

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 BAJEL, P.". The overall scene is brightly lit, typical of an industrial environment.

# FINNING®

## INVESTOR PRESENTATION

Scott Thomson, President & CEO

Steve Nielsen, EVP & CFO

Mauk Breukels, VP Investor Relations & Corporate Affairs

Montreal, Toronto  
June 4-5, 2015

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; expected free cash flow; 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 timing and financial impact from the proposed acquisition of the operating assets of the Caterpillar dealership in Saskatchewan. 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 June 4, 2015. 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.

*Monetary amounts are in Canadian dollars and from continuing operations unless noted otherwise*

# Overview of Finning International

- World's largest Caterpillar dealer
  - We sell, rent and provide parts and service for Caterpillar equipment and engines
- Serving customers for over 80 years and delivering value to public shareholders for over 45 years
- Operating in 7 countries: Western Canada, Chile, Argentina, Bolivia, Uruguay, UK and Ireland
- Main industries: mining (oil sands, copper, coal), construction, forestry and power systems (prime power, petroleum, marine)
- ~14,000 employees worldwide



## 2014 Financial Statistics

Revenue	6.9B
EBITDA	720M
EBIT	504M
Basic EPS	1.85
FCF	483M
Invested Capital	3.1B
ROIC	15.3%

## Market Statistics<sup>(1)</sup>

Ticker	FTT (TSX)
Share Price	24.88
% 52-Week High	72%
Market Cap	4.3B
Enterprise Value	5.6B
S&P/DBRS Rating	BBB+/A(low)
Dividend Yield	2.9%
Dividend 5yr CAGR	9.1%
FCF Yield <sup>(2)</sup>	9.0%

<sup>(1)</sup> At May 29, 2015

<sup>(2)</sup> Last twelve months ended March 31, 2015

## 1 Challenging macro environment; however, many areas of strength

- Challenges and volatility in global commodity prices
- Strong conviction that we have high-quality territories with great long-term opportunities
- Each region has multiple areas of strength and diverse customer base
- Product support provides revenue resilience

## 2 Taking decisive action to navigate through downturn and improve business in the long-term

- Right people in the right roles; aligned incentives; safe and engaged team
- Cost reductions to maintain profitability on lower revenue base
- All cost measures to drive sustainable improvement in ROIC
- Capital discipline, including prudent capital expenditures and asset utilization focus

## 3 Actions taken + business model = significant free cash flow

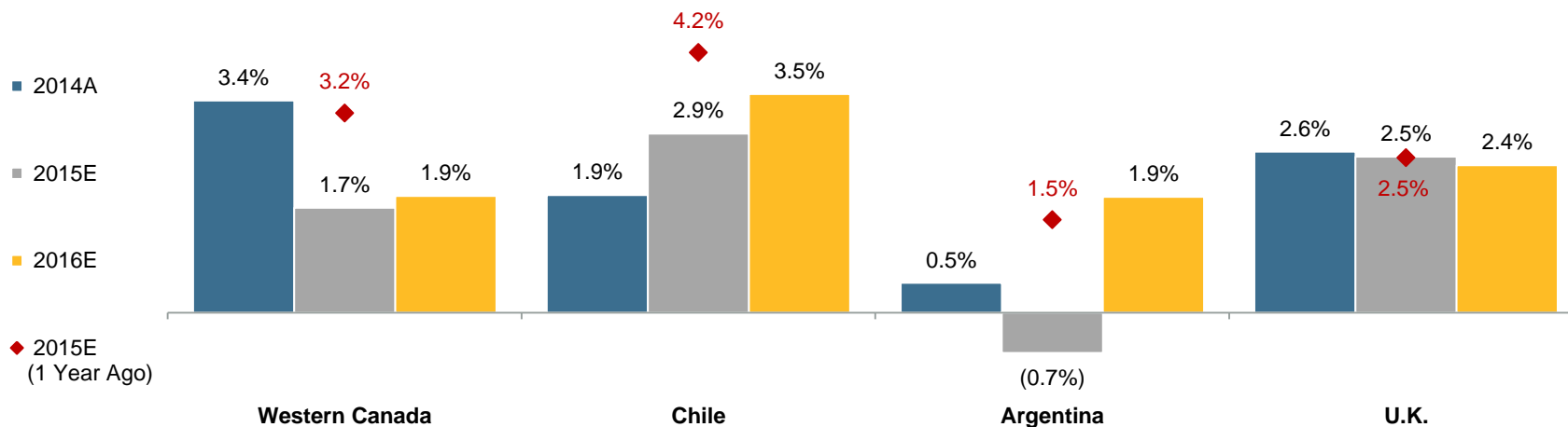
- Generated over \$1 billion in free cash flow in the six quarters ended December 31, 2014
- Well positioned for strong free cash flow in 2015
- Very strong balance sheet and cash position

