



REDISHREDTM
CAPITAL CORP.

TSXV **KUT**

Company Presentation

Winter 2018/2019

FORWARD LOOKING STATEMENTS

The Summary includes certain statements, estimates and projections with respect to the Company's anticipated future performance. In some cases, the recipient can identify forward-looking statements by terms such as 'may,' 'will,' 'should,' 'could,' 'would,' 'expects,' 'plans,' 'anticipates,' 'believes,' 'estimates,' 'projects,' 'predicts,' 'potential', or 'continue' or the negative of those forms or other comparable terms. The Company's forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. As a result of these uncertainties, the recipient of the Summary should not place undue reliance on the Company's forward-looking statements. The Company does not intend to update any of these factors or to publicly announce the result of any revisions to any of the Company's forward-looking statements contained herein, whether as a result of new information, any future event or otherwise.

The prospective financial information included in the Summary was not prepared with a view toward compliance with the published guidelines of (i) any securities regulator including the U.S. Securities and Exchange Commission, or (ii) any accounting or auditing regulatory body including the Canadian Institute of Chartered Accountants or the American Institute of Certified Public Accountants ("AICPA") for the preparation of projections (such as the AICPA audit and accounting guide for prospective financial information). The statements contained in this document has not been compiled, examined, or have had any audit procedures, and accordingly, we do not express an opinion or any other form of assurance with respect thereto. The Company, expressly disclaim all responsibility for the validity, reasonableness, accuracy or completeness of such statements, estimates and projections.

AGENDA

Fundamentals First. Then the Look Ahead.

- *Performance*
- *Growth Strategy*
- *Opportunity*
- *Appendices*



PERFORMANCE

REDISHRED OVERVIEW

Consolidating the US On-site Document and Data Destruction Industry

OVERVIEW

- Publicly-owned and listed on TSX Venture Exchange under symbol **KUT**
- 100% owner of Professional Shredding Corporation including:
 - IP & TMs associated with the **PROSHRED®** brand;
 - 30-year proven operations system; and
 - Serving 40+ markets in the United States

STOCK CHART



CAPITAL STRUCTURE

Common Shares Outstanding (Fully Diluted)	67.7M
Market Capitalization	\$43.3M
Board & Mgmt. Ownership	31.8%
Net Debt	\$3.5M
Enterprise Value	\$46.8M

KEY STATS

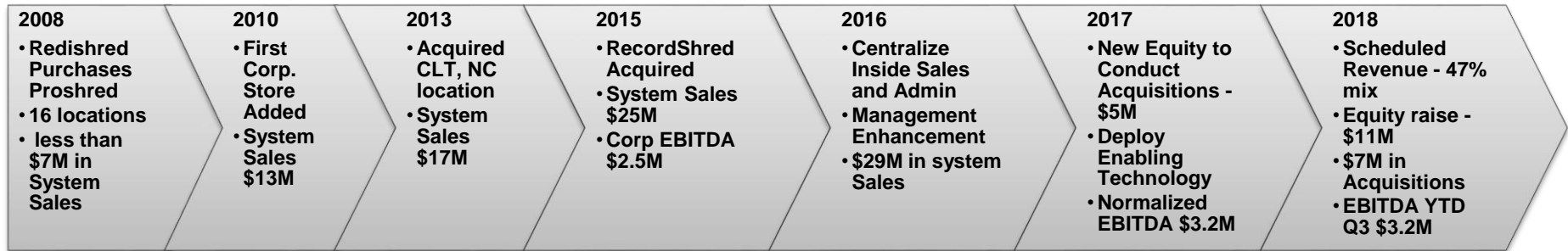
Share Price (Nov 28)	\$0.64	Market Cap	\$43.3M
Shares Out.	67.7M	Float	50.0%
52 wk High/Low	\$0.75/\$0.50		

Our Mission: Drive growth in shareholder value with increased cash flows by continuously improving operational efficiencies, completing corporate acquisitions, and expanding the US footprint (Franchising and Acquisitions)

