



Opening

November 16, 2017



Mark Smith

Vice President, Finance Operations

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 2016 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.



Welcome

November 16, 2017



Tom Linebarger

Chairman & CEO

Agenda

- Opening
- Welcome
- Pat Ward
- Rich Freeland
- Break
- Tom Linebarger
- Q&A
- Lunch



CFO Comments

November 16, 2017



Pat Ward

Vice President & CFO

Agenda

Performance vs. 2015 commitments

Key metrics: EBITDA & ROIC

**Capital allocation plans to increase
returns**

What we said in 2015

The Cummins logo, featuring a large, stylized white 'C' with the word 'Cummins' in red script across it, set against a red background.

PERFORMANCE MANAGEMENT

- Managing decremental margins to (25%) in current downturn
- Increasing operating cash flow

DISCIPLINED INVESTMENT

- Organic investments
- Acquisitions and partnerships

RETURNS TO SHAREHOLDERS

- Return 50% of cash to shareholders

How we've done since 2015

2016

- Managed decremental margins to (24%) in recent downturn, when sales dropped by 8%
- EPS of \$8.23, prior trough was \$2.16 in 2009

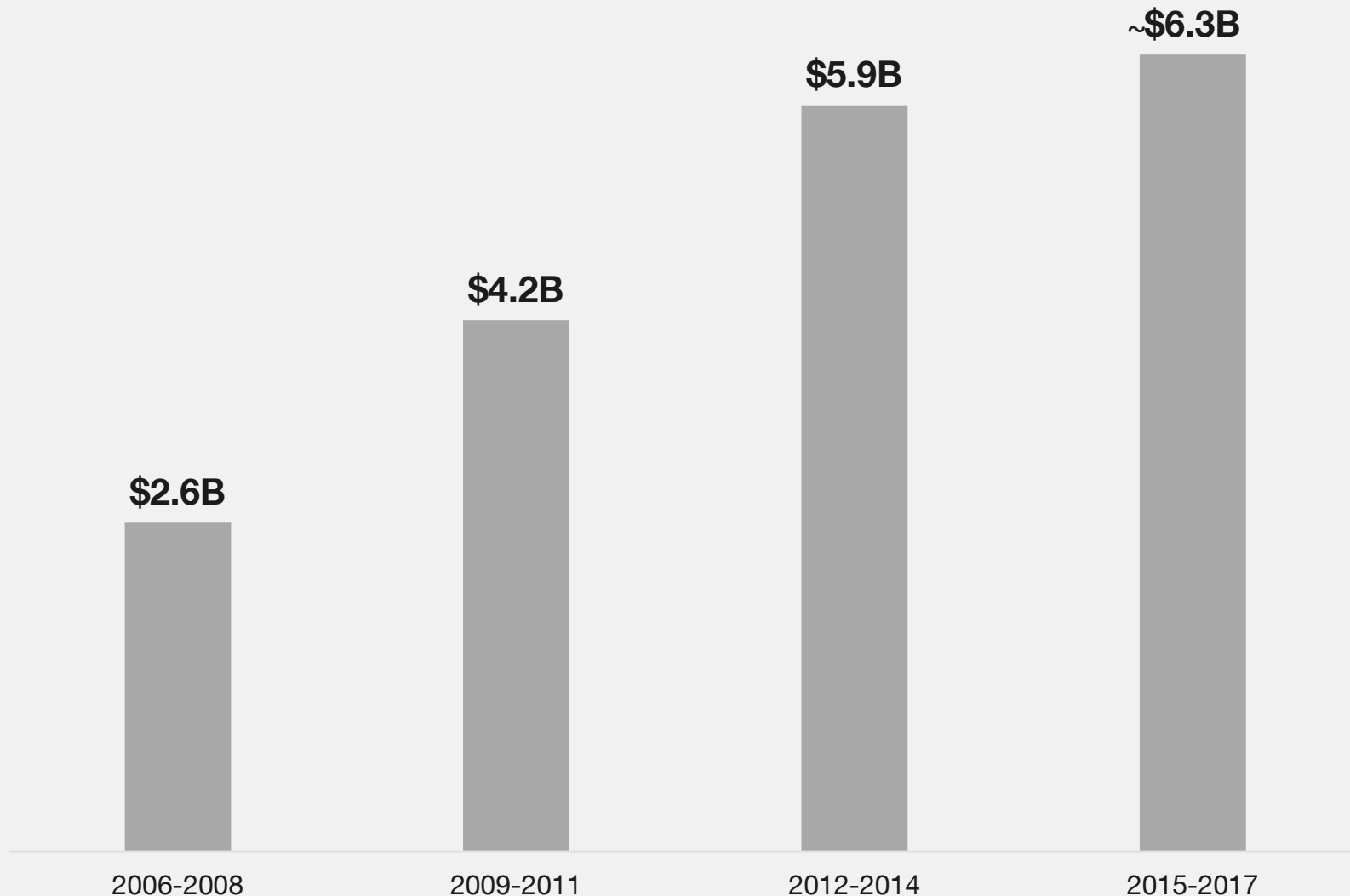
2017

- Record Sales, up 14-15% vs. 2016
- Record EPS of ~\$10
- Record Cash from Operations

Record levels of Operating Cash Flow

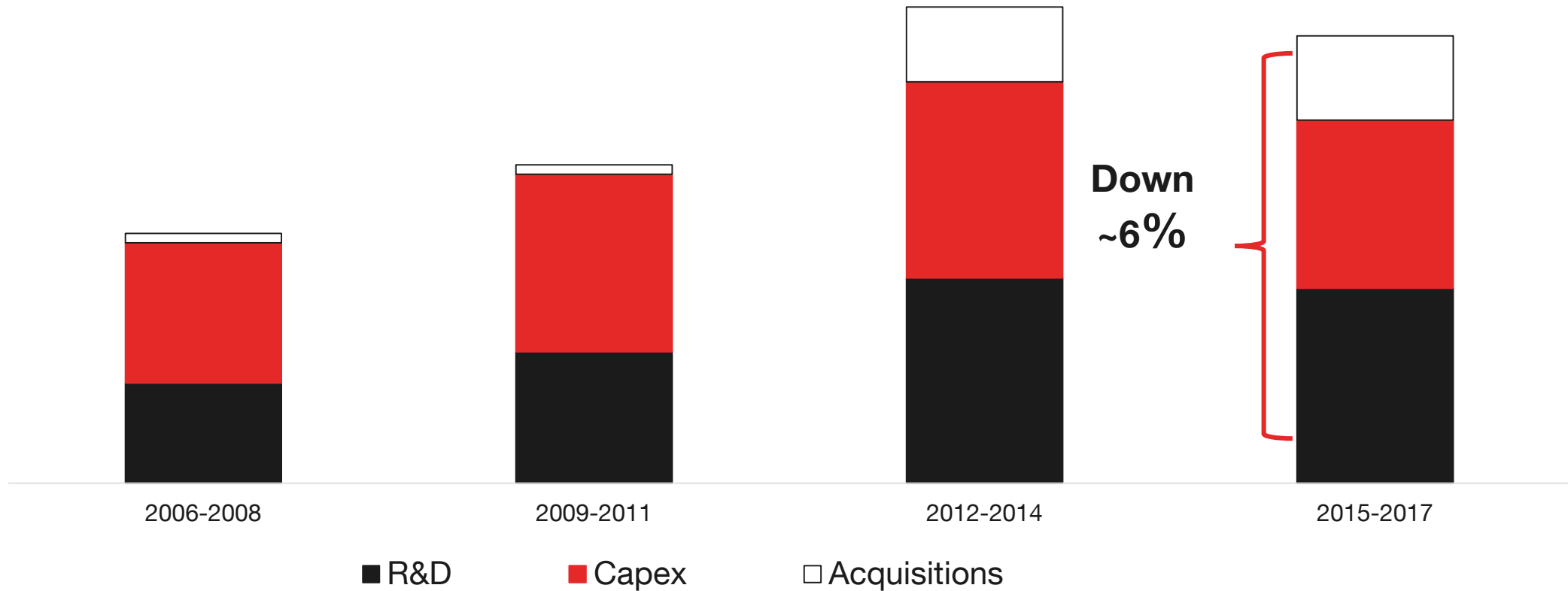
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Three-year Cumulative Operating Cash Flow

