

### Finning reports Q2 2024 results; delivers record EPS and free cash flow for Q2

**Vancouver, B.C.** – Finning International Inc. (TSX: FTT) (“Finning”, the “Company”, “we”, “our” or “us”) reported second quarter 2024 results today. All monetary amounts are in Canadian dollars unless otherwise stated.

#### HIGHLIGHTS

All comparisons are to Q2 2023 results unless indicated otherwise.

- Q2 2024 EPS <sup>(1)</sup> was \$1.02, up 2% from Q2 2023 and a record for Q2.
- Q2 2024 free cash flow <sup>(3)</sup> of \$330 million was a Q2 record, compared to \$31 million in Q2 2023. Net debt to Adjusted EBITDA <sup>(1)(2)(4)</sup> was 1.8 times at June 30, 2024, compared to 1.7 times at December 31, 2023.
- Q2 2024 revenue of \$2.9 billion and net revenue <sup>(2)</sup> of \$2.6 billion were up 5% and 3%, respectively. Product support revenue was up 0.4% from Q2 2023 and 8% higher compared to Q1 2024.
- SG&A <sup>(1)</sup> as a percentage of net revenue <sup>(2)</sup> was 16.2%, reflecting continued strong cost control. Over the last twelve months ended Q2 2024, SG&A as a percentage of net revenue was 16.9%.
- Q2 2024 EBIT <sup>(1)</sup> of \$228 million was down 5% mostly due to lower margins in used, new and rental equipment consistent with current market dynamics. EBIT as a percentage of net revenue <sup>(2)</sup> was 10.4% in South America, 9.2% in Canada, and 4.6% in the UK & Ireland.
- Equipment backlog <sup>(2)</sup> of \$2.2 billion at June 30, 2024 was up 11% from March 31, 2024 reflecting significant strategic wins in each region, partially offset by strong deliveries and improving velocity of deliveries.

“I would like to thank our team for delivering record EPS and free cash flow for Q2, which reflects diligent execution of our strategic plan. We are pleased with continued momentum in our used equipment strategy and encouraged by sequential recovery in our product support revenue. Equipment order intake was very strong reflecting significant strategic wins in each region, including contracts with multiple copper mines in Chile, the oil sands in Canada, and data centers in the UK and Ireland. New orders are moving through our backlog faster, which supports our efforts to unlock working capital and deliver substantial free cash flow while continuing to build equipment population.

We remain focused on growing our business in a moderating but overall steady growth environment through driving product support, building full-cycle resilience by unlocking invested capital, and delivering sustainable growth in used, rental, and power systems. We anticipate the execution of our strategy will have an increasing impact through this year, with improving product support growth rates, greater working capital velocity, and substantial free cash flow generation in the second half of 2024,” said Kevin Parkes, President and CEO.

## Q2 2024 FINANCIAL SUMMARY

(\$ millions, except per share amounts)	3 months ended June 30		
	2024	2023	% change fav <sup>(1)</sup> (unfav) <sup>(1)</sup>
New equipment	979	949	3%
Used equipment	146	93	57%
Equipment rental	70	78	(10)%
Product support	1,401	1,395	0%
Net fuel and other	50	44	11%
Net revenue	2,646	2,559	3%
Gross profit	652	654	0%
<i>Gross profit as a percentage of net revenue <sup>(2)</sup></i>	<b>24.7%</b>	25.6%	
SG&A	(429)	(415)	(3)%
<i>SG&amp;A as a percentage of net revenue</i>	<b>(16.2)%</b>	(16.2)%	
Equity earnings of joint ventures	5	3	
EBIT	228	242	(5)%
<i>EBIT as a percentage of net revenue</i>	<b>8.6%</b>	9.4%	
Net income attributable to shareholders of Finning	144	148	(3)%
EPS	1.02	1.00	2%
Free cash flow	330	31	n/m <sup>(1)</sup>

Q2 2024 EBIT by Operation (\$ millions, except per share amounts)	Canada	South America	UK & Ireland	Other	Finning Total	EPS
EBIT / EPS	131	93	15	(11)	228	1.02
<i>EBIT as a percentage of net revenue</i>	9.2%	10.4%	4.6%	n/m	8.6%	

Q2 2023 EBIT by Operation (\$ millions, except per share amounts)	Canada	South America	UK & Ireland	Other	Finning Total	EPS
EBIT / EPS	136	104	18	(16)	242	1.00
<i>EBIT as a percentage of net revenue</i>	9.9%	12.1%	5.5%	n/m	9.4%	

