

Corporate Financial Statements



Subsidiaries
Six months ending June 30

\$42,385	\$39,885	5,127	2,102	24,254	(17,434)	(2,083)	(17)	(19,536)	4,722	6	194	39	(1,043)	(813)	(2)	530
5,255	45,012	(34,252)	(32,886)	(3,863)	(26)	(36,775)	8,237	(1,951)	(1,641)	4,736	51	(180)	4,607	(1,279)	\$3,328	\$5.47
47,640	(4,075)	(33)	(38,360)	9,280	80	(2,191)	(1,591)	7	5,585	51	(211)	5,425	(752)	14,873	\$3,328	\$5.47

Financial Statements

Corporate Managers communicate the company's financial results to its owners through quarterly and annual financial statements.

Publicly traded companies (those whose stock trades on the major exchanges) are required by law to publish their financial statements for everyone to see.

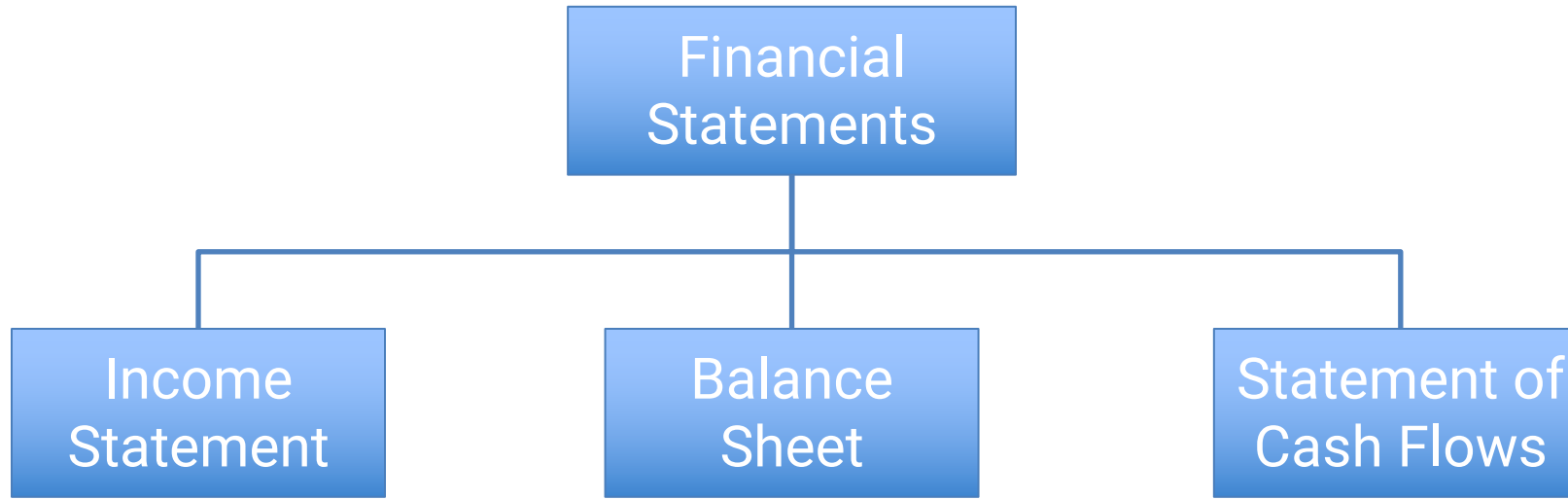
Investors and potential investors use this information to gauge the company's financial health.

Financial statements follow a similar format, driven by specific accounting practices.

And because the format is the same, one can compare companies to further assess the financial health of one company relative to another.



