



Q1 2022 Results

Thursday, April 28, 2022

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Advisory

Information in this presentation 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 presentation 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 presentation also contains 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 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 to make contributions and other payments in respect of registered defined benefit pension plans or postemployment benefit plans in excess of those currently contemplated; and increased insurance premiums. Readers are cautioned that the foregoing list of factors is not exhaustive.

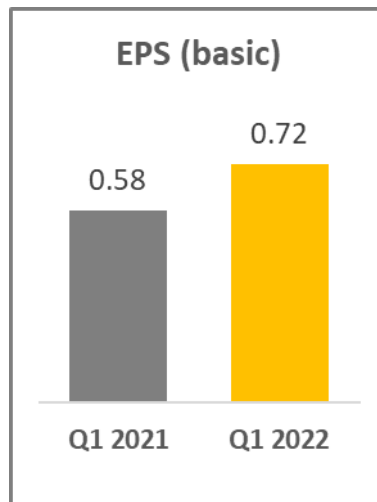
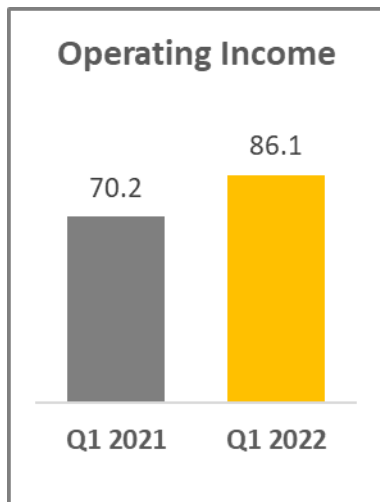
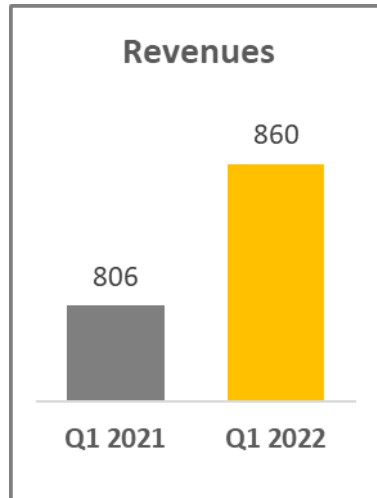
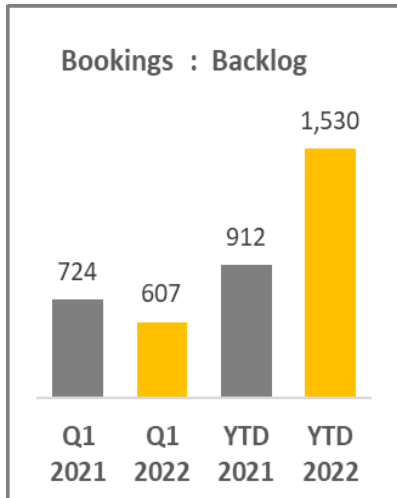
Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included in this presentation. For a further description of certain risks and uncertainties and 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 or at our website 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.

Q1 Highlights

- **Equipment Group** – rental and product support improved with activity levels & utilization; **prime product delivery** timing was affected by persistent supply chain challenges
- **CIMCO** – **Product support** activity improved, while **package deliveries** declined on timing of project construction schedules
- **Operational leverage & efficiencies** contributing to the bottom line however inflationary pressures being experienced
- **Order bookings lower 16% & Backlog up 68% Y/Y**
- **Global Supply Chain persistent challenges** – along with macro-economic factors continue to influence delivery timing, scheduling & customer buying patterns
- **Financial position remains strong** - liquidity well-positioned to support customer requirements & growth opportunities
- **Team** continues to execute safely, support customer needs and have instituted plans for a gradual re-entry into our workplace

