



Third Quarter 2020 Earnings Teleconference

October 27, 2020

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2020 Summary

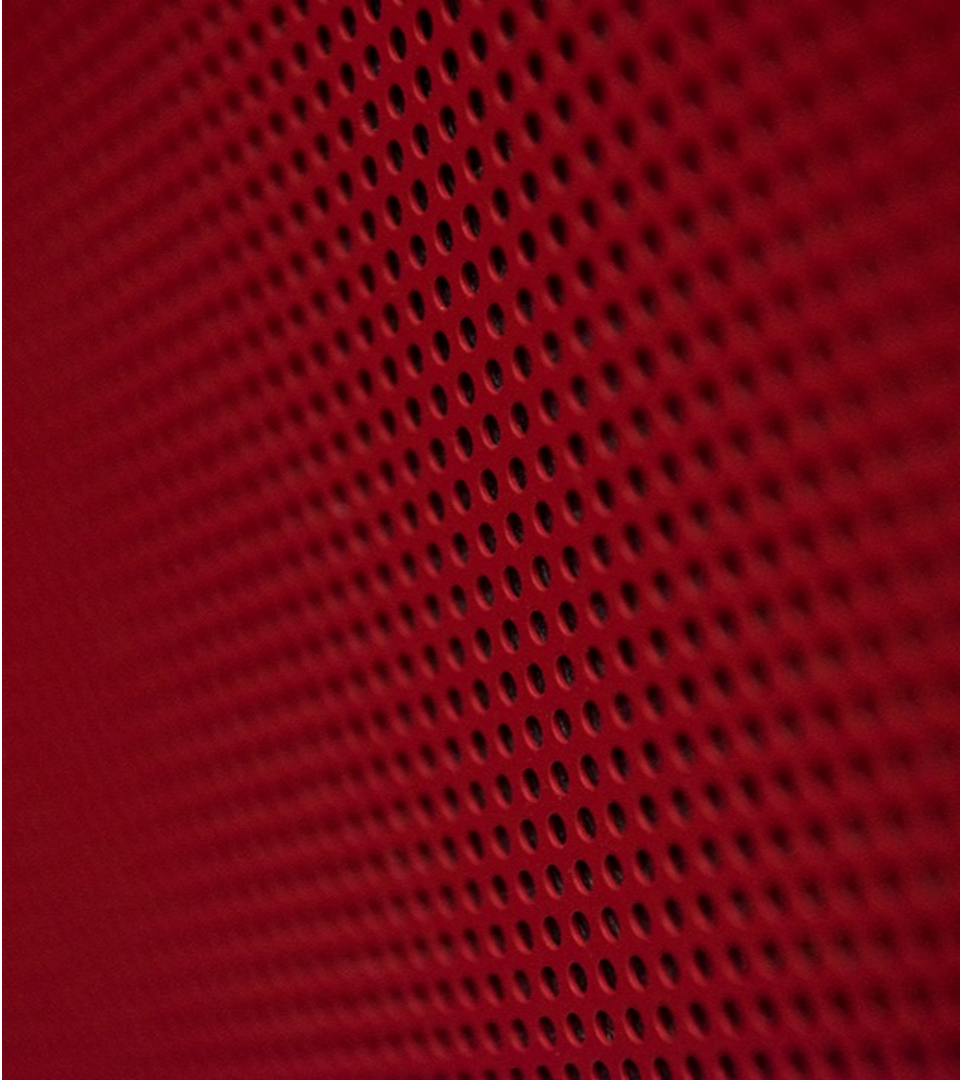
2020 Supplemental Information

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: market slowdown due to the impacts from 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; 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; aligning our capacity and production with our demand, including impacts of COVID-19; a major customer experiencing financial distress, particularly related to the COVID-19 pandemic; 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; disruptions in global credit and financial markets as the result of the COVID-19 pandemic; adverse impacts from government actions to stabilize credit markets and financial institutions and other industries; product recalls; the development of new technologies that reduce demand for our current products and services; policy changes in international trade; a slowdown in infrastructure development and/or depressed commodity prices; the U.K.'s exit from the European Union (EU); labor relations or work stoppages; reliance on our executive leadership team and other key personnel; lower than expected acceptance of new or existing products or services; changes in the engine outsourcing practices of significant customers; 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; challenges or unexpected costs in completing cost reduction actions and restructuring initiatives; failure to realize expected results from our investment in Eaton Cummins Automated Transmission Technologies joint venture; 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; variability in material and commodity costs; the actions of, and income from, joint ventures and other investees that we do not directly control; changes in taxation; global legal and ethical compliance costs and risks; product liability claims; increasingly stringent environmental laws and regulations; 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; future bans or limitations on the use of diesel-powered products; the price and availability of energy; our sales mix of products; protection and validity of our patent and other intellectual property rights; 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 2019 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.

2020 Summary



Q3 2020 Summary

- **Third quarter revenues of \$5.1 billion**
- **GAAP¹ Net Income of \$501 million and Diluted EPS of \$3.36**
 - **Discrete tax expense of \$31 million or \$0.21 Diluted EPS**
- **EBITDA of \$876 million or 17.1 percent of sales**
- **The company produced record quarterly operating cash flow of \$1.2 billion**
- **Total liquidity increased to \$6.5 billion, including cash, cash equivalents and marketable securities of \$3.3 billion**
- **Long-term credit ratings remain unchanged at A+ from Standard & Poor's and A2 from Moody's with stable outlooks**
- **Full year capital expenditures to be between \$500 million and \$525 million this year, down more than 25% from 2019**
- **Lower operating expenses driven by prior restructuring actions and temporary salary reductions in response to the impact of COVID-19, partially offset by higher variable compensation expenses**

¹ Generally Accepted Accounting Principles

Cummins Inc.

Selected Financial Data - Quarter

\$ MILLIONS	Q3 2020	Q3 2019
Sales	5,118	5,768
Gross Margin (% of Sales)	26.4%	25.9%
SAR (% of Sales)	14.8%	14.6%
EBITDA	876	958
EBITDA (% of Sales)	17.1%	16.6%
GAAP Net Income attributable to Cummins Inc.	501	622
GAAP Net Income (% of Sales)	9.8%	10.8%
Diluted EPS	\$3.36	\$3.97
Dividend Per Share	\$1.31	\$1.31
ROANA (LTM) ¹	24%	36%
ROIC (LTM) ¹	14%	23%

¹ ROANA and ROIC calculations exclude Q4 2019 \$119 million of restructuring charges.

Q3 2020 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	New Power	Intersegment Eliminations	Total
Three months ended September 27, 2020							
Net Sales	2,112	1,721	1,541	981	18	(1,255)	5,118
<i>Sales growth vs 2019</i>	(13)%	(14)%	(7)%	(13)%	100%	(13)%	(11)%
EBITDA	382	182	261	101	(40)	(10)	876
Segment EBITDA %	18.1%	10.6%	16.9%	10.3%	NM ¹		17.1%
Three months ended September 29, 2019							
Net Sales	2,416	2,004	1,650	1,126	9	(1,437)	5,768
EBITDA	341	186	286	158	(36)	23	958
Segment EBITDA %	14.1%	9.3%	17.3%	14.0%	NM ¹		16.6%

