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

TORONTO, May 02, 2019 -- Toromont Industries Ltd. (TSX: TIH) reported its financial results for the first quarter ended March 31, 2019.

Financial Highlights

	Three months ended March 31		
millions, except per share amounts	**2019**	2018	**% change**
Revenues	**$ 700.0**	$ 676.8	**3%**
Operating income	**$ 58.8**	$ 49.2	**19%**
Net earnings	**$ 39.3**	$ 30.8	**28%**
Basic earnings per share ("EPS")	**$ 0.48**	$ 0.38	**27%**

"The Company delivered good results in the first quarter through operational improvements in the Equipment Group as we continued to align disciplines and achieve efficiencies," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The growing proportion of product support and rental revenues contributed positively to growth."

Highlights:

Consolidated results

- Net earnings increased $8.5 million or 28% in the quarter versus a year ago to $39.3 million or $0.48 EPS.
- Net earnings and EPS, excluding a non-recurring curtailment gain of $3.7 million ($0.04 per share) as described in note 9 of the notes to the unaudited interim condensed consolidated financial statements, increased 16%.

Equipment Group

- Revenues were up $20.9 million or 3% to $633.9 million for the quarter on strong product support and rental growth. Total new and used equipment sales into mining markets were lower against a tough prior year comparator which included large deliveries to support expansion plans at certain mine sites, while sales into construction markets were down slightly. Total industry activity softened versus last year's strong start.
- Operating income(1) was up $6.9 million or 15%, excluding the non-recurring item, largely reflecting higher revenues and margins and lower expenses.
- Bookings(1) in the first quarter of $293.1 million were 21% lower. Mining and power systems orders were lower while construction orders increased compared to the comparable period last year. Backlogs(1) of $395.1 million at the end of March 2019 were down $41.4 million or 9% from the end of March 2018. Substantially all of the backlog is expected to be delivered this year.

CIMCO

- Revenues of $66.1 million increased $2.2 million or 4% compared to the first quarter last year. Record product support revenue growth for a first quarter served to offset the impact of lower package sales into both recreational and industrial markets in Canada and the US.
- Operating income was down $2.3 million or 68%, due to lower package and product support margins, partially offset by reduced expenses.
- Bookings were up $9.3 million or 15% to $69.7 million. In Canada, recreational orders were higher while industrial orders were lower. In the US, industrial orders were higher while recreational orders were lower. Backlogs of $149.8 million were down $6.9 million from the record level at the end of March last year. Substantially all of the backlog is expected to be realized as revenue this year.

Financial Position

- Toromont's share price of $68.25 at the end of March 2019, translated to a market capitalization[(1)] of $5.6 billion and a total enterprise value[(1)] of $6.0 billion.

- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization [(1)] ratio was 26% at the end March 2019, compared to 18% at the end of December 2018 and 33% at the end of March 2018.

- The Board of Directors announced a quarterly dividend of 27 cents per common share, payable on July 3, 2019 to shareholders on record on June 7, 2019. The quarterly dividend was previously increased 17% to 27 cents per share effective with the dividend paid April 3, 2019.

"Despite a relatively slower start to the year in certain segments, infrastructure projects and broader construction activity in the territory continue to present opportunities for the Equipment Group. Opportunities also exist for equipment supply into the mining sector over the longer-term. CIMCO continues to grow 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 together with a disciplined operating culture, position us well for the near and short term."

Annual Meeting of Shareholders

The Company will hold its Annual Meeting of Shareholders on Friday, May 3, 2019, at 10:00 a.m. (ET) at the Toromont Cat offices at 5001 Trans-Canada Highway, Pointe-Claire, Quebec H9R 1B8. The meeting will also be available via live audio webcast at www.toromont.com.

Financial and Operating Results

All comparative figures in this press release are for the first quarter ended March 31, 2019 compared to the first quarter ended March 31, 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 months ended March 31, 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 and 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 Friday, May 3, 2019 at 8:00 a.m. (ET). The call may be accessed by telephone at 1-800-478-9326 (toll free) or 416-340-2219 (Toronto area). A replay of the conference call will be available until Friday, May 10, 2019 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 6853109#.

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.

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 March 31	
($ thousands, except share amounts)	**2019**	2018
Revenues	**$ 699,974**	$ 676,828
Cost of goods sold	**529,313**	510,054
Gross profit	**170,661**	166,774
Selling and administrative expenses	**111,878**	117,559
Operating income	**58,783**	49,215
Interest expense	**6,919**	8,895
Interest and investment income	**(2,572)**	(2,179)
Income before income taxes	**54,436**	42,499
Income taxes	**15,175**	11,720
Net earnings	**$ 39,261**	$ 30,779

Earnings per share		
Basic	**$ 0.48**	$ 0.38
Diluted	**$ 0.48**	$ 0.38
Weighted average number of shares outstanding		
Basic	**81,326,182**	80,976,397
Diluted	**82,001,203**	81,886,590