Third Quarter 2017 **November 7, 2017**

TOROMONT ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2017 AND QUARTERLY DIVIDEND

Toromont Industries Ltd. (TSX: TIH) reported its financial results for the third quarter ended September 30, 2017.

	Three months ended September 30					Nine months ended September 30				
millions, except per share amounts		**2017**		2016	**% change**		**2017**		2016	**% change**
Revenues	**$**	**584.2**	$	509.8	**15%**	**$**	**1,527.4**	$	1,419.8	**8%**
Operating income	**$**	**68.6**	$	66.0	**4%**	**$**	**163.0**	$	153.7	**6%**
Net earnings	**$**	**49.4**	$	47.6	**4%**	**$**	**116.8**	$	110.2	**6%**
Basic earnings per share ("EPS")	**$**	**0.63**	$	0.61	**3%**	**$**	**1.49**	$	1.41	**6%**

Results for the three and nine months ended September 30, 2017 were very strong for both the Equipment Group and CIMCO. This reflected the diversity of the business and solid execution from the decentralized operational and corporate teams, empowered to execute and deliver results even while part of the team was heavily focused on a major transaction. Toromont is pleased and enthused that efforts to expand its geographic profile and create opportunities for future growth have been realized with the Hewitt acquisition and look forward to developing on the strength of the combined organization.

Highlights:

Acquisition of the Hewitt Group of companies ("Hewitt")

- The acquisition of the businesses and net operating assets of Hewitt was completed on October 27, 2017. The $1.07 billion purchase price was comprised of cash consideration of $945.6 million (inclusive of a positive preliminary closing working capital adjustment of $27.9 million) and $126.3 million represented by the issuance of approximately 2.25 million Toromont shares.

- Toromont became the authorized Caterpillar dealer for Québec, Western Labrador and the Maritimes; the Caterpillar lift truck dealer for Québec and most of Ontario and the MaK engine dealer for Québec, the Maritimes and the eastern seaboard of the United States from Maine to Virginia.

- This acquisition provides a significant opportunity for profitable growth and the continued delivery of consistent returns to the Company's stakeholders. This positions Toromont well to further strengthen its expertise and total customer offering in the key mining, construction and power systems markets and provides an expanded platform for market diversification.

Consolidated Results – good growth in earnings

- Net earnings increased 4% in the quarter to $49.4 million and 6% year-to-date to $116.8 million. Excluding costs related to the Hewitt transaction and a gain on the sale of internally-developed software realized in 2016[1], net earnings would have increased 24% in the quarter and 15% year-to-date.

- EPS increased 3% or $0.02 in the quarter to $0.63 and 6% or $0.08 to $1.49 year-to-date (up 23% in the quarter and 14% in the first nine months excluding the aforementioned items).

Equipment Group - improved results from strong equipment sales and good rental and product support growth

- Revenues of $488.0 million in the quarter were up $66.2 million or 16%. Equipment sales benefited from strong mining deliveries (up 87%). Good growth was also reported in rentals and product support. Operating income increased 3% in the quarter (22% excluding the aforementioned items). As a percentage of revenues, operating income increased 70 basis points ("bps") after excluding the impact of the aforementioned items, mainly reflecting the higher sales volume and lower relative expense ratio, partially offset by the lower overall gross profit margins.

- Revenues were up $93.1 million or 8% to $1.3 billion year-to-date mainly due to higher equipment sales and rentals. Operating income increased 4% year-to-date (12% excluding the aforementioned items). As a percentage of revenues, operating income increased 40 bps, excluding the aforementioned items, for similar reasons noted in the quarter.

- Bookings increased 2% in the quarter to $185.0 million on higher construction and agriculture orders, partially offset by lower mining and power systems orders. On a year-to-date basis, bookings were up 16% to $685.0 million, with strong mining and power systems orders offsetting lower construction and agriculture orders. Backlogs of $197.0 million at September 30, 2017, represented the highest level for this time of year since 2012, and were higher compared to $147.0 million at December 31, 2016 and $121.0 million at this time last year. Approximately two-thirds of the backlog is expected to be delivered this year.

CIMCO – improved results on strong Canadian activity levels

- Revenues increased 9% to $96.1 million in the quarter on strong recreational package sales in both Canada and the US, partially offset by lower industrial sales. Product support growth reflects good activity in Canada. Operating income increased 10% to $9.3 million and was 9.6% as a percentage of revenues, largely reflecting the higher revenues and higher gross profit margins.

- Revenues were up 7% year-to-date to $221.5 million, as a result of the same factors identified for the quarter above. Operating income margin was 150 bps higher than last year at 8.4%.

---

[1] Direct transaction costs for advisory services were $1.8 million pre-tax ($0.02 EPS) in the quarter and $2.6 million pre-tax ($0.02 EPS) year-to-date. The significant increase in the share price post the announcement of the acquisition contributed to higher mark-to-market on Deferred Share Units which we estimate led to a higher mark-to-market adjustment of approximately $4.1 million pre-tax in both the quarter and year-to-date ($0.04 EPS). The gain on the sale of software in the third quarter of 2016 contributed $4.9 million pre-tax ($0.05 EPS) to the 2016 results.

- Bookings were up 200% in the quarter to $72.0 million and 52% year-to-date to $208.0 million, both records for the respective periods. Backlogs of $176.0 million at September 30, 2017 were up from $99.0 million at December 31, 2016 and $102.0 million at this time last year. Just under half of the backlog is expected to revenue over the remainder of this year.

Financial Position – remains strong

- Toromont maintained a very strong financial position. Net debt to total capitalization was 2% at September 30, 2017.

- The Board of Directors announced a quarterly dividend of 19 cents per common share, payable January 3, 2018 to shareholders of record on December 8, 2017. The quarterly dividend was previously increased 6% to 19 cents per share effective with the dividend paid April 3, 2017. This represented the 28th consecutive year of dividend increases.

- On closing the Hewitt acquisition on October 27, 2017, the Company:

    - issued $500.0 million in senior notes to partially fund the cash consideration portion of the acquisition; the notes have a term of 10 years, bear interest at 3.842% and rank pari passu with Toromont's existing debt.

    - expanded and extended its credit facility to include term acquisition financing of $250.0 million and a revolver of $500.0 million; the facility is unsecured, matures in October 2022, and ranks pari passu with Toromont's existing debt. $250.0 million was drawn on the term facility and $60.0 million was drawn on the revolving facility to partially fund the cash consideration portion of the acquisition.

    - issued approximately 2.25 million common shares in consideration of the Hewitt acquisition.

The Hewitt acquisition marks a very important milestone for Toromont and it is expected to be beneficial to the Company's customers, employees, suppliers and shareholders on many levels. Toromont appreciates the confidence of its partner, Caterpillar, in endorsing this opportunity and welcomes the Hewitt team to the Toromont family. Integration efforts are already well under way. The long-term outlook for infrastructure spending remains positive from both the provincial and federal governments. The Company continues to see increased activity in the mining and power systems sectors. Performance at CIMCO continues to be positive. Growth in bookings across the organization and good backlog positions, together with the long-term product support growth trends and the diversity of markets in the new and significantly expanded territory, provide substantial opportunities for continued success.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and nine months ended September 30, 2017, compared to the preceding year. This MD&A should be read in conjunction with the attached unaudited condensed interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2017, the annual MD&A contained in the 2016 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2016.

The unaudited condensed interim consolidated financial statements reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The information in this MD&A is current to November 7, 2017.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2016 Annual Report and 2017 Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

Advisory

Information in this MD&A 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 MD&A reflect 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 MD&A also contains forward-looking statements about the subsequent acquisition of the businesses of Hewitt.

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; 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 subsequently acquired businesses and changes to environmental regulation; 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; and any requirement of Toromont to make contributions to the registered funded defined benefit pension plans, postemployment benefits plan or the multi-employer pension plans in which it participates or will participate upon assuming Hewitt's obligations thereunder in excess of those currently contemplated. Risks and uncertainties related to the acquisition of the Hewitt operations could also 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: changes in consumer and business confidence as a result

of the change in ownership; the potential for liabilities assumed in the acquisition to exceed our estimates or for material undiscovered liabilities in the Hewitt business; the potential for third parties to terminate or alter their agreements or relationships with Toromont as a result of the acquisition; and risks related to integration of Hewitt operations with those of Toromont including cost of integration and ability to achieve the expected benefits. 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 MD&A. 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 MD&A, as filed with Canadian securities regulators at www.sedar.com or at 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, which reflect Toromont's expectations only as of the date of this MD&A, and not to use such information for anything other than their intended purpose. Toromont disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CORPORATE DEVELOPMENT

Acquisition of the Hewitt Group of companies ("Hewitt")

On October 27, 2017, Toromont completed the acquisition of the businesses and net operating assets of Hewitt for total purchase price of $1.07 billion, comprising cash consideration of $945.6 million (including preliminary working capital adjustments) plus the issuance of approximately 2.25 million Toromont shares.

Hewitt Equipment Limited is the authorized Caterpillar dealer for the province of Québec, Western Labrador and the Maritimes, as well as the Caterpillar lift truck dealer for Québec and most of Ontario and the MaK engine dealer for Québec, the Maritimes and the Eastern seaboard of the United States, from Maine to Virginia. Additional distribution rights were also acquired in this transaction.

