MANAGEMENT'S DISCUSSION AND ANALYSIS

November 5, 2018

This Management's Discussion and Analysis (MD&A) of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes (Interim Financial Statements) thereto, which have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. All dollar amounts presented in this MD&A are expressed in Canadian dollars (CAD), unless otherwise stated. Additional information relating to the Company, including its current Annual Information Form (AIF), can be found under the Company's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

The 2017 comparative results described in this MD&A have been restated to reflect the Company's adoption of International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. Details of the impact of IFRS 15 and IFRS 9 for the date of initial application and the 2017 comparative period can be found in note 1 of the Company's Interim Financial Statements.

Third Quarter Overview

($ millions, except for per share amounts)	**Q3 2018**	Q3 2017 (Restated) [1]	% change fav (unfav)
Revenue	**$ 1,755**	$ 1,538	14%
Gross profit	**449**	405	11%
Selling, general & administrative expenses (SG&A)	**(330)**	(307)	(8)%
Equity earnings of joint ventures and associate	**4**	2	n/m [2]
Other expenses	**(30)**	—	n/m [2]
Earnings before finance costs and income taxes (EBIT)	**$ 93**	$ 100	(7)%
Net income	**$ 25**	$ 50	(49)%
Basic earnings per share (EPS)	**$ 0.15**	$ 0.29	(49)%
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA) [3]	**$ 142**	$ 146	(3)%
Free Cash Flow [3]	**$ (49)**	$ 22	(328)%
Adjusted EBIT [3][4]	**$ 123**	$ 100	23%
Adjusted net income [3][4]	**$ 75**	$ 57	35%
Adjusted EPS [3][4]	**$ 0.45**	$ 0.33	35%
Adjusted EBITDA [3][4]	**$ 172**	$ 146	17%
Gross profit margin	***25.6%***	*26.4%*	
SG&A as a percentage of revenue	***18.9%***	*20.0%*	
EBIT margin	***5.3%***	*6.5%*	
EBITDA margin [3]	***8.1%***	*9.5%*	
Adjusted EBIT margin [3][4]	***7.0%***	*6.5%*	
Adjusted EBITDA margin [3][4]	***9.7%***	*9.5%*	

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) n/m = % change not meaningful

(3) These financial metrics, referred to as "non-GAAP financial measures", do not have a standardized meaning under IFRS, which are also referred to herein as Generally Accepted Accounting Principles (GAAP), 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 the most directly comparable GAAP measure, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

(4) Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 7 and 31 - 32 of this MD&A and the financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics.

2018 Third Quarter Highlights

- Revenue of $1.8 billion was up 14% from Q3 2017 reflecting improved market conditions in all sectors resulting in an increase in most lines of business, primarily new equipment and product support. The Company's Canadian operations accounted for approximately 80% of the increase in revenue, reporting strong performance in all sectors.
- Gross profit of $449 million was 11% higher than the prior year driven by higher volumes, with lower overall gross profit margin due to a higher proportion of new equipment sales in the revenue mix.
- SG&A as a percentage of revenue was lower by 110 basis points compared to Q3 2017 primarily due to the strong leverage of incremental revenues on fixed costs in the Company's Canadian operations.
- EBIT and EBIT margin was $93 million and 5.3%, respectively. Adjusted EBIT was $123 million, up 23% from Q3 2017 and Adjusted EBIT margin of 7.0% was up from 6.5% earned in the same prior year period.
- Adjusted EBITDA was $172 million and Adjusted EBITDA margin was 9.7% in Q3 2018, higher than the $146 million and 9.5%, respectively, earned in the same period last year. The increase reflects improved activity in all market sectors and leverage of incremental revenues on fixed costs.
- Q3 2018 basic EPS was $0.15 compared to Q3 2017 basic EPS of $0.29. Excluding significant items not considered indicative of operational and financial trends, Q3 2018 Adjusted basic EPS was $0.45, an increase of 35% from Adjusted basic EPS of $0.33 in Q3 2017.
- Free Cash Flow use in Q3 2018 of $49 million was down from the $22 million Free Cash Flow generated in the same prior year period mainly driven by higher inventory purchases in all operations to support increased sales.
- Adjusted return on invested capital (ROIC) [1][2] was 14.5%, the highest since Q2 2015.

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[1] This is a non-GAAP financial measures that does not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding this financial metric, including definition and reconciliation from this non-GAAP financial measure to its most directly comparable GAAP measure, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

[2] Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 31 - 32 of this MD&A and the financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics.

Strategic Framework

The Company's customer-centric growth strategy is based on three pillars – Develop, Perform, Innovate – which provide a strong foundation for the Company's five Global Strategic Priorities which are summarized below:

- Customer Centricity – be our customers' trusted partner by providing consistent and innovative services that add value to their business;
- Lean & Agile Global Finning – maintain relentless focus on productivity, efficiency, and our customers' total cost of equipment ownership;
- Global Supply Chain – transform our globally-leveraged supply chain to enhance omni-channel customer experience while increasing working capital efficiencies and generation of free cash flow;
- Digital Enterprise – advance the use of technology to improve our customers' experience, enable data-driven decisions, and reduce cost to serve; and,
- Growth & Diversification – achieve profitable and capital efficient growth.

All regions are committed to delivering our strategy by focusing on these Global Strategic Priorities.

PURPOSE

We believe in partnering and innovating to build and power a better world.

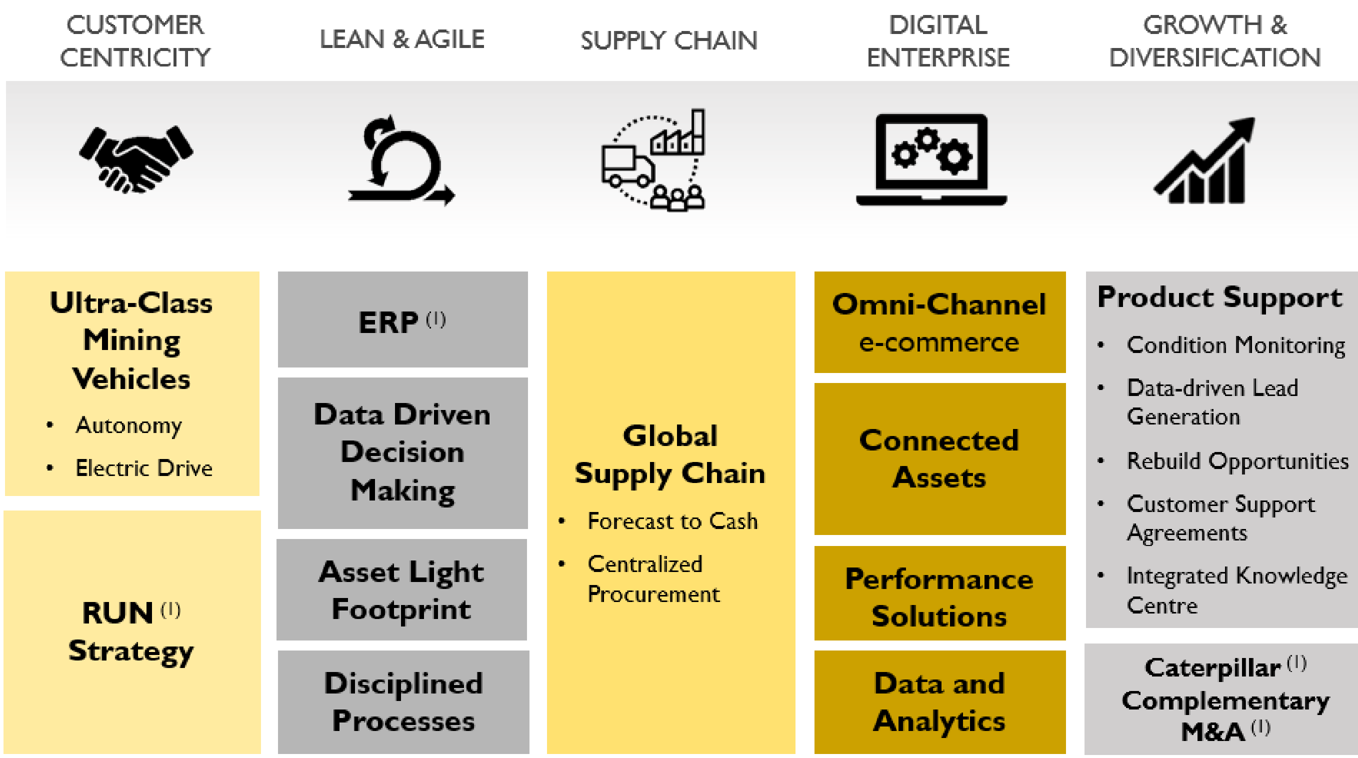
VISION

Leveraging our global expertise and insight, we are a trusted partner in transforming our customers' performance.

VALUES

We are trusted
We are collaborative
We are innovative
We are passionate

The Company's capital investments and allocation of resources are directly linked to the five Global Strategic Priorities and the key investments planned for 2018-2020 are summarized below. A large portion of the investment in strategic initiatives is success-based.



A reduced cost structure and sustainable operating improvements are expected to generate earnings torque, while global supply chain initiatives are expected to continue to increase capital efficiencies and support positive annual free cash flow.

(1) Enterprise Resource Planning (ERP), Rental, Used, and New equipment (RUN), Caterpillar Inc. (Caterpillar), Mergers & Acquisitions (M&A)

Sustainability

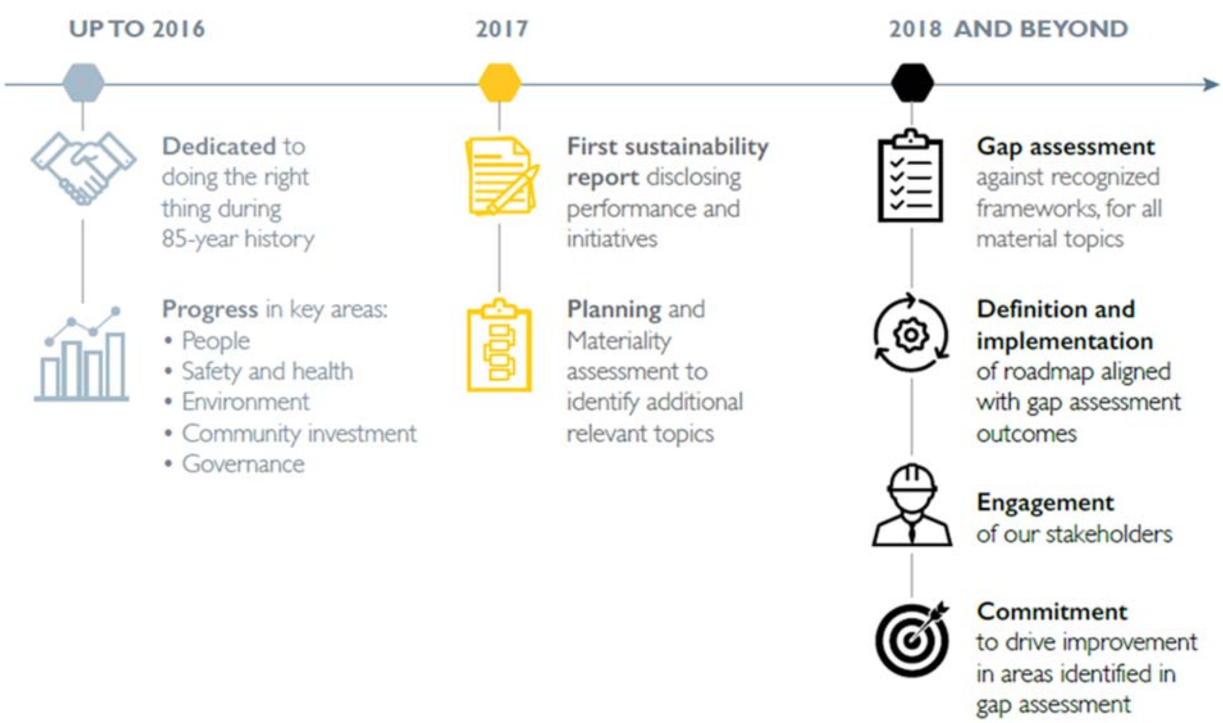
Sustainability is an integral part of Finning's purpose, vision and values, and is embedded in the Company's strategy and operations.

During its 85-year history, Finning has worked hard to strengthen its governance, improve safety, reduce environmental impact, engage employees, and create a positive impact in communities.

In 2017, the Company formalized its sustainability focus, and in May 2018, Finning published its first Sustainability Report, reporting on the Company's sustainability performance in 2017. The Sustainability Report covers the sustainability topics that are most important to Finning and its stakeholders: governance, safety & health, environment (including greenhouse gas (GHG) emissions), people & workplace (including employee engagement, talent development, inclusion and diversity), and community. The Company's performance in key sustainability metrics is calculated using standard industry and regulatory methodologies. Those key metrics are highlighted below and in summary, the Company:

- Reduced total recordable injury frequency by 57 percent from 2013 to 2017. Achieved zero recordable spills across all regions and locations in 2017.
- Established a GHG measurement protocol to ensure consistent tracking and reporting of GHG emissions in each of its regions.
- Developed a five-year plan to increase inclusion and diversity in the Company's business:
  - Attract, retain, and advance women at all levels of the organization, with a spotlight on women in leadership and operational roles; and,
  - Aim to have at least 30 percent female representation on the Board of Directors.
- Focused community investment efforts on promoting science, technology, engineering, and mathematics (STEM) education by collaborating with non-profit partners.

Finning is defining and implementing a five-year sustainability roadmap which prioritizes actions to address gaps with best standards and recognized practices, and strengthens engagement with stakeholders. The Company expects the content of future reports to evolve as it implements the sustainability roadmap.



