LSEG STREETEVENTS

EDITED TRANSCRIPT

CMI.N - Cummins Inc Analyst Day

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OVERVIEW:

Company Summary

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PRESENTATION

Nick Arens - *Cummins Inc - Executive Director, Investor Relations and Business Analysis & Planning*

Good morning. Welcome to Cummins 2026 Analyst Day. I'm Nick Arens, Executive Director of Investor Relations. We have an exciting event planned for you today, and we're glad you're with us.

We'll begin today with a presentation from our Chair and Chief Executive Officer, Jennifer Rumsey; followed thereafter with presentations from Brett Merritt, who leads our Engine business, and Jenny Bush, who leads our Power Systems business. And to end the presentation portion of our Analyst Day, you'll hear from Mark Smith, our Chief Financial Officer. After our presentations, we'll take a short break, and then we'll come back together to answer any questions you may have.

In addition to Jennifer, Brett, Jenny, and Mark, our Q&A panel will also include Amy Davis, who leads our Components business and Accelera; and Shon Wright, who leads our Distribution business. Following our event today, we will invite you to join us for lunch just outside these doors, where we look forward to engaging with you further.

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Before we begin, please note that today's presentation will include forward-looking statements that involve risks and uncertainties as well as certain non-GAAP financial measures. Reconciliations of non-GAAP measures to GAAP, along with additional information regarding risks and uncertainties are included in the appendix of this presentation and in our SEC filings available in the Investor Relations section of cummins.com.

A replay of today's webcast and the presentation slides will also be available on our Investor Relations website shortly after the event. Again, thank you for joining us. We look forward to a great day with you.

With that, I'm pleased to turn it over to our Chair and Chief Executive Officer, Jennifer Rumsey, to walk us through how Cummins is building on its strengths and raising the bar once again.

(video playing)

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Good morning, everyone. And as Nick said, welcome to Cummins Analyst Day 2026, whether you're joining us here in person or online, we're really glad you're with us. This is my fourth year as CEO and my 27th year with Cummins. During that time, I've seen the company navigate multiple cycles, changing regulation, new technologies and real complexity. And what has stood out for me is not just what we do, it's how we do things at Cummins.

Cummins has endured overtime because of our global footprint, the breadth and strength of our portfolio and the deep partnerships with our customers that we've built over many decades. We bring application expertise and experienced leaders that know how to navigate with discipline and ensure that we're delivering to the needs of our customers and all of our stakeholders every day. That is the power of Cummins.

These past two years have tested that discipline, supply chain disruptions, policy changes, uneven technology adoption. They've created pressure across industries. We did not step back from that complexity, we work through it, leaning into the strength of our people, teams, and partnerships. And as a result, Cummins is in a stronger position today. We have a more diverse portfolio, sharper focus on our execution and are better positioned for the future.

This morning, I look forward to showing you why we have confidence and where Cummins is today and why we believe we're well positioned going forward.

There'll be three clear takeaways for you from our presentations today. First, our global presence, broad portfolio, trusted partnerships, and experienced people position Cummins to win. We operate across applications and regions in ways our customers rely on, and it allows us to perform through a variety of market conditions.

Second, we are investing and executing with discipline. We're strengthening the parts of our portfolio that are working, expanding where demand is real, and being deliberate on decisions we're making where markets are still developing. This shows up in how we allocate capital, and also how we execute day-to-day.

And third, we're delivering record performance and raising our 2030 targets. What we see today gives us confidence in setting even higher expectations for the future. Everything you'll hear today from me, Brett, Jenny, and Mark will tie back to these three points and show how we are increasing value over time.

Since 2024, we've strengthened our position despite market shifts that have occurred. In 2025, we delivered $33.7 billion in revenue and a record 17.4% EBITDA. Importantly, we achieved our prior 2030 margin target early even in the midst of a North America truck down cycle, a time that would historically have tested our margins, [ours held]. That was driven by performance across our diversified portfolio, including strength in Power Systems and Distribution business and consistent execution across the company.

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Two years ago, we talked to you about the growing role and long-term growth we expected in power generation, driven by growth in data centers. That demand since that time has continued to strengthen and grow, and we are investing to meet it. We've doubled the capacity of our large gensets, delivered that early. We continue to see strong demand and order intake, and we're investing responsibly to beat that.

At the same time, we've seen slower adoption of zero emissions technologies, and we're responding with discipline in Accelera, focusing where adoptions and economics are clear, in particular, e-mobility, where we are deployed today with most major OEMs and have logged more than 1.5 million miles on our components globally.

As a result, Cummins is better positioned today. We have stronger earnings and greater confidence in our ability to execute through the cycles.

Building on that progress, we're pleased to share that we are raising our 2030 targets. We now expect revenue to be in the range of $45 billion to $50 billion and EBITDA to exceed 20%. Just to remind you, this is an increase from our previous targets of $43 million to $48 million in revenue, and 17% to 18% margin.

In 2025, we delivered improved operational execution across every segment of Cummins. That execution plus stronger outlook in power generation and other growth drivers for our business, including continued content additions in Engines and Components, gives us confidence that that earnings profile will continue to strengthen.

We're less reliant today on a single market, which enables us to drive more consistency and further earnings potential. And you'll hear more about this throughout the morning.

Over 107 years, Cummins has built a global presence that continues to be a key driver of our performance. In a world that's increasingly complex with geopolitical and supply chain uncertainty and change, increased localized requirements, it makes this global presence more important now than ever.

We operate across more than 190 countries globally. And more important than that, we have more than 50 years of experience and deep local capability in key regions, including Europe, India, China, and Mexico. That includes local engineering, manufacturing and service capabilities close to where our customers operate. That local execution, supported by our global scale strengthens our position in key markets, including our components, engines, integrated power train systems, and standby power.

Building on this strength is our global reach of our Distribution network, which is the largest and most extensive in our peer group. It's something that few can match and none can replicate the scale we have at Cummins. Today, Cummins has more than 640 distributors and more than 13,000 certified dealers around the world that drives uptime, trust, and long-term loyalty from our customers.

And our installed base of engines, components and genset solutions continues to grow. Today, the Distribution business is our largest segment, delivering $12.4 billion in revenue in 2025. And it plays a central role in supporting our customers across the life cycle from the initial sale through decades of service and support that exist on our products beyond that initial sale. It's this combination of global scale, regional strength and local execution and support that gives Cummins a key competitive advantage.

At the core of our strategy is our diverse portfolio, and this is designed to meet our customers' needs today while driving long-term growth for Cummins. What distinguishes Cummins is the breadth of our portfolio and how we invest to strengthen it both today in creating customer value and positioning Cummins for the future. One clear example of that is with our HELM platforms.

And Brett, of course, will talk a lot more about those platforms, but we've continued to invest in diesel solutions. Our platforms, including the B, X10 and X15 that will be ready to meet future regulatory requirements but also bring the most efficient, flexible engine platforms in the industry, enabling our customers to transition to alternate fuel when they are ready and preserving the performance and durability expectations that our customers count on Cummins for.

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We're also advancing our power generation position. We'll continue to make targeted investments to support the strong data center demand and our customers' evolving requirements. That will include further expanding capacity in our existing global facilities, and leveraging the integrated model that we have between the Power Systems business and the Distribution business.

Our customers are increasingly looking for us to bring broader system solutions for backup power, where we're strong today, and also solutions that can meet their on-site prime power needs when the grid is unreliable or unavailable. And I know you're all looking forward to hearing more from Jenny on exactly what that means.

We're making other investments to advance our technology position and bring value to our customers and grow our business over time. That includes targeted investments across bridge solutions like natural gas, and hybrid as well as zero emissions technologies where customer demand is the strongest.

Here, we're prioritizing scalable platforms with clear paths to returns. We're focusing on the applications that leverage our global reach, component integration, and system know-how while pacing investment with adoption to support long-term growth and customer value.

Additionally, we're investing in digital and AI-enabled solutions that can use data from our large installed base as well as our own technical knowledge to improve efficiency, safety and uptime for our customers. So one example of that is how we're using AI-enabled remote diagnostics. This helps our customers diagnose an issue, come into the shop and ensure that we can service and get them back on the road faster, reducing their downtime.

So taking all of this together, our disciplined capital allocation strengthens our already strong leadership position and allows us to grow and serve our customers over time.

Our strategy works because of our deep, long-standing customer partnerships where our customers operate. You can see that these relationships span a variety of big truck OEMs as well as off-highway OEMs and our data center hyperscaler and co-locator customers. The common thread across these customer partnerships is trust. Trust built on leading performance, uptime and the support that we can bring where our customers are to help them operate and grow.

In on-highway, we have OEM partnerships like TRATON, Daimler, Stellantis and PACCAR that are long-standing. For example, PACCAR has been a partner of Cummins for 80 years, and they remain our largest customer today, a testament to the strength of that partnership and our ability to bring value to them. We also partner directly with fleets and end users, ensuring that we understand how to help them maximize uptime, get the best total cost of ownership and deliver solutions that meet the needs of their real-world applications.

In industrial and off-highway applications, we have partnerships like Komatsu and XCMG that also span decades and continue to expand into new technologies and new applications. And we're engaging with all of these customers, both at a system level as well as in components and the engines and integrated capabilities, partnering with a focus on creating a win-win for Cummins and for our customers and rooted, as I said, in that trust, deep expertise, presence -- global presence in distribution and service network to support their growing needs.

