

# TOROMONT

For immediate release

## TOROMONT ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2023 AND QUARTERLY DIVIDEND

Toronto, Ontario (October 30, 2023) – Toromont Industries Ltd. (TSX: TIH) today reported its financial results for the third quarter ended September 30, 2023.

| (\$ millions, except per share amounts) | Three months ended September 30 |            |          | Nine months ended September 30 |            |          |
|---|---------------------------------|------------|----------|--------------------------------|------------|----------|
|   | 2023                            | 2022       | % change | 2023                           | 2022       | % change |
| Revenue                                 | \$ 1,174.0                      | \$ 1,086.5 | 8 %      | \$ 3,395.4                     | \$ 2,986.8 | 14 %     |
| Operating income                        | \$ 193.1                        | \$ 165.7   | 17 %     | \$ 499.7                       | \$ 408.7   | 22 %     |
| Net earnings                            | \$ 145.6                        | \$ 123.1   | 18 %     | \$ 380.7                       | \$ 294.3   | 29 %     |
| Basic earnings per share ("EPS")        | 1.77                            | 1.50       | 18 %     | 4.63                           | 3.57       | 30 %     |

"We are pleased with the operating and financial performance through the first nine months of the year," stated Michael S. McMillan, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group executed well, delivering against the opening order backlog in line with customer schedules and improvement in inventory flow, coupled with good growth in rental and product support activity, as well as a continued focus on expense control. CIMCO revenue and bottom line improved in the quarter on good execution and higher product support activity. Across the organization, we continue to navigate through uncertain economic conditions and remain committed to our operating disciplines, driving our after-market strategies and delivering customer solutions."

### HIGHLIGHTS:

#### Consolidated Results

- Revenue increased \$87.5 million or 8% in the third quarter compared to the similar period last year, with higher revenues in both groups. Equipment Group was up 7% in the quarter on higher equipment sales (up 7%), product support revenues (up 7%) and rental activity (up 11%). CIMCO revenue increased 15%, with progress on package sales (up 2%) and strong product support growth (up 29%).
- Revenue increased \$408.5 million (14%) to \$3.4 billion for the year-to-date period. Revenue increased in both groups, with the Equipment Group up 13% and CIMCO up 17% year-to-date, on similar trends as noted for the quarter.

- Operating income<sup>(1)</sup> increased 17% in the quarter reflecting the higher revenue and gross margins, along with the lower relative expense ratio. Operating income as a percentage of sales increased to 16.4% from 15.3% in the prior year.
- Operating income increased 22% in the year-to-date period, and was 14.7% of revenue compared to 13.7% in the similar period last year, reflecting similar trends as noted for the quarter.
- Net earnings from continuing operations increased \$25.1 million or 21% in the quarter versus a year ago to \$145.6 million or \$1.77 EPS (basic) and \$1.76 EPS (fully diluted).
- For the year-to-date period, net earnings from continuing operations increased \$83.2 million or 29% to \$375.1 million, or \$4.56 EPS (basic) and \$4.52 EPS (fully diluted).
- Bookings<sup>(1)</sup> for the third quarter decreased 5% compared to last year and increased 5% on a year-to-date basis. The Equipment Group reported lower bookings during the quarter (down 10%), after a strong start to the year and given the uncertain economic conditions. CIMCO reported increased bookings (up 18%) on good demand for our products and services. Year-to-date both groups reported increased bookings, with the Equipment Group up 4% and CIMCO up 17%.
- Backlog<sup>(1)</sup> was \$1.2 billion as at September 30, 2023, compared to \$1.4 billion as at September 30, 2022, reflecting good order intake, progress on construction and delivery schedules as well as some improvement in equipment flow through the supply chain.

## **Equipment Group**

- Revenue was up \$73.2 million or 7% to \$1.1 billion for the quarter. Equipment sales (up 7%) improved across most markets. New equipment sales increased 5% on delivery against the opening order backlog, reflecting improving equipment availability and customer delivery schedules. Rental revenue continued to grow on higher market activity, good execution and an expanded heavy and light equipment fleet. Product support saw strong activity, with increases in both parts and service, reflecting good demand and increased technician levels.
- Revenue was up \$364.7 million or 13% to \$3.1 billion for the year-to-date period, across most geographical markets and revenue streams, with similar trends as noted for the quarter.
- Operating income increased \$21.1 million or 13% in the third quarter, reflecting the higher revenue and gross margins.
- Operating income increased \$76.2 million or 19% to \$472.3 million in the year-to-date period, reflecting the higher revenue and gross margins. Operating income margin increased 80 bps to 15.3%, with a lower relative expense level.

