

Q3 2022 Results

Scott Thomson
President and CEO

Kevin Parkes
EVP and COO

Greg Palaschuk
EVP and CFO

November 8, 2022

See slides 11 and 12 for important information on forward-looking information, currency, and specified financial measures, including non-GAAP financial measures

Strong Execution and Continued Market Momentum Drive Record Results

Drive Product Support
Reduce Costs
Reinvest to Compound

Product support revenue
Q3 2022 vs Q3 2021

↑ 30%

SG&A as a % of net revenue ⁽¹⁾
Q3 2022


16.7%

EPS
LTM Q3 2022


\$3.01

Leadership Position in Technologically Advanced Projects

Record Q3 2022 Performance



BHP ESCONDIDA




> 160 Renewal of entire truck fleet
CAT 798 AC Electric Drive Trucks




Significant Mining Wins & Autonomy Deployment

Canada mining backlog


↑ ~5x
Q3 2022 vs. Q3 2021



HS2 Equipment Wins
Phase 1 (2021 – 2024)



~40% Total industry opportunity captured



Low Emission Solutions for Oil & Gas Customers

> 70 CAT® 3512E Dynamic Gas Blending (DGB) Engines sold since the start of 2021

Net revenue ⁽¹⁾⁽²⁾ (\$ millions)	\$2,107
Product support revenue (\$ millions)	\$1,209
SG&A as a % of net revenue	16.7%
EBIT (\$ millions)	\$224
EBIT as a % of net revenue ⁽¹⁾	10.7%
Canada EBIT as a % of net revenue ⁽³⁾	11.7%
South America EBIT as a % of net revenue	12.3%
EPS	\$0.97
South America ROIC ⁽¹⁾	22.7%
Equipment backlog ⁽¹⁾ (\$ millions)	\$2,485

⁽¹⁾ This is a specified financial measure. See slide 12 for more information.

⁽²⁾ Q3 2022 revenue was \$2,384 million

⁽³⁾ Record on an adjusted basis

President and CEO Succession



Scott Thomson, outgoing president and CEO



Kevin Parkes, currently EVP and COO, will assume the role of president and CEO

Thoughtful and comprehensive succession planning

Supporting Customers in a Dynamic Business Environment

✓ Encouraging Market Backdrop

- Healthy demand conditions
- Constructive commodity prices
- Significant backlog of large projects
- High machine utilization rates

✓ Operational Challenges

- Supply constraints
- Technical labour availability

✓ Managing Risks

- Proactively managing supply chain
- Thoughtfully adding technicians

Record
equipment
backlog

Entering 2023 with a large and diverse backlog

- Customers are making commitments into 2023 and beyond
- Winning aftermarket and mining share in a tight supply environment

Product
support
growth
strategy

Continue to execute on our strategic plan

- Close alignment with Caterpillar
- Strong product support growth trajectory and robust outlook ⁽¹⁾

Cost and
capital
discipline

Reinforcing our mid-cycle operating cost and capital model

- Demonstrating operating leverage despite high inflationary environment
- Breakthrough earnings and significantly higher ROIC performance in all regions

Expect to finish the year strongly and continue that momentum into 2023 ⁽¹⁾

⁽¹⁾ This is forward-looking information. See slide 11 for more information.

Q3 2022 Results

	vs Q3 2021
Net Revenue \$2.1B	↑ 20%
EBITDA ⁽¹⁾ \$308M	↑ 34%
EPS \$0.97	↑ 59%

Q3 2022 Summary

- Strong momentum in business activity across all regions
- Successful execution of product support growth strategy, supply chain management, and cost discipline drove record profitability and earnings
- EBIT as % of net revenue at ~12% in Canada and South America and ~6% in the UK & Ireland
- Equipment backlog build driven by significant mining wins and increase in power systems orders

