

First Quarter 2015 Earnings Teleconference

April 28, 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

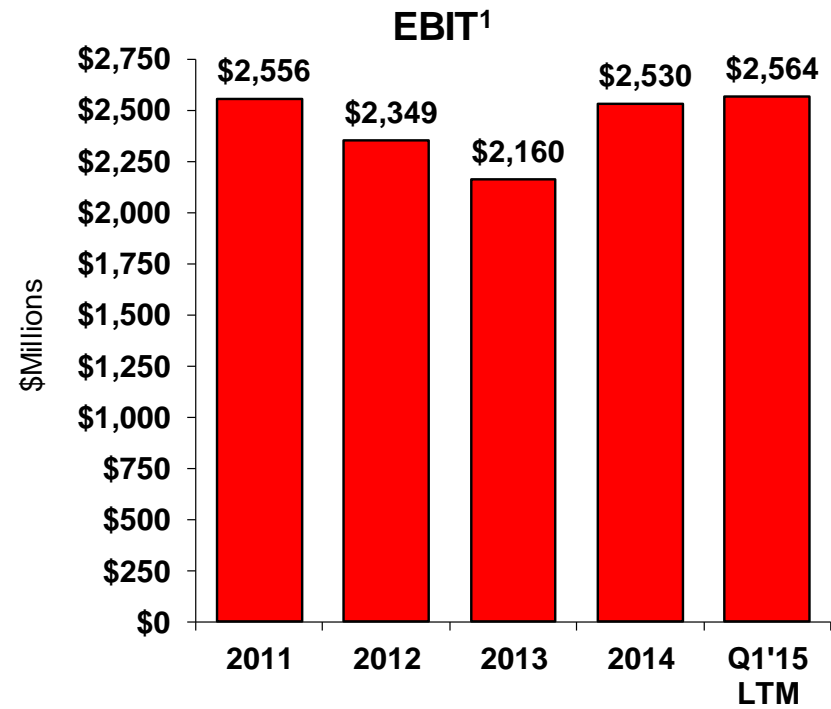
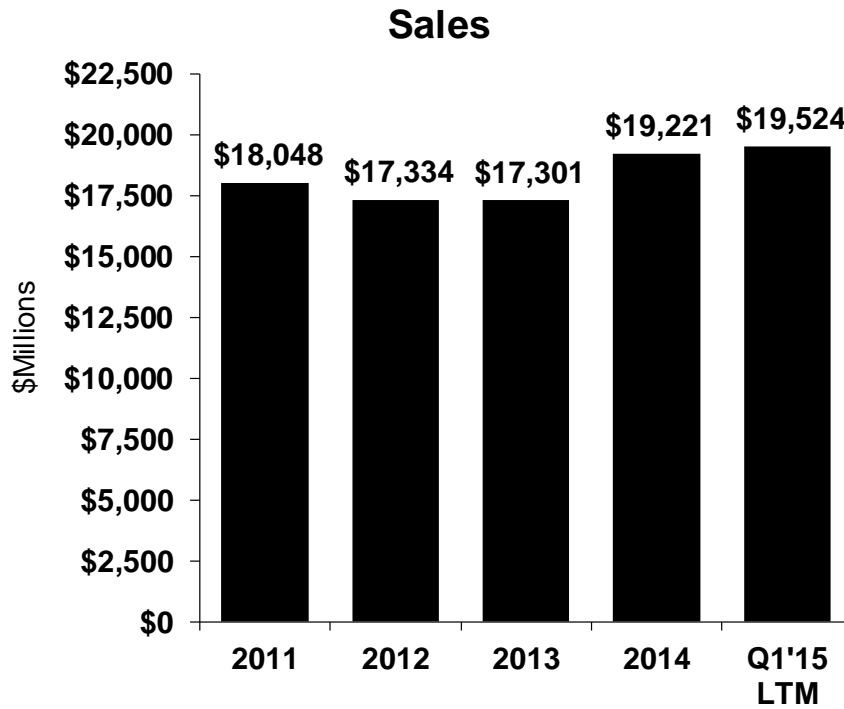
Tuesday, September 29, 2015

New York, NY

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



Cummins Inc.



2015 Guidance	
Sales Up 2 - 4%	EBIT 13.5 - 14.0%

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.



Cummins Inc.

Selected Financial Data

\$M	Q1-15	Q1-14	Change
Sales	4,709	4,406	+7%
EBIT	562	528	+6%
% of Sales	11.9%	12.0%	
ROANA (LTM)	26%	25%	
ROE (LTM)	21%	20%	

- Compared to the prior year, the increase in revenue was driven primarily by increased demand in North American on-highway markets and the impact of acquisitions in our distribution business.



Joint Venture Income

\$M	Q1-15	Q1-14
Engine	30	32
<i>On-highway</i>	27	21
<i>Off-highway</i>	3	11
Distribution	20	41
Components	9	9
Power Generation	9	8
Total JV Income	68	90

- Joint venture earnings decreased compared to the prior year due to the impact of acquiring our North American distributors, previously held as joint ventures, which offset a 20 percent increase in earnings in China.



Cummins Inc.

Selected Income Statement Data

\$M	Q1-15	Q1-14
Net Income Attributable to CMI	387	338
Diluted EPS	2.14	1.83
Gross Margin (% of Sales)	25.4%	24.9%
SAR (% of Sales)	15.1%	15.3%

- Gross margins increased compared to the prior year, due to stronger volume and lower material costs, partially offset by higher warranty costs and unfavorable foreign currency movements.



Engine Segment Selected Financial Data

\$M	Q1-15	Q1-14	Change
Sales	2,596	2,563	+1%
EBIT	253	269	-6%
% of Sales	9.7%	10.5%	

- Strong demand in North American on-highway markets was partially offset by a decrease in off-highway revenues, primarily related to weaker demand in construction, marine and mining markets.
- EBIT margins decreased from the prior year, as a result of lower material costs being more than offset by higher product coverage costs.



Engine Segment Sales by Market – On-highway

\$M	Q1-15	Q1-14	Change
Heavy-Duty Truck	757	718	+5%
Medium-Duty Truck & Bus	608	575	+6%
Light-Duty Automotive	381	391	-3%

- **Heavy Duty Truck:** North America up 8% Y-o-Y, offset by weaker international shipments
- **Medium-Duty Truck & Bus:** North America shipments up 10% Y-o-Y, offset by weaker international shipments
- **Light-Duty Automotive:** Shipments down 2% Y-o-Y

Sales by market reflects the Engine segment reorganization made in the first quarter of 2015.



Engine Segment Sales by Market – Off-highway

\$M	Q1-15	Q1-14	Change
Industrial	616	669	-8%
Stationary Power	234	210	+11%

- **Industrial:** Shipments down 22% year-over-year
- **Stationary Power:** Shipments of high horsepower units increased 9% year-over-year, offsetting lower shipments of medium and heavy duty.

Sales by market reflects the Engine segment reorganization made in the first quarter of 2015.



Guidance for 2015 Engine Markets

Revenue by market (including aftermarket):

- Heavy-duty truck revenue up 8% and shipments up 8%. NAFTA Class 8 heavy-duty truck build expected to be 290K units.
- Medium-duty truck & bus revenue up 1%. Brazil market size down 28% and Cummins' shipments in Brazil down 22%, offset by growth in North America.
- Light-duty automotive revenue down 2%. Chrysler is flat with 2014.
- Industrial revenue down 4%, driven by weakness in all industrial segments partially offset by increased parts sales.



Key On-Highway Engine Markets - 2015

Key Market	2014	2015	Change Market Size
	Actual	Forecast	
Heavy Duty Truck – NAFTA <i>Class 8, Group 2 - Production</i>	268K units	290K units	Up 8%
Medium Duty Truck – NAFTA <i>Class 6 – 7, and Class 8 Group 1 - Production</i>	127K units	128K units	Up 1%
Heavy & Medium Truck – China <i>Sales</i>	992K units	843K units	Down 15%
Heavy & Medium Truck – India <i>Production</i>	249K units	286K units	Up 15%
Heavy & Medium Truck – Brazil <i>Production</i>	139K units	100K units	Down 28%



Distribution Segment Selected Financial Data

\$M	Q1-15	Q1-14	Change
Sales	1,476	950	+55%
EBIT	88	76	+16%
% of Sales	6.0%	8.0%	

- Acquisitions contributed 57 percent growth, with organic growth of 3 percent more than offset by the unfavorable impact of currency movements.
- EBIT margin improvements in existing operations were more than offset by the negative impact of foreign currency movements and the dilutive impact on segment margins of the distributor acquisitions.



