

## iAnthus Capital Holdings Inc. (IAN-C)

### Start Spreading The News

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Vahan Ajamian, CPA, CA, CFA

Analyst - (416) 643-3879

[vajamian@beaconsecurities.ca](mailto:vajamian@beaconsecurities.ca)

- Yesterday, iAnthus announced that it has entered into a **binding LOI to acquire 100% of Valley Agriceuticals LLC (Valley)**. Valley has received conditional approval to be awarded **one of just 10 medical marijuana licenses in the state of New York**.
- In our view, this is the **exact type of transaction iAnthus has telegraphed it would make** – one with a **large addressable market and a cap on licenses**. After a slower start initially, recent changes to make it easier to onboard patients (adding chronic pain as a qualifying condition, allowing nurses to prescribe marijuana etc.) has resulted in a **tripling in the average number of new patients being added to the program to now 90/day**.
- Valley has 136 acres of zoned land 60 miles outside New York City. The company owns a 6,500 sq. ft. purpose-built indoor cultivation and processing facility and plans to build a 14,500 sq. ft. hybrid greenhouse which will supply its own dispensaries as well as sell wholesale. We expect that **at least one of Valley's four dispensaries will be in one of the boroughs of New York City**.
- **Total consideration of \$17.3MM for Valley will be paid primarily (\$15MM) in shares at \$2.00/share (C\$2.66/share)**. With \$12.3MM of cash on hand as at May 2, 2017, we feel the remaining cash component for the transaction (\$2.3MM) **does not threaten iAnthus' balance sheet**. Adding all additional expected outlays, we calculate an **all in cost of \$35.3MM to get Valley up to our 2019E EBITDA run rate of \$7.6MM, representing a 4.7x multiple, which we feel is very attractive for the quality of the asset acquired**.
- While we believe iAnthus continues its dialogue with TGS in Colorado, we are encouraged to see the company not simply twiddling its thumbs waiting for a potential deal – rather getting set to be a major player in the U.S. Northeast. **Sales are expected to start in Massachusetts in late 2017 and in New York in early Q1/FY18**. iAnthus continues to look for deals in several other states (Florida, Rhode Island, Pennsylvania, Arizona, Washington etc.).
- We view the New York medical program as being 'capital markets friendly' in that **licenses can be directly held by traditional for profit corporations** (i.e., the more complicated structures with management contracts etc. seen in other states are not required in New York). With the recent announcement by Horizons Medical Marijuana Life Sciences ETF (HMMJ-T, not covered) that it is loosening its rules regarding including U.S. operators, and reports that the TSX will soon be issuing a policy on this topic, **we believe that the U.S. marijuana sector continues to gain acceptance in the Canadian capital markets – and that exceptional returns may be made in this sector over the next few years**.
- **We maintain our Buy recommendation. We are raising our target price to C\$4.00 (from C\$3.75)**. We note that iAnthus's shares have been totally unharmed during what has otherwise been a difficult two months in the sector. The company's shares trade at an EV/2018E Sales multiple of just 2.4x – by far the lowest among its peers.

#### Enters New York Market

**BUY (Unch) C\$4.00 (Was C\$3.75)**

Previous Close	C\$2.70
12-month Target Price	C\$4.00
Potential Return	48%
52 Week Price Range	C\$1.20 - C\$3.75

#### Estimates

YE: Dec 31	FY17E	FY18E	FY19E
Revenue (\$MM)	\$4.0	\$32.0	\$61.2
EBITDA To IAN (\$MM)	-\$3.7	\$1.8	\$10.8
Consolidated EBITDA (\$MM)	-\$3.7	\$2.9	\$13.3
FD EPS	-\$0.14	\$0.01	\$0.15

#### Valuation

	FY17E	FY18E	FY19E
EV/Sales	19.0x	2.4x	1.2x
EV/EBITDA To IAN	nmf	42.6x	7.1x
P/E	nmf	178.2x	13.5x

#### Stock Data (MM)

Shares Outstanding

Basic	34.7
FD	43.7

Market Cap

Basic	C\$93.8
FD	C\$118.0

Net Debt (Cash)

C\$7.7

Enterprise Value

C\$101.5

#### About the Company

iAnthus is a holding company which delivers a comprehensive solution for financing licensed cannabis cultivators, processors and dispensaries throughout the United States. The company only operates in states where it is legal under state law - and currently has investments in Massachusetts, Colorado, New Mexico and Vermont.

