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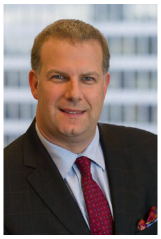
ACCOUNTING ALERT
BRIDGING THE NON-GAAP GAP

The State of Non-GAAP & a Review of Proposed National Instrument 52-112

Accounting & Special Situations



Anthony Scilipoti, FCPA, FCA, CA (Illinois)
ascilipoti@veritascorp.com
Henry Yu, CPA, CA
hyu@veritascorp.com

BRIDGING THE NON-GAAP GAP

Over the years, Veritas has consistently warned that the increasing use of non-GAAP metrics and their relatively weak regulation poses a risk to Canada's financial reporting system. In the past, our review of company filings has highlighted frequent departures by S&P/TSX 60 companies from even the minimum requirements for non-GAAP disclosures.

Canadian Securities Administrators (CSA) have clearly taken notice. On September 6, 2018, the CSA issued, for comment, Proposed National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure. The Proposed Instrument is intended to address among other things, the ambiguity and lack of enforceability of the existing Staff Notice 52-306. If ratified, the Proposed Instrument will be applied in conjunction with the Securities Acts of the various jurisdictions in Canada, in particular, those statutes that make it an offense to provide false or misleading information to investors. As a result, the Proposed Instrument will offer an authoritative legal framework for Canadian issuers that disclose non-GAAP financial measures and other financial measures.

In Volume III of our series, we update our analysis on members of the S&P/TSX 60 ("TSX 60") using 2017's annual financial reports. Specifically, we measure the prevalence of non-GAAP measures in Canadian financial reporting and evaluate TSX 60 members' compliance with existing SN 52-306. In addition, we are responding to the CSA's request for comments with a detailed review of how the NI 52-112 rules may affect currently disclosed measures found in recent financial reporting. The highlights from our analysis include:

- **Non-GAAP measures continue to feature prominently in Canadian financial reporting. Although the use of non-GAAP measures in TSX 60 members' regulatory filings has declined from 80% to 70% and is now in line with members of the S&P 500**. We find that over 95% of TSX 60 members rely on a non-GAAP metric to report their performance; EBITDA and Adjusted Earnings continue to be the most prominent.
- **Potential violations of SN 52-306 have improved slightly:** Based on our review recent annual filings for TSX 60 members, we identified 26 violations down from 31 in the prior two years.
- **52-112 significantly broadens the scope of what is considered a non-GAAP measure.** If ratified, measures such as same-store-sales, net backs and other similar metrics not previously considered non-GAAP, are likely to be captured by the Proposed Instrument.
- **Compliance with NI 52-112 will require significant additional disclosures for reporting issuers.** Our review of recent annual filings for TSX 60 members revealed that most, if not all, companies would need to significantly increase their disclosures to meet the requirements of the Proposed Instrument in its current form.
- **NI 52-112 appears to have a much broader scope than its SEC counterpart Regulation G:** While we welcome the efforts to improve the financial reporting system in Canada, NI 52-112 will expand the breadth of non-GAAP metrics covered beyond Financial Measures to include: Segment, Capital Management, and Supplementary measures. It also includes a general anti-avoidance provision. We think many filers may complain that NI 52-112 is more onerous than the SEC's Regulation G. If the provisions of NI 52-112 become too onerous, companies may simply scale back their non-GAAP disclosures in response, which may not leave readers of the financial statements better off.

Since we wrote our first report in the fall of 2016, concerns over non-GAAP metrics have been steadily building. Accounting standard setters, securities regulators and the audit industry have all taken notice. NI 52-112 is an excellent step in the right direction by expanding the non-GAAP reporting framework and heightening the tone of enforcement. But it cannot stop there. We think auditors should have a greater role in assessing and promoting non-GAAP regulatory compliance. Users of the financial statements should also hold management teams to account by questioning each measure presented to ensure transparency. Ultimately, financial statements are prepared for users and if users say and do nothing, nothing will occur. We welcome being an integral part of the discussion.

Anthony Scilipoti | ascilipoti@veritascorp.com | 416-866-8783

REPORT OVERVIEW

For capital markets to function effectively and attract investors, a high-quality financial reporting system is required. The system must include:

1. Detailed and universally accepted accounting standards;
2. A clear legislative framework and a regulatory system with the resources to enforce compliance; and
3. As a last resort, a well-functioning judicial system to prosecute crimes and resolve disputes.

Unfortunately, in our view, the shift in reporting towards non-GAAP metrics in recent years has greatly weakened the ability to apply these necessary elements in a uniform way across companies, as each company is able to frame its non-GAAP reporting according to its own needs and biases.

In Part I of this report, we extend our analysis from our report in October of 2017 and assess the compliance of non-GAAP metrics for S&P/TSX 60 companies under the existing guidelines per CSA Staff Notice 52-306.

In Part II of this report, we review the Proposed National Instrument 52-112 ('the Proposed Instrument') that, if passed, updates Canadian disclosure requirements for non-GAAP metrics. We perform a hypothetical assessment of S&P/TSX 60 members for compliance under the Proposed Instrument, outline the key differences and provide our comments and recommendations. We are submitting our report in response to the CSA's request for comments.

Our analysis includes members of the S&P/TSX 60 Index. The primary source of information used was each index member's most recent annual report at the time of analysis. We have contacted very few individual companies for information and did not share out findings with the companies prior to the publication of our report. As a result, the findings and conclusions derived from our analysis represent Veritas' interpretation of available disclosures. As discussed later in this report, these disclosures often have limitations requiring us to make interpretations and judgments. Investors should study carefully not only our conclusions but the assumptions used in obtaining our conclusions.

Note: Where commonly used, we refer to companies in this report by their Canadian listed ticker symbol rather than by name.

For the purposes of this report, "adjusted EBITDA", can refer to various metrics including adjusted operating earnings, or any EBITDA metric calculated in a manner that excludes items such as interest, taxes, depreciation, and amortization, etc.

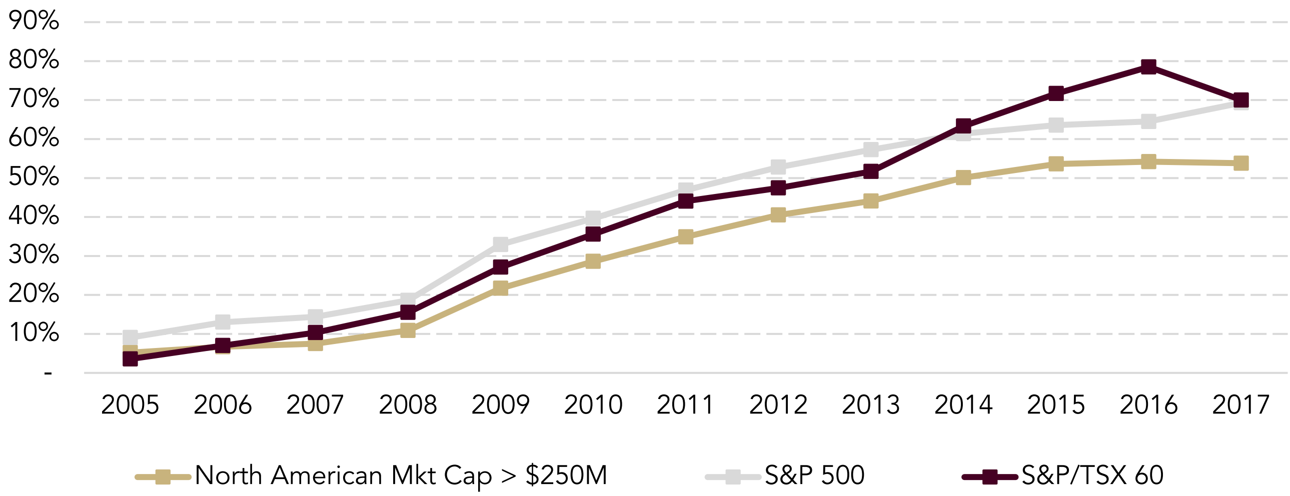
PART I

UPDATING OUR S&P/TSX 60 NON-GAAP DISCLOSURE ANALYSIS: NEW YEAR, SAME ISSUES

Non-GAAP measures continue to feature prominently in North American corporate reporting, consistent with our analysis in the last two years. Whether because investors demand more simplified performance metrics or companies want to better guide the interpretation of their performance, the use of non-GAAP measures remains prevalent.

