



# Investor Presentation

September 2021

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*This information is based on current expectations and assumptions of Horizon North and Dexterra described herein in respect of certain projected financial information regarding the combined entity including the anticipated benefits of the business combination, current and anticipated market conditions, industry trends remaining unchanged, the financial and operational attributes of Horizon North and Dexterra as of the date hereof and the future performance of the combined entity and is subject to a number of risks and uncertainties that could materially affect future results. These risks include, but are not limited to, that anticipated synergies do not materialize as planned or at all, general economic risks and uncertainties, future commodity prices, exchange rates, interest rates, geological risk, political risk, regulatory approval risk, demand for commodities, including oil and gas, transportation restrictions, risks associated with changes in tax, royalty and regulatory regimes and risks associated with cross-border activities. Additional risks and uncertainties in respect of Horizon North are described in Horizon North's Annual Information Form dated March 11, 2020 for the year ended December 31, 2019, as well as Horizon North's Management's Discussion and Analysis ("MD&A") dated May 11, 2020 and Dexterra's MD&A dated May 26, 2020, all of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com). Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in Horizon North'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. Neither Horizon North nor Dexterra assume any obligation to revise or update forward looking statements to reflect new circumstances, except as required by applicable securities laws.*

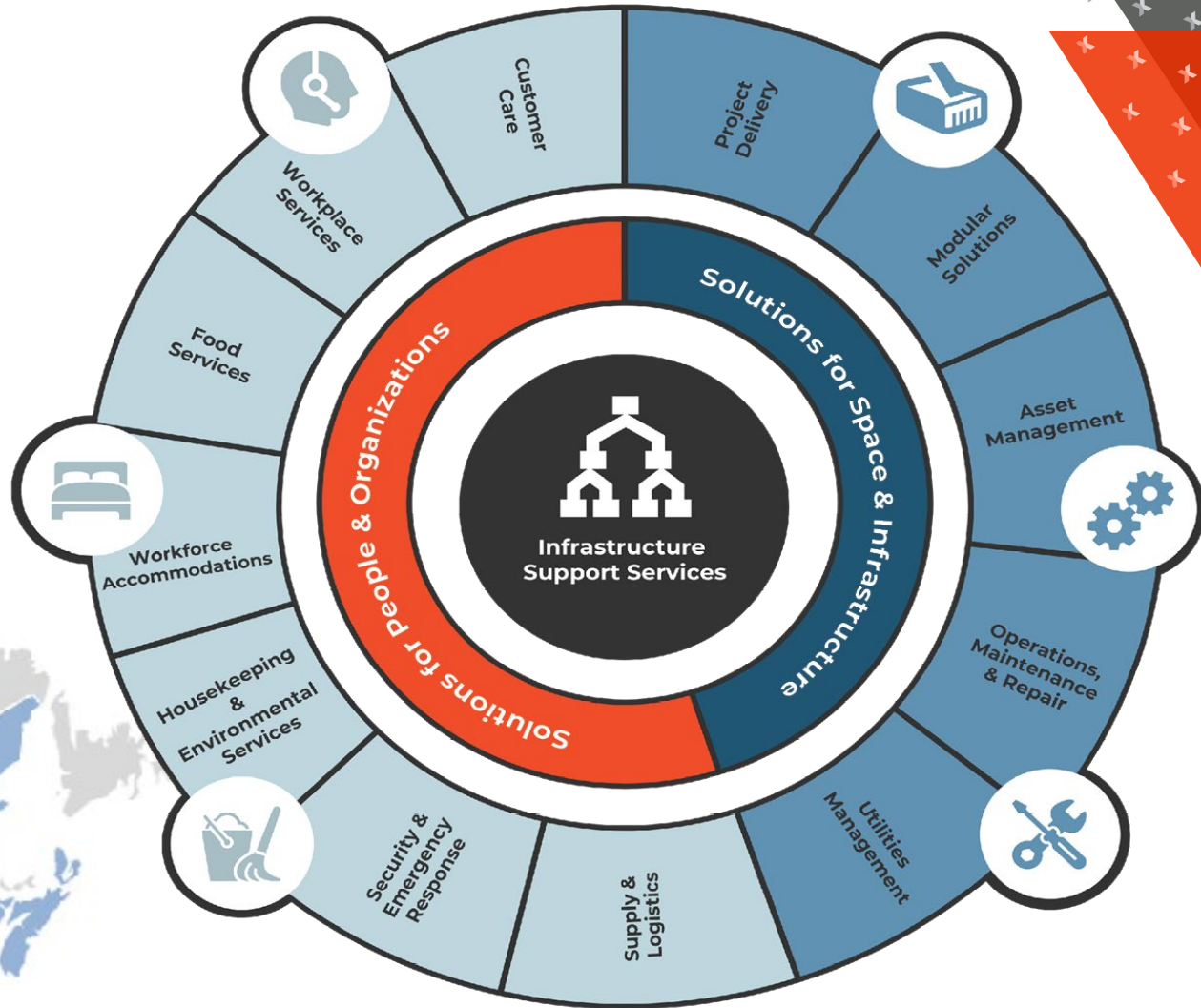
*This presentation contains certain non-GAAP measures, including net debt, EBITDA, net debt to EBITDA and free cash flow, that are not determined in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These measures as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with calculations of similar measures by other companies. 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 Horizon North'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 IFRS as an indication of our performance. Reference is made to Horizon North'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. We do 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.*

