

# INVESTOR PRESENTATION

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January 22, 2021

See slides 12 & 13 for important information on forward-looking information and non-GAAP financial measures in this presentation.  
Monetary amounts referred to in this presentation are in Canadian dollars unless noted otherwise.

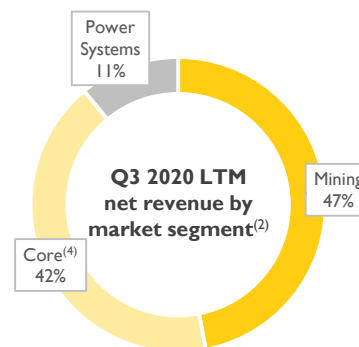
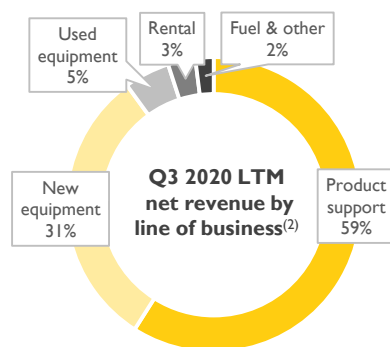
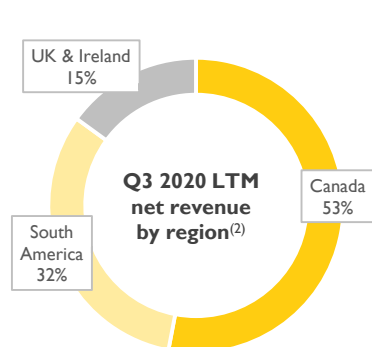
# Finning Overview

- Largest Caterpillar dealer
- Unrivalled service since 1933
- Diversified by geography, customer base, product and sector
- ~12,000 employees



Market Statistics <sup>(1)</sup> - FTT (TSX)	
Share price	29.50
Market Cap	4.8M
S&P/DBRS rating	BBB(+*/high)
Annual dividend / share	0.82
Dividend yield	2.8%

2020 Q3 LTM Financial Statistics <sup>(2)</sup>	
Net revenue <sup>(3)</sup>	6.0B
EBITDA <sup>(3)</sup>	685M
Adjusted EBITDA <sup>(3)</sup>	635M
EPS	1.30
Adjusted EPS <sup>(3)</sup>	1.07
Invested capital <sup>(3)</sup>	3.3B
ROIC <sup>(3)</sup>	10.7%
Adjusted ROIC <sup>(3)</sup>	9.3%



**Consistently Invested**  
~\$1.8B annually in R&D

<sup>(1)</sup> At January 12, 2021

<sup>(2)</sup> Last 12 months ended September 30, 2020

<sup>(3)</sup> This is a non-GAAP financial measure. See slide 13 for more information

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

# Executing Our Strategy



## Focus on Improving ROIC<sup>(1)</sup>

- Accelerating growth in product support revenue
- Driving down cost base to improve competitiveness
- Delivering solid free cash flow<sup>(1)</sup> to invest in opportunities that improve earnings capacity through the cycle, return capital to shareholders, and maintain balance sheet strength



## Controlling the Controllable

- Accelerated strategic plans to drive employee and facility productivity improvements
  - Benefitting from technology platform in South America to reduce cost to serve
  - Executed significant cost actions in Canada
  - Controlling costs in the UK, while positioning for future opportunities
- Significantly improved inventory management practices



## Leveraging Technology Capabilities












- Machine connectivity provides solid foundation to grow non-mining product support
- Supporting customers in converting to on-line platform; will remain omni-channel business
- Performance solutions strengthen customer relationships and position for future opportunities
- Significant potential for autonomy conversions in our mining territories





## Strong Balance Sheet

- Improved working capital performance to drive solid EBITDA to free cash flow conversion<sup>(1)</sup>
- Lowering finance costs
- Reducing leverage
- Strong financial position supports capital allocation priorities

# Q3 2020 Results

	vs Q3 2019	vs Q2 2020
<b>Net Revenue<sup>(1)</sup></b>  <b>\$1.4B</b>	 <b>21%</b>	 <b>8%</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>  <b>\$178M</b>	 <b>13%</b>	 <b>52%</b>
<b>EPS</b>  <b>\$0.54</b>	 <b>17%</b>	 <b>\$0.42</b>
<b>Adjusted<sup>(1)</sup></b> <b>\$0.37</b>	 <b>25%</b>	 <b>\$0.31</b>

