

TOROMONT

For immediate release

TOROMONT ANNOUNCES 2020 RESULTS AND QUARTERLY DIVIDEND

Toronto, Ontario (February 10, 2021) - Toromont Industries Ltd. (TSX: TIH) today reported financial results for the three months and year ended December 31, 2020.

<i>millions, except per share amounts</i>	Three months ended December 31			Years ended December 31		
	2020	2019	% change	2020	2019	% change
Revenues	\$ 992.2	\$ 1,025.2	(3%)	\$ 3,478.9	\$ 3,678.7	(5%)
Operating income	\$ 127.2	\$ 128.2	(1%)	\$ 372.4	\$ 412.5	(10%)
Net earnings	\$ 88.9	\$ 90.5	(2%)	\$ 254.9	\$ 286.8	(11%)
Basic earnings per share ("EPS")	\$ 1.08	\$ 1.10	(2%)	\$ 3.10	\$ 3.52	(12%)

"In what has been a unique year of challenges and opportunities, we are very pleased with the performance of our team and overall results," stated Scott J. Medhurst, President and Chief Executive Officer of Toromont Industries Ltd. "The Toromont team took decisive action, remaining focused on safeguarding our employees, servicing our customers' needs and protecting our business for the future. We were fortunate early on to have been designated an essential service in all of our territories, and since initial shutdowns and restrictions, we experienced gradual improvement in most market segments for the balance of the year. We appreciate our entire team's incredible effort and on-going commitment to adapt to changes in the business environment, safely support our customer's requirements, all while facilitating a critical system conversion in the Atlantic and Quebec operations, which sets us up well for the next phase of our integration."

Highlights:

Consolidated results

- Revenues in the fourth quarter were \$1 billion, down 3% from the similar period last year. Equipment Group revenues were down 4% on lower economic activity levels stemming mainly from the pandemic. Revenues at CIMCO were 3% higher due mainly to progress on construction projects within the Canadian industrial segment.
- Operating income⁽¹⁾ was 1% lower in the fourth quarter on the lower revenues, largely offset by lower expenses. Expenses were lower than last year as initiatives implemented early on in the year continued. Subsidies accrued under the Canada Emergency Wage Subsidy program ("CEWS") totalled \$4.7 million in the quarter.
- Revenues decreased 5% to \$3.5 billion for the year compared to 2019. While some recovery phased in during the latter half of the year, revenues were still below prior year levels in many areas. Equipment Group revenues were 5% lower and CIMCO was down 7% on a year-over-year basis.

- Operating income was 10% lower year-to-date in part reflecting lower revenues. Gross margins declined on reduced rental fleet utilization and lower product support margins stemming from productivity levels associated with the pandemic. Selling and administrative expenses were down 6% from last year on the lower revenues. Cost containment strategies implemented early in the year reduced expense levels and offset additional expenses incurred to support and protect employees through the pandemic and resulting slowdown. Subsidies accrued under the CEWS program totalled \$12.8 million for the year. Operating income margin⁽¹⁾ decreased 50 basis points (“bps”) to 10.7%.
- Backlogs⁽¹⁾ were \$557.4 million at December 31, 2020, compared to \$394.8 million at December 31, 2019. CIMCO backlogs were healthy on strong industrial booking activity in early 2020. Equipment Group backlogs were higher across all market segments, reflecting improved market sentiment towards the end of 2020.
- Net earnings for the fourth quarter were \$88.9 million and basic EPS (earnings per share) was \$1.08, both down 2% from the fourth quarter of 2019 mainly due to the lower activity levels.
- For the year, net earnings 2020 were \$254.9 million, down 11% from 2019, with basic EPS down 12% to \$3.10, reflective of the lower activity levels, most significantly experienced in Q2 of 2020.

