

BOYD GROUP SERVICES INC.

Investor Presentation

November 2021



# Forward-Looking Statements

*This presentation contains forward-looking statements, other than historical facts, which reflect the view of the Company's management with respect to future events. Such forward-looking statements reflect the current views of the Company's management and are made on the basis of information currently available. Although management believes that its expectations are reasonable, it can give no assurance that such expectations will prove to be correct. The forward-looking statements contained herein are subject to these factors and other risks, uncertainties and assumptions relating to the operations, results of operations and financial position of the Company. For more information concerning forward-looking statements and related risk factors and uncertainties, please refer to the Boyd Group's interim and annual regulatory filings.*



# Capital Markets Profile (as at November 11, 2021)

<b>Stock Symbol:</b>	TSX: BYD.TO
<b>Shares Outstanding:</b>	21.5 million
<b>Price (November 11, 2021):</b>	C\$213.22
<b>52-Week Low / High:</b>	C\$201.92/\$267.00
<b>Market Capitalization:</b>	C\$4,578.3 million
<b>Annualized Dividend (per share):</b>	C\$0.576
<b>Current Yield:</b>	0.3%

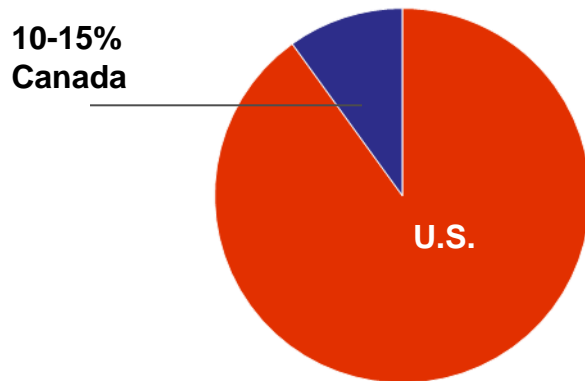


# Company Overview

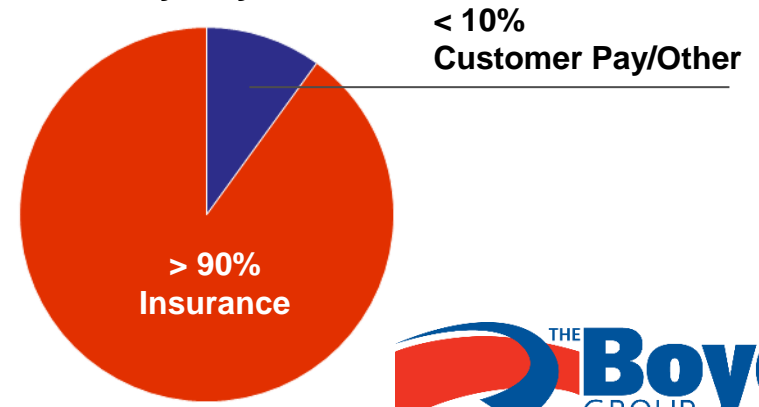
- Leader and one of the largest operators of collision repair shops in North America by number of locations (non-franchised)
- Consolidator in a highly fragmented US\$40 billion market
- Second largest retail auto glass operator in the U.S.
- Only public company solely focused on auto collision repairs in North America
- Recession resilient industry

## Revenue Contribution:

### By Country



### By Payor



# Collision Operations

- 836 company operated collision locations across 31 U.S. states and 5 Canadian provinces
- Operate full-service repair centers offering collision repair, glass repair and replacement services
- Strong relationships with insurance carriers
- Process improvement initiatives



# North American Collision Repair Footprint

## Canada

- Ontario (82)
- British Columbia (17)
- Alberta (14)
- Manitoba (14)
- Saskatchewan (4)

**131**  
locations

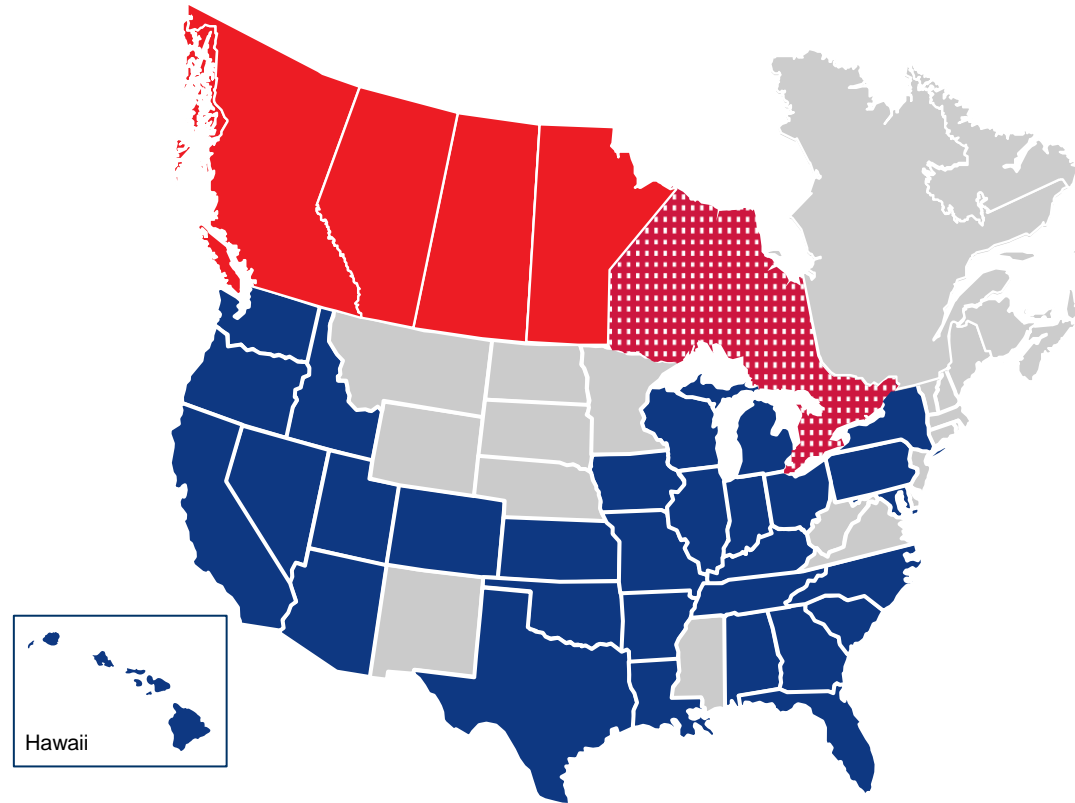
Note: The above numbers include 35 intake locations.

## U.S.

- Michigan (74)
- Illinois (71)
- Florida (70)
- New York (40)
- Washington (38)
- Indiana (37)
- Georgia (33)
- North Carolina (32)
- Ohio (32)
- Arizona (27)
- Oklahoma (27)
- Wisconsin (27)
- California (25)
- Texas (24)
- Colorado (21)
- South Carolina (18)
- Louisiana (14)
- Kansas (13)
- Maryland (12)
- Oregon (12)
- Nevada (10)
- Tennessee (10)
- Pennsylvania (9)
- Alabama (7)
- Missouri (7)
- Kentucky (4)
- Utah (4)
- Hawaii (3)
- Arkansas (2)
- Idaho (1)
- Iowa (1)

**705**  
locations

Note: The above numbers include 35 intake locations and 2 fleet locations co-located with collision repair centers.



