

CATERPILLAR®



CATERPILLAR INC.
2022 ANNUAL REPORT



“ We have made great progress executing our strategy as we continue to invest for long-term profitable growth. ”

World's Leading Manufacturer of:

- Construction & Mining Equipment
- Off-Highway Diesel & Natural Gas Engines
- Industrial Gas Turbines
- Diesel-Electric Locomotives

CHAIRMAN & CEO MESSAGE

CORPORATE PROFILE

CONNECTING PEOPLE TO WATER, ENERGY, FOOD, WORK, SCHOOL AND ONE ANOTHER — IT'S WHAT OUR PRODUCTS MAKE POSSIBLE.

For nearly 100 years, we have been helping customers build a better, more sustainable world and are committed and contributing to a reduced-carbon future. Our innovative products and services, backed by our global dealer network, provide exceptional value that helps customers succeed.

DEAR FELLOW SHAREHOLDERS,

I am proud of our dedicated global team for delivering one of the best years in our nearly 100-year history in 2022.

Despite ongoing supply chain challenges, the team achieved double-digit top-line growth for the second consecutive year and generated strong Machinery, Energy & Transportation (ME&T) free cash flow, which was firmly in our target range. We finished the year with profit per share of \$12.64 while achieving a record full-year adjusted profit per share¹ of \$13.84.

Our strong ME&T free cash flow enabled us to return \$6.7 billion to shareholders through dividends and share repurchases. Caterpillar has paid higher annual dividends to shareholders for 29 consecutive years, and we are proud to be recognized once again as a member of the S&P 500 Dividend Aristocrats Index.

EXECUTING OUR ENTERPRISE STRATEGY

We have made great progress executing our strategy as we continue to invest for long-term profitable growth — building operational excellence, providing differentiated solutions to meet customer needs, making our customers more successful with our services, and furthering our sustainability journey.

Ongoing initiatives and investments contributed to services sales² growth of 17% to \$22 billion compared to 2021. Our confidence is increasing that we will achieve our \$28 billion services target by 2026. Through tools like the new Cat[®] Central and SIS2GO apps and insights from data on our more than 1.4 million connected assets, we are creating a superior customer experience as we help customers minimize downtime, improve utilization and extend product life.

¹ Adjusted profit per share is a non-GAAP measure, and a reconciliation to the most directly comparable GAAP measure is included in our 2022 10-K SEC filing.
² ME&T Services Revenues include, but are not limited to, aftermarket parts and other service-related revenues and exclude most Financial Products' revenues, discontinued products and captive dealer services.




\$59.4B
 Sales & Revenues


59% Sales Outside the U.S.


\$1.8B
 R&D


\$42M
 Foundation Investments


109,100
 Global Employees


 ~150 Primary Locations in **25** Countries


17 Brands

Corporate Headquarters
 Irving, Texas

NYSE Stock Symbol
 CAT

Reportable Segments:

- Construction Industries
- Resource Industries
- Energy & Transportation
- Financial Products

Dividend Aristocrat Status
 Paid higher annual dividends for 29 consecutive years


156 Cat Dealers¹ Serving **192** Countries


4M+ Cat[®] Products at Work Around the World²


1.4M+ Connected Assets

¹ Dealers are independent businesses.
² Includes discontinued products.

All numbers represent year-end 2022 data.

Front Cover: Caterpillar demonstrated its first battery electric 793 large mining truck prototype and is investing in transforming its U.S.-based Tucson Proving Ground into a testing and validation hub of the future.



EXPANDING OPPORTUNITIES FOR LONG-TERM PROFITABLE GROWTH

We believe the energy transition and growing global energy demand will increase Caterpillar's total addressable market and represent a significant opportunity for long-term profitable growth through increasing demand for a wide variety of Caterpillar products and services.

