



## NEWS RELEASE

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### **Boyd Group Services Inc. Reports Fourth Quarter and Full Year 2021 Results**

*- Solid growth in revenues and locations; Margins constrained by market conditions -*

**Winnipeg, Manitoba – March 23, 2022** – Boyd Group Services Inc. (TSX: BYD.TO) (“the Boyd Group”, “Boyd” or “the Company”) today announced the results for the three and twelve-month periods ended December 31, 2021. The Boyd Group’s fourth 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.

#### **2021 Results and Highlights:**

- Converted to U.S. dollar reporting starting January 2021
- Financial results were significantly impacted by a tight labor market, wage pressure and supply chain disruption as well as the impact of the pandemic
- Sales increased by 19.9% to \$1.9 billion from \$1.6 billion in the same period of 2020, including same-store sales<sup>1</sup> increases of 7.0%. Fiscal 2021 recognized two fewer selling and production days when compared to fiscal 2020, which reduced selling and production capacity by 0.8% in 2021 when compared to 2020
- Adjusted EBITDA<sup>1</sup> decreased 0.2% to \$219.5 million, including the benefit of \$9.8 million of Canada Emergency Wage Subsidy (“CEWS”), compared with Adjusted EBITDA of \$220.0 million in 2020, including the benefit of \$12.7 million of CEWS
- Adjusted net earnings<sup>1</sup> decreased 32.3% to \$28.0 million, compared with \$41.4 million in adjusted net earnings in 2020 and adjusted net earnings per share<sup>1</sup> decreased 34.0% to \$1.30, compared with \$1.97 in 2020
- Net earnings decreased 46.6% to \$23.5 million, compared with \$44.1 million in 2020 and net earnings per share decreased 47.8% to \$1.10, compared with \$2.10 in 2020
- Positive cash flows provided by operating activities of \$196.7 million
- Increased quarterly dividends by 2.1% in November 2021, bringing dividends to an annualized amount of C\$0.58 per share from C\$0.56 per share
- Added a record 127 new locations, including 101 acquisition locations, 10 start-up locations and 16 intake centers
- Announced the election of Robert Espey to the Board of Directors, as well as Allan Davis’ retirement from the Board of Directors and David Brown’s appointment as Independent Board Chair
- Completed the previously announced CEO succession plan with Brock Bulbuck retiring from the position of Executive Chair on December 31, 2021

#### **Subsequent to Quarter End**

- Published Boyd’s inaugural Environmental, Social and Governance (“ESG”) Report
- Added eight locations
- Declared first quarter dividend in the amount of C\$0.144 per share
- Proactively entered into an amendment to the Credit Facility to provide additional flexibility to the covenant calculations for the next four quarters

<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.



“Financial results in the first half of 2021 showed steady improvement as demand for services began to recover from the COVID-19 pandemic that emerged in March 2020. However, as demand continued to increase during the second half of 2021, Boyd’s ability to service this demand was meaningfully impacted by a tight labor market and significant supply chain disruptions” said Timothy O’Day, President & Chief Executive Officer of the Boyd Group. “Throughout the second half of 2021, demand for services exceeded our capacity in all U.S. markets. In addition, supply chain disruption delayed the completion of many repairs and resulted in growing levels of work-in-process inventory”, added Mr. O’Day. “Historically, Boyd and the industry generally, have recovered labor cost increases through selling rate increases from clients. Management has made significant progress in securing pricing increases from the vast majority of clients in order to begin to better reflect current market conditions; however, labor costs are not yet stable and it will take time to achieve all of the needed price adjustments as cost pressures continue to increase and margins continue to be impacted, albeit, to a lesser extent thus far in 2022 compared to the fourth quarter of 2021. In addition, the high level of location growth in 2021, including the 51 locations added with the John Harris and Collision Works acquisitions, has added locations which are also experiencing the near-term negative impact of the current market conditions.”