Finning is committed to creating value for all its stakeholders by operating and growing in a sustainable manner. For more information on the Company's sustainability journey and to access the Sustainability Report, please visit: www.finning.com/en_CA/company/sustainability.html.

Non-GAAP Financial Measures

Management believes that providing certain non-GAAP financial measures provides users of the Company’s MD&A and consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out in this MD&A, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

During the periods reported and discussed in this MD&A, there were significant items that management does not consider indicative of future operational and financial trends of the Company either by nature or amount. As a result, management excludes these items when evaluating its consolidated operating financial performance and the performance of each of its operations. These items may not be non-recurring, but management believes that excluding these significant items from financial results reported solely in accordance with GAAP provides a better understanding of the Company’s consolidated financial performance when considered along with the GAAP results. Financial metrics that have been adjusted take into account these significant items and are referred to as “Adjusted” metrics. Adjusted metrics are intended to provide additional information to users of the MD&A. This information should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. In addition, because non-GAAP financial measures do not have a standardized meaning under GAAP, they may not be comparable to similar measures presented by other companies. Significant items identified in prior periods, described on pages 31 - 32 of this MD&A, impact certain reported metrics for Q3 2018 and Q3 2017 periods included in the Quarterly Key Performance Measures section.

Significant items that affected the reported results of the Company for the three months ended September 30, 2018 and September 30, 2017 which were not considered by management to be indicative of operational and financial trends, either by nature or amount, are detailed below.

Q3 2018 significant items:

- Following the Company's review of its investment in Energyst B.V. (Energyst), it was determined that Energyst was no longer a strategic fit and that it was held-for-sale at September 30, 2018. As a result, the Company wrote off its investment and released cumulative foreign translation losses to the income statement upon Energyst's sale of its wholly-owned subsidiary in Argentina in Q3 2018.
- The Argentina Peso's rapid devaluation continued in the third quarter of 2018, losing approximately 45% of its value during the quarter (year-to-date devaluation of approximately 120%) and reaching a new historic low of 41.25 in September 2018. This devaluation resulted in higher tax expense in Q3 2018 than the same prior year period, primarily relating to the revaluation of deferred tax balances.

Q3 2017 significant item:

- Redemption costs on the early repayment of long-term debt.

The magnitude of these items, and reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measure, is shown in the following table:

3 months ended September 30, 2018 ($ millions, except per share amounts)	**EBIT**				**Net Income**	**EPS**
	Canada	**South America**	**UK & Ireland**	**Consol [1]**	**Consol**	**Consol**
EBIT, net income, and EPS	**$ 78**	**$ 37**	**$ 15**	**$ 93**	**$ 25**	**$ 0.15**
Significant items:						
Write-off and loss related to Energyst	**—**	**—**	**—**	**30**	**30**	**0.18**
Tax impact of devaluation of ARS	**—**	**—**	**—**	**—**	**20**	**0.12**
Adjusted EBIT, Adjusted net income, and Adjusted EPS	**$ 78**	**$ 37**	**$ 15**	**$ 123**	**$ 75**	**$ 0.45**

3 months ended September 30, 2017 ($ millions, except per share amounts)	EBIT				Net Income	EPS
	Canada	South America	UK & Ireland	Consol	Consol	Consol
EBIT, net income, and EPS (Restated) [2]	$ 57	$ 48	$ 9	$ 100	$ 50	$ 0.29
Significant item:						
Redemption costs on early repayment of long-term debt	—	—	—	—	7	0.04
Adjusted EBIT, Adjusted net income, and Adjusted EPS (Restated) [2]	$ 57	$ 48	$ 9	$ 100	$ 57	$ 0.33

(1) Consolidated (Consol) results include Other operations.

(2) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Quarterly Key Performance Measures

Reported Key Performance Indicators

The Company utilizes the following Key Performance Indicators (KPIs) to consistently measure performance across the organization.

	2018			2017 (Restated) [1]				2016	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ROIC [2]									
Consolidated	**13.7 %**	14.3 %	13.7 %	13.1 %	10.1 %	9.3 %	7.1 %	5.6 %	(6.6)%
Canada	**16.4 %**	15.5 %	14.5 %	13.3 %	9.2 %	8.1 %	6.6 %	5.3 %	4.3 %
South America	**16.2 %**	17.5 %	17.6 %	17.8 %	15.5 %	14.9 %	14.5 %	13.3 %	(18.1)%
UK & Ireland	**14.0 %**	13.2 %	13.4 %	12.8 %	12.9 %	13.9 %	(0.5)%	(4.5)%	(17.4)%
EBIT [2] ($ millions)									
Consolidated	**93**	126	113	109	100	97	86	18	73
Canada	**78**	77	71	67	57	55	46	(3)	37
South America	**37**	47	46	50	48	42	44	27	40
UK & Ireland	**15**	14	10	8	9	13	7	8	10
EBIT Margin [2]									
Consolidated	**5.3 %**	7.3 %	6.8 %	6.3 %	6.5 %	6.1 %	6.1 %	1.3 %	5.4 %
Canada	**8.6 %**	8.5 %	8.4 %	7.8 %	7.7 %	7.0 %	6.7 %	(0.3)%	5.9 %
South America	**6.7 %**	8.5 %	8.4 %	8.6 %	8.6 %	8.1 %	8.8 %	5.0 %	8.7 %
UK & Ireland	**5.1 %**	5.3 %	3.7 %	3.0 %	3.5 %	4.6 %	3.3 %	3.3 %	3.8 %
Invested Capital [3] ($ millions)									
Consolidated	**3,431**	3,362	3,226	2,830	3,095	3,108	2,940	2,797	2,917
Canada	**1,889**	1,840	1,778	1,621	1,746	1,764	1,630	1,595	1,650
South America	**1,173**	1,172	1,140	983	1,069	1,047	1,029	996	1,021
UK & Ireland	**404**	372	322	250	311	307	286	216	253
Invested Capital Turnover [3]									
Consolidated	**2.14x**	2.13x	2.13x	2.09x	2.01x	1.97x	1.89x	1.90x	1.85x
Canada	**1.98x**	1.92x	1.87x	1.82x	1.74x	1.70x	1.62x	1.70x	1.66x
South America	**2.01x**	2.05x	2.08x	2.09x	2.03x	1.97x	1.87x	1.80x	1.74x
UK & Ireland	**3.30x**	3.44x	3.65x	3.56x	3.47x	3.66x	3.69x	3.54x	3.41x
Inventory ($ millions)	**2,017**	1,968	1,906	1,708	1,744	1,789	1,650	1,601	1,726
Inventory Turns [3] (times)	**2.58x**	2.57x	2.80x	2.82x	2.60x	2.52x	2.61x	2.49x	2.26x
Working Capital to Sales Ratio [3]	**26.7 %**	26.9 %	27.1 %	27.4 %	28.6 %	29.1 %	30.5 %	30.4 %	31.5 %
Free Cash Flow ($ millions)	**(49)**	(28)	(263)	350	22	(131)	(76)	113	163
Net Debt to Invested Capital Ratio [3]	**38.4 %**	37.0 %	36.1 %	30.2 %	37.4 %	37.2 %	34.3 %	32.0 %	35.0 %
EBITDA [2] ($ millions)	**142**	171	157	154	146	145	131	65	119
Net Debt to EBITDA Ratio [2][3]	**2.1**	2.0	1.9	1.5	2.4	2.5	2.6	2.5	109.4

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(2) Certain of these reported financial metrics have been impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount. The financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics and are summarized on page 9 of this MD&A.

(3) These are non-GAAP financial measures that do not have a standardized meaning under 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 GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

Adjusted KPIs

Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 7 and 31 - 32 of this MD&A and the financial metrics that have been adjusted to take these items into account are referred to as “Adjusted” metrics. The impact of these items on certain key performance measures is shown below:

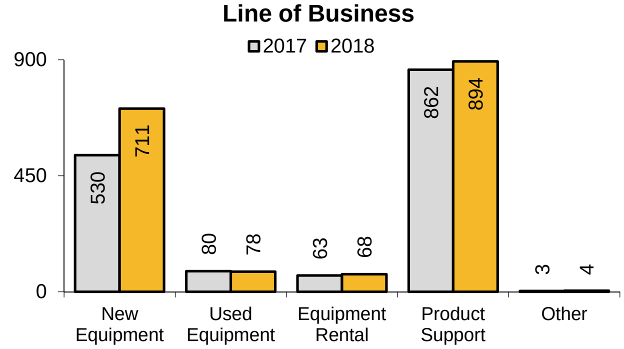
	2018			2017 (Restated) [1]				2016	
	Q3	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Adjusted ROIC									
Consolidated	**14.5 %**	14.2 %	13.5 %	13.1 %	11.8 %	11.1 %	10.0 %	9.3 %	9.2 %
Canada	**16.0 %**	15.1 %	14.0 %	13.2 %	12.0 %	11.0 %	10.2 %	9.3 %	8.7 %
South America	**16.4 %**	17.7 %	17.8 %	18.1 %	16.5 %	16.0 %	15.6 %	15.0 %	15.6 %
UK & Ireland	**14.0 %**	13.2 %	13.4 %	12.8 %	12.9 %	13.9 %	7.7 %	5.9 %	3.4 %
Adjusted EBIT ($ millions)									
Consolidated	**123**	126	106	110	100	97	86	70	73
Canada	**78**	77	64	66	57	55	46	44	37
South America	**37**	47	46	52	48	42	44	37	40
UK & Ireland	**15**	14	10	8	9	13	7	8	10
Adjusted EBIT Margin									
Consolidated	**7.0 %**	7.3 %	6.4 %	6.4 %	6.5 %	6.1 %	6.1 %	4.8 %	5.4 %
Canada	**8.6 %**	8.5 %	7.5 %	7.6 %	7.7 %	7.0 %	6.7 %	6.2 %	5.9 %
South America	**6.7 %**	8.5 %	8.4 %	9.1 %	8.6 %	8.1 %	8.8 %	7.0 %	8.7 %
UK & Ireland	**5.1 %**	5.3 %	3.7 %	3.0 %	3.5 %	4.6 %	3.3 %	3.3 %	3.8 %
Adjusted EBITDA ($ millions)	**172**	171	150	155	146	145	131	117	119
Net Debt to Adjusted EBITDA Ratio	**2.0**	2.0	2.0	1.5	2.1	2.3	2.1	1.9	2.1

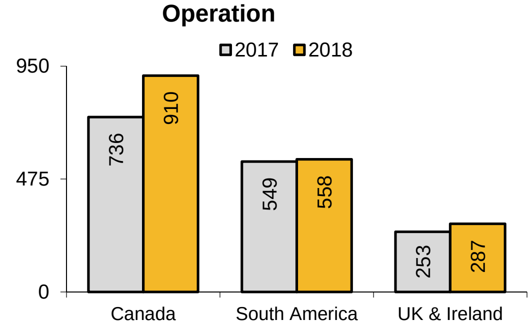
(1) The 2017 comparative results described in this MD&A have been restated to reflect the Company’s adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company’s Interim Financial Statements.

Third Quarter Results

Revenue

Revenue by Line of Business and by Operation
3 months ended September 30
($ millions) (2017 Restated)





The Company generated revenue of $1.8 billion during the third quarter of 2018, 14% higher than Q3 2017, up in most lines of business and all sectors. The increase in revenue was largely driven by higher new equipment sales in all operations, primarily in the Company's Canadian operations.

The weaker CAD relative to the USD and the U.K. Pound Sterling (GBP) on average in Q3 2018 compared to the same prior year period resulted in a favourable foreign currency translation impact on revenue in Q3 2018 of approximately $35 million and was not significant at the EBIT level.

Third quarter 2018 new equipment revenue of $711 million increased by 34% compared to the third quarter of 2017 up in all operations, particularly in the Company's Canadian operations where higher revenues were driven by increased demand in all market sectors. Higher volumes in the power systems sector was the driver of new equipment revenue growth in the Company's UK & Ireland operations. New equipment revenues were also up in the Company's South American operations, driven by all market sectors in Chile, particularly mining, partially offset by lower activity in Argentina due to a weaker economy.

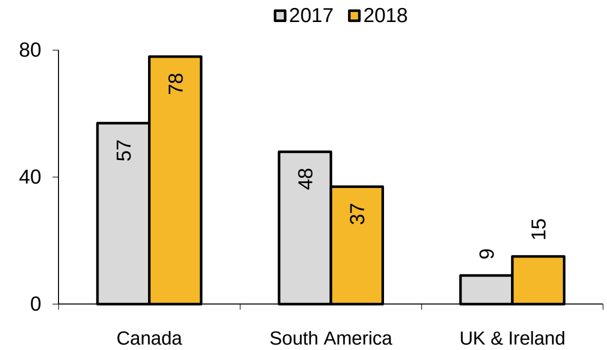
Equipment backlog [(1)] remained robust at $1.5 billion at September 30, 2018, comparable to June 30, 2018 and up from $1.3 billion at December 31, 2017. Deliveries in Q3 2018 were higher than recent quarters and offset strong order intake.

Product support revenue increased 4% compared to the third quarter of 2017, up in the Company's Canadian and UK & Ireland operations, partially offset by lower product support revenues in the Company's South American operations, predominantly in Argentina.

[(1)] This is a non-GAAP financial measures that does not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding this financial metric, including definition and reconciliation from this non-GAAP financial measure to its most directly comparable GAAP measure, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

EBIT

EBIT by Operation (1)
3 months ended September 30
($ millions) (2017 Restated)



(1) Excluding Other operations

Q3 2018 gross profit of $449 million was 11% higher than the same period in the prior year primarily driven by higher sales volumes. Overall gross profit margin in Q3 2018 was down slightly from Q3 2017 reflecting a mix shift to higher new equipment revenues.