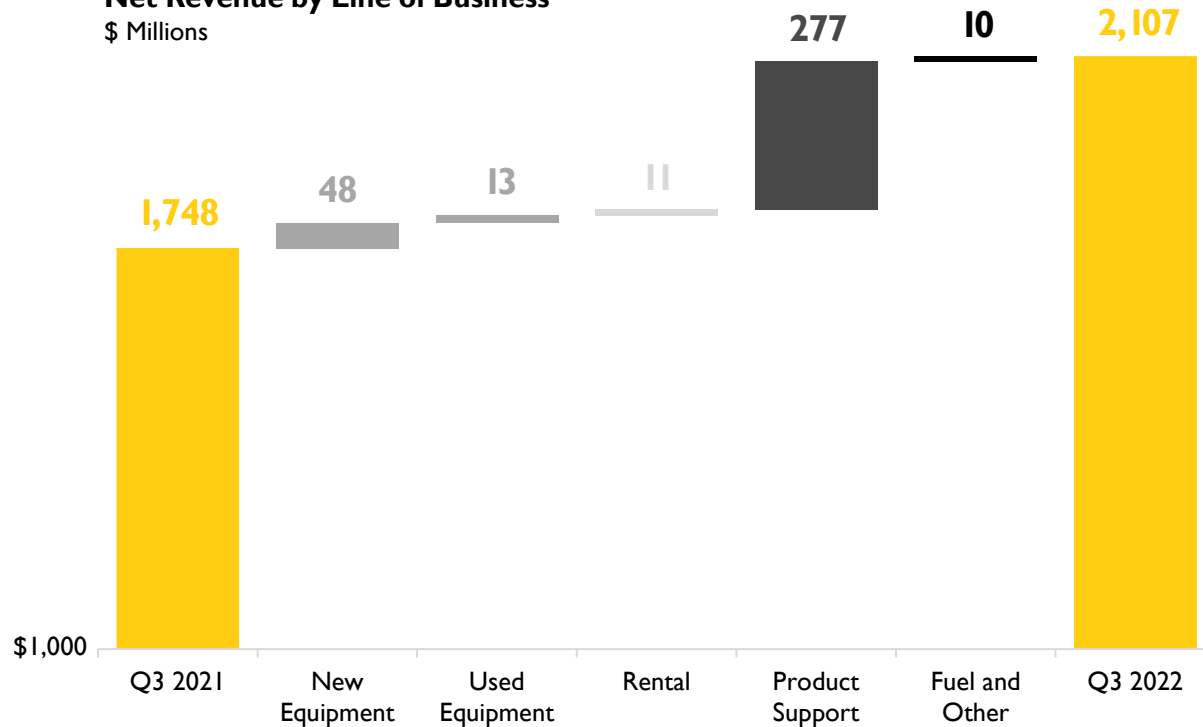
Q3 2022 Financial Statistics			
\$ millions, except EPS		Key Ratios	
Revenue	2,384	Invested capital turnover ⁽¹⁾	1.96 times
Net revenue	2,107	Working capital to net revenue ⁽¹⁾	27.1 %
EBIT	224	Inventory turns (dealership) ⁽¹⁾	2.52 times
EPS	\$0.97	ROIC	18.3 %
Free cash flow ⁽²⁾	(57)	Net debt to Adjusted EBITDA ⁽¹⁾	1.8 times

⁽¹⁾ This is a specified financial measure. See slide 12 for more information.

⁽²⁾ This is a non-GAAP financial measure. See slide 12 for more information.

