

FINNING[®]

SOLID FOUNDATION
2014 ANNUAL REVIEW



Table of Contents

About Finning	1
Value Proposition	2
Message from the President & CEO	3
Message from the Chairman of the Board	5
Financial Performance	6
Canadian Operations	7
South American Operations	9
UK & Ireland Operations	11
Workplace, Community & Environment	13
Board of Directors	15
Executive Officers	16
Five-year Financial Summary	17
Shareholder Information	18
Forward Looking Statement	19

Monetary amounts are in Canadian dollars and from continuing operations unless noted otherwise.

About Finning

Finning International (TSX: FTT) is the world's largest Caterpillar dealer delivering unrivalled services for over 80 years.

Finning sells, rents, and provides parts and service for equipment and engines to customers in various industries, including mining, construction, petroleum, forestry, and a wide range of power systems applications. Finning delivers solutions that enable customers to achieve the lowest equipment owning and operating costs while maximizing uptime.

Headquartered in Vancouver, British Columbia, Canada, Finning employs approximately 14,500 people worldwide and operates in three geographies:

- Western Canada: Alberta, British Columbia, Yukon, Northwest Territories, and a portion of Nunavut
- South America: Chile, Argentina, Bolivia, and Uruguay
- United Kingdom and Ireland

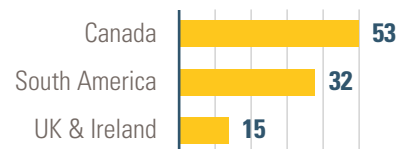
2014 FINANCIAL STATISTICS

\$ millions, except where specified

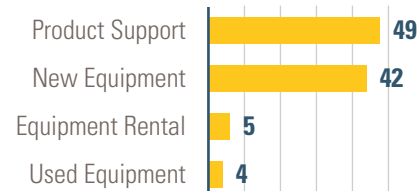
Revenue	6,918
EBIT ⁽¹⁾⁽²⁾	504
Basic EPS ⁽²⁾ (\$)	1.85
EBITDA ⁽¹⁾⁽²⁾	720
Free Cash Flow ⁽¹⁾	483
Invested Capital ⁽¹⁾	3,106
Net Debt ⁽¹⁾	975
ROIC ⁽¹⁾⁽²⁾ (%)	15.3%
Annual Dividend per Share (\$)	0.71

2014 REVENUE PROFILE (%)

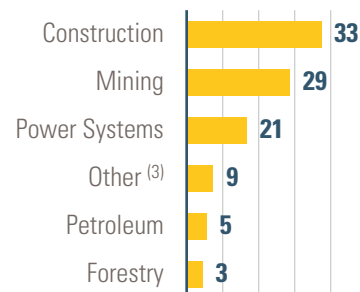
BY REGION



BY LINE OF BUSINESS



BY INDUSTRY (New Equipment Deliveries)



¹ These financial metrics do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP). For additional information and definitions of these financial metrics, see "Description of Non-GAAP and Additional GAAP Measures" in Finning's 2014 Management's Discussion and Analysis (MD&A).

² Earnings Before Finance Costs and Income Taxes (EBIT); Earnings Per Share (EPS); Earnings Before Finance Costs, Income Taxes, Depreciation, and Amortization (EBITDA); Return on Invested Capital (ROIC).

³ Industrial, government, and agriculture.

Value Proposition

World class heavy equipment company

- *Great products – largest Caterpillar dealer*
- *Best territories – high quality regions with significant growth opportunities*

Strong business model

- *Highly diversified business – serving customers across many attractive sectors*
- *Resilient product support business driven by large installed machine population*
- *Significant free cash flow generation and strong financial position*

Prepared for volatility and opportunity in dynamic business environment

- *Focused on what we can control: costs, working capital, and capital investment*

Remain focused on operational excellence agenda to earn customer loyalty and improve return on invested capital

- *Safety and Talent Management – rigorous focus on safety, developing people and driving employee engagement*
- *Customer and Market Leadership – increasing market share across the product line*
- *Service Excellence – improving profitability of service operations*
- *Supply Chain – reducing inventory and optimizing network and transportation costs*
- *Asset Utilization – improving return on investment in facilities*

Message from the President and CEO



Scott Thomson

Heading into 2014, we shared with you our plans to significantly improve our operating performance over time. These plans are underscored by a focus on the factors we control and center around an operational excellence agenda designed to build on our company's solid foundation.

Unwavering focus

We stated at the outset that safety would remain at the forefront of how we operate as a company. We conveyed that we would put greater emphasis on talent management to deliver on our customer commitment. And, we outlined the following operational priorities consistent with our resolute focus on the factors we control:

- First, **customer and market leadership** to earn our customers' business and gain market share across the product line
- Second, **service excellence** to drive consistency in the customer experience and improve service profitability
- Third, **supply chain** to provide our customers with the right product when required while reducing our working capital and costs
- Fourth, **asset utilization** to capitalize on historic investments in the business

Our customers remain our top priority and our plans are squarely aimed at delivering our products and services safely, effectively and efficiently to maximize customer productivity and earn their loyalty.

By focusing on our customers and operational priorities, the key financial outcomes we intend to achieve are greater profitability and enhanced capital efficiency. This in turn, will improve our return on invested capital – a metric highly correlated with increased shareholder returns. While our journey continues, we have clearly come a long way in the space of 12 months.

Advancing operational excellence

I am particularly proud of the strides we took to strengthen the safety of our operations in 2014. Safety is a core value at Finning and a commitment that each of our employees takes to heart. By working more collaboratively across the business, we continued to improve our global safety performance. All operations improved safety scores in the year. Collectively, we accomplished a 25% decline in total reportable injury frequency. This marks an all-time low. While a meaningful achievement, we are acutely aware that upholding the highest safety standards requires ongoing dedication. We remain committed to building on our progress to ensure everyone returns home safely each and every day.