It's our people that turn all of these strengths into performance. What we do would not be possible without our nearly 68,000 employees around the world with deep expertise and shared values. And that starts with experienced leaders and skilled teams.

Cummins makes focused investments to grow leaders that are strong individually and in how they lead and work with teams. And this has been a differentiator for us as these leaders have guided the company and our customers through complexity and change, driving strategic direction and disciplined execution over time.

Our teams bring deep application expertise. They work closely with customers to deliver innovation and dependability. And we continue to invest in our employees broadly, equipping them with skills that will be important for today and for tomorrow. That includes AI and other tools that can improve effectiveness and decision-making across our employees.

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So I want to give you one example of how this has come together. Last year, we had more than 70 tariff policies that impacted our business. We used AI-enabled models to track and understand the impact of all of these changes. We then brought our teams together to evaluate scenarios and align on actions that we would take with our suppliers and our customers. And it really helped us deliver through that change.

Together, all of these capabilities reflect our values in action and enable consistent execution and growth in a complex environment. So now let me turn to how all of this translates into growth and margin expansion through 2030.

First is our home platform launch tied to the EPA27 North America regulations. And with this launch, we'll have increased content on both the Engine offering as well as the Components offerings to our customers. In addition, we'll have market-leading performance and durability from these platforms. This will also move us past the peak investment period for the Engine business.

Second, power generation remains a significant contributor to growth and margin expansion, driven by strong data center demand. We're continuing to make disciplined investment, expanding capacity and looking at ways that we support our customers' mission-critical applications at scale.

Third is our strength in aftermarket. We continue to have a growing installed base of Engines, Components and gensets and content as emission cycles continue. And over the life, that will continue to allow Cummins to grow revenue and expand margins through the cycles.

Fourth is a disciplined focus on Accelera investments. Focusing on areas where adoptions and returns are developing and reducing our losses, leaning into e-mobility with where our pool is strongest, and that position in e-mobility, combined with the actions that we've taken in recent quarters and electrolyzers and fuel cells will allow us to reduce losses in the near term and improve the trajectory of this segment.

And finally, it's a continued focus on operational excellence that will enable us to continue to improve delivery to our customers and margin expansion in our business. And here, AI is one enabler for faster decisions, higher productivity, and better execution. Combined, all of these drivers support continued growth and sustained margin expansion through 2030, supported by the execution of the Cummins team.

So in summary, Cummins has strengthened its position. We're investing with discipline, and we have a stronger outlook today than what we were here two years ago. Our global footprint, broad portfolio, trusted partnerships, and experienced people position us to win. We are investing and executing with discipline and delivering at record levels, raising our 2030 targets. Together, this is how the strength we've built enhances our position today, reduces risk and enable sustained growth for the future.

So I'll now transition to Brett. I think you're all aware that Brett is the leader of our Engine business. What you may not be aware of is that Brett and I are both Columbus natives, born and raised in a Cummins headquarter community.

Now he made a different choice when he left Cummins and went to my [alma mater] Purdue's arch-rival, IU for college. But despite that poor decision, he's been an excellent add to the company's leadership team over the last 2.5 years, and I look forward to him sharing more about how the Engine business has strengthened the foundation to create long-term value for our customers. Thank you.

(video playing)

Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

Good morning, everybody. I'm Brett Merritt, and I lead the Engine business. But more importantly, after that introduction, I'm a proud 25-plus year season ticket holder for our national champion Indiana Hoops. So with that, the Engine business has been at the heart of Cummins for more than 100 years. And after nearly 17 years with the company and an additional 10 years in the industry, I've lived through many industry cycles. But what excites me today isn't the history. It's how strong the business is right now and how well positioned we are for the future.

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Our engines power some of the most critical work in the world, keeping communities safe, infrastructure moving and economies running. This business is built around strengths, and it yields big advantages to Cummins, including technology, customer relationships and financial performance.

Many of you know Cummins for our position in the heavy-duty trucking industry in the United States, and that remains a critical part of our business. But as you see from the slide, the Engine business extends well beyond that. Our engines go into applications where failure is just not an option.

Think about fire engines responding to wildfires across the Western United States. Excavators and haul trucks, building infrastructure around the world in literally any location. And school buses driving our kids to and from school. These are applications where uptime and reliability aren't just expectations, they're what drives our customers' economics and ultimately, what drives their demand for Cummins products.

Across all these applications, we leverage a common set of global engine platforms which allows us to move technology and capability across regions rather than reinventing solutions market by market. That platform approach creates global scale. And when you combine that with our presence in regions where markets and our customers operate, it becomes a real differentiator for Cummins. That's a scale that's reinforced by deep, long-standing OEM partnerships.

These are not transactional relationships. They're built upon trust and technology leadership. We've been partnering with PACCAR since the 30s. We've been partnering with Komatsu since the early 60s, Tata since the early '80s and Dongfeng since the mid-1980s, just to name a few. From humble beginnings to billions of dollar relationships.

And an important extension of that model is our joint ventures, particularly in India and China. On an unconsolidated basis, these JVs generated approximately $4.6 billion of additional revenue in 2025 for the Engine business alone. They allow us to compete at scale locally while still leveraging global platforms and technology, strengthening our market position and enhancing returns without overconcentrating capital in those markets.

Our revenue is pretty balanced across on-highway, off-highway and a growing aftermarket. That balance enables both growth and performance through cycles. This combination, global scale, strong partnerships, mission-critical applications and a global aftermarket is the foundation for continued growth in the Engine business.

Even in a down North America market last year, we produced roughly 1.3 million engines globally, well over double our nearest competitor. That's the kind of scale that gives us purchasing leverage, manufacturing efficiency and the ability to weather specific market downturns. What makes the scale so powerful is how we execute it regionally.

We design and source globally, but we manufacture locally for the regions we serve. That local-for-local model is intentional, and it's a huge advantage for Cummins. The US is a great example.

We build engines and after-treatments and our components in the United States for the United States, with the strong domestic manufacturing supporting our North American customers. In an increasingly complex geopolitical environment, that gives customers confidence that supply is secure, that we're responsive and that we're aligned with all the local requirements.

We've also been investing with a clear objective, to have the most technologically advanced customer-focused engines in the market. That investment shows up in how our engines perform, and it's a key reason we've been gaining customers overtime. This is an operational model that strengthens our OEM partnerships.

Our partners leverage that -- the global platforms and technology and combine that with regional content and manufacturing. They get the scale, consistency and engineering expertise of Cummins and the local supply. The result of all this is number one global positions in medium-duty truck, heavy-duty truck, bus and off-highway. This combination, long-term regional investment, technology leadership and strong partnerships is what underpins our customer relationships and generates cash.

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The Engine business is built to perform their cycles. And the strength you see today has been building overtime. Engines remain critical to our core applications and are staying in service longer, extending the period over which they generate value both for the customers and for Cummins.

Additionally, we're adding content and winning new business across many markets. While we do expect North American truck markets to normalize, that's not really the story here. The headline is the additional content and why customers continue to choose Cummins and how long that value will persist.

The aftermarket is the other critical piece, and it's an earnings growth story. Because we've been winning across multiple emission cycles, we now have a larger and growing population of engines in the field. That growing population is going to yield meaningful higher aftermarket revenue over time. It's also a stable revenue source.

So when OEM markets start to soften, aftermarket demand continues to build. That's the power of having more engines in the field, higher content and running longer. And our peak investment period is largely behind us.

Over the past several years, we've made deliberate investments in new platforms and manufacturing capabilities. Those investments are largely complete, and they're now translating into launches, capability and growth. Taken together, this is what drives engine performance for the long term. Revenue driven by content and customer pull, a growing aftermarket that keeps building and the investment to support all this already in place.

Over the past two decades, Cummins has built a track record that few can match, consistently reducing emissions while improving fuel economy at the same time. That's not easy to do. It requires deep engineering expertise, sustained investment and the ability to execute across multiple technology cycles. You can see that pattern on the chart. As emission standards have stepped down, we've continued to drive improvements in fuel economy, which is ultimately what matters to a lot of our customers, and the numbers tell the story.

Since 2007, we've reduced NOx by 96%, while improving engine efficiency by 14%. And when you optimize the engine as a part of the total Cummins powertrain, which is how many of our North American customers experience it, that's an additional 8% efficiency gain on top of that. That efficiency advantage is a key reason customers continue to choose Cummins and why we've been gaining share in many of our markets over time.

We're delivering increasingly complex technology that works reliably over the broadest range of applications and duty cycles at a scale no one else can match. The 2027 platforms reset the hardware baseline and create a foundation for continued year-on-year efficiency gains beyond this transition, just as we've done in every previous cycle. And to meet the EPA 2027 transition, we've invested in a core set of HELM platforms, high-efficiency, low-emission, multi-fuel engines designed to scale globally.

These aren't one-off solutions, they're common platforms built to serve multiple markets, applications and fuel types. And we're already seeing that product come to life. With products like the X15N, which is our natural gas heavy-duty engine available and able to be ordered today.

