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# FINNING

INTERNATIONAL INC.

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**Executive Vice President and CFO**





# Forward-Looking Statements

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.***



# Presentation Agenda

- Company Profile
- Corporate Strategies
- Financial Performance
- 2005 Outlook and Growth Opportunities
- Summary



# Finning International Inc.

- Incorporated 1933 in Vancouver, BC
- Largest Caterpillar dealer in the world
  - Sell new and used equipment and engines
  - Provide parts and service
  - Equipment rental
- Focused on three key geographies:  
Western Canada, UK, South America
- 12,000 employees



# Investment Performance

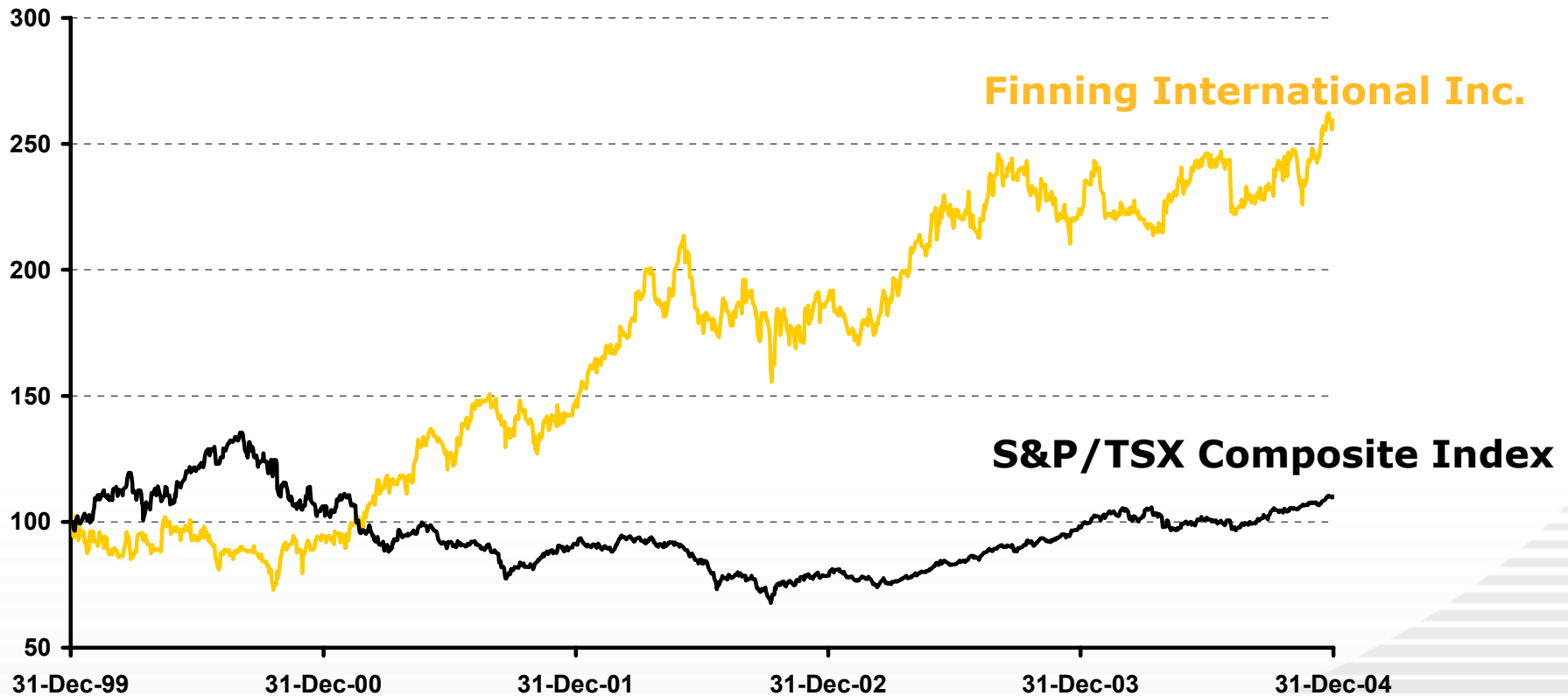
- Public since 1969 (TSX:FTT)
- Investment grade credit: BBB+ / BBB (high)
- \$3 billion market capitalization
- Growing dividends
  - Increased four times since 2001
  - Current yield 1.1%
- Exemplary corporate governance standards
  - Ranked No. 1 by Canadian Business Magazine in 2003 and 2004
  - Ranked No. 2 by Globe & Mail in 2004



