FINNING

Q3 2017 EARNINGS RELEASE **November 7, 2017**

Finning reports Q3 2017 results

Vancouver, B.C. – Finning International Inc. (TSX: FTT) ("Finning" or the "Company") reported third quarter 2017 results today. All monetary amounts are in Canadian dollars unless otherwise stated.

HIGHLIGHTS

- Q3 2017 EPS(1) of $0.31 per share included an early debt redemption premium of $0.04. Adjusted EPS(2)(3) of $0.35 was up nearly 60% from Q3 2016 on a 16% increase in revenue.
- Canada achieved EBIT(1) margin of 7.9%, driven by operational leverage on increased volumes.
- South America reported 12% growth in product support revenue in functional currency from Q3 2016.
- SG&A(1) as a percentage of revenue declined by 240 basis points from Q3 2016.
- Working capital to sales ratio(2) improved by over 300 basis points from Q3 2016, driven by working capital efficiencies in all operations.
- Adjusted return on invested capital(2)(3) increased compared to 2016, as a result of higher earnings and improved capital efficiency.

"I am pleased with continued improvement in our financial performance, supported by strengthening activity in our key markets," said Scott Thomson, President and CEO of Finning. "While pricing remains highly competitive, the reduced cost structure and operational discipline is having a positive impact on profitability. In addition, our working capital metrics continue to improve as we optimize our global supply chain while capitalizing on growing demand for parts and equipment. As a result, we are achieving a higher return on invested capital across all our regions," concluded Mr. Thomson.

Q3 2017 FINANCIAL SUMMARY

Quarterly Overview *$ millions, except per share amounts*	**Q3 2017**	Q3 2016	% change
Revenue	**1,547**	1,333	16
EBIT	**103**	73	42
EBIT margin	***6.6%***	*5.4%*	
EBITDA(1)(2)	**149**	119	26
EBITDA margin(2)	***9.6%***	*8.9%*	
Net income	**52**	36	41
EPS	**0.31**	0.22	41
Adjusted net income(2)(3)	**59**	36	59
Adjusted EPS	**0.35**	0.22	59
Free cash flow(2)	**22**	163	(87)

Q3 2017 EBIT and EBITDA by Operation *$ millions, except per share amounts*	Canada	South America	UK & Ireland	Corporate & Other	Finning Total	EPS
EBIT / EPS	59	47	11	(14)	103	0.31
Early debt redemption premium (finance costs)	-	-	-	-	-	0.04
Adjusted EPS						0.35
EBIT margin	*7.9%*	*8.5%*	*4.1%*	-	*6.6%*	
EBITDA	84	60	18	(13)	149	
EBITDA margin	*11.4%*	*11.1%*	*6.5%*	-	*9.6%*	

Included in Q3 2017 results was the redemption cost incurred on the early redemption of the $350 million 6.02% Medium Term Notes due June 1, 2018. Both the principal and the redemption cost related to this debt were paid in October 2017. Management does not consider this significant item indicative of operational and financial trends either by nature or amount. There were no significant items identified by management to adjust the Company's results in Q3 2016.

Q3 2016 EBIT and EBITDA by Operation *$ millions, except per share amounts*	Canada	South America	UK & Ireland	Corporate & Other	Finning Total	EPS
EBIT / EPS	37	40	10	(14)	73	0.22
EBIT margin	*5.9%*	*8.7%*	*3.8%*	-	*5.4%*	
EBITDA	61	55	17	(14)	119	
EBITDA margin	*9.8%*	*11.9%*	*6.5%*	-	*8.9%*	

- Revenues increased by 16% from Q3 2016, with higher revenues across all regions and lines of business. New equipment sales were up 25%, reflecting strengthening activity levels and improved demand for new equipment in the Company's key markets. Product support revenues grew by 13%, driven by higher parts sales across all regions and market segments.

- Gross profit rose by 10% over Q3 2016. Gross profit margin of 26.3% was below 27.7% in Q3 2016 due to a shift in revenue mix to a higher percentage of new equipment sales and continued competitive pricing pressures in all regions.

- EBIT rose by $30 million or 42% from Q3 2016 on a 16% increase in revenue, driven by improved operating leverage in Canada and UK & Ireland. SG&A as a percentage of revenue declined by 240 basis points from Q3 2016 to 19.8%, reflecting leverage of incremental revenues on fixed costs.

- EPS was $0.31 per share, up from $0.22 per share in Q3 2016. Excluding an early redemption premium of $9 million or $0.04 per share related to the redemption of the $350 million Medium Term Notes in October 2017, Adjusted EPS was $0.35.

- Q3 2017 free cash flow of $22 million was below Q3 2016 due to inventory purchases to meet stronger demand, as well as higher receivable balances from increased sales and timing of collections.

- Equipment backlog(2) was $900 million, unchanged from Q2 2017, but almost double the backlog in Q3 2016, reflecting improved order intake(2) over the recent quarters.

Invested Capital(2) and ROIC(1)	Q3 2017	Q4 2016	Q3 2016
Invested capital *($ millions)*			
Consolidated	**3,083**	2,797	2,917
Canada	**1,746**	1,595	1,650
South America (U.S. dollars)	**852**	741	778
UK & Ireland (U.K. pound sterling)	**182**	130	148
Invested capital turnover(2) *(times)*	**2.02**	1.90	1.85
Adjusted ROIC *(%)*			
Consolidated	**12.0**	9.3	9.2
Canada	**12.3**	9.3	8.7
South America	**16.4**	15.0	15.6
UK & Ireland	**13.7**	5.9	3.4

- An increase in invested capital compared to Q4 2016 was mostly the result of higher inventory levels to meet strengthening demand for parts and equipment. In Canada, rapid growth in product support and component rebuild activity resulted in higher parts and internal service work in progress inventories, as well as an increase in accounts receivable. Parts and internal service work in progress inventories were also higher South America, in line with improving demand for product support. An increase in new equipment inventories was driven primarily by South America and UK & Ireland.

- The Company continues to make progress in transforming its global supply chain to improve working capital efficiencies. Despite higher inventory levels, inventory turns and working capital to sales ratio continued to improve from the end of 2016. Inventory turns of 2.60 times were up from 2.49 times in Q4 2016, and working capital to sales ratio of 28.3% improved from 30.4% in Q4 2016.

- Invested capital turnover rose to 2.02 times from 1.90 times in Q4 2016, driven primarily by higher revenues and working capital efficiencies.

- Adjusted ROIC increased compared to 2016, as a result of higher earnings and improved capital efficiency.

Q3 2017 HIGHLIGHTS BY OPERATION

All comparisons are to Q3 2016 unless otherwise stated.

Canada

- Revenues increased by 19%, with higher revenues in all lines of business and across key markets. New equipment sales were up 21%, driven by higher sales to mining and construction customers. Product support revenues grew by 19%, reflecting stronger demand for parts and component rebuilds in the oil sands and other mining regions, improved activity in construction markets, as well as higher engine parts sales and overhaul work in the oil and gas sector. Used and rental equipment revenues benefitted from the integrated management of used equipment and rental fleets, as well as a recovery in general construction markets.

- EBIT of $59 million increased by 62%. While markets remained highly competitive, EBIT margin of 7.9% was up from 5.9% in Q3 2016, driven by leverage of incremental revenues on fixed costs. Despite higher variable SG&A costs associated with revenue growth in all lines of business, SG&A as a percentage of revenue declined by 340 basis points from Q3 2016.

South America

- Revenues were up 19% (up 24% in functional currency, U.S. dollar), with stronger new equipment and parts sales across all market segments. New equipment sales grew by 66% in functional currency, primarily as a result of higher construction equipment sales in Argentina. Product support revenues rose by 12% in functional currency, driven mostly by higher parts and service revenues in the Chilean mining industry.

- EBIT of $47 million was up 16%. EBIT margin of 8.5% was slightly below 8.7% in Q3 2016, mostly due to a significant shift in revenue mix to new equipment sales.

United Kingdom & Ireland

- Revenues increased by 4% (up 8% in functional currency, U.K. pound sterling), reflecting higher new equipment and parts sales. New equipment sales were up 12% in functional currency, driven by higher power systems revenues in the electric power generation market, and stronger demand for new equipment in general construction segments. Product support revenues increased by 7% in functional currency, as a result of improved parts sales to power systems businesses, particularly marine, and more robust activity in equipment markets.

- EBIT of $11 million and EBIT margin of 4.1% were above Q3 2016 EBIT results, mostly due to higher revenues, improved project execution in power systems, and tight control of SG&A costs. UK & Ireland's Q3 2017 results demonstrated sustainable improvement in operating performance in a robust but highly competitive market.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors has approved a quarterly dividend of $0.19 per share, payable on December 7, 2017 to shareholders of record on November 23, 2017. This dividend will be considered an eligible dividend for Canadian income tax purposes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

$ millions, except per share amounts	**Three months ended Sep 30**			**Nine months ended Sep 30**		
	2017	2016	% change	**2017**	2016	% change
New equipment	**535**	427	25	**1,508**	1,319	14
Used equipment	**80**	72	11	**249**	271	(8)
Equipment rental	**63**	61	4	**168**	170	(1)
Product support	**866**	770	13	**2,595**	2,366	10
Other	**3**	3		**10**	11	
Total revenue	**1,547**	1,333	16	**4,530**	4,137	10
Gross profit	**406**	369	10	**1,221**	1,093	12
Gross profit margin	***26.3%***	*27.7%*		***27.0%***	*26.4%*	
SG&A	**(305)**	(295)	(4)	**(942)**	(947)	1
SG&A as a percentage of revenue	***(19.8)%***	*(22.2)%*		***(20.8)%***	*(22.9)%*	
Equity earnings of joint ventures & associate	**2**	(1)		**6**	6	
Other income (expenses)	**-**	-		**2**	(5)	
EBIT	**103**	73	42	**287**	147	96
EBIT margin	***6.6%***	*5.4%*		***6.3%***	*3.5%*	
Adjusted EBIT(2)(3)	**103**	73	42	**287**	203	42
Adjusted EBIT margin(2)(3)	***6.6%***	5.4%		***6.3%***	*4.9%*	
Net income	**52**	36	41	**155**	56	176
Basic EPS	**0.31**	0.22	41	**0.92**	0.33	176
Adjusted EPS	**0.35**	0.22	59	**0.96**	0.60	60
EBITDA	**149**	119	26	**426**	292	46
EBITDA margin	***9.6%***	*8.9%*		***9.4%***	*7.1%*	
Adjusted EBITDA(2)(3)	**149**	119	26	**426**	348	23
Adjusted EBITDA margin(2)(3)	***9.6%***	*8.9%*		***9.4%***	*8.4%*	
Free cash flow	**22**	163	(87)	**(185)**	257	(172)
	Sep 30, 2017	Dec 31, 2016				
Invested capital	**3,083**	2,797				
Invested capital turnover (times)	**2.02**	1.90				
Net debt to invested capital(2)	**37.5%**	32.0%				
ROIC	**10.3%**	5.6%				
Adjusted ROIC	**12.0%**	9.3%				

Q3 2017 INVESTOR CALL

The Company will hold an investor call on November 7 at 10:00 am Eastern Time. Dial-in numbers: 1-800-319-4610 (Canada and US), 1-416-915-3239 (Toronto area), 1-604-638-5340 (international). The call will be webcast live and archived for three months at http://www.finning.com/en_CA/company/investors.html. Finning no longer provides a phone playback recording; please use the webcast to access the archived call.

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 service for equipment and engines to help customers maximize productivity. Headquartered in Vancouver, B.C., the Company operates in Western Canada, Chile, Argentina, Bolivia, the United Kingdom and Ireland.

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FOOTNOTES

(1) Earnings Before Finance Costs and Income Taxes (EBIT); Basic Earnings per Share (EPS); Earnings Before Finance Costs, Income Taxes, Depreciation and Amortization (EBITDA); Selling, General & Administrative Expenses (SG&A); Return on Invested Capital (ROIC).

(2) These financial metrics, referred to as "non-GAAP financial measures" do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definitions and reconciliations from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where applicable, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" in the Company's MD&A. Management believes that providing certain non-GAAP financial 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 in the Company's MD&A, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

(3) Certain 2017 and 2016 financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 29 to 31 of the Company's MD&A. The financial metrics that have been adjusted to take these items into account are referred to as "Adjusted" metrics. The only significant item adjusted in Q3 2017 was the redemption premium discussed on page 2 of this news release. There were no significant items adjusted in Q3 2016.

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 markets and activities and the associated impact on the Company’s financial results, and the optimization of its global supply chain. 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 as at the date of this report. 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 ability to maintain its relationship with Caterpillar Inc.; Finning’s dependence on the continued market acceptance of its products, including Caterpillar products, and the 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 as market conditions, business strategy or technologies change; 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 and availability of, and benefits from information technology and the data processed by that technology; and Finning’s ability to protect itself from cybersecurity threats or incidents. 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 the MD&A for forward-looking statements. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in Section 4 of the Company’s current AIF and in the annual MD&A for the financial risks.

Finning cautions readers that the risks described in the MD&A and 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 of this report. 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 6, 2017

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 the 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 under the Company's profile on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

Third Quarter Overview

($ millions, except for share data)	Q3 2017	Q3 2016	% change fav (unfav)
Revenue	**$ 1,547**	$ 1,333	16%
Gross profit	**406**	369	10%
Selling, general & administrative expenses (SG&A)	**(305)**	(295)	(4)%
Equity (loss) earnings of joint ventures and associate	**2**	(1)	n/m
Earnings before finance costs and income taxes (EBIT)	**$ 103**	$ 73	42%
Net income	**$ 52**	$ 36	41%
Basic earnings per share (EPS)	**$ 0.31**	$ 0.22	41%
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA) [1]	**$ 149**	$ 119	26%
Free cash flow [1]	**$ 22**	$ 163	(87)%
Adjusted net income [1][2]	**$ 59**	$ 36	59%
Adjusted EPS [1][2]	**$ 0.35**	$ 0.22	59%
Gross profit margin	***26.3%***	*27.7%*	
SG&A as a percentage of revenue	***19.8%***	*22.2%*	
EBIT margin	***6.6%***	*5.4%*	
EBITDA margin [1]	***9.6%***	*8.9%*	

n/m = % change not meaningful

(1) These financial metrics, referred to as "non-GAAP financial measures", do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definitions and reconciliations from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

(2) Certain 2017 financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on page 3 of this MD&A and the financial metrics which have been adjusted to take into account these items are referred to as "Adjusted" metrics. There were no significant items adjusted in Q3 2016, therefore the adjusted metrics above for Q3 2016 are the same as the metrics reported in accordance with IFRS ("reported metrics").

2017 Third Quarter Highlights

- Revenue of $1.5 billion was up 16% from Q3 2016 reflecting a 25% increase in new equipment sales and a 13% increase in product support revenue. All operations reported higher revenue compared to the prior year period, with the Company's Canadian operations accounting for more than half of this increase in revenue, reporting strong performance in all key markets and lines of business.
- Overall gross profit was up 10%, albeit on lower margins than Q3 2016, with all operations reporting a mix shift to higher new equipment sales which typically generate lower margins than product support. New equipment and product support margins were lower year over year, but were partly offset by higher margins on used equipment and rental.
- SG&A costs relative to revenue were lower than Q3 2016 in all operations, and down 240 basis points on a consolidated basis.
- EBIT of $103 million and EBIT margin of 6.6% reported in Q3 2017 were higher than the $73 million and 5.4% earned in the same period last year, mainly due to leverage of incremental revenues on fixed costs. On an adjusted basis, this was the highest EBIT and EBIT margin reported since Q2 2015.
- EBITDA was up 26% from Q3 2016.
- Basic EPS in Q3 2017 was $0.31, compared to $0.22 in Q3 2016. Q3 2017 finance costs include an early redemption premium of $9 million related to the October 2017 redemption of the $350 million, 6.02% Medium Term Notes (MTN) due June 1, 2018.
- Q3 2017 Adjusted EPS was $0.35, adjusting for the early redemption cost noted above.
- Free cash flow of $22 million in Q3 2017 reflected lower cash generation in all operations compared with Q3 2016, largely due to a net increase in working capital in the Company's South American and Canadian operations to meet higher demand.

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Non-GAAP Financial Measures

Management believes that providing certain non-GAAP financial 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 in this MD&A, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

During the years ended December 31, 2015 and 2016, and during Q3 of 2017, there were a number of significant items that management does not consider to be indicative of future financial trends of the Company either by nature or amount. As a result, management excludes these items when evaluating its consolidated operating financial performance and the performance of each of its operations. These items may not be non-recurring, but management believes that excluding these significant items from financial results reported solely in accordance with GAAP provides a better understanding of the Company's consolidated financial performance when considered along with the GAAP results. Adjusted financial metrics are intended to provide additional information to users of the MD&A. This information should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. In addition, because non-GAAP financial measures do not have a standardized meaning under GAAP, they may not be comparable to similar measures presented by other companies.

A significant item that affected the results of the Company for the three months ended September 30, 2017 which was not considered by management to be indicative of operational and financial trends was the redemption cost related to the early redemption of the $350 million 6.02% MTN due June 1, 2018. Both the principal and the redemption cost of this debt were paid in October 2017.