We gauge the prominence of non-GAAP measures using Bloomberg data since 2004 when non-GAAP guidance was introduced. Figure 1 reports the proportion of each index's members that include a non-GAAP net income measure in their regulatory filings. During 2017, we generally saw flat usage among the North American companies reporting non-GAAP net income metrics, suggesting that new adoption has at least slowed. Interestingly though, usage among the TSX 60 companies declined while the S&P 500 increased, some of which we attribute to the changing sectoral composition of the two indexes – the TSX, for example, saw a significant changeover in its Materials components.

Figure 1
Percentage of Companies That Include Non-GAAP Net Income in Their Regulatory Filings



Source: Bloomberg

We can see that non-GAAP metrics continue to be used in most North American companies with ~70% of both the S&P 500 and S&P/TSX 60 reporting an Adjusted Net Income (NI) on their financial statements. It is key to note that the chart only illustrates the use of Adjusted Net Income whereas the scope of non-GAAP earnings measures is much broader and includes anything from Adjusted EBITDA to Free Cash Flow.

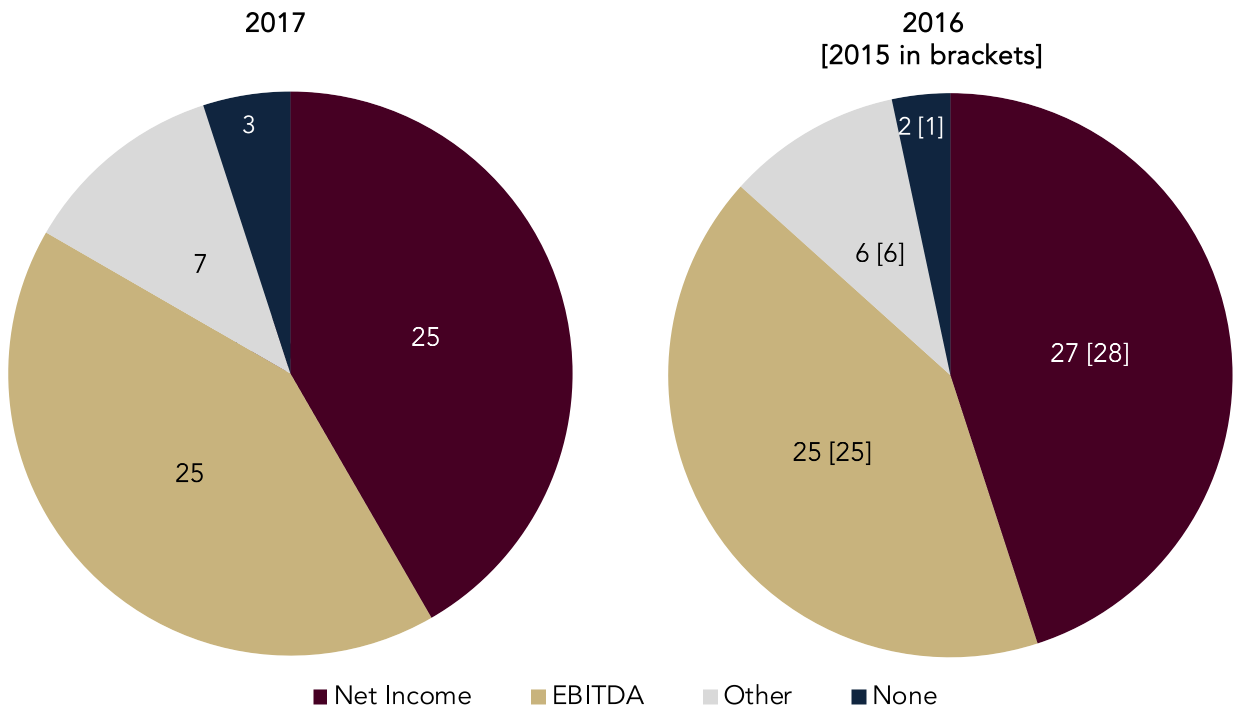
Once we broaden our analysis to each issuer's annual report, the use of non-GAAP measures increases substantially from the Bloomberg calculations. Based on our review, 95% of S&P/TSX 60 members utilize some non-GAAP calculation as their most prominent financial performance metric. Though prevalence in the use of non-GAAP metrics has been growing, they have long been viewed as 'part of the toolkit' for management reporting.

The difficulty with these metrics lies in the fact that the calculations are unaudited and subject to considerable management adjustment and redefinition, which makes them unlike much of the standard GAAP-reported metrics. Even where there is guidance on non-GAAP measures, we find that there is a relatively high non-compliance rate among filers. As a result, we continue to recommend caution in interpreting or accepting non-GAAP measures, as there are often substantially different methodologies and adjustments across issuers.

As in prior years, we have tracked each filer's "primary key earnings metric" or key non-GAAP metric, as determined by our assessment of available disclosures. We have grouped these key earnings measures into four categories: EBITDA, Net Income, Other or None. Within these categories, the measures used can also range from Adjusted EBITDA to Funds from Operations which we determined in some cases to be the "primary key earnings metric". For our analysis, we continued to assess companies using the same "primary key earnings metric" as determined in previous reports unless otherwise noted.

As shown in Figure 2 below, the most prevalent primary key earnings metrics remain Adjusted EBITDA and Adjusted Net Income – making up 50 of the 60 measures we determined to be primary. There has been a small shift away from the use of Adjusted Net Income and a slight pickup in the use of other primary metrics. Three companies do not use non-GAAP metrics as their primary, up slightly from prior years.

Figure 2
S&P/TSX 60 by Primary Non-GAAP Earning Metric Used 2017, 2016 and 2015



Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

Over the year, CCL industries (EBITDA), Nutrien (EBITDA), Open Text (EBITDA) and Waste Connections (Net Income) were added to the TSX 60 while Yamaha Gold (Net Income), Agrium (EBITDA) and Eldorado Gold (Net Income) were removed. Bausch Health Companies (formerly Valeant Pharmaceuticals) removed all non-GAAP earnings metrics. Meanwhile, Encana stopped reporting Operating Earnings and therefore, leaving non-GAAP Cash Flow as their next key primary metric, based on our determination.

Recent OSC Enforcement Efforts

Based on our review of restatements and refilings by the OSC, we noted few official restatements that referenced non-GAAP metrics. Chartwell Residences is one noted example that relates to the prominence given to its non-GAAP metric. As a result, Chartwell restated their MD&A for the year of 2016 and the first two quarters in 2017 along with a note describing the change in disclosure.

Unfortunately, there have been a limited number of official restatements issued in relation to SN 52-306 even though we note that the OSC has identified other situations of non-compliance. We expect NI 52-112 to provide the regulators with a broader ability to enforce these issues.

The Slippery Slope of Non-GAAP Usage

The chain of logic behind non-GAAP metrics is clear to us, which we would summarize as follows:

- Management promotes non-GAAP metrics that they view as less volatile or better representations of their earnings;
- Because of exclusions, these measures are, on average, higher than GAAP metrics;
- The non-GAAP metrics show investors higher 'real' earnings; and
- Investors, if using these metrics in the place of GAAP figures, are encouraged to award the company a higher valuation.

As we have emphasized in past reports, the incentives for management to make use of and benefit from non-GAAP metrics are exceedingly high, with the resulting complexity in disclosures making any efforts at standardization or enforcement very difficult for regulators. Thus, we are encouraged by the CSA's Proposed National Instrument 52-112 as it seeks to clarify the disclosure requirements for these measures.

