

# Investor Presentation

June 2007

**FINNING**<sup>®</sup>

**Mike Waites**

Executive Vice President and CFO



# Forward Looking Information

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This presentation contains forward-looking statements and information which reflect the current view of Finning International Inc. ("Finning" or the "Company") with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties and Finning's actual results of operations could differ materially from historical results or current expectations. Finning assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Refer to Finning's annual report, management information circular, annual information form and other filings with Canadian securities regulatory authorities for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this presentation.

***Note: All amounts in this presentation are in Canadian dollars unless otherwise noted***



# Finning Today

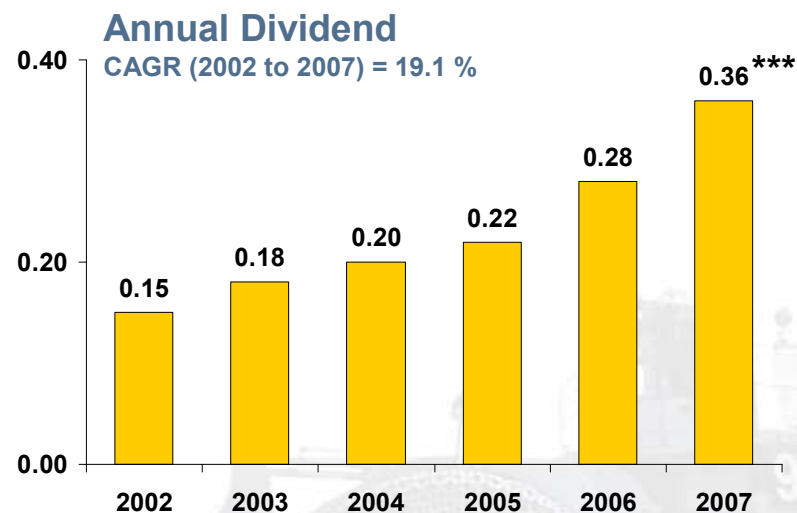
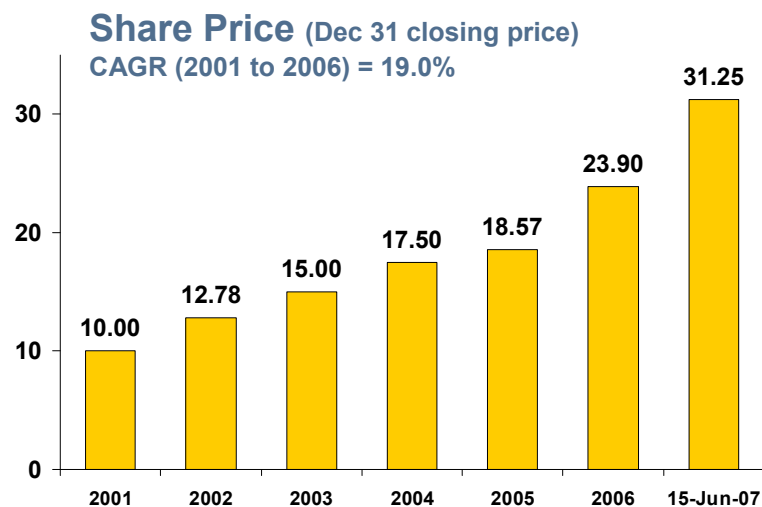
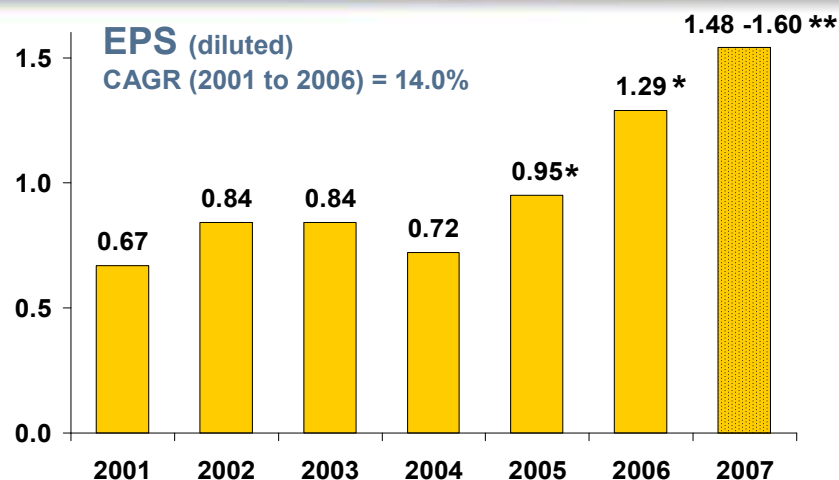
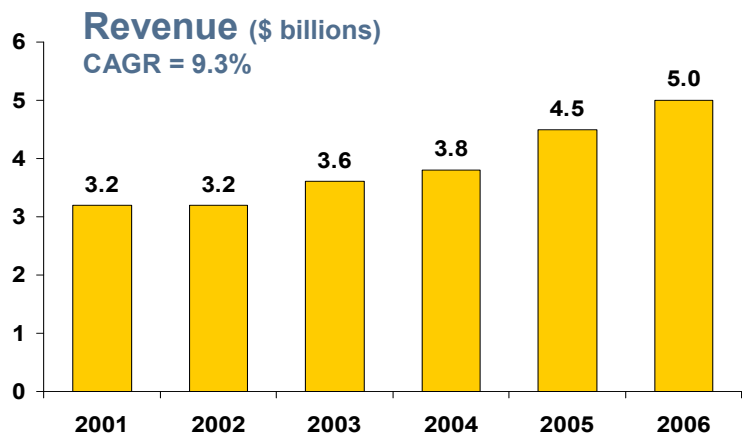
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- Largest Caterpillar dealer in the world
- C\$5.4 billion market capitalization
- 6 countries / 12,000+ employees
- Large and growing stream of parts & service business



