

**FINNING®**

## ACQUISITION OF CATERPILLAR DEALER IN SASKATCHEWAN

Scott Thomson, President and CEO



May 6, 2015

# 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; 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 May 6, 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.

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

- 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

# Compelling Strategic Rationale

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- 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

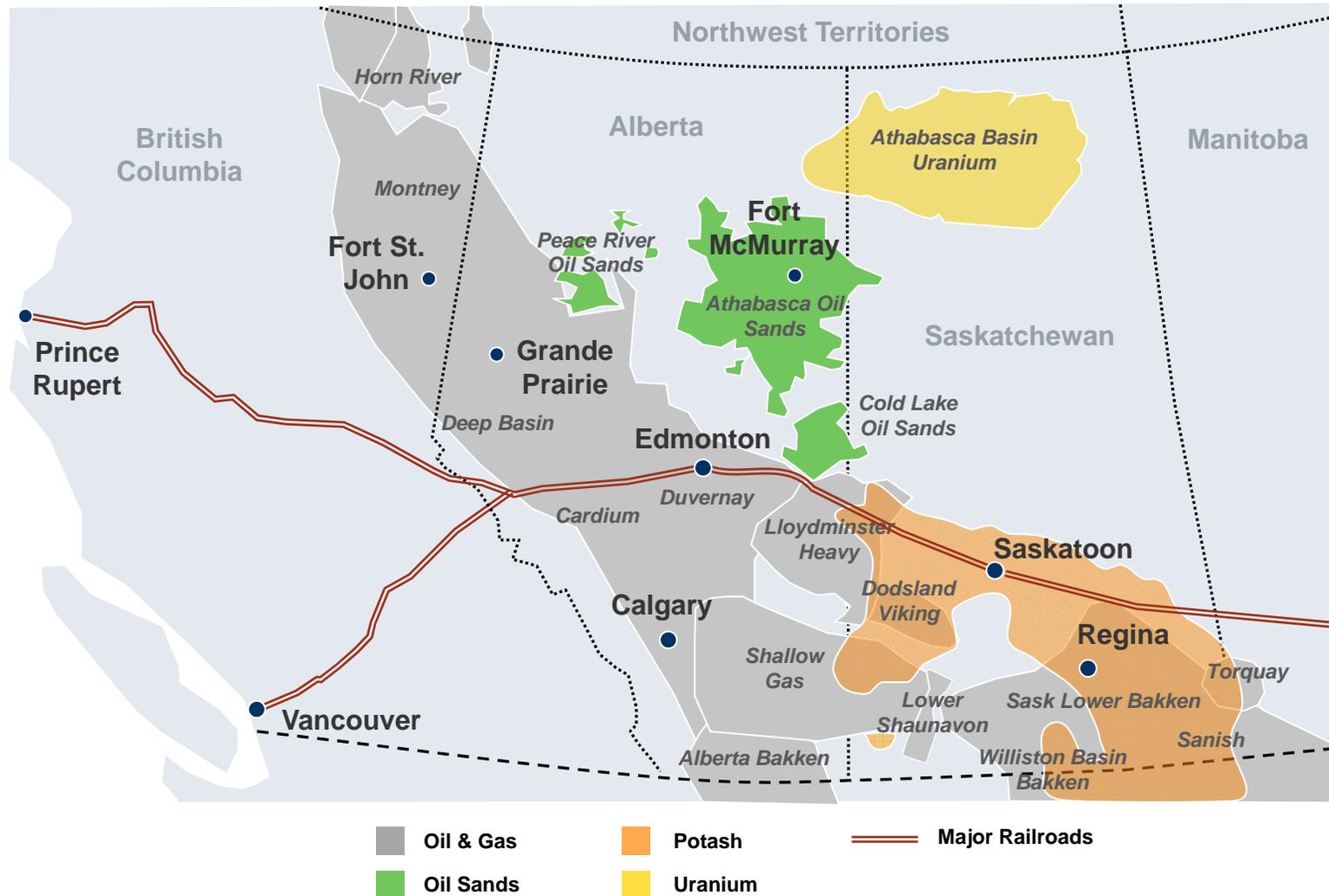
# Leverages Product Support Capabilities

- 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

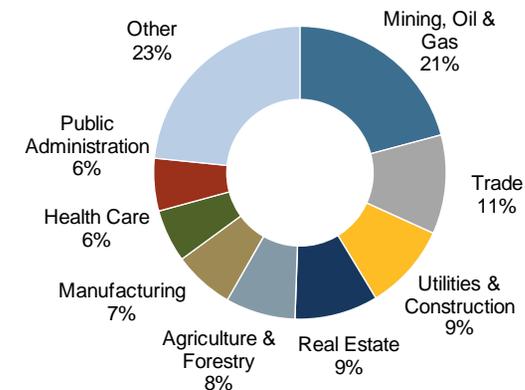
- Leverages distinct economic, cultural & geological ties and trade flows across Western Canada



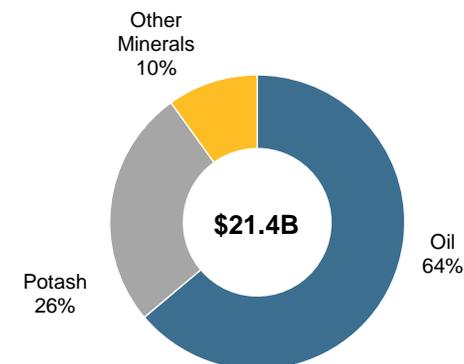
# Strong Long-Term Growth Opportunities

- 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

# Employee & Customer Centric Transition Plan



- Dedicated transition team
- Commitment to building Finning's presence in Saskatchewan
  - Saskatchewan headquarters to remain in Regina
  - Tony de Sousa, experienced Finning leader, to be based in Regina and lead Saskatchewan operations
  - Kramer employees to join Finning
  - Finning to extend track record of community giving in Saskatchewan
- Strong Finning track record of successful dealer integration
  - 2012 – Bucyrus (all regions)
  - 2010 – Ireland
  - 2003 – Argentina, Bolivia, Uruguay
- Continued focus on operational excellence agenda
  - Safety and talent management
  - Customer and market leadership
  - Service excellence
  - Supply chain transformation
  - Asset performance