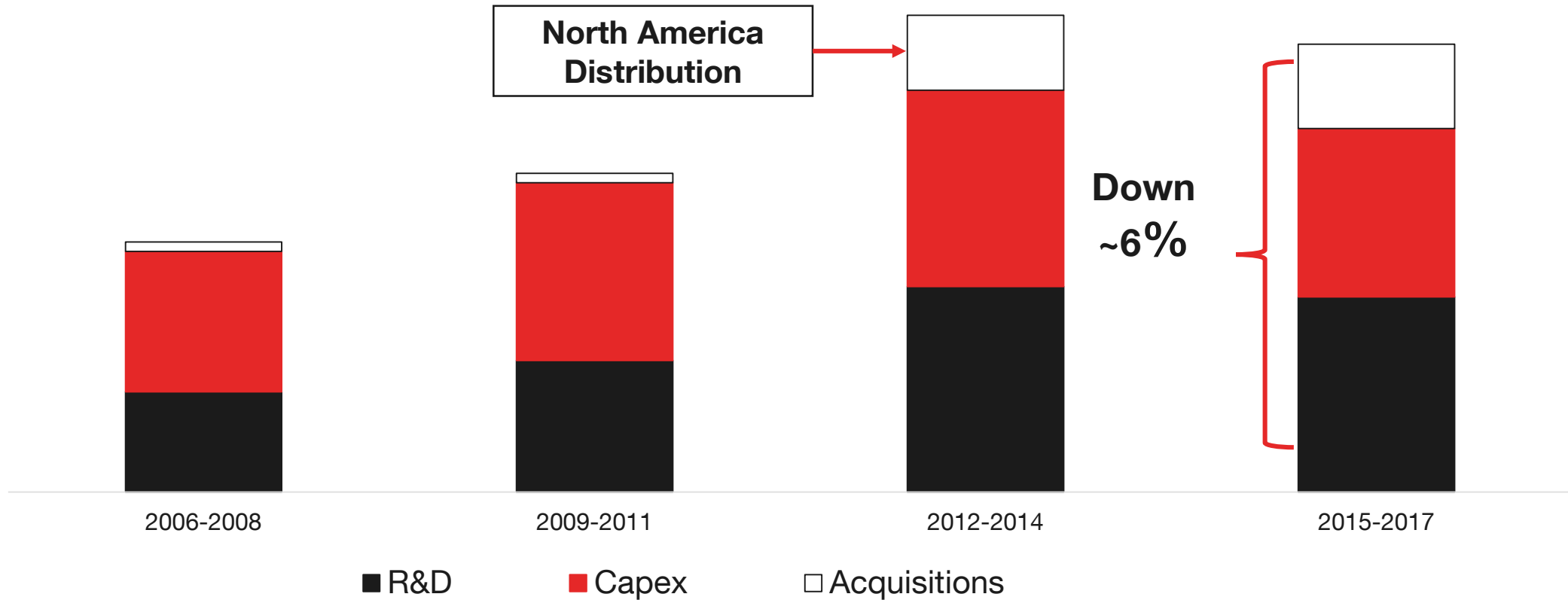


~ Includes an estimate for 2017

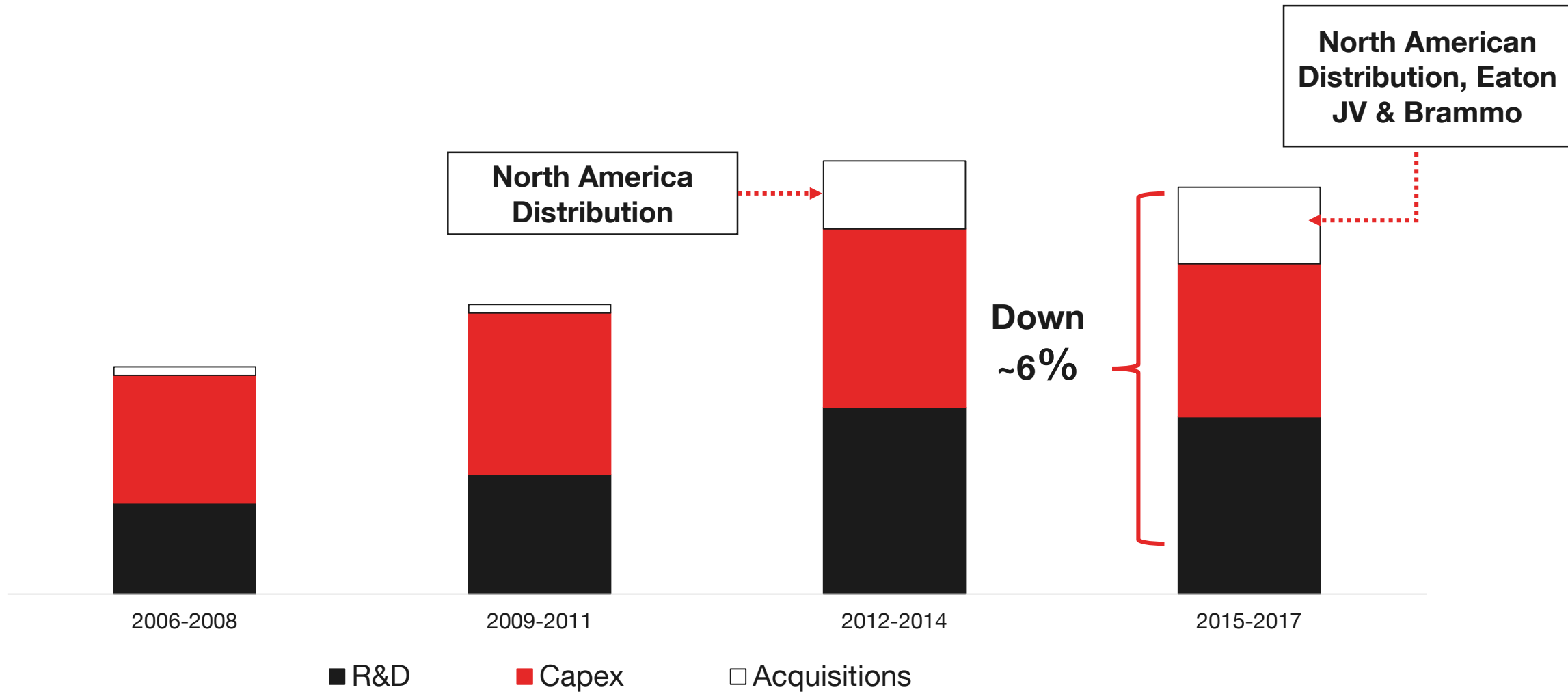
Disciplined approach to investment



Disciplined approach to investment



Disciplined approach to investment



Disciplined investment continues to deliver strong returns

	2017 Forecast	5-year average ending in 2016	10-year average ending in 2016
ROANA	25%	25%	27%
ROE	21%	20%	20%
ROIC	18%	19%	20%

ROANA, return on average net assets, is a non-GAAP measure which is defined as earnings before interest and tax (EBIT) divided by average net assets

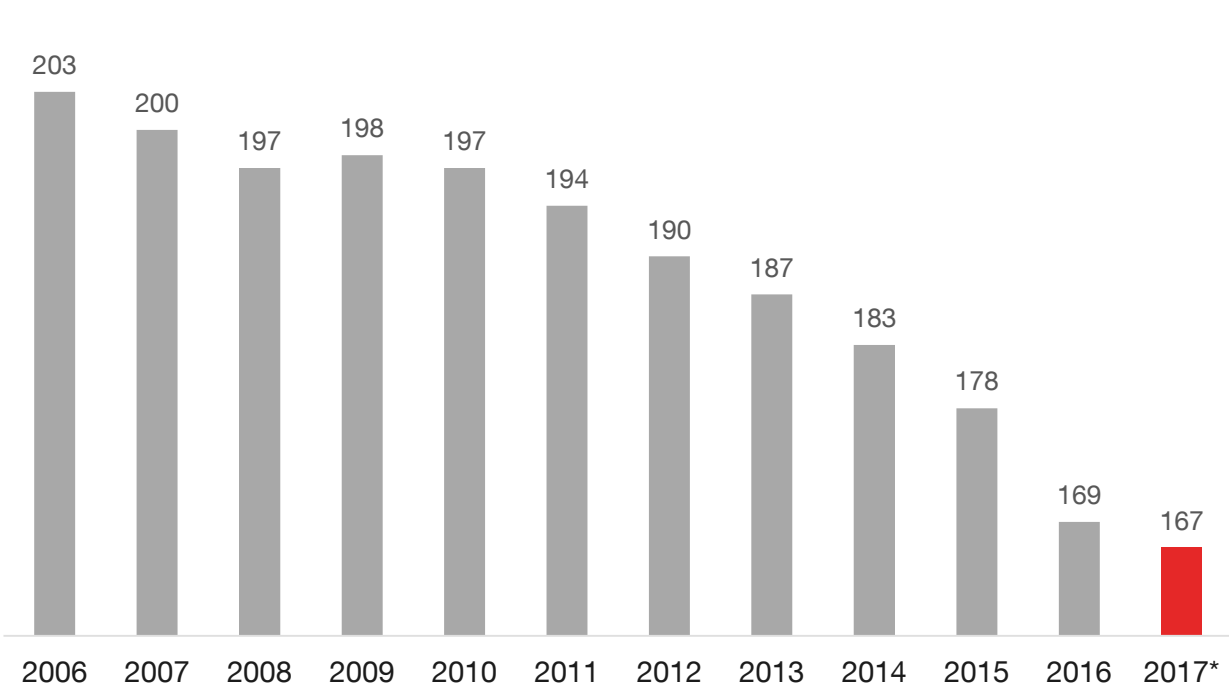
ROE, return on equity, is a non-GAAP measure- equity excludes non-controlling interests, defined benefit postretirement plans and special items.

ROIC, return on invested capital, is defined as net operating profit after tax divided by average total capital.

Increasing cash returned to shareholders

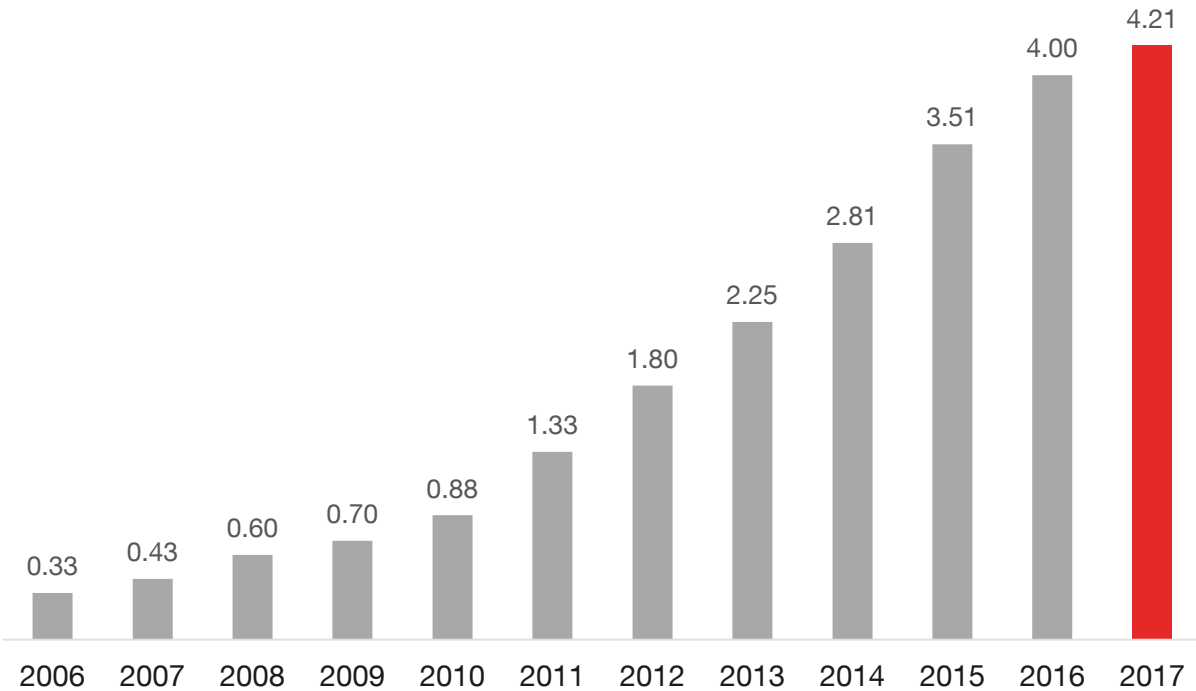
Diluted Shares Outstanding (M)