## QUARTERLY KEY PERFORMANCE MEASURES

	2024				2023			2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
EBIT (\$ millions)	<b>228</b>	202	177	252	242	239	214	224	190
Adjusted EBIT <sup>(3)(4)</sup> (\$ millions)	<b>228</b>	202	232	252	242	216	214	224	190
EBIT as a % of net revenue									
Consolidated	<b>8.6%</b>	8.7%	7.4%	10.3%	9.4%	11.2%	9.0%	10.7%	9.4%
Canada	<b>9.2%</b>	8.9%	9.3%	10.8%	9.9%	11.0%	11.0%	11.7%	10.0%
South America	<b>10.4%</b>	11.0%	6.7%	12.3%	12.1%	10.5%	11.4%	12.3%	10.1%
UK & Ireland	<b>4.6%</b>	4.5%	1.8%	5.9%	5.5%	5.1%	4.4%	6.2%	6.4%
Adjusted EBIT as a % of net revenue <sup>(2)(4)</sup>									
Consolidated	<b>8.6%</b>	8.7%	9.6%	10.3%	9.4%	10.1%	9.0%	10.7%	9.4%
Canada	<b>9.2%</b>	8.9%	9.7%	10.8%	9.9%	11.3%	11.0%	11.7%	10.0%
South America	<b>10.4%</b>	11.0%	12.6%	12.3%	12.1%	11.5%	11.4%	12.3%	10.1%
UK & Ireland	<b>4.6%</b>	4.5%	2.7%	5.9%	5.5%	5.7%	4.4%	6.2%	6.4%
EPS	<b>1.02</b>	0.84	0.59	1.07	1.00	0.89	0.89	0.97	0.80
Adjusted EPS <sup>(2)(4)</sup>	<b>1.02</b>	0.84	0.96	1.07	1.00	0.89	0.89	0.97	0.80
Invested capital <sup>(2)</sup> (\$ millions)	<b>4,969</b>	5,128	4,765	4,897	4,630	4,545	4,170	4,358	4,076
ROIC <sup>(1)(2)</sup> (%)									
Consolidated	<b>17.4%</b>	18.0%	19.3%	20.7%	20.8%	20.2%	18.7%	18.3%	17.5%
Canada	<b>16.8%</b>	17.4%	18.6%	19.8%	20.1%	19.4%	18.7%	18.2%	17.4%
South America	<b>23.3%</b>	24.2%	23.8%	27.1%	25.9%	24.0%	24.5%	22.7%	22.3%
UK & Ireland	<b>10.4%</b>	10.9%	11.3%	13.7%	15.5%	17.0%	17.0%	16.6%	16.2%
Adjusted ROIC <sup>(2)(4)</sup>									
Consolidated	<b>18.5%</b>	19.1%	20.0%	20.2%	20.2%	19.7%	18.7%	18.3%	17.5%
Canada	<b>16.9%</b>	17.6%	19.0%	19.9%	20.2%	19.6%	18.7%	18.2%	17.4%
South America	<b>26.5%</b>	27.4%	27.6%	27.6%	26.4%	24.6%	24.5%	22.7%	22.3%
UK & Ireland	<b>11.0%</b>	11.5%	12.3%	14.1%	15.9%	17.4%	17.0%	16.6%	16.2%
Invested capital turnover <sup>(2)</sup> (times)	<b>1.99</b>	2.00	2.03	2.08	2.07	2.01	2.01	1.96	2.00
Inventory (\$ millions)	<b>2,974</b>	3,073	2,844	2,919	2,764	2,710	2,461	2,526	2,228
Inventory turns (dealership) <sup>(2)</sup> (times)	<b>2.44</b>	2.34	2.45	2.58	2.49	2.51	2.61	2.52	2.50
Working capital to net revenue <sup>(a)(2)</sup>	<b>29.5%</b>	29.0%	28.4%	27.3%	27.3%	27.8%	27.4%	27.1%	25.1%
Free cash flow (\$ millions)	<b>330</b>	(210)	280	—	31	(245)	332	(57)	(142)
Net debt to Adjusted EBITDA ratio (times)	<b>1.8</b>	1.9	1.7	1.8	1.8	1.7	1.6	1.8	1.8

(a) Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

## Q2 2024 HIGHLIGHTS BY OPERATION

All comparisons are to Q2 2023 results unless indicated otherwise. All numbers, except ROIC, are in functional currency: Canada – Canadian dollar; South America – US dollar (USD); UK & Ireland – UK pound sterling (GBP). These variances and ratios for South America and UK & Ireland exclude the foreign currency translation impact from the CAD relative to the USD and GBP, respectively, and are therefore considered to be specified financial measures. We believe the variances and ratios in functional currency provide meaningful information about operational performance of the reporting segment.

### Canada Operations

- Net revenue was up 4%, driven by higher used and new equipment sales. Used equipment sales were up 61%, higher across all sectors, with strong volumes across retail and wholesale channels, an increase in rental rollouts, and higher conversions of rental equipment with purchase options to sales. New equipment sales were up 7%, driven mostly by strong activity in the construction and oil & gas sectors.
- Product support revenue was down 3% from record levels in Q2 2023, which was an exceptionally strong quarter for mining product support. Large oil sands customers are currently in the process of optimizing their mine plans and scopes of contractor work, while driving to achieve production targets. This resulted in a deferral of maintenance and rebuild activities in the second quarter. In construction, customers are in a transition phase following the completion of major infrastructure projects. Compared to Q1 2024, Canada's product support revenue was up 7%, with increases across all sectors.
- EBIT was down 4% and EBIT as a percentage of net revenue of 9.2% was down 70 basis points, primarily due to a higher proportion of new and used equipment sales in the revenue mix and lower margins in used equipment and rental consistent with prevailing market dynamics.

