



Wajax Financial Results Q3 2017







Cautionary Statement Regarding Forward-Looking Information



This presentation contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this presentation are made as of the date of this presentation, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this presentation includes forward looking statements regarding, among other things, our outlook for major resource and industrial markets for the remainder of 2017; our areas of focus for the remainder of 2017, including generating revenue sufficient to offset the four large mining shovel deliveries we made in 2016 which are not expected to repeat in 2017, effectively managing our margins and delivering the expected benefits from our 2016 strategic reorganization; our outlook for 2017 adjusted net earnings should we be successful in achieving the forgoing objectives; our updated strategic plan, expected to be communicated in Q1 2018; and our belief that our ability to execute the updated strategic plan is enhanced by the completion of the 2016 strategic reorganization and further investments in technology and improved productivity. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our 4 Points of Growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; our ability to realize the expected benefits from our 2016 strategic reorganization, including cost savings and productivity gains; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation’s business may be found in our Annual Information Form for the year ended December 31, 2016, filed on SEDAR. The forward-looking statements contained in this presentation are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

// Highlights – Strong Third Quarter



 4%	Revenue	\$299.0 million	<ul style="list-style-type: none"> Up 4% on broad gains across most categories, led by construction and material handling, offset by reductions in mining
 14%	EBIT ¹	\$15.3 million	<ul style="list-style-type: none"> Improvement due to higher revenue and improved parts and service margin rates
 21%	Basic EPS	\$0.46 per share	<ul style="list-style-type: none"> No change to issued and outstanding shares during the third quarter
 36%	TRIF ²	1.60	<ul style="list-style-type: none"> No lost time incidents for the quarter YTD TRIF² of 1.36

¹ This measure does not have a standardized meaning prescribed by GAAP. See Non-GAAP and Additional GAAP measures in Appendix 1.

² Total Recordable Incident Frequency ("TRIF") measures the company's injury frequency. This is calculated as the total number of recordable incidents times 200,000 hours of work divided by the actual number of hours worked. A recordable incident is one that requires medical treatment beyond first aid.