Equipment Group

- For the fourth quarter, revenues were down \$36.2 million or 4%. Equipment revenues were lower on a tough comparable last year, and despite improvement in construction markets, which saw some resumption of activity and market confidence. Rental revenues were lower on reduced activity in light equipment and a lower RPO fleet (“rent with a purchase option”). Product support activity was off 1% from last year as market activity continues to improve from levels experienced earlier this year.
- Operating income in the fourth quarter was down \$2.8 million (2%). Gross margins were largely unchanged while expense levels were lower, reflecting good focus on variable cost control. Operating income was 12.8% of revenues compared to 12.6% in the comparable period last year.
- For the year, revenues were down 5% or \$177.9 million to \$3.2 billion on reduced economic activity experienced from the onset of the pandemic earlier in the year. Equipment sales, product support and rental activity were lower across most geographic markets and product groups.
- For the year, operating income decreased 10% or \$38.1 million in part reflecting the lower revenues. Gross margins were lower on reduced fleet utilization while product support margins declined on reduced productivity. Expense levels were lower, reflecting good focus on variable cost control. Human resource initiatives including selective pay reductions, work share programs and the CEWS program also served to reduce expense levels, while offsetting some additional expenses incurred during this transitional time in support of our workforce. Operating income was 10.9% of revenues compared to 11.5% in the comparable period last year.

- Bookings⁽¹⁾ in 2020 increased \$101.8 million (7%) to \$1.6 billion, with increases across all market segments. Bookings in the fourth quarter were up 36% (\$148.2 million) to \$563.3 million, on strong construction, mining, and agricultural orders, partially offset by lower power systems and material handling lift truck orders. Backlogs increased \$100.7 million (37%) to \$373.0 million, most of which is expected to be delivered in 2021.

CIMCO

- Revenues in the fourth quarter were \$95.3 million, up \$3.2 million (3%) with good activity in both package sales and product support. Operating income increased \$1.7 million (17%) versus last year on the higher revenues, good project execution and lower expenses.
- For the year, revenues were down \$22.0 million (7%) to \$312.8 million. Revenues in Canada were lower as pandemic-related site restrictions slowed down activity levels in both construction and product support. US revenues reflect continued growth in both construction and product support on generally fewer restrictions and focus on operational execution.
- For the year, operating income was down by \$2.0 million (7%) in 2020, largely reflecting the lower revenues. Operating income margin was 8.5% unchanged versus last year as good project execution and management of variable costs offset the lower revenues.
- Bookings of \$228.3 million for the year were up \$34.7 million (18%). Industrial activity continues to be strong with market investment in the expansion and upgrades to the critical food supply network, with good orders in Canada (up 51%). Recreational activity has declined as market investment reflects facility restrictions. Fourth quarter bookings were down \$20.0 million to \$24.5 million with lower orders in both market segments, however periodic bookings can vary.
- Backlogs of \$184.4 million at December 31, 2020 were up \$61.9 million (51%), substantially all of which is expected to be realized as revenue in 2021, subject to construction schedules. This represents a strong level for this time of year.

Financial Position

- Toromont's share price of \$89.20 at the end of 2020, translates to a market capitalization⁽¹⁾ of \$7.4 billion and a total enterprise value⁽¹⁾ of \$7.4 billion.
- The Company maintained a very strong financial position. Leverage, as represented by the net debt to total capitalization⁽¹⁾ ratio decreased to 3% at the end of December 31, 2020 from 15% at the end of December 31, 2019.
- As approved by the Board of Directors the quarterly dividend of 31 cents per common share, is payable on April 1, 2021 to shareholders of record on March 9, 2021.

- Return on opening shareholders' equity was 16.6% for 2020, compared to 21.4% for 2019, reflecting the lower net earnings and slightly higher equity. Return on capital employed was 20.4% for 2020, compared to 22.9% for 2019. Capital employed was reflectively consistent year-over-year with a strong focus on asset management.

"While market activity has improved gradually through the latter half of the year, it remained below last year's level," continued Mr. Medhurst. "Our order backlog improved heading into 2021, and our workforce and information technology systems are well positioned to support the current and future operating environment. The diversity of our geographical landscape and markets served, extensive product and service offerings, and financial strength together with our disciplined operating culture, continue to position us well for the long term. We are very proud of our team's ability to navigate through this pandemic and protect the interests of our employees, customers and stakeholders."

Corporate Development

The Board of Directors is pleased to announce that it has appointed one new independent director, Mr. Ben Cherniavsky, effective immediately.

