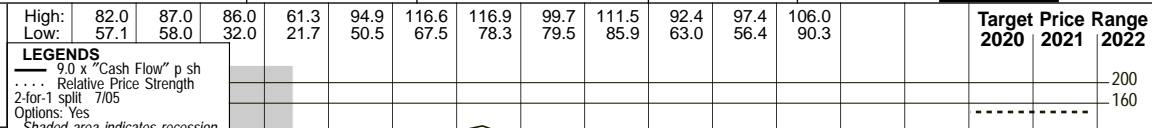


# CATERPILLAR INC. NYSE-CAT

RECENT PRICE **99.29** P/E RATIO **24.5** (Trailing: 24.5; Median: 15.0) RELATIVE P/E RATIO **1.25** DIV'D YLD **3.1%** VALUE LINE

**TIMELINESS** 3 Lowered 3/24/17  
**SAFETY** 2 Raised 11/21/14  
**TECHNICAL** 3 Lowered 1/27/17  
**BETA** 1.20 (1.00 = Market)



**2020-22 PROJECTIONS**

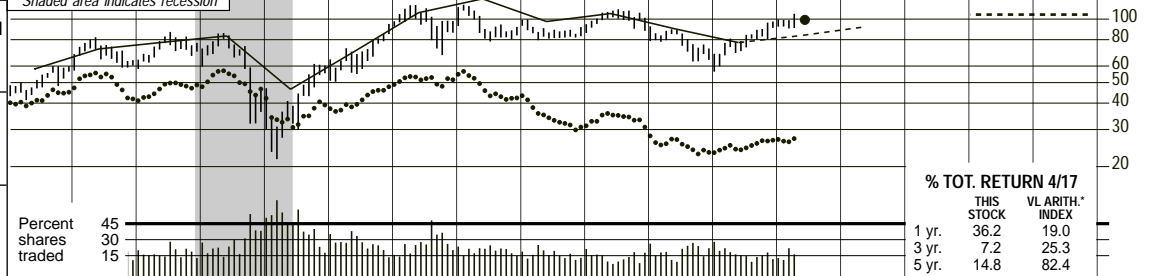
Price	145	Gain	(+45%)	Ann'l Total Return	12%
High	145	Low	105	Gain	(+5%)
Low	105	Gain	(+5%)	Ann'l Total Return	5%

**Insider Decisions**

	J	A	S	O	N	D	J	F	M
to Buy	0	1	0	0	0	0	0	1	0
Options	0	3	0	0	5	0	1	2	12
to Sell	0	2	0	0	2	0	0	1	0

**Institutional Decisions**

	2Q2016	3Q2016	4Q2016
to Buy	443	465	488
to Sell	505	485	526
Hlds(000)	405105	406097	419685



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
29.78	29.27	33.11	44.11	54.17	64.29	73.22	85.32	51.86	66.67	92.87	100.57	87.26	91.04	80.73	65.95	<b>67.90</b>	<b>71.85</b>	Sales per sh	<b>89.05</b>
2.87	2.93	3.62	5.00	6.46	8.03	8.64	9.25	5.17	7.82	11.93	13.87	10.82	11.82	10.00	8.64	<b>9.30</b>	<b>10.25</b>	"Cash Flow" per sh	<b>13.60</b>
1.16	1.15	1.62	2.88	4.04	5.25	5.32	5.71	1.43	4.15	7.81	9.36	5.79	6.37	4.62	3.44	<b>4.05</b>	<b>4.80</b>	Earnings per sh <sup>A</sup>	<b>7.80</b>
.70	.70	.71	.80	.96	1.15	1.38	1.62	1.68	1.74	1.82	2.02	2.32	2.70	3.01	3.08	<b>3.08</b>	<b>3.16</b>	Div's Decl'd per sh <sup>B</sup>	<b>3.40</b>
1.60	2.58	2.57	3.08	3.60	4.14	4.95	6.67	3.71	4.05	6.06	7.75	6.97	5.57	5.60	5.01	<b>2.05</b>	<b>2.15</b>	Cap'l Spending per sh <sup>C</sup>	<b>2.30</b>
8.17	7.95	8.84	10.89	12.57	10.62	14.47	10.12	14.12	16.94	19.97	26.84	32.73	27.76	25.56	22.61	<b>23.45</b>	<b>25.50</b>	Book Value per sh <sup>D</sup>	<b>35.95</b>
686.75	688.51	687.52	685.87	670.87	645.81	613.99	601.53	624.72	638.82	647.53	655.05	637.82	606.17	582.32	584.30	<b>589.00</b>	<b>575.00</b>	Common Shs Outst'g <sup>E</sup>	<b>565.00</b>
21.0	20.9	18.8	13.9	12.6	13.1	13.7	11.4	29.4	16.6	12.4	10.0	15.1	15.8	17.1	22.8	<b>16.0</b>	<b>16.0</b>	Avg Ann'l P/E Ratio	<b>16.0</b>
1.08	1.14	1.07	.73	.67	.71	.73	.69	1.96	1.06	.78	.64	.85	.83	.86	1.20	<b>1.20</b>	<b>1.20</b>	Relative P/E Ratio	<b>1.00</b>
2.9%	2.9%	2.3%	2.0%	1.9%	1.7%	1.9%	2.5%	4.0%	2.5%	1.9%	2.2%	2.7%	2.7%	3.8%	3.8%	<b>3.8%</b>	<b>3.8%</b>	Avg Ann'l Div'd Yield	<b>2.7%</b>