The magnitude of this item, and reconciliation of the non-GAAP metrics to the closest equivalent GAAP metrics, is shown in the following table:

	EBIT				Net Income	EPS
3 months ended September 30, 2017 ($ millions except per share amounts)	**Canada**	**South America**	**UK & Ireland**	**Consol [1]**	**Consol**	**Consol**
EBIT, net income, and EPS	**$ 59**	$ **47**	$ **11**	$ **103**	$ **52**	$ **0.31**
Significant items:						
Redemption cost on early repayment of long-term debt	—	—	—	—	7	0.04
Adjusted EBIT, Adjusted net income, and Adjusted EPS	**$ 59**	$ **47**	$ **11**	$ **103**	$ **59**	$ **0.35**

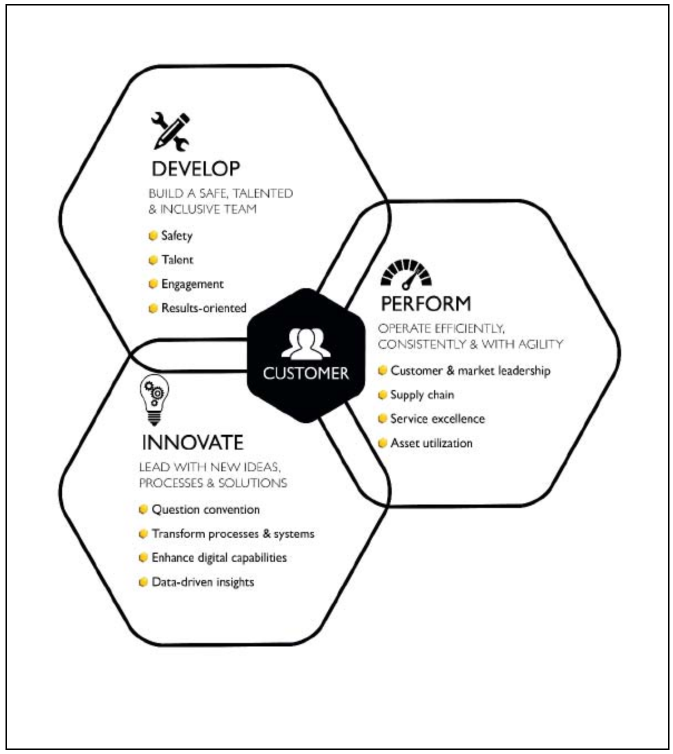
(1) Consolidated (Consol) results include other operations – corporate head office

There were no significant items identified by management to adjust the results of the Company for the three months ended September 30, 2016.

Strategic Direction

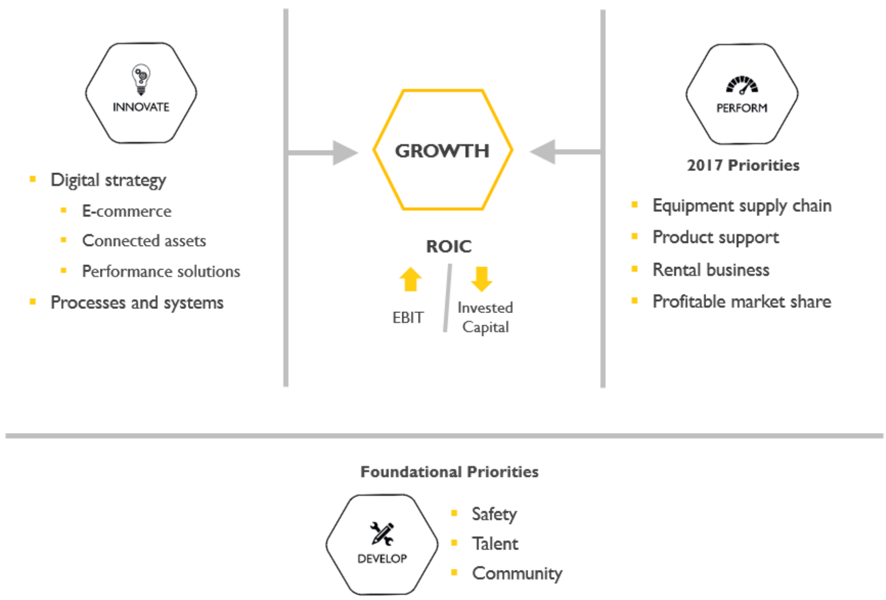
Finning's purpose statement is ***'We believe in partnering and innovating to build and power a better world'.*** The Company's customer-centric growth strategy is comprised of three pillars – develop, perform and innovate. This strategic framework aims to advance the company-wide commitment towards developing a safe, talented and inclusive team; drive efficient and consistent operating performance across Finning's operations; and encourage innovation in all areas of the business, including broadening digital capabilities, and improving processes and systems. Execution of this strategy is expected to generate greater customer value, contribute to the Company's financial goals, and support achievement of Finning's vision: ***'Leveraging our global expertise and insight, we are a trusted partner in transforming our customers' performance.'***

The Company's significantly reduced cost structure and sustainable improvements are expected to drive higher profitability as demand strengthens. Higher profitability and increased capital discipline are consistent with the Company's commitment to grow return on invested capital.



Profitable and Capital Efficient Growth

Finning's focus on profitable and capital efficient growth is consistent with its commitment to improve return on invested capital (ROIC)[(1)]. In 2017, the Company's priorities include transforming its global equipment supply chain, growing product support from its large installed equipment population, and improving the financial performance of its rental business. In addition, the Company's investment in Finning Digital, a global division within Finning, is expected to accelerate delivery of innovative customer solutions, improve customer experience, and generate new revenue opportunities.



(1) This is a non-GAAP financial measure that does not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding this financial metric, including definition and reconciliation from this non-GAAP financial measure to its most directly comparable measure under GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

Quarterly Key Performance Measures

The Company utilizes the following Key Performance Indicators (KPIs) to consistently measure performance across the organization and monitor progress in improving ROIC. The Company's 2017 incentive plans are aligned with these KPIs.

	2017			2016				2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
ROIC [(1)]									
Consolidated	**10.3 %**	9.4 %	7.1 %	5.6 %	(6.6)%	(6.4)%	(4.0)%	(3.0)%	11.0 %
Canada	**9.5 %**	8.3 %	6.6 %	5.3 %	4.3 %	4.0 %	5.4 %	5.5 %	10.9 %
South America	**15.4 %**	14.9 %	14.3 %	13.3 %	(18.1)%	(17.0)%	(14.9)%	(12.8)%	13.2 %
UK & Ireland	**13.7 %**	14.0 %	0.0 %	(4.5)%	(17.4)%	(15.7)%	(4.5)%	(1.4)%	10.5 %
EBIT [(1)] ($ millions)									
Consolidated	**103**	98	86	18	73	29	45	(349)	63
Canada	**59**	57	47	(3)	37	28	25	(17)	34
South America	**47**	43	42	27	40	38	32	(303)	32
UK & Ireland	**11**	11	8	8	10	(26)	(4)	(31)	7
EBIT Margin [(1)(3)]									
Consolidated	**6.6 %**	6.2 %	6.1 %	1.3 %	5.4 %	2.3 %	3.0 %	(22.7)%	4.2 %
Canada	**7.9 %**	7.2 %	6.8 %	(0.3)%	5.9 %	4.4 %	3.0 %	(2.4)%	4.5 %
South America	**8.5 %**	8.4 %	8.4 %	5.0 %	8.7 %	8.8 %	7.3 %	(57.3)%	6.4 %
UK & Ireland	**4.1 %**	4.1 %	3.8 %	3.3 %	3.8 %	(10.5)%	(1.9)%	(10.6)%	2.7 %
Invested Capital [(2)] ($ millions)									
Consolidated	**3,083**	3,094	2,926	2,797	2,917	3,041	3,085	3,240	3,802
Canada	**1,746**	1,764	1,629	1,595	1,650	1,695	1,685	1,760	1,871
South America	**1,063**	1,041	1,022	996	1,021	1,072	1,033	1,122	1,485
UK & Ireland	**305**	300	280	216	253	263	340	321	442
Invested Capital Turnover [(2)(3)]									
Consolidated	**2.02x**	1.98x	1.90x	1.90x	1.85x	1.78x	1.82x	1.78x	1.88x
Canada	**1.74x**	1.70x	1.62x	1.70x	1.66x	1.68x	1.80x	1.74x	1.96x
South America	**2.04x**	1.97x	1.88x	1.80x	1.74x	1.61x	1.59x	1.52x	1.51x
UK & Ireland	**3.59x**	3.73x	3.75x	3.54x	3.41x	2.98x	2.81x	2.93x	2.93x
Inventory ($ millions)	**1,742**	1,795	1,653	1,601	1,726	1,688	1,740	1,800	1,995
Inventory Turns [(2)(3)] (times)	**2.60x**	2.51x	2.61x	2.49x	2.26x	2.43x	2.58x	2.38x	2.39x
Working Capital to Sales Ratio [(2)(3)]	**28.3 %**	28.9 %	30.3 %	30.4 %	31.5 %	32.4 %	31.4 %	32.2 %	30.1 %
Free Cash Flow ($ millions)	**22**	(131)	(76)	113	163	64	30	347	140
Net Debt to Invested Capital Ratio [(2)]	**37.5 %**	37.4 %	34.5 %	32.0 %	35.0 %	37.9 %	37.0 %	36.7 %	38.7 %
EBITDA [(1)] ($ millions)	**149**	146	131	65	119	77	96	(282)	125
Net Debt to EBITDA Ratio [(1)(2)]	**2.4**	2.5	2.6	2.5	109.4	71.5	12.0	9.5	2.4

(1) Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 29 - 31 of this MD&A and the financial metrics which have been adjusted to take into account these items are referred to as "Adjusted" metrics.

(2) These are non-GAAP financial measures that do not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definitions and reconciliations from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

(3) In 2016, Management voluntarily changed its presentation of certain expenses to provide reliable and more relevant information to users of the financial statements and better align with industry comparable companies. In addition, management concluded that certain cost recoveries are better reflected as revenues. Certain line items and key performance metrics have been restated in the comparative 2015 period but the impact of restatement is not significant.

Quarterly Key Performance Measures – Adjusted

Reported financial metrics may be impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 29 - 31 of this MD&A and the financial metrics which have been adjusted to take these items into account are referred to as "Adjusted" metrics. The impact of these items on certain key performance measures is shown below:

	2017			2016				2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Adjusted ROIC [(1)]									
Consolidated	**12.0 %**	11.2 %	10.0 %	9.3 %	9.2 %	9.4 %	10.4 %	10.9 %	12.8 %
Canada	**12.3 %**	11.2 %	10.2 %	9.3 %	8.7 %	9.3 %	10.1 %	10.6 %	13.1 %
South America	**16.4 %**	15.9 %	15.4 %	15.0 %	15.6 %	14.2 %	14.5 %	14.0 %	14.3 %
UK & Ireland	**13.7 %**	14.0 %	8.2 %	5.9 %	3.4 %	3.3 %	7.4 %	9.0 %	11.9 %
Adjusted EBIT [(2)] ($ millions)									
Consolidated	**103**	98	86	70	73	63	67	82	97
Canada	**59**	57	47	44	37	40	33	39	51
South America	**47**	43	42	37	40	39	39	46	42
UK & Ireland	**11**	11	8	8	10	(5)	3	3	11
Adjusted EBIT Margin [(2)(3)]									
Consolidated	**6.6 %**	6.2 %	6.1 %	4.8 %	5.4 %	4.9 %	4.5 %	5.3 %	6.4 %
Canada	**7.9 %**	7.2 %	6.8 %	6.2 %	5.9 %	6.3 %	4.0 %	5.5 %	6.9 %
South America	**8.5 %**	8.4 %	8.4 %	7.0 %	8.7 %	9.1 %	8.9 %	9.0 %	8.3 %
UK & Ireland	**4.1 %**	4.1 %	3.8 %	3.3 %	3.8 %	(1.9)%	1.5 %	0.8 %	4.1 %
Adjusted EBITDA [(2)(4)]	**149**	146	131	117	119	111	118	139	159
Net Debt to Adjusted EBITDA Ratio [(1)(4)]	**2.1**	2.3	2.1	1.9	2.1	2.2	2.0	2.0	2.2

(1) These are non-GAAP financial measures that do not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definitions and reconciliations from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

(2) There were no significant items for which adjustments were made in Q3 2016, Q1 2017, and Q2 2017, therefore the adjusted metrics above for Q3 2016, Q1 2017, and Q2 2017 are the same as the reported metrics.

(3) In 2016, management voluntarily changed its presentation of certain expenses to provide reliable and more relevant information to users of the financial statements and better align with industry comparable companies. In addition, management concluded that certain cost recoveries are better reflected as revenues. Certain line items and key performance metrics have been restated in the comparative 2015 period but the impact of restatement is not significant.

(4) Of the significant items described on pages 29 - 31, $10 million was recorded in depreciation and amortization expense in Q4 2015.

Revenue

The Company generated revenue of $1.5 billion during the third quarter of 2017, an increase of 16% over the same period in the prior year. Revenue was up in all operations and lines of business with higher new equipment and product support sales in all operations.

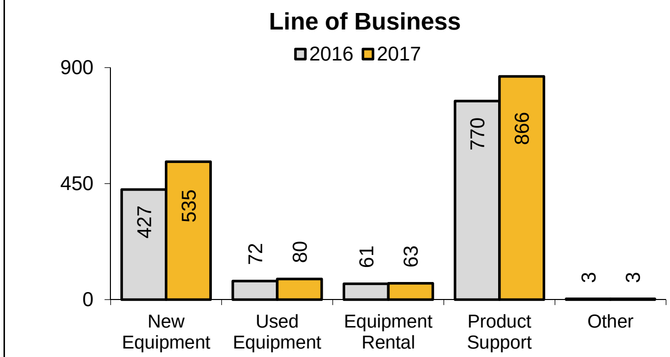
New equipment sales increased by 25% compared to the third quarter of 2016, and were higher in all operations and all key markets due to improving market conditions. In the Company's South American operations, improvement in all markets, particularly construction in Argentina, contributed to the growth in new equipment volumes. The Company's Canadian operations also reported higher new equipment deliveries, primarily in the mining and construction markets. In the Company's UK & Ireland operations, demand for new equipment has also strengthened, particularly in the power systems market, both in the electric power generation and industrial sectors.

On a consolidated basis, in the third quarter of 2017, new equipment revenue as a percentage of overall revenue was 35%, compared to 32% in the prior year period.

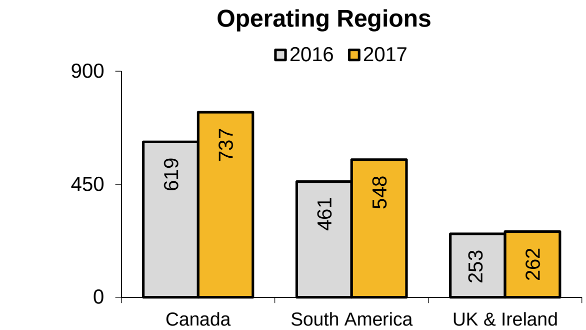
With improving market conditions in 2017, equipment backlog [(1)] was $0.9 billion at September 30, 2017, comparable to June 30, 2017 and almost double the backlog as at September 30, 2016, reflecting improved order intake [(1)] over the recent quarters.

Product support revenue was up 13% compared to the third quarter of 2016, with the Company's Canadian operations accounting for almost 75% of this increase, resulting from strong demand for product support, particularly parts, in all key markets. Parts revenue in both the Company's UK & Ireland and South American operations was also up compared to the prior year quarter.

Revenue by Line of Business
3 months ended September 30
($ millions)



Revenue by Operation



The 4% stronger Canadian dollar relative to the U.S. dollar and U.K. pound sterling in the quarter compared to the same period in the prior year had an adverse impact on revenue of approximately $30 million. However, the foreign currency translation impact on EBIT was minimal.

Earnings Before Finance Costs and Income Taxes

Q3 2017 gross profit of $406 million was up 10% compared to the same period in the prior year, reflecting higher sales volumes. Gross profit margin of 26.3% was lower than the 27.7% gross profit margin earned in Q3 2016 with a mix shift to higher new equipment revenue. Lower new equipment and product support margins, due to an active but competitive market, were partly offset by higher margins on used equipment and rental. All operations reported lower overall gross profit margin.

SG&A in the third quarter of 2017 was 4% higher than the same period last year. Higher SG&A in the third quarter of 2017 reflects an increase in volume related variable costs in all operations, higher short term and long term incentive plan costs, and inflationary and statutory salary increases in the Company's South American operations.

(1) These are non-GAAP financial measures that do not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For additional information regarding these financial metrics, including definition and reconciliation from each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available, see the heading "Description of Non-GAAP Financial Measures and Reconciliations" later in this MD&A.

As a percentage of revenue, SG&A is down by 240 basis points over the same period of the prior year, reflecting the leverage of incremental revenues on fixed costs.

The Company reported EBIT of $103 million and EBIT margin of 6.6% in the third quarter of 2017 compared to EBIT of $73 million and EBIT margin of 5.4% earned in Q3 2016. Higher EBIT was reported in Q3 2017 in all operations compared to the same period in the prior year. On an adjusted basis, this was the highest consolidated EBIT and EBIT margin reported since Q2 2015. The Company's improved EBIT and EBIT margin in Q3 2017 compared to Q3 2016 were mainly due to the higher sales volumes and lower SG&A costs relative to revenue.

