

MAY 30, 2023

# Diversified Industries Conference Recap

## Exceptional Opportunities Amid Macro-Economic Challenges



5N Plus Inc. | VNP-T: \$3.05 | Rating: BUY | Target Price: \$4.00  
Aecon Group Inc. | ARE-T: \$13.06 | Rating: BUY | Target Price: \$19.00  
Altius Renewable Royalties Corp. | ARR-T: \$8.71 | Rating: N/A | Target Price: N/A  
Bird Construction Inc. | BDT-T: \$8.47 | Rating: BUY | Target Price: \$12.00  
Boyd Group Services Inc. | BYD-T: \$240.40 | Rating: BUY | Target Price: \$283.00  
CargoJet Inc. | CJT-T: \$103.24 | Rating: HOLD | Target Price: \$118.00  
Exchange Income Corp. | EIF-T: \$54.73 | Rating: BUY | Target Price: \$63.00  
Russel Metals Inc. | RUS-T: \$34.78 | Rating: N/A | Target Price: N/A  
Savaria Corp. | SIS-T: \$16.63 | Rating: BUY | Target Price: \$21.50  
WSP Global Inc. | WSP-T: \$172.16 | Rating: BUY | Target Price: \$203.00

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Diversified Industrials



LAURENTIAN BANK  
SECURITIES



## Institutional Investor Conference Recap

As part of our **10th Annual Institutional Investor Conference**, on **May 23 & 24, 2023**, Laurentian Bank Securities (LBS) held the **3rd in a series of conference events** for F2023, spotlighting **Diversified Industrials** in our sector coverage. **10 issuers participated in fireside chats** exploring topics such as: capital deployment and earnings growth in a potential recessionary environment; sector-specific challenges and macro-economic risks. 34 unique one-on-one meetings were held and over 35 institutional investors attended. Hosted by LBS's Diversified Technology analyst, **Nick Agostino** and LBS's Diversified analyst, **Jonathan Lamers**, the agenda examined how companies in our industrials coverage universe are dealing with current macroeconomic challenges and finding opportunities despite tightening interest rates and recession risks. This report summarizes highlights from these discussions as well as key takeaways from other pertinent topics.

We would like to thank all those who participated in this successful event. Our next conference series event will showcase companies within our **Real Estate** coverage universe. View all our upcoming events on our [conference website](#).



### May 23

- 8<sup>15</sup>** Opening remarks
- 8<sup>25</sup>** Laurentian Bank Securities
- 8<sup>30</sup>** Fireside chat with
- 9<sup>00</sup>** Aecon Group Inc.
- 9<sup>15</sup>** Fireside chat with
- 9<sup>45</sup>** Altus Renewable Royalties

### May 24

- 8<sup>30</sup>** Fireside chat with
- 9<sup>15</sup>** Boyd Group Services Inc.
- 9<sup>30</sup>** Fireside chat with
- 10<sup>15</sup>** CargoJet Inc.
- 10<sup>30</sup>** Fireside chat with
- 11<sup>15</sup>** Exchange Income Corp.
- 11<sup>30</sup>** Fireside chat with
- 12<sup>00</sup>** Savaria Corp.

- 10<sup>00</sup>** Fireside chat with
- 10<sup>30</sup>** Bird Construction Inc.
- 10<sup>45</sup>** Fireside chat with
- 11<sup>30</sup>** WSP Global Inc.

- 12<sup>00</sup>** **LUNCH**
- 1<sup>00</sup>**
- 1<sup>00</sup>** Fireside chat with
- 1<sup>30</sup>** 5N Plus Inc.
- 1<sup>45</sup>** Fireside chat with
- 2<sup>15</sup>** Russel Metals Inc.

**Cameron Baker**, CFA M.IM.

Head of Equities and Syndication





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*All prices are as of May 25, 2023 close, unless otherwise stated.*







## Company Profile

Following a transformational acquisition of MCP Group, Montreal-based 5N Plus Inc. has become a fully integrated primary / secondary leading refiner of commercial and ultra-high purity metals and compounds used in the pharmaceutical, electronic, industrial and solar markets. The company is the leading supplier of bismuth and a leader in the market for gallium, germanium, tellurium and indium.

## Market and Company Data

|                |                   |                          |         |
|----------------|-------------------|--------------------------|---------|
| Ticker         | VNP-T             | Shares-basic O/S (M)     | 88.5    |
| Rating         | Buy               | Shares-FD O/S (M)        | 90.1    |
| Risk           | High              | Market Cap (US\$M)       | \$197.9 |
| Price          | \$3.05            | Float O/S (M)            | 78.0    |
| 1-Yr Target    | \$4.00            | Avg Daily Volume (K)     | 332.0   |
| Yield          | 0.0%              | Enterprise Value (US\$M) | \$277.5 |
| 1-Yr ROR       | 31.1%             | Cash (US\$M)             | \$41.4  |
| 52 Wk High-Low | \$3.90 - \$1.24   | Net Debt (US\$M)         | \$79.6  |
| Valuation      | 8x 2024 EV/EBITDA | Ownership                |         |
| Year End       | Dec. 31           | Manag. & Dir.            | 3%      |
| Next Reporting | Aug-23            | Institutional            | 52%     |
|                |                   | Net Debt/Total Cap       | 41%     |

| EPS (FD, US\$) |  | Q1     | Q2         | Q3         | Q4       | Annual   | P/E   |
|----------------|--|--------|------------|------------|----------|----------|-------|
| F2021A         |  | \$0.02 | A \$0.03   | A (\$0.00) | A \$0.04 | A \$0.08 | 29.1x |
| F2022A         |  | \$0.00 | A (\$0.00) | A \$0.00   | A \$0.03 | A \$0.03 | 82.6x |
| F2023E         |  | \$0.02 | A \$0.02   | \$0.03     | \$0.03   | \$0.10   | 22.9x |
| F2024E         |  |        |            |            |          | \$0.17   | 12.9x |

| EBITDA (US\$ M) |  | Q1    | Q2      | Q3      | Q4       | Annual   | EV/EBITDA |
|-----------------|--|-------|---------|---------|----------|----------|-----------|
| F2021A          |  | \$6.3 | A \$6.3 | A \$5.5 | A \$10.1 | A \$28.2 | 9.8x      |
| F2022A          |  | \$5.6 | A \$8.6 | A \$9.1 | A \$6.7  | A \$30.0 | 9.2x      |
| F2023E          |  | \$8.8 | A \$8.6 | \$10.5  | \$10.5   | \$38.4   | 7.2x      |
| F2024E          |  |       |         |         |          | \$47.6   | 5.8x      |

Source: Company reports; Bloomberg; LBS estimates.