A Look at the Adjustments Made

Perhaps one of the most interesting findings of our 2017 analysis of S&P/TSX 60 filers is the size and direction of the adjustments recorded between GAAP and non-GAAP metrics, especially when compared to prior years. We measure the disparity between GAAP and non-GAAP metrics by segmenting S&P/TSX 60 filers based on their primary key earnings metric: Adjusted EBITDA and Adjusted Net Income and by segmenting filers by industry, resource or non-resource. Based on our experience, the segmentation is required because resource companies tend to show larger adjustments especially in times of volatile commodity prices. Figure 3 presents the findings of our 2017 analysis and compares it to the cumulative results from current and prior year numbers.

Figure 3
2017 Adjustments Increasing Adjusted Earnings Metric

% Change in Adjusted Earnings Metrics vs. Standard	Adj. EBITDA Resource	Adj. EBITDA Non-resource	Adj. Net Income Resource	Adj. Net Income Non-resource
2017	-21%	4%	-22%	-
2011 to 2017 cumulative*	46%	9%	104%	8%
2011 to 2016 cumulative**	80%	9%	740%	17%

** Calculated based on the current TSX 60 population*

*** As reported in our prior report*

Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

Not surprisingly and consistent with business performance since the financial crisis, volatility in reported earnings and non-GAAP adjustments have been very common. While historically we have typically seen non-GAAP earnings metrics that exceed GAAP metrics, 2017 actually saw lower non-GAAP earnings metrics for resource companies relative to GAAP. For non-resource companies, the difference between GAAP and non-GAAP narrowed considerably in 2017, to an average of 4% higher for the latter. See Appendix D for a summary of the adjustments between GAAP and non-GAAP metrics.

For the Adjusted EBITDA number, we can attribute most of the discrepancy at resource companies to impairment reversals as commodity prices recovered during the year. For example, Barrick gold recognized an impairment reversal of $275 million, whereas it has charged average annual impairments of ~$5 billion since 2011. For non-resource companies, one effect was notable in the narrowing of the GAAP/non-GAAP difference: George Weston (and Loblaw) reversed a gain on selling gas operations, lowering its non-GAAP measure relative to GAAP earnings.

Adjusted Net Income for resource companies was lower than the reported GAAP number during the period because of the removal of impairment reversals triggered by the increase in commodity prices during the period. In addition, the removal of two gold companies from the S&P/TSX 60 during the year, reduced volatility among resource companies. Also noteworthy was that Canadian Natural Resources reversed a material unrealized foreign exchange gain that contributed to the aggregate lower non-GAAP number within the resource group. The difference between GAAP and non-GAAP net income at non-resource companies was driven by the reversal of certain U.S. tax reform benefits realized by companies during the year. Excluding the one-time tax reform benefits, we calculate the net difference between GAAP and non-GAAP measures would have been approximately ~7%.

Overall, it is encouraging to see that non-GAAP measures can be lower than their corresponding reported GAAP figures. Nevertheless, we remain cautious of non-GAAP metrics as early indications through 2018 suggest that the historical trend will be re-established.

Figure 4 lists each adjustment by type as a percent of the total net difference between the corresponding GAAP and non-GAAP metrics segmented by resource and non-resource companies. During the year, there were extremely large fluctuations in Adjusted Net Income adjustments for non-resource companies. A key factor was the reversal of GAAP effects from U.S. tax reforms which reduced the overall net adjustment to negative $235 million (compared to a historical average of $4 billion). As a result, when taken as a percentage of this smaller number, our calculations experience large fluctuations on an annual basis. For a company-specific summary, please refer to Appendix D.

Anthony Scilipoti | ascilipoti@veritascorp.com | 416-866-8783

Figure 4
2017 Adjustment by Type as a Percent of the Total Net Adjustment

	Adj. EBITDA Resource	Adj. EBITDA Non-resource	Adj. Net Income Resource	Adj. Net Income Non-resource
2017:				
Depreciation & amortization	-	-	(8%)	(587%)
Income tax	-	-	45%	2366%
Interest	-	-	-	(107%)
Impairments	(10%)	59%	(33%)	(2194%)
Restructuring	27%	81%	-	(402%)
Fair value	(15%)	11%	(11%)	428%
Other adjustments	98%	(59%)	115%	683%
Stock compensation	-	9%	(8%)	(85%)
Total	**100%**	**100%**	**100%**	**100%**
2011 to 2017 cumulative:				
Depreciation & amortization	-	-	4%	30%
Income tax	-	-	(2%)	(35%)
Interest	-	-	-	2%
Impairments	118%	69%	102%	80%
Restructuring	(5%)	32%	1%	28%
Fair value	4%	7%	(1%)	4%
Other adjustments	(17%)	(11%)	(5%)	(15%)
Stock compensation	-	3%	2%	5%
Total	**100%**	**100%**	**100%**	**100%**
2011 to 2016 cumulative:				
Depreciation & amortization	-	-	2%	44%
Income tax	-	-	(3%)	(9%)
Interest	-	(%)	-	-
Impairments	102%	70%	98%	38%
Restructuring	-	23%	1%	20%
Fair value	2%	7%	2%	5%
Other adjustments	(3%)	(3%)	(1%)	(1%)
Stock compensation	-	3%	1%	2%
Total	**100%**	**100%**	**100%**	**100%**

Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

As illustrated above, after including 2017, the largest contributor to the overall non-GAAP net adjustment continued to be impairments, depreciation, and restructuring. With such large variations on an annual basis, we emphasize investors should assess non-GAAP adjustments over a multi-year horizon in order to get a fair picture of management's use of these measures.

Revisiting Current Non-GAAP Guidelines

As in prior years, we have reviewed the 2017 annual reports of the members of the S&P/TSX 60 for compliance with existing CSA Guideline 52-306. Based on our understanding of the guideline and our review of 2017 annual reports, Figure 5 identifies the number of companies that are likely in breach of one or more of the seven sections of the guideline. Our analysis shows that in 2017 there was a slight improvement among S&P/TSX 60 members over the prior two years. We identified ~25% of the members of the S&P/TSX60 would fail the current 52-306 guideline compared to ~30% in the prior two years. See Appendix B for company specific details of potential violations.

Given the potential subjectivity in applying the OSC's current guidelines, our analysis of the TSX 60's compliance necessarily requires a degree of judgment. The companies we have identified with potential issues have not been reviewed by regulators and does not presume that regulators will agree with our assessment.

Figure 5
Summary by Category of Potential Non-Compliance with OSC Guidelines for Non-GAAP Disclosures

		# of Potential Issues		
#	OSC Current Guideline (52-306)	2015	2016	2017
1	State explicitly that the non-GAAP financial measure does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to a similar measure presented by other issuers.	2	1	-
2	Name the non-GAAP financial measure in a way that distinguishes it from disclosure items specified, defined or determined under an issuer's GAAP and in a way that is not misleading.	5	4	8
3	Explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure.	1	1	1
4	Present with equal or greater prominence to that of the non-GAAP financial measure, the most directly comparable measure specified, defined or determined under the issuer's GAAP presented in its financial statements.	3	1	2
5	Provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure determined under the issuer's GAAP and presented in its financial statements, referencing to the reconciliation when the non-GAAP financial measure first appears in the document.	14	14	6
6	Ensure that the non-GAAP financial measure does not describe adjustments as non-recurring, infrequent or unusual when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years.	6	10	4
7	Present the non-GAAP financial measure on a consistent basis from period to period; however, where an issue changes the composition of the non-GAAP financial measure, explain the reason for the change and restate any comparative period presented.	-	-	5

Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

As in prior years, the most common deficiency among filers continues to be the failure to refer to the GAAP/non-GAAP reconciliation at the first mention of the non-GAAP metric disclosed in any written documentation. Of the noted potential violations, ~60% of are by companies that have failed the same standards in prior years ('repeat offenders') which suggests companies are not particularly concerned about compliance. Although these may be considered minor issues, they are relatively easy to improve, which raises the question of why the deficiencies persist three years after we highlighted them in our first review.