EBITDA

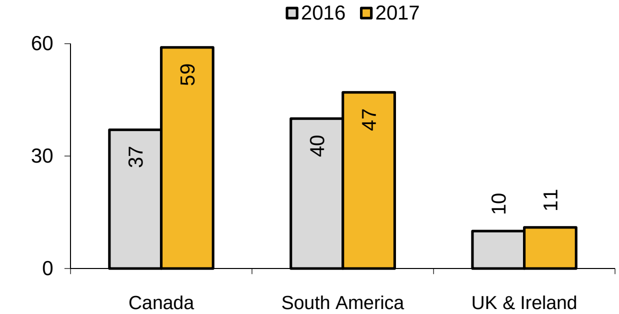
EBITDA for Q3 2017 was $149 million and EBITDA margin was 9.6% (Q3 2016: EBITDA was $119 million and EBITDA margin was 8.9%). EBITDA and EBITDA margin were up from the prior year period due to higher EBIT from all the Company's operations in Q3 2017.

The net debt to EBITDA ratio at Q3 2017 was 2.4 times. Excluding significant items not indicative of operational and financial trends, as noted on page 29 of this MD&A, net debt to Adjusted EBITDA ratio was 2.1 times, which is comparable to the net debt to Adjusted EBITDA reported in the prior year period. The net debt to Adjusted EBITDA ratio is comparable as the impact of higher earnings is offset by an increase in net debt resulting from higher working capital levels to meet demand.

Finance Costs

Finance costs in the third quarter of 2017 were $33 million and higher than the $22 million of finance costs reported in Q3 2016. The current quarter includes a redemption premium of $9 million related to the early redemption of the $350 million 6.02% MTN due June 1, 2018.

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



(1) Excluding other operations – corporate head office

Provision for Income Taxes

The effective income tax rate for Q3 2017 was 25.5%, compared to 28.7% in Q3 2016. The higher tax rate in 2016 was primarily the result of a higher proportion of earnings in higher tax jurisdictions.

Management expects the Company's effective tax rate to generally be within the 25-30% range on an annual basis. The rate may fluctuate from period to period as a result of changes in the source of income from various jurisdictions, relative income from the various jurisdictions in which the Company carries on business, changes in the estimation of tax reserves, and changes in tax rates and tax legislation.

Net Income

Net income was $52 million in Q3 2017, compared to $36 million earned in the same period last year. Basic EPS was $0.31 per share compared with $0.22 per share in Q3 2016. Excluding the early redemption premium recorded in Q3 2017 as noted on page 3, Adjusted net income in Q3 2017 was $59 million and Adjusted EPS was $0.35. The increase in Adjusted net income and Adjusted EPS in the third quarter of 2017 compared to the prior year period results was driven by higher sales volumes and improved profitability due to savings from cost reduction measures and leverage of incremental revenues on fixed costs.

Year-to-Date Overview

($ millions, except for share data)		YTD 2017		YTD 2016	% change fav (unfav)
Revenue	**$**	**4,530**	$	4,137	10%
Gross profit		**1,221**		1,093	12%
SG&A		**(942)**		(947)	1%
Equity earnings of joint ventures and associate		**6**		6	—
Other income		**2**		—	n/m
Other expense		**—**		(5)	n/m
EBIT	**$**	**287**	$	147	96%
Net income	**$**	**155**	$	56	176%
EPS	**$**	**0.92**	$	0.33	176%
EBITDA	**$**	**426**	$	292	46%
Free cash flow	**$**	**(185)**	$	257	(172)%
Adjusted EBIT (1)	**$**	**287**	$	203	42%
Adjusted net income (1)	**$**	**162**	$	100	60%
Adjusted EPS (1)	**$**	**0.96**	$	0.60	60%
Adjusted EBITDA (1)	**$**	**426**	$	348	23%
Gross profit margin		***27.0%***		*26.4%*	
SG&A as a percentage of revenue		***20.8%***		*22.9%*	
EBIT margin		***6.3%***		*3.5%*	
EBITDA margin		***9.4%***		*7.1%*	
Adjusted EBIT margin (1)		***6.3%***		*4.9%*	
Adjusted EBITDA margin (1)		***9.4%***		*8.4%*	

(1) Certain financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described below and on page 10 of this MD&A and the financial metrics which have been adjusted to take into account these items are referred to as "Adjusted" metrics.

Significant items that affected the results of the Company for the nine months ended September 30, 2017 and 2016 which are not considered by management to be indicative of operational and financial trends are detailed below.

Year-to-date 2017 significant items:

- Redemption costs on the early repayment of long-term debt.

Year-to-date 2016 significant items:

- Unavoidable costs incurred during the evacuation and cessation of operations in the Fort McMurray, Alberta area due to wildfires for a six week period in May and June 2016.
- Severance costs related to the global workforce reduction as the Company aligned its cost structure to lower market activity.
- Restructuring costs incurred in the UK operations related to facility closures and consolidations.
- As part of the restructuring and repositioning of the power systems business in the Company's UK & Ireland operations, management completed a detailed review of power systems contracts and projects. As a result, management recorded provisions on certain power systems contracts in Q1 2016, as well as estimated losses on disputes regarding two power systems projects in Q2 2016.
- Following a strategic review of the Company's operations in the UK & Ireland, it was determined that engineering and construction services for the water utility industry no longer represented a core sector for Finning's power systems division. The Company recorded a write-down of net assets and other costs in Q2 2016 related to the sale of this business in August 2016.

The magnitude of each of these items, and reconciliation of the non-GAAP metrics to the closest equivalent GAAP metrics, is shown in the following table:

9 months ended September 30, 2017 ($ millions except per share amounts)	**EBIT Canada**	**EBIT South America**	**EBIT UK & Ireland**	**EBIT Consol**	**Net Income Consol**	**EPS Consol**
EBIT, net income, and EPS	**$ 163**	**$ 132**	**$ 30**	**$ 287**	**$ 155**	**$ 0.92**
Significant items:						
Redemption costs on the early repayment of long-term debt	**—**	**—**	**—**	**—**	**7**	**0.04**
Adjusted EBIT, Adjusted net income, and Adjusted EPS	**$ 163**	**$ 132**	**$ 30**	**$ 287**	**$ 162**	**$ 0.96**

9 months ended September 30, 2016 ($ millions except per share amounts)	**EBIT Canada**	**EBIT South America**	**EBIT UK & Ireland**	**EBIT Consol**	**Net Income Consol**	**EPS Consol**
EBIT, net income, and EPS	$ 90	$ 110	$ (20)	$ 147	$ 56	$ 0.33
Significant items:						
Impact from Alberta wildfires – unavoidable costs	11	—	—	11	8	0.05
Severance costs	9	8	9	26	20	0.12
Facility closures and restructuring costs	—	—	4	4	3	0.02
Power systems project provisions and estimated loss on disputes	—	—	10	10	8	0.05
Write-down of net assets – sale of non-core business	—	—	5	5	5	0.03
Adjusted EBIT, Adjusted net income, and Adjusted EPS	$ 110	$ 118	$ 8	$ 203	$ 100	$ 0.60

Revenue

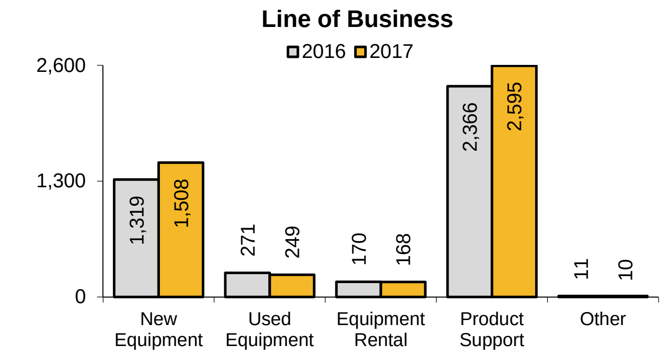
The Company generated revenue of $4.5 billion during the nine months ended September 30, 2017, an increase of 10% over the same period last year. Revenue was up in all operations driven by higher product support and new equipment sales. The Company's South American operations, accounting for over 60% of the overall increase, reported revenue that was 20% higher than the prior year period in functional currency, driven by higher new equipment revenue.

Product support sales were up 10% during the nine months ended September 30, 2017, compared to the first nine months of 2016, up in all operations in functional currency, but driven primarily by the Company's Canadian operations, with strong parts activity in all markets in the current year.

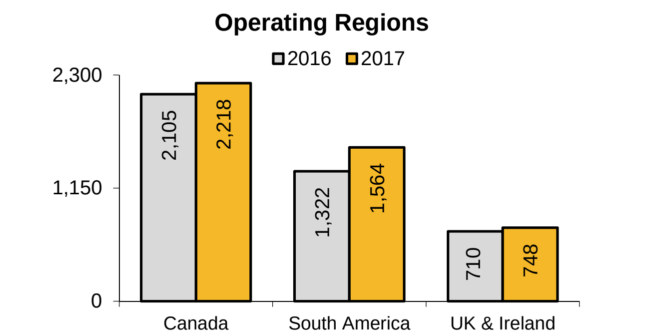
New equipment sales were up 14% during the nine months ended September 30, 2017, compared to the same period in 2016, driven by the Company's South American and UK & Ireland operations. New equipment sales in the Company's South American operations in the first nine months of the year were 87% higher than the levels of the comparative prior year period in functional currency, reflecting stronger activity in all markets, particularly construction in Argentina and mining in Chile. In the UK & Ireland, demand for equipment in all the Company's markets has strengthened, most notably in the power systems market. The Company's Canadian operations reported a decline in new equipment revenue mainly due to the delivery of equipment related to certain construction projects and significant mining deliveries in the first quarter of the prior year period, partly offset by strong power systems activity in 2017.

Used equipment sales in the nine months ended September 30, 2017 were 8% lower than 2016, mainly due to the Company's Canadian operations, with stronger used equipment mining sales in the same period of the prior year.

Revenue by Line of Business
9 months ended September 30
($ millions)



Revenue by Operation



The 9% stronger Canadian dollar relative to the U.K. pound sterling and 1% stronger Canadian dollar relative to the U.S. dollar compared to the same period in the prior year had an adverse impact on revenue of approximately $90 million. However, the foreign currency translation impact on EBIT was minimal.

Earnings Before Finance Costs and Income Taxes

Gross profit in the first nine months of 2017 of $1.2 billion was up 12% from the comparative prior year period, with higher volumes from improved market activity, and higher margins in most lines of business. Gross profit margin of 27.0% was up from 26.4% earned in the first nine months of 2016.

Contributing to lower gross profit margins in the first nine months of 2016 were provisions on certain power systems projects in the UK & Ireland, large equipment sales in Canada at lower margins and a slight shift in revenue mix to higher new equipment revenue in the first nine months of 2017.

SG&A in the first nine months of 2017 was lower than the same period in the prior year. The prior year included $30 million in severance and restructuring costs and $11 million of unavoidable costs related to the Alberta wildfires. Excluding these costs in the prior year period, SG&A in the first nine months of 2017 was up 4% compared to the same period in the prior year. Higher SG&A in the current year period reflects higher variable costs from increased sales volumes in all operations, higher short term and long term incentive plan costs, and inflationary and statutory salary increases in the Company's South American operations.

As a percentage of revenue, SG&A is down by 210 basis points over the same period in the prior year. Excluding the impact of the significant items noted above, SG&A, as a percentage of revenue, in the first nine months of 2017 is down by 110 basis points over the same period of the prior year, reflecting the leverage of incremental revenues on fixed costs.

Other income of $2 million reported in 2017 is a gain on the Company's investment in IronPlanet Holdings Inc., which was disposed of in the second quarter of 2017. Other expense of $5 million in 2016 is a write-down of net assets and other costs related to the sale of a non-core business in the Company's UK & Ireland operations.

The Company reported EBIT of $287 million and EBIT margin of 6.3% in the first nine months of 2017, higher than the $147 million and 3.5% earned in the first nine months of 2016. Excluding the significant items noted on pages 9 and 10 in this MD&A, 2016 year-to-date Adjusted EBIT was $203 million and Adjusted EBIT margin was 4.9%.

The 42% increase in EBIT in the first nine months of 2017 compared to Adjusted EBIT in the prior year period was up in all operations, primarily due to higher sales volumes in the current year, as well as lower SG&A costs relative to revenue in all operations.

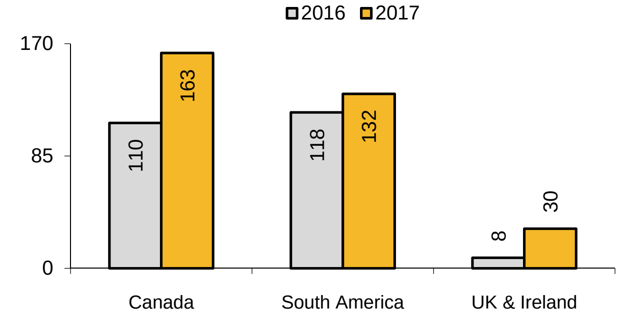
EBITDA

EBITDA for the first nine months of 2017 was $426 million and EBITDA margin was 9.4% (2016 year-to-date EBITDA was $292 million and EBITDA margin was 7.1%). Excluding significant items as noted on pages 9 and 10, 2016 year-to-date Adjusted EBITDA was $348 million and Adjusted EBITDA margin was 8.4%. EBITDA was up from the same period in the prior year primarily due to higher EBIT in the current year-to-date period.

Finance Costs

Finance costs in the nine months ended September 30, 2017 were $78 million, higher than the $65 million in the same period in 2016, due to the $9 million early redemption premium noted above for the current quarter.

Adjusted EBIT by Operation(1)
9 months ended September 30
($ millions)



(1) Excluding other operations – corporate head office

Provision for Income Taxes

The effective income tax rate for the first nine months of 2017 was 25.7%, compared to 31.6% in the same period of the prior year. The higher tax rate in 2016 was due to the higher estimated annual effective tax rate in Argentina as well as not recognizing a tax benefit for certain capital losses recorded in the second quarter of 2016.

Net Income

Net income was $155 million in the first nine months of 2017, compared to $56 million earned in the same period last year. Basic EPS was $0.92 per share compared with $0.33 per share in 2016. Excluding significant items noted on pages 9 and 10 in this MD&A, Adjusted net income in the first nine months of 2017 was $162 million and Adjusted EPS was $0.96, higher than Adjusted net income of $100 million and Adjusted EPS of $0.60 in the same period in 2016. The increase in Adjusted net income and Adjusted EPS compared to the adjusted prior year-to-date results was primarily due to higher sales volumes and savings from cost reduction measures, as well as the leverage of incremental revenues on fixed costs.

Invested Capital

($ millions, unless otherwise stated)		**September 30, 2017**		June 30, 2017		Increase (Decrease) from June 30, 2017		December 31, 2016		Increase from December 31, 2016
Consolidated	**$**	**3,083**	$	3,094	$	(11)	$	2,797	**$**	286
Canada	**$**	**1,746**	$	1,764	$	(18)	$	1,595	**$**	151
South America	**$**	**1,063**	$	1,041	$	22	$	996	**$**	67
UK & Ireland	**$**	**305**	$	300	$	5	$	216	**$**	89
South America (U.S. dollar)	**$**	***852***	*$*	*802*	$	*50*	$	*741*	***$***	*111*
UK & Ireland (U.K. pound sterling)	***£***	***182***	*£*	*178*	*£*	*4*	*£*	*130*	***£***	*52*

Compared to December 31, 2016:

The $286 million increase in consolidated invested capital from December 31, 2016 to September 30, 2017 is net of a foreign exchange impact of approximately $80 million in translating the invested capital balances of the Company's foreign operations. The foreign exchange impact was primarily as a result of the 7% stronger Canadian dollar (CAD) relative to the U.S. dollar (USD) at September 30, 2017 compared to the rate at December 31, 2016.

Excluding the impact of foreign exchange, consolidated invested capital increased by $364 million from December 31, 2016 to September 30, 2017 reflecting:

- an increase in parts inventory in both the Company's Canadian and South American operations due to increased customer demand for product support, as well as a higher volume of rebuild activity and preparation for large overhauls in the Company's Canadian operations;
- an increase in accounts receivable balances in the Company's Canadian operations as well as higher internal service work in progress inventories in all operations reflecting increased demand; and
- an increase in new equipment inventory in both the Company's South American and UK & Ireland operations to meet higher demand.

Compared to June 30, 2017:

The $11 million decrease in consolidated invested capital from June 30, 2017 to September 30, 2017 is net of a foreign exchange impact of approximately $45 million in translating the invested capital balances of the Company's foreign operations. The foreign exchange impact was primarily as a result of the 4% stronger CAD relative to the USD at September 30, 2017 compared to the rate at June 30, 2017.

Excluding the impact of foreign exchange, consolidated invested capital increased by $34 million from June 30, 2017 to September 30, 2017 reflecting:

- an increase in accounts receivable balances in both the Company's South American and UK & Ireland operations from strong sales in the quarter; and
- an increase in intangible assets in the Company's South American operations, primarily due to investment in the new ERP system.

ROIC and Invested Capital Turnover

	September 30, 2017	June 30, 2017	December 31, 2016	September 30, 2016
ROIC				
Consolidated	**10.3 %**	9.4 %	5.6 %	(6.6)%
Canada	**9.5 %**	8.3 %	5.3 %	4.3 %
South America	**15.4 %**	14.9 %	13.3 %	(18.1)%
UK & Ireland	**13.7 %**	14.0 %	(4.5)%	(17.4)%
Adjusted ROIC				
Consolidated	**12.0 %**	11.2 %	9.3 %	9.2 %
Canada	**12.3 %**	11.2 %	9.3 %	8.7 %
South America	**16.4 %**	15.9 %	15.0 %	15.6 %
UK & Ireland (1)	**13.7 %**	14.0 %	5.9 %	3.4 %
Invested Capital Turnover (times)				
Consolidated	**2.02x**	1.98x	1.90x	1.85x
Canada	**1.74x**	1.70x	1.70x	1.66x
South America	**2.04x**	1.97x	1.80x	1.74x
UK & Ireland	**3.59x**	3.73x	3.54x	3.41x

(1) There were no significant items adjusted in the UK & Ireland operations for the twelve month period ended September 30, 2017 and June 30, 2017, therefore the adjusted ROIC at September 30, 2017 and June 30, 2017 is the same as the reported metric.

