

Finning reports Q3 2021 results

Vancouver, B.C. – Finning International Inc. (TSX: FTT) (“Finning”, “the Company”, “we”, “our” or “us”) reported third quarter 2021 results today. All monetary amounts are in Canadian dollars unless otherwise stated.

HIGHLIGHTS

All comparisons are to Q3 2020 results unless indicated otherwise.

- Q3 2021 EPS⁽¹⁾ of \$0.61 per share was a record third quarter EPS performance.
- Q3 2021 revenue of \$1.9 billion and net revenue⁽²⁾ of \$1.7 billion were up 23% and 21%, respectively, from Q3 2020, driven by stronger new equipment sales in South America and the UK & Ireland and product support revenue growth in all regions.
- Q3 2021 SG&A⁽¹⁾ as a percentage of net revenue⁽²⁾ was 17.8%, down 230 basis points from Q3 2020, and down 50 basis points from Q2 2021, reflecting savings from our 2020 cost reduction program and ongoing initiatives to further reduce fixed costs.
- All regions delivered improved operating leverage in Q3 2021, with consolidated EBIT⁽¹⁾ as a percentage of net revenue⁽²⁾ of 8.6%, up 160 basis points compared to Adjusted EBIT as a percentage of net revenue⁽²⁾⁽³⁾ in Q3 2020. Q3 2021 EBIT as a percentage of net revenue was 10.4% in Canada, 9.2% in South America, and 5.6% in the UK & Ireland.
- Adjusted ROIC⁽¹⁾⁽²⁾⁽³⁾ of 14.7% was up 510 basis points from Q4 2020, with a significant increase in all regions. In South America, Adjusted ROIC of 19.0% was the highest since 2012.
- Strong free cash flow⁽²⁾ conversion in Q3 2021 resulted in free cash flow of \$176 million, bringing year-to-date free cash flow to \$152 million. Our net debt to Adjusted EBITDA⁽¹⁾ ratio ⁽²⁾⁽³⁾ was 1.3 at September 30, 2021, down from 1.4 at December 31, 2020.
- Consolidated equipment backlog⁽²⁾ was \$1.6 billion at September 30, 2021, up from \$1.4 billion at June 30, 2021, driven by increases in the UK & Ireland and Canada.

“Our global team continues to successfully execute on our strategic plan to grow product support, reduce costs, and re-invest free cash flow to compound our earnings. Strong operating leverage drove a record third quarter EPS, and we now expect to achieve our mid-cycle EPS and ROIC⁽²⁾ targets ahead of schedule. We are working closely with our customers to meet their equipment needs in an environment of increasingly constrained supply. We have been proactively managing our inventory, increasing it by \$150 million year to date, sourcing used equipment, and offering equipment rebuilds and rental options. Our revenue outlook remains positive, supported by our healthy backlog and strong market conditions, and we continue to expect the mid-cycle environment to transition to up-cycle in 2022,” said Scott Thomson, president and CEO of Finning International.

“As part of our growth strategy, we are expanding our 4Refuel capabilities to support our customers in their transition to low-carbon fuels, including CNG⁽¹⁾, RNG⁽¹⁾, and hydrogen. Natural gas, hydrogen, and electrification are becoming an increasingly important aspect of our business as our customers are progressing towards their long-term goals of achieving net zero greenhouse gas emissions. With Caterpillar accelerating the development of battery-powered mining equipment as well as natural gas blending and fully hydrogen-capable power solutions, we are excited about future opportunities to help our customers meet their goals and utilize sustainable energy sources. In 2022, we will start using natural gas to power a portion of 4Refuel and Finning service vehicle fleets, which will help us achieve our own greenhouse gas emission reduction target set out in our Sustainability Report.” concluded Mr. Thomson.

