



# Q4 2020 Results

Analyst & Investor Call

March 11, 2021

# Cautionary Statement

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of Dexterra Group Inc. ("Dexterra Group") or of any of its business units contained in this presentation are intended only to illustrate past performance and are not necessarily indicative of future performance of Dexterra Group or any of its business units.

## **Forward-Looking Statements**

In the interest of providing information regarding Dexterra Group, including management's assessment of Dexterra Group's future plans and operations, certain statements made and contained in these presentation materials are "forward looking information", or "financial outlook" within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). The purpose of any financial outlook is to provide disclosure regarding Dexterra Group's reasonable expectations and may not be appropriate for other purposes. Forward-looking statements are typically, but not always, identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target", "seek", "budget", "predict", "might" and similar words suggesting future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Specifically, this presentation contains forward-looking financial and operational information, including information relating to the Dexterra Group's anticipated revenues, EBITDA, free cash flow, expected capital expenditures and leverage ratios). Forward-looking statements in this presentation also include statements related to Dexterra Group's business strategies, plans and objectives, information relating to potential growth and value creation opportunities; sales opportunities in modular solutions; industry position; expectations regarding demand for the North American facilities management market; demand for beds, expected cash flow and related growth rates and stability; expectations regarding dividends paid on common shares and related growth. This information is based on current expectations and assumptions of Dexterra Group described herein in respect of certain projected financial information including the current and anticipated market conditions, industry trends remaining unchanged, the financial and operational attributes of Dexterra Group as of the date hereof and its future performance and is subject to a number of risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied in such forward-looking statements. These risks include, but are not limited to, the ability to retain clients, renew existing contracts and obtain new business; an outbreak of contagious disease that could disrupt its business; the highly competitive nature of the industries in which Dexterra Group operates; reliance on suppliers and subcontractors could have a material adverse effect on its business; profitability could be adversely affected by cost inflation; volatility of industry conditions could impact demand for its services; a reduction in the availability of credit could reduce demand for Dexterra Group's products and services; Dexterra Group's significant shareholder may substantially influence its direction and operations and its interests may not align with other shareholders; its significant shareholder's 49% ownership interest may impact the liquidity of the common shares; cash flow may not be sufficient to fund its ongoing activities at all times; loss of key personnel; the failure to receive or renew permits or security clearances; risks related to significant legal proceedings or regulatory proceedings/changes; environmental damage and liability is an operating risk in the industries in which Dexterra Group operates; climate changes could increase Dexterra Group's operating costs and reduce demand for its services; liabilities for failure to comply with public procurement laws and regulations; any deterioration in safety performance could result in a decline in the demand for its products and services; failure to realize anticipated benefits of acquisitions and dispositions; inability to develop and maintain relationships with Indigenous communities; the seasonality of Dexterra Group's business; inability to restore or replace critical capacity in a timely manner; reputational, competitive and financial risk related to cyber-attacks and breaches; failure to effectively identify and manage disruptive technology; economic downturns can reduce demand for Dexterra Group's services; and its insurance program may not fully cover losses. Additional information related to these risks and uncertainties are described in Dexterra Group's Annual Information Form dated March 10, 2021 for the year ended December 31, 2020. Additional risks and uncertainties are described in Note 22 of our Audited Consolidated Financial Statements for the year-ended December 31, 2020. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in Dexterra Group's securities should not place undue reliance on these forward-looking statements. Forward-looking statements contained in this document are made as of the date hereof and are subject to change. Dexterra Group does not assume any obligation to revise or update forward looking statements to reflect new circumstances, except as required by applicable securities laws.

