

CONTRA THE HEARD

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Current Update: October 10, 2024

(Last update October 10, 2024 – Quarterly Email Summary and Recap)

TSX: Bird Construction (BDT) – Partial Sale

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|-------------------------|------------------------------|
| Average Purchase Price: | \$4.70 |
| Shares Purchased: | 4,700 |
| January Sale Price: | \$14.24 |
| January Shares Sold: | 2,300 |
| February Sale Price: | \$17.14 |
| February Shares Sold: | 1,000 |
| June Sale Price: | \$26.11 |
| June Shares Sold: | 700 |
| Current Sale Price: | \$31.63 |
| Current Shares Sold: | 350 (7.5% of original stake) |
| Current Price: | \$32.55 |
| Shares Remaining: | 350 |

The selling in slices game with Bird Construction continues. Today, another 350 shares were unloaded at \$31.63.

Yesterday, management announced a 50% dividend increase and released its corporate roadmap through 2027. Between 2025 and 2027, the brass projects the top line's compounded annual growth rate to hum between 8% and 12%. Plus, they expect another 5% next year thanks to the near-term contributions from the Jacob Bros. acquisition. The corporation's adjusted EBITDA margin target is 8%, and the dividend payout ratio for the period is 33% of net income. Bird's stock rallied double digits yesterday in response to this generous dividend increase and rosy roadmap.

For reference, in the latest quarter, revenues were up 27.3%, this figure includes contributions from acquisitions. The second quarter adjusted EBITDA margin was 4.5%, and the dividend payout ratio was 35.29%.

This latest disposition translated into a capital gain of 573%, plus dividends to boot. Bird has performed exceptionally well since it was purchased during the depths of the Covid-19 market selloff in March 2020. It has smashed the benchmark returns and illustrates the benefits of contrarian investing – when it goes well. Still, it was a mistake to sell some earlier this year and we certainly left too much money here for other investors to capitalize on.

The remaining stake, also equal to 350 shares, or 7.5% of the original position, will be reevaluated in the coming quarters.