



First Quarter 2019 Earnings Teleconference

April 30, 2019

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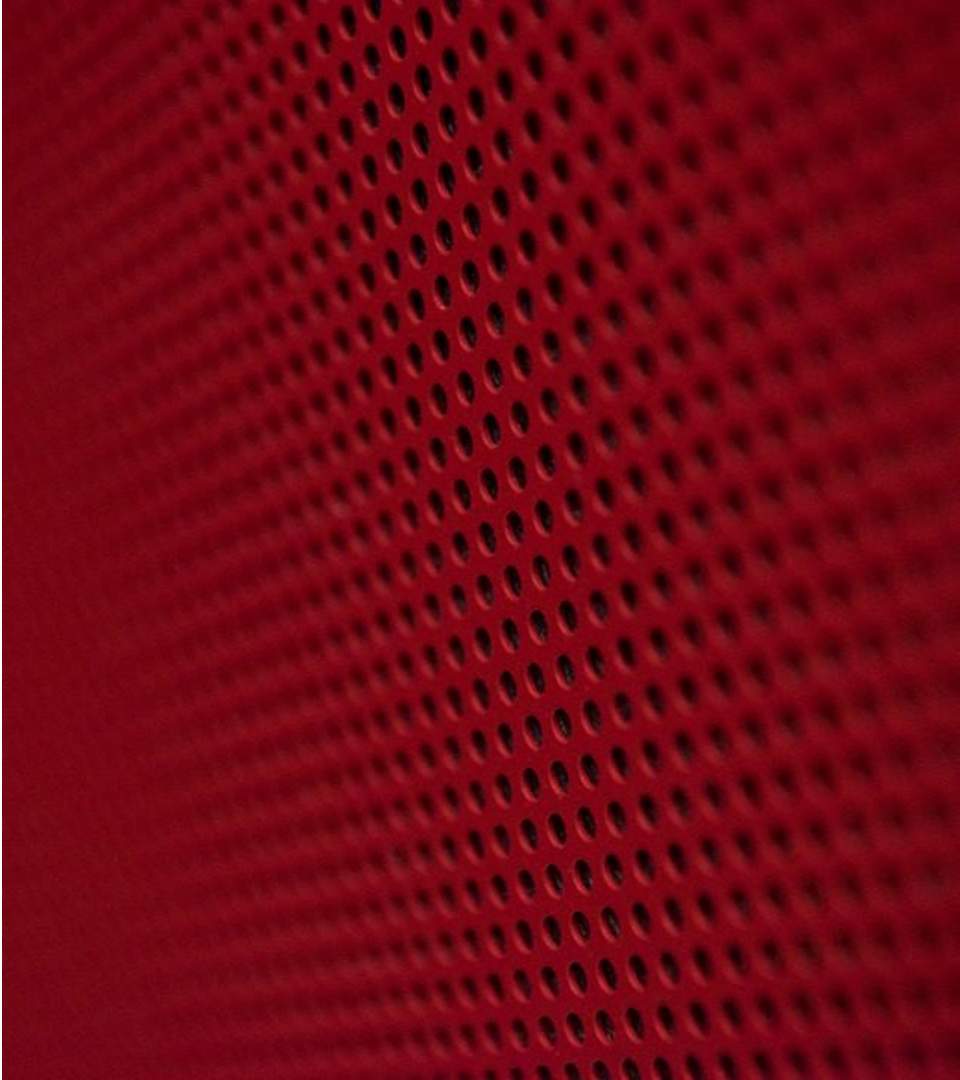
2019 Supplemental Information

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 percentage for the full year of 2019. 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 (i) any adverse results of our internal review into our emissions certification process and compliance with emissions standards; (ii) a sustained slowdown or significant downturn in our markets; (iii) our truck manufacturing and OEM customers discontinuing outsourcing their engine needs; (iv) the development of new technologies; (v) the discovery of any significant additional problems with our engine platforms or aftertreatment systems in North America; (vi) performance or safety-related recalls; (vii) policy changes impacting international trade; (viii) the United Kingdom's decision to end its membership in the European Union; (ix) lower than anticipated market acceptance of our new or existing products or services; (x) a slowdown in infrastructure development and/or depressed commodity prices; (xi) vulnerability to supply chain shortages from single-sourced suppliers; (xii) potential security breaches or other disruptions to our information technology systems and data security; (xiii) financial distress or a change-in-control of one of our large truck OEM customers; (xiv) our reliance on significant earnings from investees that we do not directly control; (xv) our pursuit of strategic acquisitions and divestitures; and (xvi) other risks detailed from time to time in our SEC filings, including particularly in the Risk Factors section of our 2018 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.

2019 Summary



Q1 2019 Summary

- **First quarter revenues of \$6.0 billion**
- **GAAP¹ Net Income of \$663 million and Diluted EPS of \$4.20**
- **EBITDA of \$1.0 billion or 17.2 percent of sales**
- **Full year revenues expected to remain flat to up 4 percent**
- **EBITDA is expected to be in the range of 16.25 to 16.75 percent of sales**
- **First quarter results include a non-segment and non-taxable gain of \$37 million (\$0.23 per diluted share) related to the mark to market impact on assets related to our non-qualified benefit plans**

¹ Generally Accepted Accounting Principles

Cummins Inc.

Selected Financial Data - Quarter

\$ MILLIONS	Q1 2019	Q1 2018
Sales	6,004	5,570
Gross Margin (% of Sales)	25.5%	21.5%
SAR (% of Sales)	13.8%	14.1%
EBITDA	1,033	700
EBITDA (% of Sales)	17.2%	12.6%
GAAP Net Income attributable to Cummins Inc. ¹	663	325
GAAP Net Income (% of Sales)	11.0%	5.8%
Diluted EPS ¹	\$4.20	\$1.96
Dividend Per Share	\$1.14	\$1.08
ROANA (LTM) ²	35%	31%
ROIC (LTM) ²	21%	16%

¹ 2018 GAAP Net Income and diluted EPS include \$78 million of unfavorable discrete tax charges primarily related to Tax Legislation

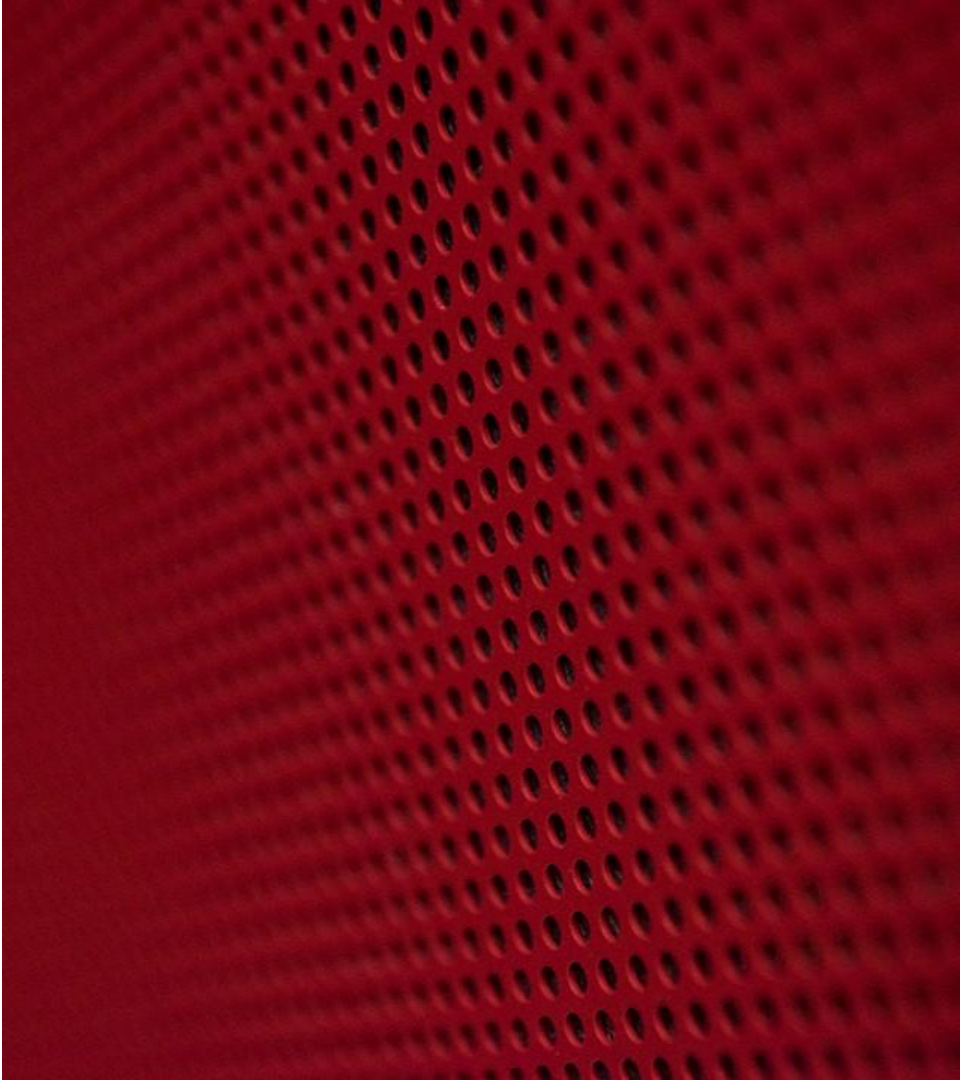
² ROANA and ROIC calculations exclude the 2017 tax charges related to Tax Legislation.