Q3 2020 Financial Statistics (\$ Millions)			
Revenue	1,553	EBITDA <sup>(1)</sup>	215
Net Revenue	1,443	Net Income	88
EBIT	138	Basic EPS	\$0.54

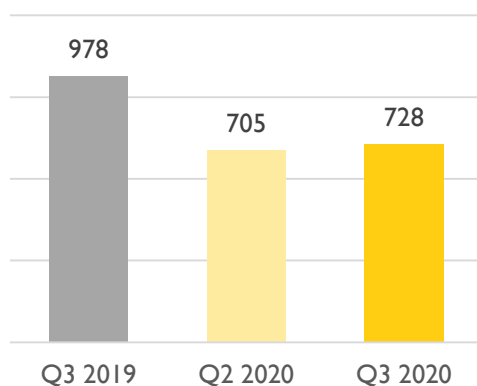
Operational Highlights	
<b>Customer Loyalty</b> Q3/20 vs Q3/19  <b>16%</b>	<b>Total Injury Frequency</b> Q3/20 vs Q3/19  <b>41%</b>

- | Q3 2020 Highlights   |
|--|
| <ul style="list-style-type: none"> <li>▪ Maintaining excellent safety record</li> <li>▪ Improving customer loyalty</li> <li>▪ Market activity significantly below last year</li> <li>▪ Modest market improvements from Q2 2020</li> <li>▪ UK &amp; Ireland leading the recovery</li> <li>▪ Lower cost base driving improved profitability</li> </ul> |

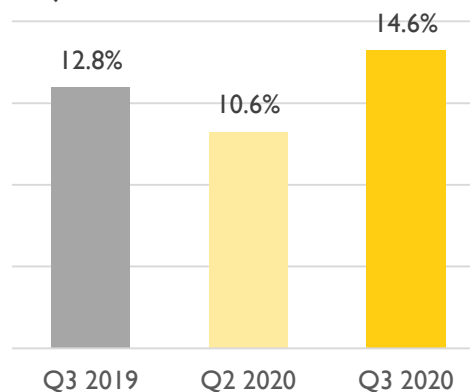
<sup>(1)</sup> This is a non-GAAP financial measure. See slide 13 for more information.

# Q3 2020 Financial Results – Canada

## Net Revenue \$ Millions

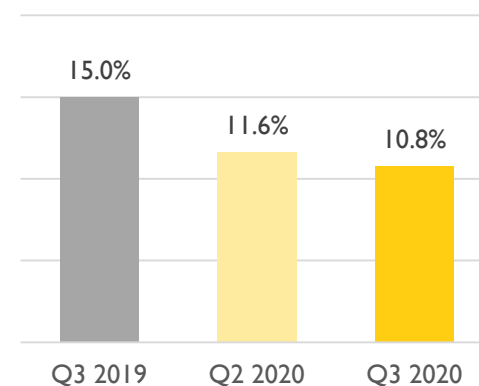


## EBITDA as % of Net Revenue Adjusted



8.5%      4.0%      8.1%  
Adjusted EBIT as % of Net Revenue<sup>(1)</sup>

## Return on Invested Capital Adjusted<sup>(1)</sup>, 4 Quarter Average



## Q3 2020 Commentary

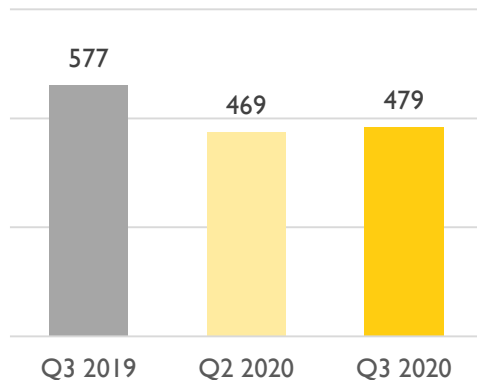
- Net revenue down 26% from Q3 2019 and up 3% from Q2 2020
- Product support revenue down 11% from Q3 2019 and up 4% from Q2 2020; oil sands ramp-up one month delayed
- Construction machine hours and rental utilization increased
- 4Refuel Adjusted EBITDA up 13% from Q3 2019
- SG&A down 9% from Q3 2019 and 4% from Q2 2020
- Significantly improved profitability in a slow recovery environment