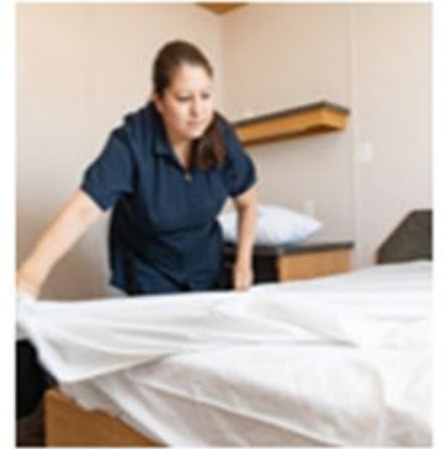
## **Non-GAAP Measures**

Certain measures in this presentation do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures and therefore may not be comparable with calculations of similar measure by other companies. Non-GAAP measures include "EBITDA", calculated as earnings before interest, taxes, depreciation, amortization, depreciation from equity investment, share based compensation, bargain purchase gain (reduction) and gain/loss on disposal of property, plant and equipment, "Adjusted EBITDA", calculated as EBITDA before transaction costs, other revenue and non-recurring items, "free cash flow", calculated as net cash flows from (used in) operating activities, less maintenance capital expenditures, payments for lease liabilities and finance costs and "net debt to EBITDA". Management believes that, in conjunction with results presented in accordance with IFRS, these non-GAAP financial measures assist in providing a more complete understanding of certain aspects of Dexterra Group's results of operations and financial performance. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with GAAP as an indication of our performance, such as net earnings and total comprehensive income. Reference is made to Dexterra Group's publicly filed documents, including our most recently filed MD&A, for a discussion of these measures. Forecast amounts for the non-GAAP financial measures disclosed here are also prepared on a non-IFRS basis. Dexterra Group does not provide reconciliations of such forward-looking measures to the most directly comparable financial measures calculated and presented in accordance with IFRS due to unknown variables and the uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value which may be inherently difficult to determine, without unreasonable efforts. The non-GAAP measures are regularly reviewed by the Chief Operating Decision Maker.

