

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: May 4, 2021

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other Jurisdiction of
Incorporation)

1-4949
(Commission File Number)

35-0257090
(I.R.S. Employer Identification No.)

500 Jackson Street
P. O. Box 3005
Columbus, Indiana 47202-3005
(Principal Executive Office) (Zip Code)

Registrant's telephone number, including area code: **(812) 377-5000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Sections 12(b) of the Act:

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common stock, \$2.50 par value | CMI | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 4, 2021, Cummins Inc. (“Cummins,” “the Company,” “the registrant,” “we,” “our,” or “us”) issued the attached press release reporting its financial results for the first quarter of 2021, which is furnished herewith as Exhibit 99.

The information furnished pursuant to this Item 2.02, including Exhibit 99, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. - The exhibit below is furnished herewith:

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------------|---|
| Exhibit 99 | Press Release dated May 4, 2021 |
| Exhibit 104 | Cover Page Interactive Data File (the cover page Interactive Data File is embedded within the Inline XBRL document) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 4, 2021

CUMMINS INC.

/s/ CHRISTOPHER C. CLULOW

Christopher C. Clulow
Vice President - Corporate Controller
(Principal Accounting Officer)

News Release



For Immediate Release

May 4, 2021

Cummins Reports First Quarter 2021 Results

- **First quarter revenues of \$6.1 billion; GAAP¹ Net Income of \$603 million**
- **First quarter EBITDA of 16.1 percent; Diluted EPS of \$4.07**
- **The company is raising its full year 2021 revenue guidance to be up 20 to 24 percent; up from 8 to 12 percent**
- **EBITDA is now expected to be in the range of 15.5 to 16.0 percent; up from 15.0 to 15.5 percent**

COLUMBUS, IND. - Cummins Inc. (NYSE: CMI) today reported results for the first quarter of 2021.

First quarter revenues of \$6.1 billion increased 22 percent from the same quarter in 2020. Sales in North America increased 7 percent while international revenues increased 45 percent driven by strong demand across all global markets as well as new product sales in China and India.

“Demand accelerated in the first quarter, as the global economy continued to improve, driving strong sales growth across most businesses and regions and resulting in solid profitability. The strength and breadth of the rebound in demand has surpassed our original expectations and we have raised our full year outlook”, said Chairman and CEO Tom Linebarger. “While we are encouraged by the rising demand, the pace of recovery has placed a strain on global supply chains leading to increased costs and challenges in fulfilling end-user demand. The shortage of key components such as semiconductor chips has been the primary challenge, with adverse weather conditions impacting the US, and bottlenecks in global logistics further adding to order backlogs. The ability to supply is our key focus now and we are doing everything we can to mitigate the impact. I want to thank our global employees, especially those in our supply chain and manufacturing operations, and our suppliers for their extraordinary efforts to manage through these challenges and support our customers.”

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the first quarter were \$980 million (16.1 percent of sales), compared to \$846 million (16.9 percent of sales) a year ago.

Net income attributable to Cummins in the first quarter was \$603 million (\$4.07 per diluted share) compared to \$511 million (\$3.41 per diluted share) in 2020. The tax rate in the first quarter was 22.0 percent including \$4 million, or \$0.03 per share, of favorable discrete items.

2021 Outlook:

Based on the current forecast, Cummins is raising its full year 2021 revenue guidance to 20 to 24 percent, an increase from 8 to 12 percent due to stronger demand across all markets. EBITDA is expected to be in the range of 15.5 to 16.0 percent, an increase from the prior range of 15.0 and 15.5 percent of sales, primarily due to increased demand. The Company expects to return 75 percent of Operating Cash Flow to shareholders in 2021 in the form of dividends and share repurchases.

