

LifeWorks Inc. (TSX: LWRK)

By Andrew Koh, Jesse Wang, Jason Tian and Ryan Park

Overview

Company Overview

Overview

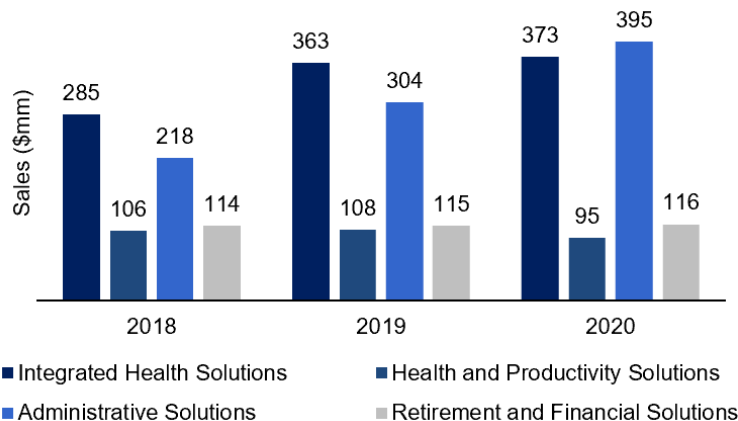
- LifeWorks Inc. (TSX: LWRK), previously known as Morneau Shepell, is a **leading provider for HR services using technology and consulting solutions**
- LifeWorks Inc. provides employee support across **25,000+ corporate clients** globally
- Some services include employee assistance programs, pension and defined benefit plan administration, retirement consulting, and absence management

Financial Snapshot (as of Feb 25)

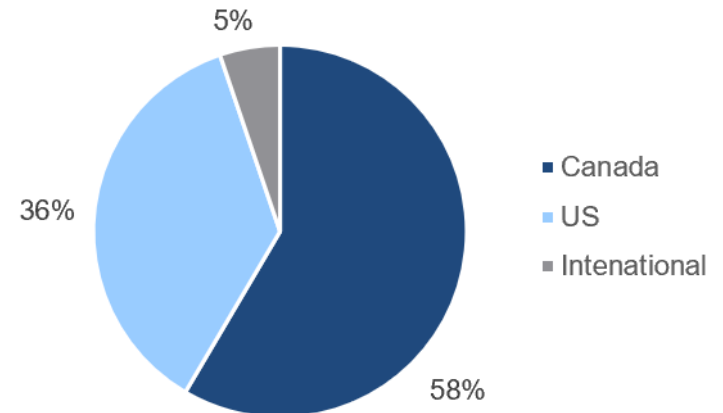
Share Price	\$25.81	Market Cap (mm)	\$1,903.4
52 week high	\$37.56	EV (mm)	\$2,345.3
52 week low	\$24.20	<i>All figures in CAD</i>	

LTM (\$mm)		Key Stats (LTM)	
Revenue	\$1,010.62	EV/EBITDA	11.9x
EBITDA	\$194.60	EV/Sales	2.3x
EBIT	\$18.80	EBITDA Margin	19.3%
Net Income/(Loss)	(\$11.82)	EBIT Margin	1.9%
<i>All figures in CAD</i>		Dividend Yield	3.02%

Revenue Segments



Revenue by Geography



Integrated Health Solutions

- Provide **Employee Assistance Programs (EAP)** and **discounts** through leveraging the LifeWorks platform
- Per Employee/Month and 3~5 year contracts is used for the subscription model
- **2nd largest business** with high contract renewal rate of 96% and accounts for 38% of revenue



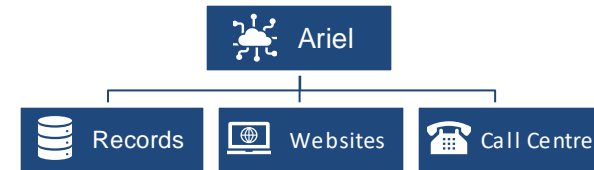
Health and Productivity Solutions

- Manage **absence, cognitive behavioural therapy and compensation tracking** with Abiliti
- Clients can choose to outsource or adopt SaaS model with a 3~5 year contract duration
- Accounts for ~10% of revenue and has is **expanding into the US**



Administrative Solutions

- Utilize in-house developed technology, Ariel, to **manage records, websites and call centre** for pension and benefit plans
- Corporate clients can choose to completely outsource or adopt SaaS model with a 3~10 year contract duration
- **Fastest growing segment** of the business with a CAGR of 30% last year and accounts for 40% of revenue



