

## *Inside Cummins: Last Quarter's Progress*

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Cummins revenue grew 22% last quarter, led by a stronger than expected North American market in its truck engine and power generation segments. It closed on its Meritor acquisition, which will help position the company to be a bigger player in the transition to electric drivetrains. While the addition of Meritor's business helped the revenue growth, even excluding Meritor, all business segments grew in all geographies except China (common theme this quarter, no?). Its still dealing with supply chain challenges, although they are improving, and it did have higher manufacturing and material costs. The company has been able to steadily grow production despite supply challenges and has raised prices on its own products, so the combination of higher volumes and pricing more than offset higher costs. Cummins expects markets, minus China, to be strong for at least the next 6-9 months, as it doesn't see any drop off from customer demand yet.

Cummins continues to have small successes in its New Power segment, the business segment tied to future technology needed for a clean energy transition. It announced a collaboration with Werner Enterprises to deliver Cummins' new 15 liter hydrogen internal combustion engines. This is part of its "fuel agnostic" engine platform, which allows current vehicles equipped with traditional ICE engines to switch out just the engine with a cleaner alternative, instead of remaking the whole vehicle. Cummins also expanded the electrolyzer capacity at its Belgium plant and will begin producing electrolyzers in the US now, starting at its Minnesota facility. PEM electrolysis is a process for producing hydrogen as an energy source that only emits oxygen as a byproduct, not carbon.

### **Cummins' PEM Electrolyzers**



This truck cycle hasn't been a typical cycle for Cummins. Demand has stayed relatively high for a number of years and isn't showing signs of slowing down yet because customers just haven't been able to replace fleets at the level they want to. Outside of the truck market, Cummins sells engines to oil and gas companies, mining companies, and for power generation needs. All these markets are thriving right now

and are expected to remain strong into next year. Right now, Cummins is focused on increasing production to meet demand, while investing in future technologies to make sure it can be a provider of any engine solution a customer might want down the road.