

# Q1 2021 Results

May 5, 2021

# TOROMONT

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# Advisory

*Information contained herein 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 herein 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. This material may also contain forward-looking statements about the recently acquired businesses.*

*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; potential risks and uncertainties relating to the novel COVID-19 global pandemic, including an economic downturn, reduction or disruption in supply or demand for our products and services, or adverse impacts on our workforce, capital resources, or share trading price or liquidity; increased regulation of or restrictions placed on our businesses as a result of COVID-19; 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 acquired businesses and changes to environmental regulation; information technology failures, including data or cyber security breaches; 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; any requirement of Toromont to make contributions to the registered funded defined benefit pension plans, postemployment benefits plan or the multi-employer pension plan obligations in which it participates and acquired in excess of those currently contemplated; and ability to secure insurance coverage and cost of premiums. Readers are cautioned that the foregoing list of factors is not exhaustive.*

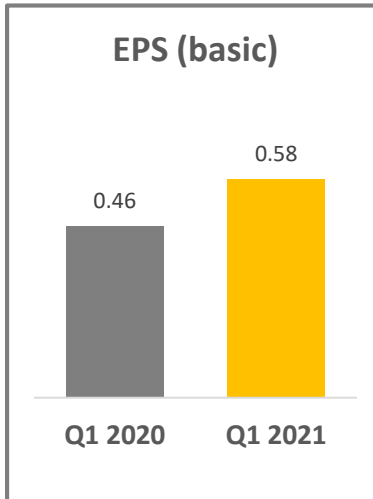
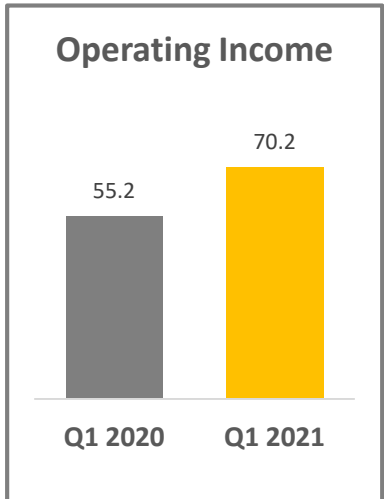
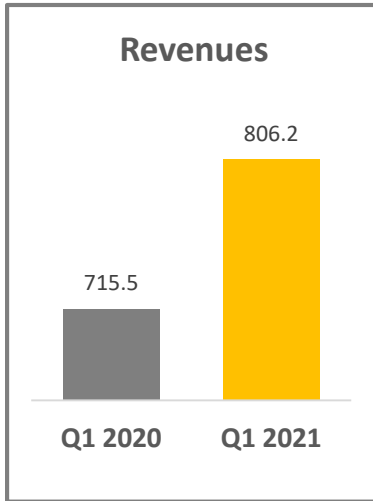
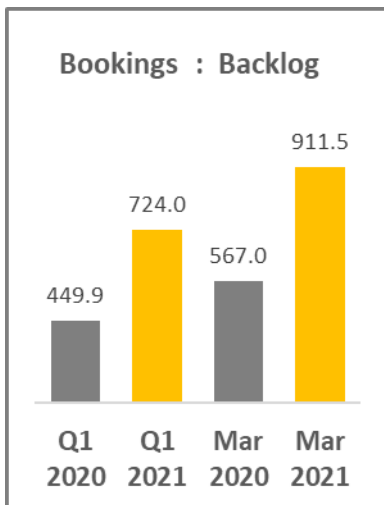
*Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included herein. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out in the "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.sedar.com](http://www.sedar.com) 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.*

# Events in Q1

- Team continues to show their unwavering **commitment** to meet our customer needs and perform at a high level
- The Equipment Group reported **improved prime product deliveries**, reflecting improved activity levels in the quarter
- **CIMCO** revenues increased with good progress on its order backlog
- **Product support** activity, particularly in the recreational markets, continues to reflect the impact of COVID restrictions
- **Operational efficiencies** with continued focus on expense disciplines resulted in solid bottom line growth, however the cautious tone remains due to new variants of the COVID pandemic and vaccine rollout
- **Order bookings** improved in the quarter versus last year; **Backlog up 61%**, mainly stemming from the Equipment Group
- **Strong financial position maintained**, working capital and discretionary spending well managed, ample liquidity to support business requirements and organic growth