For example, demand for commodities is expected to increase due to the growing adoption of electric vehicles, battery storage, and wind and solar power. Rising global energy demand will require investments in renewables and many traditional forms of energy, as well as grid modernization. The energy transition will also require significant global infrastructure investments, which expand opportunities for Caterpillar. The opportunities presented by the energy transition and our work to help our customers achieve their climate-related objectives led us to add sustainability as a focus area of our enterprise strategy in 2022.

You can see how we are working with our customers and Cat dealers to contribute to a lower-carbon future on pages 6 and 7 of this report. You can also read more about our accomplishments in our [2022 Sustainability Report](#).

Caterpillar has been a technology leader for nearly a century, and we continue to invest to meet the needs of our diverse global customer base. We are increasing our investments in autonomy, alternative fuels, connectivity and digital, and electrification (AACE). We have also made strategic acquisitions, such as CarbonPoint Solutions, which provides customers with carbon-capture technology, and Tangent Energy Solutions, which monitors grid patterns and helps our customers with reliable, sustainable and connected power solutions.



DEMONSTRATING OUR VALUES-BASED CULTURE

As a responsible corporate citizen, Caterpillar participates in the public policy process, advocating for a broad range of issues that advance our strategy and purpose while providing value to shareholders and other stakeholders. We value shareholder input, and in response to their interest in more transparency of our political engagement, we issued our inaugural [2022 Lobbying Report: The Purpose of Engagement](#) in early 2023.

The [Caterpillar Foundation](#) celebrated 70 years of global corporate citizenship in 2022. The spirit of giving has been part of Caterpillar's DNA since the beginning. This was illustrated in the Foundation's record-breaking giving through Matching Gifts, the United Way campaign and its support of both urgent and long-term needs of the Ukraine humanitarian crisis.

We are continuing our journey to create a more diverse and inclusive workplace that respects and celebrates our employees' diverse backgrounds, experiences and perspectives and encourages a culture where employees feel valued and included.

With Our Values in Action as our guide, our Caterpillar team around the world is creating the products, services and solutions that help our customers build a better, more sustainable world. I am excited about our future opportunities and confident that Caterpillar's best days are ahead.

Jim Umpleby
Chairman and CEO

“Caterpillar has been a technology leader for nearly a century, and we continue to invest to meet the needs of our diverse global customer base.”

2022 PERFORMANCE AT A GLANCE

SALES AND REVENUES
(\$ in billions)
\$41.7 \$51.0 \$59.4

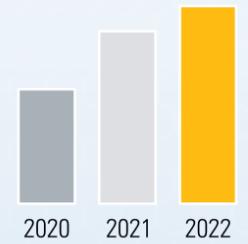


SALES BY REGION
(\$ in billions)



- North America – **\$28.0**
- EAME – **\$12.8**
- Asia/Pacific – **\$11.9**
- Latin America – **\$6.7**

OPERATING PROFIT
(\$ in billions)
\$4.6 \$6.9 \$7.9



PROFIT PER SHARE
(in dollars)
\$5.46 \$11.83 \$12.64



ADJUSTED PROFIT PER SHARE*
(in dollars)
\$6.56 \$10.81 \$13.84



DIVIDENDS PAID PER SHARE
(in dollars)
\$4.12 \$4.28 \$4.62



* A reconciliation of adjusted profit per share to U.S. GAAP can be found in our 2022 10-K filing, which is available on our website at www.caterpillar.com/investors.



Caterpillar expanded Cat® Command to several construction equipment models. By removing the operator from the machine, Cat Command can increase safety and productivity when operating in challenging and potentially hazardous environments.



EXECUTING OUR STRATEGY

Our dedicated global team continues to focus on executing our enterprise strategy for long-term profitable growth. In 2022, we delivered one of the best years in our nearly 100-year history, including double-digit top-line growth, strong Machinery, Energy & Transportation (ME&T) free cash flow and record full-year adjusted profit per share.

Solar Turbines Mercury Generator Sets powered by landfill gas provide a sustainable solution to minimize CO₂ emissions.