# Financial Performance

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All per share amounts reflect the May 2007, 2 for 1 share split

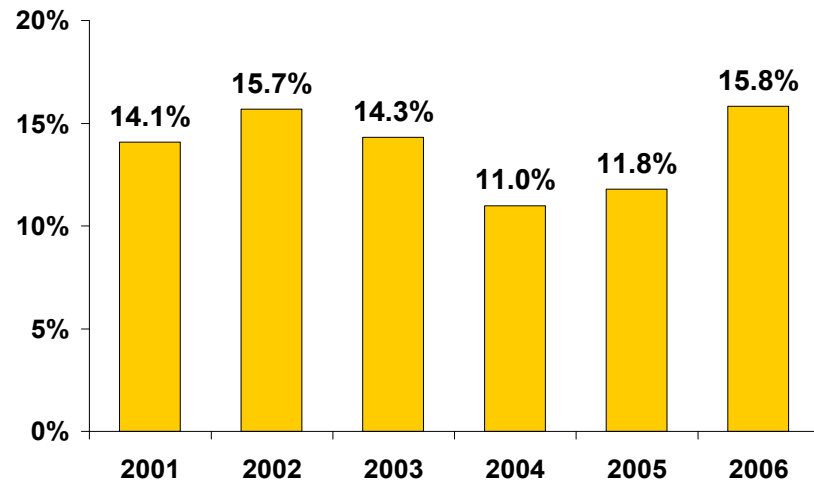
\* From continuing operations & adjusted for non-operating items

\*\* 2007 Guidance \$2.95 - \$3.20 \*\*\* Indicated dividend

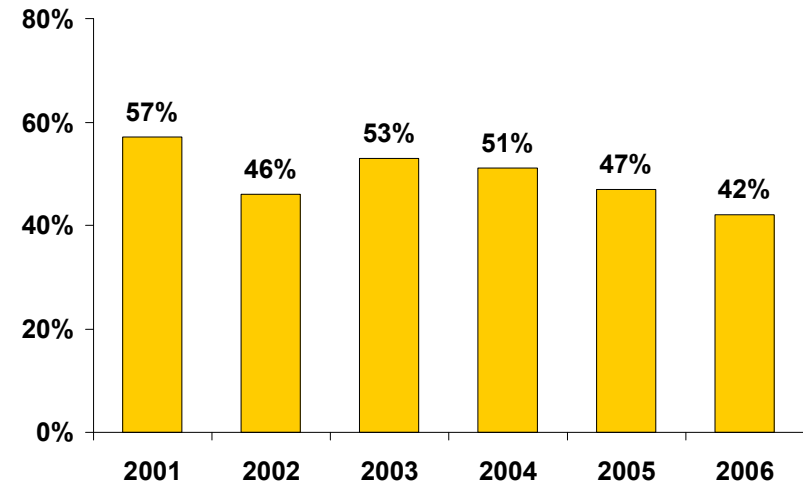
# Financial Performance

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### Return on Equity



### Leverage = Debt/(Debt + Equity)



\$305 million equity issue, November 2004



# Q1 2007 Results

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## *Another very strong quarter...*