# Glass Operations

- Retail glass operations across 35 U.S. states
  - Asset light business model
- Third-Party Administrator (“TPA”) business that offers glass, emergency roadside and first notice of loss services with approximately:
  - 5,500 affiliated glass provider locations
  - 7,000 affiliated roadside and towing service providers
- Canadian Glass Operations are integrated in the collision business

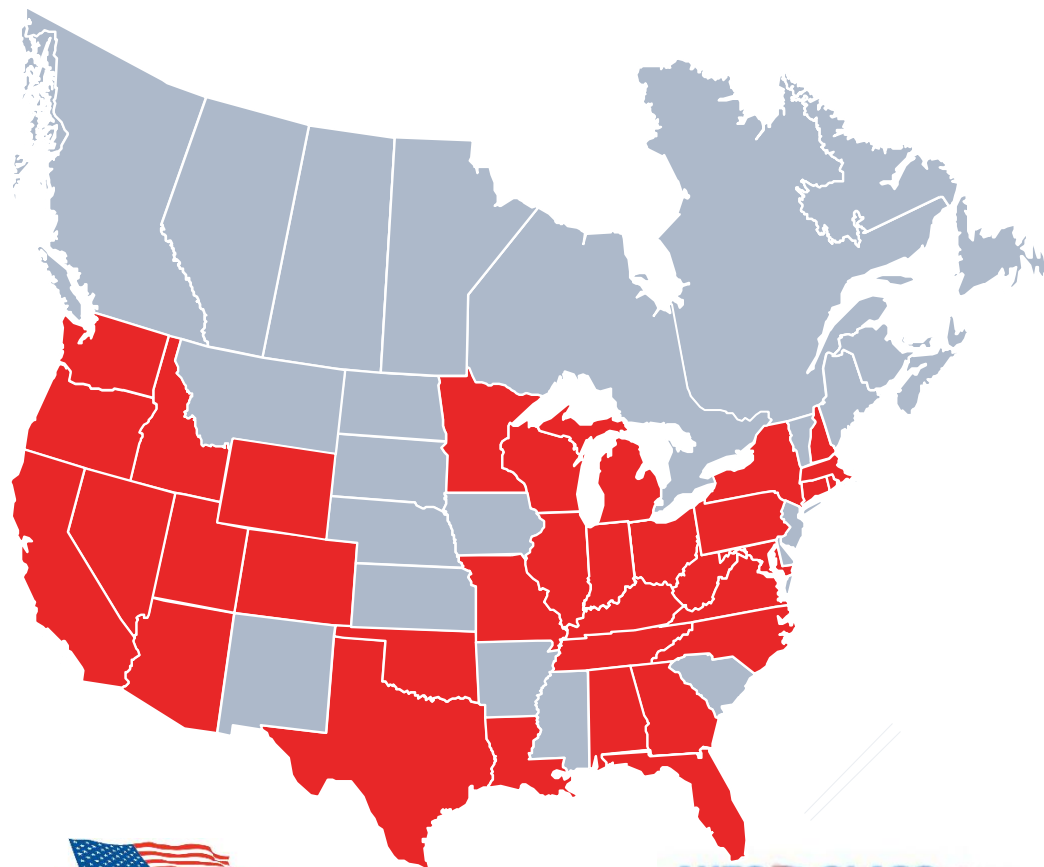




# North American Glass Footprint

## U.S.

- Alabama
- Arizona
- California
- Colorado
- Connecticut
- District of Columbia
- Florida
- Georgia
- Idaho
- Illinois
- Indiana
- Kentucky
- Louisiana
- Massachusetts
- Maryland
- Michigan
- Minnesota
- Missouri
- Nevada
- New Hampshire
- New York
- North Carolina
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- Rhode Island
- Tennessee
- Texas
- Utah
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming



Note: TPA business provides glass services in the balance of the 50 states through affiliated glass providers.



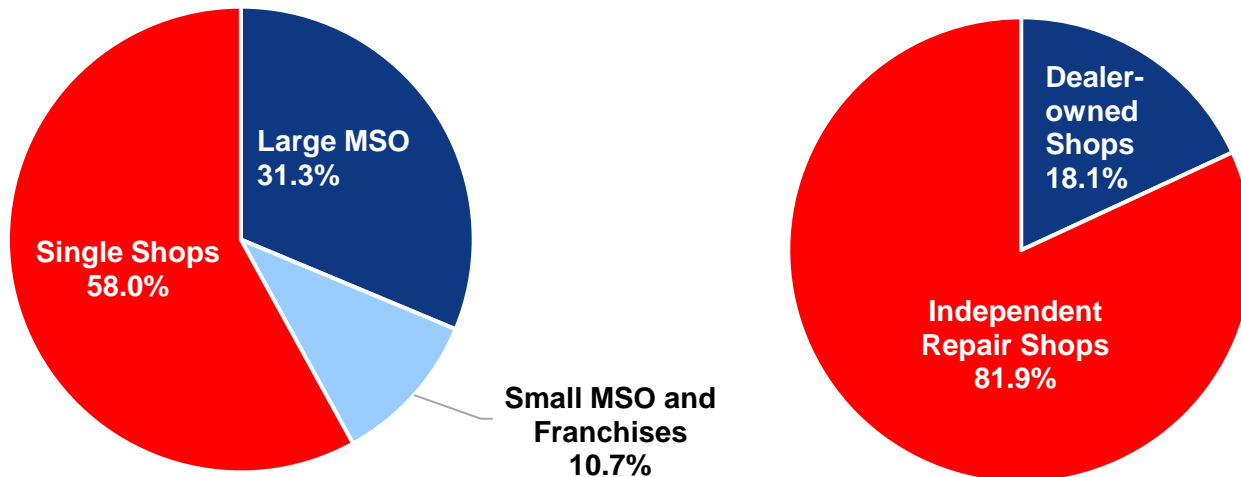
# Market Overview & Business Strategy



# Large, Fragmented Market

## U.S. Collision Repair Market

- Revenue for North American collision repair industry is estimated to be approximately US\$41.2 billion annually (U.S. \$38.3B, CDA \$2.9B)
- 31,800 shops in the U.S., 4,430 shops in Canada
- Composition of the collision repair market in the U.S.:



Source: The Romans Group, 2019



# Evolving Collision Repair Market

- Large multi shop collision repair operator (“MSO”) market share opportunity
  - The top 3 consolidators represent an 18.8% share of collision repair revenue in 2019 as compared to 15.7% in 2018 and only 1.7% in 2006.
  - 106 MSOs had revenues of \$20 million or greater in 2019
  - The top 3 consolidators together represent 44.7% of revenue of large MSOs
  - MSOs benefit from standardized processes, integration of technology platforms and expense reduction through large scale supply chain management

Source: *The Romans Group, 2019*



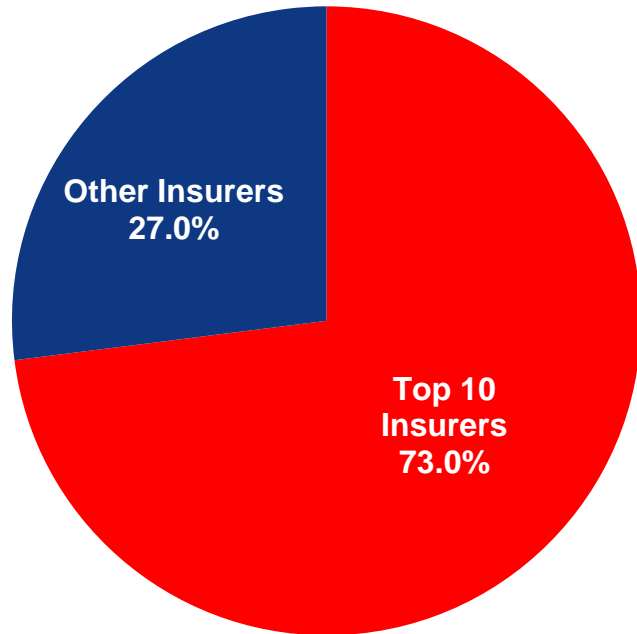
# Strong Relationships with Insurance Companies through DRPs

