

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and six months ended June 30, 2021, compared to the preceding year. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2021, the annual MD&A contained in the 2020 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2020.

The unaudited interim condensed consolidated financial statements reported herein have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*, and are reported in Canadian dollars. The information in this MD&A is current to July 28, 2021.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2020 Annual Report and the 2021 Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

Advisory

Information in this MD&A 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 MD&A 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 MD&A 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; 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; increased regulation of or restrictions placed on our businesses as a result of COVID-19; 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 increased insurance 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 MD&A. 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 MD&A, 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.

CONSOLIDATED OPERATING RESULTS

(\$ thousands, except per share amounts)	Three months ended June 30				Six months ended June 30			
	2021	2020	\$ change	% change	2021	2020	\$ change	% change
REVENUES	\$ 1,127,066	\$ 849,597	\$ 277,469	33%	\$ 1,933,304	\$ 1,565,056	368,248	24%
Cost of goods sold	872,360	655,810	216,550	33%	1,491,220	1,200,411	290,809	24%
Gross profit ⁽¹⁾	254,706	193,787	60,919	31%	442,084	364,645	77,439	21%
Selling and administrative expenses	132,198	116,653	15,545	13%	249,360	232,270	17,090	7%
OPERATING INCOME ⁽¹⁾	122,508	77,134	45,374	59%	192,724	132,375	60,349	46%
Interest expense	7,002	7,890	(888)	(11%)	14,179	14,821	(642)	(4%)
Interest and investment income	(2,260)	(1,564)	(696)	45%	(4,264)	(4,289)	25	(1%)
Income before income taxes	117,766	70,808	46,958	66%	182,809	121,843	60,966	50%
Income taxes	32,366	19,598	12,768	65%	49,453	33,237	16,216	49%
NET EARNINGS	85,400	51,210	34,190	67%	133,356	88,606	44,750	51%
BASIC EARNINGS PER SHARE	\$ 1.03	\$ 0.62	\$ 0.41	66%	\$ 1.62	\$ 1.08	\$ 0.54	50%
KEY RATIOS:								
Gross profit margin ⁽¹⁾	22.6%	22.8%			22.9%	23.3%		
Selling and administrative expenses as a % of revenues	11.7%	13.7%			12.9%	14.8%		
Operating income margin ⁽¹⁾	10.9%	9.1%			10.0%	8.5%		
Income taxes as a % of income before income taxes	27.5%	27.7%			27.1%	27.3%		

(1) Described in the sections titled "Additional GAAP Measures and Non-GAAP Measures".

In 2020, the second quarter was hardest hit by the impact of pandemic site restrictions and shutdowns resulting in lower revenues and profit margins, and impacting comparability of results in the current year.

The Company delivered solid results in the second quarter of 2021. Market activity increased in the Equipment Group and CIMCO continued to deliver on the order backlog. Improving operational efficiency and leveraging learnings from the past year are a focus. We continue to operate with caution given the rapidly changing situation driven by COVID-19 variants.

Revenues increased \$277.5 million or 33% for the quarter and \$368.2 million or 24% year-to-date on higher activity in both the Equipment Group and CIMCO. Equipment Group revenues increased 31% in the quarter and 22% year-to-date on higher equipment deliveries. CIMCO revenues increased 52% in the quarter and 45% year-to-date as build out on industrial segment projects advanced.

Gross profit margin decreased 20 basis points (“bps”) to 22.6% in the quarter and 40 bps year-to-date. The Equipment Group reported slightly increased margins in the quarter and unchanged year-to-date on improved rental fleet margins reflecting higher utilization and fleet adjustments (selective dispositions and additions), partially offset by a less favourable sales mix (lower product support to total revenues). CIMCO’s margins were lower in both the quarter and year-to-date, on a less favourable sales mix of product support revenues to total revenues, and lower average margins on projects in process.

Selling and administrative expenses were \$15.5 million (13%) higher in the second quarter compared to the prior year. The mark-to-market adjustment on deferred share units (DSUs) was \$1.6 million higher than the second quarter of 2020, on a higher share price in the current year. All other compensation increased \$8.5 million reflecting lower expense levels in the prior year as a result of initiatives undertaken at that time in response to reduced market activity, including work-share programs, lay-offs, and \$0.8 million in benefits received under the Canada Emergency Wage Subsidy (“CEWS”) program. Other selling and administrative expenses increased \$8.0 million, reflecting expenses in support of the higher sales activity, as well as such items as travel and training. Bad debt expense decreased \$2.5 million on good collections.

On a year-to-date basis, selling and administrative expenses increased \$17.1 million or 7%. The mark-to-market adjustment on DSUs was \$7.0 million higher than the first half of 2020 on a higher share price in the current year. All other compensation costs increased \$7.4 million reflecting similar reasons as noted above for the quarter. Other selling and administrative expenses increased \$4.9 million, reflecting expenses in support of the higher sales activity, including travel and training costs. Bad debt expense decreased \$2.3 million on good collections. Selling and administrative expenses were 12.9% of revenues, compared to 14.8% in 2020, reflecting higher revenues in the current period and continued expense containment.

Operating income increased \$45.4 million or 59% in the quarter to \$122.5 million and \$60.3 million or 46% to \$192.7 million year-to-date and was 150 bps higher as a percentage of revenues (10.0% versus 8.5% last year). Revenue growth exceeded growth in expenses as COVID-19 restrictions and the spending containment focus continues.

