



June 23, 2015
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Smart Employee Benefits Inc.⁴

SEB-TSXV: **\$0.465**
 Target Price: **\$1.60**
 Recommendation: **Speculative BUY**

Initiating Report: First Catamaran, then People Corp, now SEB

Smart Employee Benefits through its proprietary software offerings, offers companies group benefit administration, claims adjudication, auxiliary health services and information technology training.

Investment Highlights:

- Smart Employee Benefits (SEB) operates in two spheres which complement each other: group benefits and technology.
- The Company was founded in 2010 by John McKimm, CEO and Robert Prentice, CFO. Both have experience in the industry, notably with Brainhunter (now part of Fairfax Financial). The Company began trading on the TSXV in July, 2012. Insiders own about 65% of the Company.
- The Company provides data management technology solutions that automate *Health Benefits Administration* and *Benefits Claims Processing*. SEB's technology supports all benefit environments including employee group benefit plans, a \$38.0 billion market, and government funded plans, a \$27.0 billion market.
- On March 9th, SEB acquired Regina based Paradigm Consulting Group and Winnipeg based PCGI Consulting Services. Paradigm delivers government and corporate client relationships along with technical skills enabling SEB to compete more effectively in Western Canada, particularly in the areas of healthcare and benefits management. Combined sales of these companies were \$24.0 million.
- SEB has agreed to acquire Maplesoft Group for \$19.3 million. Maplesoft has sales of about \$50.0 million, gross margin of \$7.5 million (15%) and EBITDA of \$2.8 million (5.6%). This year, they've won a number of large five year contracts. Management believes there is the potential for up to \$0.5 million in cost savings by merging SEB's SOMOS Consulting Group (sales of \$17.0 million) with Maplesoft.

Action:

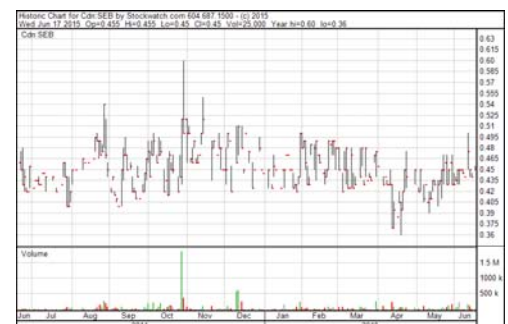
SEB operates in two spheres that augment each other; *Group Benefits* and *Technology*. As can be seen in the Comparables Table in Appendix D below, we've taken an average of these companies' EV/Sales (1.88) and EV/EBITDA (12.52) metrics and using our forward sales estimate of \$117.5 million and EBITDA estimate of \$6.0 million, we get a target price of \$1.60.

Given its small size and the risks involved in merging all these new acquisitions, we are Initiating our coverage with a **Speculative BUY** recommendation.

MARKET STATISTICS

Share Price	\$0.465
52 - week range	\$0.37 - \$0.60
Shares O/S - f.d. (mln)	88.63
1 - Mo avg. daily volume (000)	37.8
Market cap. - f.d. (\$mln)	\$41.21
Net debt (\$mln)	\$6.12
Enterprise Value (\$mln)	\$47.34

	2014	2015E	2016E
VALUATION			
P/E	nm	nm	15.8x
EV/EBITDA	nm	10.6x	5.1x
P/Book	9.9x	9.9x	6.2x
KEY FINANCIALS (MMs)			
Revenues	\$20.02	\$93.78	\$155.00
EBITDA	-\$3.80	\$4.44	\$9.33
Net earnings	-\$7.09	-\$0.02	\$2.46
PER SHARE (f.d.)			
EPS (fully diluted)	-\$0.10	\$0.00	\$0.03
CFPS	-\$0.04	\$0.05	\$0.10
Book value/share	\$0.05	\$0.05	\$0.07
KEY METRICS			
EBITDA margin	-19.0%	4.7%	6.0%
Net margin	-35.4%	0.0%	1.6%
Return on equity	-212.6%	-0.6%	39.5%