- Direct Repair Programs (“DRPs”) are established between insurance companies and collision repair shops to better manage auto repair claims and the level of customer satisfaction
- Auto insurers utilize DRPs for a growing percentage of collision repair claims volume
- Growing preference among insurers for DRP arrangements with multi-location collision repair operators
- Boyd is well positioned to take advantage of these DRP trends with all major insurers and most regional insurers
- Boyd’s relationship with insurance customers
  - Top 5 largest customers contributed 46% of revenue in 2020
  - Largest customer contributed 13% of revenue in 2020

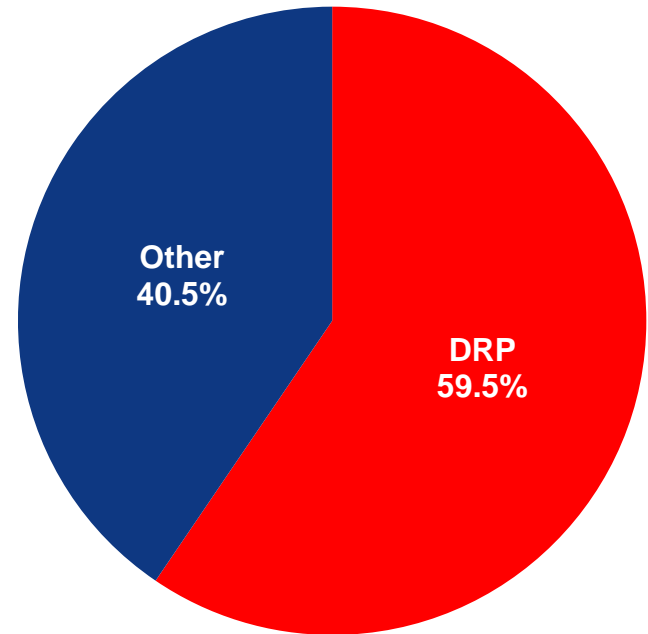


# Insurer Market Dynamics

Top 10 Insurer Market Share (U.S.)



Insurer DRP Usage

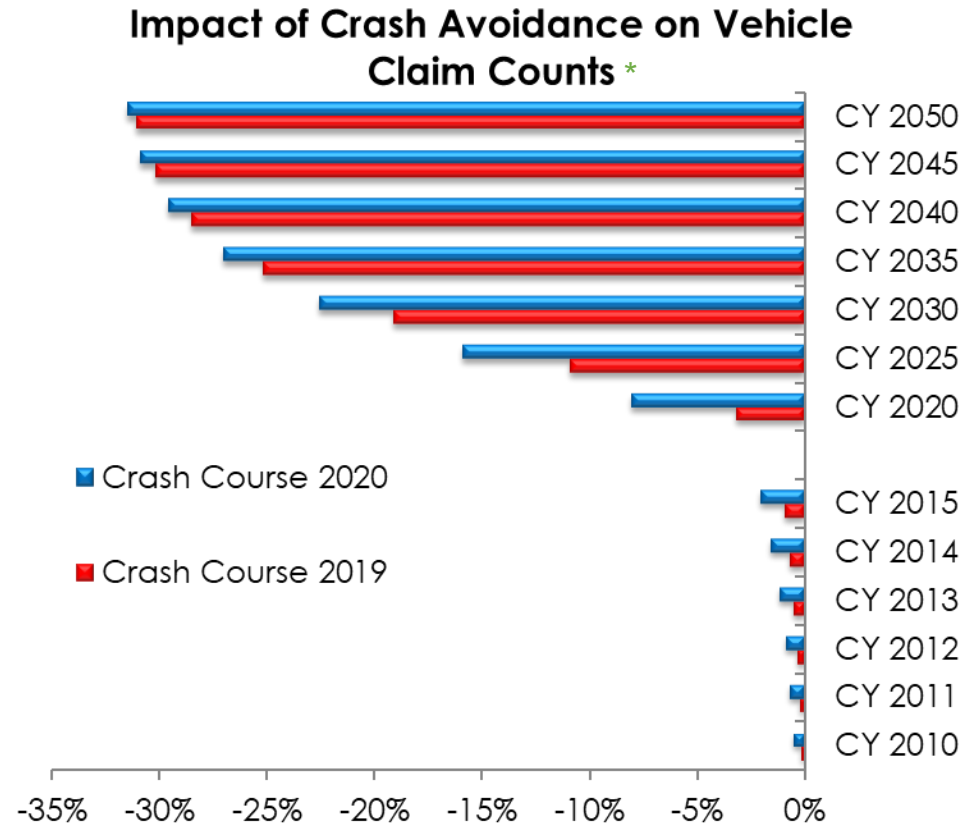


Source: The Romans Group, 2019



# Impact of Collision Avoidance Systems

- CCC estimates technology will reduce accident frequency by ~30% in next 25-30 years
- As per industry studies, decline should be somewhat offset by increases in average cost of repair (increased expense of technology) and vehicle miles driven
- Large operators could also mitigate market decline by continued market share gains in consolidating industry

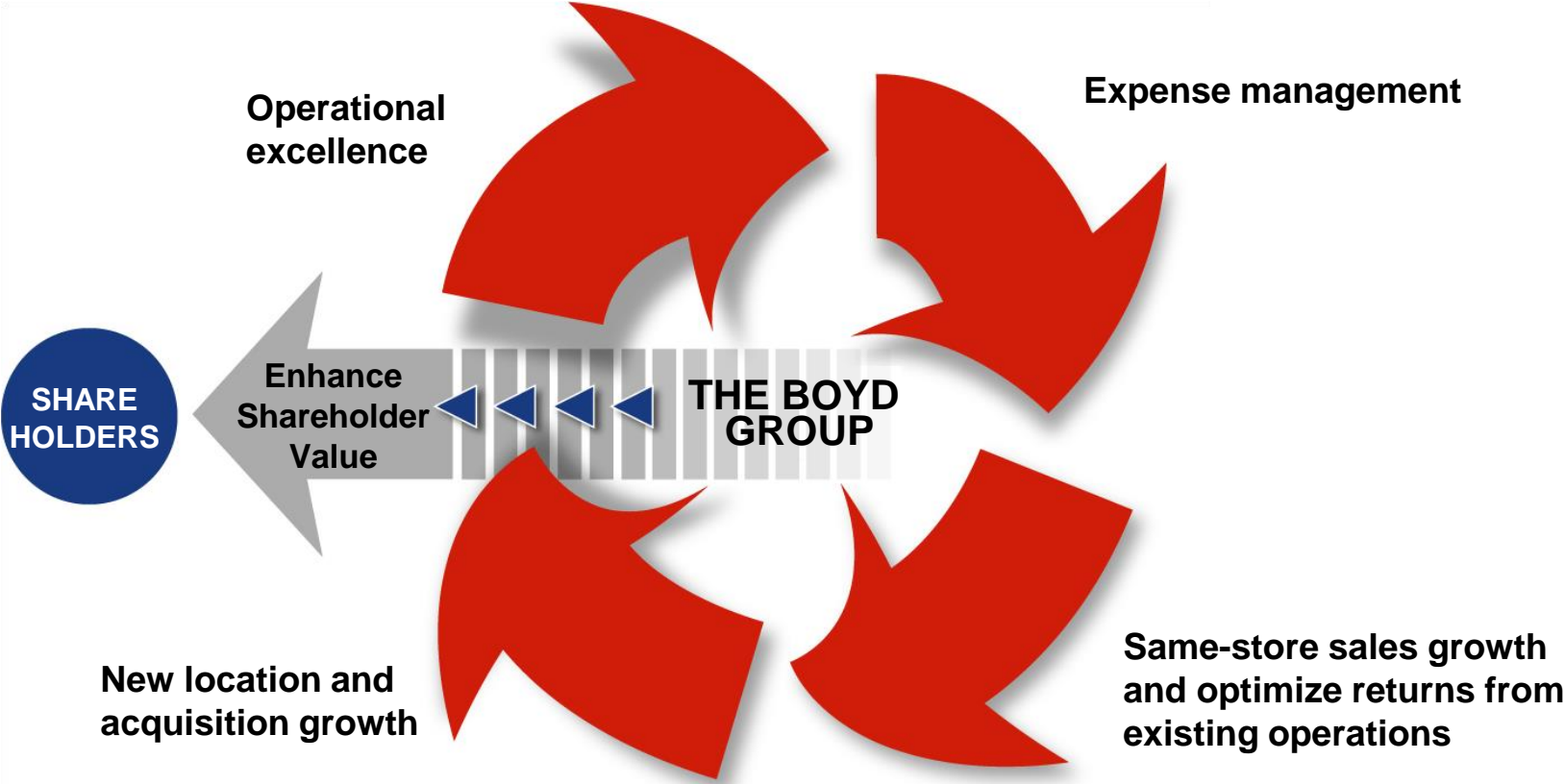


All Rights Reserved Copyright 2020 CCC Information Services Inc.

