

Toromont Announces Results for the Second Quarter of 2018 and Quarterly Dividend

TORONTO, July 24, 2018 -- Toromont Industries Ltd. (TSX:TIH) reported its financial results for the second quarter ended June 30, 2018.

<i>millions, except per share amounts</i>	Three months ended June 30			Six months ended June 30		
	2018	2017	% change	2018	2017	% change
Revenues	\$ 961.3	\$ 530.9	81%	\$ 1,638.1	\$ 943.2	74%
Operating income	\$ 99.0	\$ 56.5	75%	\$ 148.2	\$ 94.4	57%
Net earnings	\$ 67.6	\$ 40.5	67%	\$ 98.4	\$ 67.5	46%
Basic earnings per share ("EPS")	\$ 0.83	\$ 0.52	60%	\$ 1.21	\$ 0.86	41%

These results include those generated from the operations of the significant acquisition completed by the Company on October 27, 2017. This transaction expanded Toromont's operations to include the Caterpillar dealerships for Quebec, the Maritime Provinces and Western Labrador and the MCFA lift truck dealership for Quebec and Ontario, in addition to other distribution rights. The acquired operations are collectively referenced as "Toromont QM" throughout this report.

"We are still in the early days of realizing the growth opportunities presented by the substantially expanded business and while much work remains, we are pleased with the progress achieved so far," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The Company delivered solid results in the second quarter on organic growth at the legacy operations, together with a growing contribution from the acquired businesses. Focus remains on integration and sharing best practices across the broader organization to better serve our customers and business partners"

Highlights:

- Consolidated results
 - Net earnings increased \$27.1 million or 67% in the quarter versus a year ago to \$67.6 million or \$0.83 EPS. The following table identifies the components of contributions to second quarter results versus a year ago:

<i>millions, except per share amounts</i>	Three months ended June 30					
	Net earnings			Basic EPS ^(a)		
	2018	2017	% change	2018	2017	% change
Legacy Toromont ^(b)	53.4	\$ 40.5	32%	0.68	\$ 0.52	31%
Toromont QM ^(c)	18.7	-	-	0.24	-	-
Acquisition-related interest expense and integration-related costs ^(e)	(4.5)	-	-	(0.06)	-	-
Dilutive impact of acquisition shares ^(d)	-	-	-	(0.03)	-	-
As reported	\$ 67.6	\$ 40.5	67%	\$ 0.83	\$ 0.52	60%

(a) Separately identifies impact of shares issued at acquisition for year-over-year comparability

(b) Defined as all businesses continuing from prior to the acquisition

(c) Defined as all business acquired October 27, 2017

(d) EPS impact of 2.2 million shares issued on acquisition to total net earnings

(e) Expenses shown net of taxes

- Earnings in the legacy Toromont businesses ("Legacy Toromont") increased 32% in the quarter versus a year ago on solid growth in the Equipment Group, partially offset by softer results at CIMCO. Toromont QM contributed \$18.7 million on improved profitability versus that achieved a year ago in the predecessor organization. Integration-related costs included severance and other one-time-only costs and combined with interest expense on the acquisition financing, reduced net earnings by \$4.5 million versus a year ago.
- On a year-to-date basis, net earnings increased \$30.9 million or 46% to \$98.4 million or \$1.21 EPS. The following table identifies the components of contributions to year-to-date results versus a year ago:

	Six months ended June 30					
	Net earnings			Basic EPS ^(a)		
	2018	2017 % change		2018	2017 % change	
<i>millions, except per share amounts</i>						
Legacy Toromont ^(b)	85.5	\$ 67.5	27%	1.08	\$ 0.86	26%
Toromont QM ^(c)	23.7	-	-	0.30	-	-
Acquisition-related interest expense and integration-related costs ^(e)	(10.8)	-	-	(0.14)	-	-
Dilutive impact of acquisition shares ^(d)	-	-	-	(0.03)	-	-
As reported	\$ 98.4	\$ 67.5	46%	\$ 1.21	\$ 0.86	41%

(a) Separately identifies impact of shares issued at acquisition for year-over-year comparability