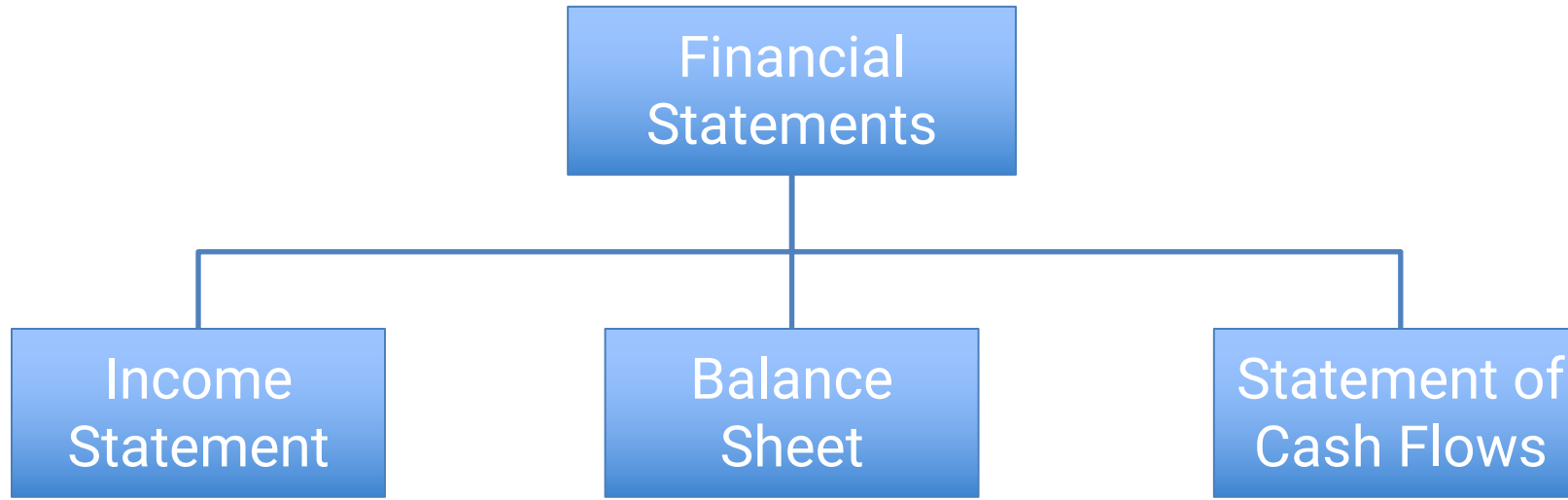
Financial Statements



For Public Companies (Apple, GM, Amazon.) financial statements are required by the U.S. Securities & Exchange Commission (SEC), and are publicly available in Annual Reports and in SEC Filings (Annual 10-K, Quarterly 10-Q).

For Private Companies (Bechtel, SC Johnson & Kiewit), financial information is much harder to get – and is usually available only to owners.

Financial Statements



Revenues & Expenses
over a period of time

Net Worth of a Company
at a period of time

Where the cash came from
and where the cash went...
over a period of time

Where do you find these?



LET'S DO THE WORK.™

2018 | Annual Report

CATERPILLAR®

Annual Reports: Generally lots of pictures of cool products, happy employees and especially happy customers...along with high-level financial results.



DOING THE WORK WITH NEXT GEN EXCAVATORS

The first comprehensive redesign of our hydraulic excavators (HEX) in 25 years began with a simple goal: help customers work better than ever. The Caterpillar product team started by doing its homework and interviewing more than 1,000 customers worldwide. The result was a line of next-generation hydraulic excavators (NGH) that maintains the strength and productivity customers expect from Cat® products with added technology to meet a variety of needs.

Operator safety was a top consideration. NGH excavators offer improved visibility from the cab with cameras that provide 360-degree visibility and e-fence features, setting parameters for how wide, high and low an excavator's boom and front linkage can swing. The NGH also leverages a common global platform with modular add-ons – making it easier for customers to get machines and parts quickly.

E-fence works in many applications. For example, when working next to roads and under utilities, the technology parameters help keep the public and operators safe. Australian customer Black Cat Civil finds the Cat Next Gen excavators to be a perfect match for their technology-focused business model. More standard technology options, including 3D capabilities and e-fence, are helping them work safer while also providing increased accuracy, resulting in less rework and waste. These features, along with improved fuel efficiency, increased operator comfort and reduced maintenance costs, are helping Black Cat realize a better return on its investment with Next Gen excavators.

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ENERGY & TRANSPORTATION
Meeting the world's growing needs for power and transport.

SERVICES
Caterpillar is more than just a prime product manufacturer. We provide expanded services that enhance product life cycles such as aftermarket parts, remote monitoring and remanufacturing. Within rail services, we go beyond the moving train to the surrounding infrastructure. Caterpillar made two acquisitions in 2018 to increase service capabilities for rail customers: ECM and Downer Freight Rail. ECM is an international provider of signal solutions and technologies devoted to the safety, control and enhancement of railway infrastructure. Downer Freight Rail, based in Australia, provides a full suite of rolling stock aftermarket parts and services that complement Progress Rail's rolling stock services portfolio. An increasing number of products sold with customer value agreements will accelerate our services strategy and give more customers access to these offerings.