We also amplified our efforts on talent management. At the same time as we developed internal capabilities and promoted from within, we welcomed new members to the Finning team. This balanced approach to having the right people in the right roles ensures we continually have an appropriate mix of fresh ideas along with the continuity required to execute on our plans and deliver great service to our customers. Notably, we strengthened our executive leadership team with two key appointments. In 2014, Gillian Platt joined Finning as chief human resources officer to support us in developing high-performing employees, driving employee engagement and ensuring we have the diverse expertise and

Message from the President and CEO

skills to deliver on our company's commitments. I also want to welcome Steven Nielsen who recently joined us as chief financial officer and will play a key role in our company-wide focus on profitability and capital discipline and building on our strong financial position.

Dedicated employees have always been at the cornerstone of our success and our 2014 employee opinion survey scores demonstrate that Finning team members remain highly engaged. We also sustained top marks for safety from our global employees. This speaks to our people's unified efforts towards continuously improving our workplace.

A year after declaring our operational priorities, I am encouraged by the progress we have made. Our business in South America faced a challenging operating environment that demanded quick and decisive actions be taken. By rapidly reducing costs and capital to match lower activity levels, our South American operations maintained historic profitability⁽¹⁾ despite the headwinds. Our UK & Ireland business demonstrated deft control over invested capital and maintained solid profitability in a highly competitive market. In Canada, our work to advance our service excellence and supply chain initiatives supported us in delivering service more profitably and products more efficiently while also increasing customer loyalty. Strong demand in Canada along with our meticulous attention to advancing our priorities resulted in our Canadian operations' return on invested capital improving – from 15.9% to 17.1%.

Taken together, revenues for the year increased slightly and earnings per share at \$1.85 were respectable considering the dramatic downturn in South America. Importantly, our efforts to improve capital efficiencies contributed to strong free cash flow generation of over \$480 million in 2014. This puts our balance sheet in the strongest position we have achieved in years.

We have set in motion clear plans to strengthen Finning and our results demonstrate that we are on the right track. We are starting to realize the benefits from our heightened focus on driving service consistency, gaining market share and managing our inventory and assets more efficiently. Our employees rallied around these objectives last year to earn our customers' loyalty and we will continue to advance on the progress we have made going forward.

Staying the course

In 2015, we expect to accelerate the momentum of our operational excellence agenda. I am confident that this is the right priority for our business. In fact, today's challenging environment – underlined by weaker coal and copper prices and the recent rapid decline in oil prices – emphasizes the importance of focusing on what we control. We are fortunate to face today's environment having embedded cost and capital discipline into the fabric of how we operate at Finning. Given anticipated activity levels, we will have to further sharpen our

focus on our cost structure while continuing to strengthen the business with focused execution of our priorities. As we do so, we know that the challenges of today will abate. And when they do, we will be in a position to deliver on the full potential of our company. That, ultimately, is the aim of our operational excellence agenda.

While staying the course on our priorities, we recognize that downturns can create opportunities. Our strong balance sheet and continued ability to generate free cash flow in 2015 provides considerable flexibility to pursue these as they arise.

Solid foundation

I started this letter alluding to the solid foundation we benefit from at Finning. Though we expect the year ahead to be challenging, this foundation gives me great optimism for our future.

We are aligned with the world's best heavy equipment company, Caterpillar – our trusted business partner. We operate in desirable regions serving diverse industries. We have the opportunity to harvest perpetual parts and service demand having successfully seeded a sizeable equipment population across our territories. And, our capital requirements are scalable enabling us to generate significant free cash flow throughout the economic cycle. Combined, these factors give us a solid foundation on which to build.

The fact that we head into 2015 in a solid position is not due to our company's inherent advantages alone. It is also a testament to our people. Over the course of more than 80 years, Finning employees have consistently accounted for one of the company's enduring foundational strengths. In 2014, they continued to embody Finning's safety value and commitment to our customers. I am grateful for their dedicated efforts towards achieving our goals.

I will also take this opportunity to thank our Board of Directors for their guidance and Caterpillar for their ongoing partnership. And, I'll close by thanking our customers and shareholders for your support. We will continue to work hard to earn your trust in 2015 and beyond. I have no doubt that our employees' unity of purpose, together with our solid foundation, will continue to generate value for all of our stakeholders – employees, Caterpillar, customers, and you, our shareholders.



L. Scott Thomson
President & Chief Executive Officer

¹ Excluding the enterprise resource planning (ERP) write-off, severance costs, and labour disruption costs, 2014 EBIT margin in South America would have been 9.8%.

Message from the Chairman of the Board



Doug Whitehead

In 2014, Finning delivered a solid performance with talented and engaged employees across the company successfully executing on the right priorities. The company's progress on its operational excellence agenda was marked by a strong safety performance and significant steps to deliver its products and services more effectively and efficiently to customers.

With the benefit of clear priorities and focused efforts, Finning is on the right path to markedly improve its operating performance over time. Notably, Finning generated over \$480 million in free cash flow in 2014 and in excess of \$1 billion over the last six quarters. With a strong balance sheet, Finning enters 2015 well-positioned to withstand macro-economic challenges in Canada and South America.

The Board of Directors is committed to the strategic oversight of Finning and monitoring the company's progress against its priorities, protecting and enhancing shareholder value, and continually evaluating best practices in corporate governance. This past year, we continued to emphasize these important areas, while also focusing on talent management and board renewal.

The Finning leadership team recognizes that cultivating the best talent in the industry is a vital component of the company's strong foundation and an essential factor in maintaining its leadership position. In 2014, the Board spent a significant amount of time supporting the company's talent management strategy. This included providing oversight on key talent management initiatives to ensure the company has a strong and diverse pipeline of future leaders and the right skills and capabilities to deliver on its customer commitment. In 2014, Finning invested in key capabilities aligned to its operational excellence agenda, implemented consistent talent management processes, and made progress towards having our leaders operate with a talent mindset.

