



Fourth Quarter 2021 Earnings Teleconference

February 3, 2022

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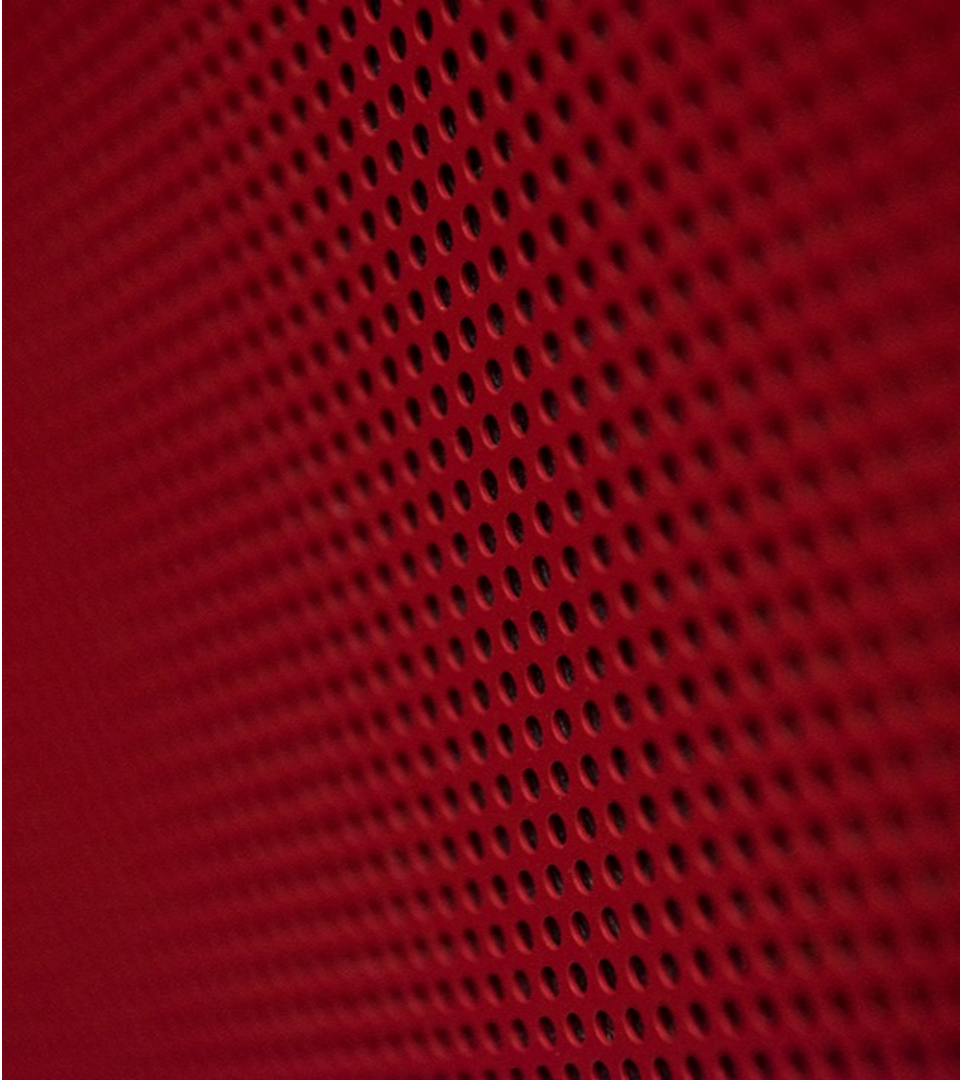
Q4 2021 Supplemental Information

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; policy changes in international trade; any adverse effects of the U.S. government's COVID-19 vaccine mandates; the U.K.'s exit from the European Union; changes in taxation; global legal and ethical compliance costs and risks; increasingly stringent environmental laws and regulations; future bans or limitations on the use of diesel-powered products; supply shortages and supplier financial risk, particularly from any of our single-sourced suppliers, including suppliers that may be impacted by the COVID-19 pandemic; market slowdown due to the impacts from the COVID-19 pandemic, other public health crises, epidemics or pandemics; impacts to manufacturing and supply chain abilities from an extended shutdown or disruption of our operations due to the COVID-19 pandemic; aligning our capacity and production with our demand, including impacts of COVID-19; large truck manufacturers' and original equipment manufacturers' customers discontinuing outsourcing their engine supply needs or experiencing financial distress, particularly related to the COVID-19 pandemic, bankruptcy or change in control; a slowdown in infrastructure development and/or depressed commodity prices; failure to realize expected results from our investment in Eaton Cummins Automated Transmission Technologies joint venture; the actions of, and income from, joint ventures and other investees that we do not directly control; product recalls; 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; variability in material and commodity costs; product liability claims; our sales mix of products; protection and validity of our patent and other intellectual property rights; disruptions in global credit and financial markets as the result of the COVID-19 pandemic; labor relations or work stoppages; reliance on our executive leadership team and other key personnel; climate change and global warming; our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions and divestitures and related uncertainties of entering such transactions; exposure to potential security breaches or other disruptions to our information technology systems and data security; political, economic and other risks from operations in numerous countries; competitor activity; increasing competition, including increased global competition among our customers in emerging markets; foreign currency exchange rate changes; the performance of our pension plan assets and volatility of discount rates, particularly those related to the sustained slowdown of the global economy due to the COVID-19 pandemic; the price and availability of energy; the outcome of pending and future litigation and governmental proceedings; continued availability of financing, financial instruments and financial resources in the amounts, at the times and on the terms required to support our future business; and other risks detailed from time to time in our SEC filings, including particularly in the Risk Factors section of our 2020 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.

2021 Summary



Summary

Fourth quarter

- Revenues of \$5.9 billion
- GAAP¹ Net Income of \$394 million and Diluted EPS of \$2.73
 - Discrete tax expense of \$17 million or \$0.12 Diluted EPS
- EBITDA of \$705 million or 12.1 percent of sales

Full year

- Revenues of \$24.0 billion
- GAAP¹ Net Income of \$2.1 billion and Diluted EPS of \$14.61
 - Discrete tax expense of \$9 million or \$0.06 Diluted EPS
- EBITDA of \$3.5 billion or 14.7 percent of sales
- Full year operating cash flow of \$2.3 billion with \$2.2 billion returned to shareholders through dividends and share repurchases
- Total liquidity increased to \$6.4 billion, including cash, cash equivalents and marketable securities of \$3.2 billion

¹ Generally Accepted Accounting Principles

Cummins Inc.

Selected Financial Data – Full Year

\$ MILLIONS	2021	2020
Sales	24,021	19,811
Gross Margin (% of Sales)	23.7%	24.7%
SAR (% of Sales)	14.4%	15.3%
EBITDA	3,521	3,108
EBITDA (% of Sales)	14.7%	15.7%
GAAP Net Income attributable to Cummins Inc.	2,131	1,789
GAAP Net Income (% of Sales)	8.9%	9.0%
Diluted EPS	\$14.61	\$12.01
Dividend Per Share	\$5.60	\$5.28
ROANA	27%	26%
ROIC	16%	15%

2021 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	New Power	Intersegment Eliminations	Total
Year ended December 31, 2021							
Net Sales	9,954	7,772	7,665	4,415	116	(5,901)	24,021
<i>Sales growth vs 2020</i>	24%	9%	27%	22%	61%	(16)%	21%
EBITDA	1,411	731	1,180	496	(223)	(74)	3,521
Segment EBITDA %	14.2%	9.4%	15.4%	11.2%	NM ¹		14.7%
Year ended December 31, 2020							
Net Sales	8,022	7,136	6,024	3,631	72	(5,074)	19,811
EBITDA	1,235	665	961	343	(172)	76	3,108
Segment EBITDA %	15.4%	9.3%	16.0%	9.4%	NM ¹		15.7%

¹ "NM" - not meaningful information

Cummins Inc.

