

Third Quarter 2015 Earnings Teleconference

October 27, 2015



Participants



Tom Linebarger Chairman and Chief Executive Officer

Pat Ward Vice President and Chief Financial Officer

Rich Freeland President and Chief Operating Officer

Mark Smith Vice President – Investor Relations

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; and other risks detailed from time to time in our Securities and Exchange Commission filings, particularly in the Risk Factors section of our 2014 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.



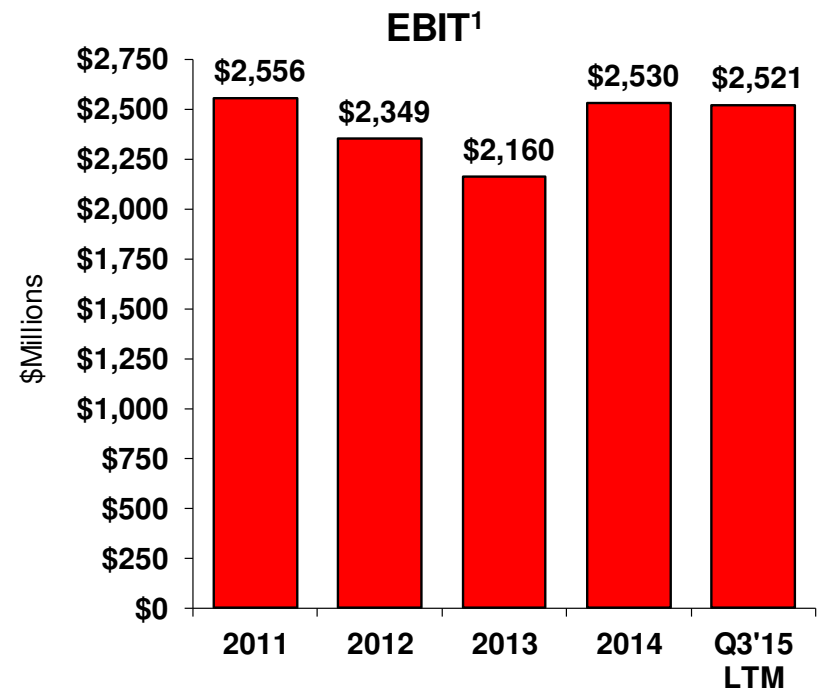
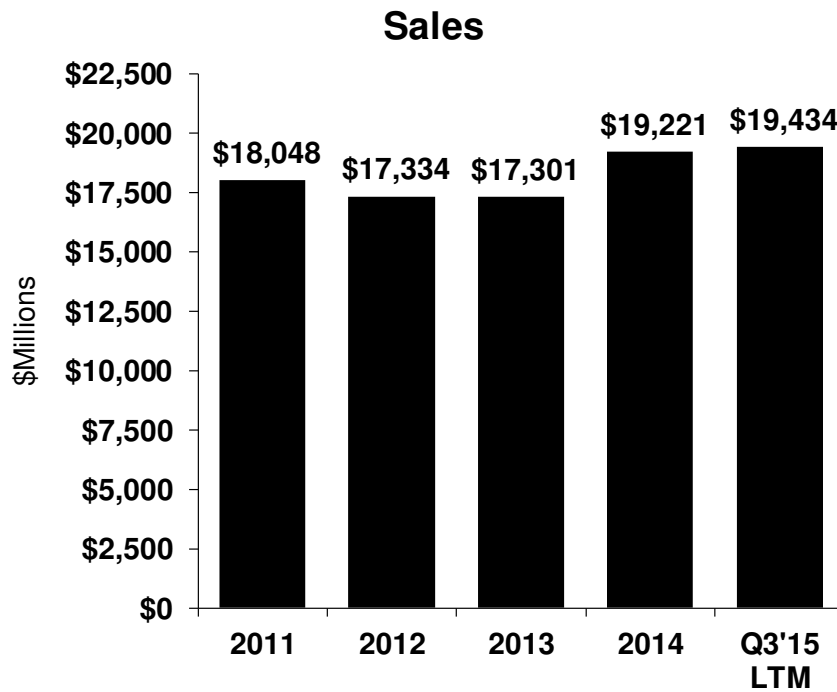
CMI Analyst Day

Tuesday, November 10, 2015

New York, NY

For additional information contact:
Mark Smith, Vice President – Investor Relations
(812) 377-3121
Investor.Relations@Cummins.com
www.Cummins.com

Cummins Inc.



2015 Guidance	
Sales Flat to down 2%	EBIT ² 12.75 - 13.0%

¹ 2011 EBIT excludes the gains from the divestiture of two businesses and flood insurance recovery. 2012 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011 and \$52 million in restructuring charges. 2014 EBIT excludes \$32 million in operating actions within PGBU.

² Excluding costs associated with restructuring and other cost reduction actions.

Cummins Inc.

Selected Financial Data



\$M	Q3-15	Q3-14	Change
Sales	4,620	4,890	-6%
EBIT	577	684	-16%
EBIT (% of Sales)	12.5%	14.0%	
ROANA (LTM)	26%	25%	
ROE (LTM)	20%	20%	

- Revenues declined as a result of weaker global demand in off-highway and power generation markets, and lower truck demand in Brazil, partially offset by increased revenue from the acquisition of distributors in North America.
- EBIT margins decreased due to lower volumes, unfavorable product mix, and negative impacts from currency and pricing, while improvements in material and warranty costs provided a partial offset.



Joint Venture Income

\$M	Q3-15	Q3-14
Engine	40	40
Distribution	19	37
Components	9	9
Power Generation	10	13
Total JV Income	78	99

- Joint venture earnings decreased primarily due to the impact of acquiring our North American distributors, previously held as joint ventures, which more than offset an increase in earnings from joint ventures in China.

Cummins Inc.

Selected Income Statement Data



\$M	Q3-15	Q3-14
Net Income Attributable to CMI	380	423
Diluted EPS	2.14	2.32
Gross Margin (% of Sales)	26.1%	26.3%
SAR (% of Sales)	15.7%	14.9%

- The decrease in net income was driven by lower gross margins primarily as a result of lower production volumes, unfavorable mix and the negative impact of currency movements, which more than offset improvements in warranty and material costs.
- SAR expenses in dollars were flat despite increases related to consolidation of the North American distributors.

Engine Segment Selected Financial Data



\$M	Q3-15	Q3-14	Change
Sales	2,528	2,816	-10%
EBIT	252	330	-24%
EBIT (% of Sales)	10.0%	11.7%	

- Sales declined primarily due to continued weakness in off-highway markets, especially in construction and marine, as well as weak truck demand in Brazil.
- EBIT decreased due to lower volumes and unfavorable product mix which more than offset material cost savings, improvements in warranty and lower operating expenses.



Engine Segment Sales by Market – On-highway

\$M	Q3-15	Q3-14	Change
Heavy-Duty Truck	784	801	-2%
Medium-Duty Truck & Bus	585	599	-2%
Light-Duty Automotive	339	396	-14%

- **Heavy-Duty Truck:** Sales declined for both North American and International markets but were partially offset by higher aftermarket sales.
- **Medium-Duty Truck & Bus:** Depressed truck demand in Brazil was partially offset by increased global bus and North American Truck demand.
- **Light-Duty Automotive:** Sales declined primarily due to weak demand for international light duty engines, particularly in Brazil.



Engine Segment Sales by Market – Off-highway

\$M	Q3-15	Q3-14	Change
Industrial	617	768	-20%
Stationary Power	203	252	-19%

- **Industrial:** Sales declined due to reduced demand in construction, marine and agriculture markets.
- **Stationary Power:** Lower demand for power generation equipment in China, Europe and North America resulted in lower revenues.

Guidance for 2015 Engine Markets



Revenue by market (including aftermarket):

- Heavy-duty truck revenue up 3% from 2014, due to higher demand in North America, partially offset by lower international revenues.
- Medium-duty truck & bus revenue up 3% due to improvements in global bus markets and stronger North America truck market share.
- Light-duty automotive down 6% due to the weak Brazilian truck market.
- Industrial market revenues expected to decline 18% due to weak demand in global commercial marine, construction, and mining markets.

Key On-Highway Engine Markets - 2015



Key Market	2014 Actual	2015 Forecast	Change Market Size
Heavy Duty Truck – NAFTA <i>Class 8, Group 2 - Production</i>	268K units	286K units	Up 7%
Medium Duty Truck – NAFTA <i>Class 6 – 7, and Class 8 Group 1 - Production</i>	124K units	124K units	Flat
Heavy & Medium Truck – China <i>Sales</i>	992K units	700K units	Down 30%
Heavy & Medium Truck – India <i>Production</i>	249K units	315K units	Up 27%
Heavy & Medium Truck – Brazil <i>Production</i>	139K units	70K units	Down 50%

Distribution Segment Selected Financial Data



\$M	Q3-15	Q3-14	Change
Sales	1,551	1,292	+20%
EBIT	123	131	-6%
EBIT (% of Sales)	7.9%	10.1%	

- Acquisitions added 27% to segment revenues while currency negatively impacted sales by 8%.
- EBIT margins were reduced by 220 basis points primarily from unfavorable foreign currency movements, while improvements in existing operations were offset by the dilutive impact of the distributor acquisitions.