Interest expense decreased \$0.9 million in the quarter and \$0.6 million year-to-date, on lower debt levels.

Interest income increased \$0.7 million in the quarter on higher cash balances in the period and decreased 1% year-to date on lower interest rates earned on cash balances.

The effective income tax rate was 27.5% for the quarter and 27.1% year-to-date, and was lower than the comparable period last year, reflecting lower rates on capital gains and other items in the current year.

Net earnings were up \$34.2 million or 67% to \$85.4 million for the quarter and \$44.8 million or 51% to \$133.4 million year-to-date. Basic earnings per share (“EPS”) increasing 66% to \$1.03 for the quarter and 50% to \$1.62 year-to-date.

Comprehensive income in the quarter was \$96.6 million (2020 – \$3.9 million) and \$178.8 million year-to-date (2020 – \$71.9 million). Other comprehensive income included an actuarial gain on post-employment benefit plans of \$7.8 million after-tax for the quarter (2020 – actuarial loss of \$37.0 million) and year-to-date actuarial gain of \$42.1 million (2020 – actuarial loss of \$19.2 million). These gains/losses reflect changes in the weighted average discount rates used in the valuation, which are reflective of underlying financial markets, as well as changes in the fair value of pension plan assets. Other comprehensive income also included a favorable net change in the fair value of cash flow hedges of \$3.6 million after-tax for the quarter (2020 – unfavourable net change of \$9.9 million) and year-to-date a favorable net change of \$3.7 million after-tax (2020 – favourable net change of \$2.0 million). These changes reflect mark-to-market differences in the value of foreign exchange derivative contracts designated as cash flow hedges and are largely a function of the underlying USD/CAD exchange rates at period end compared to contract date.

BUSINESS SEGMENT OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth, operating income relative to revenues and return on capital employed. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

Equipment Group

(\$ thousands)	Three months ended June 30				Six months ended June 30			
	2021	2020	\$ change	% change	2021	2020	\$ change	% change
Equipment sales and rentals								
New	\$ 448,978	\$ 286,805	\$ 162,173	57%	\$ 699,305	\$ 473,578	\$ 225,727	48%
Used	110,546	100,592	9,954	10%	183,314	165,554	17,760	11%
Rentals	91,463	72,299	19,164	27%	163,761	153,277	10,484	7%
Total equipment sales and rentals	650,987	459,696	191,291	42%	1,046,380	792,409	253,971	32%
Product support	362,859	314,317	48,542	15%	692,083	636,668	55,415	9%
Power generation	2,699	2,690	9	0%	5,465	5,402	63	1%
Total revenues	\$ 1,016,545	\$ 776,703	\$ 239,842	31%	\$ 1,743,928	\$ 1,434,479	\$ 309,449	22%
Operating income	\$ 116,447	\$ 72,497	\$ 43,950	61%	\$ 186,260	\$ 127,573	\$ 58,687	46%
KEY RATIOS:								
Product support revenues as a % of total revenues	35.7%	40.5%			39.7%	44.4%		
Operating income margin	11.5%	9.3%			10.7%	8.9%		
Group total revenues as a % of consolidated revenues	90.2%	91.4%			90.2%	91.7%		

The Equipment Group continued its positive growth trend from the first quarter, delivering solid results for the second quarter of 2021, on higher equipment deliveries and continued expense discipline. As business prospects improve with the easing of pandemic restrictions and release of some pent up demand, customers have commenced equipment ordering.

Total equipment sales (new and used) increased \$172.1 million or 44% in the quarter and \$243.5 million or 38% year-to-date. Sales increased across all markets and regions for the quarter (and first half): construction markets +38% (+36%); power systems +15% (+18%); material handling +26% (+19%); agricultural +76% (+76%); and mining +181% (+97%).

Rental revenues were up \$19.2 million (+27%) in the quarter and \$10.5 million (+7%) year-to-date. Most markets and segments were up, reflecting continued improvement in market activity in the second quarter against a weak comparable last year. Revenue increases in each market for the quarter (and first half) were as follows: Light equipment rentals +22% (+7%), power system +29%

(+5%), heavy equipment rentals +100% (+49%) and material handling +34% (+13%). Rental revenues from equipment on rent with a purchase option (“RPO”) were down 15% in the quarter and 35% year-to-date on a smaller average fleet reflecting recent customer preference for purchase versus rental (RPO). As at June 30, 2021 the RPO fleet was \$32.2 million versus \$43.0 million at this time last year.

Product support revenues grew \$48.5 million or 15% in the quarter and \$55.4 million or 9% in the first half, with increases in both parts and service. Activity was up in the majority of the markets and across all regions in both the quarter (and first half of the year): construction markets +19% (+12%), mining +12% (+5%) and material handling +37% (+25%). Agricultural activity was relatively unchanged for the quarter and year-to-date.

Gross profit margins increased 20 bps in the quarter and remained flat year-to-date compared to last year. Equipment and product support margins were largely unchanged in both the quarter and year-to-date. Rental margins were higher in both periods (150 bps for the quarter and 120 bps year-to-date) reflecting higher utilization as well as fleet adjustments (selective dispositions and additions) over the last year. A shift in sales mix with a lower proportion of product support revenues to total revenues decreased margin by 130 bps in both periods. Product support revenues in both periods were lower as a percentage of total revenues compared to both the second quarter (down 480 bps to 35.7%) and year-to-date (down 470 bps to 39.7%) last year, mainly due to stronger comparative equipment sales in the current year.

