



November 7, 2017

Toromont Announces Results for the Third Quarter of 2017 and Quarterly Dividend

TORONTO, ONTARIO -- (Marketwired) -- 11/07/17 -- Toromont Industries Ltd. (TSX:TIH) reported its financial results for the third quarter ended September 30, 2017.

<i>millions, except per share amounts</i>	<i>Three months ended September 30</i>			<i>Nine months ended September 30</i>		
	<i>2017</i>	<i>2016</i>	<i>% change</i>	<i>2017</i>	<i>2016</i>	<i>% change</i>
Revenues	\$ 584.2	\$ 509.8	15%	\$ 1,527.4	\$ 1,419.8	8%
Operating income	\$ 68.6	\$ 66.0	4%	\$ 163.0	\$ 153.7	6%
Net earnings	\$ 49.4	\$ 47.6	4%	\$ 116.8	\$ 110.2	6%
Basic earnings per share ("EPS")	\$ 0.63	\$ 0.61	3%	\$ 1.49	\$ 1.41	6%

"Results for the three and nine months ended September 30, 2017 were very strong for both the Equipment Group and CIMCO. This reflected the diversity of our business and solid execution from our decentralized operational and corporate teams, empowered to execute and deliver results even while part of the team was heavily focused on a major transaction," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "We are pleased and enthused that our efforts to expand Toromont's geographic profile and create opportunities for future growth have been realized with the Hewitt acquisition and we look forward to developing on the strength of the combined organization."

Highlights:

Acquisition of the Hewitt Group of companies ("Hewitt")

- The acquisition of the businesses and net operating assets of Hewitt was completed on October 27, 2017. The \$1.07 billion purchase price was comprised of cash consideration of \$945.6 million (inclusive of a positive preliminary closing working capital adjustment of \$27.9 million) and \$126.3 million represented by the issuance of approximately 2.25 million Toromont shares.
- Toromont became the authorized Caterpillar dealer for Québec, Western Labrador and the Maritimes; the Caterpillar lift truck dealer for Québec and most of Ontario and the MaK engine dealer for Québec, the Maritimes and the eastern seaboard of the United States from Maine to Virginia.
- This acquisition provides a significant opportunity for profitable growth and the continued delivery of consistent returns to our stakeholders. This positions Toromont well to further strengthen its expertise and total customer offering in the key mining, construction and power systems markets and provides an expanded platform for market diversification.

Consolidated Results - good growth in earnings

- Net earnings increased 4% in the quarter to \$49.4 million and 6% year-to-date to \$116.8 million. Excluding costs related to the Hewitt transaction and a gain on the sale of internally-developed software realized in 2016¹, net earnings would have increased 24% in the quarter and 15% year-to-date.
- EPS increased 3% or \$0.02 in the quarter to \$0.63 and 6% or \$0.08 to \$1.49 year-to-date (up 23% in the quarter and 14% in the first nine months excluding the aforementioned items).

Equipment Group - improved results from strong equipment sales and good rental and product support growth

- Revenues of \$488.0 million in the quarter were up \$66.2 million or 16%. Equipment sales benefited from strong mining deliveries (up 87%). Good growth was also reported in rentals and product support. Operating income^a increased 3% in the quarter (22% excluding the aforementioned items). As a percentage of revenues, operating income increased 70 basis points ("bps") after excluding the impact of the aforementioned items, mainly reflecting the higher sales volume and lower relative expense ratio, partially offset by the lower overall gross profit margins.
- Revenues were up \$93.1 million or 8% to \$1.3 billion year-to-date mainly due to higher equipment sales and rentals. Operating income increased 4% year-to-date (12% excluding the aforementioned items). As a percentage of revenues, operating income increased 40 bps, excluding the aforementioned items, for similar reasons noted in the

quarter.

- Bookings^a increased 2% in the quarter to \$185.0 million on higher construction and agriculture orders, partially offset by lower mining and power systems orders. On a year-to-date basis, bookings were up 16% to \$685.0 million, with strong mining and power systems orders offsetting lower construction and agriculture orders. Backlogs^a of \$197.0 million at September 30, 2017, represented the highest level for this time of year since 2012, and were higher compared to \$147.0 million at December 31, 2016 and \$121.0 million at this time last year. Approximately two-thirds of the backlog is expected to be delivered this year.

CIMCO - improved results on strong Canadian activity levels

- Revenues increased 9% to \$96.1 million in the quarter on strong recreational package sales in both Canada and the US, partially offset by lower industrial sales. Product support growth reflects good activity in Canada. Operating income increased 10% to \$9.3 million and was 9.6% as a percentage of revenues, largely reflecting the higher revenues and higher gross profit margins.
- Revenues were up 7% year-to-date to \$221.5 million, as a result of the same factors identified for the quarter above. Operating income margin^a was 150 bps higher than last year at 8.4%.
- Bookings were up 200% in the quarter to \$72.0 million and 52% year-to-date to \$208.0 million, both records for the respective periods. Backlogs of \$176.0 million at September 30, 2017 were up from \$99.0 million at December 31, 2016 and \$102.0 million at this time last year. Just under half of the backlog is expected to revenue over the remainder of this year.

