

A man wearing a white hard hat and safety glasses is looking intently at a piece of machinery in a factory setting. The background shows industrial structures and equipment. The man is wearing a yellow and grey work shirt.

# FINNING<sup>®</sup>

## INVESTOR PRESENTATION

Dave Smith, EVP and CFO

CIBC Whistler Institutional Investor Conference  
January 23, 2014

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 EBIT margin growth; expected results from service excellence action plans; anticipated asset utilization, inventory turns and parts service levels; and the expected target range of the Company's net debt to total capital 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 January 23, 2014. 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.

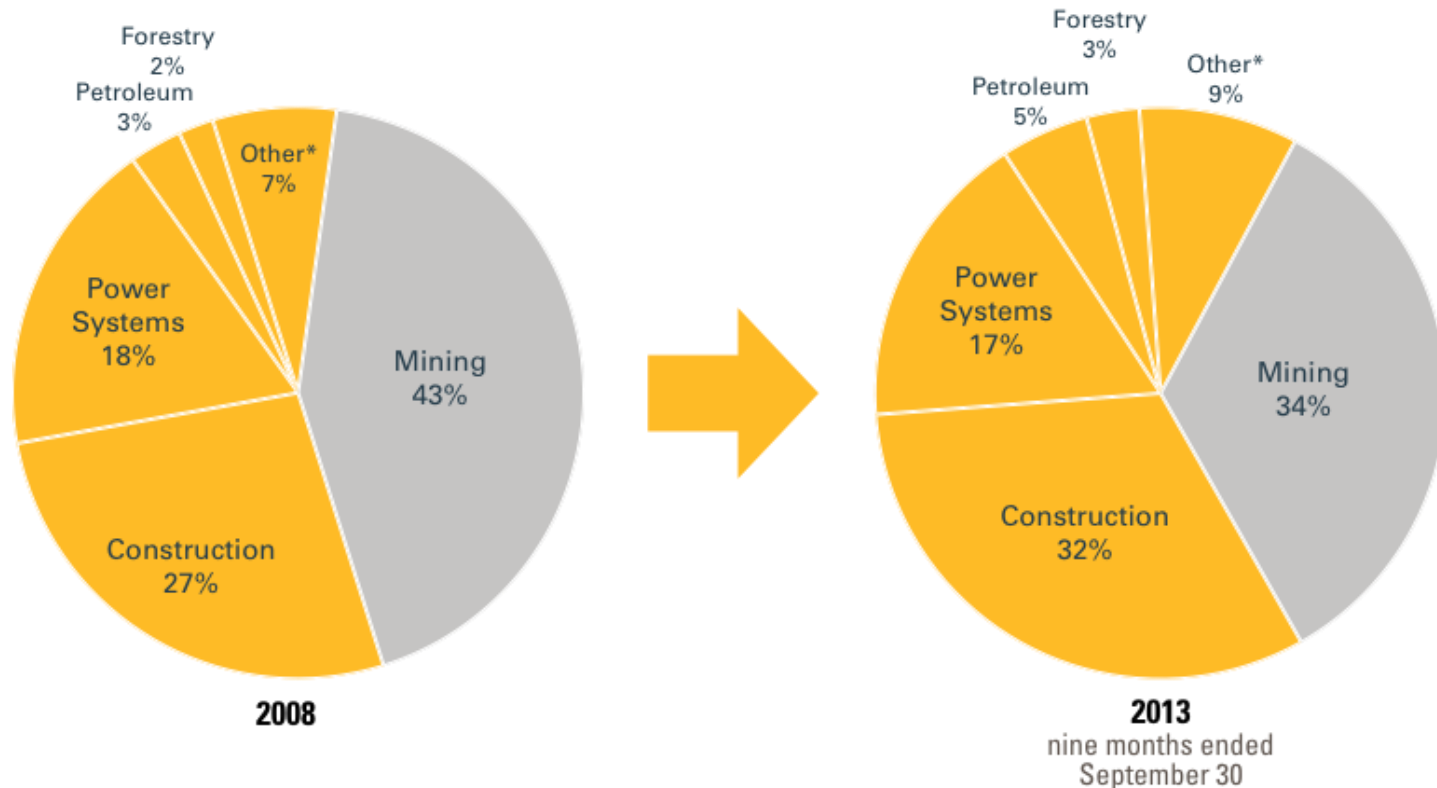
Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The 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.

