FINNING

Q3 2015 EARNINGS RELEASE **November 12, 2015**

Finning Reports Q3 2015 Results; Announces Global Workforce Reductions and Facilities Optimization in Western Canada

Vancouver, B.C. – Finning International Inc. (TSX: FTT) reported third quarter 2015 results today (all monetary amounts are in Canadian dollars unless otherwise stated).

Q3 2015 HIGHLIGHTS

- Basic EPS[1] was $0.19, including severance costs of $0.11 per share, loss on a building sublease of $0.03 per share, and Saskatchewan dealership acquisition costs of $0.01 per share.
- In response to a further decline in market activity, marked by a 27% drop in new equipment sales from Q2 2015, the Company announced an additional workforce reduction of approximately 1,100 people or 8%, bringing the total workforce reduction to approximately 1,900 people or 13% in 2015.
- To improve efficiencies, reduce costs, and optimize service delivery to customers, the Company announced today that it will exit 11 facilities in Western Canada. Combined with the previously announced closure of 16 facilities, the Company's footprint in Western Canada will be reduced by over 20% by mid to late 2016.
- Excluding severance, loss on a building sublease, and facility closure costs, Canada's operating profitability or EBIT margin[1][2] in Q3 2015 improved from the previous two quarters, despite lower revenues. Including the recent workforce reduction of 450 people, the Canadian operations will have reduced their workforce by approximately 1,100 people or 20% in 2015.
- The recent workforce reduction includes approximately 550 people in South America in response to a significant decline in activity levels from Q2 2015 and in order to maintain historic profitability levels going forward. Since the peak of mid-2013, the South American operations will have reduced their workforce by approximately 1,200 people or 16%.
- The Company generated $140 million in free cash flow[2], a 28% increase from Q3 2014, driven by Canada, including a positive contribution from the newly acquired Saskatchewan dealership.
- During Q3, the Company repurchased 2.2 million of its shares for cancellation, bringing the total share repurchases to 3.1 million shares year-to-date for approximately $70 million.

"In line with significant steps already taken to adjust to the economic downturn, we took further decisive actions to reduce costs and implement sustainable operational improvements as market conditions weakened in the third quarter," said Scott Thomson, president and CEO of Finning International. "These steps include reducing the size of our global workforce by 1,900 people since the beginning of the year and 2,500 people since the start of the downturn in mid-2013. We also continued to restructure our Canadian branch network, effectively reducing our facility footprint by over 20% since the beginning of the year, to optimize the utilization of our assets throughout the cycle. While these are difficult decisions, we believe we are taking the right path to adjust our business to market realities and ensure financial strength, while simultaneously positioning Finning to deliver customer service more effectively and efficiently over the long-term."

"These organizational changes, coupled with the operational improvements we are implementing, are driven by our focus on providing value for our customers and our shareholders. In particular, the changes made to our facility footprint are underpinned by our solid commitment to our customers and follow careful consideration of their needs. We believe our resulting facility footprint provides the right support to enhance our customers' experience, meet their evolving requirements, and improve sales and service levels through our larger service centers and extended resident field teams," continued Mr. Thomson.

"Our focus on managing the factors within our control has contributed to preserving a strong balance sheet and allowed us to improve profitability in our Canadian operations on a quarter by quarter basis throughout 2015 despite a very challenging business environment. Being able to achieve these outcomes under current market conditions gives me

confidence that we will be well-positioned when demand strengthens. Going forward, we will continue to implement operating improvements which earn our customers' loyalty, and maintain cost and capital discipline as we manage through persistent market uncertainty," concluded Mr. Thomson.

Q3 2015 FINANCIAL SUMMARY

$ millions, except per share amounts	**Three months ended Sep 30**		
	2015	2014	% change
Revenue	**1,498**	1,670	(10)
EBIT[2]	**63**	114	(45)
EBIT margin	***4.2%***	*6.8%*	
Net income	**33**	57	(42)
Basic EPS	**0.19**	0.33	(42)
EBITDA[1][2]	**125**	170	(27)
Free cash flow	**140**	109	28

- Revenues declined by 10% from Q3 2014 to $1.5 billion, driven by 30% lower new equipment sales, down in all operations due to a difficult economic environment and reduced demand for new equipment across all market segments. While consolidated product support revenue was up 3% from Q3 2014, product support was lower in all regions in functional currency, reflecting reduced activity levels.

- Gross profit margin[2] of 30.7% was relatively unchanged from 30.6% in Q3 2014. By line of business, gross profit margins declined, reflecting customers' continued focus on reducing operating costs and increased competitive pressures, most notably in Canada. These margin pressures were offset by a favourable shift in revenue mix to product support, which contributed 58% to consolidated revenue, up from 50% in Q3 2014.

- The Company took further steps in Q3 2015 to align its cost structure to lower activity levels, including the announcement of a workforce reduction of about 1,100 employees or 8% from the end of June 2015. As a result, Q3 2015 SG&A included severance costs of $25 million, compared to about $7 million of severance and $2 million of labour disruption costs in Q3 2014. Excluding these costs, SG&A decreased from Q3 2014, reflecting cost savings from operational improvements, headcount reductions, and volume-related decreases, which were partly offset by inflationary and statutory salary increases in South America. Since the end of 2014, and including the recent workforce reduction announcement, the Company will have reduced its global workforce in 2015 by approximately 1,900 people or 13%.

- EBIT declined to $63 million from $114 million in Q3 2014, primarily due to lower revenues, marked by a significant decline in new equipment sales, and higher severance, which was partly offset by cost savings from targeted SG&A reductions and operational improvements.
    - Q3 2015 EBIT included the following items:
        - Severance costs of $25 million;
        - Loss on a building sublease of $6 million due to centralizing the Canadian head-office operations into one building as part of cost reduction efforts;
        - Costs related to the acquisition of the Saskatchewan dealership of $3 million.

      Excluding these items, Q3 2015 EBIT would have been $97 million.
    - In comparison, Q3 2014 EBIT included:
        - Severance costs of $7 million;
        - Labour disruption costs of $2 million;
        - Write-off of the previously capitalized Enterprise Resource Planning (ERP) costs in South America of $12 million.

      Excluding these items, Q3 2014 EBIT would have been $135 million.
    - Q3 2015 EBIT margin was 4.2%, down from 6.8% in Q3 2014. Excluding the items mentioned above, Q3 2015 adjusted EBIT margin would have been 6.5%. In comparison, Q3 2014 adjusted EBIT margin would have been 8.1%.

- Basic EPS of $0.19 was negatively impacted by the following items:
  - Severance costs of $0.11 per share;
  - Loss on a building sublease of $0.03 per share;
  - Saskatchewan dealership acquisition costs of $0.01 per share.

  Excluding these items, Q3 2015 EPS would have been $0.34. In comparison, Q3 2014 EPS was negatively impacted by a one-time non-cash write-off of ERP costs in South America ($0.06 per share), a one-time non-cash charge from the revaluation of deferred income tax balances in Chile ($0.04 per share), a higher estimated annual effective tax rate in Argentina ($0.03 per share), and severance and labour disruption costs ($0.04 per share). Excluding these items, Q3 2014 EPS would have been $0.50.

- Quarterly free cash flow was $140 million compared to $109 million in Q3 2014, driven primarily by a reduction of equipment inventory and lower accounts receivable in Canada, consistent with weaker market conditions, as well as a positive contribution from the Saskatchewan dealership.

- The Company's balance sheet remains strong with a net debt to invested capital ratio(2) of 38.7% at the end of Q3 2015, higher than the 35.4% at June 30, 2015, principally due to the acquisition of the Saskatchewan dealership.

- During Q3, the Company repurchased 2.2 million of its shares for cancellation, bringing the total share repurchases to 3.1 million shares year-to-date for approximately $70 million.

	Q3 2015	Q2 2015	Q3 2014
Invested capital(2) ($ millions)	**3,802**	3,536	3,340
Invested capital turnover(2) (times)	**1.85**	1.97	2.09
Return on invested capital(2) (%)			
Consolidated	**11.0**	12.9	15.4
Canada	**10.9**	13.9	16.8
South America	**13.2**	13.6	15.8
UK & Ireland	**10.5**	13.2	15.6

- Excluding the impact of foreign currency translation ($115 million) and the acquisition of the Saskatchewan dealership ($240 million purchase price), consolidated invested capital decreased by approximately $70 million from Q2 2015. The Company remains focused on reducing inventory levels, particularly in its Canadian operations, and tightly controlling capital and rental expenditures across all regions.

- Invested capital turnover declined to 1.85 times from 1.97 times in Q2 2015 as a result of lower revenues due to difficult market conditions and slightly higher average invested capital over the last four quarters. ROIC(1) decreased to 11.0% from 12.9% in Q2 2015, as lower volumes negatively impacted invested capital turnover and, combined with higher severance costs, reduced the EBIT margin.

- Reflecting weakened market conditions, order backlog(2) was $0.6 billion at the end of Q3 2015, down from $0.7 billion at the end of Q2 2015.

Q3 2015 HIGHLIGHTS BY OPERATION

Canada

- Revenues were down 16%, driven by a 35% decline in new equipment sales due to significantly lower demand from all sectors, particularly for core construction equipment in Alberta. Product support revenues were 3% below Q3 2014, mainly as a result of lower service revenues, as customers continued to postpone maintenance and in-source some service work to reduce operating costs. Rental revenues declined by 15% reflecting the slowdown in the short-term rental market.

- Compared to Q2 2015, revenues declined by 14%, as a 37% drop in new equipment sales was partly offset by a 5% increase in product support revenues, including a positive contribution from the Saskatchewan dealership.

- Gross profit margins declined in all lines of business, with the exception of service margins, which increased over last year as a result of the successful implementation of operational improvement initiatives. Difficult market conditions, customers' continued focus on cost reductions, and a weaker Canadian dollar have led to increased competitive pressures. These pressures were offset by the shift in revenue mix to higher-margin product support, which contributed 56% to Canada's revenue compared to 49% in Q3 2014.

- The Canadian operations announced additional cost reduction measures in response to weaker market conditions, including further rationalization of its workforce and facilities network. Q3 2015 SG&A included severance costs of approximately $12 million compared to $3 million in Q3 2014. Excluding severance, SG&A costs decreased almost 10% from Q3 2014, primarily due to workforce reductions, cost saving initiatives, improved operating efficiencies, and lower variable costs due to reduced sales activity. Since the end of 2014 and including the recent workforce reduction announcement of approximately 450 people, the Canadian operations will have reduced their workforce in 2015 by approximately 1,100 people or 20% to align its cost structure to reduced activity levels.

- To improve efficiencies, reduce costs, and optimize service delivery to customers, the Company announced that it will exit 11 facilities in Western Canada. The changes to the facility footprint follow a comprehensive review and are designed to support the Company in delivering on its commitment to earn customer loyalty by providing superior sales and service support. Combined with the previously announced closure of 16 facilities, the Company's footprint in Western Canada will be reduced by 600,000 square feet or more than 20% by mid to late 2016. Q3 2015 results include a $6 million loss related to centralizing the Canadian head-office operations into one building as part of cost reduction efforts. In Q4 2015, the Company expects to recognize up to $15 million in restructuring costs associated with the facilities optimization announcement.

- EBIT decreased to $34 million from $80 million in Q3 2014 reflecting significantly lower revenues and gross profit due to the market downturn, as well as higher severance costs and a loss on a building sublease. Excluding these items, Q3 2015 EBIT would have been $52 million.

- EBIT margin declined to 4.6% from 9.2% in Q3 2014. Excluding severance costs, and the loss on a building sublease, Q3 2015 EBIT margin was 7.0%. This was a sequential improvement from the adjusted EBIT margin of 6.5% in Q2 2015 (excluding $2 million of severance costs), and the adjusted EBIT margin of 5.8% in Q1 2015 (excluding $17 million of severance and facility closure costs), despite lower revenues which were down 14% from Q2 2015, and down 7% from Q1 2015.

- Invested capital in Canada increased by about $130 million from Q2 2015 due to the addition of the Saskatchewan dealership ($240 million purchase price). Excluding the acquisition, the decrease in invested capital levels from Q2 2015 was driven by lower accounts receivable and a reduction in equipment inventories. The Canadian operations continue to focus on reducing inventory to align with lower activity levels. Invested capital turnover declined to 1.92 from 2.05 in Q2 2015 due to lower revenues and higher average invested capital.

South America

- Revenues declined by 2% (down 18% in functional currency – U.S. dollars), reflecting weaker market conditions across all sectors. New equipment sales decreased by 34% (down 45% in functional currency), driven by a slowdown in construction activity, lower power systems revenues and a continued weakness in the Chilean mining sector. While product support revenues were 11% higher in Canadian dollars, product support was down 7% in functional currency mostly due to lower parts sales in mining. Mining customers have decreased production levels, parked some equipment, and continued to postpone major repairs and component replacements to reduce operating costs.

- Compared to Q2 2015, new equipment sales declined by 26% and product support was down 6% in functional currency, reflecting further weakening of market activity across all sectors. As a result, the Company recently announced a workforce reduction of approximately 550 people to right-size its South American operation to lower activity levels. Since the market peak of mid-2013, and including this announcement, the South American operations will have reduced their workforce by approximately 1,200 people or 16% and closed 4 facilities.

- EBIT of $32 million included severance costs of approximately $10 million. In comparison, Q3 2014 EBIT of $31 million was negatively impacted by the $12 million ERP write-off and $5 million of severance and labour disruption costs. Excluding these items, EBIT declined by 13% from Q3 2014 due to revenues having declined faster than

the SG&A cost savings could be realized, as the workforce reductions were announced late in Q3 2015. SG&A in functional currency decreased by 9% from Q3 2014, excluding severance and labour disruption costs.

- Q3 2015 EBIT margin was 6.4% compared to 6.2% in Q3 2014. Excluding Q3 2015 severance costs and Q3 2014 items mentioned above, EBIT margin decreased to 8.4% from 9.4% in Q3 2014. South American operations are expected to return to historical profitability levels once the cost savings from the recent workforce reduction are fully realized.

United Kingdom & Ireland

- Revenues decreased by 8% from Q3 2014 (down 18% in functional currency - U.K. Pound Sterling) reflecting softening economic conditions and increased uncertainty in the market. This resulted in lower demand for construction equipment for use in mining, infrastructure, and plant hire, as well as delays in power systems projects, which reduced new equipment sales by 19% (down 28% in functional currency). Product support revenues were up 5%, but declined by 6% in functional currency due to lower parts sales in mining and power systems.