To ensure that we have the right mix of complementary skills, proficiency and experience for the Board to effectively carry out its mandate, we are committed to board renewal. In 2014, we added three new directors to our Board – Marcelo Awad, Nicholas Hartery and Jacynthe Côté. All three are senior business leaders who bring valuable leadership and exceptional experience to the Board. Long-serving directors Ricardo Bacarreza and Andrew Simon have announced that they will not seek re-election as directors in 2015 after serving on the board for 16 years respectively. Each has brought unique talents and insight to Finning's governance and my fellow directors and I are grateful for their contributions.

In all, 2014 was a productive year for the Board and one of progress for Finning. In closing, I would like to sincerely thank Finning employees for their strong performance in 2014. I also express my appreciation to our Board of Directors for its steadfast dedication and leadership. Lastly, I would like to acknowledge our strong relationship and the support we receive from Caterpillar, our key strategic partner. We are proud of the company's accomplishments of the past year, and look forward to continuing to serve our shareholders.

For more information about our corporate governance policies, please review the Finning management proxy circular and visit the corporate governance section at www.finning.com.

On behalf of the Board of Directors,

Douglas W. G. Whitehead
Chairman of the Board

Financial Performance

“2014 was a solid year for Finning. In Canada, we continued to successfully execute on our operational excellence agenda and achieved significant improvement in our return on invested capital. In South America, we maintained historic profitability levels despite weakened market conditions. And in the UK & Ireland, we achieved improved invested capital turnover and maintained profitability levels in a very competitive market. We ended the year with strong free cash flow and a very healthy balance sheet, so we are in a great position to manage through uncertain economic conditions and capture opportunities in today’s low commodity price environment. We are accelerating the execution of our operational priorities and taking quick actions to align our cost structure in Canada to lower activity levels. We fully expect to continue generating strong free cash flow in 2015.”

Anna Marks, SVP, Corporate Controller, Finning International

Key Performance Indicators	2014	2013	2012 ⁽¹⁾
EBIT (\$ millions)	504	521	489
EBIT margin ⁽²⁾ (%)	7.3	7.7	7.4
Invested capital (\$ millions)	3,106	3,138	3,131
Invested capital turnover ⁽²⁾ (times)	2.10	2.04	2.22
Inventory (\$ millions)	1,661	1,756	1,930
Inventory turns ⁽²⁾ (times)	2.81	2.74	2.43
Working capital to sales ratio ⁽²⁾ (%)	26.1	26.5	24.5
Free cash flow (\$ millions)	483	441	(37)
Net debt to invested capital ratio ⁽²⁾ (%)	31.4	40.8	50.0
Net debt to EBITDA ratio ⁽²⁾ (%)	1.4	1.7	2.2
Return on invested capital (%)	15.3	15.7	16.5
Canada	17.1	15.9	15.7
South America	14.6	17.6	19.7
UK & Ireland	16.3	16.4	16.3

2014 Financial Highlights

- Revenues increased by 2% to \$6.9 billion.
 - Product support revenues grew by 8% driven by higher parts sales in Canada.
 - New equipment sales were down marginally as higher volumes in Canada and the UK & Ireland were offset by reduced demand from mining in South America.
- EBIT decreased by 3% to \$504 million reflecting lower volumes in South America due to challenging market conditions. EBIT margin declined to 7.3% from 7.7%.
 - Canada’s EBIT increased by 8% driven by higher revenues and cost savings from supply chain and service excellence initiatives.
 - South America maintained historic profitability ⁽³⁾ despite significantly lower revenues.
- Basic EPS of \$1.85 was down by 5%. When considering ERP write-offs, severance costs and tax-related adjustments in both years, 2014 basic EPS would be comparable to 2013.
- Free cash flow was \$483 million, which reduced net debt to invested capital ratio to 31.4%, an all-time low.
- Canada’s return on invested capital increased to 17.1% from 15.9%, driven by improved capital efficiencies and higher EBIT.

¹ Restated to reflect adoption of the amendments to International Accounting Standard (IAS) 19, Employee Benefits

² These financial metrics do not have a standardized meaning under IFRS. For additional information and definitions of these financial metrics, see “Description of Non-GAAP and Additional GAAP Measures” in Finning’s 2014 MD&A.

³ Excluding the ERP write-off, severance costs, and labour disruption costs, 2014 EBIT margin in South America would have been 9.8%.

Canadian Operations

Headquartered in Edmonton, Finning's Canadian operations employ about 5,700 people across British Columbia, Alberta, Yukon, Northwest Territories, and a portion of Nunavut. Finning Canada serves a diverse range of industries that span mining (including oil sands), construction, petroleum, forestry, and power systems.

"The solid progress we made on our operational excellence agenda delivered significantly stronger financial results in 2014. Importantly, we improved our customer loyalty scores through operational improvements in our supply chain and service. In today's uncertain environment, we will accelerate the execution of our customer-centric agenda. We are focused on reducing costs and managing capital to maintain profitability levels during the downturn and position our organization for long-term success."

Juan Carlos Villegas, *President, Finning Canada and COO, Finning International*

2014 Financial Highlights

- Revenues grew by 8% to \$3.6 billion.
 - Product support revenues rose by 10% reflecting higher parts sales across all sectors.
 - New equipment sales were up 12% driven by increased activity in mining and power systems.
- EBIT increased by 8% to \$284 million driven by higher volumes and cost savings from supply chain and service excellence initiatives.
 - The service labour recovery rate improved and contributed to higher service margins.
 - SG&A ⁽²⁾ costs as a percentage of revenue declined from 2013 due to efficiencies in the supply chain and service operations.
- Invested capital turnover increased, reflecting solid progress in the transformation of the supply chain.
- Return on invested capital rose by 120 basis points to 17.1% driven by capital efficiencies and higher EBIT.

