

FINNING

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YEARS
1933 - 2013

Q3 2013 Investor Call

November 14, 2013



Forward Looking Information

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; expected revenue and SG&A levels and EBIT margin growth; anticipated generation of free cash flow and its expected use; the impact of new and revised IFRS that have been issued but are not yet effective; and the expected target range of the Company's Debt Ratio. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe Finning's expectations at November 13, 2013. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; risks associated with the conduct of business in foreign jurisdictions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to realize expected benefits of acquisitions; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, availability and benefits from information technology and the data processed by that technology. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of Finning's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that Finning believed were reasonable on the day the Company made the forward-looking statements. Refer in particular to the Outlook section of the MD&A. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company's current Annual Information Form (AIF) in Section 4.

Finning cautions readers that the risks described in the AIF are not the only ones that could impact the Company. Additional risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also have a material adverse effect on Finning's business, financial condition, or results of operations.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.

All amounts in this presentation are in Canadian dollars unless otherwise noted

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Scott Thomson, President and CEO

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Dave Smith, EVP and CFO

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Q3 2013 Results – Sequential Review

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C\$ millions

	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q3 2013</u>	<u>% change Q3/Q2</u>
Revenue	1,560	1,620	1,780	10
Gross profit	498	513	514	0
<i>GP margin</i>	32.0%	31.7%	28.9%	
SG&A	(382)	(392)	(379)	3
<i>SG&A as % of revenue</i>	(24.5)%	(24.2)%	(21.3)%	
Equity earnings	3	4	3	
Other income (expenses)	(2)	(2)	(2)	
EBIT	117	123	136	11
<i>EBIT margin</i>	7.5%	7.6%	7.6%	
Net income	73	83	86	4
Basic EPS	0.43	0.48	0.50	4
EBITDA	169	176	191	8
Free cash flow	(93)	6	163	

Q3 2013 Free Cash Flow

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C\$ millions

Net income adjusted for items not affecting cash

Changes in working capital items

Interest & income taxes paid

Net proceeds (expenditures) on capital assets

Net proceeds (expenditures) on rental

Free cash flow

EBITDA

	<u>Q3 2013</u>	<u>Q3 2012*</u>
Net income adjusted for items not affecting cash	187	175
Changes in working capital items	15	(151)
Interest & income taxes paid	(18)	(24)
Net proceeds (expenditures) on capital assets	3	(41)
Net proceeds (expenditures) on rental	(24)	12
Free cash flow	163	(29)
EBITDA	191	178

* Restated to reflect the adoption of the amendments to International Accounting Standard 19 (*Employee Benefits*)

- Expect continued reduction in new equipment inventory and strong collections in Q4
- Net debt to total capital = 47.8% at Sep 30, down from 50.6% at June 30
- Expect to be approximately 45% by the end of 2013, at high end of 35-45% target range

Q3 2013 Results

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C\$ millions	<u>Q3 2013</u>	<u>Q3 2012*</u>	<u>% change</u>
Revenue	1,780	1,594	12
Gross profit	514	490	5
<i>GP margin</i>	28.9%	30.7%	
SG&A	(379)	(368)	(3)
<i>SG&A as % of revenue</i>	(21.3)%	(23.1)%	
Equity earnings	3	2	
Other income (expenses)	(2)	0	
EBIT	136	124	10
<i>EBIT margin</i>	7.6%	7.8%	
Net income	86	81	6
Basic EPS	0.50	0.47	6
EBITDA	191	178	7
Free cash flow	163	(29)	

* Restated to reflect the adoption of the amendments to International Accounting Standard 19 (*Employee Benefits*)

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Juan Carlos Villegas, EVP and COO

November 14, 2013