Q3 2022 Net Revenue

Net Revenue by Line of Business
\$ Millions



Net Revenue Mix
Q3 2022 vs Q3 2021

New Equipment
380 bps
 32% of total

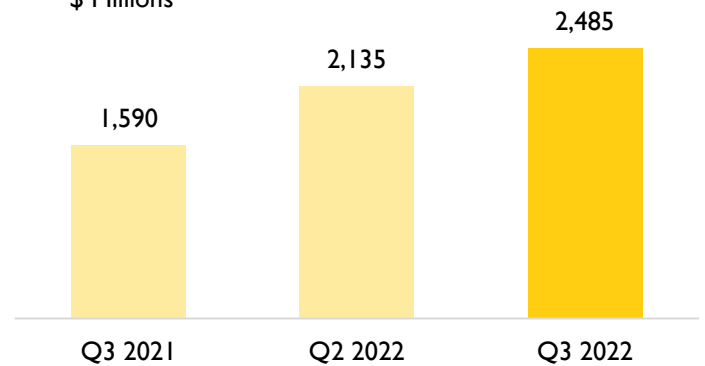
Product Support
410 bps
 57% of total

All comparisons are to Q3 2021 results unless indicated otherwise

Q3 2022 Revenue Drivers

- New equipment sales up 8%, driven by mining deliveries in Canada and construction deliveries in the UK, including HS2
- Strong rental utilization and demand for used equipment
- Product support revenue up 30%, reflecting strong market activity and execution of our product support growth strategy, including supplier cost passthrough

Equipment Backlog
\$ Millions



Order Intake

25%

From Q2 2022

Mining % of total equipment backlog

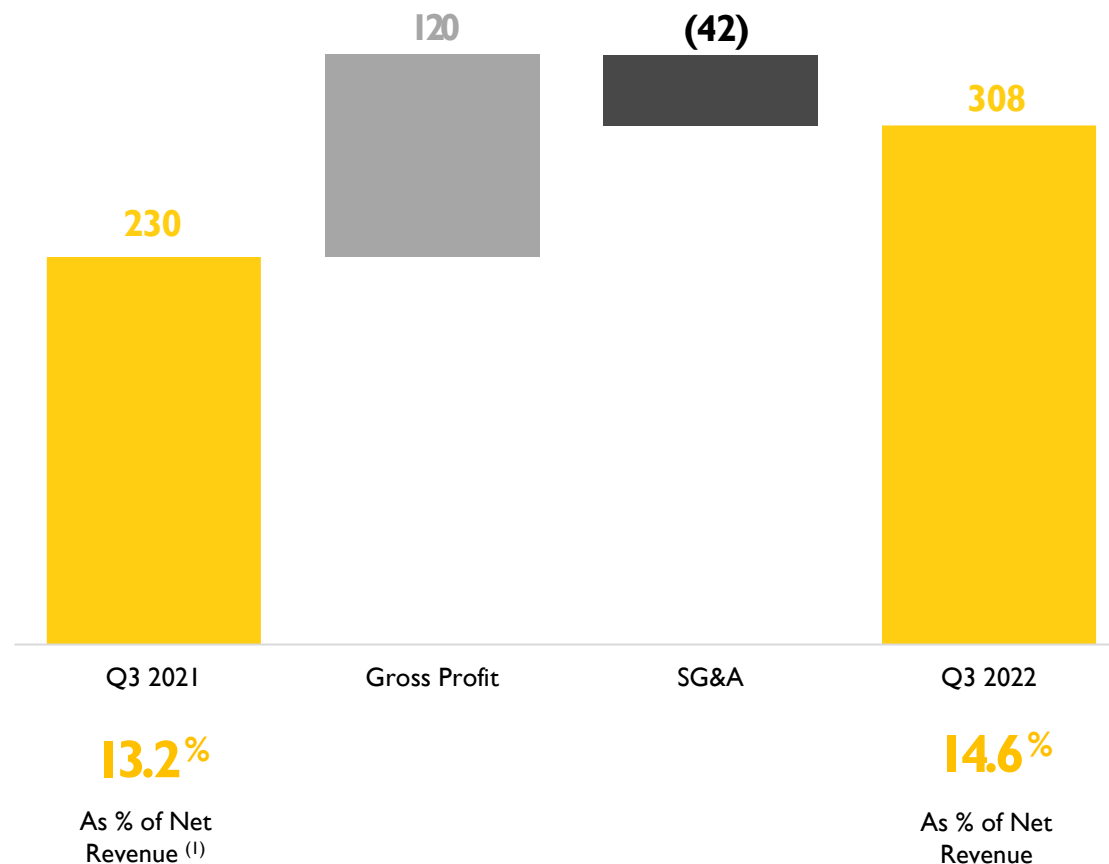
29%

37%

42%

Q3 2022 EBITDA

EBITDA
\$ Millions



All comparisons are to Q3 2021 results unless indicated otherwise

Q3 2022 EBITDA Drivers

- Gross profit up 25% driven by net revenue growth and a higher proportion of product support in the revenue mix
- SG&A increase of 13% reflects workforce additions and higher variable costs to support strong revenue growth and service levels
- SG&A as % of net revenue down 110 basis points to 16.7% reflecting proactive cost management and productivity gains across people, facilities, and supply chain