Components Segment Selected Financial Data



\$M	Q3-15	Q3-14	Change
Sales	1,240	1,287	-4%
EBIT	156	172	-9%
EBIT (% of Sales)	12.6%	13.4%	

- Increased sales in North America and sales from new NS4-compliant products in China were more than offset by negative impacts from foreign currency and pricing.
- EBIT margins declined primarily as a result of lower pricing and the negative impact of foreign currency movements. Material cost savings and improvements in warranty more than offset lower pricing.

Power Generation Segment Selected Financial Data



\$M	Q3-15	Q3-14	Change
Sales	659	754	-13%
EBIT	42	60	-30%
EBIT (% of Sales)	6.4%	8.0%	

- Sales declined in most major markets except Middle East, India and Africa.
- EBIT declined due to lower volumes and pricing, partially offset by the benefits of cost reduction initiatives.

Guidance for 2015 Consolidated Results



Item	Full Year Guidance
Consolidated Revenue	Flat to down 2%
Earnings from JVs	Down 15%
EBIT Margin ¹	12.75 - 13.0%
Effective Tax Rate ²	29.5%
Capital Expenditures	\$650 - \$700M
Global Pension Funding	\$175M
Interest Expense	\$70M

¹Excluding costs associated with restructuring and other cost reduction actions.

²Excluding discrete income tax items

Guidance for 2015 Segment Results



Item	Engine	Distribution	Components	Power Generation
Consolidated Revenue Growth	Down 5%	Up 20%	Up 1%	Down 5%
EBIT Margins (% of Revenue)	10.75%	7%	14.25%	6.75%



Cash Flow

\$M	Q3-15	Q3-14
Operating Cash Inflow	562	687
Capital Expenditures	146	164
Working Capital Measure	4,394	3,962
Working Capital Measure (% of Annualized Net Sales)	23.8%	20.3%
Debt to Capital %	17.0%	17.3%

- Working capital increased, compared to the prior year, primarily due to the impact from acquisitions.

Thank You for Your Interest in



**For additional information contact:
Mark Smith, Vice President – Investor Relations
(812) 377-3121
Mark.A.Smith@Cummins.com
www.Cummins.com**

Appendix



Cummins Inc.



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

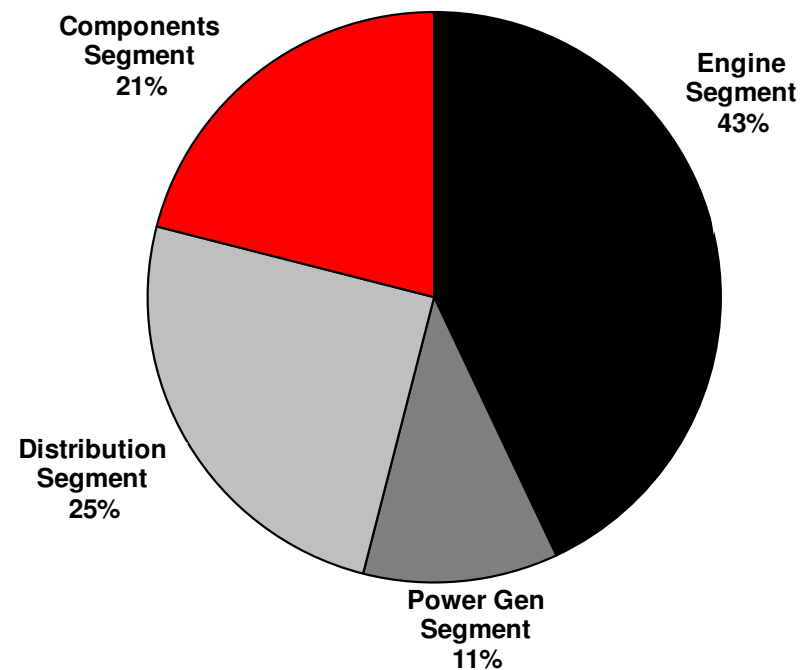
Q3'15 LTM Data

Sales: \$19.4 billion

EBIT¹: \$2.5 billion

EBIT%: 13.0%

Q3'15 LTM Revenue by Segment



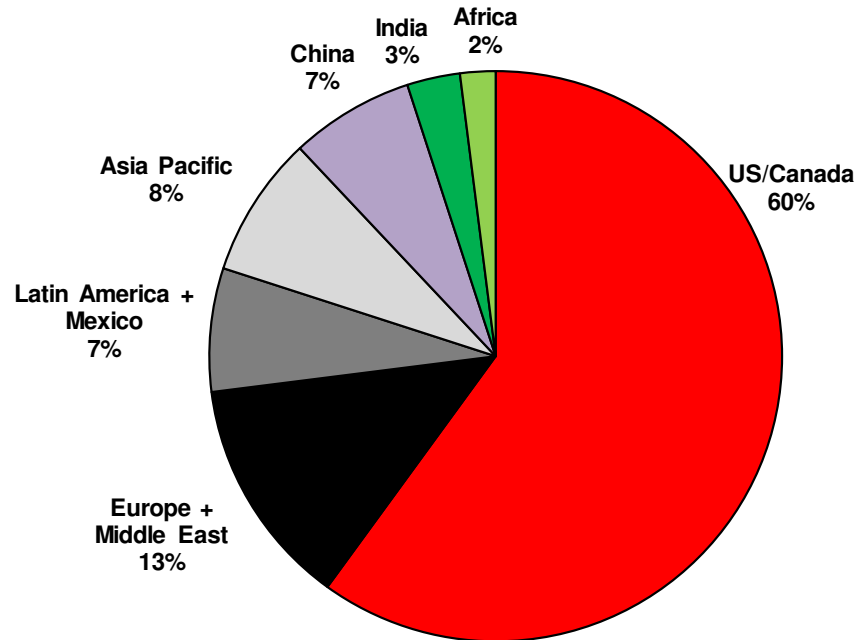
¹ Q4'14 EBIT excludes \$32 million in one-time charges.

Cummins Inc.



- Capitalizing on global emission regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories.

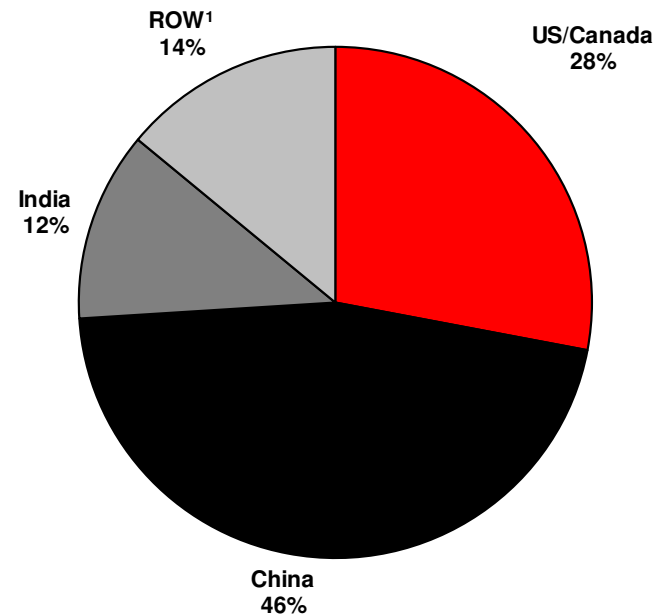
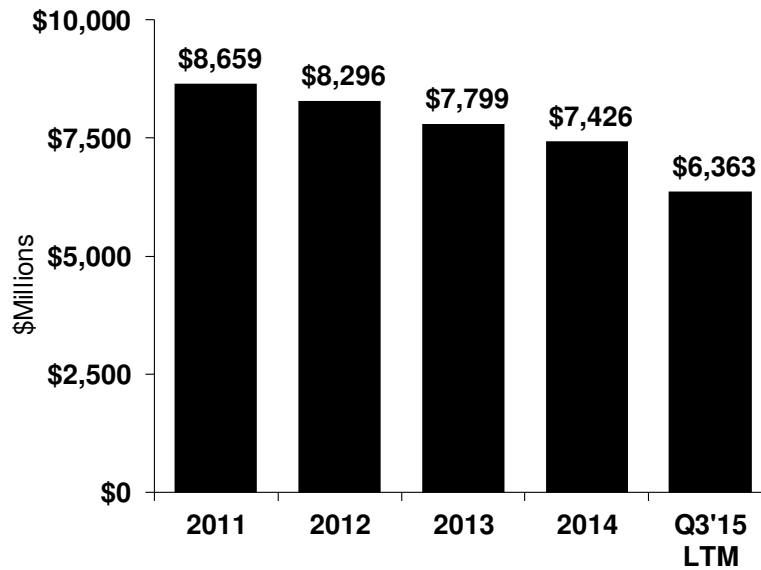
Q3'15 LTM Revenue by Marketing Territory



Cummins – Joint Venture Sales Unconsolidated



Q3'15 LTM Revenue



■ The acquisition of North American distributors, previously held as joint ventures, is the primary driver of a decline in revenues.