Company Overview

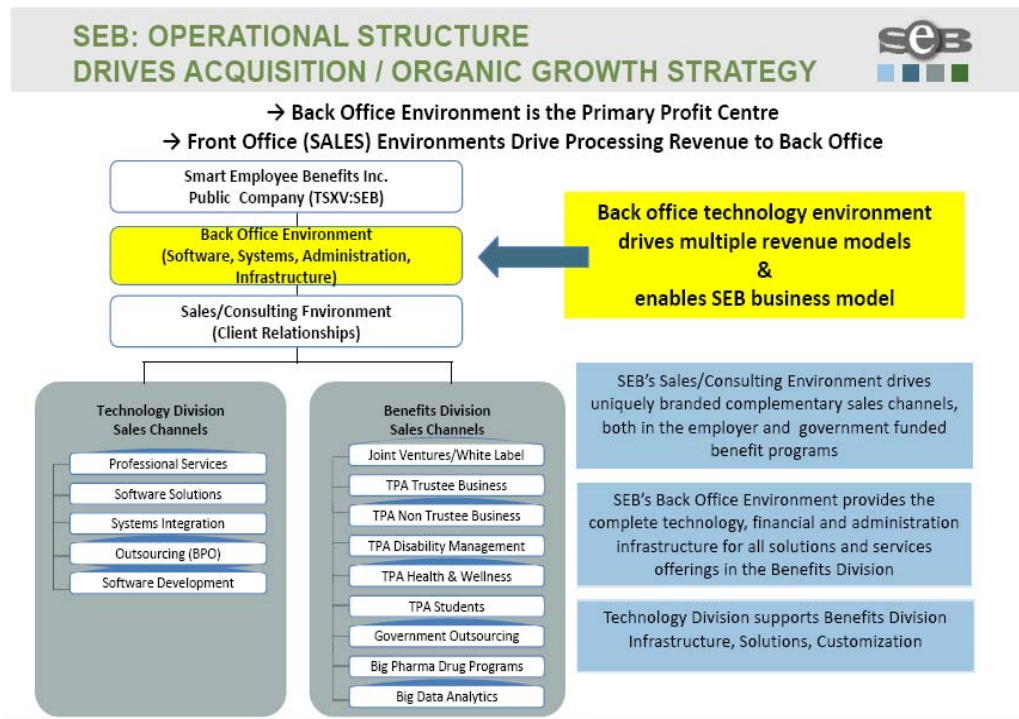
SEB was incorporated in December 2010 by John McKimm, CEO and Robert Prentice, CFO. Both have experience in the industry, notably with Brainhunter (now part of Fairfax Financial). The Company began trading on the TSXV in July, 2012 via a CPC. It acquired a health care adjudication platform for \$0.75 million plus \$7.5 million in milestone licensing fees. Over \$18.0 million was invested to fully integrate the health care claims processing functionality that is traditionally handled by multiple systems and vendors. Management believes they have the only platform in Canada capable of processing multiple benefit types in the same environment.

With this leading edge technology in place and because major insurers outsource much of their adjudication and administration, management decided to focus on two complimentary areas; technology and benefits management. A flowchart of SEB appears below.

The technology solutions & services division provides professional services, software solutions, systems integration and outsourcing. Think of a smaller version of CGI Group (GIB.A-TSX). It is very difficult to break into this business. Clients want to know you can do the job and often (governments always do) need references. Acquisitions, like Maplesoft, provide the critical references that are necessary to bid on this work and on Government Requests for Proposals (RFP).

The benefits division is looking to acquire Third Party Administrators (TPAs) or businesses that compliment this service. Management believes that TPAs are the outsourcing decision maker and that once acquired, can transition the administration and adjudication functions to their own back office environment. There are lots of acquisitions available, which would turn this into a multi-million dollar company. Health claims processing is a \$65.0 billion industry, of which \$38.0 billion is employee group benefit premiums and \$27.0 billion is other health claims processing transactions. Banyon is SEB's first TPA acquisition. It had revenues of \$10.0 million. A list of Third Party Administrators' Assoc. of Canada members appears in Appendix C.

Exhibit 1: SEB Overview










Source: Company presentation

Starting in 2013, management began to make a number of acquisitions to enhance its IT platform or benefits division. They aimed to acquire clients and their long term contracts. These clients and contracts are critical to bidding on large contracts, especially government contracts. To win a government contract (RFP) one must prove that you've done similar jobs in the past. This creates an amazing barrier to entry and the only logical way in is to acquire existing businesses.