This year, we identified five filers who changed their non-GAAP metric calculation without disclosing explanations as required by SN 52-306 item #7 in Figure 4 ('*explain the reason for the change and restate any comparative period presented*'). For the most part, when companies changed the calculation methodology of a certain non-GAAP metric, a restated comparative number was presented. However, very few filers provided what we believe was a reasonable explanation for the change. In our view, regulators must address these shortcomings because many users of financial information may not notice the change. For example, Fortis adjusted its 2016 net earnings by an unrealized loss on the mark-to-market of derivatives, reporting a total Adjusted Net Income amount of $721 million. In the company's 2017 filing, Fortis chose not to adjust the derivative loss from the 2016 comparative figure and instead present $715 million for the prior year number. We were unable to find a reference to an explanation with the disclosure.

Even with the slight improvement over the two prior years, the recurring issues identified and the fact that the current guidelines remain quite broad and open-ended suggests to us that regulators have struggled with obtaining or enforcing compliance with the standards. With the Proposed National Instrument in the pipeline, we expect and hope that regulators will be able to more strictly enforce compliance on non-GAAP disclosures.

Though the requirements for disclosures under the Proposed Instrument remain relatively consistent, the wording is much more specific, which we think makes it more likely that issuers will be non-compliant more frequently. When we attempt to apply the Proposed Instrument as a hypothetical exercise, we note a considerable increase in the number of potential violations.

Part II: The New NI 52-112 - What Now?

On September 6, 2018, The Canadian Securities Administrators (CSA) issued National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure. The Proposal is intended to replace CSA Staff Notice 52-306 and subsequent revisions.

In response to the CSA's request for comments, we attempt to apply the new Proposed Instrument to the S&P/TSX 60 filers to illustrate how the new rules may affect current reporting. We think the results provide a good basis for proceeding with the tightened framework, with the caveat that compliance and enforcement may still be problematic.

Our response is separated into three sections:

A. A comparison of the Proposed National Instrument and existing SN 52-306.
B. Our assessment of S&P/TSX 60 2017 members in hypothetical compliance with the Proposed National Instrument.
C. Our comments/recommendations on the Proposed National Instrument.

Note that the Proposed National Instrument is subject to further change. Our analysis is intended for discussion purposes only. To aid with the review process, we have assumed the regulations are approved as currently presented and have reviewed the filings of the S&P/TSX 60 member's 2017 annual filings for compliance on this basis. There is no certainty that the Proposed National Instrument will be approved or what adjustments will be made during the approval process.

Our assessment of compliance requires considerable judgment and interpretation. It should not be construed that any Canadian filers are non-compliant with the Proposed National Instrument, rather we have attempted to identify key areas where some filers could be at odds with the new rules. Our analysis and conclusions are hypothetical in nature and have not been reviewed by regulators; readers should not presume that regulators will agree or have agreed with our assessment.

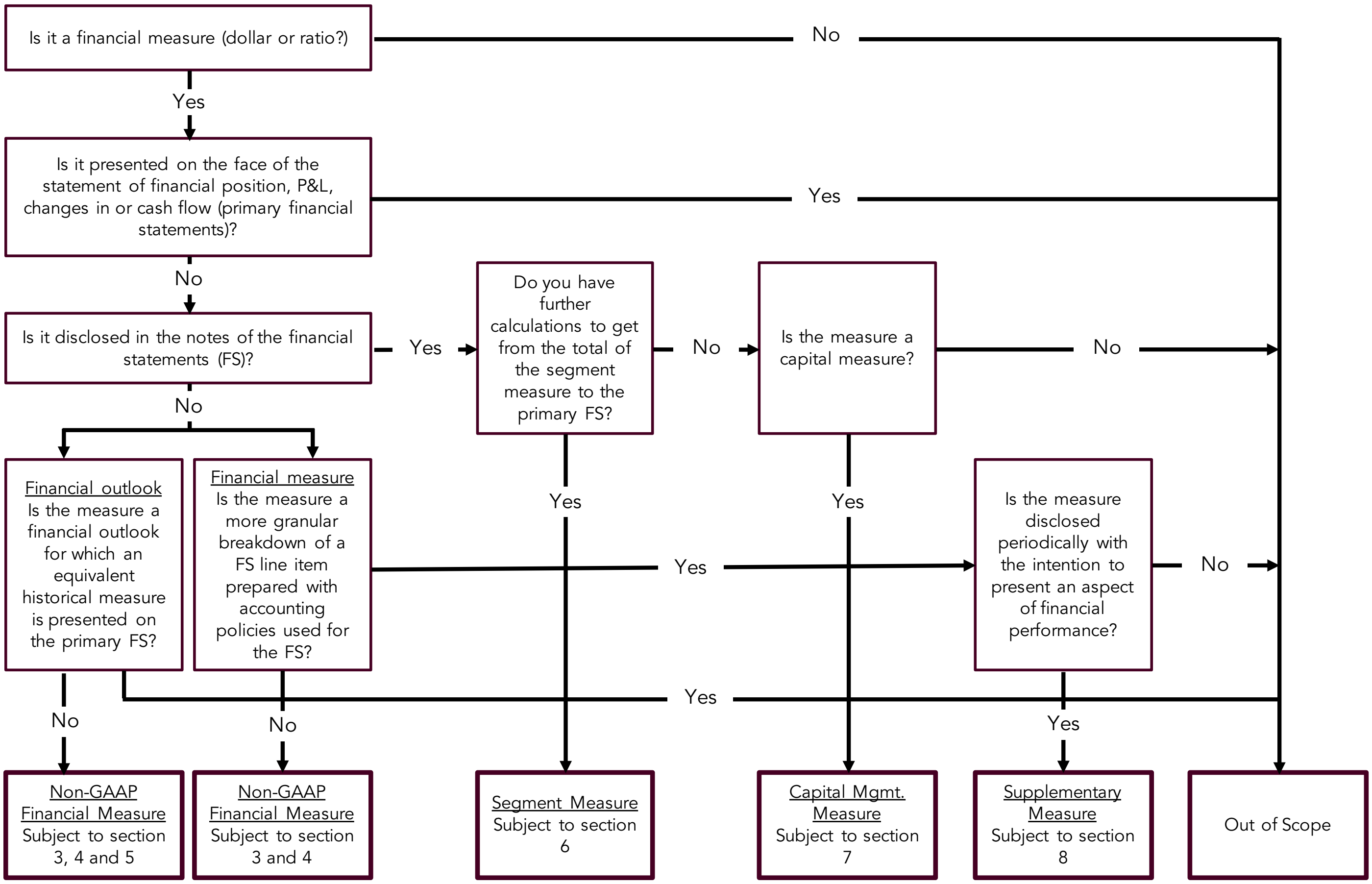
A) Comparing N1 52-112 to SN 52-306
Further Details in Appendix A

1) The scope and definition of non-GAAP metrics have been broadened and will capture many metrics not previously categorized as non-GAAP:

The Proposed National Instrument provides a new framework to determine whether a financial measure is a non-GAAP metric. Under the Proposed National Instrument, if a financial measure is determined to be a non-GAAP metric, it will be categorized under one of the five segments: Future Outlook, Financial, Segment, Capital, or Supplementary measure. Unlike the SN 52-306, all non-GAAP measures will be subject to Section 3, but depending on each measure's category, other rules may modify the fundamental requirements. (Please see Appendix A for more details.) In other words, measures such as Same Store Sales will be considered a non-GAAP number under the Proposed Instrument. As illustrated in Figure 6, there are essentially only four situations whereby a measure will not fall under the scope of NI 52-112:

1) The measure is not a financial measure (i.e. total square footage).
2) It appears on the face of one of the statements – Balance Sheet, Profit & Loss, Changes in Equity or Cash Flows.
3) It appears in the notes to the financial statements but does not qualify as a segment or capital measure.
4) It is disclosed in written documents outside the financial statements (e.g. MD&A, press releases, etc.) **AND** does not meet the requirements of a future outlook, non-GAAP financial or supplementary measures.

