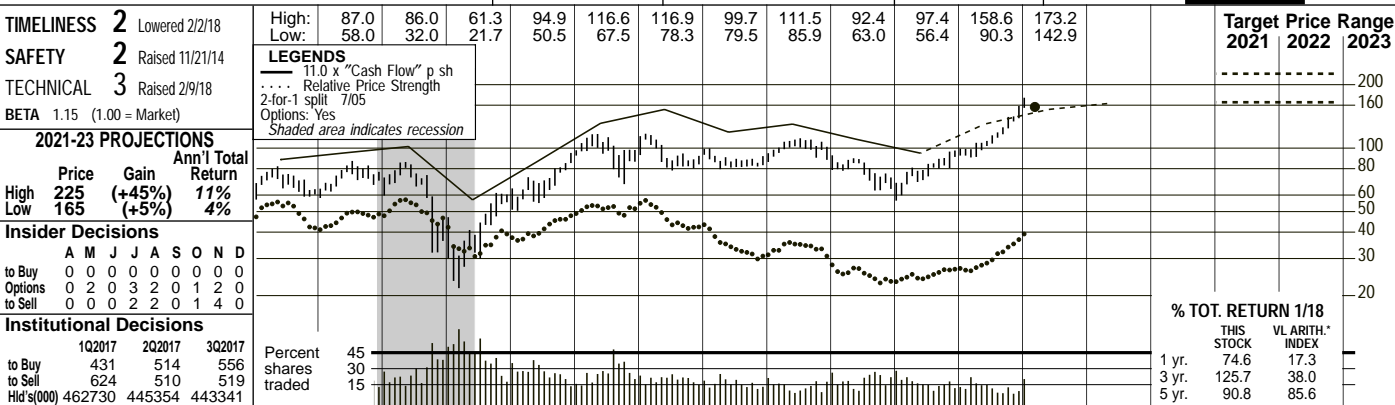


CATERPILLAR INC. NYSE-CAT

RECENT PRICE **156.41** P/E RATIO **18.5** (Trailing: 22.7; Median: 15.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **2.0%** VALUE LINE



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	65.71	76.82	83.75	88.70	Sales per sh	105.25
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	8.60	11.82	13.85	14.85	"Cash Flow" per sh	17.45
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	6.88	8.60	9.35	Earnings per sh ^A	11.50
.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	3.11	3.16	3.24	Div's Decl'd per sh ^B	3.56
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	4.99	3.95	4.25	3.30	Cap'l Spending per sh ^C	3.00
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	22.53	23.26	28.65	34.45	Book Value per sh ^D	53.60
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	586.49	591.80	585.00	580.00	Common Shs Outst'g ^E	570.00
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	16.4	16.4	16.4	Avg Ann'l P/E Ratio	17.0
1.14	1.07	.73	.67	.71	.73	.69	1.96	1.06	.78	.64	.85	.83	.86	1.20	.78	1.20	.78	Relative P/E Ratio	.95
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%	3.9%	2.8%	3.9%	2.8%	Avg Ann'l Div'd Yield	1.8%

CAPITAL STRUCTURE as of 12/31/17		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Debt \$30.0 bill.	Due in 5 Yrs \$20.8 bill.	51324	32396	42588	60138	65875	55656	55184	47011	38537	45462	49000	51450	Sales (\$mill)	60000				
LT Debt \$23.8 bill.	LT Interest \$970 mill.	14.8%	12.2%	16.8%	19.3%	20.1%	18.7%	19.5%	19.0%	17.2%	20.0%	21.0%	21.0%	Operating Margin	22.0%				
Incl. \$25.0 bill. in debt held by CAT Financial.		1980.0	2336.0	2296.0	2527.0	2813.0	3087.0	3163.0	3046.0	3034.0	2877.0	3000	3120	Depreciation (\$mill) ^F	3300				
(LT interest earned: 4.6%; Total interest coverage: 3.0x) (63% of Cap'l)		3586.0	895.0	2700.0	5201.0	6270.0	3815.0	4003.0	2778.0	2010.0	4121.0	5100	5490	Net Profit (\$mill)	6660				
Leases, Uncapitalized Annual rentals \$211.0 mill.	Pension Assets-12/16 \$15.2 bill. Oblig. \$20.7 bill.	21.3%	--	25.8%	24.6%	28.6%	25.6%	25.6%	21.0%	8.7%	22.0%	22.0%	Income Tax Rate	22.0%					
Pfd Stock None		7.0%	2.8%	6.3%	8.6%	9.5%	6.9%	7.3%	5.9%	5.2%	9.1%	10.4%	10.7%	Net Profit Margin	11.1%				
Common Stock 591,800,000 shs.		5564.0	7497.0	9790.0	9567.0	12769	11038	10990	8115.0	5835.0	9313.0	8815	9845	Working Cap'l (\$mill)	11235				
MARKET CAP: \$92.6 billion (Large Cap)		22834	21847	20437	24944	27752	26719	27784	25247	22818	23847	23000	22200	Long-Term Debt (\$mill)	21500				
		6087.0	8823.0	10824	12929	17582	20878	16826	14885	13213	13766	16770	19980	Shr. Equity (\$mill)	30560				
		14.0%	4.5%	10.1%	14.8%	14.7%	8.8%	9.7%	7.7%	6.4%	12.4%	14.0%	14.0%	Return on Total Cap'l	13.5%				
		58.9%	10.1%	24.9%	40.2%	35.7%	18.3%	23.8%	18.7%	15.2%	29.9%	30.5%	27.5%	Return on Shr. Equity	22.0%				
		43.3%	NMF	14.9%	31.3%	26.5%	13.0%	14.2%	6.9%	1.6%	16.6%	19.5%	18.0%	Retained to Com Eq	15.0%				
		27%	115%	40%	22%	26%	29%	40%	63%	90%	45%	36%	34%	All Div's to Net Prof	31%				