Exhibit 2: Acquisition Timeline

SEB – CLOSED 11 ACQUISITIONS IN 24 MONTHS 

Closed Deals: Currently tracking over \$60.0mm in sales for 2015 (\$20.0mm in 2014)

Company	Acquisition Date	Description	Established	Headquarters	Employees	Annualized Revenue	
						At Acquisition	Fiscal 2015 Target
	Feb, 2013	Supply Chain software business that provides and hosts software products which help manage supply chains. <i>Select clients: LOBOS</i>	1996	Mississauga	60	\$4.0 M	\$5.5 M
	Mar, 2013	Management consulting and IT services and training company with extensive vendor arrangements with corporate and govt clients	1991	Ottawa	12	\$7.5 M	\$10.5 M
	Dec, 2013	One of the leading integration and professional services firms in Canada over 100 experienced professionals and extensive expertise in SI	2000	Mississauga UAE India	73	\$2.0 M	\$5.5 M
	Mar, 2014	A turnkey communication and personnel service provider with over 30 years' experience	1982	Ottawa	4	\$1.0 M	\$2.0 M
	Mar, 2014	Adeeva and James Meschino Health provide a fully automated "wellness" platform including content, wellness assessment, online videos, etc. Adeeva provides a suite of wellness supplement solutions	1996	Mississauga	5	\$1.5 M	\$2.0 M
	Jun, 2014	Stroma provides software, consulting, and training services as an IT Service Management company <i>Select Clients: Various Canadian health</i>	2000	North Bay	27	\$6.0 M	\$6.0 M
	Sept, 2014	Health and Wellness Platform - content rich, fully automated Health Risk Assessment providing analysis and education both on an individual and an organizational basis.	2013	Toronto	5	\$0.4 M	\$1.0 M

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Company	Targeted Acquisition Date	Description	Established	Headquarters	Employees	Annualized Revenue	
						At Acquisition	Fiscal 2015 Target
	Nov, 2014	Complete Disability and Rehabilitation/Back-to-Work/Return-to-Work services company providing a superior combination of expertise and software solutions throughout the Canadian and Australian markets. Over 20 years experience.	1990	Toronto	38	\$10.0 M	\$12.5 M
	Feb, 2015	Providing Consulting services and solutions for corporate and government clients in the areas of Group and Health Benefits, Retirement Plans and Human Resources.	2014	Toronto Vancouver	4	\$0.2 M	\$1.0 M
	Dec, 2014	Management Consulting and IT Services company with extensive vendor arrangements with corporate and government clients including healthcare, insurance, financial services, public sector, telecom and energy.	1994	Regina Winnipeg	150	\$24.0 M	\$26.0 M
Total:					366	\$56.6 M	\$75.0 M

Source: Company presentation

Industry Overview: Changing the playing field

Management believes they have a disruptive technology which will revolutionize the health care benefits industry (adjudication and administration) in Canada. The top ten insurance companies control 95.5% of the market. However, eight of these outsource much of their adjudication and administration. Two adjudicators control over 70% of the market for drug and dental adjudication using 30 year old technology. This doesn't cover those companies that self insure their businesses. This is a growing segment and ripe for SEB to make inroads.

The benefits industry is a very lucrative business, as approximately 10-15% of premiums paid by employers are directed to plan administration and claims managers. Management believes that TPAs are the outsourcing decision maker and that once acquired, can transition the administration and adjudication to their own back office environment.

Exhibit 3: Revenue model

SEB - PROFORMA REVENUE MODEL – GROUP BENEFITS: TYPICAL EMPLOYEE BENEFIT PLAN

SEB Technology Solutions Capture \$300 to \$600 of Processing Revenue Per Employee

Typical Benefit Plan Cost:		\$3,000 to \$4,000 per employee
Revenue per Plan Member 10-15%:		\$300 to \$600 per employee
Allocation of Benefit Premiums:	Pooled	24% - 30%
	Dental	20% - 22%
	Drugs	40% - 50%
	Wellness	5% - 15%
		100%
Administration and Adjudication Fees:	10% to 15% of Claims	
Other Revenue Models:	5% to 10% of Premiums	
Revenue per Employee/year:	\$300 to \$600 per employee	
SEB Proforma Profit Margins:	Over 50% of each revenue dollar	

Fully Automated Services Platform Supports Strong Profit Margins in both Employer Funded Group Benefits and Government Funded Benefits.