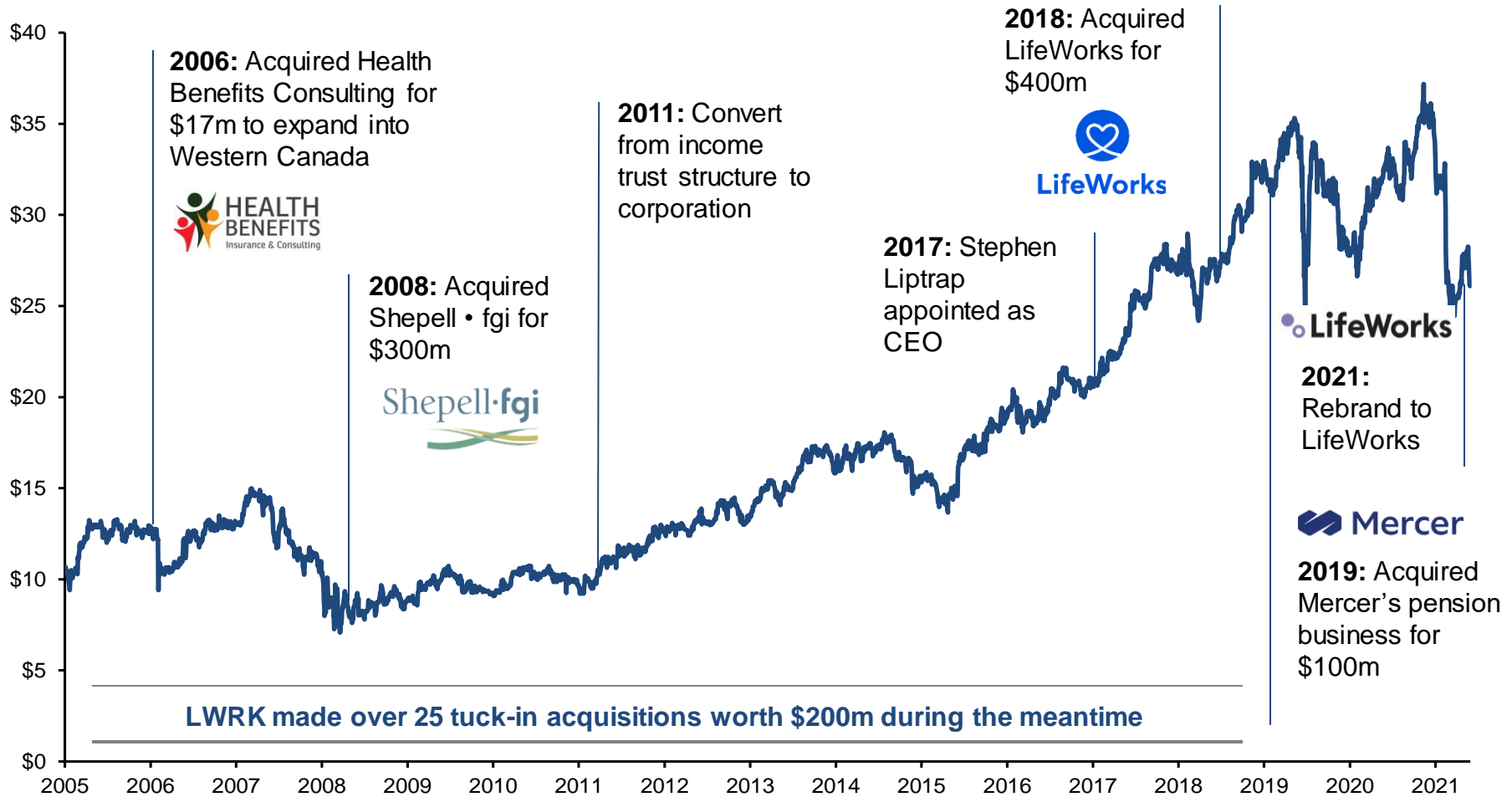
Retirement Financial Solutions

- **Consulting service** that designs sophisticated pension or benefit plans and provide investment strategies to clients
- Also assist with actuarial and risk management services with **over 50 years of experience**
- Cost structure and contract duration varies from client to client
- Accounts for ~12% of revenue and is currently only available in Canada

LWRK offers comprehensive health and pension related HR services by leveraging its technology

Trading History

Historical Price Performance and Major Events since IPO



Executives



Stephen Liptrap – President & CEO

Joined in 2008, CEO since 2017

- Cementing market position in well-being, expanding in underrepresented geographies (US and internationally), and combining tech HR platform with company's human capital network



Scott Milligan – COO & EVP

Joined in 2009

- Leading company growth initiatives - new ERP system, corporate communications, legal, risk and internal audit



Neil King – EVP & President of Integrated Health Solutions

Joined in 2009

- Managing newly acquired business and its well-being global business
- Held international sales leadership roles at Fortune 1000 companies



Pierre Chamberland – EVP & President of Administrative Solutions

Joined in 1982

- Managing outsourcing projects for corporation and government organization clients
- Notably led Ariel software for pension and benefits administration

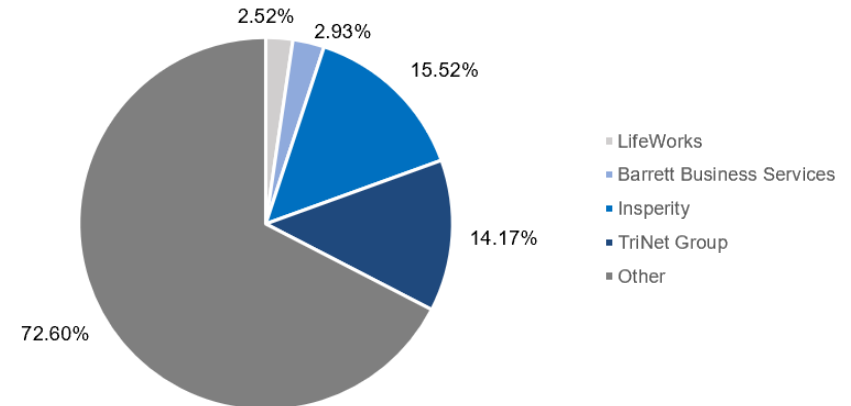
Competitive Landscape

- **Mature industry** with historical 4% CAGR in Canada and 1.6% CAGR in the US **expected to accelerate**
- **Highly fragmented industry** with many players specializing in different client industries
- **Profit margin of 30%** keeps parties interested and invested
- **High barrier to entry** with the need for licenses to operate in certain regions and provide products
- **Diverse Client Base** with both public and private clients, with a SaaS and one-time license fee models respectively

