taiga building products produits de bâtiment

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PRESS RELEASE

Taiga (TBL) announces Q3 loss due to falling treated wood sales prices

BURNABY, BC, November 5, 2021 - Taiga Building Products Ltd. (“Taiga” or the “Company”) today reported its financial results for the three and nine months ended September 30, 2021.

Third Quarter Ended September 30, 2021 Earnings Results

Sales for the quarter ended September 30, 2021 were $484.6 million compared to $500.7 million over the same period last year. The decrease in sales by $16.1 million or 3% was largely due to decreased selling prices for commodity products.

Gross margin for the quarter ended September 30, 2021 decreased to $7.6 million from $91.5 million over the same period last year. Gross margin percentage was 1.6% for the three months ended September 30, 2021 compared to 18.3% in the same period last year. These decreases were due to commodity prices falling dramatically during the quarter. Furthermore, the Company booked a $13.4 million inventory reserve due to the impact falling commodity prices had on its treated inventory values.

Net earnings (loss) for the quarter ended September 30, 2021 decreased to a loss of ($5.2) million from $33.4 million over the same period last year primarily due to decreased gross margin.

EBITDA for the quarter ended September 30, 2021 was ($1.8) million compared to $50.5 million for the same period last year. EBITDA decreased primarily due to lower margin earned during the quarter.

Nine Months Ended September 30, 2021 Earnings Results

Sales for the nine months ended September 30, 2021 were $1,807.2 million compared to $1,177.8 million over the same period last year. The increase in sales by $629.4 million or 53% was largely due to the Company experiencing higher selling prices for its commodity products at the beginning of the period before prices fell dramatically partway through the third quarter.

Gross margin for the nine months ended September 30, 2021 increased to $245.9 million from $164.8 million over the same period last year. Gross margin percentage decreased to 13.6% for the nine months ended September 30, 2021 compared to the same period last year at 14.0%. The increase in margin is primarily due to rising commodity prices at the beginning of the period before prices fell dramatically partway through the third quarter. .

Net earnings for the nine month period ended September 30, 2021 were $82.4 million compared to $53.2 million for the same period last year.

EBITDA for the nine months ended September 30, 2021 was $127.8 million compared to $87.5 million for the same period last year. EBITDA increased primarily due to higher margin earned during the current period.

Management Update on the COVID-19 Pandemic

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. As at the financial statement approval date, the pandemic has had a positive impact on Taiga’s business and financial performance in fiscal 2020 and the first half of fiscal 2021. This is a

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direct result of the increased demand for detached housing, record high commodity prices and low borrowing rates experienced during the pandemic. However, commodity prices did fall dramatically during the Company's third quarter which had a material impact on its results. The extent to which these events may continue to impact the Company's business activities in the same manner in future periods will depend on a number of factors, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, the rate at which vaccines are administered, the effectiveness of vaccines against the coronavirus and its mutations, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease, the demand for detached housing in North America, future commodity prices, interest rates and the strength of the general economy. These events are highly uncertain and as such, the Company cannot predict with any certainty how the progression of the coronavirus pandemic and these events will ultimately impact the Company's financial performance in 2021.

Condensed Consolidated Statement of Earnings

For the Three Months Ended

(in thousands of Canadian dollars, except for per share amounts)	September 30, 2021	September 30, 2020
Sales	484,563	500,667
Gross margin	7,646	91,515
Distribution expense	6,834	6,766
Selling and administration expense	5,399	36,898
Finance expense	1,855	1,910
Subordinated debt interest expense	218	218
Canada Emergency Wage Subsidy	-	(17)
Other (income) expense	12	174
Earnings (loss) before income taxes	(6,672)	45,566
Income tax expense (recovery)	(1,432)	12,136
Net earnings (loss)	(5,240)	33,430
Net earnings (loss) per share[(1)]	(0.05)	0.31
EBITDA[(2)]	(1,841)	50,489

The following is the reconciliation of net earnings to EBITDA:

(in thousands of Canadian dollars)	September 30, 2021	September 30, 2020
Net earnings (loss)	(5,240)	33,430
Income tax expense (recovery)	(1,432)	12,136
Finance and subordinated debt interest expense	2,073	2,128
Amortization	2,758	2,795
EBITDA	(1,841)	50,489

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For the Nine Months Ended

(in thousands of Canadian dollars, except for per share amounts)	September 30, 2021	September 30, 2020
Sales	1,807,213	1,177,840
Gross margin	245,907	164,809
Distribution expense	20,708	19,404
Selling and administration expense	105,493	69,046
Finance expense	5,795	6,393
Subordinated debt interest expense	656	656
Canada Emergency Wage Subsidy	-	(2,919)
Other income	302	91
Earnings before income taxes	112,953	72,138
Income tax expense	30,549	18,947
Net earnings	82,404	53,191
Net earnings per share[(1)]	0.76	0.48
EBITDA[(2)]	127,756	87,494

The following is the reconciliation of net earnings to EBITDA:

(in thousands of Canadian dollars)	September 30, 2021	September 30, 2020
Net earnings	82,404	53,191
Income tax expense	30,549	18,947
Finance and subordinated debt interest expense	6,451	7,049
Amortization	8,352	8,307
EBITDA	127,756	87,494

Notes:
(1) Earnings per share is calculated using the weighted average number of shares.
(2) Reference is made above to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of a company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. For the disclosure of the manner in which EBITDA is calculated and reconciliation to net earnings refer to the "EBITDA" section of the Company's management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

The foregoing selected financial information is qualified in its entirety by and should be read in conjunction with, our unaudited condensed interim consolidated financial statements for three and nine months ended September 30, 2021 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

For further information regarding Taiga, please contact:

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