Dave Smith – EVP and CFO
Finning International Inc.

Remarks - Annual General Meeting, May 8, 2012
(check against delivery)

Thank you, Mike.

Good afternoon everyone. As Mike highlighted, 2011 was marked by a number of records across our operations, as well as solid progress towards our strategic targets. We posted a record $5.9 billion in revenues, reflecting the strong demand in most sectors, particularly in mining and heavy construction. New equipment sales were active in each of our regions, and product support revenue grew to a new high.

We also reached an all-time EBIT record. Coming off the heels of great operating leverage improvement in the first six months of 2011 our EBIT margin was impacted in the back half of the year by the ERP system issues in Canada. With all-around record results in 2011, and solid operating leverage, South America was a standout performer. And as Mike indicated, 2011 was a turnaround year for the UK and Ireland as the team delivered strong results every quarter and doubled profits year-over-year.

This is especially impressive given the challenging macro-environment there. On the cash front to support the 29 percent increase in revenue, we required more working capital through most of 2011. As a result, for the full year we had a net use of cash despite very strong cash generation in the fourth quarter. Lastly on 2011, I am pleased to report that our return on equity for the year was just over 20 percent, which is as high as we've seen in the last ten years.

Turning now to our results for the first quarter of 2012 which we've just released…From an earnings perspective, quarterly EPS of 39 cents was in line with our expectations, and gives us an excellent start to a strong year ahead. Revenues were up 16 percent from a year ago to $1.5 billion, fueled by healthy market activity in all our territories and across most sectors. New equipment sales were solid year-over-year, particularly in Canada, and order intake continued to be strong in the first quarter. Our product support revenues set a new record for the second consecutive quarter.

This reflects our success at meeting the demand for more parts and service as the large fleet of equipment in our territories continues to be put to work. Our operations in South America and UK & Ireland both posted a very strong quarter delivering solid operating leverage and EBIT margins approaching their 2013 targets. Canada reported strong revenue growth and improved EBIT margin performance for the second consecutive quarter. We continue to execute on our ERP recovery plan, and our focus remains on improving customer service, while optimizing the system and eliminating incremental costs.

We are moving ahead with planned system enhancements, and expect a gradual improvement in Canada's EBIT margin performance throughout 2012. Shifting to free cash flow as expected, we used cash in the quarter to build up inventory to meet strong demand for equipment and parts. We expect working capital to begin moderating in the second quarter putting us on track to generate positive free cash flow for the balance of the year. On the balance sheet front, the funding for the first phase of the Bucyrus transaction was successfully completed in April through a US private placement of $300 million in long term debt. As a result, our net debt to total capital ratio will be temporarily above our target range of 35-to-45 percent in 2012. However, with a strong focus on cash management and balance sheet de-levering, we expect to be within our target range by the end of 2013. Overall, the outlook for our business remains positive, and with a solid backlog of orders on hand, we have very good visibility for 2012.

Our backlog was up by 11% to $1.6 billion at the end of March, reflecting strong underlying customer demand. For 2012, we now expect our revenues, including Bucyrus, to grow by 8 to 10 percent year-over-year, which is an increase over our previous guidance of 5 percent growth this year. On its own, the former Bucyrus business is expected to contribute approximately $270 million to our 2012 revenues. We continue to expect that the Bucyrus acquisition will be accretive to our earnings in 2012, and will generate an EBIT margin of 7 to 8 percent within the next two years. As we indicated during our investor day in December, we are driving operating leverage to achieve a 9 to 10 percent EBIT margin in 2013. Delivering sustainable improvement in profitability and return on capital remains at the top of our strategic priorities. We are off to a good start in 2012… and I am confident that we are on the right path to reach our targets.

Based on an encouraging market outlook for our business and projected strong earnings growth in 2012 we are pleased to announce that our Board of Directors approved an 8% increase in our quarterly dividend to 14 cents per share. We believe that dividends are an important component of total return for our shareholders, and remain committed to increasing the dividend, consistent with sustainable earnings growth.

As 2012 progresses, we will continue to focus on our three priorities, which are:

- Improving our operating profitability in Canada;
- Successfully integrating the Bucyrus distribution business into each of our regions; and
- Strengthening our balance sheet by maximizing our strong operating cash flow capabilities.

And on that note, I'll turn the podium back to Mike…