THE FAMILY ADVANTAGE

Flagship Canadian Family Businesses on the Global Stage

SPRING 2022 EDITION

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

THE FAMILY ADVANTAGE

Flagship Canadian Family Businesses on the Global Stage

National Bank of Canada

Authors and Report Coordinators:

Vincent Joli-Coeur
Vice Chairman, Financial Markets

Philippe Lefebvre Duquette
Vice President, Financial Markets

Alexandre Tessier
Associate, Financial Markets

Contributor:

Nicolas Patard
Managing Director & Head, Financial Products

Graphic Design:

Giuseppe Saltarelli
Desktop Publisher, Economics & Strategy

NBC Canadian Family Index Committee:

Linda Ma, CFA
Analyst, ETFs and Financial Products Research

Tiffany Zhang
Analyst, Equity Research - ETF Research & Strategy

Greg Colman
Managing Director & Head of Equity Research

Louis Arcand
Legal Counsel

Nizar Araji
Vice President & Global Head of Compliance

Me Jean-Pierre Chamberland
Partner, Fasken Martineau DuMoulin LLP (External Counsel)

Academic Contributor

Professor Karl Moore
Associate Professor, Desautels Faculty of Management, McGill University and Associate, Green Templeton College, Oxford University

Business Leaders Featured

Dani Reiss
President, CEO & Executive Chairman – Canada Goose

Karinne Bouchard
Corporate Director – Alimentation Couche-Tard

Jean, Antoine & Frédéric Chagnon
Jean Chagnon – Corporate Director – Lallemand
Antoine Chagnon – President & CEO – Lallemand
Frédéric Chagnon – President & General Manager – Lallemand Plant Care

Arjun Khullar
Managing Director and Head of Integrated Strategies at GIC Private Limited, Singapore

Charles Paris de Bollardière
Company Secretary of TotalEnergies (2009-2021)

Table of Contents

Canada Goose store in Nanjing, China (Courtesy of Canada Goose)

Parliament Hill, Ottawa, Ontario, Canada

Forewords

National Bank of Canada ("NBC") is proud to release the fourth report of its series The Family Advantage. The NBC Canadian Family Index (the "Family Index") calculated by S&P Dow Jones Indices demonstrates that Canadian family-controlled companies outperform their widely-held peers. The Spring 2022 edition includes 44 remarkable Canadian companies part of the Family Index, featuring many global success stories.

These 44 Canadian family or founder-controlled companies have a combined market capitalization representing 22% of the S&P/TSX Composite Index capitalization, the headline index for the Canadian equity market.

This Spring 2022 issue is about long-term vision embraced by their leaders, and the role played by Canadian families and founders to build global flagship companies such as Alimentation Couche-Tard, Canada Goose and Lallemand.

Each of these companies is a true global champion, with solid family roots in Canada. Each is a global leader in its fields and has dedicated long-term focus to its international expansion.

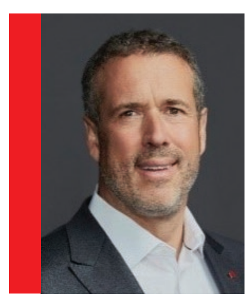
We interviewed Dani Reiss at Canada Goose, Karinne Bouchard at Alimentation Couche-Tard and the Chagnon family members at Lallemand to understand the unique challenges they faced in their respective fields.

In order to provide international perspective of Canadian family companies' global reach, we interviewed in Singapore and Paris two respected business leaders, Arjun Khullar and Charles Paris de Bollardière, and featured their unique perspectives.

We will not dare to forecast what the post-COVID-19 world will look like, or assess how geopolitical tensions in Europe, Asia Pacific and around the world will shape Canada's future, but we will certainly remind you that Canada is blessed with abundant natural resources and immense talent of its people.

We sincerely hope that our report will let our readers better understand how family and founder-controlled Canadian companies embrace long-term values, that are so crucial in today's world.

Vincent Joli-Coeur
Vice Chairman, Financial Markets
National Bank of Canada



Éric Bujold
Executive Vice-President and Co-Head Commercial Banking and Private Banking and Member of the Office of the President
National Bank of Canada

Forewords *(Continued)*

By Prof. Karl Moore Ph.D.

This year's report brings together two important aspects of my research and writing over the last 25 years, globalization and family-controlled firms. My Ph.D. at the Schulich School at York University was on globalization and how Canadian subsidiaries of foreign multinationals earned global responsibilities, an important element of Canada's place in a globalized economy. While at Oxford a historian co-author and I wrote three books looking at known world globalization in the Assyrian, Phoenician, Greek and Roman empires. In those books we drew some tentative lessons for the world of the 1990s the time that American-style capitalism seemed to be the model for the world, something we debated based on what history taught us. Today, globalization continues to evolve in unexpected directions. The Covid-19 pandemic exposing market vulnerabilities with the structural disruption of supply chain and the current geopolitical tensions are helping to redraw the world of global alliances and trade in 2022. History marches on.

Over the course of my career, I have been fortunate enough to have the opportunity to interview more than 1000 CEOs, in Europe, when I taught at Oxford, now in North America and when I travel in Asia. Among the most of any business professor in the world, one of the few advantages of being older is that you have done something longer than most other people! Those interviews include the likes of Ola Källenius (Global CEO Mercedes Benz Group AG), Mirko Bibic (CEO BCE Inc.) and many more. There is also a considerable number of interviews that have been conducted with family firms, many of whom have come to our CEO Insights class at McGill, including Andrew Molson, seventh-generation member of the Molson family and Vice Chair of the Board of Molson Coors Brewing Company.

For the last 11 years, I have taken 40 McGill undergrads and alumni to far-flung parts of the world on our annual Hot Cities of the World Tour. The slogan of the trip is "Taking the Future to the Future," that is, taking young people to where there is strong economic growth to meet leaders of successful international businesses. We have been to Chile and Colombia in South America, South Africa and nine times to Asia in countries such as Indonesia, Japan, Thailand, Singapore, Malaysia amongst others. A recurring theme is the importance of family firms, particularly in Asia where they represent 8 out of 10 businesses, many of them conglomerates. In North American and European business schools, we typically deride conglomerates as something of the past. In much of Asia and other parts of the world, conglomerates are seen as enjoying considerable advantages in doing business in their national and continental context. Beyond being a conglomerate, being a family firm is seen in Asia as a great advantage.

> *"One of the most charming things was to hear of their humble starting positions in their firms, Dani Reiss, Karinne Bouchard, Antoine and Frédéric Chagnon have told me how they all started at the bottom of their family firm 'sweeping floors'."*

When National Bank of Canada asked me to interview some of leaders in Canadian family businesses about how their firms are playing on the world stage, I was particularly delighted. After six in-depth conversations with some of our top leaders in Montreal, Toronto, New York City, Singapore, and Paris, most of them lasting close to two hours, three things particularly struck me.

One of the most charming things was to hear of their humble starting positions in their firms, Dani Reiss, Karinne Bouchard, Antoine and Frédéric Chagnon have told me how they all started at the bottom of their family firm "sweeping floors". Another business leader, Lino A. Saputo, now CEO and Chairman of Saputo which has a ~C$13B market capitalization and is one of Canada's largest company on the NBC Family Index, is proud to refer to his beginnings in his official biography on the company's website as an Administrative Assistant in 1988. This is a deliberate move by their parents to help them see the firm from a less exalted place and to appreciate everyone's contribution to a firm's success and to

Forewords *(Continued)*

respect all members of the firm, not just those in the C-Suite or on the Board, where they all ended up eventually. Spending 25 or 30 or more years in a firm gives a depth of perspective so often lacking for executives who move from one firm to another in the course of their career, of course, this can provide a broader view but lacks a profound deep-down knowledge of your own firm that these executives, so typical of family member executives, have. And a sense of deep-down humility.

Secondly, hearing their views reinforced in my mind the tremendous value of family firms in a quickly changing global economy. The long-term view of their firms is rooted in their family's long history of ownership, a period that often surpasses the tenure of a typical CEO. Some could argue that CEOs at widely-held firms are only in the game for a few years and are too often tempted to "make hay while the sun shines", meaning that they are tempted to seek income maximization for themselves rather than for the long-term good of the firm.

A third takeaway that struck me in talking to these firms and indeed many other family firms over the years is the adaptability and resilience of family firms in the context of globalization. Since the 60s, globalization has been one of the major trends in the business world, it morphs over time and today we are going through yet another evolution of what globalization will mean. Perhaps it will be more regional as many firms are nervous about their value chain being too dependent on faraway countries. During these ebbs and flows, twists and turns, family firms that play on the global stage have an advantage of the long-term view and a long-term set of relationships, often with other family firms in distant parts of the world. When it comes down to challenging times, long relationships, particularly with other family firms, are a real advantage. And being Canadian is a great thing around the world because of our knowledge, our technology, our resources and more importantly, our people.

I came impressed that these family firms are well placed to prosper and evolve successfully in these uncertain times.

Prof. Karl Moore Ph.D.
Associate Professor, Desautels Faculty of Management
McGill University

Associate, Green Templeton College
Oxford University

Regional breakdown of the 44 companies included in the NBC Canadian Family Index (2021-2022)[1]

BRITISH COLUMBIA

- Aritzia Inc.
- Canfor Corporation
- Ivanhoe Mines Ltd.
- Teck Resources Limited

ALBERTA

- ATCO Ltd.
- Canadian Utilities Limited
- Paramount Resources Ltd.
- Shaw Communications, Inc.

ONTARIO

- Canada Goose Holdings Inc.
- Canadian Tire Corporation, Limited
- Canopy Growth Corporation
- CCL Industries Inc.
- Celestica Inc.
- Colliers International Group Inc.
- Corus Entertainment Inc.
- Fairfax Financial Holdings Limited
- FirstService Corporation
- Galaxy Digital Holdings[2]
- George Weston Limited
- GFL Environmental Inc.
- Linamar Corporation
- Loblaw Companies Limited
- Lundin Mining Corporation
- Maple Leaf Foods Inc.
- Onex Corporation
- Rogers Communications Inc.
- Shopify Inc.
- Spin Master Corp.
- Thomson Reuters Corporation

[1] *Based on the June 2021 Annual Review* [2] *Headquartered in New York City, listed on the TSX*

NATIONAL BANK OF CANADA
Canadian Family Index

CALCULATED BY S&P DOW JONES INDICES

Maple Ridge, British Columbia, Canada

1. The NBC Canadian Family Index Outperformance[3]

Index Selection Rules

The NBC Canadian Family Index, calculated by S&P Dow Jones Indices (ticker: NBCFAMTR), tracks and measures the performance of publicly listed Canadian family-controlled businesses against the performance of the S&P/TSX Composite Index, Canada's benchmark equity index. It currently includes 44 family-controlled businesses meeting predefined criteria, from across the country and from various industries. The results highlighted by the Index demonstrate the outperformance of Canadian family-controlled companies versus widely-held Canadian public companies.

NATIONAL BANK OF CANADA
Canadian Family Index

CALCULATED BY
S&P DOW JONES INDICES

Definition of "Family-controlled Business"

A family-controlled business is a business whose long-term strategy, planning, and decisions are under significant influence from its founders and/or their family members.

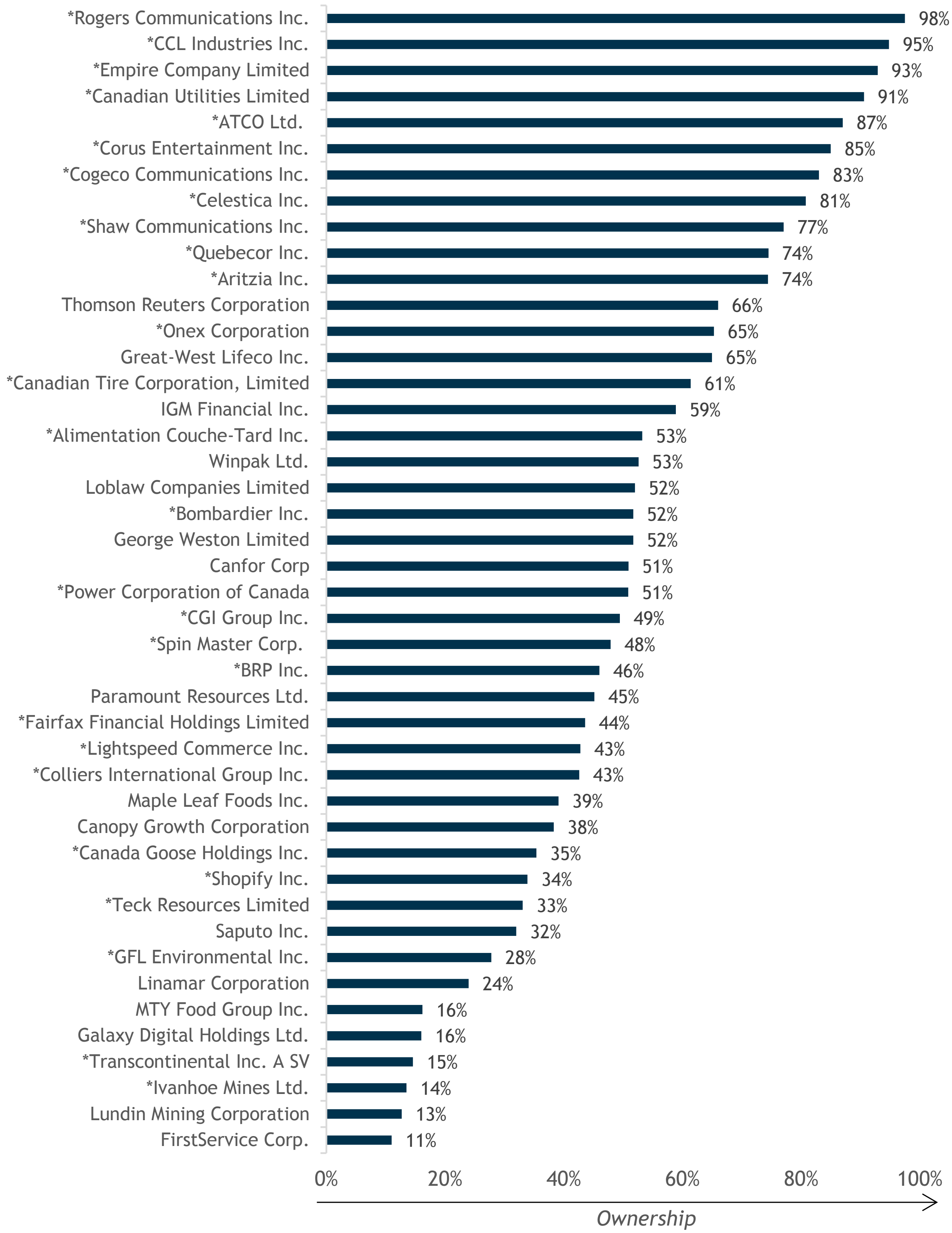
NBC Canadian Family Index — Selection Criteria		
Founding family or founder(s)	OR	Individual(s) and/or related entities
Directly or indirectly hold at least 10% of the company's voting rights		*Directly or indirectly hold at least 33.3% of the company's voting rights*

A company in the *NBC Canadian Family Index* is thus controlled by either its founder(s), who may intend to keep control in the hands of future generations, or by an individual or individuals who have significant influence over management by reason of their large ownership stake. Controlling share-holders may, in some cases, hold management positions themselves.

Of the 44 companies in the current *NBC Canadian Family Index*, 33 are controlled by a founding family or founder(s) and 11 by individual(s) and/or related entities.

[3] All figures in this section are as of the last NBC Canadian Family Business rebalancing on June 30, 2021

Figure 2 – NBC Canadian Family Index (June 30, 2021) – Family controlling shareholders ownership (excluding investment funds)[4]



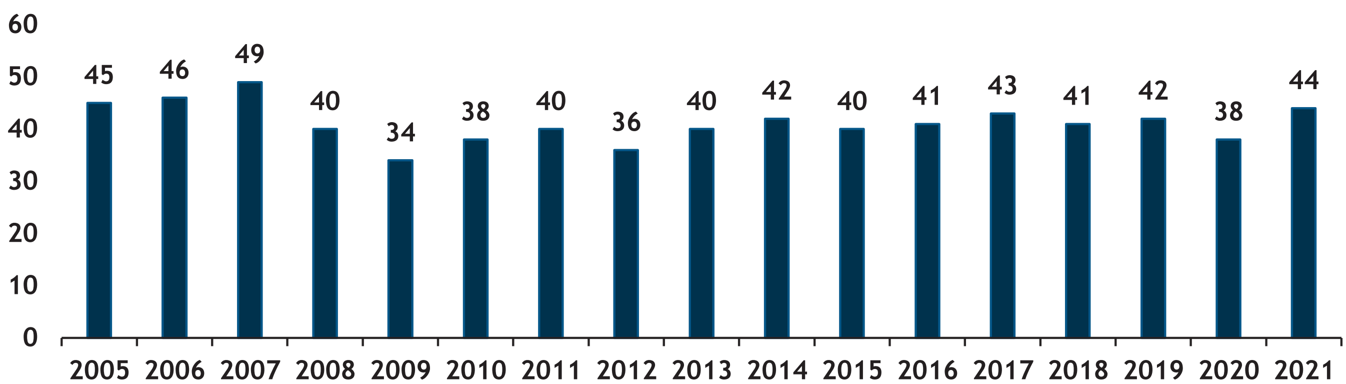
(*) Multiple voting share structure; Not reflective of Alimentation Couche-Tard's automatic conversion of all class B subordinate voting shares in a single class on December 8, 2021.

[4] *Source: NBF database, publicly available filings*

Additional Quantitative Selection Criteria

The *NBC Canadian Family Index* is constituted by systematic application of quantitative filters to an Index Universe provided by *S&P Dow Jones* Indices, the Index Calculator. Safeguarded by an independent Index Committee composed of members of the National Bank of Canada Research Team and of a top-tier Canadian law firm, the Index screening is based on transparent and objective criteria applied once a year on the Annual Review Date as detailed in the *Index Rules Book* accessible on NBC's website.[5] The set of constituent companies resulting from application of the screening filters is relatively stable over time.

Figure 3 - NBC Canadian Family Index – A stable number of eligible companies over time[6]



To be included in the Index, a family-controlled company must meet the following minimum thresholds:

- Listing of common shares on the Toronto Stock Exchange:
  - For at least 12 months as of the month end prior to the Annual Review Date.
- Float-adjusted market capitalization of at least C$1 billion:
  - The free-float criterion excludes locked-in shares such as those held by insiders. It has been adopted by most of the world's major indices.
  - In the case of multiple classes, the float shares of each class are combined in determining a company's float-adjusted market cap.
- For the 180 trading days preceding the Annual Review Date, an average daily trading volume of C$500,000 or more and a minimum of 90 days of trading volume of $500,000 or more:
  - In the case of multiple classes, trading volume is the combined volume of Canadian-listed shares in all classes.

[5] *NBC Canadian Family Index webpage: https://nbfm.ca/en/products-and-services/investment-products-solutions/nbc-canadian-family-index/*
[6] *Source: NBF database*

Figure 4 - NBC Canadian Family Index screening process (June 30, 2021 Annual Review)

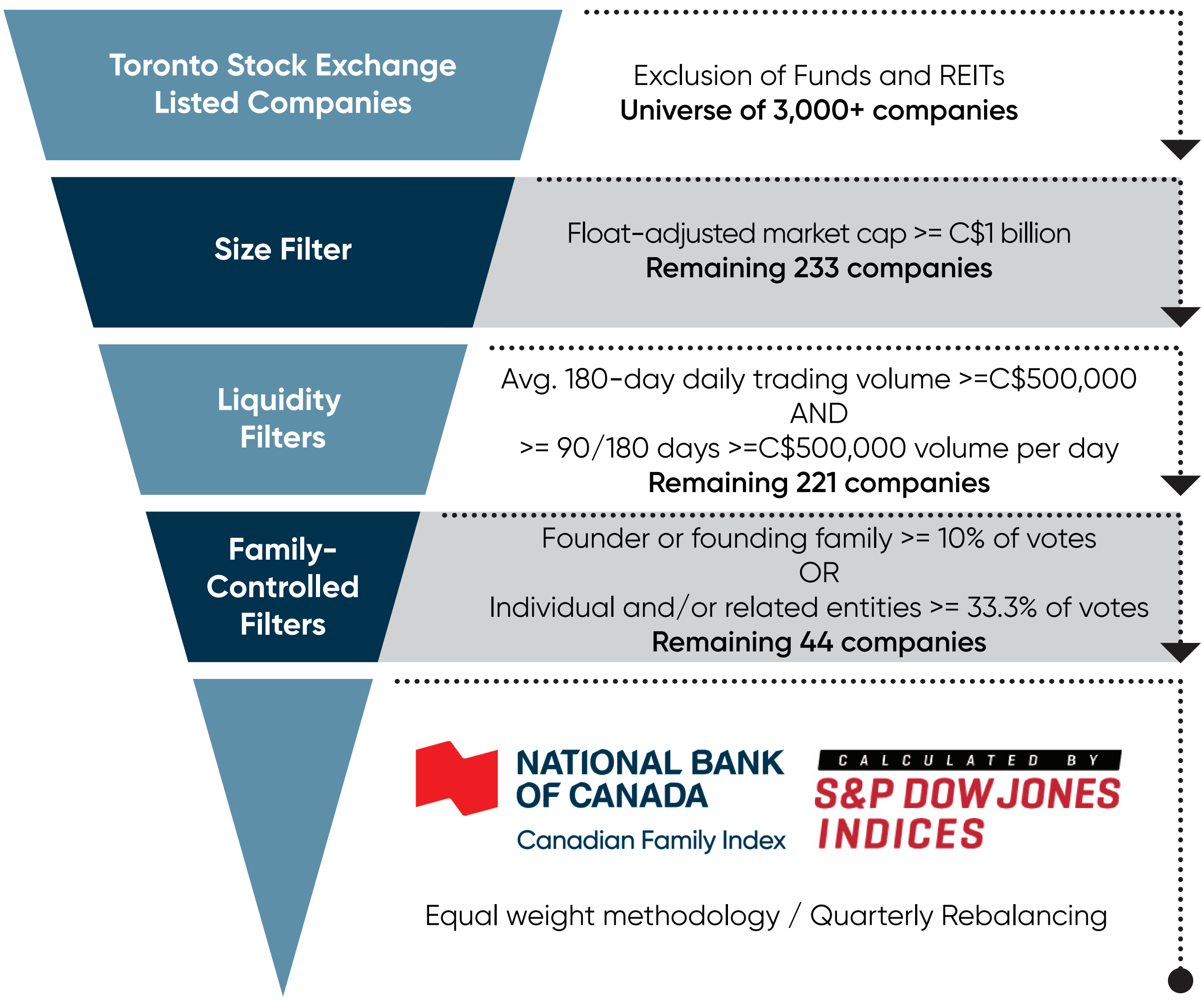


Table 1 – NBC Canadian Family Index Constituents (June 30, 2021 Annual Review)

Symbol	Company Name	Controlling Shareholder(s)*	Province
ATD.B	Alimentation Couche Tard Inc. (Class B)	Bouchard, D'Amour, Fortin, Plourde	Quebec
ATZ	Aritzia Inc. (SVS)	Hill	British Columbia
ACO.X	ATCO LTD. (Class I)	Southern	Alberta
BBD.B	Bombardier Inc. (Class B)	Bombardier, Beaudoin, Fontaine	Quebec
DOO	BRP Inc. (SVS)	Bombardier, Beaudoin	Quebec
GOOS	Canada Goose Holdings Inc. (SVS)	Reiss	Ontario
CTC.A	Canadian Tire Corporation, Limited (Class A)	Billes	Ontario
CU	Canadian Utilities Limited (Class A)	Southern	Alberta
CFP	Canfor Corp.	Pattison	British Columbia
WEED	Canopy Growth Corporation	Sands	Ontario
CCL.B	CCL Industries Inc. (Class B)	Lang	Ontario
CLS	Celestica Inc. (SVS)	Schwartz	Ontario
GIB.A	CGI Inc. (Class A)	Godin, Imbeau	Quebec
CCA	Cogeco Communications Inc. (SVS)	Audet	Quebec
CIGI	Colliers International Group Inc. (SVS)	Hennick	Ontario
CJR.B	Corus Entertainment Inc. (Class B)	Shaw	Ontario
EMP.A	Empire Company Limited (Class A)	Sobey	Nova Scotia
FFH	Fairfax Financial Holdings Limited (SVS)	Watsa	Ontario
FSV	FirstService Corporation	Hennick	Ontario
GLXY	Galaxy Digital Holdings Ltd.	Novogratz	Ontario**
WN	George Weston Limited	Weston	Ontario
GFL	GFL Environmental Inc.	Dovigi	Ontario
GWO	Great-West Lifeco Inc.	Desmarais	Manitoba
IGM	IGM Financial Inc.	Desmarais	Manitoba
IVN	Ivanhoe Mines Ltd. (Class A)	Friedland	British Columbia
LSPD	Lightspeed Commerce Inc. (SVS)	Da Silva	Quebec
LNR	Linamar Corporation	Hasenfratz	Ontario
L	Loblaw Companies Limited	Weston	Ontario
LUN	Lundin Mining Corporation	Lundin	Ontario
MFI	Maple Leaf Foods Inc.	McCain	Ontario
MTY	MTY Food Group Inc.	Ma	Quebec
ONEX	Onex Corporation (SVS)	Schwartz	Ontario
POU	Paramount Resources Ltd.	Riddell	Alberta
POW	Power Corporation of Canada (SVS)	Desmarais	Quebec
QBR.B	Quebecor Inc. (Class B)	Péladeau	Quebec
RCI.B	Rogers Communications Inc. (Class B)	Rogers	Ontario
SAP	Saputo Inc.	Saputo	Quebec
SJR.B	Shaw Communications Inc. (Class B)	Shaw	Alberta
SHOP	Shopify Inc. (Class A)	Lütke	Ontario
TOY	Spin Master Corp. (SVS)	Harary, Rabie	Quebec
TECK.B	Teck Resources Limited (Class B)	Keevil	British Columbia
TRI	Thomson Reuters Corporation	Thomson	Ontario
TCL.A	Transcontinental Inc. (Class A)	Marcoux	Quebec
WPK	Winpak Ltd.	Wihuri	Manitoba

** Investment funds excluded*

*** Headquartered in New York City, listed on the TSX.*

Following the June 2021 annual rebalancing, the NBC Canadian Family Index welcomed nine new constituents: business jet manufacturer Bombardier, casual dining franchisor MTY Food Group, energy producer and explorer Paramount Resources, softwood lumber company Canfor, media and content provider Corus Entertainment, TSX-listed technology venture capital firm Galaxy Digital Holdings, environmental services company GFL Environmental, children entertainment company Spin Master Corp. and finally, printing and packaging provider Transcontinental.

At the same time, the quantitative screening process led to the dropping of three companies from the Index, one of them, packaging and tissue products manufacturer Cascades, because float market capitalization fell below the $1 billion quantitative threshold and two of them, renewable energy company Northland Power and diversified wood products manufacturer West Fraser, because minimum quantitative ownership requirements were no longer met. With respect to Northland Power, in January 2021, the company's founder James C. Temerty C.M. retired and was no longer accounted for as an insider of the company. With respect to West Fraser, 93-year-old Jim Pattison was no longer reported to be an insider owner of West Fraser following the company's all-stock $4Bn acquisition of then rival Norbord Inc. Interestingly, Mr. Pattison is also the controlling shareholder of Canfor which was re-included in the Index.

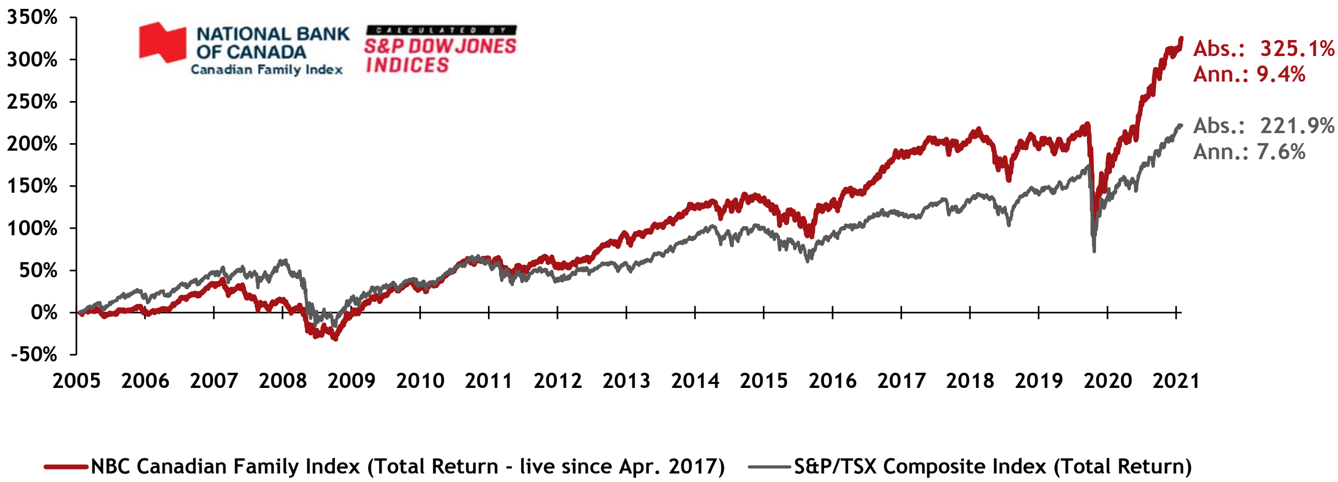
Table 2 – NBC Canadian Family Index Recent Inclusions and Exclusions

	2018	2019	2020	2021
Inclusions (+)	› Canada Goose › Kinder Morgan Canada › Spin Master Corp.	› Aritzia › Canopy Growth Corp. › Corus Entertainment › MTY Food Group	› Cascades › Lightspeed Commerce	› Bombardier › MTY Food Group › Paramount Resources › Canfor Corp. › Corus Entertainment › Galaxy Digital Holdings › GFL Environmental › Spin Master Corp. › Transcontinental
Exclusions (-)	› Cascades › Corus Entertainment › Jean Coutu Group › Knight Therapeutics › Molson Coors Canada	› Canfor Corp. › Kinder Morgan Canada › Paramount Resources	› Bombardier Inc. › Corus Entertainment › MTY Food Group › Power Financial Corp. › Spin Master Corp. › Transcontinental	› Cascades › Northland Power › West Fraser

Performance Profile

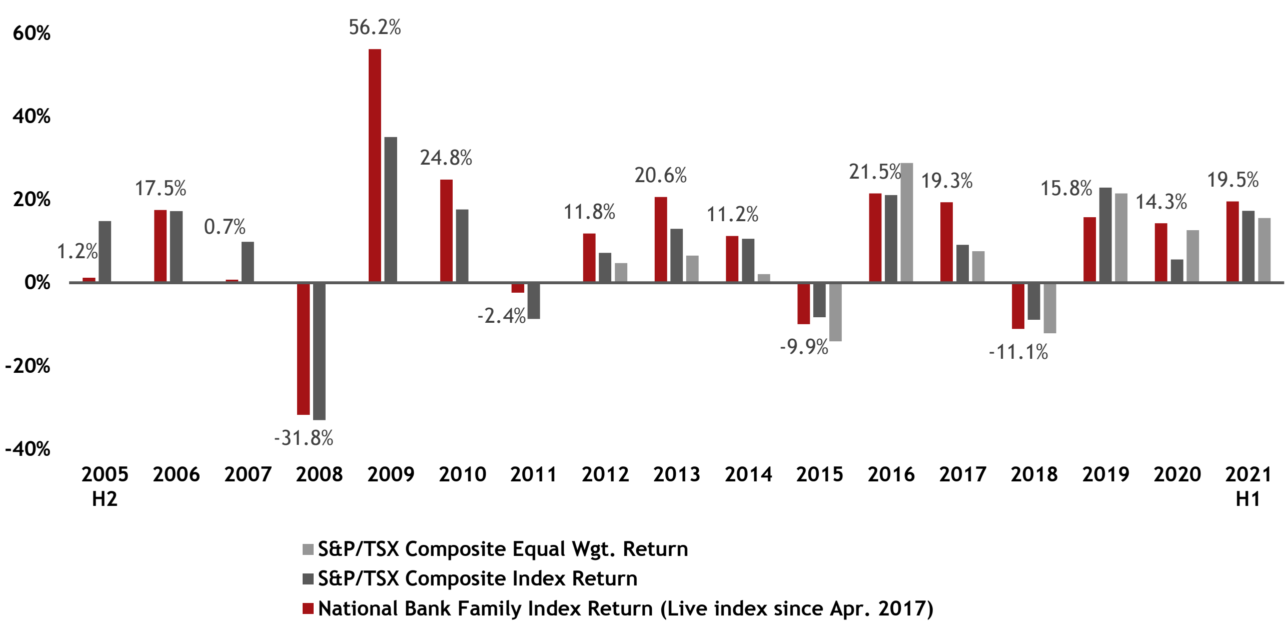
From June 2005 to June 2021, the reference period for the NBC Canadian Family Index, the Index generated a cumulative total return of 325.1% versus 221.9% for the S&P TSX Composite. The compounded average annual return over the period was 9.4% for the Family Index versus 7.6% for the S&P/TSX.