# Investment Performance

## Relative Price Performance (FTT vs. S&P/TSX Comp. Index)

Dec 31, 1999 – Dec 31, 2004





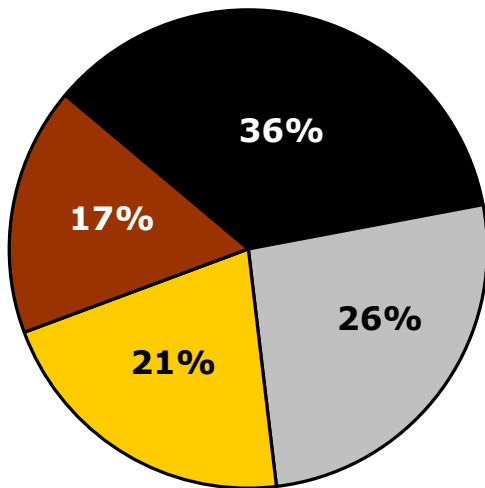
# Strategy

- Leverage Caterpillar relationship
- Diversify by:
  - Geography
  - Industry served
  - Revenue stream
- Grow parts, service, and rentals
  - Enhances earnings stability and predictability
- Pursue prudent growth
  - Organic growth plus strategic acquisitions
- Set and achieve challenging, but realistic, financial and operating targets