Significantly Improved Results vs. Pre-Pandemic

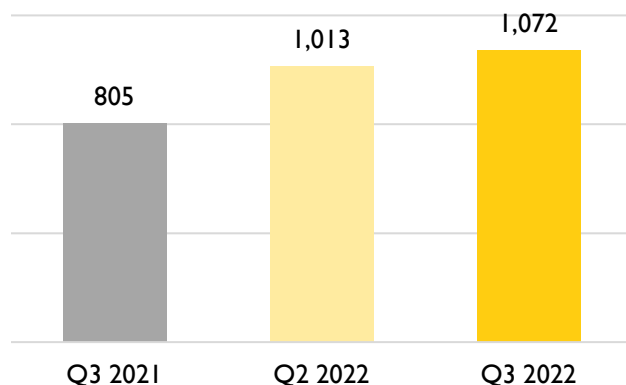
	Q3 2022	Q3 2019 Adjusted ⁽¹⁾		
Net Revenue <i>\$ billions</i>	\$2.1	\$1.8	↑	16%
SG&A <i>As % of net revenue</i>	16.7%	18.3%	↓	160 bps
EBIT <i>As % of net revenue</i>	10.7%	7.3% ⁽¹⁾	↑	340 bps
ROIC	18.3%	12.2% ⁽¹⁾	↑	610 bps
EPS	\$0.97	\$0.49 ⁽¹⁾	↑	97%

⁽¹⁾ This footnote indicates the metric was adjusted in Q3 2019. Each Adjusted metric is a specified financial measure. See slide 12 for more information.

Q3 2022 Results – Canada

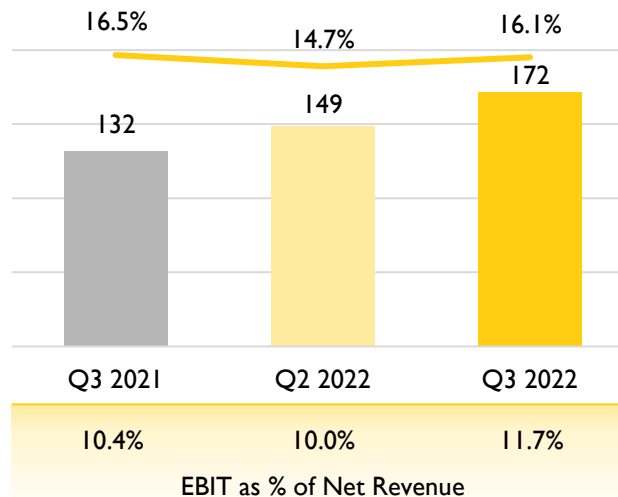
Net Revenue

\$ Millions



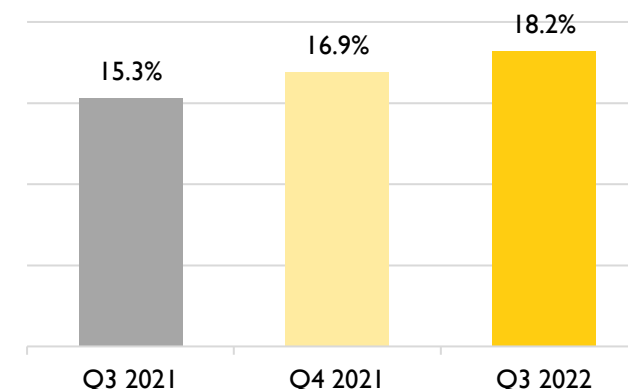
EBITDA

\$ Millions, as % of Net Revenue



Return on Invested Capital

Adjusted, 4 Quarter Average



All comparisons are to Q3 2021 results unless indicated otherwise

Q3 2022 Commentary

- Product support revenue up 32% on higher spending in mining, strong demand in construction, and successful execution of product support growth strategy
- New equipment sales up 52%, driven primarily by deliveries in the oil sands
- Improved operating leverage from productivity initiatives, with SG&A as % of net revenue down 290 basis points
- Equipment backlog up ~25% from June 30, 2022, on broad-based strength in order intake; backlog includes two significant mining orders for 2023 delivery ⁽¹⁾

