



July 2019

# CORPORATE PRESENTATION



# FORWARD LOOKING STATEMENTS

Alaris' communications often include written or oral statements which contain forward-looking information. Statements other than statements of historical fact contained in this corporate presentation may be forward-looking statements under applicable securities legislation, including, without limitation, management's expectations, intentions and beliefs concerning: the Corporations objectives and priorities for the current fiscal year and beyond, our growth strategies or future actions, and the results of or outlook for our operations and those of our Private Company Partners (as identified on our website's home page at [www.alarisroyalty.com](http://www.alarisroyalty.com)), or for the Canadian and U.S. economies. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. In particular, this presentation contains forward looking statements regarding the anticipated financial and operating performance of the Private Company Partners in 2018; the revenues to be received by Alaris (in aggregate and on a per share basis) over the next 12 months; Alaris' run rate revenue; expected growth in Alaris' revenue, normalized EBITDA and net cash from operating activities and CAGR; Alaris' access to future capital; changes to the distributions to Alaris from Private Company Partners in 2019; Payout Ratio; Alaris' ability to attract new private businesses to invest in; expected operating expenses; structure of any relief measures or concessions provided to any Private Company Partners; collection of any deferred and/or accrued distributions; potential repurchases of our units in the Private Company Partners; and the accretive impact on our Canadian and U.S. deals. To the extent any forward-looking statements herein constitute a financial outlook, including, without limitation, the estimated annualized revenues, net cash from operating activities, normalized EBITDA and net debt available, they were approved by management as of the date hereof and have been included to assist readers in understanding management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. Key assumptions include, but are not limited to assumptions that: the Private Company Partners will continue to grow and may require additional capital from Alaris in the future; the Canadian and U.S. economies will grow moderately over the next 12 to 24 months; interest rates will not rise in a material nature over the next 12 to 24 months; more private companies will require access to alternative sources of capital; Private Company Partners will continue to make Distributions as expected; there will be no material changes in the businesses of Alaris' Private Company Partners or the industries in which they operate over the next 12 months; Alaris will achieve the anticipated benefits of any concessions or relief measures provided to any Private Company Partners; certain Private Company Partners not currently paying Alaris, if any, will restart Distributions in part or in full; and the Corporation will obtain required regulatory approvals on a timely basis. In determining the Corporation's expectations for economic growth, management primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

The forward-looking statements contained herein are subject to numerous known and unknown risks that may cause actual results to vary from those set forth in the forward-looking statements, including, but not limited to risks associated with: general economic conditions and changes in the financial markets; risks associated with the Private Company Partners and their respective businesses, including, without limitation, a change in the ability of the Private Company Partners to continue to pay Alaris' preferred distributions; a material change in the operations of a Private Company Partner or the industries in which they operate; failure to realize the benefit of any concessions or relief measures provided to any of the Private Company Partners; failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and interpretations thereof; a failure to meet Alaris' guidance regarding revenues; a material change in Alaris' capital structure or capital available to Alaris; material adjustments to the unaudited internal financial reports provided to Alaris by the Private Company Partners; and a failure to realize the anticipated benefits of new Private Company Partner contributions. In addition, the information set forth under the heading "Risk Factors" in the Corporation's Management Discussion and Analysis dated December 31, 2018 (which can be found on SEDAR at [www.sedar.com](http://www.sedar.com)) identifies additional factors that could affect the operating results and performance of the Corporation and may cause the actual results of the Corporation to differ materially from those anticipated in forward-looking statements.

As forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this corporate presentation as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this corporate presentation. Although management believes that the assumptions reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations will prove to be correct.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this corporate presentation are made as of the date of this presentation (July 24, 2019) and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

# U.S. INVESTOR DISCLOSURE

The securities of Alaris Royalty Corp. have not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “US Investment Company Act”) and Alaris Royalty Corp. is relying on the exemption from registration under the US Investment Company Act provided by Section 3(c)(7) of that Act. As such, securities of Alaris Royalty Corp., and any beneficial interest therein, may not be purchased, offered, sold, pledged, or otherwise transferred except in accordance with specific restrictions necessary to comply with that exemption. Specifically, securities of Alaris Royalty Corp. must not be offered, purchased, sold or otherwise transferred or pledged, directly or indirectly, in the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended). In addition, beneficial owners of the securities of Alaris Royalty Corp. must be restricted to persons that: (a) are located outside the United States and that are not U.S. persons, or (b) are Qualified Purchasers as defined in Section 2(a)(51)(A) of the US Investment Company Act that provide certain certifications confirming that status; and (c) in either case, are not plans that are “employee benefit plans” (within the meaning of Section 3(3)) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that are subject to Part 4 of Subtitle B of Title 1 of ERISA, or plans, individual retirement accounts or other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, or any other state, local, non-U.S. or other laws or regulations that would have the same effect as the regulations promulgated under ERISA.

# CORPORATE PROFILE

## Corporate Summary

Revenue (6 months ended June 30, 2019)	\$55.1 million
Monthly Dividend	\$0.1375 per share (\$1.65 annually)
Annualized Total Returns since listing date (Nov 2008)	314% (14% annualized)
Number of Employees	14

## Market Summary

Ticker Symbol:	TSX: AD
Average Daily Volume (6 months):	270,000+
Shares Outstanding:	36,614,247 basic
Share Price:	\$20.53 <i>52 week high: \$21.40 (March 2019)</i> <i>52 week low: \$16.26 (December 2018)</i>
Market Capitalization:	~\$750 million
Shareholder Breakdown: <i>(based on estimates and fully diluted shares)</i>	Retail - 60% Institutional - 30% Directors & Officers - 10%
Index Inclusions:	S&P/TSX Composite Index S&P/TSX Composite Canadian Dividend Aristocrats Index S&P/TSX Smallcap Index S&P/TSX Equity Income Index

*(All share price data as of closing price on July 24, 2019)*

# DEFINING THE CORPORATION

*Alaris' long term goal is to create the optimal dividend stream available for investors.*

---

Alaris provides capital to private businesses using an innovative structure that fills a niche in the private capital markets.