"We are raising our guidance for 2021 on both revenue and profitability. We continue to take necessary precautions at all our facilities to mitigate the spread of COVID-19 and our focus remains on the health and safety of our employees. We are optimistic that continued vaccination distribution globally will reduce the impact of the virus in the second half of the year, but there is still a risk of an increase in cases and the potential for new virus variants that could result in lower customer demand, additional facility shutdowns, or additional supply chain constraints in the future. Cummins is in a strong position to keep investing in future growth, bringing new technologies to customers and returning cash to shareholders." said Chairman and CEO Tom Linebarger.

First Quarter 2021 Highlights:

- Cummins was named to Ethisphere's World's Most Ethical Companies list for a 14th consecutive year.
- The Company announced a global strategic partnership with Daimler to provide medium duty powertrain systems for Daimler Trucks and Buses, allowing both companies to be more competitive, drive global innovation, expand offerings to customers and reduce emissions.
- Cummins continued its commitment to gender equality on International Women's Day. With a goal of having 24 hours of continuous conversations on gender equity, more than 5,000 employees participated in 47 conversations hosted in 22 countries around the world. The Cummins Powers Women program also continued its progress by forming a new partnership with Promundo in Europe to prevent violence against women.
- Cummins Vice Chairman, Tony Satterthwaite, testified before Congress in the Hearing on Transportation Technologies, reinforcing Cummins' commitment to achieve a net zero carbon emissions future through continued innovation in advanced internal combustion, battery, and fuel cell technologies. Satterthwaite urged the government to make the infrastructure investments required to support the successful market adoption of zero carbon emission technologies.
- The Company announced employees, contingent workers and their spouses and dependents (ages 16+) could receive the Pfizer-BioNTech COVID-19 vaccine at several locations across the United States. Cummins continues to collaborate with health officials around the world to provide employees with access to COVID-19 vaccines.

First quarter 2021 detail (all comparisons to same period in 2020):

Engine Segment

- Sales - \$2.5 billion, up 14 percent
- Segment EBITDA - \$354 million, or 14.4 percent of sales, compared to \$365 million or 16.9 percent of sales

- On-highway revenues increased 15 percent driven by strong demand in the North American truck and pickup markets and off-highway revenues increased 9 percent driven by strong demand in international construction markets
- Sales increased 10 percent in North America and 24 percent in international markets

Distribution Segment

- Sales - \$1.8 billion, up 1 percent
- Segment EBITDA - \$160 million, or 8.7 percent of sales, compared to \$158 million or 8.7 percent of sales
- Revenues in North America were down 6 percent and international sales increased by 17 percent
- Increased demand in power generation and engine markets offset by declines in parts and service as a result of supply chain constraints

Components Segment

- Sales - \$2.2 billion, up 43 percent
- Segment EBITDA - \$421 million, or 19.6 percent of sales, compared to \$279 million or 18.6 percent of sales
- Revenues in North America increased by 15 percent and international sales increased by 82 percent due to higher demand in China and India

Power Systems Segment

- Sales - \$1.0 billion, up 16 percent
- Segment EBITDA - \$126 million, or 12.3 percent of sales, compared to \$77 million, or 8.7 percent of sales
- Power generation revenues increased by 18 percent driven by growth in recreational vehicle and datacenter markets while industrial revenues increased 9 percent due to stronger demand in mining markets

New Power Segment

- Sales - \$35 million, up 250 percent
- Segment EBITDA loss - \$51 million
- Revenues increased due to greater demand in transit and school bus markets in addition to the commissioning of electrolyzer projects and shipments of fuel cell systems to the rail market
- Costs associated with the development of fuel cells and electrolyzers as well as products to support battery electric vehicles are contributing to EBITDA losses

¹ Generally Accepted Accounting Principles

About Cummins Inc.