Return on Invested Capital

On a consolidated basis, ROIC was 10.3% at September 30, 2017, compared to 5.6% at December 31, 2016 and (6.6)% at September 30, 2016. Adjusting for significant items that management does not consider indicative of operational and financial trends, as noted on pages 29 - 31 of this MD&A, Adjusted ROIC at September 30, 2017 was 12.0%, an increase from Adjusted ROIC at December 31, 2016 of 9.3%. The increase in Adjusted ROIC compared to the prior year end reflects the strong EBIT achieved by the Company in 2017 and improved capital efficiency. Adjusted ROIC was higher in all operations compared to December 31, 2016.

Adjusted ROIC at September 30, 2017 improved compared to Adjusted ROIC at September 30, 2016 in all operations, and is further discussed below.

Canadian operations

- Reported ROIC of 9.5% (September 30, 2016: 4.3%) and Adjusted ROIC of 12.3% (September 30, 2016: 8.7%).
- Higher Adjusted ROIC at September 30, 2017 reflected higher earnings in the last twelve month period as well as slightly lower average invested capital levels.

South American operations

- Reported ROIC of 15.4% (September 30, 2016: (18.1)%) and Adjusted ROIC of 16.4% (September 30, 2016: 15.6%).
- $324 million impairment loss on the shovels and drills distribution network and goodwill recorded in Q4 2015 has negatively impacted the reported ROIC at September 30, 2016.
- Higher Adjusted ROIC at September 30, 2017 was primarily due to lower average invested capital levels as well as slightly higher earnings in the last twelve month period.

UK & Ireland operations

- Reported ROIC of 13.7% (September 30, 2016: (17.4)%). Adjusted ROIC as at September 30, 2016 was 3.4%.
- $14 million goodwill impairment recorded in Q4 2015 has negatively impacted reported ROIC at September 30, 2016.
- Higher Adjusted ROIC at September 30, 2017 was due to significantly improved earnings.

Invested capital turnover

- Consolidated invested capital turnover at September 30, 2017 was 2.02 times, up from 1.85 times at September 30, 2016, primarily reflecting higher revenues in the last twelve month period, as well as lower average invested capital levels.
- All operations reported improved invested capital turnover rates compared to September 30, 2016. In functional currency, all operations reported higher last twelve month revenues. Invested capital turnover in the Company's Canadian and South American operations also improved against September 30, 2016 due to a reduction in average invested capital levels.

Results by Reportable Segment

The Company and its subsidiaries operate primarily in one principal business: the sale, service and rental 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, and Bolivia
- *UK & Ireland operations:* England, Scotland, Wales, Northern Ireland, and the Republic of Ireland
- *Other:* Corporate head office

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

3 months ended September 30, 2017 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consol**	**Revenue percentage**
New equipment	**$ 194**	**$ 170**	**$ 171**	**$ 535**	**35%**
Used equipment	**51**	**14**	**15**	**80**	**5%**
Equipment rental	**43**	**12**	**8**	**63**	**4%**
Product support	**449**	**351**	**66**	**866**	**56%**
Other	**—**	**1**	**2**	**3**	**0%**
Total	**$ 737**	**$ 548**	**$ 262**	**$ 1,547**	**100%**
Revenue percentage by operation	**48%**	**35%**	**17%**	**100%**	

3 months ended September 30, 2016 ($ millions)	Canada	South America	UK & Ireland	Consol	Revenue percentage
New equipment	$ 160	$ 107	$ 160	$ 427	32%
Used equipment	41	14	17	72	5%
Equipment rental	40	12	9	61	5%
Product support	378	327	65	770	58%
Other	—	1	2	3	0%
Total	$ 619	$ 461	$ 253	$ 1,333	100%
Revenue percentage by operation	46%	35%	19%	100%	

9 months ended September 30, 2017 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consol**	**Revenue percentage**
New equipment	**$ 589**	**$ 452**	**$ 467**	**$ 1,508**	**$ 33%**
Used equipment	**159**	**40**	**50**	**249**	**6%**
Equipment rental	**107**	**38**	**23**	**168**	**4%**
Product support	**1,362**	**1,031**	**202**	**2,595**	**57%**
Other	1	**3**	**6**	**10**	**0%**
Total	**$ 2,218**	**$ 1,564**	**$ 748**	**$ 4,530**	**$ 100%**
Revenue percentage by operation	**49%**	**35%**	**16%**	**100%**	

9 months ended September 30, 2016 ($ millions)	Canada	South America	UK & Ireland	Consol	Revenue percentage
New equipment	$ 656	$ 245	$ 418	$ 1,319	$ 32%
Used equipment	179	41	51	271	7%
Equipment rental	106	40	24	170	4%
Product support	1,163	994	209	2,366	57%
Other	1	2	8	11	0%
Total	$ 2,105	$ 1,322	$ 710	$ 4,137	$ 100%
Revenue percentage by operation	51%	32%	17%	100%	

Canadian Operations

The Canadian reporting segment includes Finning (Canada), OEM Remanufacturing Company Inc. (OEM), and a 25% interest in Pipeline Machinery International (PLM). The Canadian operations sell, service, and rent 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.

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

	3 months ended September 30				9 months ended September 30			
($ millions)		**2017**		2016		**2017**		2016
Revenue from external sources	**$**	**737**	$	619	**$**	**2,218**	$	2,105
Operating costs		**(655)**		(558)		**(1,990)**		(1,946)
Depreciation and amortization		**(25)**		(24)		**(75)**		(76)
Equity earnings of joint venture		**2**		—		**10**		7
EBIT	**$**	**59**	$	37	**$**	**163**	$	90
EBIT margin		**7.9%**		5.9%		**7.3%**		4.3%
EBITDA (1)	**$**	**84**	$	61	**$**	**238**	$	166
EBITDA margin		**11.4%**		9.8%		**10.7%**		7.9%
Adjusted EBIT (2)	**$**	**59**	$	37	**$**	**163**	$	110
Adjusted EBIT margin (2)		**7.9%**		5.9%		**7.3%**		5.2%
Adjusted EBITDA (2)	**$**	**84**	$	61	**$**	**238**	$	186
Adjusted EBITDA margin (2)		**11.4%**		9.8%		**10.7%**		8.8%

(1) EBITDA is calculated by adding depreciation and amortization to EBIT

(2) There were no significant items adjusted in EBIT in 2017 and Q3 2016, therefore the adjusted metrics above for the three and nine months ended September 30, 2017 and three months ended September 30, 2016 are the same as the reported metrics. Significant items that affected results for the nine months ended September 30, 2016 which management does not consider to be indicative of operational and financial trends are described on pages 9 and 10 of this MD&A.

Third Quarter Overview

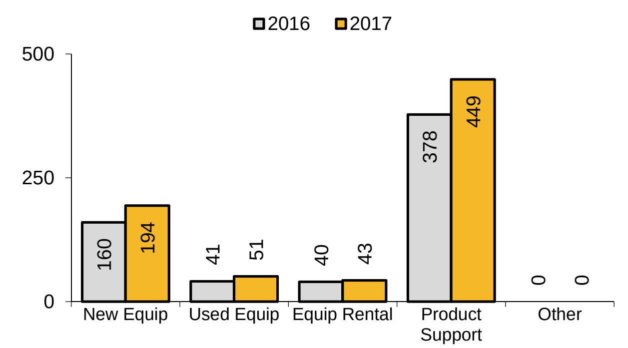
Third quarter 2017 revenue of $737 million was 19% higher than the third quarter of 2016, reflecting higher demand across all markets and all lines of business, but driven primarily by higher product support revenue.

Product support revenue was up 19% in the third quarter of 2017 compared to the same period in 2016, primarily due to strong parts activity in mining, construction and oil and gas markets. New equipment revenue was up 21% in the third quarter of 2017 compared to the third quarter of 2016, with higher deliveries predominantly in the mining and construction markets. Used equipment and rental revenue was also up in Q3 2017, benefitting from the integrated management of used equipment and rental fleets as well as a recovery in general construction markets.

Gross profit in Q3 2017 was higher than the prior year, reflecting higher sales volumes, partially offset by lower gross profit margin. Gross profit margin decreased in Q3 2017 compared to last year, resulting from lower product support and new equipment margins, partly offset by higher margins in all other lines of business.

SG&A was higher in Q3 2017 compared to the same period in the prior year, due in large part to higher variable costs from increased sales volumes.

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



The Canadian operations contributed EBIT of $59 million in Q3 2017, compared to $37 million earned in the same period in the prior year, and was the highest EBIT over the last eleven quarters. EBIT margin was 7.9%, up from 5.9% earned in the same period in Q3 2016 primarily due to leverage of incremental revenues on fixed costs.

Other Developments

Finning Canada and the International Association of Machinists and Aerospace Workers – Vancouver Lodge 692 (IAMAW), representing approximately 600 hourly employees in British Columbia and the Yukon have ratified a new collective agreement effective September 20, 2017 to April 14, 2020.

Year-to-Date Overview

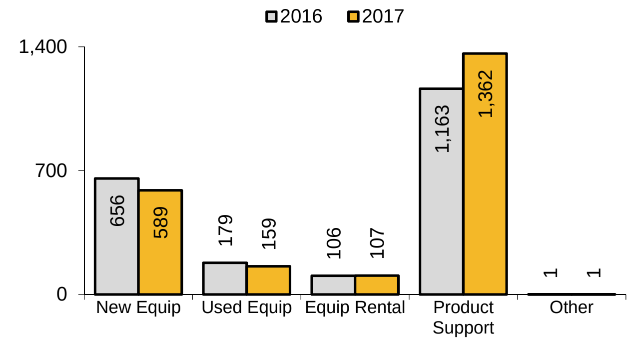
Revenue for the nine months ended September 30, 2017 increased by 5% to $2.2 billion compared to the same period last year, largely driven by higher product support revenue, and partly offset by lower new and used equipment revenue. Product support revenue was up 17% from the comparative period of 2016. Excluding the estimated impact of the Alberta wildfires in Q2 2016, product support revenue in 2017 would have been 14% higher compared to the first nine months of 2016. This increase is primarily due to strong parts activity in all markets in the current year.

New equipment revenue was down 10% in the first nine months of 2017 compared to the same period in 2016. This was mainly due to the delivery of equipment in the first quarter of 2016 related to certain construction projects and significant mining deliveries, partly offset by strong power systems activity in 2017 to date.

Used equipment revenue was down 11% in the first nine months of 2017 compared to the prior year period, reflecting stronger mining sales in the prior year, partly offset by higher ex-rental fleet sales to date in 2017 from the integrated management of used equipment and rental fleets.

Gross profit increased in the first nine months of 2017 compared to the same period in 2016 due to higher sales, a revenue mix shift to higher product support sales as well as higher gross profit margins in most lines of business.

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



SG&A for the first nine months of 2017 was higher than the same period in 2016. In the first nine months of 2016, the Company reduced its Canadian workforce in order to align its cost structure to lower market activity, which resulted in severance and restructuring costs of $9 million. Excluding these severance and restructuring costs and $11 million of estimated unavoidable costs of the 2016 wildfires noted above, SG&A in the first nine months of 2017 was up 5% from the comparative period in 2016. This increase was primarily due to higher variable costs and was in line with revenue growth.

The Canadian operations contributed EBIT of $163 million for the nine months ended September 30, 2017 compared to the $90 million earned in the prior year period. EBIT margin was 7.3%, compared to the 4.3% earned in the same period in 2016. Excluding severance costs and the estimated unavoidable costs of the Alberta wildfires, Adjusted EBIT margin for the first nine months of 2016 was 5.2%. EBIT margin of 7.3% for the first nine months of 2017 was higher than the comparative prior year period due to higher gross profit margins achieved in the current year.

South American Operations

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

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

	3 months ended September 30				9 months ended September 30			
($ millions)		**2017**		2016		**2017**		2016
Revenue from external sources	**$**	**548**	$	461	**$**	**1,564**	$	1,322
Operating costs		**(488)**		(406)		**(1,389)**		(1,166)
Depreciation and amortization		**(13)**		(15)		**(43)**		(46)
EBIT	**$**	**47**	$	40	**$**	**132**	$	110
EBIT margin		**8.5%**		8.7%		**8.4%**		8.3%
EBITDA	**$**	**60**	$	55	**$**	**175**	$	156
EBITDA margin		**11.1%**		11.9%		**11.2%**		11.8%
Adjusted EBIT [(1)]	**$**	**47**	$	40	**$**	**132**	$	118
Adjusted EBIT margin [(1)]		**8.5%**		8.7%		**8.4%**		8.9%
Adjusted EBITDA [(1)]	**$**	**60**	$	55	**$**	**175**	$	164
Adjusted EBITDA margin [(1)]		**11.1%**		11.9%		**11.2%**		12.4%

[(1)] There were no significant items adjusted in EBIT in 2017 and Q3 2016, therefore the adjusted metrics above for the three and nine months ended September 30, 2017 and three months ended September 30, 2016 are the same as the reported metrics. Significant items that affected results for the nine months ended September 30, 2016 which management does not consider to be indicative of operational and financial trends are described on pages 9 and 10 of this MD&A.

Third Quarter Overview

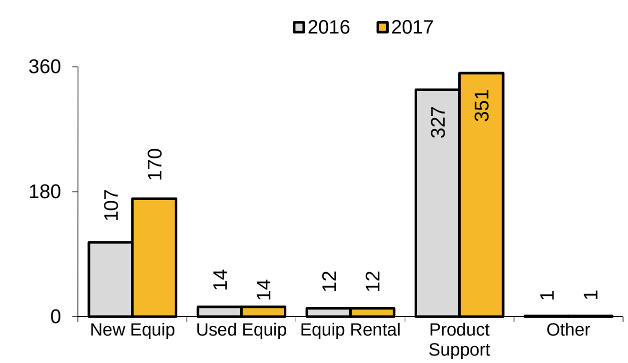
Third quarter 2017 revenue increased 19% to $548 million compared to Q3 2016 (up 24% in functional currency). This increase was driven primarily by higher new equipment revenue. New equipment sales were up 60% (up 66% in functional currency) reflecting improvement in all markets, particularly construction activity in Argentina.

Product support revenue was also up from the prior year quarter, reflecting stronger parts sales in all markets, but particularly in the mining market in Chile, due to improved equipment utilization.

The stronger Canadian dollar relative to the U.S. dollar on average in the quarter compared to the same quarter last year had an unfavourable foreign currency translation impact on revenue in Q3 2017 of approximately $20 million and was not significant at the EBIT level.

Gross profit increased compared to the third quarter of 2016, reflecting higher sales volumes, partially offset by lower overall gross profit margin. Gross profit margin decreased in Q3 2017 compared to last year, reflecting a revenue mix shift to higher new equipment sales, lower new and used equipment margins, and slightly lower product support margins. New equipment revenue comprised 31% of total revenue in the third quarter of Q3 2017 compared to 23% in Q3 2016.

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



SG&A costs (in functional currency) in Q3 2017 increased by 10% compared to the prior year period. The increase in SG&A was primarily due to variable costs from increased sales volumes, including higher short term incentive plan costs, as well as inflationary and statutory salary increases. SG&A costs relative to sales were lower in Q3 2017 compared to the prior year period.

For the three months ended September 30, 2017, the Company's South American operations reported an EBIT of $47 million compared to EBIT of $40 million in Q3 2016, which was the highest EBIT over the last 7 quarters on an adjusted basis. EBIT margin was 8.5%, lower than the 8.7% earned in the same period in the prior year primarily due to a higher proportion of new equipment sales resulting in lower overall gross profit margin, partly offset by a lower percentage of SG&A costs relative to revenue.

Year-to-Date Overview

For the nine months ended September 30, 2017 revenue increased 18% to $1.6 billion compared to 2016 (up 20% in functional currency). This increase was primarily driven by higher new equipment revenue, up 85% over the prior year period, reflecting stronger activity in all markets, particularly construction in Argentina and mining in Chile.

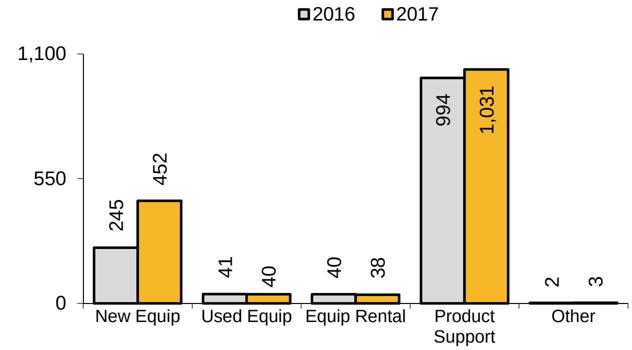
The stronger Canadian dollar relative to the U.S. dollar on average in the year-to-date period compared to the same period last year had a negative foreign currency translation impact on revenue in the first nine months of 2017 of approximately $20 million and was not significant at the EBIT level.

