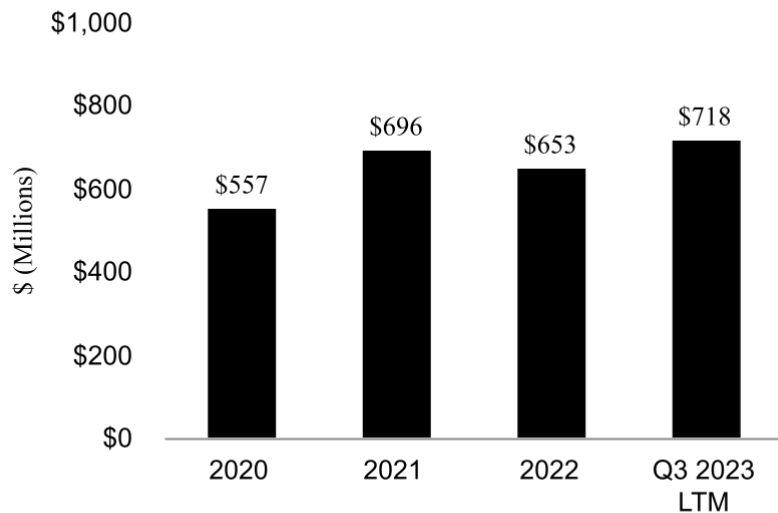
## 2023 Guidance

Sales Up 8% to 13%

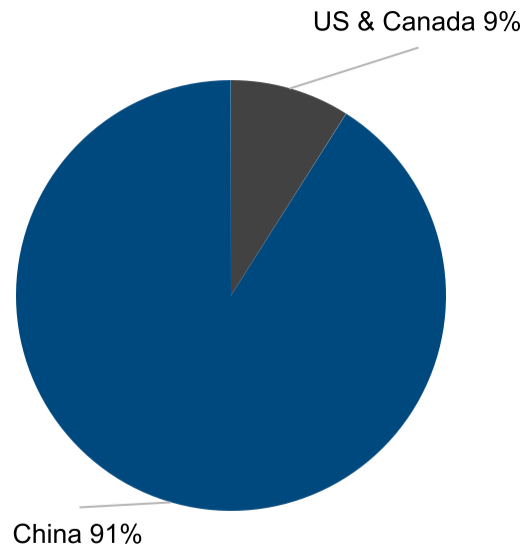
EBITDA 14.8% to 15.3%

<sup>1</sup> 2022 EBITDA excludes \$19 million of net cost related of the indefinite suspension of operations in Russia

# Power Systems Segment - Joint Venture Sales Unconsolidated

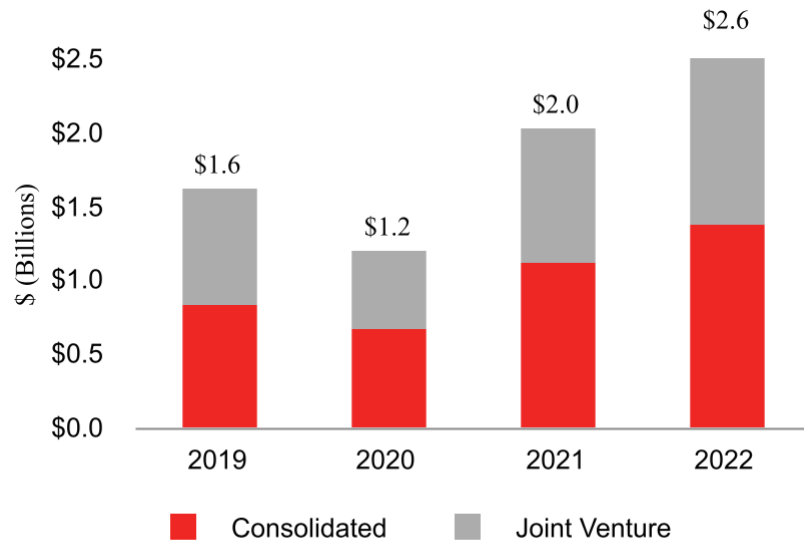


## Q3 2023 LTM Revenue



# Emerging Market Sales - India<sup>1</sup>

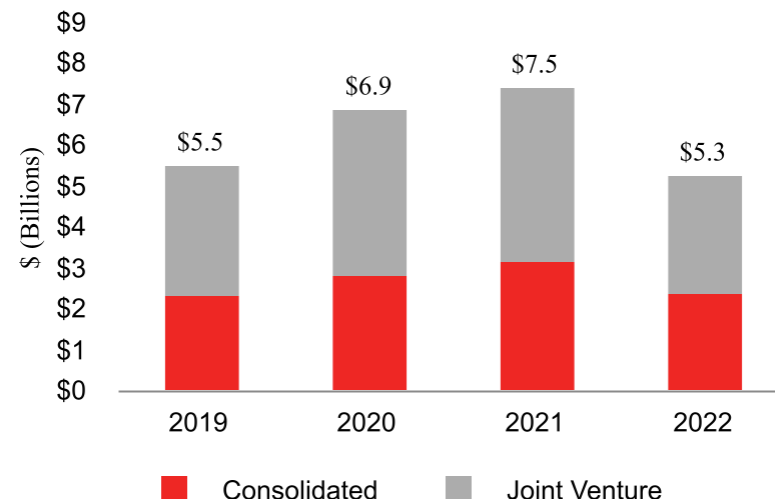
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