Selected Financial Data - Quarter

\$ MILLIONS	Q4 2021	Q4 2020
Sales	5,850	5,830
Gross Margin (% of Sales)	22.5%	23.3%
SAR (% of Sales)	15.7%	14.3%
EBITDA	705	837
EBITDA (% of Sales)	12.1%	14.4%
GAAP Net Income attributable to Cummins Inc.	394	501
GAAP Net Income (% of Sales)	6.7%	8.6%
Diluted EPS	\$2.73	\$3.36
Dividend Per Share	\$1.45	\$1.35
ROANA (LTM ¹)	27%	26%
ROIC (LTM ¹)	16%	15%

¹ Last Twelve Months

Q4 2021 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	New Power	Intersegment Eliminations	Total
Three months ended December 31, 2021							
Net Sales	2,426	2,058	1,726	1,086	34	(1,480)	5,850
<i>Sales growth vs 2020</i>	4%	3%	(6)%	10%	—%	10%	—%
EBITDA	264	178	205	97	(54)	15	705
Segment EBITDA %	10.9%	8.6%	11.9%	8.9%	NM ¹		12.1%
Three months ended December 31, 2020							
Net Sales	2,329	1,996	1,831	989	34	(1,349)	5,830
EBITDA	338	165	280	74	(51)	31	837
Segment EBITDA %	14.5%	8.3%	15.3%	7.5%	NM ¹		14.4%

¹ "NM" - not meaningful information

2022 Guidance

Guidance for 2022 Consolidated Results

ITEM	FULL YEAR GUIDANCE
Consolidated Revenue	Up 6%
Earnings from JVs	Down 15% to 20%
EBITDA Margin	Approx. 15.5%
Depreciation & Amortization	\$670 to \$690 M
Effective Tax Rate ¹	21.5%
Capital Expenditures	\$850 M to \$900 M
Global Pension Funding	\$47 M
Interest Expense	\$110 M

¹ Excluding discrete income tax items

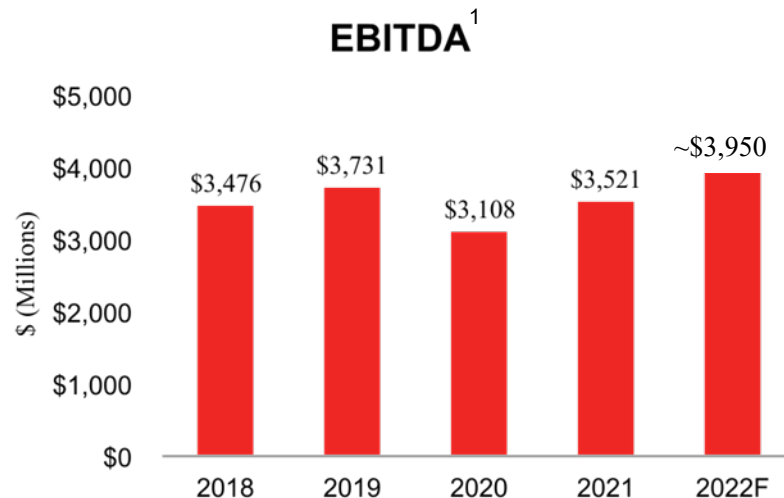
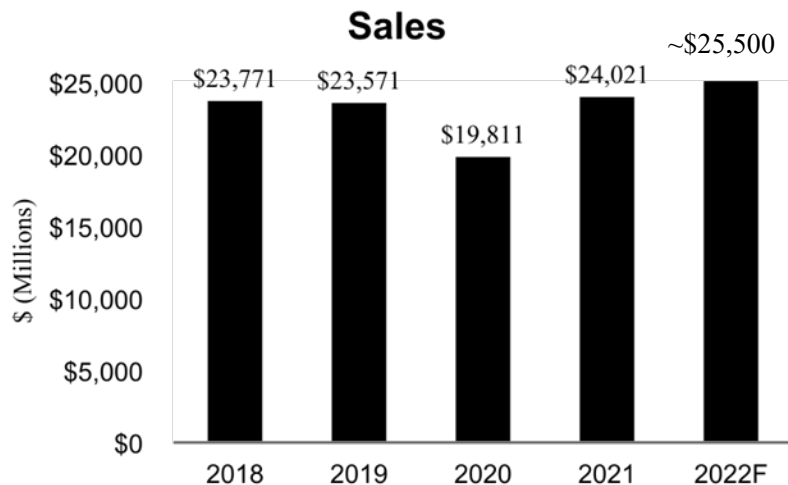
Guidance for 2022 Segment Results

ITEM	ENGINE	DISTRIBUTION	COMPONENTS	POWER SYSTEMS	NEW POWER
Consolidated Revenue Growth	Up 7%	Up 11%	Up 4%	Up 5%	\$200M
2022 EBITDA Margins (% of Revenue)	Approx. 15.5%	Approx. 10%	Approx. 16%	Approx. 11%	Approx. (\$290M)
2021 EBITDA Margins (% of Revenue)	14.2%	9.4%	15.4%	11.2%	(\$223M)

Key On-Highway Engine Markets - 2022

KEY MARKET	2022 Forecast	Market Size Vs. 2021
Heavy Duty Truck - North America Class 8, Group 2 - Production	250K – 260K units	Up 10% to 15%
Medium Duty Truck - North America Class 6-7, and Class 8 Group 1 - Production	120K – 130K units	Up 5% to 10%
Heavy & Medium Truck - China Sales	1,102K units	Down 30%
Heavy & Medium Truck - India Sales	329K units	Up 20%
Heavy & Medium Truck - Brazil Production	167K units	Up 5%

Cummins Inc.



2022 Guidance

Sales Up 6%

EBITDA approx. 15.5%

¹ 2019 EBITDA excludes \$119 million of restructuring charges.

CMI Analyst Day

Wednesday, February 23, 2022

Time: 9:00AM-12:00PM EST

**Location: Virtual Webcast available at
<https://investor.cummins.com/>**

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www.cummins.com**



Q4 2021 Supplemental Information

Engine Segment

Selected Financial Data

- Sales increased 4% due to strong demand in many international markets including Australia, Europe, and Latin America.
- The decrease in EBITDA was primarily driven by higher costs associated with global supply chain challenges and lower joint venture income, partially offset by lower warranty expense and increased pricing.

\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Sales	2,426	2,329	4%
EBITDA	264	338	(22)%
EBITDA (% of Sales)	10.9%	14.5%	

Engine Segment - Sales by Market

- On-highway revenues increased primarily due to stronger international truck demand.
- Off-highway revenues increased due to higher demand in construction markets.

\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Heavy-Duty Truck	801	789	2%
Medium-Duty Truck & Bus	702	565	24%
Light-Duty Automotive	432	492	(12)%
On-Highway	1,935	1,846	5%
Off-Highway	491	483	2%
Total Sales	2,426	2,329	4%

Distribution Segment

Selected Financial Data

- Sales increased due to stronger demand for engines, parts and service, partially offset by a decline in power generation.
- EBITDA margin as a percent of sales increased primarily due to the benefits of stronger volumes and higher pricing, which were partially offset by higher freight and logistics costs.

\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Sales	2,058	1,996	3%
EBITDA	178	165	8%
EBITDA (% of Sales)	8.6%	8.3%	

Components Segment Selected Financial Data

- Sales decreased 6% driven by weaker demand for trucks in China.
- EBITDA margin as a percent of sales decreased primarily due to the impacts of lower volumes and higher freight and material costs, partially offset by lower warranty expense.

\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Sales	1,726	1,831	(6)%
EBITDA	205	280	(27)%
EBITDA (% of Sales)	11.9%	15.3%	

Power Systems Segment

Selected Financial Data

- Sales increased due to stronger global demand for mining equipment.
- The increase in EBITDA percent was due to the benefits of higher volumes, lower product coverage costs, and higher JV income partially offset by increased logistics costs.

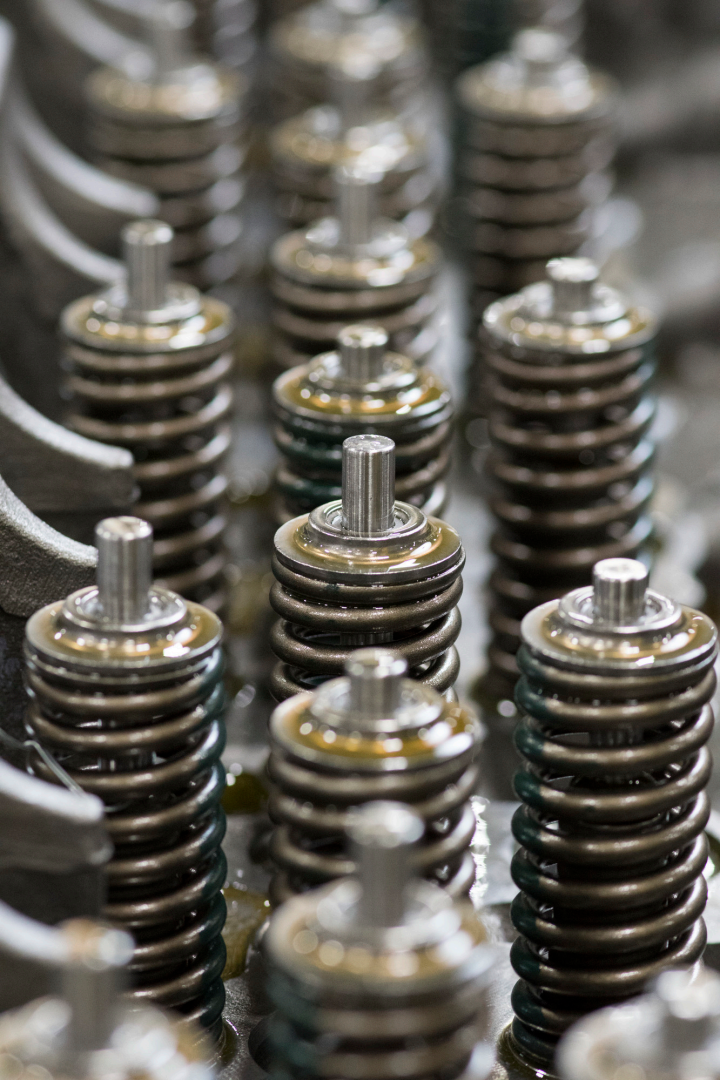
\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Sales	1,086	989	10%
EBITDA	97	74	31%
EBITDA (% of Sales)	8.9%	7.5%	

New Power Segment Selected Financial Data

- EBITDA losses were \$54 million for the quarter driven by the costs associated with the development of fuel cells and electrolyzers as well as products to support battery electric vehicles.