2019 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	Electrified Power	Intersegment Eliminations	Total
Three months ended March 31, 2019							
Net Sales	2,653	2,001	1,861	1,077	3	(1,591)	6,004
<i>Sales growth vs 2018</i>	8%	8%	6%	—%	50%	2%	8%
EBITDA	438	171	325	138	(29)	(10)	1,033
Segment EBITDA %	16.5%	8.5%	17.5%	12.8%	NM ¹		17.2%
Three months ended April 1, 2018							
Net Sales	2,446	1,853	1,753	1,074	2	(1,558)	5,570
EBITDA	286	123	227	142	(10)	(68)	700
Segment EBITDA %	11.7%	6.6%	12.9%	13.2%	NM ¹		12.6%

¹ "NM" - not meaningful information

2019 Guidance



2019 Revenue Guidance

Prior Guidance	Flat to up 4%
	Better / (Worse)
NAFTA Truck	\$175M
Global Construction	\$120M
Brazil Truck	(\$50M)
Power Generation	(\$220M)
Current Guidance	Flat to up 4%

Guidance for 2019 Consolidated Results

ITEM	FULL YEAR GUIDANCE
Consolidated Revenue	Flat to up 4%
Earnings from JVs	Down 5%
EBITDA Margin	16.25 to 16.75%
Depreciation & Amortization	\$625 to \$645 M
Effective Tax Rate	21.5%
Capital Expenditures	\$650 to \$700 M
Global Pension Funding	\$123 M
Interest Expense	\$125 M

Guidance for 2019 Segment Results

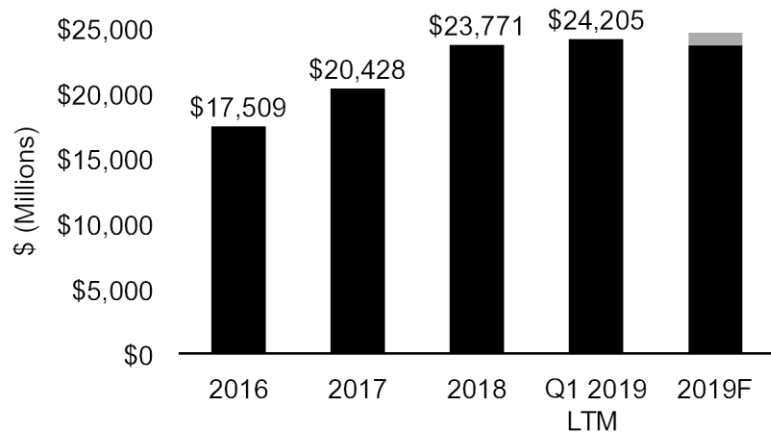
ITEM	ENGINE	DISTRIBUTION	COMPONENTS	POWER SYSTEMS	ELECTRIFIED POWER
Consolidated Revenue Growth	Up 1 to 5%	Up 2 to 6%	Up 1 to 5%	Down 2 to Up 2%	\$30M
2019 EBITDA Margins (% of Revenue)	15.5 to 16.0%	7.5 to 8.5%	15.5 to 16.25%	13.25 to 14.0%	(\$150M) to (\$120M)
2018 EBITDA Margins (% of Revenue)	13.7%	7.2%	14.4%	13.3%	(\$90M)

Key On-Highway Engine Markets - 2019

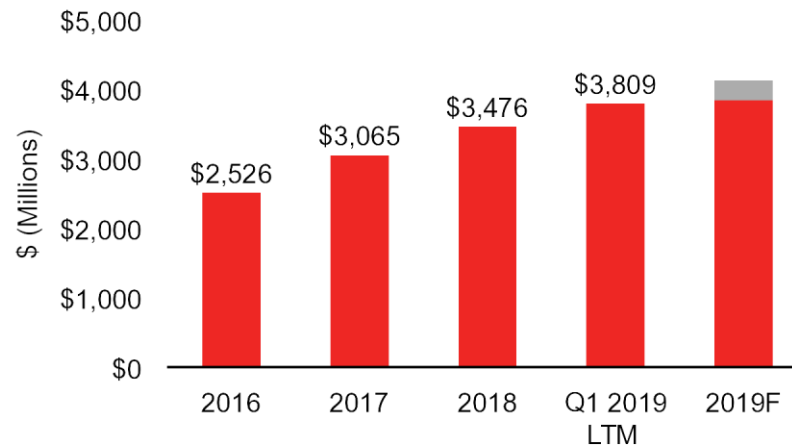
KEY MARKET	2018 Actual	2019 Forecast	CHANGE Market Size
Heavy Duty Truck - NAFTA Class 8, Group 2 - Production	286K units	300K units	Up 5%
Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production	132K units	140K units	Up 6%
Heavy & Medium Truck - China Sales	1,325K units	1,193K units	Down 10%
Heavy & Medium Truck - India Sales	445K units	421K units	Down 5%
Heavy & Medium Truck - Brazil Production	106K units	120K units	Up 13%

Cummins Inc.

Sales



EBITDA¹



2019 Guidance

Sales Flat to up 4%

EBITDA 16.25 to 16.75%

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

A vertical red bar with a perforated texture occupies the left side of the page. The perforations are small, dark, oval-shaped holes arranged in a grid pattern that tapers towards the right.

2019 Supplemental Information

Engine Segment Selected Financial Data

- Sales improved due to increased production and stronger share in the North American truck markets along with strong demand from global construction customers.
- EBITDA increased due to lower campaign costs, improved pricing, and strong performance from our manufacturing plants.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Sales	2,653	2,446	+8%
EBITDA	438	286	+53%
EBITDA (% of Sales)	16.5%	11.7%	

Engine Segment - Sales by Market

- On-highway revenues increased 9% due to increased demand in North America.
- Off-highway revenues increased 6% as a result of strong demand in global construction markets.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Heavy-Duty Truck	979	815	+20%
Medium-Duty Truck & Bus	721	692	+4%
Light-Duty Automotive	382	402	(5)%
On-Highway	2,082	1,909	+9%
Off-Highway	571	537	+6%
Total Sales	2,653	2,446	+8%

Distribution Segment Selected Financial Data

- Sales increased due to higher demand across all lines of business in North America.
- EBITDA margin as a percent of sales increased due to higher volumes, strong operational performance in North America, and improved pricing.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Sales	2,001	1,853	+8%
EBITDA	171	123	+39%
EBITDA (% of Sales)	8.5%	6.6%	

Components Segment Selected Financial Data

- Sales in North America increased 17% driven by higher truck build rates while revenues in international markets declined by 8% as a result of lower market demand in Indian and Chinese truck markets.
- EBITDA increased primarily due to lower campaign costs.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Sales	1,861	1,753	+6%
EBITDA	325	227	+43%
EBITDA (% of Sales)	17.5%	12.9%	

Power Systems Segment Selected Financial Data

- Sales were flat as demand in industrial markets was up 1% while sales of power generation products declined by 1%, with 6% growth in North America offset by a 7% decline in international markets.
- EBITDA margins decreased due to lower joint venture income in China and a higher proportion of whole goods relative to aftermarket parts.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Sales	1,077	1,074	—%
EBITDA	138	142	(3)%
EBITDA (% of Sales)	12.8%	13.2%	

Electrified Power Segment Selected Financial Data

- EBITDA losses were \$29 million for the quarter driven by targeted investments in new products.

