

Q4 and Annual 2022 Results

Kevin Parkes
President and CEO

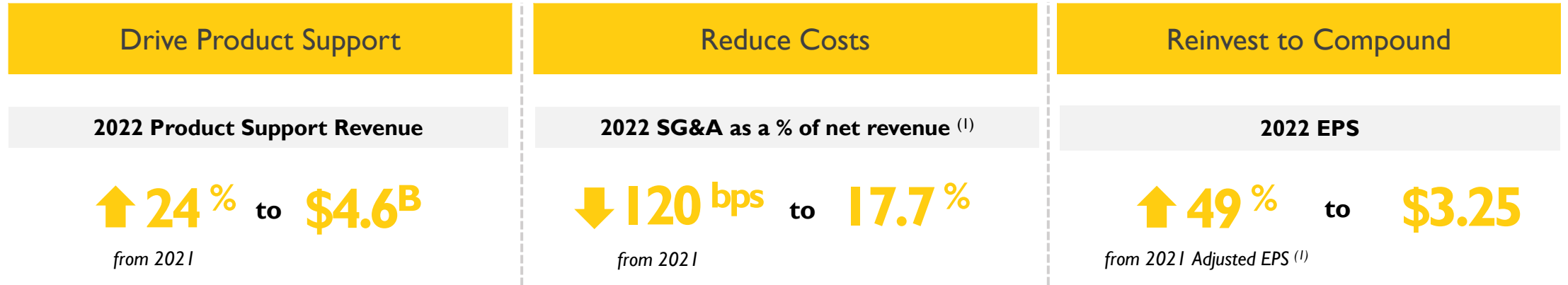
Greg Palaschuk
EVP and CFO

February 7, 2023

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

90
YEARS
1933-2023

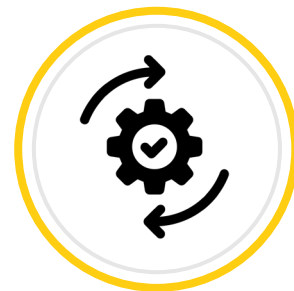
Strong Execution in 2022



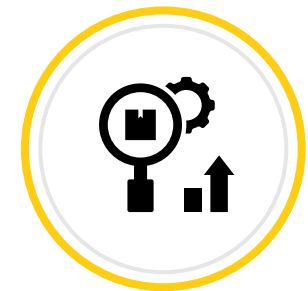
Smooth CEO Transition, Continue to Execute on Our Strategy ⁽²⁾



Prioritized growth opportunities



Performance through all market conditions



Re-investing in our business

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

Continued Momentum to Start 2023 ⁽¹⁾

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

⁽¹⁾ This is forward-looking information. See slide 10 for more information.

Q4 2022 Results

	vs Q4 2021
Net Revenue ⁽¹⁾ \$2.4B	↑ 34%
EBIT \$214M	↑ 36%
EPS \$0.89	↑ 36% 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 ⁽¹⁾ of 9.0%, led by South America at 11.4% and Canada at 11.0%, with UK & Ireland at 4.4%
- Free cash flow ⁽²⁾ generation of \$332 million; net debt to Adjusted EBITDA ⁽¹⁾ down to 1.6 x from 1.8 x at the end of Q3 2022
- Equipment backlog ⁽¹⁾ at record levels, up 35% from Q4 2021, driven by mining and power systems orders

