

APRIL 2018

—2018—

INSTITUTIONAL INVESTOR CONFERENCE RECAP



LAURENTIAN BANK
SECURITIES



Institutional Investor Conference Recap

On April 4th & 5th, 2018, LBS hosted its fifth Annual Institutional Investor Conference in Montreal, which included a reverse roadshow. Attendance was exceptionally strong with approximately 350 people attending and included presentations from over 55 corporate issuers. We believe that the strong attendance at the conference is indicative of continued interest in our product, following strong performances in 2016 and 2017, making it a top ranked conference in Canada.

Presentations included traditional group presentations, panel discussions (on Transportation, Power, Canadian REITs, Blockchain Technology, Mortgage Lending, the Canadian Restaurant Industry, Precious Metals, Agriculture Equipment and Infrastructure & Design), as well as over 350 one-on-one meetings between corporate issuers and institutional investors. Building on the success of last year's reverse roadshow plant tour, this year's event included an aircraft tour at Transat; a tour of one of SIR Royalty IF's Jack Astor's locations; TECSYS Inc.'s logistics R & D facility; and 5N Plus's rare metals processing facility.

The following is a list of tours and corporate presentations that took place:

WEDNESDAY, APRIL 4 TH , 2018 - CONFERENCE REVERSE ROAD SHOW			
Start Time	Plant Tours	Start Time	Plant Tours
8:00am	Transat IR Day ¹ including Jordi Solé, Hotel President; Annick Guérard, COO/Successor (Investor presentations and aircraft tour)	1:30pm	TECSYS Inc. Peter Brereton, President & CEO ¹ (Logi-D logistics R&D facility)
11:30am	SIR Royalty IF Peter Fowler, CEO ¹ (Jack Astor's brand location) and Lunch	3:30pm	5N Plus Inc. Arjang Roshan, President & CEO ¹ (Rare metals processing facility / HQ)
THURSDAY, APRIL 5 TH , 2018 - CONFERENCE			
CONFERENCE ROOM	ROOM A "PIERRE DE COUBERTIN"	ROOM B "SALON DES SAISONS"	ROOM C "SALON PRINTEMPS"
7:00 - 8:00	REGISTRATION & BREAKFAST		
8:00 - 8:40	PANEL "Mortgage Lending Panel" Equitable Group Inc. / Andrew Moor, President & CEO First National Financial Corp. / Stephen Smith, Chairman & CEO Laurentian Bank Securities / Sebastien Lavioie, Chief Economist Street Capital Group Inc. / Duncan Hannay, President & CEO	Boyd Group IF Brock Bulbuck, CEO	People Corporation Laurie Goldberg, CEO
8:45 - 9:25	PANEL "Infrastructure & Design Panel" IBI Group Inc. / Scott Stewart, CEO SNC Lavalin Group Inc. / Ian Edwards, President - Infrastructure Stantec Inc. / Gord Johnston, President & CEO WSP Global Inc. / Bruno Roy, CFO	Uni-Select Inc. Henry Buckley, President & CEO	Solium Capital Inc. Kelly Schmitt, CFO / Cameron Hall, President Canada
9:30 - 10:10	PANEL "Transportation Panel" Cargojet Inc. / John Kim, CFO Descartes System Group Inc. / Allan Brett, CFO TFI International Inc. / Gregory Rumble, EVP & CFO	CCL Industries Inc. Geoff Martin, President & CEO	Currency Exchange International Randolph Pinna, President & CEO
10:15 - 10:30	BREAK		
10:35 - 11:15	PANEL "Power Panel" Fortis Inc. / Karl Smith, Executive Vice President and CFO Hydro One Ltd. / Mayo Schmidt, President & CEO Ontario Power Generation / Ken Horvick, CFO & SVP Stella-Jones Inc. / Brian McManus, President & CEO	Enercare Inc. John Macdonald, President & CEO	Savaria Corporation Marcel Bourassa, President & CEO
11:20 - 12:00	PANEL "Canadian Restaurant Industry Panel" Boston Pizza Royalties IF / Jordan Holm, President Freshii Inc. / Craig De Pratto, CFO SIR Royalty IF / Peter Fowler, CEO SportsScene Group Inc. / Jean Bedard, President & CEO	Park Lawn Corp. Andrew Clark, Chairman & CEO	Exchange Income Corporation Michael Pyle, CEO
12:15 - 1:20	LUNCH SPEAKER The Honourable Pierre S. Pettigrew, P.C. current, Executive Advisor at Deloitte former, Federal Government Minister including Foreign Affairs, Health, International Trade		
1:35 - 2:15	PANEL "Gold Producer Panel" Argonaut Gold Inc. / Peter Dougherty, President & CEO Detour Gold Corp. / Paul Martin, President & CEO TMAC Resources Inc. / Ron Gagel, CFO Wesdome Gold Mines Ltd. / Duncan Middlemiss, President & CEO	Sleep Country Canada Holdings Inc. David Friesema, CEO	PANEL "Blockchain Panel" Blockluxe / Dean Linden, CEO Globalive Technology Partners / Anthony Lacavera, CEO Leonovus Inc. / Michael Gaffney, CEO VitalHub Corp. / Dan Matlow, President & CEO
2:20 - 3:00		Kinaxis Inc. John Sicard, CEO	PANEL "Agriculture Equipment Panel" Cervus Equipment Corp. / Graham Drake, President & CEO Rocky Mountain Dealerships / Garrett Garden, President & CEO
3:05 - 3:20	BREAK		
3:25 - 4:05	PANEL "Gold Non-Producer Panel" Balmoral Resources Ltd. / Darin Wagner, President & CEO Bonterra Resources Inc. / Nav Dhaliwal, President & CEO Eastmain Resources Inc. / Claude Lemasson, President & CEO Nighthawk Gold Corp. / Michael Byron, President & CEO Osisko Mining Inc. / Don Njegovan, VP Business Development Probe Metals Inc. / David Palmer, President & CEO	Ag Growth International Inc. Tim Close, CEO	PANEL "Canadian REIT Panel" Boardwalk REIT / Rob Geremia, President InterRent REIT / Brad Cutsey, President Northview Apartment REIT / Todd Cook, President & CEO
4:10 - 4:50		LXRandCo, Inc. Fred Mannella, CEO	Andrew Peller Limited Randy Powell, President (Special presentation including product tasting in Presidential Suite, Rm. 3002)
5:00 - 7:00	COCKTAIL ATRIUM		

¹LAURENTIAN BANK / FRANCOIS LAURIN, EVP & CFO AVAILABLE FOR 1X1S ON THURSDAY, APRIL 5, 2018
SEE PAGE 19 FOR MORE DETAILS

We would like to thank all those who participated and we look forward to hosting our next conference in early April 2019.

Ben Vendittelli, MBA, CFA
Senior Vice-President, Head of Equity





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All prices are as of April 10, 2018 close, unless otherwise stated.





CONSUMER PRODUCTS





Company Profile

Boston Pizza Royalties Income Fund earns a royalty stream based on the franchise system sales of the 391 Boston Pizza restaurants included in the fund's royalty pool. Boston Pizza is a moderately priced dual casual dining restaurant / sports-bar concept. 99% of restaurant units are franchised.

Market and Company Data

Ticker	BPF.UN-T	FD Shares O/S (M)	24.8
Rating	Hold	Market Cap (M)	\$498.7
Risk	Medium	Float O/S (M)	21.9
Price	\$20.11	Float Value (M)	\$440.1
1-Yr Target	\$20.00	Avg Daily Volume (k)	50.0
Dividend	\$1.38	Enterprise Value (M)	\$582.2
Yield	6.9%	Control Blocks:	
1-Yr ROR	6.3%	BP International	11.8%
52 Wk High-Low	\$23.48-\$19.36	Net Debt/EBITDA	2x
Valuation	7% target yield	Next Reporting	May-18
Year End	Dec. 31		

Distributable Cash per Unit							
	Q1	Q2	Q3	Q4	Annual		P/DCF
2016	\$0.32	A \$0.35	A \$0.38	A \$0.34	A \$1.39	A	14.5x
2017	\$0.31	A \$0.35	A \$0.39	A \$0.33	A \$1.35	A	14.8x
2018E	\$0.33	\$0.34	\$0.36	\$0.33	\$1.37		14.7x
2019E					\$1.39		14.4x

	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016	\$10.2	A \$10.9	A \$11.1	A \$10.5	A \$42.7	A	13.6x
2017	\$10.4	A \$10.9	A \$11.5	A \$10.8	A \$43.5	A	13.4x
2018E	\$10.7	\$11.3	\$11.9	\$11.2	\$45.1		12.9x
2019E					\$46.6		12.5x

Source: Company reports; Thomson; Bloomberg; LBS estimates.

Boston Pizza Royalties IF (BPF.UN-T)

Rating: **Hold** – Target: **\$20.00**; Price: **\$20.11**

Elizabeth Johnston, Analyst

We summarize key points from Boston Pizza's participation in our Restaurant Industry Panel discussion.

- **Menu innovation is an important driver of SSSG**, and Boston Pizza uses 'feature sheets' to promote limited time offers (i.e. seasonally) as well as using specific daypart features, like the lunch promotion (2017 was a strong year for this daypart). Additionally, the company adds new categories of items (i.e. new thin crust pizzas).
- In terms of **new store development**, Boston Pizza continues to target 10-15 new stores per year, and has been able to open new stores across Canada. In Quebec, the company remains relatively underpenetrated (compared to Western Canada) and this remains a region of focus.
- When it comes to increases in the **minimum wage** in Ontario, Boston Pizza has the ability to increase prices. Additionally, there are cost saving opportunities at the store level by focusing on staff retention (which saves on training costs).

Company Profile

Boyd Group is the largest corporate-owned multi-location operator in North America's \$30-40B collision repair industry, with 120 locations in Canada and 389 in the United States. Boyd currently operates three brands as well as an auto glass repair referral network. Repair services are offered to commercial and individual vehicle owners, and focus heavily on insurance repair claims.

Market and Company Data

Ticker	BYD.UN-T	FD Shares O/S (M)	20.1
Rating	Buy	Market Cap (fd) (M)	\$2,152
Risk	Medium	Float O/S (M)	18.7
Price	\$107.20	Float Value (M)	\$2,009
1-Yr Target	\$120.00	Avg Daily Volume (k)	50
Dividend	\$0.53	Enterprise Value (M)	\$2,392
1-Yr ROR	12%	Control Blocks:	
52 Wk High-Low	\$111.99-\$82.73	Mgmt. % Dir	3%
Valuation	13x 2019E EBITDA	Net Debt/EBITDA	1.5x
BVPS	\$16.66	Next Reporting	May-18
Year End	Dec. 31		

Adjusted EPU (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016	\$0.70	A \$0.76	A \$0.71	A \$0.71	A \$2.95	A	36.4x
2017	\$0.71	A \$0.83	A \$0.67	A \$0.91	A \$3.12	A	34.3x
2018E	\$0.87	\$1.03	\$0.99	\$1.04	\$3.94		27.2x
2019E					\$4.50		23.8x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016	\$29.5	A \$30.5	A \$31.6	A \$32.6	A \$124.3	A	19.3x
2017	\$32.8	A \$35.5	A \$35.6	A \$41.8	A \$145.6	A	16.4x
2018E	\$40.2	\$44.7	\$43.6	\$45.5	\$173.9		13.8x
2019E					\$194.5		12.3x

Source: Company reports; Thomson; Bloomberg; LBS estimates.

Boyd Group Income Fund (BYD.UN-T)

Rating: **Buy** – Target: **\$120.00**; Price: **\$107.20**

Elizabeth Johnston, Analyst

- **Within the collision repair industry**, there is a strong opportunity for growth, supported by a highly fragmented market in the United States. This supports Boyd's plan to double revenue by 2020 (on 2015 base; equates to ~15% annually). Most of this growth will come from M&A (both single store and multi store locations), as well as organic growth.
- **Insurance companies use direct repair programs (DRP's) to direct business to large multi-shop operators (MSO's)**, who are measured using key performance metrics. Over the last 10 years, DRP's have become entrenched in the industry, and insurance companies gain the efficiency of a single point of contact.
- **Challenging labour conditions have impacted Boyd's growth**, with industry-wide technician shortages weighing on SSSG (which was specifically called out in Q4/17). Boyd has been working on measures to both attract and retain technicians, including benefit enhancements which begin in 2018.





Company Profile

CCL Industries is a global specialty packaging company with five business segments: (1) CCL; (2) Avery; (3) CCL Container; (4) Checkpoint; and (5) Innovia (specialty films). CCL operates 154 manufacturing facilities in 36 countries and has over 20,000 employees.

Market and Company Data

Ticker *	CCL.B-T	FD Shares O/S (M)	178.0
Rating	Buy	Market Cap (M)	\$11,315
Risk	Medium	Float O/S (M)	170.9
Price	\$63.57	Float Value (M)	\$10,863
1-Yr Target	\$76.00	Avg Daily Volume (k)	110
Dividend	\$0.52	Enterprise Value (M)	\$13,062
1-Yr ROR	20.4%	Control Blocks:	
52 Wk High-Low	\$71.32-\$43.33	1281228 Ontario Inc.	17%
Valuation	12.5x 2019E EBITDA	Net Debt/EBITDA	1.7x
BVPS	\$12.26	Next Reporting	May-18
Year End	Dec 31		

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual	P/E	
2016	\$0.52	A \$0.55	A \$0.59	A \$0.59	A \$2.25	A	28.3x
2017	\$0.56	A \$0.67	A \$0.60	A \$0.81	A \$2.64	A	24.1x
2018E	\$0.67	\$0.72	\$0.72	\$0.91	\$3.02		21.1x
2019E					\$3.29		19.3x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual	P/E	
2016	\$185.9	A \$194.2	A \$208.0	A \$204.3	A \$792.3	A	16.5x
2017	\$211.4	A \$248.4	A \$240.1	A \$259.0	A \$958.9	A	13.6x
2018E	\$245.5	\$265.3	\$266.5	\$300.3	\$1,078		12.1x
2019E					\$1,145		11.4x

* Represents primary ticker; Voting shares trade under the ticker CCL.A-T
Source: Company reports; Thomson; Bloomberg; LBS estimates.

CCL Industries Inc. (CCL.B-T)

Rating: **Buy** – Target: **\$76.00**; Price: **\$63.57**

Elizabeth Johnston, Analyst

- **Recent acquisition of Treofan adds scale.** CCL announced the acquisition of Treofan Americas on March 11/18, a producer of BOPP film based in Mexico. The acquisition increases CCL's scale and will be added to the Innovia segment. Treofan is in the process of investing in its plant to add a production line, for total capex of \$65M. With this acquisition, CCL will have the ability to purchase resin (input for films) in both USD and euros, as the resin markets are highly regional (Innovia currently has 20% of sales in the U.S.).
- **The Label segment remains the largest,** representing ~60% of consolidated revenue and ~65% of consolidated EBITDA. The company has had very strong organic growth (6.2% in 2017 and 7.2% in 2016) which has exceeded the company's long-term expectations of +3-5%. Growth in this segment has been driven by customers looking for a premium label to differentiate their product, as well as shifting into film labels (from paper).
- **M&A is an important contributor to growth,** and the company has made 13 acquisitions since 2016 (including adding two new segments: Checkpoint and Innovia). CCL has historically paid 4-7x EBITDA, and given their global platform the opportunities for transactions remains strong.

Company Profile

Enercare Inc. provides water heater and HVAC sales, rentals and services to residential and commercial customers in Canada and the United States. Its largest segment is Service Experts, which makes up ~52% of revenue, with Home Services at ~35%.

Market and Company Data

Ticker	ECI-T	Shares-basic O/S (M)	106.4
Rating	Buy	Shares-FD O/S (M)	107.5
Risk	Medium	Market Cap (M)	\$1,834
Price	\$17.06	Net debt (M)	\$997
1-Yr Target	\$26.00	Enterprise value (M)	\$2,830
Yield	5.6%	Float O/S (M)	105.6
1-Yr ROR	58.0%	Avg Daily Volume (K)	200.0
52-week H/L	\$21.94 - \$16.97	Net debt / EBITDA	3.5x
Valuation	11x 2019E EV/EBITDA	Ownership	
Year End	Dec-31	Manag. & Dir.	0.8%
Next Reporting	Mar-18	Institutional	~35%

EBITDA (M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016	\$54	A \$70	A \$75	A \$72	A \$270	A 10.5x
2017	\$52	A \$84	A \$78	A \$74	A \$288	A 9.8x
2018E	\$66	\$89	\$86	\$87	\$328	8.6x
2019E	\$71	\$93	\$93	\$90	\$346	8.2x

EPS	Q1	Q2	Q3	Q4	Annual	P/E
2016	\$0.08	A \$0.17	A \$0.19	A \$0.17	A \$0.62	A 27.5x
2017	(\$0.03)	A \$0.20	A \$0.19	A \$0.16	A \$0.52	A 32.9x
2018E	\$0.10	\$0.25	\$0.24	\$0.25	\$0.84	20.3x
2019E	\$0.13	\$0.28	\$0.28	\$0.26	\$0.95	18.0x

Source: Company reports; CapitalIQ; LBS estimates.

Enercare Inc. (ECI-T)

Rating: **Buy** – Target: **\$26.00**; Price: **\$17.06**

Elizabeth Johnston, Analyst

- **There is a strong opportunity for M&A,** particularly under Service Experts in the U.S. where the market is fragmented. The company is targeting 4-6 acquisitions per year, and there are as many currently in the pipeline, in various stages.
- **Rental roll out in U.S. ongoing.** Enercare is currently in 7 states and intends to be present in the 29 states where it operates by the end of 2018. More of the roll out will take place in the latter half of the year, in order to avoid Service Experts' busiest season (i.e. Q2).
- **Home Service's Enercare Smarter Home to provide monitoring, diagnostics of equipment.** This connected home solution was rolled out to 1,000 households this year, further to the 100-household pilot which began in Q4/17. This offering has the potential to strengthen customer relationships and help move to a more proactive (versus reactive) service model.





Company Profile

Freshii Inc. is a single-banner limited-service majority-franchised restaurant company, with a focus on a healthy and customizable menu. Approximately 99% of its 370 locations are franchised, with ~40% of locations in each of Canada and the United States.

Market and Company Data

Ticker	FRIL-T	Total Shares O/S (M)	30.9
Rating	Hold	Market Cap (M)	C\$193.8
Risk	High	Float O/S (M)	12.6
Price	C\$6.28	Float Value (M)	C\$79.3
1-Yr Target	C\$8.00	Avg Daily Volume (k)	200
Dividend	\$0.00	Enterprise Value (M)	\$126
Yield	0%	Equity Ownership:	
1-Yr ROR	27.4%	Jaxii Holdings	17%
52 Wk High-Low	\$13.85-\$5.28	Other insiders	42%
Valuation	14x 2019E EV/EBITDA	Net Debt/EBITDA	nm
Year End	Dec. 31	Next Reporting	May-18

EPS	Q1	Q2	Q3	Q4	Annual	P/E
2015					(\$0.07)	A nm
2016	\$0.01	A \$0.05	A \$0.02	A (\$0.02)	A \$0.06	A 83.7x
2017	(\$0.03)	A (\$0.01)	A (\$0.03)	A \$0.02	A (\$0.05)	A -110.0x
2018E	\$0.03	\$0.05	\$0.06	\$0.06	\$0.21	23.5x
2019E					\$0.25	20.1x

Adj EBITDA (M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2015					\$4.2	A nm
2016	\$0.8	A \$2.7	A \$1.6	A \$1.7	A \$6.8	A 18.7x
2017	\$1.4	A \$2.1	A \$1.6	A \$2.1	A \$7.2	A 17.6x
2018E	\$1.7	\$2.5	\$2.8	\$2.8	\$9.8	12.9x
2019E					\$11.4	11.1x

**Results in italics are pre-IPO (Jan. 2017). All financials in USD unless indicated.*
Source: Company reports; Thomson; Bloomberg; LBS estimates.

Freshii Inc. (FRIL-T)

Rating: **Hold** – Target: **C\$8.00**; Price: **C\$6.28**

Elizabeth Johnston, Analyst

We summarize key points from Freshii's participation in our Restaurant Industry Panel discussion.

- **Menu innovation is an important driver of SSSG**, and Boston Pizza uses 'feature sheets' to promote limited time offers (i.e. seasonally) as well as using specific daypart features, like the lunch promotion (2017 was a strong year for this daypart). Additionally, the company adds new categories of items (i.e. new thin crust pizzas).
- When it comes to increases in the **minimum wage** in Ontario, Freshii looks to other ways to improve costs and remain efficient. In particular, this includes looking at ways to save on labour by being more efficient with the prep work completed at the restaurant.
- **Real estate** is comparatively less of a challenge to growth for Freshii, whose restaurants can take on a more flexible footprint (given the limited cooking taking place on site). With >4,500 franchisee applications received last year, the company needs to remain diligent in terms of the selection process.