# Bill McFarland

Board of Directors Chair

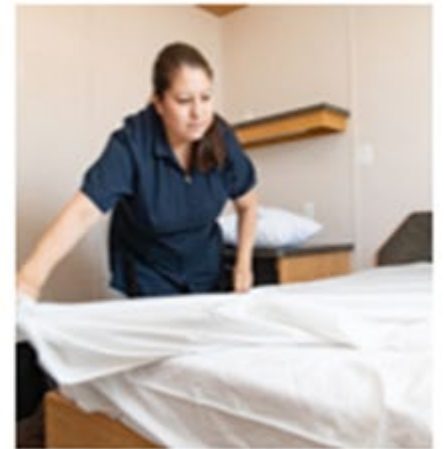
---



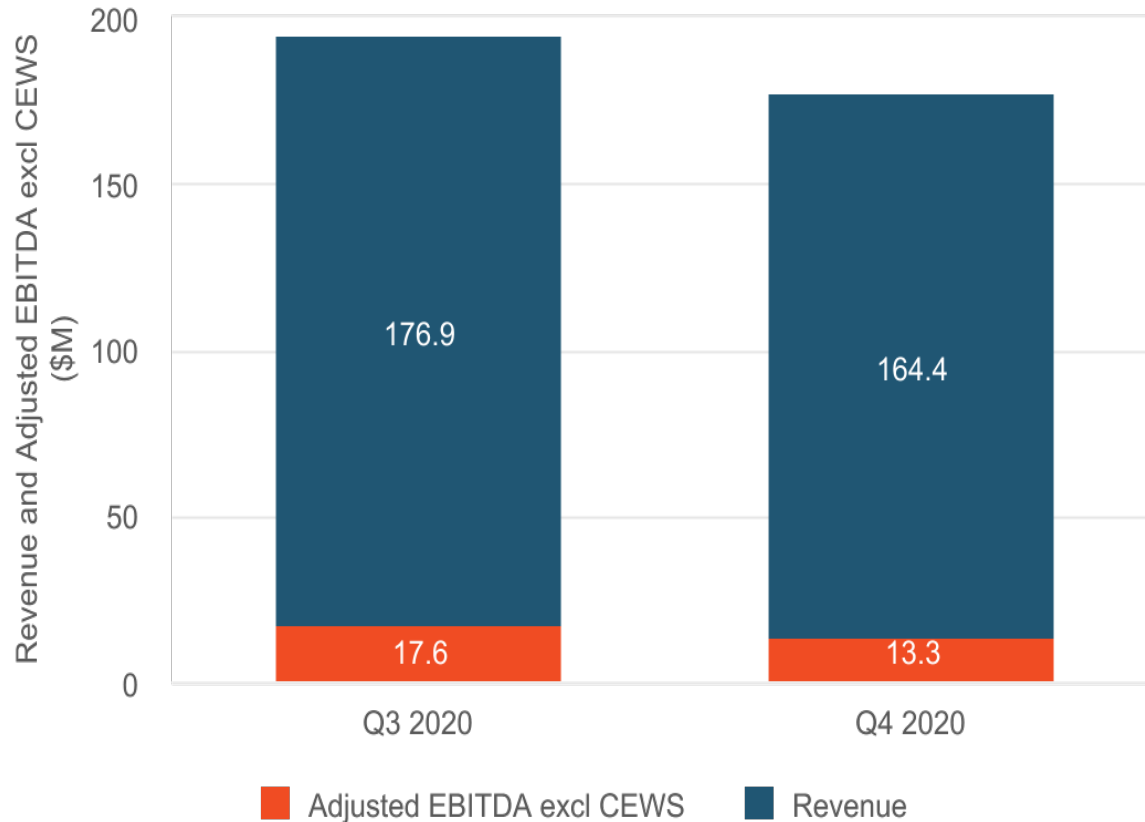
# John MacCuish

Chief Executive Officer, President of Facilities Management

---



# A solid quarter in a challenging business environment



## Q4 Results

- Solid performance for the quarter, impacted by seasonality.
- Immediate opportunities in Modular social housing; Challenging for Facilities Management and WAFES.
- New customers in FM & WAFES in the quarter.
- Committed to keeping our clients and customers safe.

## Business Combination Update

- 2020 was about building the right platform for the future: small head office & high performance culture.
- Stabilize & building workforce post merger.
- Bringing on new talent.
- Ready for accelerated growth post-Covid19.
- ESG Report published on company website March 10th