- Revenue: up 21% (\$1.426 billion)
- EBIT\*: up 22% (\$111.9 million)
- Diluted Adjusted EPS\*: up 43% (\$0.39 per share)
- Dividend Increase: up 12.5% (to \$0.09 per quarter)
- 2 for 1 share split approved by shareholders

\* From continuing operations

All per share amounts reflect the May 2007, 2 for 1 share split



# Quarterly Revenue Growth (Q4 '07 / Q1 '06)

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New equipment and power systems: up 29%

Equipment rental revenues(mainly Canada): up 15%

Customer support service revenues: up 15%



# EBIT Margins Improve

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	Q1 <u>2007</u>	Full Year <u>2006</u>	Full Year <u>2005</u>
Canada	9.2%	8.2%*	7.3%
FINSA	11.4%	10.8%	9.3%
UK	4.5%	5.5%	4.3%
Consolidated	7.8%	7.3%*	6.1%

Strong & increasing profitability reflects:

- Growing parts & service business in Canada, FINSA & UK
- Improved UK dealership results
- Successful cost control initiatives
- Better price realization

\* Adjusted for sale of real estate and OEM business line



## Cash Flow

- Cash flow (after working capital changes): '07 = \$ 63 mm  
'06 = \$136 mm
- Free cash flow before dividends: '07 = \$112 mm use of cash  
'06 = \$ 41 mm source of cash
- Cash used to fund increase in equipment and parts inventories in attractive growth markets

## Balance Sheet

- Debt to Total Capital = 42.7% vs. 41.7% at year end
- Very strong financial position



# UK Restructuring

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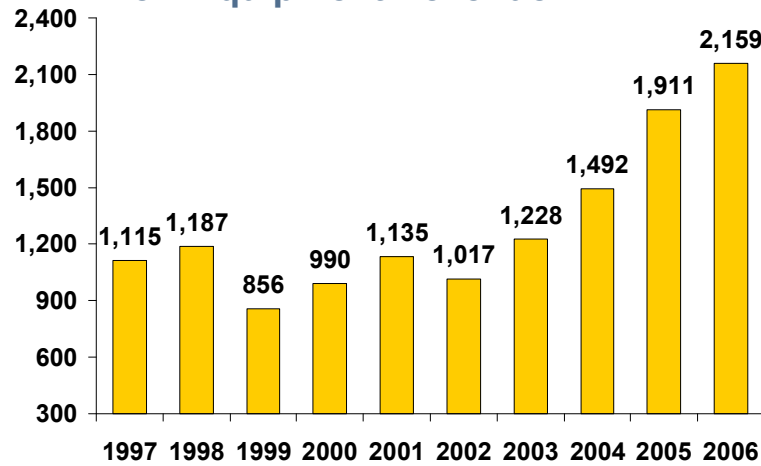
- Sale of Materials Handling Division (forklift trucks)
  - Sept 2006
  - \$175 million
- Sale of Tool Hire Division of Hewden (small tools)
  - July 2007
  - \$309 million (\$245 + \$64)
- Completes major UK restructuring initiatives
  - raises almost \$500 million
  - longer term, redeploy capital to higher return areas
- Paves the way for further profitability improvements at Hewden and the UK dealership