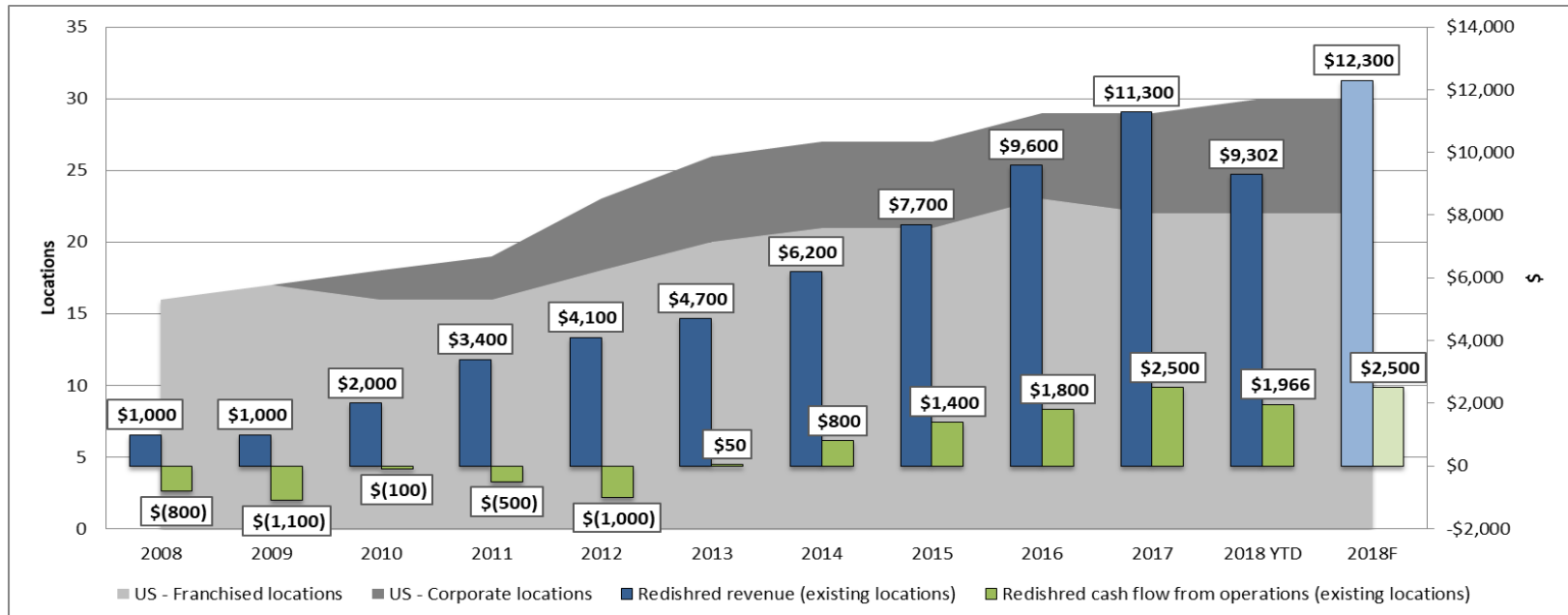
REDISHRED PERFORMANCE TIMELINE

Company Achievements: Growth in Cash Flow and Locations

MILESTONES



FINANCIAL PERFORMANCE AND LOCATIONS



RESULTS – FY2018

Performance Target: Grow Same Location Service System Sales 10% over 2017 = **Ahead of Target**

SYSTEM SALES HIGHLIGHTS

Service System Sales

- ◆ Same Location Service System Sales ↑11% over YTD Q3-2017⁽¹⁾
- ◆ **Scheduled Sales were ↑ 12% over YTD Q3-2017 (Recurring Component now 46% of total mix)**

(1) Excludes Recycling Sales

Total System Sales

- ◆ 13% increase over YTD Q3-2017
- ◆ Recycling System Sales are up 19% over YTD Q3-2017 due to a 13% increase in paper prices

QUARTERLY SYSTEM SALES *in millions – USD*



GROWTH DRIVEN BY:

Dedication to secure on-site method

Targeting of SMEs
Recurring Monthly Service

Investing in Sales,
Marketing and New Trucks

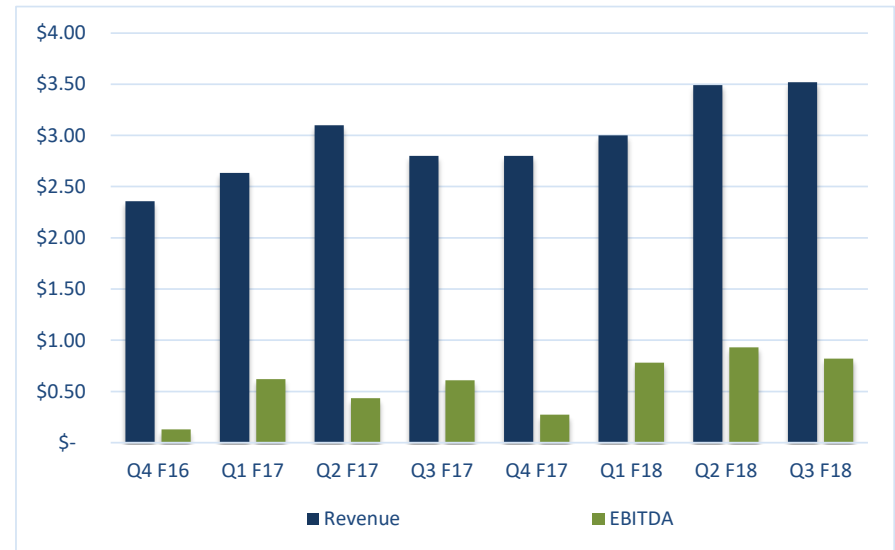
RESULTS – FY2018

Performance Target: Attain \$3.3M in Annual EBITDA from existing operations = ***Slightly Behind Target***

EBITDA HIGHLIGHTS

- ◆ EBITDA (Existing Operations) in YTD Q3-2018 = \$2.4M
 - 1% increase over YTD Q3-2017
 - Due to the appreciation of the Canadian dollar and no new franchises awarded
- ◆ EBITDA (All Operations) YTD Q3-2018 = \$3.2M, up 15% over the same period in 2017
- ◆ Total Funded Debt to EBITDA Ratio 1.16 down 9% over 2017 Year End

CONSOLIDATED REVENUE AND EBITDA RCC in millions – CAD



GROWTH DRIVEN BY:

INCREASED SALES SYSTEM WIDE

Driving royalty revenue and Corporate location revenue
Continued Strong Sales and Operating Income Growth in Corporate Locations – Focus on Scheduled Sales

TECHNOLOGY INTEGRATION

Leading to enhanced conversion of one time “purges” to on going scheduled revenue – also scalable as we add new locations

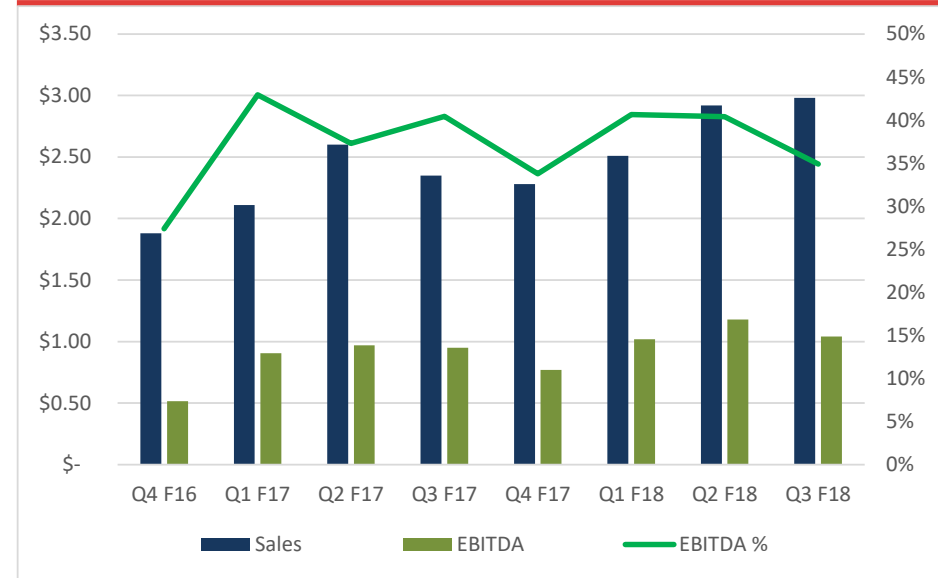
RESULTS – CORPORATE LOCATIONS

Corporate Locations benefited from centralized services and strong local management

