

# Boyd Group Services Inc. Reports Second Quarter 2021 Results

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*- Improved performance combined with strong location growth -*

WINNIPEG, MB, Aug. 11, 2021 /CNW/ - Boyd Group Services Inc. (TSX: BYD) ("the Boyd Group", "Boyd" or "the Company") today announced the results for the three and six month period ended June 30, 2021. The Boyd Group's second quarter 2021 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 Second Quarter Ended June 30, 2021:**

- Although still estimated to be below pre-pandemic levels, demand for collision repair accelerated meaningfully in most U.S. markets as the second quarter of 2021 progressed, in stark contrast with the second quarter of 2020 where demand was significantly diminished due to the COVID-19 pandemic and expenses were aggressively reduced accordingly
- Sales increased by 44.4% to \$444.6 million from \$308.0 million in the same period of 2020, including same-store sales increases of 34.5%, recognizing the same number of selling and production days in the U.S. and Canada in the second quarter of 2021 when compared to the same period of 2020. Same-store sales increases in Canada were much lower than same-store sales increases in the U.S.
- Adjusted EBITDA<sup>1</sup> increased 62.7% to \$58.0 million, or 13.0% of sales, including, \$3.6 million of Canada Emergency Wage Subsidy ("CEWS"), compared with Adjusted EBITDA of \$35.6 million, or 11.6% of sales in the same period of 2020, which included \$3.4 million of CEWS
- Adjusted net earnings<sup>1</sup> increased to \$11.4 million, compared with \$4.8 million in adjusted net loss in the same period of 2020 and adjusted net earnings per share<sup>1</sup> increased to \$0.53, compared with adjusted net loss per share of \$0.23 in the same period of 2020
- Net earnings increased to \$10.5 million, compared with a net loss of \$5.0 million in the same period of 2020 and net earnings per share increased to \$0.49, compared with net loss per share of \$0.24 in the same period of 2020
- Cash balance at quarter end of \$35.6 million
- Net debt of \$671.1 million, with no significant maturities until March 2025
- Declared second quarter dividend in the amount of C\$0.141 per share
- Added 39 locations, including 32 through acquisition, five intake centers and two start-up locations, as well as a mobile scanning and calibration business. Included in the locations added is the acquisition of 16 locations previously operating as John Harris Body Shops in Georgia and South Carolina.

## **Subsequent to Quarter End**

- Added 39 locations, including 35 locations previously operating as Collision Works in Oklahoma, Kansas and Missouri

"Comparing the second quarter of 2021 to the same period of 2020 demonstrates how significantly the business was impacted by the pandemic one year ago and how far we have come since that time", said Timothy O'Day, President and Chief Executive Officer of the Boyd Group. "During the second quarter, we saw infection numbers and restrictions decrease, while vaccination levels increased. We achieved strong same-store sales growth in the quarter, which resulted in increased

Adjusted EBITDA margins and net earnings, both in the quarter and on a year-to-date basis. Although we continued to experience reduced demand in certain markets at the beginning of the second quarter, demand accelerated in most U.S. markets as the quarter progressed. By the end of the second quarter, demand in the U.S. was at meaningfully higher levels than we experienced in the first quarter of 2021. However, the process of adding sufficient capacity to meet the increasing level of demand, including location level administrative staff and technicians, remains a work in progress."