Product support revenue was also up modestly compared to the first nine months of 2016 (up 5% in functional currency), resulting from stronger activity in all markets, particularly mining and construction in Argentina, and mining in Chile.

Gross profit was higher than in the first nine months of 2016, reflecting higher sales volumes, partially offset by lower overall gross profit margin. Gross profit margin decreased in the first nine months of 2017 compared to the first nine months of 2016, reflecting a revenue mix shift to higher new equipment sales.

The Company's South American operations reduced its workforce in the first nine months of the prior year which resulted in severance costs of $8 million.

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



Excluding severance costs incurred in 2016, SG&A costs (in functional currency) in the first nine months of 2017 increased by 9% compared to the prior year period. The increase in SG&A was due in large part to inflationary and statutory salary increases and higher variable costs from increased sales volumes, including higher short term incentive plan costs. SG&A costs relative to sales were lower in the first nine months of 2017 compared to the prior year due to the leverage of incremental revenues on fixed costs.

For the nine months ended September 30, 2017, the Company's South American operations reported an EBIT of $132 million and an EBIT margin of 8.4% compared to EBIT of $110 million and an EBIT margin of 8.3% in the prior year period. Excluding severance costs, Adjusted EBIT margin for the first nine months of 2016 was 8.9%. EBIT margin was lower in the first nine months of 2017 compared to the Adjusted EBIT margin in the prior year due to the lower gross profit margin achieved in the current year from mix of sales, partly offset by the lower percentage of SG&A costs relative to revenue.

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 quarrying, construction, power systems and mining.

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

	3 months ended September 30		9 months ended September 30	
($ millions)	**2017**	2016	**2017**	2016
Revenue from external sources	**$ 262**	$ 253	**$ 748**	$ 710
Operating costs	**(244)**	(236)	**(698)**	(702)
Depreciation and amortization	**(7)**	(7)	**(20)**	(23)
Other expenses	**—**	—	**—**	(5)
EBIT	**$ 11**	$ 10	**$ 30**	$ (20)
EBIT margin	**4.1%**	3.8%	**4.0%**	(2.7)%
EBITDA	**$ 18**	$ 17	**$ 50**	$ 3
EBITDA margin	**6.5%**	6.5%	**6.6%**	0.5%
Adjusted EBIT [1]	**$ 11**	$ 10	**$ 30**	$ 8
Adjusted EBIT margin [1]	**4.1%**	3.8%	**4.0%**	1.2%
Adjusted EBITDA [1]	**$ 18**	$ 17	**$ 50**	$ 31
Adjusted EBITDA margin [1]	**6.5%**	6.5%	**6.6%**	4.4%

[1] There were no significant items adjusted in EBIT in 2017 and Q3 2016, therefore the adjusted metrics above for the three and nine months ended September 30, 2017 and three months ended September 30, 2016 are the same as the reported metrics. Significant items that affected results for the nine months ended September 30, 2016 which management does not consider to be indicative of operational and financial trends are described on pages 9 and 10 of this MD&A.

Third Quarter Overview

Revenue in the third quarter of 2017 of $262 million was 4% higher than the same period in 2016 (up 8% in functional currency), driven primarily by higher new equipment sales, reflecting continued market demand and robust market activity, particularly in the power systems market, both in the electric power generation and industrial sectors.

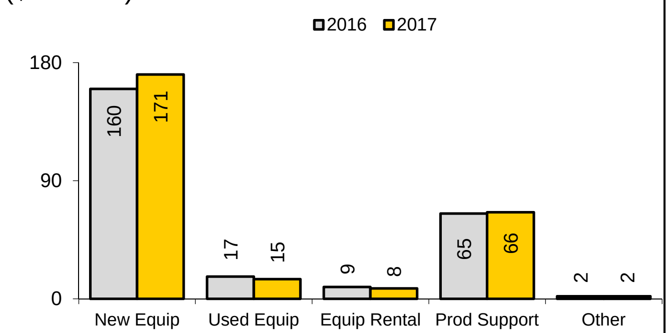
Product support sales were also higher than Q3 2016, reflecting stronger parts sales primarily in the power system business.

The stronger Canadian dollar relative to the U.K. pound sterling on average in the quarter compared to last year had a negative foreign currency translation impact on revenue in the third quarter of 2017 of approximately $10 million and was not significant at the EBIT level.

Q3 2017 gross profit was higher than the prior year period, reflecting higher sales volumes, partially offset by slightly lower overall gross profit margin. Gross profit margin decreased in Q3 2017 compared to last year, reflecting a revenue mix shift to higher new equipment sales, as well as lower new equipment margins. New equipment revenue comprised 65% of total revenue in the third quarter of 2017 compared to 63% in Q3 2016.

SG&A costs in Q3 2017 were comparable to the same period in the prior year, and lower relative to sales.

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



For the quarter ended September 30, 2017, the Company's UK & Ireland operations reported EBIT of $11 million, compared to EBIT of $10 million in Q3 2016. EBIT margin was 4.1% in Q3 2017 compared to 3.8% earned in the third quarter of 2016. EBIT margin for Q3 2017 was higher due to leverage of incremental revenue on fixed costs, partly offset by lower gross profit margin due to mix of sales.

Year-to-Date Overview

For the nine months ended September 30, 2017, revenue of $748 million was 5% higher than the same period in 2016 (up 15% in functional currency), driven primarily by higher new equipment sales due to stronger market demand, most notably in the power systems market.

The stronger Canadian dollar relative to the U.K. pound sterling on average in the year to date period compared to last year had a negative foreign currency translation impact on revenue in the first nine months of 2017 of approximately $70 million and was not significant at the EBIT level.

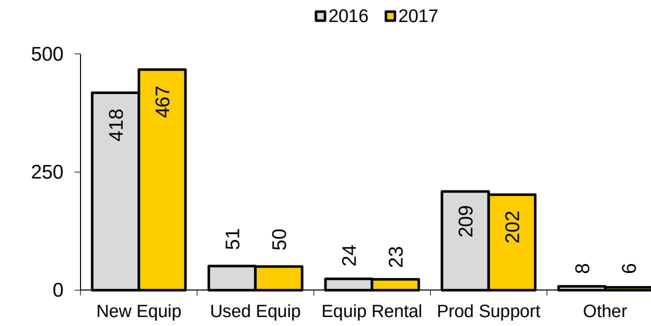
Gross profit was higher than the first nine months of 2016, reflecting higher sales volumes, as well as higher overall gross profit margin from higher new and used equipment margins, partly offset by a revenue mix shift to new equipment sales.

As part of the restructuring and repositioning of the UK's power systems business, management in the UK & Ireland completed a detailed review of power systems contracts and projects in 2016. As a result of this review, management recorded a provision of $10 million in the first half of 2016 relating to certain power systems contracts and projects, unfavourably impacting gross profit margins in the prior year, and contributing to the comparative improvement in the current year.

SG&A costs were lower in the first nine months of 2017 compared to the same period in 2016. Excluding severance and restructuring costs of $13 million in the prior year period, SG&A in 2017 was 11% lower than the prior year period, and comparable in functional currency.

Following a strategic review in 2016 of the Company's operations in the UK, it was determined that engineering and construction services for the water utility industry no longer represented a core sector for Finning's power systems division in the UK. As a result, the Company recorded a charge in other expenses of approximately $5 million in the second quarter of 2016, representing the write-down of net assets and other costs related to the August 2016 sale of this business.

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



For the nine months ended September 30, 2017, the Company's UK & Ireland operations reported EBIT of $30 million, compared to an EBIT loss of $20 million in 2016. EBIT margin was 4.0% compared to (2.7)% earned in 2016. Excluding significant items noted above in the prior year period, Adjusted EBIT margin for 2016 was 1.2%, lower than the significantly improved 4.0% EBIT margin achieved for 2017. EBIT margin was higher in 2017 due to lower SG&A costs relative to sales as a result of higher volumes and a reduced cost structure, as well as higher gross profit margin achieved in the current year from higher new and used equipment margins.

Corporate and Other Operations

Net operating costs before finance costs and income taxes of the Company's corporate and other operations segment were $14 million in the third quarter of 2017 (year-to-date 2017: $38 million) compared to $14 million in Q3 2016 (year-to-date 2016: $33 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. For the three months ended September 30, 2017, corporate operating costs were comparable to the prior year period.

For the nine months ended September 30, 2017, corporate operating costs were $5 million higher than the comparative prior year period, due primarily to higher long-term incentive plan costs. The Company's equity earnings from Energyst B.V. were $3 million lower in 2017, which were partly offset by a $2 million gain in 2017 relating to the Company's investment in IronPlanet Holdings Inc.

Outlook

Canada

Producer and contractor activity in mining continues to generate strong demand for parts and service, including component rebuilds. While demand for mining equipment is expected to improve modestly, the equipment landscape remains highly competitive.

In British Columbia, demand for core equipment remains robust, despite continued uncertainty regarding significant infrastructure projects. In Alberta, current and proposed infrastructure projects are expected to support steady activity in heavy construction markets. In Saskatchewan, new pipeline projects are starting to translate into improved demand for equipment. Product support activity has strengthened in the heavy construction and pipeline sectors in all provinces.

Demand for power systems products, parts, and services has increased as a result of significantly improved activity in the oil and gas sector.

Equipment markets remain very competitive across all sectors in Western Canada. The Company believes the rate of recovery will continue to be dependent on the commodity markets and timing of significant infrastructure projects.

South America

New equipment sales to the mining sector are starting to improve, but order intake remains low by historic standards. Mining fleet utilization continues to increase gradually, providing stability and opportunities to the Company's product support business, including component rebuilds.

In Chile, construction activity remains soft, and the Company does not expect any meaningful improvement until after the November 2017 presidential elections.

In Argentina, the Company is successfully selling equipment into the growing but competitive construction market. The Company believes that the outcome of the recent elections in Argentina will sustain this growth momentum. The government is expected to complete economic and institutional reforms which should lower the cost of doing business. The Company expects the current level of public investment in infrastructure will continue, and oil and gas development will accelerate going forward.

The Company is investing in a new ERP system in the South American operations, which is expected to go live in 2018.

UK & Ireland

In the UK & Ireland, the equipment market has undergone a structural shift away from the coal mining and oil & gas sectors towards general construction. The Company has successfully restructured its operating model to lower its cost structure and increase supply chain velocity. While activity levels in the quarry, general construction, and plant hire sectors generate robust demand for new equipment and product support, competitive pricing pressure remains intense. In the power systems sector, the Company continues to capitalize on strong demand for standby and short-term capacity power solutions.

On March 29, 2017, the UK triggered Article 50 of the Lisbon Treaty. This begins a two year process to exit the European Union (Brexit), and there are significant uncertainties around the impact and final outcome. While Brexit has not had a material impact on activity levels to this point, it resulted in a sharp devaluation of the U.K. pound sterling and economic uncertainty that continues to impact customer confidence and future investment decisions. To help offset reduced business confidence, the UK government is accelerating infrastructure investments and approvals, including large-scale rail, power, road, and airport infrastructure projects.

2017 Outlook

The Company expects year-over-year revenue growth in Q4 2017 to moderate relative to the year-to-date increase due to strength at the end of 2016. In addition, EBIT margin in Canada is expected to moderate somewhat in Q4 2017 as a result of a larger mix of new equipment sales relative to product support.

To meet increased demand for equipment and parts, inventory levels, including some large orders for early 2018 delivery, are higher than anticipated. As a result, free cash flow for 2017 is now expected to be at the low end of the targeted range of $150 to $200 million.

Operational Focus

As demand strengthens, the Company expects to drive higher profitability through achieved sustainable operational improvements and a reduced cost structure. Higher profitability and increased capital discipline are consistent with the Company's commitment to grow return on invested capital.

The Company continues to transform its global equipment supply chain, grow product support from its large installed equipment population and improve the financial performance of its rental business.

In addition, the Company's investment in Finning Digital, a global division within Finning, is expected to accelerate delivery of innovative customer solutions. Finning Digital is focused on improving the customer experience and pursuing new opportunities for revenue generation in digitally-enabled services.

Foreign Exchange Exposure

The Company expects on-going volatility in foreign exchange markets to continue impacting its results. The devaluation of the Canadian dollar increases earnings translated from the Company's foreign subsidiaries; the opposite is true for the appreciation of the Canadian dollar. Transactional gains or losses are dependent on the Company's hedging activities and general market conditions.

Liquidity and Capital Resources

Management assesses liquidity in terms of the Company's ability to generate sufficient cash flow, along with other sources of liquidity including cash and borrowings, to fund its operations and growth in operations. Liquidity is affected by the following items:

- operating activities, including the level of accounts receivable, inventories, accounts payable, rental equipment, and financing provided to customers;
- investing activities, including property, plant, and equipment and intangible asset expenditures, acquisitions of complementary businesses, and divestitures of non-core businesses; and
- financing activities, including bank credit facilities, long-term debt, and other capital market activities, providing both short and long-term financing.

The magnitude of each of these items is shown in the following table:

($ millions)	3 months ended September 30 2017	3 months ended September 30 2016	3 months Increase (Decrease)	9 months ended September 30 2017	9 months ended September 30 2016	9 months Increase (Decrease)
Cash provided by (used in) operating activities	**$ 55**	$ 177	$ (122)	**$ (115)**	$ 309	$ (424)
Cash used in investing activities	**$ (33)**	$ (14)	$ (19)	**$ (68)**	$ (75)	$ 7
Cash provided by (used in) financing activities	**$ 98**	$ (89)	$ 187	**$ 131**	$ (218)	$ 349
Free Cash Flow	**$ 22**	$ 163	$ (141)	**$ (185)**	$ 257	$ (442)

The most significant contributors to the changes in cash flows for 2017 over 2016 were as follows:

	Quarter over Quarter	Year over Year
Cash provided by (used in) operating activities	• higher supplier payments, reflecting higher inventory purchases in the Company's Canadian and South American operations due to improving market conditions and demand • higher receivable balances from timing of collections after a successful quarter with higher sales volumes compared to the prior year period • partly offset by higher cash generation from equipment sales from the Company's Canadian and South American operations, and parts sales in the Company's South American operations.	• higher parts purchases in the Company's Canadian and South American operations, reflecting increased product support demand • higher spend on equipment inventory in all operations, supporting increased demand • higher receivable balances from timing of collections and higher sales volumes • higher spend on rental equipment, primarily in the Company's Canadian operations • partly offset by higher earnings from all operations reflecting improving market conditions
Cash used in investing activities	• slightly higher capital expenditures	• higher cash use in the prior year due to investments in short-term instruments • partly offset by lower proceeds from disposals of fixed assets in 2017
Cash provided by (used in) financing activities	• $200 million additional cash provided by long-term debt issuance in September 2017	• $200 million additional cash provided by long-term debt issuance in September 2017 • $109 million of cash used for repayment of short-term debt in the first nine months of 2016 compared to $31 million of cash generated by increased borrowing in the comparative period of 2017

	Quarter over Quarter	Year over Year
Free Cash Flow generation (use)	• higher use of cash in operating activities for the reasons outlined above • slightly higher capital expenditures	• higher use of cash in operating activities for the reasons outlined above • lower proceeds from disposals of fixed assets

Capital resources and management

The Company's cash and cash equivalents balance at September 30, 2017 was $516 million (December 31, 2016: $593 million; September 30, 2016: $460 million). To complement the internally generated funds from operating and investing activities, the Company has $1.7 billion in unsecured credit facilities. Included in this amount is a syndicated committed credit facility totaling $1.0 billion with various Canadian and other global financial institutions, the full amount of which was available at September 30, 2017.

In October 2017, the Company completed a two-year extension to its $1.0 billion syndicated committed credit facility, extending the maturity date to October 2022.

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 and planned growth and development.

In September 2017, the Company issued $200 million of 2.84% senior unsecured Notes due September 29, 2021. On October 16, 2017, proceeds from the Notes were used to redeem, prior to maturity, all of the outstanding $350 million 6.02% MTN due June 1, 2018. The total redemption price included an early redemption premium of approximately $9 million which was recorded in finance costs in Q3 2017.

The Company is rated [1] by both Dominion Bond Rating Service (DBRS) and Standard & Poor's (S&P):

	Long-term debt		Short-term debt	
	Sep 30, 2017	Dec 31, 2016	Sep 30, 2017	Dec 31, 2016
S&P	BBB+	BBB+	N/A	N/A
DBRS	BBB (high)	BBB (high)	R-2 (high)	R-2 (high)

During the nine month period ended September 30, 2017, the Company repurchased 89,900 shares at an average price of $25.45 (no shares were repurchased in 2016) through a share repurchase program by way of its normal course issuer bid (NCIB) [2].

Dividends paid to shareholders in Q3 2017 were $33 million (year-to-date 2017 $94 million), comparable with the third quarter of 2016 (year-to-date 2016 $92 million).

Net Debt to Invested Capital

	Sep 30, 2017	Jun 30, 2017	Dec 31, 2016	Sep 30, 2016
Net Debt to Invested capital %	37.5%	37.4%	32.0%	35.0%

The Company is subject to a maximum Net Debt to Invested Capital level of 62.5% pursuant to a covenant in its syndicated committed credit facility. The Company was in compliance with this covenant at the end of Q3 2017.

Accounting Policies and Pronouncements

Changes in Accounting Policies

The adoption of recent amendments to IAS 7 Statement of Cash Flows had no impact on the Company's financial results, but the Company has disclosed changes in liabilities arising from financing activities as required by the amendments in Note 8 of the Company's interim condensed consolidated financial statements. For more details on recent changes in accounting policies, please refer to note 1 of the Company's interim condensed consolidated financial statements.