Components Segment Selected Financial Data

\$M	Q1-15	Q1-14	Change
Sales	1,299	1,230	+6%
EBIT	195	167	+17%
% of Sales	15.0%	13.6%	

- Compared to the prior year, higher revenues were primarily driven by increased demand in North American on-highway markets. Revenues in China also increased despite very weak end markets.
- EBIT margins increased compared to the prior year and were a record as a percent of sales and in dollars. Higher volumes combined with lower material costs drove the improvement.



Power Generation Segment Selected Financial Data

\$M	Q1-15	Q1-14	Change
Sales	680	639	+6%
EBIT	49	25	+96%
% of Sales	7.2%	3.9%	

- Year-over-year revenue growth in most parts of Asia, excluding India, and in Africa more than offset lower military demand in the US.
- EBIT margins increased compared to the prior year due to improved operating leverage from higher volumes, along with the benefits of cost reduction initiatives and from a weaker British Pound.



Guidance for 2015 Consolidated Results

Item	Full Year Guidance
Consolidated Revenue	Up 2 - 4%
Earnings from JVs	Down 10%
EBIT Margin	13.5 - 14.0%
Effective Tax Rate ¹	29.5%
Capital Expenditures	\$750 - \$850M
Global Pension Funding	\$175M
Interest Expense	\$70M

¹Excluding discrete income tax items



Guidance for 2015 Segment Results

Item	Engine	Distribution	Components	Power Generation
Consolidated Revenue Growth	Flat to Up 2%	Up 23 - 27%	Up 4 - 8%	Flat to Down 4%
EBIT Margins (% of Revenue)	11.0 - 12.0%	7.0 - 8.0%	14.0 -15.0%	8.0 - 9.0%



Cash Flow

\$M	Q1-15	Q1-14
Operating Cash Inflow	173	263
Capital Expenditures	100	107
Working Capital Measure	4,163	3,642
Working Capital Measure (% of Annualized Net Sales)	22.1%	20.7%
Debt to Capital %	17.5%	18.0%

- Working capital increased, compared to the prior year, primarily due to the impact of 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

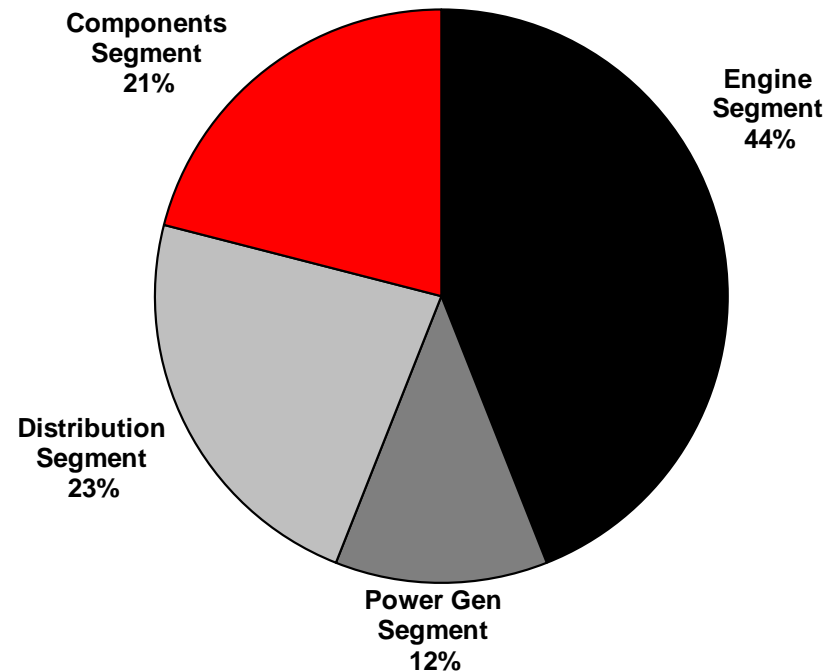
Q1'15 LTM Data

Sales: \$19.5 billion

EBIT¹: \$2.6 billion

EBIT%: 13.1%

Q1'15 LTM Revenue by Segment



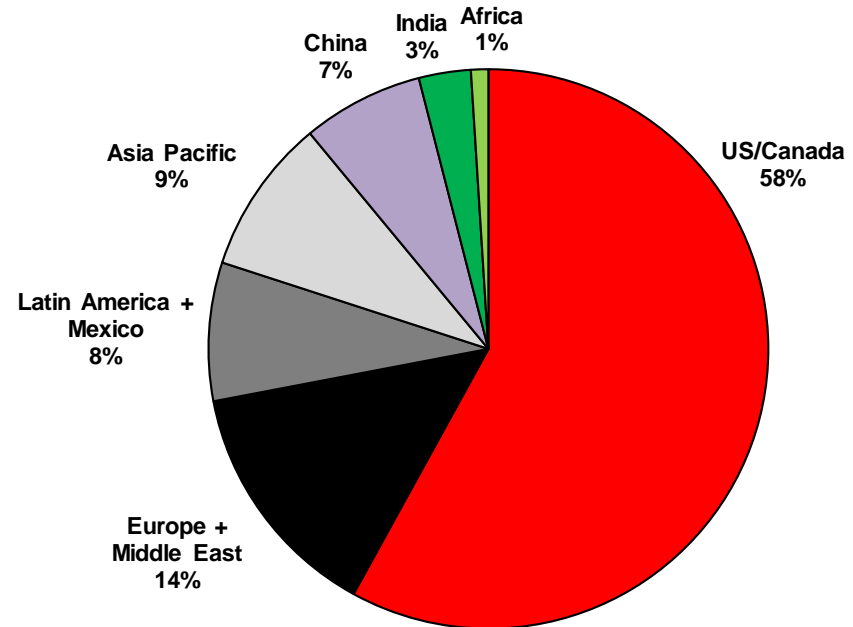
¹ Q4'14 EBIT excludes \$32 million in one-time charges.



Cummins Inc.

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

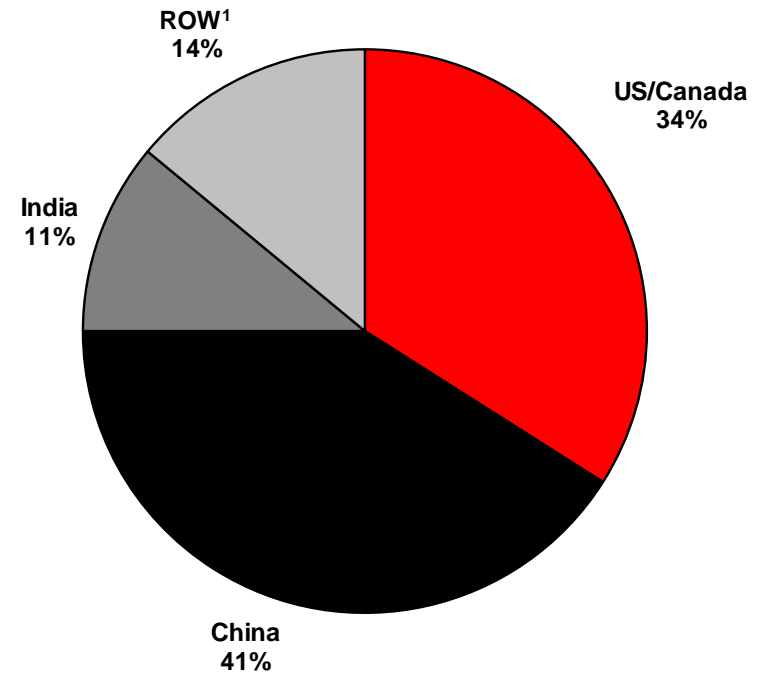
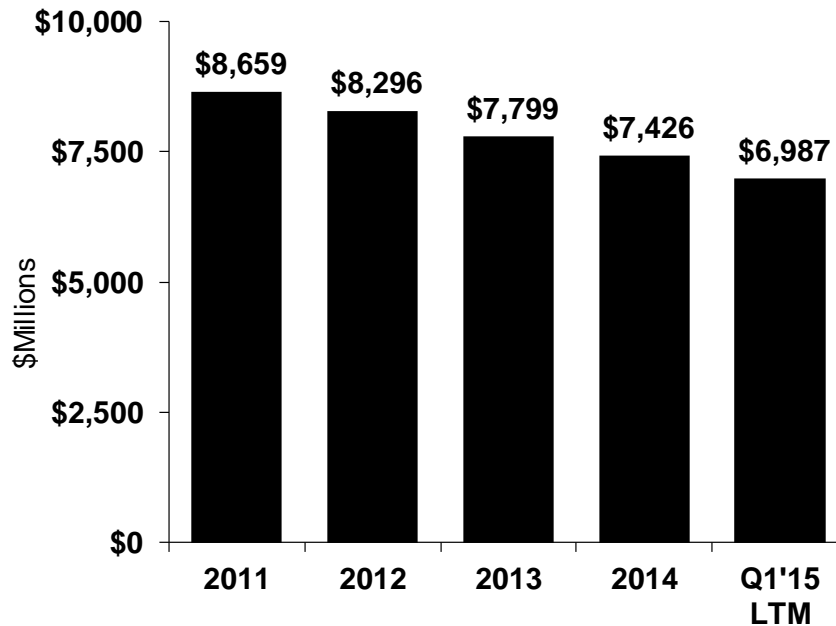
Q1'15 LTM Revenue by Marketing Territory