¹ ROW = Rest of World



Engine Segment – Overview

- Diesel and Natural gas engines from 2.8L to 95L and 49 hp to 5,100 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

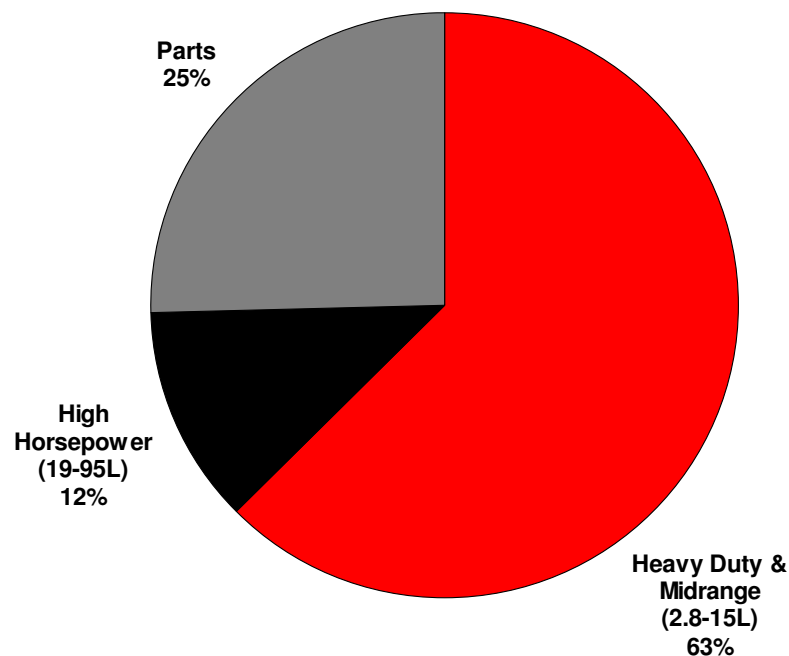
Q3'15 LTM Data

Sales: \$10.8 billion

EBIT: \$1.2 billion

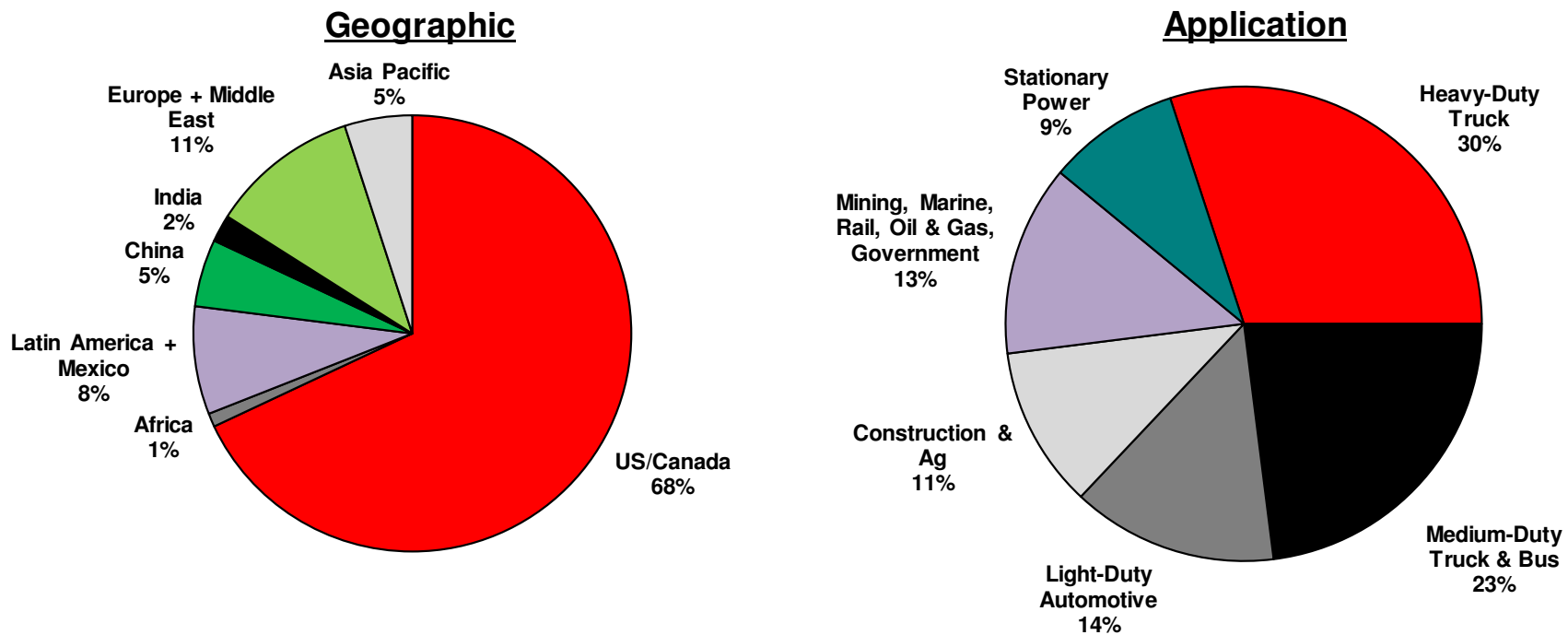
EBIT% : 10.8%

Q3'15 LTM Revenue by Product



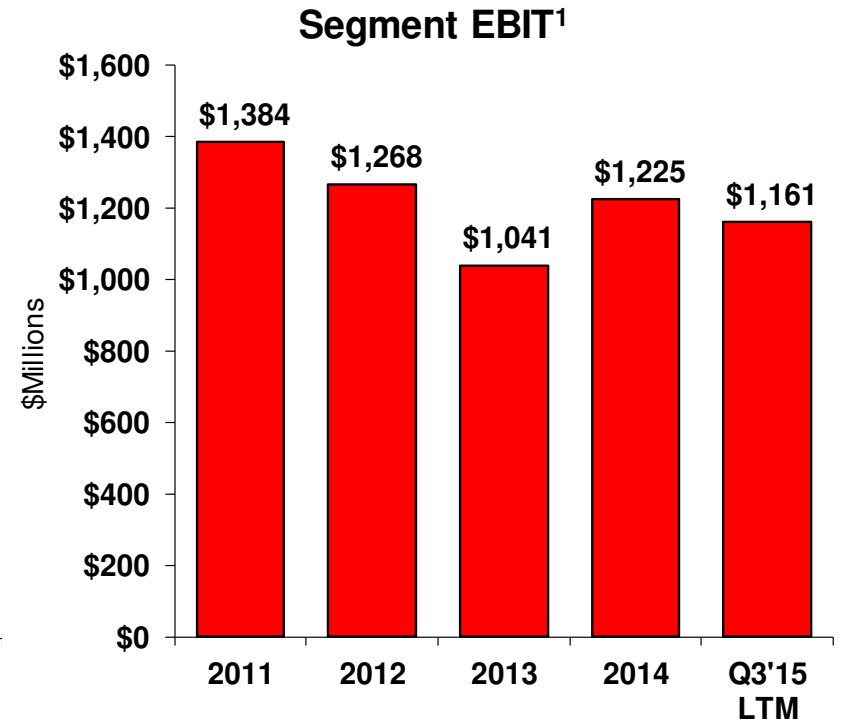
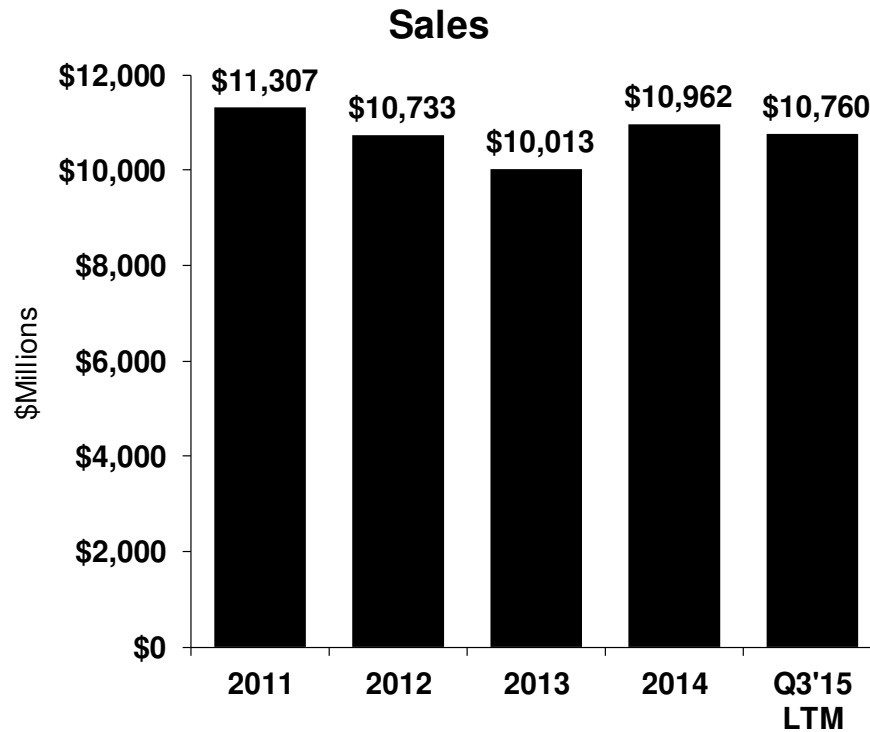