## 5N Plus Inc. (VNP-T)

Rating: **BUY** – Target: **\$4.00**; Price: **\$3.05**

Nick Agostino, *Diversified Technology Analyst*

Key takeaways from our fireside chat:

- **Benefiting from U.S. Inflation Reduction Act**, which requires 40% of content from N.A. (expected to rise to 55% in 2025). VNP customer First Solar (FSLR) is meeting this threshold and has strong bookings / backlog (at 71GW). VNP reconfirming its 2024 FSLR contribution expectations.
- **Bullish on Space Power market**. VNP noted there are ~7.7k satellites in orbit with a further 50k expected by 2030 and repeat orders thereafter (satellites have a 5–15-year duration). With only 2 players outside China competing with AZUR, the company is well-positioned. VNP is increasing capacity by 30% and reconfirming 2024 AZUR expectations.
- **Target 35% in consolidated GMs (no timeline)** compared to 29% in Q1/23 and ~22% YoY; target based on favourable sales mix.
- **Wideband/SASI development continues**. In Wideband Gap, progress is at a slower pace, but prototypes are in the field; sales still expected for 2025. On Sensing and Security, products are in trial phase and in FDA certification process, while in Imaging, Samsung has 60 units operating using VNP vs. 2 YoY; progress is slower than planned.
- **M&A pipeline targets vertical integration and adding capability in key areas** (space/solar). It is less focused on diversification at present.

## Company Profile

Aecon Group Inc. is a leading Canadian construction contractor. Focus end markets include Civil Infrastructure, Urban Transportation Solutions, Nuclear Power Infrastructure, Utility Infrastructure, and Industrial Infrastructure. Aecon also holds 100% interest in the Bermuda airport ("Skyport") and holds minority interests in various concessions including transit and infrastructure.

## Market and Company Data

|                |                        |                      |         |
|----------------|------------------------|----------------------|---------|
| Ticker         | ARE-T                  | Shares O/S (M)       | 66.3    |
| Rating         | Buy                    | Market Cap (M)       | \$865   |
| Risk           | Medium                 | Float O/S (M)        | 65.1    |
| Price          | \$13.06                | Float Value (M)      | \$850   |
| 1-Yr Target    | \$19.00                | Avg Daily Volume (K) | 379.5   |
| Dividend       | \$0.74                 | Enterprise Value (M) | \$1,751 |
| Yield (%)      | 5.7%                   | BVPS                 | \$14.26 |
| 1-Yr ROR       | 51.1%                  |                      |         |
| 52 Wk High-Low | \$8.28 - \$15.17       | Next Reporting       | Jul-23  |
| Valuation      | 5.4x EV/EBITDA (2024E) | Year End             | Dec. 31 |

| EPS (FD) |  | Q1       | Q2       | Q3       | Q4       | Annual   | P/E    |
|----------|--|----------|----------|----------|----------|----------|--------|
| 2020A    |  | (\$0.19) | (\$0.10) | \$0.99   | \$0.46   | \$1.29   | 11.7 x |
| 2021A    |  | (\$0.31) | \$0.27   | \$0.56   | \$0.20   | \$0.78   | 23.9 x |
| 2022A    |  | (\$0.29) | (\$0.10) | \$0.45   | \$0.26   | \$0.47   | 28.1 x |
| 2023E    |  | (\$0.15) | A \$0.02 | E \$0.60 | E \$0.48 | E \$0.94 | 13.8 x |
| 2024E    |  |          |          |          |          | \$1.43   | 9.2 x  |

| Adjusted EBITDA (\$M) |  | Q1   | Q2     | Q3     | Q4     | Annual  | EV/EBITDA |
|-----------------------|--|------|--------|--------|--------|---------|-----------|
| 2020A                 |  | 19.2 | 24.4   | 137.2  | 83.6   | 264.5   | 7.2 x     |
| 2021A                 |  | 20.9 | 61.3   | 95.5   | 61.3   | 239.0   | 9.3 x     |
| 2022A                 |  | 20.5 | 38.5   | 92.6   | 67.5   | 219.1   | 7.4 x     |
| 2023E                 |  | 24.6 | A 47.3 | E 99.9 | E 84.6 | E 256.4 | 4.5 x     |
| 2024E                 |  |      |        |        |        | 287.3   | 4.0 x     |

Source: Company reports, FactSet, LBS

## Aecon Group Inc. (ARE-T)

Rating: **BUY** – Target: **\$19.00**; Price: **\$13.06**

Jonathan Lamers, *Diversified Analyst*

Key takeaways from our discussion:

- **New awards support bright future**. Management expects improved margins going forward as Aecon secures contracts under improved pricing models and becomes a leading constructor of Energy Transition Infrastructure. Construction EBITDA margin would have been 6.8% in 2022 ex legacy projects.
- **Backlog growing rapidly, legacy project exposure less significant**. Aecon was recently awarded three large contracts awarded under the much lower-risk progressive-design-build model, in Nuclear, Infrastructure, and Energy Transition. The four identified legacy projects (including Eglinton LRT) weighing on margin and cash flow represent only ~\$800M or ~6% of total awarded new business, with three of the four legacy projects expected to roll-off over 2023 & 2024.
- **Eglinton LRT commentary limited given ongoing litigation**. The consortium including Aecon is endeavouring to "re-phase" the timing of payments. Payment disputes are not unusual in the industry.
- **New airport concession opportunities**. The company would replicate its successful Bermuda airport investment if a similar opportunity were available and was recently pre-qualified in the U.S. to bid on opportunities to rehabilitate two airports in the U.S. virgin islands.





## Company Profile

ARR is a renewable energy royalty company with investments in a range of renewable energy projects including wind, solar, and battery storage, among others. These include projects at the development stage and at the operating stage. The investments provide gross revenue royalties and royalty-like structures.