A key part of that approach generates content expansion. As emissions requirements tighten, we're adding meaningful content at the Engine level and across the broader powertrain. EPA 2027 is the first application of the HELM platforms, and there are more to come.

A good example of the evolution of the HELM platforms is the movement from the L9 to the X10. The X10 moves from a legacy big board design to a true heavy-duty architecture. In layman terms, this adds 70 additional horsepower, 400-foot pounds of torque and it improves our oil drain interval, 25,000 miles versus the current L9.

Simply put, the L9 performs phenomenally well in the medium-duty market, but the X10 will also be not only in the medium-duty market but also the heavy-duty truck market across vocational, pickup, delivery, transit, coach, emergency as you can tell, many, many applications. More capability, longer life, lower operating cost without forcing customers into a larger package.

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We've already announced the X10 for Mack's Granite platform. That's the first heavy-duty application as Granite is the heavy-duty application for Mack. In fact, though, it will be available in nearly every OEM platform in North America. These platforms were engineered alongside new after-treatment systems from the start, fully integrated solutions, not add-ons. Combined with industry-leading power density and packaging, this allows Cummins -- allows OEMs to standardize on Cummins across more applications without trade-offs as standards tighten.

Industry estimates suggest that EPA 2027 could add roughly $10,000 to the cost of a truck. And the majority of this sits in the powertrain and powertrain-related systems. That's exactly where Cummins plays. That added content shows up across our engines and our components business. With millions of miles of validation already behind us, this portfolio gives us a full set of compliant, scalable solutions ready to launch. And it positions us to capture more content per vehicle as customers look for partners who can manage complexity and deliver these platforms.

At the center of our market strategy is the product. Everything starts with this high-performing engine that I just went through. And from there, our model adapts. But the model is definitely push led. That means OEMs are making it into a powertrain decision. They're choosing what engine system am I going to use and driven by technology requirements, a transition complexity, a need for a particular part of our broad portfolio, the partners are looking for another partner who can deliver these engines and execute at scale.

During major transitions like EPA 2027, OEMs turned to Cummins because we can reduce risk and we can accelerate their time to market. More and more, we are increasingly pull led, and it's an important distinction. Here, it's the end users, the fleets, the operators, those who are running trucks who are choosing Cummins. They choose Cummins because of what they experience. They get a competitive acquisition cost, lower total cost of ownership when they're operating the engine truck and then a stronger resale value. That rare combination drives a clear preference.

And that preference flows back to the OEMs, pulling our product into more platforms, more applications and more OEMs. You can see the power of pull in areas like our medium-duty North American share or in engine offerings at our partners, Kenworth and Peterbilt. That reflects end-user confidence in Cummins performance and long-term partnerships, translating into major OEM decisions.

Uptime is really the third leg of this model. Our global distributor support customers and thousands of dealers globally, and they must do so for the life of the product. That uptime commitment reinforces both the push and the pull. OEMs trust our support infrastructure and the end users experience the support every single day. These three elements continue to reinforce each other and create momentum. Push, pull and uptime together drive repeat business, platform wins and life cycle growth, extending the value well beyond the initial sale of the engine.

Our market strategy has yielded a growing presence for Cummins. Take the North American market, where we've been introducing 200,000-plus engines per year into the market, driven by high share for many, many years. This increased OEM share drives a higher population of engines rolling in the field. Today, that is at least 2.2 million active on-highway engines in the North American market alone, and that number continues to grow. Aftermarket demand increases as the engines mature, and it comes to a peak somewhere between 7 and 11 years when engines reach major maintenance or rebuild cycles.

As the engines move from early service into that peak window, parts intensity builds meaningfully, meaning more revenue and more parts sales. A growing population of engines with higher content per engine running for longer, that means aftermarket revenue doesn't just hold through cycles, it keeps building. And the value doesn't stop at 11 years or 15 years on the slide.

Last year alone, we sold $250 million in Engine and Components parts built before the year 2000. These engines are still running, still being serviced and still generating revenue, both for Cummins and our customers, well more than two decades later.

Our distribution and service network supports this across the full life of the engine, keeping customers running and lowering the total cost of ownership. That network is a critical enabler of the aftermarket growth story. Looking ahead, EPA 2027 engines and components entering service will extend this dynamic well into the next decade, more content, longer service life and a growing base of engines continue to generate value year after year.

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Stepping back, this is how the strategy comes together. Revenue growth is driven by things we control we have visibility to. This is new content. These are big new customer wins and eventually market normalization as North American truck cycles recover. Emission cycles are a major contributor. The content required for these transitions add meaningful value, both across engine and components, creating growth opportunities well beyond my business alone.

At the same time, the aftermarket continues to build. And again, a growing population of engines in the field with higher content and longer service life supports increasing parts and service demand over a long period of time. And that strengthens not only Engines and Components, but also our Distribution business.

And the investment to support this is already in place. We're ready to build more engines later this year. We're confident that the Engine business will continue to grow revenue and improve returns over time. The foundation is strong. We have leading products. We have global scale, deep customer relationships, a growing aftermarket and a distribution network no one else can match. This is a business built to perform through cycles, and we're just getting started with the next one.

With that, I'm going to turn it over to Jenny Bush, who will take you into the Power Systems business, where you'll see many of these same strengths in a market that's definitely accelerating. And I have to admit, every now and then I'm pretty jealous of her very large engines.

(video playing)

Jennifer Bush - *Cummins Inc - President - Power Systems*

Good morning. It's great to be back. For those that don't know me, my name is Jenny Bush. I've been with Cummins for 29 years, and I started my career as an apprentice technician. So fun fact, I'm still qualified to fix most of the engines that Cummins makes today and a few that we don't.

Since we last met, a lot has changed, both across our business and our markets. And as you may have noticed, we've been pretty busy. Over the last two years, we've intentionally accelerated our performance, and this has not been about short-term gains, but been about strengthening how we operate and setting up our business for profitable and sustainable growth. And it's showing up in our results, simpler operations, stronger execution and increased rigor across quality, delivery and cost.

And meanwhile, the markets we serve are accelerating. Demand is shifting, and we've positioned ourselves to lead. Today, we'll share how the last two years, we built a stronger foundation for our future and what's next as we build on that momentum. I first though, wanted to step back and look at what we've been doing over the past few years. And as you will recall, this business serves many markets, just like Brett's and customers. But at its core, it's really about mining and power generation.

We focused on what matters most in these markets, sharpening our performance and exceeding prior targets. We've made clear choices on where we play, simplifying our product portfolio and strengthening our foundation. We've improved our performance across operations, cost and execution, driving over 1,000 basis points improvement in margin. We've expanded our capacity, reshaping our manufacturing footprint, improving our utilization and investing with discipline.

Since 2022, we've added 9 gigawatts of high-horsepower engine and gentech capacity, reaching 35 gigawatts by the end of last year. In simple terms, that's roughly doubling our 60-liter, our 78-liter and our 95-liter engine capacity all at the same time. We've also advanced our technology leadership, investing $575 million across our product portfolio over the past three years.

We've launched the Centum range of gensets, introducing four new platforms for key power generation applications, delivering higher power density, purpose-built to data centers. Today, we're announcing that we're launching a new mining engine delivering advanced power for the 100-tonne truck market, giving OEMs a market-leading option in more regions worldwide, and that will be available at the beginning of next year.

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We've also expanded our capabilities through the acquisition of First Mode, the world's first hybrid solution for ultra-class mining haulage. And Engendren, now called IEA, a large cooling technology provider, delivering even greater value through vertical integration for our power generation business. Bottom line, we're a stronger, more focused organization built to scale profitably as demand continues to grow.

Vertical integration is a clear value driver for our business. It captures more system margin, improves cost and quality and supports more resilient earnings. But the capacity and technology investments I just covered only matter if they show up as customer value. And that's where vertical integration differentiates Cummins. What you see here is a Cummins genset.

We design, engineer and build every component. And owning the prime mover and in this case, the engine, it's a distinct advantage in meeting demand at scale from the engine, to the alternator, to the radiator, to the controls and the enclosures. We own the full system. This matters because it allows us to optimize the whole genset and not just the individual parts, driving higher reliability, faster integration and lower total cost of ownership for our customers.

We also own our Distribution network globally, which allows us to deliver seamless installation, start-up and service at scale and capture value in the Balance of Plant solutions. If I leave you with one thing today, remember this, Cummins is the only integrated offering in the market.

So when we put all of that together, operational transformation, disciplined investment and vertical integration, the natural question is, what does that mean financially? As we can see in this slide, it shows the answer. Strong top line growth alongside expanding margins. Power generation is our largest and fastest accelerating market and it's the primary source of that scale in earnings growth. Within power generation, data centers, in particular, are adding meaningful volume, improving utilization and amplifying our operating leverage.

Alongside that, the mining of critical minerals, particularly gold and copper, are benefiting from the same global power build-out. And although they're growing at a slower rate than data centers, that growth is still meaningfully above GDP. These drivers power our growth. Large industrial engines and aftermarket deliver a margin-rich tail. And power generation provides the scale and operating leverage to fund reinvestment. Finally, our global footprint of plants, customers and owned service channel adds resilience to our business.

As Jen and Brett both mentioned earlier, our strategy is to serve locally, benefit from global scale and lead in large industrial and power generation markets worldwide. That's the financial translation of our strategy, and it sets the stage for why power generation, especially data centers, is such a critical foundation.