Figure 5 – NBC Canadian Family Index Outperformance[7]



While we measure the NBC Canadian Family Index over a long-term horizon, as we highlight family-controlled companies' ability to generate alpha over generations, it is also interesting to note that, both over the course of the 2008 Financial Crisis and the 2020-2021 COVID-19 market disruptions, the NBC Canadian Family Index has also outperformed the S&P TSX Composite. One can ask whether family-controlled companies particularly inspire confidence in times of uncertainty over widely held peers. This hypothesis might take grounds in the fact that many of the family-controlled corporations included in the Index have already shown proof of resiliency, having successfully dealt with various economic downturns in the past. About 70% of NBC Canadian Family Index member companies have seen at least 2 generations of family owners.

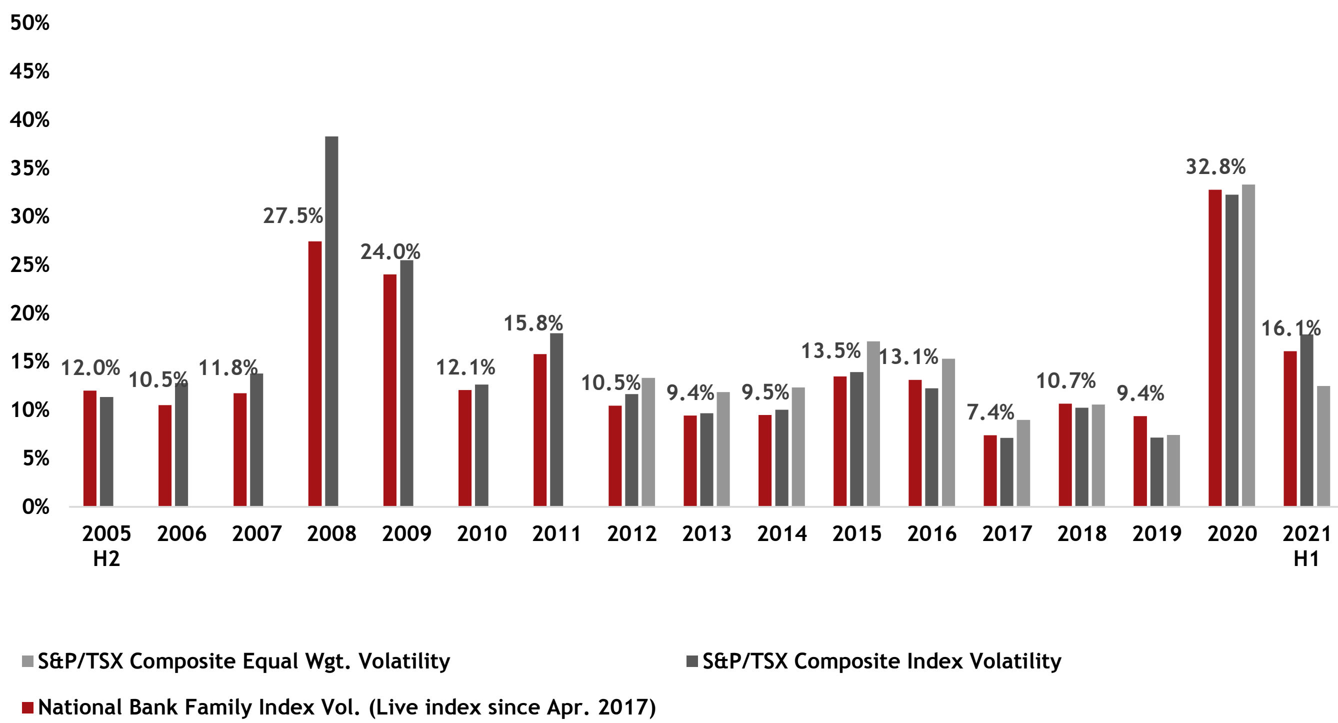
Figure 6 – National Bank Family Index Backtest Annual Total Return Performance[8]



[7] *Source: NBF, SPDJI, Bloomberg; data as of Jun. 30, 2021*
[8] *Source: NBF database, SPDJI, Bloomberg (Note: S&P Composite Equal Weight Index data not available prior to 2012)*

The long-run volatility of the Family Index has been similar to that of the S&P/TSX Composite. Interestingly, as the chart below shows, the lesser exposure of the Family Index to the financial sector meant that in the extreme market conditions of the 2008 financial crisis its volatility rose much less than that of the S&P/TSX. However, during COVID-19 Index volatility has been largely in-line with its benchmark.

Figure 7 - Annual Volatility[9]

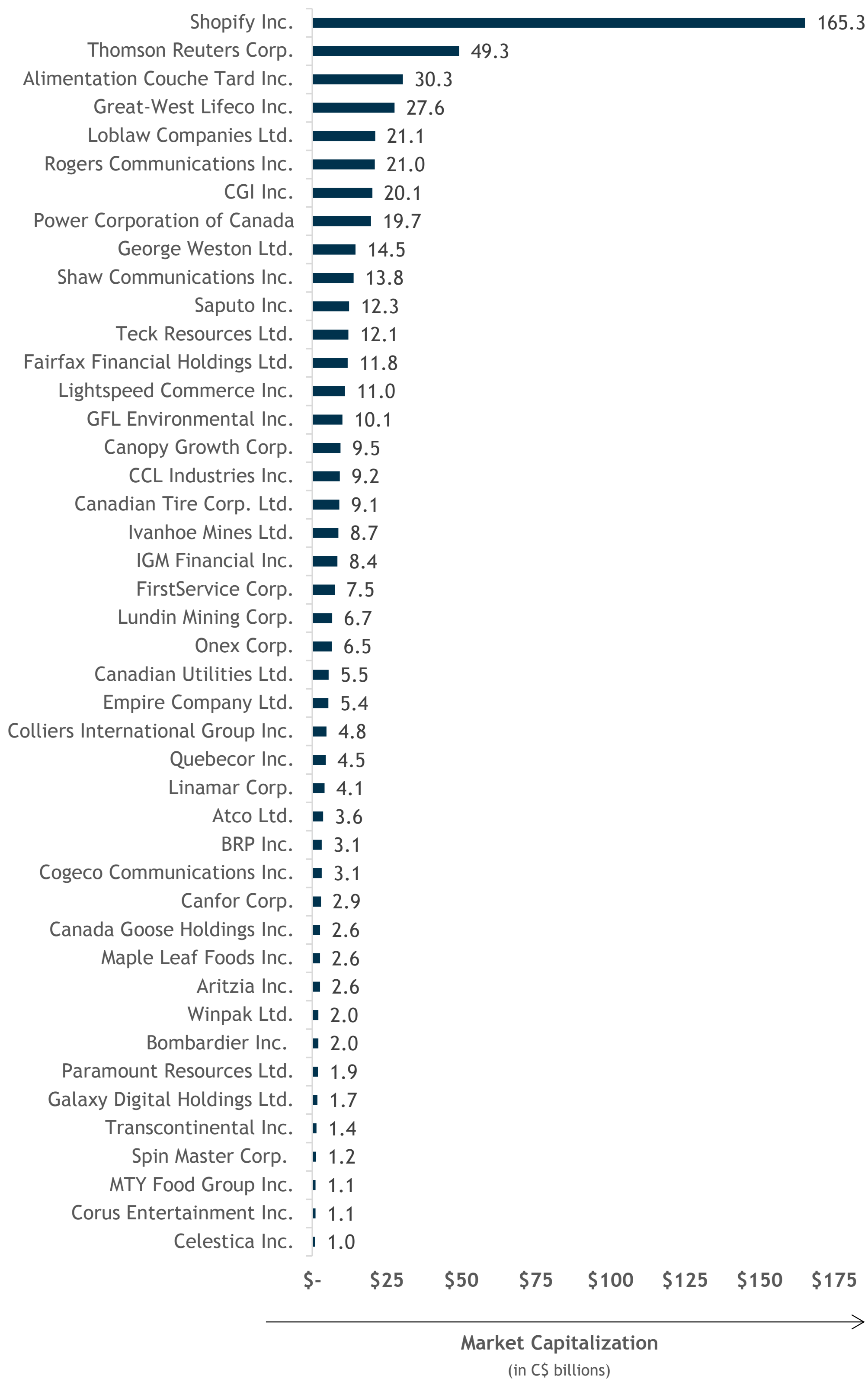


Weights and Allocations

The NBC Canadian Family Index uses an equal-weighting methodology. Each company in the Index is assigned the same weight ($1/44^{th}$) regardless of its market capitalization. Market cap weighting would give disproportionate influence on larger-cap constituents such as Shopify, Thomson Reuters and Alimentation Couche-Tard. The market cap of Family Index companies ranges from $1.0 billion[10] to $165.3 billion. The total market capitalization of the companies in the current NBC Canadian Family Index amounts to 22% of total S&P/TSX capitalization, a figure which remained unchanged since our previous publication.

[9] *Source: NBF database, SPDJI, Bloomberg Data; data as of Jun. 30, 2021*
[10] *Note: to be included in the index, companies must have at least $1 billion in free float market capitalization*

Figure 8 – Companies Included in the NBC Canadian Family Index by Market Capitalization (in C$ billions)[11]

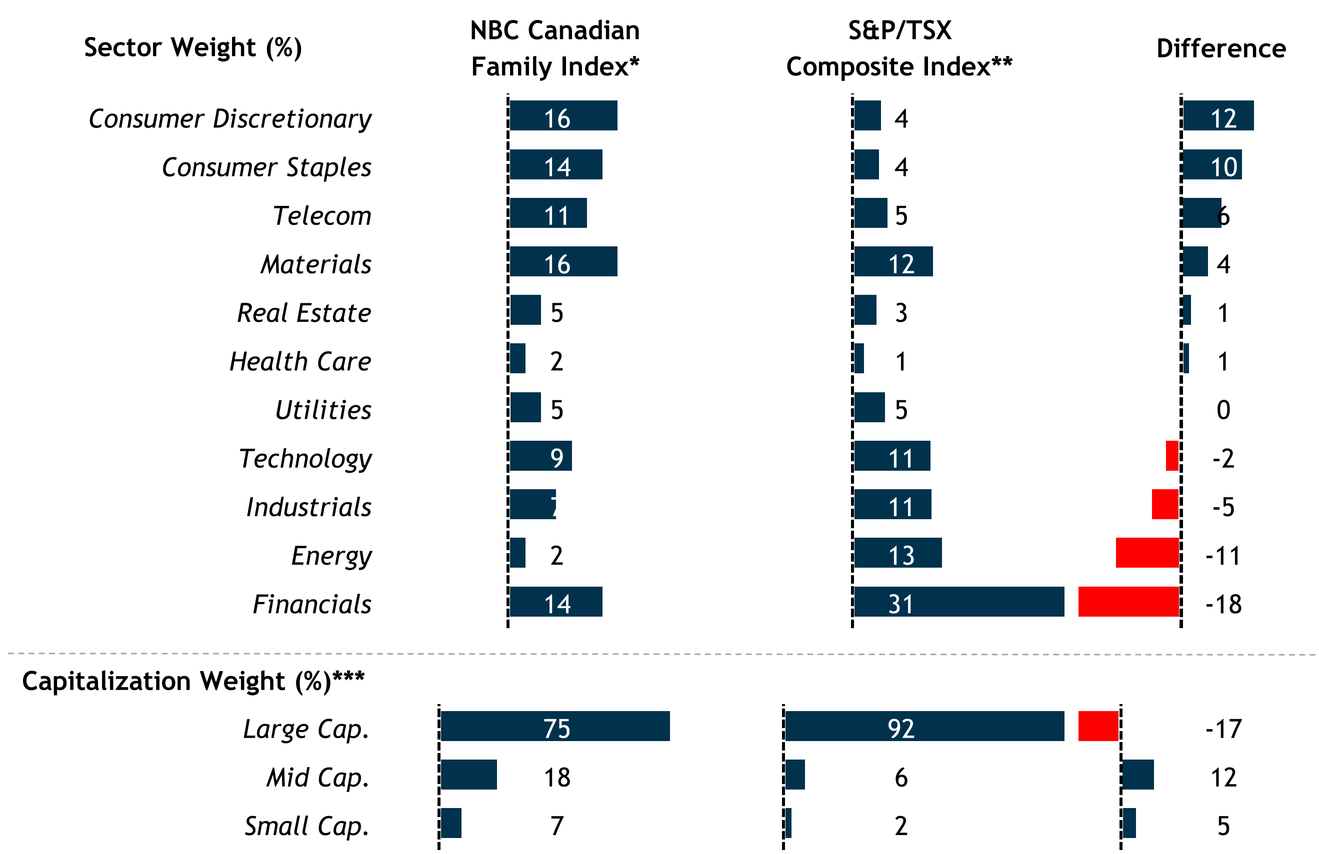


[11] *Source: Bloomberg; data as of Jun. 30, 2021*

In addition to calculating the daily performance of the NBC Canadian Family Index and making all data available on the *S&P DJI Custom Indices* website and through third-party Index providers such as Bloomberg, S&P Dow Jones Indices executes quarterly equal weight rebalances. The NBC Canadian Family Index is currently overweight in Consumer Discretionary, Consumer Staples and Telecoms and underweight in Financials and Energy. Its top sector exposures are 30% in Consumers, 16% in Materials and 14% in Financials. Its sector exposures have been steady over the past 10 years.

Significant underweighting of the NBC Canadian Family Index in Financials is due to regulations preventing any single owner from owning more than 10% of any class of shares of a bank: *"Since 1967, the holding of any one individual or group of associated individuals has been limited to 10% of any class of shares of a bank. Although this restriction was introduced to prevent the concentration of ownership and control of Canadian financial institutions and to provide assurance of continued Canadian ownership and control of such institutions, it also had the effect of preventing significant upstream commercial-financial links."*[12] Thus, banks cannot be controlled companies as defined by the NBC Canadian Family Index.

Figure 9 – Sectorial / Capitalization Weight Allocations[13]



* Equal Weight Index
**Market Cap Weighted Index
*** Large Cap Weight > $5B, Mid Cap Weight between $2Bn and $5Bn, Small Cap Weight < $2Bn

The greater diversification among large-, mid- and small-caps shown for the NBC Canadian Family Index — large-caps 75% compared to 92% for the S&P/TSX Composite — is due to its equal-weight methodology.

[12] *Charles Freedman (Bank of Canada website), "The Canadian Banking System", March 1998*
[13] *NBF database, SPDJI, Bloomberg; data as of Jun. 30, 2021 (Equal weight basis)*

Calgary, Alberta, Canada

Samuel De Champlain Bridge, Montreal, Quebec, Canada

2. Leaders of Flagship Canadian Family Businesses

Canada Goose jackets (Photo credit: Canada Goose)

Interview with Dani Reiss

President, CEO & Executive Chairman – Canada Goose

Canada Goose

Q: Prof. Karl Moore

Did your parents or grandfather play a role in your decision to join the firm?

A: Dani Reiss

My grandfather, Sam Tick, immigrated to Canada and brought his strong entrepreneurial spirit. He founded Canada Goose in Toronto in 1957; at the time it was Metro Sportswear Ltd. My father, David Reiss, took over the business in the 1970s — and discouraged me from joining the family business. My parents felt that it was a difficult industry and instead wanted me to become a professional — a lawyer, a doctor or a banker.

Q: Prof. Karl Moore

When you were a kid, did your parents discuss the business at the dinner table?

A: Dani Reiss

My parents talked business all the time. Not with me, but I was surrounded by it. My dad would take me to the factory as a kid. He would give me jobs like sweeping the floors, taking the garbage out, working in parking or as a receptionist at the front desk. I've probably done every job in the company except for making jackets. I still don't know how to operate a sewing machine! Interestingly, some of the employees making our jackets, mostly women, still work for the company today and are now even grandmothers. I really didn't expect that my interactions during my summer job would prepare me to later, inadvertently, run the company.

Q: Prof. Karl Moore

Employees obviously knew who you were. You were the son of the owner. Everybody might have been nice to you. On the other hand, they might have given you a tough time. How did this play out?

A: Dani Reiss

Sure. But it wasn't all perfect. I recall having small frictions. When I was working as a receptionist, I was asked to type letters for some employees. Being an English major, I had to correct their spelling and correct their grammar. I recall that some would say: "Who is this kid correcting my work"? My summer jobs at the company were formative working experiences. Outside the business, I also had a small sports betting company, but my partner and I closed that down before I finished university. I didn't connect the dots that these experiences honed my inner entrepreneurial spirit until relatively recently.

Q: Prof. Karl Moore

That helps given you are now the CEO of Canada Goose, because you had to act as an entrepreneur to pivot Canada Goose to become the global success it is today. Your grandfather started the company, but it seems that it's really taken off on your watch. Where did the vision come from and how did it compare to your father's vision?

Dani Reiss at a Canada Goose factory in Toronto (Photo credit: Canada Goose)

A: Dani Reiss

When I started working here in 1997, we had $3 million in revenue. More than half of that was private-label sales –we would make expedition parkas for other companies. Today, we're a global performance luxury lifestyle brand, available in over 40 countries, with revenue expected to top $1 billion this year. We've spent the last 20 plus years building a consumer brand. Before I became CEO, it was private-label business, predominately known only to people who lived and worked in the coldest place on Earth. To speak to the question of comparing my vision to my dad's, my dad was an entrepreneur. He designed and developed a lot of our iconic products. He built a business that reached $8 million in sales at its peak and was very much a factory person in the same way I am a brand person.

Q: Prof. Karl Moore

How did you come to run the family business and take the baton from your father and grandfather?

A: Dani Reiss

I don't see Canada Goose as a typical family business, it's more of an entrepreneurial story. I worked with my dad at the beginning, but we didn't work together very much. At one point, after he had been working for the company for about 30 years, he told me, "It's up to you to let me know if you want to take over." I initially thought that I was just having fun and never expected to run the company. He certainly deserves credit for giving me the opportunity. In terms of my vision for the company, I took a great product and brought it from the coldest places in the world to global urban centres. We wanted our message to be heard throughout our go-to markets: our jackets are the best and warmest. We thought we could educate people who live in these major metropolises that it is okay to wear life-saving parkas in town. I knew we could create demand for this product globally in big cities. And then our company could sell more of the jackets my dad helped design. I took over the role of CEO in 2001.

Q: Prof. Karl Moore

Was there an "aha" moment when that strategic idea came to you? Or was there a moment when you thought you could only sell these in Canada?

A: Dani Reiss

I had many of these "aha" moments. When I first started working at Canada Goose, I took a three-month internship before I would set off to travel. I thought it would allow me to finance my travel. I came to love it because it was a real and an authentic experience. From my months travelling, I saw this opportunity to increase our sales abroad. We started attending trade shows to sell our jackets, which we hadn't been doing. We had some sales already in Italy and Sweden. I saw that there was demand in Europe and I realized that people had interest in buying it. In Canada, wholesalers would say: "Nobody wants to buy "Made in Canada" parkas and wear them in town, it's too expensive and it's too warm. When I went to Europe, consumers would perceive us as: "Oh, this is like buying a piece of Canada." I saw the Canada Goose Jacket as like a Swiss watch. One could say the places that products are made is important – as important as the product itself. People also romanticize Canada in a big way – our country has a great reputation and the brand of Canada is strong. Another key moment was realizing that "Made in Canada" was important. In Europe, we were perceived as a luxury brand. When I was walking in a luxury clothing store in

Canada Goose's store on the corner of rue Royale and rue Saint-Honoré in Paris, France (Photo credit: Canada Goose)

London and saw our jacket displayed right between two other luxury brand jackets by famous names, it really was a Polaroid moment for me. I was thinking: "If we are thought of this way in Europe right now, why can't we be thought of this way everywhere?" At that time, our competitors were moving their production abroad, and staying in Canada would prove to be one of our key competitive advantages.

Q: Prof. Karl Moore

You mentioned that globalization had been negative for the Canadian manufacturing industry, but in fact, you took Canada Goose and made it a global brand. Was your view of globalization different then?

A: Dani Reiss

Globalization basically meant making your goods offshore in lower-cost environments rather than bringing them back. Our philosophy was the other way around: we kept our factories in Canada and exported our products to the world. Ironically, we exported to Europe and Japan first. We started to build a perception in people's minds that we were a luxury consumer brand. A lot of people mistakenly think that we were this great Canadian success story, booming in our home country before expanding globally. Other than the business we had conducted in northern Canada, Canadian retailers didn't think they could sell our products in the city. I remember sitting at a café in Stockholm in the wintertime just counting the Canada Goose jackets I saw. I was thinking why can't we sell them in Toronto? There is no reason why we can't do it in Toronto.

"In Canada, wholesalers would say: 'Nobody wants to buy "Made in Canada" parkas and wear them in town, it's too expensive and it's too warm'. When I went to Europe, consumers would perceive us as: 'Oh, this is like buying a piece of Canada'."

Q: Prof. Karl Moore

Toronto is cold but, it's not Yukon cold!

A: Dani Reiss

Toronto is cold enough. It is colder than Tokyo, where many of our customers buy the warmest and heaviest parkas in our collection.

Q: Prof. Karl Moore

How is Canada Goose doing today and where do you see the business in five years?

A: Dani Reiss

We have so much opportunity to grow but we've become a truly iconic brand. As I said, our revenues will be over $1 billion. We're no longer a small company. It feels like it happened really fast, but I've already been with the business for 25 years. As you get bigger, it gets more difficult in a lot of ways. The attention is on your company, and you must hit the mark right in different areas. This company is a different company every year. My job is a different job every year. With anybody I'm hiring, I tell them, "Your job is going to be different next year." There aren't that many fast-growing companies that are over $1 billion in Canada. I think that's because it's not that easy to be over $1 billion in revenue, manufacture goods and sell them globally. Today, 20 percent of Canada's apparel workforce work for us and we now have eight factories, in Toronto, Scarborough, Winnipeg and Boisbriand near Montreal. We employ over 5,000 people all over the world. I don't think only in terms of annual guidance, but think three, five, 10 years from now. I want to reach the maximum of our potential. It's important that we're a relevant brand, that we are an iconic part of the global landscape of consumer products, a brand that people look up to and put on a pedestal. I think that's what being an iconic brand means. People ask me who I compare Canada Goose to. I look at Rolex, at Apple and Land Rover. I rarely look at other apparel companies to make comparisons. It's not only about the product itself, but also about the way people think about it.

"When thinking of global warming, our sense of purpose is to keep the planet cold and the people on it warm."

Q: Prof. Karl Moore

What are Canada Goose's company values?

A: Dani Reiss

Entrepreneurship, passion, authenticity, relentlessness and innovation.

Q: Prof. Karl Moore

What is Canada Goose's sense of purpose?

A: Dani Reiss

I think Canada has to rebuild its manufacturing industry, which has been decimated by globalization, ironically so. I'm very proud of the fact that we've been able to continue to embrace "Made in Canada". That's one of our important purposes. I think that being a good company, being a good corporate citizen is also something that's been very important to me and to everybody in the company since the beginning. Giving back to the community in the right way. When thinking of global warming, our sense of purpose is to keep the planet cold and the people on it warm. We can do that by building a global brand and continuing to grow, while at the same time, giving back to the world and helping make the world a better place through our significant commitments like becoming net zero by 2025. This resonates also with all our employees. For example, although fur has been a sustainable resource that we've used in our products for years, we will stop producing jackets made with fur by the end of this year 2022. We will make jackets that are just as good and just as functional without using fur.

Q: Prof. Karl Moore

Do you think about stakeholders or shareholders?

A: Dani Reiss

I think about the impact my decisions will have in the long-term. Shareholders are important. Though some come and go. By definition, driving shareholder value is very important. That's written down somewhere in some important document! But thinking about driving stakeholder value speaks not only to our shareholders, but also to our employees, the community, our whole supply chain and to our various touchpoints. That means making responsible decisions that will ensure our sustainability in the long run.

Q: Prof. Karl Moore

Bain Capital is your largest shareholder. How do they give you advice and wisdom as part of being owners? Are they somewhat activist or passive investors?

A: Dani Reiss

They're neither activist nor passive. They are in the middle. They've been great partners to me.

I've always believed Bain Capital were the right partners for us because they believe in our values and understood the fundamentals of our business. They believe in the executive team and myself to execute on our objectives, which we have proven to be very good at. The team at Bain is very knowledgeable and they have bandwidth to support us when needed.

Q: Prof. Karl Moore

You're Chairman of the Board and you're the CEO? How much time do you spend with the Board in a month or a year?

Prof. Moore and Family Advantage authors meeting with Dani Reiss at Canada Goose's New York City showroom (Photo credit: Canada Goose)

A: Dani Reiss

The Board is an important structure. Our Directors have a lot of experience, whether industry-specific experiences or deep financial experience. We have quarterly Board meetings, but we communicate with Directors as needed between quarters depending on what's happening across the business. I'll reach out to board members on an ad hoc basis to get their advice. I always surround myself with good and smart people and have great advisors, which has been very important. The Board is a way of having more of that kind of support. Having a Board and implementing it properly with good governance practices has lots of value.

Q: Prof. Karl Moore

When you took the IPO back in 2017, did you have any resistance about multiple-voting share structure?

A: Dani Reiss

We did not. We had fantastic results with our IPO and multiple-voting shares were part of the structure. Our shareholders and the people that believe in us want me to be the person who makes the long-term decisions for the company. Long-term stability is important to large investors, namely institutional investors.

Q: Prof. Karl Moore

Covid-19 has led to major transformation and adaptation. How did Canada Goose adjust to the pandemic?

A: Dani Reiss

There has been a notable shift towards online shopping. I think the pandemic accelerated what was already happening. Our focus went to online sales as stores were closing across the globe. We were prepared for the pandemic just by the nature of our culture and the way we operate. Even though it has complexified our strategic planning and budgeting exercises, we were able to pivot very quickly. In the early days of the pandemic, we started to make personal protective equipment, which we donated to health care facilities that needed it. After that, we started to respond to government contracts and work with federal and provincial governments to make decisions. We didn't make any profit from that. There is always a time to make money, this was not that time. This was a case where we felt we had to help our country and I'm very proud of our company for doing so. We felt we were contributing to the fabric of society, no pun intended. China, after adjusting to the initial months of the pandemic, was by Q3 and Q4 of 2020 controlling the spread of the virus better than anywhere else, having closed its borders early and swiftly implemented lockdowns. The country was almost fully open, and we were operating fully in China. We had our best third quarter ever last year. We realized our five-year plan in only two years.

Q: Prof. Karl Moore

When thinking about Canada Goose's products, where do you see areas for growth?

A: Dani Reiss

We certainly have room for product expansion and are continuously launching – and exploring – new product categories. We have a playbook. We've demonstrated that we're capable of getting into new categories. When I started here, we had 20 styles. You look around our showroom today, you can see several hundred. Until about eight years ago, we didn't have many lightweight jackets and offered only the heavier parkas. We now have plenty of lightweight down jacket styles. We also have rain jackets and wind wear and fleece for different climates. "Four years ago, we launched knitwear and in November, entered the footwear market."

Q: Prof. Karl Moore

Canada Goose is clearly a global Canadian icon. Do you see the company becoming even more global? For example, China is the fastest growing luxury goods market. Canada Goose, Christian Dior, H&M, Nike, Hugo Boss, Dolce & Gabbana have faced challenges in doing business in China for various reasons. How do you describe Canada Goose's approach to the Chinese market?

A: Dani Reiss

Sure. There are plenty of geographic growth opportunities available. We continue to have great success in China. We have nearly 20 stores there, with more to come. We need to look at the long game; in our lifetime, China is going to be the world's biggest economy. We have a ton of growth opportunity abroad. And China is open for business. Canada Goose is strong there. I feel we are bringing a little bit of Canada everywhere we go.

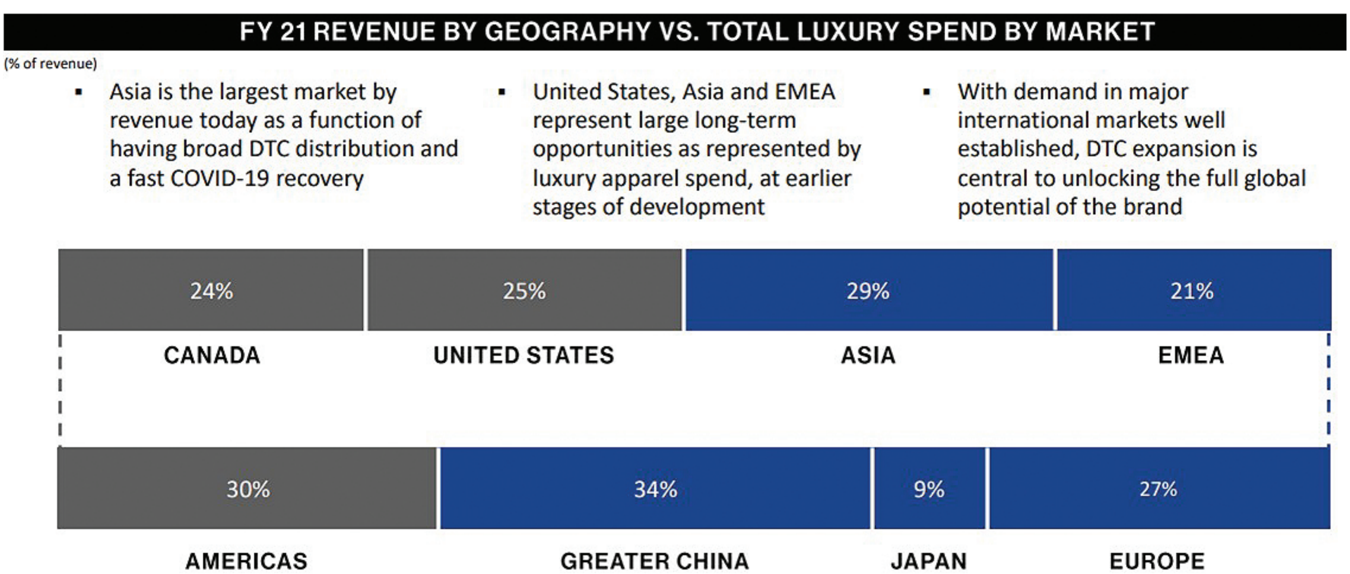
"We need to look at the long game; in our lifetime, China is going to be the world's biggest economy. (...) China is open for business. Canada Goose is strong there."