Company Profile

LXRandCo is a reseller of vintage, luxury handbags and accessories. At the end of Q4/17, LXR had 133 locations in the United States, Canada, Europe and the U.K. as well as selling products online.

Market and Company Data

Ticker	LXR-T	Shares O/S (M)	15.7
Rating	na	Market Cap (M)	\$31
Risk	na	Avg Daily Volume (k)	100
Price	\$2.00	Enterprise Value (M)	36
1-Yr Target	na	Net Debt/EBITDA	-1.1x
Dividend	na	Next Reporting	May-18
Yield	na		
1-Yr ROR	na		
52 Wk High-Low	\$10.49-\$1.90		
Year End	December		

EPS	Q1	Q2	Q3	Q4	Annual	P/E
2015A	-	-	-	-	-	na
2016A	(\$0.03)	(\$0.04)	(\$0.02)	(\$6.08)	(\$6.17)	-0.3x
2017A	\$0.94	(\$2.77)	(\$0.10)	(\$0.30)	(\$2.23)	-0.9x

Adjusted EBITDA (M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2015A	-	-	-	-	-	na
2016A	\$0.0	(\$0.2)	\$0.1	\$0.9	\$0.8	44.8x
2017A	(\$0.3)	(\$0.6)	(\$0.8)	(\$2.3)	(\$4.1)	-8.8x

Source: Company reports; Thomson; Bloomberg; LBS.

LXRandCo, Inc. (LXR-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$2.00**

- **Opportunity for growth within the luxury pre-owned personal luxury goods market.** Globally, this market is indicated to be €16B, with accessories making up 30% (and handbags the largest category in accessories).
- **LXR's strategy is to be an omni-channel retailer.** The company is growing their store base as well as targeting growth in their online sales channel. LXR owns its inventory, which allows them to offer a more 'curated' selection of products with greater depth in a given brand/category.
- **Plans to increase mix of hybrid retail stores in 2018.** In 2017, 73% of retail stores were full license models; going into 2018 the company intends to open more hybrid models, targeting hybrids as a percentage of total stores in the range of 60%-80%. Hybrid stores have shared economics with the retail partner and have lower capex requirements.





Company Profile

Park Lawn Corp. owns and operates 34 cemeteries in Michigan and Ontario, and 17 crematoria and 29 funeral homes in Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

Market and Company Data

Ticker	PLC-T	Shares O/S (M)	15.3
Rating	na	Market Cap (M)	\$399
Risk	na	Enterprise Value (M)	\$391
Price	\$26.01	Avg Daily Volume (k)	100
1-Yr Target	na	Net Debt/EBITDA	-0.5x
Dividend		Next Reporting	May-18
Yield	1.8%		
1-Yr ROR	na		
52 Wk High-Low	\$27.48-\$17.46		
Year End	December		

EPS	Q1	Q2	Q3	Q4	Annual	P/E
2015A	0.16	0.12	0.16	0.08	0.51	50.8x
2016A	0.22	0.13	0.09	0.45	0.94	27.6x
2017A	0.12	0.07	-0.01	0.14	0.31	82.6x

EBITDA (M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2015A	\$1.5	\$1.2	\$1.4	\$1.4	\$5.4	72.4x
2016A	\$1.8	\$2.1	\$2.0	\$1.8	\$7.7	51.0x
2017A	\$2.5	\$2.8	\$3.1	\$5.6	\$16.6	23.5x

Source: Company reports; Thomson; Bloomberg; LBS.

Park Lawn Corporation (PLC-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$26.01**

- **Park Lawn highlighted its significant expansion over the last five years**, driven by a combination of organic and acquired growth. Over this period, the company has expanded from 9 operating locations (6 cemeteries and 3 crematoria in Ontario) to 102 locations across Canada and the U.S. (including funeral homes).
- **Majority of growth expected through M&A.** PLC expects ~70% of its growth to be M&A-driven and ~30% organic over the next few years given the high fragmentation of its market. The company looks for both bolt-on acquisitions and scale transactions that provide entrance to new markets or opportunities. While its first choice is to invest organically, PLC notes organic opportunities are much fewer.
- **PLC is targeting low 20%-range EBITDA margins** through a combination of operational improvements and integration of recent acquisitions, including CMS-Atlantic and Saber which contribute attractive margin profiles. Longer-term, PLC aims to increase its mix of funeral revenue (from ~10%), though this is largely contingent on the timing of acquisition opportunities.

Company Profile

SIR Royalty IF earns a royalty stream based on the system sales of the 57 restaurants included in the fund's royalty pool. The largest restaurant concept in the royalty pool is Jack Astor's, which contributes ~75% of system sales.

Market and Company Data

Ticker	SRV.UN-T	FD Shares O/S (M)	10.4
Rating	Hold	Market Cap (M)	\$153.6
Risk	High	Float O/S (M)	8.4
Price	\$14.78	Float Value (M)	\$123.8
1-Yr Target	\$14.00	Avg Daily Volume (k)	15
Dividend	\$1.14	Enterprise Value (M)	\$153.6
Yield	7.7%	Control Blocks:	
1-Yr ROR	2%	SIR Corp.	19.4%
52 Wk High-Low	\$15.66-\$13.76		
Valuation	8.5% target yield	Debt/EBITDA	0x
Year End	Dec. 31	Next Reporting	May-18

Distributable Cash per Unit	Q1	Q2	Q3	Q4	Annual	P/DCF
2016	\$0.26	A \$0.31	A \$0.28	A \$0.28	A \$1.13	A 13.0x
2017	\$0.28	A \$0.32	A \$0.31	A \$0.28	A \$1.18	A 12.5x
2018E	\$0.27	\$0.31	\$0.32	\$0.29	\$1.19	12.4x
2019E					\$1.20	12.3x

EBITDA (\$M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016	\$3.7	A \$4.4	A \$4.2	A \$4.0	A \$16.3	A 9.4x
2017	\$3.9	A \$4.4	A \$4.4	A \$4.1	A \$16.8	A 9.2x
2018E	\$3.8	\$4.4	\$4.5	\$4.2	\$16.8	9.1x
2019E					\$17.7	8.7x

Source: Company reports; Thomson; Bloomberg; LBS estimates.

SIR Royalty IF (SRV.UN-T)

Rating: **Hold** – Target: **\$14.00**; Price: **\$14.78**

Elizabeth Johnston, Analyst

We summarize key points from SIR Royalty's participation in our Restaurant Industry Panel discussion and the Conference Reverse Roadshow.

- **On April 5th, we visited SIR's Jack Astor's restaurant in Laval, Québec as part of our Conference Reverse Roadshow event.** This restaurant is one of 4 Jack's locations in Quebec, with the majority of this brand's locations in Ontario (40 in total). All of SIR's restaurants are corporately owned (as opposed to franchised), which the company sees as a benefit in terms of maintaining a consistent experience across the network and being able to more easily roll out changes.
- **Menu innovation is an important driver of SSSG**, and SIR's roll out of craft beer at Jack Astor's locations has positively contributed (this new craft beer offering is in the majority of locations).
- **SIR invests in technology**, and will be rolling out table side tablets for wait staff. When it comes to these types of investments, the experience of the customer is important.





Company Profile

Sleep Country Canada Holdings (SCCH) is a specialty retailer, selling mattresses and sleep accessories with 247 corporate stores (and 16 distribution centres) across Canada. The company operates two brands: Sleep Country and Dormez-vous? (Quebec).

Market and Company Data

Ticker	ZZZ-T	Shares O/S (M)	37.0
Rating	Buy	FD Shares O/S (M)	37.9
Risk	Medium	Market Cap (M)	\$1,329
Price	\$35.12	Float O/S (M)	35.4
1-Yr Target	\$41.00	Float Value (M)	\$1,244
Dividend	\$0.66	Avg Daily Volume (k)	115
Yield	1.9%	Enterprise Value (M)	\$1,414
1-Yr ROR	18.6%	Ownership:	
52 Wk High-Low	\$42.36-\$31.07	Mgmt and Directors:	4%
Valuation	12.5x 2019E EV/EBITDA	Net Debt/EBITDA	0.8x
Year End	December	Next Reporting	May-18

EPS (FD)	Q1	Q2	Q3	Q4	Annual	P/E
2016	\$0.19	A \$0.26	A \$0.56	A \$0.30	A \$1.31	A 26.8x
2017	\$0.27	A \$0.29	A \$0.62	A \$0.42	A \$1.60	A 22.0x
2018E	\$0.25	\$0.31	\$0.73	\$0.48	\$1.77	19.8x
2019E	\$0.32	\$0.39	\$0.79	\$0.52	\$2.01	17.5x

Operating EBITDA (\$M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016	\$14.4	A \$17.9	A \$33.6	A \$19.1	A \$85.0	A 16.6x
2017	\$18.2	A \$20.2	A \$35.8	A \$25.7	A \$99.5	A 14.2x
2018E	\$17.3	\$20.6	\$42.2	\$29.1	\$109.1	13.0x
2019E	\$20.9	\$24.7	\$45.7	\$31.5	\$122.8	11.5x

Source: Company reports; Thomson; Bloomberg; LBS.

Sleep Country Canada Holdings Inc. (ZZZ-T)

Rating: **Buy** – Target: **\$41.00**; Price: **\$35.12**

Elizabeth Johnston, Analyst

- **Strong SSSG driven by new stores and increasing average unit volumes (AUV's).** There is an opportunity to continue to grow the store base and the company is targeting 8-12 new openings per year. In terms of the growing AUV, this is coming from four factors: growth in traffic, customer conversion rates, average unit selling price and total basket.
- **Renovation program ongoing, 45% of store base have the new enhanced design.** The new design has been an important driver of sales growth, with the renovated stores growing at higher rates compared to the legacy stores (260 bps higher in 2017). The company is targeting 25 to 30 renovations in 2018.
- **Additional Bloom product launches to target new customers.** Sleep Country launched e-commerce platform in May 2017, along with the Bloom "bed-in-a-box". An additional three Bloom mattresses will be launched, at different price points.

Company Profile

Sportscene Group operates sports-themed full-service restaurants under the banner *La Cage – Brasserie sportive*. There are 25 corporate, 8 partnerships and 11 franchised restaurants in Quebec.

Market and Company Data

Ticker	SPS.A-V	Shares O/S (M)	4.2
Rating	na	Market Cap (M)	\$33
Risk	na	Avg Daily Volume (k)	115
Price	\$8.00	Enterprise Value (M)	\$46
1-Yr Target	na	Net Debt/EBITDA	1.6x
Dividend	na	Next Reporting	Apr-18
Yield	na		
1-Yr ROR	na		
52 Wk High-Low	\$27.48-\$16.50		
Year End	August		

EPS	Q1	Q2	Q3	Q4	Annual	P/E
2015A	0.01	-0.09	0.05	-0.51	-0.53	-15.0x
2016A	0.05	-0.01	-0.08	-0.11	-0.15	-53.6x
2017A	0.13	0.02	0.21	0.01	0.36	21.9x

EBITDA (M)	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2015A	\$1.2	\$0.6	\$1.4	(\$0.5)	\$2.7	16.9x
2016A	\$1.4	\$1.0	\$1.3	\$0.5	\$4.1	11.1x
2017A	\$1.9	\$1.5	\$2.4	\$1.8	\$7.6	6.0x

Source: Company reports; Thomson; Bloomberg; LBS.

Sportscene Group Inc. (SPS.A-V)

Rating: **N/A** – Target: **N/A**; Price: **\$8.00**

We summarize key points from Sportscene's participation in our Restaurant Industry Panel discussion.

- **Menu innovation is an important driver of SSSG**, and as part of Sportscene's repositioning of its restaurants the company has made changes to its menu (and changes twice per year; less focused on limited time offers).
- In terms of challenges to growth, **real estate availability** can be a challenge as the company works to choose desirable locations from available options.
- **Technology** is expected to play an increasing role in the restaurant, but the company would do so more slowly in order to maintain strong execution.





Company Profile

Uni-Select is a large commercial distributor of automotive parts, operating within three segments: Aftermarket Replacement Parts (Canada), Automotive Refinish Paint (FinishMaster U.S), and European Automotive (The Parts Alliance UK). The company has nearly 440 corporate stores across all segments.

Market and Company Data

Ticker	UNS-T	FD Shares O/S (M)	42.4
Rating	Buy	Market Cap (M)	C\$849
Risk	Medium	Float O/S (M)	41.4
Price	C\$20.01	Float Value (M)	C\$828
1-Yr Target	C\$31.00	Avg Daily Volume (k)	200
Dividend	C\$0.37	Enterprise Value (M)	\$1,096.9
1-Yr ROR	56.8%	Ownership:	
52 Wk High-Low	C\$37.03-\$19.55	Mgmt & Dir	2.5%
Valuation	10x 2019E EBITDA		
BVPS	\$12.26	Net Debt/LTM EBITDA	3.6x
Year End	Dec. 31	Next Reporting	Apr-18

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016	\$0.27	A \$0.40	A \$0.41	A \$0.31	A \$1.40	A	11.4x
2017	\$0.26	A \$0.39	A \$0.36	A \$0.27	A \$1.30	A	12.3x
2018E	\$0.36	\$0.42	\$0.37	\$0.30	\$1.45		11.0x
2019E					\$1.51		10.6x

Adjusted EBITDA (\$M)							
2016	\$21.7	A \$29.7	A \$30.8	A \$25.4	A \$107.6	A	10.2x
2017	\$23.2	A \$32.5	A \$33.9	A \$28.0	A \$117.5	A	9.3x
2018E	\$33.3	\$38.9	\$33.6	\$31.4	\$137.3		8.0x
2019E					\$140.9		7.8x

* 2014 and 2015 results include contribution from divested U.S. Auto Parts segment
 Amounts in USD. Share price in CAD. Historical figures adjusted for June/16 2-for-1 stock split.
 Source: Company reports; Thomson; Bloomberg; LBS estimates.

Uni-Select Inc. (UNS-T)

Rating: **Buy** – Target: **C\$31.00**; Price: **C\$20.01**

Elizabeth Johnston, Analyst

- Uni-Select uses **M&A** to grow in both the U.S. and Canada, most recently acquiring the new Parts Alliance segment in the UK. Acquisition multiples in the U.S. have remained in the ~6x-9x EBITDA range (despite some pressure; UNS remains disciplined) and ~5x-8x in Canada. Multiples in the UK are more in line with those in Canada, and the company sees a strong opportunity for growth in this regions (market is highly fragmented, they have 7% share and are #2 after ECP with 22%).
- Looking into 2018, the focus for FinishMaster** is to improve organic growth rates and the 20/20 initiative (which involves cost savings). Industrial paint distribution is a longer term opportunity in the U.S. where the market is very fragmented. UNS has established itself in 7 key markets for industrial; mainly includes investments in sales personnel and inventory (uses existing stores).
- Automotive (Canada) segment.** In this segment, the strategy is to grow the corporate store base and focus on a single banner (Bumper 2 Bumper). Uni-Select continues to work through the roll-out of a single POS system to all of its corporate locations, which is ~60% complete.





DIVERSIFIED AGRICULTURE





Company Profile

Ag Growth (AGI) is a leading manufacturer of portable and stationary grain handling, storage and conditioning equipment, including grain augers, conveyor belts, grain storage bins and grain aeration equipment. AGI's sales, marketing and distribution system is comprised of approximately 1,400 dealers and distributors in 48 U.S. states, nine provinces, and internationally.

Market and Company Data

Ticker	AFN-T	Shares O/S (M)	16.4
Rating	Buy	Market Cap (M)	\$859
Risk	Medium	Float O/S (M)	16.3
Price	\$52.30	Float Value (M)	\$850
1-Yr Target	\$68.00	Avg Daily Volume (K)	41.0
Dividend	4.6%	Enterprise Value (M)	\$1,442
1-Yr ROR	34.6%	Control Blocks:	Mgmt & Dir
52 Wk High-Low	\$60.63 - \$47.08	Voting	1.0%
BVPS	\$17.80	Equity	1.0%
Valuation	17.0x Q1/19-Q4/19 P/E	Net Debt/Cap	66%
Year End	31-Dec	Next Reporting	May-18

EPS (FD), ex-Fx							P/E
	Q1	Q2	Q3	Q4	Annual		
2016	\$0.38	A \$0.61	A \$1.07	A \$0.30	A \$2.44	A	21.4x
2017	\$0.48	A \$0.84	A \$0.79	A \$0.30	A \$2.41	A	21.7x
2018	\$0.51	\$0.87	\$1.20	\$0.59	\$3.17		16.5x
2019	\$0.58	\$1.06	\$1.41	\$0.79	\$3.84		13.6x

EBITDA, ex-Fx (\$M)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
2016	\$19.8	A \$26.0	A \$36.4	A \$18.2	A \$100.4	A	14.4x
2017	\$25.7	A \$40.1	A \$36.1	A \$21.2	A \$123.1	A	11.7x
2018	\$26.5	\$34.5	\$42.0	\$28.0	\$130.9		11.0x
2019	\$29.0	\$39.9	\$47.2	\$32.6	\$148.6		9.7x

Source: Company reports; Bloomberg; LBS estimates.

Ag Growth International Inc. (AFN-T)

Rating: **Buy** – Target: **\$68.00**; Price: **\$52.30**

John Chu, Diversified Agriculture Analyst

- **Key geographies remain healthy or on the upswing:** The company noted record backlogs with its on-farm and commercial businesses. Its backlogs in Canada and the U.S. are healthy and its international backlog is at record levels. The company also noted that its recent Global Industries acquisition (Apr/17) as well as its ramping Brazil operations appear to have turned the corner and should be contributors going forward (vs. a drag on 2017 profits).
- **NAFTA, tariff wars, U.S. tax changes:** AFN's ability to produce its products in Canada and the U.S. should minimize any risk should NAFTA be abolished. A U.S./China tariff war may push crop prices lower, which may result in farmers deciding to hold onto crops longer and could put a strain on U.S. storage capacity. Lower U.S. tax rates could lower AFN's rate by 400 bps (or add ~\$4-5M in cash flow) and a permanent accelerated D&A incentive may help drive sales.
- **M&A outlook:** Recent acquisitions in fertilizers and seed give exposure to the entire crop season and helps smooth out seasonal sales. The M&A pipeline remains robust with seed and food a key focus and/or expansion into regions where AFN can expand its global platform (e.g. western/eastern Europe, SE Asia, Africa).

Company Profile

Andrew Peller is Canada's second largest producer and marketer of wines with a 14.6% market share in English Canada. It is engaged in the production, bottling and marketing of wines and spirits. It also imports wines from around the world and produces wine kits for the home winemaking market. It has wineries in British Columbia and Ontario and has products that service the premium, ultra-premium, and value market segments.

Market and Company Data

Ticker	ADW.A-T	Shares O/S (M)	44.2
Rating	Buy	Market Cap (M)	\$807
Risk	Medium	Float O/S (M)	30.2
Price	\$18.28	Float Value (M)	\$553
1-Yr Target	\$18.25	Avg Daily Volume (K)	55.2
Yield	1.0%	Enterprise Value (M)	\$974.6
1-Yr ROR	0.8%	Control Blocks:	Mgmt & Dir
52 Wk High-Low	\$19.04 - \$10.6	Voting	67%
BVPS	\$5.03	Equity	33%
Valuation	14x Q4/F19-Q3/F20 EBITA	Net Debt/Cap	43%
Year End	March	Next Reporting	May-18

EPS (FD, Class A, ex-FX, gains)							P/E
	Q1	Q2	Q3	Q4	Annual		
F2017	\$0.21	A \$0.18	A \$0.20	A \$0.05	A \$0.64	A	28.8x
F2018	\$0.20	A \$0.22	A \$0.29	A \$0.04	\$0.79		23.1x
F2019	\$0.20	\$0.24	\$0.25	\$0.07	\$0.75		24.3x
F2020					\$0.86		21.2x

EBITDA (\$M, ex-FX, gains)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
F2017	\$14.8	A \$12.6	A \$11.9	A \$5.9	A \$45.1	A	21.6x
F2018	\$14.5	A \$16.3	A \$20.2	A \$7.2	\$58.2		16.8x
F2019	\$16.6	\$18.7	\$19.4	\$8.8	\$63.5		15.3x
F2020					\$70.5		13.8x

Source: Company reports; Bloomberg; LBS estimates.

Andrew Peller Limited (ADW.A-T)

Rating: **Buy** – Target: **\$18.25**; Price: **\$18.28**

John Chu, Diversified Agriculture Analyst

- **Operating efficiencies:** Mgt discussed ongoing efficiency initiatives (e.g. \$25M to be spent in each of its key ONT and B.C. ops) and noted ongoing past efficiencies (e.g. reducing number of different bottle closures from 80+ to ~12, which generated \$1M+ in savings).
- **Product and geographic opportunities:** Quebec is an area that represents 38% of Canada's wine market but is a region that ADW has very little exposure. It remains an area that the company would like to gain a presence in but notes it likely needs to have a manufacturing presence in the province to do so. It is also looking to add new products to fill out its portfolio in key regions across the country (e.g. sparkling wine in western Canada).
- **Grocery stores:** ADW is happy with the progress it has seen with the conversion of some of its retail stores from having a presence beyond the cash register to inside the grocery stores. While it would not list the impact to its own stores, ADW highlighted industry data indicating wine sales are up 30-40% following retail wine store conversions into the grocery store. ADW noted its licenses are grandfathered such that it could eventually pull its licenses from the grocery store and re-establish its own retail stores (this would come in handy when/if ONT eventually allows all grocery stores to sell wine).





