



**REDISHRED**<sup>TM</sup>  
CAPITAL CORP.

TSXV **KUT**

# Investor Presentation

Summer 2017

# 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.

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- ***REDISHRED Overview***
- ***Performance***
- ***Growth Strategy***
- ***Opportunity***

# REDISHRED OVERVIEW

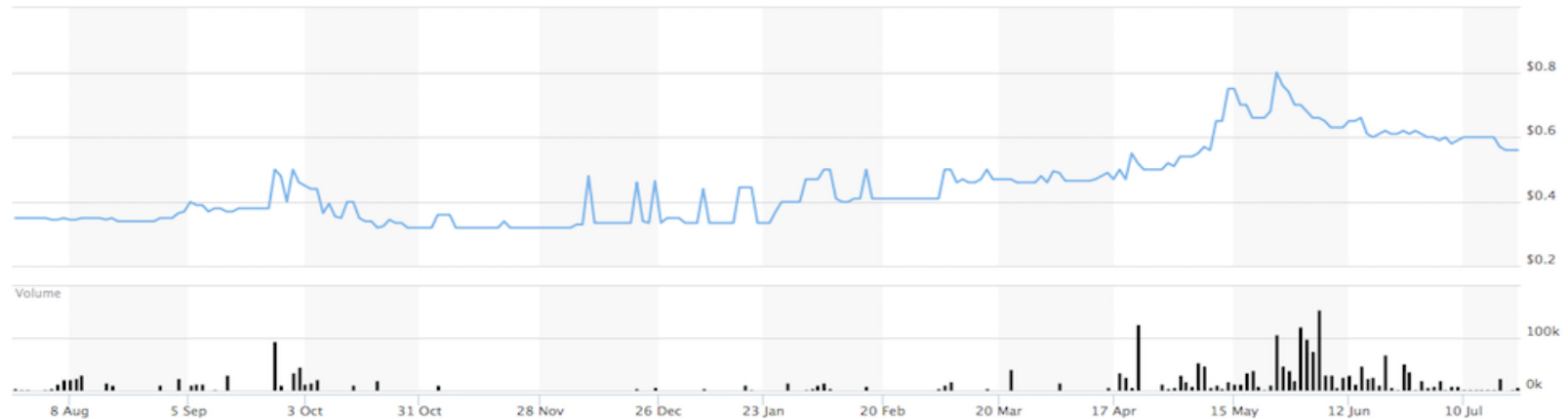
Consolidating the US On-site Document and Data Destruction Industry

- 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 30+ markets in the United States
- 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)



# CAPITAL STRUCTURE

Portrait of Current Value and Future Potential



	May 22, 2016	As at July 21, 2017	% Change
Common Shares Outstanding	28,939,658	47,182,587	63%
Market Capitalization	\$ 8,103,104	\$ 26,422,249	226%
Board and Management Ownership	47%	31%	-34%
Non-Truck Debt	\$ 5,632,479	\$ 1,981,970	-65%
Truck Related Debt	\$ 2,037,351	\$ 1,945,676	-4%

Stock Quote and Chart (Currency: CAD)			
Last (Delayed)	0.56	Market Cap (mm)	26.4
Shares Out. (mm)	47.2	Float %	36.5%
Day High/Low	0.56/ 0.54	Diluted EPS Excl. Extra Items	0.02
52 wk High/Low	0.85/ 0.32	Avg 3M Dly Vlm (mm)	0.03
Last Updated on Jul-21-2017			

*New equity injected in Jan 2017. Initial use of funds has been to reduce our line of credit and to acquire Proshred North Virginia. We currently have \$4M in availability on our Line of Credit.*

# 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*

- Almost 7 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*

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



**Jack Pulkinen**

*Sr. VP Corporate Development*

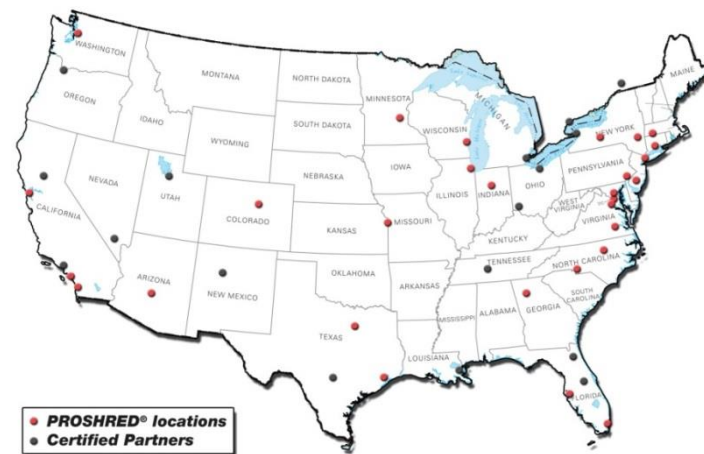
- 2 Years with Redishred and Proshred
- 30 years experience in CEO and CFO roles with Public Companies
- Former EY