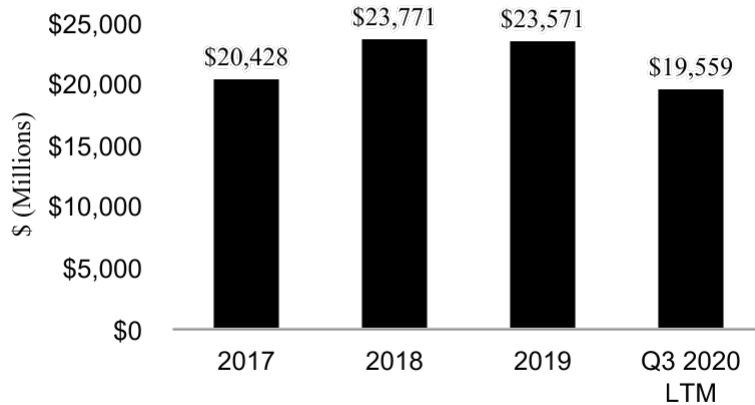
¹ "NM" - not meaningful information

Q3 2020 EBITDA Detail

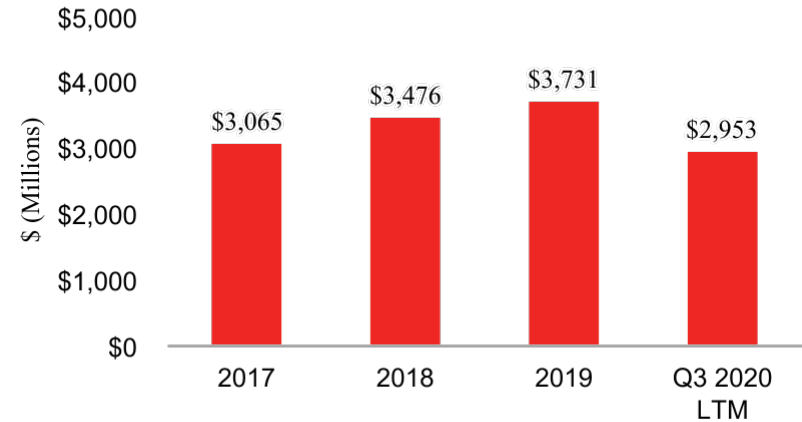
Q3 2019 \$ Millions	CMI	Engine Segment	Distribution Segment	Components Segment	Power Systems Segment	New Power Segment	Eliminations
Reported EBITDA	958	341	186	286	158	(36)	23
Reported EBITDA included charges related to ending production of our 5 liter pickup truck engine in North America of	(33)	(33)					
Reported EBITDA included gains related to closing certain derivative contracts of	35	14	6	6	9		
Q3 2020 \$ Millions	CMI	Engine Segment	Distribution Segment	Components Segment	Power Systems Segment	New Power Segment	Eliminations
Reported EBITDA	876	382	182	261	101	(40)	(10)
Reported EBITDA included gains from a VAT recovery in Brazil of	44	30	-	6	8		

Cummins Inc.

Sales



EBITDA^{1 2}



¹ 2017 EBITDA excludes \$39 million of joint venture tax charges related to Tax Legislation.

² Q4 2019 EBITDA excludes \$119 million of restructuring charges.

CMI Hydrogen Day

Monday, November 16, 2020

10:30 a.m. ET

Virtual

To register for the event, please visit:

<http://rsvp.cummins.com/cumminshydrogenday>

Or contact:

James Hopkins, Executive Director – Investor Relations

(812) 377-3121

James.Hopkins@Cummins.com



2020 Supplemental Information

Engine Segment

Selected Financial Data

- Sales declined due to lower production in North America truck markets.
- EBITDA margin as a percent of sales increased as the impact of lower volumes was more than offset by cost savings related to restructuring activities and temporary salary reductions as well as increased joint venture income. Third quarter results also benefited from a VAT recovery in Brazil.

\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Sales	2,112	2,416	(13)%
EBITDA	382	341	12%
EBITDA (% of Sales)	18.1%	14.1%	

Engine Segment - Sales by Market

- On-highway revenues declined due to decreased demand in North America truck and bus markets.
- Off-highway revenues decreased due to lower demand in construction markets.

\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Heavy-Duty Truck	694	851	(18)%
Medium-Duty Truck & Bus	492	645	(24)%
Light-Duty Automotive	522	478	+9%
On-Highway	1,708	1,974	(13)%
Off-Highway	404	442	(9)%
Total Sales	2,112	2,416	(13)%

Distribution Segment Selected Financial Data

- Sales decreased with revenues in North America down 18% and international sales declining by 5%.
- EBITDA margin as a percent of sales increased as we continue to realize the benefits of our North America transformation work.

\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Sales	1,721	2,004	(14)%
EBITDA	182	186	(2)%
EBITDA (% of Sales)	10.6%	9.3%	

Components Segment Selected Financial Data

- Sales in North America declined 24% driven by lower truck build rates, while revenues in international markets increased by 26% as a result of higher truck demand in China.
- EBITDA margin decreased as the impact of lower volumes was partially offset by the benefits of restructuring and temporary salary reductions.

\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Sales	1,541	1,650	(7)%
EBITDA	261	286	(9)%
EBITDA (% of Sales)	16.9%	17.3%	

Power Systems Segment

Selected Financial Data

- Industrial sales declined 21% driven by continued weakness in oil and gas and mining markets. Power generation sales decreased by 7%, with lower revenues in both North America and International markets.
- The decrease in EBITDA percent was due to the impact of lower volumes partially offset by the benefits of restructuring and temporary salary reductions.

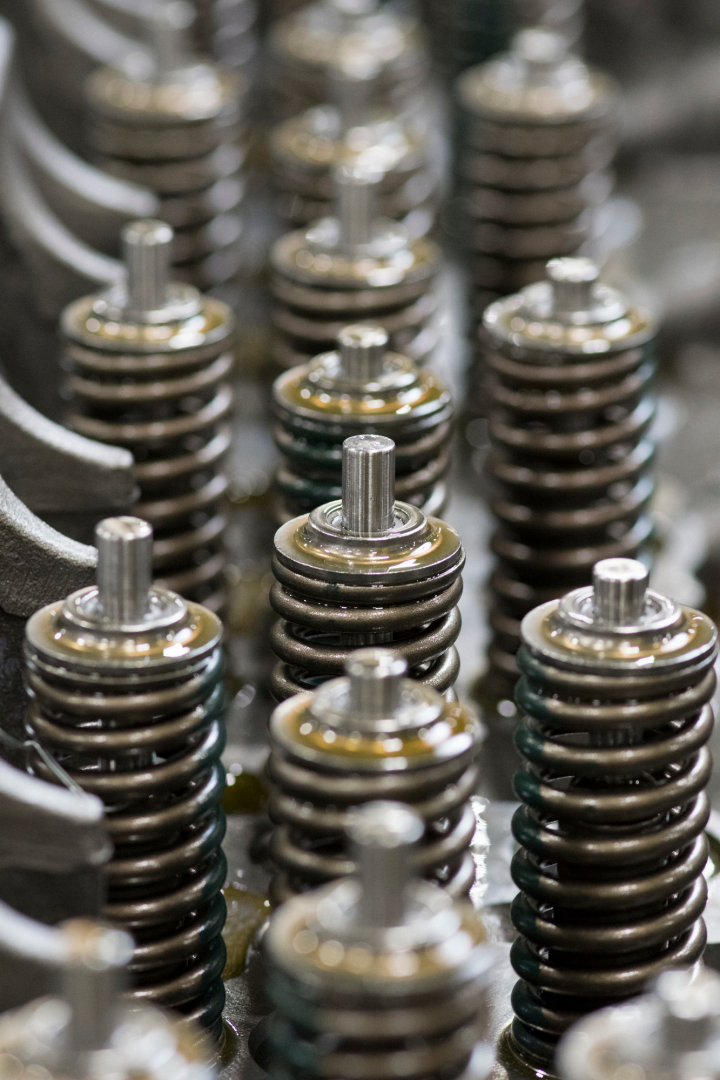
\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Sales	981	1,126	(13)%
EBITDA	101	158	(36)%
EBITDA (% of Sales)	10.3%	14.0%	

New Power Segment Selected Financial Data

- EBITDA losses were \$40 million for the quarter driven by the development of new products and the expected slow ramp of new technology adoption.

