

TOROMONT

For immediate release

TOROMONT ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2022 AND QUARTERLY DIVIDEND

Toronto, Ontario (July 26, 2022) - Toromont Industries Ltd. (TSX: TIH) reported its financial results for the second quarter ended June 30, 2022.

<i>millions, except per share amounts</i>	Three months ended June 30			Six months ended June 30		
	2022	2021	% change	2022	2021	% change
Revenues	\$ 1,080.9	\$ 1,127.1	(4%)	\$ 1,941.0	\$ 1,933.3	-
Operating income	\$ 156.5	\$ 122.5	28%	\$ 242.6	\$ 192.7	26%
Net earnings	\$ 111.7	\$ 85.4	31%	\$ 171.2	\$ 133.4	28%
Basic earnings per share ("EPS")	\$ 1.35	\$ 1.03	31%	\$ 2.08	\$ 1.62	28%

"We are pleased with our operating and financial performance. While end market activity levels remain solid, the persistent supply constraint pressures and inflation variables contributed to a fluid and complex operating environment," stated Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group reported good activity in rental and product support, while global supply chain challenges persist and continue to impact timing of equipment and parts deliveries. CIMCO revenues decreased in the quarter on timing of project construction schedules, against a strong comparable last year, while product support activity improved. Across the organization, there is continued attention to our operating disciplines, while working closely with our customers and stakeholders to manage through uncertain conditions."

Highlights:

Consolidated results

- Revenues decreased 4% in the quarter against a tough comparable. Revenues in 2021 benefited from timing of project construction activity, as well as accelerated purchasing by customers as COVID restrictions began to ease and reflecting historically high activity. Equipment sales were down 19% compared to prior year, with the Equipment Group down 16% and CIMCO package revenues down 38%, as both groups continue to experience delays in construction project schedules and deliveries due to supply chain constraints in the current year. Product support revenues were 14% higher on increased demand and technician headcount, with work-in-process levels remaining high, while rental revenues grew 19% on a larger fleet and higher utilization.
- Revenues on a year-to-date basis were largely unchanged at \$1.9 billion, as the improved activity in rentals (up 23%) and product support (up 12%) offset reductions in equipment and package revenues (down 12%) against a tough comparable last year, coupled with continuing supply chain issues in the current year.

- Operating income⁽¹⁾ increased 28% in the quarter on a favourable sales mix (higher percentage of rentals and product support revenues to total revenues) and improved gross margins. Expense levels were up slightly at 12.1% of revenue (11.7% in Q2 2021), reflecting continued cost focus in an inflationary environment, consistent with gradual business openings.
- Operating income increased 26% in the first half of 2022, and was 12.5% of revenues compared to 10.0% in the similar period last year, reflecting the continued favourable sales mix and improved gross margins, offset by a higher expense ratio.
- Net earnings increased \$26.3 million or 31% in the quarter versus a year ago to \$111.7 million or \$1.35 EPS.
- For the first half of the year, net earnings increased \$37.9 million or 28% to \$171.2 million, or \$2.08 EPS.
- Bookings⁽¹⁾ for the second quarter were 34% lower compared to last year and were 25% lower on a year-to-date basis. Both the Equipment Group and CIMCO reported strong bookings in 2021, after a period of lower activity stemming from COVID restrictions. Backlogs⁽¹⁾ were \$1.5 billion at June 30, 2022, compared to \$957.8 million at June 30, 2021, reflecting strong order activity over the past year coupled with ongoing supply constraints.

Equipment Group

- Revenues were down \$23.3 million or 2% to \$993.2 million for the quarter with lower equipment sales, offset by higher activity in both rental and product support, trending across most regions and markets.
- Revenues were up \$35.9 million or 2% to \$1.8 billion year-to-date with similar trends as the quarter.
- Operating income was up \$35.0 million or 30% for the second quarter, reflecting the favourable sales mix (higher proportion of rental and product support revenues to total revenues), coupled with improved gross margins.
- Operating income increased \$50.1 million or 27% to \$236.4 million year-to-date, on the same factors as noted for the quarter. Operating income margin increased 260 bps to 13.3%.
- Bookings in the second quarter were \$398.5 million, lower 37%. Year-to-date bookings were \$965.6 million, lower 27%. Strong mining and construction sector orders in the comparable periods last year make 2021 a stronger comparable.
- Backlogs of \$1.3 billion at the end of June 2022 were up \$481.3 million or 59% from the end of June 2021 across all sectors. Approximately 65% of the backlog is expected to be delivered this year, subject to timing of delivery of equipment from suppliers.

