



July 25, 2017

## Toromont Announces Results for the Second Quarter of 2017 and Quarterly Dividend

TORONTO, ONTARIO -- (Marketwired) -- 07/25/17 -- Toromont Industries Ltd. (TSX:TIH) reported its financial results for the second quarter ended June 30, 2017.

<i>millions, except per share amounts</i>	<b>Three months ended June 30</b>			<b>Six months ended June 30</b>		
	<b>2017</b>	2016	<b>% change</b>	<b>2017</b>	2016	<b>% change</b>
Revenues	\$ <b>530.9</b>	\$ 522.1	<b>2%</b>	\$ <b>943.2</b>	\$ 910.0	<b>4%</b>
Operating income	\$ <b>56.5</b>	\$ 54.2	<b>4%</b>	\$ <b>94.4</b>	\$ 87.6	<b>8%</b>
Net earnings	\$ <b>40.5</b>	\$ 38.4	<b>5%</b>	\$ <b>67.5</b>	\$ 62.6	<b>8%</b>
Basic earnings per share ("EPS")	\$ <b>0.52</b>	\$ 0.49	<b>6%</b>	\$ <b>0.86</b>	\$ 0.80	<b>7%</b>

"Increased demand in mining and power systems is reflected in the strength of bookings and backlog," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "CIMCO delivered strong results on product support growth and excellent execution both in Canada and the US."

### **Highlights:**

- Equipment Group - strong mining and power systems activity offset by softer construction market conditions.
  - Revenues of \$458.2 million in the quarter were up slightly by \$5.0 million or 1% as higher equipment sales and rentals were partially offset by lower product support revenues. Operating income<sup>1</sup> of \$50.0 million was relatively unchanged as lower equipment margins were partially offset by reduced selling and administrative expenses. Construction customers experienced challenging operating conditions as reflected in the much lower rental conversions in the quarter and first-half.
  - Revenues were up \$26.9 million or 3% to \$817.9 million year-to-date mainly due to higher equipment sales and rentals. Operating income increased \$3.2 million or 4% on the higher revenues and a relatively lower selling and administrative expense ratio, partially offset by lower equipment margins. Product support year-over-year comparison reflected the uneven demand of parts and labour requirements.
  - Bookings<sup>1</sup> increased 39% in the quarter to \$312.0 million and 23% year-to-date to \$500.0 million, principally reflective of strong mining and power systems orders. Backlogs<sup>1</sup> were \$253.0 million at June 30, 2017, increased substantially from \$147.0 million at December 31, 2016 and \$125.0 million at this time last year. More than three-quarters of the backlog is expected to be delivered this year.
- CIMCO - strong results on continued product support growth and good execution.
  - Revenues increased 5% to \$72.8 million in the quarter on strong product support revenues in Canada and the US. Operating income increased 57% to \$6.5 million and was 9.0% as a percentage of revenues, largely reflecting the higher revenues and higher gross profit margins.
  - Revenues were up 5% year-to-date to \$125.3 million, also on good product support growth in Canada and the US. Operating income margin<sup>1</sup> was 270 basis points higher than last year at 7.5%.
  - Bookings were up 7% in the quarter to \$72.0 million and 20% year-to-date to \$136.0 million on higher Canadian activity. Backlogs of \$169.0 million at June 30, 2017 were up from \$99.0 million at December 31, 2016 and the all-time high of \$135.0 million at this time last year. More than three-quarters of the backlog is expected to revenue over the remainder of this year.
- Net earnings increased 5% in the quarter to \$40.5 million and 8% year-to-date to \$67.5 million.
- EPS increased 6% or \$0.03 in the quarter to \$0.52 and 7% or \$0.06 to \$0.86 year-to-date.
- Toromont maintained a very strong financial position. Net debt to total capitalization<sup>1</sup> was 3%.
- The Board of Directors announced a quarterly dividend of 19 cents per common share, payable October 2, 2017 to shareholders of record on September 8, 2017. The quarterly dividend was previously increased 6% to 19 cents per share effective with the dividend paid April 3, 2017.

"The long-term outlook for infrastructure spending remains positive from both the provincial and federal governments. In the meantime, we have seen increased activity in the mining and power systems sectors. Performance at CIMCO continues to be positive and represents the emerging realization of focused strategies," continued Mr. Medhurst. "Growth in bookings and backlog across our organization, together with the long-term product support growth trends and the diversity of markets served provide opportunities for continued success."

### **Quarterly Results Materials**

The complete second quarter report for 2017, including MD&A and unaudited interim condensed consolidated financial statements, is available on our website at [www.toromont.com](http://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, July 26, 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, July 28, 2017, by calling 1-800-408-3053 (toll free) or 905-694-9451 (Toronto area) and entering passcode 4935231#.

Both the live webcast and the replay of the quarterly conference call can be accessed at [www.toromont.com](http://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 is based on current objectives, strategies, expectations and assumptions which management considers appropriate and reasonable at the time including, but not limited to, general economic and industry growth rates, commodity prices, currency exchange and interest rates, competitive intensity and shareholder and regulatory approvals.

By its nature, forward-looking information is subject to risks and uncertainties which may be beyond the ability of Toromont to control or predict. The actual results, performance or achievements of Toromont could differ materially from those expressed or implied by forward-looking information. Factors that could cause actual results, performance, achievements or events to differ from current expectations include, among others, risks and uncertainties related 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; and, environmental regulation.

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](http://www.sedar.com) or at [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 that are included in this press release, which are made 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 or intention to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

### **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 in addition to industry leading rental operations and an expanding 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](http://www.toromont.com).

## FOOTNOTES

<sup>1</sup> 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)	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
<b>Revenues</b>	\$ 530,930	\$ 522,124	\$ 943,238	\$ 910,043
Cost of goods sold	408,787	401,601	720,690	697,570
Gross profit	122,143	120,523	222,548	212,473
Selling and administrative expenses	65,621	66,362	128,132	124,836
<b>Operating income</b>	<b>56,522</b>	54,161	<b>94,416</b>	87,637
Interest expense	1,839	1,759	3,671	3,593
Interest and investment income	(996)	(634)	(2,108)	(2,207)
Income before income taxes	55,679	53,036	92,853	86,251
Income taxes	15,224	14,630	25,374	23,675
<b>Net earnings</b>	<b>\$ 40,455</b>	\$ 38,406	<b>\$ 67,479</b>	\$ 62,576
<b>Earnings per share</b>				
Basic	\$ 0.52	\$ 0.49	\$ 0.86	\$ 0.80
Diluted	\$ 0.51	\$ 0.49	\$ 0.85	\$ 0.80
<b>Weighted average number of shares outstanding</b>				
Basic	78,473,780	78,055,537	78,453,047	77,976,536
Diluted	79,328,906	78,704,379	79,272,793	78,541,057

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Source: Toromont Industries Ltd.

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