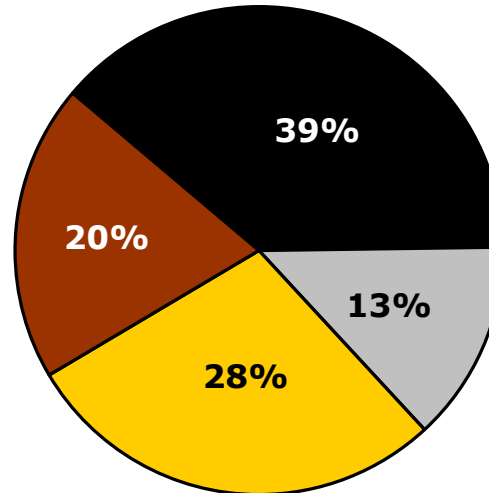


# Geographic Diversification and Balance

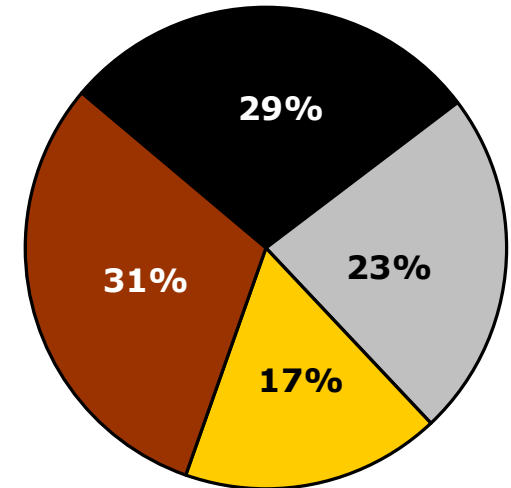
**Revenue**



**EBIT\***



**Assets**



**Canada**
 **UK**
 **South America**
 **Hewden**

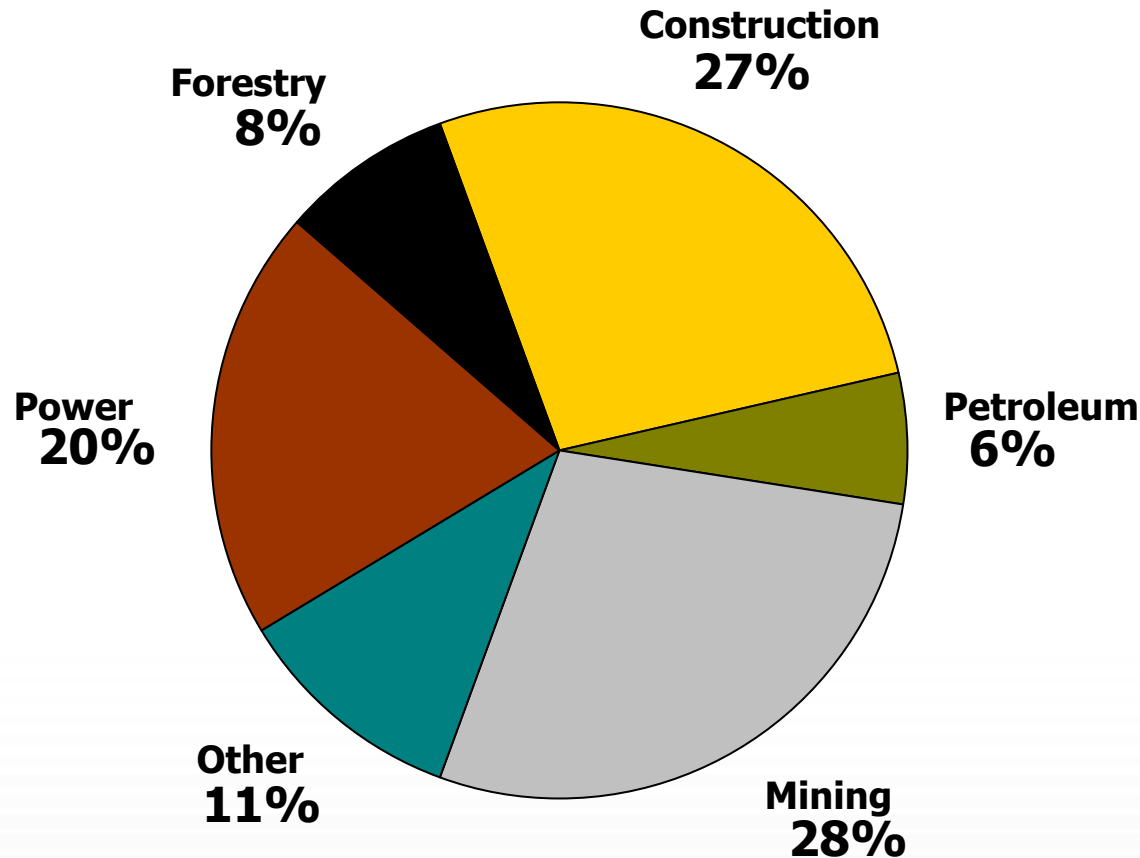
9 months to Sept 30, 2004

\*Excludes corporate and other expenses



# End Market Diversification

## New Equipment Deliveries\*



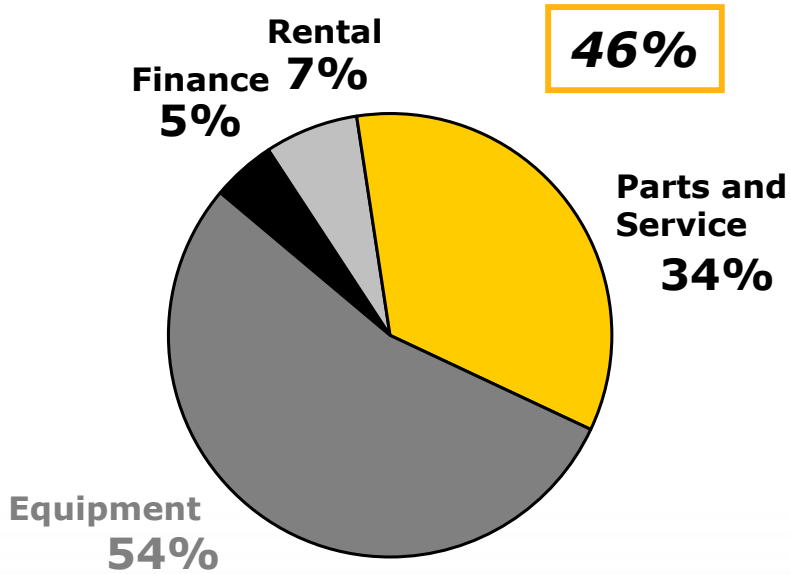
\* New equipment deliveries for 9 months ended Sept. 30, 2004