Reduced by 18% since '06



Dividend Per Share (\$)

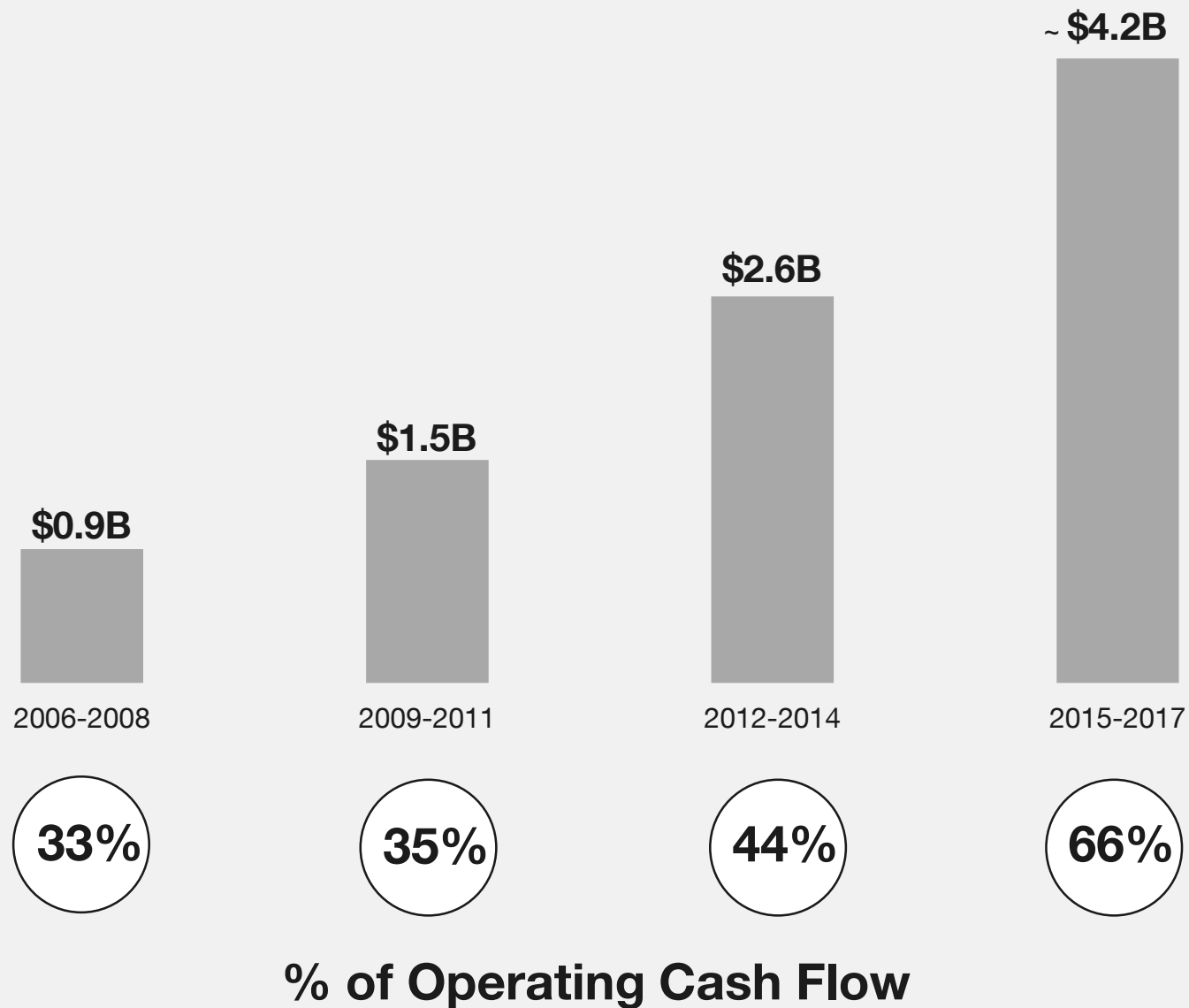
Increased 1176% since '06



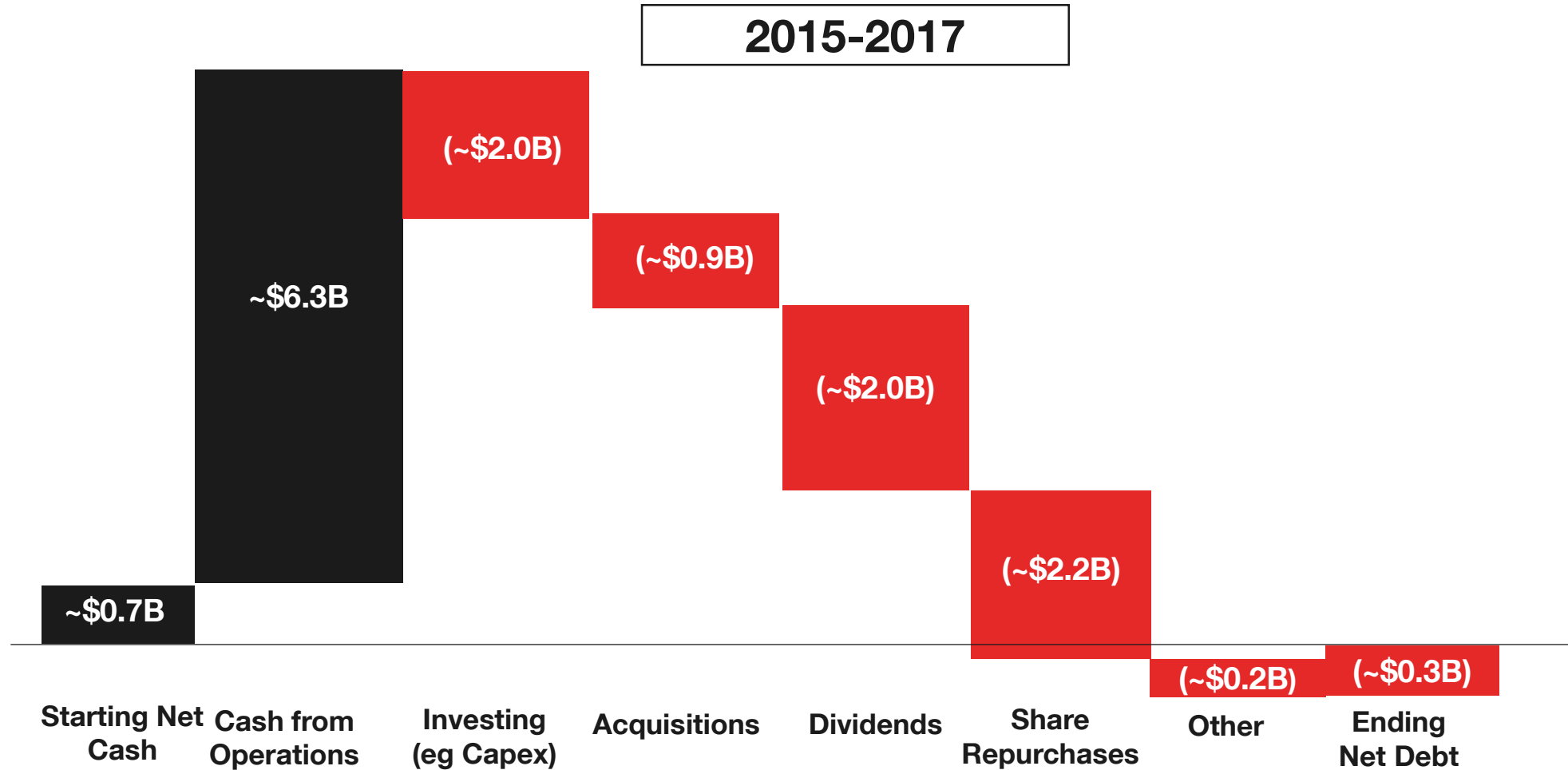
- Includes an estimate for 2017
- Diluted Earnings Per Share amounts are adjusted for 2-1 stock splits in 2007 and 2008.