Q: Prof. Karl Moore

Given your global presence, how do you ensure that you remain connected to your clients?

A: Dani Reiss

We're a global brand, but we also understand that it is important to connect with our clients directly. In China, for instance, we implemented a methodical and thoughtful entry strategy, choosing to go direct to consumer, and running China from China, with a local team that understands the market. We also like to appeal to our clients across the world by supporting local designers. We recently collaborated with Angel Chen, a Shanghai-based international designer. I think that's a way of connecting with our local communities. It is important whether the local community happens to be in the Canadian Arctic or in China. Our brand is committed to providing experiences and creating emotion.



Source: Canada Goose's June 23, 2021 Investor Presentation

Canada Goose advertisement at a shopping mall in Changchun, China (Photo credit: Canada Goose)

Canada Goose store at a Hey Avenue shopping mall located in Ningbo, China (Photo credit: Canada Goose)

Founded in 1957 as Metro Sportswear Ltd. by Dani Reiss' grandfather, Canada Goose traces its origins to a small warehouse in Toronto, Canada. Today, under Mr. Reiss' leadership, Canada Goose (NYSE:GOOS, TSX:GOOS) transformed from a small manufacturer into a global luxury brand and a leading manufacturer of performance luxury apparel. Every collection is informed by the rugged demands of the Arctic, ensuring a legacy of functionality is embedded in every product from parkas and rainwear to apparel and accessories. Canada Goose is inspired by relentless innovation and uncompromised craftsmanship, recognized as a leader for its "Made in Canada" commitment. In 2020, Canada Goose announced HUMANATURE, its purpose platform that unites its sustainability and values-based initiatives, reinforcing its commitment to keep the planet cold and the people on it warm. Canada Goose also owns Baffin, a Canadian designer and manufacturer of performance outdoor and industrial Footwear.

(Photo credit: Alimentation Couche-Tard)

Interview with Karinne Bouchard

Corporate Director – Alimentation Couche-Tard

Alimentation Couche-Tard

Q: Prof. Karl Moore

Couche-Tard is one of Canada's largest multinational companies, with market capitalization of approximately $50 billion. You recently stepped down from your position of Global Treasurer to join the Board of Directors of the company. Being the daughter of Alain Bouchard, you represent the 2nd generation of the company's founders on the Board. What was your journey like?

A: Karinne Bouchard

I studied finance at McGill University, then did a Master's in Finance at Université de Sherbrooke and later obtained the CPA title. I have always been attracted by finance and worked in Toronto at Maple Leaf Foods before joining Couche-Tard.

Q: Prof. Karl Moore

What were your first steps at Couche-Tard?

A: Karinne Bouchard

I started working for Couche-Tard as a store manager of one of our convenience stores. After having the first of my three children, I decided to work in accounting and finance, because I love working with numbers, and that's what I wanted to do, to be in finance. But at that point, Couche-Tard was much smaller than it is now. I left Couche-Tard and worked at Bombardier in finance for their Aerospace group and the Challenger program for four years, until I gave birth to my second child.

Q: Prof. Karl Moore

What brought you back to Couche-Tard?

A: Karinne Bouchard

My dad never pushed me to work for Couche-Tard. I recall, when I was in high school, meeting

Alain Bouchard (middle) with his 4 children: Rose, Camille, Jonathan and Karinne (from left to right)

the school's career orientation officer and telling him that I never thought I would be doing a career at Couche-Tard. I realized that there's a moment in life when you just don't want to do what your dad is doing. However, one day, in 2012, my dad took me for lunch to ask if I wanted to join Couche-Tard as the company's Treasurer. He thought I was the best person for that role. I accepted and this was the beginning of nine wonderful years with the company.

Q: Prof. Karl Moore

When you were growing up, did your dad talk about business at the dinner table?

A: Karinne Bouchard

Yes, all the time! He and my mother were always discussing business. As a little girl, it was fun, I used to go with my dad to visit stores and get candies. His office was on the second floor of one of the early stores. Later, when I was between 12 and 16 years old, I recall going to Laval, where the head office is located now. My dad would show me a map with little red and blue dots, representing the existing stores and those he was planning to acquire, mainly Provi-soir establishments. I recall him saying to me: "One day, my Karinne, we will have all those red dots." This was the beginning. I was there in the living room of our house, and my dad and the other three founders were dealing on the phone with the banks for their first major acquisition.

Provi-soir store in the province of Quebec circa 1980

Q: Prof. Karl Moore

Can you recall when they started the first store?

A: Karinne Bouchard

Well, I was born that year, in 1979!

Q: Prof. Karl Moore

Did your dad have that vision of a big company?

A: Karinne Bouchard

They started with one store in 1979, the year I was born, and now Couche-Tard has more than 14,000 stores globally. He was always very confident, and never forgot that his own father went bankrupt, which was a big shock for him, as his family went from having money to living with eight other people in a trailer. He kept saying that Couche-Tard would always seek to become bigger, in a sense, so that it would not be vulnerable and be shielded from bankruptcy by its size. He had eyes on Quebec, then Canada, then North America and now the world.

Q: Prof. Karl Moore

Do you have brothers and sisters? Are they involved in the business?

A: Karinne Bouchard

Yes, there are four of us. Two with my mother and two with my stepmom. I was, until September 2021, the only one from our family to work at Couche-Tard. I was recently joined on the board by Éric Fortin, son of Richard Fortin, one of the four founders.

The 4 co-founders of Alimentation Couche-Tard Left to Right: Richard Fortin, Réal Plourde, Alain Bouchard, Jacques D'Amours

Q: Prof. Karl Moore

When you joined the Board, you left your full-time position as Global Treasurer. How did this play out?

"He kept saying that Couche-Tard would always seek to become bigger, in a sense, so that it would not be vulnerable and be shielded from ever facing bankruptcy because of its size. He had eyes on Quebec, then Canada, then North America and now the world."

A: Karinne Bouchard

Before the Covid-19 pandemic struck in early 2020, I was working somewhere between 60 and 80 hours per week, regularly working past midnight and travelling overseas once every three weeks. My youngest kid was 2 years old at the time and I realized that this was not what I wanted. I really changed my priorities. I had to choose between my operating position in the company and my position on the various Boards. I decided to quit my operational role with Couche-Tard. Now I am a Director of Couche-Tard and sit on five other Boards, on the Board of Stingray Group among others, which offer exciting challenges. I also work with my dad managing our family investments.

Q: Prof. Karl Moore

In the months prior to transitioning to your new role, the executive team and yourself must have been busy not only adjusting to Covid-19 but preparing what would have been Couche-Tard's largest acquisition to date. Couche-Tard announced in January 2021 that it had submitted a non-binding-offer letter for a friendly US$20-billion acquisition of Carrefour SA, which finally was cancelled because of the opposition of the French government. I am wondering: was it beneficial to be perceived as a family-controlled company by the other large families that had a significant stake in Carrefour SA?

A: Karinne Bouchard

I would expect that it was definitely an advantage in this situation, yes.

Q: Prof. Karl Moore

How would you describe your experience with Europe-based families?

A: Karinne Bouchard

Europe has much more history and long-standing family businesses. I remember attending a Family Office seminar hosted in France by Deloitte before the pandemic, and the topic of discussion was succession. There were a number of older family-controlled companies with even some G9s (9th generation of business ownership) in a panel and here I was representing a rather younger business, being a member of the 2nd generation of owners. Most families I had met during the event were impressed that we had built such a multi-billion-dollar company over the course of one generation.

Q: Prof. Karl Moore

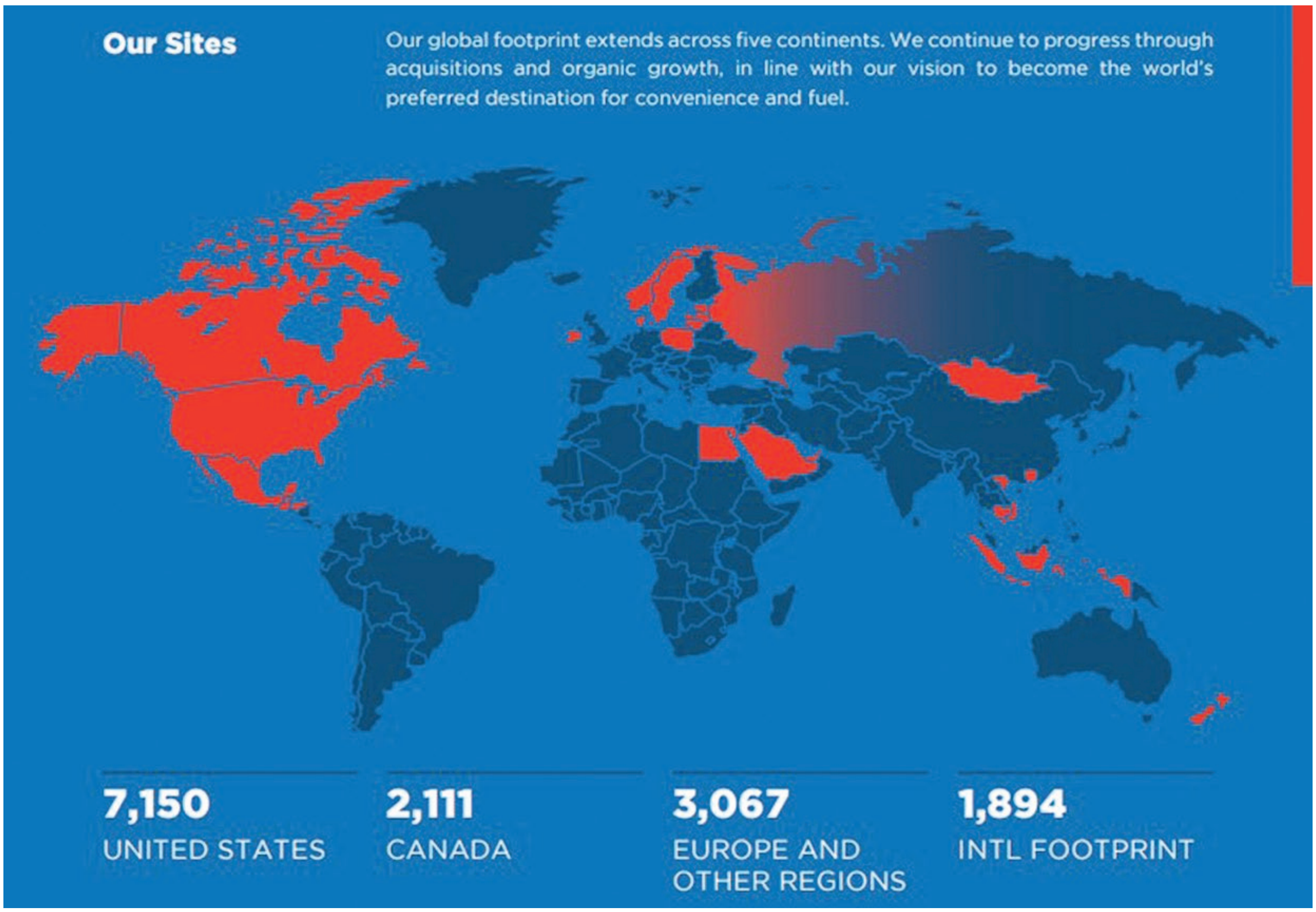
Has Couche-Tard been active in terms of acquisitions?

A: Karinne Bouchard

Yes, we were always very active in terms of acquisitions. We have completed more than 60 since 2004. Our growth used to come mostly from acquisitions, but we now have a stronger focus on organic growth, which should account for at least half of our growth in the coming years. Our last acquisition was Circle K Hong Kong in January 2021.

Q: Prof. Karl Moore

Speaking of Hong Kong, Couche-Tard recently closed on an acquisition there. Can you summarize Couche-Tard's experience in the Asia Pacific? What is the company's current footprint there?



Couche Tard's international footprint. (Source: Couche Tard's annual report 2021)

A: Karinne Bouchard

In Asian countries, it is all about density, convenience, walking access, foot traffic. So that is part of our strategy for going into high-growth markets without fuel. We started with this one, but we're looking at other countries in Asia where there is high growth potential. In Hong Kong, with approximately 340 company-owned sites, and 33 franchised sites in Macao, our Circle K HK has the second largest market share in one of Asia's most densely

(Photo credit: Alimentation Couche-Tard)

populated and most economically developed markets.[14] Australia was also in our line of sight for our APAC expansion. However, we had to pull our US$5.6-billion bid for Caltex Australia in the early 2020 as the pandemic came into play.

"In Asian countries, it is all about density, convenience, walking access, foot traffic. So that is part of our strategy for going into high-growth markets without fuel."

Q: Prof. Karl Moore

How did COVID-19 affect Couche-Tard?

A: Karinne Bouchard

My goodness. I remember that at first, we were doing 30-day, 60-day, 90-day, 180-day plans for the company's liquidity position. We now are two years into the pandemic, and we didn't have to put our worst-case scenario in action, thankfully. I would say we were able to react quickly on the North American operational front as we were able to roll out best practices from our European stores, which had been hit early at the onset of the pandemic. Because of the nature of our business, we were deemed essential services by all countries we operate in, which allowed us to keep our stores open. We had a record year last year. From a business standpoint, supply-chain issues are, I would say, the most difficult thing right now. And it's a big issue. Not only are the small players affected, but giants such as Frito-Lay and Pepsi as well. Labour shortage is also a risk factor.

Q: Prof. Karl Moore

Tough moments call for thinking outside the box. Has Couche-Tard been bringing innovations to the market?

A: Karinne Bouchard

We are focused on long-term trends in our market. First, customers want increased convenience, delivery of goods to their door, a faster checkout. They want to spend the least time possible in our convenience stores. We are currently testing frictionless stores, where customers can gather up their goods and leave the store without seeing a cashier. Another trend is catering to the electrical vehicle market. We want to provide car-charging facilities and attract this clientele into our stores. We are testing this model in Norway, the global leader for EV adoption, which we see as our global laboratory for EVs. We see EV and gas-fueled cars reaching cost parity somewhere around 2025. Our intention will be to consolidate the market and improve margins.

Q: Prof. Karl Moore

What do you think are the advantages of being a family-controlled company?

A: Karinne Bouchard

The biggest advantage of being a family-controlled company is the business culture instilled by its founders. I remember when I was Global Treasurer, every penny was important. It is our money, it is our hard work that we have done all our lives. The four founders are still the largest shareholders and Couche-Tard is the result of their culture of hard work. This is the foundation of our long-term success.

[14] *NDLR: Canadians may not be aware of it, but under the Circle K banner, Couche-Tard's footprint in Asia is increasing fast. Through a network of franchised stores, it has more than 450 locations in Indonesia, nearly 400 in Vietnam, 40 in Cambodia and three in New Zealand.*

Couche-Tard's retail laboratory store located at McGill University's Bensadoun School of Retail Management. It is one of the first frictionless stores in Canada (Photo credit: Alimentation Couche-Tard)

Q: Prof. Karl Moore

Thanks to multiple-voting shares, the four founders—including your father, Alain Bouchard—controlled 68% of the votes. With the multiple voting shares now expiring (in December 2021) and being converted into single-class subordinate voting shares, they will essentially forgo control of the company. Is this a game changer?

A: Karinne Bouchard

It used to be a concern for us. We are now at a point where we have been talking about it for so long, and it's now behind us. Now, the four founders' joint ownership stands at 23% which is considerable given the size of the company. We view our combined ownership as though we are somewhat like an extended family. We also have large shareholders that are close to us.

Q: Prof. Karl Moore

What will happen when the four founders eventually retire?

A: Karinne Bouchard

Couche-Tard was built around the four founders' culture, and I don't think this will change. That's why I am here and joined the Board alongside Éric Fortin. In addition to Jacques D'Amours and Réal Plourde, we are two Bouchards and two Fortins on the Board. We want to keep the culture the same, even if Couche-Tard is now a highly decentralized multinational company.

Founded in 1980, Alimentation Couche-Tard operates a network of more than 14,200 stores in 26 countries and territories. With 2021 revenues of US$45.7 billion, it ranks as the #1 non-financial company in Canada's top companies by revenues. The four co-founders, Alain Bouchard, Jacques D'Amours, Richard Fortin and Réal Plourde controlled over 68% of the voting rights of the company thanks to multiple-voting shares, but this arrangement came to an end in late 2021. The four founders now control over 23% of the voting rights. Founder and Executive Chairman Alain Bouchard opened his first convenience store in Quebec City in 1980 and founded the companies that grew into Alimentation Couche-Tard, which operates most of its stores globally under the brand Circle K. Couche-Tard entered the U.S. market in 2001. It purchased the Circle K Corporation in 2003, and launched expansion in Europe in 2012 by acquiring Statoil Fuel & Retail. In late 2020, Couche-Tard achieved a significant milestone in its growth strategy with the acquisition of 341 corporate Circle K stores in Hong Kong and 32 franchised stores in Macau.

Salutaguse plant, Salutaguse, Estonia (Photo credit: Lallemand Inc.)

Bacteria production in Mirabel plant in Quebec, Canada (Photo credit: Lallemand Inc.)

Interview with Jean, Antoine & Frédéric Chagnon

Jean Chagnon – Corporate Director – Lallemand
Antoine Chagnon – President & CEO – Lallemand
Frédéric Chagnon – President & General Manager - Lallemand Plant Care

Lallemand

Q: Prof. Karl Moore

Jean, Antoine & Frédéric, we are happy to gain the perspective of a father and his sons, respectively the second and third generations of one of Canada's top family-controlled companies. Can you describe your business and its global nature?

Lallemand's business units (Courtesy of Lallemand)

A: Antoine Chagnon

Lallemand is present in more than 45 countries on 5 continents. We have over 4,500 employees through our global network of yeast, bacteria and fungi production plants, research laboratories, distribution centers and commercial offices across the world. Production is managed globally for each of our 12 business units which serve differing end markets. In some markets, we have strong regional brands which we intend to preserve. Baker's Yeast was the original product, but the company has since evolved into a variety of microorganisms based on our know-how of fermentation.

Q: Prof. Karl Moore

What is the level of control your family exercises on the company?

A: Jean Chagnon

Our family controls 97% of the shares. The remaining 3% are split among executives. We are a private company.

Q: Prof. Karl Moore

Can you elaborate on your beginnings at the company? Let's start chronologically with Jean and then with Antoine, followed by Frédéric.

A: Jean Chagnon

I joined the company in 1975. I was 26 years old. After completing my studies at HEC Montreal, I worked for the Canadian government as an operational systems analyst based in Edmonton and Ottawa. I went on to do my post-graduate studies at Oxford with the understanding that I would come back to work for the government. Upon graduating, the Government asked me to join the Ministry of Industry Trade and Commerce. After a couple of years, I won a posting to assist the Canadian director of the Inter-American Development Bank in Washington DC.

At that point my father, who had recently turned 65, told me he would be forced to sell the company if I was not interested to join the family business. Just to provide context, in the 1900s there were not many French Canadians in business as those who were not farmers were expected to join either the clergy, a profession such as medicine or law, or become a civil servant. HEC, the business school my father, uncle, cousin and I had gone to, had been created in 1907 with the aim to start changing this, such that businesses would no longer be the sole preserve of English-speaking Canadians. I remember my father asking himself why I seemed to prefer pursuing a career in civil service rather than joining the family business made me realize my career path would fit the old cliché of the French-Canadian entrepreneur having to sell his business because his sons had preferred other professions rather than taking up the family business' succession risk. At the time, I also realised I was afraid of failure, afraid of working for my father because we'd always argued. Whenever he said white, I'd say black. My father understood my ambivalence and he made a proposition. Firstly, he told me that, if I joined the company, he would promote the young plant manager, Bob Briscoe, to be the president and he, not my father, would be my boss while he would stay only as Chairman. Secondly, he didn't want me to move close to him, but he asked me to move to Toronto where most of our customers were based.

In short, I accepted his proposition, but because I was risk averse, I didn't quit my job. I took a two-year leave of absence from my job which would offer me a safety net: if ever it didn't work out at Lallemand I would go back to civil service. So that's how I started with Lallemand, at the order desk, as a warehouse worker and as a part time sales representative. I was based in Toronto, and at the time, the entire company had approximately 50 employees, 5 of which were in Toronto and the others in Montreal.

Q: Prof. Karl Moore

What led your father, Roland Chagnon, to acquire the company?

A: Jean Chagnon

My father knew one of the first French-Canadian financiers in the 1950s, Jean-Louis Lévesque, who managed the money of the nuns. He would make loans to companies using religious congregations' savings. Mr. Lévesque was a creditor to Lallemand which had fallen into trouble after the war. He seized the company in 1947 as its creditor. He was looking for a buyer that would be interested in restructuring it and my father, who had been an auditor and then the general manager of a department store financed by the same Mr. Lévesque, was 42-year-old, out of a job and thinking of buying his own company instead of finding a new job. Mr. Lévesque reached out to my father who he felt, despite him knowing nothing about yeast, had the necessary managerial skills to turn the troubled company around to pay off the creditors in full. This is how in 1952, along with the financial backing of his brother Marcel, he acquired the highly indebted company. It took 20 years to repay that loan!

One of the reasons he acquired the company is that he was convinced there was little risk of a recession, like that he had experienced when he graduated from HEC in 1930, that would depress demand for bread and bakery products, so cash flows could be solid if the company was well managed.

Roland and Jean Chagnon, in the 10th anniversary celebration of the Lallemand's acquisition (Photo credit: Lallemand Inc.)

However, by the early 1970s, new competitors were entering the Canadian yeast market with creative solutions. A faster strain packaged in a 50-pound bag (rather than in 1-pound blocks) from Anheuser-Busch in the U.S. was able to be imported circumventing an 18.5% import tariff and a new "instant" dried yeast offered by a Dutch competitor also appeared on the market. The sudden abundance of new yeast forms that were also "dumped" on the Canadian market drove prices down and Lallemand's debt covenants were breached forcing him to sell profitable non-yeast parts of his business. Forced to focus only on yeast with the urgency to find ways to meet the challenge of the imported products, he sent the young plant manager, Bob Briscoe, to visit yeast plants around the world to seek out ways to improve. Bob brought back many new strategic and operational ideas which he quickly implemented leading to our product to be on par or even surpass products of peers in terms of quality. To everyone's surprise, Lallemand became more profitable by focusing its attention on only one product.

Sample selection of Lallemand products. Clockwise from top left: LALSTOP® K61 biofungicide, by Lallemand Plant Care, Instaferm® dry baking yeast, by Lallemand Baking, Probiotic yeast for animal nutrition, by Lallemand Animal Nutrition and LalBrew Köln™ for beer home brewing, by Lallemand Brewing (Photo credit: Lallemand Inc.)

Q: Prof. Karl Moore

Antoine, when did you join the company, what were your key career milestones?

A: Antoine Chagnon

I joined in 2004. That was after I worked in Germany. As a child, I was passionate about cars' design and mechanics, especially German cars, and this led me to pursue Mechanical Engineering studies at McGill University and later a Master of Engineering at Cornell. I took German language classes in school to prepare for my dream job. As part of a student career program, I seized the opportunity to go work for Audi at their Ingolstadt headquarters. I then went on to work for Siemens in Munich in their internal management consulting group. However, I would mostly spend much of my time doing PowerPoint presentations, and I didn't really grasp what the impact of my work was.

Although my two brothers and I have been exposed to the family business since a young age, having travelled with our father during the school year during his many business trips abroad, we never felt any pressure to join the company. Even if today, I am the CEO of the company and my brother Frédéric heads our fast-growing Plant Care business unit. I would say what really drew me to join the company in Germany was when my grandfather sadly passed away in 2003.

A: Jean Chagnon

When father passed away, I was 54 and his passing made me think of my eventual succession at Lallemand. I asked then if any one of them was interested to join and try out for a year or two to see if they liked it. Antoine joined us at that time.

A: Antoine Chagnon

My 2-year "trial period" lasted much longer! I recall upon formally joining the company in 2004, my first task was to manage and integrate the acquisition of a Passau, Germany-based yeast business named F.X. Wieninger GmbH & Co. The European yeast industry was completely fragmented, particularly in Germany. Up until then it had taken my father and some colleagues 10 years to convince Mr. Kampmann to sell his business to us which he finally did. I recall working with its 79-year-old owner, in a very old school European business environment, modernizing the plant's production to our standards and ensuring a smooth integration with Lallemand.

A: Jean Chagnon

The yeast industry was even more fragmented in Europe than in the rest of the world. Since the 1980s, we have played the role of one of the sector's consolidators and have made hundreds of acquisitions not only in Europe and North America but also in South Africa and more recently in South America consolidating yeast plants and bacteria plants among others. The international expansion and business unit diversification I have started has continued with Antoine and Frédéric.

Q: Prof. Karl Moore

Frédéric, when and in which capacity did you join Lallemand?

A: Frédéric Chagnon

Formally in 2013. However, before that, I worked at Lallemand every summer from the age of 15, doing a multitude of different jobs. I worked in the warehouse cleaning and sweeping the floors, helping load trucks, on the packing line in the factory and doing some other jobs here and there. I then worked for competitors in various geographies including Germany, Austria and South Africa, up until I started my Ph.D. After completing my undergrad at McGill University, in what was then called biosystems/agricultural engineering, I pursued graduate studies and was accepted for a Ph.D. program at Imperial College in London, U.K. However, I was later informed by my supervisor that the funding for my research had not gone through, so I decided to undertake my Ph.D. at MIT instead. As a doctorate is a full-time endeavour, I did not continue working for Lallemand during summers. After my Ph.D., I then went on to do postdoctoral studies and became a research scientist. In 2006, I was asked to apply for a faculty position. This is when I started to put things into perspective and, after giving it much thought, I decided that I didn't want to work in academia my entire life. Joining the family business was something I had always anticipated, but I really wanted to get more exposure to the business world, so I decided to go on to work in consulting in New York City for some years before rejoining Lallemand.

When I first started my new position at Lallemand, I was paired with the former CEO of the South African business we had acquired, who continued with the company after the acquisition. He eventually retired and helped develop our business units in Asia. It gave me the opportunity to spend some time traveling across all countries in Asia trying to understand the market for various business units there. In 2014, the person who was then heading our plant care business unit, which is focused on developing and marketing products for plant agriculture, approached me and asked if I'd be interested to join the team because of my background in agricultural engineering. I was fascinated by it at the time (and still am today), so I accepted and was sort of a right-hand person for about twelve months before being named the President of this very business unit.

Q: Prof. Karl Moore

Were you always set on joining the family business? Or was it just something that came along after your Ph.D. and consulting career?

A: Frédéric Chagnon

Had you asked me the question when I was doing summer jobs and especially when I was spending a lot of time with my grandfather, it was really something that I was seriously considering; it felt like both a privilege to have that opportunity and a duty. While I was doing my Ph.D., I was not thinking about anything else because it was extremely rigorous. However, I think deep down the answer to that question was always yes. I was always fascinated by Lallemand's business. I was really interested by the company and its products. That is also something that is reflected firm wide. We're very lucky to have people that are so passionate about what we are doing here.

(Left to right) Jean, Frédéric, Nicolas, Antoine and (sitting) Roland Chagnon, in the 50th anniversary celebration of Roland and Marcel Chagnon's acquisition of Lallemand (Photo credit: Lallemand Inc.)

"If we're looking at this through the lens of being a family business, we have a long-term view. We really are not here to turn a quick buck and exit. It's really building something over the long-term, over generations."
– Frédéric Chagnon

Q: Prof. Karl Moore

What, in your opinion, are the differentiating factors that make Lallemand a multinational success story?

A: Frédéric Chagnon

If we're looking at this through the lens of being a family business, we have a long-term view. We really are not here to turn a quick buck and exit. It's building something over the long-term, over generations. And that gives you a different strategy and a different approach to a market. It also instructs your behavior in the marketplace. You think about it differently, which is one of the keys to the success of Lallemand. The discipline that comes from my grandfather's background and the company's beginnings was perpetuated by my father. We always look at the long-term picture, and to this day, we remain rigorous in all our analyses and try to stay disciplined. We have a targeted 25% ROE, which I think out of all KPIs is a powerful one because it is scale-invariant all-encompassing. In all, I really do think the reasons for our underlying success are firstly, the long-term view, and secondly our culture.

Q: Prof. Karl Moore

What's Lallemand's corporate culture like?

A: Antoine Chagnon

People working in our industry are passionate about the business. They have genuine interest in yeast, bacteria, fungi microbe and the use of these microorganisms in our daily lives. Nothing describes better our culture than their collective passion. Another part of our culture that is reflected in the way we are organized is that we're quite decentralized. A lot of our executives work from all over the world and not necessarily from our head office. Entrepreneurship is another part of our culture. Our employees should have a sense of freedom to experiment, test and make mistakes. Big innovations often come from small experiments.

A: Frédéric Chagnon

I would add that we also have a very open culture; we are open in our interactions with employees, competitors and other potential partners and institutions. We are humble and we know we don't have a monopoly on good ideas.

Antoine and Frédéric Chagnon, in the 20th anniversary celebration of the acquisition of the Salutaguse plant. (Photo credit: Lallemand Inc.)