Cummins – Joint Venture Sales Unconsolidated

Q1'15 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



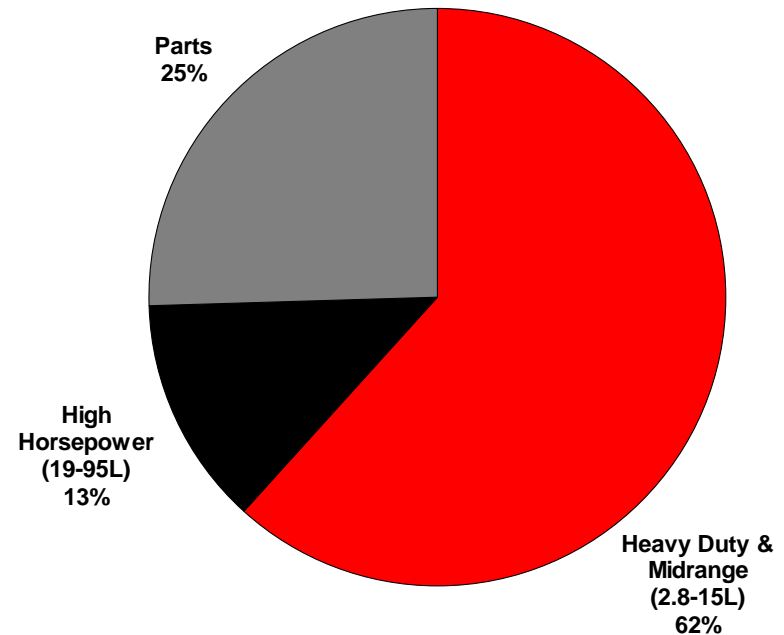
Engine Segment – Overview

- 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

Q1'15 LTM Data

Sales: \$11.0 billion
EBIT: \$1.2 billion
EBIT% : 11.0%

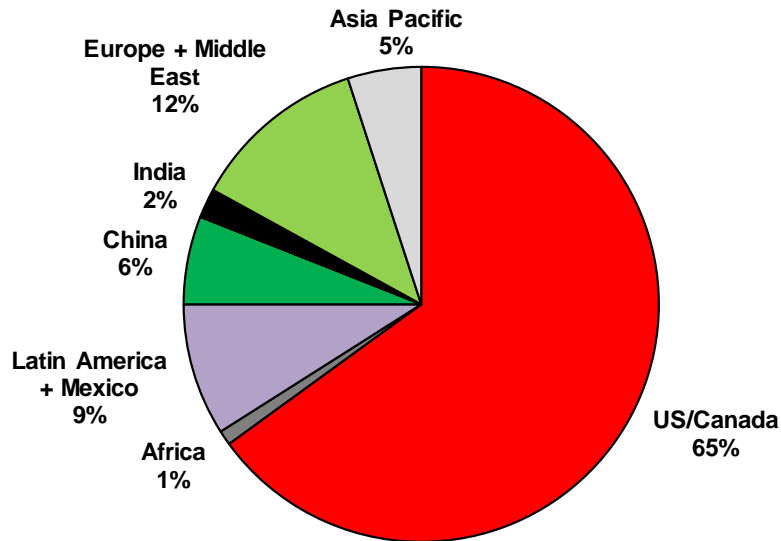
Q1'15 LTM Revenue by Product



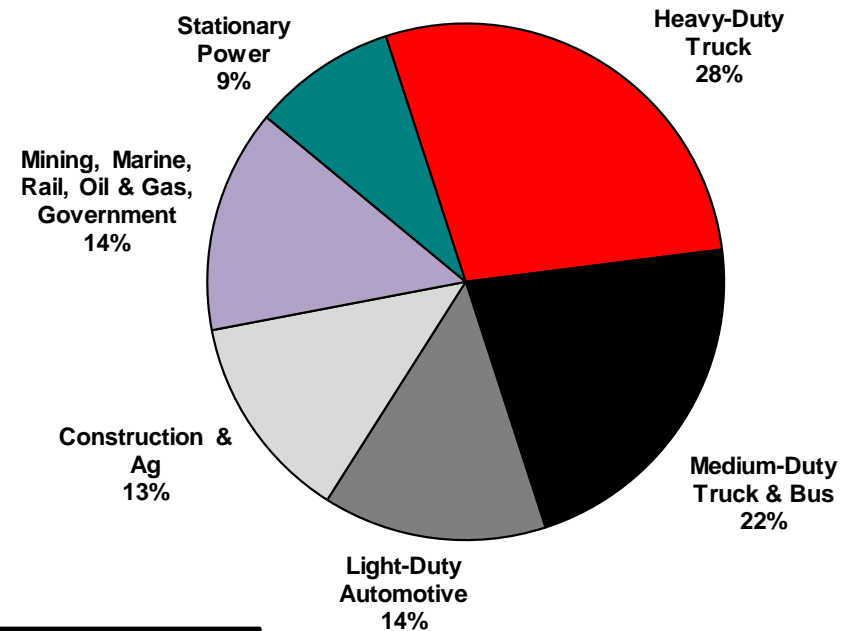


Engine Segment – Sales Mix

Geographic



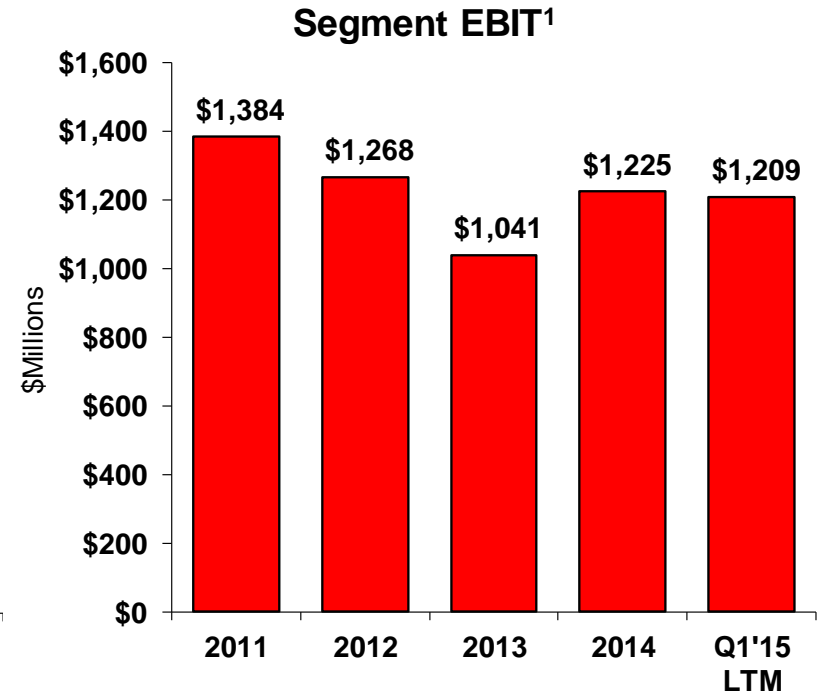
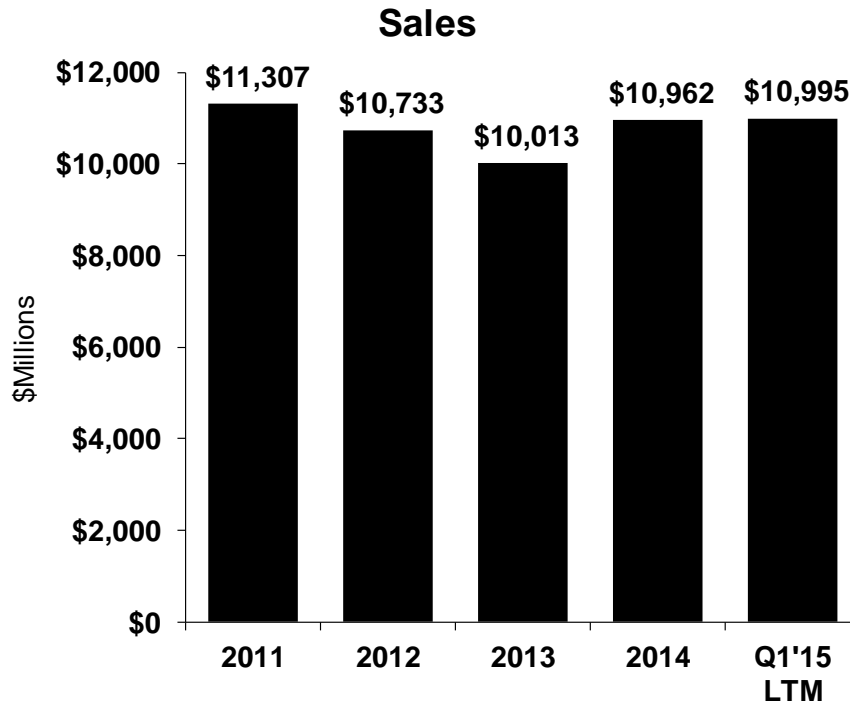
Application



