

Boyd Group Services Inc. Reports Second Quarter 2023 Results

- Consistent growth in sales results in sequential Adjusted EBITDA margin improvement -

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WINNIPEG, MB, Aug. 10, 2023 /CNW/ - Boyd Group Services Inc. (TSX: BYD.TO) ("BGSI", "the Boyd Group", "Boyd" or "the Company") today announced the results for the three and six month period ended June 30, 2023. The Boyd Group's second quarter 2023 financial statements and MD&A have been filed on SEDAR (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, 2023:

- Sales increased by 22.9% to \$753.2 million from \$612.8 million in the same period of 2022, including same-store sales¹ increases of 18.9%. The second quarter of 2023 recognized the same number of selling and production days when compared to the same period of 2022
- Gross Profit increased by 23.5% to \$342.7 million or 45.5% of sales from \$277.5 million or 45.3% of sales in the same period in 2022
- Adjusted EBITDA¹ increased 32.5% to \$95.4 million, or 12.7% of sales, compared with Adjusted EBITDA of \$72.0 million, or 11.7% of sales in the same period of 2022
- Adjusted net earnings¹ increased to \$27.0 million, compared with \$13.6 million in the same period of 2022 and adjusted net earnings per share¹ increased to \$1.26, compared with \$0.63 in the same period of 2022
- Net earnings increased to \$26.3 million, compared with \$13.3 million in the same period of 2022 and net earnings per share increased to \$1.22, compared with \$0.62 in the same period of 2022
- Debt, net of cash before lease liabilities decreased from \$338.1 million at March 31, 2023 to \$316.9 million at June 30, 2023
- Declared second quarter dividend in the amount of C\$0.147 per share
- Added 25 collision repair locations, including 19 through acquisition and six start-up locations

Subsequent to Quarter End

- Added nine collision repair locations, including six through acquisition and three start-up locations
- Announced the appointment of Jeff Murray as Executive Vice-President & Chief Financial Officer
- Published Boyd's second Environmental, Social and Governance ("ESG") Report

"We are pleased with the strong financial results reported in the second quarter of 2023, achieving record sales and Adjusted EBITDA and showing continued improvement in the Adjusted EBITDA margin, although the Adjusted EBITDA margin remains below pre-pandemic levels", said Timothy O'Day, President & Chief Executive Officer of the Boyd Group. "Gross margin improved in the second quarter of 2023 when compared to the same period of the prior year, but reduced slightly when compared to the first quarter of 2023", added Mr. O'Day. "This reduction in gross margin percentage was offset by increased sales, which provided improved leverage of certain operating expenses and resulted in sequential Adjusted EBITDA margin improvement. Labor margins were flat with client pricing increases not sufficient to move labor margins to historical levels."

¹ 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.

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,		
	2023	% change	2022	2023	% change	2022
Sales – Total	753,235	22.9	612,806	1,468,176	25.5	1,169,561
Same-store sales – Total (excluding foreign exchange) ⁽¹⁾	726,899	18.9	611,258	1,411,971	21.9	1,158,403
Gross margin %	45.5 %	0.4	45.3	45.6 %	2.0	44.7 %
Operating expense %	32.8 %	(2.1)	33.5	33.4 %	(1.8)	34.0 %
Adjusted EBITDA ⁽¹⁾	95,374	32.5	72,003	180,068	43.2	125,765
Acquisition and transaction costs	972	176.1	352	1,528	73.4	881
Depreciation and amortization	46,422	5.2	44,119	90,217	3.9	86,865
Fair value adjustments	—	NA	—	—	NA	146
Finance costs	12,153	33.6	9,097	24,217	39.1	17,410
Income tax expense	9,558	86.1	5,137	17,014	206.2	5,557
Adjusted net earnings ⁽¹⁾	26,988	99.1	13,558	48,223	207.1	15,704

Adjusted net earnings per share ⁽¹⁾	1.26	100.0	\$ 0.63	2.25	208.2	0.73
Net earnings	26,269	97.5	13,298	47,092	215.9	14,906
Basic earnings per share	1.22	96.8	0.62	2.19	217.4	0.69
Diluted earnings per share	1.22	96.8	0.62	2.19	217.4	0.69

1. 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 remain focused on the key challenge of building capacity through increased staffing, including negotiating sufficient client price increases to attract the requisite talent into the industry and recover lost labor margin from wage pressure", said Mr. O'Day. "Relative to the second quarter, the third quarter of 2023 will have one less selling and production day and will also be negatively impacted by seasonal vacations that have a dampening effect on sales. Thus far in the third quarter, same-store sales increases are approximately half of what has been experienced in the first six months of 2023."