This important transaction delivers a substantial growth opportunity, and strengthens the Company's expertise and operations in the mining, construction, power systems and forestry sectors.

The cash consideration of the purchase price along with transaction costs was funded with cash on hand, the issuance of unsecured notes, and drawings against an amended credit facility. Refer to note 15 to the unaudited condensed consolidated financial statements for more information on these credit arrangements.

This acquisition will be accounted for as a business combination using the acquisition method of accounting. The Company is in the process of finalizing the estimated fair values of assets acquired and liabilities assumed at the date of acquisition, including goodwill and identifiable intangible assets.

Except as otherwise disclosed, the information presented herein excludes Hewitt as the acquisition was completed subsequent to September 30, 2017.

CONSOLIDATED RESULTS OF OPERATIONS

($ thousands, except per share amounts)	Three months ended September 30				Nine months ended September 30			
			Change				Change	
	2017	2016	$	%	**2017**	2016	$	%
REVENUES	**$ 584,158**	$ 509,774	$ 74,384	15%	**$ 1,527,396**	$ 1,419,817	$ 107,579	8%
Cost of goods sold	**442,871**	383,542	59,329	15%	**1,163,561**	1,081,112	82,449	8%
Gross profit (1)	**141,287**	126,232	15,055	12%	**363,835**	338,705	25,130	7%
Selling and administrative expenses	**72,702**	65,133	7,569	12%	**200,834**	189,969	10,865	6%
Gain on sale of internally-developed software	**-**	(4,939)	4,939	nm	**-**	(4,939)	4,939	nm
OPERATING INCOME (1)	**68,585**	66,038	2,547	4%	**163,001**	153,675	9,326	6%
Interest expense	**1,818**	1,796	22	1%	**5,489**	5,389	100	2%
Interest and investment income	**(914)**	(422)	(492)	117%	**(3,022)**	(2,629)	(393)	15%
Income before income taxes	**67,681**	64,664	3,017	5%	**160,534**	150,915	9,619	6%
Income taxes	**18,326**	17,021	1,305	8%	**43,700**	40,696	3,004	7%
NET EARNINGS	**$ 49,355**	$ 47,643	$ 1,712	4%	**$ 116,834**	$ 110,219	$ 6,615	6%
BASIC EARNINGS PER SHARE	**$ 0.63**	$ 0.61	$ 0.02	3%	**$ 1.49**	$ 1.41	$ 0.08	6%
KEY RATIOS:								
Gross profit margin (1)	**24.2%**	24.8%			**23.8%**	23.9%		
Selling and administrative expenses as a % of revenues	**12.4%**	12.8%			**13.1%**	13.4%		
Operating income margin (1)	**11.7%**	13.0%			**10.7%**	10.8%		
Income taxes as a % of income before income taxes	**27.1%**	26.3%			**27.2%**	27.0%		

(1) Described in the sections titled "Additional GAAP Measures and Non-GAAP Measures".

Revenues increased 15% in the quarter and 8% year-to-date (records for both periods) with good growth in both Groups. Equipment Group benefited from strong mining equipment deliveries, higher rentals and product support revenues while CIMCO reported record package sales and product support revenues on strong Canadian activity levels.

Gross profit margin decreased 60 basis points ("bps") in the quarter and 10 bps year-to-date. CIMCO reported higher margins for both the quarter and year-to-date on good project execution and lower warranty costs. Equipment Group reported lower margins for the quarter and year-to-date largely due to an unfavorable sales mix with the increase in equipment revenues.

Selling and administrative expenses increased $7.6 million or 12% in the quarter and $10.9 million or 6% year-to-date. The Company incurred $1.8 million in direct acquisition-related expenses (legal, accounting and other advisory) in the quarter and $2.6 million year-to-date. Mark-to-market adjustments on Deferred Share Units ("DSUs") were $4.1 million in the quarter and $6.3 million for the year-to-date ($3.2 million higher than each of the comparable periods of last year). Management attributes the increase in the quarter of $4.1 million to be substantially related to the higher average share price following the announcement of the acquisition. Excluding the impact of these expenses incurred as a consequence of the acquisition announcement, selling and administrative expenses would have increased $1.7 million or 3% in the quarter and $4.2 million or 2% year-to-date.

Other compensation costs were $1.9 million higher in the quarter and $4.3 million year-to-date on increased headcount, regular annual increases and an increased performance incentive accrual on the higher earnings. Bad debt provisions were higher by $0.4 million in the quarter and $0.7 million year-to-date. As a percentage of revenues, selling and administrative expenses were 40 bps lower

in the quarter and 30 bps lower year-to-date. Excluding the items noted above, selling and administrative expenses would have been 130 bps lower in the quarter and 70 bps lower year-to-date.

A gain of $4.9 million on the sale of internally developed software was recorded in the third quarter of 2016.

Operating income increased 4% in the quarter and 6% for the year-to-date, but was 130 bps lower in the quarter and 10 bps lower year-to-date as a percentage of revenues. Excluding the expenses incurred in 2017 as a consequence of the acquisition, mark-to-market on the DSUs and the 2016 gain noted above, operating income increased 22% in the quarter and 14% year-to-date and would have been 80 bps higher as a percentage of revenues in the quarter and 60 bps higher year-to-date.

Interest expense was $1.8 in the quarter and $5.5 million year-to-date, largely unchanged from the prior year.

Interest income increased in the quarter with higher investment income on higher average cash balances and higher interest from conversions of equipment on rent with a purchase option ("RPO"). Year-to-date, higher investment income was partially offset by lower interest from RPO conversions. RPO interest income varies based on the length of the rental period to conversion.

The effective income tax rate was 27.1% in the quarter and 27.2% year-to-date.

Earnings per share ("EPS") increased 3% in the quarter ($0.02 to $0.63) and 6% year-to-date ($0.08 to $1.49). Excluding the impact of acquisition-related expenses, mark-to-market on DSUs and the 2016 gain noted above, EPS increased 23% in the quarter ($0.13 to $0.68) and 14% ($0.19 to $1.55) year-to-date versus similar periods last year.

Comprehensive income was $48.8 million in the quarter (2016 - $46.2 million) and $113.6 million year-to-date (2016 - $103.2 million), comprising mainly of net earnings and other comprehensive loss resulting from an unfavorable change in the fair value of cash flow hedges.

BUSINESS SEGMENT OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth and operating income relative to revenues. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

Equipment Group

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
($ thousands)	**2017**	2016	$	%	**2017**	2016	$	%
Equipment sales and rentals								
New	**$ 194,922**	$ 130,097	$ 64,825	50%	**$ 476,386**	$ 391,712	$ 84,674	22%
Used	**45,444**	56,445	(11,001)	(19%)	**158,075**	173,177	(15,102)	(9%)
Rentals	**70,474**	66,747	3,727	6%	**171,602**	156,715	14,887	9%
Total equipment sales and rentals	**310,840**	253,289	57,551	23%	**806,063**	721,604	84,459	12%
Power generation	**2,665**	3,071	(406)	(13%)	**8,809**	9,105	(296)	(3%)
Product support	**174,515**	165,502	9,013	5%	**491,069**	482,144	8,925	2%
Total revenues	**$ 488,020**	$ 421,862	$ 66,158	16%	**$ 1,305,941**	$ 1,212,853	$ 93,088	8%
Operating income	**$ 59,320**	$ 57,600	$ 1,720	3%	**$ 144,380**	$ 139,473	$ 4,907	4%
KEY RATIOS:								
Product support revenues as a % of total revenues	**35.8%**	39.2%			**37.6%**	39.8%		
Operating income margin	**12.2%**	13.7%			**11.1%**	11.5%		
Group total revenues as a % of consolidated revenues	**83.5%**	82.8%			**85.5%**	85.4%		

Record results in the quarter and first nine months of the year were driven by strong equipment sales and good rental and product support growth.

New equipment sales in the quarter and year-to-date increased to record highs while used equipment sales were lower following a record year in 2016. There is an interplay between new and used sales reflecting market conditions, equipment availability and relative pricing. On a combined basis, total equipment sales were up 29% in the quarter and 12% year-to-date.

Sales into mining markets increased 87% in the quarter and 78% year-to-date. Construction markets sales were up 10% in the quarter but down 5% year-to-date following a slow start to the year and continued competitive conditions. Activity levels were higher in Ontario for the quarter, mainly in the Southwest and North, but lower across all other territories both for the quarter and year-to-date. Power systems reported strong equipment sales increasing 83% in the quarter and 62% year-to-date. With high electricity prices in Ontario, demand has increased for combined heat and power (CHP) to reduce electricity costs. Agriculture equipment sales increased in the quarter (up 20%) but were relatively unchanged year-to-date.