- Passionate and committed employees
  - Right people in the right places to execute on the plan
  
- Best products, best territories
  - Aligned with Caterpillar, world's best heavy equipment company
  - Resource-rich territories with significant organic growth opportunities
  
- Compelling business model
  - Machine population provides embedded product support growth
  - Opportunity to generate positive free cash flow throughout the cycle
  
- Significant opportunity to improve operating performance
  - Going forward, profit can grow faster than revenue and working capital management will improve markedly
  
- Opportunity to optimize and capitalize on historic investments
  - More disciplined approach to capital investment

# Diverse & Growing Customer Base

66% of new equipment deliveries from non-mining

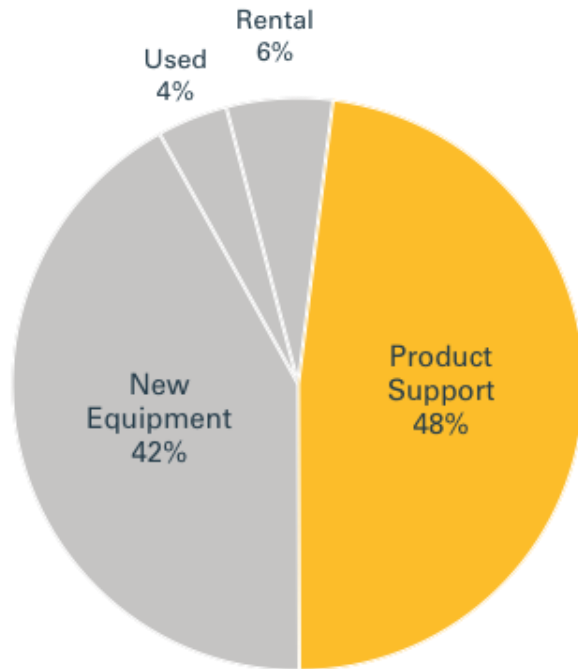
## New Equipment Deliveries by Industry



Non-mining equipment deliveries increased from 57% to 66% over last 5 years

\* Other: agriculture, industrial and government segments

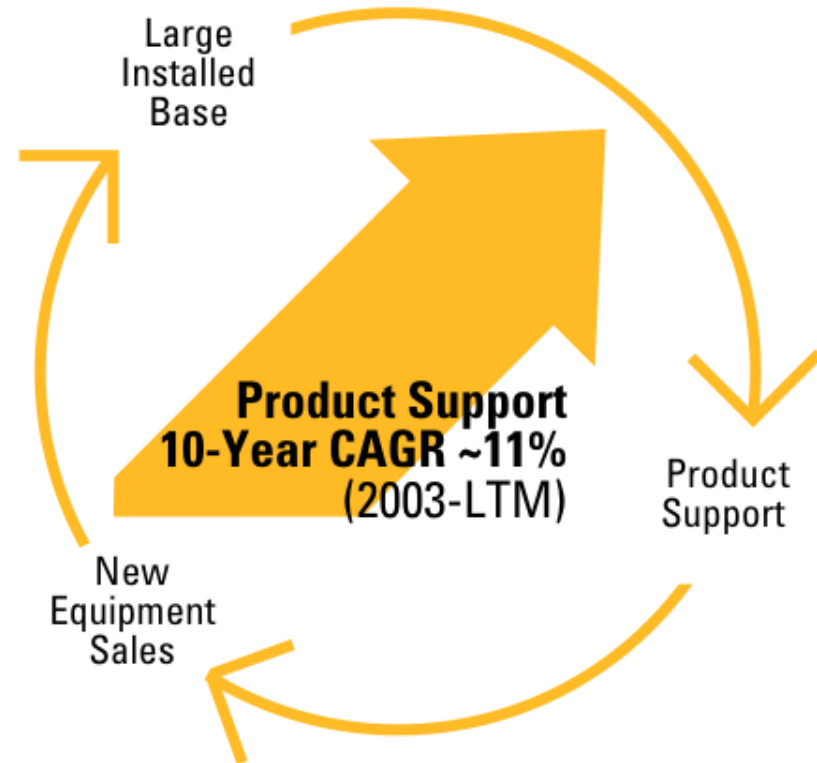
Revenue by Line of Business



**2013**  
nine months ended  
September 30

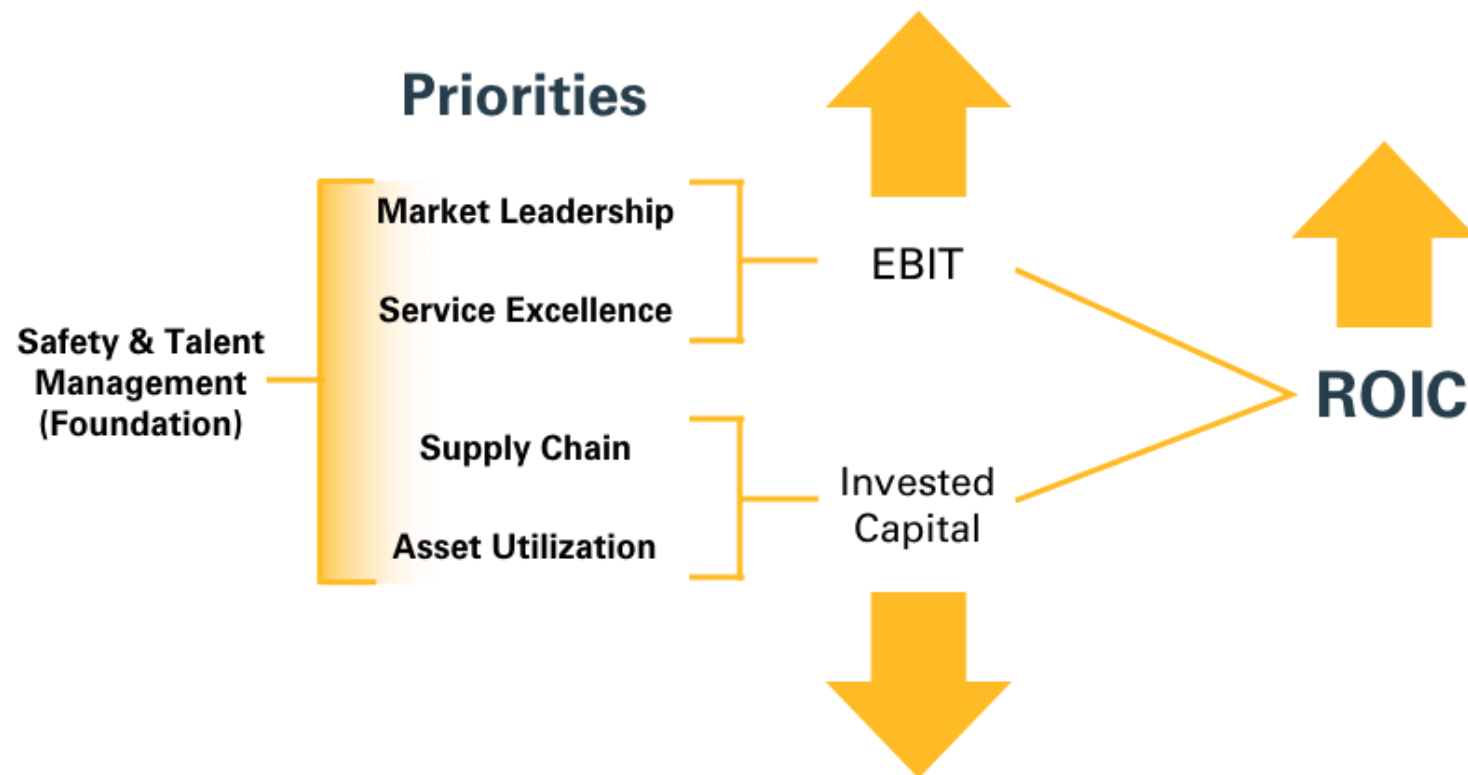
2012 Mobile  
Machine  
Population

**~100,000**



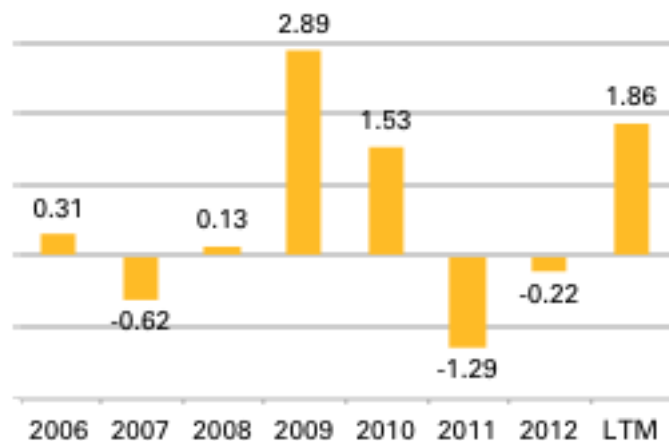
# Priorities Will Drive Improved Return on Invested Capital (ROIC)

