

TOROMONT

For immediate release

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

Toronto, Ontario (April 27, 2022) - Toromont Industries Ltd. (TSX: TIH) reported its financial results for the first quarter ended March 31, 2022.

<i>millions, except per share amounts</i>	Three months ended March 31		
	2022	2021	% change
Revenues	\$ 860.1	\$ 806.2	7%
Operating income	\$ 86.1	\$ 70.2	23%
Net earnings	\$ 59.5	\$ 48.0	24%
Basic earnings per share ("EPS")	\$ 0.72	\$ 0.58	24%

"We are pleased with our operating performance and financial results, through a challenging business environment. While end market activity levels remained solid as pandemic restrictions eased in some markets, persistent supply constraint pressures and inflation contribute to a fluid, complex and uncertain 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 deliveries. CIMCO revenues decreased in the quarter on timing of project construction schedules, while product support activity improved. Across the organization, we are continuing to leverage the learnings from the past year and maintain our operating disciplines, while incorporating new ways to do business with uncertain conditions."

Highlights:

Consolidated results

- Revenues increased 7% in the quarter versus the same period last year reflecting solid activity levels in most areas and good execution from our teams. Product support revenues were 10% higher on increased demand and technician headcount, while rental revenues grew 29% on a larger fleet and higher utilization. Equipment sales were relatively unchanged compared to prior year with Equipment Group growth of 4% largely offset by weaker CIMCO package revenues down 7%, as construction projects schedules and deliveries in both cases were deferred due to supply chain constraints.
- Operating income⁽¹⁾ increased 23% on higher revenues and gross margins. Expense levels were up slightly at 14.8% of revenue, reflecting continued cost focus in an inflationary environment, consistent with gradual business openings.
- Net earnings increased \$11.6 million or 24% in the quarter versus a year ago to \$59.5 million or \$0.72 EPS.

- Bookings⁽¹⁾ were 16% lower compared to the similar period last year. The Equipment Group received several large construction and mining orders in the first quarter of 2021. Backlogs⁽¹⁾ were \$1.5 billion at March 31, 2022, compared to \$911.5 million at March 31, 2021, reflecting strong order activity and supply constraints through the latter part of 2021.

Equipment Group

- Revenues were up \$59.2 million or 8% to \$786.6 million for the quarter with higher activity in both rental, used equipment and product support, combined with moderate new equipment sales across most regions.
- Operating income was up \$15.2 million or 22% reflecting higher revenues and gross margins.
- Bookings in the first quarter of \$567.1 million were down 17% against strong mining and construction sector orders in the comparable period last year.
- Backlogs of \$1.3 billion at the end of March 2022 were up \$624.3 million or 85% from the end of March 2021, reflecting healthy order levels in the latter part of 2021. Approximately 80% of the backlog is expected to be delivered this year, subject to receipt of equipment from suppliers.

CIMCO

- Revenues of \$73.5 million decreased \$5.3 million or 7% compared to the first quarter last year with lower package revenues on construction schedules largely offset by higher product support revenue.
- Operating income of \$1.2 million increased \$0.8 million for the quarter reflecting the higher product support sales and gross margins along with the favourable sales mix of product support sales to total revenue.
- Bookings were up \$2.0 million or 5% to \$39.8 million in the first quarter of 2022. 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 \$169.6 million were down \$5.9 million or 3%, as progress against order backlog continued. Industrial backlog was down in both Canada and the US, whereas recreational backlog was up in both Canada and the US. Substantially all 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 \$118.51 at the end of March 2022, translated to a market capitalization⁽¹⁾ of \$9.8 billion and a total enterprise value⁽¹⁾ of \$9.6 billion.
- The Company maintained a very strong financial position. Leverage as represented by the net debt to total capitalization⁽¹⁾ ratio was -8% at the end March 2022, compared to -16% at the end of December 2021 and 2% at the end of March 2021.

- The Board of Directors approved a quarterly dividend of \$0.39 cents per share, payable on July 5, 2022 to shareholders on record on June 9, 2022.
- The Company's return on opening shareholders' equity⁽¹⁾ was 19.7% at the end of March 2022, on a trailing twelve-month basis, compared to 19.6% at the end of December 2021 and 16.7% at the end of March 2021. Trailing twelve month pre-tax return on capital employed⁽¹⁾ was 27.4% at the end of March 2022, compared to 26.6% at the end of December 2020 and 21.5% at the end of March 2021.