All figures in US\$ unless otherwise indicated.

#### Stock Performance



## About Valley

- Valley owns 136 acres of real estate that is currently zoned for cannabis cultivation (60 miles from NYC). The company has a 6,500 sq. ft. purpose-built indoor cultivation and processing facility and plans to build a 14,500 sq. ft. hybrid greenhouse which will supply its own dispensaries as well as sell wholesale.
- “Upon final certification by the New York Department of Health, Valley Ag’s license will encompass **one cultivation and processing facility and four dispensary locations**” (emphasis ours).
- “Valley Ag is working with Seach Ltd, one of the most experienced and advanced cultivation and processing teams in the industry. **With decades of experience, the team is one of the largest official suppliers of medical grade cannabis to the Israeli Ministry of Health** and specifically licensed to grow and distribute medical cannabis to authorized patients in one of the most advanced medical cannabis markets in the world” (emphasis ours).
- Within the next 60 days, we expect the formal granting of Valley’s license as well as the disclosure regarding the siting of its four dispensaries. Management indicated on its conference call that Valley will have **direct exposure to at least one of the five boroughs of New York City, as well as the bedroom communities outside the boroughs.**

## Transaction Details

- Under the terms of the binding LOI, iAnthus will acquire 100% of Valley for \$17.3MM.
  - \$15MM will be paid by issuing iAnthus shares at \$2.00/share (C\$2.66/share). We calculate that Valley shareholders will hold 22% of iAnthus’ outstanding shares.
  - \$2.3MM will be paid in cash. iAnthus issued a press release on May 2, 2017, indicating that its cash balance on that date was \$12.3MM.
  - An additional 5MM iAnthus shares may be issued if Valley reaches 15K active patient registrations by the end of 2020.
- The transaction is **expected to close in Q3/FY17** and Valley’s **dispensaries are forecast to open in early Q1/FY18.**

## Updated Forecasts

- We are forecasting Valley to spend **\$5MM in capex and working capital through the end of the year** (consistent with management’s guidance), as well as **\$3MM to build the 14.5K sq. ft. greenhouse.**
- We expect 2018 to be a ramp up year, with revenue commencing in Q1/FY18. We are modelling revenue to grow quarterly throughout 2018 and transition from the indoor facility to the greenhouse. Similar

to Mayflower in Massachusetts, we are modelling Valley to be **running at full speed in 2019 – yielding 1MM g**. Given the extracts-only nature of the market, and the fact that these products tend to yield significantly higher prices/margins, we are modelling revenue of **\$23/g and a 33% EBITDA margin at Valley for run rate EBITDA of \$7.6MM**.

- The \$17.3MM purchase price translates to just **2.3x run rate EBITDA**. Even incorporating the value of the 5MM share potential earnout (at \$2.00/share) and the \$8MM we are modelling to build out the four dispensaries and greenhouse, we calculate an **all-in cost of \$35.3MM, or just 4.7x run rate EBITDA – which we feel is very attractive for an asset of this quality**.

### Exhibit 1. Our Forecasts For Valley

	Dec-17 F2017	Mar-18 Q1/F18	Jun-18 Q2/F18	Sep-18 Q3/F18	Dec-18 Q4/F18	Dec-18 F2018	Dec-19 F2019
<b>Valley - New York</b>							
g sold	0	58,333	116,667	141,667	166,667	483,333	1,000,000
Price / g	\$0.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$23.00
<b>Net Revenue</b>	<b>\$0</b>	<b>\$1,166,667</b>	<b>\$2,333,333</b>	<b>\$2,833,333</b>	<b>\$3,333,333</b>	<b>\$9,666,667</b>	<b>\$23,000,000</b>
EBITDA Margin	0%	27%	28%	29%	30%	29%	33%
<b>EBITDA</b>	<b>\$0</b>	<b>\$315,000</b>	<b>\$653,333</b>	<b>\$821,667</b>	<b>\$1,000,000</b>	<b>\$2,790,000</b>	<b>\$7,590,000</b>
Net Income	\$0	\$189,000	\$392,000	\$493,000	\$600,000	\$1,674,000	\$4,554,000
<b>Capex</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$0</b>

Source: Beacon Securities.

