

PRESS RELEASE

Taiga's (TBL) Q2 sales increased by 1% due to higher commodity prices offset by significant decline in April due to Covid-19

BURNABY, BC, Aug 7, 2020 - Taiga Building Products Ltd. ("Taiga" or the "Company") today reported its financial results for the three and six months ended June 30, 2020.

Second Quarter Ended June 30, 2020 Earnings Results

The Company's consolidated net sales for the quarter ended June 30, 2020 were \$356.9 million compared to \$354.7 million over the same period last year. The increase in sales by \$2.2 million or 1% was largely due to the Company experiencing higher selling prices for its commodity products during the quarter which was offset by a significant decline in sales during April 2020 as a result of Covid-19.

Gross margin for the quarter ended June 30, 2020 increased to \$42.7 million from \$34.9 million over the same period last year. Gross margin percentage was 12.0% for the three months ended June 30, 2020 compared to 9.8% in the same period last year. These increases were primarily due to rising commodity prices

Net earnings for the quarter ended June 30, 2020 increased to \$13.1 million from \$7.1 million over the same period last year primarily due to increased gross margin.

EBITDA for the quarter ended June 30, 2020 was \$23.9 million compared to \$16.4 million for the same period last year. EBITDA increased primarily due to higher margin during the quarter combined with the Canada Emergency Wages Subsidy (CEWS) reducing overall expenses.

Six Months Ended June 30, 2020 Earnings Results

Sales for the six months ended June 30, 2020 were \$677.2 million compared to \$642.1 million over the same period last year. The increase in sales by \$35.1 million or 5% was largely due to the Company experiencing higher selling prices for its commodity products during the period which was offset by a significant decline in sales during April 2020 as a result of Covid-19.

Gross margin dollars for the six months ended June 30, 2020 increased to \$73.3 million from \$62.4 million over the same period last year. Gross margin percentage for the six months ended June 30, 2020 increased to 10.8% from 9.7% for the same period last year. These increases were primarily due to rising commodity prices

Net earnings for the six-month period ended June 30, 2020 were \$19.8 million compared to \$11.8 million for the same period last year.

EBITDA for the six months ended June 30, 2020 was \$37.0 million compared to \$27.5 million for the same period last year. EBITDA increased primarily due to higher margin during the period combined with the Canada Emergency Wages Subsidy (CEWS) reducing overall 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>	June 30,	
	2020	2019
Sales	356,894	354,723
Gross margin	42,741	34,910
Distribution expense	6,238	6,775
Selling and administration expense	18,384	14,583
Finance expense	2,206	2,840
Subordinated debt interest expense	219	219
Canada Emergency Wage Subsidy	(2,902)	-
Other income	(52)	(55)
Earnings before income taxes	18,648	10,547
Income tax expense	5,500	3,512
Net earnings	13,148	7,035
Net earnings per share ⁽¹⁾	0.12	0.06
EBITDA ⁽²⁾	23,862	16,414

The following is the reconciliation of net earnings to EBITDA:

<i>(in thousands of Canadian dollars)</i>	June 30,	
	2020	2019
Net earnings	13,148	7,073
Income tax expense	5,500	3,512
Finance and subordinated debt interest expense	2,425	3,059
Amortization	2,789	2,770
EBITDA	23,862	16,414

For the Six Months Ended

	June 30,	
<i>(in thousands of Canadian dollars, except for per share amounts)</i>	2020	2019
Sales	677,173	642,122
Gross margin	73,294	62,367
Distribution expense	12,638	12,812
Selling and administration expense	32,148	27,610
Finance expense	4,483	5,070
Subordinated debt interest expense	438	438
Canada Emergency Wage Subsidy	(2,902)	-
Other income	(83)	(92)
Earnings before income taxes	26,572	16,529
Income tax expense	6,811	4,761
Net earnings	19,761	11,768
Net earnings per share ⁽¹⁾	0.18	0.10
EBITDA ⁽²⁾	37,005	27,528

The following is the reconciliation of net earnings to EBITDA:

	June 30,	
<i>(in thousands of Canadian dollars)</i>	2020	2019
Net earnings	19,761	11,768
Income tax expense	6,811	4,761
Finance and subordinated debt interest expense	4,921	5,508
Amortization	5,512	5,491
EBITDA	37,005	27,528

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 months ended June 30, 2020 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

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