Cummins Inc., a global power leader, is a corporation of complementary business segments that design, manufacture, distribute and service a broad portfolio of power solutions. The company's products range from diesel, natural gas, electric and hybrid powertrains and powertrain-related components including filtration, aftertreatment, turbochargers, fuel systems, controls systems, air handling systems, automated transmissions, electric power generation systems, batteries, electrified power systems, hydrogen generation and fuel cell products. Headquartered in Columbus, Indiana (U.S.), since its founding in 1919, Cummins employs approximately 57,825 people committed to powering a more prosperous world through three global corporate responsibility priorities critical to healthy communities: education, environment and equality of opportunity. Cummins serves its customers online, through a network of company-owned and independent distributor locations, and through thousands of dealer locations worldwide and earned about \$1.8 billion on sales of \$19.8 billion in 2020. To learn more about Cummins visit cummins.com.

Forward-looking disclosure statement

Information provided in this release that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our forecasts, guidance, preliminary results, expectations, hopes, beliefs and intentions on strategies regarding the future. These forward-looking statements include, without limitation, statements relating to our plans and expectations for our revenues and EBITDA. Our actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to: any adverse results of our internal review into our emissions certification process and compliance with emission standards; increased scrutiny from regulatory agencies, as well as unpredictability in the adoption, implementation and enforcement of emission standards around the world; policy changes in international trade; the U.K.'s exit from the European Union; changes in taxation; global legal and ethical compliance costs and risks; increasingly stringent environmental laws and regulations; future bans or limitations on the use of diesel-powered products; supply shortages and supplier financial risk, particularly from any of our single-sourced suppliers, including suppliers that may be impacted by the COVID-19 pandemic; market slowdown due to the impacts from the COVID-19 pandemic, other public health crises, epidemics or pandemics; impacts to manufacturing and supply chain abilities from an extended shutdown or disruption of our operations due to the COVID-19 pandemic; aligning our capacity and production with our demand, including impacts of COVID-19; large truck manufacturers and original equipment manufacturers customers discontinuing outsourcing their engine supply needs or experiencing financial distress, particularly related to the COVID-19 pandemic, bankruptcy or change in control; a slowdown in infrastructure development and/or depressed commodity prices; failure to realize expected results from our investment in Eaton Cummins Automated Transmission Technologies joint venture; the actions of, and income from, joint ventures and other investees that we do not directly control; product recalls; the development of new technologies that reduce demand for our current products and services; lower than expected acceptance of new or existing products or services; variability in material and commodity costs; product liability claims; our sales mix of products; protection and validity of our patent and other intellectual property rights; disruptions in global credit and financial markets as the result of the COVID-19 pandemic; labor relations or work stoppages; reliance on our executive leadership team and other key personnel; climate change and global warming; our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions and divestitures and related uncertainties of entering such transactions; exposure to potential security breaches or other disruptions to our information technology systems and data security; political, economic and other risks from operations in numerous countries; competitor activity; increasing competition, including increased global competition among our customers in emerging markets; foreign currency exchange rate changes; the performance of our pension plan assets and volatility of discount rates, particularly those related to the sustained slowdown of the global economy due to the COVID-19 pandemic; the price and availability of energy; the outcome of pending and future litigation and governmental proceedings; continued availability of financing, financial instruments and financial resources in the amounts, at the times and on the terms required to support our future business; and other risks detailed from time to time in our SEC filings, including particularly in the Risk Factors section of our 2020 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the SEC, which are available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.

Presentation of Non-GAAP Financial Information

EBITDA is a non-GAAP measure used in this release and is defined and reconciled to what management believes to be the most comparable GAAP measure in a schedule attached to this release. Cummins presents this information as it believes it is useful to understanding the Company's operating performance, and because EBITDA is a measure used internally to assess the performance of the operating units.