Source: Company presentation

What is a third-party administrator? A TPA is an organization that processes insurance claims or certain aspects of employee benefit plans for a separate entity. This can be viewed as "outsourcing" the administration of the claims processing, since the TPA is performing a task traditionally handled by the company providing the insurance or the company itself. Often, in the case of insurance claims, a TPA handles the claims processing for an employer that self-insures its employees. Thus, the employer is acting as an insurance company and underwrites the risk. An insurance company may also use a TPA to manage its claims processing, provider networks, utilization review, or membership functions. While some third-party administrators may operate as units of insurance companies, they are often independent.

TPAs are responsible for a range of services, from premium administration and billing, up to a full suite of services including maintenance of eligibility records, benefits plan documentation and communication, and claims adjudication. For small and mid-sized businesses, a TPA can provide group insurance administrative services more cost effectively and with more flexibility than traditional insurance carriers. While a typical administration fee for traditional insurance carriers is 25-35%, a well managed TPA will charge between 12-20%.

While many TPAs are no more than “store-fronts” that use outside processing facilities for all their services, others offer a complete range of in-house services including claims adjudication and payment, securing insurance contracts and drug card printing and delivery. When choosing a TPA, employers must ultimately understand which critical services reside in-house, which are contracted and how that may impact the accuracy, security and quality of the service they can expect to receive.

Exhibit 4: The Benefits Market

SEB – THE BENEFITS MARKET: RIPE FOR CHANGE



SEB's fully integrated technology solutions are well positioned to consolidate an old and fragmented business by upgrading Technology Solutions and consolidating Service Offerings.

- **Massive Industry:** Health claims processing is a \$65.0 billion industry, of which over \$38.0 billion is employee group benefit premiums and over \$27.0 billion is other health claims processing transactions.
- **Inflexible & Fragmented Technology Solutions:** There is no fully integrated technology platform for processing health claims. Old, inflexible mainframe environments manage over 70% of the adjudication technology. Multiple technology service providers. Many manual systems. Opportunity to automate and integrate processes.
- **No Incentive to Innovate:** All costs are passed on to the client annually, particularly in group benefits. There is minimal incentive to improve core technologies, particularly adjudication.
- **Outsourcing the Norm:** Over 85% of adjudication services are outsourced. Much of administration is also outsourced, particularly in the group benefits industry. Major Insurers outsource much of their adjudication and administration in health benefits industry.
- **Recession-Resistant Annuity Revenue:** Group benefit premiums grew over 100% since 2002 with steady growth rates even during recession. Other health claims expenditures are equally recession-resistant.
- **Clients Want More Choices and Better Reporting:** Clients are demanding more flexible Plan Designs and more real time visibility on where and how their benefits dollars are being spent.

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Source: Company presentation

Key Growth Drivers

The most important growth driver is SEB's leading edge benefits management technology. Old inflexible mainframe environments manage over 70% of the adjudication technology. As costs are passed on to the client, there is minimal incentive for other companies to improve their core technology.

SEB management. John McKimm, CEO and Robert Prentice, CFO have extensive experience in the industry, notably with Brainhunter. We expect management to continue to mine their extensive network of contacts to unearth new acquisitions.

SEB has been on an acquisition spree to attain critical mass. There are plenty of companies in the IT or health benefits space that could be acquired at multiples below SEB's multiples and well below SEB's peer group average. For example, the Company paid 0.39x EV/Sales and 6.9x EV/EBITDA for Maplesoft. SEB trades at 0.5x EV/Sales and 9.0x EV/EBITDA. SEB's peer group trades at 1.9x EV/Sales and 12.5x EV/EBITDA. SEB will likely use its paper to make acquisitions at cheaper multiples.