OPERATIONAL EXCELLENCE
The Cat® G3600 A4 gas compression engine, manufactured exclusively at Caterpillar's large engine facility in Lafayette, Indiana, is an industry-leading product in gas compression and transmission. In 2018, Caterpillar saw elevated demand for Cat G3600 engines due to pipeline development in North America, especially in the Permian Basin in West Texas and New Mexico. This increased demand required the Lafayette facility to dramatically increase production while maintaining quality performance and ensuring a safe work environment. Using Lean methodology, a cross-functional team identified a solution to increase capacity for both engines and parts by streamlining assembly and test processes and improving component planning. Rapid improvement workshops helped improve agility on the 3600 line, resulting in significant reduction of sub-assembly process times and an increase in production with only modest immediate capital investment. As G3600 demand remains high, Lafayette's Lean execution continues to improve service to customers.



Segment Sales*
(in millions)

Year	Sales
2016	\$16,951
2017	\$19,382
2018	\$22,785

*Includes inter-segment sales

Segment Profit
(in millions)

Year	Profit
2016	\$2,187
2017	\$2,856
2018	\$3,938

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Where do you find these?

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission File No. 001-11241

CATERPILLAR FINANCIAL SERVICES CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

37-1105865
(I.R.S. Employer Identification No.)

2120 West End Ave.,
Nashville, Tennessee
(Address of principal executive offices)

37203-0001
(Zip Code)

Registrant's telephone number, including area code: **(615) 341-1000**

The Registrant is a wholly-owned subsidiary of Caterpillar Inc. and meets the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K, and is therefore filing this Form with the reduced disclosure format.

10-K Filings: Just the financial data and management's discussion of what actually happened throughout the year...

Changes in the marketing, operational or administrative support that we receive from Caterpillar could adversely affect our results

We participate in certain marketing programs offered in conjunction with Caterpillar and/or Caterpillar dealers that allow us to offer financing to customers at interest rates that are below market rates. These marketing programs provide us with a significant competitive advantage in financing Caterpillar products. Any change in these marketing programs or reduction in our ability to offer competitively priced financing to customers could reduce the percentage of Caterpillar products financed by us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Caterpillar also provides us with other types of operational and administrative support, such as the administration of employee benefit plans, which is integral to the conduct of our business. Any changes in the levels of support from Caterpillar could also negatively impact our results.

The success of our business depends on our ability to develop, produce and market quality products and services that meet our customers' needs

We operate in a highly competitive environment, with financing for users of Caterpillar equipment available through a variety of sources, principally commercial banks and finance and leasing companies. Increasing competition may adversely affect our business if we are unable to match the products and services of our competitors. Also, as noted above, any changes to the marketing programs offered in conjunction with Caterpillar and/or Caterpillar dealers, which allow us to offer financing to customers at interest rates that are below market rates, could have a materially adverse effect on our business.

Increased information technology security threats and more sophisticated computer crime pose a risk to our systems, networks, products and services

We rely upon information technology systems and networks, some of which are managed by third parties, in connection with a variety of business activities. Additionally, we collect and store data that is sensitive to us and our customers. Operating these information technology systems and networks and processing and maintaining this data, in a secure manner, are critical to our business operations and strategy. Data we collect, store and process is subject to a variety of U.S. and international laws and regulations, such as the European Union's General Data Protection Regulation that became effective in May 2018, which carry, in many cases, significant potential penalties for noncompliance. Information technology security threats – from user error to cybersecurity attacks designed to gain unauthorized access to our systems, networks and data – are increasing in frequency and sophistication. Cybersecurity attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity attacks could also include attacks targeting customer data or the security, integrity and/or reliability of the hardware and software installed in our products. While, to date, no cybersecurity attack has had a material impact on our financial condition, results of operations or liquidity, we have experienced cybersecurity attacks that have resulted in unauthorized parties gaining access to our information technology systems and networks, and we could in the future experience similar or more serious attacks. While we actively manage information technology security risks within our control, such actions may not be sufficient to mitigate all potential risks to our systems, networks and data. Further, the amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack. The potential consequences of a material cybersecurity attack include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorized release of confidential or otherwise protected information, corruption of data and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness, results of operations and financial condition.

