



NEWS RELEASE

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## **Boyd Group Income Fund Reports Strong Growth in Second Quarter 2019 Results and Announces CEO Succession Plan**

*—Strong Foundation and Leadership Continuity Positions Fund for CEO Succession—*

**Winnipeg, Manitoba – August 13, 2019** – Boyd Group Income Fund (TSX: BYD.UN) (“the Fund”, “the Boyd Group” or “Boyd”) today reported its financial results for the three and six-month periods ended June 30, 2019. The Fund’s second quarter 2019 financial statements and MD&A will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)). This news release is not in any way a substitute for reading the Boyd Group’s financial statements, including notes to the financial statements, and Management’s Discussion & Analysis.

### **Q2 2019 Highlights**

- Sales increased by 25.4% to \$572.5 million from \$456.6 million in 2018, including same-store sales increases of 5.2% (5.4% on a days adjusted basis, recognizing one less selling and production day in Canada in Q2 2019)
- Adjusted EBITDA<sup>1,2</sup> increased 27.9% to \$54.3 million, compared with \$42.5 million in 2018, representing approximately a 0.2% or 20 basis point improvement in Adjusted EBITDA margin
- Adjusted net earnings<sup>1,2</sup> increased 16.4% to \$24.6 million compared with \$21.1 million in 2018 and adjusted net earnings per unit<sup>1</sup> increased 15.9% to \$1.24 compared with \$1.07 in 2018
- Added 13 locations, including one intake center
- Currency positively impacted same-store sales by \$14.8 million, Adjusted EBITDA<sup>1,2</sup> by approximately \$1.6 million, adjusted net earnings<sup>1,2</sup> by approximately \$0.8 million, and adjusted earnings per unit<sup>1,2</sup> by approximately \$0.04
- Managed ransomware cyber attack with minimal financial impact
- Adjusted EBITDA<sup>1,2</sup> calculated on a post IFRS 16, *Leases* basis was \$80.1 million

### **Subsequent to Quarter End**

- Added 18 locations, including 16 locations in New York through the acquisition of Nu-Look Collision
- Successfully recovered from ransomware cyber attack with no customer or employee data breaches

“Despite the ransomware cyber attack interruption that occurred at the end of the second quarter, we were able to effectively deal with the technology challenges it presented and minimize the impact on the operation of the business. As a result, we again achieved strong same-store sales growth in the quarter which contributed to double digit increases in revenue and earnings,” said Brock Bulbuck, Chief Executive Officer of the Boyd Group. “Additionally, a forensic investigation has now confirmed that there is no evidence of exfiltration or breach of any data. I therefore want to both thank and commend our entire team, including our IT team, strategic support services teams and our operating teams, for their amazing efforts and accomplishments in dealing with this challenge.”