Financial Position - remains strong

- Toromont maintained a very strong financial position. Net debt to total capitalization^a was 2% at September 30, 2017.
- The Board of Directors announced a quarterly dividend of 19 cents per common share, payable January 3, 2018 to shareholders of record on December 8, 2017. The quarterly dividend was previously increased 6% to 19 cents per share effective with the dividend paid April 3, 2017. This represented the 28th consecutive year of dividend increases.
- On closing the Hewitt acquisition on October 27, 2017, the Company:
 - issued \$500.0 million in senior notes to partially fund the cash consideration portion of the acquisition; the notes have a term of 10 years, bear interest at 3.842% and rank pari passu with Toromont's existing debt.
 - expanded and extended its credit facility to include term acquisition financing of \$250.0 million and a revolver of \$500.0 million; the facility is unsecured, matures in October 2022, and ranks pari passu with Toromont's existing debt. \$250.0 million was drawn on the term facility and \$60.0 million was drawn on the revolving facility to partially fund the cash consideration portion of the acquisition.
 - issued approximately 2.25 million common shares in consideration of the Hewitt acquisition.

"The Hewitt acquisition marks a very important milestone for Toromont and we expect it to be beneficial to our customers, employees, suppliers and shareholders on many levels. We appreciate the confidence of our partner, Caterpillar, in endorsing this opportunity and we welcome the Hewitt team to the Toromont family. Integration efforts are already well under way," continued Mr. Medhurst. "The long-term outlook for infrastructure spending remains positive from both the provincial and federal governments. We continue to see increased activity in the mining and power systems sectors. Performance at CIMCO continues to be positive. Growth in bookings across our organization and good backlog positions, together with the long-term product support growth trends and the diversity of markets in our new and significantly expanded territory, provide substantial opportunities for continued success."

Quarterly Results Materials

The complete third quarter report for 2017, including MD&A and unaudited interim condensed consolidated financial statements, is available on our website at www.toromont.com.

Quarterly Conference Call and Webcast

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Wednesday, November 8, 2017 at 8:00 a.m. (ET). The call may be accessed by telephone at 1-800-377-0758 (toll free) or 416-340-2218 (Toronto area). A replay of the conference call will be available until midnight, Wednesday, November 22, 2017, by calling 1-800-408-3053 (toll free) or 905-694-9451 (Toronto area) and entering passcode 1869115#.

Both the live webcast and the replay of the quarterly conference call can be accessed at www.toromont.com.

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 reflect 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 subsequent acquisition of the businesses of Hewitt.

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; changes in foreign exchange rates, including the Cdn\$/US\$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability of financing; potential environmental liabilities of the subsequently acquired businesses and changes to environmental regulation; 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; and any requirement of Toromont to make contributions to the registered funded defined benefit pension plans, postemployment benefits plan or the multi-employer pension plans in which it participates or will participate upon assuming Hewitt's obligations thereunder in excess of those currently contemplated. Risks and uncertainties related to the acquisition of the Hewitt operations could also 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: changes in consumer and business confidence as a result of the change in ownership; the potential for liabilities assumed in the acquisition to exceed our estimates or for material undiscovered liabilities in the Hewitt business; the potential for third parties to terminate or alter their agreements or relationships with Toromont as a result of the acquisition; and risks related to integration of Hewitt operations with those of Toromont 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 or interim Management Discussion and Analysis, as filed with Canadian securities regulators at www.sedar.com or at 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.

FOOTNOTES

- a. These financial metrics do not have a standardized meaning under International Financial Reporting Standards, which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and may not be comparable to similar measures used by other issuers. The Company's Management's Discussion and Analysis (MD&A) includes

additional information regarding these financial metrics, including definitions, under the sections titled "Additional GAAP Measures and Non-GAAP Measures."

TOROMONT INDUSTRIES LTD.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(Unaudited)

(\$ thousands, except share amounts)	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	<u>2017</u>	2016	<u>2017</u>	2016
Revenues	\$ 584,158	\$ 509,774	\$ 1,527,396	\$ 1,419,817
Cost of goods sold	442,871	383,542	1,163,561	1,081,112
Gross profit	141,287	126,232	363,835	338,705
Selling and administrative expenses	72,702	65,133	200,834	189,969
Gain on sale of internally-developed software	-	(4,939)	-	(4,939)
Operating income	68,585	66,038	163,001	153,675
Interest expense	1,818	1,796	5,489	5,389
Interest and investment income	(914)	(422)	(3,022)	(2,629)
Income before income taxes	67,681	64,664	160,534	150,915
Income taxes	18,326	17,021	43,700	40,696
Net earnings	\$ 49,355	\$ 47,643	\$ 116,834	\$ 110,219
Earnings per share				
Basic	\$ 0.63	\$ 0.61	\$ 1.49	\$ 1.41
Diluted	\$ 0.62	\$ 0.60	\$ 1.47	\$ 1.40
Weighted average number of shares outstanding				
Basic	78,522,123	78,211,460	78,475,990	78,055,416
Diluted	79,373,016	78,885,895	79,252,736	78,603,177

¹ Direct transaction costs for advisory services were \$1.8 million pre-tax (\$0.02 EPS) in the quarter and \$2.6 million pre-tax (\$0.02 EPS) year-to-date. The significant increase in the share price post the announcement of the acquisition contributed to higher mark-to-market on Deferred Share Units which we estimate led to a higher mark-to-market adjustment of approximately \$4.1 million pre-tax in both the quarter and year-to-date (\$0.04 EPS). The gain on the sale of software in the third quarter of 2016 contributed \$4.9 million pre-tax (\$0.05 EPS) to the 2016 results.

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