INCREASING SERVICES SALES

Caterpillar is increasingly confident in our ability to achieve our commitment to reach \$28 billion in ME&T services sales¹ by 2026. More than 60% of equipment is now delivered with a Customer Value Agreement. These agreements drive aftermarket parts and service sales for our dealers, and help customers minimize downtime, improve utilization and extend product life. Customers also benefit from the introduction of serial-number-specific QR codes² added to our products at assembly. By simply scanning the code with a mobile device, customers can quickly navigate to equipment-specific parts and services. Other offerings that make equipment easy to buy and own include a new Cat Central app, which helps drive growth in eCommerce sales, and a range of data analytics tools to monitor our more than 1.4 million connected assets. In 2022, Cat Reman continued to expand services, introducing 28% more remanufactured products than the prior year. Newly available products include Cat Reman engines with new content for the on-highway truck industry and replacement engines.

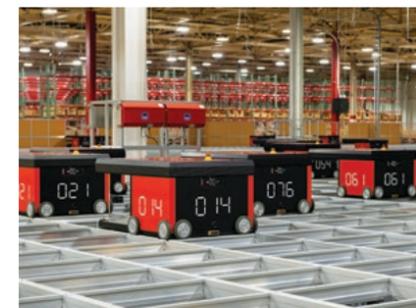
¹ ME&T Services Revenues include, but are not limited to, aftermarket parts and other service-related revenues and exclude most Financial Products' revenues, discontinued products and captive dealer services.

² QR Code is a registered trademark of DENSO WAVE INCORPORATED.



ELECTRIFYING THE PRODUCT PORTFOLIO

We are developing a wide range of advanced power technologies to help our customers achieve their climate-related objectives. In 2022, our SEM brand introduced its first zero-exhaust emissions electric wheel loader in China. We displayed four battery electric machine prototypes at bauma, including the Cat 301.9 mini excavator, 906 compact wheel loader, 950 GC medium wheel loader and 320 medium excavator. The machine prototypes also feature onboard and offboard charging solutions. We successfully demonstrated the first battery electric Cat 793 large mining truck prototype at our Tucson Proving Ground in Arizona, U.S., which we are transforming into a sustainable testing and validation hub of future mining products. Additionally, we created the Electrification & Advanced Power Solutions Division to deliver advanced electrified powertrain and zero-exhaust emissions products and technologies, and the solutions and services associated with these technologies.



PRIORITIZING SAFETY, EFFICIENCY & QUALITY

Excellent operating fundamentals help us meet our shareholder commitments. In 2022, Caterpillar further enhanced our safety-focused culture by encouraging employee involvement in partnering with leaders to develop safety solutions. Feedback and problem-solving dialogue and initiatives foster increased trust and collective ownership. We continued our focus on efficiency and quality measures, as illustrated with the implementation of new, state-of-the-art storage and retrieval systems at five locations around the world, with more underway. The new systems are modernizing our parts distribution network and helping us maintain high levels of parts availability despite supply chain challenges.



REVOLUTIONIZING JOBSITES THROUGH AUTONOMOUS TECHNOLOGIES

Tight labor markets, remote job sites, and continued focus on safety and productivity are why customers continue to embrace our autonomous technology solutions. Cat Command, for example, allows machines to be run autonomously from thousands of miles away. In 2022, we expanded our autonomous technologies to a wider range of surface and underground equipment. We also announced a collaboration with Luck Stone, the largest U.S. family-owned and operated producer of crushed stone, sand and gravel, to deploy our autonomous solution to a quarry site. This agreement is Caterpillar's first deployment in the quarry and aggregates industry and expands our autonomous truck fleet to include the Cat 777.