Company Profile

Cervus acquires and manages authorized agricultural, industrial and transportation equipment dealerships with interests in 62 dealerships in Western Canada, New Zealand and Australia. The primary equipment brands represented by Cervus include John Deere agricultural equipment; Clark, JLG, Sellick and Doosan material handling equipment; and Peterbilt transportation equipment.

Market and Company Data

Ticker	CERV-T	Shares O/S (M)	15.6
Rating	Buy	Market Cap (M)	\$216
Risk	Medium	Float O/S (M)	11.4
Price	\$13.80	Float Value (M)	\$158
1-Yr Target	\$17.50	Avg Daily Volume (K)	5.4
Yield	2.0%	Enterprise Value (M)	\$267.3
1-Yr ROR	28.8%	Control Blocks:	Mgmt & Dir
52 Wk High-Low	\$15.85 - \$10.98	Voting	27%
BVPS	\$13.79	Equity	27%
Valuation	11x Q1/19-Q4/19 P/E	Net Debt/Cap	21%
Year End	31-Dec	Next Reporting	May-18

EPS (FD, ex-FX, gains)							P/E
	Q1	Q2	Q3	Q4	Annual		
2016	(\$0.15) A	\$0.15 A	\$0.64 A	\$0.03 A	\$0.67 A	20.6x	
2017	(\$0.10) A	\$0.46 A	\$0.55 A	\$0.24 A	\$1.32 A	10.5x	
2018	(\$0.04)	\$0.44	\$0.60	\$0.35	\$1.34	10.3x	
2019	(\$0.03)	\$0.47	\$0.71	\$0.37	\$1.52	9.1x	

EBITDA (\$M, ex-X, gains)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
2016	\$5.7 A	\$10.0 A	\$22.0 A	\$9.7 A	\$48.1 A	5.6x	
2017	\$4.1 A	\$17.5 A	\$18.7 A	\$13.8 A	\$52.5 A	5.1x	
2018	\$4.9	\$16.9	\$20.7	\$14.0	\$56.5	4.7x	
2019	\$5.0	\$17.3	\$23.2	\$14.4	\$59.9	4.5x	

Source: Company reports; Bloomberg; LBS estimates.

Cervus Equipment Corp. (CERV-T)

Rating: **Buy** – Target: **\$17.50**; Price: **\$13.80**

John Chu, Diversified Agriculture Analyst

We summarize the key highlights from Cervus Equipment's participation in our Agriculture Equipment Panel discussion.

- **Positive macro outlook:** In Canada, farmer sentiment is positive and balance sheets remain healthy. The company noted that snow remains on the fields, which should lead to good moisture for the soils for the upcoming growing season. It also likely means a late start to seeding/planting but it is too early to suggest it could result in a late harvest. Australia remains a healthy market for its ag segment.
- **M&A update:** As always, the company needs a willing seller but noted its balance sheet is healthy and would feel comfortable taking its debt/cap ratio to ~35% (currently at ~20%), which would translate to \$50M+ of capital available for M&A, all else equal. The company generally pays ~4x EBITDA.
- **Inventory and FPP:** The company is comfortable with its inventory levels and the age of its equipment. Its floor plan payables is currently in the 50-55% range (vs. historical range of 65% of total inventory levels), which gives the company more dry powder for initiatives such as M&A.

Company Profile

Rocky Mountain is one of Canada's largest independent dealers of CNH equipment including Case Construction, Case IH Agriculture and New Holland equipment. The company owns and operates over 40 full-service dealership branches across the Canadian Prairie provinces, through which they sell and service new and used agriculture and construction equipment.

Market and Company Data

Ticker	RME-T	Shares O/S (M)	19.4
Rating	Buy	Market Cap (M)	\$239.8
Risk	Medium	Float O/S (M)	15.1
Price	\$12.37	Float Value (M)	\$187.0
1-Yr Target	\$15.50	Avg Daily Volume (K)	46.6
Yield	3.7%	Enterprise Value (M)	\$230.1
1-Yr ROR	29.0%	Control Blocks:	Mgmt & Dir
52 Wk High-Low	\$13.97 - \$9.18	Voting	22%
BVPS	\$10.32	Equity	22%
Valuation	10.5x Q1/19-Q4/19 P/E	Net Debt/Cap	8%
Year End	31-Dec	Next Reporting	May-18

Adjusted EPS (FD)							P/E
	Q1	Q2	Q3	Q4	Annual		
2016	\$0.02 A	\$0.21 A	\$0.37 A	\$0.23 A	\$0.83 A	14.9x	
2017	\$0.04 A	\$0.29 A	\$0.44 A	\$0.39 A	\$1.16 A	10.6x	
2018	\$0.05	\$0.35	\$0.51	\$0.42	\$1.32	9.4x	
2019	\$0.10	\$0.43	\$0.52	\$0.44	\$1.48	8.3x	

Adjusted EBITDA (\$M)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
2016	2.7 A	8.5 A	12.2 A	8.2 A	31.6 A	7.3x	
2017	3.3 A	10.0 A	14.1 A	12.8 A	40.2 A	5.7x	
2018	3.5	11.6	15.8	13.7	44.6	5.2x	
2019	4.9	13.7	16.1	13.9	48.6	4.7x	

Source: Company reports; Bloomberg; LBS estimates.

Rocky Mountain Dealerships Inc. (RME-T)

Rating: **Buy** – Target: **\$15.50**; Price: **\$12.37**

John Chu, Diversified Agriculture Analyst

We summarize the key highlights from Rocky Mountain's participation in our Agriculture Equipment Panel discussion.

- **Positive outlook but noted late start to season:** Farmer sentiment is strong and balance sheets are healthy. Snow on fields could mean tighter windows for seeding and harvesting, which likely means more in-season sales (i.e. used equipment). This also means the risk of lower parts and service sales in Q1 and later in the year.
- **U.S. sentiment changing:** While cash receipts had been on the decline for the past several years, RME believes the market has bottomed and is starting to recover.
- **U.S.-focused M&A.** RME would look at regions similar to W. Canada that grow multiple crops. U.S. valuations are higher than in Canada at 6x EBITDA but have come down recently to 4.5x – 5x. RME is focused on price and location rather than size as it can build scale afterwards. For Canadian M&A opportunities, it would look more so at Saskatchewan as there appears to be more opportunities than Manitoba or Alberta. RME believes it has ~\$100M in dry powder available based on debt to tangible net worth of 1.7x (vs. comfort at 2.5x)





DIVERSIFIED TECHNOLOGIES





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.

Market and Company Data

Ticker	VNP-T	Shares-basic O/S (M)	83.9
Rating	Buy	Shares-FD O/S (M)	95.8
Risk	High	Market Cap (US\$M)	\$194.8
Price	\$2.95	Float O/S (M)	71.9
1-Yr Target	\$4.00	Avg Daily Volume (K)	79.5
Yield	0.0%	Enterprise Value (US\$M)	\$209.8
1-Yr ROR	35.6%	Cash (US\$M)	\$34.0
52 Wk High-Low	\$3.71 - \$1.75	Net Debt (US\$M)	\$15.0
Valuation	7.5x 2019 EV/EBITDA	Ownership	
Year End	Dec. 31	Manag. & Dir.	3%
Next Reporting	May-18	Institutional	52%
		Net Debt/Total Cap	12%

EPS (FD, US\$)							P/E
	Q1	Q2	Q3	Q4	Annual		
F2016A	(\$0.01)	A (\$0.01)	A \$0.01	A (\$0.00)	A (\$0.01)	n.m.	
F2017A	\$0.01	A \$0.05	A \$0.02	A \$0.05	A \$0.12	19.0x	
F2018E	\$0.03	\$0.03	\$0.03	\$0.03	\$0.12	19.3x	
F2019E					\$0.16	14.8x	

EBITDA (US\$ M)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
F2016A	\$4.3	A \$4.7	A \$6.9	A \$4.3	A \$20.2	10.4x	
F2017A	\$6.1	A \$6.8	A \$6.2	A \$6.1	A \$25.2	8.3x	
F2018E	\$6.6	\$7.1	\$6.9	\$7.1	\$27.6	7.6x	
F2019E					\$32.1	6.5x	

Source: Company reports; Bloomberg; LBS estimates.

5N Plus Inc. (VNP-T)

Rating: **Buy** – Target: **\$4.00**; Price: **\$2.95**

Nick Agostino, *Diversified Technology Analyst*

- **Growth areas incl.:** *Aerospace* – provide semi-conductor material for power/imaging applications, incl. low-orbit satellites; *Security/Sensing* – provide metals for border detectors; *Imaging/Sensing* - new market, clients seek lower radiation / better imaging solutions; *Renewable Energy* – offers non-linear growth from First Solar et al; *Extractive/Catalytic* – new market, demand from gold/O&G producers (6% of current sales; expected to double in 5 yrs.); and *Feed Additives* – new market, looking to provide Selenium as a meat additive.
- **Focusing on Technical materials** (an est. 40-50% EBITDA margin market). VNP has industry-leading abilities to produce various temperature range alloys/powders at micro-powder levels for current board applications and future chip applications, helping drive “end product miniaturization and increased performance”. VNP targeting 7-8 largest players (control ~80% of market); making inroads in Japan.
- **Current / targeted 5-year sales mixes:** Industrials (47%→32%), Security/Aerospace/Imaging (6%→12%); Renewable Energy (17%→17%; shift to higher mgn.); Technical Materials (5%→5%; shift to higher mgn.); Extractive/Catalytic (6%→9%); Healthcare/Pharma (11%→11%; shift to higher mgn.); and, balance in Other (8%→14%). Upcoming organic growth and potential M&A to weigh in.

Company Profile

Blockluxe is leveraging blockchain and AI technologies to buy and sell luxury items (including second hand merchandise), providing consumers / manufactures with secure audit trails, specialty insurance coverage and real-time market value data.

Blockluxe Network Inc. (Private)

Rating: **Not Rated** – Target: **N/A**; Price: **N/A**

- **Looking to authenticate personal possessions and become a lending disruptor using blockchain technology.** Consumers possess material goods in their homes that lie dormant in value since they are not authenticated and cannot be utilized on their personal balance sheets. Blockluxe leverages blockchain technology so lenders can underwrite dormant assets that otherwise would have been inconsequential in the underwriting process thereby unlocking the value on potential customers' personal balance sheets.
- **Customer acquisition is key.** With the ability to unlock the value of dormant assets (e.g. luxury goods) for sub-prime, near-prime and prime customers, the greatest challenge is adoption of the Blockluxe platform. Authenticated, documented and verified customer assets with blockchain technology should not only benefit the resale market but also manufacturers' margins, who will be able to charge more for an authenticated product on the blockchain.





Company Profile

Waterloo-based Descartes offers a complete SaaS platform serving logistics-intensive industries. Its solutions help businesses optimize and automate various processes. The solution set is designed to drive customer ROI. DSG serves over 16,000 customers in ~160 countries.

Market and Company Data

Ticker	DSG-T; DSGX-O	Shares-basic O/S (M)	76.8
Rating	Buy	Shares-FD O/S (M)	78.2
Risk	High	Market Cap (US\$M)	\$2,207
Price (US\$)	\$28.75	Float O/S (M)	75.4
1-Yr Target (US\$)	\$31.50	Avg Daily Volume (K)	73.1
Yield	0.0%	Enterprise Value (US\$M)	\$2,209
1-Yr ROR	9.6%	Cash (US\$M)	\$35.1
52 Wk High-Low (US\$)	\$31.23 - \$22.35	Net Debt (US\$M)	\$1.9
Valuation	75/25 23x F2020 EBITDA / DCF	Ownership	
Year End	Jan-31	Manag., Dir. & Insiders	1.7%
Next Reporting	May-18	Institutional/Retail	98.3%
		Net Debt/Total Cap	0.4%

Sales (US\$M)						
	Q1	Q2	Q3	Q4	Annual	EV/Sales
2017A	\$48.9	A \$50.5	A \$51.5	A \$52.8	A \$203.8	10.8x
2018A	\$54.5	A \$57.3	A \$62.0	A \$63.6	A \$237.4	9.3x
2019E	\$65.2	\$67.5	\$70.2	\$71.1	\$274.0	8.1x
2020E					\$308.2	7.2x

EBITDA (US\$M)						
	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2017A	\$16.6	A \$16.9	A \$17.8	A \$18.5	A \$69.8	31.6x
2018A	\$19.0	A \$19.7	A \$20.6	A \$21.1	A \$80.3	27.5x
2019E	\$22.0	\$23.2	\$24.0	\$24.4	\$93.6	23.6x
2020E					\$110.6	20.0x

Source: Company reports; Bloomberg; LBS estimates.

The Descartes Systems Group Inc. (DSG-T; DSGX-O)

Rating: **Buy** – Target: **US\$31.50**; Price: **US\$28.75**

Nick Agostino, Diversified Technology Analyst

- **E-commerce driving change, putting pressure on carriers.** During the panel presentations, while our trucking and airline presenters acknowledged margin pressures and system strains from e-commerce's growth, DSG noted it is an area of growth for the company and offering opportunities for engagement. DSG continues to buy assets in this market, including acquisition of Shiprush in 2017.
- **Talk of protectionism drives opportunities for DSG.** Potential changes to NAFTA agreements and the implementation of new trade tariffs (possibly between the U.S. and China) drives the need for further automation for carriers to stay current. This type of environment is positive for take-up of DSG's platform solutions. As an aside, DSG management reconfirmed recent U.S. tax changes offer a small positive for the company through a lower tax rate.
- **Blockchain offers a new revenue source.** With discussion around Blockchain's role in supply chains, DSG indicated it does not view the emerging technology as a disruptor that will help reduce COGS in logistics but rather as an opportunity to offer premium services on high value goods. Two examples cited were the food industry and the medical transport market, where increased knowledge of the products' sourcing and production timelines may accelerate border transitions.

Company Profile

Globalive Technology Partners (GTP) is developing AI and blockchain technology stacks in partnership with SaaS-based companies that are using centralized repositories. GTP has JVs with seven companies, across a variety of industries ranging from supply chain to financials, to enhance its speed to market for delivery and adoption; companies include: Nuuvera, Eigen Innovations, VDL, Mantle, and Flexiti Financial.

Market and Company Data

Ticker	n/a	Shares-basic O/S (M)	142.7
Rating	n/a	Shares-FD O/S (M)	156.7
Risk	n/a	Market Cap (M)	\$142.7
Price	\$1.00	Float O/S (M)	n/a
1-Yr Target	n/a	Avg Daily Volume (K)	n/a
Yield	n/a	Enterprise Value (M)	\$119.4
1-Yr ROR	n/a	Cash (M)	\$23.3
52 Wk High-Low	\$1.00-\$1.00	Net Debt (M)	-\$23.3
Valuation	n/a	Ownership	
Year End	Feb-28	Manag. & Dir.	n/a
Next Reporting	n/a	Institutional	n/a

Source: Company reports; Bloomberg; LBS estimates.

Globalive Technology Partners Inc. (Public)

Rating: **Not Rated** – Target: **N/A**; Price: **\$1.00**

- **Blockchain as a Service.** Globalive Technology Partners (GTP) is partnering with verticals that possess large repositories of information and offers its JV partners blockchain, AI and IoT technology stacks. It has JVs with Nuuvera and Eigen Innovations in supply chain, VIDL in media authentication, and Flexiti and coinsquare in the financial services space. GTP develops technology stacks for its current JVs through the disintermediation of a central authority while leveraging the immutability of record of the blockchain.
- **A technology software company at the core with a joint venture business model.** GTP offers technology as a solution to cross pollinate: 1) the best of technology and bring new revenue streams to traditional businesses, or 2) commercialize technology of existing businesses that don't have customers through the JV model.
- **Disingenuous promotion of blockchain technology.** Given GTP's multi-vertical approach, the greatest threat to their business model is the disingenuous "buzz-word-dropping" utilization of blockchain technology that ultimately discredits the underlying technology itself.





Company Profile

Kinaxis Inc. is a supplier of cloud-based subscription software, RapidResponse®, which provides end-to-end visibility, planning, and co-ordination of supply chain networks.

Market and Company Data

Ticker	KXS-T	Shares-basic O/S (M)	25.5
Rating	Buy	Shares-FD O/S (M)	27.8
Risk	High	Market Cap (US\$M)	\$1,641.2
Price	\$81.68	Float O/S (M)	18.1
1-Yr Target	\$98.00	Avg Daily Volume (K)	61.0
Yield	0.0%	Enterprise Value (US\$M)	\$1,482.8
1-Yr ROR	20.0%	Cash (US\$M)	\$158.4
52 Wk High-Low	\$91.98 - \$63.15	Net Debt (US\$M)	-\$158.4
Valuation	9x 2019 EV/Sales	Ownership	
Year End	Dec-31	Manag. & Dir.	29.2%
Next Reporting	May-19	Institutional	41.3%
		Net Debt/Total Cap	n/a

Sales (US\$M)						
	Q1	Q2	Q3	Q4	Annual	EV/Sales
2016A	\$27.0	A \$28.7	A \$29.9	A \$30.3	A \$116.0	12.8x
2017A	\$32.5	A \$32.9	A \$33.5	A \$34.4	A \$133.3	11.1x
2018E	\$36.7	\$39.2	\$42.2	\$43.7	\$161.8	9.2x
2019E					\$196.7	7.5x

EBITDA (US\$M)						
	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016A	\$8.0	A \$7.3	A \$6.8	A \$6.4	A \$28.5	52.0x
2017A	\$8.5	A \$9.6	A \$10.8	A \$11.2	A \$40.1	37.0x
2018E	\$9.2	\$10.2	\$12.0	\$12.5	\$44.0	33.7x
2019E					\$63.7	23.3x

Source: Company reports; Bloomberg; CapIQ; LBS estimates.

Kinaxis Inc. (KXS-T)

Rating: **Buy** – Target: **\$98.00**; Price: **\$81.68**

Nick Agostino, Diversified Technology Analyst

- **KXS expects newly added sales employees to contribute within 9-18 months**, in line with its current sales cycle. KXS noted it took three months to be fully staffed in Europe vs. its 6-month planned timeline. The company is seeing increased inbound prospect calls following SAP's announced S/4HANA product upgrade, driving KXS's increased sales push. The company noted its large SI partners Accenture and Deloitte are not yet fully autonomous regarding sales and implementation functions; closer with smaller SIs.
- **KXS confirmed that planned entry into the process manufacturing market is a "fit" for its RapidResponse solution.** The company did indicate it is constantly approached by prospects in other verticals, but will only move forward where it sees the proper fit with its business plan. Interestingly, KXS acknowledged it has customers outside the "6 verticals" it currently targets, and will announce entry into these other verticals once ready.
- **New product innovation aligns with client needs.** The "self-healing" solution includes an algorithm to adjust design and separately measure field performance. Its upcoming "Live Lens" offers near real-time (~3 min. delay) SC performance data vs. current BI-driven lagged data. KXS is also planning an analytic tool, starting with CPG market.

Company Profile

Founded in 2008, Leonovus is a blockchain hardened ultra-secure software-defined object storage solution. Its software-defined storage and intelligent network enables secure and high-speed on premise, hybrid and public cloud computing.

Market and Company Data

Ticker	LTV-V	Shares-basic O/S (M)	248.0
Rating	n/a	Shares-FD O/S (M)	330.0
Risk	n/a	Market Cap (M)	\$47.1
Price	\$0.19	Float O/S (M)	234.2
1-Yr Target	n/a	Avg Daily Volume (K)	1740.4
Yield	n/a	Enterprise Value (M)	\$33.5
1-Yr ROR	n/a	Cash (M)	\$13.6
52 Wk High-Low	\$0.70 - \$0.05	Net Debt (M)	-\$13.6
Valuation	n/a	Ownership	
Year End	Dec-31	Manag. & Dir.	n/a
Next Reporting	May-18	Institutional	n/a

EBITDA (M)						
	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2015A	(\$0.7)	A (\$0.6)	A (\$0.7)	A (\$0.6)	A (\$2.7)	n/a
2016A	(\$0.4)	A (\$0.2)	A (\$0.0)	A (\$0.4)	A (\$1.1)	n/a
2017A	(\$0.3)	A (\$0.3)	A (\$0.2)	A (\$0.9)		n/a

Source: Company reports; Bloomberg; LBS estimates.