Tailwinds

- A survey of 12,000 in 2020 revealed how the **pandemic worsened mental health** and grew demand for **those services**
- Anxiety disorders increased by **12.7% to 20.5%** in working Americans since the onset of the pandemic
- As natural unemployment rate continues to decline with the **recovering economy**, the demand for HR services grows, resulting a projected CAGR of over 4%
- **Rising uptake of EAP** among large organizations. 12% increase in organizations offering EAP's over the last 4 years

HR Services & Technology Industry (NA)



Headwinds

- **High customer acquisition cost**, since buyers have pre-existing frameworks and implementations that are neither cheaply nor easily replaced. **Hence inorganic growth through M&A is commonplace**
- Industry expected to be as competitive as ever with **Management Consulting Firms** seeking to enter the space
- Decrease of traditional public sector and private sectors as % of industry revenue; increase in healthcare, education and social assistance sectors
- Increased complexity of pension plans; percentage of workers with hybrid pension plans have increased by 6%

Complexity of Defined Pension Plans Changing

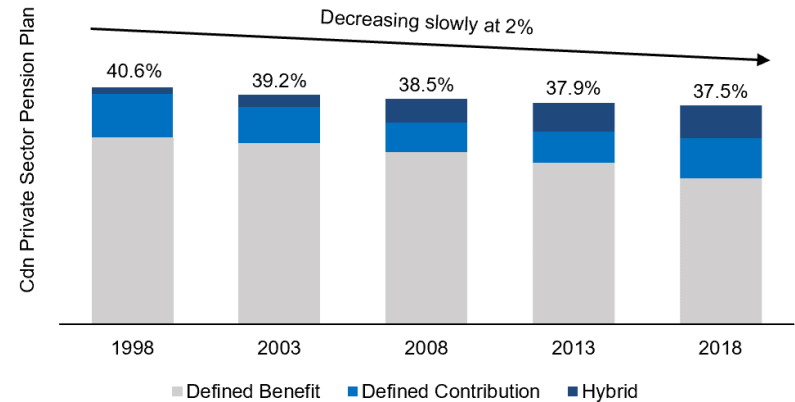
Declining Pension Coverage Rate

- **Shift from the traditional defined benefit plan**, resulting a decline of 3.1% since 1998
- Due to cost and investment risk concerns, the private sector is seeking defined contribution plans as an alternative, but not a rate matched by the decrease in defined benefit plans.
- This means a **decrease in the dollar values of services, reducing profitability** and urging pension administrators to offer pension plan products

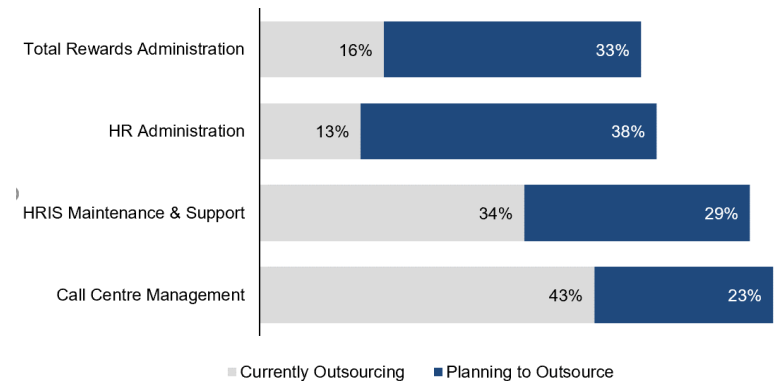
Hybrid Plans & Need to Outsource

- Hybrid plans rose to 5.6%, almost 10-fold from 0.6% in 1998
- Increase in regulatory and administrative complexity – between 1980 ~ 2013, the number of regulations increased from 33 to 97
- **Private sector corporations are opting to outsource** their pension administration more than ever
- Not only are pension (total rewards administration) but other functions are also in interest of being outsourced
- Private sector corporations tends to outsource functions while the public sector seeks a SaaS model with dynamic system changes and frequent interaction with clients

Canadian Workers & Pension Plans



Currently & Planning to Outsource



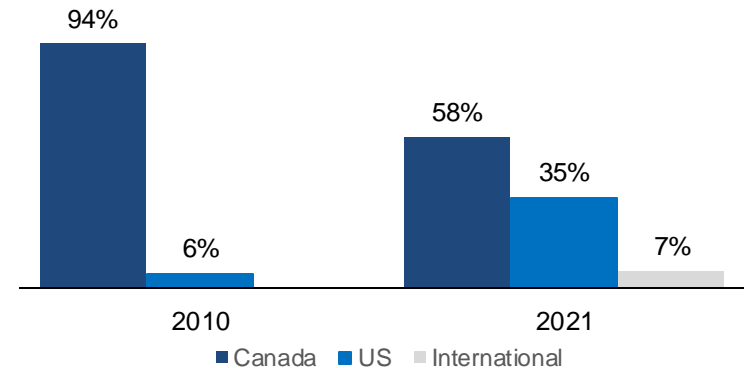
Investment Theses

I: Strong Revenue Source Quality

Resiliency through diversified revenue

- LWRK has over 26m members using LifeWorks platform and over 9m members subscribed to pension administration service
- Diversification geographically has increased tremendously in recent years
- Top 100 clients only accounting for <50% of total revenue shows low concentration risk

