



## Toromont Announces Results for the Second Quarter of 2021 and Quarterly Dividend

TORONTO, July 28, 2021 (GLOBE NEWSWIRE) -- Toromont Industries Ltd. (TSX: TIH) reported its financial results for the second quarter ended June 30, 2021.

<i>millions, except per share amounts</i>	Three months ended June 30			Six months ended June 30		
	2021	2020	% change	2021	2020	% change
Revenues	\$ 1,127.1	\$ 849.6	33 %	\$ 1,933.3	\$ 1,565.1	24 %
Operating income	\$ 122.5	\$ 77.1	59 %	\$ 192.7	\$ 132.4	46 %
Net earnings	\$ 85.4	\$ 51.2	67 %	\$ 133.4	\$ 88.6	51 %
Basic earnings per share ("EPS")	\$ 1.03	\$ 0.62	66 %	\$ 1.62	\$ 1.08	50 %

"We are pleased with the overall activity levels in our end markets and are proud of our team's dedication and ability to adjust to ongoing changes in the environment and customer requirements", stated Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The second quarter of 2020 was hardest hit by the pandemic response and restrictions, resulting in the increases reported in 2021 against this comparable. The Equipment Group reported strong prime product deliveries and excellent order bookings, reflecting robust activity levels. Rental and product support activity increased as equipment usage improved. CIMCO revenues increased on project execution, while product support activity continued to be dampened by COVID-19 restrictions, particularly within the recreational segment where facilities remained closed or usage limited."

### Highlights:

#### Consolidated results

- Revenues increased 33% in the quarter versus the same period last year on higher sales in both the Equipment Group and CIMCO. This reflected improved activity levels in most markets and across all regions, as well as good execution from our teams. Product support revenues were 14% higher and rental revenues were up 27% compared to the similar quarter last year reflecting the initial impact of COVID-19 in the second quarter of 2020.
- Revenues increased 24% to \$1.9 billion year-to-date, as the improved activity in end markets continued. Strong deliveries from order backlogs and on improving demand drove equipment and packages revenues up 44% higher, while product support and rental revenues increased 7%.
- Operating income<sup>(1)</sup> increased 59% in the quarter and 46% year-to-date on the higher revenues. Operating income was 10.0% of revenues for the first half of 2021 compared to 8.5% in the similar period last year, improving on the higher activity levels.
- Backlogs<sup>(1)</sup> were \$957.8 million at June 30, 2021, compared to \$496.5 million at June 30, 2020, reflecting strong bookings<sup>(1)</sup> in the Equipment Group over the last three quarters and timing of order delivery.
- Net earnings increased \$34.2 million or 67% in the quarter versus a year ago to \$85.4 million and EPS (basic) was up 66% to \$1.03 per share.
- For the first half of the year, net earnings increased \$44.8 million or 51% and EPS (basic) was up 50% to \$1.62 per share.

#### Equipment Group

- Revenues increased \$239.8 million or 31% to \$1.0 billion for the quarter on strong equipment sales combined with higher product support and rental activity in most markets and across all regions.
- Revenues were up \$309.4 million or 22% to \$1.7 billion year-to-date with similar trends as the quarter.
- Operating income was up \$44.0 million or 61% to \$116.4 million reflecting higher revenues coupled with a lower expense ratio to revenues.
- Operating income was up \$58.7 million or 46% to \$186.3 million year-to-date, on the same reasons as noted for the quarter. Operating income margin increased 180 bps to 10.7%.

- Bookings increased \$335.9 million or 113% to \$633.9 million in the quarter and \$684.4 million or 108% to \$1.3 billion year-to-date. Most of the sectors reported higher orders, particularly in the mining and construction sectors.
- Backlogs of \$810.3 million at the end of June 2021 were up \$541.5 million or 201% from the end of June 2020 across all sectors. Approximately 65% of the backlog is expected to be delivered this year; certain mining orders are scheduled for delivery next year based on customer requirements.

## CIMCO

- Revenues of \$110.5 million increased \$37.6 million or 52% compared to the second quarter last year, with strong package revenues, up \$37.6 million or 104%, reflecting build out of industrial orders booked in 2020. Product support sales remained flat, largely on lower activity in the recreational segment stemming from site restrictions.
- Revenues increased \$58.8 million or 45% to \$189.4 million year-to-date on increased package revenues. Product support sales decreased \$2.6 million or 4% versus 2020, as activity was impacted by site restrictions, particularly in the recreational segment.
- Operating income increased 31% to \$6.1 million in the quarter on the higher revenues. Operating income was 5.5% as a percentage of revenues (Q2 2020 – 6.4%), reflecting lower gross margins on larger industrial projects and on product mix (lower proportion of product support to total).
- Operating income was up \$1.7 million or 35% to \$6.5 million year-to-date on similar reasons as noted for the quarter above. Operating income margin decreased to 3.4% (2020 – 3.7%) reflecting the unfavourable sales mix.
- Bookings were down \$5.9 million or 11% in the quarter and \$80.2 million or 49% year-to-date, mainly on lower industrial orders in Canada with several large industrial orders received in the first quarter of 2020.
- Backlogs of \$147.5 million were lower by \$80.2 million or 35%, against a very strong level last year, reflecting project build out and lower bookings to date. Subject to construction site access and schedules, approximately 90% of the backlog is estimated to be realized as revenue this year.

