



Toromont Announces Results for the Third Quarter of 2021 and Quarterly Dividend

TORONTO, Nov. 04, 2021 (GLOBE NEWSWIRE) -- Toromont Industries Ltd. (TSX: TIH) reported its financial results for the third quarter ended September 30, 2021.

<i>millions, except per share amounts</i>	Three months ended September 30			Nine months ended September 30		
	2021	2020	% change	2021	2020	% change
Revenues	\$ 997.2	\$ 921.7	8%	\$ 2,930.5	\$ 2,486.7	18%
Operating income	\$ 134.4	\$ 112.9	19%	\$ 327.2	\$ 245.3	33%
Net earnings	\$ 93.8	\$ 77.4	21%	\$ 227.1	\$ 166.0	37%
Basic earnings per share ("EPS")	\$ 1.13	\$ 0.94	20%	\$ 2.75	\$ 2.02	36%

"We are pleased with our operating performance, financial results, cash generation and financial position through a challenging business environment. Overall end market activity levels remained solid with the easing of pandemic restrictions and shutdowns. Nonetheless, we continue to operate in a very fluid, complex and uncertain operating environment," stated Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group reported strong prime product deliveries and excellent order bookings. Rental activity and fleet utilization improved with more favourable markets. Tight supply of equipment from manufacturers coupled with stronger sales activity versus last year have resulted in lower equipment inventories. CIMCO revenues decreased in the quarter on timing of project construction schedules, while product support activity improved. Across the organization, we are continuing to leverage the learnings from the past year with respect to cost structures and new ways to do business."

Highlights:

Consolidated results

- Revenues increased 8% in the quarter reflecting solid activity levels in most markets, as well as good execution from our teams. Product support revenues were 4% higher and rental revenues were up 6% compared to the third quarter last year.
- Revenues increased 18% to \$2.9 billion year-to-date on improved activity in end markets compared to 2020 hit by pandemic restrictions and shutdowns. Deliveries from healthy order backlogs and on strong demand generally, drove equipment and packages revenues 32% higher, while product support and rental revenues increased 6% and 7% respectively.
- Operating income⁽¹⁾ increased 19% in the quarter and 33% year-to-date on the higher revenues. Operating income was 11.2% of revenues for the nine months ended September 30, 2021 compared to 9.9% in the similar period last year, improving on the higher activity levels, coupled with better margins and expense control.
- Backlogs⁽¹⁾ were \$1.1 billion at September 30, 2021, compared to \$472.1 million at September 30, 2020, reflecting strong bookings⁽¹⁾ in the Equipment Group over the last four quarters. Production timing and tight supply of equipment from manufacturers is beginning to lengthen some delivery schedules to end customers.
- Net earnings increased \$16.4 million or 21% in the quarter versus a year ago to \$93.8 million and EPS (basic) was up 20% to \$1.13 per share.
- Year-to-date, net earnings increased \$61.2 million or 37% and EPS (basic) was up 36% to \$2.75 per share.

Equipment Group

- Revenues increased \$79.7 million or 10% to \$914.4 million for the quarter on strong equipment sales (up \$62.9 million). Product support and rental activity continues to increase.
- Revenues were up \$389.1 million or 17% to \$2.7 billion year-to-date with similar trends as the quarter.
- Operating income was up \$26.0 million or 25% to \$129.4 million reflecting higher revenues coupled with a lower expense ratio.
- Operating income was up \$84.7 million or 37% to \$315.6 million year-to-date, on the same reasons as noted for the quarter. Operating income margin increased 170 bps to 11.9%.

- Bookings increased \$168.8 million or 45% to \$539.9 million in the quarter and \$853.1 million or 85% to \$1.9 billion year-to-date. Most sectors reported higher orders, particularly mining and construction.
- Backlogs of \$903.5 million at the end of September 2021 were up \$647.4 million or 253% from the end of September 2020 across all sectors. Approximately 40% of the backlog is expected to be delivered this year; certain mining orders are scheduled for delivery in 2023 based on customer requirements.

CIMCO

- Revenues of \$82.8 million decreased \$4.1 million or 5% compared to the third quarter last year. Package revenues were down \$7.8 million or 16%, in part due to delays in project schedules. Product support sales increased \$3.7 million or 10%, on higher activity in the recreational segment with the easing of site restrictions and re-opening of recreational rinks for the upcoming winter season.
- Revenues increased \$54.7 million or 25% to \$272.2 million year-to-date. Package revenues increased \$53.5 million or 50% on build of industrial projects in process. Product support sales increased \$1.1 million or 1% versus 2020, with the aforementioned recovery in the third quarter.
- Operating income decreased 47% to \$5.1 million in the quarter on the lower package revenues. Operating income was 6.1% as a percentage of revenues (Q3 2020 – 10.9%), reflecting lower gross margins on larger industrial projects, increased expenditure in support of higher expected activity levels and a cost of \$0.9 million related to a forthcoming move of the head office facility.
- Operating income was down \$2.8 million or 19% to \$11.5 million year-to-date on higher package revenues, partially offset by lower package gross margins and increased expenses. Operating income margin decreased to 4.2% (2020 – 6.6%).
- Bookings were up \$8.9 million or 22% in the quarter and down \$71.2 million or 35% year-to-date, on lower industrial orders in Canada where the comparable 2020 period included large orders received in the first quarter.
- Backlogs of \$153.8 million were lower by \$62.2 million or 29%, against a very strong level last year, reflecting project build out of prior year bookings and lower bookings through September 2021. Subject to construction site access and schedules, approximately 52% of the backlog is estimated to be realized as revenue this year.

