

## MARKET STATISTICS

Exchange / Symbol	TSX: BDI
Price (CAD):	\$4.09
Market Cap (CAD \$M):	\$246.9
Enterprise Value (CAD \$M):	\$436.3
Shares Outstanding (M):	59.5
Float:	74.3%
Volume (3 Month Average):	62,715
52 Week Range (CAD):	\$3.15-\$5.65
Industry:	Industrials

## BALANCE SHEET

(CAD\$M, except per sh data)

Balance Sheet Date:	03/31/21
Total Cash:	\$3.9
Total Assets:	\$528.1
Debt:	\$183.0
Equity:	\$247.7
Equity per share:	\$3.98

## CONDENSED INCOME STATEMENT

(CAD\$M, except per sh data)

FY - 12/31	Rev	EBITDA	Net Inc.	EPS
FY20	\$179.9	\$40.6	\$(3.5)	\$(0.06)
FY21	\$339.6	\$64.0	\$20.4	\$0.34
FY22E	\$290.9	\$71.0	\$17.9	\$0.30

## LARGEST INSTITUTIONAL HOLDERS

Kernwood Limited	7,167,400
Trevor Haynes; Claryn Equities	4,149,254
Dimensional Fund Advisers	1,883,100
Edward Kernaghan	1,498,600
Steven Stein	1,017,540
Industrial Alliance Invst Mgmt	741,584
Robert Wagemakers	645,311
AGF Management Ltd	315,400
Edward Redmond	262,671

## STOCK CHART



## COMPANY DESCRIPTION

Black Diamond Group Limited is a specialty rental company that rents and sells modular workspace and remote workforce accommodations solutions from 27 strategic locations across Canada, the United States, and Australia. The Company operates in two segments: Modular Space Solutions, which provides office units, lavatories, storage units, multi-unit office complexes, and classroom facilities and Workforce Solutions, which provides temporary and intermediate-stay workforce housing and lodging equipment. The Company provides services to a wide array of industries including construction, mining, power, oil, natural gas, engineering, military, government, and education. The Company was founded in 2003 and is headquartered in Calgary, Alberta.

## SUMMARY

- **Improving profitability through scale** – BDI has continued to expand its Modular Space Solutions (MSS) rental fleet through investment into new units and acquisitions of existing fleets. The Company is targeting net fleet growth in MSS of approximately 10% per year and is on track to double the rental fleet from 2019 to 2023.
- **Robust market dynamics in specialty rental** – In the current inflationary environment, the asset rental space can be an attractive hedge for investors. The Company has seen strong pricing traction in its MSS segment with average rental rates up 9% y/y on a constant currency basis. Further, utilization in the MSS business remains at or near all-time highs and is a function of strong markets and execution across the Company's diversified rental platform.
- **Significant operating leverage** – The Company has a significant amount of underutilized assets in the workforce segment and has shown the ability to mobilize and deploy assets into mining and disaster recovery projects over the last several quarters. Utilization in Workforce Solutions (WFS) has improved to 48% in Q1F22 from 36% in the comparative year.
- **Value added products & services** – The Company is continuing to increase rental revenue and margins by offering customers additional onsite services, and auxiliary rental options. Value Added Products & Services (VAPS) revenue has continued to grow steadily. The VAPS % of rental revenue has seen a modest decline owing to a sizable acquisition (Vanguard) in late 2020 which did not provide much in the way of VAPS. This, however, provides an opportunity to drive additional VAPS revenue through the acquired Vanguard assets.
- **LodgeLink market traction** – BDI has developed an online digital marketplace and workflow software for companies that require accommodation solutions for work crews in the U.S. and Canada. The Company has been rapidly scaling the platform and most recently reported 642 unique customers and approximately 7,300 properties which represented approximately 697,000 rooms of capacity. In Q1F22, LodgeLink room bookings grew 55% y/y to 76,253.
- **Disciplined capital expenditure approach** – BDI is focused on growing its current fleet and services using cash from current operations and the sale of underutilized assets. This strategy should help maximize efficiency and increase cash flow over time. The Company reported free cashflow before discretionary growth capex, of \$13.5M for Q122, which represents an annualized FCF yield of ~20%.
- **Geographic & customer diversification** – The Company currently conducts business throughout 27 strategic locations in Canada, United States and Australia with plans to continue expanding through establishment of additional branches and growth of existing fleets. The Company's revenue mix is diverse with the largest concentration coming from the construction sector at roughly 26% in Q122, followed by power & energy infrastructure at roughly 21%. The MSS segment alone, rents to over 2,000 different customers.
- **Valuation** - Using a sum-of-the parts multiple analysis, we arrive at a valuation a range of \$6.75 to \$10.25, with a mid-point of \$8.50. Additional details are on page 7.

## BUSINESS OVERVIEW

Black Diamond is a specialty rental company that rents and sells modular buildings and remote workforce accommodation and housing solutions throughout Canada, U.S., and Australia. The Company provides an array of products and services to a wide spectrum of industries. These industries include construction, mining, power, oil, natural gas, engineering, financial institutions, military, government, and education sectors. The Company currently operates in 27 locations across these three countries, with plans to continue to expand into other geographic locations.

