

Toromont Announces Results for the Third Quarter of 2019 and Quarterly Dividend

TORONTO, Nov. 04, 2019 -- Toromont Industries Ltd. (TSX: TIH) reported its financial results for the third quarter ended September 30, 2019.

| <i>millions, except per share amounts</i> | Three months ended September 30 | | | Nine months ended September 30 | | |
|---|------------------------------------|----------|-------------|-----------------------------------|-----------|-------------|
| | 2019 | 2018 | % change | 2019 | 2018 | % change |
| Revenues | \$ 975.2 | \$ 900.1 | 8% | \$2,653.5 | \$2,538.2 | 5% |
| Operating income | \$ 114.5 | \$ 99.8 | 15% | \$ 284.3 | \$ 247.9 | 15% |
| Net earnings | \$ 79.7 | \$ 68.7 | 16% | \$ 196.3 | \$ 167.1 | 17% |
| Basic earnings per share ("EPS") | \$ 0.98 | \$ 0.84 | 17% | \$ 2.41 | \$ 2.06 | 17% |

"The Company delivered strong results in the quarter on solid execution and disciplined expense management," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The increasing proportion of product support and rental revenues to total revenues across the enterprise continues to contribute positively to higher earnings."

Highlights:

Consolidated results

- Net earnings increased \$11.0 million or 16% in the quarter versus a year ago to \$79.7 million or \$0.98 EPS.
- On a year-to-date basis, net earnings and EPS were up 17%. Adjusted to exclude the non-recurring gain recorded in the first quarter described in note 9 to the financial statements, net earnings and EPS were up 15%.

Equipment Group

- Revenues were up \$81.4 million or 10% to \$881.5 million for the quarter with growth in most product groups.
- Revenues were up \$123.6 million or 5% to \$2.4 billion year-to-date, on higher product support, rentals and used equipment sales. New equipment sales were lower against the prior year comparator which included large mining deliveries.
- Operating income⁽¹⁾ was up \$10.8 million or 12% to \$104.2 million in the quarter reflecting the higher revenues. Operating income margin⁽¹⁾ increased 10 basis points ("bps") to 11.8%.
- Operating income was up \$33.2 million or 14% to \$266.3 million year-to-date, reflecting higher revenues and lower relative expenses. Excluding the non-recurring item, operating income was up 12% and operating income margin increased 60 bps to 10.8%.
- Bookings⁽¹⁾ increased \$11.6 million or 4% in the quarter but were down \$60.5 million or 5% year-to-date. Construction, mining and material handling orders were up in the quarter while power systems and agriculture orders were lower versus a tough comparator. On a year-to-date basis, only construction orders increased. Backlogs⁽¹⁾ of \$325.3 million at the end of September 2019 were down \$40.6 million or 11% from the end of September 2018. Approximately 75% of the backlog is expected to be delivered over the remainder of the year.

CIMCO

- Revenues decreased \$6.2 million or 6% to \$93.7 million for the quarter. Strong product support revenues for a third quarter served to partially offset lower package sales in Canada and the US.
- Revenues decreased \$8.3 million or 3% to \$242.7 million year-to-date with similar trends as the quarter.
- Operating income was up \$3.9 million or 62% to \$10.3 million, largely reflecting higher gross profit margins on significantly improved project execution relative to cost over-runs experienced on one U.S. project in 2018. Operating income margin of 10.9% was the highest ever for a third quarter.

- Operating income was up \$3.1 million or 21% to \$17.9 million year-to-date for similar reasons as the quarter. Operating income margin was 7.4% versus 5.9% for the similar period last year.
- Bookings were up \$8.7 million or 34% in the quarter and \$1.4 million or 1% year-to-date. Canadian orders were strong in the quarter in both recreational and industrial markets while US orders were lower in both segments. Year-to-date, recreational bookings were higher while industrial was lower, with similar trends in both Canada and the US. Backlogs of \$128.6 million were up \$2.9 million or 2%, approximately half of which is expected to be realized as revenue over the remainder of this year.