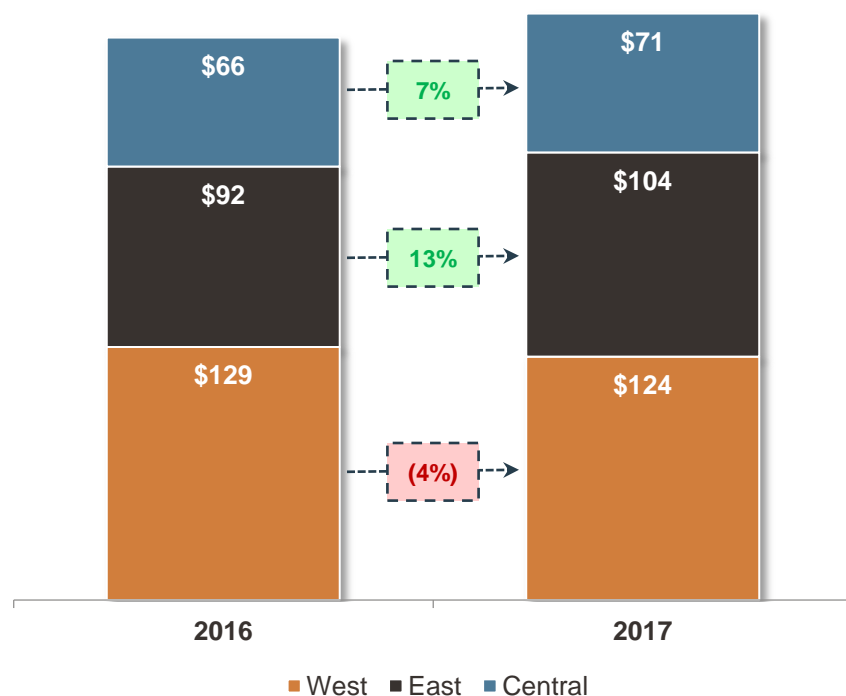
Percentage change
from Q3 2016

\\ Revenue by Region



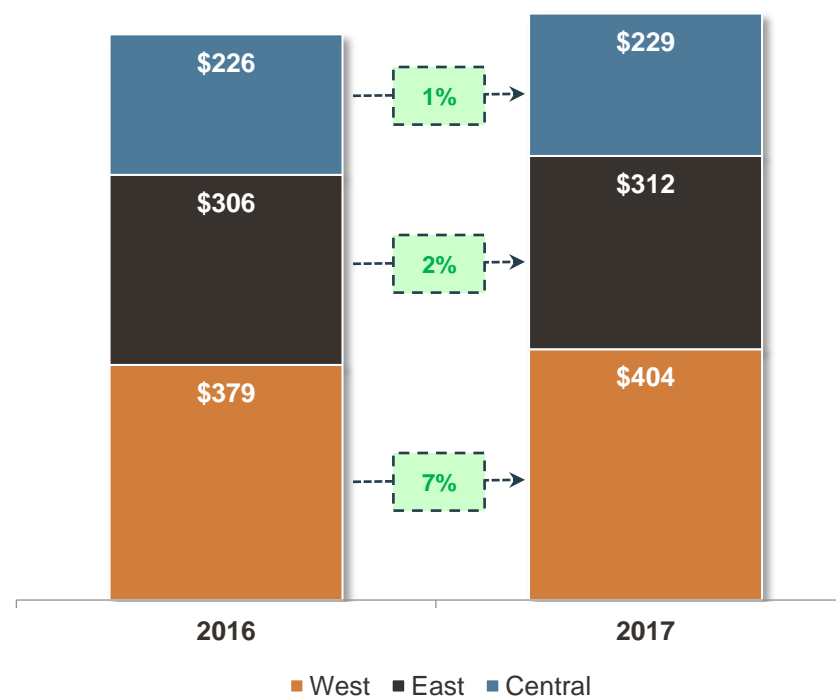
Q3 2017¹

- Revenue increased \$12.4 million or 4.3%, to \$299.0 million in Q3 2017 versus \$286.6 million for the same period in 2016.
- Revenue in Q3 2016 included approximately \$20 million in additional mining equipment sales that were not repeated in Q3 2017. Adjusting for these sales, revenue increased 12% year-over-year.