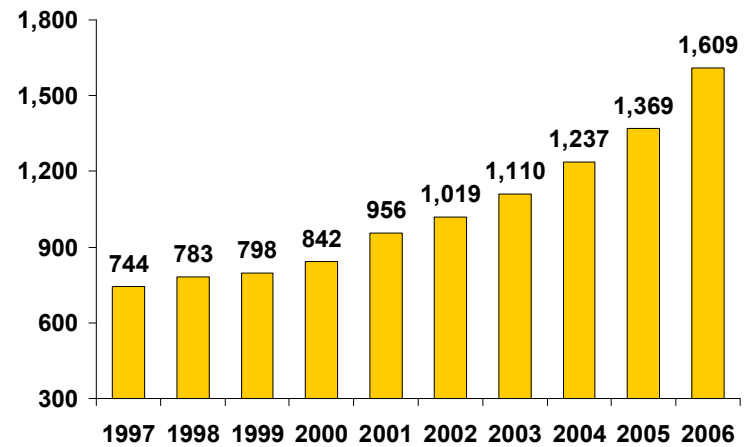
# Customer Support Services

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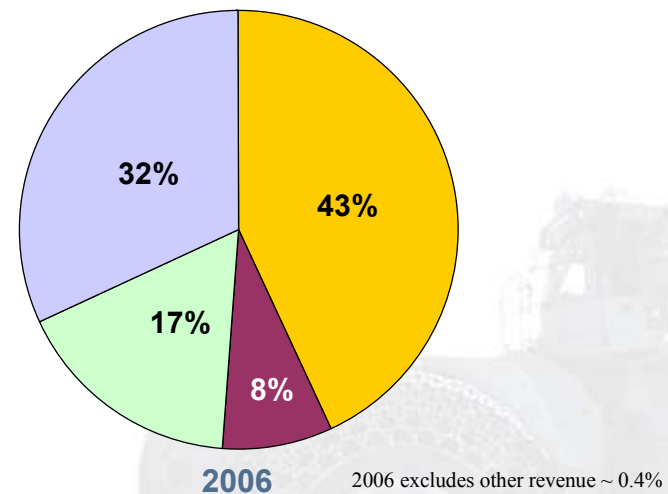
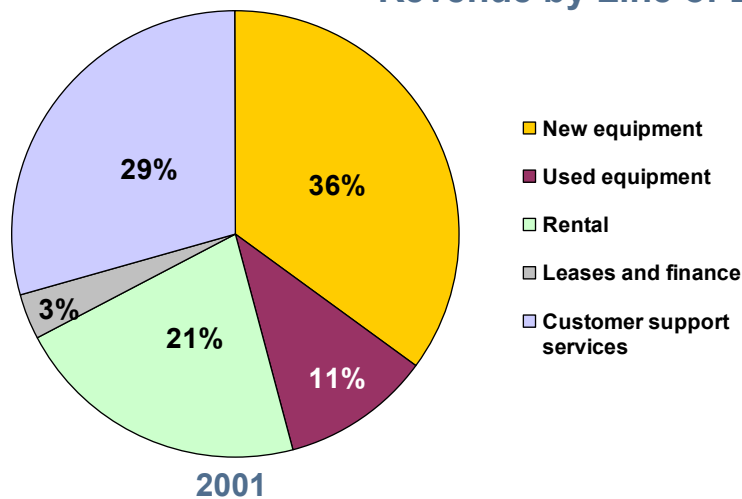
### New Equipment Revenue



### Customer Support Services Revenue



### Revenue by Line of Business

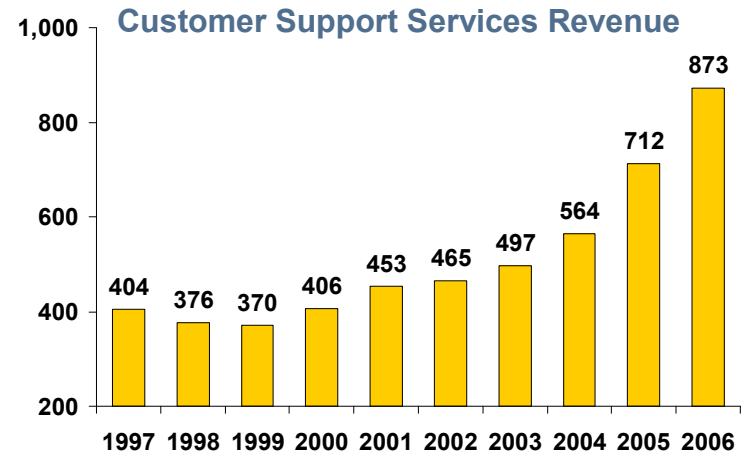
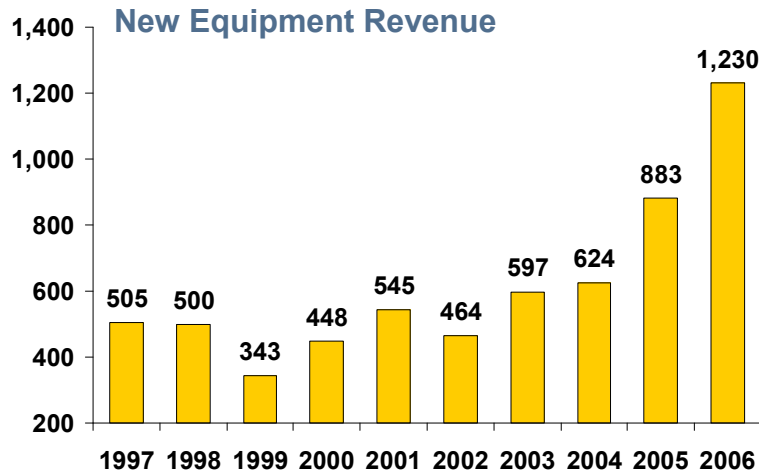