# Creating a Support Services Champion

**Diversified platform with broad geographic and industry end-market exposure with a medium-term objective to grow to over \$1 billion of revenue and \$100 million of EBITDA**

## Strategic Principles

- Drive **sustainable, profitable growth** over the **long-term**
- Focus on **capital-light support services** where quality of people and methods is critical to success
- **Disciplined** approach to capital allocation and fiscal management
- Adopt a decentralized approach to overhead with **small head office** and **nimble, accountable** business units and operations teams
- Be **client-centric** in the development and delivery of products and services
- Sustain competitive advantage through: the attraction, retention, and development of **high-quality people**; embracing **innovation** including the smart application of **technology**; and **intelligent partnerships** with strategically relevant stakeholders
- Embrace the principles of **continuous improvement** and commitment to being a **high-performance organization**
- Provide strong returns to shareholders and a growing dividend

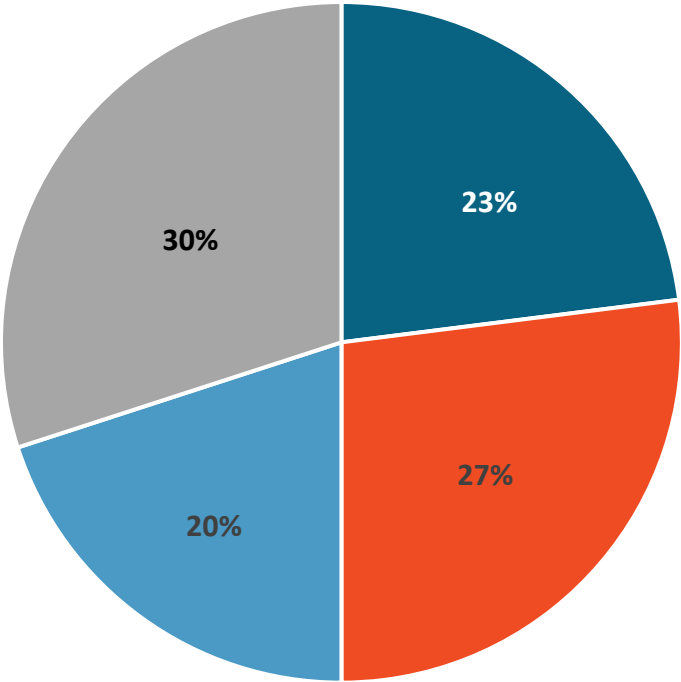


# Principal Business Segments

- Integrated Facilities Management (“FM”)
- Modular Solutions
- Workforce Accommodations, Forestry & Energy Services (“WAFES”)