Q1'15 LTM Revenue: \$11.0 B



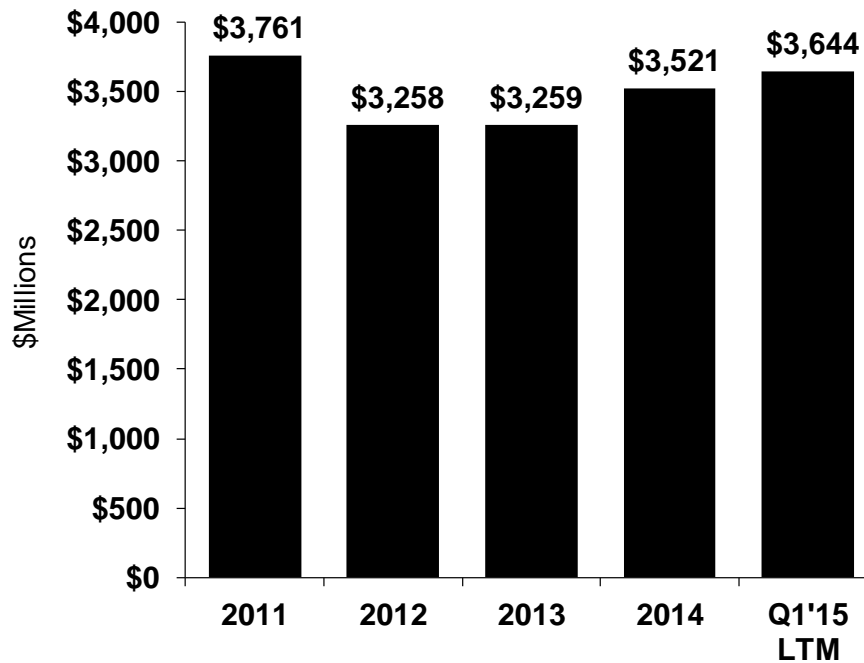
Engine Segment – Historical Performance



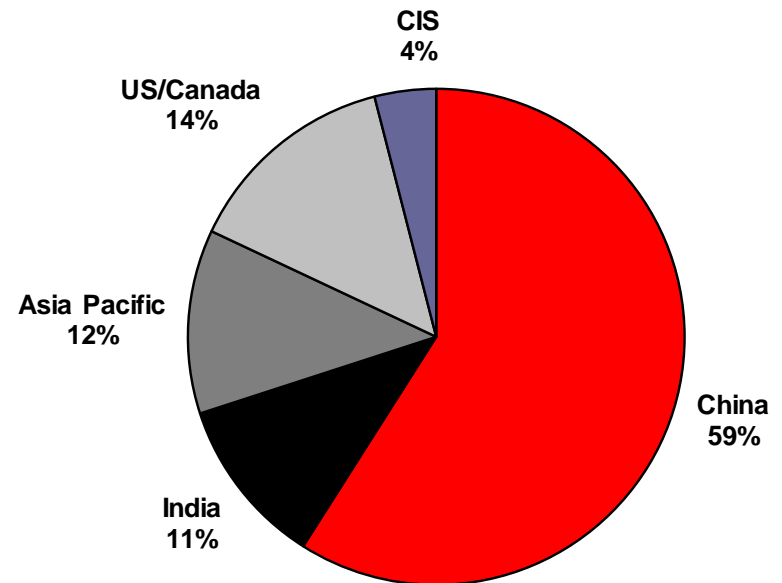
¹ 2012 EBIT excludes \$20 million in restructuring charges.