INVESTING IN ENERGY TRANSITION SOLUTIONS

We are investing to help our customers achieve their sustainability objectives. In 2022, we acquired Tangent Energy Solutions, a U.S.-based energy-as-a-service company. Tangent provides customers with turnkey solutions for reducing energy costs, increasing energy efficiency, reducing emissions, monetizing electric grid support and providing resiliency for customer operations. We also have invested in Lithos Energy, a U.S.-based battery technology company that produces lithium-ion battery packs and specializes in designing, engineering and manufacturing shock-resistant and high-performance lithium-ion battery solutions for applications in demanding conditions such as off-road and marine.



CATERPILLAR'S ROLE IN THE ENERGY TRANSITION

The R1700 XE battery electric LHD offers high productivity with zero-exhaust emissions.

The energy transition and growing global energy demand are increasing Caterpillar's total addressable market and furthering opportunities for long-term profitable growth.



INVESTING IN BATTERY-POWERED PRODUCTS

Caterpillar is committed to delivering robust electrified products and solutions for our customers. We are gaining valuable experience from our initial introductions of battery-powered equipment, and additional battery-powered machines and chargers under development will help our customers achieve their climate-related objectives.



OPTIMIZING NATURAL GAS

Natural gas is expected to play an important role in the transition to renewable energy. Our reciprocating engines and gas turbines are widely used across the globe in upstream natural gas production and transmission.



INCREASING THE USE OF ALTERNATIVE FUELS

We offer machines and engines that are capable of operating on alternative fuels such as hydrogen, biogas, hydrotreated vegetable oil (HVO) and biodiesel, while continuing to develop technologies for the future.



ACCELERATING COMMODITY DEMAND

Our mining customers use Caterpillar products to produce the commodities required for electrification, including the growing demand for electric vehicles. Minerals and other transition-related commodities required for electrification and needed for basic infrastructure all positively impact the demand for our equipment, services and technology within mining as well as heavy construction and quarry and aggregates.



BUILDING INFRASTRUCTURE

Our construction equipment is helping to build the required infrastructure to support the energy transition — from the installation of wind turbines and transmission lines to microgrids with solar panels to charging stations for automotive vehicles.



ENHANCING ENERGY RELIABILITY

Increasing renewable power in electric grids creates opportunities for distributed power generation. Customers utilize our reciprocating engine generator sets and gas turbines to support electric grid stability. Additionally, our microgrid solutions serve as integrated sources to provide reliable power in remote locations.

COMMITTED TO PROGRESS

As we help our customers build a better, more sustainable world, we remain committed to progress in our operations and organization.

At Caterpillar, we are committed to reducing our own environmental footprint and supporting our customers' sustainability goals. Our [2022 Sustainability Report](#) provides an in-depth look at progress over the past year, including our first disclosure of our Scope 3 use of sold products' greenhouse gas emissions.

More information about how we are managing climate opportunities and risks can be found in our inaugural [Task Force on Climate-related Financial Disclosures \(TCFD\) Report](#).

Our inaugural [2022 Lobbying Report](#) details how and why Caterpillar participates in public policy to help advocate for issues that advance our enterprise strategy.

A diverse and inclusive workforce is a source of innovation and competitive advantage at Caterpillar. Read our [2022 Diversity & Inclusion Report](#) to learn about our continuing D&I journey.

The [Caterpillar Foundation](#) celebrated its 70th anniversary in 2022. Since its founding in 1952, the Foundation has invested nearly \$900 million to help build more resilient communities.



2022 SEGMENT¹ HIGHLIGHTS

CONSTRUCTION INDUSTRIES

- Grew services through integrated commercial offerings and achieved double-digit growth in eCommerce sales to users compared to 2021
- Expanded the number of new and certified used machines delivered with a Customer Value Agreement
- Enhanced Cat Certified Rebuild growth, driving sustainable solutions for end customers
- Announced the development of four battery electric Cat machine prototypes and launched the first SEM electric wheel loader in China
- Continued investment in automation and expansion of Cat Command technologies