CIMCO

- Revenues of \$87.7 million decreased \$22.8 million or 21% compared to the second quarter last year with lower package revenues on construction schedules more than offsetting higher product support revenue (up 14%). The timing of construction schedules affects comparability of reported package revenues between periods, largely driven by the impact of pandemic restrictions and supply chain

constraints in both periods. Prior period benefited from higher package revenues as 2020 projects were deferred and completed in 2021; for the current period supply chain constraints have deferred some projects into the second half of the year.

- Revenues decreased \$28.2 million or 15% to \$161.2 million year-to-date on lower package revenues more than offsetting higher product support sales (up 23%). Recreational market activity has been stronger in the current year where pandemic restrictions have been eased after a prolonged period of time.
- Operating income of \$5.1 million decreased \$0.9 million (16%) for the quarter reflecting the lower revenues. Operating income margin improved to 5.8% of revenues mainly due to the higher product support sales mix and gross margins.
- Operating income was down \$0.2 million or 4% to \$6.2 million year-to-date, reflecting lower revenues, offset by a favourable sales mix and improved gross margins. Operating income margin increased to 3.9% (2021 – 3.4%) largely reflecting the favourable sales mix.
- Bookings were up 6% in both the second quarter (up \$2.8 million to \$48.9 million) and year-to-date (up \$4.7 million to \$88.7 million). Industrial orders were higher in both Canada and the US, while recreational orders were down mainly in Canada, offset by an increase in orders in the US.
- Backlogs of \$174.5 million were up \$27.0 million or 18%, as projects were deferred due to equipment and material delays caused by supply chain challenges. Approximately 95% of the backlog is estimated to be realized as revenue this year, however this is subject to construction schedules and potential changes stemming from supply chain constraints.

Financial Position

- Toromont's share price of \$104.08 at the end of June 2022, translated to a market capitalization⁽¹⁾ of \$8.6 billion and a total enterprise value⁽¹⁾ of \$8.4 billion.
- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was -7% at the end June 2022, compared to -16% at the end of December 2021 and -1% at the end of June 2021.
- The Board of Directors approved a quarterly dividend of \$0.39 cents per share, payable on October 4, 2022 to shareholders on record on September 8, 2022.
- The Company's return on equity⁽¹⁾ was 20.5% at the end of June 2022, on a trailing twelve-month basis, compared to 19.6% at the end of December 2021 and 19.0% at the end of June 2021. Trailing twelve month pre-tax return on capital employed⁽¹⁾ was 29.0% at the end of June 2022, compared to 26.6% at the end of December 2021 and 24.2% at the end of June 2021.
- During the quarter, the Company announced the planned retirement of Scott Medhurst, President and Chief Executive Officer. Mr. Medhurst intends to retire within the next 12 to 18 months after a successful 34 year career with Toromont, the last 10 years as President and CEO. In addition to providing a lengthy notice period, he has agreed to assist in the transition and act as an advisor to the new President and CEO. A special committee of the Board of Directors of Toromont has been struck to address an orderly transition.

"We are proud of our team as they remain committed to disciplined execution of our diverse operational model, adapting to changes in the business environment, while remaining focused on executing customer deliverables," noted Mr. Medhurst. "Activity remained sound with favourable backlog levels, but supply chains are challenged. This has restricted availability and is likely to result in delivery date extensions. Pandemic challenges remain and we continue to measure inflationary pressures and supply-demand dynamics as the economic environment continues to evolve and change. 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."

Financial and Operating Results

All comparative figures in this press release are for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021. All financial information presented in this press release has been prepared in accordance with International Financial Reporting Standards ("IFRS"), except as noted below, 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, 2022, 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 2021 Annual Report and 2022 Annual Information Form, which are 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, July 27, 2022 at 8:00 a.m. (EDT). The call may be accessed by telephone at 1-800-898-3989 (toll free) or 416-406-0743 (Toronto area) and quoting participant passcode 5218340. A replay of the conference call will be available until Wednesday, August 3, 2022 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 1861147.

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

Non-GAAP and Other Financial Measures

Management believes that providing certain non-GAAP and other financial measures provides users of the Company's unaudited interim condensed consolidated financial statements and MD&A 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 (where available), 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 and other financial measures used by management do not have any standardized meaning prescribed by IFRS and are therefore may not be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for GAAP measures as determined in accordance with IFRS.

Management also uses key performance indicators to enable consistent measurement of performance across the organization. These KPIs are non-GAAP financial measures, do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Gross Profit / Gross Profit Margin

Gross Profit is defined as total revenues less cost of goods sold.
Gross Profit Margin is defined as gross profit divided by total revenues.

