Rocky Mountain Dealerships Inc. announces record annual and fourth quarter 2011 results

Achieves strong results in key operating metrics; net earnings increase of 55.8% for the year

Rocky Mountain Dealerships Inc. (TSX: RME, hereinafter “Rocky”) today reported financial results for the three and twelve months ended December 31, 2011.

Fourth Quarter Highlights

- Increased revenues by 27.3% to $240.6 million (M) as compared to 2010.
- EBITDA* increased by 28.3% to $14.6M.
- Generated net earnings of $9.0M, an increase of $2.6M or 41.2%.
- Normalized Diluted Earnings per Share* of $0.42, up 35.5% over the prior year.

Annual Highlights

- Increased revenues by 33.2% to $802.8M as compared to 2010.
- EBITDA* increased by 44.3% to $41.2M.
- Generated net earnings of $23.2M, an increase of $8.3M or 55.8%.
- Normalized Diluted Earnings per Share* of $1.22, up 52.5% over the prior year.

* Non-IFRS measures are defined and discussed further in the Management's Discussion and Analysis for the three and twelve month periods ended December 31, 2011, which can be found at [www.sedar.com](http://www.sedar.com).

Commenting on the results, Matt Campbell, CEO of Rocky stated "We continue to deliver outstanding results to our shareholders, thanks to the dedication and hard work of our people throughout our many locations. Our customers need a reliable partner for their equipment needs, and our success in becoming that reliable partner is reflected in both the quarterly and annual results.

Alberta's economic improvement combined with solid crop prices and conditions to fuel growth in both construction and agriculture equipment sales in that region. These results were somewhat tempered by a softer market in the Eastern Prairies that drove increased sales of used rather than new equipment.

Overall, our efforts to integrate our acquired stores and drive efficiency, resulted in improved revenue, gross profits and EBITDA* and substantially improved profit conversion. Cash flow generation improved substantially on the year to $33.1 million.

Western Canada's recovering economic outlook and solid commodity prices, combined with the progress we have made in the last twelve months, positions Rocky for continued success."

Quarterly Cash Dividend

On February 17, 2012, Rocky's Board of Directors declared a dividend of $0.045 per common share on the Company's outstanding common shares. The common share dividend is payable on March 30, 2012 to shareholders of record at close of business on February 29, 2012.

This dividend is designated by Rocky to be an eligible dividend for the purposes of the Income Tax Act (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

Conference Call

The Company will host a conference call to discuss Q4 results on Tuesday, March 20, 2012, at 9:00 a.m. Mountain Time. Investors interested in participating in the live call can dial 1-888-231-8191 (toll free) or 1-647-427-7450. An archived recording of the call will be available approximately two hours after its completion on Rocky's website or by calling 1-855-859-2056 (toll free) or 1-416-849-0833, passcode: 51205623. The archive will remain available until Tuesday, April 3, 2012.
Caution regarding forward-looking statements

Certain information set forth in this news release, including, without limitation, the information regarding construction outlooks in the short and mid-terms, is forward-looking information within the meaning of applicable Canadian securities laws. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond Rocky's control. This forward-looking information reflects Rocky's current beliefs and is based on information currently available to Rocky, and on assumptions Rocky believes are reasonable. These assumptions include, but are not limited to, the expectation that economic conditions in Western Canada, including commodity prices, will continue to remain strong. There is significant risk that the forward-looking statements will prove not to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future performance and events to differ materially from that expressed in the forward-looking statements. Accordingly, this new release is subject to the disclaimer and qualified by risks and other factors discussed by Rocky in its management's discussion and analysis ("MD&A") and annual information form for the year ended December 31, 2011 and 2011 first, second, and third quarter MD&A's. Except as required by law, Rocky disclaims any intention or obligation to update or revise forward-looking statements, and further reserves the right to change, at any time, at its sole discretion, its current practice of updating its guidance and outlooks.

About Rocky

Rocky is one of Canada's largest agriculture and construction equipment dealerships with 36 branches throughout Alberta, Saskatchewan and Manitoba. Rocky sells, rents, and leases new and used construction and agriculture equipment and offers product support, and finance to its customers.