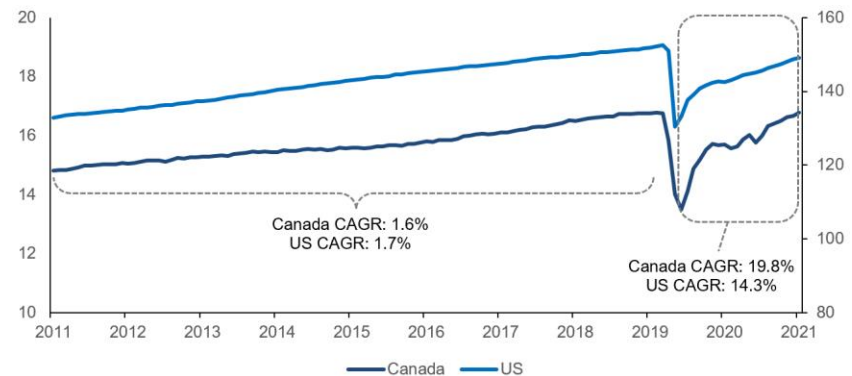
Geographical Revenue Trend



Economy Recovery Fuels Revenue

- Higher labour participation increases user base for both LifeWorks platform and pension administration
- More businesses will open, allowing LWRK to expand their client footprint
- Multiple private sector clients wins in well-being space, telemedicine and iCBT recently
- Quebec provincial government also signed a contract for pension administrative solutions

Employment Participation



Global economic recovery will continue to help boost organic growths for LWRK

II: Upselling of High Quality Products

Large Product Variety

- Offers a variety of HR and Pension Administration solutions with state-of-the-art technology such as Abiliti, Ariel, myFinances and Ava
- Clients pay for 2.8 out of 10 total services on average with 86% utilization of their software on a daily basis
- LifeWorks's horizontal integrations and product synergies offer lots of cross selling opportunities

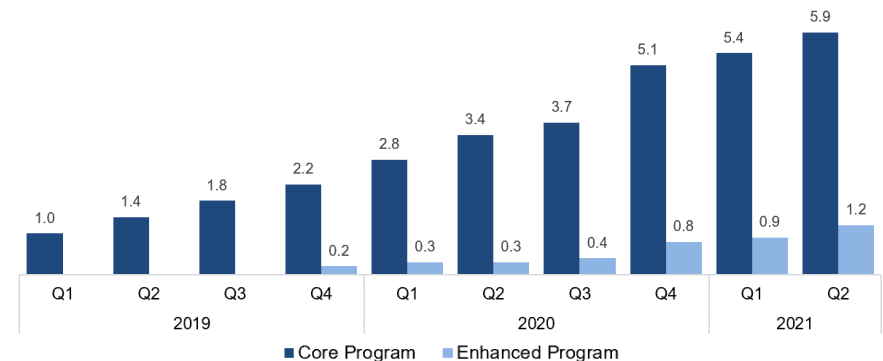
Easier Access to Products

- Partnered up with Microsoft to implement their LifeWorks platform into MS Teams to make it more accessible for employees
- Introduced mobile platform to make easy access and facilitates upselling since mobile displays all enhanced features and clients can easily unlock them as they see fit

Knox-Keene License

- Owns the Knox-Keene license, which takes several years of audit investment and review (only ~ 60 other providers have this license, representing 4% of total)
- Removes barrier to offer new mental health services which makes it cross selling easier to both old and new clients
- Capable of selling services on behalf of other providers

EAP Upsell Trend



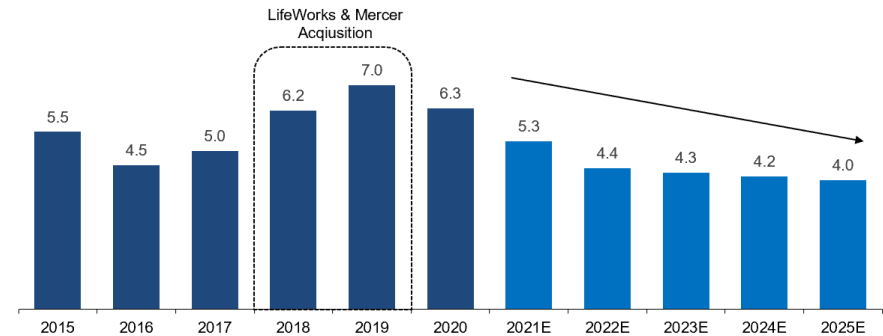
LWRK's high utilization rate and improvements in accessibility will help grow revenue with existing clients overtime

III: Inorganic Growth Opportunities

Acquisition History and Expectations

- Completed over 25 acquisitions for ~\$1 billion since it went public in 2005
- 80% spent on large scale acquisitions, namely Shepell • fgi, LifeWorks, and Mercer US while other were small tuck-in acquisitions
- Debt/EBITDA lowers provides LWRK room for its next large target asides from its usual tuck-in acquisitions
- Potential target characteristics include (1) better client service, (2) economies of scale, (3) better technologies to introduce new services and (4) expanding its global footprint

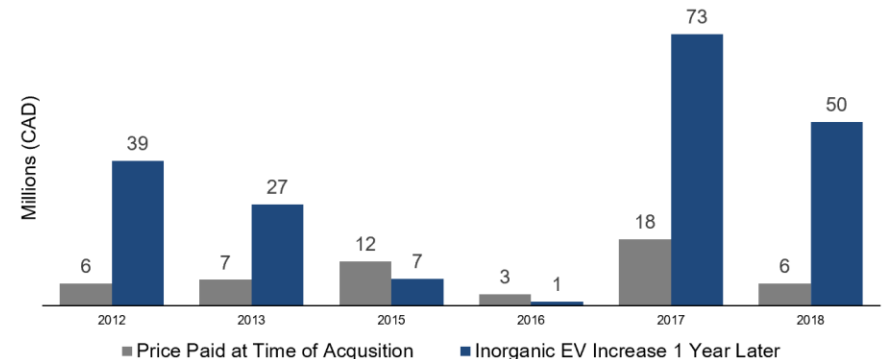
Debt/EBITDA



Historical M&A Effectiveness

- >10 tuck-in acquisitions for 0.7 – 2.1x EV/Sales ranges that fit the above
- Achieved significant synergies showing successful integrations and expansions for majority of year's tuck-in acquisitions, with some yielding synergies of over 40m
- 2015 and 2016's acquisitions were of revenue diversifications by gaining more market share in Quebec City. They are currently undergoing a long-term plan to establish a system through multiple acquisitions in the Quebec space and hence full synergies have yet to be realized