Key Performance Indicators	2014	2013	2012 ⁽¹⁾
EBIT (\$ millions)	284	263	231
EBIT margin (%)	7.8	7.8	7.1
Invested capital (\$ millions)	1,475	1,488	1,589
Invested capital turnover (times)	2.19	2.03	2.22
Return on invested capital (%)	17.1	15.9	15.7

¹ Restated to reflect adoption of the amendments to IAS 19, Employee Benefits
² Selling, General and Administrative (SG&A)



Canadian Operations

Managing through a market downturn

Finning Canada is facing a challenging year in 2015 as lower commodity prices and a reduction in our customers' capital budgets are impacting activity levels in most sectors. Managing costs and supporting customers in this uncertain environment are the key focus areas in 2015.

The Canadian operations have taken early actions to reduce costs to align with anticipated lower volumes, including workforce reductions and austerity measures. Importantly, Finning Canada is accelerating the execution of the operational excellence agenda with continued focus on our five priorities:

- increasing profitability of service operations,
- transforming the supply chain,
- improving asset performance,
- growing equipment and parts market share in non-mining sectors, and
- supporting safe and engaged employees.

Finally, a few pockets of strength in Western Canada, such as forestry and some power systems and infrastructure projects, continue to provide opportunities for equipment sales and product support.

Finning Canada's Contribution Impacts Women Building Futures

In 2014, Finning Canada continued its partnership with Women Building Futures (WBF) to transform the lives of women and address the immediate and long term need for skilled workers in Alberta.

In addition to being a WBF Workforce Development Partner and Workplace Employer of Choice, our operations committed considerable resources once again to the WBF's Imperial Oil Heavy Equipment Operator Program established in 2013. Of the hundreds who apply, 16 women are selected each year to train on Finning's equipment, including a variety of loaders, dozers, graders and excavators for an opportunity to work in the oil sands.

"When we talk with women about why they are attracted to the WBF/Imperial Oil Heavy Equipment Operator Program, they consistently say it's because they've heard so many good things about the program, the

reputation of all the companies involved, and of course, the opportunity to create a whole new career path and lifestyle," said JudyLynn Archer, WBF President and CEO.

WBF is a leader in trades training for women, with extensive experience recruiting women into the heavy industrial workforce at a consistent employment placement rate of 90 per cent. A Social Purpose Organization and registered charity, it is valued for its uncompromising approach to meeting the needs of women and industry by recruiting the right people and providing them with the right training.

South American Operations

Headquartered in Santiago, Chile, Finning's South American operations employ about 6,900 people throughout Chile, Argentina, Bolivia, and Uruguay. In 2014, about 75% of Finning's revenue in South America was generated in Chile, and approximately 18% of revenue came from Argentina. The key markets served by Finning South America are mining (primarily copper), construction, and power systems.

"Our ability to maintain solid profitability levels and generate strong free cash flow during challenging market conditions demonstrates the discipline of our organization. We remain committed to providing outstanding support to our customers through the peaks and troughs of the economic cycle, and delivering sustainable and profitable long-term growth."

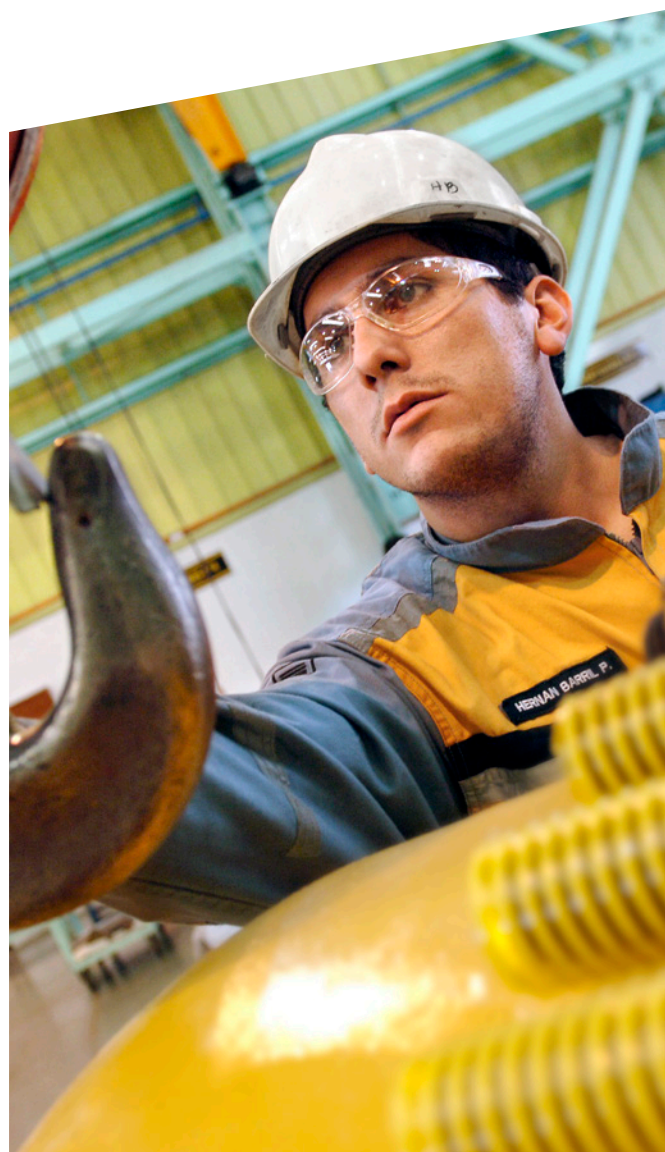
Marcello Marchese, *President, Finning South America*

2014 Financial Highlights

- Revenues decreased by 11% to \$2.2 billion, impacted by a 30% decline in new equipment sales primarily due to reduced demand from mining. South American operations achieved record market share in construction despite lower activity levels.
- Product support revenues were up 4% driven by parts sales, while service revenues were lower, reflecting efforts by mining customers to minimize operating costs.
- South American operations maintained solid profitability levels during challenging market conditions. Excluding the ERP write-off, severance costs, and labour disruption costs, 2014 EBIT margin would have been 9.8%.
- Invested capital was down by about \$150 million in functional currency driven mostly by lower inventory as Finning South America adjusted its asset levels to reduced mining activity.