Engine Segment – Joint Venture Sales Unconsolidated



Q1'15 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

Q1'15 LTM Data

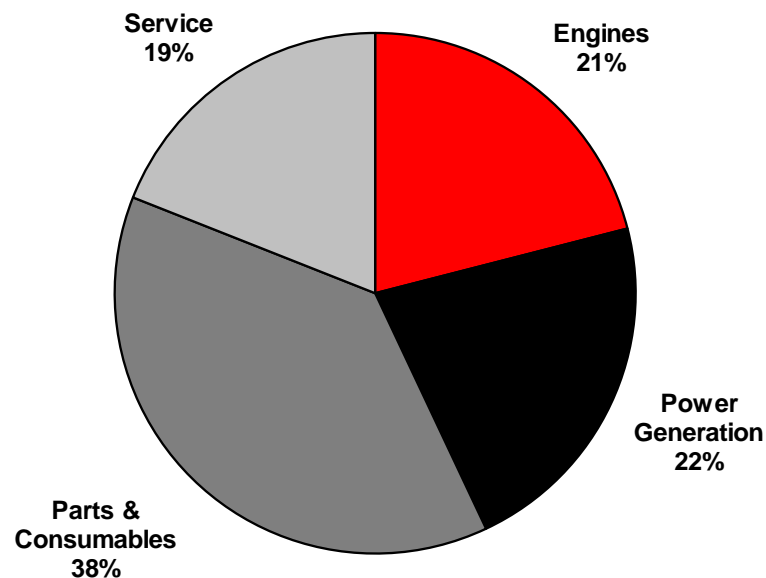
Sales: \$5.7 billion

EBIT: \$503 million

EBIT%: 8.8%

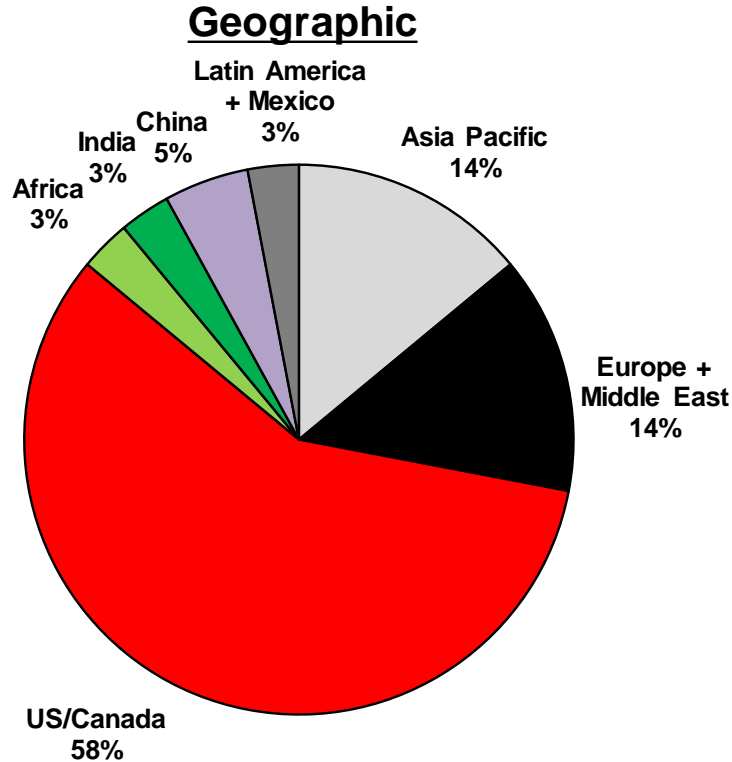
Q1'15 LTM Revenue

Application





Distribution Segment – Sales Mix

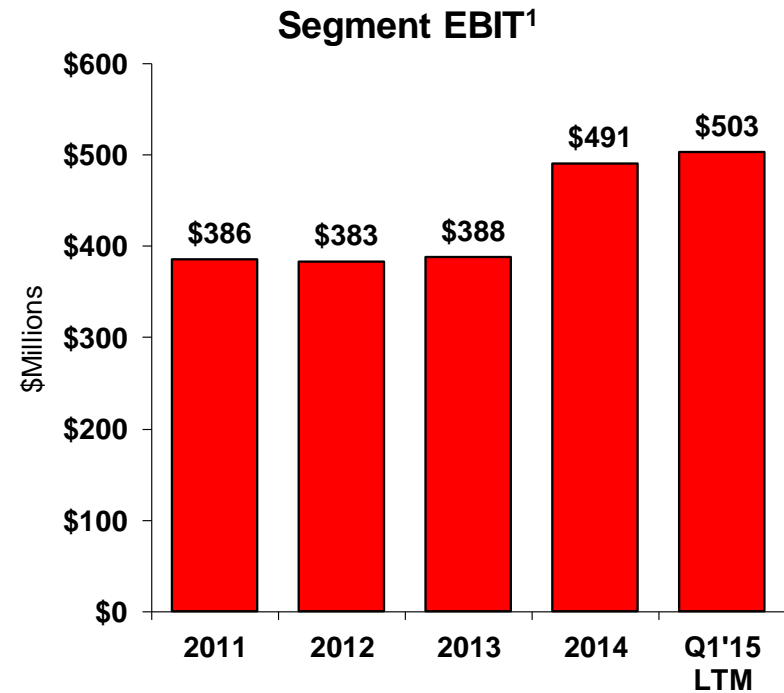
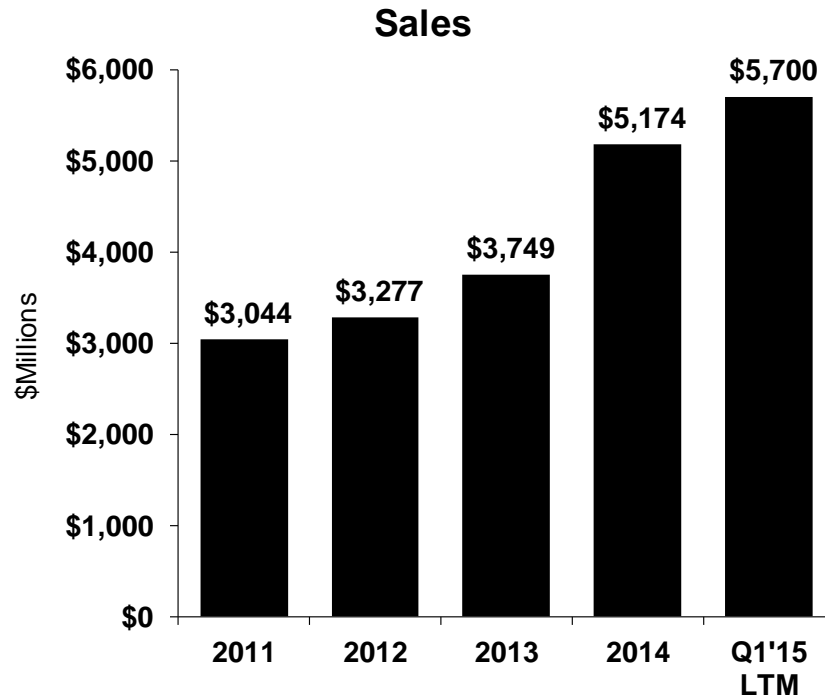


- Key enabler for Cummins growth
- Benefitting from increased population of product in the field
- International sales growth

Q1'15 LTM Revenue: \$5.7 B



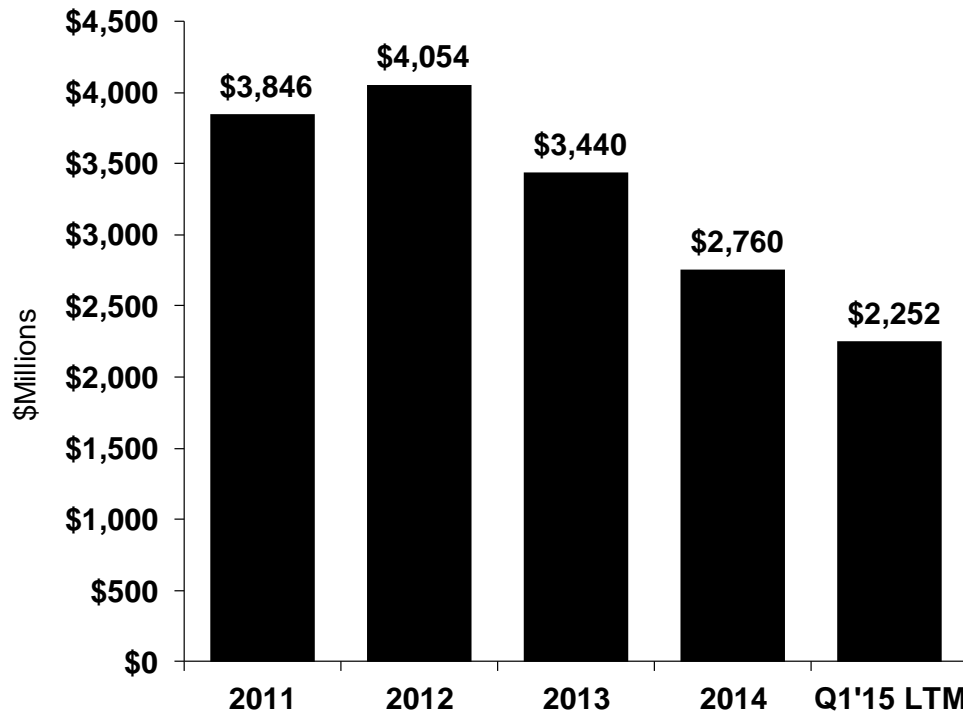
Distribution – Historical Performance



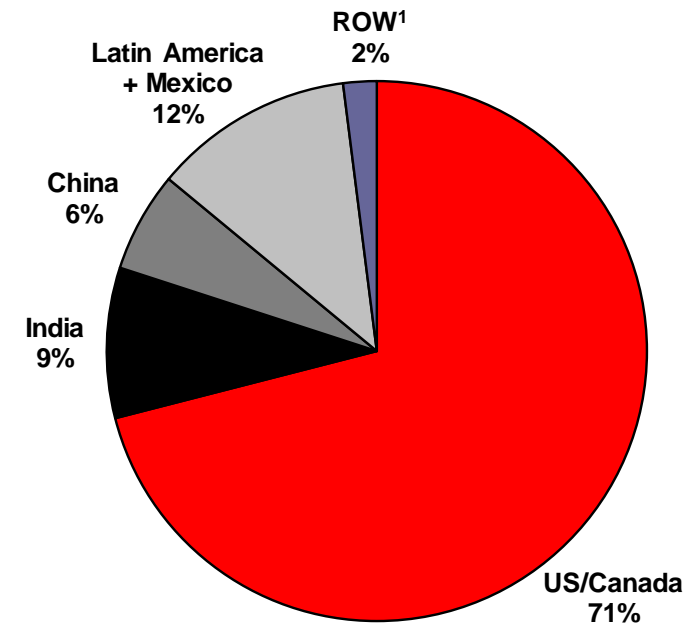
¹ 2012 EBIT excludes \$14 million in restructuring charges.