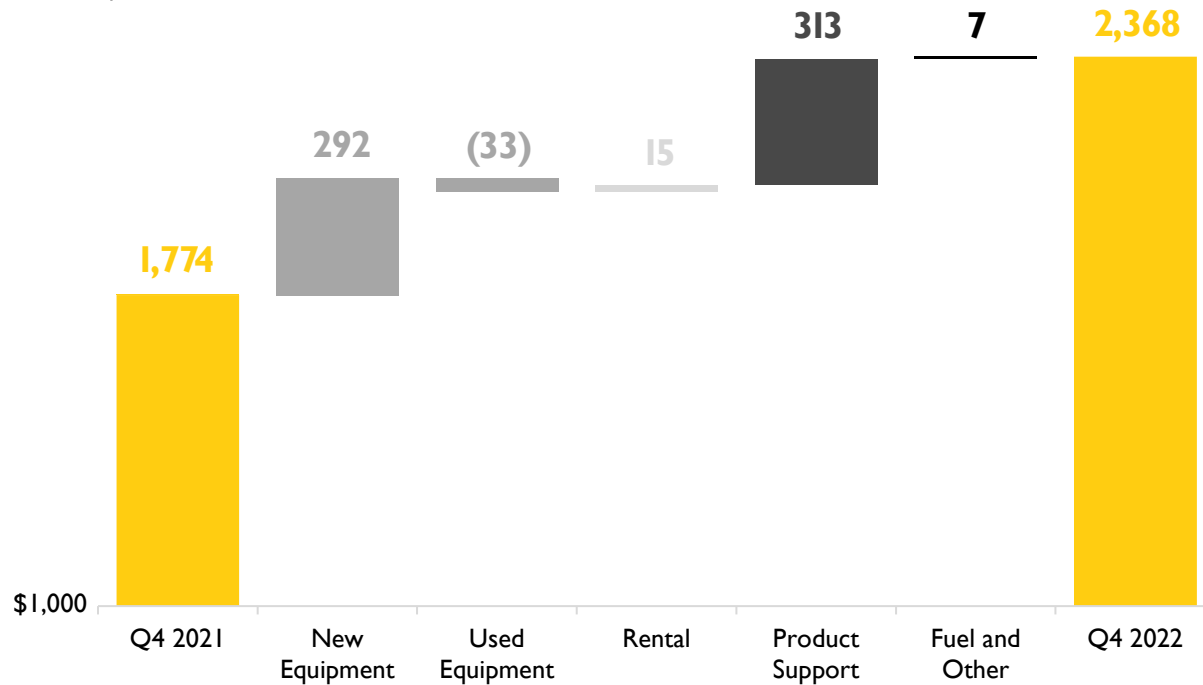
Q4 2022 Financial Statistics			
\$ millions, except EPS		Key Ratios	
Revenue	2,653	Invested capital turnover ⁽¹⁾	2.01 times
Net revenue	2,368	Working capital to net revenue ⁽¹⁾	27.4 %
EBIT	214	Inventory turns (dealership) ⁽¹⁾	2.61 times
EPS	\$0.89	ROIC ⁽¹⁾	18.7 %
Free cash flow	332	Net debt to Adjusted EBITDA	1.6 times

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

⁽²⁾ This is a non-GAAP financial measure. See slide 11 for more information.

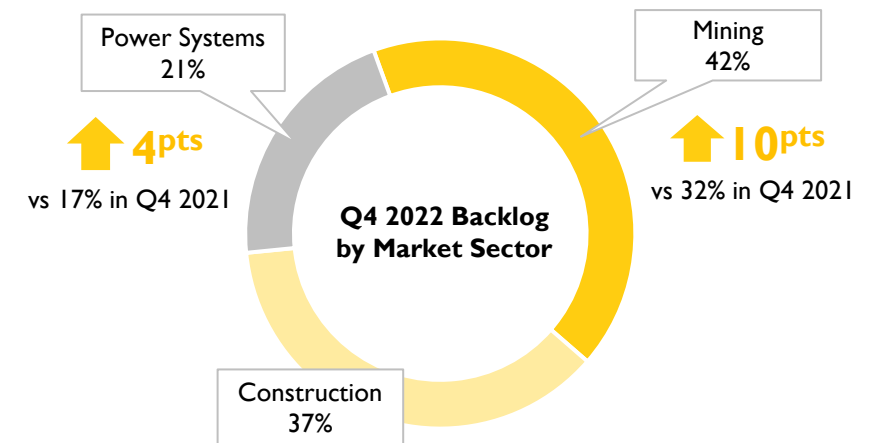
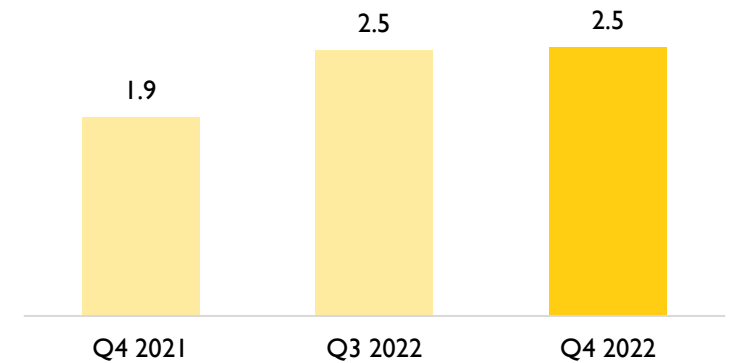
Q4 2022 Net Revenue

