

**TOROMONT INDUSTRIES LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Unaudited)**

(\$ thousands)	Note	June 30 2020	December 31 2019	June 30 2019
<b>Assets</b>				
Current assets				
Cash		\$ 537,175	\$ 365,589	154,452
Accounts receivable		458,377	525,052	539,520
Inventories		932,676	912,186	1,069,704
Income taxes receivable		3,739	9,364	2,764
Other current assets		11,064	12,063	11,881
<b>Total current assets</b>		<b>1,943,031</b>	1,824,254	1,778,321
Property, plant and equipment	2	431,691	428,527	430,141
Rental equipment	2	575,349	592,403	606,762
Other assets		39,985	42,105	45,020
Deferred tax assets		1,293	1,217	1,544
Goodwill and intangible assets		481,092	482,831	484,570
<b>Total assets</b>		<b>\$ 3,472,441</b>	\$ 3,371,337	\$ 3,346,358
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities		\$ 766,294	\$ 819,946	\$ 953,791
Provisions		24,583	23,680	23,837
Deferred revenues and contract liabilities		142,516	140,898	148,383
Derivative financial instruments	5	4,123	10,366	12,554
Income taxes payable		184	89	-
<b>Total current liabilities</b>		<b>937,700</b>	994,979	1,138,565
Deferred revenues and contract liabilities		11,557	16,407	16,440
Long-term lease liabilities		19,699	21,734	26,166
Long-term debt	3, 5	745,712	645,471	645,005
Post-employment obligations	9	157,406	125,705	147,421
Deferred tax liabilities		40,317	33,150	1,764
<b>Total liabilities</b>		<b>1,912,391</b>	1,837,446	1,975,361
<b>Shareholders' equity</b>				
Share capital		497,350	490,047	467,924
Contributed surplus		14,592	13,088	14,061
Retained earnings		1,045,989	1,031,097	889,644
Accumulated other comprehensive income (loss)		2,119	(341)	(632)
<b>Total shareholders' equity</b>		<b>1,560,050</b>	1,533,891	1,370,997
<b>Total liabilities and shareholders' equity</b>		<b>\$ 3,472,441</b>	\$ 3,371,337	\$ 3,346,358

See accompanying notes

**TOROMONT INDUSTRIES LTD.**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**(Unaudited)**

(\$ thousands, except share amounts)	Note	Three months ended June 30		Six months ended June 30	
		2020	2019	2020	2019
<b>Revenues</b>	11	\$ 849,597	\$ 978,320	\$ 1,565,056	\$ 1,678,294
Cost of goods sold		655,810	741,412	1,200,411	1,270,725
Gross profit		193,787	236,908	364,645	407,569
Selling and administrative expenses		116,653	125,880	232,270	237,758
<b>Operating income</b>		<b>77,134</b>	111,028	<b>132,375</b>	169,811
Interest expense	6	7,890	6,988	14,821	13,907
Interest and investment income	6	(1,564)	(2,208)	(4,289)	(4,780)
Income before income taxes		70,808	106,248	121,843	160,684
Income taxes		19,598	28,850	33,237	44,025
<b>Net earnings</b>		<b>\$ 51,210</b>	\$ 77,398	<b>\$ 88,606</b>	\$ 116,659
<b>Earnings per share</b>					
Basic	7	\$ 0.62	\$ 0.95	\$ 1.08	\$ 1.43
Diluted	7	\$ 0.62	\$ 0.94	\$ 1.07	\$ 1.42
<b>Weighted average number of shares outstanding</b>					
Basic	7	82,024,236	81,510,292	82,019,838	81,418,746
Diluted	7	82,468,858	82,183,776	82,483,651	82,080,362