- New equipment
- Used equipment
- Rental
- Leases and finance
- Customer support services

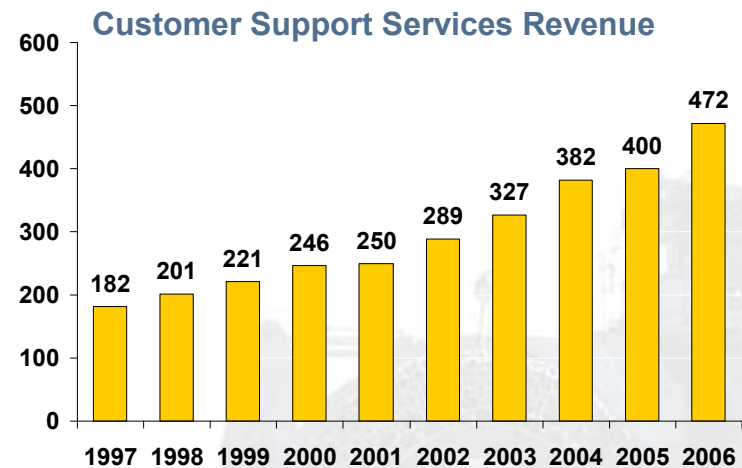
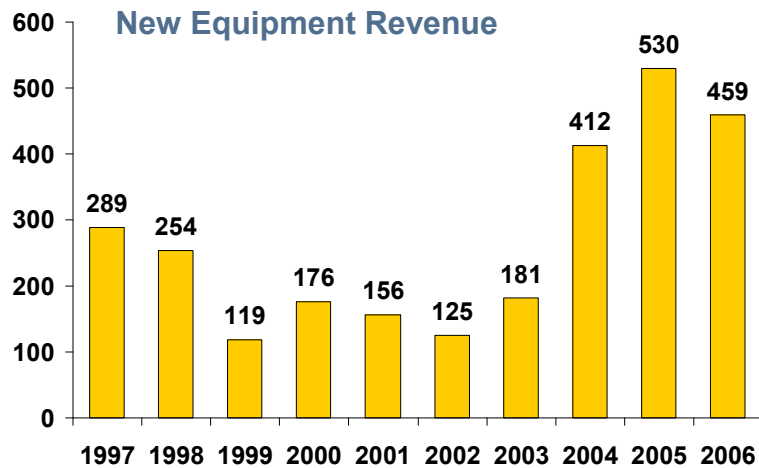
# Customer Support Services (cont.)

