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FINNING INTERNATIONAL INC.

Remarks - Annual General Meeting, May 10, 2006

Thank you Doug.

Good morning everyone.

Doug, thank you for the kind words. Let me say I am very pleased to have joined Finning International. I like this business, the strength of the franchise and importantly the growth story.

And that might be a pretty good segue into my comments this morning.

I'm going to briefly review our 2005 financial results and achievements, as well as the results for the first quarter of 2006. So beginning with our Revenue performance...

2005 was another very busy year for Finning, with strong demand for equipment and services driving record revenue, which increased by over 16% to \$4.8 billion.

This continues a very attractive revenue growth trend. Over the past 5 years with the year 2000 on your far left you can see that our compound average revenue growth has been 14% per annum. Of course, its key that we get the revenue growth to the bottom line and turning to Slide 10 you can see

We also grew net income to \$164 million in 2005, up significantly from \$115 million in 2004.

The increase was primarily due to an exceptional performance from our Canadian and South American operations. As well, you may recall that 2004 results included a number of significant non-recurring expenses which were not related to ongoing operations. Turning to EPS...

Basic earnings per share were \$1.85 compared to \$1.45 in 2004, an increase of almost 28%.

However, when we adjust these results for items not reflective of normal business operations – 2005 adjusted, or what we have traditionally called normalized EPS was \$1.86, compared to \$1.75 in 2004.

At \$1.86, our earnings per share for 2005 were up a modest 6% from \$1.75 in 2004, which as Doug mentioned is below our target of 15% per annum growth in EPS.

This reflects mainly weaker performances from our UK businesses but also the negative impact of a stronger Canadian dollar.

In 2005, foreign exchange movements hurt our earnings by approximately 17 cents per share.

We were impacted to a similar extent in both 2004 and 2003 and we are seeing a similar pattern is challenging us again in early 2006.

We also saw one time start up costs for new businesses in 2005 but my view is that these were investments in our future and costs we should be willing to accept if the value proposition is there.

Now, an important achievement for Finning in 2005 was improving our cash flow.

After changes in working capital, our cash flow increased to almost \$479 million in 2005, almost two times the previous year's amount.

This reflects our strong focus on making more efficient use of working capital - for example, we were successful in controlling new equipment inventories and improving cash cycle times.

Free cash flow before dividends improved to \$98 million in 2005, up significantly from negative \$194 million in 2004.

Turning to dividends...

As a reflection of management and the board's confidence in the ongoing profitability of our business, we took the opportunity to increase our quarterly dividend as well.

First by one cent to 11 cents per share early in 2005, and we followed up with another two cent increase in February 2006, bringing our annual indicated dividend to 52 cents per share.

That works out to a yield of approximately 1.3% based on today's stock price.

This continues our strong track record of a growing dividend adding to total shareholder return.

Looking back, Finning's common share dividend has been increased 6 times since 2001.

We also made excellent progress on our company-wide cost savings program.

Launched in mid 2004, our objective is to achieve \$60 million in annual cost savings by the end of this year.

We've already undertaken over 100 cost savings projects that are helping us cut expenditures and add value and discipline to our operations.

Currently we have achieved almost \$47 million in ongoing annual savings...and we are on plan to reach the \$60 million mark by the end of this year. Importantly, I would expect these efforts to be building a value culture and competence such that we would continue to drive further cost discipline going forward.

In terms of our financial position...we ended 2005 with a healthy balance sheet.

Debt-to-total capital was a very comfortable 46.6%.

During the year, we successfully negotiated a global, five-year committed revolving credit facility of \$800 million with an international syndicate of banks.

This five-year credit facility is intended to be a source of financing for all of our businesses and it provides improved pricing compared to the bank facilities that were in place previously.

Turning now to the first quarter 2006....

Doug gave you the headlines earlier and now I'll fill in a bit more detail.

I am pleased to note that it was indeed a very strong quarter... revenue increased by 8% to \$1.24 billion and net income increased by 52% to \$56.9 million or 64 cents per share.

Now... the first quarter did include approximately \$4.5 million of net income from the sale of surplus real estate in Edmonton and another roughly \$4.5 million from the sale of a "business-line" at our OEM Remanufacturing operation.

Excluding these gains, earnings per share were 54 cents per share, a 28% increase over Q1 2005.

Cash-flow, after working capital changes, was \$136 million, over three times the \$44 million generated in the first quarter of last year.

This considerable increase reflects the improved operating results as well as continued efforts in managing our working capital as efficiently as possible.

Free cash flow before dividends in Q1 2006 amounted to almost \$41 million, compared to a reduction in free cash flow of \$38 million in Q1 last year.

Also in Q1 2006 our financial position improved a bit more and our debt-to-total capital ratio improved again to 45.7% at March 31, 2006.

Operationally, all parts of Finning contributed to the improved results this quarter, in particular the Canadian operations.

Contribution from Canada, adjusted for the gains noted previously, was up 21%.

There was also improvement at our UK operations, with EBIT at the UK dealership up almost double, and Hewden's contribution improved by almost 60%.

This contributed to a meaningful improvement from our UK operations.

Overall, we are pleased with our strong start to the year.

There is still a long way to go in 2006, and the strong Canadian dollar and some very competitive market conditions in the UK will continue to challenge us, however we are confident that we'll continue to make good progress over the rest of 2006.

I'll turn the podium back to Doug now...