\$ MILLIONS	Q4 2021	Q4 2020	CHANGE
Sales	34	34	—%
EBITDA	(54)	(51)	(6)%
EBITDA (% of Sales)	NM ¹	NM ¹	

¹ "NM" - not meaningful information



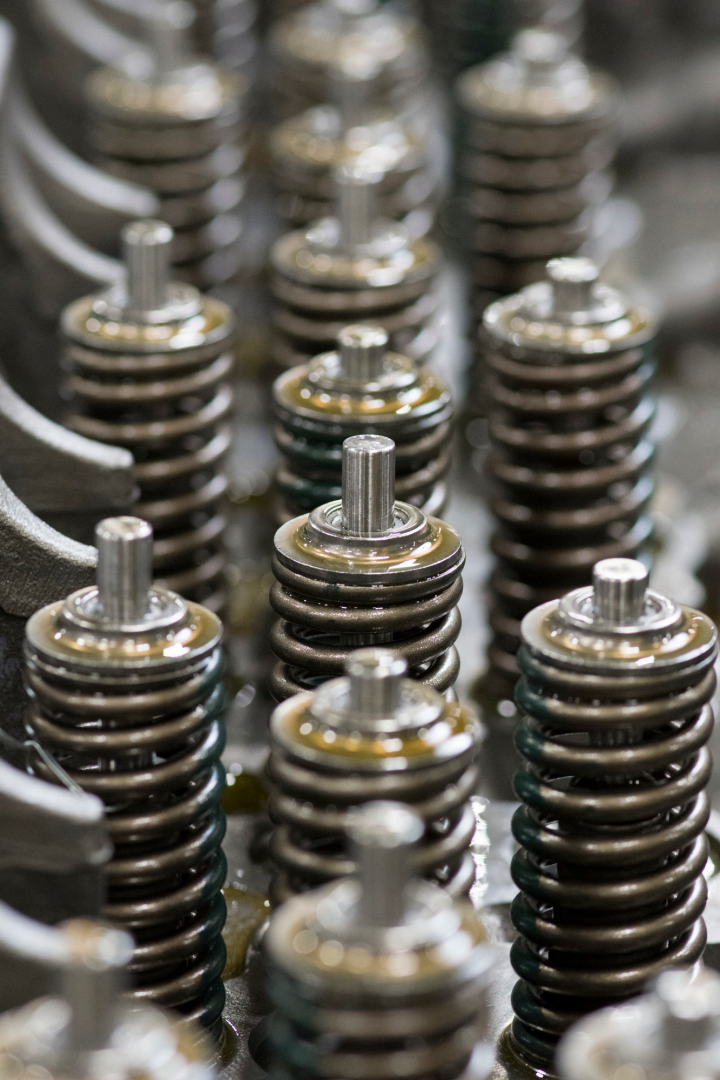
Joint Venture Income - Full Year

\$ MILLIONS	2021	2020
Engine	340	312
Distribution	63	62
Components	50	61
Power Systems	56	21
New Power	(3)	(4)
Total JV Income	506	452



Cash Flow – Full Year

\$ MILLIONS	2021	2020
Operating Cash Flow	2,256	2,722
Capital Expenditures	734	528
Working Capital Measure	5,324	4,425
Working Capital Measure (% of Net Sales)	22.2%	22.3%
Total Debt to Capital %	30.7%	31.7%
Net Debt to Capital %	7.0%	2.3%



Joint Venture Income - Quarter

\$ MILLIONS	Q4 2021	Q4 2020
Engine	62	76
Distribution	16	17
Components	9	15
Power Systems	24	3
New Power	(2)	(1)
Total JV Income	109	110

Appendix



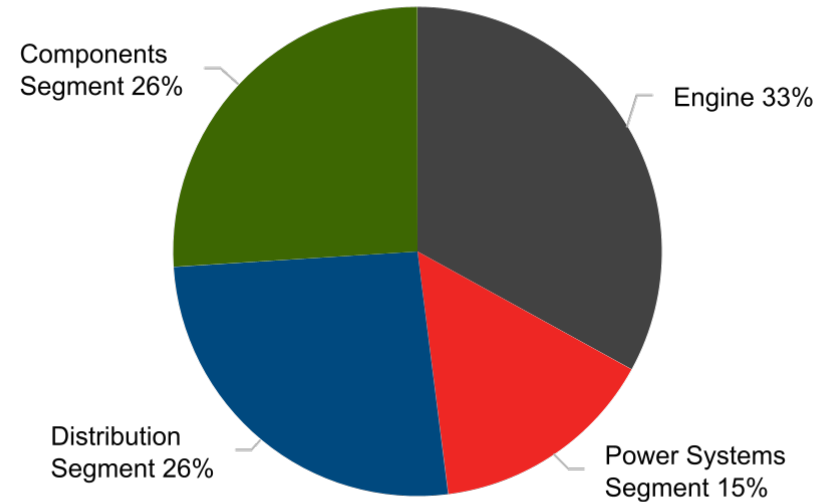
Cummins Inc.

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

2021 Results

Sales:	\$24 billion
EBITDA:	\$3.5 billion
EBITDA%:	14.7%

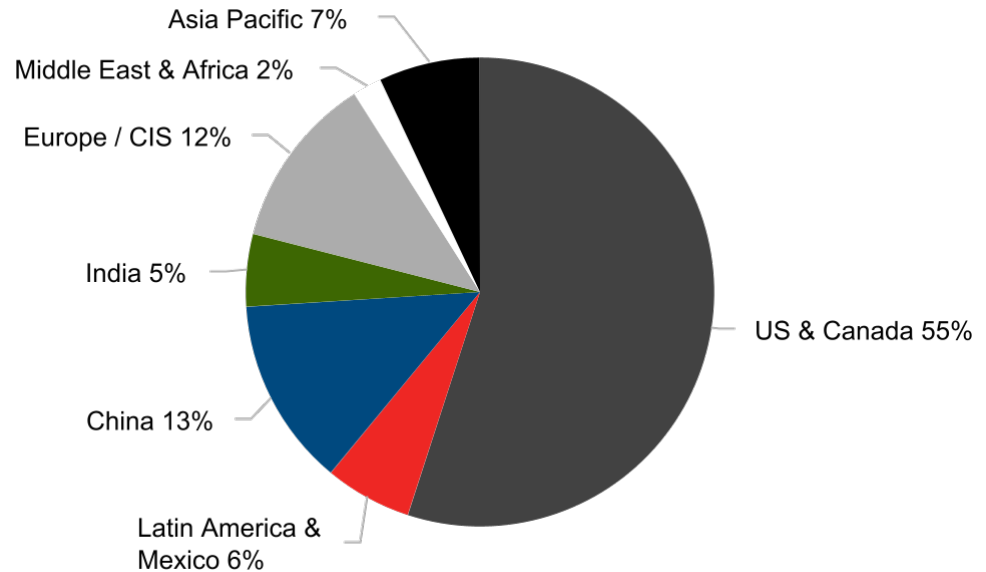
2021 Revenue by Segment



Cummins Inc.

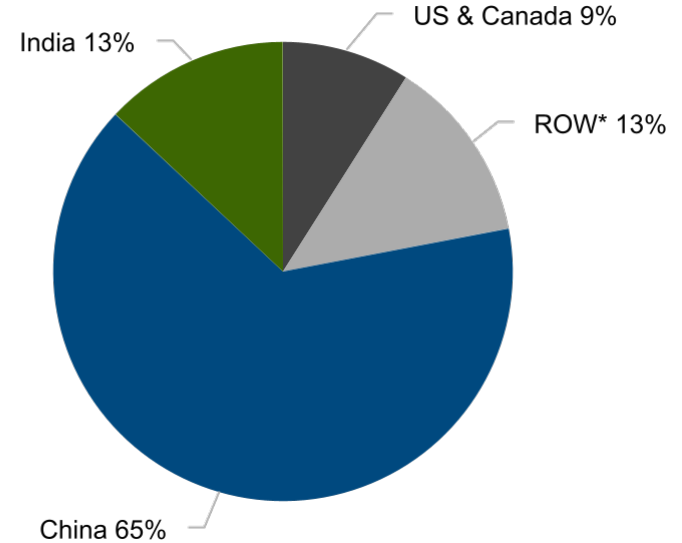
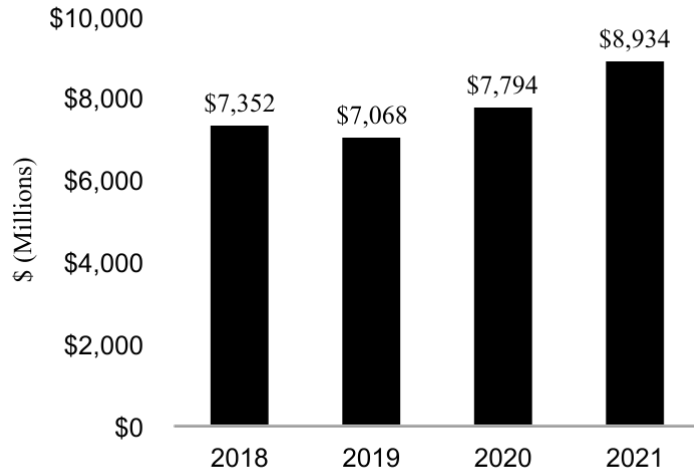
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in approximately 190 countries and territories