Rental revenues were up 6% in the quarter and 9% year-to-date. Light equipment rentals increased 9% in both the quarter and year-to-date with all regions reporting growth. Power rentals increased 25% in the quarter and 23% year-to-date on a larger more balanced fleet and increased demand for generators, pumps and temperature control units. Heavy equipment rentals were relatively unchanged in the quarter but up 18% year-to-date on higher activity levels in Manitoba and Newfoundland offset by declines in Ontario. Rental revenues from RPO (equipment on rent with a purchase option) were down 5% in the quarter but up 1% year-to-date. The RPO fleet was $53.0 million at September 30, 2017 compared to $64.7 million at September 30, 2016.

Product support revenues were up in the quarter (5%) and year- to-date (2%) versus last year. Parts sales increased 4% in the quarter and 1% year-to-date. Most market segments were up in the quarter led by good mining activity. Year-to-date, most market segments were also up with the exception of power systems which were lower against a tough prior year comparator which included strong rebuild activity. Service revenues increased 9% in the quarter and 5% year-to-date reflecting strong mining activity. As previously reported, Caterpillar's discontinuation of the on-highway truck product line a few years ago has led to a gradual reduction in product support opportunities in this space.

Gross profit margins decreased 100 bps in the quarter and 50 bps year-to-date principally due to the higher proportion of lower margin equipment sales versus higher margin product support revenues together with lower equipment margins than a year ago. A very tight pricing environment across most markets and territories combined with reduced rental conversions, continued to exert downward pressures on equipment margins.

Selling and administrative expenses increased $5.3 million (10%) in the quarter and $5.9 million (4%) year-to-date. Compensation costs, including the mark-to-market on DSUs, were up $3.8 in the quarter and $4.0 million year-to-date. Certain expense categories, such as information technology, freight, training and travel costs were higher to support growth. As a percentage of revenues, selling and administrative expenses were down 70 bps in the quarter and 50 bps year-to-date.

Operating income margin decreased 150 bps in the quarter and 40 bps year-to-date, reflecting the impact of the lower gross profit margins, together with the impact of the allocation of the aforementioned acquisition-related expenses, mark-to-market on DSUs and software gain experience last year. Excluding these acquisition-related expenses and the software gain, operating income margin increased 70 bps in the quarter and 40 bps year-to-date, mainly reflecting the impact of the higher sales volume and lower relative expense ratio, partially offset by the lower overall gross profit margins.

Bookings and Backlogs

($ millions)	**2017**	2016	$ change	% change
Bookings - three months ended September 30	**$ 185**	$ 181	$ 4	2%
Bookings - nine months ended September 30	**$ 685**	$ 590	$ 95	16%
Backlogs - as at September 30	**$ 197**	$ 121	$ 76	63%

Equipment bookings increased 2% in the quarter on higher construction (up 23%) and agriculture orders (up 15%), partially offset by lower mining (down 38%) and power systems orders (down 19%). On a year-to-date basis, higher mining (up 98%) and power systems orders (up 43%) were partially offset by lower construction (down 1%) and agriculture orders (down 8%).

Backlogs of $197.0 million, representing the highest level for this time of year since 2012, were up 63% with increases across all segments. At September 30, 2017, the backlog related to mining (43%), construction (34%), power systems (19%) and agriculture (4%), approximately two-thirds of which is expected to be delivered over the remainder of the year. Backlogs can vary significantly from period to period on large project activities (especially in mining and power), the timing of orders and deliveries, and the availability of equipment from inventory.

CIMCO

($ thousands)	Three months ended September 30				Nine months ended September 30			
			Change				Change	
	2017	2016	$	%	**2017**	2016	$	%
Package sales	**$ 61,271**	$ 55,368	$ 5,903	11%	**$ 124,570**	$ 118,462	$ 6,108	5%
Product support	**34,867**	32,544	2,323	7%	**96,885**	88,502	8,383	9%
Total revenues	**$ 96,138**	$ 87,912	$ 8,226	9%	**$ 221,455**	$ 206,964	$ 14,491	7%
Operating income	**$ 9,265**	$ 8,438	$ 827	10%	**$ 18,621**	$ 14,202	$ 4,419	31%
KEY RATIOS:								
Product support revenues as a % of total revenues	**36.3%**	37.0%			**43.7%**	42.8%		
Operating income margin	**9.6%**	9.6%			**8.4%**	6.9%		
Group total revenues as a % of consolidated revenues	**16.5%**	17.2%			**14.5%**	14.6%		

CIMCO's record results in both the quarter and year-to-date reflect strong package sales and continued product support growth. Movements in the US/Cdn$ exchange rate did not have a material effect on year-over-year trends.

Package revenues reflect the progress of project construction applying the percentage of completion method for revenue recognition. This introduces a degree of variability as the timing of projects and construction schedules are largely under the control of third parties (contractors and end customers). In Canada, package revenues were up 20% in the quarter and 10% year-to-date, reflecting strong recreational markets (up 95% in the quarter and 50% year-to-date), partially offset by softer industrial activity (down 4% in the quarter and 2% year-to-date). Activity levels in Quebec were lower in both the quarter and year-to-date, offset by good growth across most other regions. In the US, package revenues decreased 11% in the quarter and 8% year-to-date reflecting lower industrial sales, partially offset by higher recreational activity.

Product support growth continued, increasing 7% in the quarter and 9% year-to-date. Canadian product support revenues increased 11% in the quarter and 13% year-to-date with growth across all regions. In the US, product support revenues were down 6% in the quarter but were relatively unchanged year-to-date. Focus remains on technician recruitment to further expand and penetrate the US market.

Gross profit margins increased 140 bps in the quarter and 280 bps year-to-date mainly on higher package margins as a result of improved execution and lower warranty costs.

Selling and administrative expenses increased $2.3 million or 22% in the quarter and $5.0 million or 16% year-to-date. The largest factor contributing to the increase in the quarter related to changes in the allowance for doubtful accounts, which increased versus a year ago on the relative aging profile of receivables. Changes in the balance last year contributed to a recovery of $0.4 million versus an expense of $0.4 million this year. For the year-to-date, bad debt expenses were $0.6 million higher versus last year. Other than bad debt expense, selling and administrative expenses increased 14% in the quarter and in the year-to-date. Higher compensation costs on annual salary increases, additional headcount to support growth and increased profit sharing accrual on the higher earnings accounted for the majority of the increase in the quarter and year-to-date. As a percentage of revenues, selling and administrative expenses were up 130 bps in the quarter and 120 bps year-to-date.

Operating income increased 10% in the quarter and 31% year-to-date largely reflecting the higher revenues and gross profit margins. Operating income margin was 9.6% in the quarter and 8.4% year-to-date.

Bookings and Backlogs

($ millions)		**2017**		2016		$ change	% change
Bookings - three months ended September 30	**$**	**72**	$	24	$	48	200%
Bookings - nine months ended September 30	**$**	**208**	$	137	$	71	52%
Backlogs - as at September 30	**$**	**176**	$	102	$	74	73%

Bookings were at record levels in both the quarter and year-to-date. For the quarter, Canadian bookings more than tripled with industrial orders increasing almost five-fold, partially offset by lower recreational activity (down 34%). US bookings increased 183% with significantly higher industrial orders partially offset by lower recreational orders. On a year-to-date basis, Canadian bookings were up 56% with higher recreational (up 58%) and industrial orders (up 54%). In the US, bookings were up 40% as higher industrial orders (up 211%) were partially offset by lower recreational orders (down 14%).

Backlogs of $176.0 million were also at record levels, reflecting increases in both Canada and the US and across both market segments. Just under half of the backlog is expected to revenue over the remainder of the year.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At September 30, 2017, the ratio of net debt to total capitalization was 2%, compared to a positive net cash position at December 31, 2016 and 5% at September 30, 2016.

Non-Cash Working Capital

The Company's investment in non-cash working capital was $471.6 million at September 30, 2017. The major components, along with the changes from September 30 and December 31, 2016 are presented in the following table.

		September 30		September 30	**Change**			December 31	**Change**	
($ thousands)		**2017**		2016	$	%		2016	$	%
Accounts receivable	**$**	**345,578**	$	288,562	$ 57,016	20%	$	277,050	$ 68,528	25%
Inventories		**502,125**		493,292	8,833	2%		435,757	66,368	15%
Other current assets		**8,450**		6,434	2,016	31%		5,236	3,214	61%
Accounts payable, accrued liabilities and provisions		**(276,531)**		(302,094)	25,563	(8%)		(264,199)	(12,332)	5%
Income taxes payable		**(5,969)**		(5,640)	(329)	6%		(1,262)	(4,707)	nm
Derivative financial instruments		**(4,030)**		767	(4,797)	nm		1,197	(5,227)	nm
Dividends payable		**(14,931)**		(14,094)	(837)	6%		(14,110)	(821)	6%
Deferred revenues		**(83,091)**		(51,695)	(31,396)	61%		(51,211)	(31,880)	62%
Total non-cash working capital	**$**	**471,601**	$	415,532	$ 56,069	13%	$	388,458	$ 83,143	21%

Accounts receivable increased 20% compared to September 30, 2016, reflecting the 15% higher revenues in the quarter. Days sales outstanding ("DSO") increased 5 days to 50 days which is slightly higher than the historical average of 46 days. Equipment Group's DSO was 3 days higher as specific extended payment terms were offered to certain larger customers. CIMCO's DSO was 68 days, higher than this time last year, which was at an unusually lower level, however, in line with historical average of 65 days. Additionally, collection of certain large accounts were delayed and received subsequent to quarter-end, returning DSO to more normal levels.