## Market and Company Data

|                |                    |                           |           |
|----------------|--------------------|---------------------------|-----------|
| Ticker         | ARR-T              | Shares O/S (M)            | 27.28     |
| Rating         | N/A                | Market Cap (M)            | C\$237.62 |
| Risk           | N/A                | Enterprise Value (M)      |           |
| Price          | C\$8.71            | Float O/S (M)             | 10.89     |
| 1-Yr Target    | N/A                | Altius Minerals Ownership | 59.0%     |
| 1-Yr ROR       | N/A                | Avg Daily Volume          | 21,158    |
| 52 Wk High-Low | C\$6.70 - C\$14.73 | BVPS                      | \$6.26    |
| Valuation      | N/A                | Next Reporting            | Aug-23    |
|                |                    | Dividend yield            | N/A       |

| Adjusted EPS (US\$) |          |          |          |          |          |     |
|---------------------|----------|----------|----------|----------|----------|-----|
|                     | Q1       | Q2       | Q3       | Q4       | Annual   | P/E |
| 2019A               |          |          |          |          | (\$0.38) | nm  |
| 2020A               |          |          |          |          | (\$0.34) | nm  |
| 2021A               | (\$0.01) | (\$0.04) | (\$0.03) | (\$0.05) | (\$0.14) | nm  |
| 2022A               | (\$0.01) | (\$0.02) | \$0.01   | (\$0.02) | (\$0.03) | nm  |
| 2023E               | (\$0.00) | A        | N/A      | N/A      | N/A      | nm  |

| Adjusted EBITDA (US\$ M) |       |       |       |       |        |           |
|--------------------------|-------|-------|-------|-------|--------|-----------|
|                          | Q1    | Q2    | Q3    | Q4    | Annual | EV/EBITDA |
| 2019A                    |       |       |       |       | (1.2)  | nm        |
| 2020A                    |       |       |       |       | (1.0)  | nm        |
| 2021A                    | (0.4) | (0.7) | (0.7) | (0.9) | (2.6)  | nm        |
| 2022A                    | (0.2) | (0.1) | 1.0   | 0.1   | 0.8    | nm        |
| 2023E                    | 0.6   | A     | N/A   | N/A   | N/A    | nm        |

Source: Company reports, Refinitiv, LBS

## Altius Renewable Royalties Corp. (ARR-T)

Rating: **N/A** – Target: **N/A**; Price: **\$8.71**

*Jonathan Lamers, Diversified Analyst*

Key takeaways from our discussion:

- **Opportune time to be offering renewable royalty financing.** High interest rates and increased equity costs have provided the strongest demand for renewable royalty finance that Management has observed in their 15+ years in the energy industry. Renewables are now the lowest-cost option for new power generation projects in many regions. Management's deep experience, reputation, and network are providing a continued flow of favourable investment opportunities.
- **Targeting capital deployment of ~\$100M per year.** Altius Renewable Royalties has ~\$50M capital on its balance sheet and any investment will be matched by Apollo pursuant to the 50/50 ownership structure of the operating company GBR. Management is also exploring alternative sources of capital noting it has a stable cash flow stream that would support debt financing. For context, GBR deployed over \$100M each of the past two years.
- **TGE agreement provides visible pipeline with high embedded returns.** GBR has invested \$47M for ~2.5GW royalties and will have first opportunity to invest on another ~3.5GW of royalties at above-market returns at a time when the projects are de-risked and operational.

## Company Profile

Bird Construction is one of Canada's leading construction and maintenance service providers with a focus on the industrial, commercial, institutional, infrastructure, and heavy civil sectors.

## Market and Company Data

|                |                     |  |  |  |                      |  |         |
|----------------|---------------------|--|--|--|----------------------|--|---------|
| Ticker         | BDT-T               |  |  |  | Shares O/S (M)       |  | 53.70   |
| Rating         | Buy                 |  |  |  | Market Cap (M)       |  | \$454.8 |
| Risk           | High                |  |  |  | Float O/S (M)        |  | 51.23   |
| Price          | \$8.47              |  |  |  | Float Value (M)      |  | \$433.9 |
| 1-Yr Target    | \$12.00             |  |  |  | Avg Daily Volume     |  | 42,104  |
| Dividend       | \$0.43              |  |  |  | Enterprise Value (M) |  | \$447.5 |
| Dividend yield | 5.1%                |  |  |  | Net Debt/Cap         |  | 20.8%   |
| 1-Yr ROR       | 47%                 |  |  |  | BVPS                 |  | \$5.09  |
| 52 Wk High-Low | \$5.74 - \$9.55     |  |  |  | Next Reporting       |  | Aug-23  |
| Valuation      | 4.5x 2024 EV/EBITDA |  |  |  |                      |  |         |

| Adjusted EPS (FD) |        |   |        |   |        |   |        |          |      |
|-------------------|--------|---|--------|---|--------|---|--------|----------|------|
|                   | Q1     |   | Q2     |   | Q3     |   | Q4     | Annual   | P/E  |
| 2020A             | \$0.03 | A | \$0.15 | A | \$0.20 | A | \$0.41 | A \$0.92 | 6.8x |
| 2021A             | \$0.17 | A | \$0.28 | A | \$0.26 | A | \$0.24 | A \$0.96 | 9.7x |
| 2022A             | \$0.12 | A | \$0.16 | A | \$0.29 | A | \$0.29 | A \$0.86 | 9.1x |
| 2023E             | \$0.10 | A | \$0.23 | E | \$0.40 | E | \$0.38 | E \$1.11 | 7.6x |
| 2024E             |        |   |        |   |        |   |        | \$1.25   | 6.8x |

| Adj. EBITDA (\$M) |      |   |      |   |      |   |      |         |           |
|-------------------|------|---|------|---|------|---|------|---------|-----------|
|                   | Q1   |   | Q2   |   | Q3   |   | Q4   | Annual  | EV/EBITDA |
| 2020A             | 7.6  | A | 12.3 | A | 22.0 | A | 40.0 | A 81.9  | 3.5x      |
| 2021A             | 21.0 | A | 30.1 | A | 28.6 | A | 28.4 | A 102.6 | 4.9x      |
| 2022A             | 17.8 | A | 21.5 | A | 31.2 | A | 30.6 | A 101.2 | 3.9x      |
| 2023E             | 16.1 | A | 27.6 | E | 40.4 | E | 39.4 | E 123.6 | 3.6x      |
| 2024E             |      |   |      |   |      |   |      | 133.4   | 3.1x      |

Source: Company reports, FactSet, LBS

## Bird Construction Inc. (BDT-T)

Rating: **BUY** – Target: **\$12.00**; Price: **\$8.47**

*Jonathan Lamers, Diversified Analyst*

Key takeaways from our discussion:

- **Diversified service offering in demand.** Bird recently secured two significant new industrial contracts for commodities markets: Champion Iron Ore's coarse tailing dam raise in Quebec and BHP Jansen's Stage 1 Potash Project in Saskatchewan. Bird continues to be recognized for its capabilities to service a wide range of markets including Industrials and Mining, and is seeing strong demand for its services broadly. Management foresees sales growth in the high-single-digit percentage range over 2023 and 2024.
- **Outlook for margin expansion.** The pricing environment remains strong. Bird has minimal P3 contracts in its backlog that have created challenges for other contractors. Collaborative contracts ramping up are much lower risk and are expected to generate higher margin than historically. Materials inflation challenges have peaked. Bird expects its operating margin to expand ~100 bps per year over the remainder of its strategic plan (to 2024) and sees a path to positive free cash flow.
- **Expected to prove recession resilient.** Long-life projects from blue-chip and government customers represent the lion's share of Bird's business. The company estimates markets sensitive to interest rates including retail would represent ~5% of revenue.