SG&A in the third quarter of 2018 was 8% higher than the same period in the prior year. This increase was primarily due to higher variable costs driven by increased activity as well as higher compensation expense. These people-related costs included inflationary and statutory salary increases as well as ERP implementation costs in the Company's South American operations which were partially offset by lower long-term incentive plan costs and the benefit of a weaker ARS when translating local currency costs. SG&A as a percentage of revenue of 18.9% for Q3 2018 was down 110 basis points over the same period in the prior year, which is attributable to the leverage of incremental revenues on fixed costs and disciplined spending.

Other expenses of $30 million reported in Q3 2018 includes a write-off and loss related to the Company's investment in Energyst in the third quarter of 2018 as described on page 7.

The Company reported EBIT of $93 million and EBIT margin of 5.3% in the third quarter of 2018 compared to EBIT of $100 million and EBIT margin of 6.5% in Q3 2017. Excluding the write-off and loss related to the investment in Energyst noted above, Q3 2018 Adjusted EBIT and Adjusted EBIT margin were $123 million and 7.0%, respectively. The improvement in the Company's Adjusted EBIT and Adjusted EBIT margin in Q3 2018 compared to Q3 2017 was mainly due to improved market conditions and higher sales volumes as well as lower SG&A relative to revenue.

EBITDA

EBITDA for Q3 2018 was $142 million and EBITDA margin was 8.1% (Q3 2017: EBITDA was $146 million and EBITDA margin was 9.5%). Excluding the write-off and loss related to the investment in Energyst, Adjusted EBITDA for Q3 2018 was $172 million and Adjusted EBITDA margin was 9.7%. The increase in EBITDA reflected higher sales and the improvement in EBITDA margin was due to leverage of incremental revenues on fixed costs.

The net debt to Adjusted EBITDA ratio at September 30, 2018 was 2.0 times comparable to 2.1 times at September 30, 2017.

Finance Costs

Finance costs in the third quarter of 2018 were $20 million, lower than Q3 2017 finance costs of $33 million. This variance was primarily due to a $9 million redemption cost in Q3 2017 related to the early redemption of the $350 million Medium Term Notes (MTN) due June 1, 2018 as well as lower long-term debt and interest rates in 2018.

Provision for Income Taxes

The effective income tax rate for Q3 2018 was 65.4% compared to 25.7% in Q3 2017. The tax expense was higher due to the non-deductibility, for tax purposes, of the write-off and loss related to the investment in Energyst as well as the impact of the significant devaluation of the ARS relative to the USD, primarily relating to the revaluation of deferred tax balances. Excluding these items, the effective tax rate would have been 26.5%.

Management expects the Company's effective tax rate to generally be within the 25-30% range on an annual basis. The rate may fluctuate from period to period as a result of changes in the source of income from various jurisdictions, relative income from the various jurisdictions in which the Company carries on business, changes in the estimation of tax reserves, and changes in tax rates and tax legislation.

Net Income

Net income was $25 million in Q3 2018, compared to $50 million earned in the same period last year. Basic EPS was $0.15 per share. Excluding significant items not indicative of operational and financial trends as noted on page 7, Q3 2018 Adjusted net income was $75 million and Adjusted EPS was $0.45 per share, higher than Adjusted net income of $57 million and Adjusted EPS of $0.33 in Q3 2017. The increase in the third quarter of 2018 compared to the prior year period results was driven by higher sales volumes from better market conditions, as well as improved profitability.

Year-to-Date Overview

($ millions, except for per share amounts)	YTD 2018	YTD 2017 (Restated) [1]	% change fav (unfav)
Revenue	**$ 5,154**	$ 4,523	14%
Gross profit	**1,355**	1,220	11%
SG&A	**(1,003)**	(945)	(6)%
Equity earnings of joint ventures and associate	**10**	6	n/m [2]
Other income	**—**	2	n/m [2]
Other expense	**(30)**	—	n/m [2]
EBIT	**$ 332**	$ 283	18%
Net income	**$ 177**	$ 152	16%
EPS	**$ 1.05**	$ 0.90	16%
EBITDA	**$ 470**	$ 422	11%
Free cash flow	**$ (340)**	$ (185)	(83)%
Adjusted EBIT	**$ 355**	$ 283	26%
Adjusted net income	**$ 222**	$ 159	40%
Adjusted EPS	**$ 1.32**	$ 0.94	40%
Adjusted EBITDA	**$ 493**	$ 422	17%
Gross profit margin	***26.3%***	*27.0%*	
SG&A as a percentage of revenue	***19.5%***	*20.9%*	
EBIT margin	***6.4%***	*6.2%*	
EBITDA margin	***9.1%***	*9.3%*	
Adjusted EBIT margin	***6.9%***	*6.2%*	
Adjusted EBITDA margin	***9.5%***	*9.3%*	

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) n/m = % change not meaningful

Significant items that affected the reported results of the Company for the nine months ended September 30, 2018 and 2017 which were not considered by management to be indicative of operational and financial trends, either by nature or amount, are detailed below.

Year-to-date 2018 significant items:

- Insurance proceeds received in 2018 related to the final settlement of the Company's business interruption claim resulting from the Alberta wildfires in 2016.
- Write-off and loss related to the Company's investment in Energyst.
- Tax impact of the significant devaluation of the ARS relative to the USD.

Year-to-date 2017 significant item:

- Redemption costs on the early repayment of long-term debt.

The magnitude of each of these items, and reconciliation of the non-GAAP financial measures to their most directly comparable GAAP measures, is shown in the following table:

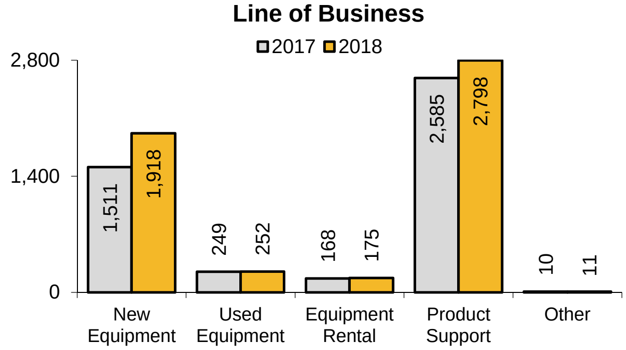
9 months ended September 30, 2018 ($ millions, except per share amounts)	**EBIT Canada**	**EBIT South America**	**EBIT UK & Ireland**	**EBIT Consol**	**Net Income Consol**	**EPS Consol**
EBIT, net income, and EPS	**$ 226**	**$ 130**	**$ 39**	**$ 332**	**$ 177**	**$ 1.05**
Significant items:						
Write-off and loss related to Energyst	**—**	**—**	**—**	**30**	**30**	**0.18**
Tax impact of devaluation of ARS	**—**	**—**	**—**	**—**	**20**	**0.12**
Insurance proceeds from Alberta wildfires	**(7)**	**—**	**—**	**(7)**	**(5)**	**(0.03)**
Adjusted EBIT, Adjusted net income, and Adjusted EPS	**$ 219**	**$ 130**	**$ 39**	**$ 355**	**$ 222**	**$ 1.32**

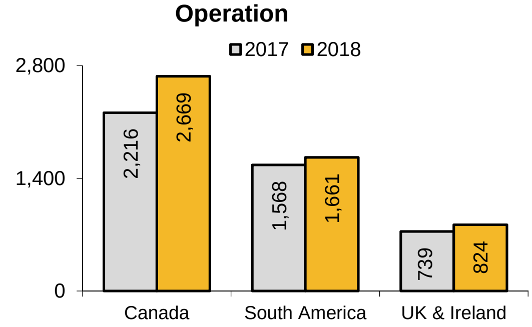
9 months ended September 30, 2017 ($ millions, except per share amounts)	EBIT Canada	EBIT South America	EBIT UK & Ireland	EBIT Consol	Net Income Consol	EPS Consol
EBIT, net income, and EPS (Restated) (1)	$ 158	$ 134	$ 29	$ 283	$ 152	$ 0.90
Significant item:						
Redemption costs on the early repayment of long-term debt	—	—	—	—	7	0.04
Adjusted EBIT, Adjusted net income, and Adjusted EPS (Restated) (1)	$ 158	$ 134	$ 29	$ 283	$ 159	$ 0.94

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Revenue

Revenue by Line of Business and Operation
9 months ended September 30
($ millions) (2017 Restated)





The Company generated revenue of $5.2 billion during the nine months ended September 30, 2018, an increase of 14% over the same period last year. Revenue was up in all of the Company's operations and in all lines of business, particularly in new equipment and product support reflecting strong activity in all market sectors.

The weaker CAD relative to the GBP was partially offset by the stronger CAD relative to the USD on average in the year-to-date period compared to the same period last year. This resulted in a favourable foreign currency translation impact on revenue in the first nine months of 2018 of approximately $10 million and was not significant at the EBIT level.

New equipment revenue was up 27% during the nine months ended September 30, 2018, compared to the prior year period, up in all operations, particularly in the Company's Canadian operations. Higher new equipment revenues in the Company's Canadian operations was driven by increased activity in the mining and construction sectors. In the Company's South American operations, new equipment revenue was higher than the comparable period in 2017 due to strong demand in all market sectors in Chile, particularly mining, partially offset by lower activity in the mining and construction sectors in Argentina. The Company's UK & Ireland operations revenues were up compared to the same period in the prior year largely driven by higher volumes in the power systems sector.

Product support revenue in the nine months ended September 30, 2018 was 8% higher than the first nine months of 2017, up in all operations. This increase in the 2018 period was driven primarily by strong demand in the construction and mining sectors in Canada as well as strong parts demand in the Chilean mining sector.

EBIT

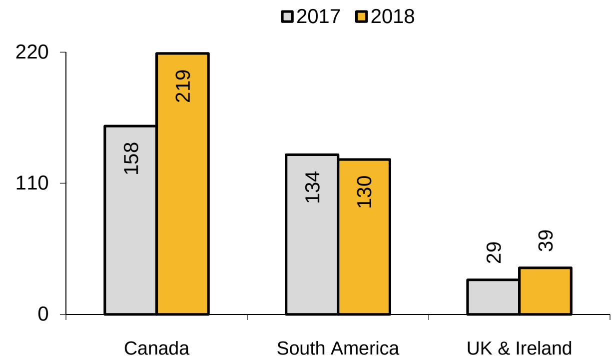
Gross profit in the first nine months of 2018 of $1.4 billion was up 11% from the comparative prior year period primarily due to higher volumes from improved market activity. Overall gross profit margin of 26.3% was down slightly from the first nine months of 2017 due to a revenue mix shift to higher new equipment sales which typically earn lower margins.

SG&A for the first nine months of 2018 included the favourable impact of $7 million of insurance proceeds received by the Company's Canadian operations in Q1 2018 in relation to the business interruption resulting from the Alberta wildfires in 2016. Excluding the benefit of the insurance proceeds in the current nine-month period, SG&A was 7% higher than the same period of the prior year. This increase is due to higher variable costs associated with higher sales activity and volumes, including people-related costs in all operations partially offset by the benefit of a weaker ARS when translating local currency costs. SG&A also included higher costs related to the ERP implementation in the Company's South American operations. Excluding the insurance proceeds in the current nine-month period, SG&A was down 130 basis points relative to revenue, reflecting the leverage of incremental revenues on fixed costs and controlled spending.

Equity earnings of joint ventures and associates for the nine months ended 2018 were up $4 million from the prior year comparable period reflecting improved results from the Company's joint venture investment, PipeLine Machinery International (PLM).

The Company reported EBIT of $332 million and EBIT margin of 6.4% in the first nine months of 2018, compared to $283 million and 6.2% earned in the first nine months of 2017. Excluding significant items not indicative of financial and operational trends and as described on page 13, Adjusted EBIT was $355 million and Adjusted EBIT margin was 6.9%, higher than the same period in 2017. This increase was primarily due to higher sales volumes in the current year, as well as lower SG&A relative to revenue reflecting leverage of incremental revenues on fixed costs.

Adjusted EBIT by Operation [1]
9 months ended September 30
($ millions) (2017 Restated)



[1] Excluding Other operations

EBITDA

EBITDA for the first nine months of 2018 was $470 million and EBITDA margin was 9.1% (2017 year-to-date EBITDA was $422 million and EBITDA margin was 9.3%). Excluding the significant items not indicative of financial and operational trends and as described on page 13, 2018 year-to-date Adjusted EBITDA was $493 million and Adjusted EBITDA margin was 9.5%. EBITDA and Adjusted EBITDA were up from the prior year period mainly due to higher earnings from the Company's Canadian operations.

Finance Costs

Finance costs for the nine months ended September 30, 2018 were $56 million, lower than the $78 million in the same period in 2017, due to $9 million of redemption costs on the early repayment of long-term debt in 2017 as well as lower long-term debt and interest rates in 2018.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2018 was 35.9% compared to 25.7% in the prior year comparable period. The tax expense was higher due to the non-deductibility, for tax purposes, of the write-off and loss related to the Company's investment in Energyst as well as the impact of the significant devaluation of the ARS relative to the USD, primarily relating to the revaluation of deferred tax balances. Excluding these items, the effective tax rate would have been 25.6%.

Net Income

Net income was $177 million in the first nine months of 2018, compared to $152 million earned in the comparable period in 2017 and basic EPS was $1.05 per share compared with $0.90 per share in 2017. Excluding the significant items not indicative of financial and operational trends and as noted on page 13, Adjusted net income in 2018 was $222 million and Adjusted EPS was $1.32 compared to Adjusted net income of $159 million and Adjusted EPS of $0.94 in the prior year comparable period. The increase was primarily due to higher revenues from improved market activity and higher profitability.