Webcast information

Cummins management will host a teleconference to discuss these results today at 10 a.m. EST. This teleconference will be webcast and available on the Investor Relations section of the Cummins website at www.cummins.com. Participants wishing to view the visuals available with the audio are encouraged to sign-in a few minutes prior to the start of the teleconference.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME
(Unaudited) (a)

| In millions, except per share amounts | Three months ended | |
|---|--------------------|-------------------|
| | April 4, 2021 | March 29, 2020 |
| NET SALES | \$ 6,092 | \$ 5,011 |
| Cost of sales | 4,606 | 3,717 |
| GROSS MARGIN | 1,486 | 1,294 |
| OPERATING EXPENSES AND INCOME | | |
| Selling, general and administrative expenses | 574 | 546 |
| Research, development and engineering expenses | 260 | 238 |
| Equity, royalty and interest income from investees | 166 | 129 |
| Other operating expense, net | (8) | (5) |
| OPERATING INCOME | 810 | 634 |
| Interest expense | 28 | 23 |
| Other income, net | 1 | 44 |
| INCOME BEFORE INCOME TAXES | 783 | 655 |
| Income tax expense | 172 | 127 |
| CONSOLIDATED NET INCOME | 611 | 528 |
| Less: Net income attributable to noncontrolling interests | 8 | 17 |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC. | \$ 603 | \$ 511 |
| EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC. | | |
| Basic | \$ 4.10 | \$ 3.42 |
| Diluted | \$ 4.07 | \$ 3.41 |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING | | |
| Basic | 147.0 | 149.3 |
| Diluted | 148.3 | 149.7 |

^(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (a)

| In millions, except par value | April 4, 2021 | December 31, 2020 |
|--|------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,958 | \$ 3,401 |
| Marketable securities | 397 | 461 |
| Total cash, cash equivalents and marketable securities | 3,355 | 3,862 |
| Accounts and notes receivable, net | 4,209 | 3,820 |
| Inventories | 3,753 | 3,425 |
| Prepaid expenses and other current assets | 805 | 790 |
| Total current assets | 12,122 | 11,897 |
| Long-term assets | | |
| Property, plant and equipment, net | 4,196 | 4,255 |
| Investments and advances related to equity method investees | 1,592 | 1,441 |
| Goodwill | 1,290 | 1,293 |
| Other intangible assets, net | 964 | 963 |
| Pension assets | 1,085 | 1,042 |
| Other assets | 1,713 | 1,733 |
| Total assets | \$ 22,962 | \$ 22,624 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable (principally trade) | \$ 3,279 | \$ 2,820 |
| Loans payable | 93 | 169 |
| Commercial paper | 317 | 323 |
| Accrued compensation, benefits and retirement costs | 393 | 484 |
| Current portion of accrued product warranty | 623 | 674 |
| Current portion of deferred revenue | 773 | 691 |
| Other accrued expenses | 1,121 | 1,112 |
| Current maturities of long-term debt | 61 | 62 |
| Total current liabilities | 6,660 | 6,335 |
| Long-term liabilities | | |
| Long-term debt | 3,620 | 3,610 |
| Pensions and other postretirement benefits | 621 | 630 |
| Accrued product warranty | 692 | 672 |
| Deferred revenue | 828 | 840 |
| Other liabilities | 1,510 | 1,548 |
| Total liabilities | \$ 13,931 | \$ 13,635 |
| EQUITY | | |
| Cummins Inc. shareholders' equity | | |
| Common stock, \$2.50 par value, 500 shares authorized, 222.4 and 222.4 shares issued | \$ 2,393 | \$ 2,404 |
| Retained earnings | 15,825 | 15,419 |
| Treasury stock, at cost, 76.2 and 74.8 shares | (8,172) | (7,779) |
| Accumulated other comprehensive loss | (1,937) | (1,982) |
| Total Cummins Inc. shareholders' equity | 8,109 | 8,062 |
| Noncontrolling interests | 922 | 927 |
| Total equity | \$ 9,031 | \$ 8,989 |
| Total liabilities and equity | \$ 22,962 | \$ 22,624 |