The effect of future accounting pronouncements and effective dates are also discussed in note 1 of the interim condensed consolidated financial statements.

(1) A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

(2) A copy of the NCIB notice is available upon request. Direct your request to the Corporate Secretary, 1000-666 Burrard Street, Vancouver, BC, V6C 2X8.

Risk Factors and 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. The Audit Committee also reviews the adequacy of disclosures of key risks in the Company's AIF, MD&A, and consolidated financial statements. Key financial risks are disclosed in the annual MD&A and other key business risks are disclosed in the Company's AIF. Copies of the Company's MD&A and AIF are available on SEDAR at www.sedar.com and in the investors section of the Company's website at www.finning.com.

Key exchange rates that impacted the Company's results were as follows:

	September 30			December 31		3 months ended September 30 – average			9 months ended September 30 – average		
Exchange rate	**2017**	2016	Change	2016	Change	**2017**	2016	Change	**2017**	2016	Change
USD/CAD	**1.2480**	1.3117	5 %	1.3427	7 %	**1.2528**	1.3050	4 %	**1.3074**	1.3218	1 %
GBP/CAD	**1.6716**	1.7069	2 %	1.6564	(1)%	**1.6396**	1.7124	4 %	**1.6671**	1.8412	9 %
USD/CLP	**636.85**	659.08	3 %	667.29	5 %	**642.54**	661.31	3 %	**654.36**	680.05	4 %
USD/ARS	**17.31**	15.31	(13)%	15.89	(9)%	**17.29**	14.94	(16)%	**16.17**	14.52	(11)%

The impact of foreign exchange due to fluctuation in the value of the Canadian dollar (CAD) relative to the U.S. dollar (USD), U.K. pound sterling (GBP), Chilean peso (CLP), and Argentine peso (ARS) 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 is made known to them in a timely manner.

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.
- The Disclosure Committee, consisting of senior management and legal counsel, reviews all financial information prepared for communication to the public to ensure it meets all regulatory requirements. The Disclosure Committee is responsible for raising any outstanding issues it believes require the attention of the Audit Committee for that Committee's approval prior to recommending disclosure.

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. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2017 that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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 to provide reasonable assurance that the objectives of the control systems are met, 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.

Outstanding Share Data

As at November 2, 2017	
Common shares outstanding	168,138,070
Options outstanding	4,451,960

Description of Non-GAAP Financial Measures and Reconciliations

Non-GAAP Financial Measures

Management believes that providing certain non-GAAP financial 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 financial measures, where available, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS financial measures alone.

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

Set out below is a description of the non-GAAP financial measures used by the Company in this MD&A and a quantitative reconciliation from each non-GAAP financial measure to the most directly comparable measure, where available, specified, defined, or determined under GAAP and used in the Company's consolidated financial statements (GAAP measures).

Key Performance Indicators

Management uses key performance indicators (KPIs) to consistently measure performance against the Company's priorities across the organization. The Company's KPIs include, among others, ROIC, net debt to invested capital, inventory turns, invested capital turnover, working capital to sales ratio, equipment backlog, and net debt to EBITDA ratio. These KPIs, including those that are expressed as ratios, 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.

EBITDA, Adjusted EBITDA, and Adjusted EBIT

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.

Management may also calculate an Adjusted EBIT and Adjusted EBITDA to exclude items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance.

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

The most comparable GAAP financial measure to EBITDA is EBIT. A reconciliation between EBIT and EBITDA for the three and nine months ended September 30 is as follows:

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2017**	2016	**2017**	2016
EBIT	**$ 103**	$ 73	**$ 287**	$ 147
Depreciation and amortization	**46**	46	**139**	145
EBITDA	**$ 149**	$ 119	**$ 426**	$ 292

A reconciliation between EBIT, Adjusted EBIT, and Adjusted EBITDA for the three and nine months ended September 30 is as follows:

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2017**	2016	**2017**	2016
EBIT	**$ 103**	$ 73	**$ 287**	$ 147
Significant items (1)	**—**	—	**—**	56
Adjusted EBIT	**$ 103**	$ 73	**$ 287**	$ 203
Depreciation and amortization	**46**	46	**139**	145
Adjusted EBITDA	**$ 149**	$ 119	**$ 426**	$ 348

(1) 2016 results were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 9 and 10 of this MD&A.

A reconciliation between EBIT, Adjusted EBIT, and Adjusted EBITDA for the consolidated operations for the last nine quarters is as follows:

3 months ended	**2017**			2016				2015	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 103**	$ 98	$ 86	$ 18	$ 73	$ 29	$ 45	$ (349)	$ 63
Significant items:									
Severance costs	**—**	—	—	15	—	9	17	2	25
Facility closures and restructuring costs	**—**	—	—	32	—	4	—	45	6
Impairment loss on distribution network and goodwill	**—**	—	—	—	—	—	—	338	—
Inventory and other asset impairments	**—**	—	—	—	—	—	—	42	—
Impact from Alberta wildfires – unavoidable costs	**—**	—	—	—	—	11	—	—	—
Power systems project provisions and estimated loss on disputes and alleged fraudulent activity by a customer	**—**	—	—	10	—	5	5	—	—
Loss on sale of non-core business	**—**	—	—	—	—	5	—	—	—
Acquisitions and disposal of business, net	**—**	—	—	—	—	—	—	(8)	3
Gain on investment	**—**	—	—	(5)	—	—	—	—	—
ARS devaluation	**—**	—	—	—	—	—	—	12	—
Adjusted EBIT	**$ 103**	$ 98	$ 86	$ 70	$ 73	$ 63	$ 67	$ 82	$ 97
Depreciation and amortization [(1)]	**46**	48	45	47	46	48	51	57	62
Adjusted EBITDA	**$ 149**	$ 146	$ 131	$ 117	$ 119	$ 111	$ 118	$ 139	$ 159
Adjusted EBIT – 12 months	**$ 357**	$ 327	$ 292	$ 273	$ 285	$ 309	$ 358	$ 383	$ 445
Adjusted EBITDA – 12 months	**$ 543**	$ 513	$ 478	$ 465	$ 487	$ 527	$ 579	$ 604	$ 661

(1) Of the significant items described above, $10 million was recorded in depreciation and amortization expense in Q4 2015

A reconciliation between EBIT, Adjusted EBIT, and Adjusted EBITDA for the Canadian operations for the last nine quarters is as follows:

3 months ended	**2017**			2016				2015	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 59**	$ 57	$ 47	$ (3)	$ 37	$ 28	$ 25	$ (17)	$ 34
Significant items:									
Severance costs	**—**	—	—	15	—	1	8	—	11
Facility closures and restructuring costs	**—**	—	—	32	—	—	—	40	6
Inventory and other asset impairments	**—**	—	—	—	—	—	—	16	—
Impact from Alberta wildfires – unavoidable costs	**—**	—	—	—	—	11	—	—	—
Adjusted EBIT	**$ 59**	$ 57	$ 47	$ 44	$ 37	$ 40	$ 33	$ 39	$ 51
Depreciation and amortization [(1)]	**25**	26	24	24	24	25	27	31	34
Adjusted EBITDA	**$ 84**	$ 83	$ 71	$ 68	$ 61	$ 65	$ 60	$ 70	$ 85
Adjusted EBIT – 12 months	**$ 207**	$ 185	$ 168	$ 154	$ 149	$ 163	$ 178	$ 189	$ 225

A reconciliation between EBIT, Adjusted EBIT, and Adjusted EBITDA for the South American operations for the last nine quarters is as follows:

3 months ended	**2017**			2016				2015	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 47**	$ 43	$ 42	$ 27	$ 40	$ 38	$ 32	$ (303)	$ 32
Significant items:									
Severance costs	**—**	—	—	—	—	1	7	—	10
Facility closures and restructuring costs	**—**	—	—	—	—	—	—	3	—
Impairment loss on distribution network and goodwill	**—**	—	—	—	—	—	—	324	—
Inventory and other asset impairments	**—**	—	—	—	—	—	—	10	—
Estimated loss on alleged fraudulent activity by a customer	**—**	—	—	10	—	—	—	—	—
ARS devaluation	**—**	—	—	—	—	—	—	12	—
Adjusted EBIT	**$ 47**	$ 43	$ 42	$ 37	$ 40	$ 39	$ 39	$ 46	$ 42
Depreciation and amortization [(1)]	**13**	15	15	16	15	15	16	19	20
Adjusted EBITDA	**$ 60**	$ 58	$ 57	$ 53	$ 55	$ 54	$ 55	$ 65	$ 62
Adjusted EBIT – 12 months	**$ 169**	$ 162	$ 158	$ 155	$ 164	$ 166	$ 182	$ 190	$ 202

(1) Of the significant items described above, $5 million was recorded in depreciation and amortization expense in Q4 2015 in each of the Canadian and South American operations

A reconciliation between EBIT, Adjusted EBIT, and Adjusted EBITDA for the UK & Ireland operations for the last nine quarters is as follows:

3 months ended	**2017**			2016				2015	
($ millions)	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
EBIT	**$ 11**	$ 11	$ 8	$ 8	$ 10	$ (26)	$ (4)	$ (31)	$ 7
Significant items:									
Severance costs	**—**	—	—	—	—	7	2	2	4
Facility closures and restructuring costs	**—**	—	—	—	—	4	—	2	—
Impairment loss on distribution network and goodwill	**—**	—	—	—	—	—	—	14	—
Inventory and other asset impairments	**—**	—	—	—	—	—	—	16	—
Power systems project provisions and estimated loss on disputes	**—**	—	—	—	—	5	5	—	—
Loss on sale of non-core business	**—**	—	—	—	—	5	—	—	—
Adjusted EBIT	**$ 11**	$ 11	$ 8	$ 8	$ 10	$ (5)	$ 3	$ 3	$ 11
Depreciation and amortization	**7**	7	6	7	7	8	8	7	8
Adjusted EBITDA	**$ 18**	$ 18	$ 14	$ 15	$ 17	$ 3	$ 11	$ 10	$ 19
Adjusted EBIT – 12 months	**$ 38**	$ 37	$ 21	$ 16	$ 11	$ 12	$ 29	$ 33	$ 42

Adjusted EBIT Margin, EBITDA Margin, and Adjusted EBITDA Margin

These measures are defined, respectively, as Adjusted EBIT divided by total revenue, EBITDA divided by total revenue, and Adjusted EBITDA divided by total revenue, using total revenue as disclosed in the Company's condensed consolidated statement of income. These measures are utilized by management to assess and evaluate the financial performance or profitability of its operating segments.

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 condensed 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:

	3 months ended September 30		**9 months ended September 30**	
($ millions)	**2017**	2016	**2017**	2016
Cash flow provided by (used in) operating activities [1]	**$ 55**	$ 177	**$ (115)**	$ 309
Additions to property, plant, and equipment and intangible assets [1]	**(33)**	(17)	**(72)**	(72)
Proceeds on disposal of property, plant, and equipment [1]	**—**	3	**2**	20
Free cash flow	**$ 22**	$ 163	**$ (185)**	$ 257

(1) As disclosed in the Company's condensed consolidated statement of cash flow

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 sales for the last six months divided by average inventory, based on an average of the last two quarters, as follows:

($ millions, except as noted)	**September 30, 2017**	December 31, 2016
Cost of sales – annualized	**$ 4,600**	$ 4,150
Inventory – two quarter average	**$ 1,769**	$ 1,663
Inventory turns (number of times)	**2.60**	2.49

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, defined on page 33, based on an average of the last four quarters, as follows:

($ millions, except as noted)	**September 30, 2017**	December 31, 2016
Revenue – last twelve months	**$ 6,021**	$ 5,628
Invested capital – four quarter average	**$ 2,975**	$ 2,960
Invested capital turnover	**2.02**	1.90

Net Debt to Invested Capital Ratio

Net Debt to Invested Capital is a ratio that 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, 2017**	December 31, 2016
Cash and cash equivalents	**$ (516)**	$ (593)
Short-term debt	**32**	2
Current portion of long-term debt	**350**	—
Long-term debt	**1,291**	1,487
Net debt	**1,157**	896
Shareholders' equity	**1,926**	1,901
Invested capital	**$ 3,083**	$ 2,797
Net debt to invested capital	**37.5%**	32.0%

Net Debt to EBITDA Ratio and Net Debt to Adjusted EBITDA Ratio

These ratios are calculated, respectively, as net debt, defined and calculated above, divided by EBITDA, and net debt divided by Adjusted EBITDA, for the last twelve months. These ratios are used by management in assessing the Company's operating leverage and ability to repay its debt. These ratios approximate the length of time, in years, that it would take the Company to repay its debt, with net debt and EBITDA or Adjusted EBITDA held constant. These ratios are calculated as follows:

($ millions, except as noted)	**September 30, 2017**	December 31, 2016
Net debt	**$ 1,157**	$ 896
EBITDA – 12 months ended	**$ 491**	$ 357
Net Debt to EBITDA Ratio [(1)]	**2.4**	2.5
Net debt	**$ 1,157**	$ 896
Adjusted EBITDA – 12 months ended	**$ 543**	$ 465
Net Debt to Adjusted EBITDA Ratio	**2.1**	1.9

(1) 2016 results were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on page 29 of this MD&A.

Adjusted net income and Adjusted EPS

Adjusted net income excludes from net income (as disclosed in the Company's condensed consolidated statement of income) the after-tax amounts of significant items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance.

Adjusted EPS is calculated by dividing Adjusted net income by the weighted average number of common shares outstanding during the period.

An example of a reconciliation between net income and EPS (the nearest GAAP measures) and Adjusted net income and Adjusted EPS can be found on page 3 of this MD&A.

ROIC and Adjusted ROIC

Return on Invested Capital, or ROIC, is defined as earnings before finance costs and income taxes (EBIT) for the last twelve months divided by invested capital (a non-GAAP financial measure defined above), based on an average of the last four quarters, expressed as a percentage.

Management views ROIC (at a consolidated and operating 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. Management may also calculate an Adjusted ROIC using Adjusted EBIT to exclude significant items that are not considered to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of the Company's underlying business performance.

ROIC for the consolidated operations is calculated as follows:

($ millions)	**September 30, 2017**	December 31, 2016
EBIT – 12 months ended	**$ 305**	$ 165
Invested capital – four quarter average	**$ 2,975**	$ 2,960
ROIC	**10.3 %**	5.6 %

Adjusted ROIC, on a consolidated and segmented basis, is calculated as follows:

($ millions, except as noted)	**2017**			2016				2015	
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Consolidated									
Adjusted EBIT – 12 months ended	**$ 357**	$ 327	$ 292	$ 273	$ 285	$ 309	$ 358	$ 383	$ 445
Invested capital – four quarter average	**$ 2,975**	$ 2,934	$ 2,920	$ 2,960	$ 3,071	$ 3,292	$ 3,416	$ 3,530	$ 3,496
Adjusted ROIC	**12.0%**	11.2%	10.0%	9.3%	9.2%	9.4%	10.4%	10.9%	12.8%
Canada									
Adjusted EBIT – 12 months ended	**$ 207**	$ 185	$ 168	$ 154	$ 149	$ 163	$ 178	$ 189	$ 225
Invested capital – four quarter average	**$ 1,683**	$ 1,659	$ 1,642	$ 1,656	$ 1,697	$ 1,753	$ 1,765	$ 1,792	$ 1,721
Adjusted ROIC	**12.3%**	11.2%	10.2%	9.3%	8.7%	9.3%	10.1%	10.6%	13.1%
South America									
Adjusted EBIT – 12 months ended	**$ 169**	$ 162	$ 158	$ 155	$ 164	$ 166	$ 182	$ 190	$ 202
Invested capital – four quarter average	**$ 1,030**	$ 1,020	$ 1,028	$ 1,030	$ 1,062	$ 1,178	$ 1,261	$ 1,357	$ 1,413
Adjusted ROIC	**16.4%**	15.9%	15.4%	15.0%	15.6%	14.2%	14.5%	14.0%	14.3%
UK & Ireland									
Adjusted EBIT – 12 months ended	**$ 38**	$ 37	$ 21	$ 16	$ 11	$ 12	$ 29	$ 33	$ 42
Invested capital – four quarter average	**$ 275**	$ 262	$ 253	$ 268	$ 294	$ 342	$ 371	$ 369	$ 359
Adjusted ROIC	**13.7%**	14.0%	8.2%	5.9%	3.4%	3.3%	7.4%	9.0%	11.9%

Working Capital

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

($ millions)	September 30, 2017	December 31, 2016
Total current assets	$ 3,558	$ 3,378
Cash and cash equivalents	(516)	(593)
Total current assets [(1)]	$ 3,042	$ 2,785
Total current liabilities	$ 1,653	$ 1,233
Short-term debt	(32)	(2)
Current portion of long-term debt	(350)	—
Total current liabilities [(2)]	$ 1,271	$ 1,231
Working capital	$ 1,771	$ 1,554

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

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. The Working Capital to Sales Ratio is calculated as follows:

($ millions, except as noted)	September 30, 2017	December 31, 2016
Working capital – four quarter average	$ 1,703	$ 1,709
Revenue – 12 months ended	$ 6,021	$ 5,628
Working capital to sales	28.3 %	30.4 %

Equipment Backlog and Order Intake

The Company's global equipment backlog is defined as the retail value of new equipment units ordered by customers for future deliveries. Order intake represents committed new equipment orders. Management uses equipment backlog and order intake as measures of projecting future new equipment deliveries. There are no directly comparable IFRS measures for equipment backlog and order intake.