Invested Capital

($ millions, unless otherwise stated)	**September 30, 2018**	June 30, 2018	Increase from June 30, 2018	December 31, 2017 (Restated) [1]	Increase from December 31, 2017
Consolidated	**$ 3,431**	$ 3,362	$ 69	$ 2,830	**$** 601
Canada	**$ 1,889**	$ 1,840	$ 49	$ 1,621	**$** 268
South America	**$ 1,173**	$ 1,172	$ 1	$ 983	**$** 190
UK & Ireland	**$ 404**	$ 372	$ 32	$ 250	**$** 154
South America (USD)	***$ 906***	*$ 890*	*$ 16*	*$ 784*	***$*** *122*
UK & Ireland (GBP)	***£ 239***	*£ 214*	*£ 25*	*£ 147*	***£*** *92*

(1) The 2017 comparative results described in this MD&A have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Compared to June 30, 2018:

The $69 million increase in consolidated invested capital from June 30, 2018 to September 30, 2018 includes a foreign exchange impact of approximately $30 million in translating the invested capital balances of the Company's South American and UK & Ireland operations. The foreign exchange impact was a result of the 2% stronger CAD relative to the USD and 3% stronger CAD relative to the GBP at September 30, 2018 compared to the rate at June 30, 2018.

Excluding the impact of foreign exchange, consolidated invested capital increased by $101 million from June 30, 2018 to September 30, 2018 reflecting:

- an increase in equipment inventory in all of the Company's operations; and,
- higher spend on rental equipment supporting the integrated go-to-market strategy for rental, used, and new equipment sales (RUN Strategy), primarily in the Company's Canadian operations.

Compared to December 31, 2017:

The $601 million increase in consolidated invested capital from December 31, 2017 to September 30, 2018 includes a foreign exchange impact of approximately $35 million in translating the invested capital balances of the Company's South American and UK & Ireland operations. The foreign exchange impact was primarily the result of the 3% weaker CAD relative to the USD.

Excluding the impact of foreign exchange, consolidated invested capital increased by $567 million from December 31, 2017 to September 30, 2018 reflecting:

- an increase in equipment inventory in all operations, as well as an increase in parts inventory primarily in the Company's Canadian operations;
- higher spend on rental equipment supporting the RUN Strategy, largely in the Company's Canadian operations; and,
- a decrease in accounts payable balances in the Company's South American operations due to timing of payments.

ROIC and Invested Capital Turnover

	September 30, 2018	June 30, 2018	December 31, 2017 (Restated) [1]	September 30, 2017 (Restated) [1]
ROIC				
Consolidated	**13.7 %**	14.3 %	13.1 %	10.1 %
Canada	**16.4 %**	15.5 %	13.3 %	9.2 %
South America	**16.2 %**	17.5 %	17.8 %	15.5 %
UK & Ireland	**14.0 %**	13.2 %	12.8 %	12.9 %
Adjusted ROIC				
Consolidated	**14.5 %**	14.2 %	13.1 %	11.8 %
Canada	**16.0 %**	15.1 %	13.2 %	12.0 %
South America	**16.4 %**	17.7 %	18.1 %	16.5 %
UK & Ireland	**14.0 %**	13.2 %	12.8 %	12.9 %
Invested Capital Turnover (times)				
Consolidated	**2.14x**	2.13x	2.09x	2.01x
Canada	**1.98x**	1.92x	1.82x	1.74x
South America	**2.01x**	2.05x	2.09x	2.03x
UK & Ireland	**3.30x**	3.44x	3.56x	3.47x

[1] The 2017 comparative results described in this MD&A have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

ROIC

On a consolidated basis, ROIC was 13.7% at September 30, 2018, compared to 13.1% at December 31, 2017 and 10.1% at September 30, 2017. Adjusting for significant items that management does not consider indicative of operational and financial trends, as noted on pages 31 - 32 of this MD&A, Adjusted ROIC at September 30, 2018 was 14.5%, an increase from Adjusted ROIC of 13.1% at December 31, 2017. The increase in Adjusted ROIC compared to the prior year end reflects strong EBIT achieved by the Company in 2018 and improved invested capital efficiency. Adjusted ROIC at September 30, 2018 was higher in both the Company's Canadian and UK & Ireland operations compared to December 31, 2017. Adjusted ROIC at September 30, 2018 was lower in the Company's South American operations compared to December 31, 2017 due to lower EBIT attributable to lower activity levels in Argentina combined with higher average invested capital levels.

Adjusted ROIC at September 30, 2018 of 14.5% improved significantly from Adjusted ROIC of 11.8% at September 30, 2017, due to increases in the Company's Canadian and UK & Ireland operations. The increase in Adjusted ROIC reflects higher Adjusted EBIT achieved by the Company outpacing the growth in average invested capital levels in the last twelve-month period and demonstrating improved capital efficiency.

Invested capital turnover

Consolidated invested capital turnover at September 30, 2018 was 2.14 times, up from 2.09 times at December 31, 2017, reflecting improved invested capital turnover in the Company's Canadian operations due to higher revenue growth over the last-twelve month period which exceeded the increase in average invested capital levels. Partially offsetting this improvement was a lower invested capital turnover in the Company's South American and UK & Ireland operations, as the growth in average invested capital levels outpaced revenue growth in these operations.

At the consolidated level, invested capital turnover at September 30, 2018 was 2.14 times, higher than the 2.01 times at September 30, 2017. This was driven by the Company's Canadian operations where invested capital turnover has improved in all quarterly periods since the beginning of 2017 with higher revenues in the last twelve month period outpacing the growth in average invested capital levels.

Results by Reportable Segment

The Company and its subsidiaries operate primarily in one principal business: the sale, service, and rental of heavy equipment, engines, and related products in various markets worldwide as noted below. Finning's reportable segments are as follows:

- *Canadian operations:* British Columbia, Alberta, Saskatchewan, Yukon, the Northwest Territories, and a portion of Nunavut
- *South American operations:* Chile, Argentina, and Bolivia
- *UK & Ireland operations:* England, Scotland, Wales, Northern Ireland, and the Republic of Ireland
- *Other operations:* Corporate head office

The table below provides details of revenue by lines of business and operation.

3 months ended September 30, 2018 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consol**	**Revenue percentage**
New equipment	**$ 322**	**$ 198**	**$ 191**	**$ 711**	**41%**
Used equipment	**52**	**11**	**15**	**78**	**4%**
Equipment rental	**46**	**12**	**10**	**68**	**4%**
Product support	**490**	**335**	**69**	**894**	**51%**
Other	**—**	**2**	**2**	**4**	**0%**
Total	**$ 910**	**$ 558**	**$ 287**	**$ 1,755**	**100%**
Revenue percentage by operation	**52%**	**32%**	**16%**	**100%**	

3 months ended September 30, 2017 ($ millions) (Restated) [(1)]	Canada	South America	UK & Ireland	Consol	Revenue percentage
New equipment	$ 197	$ 170	$ 163	$ 530	35%
Used equipment	51	14	15	80	5%
Equipment rental	43	12	8	63	4%
Product support	445	352	65	862	56%
Other	—	1	2	3	0%
Total	$ 736	$ 549	$ 253	$ 1,538	100%
Revenue percentage by operation	48%	36%	16%	100%	

9 months ended September 30, 2018 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consol**	**Revenue percentage**
New equipment	**$ 898**	**$ 496**	**$ 524**	**$ 1,918**	**$ 37%**
Used equipment	**160**	**43**	**49**	**252**	**5%**
Equipment rental	**109**	**39**	**27**	**175**	**4%**
Product support	**1,501**	**1,079**	**218**	**2,798**	**54%**
Other	**1**	**4**	**6**	**11**	**0%**
Total	**$ 2,669**	**$ 1,661**	**$ 824**	**$ 5,154**	**$ 100%**
Revenue percentage by operation	**52%**	**32%**	**16%**	**100%**	

9 months ended September 30, 2017 ($ millions) (Restated) [(1)]	Canada	South America	UK & Ireland	Consol	Revenue percentage
New equipment	$ 602	$ 451	$ 458	$ 1,511	$ 33%
Used equipment	159	40	50	249	6%
Equipment rental	107	38	23	168	4%
Product support	1,347	1,036	202	2,585	57%
Other	1	3	6	10	0%
Total	$ 2,216	$ 1,568	$ 739	$ 4,523	$ 100%
Revenue percentage by operation	49%	35%	16%	100%	

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Canadian Operations

The Canadian reporting segment includes Finning (Canada), OEM Remanufacturing Company Inc., and a 25% interest in PLM. The Canadian operations sell, service, and rent mainly Caterpillar equipment and engines in British Columbia, Alberta, Saskatchewan, Yukon, the Northwest Territories, and a portion of Nunavut. The Canadian operations' markets include mining (including the oil sands), construction, conventional oil and gas, forestry, and power systems.

The table below provides details of the results from the Canadian operations:

($ millions)	3 months ended September 30		9 months ended September 30	
	2018	2017 (Restated) [1]	**2018**	2017 (Restated) [1]
Revenue	**$ 910**	$ 736	**$ 2,669**	$ 2,216
Operating costs	**(810)**	(656)	**(2,387)**	(1,993)
Depreciation and amortization	**(26)**	(25)	**(70)**	(75)
Equity earnings of joint venture	**4**	2	**14**	10
EBIT	**$ 78**	$ 57	**$ 226**	$ 158
EBIT margin	**8.6%**	7.7%	**8.5%**	7.1%
EBITDA	**$ 104**	$ 82	**$ 296**	$ 233
EBITDA margin	**11.4%**	11.2%	**11.1%**	10.5%
Adjusted EBIT [2]	**$ 78**	$ 57	**$ 219**	$ 158
Adjusted EBIT margin [2]	**8.6%**	7.7%	**8.2%**	7.1%
Adjusted EBITDA [2]	**$ 104**	$ 82	**$ 289**	$ 233
Adjusted EBITDA margin [2]	**11.4%**	11.2%	**10.8%**	10.5%

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) Significant items that affected results for the nine months ended September 30, 2018 which management does not consider to be indicative of operational and financial trends are described on page 13 of this MD&A. There were no significant items adjusted in Q3 2018 and the three and nine months ended September 30, 2017, therefore the adjusted metrics above for Q3 2018 and the three and nine months ended September 30, 2017 are the same as the reported metrics.

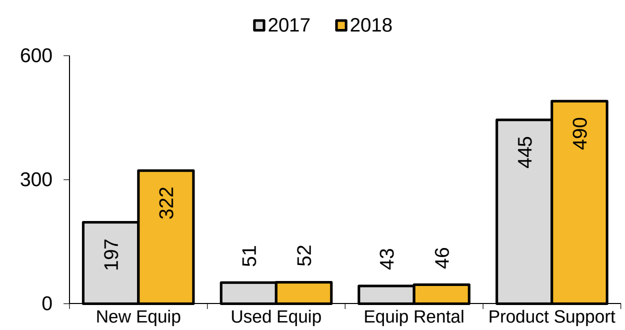
Third Quarter Overview

Third quarter 2018 revenue increased 24% from Q3 2017. This increase was in all lines of business, primarily driven by higher new equipment and product support revenues reflecting improved market conditions.

New equipment revenue was 62% higher than Q3 2017, up in all sectors, driven by strong market demand in the mining sector and higher activity in both the construction and power systems sectors. Equipment backlog at September 30, 2018 was up from June 30, 2018 reflecting strong order intake, particularly in the mining and construction sectors.

Product support revenue increased 10% in Q3 2018 from Q3 2017 with continued strong demand for parts in the construction and oil & gas sectors and increased activity in the mining sector.

Canada – Revenue by Line of Business
3 months ended September 30
($ millions) (2017 Restated)



Gross profit in Q3 2018 was higher compared to Q3 2017, primarily due to higher sales volumes in most lines of business. Overall gross profit margin decreased in Q3 2018 compared to the same period in the prior year, primarily due to a revenue mix shift to higher new equipment sales.

Q3 2018 SG&A costs increased 10% compared to the same period in the prior year, due to higher variable and people-related costs in support of revenue growth partially offset by lower long-term incentive plan costs. SG&A as a percentage of revenue was lower in Q3 2018 compared to Q3 2017 due to the leverage of incremental revenues on fixed costs and disciplined spending.

The Canadian operations contributed EBIT of $78 million in Q3 2018, 37% higher than EBIT of $57 million in Q3 2017 due to improved market conditions in all sectors and cost discipline. Strong operating leverage and cost management resulted in a higher EBIT margin in Q3 2018 of 8.6%, up from 7.7% earned in the same period in 2017.

Year-to-Date Overview

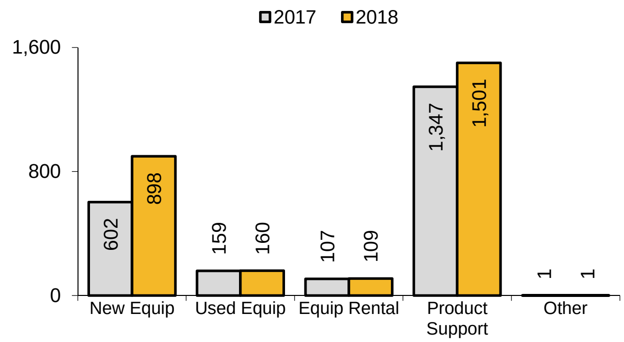
Revenue for the first nine months ended September 30, 2018 increased by 20% to $2.7 billion compared to the same prior year period, primarily due to higher new equipment and product support revenues.