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## Canada



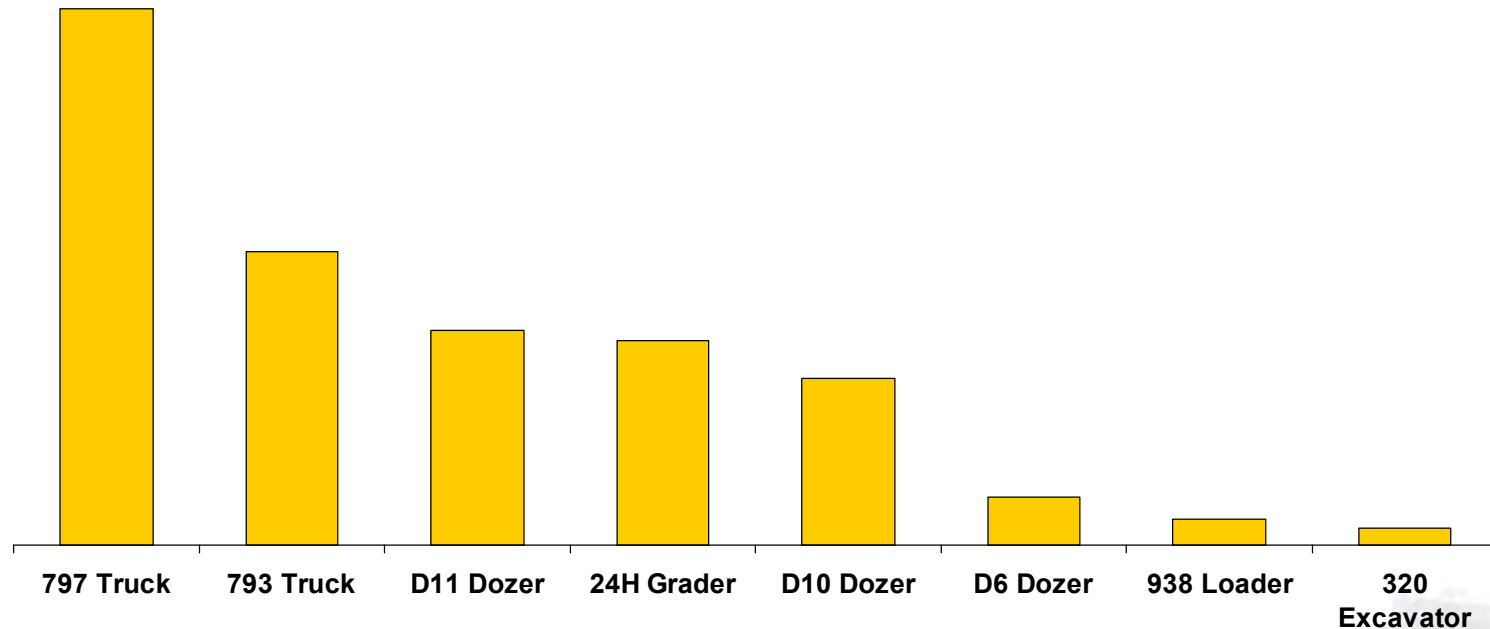
## South America



# Sample Annual Parts & Labour Consumption Rates

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Average Annual Parts & Service Spend Per Unit Over 10 years

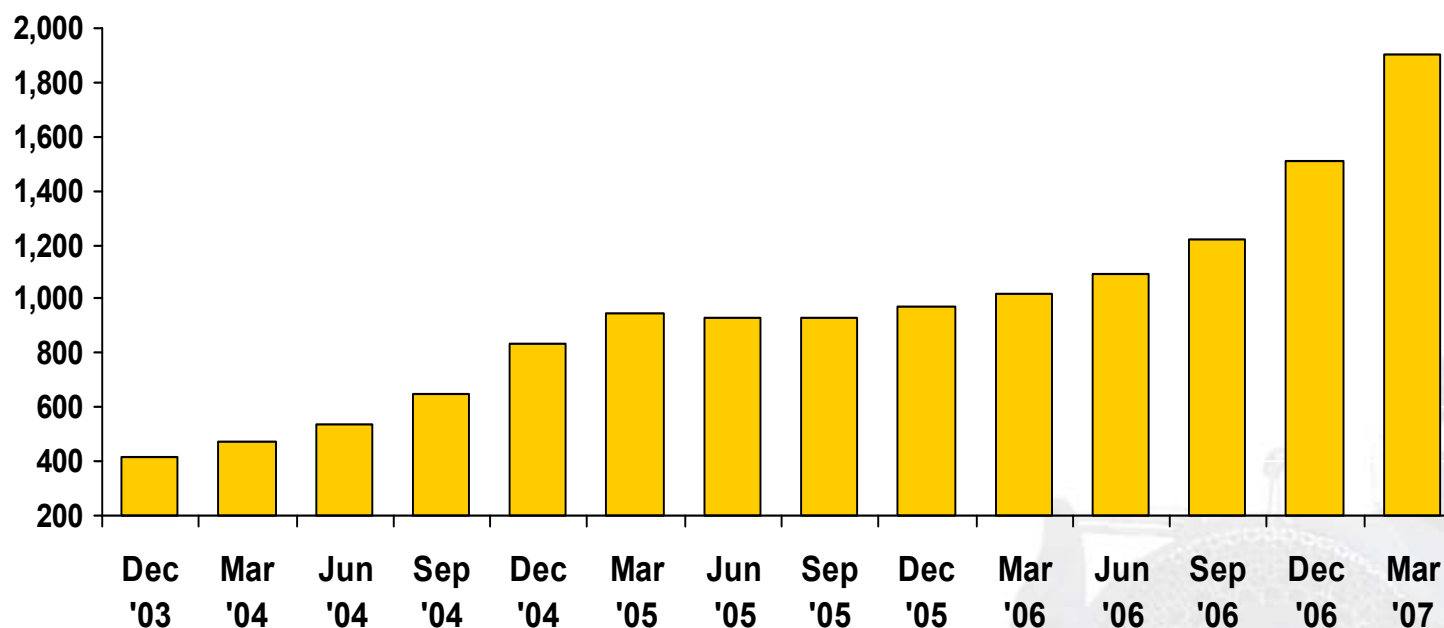


Large mining equipment generates higher parts & service revenues

# Order Backlog

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- Consolidated order backlog at \$1.9 billion
- Function of business levels and availability of equipment
- Record levels in all 3 regions – outlook very positive
- Provides good visibility on earnings for 2007 and into 2008, with some truck orders to 2009/10