See accompanying notes

**TOROMONT INDUSTRIES LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Net earnings</b>	<b>\$ 51,210</b>	<b>\$ 77,398</b>	<b>\$ 88,606</b>	<b>\$ 116,659</b>
<b>Other comprehensive (loss) income, net of income taxes:</b>				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation adjustments	(454)	(184)	477	(375)
Unrealized (losses) gains on derivatives designated as cash flow hedges	(11,307)	(4,343)	8,299	(9,072)
Income tax recovery (expense)	2,977	1,130	(2,178)	2,359
Unrealized gains (losses) on cash flow hedges, net of income taxes	(8,330)	(3,213)	6,121	(6,713)
Realized (gains) losses on derivatives designated as cash flow hedges	(2,102)	(79)	(5,630)	683
Income tax expense (recovery)	555	20	1,492	(178)
Realized (gains) losses on cash flow hedges, net of income taxes	(1,547)	(59)	(4,138)	505
<i>Items that will not be reclassified subsequently to net earnings:</i>				
Actuarial and other losses	(50,338)	(27,210)	(26,116)	(46,332)
Income tax recovery	13,341	7,211	6,922	12,278
Actuarial and other losses, net of income taxes	(36,997)	(19,999)	(19,194)	(34,054)
<b>Other comprehensive loss</b>	<b>(47,328)</b>	<b>(23,455)</b>	<b>(16,734)</b>	<b>(40,637)</b>
<b>Total comprehensive income</b>	<b>\$ 3,882</b>	<b>\$ 53,943</b>	<b>\$ 71,872</b>	<b>\$ 76,022</b>

See accompanying notes

**TOROMONT INDUSTRIES LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(\$ thousands)	Note	Three months ended June 30		Six months ended June 30	
		2020	2019	2020	2019
<b>Operating activities</b>					
Net earnings		\$ 51,210	\$ 77,398	\$ 88,606	\$ 116,659
Items not requiring cash:					
Depreciation and amortization		41,219	40,657	83,086	79,925
Stock-based compensation		1,410	1,458	2,820	2,916
Post-employment obligations		3,624	816	5,585	(3,253)
Deferred income taxes		5,958	(810)	13,313	760
Gain on sale of rental equipment and property, plant and equipment		(3,802)	(7,053)	(11,895)	(11,898)
		<b>99,619</b>	<b>112,466</b>	<b>181,515</b>	<b>185,109</b>
Net change in non-cash working capital and other	10	89,585	(25,726)	(8,966)	(194,218)
Additions to rental equipment	2	(18,433)	(83,040)	(55,065)	(143,151)
Proceeds on disposal of rental equipment		12,690	20,223	25,092	36,512
<b>Cash provided by (used in) operating activities</b>		<b>183,461</b>	<b>23,923</b>	<b>142,576</b>	<b>(115,748)</b>
<b>Investing activities</b>					
Additions to property, plant and equipment	2	(10,435)	(30,755)	(29,452)	(37,242)
Proceeds on disposal of property, plant and equipment		258	243	10,024	438
(Decrease) increase in other assets		(70)	100	(116)	52
<b>Cash used in investing activities</b>		<b>(10,247)</b>	<b>(30,412)</b>	<b>(19,544)</b>	<b>(36,752)</b>
<b>Financing activities</b>					
Drawings on credit facility		-	-	100,000	-
Repayment of senior debentures		-	-	-	(1,022)
Debt issuance costs		(281)	-	(281)	-
Dividends paid	4	(25,435)	(21,998)	(47,574)	(40,735)
Cash received on exercise of stock options		4,898	1,569	6,392	8,390
Shares purchased for cancellation	4	-	-	(4,043)	-
Payment of lease liabilities		(3,453)	(2,506)	(6,138)	(4,915)
<b>Cash (used in) provided by financing activities</b>		<b>(24,271)</b>	<b>(22,935)</b>	<b>48,356</b>	<b>(38,282)</b>
Effect of currency translation on cash balances		50	(295)	198	(200)
Increase (decrease) in cash during the period		148,993	(29,719)	171,586	(190,982)
Cash, at beginning of the period		388,182	184,171	365,589	345,434
<b>Cash, at end of the period</b>		<b>\$ 537,175</b>	<b>\$ 154,452</b>	<b>\$ 537,175</b>	<b>\$ 154,452</b>

