

# Investor Presentation

**Kevin Parkes**  
President and CEO

Raymond James 44th Annual Institutional Investors Conference, Orlando

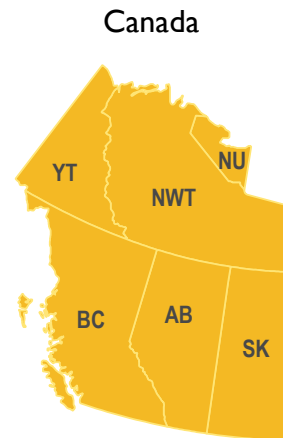
March 6, 2023

See slides 10 and 11 for important information on forward-looking information, currency, and specified financial measures, including non-GAAP financial measures



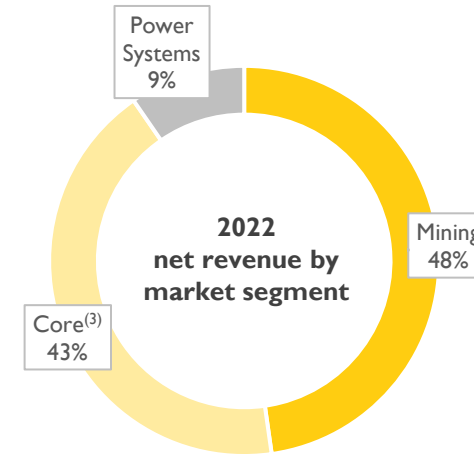
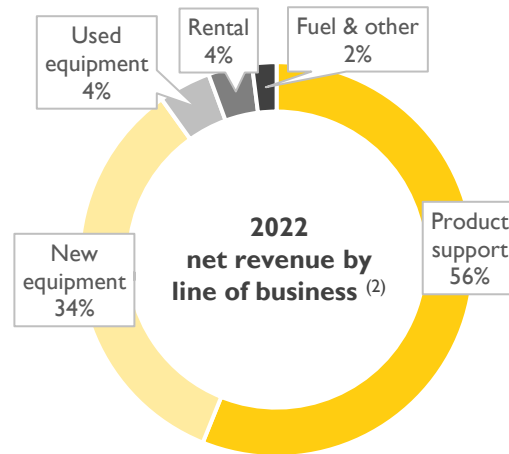
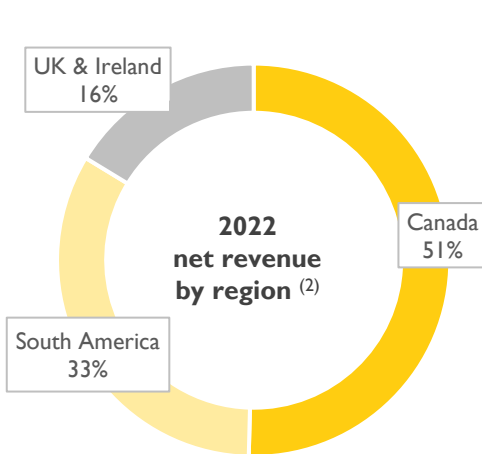
# Finning Overview

- Largest Caterpillar dealer
- ‘Servicing what we sell’ for 90 years
- Diversified by geography, customer base, product, and sector
- ~14,250 employees at December 30, 2022



Market Statistics <sup>(1)</sup> - FTT (TSX)	
Share price	34.54
Market Cap	5.2B
S&P/DBRS rating	BBB+/high
Annual dividend / share	0.94
Dividend yield	2.7%

2022 Financial Statistics	
Revenue	9.3B
Net revenue <sup>(2)</sup>	8.2B
EBIT	768M
Basic EPS	3.25
Invested capital <sup>(2)</sup>	4.2B
ROIC <sup>(2)</sup>	18.7%