## Company Profile

Boyd Group is one of the largest operators of automotive collision repair centres in North America, with locations across the United States and Canada, under the trade name Gerber Collision & Glass in the U.S. The company also operates a major retail auto glass service network and Gerber National Claims Services which offers emergency roadside and first notice of loss services.

## Market and Company Data

|                       |                       |                             |          |
|-----------------------|-----------------------|-----------------------------|----------|
| <b>Ticker</b>         | BYD-T                 | <b>Year End</b>             | Dec. 31  |
| <b>Rating</b>         | Buy                   | <b>FD Shares O/S (M)</b>    | 21.47    |
| <b>Risk</b>           | Medium                | <b>Market Cap (fd) (M)</b>  | C\$5,162 |
| <b>Price</b>          | C\$240.40             | <b>Float O/S (M)</b>        | 21.3     |
| <b>1-Yr Target</b>    | C\$283.00             | <b>Float Value (M)</b>      | C\$5,115 |
| <b>Dividend</b>       | C\$0.58               | <b>Avg Daily Volume (k)</b> | 48.3     |
| <b>1-Yr ROR</b>       | 17.7%                 | <b>Enterprise Value (M)</b> | C\$6,455 |
| <b>52 Wk High-Low</b> | C\$117.48 - C\$247.37 | <b>Net Debt/EBITDA</b>      | 1.9x     |
| <b>Valuation</b>      | 22x 2024E P/FCF       | <b>Next Reporting</b>       | Aug-23   |
|                       |                       | <b>P/FCF (2023E)</b>        | 26.6x    |

| Adjusted EPS FD (US\$) |        |        |        |        |        |        |
|------------------------|--------|--------|--------|--------|--------|--------|
|                        | Q1     | Q2     | Q3     | Q4     | Annual | P/E    |
| 2021A                  | \$0.39 | \$0.53 | \$0.11 | \$0.28 | \$1.30 | 139.5x |
| 2022A                  | \$0.10 | \$0.63 | \$0.56 | \$0.68 | \$1.97 | 66.5x  |
| 2023E                  | \$0.99 | \$0.84 | \$1.13 | \$1.27 | \$4.24 | 43.2x  |
| 2024E                  |        |        |        |        | \$5.93 | 30.9x  |

| Adjusted EBITDA (US\$M) |          |          |          |          |           |           |
|-------------------------|----------|----------|----------|----------|-----------|-----------|
|                         | Q1       | Q2       | Q3       | Q4       | Annual    | EV/EBITDA |
| 2021A                   | \$49.2   | \$54.4   | \$51.0   | \$55.0   | \$209.6   | 41.8x     |
| 2022A                   | \$53.8   | \$72.0   | \$73.0   | \$74.7   | \$273.5   | 21.0x     |
| 2023E                   | \$84.7 A | \$84.0 E | \$93.8 E | \$98.3 E | \$360.9 E | 19.2x     |
| 2024E                   |          |          |          |          | \$437.9   | 15.2x     |

US\$ unless otherwise indicated  
Source: Company reports, FactSet, LBS estimates.

## Boyd Group Services Inc. (BYD-T)

Rating: **BUY** – Target: **\$283.00**; Price: **\$240.40**

Jonathan Lamers, Diversified Analyst

Key takeaways from our discussion:

- **Same-store sales outlook robust as labor capacity improves.** We noted a very positive overall tone from Management on the SSS outlook. Boyd's main challenge today is the shortage of labor capacity. The collision repair industry is competing for skilled labor with other industries such as solar panel construction. Management is highly focused on addressing this with a three- pronged approach focused on retention, recruitment, and apprenticeship. The company intends to be a more attractive place to work versus its key large competitors.
- **Operating margins heading north.** As SSS improve, higher throughput should better absorb fixed costs. On gross margins, management noted parts margins are nearly at normal level and Management continues to work on getting needed labor rates to address labor shortages, so gross margins should not necessarily be expected to be higher. Our estimates include EBITDA margin improvement from 11.2% last year to 13.6% by 2024, and we believe higher throughput could drive upside to these.
- **Long runway in North America,** with Boyd now having a U.S. market share of ~6% and the top three players having a combined share of ~20%. International markets might make sense at some point.

## Company Profile

CargoJet is Canada's leading provider of time-sensitive domestic network air cargo services, including domestic overnight air cargo, providing dedicated aircraft to customers on an "ACMI" basis, and operation of scheduled international routes for multiple cargo customers between the United States and Bermuda, between Canada and Europe, between Canada and Asia, and between Canada and Mexico.

## Market and Company Data

|                       |                       |                              |         |
|-----------------------|-----------------------|------------------------------|---------|
| <b>Ticker</b>         | CJT-T                 | <b>Shares O/S (M)</b>        | 17.2    |
| <b>Rating</b>         | Hold                  | <b>Market Cap (M)</b>        | \$1,776 |
| <b>Risk</b>           | High                  | <b>Float O/S (M)</b>         | 16.6    |
| <b>Price</b>          | \$103.24              | <b>Float Value (M)</b>       | \$1,712 |
| <b>1-Yr Target</b>    | \$118.00              | <b>Avg Daily Volume (K)</b>  | 47.0    |
| <b>Dividend</b>       | \$1.04                | <b>Enterprise Value (M)*</b> | \$2,386 |
| <b>Yield (%)</b>      | 1.0%                  | <b>Control Blocks:</b>       |         |
| <b>1-Yr ROR</b>       | 15.3%                 | Manag & Dir                  | 4%      |
| <b>52 Wk High-Low</b> | \$100.39 - \$156      | <b>Next Reporting</b>        | Aug-23  |
| <b>BVPS</b>           | \$48                  | <b>Year End</b>              | 31-Dec  |
| <b>Valuation</b>      | 9.0x EV/EBITDA (2024) |                              |         |