Source: CCC Information Services Inc. *Crash Course 2020*. Updated projection expands the ADAS technology to include systems like lane departure warning, adaptive headlights, and blind spot monitoring, uses IIHS/HLDI's predictions in regard to the ramp-up in percent of registered vehicle fleet equipped with each system, and includes projections of the number of vehicles in operation in the U.S. Projections based on current projected annual rate of change - impact may increase with changes in market adoption and system improvements



# Business Strategy





# Operational Excellence

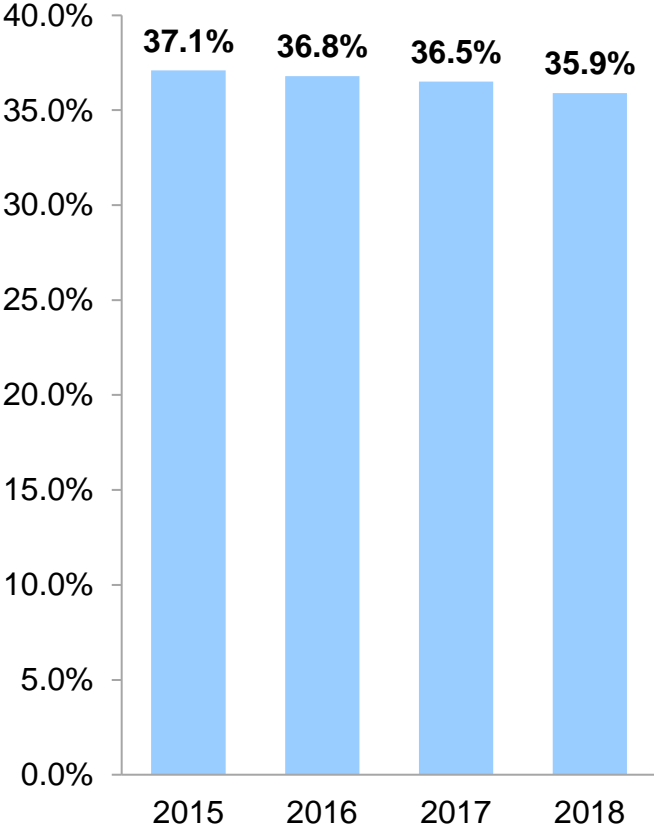
- Best-in-Class Service Provider
  - Average cost of repair
  - Cycle time
  - Customer service
  - Quality
  - Integrity
- “WOW” Operating Way
  - Embedded as part of our operating culture
- Company-wide diagnostic repair scanning and calibration technology
- I-Car Gold Class facilities
- Industry leader in OE Certifications
- Industry leader in technician training