# Q1 2021 Financial Summary

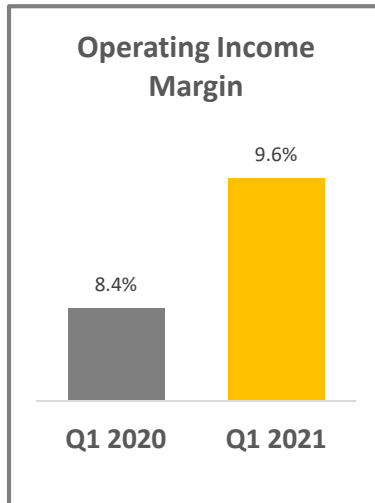
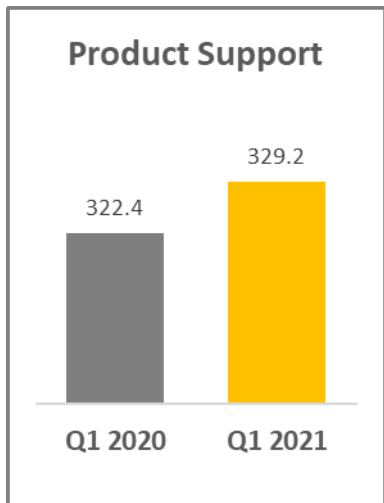
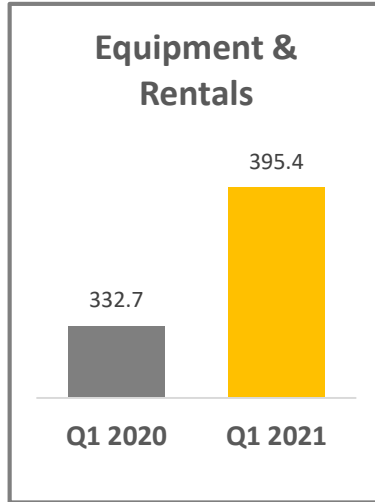
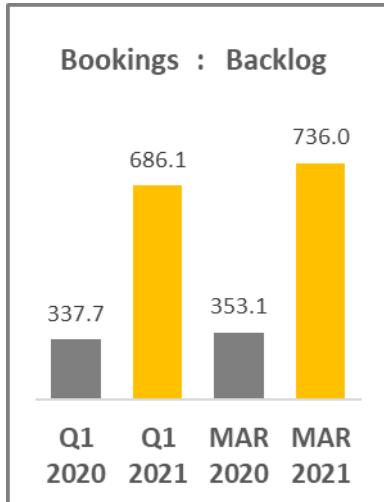
Financial Data in \$ million, EPS in \$ per share



- **Healthy Backlogs** with Equipment Group up 108% and CIMCO lower 18% over 2020 levels.
- **Revenues** up 13% versus Q1 2020, reflecting increased activity in many areas and good execution from our teams. **Product support** revenues were 2% higher while **rental revenues** 11% lower compared to the similar quarter last year.
- **Expenses** tightly managed with reductions in discretionary areas and compensation, while focusing on business priorities for the long term health of the Company.
- **Operating Income** up 27% in Q1 2021 higher than 2020 reflecting higher revenues against a relatively unchanged level of expenses.
- **Net Earnings** of \$48.0 million were 28% higher in the QTR with EPS (basic) at \$0.58 per share, or 12 cents above Q1 last year.

# Q1 Equipment Group Highlights

Financial Data in \$ million

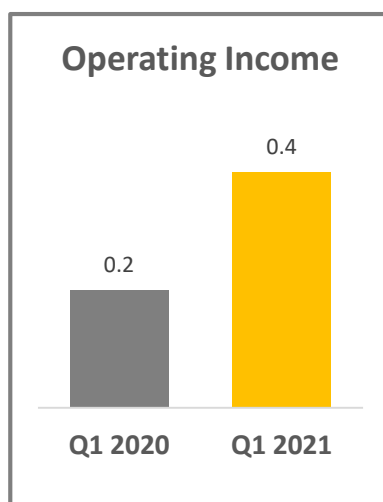
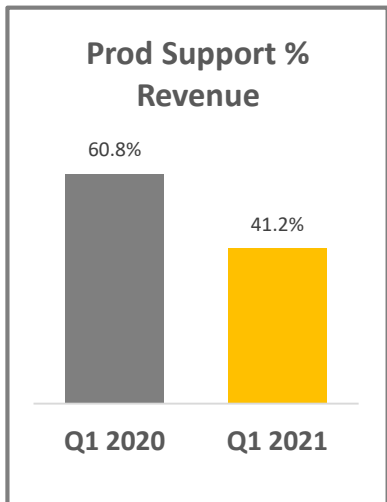
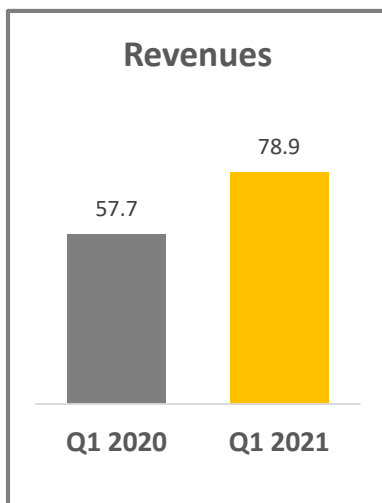
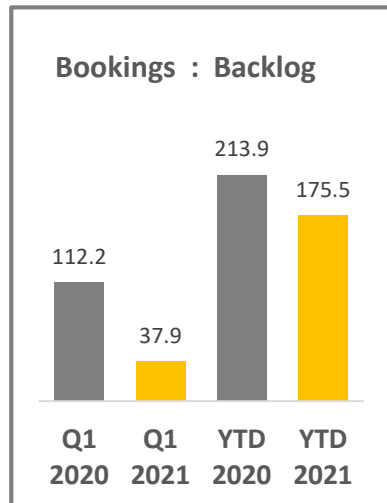