Q3 2021 FINANCIAL SUMMARY

Quarterly Overview <i>\$ millions, except per share amounts</i>	Q3 2021	Q3 2020	% change
Revenue	1,904	1,553	23
Net revenue	1,748	1,443	21
EBIT	150	138	9
<i>EBIT as a percentage of net revenue</i>	8.6%	9.6%	
EBITDA ⁽²⁾	230	215	7
<i>EBITDA as a percentage of net revenue⁽²⁾</i>	13.2%	14.9%	
Net income attributable to owners of Finning	99	88	12
EPS	0.61	0.54	13
Free cash flow	176	316	(44)

Q3 2021 EBIT and EBITDA by Operation <i>\$ millions, except per share amounts</i>	Canada	South America	UK & Ireland	Corporate & Other	Finning Total	EPS
EBIT / EPS	84	58	17	(9)	150	0.61
<i>EBIT as a percentage of net revenue</i>	10.4%	9.2%	5.6%	n/m ⁽¹⁾	8.6%	
EBITDA	132	80	27	(9)	230	
<i>EBITDA as a percentage of net revenue</i>	16.5%	12.5%	9.0%	n/m	13.2%	

Q3 2020 EBIT and EBITDA by Operation <i>\$ millions, except per share amounts</i>	Canada	South America	UK & Ireland	Corporate & Other	Finning Total	EPS
EBIT / EPS	93	40	9	(4)	138	0.54
CEWS support	(35)	-	-	(2)	(37)	(0.17)
Adjusted EBIT ⁽²⁾⁽³⁾ / Adjusted EPS ⁽²⁾⁽³⁾	58	40	9	(6)	101	0.37
<i>Adjusted EBIT as a percentage of net revenue</i>	8.1%	8.2%	4.1%	n/m	7.0%	
Adjusted EBITDA ⁽²⁾⁽³⁾	106	59	18	(5)	178	
<i>Adjusted EBITDA as a percentage of net revenue⁽²⁾⁽³⁾</i>	14.6%	12.2%	7.9%	n/m	12.3%	

Q3 2021 INVESTED CAPITAL⁽²⁾ AND ROIC SUMMARY

All comparisons are to Q4 2020 results unless indicated otherwise.

- Excluding the impact of foreign exchange, invested capital increased by \$272 million from December 31, 2020 driven primarily by higher inventory, proactively ordered and sourced to meet growing customer demand.
- While our inventory increased by 10% from Q4 2020, our inventory turns⁽²⁾ improved to 3.09 from 2.79 in Q4 2020. Working capital to net revenue ratio⁽²⁾ of 23.0% was at a historical low level, down by 530 basis points from Q4 2020, reflecting improved supply chain efficiencies.
- Adjusted ROIC of 14.7% was up 510 basis points from Q4 2020 with a significant increase in all regions driven by improved profitability and higher invested capital turnover⁽²⁾.

Invested Capital and ROIC	Q3 2021	Q4 2020
Invested capital (<i>\$ millions</i>)		
Consolidated	3,335	3,067
Canada	1,922	1,819
South America (US dollars)	829	731
UK & Ireland (UK pound sterling)	198	188
Invested capital turnover (<i>times</i>)	2.01	1.68
Working capital to net revenue ratio	23.0%	28.3%
Inventory (<i>\$ millions</i>)	1,627	1,477
Inventory turns (dealership) (<i>times</i>)	3.09	2.79
Adjusted ROIC (%)		
Consolidated	14.7	9.6
Canada	15.3	10.5
South America	19.0	12.9
UK & Ireland	14.9	5.5

Q3 2021 HIGHLIGHTS BY OPERATION

All comparisons are to Q3 2020 results unless indicated otherwise. All numbers are in functional currency: Canada – Canadian dollar; South America – US dollar; UK & Ireland – UK pound sterling (GBP).