(b) Defined as all businesses continuing from prior to the acquisition

(c) Defined as all business acquired October 27, 2017

(d) EPS impact of 2.2 million shares issued on acquisition to total net earnings

(e) Expenses shown net of taxes

- Legacy Toromont earnings and EPS increased 27% and 26%, respectively, on a year-to-date basis on the strong growth in the Equipment group, offset by weaker earnings from CIMCO.
- Equipment Group
 - Revenues of \$874.1 million in the quarter increased \$416.0 million or 91% versus last year. Legacy Toromont revenues increased 15% on growth across most lines of business. Toromont QM contributed \$348.7 million in the quarter, up 19% from the second quarter of 2017 at the predecessor organization, also on growth across most lines of business. Strong product support revenues, including those generated by increased rebuild activity, reflect the larger base on equipment in the territories served.
 - Revenues were up \$669.2 million or 82% to \$1.5 billion year-to-date. Legacy Toromont reported 10% growth versus last year while Toromont QM was up 19% to \$590.1 million.
 - Operating income¹ was up \$43.9 million or 88% in the quarter. Legacy Toromont increased \$19.0 million or 38% on the higher revenues, improved margins and a relatively lower expense ratio. Toromont QM contributed \$24.9 million in the quarter, net of integration-related costs.
 - Operating income¹ was up \$54.7 million or 64% year-to-date. Legacy Toromont increased \$23.9 million or 28% while Toromont QM contributed \$30.8 million, net of integration related costs.
 - Bookings¹ increased \$111.0 million in the quarter and \$293.0 million year-to-date. Orders received by Legacy Toromont were down 19% in the quarter and 7% year-to-date due to a large mining order received in Q2 2017. Other than mining, most market segments were up. Toromont QM reported good activity in the quarter (\$169.0 million) and year-to-date (\$327.0 million) across all market segments. Backlogs¹ were \$407.0 million at the end of June 30, 2018, including \$175.0 million at Toromont QM. Most of the orders in backlog are expected to be delivered this year.
- CIMCO
 - Revenues increased 20% to \$87.1 million in the quarter mainly due to strong package sales growth in Canada and the US. Operating income decreased 23% to \$5.1 million as the higher revenues and a relatively lower expense ratio was more than offset by lower package margins.
 - Revenues were up 20% year-to-date to \$151.0 million, also on strong package sales growth in Canada and the US. Operating income margin was 5.6% versus 7.5% last year, on project execution issues in the US, together with higher warranty costs.
 - Bookings were down 15% in the quarter to \$62.0 million on lower Canadian activity, partially offset by higher US activity. On a year-to-date basis, lower bookings in Canada and the US resulted in a 10% decrease versus last year. Backlogs of \$163.0 million were slightly lower than the record set last year, but still significantly higher than the previous five-year average. Approximately 75% of the backlog is expected to be delivered over the remainder of this year.
- Financial position remains strong
 - Toromont's share price of \$56.86 at the end of June 2018 translates to a market capitalization¹ of \$4.6 billion and a total enterprise value¹ of \$5.1 billion.
 - Toromont maintained a very strong financial position. Leverage as represented by the net debt to total

capitalization¹ ratio at June 30, 2018 was 28% versus 33% at March 31, 2018 and 40% at December 31, 2017.

- The Board of Directors announced a quarterly dividend of 23 cents per common share, payable October 2, 2018 to shareholders of record on September 7, 2018. The quarterly dividend was previously increased 21% to 23 cents per share effective with the dividend paid April 2, 2018.

"Infrastructure projects and broader construction activity, continue to present opportunities for Toromont's Equipment Group and momentum remains good in the mining sector," continued Mr. Medhurst. "The senior leadership team is focused on the integration and expansion of Toromont QM. While this is not an overnight task, success presents a substantial long-term growth opportunity for Toromont. CIMCO continues to grow its revenue base, reflecting its strong presence and solid reputation as a leader in the key markets it serves. Recent tariff increases have not had an immediate direct impact on our business; however, it is expected that cost increases could ensue as these tariffs work their way through the supply chain and as suppliers deal with a less predictable environment."