# PROSHRED BRAND

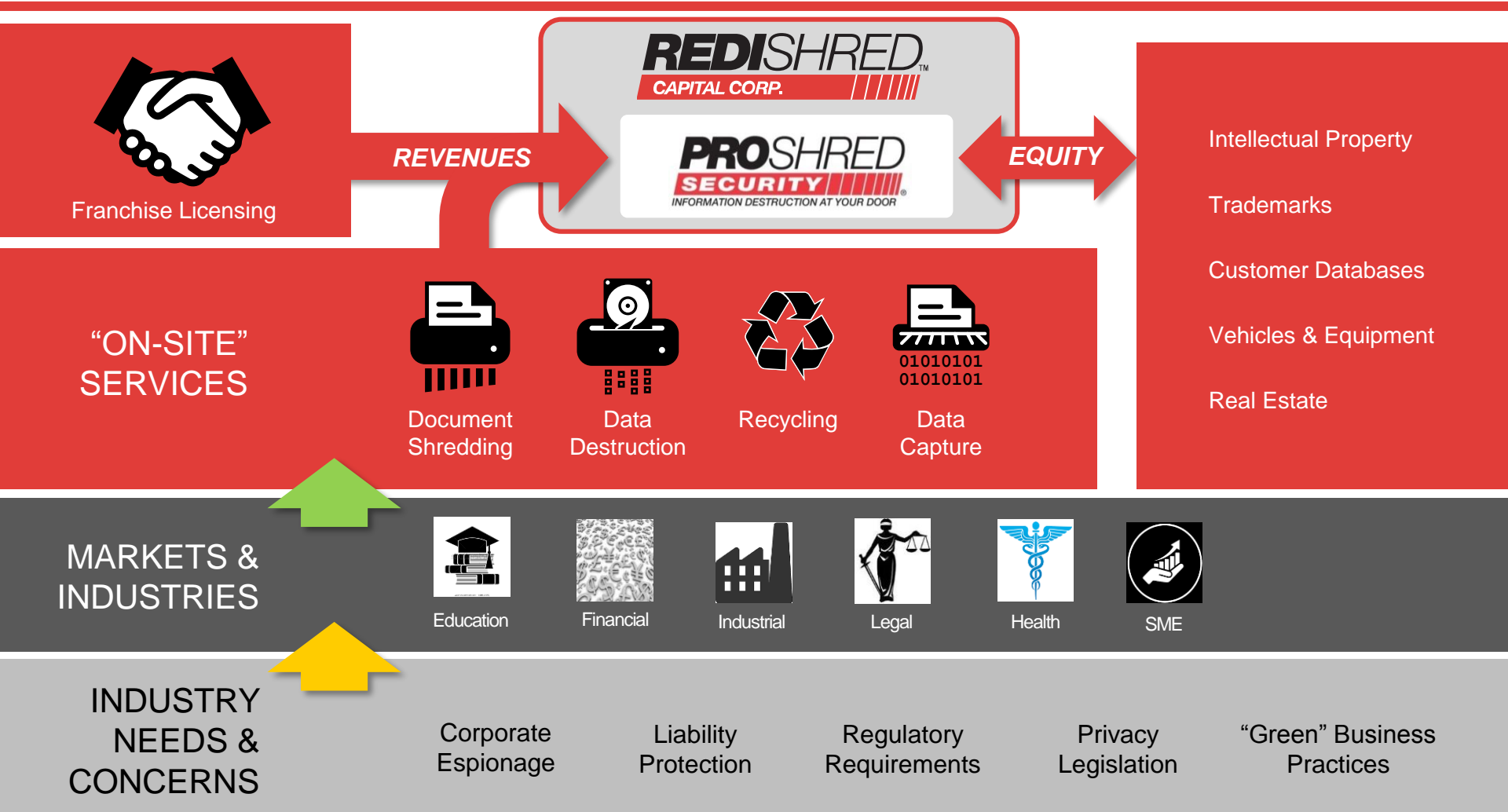
Consolidating the US On-site Document and Data Destruction Industry