Engine Segment – Sales Mix



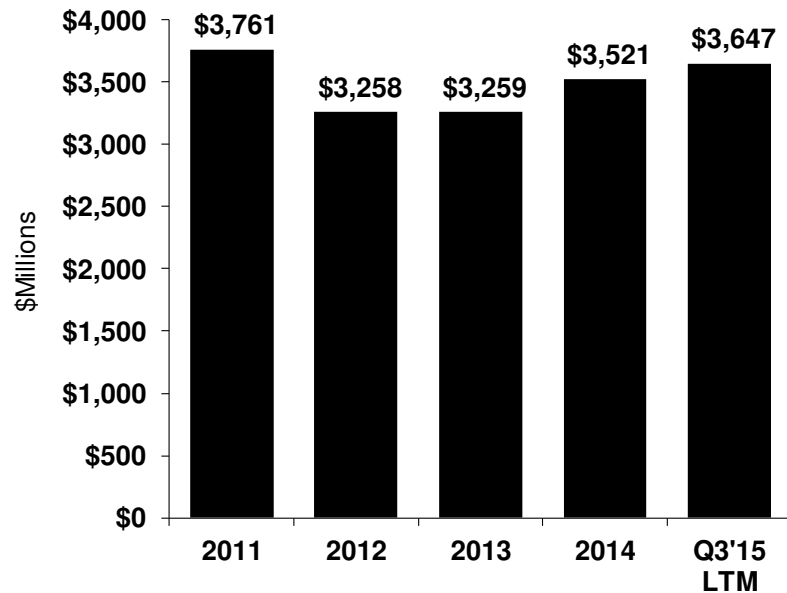
Q3'15 LTM Revenue: \$10.8 B

Engine Segment – Historical Performance

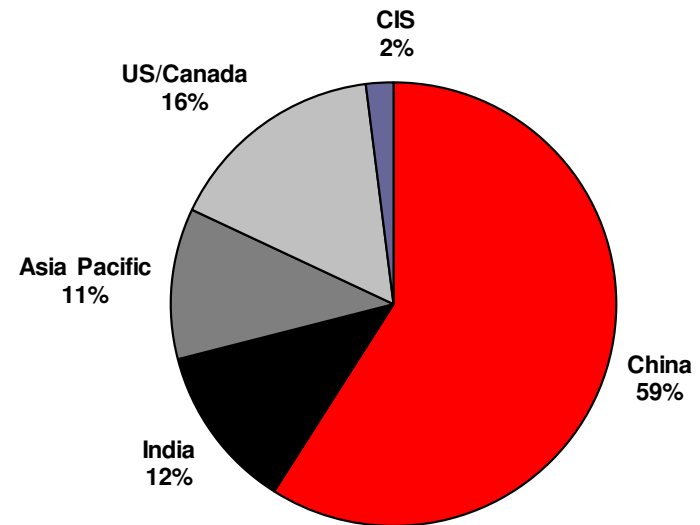


¹ 2012 EBIT excludes \$20 million in restructuring charges.

Engine Segment – Joint Venture Sales Unconsolidated



Q3'15 LTM Revenue





Distribution Segment – Overview

- Provide aftermarket support and increase solution-based revenue
- Acquiring our North American distributors
- Increasing network capabilities in emerging markets to capture profitable growth