New equipment revenue was up 49% in the first nine months of 2018 compared to the same period in 2017, driven by higher activity in all sectors, particularly in mining and construction.

Product support revenue was 11% higher in the first nine months of 2018 compared to the same period in 2017, primarily due to increased activity in the construction and mining sectors.

Gross profit was higher in the first nine months of 2018 compared to the same period in 2017, largely due to higher volumes partially offset by lower overall gross profit margin due to the revenue shift to higher new equipment sales.

Canada – Revenue by Line of Business
9 months ended September 30
($ millions) (2017 Restated)



SG&A for the first nine months of 2018 included the favourable impact of $7 million of insurance proceeds received in Q1 2018 in relation to the business interruption resulting from the Alberta wildfires in 2016. Excluding these insurance proceeds, SG&A increased 6% compared to the same period in 2017, on 20% higher revenue. This increase was primarily due to higher variable costs associated with strong revenue growth. SG&A costs relative to revenue were down 230 basis points from the prior year period, reflecting leverage of incremental revenues and disciplined spending.

The Canadian operations contributed EBIT of $226 million for the nine months ended September 30, 2018 compared to $158 million earned in the same period in the prior year. EBIT margin was 8.5% compared to the 7.1% earned in the same period in 2017. Excluding insurance proceeds for the Alberta wildfires, Adjusted EBIT margin for the first nine months of 2018 was 8.2%, 110 basis points higher than the same period in the prior year reflecting strong market activity and managing fixed cost levels.

South American Operations

Finning's South American operations sell, service, and rent mainly Caterpillar equipment and engines in Chile, Argentina, and Bolivia. The South American operations' markets include mining, construction, forestry, and power systems.

The table below provides details of the results from the South American operations:

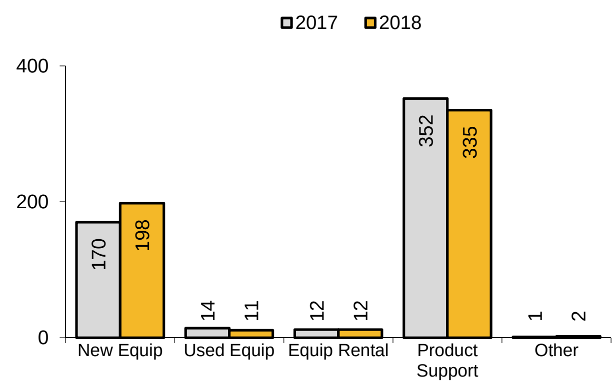
($ millions)	3 months ended September 30 2018	3 months ended September 30 2017 (Restated) (1)	9 months ended September 30 2018	9 months ended September 30 2017 (Restated) (1)
Revenue	**$ 558**	$ 549	**$ 1,661**	$ 1,568
Operating costs	**(506)**	(488)	**(1,486)**	(1,391)
Depreciation and amortization	**(15)**	(13)	**(45)**	(43)
EBIT	**$ 37**	$ 48	**$ 130**	$ 134
EBIT margin	**6.7%**	8.6%	**7.8%**	8.5%
EBITDA	**$ 52**	$ 61	**$ 175**	$ 177
EBITDA margin	**9.3%**	11.2%	**10.5%**	11.3%

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Third Quarter Overview

Third quarter 2018 revenue in the Company's South American operations increased 2% to $558 million compared to Q3 2017 (down 3% in functional currency). This decrease was driven by lower new equipment and product support revenues in Argentina due to a weak economy, largely offset by higher new equipment revenues in Chile.

South America – Revenue by Line of Business
3 months ended September 30
($ millions) (2017 Restated)



The weaker CAD relative to the USD on average in Q3 2018 compared to the same quarter last year had a favourable foreign currency translation impact on revenue of approximately $25 million and was not significant at the EBIT level.

New equipment revenue in Q3 2018 was up 17% (12% in functional currency) from Q3 2017 primarily due to higher activity in all market sectors in Chile, particularly in mining. This increase was partially offset by lower revenues in all market sectors in Argentina due to a weaker economy and a curtailment of infrastructure spend resulting in a lower demand for construction equipment.

Equipment backlog at September 30, 2018 was down from June 30, 2018 due to strong deliveries in Q3 2018.

Product support revenue was down 5% from the prior year quarter (9% in functional currency), largely driven by Argentina.

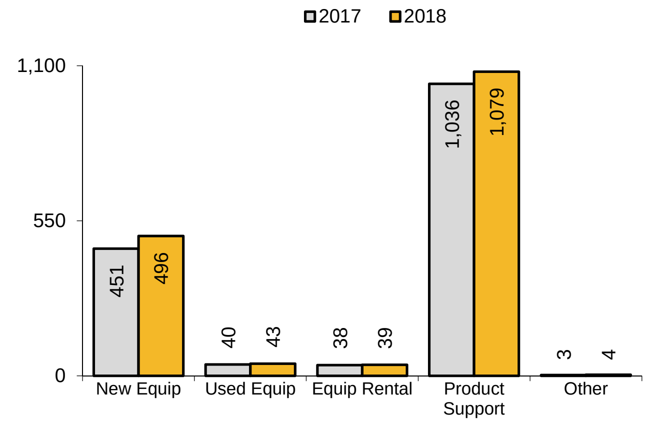
Gross profit in Q3 2018 was down due to lower revenue in functional currency and overall gross profit margin was also lower than the third quarter of 2017, primarily due to a revenue mix shift to new equipment.

SG&A (in functional currency) in Q3 2018 increased slightly compared to the prior year period due primarily to higher ERP implementation costs and people-related costs including inflationary and statutory salary increases, partially offset by the benefit of a weaker ARS when translating local currency costs. As a result of these higher fixed costs, SG&A as a percentage of revenue was also higher in Q3 2018 compared to Q3 2017.

For the three months ended September 30, 2018, the Company's South American operations contributed EBIT of $37 million, down from EBIT of $48 million in Q3 2017. EBIT margin of 6.7% was lower than the 8.6% earned in the same period in the prior year, predominantly due to the extremely challenging economic conditions in Argentina with significant devaluation of the ARS and curtailment of activity.

Year-to-Date Overview

South America – Revenue by Line of Business
9 months ended September 30
($ millions) (2017 Restated)



For the nine months ended September 30, 2018, revenue of $1.7 billion increased 6% from the same period in 2017 (up 7% in functional currency). This increase was primarily driven by higher new equipment and product support revenues in Chile partly offset by lower revenues in Argentina.

The stronger CAD relative to the USD on average in the 2018 year-to-date period compared to the same period last year had an unfavourable foreign currency translation impact on revenue in the first nine months of 2018 of approximately $25 million and was not significant at the EBIT level.

Product support revenue was up 4% in the first nine months of 2018 (up 6% in functional currency) compared to the same period in the prior year, primarily driven by stronger activity in the mining sector in Chile partially offset by lower activity in Argentina. Product support revenue in the first nine months of 2017 was negatively impacted by a 7-week labour dispute at the Escondida mine in Chile.

New equipment revenues increased 10% (11% in functional currency) compared to the same period last year due to higher activity in all sectors in Chile, partly offset by lower activity in Argentina.

Gross profit in the first nine months of 2018 was up from the prior year comparable period, consistent with revenue growth. Gross profit margin was comparable to the same period in the prior year, reflecting a relatively consistent revenue mix.

SG&A (in functional currency) in the first nine months of 2018 increased by 11% compared to the same period in the prior year. The increase in SG&A was due in large part to higher variable costs from increased sales volumes, including higher people costs as well as inflationary and statutory salary increases and additional costs related to the 2018 ERP implementation partially offset by the benefit of the significant devaluation of the ARS when translating local currency costs. SG&A relative to sales was up in the first nine months of 2018 compared to the same period in the prior year for the same reasons.

For the nine months ended September 30, 2018, the Company's South American operations reported EBIT of $130 million, down from $134 million for the comparable prior year period. EBIT margin of 7.8% was down from 8.5% earned in the same period in the prior year. EBIT and EBIT margin were both lower due to the severely weakened economy in Argentina as compared to the prior year period.

UK & Ireland Operations

The Company's UK & Ireland operations sell, service, and rent mainly Caterpillar equipment and engines in England, Scotland, Wales, Northern Ireland, and the Republic of Ireland. The UK & Ireland operations' markets include quarrying, construction, power systems, and mining.

The table below provides details of the results from the UK & Ireland operations:

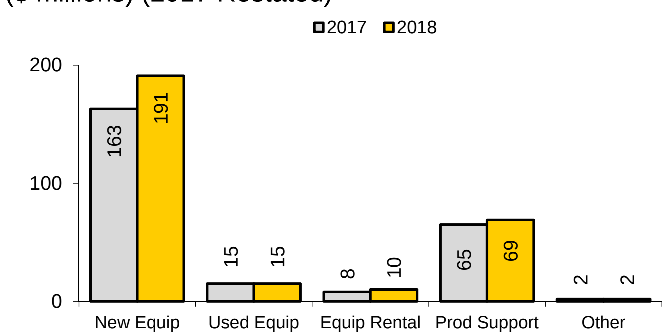
	3 months ended September 30		9 months ended September 30	
($ millions)	**2018**	2017 (Restated) [(1)]	**2018**	2017 (Restated) [(1)]
Revenue	**$ 287**	$ 253	**$ 824**	$ 739
Operating costs	**(264)**	(237)	**(763)**	(690)
Depreciation and amortization	**(8)**	(7)	**(22)**	(20)
EBIT	**$ 15**	$ 9	**$ 39**	$ 29
EBIT margin	**5.1%**	3.5%	**4.7%**	3.8%
EBITDA	**$ 23**	$ 16	**$ 61**	$ 49
EBITDA margin	**7.7%**	6.0%	**7.3%**	6.5%

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Third Quarter Overview

Third quarter 2018 revenues of $287 million in the Company's UK and Ireland operations were 14% higher than the same period in 2017 (up 10% in functional currency), driven primarily by higher new equipment sales in the power systems sector. New equipment revenue in the construction sector was comparable to the prior year. Backlog continues to be robust as market demand remains strong.

UK & Ireland – Revenue by Line of Business
3 months ended September 30
($ millions) (2017 Restated)



The weaker CAD relative to the GBP on average in the quarter compared to the same quarter last year had a favourable foreign currency translation impact on revenue in the third quarter of 2018 of approximately $10 million and was not significant at the EBIT level.

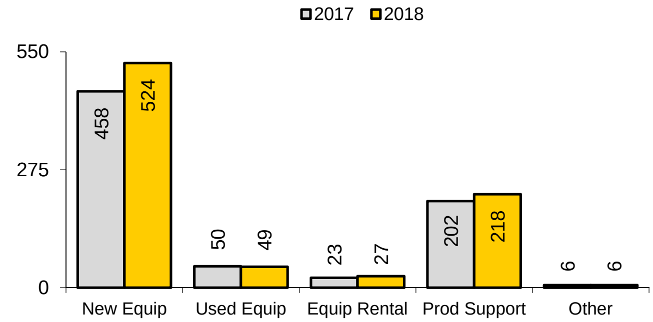
Gross profit in absolute dollars and as a percentage of revenue was up in the third quarter of 2018 compared with the prior year period, reflecting higher new equipment sales and improved overall gross profit margins despite a revenue mix shift to higher new equipment revenue.

SG&A (in functional currency) was 13% higher than the comparative period in the prior year. In Q3 2017, SG&A was lower due to actions taken to manage the Company's pension plan liabilities, partially offset by lower people-related costs in Q3 2018.

For the quarter ended September 30, 2018, the Company's UK & Ireland operations contributed EBIT of $15 million, compared to EBIT of $9 million, up 66% from Q3 2017. EBIT margin of 5.1% in Q3 2018 was higher than 3.5% earned in the third quarter of 2017 driven by improved margins.

Year-to-Date Overview

UK & Ireland – Revenue by Line of Business
9 months ended September 30
($ millions) (2017 Restated)



For the nine months ended September 30, 2018, revenue of $824 million was 12% higher than the same period in 2017 (up 7% in functional currency). This increase was driven primarily by higher new equipment sales due to stronger market demand and activity, particularly in the power systems sector.

The weaker CAD had a favourable foreign currency translation impact on revenue in the first nine months of 2018 of approximately $35 million and was not significant at the EBIT level.

Product support revenue was up 8% from the same period in the prior year (up 4% in functional currency) driven by higher parts sales in the construction and power systems sectors.

Gross profit increased in 2018 compared to 2017 reflecting higher volumes as well as an increase in overall gross profit margin despite a revenue mix shift to higher new equipment sales.

SG&A costs for the nine months ended September 30, 2018 (in functional currency) were 9% higher than the same period in the prior year, primarily due to lower pension plan costs in 2017, partially offset by lower people-related costs in the current year.

For the nine months ended September 30, 2018, the Company's UK & Ireland operations contributed EBIT of $39 million compared to EBIT of $29 million in 2017, up 36% from the same period in the prior year. EBIT margin of 4.7% was higher than the 3.8% earned in the comparable period in 2017 due to improved profitability.

Other Operations

The Other operations segment includes corporate operating costs, as well as equity earnings or losses from the Company's 28.8% investment in Energyst. Losses before finance costs and income taxes of this segment were $37 million in the third quarter of 2018 (year-to-date 2018: $63 million) compared to $14 million in Q3 2017 (year-to-date 2017: $38 million).

