

# **CAT CEO: No Double-Dip Recession, Get Ready For Growth**

Josh Funk, AP Business Writer

Caterpillar Inc. officials said Thursday they don't expect a double-dip recession because the world's central banks haven't made major errors and the economy has been improving throughout 2010, especially in the developing world.

New CEO Doug Oberhelman and other executives met with analysts in New York and discussed the opportunities ahead for the world's largest maker of construction and mining equipment. The Peoria, Ill.-based company also affirmed its long-term profit goals.

"We don't think the world has ended," said Oberhelman, who has been with Caterpillar since 1975. "We think there is going to be fantastic growth in our industry in the future."

The sales figures Caterpillar released Thursday support Oberhelman's positive view because global equipment sales increased 32 percent. And engine and turbine sales were up 5 percent overall. Caterpillar's sales figures are considered an indicator of economic health because the company is the world's largest maker of construction and mining equipment.

Oberhelman said he doesn't agree with the negative outlook most people making predictions about the economy employ.

"There seems to be a doom and gloom out there in the punditry," Oberhelman said. "We're not seeing that."

Caterpillar said equipment sales in the Asia Pacific region surged 41 percent in July, and North American sales improved 38 percent over last year.

And equipment sales were up in every region. The smallest increase came in Europe, Africa and the Middle East where sales still increased 19 percent.

Chief Financial Officer Ed Rapp says 2010 has been a year of recovery since the economy bottomed out in August or September, with the developing world leading the way in growth.

Rapp said that in past double-dip recessions, the first recession is usually a weak one and the central banks usually typically act prematurely to raise interest rates and scale back stimulus efforts. He said neither one of those applies to the current recession.

The maker of yellow-and-black equipment reiterated that it wants to grow its annual

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earnings per share by 15 percent to 20 percent. And the company's goal is to deliver earnings per share of \$8 to \$10 in 2012 on sales of \$55 billion to \$60 billion.

To help accomplish those goals, Caterpillar is using its strong balance sheet now to increase its capacity.

Already in 2010, Caterpillar has announced several investments in its own production plants, and it acquired locomotive maker Electro-Motive Diesel.

Caterpillar said it would build a new hydraulic excavator manufacturing facility in Victoria, Texas, that will employ more than 500 and produce excavators that are currently made in Aurora, Ill., and Akashi, Japan. That will free up capacity at those existing plants.

Caterpillar also announced plans to quadruple excavator capacity at its plant in Xuzhou, China, to serve Chinese market demand. And the company plans to expand a North Carolina plant that makes tight-turning skid loaders widely used in landscaping and construction, and build a new factory in Winston-Salem, N.C., to produce axles for large equipment.

"We intend to play offense and win," said Oberhelman, who became CEO in July.

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