Supplemental cash flow information (note 10)

See accompanying notes

**TOROMONT INDUSTRIES LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)

	Share capital		Accumulated other comprehensive income (loss)				Total
	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	
(\$ thousands, except share numbers)							
<b>At January 1, 2020</b>	<b>82,012,448</b>	<b>\$ 490,047</b>	<b>\$ 13,088</b>	<b>\$ 1,031,097</b>	<b>\$ 2,219</b>	<b>\$ (2,560)</b>	<b>\$ 1,533,891</b>
Net earnings	-	-	-	88,606	-	-	88,606
Other comprehensive income	-	-	-	(19,194)	477	1,983	(16,734)
Total comprehensive income	-	-	-	69,412	477	1,983	71,872
Exercise of stock options	150,720	7,708	(1,316)	-	-	-	6,392
Stock-based compensation expense	-	-	2,820	-	-	-	2,820
Effect of stock compensation plans	150,720	7,708	1,504	-	-	-	9,212
Shares purchased for cancellation	(67,800)	(405)	-	(3,638)	-	-	(4,043)
Dividends declared	-	-	-	(50,882)	-	-	(50,882)
<b>At June 30, 2020</b>	<b>82,095,368</b>	<b>\$ 497,350</b>	<b>\$ 14,592</b>	<b>\$ 1,045,989</b>	<b>\$ 2,696</b>	<b>\$ (577)</b>	<b>\$ 1,560,050</b>
<b>At January 1, 2019</b>	<b>81,226,383</b>	<b>\$ 457,800</b>	<b>\$ 12,879</b>	<b>\$ 851,049</b>	<b>\$ 2,700</b>	<b>\$ 3,251</b>	<b>\$ 1,327,679</b>
Net earnings	-	-	-	116,659	-	-	116,659
Other comprehensive loss	-	-	-	(34,054)	(375)	(6,208)	(40,637)
Total comprehensive income (loss)	-	-	-	82,605	(375)	(6,208)	76,022
Exercise of stock options	307,015	10,124	(1,734)	-	-	-	8,390
Stock-based compensation expense	-	-	2,916	-	-	-	2,916
Effect of stock compensation plans	307,015	10,124	1,182	-	-	-	11,306
Dividends declared	-	-	-	(44,010)	-	-	(44,010)
<b>At June 30, 2019</b>	<b>81,533,398</b>	<b>\$ 467,924</b>	<b>\$ 14,061</b>	<b>\$ 889,644</b>	<b>\$ 2,325</b>	<b>\$ (2,957)</b>	<b>\$ 1,370,997</b>

See accompanying notes

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**As at and for the three and six months ended June 30, 2020**  
**(Unaudited)**

(\$ thousands, except where otherwise indicated)

**1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Corporate Information**

Toromont Industries Ltd. (the “Company” or “Toromont”) is a limited company incorporated and domiciled in Canada whose shares are publicly traded on the Toronto Stock Exchange under the symbol TIH. The registered office is located at 3131 Highway 7 West, Concord, Ontario, Canada.

Toromont operates through two reportable 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 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.

**Basis of Preparation**

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting* (“IAS 34”). Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements were the same as those that applied to the Company’s consolidated financial statements as at and for the year ended December 31, 2019.