2021 Revenue by Marketing Territory



Cummins - Joint Venture Sales Unconsolidated

2021 Revenue



* Rest of world

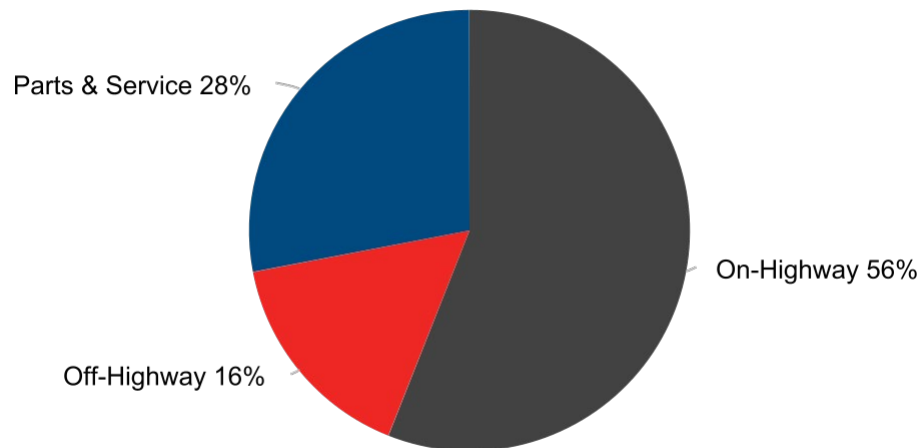
Engine Segment - Overview

- Diesel and natural gas engines from 2.8L to 15L and 48 hp to 715 hp
- Long-term engine supply agreements with key customers to stabilize pricing and to jointly engineer better integrated vehicles to market
- Leading market share in multiple end-markets and geographies

2021 Results

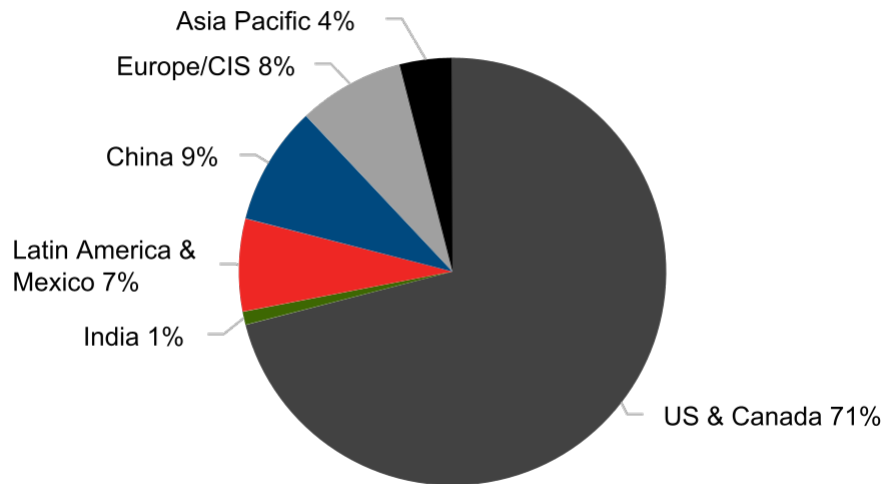
Sales:	\$10 billion
EBITDA:	\$1.4 billion
EBITDA%:	14.2%

2021 Revenue by Product

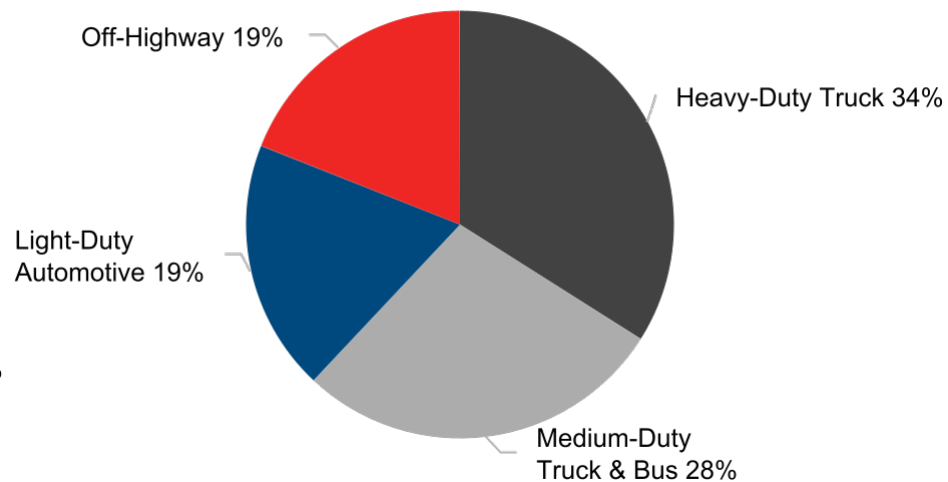


Engine Segment - Sales Mix

By Region



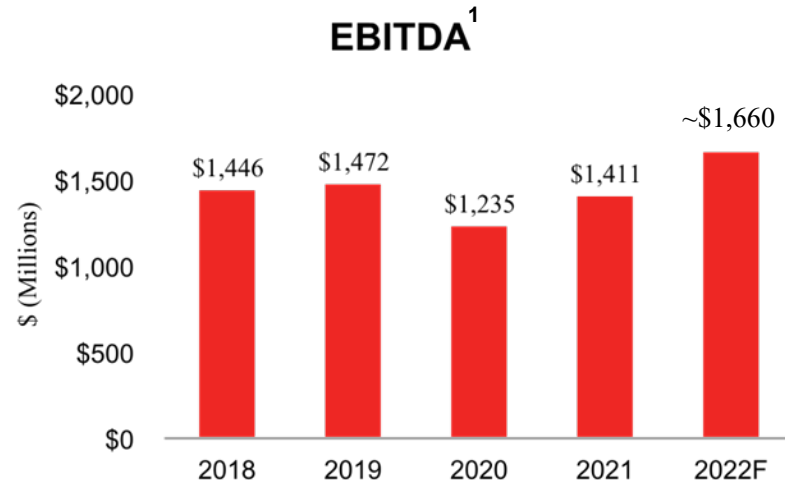
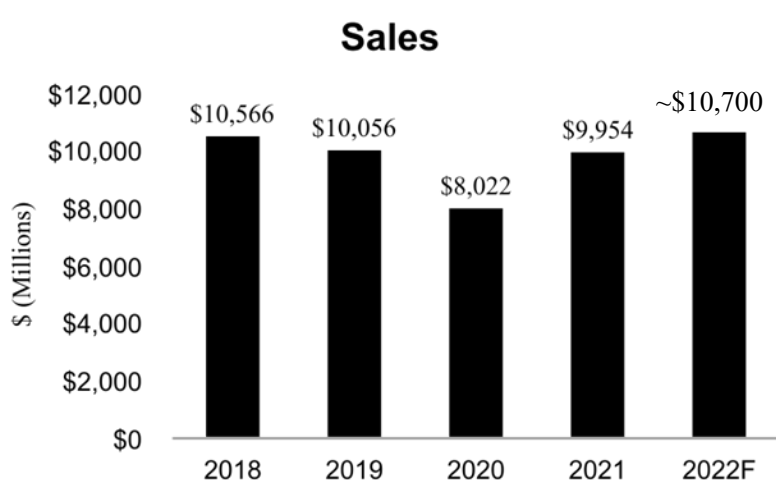
By Application