## 4 Capturing strategic and financial opportunities

- Cash acquisition of Saskatchewan dealership
- Raised dividend in May 2015 by 3% to \$0.73/share
- Launched share repurchase program in May 2015



## GDP Growth Forecast <sup>(1)</sup>



### Credit Rating (S&P) <sup>(2)</sup>

- AAA

- AA-

- CCC+

- AAA

### Macro Challenges

- Oil & gas

- Copper

- Political

- Coal

### Opportunities

- Site C
- Power systems
- Highway infrastructure
- Forestry

- Core construction
- Infrastructure agenda
- Underground mining

- Fall election
- Vaca Muerta shale
- Construction

- Highway/rail infrastructure
- Quarry sector
- General construction
- Power projects & renewables

(1) Source: Bloomberg

(2) Represents local currency rating for Argentina

# Taking Action – Safe, Engaged, Inspired Team

Category	Actions	Statistics																				
<p><b>Focus on Safety</b></p>	<ul style="list-style-type: none"> <li>Global best practices</li> <li>Aligned on Life Saving Rules</li> <li>Pre-task hazard assessment for all jobs</li> <li>Highest personal protective equipment standards</li> </ul>	<table border="1"> <thead> <tr> <th>TRIF<sup>(1)</sup></th> <th>2013</th> <th>2014</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td><b>Finning Int'l</b></td> <td>0.99</td> <td>0.75</td> <td><b>25%</b></td> </tr> <tr> <td><b>Canada</b></td> <td>1.69</td> <td>1.16</td> <td><b>31%</b></td> </tr> <tr> <td><b>FINSA</b></td> <td>0.52</td> <td>0.46</td> <td><b>12%</b></td> </tr> <tr> <td><b>UK</b></td> <td>0.76</td> <td>0.58</td> <td><b>24%</b></td> </tr> </tbody> </table>	TRIF <sup>(1)</sup>	2013	2014	% Change	<b>Finning Int'l</b>	0.99	0.75	<b>25%</b>	<b>Canada</b>	1.69	1.16	<b>31%</b>	<b>FINSA</b>	0.52	0.46	<b>12%</b>	<b>UK</b>	0.76	0.58	<b>24%</b>
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<p><b>Right People in the Right Roles</b></p>	<ul style="list-style-type: none"> <li>Mix of role adjustments and new talent</li> <li>Significant realignment in Canada</li> <li>Full executive team now in place</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th># Exec<sup>(2)</sup></th> <th>New to Role<sup>(3)</sup></th> <th>New to FTT<sup>(3)</sup></th> </tr> </thead> <tbody> <tr> <td><b>Finning Int'l</b></td> <td>8</td> <td>5</td> <td>3</td> </tr> <tr> <td><b>Canada</b></td> <td>8</td> <td>6</td> <td>2</td> </tr> <tr> <td><b>FINSA</b></td> <td>6</td> <td>2</td> <td>2</td> </tr> <tr> <td><b>UK</b></td> <td>4</td> <td>1</td> <td>1</td> </tr> </tbody> </table>		# Exec <sup>(2)</sup>	New to Role <sup>(3)</sup>	New to FTT <sup>(3)</sup>	<b>Finning Int'l</b>	8	5	3	<b>Canada</b>	8	6	2	<b>FINSA</b>	6	2	2	<b>UK</b>	4	1	1
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<p><b>Employee Engagement</b></p>	<ul style="list-style-type: none"> <li>Strong executive leadership visibility</li> <li>Focus on communication and employee recognition</li> <li>Strategic clarity and focus</li> </ul>	<p><b>Recent EOS Survey</b></p> <p>Executive Management Score<sup>(4)</sup> / <b>↑ 14%</b></p>																				
<p><b>Aligned Incentives</b></p>	<ul style="list-style-type: none"> <li>Full alignment with Operational Priorities</li> <li>Emphasis on improving ROIC</li> <li>Change at executive and management level</li> </ul>	<table border="0"> <thead> <tr> <th>Short Term</th> <th>Long Term</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Safety</li> <li>EBIT margin</li> <li>Free cash flow</li> <li>Customer loyalty</li> <li>Invested capital turnover</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Return on invested capital</li> <li>Total shareholder return</li> </ul> </td> </tr> </tbody> </table>	Short Term	Long Term	<ul style="list-style-type: none"> <li>Safety</li> <li>EBIT margin</li> <li>Free cash flow</li> <li>Customer loyalty</li> <li>Invested capital turnover</li> </ul>	<ul style="list-style-type: none"> <li>Return on invested capital</li> <li>Total shareholder return</li> </ul>																
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<sup>(1)</sup> Total Recordable Injury Frequency