## Outlook

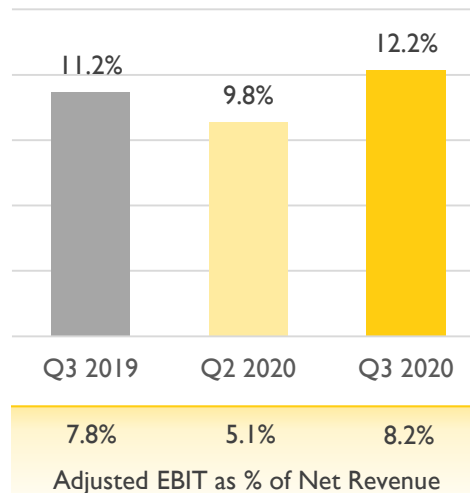
- Oil sands producers' trucks back to pre-COVID utilization at end of September
- Expect mining product support activity to improve
- Continue to drive employee and facility productivity gains
- Order intake increasing with large infrastructure opportunities; pricing environment highly competitive
- Expect improved profitability in 2021 even in a modest revenue recovery environment

# Q3 2020 Financial Results – South America

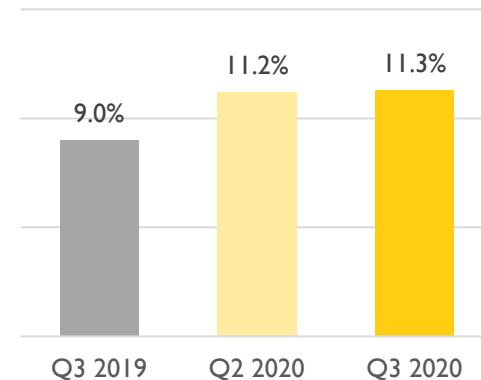
## Net Revenue \$ Millions



## EBITDA as % of Net Revenue Adjusted



## Return on Invested Capital Adjusted, 4 Quarter Average



### Q3 2020 Commentary

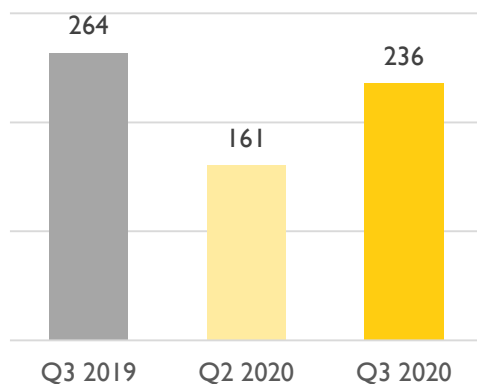
- Functional currency revenue down 18% from Q3 2019 and up 6% from Q2 2020; COVID-19 hit a peak in Q3
- Recovery in Chile construction activity
- Argentina remains challenged but profitable
- SG&A down 21% from Q3 2019 and 6% from Q2 2020
- Execution fundamentally improved
- Highest EBIT% since Q2 2018

### Outlook

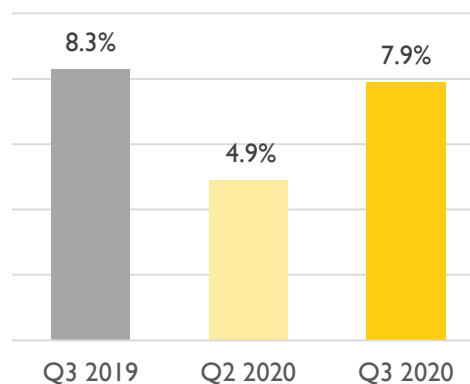
- COVID-related operating restrictions easing in mining
- Expect mining product support revenue to recover significantly as we exit 2020 and begin 2021
- Some uncertainty related to social unrest, however, Chilean plebiscite reaction encouraging
- Positioned to deliver higher year over year profitability in Q4 2020 and 2021