Selected Quarterly Information

($ millions, except for share, per share, and option amounts)	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 (Restated) Q4
Revenue from operations [1]								
Canada	**$ 737**	$ 790	$ 691	$ 716	$ 619	$ 634	$ 852	$ 714
South America	**548**	516	500	535	461	431	430	528
UK & Ireland	**262**	275	211	240	253	245	212	295
Total revenue	**$ 1,547**	$ 1,581	$ 1,402	$ 1,491	$ 1,333	$ 1,310	$ 1,494	$ 1,537
Net income (loss) [2]	**$ 52**	$ 56	$ 47	$ 9	$ 36	$ 5	$ 15	$ (309)
Earnings Per Share [2]								
Basic EPS	**$ 0.31**	$ 0.34	$ 0.28	$ 0.05	$ 0.22	$ 0.03	$ 0.09	$ (1.82)
Diluted EPS	**$ 0.31**	$ 0.34	$ 0.28	$ 0.05	$ 0.22	$ 0.03	$ 0.09	$ (1.82)
Total assets	**$ 5,140**	$ 5,029	$ 4,901	$ 4,910	$ 4,886	$ 4,754	$ 4,870	$ 5,108
Long-term debt								
Current	**$ 350**	$ 350	$ —	$ —	$ —	$ —	$ —	$ —
Non-current	**1,291**	1,116	1,481	1,487	1,474	1,470	1,492	1,548
Total long-term debt [3] [4]	**$ 1,641**	$ 1,466	$ 1,481	$ 1,487	$ 1,474	$ 1,470	$ 1,492	$ 1,548
Cash dividends paid per common share	**19.00¢**	18.25¢	18.25¢	18.25¢	18.25¢	18.25¢	18.25¢	18.25¢
Common shares outstanding (000's)	**168,118**	168,097	168,083	168,167	168,134	168,102	168,034	168,031
Options outstanding (000's)	**4,574**	4,755	4,501	4,564	4,823	5,026	5,102	5,171

1) In 2016, management voluntarily changed its presentation of certain expenses to provide reliable and more relevant information to users of the financial statements and better align with industry comparable companies. In addition, management concluded that certain cost recoveries were better reflected as revenues. Certain line items and key performance metrics have been restated in the comparative 2015 period but the impact of restatement is not significant.
2) 2017, 2016 and 2015 results were impacted by the following significant items:

($ millions except per share amounts)	**2017 [a] Q3**	2016 Annual	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Annual	2015 Q4
Distribution network and goodwill impairment	$ **—**	$ —	$ —	$ —	$ —	$ —	$ 338	$ 338
Impact from Alberta wildfires - unavoidable costs	**—**	11	—	—	11	—	—	—
Facility closures and restructuring costs	**—**	36	32	—	4	—	53	45
Severance costs	**—**	41	15	—	9	17	48	2
Power systems provisions and estimated loss on disputes and alleged fraudulent activity by a customer	**—**	20	10	—	5	5	—	—
Inventory and other asset impairments	**—**	—	—	—	—	—	42	42
Gain on investment	**—**	(5)	(5)	—	—	—	—	—
FX impact on devaluation of ARS	**—**	—	—	—	—	—	12	12
Acquisition and disposal of businesses, net	**—**	5	—	—	5	—	(5)	(8)
Impact of significant items [b] on EBIT:	$ **—**	$ 108	$ 52	$ —	$ 34	$ 22	$ 488	$ 431
Early redemption costs on long-term debt, capital loss utilized, and tax rate change impact on EPS:	**0.04**	—	—	—	—	—	0.02	0.07
Impact of significant items on EPS:	$ **0.04**	$ 0.50	$ 0.23	$ —	$ 0.17	$ 0.10	$ 2.23	$ 2.05

(a) There were no adjustments in Q1 and Q2 2017.
(b) Of the significant items described above, $10 million was recorded in depreciation and amortization expense in Q4 2015.

3) In September 2017, the Company issued $200 million of 2.84% senior unsecured Notes due September 29, 2021. In October 2017, proceeds from the Notes were used to redeem, prior to maturity, all of the outstanding $350 million 6.02% MTN due June 1, 2018.

4) In October 2017, the Company completed a two-year extension to its $1.0 billion syndicated committed credit facility, extending the maturity date to October 2022.

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 terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy, markets and activities and the associated impact on the Company's financial results; in Canada, demand for mining equipment, power systems products and core equipment, financial impact from the Alberta wildfires, competitive market conditions, dependence on commodity markets, upcoming infrastructure projects, activity in the oil and gas sector, core equipment demand in British Columbia, heavy construction markets in Alberta, and new pipeline projects in Saskatchewan; in South America, sales to the mining sector, product support activity, expectations for construction activity in Chile and the impact of upcoming elections in Chile, the outcome of the recent elections and potential reforms in Argentina, expectations regarding the Argentina government's economic and institutional reforms and their effect on the cost of doing business, the continuing public investment in infrastructure in Argentina and the acceleration of oil and gas development in Argentina; in the UK & Ireland, the shift to general construction, demand for new equipment and product support, demand in the power systems sector, the impact of Brexit, competitive pricing pressure, and the activity levels in the quarry, general construction, and plant hire sectors; expected impact of and volatility in foreign exchange markets; expected revenue and free cash flow; expected deliveries of equipment in 2017 and 2018; expected profitability levels; expected range of the Company's effective tax rate; expected results from cost reductions; sustainability improvements and the Company's commitment to grow return on invested capital; expected results from execution of the Company's strategy; the Company's priorities; inventory turns; timing and delivery of innovative customer solutions; planned activities and anticipated results of Finning Digital; investment in a new ERP system for the South American business, and the financial performance of its rental business. 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 the date in this MD&A. 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 ability to maintain its relationship with Caterpillar; Finning's dependence on the continued market acceptance of its products, including Caterpillar products, and the 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 as market conditions, business strategy or technologies change; 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 and availability of, and benefits from information technology and the data processed by that technology; and Finning's ability to protect itself from cybersecurity threats or incidents. 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 in this MD&A for forward-looking statements. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in Section 4 of the Company's current AIF and in the annual MD&A for the financial risks.

Finning cautions readers that the risks described in the MD&A and 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 of this report. 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 $ millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 516	$ 593
Accounts receivable	923	869
Service work in progress	126	101
Inventories	1,742	1,601
Other assets	251	214
Total current assets	3,558	3,378
Property, plant, and equipment	584	606
Rental equipment	414	363
Goodwill	119	118
Distribution network	100	100
Intangible assets	84	71
Investments in joint ventures and associate	92	88
Other assets	189	186
Total assets	$ 5,140	$ 4,910
LIABILITIES		
Current liabilities		
Short-term debt	$ 32	$ 2
Accounts payable and accruals	954	946
Deferred revenue	256	231
Provisions	35	47
Current portion of long-term debt (Note 5)	350	—
Other liabilities	26	7
Total current liabilities	1,653	1,233
Long-term debt (Note 5)	1,291	1,487
Net post-employment obligation	67	84
Other liabilities	203	205
Total liabilities	$ 3,214	$ 3,009
SHAREHOLDERS’ EQUITY		
Share capital	$ 575	$ 573
Contributed surplus	1	2
Accumulated other comprehensive income	181	243
Retained earnings	1,169	1,083
Total shareholders' equity	1,926	1,901
Total liabilities and shareholders' equity	$ 5,140	$ 4,910

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME

(Canadian $ millions, except share and per share amounts)	3 months ended September 30		9 months ended September 30	
	2017	2016	**2017**	2016
Revenue				
New equipment	**$ 535**	$ 427	**$ 1,508**	$ 1,319
Used equipment	**80**	72	**249**	271
Equipment rental	**63**	61	**168**	170
Product support	**866**	770	**2,595**	2,366
Other	**3**	3	**10**	11
Total revenue	**1,547**	1,333	**4,530**	4,137
Cost of sales	**(1,141)**	(964)	**(3,309)**	(3,044)
Gross profit	**406**	369	**1,221**	1,093
Selling, general, and administrative expenses	**(305)**	(295)	**(942)**	(947)
Equity earnings (loss) of joint ventures and associate	**2**	(1)	**6**	6
Other income (Note 4)	**—**	—	**2**	—
Other expenses (Note 4)	**—**	—	**—**	(5)
Earnings before finance costs and income taxes	**103**	73	**287**	147
Finance costs (Note 5)	**(33)**	(22)	**(78)**	(65)
Income before provision for income taxes	**70**	51	**209**	82
Provision for income taxes	**(18)**	(15)	**(54)**	(26)
Net income	**$ 52**	$ 36	**$ 155**	$ 56
Earnings per share (Note 3)				
Basic	**$ 0.31**	$ 0.22	**$ 0.92**	$ 0.33
Diluted	**$ 0.31**	$ 0.22	**$ 0.92**	$ 0.33
Weighted average number of shares outstanding				
Basic	**168,103,950**	168,110,628	**168,109,930**	168,077,130
Diluted	**168,483,519**	168,214,275	**168,400,004**	168,121,097

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 (LOSS)

(Canadian $ millions)	3 months ended September 30 2017	3 months ended September 30 2016	9 months ended September 30 2017	9 months ended September 30 2016
Net income	**$ 52**	$ 36	**$ 155**	$ 56
Other comprehensive income (loss), net of income tax				
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustments	**(60)**	12	**(99)**	(142)
Share of foreign currency translation adjustments of joint ventures and associate	**—**	—	**(3)**	(12)
Unrealized gain (loss) on net investment hedges	**26**	(4)	**47**	60
Impact of foreign currency translation and net investment hedges, net of income tax	**(34)**	8	**(55)**	(94)
Unrealized loss on cash flow hedges	**(5)**	—	**(10)**	(2)
Realized loss on cash flow hedges, reclassified to earnings	**1**	—	**1**	1
Realized loss on cash flow hedges, reclassified to balance sheet	**1**	—	**—**	2
Income tax recovery on cash flow hedges	**—**	—	**2**	—
Impact of cash flow hedges, net of income tax	**(3)**	—	**(7)**	1
Items that will not be subsequently reclassified to net income:				
Actuarial gain (loss) (Note 7)	**7**	(11)	**30**	(37)
Income tax (expense) recovery on actuarial gain (loss)	**(1)**	2	**(5)**	7
Actuarial gain (loss), net of income tax	**6**	(9)	**25**	(30)
Total comprehensive income (loss)	**$ 21**	$ 35	**$ 118**	$ (67)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Canadian $ millions, except number of shares)	Share Capital: Number of shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Impact of Foreign Currency Translation and Net Investment Hedges	Accumulated Other Comprehensive Income (Loss): Impact of Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2016	168,031,428	$ 570	$ —	$ 327	$ (1)	$ 1,154	$ 2,050
Net income	—	—	—	—	—	56	56
Other comprehensive (loss) income	—	—	—	(94)	1	(30)	(123)
Total comprehensive (loss) income	—	—	—	(94)	1	26	(67)
Issued on exercise of share options	102,907	2	(2)	—	—	—	—
Share option expense	—	—	4	—	—	—	4
Dividends on common shares	—	—	—	—	—	(92)	(92)
Balance, September 30, 2016	168,134,335	$ 572	$ 2	$ 233	$ —	$ 1,088	$ 1,895
Balance, January 1, 2017	**168,167,202**	**$ 573**	**$ 2**	**$ 243**	**$ —**	**$ 1,083**	**$ 1,901**
Net income	**—**	**—**	**—**	**—**	**—**	**155**	**155**
Other comprehensive (loss) income	**—**	**—**	**—**	**(55)**	**(7)**	**25**	**(37)**
Total comprehensive (loss) income	**—**	**—**	**—**	**(55)**	**(7)**	**180**	**118**
Issued on exercise of share options	**40,451**	**2**	**(2)**	**—**	**—**	**—**	**—**
Share option expense	**—**	**—**	**3**	**—**	**—**	**—**	**3**
Repurchase of common shares	**(89,900)**	**—**	**(2)**	**—**	**—**	**—**	**(2)**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(94)**	**(94)**
Balance, September 30, 2017	**168,117,753**	**$ 575**	**$ 1**	**$ 188**	**$ (7)**	**$ 1,169**	**$ 1,926**

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

(Canadian $ millions)	3 months ended September 30 **2017**	3 months ended September 30 2016	9 months ended September 30 **2017**	9 months ended September 30 2016
OPERATING ACTIVITIES				
Net income	**$ 52**	$ 36	**$ 155**	$ 56
Adjusting for:				
Depreciation and amortization	**46**	46	**139**	145
Gain on sale of rental equipment and property, plant, and equipment	**—**	(2)	**—**	(4)
Mark-to-market adjustment on investment	**—**	—	**(2)**	—
Equity loss (earnings) of joint ventures and associate	**(2)**	1	**(6)**	(6)
Share-based payment expense	**12**	6	**22**	16
Provision for income taxes	**18**	15	**54**	26
Finance costs	**33**	22	**78**	65
Defined benefit and other post-employment benefit (recovery) expense (Note 7)	**(3)**	3	**5**	10
Other	**—**	—	**—**	(3)
Changes in operating assets and liabilities (Note 8)	**(20)**	124	**(332)**	116
Additions to rental equipment	**(96)**	(62)	**(247)**	(135)
Proceeds on disposal of rental equipment	**39**	12	**117**	120
Interest paid	**(14)**	(10)	**(54)**	(51)
Income tax paid	**(10)**	(14)	**(44)**	(46)
Cash flow provided by (used in) operating activities	**55**	177	**(115)**	309
INVESTING ACTIVITIES				
Additions to property, plant, and equipment and intangible assets	**(33)**	(17)	**(72)**	(72)
Proceeds on disposal of property, plant, and equipment	**—**	3	**2**	20
Proceeds on disposal of investment (Note 4)	**—**	—	**7**	—
Proceeds on disposal of subsidiary	**—**	—	**—**	8
Investment in and advances to joint ventures and associate	**—**	—	**(5)**	—
Increase in short-term investments	**—**	—	**—**	(31)
Cash flow used in investing activities	**(33)**	(14)	**(68)**	(75)
FINANCING ACTIVITIES				
(Decrease) increase in short-term debt (Note 8)	**(69)**	(58)	**31**	(109)
Increase (decrease) in long-term debt (Note 8)	**200**	—	**200**	(13)
Decrease in finance liabilities (Note 8)	**—**	—	**(4)**	(4)
Repurchase of common shares	**—**	—	**(2)**	—
Dividends paid	**(33)**	(31)	**(94)**	(92)
Cash flow provided by (used in) financing activities	**98**	(89)	**131**	(218)
Effect of currency translation on cash balances	**(15)**	2	**(25)**	(31)
Increase (decrease) in cash and cash equivalents	**105**	76	**(77)**	(15)
Cash and cash equivalents, beginning of period	**411**	384	**593**	475
Cash and cash equivalents, end of period (Note 8)	**$ 516**	$ 460	**$ 516**	$ 460

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

1. SIGNIFICANT ACCOUNTING POLICIES, KEY ASSUMPTIONS, AND SIGNIFICANT JUDGMENTS

These unaudited interim condensed consolidated financial statements ("Interim Statements") of Finning International Inc. and its subsidiaries (together, "Finning" or the "Company") have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting,* as issued by the International Accounting Standard Board (IASB). 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, 2016 audited annual consolidated financial statements and the notes to such financial statements.

These Interim Statements are based on the IFRS issued and effective as of November 7, 2017, 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) Amendments to Standards

The Company has adopted the following amendments to standards:

- IAS 7, *Statement of Cash Flows* (effective January 1, 2017) introduces new requirements to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. The required disclosures have been added to Note 8 of the Company's Interim Statements.

(b) Future Accounting Pronouncements

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

- 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's preliminary assessment is that the new standard will not have a material impact on the Company's recognition and measurement of financial instruments. Management expects to apply the simplified approach for impairment losses of trade receivables permitted under IFRS 9. Management is still assessing the impact of the new standard on its loss allowance for trade and other receivables.
- IFRS 15, *Revenue from Contracts with Customers* (effective date January 1, 2018) requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will supersede existing standards and interpretations, including IAS 18, *Revenue* and IAS 11, *Construction Contracts*. Additionally, IFRS 15 will significantly increase disclosures related to revenue recognition. Entities are permitted to apply the amendments either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying IFRS 15 at the date of initial application.

  Management is evaluating the new standard and has completed its assessment and review of a representative sample of existing revenue contracts with customers. Management has determined that the new standard will have the following impact on the timing and pattern of revenue recognition:

  - Revenue for sales of new equipment, used equipment, and parts will remain largely unchanged;
  - Revenue for sales of complex power systems projects and servicing of equipment (both under and not under a long-term product support contract) will be recognized over time in a pattern that reflects the measure of progress. While the total amount of revenue recognized under IFRS 15 will likely not change, the timing of revenue recognized may differ to reflect the measure of progress or allocation of the transaction price.
  - Revenue for non-complex power systems projects will be recognized at a point in time as the performance obligations are satisfied (upon delivery of the equipment to the customer and commissioning of the power system project).
  - Revenue for rental equipment is excluded from the scope of the new revenue standard and therefore will remain unchanged upon adoption of IFRS 15.

  Management is still reviewing process and system changes. It is not possible to quantify the effects of the new standard at this time.