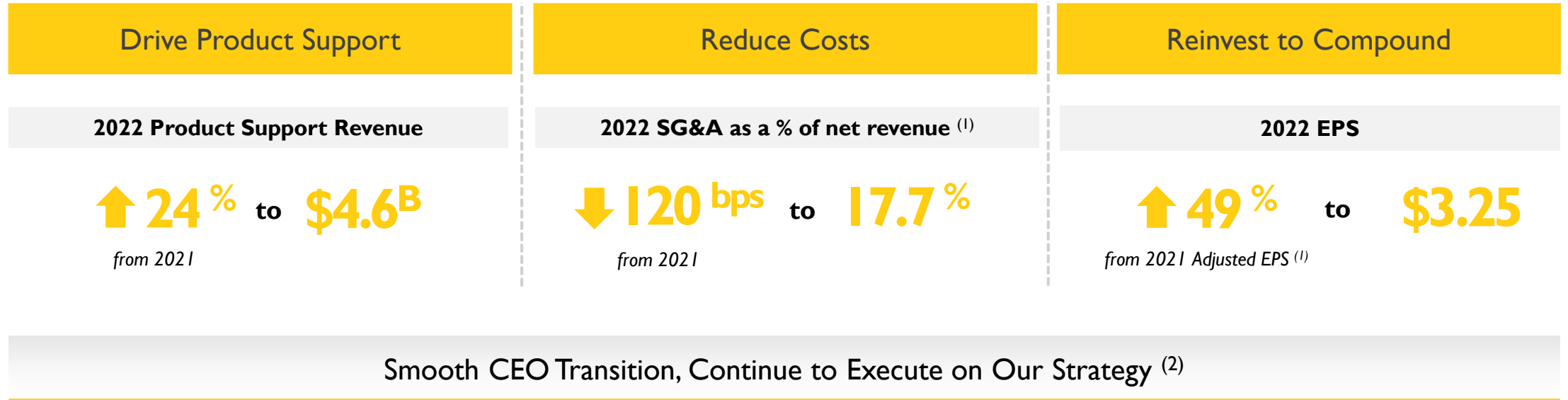
**Consecutive Dividend Growth**

**21 years**

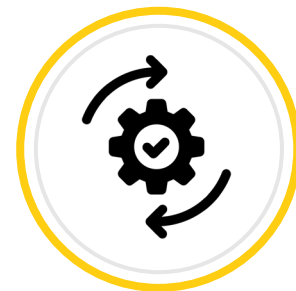
S&P/TSX Canadian Dividend Aristocrats Index Constituent

<sup>(1)</sup> At March 1, 2023 <sup>(2)</sup> This is a specified financial measure. See slide 11 for more information. <sup>(3)</sup> Core market segment includes construction, forestry, pipeline, quarrying, waste management, industrial services, public services, and agriculture

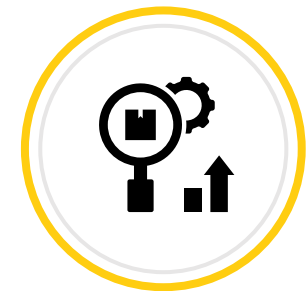
# Strong Execution in 2022



Prioritized growth opportunities



Performance through all market conditions



Re-investing in our business

<sup>(1)</sup> This is a specified financial measure. See slide 11 for more information. <sup>(2)</sup> This is forward-looking information. See slide 10 for more information.

## Continued Momentum to Start 2023 <sup>(1)</sup>

### Constructive Demand Environment

- Favourable commodity prices
- Strength in mining, energy, and infrastructure
- Softness in UK and Chile construction markets

### Mid-Cycle Cost and Capital Model

- Further productivity gains
- Optimizing working capital levels as growth rates slow
- Reducing and refocusing capital expenditures
- Prioritizing debt repayment to strengthen resilience

### Continued Momentum to Start 2023

- Record backlog maintained despite strong sales in Q4
- Strong execution of product support growth strategy
  - Components
  - Rebuilds
  - Contracts

<sup>(1)</sup> This slide contains forward-looking information. See slide 10 for more information.