Exhibit 1: Geographic Diversification



Source: Company Reports

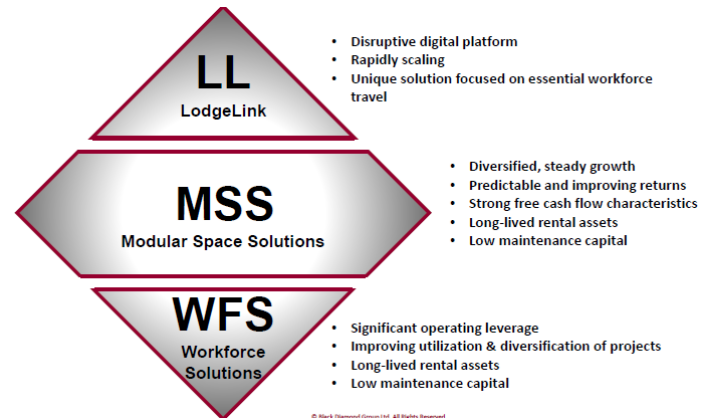
Black Diamond was founded in 2003 by a small group of individuals who acquired 12 rental units for remote work camps in Western Canada. The Company went public on the Toronto Stock Exchange in 2006. Black Diamond expanded into the United States in 2009 and Australia in 2012. After an internal restructuring in 2017, the Company combined four different business segments into two: Modular Space Solutions (MSS) and Workforce Solutions (WFS).

The MSS business segment offers diversified structures for general office purposes including single wide office units, lavatories, storage units, multi-unit office complexes, classroom facilities, high security modular buildings, and blast resistant structures. These turnkey products are designed for use in either temporary or permanent capacities with the opportunity to rent additional items such as furniture and office equipment.

The Company's goal is to grow its MSS fleet while retaining attractive utilization and rental rates. To accomplish this, the Company is committed to keeping a high-quality fleet, selling off nonproducing assets and developing quality long-term relationships with its customer base.

In November 2020, to further its goal of increasing its MSS fleet, Black Diamond made a significant US\$62M (acquisition price includes ~ US\$3M of deferred receivables) acquisition of Vanguard Modular Building Systems. The acquisition increased scale, geographic diversity via its Southeastern US footprint, and additional product diversity as Vanguard has expertise in the serving the Education vertical through classroom rentals.

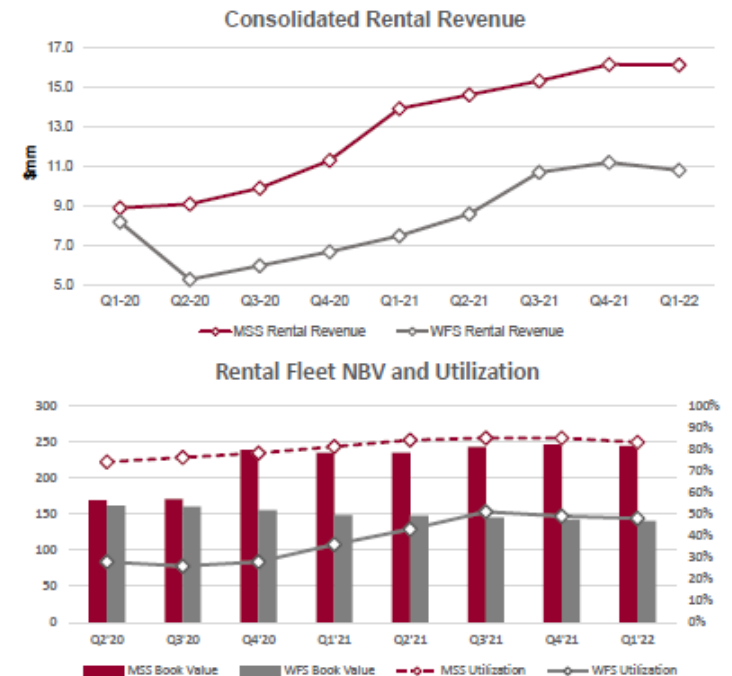
Exhibit 2: Black Diamond Business Units



Source: Company Reports

The WFS segment provides temporary accommodation and lodging for workers in remote locations or locales where appropriate lodging is not available. Black Diamond can deliver and install ancillary products such as kitchen/diner complexes, recreation facilities and utility assets wherever the customer needs. The WFS segment also consists of LodgeLink, an online marketplace for remote lodging that connects remote accommodation providers with workforces and companies that require lodging. LodgeLink was launched in 2017 and is quickly scaling and gaining traction.

Exhibit 3: Black Diamond Business Unit Trends



Source: Company Reports

Black Diamond's management team consists of industry veterans with a wide array of experience and expertise in remote services, asset management and project execution. The Company is led by its CEO and co-founder, Trevor Haynes, who has been responsible for the

growth of Black Diamond from the original site to the 27 locations today. Mr. Haynes has over 30 years of experience in the workforce accommodation, energy services, and modular building industries. He has also launched several successful construction and energy services companies. In addition to Mr. Haynes, Toby LaBrie, the company's CFO, has been with the Company since 2009 and is responsible for cost control measures, evaluating capital structure, and efficiently minimizing tax and interest expenses.

### MODULAR SPACE SOLUTIONS (MSS)

The MSS business has a network of branches in key geographic areas across North America that provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, large multi-unit office complexes, classroom facilities, and blast resistant structures. The segment has grown through organic growth as well as acquisitions. Brand names include BOXX Modular, Britco, MPA Systems, and Schiavi.

*Exhibit 4: MSS Products*



*Source: Company Reports*

The MSS segment serves a diversified client base that operates in the construction, real estate development, manufacturing, education, healthcare, financial, government, defense industries, and various companies relating to the resource industry. As one of these companies moves into a new location for a job, or expands within an existing job, demand increases for additional square footage that go along with running a business such as office space, storage space, and laboratories among other things.