Net Revenue by Line of Business
\$ Millions



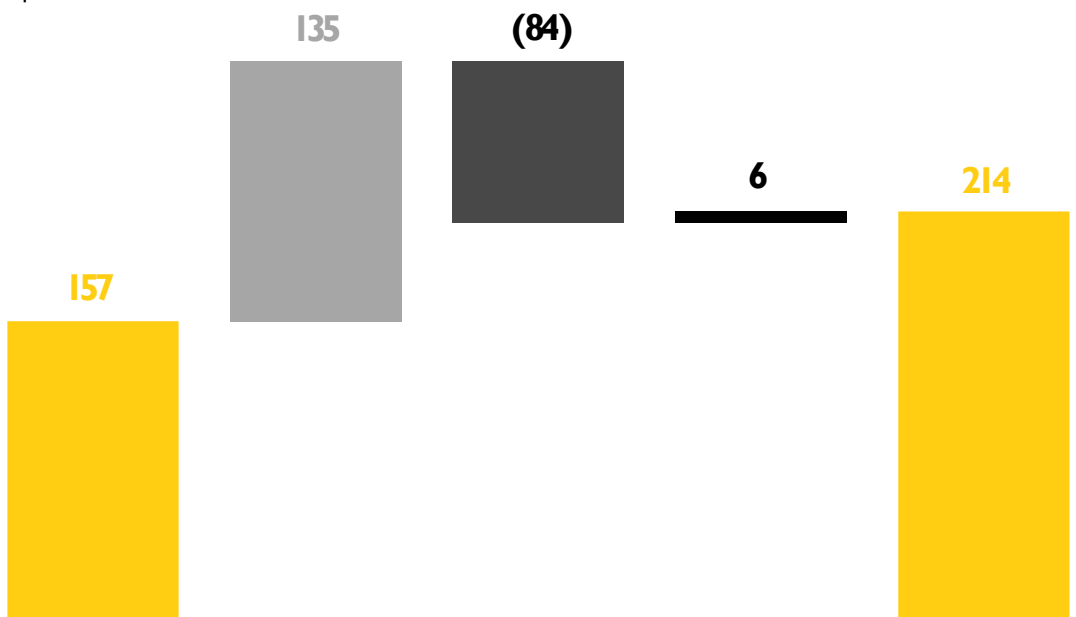
- New equipment sales up 52% vs Q4 2021, driven primarily by mining deliveries in Canada and South America
- Product support revenue up 32% vs Q4 2021, reflecting strong market activity in all sectors and continued execution of our product support growth strategy, including managing inflationary environment

Equipment Backlog
\$ Billions



Q4 2022 EBIT

EBIT
\$ Millions



Q4 2021	Gross Profit	SG&A	Foreign Exchange	Q4 2022
EBIT as % of Net Revenue	New Equipment Sales as % of Net Revenue ⁽¹⁾	LTIP Expense		EBIT as % of Net Revenue
8.9%	↑ 430 bps vs Q4 2021	↑ \$19M vs Q4 2021		9.0%

All comparisons are to Q4 2021 results unless indicated otherwise

Q4 2022 EBIT Drivers

- Gross profit up 30% on strong product support and new equipment volumes; gross profit as percentage of net revenue ⁽¹⁾ down 80 basis points due to a higher proportion of new equipment sales in the revenue mix and mining equipment packages delivered in Q4 2022
- SG&A increased 27%, reflecting higher workforce and variable costs to support strong revenue growth as well as higher LTIP expense due to significant share price appreciation in Q4 2022