# Q3 2020 Financial Results – UK & Ireland

**Net Revenue**  
\$ Millions

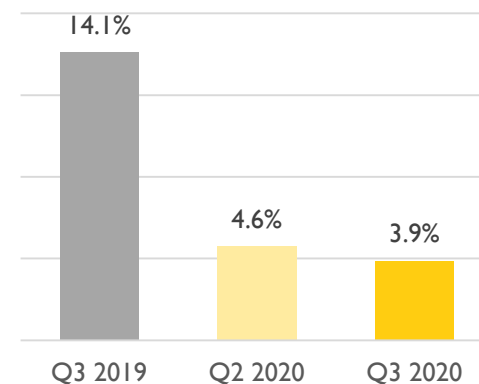


**EBITDA as % of Net Revenue**  
Adjusted



5.1%      -1.0%      4.1%  
Adjusted EBIT as % of Net Revenue

**Return on Invested Capital**  
Adjusted, 4 Quarter Average



## Q3 2020 Commentary

- Functional currency revenue down 15% from Q3 2019 and up 46% from Q2 2020; robust recovery in construction
- Resumption of large power systems project deliveries
- Machine utilization hours and product support run-rates approached pre-pandemic levels
- Notable profitability improvement driven by product support recovery and lower cost base

## Outlook

- Construction work on HS2 to drive improved activity in general construction equipment markets in 2021
- Large backlog of high-quality power systems projects underpins revenue outlook
- Disciplined cost management in a recovery
- Expect continued strong performance

# Finning Autonomy

## Imperial Oil



Kearl (oil sands)



797F

Fleet Size  
*As at Dec 2020*

25 trucks

## Teck



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



- 793D/F
- 794AC

Fleet Size  
*As at Dec 2020*

20 trucks at Highland Valley Copper

## 20%+ Productivity Improvement vs Conventional Fleet



### SCALABLE

~100 trucks and 250+ auxiliary vs limited scalability of competitors' offering



### INTEROPERABLE

with conventional and competitors' fleets



### RETROFITTABLE

Caterpillar 789D, 793D, 793F, 794, 797F  
Komatsu 930E-4



### FASTER

uses Lidar and Predictive Path to travel faster than competitors' trucks

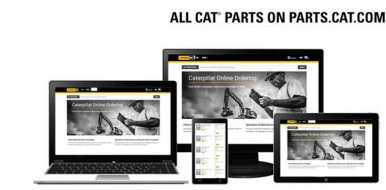


# Advanced Digital and e-Commerce Capabilities

**80%** CAT Assets Connected  
in Finning territories

**Technology – a great risk mitigator in a crisis**

**Technology adoption by customers is accelerating**



- Machine Condition Monitoring
- Integrated Knowledge Centers (IKCs)
- Marketing Automation
- Digital Performance Solutions

Extensive asset connectivity enables remote monitoring by experts

- www.my.finning.com Customer Portal
- Branch Parts Interpretation Support
- Call Centre 24/7 Support
- Online Chat Support



- eCommerce on www.parts.cat.com
- Integrated Procurement
- 24/7 Call Centre Support
- Branches

Recent investments in strong omni channel offerings are paying off

- Digital Drop-Boxes for Parts
- Direct Shipping
- Branch Over the Counter
- Connected Field Service



Winner of BC Technology Association's 2020 Excellence in Technology Adoption Award



# Free Cash Flow, Balance Sheet, Capital Allocation

## Q3 2020 Highlights

- Strong working capital management
- Monetized surplus inventory in South America
- Continue to expect net capex and rental fleet spend in the \$90-140 million range in 2020
- Balance sheet in great shape