Figure 6
Non-GAAP Financial Measure Flow Chart – Most Metrics Should Fall Under this Flow Chart



Source: Veritas, Ontario Securities Commission, Canadian Securities Administrators

Based on our analysis of the S&P/TSX 60 members' recent regulatory filings and our understanding of NI 52-112, we suspect most, if not all, companies will need to update their disclosures to meet the Proposed Instrument's requirements because of its expanded scope. We expect companies will have at least one metric, but more likely multiple metrics, that will require additional disclosures.

2) Proposed National Instrument wording is more specific and prescriptive:

The CSA has described the depth of the Proposed National Instrument to be similar to the current guidelines. This appears to suggest that, if a company passed under prior guidelines, it should pass under the Proposed Instrument. However, while Financial Metrics are already governed under the old notice, given the expanded scope of NI 52-112 to include Financial, Future Outlook, Segment, Capital, or Supplementary measures, we expect reporting issuers will be challenged to meet the new regulations without additional disclosure. More detail is provided in the companion policy provided by the OSC, but the specificity of the new regulations may cause many companies to stumble in presenting their financial measures, in our view. For example, this includes requirements for the disclosure of income tax effects as well as the use of vague terms such as "other" or "adjusting items" as reconciling items. More interestingly, the requirement to refer to '*Identification, Cautionary, Usefulness, Reconciliation, and Change*' disclosures at the first mention of the metric has been included, where previously it was only required for the reconciliation. While compliance with the first mention requirement may seem relatively easy, based on our experience with SN 52-306, companies may find compliance challenging.

3) Greater enforcement abilities by the CSA:

We think one of the most important changes to the Proposed Instrument is that Canadian Securities Regulators have been given greater ability to enforce the presentation of non-GAAP metrics. Not only will securities regulators be provided with greater enforcement power, but the inclusion of a general-anti-avoidance rule is likely to ensure that loopholes are minimized. Ultimately, the CSA can deem an adjustment misleading if, in substance, it misrepresents performance to the investors. The general-anti-avoidance provision gives us more comfort that misleading adjustments will be caught. However, the onus is now on securities regulators to deem metrics as misleading. As a result, we continue to caution investors to monitor non-GAAP metrics closely, including underlying adjustments, as in our experience the first line of defense is always users of the financial statements.

B) Assessing Potential S&P/TSX60 Compliance with NI 52-112. *Further Details in Appendix C*

For the members of the S&P/TSX 60, we reviewed 2017 annual report filings in two stages for hypothetical compliance with the NI 52-112.

First, we test the Financial Metrics requirements using the same methodology shown earlier in our report (see Figure 5) by considering the compliance of each entity's key primary non-GAAP financial measure.

Second, we considered each member's 'Other non-GAAP' metrics (i.e. non-Financial metrics) for compliance with the new NI 52-112 rules for Future Outlook, Segment, Capital and Supplementary metrics.

Comparing the Notices: Non-GAAP Financial Metrics

As shown in Figure 7, despite the similarities between the two regulatory notices, the number of companies we find to be potentially non-compliant with their key primary earnings metric increases from 17 under our SN 52-306 assessments to 20 under the Proposed Instrument. We attribute the increase mainly the new notice's more prescriptive disclosure requirements. See Appendix C for a more detailed review of our findings.

Figure 7
Summary by Category of Potential Non-Compliance with CSA Proposed National Instrument 52-112 for Non-GAAP Disclosures

#	New Proposed National Instrument	Proposed Criteria*	# of Potential Issues under NI 52-112
1.	Labeling	Labeled appropriately	8
2.	Prominence	Presented with no more prominence	2
3.	Comparability	Includes a comparative	-
4.	Identification	Identified as a non-GAAP financial measure	-
5.	Cautionary	State that there is no standardized meaning and may not be comparable	-
6.	Usefulness	Explains how it is useful and how management uses it	1
7.	Reconciliation	Provides quantitative reconciliation to the primary FS	11
8.	Changes	Explains the reasons for the changes	5
9.	Reference at first mention*	Refers to Identification, Cautionary, Usefulness, Reconciliation and Change criteria the first-time non-GAAP metric is mentioned in the document	6

** Please refer to Appendix A for a detailed summary of the Proposed National Instrument.*

Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

As seen in Figure 7, we find more potentials violations under 52-112 than under the current SN 52-306. We have identified criteria #7 – Reconciliation to GAAP – as the most likely area of concern. Based on our review, we think many companies will may have difficulty complying with the prescriptive nature of the Proposed Instrument. For example, there are proposed criteria to disclose income tax impacts of adjustments and provide additional information around catch-all reconciling items, both of which face no specific reconciliation requirements under the current notice.

While we consider the expansion of criteria #9 to be a positive – Reference at first mention – we think it may continue to be an area of weak compliance. The new guidelines require not only referencing the location of the GAAP reconciliation, but also provide additional references at the first mention (tied to criteria 4 through 8). Again, these types of disclosures need not be cumbersome and should be easy to provide, however compliance has been relatively weak for the comparable criteria under the current standard.

New Rules: Other Non-GAAP Metrics

Because 2017 filings were not prepared with the new set of rules in mind, any assessment we make of how the 'Other non-GAAP metric' rules may fare requires considerable speculation. Still, we think the new rules may pose significant challenges for compliance. Below, we consider specific examples for each type of measure and the challenges companies may face in meeting the individual NI 52-112 requirements. We highlight instances of how particular metrics are currently presented and what changes may need to be made:

1. ***Future Outlook measures*:** As an example, Thomson Reuters currently provides a '*Target Leverage Ratio*' for '*Net Debt to Adjusted EBITDA*' in its MD&A (see page 3 of its 2017 annual report). The measure is a 'financial measure ratio' that is not presented in any part of the financial statements. A historical measure is not presented in the primary financial statements, therefore, considering the flow chart presented in Figure 6, the metric would be considered: a non-GAAP metric – NI 51-112 Section 3; a ratio – Section 4; and a future outlook – Section 5. As a result, TRI would need to provide a range of new references and disclosures beyond what it currently provides.

2. ***Segment measures:*** As an example, First Quantum reports a segmented cost of sales by project that excludes depreciation (see page 86 of its 2017 annual report). The measure is a financial measure that is disclosed in the notes to the financial statements and requires considerable secondary calculations beyond the primary reported statements. Therefore, in our view, the metric meets the criteria for a 'segmented measure' – Section 6 of 52-112. The lack of a reconciliation to a comparable GAAP measure – in this case, the cost of sales as presented on the Income Statement – would require some updates under 52-112.

3. ***Capital measures:*** Dollarama reports an Adjusted Total Debt / EBITDAR ratio (see page 39 of its Q4 2018 financial statements). The measure meets the definition of a '*financial measure ratio reported in the notes of the financial statement*', it does not represent a segment, but does measure capital management. Therefore, in our view, the metric meets the criteria for a 'Capital Management' measure and would be subject to Section 7 of NI 52-112. Overall, Dollarama does provide a reconciliation of the metric to GAAP numbers, but because the company does not consider it a non-GAAP metric, NI 52-112 rules would require additional disclosures; specifically there is a requirement to state "*accounting policies used to prepare the financial statements do not specify how the capital management measure is calculated*".

4. ***Supplementary measures*:** Telus presents a Blended Average Revenue per User metric (ARPU, see page 36 of its 2017 annual report). The measure is a 'financial ratio, not disclosed in the financial statements' and is best described as a breakdown of revenue (i.e. revenue on a per unit basis). Based on our analysis, requirements will generally be met where a comparative metric is provided, and the calculation is explained. The potential issue noted is that Telus does not directly refer to the explanation of how blended ARPU is calculated the first time it is mentioned in the document, a key requirement under 52-112.