Significantly Improved Results vs. Pre-Pandemic

	FY 2022	FY 2019 Adjusted ⁽²⁾		
Net Revenue \$ billions	\$8.22	\$7.29	↑	13%
SG&A As % of net revenue	17.7%	18.7%	↓	100 bps
EBIT As % of net revenue	9.3%	6.3% ⁽²⁾	↑	300 bps
ROIC	18.7%	12.0% ⁽²⁾	↑	670 bps
EPS	3.25	1.65 ⁽²⁾	↑	97%

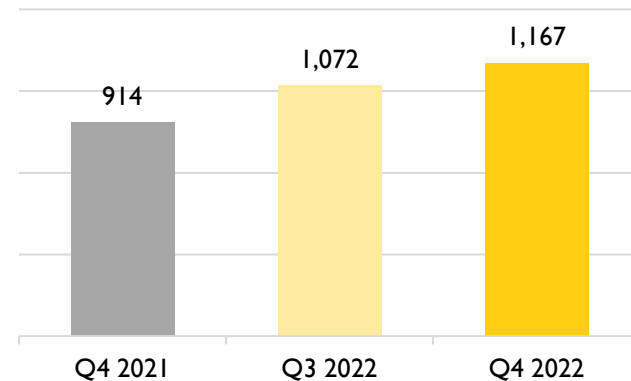
⁽¹⁾ This is a specified financial measure. See slide 11 for more information.

⁽²⁾ This footnote indicates the metric was adjusted in FY 2019. Each Adjusted metric is a specified financial measure. See slide 11 for more information.

Q4 2022 Results – Canada

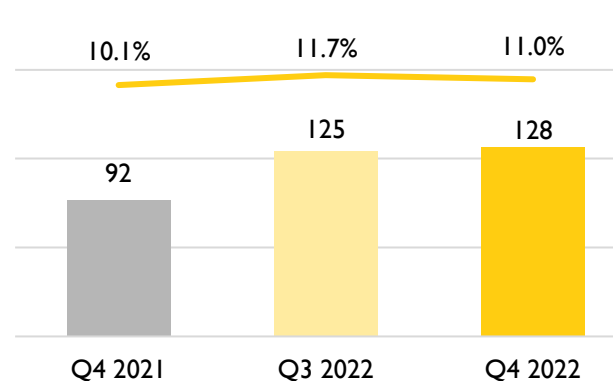
Net Revenue

\$ Millions



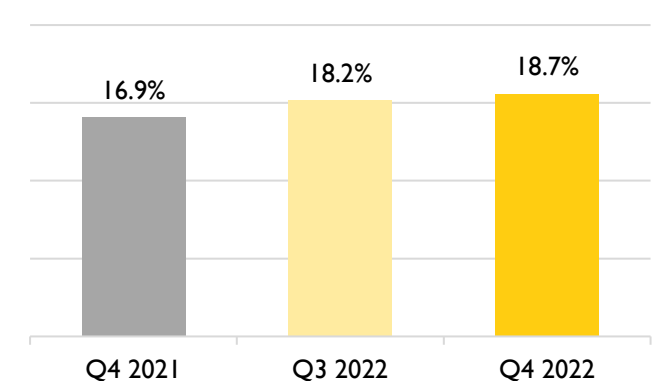
EBIT

\$ Millions, as % of Net Revenue



Return on Invested Capital

Adjusted, 4 Quarter Average



All comparisons are to Q4 2021 results unless indicated otherwise

Q4 2022 Commentary

- New equipment sales up 56%, driven by mining deliveries and higher volumes in construction and power systems
- Product support revenue up 30% on strong demand in all sectors and successful execution of product support growth strategy
- Improved operating leverage from productivity initiatives, with SG&A as % of net revenue down 190 basis points

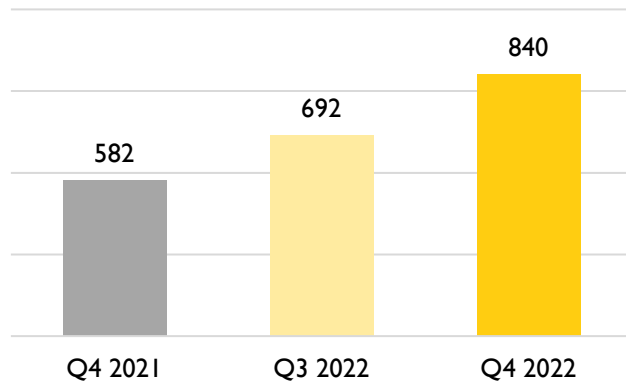
Market Outlook ⁽¹⁾

- Strength in mining and energy sectors expected to support healthy activity in Western Canada
- Constructive commodity prices and improved capital budgets expected to drive investment in renewal of aging fleets and product support opportunities, including rebuilds, in the oil sands and other mining
- Power systems backlog at its highest levels since 2014
- Public and private sector investments in infrastructure and energy expected to support robust construction activity