In comparison to December 31, 2016, accounts receivable increased 25% on higher trailing revenues (Q3 2017 revenues were 19% higher than Q4 2016 revenues) and higher DSO (45 days at December 31, 2016).

Inventories at September 30, 2017 were 2% higher compared to September 30, 2016.

- Equipment Group inventories increased 1% or $5.7 million as higher parts (up $11.3 million) and service work-in-process (up $7.5 million) were partially offset by lower equipment inventory (down $13.1 million).
- CIMCO inventories were 13% or $3.1 million higher than last year, reflecting strong work-in-process levels.

Inventories at September 30, 2017 were 15% higher compared to December 31, 2016, with increases in both Groups:

- Equipment Group inventories were 14% higher with increases in all categories. Equipment Group inventory levels are typically lowest at the end of the fiscal year due to seasonality, with inventories building during the year in advance of the busy selling period.
- CIMCO inventories were up 45% with higher work-in-process levels on the timing of project advancement.

The increase in other current assets reflects deposits made on equipment on order for customers.

Accounts payable, accrued liabilities and provisions at September 30, 2017 were 8% lower than at September 30, 2016 on the timing of payments related to inventory purchases and other supplies, partially offset by a higher DSU liability and higher accrual for performance incentive bonuses on the higher income. Compared to December 31, 2016, accounts payable, accrued liabilities and provisions increased 5% on timing of payments and a higher DSU liability, partially offset by the payout of annual performance incentive bonuses and the stronger Canadian dollar.

Income taxes payable reflects the difference between tax installments and current tax expense.

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar have led to a cumulative net loss of $4.0 million as at September 30, 2017. This is not expected to affect net income, as the unrealized losses will offset future gains on the related hedged items.

Dividends payable increased compared to September 30 and December 31, 2016 reflecting the higher dividend rate. The quarterly dividend rate was increased 6% from $0.18 per share to $0.19 per share effective with the April 3, 2017 dividend payment.

Deferred revenues represent billings to customers in excess of revenue recognized. In the Equipment Group, deferred revenues were up 73% versus September 30, 2016 and 49% versus December 31, 2016, due to increased progress billings for equipment deliveries later in the year and progress billings relative to work completed on long-term customer support agreements. At CIMCO, deferred revenues were up 43% versus September 30, 2016 and 92% versus December 31, 2016, reflecting increased progress billings.

Legal and Other Contingencies

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or results of operations.

Outstanding Share Data

As at the date of this MD&A, the Company had 80,896,029 common shares and 2,681,826 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during 2016 and 2017.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total ($ millions)
December 10, 2015	January 4, 2016	$0.17	$13.3
March 10, 2016	April 1, 2016	$0.18	$14.0
June 10, 2016	July 4, 2016	$0.18	$14.1
September 9, 2016	October 3, 2016	$0.18	$14.1
December 9, 2016	January 3, 2017	$0.18	$14.1
March 10, 2017	April 3, 2017	$0.19	$14.9
June 9, 2017	July 4, 2017	$0.19	$14.9
September 8, 2017	October 2, 2017	$0.19	$14.9

Normal Course Issuer Bid ("NCIB")

During the three and nine months ended September 30, 2017, no shares were purchased under the NCIB program.

During the three months ended September 30, 2016, no shares were purchased. During the nine months ended September 30, 2016, 89,244 common shares were purchased for $2.6 million (average cost of $28.84 per share, including transaction costs).

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements can be met through a variety of sources, including cash generated from operations, long-term and short-term borrowings and the issuance of common shares. Borrowings are obtained through a variety of sources including senior debentures, notes payable and committed long-term credit facilities.

At September 30, 2017, the Company had a $250.0 million committed bank credit facility maturing in September 2020. Debt under the facility 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.

No amounts were drawn on the credit facility at September 30, 2017, December 31, 2016 or September 30, 2016. Letters of credit utilized $24.3 million of the facility at September 30, 2017 (December 31, 2016 - $21.7 million; September 30, 2016 - $21.5 million).

See Note 15 to the unaudited condensed interim financial statements for the period ending September 30, 2017 for a description of the acquisition-related transactions occurring subsequent to September 30, 2017, affecting the Company's debt.

Inclusive of the acquisition transaction as described in Note 15, the Company expects that continued cash flows from operations, and available credit facilities will be more than sufficient to fund requirements for investments in working capital and capital assets.

Principal Components of Cash Flow

Cash from operating, investing and financing activities, as reflected in the Interim Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

	Three months ended September 30		**Nine months ended September 30**	
($ thousands)	**2017**	2016	**2017**	2016
Cash, beginning of period	**$ 120,944**	$ 29,298	**$ 188,735**	$ 66,680
Cash, provided by (used in):				
Operating activities				
Operations	**64,685**	57,285	**159,141**	147,680
Change in non-cash working capital and other	**(23,818)**	45,240	**(87,738)**	4,957
Net rental fleet additions	**(9,561)**	(9,970)	**(64,542)**	(60,961)
	31,306	92,555	**6,861**	91,676
Investing activities	**(10,966)**	(13)	**(25,957)**	(11,680)
Financing activities	**(12,029)**	(11,485)	**(40,254)**	(36,180)
Effect of foreign exchange on cash balances	**(32)**	9	**(162)**	(132)
Increase (decrease) in cash in the period	**8,279**	81,066	**(59,512)**	43,684
Cash, end of period	**$ 129,223**	$ 110,364	**$ 129,223**	$ 110,364

Cash Flows from Operating Activities

Operating activities provided significantly less cash in the quarter and year-to-date compared to similar periods last year.

Net earnings adjusted for items not requiring cash increased 13% in the quarter and 8% year-to-date.

Non-cash working capital used funds in both the quarter and year-to-date compared to providing funds in the similar periods last year. Working capital changes can fluctuate significantly depending on timing of sales, cash receipts from customers, receipt of inventory and timing of payments to suppliers. For the quarter, higher accounts receivables and lower accounts payables, accrued

liabilities and provisions were partially offset by lower inventories and higher deferred revenues. Year-to-date, higher accounts receivables and inventories together with lower accounts payables were partially offset by higher deferred revenues.

Net rental fleet additions represent purchases less proceeds of disposition and were slightly lower in the quarter but higher year-to-date. Continued investment in the rental fleet reflects increased demand and the existing fleet age profile. Additionally, rental fleet investments generally occur in the first half of the year in advance of the busy rental period.

The components and changes in working capital are discussed in more detail in this MD&A under the heading "Consolidated Financial Condition."

Cash Flows from Investing Activities

Additions in the quarter included:

- $7.1 million in land and buildings for new and expanded branches (2016 - $1.0 million); $2.2 million for service vehicles (2016 - $3.2 million);
- $1.2 million for machinery and equipment (2016 - $0.9 million); and
- $0.3 million for upgrades to information technology infrastructure (2016 - $0.3 million).

Additions year-to-date included:

- $11.5 million for service vehicles (2016 - $10.9 million);
- $10.9 million in land and buildings for new and expanded branches (2016 - $2.8 million);
- $2.7 million for machinery and equipment (2016 - $2.3 million); and
- $1.2 million for upgrades to information technology infrastructure (2016 - $1.3 million).

Cash Flows from Financing Activities

The Company paid dividends of $14.9 million or $0.19 per share (2016 - $14.1 million or $0.18 per share) during the quarter and $43.9 million or $0.56 per share year-to-date (2016 – $41.3 million or $0.53 per share).

The Company received $3.8 million (2016 - $3.4 million) on the exercise of stock options during the quarter and $5.5 million (2016 – $9.4 million) year-to-date.

There were no normal course purchases and cancellation of common shares during the third quarters of 2017 or 2016. Year-to-date there were also no purchases and cancellation of common shares compared to $2.6 million (89,244 common shares at an average cost of $28.84, including transaction costs) in 2016.

OUTLOOK

The acquisition of Hewitt is expected to be transformative to the long-term performance of Toromont. It provides a substantial growth platform and strengthens the Company by providing a large contiguous operating platform extending across all of Eastern and Central Canada, and into the far North. Effective execution will be required to realize on this significant potential which will allow for a greater combined presence in key Canadian economic sectors such as mining, construction, power systems and forestry.

The Equipment Group's parts and service business continues to provide momentum driven by the larger installed base of equipment working in the field, providing a measure of stability in a variable business environment. The Company continues to hire technicians in anticipation of an increase in demand, including the opportunity for increased equipment rebuilds and readying used iron. Broader product lines, investment in rental equipment, expanding the agricultural business and developing product support technologies supporting remote diagnostics and telematics are expected to contribute to longer-term growth.

The long-term outlook for infrastructure spending continues to be positive.

Increased activity in the mining space has translated to increased bookings and sales this year and we are cautiously optimistic that there is the opportunity for continued growth. In the meantime, production continues at existing mine sites, generating product support opportunities and incremental equipment to support the operations and expansion. With the substantially increased base of installed equipment, product support activity should continue to grow so long as mines remain active.