\$ MILLIONS	Q3 2020	Q3 2019	CHANGE
Sales	18	9	+100%
EBITDA	(40)	(36)	(11)%
EBITDA (% of Sales)	NM ¹	NM ¹	

¹ "NM" - not meaningful information



Joint Venture Income - Quarter

\$ MILLIONS	Q3 2020	Q3 2019
Engine	74	34
Distribution	13	12
Components	13	9
Power Systems	—	13
New Power	(2)	—
Total JV Income	98	68



Cash Flow - Quarter

\$ MILLIONS	Q3 2020	Q3 2019
Operating Cash Flow	1,223	1,123
Capital Expenditures	116	153
Working Capital Measure	4,501	4,925
Working Capital Measure (% of Net Sales)	22.0%	21.3%
Total Debt to Capital %	32.2%	23.3%
Net Debt to Capital %	6.3%	7.0%

Appendix



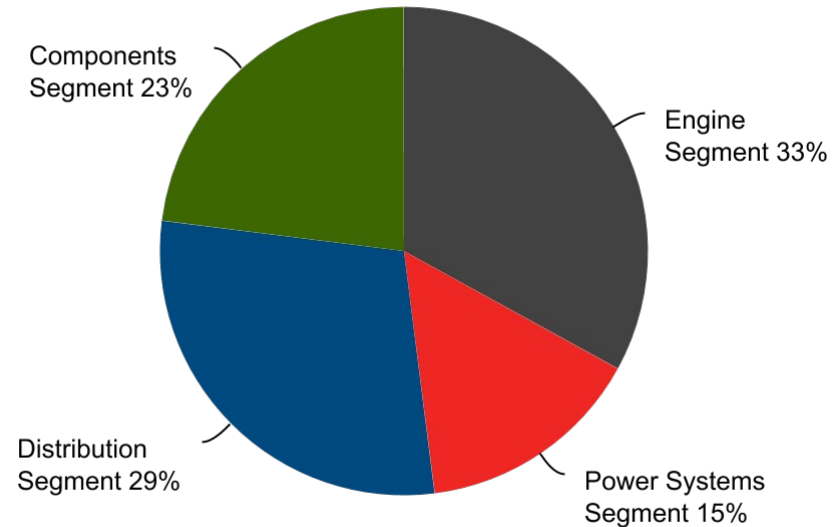
Cummins Inc.

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

Q3 2020 LTM Results

Sales:	\$19.6 billion
EBITDA ¹ :	\$3.0 billion
EBITDA% ¹ :	15.1%

Q3 2020 LTM Revenue by Segment

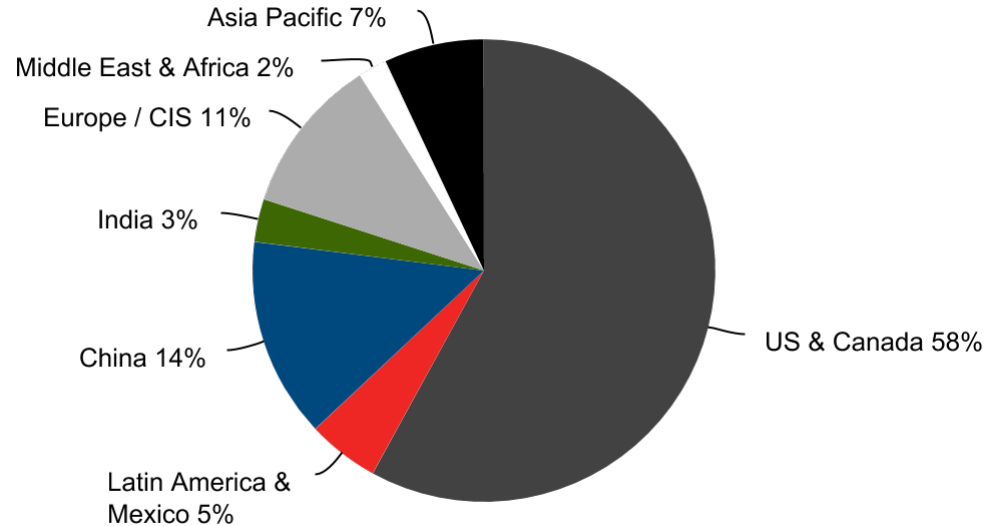


¹ Q4 2019 EBITDA excludes \$119 million of restructuring charges.

Cummins Inc.

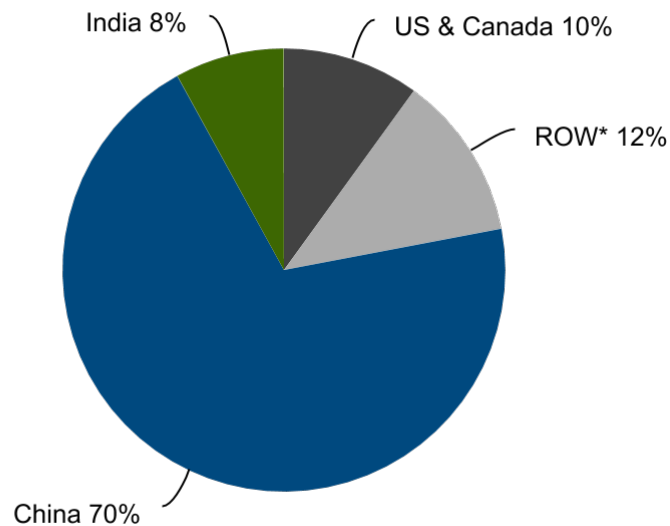
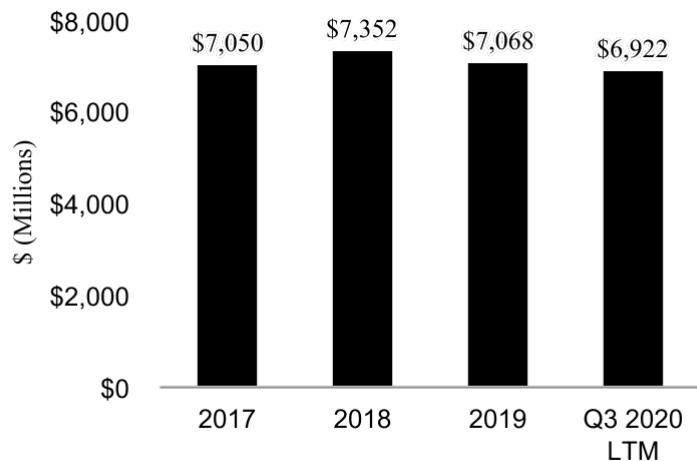
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories

Q3 2020 LTM Revenue by Marketing Territory



Cummins - Joint Venture Sales Unconsolidated

Q3 2020 LTM Revenue



* Rest of world

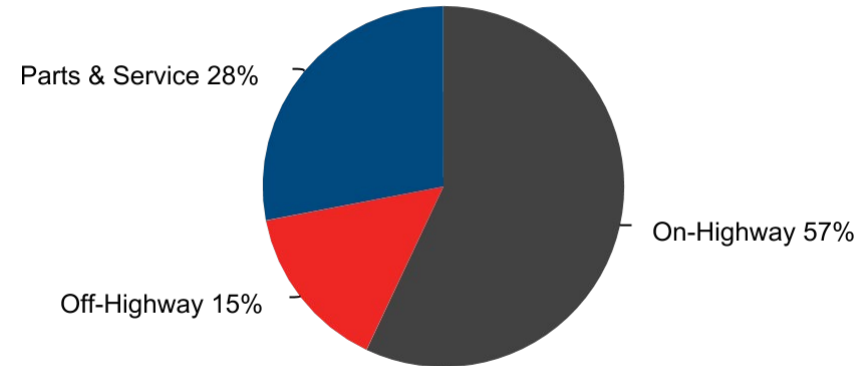
Engine Segment - Overview

- 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

Q3 2020 LTM Results

Sales:	\$8.0 billion
EBITDA ¹ :	\$1.2 billion
EBITDA% ¹ :	14.7%

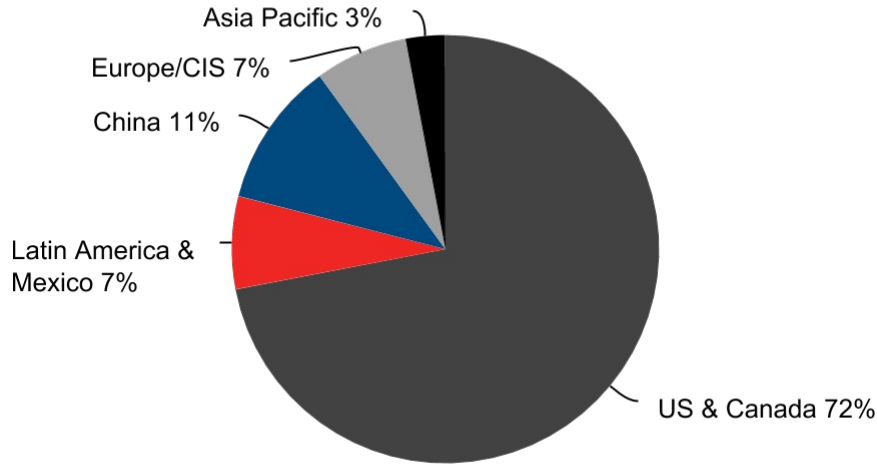
Q3 2020 LTM Revenue by Product



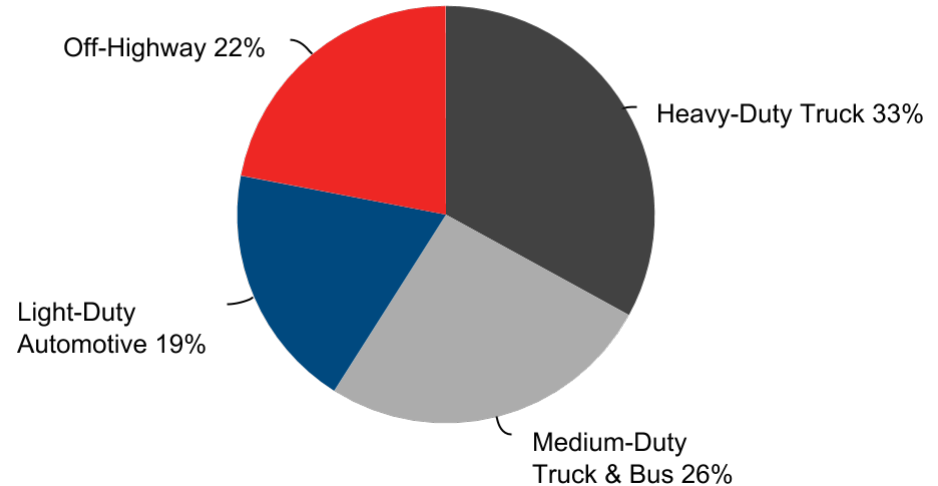
¹ Q4 2019 EBITDA excludes \$18 million of restructuring charges.

Engine Segment - Sales Mix

By Region



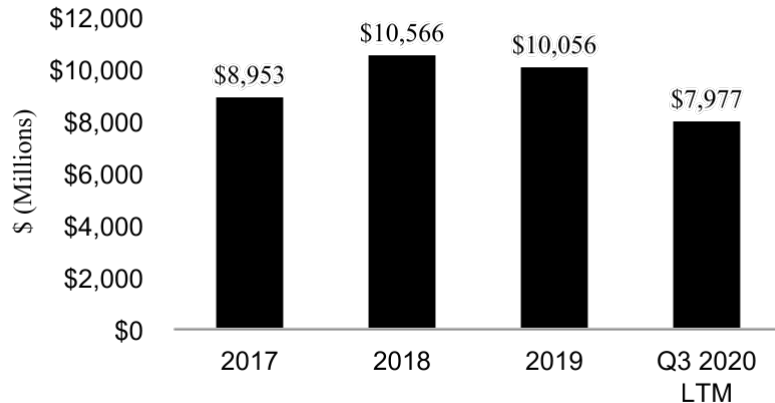
By Application



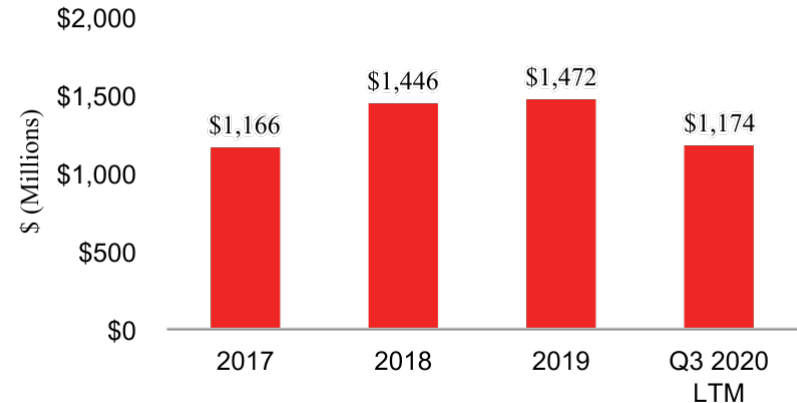
Q3 2020 LTM Revenue: \$8.0 billion

Engine Segment - Historical Performance

Segment Sales



Segment EBITDA^{1 2}

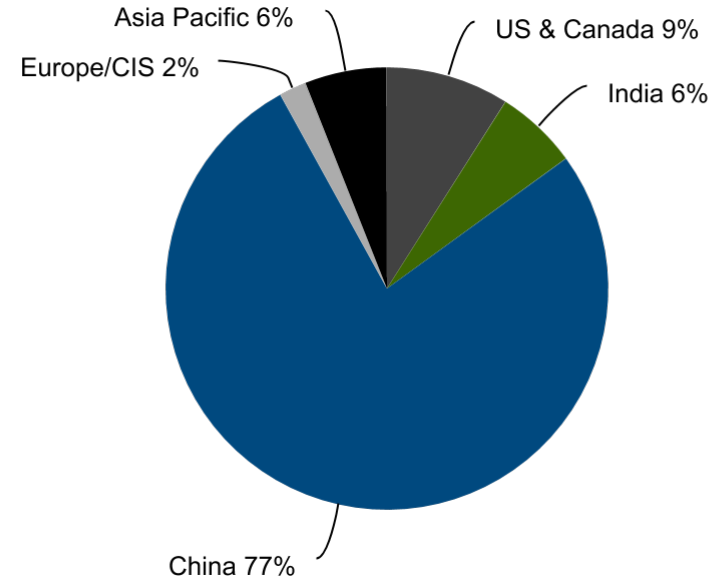
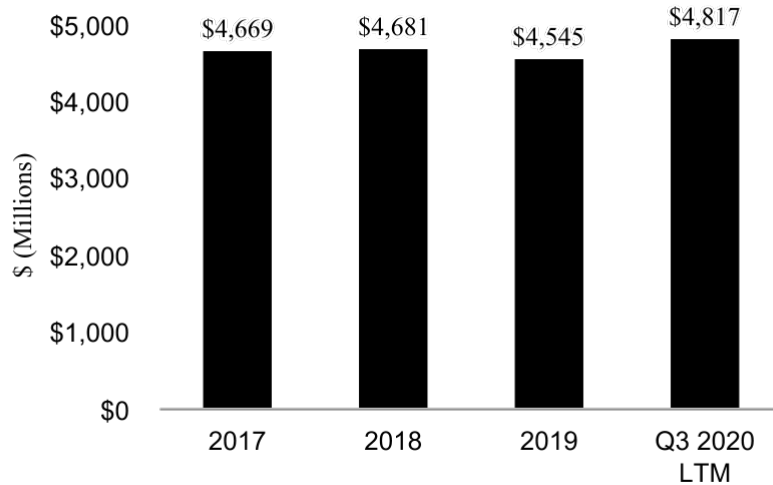


¹ 2017 EBITDA excludes \$23 million of joint venture tax charges related to Tax Legislation.

² Q4 2019 EBITDA excludes \$18 million of restructuring charges.

Engine Segment - Joint Venture Sales Unconsolidated

Q3 2020 LTM Revenue



Distribution Segment - Overview

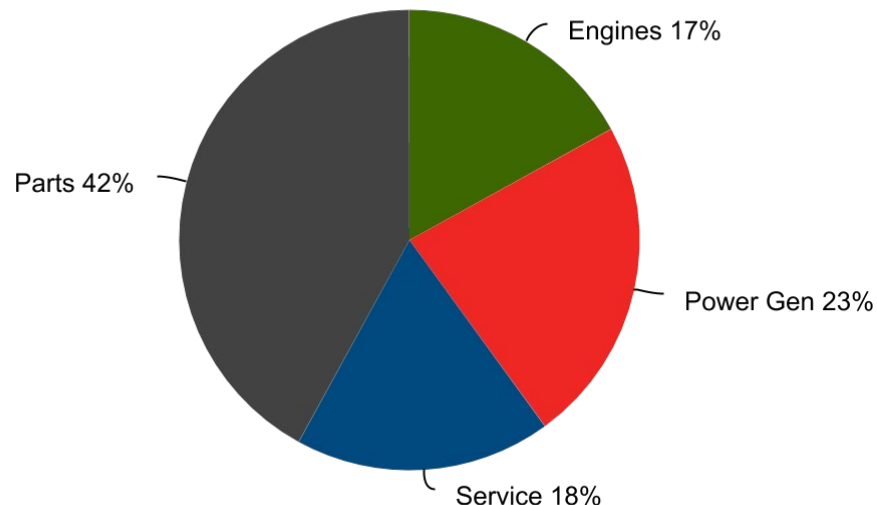
- Provide aftermarket support and increase solution-based revenue
- Increasing network capabilities in emerging markets to capture profitable growth

Q3 2020 LTM Results

Sales:	\$7.2 billion
EBITDA ¹ :	\$664 million
EBITDA% ¹ :	9.3%

¹ Q4 2019 EBITDA excludes \$37 million of restructuring charges.