Now let's talk power generation, where a meaningful share of that performance is coming from. Today, 95% of our power gen business behind the meter backup power. It's nondiscretionary, an essential requirement that we've provided our customers for more than a century, and that won't change.

What is changing is the pace and scale of demand. Growth is accelerating as AI and next-generation chips push higher power density and resilience requirements fueling the fastest infrastructure build-out that we've seen in over 100 years. The US and China are leading that growth, and we have leadership positions in both places.

As you heard in Q1, we delivered 84% growth in China, in our data center markets, giving us meaningful scale advantage as demand expands across the world. And because we own our distribution, we can show up as one global partner for hyperscalers and co-location customers, simplifying deployment, accelerating execution and strengthening our customer relationships.

Finally, this product creates a compelling service and life cycle opportunity, keeping us connected to our customer base, allowing us to adapt to their changing needs as the power landscape changes. To meet the accelerating demand in this space, today, we're announcing an additional $450 million of investment to expand our high horsepower engine and genset capacity within our current footprint by 20 gigawatts, reaching a total of 55 gigawatts by 2030. This investment is aligned to visible customer demand and backed by disciplined capital deployment.

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Growing revenue within data centers from $5 billion today to above $9 billion by 2030. And this shows up in both our Power Systems and Distribution businesses. This growth is about speed, repeatability and scale without compromising reliability.

We're also strengthening our operating model, further linking manufacturing and distribution to accelerate deployment, execute locally and deliver consistent performance across global data center builds. The result is a growth that is sustainable. -- anchored in backup power, supported by disciplined investment and delivered through a model that scales efficiently while creating long-term value.

As we scale back up power to data centers, we also need to zoom out and look at the power landscape because it's changing, and that how it's changing is opening new opportunity for our customers and for us. In key markets, especially the US and Europe, grid constraints are intensifying while advancements in chip technology are driving need for higher power density in data-intensive applications, grid level investment in transmission and generation is still the priority, but that takes time. And many suppliers will not meet this need completely for over a decade.

In the meantime, customers are looking to supplement the grid, seeking speed to power and bridge to grid solutions that allow them to move faster without sacrificing reliability. That's driving demand beyond traditional backup and towards solutions that can run more continuously. This is where our opportunity expands. We will continue to deliver standby diesel today while also providing prime power solutions where the application and the economics make sense.

So far, we've covered our traditional role in power, the growing challenges of the grid and how that's reshaping customer needs. This combination creates a meaningful opportunity to expand the scope of power we supply, building on capabilities and technologies we've already developed.

First, we're expanding how backup power is used, extending duty cycles and adding Tier 4 certified after treatment that will be delivered from our Components business. This will also enable a larger aftermarket tail, as installed equipment is not only used for standby but also in prime and peak shaving applications.

Secondly, we're integrating battery energy storage with our power generation solutions. This supports evolving customer requirements, including resiliency and dynamic load management. We're actively advancing a 5-megawatt best platform in both 50 and 60-hertz configurations targeted at data centers and other energy storage opportunities. And we currently have a pipeline of over 1.5 gigawatts of opportunities for those installed equipments.

Third, today, we're announcing we're developing a new large megawatt natural gas engine and genset. Built on our proven HSK78, it extends up to 4 megawatts of prime power, expanding our portfolio and creating a long-term aftermarket tail as utilization grows. All of this will allow us to expand our Balance of Plant capabilities, grid-level controls, containerized solutions and integrated service offering.

Taken together, we're evolving from a traditional backup power provider, broadening our product portfolio, deepening our customer relationships and enabling system performance and sustainability, all while capturing more life cycle value.

Today, you've seen how we've reset performance through transformation and disciplined investment, building scale and vertical integration that convert into customer value and resilient earnings. That is showing up in our numbers through stronger growth and margins, driven by a scale advantage in power generation and global data centers, reinforced by a margin-rich large industrial aftermarket tail and supported by our global footprint that we own around the world.

As a reminder, we've covered three critical announcements today. A new engine developed for the 100 tonne mining truck market, investing an additional $450 million of capacity to expand our high horsepower engines and gensets by 20 gigawatts within our current footprint and expanding into prime power, broadening our Tier 4 solutions, integrating battery energy storage with our gensets and launching a new natural gas engine platform. We are winning with one of the fastest growing markets in the world, and we have an exciting future ahead of us in Power Systems.

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Now I'll hand it over to Mark. Fair warning. He has been smiling a lot lately, slightly worrying. So we must be doing something very right. Thank you.

(video playing)

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Good morning and thank you, Jenny, to you and your team for helping restore my natural sunny disposition. But it hasn't always been on full display to the investment community. We all know walking in here today that we've delivered strong returns to shareholders. And I hope you leave here sensing our confidence about the prospects for much stronger financial performance and market leadership going forward.

A foundation of course of our strong financial performance has been its ability to improve cycle over cycle. A chart many of you will be familiar with, that shows our earnings per share over successive cycles, and shows our impressive track record of improvement over a long period of time. On the left, you see our earnings per share in successive North American heavy-duty truck downturns and on the right, you see our earnings per share in heavy-duty truck peaks.

And I've been here through all of those cycles and I can honestly say, I think the scars are finally healed from some of those earlier years. And whilst our on-highway business, as you heard from Brett, remains a critical part of our business, we've also seen dramatically improved performance in other parts of our business. So let's take a look at them.

If we look over the last two downturns from 2016 to 2025, you can see on the left, we delivered $2.4 billion in EBITDA, 38% of those profits coming from Power Systems and Distribution. And whilst the profits of most of our segments have increased significantly over those two downturns, you will see that Power Systems and Distribution total over -- exactly 60% of the total in 2025.

And the great news is there's a lot more to come from engines and components as we go through this next round of emissions changes and even more to come from Power Systems as well. So that's really been a big driver of this overall improvement.

And this earnings growth and disciplined capital investment has led us to deliver top quartile return on invested capital versus our peers, whether you look at the one, the three or the five-year period, you see a 400 to 500 basis point improvement relative to our peer group average.

And if you cast your minds back to the similar chart from two years ago on this very spot, you will notice that, that performance advantage versus the peer group average has expanded. And of course, all that's translated into strong returns for shareholders over the one, three, and five-year period, total shareholder returns for Cummins and those invested in us, have comfortably outpaced our peer group average and broader equity markets.

And the great news is, as you've heard, we're in a really strong position going forwards. We've got leading market positions, multiple drivers of growth. We've got this incredible track record of improving performance cycle over cycle and the financial flexibility to continue to invest in new technology and capabilities throughout economic cycles driven by our strong balance sheet, credit ratings and ample liquidity.

And if we look forward, those targets that Jen laid out for you translate into 6% to 9% compound annual growth rate, and that's really coming from three pillars. You've got the data center growth that Jenny just laid out. That delivers 2% to 3% of the compound annual growth rate for the company overall. Content growth and some recovery in on-highway markets delivers another 2% to 3%.

And then all the other markets we serve, construction, mining, oil and gas, marine, ag, many more, other power generation markets and the strong aftermarket growth that we've got ahead of us, that delivers a third tranche of 2% to 3%. I appreciate my business partners, keeping the math simple for me. These are numbers that I can remember and relate, we have high confidence in the numbers going forward.

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So let's just summarize. Since we were here two years ago, I think the biggest evidence of the performance improvement in the company has been in our EBITDA margins. You've seen 250 basis points of margin improvement. You saw last quarter that we restarted our share repurchase activity, and we grew the dividend at 8% a year over the last two years, and we delivered top quartile return invested in capital.

As we look forward now, we're accelerating our performance, 6% to 9% growth in which we've got high confidence, a further at least 250 basis points of margin improvement. We're committed to return excess capital to shareholders in the form of share repurchases and continued dividend growth and remaining a top quartile return on invested capital company remains important to us.

I'd like to close by thanking you all for joining us, and it's great to see you all again today. Hopefully, you leave here with this confidence in our targets driven by our technology, our unmatched global customer partnerships, our financial strength and the operational improvements that we've shown across the company and yet more to come.

So thank you, and I'll turn it back to Jen for some closing remarks.

(video playing)

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Thank you, Mark. Mark and I were reminiscing last night. We've both been members of the Cummins leadership team now for more than a decade, and we were reflecting back on the different analyst days that we've done together during that time. And the fact that we have a really high amount of confidence and line of sight to what we're committing to you today for our continued profitable growth for 2030.

I told you at the beginning, I hope three points would be clear, and I believe that we've clearly articulated these points throughout the morning. Our global presence, broad portfolio, trusted partnerships and experienced people position Cummins to win. We are investing and executing with discipline. We delivered record levels last year, and we're raising our 2030 financial targets.

So we hope that what we talked about today gets you as excited about our business and our future as we are. We're going to take a short break and come back and do some Q&A. And I really look forward to bringing not just Jenny, Brett and Mark back to the stage, but some of our other leaders that we have here with us today to answer your questions.

For me, I love the products of what Cummins does, but I takes a lot of pride in leading this company because of the great team that I get to work with every day, and I'm glad that you get a chance to talk to some of them during Q&A and during our lunch.

