

| (\$MMLL.) | 6081 | 7341 | 63 |
| :---: | :---: | :---: | :---: |
| Receivables | 17176 | 16764 | 16663 |
| Inventory (LIFO) | 12625 | 12205 | 12099 |
| Other | 2453 | 2557 | 2166 |
| Current Assets | 38335 | 38867 | 38491 |
| Accts Payable | 6560 | 6515 | 6328 |
| Debt Due | 11031 | 11511 | 11972 |
| Other | 9706 | 9851 | 8266 |
| Current Liab. | 27297 | 27877 | 26566 |

ANNUAL RATES Past Past Est'd'12-'14 of change (per sh) Sales Cash Flow" Earnings Dividends Book Value

| Past | Past | Est'd '12-'14 |
| :---: | :---: | :---: |
| 10 Yrs. | 5 Yrs. | to '18-'20 |
| $10.0 \%$ | $5.5 \%$ | $2.5 \%$ |
| $12.0 \%$ | $9.5 \%$ | $4.5 \%$ |
| $14.5 \%$ | $11.5 \%$ | $4.0 \%$ |
| $12.5 \%$ | $8.5 \%$ | $6.5 \%$ |
| $12.0 \%$ | $17.5 \%$ | $6.0 \%$ |


| Cal- | QUARTERLY SALES(\$ mill.) |  | Full |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| endar | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Year | $\begin{array}{lllllll}2012 & 15981 & 17374 & 16445 & 16075 & 65875\end{array}$ | 2013 | 13210 | 14621 | 13423 | 14402 | 55556 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2014 | 13241 | 1450 | 11549 | 1424 | 5184 | | 2014 | 13241 | 14150 | 13549 | 14244 | 55184 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2015 | 12702 | 12648 | 11890 | 12280 | 49520 | | 2016 | 11250 | 12220 | 12200 | 12930 | 48600 |
| :--- | :--- | :--- | :--- | :--- | :--- |
|  | EARLG |  |  |  |  | | $\begin{array}{c}\text { Cal- }\end{array}$ | $\begin{array}{c}\text { EARNNGS PER SHARE A } \\ \text { endar }\end{array}$ | $\begin{array}{c}\text { Full } \\ \text { Mar. } 31\end{array}$ |
| :---: | :---: | :---: | :---: |
| Jun. 30 | Sep. 30 | Dec. 31 |


| 2012 | 2.37 | 2.54 | 2.54 | 1.91 | 9.36 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2013 | 1.31 | 1.45 | 1.45 | 1.58 | 5.79 |
| 2014 | 1.61 | 1.69 | 1.72 | 1.35 | 6.37 |
| 2015 | 1.86 | 1.26 | 1.05 | .93 | 5.10 |
| 2016 | 1.20 | 1.25 | 1.30 | 1.30 | 5.05 |
| Cal- | QUARTERY DIVIDNDS PAID |  |  |  |  |
| endar | Full |  |  |  |  |
| 2011 | Mar.34 | Jun.30 | Sep.30 | Dec.31 | Year |
| 2012 | .44 | .46 | .46 | 1.80 |  |
| 2013 | .46 | .46 | .52 | 1.04 | 2.48 |
| 2014 | .60 | .62 | .60 | .60 | 1.72 |
| 2015 | 70 | 70 | .70 | .70 | 2.60 |

BUSINESS: Caterpillar Incorporated is the world's largest producer of earthmoving equipment. Major global markets include road building, mining, logging, agriculture, petroleum, and general construc tion. Products include tractors, scrapers, compactors, loaders, offhighway truck engines, and pipelayers. Also makes diesel \& turbine engines and lift trucks. Foreign sales $62 \%$ of total; research \& de-

## Caterpillar performed surprisingly

 well in the first quarter. Though sales of $\$ 12.70$ billion fell roughly $4 \%$ from the year-earlier level, this eclipsed our \$12.37 billion estimate. Higher prices on certain machines mitigated an unfavorable currency impact and lower sales. Sales in the Construction Industries and Resource Industries divisions fell, while remaining flat within the Energy \& Transportation segment. As much as the top-line beat helped, a focus on cost controls and a leaner manufacturing base were more instrumental in the performance. A smaller workforce and the aforementioned improved price realizations overcame increased SG\&A and R\&D expenses. Taking these factors together, earnings of $\$ 1.86$ a share came in well above both our forecast and the year-earlier tally of $\$ 1.34$ and $\$ 1.61$, respectively.Management's outlook for 2015 sales remains the same at roughly $\$ 50$ billion. But it has lifted its profit view from $\$ 4.75$ to $\$ 5.00$ a share. However, the manufacturer acknowledged headwinds and uncertainty. In fact, the company will be hard-pressed to maintain momentum.
velopment: $3.9 \%$ of sales. 2014 depreciation rate: $10.0 \%$. Has about 114,233 employees. Officers \& directors own less than $1.0 \%$ of common stock; State Street, $9.8 \%$; The Vanguard Group, $6.2 \%$ (4/15 proxy). Chairman \& Chief Executive Officer: Douglas R. Oberhelman. Inc.: DE. Addr.: 100 Northeast Adams St., Peoria, IL 61629. Tel.: 309-675-1000. Web: www.caterpillar.com.

## Caterpillar appears to still face challenges,

 most notably the slowdown in China's economic growth and the prolonged slide in the price of commodities. The slump for Caterpillar started a few years ago, as prices of various resources began to retreat from record highs. Much to CAT's chagrin, mining entities around the globe turned the tap off on spending. The sharp decline in oil prices has made matters worse, with explorers and producers slashing their capital spending budgets. This is liable to prove detrimental for CAT, given that a substantial portion of its sales are generated internationally.According to guidance, sales and share net in the remaining quarters of this year will be lower than the levels reached in the recent period. What's more, costs are typically lower during the early months of the year. Nevertheless, the better-than-anticipated start to 2015 has led us to increase our full-year sharenet estimate by $\$ 0.20$, to $\$ 5.10$.
The stock is trading at a P/E multiple that is well above the level we project by 2018-2020.
Dominic B. Silva
for leasing.

| Reform chg of 11¢ in 1Q, '10. Next egs report | avail. (C) Incl. equip. purch. for leasing. |
| :--- | :--- |
| late July. (B) Div'ds historically paid mid- | (D) Incl. intang. In '14: $\$ 14.6$ bill., $\$ 2.29 / \mathrm{sh}$. (E) |
| February, May, August, November. '13 1Q | In mill., adjusted for split. (F) Accelerated basis. |
| Divd's paid in'12 4Q. - Div'd reinvestment plan |  |

Company's Financial Strength Stock's Price Stability Price Growth Persistence
Earnings Predictability
(A) Diluted earnings. Excl. net nonrecurring gain (losses): 03, (6c); '06, (8¢); 07, 5¢; '08 (5¢); '11, (41\$); '12, (88¢). Includes 75¢ of restructuring costs in '09; est'd Health Care

