



MESSAGE TO SHAREHOLDERS

## PRESIDENT AND CEO'S MESSAGE TO SHAREHOLDERS

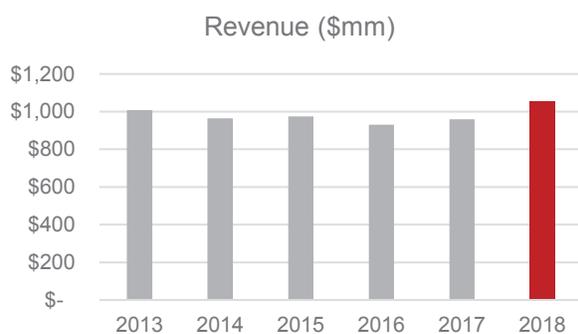
Dear Fellow Shareholders,

Canadian agriculture continues to be a strong, healthy and resilient industry, and the entire team at RME is proud to be a part of it. Thank you for your continued support of this industry, and for choosing to own shares of Rocky Mountain Dealerships Inc. (TSX:RME). Our continued focus on executing our strategy led RME to a good year in 2018, even in the face of the various macroeconomic headwinds that were beyond our immediate control. RME's ability to deliver stable annual performance in 2018 shows the greatest strength of the agriculture sector – the fact that farming activity consistently and predictably occurs year-over-year. I want to take this moment to thank every member of the RME team for their dedication to our customers, our investors, and to each other, and for reminding us every day that "Dependable is what we do."®

2018 saw many successes for RME and its shareholders. We achieved record revenues in 2018, coupled with record used equipment sales. We added to our sales territory with the addition of two stores in Saskatchewan, and another in Alberta. We returned capital to shareholders with an increased dividend and a share buy-back program. Through all of this, however, is our standing commitment to be prudent and measured in our decisions, continually striving to be wise stewards of your investment in RME.

### RECORD SALES ACHIEVEMENTS

Our record revenues of over \$1 billion were driven by strong sales improvements in our key sales categories – new equipment, used equipment and product support. What sets this year's success apart from prior years is the environment in which this was achieved. A harsh winter gave way to a late spring, which was followed by early snowfalls in much of our territory. Many of our customers also had to contend with smoky conditions from forest fires, hampering the yield and quality of their crops. Our ability to navigate and respond quickly to these conditions allowed us to deliver this strong performance.



With contributions from both existing and acquired locations, our sales growth for the year aligns well with our revenue growth initiative. Stronger market demand as well as out-of-season equipment deliveries were among the key drivers in our 2018 sales growth. The struggle we face is to convert these additional sales into long term bottom line growth, which the entire team is focusing on delivering. We also benefited from sales growth through the addition of our new locations in Tisdale and Outlook, Saskatchewan, as well as in Olds, Alberta. These locations serve solid customer

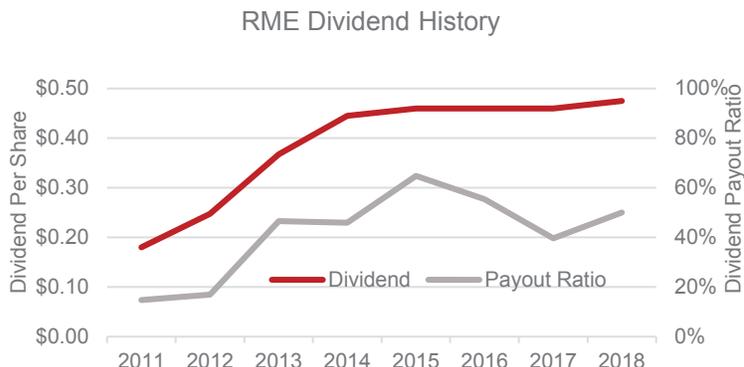
bases in strong agricultural communities and we are excited for the potential they hold going forward.

### CAPITAL ACHIEVEMENTS

Our success in 2018 was predicated in part on decisions made in prior years to right-size our cost structure and keep capital at the ready for accretive acquisitions, dividends and share buy-backs. In 2018 we were able to allocate capital to all three strategies.

In addition to our acquisitions that I discussed earlier, in September we announced a 6.5% increase in RME's annual dividend to \$0.49 per common share. Since 2012, RME's dividend has risen from \$0.18 to \$0.49 annually, an increase of more than 170%. We believe in prudent capital management and the dividend is a key part of that strategy in the present and the future.

The second step we took to distribute capital to shareholders was in November, when we announced our Normal Course Issuer Bid ("NCIB"), which allows us to repurchase and cancel up to approximately 1.6 million common shares, by the end of the year we had purchased and cancelled 400,000 shares or approximately 2% of our outstanding shares.



It is the underlying fundamentals of the business that support these capital allocation decisions and allow us the flexibility to seize opportunities for the long-term benefit of our shareholders.

### BUSINESS GROWTH ACHIEVEMENTS

In addition to our acquisitions in Saskatchewan and Alberta, 2018 saw another achievement as we laid the groundwork for a used equipment outlet in the state of Kansas, just outside Kansas City, Missouri. This location was opened in early 2019 and is in close proximity to the sizeable U.S. agricultural markets of Kansas, Iowa, Nebraska, Missouri and Oklahoma. This equipment distribution channel represents a new growth avenue for RME and does so with minimal capital commitments and start-up costs.

Going forward, we will continuously evaluate potential transactions in both Canada and the United States to determine whether they are the right fit for RME. We will continue to employ a strict discipline in our deal evaluations and only transact when we are satisfied the transaction will generate shareholder value over the long-term.

### BALANCE SHEET ACHIEVEMENTS

The composition of our equipment inventory will continue to expand and contract seasonally as we prepare for the next sales cycle and as we strive to carry an appropriate mix of both new and used equipment to best serve our customers.

Currently, the recent strength of new equipment sales has increased used inventory levels, and by extension, reduced our inventory turnover, in spite of record used sales. This is a critical part of our business and we will continue to be focusing on ensuring that we have the appropriate amount of inventory in the complex. At the same time, we have taken the opportunity to fund recent acquisitions and share repurchases pursuant to the NCIB discussed above with cash generated from inventory leveraging activities.



We have proven we can actively manage inventory through targeted sales efforts and disciplined procurement over time. Our success is predicated on this principal and we will continue our diligent efforts to ensure a healthy and manageable inventory profile going forward.

### **FUTURE ACHIEVEMENTS**

We sell industry-leading, internationally-recognized equipment brands in some of the strongest agricultural markets in North America. Our strong sales growth continues to build the customer base we need for future business opportunity. While many things may change in our industry, the overriding constant is that the world still needs quality foods grown by Canadian farmers, and RME will always strive to be there to support that need now and in the future.

Our promise to our shareholders is to continue to manage and operate our business in a way that consistently grows long-term shareholder value.

As I look forward to the opportunities of 2019, I want to once again thank you for choosing to own Rocky Mountain Dealerships Inc.

Sincerely,

Garrett Ganden  
President and Chief Executive Officer  
Rocky Mountain Dealerships Inc.