So with that, we're going to take a break, and we'll restart at 11:00. Enjoy your break.

(break)

QUESTIONS AND ANSWERS

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Okay. We're ready for some questions. We're going to have lots of time for questions, please.

Angel Castillo - *Morgan Stanley & Co Ltd - Equity Analyst*

Angel Castillo with Morgan Stanley. A lot of questions for each of you, but I'll try to start, I guess, with the one that we're getting --

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Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Let's make sure we do one. Then we will rotate.

Angel Castillo - *Morgan Stanley & Co Ltd - Equity Analyst*

Absolutely. I'll start with the one that we're getting a little bit more, which is, Jenny, you announced a number of different capacity investments. And I think -- what was more notable around that is not just the natural gas side, but also even the after treatment, just kind of the overall expansion into prime.

So I was hoping you could expand a little bit more into the timing of how we should see these capacity investments coming online, the magnitude of how much of that 20 gigawatts, how that splits across the different investments? And then importantly, how you're seeing in terms of order books today, like is this more in the future? Or is there already kind of a pipeline of orders for the prime side?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. So I'll start with just reminding like 95% of our business today is standby. And if you look out to 2030, that won't change dramatically. It will be -- you'll see the prime stuff come in towards the end of the decade. The capacity investment, the $450 million that I spoke about that's beginning to go in now. You won't see big step changes. What you'll see is a gradual increase in terms of the way that we bring that capacity online, you'll begin to see that really, though, in '27 in terms of how that comes into the business.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

And then just to add some context on capital investment. We're increasing in the Power Systems business starting to get -- we're getting to the peak on the Engine business. So we're not changing the framework of 3% to 4% of revenue for the overall company capital. Okay. Jamie?

Jamie Cook - *Suntrust Robinson Humphrey Capital Markets - Analyst*

Jenny, just to clarify, of the incremental that we're adding, how much is prime? Do we have a split prime versus standby?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Okay. The launch of a natural gas large engine will be in '28. And so we'll start to deliver units to customers in the field and start those up in the '28 time frame. That will come through Shon's business. So you'll see that in both areas. We're behind the --

Jamie Cook - *Suntrust Robinson Humphrey Capital Markets - Analyst*

Is the capacity flexible?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes, the capacity can be used across all of our ranges. So we build our natural gas and our diesel engines all on the same line. And so that's ultimately flexible in terms of how we pull that together.

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Jamie Cook - *Suntrust Robinson Humphrey Capital Markets - Analyst*

And then the incremental content on the after treatment, the battery, like what's the -- is there a way to help us figure out like the dollar amount what you mean sort of associated with that?

And then to Mark, I guess, it doesn't sound like much of Jenny's capacity additions or whatever are really material to your -- mean to your longer-term targets? And then my other -- sorry, one other one. Just Mark, the 20% EBITDA target is greater than, can we elaborate on the range there, greater? How much greater can it be above 20%?

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Can I?

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Please.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Sorry, we'll come back to the EBITDA question, Mark. So let me just -- I know we shared a lot today, so let me like frame a couple of key things that will help you. First, we said we've got to $3.5 billion revenue for data centers full channel last year. This year, at the midpoint of our guide, it's $5 billion. 2030 target is $9 billion, just to frame the size of data center revenue. And if you look at our -- any of our plants, we build on a lot of flexibility, different engine displacements, different markets, it's true in Brett's Engine plan, it's true in Amy's components plants and for Jenny.

So in a high-horsepower engine plant, they're building engines for mining, marine, oil and gas, power gen and the genset plant you're building for different power gen markets obviously allow for data centers, just we have flexibility in that investment as a key point, $9 billion total by 2030 for data center power gen still heavily dependent on prime -- or backup power, as Jenny said, but prime will start to come in and then can build as we go out beyond 2030.

Do you want to talk about margins?

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Margins.

Jamie Cook - *Suntrust Robinson Humphrey Capital Markets - Analyst*

Framework around how much work can we go around 20, is there any way to think about one segment?

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Well, I think there's a different cadence by segment if we think about it. So if you do the 20% total company EBITDA, that implies 25% plus incremental margins over time. It's not going to be linear by every business. Obviously, for Engine Components, the next step is we get to more mature volumes with the new products, which are going to evolve through '27, '28.

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We don't know exactly what demand is going to be. That's always an important factor, certainly in the first half of '27. Power Systems and Distribution, we should see more continuous improvement in the EBITDA percent over time. So that's the guidance I'll give you.

We didn't give individual segment guidance because it tends to get distracted. We all want to go into the minutia of the individual numbers. The overarching stories, we've done a great job of expanding margins. The businesses all know what excellence looks like. They've got their own benchmarks. And yes, yes, I think we're going to see that play out overtime, but we're confident in that 25% overall. Rob, and then we'll go to David.

Rob Wertheimer - *Melius Research LLC - Analyst*

Data centers again, Jenny. How did you go about analyzing the market for prime power? There's a lot of just uncertainty around it, whether it's transitional, whether it even like goes away by the time you get there, whether it lasts 20 years. I mean how do you analyze that?

And then does that fold into your battery or using the battery JV potentially in a couple of three years to do some of the buffering on data centers and then does that fold into the prime.

Jennifer Bush - *Cummins Inc - President - Power Systems*

I'll let Amy take the battery JV, I'll start in terms of the bigger scale market. So when we're looking at prime, we're really looking at utility scale power, right? The reality is a data center always prefers to connect to the grid, always. If the grid is available, they would like to do that. The reality is the grid in the United States, one, is massively complicated.

And two, it's old and the infrastructure is breaking down in different states at different rates. And so the way that we look at that is really where will the grid catch up and where won't it? And in some states, you can vertically integrate power and other states you can't. And so again, super complicated, like that's probably like we could do a whole day on that another time.

If we think about unmet utility demand. By 2030, we think it's somewhere in that 20 to 50 gigawatts of unmet power in the United States. And so that's kind of helped us think about the decisions that we've been making on the investment to the prime -- getting into prime and large natural gas. And then of course, with data centers, it's a highly dense operation, meaning I'm not selling one or two, we're selling multiples, which helps us with that business case. Amy, do you want to talk Accelera.

Amy Davis - *Cummins Inc - Vice President, President - Accelera by Cummins and Components*

Sure. So we announced that the Amplify joint venture, our partners, we all agreed and aligned to not put lines in that facility and slow the investment. We looked hard at stationary energy storage as partners. Those cells are highly commoditized and available and a lot of people were racing into that space. And it wasn't interesting to put the capital there for that.

And we looked at being an integrator of energy stationary storage, the real value add there is the integration that Jenny does, not packaging cells into a container. So we didn't see it really as a value creator, and so the JV didn't pursue it.

Rob Wertheimer - *Melius Research LLC - Analyst*

You can sign me up for your good day if you have it.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

She spent a lot of time in different parts of that.

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Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

David.

David Raso - *Evercore Inc - Analyst*

Just trying to figure out the percentage of earnings may be coming from the Power business, but also thinking about Distribution as well the impact. Can you help us just a little bit more. I know you gave some sort of some vague color around the margin potential Distribution and Power in this framework, but also I appreciate some of the investments might suppress some of the margin. Just trying to think about -- I mean I know you don't want to give segment targets. But just trying to understand the percent of earnings that you feel is coming from Power in 2030 would be helpful with margin color.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

I mean there's multiple factors that go into that, but I think it's -- we're expecting, obviously, one of the stronger growth pipelines on the top line. We're expecting continued margin investment. I don't think we're going to take any big bathtub in margins because of these incremental investments.

So I think that's going to continue to grow. But of course, then we've got the expected step-up in Engine business and Components. So I think -- and Distribution has done a great job in growing year after year. I don't know it's hard to pin down an exact percentage, but you're probably not looking at less than 50% of the total from Power Systems and Distribution even when we get to stronger content story from Engines and Components.

David Raso - *Evercore Inc - Analyst*

At just so no gray area.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Really a big number.

David Raso - *Evercore Inc - Analyst*

50% of total earnings I think the power ecosystem, Power Systems and Distribution.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Total company.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

And I think you all understand, but just to make sure when we talk about aftermarket growth, there's parts from each of the product businesses that then go through and service of that flows mostly through the Distribution business as well.

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Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Jerry.

Jerry Revich - *Wells Fargo Securities LLC - Equity Analyst*

Jerry Revich from Wells Fargo Securities. I'm wondering, Brett, if we can just talk about -- I know in your business, you target higher margins on every change in regulations. Can you just talk about how long you think it will take post this rollout? And can I ask separately regarding Accelera, if we could just talk about you've taken actions to focus the portfolio. Can we talk about by 2030, what level of investment should we be thinking about within Accelera.

Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

Sure. I'll take the first, and then, Amy, you can take Accelera. But I think Components falls in with Engine. During the launch, two things will happen. One, we're uncertain of volume, as you've seen in previous product launches because of what the market does based on the cost of the overall system or truck and that there's usually some lag in volume uptick.

But the second one is, with launch, we'll have quality accruals, and those will for sure take 18-ish months, so you're not going to see full margin and EBITDA impact in our businesses until 18 months after launch. So for most of our products, you're in the late '28 before seeing where they are truly performing from an EBITDA perspective. I don't know, Mark, do you have anything to add there?