# INVESTMENT HIGHLIGHTS

***The best companies in the world are never for sale. Alaris' unique investment structure generates attractive returns from a universe of businesses that would be otherwise unavailable to traditional equity investors***

- Unique investment strategy combines equity like returns with debt like protections
- Existing portfolio is generating an attractive baseline cash yield of 13%, with potential for incremental growth
- Robust and consistent investment pipeline
- Highly scalable business model with low overhead costs, resulting in EBITDA margins in excess of 80%
- Highly experienced management team with a demonstrated track record of generating realized returns of 17% on exited investments

# ALARIS OFFERS A UNIQUE ASSET CLASS

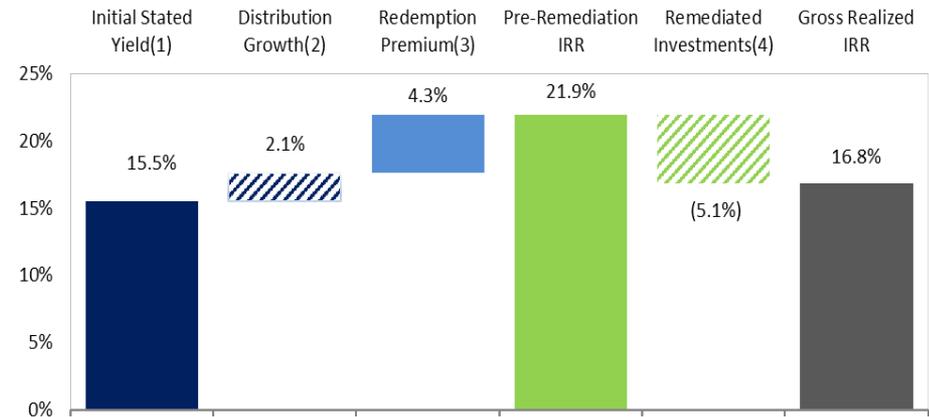
Alaris' preferred shares represent a unique asset class providing equity-like returns with debt-like protections

## Equity-Like Returns

- Attractive initial cash yields with participation in growth through an annual adjustment
- Adjustment tied to top-line growth in the underlying business
- Exposure to market-leading businesses that are not otherwise accessible to traditional equity investors
- In the event its investment is repurchased, Alaris is entitled to receive a premium in addition to the return of its original invested capital

## Debt-Like Protections

- Comprehensive set of rights and remedies provide debt-like protections
- Consent rights over material changes in the underlying business of the Partner Companies
- Non-payment of distributions constitutes an event of default
- Uncured remedies include the ability to assume a more active role in management, and if necessary, take voting control
- Ultimately, Alaris can require the repurchase of its investment or engage in a controlled sales process



(1) Reflects weighted average initial yield of realized investments

(2) Reflects IRR with impact of distribution adjustments and debt contributions (excludes Group SM, KMH and SHS)

(3) Reflects incremental IRR achieved from redemption premiums (excludes Group SM, KMH and SHS)

(4) Reflects impact on IRR from remediated investments (includes Group SM, KMH and SHS)

# BENEFITS TO SHAREHOLDERS

## Five Pillars to the Optimal Dividend

### Low Volatility of Cash Flows

- Alaris' preferred distributions are:
- ✓ based on top-line performance and paid in priority to other equity
  - ✓ covered by a cash-flow buffer and protective covenants
  - ✓ paid monthly providing monthly cash returns vs returns on an exit
  - ✓ volatility reducing collars on >90% of current distributions

### Visibility of Cash Flows

- ✓ Alaris adjusts its distributions from Partner's annually and for 12 months
- ✓ Financial health of Partners is monitored closely each month
- ✓ The Corporation has relatively low SG&A expenses relative to profitability which has proven the scalability of the model

### Diversification of Revenue Streams

- ✓ Currently have 17 Partners
- ✓ Long-term goal is to have no single revenue stream >10% of total revenue

### Liquidity for Shareholders

- ✓ Average daily trading volumes provide adequate liquidity for shareholders

### Growth in Cash Flow Per Share

- ✓ Historic organic growth in Partner revenues of 1% to 6% per year
- ✓ Add to cash flow per share through accretive capital deployments
- ✓ Historic growth led to 11 consecutive dividend increases since April 2010

# BENEFITS TO BUSINESS OWNERS

<b>Non-Voting Preferred Equity</b>	✓ Allows the entrepreneur to continue to run their successful businesses with minimal interference by Alaris
<b>Long-Term Capital Partner</b>	<ul style="list-style-type: none"> <li>✓ Alaris does not require an exit</li> <li>✓ This allows the entrepreneur to focus on long-term goals rather than short-term goals of its equity sponsor</li> </ul>
<b>Tax Efficient</b>	✓ The distributions paid to Alaris are essentially pre-tax as they lower the taxable income of remaining partners
<b>Lower Participation in Growth</b>	✓ Alaris reduces its participation in the growth of the business through the use of collars on its distribution and by basing the performance metric on the organic change in the business versus total growth

## ALARIS VERSUS OTHER SOURCES OF CAPITAL: WHY CHOOSE ALARIS?

	Debt	Alaris	Traditional Private Equity
Operating Control	✓ None	✓ None	⊗ Needs control
Time Horizon	⊗ 3 – 5 years	✓ Indefinite	⊗ 3-6 years
Growth Participation	✓ Minimal	✓ Capped	⊗ Full carry
Future Funding	⊗ Maxes out	✓ Unlimited	⊗ Maxes out
Dilution	⊗ Warrants	✓ Preferred shares	⊗ Common equity

# ALARIS' IDEAL PARTNER CRITERIA

## Old Economy Business

- ✓ Required services or products in mature industries
- ✓ Businesses with a risk of obsolescence or a declining asset base are not a good fit

## Track Record of Free Cash Flow

- ✓ Alaris looks at historical free cash flow to predict sustainability of its distribution
- ✓ More free cash flow is required if a business displays more volatility of cash flows

## Low Levels of Debt and Capital Expenditure Requirements

- ✓ Debt levels can vary amongst our Partners depending on industry, but typically a business must have low levels of debt in its capital structure
- ✓ If a business requires excessive capital expenditures to maintain current cash flow it is likely not a candidate for Alaris

## Management Continuity

- ✓ Alaris does not manage the business of its Partners, therefore it relies on the ownership group/management team to continue to run the business
- ✓ Alaris invests in companies that are “not for sale”, where management wants to stay in and grow instead of exiting

# PARTNER REVENUE SUMMARY

Partner	Annual Distribution (CAD\$000s) <sup>(1)</sup>	% of total
Federal Resources	14,964	12.9%
DNT	14,865	12.8%
SBI	13,900	12.0%
PF Growth Partners	11,798	10.1%
Body Contour Centers	8,501	7.3%
Sandbox	8,154	7.0%
GWM Holdings	7,366	6.3%
Accscient	7,358	6.3%
Amur Financial	6,500	5.6%
LMS	5,569	4.8%
ccComm	3,373	2.9%
Heritage	3,148	2.7%
Providence <sup>(2)</sup>	3,089	2.7%
Fleet	2,772	2.4%
Unify	2,545	2.2%
SCR <sup>(3)</sup>	2,400	2.1%
Kimco <sup>(4)</sup>	-	0.0%
<b>Total Annualized Partner Revenue</b>	<b>\$ 116,299</b>	<b>100.0%</b>
Interest income	4,085	
<b>Total Revenue</b>	<b>\$ 120,384</b>	