Where this demand has developed, Black Diamond is able to step in and supply these necessities. BDI will usually sign a contract with the company requiring these products to rent the equipment. Contracts range from month to month, to as long as five years or more. More importantly, the average length of time a unit stays on rent with a customer (accounting for contract renewals) was approximately 43 months as of Q4F21. After agreement, a third-party installation team will deliver and install the products at the designated worksite. The use of third-party transportation and installation allows BDI to operate with a lean cost structure and makes the company less

susceptible to increasing labor costs. When the contract period is up, the renter has an option to continue renting the equipment month to month. Alternatively, if the needs of the renter become more permanent or much longer in length, the company may purchase the equipment from Black Diamond. The MSS business unit also offers new custom, permanent modular buildings for sale through its network of independent manufacturers and will also well used rental buildings from the rental fleet from time to time.

Lastly, BDI will also rent ancillary products such as furniture and office equipment to ensure a turnkey operation for the client. These value-added products and services (VAPS) have been a growing source of revenue for BDI.

The MSS buildings are either wood or steel framed structures that are mounted on chassis with axles or steel channel skids that allow for easy transportation, delivery and set up between job sites. The units are equipped with heating and air conditioning, electrical panels, plumbing, windows, doors, and hardware. The units are constructed so that reconfiguration of the interior, addition of washrooms, and outright connection to other units is possible for the needs of the customer. This added versatility and enhanced desirability will extend the life of the units.

*Exhibit 5: MSS Office Interior*



*Source: Company Reports*

The MSS segment currently has 8,874 units across North America with solid returns on long-lived assets. BDI recognizes a continuing opportunity in this market and is targeting net fleet growth of 10% per year. Additionally, BDI is committed to improving overall utilization rates and continue its penetration into the VAPS.

The MSS segment struggled slightly in F18, after a large customer rolled over a large number of units at one time. This caused utilization rates among available units to decline. However, the Company rebounded in F19 with revenue increasing 19% and adjusted EBITDA from MSS increasing 35% due to improved utilization rates, higher rental revenue and higher margins from non-rental revenue. In F20, the MSS segment saw 8% revenue growth and adjusted EBITDA growth of 18%, in-line with stated objectives given the pace of organic capital spending.

The MSS business continued to show strength in F21 with rental revenue growing 53% y/y and adjusted EBITDA growing 59% y/y. Strengthening rental revenue was driven by continued capital investment, higher rates, improving utilization, and VAPS penetration. Importantly, the Company expects continued strength in rental revenue.



## WORKFORCE SOLUTIONS (WFS)

The WFS segment provides businesses with accommodation and lodging solutions for its workforce when working on or near job sites. The WFS business' brands include Black Diamond Camps and Black Diamond Energy Services. In addition, the WFS segment also rents oilfield surface equipment, oil field drilling accommodation equipment, and installation and maintenance services. As of Q122, the average room counts with respect to WFS' workforce accommodations fleet in Canada, the United States and Australia were 5,254, 450, and 1,175, respectively. Also included in the WFS segment is LodgeLink, a digital marketplace for crew travel management.

*Exhibit 6: WFS Products*



*Source: Company Reports*

The WFS segment further breaks itself down into three business components detailed below:

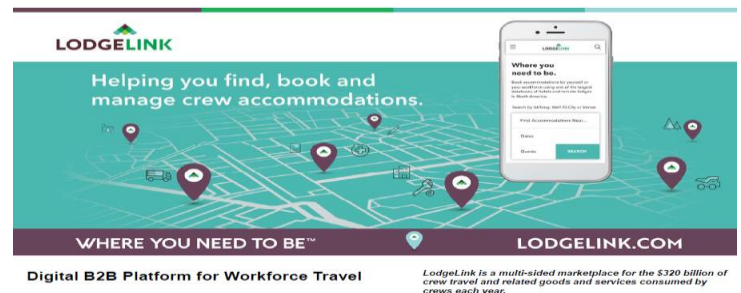
**Large Format Workforce Accommodation** – Provides workforce housing and services to clients historically in Western Canada, however, recently these assets have been moving to the U.S. and Eastern Canada due to demand. The products are listed as relocatable dormitories, kitchen/diner complexes, recreation facilities and supporting utility assets. These units are typically fully furnished with bedroom, recreation amenities and cooking equipment. These products are provided in remote locations where the infrastructure is not sufficient to meet the needs of the incoming workforce. The Company also provides full turnkey and open lodge services at certain locations throughout its operating footprint.

**Small Format Workforce Accommodation** – This subsegment had traditionally catered specifically to the needs of oilfield drilling and services companies, but has increasingly seen demand in other customer verticals such as government-related services and disaster recovery. It provides single and multi-unit accommodations that are highly mobile which can be assembled to create a small community-like atmosphere which houses, feeds, and provides additional amenities for mobile crews and support staff. These highly specialized units tend to relocate often which can create some cyclicity to this small portion of the segment's revenue. The

subsegment also consists of oilfield rental equipment that supports drilling, completion, and production. These are products such as 400-barrel tanks, large format frac tanks, shale bins, fluids management and transfer equipment, light towers, power generation equipment.