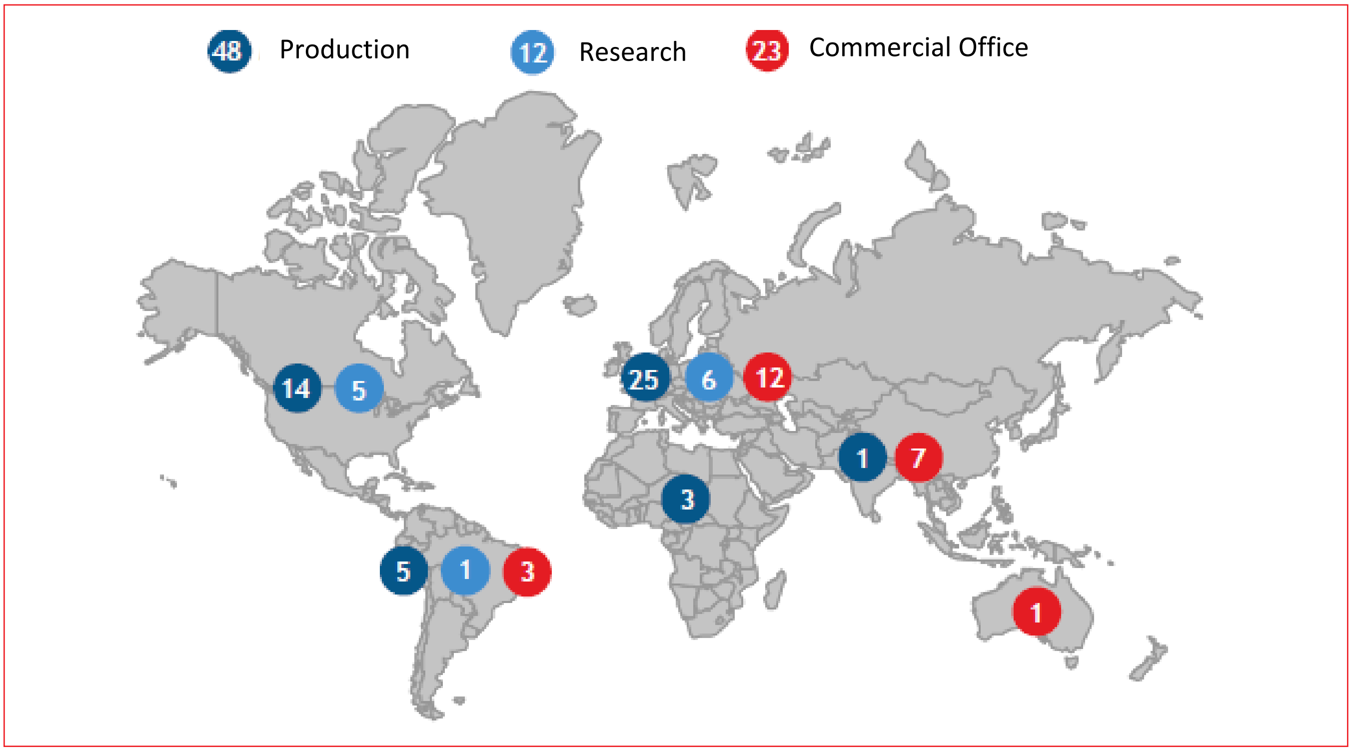
Q: Prof. Karl Moore

Circling back on the international expansion mentioned earlier, does it help to be a family-controlled company when making acquisitions?

A: Antoine Chagnon

When you are expanding a family business, I believe it is all about the long-lasting relationships the owners develop. Our unique knowledge of the industry, our relationships and persistence in negotiating with other parties helped us consolidate and internationalize.

"When you are expanding a family business, I believe it is all about the long-lasting relationships the owners develop. Our unique knowledge of the industry, our relationships and persistence in negotiating with other parties helped us consolidate and internationalize."
– Antoine Chagnon



Lallemand's global footprint (Source : Lallemand)

Q: Prof. Karl Moore

Antoine, when did you come back from Germany to Montreal?

A: Antoine Chagnon

In fact, I moved from Germany to the U.S. after working four years at our yeast plant in Passau to do my MBA at Columbia Business School. I came back to Montreal in 2009 right after, to lead our company's Bio-Ingredients business unit. Then, in 2013, I assumed the position of President and COO of the Yeast Group up until 2015 when I took the baton from my father as the President & CEO of the company. My father remained as a member of the Board of Directors and as SVP of the company.

Q: Prof. Karl Moore

What was one of the best business decisions you ever made?

A: Antoine Chagnon

It is most certainly one of my early ones. It was important to stop producing alcohol at our Germany plants and focus on yeast production. The reason why there were so many fragmented companies in Germany's yeast market was because there was a state monopoly that would ensure an artificial price for alcohol. It was based on a very old traditional right to support producers to sell alcohol at a cost-plus formula. All these companies were loading the costs on alcohol because of government support. This regime ended and it made the alcohol business marginally profitable and led to industry consolidation.

A: Jean Chagnon

The perennial problem of any business is knowing what its opportunity costs are. It is hard but important to close a non-promising business unit even if it's still a profit center as it is important to focus the always too scarce management attention on the most promising opportunities.

A: Antoine Chagnon

It was a hard decision to lay off those people involved in the alcohol production, but it was also an important lesson. This was the first time I would make an actual decision that would have direct impact on people that I knew, and it would have an eventual positive impact on our results and taken cumulatively these decisions lead to long-term business viability.

Q: Prof. Karl Moore

When you close on a M&A, you bring target companies into the family. Is it a kind of arm's length process or do you court them with your passion and business culture with them first?

A: Antoine Chagnon

About 95% of our acquisitions originate from our relationships. Acquisitions are made organically. We don't try to push a transaction that would not make sense.

Q: Prof. Karl Moore

In terms of R&D where do you get your inspiration for product innovation?

"The more successful we are, the greater the temptation to try to do everything is. The hardest thing to do is to get people to say: 'I won't do this, at least not now as we need to first focus on the previously chosen projects'." – Jean Chagnon

A: Jean Chagnon

Aside from our research and letting our employees some freedom to experiment, we get many of our ideas by traveling the world and visiting other companies. When I joined the company, I started aggressively visiting other yeast businesses around the world and always came back, like Bob Briscoe had been doing, with small ideas that made a big difference. For example, in Argentina, we discovered that water salinity in their process and cellophane used in their packaging increased product stability and thus allowed long range shipments. Both ideas were applied and led to our gaining profitable market shares. Innovation is also finding solutions to address problems we or our customers have. But as we always have too limited human talents to solve all the problems we identify, we focus our time on first deciding which problems to address. First, improving quality issues, second, improving productivity or costs, third, exploring the possible new applications for our existing products and fourth, what possible new products could be better than our existing products in existing applications. The more successful and bigger we are, the greater the temptation to try to do everything is. The hardest thing to do is to get people to say: "I won't do this, at least not now as we need to first focus on the previously chosen projects".

A: Antoine Chagnon

Another source of innovation comes from our exchanges with market experts. We participate in various conferences and trade shows around the world to exchange on product innovation and connect with our end market. And yes, we do travel a lot to oversee operations, develop business and explore opportunities. Before March 2020, I would spend 75% of my time outside of Montreal.

A: Frédéric Chagnon

On my end as well. Before March 2020, I would probably travel 300 days per year. We travel to strengthen relationships, both internally and externally. Our firm does not have a center of mass, per se. We collaborate from different areas of the world to help the success of the company.

Q: Prof. Karl Moore

What are the key trends in yeast, bacteria, and fungi market?

A: Antoine Chagnon

One of our fastest growing segments is what we could call the Health and Nutrition segments which include human, animal, and plant health. There is a shift in all these areas from chemical to biological solutions based on microorganisms. Also in the biofuels industry, we see increasing demand for fuel from renewable resources like bioethanol which involve genetically engineered yeasts that produce more energy with less input. In production of alcoholic beverages such as wine, customers are also eager for solutions to allow them for example to securely produce with lower sulfites or solutions to counter the effects of climate change. The market today is not looking to produce more alcohol, but better tasting and "cleaner" (with lower chemical residues and fewer biogenic amines). So even if western societies are getting older, and there is less demand for alcohol, there is always more demand for innovative yeasts. In nutrition, there is growing demand for plant-based protein, as many are shifting from an animal-based diet to a plant-based diet where yeast-derived molecules play an active part in taste and nutriment replication.

Grenaa plant, Denmark
(Photo credit: Lallemand Inc.)

Q: Prof. Karl Moore

More specifically, in what geographies is the Plant Care Division concentrated and what are the growth perspectives?

A: Frédéric Chagnon

As we operate in plant-based agriculture, with our products complementing or replacing chemical fertilizers, insecticides, fungicide, etc., this is a highly regulated market. It costs millions of dollars and takes multiple years to get a product registered; this impacts the speed at which we can deliver innovation to the market. Our approach is to focus our efforts on certain key market segments in the geographies where we are present (Europe, North America & Latin America, split evenly). We are still building the foundations, as the business only officially started in 2006. When I joined, in 2014, we were around 30 people. We've already experienced quite a bit of growth, as we now have a team of 600 people. However, there is still a lot of potential to grow, as the global market of non-seed agricultural inputs is very big (~$250 billion globally), and the biological segment of this market is still only a very small fraction of this, and it is growing at roughly 15% per year.

Q: Prof. Karl Moore

Lallemand's Board is constituted of a majority of independent directors, like those of publicly traded corporations. How do you come up with this best practice governance structure even though Lallemand is a private company?

A: Jean Chagnon

My father took on himself to self-impose certain governance rules and the structures to ensure long-term stability. He ensured that the company would count on external members to debate any issues and make sure power didn't become too concentrated. For instance, family members salaries and remuneration must be approved by a remuneration committee of which the majority is composed of non-family members. Thus, those family members working in the company cannot extract profits through extra bonuses rather than through dividends which go to all family shareholders whether they work in the company or not.

Q: Prof. Karl Moore

Do you think Lallemand should go public?

> *"(...) Why does a company choose to go public? Either you go public because you need capital and it's the only way you can prudently raise incremental funds aside from debt or because some company shareholders want to exit. So far, those two situations have not presented themselves."*
> *– Jean Chagnon*

A: Jean Chagnon

We have explored the idea of becoming public in the past to support large scale acquisitions which didn't occur. In 1986, we prepared to become publicly traded to raise the money to fund a large-scale acquisition. A draft prospectus had even been prepared. A key competitor, Fleischmann's Yeast was for sale in North America and we were prepared to bid. Unfortunately for us, the company was sold before we could submit our bid. There was another possibly transformative acquisition we were contemplating at some point, and we were prepared to open our shareholding to an outside shareholder (a Private Equity fund as they would be called today). But again, this potential acquisition did not materialise. In both cases we would have kept control. In summary why does a company choose to go public? Either you go public because you need capital and it's the only way you can prudently raise incremental funds aside from debt or because some company shareholders want to exit. So far, those two situations have not presented themselves.

Q: Prof. Karl Moore

A lot of CEOs I talk to say it is lonely at the top. Managers want your job, and the Board can fire you, so you cannot open up on any matter when you have something on your mind. Antoine and Jean, as CEOs, who did you respectively tend to consult as go-to advisors?

A: Antoine Chagnon

A variety of people. Of course, my father is my natural advisor, it is easy to speak to him plainly. I think, the Board is also a fantastic asset for me as a CEO. Our Directors act as the custodians of long-term knowledge of the company. They are very experienced business people from either the industry or leading figures of geographies we operate in. I can bounce strategic ideas by them. They also help resolve any debates we may have among key managers. I am open to discuss such arguments in front of the board. They often help defuse difficult situations and, sometimes, they change my mind.

> *"My father is my natural advisor, it is easy to speak to him plainly. I think, the Board is also a fantastic asset for me as a CEO."*
> *– Antoine Chagnon*

A: Jean Chagnon

From my perspective, my biggest support was the Board. Our company's Chair was my mentor. Most of the Board members remained when my father had left and they continued to provide me with their guidance. I learned how to gain their trust and they trusted me back. What is a company after all? It is a legal structure based on a robust trust network. Everything about a business, is based on a trust network. In any business you spend your life developing relationships. Clients trust you to deliver quality products or services. Employees trust you for continued employment, suppliers for business opportunities, creditors to reimburse your debts in time, the Board to manage diligently and deliver promised returns to shareholders. Every day, we work to earn their trust.

> *"What is a company after all? It is a legal structure based on a robust trust network. Everything about a business, is based on a trust network. In a family business you spend your life developing relationships. Clients trust you to deliver quality products or services. Employees trust you for continued employment, suppliers for business opportunities, creditors to reimburse your debts in time, the Board to deliver returns to shareholders. Every day, we work to earn their trust."*
> *– Jean Chagnon*

LALLEMAND

Lallemand was founded in Montreal, Canada at the end of the 19th century by Fred A. Schlosser (nicknamed "L'Allemand" in French or "the German"), a young immigrant from Alsace, France. Lallemand is a privately held company and one of the global leaders in the development, production, and marketing of yeasts, bacteria, and derivatives. It provides microbiological solutions for dozens of different industries, from human (probiotics) and animal health (probiotics, silage) to baking, bio-ingredients (yeast extracts, enzymes), oenology, brewing, distilled spirits biofuels and agriculture (plant care).

The company was acquired by Mr. Roland Chagnon in 1952. In 1981, he passed on the company's leadership to his son Jean Chagnon who brought the business to an international scale. The company is still held by the Chagnon family and is currently led by Antoine Chagnon supported by his brother Frédéric, marking their third generation of family ownership. Mr. Antoine Chagnon joined the company in 2004 and assumed the position of President and CEO in 2015 from his father who remained in the company in the capacity of Senior Vice-President and Special Advisor, as well as remaining a member of the company's Board of Directors. Mr. Frédéric Chagnon joined the company as of 2015 to lead the worldwide development of its Plant Care business.

Lallemand has more than 4,500 employees located in over 45 countries on 5 continents.

Marina Bay, Singapore

Paris, France

3. Family Businesses: A Global Perspective

Conversation with Arjun Khullar

Managing Director and Head of Integrated Strategies - GIC Private Limited
Singapore

The Investor's Global Perspective

Q: Prof. Karl Moore

How would you describe GIC's investment philosophy or sense of purpose?

A: Arjun Khullar

It's important to go back to GIC's history and why we were created. Last year marked a key milestone as we celebrated 40 years since our founding with the main philosophy of preserving and growing the capital of the people of Singapore. And while that's a very simple mission statement, it's also a very big mission statement and one that drives us in terms of what we create at GIC. From the beginning, 40 years ago, the focus at GIC has very much always been: how do you become a long-term investor? Not just for the next five years, 10 years, or 15 years, but really from an intergenerational perspective. In the last 40 years, we have seen two generations grow up and pass through. And the view here at GIC is that this is a rainy-day fund extending beyond that, a fund that is going to be here forever. And I think that has been quite key to how GIC has been organized, how our performance is managed and the way we are assessed.

Q: Prof. Karl Moore

Do you see that as being fairly different from other sovereign wealth funds?

A: Arjun Khullar

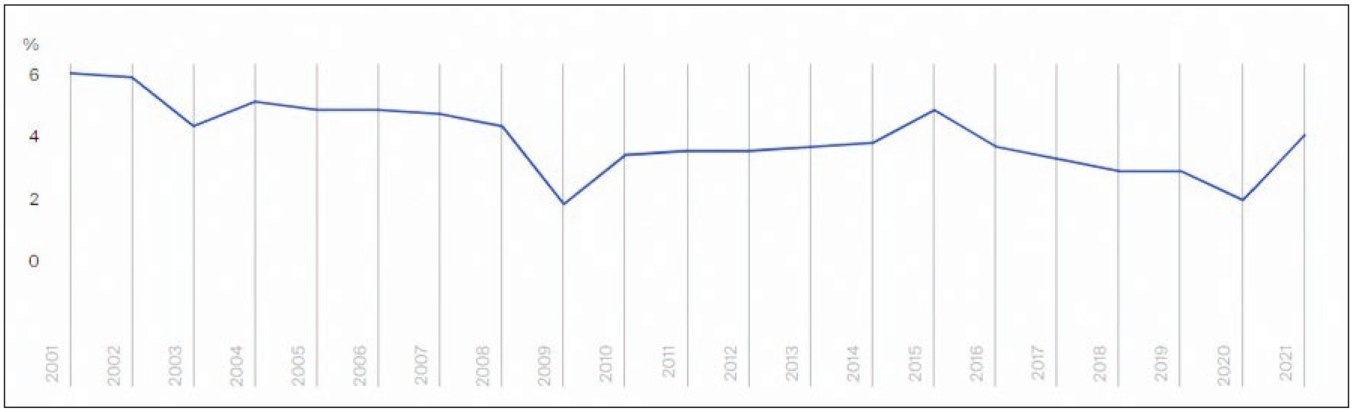
I think it's tough to compare with others, but I can highlight three attributes.

Longevity: Forty years ago, we were one of the first non-commodity sovereign wealth funds to be set up. I believe that to build up investment experience and an investment philosophy takes a fair amount of time. We've been around for a fairly long time, and so that's definitely one competitive advantage we have.

Flexibility: We have the ability and capability to invest in different asset classes and we've got the flexibility to move between them.

Long-term focus: GIC is genuinely long-term. When we are assessed by our client, and in our annual reports, we refer to 20-year returns. And I think when you talk about these long-term returns all the time, internally as well, it does affect people's behaviour such that you genuinely think very long-term. So, for example, when we look at a family-owned business, we very often think about what their company will look like in 15 or 20 years. We ask, what is their business philosophy, what are their views on family involvement, and so on. When you think 20 years out, you assume that every investment you are going to make is for a fairly long period of time. And that does change the way you look at things.

GIC's long-term returns (20-year rolling real rate of return since 2001)



As per GIC's Annual Report 2020/21. Year ended March 31st, 2021.

Q: Prof. Karl Moore

Arjun, as Head of GIC's Integrated Strategies Group, what's your investment approach to and perspective on family-controlled businesses?

A: Arjun Khullar

The Integrated Strategy Group ("ISG") was set up about nine years ago, and our philosophy at that time really was to try and create new investment opportunities for GIC beyond what we were already doing. ISG, as with the rest of GIC, has great flexibility to invest across public and private markets, asset classes and geographies.

First, we spend a lot of time working with family-owned businesses and entrepreneurs in the U.S., Europe, and Canada. I believe that family-owned businesses in developed markets have possibly been ignored, even though they are a source of great value.

Second, I think that given our experience in Asia, we think well-run family businesses are highly aligned with our views on long-term perspective. They are willing to make large long-term investments and that really resonates with us. One of our big challenges is that we have capital to invest over a very long-time horizon, so the key question is: how do you ensure you keep it invested in a good asset? What we like is that if we put our money in well-run family-controlled businesses with an ethos similar to ours, we can keep compounding it and keep providing growth capital to their businesses, regardless of public or private ownership. If a family member wishes to exit, they may need some financing to do that, and we can help there too.

"For families in Europe and North America who want access to an Asian network, we are able to do so because of our on-the-ground presence and long-term exposure in the region. I think this also helps with our relationships in Asia because we cross-pollinate different portfolio companies from across the globe."

We are also very discreet, which is an attribute appreciated by families. And because we have flexibility in how we invest, we can do so in a way that works for the family, as long as the returns are commensurate with the risk we are taking. Often, we find that families also want an investor who gives them access to relationships. For families in Europe and North America who want access to an Asian network, we are able to provide it because of our on-the-ground presence and long-term exposure in the region. I think this also helps with our relationships in Asia because we cross-pollinate different portfolio companies from across the globe.

Dr. Moore and Vincent Joli-Coeur meeting with Arjun Khullar at GIC's head office in Singapore

Q: Prof. Karl Moore:

Do you tend to sit on boards and get involved, or is it a bit more hands off? What's your approach to the interaction with family businesses?

A: Arjun Khullar

Our general philosophy is that we are long-term investors, and we want to be good investors, but we are not necessarily good managers of businesses. I think the first thing when we're investing with a family is really making sure we're comfortable with their integrity and their values. This is the number one gating item.

The second is to look at management quality and the underlying business. And once we become comfortable with that, we typically take a minority stake and have seats on the board. We also generally have standard covenants which protect the minority investors. But our main philosophy is that you have got to trust the team you are going in with. And on that basis, we will be a minority investor. And that's why, very often, when we have discussions with families, we spend quite a lot of time getting to know them. And we want them to get to know us as well, because this is going to be a long-term relationship. So it's very important to build the trust and really find out what works for them, what motivates them, how they think, how they hire, and what their philosophies and values are. You can read a lot of that in annual reports, but it's also about meeting and getting to know them and figuring out what people really are like.

> *"I think the first thing when we're investing with a family is really making sure we're comfortable with their integrity and their values. This is the number one gating item."*

Q: Prof. Karl Moore

Interesting. How does GIC relate to family-owned companies?

A: Arjun Khullar

In a sense, family-owned companies are a perfect fit for us, as a lot of entrepreneurs tend to also become intergenerational businesses, and we view GIC as an intergenerational fund. From a family's perspective, you really want to have a partner who will be with you for the journey. At GIC, we realize that when we invest in businesses, there are going to be ups and downs. That's something we understand and we're willing to live with it. Our focus is that the entrepreneur's family has utmost integrity and treats their partners equally and fairly, and that when things get tough, we can work together to make it better.

In my view, one of the main benefits of family-controlled businesses is that they are willing to take this long-term view.

Q: Prof. Karl Moore

Should you talk about stakeholder returns rather than shareholder returns?

A: Arjun Khullar

I think you can't have good shareholder returns without good stakeholder returns. Whether you talk about stakeholder returns or shareholder returns, they are linked. In our case, we always think about stakeholder returns because if you don't have proper stakeholder returns, you're not going to have sustainable shareholder returns, and long-term sustainable returns are key to us.

Q: Prof. Karl Moore

What's the role of the Board of a family-owned company? Should it be involved in the strategy?

A: Arjun Khullar

I think it really depends on the organization. I think if you're looking at a family-owned business, the entrepreneur is likely to lead strategy and have the vision. I think the Board should be aware of the entrepreneur's strategy, track the progress and most certainly act as a sounding board. The entrepreneur should then also be open to taking advice from the Board and listening to differing views. For GIC, our experience of investing across geographies and industries for a long time gives us great institutional knowledge which we share for the benefit of our investees. Ultimately, their success will also be our success.

"In a sense, family-owned companies are a perfect fit for us, as a lot of entrepreneurs tend to also become intergenerational businesses, and we view GIC as an intergenerational fund."

GIC

GIC was founded in 1981 and is part of a larger approach to public finances that Singapore has adopted since its independence in 1965. Thinking long-term is at the core of the philosophy, and GIC was an unconventional idea, the first sovereign wealth fund that was funded not from commodity earnings but from the reserves of the government of Singapore. It was also established on the proposition that Singapore's reserves should be managed by an indigenous national entity rather than by external fund managers. This long-term focus was instilled from its foundation by its first Chairman, then- Prime Minister Lee Kuan Yew.

Today, GIC is recognized as one of the world's top sovereign wealth funds, with over 1,800 employees across 10 offices globally.

Conversation with Charles Paris de Bollardière

(Company Secretary of TotalEnergies (2009-2021))

The European Perspective

Q: Prof. Karl Moore

Dear Charles, given your long experience with European company boards, either with family-controlled firms such as Steria or widely held France-based multinationals such as TotalEnergies, can you describe the major differences between them?

A: Charles Paris de Bollardière

I believe one of the main reasons for the success and longevity of family-controlled companies is "affectio societatis," which is part of France's Code Civil established under Napoleon in 1804 (article 1832). "Affectio societatis" is a key French legal concept meaning that the cornerstone of any business resides in two or more people sharing a same idea, a same vision, and who mutually commit themselves to achieving the purpose of such association. France is home to many companies where both family owners and employees are aligned in sharing the same vision and a long-term focus. I would say the key differentiating factor is the long-term personal nature of relationships within a family-controlled business, among owners, employees, and the company's network of stakeholders. This is most often considered as the key to ensuring natural alignment of long-term goals, a key manifestation of "affectio societatis." Affectio societatis can also be significantly reinforced when employees own a large stake in a company, as is the case for TotalEnergies where employees own approximately 6.8% of the company. It develops a long-term owner's mindset. Interestingly, the four largest companies of the Euronext Paris stock exchange have strong family or employee shareholding.

Company	Market Capitalization	Ownership Structure
LVMH	€ 328 Bn	Strong Family Shareholding
L'ORÉAL	€ 195 Bn	
HERMÈS PARIS	€ 136 Bn	
TotalEnergies	€ 120 Bn	Strong Employee Shareholding

Market Capitalization as of March 31, 2022

Q: Prof. Karl Moore

Can you share any examples of "affectio societatis" at large French family companies?

A: Charles Paris de Bollardière

Yes, let me start with Wendel. It is one of France's oldest companies with over 315 years of history. It was founded in Lorraine province in 1704 with a focus on steelmaking. After steelmaking was de facto nationalized by the French government in the 1970s, it turned its focus to long-term investing and is now one of Europe's leading listed investment firms. Today, Wendel still counts on the Wendel family as a core shareholder, represented by 1,600 descendants of Jean-Martin Wendel jointly controlling 39% of Wendel's stock, alongside other shareholders such as institutional investors and employees. Since the company's transformation in 1977, Wendel has invested in many industrial companies such as construction materials provider Saint-Gobain, the IT services company Capgemini, the biotechnology company BioMérieux, the testing, inspection and certification firm Bureau Veritas and the flooring specialists Tarkett. For over three centuries, Wendel has successfully maintained "affectio societatis" status linking its 1,600 family owners to its stakeholders in working toward the same business goals and values.

"Affectio societatis" is also demonstrated within France's luxury retail sector in which the key players are controlled by French families. This includes global leaders such as such as LVMH, L'Oréal, Kering and Hermès.

LVMH's success started when Bernard Arnault acquired Christian Dior in 1984. In the 1990s he gained control of Louis Vuitton Moet Hennessy and kept investing billions of euros in acquiring over 70 luxury brands and integrating them under the LVMH umbrella. Today LVMH is the world's most valuable luxury goods conglomerate, and Mr. Arnault's children occupy various executive positions within the group. For example, his son Alexandre runs Rimowa as the company's President. He has also been appointed as EVP of Product and Communications at the newly acquired Tiffany & Co, which was acquired in 2021 for US$ 15.8 Bn. Both Rimowa and Tiffany & Co are some of the most renowned and successful LVMH brands, in which Alexandre plays a vital role.

As for Kering, the French luxury group that owns Gucci, Bottega Venetta, Balenciaga, Yves Saint Laurent and many other brands, its history goes back to 1963 when it was a timber-trading company founded by François Pinault. It is now led by his son François-Henri Pinault who has been President and CEO since 2005.

Another example would be Hermès International S.A. Its roots go back to 1837 when it was founded by Thierry Hermès. Under the leadership of Jean-Louis Dumas, son of Robert Dumas-Hermès, who became Chairman in the late 1970s, the business took off and became public in 1993.

Today, it is managed by his nephew Axel Dumas, who represents the 6th generation of the family business. The Dumas-Hermès family controls approximately 78% of Hermès. In my opinion, the close relationship between family owners, other shareholders and employees fosters the natural long-term alignments of vision that family-controlled companies share.

Q: Prof. Karl Moore

Can you provide examples of this long-term focus for European private family companies?

A: Charles Paris de Bollardière

Yes. I served for 12 years as independent director and then Chairman of the Audit Committee of Steria, a private French leader in the IT sector, controlled by the Carteron family. It subsequently merged with another corporation, Sopra, and is now known as Sopra-Steria, which is publicly listed with the Pasquier family as the new controlling shareholder. Today, Sopra Steria ranks as one of Europe's top five European digital-transformation players, with 2021 revenues of €5.2 billion.

> *"In my opinion, the close relationship between family owners, employees and shareholders fosters the natural long-term alignments of vision that family-controlled companies share."*

Q: Prof. Karl Moore

Are there any special incentives in France to support family ownership?

A: Charles Paris de Bollardière

Yes. First, the French government has reduced the tax burden on long-term control, acknowledging that maintaining control has always been challenging for families, especially those involved in capital-intensive sectors. This was exacerbated in 1981 when Socialist President François Mitterrand imposed the "Impôt sur les Grandes Fortunes" (IGF), a significant wealth tax that created a disincentive for large families to accumulate and pass on their wealth to future generations, in share capital among other forms. The IGF regime was transformed in December 2017 by President Emmanuel Macron and his prime minister Edouard Philippe in a new "Impôt sur la fortune immobilière" (IFI) which now provides for taxation of valuable real estate and not liquid productive assets. Essentially, the French government wanted to create incentives to retain job-creating capital and attract further investment to the country. This also sent the message that the government understood that long-term ownership of companies fosters innovation and job creation, which is good for the overall economy.

Second, legislation called the "Dutreil Pact", voted in 2003, provides for reduced taxation of estates when the inheriting generation keeps its shares within the family business. This is a substantial incentive for families to maintain control, since estate taxes are a significant burden in France with a maximum rate of 45%, compared to neighbouring countries like Belgium or Switzerland where there is practically no estate tax.

Q: Prof. Karl Moore

In Canada, multiple-voting-class shares can be implemented as a means of control, as is the case for some of the 44 companies included in the NBC Canadian Family Index. Are multiple-voting shares permitted in France?

A: Charles Paris de Bollardière

Apart from legacy governance structures, multiple-voting shares are not permitted in France other than shares that are awarded double votes when held for a certain period. In recent years, all publicly listed French companies have had to amend their bylaws to make way for provisions of a new regulatory framework called "Florange" providing that registered investors will see their voting power per share automatically double after they have held them for at least two years. The French government passed the Florange Act in 2014, departing from the "one-share-one-vote" principle that had prevailed until then.

Furthermore, in Europe it is typical to see influential families team up or move together to control a business. Many family businesses either own minority stakes in corporations owned by other families or invest alongside one another to control a given corporation. For example, in the case of Carrefour, one of the largest grocery chains in France, which the Canadian company Alimentation Couche-Tard last year attempted to acquire for $20 billion, the Moulins family, owners of the Galeries Lafayette SA, the Arnault family at the helm of LVMH and the Brazilian tycoon Abilio Diniz, which together owned a substantial control block of the company, acted jointly in response.

"In Europe it is typical to see influential families team up or move together to control a business."

Q: Prof. Karl Moore

How do you view the importance of family control in Canada, looking at the 44 companies included in the NBC Canadian Family Index?

A: Charles Paris de Bollardière

I have to say that I am impressed by the importance of Canadian family-controlled globally. As a foreign observer who has visited Canada many times, I know that Canada, like France, has an economy where families play a leading role. I see more and more Canadian companies adopting an internationalization strategy as well. A good example of globalization strategy is that adopted by Couche-Tard, where I also note the important role the founders play in overall strategy (Mr. Alain Bouchard and his daughter Karinne on the Board, Mr. Fortin and his son also represented) while at the same time relying on a strong management team led by a non-family member, which I find a great combination.

"I have to say that I am impressed by the importance of Canadian family-controlled globally. As a foreign observer who has visited Canada many times, I know that Canada, like France, has an economy where families play a leading role."

In looking at companies such as CGI, whose founder Serge Godin and his daughter Julie Godin are on the Board and control the company through multiple-voting shares, I also note their growing presence in Europe. They have acquired the U.K.-based IT firm Logica in 2012 and just recently announced their intention to acquire Umanis, a French digital services company.

With Canada Goose, another of these Canadian companies with a strong global reputation, we see a little bit of Canada everywhere, not only on the ski slopes of the Alps, but also in Paris when the temperature drops!

That said, I also think that France and Canada have mature economies and our most successful companies understand they can export their success and capture growth abroad. While both our nations try to create opportunities for our larger companies, we also want to create fertile ground for emergence of up-and-coming founder-led unicorns which themselves will probably evolve into multi-generational family companies. I think of Xavier Niel, the founder of Free, a French Internet service provider, and mobile operator Iliad, who opened Ecole 42 in Paris to create a European equivalent of Silicon Valley for tech talent to meet venture capital. Who knows where the next Facebook or Shopify will come from?

To answer your question on the importance of family control for a country, I think that Canada has created a governance framework that works well for all stakeholders, which is the cornerstone of long-term success and "affectio societatis." I think that the increasing number of Canadian companies making inroads in the international

École 42 in Paris, France (Photo: William Beaucardet)

markets is a testament to Canada's overall success in creating a framework where businesses can strive. It is also a testament to the quality of the goods and services being exported by the many family-controlled businesses that call Canada home.

"I think that seeing an increasing number of Canadian companies making inroads in the international markets is a testament to Canada's overall success in creating a framework where businesses can strive."

Charles Paris de Bollardière

Photo credit: Stéphane de Bourgies

Charles Paris de Bollardière served, until recently, as Corporate Secretary of France-based TotalEnergies SE, one of the seven "supermajor" oil companies in the world. Prior to that, he held several directorship positions at European companies among others at a family-controlled firm, Steria SCA (now Sopra-Steria) where he was Member of the Supervisory Board from 2000 to 2012.