^(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (a)

| In millions | Three months ended | |
|---|--------------------|-------------------|
| | April 4, 2021 | March 29, 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Consolidated net income | \$ 611 | \$ 528 |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities | | |
| Depreciation and amortization | 170 | 168 |
| Deferred income taxes | 8 | (11) |
| Equity in income of investees, net of dividends | (136) | (78) |
| Pension and OPEB expense | 20 | 27 |
| Pension contributions and OPEB payments | (51) | (60) |
| Share-based compensation expense | 8 | 4 |
| Restructuring payments | — | (48) |
| Loss (gain) on corporate owned life insurance | 32 | (17) |
| Foreign currency remeasurement and transaction exposure | 1 | 3 |
| Changes in current assets and liabilities | | |
| Accounts and notes receivable | (374) | 107 |
| Inventories | (336) | (171) |
| Other current assets | (24) | 79 |
| Accounts payable | 465 | 171 |
| Accrued expenses | (24) | (321) |
| Changes in other liabilities | — | 28 |
| Other, net | (31) | (30) |
| Net cash provided by operating activities | 339 | 379 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (87) | (75) |
| Investments in internal use software | (11) | (8) |
| Investments in and advances to equity investees | (24) | (7) |
| Investments in marketable securities—acquisitions | (143) | (116) |
| Investments in marketable securities—liquidations | 207 | 95 |
| Cash flows from derivatives not designated as hedges | 14 | 6 |
| Other, net | 19 | 6 |
| Net cash used in investing activities | (25) | (99) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (payments) borrowings of commercial paper | (6) | 957 |
| Payments on borrowings and finance lease obligations | (16) | (10) |
| Net (payments) borrowings under short-term credit agreements | (102) | 25 |
| Distributions to noncontrolling interests | (13) | (13) |
| Dividend payments on common stock | (197) | (195) |
| Repurchases of common stock | (418) | (550) |
| Proceeds from issuing common stock | 18 | 13 |
| Other, net | (11) | 7 |
| Net cash (used in) provided by financing activities | (745) | 234 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| Net (decrease) increase in cash and cash equivalents | (12) | 48 |
| Net (decrease) increase in cash and cash equivalents | (443) | 562 |
| Cash and cash equivalents at beginning of year | 3,401 | 1,129 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 2,958 | \$ 1,691 |

(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America.

CUMMINS INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)

| In millions | Engine | Distribution | Components | Power Systems | New Power | Total Segments | Intersegment Eliminations ⁽¹⁾ | Total |
|--|----------|--------------|------------|---------------|-----------|----------------|--|----------|
| Three months ended April 4, 2021 | | | | | | | | |
| Segment sales | \$ 2,459 | \$ 1,835 | \$ 2,152 | \$ 1,022 | \$ 35 | \$ 7,503 | \$ (1,411) | \$ 6,092 |
| Less: Intersegment sales | 564 | 8 | 428 | 410 | 1 | 1,411 | (1,411) | — |
| External sales | 1,895 | 1,827 | 1,724 | 612 | 34 | 6,092 | — | 6,092 |
| Research, development and engineering expenses | 92 | 13 | 75 | 57 | 23 | 260 | — | 260 |
| Equity, royalty and interest income from investees | 113 | 17 | 19 | 12 | 5 | 166 | — | 166 |
| Interest income | 3 | 1 | 1 | 1 | — | 6 | — | 6 |
| EBITDA ⁽²⁾ | 354 | 160 | 421 | 126 | (51) | 1,010 | (30) | 980 |
| Depreciation and amortization ⁽³⁾ | 51 | 30 | 48 | 35 | 5 | 169 | — | 169 |
| EBITDA as a percentage of segment sales | 14.4 % | 8.7 % | 19.6 % | 12.3 % | NM | 13.5 % | | 16.1 % |
| Three months ended March 29, 2020 | | | | | | | | |
| Segment sales | \$ 2,158 | \$ 1,814 | \$ 1,502 | \$ 884 | \$ 10 | \$ 6,368 | \$ (1,357) | \$ 5,011 |
| Less: Intersegment sales | 579 | 7 | 387 | 384 | — | 1,357 | (1,357) | — |
| External sales | 1,579 | 1,807 | 1,115 | 500 | 10 | 5,011 | — | 5,011 |
| Research, development and engineering expenses | 80 | 7 | 68 | 54 | 29 | 238 | — | 238 |
| Equity, royalty and interest income from investees | 78 | 21 | 21 | 9 | — | 129 | — | 129 |
| Interest income | 4 | 1 | 1 | 1 | — | 7 | — | 7 |
| EBITDA ⁽²⁾ | 365 | 158 | 279 | 77 | (43) | 836 | 10 | 846 |
| Depreciation and amortization ⁽³⁾ | 53 | 31 | 48 | 32 | 4 | 168 | — | 168 |
| EBITDA as a percentage of segment sales | 16.9 % | 8.7 % | 18.6 % | 8.7 % | NM | 13.1 % | | 16.9 % |