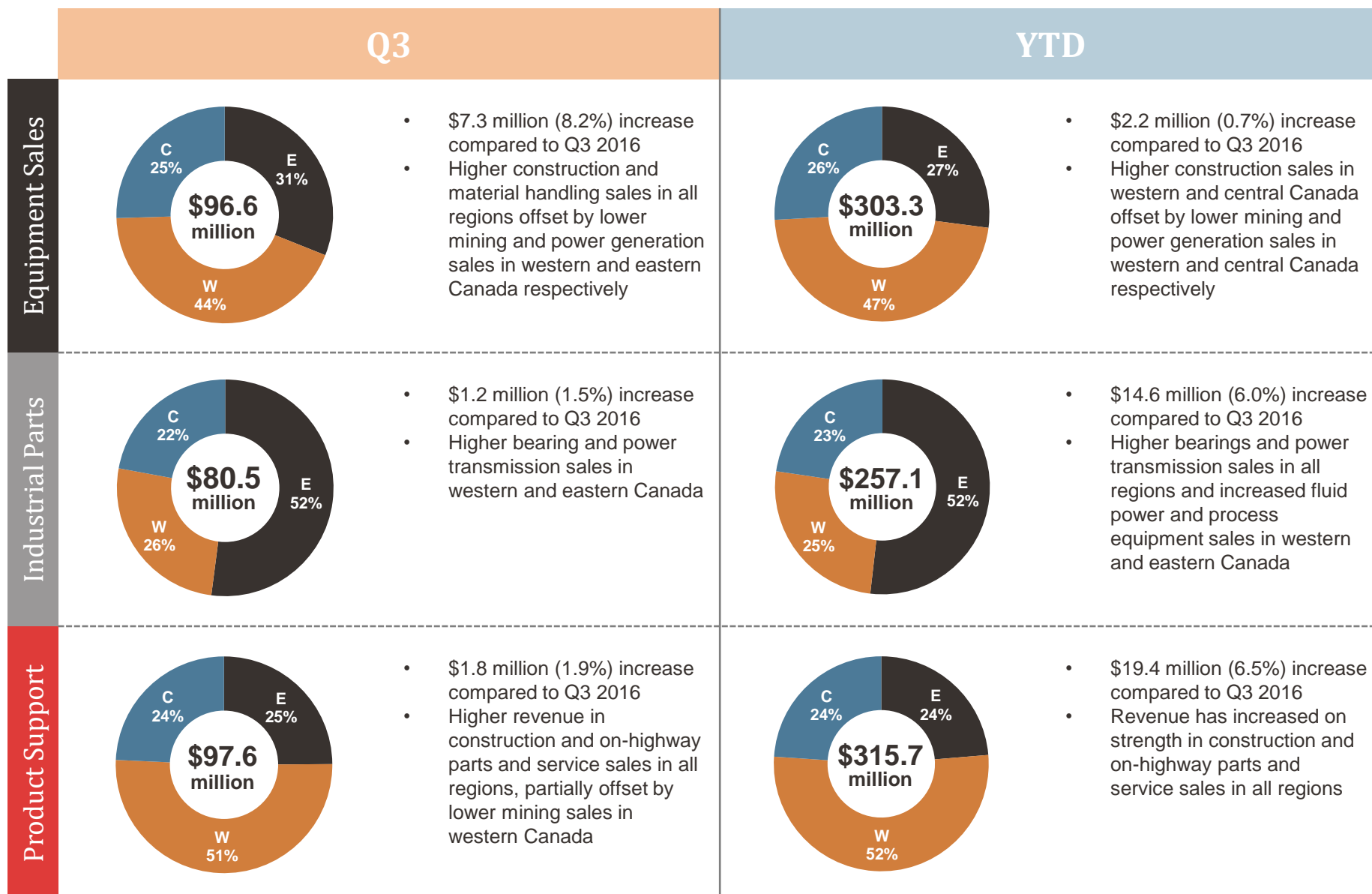


YTD 2017¹

- For the nine months ended September 30, 2017, revenue increased 3.8%, or \$34.5 million, to \$942.7 million, from \$908.2 million in 2016.
- Largest increase from the Western region due to increases in majority of categories partially offset by reduction in mining.













Revenue Analysis



Revenue by Category



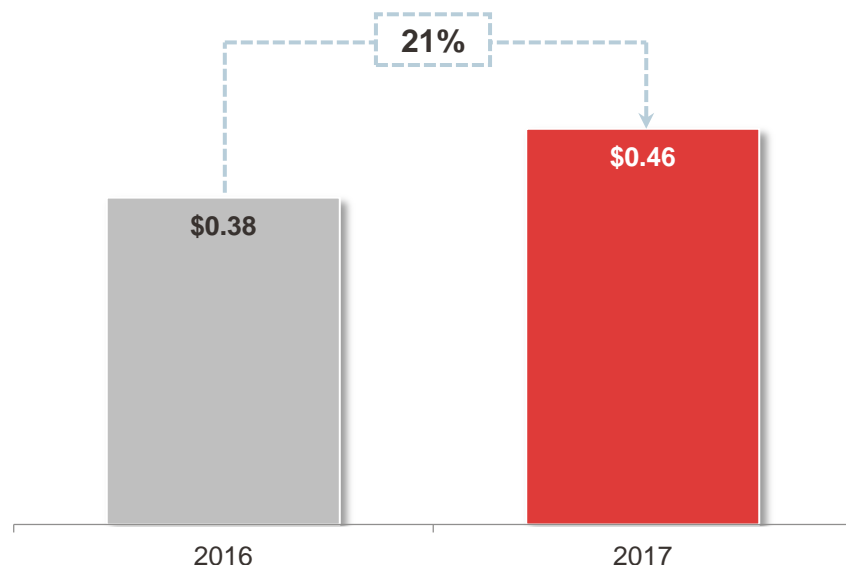
							YTD		
Category ¹	Q3 2017	Q3 2016	Change	YTD 2017	YTD 2016	Change	E	W	C
 Industrial Parts	\$ 80.5	\$ 79.3	\$ 1.2	\$ 257.1	\$ 242.5	\$ 14.6	↑	↑	↑
 Construction	51.6	37.3	14.3	168.4	128.4	40.0	↓	↑	↑
 Forestry	33.2	29.6	3.6	99.4	99.3	0.1	↓	↑	↓
 Material Handling	31.9	25.3	6.6	86.0	84.9	1.1	↓	↑	↑
 On-Highway	26.0	22.3	3.7	82.0	74.0	8.0	↑	↑	↑
 Mining	16.6	40.1	(23.5)	78.9	106.1	(27.2)	↑	↓	↑
 Engines & Transmissions	18.5	16.0	2.5	58.5	52.2	6.3	↓	↑	↓
 ERS	17.4	14.0	3.4	44.2	43.4	0.8	↑	↑	↓
 Power & Marine	15.5	17.2	(1.7)	44.8	54.0	(9.2)	↓	↓	↓
 Crane & Utility	8.4	6.5	1.9	25.2	26.3	(1.1)	↑	↑	↓
Total²	\$ 299.0	\$ 286.6	\$ 12.4	\$ 942.7	\$ 908.2	\$ 34.5	↑	↑	↑
Change			4.3%			3.8%			