\$ MILLIONS	Q1 2019	Q1 2018	CHANGE
Sales	3	2	+50%
EBITDA	(29)	(10)	NM ¹
EBITDA (% of Sales)	NM ¹	NM ¹	

¹ "NM" - not meaningful information



Joint Venture Income - Quarter

\$ MILLIONS	Q1 2019	Q1 2018
Engine	56	67
Distribution	11	13
Components	10	16
Power Systems	15	19
Electrified Power	—	—
Total JV Income	92	115



Cash Flow - Quarter

\$ MILLIONS	Q1 2019	Q1 2018
Operating Cash Flow	412	(117)
Capital Expenditures	109	72
Working Capital Measure	4,900	4,402
Working Capital Measure (% of Net Sales)	20.4%	19.8%
Debt to Capital %	21.7%	21.5%

Appendix



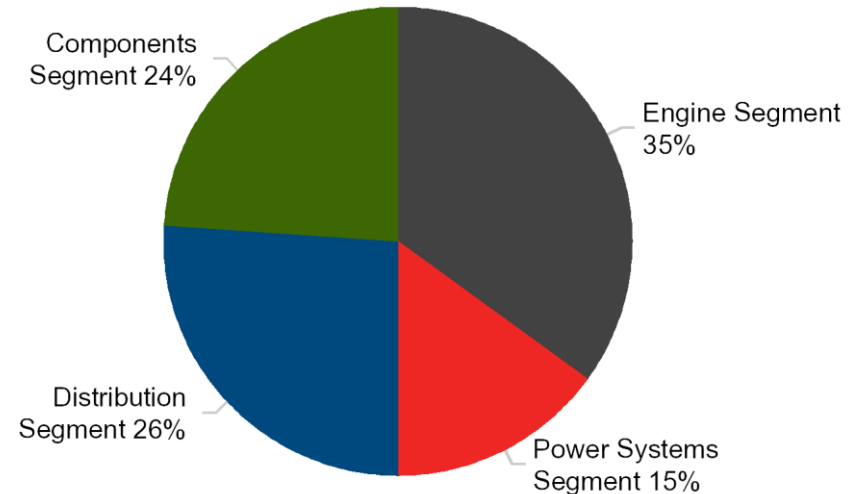
Cummins Inc.

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

Q1 2019 LTM Results

Sales:	\$24.2 billion
EBITDA:	\$3.8 billion
EBITDA%:	15.7%

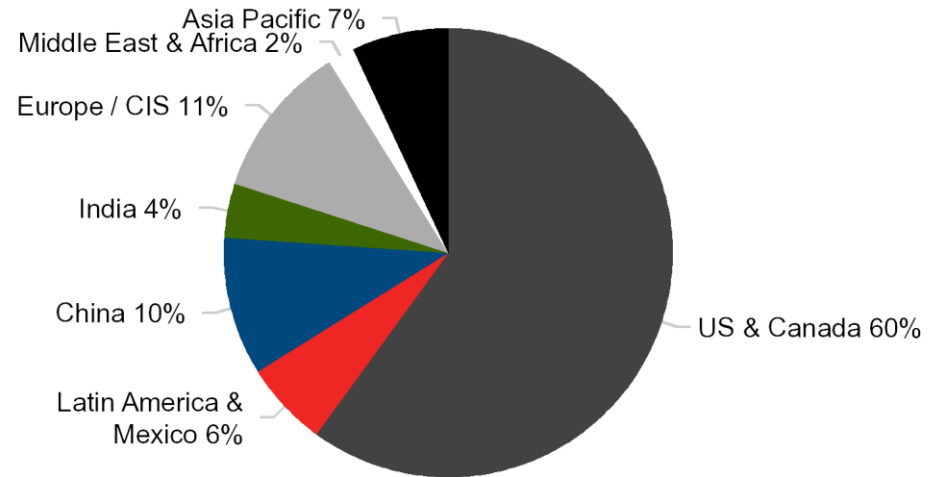
Q1 2019 LTM Revenue by Segment



Cummins Inc.

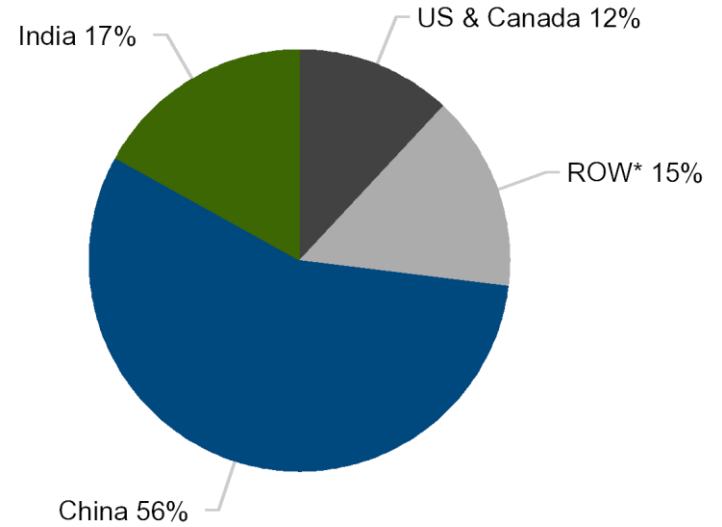
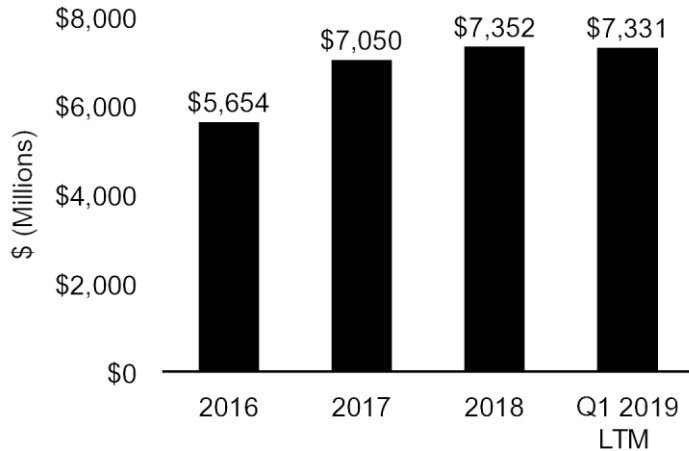
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories

Q1 2019 LTM Revenue by Marketing Territory



Cummins - Joint Venture Sales Unconsolidated

Q1 2019 LTM Revenue:



* Rest of world

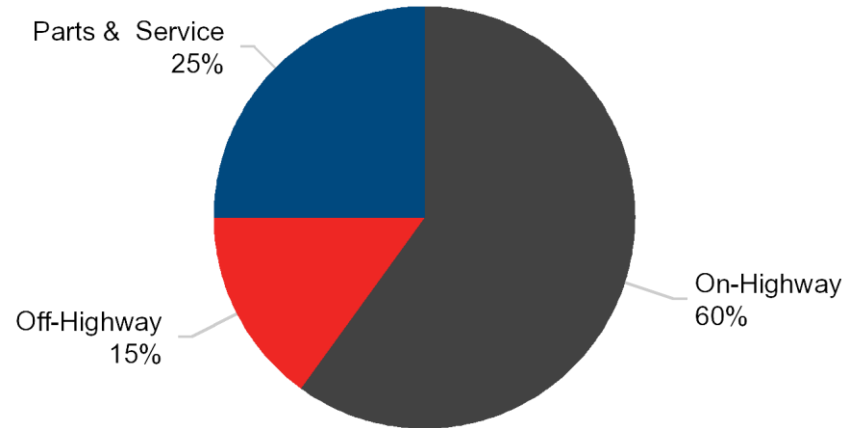
Engine Segment - Overview

- 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

Q1 2019 LTM Results

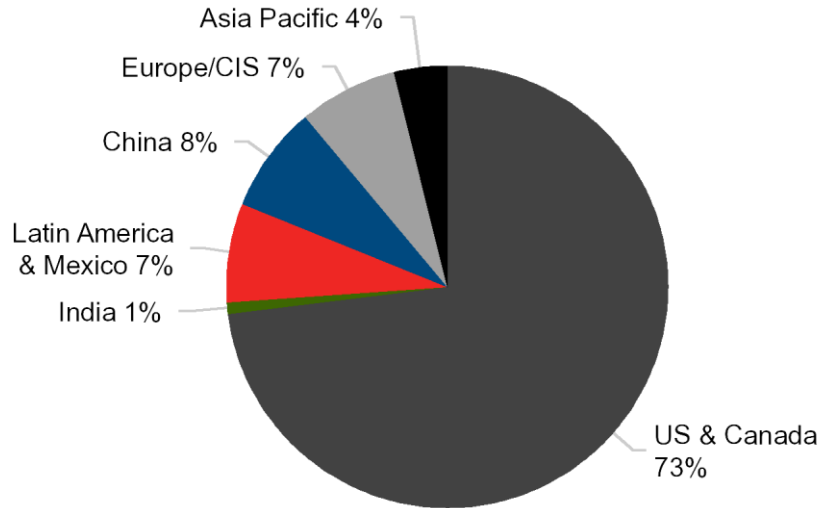
Sales:	\$10.8 billion
EBITDA:	\$1.6 billion
EBITDA%:	14.8%