CIMCO's recent bookings activity and current backlog levels bode well for future prospects. Increasing product support levels is also a positive signal for future trends. CIMCO has a wide product offering using natural refrigerants including innovative CO_2 solutions, which are expected to contribute to growth. In addition, CIMCO is focused on its growth strategy in the US, which represents a significant market opportunity.

The diversity of the markets served, expanding product offering and services, financial strength and disciplined operating culture position the Company for continued growth in the long term.

QUARTERLY RESULTS

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2016 annual audited consolidated financial statements.

($ thousands, except per share amounts)	Q4 2016	Q1 2017	Q2 2017	**Q3 2017**
REVENUES				
Equipment Group	$ 418,793	$ 359,763	$ 458,158	**$ 488,020**
CIMCO	73,430	52,545	72,772	**96,138**
Total revenues	$ 492,223	$ 412,308	$ 530,930	**$ 584,158**
NET EARNINGS	$ 45,529	$ 27,024	$ 40,455	**$ 49,355**
PER SHARE INFORMATION:				
Basic earnings per share	$ 0.58	$ 0.34	$ 0.52	**$ 0.63**
Diluted earnings per share	$ 0.58	$ 0.34	$ 0.51	**$ 0.62**
Dividends paid per share	$ 0.18	$ 0.18	$ 0.19	**$ 0.19**
Weighted average common shares outstanding - basic (in thousands)	78,344	78,434	78,474	**78,522**

($ thousands, except per share amounts)	Q4 2015	Q1 2016	Q2 2016	Q3 2016
REVENUES				
Equipment Group	$ 417,827	$ 337,847	$ 453,145	$ 421,862
CIMCO	65,991	50,072	68,979	87,912
Total revenues	$ 483,818	$ 387,919	$ 522,124	$ 509,774
NET EARNINGS	$ 44,404	$ 24,170	$ 38,406	$ 47,643
PER SHARE INFORMATION:				
Basic earnings per share	$ 0.57	$ 0.31	$ 0.49	$ 0.61
Diluted earnings per share	0.57	0.31	0.49	0.60
Dividends paid per share	$ 0.17	$ 0.17	$ 0.18	$ 0.18
Weighted average common shares outstanding - basic (in thousands)	77,904	77,898	78,056	78,211

Interim period revenues and earnings historically reflect significant variability from quarter to quarter.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenues are recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter had typically been the strongest due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. This pattern is impacted by the timing of significant sales to mining and other customers, resulting from the timing of mine site development and access, and construction project schedules.

CIMCO has also had a distinct seasonal trend in results historically, due to timing of construction activity. Lower revenues are recorded during the first quarter on slower construction schedules due to winter weather. Revenues increase in subsequent quarters as construction schedules ramp up.

This trend can be, and has been, impacted somewhat by significant governmental funding initiatives and significant industrial projects.

Historically, inventories have increased through the year to meet the expected demand for higher deliveries in the third and fourth quarters of the fiscal year. This seasonal sales trend also leads accounts receivable to be at their highest level at year-end.

RISKS AND RISK MANAGEMENT

In the normal course of business, Toromont is exposed to risks that may potentially impact its financial results in either or both of its business segments. The Company and each operating segment employ risk management strategies with a view to mitigating these risks in a cost-effective manner. There have been no material changes to the operating and financial risk assessment and related risk management strategies as described in the Company's 2016 Annual Report, except as noted below.

Risks and uncertainties exist related to the acquisition of the Hewitt operations including but not limited to: changes in consumer and business confidence as a result of the change in ownership; the potential for liabilities assumed in the Acquisition to exceed our estimates or for material undiscovered liabilities in the Hewitt Business; the potential for third parties to terminate or alter their agreements or relationships with Toromont as a result of the Acquisition; and risks related to integration of Hewitt operations with those of Toromont including cost of integration and ability to achieve the expected benefits.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting Policies

The significant accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are consistent with those used in the Company's 2016 audited annual consolidated financial statements, and described in Note 1 therein. Certain balances in the comparative interim condensed consolidated income statement have been reclassified from statements previously presented to conform to the presentation of the 2017 interim condensed consolidated income statement.

Estimates

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. There have been no material changes to the critical accounting estimates as described in Note 2 to the Company's 2016 audited annual consolidated financial statements, contained in the Company's 2016 Annual Report.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the accompanying consolidated financial statements. The Audit Committee is also responsible for determining that management fulfills its responsibilities in the financial control of operations, including disclosure controls and procedures and internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The President & Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures ("DC&P") in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them and by others within those entities.

Additionally, they have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting ("ICFR") and the preparation of financial reporting in accordance with IFRS. The control framework used in the design of both DC&P and ICFR is the internal control integration framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

There have been no significant changes in the design of the Company's internal controls over financial reporting during the three and nine month periods ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

While the Officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, they expect that the controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ADDITIONAL GAAP MEASURES

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company's financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company's consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to the understanding of the Company's results.

Gross Profit

Gross profit is defined as total revenues less cost of goods sold.

Operating Income

Operating income is defined as net earnings before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments and income tax jurisdictions are not synonymous, and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments.

	Three months ended September 30		**Nine months ended September 30**	
($ thousands)	**2017**	2016	**2017**	2016
Net earnings	**$ 49,355**	$ 47,643	**$ 116,834**	$ 110,219
plus: Interest expense	**1,818**	1,796	**5,489**	5,389
less: Interest and investment income	**(914)**	(422)	**(3,022)**	(2,629)
plus: Income taxes	**18,326**	17,021	**43,700**	40,696
Operating income	**$ 68,585**	$ 66,038	**$ 163,001**	$ 153,675

Net Debt to Total Capitalization

Net debt to total capitalization is calculated as net debt divided by total capitalization, both defined below, and is used by management as a measure of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash. Total capitalization is calculated as shareholders' equity plus net debt.

The calculation is as follows:

($ thousands)	**September 30 2017**	December 31 2016	September 30 2016
Long-term debt	**$ 149,112**	$ 150,717	$ 150,596
Current portion of long-term debt	**1,941**	1,811	1,811
less: Cash	**129,223**	188,735	110,364
Net debt	**$ 21,830**	$ (36,207)	$ 42,043
Shareholders' equity	**$ 962,369**	$ 885,432	$ 845,712
Total capitalization	**$ 984,199**	$ 849,225	$ 887,755
Net debt to total capitalization	**2%**	-4%	5%

NON-GAAP MEASURES

Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Working Capital

Working capital is defined as total current assets less total current liabilities. Management views working capital as a measure for assessing overall liquidity.

($ thousands)	**September 30 2017**	December 31 2016	September 30 2016
Total current assets	**$ 985,376**	$ 907,975	$ 899,419
less: Total current liabilities	**386,493**	332,593	375,334
Working capital	**$ 598,883**	$ 575,382	$ 524,085

Non-Cash Working Capital

Non-cash working capital is defined as total current assets (excluding cash) less total current liabilities (excluding current portion of long-term debt).

($ thousands)	**September 30 2017**	December 31 2016	September 30 2016
Total current assets	**$ 985,376**	$ 907,975	$ 899,419
less: Cash	**129,223**	188,735	110,364
	$ 856,153	$ 719,240	$ 789,055
Total current liabilities	**$ 386,493**	$ 332,593	$ 375,334
less: Current portion of long-term debt	**1,941**	1,811	1,811
	$ 384,552	$ 330,782	$ 373,523
Non-cash working capital	**$ 471,601**	$ 388,458	$ 415,532

Key Performance Indicators ("KPIs")

Management uses key performance indicators to consistently measure performance against the Company's priorities across the organization. The Company's KPIs include gross profit margin, operating margin and order bookings and backlogs. Although some of these KPIs are expressed as ratios, they are non-GAAP financial measures that do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

Gross Profit Margin

This measure is defined as gross profit (defined above) divided by total revenues.

Operating Income Margin

This measure is defined as operating income (defined above) divided by total revenues.

Order Bookings and Backlogs

The Company's order bookings represent equipment unit orders that management believes are firm. Backlogs are defined as the retail value of equipment units ordered by customers for future deliveries. Management uses order backlogs as a measure of projecting future equipment deliveries. There are no directly comparable IFRS measures for order bookings or backlogs.