Selling and administrative expenses were up \$13.0 million or 12% in the quarter, \$14.5 million or 7% for the first half of 2021. The increase is mainly attributable to higher compensation costs and the mark-to-market adjustment on DSUs. Other expenses increased in support of higher activity levels and after a reduced spending period, such as travel and training. Allowance for doubtful accounts decreased \$3.0 million in the quarter and \$1.9 million in the first half of the year, on good collection activity. Selling and administrative expenses were 180 basis points lower as a percentage of revenues (12.7% versus 14.5% last year), reflecting stronger sales and the continuation of certain expenditure controls implemented over the past year.

Operating income increased in both the quarter (up \$44.0 million or 61% to \$116.4 million) and year-to-date (up \$58.7 million or 46% to \$186.3 million), mainly reflecting the higher revenues coupled with a lower expense ratio to revenues.

Bookings and Backlogs

<i>(\$ millions)</i>	2021	2020	\$ change	% change
Bookings - three months ended June 30	\$ 633.9	\$ 298.0	\$ 335.9	113%
Bookings - six months ended June 30	\$ 1,320.0	\$ 635.6	\$ 684.4	108%
Backlogs - as at June 30	\$ 810.3	\$ 268.8	\$ 541.5	201%

New bookings continued to grow stronger in the second quarter, up \$335.9 million or 113%. The majority of the sectors reported higher orders: construction (+122%), mining (+165%), power systems (+97%), and material handling (+87%), slightly offset by agriculture (-34%).

On a year-to-date basis, bookings increased \$684.4 million or 108% to \$1.3 billion, reflecting increases across all sectors.

Backlogs of \$810.3 million were up \$541.5 million or 201% across all sectors. At June 30, 2021, the total backlog related to construction (43%), power systems (18%), mining (33%), agriculture (3%) and material handling (3%). Approximately 65% of order backlog is currently expected to be delivered this year based on customer schedules, however this is subject to vendor supply.

Bookings and backlogs can vary significantly from period to period on large project activities, especially in mining and power systems, the timing of orders and deliveries and the availability of equipment from either inventory or suppliers.

CIMCO

(\$ thousands)	Three months ended June 30				Six months ended June 30			
	2021	2020	\$ change	% change	2021	2020	\$ change	% change
Package sales	\$ 73,712	\$ 36,111	\$ 37,601	104%	\$120,101	\$ 58,720	\$ 61,381	105%
Product support	36,809	36,783	26	0%	69,275	71,857	(2,582)	(4%)
Total revenues	\$ 110,521	\$ 72,894	\$ 37,627	52%	\$189,376	\$130,577	\$ 58,799	45%
Operating income	\$ 6,061	\$ 4,637	\$ 1,424	31%	\$ 6,464	\$ 4,802	\$ 1,662	35%
KEY RATIOS:								
Product support revenues as a % of total revenues	33.3%	50.5%			36.6%	55.0%		
Operating income margin	5.5%	6.4%			3.4%	3.7%		
Group total revenues as a % of consolidated revenues	9.8%	8.6%			9.8%	8.3%		

CIMCO's results for the second quarter and first half of 2021 were higher than the prior year, on construction project build outs and easing of site restrictions since this time last year. Customer specific constructions schedules also affect timing of revenue recognition. Product support activity continued in certain segments given the essential nature of the business, however remained limited in the recreational market.

Package revenues were up \$37.6 million or 104% with an increase in both the recreational (up 27%) and industrial (up 147%) markets in the quarter. Package revenues reflect the progress of project construction applying the percentage-of-completion method for revenue recognition. This introduces a degree of variability as the timing of projects and construction schedules are largely under the control of third parties (contractors and end-customers). In Canada, package revenues were up \$38.6 million or 149% reflecting higher industrial revenues, principally on the build out of a major industrial project. In the US, package revenues decreased \$0.9 million or 9% on a smaller activity base, with higher revenues in the industrial market and lower revenues in the recreational markets. Year to date, package sales were \$61.4 million or 105% higher than last year with build out of projects in both market segments (industrial up 147% and recreational up 31%). Package sales increased in both Canada (up \$58.0 million or 127%) and the US (up \$3.4 million or 26%), with increases in both the recreational and industrial markets in Canada and the US.

Product support revenues remained relatively flat for the second quarter and decreased \$2.6 million or 4% for the first half of the year. Revenues in Canada decreased 5% in the quarter and 6% year-to-date reflecting lower economic activity resulting from continued site restrictions in most areas and reduced demand particularly in recreational centres, which have been closed or severely restricted by the pandemic. In the US, the higher technician base continued to support activity levels resulting in 16% increase in the quarter and 4% increase year-to-date, albeit on a smaller base.

Gross profit margins decreased 420 bps in the quarter versus last year. The decrease in gross profit margins was due to lower package margins (down 250 bps) and higher product support margins (up 40 bps) combined with a lower sales mix of product support revenues to total revenues

(down 200 bps). Margins mainly reflect activity levels, nature of projects in process and construction schedules, which are variable. Year-to-date, gross profit margins decreased 470 bps with lower package margin (down 240 bps) combined with unfavourable sales mix of product support revenues to total revenues (down 250 bps), slightly offset by higher product support margins (up 10 bps). Lower package margins were generally reflective of the nature of projects; execution was generally good and in line with estimates.