2021 Revenue

\$10 billion

Engine Segment - Historical Performance



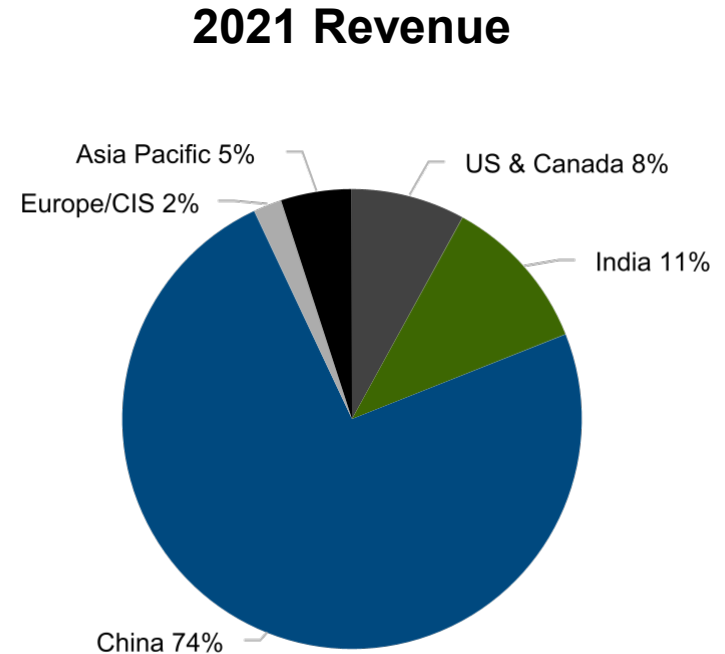
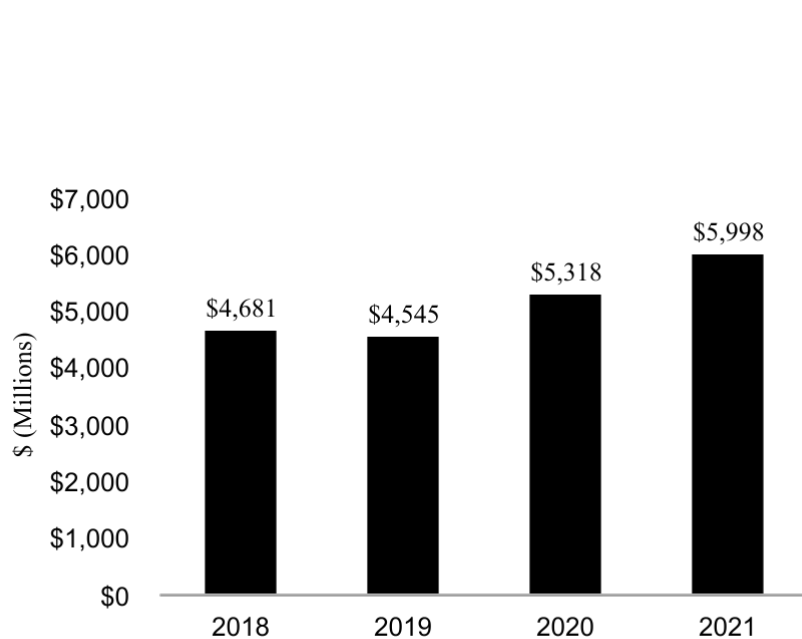
2022 Guidance

Sales Up 7%

EBITDA approx. 15.5%

¹ 2019 EBITDA excludes \$18 million of restructuring charges.

Engine Segment - Joint Venture Sales Unconsolidated



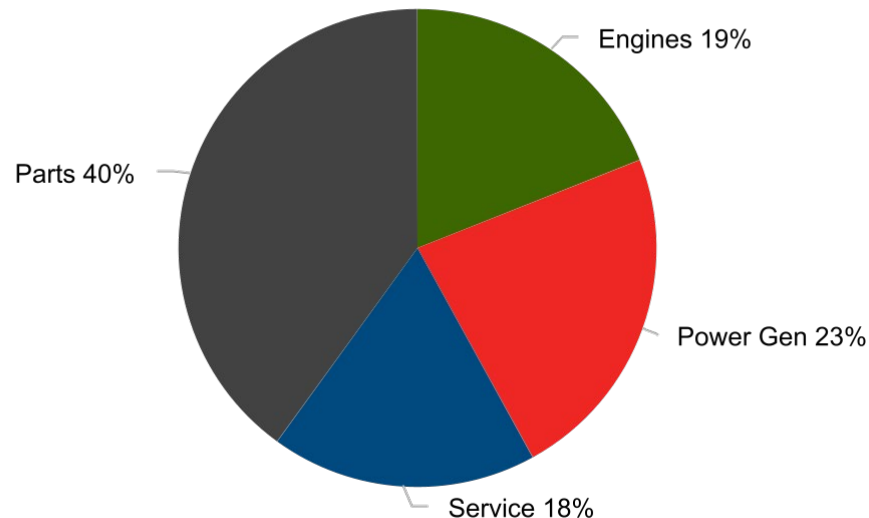
Distribution Segment - Overview

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

2021 Results

Sales:	\$7.8 billion
EBITDA:	\$731 million
EBITDA%:	9.4%

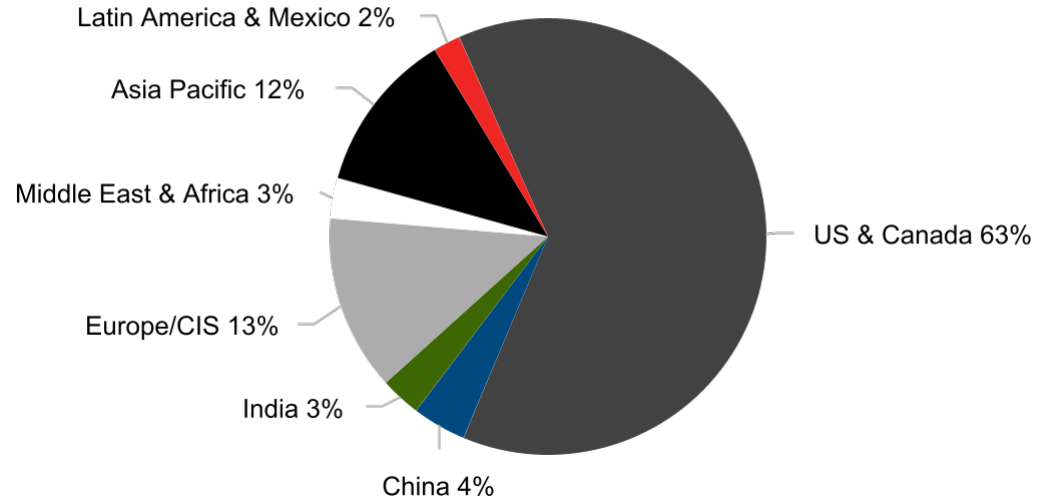
2021 Revenue by Product



Distribution Segment - Sales Mix

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

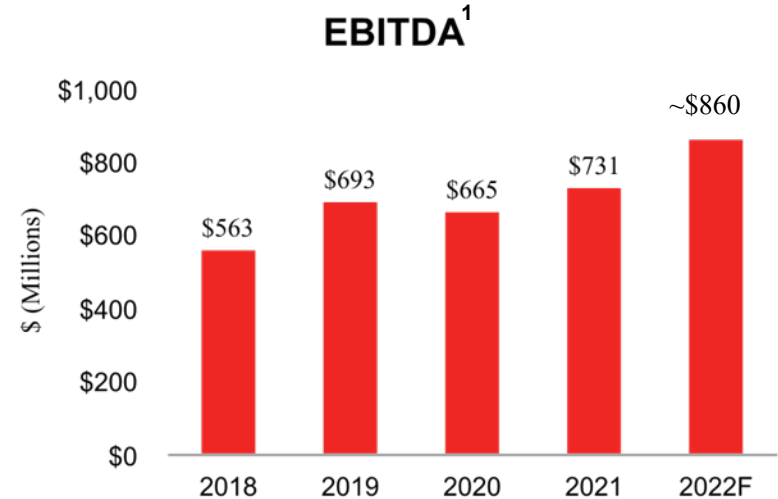
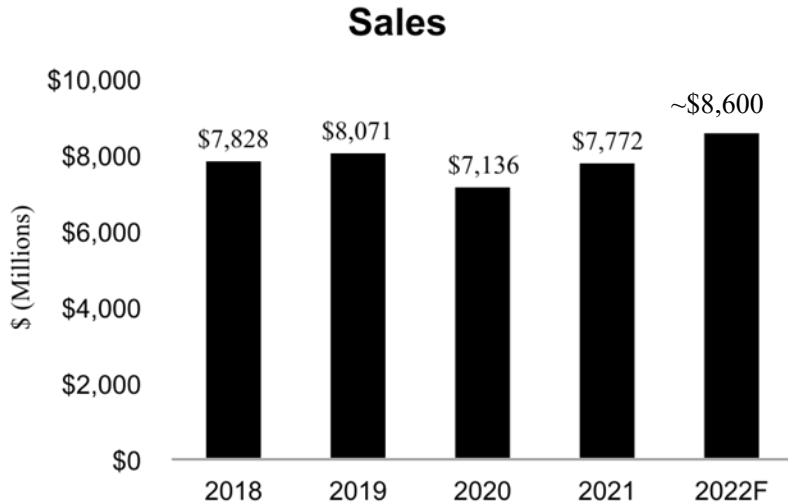
By Region