- Bookings in the third quarter were \$322.8 million, a decrease of 10%, after a stronger start to the year. Bookings in the first nine months of 2023 were \$1.3 billion, an increase of 4% from the prior year, with good activity in Mining. Construction market remains cautious given current business and economic factors which continue to override normal seasonality.
- Backlog of \$1.0 billion at the end of September 2023 was down \$190.3 million or 16% from the end of September 2022, reflecting improving equipment delivery from manufacturers as well as planned deliveries against customer orders.

## **CIMCO**

- Revenue increased \$14.3 million or 15% compared to the third quarter last year, with slightly higher package revenue (up 2%) on the progression of construction schedules, coupled with higher product support revenue (up 29%) on good market activity.
- Revenue increased \$43.8 million or 17% to \$299.1 million for the year-to-date period on higher package revenue (up 15%), mainly lead by an increase in the industrial market, offset by lower recreational market activity compared to the same period last year. Product support sales also increased (up 20%) on higher activity in both Canada and the US. The timing of construction schedules continues to be somewhat impacted by supply chain constraints, affecting the comparability of reported package revenue between periods.
- Operating income increased \$6.3 million or 100% for the quarter on higher revenue and higher gross margins, partly offset by higher selling and administrative expenses in support of the increased activity levels.
- Operating income was up \$14.8 million or 118% to \$27.4 million for the year-to-date period, for similar reasons as the quarter. Operating income margin increased to 9.1% (2022 was 4.9%) reflecting higher gross margins and lower relative expense levels.
- Bookings increased 18% in the third quarter to \$86.0 million, and increased 17% for the year-to-date period to \$189.7 million. Booking activity can be variable from quarter to quarter based on customer schedules.
- Backlog of \$245.3 million at September 30, 2023 was up \$42.7 million or 21% from last year, reflecting good order intake, and some deferral or delay in construction schedules resulting from supply chain constraints.

## **Financial Position**

- Toromont's share price of \$110.62 at the end of September 2023, translated to market capitalization<sup>(1)</sup> of \$9.1 billion and total enterprise value<sup>(1)</sup> of \$9.0 billion.
- The Company maintained a strong financial position. Leverage as represented by the net debt to total capitalization<sup>(1)</sup> ratio was -7% at the end of September 2023, compared to -14% at the end of December 2022 and -6% at the end of September 2022. The change in the ratio reflects significant investments made in working capital and capital assets in order to support current and future activity levels.

- The Company purchased 238,000 common shares for \$25.0 million in the nine-month period ended September 30, 2023 (473,100 common shares for \$48.5 million for the comparative period). The Company renewed its Normal Course Issuer Bid in September 2023.
- The Board of Directors approved a quarterly dividend of \$0.43 cents per share, payable on January 4, 2024 to shareholders on record on December 8, 2023.
- The Company's return on equity<sup>(1)</sup> was 24.3% at the end of September 2023, on a trailing twelve-month basis, compared to 23.3% at the end of December 2022 and 21.5% at the end of September 2022. Trailing twelve month pre-tax return on capital employed<sup>(1)</sup> was 31.5% at the end of September 2023, compared to 32.5% at the end of December 2022 and 30.4% at the end of September 2022.

"We are mindful of the uncertain economic environment and continue to monitor key metrics and supply-dynamics," continued Mr. McMillan. "We have seen some softening in demand for equipment in construction markets after a period of strong growth. We will continue to follow our disciplined approach, working our operational model while delivering results for our customers, suppliers and employees. While focused on managing discretionary spend, we continue to recruit technicians, to support our critical after-market service strategies and value-added product offering over the long term."

## **FINANCIAL AND OPERATING RESULTS**

All comparative figures in this press release are for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022. 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 nine months ended September 30, 2023, 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 2022 Annual Report and 2023 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 Tuesday, October 31, 2023 at 8:00 a.m. (EDT). The call may be accessed by telephone at 888-664-6383 (North American toll free) or 416-764-8650 (Toronto area) and quoting participant passcode 38920463. A replay of the conference call will be available until Tuesday, November 7, 2023 by calling 1-888-390-0541 (North

American toll free) or 416-764-8677 (Toronto area) and quoting passcode 920463. The live webcast 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.

## **NON-GAAP AND OTHER FINANCIAL MEASURES**

Management believes that providing certain non-GAAP 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 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.

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 revenue less cost of goods sold.

Gross Profit Margin is defined as gross profit (defined above) divided by total revenue.