Selling and administrative expenses were up \$2.5 million or 21% in the quarter reflecting the higher activity levels. Certain costs such as travel and training were higher after a period of deferred spending. Compensation expenses increased in support of the higher activity levels and reflecting higher profit sharing accruals on the higher income. On a year-to-date basis, selling and administrative expenses increased \$2.6 million or 10% due to similar reasons as the quarter. As a percentage of revenues, selling and administrative expenses were lower at 14.3% in the first half of 2021 versus 18.7% for the similar period last year, reflecting the higher revenues and spending control.

Operating income increased \$1.4 million or 31% in the quarter and \$1.7 million or 35% year-to-date, reflecting higher package revenues, partially offset by lower gross margins.

Bookings and Backlogs

<i>(\$ millions)</i>	2021	2020	\$ change	% change
Bookings - three months ended June 30	\$ 46.1	\$ 52.0	\$ (5.9)	(11%)
Bookings - six months ended June 30	\$ 84.0	\$ 164.2	\$ (80.2)	(49%)
Backlogs - as at June 30	\$ 147.5	\$ 227.7	\$ (80.2)	(35%)

Bookings were down \$5.9 million or 11% to \$46.1 million in the quarter, in both markets. Recreational bookings were 4% lower on reduced market activity in Canada, slightly offset by higher activity in the US. The industrial markets were down 15% with reduced activity in both Canada and the US.

On a year-to-date basis, bookings were down \$80.2 million or 49% to \$84.0 million, in both markets. Several exceptionally large industrial orders were received in Canada in the first quarter of 2020, resulting in a decrease in bookings compared to last year. Industrial orders were down 59% with a decrease in Canada (down 64%) offset by an increase in the US (up 102%). Recreational orders decreased 18% to \$34.7 million, with decreases in both the US (down 31%) and Canada (down 14%).

Backlogs of \$147.5 million declined 35% versus June last year on progress of construction. Approximately 90% of the backlog is expected to be realized as revenue this year, however this is subject to construction schedules and potential changes stemming from the COVID-19 pandemic.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At June 30, 2021, the ratio of net debt to total capitalization was -1% (net cash position), compared to 3% at December 31, 2020, and 12% at June 30, 2020. Cash balance was \$660.8 million at June 30, 2021.

Non-cash Working Capital

Investment in non-cash working capital was \$521.6 million at June 30, 2021. The major components, along with the changes from June 30 and December 31, 2020, are identified in the following table.

(\$ thousands)	June 30	June 30	Change		December 31	Change	
	2021	2020	\$	%	2020	\$	%
Accounts receivable	\$ 531,530	\$ 458,377	\$ 73,153	16%	\$ 541,580	\$ (10,050)	(2%)
Inventories	712,868	932,676	(219,808)	(24%)	728,404	(15,536)	(2%)
Other current assets	13,637	11,064	2,573	23%	10,897	2,740	25%
Accounts payable and accrued liabilities	(516,293)	(740,848)	224,555	(30%)	(558,443)	42,150	(8%)
Provisions	(26,724)	(24,583)	(2,141)	9%	(26,645)	(79)	0%
Income taxes recoverable (payable)	8,616	3,555	5,061	142%	(23,281)	31,897	(137%)
Derivative financial instruments	(633)	(4,123)	3,490	(85%)	(11,043)	10,410	(94%)
Dividends payable	(28,929)	(25,446)	(3,483)	14%	(25,560)	(3,369)	13%
Deferred revenues and contract liabilities	(172,516)	(142,516)	(30,000)	21%	(149,109)	(23,407)	16%
Total non-cash working capital	\$ 521,556	\$ 468,156	\$ 53,400	11%	\$ 486,800	\$ 34,756	7%

Accounts receivable increased 16% compared to June 30, 2020, mainly reflecting the 33% increase in revenues in the quarter, offset by good collection activity. Days sales outstanding (“DSO”) decreased 5 days to 36 days on an improvement in both the Equipment Group (down 5 days) and CIMCO (down 6 days).

In comparison to December 31, 2020, accounts receivable decreased 2% on good collection activity. DSO was 41 days at December 31, 2020.

Inventories at June 30, 2021, were 24% lower compared to June 30, 2020:

- Equipment Group inventories were down \$204.8 million or 23%, reflecting lower levels of equipment (down \$164.9 million or 29%), service work-in-process (down \$4.6 million or 6%), and parts (down \$35.2 million or 14%). Equipment and parts inventories were intentionally reduced throughout last year in light of lower market activity levels, while recent higher sales levels further reduced inventory levels. Lower work-in-process levels reflects focus on improved invoicing cycle.
- CIMCO inventories were down \$15.1 million or 47%, on lower work-in-process levels (down 53%) on the advancement of construction schedules.