**LodgeLink** – An online marketplace for remote workforce lodging that connects corporate customers and their crews seeking temporary, remote accommodation rooms to a variety of providers of remote camps, lodges, and hotels. The platform currently boasts a supply of ~7,400 properties that allow corporate customers to seamlessly find, book, and manage lodging solutions for their workforce crews. The Company has a supply team that manages relationships with existing supply on the platform and is also responsible for addition of new properties and supply. The current revenue model sees property owners providing a best available rate based on volumes to LodgeLink, and LodgeLink effectively selling these rooms at a higher rate, while not taking any speculative risk on room night bookings. Typical net revenue margins have been reported to be in the 10% to 12% range and likely have room to move higher as volumes continue to grow. Importantly, given LodgeLink's growing volumes, the rate passed onto most customers is typically lower than what the customer would have paid otherwise. Further, a room night is not charged unless there is an actual, confirmed guest. This is a large source of waste and inefficiency for companies that have typically agreed to pay for room nights even if they go unused.

*Exhibit 7: LodgeLink*



*Source: Company Reports*

LodgeLink was launched in 2017 and could be a large source of growth for the company going forward. There are several advantages that have helped the growth of the platform, however, the biggest differentiators are the ability to reduce a company's resources dedicated to moving workforces, as well as reporting, cost visibility and other customization options. Companies that need to move large workforces dedicate a considerable number of resources to tracking, deploying, and paying these employees. LodgeLink simplifies this process by providing a "one stop shop" for a variety of workforce solutions. The platform also allows corporate customers to search, book and manage crew travel by location, job site, well ID, or internal purchase orders, making record keeping much simpler. In addition to efficiency, simplicity, and ease of workflow, LodgeLink also only sends one periodic invoice to the corporate customer as opposed to the traditional method which is an invoice for each employee and each room night booking. Lastly, companies using LodgeLink can also keep track of their employees and workforce movement through a duty of care component. There are likely several other future revenue opportunities for this platform such as advertising, or SAAS-like revenue models as the business continues to scale.

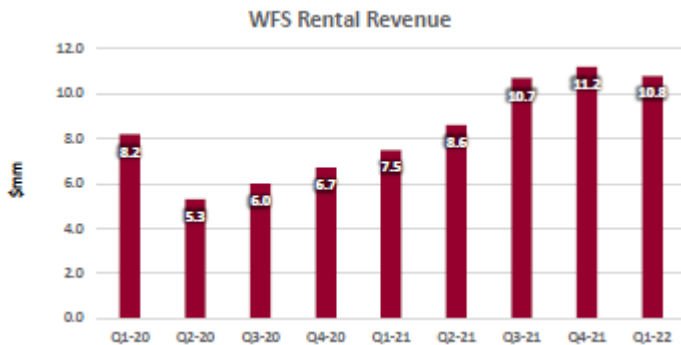
## GROWTH STRATEGY

Black Diamond's growth strategy is dependent on a few different revenue drivers.

### Rental rates, utilization, and diversification

BDI's rental business is driven by utilization and rental rates. While rental revenue for the MSS business has been consistently growing, the WFS business has been challenged by weakness in the resource sector that has historically made up a considerable portion its revenue. These challenges came in the form of reduced prices for oil and natural gas, along with regulatory delays and uncertainty in gaining approval to build pipelines and other facilities in Western Canada. While headwinds for the O&G sector appear to be improving, BDI has focused on reducing its dependence on the O&G sector and diversifying into other sectors and capitalizing on operating leverage. The Company is using its existing sales team to actively target additional sectors such as construction, mining, and disaster recovery where the outlook is comparatively stronger. The Company has continued to diversify into additional sectors and geographies, and we would expect to see more normalized utilization and rental rates going forward.

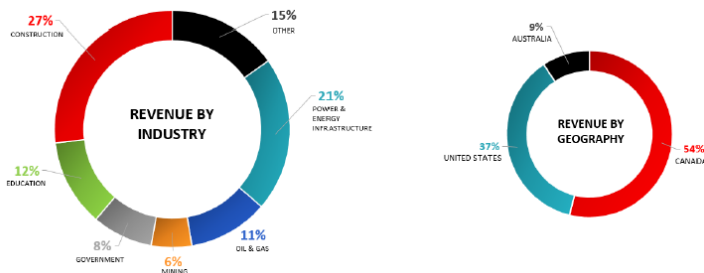
Exhibit 8: WFS Rental Revenue



Source: Company Reports

On a consolidated basis, the Company's revenue streams are diverse, with no single industry a dominant contributor. There is a healthy mix of industries served from construction, government, education, and resources.

Exhibit 9: Revenue Diversity

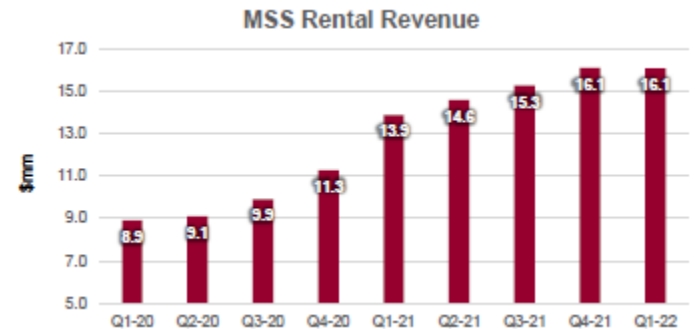


Source: Company Reports

The MSS segment has posted seven consecutive quarterly records in rental revenue as the Company is seeing robust utilization and rental rates in most of its operating areas. We expect this strength to continue, bolstered by ongoing organic capital expansion and the odd

M&A tuck-in deal which has also accelerated growth over the last several years.