- Established international brand
- 30+ 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
- PROSHRED 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.”*



# VALUE FLOWS

Driving Shareholder Value





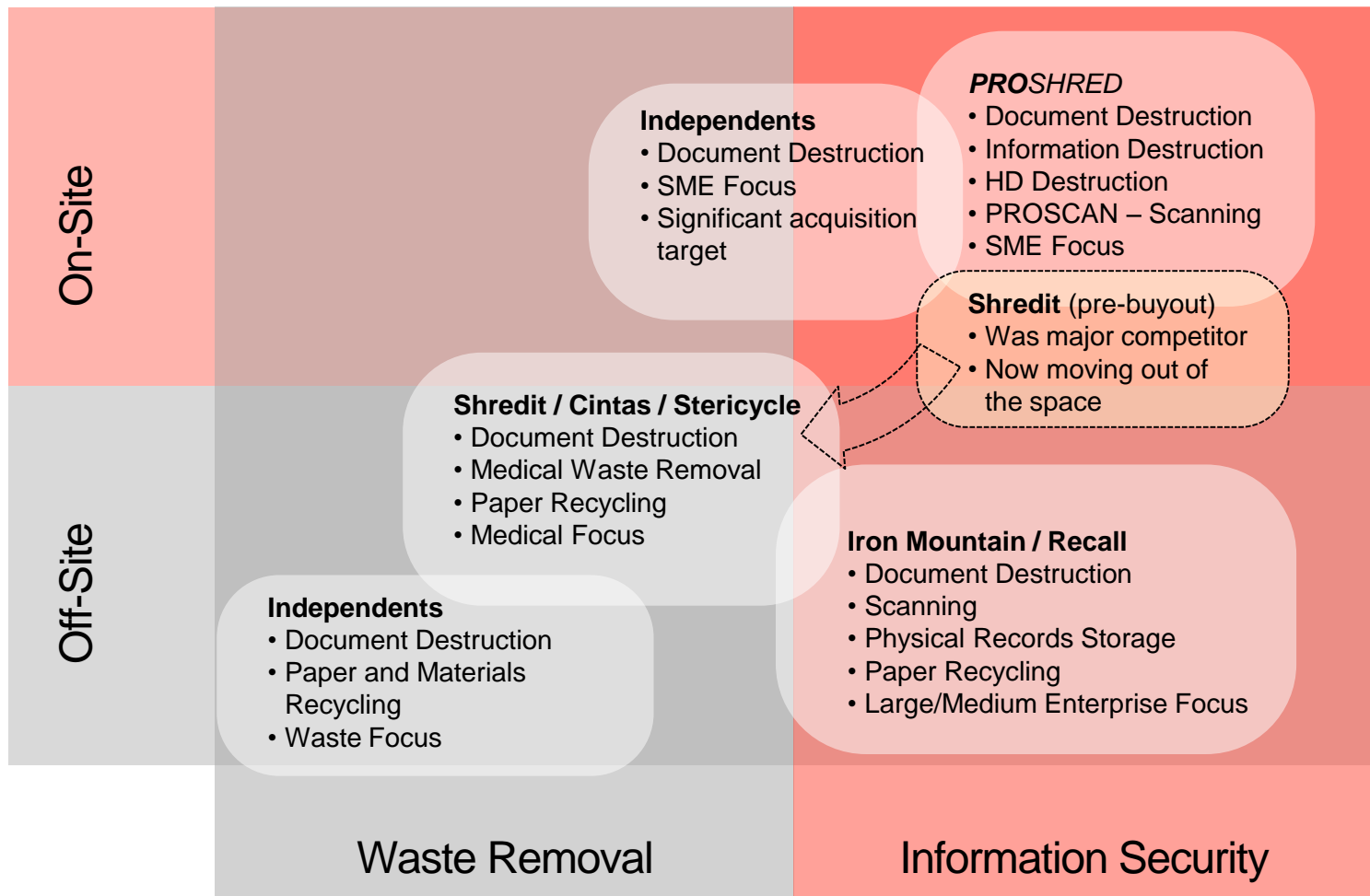
# Document Destruction Industry

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



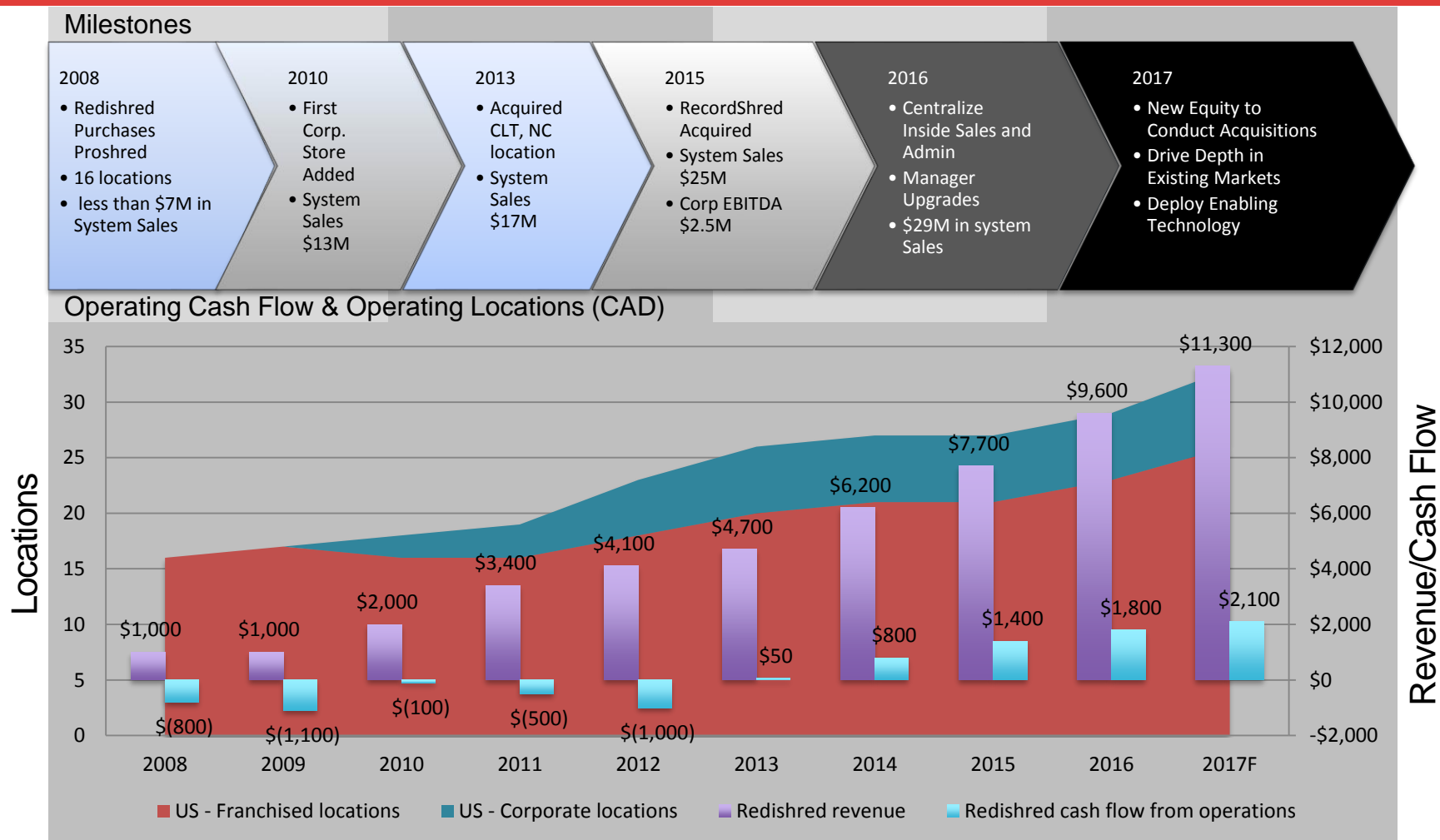




# PERFORMANCE

# REDISHRED PERFORMANCE TIMELINE

Company Achievements Correlated with Growth in Cash Flow and Locations



# Results – Inclusive of Q1-2017

Performance Target: Grow Same Location Service System Sales 12% over 2016