Inventories at June 30, 2021 were 2% lower compared to December 31, 2020:

- Equipment Group inventories were relatively unchanged with an increase in work-in-progress (up 25%), offset by a slight decrease in equipment inventory (down 1%) and parts inventory (down 3%). Inventory levels are typically lowest at the end of a fiscal year due to seasonality, with inventories building during the year in advance of the typically busy selling period. As seen in the first half of 2021, changes in supply chain availability can affect these trends.
- CIMCO inventories were down 52% on lower work-in-process (down 58%) reflecting project construction progress.

Other current assets are comprised mainly of prepaid expenses, and vary from period to period based on timing of receipt of invoice and payment.

Accounts payable and accrued liabilities at June 30, 2021, were 30% lower than at June 30, 2020, principally due to the timing of purchases and payments for inventory. Accounts payable have

reverted to normal levels as transitional terms provided in conjunction with the 2017 acquisition ended mid-year 2020. This was partially offset by the higher DSU liability on the higher relative closing share price.

In comparison to December 31, 2020, accounts payable and accrued liabilities were down 8%, mainly reflecting the timing of purchase and payment for inventory and other supplies and the payment of annual performance incentive bonuses.

Income taxes recoverable/(payable) reflects the difference between tax installments and current tax expense.

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar (weaker) led to a cumulative net loss of \$0.6 million as at June 30, 2021. This is not expected to affect net earnings as the unrealized losses offset future gains on the related hedged items, either current accounts payable or future transactions.

Dividends payable increased compared to June 30 and December 31, 2020, reflecting the higher dividend rate and higher number of shares outstanding. The quarterly dividend rate was increased 12.9% from \$0.31 per share to \$0.35 per share, effective with the July 5, 2021 payment.

Deferred revenues and contract liabilities represent billings to customers in excess of revenue recognized.

- In the Equipment Group, these balances arise mainly due to progress billings from the sale of power and energy systems and long-term product support maintenance contracts, as well as on sales of equipment with residual value guarantees and customer deposits for machinery to be delivered in the future. At June 30, 2021, these were up 36% versus June 30, 2020 and up 41% versus December 31, 2020, largely related to progress billings and customer deposits for future equipment deliveries.
- At CIMCO, these balances arise on progress billings from the sale of refrigeration packages. As at June 30, 2021, these were down 23% versus June 30, 2020 and down 41% versus December 31, 2020, reflecting the timing of billings compared to customer's construction schedules.

Legal and Other Contingencies

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or results of operations.

Outstanding Share Data

As at the date of this MD&A, the Company had 82,655,063 common shares and 2,429,190 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during the last eight quarters.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total (\$ millions)
September 6, 2019	October 2, 2019	\$0.27	\$22.0
December 9, 2019	January 3, 2020	\$0.27	\$22.0
March 9, 2020	April 2, 2020	\$0.31	\$25.4
June 9, 2020	July 3, 2020	\$0.31	\$25.4
September 8, 2020	October 2, 2020	\$0.31	\$25.5
December 9, 2020	January 5, 2021	\$0.31	\$25.6
March 9, 2021	April 1, 2021	\$0.31	\$25.6
June 9, 2021	July 5, 2021	\$0.35	\$28.9

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements can be met through a variety of sources, including cash generated from operations, long and short-term borrowings and the issuance of common shares. Borrowings are obtained through a variety of senior debentures, notes payable and committed credit facilities.

The Company maintains a \$500.0 million committed revolving credit facility that matures in October 2022. Toromont's debt under this facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on this facility as at June 30, 2021 (December 31, 2020 - \$nil; June 30, 2020 - \$100.0 million). Standby letters of credit issued utilized \$30.0 million of the facility as at June 30, 2021 (December 31, 2020 - \$30.8 million and June 30, 2020 - \$34.0 million).

The Company entered into an additional \$250.0 million committed revolving credit facility on April 17, 2020, that matured in April 2021. This facility was never drawn, and was not renewed at maturity.

The Company expects that continued cash flows from operations in 2021, together with cash on hand and currently available credit facilities will be more than sufficient to fund requirements for investments in working capital and capital assets. The Company also has a certain degree of flexibility in its operating and investing plans to mitigate fluctuations.

Principal Components of Cash Flow

Cash from operating, investing and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table:

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Cash, beginning of period	\$ 613,942	\$ 388,182	\$ 591,128	\$ 365,589
Cash, provided by (used in):				
Operating activities				
Operations	123,370	99,619	209,714	181,515
Change in non-cash working capital and other	15,022	89,585	(14,375)	(8,966)
Net rental fleet additions	(40,172)	(5,743)	(46,236)	(29,973)
	98,220	183,461	149,103	142,576
Investing activities	(28,198)	(10,247)	(31,054)	(19,544)
Financing activities	(23,154)	(24,271)	(48,329)	48,356
Effect of foreign exchange on cash balances	(39)	50	(77)	198
Increase in cash in the period	46,829	148,993	69,643	171,586
Cash, end of period	\$ 660,771	\$ 537,175	\$ 660,771	\$ 537,175

Cash Flows from Operating Activities

Operating activities provided cash in both the second quarter and first half of 2021.

Cash generated from operations increased for the quarter (up 24%) and year-to-date (up 16%) from the similar periods last year on the higher net earnings.

Non-cash working capital provided cash in the second quarter of 2021. Reduced inventory levels due to recent market activity and other payables, along with higher deferred revenues and contract liabilities, were offset by increases in accounts receivables and customer deposits and timing of payments of taxes. Compared to 2020 cash was provided on similar reasons as above however at a lesser rate, as incremental increases in accounts receivables and deferred revenues were lower due to lower revenues.