Free Cash Flow  
Q3 2020

**\$316<sup>M</sup>**

Net Debt to  
Adj. EBITDA<sup>(1)</sup>  
Q3 2020

**1.7**

EBITDA to FCF  
Conversion<sup>(1)</sup>  
2020 Tracking

**~100%**

## Go-Forward Capital Allocation Priorities

Organic Growth / Inventory to Support Recovery

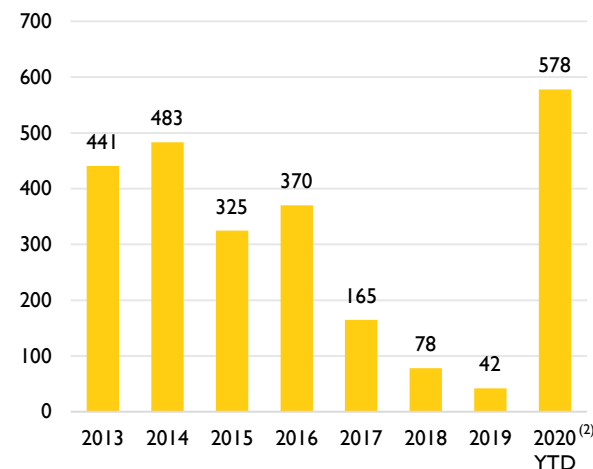
Continued Dividend Commitment

Opportunistic Share Repurchases

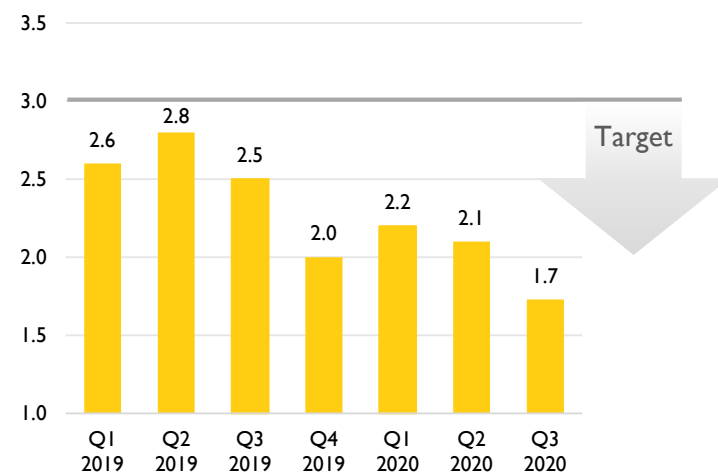
Further Debt Repayment

Acquisition Opportunities

Free Cash Flow (\$ Millions)



Net Debt to Adjusted EBITDA (Ratio)



# Q4 2020 and 2021 Considerations



## Modest Market Recovery

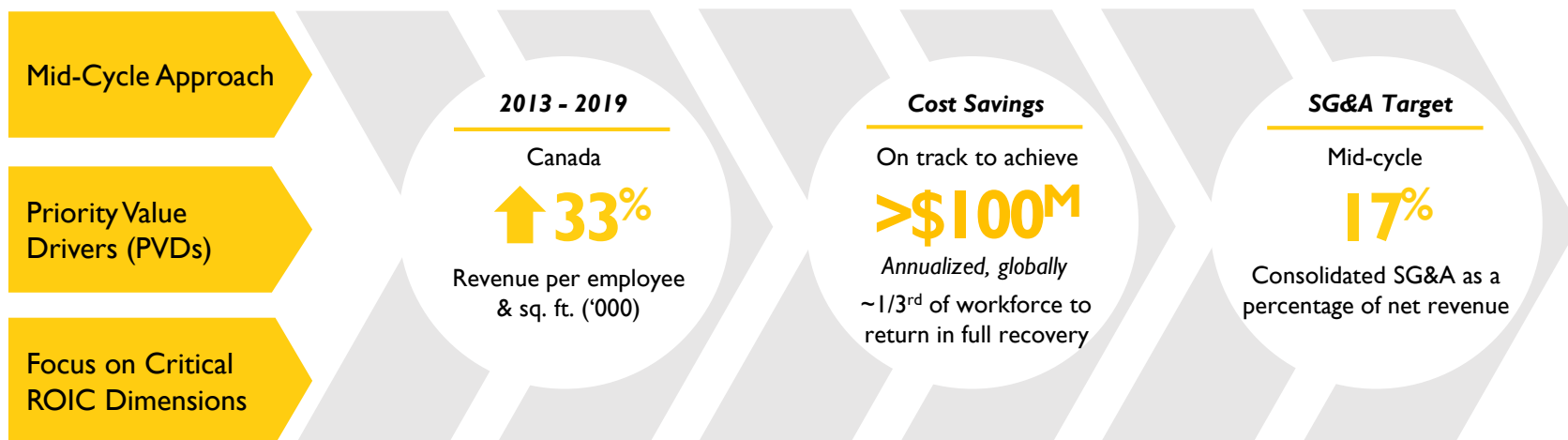
- Key commodity prices have recovered to constructive levels
- Product support activity continues to improve
- Significant mining and infrastructure projects underpin 2021 revenue outlook
- Planning for revenue recovery and purchasing inventory; expect positive FCF in Q4 2020



## Improved Earnings Capacity

- Execution of global cost initiatives on track to deliver more than \$100 million of annualized cost savings (~1/3<sup>rd</sup> of workforce expected to return when market activity fully recovers)
- Overall outlook for the balance of 2020 and into 2021 remains positive
- Expect higher earnings on modestly lower revenue base in Q4 2020 compared to Q4 2019

