

TheStreet Quant Ratings

CATERPILLAR INC

BUY					HOLD			SELL						BUY	RATING SINCE	04/25/2018	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	TARGET PRICE
Annual Dividend Rate \$5.20		Annual Dividend Yield 1.52%		Beta 1.15		Market Capitalization \$170.7 Billion		52-Week Range \$204.04-\$346.84		Price as of 3/14/2024 \$341.92							

Sector: **Manufacturing** | Industry Group: **Agriculture, Construction, and Mining Machinery Manufacturing**

CAT BUSINESS DESCRIPTION

Caterpillar Inc. manufactures and sells construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines, and diesel-electric locomotives in worldwide.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	19.90	51.51	14.30

GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	2.84	12.84	17.11
Net Income	84.04	54.13	51.06
EPS	89.24	59.20	54.51

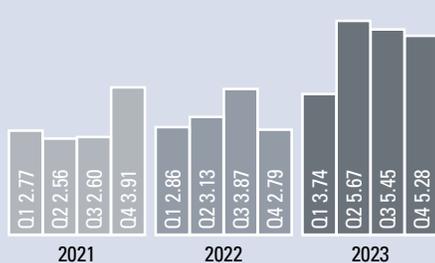
RETURN ON EQUITY (%)

	CAT	Subsector Avg	S&P 500
Q4 2023	53.02	55.86	17.66
Q4 2022	42.25	60.60	19.00
Q4 2021	39.37	55.03	18.28

P/E COMPARISON

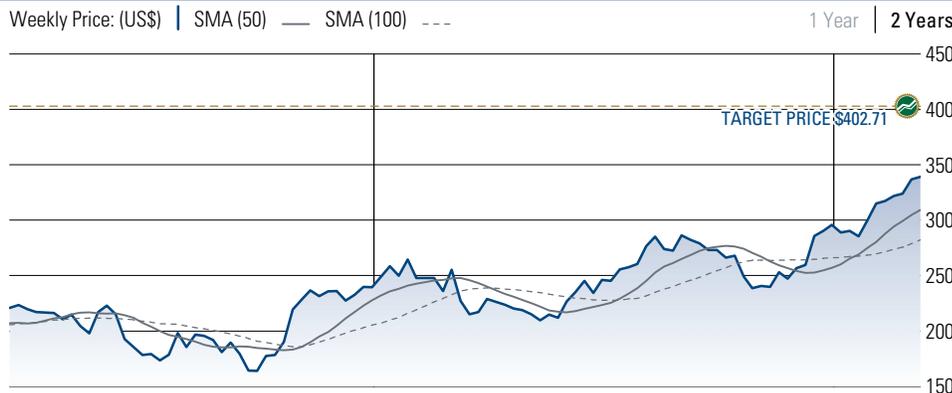


EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

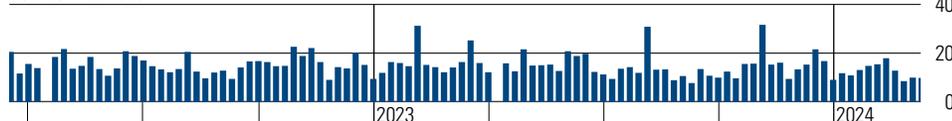
1 Compustat fiscal year convention is used for all fundamental data items.



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate CATERPILLAR INC (CAT) a BUY. This is based on the convergence of positive investment measures, which should help this stock outperform the majority of stocks that we rate. The company's strengths can be seen in multiple areas, such as its revenue growth, solid stock price performance, impressive record of earnings per share growth, compelling growth in net income and reasonable valuation levels. We feel its strengths outweigh the fact that the company has had generally high debt management risk by most measures that we evaluated.

HIGHLIGHTS

CAT's revenue growth has slightly outpaced the subsector average of 1.3%. Since the same quarter one year prior, revenues slightly increased by 2.8%. Growth in the company's revenue appears to have helped boost the earnings per share.

Powered by its strong earnings growth of 89.24% and other important driving factors, this stock has surged by 51.51% over the past year, outperforming the rise in the S&P 500 Index during the same period. Regarding the stock's future course, although almost any stock can fall in a broad market decline, CAT should continue to move higher despite the fact that it has already enjoyed a very nice gain in the past year.

CATERPILLAR INC reported significant earnings per share improvement in the most recent quarter compared to the same quarter a year ago. The company has demonstrated a pattern of positive earnings per share growth over the past two years. We feel that this trend should continue. During the past fiscal year, CATERPILLAR INC increased its bottom line by earning \$20.14 versus \$12.65 in the prior year. This year, the market expects an improvement in earnings (\$21.24 versus \$20.14).