Canada

- Net revenue increased by 11% from Q3 2020, driven primarily by higher product support revenue, as well as strong used equipment sales and rental revenue.
- Product support revenue was up 12% from Q3 2020, higher across all sectors. Construction product support revenue was up 16%, driven by a growing market share, including a significant increase in construction rebuilds.
- Used equipment sales were up 35% and rental revenue was up 27% from Q3 2020 with higher used equipment sales to mining customers and stronger demand for used and rental equipment in construction. We are proactively sourcing used equipment to meet customer needs in a constrained supply environment.
- New equipment sales were down 3% from Q3 2020 due to lower mining deliveries. New equipment sales in construction were up 13%.
- Improved gross profit margin and higher rental utilization, combined with lower SG&A as a percentage of net revenue, resulted in a significantly higher profitability. Q3 2021 EBIT as a percentage of net revenue was 10.4%, up 230 basis points from Adjusted EBIT as a percentage of net revenue in Q3 2020.

South America

- Net revenue was up 41% from Q3 2020 reflecting stronger market activity in Chile.
- New equipment sales were up 126% from Q3 2020, driven by deliveries to Chilean mining customers and improved demand for construction equipment to support mining infrastructure and general construction projects.
- Product support revenue increased by 16% year over year, up across all sectors. Construction product support revenues increased in both Chile and Argentina, with improved economic conditions.
- SG&A was up 6% from Q3 2020 on a 41% increase in net revenues. EBIT as a percentage of net revenue was 9.2%, up 100 basis points year over year, largely due to the benefit of a lower cost base and improved operating efficiencies.

United Kingdom & Ireland

- Net revenue increased by 28% from Q3 2020, driven by equipment deliveries to HS2 customers and stronger product support activity in all sectors. New equipment sales were up 45% and product support revenue was up 8% from Q3 2020.
- EBIT as a percentage of net revenue was 5.6% demonstrating operating leverage on strong revenue growth and improved gross profit margins.

Q3 2021 MARKET UPDATE AND BUSINESS OUTLOOK

The discussion of our expectations relating to the market and business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading “Forward-Looking Information Caution” at the end of this news release. Actual outcomes and results may vary significantly.

Canada

The federal and provincial governments’ fiscal stimulus programs are expected to continue supporting construction activity. We are seeing robust demand for construction equipment with many projects underway in Western Canada. Significant private sector investment in LNG and power projects is expected to drive demand for equipment, product support, heavy rentals, and prime and standby electric power generation. We continue to successfully execute our strategy to capture product support market share in construction by leveraging our digital platform, CUBIQ, and offering a broader scope of Customer Value Agreements and rebuild options to construction customers.

We expect continued broad-based strength in commodity markets, including base and precious metals, oil, natural gas, metallurgical coal, lumber, uranium, and potash to provide a positive backdrop for market activity in Western Canada.

We are actively quoting multiple requests for proposals for equipment in hard rock mining. Oil sands customers are focused on improving production efficiency, reducing costs, and lowering emissions, while remaining disciplined on capital expenditures. We expect the large and aging mining equipment population in Western Canada to drive stable demand for product support, including rebuilds, and opportunities for future fleet renewals.

South America

We are monitoring the political and economic reform process in Chile leading to the general elections in November 2021 and the review of the mining royalty proposal. We remain constructive about copper mining growth in Chile, and our outlook assumes a moderate increase in mining royalties. While we believe that Chile will remain a competitive copper producer globally, we recognize that current political and economic uncertainty will continue to impact our customers’ investment decisions, particularly as they relate to greenfield and new expansion projects. In the near term, we expect mining customers to continue taking advantage of the current strong copper price and the low peso. The projected increase in copper production⁽⁴⁾, mature equipment population, and declining ore grades are expected to drive improved demand for product support.

Our outlook for the Chilean construction activity remains strong, driven by improved demand for mining infrastructure and the government’s investment in public works.

In Argentina, we expect to continue capturing improved activity in construction, oil and gas, and gold mining, while managing fiscal, regulatory, and currency risks, including ARS devaluation. The overall business environment in the country remains challenging due to ongoing fiscal, regulatory, and currency headwinds and added uncertainty ahead of the legislative elections in November 2021.

UK & Ireland

The outlook for general construction equipment markets in the UK remains strong, supported by the economic recovery and HS2 construction activity. Our backlog at September 30, 2021 includes about £110 million of equipment orders related to HS2. We are well-positioned to capture a large share of opportunities for the remainder of HS2 Phase 1 and are actively quoting for 2022 HS2 orders.