Financial Position

- Toromont's share price of \$105.73 at the end of September 2021, translated to a market capitalization⁽¹⁾ of \$8.7 billion and a total enterprise value⁽¹⁾ of \$8.6 billion.
- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was -5% at the end of September 2021 (net cash position), compared to 3% at December 2020 and 10% at September 2020.
- The Company commenced a Normal Course Issuer Bid in September 2021, and has repurchased and cancelled 230,000 common shares for \$24.2 million (average cost of \$105.31 per share, including transaction costs) through to September 30, 2021.
- The Board of Directors announced a quarterly dividend of 35 cents per common share, payable on January 5, 2022 to shareholders on record on December 8, 2021. The quarterly dividend was previously increased 12.9% to 35 cents per share effective with the dividend paid July 5, 2021.
- Return on opening shareholders' equity⁽¹⁾ was 19.3% at September 30, 2021, on a trailing twelve-month basis, compared to 16.6% at December 2020, and 17.6% at September 2020. Trailing twelve month pre-tax return on capital employed⁽¹⁾ was 25.3% at the end of September 2021, compared to 20.4% at December 2020, and 20.3% at September 2020.

"We value our entire team's incredible effort and on-going commitment to adapt to changes in the business environment and focus on executing customer deliverables," noted Mr. Medhurst. "Activity remained sound as demonstrated by new bookings and our current backlog levels, but production schedules and supply chains are challenged. This has restricted availability and is likely to result in delivery date extensions. We continue to monitor cost pressures, supply-demand dynamics and potential distribution disruptions as the pandemic unfolds. Technician hiring remains a priority to our product support offering and to meet growing demand. The diversity of our geographic landscape and markets served, extensive product and service offerings, technology investments and financial strength, together with our disciplined operating culture, continue to position us well. We are proud to continue to provide the essential services and solutions that our clients are looking for, while remaining diligently focused on safeguarding our employees, and protecting our business for the future."

Financial and Operating Results

All comparative figures in this press release are for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. 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, 2021, 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 2020 Annual Report and 2021 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 Friday, November 5, 2021 at 8:00 a.m. (ET). The call may be accessed by telephone at 1-800-898-3989 (toll free) or 416-406-0743 (Toronto area) and quoting participant passcode 7909847#. A replay of the conference call will be available until Friday, November 12, 2021 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 5385034#. Both the live webcast and the replay of the call can also be accessed at www.toromont.com.

Presentation materials to accompany the call will be available on our investor page on our website.

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 and regions in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; potential risks and uncertainties relating to the novel COVID-19 global pandemic, including an economic downturn, reduction or disruption in supply or demand for our products and services, or adverse impacts on our workforce, capital resources, or share trading price or liquidity, and increased regulation of or restrictions placed on our businesses; 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; information technology failures, including data or cyber security breaches; 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; 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; and ability to secure insurance coverage and cost of premiums. 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)

	Three months ended September 30		Nine months ended September 30	
(\$ thousands, except share amounts)	2021	2020	2021	2020
Revenues	\$ 997,198	\$ 921,656	\$ 2,930,502	\$ 2,486,712
Cost of goods sold	738,764	695,043	2,229,984	1,895,454
Gross profit	258,434	226,613	700,518	591,258
Selling and administrative expenses	123,991	113,736	373,351	346,006
Operating income	134,443	112,877	327,167	245,252
Interest expense	7,093	7,874	21,272	22,695
Interest and investment income	(1,936)	(1,719)	(6,200)	(6,008)
Income before income taxes	129,286	106,722	312,095	228,565
Income taxes	35,522	29,363	84,975	62,600
Net earnings	\$ 93,764	\$ 77,359	\$ 227,120	\$ 165,965
Earnings per share				
Basic	\$ 1.13	\$ 0.94	\$ 2.75	\$ 2.02
Diluted	\$ 1.12	\$ 0.94	\$ 2.73	\$ 2.01
Weighted average number of shares outstanding				
Basic	82,704,637	82,195,332	82,597,423	82,078,763
Diluted	83,522,761	82,724,575	83,346,677	82,513,989