



News Release
June 13, 2021

Finning hosts investor day and provides growth outlook

Vancouver, British Columbia - Finning International Inc. (TSX: FTT) (“Finning”, “the Company”, “we”, “our” or “us”) is hosting a virtual Investor Day on June 14 starting at 11:00 AM Eastern Time. Following the presentations by members of our leadership team, participants will have an opportunity to ask questions using the webcast portal.

“We continue to execute on our Global Strategic Priorities designed to improve our return on invested capital performance and ultimately increase our earnings capacity. Robust execution through 2020 put us back on track to achieve strong ROIC in line with our 2018 investor day objectives, albeit one year later. Significant ROIC improvements in all three regions will be increasingly evident starting with our Q2 2021 results, as improved market activity that we had projected for the back half of 2021 has started to unfold, and we are seeing strong revenue recovery and results in the second quarter,” said Scott Thomson, president and CEO of Finning International.

We have built a strong foundation for growth and have a simple plan in place to increase our return on invested capital while exceeding our previous peak earnings per share. As our markets recover to mid-cycle levels and are expected to move into a sustained up-cycle, our strategy is to drive product support revenue growth, further reduce our costs, and re-invest our free cash flow to compound our earnings per share.

In the medium term, we expect our consolidated product support revenue to grow at an average annual rate of between 5 and 9% from 2021 levels, assuming a continued sustained market up-cycle. The key growth drivers of our product support revenue include market share gains in construction, increased copper production in Chile, stability of the oil sands and associated rebuilds, and growth in our digital performance solutions. We are excited to launch our CUBIQ Performance Solutions™ platform, a new brand and market offering for Finning’s digital services. This unified digital platform enables our customers to better leverage data and performance solutions to deliver improved productivity, cost, safety, and environmental performance.

As our revenue recovers from 2020 levels, we continue to reduce our costs by driving workforce and facility productivity and optimizing our supply chain processes. We have exceeded the \$100 million SG&A savings target we set in our 2020 cost reduction program, and our SG&A as a percentage of net revenue was 18.5% March to May 2021. We will continue executing incremental initiatives to reduce fixed costs by a further \$50 million over 2021 and 2022 as we target 17% SG&A as a percentage of net revenue in the mid-cycle.

Our goal is to proactively manage our business through the cycle to grow and compound our earnings at each successive mid-cycle point. We expect our upcoming mid-cycle annual net revenue to be in the \$7.1 to \$7.5 billion range from Q3 2021 to Q2 2022 and expect to achieve EPS in excess of \$2.00 per share and consolidated ROIC above 15%. Beyond the upcoming mid-cycle, in a sustained up-cycle scenario, we expect mid-teens and above compounded earnings growth potential.

“With solid market momentum underway, we are excited about our next growth phase and our earnings potential going forward. Our leadership team is ready to take our execution to the next level and we are very excited to walk you through our plan at our 2021 Investor Day,” concluded Mr. Thomson.

To participate in our 2021 Investor Day, please register for the webcast at [Finning 2021 Investor Day](#)

You can also access the event by dialing one of the following numbers:

Toll-free in Canada and the US: (833) 227-5839

International: (647) 689-4543

Conference ID: 6047706



The Investor Day presentations will be posted on our website and will be available on live webcast. The webcast and accompanying presentations will be archived on our website following the event.

Finning is the world's largest Caterpillar equipment dealer delivering unrivalled service to customers for nearly 90 years. Finning sells, rents and provides parts and service for equipment and engines to help customers maximize productivity. Headquartered in Vancouver, B.C., the Company operates in Western Canada, Chile, Argentina, Bolivia and the United Kingdom and Ireland.

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FORWARD LOOKING INFORMATION CAUTION

This news release includes “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections that we believe are reasonable as of the date of this news release, but may ultimately turn out to be incorrect. Forward looking information in this news release includes the execution on our Global Strategic Priorities to improve return on invested capital performance and increase our earnings capacity; that we are back on track to achieve strong ROIC in line with our 2018 investor day objectives, albeit one year later; that significant ROIC improvements in all three regions will be increasingly evident starting with our Q2 2021 results and that we are seeing strong revenue recovery and results in the second quarter; our plan to increase our return on invested capital and exceed our previous peak earnings per share; our strategy to drive product support revenue growth, reduce costs and re-invest our free cash flow to compound our earnings per share; our expectation that in the medium term, our consolidated product support revenue will grow at an average annual rate of between 5 and 9% from 2021 levels, assuming a continued sustained market up-cycle and driven by our achievement of market share gains in construction, increased copper production in Chile, stability in the oil sands and associated rebuilds, and growth in our digital performance solutions; the operation and performance of the CUBIQ Performance Solutions™ platform; our continued reduction in costs by driving workforce and facility productivity and optimizing our supply chain processes; our expectation that incremental initiatives will reduce our fixed costs by a further \$50 million over 2021 and 2022; our target 17% SG&A as a percentage of net revenue in the mid-cycle; our goal to proactively manage our business through the cycle to grow and compound our earnings at each successive mid-cycle point; our expectation that our upcoming mid-cycle annual net revenue will be in the \$7.1 to \$7.5 billion range from Q3 2021 to Q2 2022; our expectation that we will achieve EPS in excess of \$2.00 per share and consolidated ROIC above 15% for this mid-cycle period; and, beyond the upcoming mid-cycle, in a sustained up-cycle scenario, our expectation of mid-teens and above compounded earnings growth potential. No assurances can be given that the information in this news release will result in sustained or improved financial or sustainability performance, and past performance is not a guarantee of future results. This information has been provided to give information about our current expectations and plans and is accurate at the time of this news release, but may later be superseded by more current information. Except as required by law, we do not undertake any obligation to update the information.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors, and is based on a number of assumptions that we believe are reasonable as of the date of this presentation, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Assumptions on which the forward-looking information is based include but are not limited to assumptions noted above and that: we will be able to execute on our strategic plans, take advantage of growth opportunities, control our costs, drive continuous cost efficiency in a recovering market, respond to climate change-related risks and opportunities and manage the impacts of COVID-19, and that markets will recover to mid-cycle levels and move into a sustained up-cycle, and market momentum will continue. Additional important information identifying and describing these and other risks, uncertainties, assumptions and other factors is contained in our most recently filed annual information form (AIF) and in our most recent annual and quarterly management’s discussion and analysis of financial results (MD&A), which are available on our website (www.finning.com) or under our profile on SEDAR (www.sedar.com).



We caution readers that the risks described in the AIF and MD&A are not the only risks that could impact the Company. 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 or suppliers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments of affected countries and other steps that may be taken by such 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 operations.