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (effective January, 1, 2018) clarifies the appropriate exchange rate to use on initial recognition of an asset, expense or income when advance consideration is paid or received in a foreign currency. Management expects this IFRIC may change the exchange rate used to translate deposits made on inventory purchases or advances received for equipment sales denominated in a foreign currency. The impact on the initial measurement of inventory and revenue would depend on the movements in exchange rates.
- IFRS 16, *Leases* (effective January 1, 2019) introduces new requirements for the classification and measurement of leases. Management is currently assessing the impact of the new standard but expects IFRS 16 will result in materially higher non-current assets and non-current liabilities recorded on the consolidated balance sheet. Also, management expects lower selling, general, and administrative expense and higher finance costs under this new standard due to lower operating lease expense partially offset by higher depreciation expense and higher interest expense, respectively.
- IFRIC 23, *Uncertainty over Income Tax Treatments* (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including (but not limited to) whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. Management is currently assessing the impact of the new interpretation.

2. SEGMENTED INFORMATION

The Company's revenue, results, and other segment information is as follows:

3 months ended September 30, 2017 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 737**	**$ 548**	**$ 262**	**$ —**	**$ 1,547**
Operating costs	**(655)**	**(488)**	**(244)**	**(13)**	**(1,400)**
Depreciation and amortization	**(25)**	**(13)**	**(7)**	**(1)**	**(46)**
Equity earnings of joint ventures and associate	**2**	**—**	**—**	**—**	**2**
Earnings (loss) before finance costs and income taxes	**$ 59**	**$ 47**	**$ 11**	**$ (14)**	**$ 103**
Finance costs					**(33)**
Provision for income taxes					**(18)**
Net income					**$ 52**
Invested capital [(1)]	**$ 1,746**	**$ 1,063**	**$ 305**	**$ (31)**	**$ 3,083**
Capital and rental equipment [(2)]	**$ 606**	**$ 348**	**$ 122**	**$ 6**	**$ 1,082**
Gross capital expenditures [(3)]	**$ 7**	**$ 23**	**$ 2**	**$ 1**	**$ 33**
Gross rental asset expenditures [(3)]	**$ 74**	**$ 16**	**$ 6**	**$ —**	**$ 96**

3 months ended September 30, 2016 ($ millions)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 619	$ 461	$ 253	$ —	$ 1,333
Operating costs	(558)	(406)	(236)	$ (13)	$ (1,213)
Depreciation and amortization	(24)	(15)	(7)	—	(46)
Equity loss of joint venture and associate	—	—	—	(1)	(1)
Earnings (loss) before finance costs and income taxes	$ 37	$ 40	$ 10	$ (14)	$ 73
Finance costs					(22)
Provision for income taxes					(15)
Net income					$ 36
Invested capital [(1)]	$ 1,650	$ 1,021	$ 253	$ (7)	$ 2,917
Capital and rental equipment [(2)]	$ 602	$ 349	$ 126	$ 1	$ 1,078
Gross capital expenditures [(3)]	$ 8	$ 8	$ —	$ 1	$ 17
Gross rental asset expenditures [(3)]	$ 43	$ 15	$ 5	$ —	$ 63

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term debt and long-term debt, net of cash.
(2) Capital includes property, plant and equipment and intangible assets
(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

The Company's revenue, results, and other segment information is as follows:

9 months ended September 30, 2017 ($ millions)		**Canada**		**South America**		**UK & Ireland**		**Other**		**Consolidated**
Revenue from external sources	**$**	**2,218**	**$**	**1,564**	**$**	**748**	**$**	**—**	**$**	**4,530**
Operating costs		**(1,990)**		**(1,389)**		**(698)**		**(35)**		**(4,112)**
Depreciation and amortization		**(75)**		**(43)**		**(20)**		**(1)**		**(139)**
Equity earnings (loss) of joint ventures and associate		**10**		**—**		**—**		**(4)**		**6**
Other income (Note 4)		**—**		**—**		**—**		**2**		**2**
Earnings (loss) before finance costs and income taxes	**$**	**163**	**$**	**132**	**$**	**30**	**$**	**(38)**	**$**	**287**
Finance costs										**(78)**
Provision for income taxes										**(54)**
Net income									**$**	**155**
Invested capital [1]	**$**	**1,746**	**$**	**1,063**	**$**	**305**	**$**	**(31)**	**$**	**3,083**
Capital and rental equipment [2]	**$**	**606**	**$**	**348**	**$**	**122**	**$**	**6**	**$**	**1,082**
Gross capital expenditures [3]	**$**	**20**	**$**	**44**	**$**	**5**	**$**	**3**	**$**	**72**
Gross rental asset expenditures [3]	**$**	**194**	**$**	**38**	**$**	**15**	**$**	**—**	**$**	**247**

9 months ended September 30, 2016 ($ millions)		Canada		South America		UK & Ireland		Other		Consolidated
Revenue from external sources	$	2,105	$	1,322	$	710	$	—	$	4,137
Operating costs		(1,946)		(1,166)		(702)		(32)		(3,846)
Depreciation and amortization		(76)		(46)		(23)		—		(145)
Equity earnings (loss) of joint venture and associate		7		—		—		(1)		6
Other expenses (Note 4)		—		—		(5)		—		(5)
Earnings (loss) before finance costs and income taxes	$	90	$	110	$	(20)	$	(33)	$	147
Finance costs										(65)
Provision for income taxes										(26)
Net income									$	56
Invested capital [1]	$	1,650	$	1,021	$	253	$	(7)	$	2,917
Capital and rental equipment [2]	$	602	$	349	$	126	$	1	$	1,078
Gross capital expenditures [3]	$	28	$	41	$	2	$	1	$	72
Gross rental asset expenditures [3]	$	90	$	31	$	29	$	—	$	150

(1) Invested capital is calculated as total assets less total liabilities, excluding net debt. Net debt is calculated as short-term and long-term debt net of cash.
(2) Capital includes property, plant and equipment and intangible assets
(3) Includes finance leases and borrowing costs capitalized and excludes additions through business acquisitions

3. EARNINGS PER SHARE

($ millions, except share and per share amounts)	3 months ended September 30			9 months ended September 30		
2017	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic Earnings per share (EPS):						
Net income, weighted average shares outstanding, EPS	**$ 52**	**168,103,950**	**$ 0.31**	**$ 155**	**168,109,930**	**$ 0.92**
Effect of dilutive securities: share options	**—**	**379,569**	**—**	**—**	**290,074**	**—**
Diluted EPS:						
Net income and assumed conversions	**$ 52**	**168,483,519**	**$ 0.31**	**$ 155**	**168,400,004**	**$ 0.92**
2016						
Basic EPS:						
Net income, weighted average shares outstanding, EPS	$ 36	168,110,628	$ 0.22	$ 56	168,077,130	$ 0.33
Effect of dilutive securities: share options	—	103,647	—	—	43,967	—
Diluted EPS:						
Net income and assumed conversions	$ 36	168,214,275	$ 0.22	$ 56	168,121,097	$ 0.33

Share options granted to employees that are anti-dilutive are excluded from the weighted average number of ordinary shares for the purpose of calculating diluted earnings per share. Share options related to the three and nine months ended September 30, 2017 of 1.0 million and 1.3 million, respectively (2016: 3.2 million and 4.8 million, respectively) are anti-dilutive.

4. OTHER INCOME AND OTHER EXPENSES

($ millions)	3 months ended September 30		9 months ended September 30	
	2017	2016	**2017**	2016
Gain on investment (a)	**$ —**	$ —	**$ 2**	$ —
Total other income	**$ —**	$ —	**$ 2**	$ —

(a) The Company recognized a gain upon the disposal of its investment in IronPlanet Holdings, Inc in the second quarter of 2017.

($ millions)	3 months ended September 30		9 months ended September 30	
	2017	2016	**2017**	2016
Write-down of net assets (b)	**$ —**	$ —	**$ —**	$ (5)
Total other expenses	**$ —**	$ —	**$ —**	$ (5)

(b) Following a strategic review of the Company's operations in the UK, it was determined that engineering and construction services for the water utility industry no longer represented a core sector for Finning's power systems division in the U.K. The Company recorded a charge of approximately $5 million, representing the write-down of net assets and other costs related to the August 2016 sale of this business in the UK & Ireland reporting segment.

5. Long-term Debt and Finance Costs

In September 2017, the Company issued $200 million of 2.84% senior unsecured Notes due September 29, 2021. On October 16, 2017, proceeds from the Notes were used to redeem, prior to maturity, all of the outstanding $350 million, 6.02% Medium Term Notes due June 1, 2018. The total redemption price included an early redemption premium of approximately $9 million which is recorded in other finance related expenses in the three month period ended September 30, 2017.

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

	3 months ended September 30		9 months ended September 30	
($ millions)	**2017**	2016	**2017**	2016
Interest on short-term debt	**$ 2**	$ —	**$ 4**	$ 1
Interest on long-term debt	**16**	17	**50**	51
Interest on debt securities	**18**	17	**54**	52
Net interest on pension and other post-employment benefit obligations (Note 7)	**1**	—	**1**	1
Other finance related expenses	**14**	5	**23**	12
Finance costs	**$ 33**	$ 22	**$ 78**	$ 65

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, 2017		September 30, 2016	
9 months ended	**Options**	**Weighted Average**	Options	Weighted Average
Options outstanding, beginning of period	**4,563,871**	**$ 25.20**	5,170,689	$ 24.78
Granted	**434,806**	**$ 26.79**	489,464	$ 21.83
Exercised [(1)]	**(314,668)**	**$ 24.04**	(443,514)	$ 16.79
Forfeited	**(109,921)**	**$ 27.47**	(393,980)	$ 26.17
Options outstanding, end of period	**4,574,088**	**$ 25.37**	4,822,659	$ 25.10
Options exercisable, end of period	**3,322,418**	**$ 25.55**	3,003,496	$ 25.16

(1) Under the Stock Option Plan, exercises generally utilize the cashless method, whereby the actual number of shares issued is based on 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. Share options exercised in the nine months ended September 30, 2017 comprised both cash and cashless exercises.

In the nine months ended September 30, 2017, 314,668 options were exercised resulting in 40,451 common shares being issued; 274,217 options were withheld and returned to the option pool for future issues/grants (nine months ended September 30, 2016: 443,514 options were exercised resulting in 102,907 common shares issued; 340,607 options were withheld and returned).

In the nine months ended September 30, 2017, the Company granted 434,806 common share options to senior executives and management of the Company (nine months ended September 30, 2016: 489,464 common share options). The Company only grants and prices share options when all material information has been disclosed to the market.

The fair value of the options granted in 2017 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

9 months ended September 30	2017	2016
Dividend yield	**2.72%**	2.54%
Expected volatility [(2)]	**29.34%**	30.56%
Risk-free interest rate	**1.09%**	0.75%
Expected life	**5.56 years**	5.45 years

[(2)] 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 month period was $5.48 (2016: $4.64).

Other Share-Based Payment Plans

The Company has other share-based payment plans in the form of deferred share units, performance share units, and restricted share units that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2016 are as follows:

Executive Deferred Share Unit Plan

Under the Executive Deferred Share Unit Plan, executives were granted a total of 9,589 units in lieu of Short-Term Incentive Plan payments for the nine months ended September 30, 2017 (nine months ended September 30, 2016: 24,250 units).

Directors' Deferred Share Unit Plan A

Under the Directors' Deferred Share Unit Plan, non-employee Directors of the Company were granted a total of 43,574 share units in the nine months ended September 30, 2017 (nine months ended September 30, 2016: 35,734 share units).

Performance Share Unit (PSU) Plan

Executives of the Company were granted a total of 444,968 PSUs in the nine months ended September 30, 2017, based on 100% vesting (nine months ended September 30, 2016: 626,480 PSUs).

Restricted Share Unit (RSU) Plan

Under the Restricted Share Unit Plan, executives of the Company were granted a total of 194,849 RSUs in the nine months ended September 30, 2017 (nine months ended September 30, 2016: 262,637 RSUs).

7. POST-EMPLOYMENT BENEFITS

The significant actuarial assumptions used in the valuations of the Company's defined benefit pension plans and other post-employment benefit obligations include:

	September 30, 2017			September 30, 2016		
	Canada	**UK**	**South America**	Canada	UK	South America
Discount rate – obligation	**3.6%**	**2.7%**	**1.5%**	3.1%	2.4%	1.2%
Discount rate – expense [1]	**3.7%**	**2.7%**	**1.3%**	3.9%	3.7%	1.5%
Retail price inflation – obligation [2]	**n/m**	**3.3%**	**n/m**	n/m	3.2%	n/m
Retail price inflation – expense [1][2]	**n/m**	**3.4%**	**n/m**	n/m	3.2%	n/m

[1] Used to determine the net interest cost and expense for the three and nine months ended September 30, 2017 and September 30, 2016

[2] n/m – not a material assumption used in the valuation

The net benefit cost and actuarial (gain) loss for the Company's defined benefit pension plans and other post-employment benefit obligations are as follows:

3 months ended ($ millions)	**September 30, 2017 Canada**	**UK**	**South America**	**Total**	September 30, 2016 Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	**$ 2**	**$ 1**	**$ 1**	**$ 4**	$ 2	$ —	$ 1	$ 3
Past service costs	**—**	**(7)**	**—**	**(7)**	—	—	—	—
Net interest cost	**—**	**—**	**1**	**1**	—	—	—	—
Net benefit cost (recovery)	**$ 2**	**$ (6)**	**$ 2**	**$ (2)**	$ 2	$ —	$ 1	$ 3
Actuarial loss (gain) on plan assets	**$ 25**	**$ (2)**	**$ —**	**$ 23**	$ (14)	$ (75)	$ —	$ (89)
Actuarial (gain) loss on plan liabilities	**(26)**	**(3)**	**(1)**	**(30)**	13	87	—	100
Total actuarial (gain) loss recognized in other comprehensive income	**$ (1)**	**$ (5)**	**$ (1)**	**$ (7)**	$ (1)	$ 12	$ —	$ 11

9 months ended ($ millions)	September 30, 2017 Canada	UK	South America	Total	September 30, 2016 Canada	UK	South America	Total
Current service cost and administration costs, net of employee contributions	**$ 5**	**$ 2**	**$ 5**	**$ 12**	$ 5	$ 1	$ 4	$ 10
Past service costs	**—**	**(7)**	**—**	**(7)**	—	—	—	—
Net interest cost	**—**	**—**	**1**	**1**	1	—	—	1
Net benefit cost (recovery)	**$ 5**	**$ (5)**	**$ 6**	**$ 6**	$ 6	$ 1	$ 4	$ 11
Actuarial (gain) loss on plan assets	**$ (4)**	**$ (13)**	**$ —**	**$ (17)**	$ (38)	$ (147)	$ —	$ (185)
Actuarial loss (gain) on plan liabilities	**5**	**(16)**	**(2)**	**(13)**	42	173	7	222
Total actuarial loss (gain) recognized in other comprehensive income	**$ 1**	**$ (29)**	**$ (2)**	**$ (30)**	$ 4	$ 26	$ 7	$ 37

In March 2017, the Company invested a portion of its Canadian defined benefit plan assets in an annuity contract (totaling $97 million) in order to partly mitigate the Company's exposure to investment and longevity risk. This change in investments resulted in an actuarial loss on plan assets of approximately $3 million that was recognized in other comprehensive income. In October 2017, the Company invested a further $95 million in annuity contracts. This change in investments will result in an actuarial loss of approximately $4 million in other comprehensive income to be recorded in the three month period ended December 31, 2017.

In July 2017, management commenced two pension plan option exercises in relation to the defined benefit plan in the Company's UK operations. These exercises provide members with additional flexibility than was previously available, and also assist the Company in managing the plan liabilities and the associated risks (for example, inflation risk). Management estimates the exercises will result in a decrease in the net benefit obligation of approximately $9 million, net of expenses, of which approximately $6 million and $3 million are recognized in the income statement and other comprehensive income, respectively, in the three months ended September 30, 2017.

8. Supplemental Cash Flow Information

The components of cash and cash equivalents are as follows:

September 30 ($ millions)	2017	2016
Cash	**$ 450**	$ 306
Cash equivalents	**66**	154
Cash and cash equivalents	**$ 516**	$ 460

The changes in operating assets and liabilities are as follows:

	3 months ended September 30		9 months ended September 30	
($ millions)	2017	2016	2017	2016
Accounts receivable	**$ (36)**	$ 53	**$ (79)**	33
Service work in progress	**(8)**	3	**(27)**	(7)
Inventories	**27**	(35)	**(190)**	(3)
Other assets	**(15)**	(40)	**(37)**	(19)
Accounts payable and accruals	**8**	139	**15**	108
Other liabilities	**4**	4	**(14)**	4
Changes in operating assets and liabilities	**$ (20)**	$ 124	**$ (332)**	$ 116

The changes in liabilities arising from financing activities are as follows:

($ millions)	Short-term debt	Long-term debt	Finance lease liability	Total
Balance, January 1, 2017	$ 2	$ 1,487	$ 39	$ 1,528
Cash flows provided by (used in)				
Financing activities	31	200	(4)	227
Operating activities	—	—	(2)	(2)
Total cash movements	$ 31	$ 200	$ (6)	$ 225
Non-cash changes				
Interest expense	—	—	2	2
Foreign exchange rate changes	(1)	(46)	0	(47)
Total non-cash movements	$ (1)	$ (46)	$ 2	$ (45)
Balance, September 30, 2017	$ 32	$ 1,641	$ 35	$ 1,708