



# CIBC Western Institutional Investor Conference

Greg Palaschuk, EVP and CFO

January 23, 2025

See slides 8 and 9 for important information on forward-looking information, currency, and specified financial measures, including non-GAAP financial measures

**FINNING**<sup>®</sup>

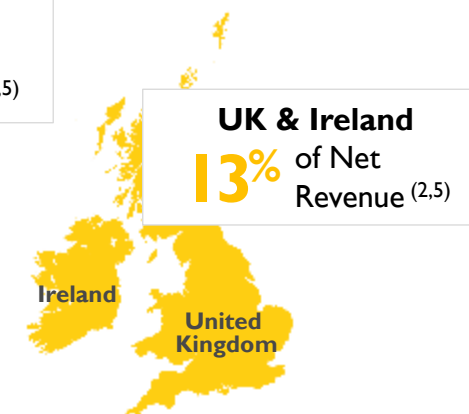
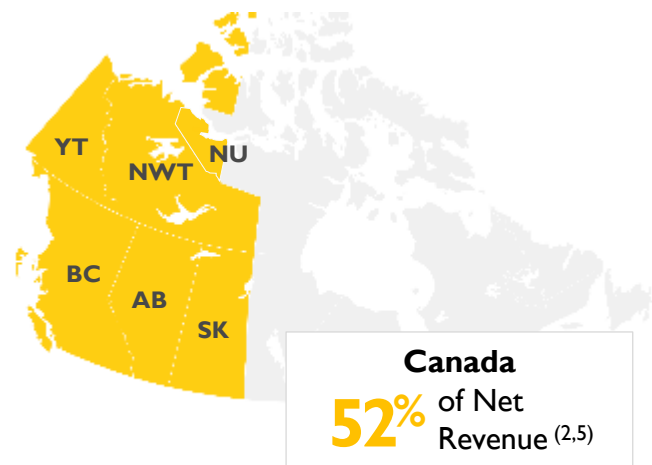
## Finning Overview

Finning is the largest Caterpillar dealer and is diversified by geography, customer base, product, and sector

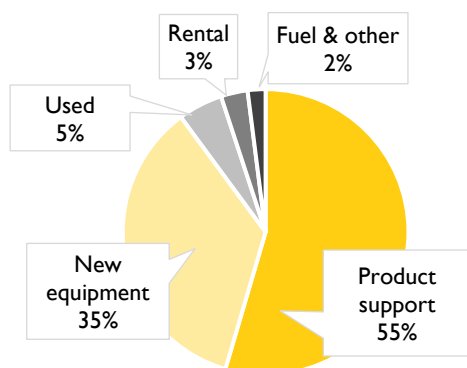


**~5,800** Technicians  
As of Sep 30, 2024

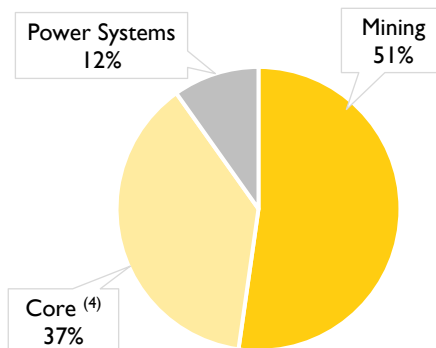
**27%** Significant Incident  
Frequency Reduction  
2023 vs. 2021



Net Revenue by Line of Business <sup>(2,5)</sup>



Net Revenue by Market Segment <sup>(5)</sup>



LTM Q3 2024 Key Metrics <sup>(5)</sup>

Revenue	11.0B
Net Revenue <sup>(2)</sup>	9.9B
EBIT	777M
Adjusted EBIT <sup>(3)</sup>	865M
EPS	3.19
Adjusted EPS <sup>(2)</sup>	3.74
Invested Capital <sup>(2)</sup>	4.8B
Adjusted ROIC <sup>(2)</sup>	17.6%

Market Statistics – FTT (TSX) <sup>(1)</sup>

**23 Years**

Consecutive Dividend Growth

Share Price	37.72
Market Cap.	5.2B
S&P / DBRS Rating	BBB+ / BBB (high)
Annualized Dividend / Share	1.10
Dividend Yield	2.9%

<sup>(1)</sup> At Jan. 9, 2025





<sup>(2)</sup> This is a specified financial measure. See slide 9 for more information.

<sup>(3)</sup> This is a non-GAAP financial measure. See slide 9 for more information.

<sup>(4)</sup> Core market segment includes construction, forestry, pipeline, quarrying, waste management, industrial services, public services, and agriculture.

<sup>(5)</sup> LTM: Trailing Twelve Months as of end of Q3 2024.