Adjusted Basic EPS¹



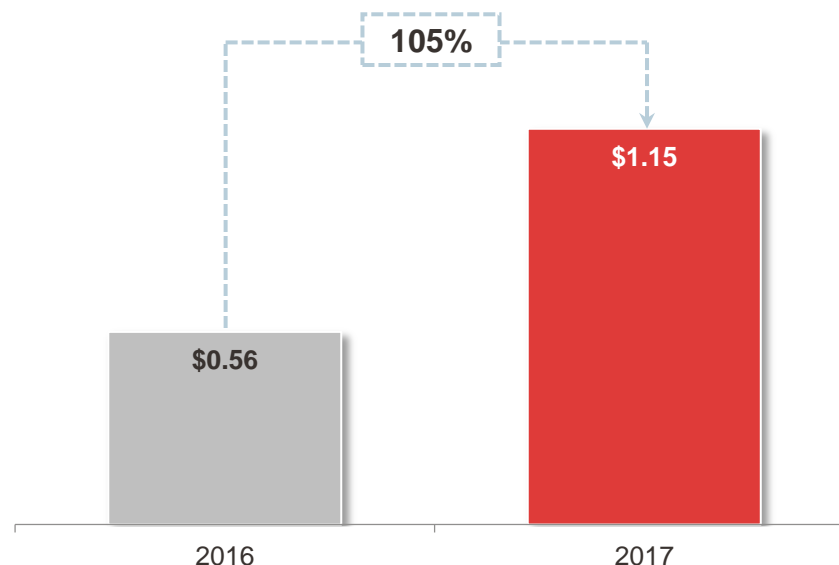
Q3 2017

- Q3 adjusted net earnings¹ of \$9.1 million or \$0.46 per share, representing a \$1.5 million improvement over the prior year period
- Improvement is primarily attributable to increased revenue and improved parts and service margin rates
- Partially offset by higher SG&A expenses relating primarily to incentive compensation and a pre-tax accrual of \$1.0 million in the prior year period for insurance proceeds (Fort McMurray wildfires)



YTD 2017

- YTD adjusted net earnings¹ of \$22.6 million or \$1.15 per share, representing a \$11.4 million improvement over the prior year period
- The improvement in adjusted net earnings¹ resulted primarily from higher volumes and gross profit margins