M&A Contribution to EV



LWRK's declining leverage position and clear acquisition target goals will help the business grow effectively

Catalysts

Improved Margins

Successful implementation of workday ERP system with real estate consolidation leading to improved margins

Increased FCF

Completed integration of prior acquisitions will lead to improved FCF generation through normalizing Capital Expenditures

Revenue Growth

Accelerated organic growth from cross selling due to better than expected accessibility and sales effort

Risks

Unstable Economic Conditions

As geopolitical tensions and supply chain issues continue, it might pressure economic growth, thus affecting revenue growth indirectly

Historical FX Headwind

Over the past year, the weakening of USD coupled with LWRK not participating in FX derivatives lowered growth

Increasing Competition

HR administration and benefit services is a fragmented industry with many small players having different areas of focus

Valuation

Projections and Assumptions

Observations

- DCF Base Case yields an implied valuation of **\$34.82**
- Revenue assumed to grow slower in 2021 at 4% due to FX headwinds and stalled quarter sales in Retirement Financial Solutions business
- Revenue accelerates to 5.7% growth thereafter due to completion of strategic initiatives and new rounds of clients won
- EBITDA margins expected to improved as management works on cost cutting projects to bring down COGS
- WACC calculated to be 7.21%

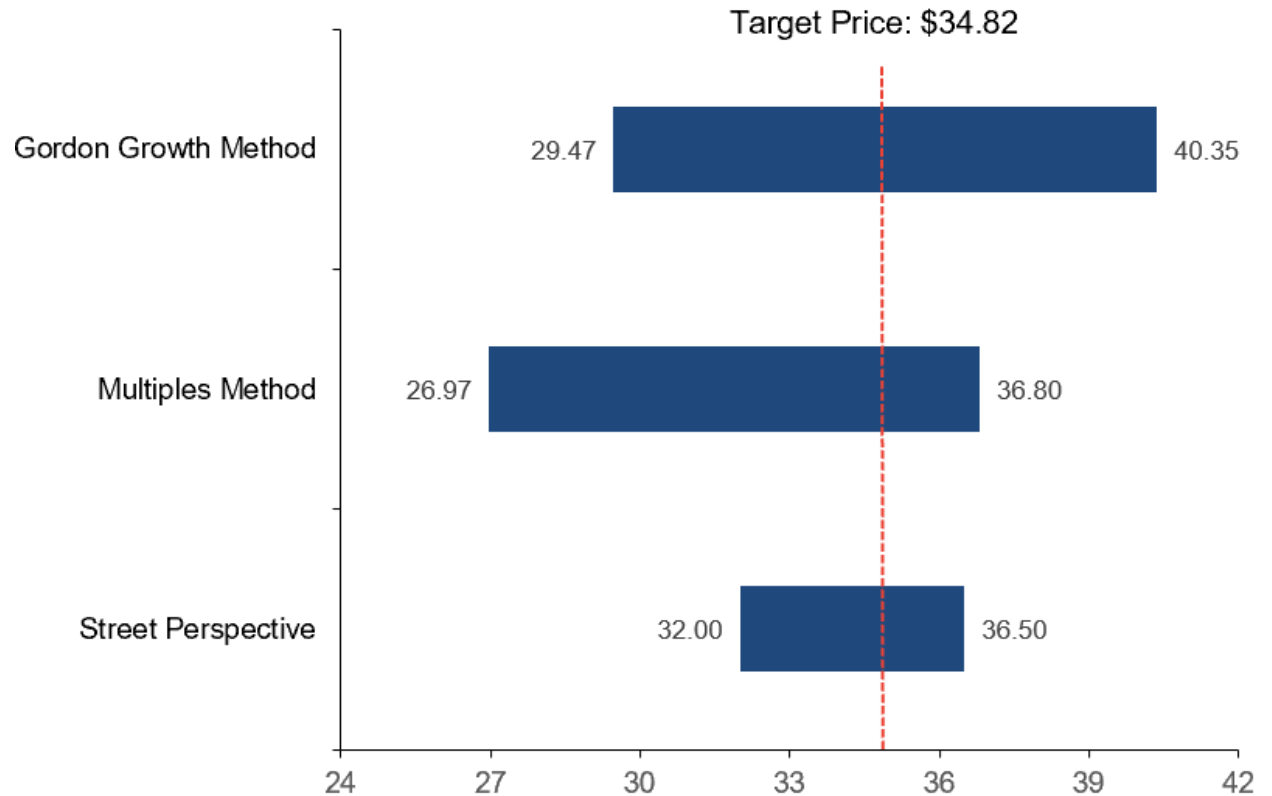
Projected Financials

	2020	2021E	2022E	2023E	2024E	2025E
Total Revenue	979	1,018	1,076	1,138	1,203	1,271
<i>Annual Growth</i>	10.2%	4.0%	4.9%	5.7%	5.7%	5.7%
Cost of Revenue	668	713	726	767	811	857
<i>Margin</i>	68.2%	70.0%	67.4%	67.4%	67.4%	67.4%
EBITDA	137	170	209	223	237	252
<i>Annual Growth</i>	5.0%	24.8%	22.9%	6.4%	6.4%	6.4%
<i>Margin</i>	13.9%	16.7%	19.5%	19.6%	19.7%	19.8%
Less: Depreciation and Amortizatic	77	80	73	67	62	58
<i>% of Capital Expenditure</i>	236.9%	317.2%	258.1%	211.2%	173.8%	143.7%
EBIT	59	90	137	156	175	194
<i>Annual Growth</i>	-0.6%	52.2%	51.4%	14.2%	12.1%	10.7%
<i>Margin</i>	6.1%	8.9%	12.7%	13.7%	14.6%	15.2%
Less: Income Taxes	14	0	28	34	39	44
Unlevered Net Income	45	90	108	122	136	150
Plus: Depreciation and Amortizatio	77	80	73	67	62	58
Less: Capital Expenditure	23	19	20	21	23	24
<i>Margin</i>	-2.3%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
Less: Additions to Intangibles	-25	-11	-11	-11	-10	-10
Less: Increase in Working Capital	24	6	-10	8	6	6
<i>Margin</i>	2.5%	0.6%	-0.9%	0.7%	0.5%	0.5%
Unlevered Free Cash Flow	100	156	182	170	180	188
<i>Annual Growth</i>	44.4%	55.7%	16.2%	-6.3%	5.5%	4.4%
Discount Factor - End-of-Period Convention		1	2	3	4	5
PV of Yearly Free Cash Flows		146	158	138	136	132
Cost of Equity	8.30%					
LWRK Market Cap (\$mm)	1789					
Pre-Tax Cost of Debt	5.00%					
LWRK Tax Rate	26.50%					
Cost of Debt	3.68%					
Total Debt	588.4					
LWRK WACC	7.21%					

Observations