"We value our team's on-going commitment to adapt to changes in the business environment and focus 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 issues remain and we continue to monitor inflationary pressures and supply-demand dynamics as the economic environment changes. 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."

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 Thursday, April 28, 2022, 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/491229447> (password "toromont2022"). The meeting will also be available via live audio webcast at www.toromont.com.

Financial and Operating Results

All comparative figures in this press release are for the first quarter ended March 31, 2022 compared to the first quarter ended March 31, 2021. 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, 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 Thursday, April 28, 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 6779159. A replay of the conference call will be available until Thursday, May 6, 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 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 March 31	
	2022	2021
Net earnings	\$ 59,532	\$ 47,956
<i>plus:</i> Interest expense	6,686	7,177
<i>less:</i> Interest and investment income	(2,617)	(2,004)
<i>plus:</i> Income taxes	22,522	17,087
Operating income	\$ 86,123	\$ 70,216
Total Revenues	860,143	806,238
Operating income margin	10.0%	8.7%

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>	March 31 2022	December 31 2021	March 31 2021
Long-term debt	\$ 646,518	\$ 646,337	\$ 646,616
less: Cash	795,731	916,830	613,942
Net debt	(149,213)	(270,493)	32,674
Shareholders' equity	1,998,258	1,953,329	1,759,631
Total capitalization	\$ 1,849,045	\$ 1,682,836	\$ 1,792,305
Net debt to total capitalization	-8%	-16%	2%
Net debt to equity	-0.07:1	-0.14:1	0.02:1

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>	March 31 2022	December 31 2021	March 31 2021
Outstanding common shares	82,522,223	82,443,968	82,542,168
times: Ending share price	\$ 118.51	\$ 114.36	\$ 96.19
Market capitalization	\$ 9,779,709	\$ 9,428,292	\$ 7,939,731
Long-term debt	\$ 646,518	\$ 646,337	\$ 646,616
less: Cash	795,731	916,830	613,942
Net debt	(149,213)	(270,493)	\$ 32,674
Total enterprise value	\$ 9,630,496	\$ 9,157,799	\$ 7,972,405

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

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.

	Trailing twelve months ended		
	March 31 2022	December 31 2021	March 31 2021
<i>(\$ thousands)</i>			
Net earnings	\$ 344,286	\$ 332,710	\$ 265,475
<i>plus:</i> Interest expense	27,670	28,161	30,227
<i>less:</i> Interest and investment income	(9,641)	(9,027)	(8,361)
<i>plus:</i> Interest income - rental conversions	2,624	2,635	3,529
<i>plus:</i> Income taxes	129,528	124,093	100,068
Adjusted net earnings	\$ 494,467	\$ 478,572	\$ 390,938
Average capital employed	\$ 1,801,398	\$ 1,796,703	\$ 1,817,866
Return on capital employed	27.4%	26.6%	21.5%

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		
	March 31 2022	December 31 2021	March 31 2021
Net earnings	\$ 344,286	\$ 332,710	\$ 265,475
Opening shareholders' equity (net of adjustments)	\$ 1,746,111	\$ 1,695,008	\$ 1,587,570
Return on equity	19.7%	19.6%	16.7%

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; 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.

For more information contact:

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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	
	2022	2021
Revenues	\$ 860,143	\$ 806,238
Cost of goods sold	646,636	618,860
Gross profit	213,507	187,378
Selling and administrative expenses	127,384	117,162
Operating income	86,123	70,216
Interest expense	6,686	7,177
Interest and investment income	(2,617)	(2,004)
Income before income taxes	82,054	65,043
Income taxes	22,522	17,087
Net earnings	\$ 59,532	\$ 47,956
Earnings per share		
Basic	\$ 0.72	\$ 0.58
Diluted	\$ 0.72	\$ 0.58
Weighted average number of shares outstanding		
Basic	82,466,525	82,498,589
Diluted	83,257,204	83,248,997