Results of Operations (thousands of U.S. dollars, except per share amounts)	For the three months ended, June 30,			For the six months ended, June 30,		
	2021	% change	2020	2021	% change	2020
Sales – Total	<b>444,643</b>	44.4	307,951	<b>866,286</b>	11.7	775,788
Same-store sales – Total (excluding foreign exchange)	<b>412,038</b>	34.5	306,453	<b>803,121</b>	4.9	765,832
Gross margin %	<b>46.1 %</b>	(1.5)	46.8 %	<b>46.1 %</b>	1.1	45.6 %
Operating expense %	<b>33.1 %</b>	(6.0)	35.2 %	<b>33.3 %</b>	0.3	33.2 %
Adjusted EBITDA <sup>1</sup>	<b>57,996</b>	62.7	35,637	<b>110,744</b>	15.2	96,126
Acquisition and transaction costs	<b>1,102</b>	305.1	272	<b>1,870</b>	117.2	861
Depreciation and amortization	<b>36,395</b>	11.9	32,529	<b>71,131</b>	10.8	64,221
Fair value adjustments	<b>98</b>	NA	(72)	<b>98</b>	NA	(2,263)
Finance costs	<b>6,050</b>	(35.8)	9,424	<b>12,782</b>	(27.8)	17,696
Income tax expense	<b>3,889</b>	NA	(1,546)	<b>6,658</b>	84.7	3,605
Adjusted net earnings (loss) <sup>1</sup>	<b>11,375</b>	NA	(4,841)	<b>19,687</b>	89.7	10,380
Adjusted net earnings (loss) per share <sup>1</sup>	<b>0.53</b>	NA	(0.23)	<b>0.92</b>	80.4	0.51
Net earnings (loss)	<b>10,462</b>	NA	(4,970)	<b>18,205</b>	51.6	12,006
Basic earnings (loss) per share	<b>0.49</b>	NA	(0.24)	<b>0.85</b>	46.6	0.58
Diluted earnings (loss) per share	<b>0.49</b>	NA	(0.24)	<b>0.85</b>	46.6	0.58

1. Standardized EBITDA, Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, adjusted for the non-controlling interest call liability and contingent consideration, as well as acquisition and transaction costs), adjusted net earnings and adjusted net earnings per share 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 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 June 30, 2021, which can be accessed via the SEDAR Web site ([www.sedar.com](http://www.sedar.com)).

## Outlook

"While the COVID-19 pandemic significantly impacted Boyd's business over the past year, we experienced increased demand in most markets during the second quarter of 2021, as restrictions continued to ease during this period. Thus far in the third quarter of 2021, although still below pre-pandemic levels, demand is exceeding our capacity in all U.S. markets, which has resulted in high levels of work-in-process. The process of adding location level administrative staff and technician capacity to address this constraint remains a work in process and is resulting in increased wage pressure. By contrast, demand in Canada remains significantly lower than pre-pandemic levels. Demand in Canada in the third quarter of 2021 is building very slowly in comparison with the first and second quarters of 2021 as restrictions are eased and removed" added Mr. O'Day. "Looking to the balance of 2021 and beyond, we continue to be confident that we will maintain progress toward our long-term growth targets and operational plans. We have added 100 locations on a year-to-date basis and our pipeline to add new locations in existing markets and to expand into new markets is healthy. The recent acquisitions of John Harris Body Shops and Collision Works, which added a combined 51 locations with quality leadership, are strategically opportunistic and better position us to execute on our comprehensive plans for accretive market build out in and around these platforms. In addition to taking time to execute on our build out plans, as with many acquisitions, especially those larger in size, it will also take time to integrate and achieve our expected synergies and resultant earnings from these acquisitions and other new locations, especially given the impact of the pandemic. Notwithstanding our strong growth and positioning for the future, the previously mentioned factors are contributing to adjusted EBITDA margin pressure with very modest sequential quarterly same-store sales gains in the third quarter to date."

## 2021 Second Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Wednesday, August 11, 2021, at 10:00 a.m. (ET) to review the Company's 2021 second quarter results. You can join the call by dialing 888-664-6392 or 416-764-8659. 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, August 18, 2021, at midnight by calling 1-888-390-0541 or 416-764-8677, reference number 481082#.

### **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 <https://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 (<https://www.boydautobody.com>) and Assured Automotive (<https://www.assuredauto.ca>) as well as in the U.S. under the trade name Gerber Collision & Glass (<https://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 (<https://www.boydgroup.com>).

To view Boyd Group Services Inc. Q2 2021 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; changes in client relationships; decline in number of insurance claims; margin pressure and sales mix changes; environmental, health and safety risk; climate change and weather conditions; competition; access to capital; foreign currency risk; dependence on key personnel; tax position risk; corporate governance; increased government regulation and tax risk; fluctuations in operating results and seasonality; risk of litigation; execution on new strategies; insurance risk; 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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