Q1 2019 LTM Revenue by Product

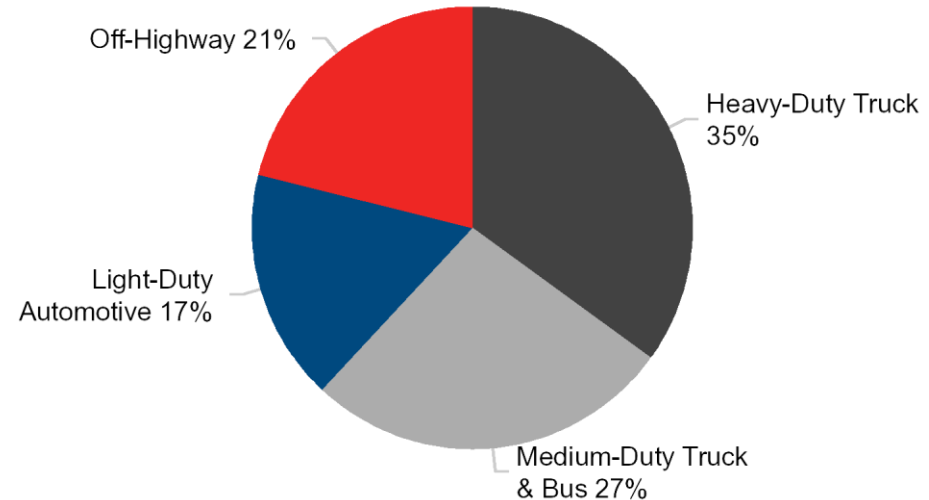


Engine Segment - Sales Mix

By Region



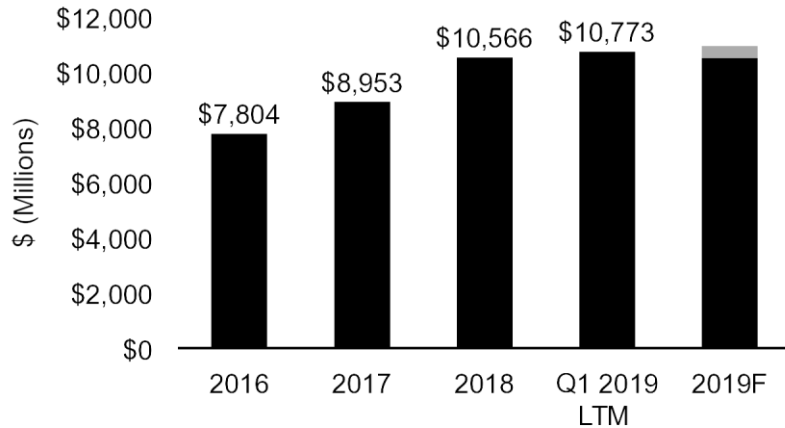
By Application



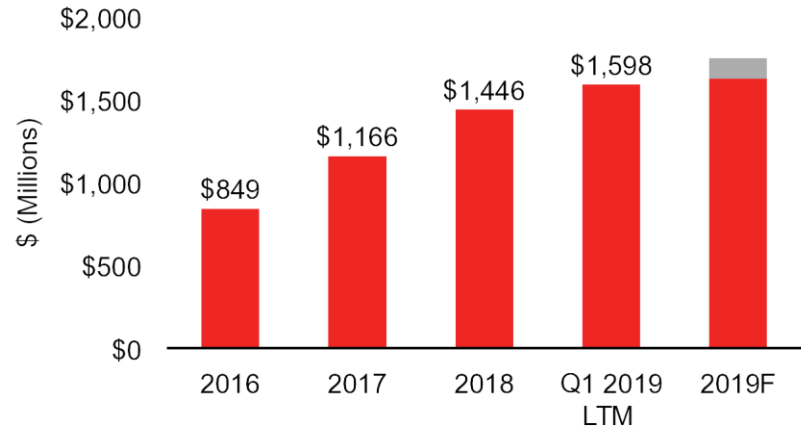
Q1 2019 LTM Revenue: \$10.8 billion

Engine Segment - Historical Performance

Segment Sales



Segment EBITDA¹



2019 Guidance

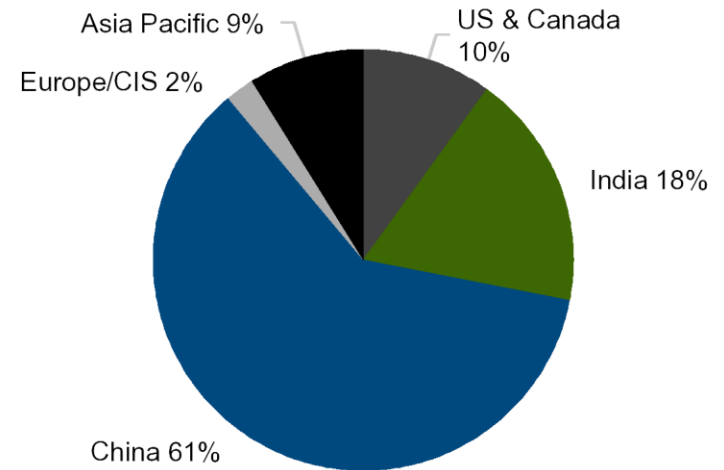
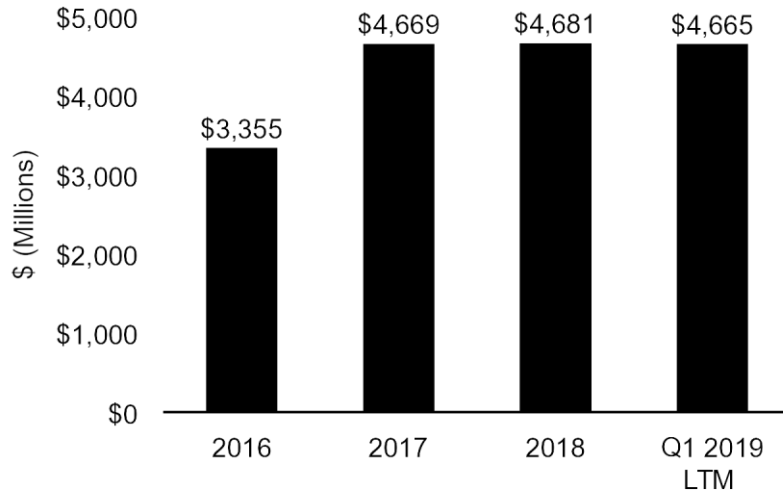
Sales Up 1 to 5%