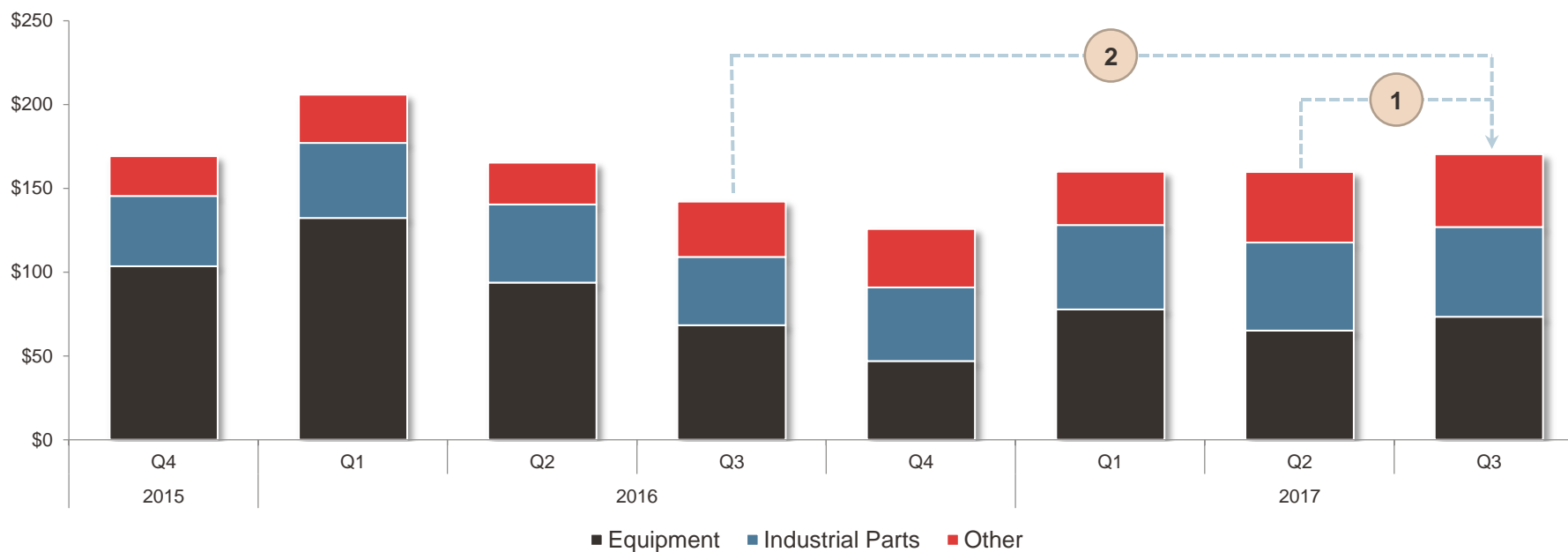


\\ Backlog¹



- Since our Q4 2016 cyclical low, we have seen steady growth in our backlog and remain encouraged by the strength and breadth of our sales pipeline

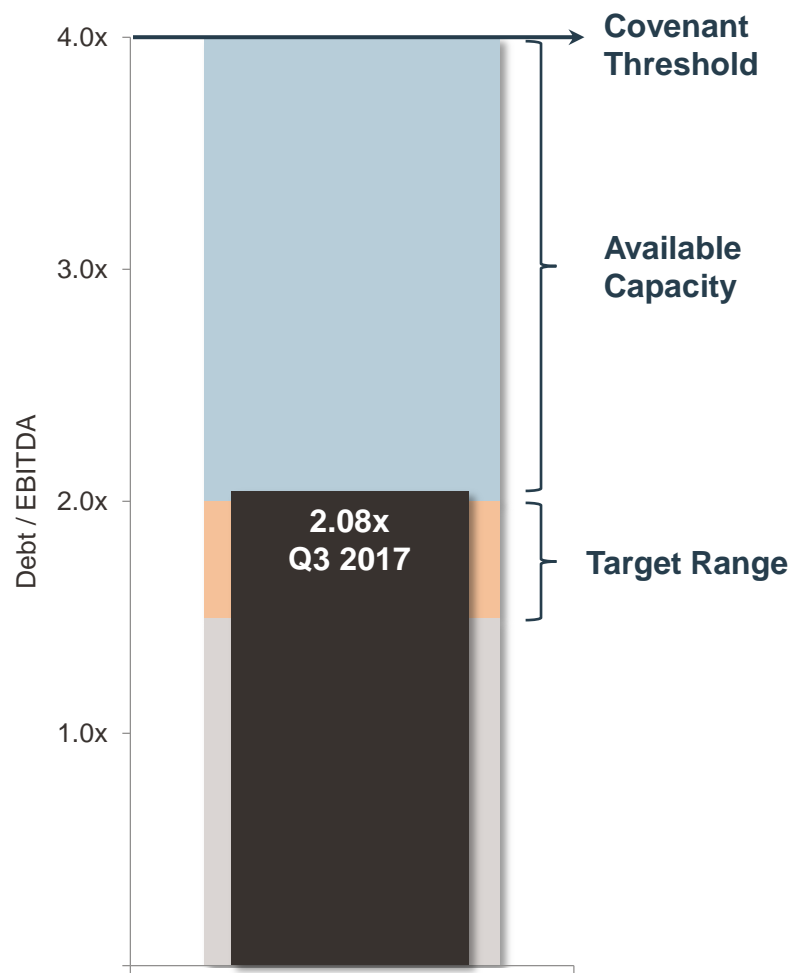
- 1 Backlog increased by \$10.6 million from Q2 2017 to \$170.3 million
 - Increase primarily driven by new construction and material handling orders
- 2 Backlog increased by \$28.2 million compared to Q3 2016
 - Increase primarily driven by new material handling and industrial parts orders
 - Non-mining backlog up \$48.0 million (40%) vs. Q3 2016