**Record
levels of
cash
returned
to
shareholders**

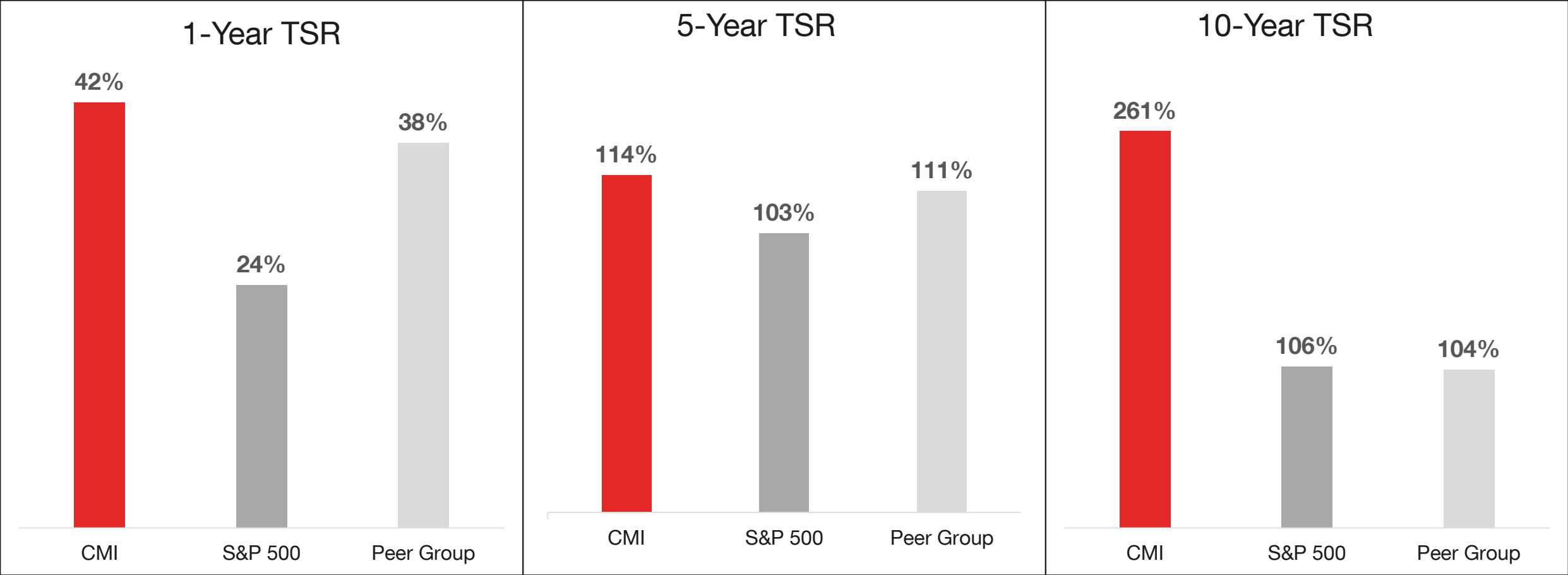
Three-year Cumulative Dividend & Share Repurchases