<sup>(2)</sup> Regional presidents included in Finning International headcount

<sup>(3)</sup> In the last two years

<sup>(4)</sup> For Finning Canada

# Taking Action – Cost Reductions

## NAVIGATING DOWNTURN

Decisive actions to reduce cost structure and maintain profitability during lower market activity

- 2014 - South America
- 2015 - Canada

## Workforce reductions

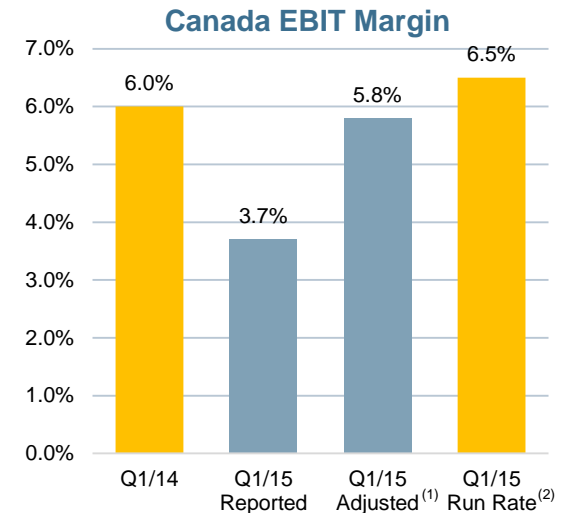
- Headcount ↓ ~10% in Canada and South America
- Workforce optimization in all regions, including spans and layers of control

## Sustainable SG&A reductions

- Reset all non-mission-critical expenses

## Austerity measures

- Union agreements in Canada and FINSA reflect operating environment
- Frozen salaries and unpaid vacation in Canada



## DRIVING COST DISCIPLINE

Executing on Operational Priorities to position for future growth and improve ROIC

- Sustainable cost model
- Effective response to market dynamics
- Culture of accountability

## Service Excellence

- Sustained improvement in service profitability

## Supply Chain

- Reduced transportation and handling costs
- Improved service levels

## Asset Utilization

- Optimizing facilities footprint, reducing operating expenses



Sustainable cost reductions to maintain profitability during downturn and drive improved ROIC long-term