## Service System Sales<sup>(1)</sup>

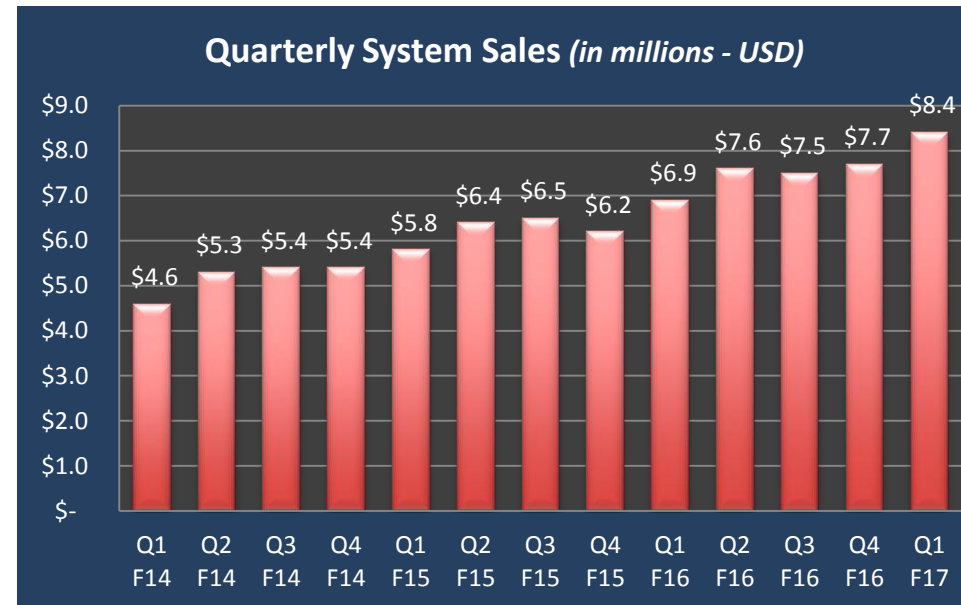
- ◆ 15% increase over Q1-2016
- ◆ Record \$6.7M USD in Q1-2017
- ◆ **Same Location up 14% over Q1-2016**

*(1) Excludes Recycling Sales*

## Scheduled System Sales<sup>(2)</sup>

- ◆ 17% increase over Q1-2016 (Same Location)
- ◆ Accounts for 47% of System Sales

*(2) Recurring sales stream*



**On Target for Q1-2017**

## Growth driven by:

- ◆ Continued dedication to secure on-site method
- ◆ Continued targeting of SMEs
- ◆ Continued investment in sales and human resources, marketing initiatives and new trucks