Exhibit 10: MSS Rental Revenue



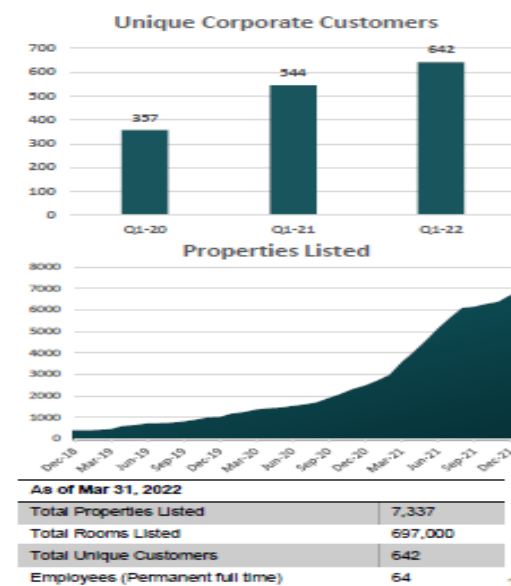
Source: Company Reports

### LodgeLink

The Company has been investing in software development for LodgeLink and has begun to gain significant traction since inception in 2017. LodgeLink generates revenue by negotiating room rates with suppliers and selling room nights at a margin on a non-speculative basis. As of Q122, LodgeLink had 642 unique customers and ~7,300 properties, representing ~697,000 rooms.

While the business has experienced some negative headwinds from COVID-19 throughout 2020, the Company still managed to set quarterly records in booking volumes in the third and fourth quarter. This momentum continued into 2021. The Company believes that continued increases in the customer base will lead to ongoing growth in both bookings and revenue as LodgeLink continues to expand throughout Canada and the United States over the long term. Over time, LodgeLink may also offer ancillary services which would add additional revenue streams to the business model.

Exhibit 11: LodgeLink Growth



Source: Company Reports

## Fleet Growth

The Company is targeting MSS net fleet growth of 10% per year and aiming to double its fleet from 2019 to 2023. This growth is anticipated to come from both organic growth and acquisitions. BDI's 2022 capital program calls for net capex of \$35M to \$45M after used asset sales. Capital investment is expected to be deployed in a generally non-speculative manner and is expected to be weighted heavily towards MSS and ongoing growth in Australia.

While cost for new-build rental fleet has continued to climb due to inflationary pressures, BDI is maintain investment hurdle rates and is offset increases to input costs through ongoing rate increases for new-build products. This is also resulting in continued rental rate increases on existing rental fleet throughout BDI's operating regions and driving a ROA increase of 500 bps y/y to 17%. As a result, BDI 2022 outlook remains highly positive as growing recurring rental revenue streams in both segments is expected to generate continued FCF growth and the ability to re-invest in attractive opportunities across its specialty rental platform.

## LNG Canada Contract

Black Diamond was originally awarded a \$42.5M contract with LNG Canada in July 2018. The contract calls for BDI to provide remote workforce accommodations for construction of the Coastal GasLink pipeline in British Columbia. Due to COVID-19 related delays, as well as a change in scope, the overall contract has been upsized to \$65M.

## RECENT RESULTS AND OUTLOOK

For Q122, BDI reported consolidated revenue of \$70.2M, adjusted EBITDA of \$17.9M, and consolidated rental revenue of \$26.9M. Consolidated revenue increased 7% y/y while adjusted EBITDA increased 35% y/y and rental revenue increased 26% y/y.

The MSS segment revenue was \$34.4, down 3% y/y with rental revenue growth of 16% y/y. Adjusted EBITDA was \$10.4M, an increase of 1% y/y.

The WFS segment revenue increased 17% y/y to \$35.8M, driven by a 44% increase in rental revenue. Adjusted EBITDA increased 97% y/y to \$12.0M.

Q122 long-term debt was \$160.5M resulting in a Net Debt to Adjusted EBITDA of 2.3x, within the Company's target range of 2x – 3x. Available liquidity was \$109.6M at quarter end.

Lastly, and of note, BDI acquired Cambrian Trailer Rentals Ltd consisting of a fleet of 150 rental units and associated rental agreements. Fleet utilization at the time of closing was above 90%. Cambrian has serviced the southern Alberta market for over 40 years and has a long-standing history of service. Additionally, the Company declared a second quarter dividend of \$0.015/share.

## Company Outlook

Q122 results displayed the continuation of BDI's strategy to grow and diversify its cash flow streams across its specialty rental platform, while scaling its B2B digital workforce travel management platform (LodgeLink).

For the MSS segment, rental revenue was up 16% y/y, with an increase in rental revenue driven by increased utilization rental rates, ongoing strength in utilization, and modest fleet growth. While the

sales pipeline remains robust, sales can vary quarter to quarter depending on sequencing and permitting of specific projects in backlog. The outlook into Q222 and for the remainder of the 2022 remains positive and BDI expects steady growth in its core, high-margin, rental revenues driven by strong-end market demand across North America.

The WFS segment saw rental revenue increase 44% y/y driven by improving utilization in all regions. Non-rental and lodge services revenues were also up 35% and 68% y/y, respectively as higher field-level activity drove increased ancillary services and occupancy levels. Additionally, the WFS segment continues to benefit from BDI's efforts to diversify by industry and geography. WFS is also seeing improving activity levels from customers in the energy sector and expects these tailwinds to provide a supportive environment for the remainder of 2022.