<sup>1</sup> Consolidated & JV sales with eliminations

# Emerging Market Sales - China<sup>1</sup>

- 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



<sup>1</sup> Consolidated & JV sales with eliminations

# Non-GAAP Reconciliation - EBITDA

	Three Months Ended	
In Millions	30-Sep-23	30-Sep-22
Net income attributable to Cummins Inc.	\$ 656	\$ 400
Net income attributable to noncontrolling interests	34	9
Consolidated net income	690	409
Income tax expense	188	199
Income before taxes	878	608
Interest expense	97	61
EBIT	975	669
Depreciation and amortization	255	215
EBITDA <sup>1</sup>	1,230	884
One-Time Items <sup>2</sup>	26	16
EBITDA excluding One-Time Items	1,256	900

<sup>1</sup>Q3 2022 EBITDA includes \$77 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>2</sup>Q3 2023 one-time items include \$26 million of cost related to the separation of the Filtration business, Q3 2022 one-time items include \$16 million of cost related to the separation of the Filtration business

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)

Last Twelve Months Ended

In Millions

	30-Sep-23	30-Sep-22
Net income attributable to Cummins Inc.	\$ 2,797	\$ 1,914
Net income attributable to noncontrolling interests	80	25
Consolidated net income	2,877	1,939
Income tax expense	757	616
Income before taxes	3,634	2,555
Interest expense	370	138
EBIT	4,004	2,693
Depreciation and amortization	996	706
EBITDA <sup>1</sup>	5,000	3,399
One-Time Items <sup>2</sup>	86	173
EBITDA excluding One-Time Items	5,086	3,572

<sup>1</sup>Q3 2023 LTM EBITDA includes \$27 million of cost related to the acquisition and integration of Meritor, Q3 2022 LTM EBITDA includes \$88 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>2</sup>Q3 2023 LTM one-time items include \$86 million of cost related to the separation of the Filtration business, Q3 2022 LTM one-time items include \$111 million of cost related to the indefinite suspension of operations in Russia and \$62 million of cost related to the separation of the Filtration business

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

	Three Months Ended	
In Millions	30-Sep-23	30-Sep-22
Accounts and notes receivable, net	\$ 5,662	\$ 4,799
Inventories	5,906	5,543
Accounts Payable - (principally trade)	(4,262)	(4,000)
Working capital measure	\$ 7,306	\$ 6,342
Annualized Working capital measure (% of Net Sales)	21.7 %	21.6 %

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-Sep-23		30-Sep-22
Total Assets	\$	32,097	\$ 29,769
Less: Deferred debt costs		4	4
Less: Deferred tax assets		865	472
Less: Pension and other postretirement benefit adjustments excluded from net assets		930	1,048
Less: Liabilities deducted in arriving at net assets		12,126	11,232
Total net assets		18,172	17,013
Less: Cash, cash equivalents, restricted cash, and marketable securities		3,064	2,965
Net assets for operating segments	\$	15,108	\$ 14,048

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

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

In Millions

	30-Sep-23	30-Sep-22
Total Equity	\$ 11,678	\$ 9,358
Less: Defined benefit postretirement plans	(431)	(318)
Equity used for return on invested capital calculation	12,109	9,676
Loans payable	231	217
Commercial paper	1,710	2,393
Current maturities of long-term debt	573	55
Long-term debt	4,950	5,450
Invested capital used for return on invested capital calculation	\$ 19,573	\$ 17,791

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

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

	<u>Last Twelve Months Ended</u>	
In Millions	30-Sep-23	30-Sep-22
Net income attributable to Cummins Inc.	\$ 2,797	\$ 1,914
Net income attributable to noncontrolling interests	80	25
Consolidated net income	2,877	1,939
Income tax expense	757	616
Income before taxes	3,634	2,555
Interest expense	370	138
EBIT <sup>1</sup>	4,004	2,693
One-Time Items <sup>2</sup>	86	173
EBIT excluding One-Time Items	4,090	2,866
Less: Tax effect on EBIT	855	671
Net operating profit after taxes used for return on invested capital calculation	\$ 3,235	\$ 2,195

<sup>1</sup>Q3 2023 LTM EBITDA includes \$27 million of cost related to the acquisition and integration of Meritor, Q3 2022 LTM EBITDA includes \$88 million of cost related to the acquisition, integration and inventory valuation adjustments of Meritor

<sup>2</sup>Q3 2023 LTM one-time items include \$86 million of cost related to the separation of the Filtration business, Q3 2022 LTM one-time items include \$111 million of cost related to the indefinite suspension of operations in Russia and \$62 million of cost related to the separation of the Filtration business

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

# Net Debt to Capital Reconciliation

In Millions		
	30-Sep-23	31-Dec-22
Total Debt (A)	\$ 7,464	\$ 7,855
Total Equity (B)	11,678	9,967
Total Capital (C) = (A+B)	19,142	17,822
Total Cash, Cash Equivalents, Restricted Cash, and Marketable Securities (D)	3,064	2,573
Net Debt (E) = (A-D)	\$ 4,400	\$ 5,282
Total Debt to Capital % (A/C)	39.0 %	44.1 %
Net Debt to Capital % (E/C)	23.0 %	29.6 %

A reconciliation of Net Debt used for Net Debt to Capital %.



**Thank you for your interest**

For additional information: Chris Clulow – Vice President, Investor Relations  
(812) 377-3121 | [Investor.Relations@cummins.com](mailto:Investor.Relations@cummins.com) | [www.cummins.com](http://www.cummins.com)