# Canada - Strength in Mining, Energy, and Infrastructure <sup>(1)</sup>

- Constructive commodity prices
- Improved customers' capital budgets
- Renewal of aging fleets
- Strong product support momentum, including component remanufacturing and rebuilds
- Highest power systems backlog since 2014

## Technicians

At Dec 31, 2022

**1,500**

up 16% vs 2021

Labour capacity in RRR network  
up ~20% since pandemic

## Construction CVAs

2022, at point of sale

**92%**

up from 50% in 2020

## CAT Truck Population

Ultra-class <sup>(2)</sup>, at Dec 31, 2022

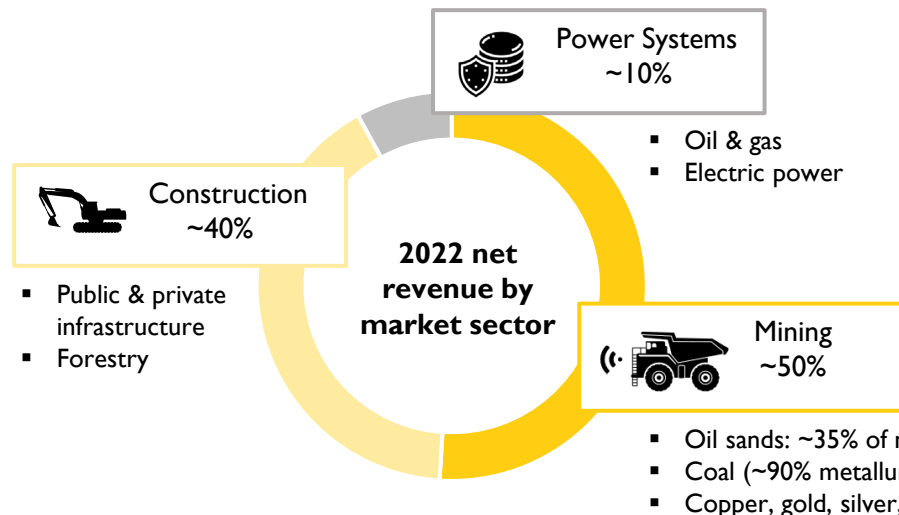
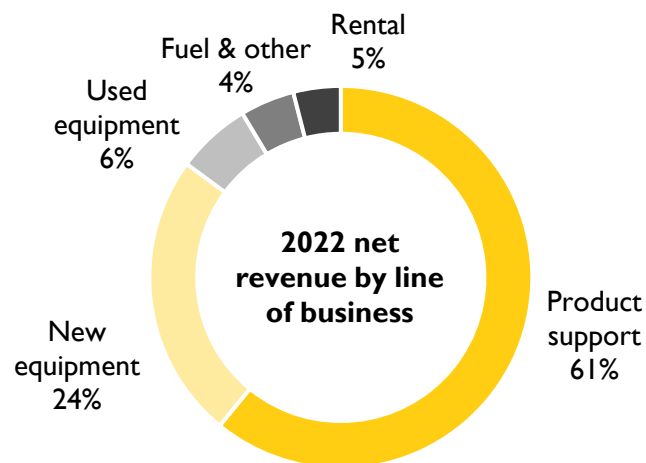
**407**

up 30% from 2016

**Average age 11.2 years**

## Key Markets and Revenue Drivers

All net revenue numbers are in functional currency



Higher re-investment in energy is required to meet demand; risk of sharp slowdown is lower than in prior cycles <sup>(1)</sup>

Oil sands and oil & gas reinvestment ratio (x:1)<sup>(3)</sup>  
 2022-2021: **0.33** avg  
 2012-2015: **1.40** avg

<sup>(1)</sup> This slide contains forward-looking information. See slide 10 for more information.

<sup>(2)</sup> Ultra-class trucks include 797, 794AC, 795AC, 798AC

<sup>(3)</sup> ARC Energy Research Institute, July 25, 2022; reinvestment divided by after-tax cash flow

# South America - High Quality, High Return Business

- High proportion of contracted product support
- Contracts US\$ denominated; payment obligations inflation linked
- Strategic wins with BHP, Teck, Codelco
- Strong copper fundamentals and growth potential <sup>(1)(2)</sup>
- Chile mining royalty moderation <sup>(1)</sup>
- Early learner and positioning for the energy transition