- We have updated our model to account for the acquisition of Valley as well as higher overhead expenses – using Q1/FY17 actuals as a base.

### Exhibit 2. NEW and OLD Estimates (iAnthus Consolidated)

	NEW			OLD		
	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Revenue (MM)	\$4.0	\$32.0	\$61.2	\$4.5	\$22.9	\$38.8
EBITDA To IAN (MM)	-\$3.7	\$1.8	\$10.8	-\$0.1	\$3.4	\$7.8
Consolidated EBITDA (MM)	-\$3.7	\$2.9	\$13.3	-\$0.1	\$4.5	\$10.2
EPS (f.d.)	-\$0.14	\$0.01	\$0.15	-\$0.05	\$0.03	\$0.12

Source: Beacon Securities.

## New York Medical Marijuana Framework

- Marijuana has long been decriminalized in the state of New York (since 1977); however the decriminalization laws included a loophole that maintained public possession as a misdemeanor offense.
- In July 7, 2014, New York governor, Andrew Cuomo, signed legislation that permitted the use of cannabis for medical purposes. 18 months

later, on January 7, 2016, medical marijuana dispensaries sold their first medical cannabis products to patients.

- There are currently five private “registered organization” licenses (Licensees: Bloomfield Industries, Columbia Care NY, Etain, PharmaCann, Vireo Health of New York), with each license granting the cultivator the right to operate four dispensaries.
- Only smoke-free cannabis products are legal for sale under the New York State regulations. These include capsules, liquids, oils and vapor/vaporizers. Other forms may be sold, given commissioner approval. Smoking and edible products are prohibited.
- All cannabis products must be tested for contaminants and consistency of their cannabinoid profiles (THC, CBD, etc.) by a certified independent lab. Currently the only certified lab, under the program, is the New York State Department of Health’s (NYSDOH) Wadsworth Center.
- Product pricing is regulated by the NYSDOH, with companies having to submit details of their manufacturing and operating costs to the regulator, who then, factoring in assumed sales volumes and efficiencies, approves or denies proposed product prices. Additionally, the NYSDOH sets a state-wide maximum price per dose for each product approved for sale by each registered organization.

## Recent Improvements

- The state’s medical program was fairly limited when it began. However, there have been several recent changes which we believe improve its potential.
- The program started off with only five licenses or “registered organizations”. An additional five are expected to be granted by early July 2017.
- Whereas previously only physicians could prescribe marijuana, in November 2016 this was expanded to nurse practitioners (of which there are 19,000 of in the state). There is proposal to broaden this authority to the 11,000 physician assistants in the state. Additionally, a list of participating practitioners is now available, which has made it easier for prospective patients to locate one. In December 2016 medical marijuana became eligible to be used in hospitals.
- In March 2017, the list of qualifying conditions was broadened to include chronic pain, a very important ‘catch all’ condition.
- While the number of patients in the state’s relatively new program is still fairly small (21K), we note that the daily onboarding of new patients has tripled since the aforementioned changes were adopted. Last month the program added 90 patients per day on average (a rate of 33K/year).

**Exhibit 3. Snapshot Old Framework Vs, New/Current Framework**

Metric	Old Framework	New Framework
Number of Registered Organizations	5	10
Patient Qualifying Conditions*	10	11 (chronic pain added)
Practitioner Authorities Granted To**	Physicians	Physicians & Nurses
Number Of Practitioners	605	1,043
How Do Locate A Practitioner	Difficult To Locate	A Listing Is Published
<b>Number Of Patients***</b>	<b>4,998</b>	<b>21,009</b>
<b>New Patients Added / Day ****</b>	<b>33</b>	<b>90</b>

Note: \* Qualifying conditions are cancer, HIV infection or AIDS, amyotrophic lateral sclerosis (ALS), Parkinson's disease, multiple sclerosis, damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, epilepsy, inflammatory bowel disease, neuropathies, and Huntington's disease, with the addition of chronic pain added in the new framework.