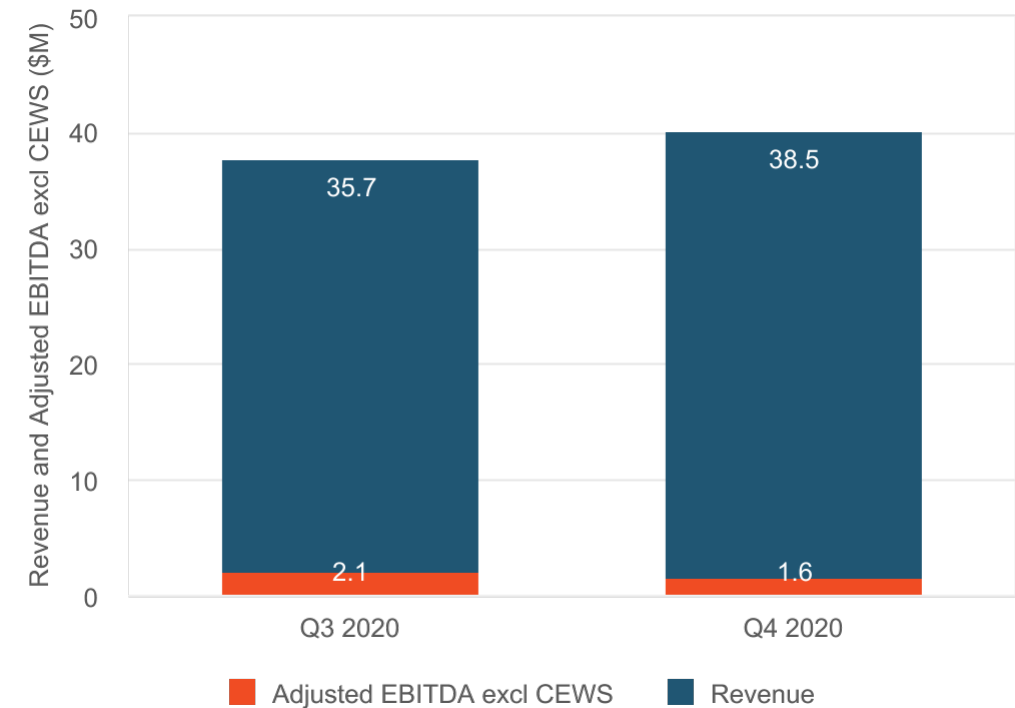
# Facilities Management

***Attractive, Stable Facilities Management business with a national presence and diversified client base.***

- Improving margins remains a focus:
  - Balancing cost reductions with resources for return to normal and growth
  - Focused on labour efficiency & cost
  - One time restructuring in Q4
- Engaged with clients on evolving plans for 2021 and opportunities where we can add more value.
- Focusing pursuits on public and institutional sectors.
- New Business:
  - Quoting activity has finally re-opened
  - Line of sight to over \$300M of annual revenue to competitively bid in the next three years
  - Expect bids in 2021 worth \$200M annual revenue
  - New wins in Q4 2020
  - Airport & retail revenue impact is >\$10M per quarter
  - Focused on diversification

**dexterra**

## Q4 Business Unit Results





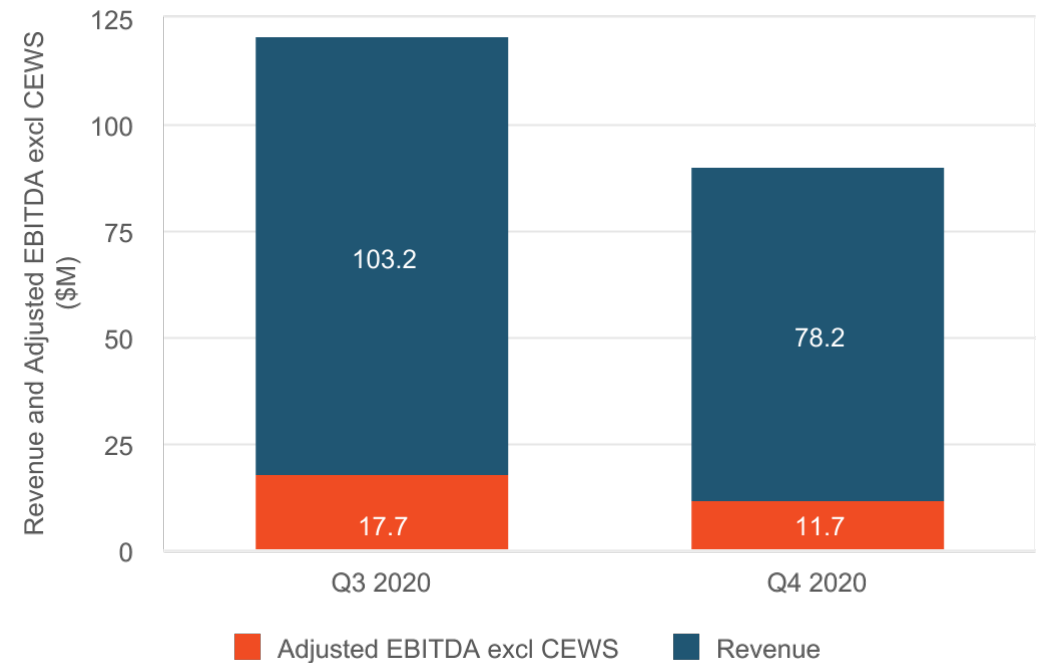
# Workforce Accommodations, Forestry, Energy Services

*A diversified Support Services business providing a reliable foundation of revenue and profitability*

- Expected decrease in Q4 revenue and EBITDA when compared to Q3 2020 due to normal seasonality in forestry and lower camp occupancy due to December seasonality.
- Lower camp occupancy in H1 2021 driven by COVID-19 and related BC government restrictions mostly offset by contract wins in Eastern Canada mining operations.
- Expect strong rebound in H2 as the pandemic and government restrictions ease, improving energy and continued mining sector strength.
- Energy services cyclical, tied to market activity and timing of projects, remains profitable.
- Successful re-bids secured early in 2021.