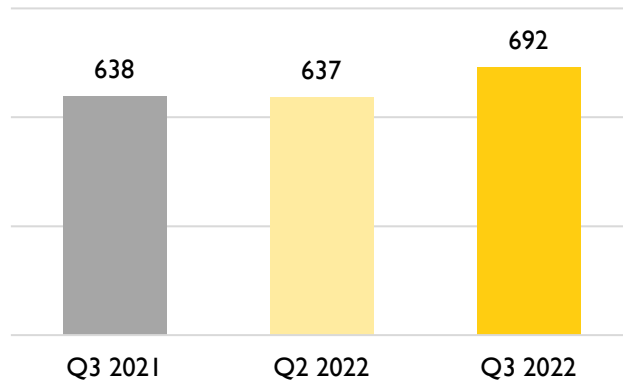
Market Outlook ⁽¹⁾

- Expect healthy market activity in Western Canada
- Constructive commodity prices and improved capital budgets expected to drive investment in renewal of aging fleets and product support opportunities in the oil sands and other mining
- Public and private sector investments in infrastructure and energy expected to support robust construction activity, including demand for rental equipment and power generation

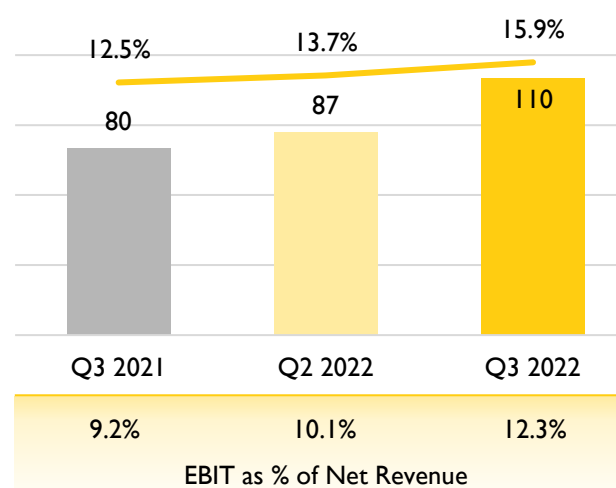
⁽¹⁾ This is forward-looking information. See slide 11 for more information.

Q3 2022 Results – South America

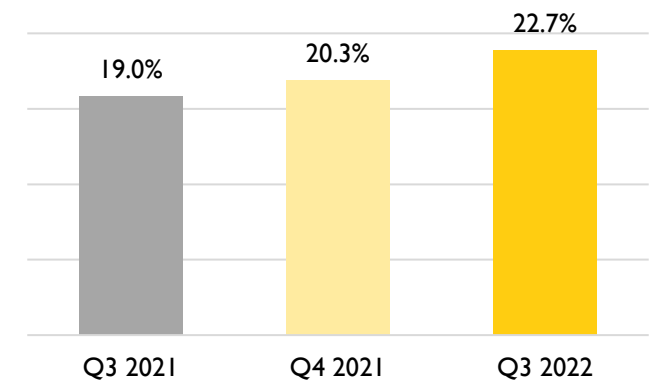
Net Revenue
\$ Millions



EBITDA
\$ Millions, as % of Net Revenue



Return on Invested Capital
4 Quarter Average



All comparisons are to Q3 2021 results in functional currency unless indicated otherwise

Q3 2022 Commentary

- Product support revenue up 24%, driven by Chilean mining, including catch-up following slow growth in Q2 2022 due to supply constraints
- New equipment sales down 23% due to slower demand in construction and significant deliveries to Chilean mining customers in Q3 2021
- Record profitability driven by higher proportion of product support in the revenue mix, improved cost structure, and favourable impact of CLP devaluation
- Equipment backlog up ~25% from June 30, 2022, with strong order intake in mining and our first order for a new large-scale data centre project in Chile