Delivered on our Commitments



Continued track record of delivering high returns



TSR calculations as of October 31, 2017

Key metrics going forward

RETURNS

ROIC

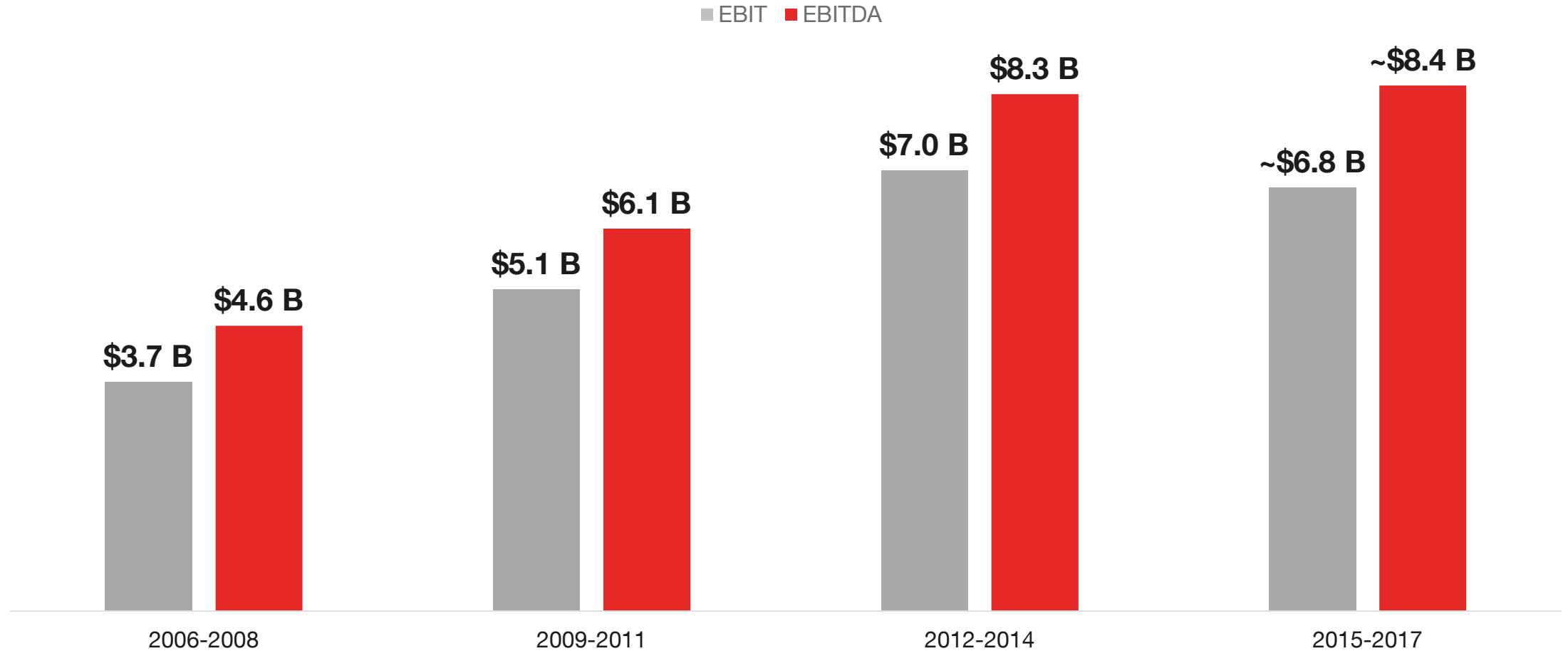
return on
invested capital

PROFITABLE GROWTH

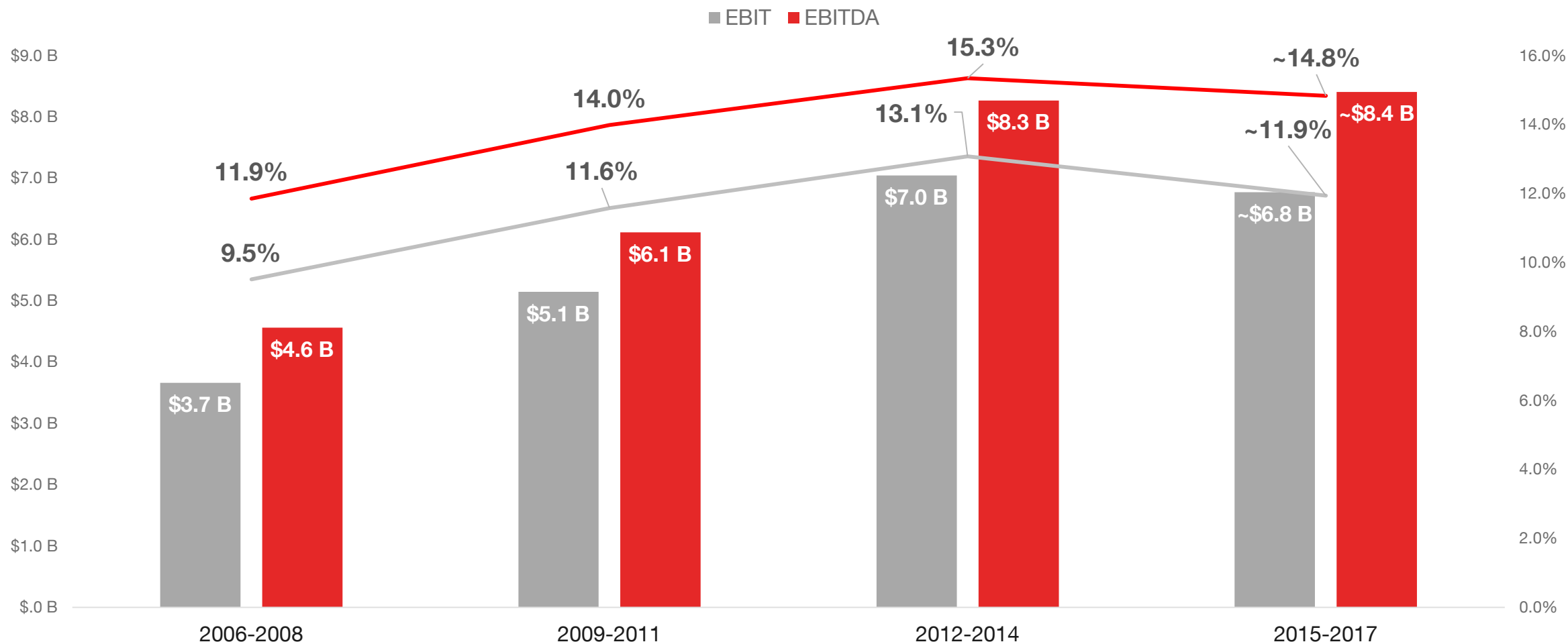
EBITDA

earnings before interest, taxes,
depreciation, amortization

Comparison of EBITDA to EBIT



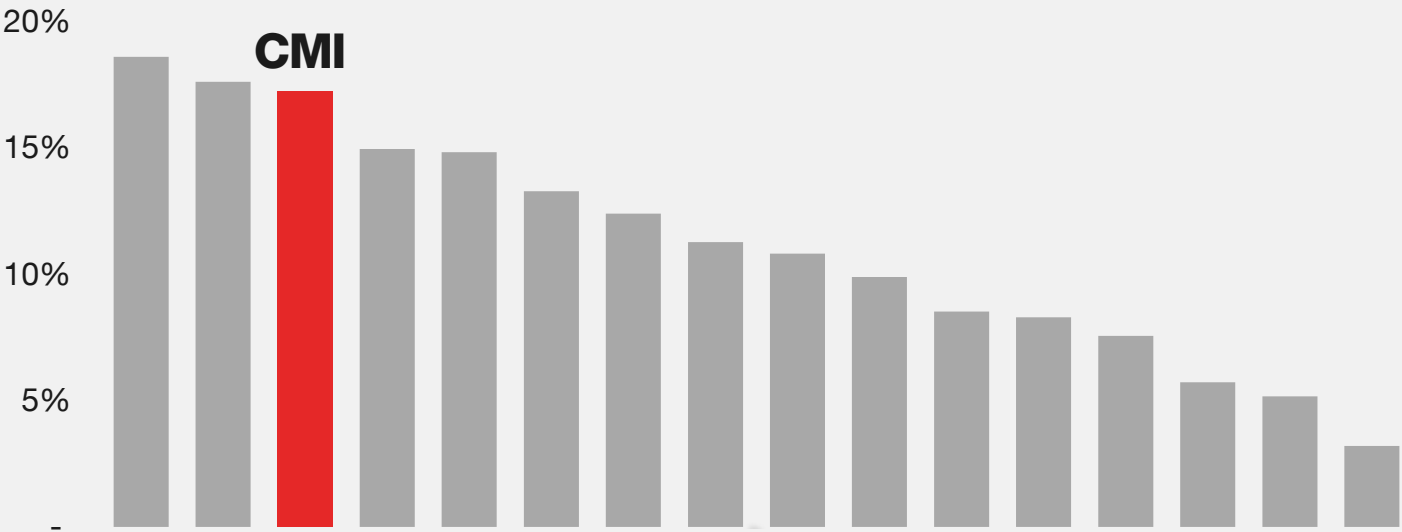
Comparison of EBITDA to EBIT



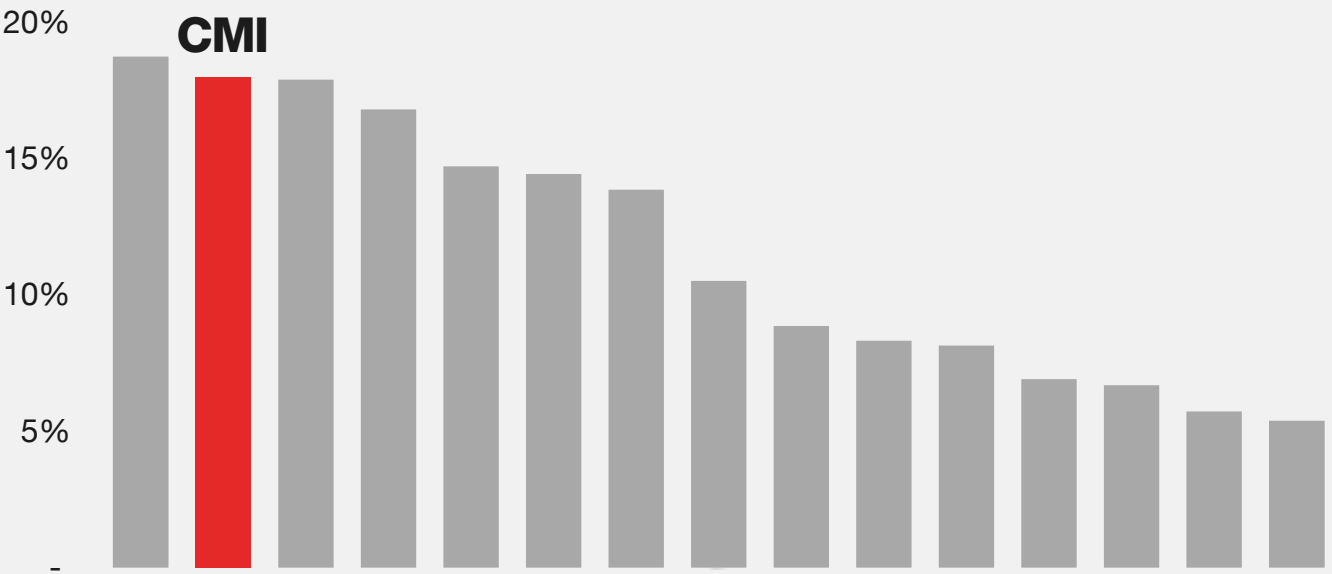
ROIC: Top quartile performance

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

Last 12 Months



Last 5 Years



ROIC calculations based on the most recent filing on or before October 1, 2017

Capital allocation plans

Invest for profitable growth	Return of Capital
Organic growth	Share repurchase
Acquisitions & partnerships	Dividend growth
Strong balance sheet	

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Strong balance sheet	

Create shareholder value through return on capital



PERFORMANCE IMPROVEMENT

- +20% incremental EBITDA Margins on base business
- Increase Operating Cash Flow

DISCIPLINED INVESTMENT

- Organic growth, acquisitions and partnerships, new technologies

STRONG RETURNS

- Return 50% of Operating Cash Flow
- Deliver Top Quartile ROIC over the cycle





COO Comments

November 16, 2017



Rich Freeland

President & COO

Our approach



Expand margins



**Outgrow end
markets**

Expand margins

The Cummins logo, featuring a large, stylized white 'C' with the word 'Cummins' in red script across it, set against a red background.

EMBRACE CYCLES

- Improvements during downturns and upturns:
 - ✓ Restructuring plan
 - ✓ Manufacturing footprint

CONTINUOUS IMPROVEMENT

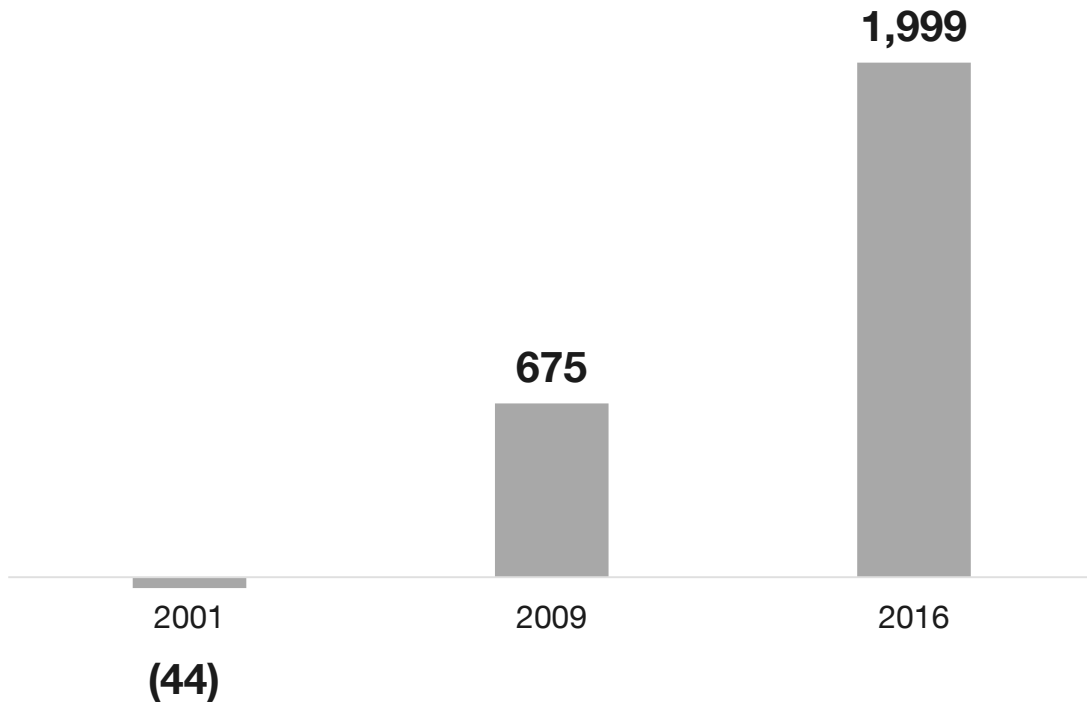
- Significant material cost reductions
- Manufacturing productivity

SET UP FOR GROWTH

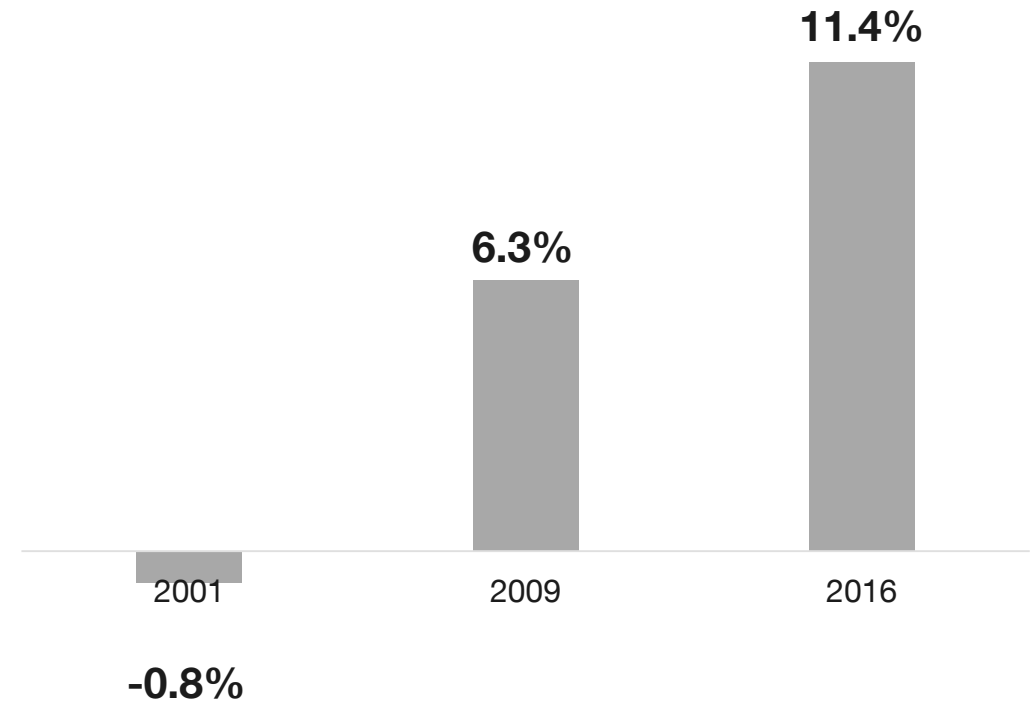
- Continued investments in new products
- Supply chain flexibility

Expand margins: Raising the trough

EBIT \$ Millions at Trough



EBIT % at Trough



How we've done since 2015

	2015	2016	2017 Forecast
Revenue	\$19.1B	\$17.5B	\$20.0B
Diluted EPS	\$7.84	\$8.23	~\$10
Cash Flow from Operations	\$2.1B	\$1.9B	\$2.3B
ROE	17%	18%	21%
ROANA	22%	23%	25%

Driving improvements in warranty costs

33



*September 2017 YTD

Warranty reduction

Analytics to identify potential issues faster

Supplier quality & accountability

**Overall review of product development
process**

Current products performing well

Our approach



The diagram consists of two rounded rectangular boxes side-by-side. The left box has a grey border and a grey tab at the top, containing the text 'Expand Margins' in grey. The right box has a red border and a red tab at the top, containing the text 'Outgrow end markets' in black.