### South America Operations

- Net revenue increased by 2%, led by product support. New equipment sales were relatively unchanged from Q2 2023. An increase in mining and power systems deliveries in Chile were offset by lower construction activity in Argentina.
- Product support revenue was up 4%, led by increased activity in power systems and construction. Excluding the impact of a weaker CLP <sup>(1)</sup> on service revenue, product support revenue would have been 7% higher compared to Q2 2023.
- EBIT was down 12% and EBIT as a percentage of net revenue of 10.4% was down 170 basis points due to a lower gross profit as a percentage of net revenue compared to Q2 2023 which benefited from higher margin mining product support contracts, as well as lower new equipment margins in Argentina in Q2 2024. The cost of transactions to manage risk in Argentina was \$13 million, which was partly offset by the favourable impact of weaker CLP and ARS <sup>(1)</sup> relative to USD.
- Our Argentina operations were profitable in the quarter, and we continue to manage the business to keep our risk low.

### UK & Ireland Operations

- Net revenue decreased by 3%. New equipment sales were down 5% due to the timing of power systems project deliveries. Product support revenue was down 3%, reflecting lower machine utilization hours and customer activity levels. This was partly offset by higher used equipment sales, which were up 31%, mainly from increased volumes in construction.
- EBIT as a percentage of net revenue was 4.6%, down 90 basis points, due to reduced volumes and inflationary pressures.

## Corporate and Other Items

- Corporate EBIT loss was \$11 million, an improvement from an EBIT loss of \$16 million in Q2 2023, mainly due to lower LTIP costs.
- The Board of Directors has approved a quarterly dividend of \$0.275 per share, payable on September 5, 2024, to shareholders of record on August 22, 2024. This dividend will be considered an eligible dividend for Canadian income tax purposes.
- We repurchased 2.1 million shares in Q2 2024 at an average cost of \$41.75, representing 1.5% of our public float.

## Director Retirement

Finning announces that Ms. Vicki Avril-Groves has made the difficult decision to retire from our Board of Directors effective August 2, 2024 for personal reasons. Ms. Avril-Groves joined Finning's Board in 2016 and served as a member and a financial expert on the Audit Committee and member of the Safety, Environment and Social Responsibility Committee.

"On behalf of the Board, I would like to extend our gratitude to Vicki for her valuable insight, financial oversight, and dedication over the past eight years," said James Carter, chair of Finning's Board of Directors. "Vicki has been a highly regarded and respected Director during her tenure. Her presence on the Board will be missed and we wish her well."

## 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 Operations

Our outlook for Western Canada is positive. While the completion of major pipelines has slowed some construction activities in the near-term, it creates additional capacity to move heavy oil and liquefied natural gas to end markets, and we expect to see increased activity in the energy sector going forward. Large oil sands customers are optimizing their mine plans and scopes of contractor work while working to achieve production targets. Going forward, we expect them to deploy increased capital to renew, maintain, and rebuild aging fleets. Based on customer commitments and discussions, we anticipate strong demand for product support, including component remanufacturing and rebuilds.

We expect ongoing commitments from federal and provincial governments for infrastructure development to support activity in the construction sector. In addition, growing demand for reliable, efficient, and sustainable electric power solutions across communities in Western Canada creates opportunities for our power systems business.

## South America Operations

In Chile, our strong outlook is underpinned by growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions, and increasing customer confidence to invest in brownfield and greenfield projects. We are seeing a broad-based increase in quoting, tender, and award activity for mining equipment, product support, and technology solutions.

In the Chilean construction sector, we continue to see healthy demand from large contractors supporting mining operations, and we expect infrastructure construction activity to start improving in the back half of 2024. In the power systems sector, activity remains strong in the industrial and data centre markets, driving growing demand for electric power solutions.

Weaker Chilean peso relative to the US dollar is expected to continue impacting service revenue growth rates in 2024, while also supporting lower SG&A.

In Argentina, steps are being taken by the new government to address the fiscal imbalances in the country with the goal of ultimately stabilizing inflation and opening the economy for free import and export of goods in the long-term.

However, devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works are driving continued challenging market and operating conditions. We are actively monitoring the new rules and policies. While we see near-term pockets of strong activity in the oil & gas sector, and the new government programs are helping drive large-scale investment by global miners, we continue to take a low-risk approach in Argentina in 2024.

## **UK & Ireland Operations**

With low GDP growth projected in the UK in 2024, we expect demand in the construction sector to remain soft. We expect a growing contribution from used equipment and power systems as we continue to execute on our strategy. In power systems, quoting activity remains strong, driven by healthy demand for primary and backup power generation, particularly in the data centre market. We expect our product support business in the UK & Ireland to remain resilient.