"As labor capacity constraints continue to impact our business, workforce initiatives continue to have a positive impact and ongoing investments in technology, equipment and training position us well for continued operational execution", continued Mr. O'Day. "We remain committed to addressing the labor market challenges so that we can service additional demand."

"We are pleased to have opened or acquired 57 collision repair locations thus far in 2023 and the pipeline to add new locations and to expand into new markets is robust", added Mr. O'Day. "Operationally, we are focused on 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, the strong same-store sales growth during 2022, and the combination of same-store sales growth and location growth thus far in 2023, we remain confident that the Company is on track to achieve its long-term growth goals, including doubling the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales."

2023 Second Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Thursday, August 10, 2023, at 10:00 a.m. (ET) to review the Company's 2023 second quarter results. You can join the call by dialing 888-390-0546 or 416-764-8688. To join the conference call without operator assistance, you may register and enter your phone number at <https://emportal.ink/3D9lr9B> to receive an instant automated call back. A live audio webcast of the conference call will be available through 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 Thursday, August 17, 2023, at midnight by calling 888-390-0541 or 416-764-8677, replay entry code 566450#, reference number 73566450.

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>.

To view Boyd Group Services Inc. Q2 2023 financial statements and notes, please click here:

https://mma.prnewswire.com/media/2183022/Boyd_Group_Services_Inc_Boyd_Group_Services_Inc_Reports_Second.pdf



BOYD GROUP SERVICES INC.
A Canadian Corporation (Incorporated in Ontario, Canada)
Trade and/or Service Marks from 1991-2023

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>).

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.

(thousands of U.S. dollars)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings	\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906
Add:				
Finance costs	12,153	9,097	24,217	17,410
Income tax expense	9,558	5,137	17,014	5,557
Depreciation of property, plant and equipment	12,839	12,276	24,755	23,799
Depreciation of right of use assets	26,923	25,174	52,700	49,317
Amortization of intangible assets	6,660	6,669	12,762	13,749
Standardized EBITDA	\$ 94,402	\$ 71,651	\$ 178,540	\$ 124,738
Add:				
Fair value adjustments	—	—	—	146
Acquisition and transaction costs	972	352	1,528	881
Adjusted EBITDA	\$ 95,374	\$ 72,003	\$ 180,068	\$ 125,765

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.

(thousands of U.S. dollars, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings	\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906
Add:				
Fair value adjustments (non-taxable)	—	—	—	146
Acquisition and transaction costs (net of tax)	\$ 719	\$ 260	\$ 1,131	\$ 652
Adjusted net earnings	\$ 26,988	\$ 13,558	\$ 48,223	\$ 15,704
Weighted average number of shares	21,472,194	21,472,194	21,472,194	21,472,194
Adjusted net earnings per share	\$ 1.26	\$ 0.63	\$ 2.25	\$ 0.73

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Sales	\$ 753,235	\$ 612,806	\$ 1,468,176	\$ 1,169,561
Less:				
Sales from locations not in the comparative period	(29,644)	(575)	(63,601)	(8,976)
Sales from under-performing facilities closed during the period	2	(973)	9	(2,182)
Foreign exchange	3,306	—	7,387	—
Same-store sales (excluding foreign exchange)	\$ 726,899	\$ 611,258	\$ 1,411,971	\$ 1,158,403

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; acquisition risk; operational performance; brand management and reputation; market environment change; reliance on technology; supply chain risk; pandemic risk & economic downturn; 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 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.

SOURCE Boyd Group Services Inc.

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