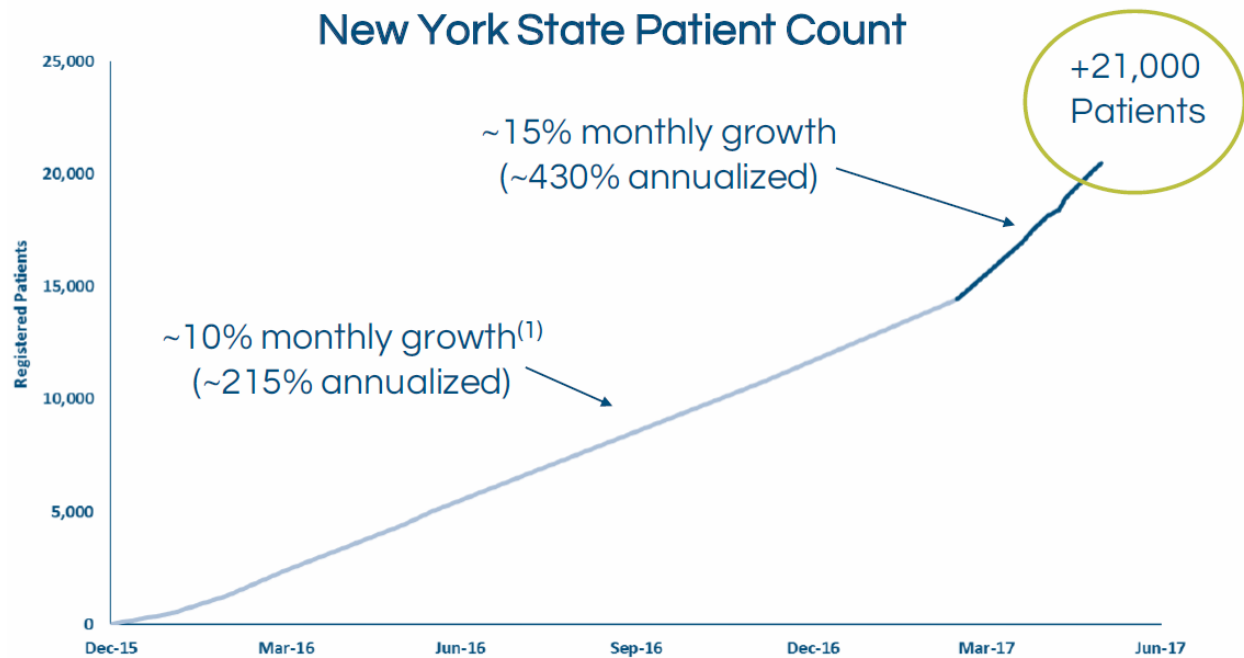
\*\* There is currently a proposal to grant physician's assistants the authority to certify patients for medical cannabis.

\*\*\* Old Framework refers to June 2016, New Framework refers to June 2017.

\*\*\*\* Old Framework refers to prior to March 2017, New Framework refers to May 8, 2017, to June 6, 2017.

Source: New York State Department of Health, Beacon Securities.

**Exhibit 4. New York State Patient Registration**



Notes:  
(1) From Oct/16 to Mar/17  
Source: NY State Department of Health and Company estimates

Source: New York State Department of Health, Beacon Securities.

- Using the rule of thumb of 2% of population at maturity suggests that the New York medical market could eventually reach 395K patients.

**Exhibit 5. Medical Marijuana Program Penetration By Jurisdiction**

Jurisdiction	New York	Oregon	Colorado	California	Canada
Patients	21,009	61,839	94,577	1,526,250	153,000
Population	19,745,289	4,093,465	5,540,545	39,250,017	36,286,400
Penetration %	0.1%	1.5%	1.7%	3.9%	0.4%

Source: New York State Department of Health, Oregon Health Authority, Colorado Department of Public Health & Environment, Marijuana Policy Project, Health Canada, Beacon Securities.