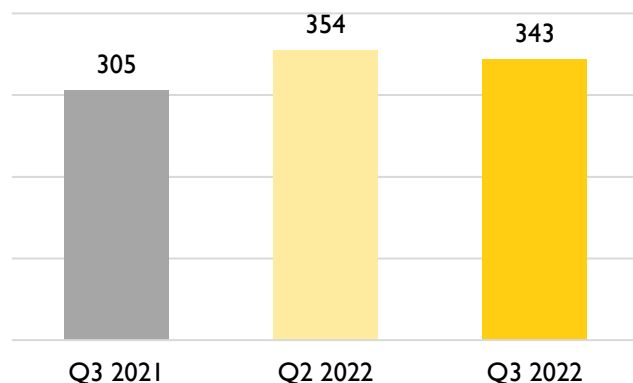
Market Outlook ⁽¹⁾

- Monitoring the proposal for a revised mining royalty framework in Chile; encouraged by the moderation announcement; approval needed to enable customers' decisions on greenfield and expansion projects
- Expect to continue benefitting from committed medium-term investment in fleet replacements and maintenance across our mining customer base
- Longer term, expect Chile to remain an attractive place to invest as electrification trends drive increasing global demand for copper
- Expect softer construction activity in Chile due to rising interest rates and the weakening CLP

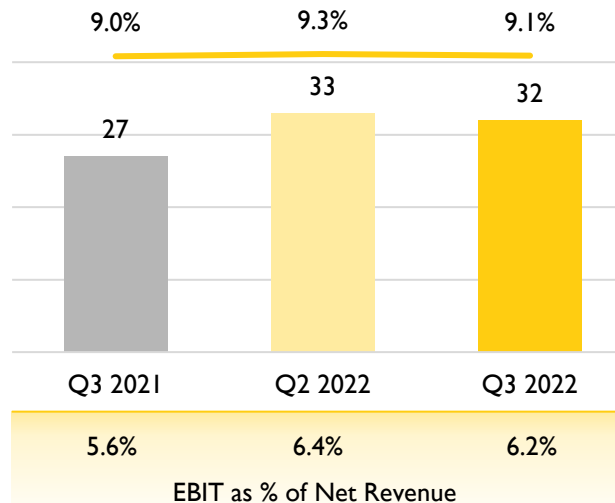
⁽¹⁾ This is forward-looking information. See slide 11 for more information.

Q3 2022 Results – UK & Ireland

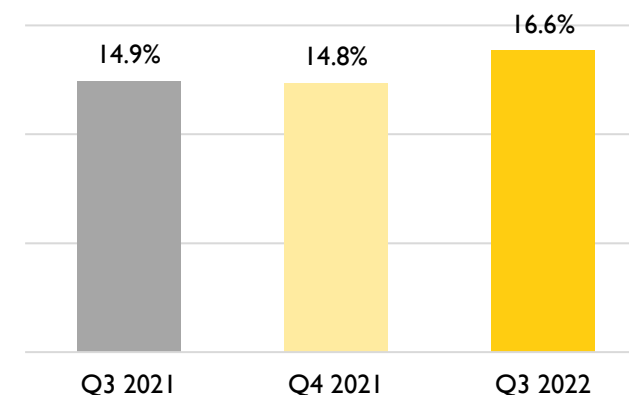
Net Revenue \$ Millions



EBITDA \$ Millions, as % of Net Revenue



Return on Invested Capital 4 Quarter Average



All comparisons are to Q3 2021 results in functional currency unless indicated otherwise

Q3 2022 Commentary

- New equipment sales up 19%, driven by HS2 deliveries and strong demand in construction
- Product support revenue up 38% on robust machine utilization in construction and the contribution from Hydraquip
- >6% EBIT as % of net revenue driven by operating leverage and the addition of Hydraquip
- Higher ROIC reflects structural improvements in profitability

Market Outlook ⁽¹⁾

- Expect moderating demand for construction equipment due to softening macro-economic conditions in the UK
- High machine utilization rates and the addition of Hydraquip to continue driving strong product support revenues
- Expect continued strong demand for power systems solutions, including in the data centre market, with a solid backlog of power systems projects for delivery into 2023

⁽¹⁾ This is forward-looking information. See slide 11 for more information.