# An Excellent Outlook

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- 2007 EPS Guidance maintained at \$1.48 - \$1.60
- Commodity markets drive W. Canadian and S. American operations
- Broad economic growth supports infrastructure spending and general construction markets
- Growing high margin parts and service revenues
- Finning and Caterpillar committed to a long-term strategy for the U.K. business to deliver appropriate returns on capital
- Overall focus on profitability and return on capital

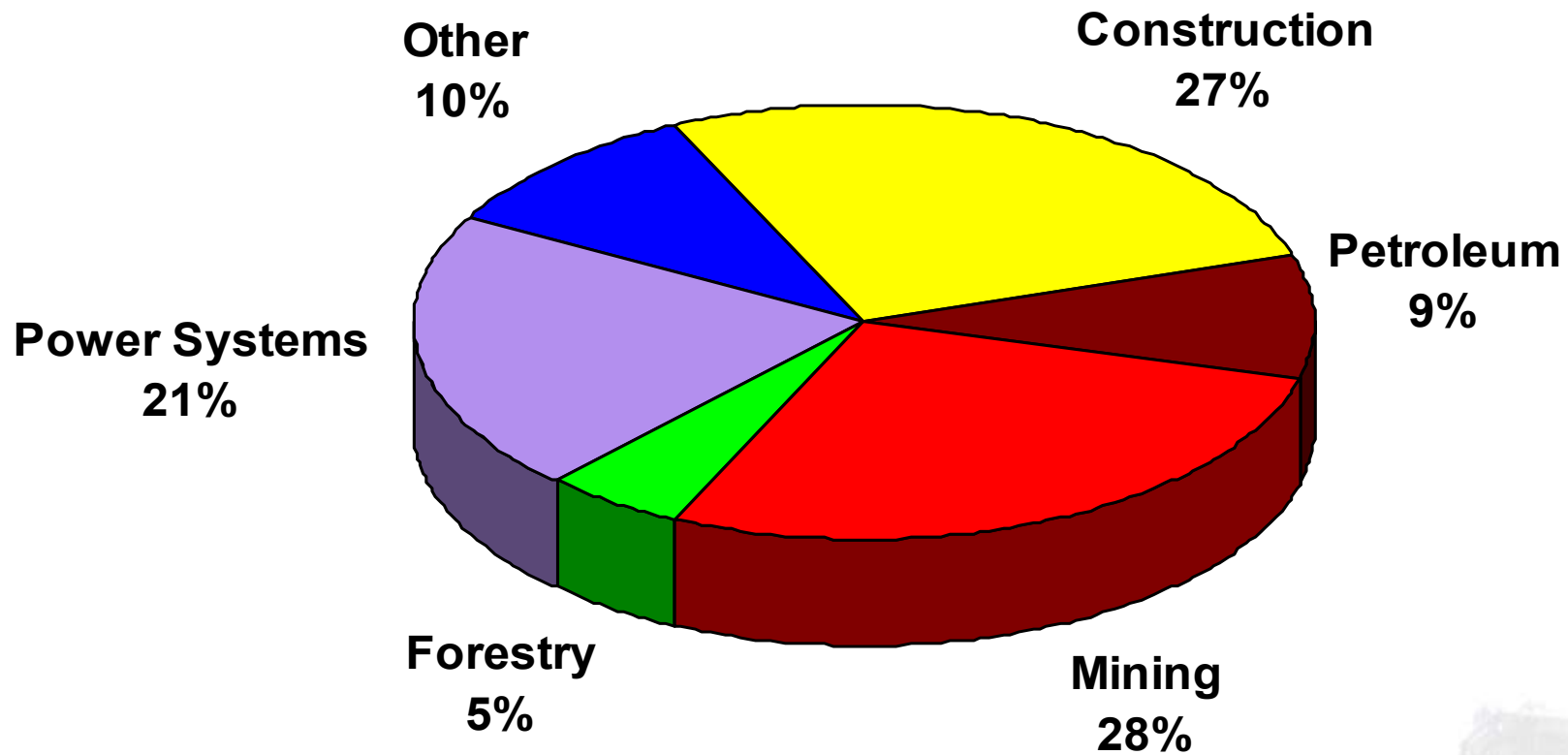