LodgeLink delivered its highest quarterly gross bookings and volume of rooms nights in Q122. Net revenue grew 86% to \$1.3M and gross bookings grew 55% to \$11.6M from the comparative quarter. Total rooms nights booked grew 56% to 76,253 y/y. At the end of Q122, LodgeLink had 642 unique active corporate customers on the platform with approximately 697,000 rooms. BDI remains highly optimistic on the future potential of LodgeLink as the digital platform continues to scale and build volume by continuing to add customers and suppliers to the system, as well as continuing to enhance the user experience through platform development.

## RISKS

**End market concentration** – BDI's business is dependent on the natural resources industries. Depressed oil and natural gas prices could result in declined levels of investment and activity in O&G mining which would result in decreased revenue to the Company.

**Continued pandemic** - Any outbreak of the COVID-19 virus, or the like, could result in an economic decline in any of the areas where Black Diamond operates or holds assets. The shutdown of any of these job sites from government or authority figures would pose a severe risk to the Company's cash flows.

**Regulatory changes** - The Company is subject to several laws, building codes, occupancy codes, and guidelines related to its products. Any regulatory changes that change these codes or regulations relating to building codes, environmental restrictions, or disposal of waste, among others, could have an adverse effect on the Company's revenues from the oil and natural gas sector as well as profit from being forced to make changes to its own products.

**Customer contracts** - BDI depends on the execution of written contracts with its customers that are generally only cancellable for non-performance. The Corporation generally grants unsecured credit to its customers. If a customer breaks an agreement and is not able to recover the receivables owed, could have an adverse effect on the Company's financial position.

## VALUATION

For valuation, we are using a sum-of-the-parts analysis.

### Exhibit 12: Comparable Company Analysis

(all figures in \$ USD M, except per share information)

Name	Ticker	Price (1)	Mrkt Cap	EV	EV/Revenue			EV/EBITDA		
					TTM	2022E	5Yr Frwd Avg	TTM	2022E	5Yr Frwd Avg
MSS - Segment										
WillScot Mobile Mini Holdings Corp.	WSC	\$ 33.74	\$ 7,507.9	\$ 10,550.9	5.3x	4.9x	3.9x	18.0x	12.0x	10.7x
McGrath RentCorp	MGRC	\$ 76.97	\$ 1,873.9	\$ 2,296.2	3.6x	3.4x	3.3x	14.4x	8.6x	8.5x
Average					4.5x	4.1x	3.6x	16.2x	10.3x	9.6x
Median					4.5x	4.1x	3.6x	16.2x	10.3x	9.6x
WFS - Segment										
Triton International Limited	TRTN	\$ 54.16	\$ 3,477.8	\$ 12,834.7	7.3x	7.6x	7.2x	7.7x	7.8x	7.9x
Target Hospitality Corp.	TH	\$ 6.41	\$ 589.2	\$ 932.3	2.9x	2.8x	2.7x	7.5x	7.0x	6.7x
Civeo Corporation	CVEO	\$ 29.52	\$ 418.1	\$ 671.5	1.1x	1.0x	1.3x	5.8x	6.7x	7.4x
Dexterra Group Inc.	TSX:DXT	\$ 4.63	\$ 301.6	\$ 421.1	0.7x	0.6x	0.7x	8.4x	6.4x	7.4x
Average					3.0x	3.0x	3.0x	7.3x	7.0x	7.3x
Median					2.0x	1.9x	2.0x	7.6x	6.8x	7.4x
LodgeLink										
Booking Holdings Inc.	BKNG	\$1,979.32	\$80,406.4	\$78,087.4	6.2x	4.5x	6.8x	20.5x	14.5x	23.1x
Amadeus IT Group, S.A.	BME:AMS	\$ 53.80	\$24,205.0	\$27,408.6	8.5x	6.0x	6.6x	31.4x	16.7x	19.0x
Expedia Group, Inc.	EXPE	\$ 106.26	\$16,693.2	\$19,772.2	2.1x	1.7x	2.3x	24.4x	7.9x	18.2x
Despegar.com, Corp.	DESP	\$ 6.90	\$ 457.0	\$ 419.3	1.1x	0.8x	1.6x	NM	8.7x	15.2x
Average					4.5x	3.2x	4.3x	25.4x	12.0x	18.9x
Median					4.2x	3.1x	4.5x	24.4x	11.6x	18.6x
Black Diamond Group Limited	TSX:BDI	\$ 4.09	\$ 246.9	\$ 436.3	1.3x	1.5x	1.4x	6.8x	6.1x	6.4x

(1) Previous day's closing price

(2) Estimates are from Capital IQ except for BDI, which are Stonegate estimates

Source: Company Reports, Capital IQ, Stonegate Capital Partners

We separate Black Diamond into its MSS and WFS business segments, as well as its LodgeLink business. We are using an EV/EBITDA method for the MSS and WFS businesses. For LodgeLink we are using an EV/Revenue method as we believe the business is likely operating at negative EBITDA currently (no public disclosures either). Other assumptions include:

- split corporate costs evenly between MSS & WFS
- EV/EBITDA range of 7.0x – 9.0x with a midpoint of 8.0x for MSS
- EV/EBITDA range of 6.0x – 8.0x with a midpoint of 7.0x for WSS
- EV/Revenue range of 3.0x – 5.0x with a midpoint of 4.0x for LodgeLink on its TTM revenue of \$37.6M

Combining the above assumptions, we arrive at a range of \$6.75 to \$10.25, with a mid-point of \$8.50.