Leonovus Inc. (LTV-V)

Rating: **Not Rated** – Target: **N/A**; Price: **\$0.19**

- **Disrupting the secure storage space.** With data breaches occurring on a more regular basis (e.g. Sachs Fifth Avenue, City of Atlanta), Leonovus is solving the need for secure storage space through blockchain utilization. Current data security business models are grounded in central data repositories allowing hackers to steal entire databases. Leonovus encrypts and partitions central data repositories across the blockchain neutralizing an attacker's ability to: 1) unencrypt the data; 2) gain access to the entire data stack; and, 3) consolidate the partitions to access all the information.
- **Multiple streams of revenue.** Leonovus has several methods of generating revenue – it earns fees from enterprise customers by: 1) providing secure cloud, on-site or hybrid storage and, 2) offering tiered levels of security and applications. The company focuses on customers that have petabyte size storage requirements. Leonovus plans to develop an enterprise solution that unlocks the value of idle storage, ultimately allowing enterprises with excess storage to earn fees.





Company Profile

Savaria Corporation offers a product line to assist the mobility challenged, targeting commercial/ residential markets in North America and operates in three divisions: Accessibility (lifts), Adapted Vehicles (van conversions) and Span (medical products). SIS operates a network of 400 retailers and employs ~800 people.

Market and Company Data

Ticker	SIS-T	Shares-basic O/S (M)	41.3
Rating	Buy	Shares-FD O/S (M)	41.3
Risk	Medium	Market Cap (M)	\$721.1
Price	\$17.48	Float O/S (M)	26.6
1-Yr Target	\$19.75	Avg Daily Volume (K)	91.1
Yield	2.1%	Enterprise Value (M)	\$755.7
1-Yr ROR	15.0%	Cash (M)	\$7.7
52 Wk High-Low	\$19.24 - \$12.04	Net Debt (M)	\$34.7
Valuation	16x 2019 EV/EBITDA	Ownership	
Year End	Dec-31	Manag. & Dir.	35.6%
Next Reporting	May-18	Institutional	27.5%
		Net Debt/Total Cap	20.0%

EPS (FD)

	Q1	Q2	Q3	Q4	Annual	P/E
2016A	\$0.08	A \$0.10	A \$0.10	A \$0.10	A \$0.37	46.8x
2017A	\$0.09	A \$0.11	A \$0.13	A \$0.21	A \$0.55	31.9x
2018E	\$0.12	\$0.15	\$0.15	\$0.17	\$0.59	29.6x
2019E					\$0.72	24.4x

EBITDA (M)

	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016A	\$4.1	A \$5.2	A \$5.7	A \$5.8	A \$20.8	36.3x
2017A	\$5.2	A \$6.7	A \$9.6	A \$9.6	A \$31.1	24.3x
2018E	\$9.7	\$11.5	\$11.8	\$12.8	\$45.8	16.5x
2019E					\$53.6	14.1x

Source: Company reports; Bloomberg; LBS estimates.

Savaria Corporation (SIS-T)

Rating: **Buy** – Target: **\$19.75**; Price: **\$17.48**

Nick Agostino, Diversified Technology Analyst

- **M&A at forefront.** SIS looking at deals of up to \$125M (targeting \$500M in sales by 2021, or sooner). To accommodate, SIS recently increased its line of credit from \$110M, to \$160M (comfortable at max. 2x debt/EBITDA). The deal activity may include an expanded international footprint. SIS confirmed its aim in Australia is to replicate its North American offering (i.e. lifts, platforms, elevators, beds, etc.) with the exception of conversion vans, and leverage its Chinese supply chain (which is undergoing capacity expansion by 20%, to 90,000 sq.ft.). M&A activity is likely to mimic this in other international markets. SIS aims to realize \$8M of revenue from Australia in 2018.
- **New products seeing good traction.** Following its Visilift acquisition in Aug./17 and relocation of manufacturing to Toronto, SIS was unable to record any new sales during that time. However, SIS is now seeing deal activity in early 2018 including a US\$0.5M order for 3 elevators (target \$3M for 2018, \$10M for 2019). In ceiling lifts, following \$1M in unit sales in 2017, SIS ended March on a \$4.2M annualized run-rate (target \$5M for 2018) including institutional contracts to retrofit 52 room and 115 room contracts. SIS is seeing 25 to 30 RFP per week.
- **SIS guiding to a tax rate of 24% following tax changes in the U.S.** SIS aims to offset any NAFTA/tariff risks by leveraging its S.C. plant.

Company Profile

Solium Capital is a leading global provider of cloud-enabled services to automate/administer stock option and equity purchase plans. SUM's solution is used by >3,000 firms with more than 1M participants in over 150 countries, and caters to both public and private corporations.

Market and Company Data

Ticker	SUM-T	Shares-basic O/S (M)	55.9
Rating	Buy	Shares-FD O/S (M)	59.4
Risk	High	Market Cap (US\$M)	\$473.0
Price	\$10.75	Float O/S (M)	31.6
1-Yr Target	\$13.00	Avg Daily Volume (K)	36.5
Yield	0.0%	Enterprise Value (US\$M)	\$375.6
1-Yr ROR	20.9%	Cash (US\$M)	\$100.2
52 Wk High-Low	\$11.91 - \$7.75	Net Debt (US\$M)	-\$97.4
Valuation	3.5x 2019 EV/Sales	Ownership	
Year End	Dec-31	Manag. & Dir.	35.3%
Next Reporting	May-18	Institutional	8.2%
		Net Debt/Total Cap	-193.8%

Sales (US\$M)

	Q1	Q2	Q3	Q4	Annual	EV/Sales
2016A	\$18.6	A \$19.9	A \$19.9	A \$18.9	A \$77.2	4.9x
2017A	\$21.3	A \$21.6	A \$20.8	A \$22.9	A \$86.5	4.3x
2018E	\$25.1	\$26.1	\$27.7	\$29.5	\$108.4	3.5x
2019E					\$132.2	2.8x

EBITDA (US\$M)

	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016A	\$3.8	A \$4.2	A \$4.4	A \$3.1	A \$15.6	24.1x
2017A	\$4.8	A \$3.7	A \$2.2	A \$1.6	A \$12.2	30.7x
2018E	\$2.0	\$2.3	\$2.6	\$3.2	\$10.0	37.5x
2019E					\$25.1	15.0x

Source: Company reports; Bloomberg; LBS estimates.

Solium Capital Inc. (SUM-T)

Rating: **Buy** – Target: **\$13.00**; Price: **\$10.75**

Nick Agostino, Diversified Technology Analyst

- **Morgan Stanley adding new clients post SUM deal.** MS and SUM have jointly signed 33 new clients since their technology deal just over one year ago. Before this agreement, MS had not signed a new enterprise wealth management client in the prior two yrs. With other large banks taking note, SUM believes this observation may drive further White-Label (WL) deals (takes up to 6 months to negotiate).
- **Private market strategy paying off; growth coming from IPO market.** SUM has built a full private market offering with Capshare and Advanced-HR added to extend client reach. SUM has a sizable share of the "unicorn" market and has seen recent organic growth from IPOs at Dropbox (10x revenue growth) and Shopify (30-40x revenue growth). SUM has 20 clients considering an IPO in 2018.
- **SUM expects improved EBITDA margin for 2H/18** as MS/UBS R&D drops (currently R&D >15% of sales; hired >100 empl. for MS/UBS deals). Depending on rate of opex declines, our 2018 EBITDA est. may be conservative. SUM seeing: 1) 2018 Canada sales exceeding best-ever 2017 with growth from ESPP; 2) Germany growth from leveraging Adidas; 3) lots of prospects in APAC; and, 4) more WL opportunities as wealth managers face buy vs. build scenario similar to MS/UBS (very active). SUM neutral to recent U.S. tax changes.





Company Profile

TECSYS Inc. develops, markets and sells enterprise-wide supply chain management (SCM) software for distribution, warehousing, and transportation logistics, targeting primarily the North American market. The company employs ~365 people with ~190 in services.

Market and Company Data

Ticker	TCS-T	Shares-basic O/S (M)	13.1
Rating	Buy	Shares-FD O/S (M)	13.1
Risk	High	Market Cap (M)	\$210.8
Price	\$16.11	Float O/S (M)	8.9
1-Yr Target	\$18.25	Avg Daily Volume (K)	6.0
Yield	1.2%	Enterprise Value (M)	\$187.1
1-Yr ROR	14.5%	Cash (M)	\$23.7
52 Wk High-Low	\$18.48 - \$10.65	Net Debt (M)	-\$23.6
Valuation	13x C2019 EV/EBITDA	Ownership	
Year End	Apr-30	Manag. & Dir.	31.9%
Next Reporting	Jul-18	Institutional	38.1%
		Net Debt/Total Cap	n/a

EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016A	\$0.01	A \$0.03	A \$0.04	A \$0.30	A \$0.38		42.2x
2017A	\$0.01	A \$0.08	A \$0.08	A \$0.04	A \$0.20		81.9x
2018E	\$0.01	A \$0.11	A \$0.06	A \$0.07	\$0.25		65.3x
2019E	\$0.09	\$0.13	\$0.14	\$0.15	\$0.50		32.0x

EBITDA (M)							
	Q1	Q2	Q3	Q4	Annual	EV/EBITDA	
2016A	\$0.8	A \$1.2	A \$1.3	A \$3.8	A \$7.1		26.2x
2017A	\$0.8	A \$1.7	A \$2.0	A \$2.5	A \$7.0		26.7x
2018E	\$0.7	A \$2.2	A \$1.4	A \$1.8	\$6.1		30.9x
2019E	\$2.0	\$2.6	\$2.9	\$3.0	\$10.6		17.6x

Source: Company reports; Bloomberg; LBS estimates.

TECSYS Inc. (TCS-T)

Rating: **Buy** – Target: **\$18.25**; Price: **\$16.11**

Nick Agostino, Diversified Technology Analyst

- **Lots of savings available for CSCs from improved Supply Chains.** TCS suggests 20% of hospital COGS tied to flow of goods, 80% for services. A CSC can save 1-4% from incentives, 6-10% from costs, 3-10% from direct sourcing, with further transport savings of 5-7% from consolidation and 20-30% from shipment aggregation. PwC suggests IDNs can achieve 6-13.5% procurement savings from improved SCs.
- **TCS tightening focus in healthcare, targeting top 200 IDNs** as the balance are likely acquired by the larger IDNs. So far TCS has relations with ~6% of the hospital market (\$9.6B) and a 12% penetration within its base accounts (\$590M). TCS aims to add healthcare salespeople near-term to increase base account penetration. The company notes module take-up is shifting from traditional WMS to OR / cath lab, with TCS the only standalone end-to-end provider. The new pharm module lags as a go-live is slated for mid-2018. Hospitals tend to approve projects with a <2 year ROI.
- **Financial targets reconfirmed.** TCS reiterated mid-50% g.m. target, with a flattening R&D and SG&A spend, driving margins to high teens as sales approach \$100M. Indirect sales have been slower than expected; TCS is looking at first-time reseller partnership agreements, and reiterated the need for more SIs to achieve desired scale.

Company Profile

VitalHub uses blockchain technology to create disruptive SaaS-based healthcare applications. It is working with organizations in the Mental Health and Long-Term Care space, to further extend organization's applications across the continuum of care, powered by the security, efficiency, and trust of blockchain technology.

Market and Company Data

Ticker	VHI-V	Shares-basic O/S (M)	83.0
Rating	n/a	Shares-FD O/S (M)	139.9
Risk	n/a	Market Cap (M)	\$12.5
Price	\$0.15	Float O/S (M)	59.4
1-Yr Target	n/a	Avg Daily Volume (K)	547.5
Yield	n/a	Enterprise Value (M)	\$5.3
1-Yr ROR	n/a	Cash (M)	\$7.2
52 Wk High-Low	\$0.34 - \$0.09	Net Debt (M)	-\$7.1
Valuation	n/a	Ownership	
Year End	Dec-31	Manag. & Dir.	n/a
Next Reporting	May-18	Institutional	n/a

Sales							
	Q1	Q2	Q3	Q4	Annual		EV/Sales
2015A				\$0.1	A \$0.1		n/a
2016A	\$0.1	A \$0.1	A \$0.1	A \$0.1	A \$0.5		11.0x
2017A	\$0.1	A \$0.1	A \$0.2	A	\$0.4		16.8x

EBITDA (M)							
	Q1	Q2	Q3	Q4	Annual	EV/EBITDA	
2015A				\$0.4	A \$0.4		48.8x
2016A	(\$0.2)	A \$0.0	A \$0.0	A (\$0.8)	A (\$1.0)		n/a
2017A	(\$0.3)	A (\$0.4)	A (\$0.6)	A	(\$1.3)		n/a

Source: Company reports; Bloomberg; LBS estimates.

VitalHub Corp. (VHI-V)

Rating: **Not Rated** – Target: **N/A**; Price: **\$0.15**

- **Producing interoperable healthcare records – the holy grail.** The cost of not having a widely accessible and seamless healthcare record poses a significant cost on society from both a monetary and liability standpoint. VitalHub aims to offer healthcare organizations and their patients real-time access to their healthcare records across communities, LHINs, provinces and the entire country to ensure better quality of care while remaining cost-effective.
- **Fees for healthcare records on the blockchain foundation.** VitalHub is currently focused on mental health records with the vision to expand to all medical records. The company plans to create a blockchain infrastructure and intends to charge a recurring annual or monthly fee for access to the blockchain correlating to the size of the organization (e.g. number of patients or beds in the healthcare facility) and the number of patient records.





FINANCIAL SERVICES





Company Profile

Currency Exchange International, Corp. (CXI) is a provider of foreign currency banknote and related services to wholesale clients (banks and hotels) and retail clients (through wholly-owned retail outlets and affiliate relationships) in North America.

Market and Company Data

Ticker	CXI-T	Shares-Basic O/S (M)	6.3
Rating	N/A	Shares-FD O/S (M)	6.5
Risk	N/A	Market Cap (M)	\$182.3
Price	\$29.10	Float O/S (M)	4.1
1-Yr Target	N/A	Avg Daily Volume (K)	4.7
Yield	0.0%	Enterprise Value (M)	\$102.7
1-Yr ROR	N/A	Cash (M)	\$82.2
52 Wk High-Low	\$29.19-\$20.01	Net Debt (M)	-\$79.7
Year End	Oct-31	Ownership	
Next Reporting	Jun-18	Manag. & Dir.	25.5%
		Institutional	19.0%

EBITDA (US M)									
	Q1		Q2		Q3		Q4		Annual
F2015A	\$1.2	A	\$1.3	A	\$2.2	A	\$2.3	A	\$7.1
F2016A	\$0.9	A	\$1.2	A	\$2.6	A	\$2.2	A	\$6.9
F2017A	\$0.3	A	\$1.4	A	\$3.6	A	\$2.6	A	\$7.9
F2018A	\$1.8	A							

EPS (US)									
	Q1		Q2		Q3		Q4		Annual
F2015A	\$0.06	A	\$0.11	A	\$0.33	A	\$0.08	A	\$0.59
F2016A	\$0.05	A	\$0.08	A	\$0.23	A	\$0.21	A	\$0.57
F2017A	(\$0.01)	A	\$0.10	A	\$0.31	A	\$0.23	A	\$0.64
F2018A	\$0.05	A							

Source: Company reports; CapitalIQ; LBS.

Currency Exchange International, Corp. (CXI-T)

Rating: **Suspended** – Target: **N/A**; Price: **\$29.10**

Equity Research Department

- Since obtaining its Schedule I bank license, **CXI continues to add sales and compliance staff, improve its systems and sign new clients** including wholesale currency transaction relationships (996 as of Q1/18) and add transacting locations (15,054 as of Q1/18).
- On strong volume, FQ1 marked a return to operating leverage** in a seasonally slow period, as CXI's 38% revenue growth outpaced higher opex from additional headcount. Its core banknote business is growing both in the U.S. and Canada, and CXI expects it could eventually enter the retail market in Canada.
- In addition to realizing cheaper sourcing costs as a bank** (i.e. 15bps to source MXN vs. 100-150bps previously), CXI is realizing other benefits, including large client wins and the pursuit of large financial institution prospects previously not possible (as their FX vendors must be banks), and shortened sales cycles. CXI expects further savings once it takes full advantage of interbank pricing.
- Seasonality is expected to gradually decline**, as the fast-growing payments business continues to expand (currently 6% of sales, from 3% a year ago).

Company Profile

Equitable Group Inc. operates through its wholly-owned subsidiary Equitable Bank, a Schedule I chartered bank in Canada. The Company's core product is residential mortgages to the self-employed, new immigrants and those with imperfect credit. The Company also offers multi-unit and commercial mortgages.

Market and Company Data

Ticker	EQB-T		Year End	Dec. 31
Rating	N/A		Next Reporting	May-18
Risk	N/A		Shares-basic O/S (M)	16.5
Price	\$53.50		Shares-FD O/S (M)	17.1
1-Yr Target	N/A		Market Cap (M)	\$883
Yield	1.9%		Float O/S (M)	14.3
1-Yr ROR	N/A		Avg Daily Volume (K)	33.1
52 Wk High	\$55.56		Ownership	
52 Wk Low	\$53.92		Manag. & Dir.	13.5%
			Institutional	45.3%

EPS (FD)	Q1		Q2		Q3		Q4		Annual
F2016A	\$1.68	A	\$1.98	A	\$2.13	A	\$2.56	A	\$8.35
F2017A	\$2.50	A	\$2.26	A	\$2.18	A	\$2.36	A	\$9.32

BVPS	Q1		Q2		Q3		Q4		Annual
F2016A	\$47.81	A	\$49.55	A	\$51.72	A	\$54.96	A	\$54.96
F2017A	\$57.73	A	\$59.98	A	\$62.25	A	\$64.57	A	\$64.57

Source: Company reports; CapitalIQ; LBS estimates.

Equitable Group Inc. (EQB-T)

Rating: **Suspended** – Target: **N/A**; Price: **\$53.50**

Equity Research Department

- Equitable Group has \$23B of mortgages under management**, and offers a diverse suite of residential lending, commercial lending and savings solutions, including HISAs and GICs. It launched its direct-to-consumer EQ Bank subsidiary in 2016, offering a convenient digital alternative to traditional branch banking.
- The company noted a return to normal pace of applications** (similar to last year) following a slow Q1 as the market adjusted to revised B20 regulations. It cites continued immigration into the urban centres it lends to as supportive of this growth. Consequently, **EQB expects its single-family and commercial mortgage books to expand in 2018, along with continued earnings growth**. A consequence of B20 changes has been increased uninsured volume, which is where EQB has focused its business.
- The company sees its commercial book growing** faster than its single-family book in the near-term. It noted that 70% of its single-family lending is in Ontario, and similar to other Mortgage Panel participants, it noted a tendency to focus on urban areas while avoiding large, high-priced houses in the interest of risk control.





Company Profile

First National Financial Corporation is a mortgage originator, underwriter and servicer in Canada. Founded in 1988, FN currently has \$102 billion of mortgages under administration. The Company is Canada's largest non-bank originator of prime single-family mortgages. It also originates multi-unit residential and commercial mortgages.

Market and Company Data

Ticker	FN-T	Shares-Basic O/S (M)	60.0
Rating	N/A	Shares-FD O/S (M)	60.0
Risk	N/A	Market Cap (M)	\$1,597
Price	\$26.63	Float O/S (M)	15.8
1-Yr Target	N/A	Avg Daily Volume (K)	22.5
Yield	6.9%	Ownership	
1-Yr ROR	N/A	Insiders	73.6%
52 Wk High-Low	\$29.99 - \$22.18	Institutional	4.8%
Year End	Dec. 31		
Next Reporting	May-18		

EBITDA (M)	Q1	Q2	Q3	Q4	Annual
F2016A	\$57	A \$68	A \$67	A \$61	A \$254
F2017A	\$53	A \$68	A \$66	A \$61	A \$231

EPS	Q1	Q2	Q3	Q4	Annual
F2016A	\$0.64	A \$0.79	A \$0.80	A \$0.71	A \$2.94
F2017A	\$0.62	A \$0.81	A \$0.77	A \$0.75	A \$2.71

Source: Company reports; CapitalIQ; LBS.

First National Financial Corporation (FN-T)

Rating: **Suspended** – Target: **N/A**; Price: **\$26.63**

Equity Research Department

- **First National is Canada's largest non-bank mortgage originator**, with \$102B of mortgages under administration, \$1B of revenue and a top three market share of the mortgage broker channel. FN is also Canada's largest independent mortgage servicer, with a diversified revenue base consisting of servicing income, NIMs on securitized mortgages and origination fees.
- **Given Q1 results and market activity, FN expects a strong 2018 relative to 2017.** FN noted it is more exposed to the 2016 mortgage rule changes (increased insured qualifying rates) than the recent B20 mortgage rule changes, and hence expects little B20 disruption. As a result, its funding mix remains largely unchanged
- **FN is seeing strong demand from first-time home buyers** in the broker channel from which it derives all its mortgages, an uptick in single-family volume, and continued strength in commercial mortgages, while noting margins in the prime space remain tight.
- **FN is relatively insensitive to origination volume fluctuations** given the high mix of servicing fees, and expects servicing fee NIMs to gradually increase in mix relative to origination fees.