## Q4 Business Unit Results



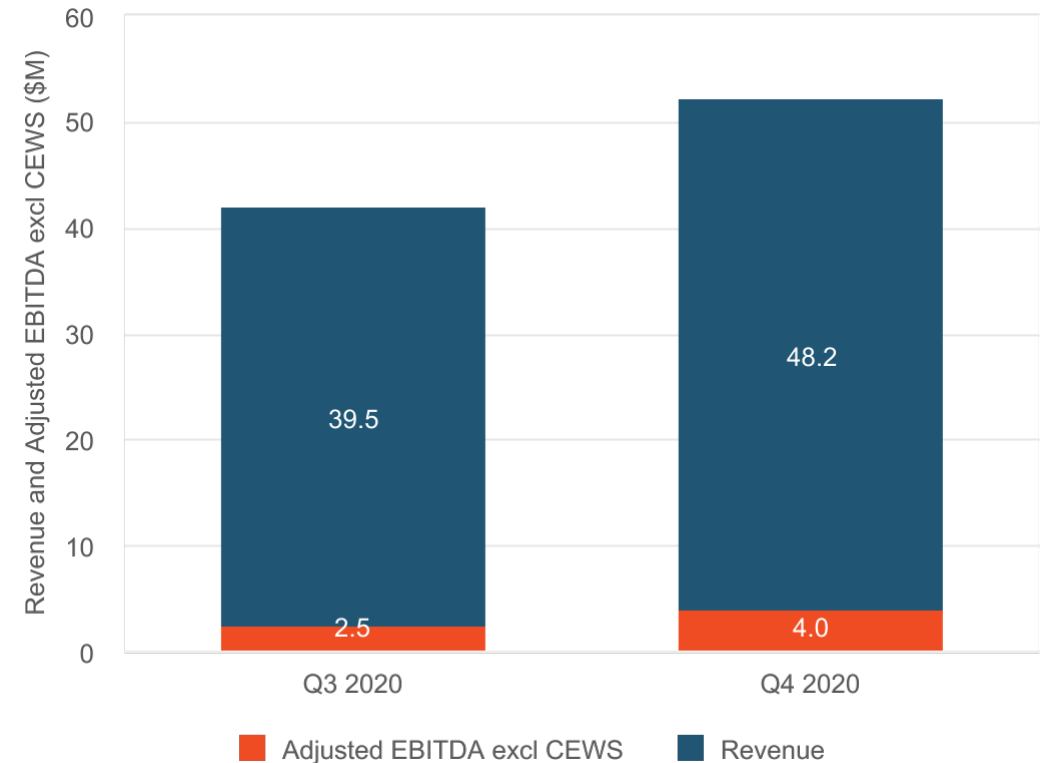
# Modular Solutions

***National Modular Solutions business well positioned for growth with established presence in key end-markets.***

- New president – Dawn Nigro – fresh look at operations & future opportunities to diversify.
- Improving performance:
  - Streamlining operations and maximize plant utilization
  - Focused on cost improvements
- Positive momentum for modular-built social housing programs – CMHC's \$1 billion for Rapid Housing Initiative:
  - Strong relationships with BC government, City of Toronto and expanding relationships
- Investing in additional plant capacity in Cambridge, Ontario with production capacity exceeding \$100 million annually. The facility will be operational by the end of Q2 2021 and requires a capital investment of \$7 million.
- Current social housing backlog<sup>(1)</sup> of \$61M and a recurring modular business outside of social housing of \$40M; Pipeline of approx. \$300 million in high potential projects over the next 12 – 18 months.



## Q4 Business Unit Results



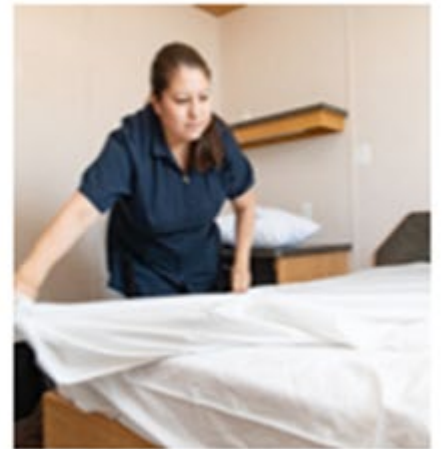
(1) Backlog is the total value of work that has not yet been completed that: (a) has a high certainty of being performed based on the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Dexterra Group, as evidenced by an executed letter of award or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured and expects to be recognized in the next 12 months.