Q3'15 LTM Data

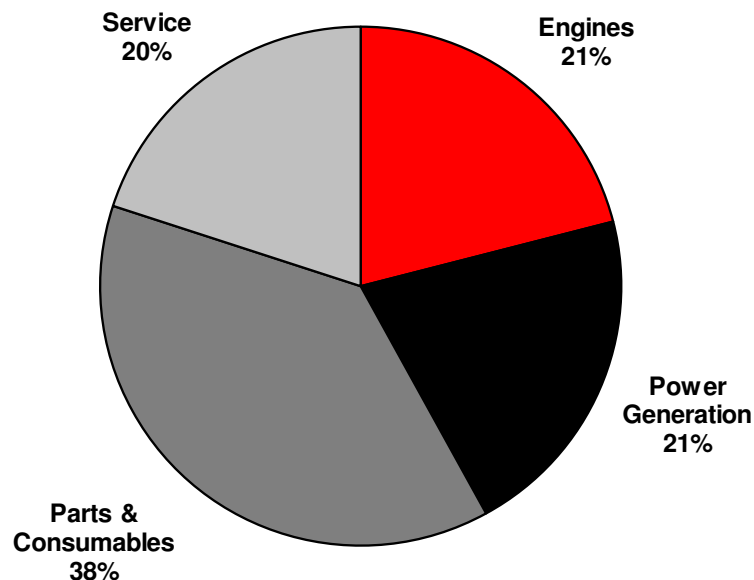
Sales: \$6.2 billion

EBIT: \$482 million

EBIT%: 7.8%

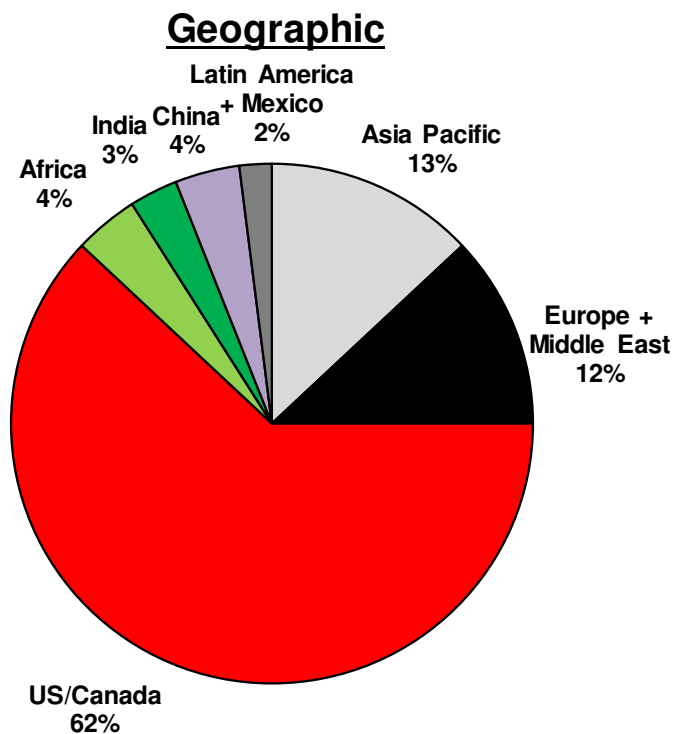
Q3'15 LTM Revenue

Application





Distribution Segment – Sales Mix

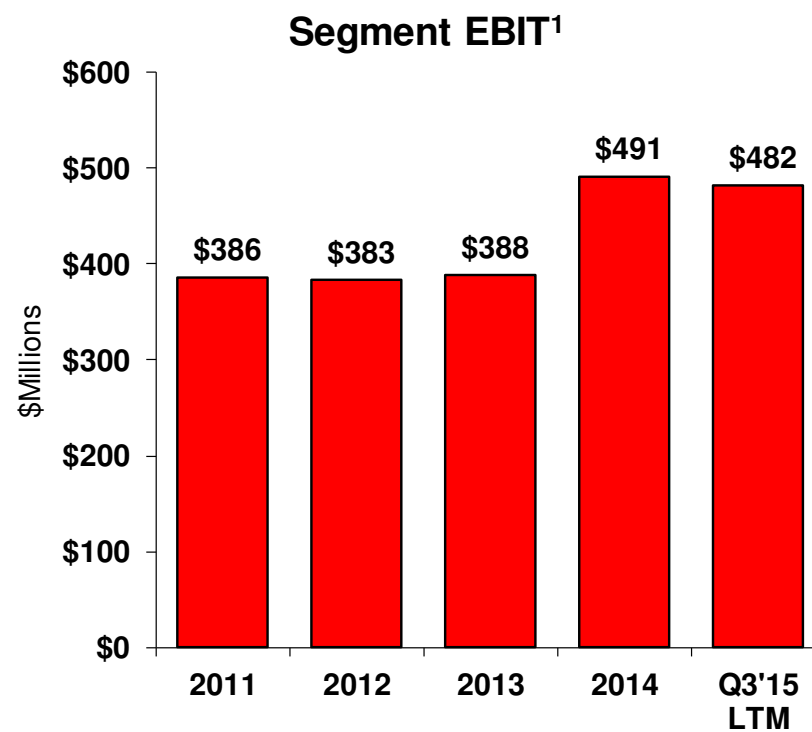
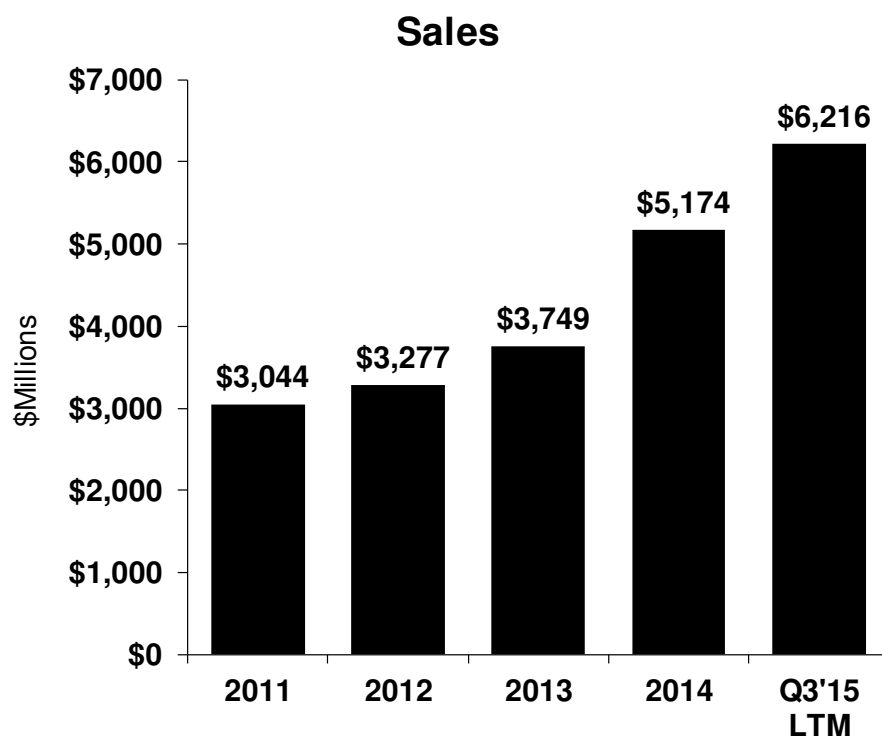


- Key enabler for Cummins growth
- Benefitting from increased population of product in the field

Q3'15 LTM Revenue: \$6.2 B

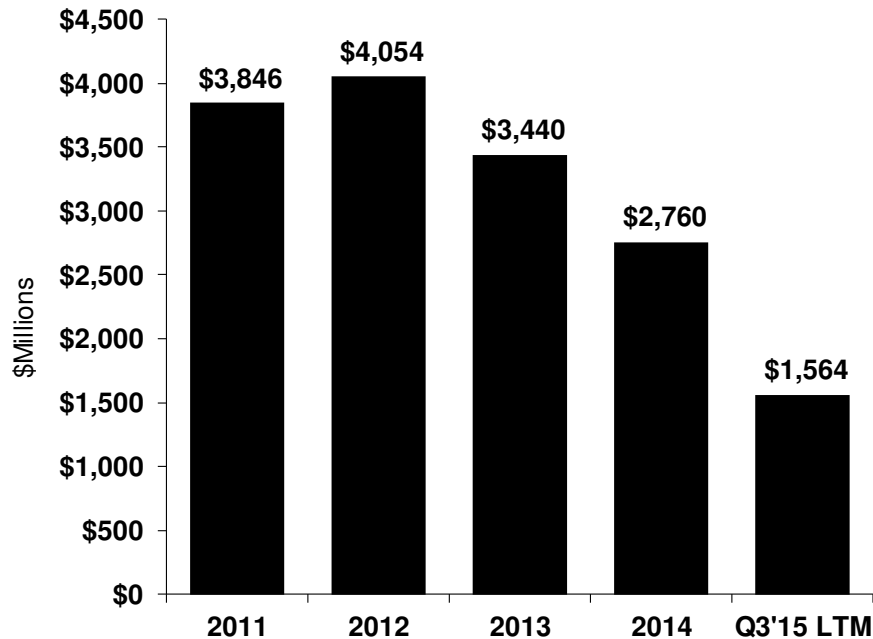


Distribution – Historical Performance

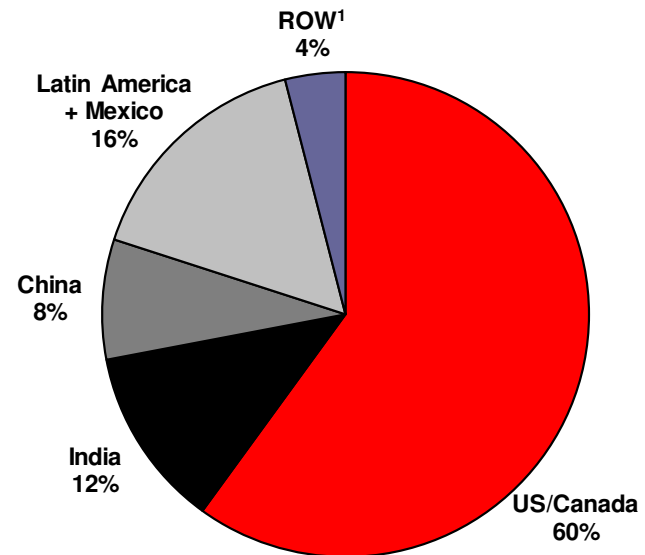


¹ 2012 EBIT excludes \$14 million in restructuring charges.

Distribution Segment – Joint Venture Sales Unconsolidated



Q3'15 LTM Revenue



■ The acquisition of North American distributors, previously held as joint ventures, is the primary driver of a decline in revenues.