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

No, but we are getting to the point of peak investment. So we're not the expenses shouldn't grow at the same rate. The revenue will go up because of the content. There'll be some higher warranty accruals initially expenses should be more consistent. And then that's just talking about North America. We'll see what happens. We have really strong, probably surprising at the upside this year in terms of China earnings performance. So that's -- we've got to weigh that into the overall guide. But yes, you've accurately covered the profile second half of '28.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Accelera. So we aren't giving a segment-specific 2030 target for Accelera. But the way I would think about it is we made some decisions over the past really 18 months. There's a sequence of decisions that we've announced on ways we're focusing the portfolio, namely in hydrogen, where we stepped away from some investments there and continuing to do commercial activity in the electrolyzer space. Those take some time to pull back.

So we're in execution mode of commissioning some of that product, trying to complete our manufacturing. So you'll see we revised our guidance to lower losses even this year. And you'll continue to see that trajectory as we execute on that, slow down the manufacturing and get out of some of that overhead and focus our portfolio on batteries, eAxle and traction, which all is positive gross margin business that we're in and genset.

We have a lot of really great positions with our partner OEMs across those technologies. It's just a volume game then. So when does that volume actually materialize and get the scale that we need, and so it's hard to predict exactly what that looks like, but you'll see a nice trajectory as we execute this over this year.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Low capital draw year-on-year, loss improvement is the trend that we're aiming for. Okay. Steve.

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Steven Fisher - *UBS AG - Analyst*

Great. For Jenny, how could you just talk about how you came to the 4-megawatt size of this engine? Is that just sort of the thing you could get to market fast, is there some technology limitation there or design? And then just in terms of competitive dynamics in the backup power side, can you just talk a little bit about that and how that's flowing through pricing and that -- the 2% to 3% growth assumption in the data center side?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. So I'll start with the sizing of the unit up to 4 megawatts. If you look around the portfolio and the footprint, there's a couple of determining factors. One is, there is an element of the product that needs to be designed and developed versus the speed to market definitely, that was a piece of the contributing factor on the choices. But also, if you look at the competitive set, that's kind of the sweet spot for the node.

And so making sure that it's in building blocks that make sense for the customers and our customers give us a lot of feedback on that. And so we've consulted with a large group of them in terms of what makes sense in that area, and that's kind of where we are. In terms of pricing, I'm actually going to hand over to my friend on my right because pricing flows in a couple of places, flows in Power Systems, of course, in terms of the poor product. And then, of course, it goes into the market usually through our Distribution business in power generation. So I'll let Shon talk a little bit about that.

Shon Wright - *Cummins Inc - Vice President and President Distribution Business*

Yes. We think about the combination of power generation DPUs kind of almost dollar for dollar for genset sale, balance of the plant where we do everything else, be it the enclosure, the tank, the radiator from that perspective, that's how we go to the market and try to strike some more pricing. As we think about it kind of near to medium term, there's probably some ability to price more in that space, but the competition is tough in that space, but we are the one person that Jenny talked about earlier, we provide the integrated solution at 1 point of accountability. So that gives us an advantage in market, especially against when you think about hyperscalers like Microsoft and others prefer us in those situations.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

For a chunk of our business, we're dealing with customers on long-term relationships, right? So that doesn't mean you get an extraordinary pricing one minute and hugely negative pricing in the next moment. So it differs by different segments. But what I would say is given our capabilities, there are very limited number of players in large engines and its adding the scale, the service scale outside of any particular region, you're down to a very small number of companies that can really support some of these companies may be domiciled here or publicly listed here, but they're investing globally. And there just aren't many people. So we've got to keep that in mind, team, as we're delivering our performance going forward along with the value for the customers.

KC Parker

K.C. Parker, if you talk First one was just I know that customers don't have the primary power -- product yet, but you must have a sense of the aftermarket opportunity relative to the cost. And maybe you could just help us think of other products in your portfolio where it would be comparable to that. And please don't say that you don't know yet because you must have an expectation. Caterpillar is in the records, you must have some idea.

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Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. So on the current business, standby power gen, like that product is exercised like once a month, so it rarely runs. And so the real value of the aftermarket tail is in service, repair and rebuild. And so if you thought about like our mining business, for example, we'd rebuild an engine 4 times its life, and that won't be dissimilar for prime applications. So it's all about how much it's used.

So if I'm peaking, and maybe using it like 1,000 hours a year. If I'm full on prime and I'm using it all the way through until my utility power then I could be using it for like 10,000 hours a year. So by the time it gets to about three years old, three, four years old, I'm rebuilding that particular unit and then put it back into service.

So the tail is quite compelling on prime gensets in terms of where that is. And because we own our aftermarket because Shon delivers that in the business for us, the reality is we have that pipeline all the way through soup to nuts, which is different to anybody else in the market today.

Kyle Menges - *Citi Infrastructure Investments LLC - Analyst*

Kyle Menges from Citigroup. I was hoping if you could expand on the new natural gas product. I understand maybe -- right now, it's really going after this prime power opportunity for data centers. But I'm curious just how much did other potential applications for it factor into the decision. Do you see potential in backup over time or maybe in other end markets such as oil and gas and mining?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes, it's a great call out actually because first of all, as Jen mentioned, our engines go down the same line. So versatility of production easy. In terms of the product itself, we focused in on prime, but there is other use cases. It could go to standby would need battery potentially or fast-start capability to do that. That's in the future, we're not going to launch there. We're going to launch in prime in terms of the use case.

And then gas compression is another obvious place in terms of the wellhead, pulling gas out of fracking sites, that type of thing. And then other applications could follow. But those would be the primary, but we really focused in on the power gen side.

Michael Feniger - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Mike Feniger from Bank of America. Just on that 9 billion with data center, you guys talked a lot about on the call, China, and you talked about the growth there. I'm just kind of curious, if we think about 9 billion and some of this capacity expansion announcements. Is there a sense of how much of that is US versus international? How that mix has kind of changed versus where we are today and where you think that going by 2030?

And just if I could squeeze one more in on the engines. Just I'm kind of curious, obviously, this came up on the call as well with the emissions change. When we think about the medium-duty side. Is there -- there's just a lot of scenarios out there. Just how are you guys bracing for that? What should we be thinking on our side about what the scenarios are and what that would mean for you guys on engines at least in '27 were thinking about the margin ramp.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Do you want to do the medium duty first?

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Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

Sure, I can do the easy one first. We are bracing, that's exactly it, and we're actively seeking clarity. I think the entire industry is and we can't get this draft rule fast enough to be quite honest. So we are in the middle, Amy and I, a huge development for all of these platforms across components and engines. But in general, we've announced that we're launching the 7-liter in Jan 1, 2028, and then we'll bring our other engines in, in 2027.

We can't really go into any more detail in that scenario. What we will say is we have a huge presence in the North American market. It will be okay. We will serve this market. Our customers will have products. Now we need those draft documents to understand what are the options, how do we work through it, and then we'll come back, I think, with more defined plan.

So I've continued to say this, hey, the next time we'll be able to tell you. But for sure, this next time, we should be able to tell you because -- it's coming up. We have engines being certified now. We have lots of testing. We're going through lots of -- and by the fourth quarter, we'll be making components and engines that will go into the market.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Safe to say, all our plans to communicate with customers and regulators even in the absence of absolute specificity. So we're clear what we're doing. We just need more details to finalize.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. On -- shall I answer the question On the China question on the data center growth, the data center growth really is dominated by those two locations. The US, I would say, is the largest part of the 9 billion. I think that will continue -- that's true today. I think that will continue to be true by 2030. And that's really because the US infrastructure that I mentioned before, China will always be a backup market. The grid infrastructure in China is far newer than the US. And as a result, it's more robust and more resilient.

So it will always be a standby market, I think, in China. And I think you'll see it's kind of like a 60-40 split, I'd say like between -- well, maybe -- yes, but the reality is the customers in those two locations are really driving where those products go and sometimes they land in Europe. For example, China will land a lot in Southeast Asia. Shon's business there is taking care of that market just like he's taken care of it in many places around the world.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

And this is where the 50-year presence in China, the engineering and local manufacturing capability that we have there, lets us work closely with the customers there, build the product there for their needs as we do the same thing here in the US for the US market.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Yes. Sorry, you're out of line of sight.

Kristen Owen - *Oppenheimer & Co Inc - Analyst*

Kristen Owen from Oppenheimer. I wanted to ask about the new mining engine launch. That's been a market that we've been sort of waiting on the come for some time to recover. So if you could speak to what you're seeing in terms of demand trends there and maybe specifically around the duty cycle, what drove that new introduction. And then just a quick follow-up on the transition from the L9 architecture to the X10, if that's unlocking any new market share opportunities for you?

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Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. So the mining engine is a 100-ton truck market, predominantly focused in on coal for sure. Indonesia is very big in coal, for example. That market has been a little soft. But they're smaller minerals also utilize those trucks, those haul trucks. It's predominantly really focused in on haul truck, duty cycles versus excavator or other industrial type of applications.

Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

For the L9 it definitely opens up another market. which is today, the L9 is very successful in the medium-duty market and does an incredibly good job across a variety of applications, but particularly vocational and medium duty. We're now going to be able to address the heavy duty and the low end of those vocational.