## **Execution Focus**

We remain committed to growing our business in 2024 while building more resilience into our operating model and progressing towards our Investor Day targets. We continue to monitor market conditions and equipment utilization activity levels, particularly given continued softness in construction, and plan to adjust our spend accordingly. We now expect our 2024 net capital and rental fleet expenditures to be in the range of \$220 million to \$270 million, lower than the previously communicated range of \$290 million to \$340 million. We are also finalizing plans to reduce our fixed cost base and further reduce our SG&A as a percentage of net revenue going forward.

We anticipate the execution of our strategy will have an increasing impact through this year, with improving product support growth rates, greater working capital velocity, and substantial free cash flow generation in the second half of 2024.

To access Finning's complete Q2 2024 results, please visit our website at [https://www.finning.com/en\\_CA/company/investors.html](https://www.finning.com/en_CA/company/investors.html)

## **Q2 2024 INVESTOR CALL**

We will hold an investor call on August 7, 2024 at 10:00 am Eastern Time. Dial-in numbers: 1-844-763-8274 (Canada and US toll free), 1-647-484-8814 (international toll). 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](https://www.finning.com/en_CA/company/investors.html)

## **ABOUT FINNING**

Finning is the world's largest Caterpillar dealer, delivering unrivalled service to customers for over 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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## **Description of Specified Financial Measures and Reconciliations**

### **Specified Financial Measures**

We believe that certain specified financial measures, including non-GAAP<sup>(1)</sup> financial measures, provide users of our Earnings Release with important information regarding the operational performance and related trends of our business. The specified financial measures we use do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Accordingly, specified financial measures should not be considered as a substitute or alternative for financial measures determined in accordance with GAAP (GAAP financial measures). By considering these specified financial measures in combination with the comparable GAAP financial measures (where available) we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the GAAP financial measures alone.

We use KPIs to consistently measure performance against our priorities across the organization. Some of our KPIs are specified financial measures.

There may be significant items that we do not consider indicative of our operational and financial trends, either by nature or amount. We exclude these items when evaluating our operating financial performance. These items may not be non-recurring, but we believe that excluding these significant items from GAAP financial measures provides a better understanding of our financial performance when considered in conjunction with the GAAP financial measures. Financial measures that have been adjusted to take these significant items into account are referred to as “Adjusted” measures. Adjusted measures are specified financial measures and are intended to provide additional information to readers of the Earnings Release.

Descriptions and components of the specified financial measures we use in this Earnings Release are set out below. Where applicable, quantitative reconciliations from certain specified financial measures to their most directly comparable GAAP financial measures (specified, defined, or determined under GAAP and used in our consolidated financial statements) are also set out below.

### **Adjusted EPS**

Adjusted EPS excludes the after-tax per share impact of significant items that we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our 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. The after-tax per share impact of significant items is calculated by dividing the after-tax amount of significant items by the weighted average number of common shares outstanding during the period.

A reconciliation between EPS (the most directly comparable GAAP financial measure) and Adjusted EPS can be found on page 9 of this Earnings Release.

### **Adjusted EBIT and Adjusted EBITDA**

Adjusted EBIT and Adjusted EBITDA exclude items that we do not consider to be indicative of operational and financial trends, either by nature or amount, to provide a better overall understanding of our underlying business performance.

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

The most directly comparable GAAP financial measure to Adjusted EBITDA and Adjusted EBIT is EBIT.

Significant items identified by management that affected our results were as follows:

- On December 13, 2023, the newly-elected Argentine government devalued the ARS official exchange rate by 118% from 366.5 ARS to 800 ARS for USD 1. As a result of prolonged government currency restrictions, including no material access to USD starting in late August 2023, our ARS exposure increased and during this period economic hedges were not available. As a result of the growth in our ARS exposure and the significant devaluation of the ARS in the fourth quarter, our South American operations incurred a foreign exchange loss of \$56 million which exceeds the typical foreign exchange impact in the region.
- We began to implement our invested capital improvement plan as outlined at our 2023 Investor Day, which targets selling and optimizing real estate and exiting low-ROIC activities. In Q4 2023:
  - Our South American operations sold a property in Chile and recorded a gain of \$13 million on the sale; and,
  - Following an evaluation of the business needs of our operations and related intangible assets, several software and technology assets have been or will be decommissioned, and as a result, we derecognized previously capitalized costs of \$12 million.
- In Q1 2023, we executed various transactions to simplify and adjust our organizational structure. We wound up two wholly owned subsidiaries, recapitalized and repatriated \$170 million of profits from our South American operations, and incurred severance costs in each region as we reduced corporate overhead costs and simplified our operating model. As a result of these activities, our Q1 2023 financial results were impacted by significant items that we do not consider indicative of operational and financial trends:
  - Net foreign currency translation gain and income tax expense were reclassified to net income on the wind up of foreign subsidiaries;
  - Withholding tax payable related to the repatriation of profits; and,
  - Severance costs incurred in all of our operations.