| Adjusted Diluted EPS* |          |          |          |          |          |        |
|-----------------------|----------|----------|----------|----------|----------|--------|
|                       | Q1       | Q2       | Q3       | Q4       | Annual   | P/E    |
| 2021A                 | \$1.96 A | \$1.36 A | \$1.36 A | \$2.43 A | \$7.04 A | 27.3 x |
| 2022A                 | \$1.75 A | \$1.48 A | \$2.14 A | \$0.77 A | \$5.24 A | 29.0 x |
| 2023E                 | \$0.83 A | \$0.88 E | \$1.04 E | \$1.15 E | \$3.89 E | 26.5 x |
| 2024E                 |          |          |          |          | \$4.57 E | 22.6 x |

| Adjusted EBITDA (\$M) |        |        |         |        |         |           |
|-----------------------|--------|--------|---------|--------|---------|-----------|
|                       | Q1     | Q2     | Q3      | Q4     | Annual  | EV/EBITDA |
| 2021A                 | \$64 A | \$67 A | \$71 A  | \$91 A | \$293 A | 8.1 x     |
| 2022A                 | \$83 A | \$81 A | \$82 A  | \$83 A | \$329 A | 7.2 x     |
| 2023E                 | \$75 A | \$79 E | \$325 E | \$88 E | \$325 E | 8.9 x     |
| 2024E                 |        |        |         |        | \$363 E | 8.2 x     |

\*Adjusted EPS calculated as Adjusted Net Income excluding Fair Value Change on Stock Warrants and Tax Impact dividend by weighted average diluted shares.  
Source: Company reports; FactSet, LBS.

## CargoJet Inc. (CJT-T)

Rating: **HOLD** – Target: **\$118.00**; Price: **\$103.24**

Jonathan Lamers, Diversified Analyst

Key takeaways from our discussion:

- **Domestic leadership entrenched,** with estimated market share over 90% and CargoJet differentiated by its long track record of ~98-99% on-time reliability. Important developments over the past six months included the extensions of the Canada Post / Purolator contract to 2029, and UPS contract to 2030, and new government funding for the Hamilton International Airport expansion. Amazon, Purolator, UPS are all co-located with CargoJet at Hamilton. Management is not overly concerned by air cargo investments by Air Canada and WestJet.
- **Customers expecting demand to pick-up over H2.** CargoJet remains cautious following flat-to-slight growth over Q1 and early Q2. However, the company is seeing some positive indications, e.g. DHL expects higher global demand in H2, and Canada Post opened a new sorting facility in April that reached 60% capacity in recent weeks and will bring on new business as it ramps to full capacity this summer.
- **Business model should prove resilient.** Domestic is largely under long-term rate contracts and ACMI rates are fixed. CargoJet eliminated \$10M of expense by consolidating one domestic route effective April 1. The company expects significant cost savings in 2023 versus 2022 in areas including pilot training and overtime.







## Company Profile

Exchange Income Corporation's principal activity is to invest in profitable, well-established companies with strong cash flows operating in niche markets in Canada and the United States. It focuses on acquisition opportunities in the industrial products and transportation sectors. The company's aviation subsidiaries focus on service to remote Northern regions of Canada including aerospace, passenger, cargo and medical transportation, whereas the company's manufacturing segment includes a diverse range of companies, including Northern Mat and Quest Windows.

## Market and Company Data

|                                      |                        |                       |           |           |           |           |
|--------------------------------------|------------------------|-----------------------|-----------|-----------|-----------|-----------|
| Ticker                               | EIF-T                  | Shares O/S (M)        | 42.5      |           |           |           |
| Rating                               | Buy                    | Market Cap (M)        | \$2,325   |           |           |           |
| Risk                                 | Medium                 | Float O/S (M)         | 39.5      |           |           |           |
| Price                                | \$54.73                | Float Value (M)       | \$2,160   |           |           |           |
| 1-Yr Target                          | \$63.00                | Avg Daily Volume (K)  | 86.6      |           |           |           |
| Dividend                             | \$2.52                 | Enterprise Value (M)* | \$3,830   |           |           |           |
| Yield (%)                            | 4.6%                   | Control Blocks:       |           |           |           |           |
| 1-Yr ROR                             | 19.7%                  | Manag & Dir           | 7%        |           |           |           |
| 52 Wk High-Low                       | \$38.23 - \$55.74      | Net Debt/Cap          | 67%       |           |           |           |
| BVPS                                 | \$23.58                | Next Reporting        | Aug-23    |           |           |           |
| Valuation                            | 7.5x EV/EBITDA (2024E) | Year End              | 31-Dec    |           |           |           |
| Adjusted EPS (F.D.)                  |                        |                       |           |           |           |           |
|                                      | Q1                     | Q2                    | Q3        | Q4        | Annual    | P/E       |
| 2020A                                | \$0.06                 | A \$0.16              | A \$0.57  | A \$0.52  | A \$1.32  | 24.2 x    |
| 2021A                                | \$0.29                 | A \$0.52              | A \$0.71  | A \$0.72  | A \$2.26  | 18.1 x    |
| 2022A                                | \$0.20                 | A \$0.80              | A \$1.20  | A \$0.73  | A \$2.93  | 15.0 x    |
| 2023E                                | \$0.27                 | A \$0.91              | E \$1.14  | E \$0.75  | E \$3.07  | 17.8 x    |
| 2024E                                |                        |                       |           |           | \$3.99    | 13.7 x    |
| Adjusted EBITDA (\$M)                |                        |                       |           |           |           |           |
|                                      | Q1                     | Q2                    | Q3        | Q4        | Annual    | EV/EBITDA |
| 2020A                                | \$57.3                 | A \$62.1              | A \$83.2  | A \$82.0  | A \$284.5 | 7.0 x     |
| 2021A                                | \$64.1                 | A \$81.1              | A \$95.3  | A \$89.4  | A \$329.9 | 6.8 x     |
| 2022A                                | \$67.0                 | A \$115.1             | A \$150.4 | A \$124.1 | A \$456.4 | 7.3 x     |
| 2023E                                | \$97.1                 | A \$141.9             | E \$165.9 | E \$137.2 | E \$542.1 | 7.7 x     |
| 2024E                                |                        |                       |           |           | \$615.9   | 6.8 x     |
| Source: Company reports; FactSet LBS |                        |                       |           |           |           |           |

Source: Company reports; FactSet; LBS.

