



# The Power of Cummins

CAR Breakfast Briefing Series, March 25, 2014

Robert D. Borchelt, Ph.D.



# A Rich History Rooted in Innovation

Founded in 1919 by  
Clessie Cummins and  
W.G. Irwin  
Pioneered the  
development of diesel  
engines  
Promoted diesels as a  
reliable source of power  
Earned its first profit  
in 1937



# J. Irwin Miller Era

A transformative and visionary leader

Integrated values into the  
fabric of our business

Embraced stakeholder model

Laid foundation for  
future global growth



## **Vision:**

Making people's lives better by unleashing the Power of Cummins.

## **Mission:**

- Motivating people to act like owners working together.
- Exceeding customer expectations by always being first to market with the best products.
- Partnering with our customers to make sure that they succeed.
- Demanding that everything we do leads to a cleaner, healthier, safer environment.
- Creating wealth for all stakeholders.

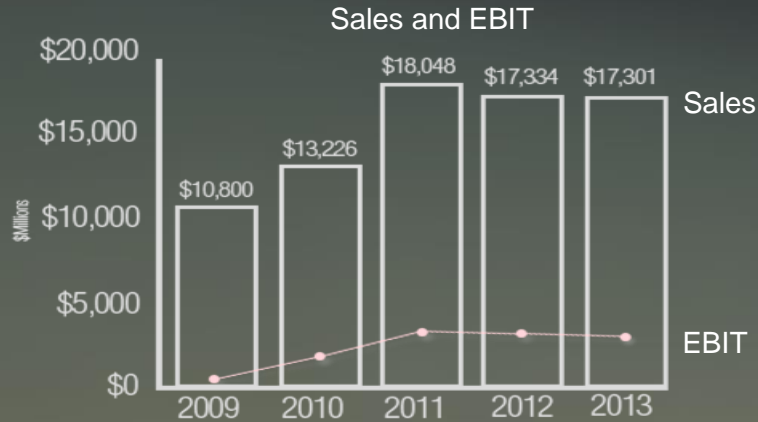


# Values

- **Integrity:**  
Strive to do what is right and do what we say we will do.
- **Innovation:**  
Apply the creative ingenuity necessary to make us better, faster, first.
- **Delivering Superior Results:**  
Exceed expectations, consistently.
- **Corporate Responsibility:**  
Serve and improve the communities in which we live.
- **Diversity:**  
Embrace the diverse perspectives of all people and honor with both dignity and respect.
- **Global Involvement:**  
Seek a world view and act without boundaries.

# Profitable Growth

Build a sustainable future for all stakeholders



Steady Financial Growth



Strong Shareholder Return

<sup>1</sup> EBIT excludes restructuring charges in 2009, and the gains from the divestiture of two businesses and flood insurance recovery are excluded from 2011. Also, Q2'12 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011, and Q4'12 EBIT excludes \$52 million in restructuring charges.

# Sustainability



Building strong communities throughout the world with a diverse workforce



Meeting clean air standards with technology-leading engines and related products



Creating a smaller global footprint by recycling, reducing and reusing in our buildings and communities