A reconciliation from EBIT to Adjusted EBIT and Adjusted EBITDA for our consolidated operations is as follows:

3 months ended (\$ millions)	2024				2023				2022		2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	228	202	177	252	242	239	214	224	190	140	157	150
Significant items:												
Foreign exchange and tax impact of devaluation of ARS	—	—	56	—	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	—	—	(13)	—	—	—	—	—	—	—	—	—
Write-off of intangible assets	—	—	12	—	—	—	—	—	—	—	—	—
Gain on wind up of foreign subsidiaries	—	—	—	—	—	(41)	—	—	—	—	—	—
Severance costs	—	—	—	—	—	18	—	—	—	—	—	—
Adjusted EBIT	228	202	232	252	242	216	214	224	190	140	157	150
Depreciation and amortization	98	99	99	94	94	92	87	84	81	81	84	80
Adjusted EBITDA <sup>(3)(4)</sup>	326	301	331	346	336	308	301	308	271	221	241	230

The income tax impact of the significant items was as follows:

3 months ended (\$ millions)	2024				2023				2022
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Significant items:									
Foreign exchange and tax impact of devaluation of ARS	—	—	(3)	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	—	—	4	—	—	—	—	—	—
Write-off of intangible assets	—	—	(3)	—	—	—	—	—	—
Gain on wind up of foreign subsidiaries	—	—	—	—	—	9	—	—	—
Severance costs	—	—	—	—	—	(5)	—	—	—
Withholding tax on repatriation of profits	—	—	—	—	—	19	—	—	—
(Recovery of) provision for income taxes on the significant items	—	—	(2)	—	—	23	—	—	—

A reconciliation from EPS to Adjusted EPS for our consolidated operations is as follows:

3 months ended (\$)	2024				2023				2022
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
EPS <sup>(a)</sup>	1.02	0.84	0.59	1.07	1.00	0.89	0.89	0.97	0.80
Significant items:									
Foreign exchange and tax impact of devaluation of ARS	—	—	0.37	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	—	—	(0.06)	—	—	—	—	—	—
Write-off of intangible assets	—	—	0.06	—	—	—	—	—	—
Gain on wind up of foreign subsidiaries	—	—	—	—	—	(0.21)	—	—	—
Severance costs	—	—	—	—	—	0.09	—	—	—
Withholding tax on repatriation of profits	—	—	—	—	—	0.12	—	—	—
Adjusted EPS <sup>(a)</sup>	1.02	0.84	0.96	1.07	1.00	0.89	0.89	0.97	0.80

<sup>(a)</sup> The per share impact for each quarter has been calculated using the weighted average number of common shares outstanding during the respective quarters; therefore, quarterly amounts may not add to the annual or year-to-date total.

A reconciliation from EBIT to Adjusted EBIT for our Canadian operations is as follows:

3 months ended (\$ millions)	2024				2023				2022		2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	131	112	117	137	136	126	128	125	102	80	92	84
Significant items:												
Write-off of intangible assets	—	—	5	—	—	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	4	—	—	—	—	—	—
Adjusted EBIT	131	112	122	137	136	130	128	125	102	80	92	84

A reconciliation from EBIT to Adjusted EBIT for our South American operations is as follows:

3 months ended (\$ millions)	2024				2023				2022				2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Dec 31	Sep 30
EBIT	93	84	55	104	104	74	96	85	64	65	59	58		
Significant items:														
Foreign exchange and tax impact of devaluation of ARS	—	—	56	—	—	—	—	—	—	—	—	—	—	—
Gain on sale of property, plant, and equipment	—	—	(13)	—	—	—	—	—	—	—	—	—	—	—
Write-off of intangible assets	—	—	4	—	—	—	—	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	7	—	—	—	—	—	—	—	—
Adjusted EBIT	93	84	102	104	104	81	96	85	64	65	59	58		

A reconciliation from EBIT to Adjusted EBIT for our UK & Ireland operations is as follows:

3 months ended (\$ millions)	2024				2023				2022				2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Dec 31	Sep 30
EBIT	15	14	6	19	18	15	16	21	23	14	12	17		
Significant items:														
Write-off of intangible assets	—	—	3	—	—	—	—	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	2	—	—	—	—	—	—	—	—
Adjusted EBIT	15	14	9	19	18	17	16	21	23	14	12	17		

A reconciliation from EBIT to Adjusted EBIT for our Other operations is as follows:

3 months ended (\$ millions)	2024				2023				2022				2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Dec 31	Sep 30
EBIT	(11)	(8)	(1)	(8)	(16)	24	(26)	(7)	1	(19)	(6)	(9)		
Significant items:														
Gain on wind up of foreign subsidiaries	—	—	—	—	—	(41)	—	—	—	—	—	—	—	—
Severance costs	—	—	—	—	—	5	—	—	—	—	—	—	—	—
Adjusted EBIT	(11)	(8)	(1)	(8)	(16)	(12)	(26)	(7)	1	(19)	(6)	(9)		

## Equipment Backlog

Equipment backlog is defined as the retail value of new equipment units ordered by customers for future deliveries. We use equipment backlog as a measure of projecting future new equipment deliveries. There is no directly comparable GAAP financial measure for equipment backlog.