"NM" - not meaningful information

⁽¹⁾ Includes intersegment sales, intersegment profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the three months ended April 4, 2021 and March 29, 2020.

⁽²⁾ EBITDA is defined as earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests.

⁽³⁾ Depreciation and amortization, as shown on a segment basis, excludes the amortization of debt discount and deferred costs included in the *Condensed Consolidated Statements of Net Income* as "Interest expense." The amortization of debt discount and deferred costs was \$1 million and less than \$1 million for the three months ended April 4, 2021 and March 29, 2020, respectively. A portion of depreciation expense is included in "Research, development and engineering expenses."

CUMMINS INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)

A reconciliation of our segment information to the corresponding amounts in the *Condensed Consolidated Statements of Net Income* is shown in the table below:

| <i>In millions</i> | Three months ended | |
|---|--------------------|-------------------|
| | April 4, 2021 | March 29, 2020 |
| TOTAL SEGMENT EBITDA | \$ 1,010 | \$ 836 |
| Add: | | |
| Intersegment elimination | (30) | 10 |
| TOTAL EBITDA | 980 | 846 |
| Less: | | |
| Interest expense | 28 | 23 |
| Depreciation and amortization | 169 | 168 |
| INCOME BEFORE INCOME TAXES | 783 | 655 |
| Less: Income tax expense | 172 | 127 |
| CONSOLIDATED NET INCOME | 611 | 528 |
| Less: Net income attributable to noncontrolling interests | 8 | 17 |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC. | \$ 603 | \$ 511 |

CUMMINS INC. AND SUBSIDIARIES
SELECT FOOTNOTE DATA
(Unaudited)

EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES

Equity, royalty and interest income from investees included in our *Condensed Consolidated Statements of Net Income* for the reporting periods was as follows:

| In millions | Three months ended | |
|--|---------------------------|-------------------|
| | April 4, 2021 | March 29, 2020 |
| Manufacturing entities | | |
| Beijing Foton Cummins Engine Co., Ltd. | \$ 39 | \$ 17 |
| Dongfeng Cummins Engine Company, Ltd. | 31 | 8 |
| Chongqing Cummins Engine Company, Ltd. | 10 | 9 |
| All other manufacturers | 61 | 55 ⁽¹⁾ |
| Distribution entities | | |
| Komatsu Cummins Chile, Ltda. | 6 | 10 |
| All other distributors | 3 | — |
| Cummins share of net income | 150 | 99 |
| Royalty and interest income | | |
| Equity, royalty and interest income from investees | \$ 166 | \$ 129 |

⁽¹⁾ Includes \$37 million in favorable adjustments related to tax changes within India's 2020-2021 Union Budget of India (India Tax Law Changes) passed in March 2020.

CUMMINS INC. AND SUBSIDIARIES
FINANCIAL MEASURES THAT SUPPLEMENT GAAP
(Unaudited)

Reconciliation of Non GAAP measures - Earnings before interest, income taxes, depreciation and amortization and noncontrolling interests (EBITDA)

We believe EBITDA is a useful measure of our operating performance as it assists investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors.