- **Bookings** up 103% and **Backlogs** up 108% for the group across all sectors
- **Revenues** of \$727 million up 11% vs 2020 Q1
  - **New & Used equipment** up 34% and 12% respectively
    - **Construction** up 32%
    - **Mining** up 3%
    - **Power systems** up 20%
    - **Material Handling** up 10%
    - **Agriculture** up 76%
  - **Rental** down 11%
  - **Product Support** up 2%
- **Operating Income** \$69.8 million (or 27%) higher than Q1 2020
  - **Equipment & product support** margins were largely unchanged
  - **Rental** margins improved in the quarter reflective of utilization and rental fleet adjustments
  - **Selling & Admin** expenses were up 1% in the quarter with continued cost containment disciplines in discretionary expenditures like travel offsetting DSU related Mark-to-Market expense



# Q1 CIMCO Highlights

Financial Data in \$ million



- **Backlog** of \$176M, down 18% YoY
  - **Bookings of \$37.9M** were lower 66%, reflecting the large industrial orders received in Canada in the first quarter of 2020. **Recreational bookings** were 28% lower on reduced market activity. Bookings in Canada were down 69% while bookings in the US were down 20%.
- **Revenues** of \$78.9 million up 37% in Q1
  - Strong package revenues on continued progress against industrial orders booked in 2020. **Packages Sales** up 105% in Q1 in both markets
    - Canada revenues were up 98% during the QTR reflecting higher industrial revenues.
    - US up 159% on a smaller base in QTR, on higher recreational sales and industrial sales.
  - **Product Support** down 7% on lower activity in both Canada (down 7%) and the US (down 9%), as pandemic impacts were yet to be unrealized in Q1 2020
- **Operating Income** higher \$0.2 million in Q1
  - **Gross Margin** down 560 bps in the QTR mainly on lower package margins and product support margins, and a less favourable sales mix (higher package sales and lower product support).
  - **Selling & Admin** largely unchanged from Q1 2020 and expenditure control measures on discretionary spend remained in effect.

# Financial Highlights

- **Working Capital** – reflecting teams focus and effective actions to proactively manage changes related to activity levels and underlying demand
  - AR increased \$29 million, while DSO was down 8 days from Q1 2020
  - Inventories lower by \$216 million, reflective of adjustments made on market signals from Q1 2020
  - AP lower by \$214 million due to timing of purchasing and expected unwind of extended supplier terms
- **Strong financial position** with **\$614 million** cash on hand, additional liquidity of approximately **\$620 million** and Net Debt to Total Capitalization ratio of **2%**
- **Returns**, remain strong and reflect improvements with Return on Opening Shareholders Equity of **16.7%** and pre-tax Return on Capital Employed of **21.5%**
- **Dividend** increased by 12.9% or 4 cents to 35 cents per common share per quarter. Approved for quarterly distribution – returning approximately \$25.6 million quarterly to shareholders

# Key Takeaways Leading into Q2

- We continue to provide **essential services and solutions** to our clients, focusing on **3 key areas** to protect our employees, serving our customer needs and protecting the business for the future
- Expecting the business environment to remain fluid in 2021 and the **tone of caution to persist** given the changing status of the pandemic and response required
- **Operationally**, our Team is focused on delivering our products and services safely, responding to changes in demand, executing on organic growth opportunities and our long term business plan
- Our **order backlog** was healthy heading into 2021, and **new order bookings** in 2021 are supportive
- **Financially, we are well positioned** to manage through the pandemic with ample sources of liquidity and ability to invest in organic growth initiatives and opportunities
- **Thank-you** to our customers, our people, our supply partners and our shareholders for your continued support
- Reminder – **Annual and Special Meeting of Shareholders** to be held today at 10 am. Visit for [Toromont.com](https://toromont.com) for information on how to join



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Thank You  
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Q1 2021 Results Conference Call  
May 5, 2021

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