During Q3 2018, the Company conducted a review of its investment in Energyst and determined that it was no longer a strategic fit. As a result, the Company decided that Energyst was held-for-sale at September 30, 2018 and recorded a write-down of its investment in Q3 2018 to its estimated fair value ($nil). In Q3 2018. The Company recorded a $30 million loss, comprising the investment write-off of $19 million and a reclassification of cumulative foreign translation losses of $11 million from accumulated other comprehensive income to the statement of income upon Energyst's sale of its wholly-owned subsidiary in Argentina. Excluding the write-off and loss related to Energyst, losses before finance costs and income taxes of the Other operations segment in Q3 2018 were $7 million lower than the prior year primarily due to lower long-term incentive plan costs resulting from a decrease in the Company's share price compared with an increase in the prior year period, as well as lower vesting of performance share units.

Losses before finance costs and income taxes in the first nine months of 2018 were $25 million higher than 2017, primarily due to the $30 million loss relating to the Company's investment in Energyst, partly offset by lower long-term incentive plan costs.

Outlook

The Company is committed to improving ROIC in an upcycle. A reduced cost structure and sustainable operating improvements are expected to generate earnings torque, while global supply chain initiatives are expected to continue to increase capital efficiencies and support positive annual free cash flow. The Company's capital investments and resource allocation are directly linked to the Global Strategic Priorities described on page 3 of the MD&A, and are mostly success-based.

Canadian Operations

In Canada, the Company projects continued robust activity levels across all mining sectors, namely oil sands, coal, and base and precious metals. Mining producers and contractors are generating strong demand for equipment and product support, including component rebuilds.

Demand for power systems products, parts and service has increased, mainly as a result of significantly improved activity in the oil and gas sector.

Strong construction activity across all provinces is driving demand for equipment sales and product support. The Company expects large infrastructure projects, notably LNG Canada, to create incremental future demand for construction and power systems equipment and product support.

South American Operations

In Chile, increased copper production and fleet utilization are expected to have a positive impact on demand for mining equipment and product support. While international trade wars pose a risk to the price of copper, the Company remains constructive on the long-term outlook for this commodity.

The Chilean government's business-friendly policies and plans to invest in infrastructure are expected to benefit the construction sector and generate improved demand for construction equipment and product support.

In Argentina, the currency and economy have weakened considerably this year. The Argentinean government has curtailed infrastructure spend, resulting in significantly lower demand for construction equipment. Despite the current economic downturn in Argentina, the Company expects oil and gas development at Vaca Muerta to proceed and provide meaningful upside for future equipment and product support demand.

The Company expects continued solid operating performance in Chile. However, due to low profitability in Argentina, the Company no longer expects to achieve its previously communicated EBIT margin target of 8.5% in South America in 2018. The Company is taking actions to reduce its cost structure in Argentina to align with expected lower activity levels.

UK & Ireland Operations

In the UK & Ireland, the Company is capitalizing on strong demand for power systems products in the industrial and electric power sectors. Activity levels in the quarry, general construction, and plant hire sectors are expected to continue to generate robust demand for construction equipment and product support.

In early 2017, the UK started a two year process to exit the European Union (Brexit), and significant uncertainties remain around the impact and final outcome. The resulting economic uncertainties continue to impact customer confidence and future investment decisions but are being successfully offset by the UK government's acceleration of investments in large-scale rail, power, road, and airport infrastructure projects.

Foreign Exchange Exposure

The Company expects on-going volatility in foreign exchange markets to continue impacting its results. Any devaluation of the Canadian dollar increases earnings translated from the Company's foreign subsidiaries; the opposite is true for any appreciation of the Canadian dollar. Transactional gains or losses are dependent on the Company's hedging activities and general market conditions.

Liquidity and Capital Resources

Management assesses liquidity in terms of the Company's ability to generate sufficient cash flow, along with other sources of liquidity including cash and borrowings, to fund its operations and growth in operations. Liquidity is affected by the following items:

- operating activities, including the level of accounts receivable, inventories, accounts payable, rental equipment, and financing provided to customers;
- investing activities, including property, plant, and equipment and intangible asset expenditures, acquisitions of complementary businesses, and divestitures of non-core businesses; and
- financing activities, including bank credit facilities, long-term debt, and other capital market activities, providing both short-term and long-term financing.

The magnitude of each of these items is shown in the following table:

	3 months ended September 30			9 months ended September 30		
($ millions)	**2018**	2017	Decrease in cash from 2017	**2018**	2017	Decrease in cash from 2017
Cash (used in) provided by operating activities	**$ (6)**	$ 55	$ (61)	**$ (230)**	$ (115)	$ (115)
Cash used in investing activities	**$ (43)**	$ (33)	$ (10)	**$ (111)**	$ (68)	$ (43)
Cash (used in) provided by financing activities	**$ (25)**	$ 98	$ (123)	**$ 92**	$ 131	$ (39)
Free Cash Flow	**$ (49)**	$ 22	$ (71)	**$ (340)**	$ (185)	$ (155)

The most significant contributors to the changes in cash flows for 2018 over 2017 were as follows:

	Quarter over Quarter	Year over Year
Cash (used in) provided by operating activities	• higher spend on equipment inventory in all operations reflecting higher demand • higher supplier payments in the Company's UK & Ireland operations due to timing • partially offset by strong collections in the Company's South American operations	• higher supplier payments in the Company's South American operations due to timing • higher spend on equipment inventory in all operations, but primarily the Company's Canadian operations reflecting higher demand • partially offset by strong collections in the Company's Canadian and South American operations, as well as an increase in customer deposits in the Company's Canadian operations
Cash used in investing activities	• higher capital expenditures in the current year quarter primarily from an investment in a new ERP system in the Company's South American operations	• higher capital expenditures in the first nine months of 2018 primarily from an investment in a new ERP system in the Company's South American operations
Cash (used in) provided by financing activities	• $200 million cash provided by long-term debt issuance in prior year period • $11 million cash provided by short-term debt compared with a repayment of $69 million short-term debt in Q3 2017	• $200 million cash provided by long-term debt issuance in prior year period • higher use of cash to repurchase common shares than the prior year comparable period • partially offset by $205 million cash provided by short-term debt during the first nine months of 2018 which was higher than the $31 million in the comparable period in 2017
Free Cash Flow use	• higher use of cash in operating activities for the reasons outlined above	• higher use of cash in operating activities for the reasons outlined above as well as higher capital expenditures

Capital resources and management

The Company's cash and cash equivalents balance at September 30, 2018 was $221 million (December 31, 2017: $458 million; September 30, 2017: $516 million). To complement the internally generated funds from operating and investing activities, the Company has $1.9 billion in unsecured credit facilities. Included in this amount is a syndicated committed credit facility totaling $1.0 billion with various Canadian and global financial institutions, of which $0.8 billion was available at September 30, 2018.

Based on the availability of these facilities, the Company's business operating plans, and the discretionary nature of certain cash outflows, such as rental and capital expenditures, the Company believes it continues to have sufficient liquidity to meet operational needs and planned growth and development.

The Company is rated [(1)] by both Dominion Bond Rating Service (DBRS) and Standard & Poor's (S&P):

	Long-term debt		**Short-term debt**	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
DBRS	BBB (high)	BBB (high)	R-2 (high)	R-2 (high)
S&P	BBB+	BBB+	N/A	N/A

In September 2018, DBRS reconfirmed the Company's BBB (high) long term rating as well as its commercial paper rating at R-2 (high), reflecting the Company's improved performance, supported by strong market fundamentals and diversified operations.

During the first nine months of 2018, the Company repurchased 314,693 Finning common shares for cancellation at an average price of $32.87 per share through a share repurchase program by way of a Normal Course Issuer Bid (NCIB) [(2)]. In the 9 months ended September 30, 2017, the Company repurchased 89,900 common shares for cancellation at an average price of $25.45 per share under the NCIB in effect at that time.

Net Debt to Invested Capital

	September 30, 2018	June 30, 2018	December 31, 2017 (Restated) [(a)]	September 30, 2017 (Restated) [(a)]
Net debt to invested capital	**38.4%**	37.0%	30.2%	37.4%

(a) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

The Company is subject to a maximum Net Debt to Invested Capital ratio of 62.5% pursuant to a covenant in its syndicated bank credit facility. The Company was in compliance with this covenant at the end of Q3 2018.

Accounting Policies and Pronouncements

New Accounting Policies and Interpretations

Effective January 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers*, IFRS 9, *Financial Instruments*, and IFRIC 22, *Foreign Currency Transactions and Advance Consideration*. The Company's new accounting policies and the impact of the adoption of the new accounting policies and interpretation on the Company's financial results are disclosed in note 1 of the Company's Interim Financial Statements.

The effect of future accounting pronouncements and effective dates are also discussed in note 1 of the Interim Financial Statements.

(1) A security rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

(2) The Company renewed its NCIB for a further year effective May 11, 2018. A copy of the NCIB notice is available on request from the Company. Direct your request to the Corporate Secretary, 300 - 565 Great Northern Way, Vancouver BC V5T 0H8.

Risk Factors and Management

Finning and its subsidiaries are exposed to market, credit, liquidity, and other risks in the normal course of their business activities. The Company's Enterprise Risk Management (ERM) process is designed to ensure that such risks are identified, managed, and reported. This ERM framework assists the Company in managing business activities and risks across the organization in order to achieve the Company's strategic objectives.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are reviewed by the Audit Committee. The Audit Committee also reviews the adequacy of disclosures of key risks in the Company's AIF, MD&A, and annual consolidated financial statements. All key financial risks are disclosed in the annual MD&A and other key business risks are disclosed in the Company's AIF. Copies of the Company's MD&A and AIF are available on SEDAR at www.sedar.com and in the investors section of the Company's website at www.finning.com.

Key exchange rates that impacted the Company's results were as follows:

Exchange rate	September 30			December 31		3 months ended September 30 – average			9 months ended September 30 – average		
	2018	2017	Change	2017	Change	**2018**	2017	Change	**2018**	2017	Change
USD/CAD	**1.2945**	1.2480	(4)%	1.2545	(3)%	**1.3070**	1.2528	(4)%	**1.2876**	1.3074	2 %
GBP/CAD	**1.6875**	1.6716	(1)%	1.6961	1 %	**1.7035**	1.6396	(4)%	**1.7401**	1.6671	(4)%
USD/CLP	**661.50**	636.85	(4)%	615.22	(8)%	**662.41**	642.54	(3)%	**627.60**	654.36	4 %
USD/ARS	**41.25**	17.31	(138)%	18.65	(121)%	**31.18**	17.29	(80)%	**23.86**	16.17	(48)%

The impact of foreign exchange due to fluctuation in the value of the CAD relative to the USD, GBP, Chilean Peso (CLP), and ARS is expected to continue to affect Finning's results.

Controls and Procedures Certification

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them in a timely manner.

The Company has a Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information.

- The Disclosure Policy sets out accountabilities, authorized spokespersons, and Finning's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.
- The Disclosure Committee, consisting of senior management and legal counsel, reviews all financial information prepared for communication to the public to ensure it meets all regulatory requirements. The Disclosure Committee is responsible for raising any outstanding issues it believes require the attention of the Audit Committee for that Committee's approval prior to recommending disclosure, subject to legal requirements applicable to disclosure of material information.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2018, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Regular involvement of the Company's internal audit function and quarterly reporting to the Audit Committee assist in providing reasonable assurance that the objectives of the control system are met. While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the objectives of the control systems are met, they are aware that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Outstanding Share Data

As at November 1, 2018	
Common shares outstanding	168,191,161
Options outstanding	3,222,383

Description of Non-GAAP Financial Measures and Reconciliations

Non-GAAP Financial Measures

Management believes that providing certain non-GAAP financial measures provides users of the Company's MD&A and consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS financial measures, where available, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS financial measures alone.

The non-GAAP financial measures used by management do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for GAAP measures as determined in accordance with IFRS.

Set out below is a description of the non-GAAP financial measures used by the Company in this MD&A and a quantitative reconciliation from each non-GAAP financial measure to the most directly comparable GAAP measure, where available, specified, defined, or determined under GAAP and used in the Company's consolidated financial statements.

Key Performance Indicators

Management uses KPIs to consistently measure performance against the Company's priorities across the organization. The Company's KPIs include, among others, ROIC, net debt to invested capital, inventory turns, invested capital turnover, working capital to sales ratio, equipment backlog, and net debt to EBITDA ratio. These KPIs, including those that are expressed as ratios, are non-GAAP financial measures that do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

Adjusted net income and Adjusted EPS

Adjusted net income excludes from net income (as disclosed in the Company's interim condensed consolidated statement of income) the after-tax amounts of significant items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance. The tax impact of each significant item is calculated by applying the relevant applicable tax rate for the jurisdiction in which the significant item occurred.

Adjusted EPS is calculated by dividing Adjusted net income by the weighted average number of common shares outstanding during the period.

A reconciliation between net income and EPS (the most directly comparable GAAP measures) and Adjusted net income and Adjusted EPS can be found on pages 7 and 13 of this MD&A.

EBITDA, Adjusted EBITDA, and Adjusted EBIT

EBITDA is defined as earnings before finance costs, income taxes, depreciation, and amortization and is utilized by management to assess and evaluate the financial performance of its reportable segments. Management believes that EBITDA improves comparability between periods by eliminating the impact of finance costs, income taxes, depreciation, and amortization. EBITDA is also commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses and is a common valuation metric.

Management may also calculate an Adjusted EBIT and Adjusted EBITDA to exclude items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance.

EBITDA is calculated by adding depreciation and amortization to EBIT. Adjusted EBITDA is calculated by adding depreciation and amortization to Adjusted EBIT.

The most directly comparable GAAP measure to EBITDA is EBIT.

