

# CONVERTIBLE DEBENTURE PRESENTATION

October 20, 2023



When being **certain** is everything

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Certain totals, subtotals and percentages may not reconcile due to rounding.

# EXECUTIVE SUMMARY

Dye & Durham (“**DND**”) is proposing to refinance \$95 million of its 3.75% unsecured convertible debentures due 2026 with new 6.50% unsecured convertible debentures due 2028, resulting in a nominal increase in interest and a decrease in convertible debt outstanding

DND has \$345 million of convertible debentures due March 1, 2026, that has a springing maturity which allows senior secured debt to mature on September 30, 2025

This transaction addresses \$95 million of the \$345 million which the Company must address by September 30, 2024, to avoid the senior and convertible debenture becoming current

As an initial step toward addressing this issue, the proposed substantial issuer bid:

- Reduces the 2026 convertible debenture balance from \$345 million to \$250 million
- Reduces total convertible debenture debt by \$10 million, with the issuance of a new \$85 million convertible debenture due November 2028
- Provides increased flexibility to refinance balance sheet at future date

Initial step in a series toward deleveraging balance sheet and improving long term capital structure

In the aggregate, this transaction increases the yield-to-maturity by 2.4%, however, extends maturity by 2.5-years

# TRANSACTION MECHANICS



## Illustrative Transaction Mechanics

(C\$ millions, except purchase & issue price)

	2026 Convertible Debenture				2028 Convertible Debenture	
	Face Value	Purchase Px	DND's Balance		Issue Px	Face Value
			Sheet Cash	Cash (PV)		
Rollers	52.0	0.75	-	39.0	0.60	65.0
Treasury Cash Tender	26.7	0.75	20.0	-	-	-
Bought Deal Cash Tender	16.3	0.75	-	12.2	0.60	20.4
<b>Total</b>	<b>\$95.0</b>			<b>\$71.2</b>		<b>\$85.4</b>

### Current & Pro-Forma Convertible Debentures Outstanding

Convertible Debentures due 2026 - Current	345.0
Adj.: Repurchase/Roll	(95.0)
<b>Convertible Debentures due 2026 - Pro-Forma</b>	<b>\$250.0</b>
New Convertible Debentures due 2028 - Current	0.0
Adj.: Issuance	85.4
<b>New Convertible Debentures due 2028 - Pro-Forma</b>	<b>\$85.4</b>

1) Subject to regulatory requirements

## Estimated Summary Transaction Details<sup>1</sup>

1.	Oct 19	Press Release	DND press releases the launch of the SIB and bought deal private placement transaction
2.	Oct 23	Formal SIB Launch	Formal launch of the SIB and mailing of the circular during the following week
3.	Oct 27 – Nov 29	Holdings Tender to Bid	Investors to tender to the SIB
4.	Nov 1	Closing of Private Placement	New Debenture purchasers subscribe for their notional value of new 2028 Debentures & subsequent press release of closing
5.	Oct 27- Nov 29	Over-Allotment Option	Exercise of Over-Allotment Option if required
6.	Nov 28	2028 Maturity Extension	Concurrent to the closing of the SIB, the extension of the maturity date for the new 2028 Debentures is effectuated, extending the initial maturity date to November 1, 2028
7.	Nov 28	Press Release	DND press releases the closing of the completion of the SIB

# PRO FORMA LEVERAGE METRICS



## Current & Pro-Forma Effective Interest Rate

(C\$ millions)	Current		
	Face Value	Rate	Ann. Cash Interest
3.75% Sr. Unsecured Convertible Debenture due 2026	345.0	3.75%	12.9
6.50% Sr. Unsecured Convertible Debenture due 2028	-	-	-
<b>Total / Weighted Average</b>	<b>\$345.0</b>	<b>3.75%</b>	<b>\$12.9</b>
	Pro-Forma		
	Face Value	Rate	Ann. Cash Interest
3.75% Sr. Unsecured Convertible Debenture due 2026	250.0	3.75%	9.4
6.50% Sr. Unsecured Convertible Debenture due 2028	85.4	6.50%	5.5
<b>Total / Weighted Average</b>	<b>\$335.4</b>	<b>4.45%</b>	<b>\$14.9</b>