## Free Cash Flow

Free cash flow is defined as cash flow provided by or used in operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in our financial statements. We use free cash flow to assess cash operating performance, including working capital efficiency. Consistent positive free cash flow generation enables us to re-invest capital to grow our business and return capital to shareholders. A reconciliation from cash flow used in or provided by operating activities to free cash flow is as follows:

3 months ended (\$ millions)	2024				2023				2022
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Cash flow provided by (used in) operating activities	364	(177)	291	37	66	(166)	410	(24)	(112)
Additions to property, plant, and equipment and intangible assets	(34)	(37)	(51)	(50)	(40)	(79)	(78)	(33)	(30)
Proceeds on disposal of property, plant, and equipment	—	4	40	13	5	—	—	—	—
Free cash flow	330	(210)	280	—	31	(245)	332	(57)	(142)

## Inventory Turns (Dealership)

Inventory turns (dealership) is the number of times our dealership inventory is sold and replaced over a period. We use inventory turns (dealership) to measure asset utilization. Inventory turns (dealership) is calculated as annualized cost of sales (excluding cost of sales related to the mobile refuelling operations) for the last six months divided by average inventory (excluding inventory related to the mobile refuelling operations), based on an average of the last two quarters. Cost of sales related to the dealership and inventory related to the dealership are calculated as follows:

3 months ended (\$ millions)	2024				2023				2022	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Cost of sales	2,268	1,969	2,024	2,044	2,125	1,758	2,025	1,807	1,761	1,463
Cost of sales related to the mobile refuelling operations	(292)	(269)	(278)	(283)	(237)	(253)	(302)	(293)	(300)	(231)
Cost of sales related to the dealership <sup>(3)</sup>	1,976	1,700	1,746	1,761	1,888	1,505	1,723	1,514	1,461	1,232

(\$ millions)	2024				2023				2022	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Inventory	2,974	3,073	2,844	2,919	2,764	2,710	2,461	2,526	2,228	2,101
Inventory related to the mobile refuelling operations	(11)	(9)	(12)	(17)	(14)	(12)	(12)	(12)	(13)	(11)
Inventory related to the dealership <sup>(3)</sup>	2,963	3,064	2,832	2,902	2,750	2,698	2,449	2,514	2,215	2,090

## Invested Capital

Invested capital is calculated as net debt plus total equity. Invested capital is also calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term and long-term debt, net of cash and cash equivalents. We use invested capital as a measure of the total cash investment made in Finning and each reportable segment. Invested capital is used in a number of different measurements (ROIC, Adjusted ROIC, invested capital turnover) to assess financial performance against other companies and between reportable segments. Invested capital is calculated as follows:

(\$ millions)	2024				2023				2022		2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Cash and cash equivalents	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)	(518)
Short-term debt	1,234	1,322	1,239	1,372	1,142	1,266	1,068	1,087	992	804	374	419
Long-term debt												
Current	—	68	199	203	199	253	114	106	110	63	190	191
Non-current	1,378	1,379	949	955	949	675	815	836	807	909	921	923
Net debt <sup>(3)</sup>	2,379	2,554	2,235	2,362	2,216	2,065	1,709	1,909	1,739	1,481	983	1,015
Total equity	2,590	2,574	2,530	2,535	2,414	2,480	2,461	2,449	2,337	2,296	2,343	2,320
Invested capital	4,969	5,128	4,765	4,897	4,630	4,545	4,170	4,358	4,076	3,777	3,326	3,335

## Invested Capital Turnover

We use invested capital turnover to measure capital efficiency. Invested capital turnover is calculated as net revenue for the last twelve months divided by average invested capital of the last four quarters.

## Net Debt to Adjusted EBITDA Ratio

This ratio is calculated as net debt at the reporting date divided by Adjusted EBITDA for the last twelve months. We use this ratio to assess operating leverage and ability to repay debt. This ratio approximates the length of time, in years, that it would take us to repay debt, with net debt and Adjusted EBITDA held constant.

## Net Revenue, Gross Profit as a % of Net Revenue, SG&A as a % of Net Revenue, and EBIT as a % of Net Revenue

Net revenue is defined as total revenue less the cost of fuel related to the mobile refuelling operations in our Canadian operations. As these fuel costs are pass-through in nature for this business, we view net revenue as more representative than revenue in assessing the performance of the business because the rack price for the cost of fuel is fully passed through to the customer and is not in our control. For our South American and UK & Ireland operations, net revenue is the same as total revenue.