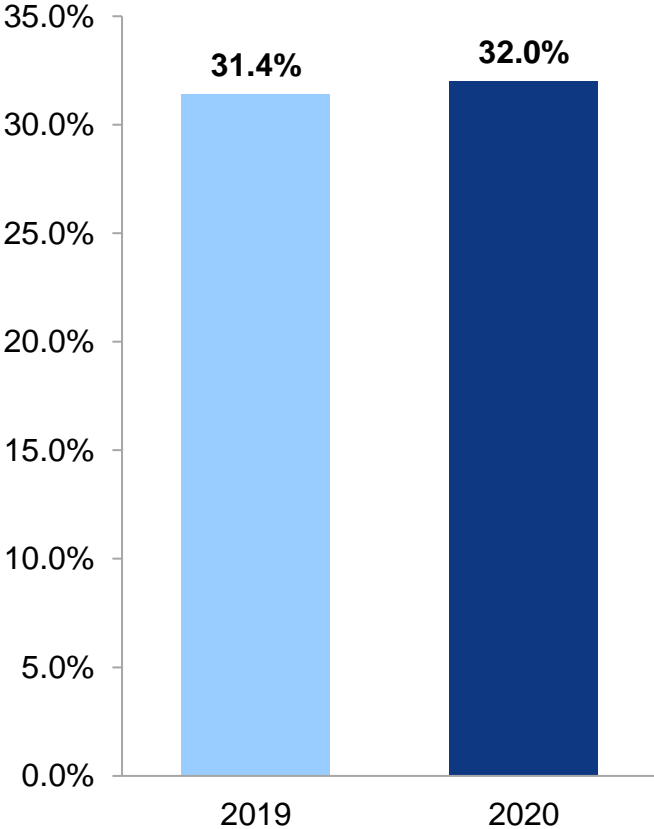
# Expense Management

*Well managed operating expenses as a % of sales*

**Pre-IFRS 16**



**Post-IFRS 16**

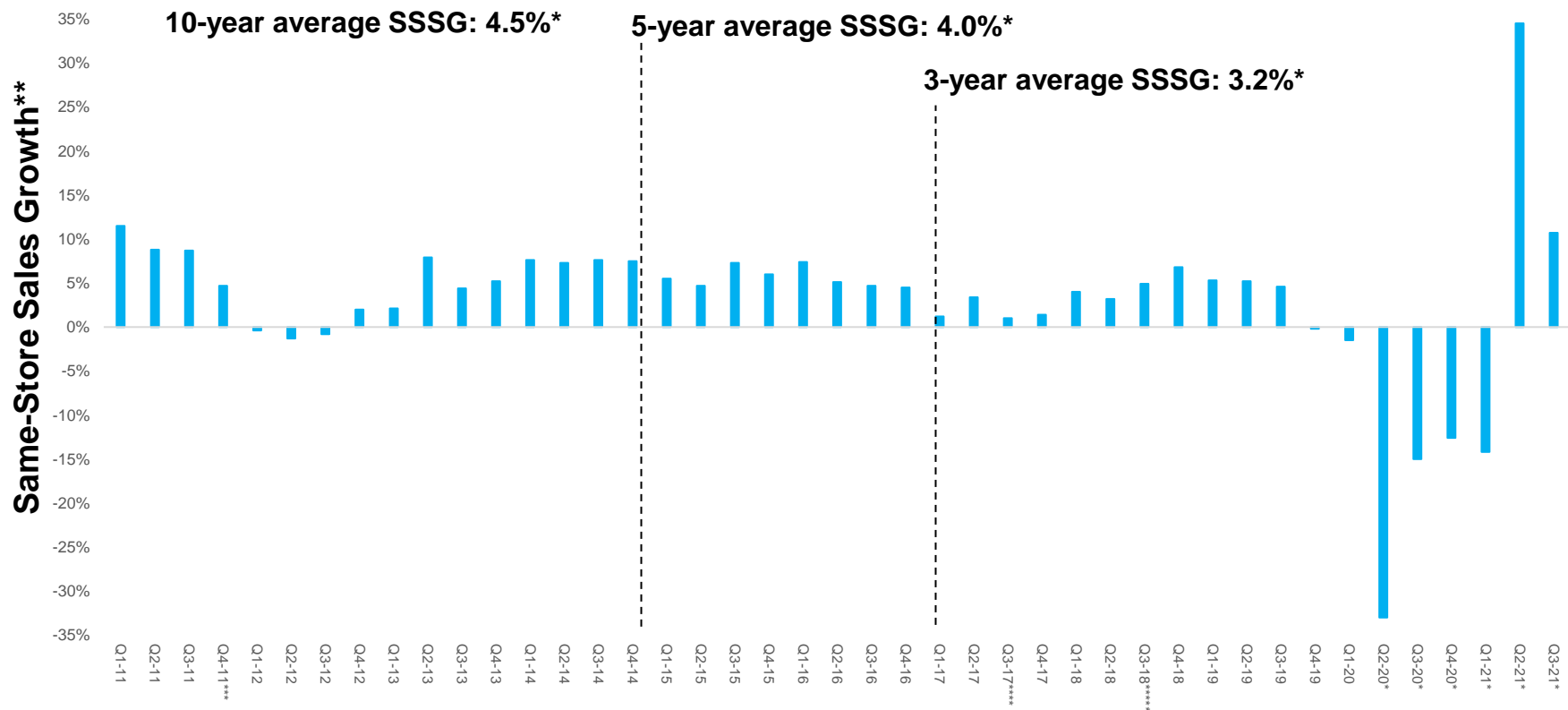


*\*Results for 2020 were severely impacted by the COVID-19 Pandemic*



# SSSG - Optimizing Returns from Existing Operations

Same-store sales increases in 31 of 40 most recent quarters



\* The results for Q2, Q3 and Q4 2020, as well as Q1 2021 were significantly impacted by the COVID-19 pandemic. Due to the nature and significant impact of COVID-19 on the results, SSSG for Q2, Q3 and Q4 2020, as well as Q1, Q2, and Q3 2021 have been excluded from the 3-year, 5-year and 10-year SSSG calculations.

\*\* Total Company, excluding FX.

\*\*\* Adjusting for the positive impact of hail in Q4-11, SSSG was 4.7%

\*\*\*\* Adjusting for the negative impact of Hurricane Irma and Hurricane Harvey, Q3-17 SSSG was 1.0%

\*\*\*\*\* Normalizing for the impact of hurricanes in the comparative period, Q3-18 SSSG was 3.6%



# Focus on Accretive Growth

- Goal: double the size of the business during the five-year period from 2021 to 2025, based on 2019 revenues, on a constant currency basis
- Implied compound average annual growth rate of 15%:
  - Same-store sales
  - Acquisition or development of single locations
  - Acquisition of multiple-location businesses
- Well positioned to take advantage of large acquisitions

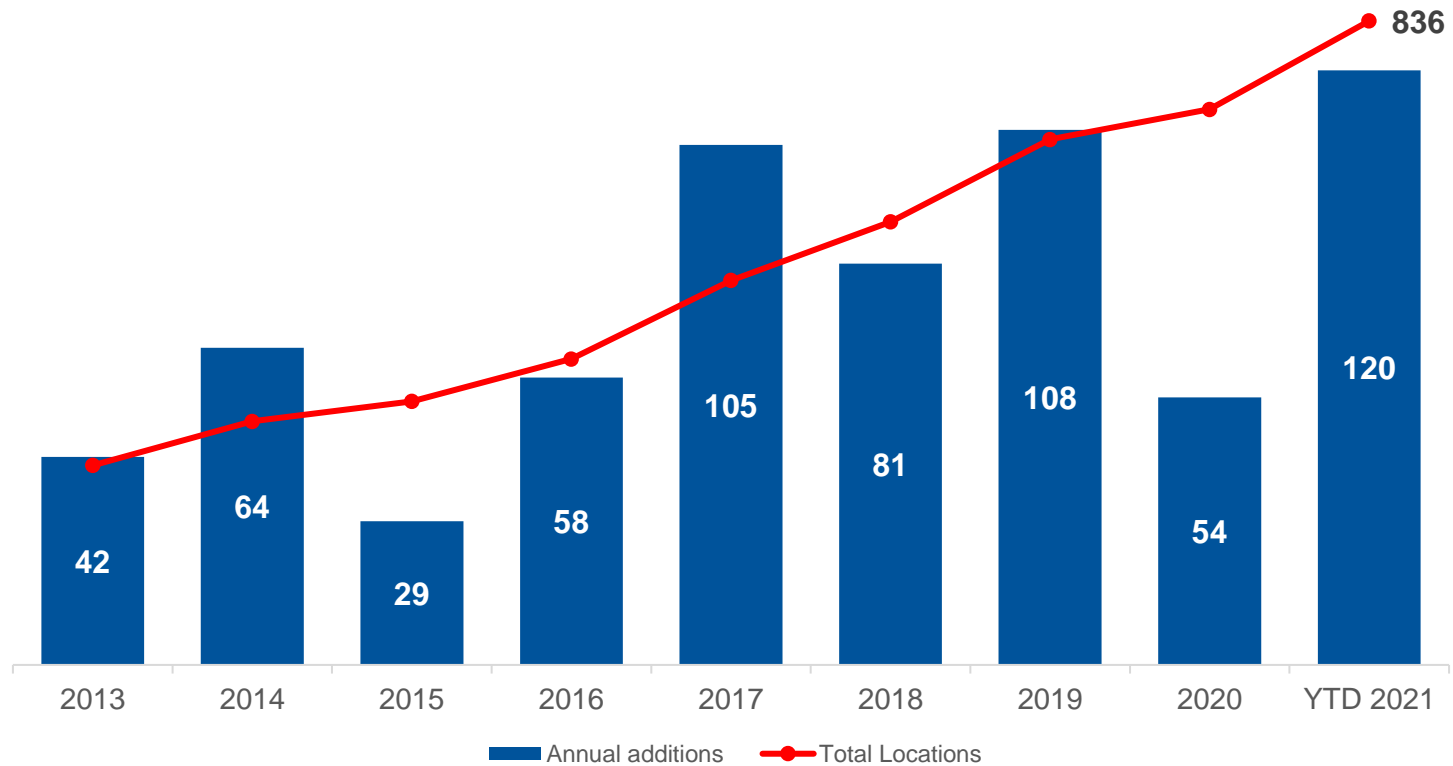


# U.S. Dollar Reporting

- To reduce volatility from exchange rates, effective January 1, 2021, Boyd began reporting results in U.S. Dollars.
- Given almost 90% of Boyd's revenues come from the U.S., this is considered an appropriate currency for reporting purposes.