EBITDA 15.5 to 16.0%

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

Engine Segment - Joint Venture Sales Unconsolidated

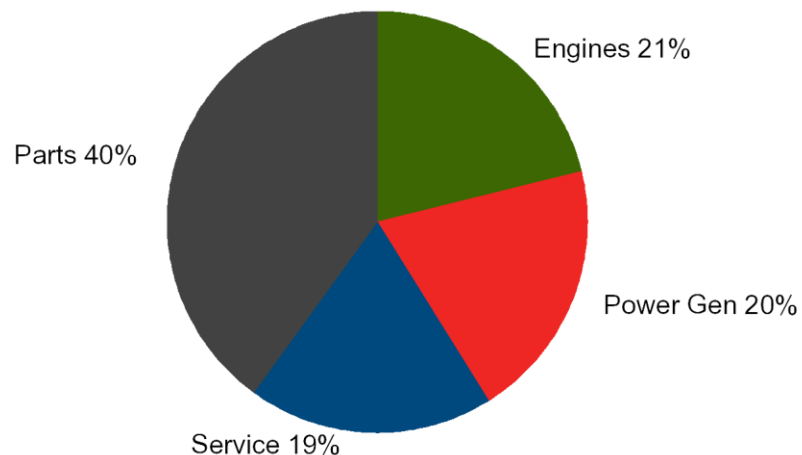
Q1 2019 LTM Revenue



Distribution Segment - Overview

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

Q1 2019 LTM Revenue by Product

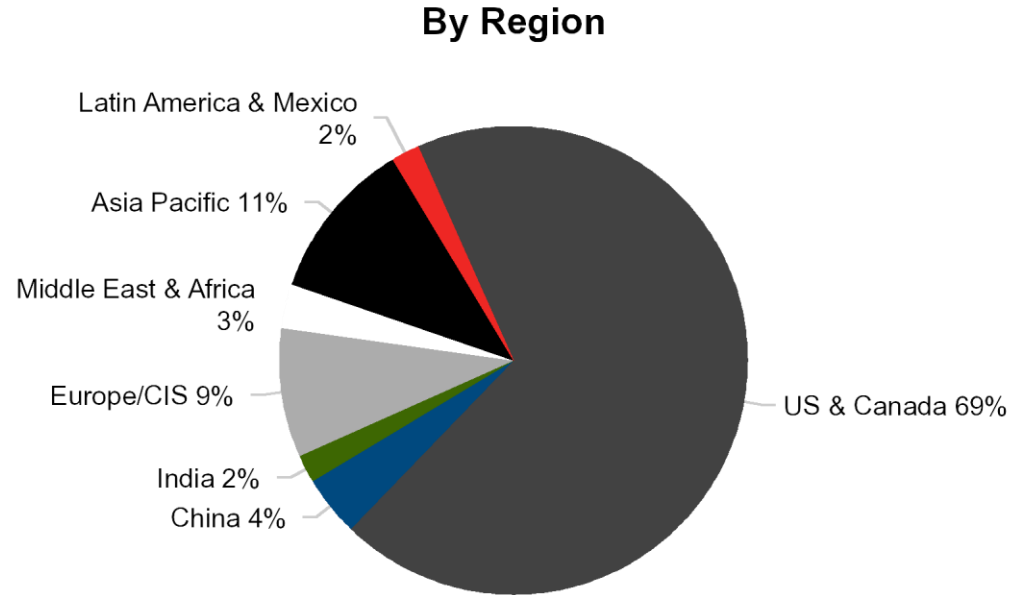


Q1 2019 LTM Results

Sales:	\$8.0 billion
EBITDA:	\$611 million
EBITDA%:	7.7%

Distribution Segment - Sales Mix

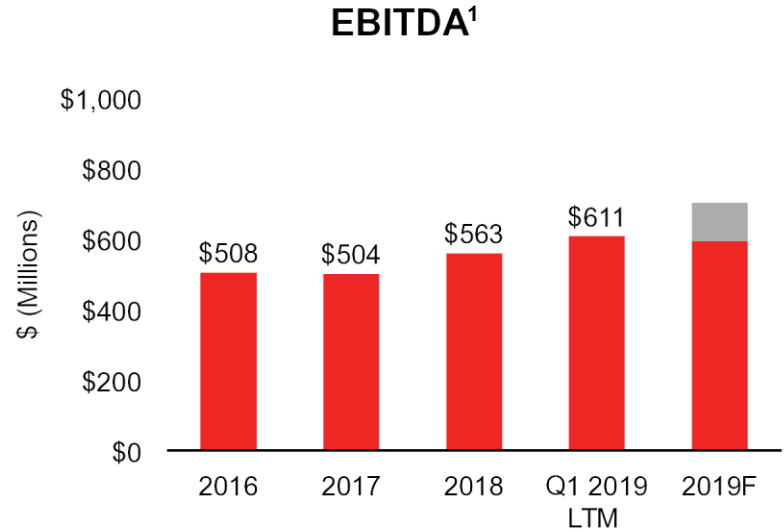
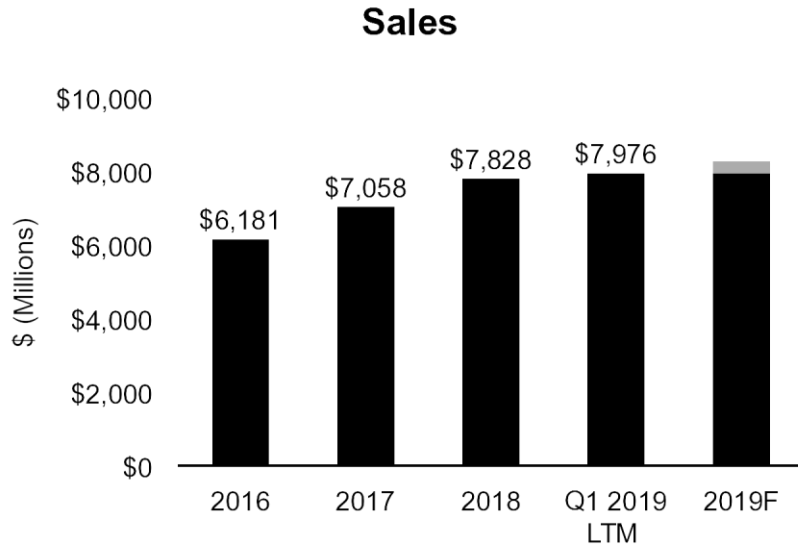
- Key enabler for Cummins growth
- Benefiting from increased population of products in the field



Q1 2019 LTM Revenue

\$8.0 billion

Distribution Segment - Historical Performance



2019 Guidance

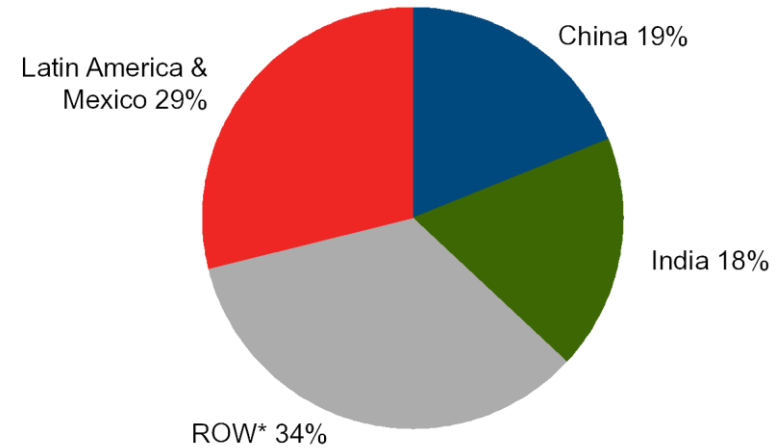
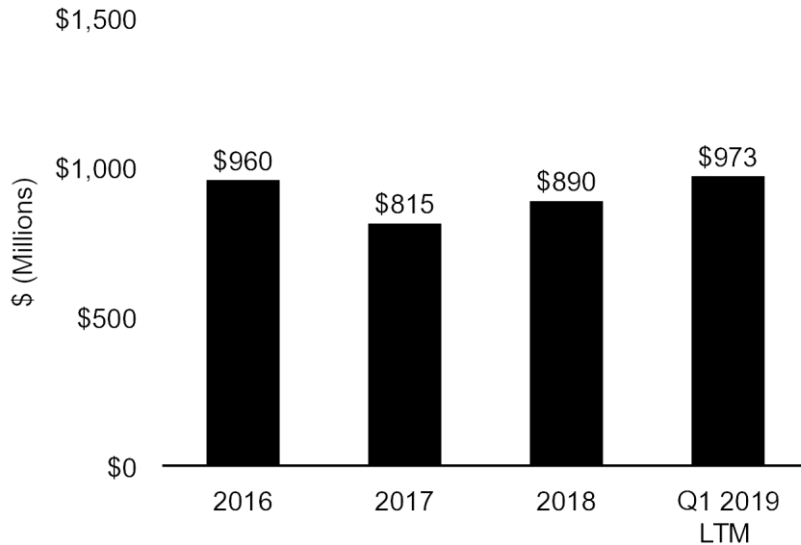
Sales Up 2 to 6%