# Results – Inclusive of Q1-2017 *(cont'd)*

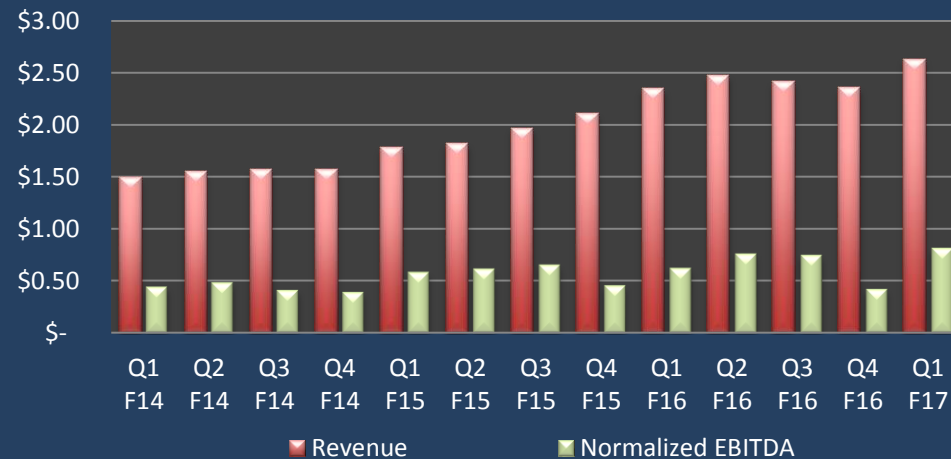
Performance Target: Attain \$2.8M in Annual EBITDA from existing locations

## Consolidated EBITDA:

- ◆ \$807,000 in Q1
- ◆ Grew by 31% over Q1-2016
- ◆ *Existing operations (Excludes Acquired operations in 2017)*

***On Target for Q1-2017***

Consolidated Revenue and EBITDA - RCC  
(in millions - CDN)



## Growth driven by:

- ◆ Increased sales system wide - Driving royalty revenue and Corporate location revenue.
- ◆ Centralization of order to cash processes within Corporate locations – leading to better sales and collection outcomes – also scalable as we add new locations