## Pro Forma Capitalization Table

(C\$ millions)	Current	Pro-Forma
<b>Leverage</b>		
<b>Total Debt / FY2024E Consensus EBITDA</b>	<b>5.2x</b>	<b>5.1x</b>
<b>Sr. Debt / FY2024E Consensus EBITDA <sup>(1)</sup></b>	<b>3.9x</b>	<b>3.9x</b>
<b>Debt Maturing 2027 or Earlier</b>	<b>\$1,391</b>	<b>\$1,296</b>
<b>Debt Maturing 2027 or Earlier / FY2024E Consensus EBITDA</b>	<b>5.2x</b>	<b>4.8x</b>
<b>Convertible Debenture Annual Cash Interest</b>	<b>\$12.9</b>	<b>\$14.9</b>
<i>FY2024 EBITDA Consensus Estimate <sup>(2)</sup></i>	<i>270</i>	<i>270</i>

(1) Senior debt excludes convertible debentures

(2) Adjusted EBITDA source: Cap IQ as of Oct. 19, 2023. Adjusted EBITDA is a non-IFRS measures. Please see "Non-IFRS Measures". Additional details regarding the reconciliation of Net Income to Adj. EBITDA are available in the appendix. This is forward-looking information. Please see "Forward-Looking Statements".

Note: Share price as of October 12, 2023

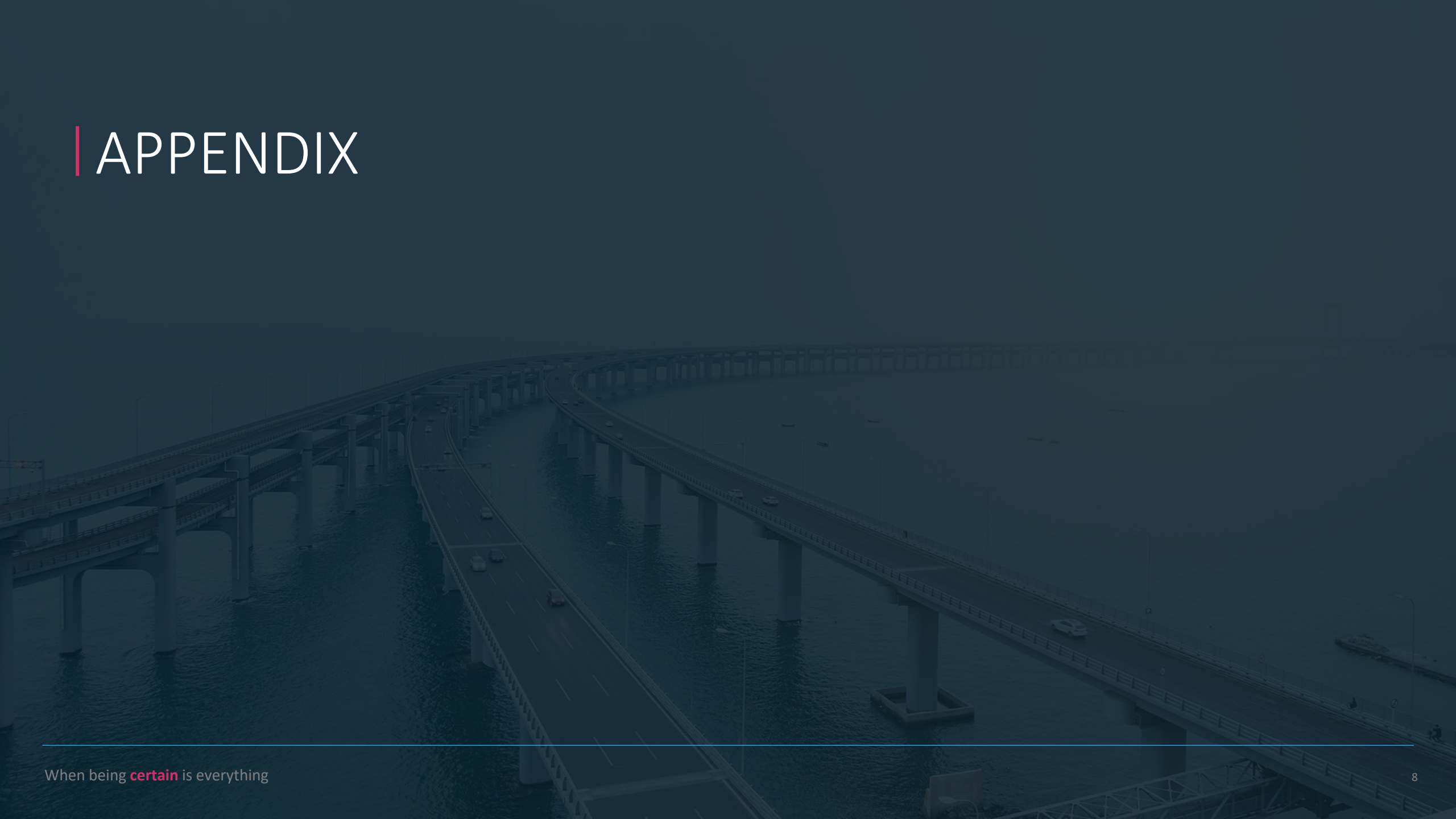
# COMPARISON OF CONVERTIBLE DEBENTURE TERMS