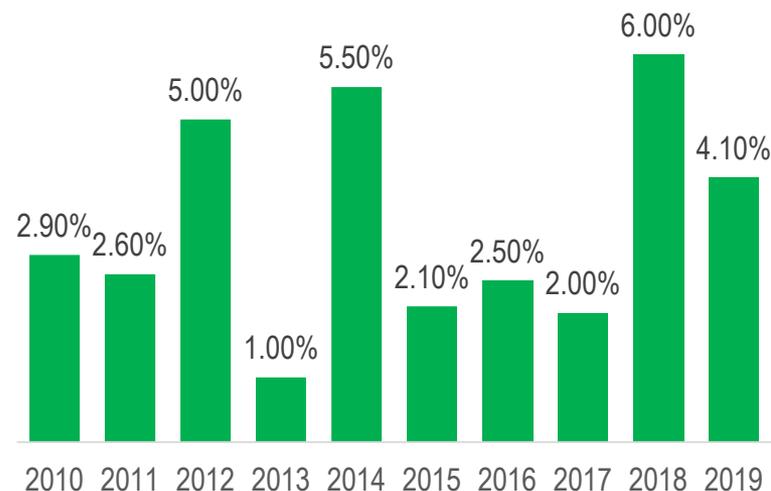
(1) These are run rate amounts Alaris expects to collect for the next 12 months and based on a rate of USDCAD \$1.3200

(2) In April 2019 a modified payment structure was set up for Providence, which this amount reflects (US\$195 thousand per month).

(3) SCR is paying partial distributions to Alaris of \$20 thousand per month (\$2.4m annually).

(4) Kimco was paying partial distributions of US \$100 thousand per month (US \$1.2m annually) up to Sept 30, 2018. However, the partial distributions were suspended in Q4 2018 until certain senior debt covenants improve.

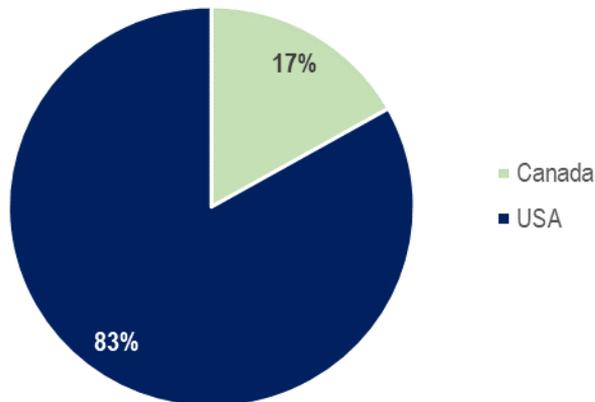
% organic change in organic revenue



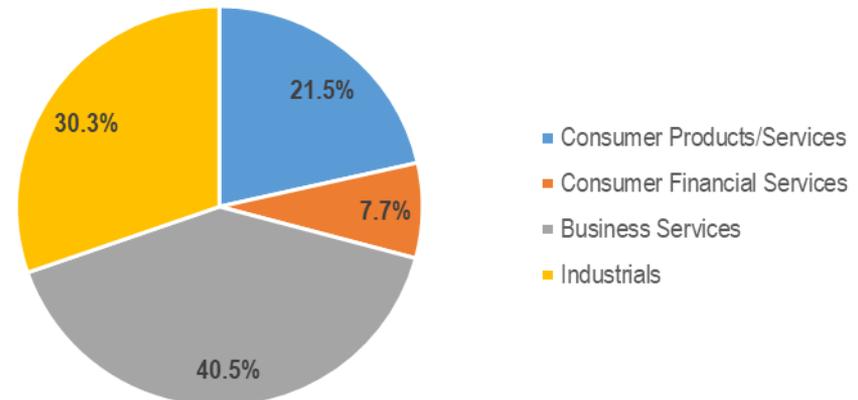
- Based on audited results for each partner's fiscal year end in 2018, Alaris received net positive resets in distributions of approximately 4% effective January 1, 2019, which equates to additional revenue for 2019 of approximately \$2.60 million or \$0.07 per share.

# DIVERSIFICATION

Investment by Country



Investment by Industry Segment %



- Alaris has approximately 83% of its fair value of investments in US based companies.
- Alaris has historically been weighted to healthcare. However, today, 40% of invested dollars are exposed to business services, 30% to industrials, 22% to consumer products and services and 8% consumer financial services.

# RETURNS FROM EXITS TO DATE

<i>Millions CAD</i>	Number of Years Invested	Capital Invested	Distributions Received	Exit Capital Received	Total Return	% total Return	IRR %
MAHC <sup>(1)</sup>	1.0	\$ (18.5)	\$ 8.0	\$ 19.2	\$ 8.7	47%	50%
Sequel	4.2	(77.5)	58.4	119.5	100.4	130%	30%
LifeMark <sup>(2)</sup>	11.3	(67.5)	51.8	123.4	107.7	160%	29%
Agility	5.4	(20.1)	18.7	28.5	27.1	135%	25%
MediChair	6.8	(6.5)	6.4	10.0	9.9	152%	24%
EOR	13.2	(7.2)	16.8	12.6	22.2	309%	22%
Quetico	3.0	(27.4)	13.3	30.7	16.6	60%	21%
Killick	4.0	(41.3)	19.8	44.7	23.2	56%	21%
Labstat	6.0	(47.2)	43.1	61.3	57.2	121%	19%
Solowave	5.8	(42.5)	31.5	44.5	33.5	79%	17%
KMH <sup>(3)</sup>	7.0	(54.5)	21.1	11.9	(21.5)	-39%	-13%
Group SM <sup>(4)</sup>	4.6	(40.5)	9.8	-	(30.7)	-76%	-68%
SHS <sup>(5)</sup>	0.9	(15.0)	0.8	1.0	(13.2)	-88%	-95%
<b>Totals from exits</b>		<b>\$ (465.7)</b>	<b>\$ 299.4</b>	<b>\$ 507.3</b>	<b>\$ 341.0</b>	<b>73%</b>	

- ✓ Alaris has generated \$341 million in total returns (+73%) on partners that have either repurchased Alaris' units, ceased operations or where Alaris carries no fair value for preferred units from such partner.
- ✓ The monthly distribution Alaris receives from its Partner's ensures Alaris is getting a return on investment from day 1, rather than on an exit event. This greatly reduces the investment risk.