### **Operating Income / Operating Income Margin**

Operating income is defined as net income from continuing operations 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.

Operating income margin is defined as operating income (defined above) divided by total revenue.

| (\$ thousands)                              | Three months ended |                   | Nine months ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | September 30       |                   | September 30      |                   |
|   | 2023               | 2022              | 2023              | 2022              |
| Net income from continuing operations       | \$ 145,619         | \$ 120,555        | \$ 375,055        | \$ 291,833        |
| <i>plus:</i> Interest expense               | 7,053              | 7,007             | 20,976            | 20,547            |
| <i>less:</i> Interest and investment income | (11,747)           | (6,790)           | (32,850)          | (13,065)          |
| <i>plus:</i> Income taxes                   | 52,161             | 44,923            | 136,492           | 109,369           |
| <b>Operating income</b>                     | <b>\$ 193,086</b>  | <b>\$ 165,695</b> | <b>\$ 499,673</b> | <b>\$ 408,684</b> |
| Total revenue                               | \$ 1,174,045       | \$ 1,086,507      | \$ 3,395,364      | \$ 2,986,819      |
| <b>Operating income margin</b>              | <b>16.4%</b>       | <b>15.3%</b>      | <b>14.7%</b>      | <b>13.7%</b>      |

### 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 and cash equivalents. Total capitalization is calculated as shareholders' equity plus net debt.

The calculations are as follows:

| (\$ thousands)                          | September 30<br>2023 | December 31<br>2022 | September 30<br>2022 |
|---|----------------------|---------------------|----------------------|
| Long-term debt                          | \$ 647,603           | \$ 647,060          | \$ 646,879           |
| <i>less:</i> Cash and cash equivalents  | 807,418              | 927,780             | 770,944              |
| Net debt                                | (159,815)            | (280,720)           | (124,065)            |
| Shareholders' equity                    | 2,610,765            | 2,325,359           | 2,204,889            |
| <b>Total capitalization</b>             | <b>\$ 2,450,950</b>  | <b>\$ 2,044,639</b> | <b>\$ 2,080,824</b>  |
| <b>Net debt to total capitalization</b> | <b>(7)%</b>          | <b>(14)%</b>        | <b>(6)%</b>          |
| <b>Net debt to equity</b>               | <b>(0.06):1</b>      | <b>(0.12):1</b>     | <b>(0.06):1</b>      |

### Market Capitalization & Total Enterprise Value

Market capitalization represents the total market value of the Company's equity. It is calculated by multiplying the closing share 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 debt/net debt (defined above) to market capitalization.

The calculations are as follows:

| <i>(\$ thousands, except for shares and share price)</i> | <b>September 30<br/>2023</b> | December 31<br>2022 | September 30<br>2022 |
|--|------------------------------|---------------------|----------------------|
| Outstanding common shares                                | <b>82,352,479</b>            | 82,318,159          | 82,246,807           |
| <i>times: Ending share price</i>                         | <b>\$ 110.62</b>             | \$ 97.71            | \$ 96.16             |
| <b>Market capitalization</b>                             | <b>\$ 9,109,831</b>          | \$ 8,043,307        | \$ 7,908,853         |
| Long-term debt   | <b>\$ 647,603</b>            | \$ 647,060          | \$ 646,879           |
| <i>less: Cash and cash equivalents</i>                   | <b>807,418</b>               | 927,780             | 770,944              |
| <b>Net debt</b>  | <b>\$ (159,815)</b>          | \$ (280,720)        | \$ (124,065)         |
| <b>Total enterprise value</b>                            | <b>\$ 8,950,016</b>          | \$ 7,762,587        | \$ 7,784,788         |

### Order Bookings and Backlog

Order bookings represent the retail value of firm equipment or project orders received during a period. Backlog is 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 revenue 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 from continuing operations 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, adjusted for discontinued operations.

| (\$ thousands)                                    | Trailing twelve months ended |                     |                      |
|---|------------------------------|---------------------|----------------------|
|   | September 30<br>2023         | December 31<br>2022 | September 30<br>2022 |
| Net earnings from continuing operations           | \$ 533,322                   | \$ 450,096          | \$ 397,365           |
| <i>plus:</i> Interest expense                     | 27,760                       | 27,331              | 27,433               |
| <i>less:</i> Interest and investment income       | (41,502)                     | (21,717)            | (15,775)             |
| <i>plus:</i> Interest income – rental conversions | 3,591                        | 4,760               | 4,502                |
| <i>plus:</i> Income taxes                         | 190,507                      | 163,388             | 148,327              |
| Adjusted net earnings                             | \$ 713,678                   | \$ 623,858          | \$ 561,852           |
| Average capital employed                          | \$ 2,268,512                 | \$ 1,917,644        | \$ 1,846,523         |
| <b>Return on capital employed</b>                 | <b>31.5%</b>                 | <b>32.5%</b>        | <b>30.4%</b>         |

