

# Taiga's (TBL) Q3 sales decreased 10% due to lower commodity prices

BURNABY, BC, Nov. 8, 2019 /CNW/ - Taiga Building Products Ltd. ("Taiga" or the "Company") today reported its financial results for the three and nine months ended September 30, 2019.

## Third Quarter Ended September 30, 2019 Earnings Results

The Company's consolidated net sales for the quarter ended September 30, 2019 were \$358.9 million compared to \$399.6 million over the same period last year. The decrease in sales by \$40.7 million or 10% was largely due to decreased selling prices for commodity products; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Gross margin for the third quarter increased to \$36.5 million from \$27.9 million in the same quarter last year. The increase in gross margin was primarily due to rising commodity prices in the current quarter, while they declined in the same quarter last year.

Net earnings for the quarter ended September 30, 2019 increased to \$8.4 million from \$5.6 million for the same period last year primarily due to the foregoing.

EBITDA for the quarter ended September 30, 2019 was \$17.3 million compared to \$9.2 million for the same period last year. Management estimates that if IFRS 16 were not taken into effect as of January 1, 2019 that EBITDA would have been \$2.5 million lower, or \$14.8 million for the quarter ended September 30, 2019.

## Nine Months Ended September 30, 2019 Earnings Results

Sales for the nine months ended September 30, 2019 were \$1,001.0 million compared to \$1,147.1 million over the same period last year. The decrease in sales by \$146.1 million or 13% was largely due to decreased selling prices for commodity products; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Gross margin dollars for the nine months ended September 30, 2019 increased to \$98.9 million from \$98.0 million over the same period last year. Gross margin percentage for the nine months ended September 30, 2019 increased to 9.9% from 8.5% for the same period last year.

Net earnings for the nine month period ended September 30, 2019 were \$20.1 million compared to \$18.7 million for the same period last year.

EBITDA for the nine months ended September 30, 2019 was \$44.8 million compared to \$36.9 million for the same period last year. Management estimates that if IFRS 16 were not taken into effect as of January 1, 2019 that EBITDA would have been \$7.2 million lower, or \$37.6 million for the nine months ended September 30, 2019.

### Condensed Consolidated Statement of Earnings

For the Three Months Ended

<i>(in thousands of Canadian dollars, except for per share amounts)</i>	September 30,	
	2019	2018
Sales	\$358,875	\$399,634
Gross margin	36,497	27,857
Distribution expense	6,800	6,817
Selling and administration expense	15,264	13,520

Finance expense	2,385	2,091
Subordinated debt interest expense	218	219
Other income	(30)	(96)
Earnings before income taxes	11,860	5,306
Income tax expense (recovery)	3,486	(273)
Net earnings	8,374	5,579
Net earnings per share <sup>(1)</sup>	0.07	0.05
EBITDA <sup>(2)</sup>	17,272	9,228

The following is the reconciliation of net earnings to EBITDA:

<i>(in thousands of Canadian dollars)</i>	September 30,	
	2019	2018
Net earnings	8,373	5,579
Income tax expense (recovery)	3,486	(273)
Finance and subordinated debt interest expense	2,604	2,310
Amortization	2,809	1,611
EBITDA	17,272	9,228

For the Nine Months Ended

<i>(in thousands of Canadian dollars, except for per share amounts)</i>	September 30,	
	2019	2018
Sales	\$1,000,997	\$1,147,106
Gross margin	98,864	98,043
Distribution expense	19,612	18,712
Selling and administration expense	42,874	46,658
Finance expense	7,455	5,106
Subordinated debt interest expense	656	618
Other income	(122)	(296)
Earnings before income taxes	28,389	27,245
Income tax expense	8,247	8,518
Net earnings	20,142	18,727
Net earnings per share <sup>(1)</sup>	0.18	0.16
EBITDA <sup>(2)</sup>	44,800	36,875

The following is the reconciliation of net earnings to EBITDA:

<i>(in thousands of Canadian dollars)</i>	September 30,	
	2019	2018
Net earnings	20,142	18,727
Income tax expense	8,247	8,518
Finance and subordinated debt interest expense	8,111	5,724
Amortization	8,300	3,906
EBITDA	44,800	36,875

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](http://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 the three and nine months ended September 30, 2019 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at [www.sedar.com](http://www.sedar.com).

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**For further information:** regarding Taiga, please contact: Mark Schneidereit-Hsu, CFO and VP,

Finance & Administration, Tel: 604.438.1471, Email: [mschneidereit@taigabuilding.com](mailto:mschneidereit@taigabuilding.com)

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