Management has shown a knack for selling off all or parts of non-core assets. In December 2014, SEB announced the sale of Logitek Technology's Electronic Data Interchange (EDI) business to DiCentral Corp. for \$2.15 million. SEB took a \$1.2 million after tax gain on that sale. Inforica is one of the leading Integration and Professional services firms in Canada. It is involved in Health Care Solutions (core) and Energy Information Management (non-core). We expect management will monetize this non-core division at some point in the future.

Financial Analysis

For the first quarter ended Feb. 28, 2015, SEB reported revenue of \$11.3 million, up from the \$4.56 million reported in Q4/14. This growth was primarily acquisition driven. Two months worth of the Paradigm acquisition added revenue of \$3.9 million and a full month of Banyan added \$2.0 million. That leaves organic growth of \$0.8 million or 18.4%, driven by continued contract wins.

Exhibit 5: Financial History

SEB – FINANCIALS (2012 TO 2015)

All numbers in Canadian dollars in millions (Fiscal Year End – Nov. 30th)



Positive Impact of Acquisitions

YEAR	2011	2012	2013	2014	Q1 / 2015	2015 FY
REVENUE	---	\$0.252	\$10.154	\$20.02	\$11.21	\$60.00 +
EBITDA	---	\$(2.442)	\$(3.421)	\$(5.016)	\$0.770*	*POSITIVE

- 2011 - 2014:** SEB was a development company spending significant dollars on core technology development.
- 2013 – 2014:** Acquisitions program began. Organic growth strategies were initiated. Organic growth attributable to one-time transaction costs related to acquisitions and financing.
- Q1 – 2015:** Included only 2 months of the results of Paradigm, SEB's latest acquisition. Each month represents over \$2.0mm in revenue and over \$0.250mm of EBITDA. *Adjusted EBITDA includes one-time transaction costs of approximately \$0.250mm and non-cash based (options) compensation of \$0.158mm.
- 2015 FY:** Revenue without acquisitions or any significant RFP wins is expected to exceed \$60.0 million with a positive EBITDA.

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Source: Corporate presentation

Cost of Sales is primarily contractor costs. A large percentage of SEB's business is service oriented. Work on large government contracts is done by teams of contractors that roll with the contract, regardless of who manages the contract. Gross margin on this business is 15.0%. All of Maplesoft's business is currently done through contractors. SEB's goal is to transition the majority of these contractors over to employees, where the gross margin is higher, about 25%. We estimate this transition will be accomplished within the next twelve months. In 2014, SEB had a gross margin of 21.4%, this rose to 24.1% in Q1/15, primarily from the addition of Paradigm. We expect the gross margin to fall to 20.0% in Q2/15 with the Maplesoft acquisition, gradually rising to 23.0% in 2016.

Salaries are the next largest expense. They doubled to \$1.5 million in Q4/14, due to compensation costs of the newly acquired companies. This boosted this expense to 21.0% of sales in 2014. Salaries fell back to \$1.3 million in Q1/15 or 11.3% of sales. We are forecasting a gradual increase in this expense to 14.0% of sales by 2016.

SEB turned EBITDA positive for the first time in Q1/15. With the improvement in gross margins, we are forecasting continued improving EBITDA margins, which we estimate will average 6.0% in 2016.

SEB is an acquirer. Most of their acquisitions are asset light, with the bulk of the value tied up in long term contracts. Therefore the majority of the purchase price is made up of: trade names & IP, customer relationships and goodwill. The first two line items get amortized over the life of the contracts, typically five years. Therefore we are forecasting the amortization expense to double from \$0.7 million in Q1/15 to \$1.4 million by Q4/15.

Exhibit 6: What Maplesoft adds**SEB – MAPLESOFT
FINANCIAL PARAMETERS TODAY****Today's Financials:**

- **Sales ~ \$50.0mm**
- **Gross Margin ~ \$7.5mm**
- **EBITDA ~ Tracking \$2.8mm (37% of Gross Margin)**
- **Backlog (Up to 7 Years) over \$400.0mm**
- **Business Model: Contractor 100% of Sales/ Gross Margin: 15%**
- **Major Clients – Federal Government, Provincial Governments, Crown Corporations, Oil & Gas Multi-Nationals**

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Source: Corporate presentation

The acquisition of Maplesoft will add sales of about \$50.0 million, gross margin of \$7.5 million (15%) and EBITDA of \$2.8 million (5.6%). This year, Maplesoft has won a number of large five year contracts with the Federal Government. Management believes they can transition some of the Maplesoft contract workers over to SEB's employee model. Gross margins on those sales could increase by 10.0%. There is also the potential for up to \$0.5 million in cost savings by merging SEB's SOMOS Consulting Group with Maplesoft.

