

# TOROMONT

For immediate release

## TOROMONT ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2024 AND QUARTERLY DIVIDEND

Toronto, Ontario (July 30, 2024) – Toromont Industries Ltd. (TSX: TIH) today reported its financial results for the second quarter ended June 30, 2024.

(\$ millions, except per share amounts)	Three months ended June 30			Six months ended June 30		
	2024	2023	% change	2024	2023	% change
Revenue	\$ 1,359.9	\$ 1,175.0	16 %	\$ 2,376.2	\$ 2,221.3	7 %
Operating income	\$ 177.5	\$ 178.8	(1)%	\$ 284.1	\$ 306.6	(7)%
Net earnings	\$ 135.4	\$ 139.0	(3)%	\$ 219.3	\$ 235.0	(7)%
Basic earnings per share ("EPS")	\$ 1.65	\$ 1.69	(2)%	\$ 2.67	\$ 2.86	(7)%
<b>Continuing operations:</b>						
Net earnings	\$ 135.4	\$ 133.3	2 %	\$ 219.3	\$ 229.4	(4)%
Basic earnings per share ("EPS")	\$ 1.65	\$ 1.62	2 %	\$ 2.67	\$ 2.79	(4)%

"Results for the second quarter of 2024 improved on a continuing operations basis and are reflective of more normalized supply when compared to the market factors we experienced last year," stated Michael S. McMillan, President and Chief Executive Officer of Toromont Industries Ltd. "The Equipment Group executed well. Revenue increased year over year with solid deliveries against opening order backlog. Rental markets continued to ease, however product support activity levels remain healthy. CIMCO revenue and bottom line improved on good execution and higher product support activity. Across the organization, we remain focused on our long-term investment strategies and our operating disciplines, driving our after-market strategies and delivering customer solutions."

### HIGHLIGHTS:

#### Consolidated Results

- Revenue increased \$184.9 million or 16% in the second quarter compared to the similar period last year, with higher revenue in both groups with Equipment Group up 15% and CIMCO up 19%. Higher revenue in the Equipment Group resulted from solid equipment deliveries against order backlog. Product support revenue was healthy while rental revenue declined slightly on easing market conditions. CIMCO's growth reflects good package and product support activity levels. Our increasing technician labour workforce continues to support our long-term growth objectives.

- Revenue increased \$154.9 million (up 7%) to \$2.4 billion for the year-to-date period. Revenue increased in the Equipment Group 7% and increased at CIMCO 11% compared to the second quarter of 2023.
- Operating income<sup>(1)</sup> decreased 1% in the quarter, as the higher revenue was more than offset by lower gross margins and higher expense levels. Operating income as a percentage of sales decreased to 13.1% from 15.2% in the prior year, mainly reflecting the lower gross margins in the current period.
- Operating income decreased 7% in the year-to-date period, and was 12.0% of revenue compared to 13.8% in the similar period last year. The decrease in operating income reflects the higher revenue, more than offset by lower gross margins and higher expenses.
- Net earnings from continuing operations increased \$2.0 million or 2% in the quarter versus a year ago to \$135.4 million. EPS was \$1.65 (basic) and \$1.64 (fully diluted), both up 2% compared to the second quarter last year.
- For the year-to-date period, net earnings from continuing operations decreased \$10.2 million or 4% to \$219.3 million compared to the similar period last year. EPS was \$2.67 (basic) and \$2.65 (fully diluted), down 4% compared to last year.
- Bookings<sup>(1)</sup> for the second quarter decreased 13% compared to last year with lower bookings in both groups, reflective in part strong comparables last year. On a year-to-date basis, bookings increased 13% with both groups reporting higher bookings: Equipment Group up 11% and CIMCO up 31%, reflecting a strong start to the year.
- Backlog<sup>(1)</sup> of \$1.3 billion as at June 30, 2024, was similar to that reported at this time last year and up slightly from \$1.2 billion as at December 31, 2023. Backlog remains healthy, reflecting good order intake.

## **Equipment Group**

- Revenue was up \$165.5 million or 15% to \$1.2 billion for the quarter. New equipment sales increased 39%, with good activity in the mining and construction markets, coupled with improved deliveries on delayed customer schedules from earlier in the year. Rental revenue was somewhat dampened, particularly with respect to light equipment. Product support activity was healthy, with increases in both parts and service, reflecting good demand and continued growth of our technician workforce.
- Revenue was up \$133.2 million or 7% to \$2.2 billion for the year-to-date period. Equipment sales and product support activity were higher across most markets and product groups, partially offset by lower rental and power systems activity.
- Operating income decreased \$3.7 million or 2% in the second quarter, as the higher revenue was more than offset by lower gross margins (predominantly mix related) and higher expenses.