EBITDA 7.5 to 8.5%

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

Distribution Segment - Joint Venture Sales Unconsolidated

Q1 2019 LTM Revenue



* Rest of World

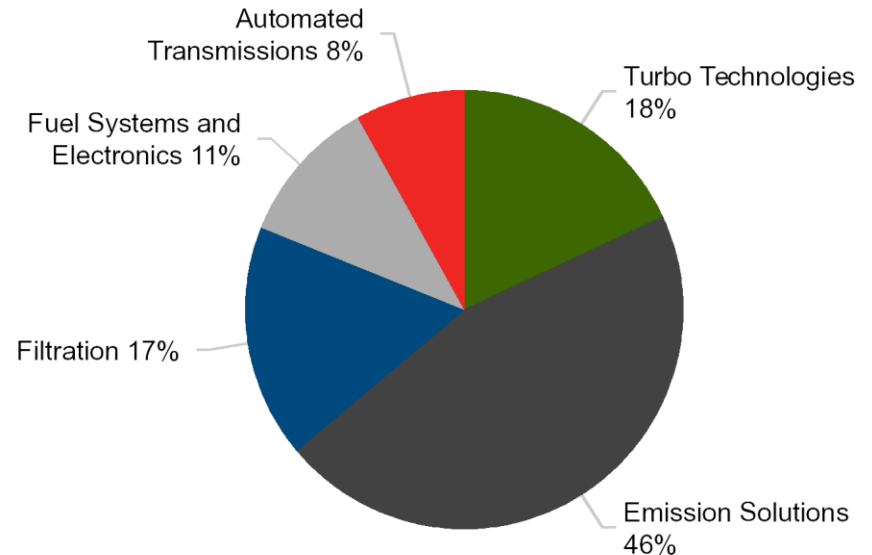
Components Segment - Overview

- 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

Q1 2019 LTM Results

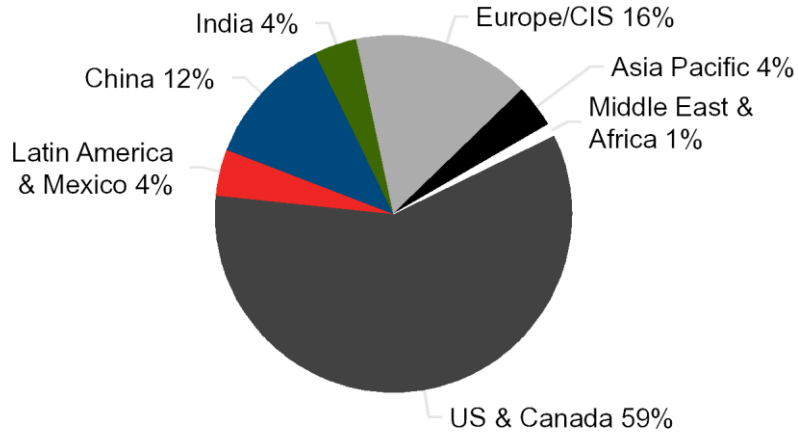
Sales:	\$7.3 billion
EBITDA:	\$1.1 billion
EBITDA%:	15.5%

Q1 2019 LTM Revenue by Business

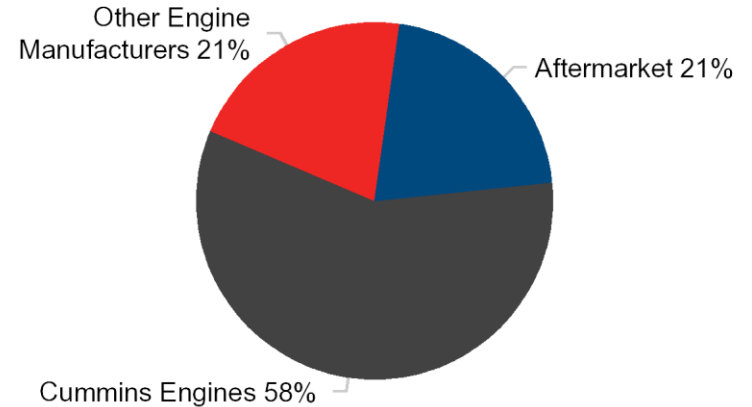


Components Segment - Sales Mix

By Region



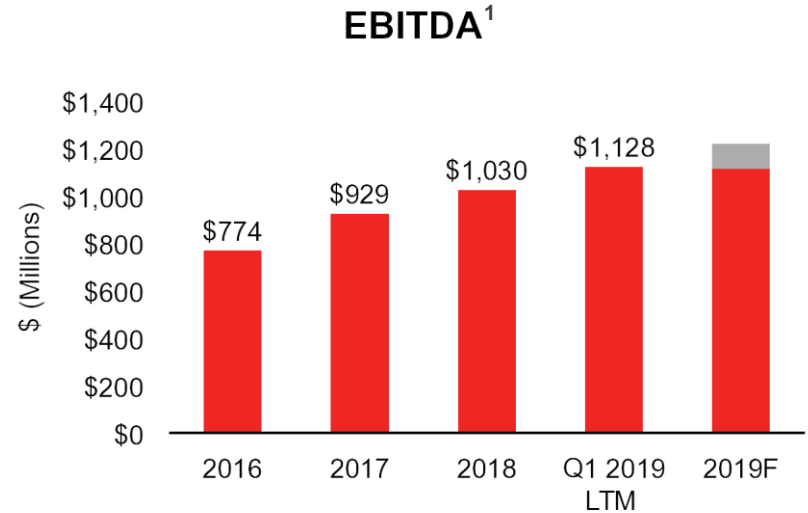
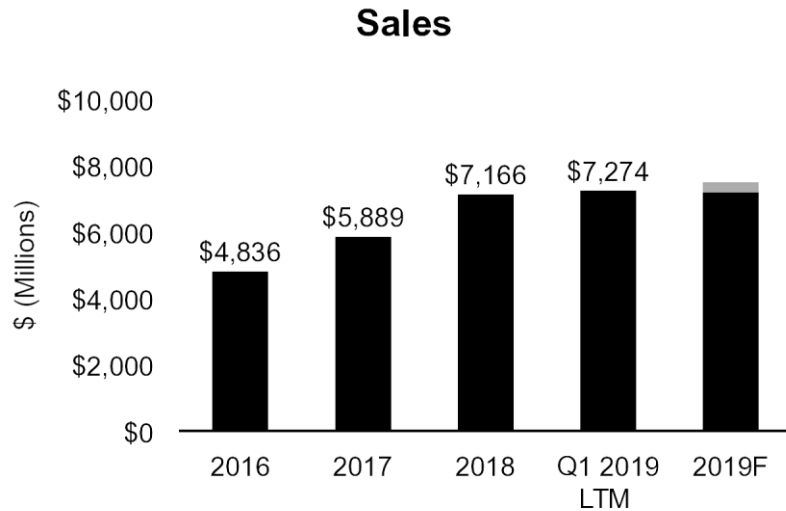
By Application



Q1 2019 LTM Revenue:

\$7.3 billion

Components Segment - Historical Performance



2019 Guidance

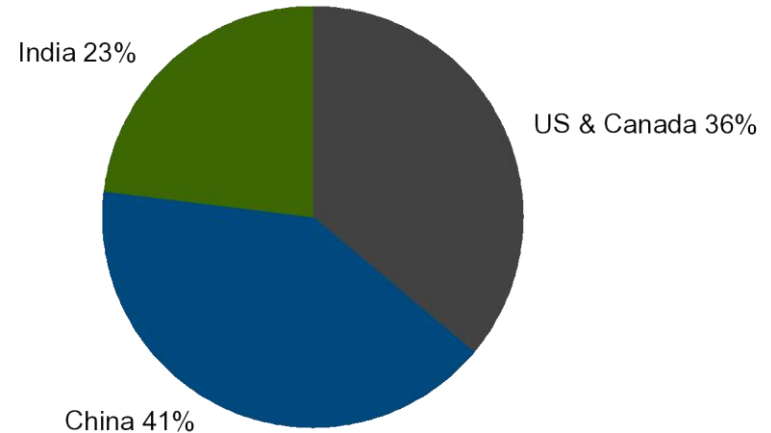
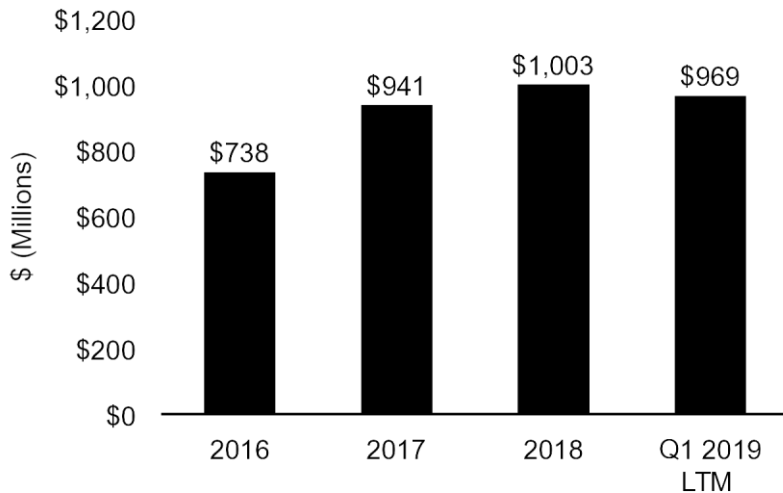
Sales Up 1 to 5%