# Executing our Strategy – Q3 2024

Product Support	Full Cycle Resilience	Sustainable Growth
<p data-bbox="496 368 794 439"><b>Product Support</b> Revenue</p> <div data-bbox="382 496 879 654">   </div>	<div data-bbox="1095 368 1656 654"> <p data-bbox="1095 368 1388 439"><b>SG&amp;A</b> as a % of Net Revenue <sup>(1)</sup></p> <p data-bbox="1439 368 1656 439"><b>Free Cash Flow</b> <sup>(2)</sup></p> <p data-bbox="1159 496 1350 578"><b>16.8%</b></p> <p data-bbox="1439 496 1656 578"><b>\$346<sup>M</sup></b></p> <p data-bbox="1184 621 1312 654">Q3 2024</p> <p data-bbox="1490 621 1617 654">Q3 2024</p> </div>	<div data-bbox="1821 368 2433 654"> <p data-bbox="1821 368 2127 439"><b>Used Equipment</b> Revenue</p> <p data-bbox="2165 368 2433 439"><b>Power Systems</b> Equipment Backlog</p> <div data-bbox="1860 496 2407 578">   </div> <p data-bbox="1847 621 2102 654">Q3 2024 vs Q3 2023</p> <p data-bbox="2165 621 2433 654">Sep 2024 vs Jun 2024</p> </div>
<ul data-bbox="318 792 955 992" style="list-style-type: none"> <li>Overall positive product support growth driven by South America</li> <li>Focus on maximizing product support revenues across markets</li> </ul>	<ul data-bbox="1057 792 1668 1085" style="list-style-type: none"> <li>Took actions to further reduce cost base by restructuring, consolidating and simplifying corporate functions</li> <li>Strong free cash flow generation and inventory reduction in the Canadian business</li> </ul>	<ul data-bbox="1796 792 2407 1035" style="list-style-type: none"> <li>Capturing strong demand in oil &amp; gas and data centre markets</li> <li>Proactively managing our business in the normalizing used equipment and rental markets</li> </ul>

**Sustainably Higher Adjusted ROIC Going Forward - 18% - 25% <sup>(3)</sup>**

<sup>(1)</sup> This is a specified financial measure. See slide 9 for more information..

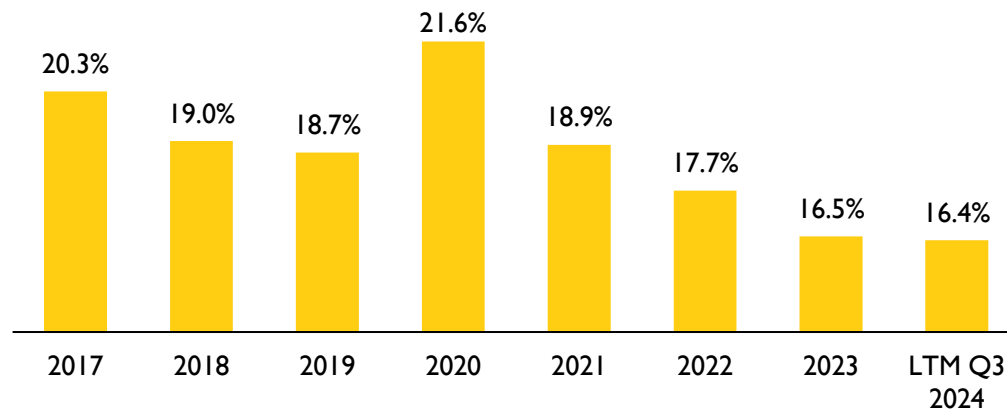
<sup>(2)</sup> This is a non-GAAP financial measure. See slide 9 for more information.

<sup>(3)</sup> This is forward-looking information. See slide 8 for more information.

# Improved Earnings Power

## Consolidated SG&A Improvement

SG&A as a % of Net Revenue <sup>(1)</sup>

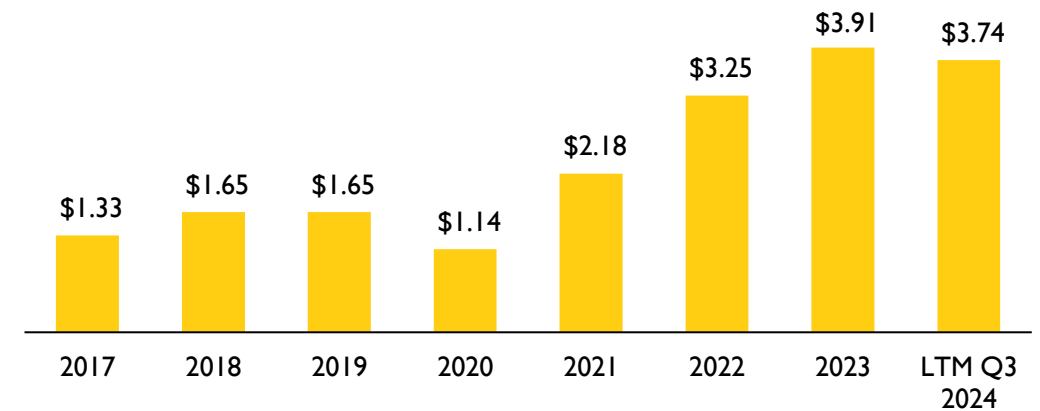


### Commentary

- 20%** Executive headcount reduction since 2022
- \$25M** Expected annual SG&A expense reduction in 2025 from headcount reduction related to Q3 2024 severance costs <sup>(2)</sup>
- ✓ Further reduced cost base by restructuring, consolidating and simplifying corporate functions