## Accelerated Strategic Plans to Improve Earnings Capacity



# Disclosures

## Forward-looking information

This presentation includes “forward-looking information” (as defined in Canadian securities legislation) that is based on expectations, estimates and projections that we believe are reasonable as of the date of this presentation, but may ultimately turn out to be incorrect. Forward looking information in this presentation includes: execution of our strategy to improve ROIC, including accelerating growth in product support revenue and driving down cost base to improve competitiveness; drive productivity and control costs, positioning the UK for future opportunities; leverage technology capabilities to grow non-mining product support, remain an omni-channel business, position for future opportunities, and significant potential for autonomy conversions in our mining territories; and strong balance sheet, including solid EBITDA to free cash flow conversion, lowering finance costs and reducing leverage; SG&A journey improving earnings capacity, including on track to deliver >\$100 million of annualized cost savings with ~1/3 workforce expected to return when market activity fully recovers; targeting 17% SG&A as a percentage of net revenue in mid-cycle; Canada’s SG&A expected to be down ~20% at the end of 2020 as compared to the end of 2013; outlook for Canada (improving mining product support activity, continuing employee and facility productivity gains, increasing order intake, pricing environment remaining highly competitive, and improved profitability in 2021 even in a modest revenue recovery environment), for the UK & Ireland (HS2 construction work to drive improved activity in general construction equipment markets in 2021, large backlog of high-quality power systems projects underpins revenue outlook, continued disciplined cost management and strong performance), and for South America (COVID-related operating restrictions easing in mining, mining product support revenue to recover significantly as we exit 2020 and begin 2021, uncertainty related to social unrest and positioned to deliver higher year over year profitability in Q4 2020 and 2021); expect net capex and rental fleet spend in the \$90-140 million range in 2020; tracking ~100% EBITDA to FCF conversion for 2020; capital allocation priorities (organic growth and inventory purchasing to support recovery, dividend, share repurchases, further debt repayment, acquisition opportunities); targeted net debt to Adjusted EBITDA ratio <3; Q4 2020 and 2021 considerations, including modest market recovery (product support activity continues to improve, significant mining and infrastructure projects underpin 2021 revenue, planning for revenue recovery and inventory purchasing, and expected positive FCF in Q4 2020), improved earnings capacity (including positive outlook for balance of 2020 and into 2021 and expected higher earnings on modestly lower revenue base in Q4 2020 compared to Q4 2019) and; and modest market recovery to continue into 2021 and stronger performance in a slow recovery environment. No assurances can be given that the information in this presentation will result in sustained or improved financial performance. 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, we do not undertake any obligation to update the information, whether as a result of new facts becoming known, future events occurring or otherwise.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors, and is based on a number of assumptions that we believe are reasonable as of the date of this presentation, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Assumptions on which the forward-looking information is based include but are not limited to assumptions that: we will be able to execute on our strategic plans, take advantage of growth opportunities, control our costs, drive continuous cost efficiency in a recovering market, and manage the impact of COVID-19. Important information identifying and describing such risks, uncertainties, assumptions and other factors is contained in our most recently filed annual information form (AIF) and in our most recent annual and quarterly management’s discussion and analysis of financial results (MD&A), which are available on our website ([www.finning.com](http://www.finning.com)) or under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

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# Disclosures

## Forward-looking information (continued)

We caution readers that the risks described in the AIF and MD&A are not the only risks that could impact the company. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our services, due in part to the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the steps our customers or suppliers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments of affected countries and other steps that may be taken by such governments to respond to the pandemic. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

## Non-GAAP financial measures

This presentation includes certain “non-GAAP financial measures”, which are called out the first time they are used. The non-GAAP financial measures do not have a standardized meaning under International Financial Reporting Standards (IFRS) 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 Generally Accepted Accounting Principles, where available, see the heading “Description of Non-GAAP Financial Measures and Reconciliations” in our most recent MD&A. We believe that providing certain non-GAAP financial measures provides users of our consolidated financial statements with important information regarding the operational performance and related trends of our business. By considering these measures in combination with the comparable IFRS measures set out in the MD&A, we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the IFRS measures alone.

Reported financial metrics may be impacted by significant items we do 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 our quarterly and annual MD&A for the period to which the relevant Adjusted metric relates.