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Machinery Manufacturing subsector. The net income increased by 84.0% when compared to the same quarter one year prior, rising from \$1,454.00 million to \$2,676.00 million.

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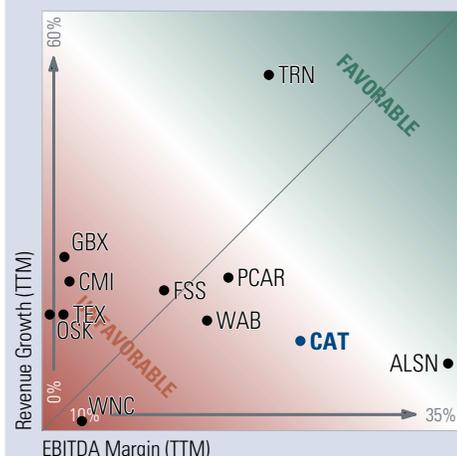
CATERPILLAR INC

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PEER GROUP ANALYSIS

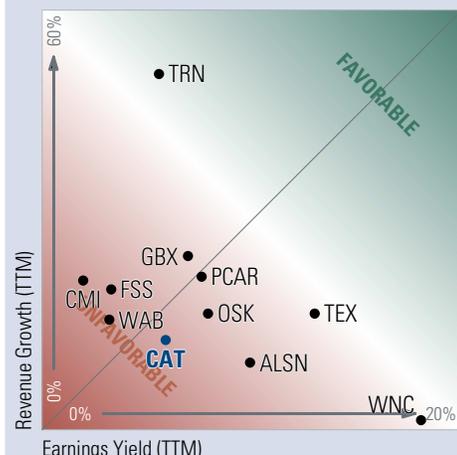
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$1.2 Billion and \$170.7 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between 1.4% and 50.9%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

CATERPILLAR INC falls within the Manufacturing sector and the Agriculture, Construction, and Mining Machinery Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Construction Machinery Manufacturing.

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around \$29,922 billion in market capitalization as well as \$10,681 billion in annual sales.

The Machinery Manufacturing subsector accounts for 5.5% of those revenues.

Industries in the Machinery Manufacturing subsector create end products that apply mechanical force, for example, the application of gears and levers, to perform work. Some important processes for the manufacture of machinery are forging, stamping, bending, forming, and machining that are used to shape individual pieces of metal. Processes, such as welding and assembling are used to join separate parts together. Although these processes are similar to those used in metal fabricating establishments, machinery manufacturing is different because it typically employs multiple metal forming processes in manufacturing the various parts of the machine. Moreover, complex assembly operations are an inherent part of the production process. In general, design considerations are very important in machinery production. Establishments specialize in making machinery designed for particular applications. Thus, design is considered to be part of the production process for the purpose of implementing NAICS. The NAICS structure reflects this by defining industries and industry groups that make machinery for different applications. A broad distinction exists between machinery that is generally used in a variety of industrial applications (i.e., general purpose machinery) and machinery that is designed to be used in a particular industry (i.e., special purpose machinery). Three industry groups consist of special purpose machinery--Agriculture, Construction, and Mining Machinery Manufacturing; Industrial Machinery Manufacturing; and Commercial and Service Industry Machinery Manufacturing. The other industry groups make general purpose machinery: Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing; Metalworking Machinery Manufacturing; Engine, Turbine, and Power Transmission Equipment Manufacturing; and Other General Purpose Machinery Manufacturing.

PEER GROUP: Machinery Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
CAT	CATERPILLAR INC	341.92	170,747	16.98	67,060.00	10,335.00
OSK	OSHKOSH CORP	114.62	7,516	12.62	9,657.90	598.00
ALS	ALLISON TRANSMISSION HLDGS	74.99	6,540	10.08	3,035.00	673.00
PCAR	PACCAR INC	115.21	60,357	13.14	35,127.40	4,600.80
FSS	FEDERAL SIGNAL CORP	77.81	4,746	30.28	1,722.70	157.40
TEX	TEREX CORP	58.35	3,909	7.70	5,151.50	518.00
CMI	CUMMINS INC	263.58	37,391	50.88	34,065.00	735.00
WAB	WABTEC CORP	140.85	24,935	31.16	9,677.00	815.00
TRN	TRINITY INDUSTRIES INC	25.47	2,085	17.94	2,983.30	106.00
GBX	GREENBRIER COS INC (THE)	48.07	1,495	14.39	3,986.30	110.40
WNC	WABASH NATIONAL CORP	26.64	1,201	5.54	2,536.50	231.25

The peer group comparison is based on Major Machinery Manufacturing companies of comparable size.