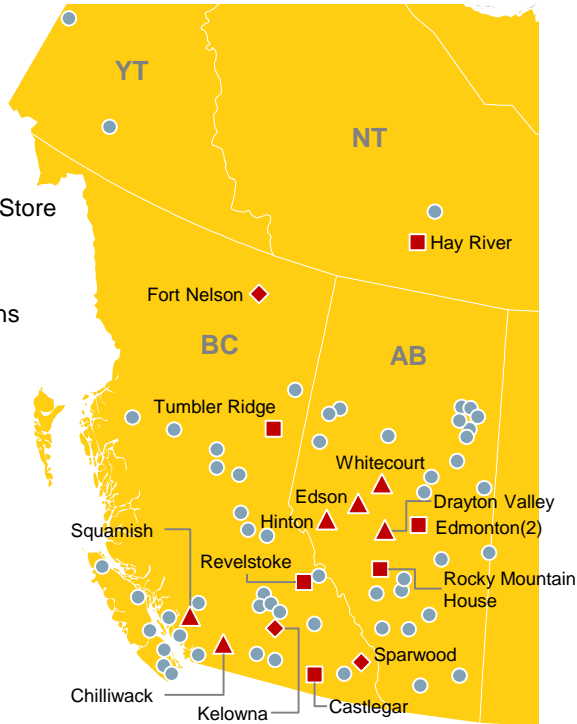
<sup>(1)</sup> Excluding severance and facility closure costs <sup>(2)</sup> Assuming full quarter benefits of cost reductions

# Taking Action – Asset Utilization & Capital Discipline

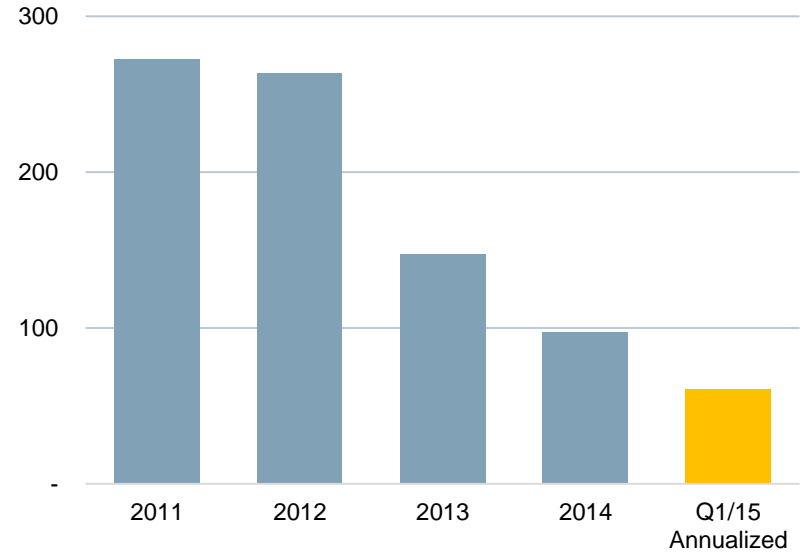
## Canada Facilities Map

### Facility Closures

- Branch
- ▲ Depot
- ◆ The Cat Rental Store
- Finning Locations



## Capital Discipline (\$ millions) <sup>(1)</sup>



<sup>(1)</sup> Net capital expenditures plus net additions to rental equipment



- 16 facilities closed to date
- Leveraging capacity built in recent years
- Optimizing facilities footprint in the oil sands
- Reduction in rental expenditures



- 4 facilities closed to date
- Consolidation of parts warehouses
- Reduced business activity in Argentina
- Reduction in rental expenditures