Cummins delivers **power** through our  
**products**





# Complementary Businesses

Global Power Leader

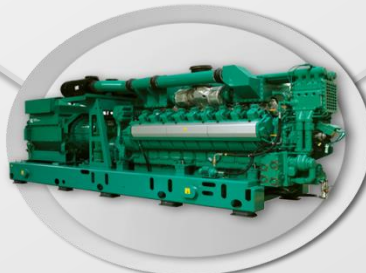
Engine Business



Components  
Business



Distribution  
Business



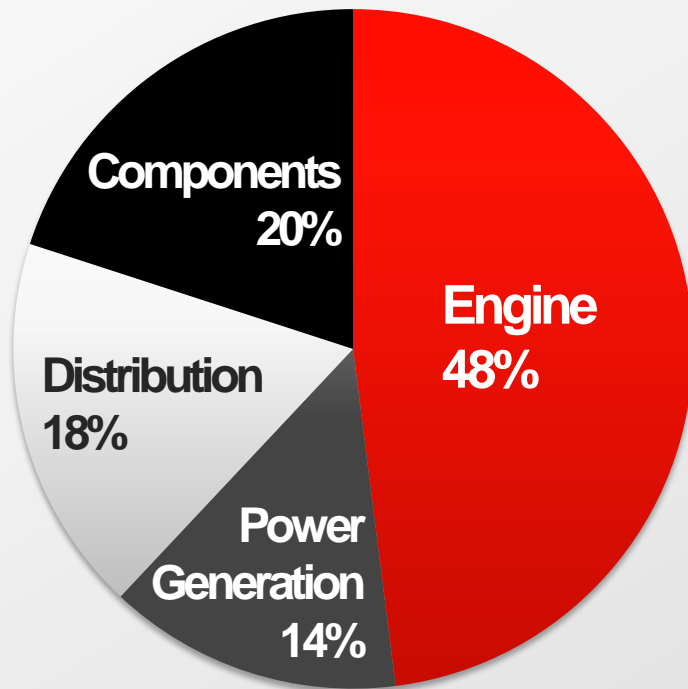
Power Generation Business

The Power Of Cummins



# Complementary Businesses

2013 Revenue: \$17.3 billion



# Engine Business

**\$10 B**

**in sales in 2013**

**953,528**

**Engines in 2013**

**Broad range of products in  
every global market**

QSF2.8

QSK95:

# Engine Business

## Market Applications



Heavy-Duty Truck



Medium-Duty  
Truck & Bus



Light-Duty  
Automotive&RV



Mining, Marine,  
Oil&Gas,  
Government



Construction  
& Agriculture



Stationary  
Power

# Power Generation Business

**\$3B**

**in sales**

**Pre-integrated  
power systems from**

**2 kW-2,750 kW**

**one** company, **one** source for  
**complete power solutions**



# Power Generation Business

## Lines of Business



Power Products



Power Systems



Power Solutions



Generator Technologies

# Components Business

**\$4.3 B**  
**in sales**

**4**

**Integrated  
businesses**

**Key technologies for meeting  
global emission standards**

# Components Business

## Lines of Business



**Emission  
Solutions**



**Turbo  
Technologies**



**Filtration**



**Fuel  
Systems**

# Distribution Business

**\$3.7 B**  
**in sales**

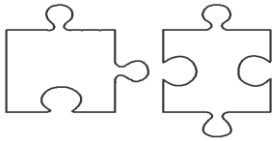
Delivering products and service  
through more than

**120**

global distributors

Cummins'  direct link to end users

# Distribution Business



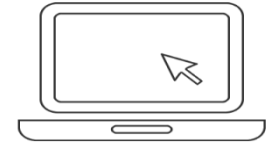
**Provide  
solutions**

for customers, leveraging  
the full range of Cummins  
products in more than 20  
application segments



**Provide service  
and support**

through our extensive  
global distributor and  
dealer network of factory  
trained technicians



**Provide  
training**

to dealers and employees  
to ensure the customer  
sees one Cummins when  
interacting with our  
Company