## Earnings Growth

Adjusted Earnings Per Share



### Commentary

- 8%** Product Support CAGR from 2019 to LTM Q3 2024
- 16%** Reduced share count through consistent buybacks from 2019 to end of Q3 2024
- ✓ Stable leverage maintaining investment grade status

<sup>(1)</sup> Following a detailed review of our remanufacturing business in Canada, we determined that the correct classification of certain costs in SG&A should be cost of sales. Effective Q3 2024, the comparative figures for 2023 and Q1 2024 and Q2 2024 include an immaterial adjustment for a change in classification of certain expenses. For more information on the impact to financial statements, please refer to note 8 of our Q3 2024 Interim Financial Statements.

<sup>(2)</sup>This is forward-looking information. See slide 8 for more information.



# Finning South America Update

## Product Support

Capturing aftermarket opportunities across sectors in South America as the region mobilizes for growth

Product Support Revenue

**\$1.4<sup>B</sup>**  
2021 → **\$2.2<sup>B</sup>**  
LTM Q3 2024

**17% CAGR**

2021 to LTM Q3 2024

## Full Cycle Resilience

Executing Antofagasta Master Plan to increase efficiency and capacity of service network via a disciplined capital approach

Invested Capital Turnover <sup>(2)</sup>

**2.15<sup>x</sup>**  
2021 → **2.37<sup>x</sup>**  
Q3 2024

**↑ 0.22<sup>x</sup>**

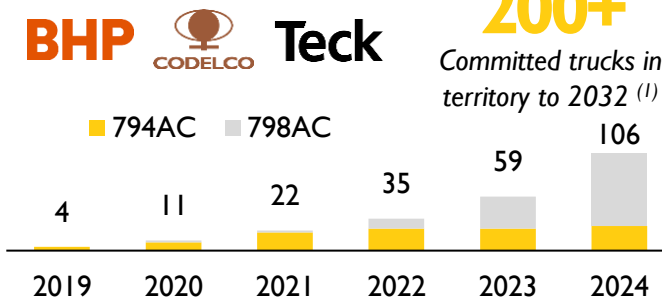
2021 to Q3 2024

## Sustainable Growth

Winning large scale opportunities while helping mining customers meet their long-term operational objectives

CAT 798 | 794  
Electric Drive Truck Population

Trucks Delivered



## South America Adjusted ROIC

**20.3%**  
2021 → **26.5%**  
Q3 2024

**↑ 620bps**  
2021 to Q3 2024

<sup>(1)</sup>This is forward-looking information. See slide 8 for more information.

<sup>(2)</sup> This is a specified financial measure. See slide 9 for more information.

# Finning South America – Building Capacity in Key Growth Regions

## Antofagasta Master Plan Update



### Key Outcomes

- ✓ Self-funded project from Antofagasta branch sale
- ✓ +7 service bays
- ✓ Synergies with the existing branch network
- ✓ Service shop expected to be operational in Q1 2025 <sup>(1)</sup>
- ✓ AutoStore robotics logistics center dispatches up to 360 parts / hour

## San Juan & Neuquén, Argentina



### Key Opportunities <sup>(1)</sup>

- +4** Key Greenfield Copper Mining Projects <sup>(2,3)</sup>
- +550kt** Annual Copper Production of Key Mining Projects <sup>(2,3)</sup>
- +1.5M bpd** Vaca Muerta has the potential to quintuple oil output vs. 2023 levels (~300k bpd) <sup>(4)</sup>

<sup>(1)</sup>This is forward-looking information. See slide 8 for more information. <sup>(2)</sup>Bnamerica, First Quantum & McEwen Mining

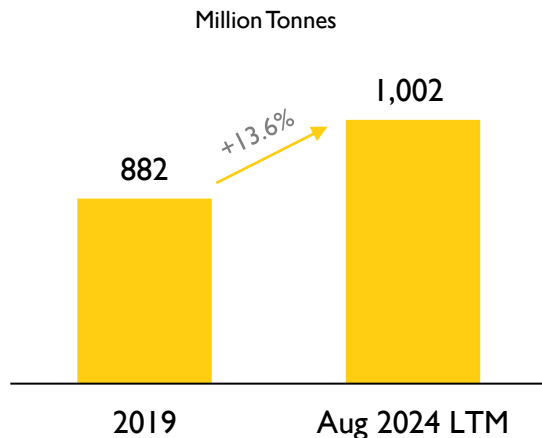
<sup>(3)</sup> Refers to the following projects: Filo del Sol, Jose Maria, Taca-Taca, Los Azules

