

# INVESTOR PRESENTATION

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Scotiabank Transportation and Industrials Conference  
Toronto, November 19, 2019

# Disclosures

## Forward-looking information

This presentation includes “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections that management believes are reasonable as of the date of this presentation, but may ultimately turn out to be incorrect.

Wherever possible, words such as “anticipate”, “believe”, “expect”, “intend”, “project”, “plan”, “forecast”, “opportunity”, “target”, “potential” and similar words, as well as any number or year followed by “E” (which stands for “estimated”) have been used to identify these forward-looking statements. Forward looking information in this presentation includes statements about Finning Canada transformation principles and growth opportunities. No assurances can be given that the transformation principles will result in Finning Canada having improved financial performance similar to the UK & Ireland or that the Company will be able to capitalize on the opportunities listed. Information in this presentation has been furnished for information only and is accurate at the time of presentation, but may later be superseded by more current information. Except as required by law, Finning does not undertake any obligation to update the information, whether as a result of new facts becoming known, future events occurring or otherwise.

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## Non-GAAP financial measures

This presentation includes certain “non-GAAP financial measures”, which are called out on each page where they are used. The non-GAAP financial measures do not have a standardized meaning under International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definitions and reconciliations from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available, see the heading “Description of Non-GAAP Financial Measures and Reconciliations” in our most recent MD&A. Management believes that providing certain non-GAAP financial measures provides users of the Company’s consolidated financial statements with important information regarding the operational performance and related trends of the Company’s business. By considering these measures in combination with the comparable IFRS measures set out in the MD&A, management believes that users are provided a better overall understanding of the Company’s business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount. Financial metrics that have been adjusted to take into account these items are referred to as “Adjusted” metrics. For a description of these significant items, please refer to the Company’s quarterly and annual MD&A for the period to which the relevant Adjusted metric relates.

# Finning Overview

- Largest Caterpillar dealer
- Unrivalled service for over 85 years
- Diversified customer base
- ~12,800 employees



## Market Statistics<sup>(1)</sup> - FTT (TSX)

Share price	24.47
Market Cap	4.0B
S&P/DBRS rating	BBB(+)/high
Annual dividend / share	0.82
Dividend yield	3.4%

## Financial Statistics - LTM<sup>(2)</sup>

Net revenue <sup>(3)</sup>	7.4B
EBITDA <sup>(3)</sup>	688M
Adjusted EBITDA <sup>(3)</sup>	720M
EPS	1.50
Adjusted EPS <sup>(3)</sup>	1.67
Invested capital <sup>(3)(4)</sup>	3.7B
ROIC <sup>(3)</sup>	11.3%
Adjusted ROIC <sup>(3)</sup>	12.2%

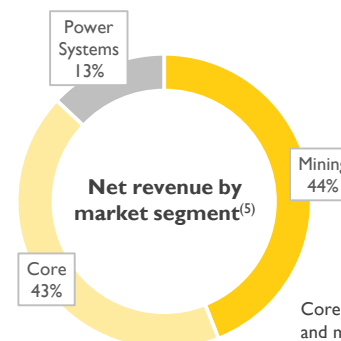
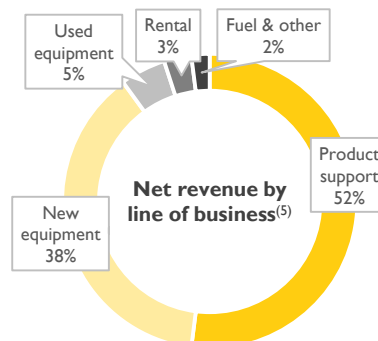
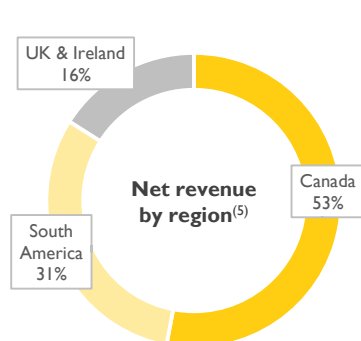
<sup>(1)</sup> At November 14, 2019

<sup>(2)</sup> Last 12 months ended September 30, 2019

<sup>(3)</sup> This is a non-GAAP financial measure. See slide 2 for more information.

