# Caterpillar

Caterpillar Inc. · CAT · NYSE

**A record $78.1B backlog and +45.5% Q3 adjusted EPS met unchanged guidance, and the stock fell −22.4% before a +7.2% rebound on Nov 9 alongside the market**

Overall Verdict
**HOLD**
Bull 3 · Bear 4 · Deferred 0

| Price at Issue | External Average Target Price | 52-Week Low · High | Next Earnings |
|---|---|---|---|
| **$598.88** | **$823.41** | **$537.08 ~ $1,073.46** | **Jan 28** |
| Nov 9, 2026 close · +7.2% | +37.5% · 26 analysts | vs. high −44.2% | Q4 2026 earnings |

## 01 4 Key Data Points

**Anthropic order $3.4B (reported)**
~1.7GW · 4.4% of TTM revenue

**Record backlog $78.1B**
+$6.0B vs. Q2 (press summaries)

**Director buys $620K**
James C. Fish Jr. · 1,000 shares on Nov 2 · no sales in 60 days

**Guidance unchanged, −9.25% on Oct 29**
Volume 8.17M shares · −22.4% by Nov 5

## 02 Research Team Debate — 6 Issues

| | | |
|---|---|---|
| **Unchanged 2026 guidance ×2** | Bull | The issue is whether the fall already prices in a slowdown. Q4 EPS is still expected +25.8% above a year ago, and the −22.4% drop exceeds what unchanged guidance explains, so the call goes to Bull. It reopens if Q4 EPS falls below $6.44. |
| **Anthropic generator order** | Bull | The reported amount is 4.4% of TTM revenue, equal to about one quarter of Power Generation sales, so it is meaningful if confirmed. Terms are headline-based and the stock reaction is not yet visible, so the Jan 28 results must confirm them through backlog and Power Generation sales. |
| **Price target cuts** | Bear | Price target issues are judged by the direction and size of recent revisions: all 5 were cuts, averaging −14.0%. The average target is still above the price, which limits the downside case, but the direction stays lower until a raise appears. |
| **Valuation** | Bear | The Forward P/E is below the peer median, but on the same growth-adjusted method the multiple is 0.8 against 0.5, so the discount disappears once growth is counted. A real discount would need Q4 EPS above consensus to lift growth. |
| **Cash and balance sheet** | Bear | Q3 alone is covered, but the nine-month payout of $9.89B exceeded free cash flow by $2.52B and total debt rose $1.87B. If Q4 free cash flow covers the payout without more debt, the issue reopens. |
| **Share price slide** | Bear | The rebound came on average volume (0.95x) and the close is below the 20, 60, 120 and 200-day lines, so it is early to call a turn. Reclaiming the 20-day line at $674.97, or holding the 52-week low of $537.08, would change the call. |

The overall rating is HOLD. Q3 results are strong, but price target cuts, nine months of payouts above free cash flow, a growth-adjusted multiple above peers on a like-for-like basis and a close below the 20-day line leave a one-vote gap. The call reopens with the Jan 28 Q4 results.

## 03 Conditions That Change the Verdict

### ▲ Upgrade Conditions

**Jan 28 Q4 results**
EPS at or above the $6.44 consensus and revenue at or above $20.77B

**Backlog growth**
Backlog above $78.1B at the end of Q4

**Order confirmation**
Company release or filing confirms the ~$3.4B, ~1.7GW Anthropic

### ▼ Downgrade Conditions

**Jan 28 Q4 results**
EPS below $6.44 or operating margin below 20%

**More target cuts**
Further cuts without a single raise after the five since Oct 30

**52-week low**
A close below the 52-week low of $537.08

## 04 Quarterly Results Unit: $B

| | Q3 2025 | Q4 | Q1 2026 | Q2 | Q3 |
|---|---|---|---|---|---|
| **Revenue** | 17.6 | 19.1 | 17.4 | 20.5 | **20.7** |
| **Operating Income** | 3.1 | 2.7 | 3.1 | 4.3 | **4.2** |
| **Net Income** | 2.3 | 2.4 | 2.5 | 3.6 | **3.3** |
| **Operating Margin** | 17.3% | 13.9% | 17.7% | 20.9% | **20.4%** |