## Current Mix

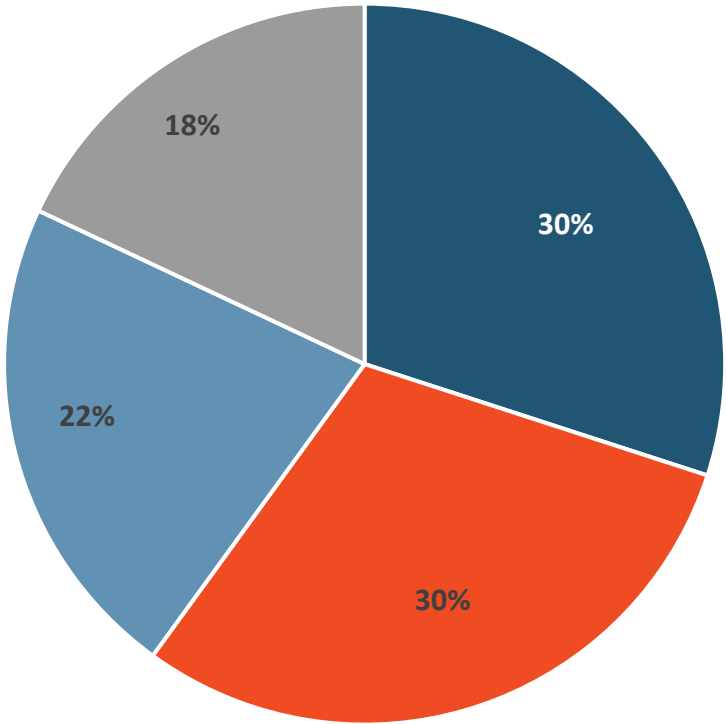
2021 Revenue Mix Today



■ FM   ■ Modular   ■ WAFES Support Services   ■ WAFES Asset Services

## Near Future

\$1B Revenue Mix



■ FM   ■ Modular   ■ WAFES - Support Services   ■ WAFES - Asset Services

# Facilities Management

*Attractive, stable business with a national presence and diversified client base.*

## Impact of COVID-19

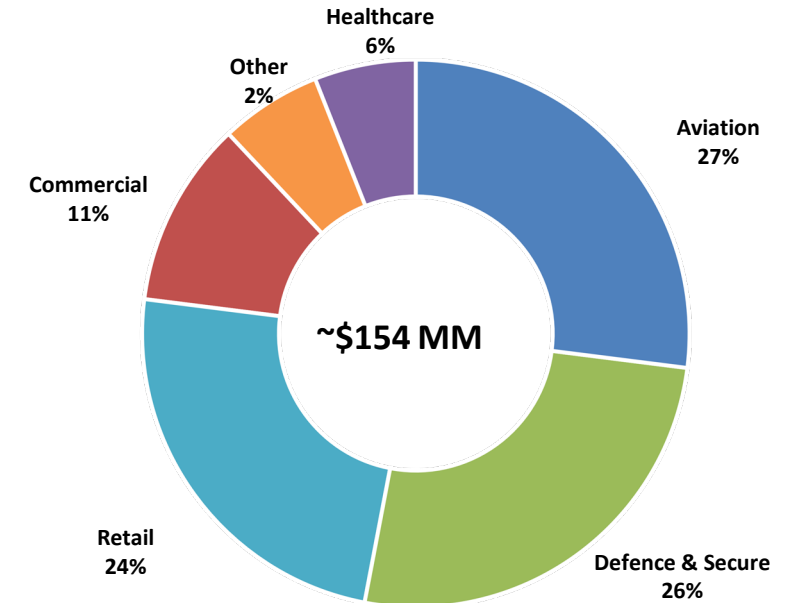
- Temporary decrease in FM service-levels. Clients in the aviation and non-essential retail sectors have been significantly affected (>\$10M revenue decline per quarter), while defense and other government clients have limited impact.

## Growth and Performance

- Stronger sustainable margins due to better project management & operational improvements.
- Building scale is a priority:
  - Robust quoting activity – upcoming bids worth nearly \$200million annually.
  - M&A potential
- Maintained key staff & hired resources to execute on new business growth.
- Engaged with clients on evolving plans for 2021 and opportunities where we can add more value.

**dexterra**

## Revenue by End-Market – YTD 2021 annualized



Other\* - Industrial, Hospitality & Entertainment, Education, and other Government