Company Profile

Laurentian Bank, a Schedule I bank in Canada, offers banking services to individuals and small to medium-sized enterprises, as well as independent advisors in Canada and the U.S. The company offers a range of mortgage products, equipment finance and leasing solutions, and investment products and well as a complete range of banking services, deposits and investment accounts.

Market and Company Data

Ticker	LB-T	Year End	May. 30
Rating	N/A	Next Reporting	Jun-18
Risk	N/A	Shares-basic O/S (M)	41.7
Price	\$47.96	Shares-FD O/S (M)	41.7
1-Yr Target	N/A	Market Cap (M)	\$2,001
Yield	5.2%	Float O/S (M)	41.6
1-Yr ROR	N/A	Avg Daily Volume (K)	310.4
52 Wk High	\$62.90		
52 Wk Low	\$46.57		

EPS	Q1	Q2	Q3	Q4	Annual
F2016A	\$1.39	A \$1.46	A \$1.37	A \$1.47	A \$5.73
F2017A	\$1.43	A \$1.39	A \$1.63	A \$1.63	A \$6.14
F2018A	\$1.49	A			

Source: Company reports; CapitalIQ; LBS estimates.

Laurentian Bank (LB-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$47.96**

We summarize key points from LB's participation in our Mortgage Lending Industry Panel discussion.

- **In response to recent B20 mortgage rule changes**, Chief Economist Sebastien Lavoie believes the primary visible consequence has been a shift in composition to lower-end homes. While multiple surveys suggest Canadians initially intended to delay home purchases in response to B20 changes, many consumers have subsequently opted to purchase in light of continued price strength, albeit at a lower price point (less attractive housing) than originally intended. In addition, longer amortization periods (by approximately 1/3 post B20) have sometimes been used.
- **LB's economist expects single-digit mortgage loan growth in 2018** given underlying strong economic fundamentals in Canada. Of these, he highlights job formation and household creation (3/4 of which is currently immigration-driven) as being the primary determinants of loan growth.
- **LB's economist highlighted resilient trends in urbanization and job creation** in major Canadian urban centres as providing a strong foundation for continued growth in mortgage assets and favourable credit risk.





Company Profile

People Corporation offers group benefits, group retirement and human resources services primarily to small and medium sized enterprises (SMEs) across Canada. In the past several years, the Company has expanded its service offering in order to create a platform for organic growth from existing customers and acquired companies.

Market and Company Data

Ticker	PEO-V	Shares-Basic O/S (M)	55.1
Rating	N/A	Shares-FD O/S (M)	56.1
Risk	N/A	Market Cap (M)	\$399
Price	\$7.25	Float O/S (M)	44.0
1-Yr Target	N/A	Avg Daily Volume (K)	60.6
Yield	0.0%	Enterprise Value (M)	\$397
1-Yr ROR	N/A	Cash (M)	\$39
52 Wk High-Low	\$7.93 - \$4.44	Net Debt (M)	-\$3
		Ownership	
Year End	Aug. 31	Manag. & Dir.	18.9%
Next Reporting	Jan-18	Institutional	26.7%

Revenue (M)	Q1	Q2	Q3	Q4	Annual
F2016A	\$16	A \$18	A \$20	A \$25	A \$80
F2017A	\$23	A \$26	A \$28	A \$29	A \$106
F2018E	\$28	A			

EBITDA (M)	Q1	Q2	Q3	Q4	Annual
F2016A	\$3.4	A \$4.0	A \$4.0	A \$3.7	A \$13.5
F2017A	\$3.5	A \$5.0	A \$5.2	A \$5.5	A \$19.3
F2018E	\$6.1	A			

Source: Company reports; CapitalIQ; LBS.

People Corporation (PEO-V)

Rating: **Suspended** – Target: **N/A**; Price: **\$7.25**

Equity Research Department

- PEO noted that through acquisition and organic growth the company is well-diversified with ~8,000 corporate clients across multiple verticals, managing \$1.5B in premiums and serving ~\$8.5B in pension assets under administration. The company highlighted the highly recurring, non-discretionary nature of its revenue.
- The company's acquisition pipeline has never been stronger, with deals at various stages of completion. PEO sees a significant consolidation opportunity for the next 3-5 years given its fragmented market, and expects approximately 60% of its growth to be acquisition-driven vs. organic over this timeframe as a result. The company is very well-funded, with strong cash and balance sheet capacity.
- Expanded distribution capabilities. Following the acquisition of Sirius (small group market), and the recent launch of its enterprise channel along with a targeted sales effort, the company now has distribution across the spectrum for Canadian businesses. It noted that it recently won a significant mandate from a larger, global competitor as a result, and expects further penetration into large accounts.

Company Profile

Street Capital is a financial services company focused on residential mortgage lending in Canada. The Company sources its mortgages through the mortgage broker channel and funds the mortgages through direct sale to institutional investors, securitization conduits and deposits. Street Capital Bank of Canada is a wholly-owned subsidiary of SCB.

Market and Company Data

Ticker	SCB-T	Year End	Dec. 31
Rating	N/A	Next Reporting	May-18
Risk	N/A	Shares-basic O/S (M)	122.2
Price	\$0.70	Shares-FD O/S (M)	124.7
1-Yr Target	N/A	Market Cap (M)	\$86
Yield	0.0%	Float O/S (M)	92.1
1-Yr ROR	N/A	Avg Daily Volume (K)	10.5
52 Wk High	\$1.55	Ownership	
52 Wk Low	\$0.60	Manag. & Dir.	15.3%
		Institutional	47.0%

EPS	Q1	Q2	Q3	Q4	Annual
F2016A	\$0.02	A \$0.04	A \$0.06	A \$0.01	A \$0.13
F2017A	\$0.00	A \$0.01	A \$0.04	A \$0.01	A \$0.07

BVPS	Q1	Q2	Q3	Q4	Annual
F2016A	\$0.98	A \$1.02	A \$1.08	A \$1.09	A \$1.09
F2017A	\$1.06	A \$1.06	A \$1.12	A \$1.13	A \$1.17

Source: Company reports; CapitalIQ; LBS estimates.

Street Capital Group Inc. (SCB-T)

Rating: **Suspended** – Target: **N/A**; Price: **\$0.70**

Equity Research Department

- Newly incorporated as a Schedule I bank, SCB is one of the largest lenders in the broker channel with ~130 mortgage customers and \$28B of mortgages under administration. SCB is targeting \$650M of originations in 2018.
- SCB's growth drivers include demographics favouring the growing high-margin originations not addressed by large banks, including trends in self-employment and high immigration. It has adapted to shifts in the mortgage market by operating selectively at the lower end of urban areas (i.e., Toronto, Vancouver), opting to avoid high-cost real estate (average mortgage is \$412k).
- B20 mortgage rule changes have disrupted SCB's business, including reducing its addressable market. In response, as a Schedule I lender, SCB has begun offering uninsured product in the Alt-A space, growing its balance sheet via GIC funding, while also pursuing prime uninsured business, aiming to become a full-suite lender by late 2018. As a result, SCB's revenue mix is expected to shift to NIMs (from fee-based origination) as it builds its balance sheet, making it gradually less sensitive to fluctuations in origination volume.





INDUSTRIALS





Company Profile

Cargojet is Canada's leading provider of time sensitive overnight air cargo services and carries over 1,300,000 pounds of cargo each business night.

Market and Company Data

Ticker	CJT-T	Shares O/S (M)	13.4
Rating	not rated	Market Cap (M)	\$905.9
Risk	n/a	Float O/S (M)	86.0%
Price	\$67.69	Float Value (M)	\$779.0
1-Yr Target	n/a	Avg Daily Volume	18,496
Dividend	\$0.85	Enterprise Value (M)	\$1,301
1-Yr ROR	n/a	Control Blocks:	
52 Wk High-Low	\$42.72- \$69.49	Manag & Dir:	14.0%
Valuation	n/a	Year End	Dec-31

EPS (FD)

	Q1	Q2	Q3	Q4	Annual	P/E
2016A	\$0.43	A \$0.36	A \$0.27	A \$0.00	A \$1.07	63.3x
2017A	\$0.38	A \$0.40	A \$0.41	A \$0.87	A \$2.06	32.9x
2018E	n/a	n/a	n/a	n/a	n/a	n/a
2019E	n/a	n/a	n/a	n/a	n/a	n/a

Adjusted EBITDA (\$M)

	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016A	\$18.5	A \$22.5	A \$25.3	A \$27.9	A \$94.2	13.8x
2017A	\$22.3	A \$24.6	A \$25.4	A \$37.3	A \$109.6	11.9x
2018E	n/a	n/a	n/a	n/a	n/a	n/a
2019E	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company reports; Bloomberg; LBS.

Cargojet Inc. (CJT-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$67.69**

Cargojet has illustrated superior financial results (vs. peers/ sector) which have flowed through to dividend growth (10% increase last month) and stock price appreciation. John Kim, CFO was part of our Transportation Panel.

- **Focus remains on organic growth.** Cargojet's strategy revolves and relies heavily on organic growth. Penetration of new customers (non-contract) and increasing volumes from existing customers have driven a significant portion of the growth. Contractual annual prices increases have also augmented top line results that increased 25.6% in Q4/17 and 15.7% in 2017.
- **Disruptors viewed as a potential positive if proactively addressed.** When it came time to discuss potential disruptors in the sector, a number of issues were raised. Firstly in regard to limitations on pilot flight hours (to combat fatigue) the company was recently invited to speak to the Minister of Health to be part of the discussions. Technology incorporation such as drones (complimentary product) and automation of the cockpit could ultimately impact landing/ takeoff and may eventually allow for 1 pilot per flight. Ultimately technology changes are a push factor in the industry and Cargojet is looking to proactively address such.

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 U.S. It focuses on acquisition opportunities in the industrial products and transportation sectors. It operates two segments: Aerospace & Airline and Manufacturing.

Market and Company Data

Ticker	EIF-T	Shares O/S (M)	31.5
Rating	Buy	Market Cap (M)	\$973
Risk	Medium	Float O/S (M)	28.7
Price	\$30.88	Float Value (M)	\$885.0
1-Yr Target	\$47.50	Avg Daily Volume (K)	69.5
Dividend	\$2.19	Enterprise Value (M)*	\$1,823
Yield (%)	7.1%	Control Blocks:	
1-Yr ROR	60.9%	Manag & Dir	9%
52 Wk High-Low	\$41.91 - \$25.80		
BVPS	\$17.33	Net Debt/Cap	59%
Valuation	8x EV/EBITDA (2019)	Next Reporting	May-18
Year End	31-Dec		

Adjusted EPS

	Q1	Q2	Q3	Q4	Annual	P/E
2016A	\$0.44	A \$0.74	A \$0.81	A \$0.58	A \$2.56	12.1 x
2017A	\$0.25	A \$0.77	A \$0.84	A \$0.72	A \$2.58	11.9 x
2018E	\$0.19	\$0.89	\$0.98	\$0.78	\$2.85	10.8 x
2019E	\$0.29	\$0.88	\$1.03	\$0.84	\$3.04	10.1 x

Adjusted EBITDA (\$M)

	Q1	Q2	Q3	Q4	Annual	EV/EBITDA
2016A	\$44.3	A \$56.9	A \$60.0	A \$51.3	A \$212.6	8.6 x
2017A	\$43.3	A \$70.1	A \$72.0	A \$63.3	A \$248.7	7.3 x
2018E	\$48.5	\$77.3	\$80.9	\$74.2	\$280.9	6.5 x
2019E	\$53.6	\$77.7	\$84.0	\$77.5	\$292.7	6.2 x

Source: Company reports; Bloomberg; LBS.

Exchange Income Fund Corp. (EIF-T)

Rating: **Buy** – Target: **\$47.50**; Price: **\$30.88**

Mona Nazir, Transportation & Infrastructure Analyst

- **Limited downside risk to EIF's diversified business model.** Given EIF provides essential services to northern communities (freight, passenger, medevac, fire suppression, etc.), alongside aerospace operations, the business model has proven to be resilient throughout the economic cycle (inelastic demand profile). 25% margin profile.
- **Positioned for continued growth.** Despite achieving record financial performance in 2017, management continues to paint a picture of strong growth prospects looking ahead (10-20% EBITDA growth). Growth should stem from continued manufacturing improvement (incl. WesTower) and strong top line/margin contribution at Regional One. Additionally, the ramp up of the Force Multiplier Initiative (Canadian regulatory approval expected imminently) alongside the FWSR servicing contract set to start in 2019, provides visibility for revenue growth in the medium term.
- **MFS and Quest, highly compelling acquisitions.** With the pilot shortage expected to worsen in the coming years (stricter regulatory requirements) and given the strong order backlog at Quest, management reiterated its positive view on the two transactions. Meeting the targets' earn-out should translate into a higher accretion for EIF (purchase price multiples to decline).





Company Profile

Fortis Inc. (FTS) is a diversified infrastructure holding company, primarily comprising gas distribution and electric utilities in Canada, the U.S. and the Caribbean. The company has \$48B in assets and generated \$8.3B in revenue in 2017.

Market and Company Data

Ticker	FTS-T	Shares O/S (M)	420.0
Rating	not rated	Market Cap (M)	\$18,093.6
Risk	n/a	Float O/S (M)	99.3%
Price	\$43.08	Float Value (M)	\$17,968.8
1-Yr Target	n/a	Avg Daily Volume (K)	1,260
Dividend	\$1.70	Enterprise Value (M)	\$43,384.0
1-Yr ROR	n/a	Control Blocks:	
52 Wk High-Low	\$39.38- \$48.73	Manag & Dir:	0.7%
BVPS	\$39.88	Next Reporting	May, 2018
Valuation	n/a	Year End	Dec-31

EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016A	\$0.67	A \$0.45	A \$0.54	A \$0.63	A \$2.31		18.6x
2017A	\$0.69	A \$0.61	A \$0.61	A \$0.63	A \$2.53		17.0x
2018E	n/a	n/a	n/a	n/a	n/a		n/a
2019E	n/a	n/a	n/a	n/a	n/a		n/a

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016A	\$607	A \$543	A \$579	A \$746	A \$2,475		17.5x
2017A	\$938	A \$920	A \$919	A \$902	A \$3,679		11.8x
2018E	n/a	n/a	n/a	n/a	n/a		n/a
2019E	n/a	n/a	n/a	n/a	n/a		n/a

Source: Company reports; Bloomberg; LBS.

Fortis Inc. (FTS-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$43.08**

Executive VP and CFO, Karl Smith of Fortis was part of our Power Panel with Hydro One, Ontario Power Generation and Stella-Jones. Recall FTS is one of Canada's leading diversified, highly regulated public utilities.

- **Focus on organic growth in the near term.** Having made significant transformational acquisitions, including UNS and most recently ITC, Fortis has increased its U.S. exposure to 60% of consolidated earnings. Near term focus and growth avenues for the company are expected to stem organically.
- **U.S. M&A landscape shrinking + CDN privatization efforts a positive.** Heavy consolidation over the last 10 years (Duke/Cinergy, Berkshire/PPW, National Grid/ Keyspan, Emera/ TECO, Algonquin/ Empire) has ultimately caused the competitive landscape to shrink (less opportunities south of the border). With 6-8 U.S. acquisitions annually, and ~50 remaining opportunities, growth rates are expected to temper. Privatization efforts in Canada are viewed as a potential positive for the sector and with time we could see ROE's and equity thickness increase (as per U.S. utilities).
- The company reiterated their 6% annualized dividend growth target and stated that over the longer term the change in U.S. taxation is a potential positive to FTS.

Company Profile

Hydro One is the largest distributor of electricity in Ontario and owns 98% of the transmission network, in addition ~125,000 km of low-voltage distribution network, serving 75% of the province's geography. The company operates via two main segments: Transmission and Distribution.

Market and Company Data

Ticker	H-T	Proforma shares O/S (M)	667.4
Rating	Buy	Market Cap (M)	\$14,089
Risk	Low	Float O/S (M)	350.7
Price	\$21.11	Float Value (M)	7,404
1-Yr Target	\$24.00	Avg Daily Volume (K)	550.4
Dividend	\$0.88	Enterprise Value (M)	\$28,056
Yield (%)	4.2%	Control Blocks:	
1-Yr ROR	17.9%	Government of Ontario	47.4%
52 Wk High-Low	\$24.66- \$20.37	Manag & Dir	0.0%
BVPS	\$17.12	Net Debt/Cap	50%
Valuation	8x P/E (2019E)	Next Reporting	May, 2018
Year End	31-Dec		

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016A	\$0.35	A \$0.26	A \$0.39	A \$0.21	A \$1.21		17.5x
2017A	\$0.28	A \$0.20	A \$0.40	A \$0.28	A \$1.16		18.2x
2018E	\$0.32	E \$0.18	E \$0.39	E \$0.37	E \$1.26		16.8x
2019E					\$1.34		15.8x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016A	\$534	A \$481	A \$572	A \$469	A \$2,056		13.6x
2017A	\$498	A \$448	A \$570	A \$533	E \$2,049		13.7x
2018E	\$561	E \$410	E \$641	E \$833	E \$2,445		11.5x
2019E					\$2,884		9.7x

Note: Historic ratio uses yr. end closing share price and net debt.
Source: Company reports; Bloomberg; LBS.

Hydro One Ltd. (H-T)

Rating: **Buy** – Target: **\$24.00**; Price: **\$21.11**

Mona Nazir, *Transportation & Infrastructure Analyst*

- **Avista still viewed as a strategic transaction longer term.** Despite the recent headwinds surrounding the Avista deal and related reduction in expected accretion (\$0.05, down to \$0.01-\$0.02; tax reform + higher state settlements), management remains committed to the transaction and continues to view it as strategic over the longer term. Recall, the increased footprint in the U.S. should diversify H's business outside of Ontario while also reducing weather related seasonality.
- **Cost management continues to be a priority.** Since the company's IPO in November 2015, Hydro delivered \$114M in productivity savings resulting from improved management and efficiencies. Going forward, we expect the company to continue on the efficiency extraction path while the addition of AVA should allow for a further cost reductions (leveraging the combined entity's scale, sharing best practises, supply management, etc.).
- **Hydro One as a case study for utility privatization in Canada.** With the increased media attention regarding potential utility privatization (Manitoba Hydro, Nalcor, Toronto Hydro), management highlighted the benefits of such including a 57% reduction in disconnections (cost \$500-\$1,000) and lower receivables, etc.





Company Profile

IBI is a leading, international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities with over 2,500 employees globally. IBI focuses on four main segments of development: Urban Land, Facilities, Transportation and Systems.

Market and Company Data

Ticker	IBG-T	Shares O/S* (M)	31.2
Rating	Buy	Market Cap* (M)	\$229.9
Risk	Medium	Float O/S (M)	19.5
Price	\$7.37	Float Value (M)	\$143.7
1-Yr Target	\$9.50	Avg Daily Volume (K)	46.7
Dividend	\$0.00	Enterprise Value (M)	\$344.0
Yield (%)	0.0%	Control Blocks:	
1-Yr ROR	28.9%	Manag & Dir	38%
52 Wk High-Low	\$9.00 - \$6.02	Net Debt/Cap	84%
BVPS	\$0.70	Next Reporting	May-18
Valuation	16.0x P/E (2019)		
Year End	31-Dec		

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016	(\$0.12) A	\$0.14 A	\$0.18 A	\$0.23 A	\$0.45		16.2x
2017	\$0.10 A	\$0.13 A	\$0.15 A	\$0.09 A	\$0.48		15.3x
2018	\$0.13	\$0.16	\$0.16	\$0.08	\$0.52		14.1x
2019	\$0.14	\$0.17	\$0.17	\$0.09	\$0.58		12.7x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016	9.5 A	12.3 A	10.2 A	7.5 A	39.5		8.7x
2017	10.2 A	11.8 A	11.1 A	7.6 A	40.6		8.5x
2018	10.3	12.0	11.3	7.9	41.5		8.3x
2019	10.8	12.5	11.8	8.3	43.4		7.9x

Note: Historic ratio uses yr. end closing share price and net debt
Source: Company reports; Bloomberg; LBS.

IBI Group Inc. (IBG-T)

Rating: **Buy** – Target: **\$9.50**; Price: **\$7.37**

Mona Nazir, Transportation & Infrastructure Analyst

- **Aiming at becoming a technology driven pure play consulting firm.** One unique competitive advantage IBI offers over its peers is an intelligence offering that was developed in-house. Intelligence houses software, systems design, systems integration, operations via services including toll system collection, traffic management services, etc. It is worth noting that the intelligence/ technology segment's margins are typically in the ~20% range.
- **Technology related acquisitions/ partnerships could be on the table in H2/18.** With the strong execution on its strategic turnaround plan (leverage reduction, divestiture of non-core assets, DSO reduction, etc.), the company is now positioned to look at potential small technology firms to complement its current offering.
- **Seeing Canada as a strong market with a well-established 3P structure.** Touching on end market strength, looking at the Canadian end market IBI sees a solid pipeline of opportunities. Similarly to its peers, IBI also views the U.S. market as robust given the multiple state ballot initiatives and active transit landscape. Of note, IBI's revenue stream remains focused on North America with Canada and the U.S. representing 53% and 33% of revenue, respectively.