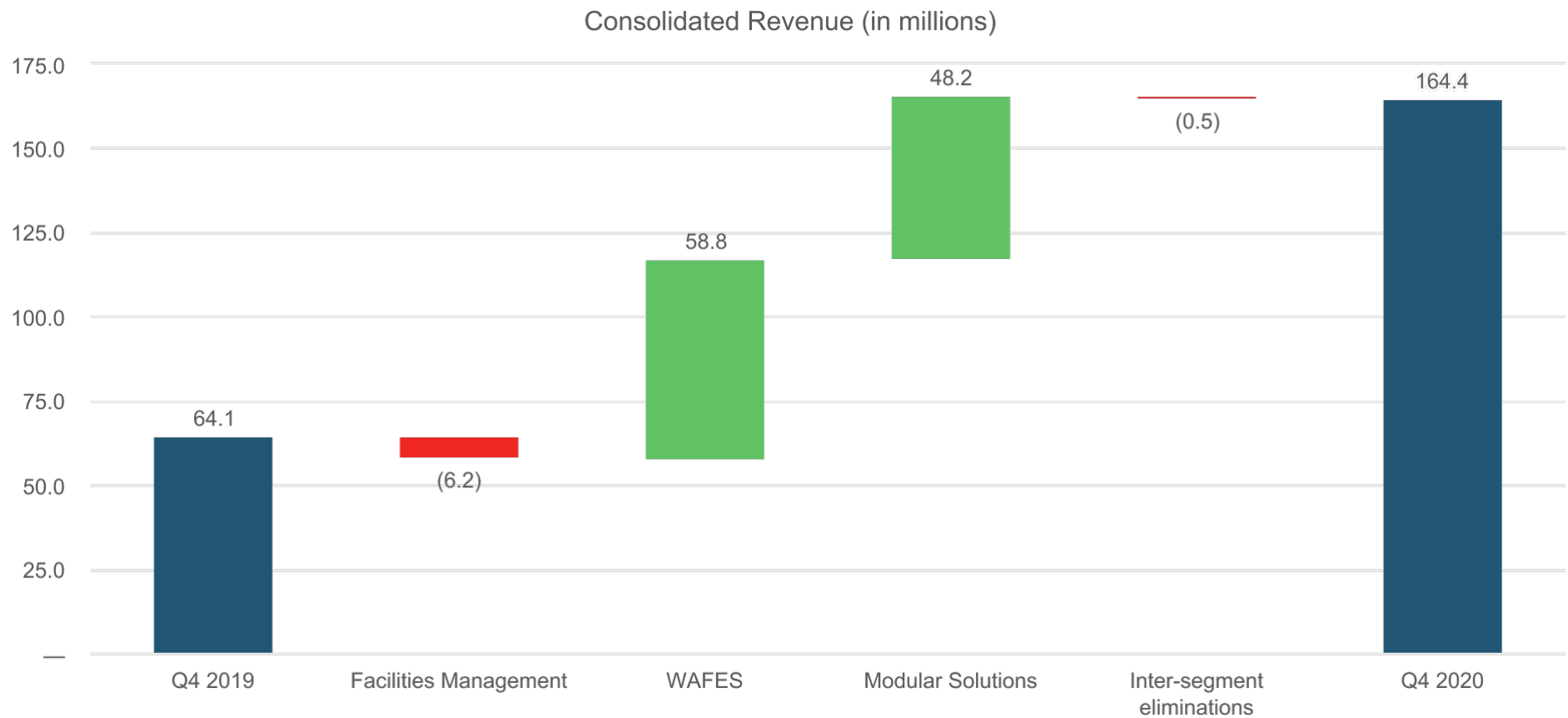
# Drew Knight

Chief Financial Officer

---



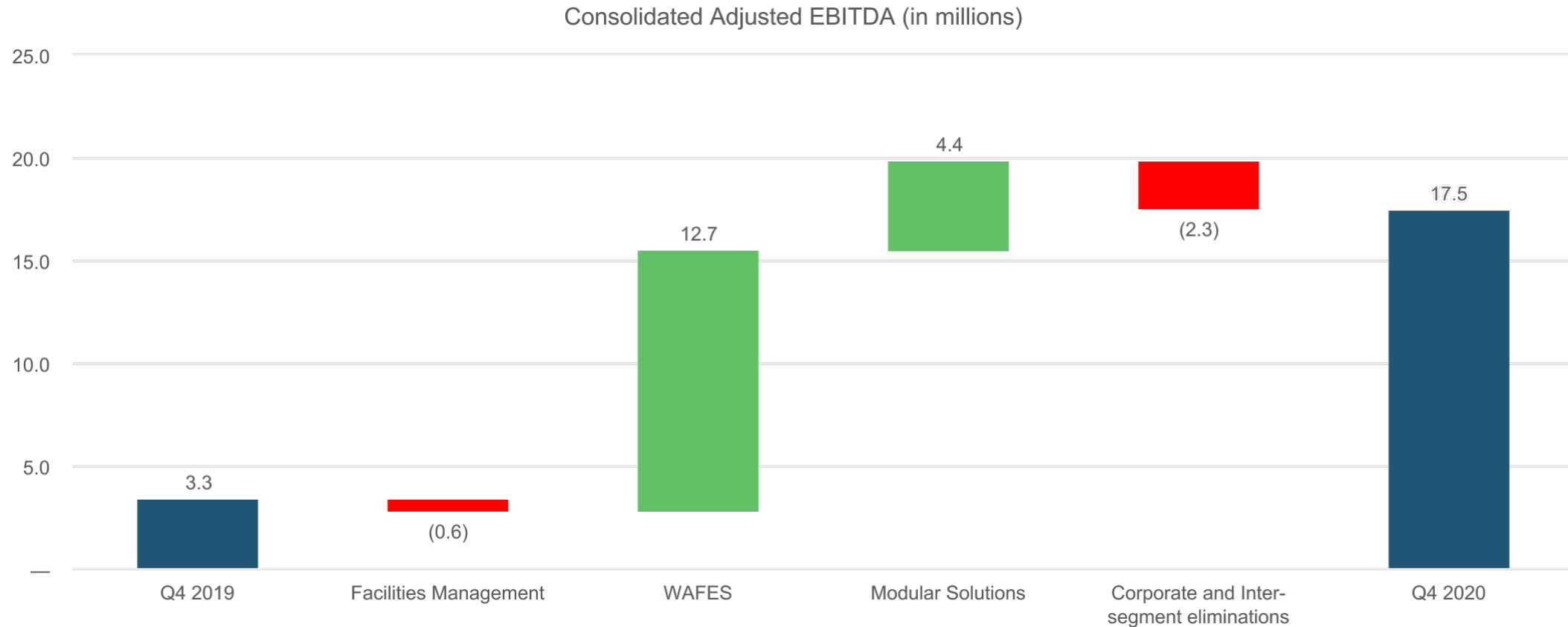
# Consolidated Revenue Reconciliation



Revenue for Q4 2020 was \$164.4 million, which was \$100.3 million higher when compared to Q4 2019.

