

# Boyd Group Services Inc. Reports Third Quarter 2020 Results

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*- Delivers positive growth in earnings - Announces five year growth strategy -*

WINNIPEG, MB, Nov. 11, 2020 /CNW/ - Boyd Group Services Inc. (TSX: BYD.TO) ("the Boyd Group", "Boyd" or "the Company") today announced the results for the three and nine month periods ended September 30, 2020. The Boyd Group's third quarter 2020 financial statements and MD&A have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)). This news release is not in any way a substitute for reading Boyd's financial statements, including notes to the financial statements, and Boyd's Management's Discussion & Analysis.

## **Results and Highlights for the Third Quarter Ended September 30, 2020:**

- Financial results were significantly impacted by the COVID-19 pandemic
- Sales decreased by 10.3% to \$508.3 million from \$567.0 million in the same period of 2019, including same-store sales decreases of 15.0%, with Canada having a greater negative impact due to the slower economic reopening
- Adjusted EBITDA<sup>1</sup> increased 9.2% to \$84.5 million, including, \$9.9 million of Canada Emergency Wage Subsidy ("CEWS"), compared with Adjusted EBITDA of \$77.4 million in the same period of 2019
- Adjusted net earnings<sup>1</sup> increased 5.7% to \$21.8 million, compared with \$20.7 million in adjusted net earnings in the same period of 2019 and adjusted net earnings per share/unit<sup>1</sup> decreased 1.9% to \$1.02, compared with \$1.04 in the same period of 2019
- Net earnings increased 42.9% to \$21.1 million, compared with \$14.8 million in the same period of 2019 and net earnings per share/unit increased 32.4% to \$0.98, compared with \$0.74 in the same period of 2019
- Cash balance at quarter end of \$141.5 million
- Net debt of \$672.0 million and net debt excluding lease liabilities of \$140.6 million, with no significant maturities until March 2025
- Settled the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC held by a member of the U.S. management team
- Declared third quarter dividend in the amount of \$0.138 per share
- Added six locations, including one intake center

## **Subsequent to Quarter End**

- Added five locations, including one intake center
- Announced a dividend increase of 2.2% to \$0.564 per share annualized from \$0.552 per share
- Announced five year growth plan
- Announced U.S. dollar reporting starting January 2021

"The steps our team has taken since the onset of the pandemic have positioned us well, and our third quarter results are a direct result of these efforts," said Tim O'Day, President & Chief Executive Officer of the Boyd Group. "In the third quarter of 2020, we have posted strong results, in spite of the decline in revenues caused by COVID-19. Throughout the quarter, we continued to adjust our business in accordance with changes in demand for our services, increasing production capacity as demand for collision repair services rose. During the quarter, we were also able to recommence the completion of acquisitions and entered into the state of Arkansas. As we continue to navigate through this pandemic environment, our priorities remain taking care of the health and safety of both

our team members and our customers and preparing for the future that lies ahead."

Results of Operations (thousands of Canadian dollars, except per unit amounts)	For the three months ended, September 30,			For the nine months ended, September 30,		
	2020	% change	2019	2020	% change	2019
Sales – Total	<b>508,289</b>	(10.3)	566,957	<b>1,563,112</b>	(7.9)	1,697,359
Same-store sales – Total (excluding foreign exchange)	<b>470,551</b>	(15.0)	553,687	<b>1,329,146</b>	(16.5)	1,590,907
Gross margin %	<b>47.2%</b>	4.2	45.3%	<b>46.1%</b>	1.3	45.5%
Operating expense %	<b>30.6%</b>	(3.5)	31.7%	<b>32.4%</b>	2.5	31.6%
Adjusted EBITDA	<b>84,519</b>	9.2	77,398	<b>215,118</b>	(8.8)	235,819
Acquisition and transaction costs	<b>348</b>	(69.9)	1,156	<b>1,512</b>	(60.8)	3,859
Depreciation and amortization	<b>44,423</b>	12.3	39,574	<b>132,121</b>	17.2	112,685
Fair value adjustments	<b>477</b>	(90.5)	5,029	<b>(2,678)</b>	(113.7)	19,531
Finance costs	<b>10,134</b>	5.0	9,647	<b>34,337</b>	22.4	28,056
Income tax expense	<b>8,041</b>	11.3	7,226	<b>13,134</b>	(39.7)	21,794
Adjusted net earnings	<b>21,831</b>	5.7	20,650	<b>35,133</b>	(51.4)	72,281
Adjusted net earnings per share/unit	<b>1.02</b>	(1.9)	1.04	<b>1.69</b>	(53.6)	3.64
Net earnings	<b>21,096</b>	42.9	14,766	<b>36,692</b>	(26.5)	49,894
Basic earnings per share/unit	<b>0.98</b>	32.4	0.74	<b>1.76</b>	(29.9)	2.51
Diluted earnings per share/unit	<b>0.98</b>	32.4	0.74	<b>1.61</b>	(32.6)	2.39

1. Standardized EBITDA, Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, non-controlling interest call liability / put option and contingent consideration, as well as acquisition and transaction costs), adjusted net earnings and adjusted net earnings per share/unit are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that in addition to revenue, net earnings and cash flows, the supplemental measures of adjusted net earnings, Standardized EBITDA and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt management, productive capacity maintenance and non-recurring and other adjustments. Investors should be cautioned, however, that Standardized EBITDA, Adjusted EBITDA, adjusted net earnings and adjusted net earnings per share/unit should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of Boyd's performance. Boyd's method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how Boyd's non-GAAP measures are calculated, please refer to Boyd's MD&A filing for the period ended September 30, 2020, which can be accessed via the SEDAR Web site ([www.sedar.com](http://www.sedar.com)).

