



August 28, 2017

## **Toromont Industries to Acquire Hewitt Equipment**

- Significantly expands Toromont's Caterpillar Dealership network and market opportunity**
- Adds 45 branches and 2,000 employees in Quebec and the Maritimes**
- Expected to be accretive to Toromont's net earnings in 2018**
- Provides strong potential for future organic growth opportunities**

TORONTO, ONTARIO -- (Marketwired) -- 08/28/17 -- Toromont Industries Ltd. (TSX:TIH), a diversified industrials company providing specialized capital equipment and ongoing support to customers in various sectors, today announced that it has entered into a definitive agreement to acquire the businesses and net operating assets<sup>1</sup> of the Hewitt Group of companies in exchange for consideration of \$917.7 million cash plus the issuance of 2.25 million Toromont shares (nominally \$100 million based on 10 day average share price as at signing) for a total consideration of \$1.0177 billion. 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 most of Ontario. Hewitt is also the MaK dealer for Québec, the Maritimes and the Eastern seaboard of the United States, from Maine to Virginia. All amounts are in Canadian currency.

"Acquiring Hewitt marks a very important milestone for Toromont and is beneficial to our customers, employees and shareholders on many levels," said Scott J. Medhurst, Toromont President and CEO. "The Hewitt family has built a world-class organization throughout much of Eastern Canada over many decades with a strong reputation for quality service among its customers. We are very proud to have the Hewitt Group join us and are privileged to be taking on the stewardship of this excellent business and building on the family legacy. We intend to add to its position of strength by investing in people, facilities, technology and rental fleets. Our position will allow us to better capitalize on organic growth opportunities given the recovery of the mining sector that we are currently experiencing and the promise of significant infrastructure investment. We look forward to working with key members of Hewitt's leadership team."

Mr. Medhurst added, "The acquisition delivers a substantial growth opportunity, allowing us to expand into the significant Québec, Western Labrador and Maritime markets, and strengthens our expertise in the mining, construction, power systems and forestry sectors. We are focused on ensuring a seamless transition for our customers and employees."

"For more than 65 years, the Hewitt Group has been at the centre of the resource and construction industries in Quebec and the Maritimes, helping to get roads, dams and mines built and running," said Jim Hewitt, Chairman and CEO of Hewitt Equipment. "With the trend towards consolidation taking root in each of the sectors in which Hewitt operates, we are confident that our customers and employees will benefit from working within an even larger organization with access to even more resources and capital."

Headquartered in Pointe-Claire, Québec, Hewitt sells, rents and services the full line of Caterpillar and other products through its six operating business entities: Hewitt Equipment, Atlantic Tractors, Location Hewitt/Hewitt Rentals, Hewitt Material Handling, Montréal Hydraulique and SITECH QM. Founded in 1952, Hewitt has 45 branches across Eastern Canada and employs more than 2,000 people. Hewitt is privately held.

In the year ended December 28, 2016, Hewitt generated revenues of over \$1.0 billion, operating profit of \$66.4 million<sup>2</sup> and net earnings of \$46.6 million. Toromont advises that Hewitt's historical performance should not be viewed as guidance for future performance.

Upon close of the acquisition, Toromont's Caterpillar dealership will operate 120 branches in Nunavut, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland & Labrador, giving the company one of the largest sales territories in the Caterpillar dealer network. Toromont expects to maintain existing facilities and under its decentralized business model, regional leadership will continue to run their businesses locally - empowered to make decisions in the best interests of their customers.

Mr. Medhurst added, "The acquisition is the largest in our 56-year history and is only possible because of the strength of our balance sheet and proven track record as a disciplined operator focused on generating steady growth across each of our core markets. We are confident in the opportunities and bright future this transaction will bring to all of our key stakeholders - employees, customers, suppliers, shareholders and the communities we serve. We are very proud of our

partnership with Caterpillar and appreciative of this opportunity. "

Québec is recognized and appreciated as a distinctive market, however it is not new to Toromont. Toromont's CIMCO refrigeration division has 130 employees in Québec, where it has operated since 1951. Over the past 66 years, it has led in the design, engineering, fabrication, installation and servicing of refrigeration in the broad food distribution network together with community hockey rinks and curling clubs, including such marquee facilities as Montréal's Bell Centre.

Toromont will fund the acquisition through current cash on hand, unsecured debt financing of up to \$750 million and the issuance of 2.25 million Toromont shares (equating to \$100 million based on the 10 day average share price prior to this announcement). A syndicate of financial institutions has provided Toromont with committed bank financing of up to \$750 million to fund the acquisition and a revolving working capital facility of up to \$500 million. Prior to close, Toromont intends to launch a bond offering (private placement) of up to \$400 million and correspondingly reduce the draw on the bank financing. The transaction is expected to close by mid-October, 2017, subject to the timing of certain regulatory consents, including TSX approval, and customary closing conditions.