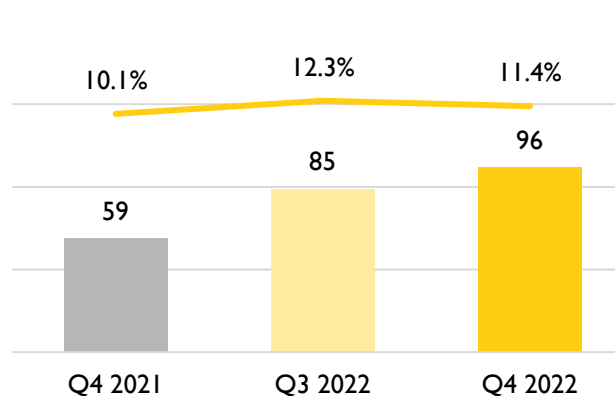
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Q4 2022 Results – South America

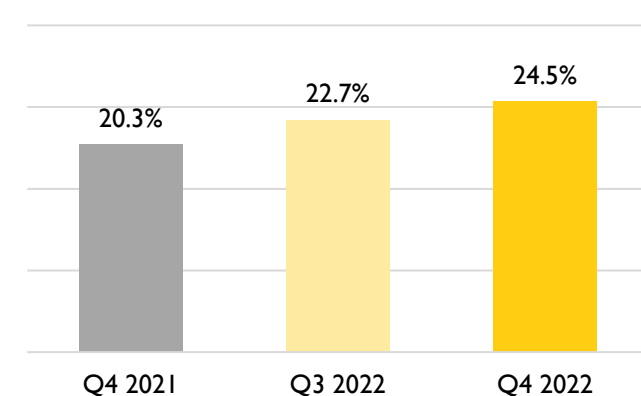
Net Revenue \$ Millions



EBIT \$ Millions, as % of Net Revenue



Return on Invested Capital 4 Quarter Average



All comparisons are to Q4 2021 results in functional currency unless indicated otherwise

Q4 2022 Commentary

- New equipment sales up 54% due to higher deliveries to copper producers and large contractors supporting mining operations in Chile as well as a catch-up of delayed backlog deliveries from Q3 2022
- Product support revenue was up 25%, with strong overall demand and higher volumes from new and expanded mining product support contracts
- ROIC at record levels, up 420 bps from Q4 2021, driven by improved profitability

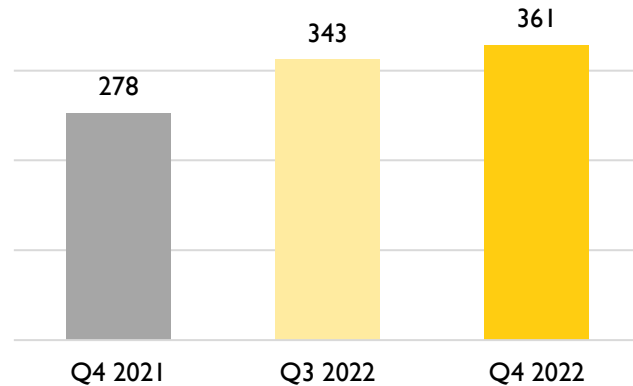
Market Outlook ⁽¹⁾

- Strengthening copper price supports positive mining outlook in Chile
- Expect large mining deliveries from recent wins and investment in fleet replacement, as well as strong demand for mining product support
- Expect soft construction activity in Chile due to slowing economic growth and higher interest rates
- Continue to monitor the process for approval of the proposal for a revised mining royalty framework, encouraged by latest moderation