- DCF Base Price of \$34.82 was calculated by taking the average of Gordon Growth Method and Multiples Method at their base prices respectively
- Bull Case:
 - Revenue grows quicker after 2021 at 6% without FX headwinds
 - COGS at 5 year low of 66.2%
- Bear Case:
 - Revenue grows at 4.5% after 2021
 - COGS remains high at 70%
 - Income Tax calculated to be 5 year average of 30.22%
- Equity Research Target Prices:
 - TD Securities: \$36.00
 - CIBC CM: \$36.50
 - BMO CM: \$34.00
 - NBF: \$32.00
 - Scotia GBM: \$32.00

Value Overview



Recommendation: BUY

Target Share Price: \$34.82

Implied Upside: 34.90%

Great business model with strong moat and growth undervalued by recent market volatility presents an attractive investment opportunity

-
- LifeWorks Inc
 - Sedar
 - Capital IQ
 - Factset
 - Bloomberg
 - StatCan
 - St. Louis Fed
 - IBIS World
 - Deloitte
 - California Government Department of Managed Health Care
 - New York State Department of Managed Health Care
 - California Department of Insurance
 - New York Department of Insurance
 - Economics - CIBC Capital Markets

Appendix

I: Income Statement Projection



LifeWorks Income Statement	Historical Data						Projected Data				
	Fiscal Year Ending December 31,						Fiscal Year Ending December 31,				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue	567	592	625	722	889	979	1,018	1,076	1,138	1,203	1,271
<i>% Growth</i>		4.4%	5.6%	15.5%	23.1%	10.2%	4.0%	4.9%	5.7%	5.7%	5.7%
Cost of Revenue	388	392	419	483	599	668	713	726	767	811	857
Gross Profit	180	200	206	239	289	311	305	351	371	392	414
SG&A, Total	88	99	101	0	0	10	98	104	110	116	123
R&D Expenses	0	0	0	0	0	0	0	0	0	0	0
D & A, Total	33	35	38	54	94	106	54	47	42	38	35
Other Operating Expenses	0	0	0	105	136	135	63	63	63	63	63
Operating Income	59	66	67	80	60	59	90	137	156	175	194
EBITDA	83	91	94	119	130	137	170	209	223	237	252
<i>% Margin</i>	14.6%	15.4%	15.0%	16.5%	14.6%	13.9%	16.7%	19.5%	19.6%	19.7%	19.8%
Net Interest (Expense)/Income	-14	-14	-12	-17	-30	-25	-29	-29	-29	-28	-27
Other, Net	-1	-1	-1	-1	1	1	0	0	0	0	0
EBT Excl. Unusual Items	44	51	54	62	30	35	61	107	128	147	167
Merger & Restructuring Charges	-4	-12	-6	-28	-1	-3	0	0	0	0	0
Impairment of Goodwill	0	0	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Investments	0	0	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Assets (One Time)	0	0	0	0	0	40	0	0	0	0	0
Other Unusual Items, Total	-15	-1	0	0	-1	-2	-61	0	0	0	0
EBT Incl. Unusual Items	24	38	47	34	28	70	0	107	128	147	167
Income Tax Expense	8	12	14	12	9	14	0	28	34	39	44
Earnings from Cont. Ops.	16	26	33	22	19	56	0	79	94	108	123
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0
Extraordinary Items & Acct. Change	0	0	0	0	0	0	0	0	0	0	0
Net Income to Company	16	26	33	22	19	56	0	79	94	108	123
Minority Interest	0	0	0	0	0	0	0	0	0	0	0
Net Income to Parent	16	26	33	22	19	56	0	79	94	108	123
Preferred Dividends and Other Adjust.	0	0	0	0	0	0	0	0	0	0	0
NI to Common Incl Extra	16	26	33	22	19	56	0	79	94	108	123