All priorities are linked directly to EBIT or Invested Capital

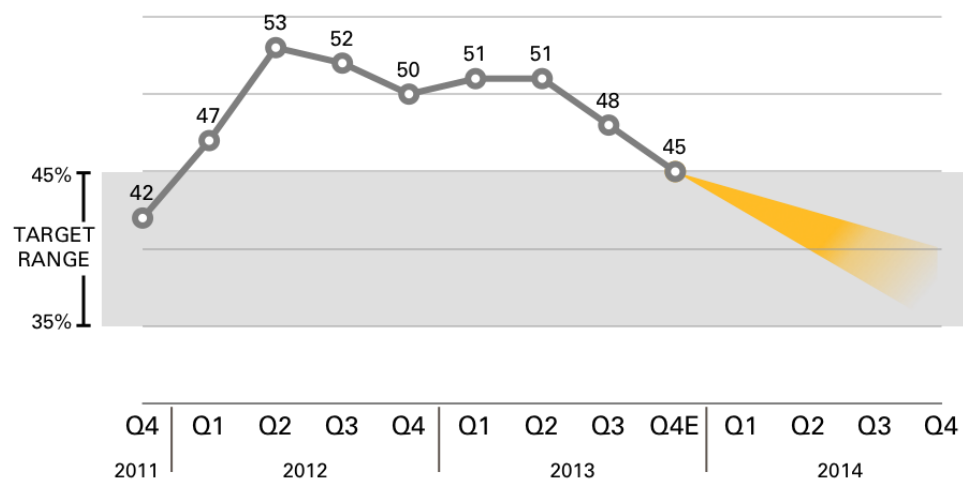


# Strengthening Balance Sheet

FCF per Share (dollars)



Net debt to total capital ratio (%)



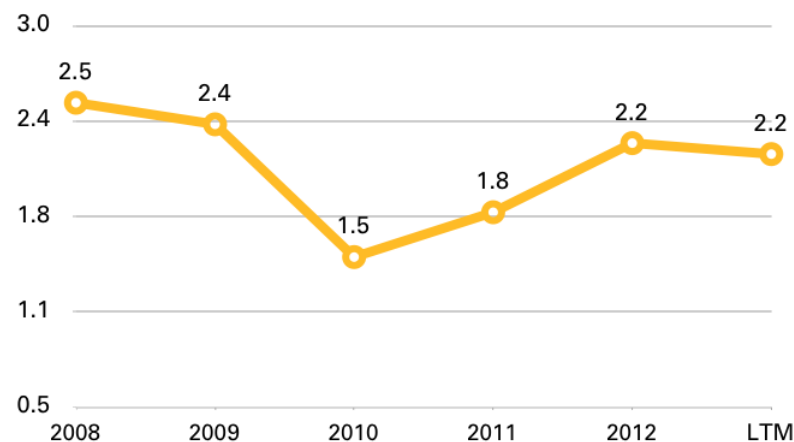
## Positive free cash flow through the cycle

- Strong cash flow from operations
- Improving working capital primarily through higher inventory turnover
- Capital expenditures to remain significantly below 3-year average

## De-levering balance sheet

- Net debt to total capital expected to be at lower end of 35-45% target range by end of 2014
- Strong operating cash flow comfortably supports debt levels and investment grade ratings

Net debt / EBITDA



## Canada

- Continued stable oil sands activity
- Solid infrastructure activity and market share gains to drive growth in Core and BCP
- Growing power systems opportunities (LNG)
- Product support remains solid

## South America

- Slower pace of growth - copper producers are focused on productivity and efficiencies
- Expect reduction in new equipment sales to be offset by continued growth in product support, driven by large equipment population and solid utilization levels
- Construction and power systems activity impacted by mining slowdown
- Argentina's business continues to be impacted by import restrictions

## UK and Ireland

- Signs of macro-economic improvement
- Coal mining stabilizing; increased confidence in infrastructure spend; active quarrying and aggregates; improving plant-hire market
- Power Systems: EPG projects, industrial, pleasure craft remain active



- Focus on what we can control: costs, working capital and capital investment
- Significant increase in invested capital has offset profitability improvements over last three years
- Opportunity to materially increase Return on Invested Capital over time
  - Improved profitability, primarily in Canada
  - Working capital management
  - Improved capital discipline
- Operational priorities linked to improving Return on Invested Capital; team aligned and executing
- Finning has a great business model with resource rich territories – general economic trends support continued growth

# FINNING<sup>®</sup>

## APPENDIX



## World's largest Caterpillar dealer:

- New equipment and engines sales
- Used equipment sales
- Products support / parts and service
- Equipment rental

## Main industries:

- Mining (oil sands, copper, coal)
- Construction
- Other: petroleum, forestry, pipeline