EBITDA 15.5 to 16.25%

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

Components Segment - Joint Venture Sales Unconsolidated

Q1 2019 LTM Revenue



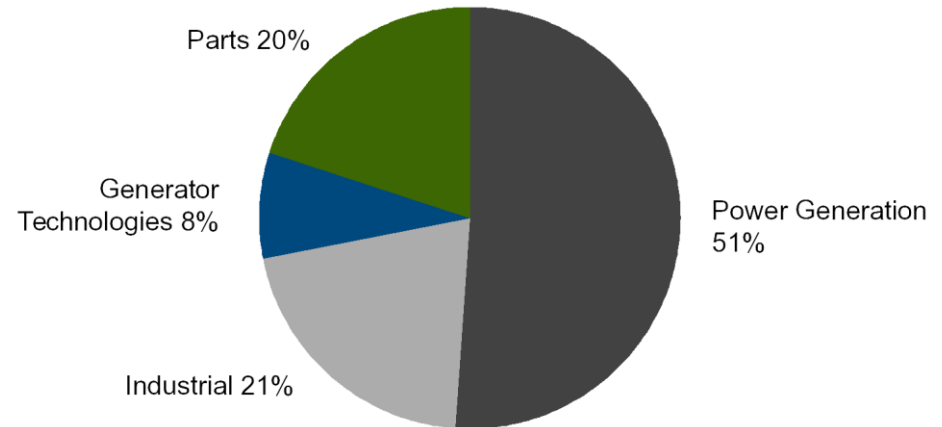
Power Systems Segment - Overview

- 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

Q1 2019 LTM Results

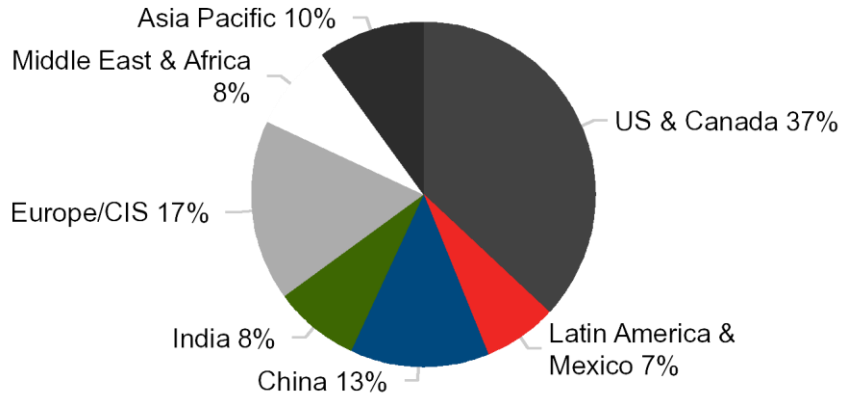
Sales:	\$4.6 billion
EBITDA:	\$610 million
EBITDA%:	13.2%

Q1 2019 LTM Revenue by Product

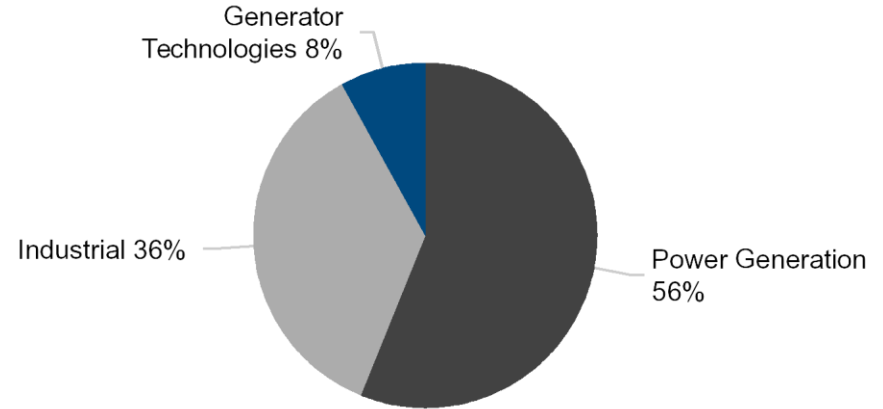


Power Systems Segment - Sales Mix

By Region



By Product Line

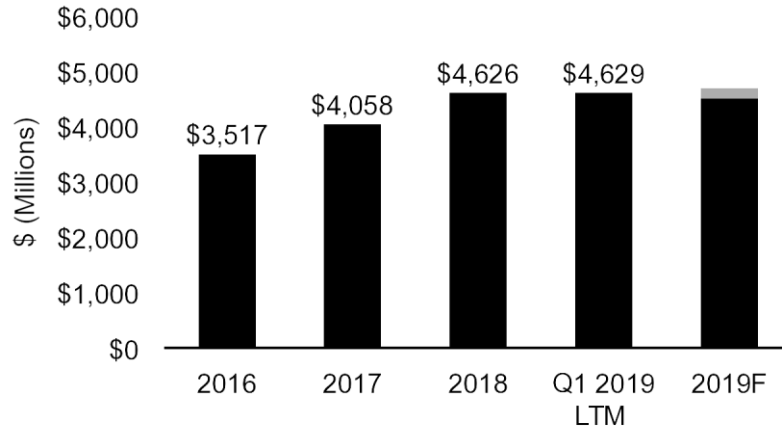


Q1 2019 LTM Revenue:

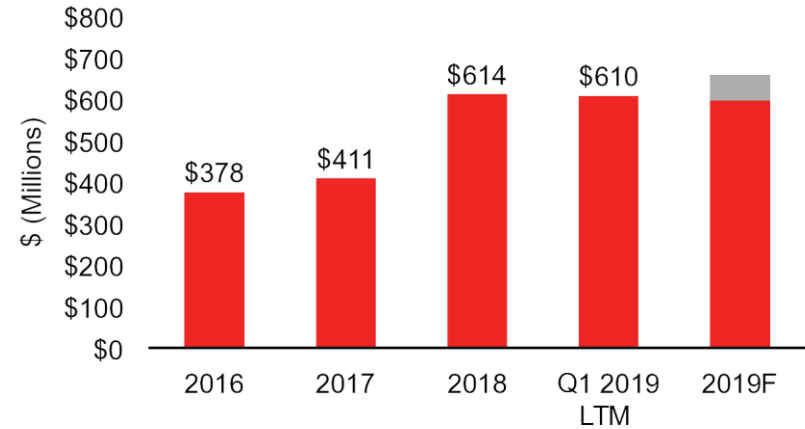
\$4.6 billion

Power Systems Segment - Historical Performance

Sales



EBITDA¹

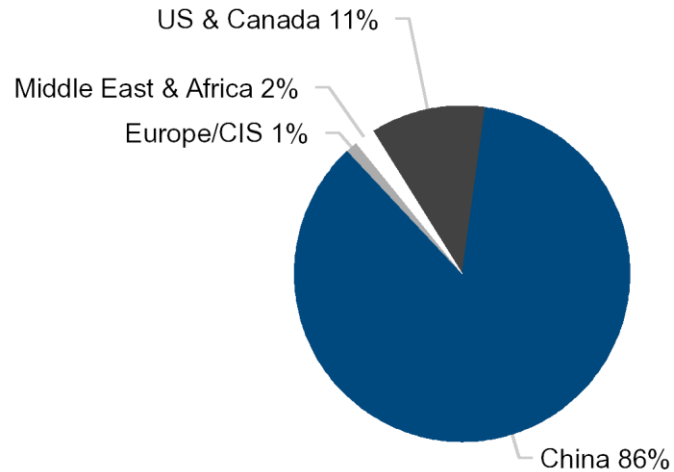
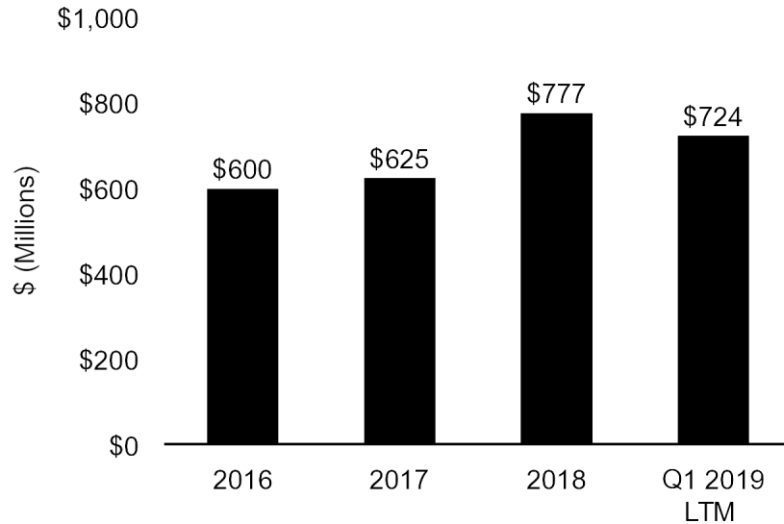


2019 Guidance

Sales Down 2 to Up 2% EBITDA 13.25 to 14.0%

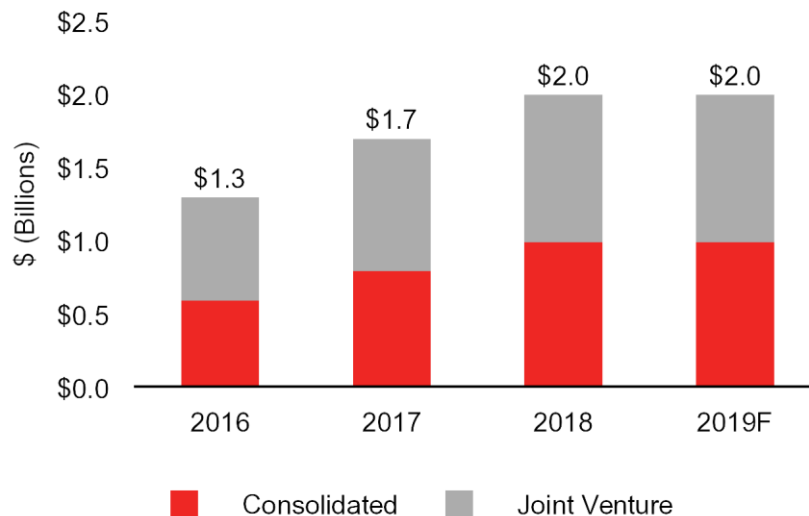
Power Systems Segment - Joint Venture Sales Unconsolidated

Q1 2019 LTM Revenue



Emerging Market Sales - India¹

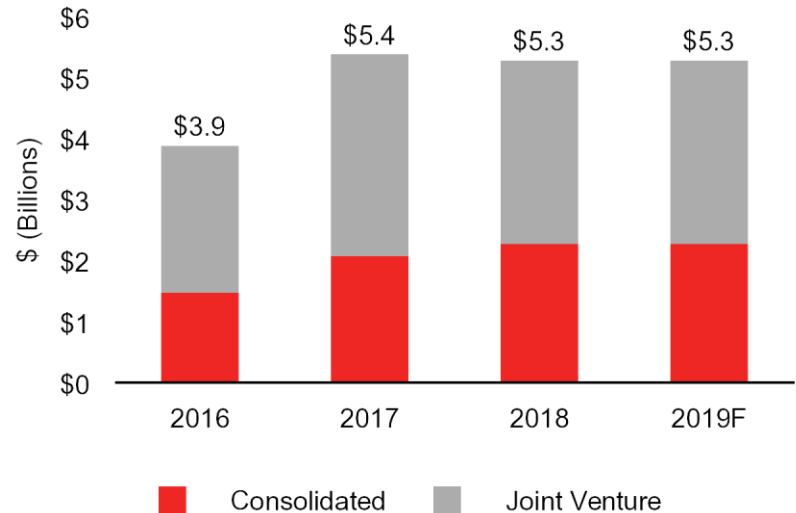
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



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

In Millions	Three Months Ended	
	31-Mar-19	1-Apr-18
Net income attributable to Cummins Inc.	\$ 663	\$ 325
Net income attributable to noncontrolling interests	6	—
Consolidated net income	669	325
Income tax expense	176	198
Income before taxes	845	523
Interest expense	32	24
EBIT	877	547
Depreciation and amortization	156	153
EBITDA	1,033	700
Less: Non-segment EBITDA	(10)	(68)
Total Segment EBITDA	\$ 1,043	\$ 768

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)

	<u>Twelve Months Ended</u>	
In Millions	31-Mar-19	1-Apr-18
Net income attributable to Cummins Inc.	\$ 2,479	\$ 928
Net income attributable to noncontrolling interests	52	(14)
Consolidated net income	2,531	914
Income tax expense	544	1,426
Income before taxes	3,075	2,340
Interest expense	122	87
EBIT	3,197	2,427
Depreciation and amortization	612	594
EBITDA	3,809	3,021
Tax Legislation impact	—	39
Total EBITDA excluding Tax Legislation impact	3,809	3,060
Less: Non-segment EBITDA	(29)	(14)
Total Segment EBITDA excluding Tax Legislation impact	\$ 3,838	\$ 3,074

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	
	31-Mar-19	1-Apr-18
Accounts and notes receivable, net	\$ 4,025	\$ 3,845
Inventories	3,893	3,411
Accounts Payable - (principally trade)	(3,018)	(2,854)
Working capital measure	\$ 4,900	\$ 4,402
Annualized Working capital measure (% of Net Sales)	20.4%	19.8%

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-Mar-19	1-Apr-18	2-Apr-17
Total Assets	\$ 19,846	\$ 18,392	\$ 15,634
Less: Deferred debt costs	3	2	2
Less: Deferred tax assets	410	303	396
Less: Pension and other postretirement benefit adjustments excluded from net assets	51	163	(211)
Less: Liabilities deducted in arriving at net assets	8,144	7,169	6,325
Total net assets	11,238	10,755	9,122
Less: Cash, cash equivalents and marketable securities	1,574	1,387	1,467
Net assets for operating segments	\$ 9,664	\$ 9,368	\$ 7,655

A reconciliation of net assets for operating segments to total assets in our Condensed Consolidated Financial Statements is shown in the table above.

In 2018, we reevaluated our net asset allocation methodology and realigned it to both simplify and better represent our reportable segments consistent with how the Chief Operating Decision Maker evaluates them. In accordance with the realignment, we reclassified historical segment net assets for 2017 to be consistent with our 2018 presentation. Key changes during the realignment were to remove cash equivalents and marketable securities from segment net assets as these corporate items are not managed and evaluated at the segment level.

Non-GAAP Reconciliation - Invested Capital Used for Return on Invested Capital Calculation

In Millions

	31-Mar-19	1-Apr-18	2-Apr-17
Total Equity	\$ 8,727	\$ 8,296	\$ 7,476
Less: Defined benefit postretirement plans	(682)	(681)	(664)
Equity including Tax Legislation impact	9409	8,977	8,140
Tax Legislation impact	777	777	—
Equity used for return on invested capital calculation	10,186	9,754	8,140
Loans payable	70	56	48
Commercial paper	709	593	274
Current maturities of long-term debt	37	57	47
Long-term debt	1,605	1,571	1,576
Invested capital used for return on invested capital calculation	\$ 12,607	\$ 12,031	\$ 10,085

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	31-Mar-19	1-Apr-18
Net income attributable to Cummins Inc.	\$ 2,479	\$ 928
Net income attributable to noncontrolling interests	52	(14)
Consolidated net income	2,531	914
Income tax expense	544	1,426
Income before taxes	3,075	2,340
Interest expense	122	87
EBIT	3,197	2,427
Tax Legislation impact	—	39
EBIT excluding Tax Legislation impact	3,197	2,466
Less: Tax effect on EBIT	566	669
Net operating profit after taxes used for return on invested capital calculation	\$ 2,631	\$ 1,797

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.

CMI Analyst Day

Thursday, November 21, 2019

New York, NY

**For additional information contact:
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RSVP Coming Soon



Thank you for your interest

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