EBITDA is not in accordance with, or an alternative for, accounting principles generally accepted in the United States (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data; however, the amounts included in the EBITDA calculation are derived from amounts included in the *Condensed Consolidated Statements of Net Income*. Below is a reconciliation of "Net income attributable to Cummins Inc." to EBITDA for each of the applicable periods:

| In millions | Three months ended | |
|---|---------------------------|---------------------------|
| | April 4, 2021 | March 29, 2020 |
| Net income attributable to Cummins Inc. | \$ 603 | \$ 511 |
| <i>Net income attributable to Cummins Inc. as a percentage of net sales</i> | <i>9.9 %</i> | <i>10.2 %</i> |
| Add: | | |
| Net income attributable to noncontrolling interests | 8 | 17 |
| Consolidated net income | 611 | 528 |
| Add: | | |
| Interest expense | 28 | 23 |
| Income tax expense | 172 | 127 |
| Depreciation and amortization | 169 | 168 |
| EBITDA | \$ 980 | \$ 846 |
| <i>EBITDA as a percentage of net sales</i> | <i>16.1 %</i> | <i>16.9 %</i> |

CUMMINS INC. AND SUBSIDIARIES
BUSINESS UNIT SALES DATA
(Unaudited)

Engine Segment Sales by Market and Unit Shipments by Engine Classification

Sales for our Engine segment by market were as follows:

| 2021 | | | | | |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Heavy-duty truck | \$ 827 | \$ — | \$ — | \$ — | \$ 827 |
| Medium-duty truck and bus | 674 | — | — | — | 674 |
| Light-duty automotive | 481 | — | — | — | 481 |
| Off-highway | 477 | — | — | — | 477 |
| Total sales | \$ 2,459 | \$ — | \$ — | \$ — | \$ 2,459 |

| 2020 | | | | | |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Heavy-duty truck | \$ 750 | \$ 415 | \$ 694 | \$ 789 | \$ 2,648 |
| Medium-duty truck and bus | 618 | 391 | 492 | 565 | 2,066 |
| Light-duty automotive | 353 | 180 | 522 | 492 | 1,547 |
| Off-highway | 437 | 437 | 404 | 483 | 1,761 |
| Total sales | \$ 2,158 | \$ 1,423 | \$ 2,112 | \$ 2,329 | \$ 8,022 |

Unit shipments by engine classification (including unit shipments to Power Systems and off-highway engine units included in their respective classification) were as follows:

| 2021 | | | | | |
|--------------|-----------|-----------|-----------|-----------|------------|
| Units | Q1 | Q2 | Q3 | Q4 | YTD |
| Heavy-duty | 30,700 | — | — | — | 30,700 |
| Medium-duty | 73,100 | — | — | — | 73,100 |
| Light-duty | 68,500 | — | — | — | 68,500 |
| Total units | 172,300 | — | — | — | 172,300 |

| 2020 | | | | | |
|--------------|-----------|-----------|-----------|-----------|------------|
| Units | Q1 | Q2 | Q3 | Q4 | YTD |
| Heavy-duty | 25,800 | 15,900 | 23,300 | 27,500 | 92,500 |
| Medium-duty | 61,200 | 44,900 | 50,100 | 64,700 | 220,900 |
| Light-duty | 49,400 | 29,800 | 67,200 | 69,400 | 215,800 |
| Total units | 136,400 | 90,600 | 140,600 | 161,600 | 529,200 |

CUMMINS INC. AND SUBSIDIARIES
BUSINESS UNIT SALES DATA
(Unaudited)