2021 Revenue

\$7.8 billion

Distribution Segment - Historical Performance



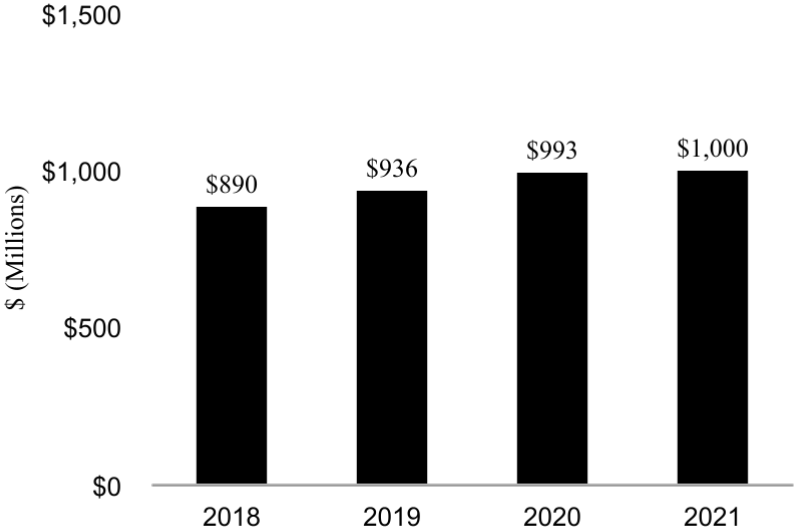
2022 Guidance

Sales Up 11%

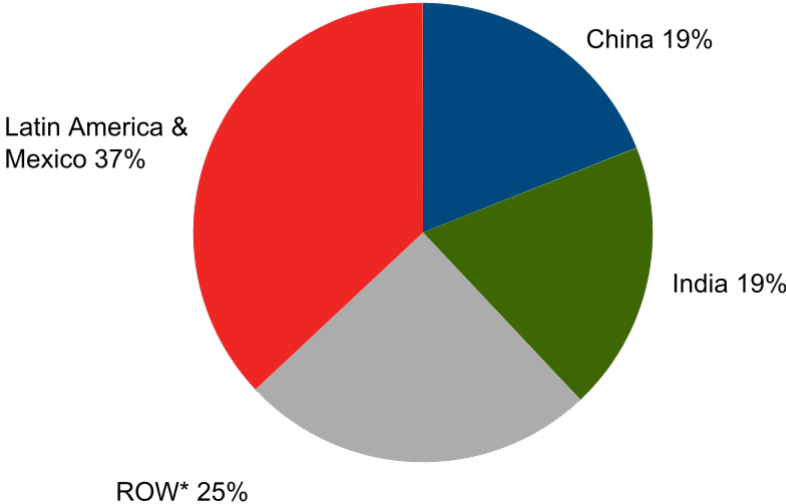
EBITDA approx. 10%

¹ 2019 EBITDA excludes \$37 million of restructuring charges.

Distribution Segment - Joint Venture Sales Unconsolidated



2021 Revenue



* Rest of World

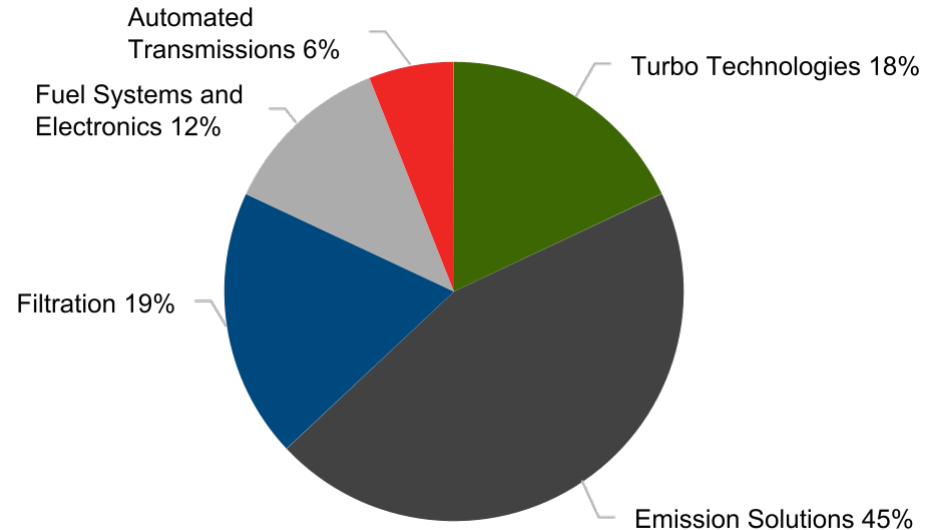
Components Segment - Overview

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

2021 Results

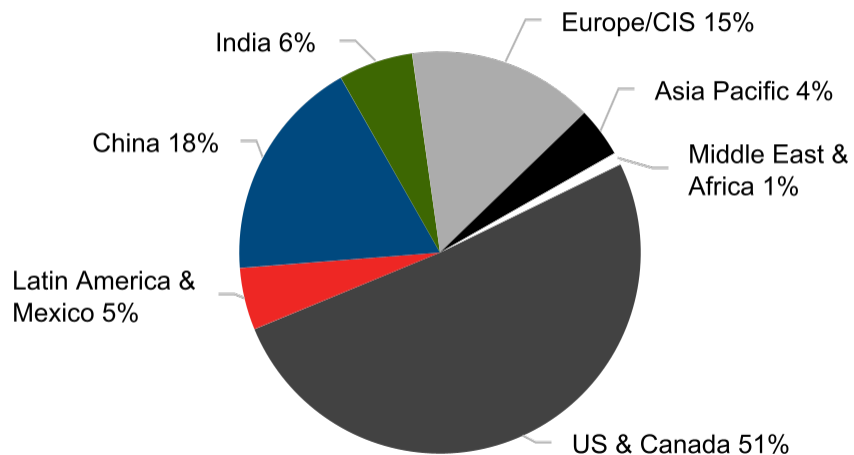
Sales:	\$7.7 billion
EBITDA:	\$1.2 billion
EBITDA%:	15.4%

2021 Revenue by Business

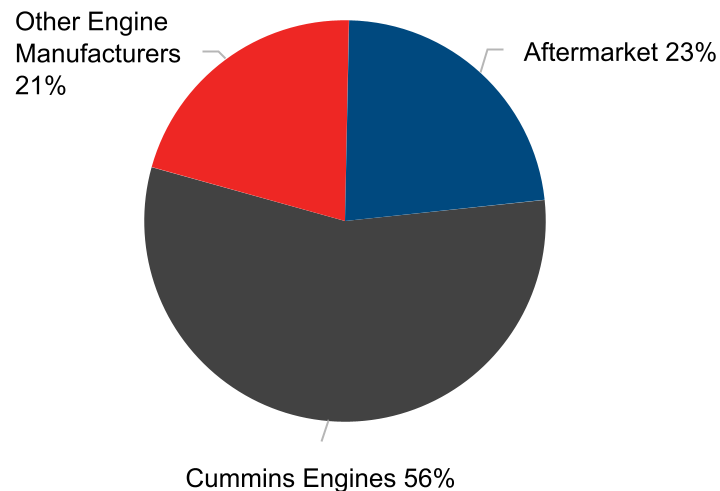


Components Segment - Sales Mix

By Region



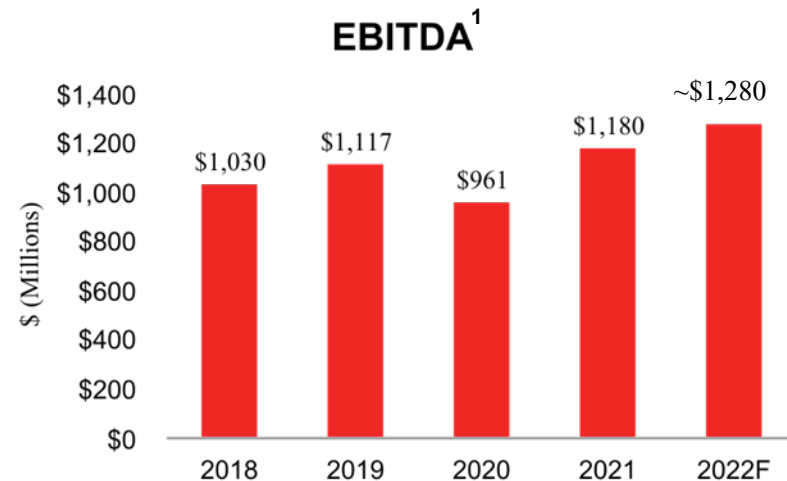
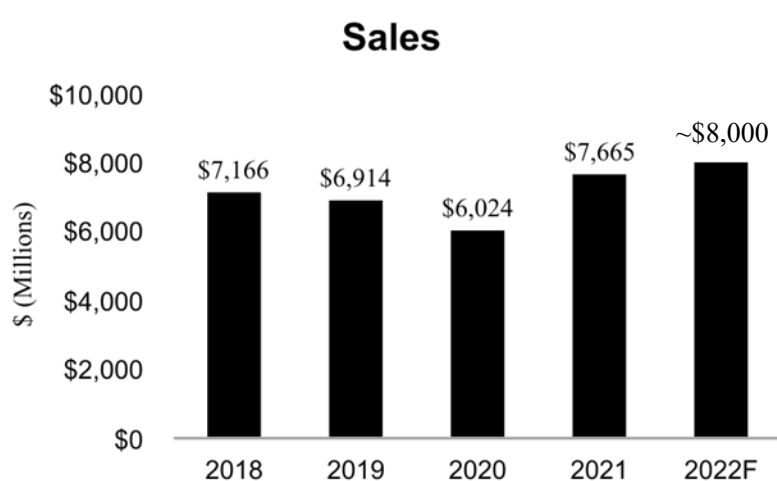
By Application