These interim condensed consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousands, except where otherwise indicated.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2020.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2019. Several amendments apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Company. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

Activity within property, plant and equipment and rental equipment during the period included:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Additions				
Rental equipment	\$ 18,433	\$ 83,040	\$ 55,065	\$ 143,151
Property, plant and equipment	10,435	30,755	29,452	37,242
<b>Total additions</b>	<b>\$ 28,868</b>	<b>\$ 113,795</b>	<b>\$ 84,517</b>	<b>\$ 180,393</b>
Disposals - Net book value ("NBV")				
Rental equipment	\$ 9,041	\$ 13,283	\$ 17,559	\$ 24,741
Property, plant and equipment	107	131	5,664	311
<b>Total disposals - NBV</b>	<b>\$ 9,148</b>	<b>\$ 13,414</b>	<b>\$ 23,223</b>	<b>\$ 25,052</b>
Depreciation				
Cost of goods sold	\$ 31,821	\$ 31,618	\$ 63,912	\$ 61,801
Selling and administrative expenses	5,574	5,320	11,484	10,762
<b>Total depreciation</b>	<b>\$ 37,395</b>	<b>\$ 36,938</b>	<b>\$ 75,396</b>	<b>\$ 72,563</b>

## 3. LONG-TERM DEBT

	June 30 2020	December 31 2019	June 30 2019
Bank revolving credit facility – \$500 million	\$ 100,000	\$ -	\$ -
Senior Debentures:			
3.71%, \$150.0 million, due September 30, 2025 <sup>(1)</sup>	150,000	150,000	150,000
3.84%, \$500.0 million, due October 27, 2027 <sup>(1)</sup>	500,000	500,000	500,000
	<b>750,000</b>	650,000	650,000
Debt issuance costs, net of amortization	(4,288)	(4,529)	(4,995)
<b>Total long-term debt</b>	<b>\$ 745,712</b>	\$ 645,471	\$ 645,005
<b>Non-current portion of long-term debt</b>	<b>\$ 745,712</b>	\$ 645,471	\$ 645,005

<sup>(1)</sup> Interest payable semi-annually, principal due on maturity.

All debt is unsecured.

The Company maintains a \$500.0 million committed revolving credit facility that matures in October 2022. On April 17, 2020, the Company entered into an additional \$250 million committed revolving credit facility maturing in April 2021. Debt under these facilities is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

On the \$500 million credit facility, \$100.0 million has been drawn down on the facility as at June 30, 2020. No amounts were drawn on this revolving credit facility as at December 31, 2019 or

June 30, 2019. Standby letters of credit issued utilized \$34.0 million of the facility as at June 30, 2020 (December 31, 2019 – \$33.1 million and June 30, 2019 – \$30.2 million). At June 30, 2020, the interest rate on these drawings was 2.67%. As at June 30, 2020 no amounts have been drawn on the additional \$250 million facility.

#### 4. SHARE CAPITAL

##### Normal Course Issuer Bid (“NCIB”)

During the six months ended June 30, 2020, the Company purchased and cancelled 67,800 common shares for \$4.0 million (average cost of \$59.62 per share, including transaction costs) under the NCIB program. No shares were purchased and cancelled during the comparative period in 2019.

##### Dividends

The Company paid dividends of \$25.4 million or \$0.31 per share during the three months ended June 30, 2020 (2019 – \$22.0 million or \$0.27 per share) and \$47.6 million or \$0.58 per share during the six months ended June 30, 2020 (2019 – \$40.7 million or \$0.50 per share).

The quarterly dividend was increased on February 11, 2020, to \$0.31 per share effective with the dividend paid on April 2, 2020.

#### 5. FINANCIAL INSTRUMENTS

##### Financial Assets and Liabilities – Classification and Measurement

The following table highlights the carrying amounts and classifications of certain financial assets and liabilities:

	June 30 2020	December 31 2019	June 30 2019
<b>Other financial liabilities:</b>			
Long-term debt	\$ 745,712	\$ 645,471	\$ 645,005
<b>Derivative financial instruments liabilities, net:</b>			
Foreign exchange forward contracts	\$ (4,123)	\$ (10,366)	\$ (12,554)

##### Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract’s value at maturity based on the contracted foreign exchange rate and the contract’s value at maturity based on the comparable foreign exchange rate at period-end under the same conditions. The financial institution’s credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs, which are observable



inputs or inputs that can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

The fair value and carrying value of long-term debt is as follows:

<b>Long-term debt</b>	<b>June 30 2020</b>	December 31 2019	June 30 2019
Fair value	<b>\$ 816,318</b>	\$ 683,092	\$ 691,903
Carrying value	<b>\$ 750,000</b>	\$ 650,000	\$ 650,000

The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on Toromont's credit risk. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the asset or liability.