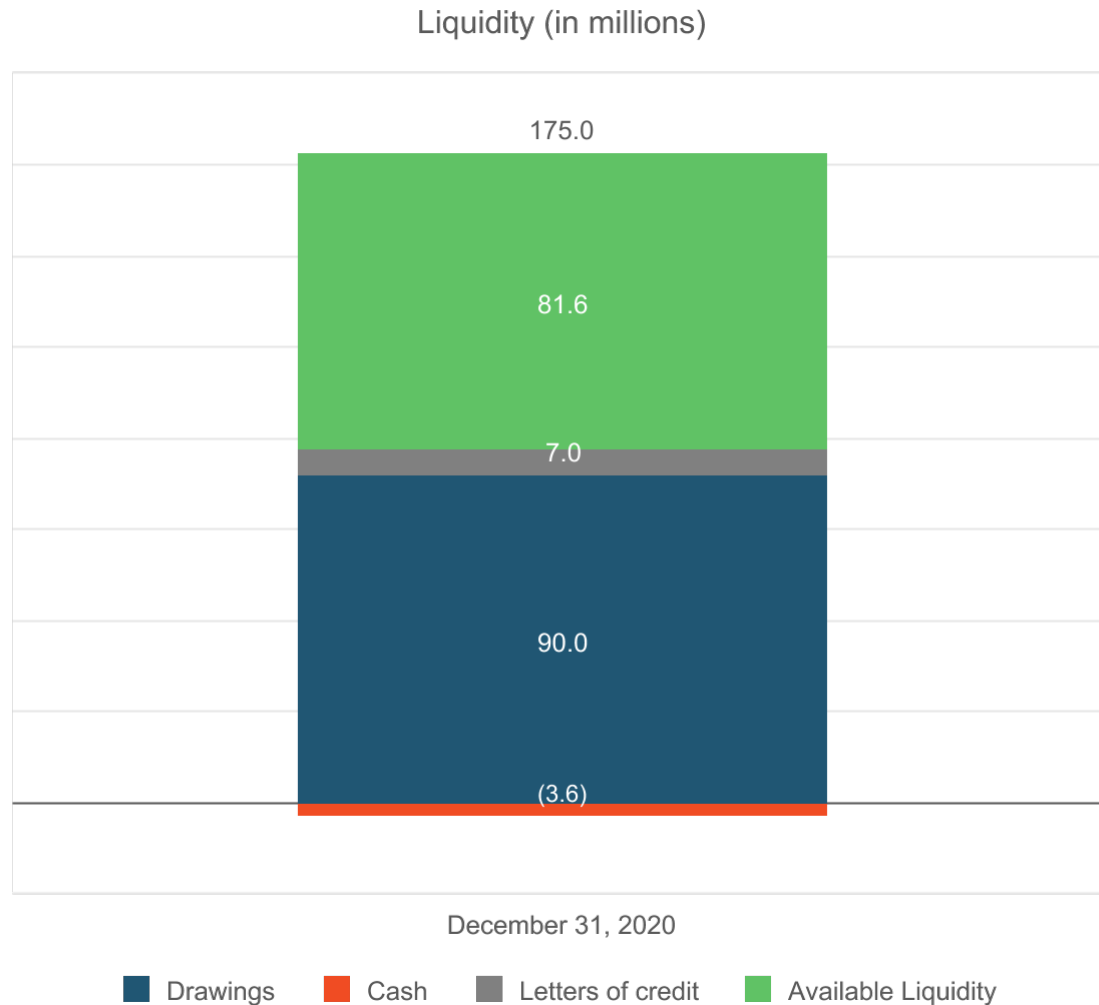
The increase is attributable to the merger and the strong performance in Modular Solutions along with resilience in both Facilities Management and WAFES.

# Consolidated Adjusted EBITDA Reconciliation



Adjusted EBITDA increased by \$14.2 million from Q4 2019 and was positively impacted by \$4.2 million from the CEWS program in Q4 2020 (Facilities Management \$1.0 million, WAFES \$2.7 million, Modular Solutions \$0.4 million, Corporate \$0.1 million).

# Financial Leverage & Liquidity



- Dexterra Group's financial position and liquidity are strong, with \$81.6 million in liquidity at December 31.
- Free cash flow of \$64.0 million generated in 2020.
- Net debt reduced from \$138 million to \$85 million since the merger.
- Debt to LTM EBITDA is 1.04x.
- Capital light discipline for \$5M maintenance CapEx going forward.
- Quarterly Dividend of \$4.8M to grow post-Covid19.

# Path Forward Q1 2021 and Beyond in Summary

- Modular in strong position to capitalize on the surge of affordable housing projects nationwide:
  - Awarded (contracts pending, not backlog yet) next 3 buildings for CreateTO for back half of 2021 with further bids upcoming in Toronto & across Ontario.
  - BC Housing continues to award significant new projects.
- WAFES impact in first half from COVID-19 has shifted timing on clients' West coast projects but expected to rebound strongly in H2 2021 & 2022.
- Facilities Management's strong growth prospects starting in H2-2021, but with improved margins in Q1.
- CEWS funding is decreasing but will partially offset margin erosion from loss of revenues.
- Tax strategies have been implemented to save cash taxes of \$5M in 2021-2022.
- Debt reduction will pause temporarily in Q1 primarily due to Modular plant and seasonality.

## Ongoing Focus:

- Capital Light
- Decentralized model with small center
- Disciplined Approach
- Client Focused
- Plan for \$1 billion in revenue and \$100 million in EBITDA in the medium term.

## Question & Answer Period

**Questions** 