Key Performance Indicators	2014	2013	2012 ⁽¹⁾
EBIT (\$ millions)	196	249	239
EBIT margin (%)	8.8	9.9	9.9
Invested capital (\$ millions)	1,348	1,391	1,298
Invested capital (US\$ millions)	1,162	1,308	1,304
Invested capital turnover (times)	1.66	1.78	1.98
Return on invested capital (%)	14.6	17.6	19.7

¹ Restated to reflect adoption of the amendments to IAS 19, Employee Benefits



South American Operations

Operating During a Period of Slow Demand

Finning's South American operations took decisive steps in 2014 to adjust its cost structure and invested capital to lower market activity, which enabled the business to maintain its historic profitability levels and positioned it well for 2015. While new equipment sales to the mining industry will likely remain slow this year, the demand for product support is expected to start recovering as mining customers have been deferring decisions on component repurchases and major repairs. In addition, the anticipated infrastructure plans by the Chilean government should support demand from construction and power systems sectors in the second half of the year. Finning South America will continue to be disciplined on costs and capital, and remain focused on growing product support, gaining market share in non-mining sectors, and delivering solid EBIT margin.

Maintaining High Engagement in Challenging Times

In 2014, our South American team acted swiftly and decisively to align costs with decreased activity levels. Although difficult decisions had to be made, our employees in South America were able to maintain high employee engagement throughout the year.

Though many factors contributed to maintaining engagement, one of the most critical was an ongoing focus on communication. At Finning, "we communicate" is a core value. Guided by this value and recognizing that people are the foundation of our success, leaders were open and transparent about the macro-economic conditions and their impact on our operations. In addition to regular updates on the business, employees were invited to ask questions, raise concerns, and identify areas to reduce costs, waste and inefficiencies. By being part of the solution, employees understood the rationale behind decisions and knew that workforce reductions would only occur once all other options were exhausted.

The results from our 2014 employee opinion survey speak to the effectiveness of our open and collaborative communications approach. High participation rates are one indication of employee engagement as it demonstrates that employees feel their feedback is valued. In 2014, participation in the survey increased by four per cent with 89 per cent of employees taking the time to share their feedback. Scores on all measures remained fairly stable compared to the prior year. Importantly our engagement score, which measures the extent employees commit to the organization, how hard they work as a result of this commitment, and how long they intend to stay, was 80 per cent. This places Finning South America in the top 25 per cent of global operations in employee engagement – a tremendous achievement and a testament to our employees' dedication even during challenging times.

UK & Ireland Operations

Headquartered in Cannock, England, Finning's UK & Ireland operations employ about 1,800 people across England, Scotland, Wales, Northern Ireland, and the Republic of Ireland. The UK & Ireland operations serve a very diverse range of markets through the equipment solutions and power systems divisions. The equipment solutions customers operate in coal mining, quarrying, re-handling (recycling and waste management), infrastructure and general construction, plant hire, as well as other industrial segments. The power systems division provides services to a wide spectrum of power and energy markets, including industrial, oil & gas, marine, water treatment, and other applications.

"I am proud of our team's success in capturing opportunities in the highly segmented and competitive equipment market and winning value-added deals in power systems. Our focus remains on maintaining outstanding customer loyalty, growing market share, and generating a solid return on invested capital."

Neil Dickinson, *Managing Director, Finning UK & Ireland and EVP, Global Power Systems*

2014 Financial Highlights

- Revenues increased by 20% to \$1.1 billion and benefited from the weaker Canadian dollar when translating results from the UK pound sterling.
 - Higher new equipment sales were driven by improved demand for small to mid-size machines in construction and infrastructure markets, as well as power systems projects.
 - Despite softness in coal mining and heavy construction, product support revenues were maintained due to increased equipment rebuild activity.
- EBIT of \$50 million was up 17%, driven by higher revenues. EBIT margin of 4.8% was solid considering the highly competitive market environment in the U.K.
- Invested capital turnover improved, reflecting the focus on managing assets while achieving revenue growth.

Key Performance Indicators	2014	2013	2012 ⁽¹⁾
EBIT (\$ millions)	50	43	45
EBIT margin (%)	4.8	4.9	5.0
Invested capital (\$ millions)	284	265	260
Invested capital (£ millions)	157	150	161
Invested capital turnover (times)	3.43	3.37	3.25
Return on invested capital (%)	16.3	16.4	16.3

¹ Restated to reflect adoption of the amendments to IAS 19, Employee Benefits



UK & Ireland Operations

Capturing Opportunities

The economic fundamentals in the United Kingdom are expected to remain positive in 2015 and support strong activity levels in residential and general construction markets, road and infrastructure upgrades, and energy projects. These highly segmented and competitive markets favour small to mid-size machines with a strong customer preference to rent equipment. The UK & Ireland's equipment solutions division has successfully grown market share in the expanding general construction segment and has won significant equipment deals in the plant hire (equipment rental) sector. The coal mining and heavy construction sectors, which are the key drivers of large equipment sales and product support, remain weak. However, growing rebuild opportunities in other sectors are expected to continue supporting the UK & Ireland's parts and service business in 2015.