Strong demand for our power systems solutions, particularly in the data centre market, is expected to continue. We have a strong backlog of power systems projects, with deliveries extending into 2022. Over the next 5 years, cloud data centre capacity is projected to grow at a significant rate in the UK and Irish markets⁽⁵⁾. With our strong track record of project execution, we are well positioned to capture opportunities related to this growth trend.

Demonstrating Improved Earnings Capacity

We are proactively managing our business through the cycle with the objective of growing and compounding our earnings at each successive mid-cycle point.

We are closely monitoring inflationary pressures from price and wage increases. Productivity initiatives are underway in our regions to further reduce fixed costs and make our operations more efficient. While we continue to make progress on our fixed cost reduction program focused on people, facility, and supply chain categories, it is becoming increasingly difficult to be deflationary, particularly for our near-term incentive compensation, transportation, and procurement initiatives. We are also taking proactive steps to mitigate technical labour shortages by leveraging our improved network capacity and newly implemented continuous shifts in our larger facilities, conducting targeted recruitment campaigns, and expanding our apprenticeship programs.

Looking ahead, we expect ongoing challenges in the global supply chain to result in longer lead times for equipment and parts in all regions. We continue to actively manage supply chain constraints by taking appropriate mitigation steps in collaboration with Caterpillar and our customers, such as actively sourcing used equipment, optimizing preparation time on equipment, and offering rebuilds and rental options. We expect a tight supply environment to continue driving strong demand for used equipment, rentals, and rebuilds. We have also improved our supply chain capabilities, including visibility and planning with Caterpillar. The use of data and insights from connected machines has significantly improved our planning processes and enables us to order the right inventory at the right time. While we expect some delays in delivering equipment to customers, we expect our current inventory strategy will enable us to meet our mid-cycle revenue targets.

Our revenue outlook remains positive, and we continue to expect the mid-cycle market conditions to transition to up-cycle in 2022. We now expect to achieve our mid-cycle EPS and ROIC targets ahead of schedule. In the fourth quarter, we expect strong new equipment deliveries in Chile mining and UK construction, while, consistent with prior years, both rental and labour utilization are expected to be lower than in the third quarter. We expect to deliver strong annual free cash flow in 2021, with positive free cash flow generation in Q4 2021.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors has approved a quarterly dividend of \$0.225 per share, payable on December 9, 2021 to shareholders of record on November 25, 2021. This dividend will be considered an eligible dividend for Canadian income tax purposes.

Investment in ComTech Energy, a leading provider of low-carbon fueling solutions

In September 2021, we acquired a 54.5% controlling ownership interest in Compression Technology Corporation (ComTech) through our subsidiary, 4Refuel. Cash consideration for this acquisition was \$25 million, of which \$20 million is to support future growth. ComTech is an early-stage developer of alternative energy infrastructure and provider of proprietary mobile fueling solutions for low-carbon fuels, including CNG, RNG, and hydrogen, in North America.

ComTech provides 4Refuel with the capability to be a leading provider of turn-key, low-carbon energy solutions. It expands our fueling capabilities beyond diesel and allows us to support our customers' energy transition journey, starting with solutions for CNG and RNG. Our investment in ComTech leverages 4Refuel's leading mobile on-site refueling platform to enable customers to reduce their emissions and improve productivity.

