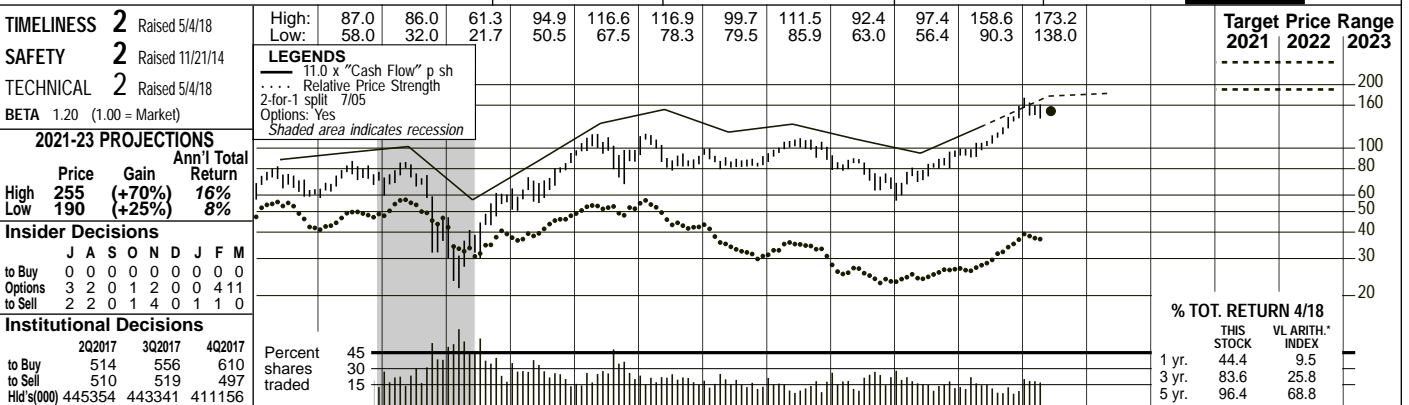


CATERPILLAR INC. NYSE-CAT

RECENT PRICE **149.93** P/E RATIO **13.9** (Trailing: 17.8; Median: 16.0) RELATIVE P/E RATIO **0.78** DIV'D YLD **2.1%** 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	76.07	89.30	93.60	Sales per sh	110.55
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	11.68	16.05	16.55	"Cash Flow" per sh	18.95
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	10.75	11.00	Earnings per sh ^A	13.00
.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'ds 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	3.91	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	23.03	30.10	36.90	Book Value per sh ^D	62.30
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	597.63	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	17.0	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	.82	1.20	.82	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 3/31/18

Total Debt \$29.6 bill. Due in 5 Yrs \$21.9 bill.
 LT Debt \$23.2 bill. LT Interest \$970 mill.
 Incl. \$25.0 bill. in debt held by CAT Financial.
 (LT interest earned: 6.9%; Total interest coverage: 5.7x) (63% of Cap'l)

Leases, Uncapitalized Annual rentals \$331.0 mill.
 Pension Assets-12/17 \$17.7 bill. Oblig. \$21.9 bill.
 Pfd Stock None

Common Stock 597,904,900 shs.

MARKET CAP: \$89.6 billion (Large Cap)

51324	32396	42588	60138	65875	55656	55184	47011	38537	45462	52240	54300	Sales (\$mill)	63000
14.8%	12.2%	16.8%	19.3%	20.1%	18.7%	19.5%	19.0%	17.2%	22.5%	22.5%	22.5%	Operating Margin	23.0%
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
3586.0	895.0	2700.0	5201.0	6270.0	3815.0	4003.0	2778.0	2010.0	4104.0	6375	6525	Net Profit (\$mill)	7510
21.3%	--	25.8%	24.6%	28.6%	25.6%	21.0%	8.7%	26.3%	22.0%	22.0%	22.0%	Income Tax Rate	22.0%
7.0%	2.8%	6.3%	8.6%	9.5%	6.9%	7.3%	5.9%	5.2%	9.0%	12.2%	12.0%	Net Profit Margin	11.9%
5564.0	7497.0	9790.0	9567.0	12769	11038	10990	8115.0	5835.0	9313.0	9290	9955	Working Cap'l (\$mill)	14150
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	17600	21400	Shr. Equity (\$mill)	35500
14.0%	4.5%	10.1%	14.8%	14.7%	8.8%	9.7%	7.7%	6.4%	12.2%	17.0%	16.0%	Return on Total Cap'l	14.0%
58.9%	10.1%	24.9%	40.2%	35.7%	18.3%	23.8%	18.7%	15.2%	29.8%	36.0%	30.5%	Return on Shr. Equity	21.0%
43.3%	NMF	14.9%	31.3%	26.5%	13.0%	14.2%	6.9%	1.6%	16.5%	25.5%	25.5%	Retained to Com Eq	15.5%
27%	115%	40%	22%	26%	29%	40%	63%	90%	45%	29%	29%	All Div'ds to Net Prof	27%