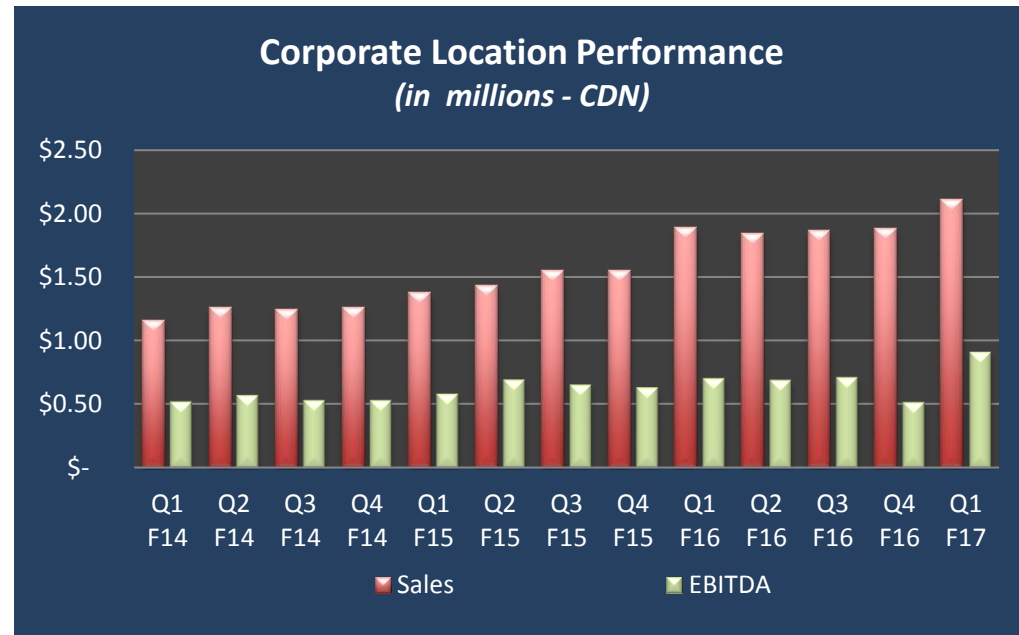


# Results – Inclusive of Q1-2017 *(cont'd)*

Performance Target: Achievement of EBITDA Target driven by Investments made in 2016

## Corporate Location Profitability:

- ◆ Modernization of Fleet, Stability in Management and Centralization have allowed for better outcomes
- ◆ Corporate Location EBITDA grew by 31% over Q1-2016
- ◆ *Existing operations (Excludes Acquired operations in 2017)*



## Growth for rest of 2017:

***On Target for Q1-2017***

- ◆ Continued investment in newer trucks to ensure minimization of truck downtime and major repairs
- ◆ Continued investment in sales management systems (CRM) and operations systems (Routing)
- ◆ Continued focus on driving scheduled sales

# Results – Inclusive of Q1-2017 *(cont'd)*

Performance Target: Conduct between \$3M and \$4M in accretive acquisitions

- Acquired Proshred Northern Virginia on March 31, 2017
  - ◆ Market with close to 3M people, focus industries include defence, telecommunications, healthcare and professional services
  - ◆ Will serve as a hub for future tuck-in acquisitions in the area.
  - ◆ Key statistics include:

Item	
Purchase Price	\$1.4M CAD
% Tangible assets	57%
% Contingent consideration	9%
Revenue	\$1.1M CAD