Cummins delivers **power** through our  
**network**



# Global Presence



**190+**  
Countries  
and territories



**48,000**  
Employees  
worldwide

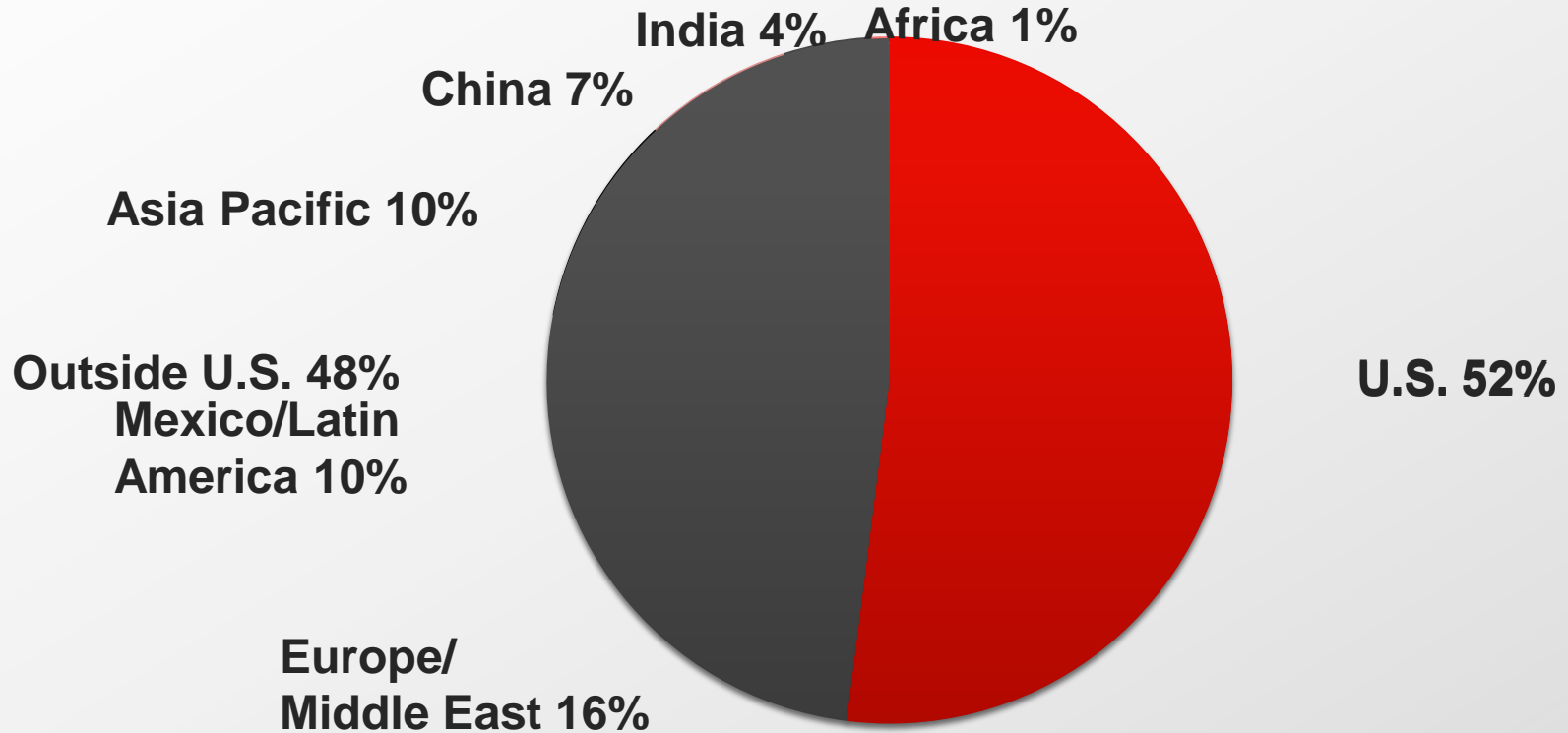
Develop, design and  
manufacture products on

**6**  
continents

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*QUICK SERVICE*

# 2013 Global Sales



# Global Partnerships

We deliver products and services to worldwide customers.



**PACCAR**



**LIUGONG**



**Ford**



**FOTON**  
福田汽车



**TATA**



**RAM**



**VW**



**VOLVO**



**KOMATSU**



**Cummins Westport**



**FREIGHTLINER**



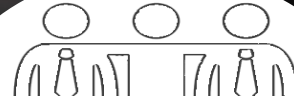
**DFM**

# Customer Support Excellence

Customer Success. Every Time



**Strong**  
global network



**Same level**  
of support  
and services

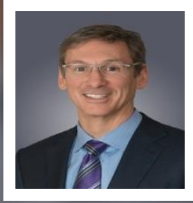
Customers' success = Cummins' success



Cummins delivers **power** through our  
**employees**



# Our People



“Our employees are the reason for our success. Their hard work, innovation and agility have made Cummins the company it is today.”

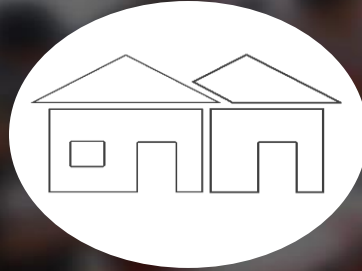
--- Tom Linebarger, Chairman & CEO

# Diversity

Embrace the diverse perspectives of all people and honor with both dignity and respect



Creates an environment where innovation and ideas flourish



Builds a workforce that reflects the communities where Cummins does business



Encourages all employees to use their best talents

# Corporate Responsibility

Serve and improve the communities in which we live



“While some still argue that business has no social responsibility, we believe that our survival in the very long run is as dependent upon responsible citizenship in our communities and in the society, as it is on responsible technological, financial and production performance.”

