

# Boyd Group Services Inc. Reports Third Quarter 2022 Results

- Strong sales growth combined with sequential quarterly Adjusted EBITDA improvement -

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WINNIPEG, MB, Nov. 9, 2022 /CNW/ - Boyd Group Services Inc. (TSX: BYD.TO) ("BGS", "the Boyd Group", "Boyd" or "the Company") today announced the results for the three and nine month periods ended September 30, 2022. The Boyd Group's third quarter 2022 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, 2022:**

- Sales increased by 27.6% to \$625.7 million from \$490.2 million in the same period of 2021, including same-store sales<sup>[1]</sup> increases of 21.9%. The third quarter of 2022 recognized the same number of selling and production days when compared to the same period of 2021. Sales were modestly impacted by Hurricane Ian, with an estimated negative impact of \$2.1 million during the third quarter
- Gross Profit increased by 30.9% to \$282.3 million or 45.1% of sales from \$215.7 million or 44.0% of sales in the same period in 2021
- Adjusted EBITDA<sup>1</sup> increased 41.8% to \$73.0 million, or 11.7% of sales, compared with Adjusted EBITDA of \$51.5 million, or 10.5% of sales in the same period of 2021, which included \$0.5 million of the Canada Emergency Wage Subsidy
- Adjusted net earnings<sup>1</sup> increased to \$12.1 million, compared with \$2.4 million in the same period of 2021 and adjusted net earnings per share<sup>1</sup> increased to \$0.56, compared with \$0.11 in the same period of 2021
- Net earnings increased to \$11.9 million, compared with \$0.4 million in the same period of 2021 and net earnings per share increased to \$0.55, compared with \$0.02 in the same period of 2021
- Debt, net of cash before lease liabilities decreased from \$414.4 million at December 31, 2021 to \$314.6 million at September 30, 2022
- Declared third quarter dividend in the amount of C\$0.144 per share
- Rolled out the expanded Wow Operating Way practices to corporate business processes
- Added eight locations, including six through acquisition, one start-up location and one intake center

## **Subsequent to Quarter End**

- Added five locations
- All Gerber Collision & Glass locations that were temporarily closed due to Hurricane Ian, in the states of Florida and South Carolina, have re-opened. The impact of these closures on the fourth quarter results and the ability to recover some of the costs through insurance is being assessed; however, the impact on fourth quarter sales has been lower than that recorded in the third quarter results
- Announced a new Executive Vice President and Chief Operating Officer for the Collision Business
- Announced a dividend increase of 2.1% to \$0.588 per share annualized from \$0.576 per share annualized

- Achieved growth in the Technician Development Program, from approximately 200 apprentices at the beginning of 2022 to 400 apprentices

<sup>1</sup> Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures and ratios and are not standardized financial measures under International Financial Reporting Standards and might not be comparable to similar financial measures disclosed by other issuers. For additional details, including a reconciliation of each non-GAAP financial measure to its nearest GAAP equivalent, please see "Non-GAAP financial measures and ratios" section of this news release.

"During the third quarter of 2022, we delivered record sales and Adjusted EBITDA for a second quarter in a row, despite the negative impact of Hurricane Ian near the end of the quarter. Results were supported primarily by strong same-store sales growth in both Canada and the U.S. as well as contributions from new location growth. The improvement in gross margin percentage compared to the same quarter of the prior year is significant and in part is due to the fact that the results of the third quarter of 2021 were significantly impacted by challenges in nearly all categories, including a tight labor market and supply chain disruption. While progress has been made in these areas, market forces continue to impact the business. Demand for Boyd's services continued to substantially exceed capacity in all U.S. markets, while Canadian markets continued to experience recovery of demand for services as conditions continued to normalize. While the ability to service demand continues to be constrained by market conditions, new technician training and other initiatives are providing some improved capacity. However, the path to achieving historical levels of performance continues to require additional labor, pricing increases and further easing of supply chain pressure," said Timothy O'Day, President & Chief Executive Officer of the Boyd Group. "Over time, the improvement in these conditions will result in reduced levels of work-in-process and improved absorption of fixed costs."