CORPORATE LOCATION PROFITABILITY

- ◆ Same Corporate Location EBITDA grew by 5% over YTD Q3-2017
- ◆ Total Corporate Location EBITDA grew by 15% over YTD Q3-2017
- ◆ EBITDA as a percentage of revenue was 39% YTD Q3-2018
- ◆ Tuck in acquisition in Up-State NY favorably impacted Q2 and Q3 2018 results.
- ◆ One Time Transition costs related to the Tuck in acquisitions in NYC and Up-State NY accounted for just under \$70K in additional costs YTD
- ◆ Increase repair costs impacted Q3 results negatively

CORPORATE LOCATION PERFORMANCE *in millions – CAD*



GROWTH DRIVEN BY:

Investment in newer trucks to ensure minimization of truck downtime and major repairs

Investment in sales management systems (CRM) and operations systems (routing)

Focus on driving scheduled sales

RESULTS - DEVELOPMENT

Footprint Growth by Franchising and Acquisitions

Acquisitions	Franchising
2018 Target = \$3M-\$4M in acquisitions	2018 Target – 2-4 new Franchisees
YTD-2018 – Conducted Tuck-In Acquisitions in Up-State NY, and New York City. Conducted Major Acquisition in North New Jersey – Total of \$7M + in acquisitions	No Franchisees awarded to date in 2018
Pipeline of targets include a number of smaller tuck-ins as well as a couple Franchisees	Focus is primarily on West of the Mississippi, while acquisition activity is focused East of the Mississippi
Ahead of Target	Not on target



GROWTH

PROSHRED BRAND

Consolidating the US On-site Document and Data Destruction Industry

WHO WE ARE

- Established international brand
- 40+ markets directly serviced in the United States
- Dual Certified – ISO and NAID
- Industry leader in security, quality, and customer service
- On-Site = Most Secure
- Only large national company to provide services primarily on-site

VALUE PROPOSITION

“Backed by 30 years of experience in material destruction, PROSHRED® consistently and reliably provides the best information security and liability protection. Anything less is a risk to your security and your business.”