LEGAL & REGULATORY RISKS

Our global operations are subject to extensive trade and anti-corruption laws and regulations

Due to the international scope of our operations, we are subject to a complex system of laws and regulations, including U.S. regulations issued by the Office of Foreign Assets Control. Any alleged or actual violations may subject us to government scrutiny, investigation, and civil and criminal penalties and may limit our ability to provide financing outside the United States and/or potentially require us to divest portions of our existing portfolio under certain circumstances. Furthermore, embargoes and sanctions imposed by the U.S. and other governments prohibiting providing financing to specific persons or countries may expose us to potential criminal and civil sanctions. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or in certain locations the manner in which existing laws might be administered or interpreted.

Caterpillar Financial Services Corporation
CONSOLIDATED STATEMENTS OF PROFIT
For the Years Ended December 31,
(Dollars in Millions)

	2018	2017	2016
Revenues:			
Retail finance	\$ 1,308	\$ 1,235	\$ 1,220
Operating lease	1,011	985	1,015
Wholesale finance	415	307	264
Other, net	113	162	96
Total revenues	2,847	2,689	2,595
Expenses:			
Interest	757	667	611
Depreciation on equipment leased to others	819	810	841
General, operating and administrative	423	429	391
Provision for credit losses	354	132	135
Other	38	46	41
Total expenses	2,391	2,084	2,019
Other income (expense)	(23)	(15)	(15)
Profit before income taxes	433	590	561
Provision (benefit) for income taxes	108	(4)	171
Profit of consolidated companies	325	594	390
Less: Profit attributable to noncontrolling interests	20	8	6
Profit ¹	\$ 305	\$ 586	\$ 384

¹ Profit attributable to Caterpillar Financial Services Corporation.

See Notes to Consolidated Financial Statements.

Where do you find these?

Caterpillar Inc. (CAT)

NYSE - NYSE Delayed Price. Currency in USD

217.14 **+4.15** **(+1.95%)**

At close: May 27 04:00PM EDT

<https://finance.yahoo.com>

<https://www.google.com/finance/>

<https://www.cnn.com/business>

Websites: high-level details...and easy to read!