**Expand
Margins**

**Outgrow end
markets**

Outgrow end markets

\$2B in outgrowth during next
5 years

- New products
- Content growth
- Market share

Outgrowth: Power Systems



Mining



Data Centers



Rail



Oil & Gas

Outgrowth: Components

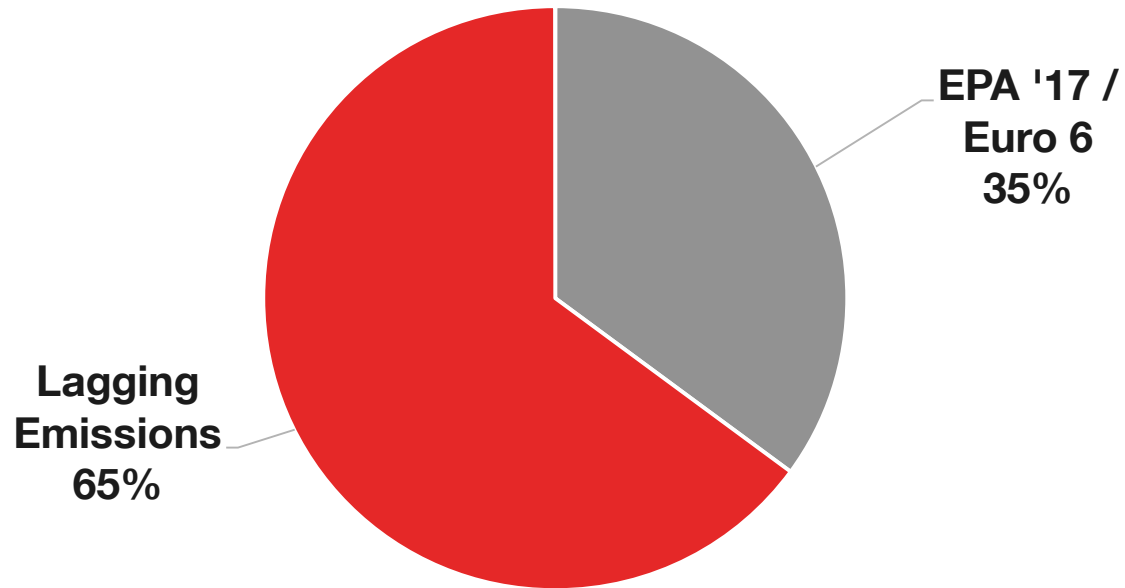
● Transmissions

● Content in
emerging markets

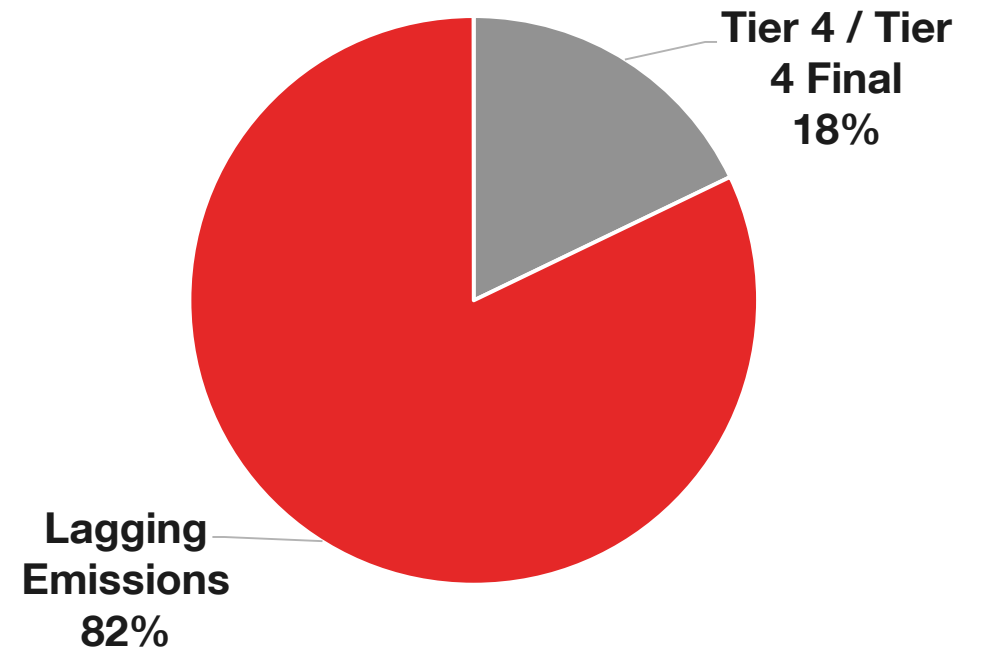


Outgrowth: Opportunity from emissions regulations

Global On-Highway Engines



Global Off-Highway Engines



Outgrowth: Engines

- Market share growth in India & China
- Advanced powertrain integration
- Adding new products

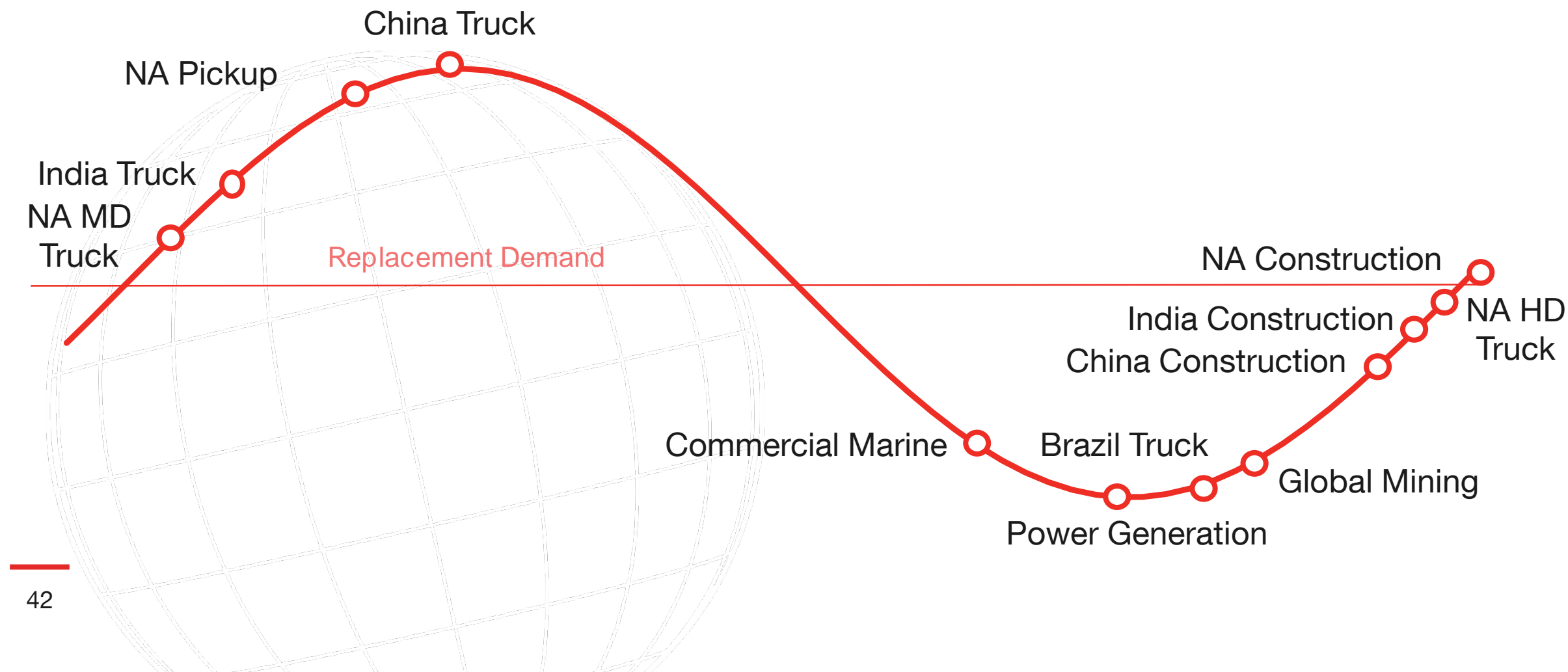


Outgrowth: Distribution

- **Completed acquisition of NA distributors**
- **Key enabler of growth**
- **Parts and service opportunity**



End markets are improving



Well positioned for profitable growth



- Performing well
- Strengthening leadership position
- Plans for outgrowth
- End markets improving





CEO Comments

November 16, 2017



Tom Linebarger

Chairman & CEO

Key Take-Aways

- **Delivered on commitments to Shareholders**
 - Delivered strong incremental margins
 - Returned cash to shareholders
 - Well-positioned for the future earnings growth
- **Made significant operational gains**
 - Managed successfully through the downturn
 - Gained share in key markets
 - Launched new products to successfully enter new markets
- **Investing in new growth and new technologies**

CORE		CAPABILITIES		GROWTH PLATFORMS	
Engine	Power Systems	Technology Leadership	Build on our strength in Powertrain	Leverage our Global Distribution Channel	
		Scale Advantage			
Components	Distribution	Distribution Network	Data-Enabled Services	Increase Participation in Attractive Markets	
		Partnerships & Customers			
NEW TECHNOLOGIES					

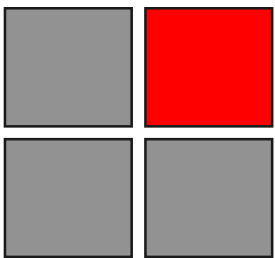


Build on our strength in powertrain

Goal is to be the leading powertrain supplier offering a broad portfolio of technologies

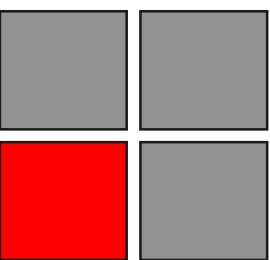
- Expanded scope to include transmissions
- Formed the Eaton Cummins Automated Transmission joint venture
- Exploring opportunities for advanced powertrains outside North America
- Continue to look for additional opportunities