Mr. de Bollardière has a unique perspective on European businesses and family-controlled firms on the Old Continent.

Mr. de Bollardière began his career at Total in 1979, working as an oil field engineer on assignments in France and Indonesia. In 1986, he moved to the Finance Division where he held various positions. While with the Division, he was appointed Group Treasurer in 1999. In 2009: he was appointed Company Secretary of TotalEnergies by decision of the Board of Directors, a position he held until September 2021.

Conclusion

Canada benefits from being the world's second largest country by landmass. It is also fortunate to have in abundance most of what the world needs, such as low-cost hydroelectric power, oil & gas reserves among the world's largest, fresh water, wheat, potash, canola among other natural resources. Ranked as the world's fifth largest producer of natural gas and the world's fifth-largest producer of oil, Canada is ready to face the challenges ahead. With great power comes great responsibilities.

Canada is well positioned to be among the leaders of the "green" transition and address climate change. It can also rely on the leadership of many of its business executives featured since our original Canadian Family report in 2015 that are primed to become the actors of change in this environment.

Half a world away, in Australia, another country blessed with abundant natural resources, and one of the world's largest exporters of coal and gas, the recently elected Prime Minister Anthony Albanese committed publicly to have his country become a "renewable energy superpower". In this country, some Canadian family-controlled companies such as Canadian Utilities Limited take a lead role in energy transformation for projects such as the Clean Energy Innovation Park, Australia's first commercial scale hydrogen production supply chain.

In Canada, Nancy Southern, Chair & Chief Executive of ATCO Ltd. and Chair & Chief Executive of Canadian Utilities Limited (two companies member of the NBC Canadian Family Index), commented in a recent interview:

> *"Hydrogen can be a nation builder. From coast to coast this is something that can be done to bring great prosperity to our country. To meet the world's energy needs and decarbonize at the same time."*

Nancy Southern – "The business of nation building: the future of our energy sector" - Calgary Chamber (February 3rd, 2022)

Another Canadian on the world stage taking the lead on energy transition is Dominic Barton, the newly appointed Chairman of Rio Tinto, one of the world's largest mining companies. In his recent remarks at Rio Tinto Limited's Annual General Meeting, he stated:

> *"I fundamentally believe that Rio Tinto has the opportunity to make a significant contribution to society by providing the materials that will enable the world to transition to a lower-carbon economy."*

Dominic Barton – "Annual General Meeting 2021 of Rio Tinto Limited" (May 5th, 2022)

"Canada is Rio Tinto's second most important country of operation (after Australia), and one of Canada's largest private hydroelectric power producers. Rio Tinto will certainly play a major role in the energy transition in Canada. In fact, Rio Tinto produces some of the highest quality, lowest-carbon footprint aluminium in the world, all of that in our own backyard."

Outside the energy world, Canadian family-controlled businesses such as Canada Goose are committing to ambitious goals such as achieving net zero emission by 2025.

Conclusion *(Continued)*

> *"Climate change is real and is happening.
> It's not only governments that have to play a role in solving the problem.
> Companies that don't do this won't be around in 20 years."*

*Dani Reiss, Chairman and CEO, Canada Goose
– Sustainability Report 2021*

At Alimentation Couche-Tard, the focus is on solidifying its position as the global leader in charging solutions for electric vehicles ("EV"). The company leverages its EV lab in Norway, the global leader in EV adoption, where it has more than 600 charging stations to be the backbone of the expansion of its global EV charging network.

At Lallemand, a lot of attention and capital is invested in the biological segment of the non-seed agricultural inputs, a $250 billion market globally, and replacing chemical fertilizers, insecticides by plant-based agriculture natural products.

Our upcoming Fall 2022 report will highlight the role played by Canadian family-controlled companies to help Canada become a clean energy superpower, contribute to sustainable growth and the transition to a low-carbon economy.

– Vincent Joli-Coeur

Toronto, Ontario, Canada

Appendix NBC Canadian Family Index Research

Alimentation Couche-Tard Inc.

ATD (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$50.82	Sector Perform	C$57.00	12.9%

Company Profile

Alimentation Couche-Tard is the leader in the Canadian c-store industry, the largest independent c-store operator in the U.S. (based on company-operated stores), and a leader in c-store / road transportation fuel retail in the Scandinavian countries. As of January 31, 2021, ATD's network included >9,200 c-stores in North America, >2,700 locations in Europe, and >340 locations in Hong Kong, primarily operating under the Circle K brand. Historically, ATD has grown both organically and via acquisitions.

Investment Highlights

Heightened SG&A to be accommodated through solid fuel margins/ volume recovery

(1) Fuel volume growth was positive y/y, but still remained challenged vs. pre-pandemic levels given work-from-home trends and ongoing pandemic pressure. Looking forward, ATD expects fuel volumes to recover vs. 2019 levels as economies reopen. (2) ATD continued to deliver solid fuel margins due to favourable market conditions and supply chain optimization; we expect these trends to persist. (3) SG&A was heightened due to higher labour costs, marketing expenses and general inflationary pressure. While ATD attempts to mitigate these pressures through various initiatives (cost optimization, hiring/retention initiatives, price increases), we anticipate elevated SG&A trends to continue in the near term.

Management reiterates financial aspirations

(1) ATD reiterated its F2023 organic EBITDA target of $5.1 bln (in line with our view). Management cited progress with its various initiatives: Fresh Food Fast, pricing/promotion, assortment, cost optimization and network development. (2) ATD repurchased ~$510 mln in shares during Q3/F22 and $231 mln in shares subsequent to the quarter.

Risk Factors

The key risks to our outlook include volatility in gasoline margins, foreign exchange (Canadian dollar, European currencies), acquisition integration and regional economic conditions.

Valuation

We value ATD at 16.0x our F23/F24 EPS (adjusted for FX).

STOCK DATA

52-Week High and Low ($)	55.42-39.58
Dividend per Share ($)	0.40
Dividend Yield (%)	0.8
Shares Outstanding (Mln)	1,061.7
Market Capitalization ($Mln)	53,955.6
Enterprise Value ($Mln)	62,786.5

All stock data in C$.

NBCFM ESTIMATES & VALUATION

Fiscal Y/E April	2021A	2022E	2023E
Revenue ($Mln)	45,760.1	61,743.4	66,614.1
Adj. EBITDA ($Mln)	5,004.8	5,085.6	5,071.0
Adj. EBIT ($Mln)	3,619.9	3,692.1	3,552.9
Net Income ($Mln)	2,716.6	2,675.2	2,539.3
Adj. EPS ($)	2.45	2.51	2.51
Dividend / Share (C$)	0.32	0.40	0.46
P/E (x)	16.3	16.0	16.0
EV/EBITDA (x)	9.9	9.7	9.8

All figures in US$ unless otherwise noted

Source: Refinitiv, NBF and Company Reports

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Vishal Shreedhar • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate Ryan Li • (416) 869-6767 • ryan.li@nbc.ca
Associate Paul Hyung • (416) 507-9009 • paul.hyung@nbc.ca

ATCO Ltd.

ACO.X / ACO.Y (TSX; TSX) C$42.16; C$42.00	STOCK RATING	TARGET	EST. TOTAL RETURN
	Sector Perform	C$45.00	11.2%

Company Profile

ATCO business includes Utilities (natural gas and electricity distribution and transmission), Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management), Transportation (ports and transportation logistics) and Commercial Real Estate.

Investment Highlights

ATCO operates under a two-tier common share structure with non-voting and voting shares that are entitled to share equally in the earnings and dividends of the company. ATCO's common share structure consists of Class I (non-voting; TSX: ACO'X) and Class II (voting; ACO'Y: TSX) common shares representing ~88% and ~12% of aggregate common shares outstanding. Overall, we estimate that ~90% of ATCO's 2023e adjusted EBITDA stems from its Utilities segment, ~2% from Energy Infrastructure, ~7% from Structures & Logistics and <1% from Neltume Ports.

Growth Profile

ATCO's $3.2 bln Utility capital program for the 2021-2023 period, reflects a ~2% rate base CAGR, supporting its focus on regulated utilities and long-term contracted assets (~97%) in select global markets. Meanwhile, ATCO previously announced an agreement to acquire the rights to develop the 325 MW Central West Pumped Hydro Storage project located near Sydney, Australia, reflecting a potential investment of ~$500 mln, albeit FID is not expected until 2023 with commercial operations in 2026. In addition, ATCO and Suncor jointly announced a collaboration on the early stages of design and engineering of a potential clean hydrogen project. The proposed project would be capable of producing >300,000 tons of hydrogen per year while capturing >90% of the carbon emissions at its Heartland Energy Centre (ISD: 2028).

Risk Factors

There is no assurance that regulators will allow higher ROEs or rate bases at any of the Company's regulated utilities. Declining long-term interest rates may also negatively impact the allowed rate of return determined in setting customer rates. The company's business segments are also subject to macroeconomic growth, unfavourable macroeconomic conditions may decrease the rate of growth. There is no guarantee that ATCO will have access to the equity or debt capital markets on favourable terms to fund future growth prospects. Cash flows from the company's international operations are subject to foreign exchange risk.

Valuation

Our $45.00 target is based on a risk-adjusted dividend yield of 4.50% applied to our 2023e dividend of $1.87/sh, a 13.0x multiple of our 2023e Free-EBITDA and our DCF/sh valuation of $45.00.

Analyst **Patrick Kenny, CFA** • (403) 290-5451 • patrick.kenny@nbc.ca
Associate **Zach Warnock, CFA** • (403) 355-6643 • zach.warnock@nbc.ca
Associate **William Duforest** • (403) 441-0952 • william.duforest@nbc.ca

STOCK DATA

52-Week High and Low ($)	54.97-27.72
Dividend per Share ($)	1.85
Dividend Yield (%)	4.5
Shares Outstanding (Mln)	114.7
Shares Outstanding - FD (Mln)	114.7
Market Capitalization ($Mln)	4,753.5
Enterprise Value ($Mln)	23,658.7

NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021E	2022E	2023E
EBITDA ($Mln)	1,789.3	2,013.9	2,025.1
EV/EBITDA (x)	12.1	11.8	11.7
Maintenance Capex ($Mln)	480.0	480.0	480.0
Free-EBITDA ($Mln)	1,309.3	1,533.9	1,545.1
EV/Free-EBITDA (x)	18.0	15.4	15.3
P/E (x)	12.5	12.5	12.3
AFFO/sh ($)	2.46	2.62	2.87
P/AFFO (x)	16.8	15.9	14.5
Dividend / Share ($)	1.79	1.85	1.87
Dividend Yield (%)	4.3	4.5	4.5
Adj. Payout Ratio (%)	73	70	65
Net Debt / EBITDA (x)	5.1	4.6	4.5

All figures in C$ unless otherwise noted

Source: Refinitiv, Company Reports and NBF Estimates

STOCK PERFORMANCE *(Source: FactSet)*

For required disclosures, please refer to the end of the document.

Bombardier Inc.

BBD.B / BBD.A (TSX; TSX) C$1.83; C$1.85	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$2.65	44.8%

Company Profile

Bombardier is a leading manufacturer of business jets and provider of aftermarket services for business aviation.

Investment Highlights

Positive trends continue in the business jet market: The key driver of our Outperform rating is the ongoing strengthening in the business jet market. In the most recent quarter, Bombardier's backlog grew to $12.2 billion from $11.2 billion in the prior quarter. Business jet utilization, which is typically a positive leading indicator for new order activity globally, is running ahead of pre-pandemic levels. Given the strong backdrop, Bombardier expects to increase aircraft deliveries 15-20% in 2023.

Path to improving margins: Bombardier is targeting 2025 EBITDA of $1.5 billion (~20% margin) with margin improvement from a cost reduction program aimed at generating $400 million in annual savings, higher margins on the Global 7500 program as it comes down the cost learning curve and from a higher percentage of revenue from the higher-margin aftermarket business. For full-year 2022, Bombardier is guiding for revenue of $6.5 billion and EBITDA of $825 million.

Balance sheet and cash flow improving: Bombardier's financial position has improved significantly with liquidity sitting at $2.1 billion and no debt maturities until late 2024. Free cash flow turned positive in 2021 and the company's 2025 target for $500+ million in free cash flow looks achievable.

Risk Factors

Cyclical end market: Demand for business jets has historically been tied to the broader economic cycle.

Competitive end market: Bombardier faces strong and better capitalized competitors in the business jet market.

High leverage: Leverage for the company remains high.

Valuation

Our target is based on a 8.5x EV/EBITDA multiple on our 2025 estimate which we discount back at 10%/year.

STOCK DATA

52-Week High and Low ($)	2.28-0.53
Shares Outstanding - FD (Mln)	2,398.9
Market Capitalization ($Mln)	4,507.9
Enterprise Value (US$Mln)	9,282.3

All figures above in C$ unless otherwise noted

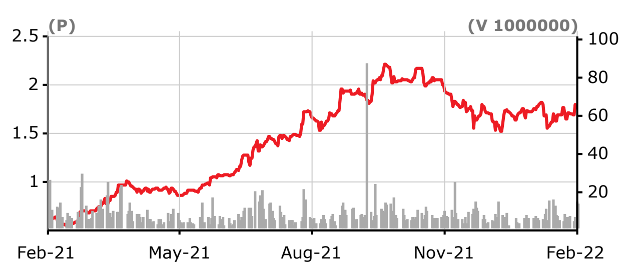
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	6,085.0	6,537.0	7,080.0
EBITDA ($Mln)	641.0	854.8	1,072.4
Net Income ($Mln)	5,041.0	(160.7)	42.0
Adj. EPS ($)	(0.08)	(0.08)	0.02
Free Cash Flow ($Mln)	103.0	77.5	245.6
Net Debt (Cash) ($Mln)	5,372	5,374	5,209
Net Debt / EBITDA (x)	8.9	6.7	5.2
EV/EBITDA (x)	14.5	10.9	8.7
P/E (x)	NA	NA	72.3

All figures in US$ unless otherwise noted

Source: Bombardier, Refinitiv and NBF

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Cameron Doerksen, CFA • (514) 879-2579 • cameron.doerksen@nbc.ca
Associate Alex Hutton, MBA • (416) 869-8281 • alex.hutton@nbc.ca

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

NBCFM Research | **Company Snapshot**

Consumer Durables & Apparel
Industry Rating: Overweight (NBF Economics & Strategy Group)
March 25, 2022

BRP Inc.

DOO / DOOO (TSX; NASDAQ) C$95.94; US$76.83	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$136.00	42.4%

Company Profile

BRP Inc. is a global leader in the design, manufacturing and marketing of powersports vehicles. The company has leading market positions in the snowmobile, personal watercraft (PWC), all-terrain vehicle (ATV), side-by-side vehicle (SSV), boat market and the on-road three-wheeled vehicle segment.

Investment Highlights

Powersports demand still looks strong: The powersports industry is currently challenged by supply chain issues that are limiting units available for sale at the dealer level, but underlying retail demand remains strong. BRP is guiding for F2023 revenue to be up 24-29% with EPS up 8-12%. At the end of fiscal Q4, BRP's dealer inventory was down 60% vs two years ago that will drive restocking at dealers through F2024 supporting BRP's revenue growth beyond the current fiscal year.

New product introductions driving market share gains: Q4 retail sales for BRP were down 7% y/y due to lack of unit availability at the dealer level as well as tough comparisons. This decline was nevertheless better than the industry where retail was down low-teens percentage, pointing to market share gains. Management estimates that it gained ~3% market share in the broader powersports industry last year and has gained 10% share over the past six years. BRP will maintain an aggressive new product rollout plan that includes the recently launched Sea-Doo Switch pontoon boat as well as the expected launch of new electric models including a new 2-wheel EV motorcycle in 2024 that is a new market segment for the company.

Track record of returning cash to shareholders. BRP has a successful track record of returning cash to shareholders, and that will continue this year as the company has increased its dividend by 23% and announced a substantial issuer bid for $250 million worth of stock. We expect BRP to generate strong free cash flow over the next two years, so we anticipate the company will also be active with its NCIB.

Risk Factors

Cyclicality of business: BRP's products are discretionary items so in a broader economic slowdown demand for powersports vehicles will undoubtedly be negatively impacted. **Competitive markets:** BRP faces intense competition across all of its product lines including from some larger and better-capitalized players. **Supply chain and commodity costs:** BRP's vehicle production and costs can be impacted by supply chain challenges and fluctuations in commodity prices.

Valuation

We value the stock by applying a 7.0x EV/EBITDA multiple to our F2024 forecast.

STOCK DATA

52-Week High and Low ($)	129.98-73.74
Dividend per Share ($)	0.64
Dividend Yield (%)	0.7
Shares Outstanding (Mln)	83.7
Shares Outstanding - FD (Mln)	84.2
Market Capitalization ($Mln)	8,029.4
Enterprise Value ($Mln)	9,951.0

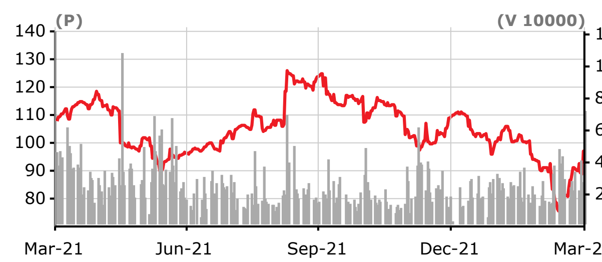
NBCFM ESTIMATES & VALUATION

Fiscal Y/E January	2022A	2023E	2024E
Revenue ($Mln)	7,647.9	9,555.7	10,101.3
EBITDA ($Mln)	1,462.1	1,623.7	1,691.0
Net Income ($Mln)	794.6	886.5	926.8
Adj. EPS ($)	9.92	10.81	11.33
Free Cash Flow ($Mln)	19.5	818.3	717.6
Net Debt (Cash) ($Mln)	1,922	1,405	738
Net Debt / EBITDA (x)	1.3	0.9	0.4
EV/EBITDA (x)	6.8	6.1	5.9
P/E (x)	9.7	8.9	8.5

All figures in C$ unless otherwise noted

Source: Refinitiv, BRP and NBF

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Cameron Doerksen, CFA • (514) 879-2579 • cameron.doerksen@nbc.ca
Associate Alex Hutton, MBA • (416) 869-8281 • alex.hutton@nbc.ca

Canadian Tire Corporation, Limited

CTC.A (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$178.47	Outperform	C$236.00	35.4%

Company Profile

Canadian Tire is one of the largest retailers in Canada with more than 1,700 retail and gasoline outlets. Canadian Tire's primary retail business categories include Automotive, Living, Fixing, Sports, Playing and Apparel. The company also has a Financial Services division, which offers products and services such as credit cards, retail deposits and insurance.

Investment Highlights

An ambitious agenda

We view CTC's plan favourably as it aims to deliver growth while building a stronger business. (1) CTC will invest $3.4 bln over four years. Specifically, it will invest $2.2 bln for connected omnichannel, $675 mln to strengthen supply chain, and $500 mln for IT infrastructure. (2) Four-year financial aspirations to 2025 are: consolidated sssg (ex. Petroleum) of over 4% annually; retail ROIC of 15%+ (2021 was 13.6%); and diluted EPS of $26+ (2021 was $18.91). (3) Other key pillars include building out owned brands (increasing penetration to >43% from 38% currently) and expanding Triangle Rewards (increasing loyalty sales penetration to >63% from 58% currently).

Investor concerns constrain the multiple

Investor concerns include (a) Broad macro-economic unease regarding the consumer's ability to accommodate inflation, and rising rates; (b) Company-specific concerns including margin performance amid inflation, and supply chain pressure, etc.; and (c) Uncertainty on whether CTC's 2020/2021 performance was aided by transient benefits which may unwind. In addition, institutional investors appear to be rotating out of the discretionary sector, in general.

Risk Factors

Like most Canadian retailers, Canadian Tire remains highly susceptible to sales volatility as a result of unexpected weather patterns and regional economic strength. The company is also susceptible to increasing competition, primarily from foreign retailers.

Valuation

We value CTC using a sum-of-the-parts methodology, reflecting 11.5x our 2023 Retail EPS, 9.5x our 2023 Financial EPS, and CTC's ownership in CT REIT.

STOCK DATA

52-Week High and Low ($)	213.85-168.80
Dividend per Share ($)	5.67
Dividend Yield (%)	3.2
Shares Outstanding (Mln)	61.0
Market Capitalization ($Mln)	10,885.5
Enterprise Value ($Mln)	15,617.6

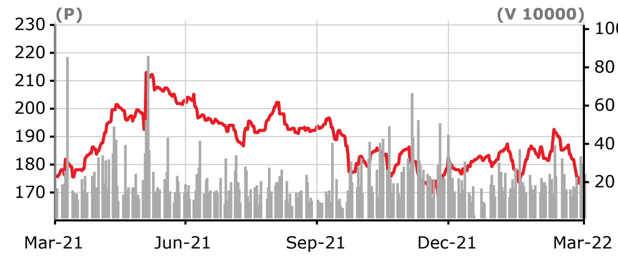
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	16,292.1	16,316.7	16,726.6
Adj. EBITDA ($Mln)	2,666.8	2,682.8	2,788.0
Adj. EBIT ($Mln)	1,965.3	1,956.8	2,025.1
Net Income ($Mln)	1,157.7	1,154.3	1,210.3
Adj. EPS ($)	18.91	19.36	20.77
Dividend / Share ($)	4.83	5.67	7.19
P/E (x)	9.4	9.2	8.6
EV/EBITDA (x)	5.9	5.8	5.6

All figures in C$ unless otherwise noted

Source: Company Reports, Refinitiv and NBF

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Vishal Shreedhar • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate Ryan Li • (416) 869-6767 • ryan.li@nbc.ca
Associate Paul Hyung • (416) 507-9009 • paul.hyung@nbc.ca

Canadian Utilities Limited

CU / CU.X (TSX; TSX) C$36.18; C$35.94	STOCK RATING	TARGET	EST. TOTAL RETURN
	Sector Perform	C$36.00	4.5%

Company Profile

Canadian Utilities Limited (owned 53% by ATCO Ltd.) owns and operates ~ $20 bln of energy infrastructure assets including Utilities (electricity and natural gas transmission and distribution), Energy Infrastructure (electricity generation, energy storage and industrial water solutions) and Retail Energy (electricity and natural gas retail sales).

Investment Highlights

The company's common share structure consists of Class A (non-voting; TSX: CU) and Class B (voting; TSX: CU'X) common shares representing ~70% and ~30% of aggregate common shares outstanding. As at December 31, 2019, ATCO Ltd. (TSX: ACO'X / ACO'Y) held 38.3% of CU's Class A non-voting shares and 90.3% of Class B voting shares.

Growth Profile

The allocation of CU's three-year $3.2 bln capex plan includes $0.8 bln to Electric Distribution, $0.8 bln to Electric Transmission, $0.8 bln to Natural Gas Distribution, $0.6 bln to Natural Gas Transmission and $0.2 bln to International Natural Gas Distribution, expected to drive mid-year rate base growth by ~6% (~2% CAGR) from $14.0 bln in 2020 to $14.8 bln in 2023. Elsewhere, the company anticipates offsetting any near-term rate base growth headwinds with its acquisition of the 130 mmcf/d (expandable to 440 mmcf/d) Pioneer Pipeline for $255 mln (less $63 mln for ~30 km sold to NGTL), factored into rate base (8.5% ROE on 37% equity). Furthering its geographic diversification, Canadian Utilities announced an agreement to acquire the rights to develop the 325 MW Central West Pumped Hydro Storage project located near Sydney, Australia; however, FID is not expected until 2023. Recently, Canadian Utilities and Suncor jointly announced a collaboration on the early stages of design and engineering of a potential clean hydrogen project, capable of producing >300,000 tons of hydrogen per year while capturing >90% of the carbon emissions (ISD: 2028).

Risk Factors

There is no assurance that regulators will allow higher ROEs or rate bases at any of the company's regulated utilities. Declining long-term interest rates may also negatively impact the allowed rate of return determined in setting customer rates. There is no guarantee that CU will have access to the equity capital markets or debt markets on favourable terms to fund future growth prospects. Cash flows from the company's international operations are subject to foreign exchange risk.

Valuation

Our $36.00 target is based on a risk-adjusted dividend yield of 5.00% applied to our 2023e dividend of $1.79/sh, a 15.0x multiple of our 2023e Free-EBITDA and our DCF/sh valuation of $36.00. We currently rate CU a Sector Perform.

Analyst Patrick Kenny, CFA • (403) 290-5451 • patrick.kenny@nbc.ca
Associate Zach Warnock, CFA • (403) 355-6643 • zach.warnock@nbc.ca
Associate William Duforest • (403) 441-0952 • william.duforest@nbc.ca

STOCK DATA

52-Week High and Low ($)	42.97-25.25
Dividend per Share ($)	1.78
Dividend Yield (%)	5.0
Shares Outstanding (Mln)	277.1
Market Capitalization ($Mln)	9,905.2
Enterprise Value ($Mln)	20,273.2

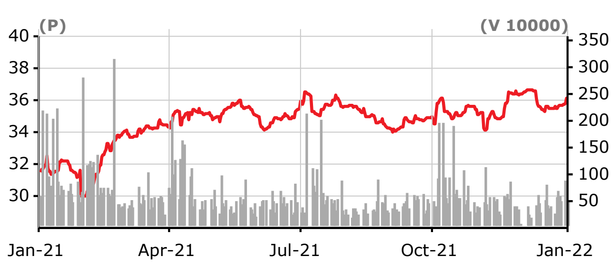
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021E	2022E	2023E
EBITDA ($Mln)	1,607.3	1,841.6	1,862.0
EV/EBITDA (x)	11.5	11.0	10.9
Maintenance Capex ($Mln)	480.0	480.0	480.0
Free-EBITDA ($Mln)	1,127.3	1,361.6	1,382.0
EV/Free-EBITDA (x)	17.9	14.9	14.7
P/E (x)	16.7	16.1	16.0
AFFO/sh ($)	2.89	3.04	3.05
P/AFFO (x)	12.4	11.8	11.7
Dividend / Share ($)	1.76	1.78	1.79
Dividend Yield (%)	4.9	5.0	5.0
Adj. Payout Ratio (%)	61	58	59
Net Debt / EBITDA (x)	6.0	5.2	5.0

All figures in C$ unless otherwise noted

Source: Refinitiv, Company Reports and NBF Estimates

STOCK PERFORMANCE *(Source: FactSet)*



For required disclosures, please refer to the end of the document.

CGI Inc.

GIB.A / GIB (TSX; NYSE) C$103.40; US $81.81	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$135.00	30.6%

Company Profile

CGI is Canada's largest technology company. Headquartered in Montreal, Quebec, CGI has grown its employee base from about 250 in 1982 to about 76,000 today. CGI delivers IT consulting and systems integration services, and outsourcing solutions onsite at client premises and/or remotely through the company's global delivery centres located in North America, Europe and India.

Investment Highlights

What's our Investment Thesis?

In our view, CGI is once again in the midst of another transition — one that's moving the Company up the value chain with an increasing proportion of revenue from intellectual property (IP) - organically built and acquired. We see that driving outsized earnings growth and a premium valuation to its peers. The gravy — opportunistic acquisitions which have historically been a catalyst for this stock.

Here are the following key catalysts to note:

Organic growth momentum,

The prospects for acquisitions with ~$2.7 bln in available liquidity; and

IP and Digital — structural change in the market.

We believe CGI has positioned itself well through the pandemic to harvest investments to drive organic growth, while deleveraging has positioned CGI to execute on the M&A component of its growth strategy. The upside is that both those growth opportunities appear to be hitting their stride at the same time — something we have not seen from CGI in a while. We see those multiple growth drivers positively impacting GIB.a / GIB's valuation. We continue to like CGI for its defensive (recurring cash flow and deleveraging) characteristics and optionality attributes (M&A, expanding margins via IP), particularly given a consistent record of execution.

Risk Factors

1. Execution: Management may fail to increase IP revenue mix; 2. Acquisition / Integration Management may be unable to realize synergies; 3. Threat of "new" digital entrants.

Valuation

We reiterate our Outperform rating and C$135 DCF-based target, which implies a 13.5x EV/EBITDA on our F2022 estimates. This remains a core holding in Canadian Tech.

STOCK DATA

52-Week High and Low ($)	116.88-99.26
Dividend per Share ($)	0.00
Dividend Yield (%)	0.0
Shares Outstanding (Mln)	243.0
Shares Outstanding - FD (Mln)	246.8
Market Capitalization ($Mln)	25,520.3
Net Debt ($Mln)	1,893.4
Enterprise Value ($Mln)	27,413.6

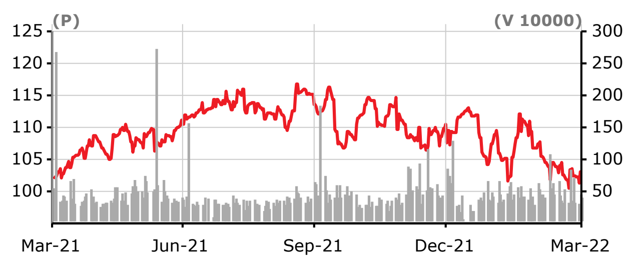
NBCFM ESTIMATES & VALUATION

Fiscal Y/E September	2021A	2022E	2023E
Revenue ($Mln)	12,126.8	12,707.1	13,152.2
EBITDA ($Mln)	2,462.7	2,604.2	2,709.2
Adj. EPS ($)	5.41	6.04	6.37
CFO ($Mln)	2,116	1,992	2,122
Free Cash Flow ($Mln)	1,815.2	1,670.9	1,834.3
FCF / Share ($)	7.35	6.77	7.43
EV/Sales (x)	2.3	2.2	2.1
EV/EBITDA (x)	11.1	10.5	10.1
P/E (x)	19.1	17.1	16.2
P/CF (x)	14.1	15.3	13.9

All figures in C$ unless otherwise noted

Source: NBF, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Richard Tse • (416) 869-6690 • richard.tse@nbc.ca
Associate Mihir Raul • (416) 869-8049 • mihir.raul@nbc.ca
Associate James Burns • (416) 869-8808 • james.burns@nbc.ca

NATIONAL BANK OF CANADA FINANCIAL MARKETS

NBCFM Research | Company Snapshot

Communication Services
Industry Rating: Market Weight (NBF Economics & Strategy Group)
March 17, 2022

Cogeco Communications Inc.

CCA (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$103.48	Outperform	C$141.00	39.0%

Company Profile

Cogeco Communications provides residential TV, Internet and telephony services. After buying Atlantic Broadband (11/30/12), MetroCast Connecticut (6/8/15) and the remainder of MetroCast (1/4/18), the company also offers cable services in the United States. Parent COGECO Inc. owns 33.7% of CCA's equity and controls 83.6% of votes. The Audet Family owns 10.0% of COGECO Inc.'s equity and controls 69.0% of votes. Rogers Communications owns 41.5% of CGO and 34.6% of CCA subordinate shares.

Investment Highlights

Canadian Cable faces lower growth as IPTV competition only partly mitigated by TiVo. Cogeco Communications (Cogeco) is the second-largest cable operator in Ontario and Quebec with its subscribers and financial metrics split approximately 75/25 between the two provinces. Unlike most of its larger Canadian telecom peers, the company doesn't own content assets, though recently acquired spectrum and indicated that it's exploring a potential entry into wireless as a hybrid MVNO/facilities-based operator.