2021 Revenue

\$7.7 billion

Components Segment - Historical Performance



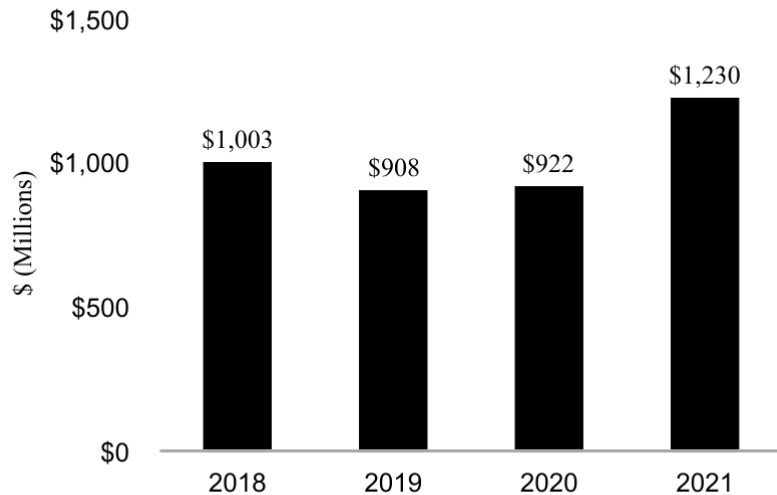
2022 Guidance

Sales Up 4%

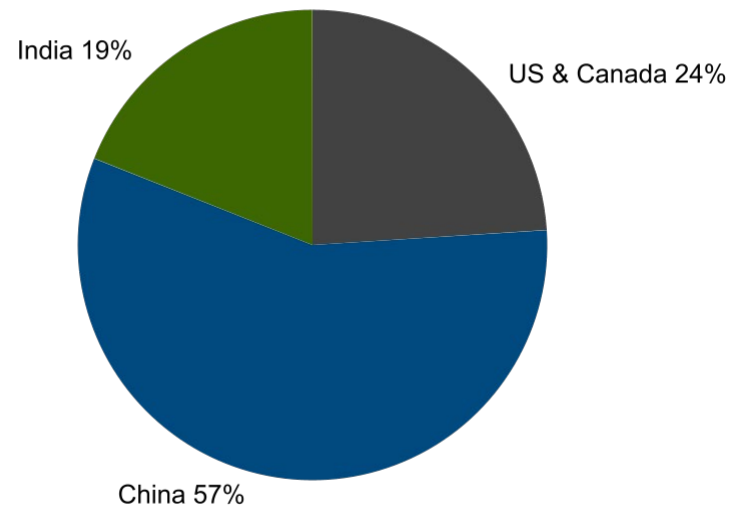
EBITDA approx. 16%

¹ 2019 EBITDA excludes \$20 million of restructuring charges.

Components Segment - Joint Venture Sales Unconsolidated



2021 Revenue



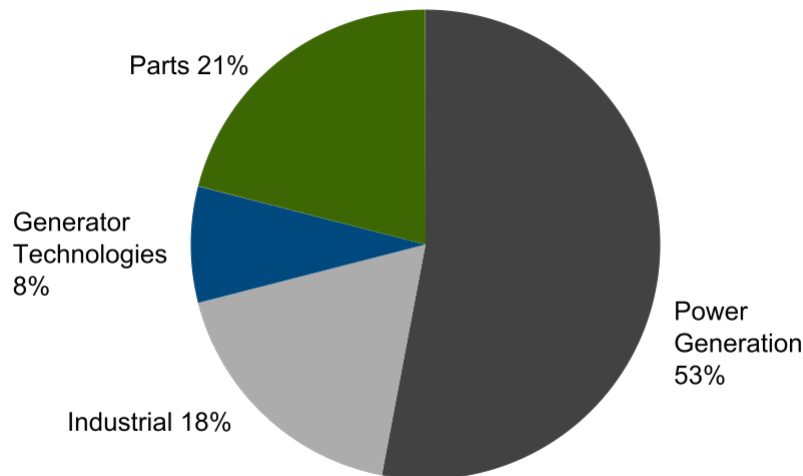
Power Systems Segment - Overview

- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 7.5kVA to 11,200kVA
- Leading market share in multiple geographies

2021 Results

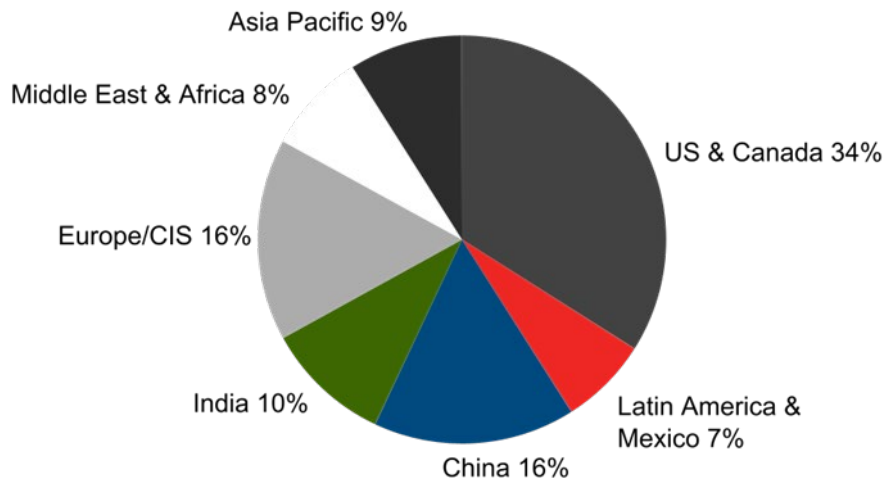
Sales:	\$4.4 billion
EBITDA:	\$496 million
EBITDA%:	11.2%