CURRENT POSITION	2015	2016	12/31/17
Cash Assets	6460	7168	8261
Receivables	15686	5981	7436
Inventory (LIFO)	9700	8614	10018
Other	2572	10204	10529
Current Assets	34418	31967	36244
Accts Payable	5023	4614	6487
Debt Due	6319	6662	6194
Other	14961	14856	14250
Current Liab.	26303	26132	26931

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 of change (per sh)	Est'd '14-'16 to '21-'23
Sales	4.0%	2.5%	4.0%	4.0%
"Cash Flow"	4.5%	4.0%	8.0%	8.0%
Earnings	1.5%	1.5%	13.5%	13.5%
Dividends	11.5%	11.0%	3.0%	3.0%
Book Value	8.5%	8.0%	11.5%	11.5%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	12702	12317	10962	11030	47011
2016	9461	10342	9160	9574	38537
2017	9822	11331	11413	12896	45462
2018	10800	12400	12450	13350	49000
2019	11500	13100	13000	13850	51450

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	1.86	1.27	.75	.74	4.62
2016	.67	1.09	.85	.83	3.44
2017	1.28	1.49	1.95	2.16	6.88
2018	1.80	2.20	2.30	2.30	8.60
2019	1.95	2.40	2.45	2.55	9.35

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.60	.60	.70	.70	2.60
2014	.70	.70	.77	.77	2.94
2015	.77	.77	.77	.77	3.08
2016	.77	.77	.78	.78	3.10
2017	.78				

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: Douglas R. Oberhelman. Chief Executive Officer: Jim Umpleby. Inc.: DE. Addr.: 100 Northeast Adams St., Peoria, IL 61629. Tel.: 309-675-1000. Web: www.caterpillar.com.

Caterpillar's fourth-quarter results surpassed our expectations. Sales of \$12.89 billion came in well above our estimate of \$11.43 billion. The better-than-expected performance was due to solid volume, which helped lower dealer inventories. Furthermore, the improvement in end-user demand was across all regions and in most end markets. The benign operating backdrop was highlighted by a 34% year-over-year surge in worldwide retail machine sales during December, which followed a 26% increase in the previous month. Adjusted share profits of \$2.16 were significantly higher than our \$1.53 call.

Caterpillar is preparing factories and suppliers to ramp-up business. Positive economic indicators across all corners of the world, strong order rates, lean dealer inventories, and an increasing backlog suggests Caterpillar started 2018 with good sales momentum. At the same time, the company is focused on maintaining a flexible cost structure that should enable it to respond quickly to fundamental changes. Management expects the Construction Industries unit to benefit from

rising spending levels in North American residential and nonresidential, as well as infrastructure markets. It is looking for continued growth in the Asia/Pacific and Europe regions. Global economic expansion and increasing commodity prices are likely to lead to improvement within the Resource Industries division. Lastly, the Energy & Transportation segment should get a boost from rising shale opportunities, which are punctuated by healthy conditions in the midstream pipeline business. The manufacturer expects share profits to range between \$8.25 and \$9.25, excluding about \$400 million in restructuring costs. The operating backdrop has led us to increase our 2018 top- and bottom-line estimates by \$3.65 billion and \$2.00, to \$49 billion and \$8.60 a share, respectively. Given pent-up demand for new machines, sales expansion is apt to continue in 2019. **Caterpillar stock is favorably ranked for Timeliness (2).** A recent moderation in prices for equities in general serves as a good entry point for this blue chip company. Total return potential to 2021-2023 is subpar, however.

Dominic B. Silva February 16, 2018

(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 earnings report late April. (B) Div's historically paid late April, May, August, November. (C) Div'd reinvestment plan avail. (D) Incl. equip. purch. for leasing. (E) Incl. intang. in '16: \$8.3 bill., \$14.30/sh. (F) In mill., adjusted for split. (G) Accelerated basis.	Company's Financial Strength	A+
	Stock's Price Stability	75
	Price Growth Persistence	35
	Earnings Predictability	50