Income Statement

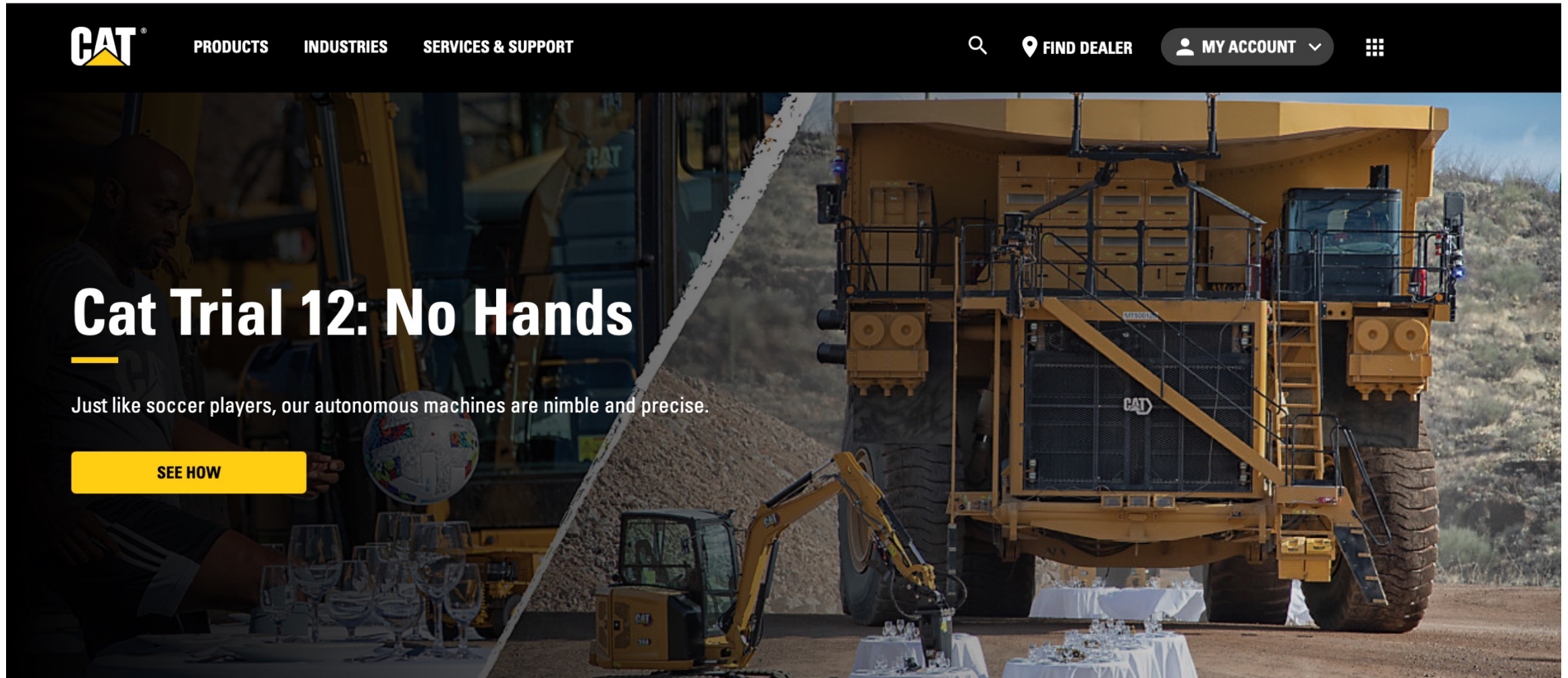
All numbers in thousands

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Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	52,673,000	50,971,000	41,748,000	53,800,000	54,722,000
Cost of Revenue	37,496,000	35,968,000	29,671,000	37,384,000	37,719,000
Gross Profit	15,177,000	15,003,000	12,077,000	16,416,000	17,003,000
> Operating Expense	8,258,000	8,125,000	7,524,000	8,126,000	8,710,000
Operating Income	6,919,000	6,878,000	4,553,000	8,290,000	8,293,000
> Net Non Operating Interest Inc...	-455,000	-488,000	-514,000	-421,000	-404,000
> Other Income Expense	1,742,000	1,814,000	-44,000	-57,000	-67,000
Pretax Income	8,206,000	8,204,000	3,995,000	7,812,000	7,822,000
Tax Provision	1,736,000	1,742,000	1,006,000	1,746,000	1,698,000
Earnings from Equity Interest Net ...	29,000	31,000	14,000	28,000	24,000
> Net Income Common Stockhold...	6,496,000	6,489,000	2,998,000	6,093,000	6,147,000

Where do you find these?

Corporate Websites: you just have to look harder...



CAT®

PRODUCTS INDUSTRIES SERVICES & SUPPORT

🔍 FIND DEALER

👤 MY ACCOUNT ▾

☰

Cat Trial 12: No Hands

Just like soccer players, our autonomous machines are nimble and precise.

SEE HOW

Main Takeaways...

Financial Statements are the primary mechanism managers communicate financial results to its shareholders.

Publicly traded companies are legally required to publish their results for all of us to see. Privately held firms are not required to publicly disclose their financial results.

Financial statements all have the same format, allowing investors to readily assess a company's financial health, and to compare it to other companies it might compete with.

Three important financial statements:

- The Income Statement
- The Balance Sheet
- The Statement of Cash Flows

Next Time...

The Income Statement



Credits & References

Slide 1: Business composition. Financial analysis - income statement, business plan by Leonid, Adobe Stock (284925719.jpeg)

Slide 2: Diagram of Financial Statements by Dmitry, Adobe Stock (

Slide 5: Image Source, Caterpillar 2018 Annual Report, https://s7d2.scene7.com/is/content/Caterpillar/CM20200428-e9342-3fb40?_ga=2.101514753.1032377153.1653913253-2076798789.1643846719 (accessed May 30, 2022).

Slide 6: Image Source, Caterpillar 2018 10-K SEC Report, <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000018230/1eca5c50-9621-4c4f-81ef-b5898606530e.pdf> (accessed May 30, 2022).

Slide 7: Image Source, yahoo.com, <https://finance.yahoo.com/quote/CAT/financials?p=CAT> (accessed May 30, 2022).

Slide 8: Image Source, Caterpillar Inc. website, https://www.cat.com/en_US.html (accessed May 30, 2022).

Slide 10: Income statement in stockholder report book by wirojsid, Adobe Stock (82601246.jpeg.jpeg).