A reconciliation between EBIT, EBITDA, Adjusted EBIT, and Adjusted EBITDA for the consolidated operations for the last nine quarters is as follows:

3 months ended	**2018**			2017 (Restated) [1]				2016	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 93**	$ 126	$ 113	$ 109	$ 100	$ 97	$ 86	$ 18	$ 73
Depreciation and amortization	**49**	45	44	45	46	48	45	47	46
EBITDA	**$ 142**	$ 171	$ 157	$ 154	$ 146	$ 145	$ 131	$ 65	$ 119
EBITDA – last 12 months	**$ 624**	$ 628	$ 602	$ 576	$ 487	$ 460	$ 392	$ 357	$ 10
EBIT	**$ 93**	$ 126	$ 113	$ 109	$ 100	$ 97	$ 86	$ 18	$ 73
Significant items:									
Write-off and loss related to Energyst	**30**	—	—	—	—	—	—	—	—
Insurance proceeds from Alberta wildfires	**—**	—	(7)	(4)	—	—	—	—	—
Severance costs	**—**	—	—	5	—	—	—	15	—
Facility closures and restructuring costs	**—**	—	—	—	—	—	—	32	—
Power systems project provisions, estimated loss on disputes and alleged fraudulent activity by a customer	**—**	—	—	—	—	—	—	10	—
Gain on investment	**—**	—	—	—	—	—	—	(5)	—
Adjusted EBIT	**$ 123**	$ 126	$ 106	$ 110	$ 100	$ 97	$ 86	$ 70	$ 73
Depreciation and amortization	**49**	45	44	45	46	48	45	47	46
Adjusted EBITDA	**$ 172**	$ 171	$ 150	$ 155	$ 146	$ 145	$ 131	$ 117	$ 119
Adjusted EBIT – last 12 months	**$ 465**	$ 442	$ 413	$ 393	$ 353	$ 326	$ 292	$ 273	$ 285
Adjusted EBITDA – last 12 months	**$ 648**	$ 622	$ 596	$ 577	$ 539	$ 512	$ 478	$ 465	$ 487

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

A reconciliation between EBIT, EBITDA, Adjusted EBIT, and Adjusted EBITDA for the Canadian operations for the last nine quarters is as follows:

3 months ended	**2018**			2017 (Restated) [(1)]				2016	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 78**	$ 77	$ 71	$ 67	$ 57	$ 55	$ 46	$ (3)	$ 37
Depreciation and amortization	**26**	22	22	24	25	26	24	24	24
EBITDA	**$ 104**	$ 99	$ 93	$ 91	$ 82	$ 81	$ 70	$ 21	$ 61
EBITDA – last 12 months	**$ 387**	$ 365	$ 347	$ 324	$ 254	$ 233	$ 205	$ 187	$ 185
EBIT	**$ 78**	$ 77	$ 71	$ 67	$ 57	$ 55	$ 46	$ (3)	$ 37
Significant items:									
Insurance proceeds from Alberta wildfires	**—**	—	(7)	(4)	—	—	—	—	—
Severance costs	**—**	—	—	3	—	—	—	15	—
Facility closures and restructuring costs	**—**	—	—	—	—	—	—	32	—
Adjusted EBIT	**$ 78**	$ 77	$ 64	$ 66	$ 57	$ 55	$ 46	$ 44	$ 37
Depreciation and amortization	**26**	22	22	24	25	26	24	24	24
Adjusted EBITDA	**$ 104**	$ 99	$ 86	$ 90	$ 82	$ 81	$ 70	$ 68	$ 61
Adjusted EBIT – last 12 months	**$ 285**	$ 264	$ 242	$ 224	$ 202	$ 182	$ 167	$ 154	$ 149

A reconciliation between EBIT, EBITDA, Adjusted EBIT, and Adjusted EBITDA for the South American operations for the last nine quarters is as follows:

3 months ended	**2018**			2017 (Restated) [(1)]				2016	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 37**	$ 47	$ 46	$ 50	$ 48	$ 42	$ 44	$ 27	$ 40
Depreciation and amortization	**15**	15	15	15	13	15	15	16	15
EBITDA	**$ 52**	$ 62	$ 61	$ 65	$ 61	$ 57	$ 59	$ 43	$ 55
EBITDA – last 12 months	**$ 240**	$ 249	$ 244	$ 242	$ 220	$ 214	$ 210	$ 199	$ (123)
EBIT	**$ 37**	$ 47	$ 46	$ 50	$ 48	$ 42	$ 44	$ 27	$ 40
Significant items:									
Severance costs	**—**	—	—	2	—	—	—	—	—
Estimated loss on alleged fraudulent activity by a customer	**—**	—	—	—	—	—	—	10	—
Adjusted EBIT	**$ 37**	$ 47	$ 46	$ 52	$ 48	$ 42	$ 44	$ 37	$ 40
Depreciation and amortization	**15**	15	15	15	13	15	15	16	15
Adjusted EBITDA	**$ 52**	$ 62	$ 61	$ 67	$ 61	$ 57	$ 59	$ 53	$ 55
Adjusted EBIT – last 12 months	**$ 182**	$ 193	$ 188	$ 186	$ 171	$ 163	$ 160	$ 155	$ 164

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

A reconciliation between EBIT, EBITDA, Adjusted EBIT, and Adjusted EBITDA for the UK & Ireland operations for the last nine quarters is as follows:

3 months ended	**2018**			2017 (Restated) [1]				2016	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 15**	$ 14	$ 10	$ 8	$ 9	$ 13	$ 7	$ 8	$ 10
Depreciation and amortization	**8**	7	7	6	7	7	6	7	7
EBITDA	**$ 23**	$ 21	$ 17	$ 14	$ 16	$ 20	$ 13	$ 15	$ 17
EBITDA – last 12 months	**$ 75**	$ 68	$ 67	$ 63	$ 64	$ 65	$ 27	$ 18	$ (21)
Adjusted EBIT [2]	**$ 15**	$ 14	$ 10	$ 8	$ 9	$ 13	$ 7	$ 8	$ 10
Depreciation and amortization	**8**	7	7	6	7	7	6	7	7
Adjusted EBITDA [2]	**$ 23**	$ 21	$ 17	$ 14	$ 16	$ 20	$ 13	$ 15	$ 17
Adjusted EBIT – last 12 months [2]	**$ 47**	$ 41	$ 40	$ 37	$ 37	$ 38	$ 20	$ 16	$ 11

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) There have been no significant items adjusted in the UK & Ireland operations since Q2 2016, therefore the Adjusted metrics for all periods presented above are the same as the reported metrics.

Adjusted EBIT Margin, EBITDA Margin, and Adjusted EBITDA Margin

These measures are defined, respectively, as Adjusted EBIT divided by total revenue, EBITDA divided by total revenue, and Adjusted EBITDA divided by total revenue, using total revenue as disclosed in the Company's interim condensed consolidated statement of income. These measures are utilized by management to assess and evaluate the financial performance or profitability of its reportable segments.

Free Cash Flow

Free Cash Flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in the Company's interim condensed consolidated statement of cash flow. Free Cash Flow is a measure used by the Company to assess cash operating performance and the ability to raise and service debt. A reconciliation of Free Cash Flow is as follows:

3 months ended	**2018**			2017				2016	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cash flow (used in) provided by operating activities	**$ (6)**	$ 18	$ (242)	$ 398	$ 55	$ (112)	$ (58)	$ 131	$ 177
Additions to property, plant, and equipment and intangible assets	**(46)**	(46)	(32)	(49)	(33)	(20)	(19)	(20)	(17)
Proceeds on disposal of property, plant, and equipment	**3**	—	11	1	—	1	1	2	3
Free Cash Flow	**$ (49)**	$ (28)	$ (263)	$ 350	$ 22	$ (131)	$ (76)	$ 113	$ 163

Inventory Turns

Inventory turns is the number of times the Company's inventory is sold and replaced over a period and is used by management as a measure of asset utilization. Inventory turns is calculated as annualized cost of sales for the last six months divided by average inventory, based on an average of the last two quarters, as follows:

	2018			2017 (Restated) [(1)]				2016	
($ millions, except as noted)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cost of sales – annualized	**$ 5,139**	$ 4,987	$ 5,056	$ 4,862	$ 4,590	$ 4,342	$ 4,240	$ 4,150	$ 3,862
Inventory – 2 quarter average	**$ 1,992**	$ 1,937	$ 1,807	$ 1,726	$ 1,767	$ 1,720	$ 1,624	$ 1,663	$ 1,707
Inventory turns (number of times)	**2.58**	2.57	2.80	2.82	2.60	2.52	2.61	2.49	2.26

Invested Capital Turnover

Invested capital turnover is used by management as a measure of efficiency in the use of the Company's invested capital and is calculated as total revenue for the last twelve months divided by invested capital, defined on page 35, based on an average of the last four quarters, as follows:

	2018			2017 (Restated) [(1)]				2016	
($ millions, except as noted)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Consolidated									
Revenue – last 12 months	**$ 6,887**	$ 6,670	$ 6,525	$ 6,256	$ 6,014	$ 5,809	$ 5,535	$ 5,628	$ 5,674
Invested capital – 4 quarter average	**$ 3,212**	$ 3,128	$ 3,065	$ 2,993	$ 2,989	$ 2,944	$ 2,927	$ 2,960	$ 3,071
Invested capital turnover (number of times)	**2.14**	2.13	2.13	2.09	2.01	1.97	1.89	1.90	1.85
Canada									
Revenue – last 12 months	**$ 3,525**	$ 3,351	$ 3,234	$ 3,072	$ 2,932	$ 2,815	$ 2,659	$ 2,821	$ 2,819
Invested capital – 4 quarter average	**$ 1,782**	$ 1,746	$ 1,727	$ 1,690	$ 1,684	$ 1,660	$ 1,643	$ 1,656	$ 1,697
Invested capital turnover (number of times)	**1.98**	1.92	1.87	1.82	1.74	1.70	1.62	1.70	1.66
South America									
Revenue – last 12 months	**$ 2,250**	$ 2,241	$ 2,206	$ 2,157	$ 2,103	$ 2,015	$ 1,930	$ 1,857	$ 1,850
Invested capital – 4 quarter average	**$ 1,117**	$ 1,091	$ 1,060	$ 1,032	$ 1,036	$ 1,024	$ 1,031	$ 1,030	$ 1,062
Invested capital turnover (number of times)	**2.01**	2.05	2.08	2.09	2.03	1.97	1.87	1.80	1.74
UK & Ireland									
Revenue – last 12 months	**$ 1,112**	$ 1,078	$ 1,085	$ 1,027	$ 979	$ 979	$ 946	$ 950	$ 1,005
Invested capital – 4 quarter average	**$ 337**	$ 314	$ 298	$ 288	$ 282	$ 267	$ 256	$ 268	$ 294
Invested capital turnover (number of times)	**3.30**	3.44	3.65	3.56	3.47	3.66	3.69	3.54	3.41

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Net Debt to Invested Capital Ratio

Net Debt to Invested Capital is a ratio that is calculated as net debt divided by invested capital (both defined below), and is used by management as a measurement of the Company's financial leverage.

Net debt is calculated as short-term and long-term debt, net of cash. Invested capital is net debt plus all components of shareholders' equity (share capital, contributed surplus, accumulated other comprehensive income, and retained earnings). Invested capital is also calculated as total assets less total liabilities, excluding net debt. Invested capital is used by management as a measure of the total cash investment made in the Company and each reportable segment. Management uses invested capital in a number of different measurements in assessing financial performance against other companies and between reportable segments. The calculation of Net Debt to Invested Capital is as follows:

	2018			2017 (Restated) [(1)]				2016	
($ millions, except as noted)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cash and cash equivalents	**$ (221)**	$ (300)	$ (325)	$ (458)	$ (516)	$ (411)	$ (489)	$ (593)	$ (460)
Short-term debt	**223**	213	169	18	32	102	16	2	8
Current portion of long-term debt	**—**	—	—	—	350	350	—	—	—
Long-term debt	**1,315**	1,330	1,322	1,296	1,291	1,116	1,481	1,487	1,474
Net debt	**1,317**	1,243	1,166	856	1,157	1,157	1,008	896	1,022
Shareholders' equity	**2,114**	2,119	2,060	1,974	1,938	1,951	1,932	1,901	1,895
Invested capital	**$ 3,431**	$ 3,362	$ 3,226	$ 2,830	$ 3,095	$ 3,108	$ 2,940	$ 2,797	$ 2,917
Net debt to invested capital	**38.4%**	37.0%	36.1%	30.2%	37.4%	37.2%	34.3%	32.0%	35.0%

Net Debt to EBITDA Ratio and Net Debt to Adjusted EBITDA Ratio

These ratios are calculated, respectively, as net debt, defined and calculated above, divided by EBITDA, and net debt divided by Adjusted EBITDA, for the last twelve months. These ratios are used by management in assessing the Company's operating leverage and ability to repay its debt. These ratios approximate the length of time, in years, that it would take the Company to repay its debt, with net debt and EBITDA or Adjusted EBITDA held constant. These ratios are calculated as follows:

	2018			2017 (Restated) [(1)]				2016	
($ millions, except as noted)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Net debt	**$ 1,317**	$ 1,243	$ 1,166	$ 856	$ 1,157	$ 1,157	$ 1,008	$ 896	$ 1,022
EBITDA – last 12 months	**$ 624**	$ 628	$ 602	$ 576	$ 487	$ 460	$ 392	$ 357	$ 10
Net Debt to EBITDA Ratio	**2.1**	2.0	1.9	1.5	2.4	2.5	2.6	2.5	109.4
Net debt	**$ 1,317**	$ 1,243	$ 1,166	$ 856	$ 1,157	$ 1,157	$ 1,008	$ 896	$ 1,022
Adjusted EBITDA – last 12 months	**$ 648**	$ 622	$ 596	$ 577	$ 539	$ 512	$ 478	$ 465	$ 487
Net Debt to Adjusted EBITDA Ratio	**2.0**	2.0	2.0	1.5	2.1	2.3	2.1	1.9	2.1

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

ROIC and Adjusted ROIC

Return on Invested Capital, or ROIC, is defined as EBIT for the last twelve months divided by invested capital (defined above), based on an average of the last four quarters, expressed as a percentage.