# Strong Growth in Collision Locations



*\*Results for 2020 were severely impacted by the COVID-19 Pandemic*



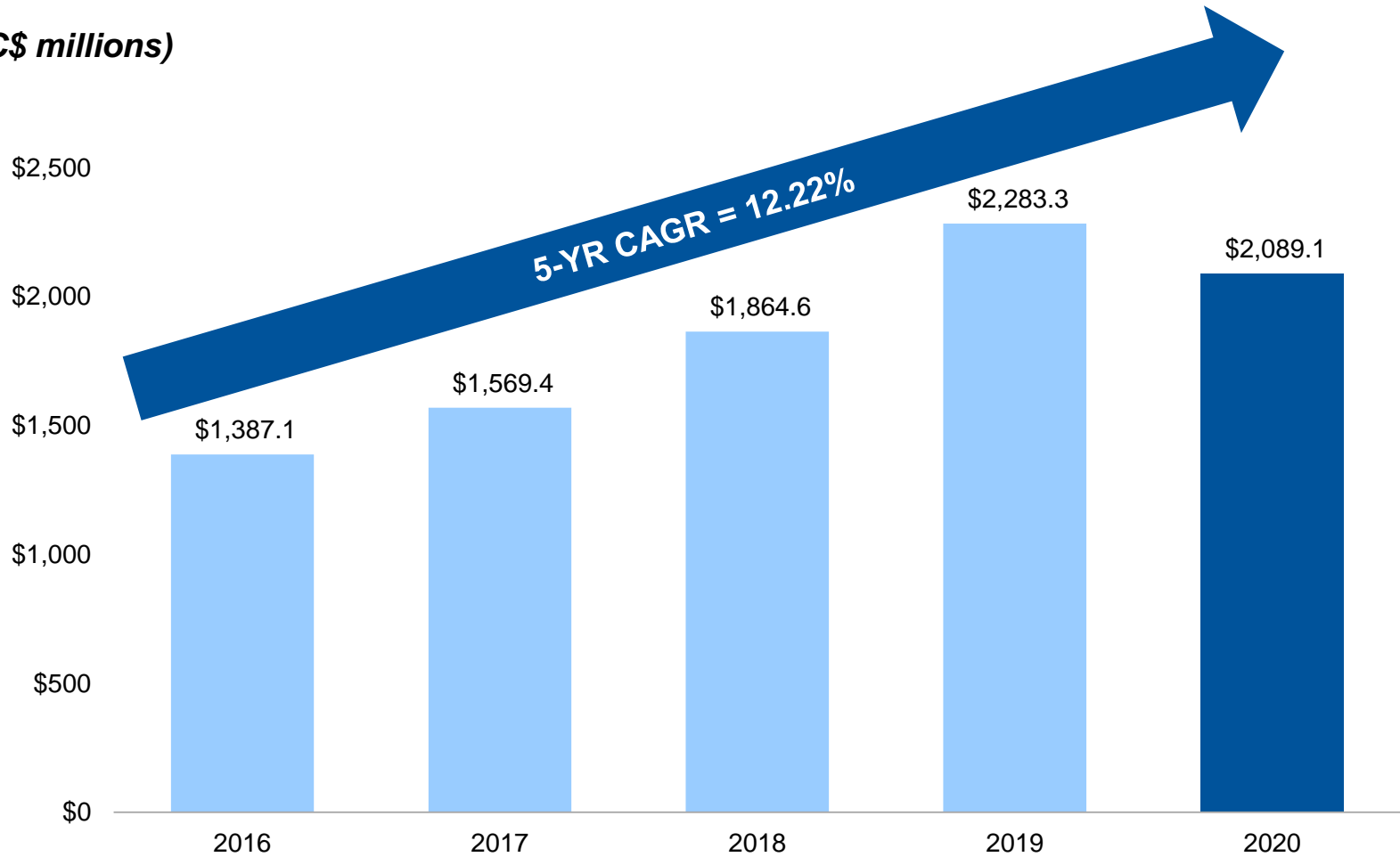
# Financial Review





# Revenue Growth

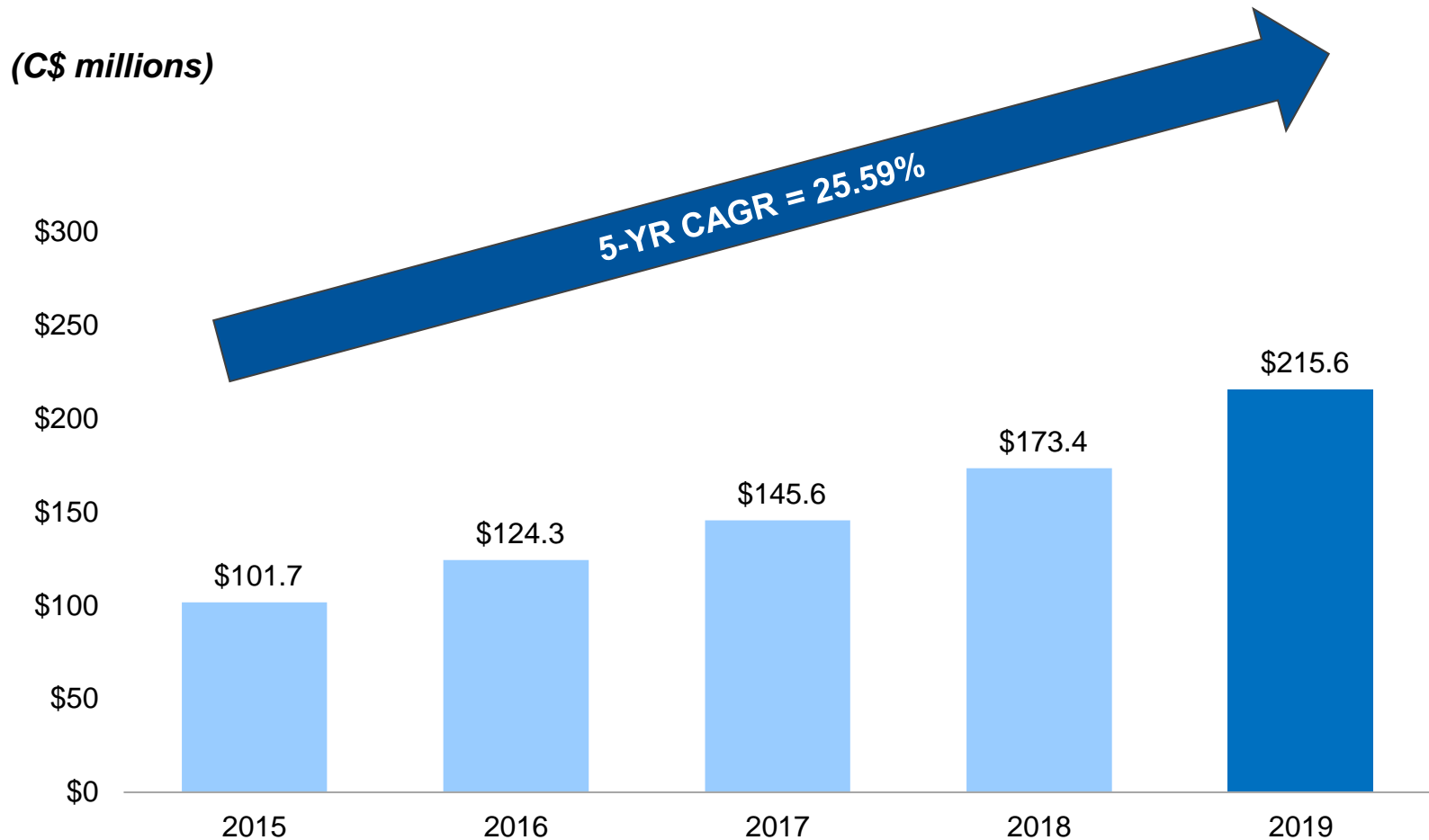
(C\$ millions)