Results of Operations	For the three months ended June 30,			For the six months ended June 30,		
	2019	% change	2018	2019	% change	2018
<i>(thousands of Canadian dollars, except per unit amounts)</i>						
Sales – Total	<b>572,505</b>	25.4	456,627	<b>1,130,402</b>	24.2	909,918
Same-store sales – Total (excluding foreign exchange)	<b>475,588</b>	5.2	452,244	<b>937,763</b>	5.2	891,756
Gross margin %	<b>45.9</b>	(0.2)	46.0	<b>45.6</b>	0.2	45.5
Operating expense % <sup>1</sup>	<b>31.9</b>	(13.1)	36.7	<b>31.6</b>	(12.7)	36.2
Adjusted EBITDA <sup>1,2</sup>	<b>54,335</b>	27.9	42,494	<b>108,510</b>	28.2	84,617
Adjusted EBITDA <sup>1,2</sup> (post IFRS 16, Leases basis)	<b>80,099</b>	N/A	N/A	<b>158,421</b>	N/A	N/A
Acquisition and transaction costs	<b>1,444</b>	120.8	654	<b>2,703</b>	173.6	988
Depreciation and amortization <sup>1</sup>	<b>38,214</b>	206.9	12,452	<b>73,111</b>	200.5	24,327
Fair value adjustments	<b>8,689</b>	11.0	7,829	<b>14,502</b>	43.1	10,134
Finance costs <sup>1</sup>	<b>10,480</b>	356.0	2,298	<b>18,409</b>	274.2	4,920
Income tax expense	<b>7,533</b>	17.1	6,433	<b>14,568</b>	11.3	13,084
Adjusted net earnings <sup>1,2</sup>	<b>24,614</b>	16.4	21,141	<b>53,790</b>	28.0	42,029
Adjusted net earnings per unit <sup>1,2</sup>	<b>1.24</b>	15.9	1.07	<b>2.71</b>	26.6	2.14
Net earnings	<b>13,739</b>	7.1	12,828	<b>35,128</b>	12.7	31,164
Basic earnings per unit	<b>0.69</b>	6.2	0.65	<b>1.77</b>	12.0	1.58
Diluted earnings per unit	<b>0.63</b>	(3.1)	0.65	<b>1.59</b>	0.6	1.58
Standardized distributable cash <sup>1,2</sup>	<b>65,407</b>	13.4	57,685	<b>116,126</b>	32.0	87,989
Adjusted distributable cash <sup>1,2</sup>	<b>45,680</b>	(20.5)	57,456	<b>77,826</b>	(10.9)	87,351
Distributions and dividends paid	<b>2,712</b>	3.3	2,625	<b>5,417</b>	3.3	5,244

1. Results have been impacted by the adoption of IFRS 16, Leases. Please refer to the Fund's MD&A filing for the period ended June 30, 2019, which can be accessed via the Sedar web site ([www.Sedar.com](http://www.Sedar.com)) for further details.

2. 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 put option and call liability and contingent consideration, as well as acquisition and transaction costs and the impacts of IFRS 16, Leases), distributable cash, adjusted distributable cash, adjusted net earnings and adjusted net earnings per 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 distributable cash, adjusted distributable cash, adjusted net earnings, 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 EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash, adjusted net earnings and adjusted net earnings per unit should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Fund'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 the Fund's non-GAAP measures are calculated, please refer to the Fund's MD&A filing for the period ended June 30, 2019, which can be accessed via the SEDAR Web site ([www.sedar.com](http://www.sedar.com)).

## Outlook

"While the industry-wide technician shortage continues to exist, we've been able to deliver above average same-store sales growth in Q2. We attribute this to continued strong demand in most of our markets, an increased component of parts sales in our sales mix along with modest growth in our technician capacity. Entering the third quarter, although demand remains healthy in most of our markets, the challenges of vacation, combined with softness in some markets as well as stronger comps, has us starting the quarter with much lower same-store sales growth than we have achieved in the first half of the year. Looking to the balance of 2019 and beyond, we continue to be confident that we will maintain our progress toward our long-term growth targets and operational plans," added Mr. Bulbuck. "Our pipeline to add new locations in existing markets and to expand into new markets is healthy. Our people initiatives are having some impact and the ongoing investments we are making in technology, equipment and training position us well for continued operational execution. In terms of future growth, our strong balance sheet, along with over \$250 million in dry powder position us well to continue to add new locations, grow market share and deliver shareholder value."

## CEO Succession

The Fund also announced its CEO succession plan that will have current CEO, Brock Bulbuck, move into an Executive Chair role in 2020 and Tim O'Day, current President and Chief Operating Officer ("COO"), succeed Brock in the CEO role to become President & CEO. These changes are planned to be effective January 2, 2020. In connection with these changes, Mr. O'Day's COO responsibilities will be reallocated among existing key management personnel.

"Tim has played an integral role in the Boyd Group's growth and success since joining us as COO U.S. Operations in 2004 in conjunction with the acquisition of Gerber Collision. It is my intent to start to slow down as I enter my 60's, and having Tim ready to step in to lead the company has made my decision, including timing, much easier," said Mr. Bulbuck. "Also, with the Fund tracking well to achieve its goal to double its size in terms of constant currency revenue from 2015 to 2020, the timing will also be right to transition to Tim, so that he can prepare to lead the company through its next phase of growth. I look forward to my new role supporting Tim in his transition to CEO as well as continuing my role on the Board."