- **Potential catalysts ahead which could further accelerate patient onboarding include:**
  - Adding PTSD to the list of qualifying conditions (being considered by the NY State Senate);
  - Allowing “telemedicine so that patients can be seen by registered practitioners in the privacy of their own home via videoconference and place orders with their dispensary without leaving their homes” (being considered by the NY State Senate; and
  - Passing a law to legalize recreational marijuana. A bill entitled the Marijuana Regulation and Taxation Act which would regulate marijuana in a similar fashion as alcohol was reintroduced into the state legislature yesterday.

## Investor Attitudes Regarding U.S. Operators Continue To Evolve

- On June 8, 2017, Horizons Medical Marijuana Life Sciences ETF (HMMJ-T, not covered) announced a number of changes (refer to our industry research report dated June 9, 2017). Of particular note, “HMMJ’s investment strategy will, subject to regulatory approval, be modified to **permit the HMMJ to invest in marijuana companies which derive some portion of their revenue, currently or in the future, from the medical and/or recreational cannabis industry in certain U.S. states where cannabis use has been legalized by state law**, notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. federal law” (emphasis ours).
- From a macro perspective, these changes are completely consistent with our view that the U.S. marijuana sector is steadily becoming more and more mainstream in the investor community – and we continue to believe that exceptional returns could be made in this sector over the next few years.
- We believe iAnthus could stand to significantly benefit from a potential inclusion in HMMJ. Assuming iAnthus would be added at a 2% weight (similar to other our expectation for companies with a similar market cap), it would require an investment of C\$2.4MM by the ETF. At the current share price, this would translate to 877K shares of ‘automatic buying’ iAnthus by HMMJ, representing **11 days of average volume**.

- An article published by The Canadian Press yesterday reported that marijuana industry insiders recently met with representatives of the Toronto Stock Exchange. We believe Aphria Inc.'s (APH-T, not covered) recent investments in U.S. operators may be prompting the TSX to develop a formal policy on whether or not companies with operations in the U.S. may list on the TSX or TSX Venture Exchange. If approved, we believe this could act as a positive catalyst for iAnthus.

## Not Caught Up In The Canadian LP Pullback

- Notwithstanding a rebound in most names during the last handful of sessions, marijuana stocks have generally been quite weak over the past two months. We believe a 'sell on news' phenomenon began just about the time legislation was introduced by the majority government to legalize recreational marijuana in Canada (on April 13, 2017). Larger financings by new firms in the sector was also likely a factor.
- As shown below, while the Canadian LPs are down 28% on average since April 13, 2017, iAnthus is the only investment in the sector that has been immune from this pullback. The company's share price is unchanged during this period. As we have frequently stated in the past, iAnthus' share price has tended to chart its own course, posting a correlation of daily returns to the group's return of just 0.11 since going public.

### Exhibit 6. Share Price Returns Since April 13, 2017

Ticker	13-Apr-17	12-Jun-17	Return
IAN	\$2.70	\$2.70	0%
OGI	\$2.82	\$2.30	-18%
WEED	\$9.93	\$8.04	-19%
BCC	\$0.52	\$0.42	-19%
HMMJ	\$10.89	\$8.55	-21%
FIRE	\$1.72	\$1.35	-22%
ACB	\$2.83	\$2.21	-22%
CRZ	\$2.57	\$1.98	-23%
APH	\$7.21	\$5.51	-24%
EMH	\$1.62	\$1.21	-25%
CMED	\$12.11	\$8.68	-28%
THCX	\$2.32	\$1.66	-29%
ICC	\$1.31	\$0.93	-29%
BE	\$2.45	\$1.56	-36%
EMC	\$2.88	\$1.82	-37%
THC	\$0.75	\$0.47	-37%
MJN	\$3.12	\$1.79	-43%
<b>Canadian LP Average</b>			<b>-28%</b>
<b>All Company Average</b>			<b>-25%</b>

Source: ThomsonReuters.

## Maintaining Buy; Raising Target To C\$4.00

- We use a sum of the parts approach in determining our target price for iAnthus based on our estimate of fair value of each asset one year from now.