TD Securities Inc., CIBC Capital Markets and BMO Capital Markets are acting as financial advisors and their respective affiliates have provided committed financing. Davies Ward Phillips & Vineberg LLP is acting as legal advisor to Toromont and EY Canada provided due diligence support.

### **Conference Call:**

Analysts, members of the media and other interested parties are invited to participate in a teleconference and audio webcast on Monday, August 28, 2017 at 10:00 a.m. (Eastern) to discuss the transaction. The conference will begin with a brief address by Scott J. Medhurst, President and Chief Executive Officer and Paul R. Jewer, Executive Vice President and Chief Financial Officer of Toromont Industries Ltd., followed by a question and answer period for investment analysts. Media and the public can participate in listen only mode.

To participate, please call 1-800-377-0758 or 416-340-2218 (Toronto area), 10 minutes prior to the start of the call. No passcode is required. Management will follow a presentation and slides will be available from the investor section of the Company's website at: <http://investor.toromont.com/index.cfm>. A replay of the teleconference will be available after the conclusion of the call until midnight, September 28, 2017. Please call 1-800-408-3053 or 905-694-9451 (Toronto area) and enter passcode 4779938# to listen to the replay.

### **Non-GAAP Financial Measures**

Non-GAAP financial measures referenced in this press release include net operating assets and operating profit. Hewitt reports its results in accordance with Accounting Standards for Private Enterprises and comparable IFRS measures are not available at this time.

Net operating assets include accounts receivable, inventories, rental equipment, capital assets and software; net of accounts payable, accrued liabilities and employee future benefits. As at December 31, 2016, these net assets carried a book value of approximately \$640 million. In addition to these net assets, Toromont has acquired certain other intangible assets that will be valued after close.

Operating profit is defined as earnings before interest, taxes and loss or gain on remeasurement of employee future benefits.

These financial measures are not prescribed by IFRS and, as such, may not be comparable to similar measures presented by other companies. These measures should not be considered as a substitute or alternative for net earnings or cash flow, in each case as determined in accordance with IFRS.

### **Forward-Looking Information**

Information in this press release that is not a historical fact is "forward-looking information" within the meaning of applicable securities legislation. Words such as "expects", "potential", "intends", "promise", "will", and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this news release includes statements concerning: the post-acquisition accretion to Toromont's net earnings; organic growth opportunities; and the expected closing date of the proposed transaction. Forward-looking information 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.

The actual results, performance or achievements of Toromont could differ materially from those expressed or implied by forward-looking information. Factors that could cause actual results, performance, achievements or events to differ include, but are not limited to, risks and uncertainties related to: Toromont's failure to realize anticipated results from the acquisition, including revenue and earnings growth, anticipated cost savings or operating efficiencies; 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 business to be acquired 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; 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.

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, performance or achievements 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 Management Discussion and Analysis, as filed with Canadian securities regulators at [www.sedar.com](http://www.sedar.com) or at [www.toromont.com](http://www.toromont.com). Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results, performance, achievements or events to differ materially from those expressed or implied by statements containing forward-looking information.

There can be no assurance that the proposed acquisition will occur as described or at all or that the anticipated benefits and operational synergies will be realized. The proposed acquisition is subject to various regulatory approvals and the fulfillment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met. The proposed acquisition could be modified, restructured or terminated. There can be no assurance that debt financing for the acquisition will be completed.

Readers are cautioned not to place undue reliance on statements containing forward-looking information that are included in this press release, which are made as of the date of this press release. Toromont disclaims any obligation or intention to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

### **About Hewitt Equipment**

Hewitt is the authorized Caterpillar Dealer for the province of Québec and Western Labrador, and, since 1995, through its subsidiary, Atlantic Tractors & Equipment Ltd., is also the Cat Dealer for the Maritime Provinces. With headquarters in Pointe-Claire and 45 branches, the Hewitt Group sells, rents and services the full line of Caterpillar products through four divisions: Heavy Equipment, Material Handling, Energy and Truck. Hewitt's other subsidiaries are: Hewitt Material Handling Inc. (Ontario), Hewitt Rentals Inc. (Québec, Western Labrador and the Maritimes), Montréal Hydraulique Inc. and SITECH QM. Hewitt is also the dealer for Maschinenbau Kiel GmbH (MaK) for Québec, the Maritimes, and the Eastern seaboard of the United States, from Maine to Virginia. The Hewitt Group employs more than 2,000 people across Eastern Canada.

### **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 in addition to industry leading rental operations and a growing 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 can be found at [www.toromont.com](http://www.toromont.com).

1 *Net operating assets is a non-GAAP financial measure. Please see the note on non-GAAP financial measures at the end of this release.*

2 *Operating profit is a non-GAAP financial measure. Please see the note on non-GAAP financial measures at the end of this release.*

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Source: Toromont Industries Ltd.

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