TheStreet Quant Ratings

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COMPANY DESCRIPTION

Caterpillar Inc. manufactures and sells construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines, and diesel-electric locomotives in worldwide. Its Construction Industries segment offers asphalt pavers, compactors, road reclaimers, forestry machines, cold planers, material handlers, track-type tractors, excavators, telehandlers, motor graders, and pipelayers; compact track, wheel, track-type, backhoe, and skid steer loaders; and related parts and tools. The company's Resource Industries segment provides electric rope and hydraulic shovels, draglines, rotary drills, hard rock vehicles, tractors, mining trucks, wheel loaders, off-highway and articulated trucks, wheel tractor scrapers and dozers, fleet management products, landfill and soil compactors, machinery components, autonomous ready vehicles and related services, as well as related parts and services. Its Energy & Transportation segment offers reciprocating engine powered generator sets; reciprocating engines, drivetrain, and integrated systems and solutions; turbines, centrifugal gas compressors, and related services; and diesel-electric locomotives and components, and other rail-related products. The company's Financial Products segment provides operating and finance leases, installment sale contracts, revolving charge accounts, repair/rebuild financing services, working capital loans, and wholesale financing; and insurance and risk management products and services. Its All Other Operating segment offers filters and fluids, undercarriage, ground engaging tools, fluid transfer products, precision seals, and rubber sealing and connecting components; parts distribution; logistics solutions and distribution services; brand management and marketing strategy services; and digital investments services. Caterpillar Inc. was founded in 1925 and is headquartered in Irving, Texas.

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Phone: 972 891 7700
http://www.caterpillar.com
Employees: 113000

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of CAT shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	5.0 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, CAT has a growth score better than 90% of the stocks we rate.		weak				strong
Total Return	5.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.		weak				strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
Price volatility	4.5 out of 5 stars	★	★	★	★	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 80% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	3.5 out of 5 stars	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	17,070.00	16,597.00
EBITDA (\$mil)	4,333.00	3,850.00
EBIT (\$mil)	3,788.00	3,292.00
Net Income (\$mil)	2,676.00	1,454.00

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	7,941.00	7,838.00
Total Assets (\$mil)	87,476.00	81,943.00
Total Debt (\$mil)	38,452.00	37,572.00
Equity (\$mil)	19,494.00	15,869.00

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	38.92%	34.52%
EBITDA Margin	25.38%	23.19%
Operating Margin	22.19%	19.83%
Sales Turnover	0.77	0.73
Return on Assets	11.81%	8.18%
Return on Equity	53.02%	42.25%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	1.35	1.39
Debt/Capital	0.66	0.70
Interest Expense	414.00	305.00
Interest Coverage	9.15	10.79

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	499	516
Div / share	1.30	1.20
EPS	5.28	2.79
Book value / share	39.04	30.73
Institutional Own %	NA	NA
Avg Daily Volume	2,571,847	2,949,151

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

CATERPILLAR INC's gross profit margin for the fourth quarter of its fiscal year 2023 has increased when compared to the same period a year ago. The company managed to grow both sales and net income at a faster pace than the average competitor in its subsector this quarter as compared to the same quarter a year ago. CATERPILLAR INC has weak liquidity. Currently, the Quick Ratio is 0.78 which shows a lack of ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has increased by 22.84% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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RATINGS HISTORY

Our rating for CATERPILLAR INC has not changed since 4/25/2018. As of 3/14/2024, the stock was trading at a price of \$341.92 which is 1.4% below its 52-week high of \$346.84 and 67.6% above its 52-week low of \$204.04.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/14/22	\$215.44	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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 Sales Contact: 866-321-8726

VALUATION

BUY. CATERPILLAR INC's P/E ratio indicates a significant discount compared to an average of 34.89 for the Machinery Manufacturing subsector and a significant discount compared to the S&P 500 average of 27.95. To use another comparison, its price-to-book ratio of 8.76 indicates a significant premium versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 15.81. The price-to-sales ratio is below the S&P 500 average and is well below the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, CATERPILLAR INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
				premium	discount

CAT 16.98 **Peers 34.89**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- CAT is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
				premium	discount

CAT 15.16 **Peers 25.65**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- CAT is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5
				premium	discount

CAT 8.76 **Peers 15.81**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- CAT is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
				premium	discount

CAT 2.55 **Peers 8.34**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- CAT is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
				premium	discount

CAT 13.25 **Peers 35.56**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- CAT is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
				premium	discount

CAT 3.05 **Peers 5.15**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- CAT trades at a significant discount to its peers.

Earnings Growth	1	2	3	4	5
		lower			higher

CAT 59.20 **Peers 20.44**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- CAT is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
		lower			higher

CAT 12.84 **Peers 19.92**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- CAT trails its peers on the basis of sales growth.

DISCLAIMER:

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.