- EBIT declined to $7 million from $14 million mainly as a result of lower revenues and approximately $3 million higher severance costs. Q3 2015 EBIT margin of 2.7% was below 4.8% in Q3 2014. Excluding severance costs, adjusted EBIT margin was 4.1% and comparable to the EBIT margin of 4.2% in Q2 2015 despite a 9% sequential decline in revenues in functional currency. Since the end of 2014 and including the recent workforce reduction of approximately 100 people, the UK & Ireland operations will have reduced their workforce by almost 200 people or 9% in 2015 and closed 2 facilities.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors has approved a quarterly dividend of $0.1825 per share, payable on December 10, 2015 to shareholders of record on November 26, 2015. This dividend will be considered an eligible dividend for Canadian income tax purposes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION
(C$ millions, except per share amounts)

	Three months ended Sep 30			Nine months ended Sep 30		
Revenue	**2015**	2014	% change	**2015**	2014	% change
New equipment	**468**	672	(30)	**1,658**	2,145	(23)
Used equipment	**76**	63	21	**250**	186	34
Equipment rental	**85**	93	(9)	**223**	267	(16)
Product support	**864**	837	3	**2,529**	2,498	1
Other	**5**	5		**12**	19	
Total revenue	**1,498**	1,670	(10)	**4,672**	5,115	(9)
Gross profit	**460**	511	(10)	**1,401**	1,533	(9)
Gross profit margin	***30.7%***	*30.6%*		***30.0%***	*30.0%*	
SG&A	**(389)**	(386)	(0)	**(1,152)**	(1,163)	1
SG&A as a percentage of revenue	***(25.9)%***	*(23.1)%*		***(24.7)%***	*(22.7)%*	
Equity earnings of joint venture and associate	**1**	2		**4**	6	
Other income (expenses)	**(9)**	(13)		**(9)**	(14)	
EBIT	**63**	114	(45)	**244**	362	(33)
EBIT margin	***4.2%***	*6.8%*		***5.2%***	*7.1%*	
Net income	**33**	57	(42)	**148**	211	(30)
Basic EPS	**0.19**	0.33	(42)	**0.86**	1.23	(30)
EBITDA	**125**	170	(27)	**408**	526	(22)
Free cash flow	**140**	109	28	**(22)**	98	(122)

	Sep 30, 15	Dec 31, 14
Invested capital	**3,802**	3,106
Invested capital turnover (times)	**1.85**	2.10
Net debt to invested capital	**38.7%**	31.4%
Return on invested capital	**11.0%**	15.3%

Q3 2015 RESULTS INVESTOR CALL
The Company will hold an investor call on November 12 at 9:00 am Eastern Time. Dial-in numbers: 1-800-766-6630 (within Canada and the US) or 416-340-8527 (Toronto area and overseas). The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 until November 19, 2015. The pass code to access the playback recording is 9483268 followed by the number sign.

ABOUT FINNING
Finning International Inc. (TSX: FTT) is the world's largest Caterpillar equipment dealer delivering unrivalled service to customers for over 80 years. Finning sells, rents, and provides parts and services for equipment and engines to help customers maximize productivity. Headquartered in Vancouver, B.C., the Company operates in Western Canada, Chile, Argentina, Bolivia, Uruguay, as well as in the United Kingdom and Ireland.

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FOOTNOTES

(1) Earnings Before Finance Costs and Income Taxes (EBIT); 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).

(2) These financial metrics do not have a standardized meaning under International Financial Reporting Standards, and may not be comparable to similar measures used by other issuers. The Company's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial metrics, including definitions, under the heading "Description of Non-GAAP and Additional GAAP Measures".

FORWARD-LOOKING DISCLAIMER

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include 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; workforce reductions; facility closures; expected revenue; expected free cash flow; EBIT margin; expected range of the effective tax rate; ROIC; market share growth; expected results from service excellence action plans; anticipated asset utilization; inventory turns and parts service levels; the expected target range of the Company's net debt to invested capital ratio; and the expected financial impact from the acquisition of the operating assets of the Caterpillar dealer in Saskatchewan. 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 November 11, 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 operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenue occurs; 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. Refer in particular to the Outlook section of this MD&A. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 11, 2015

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

During Q3 2015, the Company acquired the operating assets of Kramer Ltd. in its Canadian dealership territory. The results described in this MD&A include those of the acquired business from the acquisition date.

Results of Operations and Financial Performance

2015 Third Quarter Overview

	Q3 2015	Q3 2014	**Q3 2015**	Q3 2014
	($ millions)		(% of revenue)	
Revenue	**$ 1,498**	$ 1,670		
Gross profit	**460**	511	**30.7%**	30.6%
Selling, general & administrative expenses (SG&A)	**(389)**	(386)	**(25.9)%**	(23.1)%
Equity earnings of joint venture and associate	**1**	2	**0.0%**	0.1%
Other expenses	**(9)**	(13)	**(0.6)%**	(0.8)%
Earnings before finance costs and income taxes (EBIT) [(1)]	**63**	114	**4.2%**	6.8%
Finance costs	**(22)**	(21)	**(1.5)%**	(1.2)%
Provision for income taxes	**(8)**	(36)	**(0.5)%**	(2.2)%
Net income	**$ 33**	$ 57	**2.2%**	3.4%
Basic earnings per share (EPS)	**$ 0.19**	$ 0.33		
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA) [(1)]	**$ 125**	$ 170	**8.4%**	10.2%
Free cash flow [(1)]	**$ 140**	$ 109		

2015 Third Quarter Highlights

- Revenue of $1.5 billion was down 10% from Q3 2014 due to a 30% decrease in new equipment revenue. The decrease in new equipment revenue was primarily driven by lower demand from construction and mining sectors in the Company's Canadian and South American operations. In response to a further decline in market activity, the Company announced additional reductions to its global workforce of approximately 1,100 people or 8%, bringing the total workforce reduction to 1,900 people or 13% in 2015.
- Significant actions taken in the quarter to align Finning's cost structure to lower market activity levels resulted in $25 million of severance costs and a $6 million loss on the sublease of a building vacated as part of cost reduction efforts. EBIT of $63 million was down from $114 million in Q3 2014 reflecting these actions, but was primarily due to lower volumes in all operations reflecting challenging economic conditions. EBIT margin [(1)] of 4.2% was lower than the 6.8% earned in Q3 2014. Excluding severance costs, the loss on a building sublease and acquisition costs, EBIT margin for Q3 2015 would have been 6.5%. Excluding the write-off of previously capitalized ERP costs, severance and labour disruption costs, EBIT margin in Q3 2014 would have been 8.1%.
- Basic EPS of $0.19 included severance costs ($0.11 per share), loss on a building sublease ($0.03) and acquisition costs relating to the purchase of the operating assets of Kramer Ltd. ($0.01).
- The Company's free cash flow in Q3 2015 was $140 million compared to $109 million in Q3 2014, primarily due to a reduction in working capital levels and capital spend, as well as cash flow generation from the Saskatchewan dealership.
- In the quarter, the Company repurchased 2.2 million of its common shares for cancellation bringing the total share repurchases to approximately 3.1 million common shares year-to-date for approximately $70 million.
- Effective July 1, 2015 the Company acquired the operating assets of Kramer Ltd. for cash consideration of approximately $240 million, subject to post-closing working capital adjustments, and became the approved Caterpillar dealer in Saskatchewan.

(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 regarding these financial metrics, see the heading "Description of Non-GAAP and Additional GAAP Measures" later in this MD&A.

Key Performance Measures

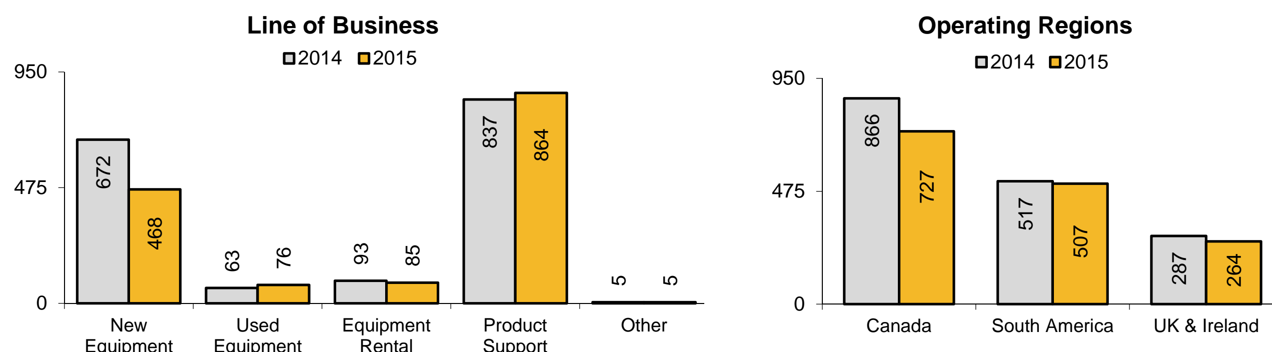
The Company is focused on building shareholder value by improving return on invested capital. With safety and talent management as the foundation, management is executing on the following operational priorities: customer and market leadership; supply chain optimization; service excellence; and asset utilization. These priorities are linked directly to improving EBIT performance and capital efficiency. The Company has aligned its 2015 employee incentive plans to these priorities, and defined the following key performance indicators (KPIs) to consistently measure progress on performance across the organization.

	2015			2014				2013	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Return on Invested Capital									
Consolidated	**11.0%**	12.9%	14.1%	15.3%	15.4%	16.0%	15.4%	15.7%	15.8%
Canada	**10.9%**	13.9%	15.3%	17.1%	16.8%	16.6%	15.7%	15.9%	15.9%
South America	**13.2%**	13.6%	14.4%	14.6%	15.8%	17.4%	17.0%	17.6%	17.9%
UK & Ireland	**10.5%**	13.2%	14.7%	16.3%	15.6%	15.9%	16.3%	16.4%	16.8%
EBIT									
EBIT ($ millions)									
Consolidated	**63**	106	75	142	114	137	111	145	136
Canada	**34**	53	29	73	80	77	54	69	76
South America	**32**	51	45	59	32	57	50	76	56
UK & Ireland	**7**	11	7	11	14	14	12	8	12
EBIT Margin									
Consolidated	**4.2%**	6.4%	5.0%	7.9%	6.8%	7.8%	6.6%	8.1%	7.6%
Canada	**4.6%**	6.2%	3.7%	7.7%	9.2%	8.3%	6.0%	7.9%	7.9%
South America	**6.4%**	9.5%	9.3%	9.8%	6.2%	10.0%	9.0%	11.3%	9.4%
UK & Ireland	**2.7%**	4.2%	3.1%	4.3%	4.8%	5.1%	4.9%	3.3%	5.3%
Invested Capital									
Invested Capital [(1)] ($ millions)									
Consolidated	**3,802**	3,536	3,541	3,106	3,340	3,334	3,414	3,138	3,342
Canada	**1,871**	1,745	1,794	1,475	1,714	1,756	1,682	1,488	1,716
South America	**1,485**	1,402	1,417	1,348	1,298	1,274	1,443	1,391	1,379
UK & Ireland	**442**	381	330	284	344	309	296	265	268
Invested Capital Turnover [(1)] (times)									
Consolidated	**1.85x**	1.97x	2.03x	2.10x	2.09x	2.12x	2.06x	2.04x	2.03x
Canada	**1.92x**	2.05x	2.09x	2.19x	2.15x	2.20x	2.11x	2.03x	1.95x
South America	**1.50x**	1.56x	1.62x	1.66x	1.71x	1.74x	1.73x	1.78x	1.86x
UK & Ireland	**2.91x**	3.20x	3.38x	3.43x	3.43x	3.43x	3.41x	3.37x	3.27x
Inventory ($ millions)	**1,995**	1,918	1,973	1,661	1,806	1,835	1,945	1,756	1,904
Inventory Turns [(1)] (times)	**2.26x**	2.30x	2.57x	2.81x	2.64x	2.56x	2.61x	2.74x	2.44x
Working Capital to Sales Ratio [(1)]	**30.5%**	28.6%	27.3%	26.1%	26.0%	25.5%	26.3%	26.5%	26.7%
Free Cash Flow ($ millions)	**140**	69	(232)	385	109	123	(134)	365	163
Net Debt to Invested Capital Ratio [(1)]	**38.7%**	35.4%	36.0%	31.4%	39.4%	40.9%	42.9%	40.8%	47.8%
Net Debt to EBITDA Ratio [(1)]	**2.4**	1.9	1.9	1.4	1.8	1.8	2.0	1.7	2.2

[(1)] These financial metrics do not have a standardized meaning under IFRS. For additional information regarding these financial metrics, including definitions, see the heading “Description of Non-GAAP and Additional GAAP Measures” later in this MD&A.

Revenue

Three months ended September 30
($ millions)



The Company generated revenue of $1.5 billion during the three months ended September 30, 2015, a decrease of 10% from Q3 2014. Revenue was down in all operations, particularly in the Company's Canadian operations due to weaker market conditions.

Foreign currency translation of the results of the Company's South American and UK & Ireland operations had a positive impact on revenue of approximately $100 million, primarily due to the 20% weaker Canadian dollar relative to the U.S. dollar and 12% weaker Canadian dollar relative to the U.K. pound sterling for the third quarter of 2015 compared to last year.

New equipment sales were down 30% compared to the third quarter of 2014. In Canada and South America, new equipment revenue was down compared to 2014 as a result of reduced construction and mining activities. Ongoing concerns regarding the price of copper, driven by lower demand, continue to delay investments in new projects and have caused some mining companies to reduce production levels.

Reflecting weakened market conditions, the equipment order backlog [(1)] was $0.6 billion at the end of September 2015, down from $0.7 billion at the end of June 2015 and $1.0 billion at the end of 2014.

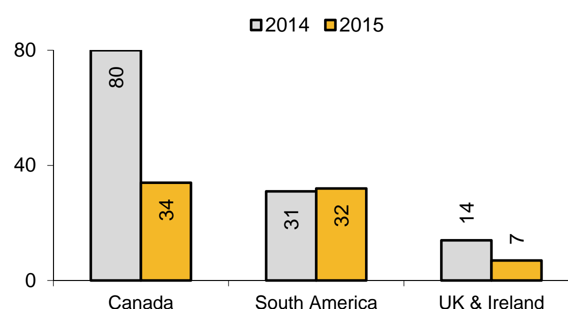
Product support revenue was up 3% from the same period in 2014 with increases in the Company's South American and UK & Ireland operations as a result of translating revenue with a weaker Canadian dollar, partially offset by a 3% decrease in the Company's Canadian operations due primarily to lower demand from construction and mining sectors. Product support revenue in the Company's South American operations was down 7% in functional currency (U.S. dollars), primarily due to a decrease in parts revenue from the Chilean mining sector. Product support revenue in the Company's UK & Ireland operations was down slightly in functional currency (U.K. pound sterling) due to a decrease in parts revenue in most sectors.

Earnings Before Finance Costs and Income Taxes

Gross profit of $460 million in the third quarter of 2015 was down 10% compared to 2014, primarily due to lower new equipment volumes with customers focusing on reducing operating costs in a challenging economic environment and increased competitive pressures, primarily in the Company's Canadian operations.

However, gross profit margin [(2)] of 30.7% was comparable to the third quarter of 2014. Higher gross margin achieved through a revenue mix shift to higher margin product support sales was offset by lower gross profit margins earned in all lines of business. Product support revenue comprised 58% of total revenue in the third quarter of 2015 compared to 50% in the third quarter of 2014.

EBIT by Operation [(1)]
Three months ended September 30
($ millions)



(1) These financial metrics do not have a standardized meaning under IFRS. For additional information regarding these financial metrics, see the heading "Description of Non-GAAP and Additional GAAP Measures" later in this MD&A.

SG&A costs in the third quarter of 2015 were comparable to the same period last year. Actions have been taken across all operations to reduce the Company's cost structure in response to lower market activity, resulting in severance costs of $25 million, reflecting a workforce reduction of approximately 1,100, recorded in Q3 2015 compared to $7 million of severance and $2 million of labour disruption costs in Q3 2014. Excluding these costs, SG&A decreased by 4% from Q3 2014, reflecting global cost savings from operational improvements, headcount reductions and volume-related decreases, partially offset by inflationary and statutory salary increases in South America. Since the end of 2014 and including the recent workforce reduction announcement, the Company will have reduced its global workforce in 2015 by approximately 1,900 people or 13%.