At the end of the quarter, the Company had \$10.7 million in debt, \$5.0 million in convertible debt, \$0.3 million in preferreds and \$4.7 million in cash. The Maplesoft acquisition adds \$7.3 million in assumed debt and most of the \$10.0 million payable in cash will have to be financed. Most of the convertible notes mature in 2016 and are convertible at or close to today's price.

Valuation

SEB operates in two spheres that augment each other; *Group Benefits* and *Technology*. As can be seen in the Comparables Table in Appendix D below, we've taken an average of these companies' EV/Sales (1.88) and EV/EBITDA (12.52) metrics and using our forward sales estimate of \$117.5 million and EBITDA estimate of \$6.0 million, we get a target price of \$1.60.

Given its small size and the risks involved in merging all these new acquisitions, we are Initiating our coverage with a **Speculative BUY** recommendation.

Appendix A: Investment Risks

Acquisitions. The process of proposing, negotiating and implementing an acquisition is lengthy and complex. SEB may fail to realize the anticipated benefits of its efforts. The Company may not be able to acquire the potential candidate on terms that the Company finds acceptable, or at all.

Intellectual Property. The Company uses intellectual property as a product differentiator. If this new technology is not accepted or if newer technology were to come into the market, SEB would be disadvantaged.

Managing growth. To meet its growth objectives, SEB needs to attract and maintain qualified personnel and financial resources.

Appendix B: Officers and Directors:

John McKimm - CEO, President, CIO: Mr. McKimm has over 35 years of entrepreneurial experience serving as a director and an officer of many public and private companies, where he provided operations, investment banking, and corporate financing expertise. He also founded and was Chairman and CEO of Brainhunter Inc., a technology-based service company that he took public, growing it from start-up to more than \$235 million in annual revenue. Previously, he was executive chairman of Daedalin eSolutions Inc., a firm he recapitalized and reorganized, then took public and sold for \$29 million.

Robert Prentice - CFO, COO, Corporate Secretary: Mr. Prentice has over 40 years of experience as a financial professional and has operated across many industry sectors. Most recently, he was CFO and a co-founder of Brainhunter Inc. Mr. Prentice has extensive operational expertise in creating best practices discipline and structure in high growth opportunities as well as extensive public company expertise and has been involved in multiple acquisitions and financings as a member of the negotiating, due diligence and integration teams.

Adam Jasek - EVP Strategic Business Development, Acquisitions and Joint Ventures: Mr. Jasek oversees SEB Inc's strategic growth. Additionally, he serves as the President of SOMOS Consulting Group. He has over 40 years of experience in founding and managing successful businesses, while also holding experience in technical consulting roles. Prior to joining SOMOS, he served as the Chief Executive Officer of ADGA Information Technology Engineering Services at the ADGA Group.

Peter Yu - CTO: Mr. Yu directs SEB Inc's technology landscape and oversees all matters pertaining to the technology-related initiatives of the enterprise. Mr. Yu possesses over 16 years of experience in software development, including experience related to payment service platforms, E-government, fraud alert for credit and debit cards, group benefit adjudication and administration platforms.

Ronald Barbaro - Chairman of the Board: Mr. Barbaro was President & CEO of the Prudential Insurance Company of America's Canadian Operations (1985 – 1990); then President of Prudential's Worldwide Ops. (1990-1993). He was the former President and CEO of The Ontario Lottery and Gaming Corporation (1998-2003); Chairman of the Board of The Brick (2004-2012); President of the Toronto Argonaut Football Club; Chairman of the Toronto Design Exchange, Campaign Chairman of the United Way; Chairman of the Premier of Ontario's Economic (SARS) Recovery Team, and has served on more than 30 other public boards including Thomson Reuters.