Results of Operations <i>(thousands of U.S. dollars, except per share amounts)</i>	For the three months ended, December 31,			For the years ended, December 31,		
	2021	% change	2020	2021	% change	2020
Sales – Total	<b>516,206</b>	27.9	403,747	<b>1,872,670</b>	19.9	1,561,224
Same-store sales – Total (excluding foreign exchange) <sup>(1)</sup>	<b>432,814</b>	8.5	399,058	<b>1,636,694</b>	7.0	1,529,173
Gross margin %	<b>43.5 %</b>	(5.0)	45.8 %	<b>44.8 %</b>	(2.6)	46.0 %
Operating expense %	<b>32.4 %</b>	4.9	30.9 %	<b>33.1 %</b>	3.4	32.0 %
Adjusted EBITDA <sup>(1)</sup>	<b>57,300</b>	(5.1)	60,394	<b>219,544</b>	(0.2)	220,034
Acquisition and transaction costs	<b>1,391</b>	271.9	374	<b>5,835</b>	289.5	1,498
Depreciation and amortization	<b>41,525</b>	21.4	34,202	<b>153,694</b>	16.6	131,790
Fair value adjustments	—	(100.0)	(1,961)	<b>148</b>	(103.8)	(3,871)
Finance costs	<b>7,673</b>	20.5	6,370	<b>27,653</b>	(12.7)	31,664
Income tax expense	<b>1,810</b>	(64.9)	5,156	<b>8,674</b>	(41.5)	14,839
Adjusted net earnings <sup>(1)</sup>	<b>5,930</b>	(59.3)	14,569	<b>28,006</b>	(32.3)	41,352
Adjusted net earnings per share <sup>(1)</sup>	<b>0.28</b>	(58.8)	0.68	<b>1.30</b>	(34.0)	1.97
Net earnings	<b>4,901</b>	(69.8)	16,253	<b>23,540</b>	(46.6)	44,114
Basic earnings per share	<b>0.23</b>	(69.8)	0.76	<b>1.10</b>	(47.8)	2.10
Diluted earnings per share	<b>0.23</b>	(69.7)	0.76	<b>1.10</b>	(45.1)	2.00

1. Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures. Please see “Non-GAAP measures” section of this news release.



## **Outlook**

“Unlike one year ago, demand for Boyd’s services is continuing to substantially exceed capacity. The ability to service demand continues to be constrained by labor availability and parts supply chain issues, with the accompanying margin pressure continuing into the first quarter of 2022” added Mr. O’Day. “During the first quarter of 2022, Omicron further negatively impacted capacity constraints with increased levels of absenteeism. In addition, the first quarter is burdened by higher payroll taxes that occur early in the year, while the fourth quarter of 2021 benefited from expense accrual reductions, as certain expense estimates were firmed up at amounts that were lower than previously estimated and accrued. These reduced expenses are not expected to recur in the first quarter of 2022. The Canada Emergency Wage Subsidy also ended in the fourth quarter of 2021.”

“We have successfully negotiated an unprecedented number of meaningful rate increases from clients, demonstrating that insurers understand the need for increased pricing in order for us to serve their needs. While we are satisfied with this first round of increases, it takes time for these changes to flow through the work in process and further increases are required to reflect the current and evolving environment. By contrast, wage increases are immediately impacting our costs. Thus far in the first quarter of 2022, the majority of the benefits of price increases have not been realized. We continue to actively pursue and push for the necessary pricing increases. Given how significantly and rapidly wage costs have increased, it will take some time to achieve all of the needed price adjustments, and margins will continue to be impacted in the near-term. We are committed to addressing the labor market challenges through initiatives such as our Technician Development Program” continued Mr. O’Day. “We are working to more than double the number of trainees in the program to help meet our future needs. We continue to increase recruitment support staff to improve lead generation and follow-up, proactively evaluate compensation levels and make appropriate adjustments to ensure the Company remains competitive in the rapidly changing environment, and drive high levels of execution for on-boarding and orientation programs to increase retention. We believe that supply chain disruption is transitory and will normalize as the underlying manufacturing and distribution issues are resolved; however, we have not experienced improvement in these conditions during the first quarter of 2022. We continue to work with key suppliers to source parts at normal margins, but will continue to use OE parts in place of aftermarket parts when necessary in order to complete repairs for our clients.”