As part of the actions taken by the Company's Canadian operations to reduce its cost structure, the Company centralized its Canadian head office operations from two buildings into one building and entered into a sublease agreement for the vacant building for the remaining lease term. Given the economic conditions at the time of entering into the sublease, the Company was not able to fully recover its lease commitments, resulting in a $6 million loss recorded in the current quarter. In addition to the $6 million loss on the building sublease, Q3 2015 EBIT also included $3 million in acquisition costs related to the purchase of the operating assets of Kramer Ltd. Comparatively, Q3 2014 EBIT included a $12 million write-off of previously capitalized Enterprise Resource Planning (ERP) costs in the Company's South American operations.

On a consolidated basis, EBIT of $63 million in the three months ended September 30, 2015 was 45% lower than the $114 million earned in the same period of 2014. This reflects lower earnings, principally from the Company's Canadian operations, as a result of reduced market activity and costs incurred to adjust Finning's cost structure to lower market activity levels. Excluding severance costs, loss on a building sublease, and acquisition costs, EBIT would have been $97 million in Q3 2015. In comparison, excluding the write-off of previously capitalized ERP costs in the Company's South American operations, severance and labour disruption costs, Q3 2014 EBIT would have been $135 million.

The Company's EBIT margin was 4.2% in the third quarter of 2015, down from 6.8% in the same period of 2014, driven mainly by lower revenues, as discussed above. Excluding severance costs, the loss on a building sublease, and acquisition costs, EBIT margin for Q3 2015 would have been 6.5%. In comparison, excluding the write-off of previously capitalized ERP costs in the Company's South American operations, severance and labour disruption costs, EBIT margin in Q3 2014 would have been 8.1%.

Finance Costs

Finance costs in the three months ended September 30, 2015 of $22 million were comparable to the $21 million reported in the same period of 2014.

Provision for Income Taxes

Finning's effective income tax rate for the third quarter of 2015 was 18.9%, down from 39.2% in the prior year. The lower effective income tax rate in Q3 2015 was primarily due to a reduction of income from higher tax jurisdictions compared to the prior year period. The higher effective income tax rate in Q3 2014 was also impacted by a one-time non-cash charge from the revaluation of deferred income tax balances in Chile and a higher estimated annual effective tax rate for Argentina.

Net Income

Net income was $33 million in the third quarter of 2015, down from the $57 million of net income earned in the same period last year. Basic EPS was $0.19 per share compared with $0.33 per share in the third quarter of 2014. The decrease in net income and basic EPS was primarily the result of lower revenues reflecting the challenging economic conditions in all regions as well as costs related to reducing Finning's cost structure. Excluding global severance costs ($0.11 per share), loss on a building sublease ($0.03 per share), and acquisition costs ($0.01 per share), basic EPS for Q3 2015 would have been $0.34 per share.

Net income and EPS in the third quarter of 2014 were negatively impacted by a one-time non-cash write-off of previously capitalized ERP costs in the Company's South American operations ($0.06 per share), a one-time non-cash charge from the revaluation of deferred income tax balances in Chile ($0.04 per share), a higher estimated annual effective tax rate in Argentina ($0.03 per share), and severance and labour disruption costs ($0.04 per share). Excluding these items, basic EPS for Q3 2014 would have been $0.50.

(1) Excluding other operations – corporate head office

(2) These financial metrics do not have a standardized meaning under IFRS. For additional information regarding these financial metrics, see the heading "Description of Non-GAAP and Additional GAAP Measures" later in this MD&A.

Other developments

Effective July 1, 2015 the Company acquired the operating assets of Kramer Ltd. and became the approved Caterpillar dealer in Saskatchewan. The acquired dealership business in Saskatchewan adds to Finning's Western Canadian operations in British Columbia, Alberta, Yukon, the Northwest Territories, and part of Nunavut. This diversifies the Company's revenue base into sectors such as potash and uranium and provides a platform for long-term growth opportunities and diversification into new markets. Cash consideration of approximately $240 million was paid at the time of acquisition and is subject to post-closing working capital adjustments. The purchase price represents the fair value of assets acquired and liabilities assumed. Acquisition costs of approximately $3 million are included in third quarter 2015 results. The results of the newly acquired dealership business in Saskatchewan have been included in the Company's Canadian operations' reportable segment since the date of acquisition.

As part of a broader repositioning of the Caterpillar dealership network, Finning expects to sell its business in Uruguay, which generates approximately US$30 million in annual revenue. The Company will provide further updates as they become available.

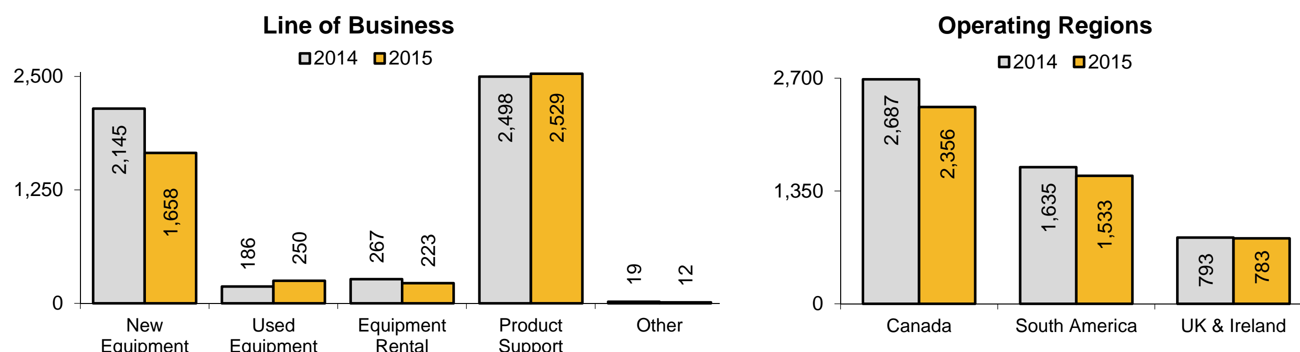
To improve efficiencies, reduce costs, and optimize service delivery to customers, the Company announced today that it will exit 11 facilities in Western Canada. The Company expects to recognize restructuring costs up to $15 million in the fourth quarter of 2015. Combined with the previously announced closure of 16 facilities, the Company's footprint in Western Canada will be reduced by about 20% by mid to late 2016.

Year-to-Date Overview

	YTD 2015	YTD 2014	**YTD 2015**	YTD 2014
	($ millions)		(% of revenue)	
Revenue	**$ 4,672**	$ 5,115		
Gross profit	**1,401**	1,533	**30.0%**	30.0%
Selling, general & administrative expenses	**(1,152)**	(1,163)	**(24.7)%**	(22.7)%
Equity earnings of joint venture and associate	**4**	6	**0.1%**	0.1%
Other expenses	**(9)**	(14)	**(0.2)%**	(0.3)%
Earnings before finance costs and income taxes	**244**	362	**5.2%**	7.1%
Finance costs	**(63)**	(65)	**(1.3)%**	(1.3)%
Provision for income taxes	**(33)**	(86)	**(0.7)%**	(1.7)%
Net income	**$ 148**	$ 211	**3.2%**	4.1%
Basic earnings per share	**$ 0.86**	$ 1.23		
Earnings before finance costs, income taxes, depreciation and amortization	**$ 408**	$ 526	**8.7%**	10.3%
Free cash flow	**$ (22)**	$ 98		

Revenue

Nine months ended September 30
($ millions)



For the nine months ended September 30, 2015, the Company generated revenue of $4.7 billion, a decrease of 9% over the same period last year, driven primarily by a decrease in new equipment revenue in the Company's South American and Canadian operations, as well as a decrease in rental revenue in the Company's Canadian operations.

New equipment sales were down 23% compared to the first nine months of 2014, down in all operations reflecting challenging global market conditions.

Used equipment revenue was up 34%, reflecting market demand and efforts to reduce used equipment inventory. A 16% decrease in rental revenue compared to the first nine months of 2014 was due to a weaker short-term rental market and increased competition in the Company's Canadian operations relative to a year ago. Rental revenue in South America and the UK & Ireland was largely unchanged compared to the first nine months of 2014.

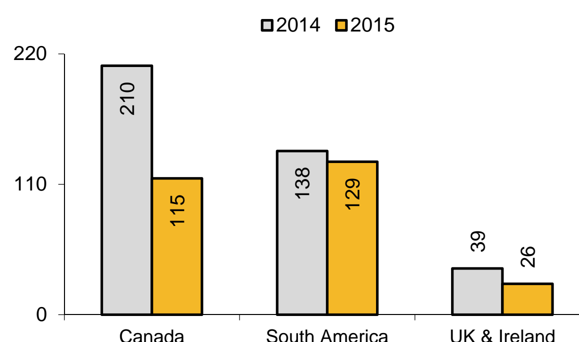
Product support revenues were up marginally compared to the same period last year and comprised 54% of revenues compared to 49% in 2014.

Foreign currency translation of the results of the Company's South American and UK & Ireland operations had a positive impact on revenue of approximately $200 million, primarily due to the 15% weaker Canadian dollar relative to the U.S. dollar and 6% weaker Canadian dollar relative to the U.K. pound sterling for the first nine months of 2015 compared to the same period last year.

Earnings Before Finance Costs and Income Taxes

Gross profit of $1.4 billion in the first nine months of 2015 was down 9% compared to the same period in 2014, primarily due to lower new equipment and rental volumes, described above. Gross profit margin was 30.0%, equivalent to the same period in 2014, with lower margins earned in most lines of business offset by a favourable revenue mix shift to higher margin product support revenue in all operations. The pressure on gross profit margins reflects our customers' focus on reducing operating costs in a challenging market environment and increased competitive pressures.

EBIT by Operation [1]
Nine months ended September 30
($ millions)



SG&A costs were $1.2 billion, slightly lower than the first nine months of 2014, reflecting global cost savings from operational improvements and volume-related decreases, partially offset by inflationary and statutory salary increases in South America. Actions have been taken across all operations to reduce the Company's cost structure in response to lower market activity. As a result, SG&A in the first nine months of 2015 included severance costs in all operations of $48 million and facility closure costs in the Company's Canadian operations of $2 million, a significant increase from severance and labour disruption costs of $15 million incurred in the first nine months of 2014. Excluding the restructuring costs described above, SG&A decreased by 4% in the first nine months of 2015 compared to the same period of the prior year.

(1) Excluding other operations – corporate head office

On a consolidated basis, EBIT of $244 million in the first nine months of 2015 was lower than the $362 million earned in the same period of 2014, reflecting lower revenues as a result of reduced market activity in Canada and South America and higher global severance and facility closure costs. Excluding severance costs, loss on a building sublease, and acquisition costs, EBIT would have been $303 million in the first nine months of 2015. In comparison, excluding the write-off of previously capitalized ERP costs in the Company's South American operations, severance and labour disruption costs, EBIT in the first nine months of 2014 would have been $389 million.

The Company's EBIT margin was 5.2% in the first nine months of 2015, down from 7.1% in the same period of 2014, driven mainly by the actions taken in the first three quarters of 2015 to reduce the Company's cost structure, as discussed above. Excluding severance and facility closure costs, loss on a building sublease, and acquisition costs, EBIT margin would have been 6.5% for the first nine months of 2015. Comparatively, EBIT margin in the first nine months of 2014 would have been 7.6%, excluding the write-off of previously capitalized ERP costs and severance and labour disruption costs discussed above.

Finance Costs

Finance costs in the nine months ended September 30, 2015 were $63 million, slightly lower than the $65 million reported in the first three quarters of 2014.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2015 was 18.5%, down from 29.0% in the prior year. The Company's provision for income taxes included a $10 million benefit from previously unrecognized capital tax losses recorded during Q1 2015. This benefit was partially offset by a one-time expense of $2 million recognized in Q2 2015 due to the revaluation of deferred tax balances as a result of a 2% increase in the provincial corporate income tax rate in Alberta. Adjusting for these items, the effective tax rate in the first nine months of 2015 would have been 23.0%. The higher effective tax rate for the prior year included a one-time revaluation adjustment of the Company's deferred income tax balances of $7 million and a higher estimated annual effective tax rate for Argentina.

Management expects the Company's effective tax rate to be within the 25-30% range on an annual basis.

Net Income

Net income was $148 million in the first nine months of 2015, down from the $211 million of net income earned in the same period last year.

Basic EPS was $0.86 per share for the first nine months of 2015 compared with $1.23 per share in the comparative period. The decrease in net income and basic EPS compared to 2014 was primarily the result of lower volumes, reflecting the challenging economic conditions in all operations as well as higher severance and restructuring related costs, offset by a lower provision for income taxes. Excluding global severance and facility closure costs ($0.22 per share), loss on a building sublease ($0.03 per share), and acquisition costs ($0.01 per share), partially offset by a lower provision for income taxes ($0.05 per share), basic EPS for the first nine months of 2015 would have been $1.07.

Net income and EPS in the first nine months of 2014 were negatively impacted by a one-time non-cash write-off of previously capitalized ERP costs in the Company's South American operations ($0.06 per share), a one-time non-cash charge from the revaluation of deferred income tax balances in Chile following an increase in the substantively enacted tax rate ($0.04 per share), a higher estimated annual effective tax rate in Argentina ($0.03 per share), and global severance and labour disruption costs ($0.06 per share). Excluding these items, basic EPS for the first nine months of 2014 would have been $1.42.

Invested Capital

($ millions, unless otherwise stated)		**September 30, 2015**		June 30, 2015		Increase (Decrease) from June 30, 2015		December 31, 2014		Increase (Decrease) from December 31, 2014
Consolidated	**$**	**3,802**	$	3,536	$	266	$	3,106	$	696
Canada	**$**	**1,871**	$	1,745	$	126	$	1,475	$	396
South America	**$**	**1,485**	$	1,402	$	83	$	1,348	$	137
UK & Ireland	**$**	**442**	$	381	$	61	$	284	$	158
South America (U.S. dollar)	***$***	**1,108**	*$*	*1,124*	$	(16)	*$*	*1,162*	$	(54)
UK & Ireland (U.K. pound sterling)	**£**	**219**	*£*	*194*	£	25	*£*	*157*	£	62

Consolidated invested capital increased from the second quarter of 2015 and included a foreign currency translation impact of approximately $115 million primarily from a 7% weakening of the Canadian dollar relative to the U.S. dollar in translating the Company's South American operations' invested capital balances. Excluding the foreign currency translation impact, consolidated invested capital increased by approximately $151 million. Invested capital in the Company's Canadian operations increased from Q2 2015 to Q3 2015 due to the acquisition of the Saskatchewan dealership ($240 million purchase price). Excluding the acquisition, the invested capital in the Company's Canadian operations decreased due to lower accounts receivable and equipment inventory balances, consistent with weaker market conditions. In functional currency, invested capital in the Company's South American operations was slightly lower than Q2 2015 (an increase in Canadian dollars), with lower parts inventory and accounts receivable, partially offset by lower accounts payable, in line with lower sales volumes. In functional currency, invested capital in the UK & Ireland operations was up 13% (up 16% in Canadian dollars) from the second quarter of 2015, driven by higher inventory balances and lower accounts payables, partly offset by lower accounts receivable.