*\*Results for 2020 were severely impacted by the COVID-19 Pandemic*



# Pre-IFRS 16 - Adjusted EBITDA Growth



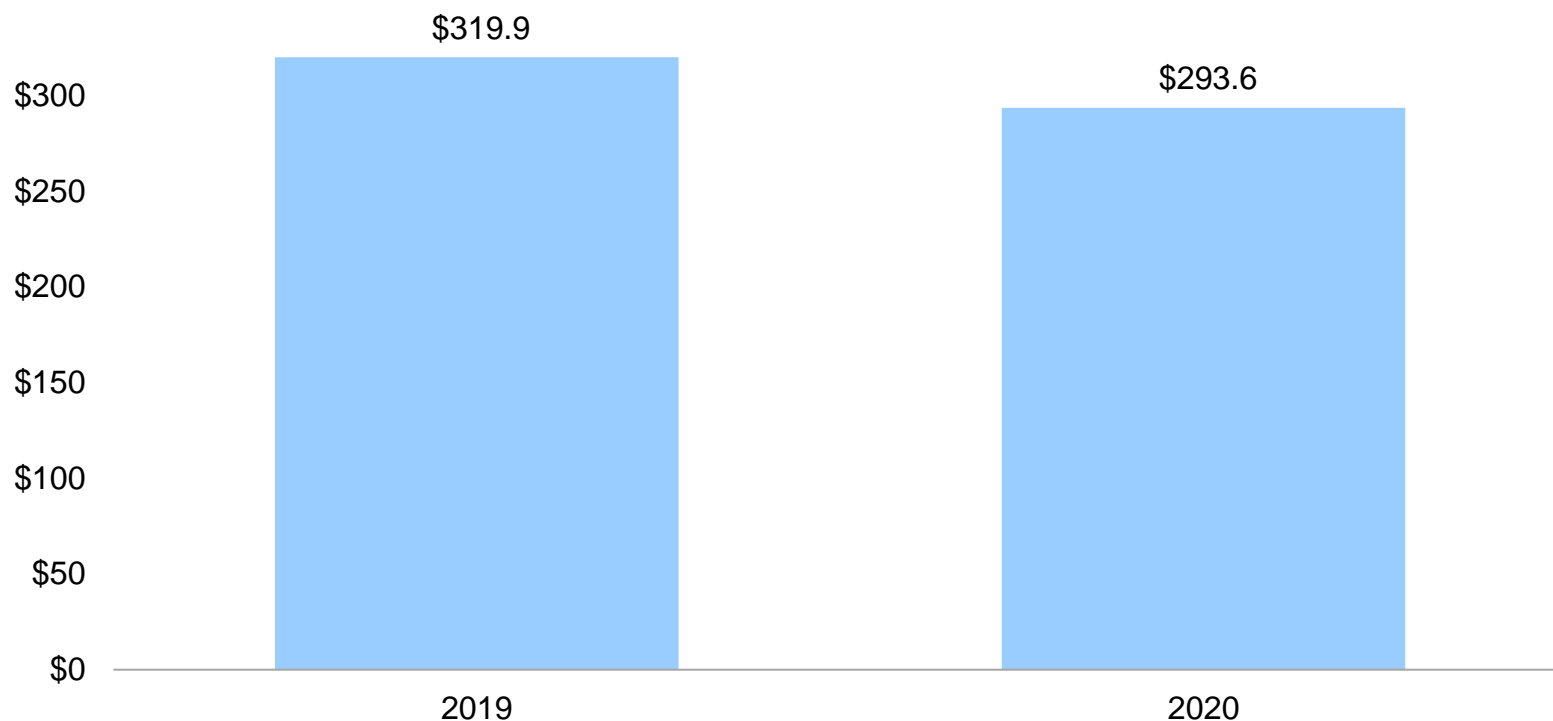
\*Adjusted EBITDA for 2019 is shown on a Pre-IFRS 16 basis for comparative purposes.



# Post-IFRS 16 - Adjusted EBITDA

(C\$ millions)

1-YR Decline of 8.23%



*\*IFRS 16 was adopted effective January 1, 2019*

*\*\*Results for 2020 were severely impacted by the COVID-19 Pandemic*



# Q3 2021 Financial Summary

<i>(US\$ millions, except per share and percent amounts)</i>	3-months ended		9-months ended	
	Sept 30, 2021	Sept 30, 2020	Sept 30, 2021	Sept 30, 2020
<b>Sales</b>	<b>\$490.2</b>	\$381.7	<b>\$1,356.5</b>	\$1,157.5
<b>Gross Profit</b>	<b>\$215.7</b>	\$180.3	<b>\$614.8</b>	\$533.9
<b>Adjusted EBITDA*</b>	<b>\$51.5</b>	\$63.5	<b>\$162.2</b>	\$159.6
<b>Adjusted EBITDA Margin*</b>	<b>10.5%</b>	16.6%	<b>12.0%</b>	13.8%
<b>Adjusted Net Earnings*</b>	<b>\$2.4</b>	\$16.4	<b>\$22.1</b>	\$26.8
<b>Adjusted Net Earnings* per share</b>	<b>\$0.11</b>	\$0.76	<b>\$1.03</b>	\$1.28

\*Adjusted EBITDA and adjusted net earnings are not recognized measures under International Financial Reporting Standards ("IFRS"). Adjusted EBITDA has been presented above on a post-IFRS 16 basis. See BGS's Q3 2021 MD&A for more information.

# Canadian Emergency Wage Subsidy ("CEWS")

- CEWS was put into place on April 11, 2020 and remained in place until October 23, 2021
- The amount of the CEWS has decreased as the program phases out
- As is the objective of the program, Boyd has been able to retain more of its employees than would have been possible, absent the subsidy
- Adjusted EBITDA for the three months ended September 30, 2021 benefited from the CEWS in the amount of approximately \$0.5 million USD, as compared to \$7.5 million USD in the same period of the prior year

# Strong Balance Sheet

<i>(in US\$ millions)</i>	Sept 30, 2021	Dec 31, 2020
<b>Cash</b>	\$31.2	\$61.0
<b>Long-Term Debt</b>	\$385.1	\$180.2
<b>Net Debt before lease liabilities</b> (total debt, including current portion and bank indebtedness, net of cash)	\$353.9	\$119.2
<b>Lease liabilities</b>	\$543.0	\$419.3
<b>Total debt, net of cash</b>	\$896.9	\$538.5
<b>Net Debt before lease liabilities / Adjusted EBITDA</b> (adjusted for property lease payments)	2.8x	0.9x