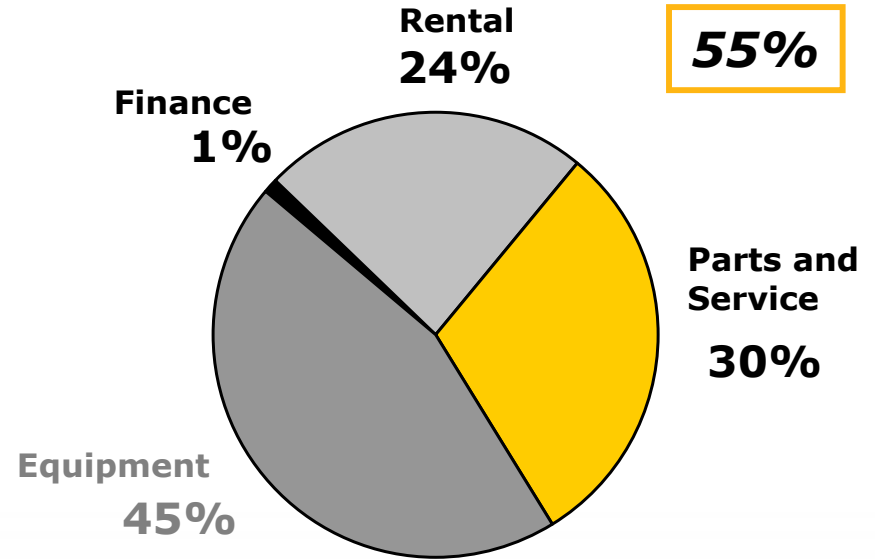
# Revenue Diversification

Revenue = \$2.5B

Revenue = \$4B



**2000**



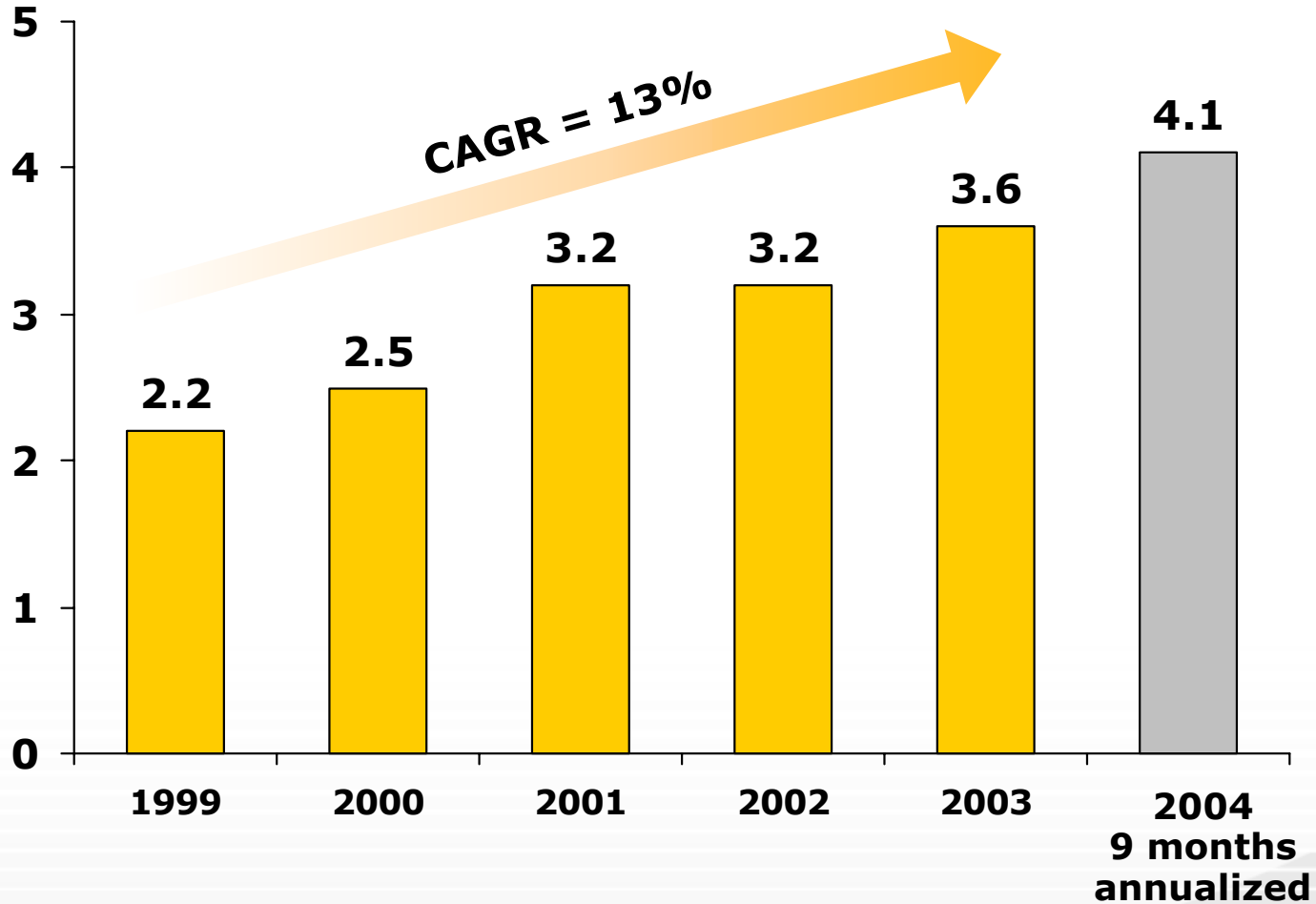
**2004 LTM\***

\* 12 months to Sept. 30, 2004