The increase in consolidated invested capital of $696 million from Q4 2014 to Q3 2015 included a foreign currency translation impact of approximately $246 million primarily from a 15% weakening of the Canadian dollar relative to the U.S. dollar in translating the Company's South American operations' invested capital balances. Excluding the foreign currency translation impact, consolidated invested capital increased by approximately $450 million partly due to the acquisition of the Saskatchewan dealership. Also contributing to the increase in consolidated invested capital were higher equipment inventory levels as equipment was received on orders placed before the market downturn in Q4 2014 and lower accounts payable at the end of Q3 2015, as a result of lower purchases in 2015 due to the challenging market conditions in the Company's Canadian operations. In functional currency, invested capital in the Company's South American operations decreased 5% from Q4 2014 (increased 10% in Canadian dollars), primarily the result of lower accounts receivable in line with reduced volumes, higher deferred revenue, partially offset by lower accounts payable. In functional currency, invested capital in the UK & Ireland operations was up 39% (up 56% in Canadian dollars) from December 2014, driven by higher new equipment inventory and lower accounts payable.

Revenue levels declined more than anticipated due to weaker market conditions, while average invested capital levels increased slightly over the last four quarters. As a result, invested capital turnover in the third quarter of 2015 declined to 1.85 times from 1.97 times in Q2 2015 and 2.10 times in Q4 2014. The decline in invested capital turnover, together with lower EBIT margin, resulted in ROIC of 11.0% in Q3 2015, down from 12.9% in Q2 2015 and 15.3% in Q4 2014.

Results by Reportable Segment

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

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

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

Three months ended September 30, 2015 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 214**	**$ 104**	**$ 150**	**$ 468**	**31%**
Used equipment	**45**	**14**	**17**	**76**	**5%**
Equipment rental	**58**	**17**	**10**	**85**	**6%**
Product support	**409**	**372**	**83**	**864**	**58%**
Other	**1**	**—**	**4**	**5**	**0%**
Total	**$ 727**	**$ 507**	**$ 264**	**$ 1,498**	**100%**
Revenue percentage by operations	**48%**	**34%**	**18%**	**100%**	

Three months ended September 30, 2014 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 329	$ 158	$ 185	$ 672	40%
Used equipment	44	8	11	63	4%
Equipment rental	69	17	7	93	6%
Product support	423	334	80	837	50%
Other	1	—	4	5	0%
Total	$ 866	$ 517	$ 287	$ 1,670	100%
Revenue percentage by operations	52%	31%	17%	100%	

Nine months ended September 30, 2015 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 861**	**$ 339**	**$ 458**	**$ 1,658**	**36%**
Used equipment	**163**	**36**	**51**	**250**	**5%**
Equipment rental	**148**	**51**	**24**	**223**	**5%**
Product support	**1,183**	**1,104**	**242**	**2,529**	**54%**
Other	**1**	**3**	**8**	**12**	**0%**
Total	**$ 2,356**	**$ 1,533**	**$ 783**	**$ 4,672**	**100%**
Revenue percentage by operations	**50%**	**33%**	**17%**	**100%**	

Nine months ended September 30, 2014 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 1,075	$ 576	$ 494	$ 2,145	42%
Used equipment	129	22	35	186	4%
Equipment rental	195	52	20	267	5%
Product support	1,284	983	231	2,498	49%
Other	4	2	13	19	0%
Total	$ 2,687	$ 1,635	$ 793	$ 5,115	100%
Revenue percentage by operations	52%	32%	16%	100%	

Canadian Operations

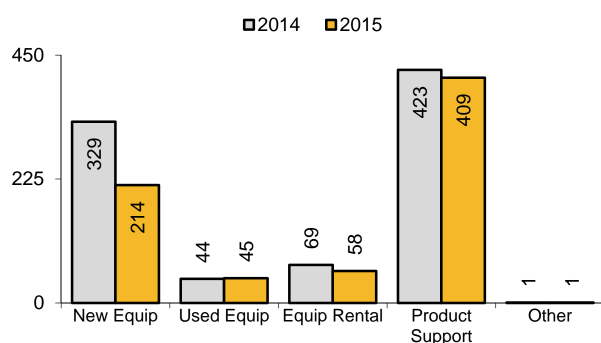
The Canadian reportable segment includes Finning (Canada), OEM Remanufacturing Company Inc. (OEM), and a 25% interest in Pipeline Machinery International (PLM). Finning (Canada) sells, services, and rents mainly Caterpillar equipment and engines in British Columbia, Alberta, Saskatchewan, Yukon, the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

During Q3 2015, the Company acquired the operating assets of Kramer Ltd. in Saskatchewan which is included in the results of the Company's Canadian operations' segment below.

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

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2015**	2014	**2015**	2014
Revenue from external sources	**$ 727**	$ 866	**$ 2,356**	$ 2,687
Operating costs	**(654)**	(757)	**(2,152)**	(2,397)
Depreciation and amortization	**(34)**	(30)	**(85)**	(86)
Equity earnings of joint venture	**1**	1	**2**	6
Other expenses	**(6)**	—	**(6)**	—
Earnings before finance costs and income taxes	**$ 34**	$ 80	**$ 115**	$ 210
EBIT				
- as a percentage of revenue	**4.6%**	9.2%	**4.9%**	7.8%
- as a percentage of consolidated EBIT	**53%**	70%	**47%**	58%

Canada – Revenue by Line of Business
Three months ended September 30
($ millions)



Third quarter 2015 revenue of $727 million was 16% lower than the third quarter of 2014. Market conditions continued to be weak across all sectors which, when combined with the further depreciation of the Canadian dollar relative to the U.S. dollar, has led to margin pressures. The slowdown in the oil and gas sector, which started in late 2014, continued into the third quarter, drove a decrease in new equipment demand. This slowdown was evident in the construction and mining sectors and associated contractor businesses. With reduced infrastructure projects underway, demand and capital spending for equipment is lower. Oil sands producers have insourced some service-related activities and maintenance activity is being postponed.

New equipment revenue was down 35% in the third quarter of 2015 compared with the same period in 2014, largely as a result of reduced construction and mining activity in 2015. Deliveries exceeded order intake for the fourth consecutive quarter, which resulted in lower order backlog levels at September 30, 2015, down 15% from June 2015 and 52% from December 2014.

Product support revenue was down 3% from the third quarter of 2014, driven mainly by lower demand in the construction and mining sectors partially offset by the positive contribution from the Saskatchewan dealership.

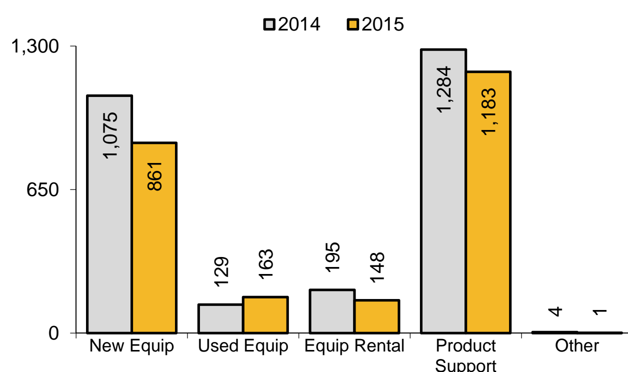
Difficult economic and market conditions, including lower commodity prices and the weaker Canadian dollar, have led to increased competition and challenging pricing dynamics. Gross profit decreased compared to the third quarter of 2014, reflecting lower sales volumes and lower margins earned on most lines of business. Service margins were up compared to the same quarter of 2014 as a result of improved service profitability, reflecting operational improvement initiatives implemented throughout the year. Gross profit margin in Q3 2015 was slightly below that earned in 2014 due to pricing pressures in the construction and mining sectors and a weaker rental market, partially offset by the favourable revenue mix shift to higher margin product support sales. Product support revenue comprised 56% of total revenue in Q3 2015 compared to 49% in the same period last year.

Actions continue to be taken by the Company's Canadian operations to reduce its cost structure in response to lower market activity. As a result, the Company's Canadian operations recorded severance costs of $12 million compared to severance of $3 million incurred in Q3 2014. Excluding these severance costs, SG&A costs decreased nearly 10% compared to the same period of 2014, primarily due to personnel reductions, cost savings initiatives, the benefit from the execution of the operational excellence agenda and lower variable costs due to reduced sales activity, partially offset by costs from the newly acquired Saskatchewan business.

As part of the actions taken by the Company's Canadian operations to reduce its cost structure, the Company centralized its Canadian head office operations from two buildings into one building and entered into a sublease agreement for the vacant building for the remaining lease term. Given the economic conditions at the time of entering into the sublease, the Company was not able to fully recover its lease commitments, resulting in a $6 million loss recorded in other expenses the current quarter.

The Canadian operations contributed EBIT of $34 million in the third quarter of 2015, lower than the $80 million earned in the same period of 2014. This result reflects the decrease in sales activity and margins, partially offset by lower SG&A costs. EBIT margin in the third quarter of 2015 was 4.6%, down from 9.2% earned in the same period in 2014. Excluding severance costs and loss on a building sublease, EBIT margin in Q3 2015 would have been 7.0%. Excluding severance costs incurred in the prior year, EBIT margin in Q3 2014 would have been 9.6%.

Canada – Revenue by Line of Business
Nine months ended September 30
($ millions)



Revenue for the nine months ended September 30, 2015 decreased 12% to $2.4 billion compared to the same period last year. Increased competition and challenging pricing dynamics, as well as lower commodity prices in the oil and gas sector, described above, were factors in the first nine months of 2015.

New equipment revenue in the first nine months of 2015 was down 20% compared with the same period in 2014. As a result of weak market conditions, demand in the construction and mining sectors decreased, which offset increased power systems revenues. Reduced infrastructure projects have resulted in lower capital spend, lowering demand for new equipment. Oil sands producers have insourced service related activities and postponed maintenance activities.

Product support revenue was 8% lower than the first nine months of 2014, driven by lower demand in all markets, primarily construction and mining.

Gross profit decreased in the first nine months of 2015 compared to the same period in 2014, reflecting lower sales volumes and margins earned across most lines of business. Despite a revenue mix shift to higher margin product support sales, gross margin decreased slightly due to pricing pressures in the mining and construction sectors, a higher proportion of lower-margin power systems equipment in the sales mix, as well as a weaker rental market.

SG&A costs for the first nine months of 2015 were 9% lower compared to the same period in 2014, reflecting cost savings from the execution of the operational excellence agenda and lower variable costs due to reduced sales activity. These were partially offset by severance and branch closure costs in response to reduced activity levels. In the first nine months of 2015, the Company's Canadian operations recorded severance costs of $29 million compared to severance of $6 million in the first nine months of 2014. In addition, the Company's Canadian operations recorded restructuring charges of $2 million related to the closure of 15 facilities in the first nine months of 2015. Excluding these costs, SG&A decreased 13% compared to the prior year period. Since the end of 2014 and including the recent workforce reduction announcement of 450 people, the Canadian operations will have reduced their workforce in 2015 by approximately 1,100 people or 20% to align its cost structure to reduced activity levels.

The Canadian operations contributed EBIT of $115 million for the nine months ended September 30, 2015, a decrease from $210 million earned in the prior year, as a result of lower sales activity and margins, higher severance and restructuring costs, loss on a building sublease and lower equity earnings from PLM, partially offset by lower SG&A costs. EBIT margin in the first nine months of 2015 was 4.9%, down from 7.8% in the same period in 2014. Excluding severance and branch closure costs and loss on a building sublease, EBIT margin for the first nine months of 2015 would have been 6.4%. Excluding severance costs, EBIT margin for the prior year comparative would have been 8.0%.

Subsequent event

As part of management's efforts to further reduce costs in Canada, the Company announced today that it will exit from 11 facilities in Western Canada. The Company expects to recognize restructuring costs up to $15 million in the last quarter of 2015.

South American Operations

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

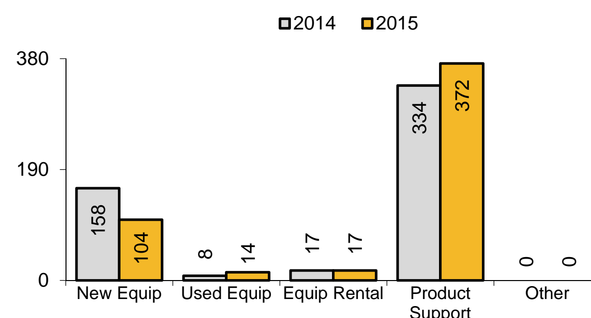
The table below provides details of the results from the South American operations:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2015**	2014	**2015**	2014
Revenue from external sources	**$ 507**	$ 517	**$ 1,533**	$ 1,635
Operating costs	**(455)**	(455)	**(1,347)**	(1,429)
Depreciation and amortization	**(20)**	(18)	**(57)**	(54)
Other expenses	**—**	(13)	**—**	(14)
Earnings before finance costs and income taxes	**$ 32**	$ 31	**$ 129**	$ 138
EBIT				
- as a percentage of revenue	**6.4%**	6.2%	**8.4%**	8.4%
- as a percentage of consolidated EBIT	**51%**	28%	**53%**	38%

Third quarter 2015 revenue decreased 2% to $507 million compared to the third quarter of 2014 (down 18% in functional currency), primarily driven by lower new equipment revenue.

New equipment revenue was down 34% (45% in functional currency) compared to the third quarter of 2014, primarily due to a slowdown in construction activity, a decrease in power systems revenues and continued weakness in the Chilean mining sector. A decline in new equipment order intake from the second quarter of 2015 drove lower backlog levels at September 30, 2015.

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



Product support revenue was up 11% over the same period last year. In functional currency, product support revenue was down 7%, reflecting lower parts revenue, driven by lower demand in mining.

The positive translation impact on revenue in the third quarter of 2015 from the weaker Canadian dollar relative to the U.S. dollar was partially offset by the negative translation impact from the weaker Chilean and Argentine pesos against the U.S. dollar compared to 2014. As a result, the net positive impact on revenue from foreign currency translation was approximately $70 million.

Gross profit increased from the third quarter of 2014, but was down in functional currency, primarily a reflection of lower new equipment sales volumes. Gross profit margin increased over the prior year, largely driven by a shift in revenue mix to higher margin product support sales. Product support revenue comprised 73% of total revenue in the third quarter of 2015 compared to 65% in third quarter of 2014, while new equipment revenue made up 21% of total revenue in 2015 compared to 31% in the same period last year.

SG&A costs were up 13%, but down 6% in functional currency, compared to the third quarter of 2014. The decrease in functional currency SG&A was due to lower operating costs resulting from the weaker Argentine and Chilean pesos relative to the U.S. dollar as well as savings from headcount reductions combined with lower variable costs due to reduced sales volumes which were partially offset by higher severance costs and inflationary and statutory salary increases. Included in Q3 2014 SG&A costs were $5 million associated with severance and the resolution of the labour disruption. As a result of actions taken by the Company to reduce costs in response to lower market activity the Company's South American operations recorded severance costs of $10 million in Q3 2015. Excluding these costs, SG&A in functional currency decreased by 9% from the prior year period.

