



Taiga's Q3 sales increased 18.9% to \$329.8 million

BURNABY, BC, Feb. 23, 2018 /CNW/ - Taiga Building Products Ltd. ("Taiga" or the "Company") today reported its financial results for the period ended December 31, 2017.

Third Quarter Ended December 31, 2017 Earnings Results

The Company's consolidated net sales for the quarter ended December 31, 2017 were \$329.8 million compared to \$277.4 million over the same quarter last year. The increase in sales by \$52.4 million or 18.9% was largely due to increased demand for the Company's products in all segments and higher commodity prices.

Gross margin for the quarter ended December 31, 2017 increased to \$27.4 million from \$22.2 million over the same quarter last year. Gross margin percentage increased to 8.3% in the current quarter compared to 8.0% in the same quarter last year. The increase in gross margin percentage was primarily due to commodity prices appreciating in the current quarter.

Net earnings for the quarter ended December 31, 2017 were a net loss of \$15.2 million compared to a loss of \$0.2 million over the same period last year. During the quarter, there was an \$18.6 million non-cash loss on the settlement of debt as a result of the Exchange Offer.

EBITDA for the quarter ended December 31, 2017 was (\$9.1) million compared to an EBITDA of \$7.4 million for the same quarter last year. EBITDA would be \$9.4 million if the \$18.6 million loss on the debt settlement were excluded.

Taiga's board rescinds dividend policy

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. Taiga's board has adopted a new corporate strategy to focus on reinvesting capital into innovation and other growth opportunities as they arise.

Condensed Consolidated Statement of Earnings

For the Three Months Ended

<i>(in thousands of Canadian dollars, except for per share amounts)</i>	December 31,	
	2017	2016
Sales	329,821	277,408
Gross margin	27,358	22,202
Distribution expense	5,753	5,560
Selling and administration expense	13,451	10,436
Loss on debt settlement	18,570	-
Finance expense	1,140	1,150
Subordinated debt interest expense	2,534	4,087
Other income	(132)	(145)
Earnings before income taxes	(13,958)	1,114
Income tax expense	1,237	1,274
Net loss	(15,195)	(160)
Net loss per share ⁽¹⁾	(0.20)	0.00
EBITDA ⁽²⁾	(9,142)	7,425

The following is the reconciliation of net earnings to EBITDA:

	December 31,	
<i>(in thousands of Canadian dollars)</i>	2017	2016
Net loss	(15,195)	(160)
Income tax expense	1,237	1,274
Finance and subordinated debt interest expense	3,674	5,237
Amortization	1,142	1,074
EBITDA	(9,142)	7,425

There was an \$18.6 million non-cash loss on the settlement of debt due to the Exchange Offer. If this unusual item were excluded for the quarter ending December 31, 2017 than the EBITDA results would be:

	December 31,
<i>(in thousands of Canadian dollars)</i>	2017
Net loss	(15,195)
Loss on debt settlement	18,570
Income tax expense	1,237
Finance and subordinated debt interest expense	3,674
Amortization	1,142
Adjusted EBITDA	9,428

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.

The foregoing selected financial information is qualified in its entirety by and should be read in conjunction with, our audited consolidated financial statements for the nine month period ended December 31, 2017 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

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