### Technicians

At Dec 31, 2022

**2,960**

up 15% vs 2021

15% of new hires in 2022 were women, doubling female technicians from 2021

### CAT Truck Population

Ultra-class <sup>(3)</sup>, at Dec 31, 2022

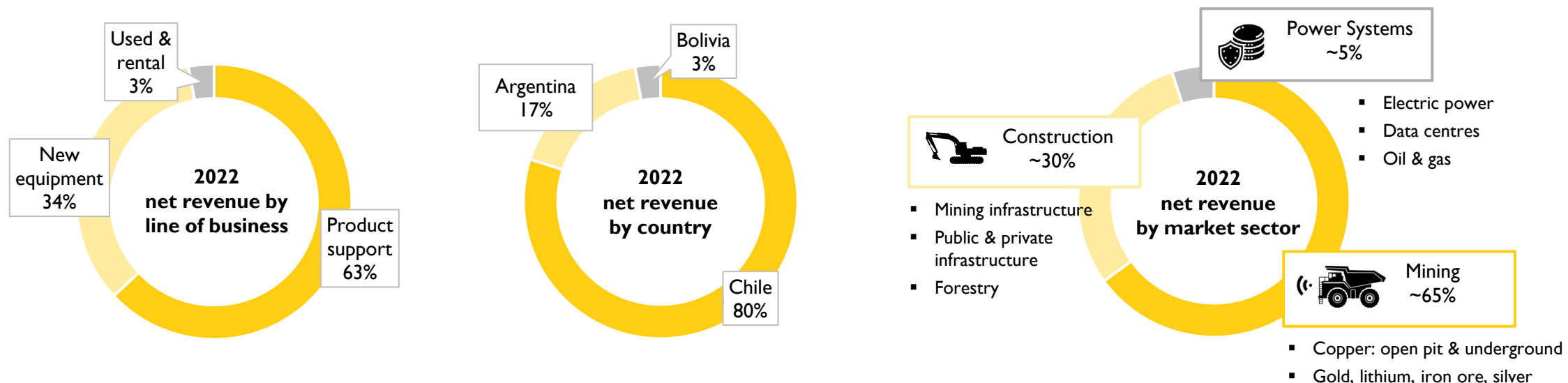
**277**

up 30% from 2016

**Average age 9.5 years**

## Key Markets and Revenue Drivers

All net revenue numbers are in functional currency



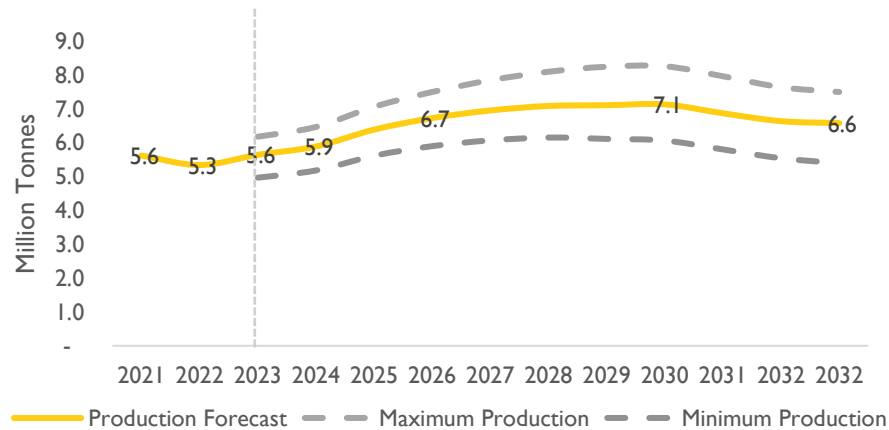
<sup>(1)</sup> This is forward-looking information. See slide 10 for more information.