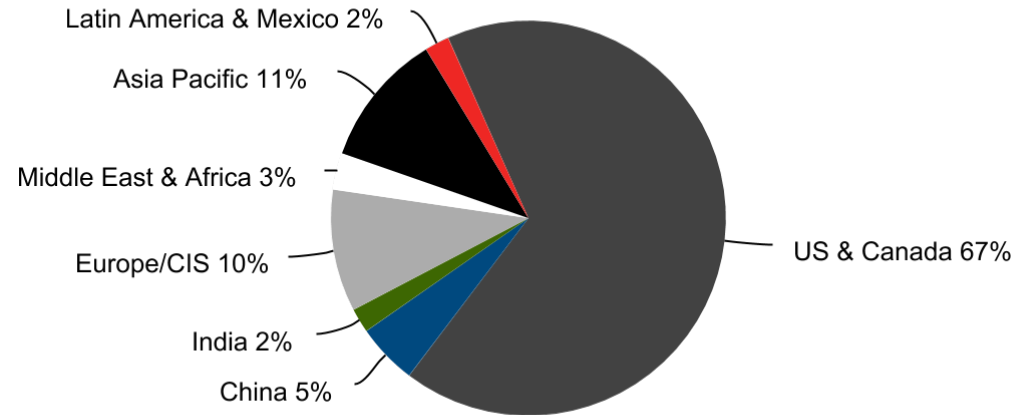
Q3 2020 LTM Revenue by Product



Distribution Segment - Sales Mix

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

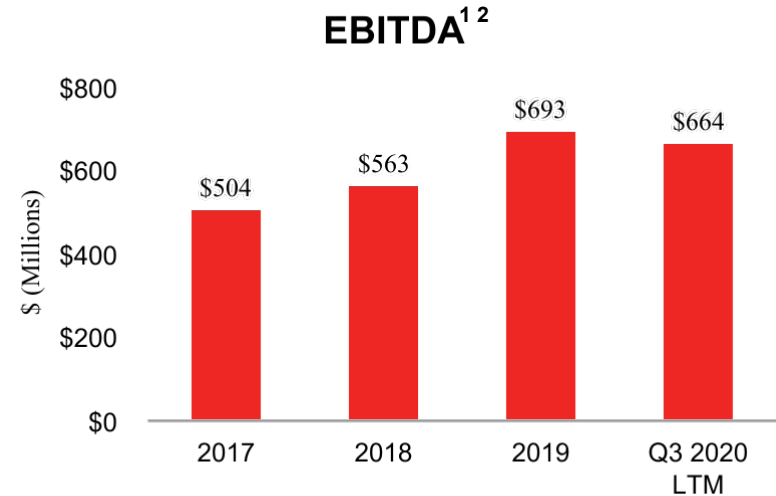
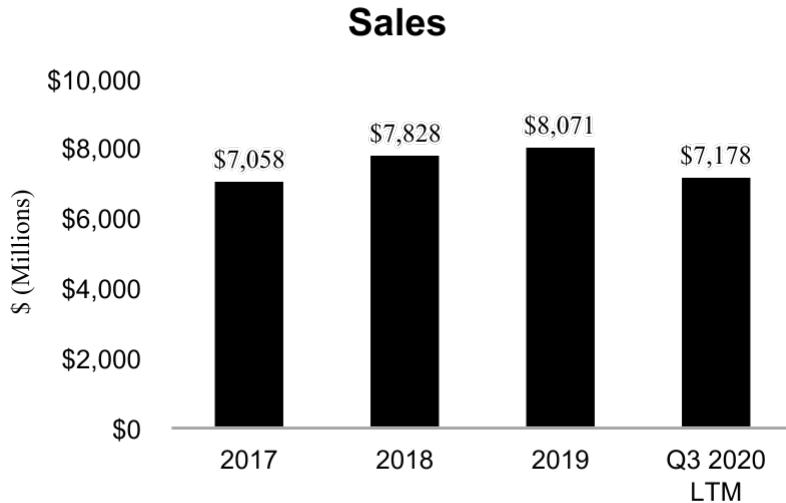
By Region



Q3 2020 LTM Revenue

\$7.2 billion

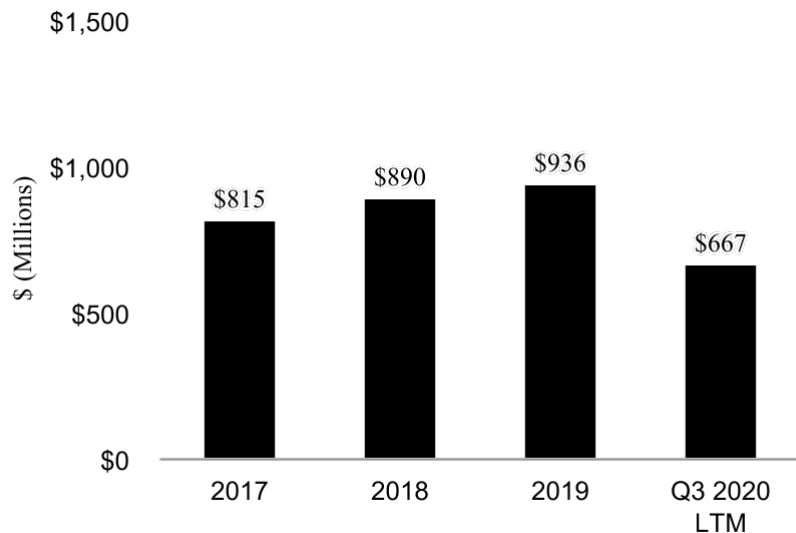
Distribution Segment - Historical Performance



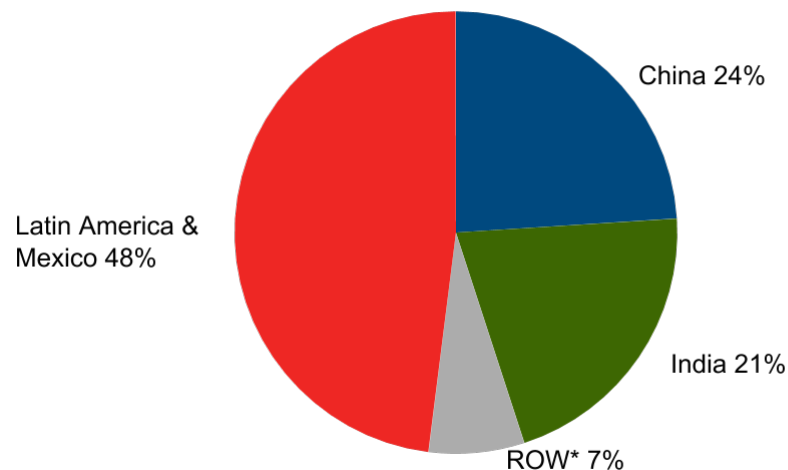
¹ 2017 EBITDA excludes \$4 million of joint venture tax charges related to Tax Legislation.

² Q4 2019 EBITDA excludes \$37 million of restructuring charges.