Distribution Segment Sales by Product Line

Sales for our Distribution segment by product line were as follows:

| 2021 | | | | | |
|--------------------|-----------------|-------------|-------------|-------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Parts | \$ 757 | \$ — | \$ — | \$ — | \$ 757 |
| Power generation | 418 | — | — | — | 418 |
| Engines | 334 | — | — | — | 334 |
| Service | 326 | — | — | — | 326 |
| Total sales | <u>\$ 1,835</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,835</u> |

| 2020 | | | | | |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Parts | \$ 787 | \$ 654 | \$ 722 | \$ 768 | \$ 2,931 |
| Power generation | 376 | 377 | 416 | 523 | 1,692 |
| Engines | 323 | 277 | 279 | 371 | 1,250 |
| Service | 328 | 297 | 304 | 334 | 1,263 |
| Total sales | <u>\$ 1,814</u> | <u>\$ 1,605</u> | <u>\$ 1,721</u> | <u>\$ 1,996</u> | <u>\$ 7,136</u> |

Component Segment Sales by Business

Sales for our Components segment by business were as follows:

| 2021 | | | | | |
|------------------------------|-----------------|-------------|-------------|-------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Emission solutions | \$ 1,035 | \$ — | \$ — | \$ — | \$ 1,035 |
| Filtration | 372 | — | — | — | 372 |
| Turbo technologies | 367 | — | — | — | 367 |
| Electronics and fuel systems | 263 | — | — | — | 263 |
| Automated transmissions | 115 | — | — | — | 115 |
| Total sales | <u>\$ 2,152</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 2,152</u> |

| 2020 | | | | | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Emission solutions | \$ 664 | \$ 472 | \$ 665 | \$ 831 | \$ 2,632 |
| Filtration | 312 | 255 | 314 | 351 | 1,232 |
| Turbo technologies | 270 | 216 | 281 | 331 | 1,098 |
| Electronics and fuel systems | 174 | 164 | 187 | 229 | 754 |
| Automated transmissions | 82 | 43 | 94 | 89 | 308 |
| Total sales | <u>\$ 1,502</u> | <u>\$ 1,150</u> | <u>\$ 1,541</u> | <u>\$ 1,831</u> | <u>\$ 6,024</u> |

CUMMINS INC. AND SUBSIDIARIES
BUSINESS UNIT SALES DATA
(Unaudited)

Power Systems Segment Sales by Product Line and Unit Shipments by Engine Classification

Sales for our Power Systems segment by product line were as follows:

| 2021 | | | | | |
|------------------------|-----------------|-------------|-------------|-------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Power generation | \$ 611 | \$ — | \$ — | \$ — | \$ 611 |
| Industrial | 324 | — | — | — | 324 |
| Generator technologies | 87 | — | — | — | 87 |
| Total sales | <u>\$ 1,022</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,022</u> |

| 2020 | | | | | |
|------------------------|---------------|---------------|---------------|---------------|-----------------|
| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
| Power generation | \$ 519 | \$ 424 | \$ 601 | \$ 623 | \$ 2,167 |
| Industrial | 296 | 291 | 309 | 292 | 1,188 |
| Generator technologies | 69 | 62 | 71 | 74 | 276 |
| Total sales | <u>\$ 884</u> | <u>\$ 777</u> | <u>\$ 981</u> | <u>\$ 989</u> | <u>\$ 3,631</u> |

High-horsepower unit shipments by engine classification were as follows:

| 2021 | | | | | |
|------------------|--------------|-----------|-----------|-----------|--------------|
| Units | Q1 | Q2 | Q3 | Q4 | YTD |
| Power generation | 2,100 | — | — | — | 2,100 |
| Industrial | 1,000 | — | — | — | 1,000 |
| Total units | <u>3,100</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>3,100</u> |

| 2020 | | | | | |
|------------------|--------------|--------------|--------------|--------------|---------------|
| Units | Q1 | Q2 | Q3 | Q4 | YTD |
| Power generation | 1,800 | 1,000 | 2,300 | 2,600 | 7,700 |
| Industrial | 1,000 | 1,000 | 1,200 | 1,100 | 4,300 |
| Total units | <u>2,800</u> | <u>2,000</u> | <u>3,500</u> | <u>3,700</u> | <u>12,000</u> |