We use these specified financial measures to assess and evaluate the financial performance or profitability of our reportable segments. We may also calculate EBIT as a % of net revenue using Adjusted EBIT to exclude significant items we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

The ratios are calculated, respectively, as gross profit divided by net revenue, SG&A divided by net revenue, and EBIT divided by net revenue. The most directly comparable GAAP financial measure to net revenue is total revenue. Net revenue is calculated as follows:

3 months ended (\$ millions)	2024				2023				2022		2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Total revenue	2,920	2,584	2,664	2,704	2,779	2,380	2,653	2,384	2,289	1,953	1,949	1,904
Cost of fuel	(274)	(252)	(261)	(267)	(220)	(236)	(285)	(277)	(285)	(217)	(175)	(156)
Net revenue	2,646	2,332	2,403	2,437	2,559	2,144	2,368	2,107	2,004	1,736	1,774	1,748

## ROIC and Adjusted ROIC

ROIC is defined as EBIT for the last twelve months divided by average invested capital of the last four quarters, expressed as a percentage.

We view ROIC as a useful measure for capital allocation decisions that drive profitable growth and attractive returns to shareholders. We also calculate Adjusted ROIC using Adjusted EBIT to exclude significant items that we do not consider to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

## Working Capital & Working Capital to Net Revenue 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). We view working capital as a measure for assessing overall liquidity.

The working capital to net revenue ratio is calculated as average working capital of the last four quarters, divided by net revenue for the last twelve months. We use this KPI to assess the efficiency in our use of working capital to generate net revenue. Working capital is calculated as follows:

(\$ millions)	2024				2023				2022		2021	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Total current assets	5,431	5,432	4,930	5,217	4,985	4,974	4,781	4,652	4,098	4,030	3,619	3,620
Cash and cash equivalents	(233)	(215)	(152)	(168)	(74)	(129)	(288)	(120)	(170)	(295)	(502)	(518)
Total current assets in working capital	5,198	5,217	4,778	5,049	4,911	4,845	4,493	4,532	3,928	3,735	3,117	3,102
Total current liabilities <sup>(a)</sup>	3,503	3,561	3,516	3,722	3,600	3,788	3,401	3,196	2,789	2,647	2,155	2,156
Short-term debt	(1,234)	(1,322)	(1,239)	(1,372)	(1,142)	(1,266)	(1,068)	(1,087)	(992)	(804)	(374)	(419)
Current portion of long-term debt	—	(68)	(199)	(203)	(199)	(253)	(114)	(106)	(110)	(63)	(190)	(191)
Total current liabilities in working capital <sup>(a)</sup>	2,269	2,171	2,078	2,147	2,259	2,269	2,219	2,003	1,687	1,780	1,591	1,546
Working capital <sup>(a)(3)</sup>	2,929	3,046	2,700	2,902	2,652	2,576	2,274	2,529	2,241	1,955	1,526	1,556

<sup>(a)</sup> Comparative results for 2023 have been restated for our adoption of the amendments to IAS 1, *Presentation of Financial Statements* effective for the financial year beginning January 1, 2024.

## 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); favourable (fav); unfavourable (unfav); not meaningful (n/m); generally accepted accounting principles (GAAP); Chilean peso (CLP); Argentine peso (ARS).
- (2) See “Description of Specified Financial Measures and Reconciliations” on page 7 of this Earnings Release.
- (3) These are non-GAAP financial measures. See “Description of Specified Financial Measures and Reconciliations” on page 7 of this Earnings Release.
- (4) Certain financial measures 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 starting on page 8 of this Earnings Release. The financial measures that have been adjusted to take these items into account are referred to as “Adjusted” measures.