Coping with evolving telco competition with Canadian margins still slowly rising. Though Bell is steadily rolling out IPTV as part of its enhanced bundle in Cogeco's footprint, the latter is well-positioned to leverage its superior broadband network. Although pressure from Bell and ongoing wireless substitution are dynamics that aren't expected to diminish in the near future, margins remain impressive near 52% after rising amidst cost-saving efforts though to 1Q18, with margins generally expanding since.

U.S. Cable benefiting from upside in bundling, tuck-in M&A being pursued. A less fragmented US market in addition to further subscriber gains through bundling initiatives should support ongoing gains at ABB, while FX tailwinds diminish. The company's TiVo product has helped drive further upside to ARPU and reduced customer churn. With respect to acquisitions, Cogeco made it clear that the purchase of Atlantic Broadband marked its first step in the US with future M&A likely in the form of small tuck-in deals. Since then Cogeco has acquired Connecticut-based MetroCast in two transactions (8/8/15 & 1/4/18) and WideOpenWest's Ohio Assets (9/1/21).

Risk Factors

Canadian economic growth or that of CCA's footprint could soften, rising competitive intensity from Wireless substitution continues to impact telephony, and secular pressures persist in addition to intense competition from telecom providers. Although cord-cutting has not yet been significant in Canada, its incidence may intensify as demographics shift. Regulation & other government intervention are risks that must always be considered.

Valuation

CCA is rated Outperform with a target of $141. Our target's based on our f2022E DCF & f2023E NAV, with implied EV/EBITDA multiples of 7.5x f2022E and 7.2x f2023E.

STOCK DATA

52-Week High and Low ($)	123.07-95.50
Dividend per Share ($)	2.82
Dividend Yield (%)	2.7
Shares Outstanding (Mln)	46.6
Market Capitalization ($Mln)	4,819.4
Enterprise Value ($Mln)	9,168.3

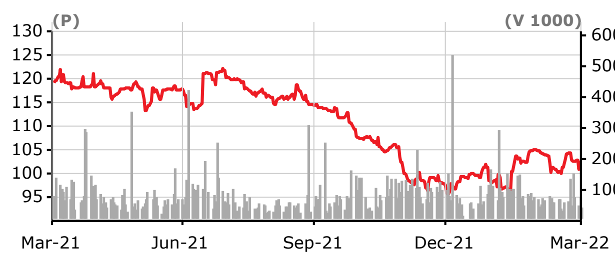
NBCFM ESTIMATES & VALUATION

Fiscal Y/E August	2021A	2022E	2023E
Revenue ($Mln)	2,510.5	2,900.6	2,974.3
EBITDA ($Mln)	1,205.7	1,380.1	1,426.9
EBITDA Margin (%)	48.0	47.6	48.0
Adj. EPS ($)	8.43	9.01	9.79
P/E (x)	12.3	11.5	10.6
EV/EBITDA (x)	6.1	6.4	6.0
Free Cash Flow ($Mln)	486.9	299.8	389.5
FCF / Share ($)	10.26	6.50	8.44
FCF Yield (%)	9.9	6.3	8.2
Capex ($Mln)	533	829	743
Capex Intensity (%)	21.2	28.6	25.0
Net Debt / EBITDA (x)	2.4	3.3	3.1

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and NBF estimates

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Adam Shine, CFA • (514) 879-2302 • adam.shine@nbc.ca
Associate Ahmed Abdullah, CFA • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate Luc Troiani, CFA • (416) 869-6585 • luc.troiani@nbc.ca

Colliers International Group Inc.

CIGI (NASDAQ; TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
US$154.55; C $196.29	Outperform	US$176.00	14.1%

Company Profile

Colliers International is a Commercial Real Estate (CRE) service provider with more than 15,000 professionals worldwide. The company operates under four segments: 1) Outsourcing & Advisory, 2) Investment Management (IM), 3) Leasing, and 4) Capital Markets. Management and the board own 23% of the shares. We also view Colliers as having stayed true to its core, very WSP-like, another growth juggernaut in our coverage, while being agile and ready to act when it matters.

Investment Highlights

Colliers' recently unveiled 2025 objectives (60% / 46% increase in EBITDA / EPS vs. 2021E) are ambitious but in our view achievable. Given the company's strong balance sheet, we believe the company could undertake a $2.4 billion EV capital deployment without needing equity issuance. Getting closer to the company's EBITDA target emanating from 65% of recurring revenue will further bolster the impetus for multiple expansion. Our in-depth due diligence on Colliers suggests that the company sports a unique culture that leads to superior capital allocation and returns. In addition, we are still 5-8% below the prior peaks in the transactional verticals, providing normalization upside; Investment Management (at $46 billion AUM) should continue to enjoy structural growth; A low interest rate backdrop and a second-tier city skew in the U.S. favourably position the company vs. peers for a more sustainable growth trajectory. U.S. infra stimulus (11% lift vs. pre-pandemic run-rate) provides strong visibility for the company's Engineering & Design vertical.

Risk Factors

Including: 1) CIGI's exposure to economic cycles; and 2) integration of acquired companies and synergy realization; 3) competitive pressures.

Valuation

We are increasing our target price on Colliers International with an Outperform rating and US$176.00 target price (from US$170). We are using a 14.0x EV/EBITDA multiple applied to 2023E forecasts (we believe CIGI deserves a premium to peers in addition to the theoretical derivation of the multiple that supports a 14.0x range; note as well that alternative asset management and engineering consulting companies are now trading north of 17x EV/EBITDA, easily supporting the Sum-of-the-Parts valuation).

STOCK DATA

52-Week High and Low ($)	156.77-97.06
Dividend per Share ($)	0.30
Dividend Yield (%)	0.2
Shares Outstanding (Mln)	44.0
Shares Outstanding - FD (Mln)	48.9
Market Capitalization ($Mln)	6,903.4
Enterprise Value ($Mln)	8,342.1

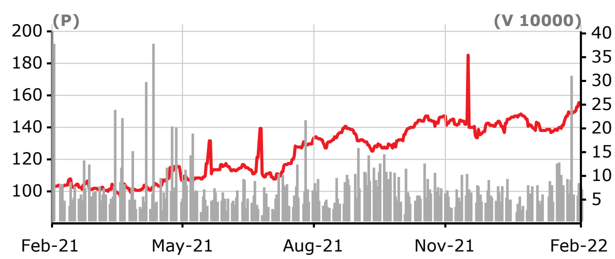
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2020A	2021A	2022E	2023E
Revenue ($Mln)	2,786.9	4,089.1	4,435.9	4,777.6
EBITDA ($Mln)	361.4	544.3	615.9	679.7
EPS - Diluted ($)	4.18	6.18	6.69	6.84
EV/EBITDA (x)	23.1	15.3	13.5	12.3
P/E (x)	37.5	25.4	23.4	22.9

All figures in US$ unless otherwise noted

Source: NBF, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Maxim Sytchev, MSc • (416) 869-6517 • maxim.sytchev@nbc.ca
Associate Alizeh Haider • (416) 869-7937 • alizeh.haider@nbc.ca
Associate Kazim Naqvi • (416) 869-6754 • kazim.naqvi@nbc.ca

Corus Entertainment Inc.

CJR.B (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$5.11	Outperform	C$6.50	31.9%

Company Profile

Corus Entertainment Inc. is a leading integrated media and entertainment company with an attractive base of specialty TV and radio properties, as well as content assets geared to children/families. The Shaw Family Living Trust & related members control 84.7% of votes and 5.9% of equity. Shaw Comms. sold its 38% equity stake in a secondary offering in May 2019.

Investment Highlights

TV ad sales improving, STACKTV/Nick+ growing subs, new initiatives. CJR has 33 specialty channels and 15 conventional TV networks. Recovery in TV ad sales is underway +16% Q1/22 (+21% Q4, +22%Q3) given easy comps but some upside undermined by Omicron, geopolitical backdrop, and supply chain issues. CJR is focused on various initiatives to drive consolidated revenue growth, of which audience segment selling & Cynch ad tech are part of. The two initiatives accounted for 37% of Q1/22 TV ad sales vs. 26% - >400 advertisers using audience segments, >50% using Cynch (moving from trial to adoption). STACKTV/Nick+ (>725K subs now vs. >500K at 4/1/21, 80/20 split). Streaming & ad sales from digital platforms (New Platform Revs) 9% at Q1 vs. 7% of TV ad/sub revs. CJR's TV segment also includes Nelvana and Corus Studios. Nelvana has a children content focus, with production, distribution and licensing activities and a library of 4,700+ episodes, while Corus Studios is geared more towards lifestyle and factual reality series.

Leverage at 2.7x (new target sub-2.5x), plenty of liquidity. Corus had $53M in cash at Q1 & undrawn $300M revolving facility. The covenant is 4.0x (ex-lease liabilities of $143M, proportionate EBITDA). CPE underspend at ~$50M, expected to be dealt with by August 2023. FCF is anticipated to remain strong and allow for deleveraging ahead of the possibility of future tuck-in M&A. Dividend payout remains low at ~20%. New NCIB up to 9.7M shares. Corus intends to use new buyback opportunistically as it views shares as undervalued. Last NCIB wasn't active.

Risk Factors

Corus generates over 50% of its revenues from advertising with traditional media being steadily pressured by marketing dollars moving to digital platforms. Despite benefiting from penetration-based rate cards that offer its subscriber revenues near-term protection from cord-shaving and cord-cutting, the potential loss of subscribers for its specialty TV services could negatively impact advertising sales and, over time, undermine subscriber revenues. Beyond secular pressures, Corus must cope with cyclical challenges that arise during weaker economic periods, let alone recessions and exogenous shocks like the pandemic.

Valuation

Corus is rated Outperform with a $6.50 target. Target is based on f2023E metric in our NAV, with implied EV/EBITDA of 5.7x f2022E and 5.1x f2023E.

STOCK DATA

52-Week High and Low ($)	6.54-4.34
Dividend per Share ($)	0.24
Dividend Yield (%)	4.7
Shares Outstanding (Mln)	208.4
Market Capitalization ($Mln)	1,064.8
Enterprise Value ($Mln)	2,455.5

NBCFM ESTIMATES & VALUATION

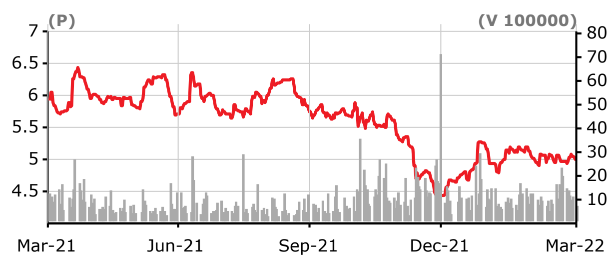
Fiscal Y/E August	2021A	2022E	2023E
Revenue ($Mln)	1,543.5	1,603.6	1,612.6
Adj. EBITDA ($Mln)	524.6	497.0	514.7
Adj. EPS ($)	0.88	0.79	0.89
P/E (x)	5.8	6.4	5.7
EV/EBITDA (x)	5.1	5.1	4.5
Free Cash Flow ($Mln)[1]	254.9	235.0	260.7
FCF / Share ($)	1.22	1.16	1.31
FCF Yield (%)	23.9	22.7	25.7
Adj. FCF ($Mln)[2]	251.9	234.7	260.7
Adj. FCF / Share ($)	1.21	1.16	1.31
Adj. FCF Yield (%)	23.7	22.7	25.7
Payout Ratio (%)	20	21	18

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and NBF estimates

1. CFO - Capex.
2. Per Corus (CFO - CFI + cash used in M&A, investments & MI - disposals).

STOCK PERFORMANCE *(Source: FactSet)*



Analyst **Adam Shine, CFA** • (514) 879-2302 • adam.shine@nbc.ca
Associate **Ahmed Abdullah, CFA** • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate **Luc Troiani, CFA** • (416) 869-6585 • luc.troiani@nbc.ca

Empire Company Ltd.

EMP.A (TSX) C$44.33	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$48.00	9.6%

Company Profile

Empire Company Limited, headquartered in Stellarton, Nova Scotia, operates the second-largest grocer in Canada through its wholly-owned subsidiary Sobeys Inc. Empire also holds real estate-related investments through its equity interests in Crombie REIT and Genstar, a residential property developer.

Investment Highlights

Managing challenges as Project Horizon is on pace

(1) EMP has performed well despite prevalent industry challenges; management highlighted supply chain as the most pressing headwind, followed by inflation. Management believes it has kept shelves stocked better than the broader market. (2) EMP remains on plan to deliver against its three-year Project Horizon financial targets through F2023 (annualized EBITDA growth of $500 mln; 100 bps of EBITDA margin improvement; EPS CAGR of 15%). Management also indicated that certain initiatives planned for F2023 (focused on store optimization/customer experience) will provide incremental benefits in F2024 and beyond.

Updates on e-Commerce/Farm Boy/FreshCo

(1) Empire's online grocery sales grew by 17% y/y. Management noted the launch of the Montreal CFC in early March and anticipates it will be able to service ~85% of the Quebec population by the summer. (2) During Q3, EMP opened two Farm Boy locations, with plans to reach seven net new stores for F2022; recall that EMP aims to double Farm Boy's network over five years (from 26 stores in 2018). (3) During Q3, EMP opened seven FreshCo locations in Alberta; a total of 40 FreshCo locations are expected to be open in Western Canada by the end of F2022 vs. the longer-term target of ~65 locations.

Risk Factors

The primary risks are related to difficult y/y comparisons following benefits from COVID-19 in C2020, inflationary cost pressures, a potentially unfavourable industry backdrop, wage increases, and heightened competitive intensity.

Valuation

We continue to value Empire using a sum-of-the-parts approach. Our price target is based on 7.5x our F23/F24 Food Retailing EBITDA plus the value of Empire's investments (less a 10% discount).

STOCK DATA

52-Week High and Low ($)	44.34-36.20
Dividend per Share ($)	0.60
Dividend Yield (%)	1.4
Shares Outstanding (Mln)	264.9
Market Capitalization ($Mln)	11,743.0
Enterprise Value ($Mln)	18,509.2

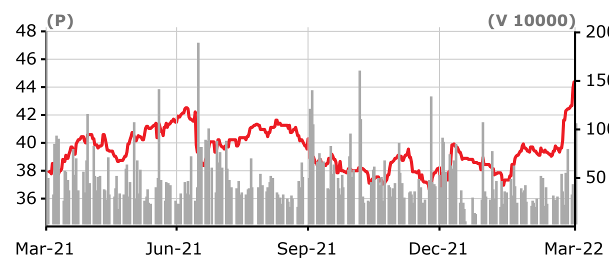
NBCFM ESTIMATES & VALUATION

Fiscal Y/E May	2021A	2022E	2023E
Revenue ($Mln)	28,268.3	29,811.9	30,029.9
Adj. EBITDA ($Mln)	2,143.8	2,309.8	2,426.2
Adj. EBIT ($Mln)	1,299.5	1,353.7	1,456.8
Net Income ($Mln)	701.5	742.5	804.6
Adj. EPS ($)	2.61	2.80	3.10
Dividend / Share ($)	0.52	0.60	0.65
P/E (x)	17.0	16.0	14.5
EV/EBITDA (x)	8.6	8.1	7.7

All figures in C$ unless otherwise noted

Source: Refinitiv, NBF and Company Reports

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Vishal Shreedhar • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate Ryan Li • (416) 869-6767 • ryan.li@nbc.ca
Associate Paul Hyung • (416) 507-9009 • paul.hyung@nbc.ca

Fairfax Financial Holdings Ltd.

FFH / FFH.U (TSX; TSX) C$649.43; US $482.70	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$1,000.00	55.9%

Company Profile

Headquartered in Toronto, Canada and founded in 1985, FFH is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management.

Investment Highlights

Solid underwriting performance. We forecast ~10% BVPS annual growth over the long term through solid underwriting performance and FFH's focus on generating total returns on its asset portfolio - the latter a differentiator versus P&C insurance peers. With NPW of ~$18 bln in 2021, FFH is one of the top 10 insurance companies in North America.

We believe the company's **diversified operations and decentralized management approach** support stable premiums growth (double-digit growth) and consistent combined ratio performance (long-term average of 96%).

Conservative investment portfolio generating 8%/yr since inception. The Fairfax investment philosophy emphasizes total returns over the long term using a conservative, value-oriented approach. This philosophy has served FFH well historically, generating an average annual total return on investments of 8% since inception to 2019. The company's shift from "ultra"-conservative to more "risk-on" (but still conservative) is evident since Q4 2016. Though the timing of net gains is uncertain, we believe FFH holds meaningful upside on several "at-cost" investments. Moreover, continued deployment of cash into other investments as well as declining interest expenses will further support stronger investment profitability. Assuming a ~96% combined ratio for insurance operations, FFH needs to generate annual total return on invested assets of ~4% in order to produce after tax ROE of >10%.

Risk Factors

Upside Risk: i) higher reinsurance renewal pricing; ii) favourable emerging market trends; iii) strong growth in specialty lines; iv) new growth initiatives through acquisitions; v) upside from unrealized investment gains.

Downside Risk: i) influx of alternative capital increasing competition; ii) persistently soft U.S. Commercial markets; iii) investments in associates lose significant value; iv) underwriting risk through claims/premium acquisition expenses exceeding premiums received; v) catastrophes causing significant underwriting losses; vi) market risk through volatile interest rate and equity price performance; vii) material deterioration in economies of operating countries; viii) foreign currency risk.

Valuation

We apply a 1.1x P/B multiple on our Q4 2022 estimate to arrive at our price target.

STOCK DATA

52-Week High and Low ($)	700.00-493.00
Dividend per Share ($)	10.00
Dividend Yield (%)	2.0
Shares Outstanding (Mln)	25.9
Market Capitalization ($Mln)	16,804.9

All data in US$ except 52-week high/low.

NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2020A	2021E	2022E
EPS - Diluted ($)	6.29	111.45	81.01
P/E (x)	81.0	4.6	6.3
Underwriting Income ($Mln)	309.0	538.3	800.0
Operating Income ($Mln)	915.8	1,287.5	1,405.5
Pre-tax Income ($Mln)	244.1	4,098.5	2,911.4
Income Tax ($Mln)	(206.7)	(736.8)	(574.5)
Net Earnings ($Mln)	218.4	3,107.9	2,092.9
Book Value / Share ($)	478.33	582.97	659.12
ROE (%)[1]	1.5	22.6	13.8

All figures in US$ unless otherwise noted

Source: Refinitiv, Company Reports and NBF

1. LTM ROE

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Jaeme Gloyn, CFA • (416) 869-8042 • jaeme.gloyn@nbc.ca
Associate Julia Gul, MFin • (416) 869-7495 • julia.gul@nbc.ca

GFL Environmental Inc.

GFL (TSX; NYSE) C$37.61; US$29.75	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$55.00	46.4%

Company Profile

GFL Environmental provides waste management services that include the collection, transportation, processing, recycling and disposal of solid and liquid waste as well as remediation of soils along with complementary services such as shoring, excavation and demolition. The company offers its services to a wide array of customers across the U.S. and Canada.

Investment Highlights

A diversified essential service provider: GFL is the fourth-largest firm operating within the fragmented North American environmental services industry. GFL's revenue stream is diversified, spread across thousands of customers, two countries and three business segments. GFL generates 74% of its revenue in the $75 bln Solid waste segment. The top four players in this market make up ~45% of industry revenues.

Relatively recession-resistant: The solid waste industry is relatively recession-resistant. GFL's solid waste exposure is largely in secondary markets, which sees less volume impact and comprises almost two-thirds of its total solid waste exposure. Further, a large proportion of GFL's revenue comes from service-based collection activity which bears a variable cost structure and can therefore be controlled.

Positioned for high growth and rising profitability: Driven by more than 100 acquisitions since 2007, GFL has grown rapidly, reaching revenues of $5.5 bln in 2021 (and a CAGR of 44% over the last three years). From Jan'21 to Oct'21, GFL deployed C$2.2 bln for 31 acquisitions, including the acquisitions of the solid waste management and recycling assets of the Peoria Disposal Company and the Alabama Dumpster group and Terrapure.

RNG pipeline grows, with more to come: In FY'21, GFL progressed on its RNG pipeline and its wholly-owned subsidiary GFL Renewables LLC entered into JV agreements at four Municipal solid waste (MSW) landfill sites and is currently negotiating agreements at five additional MSW landfills. These projects are expected to come online in 2023E (first one as early as April'23) and GFL expects these nine RNG projects to generate ~$105-$125 mln (was $65 mln from six projects) in incremental annual FCF with limited dilution.

Risk Factors

GFL faces risk from changing government regulations and commodity prices, more specifically, diesel fuel and natural gas that power its fleet vehicles. Additionally, GFL could retain cash flows to fund internal growth and acquire other environmental service businesses, as a result, returns from accretion may not materialize.

Valuation

Our target is based on a DCF with a 6.75% discount rate and a 3.0% perpetuity growth rate, and a ~15x EV/EBITDA multiple on 2023E estimates. We believe GFL should benefit from the easing of COVID-19 restrictions and recent M&A.

Analyst Rupert Merer, P.Eng., CFA • (416) 869-8008 • rupert.merer@nbc.ca
Associate Viveck Panjabi, CFA • (416) 869-6763 • viveck.panjabi@nbc.ca
Associate Louka Nadeau • (416) 869-7538 • louka.nadeau@nbc.ca

STOCK DATA

52-Week High and Low ($)	54.01-33.25
Dividend per Share ($)	0.05
Dividend Yield (%)	0.1
Market Capitalization ($Mln)	15,115.7
Net Debt ($Mln)	7,788.6
Enterprise Value ($Mln)	22,904.3

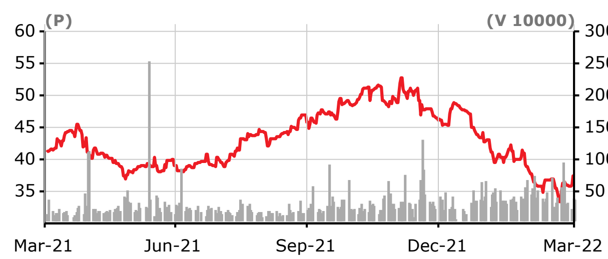
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	5,525.5	6,486.6	7,135.2
Revenue Growth Y/Y (%)	32	17	10
Adj. EBITDA ($Mln)	1,463.7	1,757.0	2,036.0
Adj. EBITDA Margin (%)	26.5	27.1	28.5
Adj. EV/EBITDA (x)	14.9	15.6	13.1
Free Cash Flow ($Mln)	540.3	714.6	843.4
FCF / Share ($)	1.50	1.97	2.33

All figures in C$ unless otherwise noted

Source: Company Reports, Refinitiv and NBF Estimates

STOCK PERFORMANCE *(Source: FactSet)*



Great-West Lifeco Inc.

GWO (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$36.16	Sector Perform	C$39.00	13.3%

Company Profile

GWO is a Canadian financial services holding company that is headquartered in Winnipeg, Manitoba. It is the third-largest Canadian lifeco by market capitalization and provides life insurance, wealth management and reinsurance products to clients in the United States, Canada and Europe. Power Financial Corporation — a Canadian financial services holding company — owns the majority of GWO (67% ownership of common shares), which, in turn, is majority-owned by the holding company, Power Corporation of Canada (66% ownership of common shares). The Desmarais Family Residuary Trust has a controlling voting share in Power Corporation of Canada.

Investment Highlights

MassMutual integration proceeding well

The US$54 mln earnings contribution puts it within 5% of GWO's 2022 guidance, though there may be additional adjustments (e.g., financing costs) that are not included in the quarterly figure.

Putnam posts a profit...and net outflows

At US$27 mln, Putnam's profits exceeded our US$7 mln forecast, which has been the case in four of the past five quarters. Our new estimates take a more optimistic view. Net outflows of US$1.6 bln were reported (US$1.0 bln retail/US$0.7 bln institutional), while gross sales were down a combined 36% Yo/.

Most exposed to Global Minimum Tax rate?

A 10% tax rate marked the 13th time over the past five years (20 quarters) GWO has been below the 15% mark. As such, GWO may have the most downside risk associated with the Global Minimum Tax initiative. For perspective, GWO's YTD reported (base) earnings would have been 5% (6%) lower assuming a 15% tax rate.

Risk Factors

Macroeconomic volatility, especially sharp declines in long bond yields or equity markets. Book value changes and/or actuarial reserve deficiencies that may negatively impact regulatory capital. U.K. economic/political risk, especially Brexit, due to above-average exposure.

Valuation

Our $39 target is derived via applying a 10x P/E and a 1.4x P/BV multiple (unchanged) on our 2022E estimates.

STOCK DATA

52-Week High and Low ($)	41.50-32.69
Dividend per Share ($)	1.96
Dividend Yield (%)	5.4
Shares Outstanding (Mln)	930.9
Market Capitalization ($Mln)	33,659.9

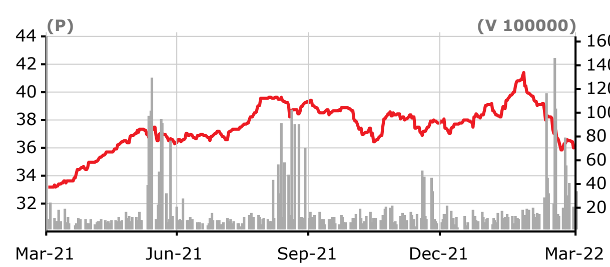
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Core EPS ($)	3.50	3.85	4.11
% Growth (of Core EPS)	22	10	7
Previous Core EPS ($)	3.52	3.85	4.11
% Change	(0)	0	0
Dividend / Share ($)	1.80	1.98	2.19
Book Value / Share ($)	24.71	26.42	26.34
Price / Book (x)	1.5	1.4	1.4
Price / Core Earnings (x)	10.3	9.4	8.8
Core Earnings ($)	3,260	3,590	3,832

All figures in C$ unless otherwise noted

Source: Refinitiv; Company financials; NBF analysis

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Gabriel Dechaine • (416) 869-7442 • gabriel.dechaine@nbc.ca
Associate Will Flanigan • (416) 507-8006 • will.flanigan@nbc.ca
Associate Pranoy Kurian, CFA • (416) 507-9568 • pranoy.kurian@nbc.ca

IGM Financial Inc.

IGM (TSX) C$42.88	STOCK RATING Outperform	TARGET C$57.00	EST. TOTAL RETURN 38.2%

Company Profile

IGM Financial Inc. is a leading wealth and asset management company in Canada. Through its operating brands IG Wealth, Mackenzie and Investment Planning Counsel, IGM boasts over $260 billion in assets under management and advisement and is the #2 player by AUM in Canada. IGM is majority-owned by Power Corporation, with 61.9% ownership.

Investment Highlights

Our favourable bias reflects the combination of strong double-digit adjusted EPS growth and meaningful valuation re-rate potential.

Strong Industry Tailwinds: Investment fund AUM has more than doubled over the past 10 years, increasing at a CAGR of ~10%. Looking ahead, Investor Economics forecasts financial assets will grow from $4.4 trillion in 2018 to $7.7 trillion in 2028. A conservative CAGR of 6% in our opinion, particularly given results of the past decade. Long-term investment funds will increase at a 7% CAGR to $3.3 trillion from $1.7 trillion in 2018.

Wealth and Asset Management momentum: As at Mar. 2022, IGM Financial reported AUM&A of $268 billion. IG Wealth momentum is driven by a refocused strategy which has manifested in improved consultant productivity and growth in HNW assets and managed solutions. Asset Management momentum is driven by strong fund performance in top quartiles, improving advisor perception and product innovation. The acquisition of Greenchip (Sustainable, Responsible, and Impact Investing) and Northleaf (Private Investments) as well as ownership stakes in China AMC show management's ability to strategically deploy capital in growing trends.

Valuation upside from high-growth strategic investments: IGM holds ownership stakes in companies focused on rapidly growing areas of the investment world: China AMC (China AUM expected to triple by 2025), Wealthsimple (online advice channel AUM to increase 4-5x by 2025) and Northleaf (private credit-focused AUM growing at a 16% CAGR). We believe these assets will deliver both long-term earnings and valuation upside.

Risk Factors

In addition to the risks outlined in IGM's financial reports (liquidity and funding risk, credit risk, market risk, operational risk, regulatory risk, etc.), we believe the key risks facing the company include market corrections, household dissaving and investor sentiment.

Valuation

We apply a sum-of-the-parts valuation methodology to arrive at our PT using i) ~11.5x P/E multiple on IGM's Wealth Management business, ii) ~10.5x P/E multiple on IGM's Asset Management business, and iii) the carrying/fair value for holdings within the Strategic Investments vertical. We rate the shares Outperform.

STOCK DATA

52-Week High and Low ($)	51.68-38.86
Dividend per Share ($)	2.25
Dividend Yield (%)	5.2
Shares Outstanding (Mln)	239.7
Market Capitalization ($Mln)	10,277.4

NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	3,437.4	3,578.1	3,839.4
Net Earnings ($Mln)	978.9	988.8	1,093.6
Adj. EBITDA ($Mln)[1]	1,376.5	1,441.2	1,573.8
Y/Y growth (%)	27	5	9
Adj. EPS ($)	4.04	4.09	4.53
EPS Y/Y Growth (%)	26.31	1.18	10.60
P/E (x)	10.6	10.5	9.5
ROE (%)[2]	16.2	14.8	15.2
Book Value / Share ($)	26.91	28.80	31.13
Dividend / Share ($)	2.25	2.25	2.25
Payout Ratio (%)	68	67	60

All figures in C$ unless otherwise noted

Source: Refinitiv, Company Reports and NBF

1. Diluted
2. Adjusted

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Jaeme Gloyn, CFA • (416) 869-8042 • jaeme.gloyn@nbc.ca
Associate Julia Gul, MFin • (416) 869-7495 • julia.gul@nbc.ca

Lightspeed Commerce Inc.

LSPD (NYSE; TSX) US$29.94; C$37.98	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	US$75.00	150.5%

Company Profile

Lightspeed Commerce offers a cloud-based point of sale (POS) system for retailers and restaurateurs. Lightspeed's solutions enable users to manage end-to-end processes including inventory, loyalty, sales and analytics. The Company offers various products, such as retail POS, Restaurant POS, e-commerce and Onsite. Lightspeed's e-commerce platform toolkit includes Product Management, Inventory Management, Order Management and International currency. Lightspeed also offers Omnichannel retail, which refers to the integration of online and in-store sales channels. The Company's Restaurant POS features include table service POS, quick service POS, Cafe POS and Bar POS. The Company's Onsite solution allows users to personalize point of sale system and to sell products online to reach customers worldwide.

Investment Highlights

Who Is Lightspeed?

Lightspeed offers a scalable platform of broad (subscription) services that are easy to use and targeted at small-medium business (SMB) retailers and restaurants. Those services cover a spectrum of capabilities that begins with point of sale but extends to payments, inventory management, the ability to set up loyalty programs all the way to analytics and reporting.

Lightspeed has experienced strong growth, primarily driven by acquisitions, which is consistent with its land grab strategy. We still see this name at a very early stage in its growth trajectory, particularly given the potential upside from Payments (currently only 10.8% of GTV processed) as well as incremental growth drivers like the Company's Supplier Network, LSDP Capital and recent technology partnerships with Google and OpenTable.

What's our Investment Thesis?