So whether it be waste and refuse, a lot of city trucks a variety of others, and we're pretty happy with the announcement to be included in the Granite platform of Mack. I think it's a great application for us. So you will see market share growth in heavy-duty via the X10.

Timothy Thein - *Raymond James & Associates, Inc. - Analyst*

Tim Thein. Maybe one for Amy on components. Obviously, historically, very much a growth engine for Cummins and one where you invested quite a bit of capital between Eaton and Meritor. Can you just maybe update us in terms of where you are in that kind of growth trajectory, some of the emissions content tailwind, maybe some of those are fading. Can you just update us in terms of where relative to that kind of mid-single-digit organic growth target where components fits within that?

Amy Davis - *Cummins Inc - Vice President, President - Accelera by Cummins and Components*

I'm so happy you asked. Components is a quiet but really positive story for the company. A big thesis when we started it was that content and technology driven by emissions would drive growth. And if I look in this planning period, it's still the case. So a lot of our growth in components is driven by regulatory things that are possibly move like they could move out, but they're going to happen. We know Euro 7 will happen. We know NS7 will happen. EPA27 in some form is going to happen.

So that content growth continues, both for our engine business, but also we do sell still and partner with our other OEMs on their engines as well. So really good underpinning there. And then now, of course, we have the largest, broadest content that we've ever had now stretching all the way into transmission brakes. Braking systems are advancing as well.

So that same kind of technology component is getting some regulatory drive in braking efficiency, regulations and some other things that's going to help us advance technology and integrate the powertrain better to give efficiency.

I think Brett's number said 8% of the actual fuel efficiencies coming from those other components. So partnering with our OEMs there is also a good. And then I would say the last thing is integration and think of it as efficiency of our footprint of how we operate. We now have integrated our components business much more, combining some plant operations, looking at planning across, integrating our planning.

So that drives some margin expansion over that period at a different pace, perhaps than some of the other businesses, but slow and steady.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

We're going to get a step up here in the '27, '28, that's important. I think my customer long memory back was a feel like content was fading, right, with the 2010 emissions. Here we are again, there's more content to come, not just in North America, still an important theme, and not just for the revenue, but the driver of the integrated product performance, which is served as well.

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Amy Davis - *Cummins Inc - Vice President, President - Accelera by Cummins and Components*

One other point I would add, we haven't focused a lot on high horsepower traditionally because the volumes are niche and one-off. But this is something we are looking at. We do have Tier 4 systems developed. So we can go after that in the aftermarket. We don't need to wait for genset systems. So there's some other little things that kind of come together in ways that I didn't talk about, but aftermarket is one that's also pretty a lot of potential.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Steve, then we'll go --

Stephen Volkmann - *Jefferies LLC - Analyst*

Maybe one for you, Mark. Just on free cash flow, how are we thinking about that maybe as a percent of net income through the forecast period? And then is it still 50% return to shareholders or any change in the way you're thinking about that?

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Yes. since we've given the target is EBITDA, if you look over time, probably about two thirds our EBITDA gets converted in the operating cash flow for CapEx, then our CapEx should be about 3% to 4% of sales. So you should see cash flow grow with earnings, that's important. Our CapEx should be, I would say, at the worst case growing at a much slower rate than it has been at the best case, start to level off in aggregate.

So I think we're going to have a lot of cash flow to generate our bias, as you've seen, is to return capital to shareholders. Yes, I think we said at least 50% is the starting point, and we've done more in periods where we've had less things to invest in, in the near term. So I guess we're obviously not looking to accumulate cash. We're already in a very strong financially flexible position.

Stephen Volkmann - *Jefferies LLC - Analyst*

And maybe the follow-on for Jen is, is there an M&A pipeline? Is there anything on your wish list in this forecast period?

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

We're pretty happy with the portfolio that we have, and we're always evaluating if there's things that we can do, some smaller things to add technology and capability where it makes sense, right, and it's going to generate long-term returns. But there's no big things that are really in the pipeline right now. We continue to evaluate strategy even beyond 2030 and say, what are the things we want to do organically? And are there any inorganic adds that might make sense. But it's gotten a little bit quieter than it was a few years ago on that front.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Yes. So it was a combination of other things at the moment in term you wish you had more or less of, but what's the consequence -- the financial consequence of trying to pursue those, capital discipline has been a key theme of how we've operated over time. We acquired Meritor, restored all of our financial metrics and on a really strong position going forwards.

Tami, and then we'll go back to Jerry.

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Tami Zakaria - *JPMorgan Chase & Co - Analyst*

This is Tami Zakaria from JPMorgan. I'm curious, do you have any sizable prime power orders already in the backlog who are taking your natural gas engine deliveries in 2028. The reason I ask that some of the suppliers are announcing deals that include delivery well into the future, 2030, '31. So do you have some of that in the backlog already? And if not, when do you expect to start bidding for some of those prime power type deals with hyperscalers.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. HSK78 today addresses prime. So there are prime orders and customers in the backlog. And those customers are the ones that are familiar to you guys. And so yes, absolutely, we already do prime today.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Jerry?

Jerry Revich - *Wells Fargo Securities LLC - Equity Analyst*

Can I just follow-up, Jenny, on that point. So you mentioned the expectation is for 5% of the business to remain prime, which implies an incremental 200 million or so revenue for prime. Can you talk about where can that go on a multiyear basis? Obviously, it's going to be pretty early in the product life cycle in 2030. Can you just give us a sense for how much higher that can go. And then from an installation standpoint, is it any different than installing a backup genset for your Distribution business? What's the opportunity in Distribution of installing prime power compared to what we see for backup.

Jennifer Bush - *Cummins Inc - President - Power Systems*

I'll take the first part of the question and then I'll hand to Shon the installation and even -- so yes, the planning horizon is 2030, as you noted, that we're launching in '28. So first units will go out in '28. So I think the reality for us is that if we didn't feel like it was going to grow, we probably wouldn't have done it. And so we do expect that there is more opportunity there.

I think time will tell. Based on all of our adoption of AI and how the market changes over time and those types of things in terms of how big or how dominant that becomes in our product portfolio. We do a little bit of prime now. So we do understand that market. It is very different now compared to the standby side of the business. And so I'll just hand over to you for installation.

Shon Wright - *Cummins Inc - Vice President and President Distribution Business*

Yes. Installation gets a lot more complex because different utilities, different states have different rules and regulations around that. We're well equipped to understand that. And we have, as Jen talked about earlier, we've got 640 distributor locations, and we have satellite technicians across the world to actually do that, but the real upside for us will be if they're prime, then we'll go out and service those units on a regular basis, replacing parts along the way.

So that will be the shift that we'll see from a potential expansion of growth from a installation perspective and ultimately, margin expansion as well as we think about the ability to sell parts and prime versus having a standby unit.

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Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

We would expect multiples of $200 million if successful over time.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes, absolutely.

Angel Castillo - *Morgan Stanley & Co Ltd - Equity Analyst*

Just wanted to continue along those lines. I guess as you think about that prime product that's already in your backlog, can you break that down a little bit more into how much of that might be related to the natural gas engine that you're developing versus the diesel engine with after treatment, how you're seeing that mix? And more importantly, as you go to market with these products and talk to customers and the development of this, what makes these more attractive to them? Is it about speed to power? Is it something about the technology, even how do they think about your own solutions ultimately and choosing?

Jennifer Bush - *Cummins Inc - President - Power Systems*

Yes. So I'll talk a little bit about what attracts the customer in terms of why would they entertain operate in their own power. It is all about speed. And so the reality is that the data center market, that's just really what that is, is us all adopting technology and utilizing that on our phones and all of those things. So cloud was like the beginning of that and then AI and models and all of the stuff that happens around that is attractive, very attractive and for those hyperscalers and colos that are producing technology.

The reality is, is that the reason I would put natural gas gensets versus something else, is about where I'm able to put those data centers, do I have access to power, do I have access to cable and technology to be able to then utilize that equipment. And so the grid -- of course, the utilities are deciding always like to balance load and sharing large loads with consumers. And as a result, data centers have to get in the queue as much as anybody else in terms of where they can get access to that power. And so utilizing their own capability to do that gives them speed. It's really just a speed game.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

I was just going to -- and we're a proven partner to these very same customers right? We just not sell it. We're mostly selling backup. That's the important factor.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Yes, that was the point I wanted to make let's distinguish between partnerships and conversations with partners on their power needs and how we're going to meet those over time and even where we may do some piloting as we launch the product in '28, we're not taking firm orders. We're not at a stage of development at this point. So don't ask us every quarter for the next quarters. Our order Board is developing on the new prime power engine solution because we're not at that stage of development yet. We are at the stage of having conversations with these strategic customers on the needs and how we're going to meet them in the future.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Back to Tim.

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Timothy Thein - *Raymond James & Associates, Inc. - Analyst*

Maybe one for Shon. Some of your -- when your predecessor sat in that seat, there was pressure from Jen's boss to get those margins to double digits and here you are in kind of the mid-teens. How much of that is -- obviously, power gen has exploded in the last two years. How much of that is just a function of just the volume leverage from that. And it's obviously been a good market and a hot market. So presumably, there's maybe a little bit more pricing. But how much of it is a function of that versus some of the initiatives through the consolidation and other things that were underway as to what's driven this uptick.