Financial Summary

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



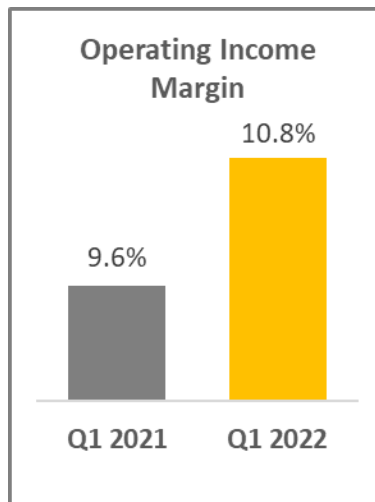
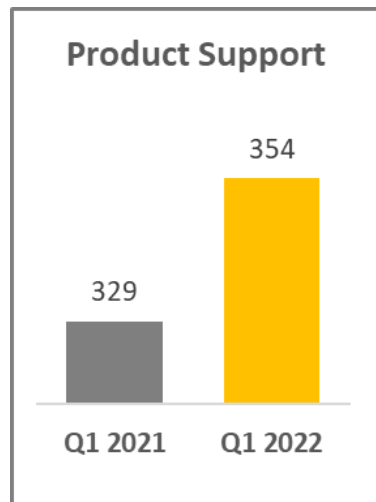
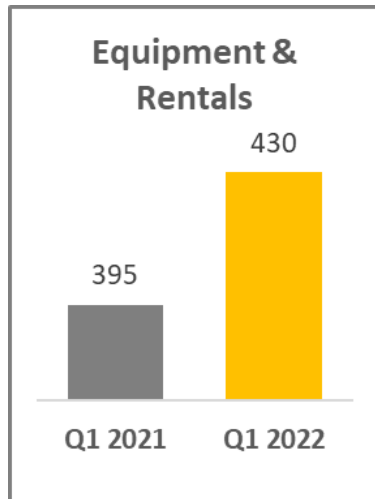
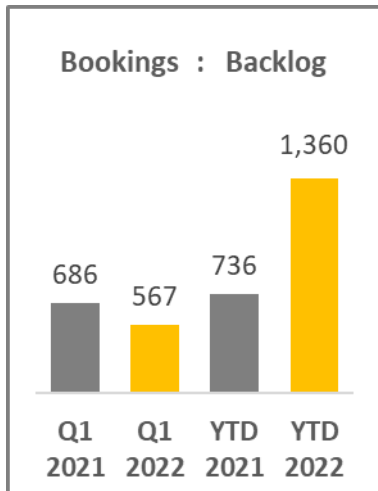
- **Healthy Backlogs** - Equipment Group up 85% and CIMCO lower 3%
- **Revenues** up 7% in Q1
- **Product support (up 10%) and rental revenues (up 29%)** reflecting activity levels & utilization rates
- **Expenses** were up 9% in Q1
 - Spending increased mainly to support volume growth; inflationary pressures being experienced
 - Compensation costs up \$5.5 million, on higher staffing levels, regular staff increases & profit sharing accruals on higher income levels
 - Bad debts expenses decreased \$2.0 million on improved collections
 - Certain items impact comparability – such as Property gains of \$3.1 million in Q1 2021
- **Operating Income** up 23% in Q1 reflecting higher revenue and gross margins
- **Net Earnings** up 24% in Q1
- **EPS** up 24% in Q1, tracking earnings growth

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Equipment Group

Financial Data in \$ million

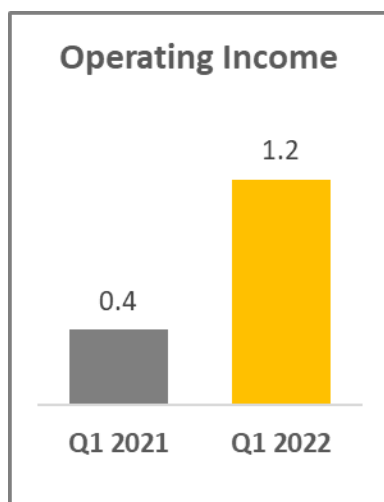
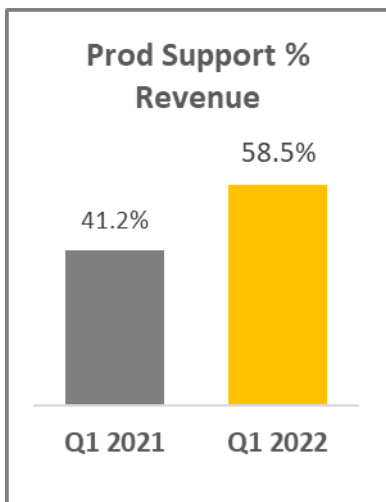
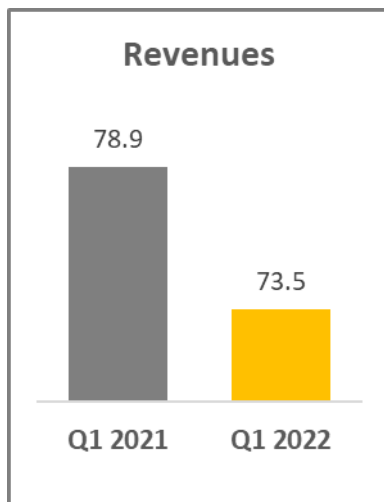
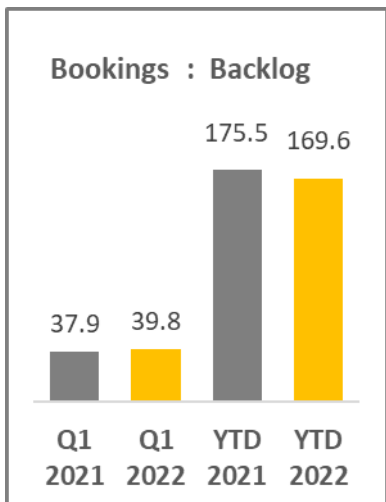