Figure 8 presents a summary of where we think the greatest changes to disclosure are likely to be required to comply with NI 52-112 rules. We have subdivided the S&P/TSX 60 members relatively evenly to test their compliance with each of the 52-112 sections: Financial, Future Outlook, Segment, Capital, or Supplementary measures. We then identify a specific non-GAAP measure under each category that we think may currently require significant disclosure changes under NI 52-112:

Figure 8

Based on Current Reporting: Risk of Non-Compliance by Category of Non-GAAP Measure

Criteria \ Category	Financial	Future Outlook	Segment	Capital	Supplementary
Labeling	Low risk	Low risk	Not required	Not required	Not required
Prominence	Low risk	High risk	Low risk	Low risk	Not required
Comparability	Low risk	High risk	Not required	Not required	Not required
Identification	High risk	Low risk	Not required	Low risk	Not required
Cautionary	High risk	Low risk	Not required	High risk	Not required
Usefulness	High risk	Low risk	Low risk	High risk	Low risk
Reconciliation	High risk	Low risk	Low risk	Low risk	Low risk
Changes	Low risk	Low risk	NA	NA	Low risk
Reference at first mention	High risk	High risk	High risk	High risk	High risk

** When a company does not consider a non-GAAP metric, management will likely not provide these details.*

Source: Veritas estimates, Company information, Ontario Securities Commission, Canadian Securities Administrators

Based on our assessments above, more often than not, we think compliance will come down to recognizing whether a specific measure is non-GAAP as defined under 52-112 and then appropriately treating according to the standard.

We expect that companies will find the most difficult part to be determining which reported metrics will be considered GAAP or non-GAAP. Once identified as a non-GAAP, complying with the disclosure requirements should be relatively straightforward in most cases. The strain will be if the company is currently reporting too many metrics and therefore needs to create multiple new disclosures from scratch. In addition, though the Proposed Instrument provides remedies for instances where a comparable GAAP number may not be available, the additional calculations required to reconcile may be costly to track or something companies will not want to disclose. Metrics with no easy GAAP comparison include oil & gas netbacks and same store sales, for example.

C) Final Comments and Recommendations on NI 52-112

In our view and based on our analysis, we view NI 52-112 as a clear improvement from the existing SN 52-306 rules for three key reasons:

- **It broadens the scope to include other key non-GAAP metrics:** By including metrics related to Future Outlook, Segmented, Capital, and Supplementary measures, users of financial information should be provided with better quality financial information.
- **It is more prescriptive:** NI 52-112 gives preparers more granular guidance that should enable better compliance and ultimately more thorough financial disclosures.
- **It enables better enforcement:** NI 52-112 is a regulation and therefore carries more weight than the previous Staff Notice 52-306. We expect that security regulators will have more power to enforce compliance, especially given the general anti-avoidance rule included in the Instrument.

In regard to areas we see for improvement:

- **Regulators should provide a list of typical measures that would be captured for each category:** The proposed National Instrument is quite technical, even with the companion document, and may be challenging for both investors and issuers to evaluate. Due to the complexity of the Instrument, we expect there to be significant judgement required when determining the categorization of each non-GAAP metric. The less the ambiguity, the greater the likely compliance.
- **Regulators should provide examples of high-quality disclosures, especially for the expanded sections of NI 52-112**: We are concerned that due to the complexity and the strength of the regulation, certain issuers may incorrectly interpret the rules, decide to reduce the number of non-GAAP metrics provided, or possibly even over-disclose in order to avoid being offside on the guidance. At the same time, the expanded number of metrics captured as non-GAAP measures by NI 52-112 may result in issuers dropping metrics rather than provide the previously undisclosed calculations necessary to reconcile between GAAP and non-GAAP measures. Clearly, less information would not be a positive outcome for both regulators and especially users of financial information.
- **Regulators should provide guidelines to determine the granularity of the non-GAAP adjustments:** NI 52-112 provides very little guidance to evaluate the individual adjustments required between GAAP and non-GAAP. The Proposed Instrument does not reference materiality in any way; therefore, an issuer could just as easily fail on technical grounds because of a $1,000 adjustment as for a $1 million adjustment. As well, we think more guidance could be given on the type of adjustments required in specific cases, something that may come as the standard is applied.
- **The auditors' role should be expanded:** Currently, the auditor does not have responsibility to audit non-GAAP metrics other than to ensure that they are not misleading and consistent with the information presented in the financial statements. However, given the expanded enforcement criteria contemplated by NI 52-112, including the anti-avoidance rule, we believe auditors should consider auditing non-GAAP measures specifically for compliance with NI 52-112. Such a change would provide additional comfort to users and aid securities regulators with enforcement.

Overall, we are pleased to see regulators acting to reign in the increasing use of non-GAAP metrics. Regardless on its final iteration, NI 52-112 represents a marked step forward over the existing Staff Notice in improving the quality of reported financial information in Canada.

Of course, the notice's effectiveness will also come down to the degree of its enforcement. As regulators clamp down on the disclosures of certain issuers, other filers should take notice and improve their own. While we welcome strong enforcement, we also recognize that regulators have to walk a fine line to ensure that management teams are not scared away from providing high quality financial information to users. As always, we encourage users of financial information to critically evaluate how each non-GAAP metric is calculated before relying on its conclusions.

APPENDIX A – SUMMARY OF PROPOSED NATIONAL INSTRUMENT FOR NON-GAAP METRICS COMPARED TO CURRENT GUIDELINES

Under the Proposed National Instrument 52-112, section 3 applies to all non-GAAP metrics. Depending on the classification, section 3 requirements are modified to exclude or include additional disclosures. For example, a financial ratio can avoid requiring a reconciliation if the issuer explains the calculation and all components of the ratio complies with section 3. As a result, we have highlighted the modifications allowed by each section in second chart below. Please refer to CSA's Proposed National Instrument 52-112 and Proposed Companion Policy documents for further prescribed descriptions around disclosure requirements.

	New Proposed National Instrument (52-112) – Section 3	**Current Guidelines (52-306)**
Labelling	**a)** Non-GAAP measure labelled appropriately given its composition and in a way that distinguishes from totals, subtotals and line items presented in the primary FS	**2.** Name the non-GAAP financial measure in a way that distinguishes it from disclosure items specified, defined or determined under an issuer's GAAP and in a way that is not misleading.
Prominence	**b)** Non-GAAP financial measure presented with no more prominence in the document than the most comparable financial measure presented on the primary FS	**4.** Present with equal or greater prominence to that of the non-GAAP financial measure, the most directly comparable measure specified, defined or determined under the issuer's GAAP presented in its financial statements.
Comparative	**c)** Presents same non-GAAP financial measure for the comparative period	
Requirements on first time mention in documents	**d)** mentions all items noted in d) at the first mention of the non-GAAP measure in the document	
Identification	**d) i)** identifies non-GAAP financial measure as such	
Cautionary	**d) ii)** State that non-GAAP financial measure does not have a standardized meaning under the financial reporting framework used to prepare the financial statements and may not be comparable to similar financial measures presented by other issuers	**1.** State explicitly that the non-GAAP financial measure does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to similar measure presented by other issuers.
Usefulness	**d) iii)** Explains how non-GAAP financial measure provides useful information to a reasonable person and explains additional purposes for which management uses the non-GAAP measure	**3.** Explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure.
Reconciliation	**d) iv)** Provides quantitative reconciliation to most directly comparable financial measure presented in the primary financial statements which… A) Disaggregated in a way that provides a reasonable person an understanding of the reconciling items B) Does not describe a reconciling item as non-recurring, infrequent or unusual when a similar loss or gain is reasonably likely to occur within the next two years or has occurred during the last 2 years C) Explained in a way that provides a reasonable person an understanding of each item	**5.** Provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure determined under the issuer's GAAP and presented in its financial statements, referencing to the reconciliation when the non-GAAP financial measure first appears in the document. **6.** Ensure that the non-GAAP financial measure does not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years.
Changes	**d) v)** Explains reason for change if any, in the label, composition or calculation of the non-GAAP financial measure	**7.** Present the non-GAAP financial measure on a consistent basis from period to period; however, where an issue changes the composition of the non-GAAP financial measure, explain the reason for the change and restate any comparative period presented.
Anti-avoidance rule	• OSC has right to deem measures misleading	Not applicable