- Operating income decreased \$27.9 million or 10% to \$264.0 million in the year-to-date period, due to similar reasons as noted for the quarter. Operating income margin decreased to 12.2% versus 14.4% in the comparable period last year, primarily reflecting lower gross margins.
- Bookings in the second quarter were \$610.0 million, a decrease of 9%, versus a relatively strong comparable in 2023, which included several large mining and power systems orders. Year-to-date bookings were \$1.1 billion, an increase of 11% from the similar period last year. Construction markets were active with a continuing evolution towards more normalized supply dynamics. Mining was also strong with good orders received through the first half of the year. Power systems order activity was lower, in part reflecting a large project received last year. Both mining and power systems orders have more variability over time due to the nature of orders.
- Backlog of \$1.0 billion at the end of June 2024 was down \$76.0 million or 7% from the end of June 2023, reflecting deliveries against customer orders from the opening backlog, offset by good new bookings.

## **CIMCO**

- Revenue increased \$19.5 million or 19% compared to the second quarter last year. Package revenue was higher, up 25%, with good execution on package project construction. Product support revenue was strong, up 12%, reflecting good market activity in Canada, supported by the increased technician workforce.
- Revenue increased \$21.7 million or 11% to \$212.4 million for the year-to-date period on good product support activity, up 12%, with increases in both Canada and the US. Package revenue was up 11%.
- Operating income increased \$2.4 million or 25% for the quarter, as higher revenue and improved gross margins were partially offset by a higher relative expense levels.
- Operating income was up \$5.4 million or 37% to \$20.1 million for the year-to-date period, reflecting similar trends as the quarter. Operating income margin increased to 9.5% (2023 - 7.7%) reflecting higher gross margins on good execution.
- Bookings decreased 49% in the second quarter to \$32.6 million, however were 31% higher for the year-to-date period at \$135.7 million. For the first six months of the year, bookings were higher in both Canada, up 8%, and in the US, up 107%. Recreational bookings were 166% higher while industrial bookings were 15% lower. Booking activity can be variable over time based on customer decision making and construction schedules.
- Backlog of \$289.7 million at June 30, 2024 was up \$82.5 million or 40% from last year, with an increase in both markets. Industrial backlog increased 45%, with an increase in both Canada and in the US. Recreational backlog was up 34%, predominately reflecting a strong increase in Canada and a modest increase in the US.

## Financial Position

- Toromont's share price of \$121.13 at the end of June 2024, translated to market capitalization<sup>(1)</sup> of \$9.9 billion and total enterprise value<sup>(1)</sup> of \$9.8 billion.
- The Company maintained a strong financial position. Leverage as represented by the net debt to total capitalization<sup>(1)</sup> ratio was -6% at the end of June 2024, compared to -17% at the end of December 2023 and -4% at the end of June 2023. The change in ratio from this time last year reflects good cash flow, net of changes in working capital and capital expenditures.
- The Company purchased and cancelled 608,000 common shares (\$75.0 million) under the Normal Course Issuer Bid program in the six-months ended June 30, 2024. For the similar period last year, the Company purchased and cancelled 238,000 common shares (\$25.0 million).
- The Board of Directors approved a quarterly dividend of \$0.48 cents per share, payable on October 2, 2024 to shareholders on record on September 6, 2024.
- The Company's return on equity<sup>(1)</sup> was 21.0% at the end of June 2024, on a trailing twelve-month basis, compared to 23.1% at the end of December 2023 and 25.1% at the end of June 2023. Trailing twelve month pre-tax return on capital employed<sup>(1)</sup> was 27.9% at the end of June 2024, compared to 30.4% at the end of December 2023 and 32.2% at the end of June 2023.

"In the second quarter, construction and mining markets provided solid equipment ordering and product support activity," continued Mr. McMillan. "Although rental markets have eased through the first half of the year, we remain highly committed to this market for the longer term. CIMCO continues to perform well. We will maintain our focus on operating and financial disciplines to manage our cost structure, while we invest in capacity and capabilities to provide exceptional service to our customers today and in the future. This along with our strong financial position and order backlog position us well for the remainder of the year."

## FINANCIAL AND OPERATING RESULTS

All comparative figures in this press release are for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023. 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, 2024, which are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) 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 2023 Annual Report and 2024 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 31, 2024 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 66647187. A replay of the conference call will be available until Wednesday, August 7, 2024 by calling 1-888-390-0541 (North American toll free) or 416-764-8677 (Toronto area) and quoting passcode 118654. 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		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Net income from continuing operations	\$ 135,350	\$ 133,317	\$ 219,269	\$ 229,436
<i>plus:</i> Interest expense	7,044	7,019	14,038	13,923
<i>less:</i> Interest and investment income	(15,700)	(10,755)	(31,387)	(21,103)
<i>plus:</i> Income taxes	50,827	49,192	82,186	84,331
<b>Operating income</b>	<b>\$ 177,521</b>	<b>\$ 178,773</b>	<b>\$ 284,106</b>	<b>\$ 306,587</b>
Total revenue	\$ 1,359,869	\$ 1,174,956	\$ 2,376,218	\$ 2,221,319
<b>Operating income margin</b>	<b>13.1%</b>	<b>15.2%</b>	<b>12.0%</b>	<b>13.8%</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)	June 30 2024	December 31 2023	June 30 2023
Long-term debt	\$ 648,045	\$ 647,784	\$ 647,422
<i>less:</i> Cash and cash equivalents	803,832	1,040,757	733,999
Net debt	(155,787)	(392,973)	(86,577)
Shareholders' equity	2,812,849	2,683,852	2,468,323
<b>Total capitalization</b>	<b>\$ 2,657,062</b>	<b>\$ 2,290,879</b>	<b>\$ 2,381,746</b>
<b>Net debt to total capitalization</b>	<b>(6)%</b>	<b>(17)%</b>	<b>(4)%</b>
<b>Net debt to equity</b>	<b>(0.06):1</b>	<b>(0.15):1</b>	<b>(0.04):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:

	June 30 2024	December 31 2023	June 30 2023
<i>(\$ thousands, except for shares and share price)</i>			
Outstanding common shares	81,923,581	82,297,341	82,180,977
<i>times: Ending share price</i>	\$ 121.13	\$ 116.10	\$ 108.83
<b>Market capitalization</b>	<b>\$ 9,923,403</b>	<b>\$ 9,554,721</b>	<b>\$ 8,943,756</b>
Long-term debt	\$ 648,045	\$ 647,784	\$ 647,422
<i>less: Cash and cash equivalents</i>	803,832	1,040,757	733,999
<b>Net debt</b>	<b>\$ (155,787)</b>	<b>\$ (392,973)</b>	<b>\$ (86,577)</b>
<b>Total enterprise value</b>	<b>\$ 9,767,616</b>	<b>\$ 9,161,748</b>	<b>\$ 8,857,179</b>

## 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 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		
	June 30 2024	December 31 2023	June 30 2023
Net earnings	\$ 518,940	\$ 534,712	\$ 518,027
<i>plus:</i> Interest expense	28,213	28,101	27,721
<i>less:</i> Interest and investment income	(56,266)	(46,349)	(37,038)
<i>plus:</i> Interest income – rental conversions	3,843	3,348	4,320
<i>plus:</i> Income taxes	190,860	194,849	186,683
Adjusted net earnings	\$ 685,590	\$ 714,661	\$ 699,713
Average capital employed	\$ 2,456,294	\$ 2,347,864	\$ 2,175,358
<b>Return on capital employed</b>	<b>27.9%</b>	<b>30.4%</b>	<b>32.2%</b>

## Return on Equity ("ROE")

ROE is monitored to assess profitability and is calculated by dividing net earnings 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		
	June 30 2024	December 31 2023	June 30 2023
Net earnings	\$ 518,940	\$ 534,712	\$ 518,027
Opening shareholder's equity (net of adjustments)	\$ 2,467,414	\$ 2,317,906	\$ 2,067,536
<b>Return on equity</b>	<b>21.0%</b>	<b>23.1%</b>	<b>25.1%</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 herein. 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 under the heading "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.sedarplus.ca](http://www.sedarplus.ca) 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 one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants and monitor and control their operating environments autonomously. 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:

John M. Doolittle  
Executive Vice President and  
Chief Financial Officer  
Toromont Industries Ltd.  
Tel: (416) 514-4790

## **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		Six months ended	
		June 30		June 30
(\$ thousands, except share amount)	2024	2023	2024	2023
<b>Revenue</b>	\$ 1,359,869	\$ 1,174,956	\$ 2,376,218	\$ 2,221,319
Cost of goods sold	1,030,970	857,623	1,797,145	1,640,873
Gross profit	328,899	317,333	579,073	580,446
Selling and administrative expenses	151,378	138,560	294,967	273,859
<b>Operating income</b>	<b>177,521</b>	178,773	<b>284,106</b>	306,587
Interest expense	7,044	7,019	14,038	13,923
Interest and investment income	(15,700)	(10,755)	(31,387)	(21,103)
Income before income taxes	186,177	182,509	301,455	313,767
Income taxes	50,827	49,192	82,186	84,331
<b>Income from continuing operations</b>	<b>135,350</b>	133,317	<b>219,269</b>	229,436
Income from discontinued operations	—	5,720	—	5,605
<b>Net earnings</b>	<b>\$ 135,350</b>	\$ 139,037	<b>\$ 219,269</b>	\$ 235,041
<b>Basic earnings per share</b>				
Continuing operations	\$ 1.65	\$ 1.62	\$ 2.67	\$ 2.79
Discontinued operations	\$ —	\$ 0.07	\$ —	\$ 0.07
	\$ 1.65	\$ 1.69	\$ 2.67	\$ 2.86
<b>Diluted earnings per share</b>				
Continuing operations	\$ 1.64	\$ 1.61	\$ 2.65	\$ 2.76
Discontinued operations	\$ —	\$ 0.07	\$ —	\$ 0.07
	\$ 1.64	\$ 1.68	\$ 2.65	\$ 2.83
<b>Weighted average number of shares outstanding</b>				
Basic	82,090,308	82,294,205	82,199,808	82,313,550
Diluted	82,727,132	82,974,466	82,816,677	82,982,038