2021 Revenue by Product

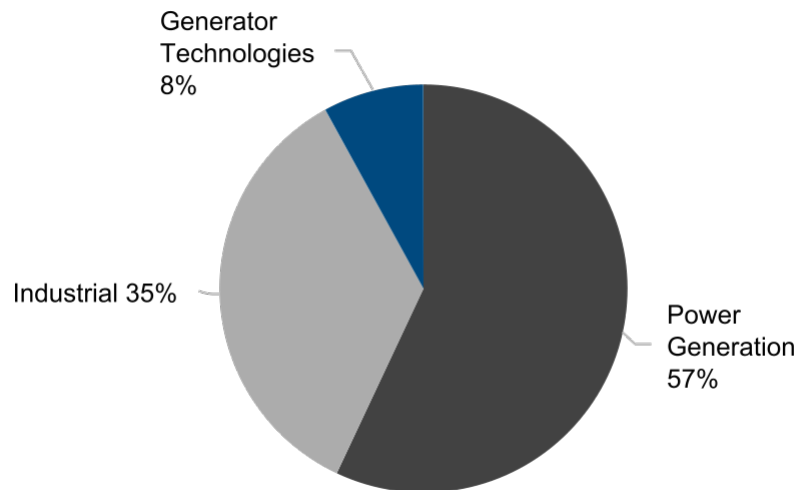


Power Systems Segment - Sales Mix

By Region



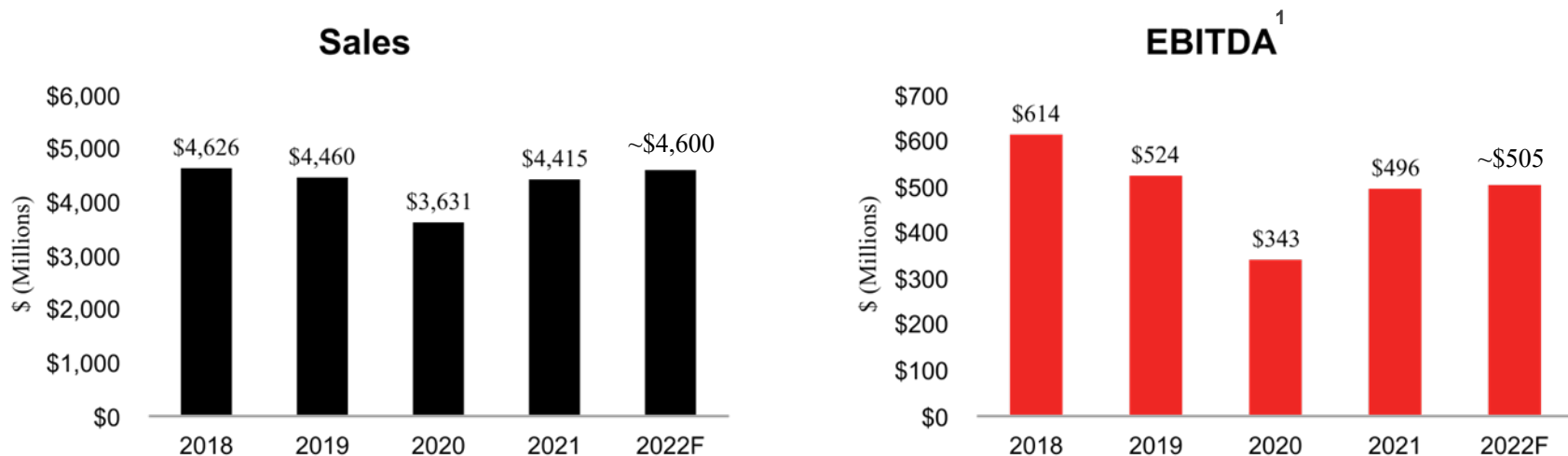
By Product Line



2021 Revenue

\$4.4 billion

Power Systems Segment - Historical Performance



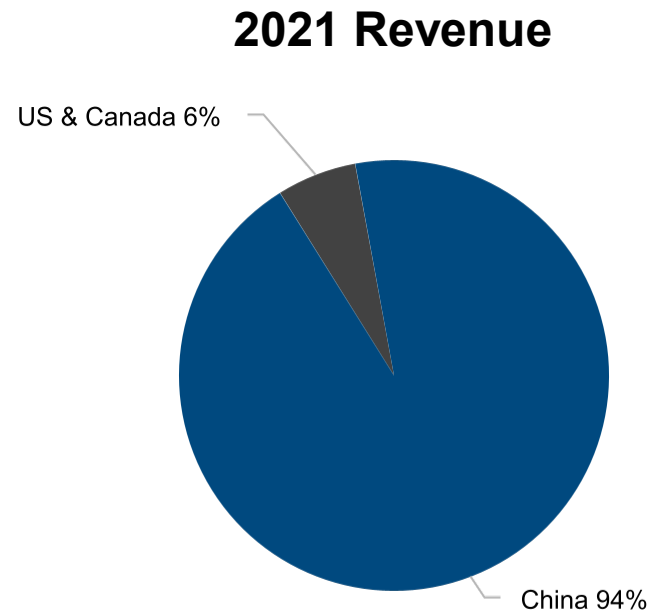
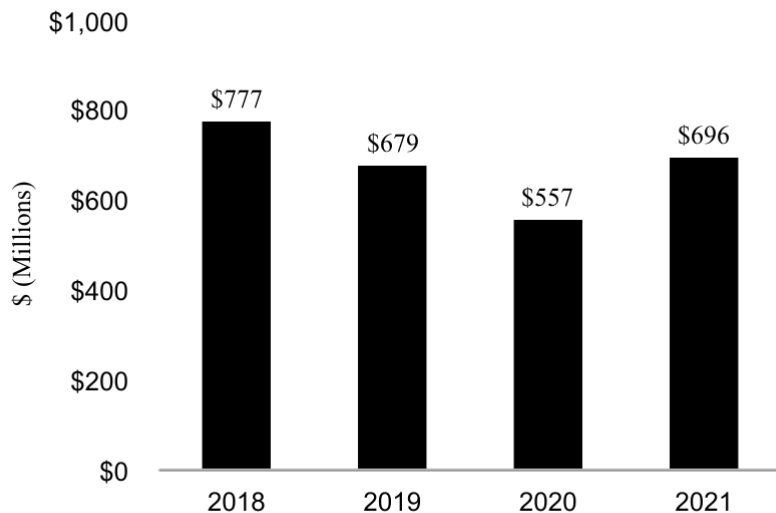
2022 Guidance

Sales Up 5%

EBITDA approx. 11%

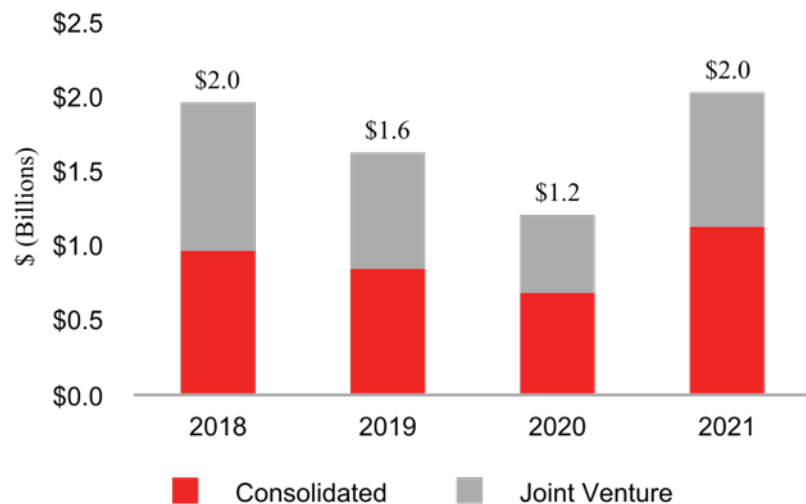
¹ 2019 EBITDA excludes \$12 million of restructuring charges.

Power Systems Segment - Joint Venture Sales Unconsolidated



Emerging Market Sales - India¹

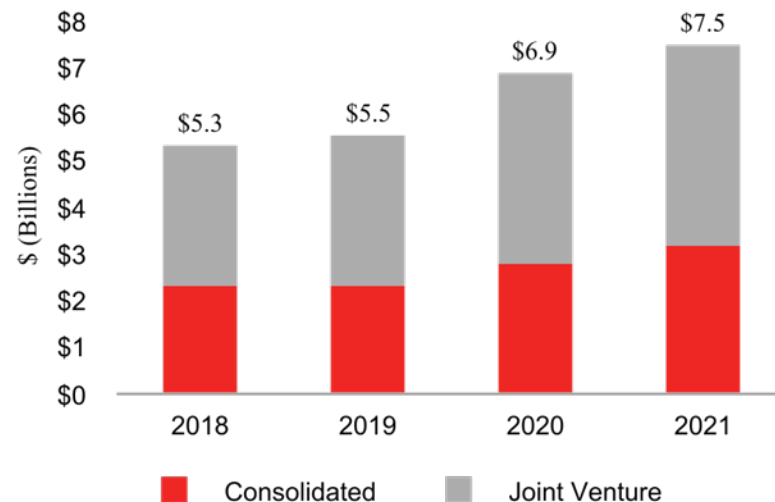
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



¹ Consolidated & JV sales with eliminations

Emerging Market Sales - China¹

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



¹ Consolidated & JV sales with eliminations

Non-GAAP Reconciliation - EBITDA

	Three Months Ended	
In Millions	31-Dec-21	31-Dec-20
Net income attributable to Cummins Inc.	\$ 394	\$ 501
Net income attributable to noncontrolling interests	6	9
Consolidated net income	400	510
Income tax expense	114	125
Income before taxes	514	635
Interest expense	26	29
EBIT	540	664
Depreciation and amortization	165	173
EBITDA	705	837
Less: Non-segment EBITDA	15	31
Total Segment EBITDA	\$ 690	\$ 806

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

	Twelve Months Ended	
In Millions	31-Dec-21	31-Dec-20
Net income attributable to Cummins Inc.	\$ 2,131	\$ 1,789
Net income attributable to noncontrolling interests	33	22
Consolidated net income	2,164	1,811
Income tax expense	587	527
Income before taxes	2,751	2,338
Interest expense	111	100
EBIT	2,862	2,438
Depreciation and amortization	659	670
EBITDA	3,521	3,108
Less: Non-segment EBITDA	(74)	76
Total Segment EBITDA	\$ 3,595	\$ 3,032

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

	<u>Years Ended</u>	
In Millions	31-Dec-21	31-Dec-20
Accounts and notes receivable, net	\$ 3,990	\$ 3,820
Inventories	4,355	3,425
Accounts Payable - (principally trade)	(3,021)	(2,820)
Working capital measure	\$ 5,324	\$ 4,425
Annualized Working capital measure (% of Net Sales)	22.2 %	22.3 %

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		
	31-Dec-21	31-Dec-20
Total Assets	\$ 23,710	\$ 22,624
Less: Deferred debt costs	4	3
Less: Deferred tax assets	428	479
Less: Pension and other postretirement benefit adjustments excluded from net assets	966	67
Less: Liabilities deducted in arriving at net assets	9,486	8,947
Total net assets	12,826	13,128
Less: Cash, cash equivalents and marketable securities	3,187	3,862
Net assets for operating segments	\$ 9,639	\$ 9,266

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

	31-Dec-21	31-Dec-20	31-Dec-19
Total Equity	\$ 9,401	\$ 8,989	\$ 8,465
Less: Defined benefit postretirement plans	(346)	(735)	(734)
Equity used for return on invested capital calculation	9,747	9,724	9,199
Loans payable	208	169	100
Commercial paper	313	323	660
Current maturities of long-term debt	59	62	31
Long-term debt	3,579	3,610	1,576
Invested capital used for return on invested capital calculation	\$ 13,906	\$ 13,888	\$ 11,566

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

In Millions	<u>Twelve Months Ended</u>	
	31-Dec-21	31-Dec-20
Net income attributable to Cummins Inc.	\$ 2,131	\$ 1,789
Net income attributable to noncontrolling interests	33	22
Consolidated net income	2,164	1,811
Income tax expense	587	527
Income before taxes	2,751	2,338
Interest expense	111	100
EBIT	2,862	2,438
Less: Tax effect on EBIT	610	549
Net operating profit after taxes used for return on invested capital calculation	\$ 2,252	\$ 1,889

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		
	31-Dec-21	31-Dec-20
Total Debt (A)	\$ 4,159	\$ 4,164
Total Equity (B)	9,401	8,989
Total Capital (C) = (A+B)	13,560	13,153
Total Cash, Cash Equivalents & Marketable Securities (D)	3,187	3,862
Net Debt (E) = (A-D)	\$ 972	\$ 302
Total Debt to Capital % (A/C)	30.7 %	31.7 %
Net Debt to Capital % (E/C)	7.2 %	2.3 %

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
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