“In the short term, we are primarily focused on addressing the labor shortage for our core business” added Mr. O’Day. “The record number of locations we added during 2021 are experiencing the same challenges of a tight labor market, wage inflation and supply chain disruptions, as well as sales per location levels that are below pre-pandemic levels due to capacity constraints. In the long-term, we remain confident in our business model and its ability to increase market share by expanding Boyd’s presence in North America through new location and organic growth from Boyd’s existing operations. Notwithstanding near-term challenges, we remain confident in our business model and the Company’s plan to double the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales.”

“We are pleased to have published our first Environmental, Social and Governance (“ESG”) report, which represents a foundational step in Boyd’s ESG journey. It reflects our existing efforts to embed sustainability into our organization, and sets the baseline for future performance as we strive to deliver against our mission to WOW all of our customers with quality work and best in class service. We recognize that we have the potential to deliver significant, positive impacts to society and the environment. Our ESG Report builds on existing strengths to ensure robust environmental, social and governance principles and practices across our operations. Our approach is informed by the priorities of our key stakeholders, including our employees, our investors, our customers, and our communities, as well as the local and global developments that define the context in which we operate.”

## **2021 Fourth Quarter Conference Call & Webcast**

As previously announced, management will hold a conference call on Wednesday, March 23, 2022, at 10:00 a.m. (ET) to review the Company’s 2021 fourth quarter results. You can join the call by dialing 888-204-4368 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, April 6, 2022, at midnight by calling 888-203-1112 or 647-436-0148, reference number 5102785.



**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>).



**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>	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net earnings	\$ 4,901	\$ 16,253	\$ 23,540	\$ 44,114
Add:				
Finance costs	7,673	6,370	27,653	31,664
Income tax expense	1,810	5,156	8,674	14,839
Depreciation of property, plant and equipment	11,723	9,834	42,602	37,183
Depreciation of right of use assets	24,177	19,639	88,523	76,080
Amortization of intangible assets	5,625	4,729	22,569	18,527
Standardized EBITDA	\$ 55,909	\$ 61,981	\$ 213,561	\$ 222,407
Add (less):				
Fair value adjustments	—	(1,961)	148	(3,871)
Acquisition and transaction costs	1,391	374	5,835	1,498
Adjusted EBITDA	\$ 57,300	\$ 60,394	\$ 219,544	\$ 220,034



## 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 December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net earnings	\$ 4,901	\$ 16,253	\$ 23,540	\$ 44,114
Add (less):				
Fair value adjustments (non-taxable)	—	(1,961)	148	(3,871)
Acquisition and transaction costs (net of tax)	1,029	277	4,318	1,109
Adjusted net earnings	\$ 5,930	\$ 14,569	\$ 28,006	\$ 41,352
Weighted average number of shares	21,472,194	21,472,194	21,472,194	21,005,596
Adjusted net earnings per share	\$ 0.28	\$ 0.68	\$ 1.30	\$ 1.97

## 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.

<i>(thousands of U.S. dollars)</i>	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Sales	\$ 516,206	\$ 403,747	\$ 1,872,670	\$ 1,561,224
Less:				
Sales from locations not in the comparative period	(81,767)	(2,718)	(224,003)	(22,995)
Sales from under-performing facilities closed during the period	(296)	(1,971)	(2,895)	(9,056)
Foreign exchange	(1,329)	—	(9,078)	—
Same-store sales (excluding foreign exchange)	\$ 432,814	\$ 399,058	\$ 1,636,694	\$ 1,529,173



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**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.*