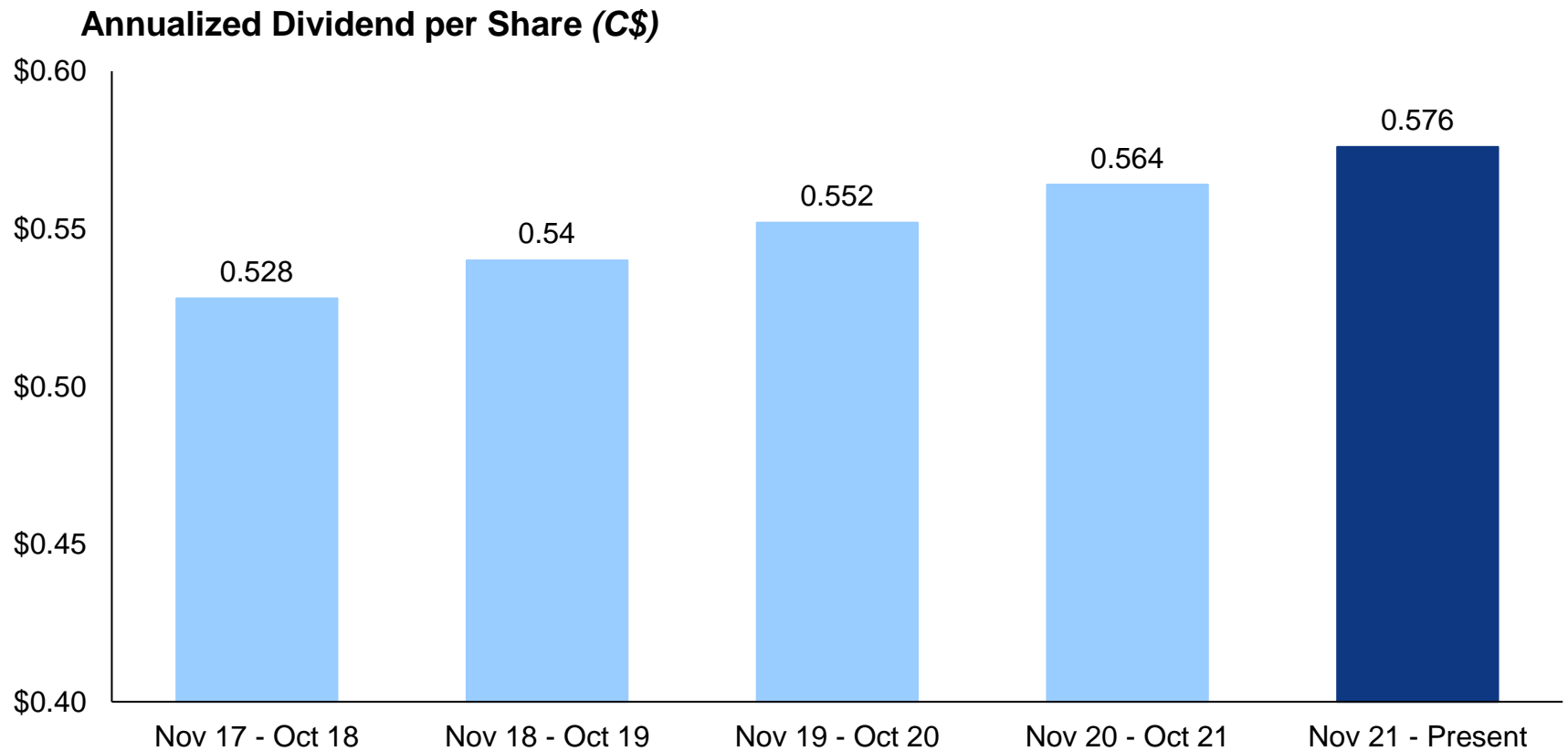
# Financial Flexibility

- Cash of US\$31.2 million
- Net Debt to EBITDA TTM ratio of 2.8x
- Over US\$500 million in cash and available credit
- Only public company in the industry: access to all capital markets

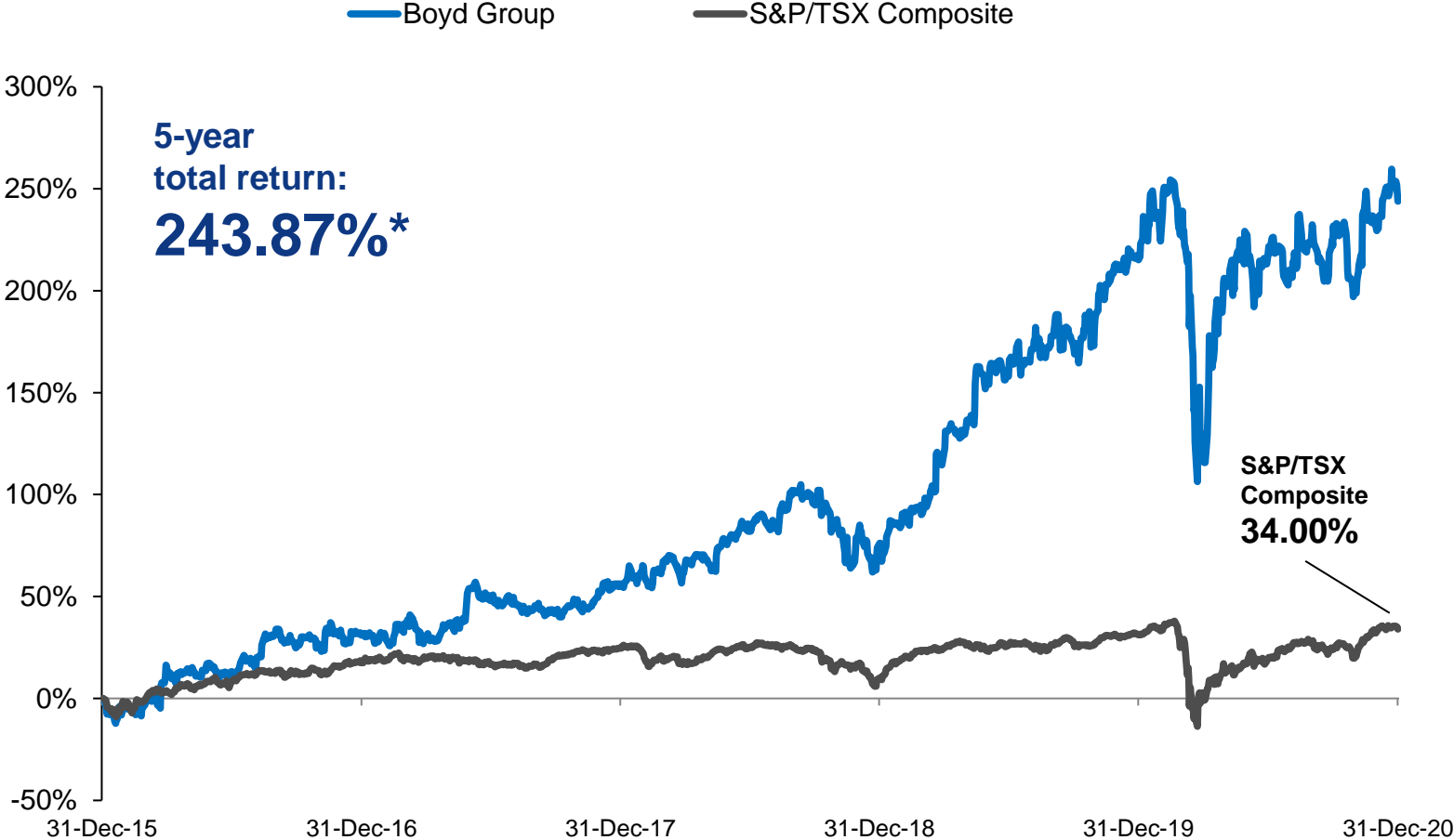


# Dividends

*Annualized dividends have increased by 9.1% since 2017*



# Five-year Return to Shareholders



\*Source: Irwin. Total return based on reinvestment of dividends.



# Delivering long-term value to shareholders

- Best or second best 10-year performance on the TSX for 6 consecutive years
  - Best 10-year performance on the TSX in 2015 and 2016
  - Second best 10-year performance on the TSX in 2017, 2018, 2019 and 2020



\*Source: Irwin. Total return based on reinvestment of dividends.



# Experienced & Committed Management Team



**Timothy O'Day**

President & CEO



**Narendra "Pat" Pathipati**

Executive Vice-President & CFO



**Brock Bulbuck**

Executive Chair



# Outlook

- Boyd has taken specific actions to enhance the sales and margin opportunities, including:
  - Investing in and growing our Technician Development Program
  - Increasing recruitment support staff to improve lead generation and follow-up
  - Proactively evaluating compensation levels and making appropriate adjustments to ensure we remain competitive in the rapidly changing environment
  - Driving high levels of execution for on-boarding and orientation programs to increase retention
  - Implementing the WOW Operating Way Human Resources systems and leveraging this process
  - Having constructive discussions with large key clients about the urgent need for price increases to reflect the current environment
  - Prioritizing production towards higher margin business
  - Suspending business relationships with a few lower margin clients that are not willing to increase pricing, in order to better serve core clients and accelerate margin recovery efforts
- Boyd believes the part availability and margin challenges related to supply chain disruption is transitory and will normalize as manufacturing and distribution issues are resolved
- Boyd expects revenue throughput, gross margins, and Adjusted EBITDA margins to recover in the coming quarters; however, the actions noted are unlikely to have a material impact on the fourth quarter



# Summary

## Stability

- ✓ Strong balance sheet
- ✓ Insurer preference for MSOs
- ✓ Recession Resilient

+

## Growth

- ✓ US\$40 billion fragmented industry
- ✓ High ROIC growth strategy
- ✓ Market leader/consolidator in North America

=

## Shareholder Value

- ✓ Cash dividends/conservative payout ratio
- ✓ 5-year total shareholder return of 243.87%

**Focus on enhancing  
shareholders' value**