Robust Balance Sheet

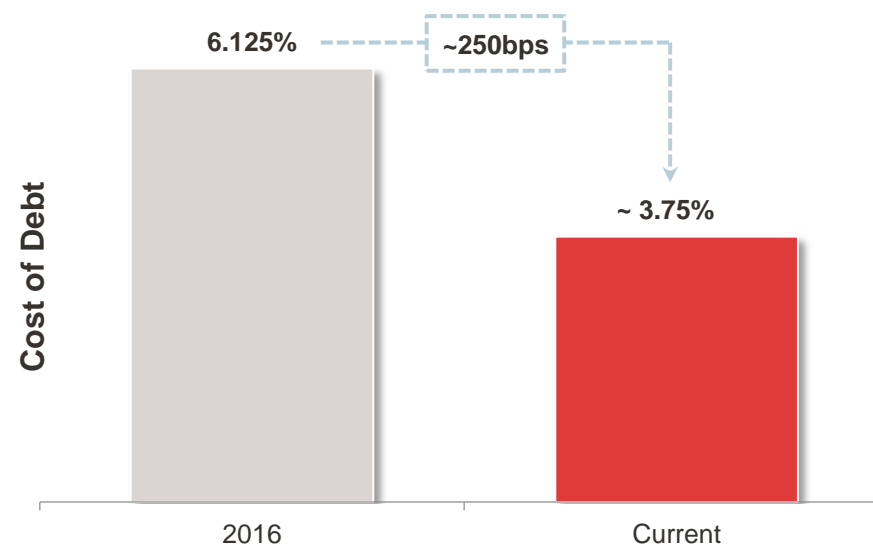


Credit Capacity



Financial Flexibility

- Recently enhanced \$300 million committed credit facility with additional \$100 million accordion available
- \$125 million Senior Notes (6.125%) retired on October 23, 2017
- Low payout ratio and significant free cash flow from diversified operations
- Dividend payable on January 3, 2018 to shareholders of record on December 15, 2017 – \$ 0.25/share



// Outlook & Key Takeaways



Outlook

- Although third quarter results continue to show year-over-year improvement, management expects the balance of the year to be challenging
 - While market conditions have improved in western Canada, pressure on gross margins and customer spending in many major resource and industrial markets continue to be factors affecting near-term results
- We remain focused on:
 - Generating revenue sufficient to offset the four large mining shovel deliveries we made in 2016, which are not expected to be repeated in 2017;
 - Managing our margins effectively, and;
 - Continue to ensure that we deliver the expected benefits from our 2016 strategic reorganization
- Assuming the achievement of these objectives, management continues to anticipate adjusted net earnings¹ for 2017 will increase compared to 2016 adjusted net earnings¹

Key Takeaways

- We continue to advance our updated strategic plan which is expected to be communicated in Q1 2018
 - The plan will define our objectives for organic growth, expanded acquisition criteria and operational programs
 - Our ability to execute the plan is enhanced by the recently completed strategic reorganization, further investments in technology and expanded credit facilities



Appendix 1: Non-GAAP and Additional GAAP Measures



Except where noted, all figures are in millions of Canadian dollars, except per share data and ratio calculations.