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

($ thousands)	Note	September 30 2017	December 31 2016	September 30 2016
Assets				
Current assets				
Cash		**$ 129,223**	$ 188,735	$ 110,364
Accounts receivable		**345,578**	277,050	288,562
Inventories		**502,125**	435,757	493,292
Derivative financial instruments	7	**-**	1,197	767
Other current assets		**8,450**	5,236	6,434
Total current assets		**985,376**	907,975	899,419
Property, plant and equipment	2	**191,230**	181,827	182,971
Rental equipment	2	**309,417**	272,277	280,265
Other assets	3	**14,929**	15,381	15,443
Deferred tax assets		**9,544**	5,610	14,704
Goodwill and intangible assets		**27,479**	27,501	27,508
Total assets		**$ 1,537,975**	$ 1,410,571	$ 1,420,310
Liabilities				
Current liabilities				
Accounts payable, accrued liabilities and provisions	4	**$ 291,462**	$ 278,309	$ 316,188
Deferred revenues		**83,091**	51,211	51,695
Current portion of long-term debt	5	**1,941**	1,811	1,811
Derivative financial instruments	7	**4,030**	-	-
Income taxes payable		**5,969**	1,262	5,640
Total current liabilities		**386,493**	332,593	375,334
Deferred revenues		**18,433**	19,259	19,224
Long-term debt	5	**149,112**	150,717	150,596
Accrued pension liability		**21,568**	22,570	29,444
Shareholders' equity				
Share capital		**321,674**	315,078	312,385
Contributed surplus		**9,637**	8,166	7,845
Retained earnings		**631,338**	559,252	522,877
Accumulated other comprehensive (loss) income		**(280)**	2,936	2,605
Shareholders' equity		**962,369**	885,432	845,712
Total liabilities and shareholders' equity		**$ 1,537,975**	$ 1,410,571	$ 1,420,310

See accompanying notes

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

($ thousands, except share amounts)	Note	Three months ended September 30 **2017**	2016	Nine months ended September 30 **2017**	2016
Revenues	13	**$ 584,158**	$ 509,774	**$ 1,527,396**	$ 1,419,817
Cost of goods sold		**442,871**	383,542	**1,163,561**	1,081,112
Gross profit		**141,287**	126,232	**363,835**	338,705
Selling and administrative expenses		**72,702**	65,133	**200,834**	189,969
Gain on sale of internally-developed software		**-**	(4,939)	**-**	(4,939)
Operating income		**68,585**	66,038	**163,001**	153,675
Interest expense	8	**1,818**	1,796	**5,489**	5,389
Interest and investment income	8	**(914)**	(422)	**(3,022)**	(2,629)
Income before income taxes		**67,681**	64,664	**160,534**	150,915
Income taxes		**18,326**	17,021	**43,700**	40,696
Net earnings		**$ 49,355**	$ 47,643	**$ 116,834**	$ 110,219
Earnings per share					
Basic	9	**$ 0.63**	$ 0.61	**$ 1.49**	$ 1.41
Diluted	9	**$ 0.62**	$ 0.60	**$ 1.47**	$ 1.40
Weighted average number of shares outstanding					
Basic	9	**78,522,123**	78,211,460	**78,475,990**	78,055,416
Diluted	9	**79,373,016**	78,885,895	**79,252,736**	78,603,177

See accompanying notes

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

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Net earnings	**$ 49,355**	$ 47,643	**$ 116,834**	$ 110,219
Other comprehensive income (loss), net of income tax:				
Items that may be reclassified subsequently to net earnings:				
Foreign currency translation adjustments	**(420)**	83	**(770)**	(517)
Unrealized (loss) gain on derivatives designated as cash flow hedges	**(2,423)**	350	**(5,813)**	(2,889)
Income tax recovery (expense)	**632**	(91)	**1,513**	754
Unrealized (loss) gain on cash flow hedges, net of taxes	**(1,791)**	259	**(4,300)**	(2,135)
Realized loss (gain) on derivatives designated as cash flow hedges	**2,271**	(561)	**2,507**	2,462
Income tax (recovery) expense	**(591)**	146	**(653)**	(643)
Realized loss (gain) on cash flow hedges, net of taxes	**1,680**	(415)	**1,854**	1,819
Items that will not be reclassified subsequently to net earnings:				
Actuarial loss on pension plans	**-**	(1,891)	**-**	(8,350)
Income tax recovery	**-**	501	**-**	2,213
Actuarial loss on pension plans, net of taxes	**-**	(1,390)	**-**	(6,137)
Other comprehensive loss	**(531)**	(1,463)	**(3,216)**	(6,970)
Total comprehensive income	**$ 48,824**	$ 46,180	**$ 113,618**	$ 103,249

See accompanying notes

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

($ thousands)	Note	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Operating activities					
Net earnings		**$ 49,355**	$ 47,643	**$ 116,834**	$ 110,219
Items not requiring cash:					
Depreciation and amortization		**20,546**	19,882	**59,063**	57,242
Stock-based compensation		**861**	837	**2,583**	2,513
Accrued pension liability		**(73)**	(13)	**(1,002)**	(1)
Deferred income taxes		**(2,092)**	(2,545)	**(3,074)**	(4,279)
Gain on sale of rental equipment and property, plant and equipment	2	**(3,912)**	(3,580)	**(15,263)**	(13,075)
Gain on sale of internally-developed software		**-**	(4,939)	**-**	(4,939)
		64,685	57,285	**159,141**	147,680
Net change in non-cash working capital and other	12	**(23,818)**	45,240	**(87,738)**	4,957
Additions to rental equipment	2	**(16,316)**	(17,061)	**(91,451)**	(87,243)
Proceeds on disposal of rental equipment	2	**6,755**	7,091	**26,909**	26,282
Cash provided by operating activities		**31,306**	92,555	**6,861**	91,676
Investing activities					
Additions to property, plant and equipment	2	**(11,129)**	(5,659)	**(26,923)**	(17,862)
Proceeds on disposal of property, plant and equipment	2	**274**	748	**1,183**	1,399
Proceeds on disposal of internally-developed software		**-**	4,939	**-**	4,939
Increase in other assets		**(111)**	(41)	**(217)**	(156)
Cash used in investing activities		**(10,966)**	(13)	**(25,957)**	(11,680)
Financing activities					
Repayment of senior debentures		**(921)**	(860)	**(1,811)**	(1,690)
Dividends	6	**(14,909)**	(14,062)	**(43,927)**	(41,328)
Shares purchased for cancellation	6	**-**	-	**-**	(2,574)
Cash received on exercise of stock options		**3,801**	3,437	**5,484**	9,412
Cash used in financing activities		**(12,029)**	(11,485)	**(40,254)**	(36,180)
Effect of currency translation on cash balances		**(32)**	9	**(162)**	(132)
Increase (decrease) in cash		**8,279**	81,066	**(59,512)**	43,684
Cash, at beginning of period		**120,944**	29,298	**188,735**	66,680
Cash, at end of period		**$ 129,223**	$ 110,364	**$ 129,223**	$ 110,364

Supplemental cash flow information (note 12)

See accompanying notes

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

	Share Capital				Accumulated other comprehensive income			
($ thousands)	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	Total
At January 1, 2017	**78,398,456**	**$ 315,078**	**$ 8,166**	**$ 559,252**	**$ 2,627**	**$ 309**	**$ 2,936**	**$ 885,432**
Net earnings	-	-	-	116,834	-	-	-	116,834
Other comprehensive loss	-	-	-	-	(770)	(2,446)	(3,216)	(3,216)
Total comprehensive income	-	-	-	116,834	(770)	(2,446)	(3,216)	113,618
Exercise of stock options	248,095	6,596	-	-	-	-	-	6,596
Stock-based compensation expense	-	-	2,583	-	-	-	-	2,583
Stock options exercised	-	-	(1,112)	-	-	-	-	(1,112)
Effect of stock compensation plans	248,095	6,596	1,471	-	-	-	-	8,067
Dividends	-	-	-	(44,748)	-	-	-	(44,748)
At September 30, 2017	**78,646,551**	**$ 321,674**	**$ 9,637**	**$ 631,338**	**$ 1,857**	**$ (2,137)**	**$ (280)**	**$ 962,369**

	Share Capital				Accumulated other comprehensive income			
($ thousands)	Number	Amount	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Total	Total
At January 1, 2016	**77,905,821**	**$ 301,413**	**$ 7,236**	**$ 463,194**	**$ 2,904**	**$ 534**	**$ 3,438**	**$ 775,281**
Net earnings	-	-	-	110,219	-	-	-	110,219
Other comprehensive loss	-	-	-	(6,137)	(517)	(316)	(833)	(6,970)
Total comprehensive income	-	-	-	104,082	(517)	(316)	(833)	103,249
Exercise of stock options	480,379	11,316	-	-	-	-	-	11,316
Stock-based compensation expense	-	-	2,514	-	-	-	-	2,514
Stock options exercised	-	-	(1,905)	-	-	-	-	(1,905)
Effect of stock compensation plans	480,379	11,316	609	-	-	-	-	11,925
Shares purchased for cancellation	(89,244)	(344)	-	(2,231)	-	-	-	(2,575)
Dividends	-	-	-	(42,168)	-	-	-	(42,168)
At September 30, 2016	**78,296,956**	**$ 312,385**	**$ 7,845**	**$ 522,877**	**$ 2,387**	**$ 218**	**$ 2,605**	**$ 845,712**

See accompanying notes

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, industry-leading rental operations and an expanding agricultural dealership in Manitoba. 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. Toromont employs over 3,800 people in more than 100 locations.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*. 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, 2016.

The preparation of 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 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, 2016.

The 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 Audit Committee of the Board of the Directors on November 7, 2017.

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, 2016. Certain balances in the comparative interim condensed consolidated income statement have been reclassified from statements previously presented to conform to the presentation of the 2017 interim condensed consolidated income statement.