Company Profile

Ontario Power Generation is a private electricity producer based in Ontario. At Dec. 31, 2017, OPG's generating portfolio had an in-service capacity of 16,210 megawatts. The company produces nearly half of the province electricity and had \$5.3B in revenue in 2017.

Ontario Power Generation Inc. (Private)

Rating: **Not Rated** – Target: **N/A**; Price: **N/A**

With 95% of regulated electricity generation, and 100% ownership by the Province of Ontario, CFO, Ken Hartwick added an interesting angle to our Power Panel discussion.

- **OPG is unique in that it is a pure play generator that is regulated (\$5.3B in revenue; \$880M in NI).** Single digit growth is expected to increase with projects such as the Darlington refurbishment project (\$5.5B into rate base by 2020). 1 in 5 homes and businesses are powered by Darlington and the refurbishment will reduced greenhouse gas emissions by ~300M tonnes while providing 30 years of power below average costs (\$0.08/kWh). As Ontario's largest clean energy generator, OPG believes that battery technology and thermal/ wind stations should have an increasing impact in the space.
- **No significant changes expected from privatization efforts in the near to medium term.** In regard to privatization efforts of utilities across Canada, OPG does not envision the current structure of provincially owned utilities changing any time soon. There is not as much need to open up the utilities space, especially as largely rate regulated and the assets being held by governments are viewed as a positive by citizens/ stakeholders.





Company Profile

SNC-Lavalin is one of the leading engineering and construction companies in the world and the largest E&C firm in Canada. The company provides engineering and construction expertise, operations and maintenance services, as well as investments in infrastructure concessions.

Market and Company Data

Ticker	SNC-T	Shares O/S (M)	175.5
Rating	Buy	Market Cap (M)	\$9,528.3
Risk	Medium	Float O/S (M)	175.4
Price	\$54.30	Float Value (M)	\$9,522.6
1-Yr Target	\$67.00	Avg Daily Volume (K)	343.1
Dividend	\$1.09	Enterprise Value (M)	\$11,939.9
1-Yr ROR	25.4%	Control Blocks:	
52 Wk High-Low	\$59.38- \$50.28	Manag & Dir	0.1%
BVPS	\$29.75	Next Reporting	Apr-18
Valuation	Sum-of-the-Parts	Year End	Dec. 31

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016A	\$0.98	A \$0.72	A \$0.45	A \$0.75	A \$2.90		18.7x
2017A	\$0.70	A \$0.76	A \$0.78	A \$0.98	A \$3.21		16.9x
2018E	\$0.91	E \$0.87	E \$0.92	E \$0.96	E \$3.66		14.8x
2019E					\$4.20		12.9x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016A	\$144	A \$161	A \$93	A \$155	A \$552		21.6x
2017A	\$149	A \$135	A \$250	A \$283	A \$817		14.6x
2018E	\$279	E \$266	E \$273	E \$274	E \$1,092		10.9x
2019E					\$1,150		10.4x

Source: Company reports; Bloomberg; LBS.

SNC-Lavalin Group Inc. (SNC-T)

Rating: **Buy** – Target: **\$67.00**; Price: **\$54.30**

Mona Nazir, Transportation & Infrastructure Analyst

- **A unique positioning across the full E&C cycle.** During the E&C panel, management highlighted SNC's unique offering ranging from the funding and design phases to the later construction stage. The resulting model translates into an increased revenue opportunity along with a competitive advantage with respect to pricing.
- **Atkins acquisition continues to be viewed as a highly strategic addition.** Management praised once again the benefit of the Atkins acquisition which enhanced SNC's footprint in key geographic areas and the U.S. (solid pipeline/ activity south of the border). While SNC's close construction related competitors have margins in the 5% range, the addition of Atkins is expected to narrow the margin gap vs. pure play consulting firms (10 to 12% margin profile).
- **Near term focus remains on the organic front.** With the integration of Atkins ongoing and given the enhanced scale and geographic mix SNC currently has, management stated the near term focus remains on growing the business organically. That said, the company should remain active on the smaller acquisition side (tuck-ins), particularly within the technology space.

Company Profile

Stantec provides professional consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, and project management for infrastructure and facilities projects.

Market and Company Data

Ticker	STN-T	Shares O/S (M)	114.5
Rating	Hold	Market Cap (M)	\$3,607
Risk	Medium	Float O/S (M)	113.3
Price	\$31.50	Float Value (M)	\$3,567
1-Yr Target	\$34.50	Avg Daily Volume (K)	205.7
Dividend	\$0.55	Enterprise Value (M)	\$4,107
Yield (%)	1.7%	Control Blocks:	
1-Yr ROR	11.3%	Manag & Dir	1.1%
52 Wk High-Low	\$37.13 - \$30.24	Net Debt/Cap	26%
BVPS	\$16.64	Next Reporting	May-18
Valuation	16.75x P/E (Blended 18/19)		
Year End	31-Dec		

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2015A	\$0.40	A \$0.46	A \$0.53	A \$0.28	A \$1.66		19.0x
2016A	\$0.40	A \$0.37	A \$0.55	A \$0.35	A \$1.69		18.7x
2017A	\$0.40	A \$0.51	A \$0.54	A \$0.32	A \$1.77		17.8x
2018E	\$0.43	\$0.52	\$0.62	\$0.40	\$1.97		16.0x
2019E	\$0.50	\$0.56	\$0.68	\$0.44	\$2.18		14.5x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2015A	76.1	A 82.2	A 93.6	A 54.6	A 306.5		13.4x
2016A	70.2	A 84.6	A 113.6	A 84.0	A 352.3		11.7x
2017A	89.9	A 103.5	A 106.9	A 63.1	A 363.5		11.3x
2018E	86.4	105.1	116.8	81.6	390.0		10.5x
2019E	93.9	108.8	122.4	85.4	410.5		10.0x

Note: Historic ratio uses yr. end closing share price and net debt.
Source: Company reports; Bloomberg; LBS.

Stantec Inc. (STN-T)

Rating: **Hold** – Target: **\$34.50**; Price: **\$31.50**

Mona Nazir, Transportation & Infrastructure Analyst

- **Construction exposure under review.** While there has been a lot of excitement surrounding the 2016 addition of MWH (new water vertical, enhanced scale, etc.), recent challenges have exacerbated the negative sentiment on STN shares, causing management to review MWH's construction arm. As we have previously mentioned, we see the potential divestiture of the construction business as a potential positive and catalyst for STN that could translate into higher margins, lower business risk and related multiple expansion.
- **2018 viewed as an active year for M&A.** With 8,000+ employees added since 2016 (bulk stemming from MWH), STN is expected to continue its consolidation trend albeit we suspect the near term focus to remain on smaller targets/tuck-ins (sub 1,000 headcount). Areas of focus remain Australia/New Zealand, the U.K. and N.A..
- **Canada and the U.S. highly attractive markets.** With 85% of STN's consulting revenue stemming from North America, we view management's optimistic tone on regional activity as positive. With respect to forecasting, none of the ongoing infrastructure initiatives at the state /federal level are baked into internal forecasts. Guidance only factors in assigned contract wins and hence upside exists to estimates.





Company Profile

Stella-Jones Inc. is a leading North American producer and marketer of treated wood products, specializing in the production of pressure treated railway ties and timbers, as well as wood poles supplied to electrical utilities and telecommunications companies. It

Market and Company Data

Ticker	SJ-T	Shares O/S (M)	69.3
Rating	Hold	Market Cap (M)	\$3,167.7
Risk	Medium	Float O/S (M)	47.8
Price	\$45.68	Float Value (M)	\$2,182.5
1-Yr Target	\$50.00	Avg Daily Volume (K)	56.9
Dividend	\$0.48	Enterprise Value (M)	\$3,616.9
Yield (%)	1.1%	Control Blocks:	
1-Yr ROR	10.5%	Stella Intl S.A.	31%
52 Wk High-Low	\$52.22 - \$38.12	Net Debt/Cap	28%
BVPS	\$16.09	Next Reporting	May, 2018
Valuation	20x P/E (Blended 18/19)		
Year End	31-Dec		

Adj. EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2015A	\$0.44	A \$0.56	A \$0.57	A \$0.48	A \$2.05		22.3x
2016A	\$0.51	A \$0.79	A \$0.66	A \$0.27	A \$2.22		20.6x
2017A	\$0.37	A \$0.71	A \$0.61	A \$0.30	A \$1.98		23.0x
2018E	\$0.31	\$0.76	\$0.71	\$0.47	\$2.26		20.2x
2019E	\$0.50	\$0.83	\$0.80	\$0.53	\$2.65		17.2x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2015A	52.9	A 66.7	A 69.4	A 54.2	A 243.2		14.9x
2016A	61.8	A 89.8	A 78.6	A 40.1	A 270.3		13.4x
2017A	49.2	A 81.3	A 71.3	A 37.6	A 239.4		15.1x
2018E	42.4	85.0	78.7	55.8	262.0		13.8x
2019E	59.1	90.4	86.0	60.6	296.1		12.2x

Source: Company reports; Bloomberg; LBS.

Stella-Jones Inc. (SJ-T)

Rating: **Hold** – Target: **\$50.00**; Price: **\$45.68**

Mona Nazir, Transportation & Infrastructure Analyst

Management of Stella-Jones was part of our Power Panel alongside three Canadian utilities: Fortis, Hydro One and Ontario Power Generation. Recall SJ's utility pole segment currently represents 35% of revenue. Key takeaways for SJ are highlighted below:

- **GDP-like growth expected at SJ.** Management restated their expectation for GDP-like organic growth which could be augmented by M&A. The company was “encouraged” by Fortis, Hydro One and OPG's expected mid-single digit rate base growth. We highlight that SJ is a pole supplier to all three utilities.
- **Replacement of aging poles at utilities could be a key catalyst.** While there has been numerous discussions regarding the need to replace the higher percentage of aging poles, management continues to believe in an upcoming pole replacement cycle which could drive organic growth to the double digit range in the medium term (pole side).
- **M&A still on the table, albeit at a slower pace.** Although M&A remains on key focus for the company, the strong growth achieved over the last few years (20% range) is likely to come down as the acquisition pipeline narrows and as SJ's scale continues to expand.

Company Profile

TFI International is a leader in the North American transportation and logistics industry with annual revenues of ~\$4.7 billion. The company manages a large network of wholly-owned subsidiaries across Canada and the United States.

Market and Company Data

Ticker	TFII-T	Shares O/S (M)	92.1
Rating	Buy	Market Cap (M)	\$3,122
Risk	Medium	Float O/S (M)	87.4
Price	\$33.89	Float Value (M)	\$2,963
1-Yr Target	\$34.00	Avg Daily Volume (K)	182.9
Dividend	\$0.84	Enterprise Value (M)	\$4,630
Yield (%)	2.5%	Control Blocks:	
1-Yr ROR	2.8%	Manag & Dir	5.1%
52 Wk High-Low	\$34.81-\$26.44	Net Debt/Cap	52%
Valuation	8.0x EV/EBITDA (2019)	BVPS	\$15.36
Year End	Dec. 31	Next Reporting	Apr-18

Adjusted EPS (FD)							
	Q1	Q2	Q3	Q4	Annual		P/E
2016A	\$0.32	A \$0.57	A \$0.60	A \$0.56	A \$2.04		16.6 x
2017A	\$0.35	A \$0.68	A \$0.53	A \$0.60	A \$2.08		16.3 x
2018E	\$0.46	E \$0.61	E \$0.54	E \$0.49	E \$2.10		16.1 x
2019E	\$0.49	E \$0.63	E \$0.57	E \$0.52	E \$2.21		15.3 x

Adjusted EBITDA (\$M)							
	Q1	Q2	Q3	Q4	Annual		EV/EBITDA
2016A	82.5	A 112.7	A 111.7	A 124.4	A 431.3		10.7 x
2017A	107.6	A 144.2	A 128.2	A 131.0	A 511.0		9.1 x
2018E	134.3	E 152.4	E 144.5	E 137.6	E 568.9		8.1 x
2019E	136.8	E 153.9	E 146.3	E 139.0	E 576.0		8.0 x

Note: Historic ratio uses yr. end closing share price and net debt.

Source: Company reports; Bloomberg; LBS.

TFI International Inc. (TFII-T)

Rating: **Buy** – Target: **\$34.00**; Price: **\$33.89**

Mona Nazir, Transportation & Infrastructure Analyst

- **E-Commerce remains a bright spot for the P&C business.** While TFII's P&C business struggled in 2017, in part due to the loss of a major customer, management continues to see the segment as a high growth opportunity going forward (E-Commerce 20% historic CAGR). We note that part of the P&C top line pressure is attributed to the elimination of unprofitable contracts which should support margins going forward.
- **Thoughts on industry disruptors.** With technology viewed as a disruptor (cost efficient trucks, ELDs, driverless trucks, etc.), TFII stated that some initiatives could be a positive for both the company and sector. Specifically, platooning and driverless trucks could alleviate current pressures from driver shortages while reducing costs.
- **Remaining opportunistic on capital deployment.** With the company focused on the CFI turnaround, management continues to be opportunistic in enhancing its U.S. and Canadian footprint, albeit larger transactions are likely a late 2018/2019 event. Of note, the company has made over 60 acquisitions in the last ten years. Additionally, a potential U.S. listing (spin out of TL business) or divestitures of non-core assets are catalysts for the story.





Company Profile

WSP Global is a leading Canadian 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.

Market and Company Data

Ticker	WSP-T	Shares O/S (M)	103.3
Rating	Buy	Market Cap (M)	\$5,916
Risk	Medium	Float O/S (M)	63.6
Price	\$57.29	Float Value (M)	\$3,642
1-Yr Target	\$65.00	Avg Daily Volume (K)	217.1
Dividend	\$1.50	Enterprise Value (M)	\$6,890
Yield (%)	2.6%	Control Blocks:	
1-Yr ROR	16.1%	Manag & Dir	1%
52 Wk High-Low	\$62.59 - \$45.40	CPPIB & CDP	38%
BVPS	\$28.70	Net Debt/Cap	19%
Valuation	18.5x P/E (2019)	Next Reporting	May-18
Year End	31-Dec		

Adjusted EPS (FD)							P/E
	Q1	Q2	Q3	Q4	Annual		
2015A	\$0.36	A \$0.51	A \$0.69	A \$0.55	A \$2.11		27.1x
2016A	\$0.33	A \$0.56	A \$0.66	A \$0.68	A \$2.22		25.8x
2017A	\$0.49	A \$0.64	A \$0.77	A \$0.54	A \$2.44		23.5x
2018E	\$0.63	\$0.83	\$1.00	\$0.78	\$3.25		17.7x
2019E	\$0.69	\$0.89	\$1.08	\$0.86	\$3.52		16.3x

Adjusted EBITDA (\$M)							EV/EBITDA
	Q1	Q2	Q3	Q4	Annual		
2015A	85.3	A 106.0	A 126.2	A 124.0	A 441.5		15.6x
2016A	91.5	A 125.0	A 147.2	A 135.3	A 499.0		13.8x
2017A	114.5	A 140.3	A 160.4	A 140.0	A 555.2		12.4x
2018E	134.6	165.0	187.4	153.1	640.1		10.8x
2019E	145.0	173.9	198.8	163.9	681.6		10.1x

Source: Company reports; Bloomberg; LBS.

WSP Global Inc. (WSP-T)

Rating: **Buy** – Target: **\$65.00**; Price: **\$57.29**

Mona Nazir, *Transportation & Infrastructure Analyst*

- **Investors can expect further M&A going forward.** With a well-established goal of expanding its scale and geographic footprint, WSP stated it will remain active on the M&A front in 2018 and beyond. Despite the recent wave of consolidation seen in the E&C space, the market remains fragmented and given there are north of 200 companies in the sector, we believe consolidation efforts are to continue going forward.
- **There is benefit to diversification.** With ~80% of revenue stemming from outside Canada, WSP remains the top international design firm in the world. Management highlighted their diversified matrix (50% of revenue pegged to infrastructure) which has proven highly effective over the last few years (no single year of organic contraction since the company's inception).
- **Flow through of infrastructure spending in Canada /U.S. represents upside potential.** The company's current guidance of 1-4% organic growth for 2018 does not factor in potential tailwinds from infrastructure spending on either side of the CDN/U.S. border. As such, management forecasts based on current work scheduled could prove conservative in the event of a ramp up in spending in late 2018.





MINING





Company Profile

Argonaut Gold is a Canadian gold company which holds a portfolio of assets, including three operating mines and two development projects. The company's primary assets include the El Castillo mine and construction stage San Agustin project in Durango, Mexico, as well as the La Colorada mine in Sonora, Mexico. AR's development assets include the San Antonio project in Baja California Sur, Mexico as well as the Magino project in Ontario.

Market and Company Data

Ticker	AR-T	Shares-basic O/S (M)	177.2
Rating	Buy	Shares-FD (M)	181.9
Risk	High	Market Cap (M)	C\$404.1
Price	C\$2.28	Float O/S (M)	177.2
1-Yr Target	C\$3.00	Ave Daily Vol (M)	0.59
Valuation Method	1.0x NAV/sh	52-Wk High-Low	C\$1.76-C\$2.92
NAVPS	C\$3.10	Year-end	December
Div. Yield	0.0%	Next Reporting	May
1-Yr ROR	31.6%	Working Cap (\$mm)	\$83.0

	2017A	2018E	2019E	2020E
Gold Price US\$/o	\$1,273	\$1,300	\$1,325	\$1,350
Gold Prod'n (koz)	126.7	169.8	215.0	221.5
Op. Cost (US\$/oz)	\$787	\$757	\$615	\$585
EPS (\$/sh)	\$0.15	\$0.18	\$0.35	\$0.36
P/EPS	11.6x	10.4x	5.5x	5.2x
CFPS (\$/sh)	\$0.27	\$0.42	\$0.69	\$0.76
P/CFPS	6.5x	4.4x	2.8x	2.5x

Source: Company reports; LBS estimates

Argonaut Gold Inc. (AR-T)

Rating: **Buy** – Target: **\$3.00**; Price: **\$2.28**

Ryan Hanley, Mining Analyst

- Following the release of updated reserves & resources for AR's operating assets, our focus now shifts to organic growth and free cash flow generation. **For 2018, production is expected to grow by ~34%, with each one of AR's operating assets expected to contribute.**
- At El Castillo, the purchase of the San Juan concessions (next to the existing pit) led to a 74% increase in reserves, while a throughput expansion, which was to be completed by the end of Q1/18 (20,000tpd to 29,000tpd), is expected to lead to y/y production growth.
- At San Agustin, commercial production was declared on October 1, 2017. As this will be the mine's first year of full production, throughput is expected to continue to ramp-up over the course of the year.
- At La Colorada, mining is currently moving to the higher grade El Creston pit (0.68g/t reserve vs. 0.54g/t mined in 2017), which should lead to higher production in 2018.

Company Profile

Balmoral Resources Ltd. is a Quebec-focused exploration and development company whose primary assets are located in the Sunday Lake-Detour Lake Fault Zone in the prolific Abitibi Greenstone Belt of the James Bay Lowland. Balmoral has made two discoveries of mineralization – the Grasset nickel deposit and the Martiniere gold project – but the primary focus is the Martiniere gold project. Management are well-known as being very good at early stage exploration, having been previously recognized by the mineral industry for discoveries in both Quebec and Ontario.

Market and Company Data

Ticker	BAR-T	Shares-basic O/S (M)	138.5
Rating	Buy	Shares-FD (M)	148.8
Risk	High	Market Cap (M)	\$37.4
Price	\$0.27	Float O/S (M)	133.5
1-Yr Target	\$1.00	Ave Daily Vol (K)	201.5
Valuation Method	1 X NAVPS	52-Wk High-Low	\$0.86-\$0.26
NAVPS	\$1.12	Year-end	Dec
Div. Yield	0.0%	Next Reporting	May, 2018
1-Yr ROR	270.4%	Working Cap (M)	\$8.6

	2016A	2017A	2018E	2019E
Gold Price US\$/o	\$1,241	\$1,250	\$1,300	\$1,350
Gold Prod'n (koz)	0.0	0.0	0.0	0.0
Op. Cost (US\$/oz)	\$0	\$0	\$0	\$0
EPS (C\$/sh)	(\$0.00)	(\$0.01)	(\$0.02)	(\$0.02)
P/EPS	n.m.	n.m.	n.m.	n.m.
CFPS (C\$/sh)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.03)
P/CFPS	n.m.	n.m.	n.m.	n.m.