II: Cash Flow Statement Projection



LifeWorks Cash Flow Statement	Historical Data						Projected Data				
	Fiscal Year Ending December 31,						Fiscal Year Ending September 29,				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Income	16	26	33	22	19	56	0	79	94	108	123
D&A	10	11	12	12	27	36	54	47	42	38	35
Amortization of Goodwill & Intangibles	14	14	15	27	43	41	26	25	25	24	24
Other Non-Cash Items, Total	18	26	30	15	40	18	2	5	6	6	6
Change in Net Operating Assets	5	-10	-12	-11	-37	3	10	-8	-6	-6	-7
Cash Flow from Operations	64	67	78	65	92	154	92	149	160	170	181
Capital Expenditure	-11	-9	-14	-14	-19	-23	-19	-20	-21	-23	-24
Sale of PP&E	0	0	0	0	0	0	0	0	0	0	0
Cash Acquisitions	-10	-11	-20	-402	-59	-23	0	0	0	0	0
Divestitures	0	0	0	0	0	69	0	0	0	0	0
Invest. in Marketable & Equity Sec.	0	0	0	0	0	0	0	0	0	0	0
Other Investing Activities	-15	-13	-17	-22	-32	-49	1	0	0	0	0
Cash Flow from Investing	-36	-33	-51	-438	-111	-27	-18	-21	-22	-23	-24
Total Cash Dividends Paid	-37	-40	-42	-45	-50	-53	-53	-53	-53	-53	-53
Issue of Debt	17	6	13	197	82	-81	12	12	12	12	12
Bank Revolver (Paydown)/Draw							0	0	0	0	0
LT Debt (Paydown)							0	0	0	0	0
Issue/(Retire) of Common Equity	0	0	0	231	0	0	0	0	0	0	0
Issue/(Retire) of Pref Equity	0	0	0	0	0	0	0	0	0	0	0
Other Financing Activities	0	-5	0	-13	0	0	0	0	0	0	0
Cash Flow from Financing Activities	-21	-39	-29	370	31	-135	-41	-41	-41	-41	-41
Foreign Exchange Effects	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Cash Flow Adjustments	0	0	0	0	0	0	0	0	0	0	0
Change in Cash	7	-5	-2	-4	13	-8	32	87	97	105	115

III: Balance Sheet Projection



LifeWorks Balance Sheet	Historical Data						Projected Data				
	Fiscal Year Ending December 31,						Fiscal Year Ending December 31,				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash	2	0	0	3	9	9	41	128	225	330	445
Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Trading Asset Securities	0	0	0	0	0	0	0	0	0	0	0
Total Receivables	131	128	146	171	219	203	223	235	249	263	278
Inventory	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	6	8	10	12	16	14	15	16	17	18	19
Finance Division Loans and Leases Current	0	0	0	0	0	0	0	0	0	0	0
Finance Division Other Current Assets	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets	18	24	30	27	26	25	26	27	29	30	32
Total Current Assets	156	161	186	213	271	250	304	406	519	641	774
Net PP&E	36	34	36	38	116	158	123	96	75	60	49
Long-Term Investments	0	0	7	6	6	6	5	6	6	6	7
Goodwill	317	321	324	594	607	586	571	556	542	528	515
Other Intangibles	233	231	227	452	478	453	441	431	420	410	400
Finance Division Loans and Leases Long-Term	0	0	0	0	0	0	0	0	0	0	0
Finance Division Other Long-Term Assets	0	0	0	0	0	0	0	0	0	0	0
Other Assets	13	27	42	45	53	62	54	57	61	64	68
Total Assets	756	774	822	1,348	1,530	1,515	1,499	1,552	1,623	1,710	1,812
Accounts Payable	25	27	34	60	60	46	59	60	64	68	71
Accrued Expenses	39	46	51	46	48	51	68	72	76	80	84
Finance Division Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	9	19	27	25	49	35	37	39	41	44	46
Total Current Liabilities (excl. ST Debt)	73	92	113	130	158	132	164	171	181	191	202
Total Debt (excl. Working Capital Revolver)	79	85	87	94	150	153	165	177	189	201	213
Working Capital Revolver	242	167	180	378	473	421	421	421	421	421	421
Finance Division Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Other Liabilities	64	67	85	140	131	152	146	154	163	172	182
Total Liabilities	459	412	465	742	912	858	896	923	953	985	1,018
Total Preferred Equity	0	0	0	0	0	0	0	0	0	0	0
Common Stock	296	362	356	606	618	657	603	629	670	725	794
Minority Interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	296	362	356	606	618	657	603	629	670	725	794
Total Liabilities & Equity	756	774	822	1,348	1,530	1,515	1,499	1,552	1,623	1,710	1,812
Balance Sheet Check	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