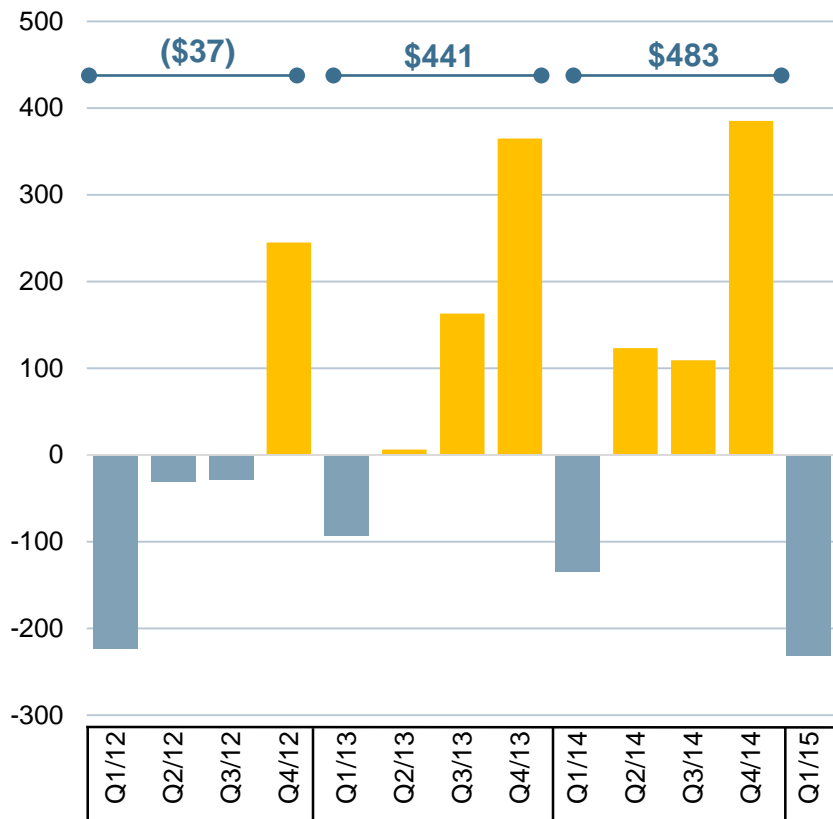


- Review of branch network
- Consolidation of parts warehouses

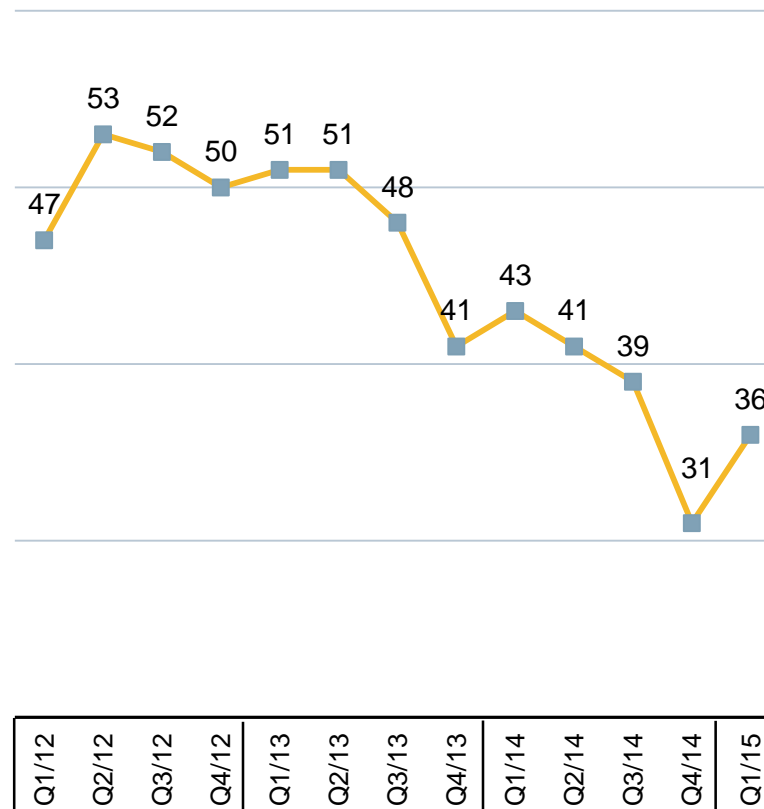


# Strong Free Cash Flow and Balance Sheet

## Free Cash Flow (\$ millions)



## Net Debt to Invested Capital (%)



Generated over \$1 billion in free cash flow in the last eighteen months and positioned to continue

Category	Details
<b>Acquisition</b>	<ul style="list-style-type: none"><li>▪ Acquisition of Saskatchewan dealership</li><li>▪ Contiguous territory that creates growth opportunities and benefits for customers and employees</li><li>▪ \$230 million purchase price funded with cash</li><li>▪ Immediately accretive to earnings per share</li><li>▪ 7 to 9 cents accretive to 2016 EPS</li></ul>
<b>Dividends</b>	<ul style="list-style-type: none"><li>▪ Dividend raised in May 2015 by 3% to \$0.73/share (annualized)</li><li>▪ 14 years of consecutive dividend increases</li><li>▪ 5-year dividend CAGR of 9%</li><li>▪ 10-year dividend CAGR of 13%</li><li>▪ Current dividend yield of 3%</li></ul>
<b>Share Repurchase Program</b>	<ul style="list-style-type: none"><li>▪ Implemented a Normal Course Issuer Bid program</li><li>▪ The Board of Directors and management of Finning believes that the repurchase of common shares represents a desirable use of its available cash to increase shareholder value</li><li>▪ Scale and timing dependent on free cash flow delivery</li><li>▪ Flexibility to capture opportunities presented as a result of broader market volatility</li></ul>

