

# INVESTOR PRESENTATION

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# 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 have been used to identify these forward-looking statements. Forward looking information in this presentation includes statements about: Finning’s strategic focus areas to increase market share and customer loyalty in a competitive environment and improve financial performance in a low growth environment; Finning Canada growth opportunities, including significant infrastructure opportunities; improving results in Finning South America to close the profitability gap with Canada and generate sustainable returns, potential macro-economic catalysts and performance drivers of profitability recovery and working capital improvements; outlook, including profit drivers and growth opportunities in the Company’s regions and strong free cash flow drivers; and productivity improvement potential for autonomy over conventional fleet. No assurances can be given that the plans discussed in this presentation will result in improved financial performance 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this presentation has been furnished for information only and is accurate at the time of presentation, but may later be superseded by more current information.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 since 1933
- Diversified customer base
- ~13,200 employees



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

Share price	21.37
Market Cap	3.5B
S&P/DBRS rating	BBB(+/high)
Annual dividend / share	0.82
Dividend yield	3.8%

## 2019 Financial Statistics<sup>(2)</sup>

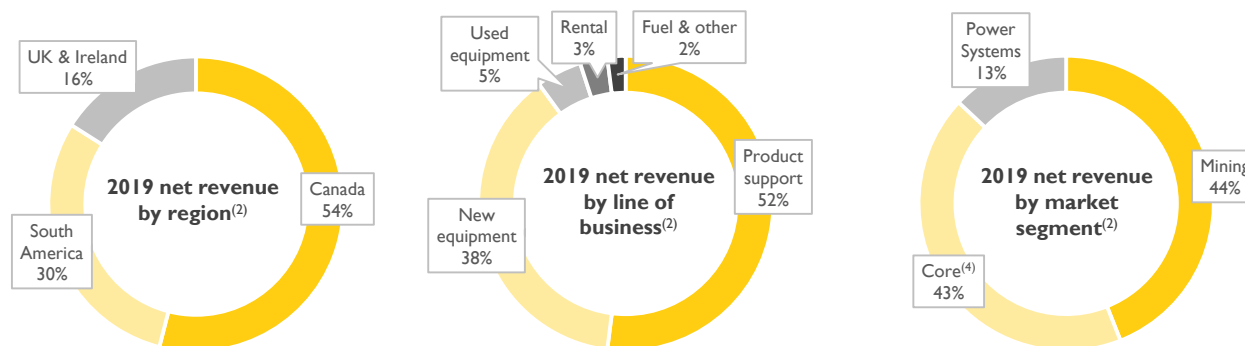
Net revenue <sup>(3)</sup>	7.3B
EBITDA <sup>(3)</sup>	718M
Adjusted EBITDA <sup>(3)</sup>	750M
EPS	1.48
Adjusted EPS <sup>(3)</sup>	1.65
Invested capital <sup>(3)</sup>	3.6B
ROIC <sup>(3)</sup>	11.2%
Adjusted ROIC <sup>(3)</sup>	12.0%

<sup>(1)</sup> At February 14, 2020

<sup>(2)</sup> Year ended December 31, 2019

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

<sup>(4)</sup> Core market segment includes construction, some coal and metals mining, forestry, agriculture, and government



# Strategic Framework

## PURPOSE

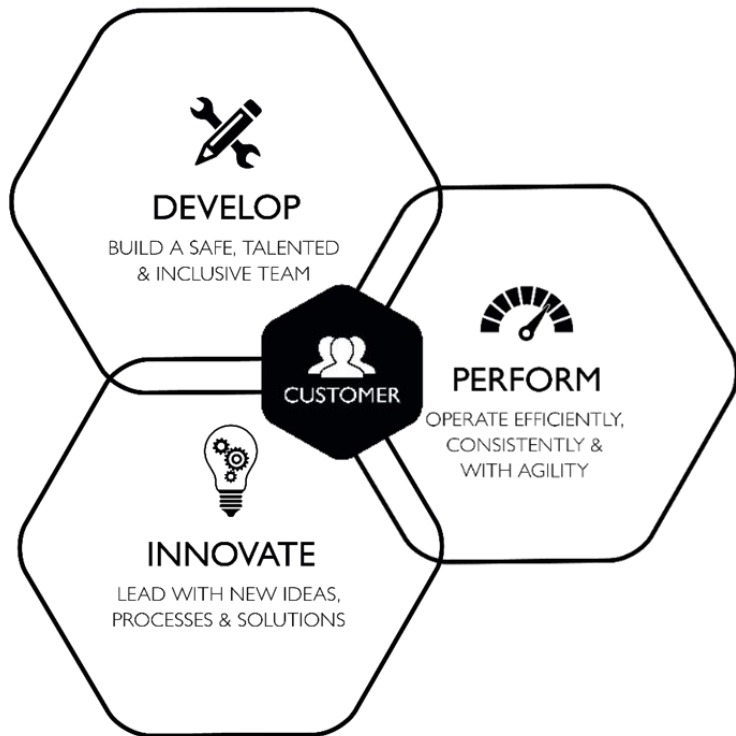
We believe in partnering and innovating to build and power a better world.