Quarterly Results Materials

The complete second quarter report for 2018, including MD&A and unaudited interim condensed consolidated financial statements, is available on our website at www.toromont.com.

Quarterly Conference Call and Webcast

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Wednesday, July 25, 2018 at 8:00 a.m. (EST). The call may be accessed by telephone at 1-800-377-0758 (toll free) or 416-340-2218 (Toronto area). A digital replay of the conference call will be available until August 1, 2018 by calling 1-800-408-3053 or 905-694-9451 (Toronto area) and entering passcode 3511600#.

Both the live webcast and the replay of the quarterly conference call can be accessed at www.toromont.com.

Advisory

Information in this press release that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this press release reflect current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct. This press release also contains forward-looking statements about the recently acquired businesses.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; changes in foreign exchange rates, including the Cdn\$/US\$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability of financing; potential environmental liabilities of the acquired businesses and changes to environmental regulation; failure to attract and retain key employees; damage to the reputation of Caterpillar, product quality and product safety risks which could expose Toromont to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations including changes in infrastructure spending; and any requirement of Toromont to make contributions to the registered funded defined benefit pension plans, postemployment benefits plan or the multi-employer pension plan obligations in which it participates in and acquired from in excess of those currently contemplated. Risks and uncertainties related to the 2017 significant acquisition could also cause the actual results to differ materially from the estimates beliefs and assumptions expressed or implied in the forward-looking statements, including but not limited to: changes in consumer and business confidence as a result of the change in ownership; the potential for liabilities assumed in the acquisition to exceed our estimates or for material undiscovered liabilities in 2017 acquisition; the potential for third parties to terminate or alter their agreements or relationships with Toromont as a result of the acquisition; and risks related to integration of the acquired operations with those of Toromont including cost of integration and ability to achieve the expected benefits. Readers are cautioned that the foregoing list of factors is not exhaustive.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included in this press release. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out in the "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual Management Discussion and Analysis, as filed with Canadian securities regulators at www.sedar.com or at our website www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

Readers are cautioned not to place undue reliance on statements containing forward-looking information, which reflect Toromont's expectations only as of the date of this press release, and not to use such information for anything other than their

intended purpose. Toromont disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

About Toromont

Toromont Industries Ltd. operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory - spanning the Canadian provinces of Newfoundland & Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Group includes industry leading rental operations, a complementary material handling business and an agricultural equipment business. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. This press release and more information about Toromont Industries Ltd. can be found at www.toromont.com.

For more information contact:

Paul R. Jewer
Executive Vice President and
Chief Financial Officer
Toromont Industries Ltd.
Tel: (416) 514-4790

FOOTNOTES

1. These financial metrics do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and may not be comparable to similar measures used by other issuers. These measurements are presented for information purposes only. The Company's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial metrics, including definitions and a reconciliation to the most directly comparable GAAP measures, under the headings "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Indicators."

TOROMONT INDUSTRIES LTD.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(Unaudited)

	Three months ended June 30		Six months ended June 30	
(\$ thousands, except share amounts)	2018	2017	2018	2017
Revenues	\$ 961,267	\$ 530,930	\$ 1,638,095	\$ 943,238
Cost of goods sold	736,401	408,787	1,246,455	720,690
Gross profit	224,866	122,143	391,640	222,548
Selling and administrative expenses	125,886	65,621	243,445	128,132
Operating income	98,980	56,522	148,195	94,416
Interest expense	7,719	1,839	16,614	3,671
Interest and investment income	(2,051)	(996)	(4,230)	(2,108)
Income before income taxes	93,312	55,679	135,811	92,853
Income taxes	25,702	15,224	37,422	25,374
Net earnings	\$ 67,610	\$ 40,455	\$ 98,389	\$ 67,479
Earnings per share				
Basic	\$ 0.83	\$ 0.52	\$ 1.21	\$ 0.86
Diluted	\$ 0.83	\$ 0.51	\$ 1.20	\$ 0.85
Weighted average number of shares outstanding				
Basic	81,131,332	78,473,780	81,054,292	78,453,047
Diluted	81,949,920	79,328,906	81,843,309	79,272,793