\$25.3B
Sales²

\$4.7B
Segment Profit

Sales² ▲ 14% compared to 2021

RESOURCE INDUSTRIES

- Grew services with expanded offerings focused on improving customers' fleet performance and uptime
- Expanded autonomy leadership by scaling to quarry and aggregates applications
- Signed definitive agreements with mining customers to support their energy transition goals
- Demonstrated Caterpillar's first battery electric mining truck prototype and began transformation of the U.S.-based Tucson Proving Ground into a sustainable testing and validation hub of the future
- Launched Caterpillar's first battery electric underground loader



\$12.3B
Sales²

\$1.8B
Segment Profit

Sales² ▲ 26% compared to 2021

ENERGY & TRANSPORTATION

- Grew services with a strategic focus on digital touchpoints, condition monitoring, integrated services offerings and expanding remanufacturing options
- Formed the Electrification & Advanced Power Solutions Division focused on the creation of modular and scalable advanced power sources and electrified drivetrain product lines
- Invested in Lithos Energy, which specializes in designing, engineering and manufacturing shock-resistant and high-performance lithium-ion battery solutions for applications including off-road and marine
- Acquired Tangent Energy Solutions, adding complementary energy-as-a-service capabilities to Caterpillar's broad portfolio of electric power products
- Announced key collaboration agreements with Chevron to deliver a turbine demonstration unit running on 50% hydrogen blended with natural gas and with Damen shipyards to develop a methanol-ready tug



\$23.8B
Sales²

\$3.3B
Segment Profit

Sales² ▲ 17% compared to 2021

CORPORATE GOVERNANCE

Caterpillar's governance structure provides leadership, accountability and transparency to the management of the company and its businesses. Our corporate governance framework serves the interests of shareholders with the highest standards of responsibility, integrity and commitment to enhance shareholder value over the long term. These standards are developed and implemented by our board of directors and the Executive Office.

BOARD OF DIRECTORS

Kelly A. Ayotte
Former U.S. Senator
Representing New Hampshire

David L. Calhoun
President and CEO
The Boeing Company

Daniel M. Dickinson
Managing Partner
HCI Equity Partners

James C. Fish, Jr.
President and CEO
Waste Management, Inc.

Gerald Johnson
Executive Vice President
Global Manufacturing & Sustainability
General Motors Company

David W. MacLennan
Executive Chair and former CEO
Cargill, Inc.

Judith F. Marks
Chair of the Board, CEO and President
Otis Worldwide Corporation

Debra L. Reed-Klages
Former Chairman and CEO
Sempra Energy

Edward B. Rust, Jr.
Retired Chairman and CEO
State Farm Mutual Automobile
Insurance Company

Susan C. Schwab
Professor Emerita at the
University of Maryland School
of Public Policy and Former
U.S. Trade Representative

D. James Umpleby III
Chairman and CEO
Caterpillar Inc.

Rayford Wilkins, Jr.
Former CEO
Diversified Businesses AT&T Inc.

EXECUTIVE OFFICERS

Chairman and CEO
D. James Umpleby III

Group Presidents
Joseph E. Creed
Bob De Lange
Anthony D. Fassino
Denise C. Johnson

Chief Financial Officer
Andrew R.J. Bonfield

Chief Legal Officer
and General Counsel
Suzette M. Long

Chief Human Resources Officer
Cheryl H. Johnson

As of April 1, 2023

Learn more about our corporate governance framework and voting on matters for the annual meeting in Caterpillar's Proxy Statement: <https://www.caterpillar.com/en/investors/financial-information/proxy-statement>.

¹ Segment represents the three primary segments: Construction Industries, Resource Industries and Energy & Transportation.
² Includes inter-segment sales.



World's first fully autonomous water truck, the Cat® 789D, delivers precision water application to prevent overwatering haul roads, creating a safer and more sustainable environment.

[CATERPILLAR.COM/REPORTS](https://www.caterpillar.com/reports)

Read how Caterpillar is helping our customers build a better, more sustainable world in our latest reports:

- Annual Report
- Diversity & Inclusion Report
- Lobbying Report
- Sustainability Report



CATERPILLAR®

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