<sup>(4)</sup> 4 quarter average ended September 30, 2019

<sup>(5)</sup> 9 months ended September 30, 2019








Core market segment includes construction, some coal and metals mining, forestry, agriculture, and government

# UK & Ireland Transformation and Parallels to Canada

*Transformation through a relentless focus on all critical ROIC dimensions*

## UK & Ireland's Improved Financial Performance – Q1 2016 to Q1 2018<sup>(1)</sup>

Revenue CAGR	 18%	Revenue growth well in excess of GDP
Adjusted SG&A as % of revenue <sup>(2)</sup>	 450 bps	Network reconfiguration, leveraged service operating model, back-office consolidation
Adjusted EBIT margin <sup>(2)</sup>	 220 bps	Life-cycle commercial governance pilot, enhanced product support propositions
IC Turnover <sup>(2)</sup>	 30%	Product standardization, direct ship and drop box propositions, enhanced warehouse management
Adjusted ROIC <sup>(2)</sup>	 600 bps	

## Canada Transformation Principles

- Mid-cycle approach - proactive and disciplined approach to the business cycle
- Priority Value Drivers (PVDs) - the building blocks of sustainable improvement in profitability
- Focused execution - relentless focus on top priorities until they are sustainably completed






<sup>(1)</sup> This period was chosen to demonstrate significant improvements in UK & Ireland's financial performance as a result of the transformation initiatives implemented during this period. The level of financial performance has been largely maintained or improved further, though not at the same rate, as described in our subsequent quarterly and annual MD&A, since the period shown.

<sup>(2)</sup> This is a non-GAAP financial measure. See slide 2 for more information.

# Finning Canada – Successful Transformation To Date

*Improved financial performance by controlling the controllables through a low amplitude up-cycle*

## Canada's Financial Performance – 2017 to Q3 2019<sup>(1)</sup>

Net revenue <sup>(2)</sup> CAGR 2017 to LTM 2019	 14%
Adjusted SG&A as % of net revenue <sup>(2)</sup>	 340 bps
Adjusted EBIT as % of net revenue <sup>(2)</sup>	 120 bps
IC Turnover <sup>(2)</sup>	 5%
Adjusted ROIC <sup>(2)</sup>	 180 bps

<sup>(1)</sup> Includes 4Refuel since the acquisition date of February 1, 2019

<sup>(2)</sup> This is a non-GAAP financial measure. See slide 2 for more information.

# Finning Canada - Priority Value Drivers

## Profitable Growth



### Mining Leadership

*Lowest cost per ton; autonomy adoption; 797 enhancements*



### Expand Exchange (OEM)

*Growing component exchange business through process and capability improvements*



### Product Support / Performance Solutions

*Embracing technology to continuously improve customer experience and create new product support propositions*

## Efficiency



### Overhaul Service Experience

*Improving customer outcomes by operating a highly leveraged, connected and formatted network*



### Supply Chain Performance

*The right inventory using the best distribution method for customers, while addressing underperforming inventory*



### Cost & Capital Culture

*Competitive and resilient mid-cycle business; everyone on the lookout every day for how we can be more efficient*

# Finning Canada - Growth Opportunities

KEY GROWTH DRIVERS	
Markets	Infrastructure Opportunities
	Mining Fleet Replacement
	Power Systems Opportunities
Product Support	Rebuilds
	Customer Support Agreements
	Digital / E-Commerce
	Integrated Knowledge Centre
	4Refuel Cross-Selling
Caterpillar / Finning	Electric Drive Truck
	Autonomy Adoption
	Compounding Mid-Cycle Growth

Largest Infrastructure Opportunities		
Location	Project Name	Investment (C\$B)
Kitimat, BC	LNG Canada	~40
Vancouver, BC	Vancouver International Airport Expansion	9.1
Vancouver, BC	Trans Mountain Pipeline	5.0
Calgary, AB	Southwest Calgary Ring Road	5.0
Calgary, AB	Green Line LRT	4.9
Edmonton, AB	Keystone XL Pipeline	3.5
Vancouver, BC	Pattullo Bridge Replacement	1.4



# Finning Canada - Autonomy

## Imperial Oil



Kearl (oil sands)