## Exchange Income Corp. (EIF-T)

Rating: **BUY** – Target: **\$63.00**; Price: **\$54.73**

Jonathan Lamers, Diversified Analyst

Key takeaways from our discussion:

- **Successful acquisition strategy unchanged since inception.** Exchange's success with acquisitions has reinforced Management's conviction in its criteria for high-margin businesses with defensible market niches, on the cusp of significant growth, and available at attractive valuations that provide 15% free cash returns on investment. Exchange intends to shift its business mix to be more balanced between the Manufacturing and Aviation/Aeroover divisions over time given greater opportunities in Manufacturing. The company is starting to see reduced competition for new acquisitions from pure financial players who are challenged to make accretive deals given higher rates.
- **Existing operations set for earnings growth.** The northern airlines are insulated from challenges facing the consumer given the majority of tickets are funded with government support. Quest Window Walls is expected to grow into one of Exchange's largest businesses by capitalizing on a hot condo construction market, the Toronto plant recovering from production challenges and set to be integrated with recently acquired BV Glazing, and the new plant in Dallas recently having added a second shift. High-margin aircraft leasing is seeing new customer contracts supporting strong growth ramping from Q2-Q4.

## Company Profile

Russel Metals is a metals distribution and processing company, focused on steel products. The Company operates through three segments: metals service centers, energy products and steel distributors. Processing and distribution services are provided to a base of over 35,000 end customers via a network of 140 locations across North America. Product variety carried by Russel varies in size, shape and specifications and includes carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel, aluminum and other non-ferrous specialty metals.

## Market and Company Data

|   |                  |                       |         |         |         |           |
|---|------------------|-----------------------|---------|---------|---------|-----------|
| Ticker                                  | RUS-T            | Shares O/S (M)        | 62.3    |         |         |           |
| Rating                                  | N/A              | Market Cap (M)        | \$2,167 |         |         |           |
| Risk                                    | N/A              | Float O/S (M)         | 61.6    |         |         |           |
| Price                                   | \$34.78          | Float Value (M)       | \$2,143 |         |         |           |
| 1-Yr Target                             | NA               | Avg Daily Volume (K)  | 281.1   |         |         |           |
| Dividend                                | \$1.52           | Enterprise Value (M)* | \$2,062 |         |         |           |
| Yield (%)                               | 4.4%             | Net Debt/Cap          | 13.8%   |         |         |           |
| 1-Yr ROR                                | N/A              | Next Reporting        | Aug-23  |         |         |           |
| 52 Wk High-Low                          | \$23.8 - \$37.28 | Year End              | 31-Dec  |         |         |           |
| BVPS                                    | \$25.10          |                       |         |         |         |           |
| Valuation                               | N/A              |                       |         |         |         |           |
|   |                  |                       |         |         |         |           |
| Adjusted EPS (fully diluted)            |                  |                       |         |         |         |           |
|   | Q1               | Q2                    | Q3      | Q4      | Annual  | P/E       |
| 2019A                                   | \$0.55           | \$0.50                | \$0.29  | -\$0.11 | \$1.23  | 28.2 x    |
| 2020A                                   | \$0.17           | \$0.07                | \$1.88  | \$0.22  | \$2.34  | 14.8 x    |
| 2021A                                   | \$1.29           | \$1.88                | \$2.10  | \$1.62  | \$6.89  | 5.0 x     |
| 2022A                                   | \$1.56           | \$1.96                | \$1.45  | \$0.93  | \$5.90  | 5.9 x     |
| 2023E                                   | \$1.19           | A N/A                 | N/A     | N/A     | N/A     | N/A       |
| Adjusted EBITDA (\$M)                   |                  |                       |         |         |         |           |
|   | Q1               | Q2                    | Q3      | Q4      | Annual  | EV/EBITDA |
| 2019A                                   | \$71.9           | \$64.8                | \$48.7  | \$17.6  | \$203.0 | 10.2 x    |
| 2020A                                   | \$39.2           | \$31.5                | \$47.2  | \$41.2  | \$159.1 | 13.0 x    |
| 2021A                                   | \$129.0          | \$177.8               | \$196.0 | \$164.0 | \$666.8 | 3.1 x     |
| 2022A                                   | \$153.0          | \$189.1               | \$124.7 | \$97.4  | \$547.9 | 3.8 x     |
| 2023E                                   | \$116.0          | A N/A                 | N/A     | N/A     | N/A     | N/A       |
| Source: Company reports, Refinitiv, LBS |                  |                       |         |         |         |           |

Source: Company reports, Refinitiv, LBS

## Russel Metals Inc. (RUS-T)

Rating: **N/A** – Target: **N/A**; Price: **\$34.78**

Jonathan Lamers, Diversified Analyst

Key takeaways from our discussion:

- **Metal Service Center margins have shifted permanently higher.** Metal market prices have eased from pandemic peak levels, however, are expected to remain high. Producers have demonstrated discipline around capacity and production shifting the scrap metal cost curve higher. Russel's investments in value-add processing capacity have made comparisons to historical margin per tonne metrics less relevant. While margins fluctuate, the expected band has shifted higher.
- **Ongoing investments driving returns.** Russel plans to invest ~\$50M or more into growth projects per year (in addition to ~\$25M for maintenance). These generally offer cash-on-cash paybacks within three years or better, driving metals margins higher.
- **Acquisitions to accelerate growth.** Russel believes its overall business mix is appropriate (Metal Service Centers ~70%, Energy Field Stores ~18%, Steel Distributors ~12%), noting Energy markets represent ~18% of the North American economy. Geographically, Metal Service Centers are currently ~2/3 located in Canada and ~1/3 in U.S. The fragmented U.S. market provides the greatest opportunities for consolidation over time. Russel prefers acquiring businesses with complementary cultures where it can enhance inventory management.





## Company Profile

Founded in 1979, Savaria Corporation (SIS) offers a product line to assist the mobility-challenged, targeting commercial/residential markets in North America and around the world. Operations are divided into three segments: Accessibility (lifts), Adapted Vehicles (van conversions) and Patient Handling (medical products/equipment). SIS is headquartered in Laval, QC with manufacturing/assembly facilities in Brampton and Beamsville, ON, Laval and Magog, QC, Greenville, SC, Huizhou, China, Milan, Italy and across Australia.