## Forward-Looking Information Disclaimer

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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. All forward-looking information in this news release 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 of growing our business in a moderating but overall steady growth environment through driving product support, building full-cycle resilience by unlocking invested capital and delivering sustainable growth in used, rental and power systems; our expectation that the execution of our strategy will have an increasing impact through this year, with improving product support growth rates, greater working capital velocity and substantial free cash flow generation in the second half of 2024; all information in the section entitled “Market Update and Business Outlook”, including for our Canada operations: our outlook for Western Canada being positive; our expectation for increased activity in the energy sector going forward (based on assumptions of additional capacity created by the completion of major pipelines); our expectation that large oil sands customers will deploy increased capital to renew, maintain and rebuild aging fleets (based on assumptions of optimized mine plans and scopes of contractor work); our expectation for strong demand for product support, including component remanufacturing and rebuilds (based on customer commitments and discussions); our expectation regarding ongoing commitments from federal and provincial governments for infrastructure development to support activity in the construction sector; our expectations of growing demand for reliable, efficient and sustainable electric power solutions across communities in Western Canada, and that growing demand creates opportunities for our power systems business; for our South America operations: in Chile, our strong outlook based on growing global demand for copper, strong copper prices, capital deployment into large-scale brownfield expansions and increasing customer confidence to invest in brownfield and greenfield projects; our expectation of broad-based increases in quoting, tender and award activity for mining equipment, product support and technology solutions; our expectation that infrastructure construction in Chile will start improving in the back half of 2024 (based on assumptions of continued healthy demand from large contractors supporting mining operations); in the power systems sector, our expectation regarding growing demand for electric power solutions from strong activity in the industrial and data centre markets; our expectation for a weaker Chilean peso relative to the USD to continue impacting service growth rates in 2024, while also supporting lower SG&A; in Argentina, our expected low-risk approach in Argentina in 2024; our expectation that steps being taken by the new government to address the fiscal imbalances in the country with the goal of ultimately stabilizing inflation and opening the economy for free import and export of goods in the long-term will continue to be successful; our expectation that the government's devaluing the currency, containing public spending, reducing subsidies, and lowering spending on public works will continue to drive challenging market and operating conditions; continued monitoring of new rules and policies; our expectation that there will be near-term pockets of strong activity in the oil & gas sector, and the new government programs helping drive large-scale investment by global miners; for our UK & Ireland operations: our expectation for demand in the construction sector to remain soft; our expectation of a growing contribution from used equipment and power systems as we continue to execute on our strategy; in power systems, our expectation of continued strong quoting activity (based on assumptions of healthy demand for primary and backup power generation, particularly in the data centre market); our expectation of our product support business to remain resilient; and overall: our commitment to growing our business in 2024 while building more resilience into our operating model and progressing towards our Investor Day targets; our expectation to adjust our spend and that our 2024 net capital and rental fleet expenditures will be in the range of \$220 million to \$270 million, lower than the previously communicated range of \$290 million to \$340 million (based on assumptions of market conditions, equipment utilization activity levels, and continued softness in construction); our expectation that we will continue to reduce our fixed cost base and further reduce our SG&A as a percentage of net revenue going forward; our expectation that the execution of our strategy will have an increasing impact throughout the year, with improving product support growth rates, greater working capital velocity and substantial free cash flow generation in the second half of 2024; and the Canadian income tax treatment of the quarterly dividend. 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 of 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 specific factors stated above; the impact and duration of, and our ability to

respond to and manage, high inflation, increasing interest rates, and supply chain challenges; general economic and market conditions, including increasing inflationary cost pressure, and economic and market conditions in the regions where we operate; perspectives of renewed investments in the oil and gas and mining projects in Argentina; capital deployment into large-scale brownfield expansions; support and commitment by Canadian federal and provincial governments in infrastructure development; foreign exchange rates; commodity prices; interest rates; 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, and the timely supply of parts and equipment; our ability to continue to 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 effectively integrate and realize expected synergies from businesses that we acquire; our ability to deliver our equipment backlog; 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 drive continuous cost efficiency; 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; business disruption resulting from business process change, systems change and organizational change; regulatory initiatives or proceedings, litigation and changes in laws, regulations or policies, including with respect to environmental protection and/or energy transition; 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 availability of carbon neutral technology or renewable power; the cost of climate change initiatives; the occurrence of one or more natural disasters, pandemic outbreaks, geo-political events, acts of terrorism, social unrest or similar disruptions; 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; and 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. Forward-looking information is provided in this news release to give information about our current expectations and plans and allow 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 volatile commodity prices, high inflation, increasing interest rates, and supply chain challenges, and successfully execute our strategies to win customers, achieve full cycle resilience (based on assumptions that steps to reduce corporate overhead, drive productivity and optimize working capital while supporting strong business growth, including execution of our invested capital improvement plan as outlined at our 2023 Investor Day, which targets selling and optimizing real estate and exiting low-ROIC activities, will be successful and sustainable) and continue business momentum (based on assumptions that we will be able to continue to source and hire technicians, build capabilities and capacity and successfully and sustainably improve workshop efficiencies); that commodity prices will remain at constructive levels; that our customers will not curtail their activities; that general economic and market conditions will continue to be supportive; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; that support and demand for renewable energy will continue to grow; that present supply chain and inflationary challenges will not materially impact large project deliveries in our equipment backlog; our ability to successfully execute our plans and intentions, including our strategic priorities as outlined at our 2023 Investor Day; that we will successfully execute initiatives to reduce our GHG emissions and support our customers on their individual GHG reduction pathways; our ability to attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; identified opportunities for growth will result in revenue; that we have sufficient liquidity to meet operational needs; that we will have the funds for share repurchases under the NCIB; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; our current good relationships with our customers and suppliers, service providers and other third parties will be maintained and that Caterpillar and such other suppliers will deliver quality, competitive products with supply chain continuity; sustainment of strengthened oil prices; completion of major pipelines and the resulting increased activity in the energy sector; that demand for sustainable electric power solutions in Western Canada will continue to grow; quoting activity for requests for proposals for equipment and product support is reflective of opportunities; and strong recoveries in the regions that we operate. 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. We caution readers that the risks described in the annual and most recent quarterly MD&A and in the AIF are not the only ones that could impact us. 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.

Except as otherwise indicated, forward-looking information does not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this news release. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.