Distribution Segment - Joint Venture Sales Unconsolidated



Q3 2020 LTM Revenue



* Rest of World

Components Segment - Overview

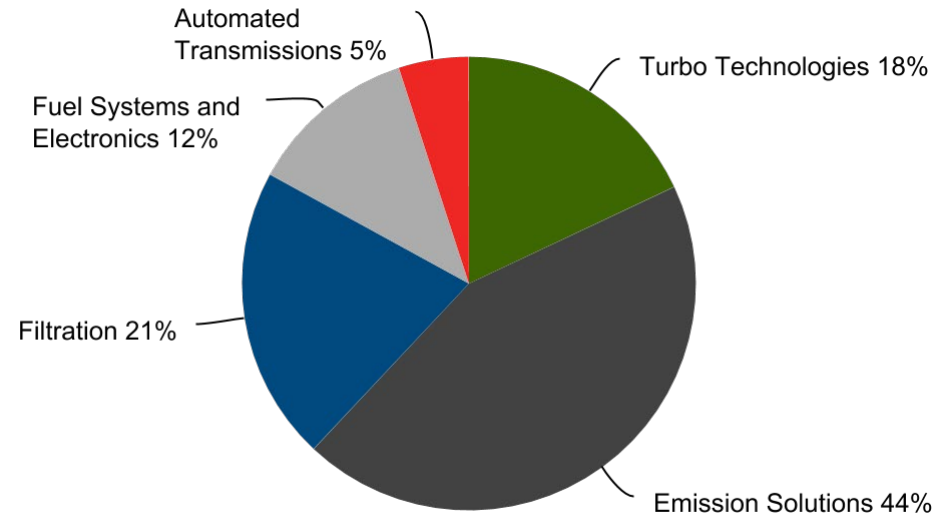
- Leading supplier of aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

Q3 2020 LTM Results

Sales:	\$5.8 billion
EBITDA ¹ :	\$890 million
EBITDA% ¹ :	15.5%

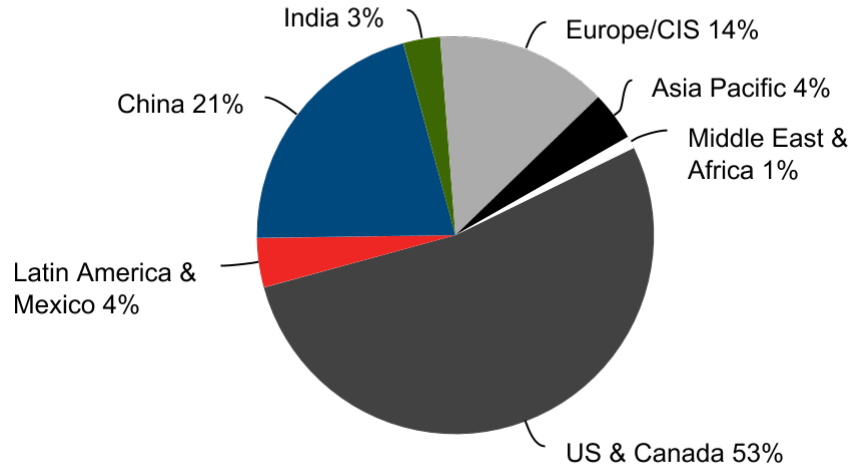
¹ Q4 2019 EBITDA excludes \$20 million of restructuring charges.

Q3 2020 LTM Revenue by Business

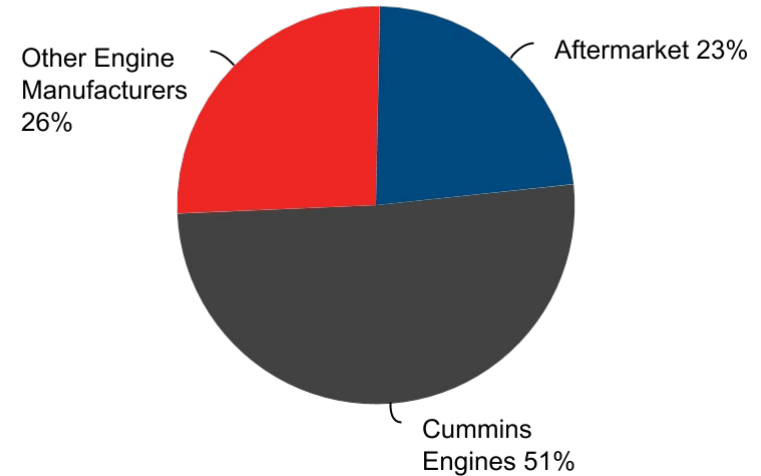


Components Segment - Sales Mix

By Region



By Application

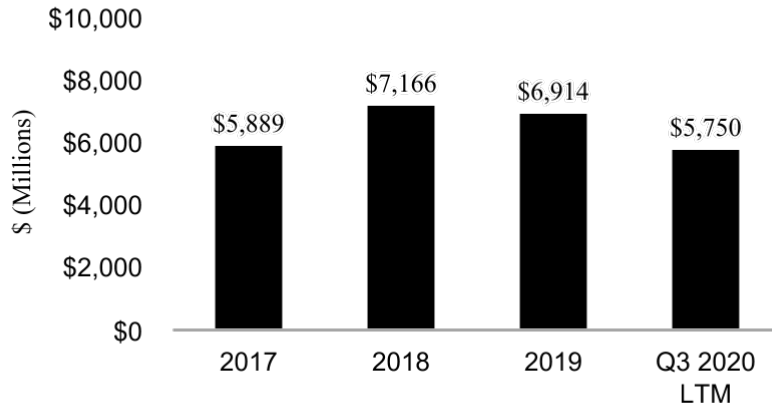


Q3 2020 LTM Revenue:

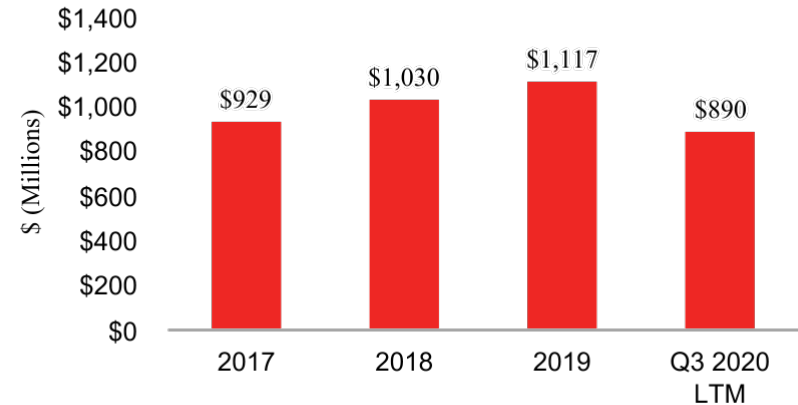
\$5.8 billion

Components Segment - Historical Performance

Sales



EBITDA ^{1 2}

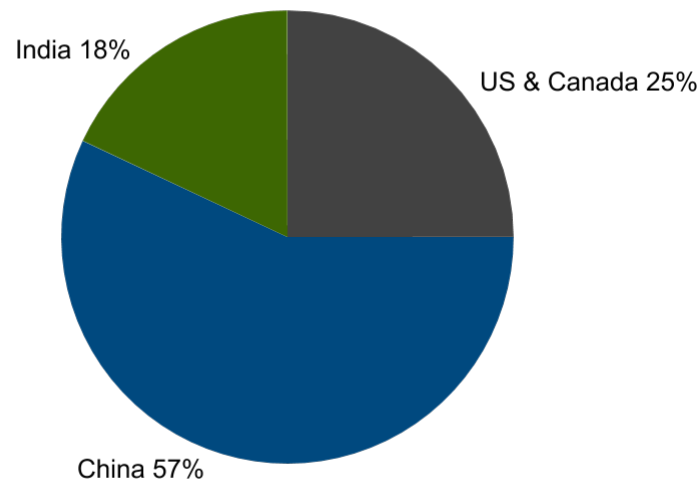
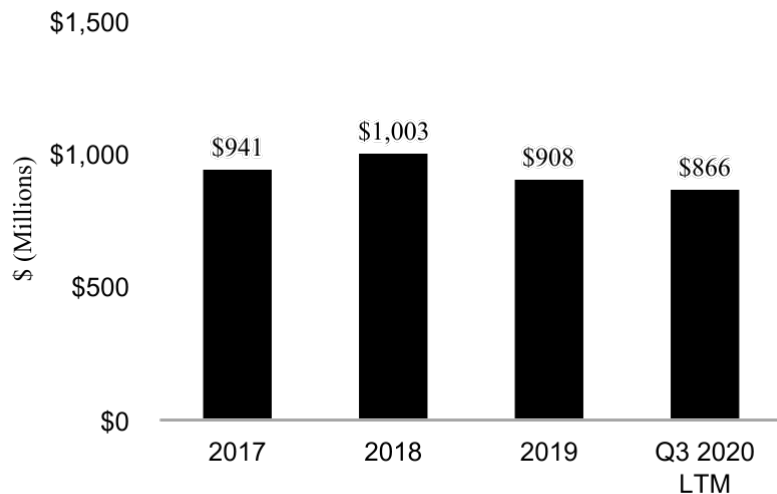


¹ 2017 EBITDA excludes \$12 million of joint venture tax charges related to Tax Legislation.