**Exhibit 7. Derivation of Target Price (MM, except per share amounts)**

Asset					Discount Factor	Target Valuation
	2019E EBITDA	Target Multiple	Target Valuation	IAN's Share % Owned Value		
Mayflower - Massachusetts	\$11.6	10.0x	\$116	79%	0.84	\$77
Valley - New York	\$7.6	10.0x	\$76	100%	0.82	\$62
	2018E EBITDA	Target Multiple	Target Valuation	IAN's Share % Owned Value		
Organix - Colorado (Business)	\$1.1	6.0x	\$7	100%		\$7
	Q1/FY18 Book Value	Target Multiple				
TGS - Colorado (Loan)	\$8	1.0x				\$8
RGA - New Mexico	\$3	1.5x				\$4
Organix - Colorado (Building)	\$2	1.0x				\$2
FWR / Grassroots - Vermont	\$1	1.0x				\$1
Other Net Assets (Liabilities)	-\$10	1.0x				-\$10
Total Net Asset Value						\$150
Shares Count - Q1/FY18 Forecast + 5MM Earnout To Valley						45.7
Value Per Share (US\$)						\$3.27
USD to CAD						\$1.33
Value Per Share (C\$)						C\$4.35
Holdco Discount						10%
<b>Target (C\$, Rounded)</b>						<b>C\$4.00</b>
Current Price						C\$2.70
<b>Implied Return</b>						<b>48%</b>

Source: Beacon Securities estimates.

In determining values for our target price:

- For Mayflower, we apply a 10x target multiple to our 2019 EBITDA estimate and adjust for iAnthus' 79% pro forma ownership. We then discount this value (\$92MM) by a five quarters (to represent a time period approximately 12 months from now) at a 15% discount rate.
- For Valley, we apply a 10x target multiple to our 2019 EBITDA estimate. We then discount this value (\$76MM) by five quarters (to represent a time period approximately 12 months from now) at a 17% discount rate.
- For Organix, we apply a 6x target multiple to our 2018 EBITDA estimate for the business, and add \$2MM of value representing management's estimate of what the company's real estate is worth (we believe management intends to sell it over the next 12 months).



- As it is a loan, we value iAnthus' investment in TGS equal to the expected amount drawn at Q1/FY18 (\$7.5MM).
- For RGA, as it is an equity investment, we apply a 1.5x multiple to our Q1/FY18 book value forecast.
- Given that Grassroots is currently only providing interest income to the company (we believe it may convert this to an equity stake), we apply a 1.0x multiple to our Q4/FY17 book value forecast.
- To this subtotal, we subtract our Q1/FY18 forecast for other net liabilities of \$10MM and divide by forecast shares outstanding (plus an expected 5MM shares in earnout for Valley) to arrive at a net asset value per share of \$3.27.
- We then convert our forecast net asset value per share into C\$ using the current f/x rate and apply a 10% holdco discount to arrive at our C\$4.00 target price (rounded).

**Exhibit 8. Market Comparables**

Marijuana Comparables												
Company	Ticker	Year End	Last Price	Market Cap. (MM)	Net Cash (MM)	EV (MM)	EV/Sales			EV/EBITDA		
							2017E	2018E	2019E	2017E	2018E	2019E
iAnthus Capital Holdings Inc	IAN.CD	DEC	\$2.70	\$94	-\$8	\$102	19.0x	2.4x	1.2x	-	42.6x	7.1x
Other Public Companies												
Supreme Pharmaceuticals Inc	FIRE.V	JUN	\$1.35	\$253	\$42	\$211	-	11.2x	2.7x	-	110.3x	8.1x
Canopy Growth Corp	WEED.TO	MAR	\$8.04	\$1,312	\$131	\$1,182	29.4x	11.9x	5.6x	-	-	408.0x
Aphria Inc	APH.TO	MAY	\$5.51	\$678	\$89	\$589	29.3x	13.6x	4.5x	139.7x	42.6x	11.8x
OrganiGram Holdings Inc	OGL.V	AUG	\$2.30	\$238	\$62	\$176	17.2x	4.6x	1.9x	146.5x	14.5x	5.6x
Aurora Cannabis Inc.	ACB.V	JUN	\$2.21	\$781	\$79	\$702	29.1x	5.5x	2.6x	567.3x	15.2x	6.3x
Cronos Group Inc	MJN.V	DEC	\$1.79	\$238	\$9	\$228	23.1x	4.0x	1.1x	-	16.2x	3.5x
CanniMed Therapeutics Inc	CMED.TO	OCT	\$8.68	\$197	-\$8	\$205	11.2x	5.0x	2.6x	65.1x	13.6x	5.6x
Hydrophocary Corp	THCX.V	JUL	\$1.66	\$125	\$21	\$103	20.1x	5.7x	2.6x	-	58.3x	13.1x
<b>Group Average</b>				<b>\$478</b>	<b>\$53</b>	<b>\$425</b>	<b>22.8x</b>	<b>7.7x</b>	<b>3.0x</b>	<b>229.7x</b>	<b>38.7x</b>	<b>57.7x</b>