(1) MAHC repurchased Alaris' units after 1 year, resulting in an additional 24 months of distributions being paid to Alaris on exit. This resulted in an IRR much higher than what is expected.

(2) The exit metrics from the LifeMark investment were substantially different than what exists with all Partners today.

(3) Alaris no longer has preferred units in KMH and only received \$9.8 million of exit capital and an additional \$2.1 million recently. However, KMH continues to have a financial obligation to Alaris regarding notes outstanding.

(4) Alaris is not recording any value for remaining preferred units in SM. However, SM continues to have a financial obligation in the future should the business turn around.

(5) SHS went into receivership in December 2013, therefore no exit capital was received.

(6) Promissory notes outstanding with any partners are not included in the table above.

(7) All returns are in Canadian dollars.

# EARNINGS COVERAGE HEAT MAP

Earnings Coverage Heat Map

	Q3-18	Q4-18	Q1-19	Q2-19
DNT	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x
SBI	1.0x-1.2x	1.2x-1.5x	1.5x-2.0x	1.5x-2.0x
Federal Resources	1.2x-1.5x	1.0x-1.2x	1.0x-1.2x	1.2x-1.5x
Planet Fitness	>2.0x	>2.0x	1.2x-1.5x	1.2x-1.5x
Sandbox	1.0x-1.2x	1.0x-1.2x	1.2x-1.5x	1.2x-1.5x
Providence (MyDyer)	>2.0x	>2.0x	<1.0x	<1.0x
LMS	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x
Accscient	1.5x-2.0x	1.5x-2.0x	1.5x-2.0x	1.5x-2.0x
Unify	>2.0x	>2.0x	>2.0x	>2.0x
Heritage	>2.0x	>2.0x	>2.0x	>2.0x
SCR	1.0x-1.2x	1.0x-1.2x	1.5x-2.0x	1.5x-2.0x
Kimco	<1.0x	<1.0x	<1.0x	<1.0x
ccComm	<1.0x	<1.0x	<1.0x	<1.0x
Fleet	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x	1.2x-1.5x
Body Contour Centers	1.5x-2.0x	<1.0x	<1.0x	<1.0x
GWM Holdings	1.5x-2.0x	1.5x-2.0x	>2.0x	>2.0x
Amur Financial	n.a.	n.a.	n.a.	>2.0x

Guide
<1.0x
1.0x to 1.2x
1.2x to 1.5x
1.5x to 2.0x
>2.0x

- The table to the left displays the range of earnings coverage ratios (“ECR”) for each of our Partners over the last 4 quarters. Generally speaking, a ratio above 1.0x provides enough earnings to cover distributions to Alaris, interest and principal payments to lenders as well as unfunded capital expenditures.
- Of the 17 partners listed, 4 fall below the less than 1.0x earnings coverage, none are in the 1.0x to 1.2x range, 6 are in the 1.2x to 1.5x range, 3 are in the 1.5x to 2.0x range and 4 are in the >2.0x earnings coverage range.
- Amur Financial was added as a partner June 21, 2019 and has an ECR greater than 2.0x.
- In Q2-19 vs Q1-19, 15 Partners had no change in the ECR range, 1 had an increase to their ECR range, 1 was a new Partner in the quarter and none had decreases in the ECR ranges.

SCR's ECR is based on their current fixed distributions as opposed to fully contracted

# CASH FLOW FROM CURRENT INVESTMENTS

## Financial Summary (millions CAD\$)

Run-rate data <i>Figure 1</i>	Run-Rate Gross \$	Run-Rate \$ per share
Revenue (USDCAD\$1.3200) <sup>(1)</sup>	\$120.4	\$3.29
Less: SG&A	(10.0)	(0.27)
Less: Interest and taxes	(38.7)	(1.06)
<b>Net cash from operation</b>	<b>\$71.7</b>	<b>\$1.96</b>
Dividend	\$60.4	\$1.65
Run Rate Payout Ratio	~84%	~84%
Excess – annual	\$11.3	\$0.31

Figure 1 to the left displays the estimated run-rate financial information needed to calculate the run-rate payout ratio as of July 24, 2019.

Figure 2 below displays the impacts certain outcomes will have on cash flow on a gross and per share basis.

Note 1: revenue includes interest being collected on short-term notes.

## Other considerations to cash flow

Impact to cash flow (after tax and interest) <i>Figure 2</i>	Gross \$ impact (after tax)	\$ per share Impact	Notes
---	-----------------------------------	---------------------------	-------

Every \$2.0m in additional distributions collected from SCR, Kimco or Providence	+\$1.6	+\$0.05	Alaris is currently only receiving partial distributions from SCR and Providence.
For every \$50m of capital deployed at 14%	+\$3.2	+\$0.09	Alaris deployed \$185m in 2018 (5 year avg of \$150m)
For every \$1m in dividends on the Amur Common equity	+\$1.0	+\$0.02	Alaris expects dividends on its common equity in Amur Financial.

# INVESTMENT HISTORY

## Capital Deployed



## Since Inception

- Since Inception:
  - Invested over \$1.3 billion in 30 Partners and more than 62 tranches
  - Collected over \$600 million of distributions
  - Over \$500 million of capital received through exit events (repurchases)
- 5 year average of ~\$150 million of capital deployed
- Year to date 2019 - \$170 million of gross capital deployed, \$150 million net (up to July 24, 2019).