## Outlook

The COVID-19 pandemic continues to impact Boyd's business. Thus far in the fourth quarter of 2020, same-store sales activity has continued below normal levels, although slightly better than reported in the third quarter. CEWS has been extended to June 2021, including redesigned program details to November 21, 2020; however, changes have been made to the program such that the subsidy is now determined by the particular employer's revenue reduction percentage in each qualifying period rather than providing a subsidy amount based on a minimum decline in revenues. This change will negatively impact the subsidy that Boyd will be entitled to receive with respect to the fourth quarter of 2020. Additionally, Boyd took a cautious approach to bringing back resources as revenue grew, which benefited Q3 earnings, but is not sustainable. Certain operating expenses and personnel costs, along with continued reduced demand for services will continue to impact the levels of Adjusted EBITDA that can be achieved during 2020.

"We are pleased to announce our new five year growth strategy. Despite the COVID-19 pandemic, our results demonstrate that Boyd is well positioned to continue to navigate through this challenging environment," said O'Day. "Our new growth strategy is to double the size of the business on a constant currency basis from 2021 to 2025, based on 2019 revenues, implying an average annual growth rate of 15 percent. In order to achieve this, we will pursue accretive growth through a combination of organic growth (same-store sales growth) as well as adding new locations to our network in the United States and Canada. New location growth will continue to include single location acquisitions, as well as brownfield and greenfield start-ups, and multi location acquisitions. Additionally, to reduce volatility from exchange rates, effective January 1, 2021, we will change our presentation currency and begin reporting our results in U.S. Dollars. Given almost 90% of our revenues come from the U.S., this is an appropriate currency for reporting purposes. With prudent financial management and our strong balance sheet, including dry powder of over \$1 billion, we are well-positioned to take advantage of acquisition opportunities as they arise."

## 2020 Third Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Wednesday, November 11, 2020, at 10:00 a.m. (ET) to review the Company's 2020 third quarter results. You can join the call

by dialing 888-231-8191 or 647-427-7450. A live audio webcast of the conference call will be available through [www.boydgroup.com](http://www.boydgroup.com). An archived replay of the webcast will be available for 90 days. A taped replay of the conference call will also be available until Wednesday, November 18, 2020, at midnight by calling 1-855-859-2056 or 416-849-0833, reference number 7195476.

### **About Boyd Group Services Inc.**

Boyd Group Services Inc. is a Canadian corporation and controls The Boyd Group Inc. and its subsidiaries. Boyd Group Services Inc. shares trade on the Toronto Stock Exchange (TSX) under the symbol BYD.TO. For more information on The Boyd Group Inc. or Boyd Group Services Inc., please visit our website at <http://www.boydgroup.com>.

### **About The Boyd Group Inc.**

The Boyd Group Inc. (the "Company") is one of the largest operators of non-franchised collision repair centres in North America in terms of number of locations and sales. The Company operates locations in Canada under the trade names Boyd Autobody & Glass (<http://www.boydautobody.com>) and Assured Automotive (<http://www.assuredauto.ca>) as well as in the U.S. under the trade name Gerber Collision & Glass (<http://www.gerbercollision.com>). In addition, the Company is a major retail auto glass operator in the U.S. with operations under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates a third party administrator, Gerber National Claims Services ("GNCS"), that offers glass, emergency roadside and first notice of loss services. For more information on The Boyd Group Inc. or Boyd Group Services Inc., please visit our website at (<http://www.boydgroup.com>).

To view Boyd Group Services Inc. Q3 2020 financial statements and notes, please click [here](#):



### **Caution concerning forward-looking statements**

*Statements made in this press release, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like "may", "will", "anticipate", "estimate", "expect", "intend", or "continue" or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements. Factors that could cause results to vary include, but are not limited to: pandemic risk & economic downturn; operational performance; acquisition risk; employee relations and staffing; brand management and reputation; market environment change; reliance on technology; foreign currency risk; loss of key customers; decline in number of insurance claims; margin pressure and sales mix changes; weather conditions and climate change; competition; access to capital; dependence on key personnel; tax position risk; corporate governance; increased government regulation and tax risk; environmental, health and safety risk; fluctuations in operating results and seasonality; risk of litigation; execution on new strategies; insurance risk; dividends not guaranteed; interest rates; U.S. health care costs and workers compensation claims; low capture rates; supply chain risk; capital expenditures; and energy costs and the BGSi's success in anticipating and managing the foregoing risks.*

*We caution that the foregoing list of factors is not exhaustive and that when reviewing our forward-looking statements, investors and others should refer to the "Risk Factors" section of BGSi's*

*Annual Information Form, the "Risks and Uncertainties" and other sections of our Management's Discussion and Analysis of Operating Results and Financial Position and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.*

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