Financial Position

- The Company maintained its very strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was 22% at the end September 2019, compared to 18% at the end of December 2018 and 25% at the end of September 2018.
- The Board of Directors announced a quarterly dividend of 27 cents per common share, payable on January 3, 2020 to shareholders on record on December 9, 2019. The quarterly dividend was previously increased 17% to 27 cents per share effective with the dividend paid April 3, 2019.
- The Company continued its long track record of superior shareholder returns, delivering increased dividends, a 21.9% trailing twelve months return on opening shareholder' equity⁽¹⁾ and a 22.9% trailing twelve months pre-tax return on capital employed⁽¹⁾.
- Toromont's share price of \$64.00 at the end of September 2019, translated to a market capitalization⁽¹⁾ of \$5.2 billion and a total enterprise value⁽¹⁾ of \$5.7 billion.

"Infrastructure investment and broader construction activity continue to present opportunities for the Equipment Group. Opportunities also exist for equipment supply into the mining sector over the longer-term, albeit slower to date this year. Prospects for continued growth in product support and rental business remain positive. CIMCO is also expanding its product support, reflecting its strong presence and solid reputation as a leader in the key markets it serves," continued Mr. Medhurst. "The diversity of our geographical landscape and markets served, extensive product and service offerings and financial strength combined with a disciplined operating culture, position us well for the long term."

Financial and Operating Results

All comparative figures in this press release are for the three and nine months ended September 30, 2019 compared to the three and nine months ended September 30, 2018. All financial information presented in this press release has been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. This press release contains only selected financial and operational highlights and should be read in conjunction with Toromont's unaudited interim condensed consolidated financial statements and related notes and Management's Discussion and Analysis ("MD&A"), as at and for the three and nine months ended September 30, 2019, which are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com. Additional information is contained in the Company's filings with Canadian securities regulators, including the 2018 Annual Report and 2019 Annual Information Form, also available on SEDAR and the Company's website.

Quarterly Conference Call and Webcast

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Tuesday, November 5, 2019 at 8:00 a.m. (ET). The call may be accessed by telephone at 1-800-377-0758 (toll free) or 416-340-2218 (Toronto area). A replay of the conference call will be available until Tuesday, November 12, 2019 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 4859593#.

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 reflects 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 and acquired 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 the 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.

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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)

| (\$ thousands, except share amounts) | Three months ended September 30 | | Nine months ended September 30 | |
|--------------------------------------|------------------------------------|------------|-----------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues | \$ 975,221 | \$ 900,094 | \$ 2,653,515 | \$ 2,538,189 |
| Cost of goods sold | 731,842 | 671,798 | 2,002,567 | 1,918,253 |
| Gross profit | 243,379 | 228,296 | 650,948 | 619,936 |
| Selling and administrative expenses | 128,894 | 128,545 | 366,652 | 371,990 |
| Operating income | 114,485 | 99,751 | 284,296 | 247,946 |

| | | | | |
|--|-------------------|------------|-------------------|------------|
| Interest expense | 6,944 | 7,479 | 20,851 | 24,093 |
| Interest and investment income | (1,805) | (2,199) | (6,585) | (6,429) |
| Income before income taxes | 109,346 | 94,471 | 270,030 | 230,282 |
| Income taxes | 29,659 | 25,774 | 73,684 | 63,196 |
| Net earnings | \$ 79,687 | \$ 68,697 | \$ 196,346 | \$ 167,086 |
| Earnings per share | | | | |
| Basic | \$ 0.98 | \$ 0.84 | \$ 2.41 | \$ 2.06 |
| Diluted | \$ 0.97 | \$ 0.84 | \$ 2.39 | \$ 2.04 |
| Weighted average number of shares outstanding | | | | |
| Basic | 81,621,614 | 81,383,350 | 81,487,112 | 81,165,183 |
| Diluted | 82,168,100 | 82,233,892 | 82,030,091 | 81,913,066 |