¹ ROW = 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

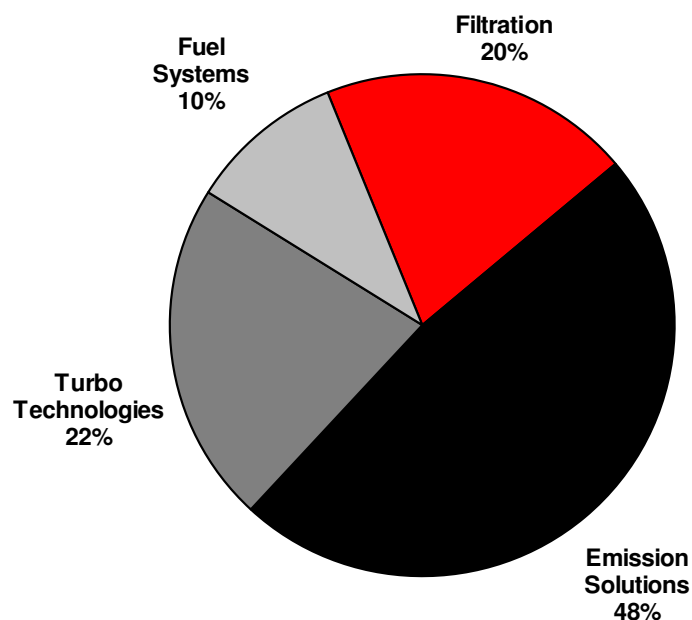
Q3'15 LTM Data

Sales: \$5.3 billion

EBIT: \$734 million

EBIT%: 14.0%

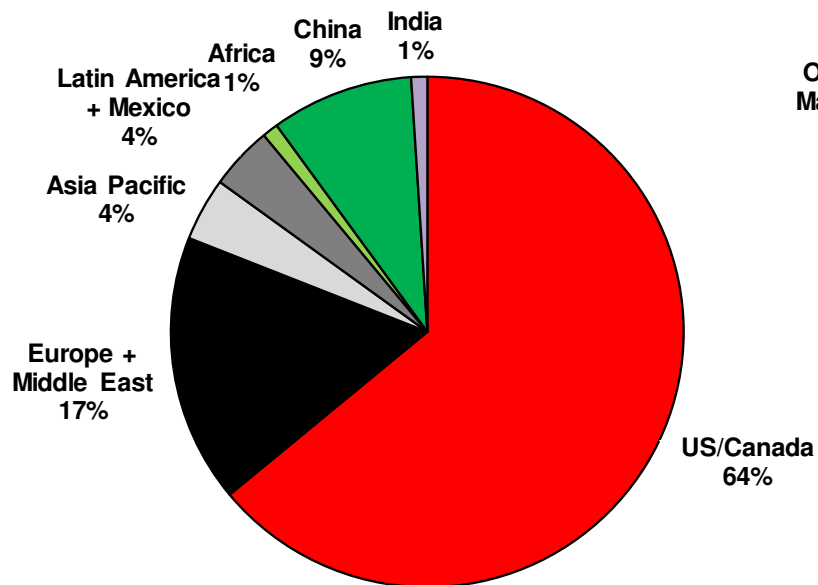
Q3'15 LTM Revenue by Business



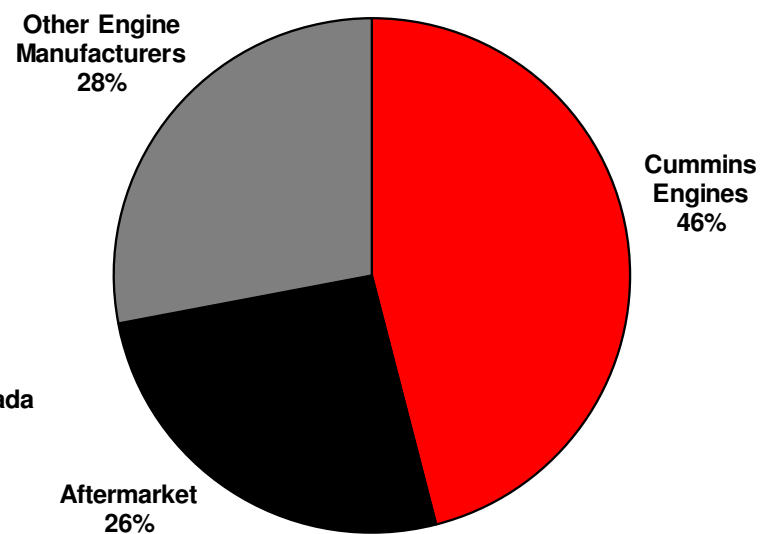


Components Segment – Sales Mix

Geographic



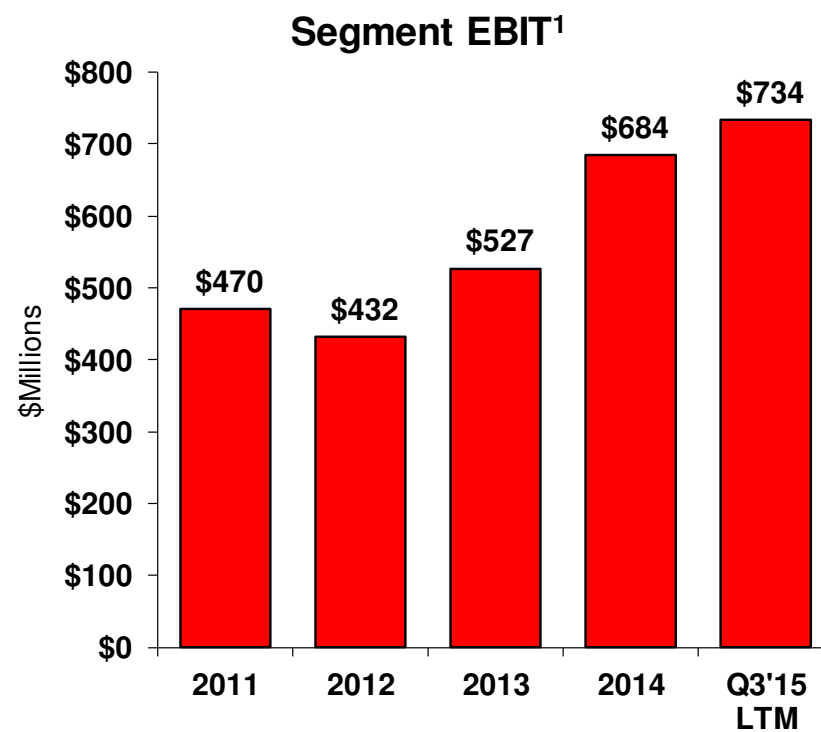
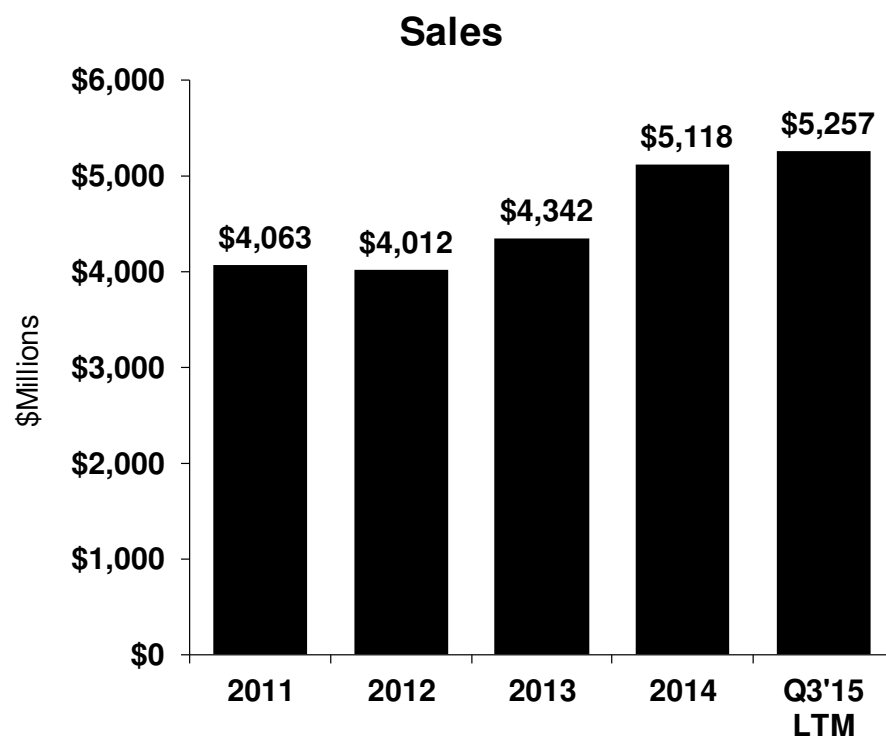
Application



Q3'15 LTM Revenue: \$5.3 B

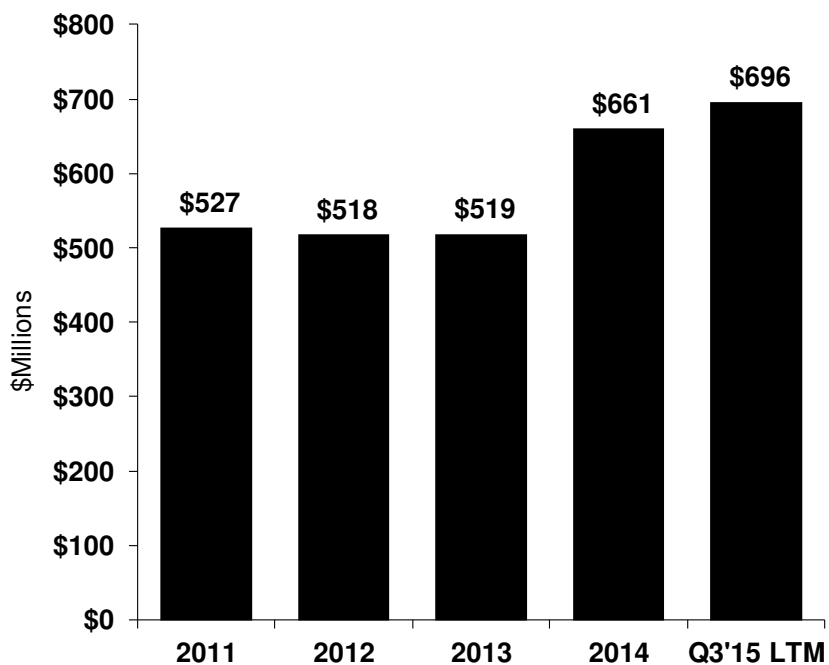


Components – Historical Performance

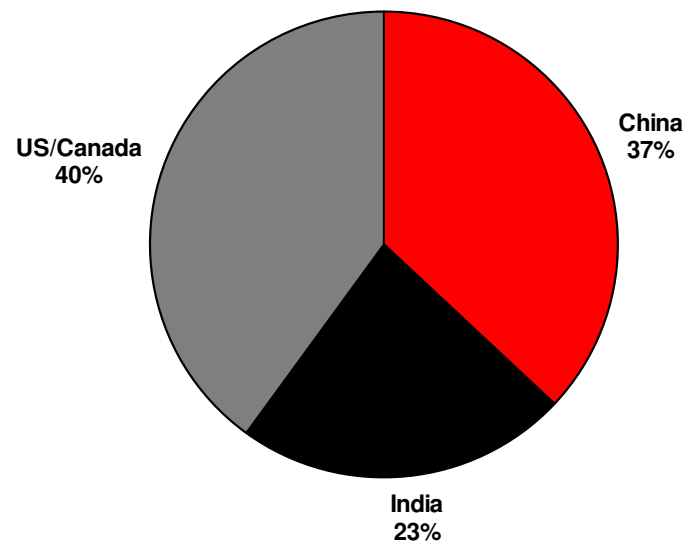


¹ 2012 EBIT excludes \$6 million in restructuring charges.