## Market and Company Data

|                       |                      |                             |           |
|-----------------------|----------------------|-----------------------------|-----------|
| <b>Ticker</b>         | SIS-T                | <b>Shares-basic O/S (M)</b> | 64.5      |
| <b>Rating</b>         | Buy                  | <b>Shares-FD O/S (M)</b>    | 67.6      |
| <b>Risk</b>           | Medium               | <b>Market Cap (M)</b>       | \$1,072.9 |
| <b>Price</b>          | \$16.63              | <b>Float O/S (M)</b>        | 51.3      |
| <b>1-Yr Target</b>    | \$21.50              | <b>Avg Daily Volume (K)</b> | 76.5      |
| <b>Yield</b>          | 3.1%                 | <b>Enterprise Value (M)</b> | \$1,403.0 |
| <b>1-Yr ROR</b>       | 32.4%                | <b>Cash (M)</b>             | \$62.4    |
| <b>52 Wk High-Low</b> | \$17.29 - \$12.02    | <b>Net Debt (M)</b>         | \$330.1   |
| <b>Valuation</b>      | 11.5x 2024 EV/EBITDA | <b>Ownership</b>            |           |
| <b>Year End</b>       | Dec-31               | <b>Manag. &amp; Dir.</b>    | 20.5%     |
| <b>Next Reporting</b> | Aug-23               | <b>Institutional</b>        | 55.9%     |
|                       |                      | <b>Net Debt/Total Cap</b>   | 42.0%     |

| EPS (FD) |        |          |          |          |          |       |
|----------|--------|----------|----------|----------|----------|-------|
|          | Q1     | Q2       | Q3       | Q4       | Annual   | P/E   |
| 2021A    | \$0.15 | A \$0.17 | A \$0.16 | A \$0.00 | A \$0.47 | 35.5x |
| 2022A    | \$0.09 | A \$0.19 | A \$0.15 | A \$0.21 | A \$0.65 | 25.6x |
| 2023E    | \$0.17 | A \$0.21 | \$0.19   | \$0.16   | \$0.73   | 22.7x |
| 2024E    |        |          |          |          | \$0.90   | 18.4x |

| EBITDA (M) |        |          |          |          |           |           |
|------------|--------|----------|----------|----------|-----------|-----------|
|            | Q1     | Q2       | Q3       | Q4       | Annual    | EV/EBITDA |
| 2021A      | \$17.3 | A \$27.4 | A \$26.3 | A \$29.3 | A \$100.3 | 14.0x     |
| 2022A      | \$24.4 | A \$31.5 | A \$31.0 | A \$33.3 | A \$120.2 | 11.7x     |
| 2023E      | \$31.2 | A \$36.2 | \$34.4   | \$32.2   | \$134.0   | 10.6x     |
| 2024E      |        |          |          |          | \$150.0   | 9.4x      |

Source: Company reports; Bloomberg; LBS estimates.

## Savaria Corporation (SIS-T)

Rating: **BUY** – Target: **\$21.50**; Price: **\$16.63**

Nick Agostino, *Diversified Technology Analyst*

Key takeaways from our fireside chat:

- **No demand slowdown despite recession fears.** SIS is more diversified vs. 2008, with operations in 12 countries and more products. SIS is not seeing any slowdown from its 30 direct sales offices and has good near-term visibility off a historic high backlog and bookings.
- **Solid tailwinds in Accessibility and Patient Care.** SIS remains confident in its \$1B sales goal by 2025 off an 8-10% CAGR and expects Accessibility and Patient Care (PC) to backfill the Norwegian divestiture; segment tailwinds are expected to persist in the medium- to long-term with Accessibility benefiting from increased home accessibility spend and PC profiting from catch up spend in LT care.
- **Sales skewed to volume growth.** Pricing increases since mid-2022 have yet to hit the Q2/23 backlog; to benefit 2H/23. Of the 8-10% annual sales growth, ~4% is expected from pricing increases in 2023 and a lower rate of 2-4% for 2024/25. The goal of 20% EBITDA margin by 2025 is aggressive but attainable given successes in select products. Regarding the China/Mexico plants, utilization is a function of w/c, expertise, and lead times.
- **A 7-year product development initiative.** Under its 2023 Ignite plan, SIS aims to rationalize its product portfolio, evaluate new market opportunities and contemplate new products (e.g. hygiene).

## Company Profile

WSP Global is a leading engineering services firm providing private and public sector clients with a comprehensive and diversified range of professional consulting services through all execution phases of a project including planning, design, construction and maintenance. The company provides services in the buildings, industrial and power, urban infrastructure, transportation and environment segments. Based in Canada, WSP's operations span the U.S., Latin America, Europe, the Middle East and Africa, and Asia-Pacific.

## Market and Company Data

|                       |                     |                             |          |
|-----------------------|---------------------|-----------------------------|----------|
| <b>Ticker</b>         | WSP-T               | <b>Shares O/S (M)</b>       | 124.8    |
| <b>Rating</b>         | Buy                 | <b>Market Cap (M)</b>       | \$21,478 |
| <b>Risk</b>           | Medium              | <b>Float O/S (M)</b>        | 118.2    |
| <b>Price</b>          | \$172.16            | <b>Float Value (M)</b>      | \$20,353 |
| <b>1-Yr Target</b>    | \$203.00            | <b>Avg Daily Volume (K)</b> | 219.4    |
| <b>Dividend</b>       | \$1.50              | <b>Enterprise Value (M)</b> | \$23,937 |
| <b>Yield (%)</b>      | 0.9%                | <b>Next Reporting</b>       | Aug-23   |
| <b>1-Yr ROR</b>       | 18.8%               | <b>Year End</b>             | 31-Dec   |
| <b>52 Wk High-Low</b> | \$130.65 - \$181.00 |                             |          |
| <b>BVPS</b>           | \$48.26             |                             |          |
| <b>Valuation</b>      | 26.0x P/E (2024)    |                             |          |

| Adjusted EPS (FD) |        |          |          |          |          |       |
|-------------------|--------|----------|----------|----------|----------|-------|
|                   | Q1     | Q2       | Q3       | Q4       | Annual   | P/E   |
| 2020A             | \$0.60 | A \$1.00 | A \$1.16 | A \$0.82 | A \$3.58 | 25.0x |
| 2021A             | \$0.83 | A \$1.26 | A \$1.53 | A \$1.46 | A \$5.09 | 36.1x |
| 2022A             | \$1.16 | A \$1.30 | A \$1.59 | A \$1.68 | A \$5.72 | 27.4x |
| 2023E             | \$1.37 | A \$1.63 | E \$1.95 | E \$1.89 | E \$6.84 | 25.2x |
| 2024E             |        |          |          |          | \$8.07   | 21.3x |

| Adjusted EBITDA (\$M) |     |       |       |       |         |           |
|-----------------------|-----|-------|-------|-------|---------|-----------|
|                       | Q1  | Q2    | Q3    | Q4    | Annual  | EV/EBITDA |
| 2020A                 | 218 | A 276 | A 297 | A 262 | A 1,054 | 14.0x     |
| 2021A                 | 241 | A 343 | A 378 | A 361 | A 1,323 | 22.2x     |
| 2022A                 | 325 | A 352 | A 407 | A 446 | A 1,530 | 18.3x     |
| 2023E                 | 413 | A 450 | E 505 | E 495 | E 1,863 | 18.8x     |
| 2024E                 |     |       |       |       | 2,061   | 16.4x     |