Amendments to Standards Adopted in 2017

Certain amendments to standards that were adopted on January 1, 2017 are noted below.

a) Statement of Cash flows

Amendments to IAS 7 - *Statement of Cash Flows,* require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities; including both changes arising from cash flows and non-cash flows. The amendments must be applied prospectively with no requirement to provide comparative information for preceding periods and no additional information in the interim financial statements.

Standards Issued But Not Effective

A number of new standards and amendments to standards have been issued but are not effective for the financial year ended December 31, 2017, and accordingly, have not been applied in preparing these consolidated financial statements.

a) Share-based Payment

In June 2016, the IASB issued final amendments to IFRS 2 – *Share-based payment*, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting these amendments on its consolidated financial statements.

b) Revenue Recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Entities choose either a full retrospective approach with some limited relief provided or a modified retrospective approach for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company's transition project consists of three phases: diagnostic assessment, solutions development and implementation. Investments in training and other support resources will be made throughout the transition period.

The Company has completed the diagnostic phase and is currently in the process of concluding on the impact of adopting this standard.

c) Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments,* which replaces all phases of the financial instruments project, IAS 39 – *Financial Instruments: Recognition and Measurement,* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting this new standard on its consolidated financial statements.

d) Foreign Currency Transactions and Advance Consideration

IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*, clarifies the appropriate exchange rate to use on initial recognition of an asset, expense or income when advance consideration is paid or received in a foreign currency.

The new interpretation is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this new interpretation on its consolidated financial statements.

e) Leases

In January 2016, the IASB issued IFRS 16 - *Leases*, which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date. The Company is currently assessing the impact of adopting this new standard on its consolidated financial statements.

f) Uncertainty over Income Tax Treatments

IFRIC 23 - *Uncertainty over Income Tax Treatments*, provides guidance when there is uncertainty over income tax treatments including (but not limited to) whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances.

The new interpretation is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the new interpretation in its consolidated financial statements.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

Activity within property, plant and equipment and rental equipment included:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Additions				
Rental equipment	**$ 16,316**	$ 17,061	**$ 91,451**	$ 87,243
Property, plant and equipment	**11,129**	5,659	**26,923**	17,862
Total Additions	**$ 27,445**	$ 22,720	**$ 118,374**	$ 105,105
Disposals - NBV				
Rental equipment	**$ 3,104**	$ 3,863	**$ 12,613**	$ 13,812
Property, plant and equipment	**14**	396	**216**	794
Total Disposals - NBV	**$ 3,118**	$ 4,259	**$ 12,829**	$ 14,606
Net gain on disposal	**$ 3,912**	$ 3,580	**$ 15,263**	$ 13,075
Depreciation				
Cost of goods sold	**$ 18,492**	$ 17,971	**$ 53,339**	$ 51,818
Selling and administrative expenses	**1,935**	1,793	**5,366**	5,064
Total Depreciation	**$ 20,427**	$ 19,764	**$ 58,705**	$ 56,882

3. OTHER ASSETS

	September 30 2017	December 31 2016	September 30 2016
Equipment sold with guaranteed residual values	**$ 12,479**	$ 13,147	$ 13,143
Other	**2,450**	2,234	2,300
	$ 14,929	$ 15,381	$ 15,443

4. PAYABLES, ACCRUALS AND PROVISIONS

	September 30 2017	December 31 2016	September 30 2016
Accounts payable and accrued liabilities	**$ 262,210**	$ 248,104	$ 285,448
Dividends payable	**14,932**	14,111	14,094
Provisions	**14,320**	16,094	16,646
	$ 291,462	$ 278,309	$ 316,188

5. LONG-TERM DEBT

	September 30 2017	December 31 2016	September 30 2016
3.71%, $150.0 million, due September 30, 2025[1]	**$ 150,000**	$ 150,000	$ 150,000
7.06%, $15.0 million, due March 29, 2019[2]	**2,963**	4,774	4,774
Senior debentures	**152,963**	154,774	154,774
Debt issuance costs, net of amortization	**(1,910)**	(2,246)	(2,367)
Total long-term debt	**$ 151,053**	$ 152,528	$ 152,407
Less: current portion of long-term debt	**(1,941)**	(1,811)	(1,811)
Non-current portion of long-term debt	**$ 149,112**	$ 150,717	$ 150,596

(1) Interest payable semi-annually, principal due on maturity.

(2) Blended principal and interest payments payable semi-annually through to maturity.

All debt is unsecured.

As at September 30, 2017, the Company maintained a $250.0 million committed credit facility maturing in September 2020. Debt under the facility was unsecured and ranked pari passu with debt outstanding under Toromont's existing debentures. Interest was based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on the facility at September 30, 2017, December 31, 2016 or September 30, 2016. Letters of credit utilized $24.3 million of the facility at September 30, 2017 (December 31, 2016 - $21.7 million and September 30, 2016 - $21.5 million).

6. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

In August 2017, the Company announced a NCIB to purchase up to approximately 6.7 million of its common shares in the 12 month period ending August 30, 2018, representing 10% of common shares in the public float as estimated at the time of renewal. The actual number of shares purchased and the timing of any such purchases will be determined by the Company. All shares purchased under the bid will be cancelled. The Company's NCIB announced in 2016 expired in August 2017.

During the three and nine months ended September 30, 2017, no shares were purchased under the NCIB program.

During the three months ended September 30, 2016, no shares were purchased. For the nine months ended September 30, 2016, 89,244 common shares were purchased for $2.6 million (average cost of $28.84 per share, including transaction costs).

Dividends

The Company paid dividends of $14.9 million or $0.19 per share (2016 - $14.1 million or $0.18 per share) during the three months ended September 30, 2017 and $43.9 million or $0.56 per share for the nine months ended September 30, 2017 (2016 – $41.3 million or $0.53 per share).

The quarterly dividend was increased on February 6, 2017, to $0.19 per share effective with the dividend paid on April 3, 2017.

7. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

Financial assets and financial liabilities are measured on an ongoing basis at cost, fair value or amortized cost, depending on the classification. The following table highlights the carrying amounts and classifications of certain financial assets and liabilities:

	September 30 2017	December 31 2016	September 30 2016
Other financial liabilities:			
Current portion of long-term debt	**$ 1,941**	$ 1,811	$ 1,811
Long-term debt	**149,112**	150,717	150,596
Derivative instruments - cash flow hedges:			
Foreign exchange forward contracts	**$ (4,030)**	$ 1,197	$ 767

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 which 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:

Long-term debt	**September 30 2017**	December 31 2016	September 30 2016
Fair value	**$ 152,284**	$ 154,929	$ 160,987
Carrying value	**152,963**	154,774	154,774

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 which can be corroborated by observable market data for substantially the full term of asset or liability.

During the nine month period ended September 30, 2017, 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 September 30, 2017, the Company was committed to USD purchase contracts with a notional amount of $124.9 million at an average exchange rate of $1.2794, maturing between October 2017 and June 2018. As at September 30, 2017, the Company was also committed to USD sell contracts with a notional amount of $27.6 million at an average exchange rate of $1.2475, maturing during the fourth quarter of 2017.

Management estimates that a loss of $4,030 (December 31, 2016 – gain of $1,197; September 30, 2016 – gain of $767) would be realized if the contracts were terminated on September 30, 2017. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized loss of $2,891 (December 31, 2016 – gain of $414; September 30, 2016 – gain of $294) has been included in other comprehensive income. These losses are not expected to affect net income as the losses will be reclassified to net income within the next twelve months and will offset gains recorded on the underlying hedged items, namely foreign-denominated accounts payable. 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 $1,139 (December 31, 2016 – gain of $783; September 30, 2016 – gain of $473) on forward contracts not designated as hedges is included in net income which offsets gains recorded on the foreign-denominated items, namely accounts payable.

8. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Term loan facility	**$ 247**	$ 196	**$ 783**	$ 579
Senior debentures	**1,571**	1,600	**4,706**	4,810
	$ 1,818	$ 1,796	**$ 5,489**	$ 5,389

The components of interest and investment income were as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Interest income on rental conversions	**$ 378**	$ 165	**$ 1,276**	$ 1,896
Other	**536**	257	**1,746**	733
	$ 914	$ 422	**$ 3,022**	$ 2,629

9. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Net earnings available to common shareholders	**$ 49,355**	$ 47,643	**$ 116,834**	$ 110,219
Weighted average common shares outstanding	**78,522,123**	78,211,460	**78,475,990**	78,055,416
Dilutive effect of stock option conversion	**850,893**	674,435	**776,746**	547,761
Diluted weighted average common shares outstanding	**79,373,016**	78,885,895	**79,252,736**	78,603,177
Earnings per share:				
Basic	**$ 0.63**	$ 0.61	**$ 1.49**	$ 1.41
Diluted	**$ 0.62**	$ 0.60	**$ 1.47**	$ 1.40

For the three months ended September 30, 2017, 514,550 outstanding share options (2016 – 517,500) with an exercise price of $53.88 (2016 - $39.79) were considered anti-dilutive (exercise price in excess of average market price) and as such were excluded from the calculation. For the nine months ended September 30, 2017, 514,550 outstanding share options (2016 – 1,030,340) with a weighted average exercise price of $53.88 (2016 - $38.23) were considered anti-dilutive.