Walter Simone - Vice Chairman of the Board: Mr. Simone has been in the insurance and financial services industry for 40 years and is a Qualifying & Life member of the Million Dollar Round Table; an international network of insurance and investment financial services professionals/advisors. Mr. Simone is a regular speaker and author on topics of life insurance and related products, motivation and practice management.

Appendix C: Third Party Administrators' Assoc. of Canada members



Appendix D: Income Statement

	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15E	Q3/15E	Q4/15E	2015E	Q1/16E	Q2/16E	Q3/16E	Q4/16E	2016E
Revenue	\$10,153.5	\$4,257.3	\$5,754.5	\$5,749.9	\$4,260.5	\$20,022.2	\$11,281.6	\$25,000.0	\$27,500.0	\$30,000.0	\$93,781.6	\$35,000.0	\$37,500.0	\$40,000.0	\$42,500.0	\$155,000.0
Cost of Sales	-\$7,960.6	-\$3,417.2	-\$4,441.3	-\$4,587.9	-\$3,297.1	-\$15,743.4	-\$8,561.5	-\$20,000.0	-\$21,725.0	-\$23,400.0	-\$73,686.5	-\$26,950.0	-\$28,875.0	-\$30,800.0	-\$32,725.0	-\$119,350.0
Salaries	-\$3,195.6	-\$703.0	-\$941.0	-\$1,062.7	-\$1,497.9	-\$4,204.5	-\$1,271.7	-\$2,750.0	-\$3,300.0	-\$3,900.0	-\$11,221.7	-\$4,900.0	-\$5,250.0	-\$5,600.0	-\$5,950.0	-\$21,700.0
Professional fees	-\$648.1	-\$175.6	-\$128.2	-\$129.2	-\$242.8	-\$675.7	-\$118.1	-\$128.2	-\$129.2	-\$242.8	-\$618.2	-\$118.1	-\$128.2	-\$129.2	-\$242.8	-\$618.2
Office & general	-\$1,236.8	-\$464.5	-\$509.5	-\$814.5	-\$740.3	-\$2,528.7	-\$810.2	-\$1,000.0	-\$1,000.0	-\$1,000.0	-\$3,810.2	-\$1,000.0	-\$1,000.0	-\$1,000.0	-\$1,000.0	-\$4,000.0
Development costs	-\$112.6	-\$141.0	-\$167.0	-\$167.0	-\$193.4	-\$668.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EBITDA	-\$3,000.2	-\$644.0	-\$432.4	-\$1,011.3	-\$1,710.9	-\$3,798.6	\$520.1	\$1,121.8	\$1,345.8	\$1,457.2	\$4,445.0	\$2,031.9	\$2,246.8	\$2,470.8	\$2,582.2	\$9,331.8
Amortization	-\$625.8	-\$222.3	-\$222.6	-\$273.5	-\$542.5	-\$1,260.9	-\$718.3	-\$805.8	-\$1,430.8	-\$1,430.8	-\$4,385.8	-\$1,430.8	-\$1,430.8	-\$1,430.8	-\$1,430.8	-\$5,723.3
Interest expense	-\$194.7	-\$105.1	-\$161.7	-\$153.5	-\$126.5	-\$546.8	-\$125.1	-\$42.6	-\$42.6	-\$42.6	-\$253.0	-\$42.6	-\$42.6	-\$42.6	-\$42.6	-\$170.5
Accretion of interest	-\$185.9	-\$90.4	-\$123.0	-\$134.2	-\$446.4	-\$794.0	-\$194.5	-\$194.5	-\$194.5	-\$194.5	-\$778.0	-\$194.5	-\$194.5	-\$194.5	-\$194.5	-\$778.0
Share-based comp.	-\$265.7	\$0.0	-\$275.1	-\$106.1	-\$593.9	-\$975.0	-\$157.8	\$0.0	\$0.0	\$0.0	-\$157.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$0.0	-\$30.6	\$32.1	-\$7.1	\$33.7	\$28.2	\$1,147.5	-\$3.2	-\$1.8	\$0.0	\$1,142.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Income taxes	\$311.6	\$0.0	\$0.0	\$0.0	\$257.9	\$257.9	-\$69.4	-\$5.9	\$24.3	\$15.9	-\$35.1	-\$27.4	-\$43.7	-\$60.5	-\$68.9	-\$200.6
Net Earnings	-\$3,960.7	-\$1,092.4	-\$1,182.7	-\$1,685.7	-\$3,128.5	-\$7,089.2	\$402.5	\$69.7	-\$299.6	-\$194.9	-\$22.3	\$336.5	\$535.2	\$742.3	\$845.3	\$2,459.3
E.P.S.	-\$0.07	-\$0.02	-\$0.02	-\$0.02	-\$0.04	-\$0.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.03