The power systems group recently won some important deals with data centres, marine and gas customers. The electric power generation and marine sectors represent the largest opportunities for the UK & Ireland's power systems business in 2015, while the lower oil price is not expected to have a material impact.

2014 Marks Significant Safety Achievements for Finning UK & Ireland

In 2014, Finning UK & Ireland was recognized for its strong safety commitment with a Royal Society for the Prevention of Accidents' (RoSPA) Industry Sector Award for Occupational Health & Safety.

The awards program spotlights organizations that have demonstrated the best health and safety management performance within specific industry sectors. This year, we were awarded 'Highly Commended' in the engineering services category. Criteria used to judge companies includes important practices such as strong leadership and workforce involvement. This RoSPA award is particularly noteworthy as Finning is the only company to be recognized within this sector for a third consecutive year.

"We believe that achieving 'highly commended' is a great recognition of our consistently high standards of health and safety performance," said Keith Oakes, head of safety, health and quality for Finning UK & Ireland.

Finning UK & Ireland's employees worked a full year without a lost time incident. This means that employees worked over 3.7 million hours incident free and sets a new record: a tremendous achievement.

Workplace, Community & Environment

At Finning, our commitment to our employees, the community and the environment is underpinned by our Code of Conduct and reflected in our values. This includes upholding the highest safety standards, supporting employees with an engaging workplace, actively contributing to our communities and safeguarding the environment. We recognize these are essential elements of strengthening our solid foundation and building a successful future.

Strengthening the safety of our operations

Safety is foundational to our success as a company and a core value fundamental to everything we do. In 2014, we advanced on our risk-based approach to safety company-wide as part of our commitment towards continuously strengthening the safety of our employees. This entails assessing and managing risk to improve the safety of all Finning employees.

In addition, each of our operations took meaningful actions in line with our commitment towards ensuring every employee returns home safely each day. Our operations in the UK & Ireland continued their highly impactful storytelling approach as part of their 'risk perception and risk tolerance' campaign. This campaign features employees relating their own personal experiences and sharing lessons learned. As a mark of their success, in 2014 the UK & Ireland recorded 365 days and over 3.7 million hours without a single lost time incident. This represents an impressive decrease in the number of incidents resulting in lost time from work in 2014 compared to 2013.

In South America, employees participated in the "Hand in Hand" campaign in conjunction with Mutual de Seguridad, a non-profit agency focused on organization safety and risk prevention. Hand injuries are an area of ongoing focus as they represent approximately 30 per cent of injuries at Finning. To reduce hand injuries, the "Hand in Hand" campaign reinforces the importance of hand safety and injury prevention among employees. A 16 per cent reduction in hand injuries in 2014 relative to 2013 speaks to the effectiveness of the campaign. Mutual de Seguridad applauded our employees' active participation in the successful campaign.

In Canada, our operations increased their focus on personal protective equipment (PPE) to reduce head and hand related injuries. In 2014, a new PPE policy was implemented to further strengthen our existing high standards following a thorough review of current policies and standards, and open and ongoing consultation and communication with employees. To align with evolving industry leading best practices, the new policy includes the use of gloves that are appropriate to the task. In addition, all shop, yard, warehouse and field employees, contractors and visitors must now wear their hard hat at all times. While these standards were already in place for many tasks, the new policy ensures consistency across all of our Canadian operations.

Due to our employees' commitment to safety, 2014 represented our best performance company-wide on total recordable incident frequency (TRIF) – a key safety metric. Our total TRIF was 25 per cent lower in 2014 compared to 2013. This is a significant achievement and one we will continue to build on in 2015 and beyond.



Fostering engagement

To foster an environment where every employee is supported to perform to his or her full potential, we focus on multiple aspects of the workplace – from investing in employee training and development, building a diverse and inclusive workforce, to strengthening employee engagement.

One of the ways we work towards building engagement is through the annual employee opinion survey process. The survey, offered by Caterpillar to all of its dealers, is an opportunity for all our employees to share their feedback on a wide range of topics and assess our progress in making improvements in the workplace. Employee feedback from the survey is essential to strengthen what is working well and to address areas for improvement at Finning. In response to the feedback gathered, leaders and employees work together to address identified priorities and make changes which improve engagement.

A good indication that our employees are engaged and believe their feedback is valuable is our participation rate. In 2014, we achieved a total participation rate of 86 per cent, a slight increase over 2013. Our company-wide engagement score also continues to trend positively at 76 per cent in 2014. This score shows the extent of our employees' commitment, work effort, and desire to stay with the organization. In addition, Finning's commitment to employee safety and fostering a workplace where people's actions are guided by: caring for each other's safety and well-being, communicating openly, taking responsibility, empowering and trusting one another, and doing our best were reflected in our scores. In 2014, our employees' high scores for safety and values once again placed us in the top ten per cent of global organizations on these measures.

Workplace, Community & Environment

Contributing to our communities

At Finning, we have a proud history of actively supporting the communities where we live and work. In 2014, we continued our legacy of giving by supporting a number of organizations and programs through charitable donations, sponsorships, in-kind contributions, and employee volunteering.

When the community of Prince George, British Columbia prepared for the 2015 Canada Winter Games, Finning and The Cat Rental store were there. Our employees contributed countless volunteer hours while our equipment and generator sets helped build and power the venues. This was the largest multi-sport and cultural event ever held in the community attracting 2,400 athletes, 1,000 coaches and officials, up to 4,500 volunteers plus thousands of visitors, and we are proud to have played a part.

At the Finning Technical Institute in Antofagasta, Chile, which opened in 2013, we train both Finning and customer employees, as well as youth interested in pursuing careers as qualified technicians. In 2014, 58 of 60 students enrolled in two of the institute's programs – Upper Level Maintenance, Earthmoving and Equipment Repair Technician and Upper Level Electro-mechanics and Earthmoving Equipment Technician – were awarded full scholarships from Finning, covering 100 per cent of their tuition costs.

