

FINNING[®]

Q1 2014 INVESTOR CALL

May 14, 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; EBIT margin; ROIC; market share growth; expected results from service excellence action plans; anticipated asset utilization, inventory turns and parts service levels; the expected target range of the Company's net debt to invested capital ratio; and the expected target range of the Company's dividend payout 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 reflect Finning's expectations at May 13, 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; 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 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 this 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 Section 4 of the Company's current AIF.

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.

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's name tag is visible, reading "ROMAN BJARL, P.".

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Scott Thomson, President and CEO

May 14, 2014

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's name tag, which reads "ROMAN BJARL, P.", is visible on his yellow shirt.

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Dave Smith, EVP and CFO

May 14, 2014

Q1 2014 Results

Earnings



| C\$ millions | <u>Q1 2014</u> | <u>Q1 2013</u> | <u>% change</u> |
|---------------------------------|----------------|----------------|-----------------|
| Revenue | 1,676 | 1,560 | 7 |
| Gross profit | 499 | 498 | 0 |
| <i>GP margin</i> | <i>29.8%</i> | <i>32.0%</i> | |
| SG&A | (388) | (382) | (2) |
| <i>SG&A as % of revenue</i> | <i>(23.2)%</i> | <i>(24.5)%</i> | |
| Equity earnings | 1 | 3 | |
| Other income (expenses) | (1) | (2) | |
| EBIT | 111 | 117 | (5) |
| <i>EBIT margin</i> | <i>6.6%</i> | <i>7.5%</i> | |
| Net income | 68 | 73 | (8) |
| Basic EPS | 0.39 | 0.43 | (8) |
| EBITDA | 166 | 169 | (2) |
| Free cash flow | (134) | (93) | (44) |

Q1 2014 Results

Invested Capital

| | <u>Q1 2014</u> | <u>Q4 2013</u> | <u>Q3 2013</u> |
|---|-----------------------|-----------------------|-----------------------|
| Inventory (\$ millions) | 1,945 | 1,756 | 1,904 |
| Inventory turns (times) | 2.6 | 2.7 | 2.4 |
| Invested capital ⁽¹⁾ (\$ millions) | 3,414 | 3,138 | 3,342 |
| Invested capital turnover (times) | 2.1 | 2.0 | 2.0 |
| <i>Working capital to sales ratio (%)</i> | <i>26.3</i> | <i>26.5</i> | <i>26.7</i> |
| <i>Return on invested capital (%)</i> | <i>15.4</i> | <i>15.7</i> | <i>15.8</i> |
| <i>Net debt to invested capital (%)</i> | <i>42.9</i> | <i>40.8</i> | <i>47.8</i> |

- Improvements in consolidated inventory turns, working capital to sales ratio and invested capital turnover compared to Q3 2013
- Higher equipment inventory in Canada to meet strong customer demand was the primary driver behind the increase in invested capital and \$134 million free cash outflow in Q1 2014
- Continue to expect strong free cash flow in 2014
- Net debt to invested capital ~43% at the end of March 2014; committed to strengthening balance sheet

⁽¹⁾ Calculated at end of period