Operating Income / Operating Income Margin

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	
	2022	2021	2022	2021
Net earnings	\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
<i>plus:</i> Interest expense	6,857	7,002	13,543	14,179
<i>less:</i> Interest and investment income	(3,888)	(2,260)	(6,505)	(4,264)
<i>plus:</i> Income taxes	41,833	32,366	64,355	49,453
Operating income	\$ 156,483	\$ 122,508	\$ 242,606	\$ 192,724
Total Revenues	1,080,897	1,127,066	1,941,040	1,933,304
Operating income margin	14.5%	10.9%	12.5%	10.0%

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:

<i>(\$ thousands)</i>	June 30 2022	December 31 2021	June 30 2021
Long-term debt	\$ 646,699	\$ 646,337	\$ 646,867
less: Cash	778,800	916,830	660,771
Net debt	(132,101)	(270,493)	(13,904)
Shareholders' equity	2,067,767	1,953,329	1,833,640
Total capitalization	\$ 1,935,666	\$ 1,682,836	\$ 1,819,736
Net debt to total capitalization	-7%	-16%	-1%
Net debt to equity	-0.06:1	-0.14:1	-0.01:1

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 common shares by the total number of common shares outstanding.

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 2022	December 31 2021	June 30 2021
Outstanding common shares	82,205,023	82,443,968	82,655,063
times: Ending share price	\$ 104.08	\$ 114.36	\$ 108.00
Market capitalization	\$ 8,555,899	\$ 9,428,292	\$ 8,926,747
Long-term debt	\$ 646,699	\$ 646,337	\$ 646,867
less: Cash	778,800	916,830	660,771
Net debt	\$ (132,101)	\$ (270,493)	\$ (13,904)
Total enterprise value	\$ 8,423,798	\$ 9,157,799	\$ 8,912,843

Order Bookings and Backlogs

Order bookings represent the retail value of firm equipment or project orders received during a period. Backlogs are defined as the retail value of equipment units ordered by customers with future delivery, and the remaining retail value of package/project orders remaining to be recognized in revenues under the percentage of completion method. Management uses order backlog as a measure of projecting future equipment and project 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 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, also referred to as total capitalization.

(\$ thousands)	Trailing twelve months ended		
	June 30 2022	December 31 2021	June 30 2021
Net earnings	\$ 370,567	\$ 332,710	\$ 299,664
<i>plus:</i> Interest expense	27,525	28,161	29,339
<i>less:</i> Interest and investment income	(11,268)	(9,027)	(9,057)
<i>plus:</i> Interest income - rental conversions	3,251	2,635	3,633
<i>plus:</i> Income taxes	138,995	124,093	112,837
Adjusted net earnings	\$ 529,070	\$ 478,572	\$ 436,416
Average capital employed	\$ 1,826,669	\$ 1,796,703	\$ 1,800,007
Return on capital employed	29.0%	26.6%	24.2%

Return on Equity ("ROE")

ROE is monitored to assess the profitability of the consolidated company and is calculated by dividing net earnings by opening shareholders' equity (adjusted for both shares issued and shares repurchased and cancelled during the period).

(\$ thousands)	Trailing twelve months ended		
	June 30 2022	December 31 2021	June 30 2021
Net earnings	\$ 370,567	\$ 332,710	\$ 299,664
Opening shareholders' equity (net of adjustments)	\$ 1,805,337	\$ 1,695,008	\$ 1,573,428
Return on equity	20.5%	19.6%	19.0%

Advisory

Information in this press release that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this press release reflects current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct. This press release also contains forward-looking statements about the recently acquired businesses.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; inflationary pressures; 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 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 to make contributions or other payments in respect of registered defined benefit pension plans or postemployment benefit plans 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 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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FOOTNOTE

- 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 CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(\$ thousands, except share amounts)	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Revenues	\$ 1,080,897	\$ 1,127,066	\$ 1,941,040	\$ 1,933,304
Cost of goods sold	793,886	872,360	1,440,522	1,491,220
Gross profit	287,011	254,706	500,518	442,084
Selling and administrative expenses	130,528	132,198	257,912	249,360
Operating income	156,483	122,508	242,606	192,724
Interest expense	6,857	7,002	13,543	14,179
Interest and investment income	(3,888)	(2,260)	(6,505)	(4,264)
Income before income taxes	153,514	117,766	235,568	182,809
Income taxes	41,833	32,366	64,355	49,453
Net earnings	\$ 111,681	\$ 85,400	\$ 171,213	\$ 133,356
Earnings per share				
Basic	\$ 1.35	\$ 1.03	\$ 2.08	\$ 1.62
Diluted	\$ 1.34	\$ 1.02	\$ 2.06	\$ 1.60
Weighted average number of shares outstanding				
Basic	82,433,458	82,586,778	82,449,900	82,542,927
Diluted	83,194,100	83,462,230	83,214,434	83,332,327