As part of the 'Finning Giving' program in the UK & Ireland, we encourage employees to play an active role in our local communities. Building on our safety culture, we introduced "Safety in the Community", which enables our employees to share their commitment to safety with the wider community. Through the program, employees can take eight hours of paid leave to promote safe behaviours and practices at local schools or community groups through presentations and friendly competitions, such as a safety poster design contest for young students.

Upholding our environmental commitment

Demonstrating responsible environmental practices that eliminate or minimize the impact of our operations on the environment is a vital component of how we operate at Finning. This entails adopting management practices and systems to manage our environmental impacts; identifying and minimizing environmental risk through regular audit programs; establishing and maintaining environmentally acceptable methods for managing wastes, reusing and recycling materials; developing safe, efficient and effective spill response plans; and, ensuring that future business practices, operations and facilities uphold our commitment to the environment.

This commitment also extends to our products and services. In partnership with Caterpillar, we proudly offer advanced solutions that leverage technology and innovation to increase efficiency and productivity and reduce environmental footprint. We also support our customers by providing operator training that enables their businesses to become more productive while using energy more efficiently.

One of our greatest contributions to environmental sustainability is through our remanufacturing processes. While providing world-class quality rebuild component and equipment options for our customers at a much lower cost, we are keeping nonrenewable resources in circulation for multiple lifetimes. Our remanufacturing activities reduce environmental impacts by reducing waste, lowering greenhouse gas emissions and minimizing the need for raw materials to produce new parts.

To further champion this commitment to environmental sustainability, our OEM facility in Edmonton, Alberta implemented a new method for more efficiently managing waste and recycling materials in 2014. The annual benefits of this change include the equivalent of 330 trees saved and 30 cars taken off the road. In addition, we generated 10,800 kg of compost, and recycled 89 per cent of municipal solid waste construction and demolition waste, and wood waste. In total, we diverted 447.4 metric tonnes of garbage from the landfill, a 40 per cent reduction over 2013.



Board of Directors



Douglas W. G. Whitehead

British Columbia, Canada
 Director since: 1999
 Chairman of the Board of Directors



Marcelo A. Awad

Santiago, Chile
 Director since: 2014



Ricardo Bacarreza

Santiago, Chile
 Director since: 1999



James E.C. Carter

Alberta, Canada
 Director since: 2007



Jacynthe Côté

Candiac, Québec
 Director since: 2014



Nicholas Hartery

Limerick, Republic of Ireland
 Director since: 2014



Kevin A. Neveu

Alberta, Canada
 Director since: 2013



Kathleen M. O'Neill

Ontario, Canada
 Director since: 2007



Christopher W. Patterson

Florida, United States
 Director since: 2010



John M. Reid

British Columbia, Canada
 Director since: 2006



Andrew H. Simon, OBE

Bougy-Villars, Switzerland
 Director since: 1999



L. Scott Thomson

British Columbia, Canada
 Director since: 2013



Michael M. Wilson

Alberta, Canada
 Director since: 2013

Executive Officers



L. Scott Thomson
 President and Chief Executive Officer,
 Finning International Inc.



David W. Cummings
 Senior Vice President and
 Chief Information Officer,
 Finning International Inc.



Neil Dickinson
 Managing Director, Finning UK & Ireland
 and Executive Vice President, Global
 Power Systems, Finning International Inc.



Andrew S. Fraser
 Executive Vice President,
 Customer and External Relations,
 Finning International Inc.



Marcello Marchese
 President, Finning South America



Anna P. Marks
 Senior Vice President, Corporate
 Controller, Finning International Inc.



Greg Palaschuk
 Vice President, Treasurer,
 Finning International Inc.



Gillian Platt
 Chief Human Resources Officer,
 Finning International Inc.



J. Gail Sexsmith
 Corporate Secretary,
 Finning International Inc.



Juan Carlos Villegas
 President, Finning Canada and
 Chief Operating Officer,
 Finning International Inc.