Reinvesting and returning capital in a balanced and disciplined fashion

**FINNING<sup>®</sup>**

ACQUISITION OF CATERPILLAR DEALER IN SASKATCHEWAN



- Kramer family to retire after a remarkable 70 years of service
- Finning to purchase the operating assets of the Caterpillar dealership of Kramer Ltd.
- Finning to become the approved Caterpillar dealer in Saskatchewan in July 2015, subject to customary closing conditions
- Saskatchewan territory to be integrated into the Finning Canada platform
  - Seven dealership branches and two rental locations (Regina and Saskatoon)
  - ~475 employees, including ~160 highly-skilled, Caterpillar-trained heavy equipment technicians
- Financial Statistics:
  - Purchase price of approximately \$230 million, funded with cash, subject to working capital adjustments
  - 2014 revenue of ~\$275 million
  - Immediately accretive to earnings per share

- Contiguous Caterpillar dealership in a highly attractive growth territory
- Significant customer overlap and opportunity to create seamless relationships across Saskatchewan, Alberta and British Columbia
- Opportunity to leverage distinct economic, cultural and geological ties, as well as trade flows across Western Canada
- Strong long-term growth opportunities and diversification into new sectors, including potash and uranium
- Talented employees with well-established customer relationships and understanding of the local market

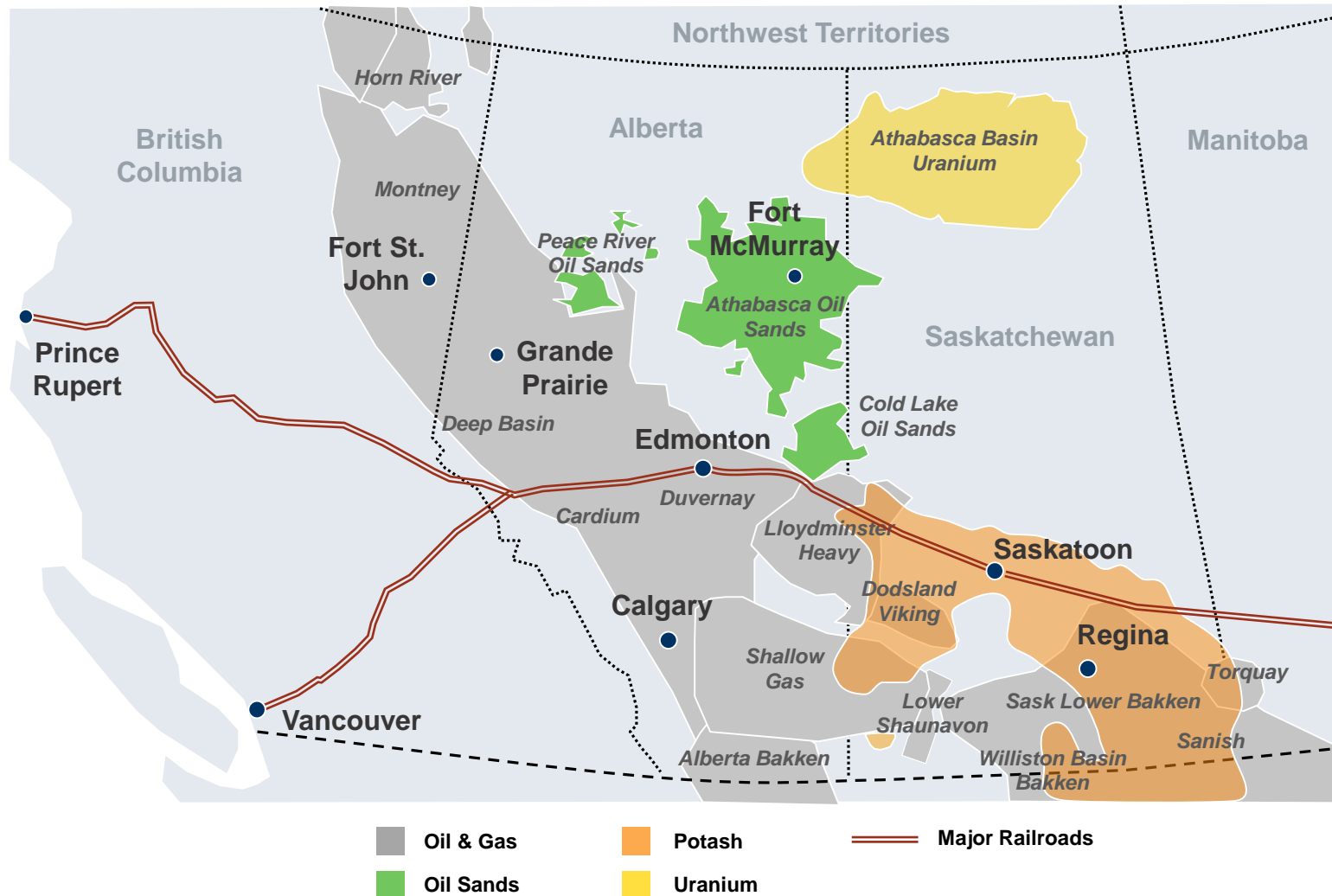
# Leverages Product Support Capabilities