Distribution Segment – Joint Venture Sales Unconsolidated



Q1'15 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

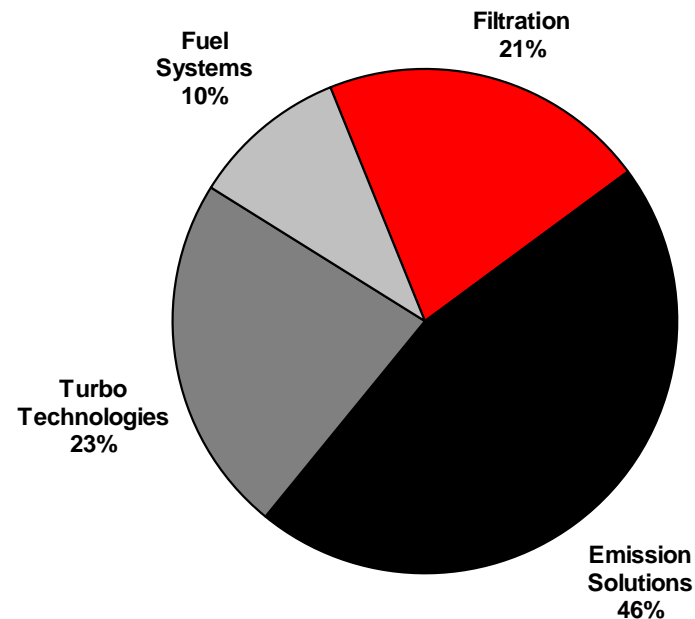
Q1'15 LTM Data

Sales: \$5.2 billion

EBIT: \$712 million

EBIT%: 13.7%

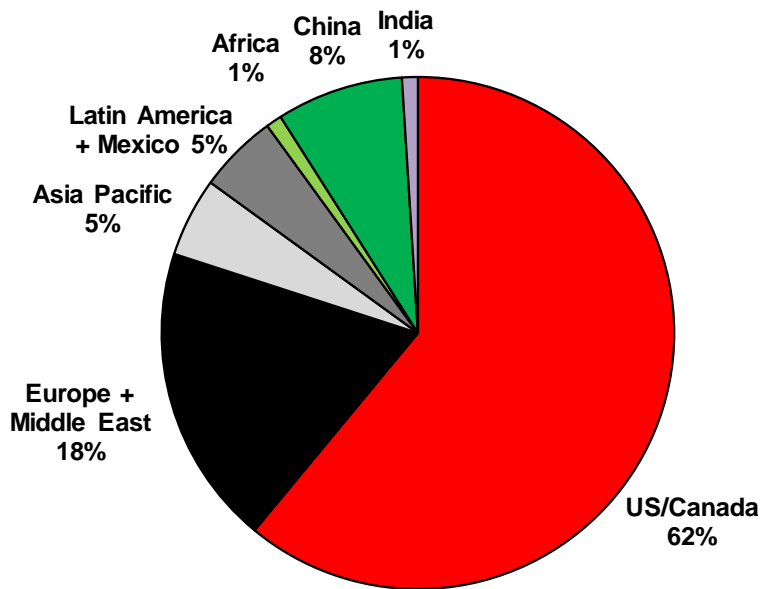
Q1'15 LTM Revenue by Business



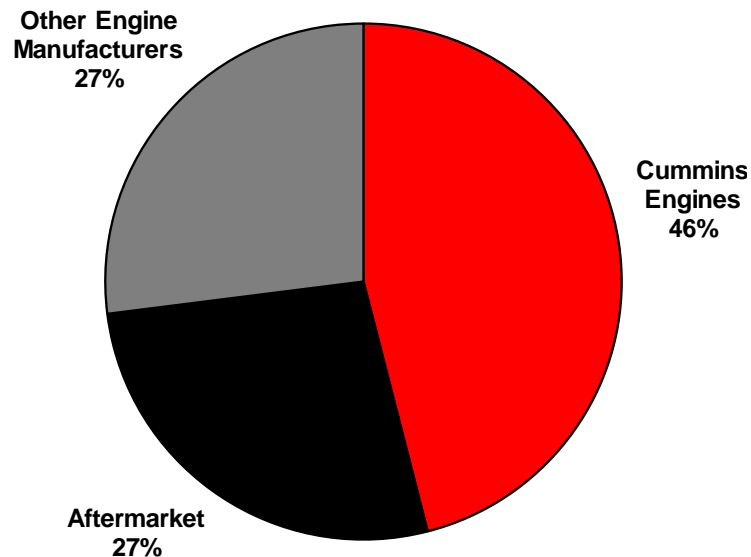


Components Segment – Sales Mix

Geographic



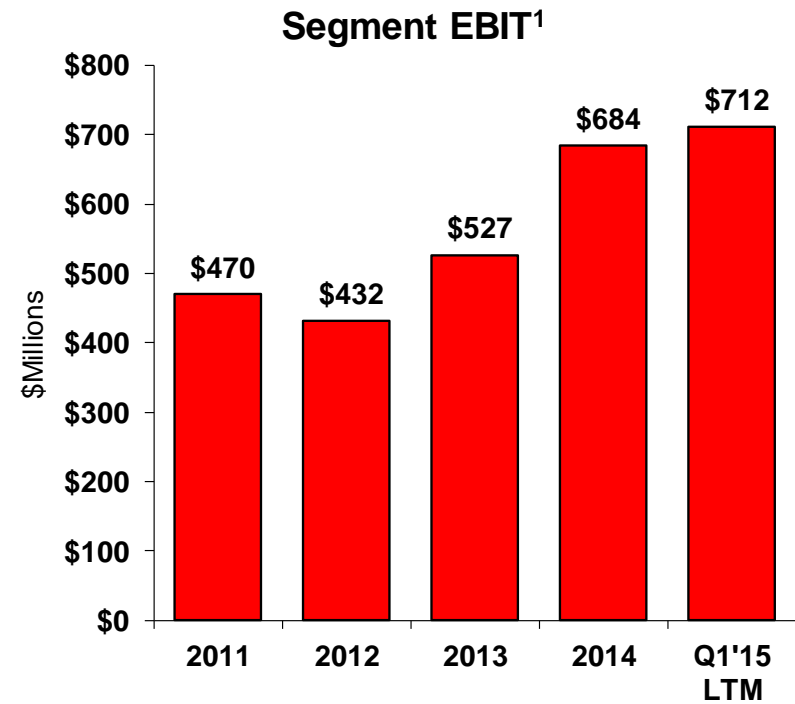
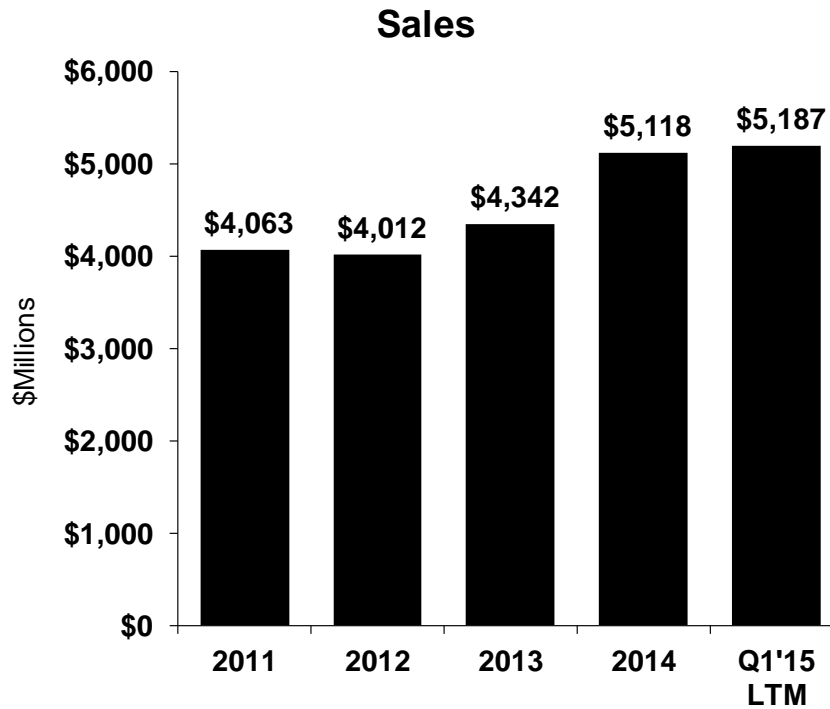
Application