On a year-to-date basis non-cash working capital used more cash in 2021 as compared to the first six months of 2020, as the higher accounts payable and other payables, coupled with the lower inventories levels, and higher deferred revenues and contract liabilities, were more than offset by higher accounts receivable and timing of payments of income tax instalments.

Net rental fleet additions (purchases less proceeds of dispositions) increased in both the second quarter and first half of 2021 compared to the similar periods last year. Additional investment in both the heavy and light equipment rental fleets reflect increased demand and improving market conditions.

The components and changes in non-cash working capital are discussed in more detail in this MD&A under the heading "Consolidated Financial Condition".

Cash Flows from Investing Activities

Investments in property, plant and equipment totalled \$28.3 million in the second quarter of 2021, related largely to expansion of branch facilities (\$16.8 million) and normal replacement of service and delivery vehicles (\$11.5 million). Capital expenditures in 2020 of \$10.4 million largely related to an investment in land for potential branch expansion.

On a year-to-date basis, additions to property, plant and equipment totalled \$32.9 million. Disposition proceeds in the first half of 2021 were \$1.6 million (2020 - \$9.4 million), resulting in a capital gain of \$1.2 million (2020 - \$4.1 million), or \$1.0 million after-tax (2020 - \$3.5 million).

Cash Flows from Financing Activities

During the second quarter of 2021, the Company used \$23.2 million (2020 – used \$24.3 million) in cash in financing activities, major uses and sources of cash during the quarter included:

- Dividends paid to common shareholders of \$25.6 million or \$0.31 per share (2020 – \$25.4 million or \$0.31 per share);
- Cash received on exercise of share options of \$4.9 million (2020 – \$4.9 million); and
- Lease liability payments of \$2.5 million versus \$3.5 million for the comparable period last year.

For the six months ended June 30, 2021, financing activities used \$48.3 million (2020 – provided \$48.4 million) in cash, major uses and sources of cash during this period included:

- Dividends paid to common shareholders of \$51.1 million or \$0.62 per share (2020 – \$47.6 million or \$0.58 per share);
- Cash received on exercise of share options of \$7.9 million (2020 – \$6.4 million);
- Lease liability payments of \$5.1 million (2020 – \$6.1 million);
- In 2020, purchase of shares under the NCIB program used \$4.0 million (2021 – \$nil); and,
- In 2020, in an abundance of caution at the onset of the pandemic, \$100.0 million was drawn on the term credit facility (2021 – \$nil).

OUTLOOK

The duration and impact of the COVID-19 pandemic is uncertain and it is not possible to estimate the length and severity of these developments nor the impact on the financial results and condition of the Company in future periods. Vaccination programs are underway and generally restrictions are being eased or phased out across most of our territories. However, there is ongoing concern and uncertainty created by vaccine uptake levels and known and potential new COVID-19 variants. It is possible that emergency measures will be needed in future and will continue to evolve based on local conditions.

The Equipment Group's parts and service business provides stability along with a large and diversified installed base of equipment, so long as it is working in the field. Prior to the pandemic, the long-term outlook for infrastructure projects and other construction activity was positive across most territories. Mining customers and jurisdictions they operate in continue to evaluate appropriate activity levels on a daily/weekly basis. Longer term, mine expansion will remain dependent on global economic and financial conditions.

The protection and support of our people remains a priority. In particular, our technical workforce provide one of our most valuable service offerings for our customers. Workforce planning initiatives continue to be reviewed and monitored in light of current and expected activity levels.

Investment in broader product lines, rental equipment, and the development of product support technologies supporting remote diagnostics and telematics and digital information models to enhance CRM activity represent a strategic platform aligned to longer-term growth once economic, financial and social environments return to a more normalized state.

CIMCO's installed base and product support levels provide a platform for current and future operations and growth trends. CIMCO has a wide product offering using natural refrigerants including innovative CO₂ solutions, which remains a differentiator in recreational markets. In industrial markets, CIMCO's proven track record and strong geographical coverage provides continued growth opportunities. Recreational markets have been slow due to pandemic restrictions, however longer term, opportunity exists. Current backlogs are supportive of future activity, although carry somewhat lower gross margins due to the nature of projects in process.

The diversity of the markets served, expanding product offering and services, strong financial position and disciplined operating culture position the Company well for continued growth in the long term.

QUARTERLY RESULTS

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2020 annual audited consolidated financial statements.

<i>(\$ thousands, except per share amounts)</i>	Q3 2020	Q4 2020	Q1 2021	Q2 2021
REVENUES				
Equipment Group	\$ 834,716	\$ 896,904	\$ 727,383	\$ 1,016,545
CIMCO	86,940	95,281	78,855	110,521
Total revenues	\$ 921,656	\$ 992,185	\$ 806,238	\$ 1,127,066
NET EARNINGS	\$ 77,359	\$ 88,950	\$ 47,956	\$ 85,400
PER SHARE INFORMATION:				
Basic earnings per share	\$ 0.94	\$ 1.08	\$ 0.58	\$ 1.03
Diluted earnings per share	\$ 0.94	\$ 1.07	\$ 0.58	\$ 1.02
Dividends paid per share	\$ 0.31	\$ 0.31	\$ 0.31	\$ 0.35
Weighted average common shares outstanding - basic (in thousands)	82,195	82,373	82,499	82,587