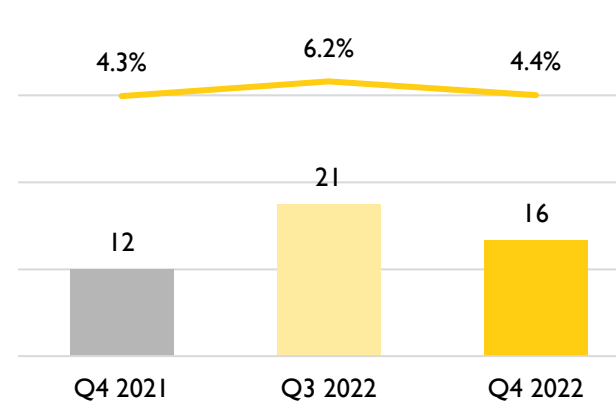
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Q4 2022 Results – UK & Ireland

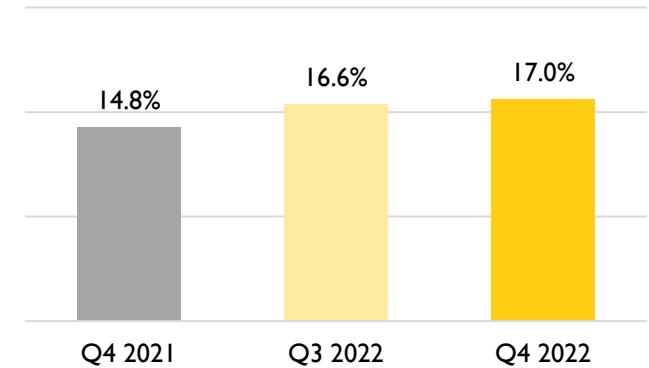
Net Revenue
\$ Millions



EBIT
\$ Millions, as % of Net Revenue



Return on Invested Capital
4 Quarter Average



All comparisons are to Q4 2021 results in functional currency unless indicated otherwise

Q4 2022 Commentary

- New equipment sales up 39%, driven by power system project deliveries, HS2 deliveries, and strong demand in construction
- Product support revenue up 38% on solid activity in all end markets, successful execution of product support growth strategy, and the contribution from Hydraquip
- Solid profitability and ROIC performance driven by strong revenue and improved operating leverage

Market Outlook ⁽¹⁾

- Expect lower construction new equipment sales in 2023 vs 2022 due to completion of HS2 deliveries and reduced overall demand for construction equipment linked to slowing rates of economic growth
- Strong demand for product support to continue, driven by HS2 activity and high machine utilization rates across broader construction markets
- Expect continued robust demand in power systems markets, including data centres, with a solid backlog of power systems projects for delivery in 2023

⁽¹⁾ This is forward-looking information. See slide 10 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 2; our outlook for continued momentum to start 2023 on slide 3 (based on our record equipment backlog, busy workshops and growth in rebuilds driven by the strong execution of our product support growth strategy), including our expectations for a constructive demand environment, including strength in mining and increased demand for energy (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, removing working capital as growth rates slow, reducing and refocusing capital expenditures and prioritizing net debt to EBITDA ratio reduction; our market outlook for Canada on slide 7 (based on assumptions of continued strength in the mining and energy 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, rental equipment and power generation); our market outlook for South America on slide 8 (based on assumptions of a strengthening copper price, that equipment deliveries will be driven by our recent wins with BHP and Codelco and committed medium-term investment in fleet replacements across our mining customer base, and that slowing economic growth and higher interest rates will continue impacting construction activity in Chile); and our market outlook for UK and Ireland on slide 9 (based on assumptions of continued HS2 activity and high machine utilization rates across broader construction markets, economic forecasts, slowing economic growth rates impacting demand for construction equipment, continued strong demand for our power systems business, including in the data centre market, 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) 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 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.

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>
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
Q4 2023	February 6, 2024	February 7, 2024	10:00 AM

Other Events and Filings	Date	Time
2022 Sustainability Report	March 28, 2023	EOD
2023 Management Proxy Circular	March 30, 2023	EOD
2023 Annual General Meeting	May 9, 2023	2:00 PM Pacific
2023 Investor Day and Tour (Antofagasta, Chile)	September 25-29, 2023	TBD