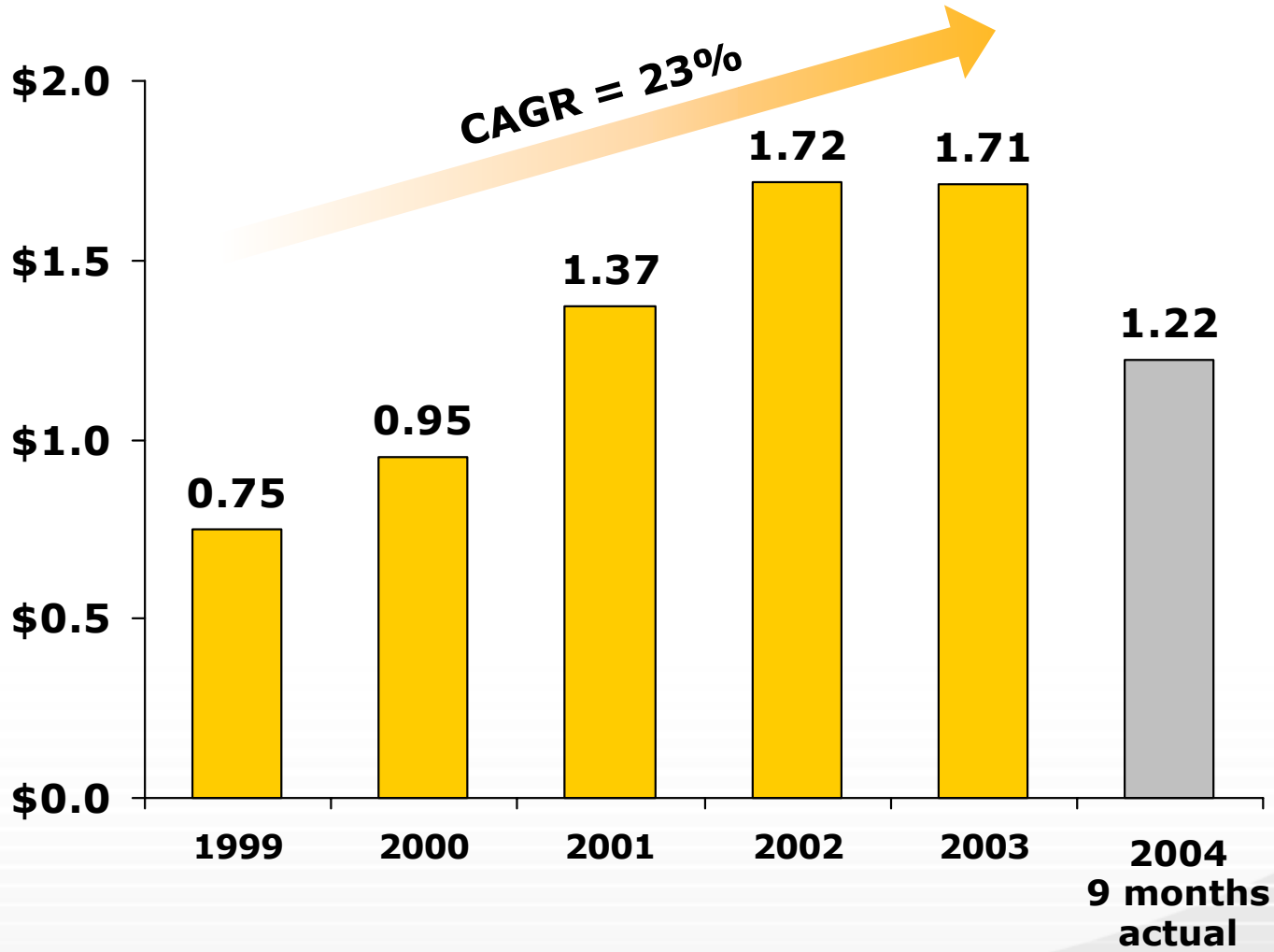
# Attractive Revenue Growth

\$billions



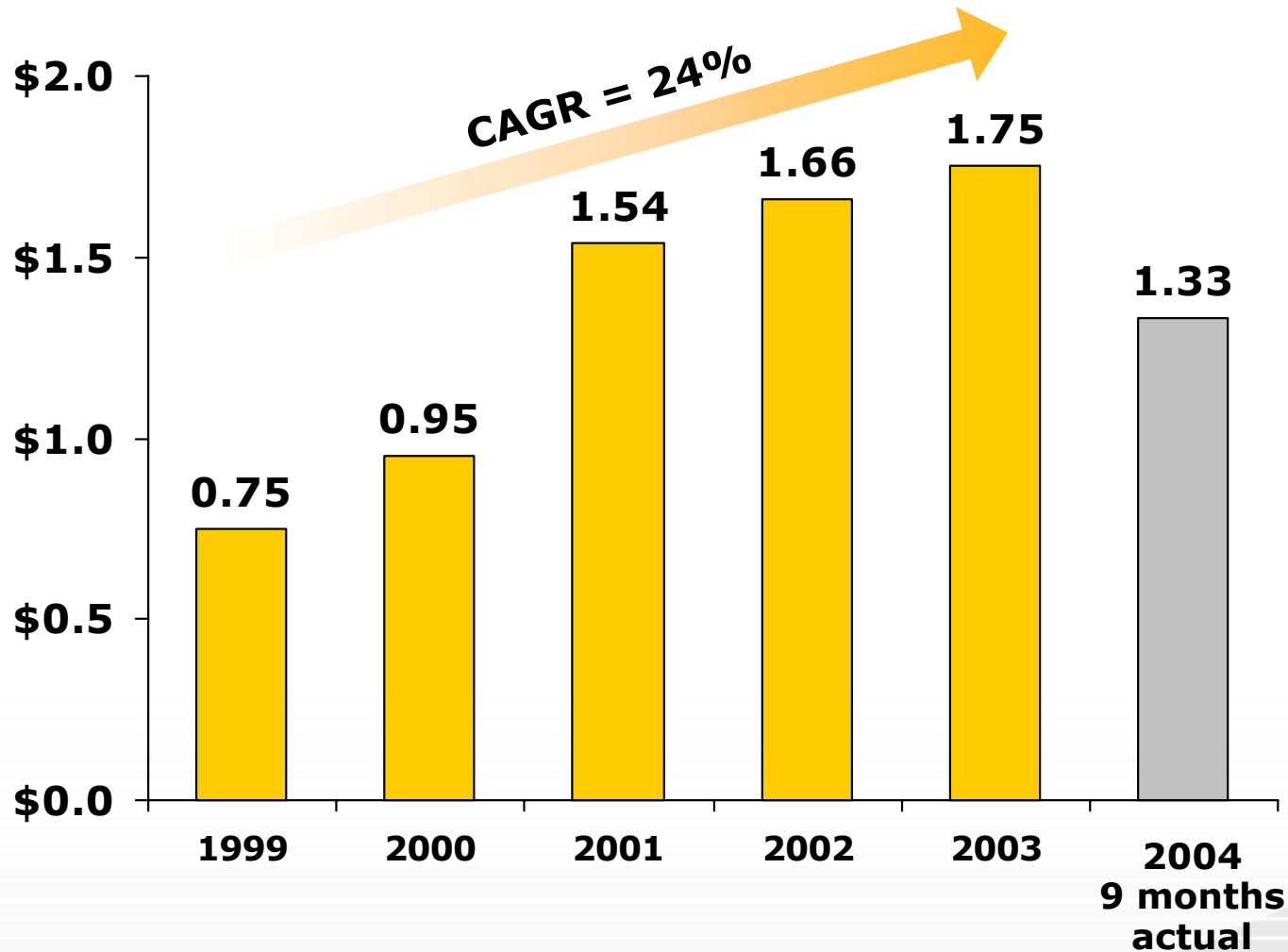


# Basic Earnings per Share





# Normalized\* Earnings per Share



\*Excludes items not reflective of ongoing earnings



# Earnings Headwinds

## Negative Year over Year Impact on Earnings:

	2003	2004(f)	2003-2004 combined
Foreign Exchange*	\$0.20	\$0.18	\$0.38
Pension Expense	\$0.06	\$0.09	\$0.15
			<hr/> \$0.53 per share