During the six-month period ended June 30, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

### **Derivative Financial Instruments and Hedge Accounting**

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency-denominated obligations related to purchases of inventory and sales of products. As at June 30, 2020, the Company was committed to USD purchase contracts with a notional amount of \$455.2 million at an average exchange rate of \$1.3716, maturing between July 2020 and February 2021. The Company was also committed to USD sell contracts with a notional amount of \$5.2 million at an average exchange rate of \$1.3581, maturing between July 2020 and August 2020.

Management estimates that a loss of \$4.1 million (December 31, 2019 – loss of \$10.4 million; June 30, 2019 – loss of \$12.6 million) would be realized if the contracts were terminated on June 30, 2020. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized loss of \$0.8 million (December 31, 2019 – unrealized loss of \$2.8 million; June 30, 2019 – unrealized loss of \$4.0 million) has been included in other comprehensive income (loss). These losses are not expected to affect net income as the amounts will be reclassified to net income within the next 11 months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable and accrued liabilities. Certain of those forward contracts are not designated as cash flow hedges, but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A loss of \$3.3 million (December 31, 2019 – loss of \$7.6 million; June 30, 2019 – loss of \$8.6 million) on forward contracts not designated as hedges is included in net earnings, which offsets losses recorded on the foreign-denominated items, namely accounts payable and accrued liabilities.

## 6. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Credit facilities	\$ 1,383	\$ 453	\$ 1,793	\$ 869
Senior debentures	6,262	6,286	12,540	12,544
Interest on lease liabilities	245	249	488	494
	<b>\$ 7,890</b>	<b>\$ 6,988</b>	<b>\$ 14,821</b>	<b>\$ 13,907</b>

The components of interest and investment income were as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Interest on conversion of rental equipment	\$ 433	\$ 990	\$ 1,203	\$ 1,927
Other	1,131	1,218	3,087	2,853
	<b>\$ 1,564</b>	<b>\$ 2,208</b>	<b>\$ 4,290</b>	<b>\$ 4,780</b>

## 7. EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net earnings available to common shareholders	\$ 51,210	\$ 77,398	\$ 88,606	\$ 116,659
Weighted average common shares outstanding	82,024,236	81,510,292	82,019,838	81,418,746
Dilutive effect of stock option conversions	444,622	673,484	463,813	661,616
Diluted weighted average common shares outstanding	82,468,858	82,183,776	82,483,651	82,080,362
Earnings per share:				
Basic	\$ 0.62	\$ 0.95	\$ 1.08	\$ 1.43
Diluted	\$ 0.62	\$ 0.94	\$ 1.07	\$ 1.42

For the three-month period ended June 30, 2020, 998,740 (2019 – 573,400) outstanding share options with an average exercise price of \$65.96 (2019 – \$66.22) were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation.

There were no anti-dilutive options in the six-month period ended June 30, 2020 (2019 – 573,400).

## 8. STOCK-BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, January 1	2,329,705	\$ 51.68	2,636,070	\$ 43.78
Exercised <sup>(1)</sup>	(150,720)	42.41	(307,015)	27.33
Forfeited	(2,000)	65.97	(15,500)	53.33
Options outstanding, June 30	2,176,985	\$ 52.30	2,313,555	\$ 45.90
Options exercisable, June 30	786,495	\$ 40.40	804,815	\$ 33.99

<sup>(1)</sup> The weighted average share price at date of exercise for the six months ended June 30, 2020 was \$67.10 (2019 - \$67.90).