Sustainability-Linked Credit Facility

In September 2021, we secured sustainability-linked terms for our \$1.3 billion syndicated revolving credit facility. The amended facility aligns cost of borrowing to our progress towards achieving our absolute greenhouse gas (GHG) emissions reduction target. We also extended the term of the credit facility from December 2024 to September 2026. Our sustainability-linked credit facility further demonstrates our commitment to reduce our absolute GHG emissions by 20% by 2027 from 2017 levels. Our initiatives focus primarily on minimizing the environmental footprint of our facilities and fleets, including the use of natural gas and hydrogen. In 2022, we will start using natural gas to power a portion of 4Refuel and Finning service vehicle fleets, which will help us achieve our GHG emission reduction target.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

<i>\$ millions, except per share amounts</i>	Three months ended September 30		
	2021	2020	% change fav (unfav)
New equipment	631	435	45
Used equipment	83	83	0
Equipment rental	68	53	29
Product support	932	842	11
Net fuel and other	34	30	11
Net revenue	1,748	1,443	21
Gross profit	461	390	18
<i>Gross profit as a percentage of net revenue⁽²⁾</i>	26.3%	27.0%	
SG&A	(311)	(290)	(7)
<i>SG&A as a percentage of net revenue</i>	(17.8)%	(20.1)%	
Equity earnings of joint ventures	-	1	
Other income	-	37	
EBIT	150	138	9
<i>EBIT as a percentage of net revenue</i>	8.6%	9.6%	
Adjusted EBIT	150	101	48
<i>Adjusted EBIT as a percentage of net revenue</i>	8.6%	7.0%	
Net income attributable to owners of Finning	99	88	12
Basic EPS	0.61	0.54	13
Adjusted basic EPS	0.61	0.37	65
EBITDA	230	215	7
<i>EBITDA as a percentage of net revenue</i>	13.2%	14.9%	
Adjusted EBITDA	230	178	29
<i>Adjusted EBITDA as a percentage of net revenue</i>	13.2%	12.3%	
Free cash flow	176	316	(44)
	Sep 30, 2021	Dec 31, 2020	
Invested capital	3,335	3,067	
Invested capital turnover (times)	2.01	1.68	
Net debt to Adjusted EBITDA ratio	1.3	1.4	
ROIC	15.6%	11.4%	
Adjusted ROIC	14.7%	9.6%	

To access Finning's complete Q3 2021 results, please visit our website at https://www.finning.com/en_CA/company/investors.html

Q3 2021 INVESTOR CALL

The Company will hold an investor call on November 9, 2021 at 10:00 am Eastern Time. Dial-in numbers: 1-800-319-4610 (Canada and US), 1-416-915-3239 (Toronto area), 1-604-638-5340 (international). The investor call will be webcast live and archived for three months. The webcast and accompanying presentation can be accessed at https://www.finning.com/en_CA/company/investors.html.

ABOUT FINNING

Finning International Inc. (TSX: FTT) is the world's largest Caterpillar dealer delivering unrivalled service to customers for nearly 90 years. Headquartered in Surrey, British Columbia, we provide Caterpillar equipment, parts, services, and performance solutions in Western Canada, Chile, Argentina, Bolivia, the United Kingdom, and Ireland.

CONTACT INFORMATION

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FOOTNOTES

- (1) Earnings Before Finance Costs and Income Taxes (EBIT); Basic Earnings per Share (EPS); Earnings Before Finance Costs, Income Taxes, Depreciation and Amortization (EBITDA); Selling, General & Administrative Expenses (SG&A); Return on Invested Capital (ROIC); not meaningful (n/m); Compressed Natural Gas (CNG); Renewable Natural Gas (RNG).
- (2) These financial metrics, referred to as “non-GAAP financial measures”, do not have a standardized meaning under International Financial Reporting Standards (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 their most directly comparable measure under GAAP, where available, see the heading “Description of Non-GAAP Financial Measures and Reconciliations” in the Company’s Q3 2021 management discussion and analysis (MD&A). 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) set out in the 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 financial measures alone.
- (3) Certain financial metrics were 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 5, 11, and 29-31 of the MD&A. The financial metrics that have been adjusted to take into account these items are referred to as “Adjusted” metrics.
- (4) The Chilean Copper Commission (Cochilco) - Proyección de la producción de cobre en Chile 2020 – 2031; DEPP 29/2020; Registro Propiedad Intelectual © N° 2020-A-10631
- (5) UK Data Center Market – Investment Analysis and Growth Opportunities Publication (2020-2025); Ireland Data Center Market – Growth, Trends and Forecasts Publication (2020-2025)