"We are extremely pleased to have Mr. Cherniavsky joining the Board of Directors," said Robert M. Ogilvie, Chair, Toromont. "In addition to his substantial business acumen, Ben brings a wealth of knowledge about our industry gained through over 20 years of analysis and reporting as well as experience in public markets."

Mr. Cherniavsky was Managing Director, Equity Analyst & Head of Industrials Research at Raymond James, a global investment bank. During his tenure there, he managed a team of analysts who covering a wide range of publicly-traded industrial and transportation companies. Mr. Cherniavsky's direct coverage included the infrastructure & construction sector. Prior to Raymond James, Mr. Cherniavsky worked in public finance with Canada's federal Department of Finance and the University of Toronto's International Centre for Tax Studies at the Rotman School of Management. Mr. Cherniavsky holds a BA from the University of Alberta and an M.B.A. from the University of Western Ontario, Richard Ivey School of Business.

With this addition, the Company's Board of Directors will consist of eleven members, of whom ten are independent.

Financial and Operating Results

All comparative figures in this press release are for the fourth quarter and fiscal year ended December 31, 2020, compared to the fourth quarter and fiscal year ended December 31, 2019. All financial information presented in this press release has been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. This press release contains only selected financial and operational highlights and should be read in conjunction with Toromont's audited consolidated financial statements and related notes and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2020, which are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com. The Company's audited consolidated financial statements and MD&A contain detailed information about Toromont's financial position, results, liquidity and capital resources, strategy, plans and outlook, which investors are encouraged to read carefully.

Quarterly Conference Call and Webcast

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Thursday, February 11, 2021 at 7:00 a.m. (ET). The call may be accessed by telephone at 1-800-898-3989 (toll free) or 416-406-0743 (Toronto area), participant passcode 8101001# is required. A replay of the conference call will be available until Thursday, February 18, 2021 by calling 1-800-408-3053 or 905-694-9451 (Toronto area) and quoting passcode 2221293# to listen. Both the live webcast and the replay of the quarterly conference call can be accessed at www.toromont.com.

Presentation materials to accompany the call will be available on our investor page on our website.

Advisory

Information in this press release that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this press release reflects current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct. This press release also contains forward-looking statements about the recently acquired businesses.

Numerous risks and uncertainties could cause the actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: business cycles, including general economic conditions in the countries and regions in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; potential risks and uncertainties relating to the novel COVID-19 global pandemic, including an economic downturn, reduction or disruption in supply or demand for our products and services, or adverse impacts on our workforce, capital resources, or share trading price or liquidity, and increased regulation of or restrictions placed on our businesses; changes in foreign exchange rates, including the Cdn\$/US\$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; the availability of financing; potential environmental liabilities of the acquired businesses and changes to environmental regulation; failure to attract and retain key employees; damage to the reputation of Caterpillar, product quality and product safety risks which could expose Toromont to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations including changes in infrastructure spending; any requirement of Toromont to make contributions to the registered funded defined benefit pension plans, postemployment benefits plan or the multi-employer pension plan obligations in which it participates and acquired in excess of those currently contemplated; and ability to secure insurance coverage and cost of premiums. Readers are cautioned that the foregoing list of factors is not exhaustive.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included in this press release. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out in the "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual MD&A, as filed with Canadian securities regulators at www.sedar.com or at our website www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

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 press release, 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.

About Toromont

Toromont Industries Ltd. operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory - spanning the Canadian provinces of Newfoundland & Labrador, Nova Scotia, New Brunswick, Prince Edward Island, Québec, Ontario and Manitoba, in addition to most of the territory of Nunavut. The Group includes industry leading rental operations, a complementary material handling business and an agricultural equipment business. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. This press release and more information about Toromont Industries Ltd. can be found at www.toromont.com.

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FOOTNOTES

- 1 These financial metrics do not have a standardized meaning under International Financial Reporting Standards (IFRS), which are also referred to herein as Generally Accepted Accounting Principles (GAAP), and may not be comparable to similar measures used by other issuers. These measurements are presented for information purposes only. The Company's MD&A includes additional information regarding these financial metrics, including definitions and a reconciliation to the most directly comparable GAAP measures, under the headings "Additional GAAP Measures", "Non-GAAP Measures" and "Key Performance Indicators."