In the aggregate, DND is successfully extending the maturity of its convertible debentures by 2.5-years on very favourable terms

	3.75% Senior Unsecured Convertible Debenture due 2026	6.50% Senior Unsecured Convertible Debenture due 2028
Coupon:	3.75% per annum, payable semi-annually	6.50% per annum, payable semi-annually
Trading / Issue Price:	\$750 per \$1,000 aggregate principal amount of Debentures	\$600 per \$1,000 aggregate principal amount of Debentures
Maturity Date:	March 1, 2026	November 1, 2028
Strike Price:	\$73.23	\$40.00
Annual Cash Interest:	\$3.56 million (on \$95 million face value)	\$5.55 million (on \$85 million face value)
Yield-to-Maturity:	16.9%	19.3%

# | APPENDIX





# ADJUSTED EBITDA RECONCILIATION



## Net Income to Adjusted EBITDA

(C\$ 000's)	Three months ended June 30,		Twelve months ended June 30,	
	2023	2022	2023	2022
Income (loss) for the period	\$(89,179)	\$(3,255)	\$(170,643)	\$7,841
Amortization and depreciation	\$36,652	\$38,854	\$151,129	\$132,932
Finance costs, net	\$36,974	\$14,406	\$131,866	\$42,377
Income tax expense (recovery)	\$(2,821)	\$2,306	\$(23,207)	\$10,246
EBITDA <sup>1</sup>	\$18,374	\$52,311	\$89,145	\$193,396
Impairment on assets held for sale	\$66,716	--	\$66,716	--
Stock-based compensation <sup>2</sup>	\$8,100	\$6,416	\$28,767	\$23,962
Acquisition, restructuring and other costs <sup>3</sup>	\$9,048	\$16,445	\$58,712	\$49,572
Salaries synergies realized <sup>4</sup>	\$200	--	434	--
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$65,690</b>	<b>\$75,172</b>	<b>\$243,774</b>	<b>\$266,930</b>

1. EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin, are not recognized measures under IFRS. See "Cautionary Note Regarding Non-IFRS Measures".

2. Stock-based compensation represents non-cash expenditures recognized in connection with stock options issued to employees and directors and cash settled share appreciation rights issued to directors and other related costs.

3. Acquisition, restructuring and other costs relates to professional fees and integration costs incurred in connection with acquisition, divesture, listing and reorganization related expenses.

4. Salaries synergies realized relates to the impact of the full period of cost synergies related to the actual or planned reduction of employees in relation to acquisitions..