Source: Company filings, FactSet, LBS

## WSP Global Inc. (WSP-T)

Rating: **BUY** – Target: **\$203.00**; Price: **\$172.16**

Jonathan Lamers, *Diversified Analyst*

Key takeaways from our discussion:

- **Global demand robust.** The Americas region in particular is seeing strong growth as U.S. infrastructure funds flow noting 9.0% organic sales and soft backlog growth in Q1. Management is closely monitoring Europe, however, has not observed any of the typical signs of a cyclical market downturn, such as customers deferring major projects.
- **Diversified and positioned to benefit from industry mega-trends.** WSP's mix of Design vs. Advisory business is expected to remain ~50/50. Advisory is a growth area as customers pursue energy transition, while in Design barriers to entry continue to be high and margins are trending up. WSP is also a leader in digital infrastructure, supporting hyper-scalers and enterprise customers with multi-disciplinary services supporting everything that goes into data centres.
- **Successful acquisition model set to continue.** WSP's acquisition criteria have not changed since present Management was appointed. The acquisition pipeline remains active, and WSP remains interested in both small and transformative opportunities in the highly fragmented global market. However, our sense is there could be slower activity for a period until seller valuations adjust for the higher interest rate environment.







## Important Disclosures

| Company                          | Ticker | Disclosures |
|----------------------------------|--------|-------------|
| 5N Plus Inc.                     | VNP-T  | V           |
| Aecon Group Inc.                 | ARE-T  | V           |
| Altius Renewable Royalties Corp. | ARR-T  | U           |
| Bird Construction Inc.           | BDT-T  | V           |
| Boyd Group Services Inc.         | BYD-T  | N/A         |
| CargoJet Inc.                    | CJT-T  | V           |
| Exchange Income Corp.            | EIF-T  | U, V        |
| Russel Metals Inc.               | RUS-T  | N/A         |
| Savaria Corp.                    | SIS-T  | V           |
| WSP Global Inc.                  | WSP-T  | U           |

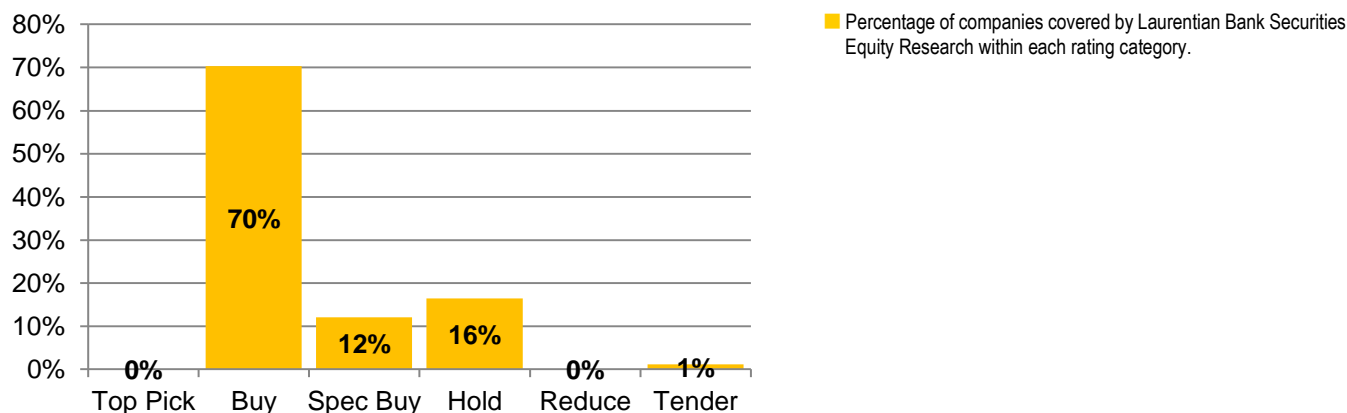
The analyst(s) certify that (1) the views expressed in this report in connection with securities or issuers they analyze accurately reflect their personal views and (2) no part of their compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by them in this report.

The Research Analyst's compensation is based on various performance and market criteria and is charged as an expense to certain departments of Laurentian Bank Securities (LBS), including investment banking.

### \*Legend

- A** The Analyst/Associate, in his/her own account or in a related account, owns securities of this issuer.
- D** A member of the Board of directors of LBS sits on the Board of directors of this issuer.
- L** LBS collectively beneficially owns in excess of 1% of one or more classes of the issued and outstanding equity securities of this issuer.
- O** The Director of Equity Research, in his/her own account or in a related account, owns securities of this issuer.
- U** Within the last 24 months, LBS has undertaken an underwriting liability with respect to equity securities of, or has provided advice for a fee with respect to, this issuer.
- V** The Analyst has visited material operations of this issuer.
- P** This issuer paid a portion of the travel-related expenses incurred by the Analyst to visit material operations of this issuer.

## Laurentian Bank Securities Equity Research Ratings Distribution



Source: Laurentian Bank Securities

|   |                 |   |
|---|-----------------|---|
| <b>Recommendation</b>   | <b>Top Pick</b> | Our best investment idea, the greatest potential value appreciation.  |
|   | <b>Buy</b>      | The stock is expected to generate significant risk-adjusted returns over the next 12 months.                      |
|   | <b>Hold</b>     | The stock is expected to generate modest risk-adjusted returns over the next 12 months.                           |
|   | <b>Reduce</b>   | The stock is expected to generate negative risk-adjusted returns over the next 12 months.                         |
|   | <b>Tender</b>   | Analyst is recommending that investors tender to a specific offering for the stock.                               |
| Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it. Additionally, our target prices are based on a 12-month investment horizon. |                 |   |
| <b>Risk Ratings</b>   | <b>Low</b>      | Low financial/operational risk, high predictability of financial performance, low stock volatility.               |
|   | <b>Medium</b>   | Moderate financial/operational risk, moderate predictability of financial performance, moderate stock volatility. |
|   | <b>High</b>     | High financial/operational risk, low predictability of financial performance, high stock volatility.              |





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