# Modular Solutions

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

## Impact of COVID-19

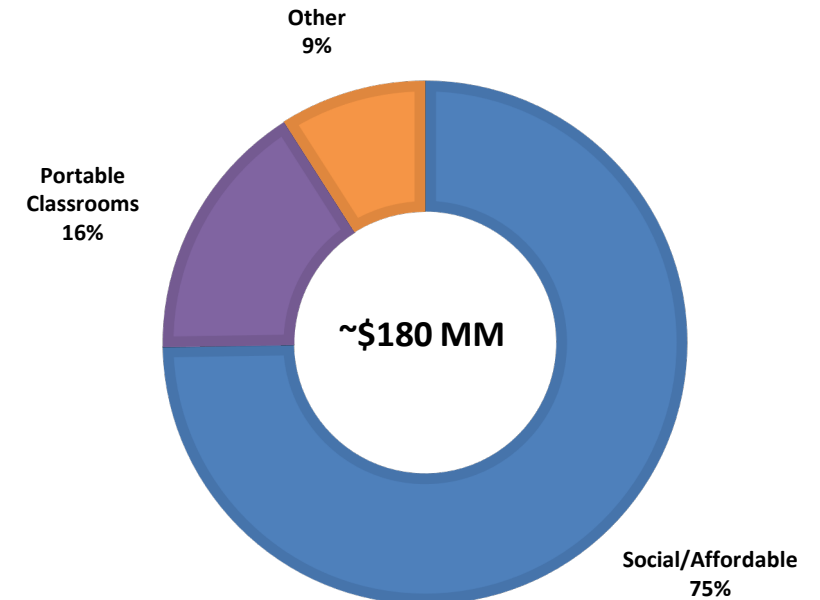
- Outbreak has highlighted the need for safe, quality, affordable housing for vulnerable populations.
- Government funding has increased growth prospects, esp. the \$2.5B funding from CMHC for rapid housing - RFP's have accelerated in 2021.

## Growth and Performance

- Cambridge plant operational and was completed on time and under budget
- Pipeline of housing and other projects is growing. Pipeline for rapid affordable housing estimated at \$140 million as at Q2 2021 compared to \$109 million at Q1 2021
- Improved margin for Q2 2021 compared to Q1 2021 mainly due to efficiencies
- Revenue and EBITDA growth expected in back half of 2021 and 2022



## Revenue by End-Market – YTD 2021 annualized



# Workforce Accommodations, Forestry, Energy Services

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

## Impact of COVID-19/Commodity Markets

- Resources markets affected through isolated outbreaks, government mandated shutdowns, and decreased demand for underlying commodities.

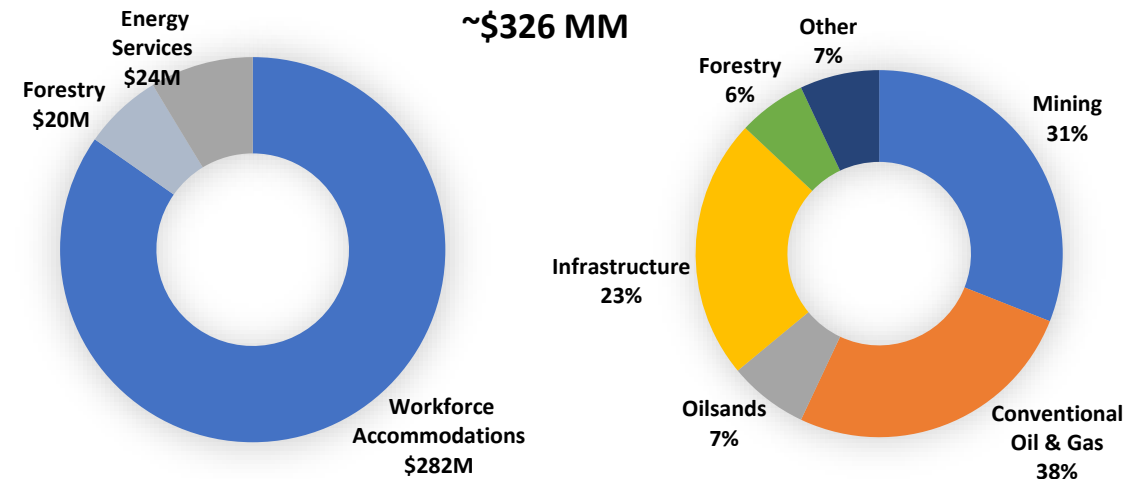
## Growth and Performance

- Several BC camps restarted in June and higher occupancy expected to continue in back half of 2021 and 2022
- Continued strong performance in Eastern Canada
- New significant win of support services with major oil sands customer launches in Q3 2021
- Solid Forestry results and Energy Services rebounding
- Very strong revenue growth expected in back half of 2021 and into 2022
- Success selling asset light support services and continuing to focus on those opportunities