CURRENT POSITION (SMILL.)

	2016	2017	3/31/18
Cash Assets	7168	8261	7888
Receivables	5981	7436	7894
Inventory (LIFO)	8614	10018	10947
Other	10204	10529	10628
Current Assets	31967	36244	37357
Accts Payable	4614	6487	6487
Debt Due	6662	6194	6417
Other	14856	14250	14498
Current Liab.	26132	26931	27402

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. 2017 depreciation rate: 9.1%. Has about 98,400 employees. Officers & directors own less than 1.0% of common stock; State Street, 8.3%; The Vanguard Group, 7.3% (4/18 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.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 of change (per sh) to '21-'23

Sales	4.0%	2.5%	7.0%
"Cash Flow"	4.5%	4.0%	11.0%
Earnings	1.5%	1.5%	17.5%
Dividends	11.5%	11.0%	2.5%
Book Value	8.5%	8.0%	17.5%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	12702	12317	10962	11030	47011
2016	9461	10342	9160	9574	38537
2017	9822	11331	11413	12896	45462
2018	12859	13280	12450	13651	52240
2019	13000	13800	13300	14200	54300

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	2.82	2.65	2.60	2.68	10.75
2019	2.75	2.70	2.70	2.85	11.00

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	.78			

Caterpillar beat first-quarter expectations. Sales of \$12.86 billion eclipsed our \$10.80 billion estimate, as the manufacturer benefited from improved end-user demand across all regions and most end markets. The growth was highlighted by progress in the Construction Industries unit, which experienced a 38% advance in sales, to \$5.68 billion. Caterpillar also generated impressive gains in its other divisions. Strength in many of the company's product groups, when combined with continued focus on cost controls, helped deliver wide operating margin expansion and a record first-quarter profit. In all, share earnings of \$2.82 beat our \$1.80 call. **Still, the company's share price has fallen after reaching a record high of \$173.20 earlier this year.** A broad market correction and concerns of a trade war with China, which have since lessened, are two reasons for this performance. Too, Caterpillar's declaration that first-quarter profit will be the high-water mark for 2018, due to increased investments, probably encouraged investors to lock in gains. **End-user demand is favorable.** Caterpillar looks for the Construction Industries

unit to be driven by rising activity in North America and infrastructure development in China. Meanwhile, the recovery in Latin America and the Europe, Africa, and Middle East markets should strengthen amid stabilizing conditions. The Resource Industries business expects positive global economic growth and an overall more encouraging commodity price environment to drive spending on equipment replacement. Lastly, the Energy & Transportation business ought to get a boost from sales into various oil and gas applications. **Due to growing demand, the company has increased its earnings target by \$2.00, to a range of \$10.25-\$11.25 a share.** After the better-than-expected start to the year, we have hiked our top-and bottom-line estimates by \$3.0 billion and \$2.00, to \$52.2 billion and \$10.75 a share, respectively. Momentum has led us to similarly raise our 2019 share-profit call, to \$11.00. **The moderation in Caterpillar stock serves as a good entry point.** These timely shares offer solid risk-adjusted total return out to 2021-2023. *Dominic B. Silva* May 18, 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 eggs report late July. (B) Div'ds historically paid mid-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	45