

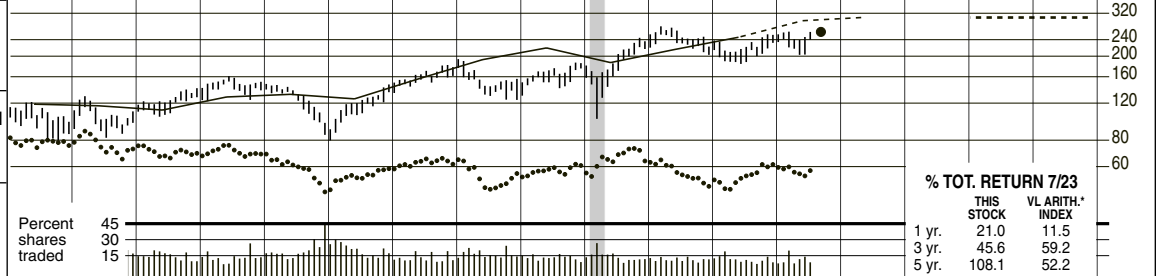
CUMMINS INC. NYSE-CMI

RECENT PRICE **260.80** P/E RATIO **13.4** (Trailing: 14.4 Median: 15.0) RELATIVE P/E RATIO **0.77** DIV'D YLD **2.6%** VALUE LINE

| | | | | | | | | | | | | | | |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------------------------|-----|
| TIMELINESS 3 Lowered 6/30/23 | High: 129.5 | 141.4 | 161.0 | 148.0 | 147.1 | 181.8 | 194.2 | 186.7 | 244.7 | 277.1 | 254.1 | 261.9 | Target Price Range 2026 2027 2028 | |
| SAFETY 2 Raised 5/19/17 | Low: 82.2 | 103.4 | 122.6 | 85.0 | 79.9 | 134.1 | 124.4 | 130.0 | 101.0 | 203.4 | 184.3 | 203.2 | | 640 |
| TECHNICAL 3 Lowered 6/23/23 | LEGENDS —— 11.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession | | | | | | | | | | | | | 480 |
| BETA 1.10 (1.00 = Market) | | | | | | | | | | | | | 400 | |

18-Month Target Price Range
Low-High Midpoint (% to Mid)
\$187-\$362 \$275 (5%)

2026-28 PROJECTIONS
High Price 415 (+60%)
Low Price 305 (+15%)
Ann'l Total Return 14%
7%



| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|--------|------------------------|--------|
| 64.53 | 71.23 | 53.64 | 66.87 | 93.56 | 91.33 | 92.67 | 105.49 | 109.08 | 104.10 | 123.28 | 150.45 | 156.41 | 134.22 | 168.57 | 198.68 | 238.10 | 242.30 | Sales per sh | 292.30 |
| 5.09 | 5.54 | 4.07 | 6.77 | 10.78 | 10.59 | 10.12 | 11.68 | 12.01 | 11.44 | 14.24 | 17.52 | 19.90 | 16.99 | 19.60 | 22.38 | 26.85 | 27.85 | "Cash Flow" per sh | 34.40 |
| 3.70 | 4.08 | 2.47 | 5.17 | 9.07 | 8.69 | 7.91 | 9.14 | 8.92 | 8.23 | 10.63 | 13.25 | 14.86 | 12.29 | 14.61 | 16.62 | 19.75 | 20.10 | Earnings per sh A | 25.70 |
| .43 | .60 | .70 | .88 | 1.33 | 1.80 | 2.25 | 2.81 | 3.51 | 4.00 | 4.21 | 4.44 | 4.90 | 5.28 | 5.60 | 6.04 | 6.50 | 6.72 | Div'ds Decl'd per sh B | 7.72 |
| 2.08 | 3.10 | 1.71 | 1.84 | 3.22 | 3.64 | 3.62 | 4.08 | 4.25 | 3.16 | 3.05 | 4.49 | 4.65 | 3.58 | 5.15 | 6.48 | 8.35 | 8.80 | Cap'l Spending per sh | 9.25 |
| 16.86 | 16.04 | 18.74 | 23.61 | 28.47 | 34.79 | 40.23 | 42.53 | 42.27 | 40.87 | 43.81 | 46.51 | 49.81 | 54.62 | 59.47 | 63.52 | 69.55 | 74.25 | Book Value per sh C | 89.25 |
| 202.19 | 201.35 | 201.36 | 197.80 | 192.90 | 189.80 | 186.70 | 182.20 | 175.20 | 168.20 | 165.70 | 158.00 | 150.70 | 147.60 | 142.50 | 141.30 | 138.00 | 136.00 | Common Shs Outst'g D | 130.00 |
| 13.5 | 12.5 | 14.8 | 14.5 | 11.1 | 11.9 | 15.3 | 15.8 | 14.0 | 14.1 | 15.0 | 11.4 | 11.0 | 15.0 | 16.6 | 13.0 | Bold figures are Value Line estimates | | Avg Ann'l P/E Ratio | 14.0 |
| .72 | .75 | .99 | .92 | .70 | .76 | .86 | .83 | .70 | .74 | .75 | .62 | .59 | .77 | .90 | .76 | | | Relative P/E Ratio | .80 |
| .9% | 1.2% | 1.9% | 1.2% | 1.3% | 1.7% | 1.9% | 1.9% | 2.8% | 3.5% | 2.6% | 2.9% | 3.0% | 2.9% | 2.3% | 2.8% | | | Avg Ann'l Div'd Yield | 2.1% |

