

WELCOME TO THE INAUGURAL EDITION OF CANALYST'S POST-QUARTERLY NEWSLETTER

Given this is a first edition, it's helpful to lead with the purpose of this publication. Every quarter, in order to keep our on-demand database current, Canalyst updates over 2500 North American models for their quarterly earnings reports in under three weeks. While we have no view on whether individual stocks are buys, sells, or holds, we definitely see a lot of interesting things when looking at every name over \$30 million in market cap.

As the topic of our first report, we thought we'd take a look at what were the most impactful results of Q2, and examine why.

First, we ask the market to tell us what it was most shocked by in the quarter. The methodology below is to find which stocks moved the most from T+5 days from their own reporting, and then adjust by their historical volatility. That way, you don't miss out on seeing what were actually relatively big moves in less torque-y names.

Security Name	Prior Close Before Results	T+5 Close	Total Change	1-year Historical Volatility	Surprise Factor
Alaris Royalty	\$29.47	\$23.26	-21.1%	28.1%	0.75
Badger Daylighting	\$21.18	\$26.55	25.4%	41.9%	0.61
Avigilon	\$13.35	\$9.63	-27.9%	51.1%	0.54
Cott	\$18.88	\$22.42	18.8%	34.6%	0.54
Cogeco Communications	\$68.95	\$61.07	-11.4%	22.1%	0.52
High Liner Foods	\$20.02	\$24.44	22.1%	43.1%	0.51
Sandvine	\$2.61	\$3.18	21.8%	42.9%	0.51
Wi-LAN	\$3.38	\$2.39	-29.3%	58.6%	0.50
Rocky Mountain Dealerships	\$7.25	\$8.39	15.7%	31.5%	0.50
KP Tissue	\$11.40	\$13.10	15.0%	30.0%	0.50
Concordia International	\$21.26	\$12.00	-43.6%	92.1%	0.47
Ritchie Bros Auctioneers	\$43.18	\$36.80	-14.8%	33.1%	0.45
Cogeco	\$56.20	\$50.50	-10.1%	23.9%	0.42
Absolute Software	\$8.25	\$7.11	-13.8%	33.2%	0.42
Enercare	\$17.50	\$18.87	7.8%	19.2%	0.41
Enerflex	\$11.25	\$13.15	16.9%	41.4%	0.41
Great-West Lifeco	\$33.76	\$31.20	-7.6%	18.8%	0.40
Empire Co	\$21.69	\$19.35	-10.8%	27.3%	0.40
Celestica	\$13.16	\$14.95	13.6%	34.5%	0.39
Mullen Group	\$14.22	\$15.98	12.4%	31.4%	0.39
Rogers Communications	\$53.60	\$57.44	7.2%	19.0%	0.38
Bird Construction	\$12.91	\$11.25	-12.9%	34.3%	0.37
Dream Office Real Estate	\$18.59	\$16.71	-10.1%	27.0%	0.37
Extendicare	\$8.13	\$8.90	9.5%	25.4%	0.37
Altus Group	\$23.00	\$25.69	11.7%	32.3%	0.36

Next, we decided to briefly examine some of the individual movers, using our models to highlight what exactly caught the market off-guard. For brevity in our initial report, we've randomly selected a few names – however, based on your feedback, we could expand this to routinely examine the top 10 or 20 names post-quarter.

Badger Daylighting – The \$1 billion market cap hydrovac (used for excavation in the energy & utility space) company greatly surprised everyone by posting a year-over-year gain in both revenue and EBITDA margin, versus a very tough industry backdrop.

	Mar-15 Q1-2015	Jun-15 Q2-2015	Sep-15 Q3-2015	Dec-15 Q4-2015	Dec-15 FY2015	Mar-16 Q1-2016	Jun-16 Q2-2016
Margin Analysis							
COGS Margin	69.4%	73.2%	66.6%	71.3%	70.0%	73.3%	70.5%
SG&A Margin	3.3%	4.6%	3.1%	2.8%	3.4%	4.5%	4.2%
EBITDA Margin	27.3%	22.2%	30.3%	25.9%	26.6%	22.2%	25.2%
Revised Income Statement							
Net Revenue	101.7	90.4	111.4	101.1	404.6	88.2	92.0
COGS	70.6	66.2	74.2	72.0	283.1	64.6	64.9
SG&A	3.3	4.1	3.5	2.8	13.8	3.9	3.9
EBITDA	27.8	20.1	33.7	26.2	107.8	19.6	23.2

Wi-Lan – The \$250 million market cap intellectual property / patent licensing company put up another quarter of volatile revenue, which clearly continues to frustrate analysts and forecasters.