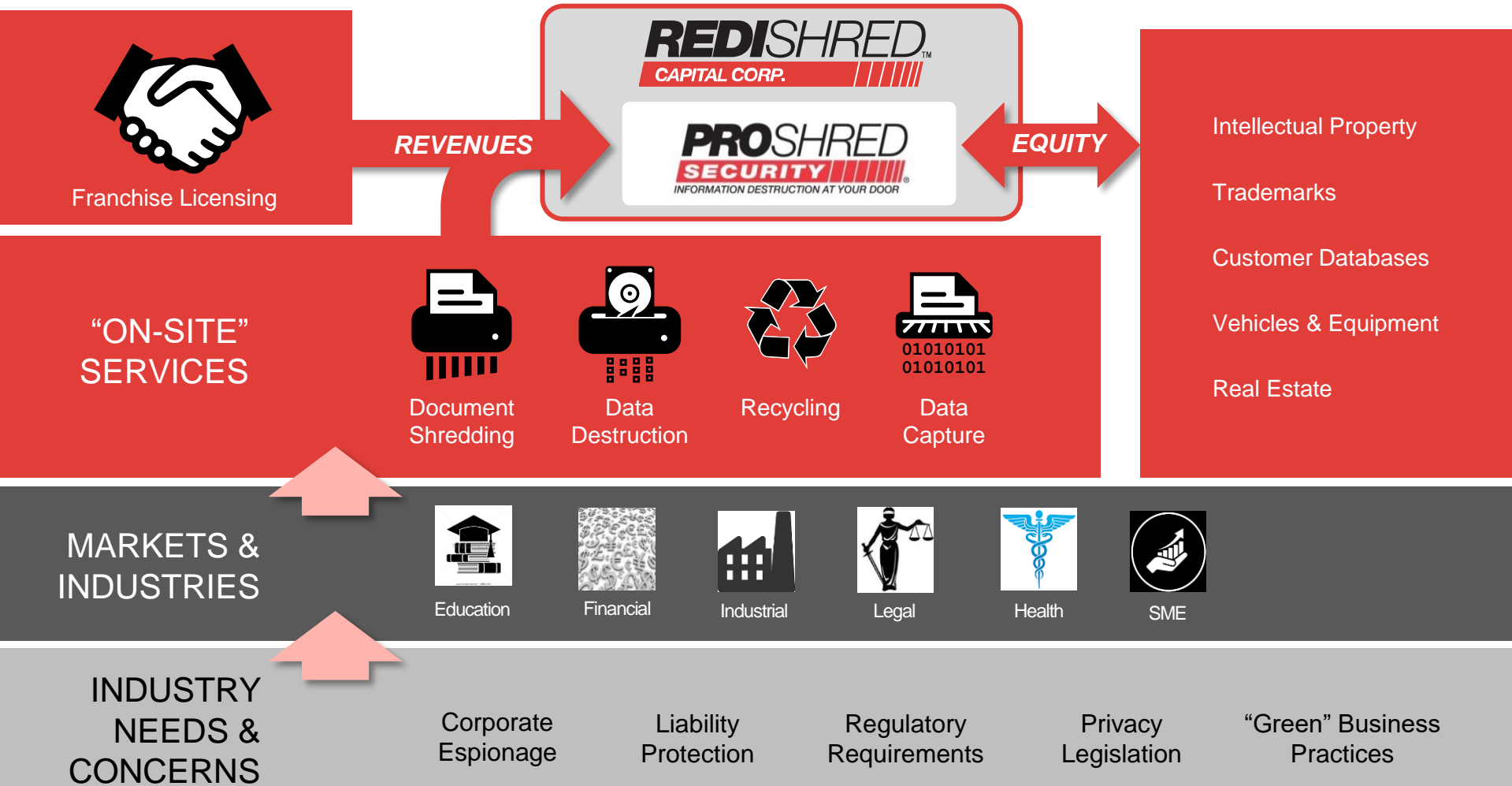
OUR LOCATIONS

Over 30 locations respectively across the US – Blend of Corporate and Franchised serving 40 markets



VALUE FLOWS

Driving Shareholder Value



Document Destruction Industry

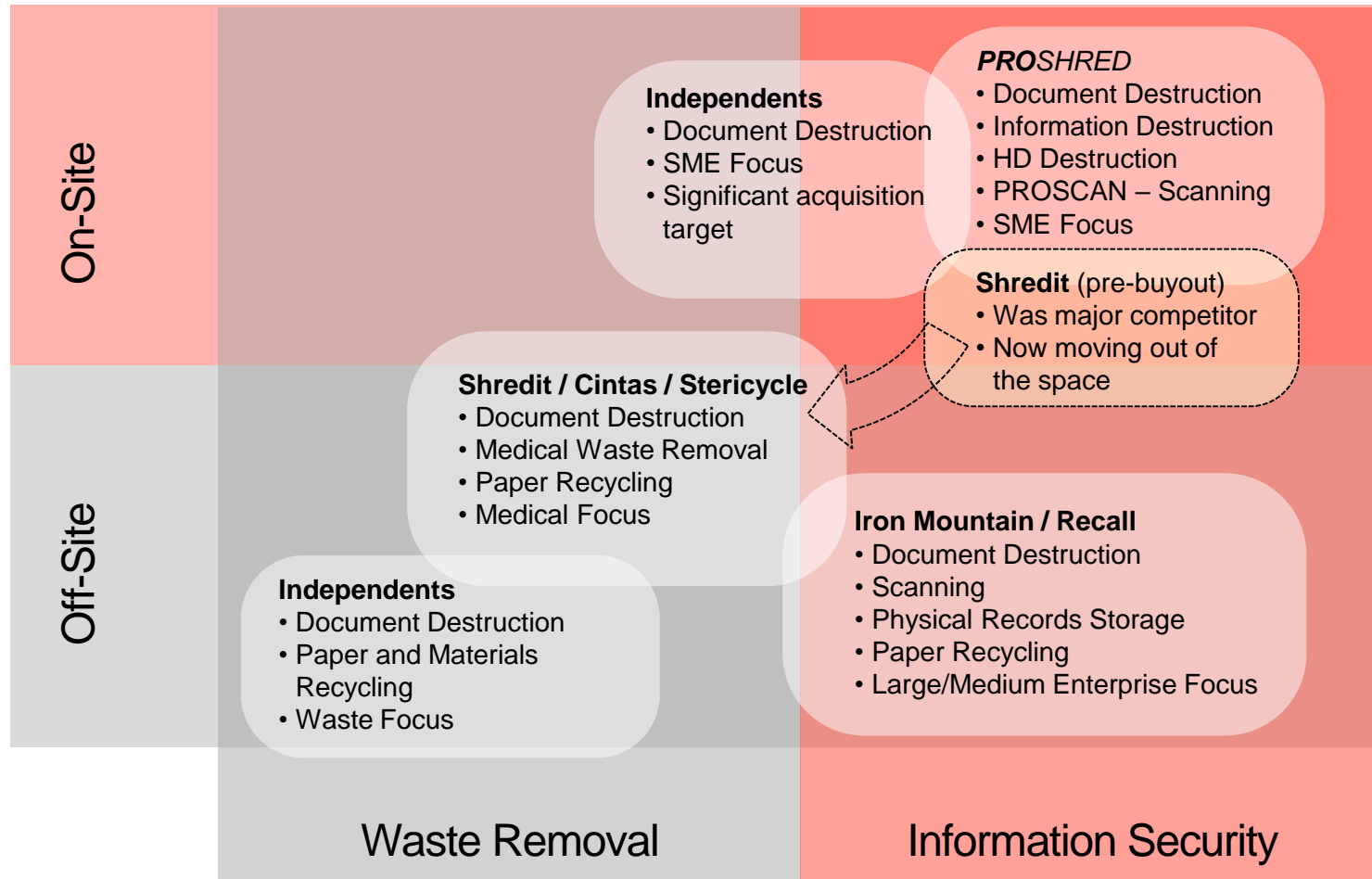
Well Researched and Well Understood Marketplace