1) Lightspeed plays into a market that's ripe for disruption; **2)** We see a large addressable market (TAM) for Lightspeed; **3)** We believe Lightspeed has a differentiated platform; **4)** We see a viable plan to drive sustained growth by applying a diligent customer acquisition process to land new customers and expand ARPU; **5)** Acquisitions should provide another step function in growth for Lightspeed.

Risk Factors

1. Competition Risk; 2. Execution Risk; and 3. Cybersecurity Risk

Valuation

Our multi-staged DCF-based target of US$75 captures a normalized run rate and implies an EV/Sales of 18.8x on F22E.

STOCK DATA

52-Week High and Low ($)	130.02-26.14
Dividend per Share ($)	0.00
Dividend Yield (%)	0.0
Shares Outstanding (Mln)	148.2
Shares Outstanding - FD (Mln)	148.2
Market Capitalization ($Mln)	4,436.3
Net Debt ($Mln)	(936.8)
Enterprise Value ($Mln)	3,499.4

NBCFM ESTIMATES & VALUATION

Fiscal Y/E March	2021A	2022E	2023E
Revenue ($Mln)	211.5	542.1	718.3
Adj. EBITDA ($Mln)	(21.2)	(45.1)	(16.8)
Adj. EPS ($)	(0.38)	(0.39)	(0.21)
CFO ($Mln)	(93)	(87)	(42)
Free Cash Flow ($Mln)	(94.9)	(96.4)	(45.5)
FCF / Share ($)	(0.90)	(0.68)	(0.31)
EV/Sales (x)	16.5	6.5	4.9
EV/EBITDA (x)	NM	NM	NM
P/E (x)	NM	NM	NM
P/FCF Per Share (x)	NM	NM	NM

All figures in US$ unless otherwise noted

Source: NBF, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Richard Tse • (416) 869-6690 • richard.tse@nbc.ca
Associate Mihir Raul • (416) 869-8049 • mihir.raul@nbc.ca
Associate James Burns • (416) 869-8808 • james.burns@nbc.ca

Loblaw Companies Limited

L (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$113.30	Outperform	C$119.00	6.3%

Company Profile

Loblaw is the largest food retailer in Canada. Loblaw has a multi-banner, multi-format strategy and operates conventional, superstore and discount stores. Loblaw also operates Shoppers Drug Mart, which is the largest drug retailer in Canada.

Investment Highlights

Acquiring Lifemark Health Group

L announced that Shoppers Drug Mart agreed to acquire Lifemark Health Group for a cash consideration of $845 mln. Lifemark is the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health and other ancillary rehabilitation services ($11 bln market), with ~5% market share through >300 clinics across Canada. Limited financial information was provided. We estimate that the business delivers low-double digit EBITDA margins (about 11-14%). We estimate that the valuation multiple is in the mid-teens (given a resilient business, with annual revenue growth in the mid-single digit range). Our preliminary analysis indicates that the deal will be modestly accretive to L's annual EPS, around 2%. The deal is expected to close in H2/22.

Maintaining our investment thesis

We believe L is well-positioned due to: (a) Anticipated benefits from management's improvement initiatives (Retail excellence); (b) Expected momentum at SC, led by Beauty recovery; (c) Improving trends in the Discount segment; (d) Improved operating leverage as heightened operational and price investments are behind L for now (hurt past results); and (e) Rising food inflation trends (which typically benefit grocers, provided it doesn't go too high).

Risk Factors

We believe that the largest risks for Loblaw are industry conditions and execution. In particular, elevated industry competition, minimum wage increases and regulatory litigation are currently visible headwinds.

Valuation

We value Loblaw using a sum-of-the-parts methodology, reflecting 8.5x our 2023 Retail EBITDA and 9.5x our 2023 Financial EPS.

STOCK DATA

52-Week High and Low ($)	116.88-65.32
Dividend per Share ($)	1.50
Dividend Yield (%)	1.3
Shares Outstanding (Mln)	338.1
Market Capitalization ($Mln)	38,810.5
Enterprise Value ($Mln)	52,924.5

NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	53,170.0	54,170.1	55,222.5
Adj. EBITDA ($Mln)	5,587.0	5,840.5	6,010.4
Adj. EBIT ($Mln)	3,429.0	3,583.6	3,707.1
Adj. Net Income ($Mln)	1,911.1	2,045.9	2,165.5
Adj. EPS ($)	5.59	6.18	6.74
Dividend / Share ($)	1.40	1.50	1.57
P/E (x)	20.5	18.6	17.0
EV/EBITDA (x)	9.5	9.1	8.8

All figures in C$ unless otherwise noted

Source: Company Reports, Refinitiv and NBF

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Vishal Shreedhar • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate Ryan Li • (416) 869-6767 • ryan.li@nbc.ca
Associate Paul Hyung • (416) 507-9009 • paul.hyung@nbc.ca

Lundin Mining Corporation

LUN (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$12.71	Sector Perform	C$14.00	15.0%

Company Profile

Lundin Mining is a Canadian-based mining company with operations in Europe (Neves-Corvo, Zinkgruvan), Chile (Candelaria), Brazil (Chapada) and the United States (Eagle). Lundin offers investors leverage to copper and zinc prices from its stable operating base and growth potential through brownfield expansion opportunities at its existing operations.

Investment Highlights

2022 operating guidance is unchanged and remains in line with NBF Estimates.

Upcoming catalysts include the closing of the acquisition of Josemaria Resources Inc. expected in Q2/22, exploration updates at Chapada and progress updates on the Neves-Corvo ZEP. We ultimately expect Lundin to leverage its expertise to advance exploration /expansion at Chapada similar to Candelaria.

At the end of Q4/21, LUN had US$594 mln in cash and is expected to generate US$1,010 mln in FCF in 2022. As of February 17th, Lundin had ~US$650 mln in cash and net cash of US$620 mln. Recall in December 2021, LUN renewed its NCIB, allowing the company to purchase up to 63.7 mln common shares over 12 months, which began on December 9, 2021. ~4.5 mln shares for total proceeds of US$40.7 mln were purchased and canceled in 2021.

The company has implemented a base dividend of C$0.09/share quarterly as well as a semi-annual performance dividend (C$0.11/share for H2/21) determined by a minimum of 40% of available cash flow less regular dividend payments.

Risk Factors

Lundin is exposed to the typical risks associated with mining companies, including commodity price risk, currency risk, input costs/labour dispute risk as well as technical and financial risk.

Valuation

Our Sector Perform rating highlights the company's balance sheet strength and strong dividend yield; however, the acquisition of Josemaria adds significant development uncertainty and deteriorates near-term FCF generation. Additionally, there remains significant uncertainty on the adoption of elevated royalties in Chile where Candelaria represents ~50% of the company's project NAV. A favourable outcome to Chilean tax/royalty revisions and sequencing of lower capital-intensive growth projects like the potential expansion of Chapada would improve our near-term outlook for the company.

Our target price is based on multiples of 0.95x NAV (50%) + 5.0x EV/2022E CF (25%) + 5.0x EV/2023E CF (25%) — consistent with our valuation methodology for other base metal producers under coverage.

STOCK DATA

52-Week High and Low ($)	16.07-8.56
Dividend per Share ($)	0.62
Dividend Yield (%)	4.9
Shares Outstanding (Mln)	736.0
Market Capitalization ($Mln)	9,355.1
Net Debt ($Mln)	(563.1)
Enterprise Value ($Mln)	6,490.0

52-week High/Low, Dividend, and Market Capitalization are in C$

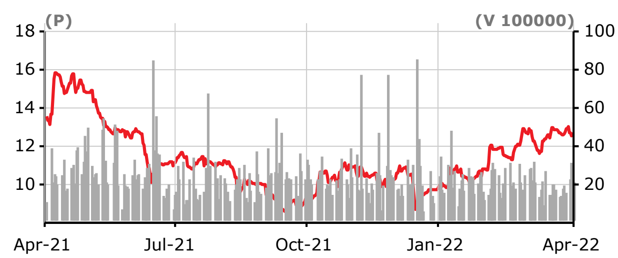
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Cu Production (t)	232,539	232,516	234,324
Zinc Production (t)	143,797	191,099	233,592
Gold Production (k oz)	152	141	146
Revenue ($Mln)	3,328.8	4,038.4	4,140.2
EBITDA ($Mln)	1,869.4	2,358.1	2,466.2
Adj. Net Income ($Mln)	820.6	1,327.9	1,389.7
Operating CF - Before W/C ($Mln)	1,556	2,017	1,981
Adj. EPS ($)	1.12	1.74	1.79

All figures in US$ unless otherwise noted

Source: NBF, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Shane Nagle, CFA • (416) 869-7936 • shane.nagle@nbc.ca
Associate Lola Aganga, M.Eng. • (416) 869-6516 • lola.aganga@nbc.ca
Associate Ahmed Al-Saidi • (416) 869-7535 • ahmed.al-saidi@nbc.ca

For required disclosures, please refer to the end of the document.

MTY Food Group Inc.

MTY (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$53.41	Outperform	C$70.00	32.6%

Company Profile

MTY Food Group Inc. is among North America's leading franchisors in the restaurant industry; activities consist of franchising and operating corporate locations in the quick service and casual dining segments.

Investment Highlights

Momentum to be temporarily impacted by restrictions in Q1

(1) Management indicated that its focus continues to shift back to longer-term growth; sales are back to pre-pandemic levels for many of the brands and progressing in the right direction for others. (2) MTY saw solid recovery, particularly in casual dining, with revenues up by 36% y/y. By location, malls and office tower restaurants had significant improvement, with revenues up by 41% and 58%, respectively. (3) Renewed government restrictions (Omicron) in Q1/F22 will likely hamper momentum, particularly in ON and QC. That said, we think Omicron-related impacts will be transient. Looking ahead (beyond Q1/F22), we continue to anticipate solid recovery, particularly in casual dining; tapering momentum at Papa Murphy's is expected to serve as a partial negative offset in the interim.

Labour and inflationary concerns; improving M&A landscape

(1) Management indicated labour challenges across its network as well as supply chain disruptions. We anticipate that these pressures will continue, although we consider them to be manageable to a large extent. To offset inflationary pressures, MTY continues to implement price increases. Given that MTY is a franchisor, we consider inflation to be favourable if it is accepted by consumers. (2) Management indicated that it has seen an increase in M&A deal flow. That said, management suggested that it will continue to take a disciplined approach to M&A (likely mid-sized deals). Balance sheet leverage is accommodative with net debt to EBITDA of 2.2x.

Risk Factors

The largest risks, in our view, are potential deterioration in organic performance, poor execution at the corporate/franchise level, changes in consumer tastes/preferences, a strategic evolution that may not deliver intended results (a gradual shift towards casual dining and new markets), potential escalating acquisition prices and possible poor acquisition integration/adherence to brand values. In addition, given the discretionary nature of the restaurant segment, we would anticipate pressure on MTY's performance if the economic backdrop weakens.

Valuation

We value MTY at 11.0x our F2023 EBITDA.

STOCK DATA

52-Week High and Low ($)	72.10-47.15
Dividend per Share ($)	0.84
Dividend Yield (%)	1.6
Shares Outstanding (Mln)	24.8
Market Capitalization ($Mln)	1,338.4
Enterprise Value ($Mln)	1,712.2

NBCFM ESTIMATES & VALUATION

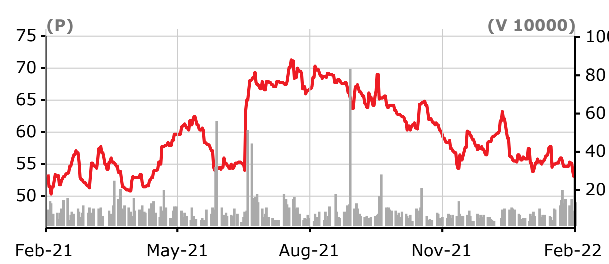
Fiscal Y/E November	2021A	2022E	2023E
Revenue ($Mln)	551.9	595.2	622.0
Adj. EBITDA ($Mln)	168.6	176.7	186.0
Adj. EBIT ($Mln)	136.4	144.2	153.6
Adj. Net Income ($Mln)	85.6	89.6	98.7
EPS - Diluted ($)	3.46	3.62	3.99
Dividend / Share ($)	0.37	0.84	0.97
EV/EBITDA (x)	10.2	9.7	9.2

All figures in C$ unless otherwise noted

Dividend yield has been annualized to reflect a reinstated dividend in mid-F2021.

Source: Company Reports, Refinitiv and NBF

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Vishal Shreedhar • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate Ryan Li • (416) 869-6767 • ryan.li@nbc.ca
Associate Paul Hyung • (416) 507-9009 • paul.hyung@nbc.ca

Paramount Resources Ltd.

POU (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$30.98	Outperform	C$45.00	48.2%

Company Profile

Paramount Resources is an intermediate-sized, exploration and production company primarily focused on liquids-rich natural gas opportunities in the Montney and Duvernay across the Deep Basin in Alberta. The company's 2022 annual production is expected to average 93 mboe/d. The company is led by an accomplished Board of Directors and seasoned management team, which includes industry veteran President & CEO, James Riddell.

Investment Highlights

Paramount has a portfolio of liquids-rich resource plays through the development of its high-quality Montney and Duvernay assets, including its Wapiti and Karr flagship assets, which backstop corporate sustainability. The outlook indicates value-orientated growth through low capital efficiency liquids additions. In addition, the company pursues long-term exploration and pre-development plays and holds a portfolio of investments in other oil and gas companies, including a wholly-owned drilling company.

Asset Highlights

POU's operating assets are concentrated across the Alberta Deep Basin and categorized into the Grande Prairie, Kaybob, Central Alberta and Other regions, where the company is primarily focused on development of its high-quality Montney and Duvernay resource plays.

Grande Prairie: POU's Grande Prairie play is located south of Grande Prairie within the liquids-rich Deep Basin Montney trend, with a primary focus at the Karr and Wapiti regions. Near-term focus is harvesting the maturing asset base through realizing significant free cash.

Kaybob: POU's Kaybob play is located near Grande Prairie and includes a material land position that is increasingly being de-risked. Notably, the company has ownership in critical facilities and pipelines (gas plants, oil battery and crude terminal). Near-term focus remains on operational excellence and improving the cost structure to that of its Wapiti/Karr asset.

Central Alberta/Other: POU's Central Alberta/Other areas encompasses the Willesden Green and shale gas holdings in the Horn River Basin in NEBC.

Risk Factors

Commodity price fluctuations, sourcing adequate labour and services, reserve estimates, regulatory, financing and key employee risk are the major risk factors applicable to Oil & Gas companies.

Valuation

Our $45/sh target price is predicated on a methodology that solely reflects a cash flow multiple and is correlated to an asset value perspective. For Paramount, our target price is based on a 2023e EV/DACF multiple of 4.5x.

STOCK DATA

52-Week High and Low ($)	32.65-9.32
Dividend per Share ($)	0.96
Dividend Yield (%)	3.0
Shares Outstanding (Mln)	139.2
Shares Outstanding - FD (Mln)	147.5
Market Capitalization ($Mln)	4,553.2
Enterprise Value ($Mln)	4,517.7

NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Total Boe/d (6:1) boe/d	82,001	93,000	101,000
% Nat Gas	56	54	52
WTI ($/bbl)	68.00	95.00	90.00
CF Netback ($/boe)	16.13	35.65	36.80
CFPS ($)	3.38	8.20	9.20
Cash Flow ($Mln)	483	1,210	1,357
Capex ($Mln)	44	584	540
Net Payout (%)	63	57	50
FCF Yield (%)	8.5	11.3	14.8
EV/DACF (x)	4.9	3.7	2.9
D/CF (x)	0.9	(0.0)	(0.5)

All figures in C$ unless otherwise noted

Source: NBF Estimates, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Dan Payne, CFA • (403) 290-5441 • dan.payne@nbc.ca
Associate Nick Stevenson • (403) 441-0928 • nick.stevenson@nbc.ca

For required disclosures, please refer to the end of the document.

Power Corporation of Canada

POW (TSX) C$39.14	STOCK RATING	TARGET	EST. TOTAL RETURN
	Sector Perform	C$46.00	22.6%

Company Profile

Power Corporation of Canada is a holding company that focuses on financial services. The company owns leading insurance, retirement, wealth management and investment franchises in North America, Europe and Asia. Over 80% of POW's gross asset value is in publicly traded companies, including Great-West Lifeco Inc., IGM Financial Inc. and Groupe Bruxelles Lambert NV. Pansolo Holding Inc., a holding company controlled by the Desmarais Family Residuary Trust, owns shares that control over 50% of the voting interest in POW.

Investment Highlights

Discount to NAV Appears Fair Historically: As a holding company, we are primarily focused on POW's discount to NAV. POW currently trades at a ~22% discount to NAV compared with the one and five-year averages of ~23% and ~28%, respectively. The discount to NAV narrowed to a low of ~17% at the end of 2021.

Opportunities to Increase NAV and Narrow the Discount: While POW's current discount to NAV appears fair historically, we believe POW will deliver NAV upside and ultimately a narrowing of the discount. In our view, further simplification of the business model, a re-rate of operating company valuations, and realizing value on standalone businesses and other investments (e.g., Wealthsimple, Lion Electric) will drive near-term NAV upside. Longer term, we see upside from growth in the alternative asset management platform.

Outperformance hinges on GWO: We recognize that POW upside remains heavily dependent on a re-rate of GWO shares (~60% of POW's GAV); however, consensus is largely muted on the GWO outlook with seven "Hold" ratings against only two "Buy" ratings.

Risk Factors

Main risks include i) a widening discount to NAV; ii) concentration in financial services, which could lead to more volatility related to macro factors, regulatory changes, and overall competitive markets (particularly in Canada); and iii) controlling ownership structure.

Valuation

Our price target is based on our estimate of net asset value, one year forward. We rate POW shares Sector Perform given that stronger total returns exist elsewhere in our coverage universe.

STOCK DATA

52-Week High and Low ($)	44.53-32.63
Dividend per Share ($)	1.98
Dividend Yield (%)	5.1
Shares Outstanding (Mln)	676.6
Market Capitalization ($Mln)	26,482.8

NBCFM ESTIMATES & VALUATION

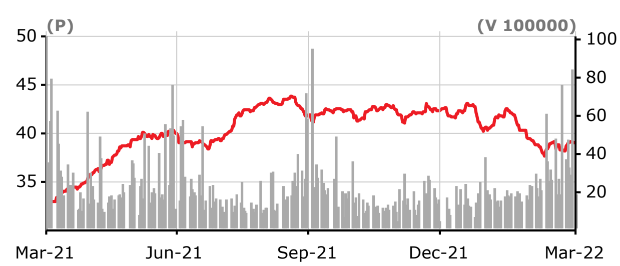
Fiscal Y/E December	2021A	2022E	2023E
Net Earnings ($Mln)[1]	3,229.6	3,048.3	3,255.3
Adj. EPS ($)[2]	4.77	4.50	4.81
EPS Y/Y Growth (%)	55.43	(5.74)	6.99
ROE (%)[3]	14.5	12.7	12.7
Book Value / Share ($)	34.56	37.01	39.81
Dividend / Share ($)	1.84	1.98	1.98
Payout Ratio (%)[4]	39	44	41
Payout Ratio (on FCF) (%)	112	103	138

All figures in C$ unless otherwise noted

Source: Refinitiv, Company Reports and NBF

1. Adjusted
2. Diluted
3. Adjusted ROE (LTM)
4. Payout on Adjusted EPS

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Jaeme Gloyn, CFA • (416) 869-8042 • jaeme.gloyn@nbc.ca
Associate Julia Gul, MFin • (416) 869-7495 • julia.gul@nbc.ca

Quebecor Inc.

QBR.B (TSX) C$28.01	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$37.00	36.4%

Company Profile

Quebecor Inc. (QBR) serves as the holding company for privately-held Quebecor Media (QMI). Quebecor Media is comprised of three segments; Telecommunications under which Vidéotron operates, Media which contains TVA (Broadcasting, Magazines & MELS) and Quebecor's newspaper publishing operations and Sports & Entertainment. Les Placements Péladeau Inc. controls 64.7% of the votes and 27.1% of the equity of Quebecor Inc.

Investment Highlights

Leveraging strong cable asset which anchors story along with growing wireless unit. Quebecor is a media and telecom powerhouse in Quebec, dominating the cable, TV and publishing markets in the province. Leveraging its superior cable asset and broadcasting content from TVA, the company enjoys a market leadership position through its Vidéotron business unit that has been further complemented by the launch of its Wireless network since late 2010. While secular challenges continue to hamper its Media operations, diversification through acquisitions, sales of a majority of its newspaper assets, and restructuring help to mitigate top-line pressures.

Vidéotron remains the company's source of free cash flow. Like its peers, Vidéotron is leveraging its broadband advantage and expanding its product suite with the new X1-based IPTV platform, Helix, that launched Aug. 27, 2019 and the introduction of Fizz Internet, a self-serve discount brand. Household ARPU continues to move higher, driven by Vidéotron's focus on selling the bundle and leveraging its unique French-language content. A recent focus on Bring-Your-Own-Device subscribers has tempered ABPU growth while having a favourable impact on margins. In 3Q18, Vidéotron launched Fizz Mobile, a self-serve wireless flanker brand that has been successful in stimulating subscriber loading. Management has addressed some initial technical issues associated with the Fizz platform which helped push Vidéotron's wireless gross add share up to ~30% since 1Q19 from prior levels in the 20s previously. The company's wireless share in Quebec now sits around 21%, with management increasingly confident of being able to potentially get this above 25%. Meanwhile, churn remains relatively stable.

Risk Factors

Consumers and businesses may look to rationalize services or pursue less expensive options during economic downturns. The company has a high concentration in Quebec. Regulatory risk as the Canadian government looks to assist wholesalers and new entrants and reduce pricing in wireless and broadband. Bell continues its rollout of fibre to improve its competitive positioning in wireline where it's been able to take share. Wireless substitution has led to a decline in telephony subscribers. Cord-cutting is a growing concern in Canada and may intensify as demographics shift.

Valuation

QBR is rated Outperform with a $37.00 target. Our target's based on the 2023E metric in our NAV, implying EV/EBITDA of 7.3x 2022E & 7.0x 2023E.

Analyst Adam Shine, CFA • (514) 879-2302 • adam.shine@nbc.ca
Associate Ahmed Abdullah, CFA • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate Luc Troiani, CFA • (416) 869-6585 • luc.troiani@nbc.ca

STOCK DATA

52-Week High and Low ($)	36.26-27.33
Dividend per Share ($)	1.20
Dividend Yield (%)	4.3
Shares Outstanding (Mln)	239.3
Market Capitalization ($Mln)	6,701.6
Enterprise Value ($Mln)	13,524.1

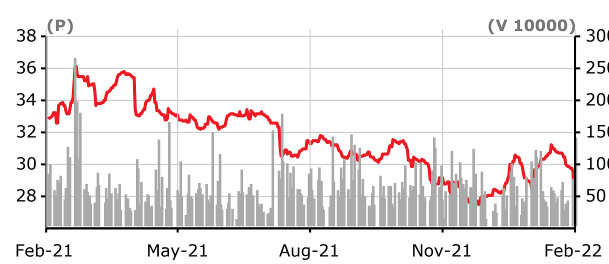
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	4,554.4	4,574.7	4,656.6
EBITDA ($Mln)	1,973.2	2,022.9	2,076.1
EBITDA Margin (%)	43.3	44.2	44.6
Adj. EPS ($)	2.56	2.73	2.85
P/E (x)	10.9	10.3	9.8
EV/EBITDA (x)	6.9	6.2	6.0
Free Cash Flow ($Mln)	572.3	724.0	766.0
FCF / Share ($)	2.36	3.03	3.20
FCF Yield (%)	8.4	10.8	11.4
Capex ($Mln)	1,448	641	681
Capex Intensity (%)	31.8	14.0	14.6
Net Debt / EBITDA (x)	3.3	2.7	2.6

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and NBF estimates

STOCK PERFORMANCE *(Source: FactSet)*



For required disclosures, please refer to the end of the document.

Rogers Communications Inc.

RCI.B / RCI (TSX; NYSE) C$70.76; US$56.75	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$77.00	11.7%

Company Profile

Rogers is a diversified Canadian communications and media company providing a wide range of services including wireless, cable TV, Internet and telephony for residential and business customers, while owning conventional & specialty TV, radio, publishing, online and sports assets. It is the largest national wireless carrier and second-largest cable operator in Canada.

Investment Highlights

Revenue flow-through driving renewed Wireless EBITDA growth. While Rogers is capitalizing on growing smartphone penetration of its leading postpaid base, it has ceded industry-low churn to TELUS. That said, postpaid churn has been improving since 2015. Rogers led the industry move to Unlimited plans & EIPs on 6/12/19, with faster adoption than anticipated. Metrics began improving in 2H21 after the J-curve had run its course.

Ontario Cable supremacy under attack from Bell but stemming net subscriber losses. Rogers is Canada's second-largest cable company, but ranks first in terms of number of basic TV subscribers, with over 90% of its base in Ontario. Bell continues to roll out IPTV as part of an enhanced bundle driven by its evolving deployment of fibre, but Rogers still boasts a superior network across most of its footprint. Since dropping its internal IPTV effort in favour of an X1 based platform which began rolling out in 3Q18, Rogers has been leveraging its broadband advantage with aggressive Cable promotions to stem opportunistic subscriber acquisition efforts by Bell.

Media continues to work to mitigate secular publishing and advertising pressures. Leveraging its TV, radio, and publishing assets along with the Blue Jays and Rogers Centre, Media is positioned to capitalize on cross-selling across the Rogers organization, including its 37.5% MLSE stake. While a weak advertising backdrop and secular challenges persist, the Sportsnet properties continue to grow helped by both the NHL and the Blue Jays.

On 3/15/21 Rogers announced offer to buy Shaw at $40.50/share. The $26.2B deal ($20.4B equity, $5.8B Shaw net debt) comes at multiples of 10.7x C2021E EBITDA or 7.6x post-synergies. We see the deal closing mid-2022 after regulatory approvals, concurrent with a Shaw Wireless sale.

Risk Factors

Canadian economic growth or that of Rogers' incumbent province could soften, competitive intensity in Wireless remains high, Cable faces secular issues as well as a stronger Bell bundle, while cord-cutting and/or cord-shaving of TV services are headwinds. Regulation and government intervention are things of which to always be mindful.

Valuation

We rate Rogers as Outperform with a target of $77. Our target's based on PF2022E DCF & PF2023E NAV, implying 8.7x PF2022E & 8.2x PF2023E EBITDA.

Analyst **Adam Shine, CFA** • (514) 879-2302 • adam.shine@nbc.ca
Associate **Ahmed Abdullah, CFA** • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate **Luc Troiani, CFA** • (416) 869-6585 • luc.troiani@nbc.ca

STOCK DATA

52-Week High and Low ($)	70.76-56.00
Dividend per Share ($)	2.00
Dividend Yield (%)	2.9
Shares Outstanding (Mln)	504.9
Shares Outstanding - FD (Mln)	506.0
Market Capitalization ($Mln)	35,380.1
Enterprise Value ($Mln)	55,417.1

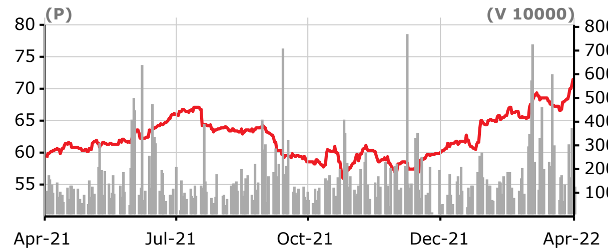
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	14,655.0	17,402.0	19,750.5
Adj. EBITDA ($Mln)	5,887.0	7,468.8	9,118.6
Adj. EPS ($)	3.56	3.90	4.87
P/E (x)	19.7	18.0	14.4
EV/EBITDA (x)	9.4	8.3	7.8
Free Cash Flow ($Mln)	1,671.4	2,372.3	3,423.1
FCF / Share ($)	3.30	4.48	6.46
FCF Yield (%)	4.7	6.4	9.2
Capex ($Mln)	2,788	3,291	3,446
Capex Intensity (%)	19.0	18.9	17.4
Net Debt / EBITDA (x)	3.4	4.5	4.0

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and NBF estimates

STOCK PERFORMANCE *(Source: FactSet)*



Saputo Inc.

SAP (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$29.74	Outperform	C$33.00	13.5%

Company Profile

Saputo produces, markets and distributes food products, primarily dairy, including cheese, fluid milk, and dairy ingredients. The company has grown over 50 years from a family-run business to become a leading dairy processor in the world.

Investment Highlights

Upgrade to Outperform

(1) We are upgrading because: (a) SAP will implement significant price increases, covering inflationary pressures; (b) Q4/F22+ should see y/y EPS growth after consecutive quarters of material declines; (c) Valuation is attractive; and (d) Near-term estimates are achievable. Specifically, F2023 consensus EBITDA was $1,517 mln (NBF is $1,577 mln). If pressures related to market factors recover slightly, SAP generates moderate efficiency benefits, F/X pressures stabilize and heightened transportation costs get covered by higher prices (as management indicated), SAP should outperform. (2) The primary risk to our upgrade is execution against SAP's various improvement initiatives given historical underperformance.

Management reiterates strategic targets

SAP reiterated long-term targets contemplating EBITDA of $2.125 bln in F2025 (NBF is ~$1.987 bln). Specifically, SAP noted that Canada performance is ahead of its plans, and expects it to deliver against plan objectives. UK performance has improved and SAP believes it will hit objectives in years 2-4. Argentina is similarly on track and expected to achieve plan objectives. Australia is expected to be close to plan objectives, despite milk declines. The biggest challenge is in the U.S., which will remain under pressure through year 2, although years 3-4 are expected to improve.

Risk Factors

The dairy industry is subject to agriculture commodity and government regulatory risks. Saputo's growing international presence also exposes the company to risk related to foreign currency movements and integration risk related to the company's acquisition-driven growth strategy.

Valuation

We value Saputo at 15.0x our F23/F24 EPS estimate.

STOCK DATA

52-Week High and Low ($)	42.42-26.21
Dividend per Share ($)	0.72
Dividend Yield (%)	2.5
Shares Outstanding (Mln)	415.3
Market Capitalization ($Mln)	11,856.6
Enterprise Value ($Mln)	15,941.6

NBCFM ESTIMATES & VALUATION

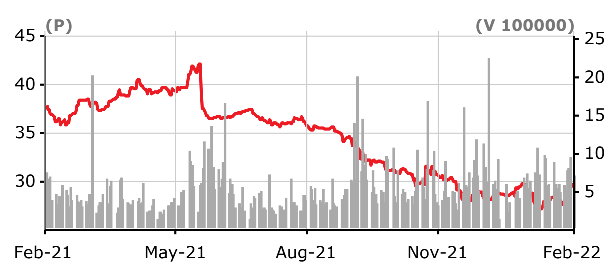
Fiscal Y/E March	2021A	2022E	2023E
Revenue ($Mln)	14,295.0	14,870.0	15,675.6
Adj. EBITDA ($Mln)	1,470.8	1,264.3	1,576.9
Adj. EBIT ($Mln)	1,052.9	805.7	1,108.4
Adj. Net Income ($Mln)	714.5	540.1	748.8
Adj. EPS ($)	1.74	1.40	1.81
Dividend / Share ($)	0.70	0.72	0.74
P/E (x)	16.4	20.4	15.8
EV/EBITDA (x)	10.8	12.6	10.1

All figures in C$ unless otherwise noted

EPS data excludes the amortization of intangible assets.