### Exhibit 13: Valuation Range

	Combined Valuation		
	Low	Mid	High
EV	577.2	685.8	794.4
Less: Net Debt	179.1	179.1	179.1
Equity Value	398.0	506.6	615.2
S/O	59.5	59.5	59.5
<b>Share Price</b>	<b>\$ 6.68</b>	<b>\$ 8.51</b>	<b>\$ 10.33</b>

Source: Company Reports; Stonegate Capital Partners

## BALANCE SHEETS

### Black Diamond

#### Consolidated Balance Sheets (CAD\$ Ms)

Fiscal Year: December

ASSETS	FY2020	FY2021	Q1 Mar-22
<b>Assets</b>			
Cash	3.7	4.6	3.9
Accounts Receivable	46.1	58.2	60.8
Prepaid Expenses and Other Current Assets	7.7	13.2	15.1
<b>Total Current Assets</b>	<b>57.5</b>	<b>76.0</b>	<b>79.8</b>
Other LT Assets	3.3	2.6	3.8
Property and Equipment	410.0	404.5	399.2
Right-of-use assets	18.2	18.8	17.2
Deferred Income Taxes	-	7.7	7.7
Goodwill and Intangibles	23.0	20.9	20.3
<b>Total Assets</b>	<b>\$ 511.9</b>	<b>\$ 530.3</b>	<b>\$ 528.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable and accrued liabilities	32.4	40.8	26.7
Deferred Revenue	13.8	19.1	24.6
Current Portion of Lease Liabilities	4.6	6.3	6.0
<b>Total Current Liabilities</b>	<b>50.8</b>	<b>66.3</b>	<b>57.3</b>
<b>Long Term Liabilities</b>			
LT Debt	175.7	155.6	160.5
Asset Retirement Obligations	15.1	14.4	14.4
LT Lease Liabilities	18.2	17.8	16.5
Deferred Income Taxes	25.4	29.5	31.6
<b>Total Long Term Liabilities</b>	<b>234.5</b>	<b>217.3</b>	<b>223.0</b>
Total Liabilities	285.2	283.5	280.4
<b>Shareholders' Equity</b>			
Share Capital	381.9	384.5	387.7
Contributed Surplus	18.6	19.4	17.4
Accumulated other Comprehensive income (loss)	10.2	9.7	8.3
Accumulated Deficit	(198.0)	(179.1)	(175.9)
<b>Total Shareholders' Equity</b>	<b>212.7</b>	<b>234.5</b>	<b>237.4</b>
Non-Controlling Interest	14.0	12.3	10.3
<b>Total Equity (deficit)</b>	<b>226.7</b>	<b>246.8</b>	<b>247.7</b>
<b>Total Liabilities and Equity</b>	<b>\$ 511.9</b>	<b>\$ 530.3</b>	<b>\$ 528.1</b>

Source: Company Reports, Stonegate Capital Partners



## INCOME STATEMENTS

<b>Black Diamond</b> <b>Consolidated Statements of Income (in CAD \$ Ms, except per share amounts)</b> <b>Fiscal Year: December</b>			
	FY 2020	FY 2021	FY 2022E
<b>Revenue</b>	\$ 179.9	\$ 339.6	\$ 290.9
Direct costs	107.6	227.9	173.8
<b>Gross Profit</b>	<b>72.2</b>	<b>111.6</b>	<b>117.1</b>
<b>Operating expenses</b>			
Administrative expenses	31.6	47.6	46.1
Depreciation and amortization	33.0	35.2	35.6
Share based compensation	2.9	3.4	4.1
<b>Total operating expenses</b>	<b>67.5</b>	<b>86.2</b>	<b>85.8</b>
<b>Operating Income</b>	<b>4.7</b>	<b>25.5</b>	<b>31.3</b>
Finance costs	5.7	6.0	7.0
<b>Income (loss) before tax</b>	<b>(1.0)</b>	<b>20.0</b>	<b>24.3</b>
Income tax expense (recovery)	(0.5)	(1.8)	4.3
<b>Net income (loss) before non-controlling</b>	<b>(0.5)</b>	<b>21.8</b>	<b>19.9</b>
Profit attributable to non-controlling	1.1	1.4	2.0
<b>Net income (loss)</b>	<b>(3.5)</b>	<b>20.4</b>	<b>17.9</b>
<b>Basic EPS (loss)</b>	<b>\$ (0.06)</b>	<b>\$ 0.35</b>	<b>\$ 0.31</b>
<b>Diluted EPS (loss)</b>	<b>\$ (0.06)</b>	<b>\$ 0.34</b>	<b>\$ 0.30</b>
Basic shares outstanding	55.2	57.6	58.6
Diluted shares outstanding	55.2	59.2	60.1
<b>Adjusted EBITDA</b>	<b>40.6</b>	<b>64.0</b>	<b>71.0</b>