Source: Octagon Capital Corp., Company Reports

Appendix E: Comparable company financial summaries

Company Name	Stock Price (Listed \$)	Shares Outstanding (MM)	Market Cap (\$MM)	EV (\$MM)	Debt/ Capital (%)	Last 12 Months			Next 12 Months			Last 12 Months			Next 12 Months		
						Revenue	EBITDA	EPS	Revenue	EBITDA	EPS	TEV/Rev	TEV/EBITDA	P/E	TEV/Rev	TEV/EBITDA	P/E
Alere Inc. (NYSE:ALR)	\$ 51.73	85.4	4,417.2	7,745.2	60.2	2,561.8	527.2	1.87	2,580.9	579.7	2.54	3.0x	14.7x	27.7x	3.0x	13.4x	20.4x
Catamaran Corporation (TSX:CCT)	\$ 75.13	208.0	15,629.2	16,336.7	20.8	22,646.7	897.9	1.64	24,865.2	975.7	2.68	0.7x	18.2x	45.8x	0.7x	16.7x	28.0x
CGI Group, Inc. (TSX:GIB.A)	\$ 51.03	313.0	15,974.9	17,885.2	27.9	10,293.2	1,735.0	2.89	10,464.8	1,922.9	3.30	1.7x	10.3x	17.7x	1.7x	9.3x	15.5x
CorVel Corporation (NasdaqGS:CRVL)	\$ 33.18	20.1	666.6	641.1	0.0	492.6	63.6	1.37	-	-	-	1.3x	10.1x	24.2x	NA	NA	NA
ExamWorks Group, Inc. (NYSE:EXAM)	\$ 42.22	41.3	1,745.3	2,153.5	54.3	798.9	111.3	0.30	833.4	148.6	0.25	2.7x	19.3x	NM	2.6x	14.5x	NM
Healthways Inc. (NasdaqGS:HWAY)	\$ 12.47	35.7	445.2	706.2	46.5	755.3	48.9	0.03	789.3	65.1	0.16	0.9x	14.5x	NM	0.9x	10.9x	NM
QHR Corporation (TSXV:QHR)	\$ 1.56	49.9	77.9	68.7	2.3	28.7	(0.7)	(0.04)	31.2	4.1	(0.08)	2.4x	NM	NM	2.2x	16.6x	NM
Morneau Shepell Inc. (TSX:MSI)	\$ 16.76	48.0	804.7	1,120.1	49.9	543.2	82.5	0.50	587.6	109.9	0.84	2.1x	13.6x	33.5x	1.9x	10.2x	19.9x
People Corporation (TSXV:PEO)	\$ 4.29	39.9	171.3	177.5	27.0	44.6	7.7	0.01	60.4	12.8	0.10	4.0x	23.2x	NM	2.9x	13.9x	43.6x
Premier, Inc. (NasdaqGS:PINC)	\$ 38.02	37.7	1,432.3	1,104.3	NM	975.9	320.6	(8.43)	1,083.3	416.3	1.52	1.1x	3.4x	NM	1.0x	2.7x	25.1x
Tecsys Inc. (TSX:TCS)	\$ 9.18	12.3	113.1	113.7	15.6	52.3	3.3	0.16	61.5	6.7	0.30	2.2x	34.6x	56.9x	1.8x	17.0x	30.6x
Average					30.5							2.0x	16.2x	34.3x	1.9x	12.5x	26.2x
Smart Employee Benefits Inc. (TSXV:SEB)	\$ 0.47	88.9	41.4	53.9	56.9	27.0	(2.6)	(\$0.08)	117.5	6.0	(\$0.00)	2.0x	NM	NM	0.5x	9.0x	NM

Source: S&P Capital IQ, Company reports, Octagon Capital Corp.

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