<table>
<tr><th colspan="2">New Proposed Guideline Measure: Metric Specific Rules (CSA 52-112)</th></tr>
<tr><td>Financial Ratios (Section 4)</td><td>not subject to Prominence [b)] if presented with no more prominence than similar measures in primary financial statements
not subject to Identification [d) i)] if…
all financial components are disclosed or presented in the financial statements, OR
financial measure is a ratio for which all financial components are disaggregations of line items in the primary financial statements calculated in accordance with accounting policies used to prepare financial statements
not subject to Reconciliation if the ratio calculation is described at the first mention of the ratio in the document AND….
If all non-GAAP financial measures used to calculate the ratio complies with section 3 for each non-GAAP financial measure identified, OR
Provides a quantitative reconciliation to ratio as calculated using the most directly comparable financial measure presented on the FS</td></tr>
<tr><td>Future outlooks (Section 5)</td><td>Primary financial statements must read as Future Oriented Financial Information (FOFI) if provided when applying section 3 d) iv) if considered a financial outlook AND FOFI was disclosed with the future outlook
not subject to Reconciliation [d) iv)] if…
non-GAAP financial measure is a financial outlook, AND
FOFI has not been disclosed with financial outlook in document, AND
first time financial outlook appears, the document presents equivalent historical non-GAAP financial measure AND describes….
each material difference between outlook & comparable historical measure, OR
each significant component used in the calculation</td></tr>
<tr><td>Segment measures (Section 6)</td><td>Labelling [a)], Identification [d i)], Cautionary [d) ii)] Usefulness [d) iii)] & Changes [d) v)] not required</td></tr>
<tr><td>Capital measurement measure (Section 7)</td><td>Labelling [a)], Identification [d) i)] & Changes [d) v)] not required
Must describe how capital management measure is calculated
State that "accounting policies does not explain how measure is calculated at first mention of the metric in the document"
If a ratio, quantitative reconciliation is not required</td></tr>
<tr><td>Supplementary financial measure (Section 8)</td><td>Labelling [a)], Prominence [b)], Identification [d) i)] Cautionary [d) ii)] & Usefulness [d) iii)] not required
Rather than a reconciliation, need to describe how it is calculated</td></tr>
</table>

Appendix B – Summary of Potential Non-GAAP Regulatory Concerns of S&P/TSX 60 Under Current Non-GAAP Guidelines

1. State explicitly that the non-GAAP financial measure does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to similar measure presented by other issuers.
2. Name the non-GAAP financial measure in a way that distinguishes it from disclosure items specified, defined or determined under an issuer's GAAP and in a way that is not misleading.
3. Explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure.
4. Present with equal or greater prominence to that of the non-GAAP financial measure, the most directly comparable measure specified, defined or determined under the issuer's GAAP presented in its financial statements.
5. Provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure determined under the issuer's GAAP and presented in its financial statements, referencing to the reconciliation when the non-GAAP financial measure first appears in the document.
6. Ensure that the non-GAAP financial measure does not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years.
7. Present the non-GAAP financial measure on a consistent basis from period to period; however, where an issue changes the composition of the non-GAAP financial measure, explain the reason for the change and restate any comparative period presented.

Ticker	1	2	3	4	5	6	7	2015 Potential Violation	2016 Potential Violation	2017 Potential Violation
ABX										
AEM								X	X	
ARX		X		X		X			X	X
ATD							X			X
BAM										
BB										
BBD		X				X		X	X	X
BCE										
BHC										
BMO										
BNS								X		
CCL		X								X
CCO										
CM										
CNQ										
CNR										
CP										
CPG										
CSU										
CTC										
CVE										
DOL										
ECA								X	X	
EMA								X		
ENB						X		X	X	X
FM		X			X		X	X	X	X
FNV									X	

1. State explicitly that the non-GAAP financial measure does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to similar measure presented by other issuers.
2. Name the non-GAAP financial measure in a way that distinguishes it from disclosure items specified, defined or determined under an issuer's GAAP and in a way that is not misleading.
3. Explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure.
4. Present with equal or greater prominence to that of the non-GAAP financial measure, the most directly comparable measure specified, defined or determined under the issuer's GAAP presented in its financial statements.
5. Provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure determined under the issuer's GAAP and presented in its financial statements, referencing to the reconciliation when the non-GAAP financial measure first appears in the document.
6. Ensure that the non-GAAP financial measure does not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years.
7. Present the non-GAAP financial measure on a consistent basis from period to period; however, where an issue changes the composition of the non-GAAP financial measure, explain the reason for the change and restate any comparative period presented.

Ticker	1	2	3	4	5	6	7	2015 Potential Violation	2016 Potential Violation	2017 Potential Violation
FTS			×		×		×	×	×	×
G										
GIB								×	×	
GIL									×	
HSE										
IMO										
IPL					×			×	×	×
K										
L										
MFC		×			×				×	×
MG								×		
MRU									×	
NA										
NTR										
OTEX										
POW							×			×
PPL								×		
QSR								×		
RCI					×				×	×
RY										
SAP										
SJR						×		×	×	×
SLF		×								×
SNC								×		
SU		×						×	×	×
T								×	×	
TD										
TECK							×			×
TRI								×		
TRP		×			×			×	×	×
WCN				×						
WN										
WPM										

APPENDIX C – SUMMARY OF POTENTIAL NON-GAAP REGULATORY CONCERNS OF S&P/TSX 60 UNDER PROPOSED NATIONAL INSTRUMENT 52-112

We summarize our analysis of potential violations of company key non-GAAP earnings metric (same as the ones noted above) if evaluated under the Proposed National Instrument 52-112.

Note that the Proposed National Instrument is subject to change(s). Our analysis is intended for discussion purposes only. To aid with the review process, we have assumed the regulations are approved as currently presented and have reviewed members of the S&P/TSX60 2017 annual filings for compliance on this basis. There is no certainty that the Proposed National Instrument will be approved or what adjustments will be made during the approval process. Therefore, no Canadian filers are currently not compliant with the Proposed National Instrument. Also note that our assessment of compliance requires considerable judgement. Our analysis and conclusions are hypothetical in nature and have not been reviewed by regulators; readers should not presume that regulators will agree or have agreed with our assessment.

1. Labelling - labeled appropriately
2. Prominence - presented with no more prominence
3. Comparability - includes a comparative
4. Identification - identified as a non-GAAP financial measure
5. Cautionary - state that there is no standardized meaning and may not be comparable
6. Usefulness - explains how it is useful and how management uses it
7. Quantitative Reconciliation - provides quantitative reconciliation to the primary FS
8. Changes - explains the reasons for the changes
9. First Time Mention in the Document - Refers to Identification, Cautionary, Usefulness, Reconciliation and Change criteria the first-time non-GAAP metric is mentioned in the document

Ticker	1	2	3	4	5	6	7	8	9
ABX									
AEM									
ARX	×	×							×
ATD								×	
BAM									
BB									
BBD	×						×		
BCE									
BHC									
BMO									
BNS							×		
CCL	×								
CCO									
CM									
CNQ									
CNR									
CP									
CPG									
CSU									
CTC									
CVE									
DOL									
ECA									

1. Labelling - labeled appropriately
2. Prominence - presented with no more prominence
3. Comparability - includes a comparative
4. Identification - identified as a non-GAAP financial measure
5. Cautionary - state that there is no standardized meaning and may not be comparable
6. Usefulness - explains how it is useful and how management uses it
7. Quantitative Reconciliation - provides quantitative reconciliation to the primary FS
8. Changes - explains the reasons for the changes
9. First Time Mention in the Document - Refers to Identification, Cautionary, Usefulness, Reconciliation and Change criteria the first-time non-GAAP metric is mentioned in the document

Ticker	1	2	3	4	5	6	7	8	9
EMA									
ENB							×		
FM	×							×	×
FNV									
FTS						×	×	×	×
G									
GIB									
GIL									
HSE							×		
IMO									
IPL							×		×
K									
L									
MFC	×						×		×
MG									
MRU									
NA									
NTR									
OTEX									
POW								×	
PPL									
QSR									
RCI									×
RY									
SAP									
SJR							×		
SLF	×								
SNC									
SU	×						×		
T									
TD									
TECK								×	
TRI									
TRP	×						×		
WCN		×							
WN									
WPM							×		

Appendix D – Looking At the Adjustments Between Non-GAAP and GAAP Earnings Metrics for the S&P/TSX 60

Appendix D shows the absolute percentage differential between the non-GAAP and GAAP metric (e.g. adjusted net income/absolute net income, etc.) for each company in the TSX 60 from 2013 to 2017.

