Taiga's (TBL) Q2 sales decreased 16% due to lower commodity prices

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

Second Quarter Ended June 30, 2019 Earnings Results

The Company's consolidated net sales for the quarter ended June 30, 2019 were $354.7 million compared to $422.9 million over the same period last year. The decrease in sales by $68.2 million or 16% 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 second quarter decreased to $34.9 million from $39.4 million in the same quarter last year. The decrease in gross margin was primarily due to lower commodity prices in the current quarter compared to the same quarter last year; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Net earnings for the quarter ended June 30, 2019 increased to $7.1 million from $6.4 million for the same period last year primarily due to the foregoing.

EBITDA for the quarter ended June 30, 2019 was $16.4 million compared to $16.1 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 $1.7M lower, or $14.7M for the quarter ended June 30, 2019.

Six Months Ended June 30, 2019 Earnings Results

Sales for the six months ended June 30, 2019 were $642.1 million compared to $747.5 million over the same period last year. The decrease in sales by $105.4 million or 14% 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 six months ended June 30, 2019 decreased to $62.4 million from $70.2 million over the same period last year. Gross margin percentage for the six months ended June 30, 2019 increased to 9.7% from 9.4% for the same period last year.

Net earnings for the six month period ended June 30, 2019 were $11.8 million compared to $13.1 million for the same period last year.

EBITDA for the six months ended June 30, 2019 was $27.5 million compared to $27.6 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 $3.0M lower, or $24.5M for the six months ended June 30, 2019.

Condensed Consolidated Statement of Earnings
For the Three Months Ended

	June 30,	
(in thousands of Canadian dollars, except for per share amounts)	2019	2018
Sales	354,723	422,875
Gross margin	34,910	39,428
Distribution expense	6,891	6,012
Selling and administration expense	14,432	18,558
Finance expense	2,840	1,700
Subordinated debt interest expense	219	219
Other income	(55)	(104)
Earnings before income taxes	10,583	13,043
Income tax expense	3,512	6,685
Net earnings	7,071	6,358
Net earnings per share(1)	0.06	0.05

EBITDA[2]	16,412	16,128

The following is the reconciliation of net earnings to EBITDA:

	June 30,	
(in thousands of Canadian dollars)	2019	2018
Net earnings	7,071	6,358
Income tax expense	3,512	6,685
Finance and subordinated debt interest expense	3,059	1,919
Amortization	2,770	1,166
EBITDA	16,412	16,128

For the Six Months Ended

	June 30,	
(in thousands of Canadian dollars, except for per share amounts)	2019	2018
Sales	642,122	747,472
Gross margin	62,367	70,186
Distribution expense	12,812	11,895
Selling and administration expense	27,610	33,138
Finance expense	5,070	3,015
Subordinated debt interest expense	438	399
Other income	(92)	(200)
Earnings before income taxes	16,529	21,939
Income tax expense	4,761	8,791
Net earnings	11,768	13,148
Net earnings per share[1]	0.10	0.11
EBITDA[2]	27,528	27,647

The following is the reconciliation of net earnings to EBITDA:

	June 30,	
(in thousands of Canadian dollars)	2019	2018
Net earnings	11,768	13,148
Income tax expense	4,761	8,791
Finance and subordinated debt interest expense	5,508	3,414
Amortization	5,491	2,294
EBITDA	27,528	27,647

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 the three and six months ended June 30, 2019 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

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