<sup>(2)</sup> Cochilco, 2022 reports

<sup>(3)</sup> Ultra-class trucks include 797, 794AC, 795AC, 798AC

# Strong Copper Fundamentals and Significant Mining Investment Potential

## Chile Copper Production and Capital Investment Projections <sup>(1)(2)</sup>



Chile copper production growth accelerating

**3.2%**  
CAGR (2021-2030)

**0.3%**  
CAGR (2010-2021)

- 2023 copper price forecast US\$3.85/lb <sup>(1)</sup>
- 2023 copper production forecast to grow 6% <sup>(1)</sup>
- Declining ore grades

**Capital Investment <sup>(1)</sup>**  
(USD, 2022 – 2031)

**\$74<sup>B</sup>**

**53 Projects**

~55% in Antofagasta & Atacama mining regions

## Greenfield Projects - Opportunities <sup>(2)(3)</sup>

	QB2 / QB3			Josemaria	
	Santo Domingo			Rincon	
	Salar de Atacama			Filo Del Sol	

## Codelco Brownfield Projects - Opportunities <sup>(2)(3)</sup>



**Multiple Projects**

Underground	Open Pit
▪ Chuquicamata	▪ Radomiro Tomic
▪ El Teniente	▪ Rajo Inca
▪ Andina	

**Capital Investment <sup>(1)</sup>**  
(USD, 2019 – 2028)

**\$40<sup>B</sup>**

<sup>(1)</sup> Cochilco: production and price forecast – Jan 2023 report; projects and capital investment stats – Dec 2022 report

<sup>(2)</sup> This is forward-looking information. See slide 10 for more information.

<sup>(3)</sup> Applicable company 2022 public reports

## UK & Ireland - Diversified Construction and Power Systems Market



HS2 equipment sold

> £200M

- Captured ~40% of total industry opportunity
- Equipment deliveries largely completed in 2021 and 2022

Product support growth <sup>(1)</sup>

- HS2 activity ramp up
- High machine utilization across broader construction markets
- Contribution from Hydraquip



Successful integration | excellent cultural fit | immediate positive financial impact | small bolt-on acquisitions

Technicians

At Dec 31, 2022

680

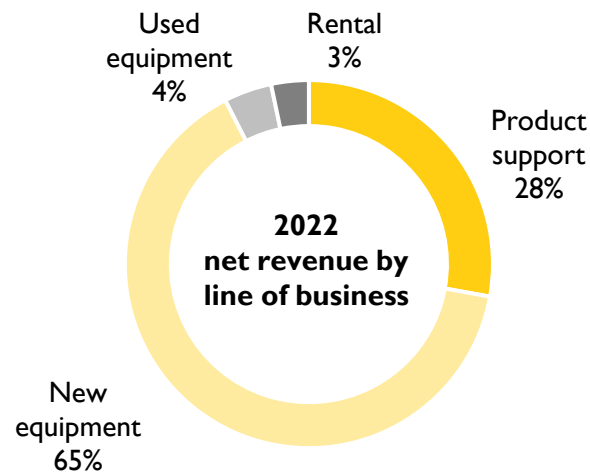
up 10% vs 2021

Growing demand for power systems, including data centres <sup>(1)</sup>

- Solid backlog of power systems projects for delivery in 2023
- Over 90% of installed CAT generators at data centre projects are covered by a CVA
- Cloud data centre markets in UK and Ireland projected to grow at 5.5% per year until 2030 <sup>(2)</sup>

### Key Markets and Revenue Drivers

All net revenue numbers are in functional currency



Construction

~80%

of 2022 net revenue



Road Building



Railway Building



Waste Management



Quarrying



Plant Hire

Power Systems

~20%

of 2022 net revenue



Electric Power



Data Centres



Industrial Applications



Marine



Oil & Gas

<sup>(1)</sup> This is forward-looking information. See slide 10 for more information. <sup>(2)</sup> McKinsey & Company report, 2022