- US\$3.6 billion per year
- U.S. market highly fragmented with many independents and only a handful of large providers
- Robust Market Drivers
 - ◆ concern about identity theft and corporate espionage
 - ◆ concern about liability protection and transference
 - ◆ tighter regulatory requirements, legislation and enforcement
 - ◆ massive push towards “green” business practices
- Trending demand for “on-site service” – the largest players moving to off-site
- SMEs typically under served by larger national competitors which tend to target large contract clients

BRAND POSITIONING

Focused on Our Strengths in the Marketplace

PROSHRED is positioned to provide secure material destruction through on-site operations



OPERATIONAL GROWTH STRATEGY

Investment in People, Trucks and Process will continue to drive cash production

CONTINUOUS IMPROVEMENT & OPTIMIZATION

- Enhancing Web Brand Presence, and Lead Conversion – multiple channel.
- Driving Route Density – Own the Building
- Focus on Sales Force Tools – Drive Scheduled Revenue
- Deploy Enabling Technology – CRM and Technology Integration

ACQUISITION & EXPANSION

- Franchising – West of the Mississippi
- Tuck-in Acquisition – In Current and Adjacent markets – East Coast – Drive Synergies
- Hub Acquisitions – Existing Franchisees as they come due
- Deployment of newest truck fleet

CORPORATE STORES

- Continued investment in strong local management
- Continued investment in local outside sales
- Centralized Order to Cash
- Continued investment in truck fleet = high uptime and client satisfaction

DRIVING CASH FLOW

FOOTPRINT GROWTH STRATEGY

Plan designed to drive depth on the East Coast, and footprint elsewhere

1. ACQUISITIONS	Tuck-in Targets over 750 independents in the US 90% 2 trucks or less	Hub Targets – Franchisees at Renewal – Typically \$2M in Revenue – 35% EBITDA	Goal – drive depth of market presence and route density in chosen markets
2. FRANCHISING	Platform well developed to successfully launch and on-going support	Focus on Western US Markets	Secondary markets ideal for Franchising
3. LICENSING	Current License in the Middle East	International Growth to be driven via licensing	

ACQUISITION PLAN

KEY TARGET STATS

- Key Target Stats
 - ◆ Average revenue of Independent is under \$500,000 per annum
 - ◆ Over 750 independents, 90% are two trucks and under
 - ◆ EBITDA multiples between 4X and 6X

WHY TARGETS ARE WILLING TO SELL OPERATIONS?