## Financial Position

- Toromont's share price of \$108.00 at the end of June 2021, translated to a market capitalization<sup>(1)</sup> and a total enterprise value<sup>(1)</sup> of \$8.9 billion.
- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization<sup>(1)</sup> ratio was -1% at the end of June 2021 (net cash position), compared to 3% at December 2020 and 12% at June 2020.
- The Board of Directors announced a quarterly dividend of 35 cents per common share, payable on October 4, 2021 to shareholders on record on September 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<sup>(1)</sup> was 19.0% at June 30, 2021, on a trailing twelve-month basis, compared to 16.6% at December 2020, and 18.7% at June 2020. Trailing twelve month pre-tax return on capital employed<sup>(1)</sup> was 24.2% at the end of June 2021, compared to 20.4% at December 2020, and 20.2% at June 2020.

On July 15, 2021, the Board of Directors announced the retirement of its Chairman, Mr. Robert M. Ogilvie. Mr. Ogilvie's exemplary 36-year career with the Company started in 1985 when he joined as President and included 20 years as Chief Executive Officer and 34 years as Chairman. During Mr. Ogilvie's tenure, Toromont built significant value for shareholders, resulting from disciplines that were embedded in a culture of decentralization, empowerment and accountability. These principles remain core to the Toromont foundation today and a solid platform on which to build our future. In 1985, the Company's market capitalization was \$31 million and has grown to more than \$8.9 billion as at June 30, 2021. Additionally, the Company has increased its dividend consistently each year since 1989. During his time as Chairman and Chief Executive Officer, the Company's transformational growth was substantial. Mr. Ogilvie's outstanding financial and operational acumen were instrumental in leading strategic events including the 1993 acquisition of the Ontario Caterpillar dealership. Through strong operating performance, the Company accelerated further expansion in 1996, with the acquisition of the Newfoundland and Labrador dealership followed by Manitoba and most of Nunavut territories in 2001. There were many other milestone events including the 1996 acquisition of the Battlefield Equipment Rental business that originally consisted of one store, and has since grown to over 70 outlets from Manitoba to Newfoundland. In 2011, under Mr. Ogilvie's leadership, there was further transformation with the bifurcation of Enerflex Systems Ltd. This decision positioned the business well to focus on growing the dealership, rental and refrigeration businesses. As Chairman, his counsel was instrumental in the acquisition of the Quebec and Maritime dealerships, our largest transaction to date.

Robert was a leader and mentor to many of today's Toromont leadership team and Board of Directors. The entire organization wishes Robert well in his retirement and thanks him for his significant contributions to Toromont's success and his steadfast commitment to our employees, customers and shareholders.

Mr. Richard Roy who joined the Toromont Board in 2018, has been appointed Chairman. Mr. Roy is Chair of Toromont's

Environmental, Social and Governance Committee and is a member of the Audit Committee. During his more than 35 years of business experience, he spent 16 years at Uni-Select, where he advanced through several senior executive roles including Vice President, Administration and Chief Financial Officer, Vice President and Chief Operating Officer and President and Chief Executive Officer.

"We continue to provide essential services and solutions to our clients, while remaining diligently focused on safeguarding our employees, and protecting our business for the future," noted Mr. Medhurst. "We appreciate our entire team's incredible effort and on-going commitment to adapt to changes in the business environment. In the quarter, market activity was very strong and in some cases putting pressure on supply chain availability and delivery date extensions. Although vaccination rates in the main markets we serve are improving, caution is warranted given the changing status of the pandemic and response. Technician hiring remains a priority to meet demand. The diversity of our geographic landscape and markets served, extensive product and service offerings, and financial strength together with our disciplined operating culture, continue to position us well to build for the future."

## **Financial and Operating Results**

All comparative figures in this press release are for the three and six months ended June 30, 2021 compared to the three and six months ended June 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 six months ended June 30, 2021, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.toromont.com](http://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 Thursday, July 29, 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 5629847#. A replay of the conference call will be available until Thursday, August 5, 2021 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 9519103#. Both the live webcast and the replay of the call can also be accessed at [www.toromont.com](http://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](http://www.sedar.com) or at our website [www.toromont.com](http://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](http://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 June 30		Six months ended June 30	
	2021	2020	2021	2020
<b>Revenues</b>	\$ 1,127,066	\$ 849,597	\$ 1,933,304	\$ 1,565,056
Cost of goods sold	872,360	655,810	1,491,220	1,200,411
Gross profit	254,706	193,787	442,084	364,645
Selling and administrative expenses	132,198	116,653	249,360	232,270
<b>Operating income</b>	<b>122,508</b>	77,134	<b>192,724</b>	132,375
Interest expense	7,002	7,890	14,179	14,821
Interest and investment income	(2,260)	(1,564)	(4,264)	(4,289)
Income before income taxes	117,766	70,808	182,809	121,843
Income taxes	32,366	19,598	49,453	33,237
<b>Net earnings</b>	<b>\$ 85,400</b>	\$ 51,210	<b>\$ 133,356</b>	\$ 88,606
<b>Earnings per share</b>				
Basic	\$ 1.03	\$ 0.62	\$ 1.62	\$ 1.08
Diluted	\$ 1.02	\$ 0.62	\$ 1.60	\$ 1.07
<b>Weighted average number of shares outstanding</b>				
Basic	82,586,778	82,024,236	82,542,927	82,019,838
Diluted	83,462,230	82,468,858	83,332,327	82,483,651