Five Year Financial Summary

FOR YEARS ENDED DECEMBER 31	2014	2013	2012	2011	2010
OPERATING RESULTS (\$ millions)					
Revenue from continuing operations ⁽¹⁾⁽²⁾⁽³⁾					
Canadian operations	\$ 3,634	\$ 3,358	\$ 3,278	\$ 2,944	\$ 2,268
South American operations ⁽³⁾	2,227	2,514	2,397	2,120	1,669
UK & Ireland operations	1,057	884	901	831	648
Total	\$ 6,918	\$ 6,756	\$ 6,576	\$ 5,895	\$ 4,585
EBIT ⁽¹⁾⁽²⁾⁽⁴⁾	\$ 504	\$ 521	\$ 489	\$ 374	\$ 287
As a percent of revenue (EBIT margin)	7.3%	7.7%	7.4%	6.3%	6.3%
Net income from continuing operations ⁽¹⁾⁽²⁾⁽⁴⁾	\$ 318	\$ 335	\$ 327	\$ 251	\$ 176
As a percent of revenue	4.6%	5.0%	5.0%	4.3%	3.8%
EBITDA ⁽¹⁾⁽²⁾⁽⁴⁾	\$ 720	\$ 737	\$ 701	\$ 548	\$ 326
Invested capital	\$ 3,106	\$ 3,138	\$ 3,131	\$ 2,320	\$ 1,861
Inventory	\$ 1,661	\$ 1,756	\$ 1,930	\$ 1,443	\$ 1,076
Free cash flow	\$ 483	\$ 441	\$ (37)	\$ (221)	\$ 263
RATIOS					
Return on invested capital	15.3%	15.7%	16.5%	16.0%	15.3%
Invested capital turnover	2.10x	2.04x	2.22x	2.53x	2.44x
Inventory turns	2.81x	2.74x	2.43x	2.95x	3.24x
Working capital to sales	26.1%	26.5%	24.5%	22.8%	22.2%
Net debt to invested capital	31.4%	40.8%	50.0%	42.0%	35.3%
Net debt to EBITDA	1.4	1.7	2.2	1.8	1.5
SHARE AND PER SHARE DATA					
Earnings per common share from continuing operations ⁽¹⁾⁽²⁾⁽⁴⁾					
Basic	\$ 1.85	\$ 1.95	\$ 1.90	\$ 1.47	\$ 1.03
Diluted	\$ 1.84	\$ 1.94	\$ 1.90	\$ 1.46	\$ 1.02
Dividends per common share	\$ 0.6850	\$ 0.5975	\$ 0.55	\$ 0.51	\$ 0.47
Common Share Price					
High	\$ 33.90	\$ 27.68	\$ 29.97	\$ 30.25	\$ 27.40
Low	\$ 23.09	\$ 20.37	\$ 21.68	\$ 18.55	\$ 16.54
Year end	\$ 25.23	\$ 27.15	\$ 24.57	\$ 22.21	\$ 27.09
Common shares outstanding (thousands)	172,370	172,014	171,910	171,574	171,431
NUMBER OF EMPLOYEES ⁽⁵⁾					
Canada	5,703	5,698	6,061	5,435	4,408
South America	6,937	7,463	7,422	6,453	5,907
UK & Ireland	1,790	1,677	1,814	1,626	1,533
Head Office	65	86	85	78	73
Total	14,495	14,924	15,382	13,592	11,921
Revenue from continuing operations per employee (\$ thousands) ⁽⁶⁾⁽⁷⁾	\$ 477	\$ 453	\$ 427	\$ 434	\$ 385
Net income from continuing operations per employee (\$ thousands) ⁽⁶⁾⁽⁷⁾	\$ 22	\$ 22	\$ 21	\$ 18	\$ 15

These results have been prepared in accordance with International Financial Reporting Standards.

1 In July 2014, the Company's UK & Ireland operations acquired SITECH. In February 2012, the Company acquired Damar, an engineering company specializing in the water utility sector in the U.K. In May 2012, the Company acquired the former Bucyrus distribution and support business in its dealership territories of South America and in the U.K. In October 2012, the Company acquired the former Bucyrus distribution and support business in its Canadian dealership territory. The results of operations and financial position of these acquired businesses have been included in the figures above since the date of acquisition.

2 In 2010, the Company sold Hewden Stuart Limited (Hewden), its U.K. equipment rental business. Results from that operation have been

reclassified to discontinued operations for the year ended December 31, 2010. Therefore, revenue, EBIT, net income, earnings per common share, and return on average shareholders' equity reflect results from continuing operations for that year.

3 The Company's South American operations began to export an agricultural product from Argentina in 2012 in response to the Argentinean government's efforts to balance imports and exports and to manage access to foreign currency exchange. In 2013, the Company reclassified the export revenues and expenses to other income and other expenses and have restated the results for the year ended December 31, 2012. The Company has not exported agricultural product since Q3 2013.

4 In 2013, the Company retrospectively applied the amendments to IAS 19, Employee Benefits to January 1, 2010, the date of IFRS adoption and have restated the results for 2012, 2011, and 2010.

5 Number of employees includes all employees up to the point of sale or since acquisition.

6 These financial metrics do not have a standardized meaning under IFRS.

7 Revenue/net income from continuing operations per employee is calculated as revenue/net income divided by total number of employees.

Shareholder Information

Corporate Information

Finning prepares an Annual Information Form which is filed with the securities commission. The Annual Information Form and quarterly reports are available on the Investors section of www.finning.com.

Corporate Governance Information

Please refer to Finning's management proxy circular in connection with the 2015 Annual Meeting of Shareholders and the Governance section of Finning's website at www.finning.com for a full discussion of Finning's corporate governance and corporate policies and practices.

Code of Conduct

One important way that Finning promotes our values and communicates the behaviours and actions expected from our employees is through our Code of Conduct. The Code provides a common set of principles and key policies to help guide day-to-day behaviour in support of our values. All employees are required to review the Code and affirm that they understand their role in upholding Finning's ethical standards. The Code of Conduct is available in the Governance section of www.finning.com.

Annual General Meeting

May 5, 2015
2:00 pm Pacific Time
Terminal City Club
837 West Hastings Street
Vancouver, British Columbia

Investor Contact Information

For inquiries related to Finning's operating activities and financial performance:
Mauk Breukels
Vice President, Investor Relations and Corporate Affairs
604-331-4934
investor_relations@finning.ca

For inquiries related to shares or dividends, please contact our transfer agent, Computershare Investor Services Inc.

Company name: Finning International Inc.

Exchange: Toronto Stock Exchange (TSX)

Symbol: FTT

Filings: SEDAR

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Telephone: 604-691-6444
Fax: 604-691-6440
Website: www.finning.com

Auditors

Deloitte LLP

Solicitors

Borden Ladner Gervais LLP

Transfer Agent and Registrar

Computershare Investor Services Inc.
Phone: 1-800-564-6253 (North America)
514-982-7555 (International)
Email: service@computershare.com
Website: www.computershare.com



Forward Looking Statement

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; expected revenue; EBIT margin; ROIC; market share growth; expected results from service excellence action plans; anticipated asset utilization; and inventory turns and parts service levels. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report reflect Finning's expectations at February 18, 2015. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and generate operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings,

litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, availability and benefits from information technology and the data processed by that technology. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of Finning's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that Finning believed were reasonable on the day the Company made the forward-looking statements. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in Section 4 of the Company's current AIF.

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

Except as otherwise indicated, forward-looking statements do 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 hereof. 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. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.