797F

**Fleet Size**

*As at Nov 2019*

10 trucks

## Teck



Highland Valley Copper



793F

**Fleet Size**

*As at Nov 2019*

9 trucks

20%+ Productivity Improvement vs Conventional Fleet



**SCALABLE**

~100 trucks and 250+ auxiliary  
vs limited from competition



**INTEROPERABLE**

with conventional and  
competitors' fleets

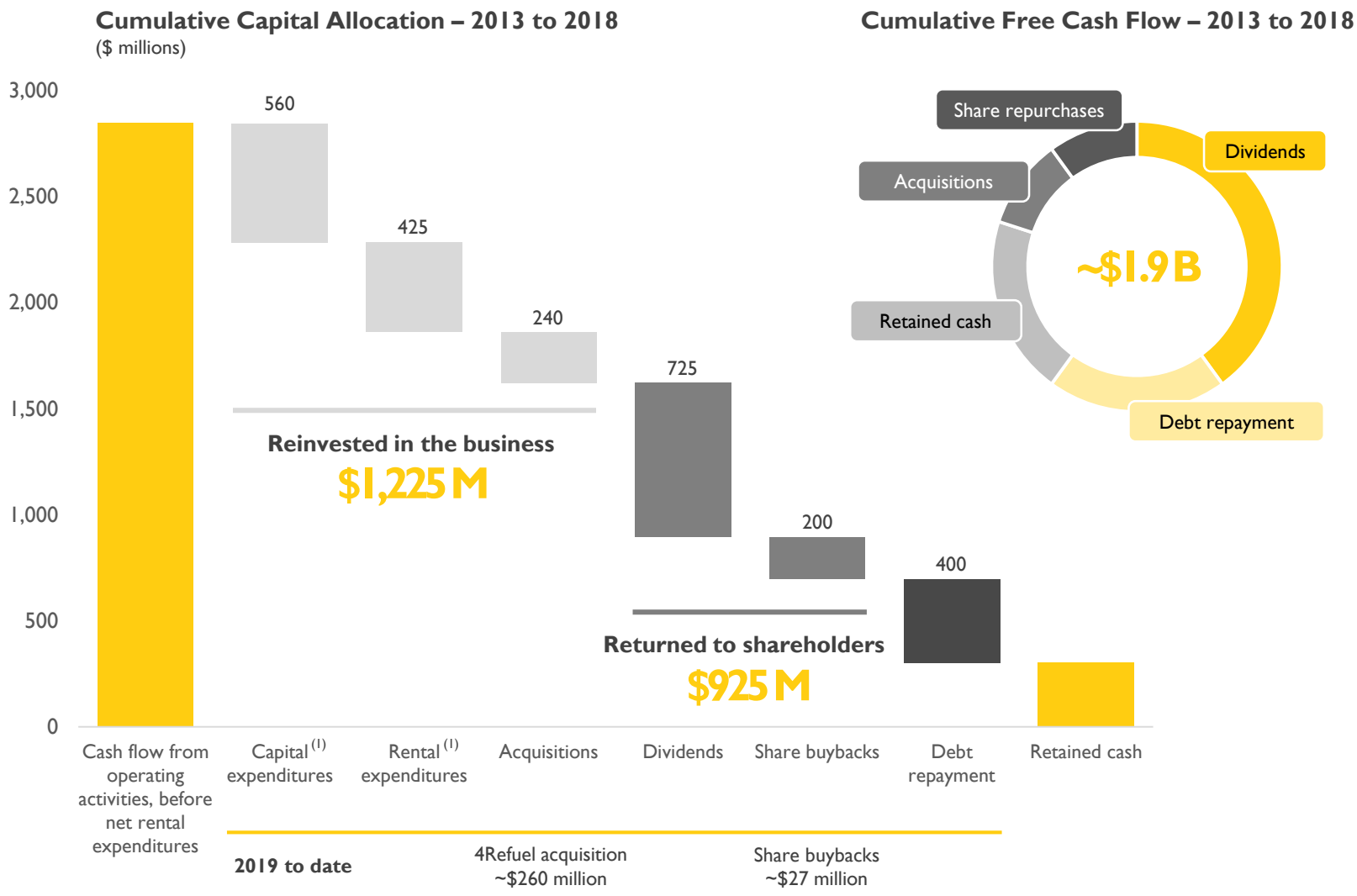


**RETROFITTABLE**

Caterpillar 789D, 793F, 797F  
Komatsu 930E-4



# Capital Allocation



<sup>(1)</sup> Net of disposals