"The Board and I believe that Tim is uniquely qualified to guide our company through its next phase of growth and development, while maintaining the principles and philosophies that have worked so well for the Boyd Group over the last 10 plus years," added Allan Davis, Independent Chair of the Board of Trustees of the Fund. "As the Board went through a formal process to plan for CEO succession, it was clear that Tim was the best candidate for the role, and that he was ready and motivated to take his career to this next level. We also believe that the continuity of leadership that will be achieved with Brock moving to Executive Chair to support Tim will provide for a seamless transition."

Mr. O'Day joined Gerber Collision & Glass in February, 1998 and with Boyd Group's acquisition of Gerber in 2004, he was appointed Chief Operating Officer of Boyd's U.S. Operations. In 2008, he was appointed President and Chief Operating Officer for U.S. Operations, and in January, 2017 he was appointed President and Chief Operating Officer for all of Boyd's operations in both the U.S. and Canada. He has also served on the Board of Trustees of Boyd Group Income Fund since 2012. Prior to joining Gerber and Boyd, he was Vice President, Western Division with Midas International where he had responsibility for 500 Midas locations. He holds a Bachelor's degree in Business and Accounting from Michigan State University. Mr. O'Day also currently serves as the Chair of the Board of I-Car, an international not-for-profit organization dedicated to providing training on the information, knowledge and skills required to perform complete, safe, quality collision repairs.

"I am honored that the Board has selected me as Boyd's next CEO and I am extremely excited for our future", added Mr. O'Day. "We continue to execute against a solid business strategy supported by an excellent long-tenured leadership team that has delivered outstanding results over the past several years. This leadership team, combined with Brock's continuing support as Executive Chair, will provide for a smooth transition and will continue to position Boyd well for the future."

## 2019 Second Quarter Conference Call & Webcast

Management will hold a conference call on Wednesday, August 14, 2019, at 10:00 a.m. (ET) to review the Fund's 2019 second 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, August 21, 2019, at midnight by calling 1-855-859-2056 or 416-849-0833, reference number 9693057.

## About The Boyd Group Income Fund

The Boyd Group Income Fund is an unincorporated, open-ended mutual fund trust created for the purposes of acquiring and holding certain investments, including a majority interest in The Boyd Group Inc. and its subsidiaries. The Boyd Group Income Fund units trade on the Toronto Stock Exchange (TSX) under the symbol BYD.UN. For more information on The Boyd Group Inc. or Boyd Group Income Fund, please visit our website at <http://www.boydgroup.com>.

## About The Boyd Group Inc.

The Boyd Group Inc. (the "Company"), directly and through subsidiaries, 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 five Canadian provinces under the trade name Boyd Autobody & Glass (<http://boydautobody.com>) and Assured Automotive (<http://www.assuredauto.ca>), as well as in 27 U.S. states under the trade name Gerber Collision & Glass (<http://www.gerbercollision.com>). The Company uses newly acquired brand names during a transition period until acquired locations have been rebranded. The Company is also a major retail auto glass operator in the U.S. with locations across 34 U.S. states 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. GNCS has approximately 5,500 affiliated glass provider locations and 4,600 affiliated emergency roadside services providers throughout the U.S. For more information on The Boyd Group Inc. or Boyd Group Income Fund, please visit our website at (<http://www.boydgroup.com>).

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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: dependence upon The Boyd Group Inc. and its Subsidiaries; 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; competition; access to capital; dependence on key personnel; tax position risk; quality of corporate governance; economic downturn; 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; cash distributions not guaranteed;*

*unitholder limited liability is subject to contractual and statutory assurances that may have some enforcement risks; real estate management; interest rates; U.S. health care costs and workers compensation claims; low capture rates; energy costs; capital expenditures; and the Fund'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 the Fund'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.*