# BALANCE SHEET

## Summary of Debt Capacity and Covenants

Millions CAD\$

Figure 1

Proforma  
July 24, 2019

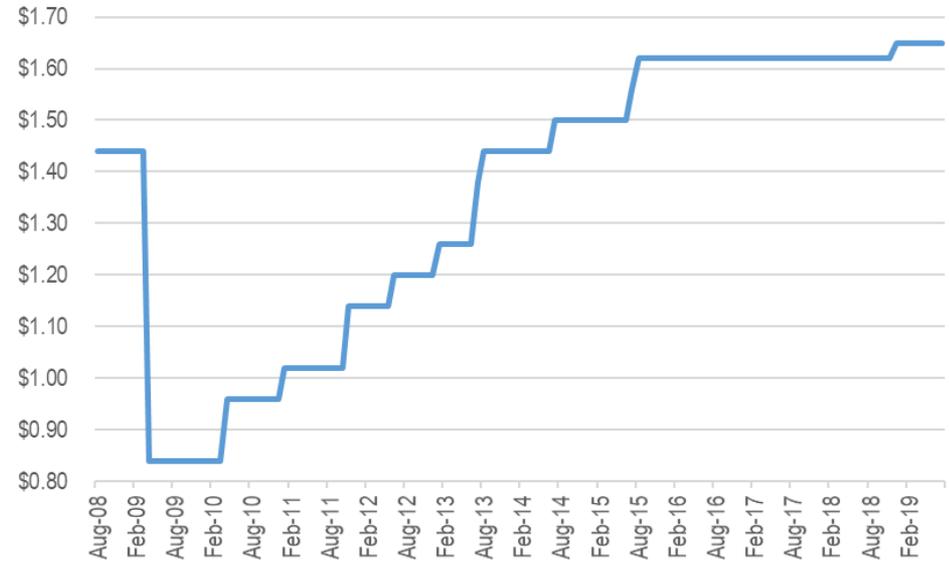
TTM EBITDA for debt covenant (a)	\$110.4
Max debt to TTM EBITDA covenant (b)	x 3.0
Total debt available (c)	=\$300.0 (lines a x b \$300m max)
Debt drawn (d)	-\$269.0
Extra capacity (e)	=\$31.0 (lines c – d)
Additional EBITDA by investing extra capacity (f)	\$4.3 (line e x 14%)
Additional credit available on additional EBITDA (g)	\$13.0 (lines f x b)
<u>Accordion Feature (h)</u>	<u>+\$50.0</u>
<b>Total Capacity</b>	<b>=\$81.0</b>
Senior debt to EBITDA	2.44x
Senior debt to EBITDA Covenant	3.00x
Current Fixed Charge Ratio	1.23:1.00
Fixed Charge Covenant	1.00:1.00
Tangible Net Worth (TNW)	\$625.8
TNW Covenant	\$450.0

- Alaris currently has approximately \$81.0 million available to it to invest (\$31m current capacity and \$50m of additional capacity from the accordion feature of the credit facility).

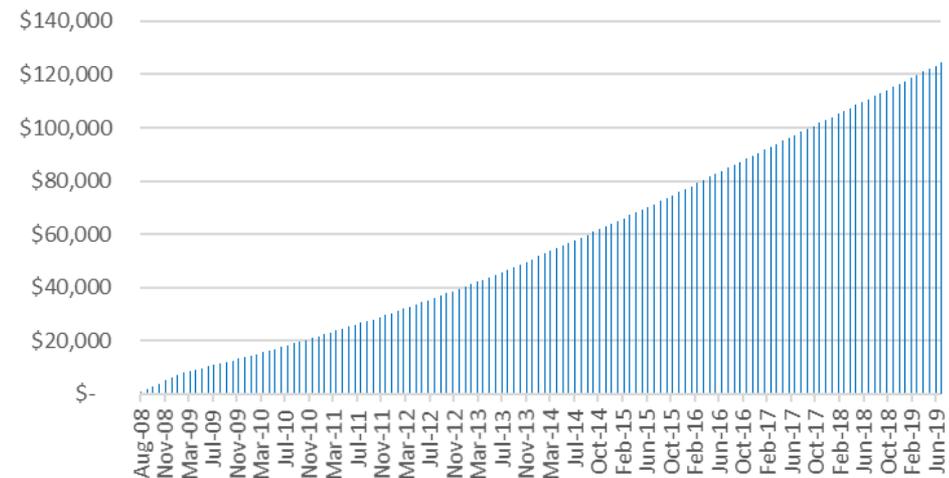
# DIVIDEND HISTORY AND SUSTAINABILITY

- Since 2008 Alaris has provided consistent dividend income through its monthly dividend.
- 11 consecutive increases since 2010 (96% gross increase).
- Current annualized dividend of \$1.65 per share (\$0.1375 per month).
- Since inception, Alaris has paid over 130 consecutive monthly dividends totaling more than \$14.93 per share and over \$400 million gross.
- If you were to have invested \$100,000 at the IPO price of \$12 per share in 2008 you would have received a cumulative total of \$124,417 in dividends and your initial investment would be worth \$171,083 on July 24, 2019 (table bottom right).
- Current annualized payout ratio at ~84%.
- Included in the Canadian Dividend Aristocrats Index.

Annualized Dividend History



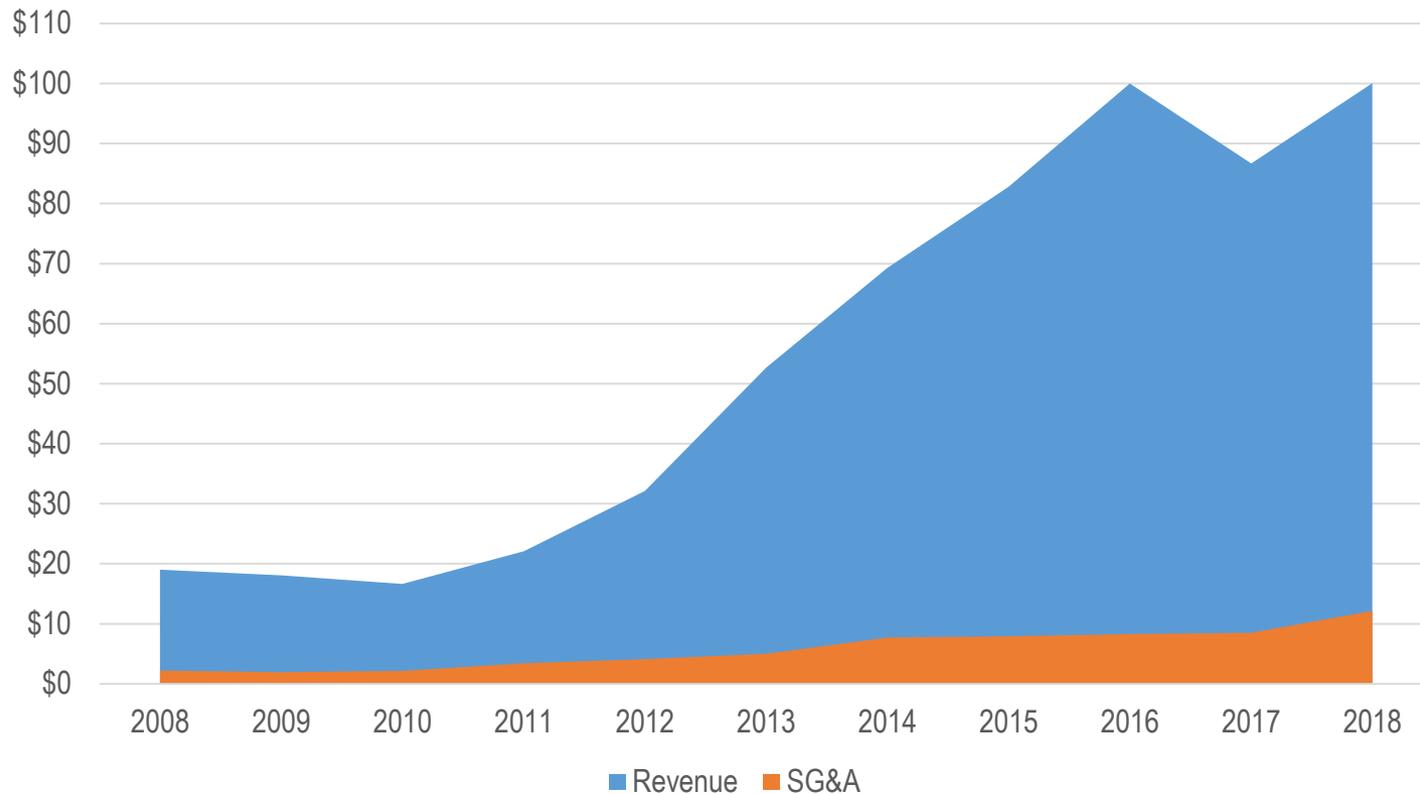
\$100,000 investment at IPO of \$12 per share