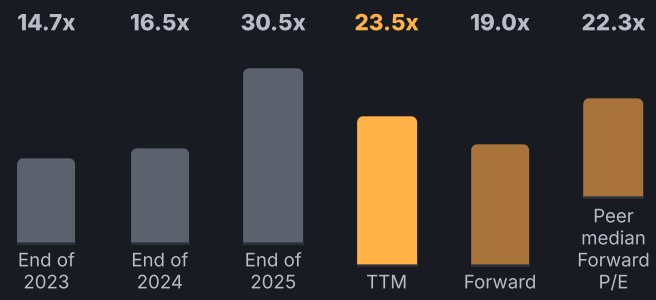
Operating margin
**20.4%**
Year ago 17.3%

Net margin
**15.9%**
Year ago 13.0%

Gross margin (Yahoo Finance basis)
**33.7%**
Year ago 31.9%

Free cash flow margin
**15.9%**
Year ago 15.1%

## 05 P/E trend




## 06 Street Opinions

Buy 17 Hold 11 Sell 1

Avg $823.41 · High $1,044.68 · Low $575.00

| | | |
|---|---|---|
| Freedom Broker | 800 | Target lowered |
| DA Davidson | 685 | Target lowered |
| JPMorgan | 1000 | Target lowered |
| Citigroup | 800 | Target lowered |

## 07 Financial Strength

Cash & short-term investments (9/30)
**$7.93B**
$7.54B → +5.2%

Total debt (9/30)
**$45.20B**
$41.53B → +8.8%

Shareholders' equity (9/30)
**$21.48B**
$20.66B → +4.0%

Common shares (9/30)
**457.6M shares**
468.0M shares → −2.2%

## 08 Recent News

**11/10 Headlines on a ~1.7GW, ~$3.4B Anthropic generator order**
TechCrunch, Barchart and GuruFocus headlines dated Nov 10 · After the Nov 9 close, not yet in the price (Nov 9: +7.21% with the Dow +1,104 points)

**11/5 Industrial stocks hit by AI-trade selloff**
Barron's headline of Nov 6 linked the AI-trade selloff to industrial stocks · CAT fell −5.23% on Nov 4 and −6.37% on Nov 5

**11/2 Director James C. Fish Jr. buys 1,000 shares**
Form 4 summary: purchase at $620.39 per share, ~$620K · No insider sales in 60 days

## 09 Upcoming Events

**Nov 13 (Fri) · Options expiration (nearest expiry on Yahoo Finance)**
Put/call volume ratio 0.8 · Call share 55.6% · Largest call volume at the $740 strike, 3,303 contracts (as of 11/9)

**Nov 20 (Fri) · Monthly options expiration**
Put volume is largest at the $500 strike, 3,679 contracts across expiries

**Jan 28 (Thu) · Q4 2026 earnings release (date per Yahoo Finance)**
Consensus EPS $6.44 · revenue $20.77B

## 10 Key Risks

**Earnings growth slows after unchanged guidance (Q4 EPS consensus −10.6% vs. Q3 adjusted $7.20)**
Impact High · Likelihood Medium · Watch Jan 28 earnings

**Continued price target cuts (5 cuts, average −14.0%)**
Impact Medium · Likelihood High · Watch Next analyst updates

**AI spending slowdown cuts data center power demand**
Impact High · Likelihood Low · Watch Next quarters

## 11 Checkpoints

★★★ **Jan 28 Q4 results**
Check whether EPS and revenue reach the $6.44 and $20.77B consensus and whether the backlog exceeds $78.1B

★★★ **Anthropic order details**
Check whether a company release or filing confirms the $3.4B and 1.7GW, and when deliveries start

★★☆ **Price target direction**
Check whether more cuts or the first raise follow the five cuts of Oct 30–Nov 2