Other expenses in the third quarter of 2014 included the write-off of $12 million of previously capitalized costs resulting from the decision to not proceed with the implementation of a new ERP system.

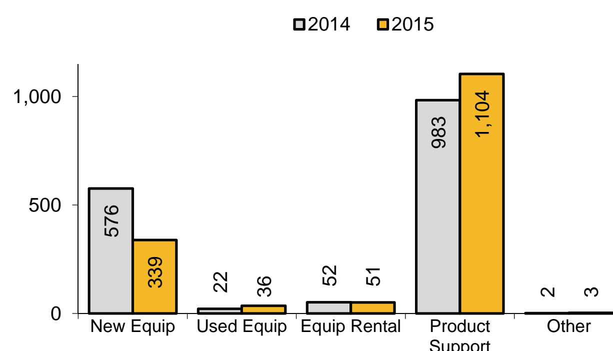
Third quarter EBIT for the Company's South American operations increased 2% in Canadian dollars from the prior year. In functional currency, EBIT decreased 15% reflecting the decrease in revenue and gross profit from lower new equipment volumes due to weak market conditions. In translating results, the weaker Chilean and Argentine pesos relative to the U.S. dollar combined with the weaker Canadian dollar against the U.S. dollar, had a net positive foreign currency translation impact on EBIT of approximately $10 million.

EBIT margin of 6.4% in the third quarter of 2015 was up from 6.2% in the comparative period of 2014. Excluding severance costs, EBIT margin in Q3 2015 would have been 8.4%. Excluding the write-off of previously capitalized ERP costs and labour disruption costs, EBIT margin for Q3 2014 would have been 9.4%.

For the nine months ended September 30, 2015, revenue decreased 6% to $1.5 billion compared to the same period in 2014 (down 18% in functional currency). This decrease was primarily driven by lower new equipment revenue reflecting reduced market activity in mining. Product support revenue was up 12%, but was slightly down in functional currency.

The positive translation impact on revenue with a weaker Canadian dollar relative to the U.S. dollar was partially offset by the negative translation impact of the weaker Chilean peso against the U.S. dollar. As a result, the net positive impact on revenue from foreign currency translation was approximately $160 million over the first nine months of 2015.

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



Gross profit increased compared to the first nine months of 2014, but was down in functional currency reflecting lower sales volumes. Gross profit margin increased in the first nine months of 2015 compared to the same period in 2014, reflecting a mix shift to higher margin product support revenues.

SG&A costs were up 9% in the first nine months of 2015 (down 5% in functional currency). The decrease in SG&A in functional currency was primarily due to lower operating costs from the weaker Argentine and Chilean pesos relative to the U.S. dollar, lower variable costs from reduced sales volumes, and savings due to reducing headcount, partially offset by inflationary and statutory salary increases. As a result of actions taken to reduce costs in response to lower market activity, the Company's South American operations recorded severance costs of $14 million in the first nine months of 2015 compared to $5 million in severance and $2 million labour disruption costs incurred in the same period last year. Excluding these costs, SG&A in functional currency decreased by 6% from the prior year period. Since the end of 2014 and including the recent workforce reduction announcement of 550 people, the South American operations will have reduced their workforce in 2015 by approximately 600 people or 9% to align its cost structure to reduced activity levels.

For the first nine months of 2015, EBIT of $129 million was 7% lower compared to the same period last year (down 19% in functional currency). The functional currency decrease was due to lower revenue and gross profit, partially offset by lower SG&A costs. The weaker Chilean and Argentine pesos relative to the U.S. dollar, combined with the weaker Canadian dollar against the U.S. dollar had a positive foreign currency translation impact on EBIT of approximately $40 million. Other expenses in the third quarter of 2014 included the write-off of $12 million of previously capitalized costs resulting from the decision not to proceed with the implementation of a new ERP system. Excluding the write-off of capitalized ERP costs and severance and labour disruption costs, EBIT for the first nine months of 2014 would have been 9.7%. Excluding severance costs, EBIT margin for the first nine months of 2015 would have been 9.3%.

Other developments

As part of a broader repositioning of the Caterpillar dealership network, Finning expects to sell its business in Uruguay, which generates approximately US$30 million in annual revenue. During the transition period, Finning will continue as Caterpillar's dealer in Uruguay, ensuring continuity of unmatched support for customers. The Company will provide further updates as they become available.

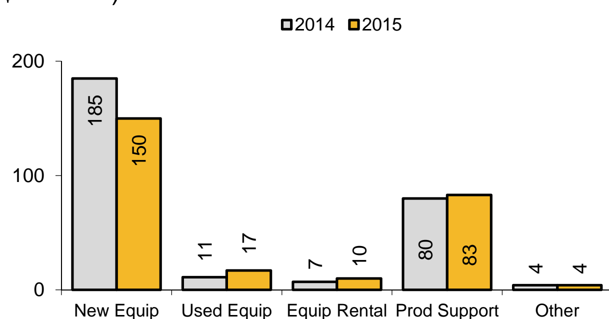
UK & Ireland Operations

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

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

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2015**	2014	**2015**	2014
Revenue from external sources	**$ 264**	$ 287	**$ 783**	$ 793
Operating costs	**(249)**	(265)	**(736)**	(730)
Depreciation and amortization	**(8)**	(8)	**(21)**	(24)
Earnings before finance costs and income taxes	**$ 7**	$ 14	**$ 26**	$ 39
EBIT				
- as a percentage of revenue	**2.7%**	4.8%	**3.4%**	4.9%
- as a percentage of consolidated EBIT	**11%**	12%	**11%**	11%

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



Revenue in the third quarter of 2015 of $264 million decreased 8% from same period in 2014 (down 18% in functional currency). The decrease in functional currency was primarily due to lower new equipment sales across all sectors as the market continues to soften.

Product support revenue was up 5% (down 6% in functional currency) compared to the third quarter last year. The decrease in functional currency was driven by lower parts sales across most sectors.

The weaker Canadian dollar relative to the U.K. pound sterling had a positive foreign currency translation impact on revenue of approximately $30 million for the quarter which was not significant at the EBIT level.

Gross profit was down in functional currency due to lower sales volumes. Gross profit margin was up compared to the same period last year primarily driven by a shift in revenue mix to higher margin product support sales.

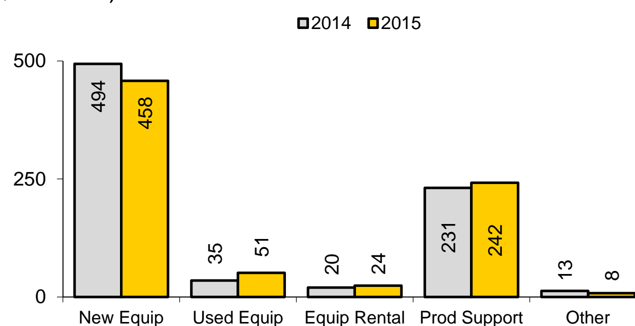
SG&A costs decreased slightly in functional currency compared to the same period in 2014, driven primarily by lower variable costs associated with lower sales volumes. As a result of actions taken by the Company's UK & Ireland operations to reduce costs in response to lower market activity, SG&A costs in Q3 2015 included severance costs of $3 million. Comparatively, Q3 2014 incurred severance costs of $0.5 million. Excluding these costs, SG&A in functional currency decreased by approximately 9% compared to the prior year period.

Third quarter EBIT was $7 million, lower than the $14 million earned in the prior year primarily due to lower sales volumes. EBIT margin of 2.7% was lower than the 4.8% earned in the same period last year, driven by higher SG&A costs discussed above. Excluding severance costs incurred in each comparative period, EBIT margin in Q3 2015 would have been 4.1% and EBIT margin in Q3 2014 would have been 5.0%.

For the nine months ended September 30, 2015, revenue of $783 million was slightly lower than the same period last year. In functional currency, total revenue was down 7% compared to the first nine months of 2014. A decrease in new equipment revenue in the power systems sector was partly offset by higher used equipment sales.

The weaker Canadian dollar relative to the U.K. pound sterling had a positive foreign currency translation impact on revenue of approximately $40 million in the first nine months of 2015 which was not significant at the EBIT level.

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



Gross profit in functional currency in the first nine months of 2015 was down, in line with the revenue decline compared to the same period of 2014. Gross profit margin was comparable to the same period last year, with a greater proportion of higher margin product support revenue offset by lower margins on new equipment sales.

SG&A costs were 9% higher in the first nine months of 2015 compared to 2014 (up 3% in functional currency), driven primarily by higher employee-related costs such as severance and inflationary increases. The Company is in the process of optimizing its workforce and branch network to reduce its cost structure, and as a result, the UK & Ireland operations recorded severance costs of $5 million. Excluding these costs, SG&A in functional currency was comparable to the prior year period. Since the end of 2014 and including the recent workforce reduction announcement of 100 people, the UK & Ireland operations will have reduced their workforce in 2015 by approximately 200 people or 9% to align its cost structure to reduced activity levels.

For the first nine months of 2015, EBIT of $26 million was 33% lower compared to the same period last year (down 36% in functional currency), driven by lower activity as well as higher SG&A costs due to severance costs. EBIT margin of 3.4% was down compared to the 4.9% earned in the same period last year. Excluding severance costs incurred in each comparative period, EBIT margin for the first nine months of 2015 would have been 4.0% and EBIT margin for the prior year period would have been 5.0%.

Corporate and Other Operations

Net operating costs before finance costs and income taxes from the Company's Corporate and Other Operations were $10 million in the third quarter of 2015 (year-to-date 2015: $26 million) compared to $11 million in the comparative period (year-to-date 2014: $25 million). Included in this segment are corporate operating costs, as well as equity earnings (loss) from the Company's 28.8% investment in Energyst B.V. Acquisition costs of $3 million related to the acquisition of Kramer Ltd. were also included in the three and nine months ended September 2015 results.

Outlook

Canada

The mining outlook in Western Canada remains uncertain. The oil sands producers continue to minimize capital and operating expenditures in response to the low and volatile price of oil. As a result, demand for mining equipment has slowed considerably. While current production levels are expected to be maintained and a number of significant long-term projects have been confirmed, the oil sands producers continue to postpone non-production related mining activities, such as overburden removal. Mining customers have parked portions of their fleets, insourced some service-related activities, and continue to defer non-essential maintenance. This has resulted in lower demand for product support, particularly on the service side. The Company believes that the reduced spend on product support is not sustainable in the long run given the expected mining production levels.

In construction, demand for core equipment and product support has declined, most significantly in Alberta, as customer activity has been reduced as a result of the broad economic consequences of low oil and other commodity prices.

In power systems, demand has slowed across most sectors, impacting new equipment and product support sales. The Company continues to participate in a diverse range of power generation projects, including hospitals, mining, and gas plants.

Finning Canada continues to drive cost discipline and optimize its branch network with the aim of maintaining profitability. In addition to the cost reduction measures implemented during the first half of 2015, the Canadian operations announced further workforce reductions and facility closures in Q3 2015 to align cost structure to reduced business volumes.

South America

In South America, concerns regarding demand and the price of copper continue to delay investments in new projects. The Company has not seen any significant benefit from the Chilean government's announced infrastructure spending, which has been slow to unfold. As a result, order intake across the mining and construction sectors is very low, and the overall demand for new equipment is expected to remain weak.

Copper production levels have declined, and mining customers continue to defer component purchases and major repairs to reduce operating costs, which negatively impacts demand for parts and overall product support activity.

In response to a further decline in market activity across all segments, the South American operations announced additional workforce reductions in Q3 2015. The Company continues to focus on capturing the product support business and reducing costs to maintain profitability during the downturn.

UK & Ireland

In the UK & Ireland, the equipment solutions division is operating in the highly competitive general construction segment. The demand for equipment in the Company's key markets has weakened, most notably in residential and commercial construction, energy, rail, and plant hire. In addition, some major infrastructure projects have been delayed due to economic uncertainty. The coal mining industry continues to be very weak; however, the decline in product support in mining has been partly offset by higher demand for parts and service in other sectors. The quarrying market remains healthy.

The outlook for power systems in the U.K. is uncertain. The decline in the price of oil has impacted power systems activity at North Sea rigs. The marine market remains mixed; however, the industrial market is healthy and the Company continues to see electric power generation opportunities for data centres.

Operational Focus

As the Company manages through the downturn, it continues to advance on its operational excellence agenda, particularly in Canada. While the Company is committed to improving ROIC longer-term, difficult and uncertain market conditions continue to negatively impact current ROIC performance. Initiatives to increase EBIT are primarily focused on growing market share across all product lines, aligning costs to current market demand and increasing the profitability of service operations. The expected improvement in capital efficiency will be driven through optimization of the supply chain to reduce working capital and improve asset utilization.

The Company generated strong free cash flow in Q3 2015 in a difficult market environment. While the Company expects solid free cash flow in Q4 2015, it will most likely not be at the level generated during Q4 2014 and Q4 2013 due to significantly weaker market conditions, particularly in Canada.

The Company expects on-going volatility in foreign exchange markets to continue impacting its results. While the devaluation of the Canadian dollar increases earnings translated from the Company's foreign subsidiaries, transactional gains or losses will be dependent on hedging activities and general market conditions.

Liquidity and Capital Resources

Operating Activities

Cash provided by operations was $158 million in the third quarter of 2015 (year-to-date 2015: $9 million) compared to cash provided by operations of $136 million in the comparative period in 2014 (year-to-date 2014: $143 million). Lower operating results were more than offset by cash generation from the Saskatchewan dealership and efforts to reduce working capital levels.

Investing Activities

Net cash used in investing activities in the third quarter of 2015 totalled $267 million (year-to-date 2015: $283 million) compared with $42 million cash used in investing activities in the comparative period in 2014 (year-to-date 2014: $64 million). The increase in use of cash in 2015 was primarily due to the $240 million acquisition of the Saskatchewan dealership on July 1, 2015.

Financing Activities

To complement the internally generated funds from operating and investing activities, the Company has $1.8 billion in unsecured credit facilities. Included in this amount are committed bank facilities totaling $1.1 billion with various Canadian, U.S., and South American financial institutions. At September 30, 2015, $803 million was available under these committed facilities. In October 2015, the Company closed a three-year extension to its $1.0 billion global operating credit facility, extending the maturity date to October 2020 from the original maturity in September 2017.

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

The Company is rated by both Dominion Bond Rating Service (DBRS) and Standard & Poor's (S&P). During the first quarter of 2015, DBRS re-confirmed the Company's short-term and long-term debt ratings at R-1 (low) and A (low), respectively, and S&P re-confirmed the Company's long-term debt rating at BBB+. The Company continues to utilize the Canadian commercial paper market, as well as borrowings under its credit facilities as its principal sources of short-term funding.

Cash flow provided by financing activities in the third quarter of 2015 was $100 million compared to cash flow used in financing activities of $77 million in the comparative period, primarily due to an increase in short-term debt in the current year, partially offset by share repurchases in the third quarter of 2015. Cash flow provided by financing activities in the first nine months of 2015 was $35 million compared to cash flow used of $49 million in the comparative period in 2014, primarily due to an increase in short-term debt, partially offset by share repurchases. In the second quarter of 2015, the Company launched a Normal Course Issuer Bid (NCIB) to purchase its common shares for cancellation. During the nine month period ended September 30, 2015, the Company repurchased 3.1 million Finning common shares for cancellation at an average cost of $21.76 per share, of which 2.8 million common shares settled for $61.6 million in the period ended September 30, 2015 with the remaining 0.3 million common shares settling in early October 2015 for $6.9 million.

