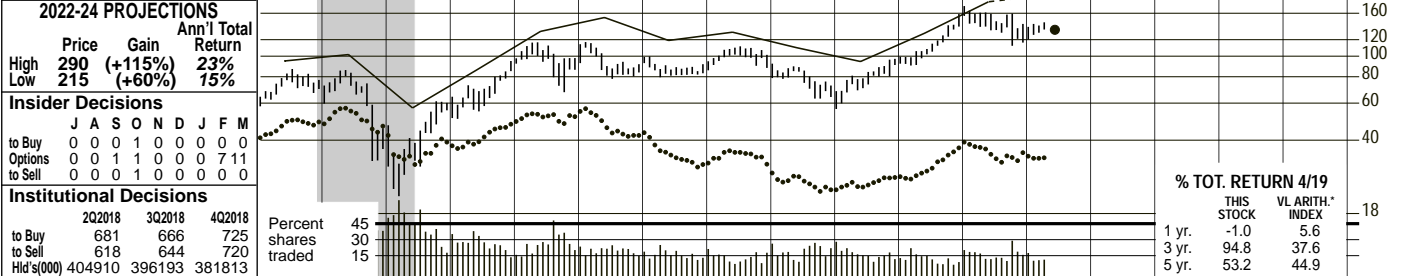


CATERPILLAR INC. NYSE-CAT

RECENT PRICE **133.67** P/E RATIO **10.8** (Trailing: 11.8; Median: 16.0) RELATIVE P/E RATIO **0.63** DIV'D YLD **3.1%** VALUE LINE

TIMELINESS 3 Lowered 10/19/18	High: 86.0	61.3	94.9	116.6	116.9	99.7	111.5	92.4	97.4	158.6	173.2	144.8	Target Price Range
SAFETY 2 Raised 11/21/14	Low: 32.0	21.7	50.5	67.5	78.3	79.5	85.9	63.0	56.4	90.3	112.1	120.4	2022 2023 2024
TECHNICAL 3 Raised 5/10/19	LEGENDS — 11.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession												
BETA 1.30 (1.00 = Market)													



2022-24 PROJECTIONS		2003-2020												© VALUE LINE PUB. LLC 22-24								
Price	Gain	Ann'l Total	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Sales per sh	124.45
High	290	23%	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	95.08	100.00	103.40	"Cash Flow" per sh	20.80
Low	215	15%	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	16.48	17.65	18.30	Earnings per sh A	14.80
			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	11.20	12.40	13.00	Div's Decl'd per sh B	3.84
			.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	3.36	3.48	3.56	Cap'l Spending per sh C	4.65
			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	5.07	4.40	4.45	Book Value per sh D	58.05
			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	24.48	28.25	35.00	Common Shs Outst'g E	540.00
			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	575.54	570.00	560.00	Avg Ann'l P/E Ratio	17.0
			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	12.9	17.0	17.0	Relative P/E Ratio	.95
			1.07	.73	.67	.71	.73	.69	1.96	1.06	.78	.64	.85	.83	.86	1.20	.82	.70	.70	.70	Avg Ann'l Div'd Yield	1.8%
			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%	2.3%	2.3%	2.3%		