Additional information on Rocky is available at [www.rockymtn.com](http://www.rockymtn.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Consolidated Balance Sheet Summary

Expressed in thousands of Canadian dollars (Audited)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
<th>January 1, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>434,479</td>
<td>373,998</td>
<td>281,234</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>21,369</td>
<td>20,600</td>
<td>19,343</td>
</tr>
<tr>
<td>Goodwill</td>
<td>9,961</td>
<td>8,538</td>
<td>4,517</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>465,809</strong></td>
<td><strong>403,136</strong></td>
<td><strong>305,094</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>286,175</td>
<td>247,697</td>
<td>204,084</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>11,701</td>
<td>13,058</td>
<td>12,968</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>1,589</td>
<td>1,387</td>
<td>896</td>
</tr>
<tr>
<td>Convertible debenture</td>
<td>28,761</td>
<td>28,411</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>8,283</td>
<td>6,707</td>
<td>1,051</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,139</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>337,648</strong></td>
<td><strong>297,260</strong></td>
<td><strong>218,999</strong></td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>128,161</td>
<td>105,876</td>
<td>86,095</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>465,809</strong></td>
<td><strong>403,136</strong></td>
<td><strong>305,094</strong></td>
</tr>
</tbody>
</table>

Total Shares Issued: 18,768,399

Selected Quarterly Financial Information

Expressed in thousands of Canadian dollars except per share amounts

<table>
<thead>
<tr>
<th></th>
<th>For the three months ended December 31, 2011</th>
<th>For the year ended December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>New equipment</td>
<td>132,712</td>
<td>121,302</td>
</tr>
<tr>
<td>Used equipment</td>
<td>82,318</td>
<td>45,553</td>
</tr>
<tr>
<td>Parts</td>
<td>16,155</td>
<td>14,871</td>
</tr>
<tr>
<td>Service</td>
<td>7,459</td>
<td>6,304</td>
</tr>
<tr>
<td>Other</td>
<td>1,945</td>
<td>973</td>
</tr>
<tr>
<td><strong>Total sales</strong></td>
<td><strong>240,589</strong></td>
<td><strong>189,003</strong></td>
</tr>
<tr>
<td>Cost of sales</td>
<td><strong>203,620</strong></td>
<td><strong>159,238</strong></td>
</tr>
<tr>
<td>Gross profit</td>
<td><strong>36,969</strong></td>
<td><strong>29,765</strong></td>
</tr>
<tr>
<td>Description</td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>21,964</td>
<td>18,082</td>
</tr>
<tr>
<td>Interest on short-term debt</td>
<td>2,022</td>
<td>1,832</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>917</td>
<td>943</td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td>12,066</td>
<td>8,908</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3,105</td>
<td>2,563</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>8,961</td>
<td>6,345</td>
</tr>
</tbody>
</table>

**Earnings per share**

- **Basic**
  - 2011: 0.48
  - 2010: 0.34
  - 2009: 1.24
  - 2008: 0.82

- **Diluted**
  - 2011: 0.42
  - 2010: 0.31
  - 2009: 1.12
  - 2008: 0.79

**Dividends per share**

- 2011: 0.045
- 2010: 0.045
- 2009: 0.18
- 2008: 0.18

**Non-IFRS Measures (*)**

- **EBITDA**
  - 2011: 14,587
  - 2010: 11,369
  - 2009: 41,225
  - 2008: 28,570

- **Operating SG&A**
  - 2011: 20,804
  - 2010: 16,780
  - 2009: 73,872
  - 2008: 58,695

- **Cash Flow from Net Earnings**
  - 2011: 13,462
  - 2010: 11,005
  - 2009: 33,087
  - 2008: 26,724

- **Normalized Diluted Earnings per Share**
  - 2011: 0.42
  - 2010: 0.31
  - 2009: 1.22
  - 2008: 0.80

* Non-IFRS measures are defined and discussed further in the Management’s Discussion and Analysis for the three and twelve month periods ended December 31, 2011, which can be found at [www.sedar.com](http://www.sedar.com).

**Language:**

English

**Contact:**

For further information:

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Matt Campbell,
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**Ticker Slug:**

Ticker: RME
Exchange: TSX


**Links:**