Components Segment – Joint Venture Sales Unconsolidated



Q3'15 LTM Revenue





Power Generation Segment – Overview

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

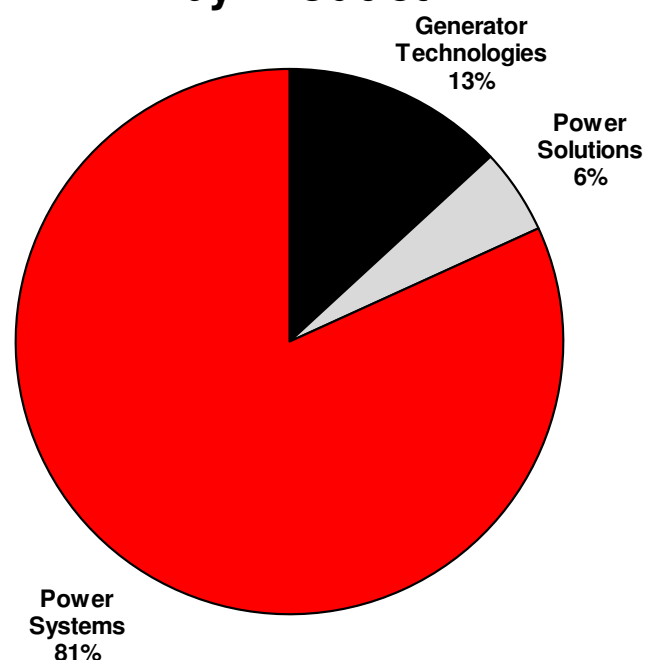
Q3'15 LTM Data

Sales: \$2.8 billion

EBIT¹: \$202 million

EBIT%: 7.1%

Q3'15 LTM Revenue by Product

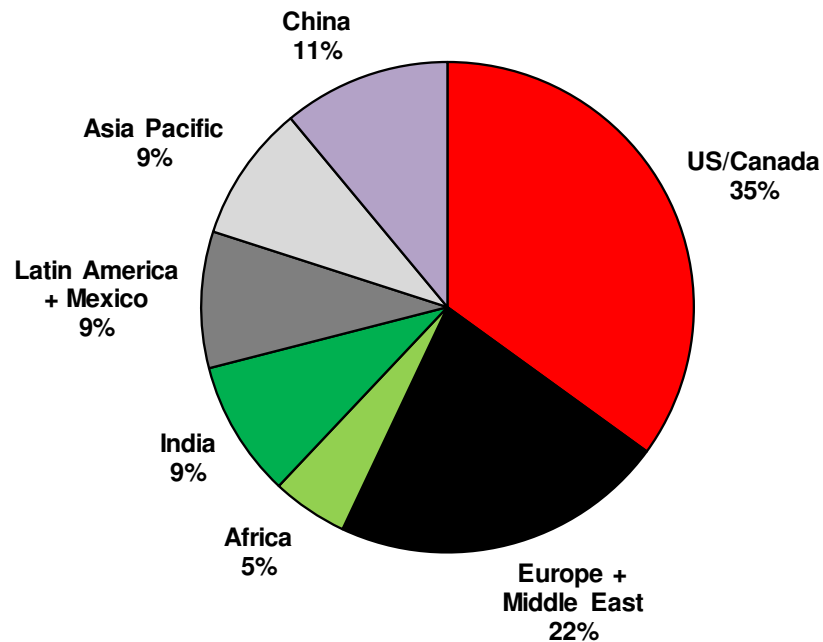


¹ EBIT excludes \$32 million in operating actions in 2014.

Power Generation Segment – Sales Mix



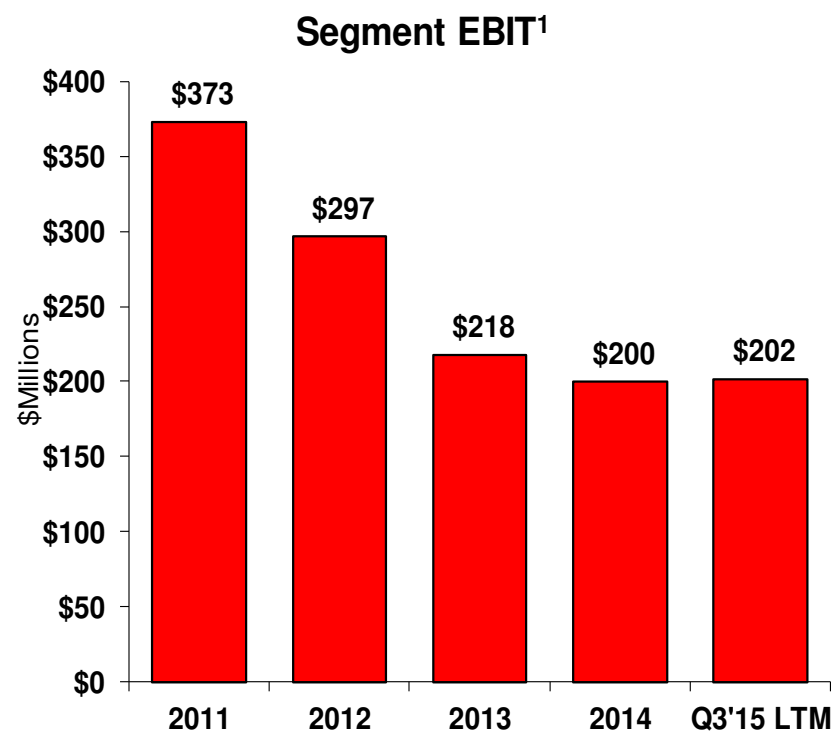
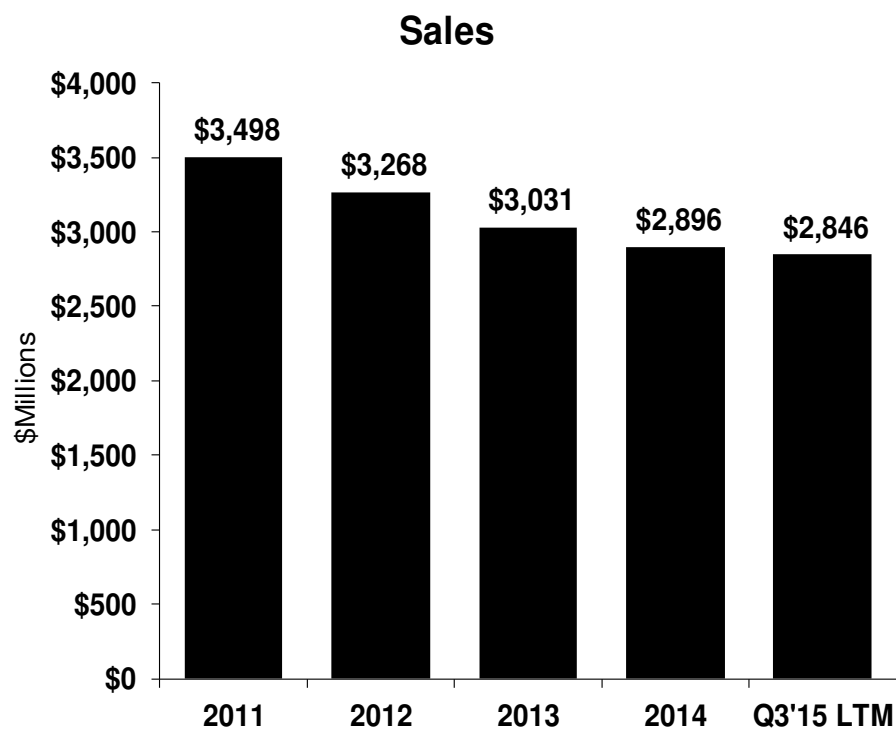
Geographic



- Market Leadership in China, India, Russia and Latin America
- Energy shortfalls will continue in emerging markets