CAPITAL STRUCTURE as of 3/31/23
Total Debt \$5207.0 mill. Due in 5 Yrs \$3008 mill.
LT Debt \$4409.0 mill. LT Interest \$245.0 mill.
(LT interest earned: 16.5x;
Total interest coverage: 15.9x) (33% of Cap'l)

Leases, Uncapitalized Annual rentals \$160.0 mill.
Pension Assets-12/22 \$5.3 bill. **Oblig.** \$3.0 bill.

Pfd Stock None

Common Stock 141,600,000 shs.

MARKET CAP: \$36.9 billion (Large Cap)

| | | | | | | | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------------------------|-------|
| 17301 | 19221 | 19110 | 17509 | 20428 | 23771 | 23571 | 19811 | 24021 | 28074 | 32860 | 32950 | Sales (\$mill) | 38000 |
| 12.5% | 12.8% | 13.8% | 13.1% | 12.4% | 12.7% | 13.6% | 12.8% | 12.0% | 12.6% | 15.0% | 15.0% | Operating Margin | 15.5% |
| 407.0 | 455.0 | 514.0 | 530.0 | 583.0 | 611.0 | 672.0 | 673.0 | 662.0 | 784.0 | 950 | 1000 | Depreciation (\$mill) | 1100 |
| 1483.0 | 1673.0 | 1591.0 | 1394.0 | 1776.0 | 2157.0 | 2327.0 | 1834.0 | 2131.0 | 2378.0 | 2755 | 2785 | Net Profit (\$mill) | 3370 |
| 25.1% | 28.4% | 25.0% | 24.6% | 25.1% | 20.4% | 19.5% | 22.1% | 21.3% | 20.9% | 25.0% | 25.0% | Income Tax Rate | 25.0% |
| 8.6% | 8.7% | 8.3% | 8.0% | 8.7% | 9.1% | 9.9% | 9.3% | 8.9% | 8.5% | 8.4% | 8.5% | Net Profit Margin | 8.9% |
| 5271.0 | 5034.0 | 4144.0 | 3382.0 | 3251.0 | 3434.0 | 3127.0 | 5562.0 | 5225.0 | 3030.0 | 3030 | 3760 | Working Cap'l (\$mill) | 4110 |
| 1672.0 | 1589.0 | 1576.0 | 1568.0 | 1588.0 | 1597.0 | 1576.0 | 3610.0 | 3579.0 | 4498.0 | 4400 | 4300 | Long-Term Debt (\$mill) | 3700 |
| 7510.0 | 7749.0 | 7406.0 | 6875.0 | 7259.0 | 7348.0 | 7507.0 | 8062.0 | 8474.0 | 8975.0 | 9600 | 10100 | Shr. Equity (\$mill) | 11600 |
| 16.4% | 18.3% | 18.1% | 17.0% | 20.6% | 24.8% | 26.2% | 16.1% | 18.1% | 18.4% | 20.0% | 19.5% | Return on Total Cap'l | 22.5% |
| 19.7% | 21.6% | 21.5% | 20.3% | 24.5% | 29.4% | 31.0% | 22.7% | 25.1% | 26.5% | 28.5% | 27.5% | Return on Shr. Equity | 29.0% |
| 14.2% | 15.0% | 13.1% | 10.4% | 14.8% | 19.6% | 20.9% | 13.0% | 15.6% | 17.0% | 19.5% | 18.5% | Retained to Com Eq | 20.5% |
| 28% | 31% | 39% | 48% | 39% | 33% | 33% | 43% | 38% | 36% | 33% | 33% | All Div'ds to Net Prof | 30% |

CURRENT POSITION

| (SMILL.) | 2021 | 2022 | 3/31/23 |
|------------------|-------|-------|---------|
| Cash Assets | 3187 | 2573 | 2439 |
| Receivables | 3565 | 4826 | 5834 |
| Inventory (LIFO) | 4355 | 5603 | 5878 |
| Other | 1202 | 1449 | 1217 |
| Current Assets | 12309 | 14451 | 15368 |
| Accts Payable | 3021 | 4252 | 4636 |
| Debt Due | 59 | 783 | 798 |
| Other | 4004 | 6386 | 6489 |
| Current Liab. | 7084 | 11421 | 11923 |

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '20-'22 of change (per sh) to '26-'28

| | | | |
|-------------|-------|------|-------|
| Sales | 6.0% | 6.0% | 9.0% |
| "Cash Flow" | 7.0% | 8.0% | 10.0% |
| Earnings | 6.0% | 8.0% | 10.0% |
| Dividends | 15.0% | 7.0% | 5.5% |
| Book Value | 7.0% | 6.0% | 7.0% |

QUARTERLY SALES (\$ mill.)

