

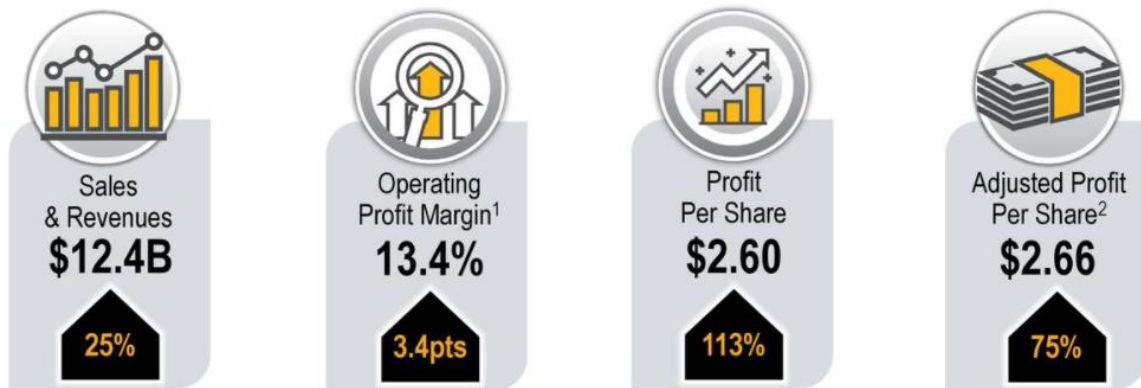
Inside Caterpillar: Last Quarter's Progress.

Nov. 3, 2021

The strength in Caterpillar's business continued this quarter, with a 25% revenue growth aided by strong demand in all of its business segments and all geographic regions. Rising construction demand and higher commodity prices (both of which drive more equipment sales) led to higher sales volumes. CAT's Construction Industries segment grew 30%, Energy and Transportation grew 22%, and Resource Industries grew 32%. These impressive sales numbers led to even more impressive profitability, shown below.

Financial Results Summary

Third Quarter 2021 vs. Third Quarter 2020



¹ Adjusted operating profit margin in the third quarter of 2021 was 13.7%. Adjusted operating profit margin is a non-GAAP measure and a reconciliation to the most directly comparable GAAP measure is included in the appendix.

² Third quarter 2021 adjusted profit per share excluded restructuring expenses of \$0.06 per share. Third quarter 2020 adjusted profit per share excluded restructuring expenses of \$0.18 per share and remeasurement losses of \$0.12 per share resulting from the settlements of pension obligations.

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Worsening supply chain issues were the biggest downside to the quarter. Cat's management explained that "as soon as we figure out one component's shortage, a different component becomes the problem". It has been a changing problem that has been difficult to predict and plan for. Caterpillar's own inventory rose to higher-than-normal levels as it raised its production levels to meet the high demand, but missing components mean that the machinery stays in "production" mode rather than "ready to sell" mode. More than 80% of this added inventory should be ready to be sold in the next year, however, so Cat should still capitalize on this high demand environment.

As it works its way through today's global problems, CAT is focusing on bringing the best products and services to the market. It recently launched the world's first autonomous water truck for Rio Tinto's mining operations. A water truck essentially applies water to the mine's roads and other necessary infrastructure to keep dust away and maintain road conditions. Keeping the dust away prolongs the life of other machinery and can be a requirement of the mining permit if the mine is located close to businesses or residences. Caterpillar's new water truck automatically detects dry and dusty conditions, triggering the application of water. It also refills the truck automatically, prompting the truck to drive to the water stand before returning to the field. Technology advances like this not only help productivity

but increase the safety of the mine also. CAT's water truck is a perfect example of the great value a leading "manufacturing technology" company like Caterpillar brings to its customers.