FORWARD-LOOKING INFORMATION CAUTION

This news release contains information that is forward-looking. Information is forward-looking when we use what we know and expect today to give information about the future. In particular, all information in the “Q3 2021 Market Update and Business Outlook” section of this news release is forward-looking information and is subject to this disclaimer including the assumptions and material risk factors referred to below. Forward-looking information in this news release includes, but is not limited to, the following: our expectation to achieve our mid-cycle EPS and ROIC targets ahead of schedule; our proactive management of inventory; our expectation that the mid-cycle environment will transition to up-cycle in 2022; our positive revenue outlook (relies on our healthy backlog and strong market conditions) and expectation that the mid-cycle environment will transition to up-cycle in 2022; expansion of 4Refuel capabilities to support customers’ transition to low-carbon fuels, including CNG, RNG, and hydrogen and future opportunities to help customers meet their goals to achieve net zero greenhouse gas emissions and utilize more sustainable energy sources; our intention in 2022 to start using natural gas to power a portion of 4Refuel and Finning service vehicle fleets, to help achieve our own greenhouse gas emission reduction target; our proactive sourcing of used equipment to meet customer needs in a constrained supply environment; the expectation that federal and provincial fiscal stimulus programs will continue supporting construction activity and private sector investment in LNG and power projects will drive demand for equipment, product support, heavy rentals and prime and standby electric power generation in Western Canada; expected positive market activity in Western Canada (assumes continued broad-based strength in commodity markets); expected stable demand for product support, including rebuilds, and opportunities for future fleet renewals due to the large and aging mining equipment population in Western Canada; the political and economic reform process in Chile leading to the general elections in November 2021 and the review of the mining royalty proposal in Chile; our constructive outlook for copper mining growth in Chile (assumes there will be a moderate increase in mining royalties); our belief that Chile will remain a competitive copper producer globally; the continued impact of political and economic uncertainty in Chile on our customers’ investment decisions; expectation that in the near term mining customers will continue taking advantage of the current strong copper price and low peso; expectation that the projected increase in copper production, mature equipment population, and declining ore grades will drive improved demand for product support in Chile; our outlook for the Chilean construction industry, driven by improved demand for mining infrastructure and the government’s investment in public works; our expectation that we will continue capturing improved activity in construction and oil and gas, and gold mining in Argentina and manage fiscal, regulatory and currency risks, including ARS devaluation, and our view that the overall business environment in Argentina remains challenging, risks being related to fiscal, regulatory and currency headwinds and added uncertainty related to the legislative elections to be held in November 2021; the continued strong outlook for the UK general construction equipment market (assumes continuing economic recovery and HS2 construction activity) and our position to capture a large share of opportunities for the remainder of HS2 Phase 1 and 2022 HS2 orders; expected continued strong demand for our power systems solutions, particularly in the data centre market (assumes projected significant growth in cloud data centre capacity in the UK & Ireland markets over the next 5 years will materialize) and our ability to capture opportunities related to that growth trend; our proactive management of our business through the cycle with the objective of growing and compounding our earnings at each successive mid-cycle point; our close monitoring of inflationary pressures from price and wage increases and productivity initiatives to further reduce fixed costs and make our operations more efficient; progress on our fixed cost reduction program and anticipated difficulty to be deflationary; our proactive steps to mitigate technical labour shortages; our expectation that challenges in global supply chain will be ongoing and result in longer lead times for equipment and parts in all regions and our management of these constraints (assumes our mitigation steps, including collaboration with Caterpillar and our customers, will be successful) and continue to drive strong demand for used equipment, rentals and rebuilds; our ability to order the right inventory at the right time (assumes our successful visibility and planning processes through the use of data and insights from connected machines); our expectation that our current inventory strategy will enable us to meet our mid-cycle revenue targets; our expectation to achieve our mid-cycle EPS and ROIC targets ahead of schedule; expected strong new equipment deliveries in the fourth quarter in Chile mining and UK construction; our expectation that, consistent with prior years, both rental and labour utilization will be lower than in the third quarter; our expected strong annual free cash flow in 2021 and positive free cash flow generation in Q4 2021; the Canadian income tax treatment of the quarterly dividend; and our commitment to reduce our absolute GHG emissions by 20% by 2027 from 2017 levels. All such forward-looking information is provided pursuant to the ‘safe harbour’ provisions of applicable Canadian securities laws.