The NCIB was implemented to take advantage of Finning's strong balance sheet and cash balance in periods of broader market volatility and the resulting negative impact on the Company's share price. Execution of the NCIB is governed by rules established by the Toronto Stock Exchange.

Dividends paid to shareholders in the third quarter of 2015 were $31 million, up 2% compared to the third quarter of 2014, reflecting the 2.8% increase in the quarterly dividend to $0.1825 per common share announced in May 2015. As a result of this increase, dividends paid to shareholders for the first nine months of 2015 increased 7% to $93 million compared to the first nine months of 2014.

Free Cash Flow

The Company's free cash flow was a generation of $140 million in the third quarter of 2015 (year-to-date 2015: $22 million use of cash) compared to free cash flow generation of $109 million in the third quarter of 2014 (year-to-date 2014: $98 free cash flow generation). Lower operating results in the quarter were more than offset by cash flow generation from the Saskatchewan dealership, lower working capital levels, and reduced capital spend.

Net Debt to Invested Capital

Net Debt to Invested Capital at September 30, 2015 of 38.7% was higher than the 35.4% at June 30, 2015, principally due to the acquisition of the Saskatchewan dealership, and up from 31.4% at December 31, 2014, an all-time low. The Company's current target range for Net Debt to Invested Capital is 35% to 45%.

The Company is subject to a maximum Net Debt to Invested Capital level of 62.5% pursuant to a covenant within its syndicated bank credit facility. The Company was in compliance with this covenant at the end of Q3 2015.

Description of Non-GAAP and Additional GAAP Measures

Additional GAAP Measures

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company's financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company's consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to understanding the Company's results.

EBIT

EBIT is defined herein as earnings before finance costs and income taxes and is utilized by management to assess and evaluate the financial performance or operating profits of its operating segments. This measure is provided to improve comparability between periods by eliminating the impact of finance costs and income taxes.

A reconciliation between EBIT and net income is as follows:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2015**	2014	**2015**	2014
EBIT	**$ 63**	$ 114	**$ 244**	$ 362
Finance costs	**(22)**	(21)	**(63)**	(65)
Provision for income taxes	**(8)**	(36)	**(33)**	(86)
Net income	**$ 33**	$ 57	**$ 148**	$ 211

Net Debt to Invested Capital

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

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

The calculation of Net Debt to Invested Capital is as follows:

($ millions, except as noted)	**September 30, 2015**	December 31, 2014
Cash and cash equivalents	**$ (253)**	$ (450)
Short-term debt	**172**	7
Current portion of long-term debt	**—**	—
Long-term debt	**1,553**	1,418
Net debt	**1,472**	975
Shareholders' equity	**2,330**	2,131
Invested capital	**$ 3,802**	$ 3,106
Net debt to invested capital	**38.7%**	31.4%

Non-GAAP Measures

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

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

EBITDA

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

A reconciliation between EBITDA and net income is as follows:

	Three months ended September 30		**Nine months ended September 30**	
($ millions)	**2015**	2014	**2015**	2014
EBITDA	**$ 125**	$ 170	**$ 408**	$ 526
Depreciation and amortization	**(62)**	(56)	**(164)**	(164)
Finance costs	**(22)**	(21)	**(63)**	(65)
Provision for income taxes	**(8)**	(36)	**(33)**	(86)
Net income	**$ 33**	$ 57	**$ 148**	$ 211

ROIC

Return on Invested Capital, or ROIC, is defined as EBIT (adjusted for significant non-recurring items) for the last twelve months divided by invested capital, based on an average of the last four quarters.

Management views ROIC (at a consolidated and segment level), as a useful measure for supporting investment and resource allocation decisions, as it adjusts for certain items that may affect comparability between certain competitors and segments.

($ millions, except as noted)	**September 30, 2015**	December 31, 2014
EBIT – last twelve months	**$ 386**	$ 504
Invested capital – four quarter average	**$ 3,496**	$ 3,298
ROIC	**11.0%**	15.3%

Working Capital

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

($ millions)		**September 30, 2015**		December 31, 2014
Total current assets	**$**	**3,509**	$	3,477
Cash and cash equivalents		**(253)**		(450)
Total current assets [1]	**$**	**3,256**	$	3,027
Total current liabilities	**$**	**1,300**	$	1,372
Short-term debt		**(172)**		(7)
Current portion of long-term debt		**—**		—
Total current liabilities [2]	**$**	**1,128**	$	1,365
Working capital	**$**	**2,128**	$	1,662

(1) *Excluding cash and cash equivalents*
(2) *Excluding short-term debt and current portion of long-term debt*

Free Cash Flow

Free cash flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in the Company's consolidated statement of cash flow.

Free cash flow is a measure used by the Company to assess cash operating performance and the ability to raise and service debt.

A reconciliation of free cash flow is as follows:

	Three months ended September 30				**Nine months ended September 30**			
($ millions)		**2015**		2014		**2015**		2014
Cash flow provided by operating activities	**$**	**158**	$	136	**$**	**9**	$	143
Additions to property, plant, and equipment and intangible assets		**(22)**		(30)		**(42)**		(62)
Proceeds on disposal of property, plant, and equipment		**4**		3		**11**		17
Free cash flow	**$**	**140**	$	109	**$**	**(22)**	$	98

Key Performance Indicators

Management uses key performance indicators to consistently measure performance against the Company's priorities across the organization. The Company's KPIs include gross profit margin, EBIT margin, inventory turns, invested capital turnover, working capital to sales ratio, order backlog, and net debt to EBITDA ratio. Although some of these KPIs are expressed as ratios, they are non-GAAP financial measures that do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

Gross Profit Margin

This measure is defined as gross profit divided by total revenue.

EBIT Margin

This measure is defined as earnings before finance costs and income taxes divided by total revenue and is utilized by management to assess and evaluate the financial performance or profitability of its operating segments.

Inventory Turns

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

($ millions, except as noted)	September 30, 2015	December 31, 2014
Cost of sales – annualized	**$ 4,425**	$ 4,868
Inventory – two quarter average	**$ 1,957**	$ 1,734
Inventory turns (number of times)	**2.26**	2.81

Invested Capital Turnover

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

($ millions, except as noted)	September 30, 2015	December 31, 2014
Revenue – last twelve months	**$ 6,476**	$ 6,918
Invested capital – four quarter average	**$ 3,496**	$ 3,298
Invested capital turnover	**1.85**	2.10

Working Capital to Sales Ratio

This ratio is calculated as working capital, based on an average of the last four quarters, divided by total revenue for the last twelve months. This is a useful KPI for management in assessing the Company's efficiency in its use of working capital to generate sales.

($ millions, except as noted)	September 30, 2015	December 31, 2014
Working capital – four quarter average	**$ 1,974**	$ 1,807
Revenue – last twelve months	**$ 6,476**	$ 6,918
Working capital to sales	**30.5%**	26.1%

Order Backlog

The Company's global order book, or order backlog, is defined as the retail value of new equipment units ordered by customers for future deliveries. Management uses order backlog as a measure of projecting future new equipment deliveries. There is no directly comparable IFRS measure for order backlog.

Net Debt to EBITDA Ratio

This ratio is calculated as net debt, defined and calculated above, divided by EBITDA for the last twelve months. This ratio is used by management in assessing the Company's operating leverage and ability to repay its debt. This ratio approximates the length of time, in years, that it would take the Company to repay its debt, with net debt and EBITDA held constant.

($ millions, except as noted)	September 30, 2015	December 31, 2014
Net debt	**$ 1,472**	$ 975
EBITDA – last twelve months	**$ 602**	$ 720
Net Debt to EBITDA	**2.4**	1.4

Risk Management

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

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are reviewed quarterly by the Audit Committee with annual oversight by the Board of Directors. The Audit Committee also reviews the adequacy of disclosures of key risks in the Company's AIF, MD&A, and consolidated financial statements. All key business risks, including financial risks and uncertainties, are included in the Company's AIF.

The exchange rates of the Canadian dollar against the following foreign currencies were as follows:

	September 30		December 31	**Three months ended September 30 – Avg**		**Nine months ended September 30 – Avg**	
Exchange rate	**2015**	2014	2014	**2015**	2014	**2015**	2014
U.S. dollar	**1.3394**	1.1208	1.1601	**1.3089**	1.0890	**1.2600**	1.0942
U.K. pound sterling	**2.0244**	1.8178	1.8071	**2.0273**	1.8169	**1.9304**	1.8260
Chilean peso	**0.0019**	0.0019	0.0019	**0.0019**	0.0019	**0.0020**	0.0020
Argentine peso	**0.1422**	0.1330	0.1357	**0.1415**	0.1313	**0.1405**	0.1373

The Canadian dollar has historically been positively correlated to commodity prices. In a scenario of declining commodity prices, the Company's resource industry customers may curtail capital expenditures and decrease production which can result in reduced demand for equipment, parts, and services. At the same time, the weaker Canadian dollar relative to the U.S. dollar positively impacts the Company's financial results when U.S. dollar based revenues and earnings are translated into Canadian dollar reported revenues and earnings, although lags may occur.

The impact of foreign exchange due to fluctuation in the value of the Canadian dollar relative to the U.S. dollar, U.K. pound sterling, Chilean peso, and Argentine peso is expected to continue to affect Finning's results.

Controls and Procedures Certification

Disclosure Controls and Procedures

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

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

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

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

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Except for the change noted below, there has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2015, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Effective July 1, 2015 the Company acquired the operating assets of Kramer Ltd. and became the approved Caterpillar dealer in Saskatchewan. As part of the post-closing integration, the Company is engaged in harmonizing the internal controls and processes of the acquired business with those of the Company. In keeping with scope limitation provisions of applicable securities laws, management intends to exclude the design and operating effectiveness assessment of internal controls over financial reporting of Kramer Ltd. from its annual assessment of the effectiveness of the Company's internal control over financial reporting for 2015. During this period of transition the acquired dealership business contributed revenues of $50 million and net income of $3 million for the three and nine months ended September 30, 2015. Working capital assets of $127 million (comprising inventory, receivables and payable), property, plant equipment and rental equipment of $90 million, and intangible assets and goodwill of $23 million (totalling $240 million) were also included in the Company's balance sheet as at the acquisition date.

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

Selected Quarterly Information

$ millions (except for share and option data)	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from operations [1]								
Canada	**$ 727**	$ 848	$ 781	$ 946	$ 866	$ 930	$ 891	$ 874
South America	**507**	538	489	593	517	568	550	675
UK & Ireland	**264**	270	249	264	287	270	235	247
Total revenue	**$ 1,498**	$ 1,656	$ 1,519	$ 1,803	$ 1,670	$ 1,768	$ 1,676	$ 1,796
Net income [1] [2]	**$ 33**	$ 61	$ 53	$ 107	$ 57	$ 86	$ 68	$ 93
Earnings Per Share [1] [2]								
Basic EPS	**$ 0.19**	$ 0.36	$ 0.31	$ 0.62	$ 0.33	$ 0.50	$ 0.39	$ 0.54
Diluted EPS	**$ 0.19**	$ 0.36	$ 0.31	$ 0.62	$ 0.33	$ 0.50	$ 0.39	$ 0.54
Total assets [1]	**$ 5,520**	$ 5,324	$ 5,354	$ 5,273	$ 5,237	$ 5,196	$ 5,353	$ 5,058
Long-term debt								
Current	**$ —**	$ —	$ —	$ —	$ 1	$ 1	$ 1	$ 1
Non-current	**1,553**	1,482	1,477	1,418	1,408	1,373	1,393	1,366
Total long-term debt[3]	**$ 1,553**	$ 1,482	$ 1,477	$ 1,418	$ 1,409	$ 1,374	$ 1,394	$ 1,367
Cash dividends paid per common share	**18.25¢**	18.25¢	17.75¢	17.75¢	17.75¢	17.75¢	15.25¢	15.25¢
Common shares outstanding (000's)	**169,612**	171,692	172,374	172,370	172,369	172,182	172,126	172,014
Options outstanding (000's)	**5,315**	5,390	4,145	4,226	4,237	5,437	5,381	5,685

1) In July 2014, the Company's UK & Ireland operations acquired SITECH. The results of operations and financial position of this acquired business have been included in the figures above since the date of acquisition.

   In July 2015, the Company's Canadian operations acquired the assets of Kramer Ltd. and became the approved Caterpillar dealer in Saskatchewan. The results of operations and financial position of this acquired business have been included in the figures above since the date of acquisition.

2) Results in the third quarter of 2014 were negatively impacted by the write-off of previously capitalized ERP costs in the Company's South American operations by $0.06 per share, severance costs of $0.03 per share and a one-time revaluation adjustment of the Company's deferred income tax balances of $0.04 per share.

   Results in the fourth quarter of 2014 were positively impacted by an inflationary adjustment to reduce income tax expense in Argentina by $0.07 per share.

   Results in the second quarter of 2015 were negatively impacted by severance costs of $0.03 per share.

   Results in the third quarter of 2015 were negatively impacted by severance costs of $0.11 per share, loss on a building sublease of $0.03 per share and acquisition costs of $0.01 per share.

3) In October 2015 the Company closed a three-year extension to its $1.0 billion global operating credit facility, extending the maturity date to October 2020 from the original maturity in September 2017.

New Accounting Pronouncements

(a) Changes in Accounting Policy

The Company has adopted the following amendments to standards:

- Amendments to IFRS 8, *Operating Segments* (effective January 1, 2015) require disclosure of the judgments made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. Management does not expect this amendment will have a material impact on its annual financial statement disclosures.

(b) Future Accounting Pronouncements

The Company has not applied the following new standards and amendments to standards that have been issued but are not yet effective:

- Amendments to IAS 19, *Employee Benefits* (effective January 1, 2016) clarify that the high quality corporate bonds used in estimating the discount rate for post-employment employee benefits should be denominated in the same currency as the benefits to be paid. Management does not expect this amendment will have an impact on its financial statements.

- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2016) are designed to encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Management is currently assessing the impact of the amendment on its annual financial statement disclosures.

- IFRS 15, *Revenue from Contracts with Customers* (effective date January 1, 2018) outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers. Management is currently assessing the impact of the new standard.

- IFRS 9, *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and hedge accounting. Management is currently assessing the impact of the new requirements on its financial statements.