Marijuana Comparables												
Company	Sales			Sales Growth		EBITDA (MM)			EPS (f.d.)			
	2017E	2018E	2019E	2018E	2019E	2017E	2018E	2019E	2017E	2018E	2019E	
iAnthus Capital Holdings Inc	\$4.0	\$32.0	\$61.2	694%	91%	-\$3.7	\$1.8	\$10.8	-\$0.14	\$0.01	\$0.15	
Other Public Companies												
Supreme Pharmaceuticals Inc	\$0.0	\$18.8	\$78.4	NA	316%	-\$4.8	\$1.9	\$26.1	-\$0.14	-\$0.01	\$0.07	
Canopy Growth Corp	\$40.2	\$99.4	\$209.4	147%	111%	-\$7.9	-\$9.1	\$2.9	-\$0.05	-\$0.13	-\$0.05	
Aphria Inc	\$20.1	\$43.2	\$131.4	115%	204%	\$4.2	\$13.8	\$50.1	\$0.05	\$0.06	\$0.24	
OrganiGram Holdings Inc	\$10.2	\$37.9	\$90.3	271%	139%	\$1.2	\$12.1	\$31.7	-\$0.04	\$0.07	\$0.18	
Aurora Cannabis Inc.	\$24.1	\$128.8	\$267.7	434%	108%	\$1.2	\$46.2	\$112.0	-\$0.03	\$0.08	\$0.21	
Cronos Group Inc	\$9.9	\$57.2	\$207.1	479%	262%	-\$2.5	\$14.1	\$65.5	-\$0.02	\$0.04	\$0.22	
CanniMed Therapeutics Inc	\$18.3	\$41.4	\$77.9	126%	88%	\$3.2	\$15.1	\$36.9	-\$0.08	\$0.53	\$1.13	
Hydrophocary Corp	\$5.2	\$18.3	\$40.0	255%	119%	\$0.0	\$1.8	\$7.9	\$0.00	\$0.00	\$0.04	
<b>Group Average</b>				<b>261%</b>	<b>168%</b>							

Note: EBITDA represents EBITDA to iAnthus. iAnthus' share price, market cap, net cash and EV are in C\$, while Sales, EBITDA and EPS are in US\$. Estimates for IAN, SL, MJN, THCX and WEED are Beacon's and consensus for all other companies.

Source: Company reports, Thomson Reuters, Beacon Securities estimates

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As at May 31, 2017	#Stocks	Distribution
Buy	68	75%
Speculative Buy	10	11%
Hold	6	7%
Sell	0	0%
Under Review	5	5%
Tender	2	2%
<b>Total</b>	<b>91</b>	<b>100%</b>

Buy Total 12-month return expected to be > 15%  
 Speculative Buy Potential 12-month return is high (>15%) but given elevated risk, investment could result in a material loss  
 Hold Total 12-month return is expected to be between 0% and 15%  
 Sell Total 12-month return is expected to be negative  
 Tender Clients are advised to tender their shares to a takeover bid or similar offer

## Dissemination

Beacon Securities distributes its research products simultaneously, via email, to its authorized client base. All research is then available on [www.beaconsecurities.ca](http://www.beaconsecurities.ca) via login and password.

## Analyst Certification

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