IV: Complete DCF Model

Free Cash Flow Projection	Historical Data					Projected Data				
	Fiscal Year Ending December 31,					Fiscal Year Ending December 31,				
	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Total Revenue	592	625	722	889	979	1,018	1,076	1,138	1,203	1,271
<i>Annual Growth</i>		5.6%	15.5%	23.1%	10.2%	4.0%	4.9%	5.7%	5.7%	5.7%
Cost of Revenue	392	419	483	599	668	713	726	767	811	857
<i>Margin</i>	66.2%	67.0%	66.9%	67.4%	68.2%	70.0%	67.4%	67.4%	67.4%	67.4%
EBITDA	91	94	119	130	137	170	209	223	237	252
<i>Annual Growth</i>		2.9%	27.2%	8.8%	5.0%	24.8%	22.9%	6.4%	6.4%	6.4%
<i>Margin</i>	15.4%	15.0%	16.5%	14.6%	13.9%	16.7%	19.5%	19.6%	19.7%	19.8%
Less: Depreciation and Amortization	25	27	40	70	77	80	73	67	62	58
<i>% of Capital Expenditure</i>	172.0%	87.6%	184.5%	262.4%	236.9%	317.2%	258.1%	211.2%	173.8%	143.7%
EBIT	66	67	80	60	59	90	137	156	175	194
<i>Annual Growth</i>		0.7%	19.4%	-25.2%	-0.6%	52.2%	51.4%	14.2%	12.1%	10.7%
<i>Margin</i>	11.2%	10.7%	11.0%	6.7%	6.1%	8.9%	12.7%	13.7%	14.6%	15.2%
Less: Income Taxes	12	14	12	9	14	0	28	34	39	44
Unlevered Net Income	54	52	68	50	45	90	108	122	136	150
Plus: Depreciation and Amortization	25	27	40	70	77	80	73	67	62	58
Less: Capital Expenditure	9	14	14	19	23	19	20	21	23	24
<i>Margin</i>	-1.6%	-2.3%	-1.9%	-2.2%	-2.3%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
Less: Additions to Intangibles	-3	-4	225	25	-25	-11	-11	-11	-10	-10
Less: Increase in Working Capital		-13	5	6	24	6	-10	8	6	6
<i>Margin</i>	0.0%	-2.0%	0.6%	0.7%	2.5%	0.6%	-0.9%	0.7%	0.5%	0.5%
Unlevered Free Cash Flow	73	81	-136	70	100	156	182	170	180	188
<i>Annual Growth</i>		11.6%	-268.0%	-151.0%	44.4%	55.7%	16.2%	-6.3%	5.5%	4.4%
Discount Factor - End-of-Period Convention						1	2	3	4	5
PV of Yearly Free Cash Flows						146	158	138	136	132

IV: Complete DCF Model (Cont'd)

VALUATION			
Output - a) Terminal Growth Approach		Output - b) EV/EBITDA Multiple Approach	
Enterprise value flow	711	Enterprise value flow	711
Terminal Value	3,326	Terminal Value	3,097
Discount Factor	0.71	Discount Factor	0.71
PV of Terminal Value	2,348	PV of Terminal Value	2,187
Enterprise value	3,059	Enterprise value	2,897
Less: Total debt	573.79	Less: Total debt	573.79
Plus: Cash and cash equivalents	8.74	Plus: Cash and cash equivalents	8.74
Net debt	565.06	Net debt	565.06
Implied equity value	2,494	Implied equity value	2,332
Outstanding shares	69.3	Outstanding shares	69.3
Implied share price	\$35.98	Implied share price	\$33.66
Implied multiples		Implied multiples	
Enterprise value	3,059	Enterprise value	2,897
SALES 2020	979.16	SALES 2020	979.16
EBITDA 2020	137	EBITDA 2020	137
Implied EV/SALES	3.12	Implied EV/SALES	2.96
Implied EV/EBITDA	22.41	Implied EV/EBITDA	21.22
Average Implied Share Price	\$34.82		
Current Share Price as of Feb 25	\$25.81		
Implied Upside	34.90%		

V: Comparable Companies



	Ticker	Price 25-Feb	EV/EBITDA			P/E			EV/Sales			Sales (LTM)	EBITDA (LTM)	Dividend Yield	Market Capitalization (\$mm)	Enterprise Value (\$mm)
			LTM	2021E	2022E	LTM	2021E	2022E	LTM	2021E	2022E					
LifeWorks Inc.	LWRK	\$25.81	11.9x	11.6x	11.1x	-	-	22.6x	2.3x	1.7x	1.7x	\$1,011	\$195	3.02%	\$1,789	\$2,345
Automatic Data Processing	ADP	US\$204.36	22.7x	21.0x	19.8x	32.2x	30.0x	27.0x	5.6x	5.3x	5.0x	\$19,679	\$5,081	2.04%	\$109,356	\$111,484
Barrett Business Services	BBSI	US\$60.88	5.4x	5.8x	5.8x	13.6x	13.2x	12.6x	0.3x	0.3x	0.3x	\$1,178	\$66	1.97%	\$582	\$365
Conduent	CNDT	US\$5.11	4.7x	5.5x	5.2x	-	12.9x	10.1x	0.6x	0.5x	0.5x	\$5,190	\$609	-	\$1,402	\$3,158
Insperty, Inc	NSP	US\$90.47	15.7x	11.9x	9.9x	28.9x	20.5x	16.6x	0.6x	0.5x	0.5x	\$6,235	\$266	1.99%	\$4,419	\$4,164
Paychex, Inc	PAYX	US\$118.64	25.6x	21.8x	20.5x	34.2x	32.7x	30.5x	9.9x	9.5x	8.9x	\$5,432	\$2,374	2.23%	\$54,525	\$54,305
TriNet Group	TNET	US\$88.72	8.9x	9.1x	8.2x	17.9x	18.0x	15.8x	1.0x	3.7x	3.5x	\$5,692	\$653	-	\$7,449	\$5,687
Average			13.8x	12.5x	11.6x	25.3x	21.2x	18.8x	3.0x	3.3x	3.1x					
Median			12.3x	10.5x	9.0x	28.9x	19.3x	16.2x	0.8x	2.1x	2.0x					

All figures in CAD unless otherwise stated