	Dec-14 FY2014	Mar-15 Q1-2015	Jun-15 Q2-2015	Sep-15 Q3-2015	Dec-15 Q4-2015	Dec-15 FY2015	Mar-16 Q1-2016	Jun-16 Q2-2016
YOY Growth Analysis								
Total Revenue Growth	11.5%	-21.4%	36.4%	-12.8%	17.7%	4.6%	47.8%	-54.4%
EBITDA Margin	62.0%	36.7%	73.5%	60.7%	62.9%	60.8%	66.0%	45.3%

Enerflex – Canalyst models include all key company operating statistics, in addition to financial metrics. In the case of Enerflex, the \$1 billion market cap gas compression equipment name, this quarter shows how strong bookings led to EFX breaking a string of declining backlog figures, sparking a “potential inflection point” rally.

	Mar-15 Q1-2015	Jun-15 Q2-2015	Sep-15 Q3-2015	Dec-15 Q4-2015	Dec-15 FY2015	Mar-16 Q1-2016	Jun-16 Q2-2016
Total Backlog,mm	715.1	532.7	477.6	427.2	427.2	334.9	345.4
Total Bookings,mm	140.6	86.5	237.3	170.6	1,416.9	65.0	154.4

Bottom line: The information overload of earnings season continually provides opportunity for those willing to dig into the numbers. By providing clean, similarly-formatted, easily-comparable financial models, we hope that Canalyst can help you generate alpha by streamlining your investment process.

COMPANY PROFILE



“The person who turns over the most rocks wins the game.”

– Peter Lynch

In this segment, we profile an unfollowed company from the 50+ models we provide with zero sellside coverage. As a reminder, Canalyst does not provide buy or sell recommendations, and this profile is meant just to highlight how quickly you could get up to speed on a new name.

As background, the ~\$250 million market cap [Sylogist](#) provides data collection, analysis, and reporting software to public and private sector organizations. Some specific solutions include Serenic, a payroll / human resources package; Epic Data, a data collection / ERP liaison; and Payment Solutions, for cost management. Sylogist's technologies are typically related to financial applications for businesses or public sector entities.

Sylogist has made several strategic acquisitions of software companies, including Serenic in 2014, that have integrated well and are accelerating Sylogist's organic growth. In addition, as Sylogist continues to expand into the US, the tailwind of a favorable USD/CAD exchange rate has also been beneficial.

Revenue growth is summarized in the snapshot from our model below.

	Sep-09 FY2009	Sep-10 FY2010	Sep-11 FY2011	Sep-12 FY2012	Sep-13 FY2013	Sep-14 FY2014	Sep-15 FY2015	Dec-15 Q1-2016	Mar-16 Q2-2016	Jun-16 Q3-2016
Revenue Analysis										
Licenses Revenue Growth		n/a	n/a	n/a	n/a	527.3%	166.2%	131.0%	107.9%	50.7%
Subscription maintenance Revenue Growth		n/a	n/a	n/a	n/a	16.7%	55.5%	14.5%	12.9%	16.7%
Professional services Revenue Growth		n/a	n/a	n/a	n/a	66.8%	142.0%	60.8%	91.2%	137.8%
Product revenue Growth		n/a	n/a	n/a	n/a	744.6%	-60.9%	133.6%	-8.4%	59.6%
Total Revenue Growth		5.0%	1.5%	-5.8%	25.7%	50.5%	56.1%	36.6%	39.6%	45.2%
Licenses Revenue, mm		n/a	n/a	n/a	0.2	1.2	3.2	1.1	1.9	0.9
Maintenance Revenue, mm		n/a	n/a	n/a	9.8	11.5	17.8	4.8	5.1	5.2
Services Revenue, mm		n/a	n/a	n/a	1.3	2.2	5.3	2.0	2.6	3.1
Product Revenue, mm		n/a	n/a	n/a	0.3	2.7	1.0	0.5	0.2	0.3
Total revenue, mm		9.2	9.7	9.8	9.3	11.6	17.5	8.4	9.8	9.6

Canalyst's full summary page of Sylogist can be [found here](#). These summary pages allow you to quickly look through capitalization, company-specific data, GAAP financials, adjusted numbers, margin analysis, sources and uses of cash, balance sheet metrics, profitability ratios, per-share growth figures, and valuation.

Summary pages are available on almost all Canalyst models, and are linked from the fully-working financial model itself, allowing you to perform scenario analysis by changing key drivers. In the case of Sylogist, estimating your forecast growth rates and EBITDA margins would be crucial to your valuation call. Whether it's right before a conference, a last-minute in-house management meeting, or idea generation, Canalyst can help you streamline your investment process, save time, and generate more alpha.

DID YOU KNOW?

When retailer Aritzia announced its plans to IPO in August, Canalyst clients got a head start with a fully built model within 48 hours. For a taste of our IPO models, take a look at our Aritzia pricing and sensitivities, available for [download here](#).

NEWS

Canalyst recently closed a seed round led by Vanedge Capital to expand our equity research platform.

Read the full press release [here](#).

EVENTS

Canalyst is a proud sponsor of SOHN's Capitalize for Kids conference in Toronto, October 26-27.

Learn more about the event [here](#).

For more information on anything in the newsletter, or to get a demo of our entire equity model database, contact us today! sales@canalyst.com

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