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2020 | 5011 | 3852 | 5118 | 5830 | 19811 |
| 2021 | 6092 | 6111 | 5968 | 5850 | 24021 |
| 2022 | 6385 | 6586 | 7333 | 7770 | 28074 |
| 2023 | 8453 | 8230 | 8140 | 8037 | 32860 |
| 2024 | 8300 | 8340 | 8200 | 8100 | 32950 |

EARNINGS PER SHARE A

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2020 | 3.41 | 1.95 | 3.57 | 3.36 | 12.29 |
| 2021 | 4.04 | 4.05 | 3.69 | 2.73 | 14.51 |
| 2022 | 4.04 | 4.94 | 3.21 | 4.43 | 16.62 |
| 2023 | 5.55 | 5.10 | 4.60 | 4.50 | 19.75 |
| 2024 | 5.25 | 5.10 | 5.00 | 4.75 | 20.10 |

QUARTERLY DIVIDENDS PAID B

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2019 | 1.14 | 1.14 | 1.311 | 1.311 | 4.90 |
| 2020 | 1.311 | 1.311 | 1.311 | 1.35 | 5.28 |
| 2021 | 1.35 | 1.35 | 1.45 | 1.45 | 5.60 |
| 2022 | 1.45 | 1.45 | 1.57 | 1.57 | 6.04 |
| 2023 | 1.57 | 1.57 | 1.68 | | |

BUSINESS: Cummins designs, manufactures, distributes, and services diesel, natural gas, electric, hybrid powertrains, and powertrain-related components including control & fuel systems, automated transmissions, batteries, electrified power systems, hydrogen production, and fuel cell systems. CMI serves customers in 190 countries through 460 company-owned and independent distributors and through 10,000 dealers. Foreign sales: 45% of '22 total sales. '22 depr. rate: 7.5%. Has about 73,600 employees. Off. & dir. own less than 1% of common stock; The Vanguard Group, 9.4%; (3/23 proxy). Chairman & CEO: N Thomas Lineberger. Inc.: IN. Address: 500 Jackson St., Box 3005, Columbus, IN 47202. Telephone: 812-377-5000. Internet: www.cummins.com.

Cummins appears positioned to generate a third consecutive year of top-and bottom-line advances in 2023. The capital goods company earlier this year raised its revenue growth forecast from a range of 12% to 17%, to 15% to 20%, as it expected to benefit from numerous catalysts. Specifically, it is experiencing robust demand across markets in North America, supported by the 2022 acquisition of Meritor, and overall healthy conditions for heavy-duty truck and power systems categories. Rising volumes and prices are likely to overcome the negative impact of increases in supply chain and compensation costs, as well as research and development expenses. Overall, strong production levels ought to result in an operating margin of 15.0%-15.7% (up from a prior target of 14.5%-15.2%). All told, a wide earnings-per-share advance in probable in 2023, followed by another solid showing in 2024.

Key end markets are showing vigor. Fortunately for Cummins, demand for medium and heavy-duty trucks in North America is strong despite the fact supply chain constraints continue to limit the company's ability to produce. Meanwhile,

the outlook for business in China continues to firm, reflecting share growth, content increases, and improvement in all categories on the truck sector. While customers are adjusting to new emissions standards, shipments to replenish inventories continue. Cummins is well positioned to capitalize on the rebound in China's economy thanks to investments during the down cycle. Looking at product categories, demand for engines for use in the oil & gas, as well as for power generation machines for non-residential construction activity, is expected to be robust. The newly established Accelera business, which is comprised of Cummins' portfolio of zero-emission solutions, is likely to benefit from incremental electronic powertrain business acquired in the Meritor and Siemens commercial vehicles deals.

Cummins shares have underperformed the market year to date, and our proprietary ranking system suggests this trend will continue during the next 18-months. Much of the earnings expansion we project to 2026-2028 is reflected in the recent quotation.
Dominic B. Silva August 11, 2023

| | | | | | |
|---|---|--|--------------|------------------------------|----|
| (A) Dil. earnings. Excludes nonrec. items: '08, d24c; '09, d31c; '10, 11c; '11, 48c; '12, d2c; '14, d12c; '15, d\$1.08; '17, d\$4.66; '18, d10c '19, d38c; '20, d28c; '22, (\$1.50). Next egs. report due early November. | (B) Div'ds historically paid in early Mar., June, Sep., Dec. ■ Div'd reinvestment plan avail. | (C) Incl. intang. In 2022: \$5.03 mill., \$35.60/sh. | (D) In mill. | Company's Financial Strength | A+ |
| | | | | Stock's Price Stability | 80 |
| | | | | Price Growth Persistence | 55 |
| | | | | Earnings Predictability | 80 |