# SCALABLE MODEL

- Alaris' unique structure, which gives it protections that allow for a non-controlling investment, allows it to be a monitor of its Partners, not an operator.
- For the addition of every 5 new (net) Partners, Alaris would likely have to add 1 employee to the monitoring team.

Alaris' model is highly scalable  
Revenue Growth vs Operating Expenses



# RECENT FINANCIAL RESULTS

## Three months ended June 30, 2019 vs same period 2018:

- -3.7% decreased in revenue from Partners to \$27.4 million
- 18.2% increase in Normalized EBITDA to \$24.0 million
- -29.8% decrease in net cash from operating activities to \$16.0 million
- 1.9% increase in dividends paid to \$15.0 million

## Per Share Highlights:

- -3.8% decrease in revenue from Partners to \$0.75
- 17.9% increase in Normalized EBITDA per share \$0.66
- -29.0% decrease in net cash from operating activities to \$0.44
- 1.7% increase in dividends paid at \$0.412

## Six months ended June 30, 2019 vs same period 2018:

- 5.7% increase in revenue from Partners to \$55.1 million
- 20.8% increase in Normalized EBITDA to \$48.9 million
- -16.1% decrease in net cash from operating activities to \$37.0 million
- 1.9% increase in dividends paid to \$30.1 million

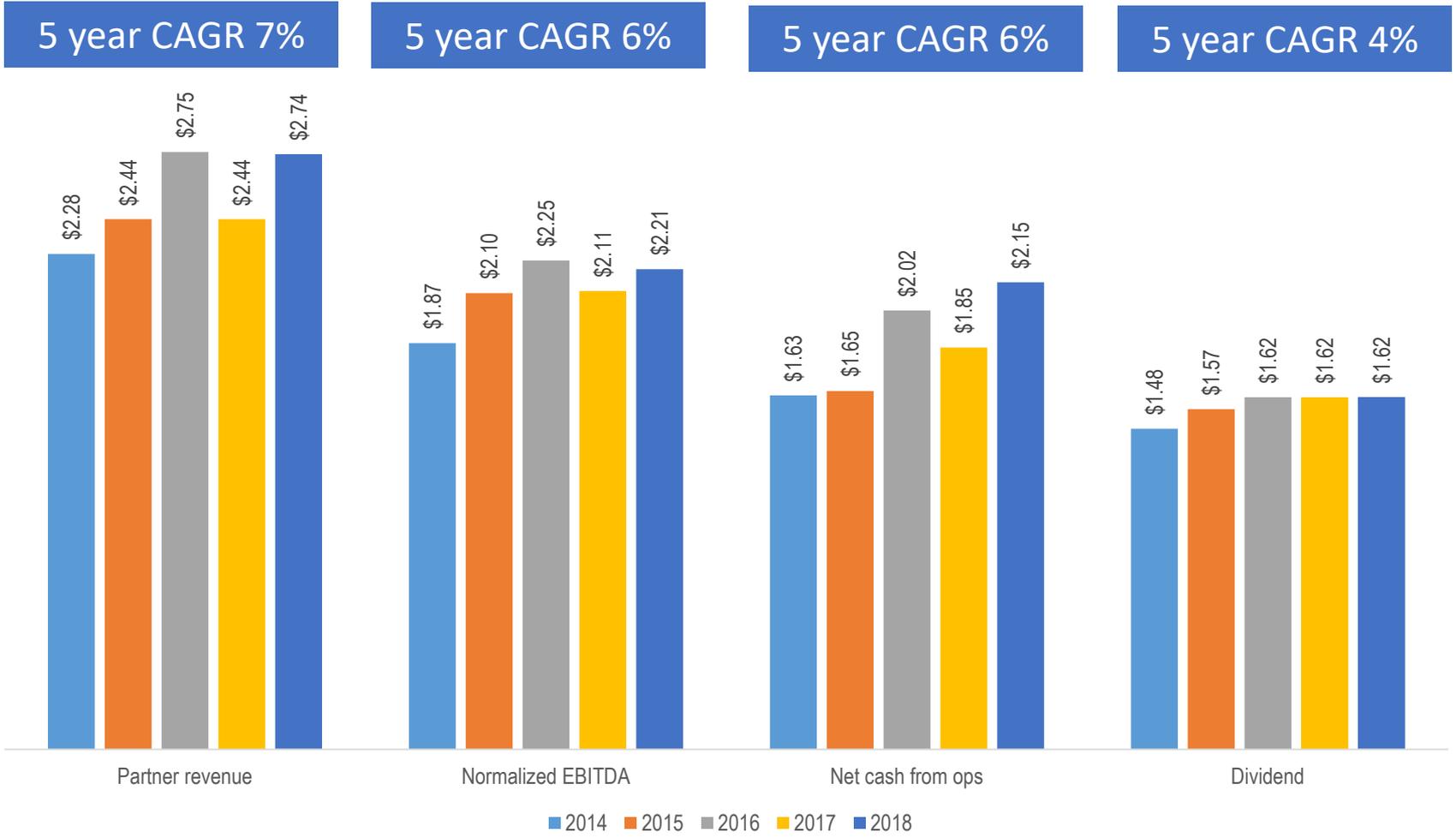
## Per Share Highlights:

- 5.6% increase in revenue from Partners to \$1.51
- 20.7% increase in Normalized EBITDA per share \$1.34
- -16.5% decrease in net cash from operating activities to \$1.01
- 1.7% increase in dividends paid at \$0.824

# HISTORIC FINANCIAL SUMMARY

<i>(millions CAD\$)</i>	2014A	2015A	2016A	2017A	2018A
Revenue	\$ 69.30	\$ 82.80	\$ 100.04	\$ 89.07	\$ 100.08
% change	31%	19%	21%	-11%	12%
SG&A	\$ 7.70	\$ 7.90	\$ 9.17	\$ 8.06	\$ 12.13
% change	54%	3%	16%	-12%	50%
Normalized EBITDA	\$ 57.40	\$ 71.40	\$ 81.84	\$ 76.98	\$ 80.81
% change	31%	24%	15%	-6%	5%
Net cash from ops	\$ 49.70	\$ 55.90	\$ 73.30	\$ 67.25	\$ 78.31
% change	13%	12%	31%	-8%	16%
Dividends	\$ 44.70	\$ 52.60	\$ 58.84	\$ 59.03	\$ 59.20
% change	26%	18%	12%	0%	0%
Payout ratio	90%	94%	80%	88%	76%
Shares outstanding (millions)	30.45	33.96	36.34	36.45	36.50

# TRACK RECORD OF PER SHARE GROWTH



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Jack C. Lee, Chairman**

**Mitch Shier, Director**

**Mary Ritchie, Director**

**Jay Ripley, Director**

**Gary Patterson, Director**

**Bob Bertram, Director**

**Steve King, Director**

## COMMITTEES

Compensation

Corporate Governance (Chair),  
Compensation and Transaction

Audit (Chair) and Corporate Governance

Compensation and Transaction

Audit and Corporate Governance

Corporate Governance, Compensation  
and Transaction

## AUDITORS

KPMG, LLP

## BANKING SYNDICATE

Bank of Montreal (co-lead)  
HSBC Bank Canada (co-lead)

## ANALYST COVERAGE

Acumen Capital Finance Partners, Brian Pow  
CIBC World Markets, Scott Fromson  
Cormark Securities Inc., Jeff Fenwick  
Desjardins Securities, Gary Ho  
GMP Securities LP, Anoop Prihar  
National Bank Financial, Jaeme Gloyn  
Raymond James, Brenna Phelan  
RBC Capital Markets, Derek Spronck  
Scotia Capital, Phil Hardie

# APPENDICES

# APPENDIX A: SUMMARY OF PARTNERS

(MILLIONS \$)	ACCSCIENT LLC	 AMUR FINANCIAL GROUP INC	BODY CONTOUR CENTERS (DBA SONO BELLO)	ccCOMM	 DNT CONSTRUCTION	 Fleet Advantage DATA DRIVEN SOLUTIONS
<b>Industry</b>	Business Services: IT Consulting and Staffing	Financial Services: Mortgage Origination (home equity)	Consumer Discretionary: Cosmetic Surgery	Consumer Discretionary: Sprint mobile retailer	Industrials: Civil Construction Services	Business Services: Fleet Management
<b>Total Alaris Capital Injected (\$000's)</b>	US\$38.0 (4 tranches)	\$50.0 (preferred units) \$20.0 (common equity)	US\$46.0	US\$16.2 (3 tranches)	US\$68.0	US\$15.0
<b>Use of Proceeds</b>	Recapitalization and growth capital	Partial Liquidity	Partial Liquidity	Growth capital	MBO of majority holder(s)	Growth capital and partial liquidity
<b>Annualized Distribution to Alaris (\$000's)<sup>(1)</sup></b>	US\$5.57	\$6.50	US\$6.44	US\$2.35	US\$11.26	US\$2.10
<b>Annual Reset Metric</b>	Percentage change in gross profit	Percentage change in gross revenue	Percentage change in same clinic sales	Percentage change in net revenue	Percentage change in gross revenue	Percentage change in net revenue
<b>Distribution Collar</b>	+/- 5% per year	+/- 6% per year	+/- 6% per year	+/- 6% per year	+/- 6% per year	+/- 6% per year
<b>Coverage Ratio Range<sup>(2)</sup></b>	1.5x to 2.0x	>2.0x	<1.0x	<1.0x	1.2x to 1.5x	1.2x to 1.5x
<b>Year End</b>	December 31	December 31	December 31	December 31	December 31	December 31
<b>Partner Since</b>	June 2017	June 2019	Sept 2018	January 2017	June 2015	June 2018

Note 1: See the "Private Company Partner Update" section of the Management Discussion and Analysis for the period ended June 30, 2019 for more information related to capital contributed, annualized distributions and earnings coverage ratios.

# APPENDIX A: SUMMARY OF PARTNERS (CONT)

(MILLIONS \$)	 FEDERAL RESOURCES.	 GLOBALWIDE MEDIA	 HERITAGE RESTORATION, INC.	 KIMCO SERVICES	 LMS REINFORCING STEEL GROUP	 MyDyer A Division of PROVIDENCE
<b>Industry</b>	Industrials: Distributor of Products to Federal and Local Agencies	Business Services: Digital Marketing Solutions	Industrials: Masonry Restoration, Waterproofing and Coating Repair	Business Services: Commercial Janitorial and Hospitality Services	Industrials: Rebar Fabrication & Installation	Business Services: Apparel Design, Engineering and Sourcing Services
<b>Total Alaris Capital Injected (\$000's)</b>	US\$67.0 (3 tranches)	US\$46.0	US\$15.0	US\$32.2 (2 tranches)	\$59.8 (4 tranches)	US\$30.0
<b>Use of Proceeds</b>	MBO of Equity Sponsor	MBO of Equity Sponsor	MBO	MBO of parent company	Estate planning and growth	Estate planning and growth capital
<b>Annualized Distribution to Alaris (\$000's)<sup>(1)</sup></b>	US\$11.33	US\$5.56	US\$2.36	US\$5.14 (currently not paying distributions)	\$5.57	US\$4.49 (currently paying US\$2.34m per year)
<b>Annual Reset Metric</b>	Percentage change in gross revenue	Percentage change in gross revenue	Percentage change in gross profit	Percentage change in net revenue	Percentage change in gross profit	Percentage change in same customer sales
<b>Distribution Collar</b>	+/- 6% per year	+/- 8% per year	+/- 6% per year	+/- 6% per year	No collar	+/- 5% per year
<b>Coverage Ratio Range<sup>(2)</sup></b>	1.2x to 1.5x	>2.0x	>2.0x	<1.0x	1.2x to 1.5x	<1.0x
<b>Year End</b>	December 31	December 31	December 31	December 31	December 31	December 31
<b>Partner Since</b>	June 2015	November 2018	January 2018	June 2014	April 2007	April 2016

Note 1: See the "Private Company Partner Update" section of the Management Discussion and Analysis for the period ended June 30, 2019 for more information related to capital contributed, annualized distributions and earnings coverage ratios.