horizon north

OUTLAND

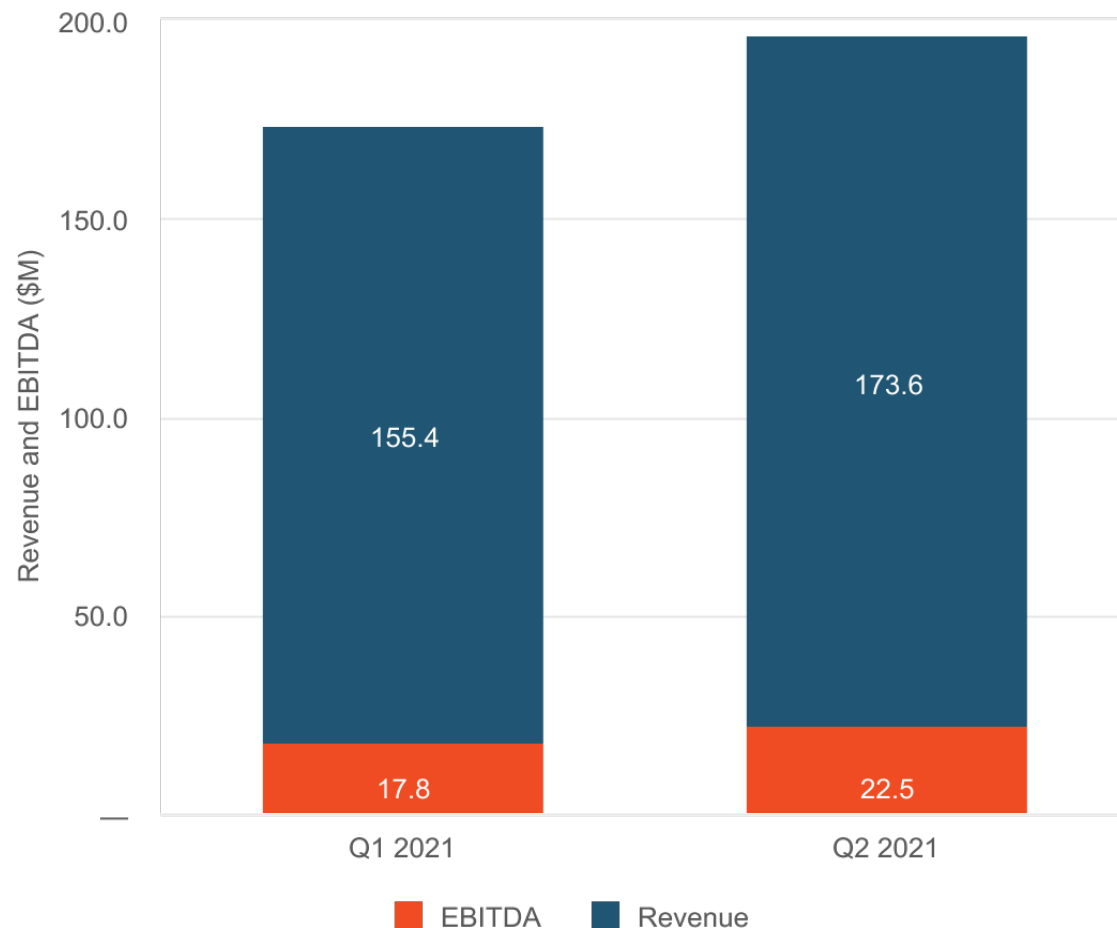
## Revenue by Division and End-Market –YTD 2021 annualized