Results of Operations (thousands of U.S. dollars, except per share amounts)	For the three months ended, September 30,			For the nine months ended, September 30,		
	2022	% change	2021	2022	% change	2021
Sales – Total	625,663	27.6	490,178	1,795,224	32.3	1,356,464
Same-store sales – Total (excluding foreign exchange)(1)	571,680	21.9	468,786	1,535,633	19.5	1,284,611
Gross margin %	45.1 %	2.5	44.0 %	44.9 %	(0.9)	45.3 %
Operating expense %	33.4 %	(0.3)	33.5 %	33.8 %	1.2	33.4 %
Adjusted EBITDA (1)	73,042	41.8	51,500	198,807	22.5	162,244
Acquisition and transaction costs	243	(90.6)	2,574	1,124	(74.7)	4,444
Depreciation and amortization	43,967	7.1	41,038	130,832	16.6	112,169
Fair value adjustments	—	N/A	50	146	(1.4)	148
Finance costs	9,931	38.0	7,198	27,341	36.8	19,980
Income tax expense	7,029	3,312.1	206	12,586	83.4	6,864
Adjusted net earnings (1)	12,052	404.5	2,389	27,756	25.7	22,076
Adjusted net earnings per share (1)	0.56	409.1	0.11	1.29	25.2	1.03
Net earnings	11,872	2,635.5	434	26,778	43.7	18,639
Basic earnings per share	0.55	2,650.0	0.02	1.25	43.7	0.87
Diluted earnings per share	0.55	2,650.0	0.02	1.25	43.7	0.87

<sup>1</sup> Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures. Please see "Non-GAAP Financial Measures and Ratios" section of this news release.

## Outlook

"We are pleased that the Gerber Collision & Glass locations that were temporarily closed in the states of Florida and South Carolina have re-opened," said Mr. O'Day. "In total, 62 collision locations were ultimately impacted by temporary closures as well as the Florida Glass America business. The temporary closures modestly impacted results in both the third and fourth quarters of 2022."

"I am excited to have Brian Kaner join the Boyd team as Executive Vice President and Chief Operating Officer for the Boyd Group's collision business," continued Mr. O'Day. "Having Brian in this position will further strengthen our executive team and align our organization with the needs of the business, given our planned growth and the changes we have experienced over recent years. At this time, the previously announced search to succeed Pat Pathipati in the role of Executive Vice President and Chief Financial Officer is proceeding along planned timelines and will be announced

upon its conclusion."

"Entering the fourth quarter, there continues to be strong demand for our services; however, technician capacity as well as the impact of inflation on costs and ongoing wage pressure continue to impact results that can be achieved. Boyd continues to negotiate and receive price increases, which are necessary in order to support the attraction of talent to the industry and the retention of the current talent pool. We continue to make progress, but further pricing increases are needed to address ongoing wage pressure. During recent quarters, Boyd has benefited from performance based credit relief, put in place to address the constraints caused by current market conditions, which continue to impact the business" said Mr. O'Day. "Although it is early in the quarter, we are experiencing same-store sales growth that is modestly below that experienced during the first nine months of the year," added Mr. O'Day. "Our pipeline to add new locations in existing markets and to expand into new markets is robust. Our workforce initiatives, such as the Technician Development Program, are having some impact and the ongoing investments we are making in technology, equipment and training position us well for continued operational execution."

"In addition to addressing the labor shortage for the core business, we plan to increase location growth during 2023 in relation to 2022", added Mr. O'Day. "Other focus areas include optimizing performance of new locations, as well as scanning and calibration services, and consistent execution of the WOW operating way. Given the high level of location growth in 2021 combined with strong same-store sales growth during 2022 thus far, Boyd remains confident that we are on track to achieve our long-term goals, including doubling the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales of US\$1.7 billion. Accretive growth will remain the Company's long-term focus whether it is through organic growth, new store development, or acquisitions."