# **Appendix: Additional Slides**



# Diversified End Market

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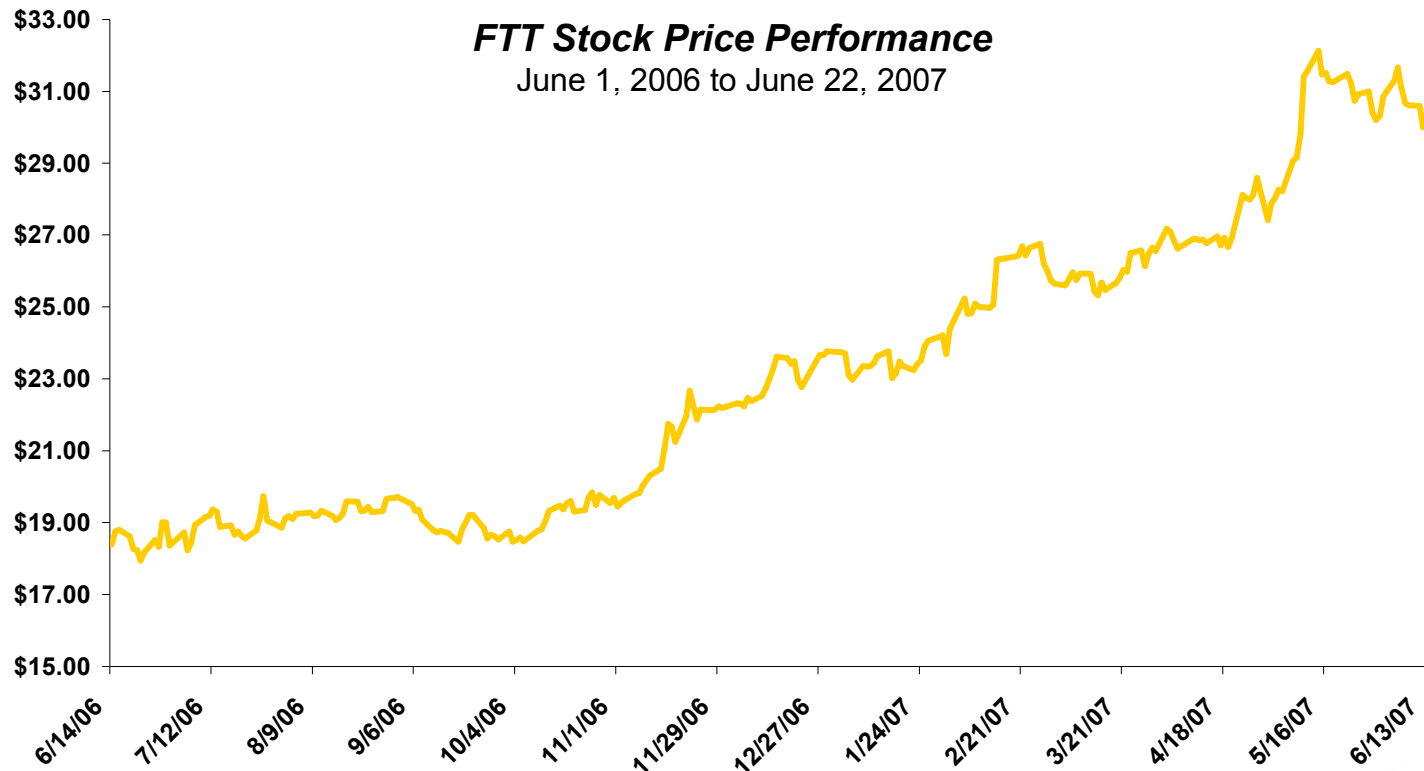


Serving a diversified industry base

\* New equipment deliveries at December 31, 2006

# FTT Stock Performance

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## Dividend Growth

- Annual indicated dividend: \$0.36 per share
- Dividend increased 8 times over 6 years
- CAGR in dividend over 6 years: 23%

## Shareholder return (excluding dividend) as at June 15, 2007

- 1 year – 70%
- 5 years – 19%
- 10 years – 14%