Unless we indicate otherwise, forward-looking information in this news release reflects our expectations at the date in this news release. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise.

Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on a number of assumptions. This gives rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking information and that our business outlook, objectives, plans, strategic priorities and other information that is not historical fact may not be achieved. As a result, we cannot guarantee that any forward-looking information will materialize.

Factors that could cause actual results or events to differ materially from those expressed in or implied by this forward-looking information include: the impact and duration of the COVID-19 pandemic and measures taken by governments and businesses in response; general economic and market conditions and economic and market conditions in the regions where we operate; foreign exchange rates; commodity prices; the impact of changes in the UK's trade relationship with the European Union as a result of Brexit; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our ability to maintain our relationship with Caterpillar; our dependence on the continued market acceptance of our products, including Caterpillar products, and the timely supply of parts and equipment; our ability to continue to sustainably reduce costs and improve productivity and operational efficiencies while continuing to maintain customer service; our ability to manage cost pressures as growth in revenue occurs; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary regulatory or other approvals, and secure financing on attractive terms or at all; our ability to manage our growth strategy effectively; our ability to effectively price and manage long-term product support contracts with our customers; our ability to reduce costs in response to slowing activity levels; our ability to drive continuous cost efficiency in a recovering market; our ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; our ability to negotiate and renew collective bargaining agreements with satisfactory terms for our employees and us; the intensity of competitive activity; our ability to maintain a safe and healthy work environment across all regions; our ability to raise the capital needed to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments in the regions where we carry on business; our ability to respond to climate change-related risks; the occurrence of natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, social unrest or similar disruptions; fluctuations in defined benefit pension plan contributions and related pension expenses; the availability of insurance at commercially reasonable rates and whether the amount of insurance coverage will be adequate to cover all liability or loss that we incur; the potential of warranty claims being greater than we anticipate; the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; and our ability to protect our business from cybersecurity threats or incidents; the actual impact of the COVID-19 pandemic; and, with respect to our normal course issuer bid, our share price from time to time and our decisions about use of capital. Forward-looking information is provided in this news release for the purpose of giving information about our current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this news release is based on a number of assumptions that we believed were reasonable on the day the information was given, including but not limited to the specific assumptions stated above; that we will be able to successfully manage our business through the current challenging times involving the effects of the COVID-19 response, stretched supply chains, competitive talent markets, and changing commodity prices, and successfully implement our COVID-19 risk management plans; an undisrupted market recovery, for example, undisrupted by COVID-19 impacts, commodity price volatility or social unrest; the successful execution of our profitability drivers; that increased maintenance work by mining customers following the lessening of COVID-19 restrictions and protocols will continue; that our cost actions to drive earnings capacity in a recovery can be sustained; that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will improve; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that present supply chain challenges will not materially impact large project deliveries in our backlog; our ability to successfully execute our plans and intentions; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; that identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment and that our current good relationships with Caterpillar, our customers and our suppliers, service providers and other third parties will be maintained; sustainment of strengthened oil prices and the Alberta government will not re-impose production curtailments; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; that there will be a moderate increase in mining royalties in Chile; and strong recoveries in our regions, particularly in Chile and the UK. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this news release are discussed in our current AIF and in our annual and most recent quarterly MD&A for the financial risks, including for updated risks related to the COVID-19 pandemic.

We caution readers that the risks described in our AIF and in our annual and most recent quarterly MD&A are not the only ones that could impact us. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our services, due in part to the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the steps our customers and suppliers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments and other steps that may be taken by governments to respond to the pandemic.

Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operation.