Shon Wright - *Cummins Inc - Vice President and President Distribution Business*

Yes. So you nailed it right. There's two pieces as data centers continue to grow that will help our underlying profitability from a Distribution business as we do these installations along the way. The other piece is we've really been on this journey of operational excellence. You talk about we've got the 640 distributor locations, part of acquisitions, joint ventures.

So we've really done a good job over the site to really, one, bring those all under the Cummins umbrella. And two, now we're really working on how do we further integrate those different locations and drive operational excellence across via how we service, how we install the data center generator.

So those are things that we're working on in the background to continue to expand our margins over the cycle. I think the last piece is Brett talked about this large installed base, right? That continues to grow. So as that installed base continues to expand, just naturally gives us an annuity that we can service and we can support those engines throughout the world from an EV perspective.

The last piece mining, we're 100 years in mining this year. And really, from a mining perspective, we've got our technicians embedded in mines around the world, and that's another strong source of revenue for the DB. So as we get more efficient in all these different areas, we continue to see margin expansion within the business.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

And then I think we've addressed some underperforming parts of the business and trimmed like our appetite in some markets, parts of Africa our strategy was successful in other parts, it didn't yield the results that we had. So that's been another leg. It's not just been we bought things and it all just magically happen. There's been a lot of work and analysis and we're excited about more margin expansion to come in Distribution.

Kyle Menges - *Citi Infrastructure Investments LLC - Analyst*

Kyle Menges with Citigroup. I was hoping if you could talk a little bit about R&D spend over the next 5 years or so. I think it has been mentioned previously that you've been spending about $150 million per year in excess R&D to get ready for EPA 27. I'm curious with the medium-duty engine getting pushed out a year and then you're making more investments in new products in the power gen side, just how to think about that $150 million in excess R&D and how that might come down over time or maybe it will still stay a bit elevated over the next few years?

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

Yes. We do expect that as we get to and beyond the EPA launch that R&D as a percentage of sales is going to start to come down a little bit. As you noted, we're going to continue to invest. We're increasing some of the R&D investment in Power Systems to support both the prime platform, the new mining platform, the hybrid work, we've got the continued need to make sure we maintain a technology leadership position in the targeted investments in engines and components.

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So we will still be investing in R&D. And you can think about that as a percentage, though, that, that will start to step down as we get through '27. It did go up a little bit with that really focus we had on the EPA 27 launch in the new platform.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Yes, and now accelerated growth and opportunities in Power Systems. So I just have to remember engineering is a good thing. Right -- that's what just deliver the value in the right measure. And that's what yields us the best products over time. But yes, we'll be coming off a peak in the on-highway market. Steve, I'll come back to David.

Steven Fisher - *UBS AG - Analyst*

Steve Fisher, UBS again. Just one for Brett. And this may sort of incorporate a number of answers you've given already, but you made a comment that EPA 27 is the first application for the HELM line, and there's going to be others. Can you just elaborate on what you mean by others? Or is that talking about mining or other things? Or is it different things you're envisioning in the future?

Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

No. A lot of what I was talking about is the different markets in which we play. So as you look towards Euro 7, we'll be utilizing the HELM platforms. Likewise, BS-VII in India we'll utilize. Now we don't use that full portfolio everywhere. And then China standards of NS-7 in the future. All of those will be built off of some parts of the HELM platforms. Additionally, off-highway will go through more emissions changes as we move on.

And so we'll transition those products using this base philosophy and a set of platforms on each of those. And then we are bullish that over time, you will still need engines, and those engines may need to run off of different fuels. So we think natural gas, biodiesel, renewable natural gas and a variety of other spark-ignited needs will happen around the world, and that's what the HELM platforms are positioned for as we can easily transition into those as we see the need in each market.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

It's probably worth noting, we actually do have the HELM platform launched in the US with natural gas, the 15-liter natural gas. Cummins is the only commercial vehicle engine with natural gas in the US, you've got your 9-liter and then the 15 liter. It's not a huge, huge market, but the economics do look favorable for certain applications and duty cycles and depending on what happens with the price of diesel versus natural gas could be more attractive to some of our customers.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Absolutely. David?

David Raso - *Evercore Inc - Analyst*

Thank you. Brett, not asking you to call a truck cycle, a lot of macro uncertainties. But just to give us a little sense of a bogey how you're thinking about, say, nothing dramatic comes out of the final regs, right, for '27 on the heavies. Your engine will be ready for '27. How are you thinking about the magnitude of prebuy, what you've already seen in your order book? Just some sense of how much you think is being pulled forward from '27 to '26.

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Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

Yes. I think we've called the cycle. It will move roughly to our plan. We do see an uplift, particularly in heavy duty in the second half of the year, and we're starting to see those orders come in now. So just to give you some anecdotal numbers, we started the year making 250, 240 engines a day for the North American market heavy-duty. And by the end of June, we'll be up to 400.

So you are seeing that uptick in real orders going out the door, and we pretty much called that as we go. As far as next year, again, very dependent upon the standards. But if the industry philosophy of around $10,000 a truck, we've both been through enough cycles, you will see a pause or a lag in volume in the first quarter of next year. I don't think that can last an incredibly long time.

The truck fleets are pretty old. And so there are some core fundamentals that will continue to drive demand. But one that's against it is, it's difficult right now for a lot of the fleets to make money. So you have these countervailing forces that we just need to watch, but I will say, clearly, Q3, Q4 are going to be stronger than what Q1 will be next year.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

And then with the launch plans, you would expect to see pretty strong demand for the engine out through next year.

David Raso - *Evercore Inc - Analyst*

When we think about the industry capacity in the back half of the year, do you hear a variety of rail frames from Mexico, whatever it may be. What are you hearing on what people are asking of you? Is there a restraint of what they're asking from you due to other supply constraints, just curious the magnitude --

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Brett Merritt - *Cummins Inc - Vice President and President - Engine Business*

Today, I don't see a supply constraint, but we have all known that typically where the worry will be as a few layers back in the supply chain. We think generally will be okay from a Cummins perspective, we don't think we will be a constraint. And so we're ready for that demand. But in general, I think one of the biggest constraints is just time. If you order a truck today, deliveries are probably three and four months out. You can't get that many more orders in, in the next couple of months.

David Raso - *Evercore Inc - Analyst*

The prebuy isn't limited by the supply chain. It's by the EPA being this late. So the overhang of how much you pull forward this year -- limited to be more than other ones, [2026] was huge. Generally, more limited than this.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

I mean we originally thought it would start second half of last year.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Okay. We'll go to you for the last question. Yes. But we -- remember, we've got a lot of time for lunches and make really exciting one.

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Rob Wertheimer - *Melius Research LLC - Analyst*

Data centers again. You mentioned -- Rob You mentioned at least in your slides, you had pretty much all architectures of data centers are still using diesel backup. And so we've heard about different battery chemistries, different new battery technologies, but should we think about that as pretty much being on for one-for-one through the end of the decade? Or there's no disruption that you see that would cause diesel backup to go away in the timeline that you see.

And I don't know if you can save us from making any math mistakes, but roughly what percentage of the capacity addition is embedded as being fully used in your guide? In other words, you're adding 20, I don't know if that's fully sold or not because there's a whole pricing, you like 3% a year or 6% or 12% or whatever.

Jennifer Bush - *Cummins Inc - President - Power Systems*

Okay. So I'll try take the first part of the question.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

It's a lot easier if we just stick to the revenue that we've given -- to be honest with you -- that's another question.

Jennifer Bush - *Cummins Inc - President - Power Systems*

In terms of the flexibility will diesel remain in backup. The reality on backup diesel is the most power dense fuel. It is the fastest fuel for an engine that can take load. And the reality of a backup solution for a data center is that you need to be doing that in 15 seconds. And so that can happen with natural gas, but you usually need a bridge whether that's a battery or fast-start capability, you need a bigger unit versus a smaller unit, power density, you don't need to store the fuel in diesel. I've always got it available all of those things. Because of that, I think the reality is that diesel will probably remain the backup of choice.

And because of the 5 9s reliability requirement for data centers, I don't think we -- standby power going away from a data center set of requirements because of that 5 9s capability. In terms of how much is sold, we're taking orders today for '28, we're into '28 in some of the much bigger engines, we're in a little bit further out than that. So there is -- we still project to have some capacity. Hence, why we're adding capacity. That's why we're adding 450 million because we see a pipeline of orders out beyond 2030, actually.

Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Okay. Well, that concludes that.

Jennifer Rumsey - *Cummins Inc - Chairman of the Board, Chief Executive Officer*

All right. Thanks, everybody, for the great, great questions. And if I can, just you got a chance to see an amazing team, and there's a lot of people in the room that were a part of really helping to articulate a clear message on where we're at today and where we're going.

So I want to just thank all of them for that. And we're going to take another short break as we transition out to lunch, where we will come and rotate around and give you a chance to talk to different members of the Cummins team that are here today.

Mark, you want to add anything.

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Mark Smith - *Cummins Inc - Chief Financial Officer, Vice President*

Yes, if you grab your lunch, we're just going to eat here quickly and then we'll go to the round table. So you've got 15 minutes or a bit less. You eat out there. We -- we'll finish here, and then we'll go to the room.

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