**CAPITAL STRUCTURE as of 3/31/17**  
 Total Debt \$30.4 bill. Due in 5 Yrs \$20.8 bill.  
 LT Debt \$23.7 bill. LT Interest \$945 mill.  
 Incl. \$25.0 bill. in debt held by CAT Financial.  
 (LT interest earned: 4.6%;  
 Total interest coverage: 3.0x) (63% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$211.0 mill.  
**Pension Assets-12/16** \$15.2 bill. **Oblig.** \$20.7 bill.  
**Pfd Stock** None

**Common Stock** 589,090,308 shs.

**MARKET CAP: \$58.5 billion (Large Cap)**

**CURRENT POSITION (SMILL.)**

	2015	2016	3/31/17
Cash Assets	6460	7168	9472
Receivables	15686	14503	15217
Inventory (LIFO)	9700	8614	9082
Other	2572	1682	1777
Current Assets	34418	31967	35548
Accts Payable	5023	4614	5302
Debt Due	6319	6662	6736
Other	14961	14856	15597
Current Liab.	26303	26132	27635

**ANNUAL RATES**

	Past 10 Yrs	Past 5 Yrs	Est'd '13-'15 to '20-'22
of change (per sh)			
Sales	7.0%	5.0%	2.0%
"Cash Flow"	8.0%	8.0%	5.0%
Earnings	7.0%	8.0%	8.5%
Dividends	12.5%	10.0%	2.5%
Book Value	10.5%	16.0%	6.0%

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	13241	14150	13549	14244	55184
2015	12702	12317	10962	11030	47011
2016	9461	10342	9160	9574	38537
2017	9822	10628	9550	10000	40000
2018	10000	11000	10000	10300	41300

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	1.61	1.69	1.72	1.35	6.37
2015	1.86	1.27	.75	.74	4.62
2016	.67	1.09	.85	.83	3.44
2017	1.28	1.10	.84	.83	4.05
2018	1.30	1.30	1.10	1.10	4.80

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	--	.52	.60	.60	1.72
2014	.60	.60	.70	.70	2.60
2015	.70	.70	.77	.77	2.94
2016	.77	.77	.77	.77	3.08
2017	.77	.77	.77	.77	3.08

**BUSINESS:** Caterpillar Incorporated is the world's largest producer of earthmoving equipment. Major global markets include road building, mining, logging, agriculture, petroleum, and general construction. Products include tractors, scrapers, compactors, loaders, off-highway truck engines, and pipelayers. Also makes diesel & turbine engines and lift trucks. Foreign sales 59% of total; research & development: 5.1% of sales. 2016 depreciation rate: 9.5%. Has about 95,400 employees. Officers & directors own less than 1.0% of common stock; State Street, 9.2%; The Vanguard Group, 6.4% (4/17 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 posted better-than-expected results in the first quarter.** Sales of \$9.82 billion eclipsed our \$9.02 billion estimate, sparked by a significant ramp-up in business within the Resource Industries segment. Simultaneously, Caterpillar reaped the rewards of cost reduction and restructuring actions implemented in recent years. Among the steps taken to alleviate pressure on margins are massive layoffs (16,000 employees) and the closure and/or consolidation of 30 facilities globally. First-quarter results excluded \$752 million in one-time costs. These steps buoyed share profit of \$1.28 past our estimate of \$0.65.

**After Caterpillar plowed its way to a solid performance in the March period, management declared signs of recovery in key end markets.** In particular, there is strengthening quoting activity in many industries CAT serves. Increasing infrastructure and residential investments are accelerating construction equipment sales in China. Higher commodity prices and growing mining production in many corners of the world augur well for Caterpillar, which retains sig-

nificant exposure there, despite measures in recent years to diversify business. Recovering economic activity in various countries in South America is a good sign for capital equipment suppliers. Lastly, oil and gas producers globally are starting to again invest capital. These factors led the company to revise its 2017 sales outlook from a range of \$36 billion-\$39 billion to \$38 billion-\$41 billion. We have increased our top- and bottom-line estimates by \$2.08 billion and \$0.50, to \$40.0 billion and \$4.05, respectively.

**Still, Caterpillar stock has limited appeal based on the recent quotation.** Should President Trump implement certain policies, notably tax reform and a trillion-dollar infrastructure spending initiative, intended to accelerate domestic economic activity, capital equipment makers should benefit. Altogether, CAT's share price has surged in recent quarters, taking some of the shine off this venerable company's equity. For income accounts, however, a well-covered dividend and above-average dividend yield should appeal.

*Dominic B. Silva* May 19, 2017

(A) Diluted earnings. Excl. net nonrecurring gain (losses): '03, (6c); '06, (8c); '07, 5c; '08, (5c); '11, (41c); '12, (88c); '13, (4c); '14, (49c); '15, (\$1.12); '16, (\$3.55). Includes 75¢ of restructuring costs in '09; est'd Health Care Reform chg of 11¢ in 1Q, '10. Next eps report late July. (B) Div'ds historically paid mid-February, May, August, November. '13 1Q Div'ds paid in '12 4Q. ■ Div'd reinvestment plan avail. (C) Incl. equip. purch. for leasing. (D) Incl. intang. In '16: \$8.3 bill., \$14.30/sh. (E) In mill., adjusted for split. (F) Accelerated basis.

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