Source: Company reports; LBS estimates

Balmoral Resources Ltd. (BAR-T)

Rating: **Buy** – Target: **\$1.00**; Price: **\$0.27**

Barry Allan, Mining Analyst

- An initial resource of 0.64 Koz of gold was just released on the Martiniere gold system down to a depth of 260 metres. However, the system has been tracked down to 600 metres, and there are satellite areas of known mineralization. Additional drilling is warranted, and a winter/spring campaign is underway, after which summer drilling is anticipated. There is every expectation the resource will grow in size.
- The Martiniere gold system is on the Detour gold trend just east of the Detour Gold mine, and is part of the Abitibi Greenstone belt which is known to host significant gold deposits.
- BAR also have the Grasset nickel discovery which is a new nickel resource discovered much further to the east on the Grasset Ultramafic Complex. With renewed interest in nickel, BAR are reassessing the status of this discovery which has not been fully delineated.
- Given the shortage of new discoveries in both nickel and gold, BAR expects to see an increase in M&A activity.**





Company Profile

Bonterra Resources Inc. is a Quebec-focused exploration company with active exploration projects in the Abitibi Greenstone belt where gold resources have been identified. The primary property is the Gladiator project on the eastern end of the Urban-Barry exploration camp where an initial 1.2 million ounce resource is being expanded and upgraded by 100,000 metres of drilling. The company also has the Larder Lake project in Ontario where a 1.0 million ounce resource has also been estimated.

Market and Company Data

Ticker	BTR-V	Shares-basic O/S (M)	226.5
Rating	N/A	Shares-FD (M)	254.2
Risk	High	Market Cap (M)	\$113.3
Price	\$0.50	Float O/S (M)	221.5
1-Yr Target	N/A	Ave Daily Vol (K)	201.5
Valuation Method	N/A	52-Wk High-Low	\$0.72-\$0.29
NAVPS	N/A	Year-end	May
Div. Yield	N/A	Next Reporting	April, 2018
1-Yr ROR	N/A	Working Cap (M)	\$14.0

Source: Thomson Reuters

Bonterra Resources Ltd. (BTR-V)

Rating: **Not Rated** – Target: **N/A**; Price: **\$0.50**

- A 70,000-metre drill campaign on the Gladiator deposit in 2018 is designed to expand and upgrade the existing 1.2 million resource of gold, which was initially estimated in 2012. Since then, more than **100,000 metres of additional drilling is expected to be incorporated in a new resource estimate due in H2/18**. Post release of the resource, a PEA is to be initiated with an expected completion early 2019. The upgrade in size of the resource is expected to be material.
- The tenor of mineralization intersected at Gladiator continues to be very good. With a resource grade >9.0 g/t and an indicated mineralized envelope exceeding 1,200 metres on strike and 1,100 metres to depth, the updated resource is expected to yield a multi-million ounce resource (+2 Moz). Consisting of five vein sets, the overall resource remains open on strike and to depth.
- There is a market expectation that Bonterra has successfully identified a resource of sufficient size and quality that may ultimately become a mine. However, a PEA will need to be completed, along with a PFS.

Company Profile

Detour Gold Corporation owns and operates one of the largest single producing gold mines in Canada. The mine is a large-scale, open-pit mine located 300 Km northeast of Timmins, Ontario where more than 16 million ounces of reserves have been identified. Having entered production in 2013, after five years of continuous operation, annual operating performance has steadily improved year-over-year. The mine is producing free cash-flow and has an indicated reserve-life of more than 23 years.

Market and Company Data

Ticker	DGC-T	Shares-basic O/S (M)	175.9
Rating	Buy	Shares-FD (M)	189.0
Risk	High	Market Cap (C\$M)	\$2,450.3
Price (C\$)	\$13.93	Float O/S (M)	175.9
1-Yr Target (C\$)	\$20.00	Ave Daily Vol (K)	1,001.1
Valuation Method	1.00 X NAVPS	52-Wk High-Low (C\$)	\$20.42-\$12.50
NAVPS (C\$)	\$19.83	Year-end	December
Div. Yield	0.0%	Next Reporting	April, 2018
1-Yr ROR	43.6%	Working Cap (US\$M)	\$168.4

	2016A	2017A	2018E	2019E
Gold Price (US\$/i)	\$1,245	\$1,259	\$1,300	\$1,325
Gold Prod'n (Koz)	537.8	571.4	618.1	539.7
Op. Cost (US\$/oz)	\$746	\$716	\$731	\$1,017
EPS (US\$/sh)	(\$0.04)	\$0.50	\$0.84	(\$0.06)
P/EPS	n.m.	22.1x	13.3x	n.m.
CFPS (US\$/sh)	\$1.10	\$1.68	\$1.87	\$1.33
P/CFPS	10.2x	6.6x	6.0x	8.4x

Source: Company report; LBS estimates

Detour Gold Corp. (DGC-T)

Rating: **Buy** – Target: **\$20.00**; Price: **\$13.93**

Barry Allan, Mining Analyst

- DGC finished a good year of operating performance, achieving a record level of production and operating cash flow. At the end of 2017, the balance sheet has accumulated substantial cash and had reduced long-term debt. DGC is in the strongest financial position of its corporate history.
- 2018 is expected to be another record year for production and cash flow, further strengthening the financial condition leading into a low-grade phase for 2019 and 2020. DGC are currently evaluating an optimization plan to improve 2019-2020 production and cash profile which the company expects to announce by the end of Q2/18.
- A resource estimate on a high-grade, underground gold occurrence (Zone 58) is also anticipated in Q2/18.
- DGC is considered to be a unique asset (a large source of gold) in a very stable jurisdiction.**





Company Profile

Eastmain Resources is a Canadian exploration company actively exploring for gold in the James Bay region of Quebec. The company's flagship asset, the Clearwater gold project, has been initially identified as a high-grade, open-pit resource with an underground component that has yet to be fully quantified. Eastmain is also exploring the past-producing Eastmain mine and the Eleonore South JV project. In early 2016, senior management changed, providing new energy to exploration.

Market and Company Data

Ticker	ER-T	Shares-basic O/S (M)	193.0
Rating	Buy	Shares-FD (M)	210.0
Risk	High	Market Cap (M)	\$42.5
Price	\$0.22	Float O/S (M)	173.7
1-Yr Target	\$1.15	Ave Daily Vol (K)	430
Valuation Method	1 X NAVPS	52-Wk High-Low	\$0.50-\$0.16
NAVPS	\$1.22	Year-end	Oct
Div. Yield	0.0%	Next Reporting	May, 2018
1-Yr ROR	422.7%	Working Cap (M)	\$8.20

	2017A	2018E	2019E	2020E
Gold Price US\$/c	\$1,250	\$1,300	\$1,325	\$1,350
Gold Prod'n (koz)	0.0	0.0	0.0	87.6
Op. Cost (US\$/oz)	\$0	\$0	\$0	\$352
EPS (C\$/sh)	(\$0.02)	(\$0.02)	(\$0.02)	\$0.33
P/EPS	n.m.	n.m.	n.m.	0.7x
CFPS (C\$/sh)	(\$0.03)	(\$0.03)	(\$0.03)	\$0.49
P/CFPS	n.m.	n.m.	n.m.	0.5x

Source: Company reports; LBS estimates

Eastmain Resources Inc. (ER-T)

Rating: **Buy** – Target: **\$1.15**; Price: **\$0.22**

Barry Allan, Mining Analyst

- ER has identified a significant new high-grade gold resource in a well-established mining district of Quebec (James Bay Lowlands). The Clearwater resource is in the vicinity of an existing mill and the resource has been exceedingly well defined by drilling.
- An updated resource at Clearwater is anticipated by end of Q2/18, and a PEA is underway and should be completed H2/18. Further, ongoing drilling will continue to upgrade and expand the existing resource base.
- ER also have an exciting JV exploration property known as the Eleonore South JV project where initial drilling has intersected high-grade mineralization in a very early stage exploration program. Additional drilling is underway and there is a very good probability of major new gold discovery immediately proximal to a known operating mill.
- A third project around a previous operating asset is also being explored, and successful drill results have been obtained.
- Per ounce of defined resource, the market capitalization of ER is at the very low end of the valuation range.**

Company Profile

Nighthawk Gold is a Canadian-based gold explorer with a large land holding in the Indin Lake Greenstone belt of the Northwest Territories. The property holding includes the former producing Colomac gold mine which hosts ~2.1 million ounces of known resources. Recent drilling has intersected previously unrecognized higher-grade zones within the existing Colomac sill. Ongoing drilling is designed to delineate higher grade areas within the sill, and to test adjacent areas of gold mineralization. The 2018 exploration program has been funded.

Market and Company Data

Ticker	NHK-T	Shares-basic O/S (M)	188.3
Rating	N/A	Shares-FD (M)	188.3
Risk	N/A	Market Cap (M)	\$124.3
Price	\$0.66	Float O/S (M)	183.0
1-Yr Target	N/A	Ave Daily Vol (K)	259.9
Valuation Method	N/A	52-Wk High-Low	\$1.15-\$0.57
NAVPS	N/A	Year-end	Dec
Div. Yield	N/A	Next Reporting	April
1-Yr ROR	N/A	Working Cap (M)	\$26.7

Source: Thomson Reuters

Nighthawk Gold Corp. (NHK-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$0.66**

- Nighthawk has 100% ownership of the regional geology hosting the former producing Colomac gold mine located in the Northwest Territories. Existing resources were estimated to be 2.1 Moz, but recent **drilling has identified previously unrecognized higher grade zones within the primary gold-bearing Colomac sill**. Extensive drilling since 2013 is to lead to an updated resource in H1/18.
- A 25,000-metre drill campaign is planned for early 2018 and is designed to also test additional mineralized systems within the Indin Lake gold property that have the potential to offer high-grade satellite resources to the existing resource at Colomac. NHK have an entire Greenstone belt to explore which previously was broken into a number of exploration companies without a common exploration objective.
- Existing infrastructure includes a substantial landing strip for aircraft and a well-established camp, and the site can be accessed via a winter-road from Yellowknife. As property within the NWT, the project site is well located having the benefit of being a previous operating mine.





Company Profile

Osisko Mining is very active in the Windfall district of the Abitibi Greenstone belt of north-central Quebec. Successive drill campaigns have led to the delineation of significant resources on a number of zones comprising the Windfall deposit. An updated resource is expected in Q2/18, followed by a PEA. Underground development is to lead to a bulk sample in H2/18, after which a feasibility study is to be completed. Indications are the Windfall deposit may be an operating mine by late 2020. Osisko is very well capitalized and has a good level of market support.

Market and Company Data

Ticker	OSK-T	Shares-basic O/S (M)	208.0
Rating	N/A	Shares-FD (M)	249.0
Risk	N/A	Market Cap (M)	\$495.0
Price	\$2.38	Float O/S (M)	187.2
1-Yr Target	N/A	Ave Daily Vol (K)	702.3
Valuation Method	N/A	52-Wk High-Low	\$5.65-\$2.38
NAVPS	N/A	Year-end	Dec
Div. Yield	N/A	Next Reporting	April
1-Yr ROR	N/A	Working Cap (M)	\$134.2

Source: Thomson Reuters

Osisko Mining Inc. (OSK-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$2.38**

- OSK have been one of the most aggressive exploration companies in Canada having a drill campaign that is expected to have drilled 800,000 metres by the end of Q2/18, primarily on the Windfall project of north-central Quebec. In addition to Windfall, the company has district-scale exploration projects underway along the Urban-Barry region of the Abitibi Greenstone belt.
- An aggressive timeline for the Windfall project has been presented that includes an updated resource in Q2/18, followed by a PEA by the end of Q2/18, then a feasibility assessment completed in Q1/19, followed by permitting and construction.
- Construction is anticipated to start in 2020.
- OSK fully expect to be Canada's next new operating gold mine**, the size and scale of which has yet to be established. However, the market has become a bit weary of the promise of a significant new gold resource after such an aggressive drill campaign, and the share price has been under pressure.

Company Profile

Probe Metals is a Canadian exploration company focused on properties in the Abitibi Greenstone belt, primarily the Val d'Or East district of Quebec. Management have a track record of successful exploration, and enjoys good market support. An initial resource indicated of ~1.4 million ounces of resources on the Val d'Or East project was just announced, and a 85,000-metre drill campaign is planned for 2018 to expand and upgrade resources.

Market and Company Data

Ticker	PRB-V	Shares-basic O/S (M)	93.9
Rating	N/A	Shares-FD (M)	99.9
Risk	N/A	Market Cap (M)	\$118.3
Price	\$1.26	Float O/S (M)	80.8
1-Yr Target	N/A	Ave Daily Vol (K)	259.9
Valuation Method	N/A	52-Wk High-Low	\$1.74-\$1.25
NAVPS	N/A	Year-end	Dec
Div. Yield	N/A	Next Reporting	April
1-Yr ROR	N/A	Working Cap (M)	\$29.2

Source: Thomson Reuters

Probe Metals Inc. (PRB-V)

Rating: **Not Rated** – Target: **N/A**; Price: **\$1.26**

- PRB have extensive land holdings in the Abitibi Greenstone belt in both Ontario and Quebec. The primary focus is the Val-d'Or East project containing the New Beliveau deposit. The project is a district-scale land holding which has been consolidated to provide exposure to a prolific mining trend.
- After an extensive drill campaign, PRB just announced an initial resource of 1.4 million ounces that remains open in all directions. An 85,000-metre drill campaign has been announced for 2018 to expand and upgrade existing resources.
- Additional targets on the Val-d'Or property holding are to be defined in 2018 and potentially drill tested.
- PRB has one the best recognized and regarded management groups within the exploration industry.**





Company Profile

TMAC Resources own 100% interest in the Hope Bay gold mine located in the Hope Bay Greenstone belt, Nunavut. The mine first poured gold in early 2017, but has experienced a number of start-up issues with an 1,000 tpd mill. Ongoing corrections have been made, and the intent is to add an additional 1,000 tpd of processing capacity in 2018. As of Q1/18, operating issues continued to persist, but the problems should be solvable. The project hosts 3.6 Moz of reserves and 6.6 Moz of additional resources located in three separate deposits. TMAC is one of Canada's most northerly operating gold mines. At capacity, TMAC should be able to produce >200 Koz per year.

Market and Company Data

Ticker	TMR-T	Shares-basic O/S (M)	91.6
Rating	N/A	Shares-FD (M)	99.5
Risk	N/A	Market Cap (M)	\$758.8
Price	\$8.28	Float O/S (M)	99.5
1-Yr Target	N/A	Ave Daily Vol (K)	28.4
Valuation Method	N/A	52-Wk High-Low	\$17.19-\$6.90
NAVPS	N/A	Year-end	Dec
Div. Yield	N/A	Next Reporting	April
1-Yr ROR	N/A	Working Cap (M)	\$95.5

Source: Thomson Reuters

TMAC Resources Inc. (TMR-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$8.28**

- TMR operate an underground gold mine immediately south of Robert's Bay on the Bathurst Inlet of the Arctic Ocean, and the site is accessible via tidewater for three months of the year. A 1,000 tpd mill was completed in 2017, and the mine declared commercial production in Q2/17. However, a series of design related issues impeded ramp-up to full production, and as of Q4/17 through-put and recoveries continued to be below expectations. Corrective measures are to be implemented in H1/18, allowing for the addition of another 1,000 tpd of processing capacity in H2/18.
- **Reserves and resources in the Hope Bay Greenstone belt are substantial with 3.6 Moz of gold in reserves and an additional 4.9 Moz in resources located in three separate deposits.** Mining to date has substantiated good ground conditions and an accurate ore model. At full capacity, the Hope Bay mine should have the capacity to produce >200 Koz per year for an extended period of time.
- As a result of start-up issues, the share price has been under pressure and is trading near 52-week lows.

Company Profile

Wesdome Gold Mines own and operate the Eagle River Complex in Ontario, which consists of two high-grade gold mines (Eagle River underground mine and Mishi open-pit) feeding a centrally located 900 tpd mill. The company also has the Kiena mine in Quebec which was closed in 2013. Successful discoveries at each mine suggest the Eagle Complex may be expanded and that the Kiena mine may be re-started.

Market and Company Data

Ticker	WDO-T	Shares-basic O/S (M)	134.9
Rating	Buy	Shares-FD (M)	137.3
Risk	High	Market Cap (M)	\$271.2
Price	\$2.01	Float O/S (M)	134.9
1-Yr Target	\$4.50	Ave Daily Vol (K)	705.3
Valuation Method	1.20 X NAVPS	52-Wk High-Low	\$4.40-\$1.70
NAVPS	\$3.72	Year-end	Dec
Div. Yield	0.0%	Next Reporting	April, 2018
1-Yr ROR	123.9%	Working Cap (M)	\$12.9

	2017A	2018E	2019E	2020E
Gold Price (US\$/oz)	\$1,265	\$1,300	\$1,325	\$1,350
Gold Prod'n (koz)	59.0	65.8	78.8	162.6
Op. Cost (US\$/oz)	\$845	\$790	\$782	\$801
EPS (C\$/sh)	\$0.01	\$0.13	\$0.15	\$0.36
P/EPS	210.7x	15.5x	13.3x	5.5x
CFPS (C\$/sh)	\$0.18	\$0.22	\$0.29	\$0.70
P/CFPS	11.0x	9.0x	6.9x	2.9x

Source: Company reports; LBS estimates

Wesdome Gold Mines Ltd. (WDO-T)

Rating: **Buy** – Target: **\$4.50**; Price: **\$2.01**

Barry Allan, Mining Analyst

- **WDO had a very successful 2017.** Not only was production good and cash flow strong, but drilling at both the Eagle River mine and Kiena Complex continued to yield very high grades. At the end of 2017, reserves at the Eagle River mine increased 32%, and resources rose by 12%.
- Continued underground development and drilling at Eagle River mine is expected to add high-grade reserves and define additional resources. In addition, development already completed is expected to augment 2018 production with higher grade ore.
- Underground drilling at the Kiena Complex is expected to more fully define a high-grade deep zone of mineralization to allow for a resource update by Q1/19. Restart of the mine is highly probable, allowing for a second operating facility.
- **2018 is expected to be a critical transitional year for WDO.**





REAL ESTATE





Company Profile

Boardwalk REIT is one of Canada's largest apartment landlords and owns more than 200 communities with over 33,000 suites totaling over 28 MMSF. Alberta accounts for 60% of BEI's suites, followed by Quebec (18%), Saskatchewan (14%) and Ontario (8%).

Market and Company Data

Ticker	BEI.UN-T	Units O/S (M)	46
Rating	NA	Market Cap (M)	\$2,035
Risk	NA	Debt (M)	\$2,691
Price	\$44.08	Enterprise Value (M)	\$4,726
1-Yr Target	NA	Avg. Daily Volume (K)	127
Dividend	\$1.00	AFFO Payout Ratio	NA
Div. Yield	2.3%	2018 Debt to EBITDA	NA
1-Yr ROR	NA	Debt to GBV	44%
52 Wk High-Low	\$49.75-37.96	NAV - consensus	\$44
Year End	Dec-31	Cap Rate	NA
Next Reporting	May-'18	Price / NAV	100%
Valuation	NA		

Funds From Operations (FFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/FFO
2017A	NA	NA	NA	NA	\$2.11 A	20.9x
Adjusted Funds From Operations (AFFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/AFFO
2017A	NA	NA	NA	NA	\$1.68 A	26.2x

Source: Company reports

Boardwalk REIT (BEI.UN -T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$44.08**

- Subsequent to the oil price correction in 2015, BEI saw a significant decline in occupancy, rental rates and cash flow in its Alberta portfolio. In addition, BEI, being a commonly used proxy for the oil price and Alberta, has seen a material increase in its short-interest since then.
- BEI has a large US and Canadian institutional followership because of the REITs history of value creation, transparent governance, a conservative balance sheet and large insider ownership. In 2017, BEI cut its distribution by ~50% to the current \$1.00/unit to shore up its already strong balance sheet and outlined a strategic plan to diversify away its Alberta concentration to 50%.
- Key issues to focus on:** 1) Calgary and Edmonton are recovering with occupancy improving and rent incentives declining, which should result in a material amount of revenue and margin increase; 2) BEI's new approach of operating its suites in three groups with different value propositions – luxury, mid-market, and affordable; and 3) BEI is trading 27% below its IFRS NAV of \$60.37.
- Key risks worrying management:** 1) regulatory / government changes; 2) availability of a talent pool suitable for a service/operations focused company; and 3) the evolving role of Social Media as the starting point of an apartment search.

Company Profile

InterRent is a growth-oriented REIT focused in Eastern Canada, and owns ~9,000 suites. The National Capital Region accounts for 33% of the suites, followed by the GTA (31%) and Montreal (16%).