10. STOCK BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Nine months ended September 30, 2017		Nine months ended September 30, 2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**2,430,871**	**$ 29.25**	2,512,250	$ 24.91
Granted	**514,550**	**53.88**	517,500	39.79
Exercised [1]	**(248,095)**	**22.10**	(480,379)	19.59
Forfeited	**(15,500)**	**31.63**	(5,080)	20.12
Options outstanding, end of period	**2,681,826**	**$ 34.62**	2,544,291	$ 28.95
Options exercisable, end of period	**1,175,266**	**$ 26.04**	1,032,556	$ 22.94

[1] The weighted average share price at date of exercise for the year ended September 30, 2017 was $50.73 (2016 - $36.65).

The following table summarizes stock options outstanding and exercisable as at September 30, 2017.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$17.10 - $23.40	747,756	3.5	$ 21.21	660,266	$ 20.91
$23.41 - $26.79	429,300	6.8	$ 26.52	236,300	$ 26.52
$36.65	483,620	7.8	$ 36.65	180,500	$ 36.65
$39.79	506,600	8.8	$ 39.79	98,200	$ 39.79
$53.88	514,550	9.9	$ 53.88	-	$ -
	2,681,826	**7.1**	**$ 34.62**	**1,175,266**	**$ 26.04**

Deferred Share Unit Plan

A reconciliation of the DSU plan was as follows:

	Nine months ended September 30, 2017		Nine months ended September 30, 2016	
	Number of DSUs	**Value**	Number of DSUs	Value
Outstanding, beginning of period	**407,731**	**$ 17,265**	377,311	$ 12,000
Units taken or taken in lieu and dividends	**29,349**	**1,354**	38,823	1,309
Redemptions	**(17,389)**	**(778)**	(11,459)	(454)
Fair market value adjustment	**-**	**6,104**	-	2,903
Outstanding, end of period	**419,691**	**$ 23,945**	404,675	$ 15,758

The liability for deferred share units is recorded in accounts payable and accrued liabilities.

11. EMPLOYEE FUTURE BENEFITS

The net pension expense included the following components:

	Three months ended September 30		**Nine months ended September 30**	
	2017	2016	**2017**	2016
Defined benefit plans	**$ 493**	$ 472	**$ 1,475**	$ 1,416
Defined contribution plans	**3,037**	2,815	**8,929**	8,354
401(k) matched savings plans	**71**	68	**211**	187
Net pension expense	**$ 3,601**	$ 3,355	**$ 10,615**	$ 9,957

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Net change in non-cash working capital and other				
Accounts receivable	**$ (33,555)**	$ (1,633)	**$ (68,528)**	$ (26,039)
Inventories	**21,390**	11,362	**(66,368)**	(30,083)
Accounts payable, accrued liabilities and provisions	**(18,976)**	35,341	**12,333**	61,891
Deferred revenues	**4,087**	(4,604)	**31,054**	1,496
Income taxes receivable	**8,065**	7,668	**4,707**	2,588
Other	**(4,829)**	(2,894)	**(936)**	(4,896)
	$ (23,818)	$ 45,240	**$ (87,738)**	$ 4,957
Cash paid during the period for:				
Interest	**$ 314**	$ 3,159	**$ 3,634**	$ 6,405
Income taxes	**$ 14,027**	$ 13,622	**$ 43,760**	$ 44,116
Cash received during the period for:				
Interest	**$ 813**	$ 294	**$ 2,665**	$ 2,320
Income taxes	**$ 1,687**	$ 1,843	**$ 1,687**	$ 1,843

13. SEGMENTED INFORMATION

The Company has two reportable segments: the Equipment Group and CIMCO, 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. The accounting policies of each of the reportable segments are the same as the significant accounting policies described in note 1.

The operating segments are being reported based on the financial information provided to the Chief Executive Officer and Chief Financial Officer, who have been identified as the Chief Operating Decision Makers ("CODMs") in monitoring segment performance and allocating resources between segments. The CODMs assess segment performance based on segment 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 taxes, deferred 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 reportable 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.

The following tables set forth information by segment for the three and nine months ended September 30, 2017 and 2016:

Three months ended September 30	Equipment Group 2017	Equipment Group 2016	CIMCO 2017	CIMCO 2016	Consolidated 2017	Consolidated 2016
Equipment/package sales	**$ 240,366**	$ 186,542	**$ 61,271**	$ 55,368	**$ 301,637**	$ 241,910
Rentals	**70,474**	66,747	**-**	-	**70,474**	66,747
Product support	**174,515**	165,502	**34,867**	32,544	**209,382**	198,046
Power generation	**2,665**	3,071	**-**	-	**2,665**	3,071
Total revenues	**$ 488,020**	$ 421,862	**$ 96,138**	$ 87,912	**$ 584,158**	$ 509,774
Operating income	**$ 59,320**	$ 57,600	**$ 9,265**	$ 8,438	**$ 68,585**	$ 66,038
Interest expense					**1,818**	1,796
Interest and investment income					**(914)**	(422)
Income taxes					**18,326**	17,021
Net earnings					**$ 49,355**	$ 47,643

Nine months ended September 30	Equipment Group 2017	Equipment Group 2016	CIMCO 2017	CIMCO 2016	Consolidated 2017	Consolidated 2016
Equipment/package sales	**$ 634,461**	$ 564,889	**$ 124,570**	$ 118,462	**$ 759,031**	$ 683,351
Rentals	**171,602**	156,715	**-**	-	**171,602**	156,715
Product support	**491,069**	482,144	**96,885**	88,502	**587,954**	570,646
Power generation	**8,809**	9,105	**-**	-	**8,809**	9,105
Total revenues	**$ 1,305,941**	$ 1,212,853	**$ 221,455**	$ 206,964	**$ 1,527,396**	$ 1,419,817
Operating income	**$ 144,380**	$ 139,473	**$ 18,621**	$ 14,202	**$ 163,001**	$ 153,675
Interest expense					**5,489**	5,389
Interest and investment income					**(3,022)**	(2,629)
Income taxes					**43,700**	40,696
Net earnings					**$ 116,834**	$ 110,219

Operating income from rental operations was $14.2 million for the three months ended September 30, 2017 (2016 - $13.2 million) and $19.7 million for the nine months ended September 30, 2017 (2016 - $17.6 million).

14. SEASONALITY OF BUSINESS

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.

15. SUBSEQUENT EVENTS

Acquisition of the Hewitt Group of companies "Hewitt"

Effective October 27, 2017, the Company acquired the businesses and net operating assets of Hewitt and became the approved Caterpillar dealer for the province of Québec, Western Labrador and the Maritimes, as well as the Caterpillar lift truck dealer for Quebec and most of Ontario and the MaK engine dealer for Québec, the Maritimes and the Eastern seaboard of the United States, from Maine to Virginia. Additional distribution rights were also acquired in this transaction. The acquisition expands the Company's Eastern operations into a contiguous territory covering all of Eastern and Central Canada, extending into the far North and provides a platform for long-term growth opportunities and diversification into new markets.

The purchase price was comprised of $945.6 million in cash (including preliminary working capital adjustments) and approximately 2.25 million Toromont shares valued at $126.3 million at date of issuance. Toromont funded the cash portion of the acquisition through cash on hand, the issuance of long-term notes and drawings on an unsecured credit facility (described below).

Due to the short time period that has elapsed since the acquisition was completed, the initial purchase price allocation is not yet complete.

Credit arrangements

On October 27, 2017, the Company issued senior unsecured notes in an aggregate principal amount of $500.0 million (the "Notes") to partially fund the aforementioned acquisition. The Notes mature in 2027 and bear interest at a rate of 3.842% per annum, payable semi-annually. The Notes are unsecured, unsubordinated and rank pari passu with debt outstanding under Toromont's existing debentures.

On October 27, 2017, the Company also expanded and extended its committed unsecured credit facility. The facility provides a term facility of $250.0 million and a revolving facility of $500.0 million, maturing in October 2022. Debt incurred under the facility is unsecured and ranks pari passu with debt outstanding under Toromont's other outstanding debt. 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. To partially fund the aforementioned acquisition, $250.0 million was drawn on the term facility and $60.0 million was drawn on the revolving facility.

These credit arrangements include covenants, restrictions and events of default usually present in credit facilities of this nature, including requirements to meet certain financial tests periodically and restrictions on additional indebtedness and encumbrances.

How to get in touch with us

Tel: 416.667.5511
Fax: 416.667.5555
E-mail: investorrelations@toromont.com
www.toromont.com

How to reach our transfer agent and registrar

Investors are encouraged to contact CST Trust Company for information regarding their security holdings.

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, Quebec
H3B 3K3

Toll-Free North America: 1.800.387.0825
Local: 416.682.3860
E-mail: inquiries@canstockta.com
www.canstockta.com

Common Shares
Listed on the Toronto Stock Exchange
Stock Symbol – TIH

Toromont Industries Ltd.
Corporate Office
3131 Highway 7 West
P.O. Box 5511
Concord ON L4K 1B7