*On Target for Q1-2017*



# Results – Inclusive of Q1-2017 *(cont'd)*

Performance Target: Award minimum two new franchisees in 2017

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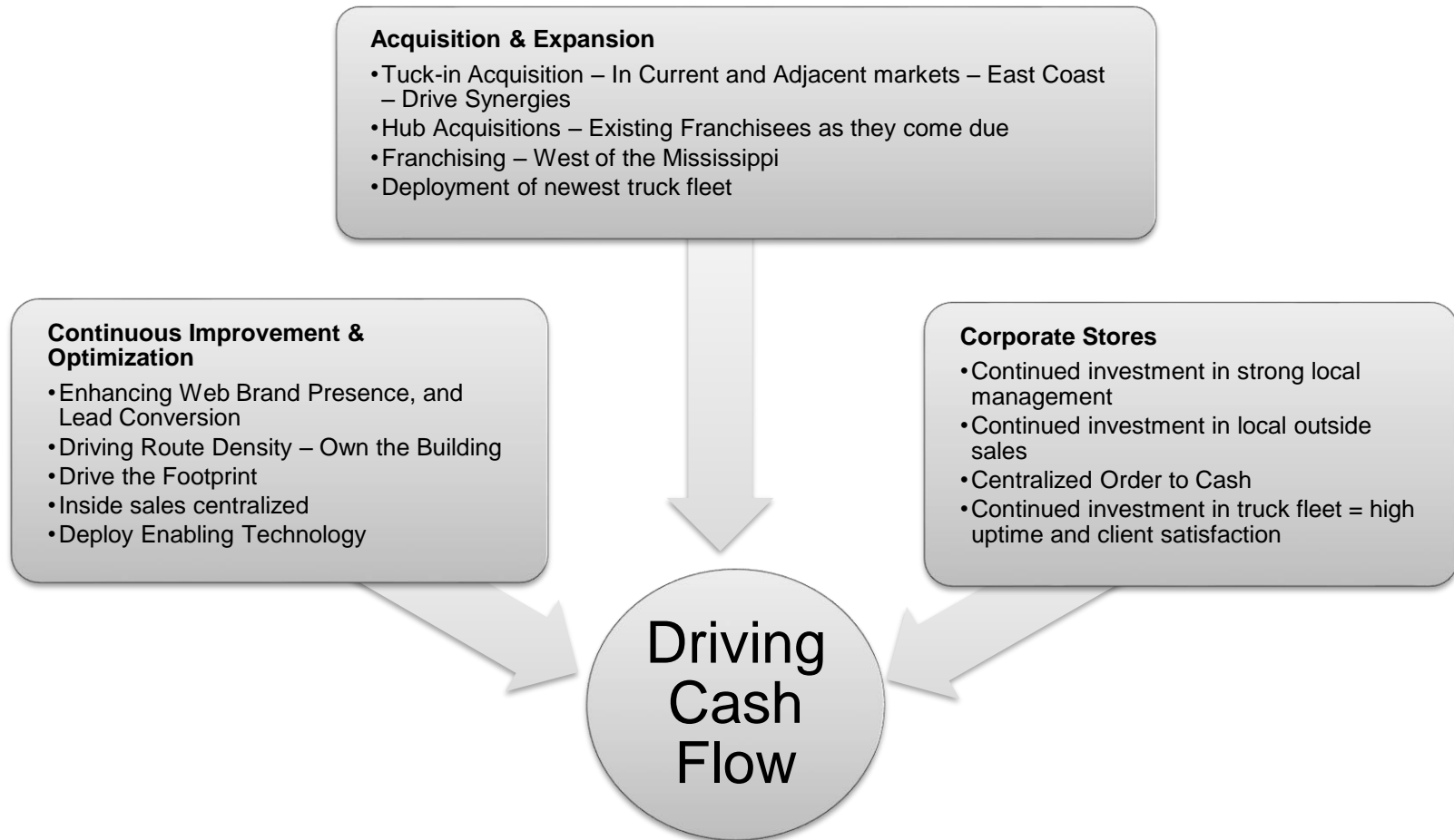
- No awards to date in 2017
- Focus areas include:
  - ◆ Mid-West USA
  - ◆ West Coast USA
  - ◆ Texas



# GROWTH

# OPERATIONAL GROWTH STRATEGY

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



# FOOTPRINT GROWTH STRATEGY

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

## 1. ACQUISITIONS

Tuck-in Targets  
over 1,000 independents in  
the US  
90% 2 trucks or less

Hub Targets – In House  
Market – Franchisees at  
Renewal – Typically \$1.5M  
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

Aggressively Building EBITDA

## ■ Key Target Stats

- ◆ Average revenue of Independent is under \$500,000 per annum
- ◆ Over 1,000 independents, 90% are two trucks and under
- ◆ EBITDA multiples between 3X and 5X pre-synergy

## ■ Why 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



# Demonstrated Acquisition Value

Exemplary 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)

Asset	Asset Valuation	Funding Instrument	Funding Value
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



# STERICYCLE PURCHASE OF SHRED-IT

Comparison of 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



# OPPORTUNITY

# 2017 OPPORTUNITIES

Your investment is driving the business forward

- Growth Target 60 locations world wide
- Re-Finance Balance Sheet
  - ◆ Phase one completed in January (\$1M in Debt converted to Equity)
  - ◆ Consistent and growing EBITDA = Bankable
- Raised \$4M Equity in Jan 2017
  - ◆ Acquisition Plan now in progress
- Liquidity
  - ◆ New Equity raise will create some incremental liquidity for Shareholders.