Market and Company Data

Ticker	IIP.UN-T	Units O/S (M)	94
Rating	NA	Market Cap (M)	\$953
Risk	NA	Debt (M)	\$793
Price	\$10.15	Enterprise Value (M)	\$1,746
1-Yr Target	NA	Avg. Daily Volume (K)	120
Dividend	\$0.27	AFFO Payout Ratio	NA
Div. Yield	2.7%	2018 Debt to EBITDA	NA
1-Yr ROR	NA	Debt to GBV	48%
52 Wk High-Low	\$10.23-7.46	NAV - consensus	\$10
Year End	Dec-31	Cap Rate	NA
Next Reporting	May-'18	Price / NAV	105%
Valuation	NA		

Funds From Operations (FFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/FFO
2017A	NA	NA	NA	NA	\$0.42 A	23.9x
Adjusted Funds From Operations (AFFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/AFFO
2017A	NA	NA	NA	NA	\$0.37 A	27.1x

Source: Company reports

InterRent REIT (IIP.UN-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$10.15**

- IIP has enjoyed a significant unit price increase over the last few years, thanks to its superior FFO/unit growth. IIP prides itself on being an operations company and tries to optimize its cash flow growth by using every available venue in its operations.
- Key issues to focus on:** 1) IIP's targeted acquisition and re-position program; 2) rental fundamentals in IIP's primary markets remain robust and continue to improve; and 3) more cash-flow growth expected through further optimization of its portfolio and operations.
- Key risks worrying management:** Regulatory changes remains the key risk worrying IIP's management. In addition, IIP's management strives to create the culture of a service-oriented firm.





Company Profile

Northview is one of Canada's largest apartment REITs with a portfolio of ~25,000 suites and 1.2 MMSF of commercial space in more than 60 markets across eight provinces and two territories. Ontario accounts for ~33% of suites, followed by Western Canada (27%), Atlantic Canada (17%), Northern Territories (10%) and Quebec (10%).

Market and Company Data

Ticker	NVU.UN-T	Units O/S (M)	51
Rating	NA	Market Cap (M)	\$1,329
Risk	NA	Debt (M)	\$2,012
Price	\$25.99	Enterprise Value (M)	\$3,342
1-Yr Target	NA	Avg. Daily Volume (K)	122
Dividend	\$1.63	AFFO Payout Ratio	NA
Div. Yield	6.3%	2018 Debt to EBITDA	NA
1-Yr ROR	NA	Debt to GBV	54%
52 Wk High-Low	\$26.09-20.30	NAV - consensus	\$26
Year End	Dec-31	Cap Rate	NA
Next Reporting	May-'18	Price / NAV	99%
Valuation	NA		

Funds From Operations (FFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/FFO
2017A	NA	NA	NA	NA	\$2.08 A	12.5x

Adjusted Funds From Operations (AFFO) per Unit						
	Q1	Q2	Q3	Q4	Annual	P/AFFO
2017A	NA	NA	NA	NA	\$1.69 A	15.4x

Source: Company reports

Northview Apartment REIT (NVU.UN-T)

Rating: **Not Rated** – Target: **N/A**; Price: **\$25.99**

- Subsequent to the announcement of its merger with True North Apartment REIT in August 2015, NVU's unit price dropped to \$16.25 from \$23.00. However, the REIT's delivery of the promised results has caused the unit price to climb 58% over the last two years, to the current \$26 level. NVU still trades at one of the lowest P/FFO multiples among its peers (2018E P/FFO multiple of 11.8x, based on consensus, vs. the peer average of 16.8x).
- Key issues to focus on:** 1) potential FFO/unit growth from NVU's existing greenfield development projects; 2) utilisation of NVU's land bank in Calgary and Kitchener; and 3) NVU's high-end suite renovation program in Ontario, which is generating significant returns on investment.
- Key risks worrying management:** Regulatory / government changes remain a key concern for NVU's management. NVU is also worried about a potentially slow recovery in the oil price and Alberta.





Appendix I – Coverage Universe

Coverage	Ticker	Rating	Risk Rating	Mkt Cap (\$M)	Price	Target	Div. Yield	1-Yr RoR
Nick Agostino, MBA, CFA, P.Eng. – Diversified Technology								
5N Plus Inc.	VNP-T	Buy	High	\$232.0	\$2.95	\$4.00	na	35.6%
BSM Technologies	GPS-T	Buy	High	\$109.0	\$1.28	\$1.75	na	36.7%
Kinaxis Inc.	KXS-T	Buy	High	\$1,905.0	\$81.68	\$98.00	na	20.0%
Mediagril Interactive Technologies Inc.	MDF-T	Hold	High	\$160.0	\$10.50	\$12.00	3.7%	18.0%
Savaria Corporation	SIS-T	Buy	Medium	\$694.0	\$17.48	\$19.75	2.1%	15.1%
Solium Capital	SUM-T	Buy	High	\$594.0	\$10.75	\$13.00	na	20.9%
The Descartes Systems Group Inc.	DSG-T	Buy	High	\$2,208.0	\$28.75	\$31.50	na	9.6%
TECSYS Inc.	TCS-T	Buy	High	\$217.0	\$16.11	\$18.25	1.2%	14.5%
TSO3 Inc.	TOS-T	Hold	High	\$237.0	\$0.97	\$1.40	na	44.3%
Barry Allan, MBA – Mining								
Americas Silver Corporation	USA-T	Buy	High	\$187.0	\$4.60	\$8.00	na	73.9%
Detour Gold Corp.	DSG-T	Buy	High	\$2,435.0	\$13.93	\$20.00	na	43.6%
Eastmain Resources Inc.	ER-T	Buy	High	\$59.0	\$0.22	\$1.15	na	422.7%
Jaguar Mining Inc.	JAG-T	Buy	High	\$114.0	\$0.34	\$0.65	na	94.0%
Klondex Mines Ltd.	KDX-T	Buy	High	\$571.0	\$2.97	\$3.25	na	9.4%
Wesdome Gold Mines	WDO-T	Buy	High	\$241.0	\$2.01	\$4.50	na	123.9%
Balmoral Resources Ltd.	BAR-T	Buy	High	\$57.0	\$0.27	\$1.00	na	277.4%
John Chu, MBA, CFA – Diversified Agriculture								
Ag Growth International	AFN-T	Buy	Medium	\$861.0	\$52.30	\$68.00	4.5%	
AGT Food and Ingredients Inc.	AGT-T	Buy	Medium	\$495.0	\$16.70	\$22.00	3.6%	35.3%
Andrew Peller Limited	ADW.A-T	Buy	Medium	\$627.0	\$18.28	\$18.25	1.0%	0.8%
Brick Brewing Co. Ltd.	BRB-T	Buy	Medium	\$127.0	\$4.34	\$5.00	1.9%	17.1%
Cervus Equipment Corp.	CERV-T	Buy	Medium	\$239.0	\$13.80	\$17.50	2.9%	29.7%
GreenSpace Brands Inc.	JTR-V	Buy	High	\$78.0	\$1.27	\$2.40	na	89.0%
Nutrien Ltd.	NTR-N	Buy	Medium	US\$30,149.2	US\$46.83	US\$60.00	3.0%	31.1%
Rocky Mountain Dealerships Inc.	RME-T	Buy	Medium	\$265.0	\$12.37	\$15.50	3.7%	29.0%
Ryan Hanley – Mining								
Alamos Gold Inc.	AGL-T	Buy	High	\$2,687.0	\$6.80	\$9.50	0.4%	40.1%
Argonaut Gold Inc.	AR-T	Buy	High	\$412.0	\$2.28	\$3.00	na	31.6%
Ascendant Resources Inc.	ASND-T	Buy	High	\$77.0	\$0.98	\$2.25	na	129.6%
Rubicon Minerals Corp.	RMX-T	Buy	High	\$78.0	\$1.18	\$3.00	na	154.2%
New Gold Inc.	NGD-T	Buy	High	\$1,725.0	\$3.09	\$4.75	na	53.7%
Elizabeth Johnston, CFA – Consumer Products & Special Situations								
A&W Revenue Royalties Income Fund	AW.UN-T	Hold	Medium	\$431.0	\$30.65	\$34.50	5.2%	17.8%
Boston Pizza Royalties Income Fund	BPF.UN-T	Hold	Medium	\$486.0	\$20.11	\$20.00	6.9%	6.4%
Boyd Group Income Fund	BYD.UN-T	Buy	Medium	\$2,007.0	\$107.20	\$120.00	0.5%	12.4%
Cara Operations Ltd.	CARA-T	Hold	High	\$1,455.0	\$28.16	\$28.00	1.5%	1.0%
CCL Industries Inc.	CCL.B-T	Buy	Medium	\$10,443.0	\$63.57	\$76.00	0.8%	20.4%
DIRTT Environmental Solutions	DRT-T	Buy	High	\$522.0	\$5.25	\$6.50	na	23.8%
Enercare Inc.	ECI-T	Buy	Medium	\$2,158.0	\$17.06	\$26.00	5.8%	58.2%
Freshii Inc.	FRII-T	Hold	High	\$215.0	\$6.28	\$8.00	na	27.4%
K-Bro Linen Inc.	KBL-T	Buy	Medium	\$442.0	\$35.97	\$43.00	3.4%	23.0%
Keg Royalties Income Fund	KEG.UN-T	Buy	Medium	\$226.0	\$18.28	\$24.00	6.5%	37.8%
MTY Food Group Inc.	MTY-T	Hold	High	\$1,119.0	\$50.50	\$57.00	1.3%	14.1%
SIR Royalty Income Fund	SRV.UN-T	Hold	Medium	\$123.0	\$14.78	\$14.00	7.7%	2.5%
Sleep Country Canada Holdings Inc.	ZZZ-T	Buy	Medium	\$1,302.0	\$35.12	\$41.00	1.9%	18.6%
Uni-Select Inc.	UNS-T	Buy	Medium	\$1,174.0	\$20.01	\$31.00	1.9%	56.8%
Todd Kepler, CFA – Oil & Gas								
Birchcliff Energy Ltd.	BIR-T	Buy	High	\$1,087.0	\$4.09	\$7.00	2.3%	73.4%
Crew Energy Inc.	CR-T	Buy	High	\$524.0	\$1.94	\$4.50	na	132.0%
InPlay Oil Corp.	IPO-T	Buy	High	\$90.0	\$1.39	\$2.75	na	97.8%
Paramount Resources Ltd.	POU-T	Top Pick	High	\$2,407.0	\$14.87	\$33.00	na	121.9%
Iron Bridge Resources Inc.	IBR-T	Spec. Buy	High	\$99.0	\$0.49	\$0.90	na	83.7%
Pieridae Energy Limited	PEA-V	Spec. Buy	High	\$162.0	\$4.33	\$8.50	na	96.3%
Tamarack Valley Energy Ltd.	TVE-T	Buy	High	\$606.0	\$2.79	\$5.50	na	97.1%
Raging River Exploration Inc.	RRX-T	Buy	High	\$1,626.0	\$6.36	\$10.00	na	57.2%
Surge Energy Inc.	SGY-T	Buy	High	\$454.0	\$2.01	\$2.75	4.5%	41.3%
Whitecap Resources Inc.	WCP-T	Buy	High	\$3,162.0	\$7.86	\$13.00	3.6%	69.0%
Mona Nazir, MBA – Transportation & Infrastructure								
Exchange Income Corp.	EIF-T	Buy	Medium	\$1,095.0	\$30.88	\$47.50	6.9%	
Hydro One Ltd.	H-T	Buy	Low	\$13,390.0	\$21.11	\$24.00	4.1%	17.8%
IBI Group Inc.	IBG-T	Buy	Medium	\$248.0	\$7.37	\$9.50	na	28.9%
SNC-Lavalin Group Inc.	SNC-T	Buy	Medium	\$9,792.0	\$54.30	\$67.00	2.1%	25.5%
Stantec Inc.	STN-T	Hold	High	\$4,005.0	\$31.50	\$34.50	1.8%	11.3%
Stella-Jones Inc.	SJ-T	Hold	Medium	\$3,458.0	\$45.68	\$50.00	1.1%	10.5%
Transat A.T. Inc.	TRZ-T	Buy	High	\$335.0	\$8.15	\$13.00	na	59.5%
TFI International Inc.	TFII-T	Buy	High	\$2,851.0	\$33.89	\$34.00	2.5%	2.8%
WSP Global Inc.	WSP-T	Buy	High	\$5,947.0	\$57.29	\$65.00	2.6%	16.0%
Yashwant Sankpal, MBA – REITs								
Pure Multi-Family REIT LP	RUF.U-V	Buy	Medium	US\$582.2	US\$7.37	US\$7.80	5.8%	11.6%
Sienna Senior Living Inc.	SIA-T	Hold	Medium	\$1,134.0	\$17.78	\$19.00	5.0%	11.9%

Source: Capital IQ, LBS estimates.

Pricing as of April 9, 2018.



Appendix II – Disclosures

Company		Ticker	Disclosure
5N Plus Inc.	Nick Agostino (Diversified Technology)	VNP-T	U, V
A&W Revenue Royalties Income Fund	Elizabeth Johnston (Consumer Products and Special Situations)	AW.UN-T	U
Ag Growth International	John Chu (Diversified Agriculture)	AFN-T	U
AGT Food and Ingredients Inc.	John Chu (Diversified Agriculture)	AGT-T	N/A
Alamos Gold Inc.	Ryan Hanley (Mining)	AGI-T	V, P
Americas Silver Corporation.	Barry Allan (Mining)	USA-T	V, P
Andrew Peller Limited	John Chu (Diversified Agriculture)	ADWT	N/A
Argonaut Gold Inc.	Ryan Hanley (Mining)	AR-T	V, P
Ascendant Resources Inc.	Ryan Hanley (Mining)	ASND-T	N/A
Balmoral Resources Ltd	Barry Allan (Mining)	BAR-T	V
Birchcliff Energy Ltd.	Todd Kepler (Oil & Gas)	BIR-T	V
Blockluxe	N/A	N/A	N/A
Boardwalk REIT	N/A	BEI.UN-T	N/A
Boston Pizza Royalties Income Fund	Elizabeth Johnston (Consumer Products and Special Situations)	BPF.UN-T	V
Bonterra Resources Ltd.	N/A	BTR-V	N/A
Boyd Group Income Fund	Elizabeth Johnston (Consumer Products and Special Situations)	BYD.UN-T	U
BSM Technologies	Nick Agostino (Diversified Technology)	GPS-T	N/A
Brick Brewing Co. Ltd.	John Chu (Diversified Agriculture)	BRB-T	N/A
Cara Operations Ltd.	Elizabeth Johnston (Consumer Products and Special Situations)	CARA-T	V
Cargojet Inc.	N/A	CJT-T	N/A
CCL Industries Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	CCLB-T	U, V
Cervus Equipment Corp.	John Chu (Diversified Agriculture)	CERV-T	N/A
Crew Energy Inc.	Todd Kepler (Oil & Gas)	CR-T	V
Currency Exchange International	N/A	CXI-T	U, V
Descartes System Group Inc.	Nick Agostino (Diversified Technology)	DSG-T	V
Detour Gold Corp	Barry Allan (Mining)	DGC-T	V
DIRTT Environmental Solutions	Elizabeth Johnston (Consumer Products and Special Situations)	DRT-T	V
Eastmain Resources Inc.	Barry Allan (Mining)	ER-T	U, V, P
Enercare Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	ECI-T	U, V
Equitable Group Inc.	N/A	EQB-T	V
Equity Financial Holdings Inc.	N/A	EQI-T	V
Exchange Income Corp.	Mona Nazir (Transportation & Infrastructure)	EIF-T	U, V
First National Financial Corp.	N/A	FN-T	V
Fortis Inc.	N/A	FTS-T	N/A
Freshii Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	FRIT-T	V
Globalive Technology Partners	N/A	N/A	U
GreenSpace Brands Inc.	John Chu (Diversified Agriculture)	JTR-V	U
Hydro One Ltd.	Mona Nazir (Transportation & Infrastructure)	H-T	U
IBI Group Inc.	Mona Nazir (Transportation & Infrastructure)	IBG-T	U, V
InPlay Oil Corp.	Todd Kepler (Oil & Gas)	IPD-T	V
InterRent REIT	N/A	IIP.UN-T	N/A
Jaguar Mining Inc.	Barry Allan (Mining)	JAG-T	N/A
K-Bro Linen Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	KBL-T	U, V
Keg Royalties Income Fund	Elizabeth Johnston (Consumer Products and Special Situations)	KEG.UN-T	N/A
Kinaxis Inc.	Nick Agostino (Diversified Technology)	KXS-T	N/A
Klondex Mines	Barry Allan (Mining)	KDX-T	V, P
Laurentian Bank of Canada	N/A	LB-T	U
Leonovus Inc.	N/A	LTV-V	N/A
LXRandCo, Inc.	N/A	LXR-T	N/A
Mediaglif Interactive Technologies Inc.	Nick Agostino (Diversified Technology)	MDF-T	N/A
MTY Food Group Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	MTY-T	V
New Gold Inc.	Ryan Hanley (Mining)	NGD-T	V, P
Nighthawk Gold Corp.	N/A	NHK-T	N/A
Northview Apartment REIT	N/A	NVU.UN-T	N/A
Nutrien Ltd.	John Chu (Diversified Agriculture)	NTR-N	N/A
Ontario Power Generation Inc.	N/A	N/A	N/A
Osisko Mining Inc.	N/A	OSK-T	N/A
Paramount Resources Ltd.	Todd Kepler (Oil & Gas)	POU-T	V
Park Lawn Corporation	N/A	PLC-T	N/A
People Corporation	N/A	PEO-V	U
Pleridae Energy Limited	Todd Kepler (Oil & Gas)	PEA-V	U
Probe Metals Inc.	N/A	PRB-V	N/A
Pure Multi-Family REIT LP	Yashwant Sankpal (REITs)	RUF.U-V	U
Iron Bridge Resources Inc.	Todd Kepler (Oil & Gas)	IBR-T	V
Raging River Exploration Inc.	Todd Kepler (Oil & Gas)	RRX-T	V
Rocky Mountain Dealerships Inc.	John Chu (Diversified Agriculture)	RME-T	N/A
Rubicon Minerals Corp.	Ryan Hanley (Mining)	RMX-T	V, P
Savaria Corporation	Nick Agostino (Diversified Technology)	SIS-T	U, V
Sienna Senior Living Inc.	Yashwant Sankpal (REITs)	SIA-T	U, V
SIR Royalty Income Fund	Elizabeth Johnston (Consumer Products and Special Situations)	SRV.UN-T	U
Sleep Country Canada Holdings Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	ZZZ-T	N/A
SNC-Lavalin Group Inc.	Mona Nazir (Transportation & Infrastructure)	SNC-T	N/A
Sollum Capital	Nick Agostino (Diversified Technology)	SUM-T	U
Sportscene Group Inc.	N/A	SPS.A-V	N/A
Slantec Inc.	Mona Nazir (Transportation & Infrastructure)	STN-T	U
Stella-Jones Inc.	Mona Nazir (Transportation & Infrastructure)	SJ-T	V
Street Capital Group Inc.	N/A	SCB-T	V
Surge Energy Inc.	Todd Kepler (Oil & Gas)	SGY-T	V
Tamarack Valley Energy Ltd.	Todd Kepler (Oil & Gas)	TVE-T	V
TECSYS Inc.	Nick Agostino (Diversified Technology)	TCS-T	U, V
TFI International Inc.	Mona Nazir (Transportation & Infrastructure)	TFIT-T	N/A
TMAC Resources Inc.	N/A	TMR-T	N/A
Transat A.T. Inc.	Mona Nazir (Transportation & Infrastructure)	TRZ-T	D, V
TSO3 Inc.	Nick Agostino (Diversified Technology)	TOS-T	U, V
Uni-Select Inc.	Elizabeth Johnston (Consumer Products and Special Situations)	UNS-T	V
VitalHub Corp.	N/A	VHI-V	N/A
Wesdome Gold Mines	Barry Allan (Mining)	WDO-T	V
Whitecap Resources Inc.	Todd Kepler (Oil & Gas)	WCP-T	V
WSP Global Inc.	Mona Nazir (Transportation & Infrastructure)	WSP-T	U

Last Update Apr. 9, 2018

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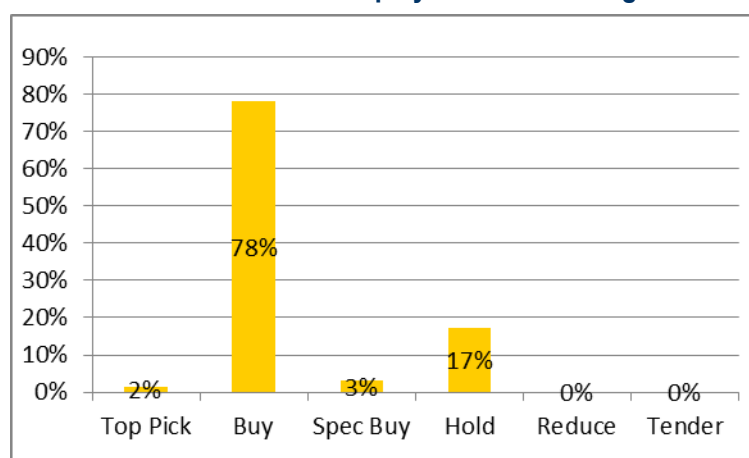
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	Hold		The stock is expected to generate modest risk-adjusted returns over the next 12 months.
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	High		High financial/operational risk, low predictability of financial performance, high stock volatility.

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