# APPENDIX A: SUMMARY OF PARTNERS (CONT)

(MILLIONS \$)	PF GROWTH PARTNERS	sandbox	SBI	SCR	unify
<b>Industry</b>	Consumer Discretionary: Health and Fitness Clubs	Business Services: Full Service Marketing and Advertising Agency	Business Services: Management Consulting, Sales & Marketing	Industrials: Mining Services	Business Services: IT Consulting
<b>Total Alaris Capital Injected (\$000's)</b>	US\$71.5.0 (preferred) <sup>(2)</sup> US\$16.5 (common)	US\$40.0 (4 tranches)	US\$75.0 <sup>(4)</sup>	\$40.0	US\$12.0 <sup>(3)</sup>
<b>Use of Proceeds</b>	Estate planning and growth	Recapitalization and growth capital	MBO	Estate planning and growth capital	MBO of majority owner by minority
<b>Annualized Distribution to Alaris (\$000's)<sup>(1)</sup></b>	US\$8.93	US\$6.18	US\$10.53	\$5.60 (currently paying \$1.8 million per year)	US\$1.93
<b>Annual Reset Metric</b>	Percentage change in same club net revenue	Percentage change in gross revenue	Percentage change in gross revenue	Percentage change in gross revenue	Percentage change in gross revenue
<b>Distribution Collar</b>	+/- 5% per year	+/- 6% per year	+/- 8% per year	+/- 6% per year	+/- 5% per year
<b>Coverage Ratio Range<sup>(2)</sup></b>	1.2x to 1.5x	1.2x to 1.5x	1.5x to 2.0x	1.5x to 2.0x	>2.0x
<b>Year End</b>	December 31	December 31	December 31	December 31	December 31
<b>Partner Since</b>	November 2014	March 2016	August 2017	May 2013	October 2016

(1) See the "Private Company Partner Update" section of the Management Discussion and Analysis for the period ended June 30, 2019 for more information related to capital contributed, annualized distributions and earnings coverage ratios.

(2) Alaris originally invested US\$40 million into PF Growth Partners. PFGP and Alaris recently completed a transaction that saw Alaris invest an additional US\$60.2 million and roll over existing units valued at US\$27.8 million for a total investment of US\$88.0 million).

(3) Alaris originally invested US\$18 million into Unify. In Dec 2018 Unify redeemed all redeemable units at par for \$6 million.

(4) Alaris originally invested US\$85 million into SBI with US\$10 million being redeemable. SBI redeemed the US\$10 million units early 2019.

# APPENDIX B: OFFERING HISTORY

The following table summarizes the equity offerings Alaris has completed since its public listing in November 2008.

Date of Announcement	Issue Price	Shares Issued (000's)	Gross Proceeds (\$000's)	Date Closed	Price on Closing Date
30-Sep-09	\$ 6.00	2,300	\$ 13,800	22-Oct-09	\$ 7.75
27-Apr-10	\$ 9.00	2,080	\$ 18,720	18-May-10	\$ 9.24
29-Nov-10	\$ 10.50	2,477	\$ 26,009	26-Dec-10	\$ 11.46
21-Nov-11	\$ 16.25	2,465	\$ 40,050	12-Dec-11	\$ 16.80
13-Jun-12	\$ 19.50	2,515	\$ 49,043	27-Jun-12	\$ 20.77
18-Dec-12	\$ 22.00	2,461	\$ 54,142	11-Jan-13	\$ 25.36
25-Jun-13	\$ 30.90	3,427	\$ 105,894	16-Jul-13	\$ 32.91
6-Jun-14	\$ 26.70	3,274	\$ 87,418	25-Jun-14	\$ 29.36
25-Jun-15	\$ 30.50	3,772	\$ 115,035	16-Jul-15	\$ 31.29
<b>Totals</b>		<b>24,770</b>	<b>\$ 510,111</b>		

Notes:

Sept 30, 2009 offering had a half warrant attached to it (exercise price of \$7.50)

# NON-IFRS MEASURES

The terms EBITDA, Normalized EBITDA and Payout Ratio are financial measures used in this presentation that are not standard measures under International Financial Reporting Standards ("IFRS"). The Corporation's method of calculating EBITDA, Normalized EBITDA and Payout Ratio may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA, Normalized EBITDA and Payout Ratio may not be comparable to similar measures presented by other issuers.

**EBITDA** refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends. The Corporation provides a reconciliation of net income to EBITDA in its quarterly and annual management discussion and analysis.

**Normalized EBITDA** refers to EBITDA excluding items that are non-recurring in nature, such as gains associated with the reduction of interest in one partner and an impairment loss in another with which the Corporation has transacted. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations. Adding back these non-recurring charges allows management to better assess EBITDA from ongoing operations.

**Payout Ratio:** The term "payout ratio" is a financial measure used in this presentation that is not a standard measure under International Financial Reporting Standards. Actual Payout ratio means Alaris' total dividends paid over a fiscal year divided by its net cash from operating activities over that same period. Annualized Payout Ratio means Alaris' total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed to date).

**Run Rate Payout Ratio:** refers to Alaris' total dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed as of the date of this report).

**Earnings Coverage Ratio** refers to the Normalized EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded maintenance capital expenditures and distributions to Alaris.

**IRR** refers to internal rate of return, which is a metric used to determine the discount rate that derives a net present value of cash flows to zero. Management uses IRR to analyze partner returns.

The terms EBITDA, Normalized EBITDA and Payout Ratio should only be used in conjunction with the Corporation's annual audited and quarterly reviewed financial statements, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Eligible Dividends

All dividends are designated by the Company to be eligible dividends for the purpose of the Income Tax Act (Canada) and any similar provincial or territorial legislation.

Date of Presentation

Information contained herein is given as of July 24, 2019 unless otherwise stated.



**HEAD OFFICE**

Suite 250, 333 24<sup>th</sup> Avenue SW  
Calgary, Alberta T2S 3E6  
Phone: 403.228.0873  
Fax: 403.228.0906  
Website: [www.alarisroyalty.com](http://www.alarisroyalty.com)