## Return on Equity ("ROE")

ROE is monitored to assess profitability and is calculated by dividing net earnings from continuing operations by opening shareholders' equity (adjusted for shares issued and shares repurchased and cancelled during the period), both calculated on a trailing twelve month period.

| (\$ thousands)                                    | Trailing twelve months ended |                     |                      |
|---|------------------------------|---------------------|----------------------|
|   | September 30<br>2023         | December 31<br>2022 | September 30<br>2022 |
| Net earnings from continuing operations           | \$ 533,322                   | \$ 450,096          | \$ 397,365           |
| Opening shareholder's equity (net of adjustments) | \$ 2,191,616                 | \$ 1,935,365        | \$ 1,845,257         |
| <b>Return on equity</b>                           | <b>24.3%</b>                 | <b>23.3%</b>        | <b>21.5%</b>         |

## 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", "would", "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.

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 COVID-19 or a potential new world health issue; 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, including reduction or disruption in supply or demand for our products stemming from external factors; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability and cost of financing; level and volatility of price and liquidity of Toromont's common shares; potential environmental liabilities and changes to environmental regulation; information technology failures, including data or cybersecurity breaches; failure to attract and retain key employees as well as the general workforce; 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; increased insurance premiums; and risk related to integration of acquired operations including cost of integration and ability to achieve the expected benefits. 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 and Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Equipment Group includes industry-leading rental operations and a complementary material handling 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).

For more information contact:

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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 CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

|  | Three months ended |              | Nine months ended |              |
|--|--------------------|--------------|-------------------|--------------|
|  | September 30       |              | September 30      |              |
| (\$ thousands, except share amount)                  | 2023               | 2022         | 2023              | 2022         |
| <b>Revenue</b>                                       | \$ 1,174,045       | \$ 1,086,507 | \$ 3,395,364      | \$ 2,986,819 |
| Cost of goods sold                                   | 838,545            | 784,533      | 2,479,418         | 2,187,982    |
| Gross profit   | 335,500            | 301,974      | 915,946           | 798,837      |
| Selling and administrative expenses                  | 142,414            | 136,279      | 416,273           | 390,153      |
| <b>Operating income</b>                              | <b>193,086</b>     | 165,695      | <b>499,673</b>    | 408,684      |
| Interest expense                                     | 7,053              | 7,007        | 20,976            | 20,547       |
| Interest and investment income                       | (11,747)           | (6,790)      | (32,850)          | (13,065)     |
| Income before income taxes                           | 197,780            | 165,478      | 511,547           | 401,202      |
| Income taxes   | 52,161             | 44,923       | 136,492           | 109,369      |
| <b>Income from continuing operations</b>             | <b>145,619</b>     | 120,555      | <b>375,055</b>    | 291,833      |
| Income from discontinued operations                  | —                  | 2,568        | 5,605             | 2,503        |
| <b>Net earnings</b>                                  | <b>\$ 145,619</b>  | \$ 123,123   | <b>\$ 380,660</b> | \$ 294,336   |
| <b>Basic earnings per share</b>                      |                    |              |                   |              |
| Continuing operations                                | \$ 1.77            | \$ 1.47      | \$ 4.56           | \$ 3.54      |
| Discontinued operations                              | \$ —               | \$ 0.03      | \$ 0.07           | \$ 0.03      |
|  | \$ 1.77            | \$ 1.50      | \$ 4.63           | \$ 3.57      |
| <b>Diluted earnings per share</b>                    |                    |              |                   |              |
| Continuing operations                                | \$ 1.76            | \$ 1.46      | \$ 4.52           | \$ 3.51      |
| Discontinued operations                              | \$ —               | \$ 0.03      | \$ 0.07           | \$ 0.03      |
|  | \$ 1.76            | \$ 1.49      | \$ 4.59           | \$ 3.54      |
| <b>Weighted average number of shares outstanding</b> |                    |              |                   |              |
| Basic  | 82,281,891         | 82,182,632   | 82,302,881        | 82,359,832   |
| Diluted  | 82,923,627         | 82,810,246   | 82,909,989        | 83,039,302   |