\*Mainly USD/CAD but also GBP/CAD

# Cost Savings Program

## "\$60M by '06"

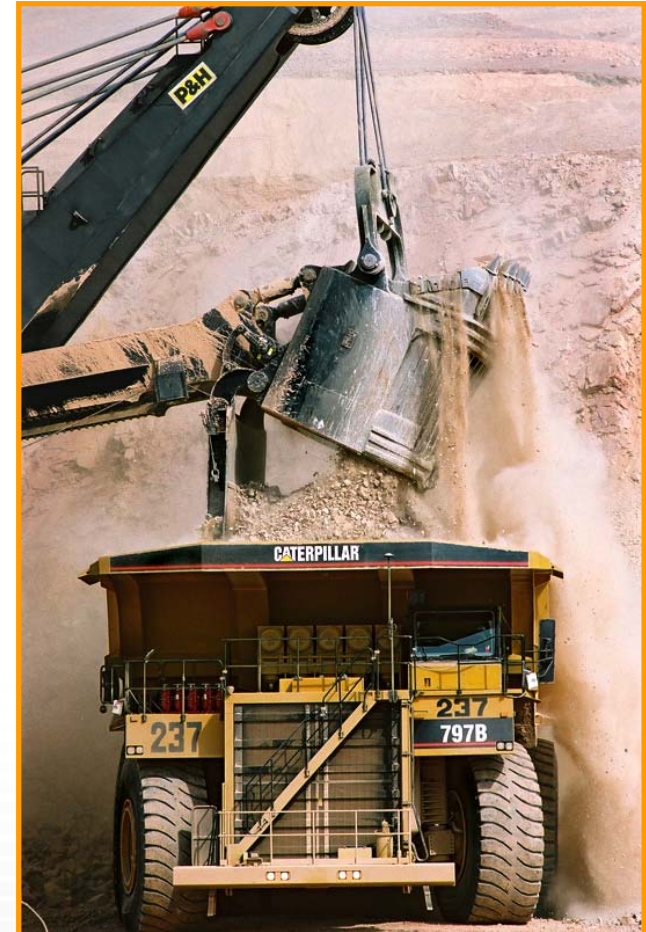


- Broad portfolio of projects
  - Hewden initiatives
  - Asset reduction
  - Company-wide savings
- Disciplined process
  - Project management approach
  - Six Sigma
- Aligned with CAT and their resources
- 90 projects totaling \$60M of savings identified to date
- Further projects in the pipeline



# 2005 Outlook

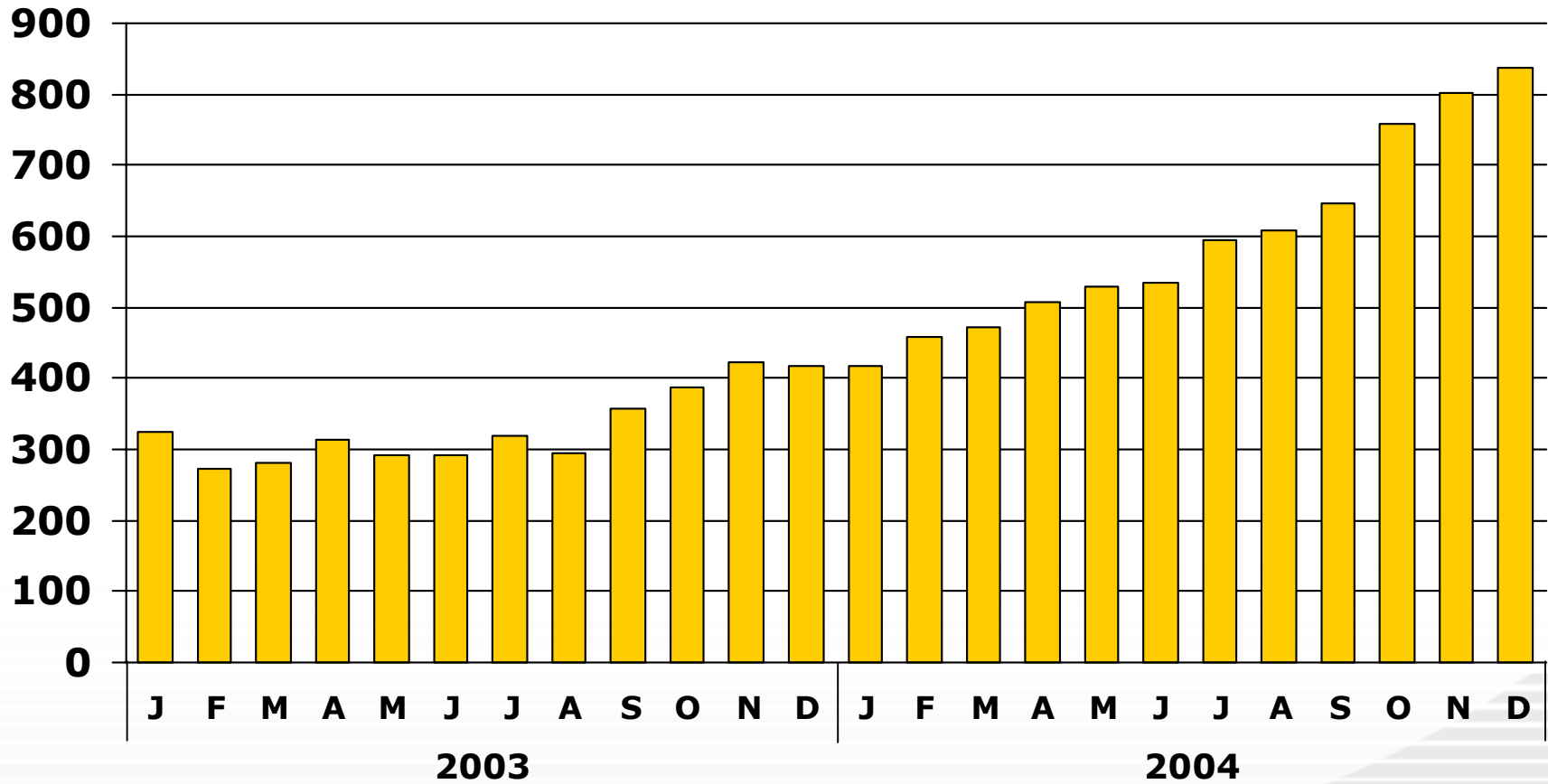
- Broad economic growth drives infrastructure spending
- Strong commodity markets
- Large and growing fleet in market areas drives growing parts & service revenues
- Future growth through organic growth & acquisition
- Focus on efficiency