Leverage our Global Distribution Channel

- **Ownership in distribution channel is a strategic asset that provides significant competitive advantage and a platform for growth**
- **Wide range of non-Cummins products currently distributed through Cummins Distribution**
- **Search for additional adjacent products and services to date has yielded more regional opportunities**
- **Search for larger, global opportunities with disciplined approach and focus on downstream-related markets**

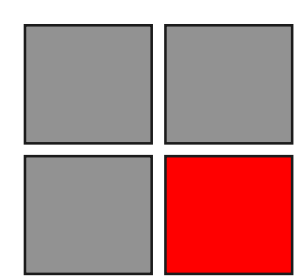


Data-Enabled Services



Connectivity drives significant benefits and opportunities

- Using data to create value-added information for customers that increases the value of our products
- Using this data to improve our products' performance, quality, service and our own operations
- Evaluating new business models that leverage data to provide new services, e.g. school bus pay-per-hour
- Creating new businesses outside of our core, e.g. Zed Connect



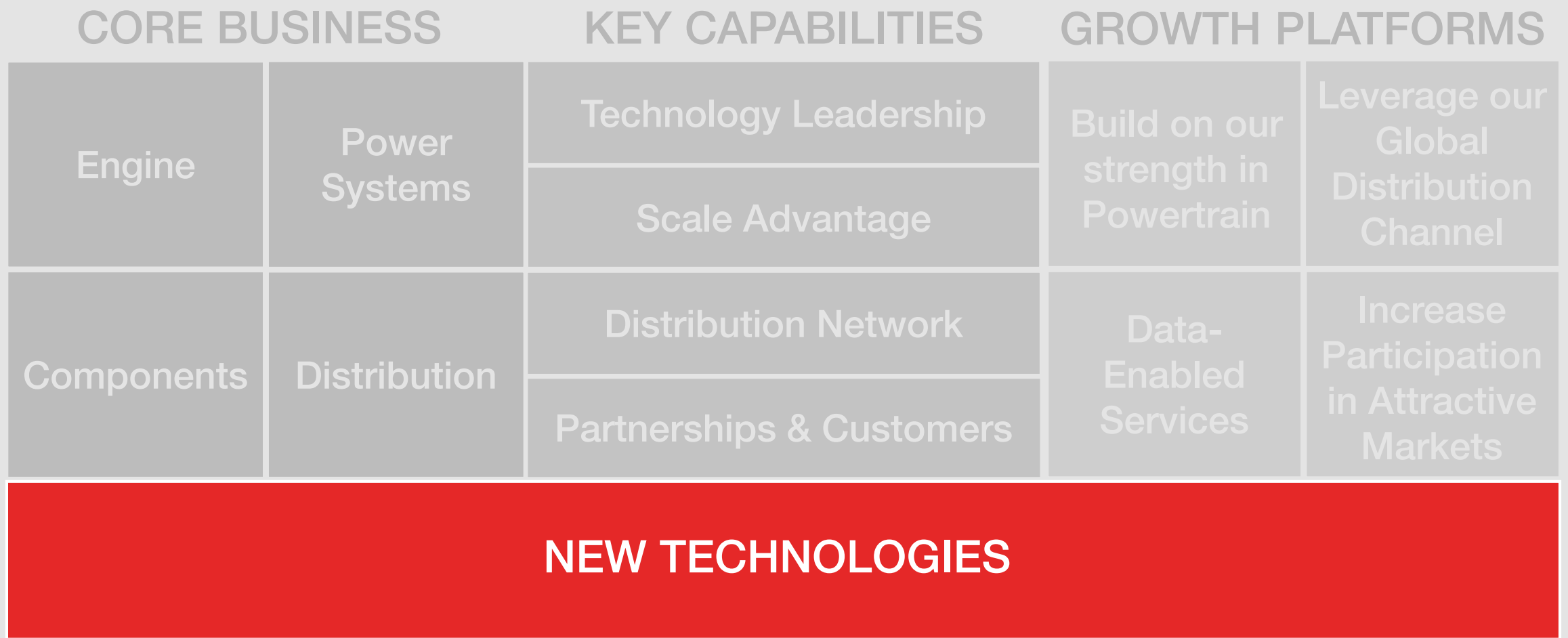
Increase participation in attractive markets

Continued leadership in global Light Commercial Vehicle market

- Expanded share in China LCV market from 1% in 2012 to expected 8% in 2017
- Significant non-partner volumes in China, Russia and Brazil
- Seeking continued consolidation opportunities; acquisitions unlikely

Expanding into higher power nodes in key Industrial segments

- Organic expansion into new sub-segments in PowerGen, Oil & Gas, Rail and Marine with plans to expand natural gas offerings
- Continue to explore inorganic opportunities with disciplined approach



New technologies

Energy Storage

Distributed Power

**Advanced Manufacturing
and Materials**

**Autonomous and
Advanced Controls**

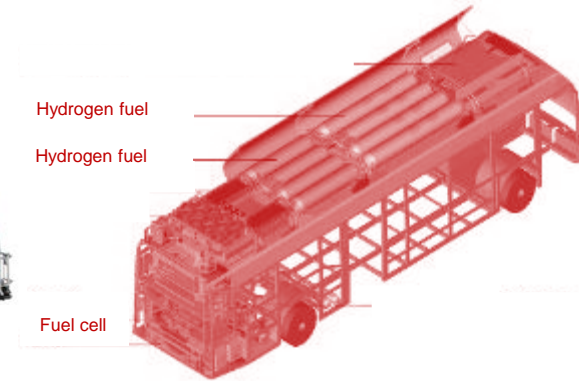
New Prime Mover

Alternative Fuels

**Powertrain Integration
and Electrification**

**Connectivity, Big Data
and AI**

Broad portfolio of power solutions



**Diesel
Powertrain**

**Natural Gas
Powertrain**

**Hybrid
Electric**

**Battery
Electric**

**Fuel Cell
Electric**

Partial conversion

DRIVERS

REGIONS

EXAMPLES

PHASE 1

Sociability Need
Capable Current Technology
Drive Cycle Suitable
Subsidized

High Density Urban Cities like
London
Emissions containment areas like
LA ports
National policy like China

MOVING NOW



PHASE 2

Improved technology
Local Regulation Appears
Still Subsidized

High Density Urban Cities in India,
Eastern EU, etc.
ULE Zones in US, Western EU

WITHIN 5-10 YRS



PHASE 3

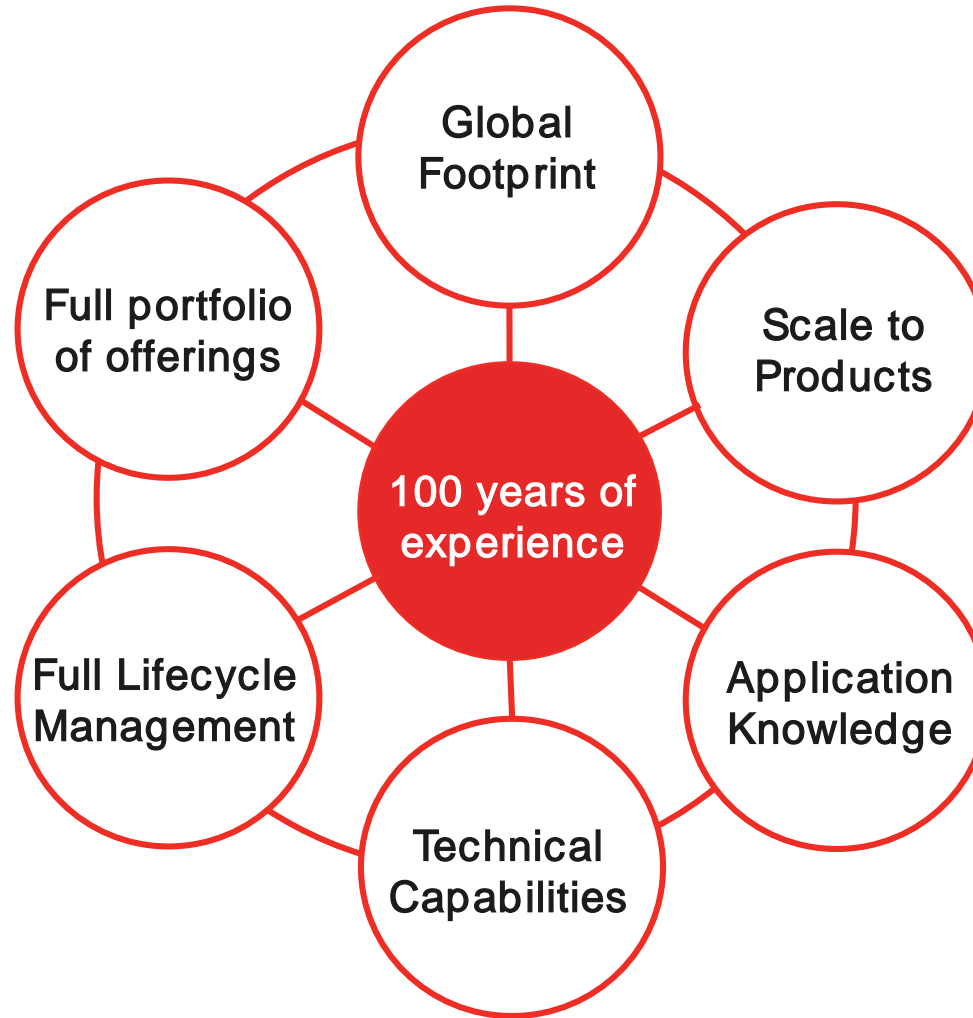
Viable Economics

Leapfrogging Diesel
Emissions
(eg: Africa, South America)
Traditional Commercial
Vehicles

