

# Taiga (TBL) delivered higher Q3 sales due to rising commodity prices and strong results at Exterior Wood, Inc located in Washougal, WA

BURNABY, BC, Nov. 12, 2020 /CNW/ - Taiga Building Products Ltd. ("Taiga" or the "Company") today reported its financial results for the three and nine months ended September 30, 2020.

## Third Quarter Ended September 30, 2020 Earnings Results

The Company's consolidated net sales for the quarter ended September 30, 2020 were \$500.7 million compared to \$358.9 million over the same period last year. The increase in sales was largely due to Taiga experiencing higher selling prices for its commodity products during the quarter. Taiga's US operations also experienced a significant increase compared to the same period last year, particularly Exterior Wood, Inc acquired in 2018 and located in Washougal, WA.

Gross margin percentage increased by 9.1% for the three months ended September 30, 2020 compared to the same period last year. These increases were primarily due to rising commodity prices and robust results experienced by Taiga's US operations.

Net earnings for the quarter ended September 30, 2020 increased to \$33.4 million from \$8.3 million for the same period last year primarily due to the increase in gross margin.

EBITDA for the quarter ended September 30, 2020 was \$50.5 million compared to \$17.2 million for the same period last year. EBITDA increased primarily due to higher margin during the period partially offset by higher selling and administration expenses.

## Nine Months Ended September 30, 2020 Earnings Results

The Company's consolidated net sales for the nine months ended September 30, 2020 were \$1,177.8 million compared to \$1,001.0 million over the same period last year. The increase in sales by \$176.8 million or 18% was largely due to the Company experiencing higher selling prices for its commodity products during the period.

Gross margin for the nine months ended September 30, 2020 increased 4.1% compared with the same period last year. These increases were primarily due to rising commodity prices and increased margin earned by Taiga's US operations.

Net earnings for the nine months period ended September 30, 2020 was \$53.2 million compared to \$20.1 million over the same period last year primarily due to the foregoing.

EBITDA was \$87.5 million for the nine months ended September 30, 2020, compared to \$44.8 million over the same period last year. EBITDA increased primarily due to higher margin during the period partially offset by higher selling and administration expenses.

## 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 outbreak and the related mitigation

measures have had the following impacts on the Company's operations, among others: sales decline of over 30% for the month of April. The Company's revenues recovered subsequent to this. However, the extent to which these events may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine the ultimate financial impacts at this time. However, the Company recognizes that there will be economic and financial challenges to be faced for the balance of the fiscal year

**Condensed Consolidated Statement of Earnings**  
For the Three Months Ended

<i>(in thousands of Canadian dollars, except for per share amounts)</i>	September 30,	
	2020	2019
Sales	500,667	358,875
Gross margin	91,515	36,497
Distribution expense	6,766	6,684
Selling and administration expense	36,898	15,415
Finance expense	1,910	2,385
Subordinated debt interest expense	218	218
Canada Emergency Wage Subsidy	(17)	-
Other income	174	(30)
<b>Earnings before income taxes</b>	<b>45,566</b>	<b>11,824</b>
Income tax expense	12,136	3,486
<b>Net earnings</b>	<b>33,430</b>	<b>8,338</b>
Net earnings per share <sup>(1)</sup>	0.31	0.07
EBITDA <sup>(2)</sup>	50,489	17,236

The following is the reconciliation of net earnings to EBITDA:

<i>(in thousands of Canadian dollars)</i>	September 30,	
	2020	2019
Net earnings	33,430	8,338
Income tax expense	12,136	3,486
Finance and subordinated debt interest expense	2,128	2,603
Amortization	2,795	2,809
<b>EBITDA</b>	<b>50,489</b>	<b>17,236</b>

For the Nine Months Ended

<i>(in thousands of Canadian dollars, except for per share amounts)</i>	September 30,	
	2020	2019
Sales	1,177,840	1,000,997
Gross margin	164,809	98,864
Distribution expense	19,404	19,612
Selling and administration expense	69,046	42,874
Finance expense	6,393	7,455
Subordinated debt interest expense	656	656
Canada Emergency Wage Subsidy	(2,919)	-
Other income	91	(122)
<b>Earnings before income taxes</b>	<b>72,138</b>	<b>28,389</b>
Income tax expense	18,947	8,247
<b>Net earnings</b>	<b>53,191</b>	<b>20,142</b>
Net earnings per share <sup>(1)</sup>	0.48	0.18
EBITDA <sup>(2)</sup>	87,494	44,800

The following is the reconciliation of net earnings to EBITDA:

<i>(in thousands of Canadian dollars)</i>	September 30,	
	2020	2019
Net earnings	53,191	20,142
Income tax expense	18,947	8,247
Finance and subordinated debt interest expense	7,049	8,111
Amortization	8,307	8,300
<b>EBITDA</b>	<b>87,494</b>	<b>44,800</b>

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, 2020 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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