<i>(\$ thousands, except per share amounts)</i>	Q3 2019	Q4 2019	Q1 2020	Q2 2020
REVENUES				
Equipment Group	\$ 881,487	\$ 933,131	\$ 657,776	\$ 776,703
CIMCO	93,734	92,059	57,683	72,894
Total revenues	\$ 975,221	\$ 1,025,190	\$ 715,459	\$ 849,597
NET EARNINGS	\$ 79,688	\$ 90,454	\$ 37,396	\$ 51,210
PER SHARE INFORMATION:				
Basic earnings per share	\$ 0.98	\$ 1.10	\$ 0.46	\$ 0.62
Diluted earnings per share	\$ 0.97	\$ 1.10	\$ 0.45	\$ 0.62
Dividends paid per share	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.31
Weighted average common shares outstanding - basic (in thousands)	81,622	81,897	82,015	82,024

Interim period revenues and earnings historically reflect variability from quarter to quarter due to seasonality. The pandemic has affected seasonal trends and may result in variations to historically experienced trends.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenues are recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter had typically been the strongest due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. This pattern is impacted by the timing of significant sales to mining and other customers, resulting from the timing of mine site development and access, and construction project schedules.

CIMCO has also had a distinct seasonal trend in results historically, due to timing of construction activity. Lower revenues are recorded during the first quarter on slower construction schedules due to winter weather. Revenues increase in subsequent quarters as construction schedules ramp up. This trend can be, and has been, impacted somewhat by significant governmental funding initiatives and significant industrial projects.

Historically, inventories have increased through the year to meet the expected demand for higher deliveries in the third and fourth quarters of the fiscal year. This seasonal sales trend also leads accounts receivable to be at their highest level at year-end.

In 2020 and 2021, these patterns were impacted by the governmental and market response and reaction to COVID-19. The second quarter of 2020 experienced the most significant slowdown in market activity. COVID-19 variants, vaccine roll-out and further governmental measures may continue to further alter the typical seasonal trend.

RISKS AND RISK MANAGEMENT

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's MD&A for the year ended December 31, 2020 under "Risks and Risk Management". The following is an update to the changes in the risks or uncertainties facing the Company since that date.

Pandemic Risk (Coronavirus COVID-19)

COVID-19 is an evolving risk, the duration and impact of which remains uncertain at this time, as is the efficacy of the government and central bank interventions. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

Vaccination rates have increased and many provinces and territories are phasing in reduced restrictions. Variants of concern could still result in higher case counts and the resumption of shutdowns, which could continue to adversely impact the Company for a prolonged period.

The Company continues to focus on ensuring the continued safety of our employees, while continuing to serve our customers' needs as an essential service, and protecting the business and organization for the long-term. The Critical Incident Executive Response Team remains in effect and focuses on developing plans, assessing developments and responding appropriately. The Company is updating employees on a frequent basis to provide information on the situation and on necessary precautions to take. The Company continues to have an open dialogue with public safety and government officials at all levels, as well as key suppliers, partners and customers.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Accounting Policies

The significant accounting policies used in the preparation of the accompanying unaudited interim condensed consolidated financial statements are consistent with those used in the Company's 2020 audited annual consolidated financial statements, and described in note 1 therein. Several amendments, apply for the first time in 2021, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Company for the three and six month periods ending June 30, 2021.

Estimates

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. There have been no material changes to the critical accounting estimates as described in note 2 to the Company's 2020 audited annual consolidated financial statements, contained in the Company's 2020 Annual Report.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, under the supervision of the President and Chief Executive Officer (“CEO”) and Executive Vice President and Chief Financial Officer (“CFO”), is responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*, and have designed such disclosure controls and procedures, or have caused it to be designed under their supervision, to provide reasonable assurance that material information with respect to Toromont is made known to them.

The CEO and the CFO, together with other members of management, have evaluated the effectiveness of the Company’s disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures as designed were effective as at June 30, 2021.

Internal Control over Financial Reporting

Management, under the supervision of the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*, and have designed such internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS.

There have been no changes in the design of the Company’s internal control over financial reporting during the three and six month periods ended June 30, 2021, that would materially affect, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, a projection of the evaluation of the effectiveness of internal control over financial reporting to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation. Internal controls over financial reporting may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ADDITIONAL GAAP MEASURES

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company’s financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company’s consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to the understanding of the Company’s results.

Gross Profit

Gross Profit is defined as total revenues less cost of goods sold.

Operating Income

Operating income is defined as net earnings before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments do not correspond to income tax jurisdictions, and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments.

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net earnings	\$ 85,400	\$ 51,210	\$ 133,356	\$ 88,606
<i>plus:</i> Interest expense	7,002	7,890	14,179	14,821
<i>less:</i> Interest and investment income	(2,260)	(1,564)	(4,264)	(4,289)
<i>plus:</i> Income taxes	32,366	19,598	49,453	33,237
Operating income	\$ 122,508	\$ 77,134	\$ 192,724	\$ 132,375
Total Revenues	1,127,066	849,597	1,933,304	1,565,056
Operating income margin	10.9%	9.1%	10.0%	8.5%

Net Debt to Total Capitalization/Equity

Net debt to total capitalization/equity are calculated as net debt divided by total capitalization and shareholders' equity, respectively, as defined below, and are used by management as measures of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash. Total capitalization is calculated as shareholders' equity plus net debt.