Q1'15 LTM Revenue: \$5.2 B



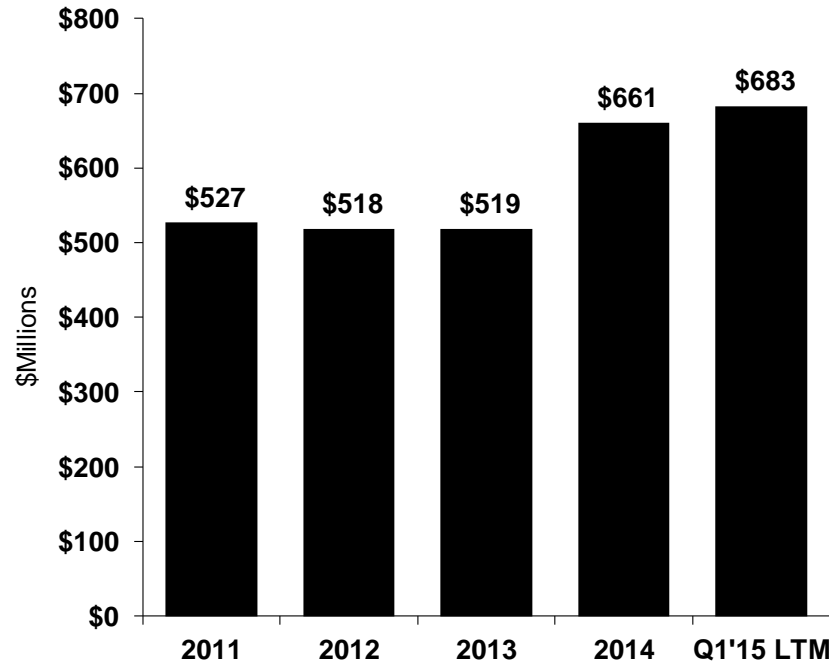
Components – Historical Performance



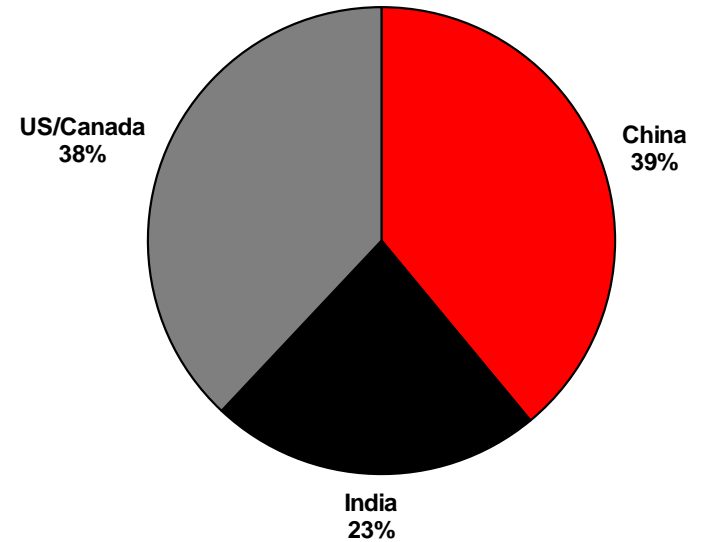
¹ 2012 EBIT excludes \$6 million in restructuring charges.



Components Segment – Joint Venture Sales Unconsolidated



Q1'15 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

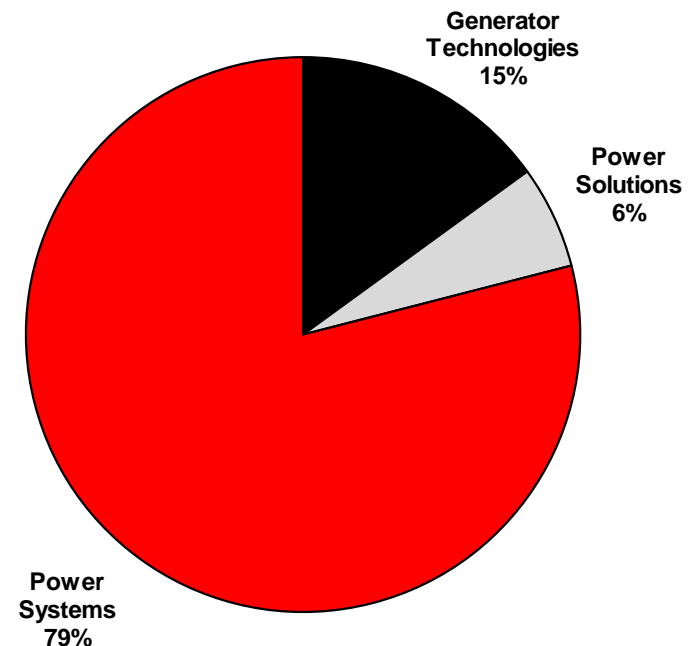
Q1'15 LTM Data

Sales: \$2.9 billion

EBIT¹: \$224 million

EBIT%: 7.6%

Q1'15 LTM Revenue by Product

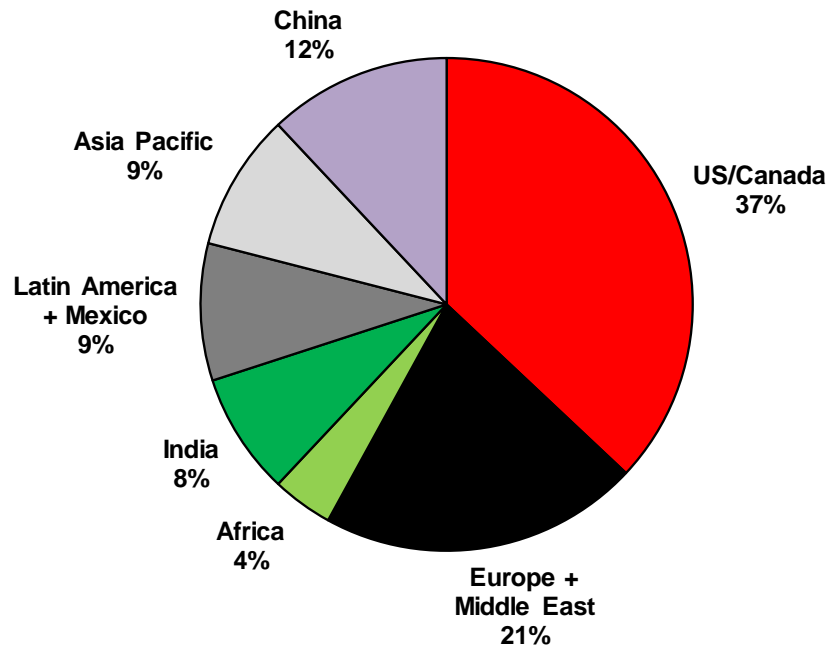


¹ EBIT excludes \$32 million in operating actions in 2014.



Power Generation Segment – Sales Mix

Geographic

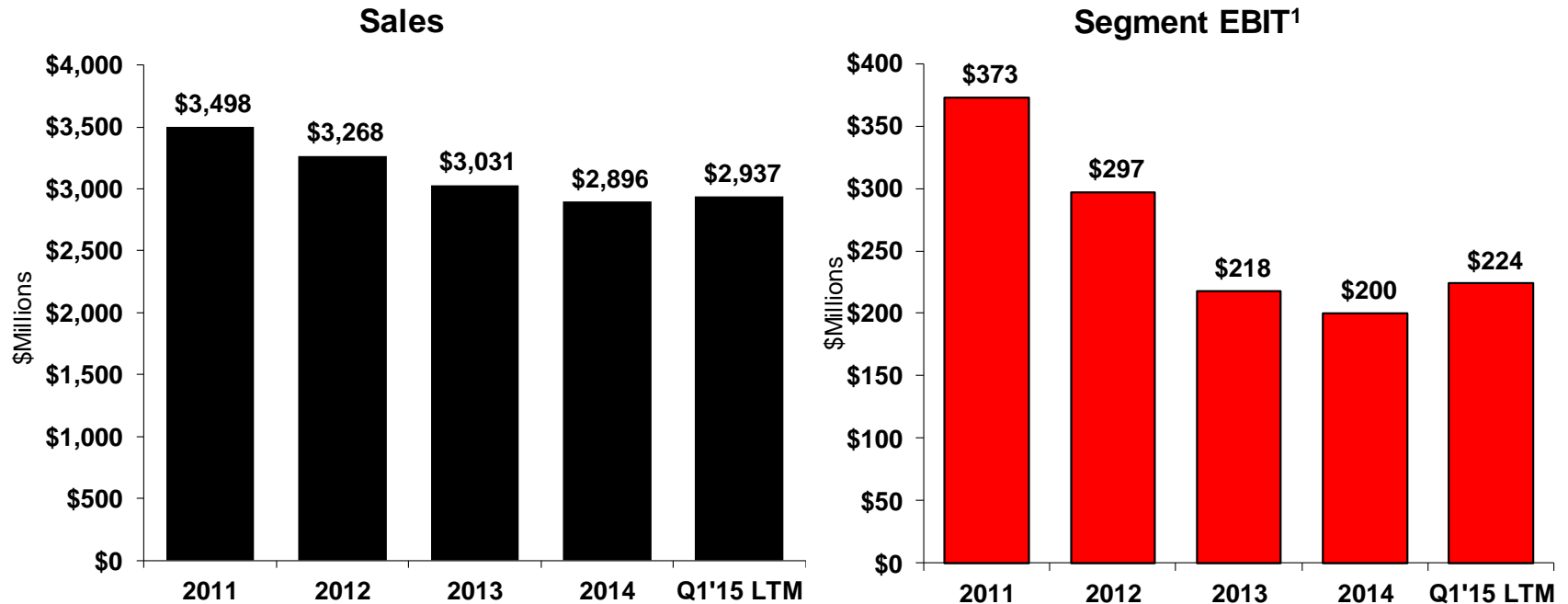


- Market Leadership in China, India, Russia and Latin America
- Energy shortfalls will continue in emerging markets