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 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: our expectation to finish 2022 strongly and continue that momentum into 2023 on slide 4 (assumes continued strong momentum in our end markets, commodity prices, public and private investment, customer demand, disciplined operational execution, successful product support growth strategy and supply chain management, delivery of our backlog, economic forecasts, and that we and our customers can successfully navigate supply chain, labour, inflation, and interest rate challenges); our product support outlook on slide 4 (assumes high equipment utilization, a strong demand environment, execution of our product support growth strategy, and supply chain management); our market outlook for Canada on slide 8 (based on assumptions of supportive commodity prices, strong project backlogs, improvements in customer capital budgets, public and private sector investments in infrastructure and energy, and a continued demand for product support, rental equipment and power generation); our expected timing of deliveries of significant mining orders on slide 8 (assumes no disruptions to our ability to deliver on our backlog); our market outlook for South America on slide 9 (assumes electrification trends driving increased global demand for copper in the longer term, significant mining deliveries and committed medium-term investments in fleet replacements, and continued strong demand for mining product support); and our market outlook for UK and Ireland on slide 10 (based on assumptions of continued high machine utilization hours on the HS2 project and the addition of Hydraquip to our business, economic forecasts, projections for continued demand in the data centre market, and no disruptions to our ability to deliver our power systems project backlog within the anticipated timeframe). 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.

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. Our actual results, performance or achievements may 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 those mentioned above and that: we will be able to execute on our strategic plans, take advantage of growth opportunities, control our costs, inflation and pricing pressures, drive continuous cost efficiency in a recovering market, and manage the impacts of COVID-19; we will be able to manage continued supply chain challenges; we will be able to capitalize on further productivity initiatives underway; and we are assuming an undisrupted market recovery, for example, undisrupted by COVID-19 impacts, commodity price volatility or social unrest. 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) and under our profile on SEDAR (www.sedar.com).

Disclosures

Currency

Monetary amounts referred to in this presentation are in Canadian dollars unless noted otherwise. All variances and ratios in this presentation are based on the functional currency of each operation (Canada: CAD, South America: USD, UK & Ireland: GBP). These variances and ratios for South America and UK & Ireland exclude the foreign currency translation impact from the CAD relative to the USD and GBP, respectively, and are therefore, considered to be specified financial measures. We believe the variances and ratios in functional currency provide meaningful information about operational performance of the reporting segment.

Specified financial measures

This presentation includes certain specified financial measures, including non-GAAP financial measures, which are called out the first time they are used. The specified financial measures we use do not have any standardized meaning under Generally Accepted Accounting Principles (GAAP) and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial measures, including descriptions, composition, and where applicable, reconciliations from certain specified financial measures to their most directly comparable measure under GAAP see the heading “Description of Non-GAAP Financial Measures and Reconciliations” in our Q3 2022 MD&A. We believe that providing certain specified financial measures, including non-GAAP financial measures, provides users of our MD&A and consolidated financial statements with important information regarding the operational performance and related trends of our business. By considering these specified financial measures in combination with the comparable GAAP measures (where available), 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 GAAP measures alone.

Reported financial measures may be impacted by significant items we do not consider indicative of operational and financial trends either by nature or amount. Financial measures that have been adjusted to take these items into account are referred to as “Adjusted measures”. For a description of these significant items, please refer to our Q3 2022 MD&A.

2023 Earnings Schedule

All dates and times are preliminary and subject to change

Quarter	Release Date <i>after market close</i>	Investor Call Date	Investor Call Time <i>Eastern</i>
Q4 2022	February 6, 2023	February 7, 2023	10:00 AM
Q1 2023	May 8, 2023	May 9, 2023	10:00 AM
Q2 2023	August 8, 2023	August 9, 2023	10:00 AM
Q3 2023	November 7, 2023	November 8, 2023	10:00 AM