Source: Company Reports, Stonegate Capital Partners estimates

## IN THE NEWS

**May 04, 2022** – Black Diamond Reports First Quarter 2022 Results and Declares Second Quarter Dividend.

**May 03, 2022** – Black Diamond Group Announces Approval of All Resolutions at 2022 Annual Meeting.

**May 02, 2022** – Black Diamond Reports Group Limited Acquires Canadian Rental Fleet.

**April 13, 2022** – Black Diamond Group Limited Announces First Quarter 2022 Results Conference Call.

**March 18, 2022** – Black Diamond Group Limited to Present at Sidoti Small Cap Virtual Conference March 23-24

**March 10, 2022** – Black Diamond Group Limited Announces Renewal of Normal Course Issuer Bid

**March 03, 2022** – Black Diamond Reports Fourth Quarter 2021 Results & 20% Dividend Increase.

**December 20, 2021** – Black Diamond Group Limited Announces Renewal of Asset-Based Credit Facility.

**November 02, 2021** – Black Diamond Reports Third Quarter 2021 Results.

**November 02, 2021** – Black Diamond Limited Reinstates Dividend.

**August 04, 2021** – Black Diamond Reports Second Quarter 2021 Results.

**May 05, 2021** – Black Diamond Group Reports First Quarter 2021 Results.

**April 27, 2021** – Black Diamond Group Limited Announces Approval of All Resolutions at 2021 Annual and Special Meeting.

**March 30, 2021** – Black Diamond Group Announces \$15 Million Contract in Eastern Canada.

**March 04, 2021** – Black Diamond Group Reports Fourth Quarter 2020 Results.

**March 04, 2021** – Black Diamond Group Announces Additions to Board of Directors.

**February 16, 2021** – Black Diamond Group Announces \$16 Million Australian Contract.

**December 16, 2020** – Black Diamond Group and LodgeLink Announces \$3 Million of Funding from the Opportunity Calgary Investment Fund.

**December 09, 2020** – Black Diamond Group Announces 2021 Gross Capital Spending Plan of Approximately \$35 Million.

**November 30, 2020** – Black Diamond Accelerates Modular Space Solutions Growth with Strategic U.S. Acquisition.

## CORPORATE GOVERNANCE

**Trevor Haynes, Chairman and CEO** - Mr. Haynes cofounded Black Diamond Group in 2003 and has served as its President and CEO since inception. He served as a Principal and the President of Kettleby Investment Management Corporation, from January 2003 to May 2005, and from February 1992 to December 2002, he served as the Director of International Sales and Division Management at ATCO Structures & Logistics Ltd. He has over 20 years of experience in the workforce accommodation, energy services and modular building industries, in various business development and leadership roles, both in North America and internationally. Mr. Haynes graduated from the University of Toronto with a BA degree in 1991.

**Toby LaBrie, EVP & CFO** - Mr. LaBrie has been the CFO and EVP at Black Diamond Group Limited since March 3, 2016. He also served as the Corporate Controller in 2009 and served as VP of Finance and Controller between 2010 and 2015. Prior to joining Black Diamond Group, Toby was Team Lead of Management Reporting and Budgeting at First Calgary Petroleum, a Calgary-based international oil and gas exploration company. Before that, he held positions in both the audit and financial advisory group at Deloitte. Toby is a CA, CPA and has been a member of the Chartered Professional Accountants of Alberta since 2005. He holds a Bachelor of Commerce degree from the University of Alberta.

**Patrick Melanson, EVP & CIO** - Mr. Melanson has served as Chief Information Officer at Black Diamond Group Limited since July 20, 2017 and serves as Chief Technology Officer of LodgeLink at Black Diamond Group Limited. Prior to joining Black Diamond Group, Patrick worked with two large multinational steel and tubulars manufacturers for whom he held North America roles as Senior VP of Product and Resource Management, and VP and CIO. Prior, he worked in senior roles at both Andersen Consulting and Deloitte Consulting. Mr. Melanson received his Bachelor of Commerce degree with a specialization in Management of Information Systems from the University of Calgary, Alberta, Canada, and Program Management Certification from American Graduate University in 1994.

**Ted Redmond, EVP & COO, Modular Space Solutions** - Mr. Redmond joined Black Diamond Group as the EVP & COO of Modular Space Solutions in 2019. In his role as EVP & COO, he is responsible for the oversight and leadership of Black Diamond's, North American wide, Modular Space Solutions platform. This includes Black Diamond's BOXX Modular, Britco and MPA Systems brands. Mr. Redmond has over 20 years of corporate experience leading businesses with a focus on growth and operational excellence. He was most recently CEO at ZCL Composites, and prior to that he was the CEO at NCSG Crane and Heavy Haul for over eight years. He has a Bachelor's Degree in Engineering from the University of Alberta, a Master's Degree in Engineering from the University of Toronto, and an MBA from Stanford University.

**Mike Ridley, EVP & COO, Workforce Solutions** – Mr. Ridley joined Black Diamond Group as EVP & COO of Workforce Solutions Group in 2017. In his role as EVP & COO, he is responsible for executing the strategic plan for the Workforce Solutions Group including assets, branches, personnel, and projects. Mr. Ridley's experience spans 20 years in the modular and camp industries, including several senior leadership positions. He is the former President of the Modular Building Institute (MBI) and the Vice Chair for the Independent Contractors of British Columbia. He holds a Bachelor of Business Administration (Commerce and Economics) from the University of Toronto.

### Board of Directors:

**Trevor Haynes** – Chairman of the Board

**Robert Wagemakers** – Lead Independent Director

**Robert Herdman** – Independent Director

**Barbara Kelley** – Independent Director

**Brian Hedges** – Independent Director

**Edward Kernaghan** – Independent Director

**Leilani Latimer** – Independent Director

**Steven Stein** – Director

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