The following table summarizes stock options outstanding and exercisable as at June 30, 2020.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$23.40 - \$26.52	235,920	3.8	\$ 25.78	235,920	\$ 25.78
\$36.65 - \$39.79	572,100	5.6	\$ 38.35	329,060	\$ 38.05
\$53.88 - \$66.22	1,368,965	8.2	\$ 62.71	221,515	\$ 59.47
	2,176,985	7.0	\$ 52.30	786,495	\$ 40.40

### Deferred Share Unit Plan (“DSU”)

A reconciliation of the DSU plan was as follows:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	388,547	\$ 27,392	358,151	\$ 19,005
Units taken or taken in lieu and dividends	18,460	1,227	18,492	792
Redemptions	(23,477)	(1,527)	-	-
Fair market value adjustment	-	(1,766)	-	3,278
Outstanding, June 30	383,530	\$ 25,326	376,643	\$ 23,075

The liability for DSUs is recorded in accounts payable and accrued liabilities.

## 9. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense included the following components:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Defined benefit plans	\$ 4,913	\$ 3,346	\$ 9,827	\$ 7,161
Curtailment gain	-	-	-	(5,000)
Defined contribution plans	3,637	3,264	7,638	6,975
401(k) matched savings plans	68	67	138	132
	<b>\$ 8,618</b>	<b>\$ 6,677</b>	<b>\$ 17,603</b>	<b>\$ 9,268</b>

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net change in non-cash working capital and other				
Accounts receivable	\$ (4,229)	\$ (73,301)	\$ 66,675	\$ (17,058)
Inventories	43,725	(54,789)	(20,490)	(196,197)
Accounts payable and accrued liabilities	15,086	79,637	(56,717)	8,838
Provisions	296	(250)	903	(545)
Deferred revenue and contract liabilities	(12,305)	(1,486)	(3,232)	11,332
Income taxes	13,096	6,914	5,720	(31,132)
Derivative financial instruments	27,833	15,191	(3,561)	31,794
Other	6,083	2,358	1,736	(1,250)
	<b>\$ 89,585</b>	<b>\$ (25,726)</b>	<b>\$ (8,966)</b>	<b>\$ (194,218)</b>
Cash paid during the period for:				
Interest	\$ 9,605	\$ 13,009	\$ 13,697	\$ 13,658
Income taxes	\$ 80	\$ 22,745	\$ 13,950	\$ 74,496
Cash received during the period for:				
Interest	\$ 1,397	\$ 2,044	\$ 4,012	\$ 4,560
Income taxes	\$ -	\$ -	\$ 166	\$ -

## 11. SEGMENTED INFORMATION

The Company has two reportable segments: the Equipment Group and CIMCO as described in note 1, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. The corporate office provides finance, treasury, legal, human resources and other administrative support to the segments and does not meet the definition of a reportable operating segment as defined in International Financial Reporting Standards ("IFRS") 8 – *Operating Segments*, as it does not earn revenue.

The accounting policies of each of the reportable segments are the same as the significant accounting policies described in the most recent annual audited consolidated financial statements.

Segment performance is assessed based on operating income, which is measured differently than income from operations in the interim condensed consolidated financial statements. Corporate overheads are allocated to the segments based on revenue. Income taxes, interest expense, interest and investment income are managed at a consolidated level and are not allocated to the reportable operating segments. Current income taxes, deferred income taxes and certain financial assets and liabilities are not allocated to the segments as they are also managed on a consolidated level.

The aggregation of the operating segments is based on the economic characteristics of the business units. These business units are considered to have similar economic characteristics including nature of products and services, class of customers and markets served and similar distribution models.

No reportable segment is reliant on any single external customer.