The only use this data has for investors is as a summary of the scale of the difference in any given year. Investors should not draw any conclusions whatsoever about individual companies for any given year, over time or relatively between companies based on this data alone.

Investors need to focus on the rationale for adjustments made by a company and, if the rationale is legitimate, then the scale is irrelevant.

Ticker	Metric	2013	2014	2015	2016	2017
ABX	Adjusted EBITDA	166%	1392%	570%	-1%	-20%
AEM	Adjusted Net Income	127%	74%	278%	-31%	-4%
ARX	Fund from Operations	258%	195%	326%	215%	88%
ATD	Adjusted EBITDA	-3%	2%	-2%	1%	2%
BAM	Fund from Operations	-12%	-59%	-45%	-3%	-16%
BB	Adjusted Net Income	88%	115%	51%	102%	-81%
BBD	EBITDA before special item	-2%	999%	123%	155%	77%
BCE	Adjusted EBITDA	7%	3%	7%	2%	2%
BHC	None Reported	0%	0%	0%	0%	0%
BMO	Adjusted Net Income	1%	3%	6%	8%	4%
BNS	Adjusted Net Income	1%	-3%	1%	5%	1%
CCL	Adjusted EBITDA	20%	1%	0%	9%	2%
CCO	Adjusted Net Income	40%	123%	429%	331%	129%
CM	Adjusted Net Income	7%	14%	7%	-5%	-1%
CNQ	Adjusted Net Earnings from Operations	7%	-3%	141%	-228%	-41%
CNR	Adjusted Net Income	-1%	-2%	1%	-2%	-31%
CP	Adjusted Net Income	29%	0%	20%	-3%	-31%
CPG	Operating Income	285%	7%	139%	109%	181%
CSU	Adjusted EBITA	151%	238%	151%	156%	180%
CTC	EBITDA	0%	1%	0%	0%	0%

Ticker	Metric	2013	2014	2015	2016	2017
CVE	Adjusted EBITDA	20%	7%	-33%	39%	-50%
DOL	EBITDA	0%	0%	0%	0%	0%
ECA	Non-GAAP Cash Flow	994%	-14%	128%	189%	62%
EMA	Adjusted EBITDA	8%	-12%	-6%	23%	-3%
ENB	Adjusted Net Income	222%	36%	5143%	17%	18%
FM	Comparative Earnings	18%	-42%	154%	-26%	65%
FNV	Adjusted EBITDA	99%	12%	29%	11%	2%
FTS	Adjusted Net Income	0%	24%	-19%	23%	9%
G	None Reported	0%	0%	0%	0%	0%
GIB	Adjusted EBIT	136%	58%	49%	46%	53%
GIL	Adjusted Net Income	3%	1%	4%	3%	7%
HSE	Adjusted Net Income	12%	60%	104%	-171%	12%
IMO	None Reported	0%	0%	0%	0%	0%
IPL	Adjusted EBITDA	152%	0%	1%	4%	2%
K	Adjusted Net Income	111%	109%	91%	189%	-60%
L	Adjusted EBITDA	-2%	51%	11%	6%	1%
MFC	Core earnings	-16%	-18%	56%	37%	117%
MG	Adjusted EBIT	34%	39%	30%	40%	38%
MRU	Adjusted EBITDA	-28%	-5%	-7%	-9%	-9%
NA	Adjusted Net Income	-2%	8%	9%	37%	6%
NTR	Adjusted EBITDA	2%	1%	0%	12%	43%
OTEX	Adjusted EBITDA	86%	81%	52%	-50%	182%
POW	Operating Earnings	-2%	-3%	-12%	13%	21%
PPL	EBITDA	0%	2%	2%	8%	7%
QSR	Adjusted EBITDA	13%	204%	21%	3%	12%
RCI	Operating Income	2%	4%	3%	21%	3%
RY	Adjusted Net Income	0%	0%	0%	2%	1%
SAP	Adjusted EBITDA	5%	-3%	3%	0%	3%

Ticker	Metric	2013	2014	2015	2016	2017
SJR	Operating Income	-1%	1%	1%	-22%	-11%
SLF	Operating Net Income	15%	9%	5%	-6%	18%
SNC	EBITDA - excluding restructuring and other costs	13%	17%	-11%	21%	0%
SU	Operating Earnings	20%	71%	173%	-119%	-28%
T	EBITDA - excluding restructuring and other costs	2%	2%	5%	10%	2%
TD	Adjusted Net Income	8%	3%	9%	4%	1%
TECK	Adjusted EBITDA	0%	1%	222%	2%	2%
TRI	Adjusted EBITDA	-9%	-24%	-1%	0%	7%
TRP	Comparable EBITDA	-1%	1%	233%	46%	4%
WCN	Adjusted Net Income	13%	9%	356%	60%	-1%
WN	Adjusted EBITDA	-3%	40%	6%	6%	3%
WPM	Adjusted Net Income	0%	34%	230%	36%	380%

VERITAS INVESTMENT RESEARCH

Head of Research

Sam La Bell, MA, MBA, CFA
slabell@veritascorp.com

Accounting & Special Situations Group

Dimitry Khmelnitsky, CPA, CA
dkhmelnitsky@veritascorp.com

Brent Levenstadt, BA (Hons), CPA blevenstadt@veritascorp.com	**Henry Yu**, CPA, CA hyu@veritascorp.com
Chris Silvestre, CPA (Delaware) csilvestre@veritascorp.com	**Stuart Rolfe**, CFA srolfe@veritascorp.com
Consumer Staples & Discretionary	**Industrials**
Kathleen Wong, CPA, CA, CFA kwong@veritascorp.com	**Dan Fong**, BA, HBA, CFA dfong@veritascorp.com
Energy	**Communication Services, Information Technology & REITs**
Jeffrey Craig, CPA, CA jcraig@veritascorp.com	**Desmond Lau**, CPA, CA, CFA dlau@veritascorp.com
	Howard Leung, CPA, CA, CFA hleung@veritascorp.com
Financial Services	**Utilities & Infrastructure**
Nigel D'Souza, B.Sc., CFA ndsouza@veritascorp.com	**Darryl McCoubrey**, CPA, CA dmccoubrey@veritascorp.com
Rasib Bhanji rbhanji@veritascorp.com	

Client Support & Business Development

Tom Jarmai, B.Sc., BA, FCSI tjarmai@veritascorp.com	**Mickey MacDonald**, CPA, CA mmacdonald@veritascorp.com

Our Vision

To seek the truth from the facts.

Our Mission

To be our clients' trusted source
of independent knowledge and advice.

Veritas Investment Research Corporation
TD West Tower
100 Wellington Street West Suite 3110, PO Box 80
Toronto, Ontario, Canada M5K 1E7

416.866.8783
www.veritascorp.com