The calculations are as follows:

(\$ thousands)	June 30 2021	December 31 2020	June 30 2020
Long-term debt	\$ 646,867	\$ 646,299	\$ 745,712
<i>less:</i> Cash	660,771	591,128	537,175
Net debt	(13,904)	55,171	208,537
Shareholders' equity	1,833,640	1,698,652	1,560,050
Total capitalization	\$ 1,819,736	\$ 1,753,823	\$ 1,768,587
Net debt to total capitalization	-1%	3%	12%
Net debt to equity	-0.01:1	0.03:1	0.13:1

NON-GAAP MEASURES

Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Working Capital

Working capital is defined as total current assets less total current liabilities. Management views working capital as a measure for assessing overall liquidity.

<i>(\$ thousands)</i>	June 30 2021	December 31 2020	June 30 2020
Total current assets	\$ 1,927,521	\$ 1,872,144	\$ 1,943,031
less: Total current liabilities	745,194	794,216	937,700
Working capital	\$ 1,182,327	\$ 1,077,928	\$ 1,005,331

Non-Cash Working Capital

Non-cash working capital is defined as total current assets (excluding cash) less total current liabilities (excluding current portion of long-term debt).

<i>(\$ thousands)</i>	June 30 2021	December 31 2020	June 30 2020
Total current assets	\$ 1,927,521	\$ 1,872,144	\$ 1,943,031
less: Cash	660,771	591,128	537,175
	1,266,750	1,281,016	1,405,856
Total current liabilities	745,194	794,216	937,700
Non-cash working capital	\$ 521,556	\$ 486,800	\$ 468,156

Market Capitalization & Total Enterprise Value

Market capitalization represents the total market value of the Company's equity. It is calculated by multiplying the market price of the Company's share by the total outstanding shares.

Total enterprise value represents the total value of the Company and is often used as a more comprehensive alternative to market capitalization. It is calculated by adding net debt (defined above) to market capitalization.

The calculations are as follows:

<i>(\$ thousands, except for shares and share price)</i>	June 30 2021	December 31 2020	June 30 2020
Outstanding common shares	82,655,063	82,474,658	82,095,368
times: Ending share price	\$ 108.00	\$ 89.20	\$ 67.37
Market capitalization	\$ 8,926,747	\$ 7,356,739	\$ 5,530,765
Long-term debt	\$ 646,867	\$ 646,299	\$ 745,712
less: Cash	660,771	591,128	537,175
Net debt	\$ (13,904)	\$ 55,171	\$ 208,537
Total enterprise value	\$ 8,912,843	\$ 7,411,910	\$ 5,739,302

KEY PERFORMANCE INDICATORS (“KPIs”)

Management uses key performance indicators to consistently measure performance against the Company’s priorities across the organization. The Company’s KPIs include gross profit margin, operating margin, order bookings and backlogs, return on capital employed and return on equity. Although some of these KPIs are expressed as ratios, they are non-GAAP financial measures that do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

Gross Profit Margin

This measure is defined as gross profit (defined above) divided by total revenues.

Operating Income Margin

This measure is defined as operating income (defined above) divided by total revenues.

Order Bookings and Backlogs

The Company’s order bookings represent equipment unit orders that management believes are firm. Backlogs are defined as the retail value of equipment unit ordered by customers for future deliveries. Management uses order backlog as a measure of projecting future equipment deliveries. There are no directly comparable IFRS measures for order bookings or backlog.

Return on Capital Employed (“ROCE”)

ROCE is utilized to assess both current operating performance and prospective investments. The trailing twelve months adjusted earnings numerator used for the calculation is income before income taxes, interest expense and interest income (excluding interest on rental conversions). The denominator in the calculation is the monthly average capital employed, which is defined as net debt plus shareholders’ equity or total capitalization.

	Trailing twelve months ended		
	June 30 2021	December 31 2020	June 30 2020
<i>(\$ thousands)</i>			
Net earnings	\$ 299,664	\$ 254,915	\$ 258,747
<i>plus:</i> Interest expense	29,339	29,981	28,621
<i>less:</i> Interest and investment income	(9,057)	(9,083)	(9,261)
<i>plus:</i> Interest income - rental conversions	3,633	3,529	3,559
<i>plus:</i> Income taxes	112,837	96,621	96,952
Adjusted net earnings	\$ 436,416	\$ 375,963	\$ 378,618
Average capital employed	\$ 1,800,007	\$ 1,838,533	\$ 1,873,759
Return on capital employed	24.2%	20.4%	20.2%

Return on Equity ("ROE")

ROE is monitored to assess the profitability of the consolidated Company and is calculated by dividing trailing twelve months net earnings by opening shareholders' equity (adjusted for shares issued and redeemed during the period).

	Trailing twelve months ended		
	June 30 2021	December 31 2020	June 30 2020
<i>(\$ thousands)</i>			
Net earnings	\$ 299,664	\$ 254,915	\$ 258,747
Opening shareholders' equity (net of adjustments)	\$ 1,573,428	\$ 1,538,817	\$ 1,383,862
Return on equity	19.0%	16.6%	18.7%