\*Other revenue segment includes: Government, Education, Asset Sales



# Strong Q2 results with rebounding business activity levels

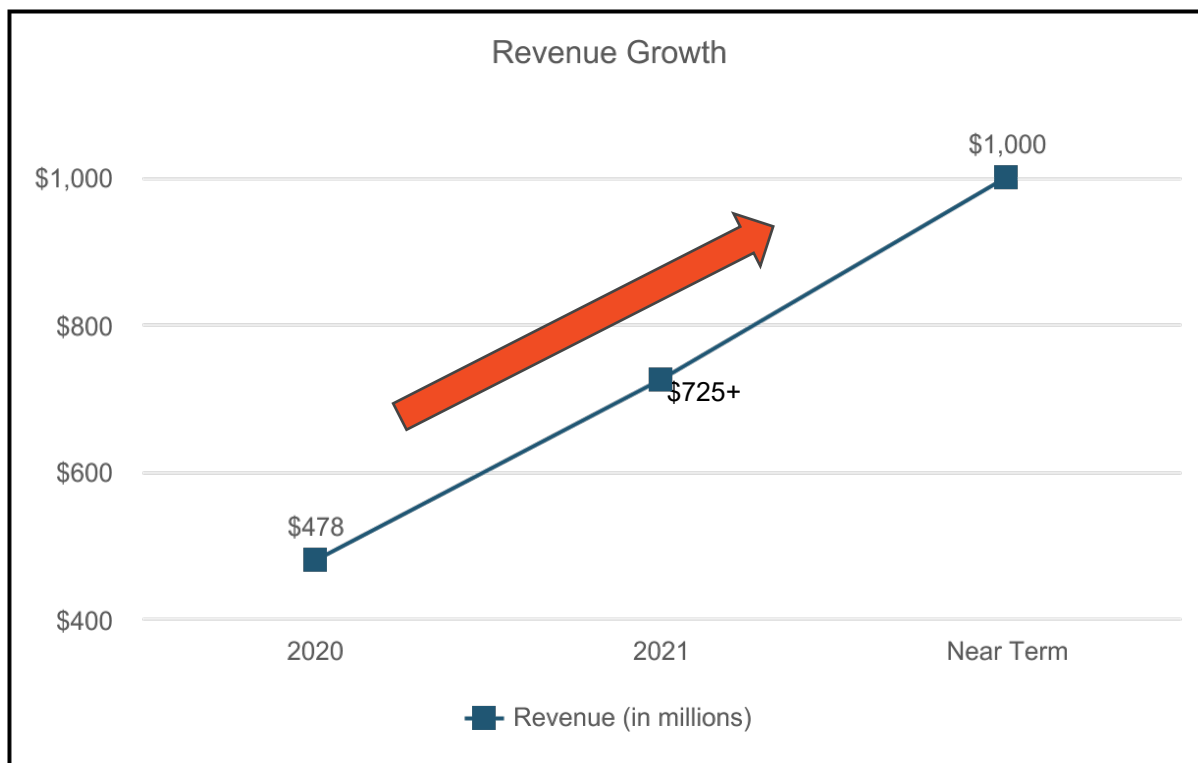


## Q2 Results

- Strong performance for the quarter. Improved results from Q1 2021 with reduced pandemic impact:
  - Modular revenue & EBITDA increased at double digit rates over Q1 2021 with a strong pipeline of rapid affordable housing projects
  - Improved camp utilization in June and solid forestry results increased revenue and EBITDA margins in WAFES
  - IFM margins strong; Airports & retail will gradually return to pre-pandemic levels over next several quarters
- Committed to keeping our clients and customers safe



# Financial Leverage & Liquidity



- Financial Position and liquidity of the Company are strong
- Access to significant unused credit facilities -- new bank deal with increased capacity closed in Q3.
- Debt balance as at June 30, 2021 is \$72 million or < 1x EBITDA
  - Leverage ratios could exceed 2x EBITDA as required for Acquisitions and organic growth
- Free cash flow of \$14.9 million generated in Q2 2021
- Quarterly Dividend increased to \$0.0875 per share for September 30, 2021 – yield is approximately 4.5%

# Path Forward: 2021 and Beyond

- **Facilities Management:**
  - Upside in remainder of 2021 and 2022 for airports & retail
  - Brisk bidding activity
  - Active M&A program
- **WAFES:**
  - Strong WAFES results in Q3 2021 and onward complimented by the Kitimat lodge re-opening in 2022
  - New oil sands support service contract commences in Q3 2021
  - Resource activities are rebounding based on commodity pricing
  - Strong national brand and growth opportunities
- **Modular:**
  - Strong affordable housing pipeline to drive growth in back half of 2021 and into 2022
  - Strong school portable season in 2021 and planned for 2022
  - Solid foundation and will diversify product portfolio over time
- **Corporate:**
  - Tax planning opportunities with loss carryforwards already accrued will preserve cash
  - Valuation multiple is considerably lower than larger contemporaries

## Our Ongoing Focus

- National Support Services Champion
- Customer focused
- Capital Light - depreciation shrinking: Q2 2021 down \$0.4 million vs. Q1 2021
- Decentralized operating model with small corporate overhead
- Discipline with capital investments – sweat our assets
- Grow organically & via M&A to deliver medium term plan for \$1 billion in revenue and \$100 million in EBITDA

**Questions** 