² Q4 2019 EBITDA excludes \$20 million of restructuring charges.

Components Segment - Joint Venture Sales Unconsolidated

Q3 2020 LTM Revenue



Power Systems Segment - Overview

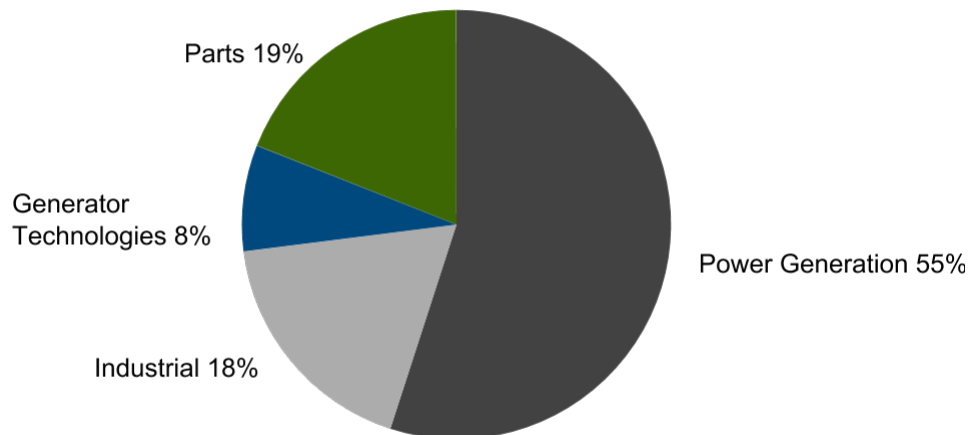
- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 3kVA to 12,000kVa
- Leading market share in multiple geographies

Q3 2020 LTM Results

Sales:	\$3.7 billion
EBITDA ¹ :	\$324 million
EBITDA% ¹ :	8.8%

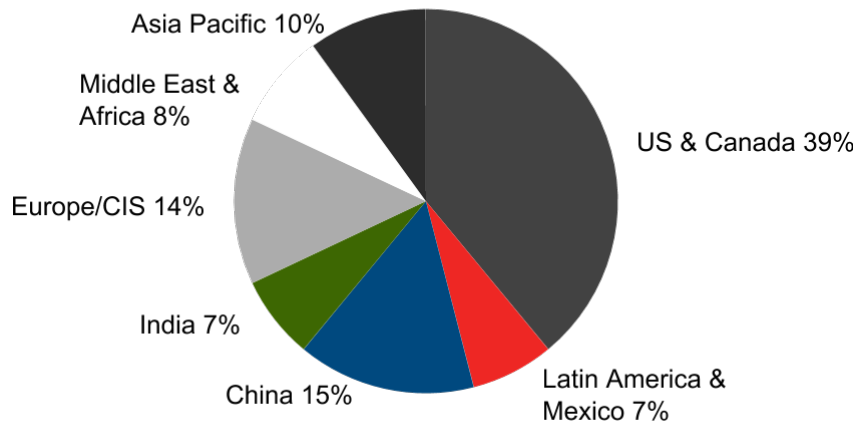
¹ Q4 2019 EBITDA excludes \$12 million of restructuring charges.

Q3 2020 LTM Revenue by Product

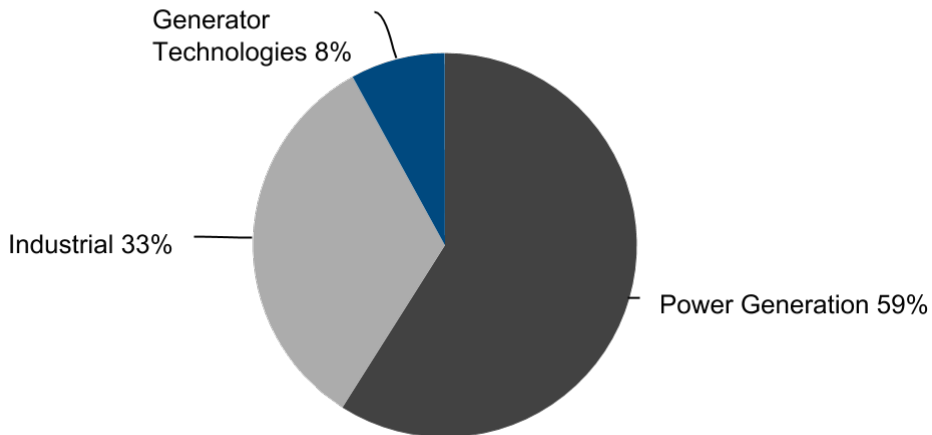


Power Systems Segment - Sales Mix

By Region



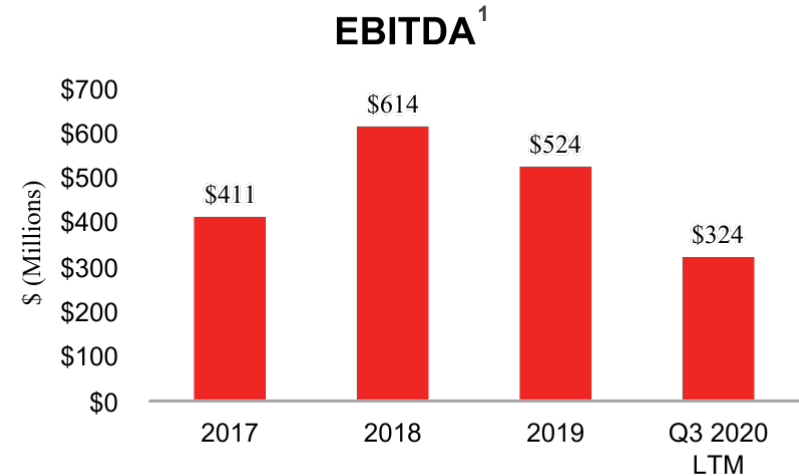
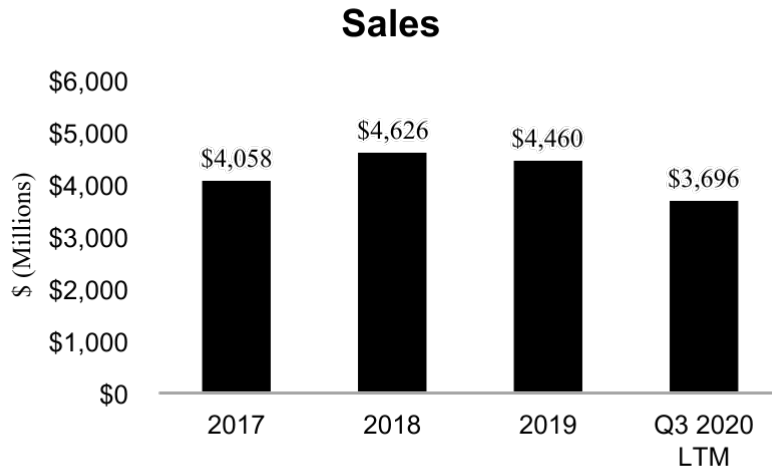
By Product Line



Q3 2020 LTM Revenue:

\$3.7 billion

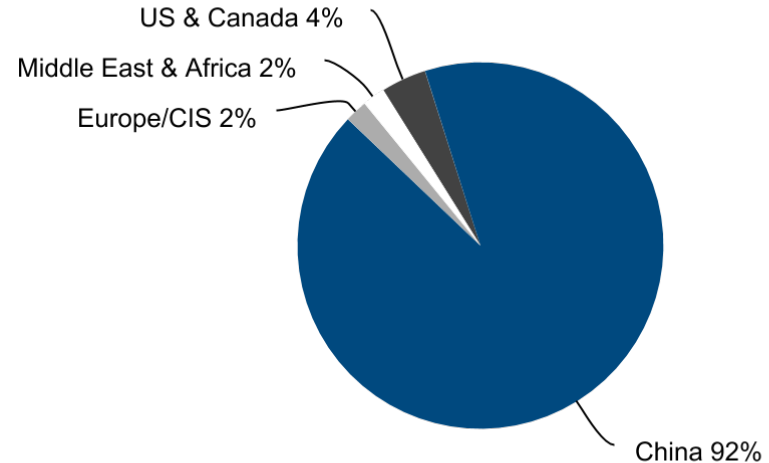
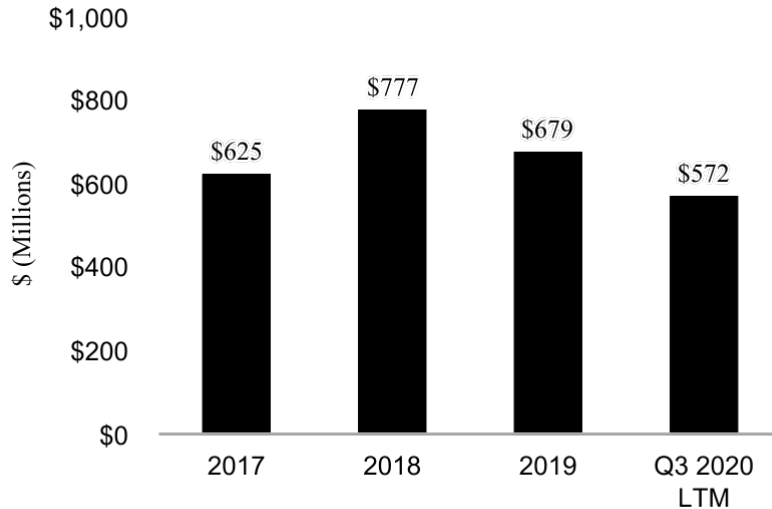
Power Systems Segment - Historical Performance



¹ Q4 2019 EBITDA excludes \$12 million of restructuring charges.

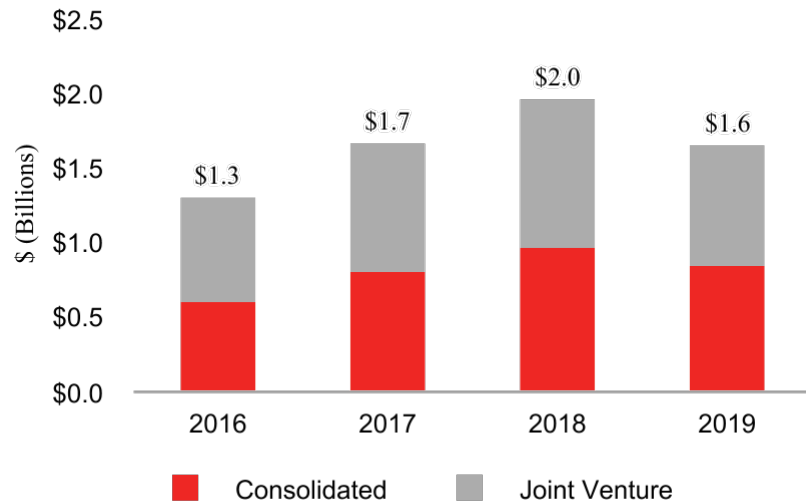
Power Systems Segment - Joint Venture Sales Unconsolidated

Q3 2020 LTM Revenue



Emerging Market Sales - India¹

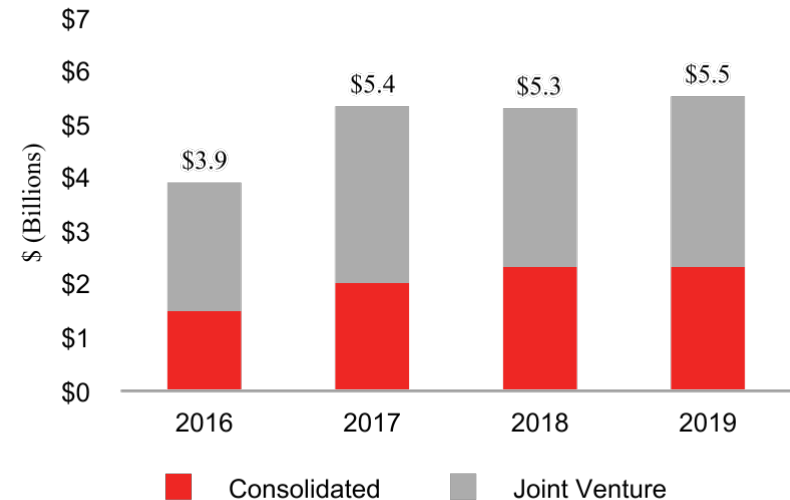
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



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	27-Sep-20	29-Sep-19
Net income attributable to Cummins Inc.	\$ 501	\$ 622
Net income attributable to noncontrolling interests	3	(6)
Consolidated net income	504	616
Income tax expense	182	139
Income before taxes	686	755
Interest expense	25	26
EBIT	711	781
Depreciation and amortization	165	177
EBITDA	876	958
Less: Non-segment EBITDA	(10)	23
Total Segment EBITDA	\$ 886	\$ 935

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)

	Twelve Months Ended	
In Millions	27-Sep-20	29-Sep-19
Net income attributable to Cummins Inc.	\$ 1,588	\$ 2,539
Net income attributable to noncontrolling interests	11	41
Consolidated net income	1,599	2,580
Income tax expense	467	601
Income before taxes	2,066	3,181
Interest expense	93	119
EBIT	2,159	3,300
Depreciation and amortization	675	645
EBITDA	2,834	3,945
Restructuring charges	119	—
EBITDA excluding restructuring charges	2,953	3,945
Less: Non-segment EBITDA excluding restructuring charges	72	37
Total Segment EBITDA excluding restructuring charges	\$ 2,881	\$ 3,908

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

In Millions	Three Months Ended	
	27-Sep-20	29-Sep-19
Accounts and notes receivable, net	\$ 3,628	\$ 3,934
Inventories	3,470	3,821
Accounts Payable - (principally trade)	(2,597)	(2,830)
Working capital measure	\$ 4,501	\$ 4,925
Annualized Working capital measure (% of Net Sales)	22.0 %	21.3 %

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			
	27-Sep-20	29-Sep-19	30-Sep-18
Total Assets	\$ 21,568	\$ 20,346	\$ 18,992
Less: Deferred debt costs	3	3	3
Less: Deferred tax assets	457	435	330
Less: Pension and other postretirement benefit adjustments excluded from net assets	101	111	169
Less: Liabilities deducted in arriving at net assets	8,212	8,343	8,013
Total net assets	12,795	11,454	10,477
Less: Cash, cash equivalents and marketable securities	3,312	1,863	1,407
Net assets for operating segments	\$ 9,483	\$ 9,591	\$ 9,070

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			
	27-Sep-20	29-Sep-19	30-Sep-18
Total Equity	\$ 8,641	\$ 8,753	\$ 8,060
Less: Defined benefit postretirement plans	(699)	(669)	(655)
Equity used for return on invested capital calculation	9,340	9,422	8,715
Loans payable	129	103	61
Commercial paper	316	902	800
Current maturities of long-term debt	58	37	41
Long-term debt	3,609	1,619	1,563
Invested capital used for return on invested capital calculation	\$ 13,452	\$ 12,083	\$ 11,180

A reconciliation of invested capital used for return on invested capital calculation to total equity in our 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>Twelve Months Ended</u>	
In Millions		
	27-Sep-20	29-Sep-19
Net income attributable to Cummins Inc.	\$ 1,588	\$ 2,539
Net income attributable to noncontrolling interests	11	41
Consolidated net income	1,599	2,580
Income tax expense	467	601
Income before taxes	2,066	3,181
Interest expense	93	119
EBIT	2,159	3,300
Restructuring charge	119	—
EBIT excluding restructuring charge	2,278	3,300
Less: Tax effect on EBIT	517	623
Net operating profit after taxes used for return on invested capital calculation	\$ 1,761	\$ 2,677

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

Net Debt to Capital Reconciliation

In Millions	<u>Three Months Ended</u>	
	<u>27-Sep-20</u>	<u>29-Sep-19</u>
Total Debt (A)	\$ 4,112	\$ 2,661
Total Equity (B)	8,641	8,753
Total Capital (C) = (A+B)	<u>12,753</u>	<u>11,414</u>
Total Cash, Cash Equivalents & Marketable Securities (D)	<u>3,312</u>	<u>1,863</u>
Net Debt (E) = (A-D)	<u>\$ 800</u>	<u>\$ 798</u>
Total Debt to Capital % (A/C)	32.2%	23.3%
Net Debt to Capital % (E/C)	6.3%	7.0%

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



Thank you for your interest

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