Management views ROIC (at a consolidated and reportable segment level), as a useful measure for supporting investment and resource allocation decisions, as it adjusts for certain items that may affect comparability between certain competitors and segments. Management may also calculate an Adjusted ROIC using Adjusted EBIT to exclude significant items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance.

ROIC and Adjusted ROIC are calculated as follows:

	2018			2017 (Restated) [(1)]				2016	
($ millions, except as noted)	**Sep 30**	**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Consolidated									
EBIT – last 12 months	**$ 441**	$ 448	$ 419	$ 392	$ 301	$ 274	$ 206	$ 165	$ (202)
Adjusted EBIT – last 12 months	**$ 465**	$ 442	$ 413	$ 393	$ 353	$ 326	$ 292	$ 273	$ 285
Invested capital – 4 quarter average	**$ 3,212**	$ 3,128	$ 3,065	$ 2,993	$ 2,989	$ 2,944	$ 2,927	$ 2,960	$ 3,071
ROIC	**13.7%**	14.3%	13.7%	13.1%	10.1%	9.3%	7.1%	5.6%	(6.6)%
Adjusted ROIC	**14.5%**	14.2%	13.5%	13.1%	11.8%	11.1%	10.0%	9.3%	9.2%
Canada									
EBIT – last 12 months	**$ 293**	$ 272	$ 250	$ 225	$ 155	$ 135	$ 108	$ 87	$ 73
Adjusted EBIT – last 12 months	**$ 285**	$ 264	$ 242	$ 224	$ 202	$ 182	$ 167	$ 154	$ 149
Invested capital – 4 quarter average	**$ 1,782**	$ 1,746	$ 1,727	$ 1,690	$ 1,684	$ 1,660	$ 1,643	$ 1,656	$ 1,697
ROIC	**16.4%**	15.5%	14.5%	13.3%	9.2%	8.1%	6.6%	5.3%	4.3%
Adjusted ROIC	**16.0%**	15.1%	14.0%	13.2%	12.0%	11.0%	10.2%	9.3%	8.7%
South America									
EBIT – last 12 months	**$ 180**	$ 191	$ 186	$ 184	$ 161	$ 153	$ 149	$ 137	$ (193)
Adjusted EBIT – last 12 months	**$ 182**	$ 193	$ 188	$ 186	$ 171	$ 163	$ 160	$ 155	$ 164
Invested capital – 4 quarter average	**$ 1,117**	$ 1,091	$ 1,060	$ 1,032	$ 1,036	$ 1,024	$ 1,031	$ 1,030	$ 1,062
ROIC	**16.2%**	17.5%	17.6%	17.8%	15.5%	14.9%	14.5%	13.3%	(18.1)%
Adjusted ROIC	**16.4%**	17.7%	17.8%	18.1%	16.5%	16.0%	15.6%	15.0%	15.6%
UK & Ireland									
EBIT – last 12 months	**$ 47**	$ 41	$ 40	$ 37	$ 37	$ 38	$ (1)	$ (12)	$ (51)
Adjusted EBIT – last 12 months	**$ 47**	$ 41	$ 40	$ 37	$ 37	$ 38	$ 20	$ 16	$ 11
Invested capital – 4 quarter average	**$ 337**	$ 314	$ 298	$ 288	$ 282	$ 267	$ 256	$ 268	$ 294
ROIC	**14.0%**	13.2%	13.4%	12.8%	12.9%	13.9%	(0.5)%	(4.5)%	(17.4)%
Adjusted ROIC	**14.0%**	13.2%	13.4%	12.8%	12.9%	13.9%	7.7%	5.9%	3.4%

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

Working Capital and Working Capital to Sales Ratio

Working capital is defined as total current assets (excluding cash and cash equivalents) less total current liabilities (excluding short-term debt and current portion of long-term debt). Management views working capital as a measure for assessing overall liquidity.

The working capital to sales ratio is calculated as follows:

	2018			2017 (Restated) [1]				2016	
($ millions, except as noted)	**Sep 30**	**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Total current assets	**$ 3,696**	$ 3,763	$ 3,687	$ 3,531	$ 3,566	$ 3,493	$ 3,389	$ 3,378	$ 3,319
Cash and cash equivalents	**(221)**	(300)	(325)	(458)	(516)	(411)	(489)	(593)	(460)
Total current assets [2]	**$ 3,475**	$ 3,463	$ 3,362	$ 3,073	$ 3,050	$ 3,082	$ 2,900	$ 2,785	$ 2,859
Total current liabilities	**$ 1,734**	$ 1,742	$ 1,626	$ 1,545	$ 1,648	$ 1,703	$ 1,232	$ 1,233	$ 1,194
Short-term debt	**(223)**	(213)	(169)	(18)	(32)	(102)	(16)	(2)	(8)
Current portion of long-term debt	**—**	—	—	—	(350)	(350)	—	—	—
Total current liabilities [3]	**$ 1,511**	$ 1,529	$ 1,457	$ 1,527	$ 1,266	$ 1,251	$ 1,216	$ 1,231	$ 1,186
Working capital	**$ 1,964**	$ 1,934	$ 1,905	$ 1,546	$ 1,784	$ 1,831	$ 1,684	$ 1,554	$ 1,673
Working capital – 4 quarter average	**$ 1,837**	$ 1,793	$ 1,767	$ 1,712	$ 1,717	$ 1,690	$ 1,687	$ 1,709	$ 1,785
Revenue – last 12 months ended	**$ 6,887**	$ 6,670	$ 6,525	$ 6,256	$ 6,014	$ 5,809	$ 5,535	$ 5,628	$ 5,674
Working capital to sales	**26.7%**	26.9%	27.1%	27.4%	28.6%	29.1%	30.5%	30.4%	31.5%

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) Excluding cash and cash equivalents

(3) Excluding short-term debt and current portion of long-term debt

Equipment Backlog and Order Intake

The Company's global equipment backlog is defined as the retail value of new equipment units ordered by customers for future deliveries. Order intake represents committed new equipment orders. Management uses equipment backlog and order intake as measures of projecting future new equipment deliveries. There are no directly comparable IFRS measures for equipment backlog and order intake.

Selected Quarterly Information

($ millions, except for share, per share, and option amounts)	2018			2017 (Restated) [1]				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from operations								
Canada	**$ 910**	$ 907	$ 852	$ 856	$ 736	$ 790	$ 690	$ 716
South America	**558**	551	552	589	549	516	503	535
UK & Ireland	**287**	271	266	288	253	278	208	240
Total revenue	**$ 1,755**	$ 1,729	$ 1,670	$ 1,733	$ 1,538	$ 1,584	$ 1,401	$ 1,491
Net income [2]	**$ 25**	$ 81	$ 71	$ 64	$ 50	$ 55	$ 47	$ 9
Earnings Per Share [2]								
Basic EPS	**$ 0.15**	$ 0.48	$ 0.42	$ 0.38	$ 0.29	$ 0.33	$ 0.28	$ 0.05
Diluted EPS	**$ 0.15**	$ 0.48	$ 0.42	$ 0.38	$ 0.29	$ 0.33	$ 0.28	$ 0.05
Total assets	**$ 5,413**	$ 5,457	$ 5,254	$ 5,069	$ 5,111	$ 5,002	$ 4,882	$ 4,910
Long-term debt								
Current	**$ —**	$ —	$ —	$ —	$ 350	$ 350	$ —	$ —
Non-current	**1,315**	1,330	1,322	1,296	1,291	1,116	1,481	1,487
Total long-term debt [3]	**$ 1,315**	$ 1,330	$ 1,322	$ 1,296	$ 1,641	$ 1,466	$ 1,481	$ 1,487
Cash dividends paid per common share	**20.00¢**	20.00¢	19.00¢	19.00¢	19.00¢	18.25¢	18.25¢	18.25¢
Common shares outstanding (000's)	**168,191**	168,184	168,401	168,267	168,118	168,097	168,083	168,167
Options outstanding (000's)	**3,226**	3,241	3,301	3,864	4,574	4,755	4,501	4,564

(1) The 2017 comparative results have been restated to reflect the Company's adoption of IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* effective for the financial year beginning January 1, 2018. More information on the impact of this adoption can be found in note 1 of the Company's Interim Financial Statements.

(2) Results were impacted by the following significant items:

($ millions except per share amounts)	2018 [a]		2017 [a]		2016 [a]
	Q3	Q1	Q4	Q3	Q4
Write-off and loss related to Energyst	**$ 30**	$ —	$ —	$ —	$ —
Insurance proceeds from Alberta wildfires	**—**	(7)	(4)	—	—
Severance costs	**—**	—	5	—	15
Gain on investment	**—**	—	—	—	(5)
Facility closures and restructuring costs	**—**	—	—	—	32
Power systems provisions, estimated loss on disputes and alleged fraudulent activity by a customer	**—**	—	—	—	10
Impact of significant items on EBIT:	**$ 30**	$ (7)	$ 1	$ —	$ 52
Items impacting net income only (below EBIT) - impact on EPS:					
Tax impact of devaluation of ARS ($20 million)	**0.12**	—	—	—	—
Redemption costs on early repayment of long-term debt ($7 million after tax)	**—**	—	—	0.04	—
Impact of significant items on EPS:	**$ 0.30**	$ (0.03)	$ 0.01	$ 0.04	$ 0.23

(a) There were no adjustments in Q2 2018, Q1 and Q2 2017.

(3) In September 2017, the Company issued $200 million of 2.84% senior unsecured notes, due September 29, 2021. Proceeds from the issuance of the Notes were used to redeem, prior to maturity, all of the outstanding $350 million 6.02% Medium Term Notes due June 1, 2018.

In October 2017, the Company completed a two-year extension to its $1.0 billion syndicated committed credit facility, extending the maturity date to October 2022.

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy, markets and activities and the associated impact on the Company's financial results; in Canada, activity levels from mining producers and contractors, demand for mining, oil sands, construction and pipeline equipment, parts and services, demand for power systems products, expected deliveries of new equipment, competitive market conditions, upcoming infrastructure projects, and activity in the oil and gas sector; in South America, expected demand for mining equipment and product support as a result of copper production and fleet utilization, expected impact of trade wars on the price of copper, expectations of increased investment in infrastructure by the new Chilean government and resulting activity in the construction sector, increased copper production and fleet utilization in Chile and its impact on demand for mining equipment and product support, expectations regarding the Argentina government's continuing level of public investment in infrastructure and the expectation that oil and gas development will proceed in Argentina and provide meaningful upside for future equipment and product support demand despite current economic uncertainty; expectation of continued solid operating performance in Chile; no longer expects to achieve EBIT margin target of 8.5% in South America in 2018; actions taken to reduce its cost structure in Argentina to align with expected lower activity levels; in the UK & Ireland, demand for power systems in the industrial and electric power segments, activity levels in the quarry, general construction, and plant hire sectors; the impact of Brexit; expected impact of and volatility in foreign exchange markets; expected revenue and free cash flow; expected profitability levels; Finning's belief that it continues to have sufficient liquidity to meet operational needs and planned growth and development; expected progress on optimizing the global supply chain and its expected results; expected results from cost reductions and sustainability improvements; the Company's commitment to improving ROIC; Finning's commitment to define and implement a five-year sustainability roadmap which prioritizes actions to address gaps with best standard and recognized practices, and strengthen engagements with stakeholders; the development of a five-year plan to increase inclusion and diversity; the aim to have at least 30 percent women representation on the Board of Directors; timing and delivery of innovative customer solutions; the Global Strategic Priorities; use of technology to improve customer experience, enable data-driven decisions and reduce cost to serve; the expected impact of recently adopted accounting standards and interpretation or future expected changes; expected results from execution of the Company's strategic framework; and Finning's plans to manage its financial risks and uncertainties. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report reflect Finning's expectations at the date in this MD&A. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's ability to maintain its relationship with Caterpillar; Finning's dependence on the continued market acceptance of its products, including Caterpillar products, and the timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenue occurs; Finning's ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals, and secure financing on attractive terms or at all; Finning's ability to manage its growth strategy effectively; Finning's ability to effectively price and manage long-term product support contracts with its customers; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the occurrence of one or more natural disasters, pandemic outbreaks, geo-political events, acts of terrorism or similar disruptions; fluctuations in defined benefit pension plan contributions and related pension expenses; the availability of insurance at commercially reasonable rates or that the amount of insurance coverage will be adequate to cover all liability or loss incurred by Finning; the potential of warranty claims being greater than Finning anticipates; the integrity, reliability and availability of, and benefits from information technology and the data processed by that technology; and Finning's ability to protect itself from cybersecurity threats or incidents. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of Finning's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that Finning believed were reasonable on the day the Company made the forward-looking statements including but not limited to (i) that general economic and market conditions will be maintained; (ii) that the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services will be maintained; (iii) Finning's ability to successfully execute its plans and intentions; (vi) Finning's ability to attract and retain skilled staff; (iv) market competition; (v) the products and technology offered by the Company's competitors; and (vi) that our current good relationships with Caterpillar, our suppliers, service providers and other third parties will be maintained. Refer in particular to the Outlook section of this MD&A for forward-looking statements. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in Section 4 of the Company's current AIF and in the annual MD&A for the financial risks.

Finning cautions readers that the risks described in the MD&A and the AIF are not the only ones that could impact the Company. Additional risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also have a material adverse effect on Finning's business, financial condition, or results of operation.