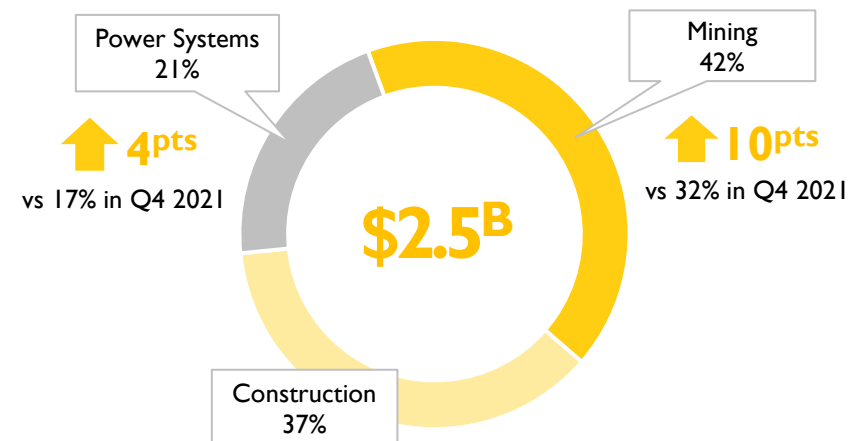
# Q4 2022 Results

	vs Q4 2021
<b>Net Revenue</b> <b>\$2.4B</b>	<b>↑ 34%</b>
<b>EBIT</b> <b>\$214M</b>	<b>↑ 36%</b>
<b>EPS</b> <b>\$0.89</b>	<b>↑ 36%</b> Q4 2022 LTIP expense higher by \$0.10 per share

## Q4 2022 Summary

- Large mining deliveries and strong product support growth rates
- EBIT as % of net revenue <sup>(1)</sup> of 9.0%, led by South America at 11.4% and Canada at 11.0%, with UK & Ireland at 4.4%
- Free cash flow <sup>(2)</sup> generation of \$332 million; net debt to Adjusted EBITDA <sup>(1)</sup> down to 1.6 x from 1.8 x at the end of Q3 2022
- Equipment backlog <sup>(1)</sup> at record levels, up 35% from Q4 2021, driven by mining and power systems orders

**Equipment Backlog** (at Dec 31, 2022)



<sup>(1)</sup> This is a specified financial measure. See slide 11 for more information.

<sup>(2)</sup> This is a non-GAAP financial measure. 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 plans with respect to our strategy, including a focus on prioritized growth opportunities, performance through all market conditions and reinvesting in our business on slide 3; our outlook for continued momentum to start 2023 on slide 4 (based on our record equipment backlog and growth in rebuilds and components driven by the strong execution of our product support growth strategy), including our expectations for a constructive demand environment, including strength in mining, energy and infrastructure (based on assumptions of continued favourable commodity prices and strong demand from mining and energy customers, and that slowing rates of growth and softness in UK and Chile construction will continue), and our plans to reinforce a mid-cycle cost and capital model, including expectations related to productivity gains, optimizing working capital as growth rates slow, reducing and refocusing capital expenditures and prioritizing debt repayment to strengthen resilience; our outlook for Canada on slide 5 (based on assumptions of continued demand in mining, energy and infrastructure sectors, continued constructive commodity prices, improved customer capital budgets, mining customers’ continued interest in extending the life of their assets and improving productivity, government infrastructure programs and private sector investments in infrastructure and energy, the strength of our power systems backlog, and a continued demand for product support); our expectations for copper growth in Chile (assumes favorable commodity prices, mining royalty moderation, capital investments, and copper production will grow as predicted) and moderation of the Chile mining royalty each on slide 6 (assumes the proposed mining royalty bill is approved in current form); the copper and capital investment projections and greenfield and brownfield project opportunities on slide 7 (assumes that copper production and investment will grow as predicted and projects proceed as expected); and our expectations related to UK and Ireland for growth in product support and demand in power systems, including data centres, delivery of power systems backlog in 2023, and projected growth in cloud data center markets on slide 8 (based on assumptions of continued HS2 activity and high machine utilization rates across broader construction markets, economic forecasts, continued strong demand for our power systems business, including in the data centre market, and that such market will grow as predicted, and the strength of power systems project backlog for deliveries in 2023). 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, successfully manage our business through the current challenging times involving volatile commodity prices, high inflation, increasing interest rates, supply chain challenges and the impacts of the Russia-Ukraine war, and successfully execute our economic condition and business cyclicality mitigation strategies, including preparing for future waves (if any) of COVID-19; and we are assuming an undisrupted market recovery, for example, undisrupted by COVID-19 impacts, commodity price volatility or social unrest; the successful execution of our profitability drivers; and that our cost actions to drive earnings capacity in a recovery can be sustained. 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)) and under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

# Disclosures

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## **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 Specified Financial Measures and Reconciliations” in our 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 2022 MD&A.