### **2022 Third Quarter Conference Call & Webcast**

As previously announced, management will hold a conference call on Wednesday, November 9, 2022, at 10:00 a.m. (ET) to review the Company's 2022 third quarter results. You can join the call by dialing 1-888-575-6539 or 647-794-4605. 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 16, 2022, at midnight by calling 1-888-203-1112 or 647-436-0148, reference number 7787025#.

### **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. Q3 2022 financial statements and notes, please click here:

### **Non-GAAP Financial Measures and Ratios**

Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures. Boyd's management uses certain non-GAAP financial measures to evaluate the performance of the business and to reward employees. These non-GAAP financial measures are not defined in International Financial Reporting Standards ("IFRS") and should not be considered an alternative to net earnings or sales in measuring the performance of BGSi.

The following is a reconciliation of BGSi's non-GAAP financial measures and ratios:

## ADJUSTED EBITDA

Standardized EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. They are also key measures that management uses to evaluate performance of the business and to reward its employees. While EBITDA is used to assist in evaluating the operating performance and debt servicing ability of BGSi, investors are cautioned that EBITDA and Adjusted EBITDA as reported by BGSi may not be comparable in all instances to EBITDA as reported by other companies.

<i>(thousands of U.S. dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Add:				
Finance costs	9,931	7,198	27,341	19,980
Income tax expense	7,029	206	12,586	6,864
Depreciation of property, plant and equipment	11,824	11,313	35,623	30,879
Depreciation of right of use assets	25,798	23,342	75,115	64,346
Amortization of intangible assets	6,345	6,383	20,094	16,944
Standardized EBITDA	\$ 72,799	\$ 48,876	\$ 197,537	\$ 157,652
Add:				
Fair value adjustments	—	50	146	148
Acquisition and transaction costs	243	2,574	1,124	4,444
Adjusted EBITDA	\$ 73,042	\$ 51,500	\$ 198,807	\$ 162,244

## ADJUSTED NET EARNINGS

BGSi believes that certain users of financial statements are interested in understanding net earnings excluding certain fair value adjustments and other items of an unusual or infrequent nature that do not reflect normal or ongoing operations of the Company. This can assist these users in comparing current results to historical results that did not include such items.

<i>(thousands of U.S. dollars, except share and per share amounts)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Add:				
Fair value adjustments (non-taxable)	—	50	146	148
Acquisition and transaction costs (net of tax)	180	1,905	832	3,289
Adjusted net earnings	\$ 12,052	\$ 2,389	\$ 27,756	\$ 22,076
Weighted average number of shares	21,472,194	21,472,194	21,472,194	21,472,194
Adjusted net earnings per share	\$ 0.56	\$ 0.11	\$ 1.29	\$ 1.03

## SAME-STORE SALES

Same-store sales is a non-GAAP measure that includes only those locations in operation for the full comparative period. Same-store sales is presented excluding the impact of foreign exchange fluctuation on the current period.

(thousands of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Sales	\$ 625,663	\$ 490,178	\$ 1,795,224	\$ 1,356,464
Less:				
Sales from locations not in the comparative period	(55,631)	(20,241)	(261,450)	(67,226)
Sales from under-performing facilities closed during the period	(72)	(1,151)	(1,606)	(4,627)
Foreign exchange	1,720	—	3,465	—
Same-store sales (excluding foreign exchange)	\$ 571,680	\$ 468,786	\$ 1,535,633	\$ 1,284,611

### **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: employee relations and staffing; margin pressure and sales mix changes; supply chain risk; pandemic risk & economic downturn; acquisition risk; operational performance; brand management and reputation; market environment change; reliance on technology; changes in client relationships; decline in number of insurance claims; environmental, health and safety risk; climate change and weather conditions; competition; access to capital; 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; foreign currency risk; low capture rates; capital expenditures; and energy costs and BGS'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 BGS'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.*

SOURCE Boyd Group Services Inc.

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