This presentation contains certain non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net earnings or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation's performance. The Corporation's management believes that:

- (i) these measures are commonly reported and widely used by investors and management,
- (ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt, and
- (iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures and restructuring (recovery) costs.
- (iv) "Adjusted net earnings" provides an indication of the results by the Corporation's principal business activities prior to recognizing the restructuring (recovery) costs that are outside the Corporation's normal course of business. "Adjusted EBITDA" used in calculating the Leverage Ratio excludes the restructuring (recovery) costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, long-term debt and obligations under finance leases, net of cash. Funded net debt is a component relevant in calculating the Corporation's Funded Net Debt to Total Capital, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.
Debt	Debt is funded net debt plus letters of credit. Debt is a component relevant in calculating the Corporation's Leverage Ratio, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.
EBITDA	Net earnings before finance costs, income tax expense, depreciation and amortization. EBITDA is a non-GAAP measure commonly used as an indicator of a company's cash operating performance.
Adjusted net earnings	Net earnings before after-tax restructuring (recovery) costs.
Adjusted EBITDA	EBITDA before restructuring (recovery) costs.
Leverage ratio	The leverage ratio is defined as debt at the end of a particular quarter divided by trailing 12-month Adjusted EBITDA. The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Backlog	Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services.

1. Generally accepted accounting principles.

Appendix 1: Non-GAAP and Additional GAAP Measures



Additional GAAP measures are identified and defined below:

Earnings before finance costs and income taxes (EBIT) Earnings before finance costs and income taxes, as presented on the Consolidated Statements of Earnings.

Earnings before income taxes (EBT) Earnings before income taxes, as presented on the Consolidated Statements of Earnings.

Reconciliation of the Corporation's net earnings to adjusted net earnings and adjusted basic and diluted earnings per share is as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Net earnings	\$ 9.1	\$ 7.6	\$ 22.9	\$ 2.1
Restructuring (recovery) costs, after-tax	-	-	(0.3)	9.1
Adjusted net earnings	\$ 9.1	\$ 7.6	\$ 22.6	\$ 11.2
Adjusted basic earnings per share⁽¹⁾⁽²⁾	\$ 0.46	\$ 0.38	\$ 1.15	\$ 0.56
Adjusted diluted earnings per share⁽¹⁾⁽²⁾	\$ 0.45	\$ 0.37	\$ 1.12	\$ 0.56

(1) At September 30, 2017 the numbers of basic and diluted shares outstanding were 19,504,108 and 20,072,980, respectively for the three months ended and 19,640,183 and 20,179,739, respectively for the nine months ended.

(2) At September 30, 2016 the numbers of basic and diluted shares outstanding were 19,840,499 and 20,154,200, respectively for the three months ended and 19,929,070 and 20,155,494, respectively for the nine months ended.

Reconciliation of the Corporation's net earnings to EBT, EBIT, EBITDA and Adjusted EBITDA is as follows:

	For the twelve months ended September 30
	2017
Net earnings	\$ 31.7
Income tax expense	12.4
EBT	44.1
Finance costs	10.6
EBIT	54.7
Depreciation and amortization	22.9
EBITDA	77.6
Restructuring recovery ⁽¹⁾	(0.3)
Adjusted EBITDA	\$ 77.3

(1) For the twelve months ended September 30, 2017 – Includes the \$0.3 million restructuring recovery recorded in the second quarter of 2017.



Appendix 1: Non-GAAP and Additional GAAP Measures



Calculation of the Corporation's funded net debt, debt and leverage ratio is as follows:

	September 30 2017
Bank indebtedness	\$ 5.3
Obligations under finance leases	8.3
Long-term debt	140.1
Funded net debt	\$ 153.7
Letters of credit	7.3
Debt	\$ 161.0
Leverage ratio⁽¹⁾	2.08

(1) Calculation uses trailing four-quarter Adjusted EBITDA.

This leverage ratio is calculated for purposes of monitoring the Corporation's objective target leverage ratio of between 1.5 times and 2.0 times. The calculation contains some differences from the leverage ratios calculated under the Corporation's bank credit facility and senior note agreements ("the agreements"). The resulting leverage ratios under the agreements are not significantly different.



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