Q1'15 LTM Revenue: \$2.9 B



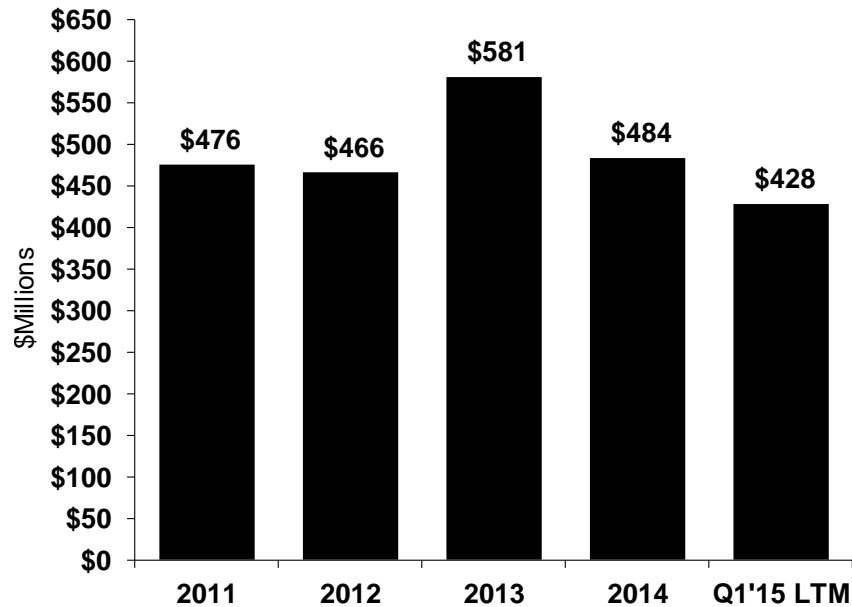
Power Generation – Historical Performance



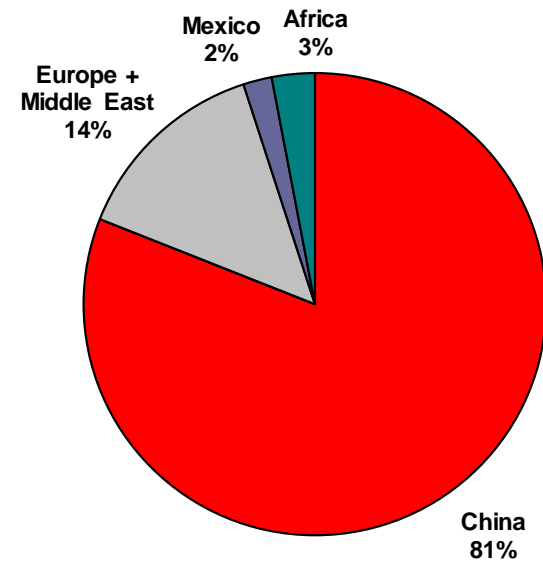
¹ EBIT excludes \$12 million in restructuring charges in 2012 and operating actions of \$32 million in 2014.



Power Generation Segment – Joint Venture Sales Unconsolidated

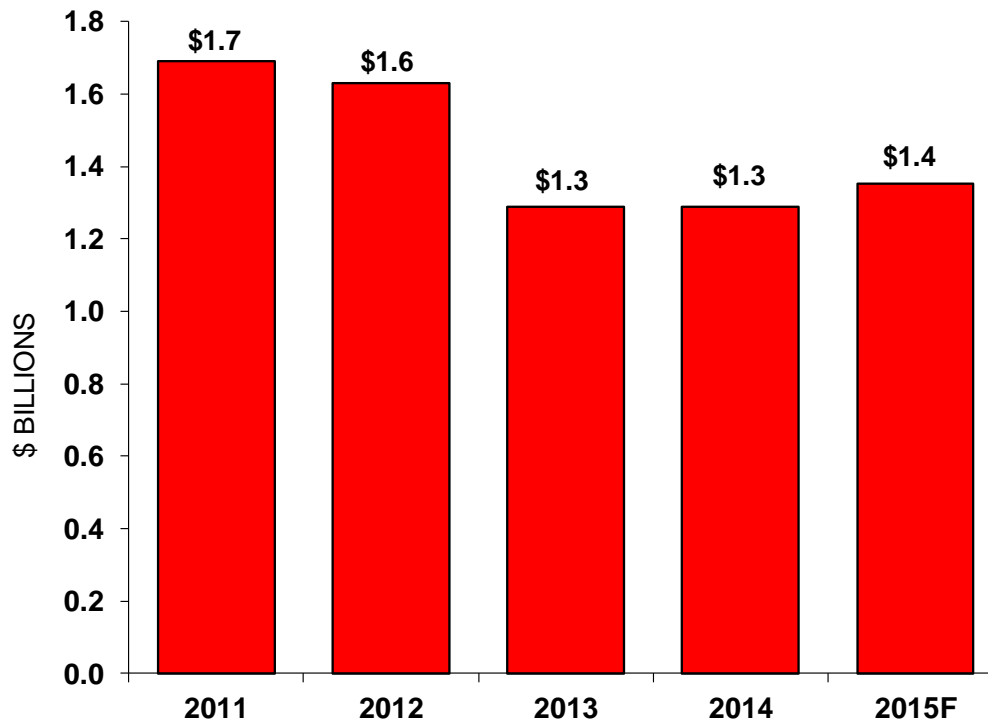


Q1'15 LTM Revenue





Emerging Market Sales – India¹



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

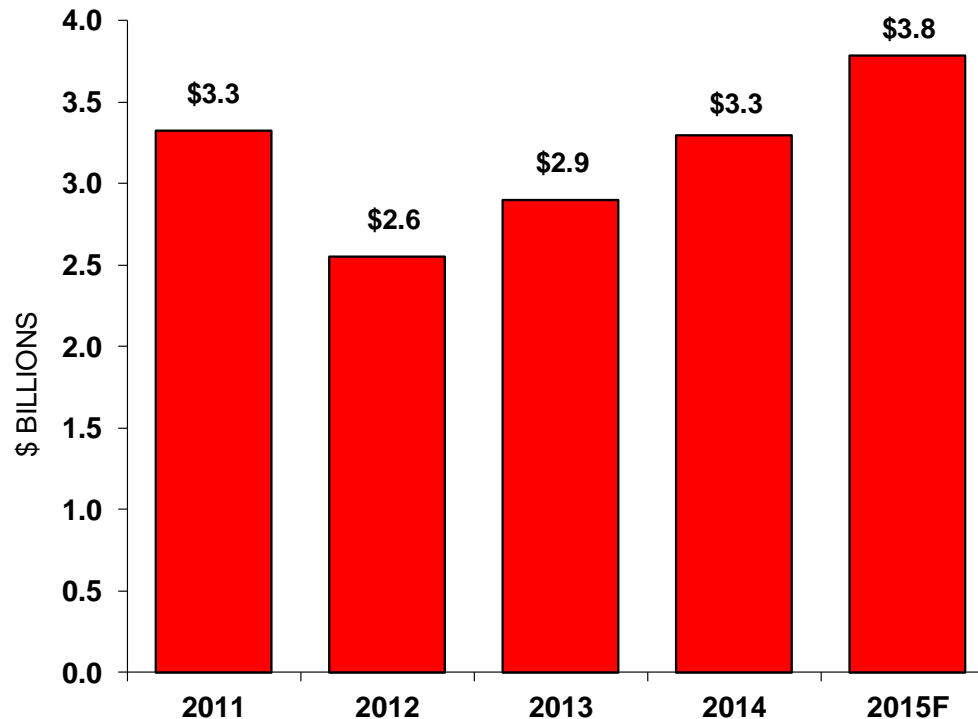
Domestic consolidated + unconsolidated revenue.

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 over 30 years
- Broad product portfolio - 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>	
	March 29, 2015	March 30, 2014
EBIT	\$562	\$528
Less: Interest Expense	14	17
Income before taxes	548	511
Less: Income tax expense	144	153
Consolidated net income	404	358
Less: Net income attributable to noncontrolling interests	17	20
Net income attributable to Cummins Inc.	387	338

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	March 29, 2015	March 30, 2014
Accounts and notes receivable, net	\$ 3,240	\$ 2,949
Inventories	2,936	2,580
Less: Accounts Payable - trade	(2,013)	(1,887)
Working capital measure	\$ 4,163	\$ 3,642
Working capital measure (% of Annualized Net Sales)	22.1%	20.7%

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	March 29, 2015	March 30, 2014
Net assets for operating segments	\$ 9,751	\$ 9,445
Liabilities deducted in computing net assets	5,869	5,263
Pension and other postretirement liabilities	(231)	(234)
Deferred tax assets not allocated to segments	312	242
Debt-related costs not allocated to segments	35	35
Total Assets	\$ 15,736	\$ 14,751

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	March 29, 2015	March 30, 2014
Equity used for return on equity calculation	\$ 8,362	\$ 7,967
Defined benefit postretirement plans	(656)	(607)
Total shareholders equity	7,706	7,360
Noncontrolling Interest	363	374
Total Equity	\$ 8,069	\$ 7,734

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.