- Why independent targets are willing to sell operation?
 - ◆ Cannot compete with big-name brand recognition
 - ◆ Difficulty spending the required marketing dollars to compete with the larger firms
 - ◆ Larger Competitors have limited interest in purchasing smaller operators – not enough “torque”
 - ◆ Industry moving to Information destruction
 - Requires different equipment for digital destruction
 - Frequent rotation of equipment required to ensure quality of service
 - Cost of upgrading prohibitive to independents due to capital constraints
 - ◆ Industry is mature; therefore many older operators looking to retire



OPPORTUNITY

2018 AND BEYOND TARGETS

Your investment is driving the business forward

Growth of Same Location Service System Sales⁽¹⁾:

2018 Target	Growth of 10% to \$30.25M USD.
Longer-term target	Growth between 8% and 10% per annum.

Consolidated EBITDA from existing operations⁽²⁾:

2018 Target	Attain EBITDA of \$3.3M from existing locations, growing by 14% over 2017 normalized EBITDA.
Longer-term target	Attain EBITDA growth of 5% to 10% from existing locations.

Consolidated Operating Income from existing operations⁽²⁾:

2018 Target	Attain operating income of \$2.3M from existing operations, growing by 10% over 2017 normalized operating income.
Longer-term target	Grow existing Operating Income by 8% to 10% per annum.

Franchise Development:

2018 Target	Open two to four new markets in the United States by way of franchising.
Longer-term target	Continue to add at least two new markets per annum.

Expand by way of Accretive Acquisitions:

2018 Target	Conduct between \$3M and \$4M of acquisitions.
Longer-term target	Increase the Corporately operated portfolio from 7 to 12 locations by 2020.

(1) Service related sales excludes recycling sales.

(2) Existing operations includes the existing corporate operations, the franchise system and the existing infrastructure to support the existing locations.

Overall Observations:

1. Management focus will be on helping franchisees and corporate locations drive scheduled revenue – create durable cash flows
2. Paper prices have rebounded strongly in 2018
3. Acquisitions conducted to date are all accretive

CONTACT US

Please Direct Your Investor Inquiries to:

Jeffrey Hasham, CEO

phone: 416.849.3469

email: jeffrey.hasham@redishred.com

Kasia Pawluk, CFO

phone: 416.204.0076

email: kasia.pawluk@redishred.com

Corporate Head Office

Redishred Capital Corp.
6505 Mississauga Road, Suite A
Mississauga, ON L5N 1A6

Tel: 416-490-8600

Toll-free: 1-866-379-5028

APPENDICES

SENIOR MANAGEMENT

Proven Management Team



Jeff Hasham

Chief Executive Officer

- 12 years with Redishred and Proshred
- Led company through significant growth
- Conducted all acquisitions – all accretive
- Former EY



Kasia Pawluk

Chief Financial Officer

- 8 years with Redishred and Proshred
- 10 Year's finance and accounting experience with emphasis on publically reporting entities
- Former Deloitte



Ron Gable

Sr. VP Performance & Operations

- 3 Years with Redishred and Proshred
- 5 years experience with Shred-it during its infancy
- Strong Logistics Experience
- Former Consultant for PWC and KPMG

DEMONSTRATED ACQUISITION VALUE

Comparison of EBITDA Multiples with Competitor's Acquisition

PROSHRED ACQUISITION CASE STUDY

- Increase in Shareholder Value Completed without Financing
- Acquired new location in Miami December 31, 2015
- Includes Shredding Company with 2 Paper Trucks, 1 HD Truck
- \$100K in Pre-Acquisition EBITDA (**4X EBITDA** - Pre)
- New EBITDA \$200K after consolidation with PROSHRED Miami (**2X EBITDA** – Post)

SOURCES		USES	
Working Capital	\$25,000		
Consoles	\$10,000		
Computers/Equipment	\$5,000	Promissory Note	\$100,000
Trucks	\$225,000	Truck Financing	\$250,000
Customers	\$135,000	Contingent Consideration	\$50,000
Total	\$400,000	Total	\$400,000

INDUSTRY COMPARABLE ACQUISITION STUDY

- EBITDA Multiples with Competitor's Acquisition
- Stericycle (Largest Health Care Waste Firm in the World)
- Shred-It (Largest Document Shredding Firm in the World)
- Acquisition completed in 2015
- Focus migrating from on-site model to off-site model

FINANCIAL METRICS	
Revenue - 2015	\$661M
Operating EBITDA	\$179M
Acquisition Price	\$2.3B
Multiple of Revenue	3.48X
Multiple of Operating EBITDA	12.85X