CAPITAL STRUCTURE as of 3/31/19			2003-2020																	© VALUE LINE PUB. LLC 22-24	
Total Debt \$29.7 bill.	Due in 5 Yrs \$23.3 bill.	LT Debt \$24.2 bill.	LT Interest \$970 mill.	Incl. \$25.0 bill. in debt held by CAT Financial.	(LT interest earned: 8.7%; Total interest coverage: 8.7x) (64% of Cap'l)	32396	42588	60138	65875	55656	55184	47011	38537	45462	54722	57000	57900	Sales (\$mill)	67200		
						12.2%	16.8%	19.3%	20.1%	18.7%	19.5%	19.0%	17.2%	22.5%	24.1%	24.0%	23.0%	Operating Margin	23.0%		
						2336.0	2296.0	2527.0	2813.0	3087.0	3163.0	3046.0	3034.0	2877.0	2766.0	2750	2850	Depreciation (\$mill) F	3100		
						895.0	2700.0	5201.0	6270.0	3815.0	4003.0	2778.0	2010.0	4104.0	6718.0	7430	7430	Net Profit (\$mill)	8140		
						--	25.8%	24.6%	28.6%	25.6%	25.6%	21.0%	8.7%	26.3%	20.2%	22.0%	22.0%	Income Tax Rate	22.0%		
						2.8%	6.3%	8.6%	9.5%	6.9%	7.3%	5.9%	5.2%	9.0%	12.3%	13.0%	12.8%	Net Profit Margin	12.1%		
						7497.0	9790.0	9567.0	12769	11038	10990	8115.0	5835.0	9313.0	10385	10890	10780	Working Cap'l (\$mill)	12060		
						21847	20437	24944	27752	26719	27784	25247	22818	23847	25000	24500	24500	Long-Term Debt (\$mill)	22000		
						8823.0	10824	12929	17582	20878	16826	14885	13213	13766	14909	16100	19610	Shr. Equity (\$mill)	31340		
						4.5%	10.1%	14.8%	14.7%	8.8%	9.7%	7.7%	6.4%	12.2%	18.6%	19.5%	18.0%	Return on Total Cap'l	16.0%		
						10.1%	24.9%	40.2%	35.7%	18.3%	23.8%	18.7%	15.2%	29.8%	47.7%	46.0%	38.0%	Return on Shr. Equity	26.0%		
						NMF	14.9%	31.3%	26.5%	13.0%	14.2%	6.9%	1.6%	16.5%	33.8%	34.0%	28.0%	Retained to Com Eq	19.5%		
						115%	40%	22%	26%	29%	40%	63%	90%	45%	29%	27%	27%	All Div'ds to Net Prof	26%		

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; R&D: 3.4% of sales. 2018 depreciation rate: 9.3%. Has about 104,400 employees. Officers & directors own less than 1.0% of common stock; The Vanguard Group, 8.7%; State Street, 8.1% (4/19 proxy). Chairman: Douglas R. Oberhelman. Chief Executive Officer: Jim Umpleby. Inc.: DE. Addr.: 510 Lake Cook Road, Suite 100, Deerfield, IL 60015. Tel.: 309-675-1000. Web: www.caterpillar.com.

Caterpillar missed the mark in the first quarter. Note that the following results fell short of our outlook from February, but beat consensus expectations. Wall Street in recent months had taken a more cautious approach towards the company, which experienced a slowdown in a key market (China) in late 2018, and faced ongoing uncertainties related to restrictive trade policies. Sales of \$13.466 billion came in below our \$13.650 billion call, but grew 5% year over year. The gain reflected solid demand for both equipment and services, with a notable increase in the Resource Industries segment. Volume also rose in the Construction Industries unit, while the Energy & Transportation division reported flattish results. Price hikes in the Construction Industries and Resource Industries businesses also contributed to the improvement. Increased prices and higher volume formed a potent combination, and helped to lessen the negative impact of elevated manufacturing costs and SG&A expenses. Altogether, share net of \$2.94 fell modestly below our \$3.00 estimate. (Our presentation excludes a one-time \$0.31-per-share discrete tax benefit stemming from U.S. tax reform.) **Caterpillar is optimistic that fundamentals in its diverse end markets will remain healthy.** The Construction Industries business should continue to be driven by strong demand for new equipment, primarily to support road construction activities in North America. Meanwhile, solid mining production levels and commodity market fundamentals ought to power sales in the Resource Industries unit. Lastly, The Energy & Transportation division will probably benefit from a sequential uptick in spending within the upstream sector across North America. We are maintaining our top- and bottom-line estimates of \$57 billion and \$12.50 a share, respectively. **Caterpillar shares are trading near the middle of their 2019 range, so the recent quotation serves as a good entry point for investors seeking a capital goods company with favorable long-term prospects.** In fact, these shares continue to trade at a discount based on the P/E level we expect over the 3- to 5-year time frame.

(A) Diluted earnings. Excl. net nonrecurring gain (losses): '06, (8¢); '07, 5¢; '08, (5¢); '11, (41¢); '12, (88¢); '13, (4¢); '14, (49¢); '15, (\$1.12); '16, (\$3.55); '17, (\$5.62); '18, (94¢). Incl. 75¢ of restructuring costs in '09; est'd Health Care Reform chg of 11¢ in 1Q, '10. Next eps report late July. (B) Div's historically paid mid-July, May, August, November. (C) Div'd reinvestment plan avail. (D) Incl. equip. purch. for leasing. (E) Incl. intang. In '18: \$8.1 bill., \$14.09/sh. (F) In mill., adjusted for split. (F) Accelerated basis.	Company's Financial Strength	A+
	Stock's Price Stability	60
	Price Growth Persistence	35
	Earnings Predictability	45