- **Macro Factors** affecting seasonality, persistent supply chain challenges impacting inventory availability, delivery schedules and buying patterns
- **Bookings** 17% lower Y/Y versus large mining and construction orders in 2021
- **Backlog** supportive up 85% with improvement across virtually all market segments
- **Revenues** – Used (up 15%), Rental (up 29%) & Product Support (up 7%) improved Y/Y
- **Gross profit margins** increased 140 basis points
- **Expenses** up 10% supporting growth
 - Compensation costs up \$5.5 million
 - Allowance for doubtful debts down \$1.7 million
 - 2021 one-time gains included – real estate transactions
- **Operating Income** improved 120bps on solid execution, gross profit, operating leverage & fleet utilization

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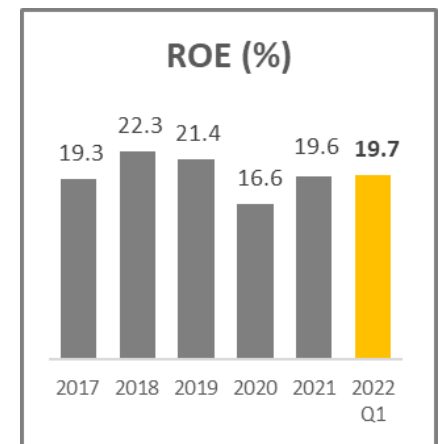
Financial Data in \$ million, EPS in \$ per share



- Prolonged winter conditions and supply chain challenges affecting schedules, however performance can vary Q/Q due to timing of large construction of projects
- **Revenues** Y/Y down 7% reflecting lower package revenues on construction schedules largely offset by higher product support revenue
- **Product Support** up 32% Y/Y; with Recreational activity improving (easing restrictions)
- **Expense** largely unchanged from Q1 2021
 - Increased as a percentage of revenues to 17.3%, reflecting lower revenues against a constant level of expenditure
- **Operating Income** reflects higher gross margin with improved product support mix
- **Bookings** increasing as industrial market activity increased with easing of pandemic restrictions, offset by lower recreational market activity; **Backlog** slightly lower reflecting large projects booked LY

Financial Highlights

- **Working Capital** – reflecting discipline and focus by the team as we adjust to customer requirements, activity levels and global supply chain challenges
 - **AR** - DSO reduced 2 days Y/Y with tight focus on collection activities
 - **Inventories** – higher driven by the Equipment Group including equipment, work-in-process and parts levels; availability challenges persist
- **Strong financial position** with **\$796 million** cash on hand, \$467 million in additional liquidity available through existing Credit Facilities
- **Net Debt to Total Capitalization** ratio of **-8%** versus 2% as at Q1 2021
- **Quarterly dividend** of \$0.39 cents per share as declared in Q1
- **ROE improved slightly to 19.7% in Q1**, near our 5-year average of 19.8%
- **ROCE improved to 27.4%** in Q1 (21.5% Q1 2021)



Key Takeaways Leading into Q2

- Expecting the business environment to remain challenged, **key factors to monitor**:
 - Health of the supply chain
 - Inflationary & macro-economic developments
 - Status of the pandemic and response required
- **Our focus areas**:
 - Continue to protect our employees
 - Serve and support our customer requirements
 - Protect and build our business for the future (leveraging the learnings & managing risks)
- **Backlogs** remain well positioned, but deliveries subject to persistent global supply chain challenges
- **Technician hiring** remains a key priority and is essential to support the growing demand for our product support and project construction business
- **Financially, we are well positioned** with ample sources of liquidity and ability to invest in organic growth initiatives and opportunities in our disciplined fashion
- **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 Thursday, April 28 at 10 am. Visit www.toromont.com for information on how to join

2022 Schedule

All dates and times are preliminary and subject to change

Quarter	Release Date <i>After market close</i>	Investor Call Date	Investor Call Time <i>Eastern</i>
Q2 2022	July 26, 2022	July 27, 2022	8:00 AM
Q3 2022	November 1, 2022	November 2, 2022	8:00 AM
Q4 2022	February 14, 2023	February 15, 2023	8:00 AM

Other Events and Filings	Date	Time
2022 Annual & Special Meeting	April 28, 2022	10:00 AM <i>EDT</i>



THANK YOU

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