- Highly complementary business in contiguous territory
- Leverages product support infrastructure and capabilities along Alberta and Saskatchewan border
- Customers will benefit from improved equipment and parts availability, world-class product support and access to Finning's extensive branch network of 50 locations
- Customer relationships already well established
  - Majority of large Kramer customers already Finning customers in Alberta and British Columbia



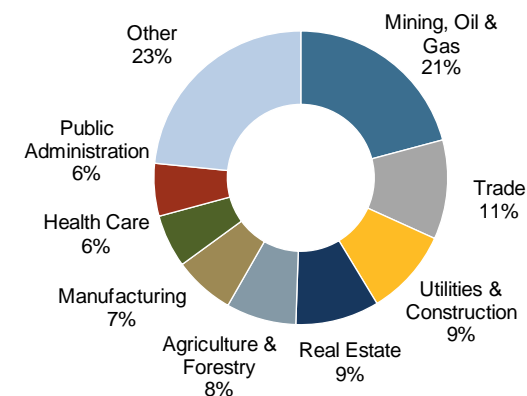
# Highly Connected Western Canadian Market

- Leverages distinct economic, cultural & geological ties and trade flows across Western Canada

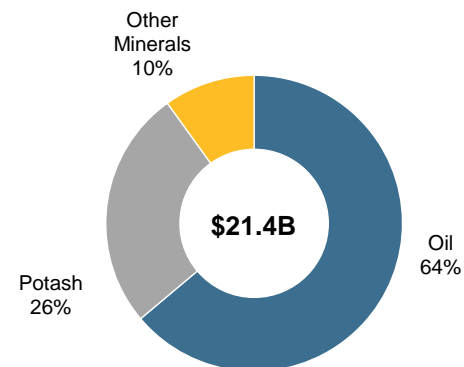


- Diversifies Finning's revenue base into highly attractive growth territory
- Strong provincial economy driven by natural resource extraction and agriculture
  - 2015 GDP forecast growth of 2.1%<sup>(1)</sup>
- Diverse portfolio of mining and construction projects
- Exposure to significant new markets: potash and uranium
- Core region for investment by Western Canada's top oil & gas operators
  - #2 oil producing province in Canada
    - 8 billion barrels of oil resources
    - 10 trillion cubic feet of natural gas resources
  - Significant pipeline activity

## Saskatchewan GDP by Industry<sup>(2)</sup>



## Value of Mineral Sales<sup>(2)</sup>



(1) Source: RBC Economics

(2) Source: Stats Canada, Saskatchewan Bureau of Statistics; 2013