# TRADING COMPS

Steady, Consistent and Reliable Earnings = Lower Risk Profile

Business model is simple, Acquisition model is well tested and lower risk = Accretive Formulae

Destruction and Waste Firms (In CAD)	Day Close Price \$ (July 21st)	Market Capitalization (\$ millions)*	Net Debt [LTM] (\$ millions)	EBITDA [LTM] (\$ millions)	Diluted EPS Excl. Extra Items \$ [LTM]	TEV/LTM EBITDA*	Market Cap/LTM Total Revenues*
Casella Waste Systems, Inc. (NasdaqGS:CWST)	\$20.70	\$867.0	\$635.3	\$140.0	\$0.02	10.7x	1.2x
Iron Mountain Incorporated (NYSE:IRM)	\$43.89	\$11,591.2	\$7,583.6	\$1,451.3	\$0.46	13.3x	2.5x
Stericycle, Inc. (NasdaqGS:SRCL)	\$97.23	\$8,290.5	\$3,531.4	\$1,001.6	\$2.41	11.8x	1.8x
Waste Management, Inc. (NYSE:WM)	\$94.51	\$41,753.2	\$11,300.2	\$4,734.8	\$3.44	11.4x	2.4x
Cintas Corporation (NasdaqGS:CTAS)	\$173.58	\$18,295.3	\$3,689.1	\$1,316.0	\$5.23	16.7x	2.7x
Covanta Holding Corporation (NYSE:CVA)	\$16.68	\$2,187.8	\$3,330.4	\$381.2	-\$0.19	14.4x	1.0x
Waste Connections, Inc. (NYSE:WCN)	\$80.16	\$21,109.6	\$4,668.5	\$1,529.3	\$1.08	16.9x	4.3x
Republic Services, Inc. (NYSE:RSG)	\$81.38	\$27,512.5	\$9,576.0	\$3,364.4	\$2.36	11.1x	2.3x
<b>Average</b>		<b>\$16,450.9</b>	<b>\$5,539.3</b>	<b>\$1,739.8</b>	<b>\$1.85</b>	<b>13.3x</b>	<b>2.3x</b>
<b>Redishred Capital Corp. (TSXV:KUT)</b>	<b>\$0.56</b>	<b>\$26.4</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$0.02</b>	<b>10.8x</b>	<b>2.7x</b>

# TRADING COMPS

Steady, Consistent and Reliable Earnings = Lower Risk Profile

Commercial Services Firms (In CAD)	Day Close Price \$ (July 21st)	Market Capitalization (\$ millions)*	Net Debt [LTM] (\$ millions)	EBITDA [LTM] (\$ millions)	Diluted EPS Excl. Extra Items \$ [LTM]	TEV/LTM EBITDA*	Market Cap/LTM Total Revenues*
Northern Technologies International Corporation (NasdaqGM:NTIC)	\$21.63	\$97.9	-\$9.1	-\$2.0	\$0.16	18.8x	2.0x
CTI Logistics Limited (ASX:CLX)	\$0.95	\$70.9	\$46.2	\$10.3	\$0.08	11.4x	0.5x
Zoned Properties, Inc. (OTCPK:ZDPY)	\$0.74	\$12.8	\$1.1	\$0.4	\$0.04	33.8x	5.2x
Blue Sphere Corporation (OTCPK:BLSP)	\$3.32	\$7.3	\$12.5	-\$7.7	\$0.06	32.3x	10.0x
Ceiba Energy Services Inc. (TSXV:CEB)	\$0.20	\$25.4	\$10.2	\$1.3	-\$0.03	28.0x	3.1x
GDI Integrated Facility Services Inc. (TSX:GDI)	\$15.11	\$320.9	\$137.8	\$40.2	\$0.77	11.4x	0.4x
<b>Average</b>		<b>\$89.2</b>	<b>\$33.1</b>	<b>\$7.1</b>	<b>\$0.18</b>	<b>22.6x</b>	<b>3.5x</b>
<b>Redishred Capital Corp. (TSXV:KUT)</b>	<b>\$0.56</b>	<b>\$26.4</b>	<b>\$2.6</b>	<b>\$2.7</b>	<b>\$0.02</b>	<b>10.8x</b>	<b>2.7x</b>

(Source: Capital IQ, Yahoo Finance)

\* Based on closing prices as of July 21st, 2017



# CONTACT US

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