Source: Company Reports, Refinitiv and NBF

STOCK PERFORMANCE *(Source: FactSet)*



Analyst **Vishal Shreedhar** • (416) 869-7930 • vishal.shreedhar@nbc.ca
Associate **Ryan Li** • (416) 869-6767 • ryan.li@nbc.ca
Associate **Paul Hyung** • (416) 507-9009 • paul.hyung@nbc.ca

For required disclosures, please refer to the end of the document.

Shaw Communications Inc.

SJR.B (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$38.94	Sector Perform	C$40.50	7.0%

Company Profile

Shaw Communications Inc. is a diversified communications company and is the largest cable operator in Canada based on revenue-generating units. It serves roughly 7.0 mln RGUs with TV, Internet, Home Phone, Satellite TV and Wireless services. Shaw entered wireless in 2016 with the purchase of Wind, funding the acquisition with the sale of Shaw Media to Corus.

Investment Highlights

Strengthening Cable with Comcast's X1 feature set & doing more aggressive promos. Beyond the maturity of its core cable operations, greater competition from Telus over the past few years, as the latter's IPTV service has steadily gained traction along with the telco's Optik-related bundles, had materially decelerated growth in Shaw's revenues and EBITDA. To elevate its competitiveness against Telus, on 1/11/17 Shaw launched its Comcast X1-based BlueSky TV in Calgary with a footprint-wide launch on 4/5/17, while DOCSIS 3.1, implemented throughout Shaw's cable network in f2018, enables Internet speeds of 1 Gbps and more.

Portfolio transformed in f2016 with purchase of Wind and sale of Shaw Media. On 12/16/15, Shaw announced that it agreed to acquire 100% of Mid-Bowline Group Corp. and its subsidiary, Wind Mobile, for an EV of $1.6 bln, adding a key piece to its platform and enabling the development of a converged wireline and wireless network. Shaw then announced, on 1/13/16, an agreement to sell Shaw Media Inc. to Corus for $2.65 bln, paid with ~$1.85 bln in cash and ~71 mln Class B Shares of Corus at a price of $11.21. The sale of Shaw Media (closed 4/1/16) was used to fund the purchase of Wind which closed on 3/1/16. On 11/21/16, Wind rebranded to Freedom Mobile and launched LTE in Toronto & Vancouver on 11/27/16, and on 7/30/20 Shaw launched its premium Shaw Mobile brand in AB and BC.

On 3/15/21, Rogers announced an agreement to acquire Shaw for $40.50/share. The deal's EV is $26.2 bln, with $20.4 bln of equity & $5.8 bln of Shaw net debt, implying a multiple of 10.7x C2021E EBITDA or 7.6x post-synergies at the time. 60% of the Shaw Family's stake to be exchanged for 23.6 mln RCI.B (0.70 exchange ratio) which would give it a 4.5% interest in Rogers.

Risk Factors

Canadian economic growth or that of Shaw's footprint could soften, ongoing pressure in Cable from telco bundles, wireless substitution, cord-cutting and rising programming costs are issues worth monitoring. Regulation and other government intervention represent risks that must always be acknowledged. There is some degree of execution risk associated with the Total Business Transformation. Meanwhile, we also watch how Freedom Mobile's network upgrade and strategy evolves in an effort to scale the business.

Valuation

We rate Shaw as Sector Perform with a target of $40.50. Our target is based on the Rogers takeout price.

Analyst Adam Shine, CFA • (514) 879-2302 • adam.shine@nbc.ca
Associate Ahmed Abdullah, CFA • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate Luc Troiani, CFA • (416) 869-6585 • luc.troiani@nbc.ca

STOCK DATA

52-Week High and Low ($)	39.49-33.52
Dividend per Share ($)	1.19
Dividend Yield (%)	3.0
Shares Outstanding (Mln)	501.0
Market Capitalization ($Mln)	19,594.1
Enterprise Value ($Mln)	25,192.1

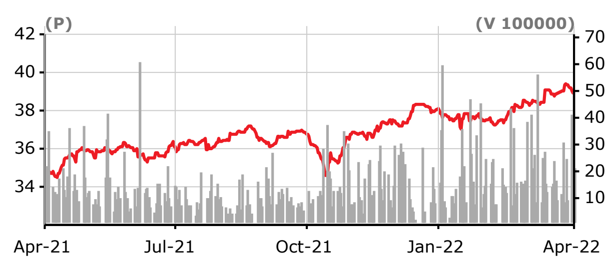
NBCFM ESTIMATES & VALUATION

Fiscal Y/E August	2021A	2022E	2023E
Revenue ($Mln)	5,509.0	5,461.2	5,494.0
EBITDA ($Mln)	2,500.0	2,537.1	2,547.3
EBITDA Margin (%)	45.4	46.5	46.4
Adj. EPS ($)	1.60	1.56	1.57
P/E (x)	24.5	25.0	24.8
EV/EBITDA (x)	10.3	9.8	9.3
Free Cash Flow ($Mln)	961.0	934.2	964.7
FCF / Share ($)	1.91	1.87	1.93
FCF Yield (%)	4.9	4.8	4.9
Capex ($Mln)	1,003	970	998
Capex Intensity (%)	18.2	17.8	18.2
Net Debt / EBITDA (x)	2.3	2.0	1.6

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and NBF estimates

STOCK PERFORMANCE *(Source: FactSet)*



Shopify Inc.

SHOP (NYSE; TSX) US$660.00; C $837.09	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	US$1,500.00	127.3%

Company Profile

Shopify Inc. (Shopify) provides a cloud-based, multi-channel commerce platform designed for small and medium-sized businesses. The Company offers subscription solutions and merchant solutions. The Company's software is used by merchants to run their business across all of their sales channels, including Web and mobile storefronts, physical retail locations, social media storefronts and marketplaces. The Shopify platform provides merchants with a single view of their business and customers across all of their sales channels and enables them to manage its business all from one integrated back office.

Investment Highlights

Who is Shopify?

Shopify is a technology platform company offering turn-key end-to-end e-Commerce solutions. Shopify has more than 1.7 million merchants using its technology platform. As part of its platform, Shopify offers a comprehensive set of solutions that range anywhere from registering a domain name to a set of templates and tools to create virtual storefronts, all the way to payment processing of credit card transactions.

What's our Investment Thesis?

It's not too late. The obvious question is – whether there's any upside left? In our opinion, yes there's still upside from here. Key segments we're monitoring are: International, Plus, Fulfillment, and new growth verticals via M&A opportunities.

In short:

1) We see outsized relative growth for Shopify over the next three to five years;

2) We believe Shopify is the technology (platform) leader in e-Commerce today;

3) We're still early in the e-Commerce growth cycle;

4) Relative opportunity = Outsized valuation.

Risk Factors

1. Early stage business; 2. Potential for aggressive competitive response; and 3. Loss of significant customer(s).

Valuation

Our DCF-based target of $1,500 implies EV/Sales of 20.6x on F2024E.

STOCK DATA

52-Week High and Low ($)	1,762.92-780.00
Dividend per Share ($)	0.00
Dividend Yield (%)	0.0
Shares Outstanding (Mln)	125.7
Shares Outstanding - FD (Mln)	125.7
Market Capitalization ($Mln)	111,841.1
Net Debt ($Mln)	(6,673.7)
Enterprise Value ($Mln)	104,258.0

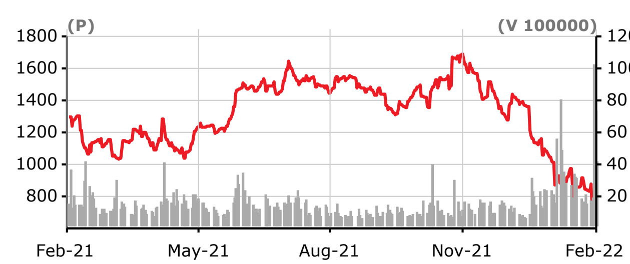
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Revenue ($Mln)	4,611.9	5,861.5	7,225.3
Adj. EBITDA ($Mln)	732.0	939.2	1,368.4
Adj. EPS ($)	6.42	7.68	10.64
CFO ($Mln)	504	758	1,045
Free Cash Flow ($Mln)	453.6	558.3	444.9
FCF / Share ($)	3.61	4.44	3.54
EV/Sales (x)	22.6	17.8	14.4
EV/EBITDA (x)	NM	NM	NM
P/E (x)	NM	NM	NM
P/FCF Per Share (x)	NM	NM	NM

All figures in US$ unless otherwise noted

Source: NBF, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*



Analyst **Richard Tse** • (416) 869-6690 • richard.tse@nbc.ca
Associate **Mihir Raul** • (416) 869-8049 • mihir.raul@nbc.ca
Associate **James Burns** • (416) 869-8808 • james.burns@nbc.ca

For required disclosures, please refer to the end of the document.

Spin Master Corp.

TOY (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$46.42	Outperform	C$66.00	42.2%

Company Profile

Headquartered in Toronto, Spin Master was founded in 1994 by Anton Rabie, Ronnen Harary, and Ben Varadi. Over the past years, the company's grown to become the fifth largest producer by sales in the toy industry in the United States and a Top 10 player globally. Operating out of 28 offices globally, and with sales in over 100 countries, Spin Master has over 2,000 employees. The Principal Group, made up of Spin Master's three founders, controls 69.6% of the equity and 95.8% of the votes.

Investment Highlights

2022 guidance reflects momentum, pushes estimates up. TOY's revised 2021 outlook called for GPS to grow mid-teens (it was +20.9%), Total Revs to be up slightly above 20% (it jumped +30.0%), and Adj. EBITDA margin to be at the high end of mid-to-high teens (it was 20.3%). Important to note is that the PAW Patrol movie contributed $26M of distribution revs in 3Q21. The company's 2022 guidance adjusts for the latter, as TOY expects mid-to-high single-digit growth in GPS and also Total Revs (ex-$26M) plus Adj. EBITDA margin similar to 2021's 19.25% ex-$26M.

Three creative centres Toy, Entertainment, and Digital Games. The company has been reorganized into three creative centres. The Toy Creative Centre will focus on strategic brand building, licensing efforts which have stepped up with high-profile new mandates starting to be exploited in 2021. TOY is steadily moving from item-based innovation to infusing innovation into all of its brands to help drive mid-to-high single digit long-term GPS growth. In the Entertainment Creative Centre, TOY strives to add 1-2 new animated series each year. The Digital Games Creative Centre is tapping into the growth of mobile gaming, as it seeks to create playgrounds for creation & play and facilitate connection & community building.

M&A still part of strategy, Net Cash position and strong FCF. Since its IPO in July 2015, TOY completed 12 acquisitions (latest Rubiks 1/4/21). Steadily rising forecast net cash will help TOY capitalize on bigger M&A opportunities.

Risk Factors

Customer concentration (>10% of GPS) may pose a risk as was the case with the bankruptcy of Toys R Us (~12% of 2017 GPS). Downturns in the economy may dampen toy sales, though COVID restrictions stimulated sales. The success of a single product line could drastically impact the fortunes of a toy company (material exposure to outperformance of *Paw Patrol*). As such, it's critical that the company focuses on continuous innovation and diversification of product offering. Outsourced manufacturing to Asia (primarily China) may present some risks (e.g. tariffs, geopolitics).

Valuation

Spin Master is rated Outperform with a Cdn$66 target. Our target is based on our 2022E DCF (FX 1.25), with implied EV/EBITDA of 11.1x 2022E & 10.0x 2023E. Forecast doesn't include M&A.

Analyst Adam Shine, CFA • (514) 879-2302 • adam.shine@nbc.ca
Associate Ahmed Abdullah, CFA • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate Luc Troiani, CFA • (416) 869-6585 • luc.troiani@nbc.ca

STOCK DATA

52-Week High and Low ($)	54.18-28.22
Dividend per Share ($)	0.00
Dividend Yield (%)	0.0
Shares Outstanding (Mln)	102.4
Market Capitalization ($Mln)	3,750.5
Enterprise Value ($Mln)	3,187.8

52-Week High and Low in C$.

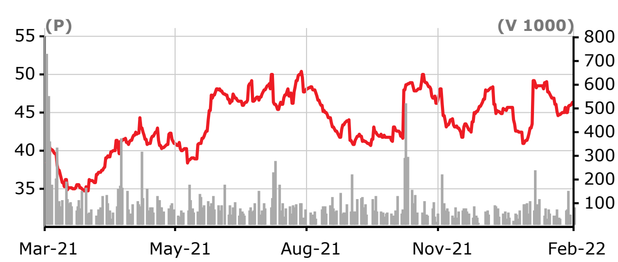
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
Gross Product Sales ($Mln)	1,962.4	2,100.4	2,160.2
Revenue ($Mln)	2,042.4	2,162.7	2,259.8
Adj. EBITDA ($Mln)	414.1	418.3	437.9
Adj. EPS ($)	2.10	2.22	2.36
P/E (x)	17.5	16.5	15.6
EV/EBITDA (x)	7.9	7.2	6.2
Free Cash Flow ($Mln)	339.6	256.3	273.6
FCF / Share ($)	3.32	2.50	2.67
FCF Yield (%)	9.1	6.8	7.3
Adj. FCF ($Mln)	339.6	256.3	273.6
Adj. FCF / Share ($)	3.32	2.50	2.67
Adj. FCF Yield (%)	9.1	6.8	7.3

All figures in US$ unless otherwise noted

Source: Company reports, Refinitiv and National Bank Financial estimates.

STOCK PERFORMANCE *(Source: FactSet)*



For required disclosures, please refer to the end of the document.

Teck Resources Limited

TECK.B / TECK (TSX; NYSE) C$56.02; US$44.39	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$65.00	18.8%

Company Profile

Teck Resources is the largest diversified mining company in Canada, with assets located in Canada, the United States, Chile and Peru. Teck is also the world's second-largest exporter of seaborne hard coking coal (HCC).

Investment Highlights

At QB2, construction activities continue to ramp up, with Teck noting that project progress has reached 77% and initial production remains on track for H2/22 (NBF Estimates: Q4/22). Teck has energized port substations, continued pre-operational testing of the desalination plant (construction more than 85% complete), with the water supply pipeline more than 90% welded and tailings starter dam construction more than 85% complete.

For Teck's copper development pipeline, Teck reported it has completed a Feasibility study for Zafranal and received confirmation of SEIA admissibility in Q1/22. Additionally, Teck has commenced work on a Feasibility study in Q1/21 for San Nicolás, with completion expected in Q4/23 and partner negotiations ongoing with first production targeted for 2026. At Galore Creek, Fluor has been commissioned to complete a PFS (completion in H1/23), with strategic, technical and commercial assessments for the advancement of NuevaUnión, Mesaba and Schaft Creek ongoing. Recall, we currently ascribe ~$0.60/share in total in situ value for Teck's copper development pipeline.

Risk Factors

Teck is exposed to the typical risks associated with mining companies, including commodity price risk, currency risk, input costs/labour dispute risk, as well as technical and financial risk.

Valuation

We reiterate our Outperform rating which is supported by a step-wise improvement in Teck's coking coal operations in H1/22 following completion of the Neptune terminal expansion. Record coal prices continue to drive near-term FCF, which we believe isn't accurately reflected by the current share price. Teck's strong balance sheet, cost reduction initiatives, organic growth within the copper division and long-term commitment to returning capital to shareholders are supportive of a higher valuation than currently ascribed by the market. Our target price is based on a multiple of 1.2x NAV (50%) + 5.0x EV/2022E CF (25%) + 5.0x EV/2023E CF (25%).

STOCK DATA

52-Week High and Low ($)	55.43-24.61
Dividend per Share ($)	1.00
Dividend Yield (%)	2.8
Shares Outstanding (Mln)	542.0
Market Capitalization ($Mln)	30,361.5
Net Debt ($Mln)	6,641.0
Enterprise Value ($Mln)	35,484.1

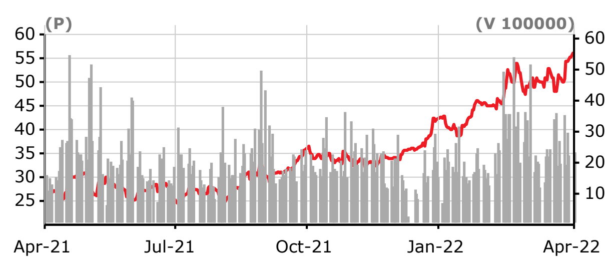
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2021A	2022E	2023E
HCC Production (000 t)	24,600	25,000	26,500
Cu Production (t)	287,200	287,400	467,700
Zinc Production (t)	886,400	928,700	945,200
Revenue ($Mln)	13,481.0	20,768.1	22,312.6
EBITDA ($Mln)	6,573.0	11,910.3	12,430.4
Adj. EPS ($)	5.74	11.91	13.06
Operating CF - Before W/C ($Mln)	5,612	7,690	9,242
CFPS (b/f W/C chgs) ($)	10.54	14.22	17.12

All figures in C$ unless otherwise noted

Source: NBF Estimates, Company Reports and Refinitiv

STOCK PERFORMANCE *(Source: FactSet)*



Analyst Shane Nagle, CFA • (416) 869-7936 • shane.nagle@nbc.ca
Associate Lola Aganga, M.Eng. • (416) 869-6516 • lola.aganga@nbc.ca
Associate Ahmed Al-Saidi • (416) 869-7535 • ahmed.al-saidi@nbc.ca

Thomson Reuters Corporation

TRI (TSX; NYSE) C$141.17; US $112.24	STOCK RATING	TARGET	EST. TOTAL RETURN
	Outperform	C$162.00	16.2%

Company Profile

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. Headquartered in Toronto, the company employs more than 25,000 people across the globe. Woodbridge Inc. (controlled by the Thomson Family) owns 327.5M shares (~66% of equity).

Investment Highlights

Multi-year transformation of company steadily evolving. From an organization that skewed more toward a conglomerate, management continues to re-orientate the company toward a more streamlined enterprise that has a cohesive strategy, more focused offering to clients, better communication across businesses and improved leveraging of resources. TRI 3.0 involves acceleration of top-line growth (5%-6% 2023E vs. +1.2% 2020), margin expansion (38%-40% 2023E vs. 33.0% 2020) & record FCF/ share ($3.60-$4.00 2023E vs. $2.67 2020). It's confident in its plan, but this involves a $500M-$600M 2-year Change Program whose spending will skew 60/40 opex/capex and >50% in 2021. $600M in opex savings expected, $200M reinvested in growth initiatives. Improving Rule of 40 metrics have helped to significantly re-rate the stock during most of 2021.

Refinitiv Sale to LSEG. On 8/1/19, Refinitiv shareholders signed a deal to sell the business to the London Stock Exchange Group (LSEG) in an all-stock transaction valuing it at an EV of $27B (up from $20B), leaving TRI with 82.5M LSEG shares. Transaction closed 1/29/21 with TRI selling ~$1B of LSEG stock on 3/19/21 for tax purposes in 2021, stake now at 72.4M shares, ~$75M annual dividends to TRI & it can sell 1/3 of stake per year starting 1/30/23.

M&A to supplement improving organic growth, NCIB introduced. With Q2 reporting TRI announced a $1.2B buyback program. Leverage sits at ~0.8x vs. 2.5x target, with ~70% of $2B cash earmarked for M&A spent.

Risk Factors

The company's productivity tools enhance efficiencies of business and government customers; however, an economic downturn can create challenges for clients who are forced to curb spending. The functional currency is USD, so FX is something to keep track of regarding sales outside the United States and the shares on the S&P/TSX. U.S. employment levels at lawyers' offices and accounting & bookkeeping services will need to be closely watched for overall declines and trends that may be caused by general economic pressures, industry challenges or structural changes.

Valuation

Thomson Reuters is rated Outperform with a Cdn$162 target price. Target's based on 2023E NAV (FX 1.27) driven by higher multiples and LSEG share price (plus (LSEG) assumed future growth).

STOCK DATA

52-Week High and Low ($)	156.62-99.11
Dividend per Share ($)	1.62
Dividend Yield (%)	1.4
Shares Outstanding (Mln)	490.4
Market Capitalization ($Mln)	55,046.0
Enterprise Value ($Mln)	57,317.0

52-Week High and Low in C$.

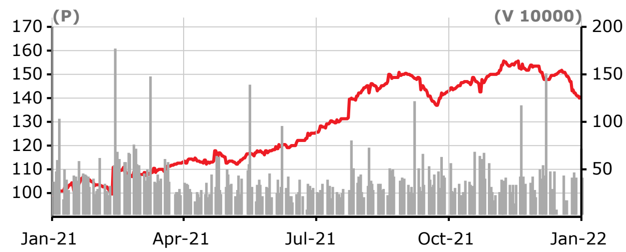
NBCFM ESTIMATES & VALUATION

Fiscal Y/E December	2020A	2021E	2022E
Revenue ($Mln)	5,984.0	6,307.5	6,634.7
Adj. EBITDA ($Mln)	1,975.0	1,995.4	2,320.0
Adj. EPS ($)	1.85	2.04	2.80
P/E (x)	60.7	55.1	40.1
EV/EBITDA (x)	29.4	29.0	24.7
Free Cash Flow ($Mln)	1,330.0	1,195.9	1,311.2
FCF / Share ($)	2.67	2.46	2.70
FCF Yield (%)	2.4	2.2	2.4

All figures in US$ unless otherwise noted

Source: Company reports, Refinitiv and National Bank Financial estimates.

STOCK PERFORMANCE *(Source: FactSet)*



Analyst **Adam Shine, CFA** • (514) 879-2302 • adam.shine@nbc.ca
Associate **Ahmed Abdullah, CFA** • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate **Luc Troiani, CFA** • (416) 869-6585 • luc.troiani@nbc.ca

For required disclosures, please refer to the end of the document.

Transcontinental Inc.

TCL.A (TSX)	STOCK RATING	TARGET	EST. TOTAL RETURN
C$18.39	Outperform	C$24.50	38.1%

Company Profile

Transcontinental is one of North America's largest printers, a leader in flyer distribution & becoming the seventh largest flexible packaging company on the continent. It bought U.S.-based Capri Packaging on 5/5/14 to add a third leg to its platform, Ultra Flex Packaging (9/30/15), Robbie (6/30/16), Flexstar (10/17/16), Flexipak (11/1/17) & Multifilm (3/7/18). On 5/1/18, it acquired Coveris Americas for US $1.32B. Packaging has since moved to 54% of f2021 revenues & 43% of Adj. EBITDA. Rémi Marcoux, founder, controls 14.6% equity and 71.6% votes.

Investment Highlights

Mix evolving with rising share of segments that offer growth. In f2016, 23% of TCL's $2.0B of revs were in growth segments. This figure jumped to 69% of $2.6B in f2021, with Packaging at 54% and 12% or $320M coming from in-store marketing (ISM), premedia, books & media. TCL believes the $320M can grow to $600M-$700M over next 3 years, with added help from M&A focused on Packaging, ISM & Media. TCL's objective is to get growth segments contributing >80% of a bigger pie. In-store marketing has seen revs jump from $150M to a run-rate above $200M given new mandates and the purchase of BGI Retail on 6/1/21, book printing demand is up, and premedia as well as the overall Media segment are growing mid-single digits. Printing faces at least two more quarters of easy COVID comps, while Packaging appears poised for a return to sustainable organic gains following flat results in Q2 and Q3. Importantly, with resin price increases having finally stopped post-July, an easing of related pressure in Packaging should begin in Q4.

Share repurchases started in f2022. TCL bought back 158K shares in Q1/22 at an average price of $18.80 under its recently renewed NCIB (up to 1M Class A shares). We look for TCL to continue to be opportunistically active but with a focus on getting leverage to ~2.0x or lower in f2022.

Leverage at 2.3x at Q1/22, normalized payout ratio ~35%. We forecast leverage at 2.08x f2022e & 1.63x f2023e absent M&A which seems to be materializing in Packaging and POP business (growing segments of TCL).

Risk Factors

The key risk facing Transcontinental is evolving secular pressure in print and publishing, with material changes taking shape across the advertising landscape. As it gains critical mass in Packaging, it remains to be seen how quickly opportunities arise and at what valuations it will be able to transact. Environmental regulation could also pose a risk for the business.

Valuation

Outperform with a $24.50 target: Target's based on f2023E NAV, with implied EV/EBITDA of 6.9x f2022E and 6.2x f2023E.

STOCK DATA

52-Week High and Low ($)	26.45-18.25
Dividend per Share ($)	0.90
Dividend Yield (%)	4.9
Shares Outstanding (Mln)	86.9
Market Capitalization ($Mln)	1,597.5
Enterprise Value ($Mln)	2,471.2

NBCFM ESTIMATES & VALUATION

Fiscal Y/E October	2021A	2022E	2023E
Revenue ($Mln)	2,643.4	2,705.1	2,686.4
Adj. EBITDA ($Mln)	454.9	441.3	464.2
Adj. EPS ($)	2.37	2.23	2.48
P/E (x)	7.8	8.2	7.4
EV/EBITDA (x)	5.5	5.7	5.1
Free Cash Flow ($Mln)[1]	118.7	135.6	217.4
FCF / Share ($)	1.36	1.56	2.51
FCF Yield (%)	7.4	8.5	13.6
Payout Ratio (%)	66	58	37

All figures in C$ unless otherwise noted

Source: Company reports, Refinitiv and National Bank Financial estimates

1. CFO - Net Capex - Interest - Lease Payments.

STOCK PERFORMANCE *(Source: FactSet)*

Analyst Adam Shine, CFA • (514) 879-2302 • adam.shine@nbc.ca
Associate Ahmed Abdullah, CFA • (514) 879-2564 • ahmed.abdullah@nbc.ca
Associate Luc Troiani, CFA • (416) 869-6585 • luc.troiani@nbc.ca

For required disclosures, please refer to the end of the document.

Ratings and What They Mean: PRIMARY STOCK RATING: NBF has a three-tiered rating system that is relative to the coverage universe of the particular analyst. Here is a brief description of each: Outperform – The stock is expected to outperform the analyst's coverage universe over the next 12 months; Sector Perform – The stock is projected to perform in line with the sector over the next 12 months; Underperform – The stock is expected to underperform the sector over the next 12 months. SECONDARY STOCK RATING: Under Review − Our analyst has withdrawn the rating because of insufficient information and is awaiting more information and/or clarification; Tender − Our analyst is recommending that investors tender to a specific offering for the company's stock; Restricted − Because of ongoing investment banking transactions or because of other circumstances, NBF policy and/or laws or regulations preclude our analyst from rating a company's stock. INDUSTRY RATING: NBF has an Industry Weighting system that reflects the view of our Economics & Strategy Group, using its sector rotation strategy. The three-tiered system rates industries as Overweight, Market Weight and Underweight, depending on the sector's projected performance against broader market averages over the next 12 months. RISK RATING: As of June 30, 2020, National Bank Financial discontinued its Below Average, Average and Above Average risk ratings. We continue to use the Speculative risk rating which reflects higher financial and/or operational risk.

Company-Specific Disclosures

For Disclosures on stocks discussed in this report, please go to [Here].

Rating Distribution

	Outperform	Sector Perform	Underperform
Coverage Universe Ratings Distribution	66%	31%	0%
Investment Banking Distribution	71%	62%	50%

General

This Report was prepared by National Bank Financial Inc. (NBF), a Canadian investment dealer, a dealer member of IIROC and an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial Inc. and National Bank of Canada Financial Inc.

Research Analysts

The Research Analyst(s) who prepared these reports certify that their respective report accurately reflects his or her personal opinion and that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views as to the securities or companies.

NBF compensates its Research Analysts from a variety of sources. The Research Department is a cost centre and is funded by the business activities of NBF including Institutional Equity Sales and Trading, Retail Sales, the correspondent clearing business, and Corporate and Investment Banking. Since the revenues from these businesses vary, the funds for research compensation vary. No one business line has a greater influence than any other for Research Analyst compensation.

Canadian Residents

NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and, as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent, lender or underwriter or provides trading related services for certain issuers mentioned herein and may receive remuneration for its services. As well, NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

NBF is a member of the Canadian Investor Protection Fund.

UK Residents

This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000).

This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF makes no representation as to the proper characterization of the investments for legal, regulatory or tax purposes, or as to the ability of a particular investor to invest or transact in the investments under applicable legal restrictions.

If securities are offered by an issuer in a foreign jurisdiction, or the security is structured through a foreign special-purpose-vehicle, or you purchase securities that are issued by foreign issuers, your investment and continued holding of securities may be subject to the laws and regulations of more than one jurisdiction. There may be differences in legal and regulatory regimes across different jurisdictions which may significantly impact the legal and regulatory risks affecting the investment sector and / or investment.

NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorized and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE.

NBF is not authorized by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

U.S. Residents

With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. (“NBCFI”) is registered with the Securities Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and is a member of the Securities Investor Protection Corporation (SIPC). NBCFI operates pursuant to a 15 a-6 Agreement with its Canadian affiliates, NBF and National Bank of Canada.

This report has been prepared in whole or in part by research analysts employed by non-US affiliates of NBCFI that are not registered as broker/dealers in the US. These non-US research analysts are not registered as associated persons of NBCFI and are not licensed or qualified as research analysts with FINRA or any other US regulatory authority and, accordingly, may not be subject (among other things) to FINRA restrictions regarding communications by a research analyst with the subject company, public appearances by research analysts and trading securities held in a research analyst account.

All of the views expressed in this research report accurately reflects the research analyst’s personal views regarding any and all of the subject securities or issuers. No part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. The analyst responsible for the production of this report certifies that the views expressed herein reflect his or her accurate personal and technical judgment at the moment of publication.

Because the views of analysts may differ, members of the National Bank Financial Group may have or may in the future issue reports that are inconsistent with this report, or that reach conclusions different from those in this report. To make further inquiry related to this report, United States residents should contact their NBCFI registered representative.

HK Residents

With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited (“NBCFMA”) which is licensed by the Securities and Futures Commission (“SFC”) to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong (“SFO”)). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates’ businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc., is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

Copyright

Dissemination policy

[Please click on this link to access NBF's Research Dissemination Policy.]

Corporate Offices

MONTREAL

NATIONAL BANK FINANCIAL
Sun Life Building
1155 Metcalfe Street
Montreal, QC
H3B 4S9
514-879-2222

TORONTO

NATIONAL BANK FINANCIAL
The Exchange Tower
130 King Street West
4th Floor Podium
Toronto, ON
M5X 1J9
416-869-3707

CALGARY

NATIONAL BANK FINANCIAL
Intact Place
311 - 6 Avenue SW
Suite 1800
Calgary, AB
T2P 3H2
403-513-8400

VANCOUVER

NATIONAL BANK FINANCIAL
Park Place
475 Howe Street
Vancouver, BC
V6C 2B3
604-623 6777

NEW YORK

NATIONAL BANK OF CANADA
65 East 55th Street
8th Floor
New York, NY
10022 USA
212-632-8500

HONG KONG

NBC FINANCIAL MARKETS ASIA
1903 York House, The Landmark
15 Queen's Road Central
Hong Kong

DUBLIN

NBC GLOBAL FINANCE
Embassy House, 1st floor
Herbert Park Lane
Ballsbridge, Dublin
Ireland
D04H6Y0

LONDON*

NATIONAL BANK FINANCIAL INC.
70 St. Mary Axe
London, England
EC3A 8BE

**Authorised and regulated by the Financial Conduct Authority. National Bank Financial Inc. is not authorised by the Prudential Regulatory Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.*

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

2022/05