## VISION

Leveraging our global expertise and insight, we are a trusted partner in transforming our customers' performance.

## VALUES

We are trusted  
We are collaborative  
We are innovative  
We are passionate



## GLOBAL STRATEGIC PRIORITIES



Customer Centricity



Lean & Agile Global Finning



Global Supply Chain



Digital Enterprise



Growth and Diversification

# Strategic Focus Areas

## CAPTURE GROWTH

### Lead Mining

- Ultra-class mining vehicles - autonomy, electric drive
- Integrated Knowledge Centres (IKCs)
- Mining fleet replacement

### Grow Construction Product Support

- Strong alignment with Caterpillar
- Customer Value Agreements (CVAs)
- Asset connectivity / digital / e-commerce

Market Share

Customer Loyalty

Competitive Environment

## IMPROVE PERFORMANCE

### Transform Service

- Global service capabilities, governance, and processes
- Interdependent and leveraged service network in each region
- Improved customer outcomes and service profitability

### Accelerate Supply Chain Capabilities

- Optimal omni-channel strategy to serve customer needs
- The right part at right time and right place
- Enterprise-wide real-time inventory management

### Lower Cost to Serve

- Standardized and optimized processes and functions
- Sustainable, lean and agile cost structure
- Competitive and resilient mid-cycle business

ROIC

EPS

FCF <sup>(1)</sup>






Low Growth Environment

<sup>(1)</sup> This is a non-GAAP financial measure. See slide 2 for more information.

# Finning Canada – Improved Performance

*Controlling the controllables through a low amplitude up-cycle*

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

Net revenue CAGR <sup>(3)</sup>		13%
Adjusted SG&A as % of net revenue <sup>(2)</sup>		260 bps
Adjusted EBIT as % of net revenue <sup>(2)</sup>		70 bps
IC Turnover <sup>(2)</sup>		4Refuel acquisition
Adjusted ROIC		120 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.

<sup>(3)</sup> Compound annual growth rate



# Finning Canada - Growth Opportunities

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

Significant Infrastructure Opportunities		
Location	Project Name	Investment (C\$B)
Kitimat, BC	LNG Canada	~40
Alberta / British Columbia	Trans Mountain Pipeline	12.6
Vancouver, BC	Vancouver International Airport Expansion	9.1
Edmonton, AB	Petrochemical Upgraders	8.5
Saskatoon, SK	BHP Jansen Potash Project	8.0
Calgary, AB	Green Line LRT	4.9
Calgary, AB	Southwest Calgary Ring Road	1.5
Vancouver, BC	Pattullo Bridge Replacement	1.4

# Finning South America – Focused on Improving Results

*Close ROIC gap with Canada and generate sustainable returns reflective of risk profile*

## Potential Macro-Economic Catalysts

US-China trade resolution	Sustained copper price recovery
Social stability in Chile following unrest	GDP growth; stable CLP
Coronavirus outbreak contained	Reduced volatility in copper price and production
Economic recovery in Argentina	Stable ARS; improved investment climate

## Performance Drivers

New leadership	
ERP implementation completed	
Argentina restructured for sustained profitability	
Execution in Chile to drive profitability recovery	10-year peak EBIT margin was 9.9% <sup>(1)</sup>
Working capital improvements to support higher ROIC	10-year peak IC turnover was 2.18 x

Finning South America as % of Consolidated Finning	Years Ended	
	2013	2019
Revenue	37%	30%
Adjusted EBIT <sup>(1)</sup>	48%	29%

Challenging market environment  
Cost structure continues to be addressed

<sup>(1)</sup> This is a non-GAAP financial measure. See slide 2 for more information.



# Controlling the Controllables



## Profit Drivers

- Improved execution in South America
- Reduced cost base in Canada
- Improving business confidence in the UK
- Lower finance costs
- Share repurchases



## Strong Free Cash Flow

- Continued inventory reduction
- Lower net capital and rental fleet expenditures
- Ongoing supply chain improvements
- Higher EBITDA

GROWTH OPPORTUNITIES	
CANADA	Infrastructure investment (e.g. LNG, TMX)
	Product support (e.g. IKC <sup>1</sup> , rebuilds, CVAs <sup>2</sup> )
	Autonomy adoption
SOUTH AMERICA	Mining equipment replacement
	Autonomy adoption
	Construction product support growth
	Argentina oil & gas investment
UK & IRELAND	Infrastructure investment (e.g. HS2)
	Power systems projects
Complementary Acquisitions	