--- J. Irwin Miller

# Corporate Responsibility

## Focused Engagement:



## Strategic Initiatives:

TEC: Technical Education  
for Communities

Power to Prosper



# Corporate Responsibility

## 2013 Engagement

Every Employee, Every Community

3 0 8 7 8 3

Recorded volunteer hours globally  
Cummins Environmental Challenge

11,513

employees invested  
64,682 hours

10,000

trees planted  
or saved

12,000

tons of garbage  
diverted from landfills

19,000

tons of greenhouse  
gas reduced

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# Recognition

Scored perfect in Corporate Equality Index by Human Rights Campaign for the 9<sup>th</sup> straight year in 2014



Listed Dow Jones Sustainability Index for an 9<sup>th</sup> consecutive year

Listed in Bloomberg's Civic 50



Ranked in Newsweek's Top 500 "Green Rankings"

Named one of the World's Most Ethical Companies by the Ethisphere in 2014 for 7 years in a row



Ranked No.15 for Top Diversity Companies by DiversityInc. for the seventh consecutive year

Cummins delivers **power** through  
**innovation**



# Legacy of Innovation

Emission History: challenge becomes opportunity

1985  
1997  
1998  
2001  
2007  
2014

- EPA regulates commercial vehicles
- EPA alleges industry “cycle beating controls”
- Signed consent decree
- Cummins decided to commit to the deadline
- 1st company to meet the 2010 emission standards
- SuperTruck achieves important milestone

# Investing in the Right Technologies



Focused on delivering technology that is



clean



sustainable



dependable

# Innovation in 2013

70+

New and updated  
Products

1st

To meet  
greenhouse gas  
standards

FFM

Fit For Market



# Innovations



ISG



5.0L V8 Turbo Diesel



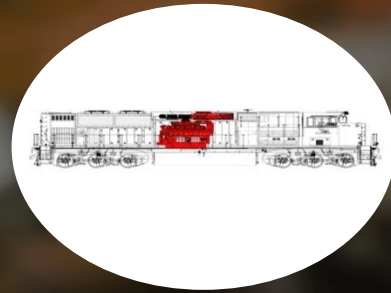
ISB 6.7



QuietConnect  
& PowerConnect



FFM SCR System



QSK95 for Rail

# Customer-focused Innovation



“We need to know our markets and individual customers better than anyone else. We need to know our technologies better than anyone else and we need to be able to combine those so we can continue to differentiate our products in the eyes of our customers.”

-----John Wall, Chief Technology Officer

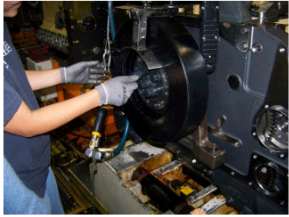
# Cummins Innovative MES Solution

■ Powered  
By  
**APRISO®**

**ESN:11000973 STATUS:In-Prod(Continue Build) SO:SO 2001 OPNO:0102 PL:1**

There is a union meeting at 8:00 AM

Logout About



Part No	Qty	Description	Quick Scan
21075301	4	CLAMP,HOSE	Details WI
328041601	1	ENGINE ASSEMBLY NOTE →	Details WI
390246001	4	SCREW,HEX FLANGE HEA	Details WI
3906742	=1	TUBE,AIR	Details WI
391375201	1	HOSE,PLAIN →	Details WI
402008601		TUBE,AIR INLET →	Details WI
391651801	8	SCREW,HEX FLANGE HEA	Details WI
392454101	1	CLEANER,AIR	Details WI
397040401	2	HOSE,PLAIN	Details WI
401985201^	1	BRACKET,BREATHAER	Details WI

Image 1 of 1 401985201

391375201	reconfig for MOSA
401985201	201 - Comment

Have you checked all the parts comments? ☐ Yes ☐ No

Have you checked for surface defects? ☐ Yes ☐ No

Goal:5 Actual:0 Cycle Time:10 User:in168 Customer:CUMMINS AUSTRIA

Post Defect Short Build Repair Station Submenu Re-Read from PLC Submit

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# Cummins Innovative MES Solution

- True Mass Customization is Possible
  - Thousands of Shop Orders, Built Mixed Model
- Across Multiple Business Units and Business Models
  - High/Low Volume, Complex/Simple Product, MTS/BTO/CTO, Large/Small Sites
- With a Standard Configurable Solution
  - 97% Common Objects, 3% Plant Customizable
- While Improving Results
  - 25%+ Efficiency, 50%+ Quality



# Cummins Innovative MES Solution

*“True Mass Customization is Possible,  
Across Multiple Business Units and Business Models,  
With a Standard Configurable Solution,  
While Improving Results.”*

- Robert D. Borchelt, Ph.D.







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