# Record Order Backlog

C\$ millions





# Opportunities in Canada

- Oil Sands – \$5-6B opportunity
- Mining – expansions, openings
- Petroleum – record well completions
- Infrastructure – Alberta & BC
- Pipelines – arctic gas and westbound oil
- General construction - very strong
- Forestry – industry recovery & pine beetle
- 2010 Olympics infrastructure





# Opportunities in South America

- Mining - \$1.5B opportunity
- Economic recovery stimulating infrastructure projects and general construction
- Increased oil & gas drilling activity in Argentina
  - Future development of reserves in Bolivia
  - potential pipeline





# Opportunities in the U.K.

- £180B infrastructure plan provides growth platform
- Growing order backlog
- Profitability initiatives
  - DBSi implementation - CAT support
  - Optimize integration of Lex Harvey
  - CAT market share project
  - New management team and structure





# Hewden Opportunities

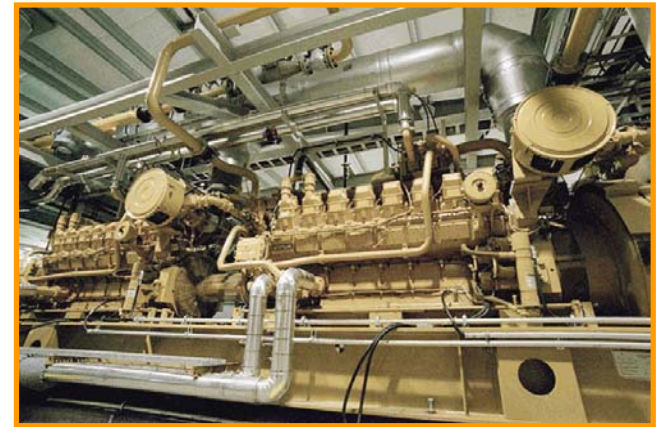
- Significant performance improvement
- EBIT improvements through:
  - Focus on professional market
  - Consolidated purchasing power
  - Hub & spoke network implementation
  - Business process redesign / back-office integration
  - Sale of non-core assets
  - Synergies with Finning UK





# Power Systems Opportunities

- Goal to double revenues to \$1B by 2008
- Growing global demand for gas field compression and distributed power
- Granted UK distribution rights for Perkins Engines effective Dec/04
  - \$50M additional revenue annually, minimal start-up costs, accretive to earnings





# Summary

- Reliable and growing earnings stream
  - Diversified (geographies & customers)
  - Large, growing parts & service component
- Growth
  - Organic (from existing service areas)
  - Prudent M&A transactions to supplement
- Maintain conservative financial position
  - Don't "bet the farm"
  - To take advantage of opportunities
- Highest standards of corporate governance
  - Growing dividend