The following table sets forth information by segment for the three and six months ended June 30, 2020 and 2019:

Three months ended June 30	Equipment Group		CIMCO		Consolidated	
	2020	2019	2020	2019	2020	2019
Equipment/package sales	\$ 387,397	\$ 413,797	\$ 36,111	\$ 44,882	\$ 423,508	\$ 458,679
Rentals	72,299	105,245	-	-	72,299	105,245
Product support	314,317	373,819	36,783	37,981	351,100	411,800
Power generation	2,690	2,596	-	-	2,690	2,596
<b>Total revenues</b>	<b>\$ 776,703</b>	<b>\$ 895,457</b>	<b>\$ 72,894</b>	<b>\$ 82,863</b>	<b>\$ 849,597</b>	<b>\$ 978,320</b>
<b>Operating income</b>	<b>\$ 72,497</b>	<b>\$ 104,455</b>	<b>\$ 4,637</b>	<b>\$ 6,573</b>	<b>\$ 77,134</b>	<b>\$ 111,028</b>
Interest expense					7,890	6,988
Interest and investment income					(1,564)	(2,208)
Income taxes					19,598	28,850
<b>Net earnings</b>					<b>\$ 51,210</b>	<b>\$ 77,398</b>

Six months ended June 30	Equipment Group		CIMCO		Consolidated	
	2020	2019	2020	2019	2020	2019
Equipment/package sales	\$ 639,132	\$ 652,506	\$ 58,720	\$ 76,409	\$ 697,852	\$ 728,915
Rentals	153,277	186,327	-	-	153,277	186,327
Product support	636,668	685,378	71,857	72,553	708,525	757,931
Power generation	5,402	5,121	-	-	5,402	5,121
<b>Total revenues</b>	<b>\$ 1,434,479</b>	<b>\$ 1,529,332</b>	<b>\$ 130,577</b>	<b>\$ 148,962</b>	<b>\$ 1,565,056</b>	<b>\$ 1,678,294</b>
<b>Operating income</b>	<b>\$ 127,573</b>	<b>\$ 162,128</b>	<b>\$ 4,802</b>	<b>\$ 7,683</b>	<b>\$ 132,375</b>	<b>\$ 169,811</b>
Interest expense					14,821	13,907
Interest and investment income					(4,289)	(4,780)
Income taxes					33,237	44,025
<b>Net earnings</b>					<b>\$ 88,606</b>	<b>\$ 116,659</b>

Operating income from rental operations was \$3.5 million for the three months ended June 30, 2020 (2019 – \$11.4 million) and \$5.9 million for the six months ended June 30, 2020 (2019 – \$14.0 million).

## **12. BUSINESS SEASONALITY AND UNCERTAINTY**

Interim period revenues and earnings historically reflect seasonality. For the Equipment Group, the first quarter is typically the weakest due to winter shutdowns in the construction industry while the fourth quarter has consistently been the strongest quarter due to higher conversions at the Caterpillar dealership of equipment on rent with a purchase option. For CIMCO, the fourth quarter tends to be the strongest due to higher activity in recreational markets in advance of the winter recreational season.

The COVID-19 outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures included the implementation of travel bans, self-imposed quarantine periods and social distancing and have affected economies and financial markets around the world resulting in an economic slowdown. Activity reductions of certain mine sites and construction projects reduced demand for our products and services through much of the quarter.

The Company implemented a specific response plan, informed by measures recommended by public health agencies, to enable it to continue to provide its essential services and support to customers, while safeguarding the health and safety of employees. Appropriate business continuity measures have been taken to ensure uninterrupted service of the Company's operations.

Although the phase-in of reopening business activity has begun, the breadth and duration of this pandemic are unknown, in part given the many unknowns related to COVID-19. These include the duration, severity and possible resurgence of the outbreak as emergency measures are eased. This outbreak may cause staff shortages, continue to affect customer demand, increased government regulations or intervention, all of which may negatively impact the business, financial results and conditions of the Company. It is not possible to reliably estimate the length and severity of these developments as well as the impact on the financial results and condition of the Company in future periods.

As at June 30, 2020, the Company had cash on hand of \$537 million, available liquidity of \$616 million, and hence, a certain degree of flexibility in its operating and investing plans to mitigate the impacts of COVID-19.