<sup>(4)</sup> SPGlobal & Techint Group, Mar. 20, 2024

# Finning Canada Update

## Oil Sands Market Fundamentals

### Oil Sands Mined Ore Volume<sup>(1)</sup>



**>30<sup>B</sup>**  
Barrels

Remaining mining reserves  
in the oil sands<sup>(2)</sup>

### Commentary

- World class energy customer counterparties
- Mature and multi-decade stable asset base undergoing optimization
- Mined volumes continue to increase over time to maximize asset utilization
- Haul distances generally getting longer as mine plans advance

<sup>(1)</sup> Alberta Energy Regulator – ST39 Report Aug 2024, 2023 & 2019.

<sup>(2)</sup> Government of Alberta – Oil sand 101, Jan 13 2025

<sup>(3)</sup> This is forward-looking information. See slide 8 for more information.

## Western Canada Economic / Industry Outlook <sup>(3)</sup>



Lowering interest rates



Stable oil and gas industry activity



Steady regional real GDP growth in 2025 <sup>(2)</sup>



Moderate construction activity levels



Sustained investment in infrastructure in major cities



Increasing demand for electric power generation

### Business Outlook <sup>(3)</sup>

- Continued spending discipline expected from large customers
- Ongoing commitments for future government and private sector projects but projects will take time to advance
- Healthy demand for reliable and efficient electric power solutions
- Headwinds in the used and rental markets expected as equipment levels normalize
- Actively monitoring and contingency planning for Canada/US trade negotiations and scenarios

# 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 and expectations for executing on our strategy; our statement of sustainably higher adjusted ROIC going forward of 18% - 25% on slide 3; our expected annual SG&A expense reduction in 2025 from headcount reduction related to Q3 2024 severance costs on slide 4; our sustainable growth prospects, including the anticipated 200+ committed electric drive trucks to 2032 on slide 5 (assumes timely placement of binding purchase orders); our expectation for the completion of the La Negra service shop in Q1 2025 on slide 6; the key opportunities listed on slide 6, including the greenfield copper mining projects (assumes projects proceed as anticipated) and their projected annual copper production; the potential for Vaca Muerta to quintuple oil output vs. 2023 levels on slide 6; our Western Canada economic / industry outlook on slide 7, including our expectation of lowering interest rates, steady regional real GDP growth in 2025, stable oil and gas industry activity, moderate construction activity levels, sustained investment in infrastructure in major cities, and increasing demand for electric power generation; our Canadian business outlook on slide 7, including our expectation of continued spending discipline from our large customers; our expectation regarding ongoing commitments from governments and private sector projects, along with the time to advance; our expectations of healthy demand for reliable and efficient electric power solutions; and our expectation of headwinds in the used and rental markets as equipment levels normalize and our continued monitoring and contingency planning for Canada/US trade negotiations and scenarios. No assurances can be given that the information in this presentation will result in sustained or improved financial performance, or that past performance is indicative of future results. 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 assumptions and expectations mentioned above and that: we will be able to execute on our strategic plans, successfully manage our business through volatile commodity prices, global geopolitical and trade uncertainty, high inflation, changing interest rates, and supply chain challenges, successfully execute our strategies to win customers, achieve full cycle resilience and continue business momentum; that we will be able to continue to source and hire technicians, build capabilities and capacity and successfully and sustainably improve workshop efficiencies; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will be supportive; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that support and demand for renewable energy will continue to grow; that our efforts of reducing our SG&A and invested capital base will produce positive results on our earnings capacity; that present supply chain and inflationary challenges will not materially impact large project deliveries in our equipment backlog; that we will successfully execute initiatives to reduce our GHG emissions and support our customers on their individual GHG reduction pathways; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; our current good relationships with Caterpillar, our customers and our suppliers, service providers and other third parties will be maintained and that Caterpillar and such other suppliers will deliver quality, competitive products with supply chain continuity; sustainment of strengthened oil prices; timing of completion of major pipelines and the resulting increased activity in the energy sector; that demand for reliable and sustainable electric power solutions in Western Canada will continue to create opportunities for our power systems business; that maximizing product support will positively affect our strategic priorities going forward; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; and market recoveries in the regions that we operate. Important information identifying and describing these and other 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.sedarplus.ca](http://www.sedarplus.ca)).



# 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 identified as such 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 Q3 2024 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 2024 MD&A.