Outstanding Share Data

As at November 6, 2015	
Common shares outstanding	169,260,812
Options outstanding	5,237,037

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include 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; workforce reductions; facility closures; expected revenue; expected free cash flow; EBIT margin; expected range of the effective tax rate; ROIC; market share growth; expected results from service excellence action plans; anticipated asset utilization; inventory turns and parts service levels; the expected target range of the Company's net debt to invested capital ratio; and the expected financial impact from the acquisition of the operating assets of the Caterpillar dealer in Saskatchewan. 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 November 11, 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 operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenue occurs; 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. Refer in particular to the Outlook section of this MD&A. 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.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian $ thousands)	**September 30, 2015**	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	**$ 252,676**	$ 450,667
Accounts receivable	**876,696**	972,374
Service work in progress	**113,248**	105,645
Inventories	**1,995,247**	1,661,277
Income tax recoverable	**18,160**	13,034
Other assets	**253,031**	274,730
Total current assets	**3,509,058**	3,477,727
Property, plant, and equipment	**694,546**	675,480
Rental equipment	**475,730**	378,663
Distribution network	**378,620**	340,635
Goodwill	**166,348**	132,144
Intangible assets	**44,499**	55,783
Investment in and advances to joint venture and associate	**102,199**	88,636
Deferred tax assets	**38,110**	42,634
Other assets	**110,613**	80,976
Total assets	**$ 5,519,723**	$ 5,272,678
LIABILITIES		
Current liabilities		
Short-term debt	**$ 171,946**	$ 7,166
Accounts payable and accruals	**773,502**	1,019,084
Income tax payable	**15,173**	12,960
Provisions	**66,093**	63,354
Deferred revenue	**268,083**	264,685
Derivative liabilities	**5,373**	4,796
Current portion of long-term debt	**316**	269
Total current liabilities	**1,300,486**	1,372,314
Long-term debt	**1,552,452**	1,418,061
Net employee benefit obligations	**125,034**	156,640
Long-term obligations	**77,060**	73,953
Provisions	**5,081**	5,421
Deferred revenue	**50,281**	42,052
Deferred tax liabilities	**79,803**	73,541
Total liabilities	**3,190,197**	3,141,982
SHAREHOLDERS' EQUITY		
Share capital	**574,821**	583,480
Contributed surplus	**—**	38,728
Accumulated other comprehensive income	**278,670**	100,383
Retained earnings	**1,476,035**	1,408,105
Total shareholders' equity	**2,329,526**	2,130,696
Total liabilities and shareholders' equity	**$ 5,519,723**	$ 5,272,678

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Canadian $ thousands, except share and per share amounts)	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Revenue				
New equipment	**$ 467,783**	$ 672,186	**$ 1,657,807**	$ 2,145,386
Used equipment	**76,021**	63,001	**249,254**	185,781
Equipment rental	**84,598**	92,780	**223,471**	266,644
Product support	**864,456**	837,221	**2,529,287**	2,498,412
Other	**4,643**	5,267	**12,424**	18,382
Total revenue	**1,497,501**	1,670,455	**4,672,243**	5,114,605
Cost of sales	**(1,037,762)**	(1,159,368)	**(3,271,580)**	(3,581,477)
Gross profit	**459,739**	511,087	**1,400,663**	1,533,128
Selling, general, and administrative expenses	**(388,179)**	(386,317)	**(1,151,663)**	(1,162,854)
Equity earnings of joint venture and associate	**608**	1,916	**4,036**	5,706
Other income	**—**	—	**—**	42
Other expenses (Note 2)	**(8,926)**	(12,453)	**(8,926)**	(13,832)
Earnings before finance costs and income taxes	**63,242**	114,233	**244,110**	362,190
Finance costs (Note 3)	**(22,507)**	(20,791)	**(62,999)**	(64,657)
Income before provision for income taxes	**40,735**	93,442	**181,111**	297,533
Provision for income taxes (Note 5)	**(7,682)**	(36,646)	**(33,538)**	(86,410)
Net income	**$ 33,053**	$ 56,796	**$ 147,573**	$ 211,123
Earnings per share (Note 7)				
Basic	**$ 0.19**	$ 0.33	**$ 0.86**	$ 1.23
Diluted	**$ 0.19**	$ 0.33	**$ 0.86**	$ 1.22
Weighted average number of shares outstanding				
Basic	**170,932,646**	172,277,759	**171,867,960**	172,163,996
Diluted	**171,058,407**	173,374,668	**172,069,618**	173,058,287

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Canadian $ thousands)	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Net income	**$ 33,053**	$ 56,796	**$ 147,573**	$ 211,123
Other comprehensive income (loss), net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	**138,804**	71,083	**293,665**	85,655
Unrealized loss on net investment hedges	**(50,410)**	(26,019)	**(104,861)**	(33,234)
Income tax recovery on foreign currency translation adjustments and net investment hedges	**(294)**	—	**(10,089)**	197
Foreign currency translation and gain (loss) on net investment hedges, net of income tax	**88,100**	45,064	**178,715**	52,618
Unrealized loss on cash flow hedges	**(3,819)**	(7,000)	**(6,092)**	(9,176)
Realized loss on cash flow hedges, reclassified to earnings	**2,217**	2,072	**5,573**	5,653
Income tax recovery on cash flow hedges	**349**	1,012	**91**	703
Loss on cash flow hedges, net of income tax	**(1,253)**	(3,916)	**(428)**	(2,820)
Items that will not be subsequently reclassified to net income:				
Actuarial gain (loss) (Note 8)	**552**	(18,568)	**35,520**	(16,826)
Income tax (expense) recovery on actuarial gain (loss)	**162**	3,957	**(6,407)**	3,628
Actuarial gain (loss), net of income tax	**714**	(14,611)	**29,113**	(13,198)
Total comprehensive income	**$ 120,614**	$ 83,333	**$ 354,973**	$ 247,723

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share Capital			Accumulated Other Comprehensive Income (Loss)			
(Canadian $ thousands, except share amounts)	Shares	Amount	Contributed Surplus	Foreign Currency Translation and Loss on Net Investment Hedges	Gain (Loss) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2014	172,014,230	$ 573,165	$ 40,296	$ 28,103	$ (14,300)	$ 1,230,500	$ 1,857,764
Net income	—	—	—	—	—	211,123	211,123
Other comprehensive income (loss)	—	—	—	52,618	(2,820)	(13,198)	36,600
Total comprehensive income (loss)	—	—	—	52,618	(2,820)	197,925	247,723
Issued on exercise of share options	354,292	10,258	(10,076)	—	—	—	182
Share option expense	—	—	6,702	—	—	—	6,702
Dividends on common shares	—	—	—	—	—	(87,390)	(87,390)
Balance, September 30, 2014	172,368,522	$ 583,423	$ 36,922	$ 80,721	$ (17,120)	$ 1,341,035	$ 2,024,981
Balance, January 1, 2015	**172,370,255**	**$ 583,480**	**$ 38,728**	**$ 114,279**	**$ (13,896)**	**$ 1,408,105**	**$ 2,130,696**
Net income	**—**	**—**	**—**	**—**	**—**	**147,573**	**147,573**
Other comprehensive income (loss)	**—**	**—**	**—**	**178,715**	**(428)**	**29,113**	**207,400**
Total comprehensive income (loss)	**—**	**—**	**—**	**178,715**	**(428)**	**176,686**	**354,973**
Issued on exercise of share options	**34,181**	**424**	**(424)**	**—**	**—**	**—**	**—**
Share option expense	**—**	**—**	**5,613**	**—**	**—**	**—**	**5,613**
Repurchase of common shares (Note 4)	**(2,792,634)**	**(9,083)**	**(43,917)**	**—**	**—**	**(15,456)**	**(68,456)**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(93,300)**	**(93,300)**
Balance, September 30, 2015	**169,611,802**	**$ 574,821**	**$ —**	**$ 292,994**	**$ (14,324)**	**$ 1,476,035**	**$ 2,329,526**

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended September 30		Nine months ended September 30	
(Canadian $ thousands)	**2015**	2014	**2015**	2014
OPERATING ACTIVITIES				
Net income	**$ 33,053**	$ 56,796	**$ 147,573**	$ 211,123
Adjusting for:				
Depreciation and amortization	**61,902**	56,048	**164,399**	163,856
Gain on sale of rental equipment and property, plant, and equipment	**(10,259)**	(7,672)	**(27,357)**	(19,499)
Impairment of property, plant, and equipment	**5,895**	—	**5,895**	—
Derecognition of intangible assets	**—**	12,234	**—**	12,234
Equity earnings of joint venture and associate	**(608)**	(1,916)	**(4,036)**	(5,706)
Share-based payment (recovery) expense	**(1,053)**	5,385	**3,312**	12,663
Provision for income taxes	**7,682**	36,646	**33,538**	86,410
Finance costs	**22,507**	20,791	**62,999**	64,657
Defined benefit and other post-employment benefit expense (Note 8)	**4,387**	3,693	**13,044**	10,611
Changes in operating assets and liabilities (Note 9)	**81,174**	1,122	**(244,226)**	(248,024)
Additions to rental equipment	**(75,410)**	(64,709)	**(184,997)**	(211,466)
Proceeds on disposal of rental equipment	**50,305**	52,260	**130,982**	150,376
Interest paid	**(10,414)**	(13,849)	**(45,063)**	(50,046)
Income tax paid	**(10,963)**	(20,715)	**(47,560)**	(34,351)
Cash flow provided by operating activities	**158,198**	136,114	**8,503**	142,838
INVESTING ACTIVITIES				
Additions to property, plant, and equipment and intangible assets	**(22,026)**	(30,117)	**(41,585)**	(61,739)
Proceeds on disposal of property, plant, and equipment	**4,242**	3,343	**11,259**	16,808
Investment in and advances to associate	**—**	(1,093)	**—**	(4,864)
Net payment for acquisitions (Note 10)	**(240,587)**	(13,821)	**(240,587)**	(13,821)
Increase in short-term investments	**(8,466)**	—	**(12,141)**	—
Cash flow used in investing activities	**(266,837)**	(41,688)	**(283,054)**	(63,616)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**157,964**	(55,077)	**164,104**	29,994
Increase in long-term debt	**18,007**	8,913	**25,844**	8,069
Issue of common shares on exercise of share options	**—**	63	**—**	182
Repurchase of common shares (Note 4)	**(44,599)**	—	**(61,559)**	—
Dividends paid	**(31,242)**	(30,585)	**(93,300)**	(87,390)
Cash flow provided by (used in) financing activities	**100,130**	(76,686)	**35,089**	(49,145)
Effect of currency translation on cash balances	**16,716**	11,729	**41,471**	8,178
Increase (decrease) in cash and cash equivalents	**8,207**	29,469	**(197,991)**	38,255
Cash and cash equivalents, beginning of period	**244,469**	185,054	**450,667**	176,268
Cash and cash equivalents, end of period (Note 9)	**$ 252,676**	$ 214,523	**$ 252,676**	$ 214,523

The accompanying Notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements (Interim Statements) of Finning International Inc. ("Finning" or "Company") and its subsidiaries were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Statements should be read in conjunction with the December 31, 2014 audited annual consolidated financial statements and the notes.

These Interim Statements are based on the IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective as of November 11, 2015, the date these Interim Statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policy disclosed below:

(a) Changes in Accounting Policy

The Company has adopted the following amendments to standards:

- Amendments to IFRS 8, *Operating Segments* (effective January 1, 2015) require disclosure of the judgments made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. Management does not expect this amendment will have a material impact on its annual financial statement disclosures.

(b) Future Accounting Pronouncements

The Company has not applied the following new standards and amendments to standards that have been issued but are not yet effective:

- Amendments to IAS 19, *Employee Benefits* (effective January 1, 2016) clarify that the high quality corporate bonds used in estimating the discount rate for post-employment employee benefits should be denominated in the same currency as the benefits to be paid. Management does not expect this amendment will have an impact on its financial statements.
- Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2016) are designed to encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Management is currently assessing the impact of the amendment on its annual financial statement disclosures.
- IFRS 15, *Revenue from Contracts with Customers* (effective date January 1, 2018) outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers. Management is currently assessing the impact of the new standard.
- IFRS 9, *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and hedge accounting. Management is currently assessing the impact of the new requirements on its financial statements.

2. OTHER EXPENSES

($ thousands)	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Impairment loss (a)	**$ 5,895**	$ —	**$ 5,895**	$ —
Acquisition costs (b)	**3,031**	—	**3,031**	—
Costs of export of agricultural product	**—**	—	**—**	158
Derecognition of Enterprise Resource Planning system implementation costs (c)	**—**	12,234	**—**	12,234
Project costs	**—**	219	**—**	1,440
	$ 8,926	$ 12,453	**$ 8,926**	$ 13,832

(a) As part of the actions taken by the Company's Canadian operations to reduce costs, the Company centralized its Canadian head office operations from two buildings into one building and then entered into a sublease agreement for the vacant building for the remaining lease term. Given the economic conditions at the time of entering into the sublease, management was not able to fully recover its lease commitments. This resulted in a $5.9 million loss which is recorded in other expenses in the Canada reporting segment.

(b) Acquisition costs relate to the acquisition of the operating assets of Kramer Ltd (Note 10).

(c) Following an evaluation of the business needs of the Company's South American operations and a capability analysis, management determined that the implementation of a full Enterprise Resource Planning (ERP) system in its South American operations would not occur in the near future. Although existing system maintenance requirements are being reviewed, the delay in the implementation of a full ERP system led to an accounting review and a decision to derecognize the previously capitalized costs of $12.2 million.

3. FINANCE COSTS

Finance costs as shown on the consolidated statements of income comprise the following elements:

($ thousands)	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Interest on short-term debt	**$ 1,254**	$ 3,826	**$ 2,778**	$ 10,131
Interest on long-term debt	**17,185**	15,909	**50,238**	47,381
Interest on debt securities	**18,439**	19,735	**53,016**	57,512
Gain on foreign currency swap contracts	**—**	(3,530)	**—**	(3,530)
Net interest cost on post-employment benefit obligations (Note 8)	**1,199**	1,147	**3,595**	3,576
Other finance related expenses	**2,869**	3,570	**6,396**	7,424
Borrowing costs capitalized to property, plant, and equipment	**—**	(131)	**(8)**	(325)
Finance costs	**$ 22,507**	$ 20,791	**$ 62,999**	$ 64,657

4. SHARE CAPITAL

In May 2015, the Company launched a Normal Course Issuer Bid to purchase its common shares for cancellation. During the nine month period ended September 30, 2015, the Company repurchased 3.1 million Finning common shares for cancellation at an average cost of $21.76 per share, of which 2.8 million common shares settled for $61.6 million in the nine month period ended September 30, 2015 and the remaining 0.3 million common shares settled in early October 2015 for $6.9 million.

5. INCOME TAXES

In the nine months ended September 30, 2015, the consolidated effective tax rate includes a $10 million benefit of previously unrecognized capital tax losses, offset by a $2 million tax expense related to the revaluation of the Company's deferred tax balances as a result of a provincial tax rate change in Alberta.

Last year the Chilean government signed into law an extensive series of tax reforms. In relation to these tax reforms, in the nine months ended September 30, 2014, the Company recognized a $7.4 million tax expense related to a one-time revaluation of the Company's deferred tax balances. This, together with the tax benefit discussed above, resulted in a lower consolidated effective tax rate this period than the comparable period of 2014.

6. SHARE-BASED PAYMENTS

The Company has a number of share-based compensation plans in the form of share options and other share-based payment plans noted below.

Share Options

Details of the share option plans are as follows:

	September 30, 2015			September 30, 2014		
Nine months ended	**Options**		**Weighted Average**	Options		Weighted Average
Options outstanding, beginning of period	**4,225,873**	**$**	**24.65**	5,684,770	$	24.93
Granted	**1,588,910**	**$**	**25.44**	1,020,100	$	29.23
Exercised [(1)]	**(100,659)**	**$**	**15.77**	(1,646,050)	$	25.23
Forfeited	**(399,601)**	**$**	**28.39**	(821,407)	$	31.11
Options outstanding, end of period	**5,314,523**	**$**	**24.77**	4,237,413	$	24.65
Options exercisable, end of period	**2,607,485**	**$**	**23.64**	1,971,774	$	23.16

(1) Share options exercised in 2015 were cashless exercises. Under the 2005 Stock Option Plan, exercises generally utilize the cashless method, whereby the actual number of shares issued is represented by the premium between the fair value at the time of exercise and the grant value, and the equivalent value of the number of options up to the grant value is withheld. 100,659 options were exercised in 2015 under the 2005 Stock Option Plan resulting in 34,181 common shares issued; 66,478 options were withheld and returned to the option pool for future issues/grants.