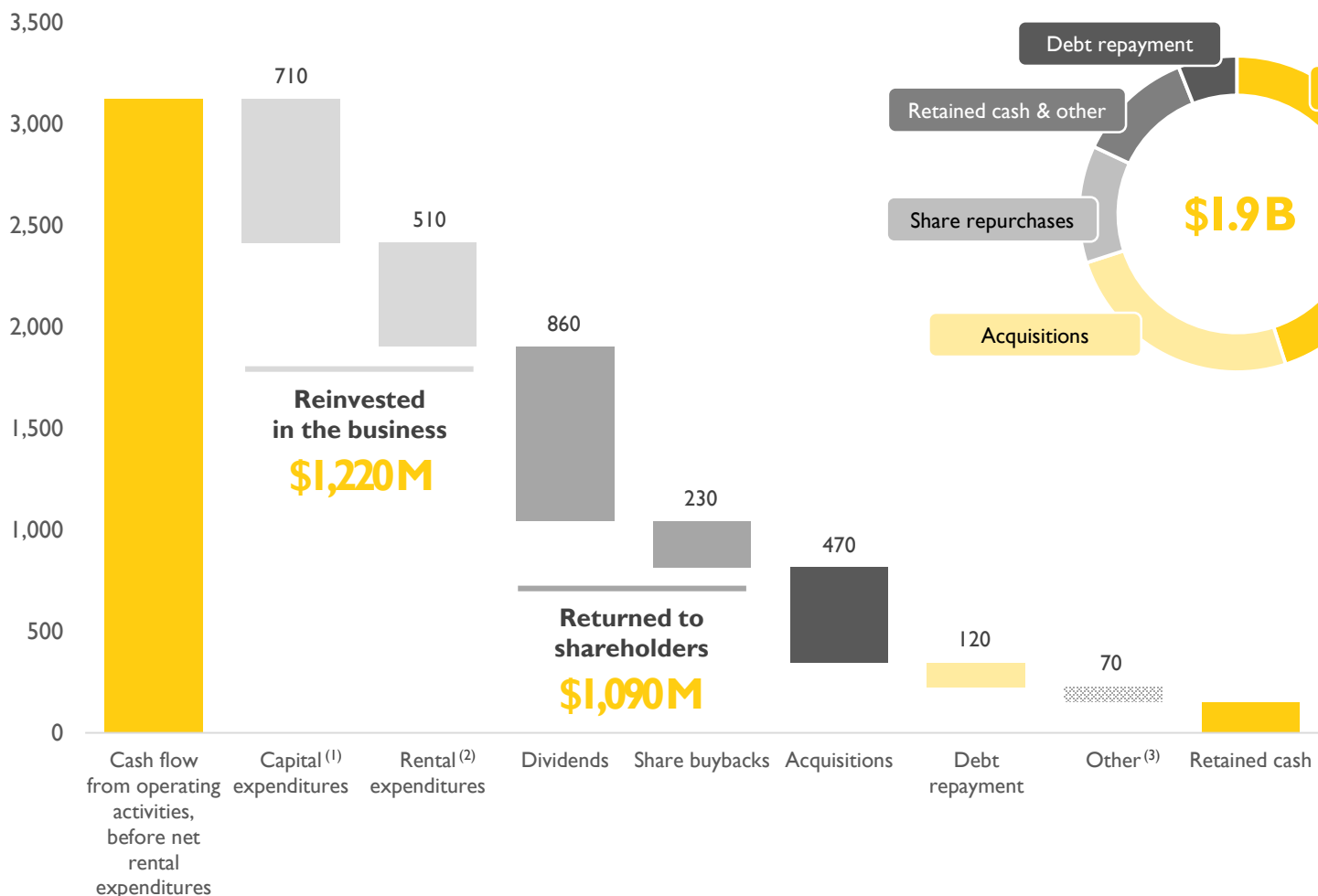
<sup>(1)</sup> Integrated Knowledge Centre

<sup>(2)</sup> Customer Value Agreements

# Capital Allocation

**Cumulative Capital Allocation – 2013 through 2019**

(\$ millions)

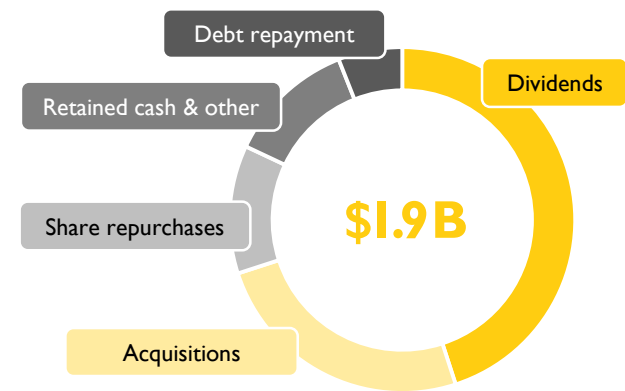


<sup>(1)</sup> Net of disposals

<sup>(2)</sup> Net of disposals, includes rental equipment with purchase options

<sup>(3)</sup> Primarily capital lease payments

**Cumulative Free Cash Flow – 2013 through 2019**



# Finning Autonomy

## Imperial Oil



Kearl (oil sands)



797F

**Fleet Size**  
*As at Jan 2020*

12 trucks

## Teck



- Highland Valley Copper (Canada)
- QB2 (Chile)



- 793F
- 794AC

**Fleet Size**  
*As at Jan 2020*

9 trucks at Highland Valley Copper

Teck Highland Valley Copper and Imperial Oil Kearl are in advanced stages of piloting the Caterpillar autonomy solution at their mines.

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