

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

TORONTO, May 04, 2021 (GLOBE NEWSWIRE) -- Toromont Industries Ltd. (TSX: TIH) reported its financial results for the first quarter ended March 31, 2021.

<i>millions, except per share amounts</i>	Three months ended March 31		
	2021	2020	% change
Revenues	\$ 806.2	\$ 715.5	13%
Operating income	\$ 70.2	\$ 55.2	27%
Net earnings	\$ 48.0	\$ 37.4	28%
Basic earnings per share ("EPS")	\$ 0.58	\$ 0.46	26%

"Toromont's first quarter results reflect our people's unwavering commitment to meet our customer needs as we continue to navigate through a complex operating environment", stated Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group reported strong prime product deliveries, reflecting improved activity levels in the quarter. CIMCO revenues increased with good progress on its order backlog. Product support activity, particularly in the recreational markets, continues to reflect the impact of COVID restrictions. Operational efficiencies with continued focus on expense disciplines resulted in solid bottom line growth."

Highlights:

Consolidated results

- Revenues increased 13% in the quarter versus the same period last year where early COVID effects caused steep declines in the latter part of the quarter. This reflected improved activity levels in many areas and good execution from our teams. Product support revenues were 2% higher while rental revenues 11% lower compared to the similar quarter last year.
- Operating income⁽¹⁾ increased 27% on the higher revenues, coupled with relatively unchanged expense levels.
- Net earnings increased \$10.6 million or 28% in the quarter versus a year ago to \$48.0 million or \$0.58 EPS.
- Backlogs⁽¹⁾ were \$911.5 million at March 31, 2021, compared to \$567.0 million at March 31, 2020, reflecting strong bookings⁽¹⁾ in the Equipment Group over the last two quarters.

Equipment Group

- Revenues were up \$69.6 million or 11% to \$727.3 million for the quarter on strong equipment sales combined with product support growth. Weaker rental revenues were experienced on lower activity in most markets.
- Operating income was up \$14.7 million or 27% reflecting higher revenues against a relatively unchanged level of expenses.
- Bookings in the first quarter of \$686.1 million increased 103% reaching new highs. All sectors reported higher orders, most notably the mining and construction sector.
- Backlogs of \$736.0 million at the end of March 2021 were up \$382.9 million or 108% from the end of March 2020 across all sectors. Approximately 80% of the backlog is expected to be delivered this year.

CIMCO

- Revenues of \$78.9 million increased \$21.2 million or 37% compared to the first quarter last year with strong package revenues on continued progress against industrial orders booked in 2020.
- Operating income of \$0.4 million reflect higher package revenues, offset by lower gross margins reflective of a less favourable sales mix (higher package sales and lower product support).
- Bookings were \$37.9 million in the first quarter of 2021, compared to \$112.2 million in the similar period last year.

Several large industrial orders were received in Canada in the first quarter of 2020.

- Backlogs of \$175.5 million were down \$38.4 million or 18%, against a very strong level last year, as progress against order backlog continued. Approximately 90% of the backlog is estimated to be realized as revenue this year, however this is subject to construction site access and schedules.

Financial Position

- Toromont's share price of \$96.19 at the end of March 2021, translated to a market capitalization⁽¹⁾ of \$7.9 billion and a total enterprise value⁽¹⁾ of \$8.0 billion.
- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was 2% at the end March 2021, compared to 3% at the end of December 2020 and 18% at the end of March 2020.
- The Board of Directors increased the quarterly dividend by 12.9% or 4 cents per share, to 35 cents per common share. The next dividend is payable on July 5, 2021 to shareholders on record on June 9, 2021. Toromont has paid dividends every year since 1968 and this is the 32nd consecutive year of dividend increases.
- The Company's return on opening shareholders' equity⁽¹⁾ was 16.7% at the end of March 2021, on a trailing twelve-month basis, compared to 16.6% at the end of December 2020 and 21.2% at the end of March 2020. Trailing twelve month pre-tax return on capital employed⁽¹⁾ was 21.5% at the end of March 2021, compared to 20.4% at the end of December 2020 and 22.0% at the end of March 2020.

"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. We appreciate our entire team's incredible effort and on-going commitment to adapt to changes in the business environment," continued Mr. Medhurst. "Although we experienced improvement in market activity in the first quarter of 2021, a tone of caution still exists given the changing status of the pandemic and response. Our order backlog was healthy heading into 2021, and new order bookings in 2021 are supportive. 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."

Annual & Special Meeting of Shareholders

The Company will be holding its Annual & Special Meeting of Shareholders in a virtual-only format, via live audio webcast on Wednesday, May 5, 2021, at 10:00 a.m. (EDT). Shareholders and other interested parties can attend the Annual Shareholders' Meeting virtually by going to <https://web.lumiagm.com/485895139> (password "toromont2021"). The meeting will also be available via live audio webcast at www.toromont.com.

Interested parties will be required to register for the session and are therefore asked to connect to the webcast approximately 15 minutes before the start time. Questions may be submitted during the live webcast.

Financial and Operating Results

All comparative figures in this press release are for the first quarter ended March 31, 2021 compared to the first quarter ended March 31, 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 months ended March 31, 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 Wednesday, May 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 5325808. A replay of the conference call will be available until Wednesday, May 12, 2021 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 5909618.

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)

(\$ thousands, except share amounts)	Three months ended March 31	
	2021	2020
Revenues	\$ 806,238	\$ 715,459
Cost of goods sold	618,860	544,601

Gross profit	187,378	170,858
Selling and administrative expenses	117,162	115,617
Operating income	70,216	55,241
Interest expense	7,177	6,931
Interest and investment income	(2,004)	(2,726)
Income before income taxes	65,043	51,036
Income taxes	17,087	13,640
Net earnings	\$ 47,956	\$ 37,396
Earnings per share		
Basic	\$ 0.58	\$ 0.46
Diluted	\$ 0.58	\$ 0.45
Weighted average number of shares outstanding		
Basic	82,498,589	82,015,440
Diluted	83,248,997	82,548,816

See accompanying notes