In the nine months ended September 30, 2015, the Company granted 1,588,910 common share options to senior executives and management of the Company (nine months ended September 30, 2014: 1,020,100 common share options). The Company's practice is to grant and price share options only when it is felt that all material information has been disclosed to the market.

The fair value of the options granted in 2015 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	2.33%
Expected volatility [(1)]	29.09%
Risk-free interest rate	1.16%
Expected life	5.39 years

(1) Expected volatility is based on historical share price volatility of Finning shares

The weighted average grant date fair value of options granted during the nine months ended September 30, 2015 was $5.42 (nine months ended September 30, 2014: $7.58).

Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of deferred share units and performance share units that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2014 are as follows:

Directors' Deferred Share Unit Plan A

Under the Deferred Share Unit Plan for members of the Board of Directors, non-employee Directors of the Company were granted a total of 27,950 share units in the nine months ended September 30, 2015 (nine months ended September 30, 2014: 23,802 share units).

Performance Share Unit Plan

Executives of the Company were granted a total of 443,280 PSUs in 2015, based on 100% vesting (2014: 341,610 PSUs). All PSUs granted in 2015 were divided equally into two categories: Total Shareholder Return (TSR) PSUs and Return on Invested Capital (ROIC) PSUs. The vesting and measurement of the PSUs are consistent with the 2014 PSU Plan, except as follows:

The TSR PSUs are measured at fair value using the Monte Carlo model.

The specified levels and respective vesting percentages for the 2015 ROIC PSU grant are as follows:

Performance Level	Average Return on Invested Capital (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 15.5%	Nil
Threshold	15.5%	50%
Target	16.5%	100%
Maximum	18.5% or more	200%

7. EARNINGS PER SHARE

($ thousands, except share and per share amounts)	Three months ended September 30			Nine months ended September 30		
2015	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS:						
Net income	**$ 33,053**	**170,932,646**	**$ 0.19**	**$ 147,573**	**171,867,960**	**$ 0.86**
Effect of dilutive securities: share options	—	**125,761**	—	—	**201,658**	—
Diluted EPS:						
Net income and assumed conversions	**$ 33,053**	**171,058,407**	**$ 0.19**	**$ 147,573**	**172,069,618**	**$ 0.86**
2014						
Basic EPS:						
Net income	$ 56,796	172,277,759	$ 0.33	$ 211,123	172,163,996	$ 1.23
Effect of dilutive securities: share options	—	1,096,909	—	—	894,291	—
Diluted EPS:						
Net income and assumed conversions	$ 56,796	173,374,668	$ 0.33	$ 211,123	173,058,287	$ 1.22

8. Post-Employment Employee Benefits

The significant actuarial assumptions used in the valuations of the Company's defined benefit pension plans are as follows:

	September 30, 2015		December 31, 2014		September 30, 2014	
	Canada	**UK**	Canada	UK	Canada	UK
Discount rate – obligation	**3.9%**	**3.8%**	3.8%	3.4%	4.0%	3.9%
Discount rate – expense [(1)]	**3.8%**	**3.4%**	4.6%	4.5%	4.6%	4.5%
Retail price inflation – obligation	**n/a**	**3.2%**	n/a	3.2%	n/a	3.2%
Retail price inflation – expense [(1)]	**n/a**	**3.2%**	n/a	3.5%	n/a	3.5%

(1) Used to determine the net interest cost and expense for the three months ended September 30, 2015 and September 30, 2014, and the year ended December 31, 2014.

The three and nine month expense and actuarial loss (gain) for the Company's defined benefit pension plans are as follows:

Three months ended ($ thousands)	**September 30, 2015**			September 30, 2014		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Current service cost, net of employee contributions	**$ 2,342**	**$ —**	**$ 2,342**	$ 1,870	$ —	$ 1,870
Administration costs	**98**	**304**	**402**	99	273	372
Net interest cost	**458**	**585**	**1,043**	376	540	916
Net benefit cost	**2,898**	**889**	**3,787**	2,345	813	3,158
Actuarial loss (gain) on plan assets	**$ 12,331**	**$ 7,292**	**$ 19,623**	$ 9,141	$(19,096)	$ (9,955)
Actuarial (gain) loss on plan liabilities	**(7,754)**	**(11,815)**	**(19,569)**	6,857	22,562	29,419
Total actuarial loss (gain) recognized in other comprehensive income	**$ 4,577**	**$ (4,523)**	**$ 54**	$ 15,998	$ 3,466	$ 19,464

Nine months ended ($ thousands)	**September 30, 2015**			September 30, 2014		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Current service cost, net of employee contributions	**$ 7,025**	**$ —**	**$ 7,025**	$ 5,500	$ —	$ 5,500
Administration costs	**296**	**869**	**1,165**	297	822	1,119
Net interest cost	**1,375**	**1,671**	**3,046**	1,120	1,628	2,748
Net benefit cost	**8,696**	**2,540**	**11,236**	6,917	2,450	9,367
Actuarial loss (gain) on plan assets	**$ 4,053**	**$ 16,349**	**$ 20,402**	$(18,667)	$(29,583)	$(48,250)
Actuarial (gain) loss on plan liabilities	**(9,938)**	**(49,572)**	**(59,510)**	34,936	40,628	75,564
Total actuarial (gain) loss recognized in other comprehensive income	**$ (5,885)**	**$(33,223)**	**$(39,108)**	$ 16,269	$ 11,045	$ 27,314

The expense and actuarial (gain) loss for the Company's other post-employment benefit obligations are as follows:

($ thousands)	**Three months ended September 30**		**Nine months ended September 30**	
	2015	2014	**2015**	2014
Current service cost	**$ 1,643**	$ 1,451	**$ 4,854**	$ 3,992
Interest cost	**156**	231	**549**	828
Net benefit cost	**$ 1,799**	$ 1,682	**$ 5,403**	$ 4,820
Actuarial (gain) loss on plan liabilities	**$ (606)**	$ (896)	**$ 3,588**	$ (10,488)

9. Supplemental Cash Flow Information

The changes in operating assets and liabilities are as follows:

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Accounts receivable and other assets	**$ 181,748**	$ 14,460	**$ 257,427**	$ (20,013)
Service work in progress	**207**	1,107	**(1,825)**	(28,625)
Inventories – on-hand equipment	**46,244**	62,523	**(152,614)**	8,620
Inventories – parts and supplies	**27,233**	(2,414)	**34,319**	(6,300)
Instalment notes receivable	**(8,143)**	929	**6,166**	(10,152)
Accounts payable and accruals and other liabilities	**(166,651)**	(84,288)	**(391,948)**	(189,794)
Income tax recoverable/payable	**536**	8,805	**4,249**	(1,760)
Changes in operating assets and liabilities	**$ 81,174**	$ 1,122	**$ (244,226)**	$ (248,024)

The components of cash and cash equivalents are as follows:

September 30 ($ thousands)	**2015**	2014
Cash	**$ 155,656**	$ 169,193
Cash equivalents	**97,020**	45,330
Cash and cash equivalents	**$ 252,676**	$ 214,523

10. Acquisition

Effective July 1, 2015 the Company acquired the operating assets of Kramer Ltd. and became the approved Caterpillar dealer in Saskatchewan. The acquisition expands Finning's Western Canadian operations into a contiguous territory, diversifies the Company's revenue base into sectors such as potash and uranium, and provides a platform for long-term growth opportunities and diversification into new markets.

Cash consideration of approximately $240 million was paid at the time of acquisition and is subject to post-closing working capital adjustments. The purchase price represents the fair value of assets acquired and liabilities assumed. Acquisition costs total approximately $3 million and are recognized in other expenses in the third quarter.

This purchase is accounted for as a business combination using the acquisition method of accounting. Management is currently in the process of estimating the acquisition-date fair values of tangible assets acquired and identifying and measuring the acquired intangible assets.

The preliminary allocation of the purchase price, based on management's best estimate at November 11, 2015, is as follows:

Preliminary purchase price allocation ($ thousands)	
Net working capital	$ 127,153
Property, plant, and equipment and rental equipment	89,794
Intangible assets and goodwill	23,234
Net assets acquired	**$ 240,181**

The net working capital primarily comprises inventory, receivables, and payables.

Since the acquisition date to the end of the reporting period, the acquiree earned $50 million of revenue and $3 million in net income.

11. Segmented Information

The Company and its subsidiaries have operated primarily in one principal business during the year, that being the selling, servicing, and renting of heavy equipment, engines, and related products. The Company's revenue, results, and other segment information is as follows:

Three months ended September 30, 2015 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 726,860**	**$ 506,938**	**$ 263,703**	**$ —**	**$ 1,497,501**
Operating costs	**(654,189)**	**(455,143)**	**(248,394)**	**(6,313)**	**(1,364,039)**
Depreciation and amortization	**(34,193)**	**(19,457)**	**(8,184)**	**(68)**	**(61,902)**
Equity earnings (loss)	**1,012**	**—**	**—**	**(404)**	**608**
Other expenses	**(5,895)**	**—**	**—**	**(3,031)**	**(8,926)**
Earnings (loss) before finance costs and income taxes	**$ 33,595**	**$ 32,338**	**$ 7,125**	**$ (9,816)**	**$ 63,242**
Finance costs					**(22,507)**
Provision for income taxes					**(7,682)**
Net income					**$ 33,053**
Invested capital [(1)]	**$ 1,871,209**	**$ 1,484,524**	**$ 442,461**	**$ 3,371**	**$ 3,801,565**
Total assets	**$ 2,443,848**	**$ 2,263,843**	**$ 748,803**	**$ 63,229**	**$ 5,519,723**
Capital and rental equipment [(2)]	**$ 701,835**	**$ 361,563**	**$ 150,834**	**$ 543**	**$ 1,214,775**
Distribution network	**$ 94,224**	**$ 281,221**	**$ 3,175**	**$ —**	**$ 378,620**
Gross capital expenditures [(3)]	**$ 6,375**	**$ 14,173**	**$ 1,402**	**$ 96**	**$ 22,046**
Gross rental asset expenditures [(3)]	**$ 58,523**	**$ 6,201**	**$ 10,686**	**$ —**	**$ 75,410**

Three months ended September 30, 2014 ($ thousands)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 866,217	$ 516,823	$ 287,415	$ —	$ 1,670,455
Operating costs	(756,906)	(454,767)	(265,523)	(12,441)	(1,489,637)
Depreciation and amortization	(30,164)	(17,781)	(8,075)	(28)	(56,048)
Equity earnings	694	—	—	1,222	1,916
Other expenses	—	(12,453)	—	—	(12,453)
Earnings (loss) before finance costs and income taxes	$ 79,841	$ 31,822	$ 13,817	$ (11,247)	$ 114,233
Finance costs					(20,791)
Provision for income taxes					(36,646)
Net income					$ 56,796
Invested capital [(1)]	$1,713,777	$1,297,639	$ 343,665	$ (14,902)	$ 3,340,179
Total assets	$2,414,615	$2,100,741	$ 660,886	$ 60,882	$ 5,237,124
Capital and rental equipment [(2)]	$ 674,545	$ 353,872	$ 117,776	$ 530	$ 1,146,723
Distribution network	$ 94,224	$ 235,324	$ 2,851	$ —	$ 332,399
Gross capital expenditures [(3)]	$ 6,386	$ 20,392	$ 3,797	$ 42	$ 30,617
Gross rental asset expenditures [(3)]	$ 54,856	$ 9,103	$ 750	$ —	$ 64,709

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt
(2) Capital includes property, plant and equipment, and intangibles
(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

Nine months ended September 30, 2015 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 2,355,512**	**$ 1,533,479**	**$ 783,252**	**$ —**	**$ 4,672,243**
Operating costs	**(2,151,790)**	**(1,347,111)**	**(735,837)**	**(24,106)**	**(4,258,844)**
Depreciation and amortization	**(85,302)**	**(57,776)**	**(21,175)**	**(146)**	**(164,399)**
Equity earnings	**2,292**	**—**	**—**	**1,744**	**4,036**
Other expense	**(5,895)**	**—**	**—**	**(3,031)**	**(8,926)**
Earnings (loss) before finance costs and income taxes	**$ 114,817**	**$ 128,592**	**$ 26,240**	**$ (25,539)**	**$ 244,110**
Finance costs					**(62,999)**
Provision for income taxes					**(33,538)**
Net income					**$ 147,573**
Invested capital [(1)]	**$ 1,871,209**	**$ 1,484,524**	**$ 442,461**	**$ 3,371**	**$ 3,801,565**
Total assets	**$ 2,443,848**	**$ 2,263,843**	**$ 748,803**	**$ 63,229**	**$ 5,519,723**
Capital and rental equipment [(2)]	**$ 701,835**	**$ 361,563**	**$ 150,834**	**$ 543**	**$ 1,214,775**
Distribution network	**$ 94,224**	**$ 281,221**	**$ 3,175**	**$ —**	**$ 378,620**
Gross capital expenditures [(3)]	**$ 14,145**	**$ 22,789**	**$ 4,901**	**$ 152**	**$ 41,987**
Gross rental asset expenditures [(3)]	**$ 137,791**	**$ 17,999**	**$ 29,207**	**$ —**	**$ 184,997**

Nine months ended September 30, 2014 ($ thousands)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$2,687,334	$1,634,387	$ 792,884	$ —	$ 5,114,605
Operating costs	(2,396,601)	(1,428,714)	(729,796)	(25,364)	(4,580,475)
Depreciation and amortization	(85,895)	(53,821)	(24,071)	(69)	(163,856)
Equity earnings	5,490	—	—	216	5,706
Other income	—	42	—	—	42
Other expenses	—	(13,832)	—	—	(13,832)
Earnings (loss) before finance costs and income taxes	$ 210,328	$ 138,062	$ 39,017	$ (25,217)	$ 362,190
Finance costs					(64,657)
Provision for income taxes					(86,410)
Net income					$ 211,123
Invested capital [(1)]	$1,713,777	$1,297,639	$ 343,665	$ (14,902)	$ 3,340,179
Total assets	$2,414,615	$2,100,741	$ 660,886	$ 60,882	$ 5,237,124
Capital and rental equipment [(2)]	$ 674,545	$ 353,872	$ 117,776	$ 530	$ 1,146,723
Distribution network	$ 94,224	$ 235,324	$ 2,851	$ —	$ 332,399
Gross capital expenditures [(3)]	$ 24,161	$ 27,578	$ 10,289	$ 405	$ 62,433
Gross rental asset expenditures [(3)]	$ 192,145	$ 15,791	$ 3,535	$ —	$ 211,471

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt
(2) Capital includes property, plant and equipment, and intangibles
(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

12. SUBSEQUENT EVENT

As part of management's efforts to further reduce costs and optimize service delivery in Canada, the Company announced today that it will exit 11 facilities in Western Canada. The Company expects to recognize restructuring costs up to $15 million in the last quarter of 2015.