## Key statistics:

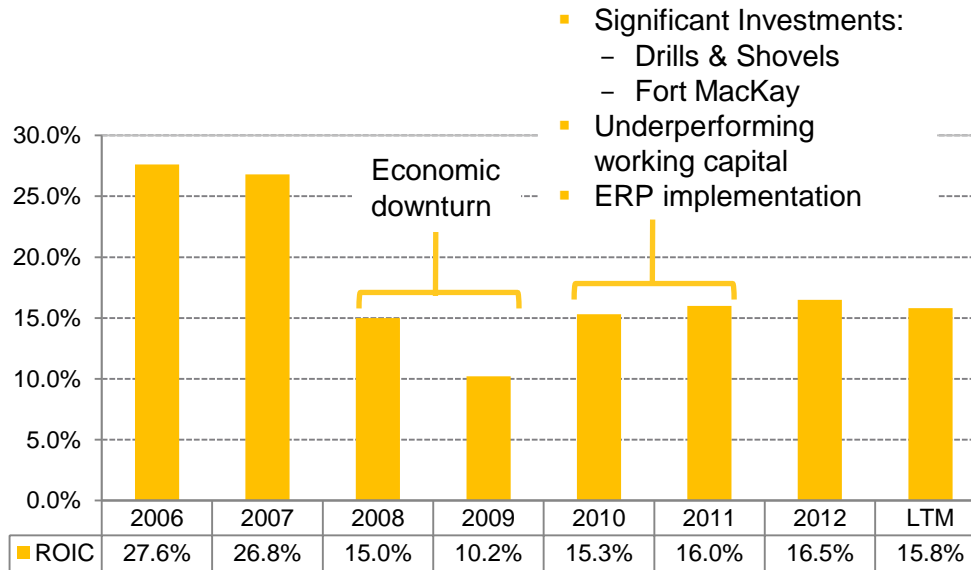
- Nine months ended Sep 30, 2013
  - Revenue = \$4.96 billion
  - EPS = \$1.41
- Quarterly dividend = \$0.1525/share
- ~15,000 employees
- Market cap ~ \$4.7 billion\*



\* At January 17, 2014

# Return on Invested Capital

## Historical Performance



**CAGR**  
(2006 - 2012)

Revenue / **5.8%**

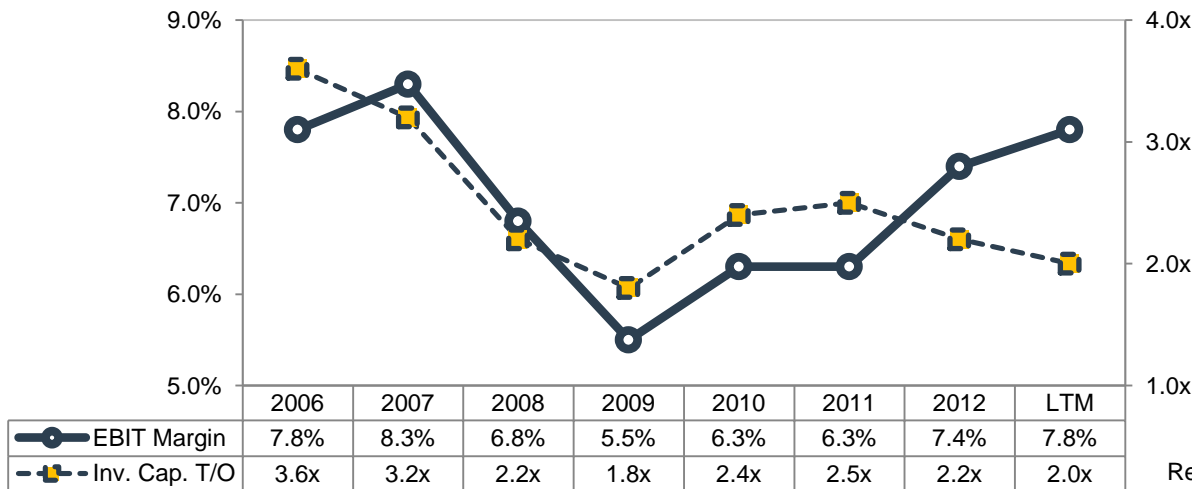
EPS / **7.8%**

**Average Values**  
(2006 - 2012)

ROIC / **18.2%**

EBIT% / **6.9%**

Invested Capital T/O / **2.6x**



Results have been adjusted to exclude discontinued operations  
LTM – last twelve months ended September 30, 2013