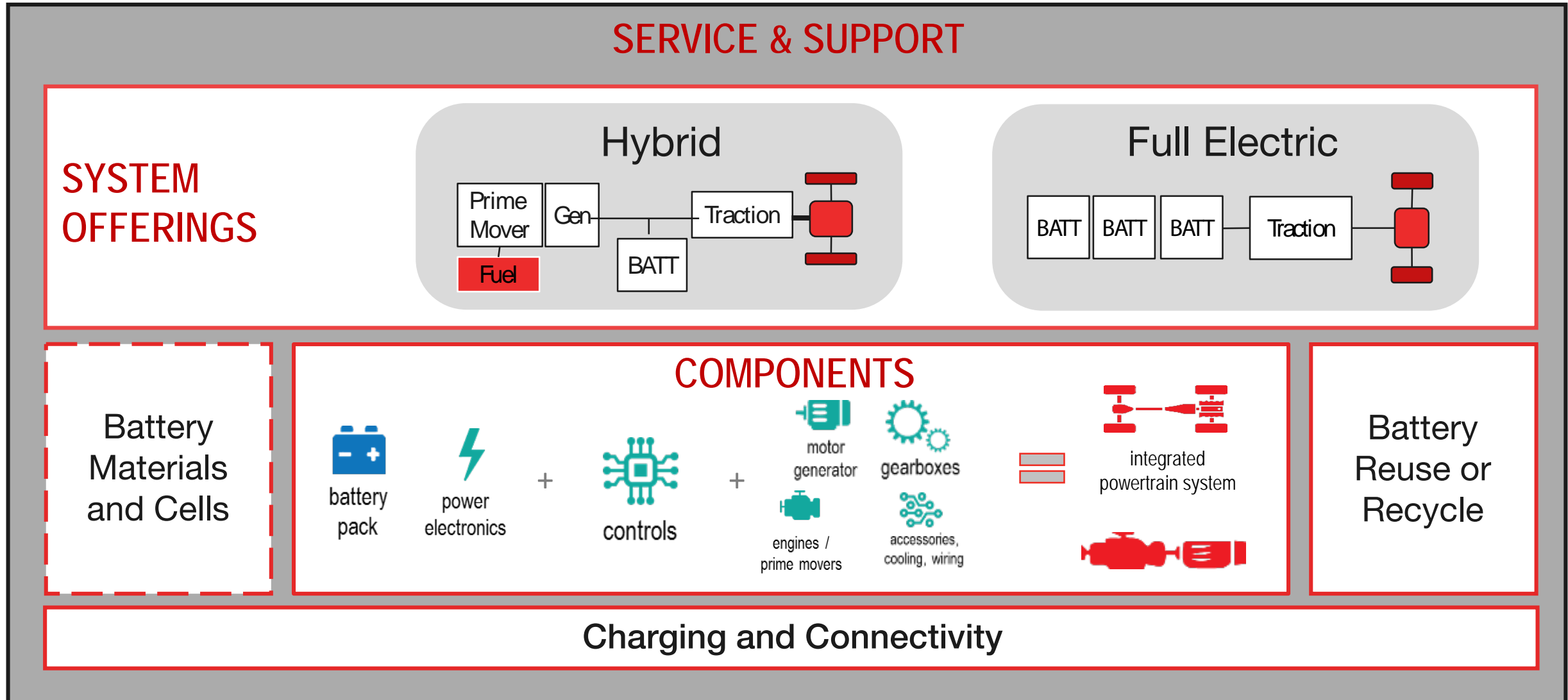
10-15 YRS



**Cummins is
positioned
to win in
electrification**

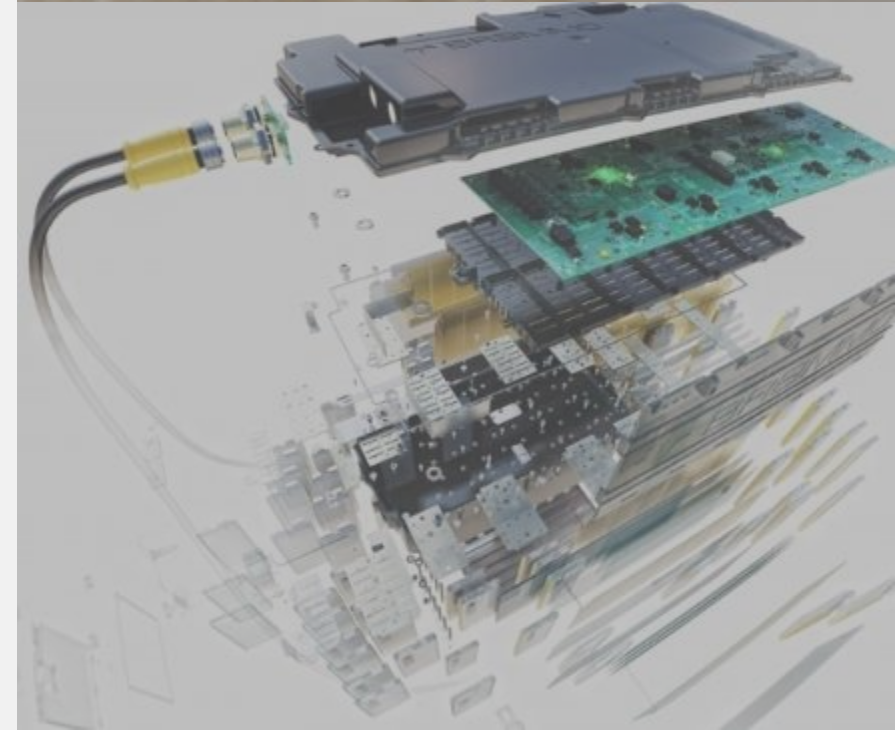


Investing in differentiating technologies and services



Investment plans

- Investing \$500M over the next three years in partners, internal development and manufacturing capabilities.
- Continue to assess new partnership and acquisition opportunities.

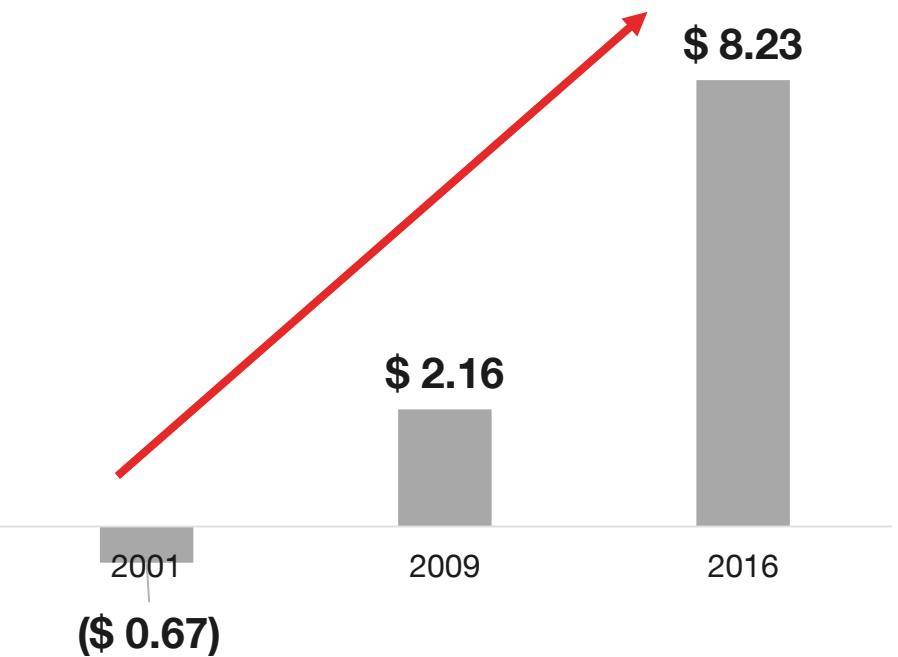




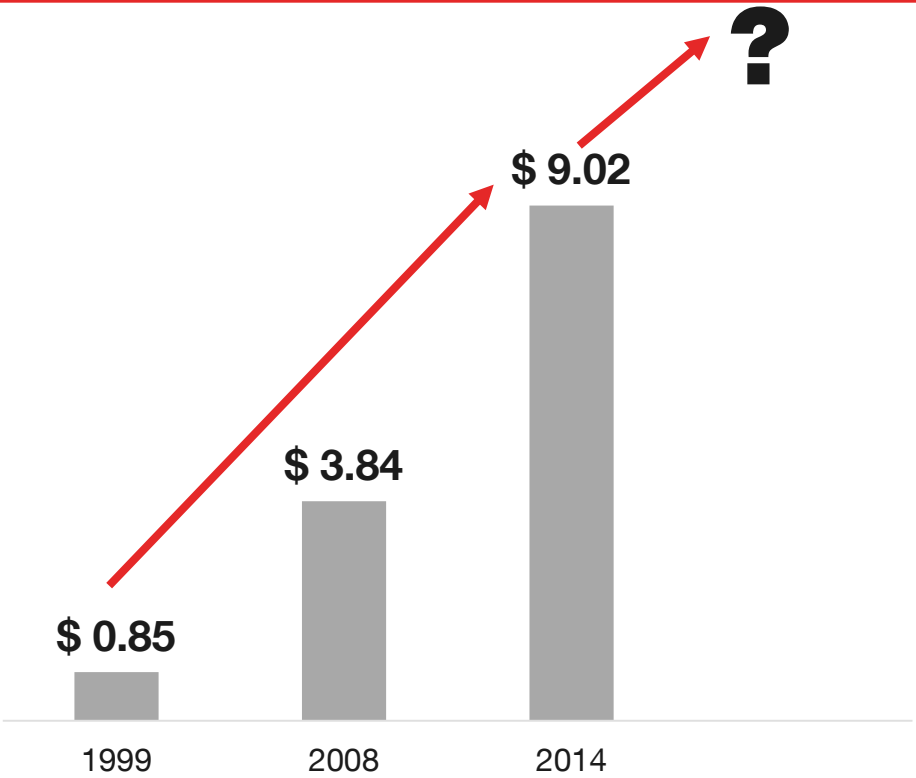
1. Delivering on our commitments
2. Driving improvements

We have raised performance over successive cycles

EPS at Troughs



EPS at Peaks





- 1. Delivering on our commitments**
- 2. Driving improvements**
- 3. Investing for growth and returns**