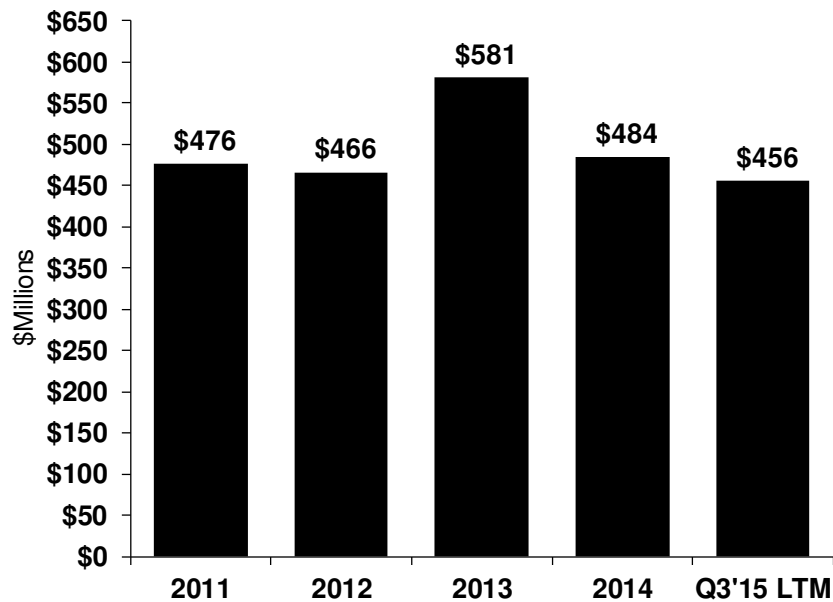
Q3'15 LTM Revenue: \$2.8 B

Power Generation – Historical Performance

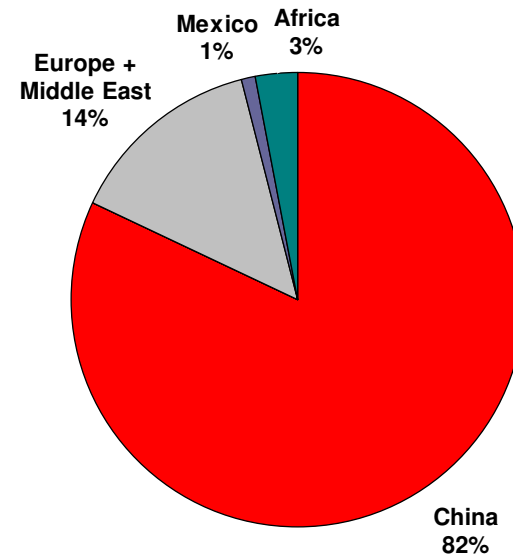


¹ EBIT excludes \$12 million in restructuring charges in 2012 and operating actions of \$32 million in 2014.

Power Generation Segment – Joint Venture Sales Unconsolidated

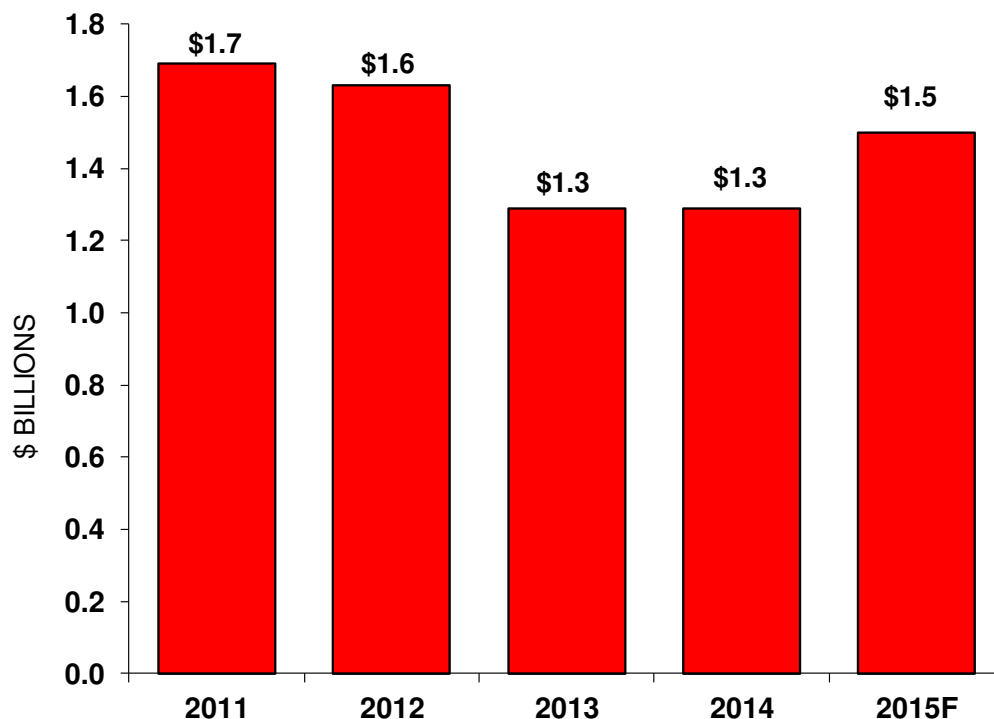


Q3'15 LTM Revenue





Emerging Market Sales – India¹



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

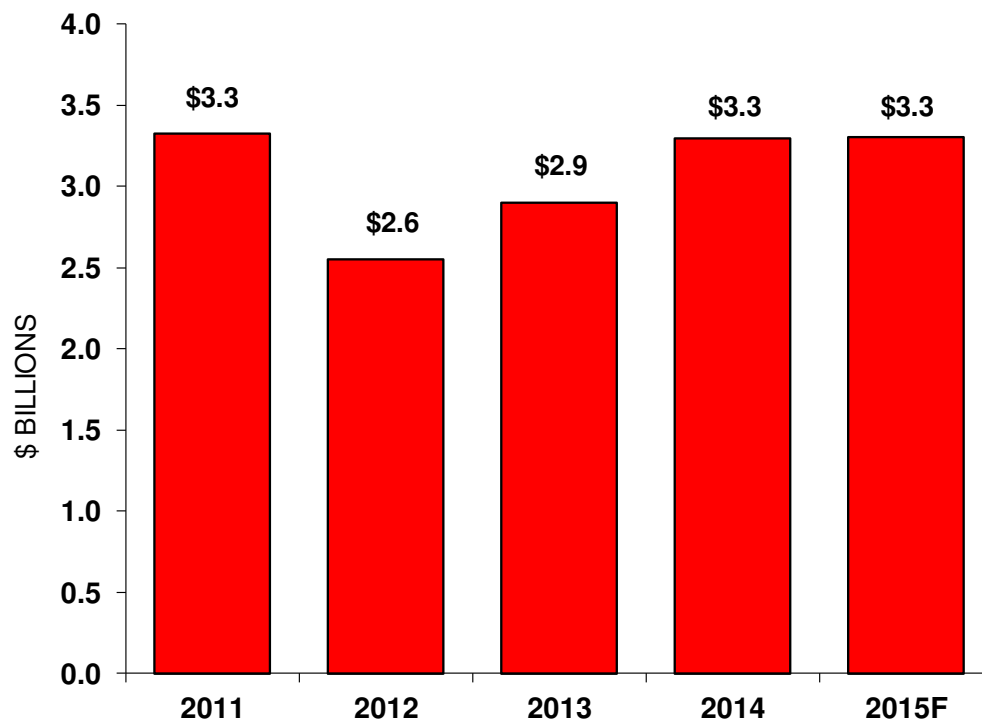
Domestic consolidated + unconsolidated revenue.

KPIT Cummins excluded from Joint Venture Sales Unconsolidated beginning 2013 due to reduction in ownership interest.

¹ Before intercompany eliminations.



Emerging Market Sales – China¹



- Present in China for 40 years
- Broad product portfolio of On and Off-Highway
- Strong OEM partners
- Growth from new products and tightening emissions

Domestic consolidated + unconsolidated revenue.

¹ Before intercompany eliminations.

Non-GAAP Reconciliation – EBIT



In Millions	<u>Three Months Ended</u>	
	September 27, 2015	September 28, 2014
EBIT	\$577	\$684
Less: Interest Expense	16	15
Income before taxes	561	669
Less: Income tax expense	169	230
Consolidated net income	392	439
Less: Net income attributable to noncontrolling interests	12	16
Net income attributable to Cummins Inc.	380	423

We define EBIT as earnings before interest expense, provision for income taxes, and non-controlling interests in earnings of consolidated subsidiaries. We use EBIT to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation program. The table above reconciles EBIT, a non-GAAP financial measure, to our consolidated earnings before income taxes and non-controlling interests, for each of the applicable periods. We believe EBIT 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, or income taxes. 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	September 27, 2015	September 28, 2014
Accounts and notes receivable, net	\$ 3,159	\$ 3,059
Inventories	3,059	2,833
Less: Accounts Payable - trade	(1,824)	(1,930)
Working capital measure	\$ 4,394	\$ 3,962
Working capital measure (% of Annualized Net Sales)	23.8%	20.3%

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	September 27, 2015	September 28, 2014
Net assets for operating segments	\$ 9,388	\$ 9,620
Liabilities deducted in computing net assets	6,037	5,748
Pension and other postretirement liabilities	(127)	(122)
Deferred tax assets not allocated to segments	466	363
Debt-related costs not allocated to segments	33	35
Total Assets	\$ 15,797	\$ 15,644

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 – Equity Used for Return on Equity Calculation



In Millions	September 27, 2015	September 28, 2014
Equity used for return on equity calculation	\$ 8,375	\$ 8,331
Defined benefit postretirement plans	(626)	(583)
Total shareholders equity	7,749	7,748
Noncontrolling Interest	332	349
Total Equity	\$ 8,081	\$ 8,097

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