



July 26, 2016

## Toromont Announces Results for the Second Quarter of 2016 and Quarterly Dividend

TORONTO, ONTARIO -- (Marketwired) -- 07/26/16 -- Toromont Industries Ltd. (TSX:TIH) reported its financial results for the second quarter ended June 30, 2016.

### Financial Highlights

<i>millions, except per share amounts</i>	<i>Three months ended June 30</i>			<i>Six months ended June 30</i>		
	<b>2016</b>	2015	<b>% change</b>	<b>2016</b>	2015	<b>% change</b>
Revenues	\$ <b>510.7</b>	\$ 484.5	<b>5 %</b>	\$ <b>888.4</b>	\$ 824.7	<b>8 %</b>
Operating income	\$ <b>54.2</b>	\$ 51.7	<b>5 %</b>	\$ <b>87.6</b>	\$ 80.5	<b>9 %</b>
Net earnings	\$ <b>38.4</b>	\$ 36.4	<b>6 %</b>	\$ <b>62.6</b>	\$ 56.5	<b>11 %</b>
Basic earnings per share ("EPS")	\$ <b>0.49</b>	\$ 0.47	<b>4 %</b>	\$ <b>0.80</b>	\$ 0.73	<b>10 %</b>

"Toromont has continued to produce solid results in this challenging and somewhat volatile global economic environment," said Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "Consolidated revenues and earnings attained new highs through June 30, 2016 and our balance sheet remains in excellent shape. We are pleased with the team performance."

### Highlights:

- | Equipment Group - good results in a challenging market.
  - | Revenues increased 3% to \$441.7 million in the quarter on higher product support and used equipment revenues, partially offset by lower new equipment sales. Rental markets improved from weakness in the first quarter. Operating income followed increased revenues, also increasing 3% to \$50.0 million.
  - | Revenues were up 6% to \$769.3 million year-to-date. Equipment sales increased \$13.5 million or 3% due to strong used equipment sales offsetting lower new equipment sales and rentals. Product support increased \$31.1 million or 12% on strong parts sales into construction and mining markets. Operating income followed the revenue trend, also increasing 6% to \$81.9 million, although market conditions continued to pressure margins.
  - | Bookings<sup>1</sup> decreased 18% in the quarter to \$225.0 million and 7% year-to-date to \$408.0 million reflective of softer market activity in mining and power. Backlogs<sup>1</sup> were \$125.0 million at June 30, 2016 compared to \$92.0 million at December 31, 2015 and \$180.0 million at this time last year. Substantially all of the backlog is expected to be delivered this year.
- | CIMCO - record performance in both Canada and the US.
  - | Revenues increased 21% to \$69.0 million in the quarter on record package sales and product support revenues. Operating income increased 34% to \$4.2 million and was 6% as a percentage of revenues.
  - | Revenues were up 18% to \$119.1 million year-to-date. Package sales increased 23% to \$63.1 million and product support revenues increased 13% to \$56.0 million with growth in both Canada and the US. Operating income margin<sup>1</sup> was 160 basis points higher than last year at 4.8%.
  - | Bookings were up 148% in the quarter to \$67.0 million and 85% year-to-date to \$113.0 million with strong growth in the US and Canada. Backlogs of \$135.0 million at June 30, 2016 were up from \$88.0 million at December 31, 2015 and \$79.0 million at this time last year and are now at an all-time high. Approximately 75% of the backlog is expected to be delivered over the remainder of this year.
- | Net earnings increased 6% in the quarter to \$38.4 million on the outstanding product support contribution and improved Ag results in the Equipment Group, together with the increased net earnings from CIMCO. On a year-to-

date basis, net earnings increased 11% to \$62.6 million, a high for the first six months of the year on similar factors.

- | EPS increased 4% or \$0.02 in the quarter to \$0.49 and 10% or \$0.07 to \$0.80 year-to-date.
- | Toromont's financial position remains strong. Net debt to total capitalization<sup>1</sup> was 13%. Our balance sheet strength supports the pursuit of growth opportunities.
- | The Board of Directors announced a quarterly dividend of 18 cents per common share, payable October 3, 2016 to shareholders of record on September 9, 2016. The quarterly dividend was previously increased 6% to 18 cents per share effective with the dividend paid April 1, 2016. This represented the 27<sup>th</sup> consecutive year of dividend increases.

"We are encouraged by the long-term outlook for infrastructure spending. At the same time, we note that our Equipment Group has experienced restrained capital spending by customers, which has contributed to current softness in many markets that we serve. Excess inventories industry-wide, base-metals pricing weakness and a sluggish economic backdrop pose challenges to our operating environment. Performance at CIMCO was terrific and has led to strong package sales, record bookings and backlog, and product support growth in both the US and Canada," continued Mr. Medhurst. "Our strong product support growth, diverse products and sound financial position provides financial and operational stability and opportunities for further growth."

### **Quarterly Results Materials**

The complete second quarter report for 2016, 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 27, 2016 at 8:00 a.m. (ET). The call may be accessed by telephone at 1-866-225-6564 (toll free) or 416-340-2220 (Toronto area). A replay of the conference call will be available until Wednesday, August 10, 2016 by calling 1-800-408-3053 or 905-694-9451 and quoting passcode 8444289.

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 heading "Description of Additional GAAP and Non-GAAP Measures."

### **TOROMONT INDUSTRIES LTD.**

#### **INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS**

**(Unaudited)**

(\$ thousands, except share amounts)	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
<b>Revenues</b>	\$ <b>510,656</b>	\$ 484,533	\$ <b>888,372</b>	\$ 824,729
Cost of goods sold	<b>390,227</b>	370,518	<b>676,246</b>	624,610
Gross profit	<b>120,429</b>	114,015	<b>212,126</b>	200,119
Selling and administrative expenses	<b>66,268</b>	62,316	<b>124,489</b>	119,626
<b>Operating income</b>	<b>54,161</b>	51,699	<b>87,637</b>	80,493
Interest expense	<b>1,759</b>	1,970	<b>3,593</b>	4,085
Interest and investment income	<b>(634)</b>	(689)	<b>(2,207)</b>	(1,625)
Income before income taxes	<b>53,036</b>	50,418	<b>86,251</b>	78,033
Income taxes	<b>14,630</b>	14,023	<b>23,675</b>	21,501
<b>Net earnings</b>	<b>\$ 38,406</b>	\$ 36,395	<b>\$ 62,576</b>	\$ 56,532
<b>Earnings per share</b>				
Basic	\$ <b>0.49</b>	\$ 0.47	\$ <b>0.80</b>	\$ 0.73
Diluted	\$ <b>0.49</b>	\$ 0.46	\$ <b>0.80</b>	\$ 0.72
<b>Weighted average number of shares outstanding</b>				
Basic	<b>78,055,537</b>	77,624,586	<b>77,976,536</b>	77,520,792
Diluted	<b>78,704,379</b>	78,394,101	<b>78,541,057</b>	78,256,921

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Source: Toromont Industries Ltd.

