

Action Note

Equity Research

August 31, 2020

Energy Producers - Junior & Intermediate

Whitecap Resources Inc.

(WCP-T) C\$2.56

Light Oil Consolidation at Accretive and Debt Delevering Metrics

Juan Jarrah, CFA, P. Eng.

Dustin Besaw, CFA

Event

Whitecap announces the acquisition of NAL Resources in an all-stock transaction.

Impact: POSITIVE

Whitecap acquires NAL Resources, a private oil and gas company owned by Manulife, for \$155mm in stock, implying metrics of \$7,045/BOE/d (2021 production), 1.6x forecast cash flow (US\$45/bbl WTI), \$3.00/BOE (PDP), and \$2.26/BOE (2P). In our view, all of these metrics are not only accretive to Whitecap's current valuation, but also represent very attractive acquisition metrics when compared to historical valuations.

NAL Resources brings roughly 27.0 mBOE/d of production (55% liquids), primarily from the Cardium in West Central Alberta (~18.4 mBOE/d), the Viking in greater Dodsland (~3.0 mBOE/d), conventional Mississippian targets in Southeast Saskatchewan (~2.5 mBOE/d), and Montney oil at Ante Creek (~3.0 mBOE/d). There are significant operational overlap of these assets with WCP (Exhibit 1), and, in our view, supports the theme that consolidation of core areas should and will generate significant synergies and savings. Furthermore, the transaction suggests that Manulife also shares the view that consolidation is likely the way forward for the industry.

Whitecap expects to achieve 7% operating cost synergies and 10-15% capital synergies on the acquired assets. We expect further clarity following the close of the transaction, in addition to a more comprehensive assessment of the undeveloped upside associated with the deal.

Low-multiple deal more than offsets the dilution impact of the 58.3mm shares issued for the acquisition, resulting in 8% CFPS accretion in 2021 and 7% NAV/share accretion on the TD price deck, which is currently below the forward strip. Furthermore, Whitecap will benefit from a slight deleveraging, taking net debt/cash flow to 2.9x (2021E) down from 3.6x prior.

TD Investment Conclusion

The transaction is a win on multiple fronts: a) it accelerates much-needed consolidation in the basin to create size and scale; b) it deleverages Whitecap's balance sheet; c) it drives synergies on Whitecap's existing asset footprint; and d) it takes advantage of dislocations in the market to acquire assets at extremely attractive metrics, in our view. Our estimates increase on the back of this announcement, generating an increase to our target to \$3.50 (from \$3.25); our BUY recommendation is unchanged.



Company Profile

Whitecap Resources Inc. is engaged in the acquisition, development, and production of oil and natural gas in the Western Canadian Sedimentary Basin, with a bias to light oil prospects.

Recommendation:	BUY
Risk:	HIGH
12-Month Target Price:	C\$3.50↑ Prior: C\$3.25
12-Month Dividend (Est.):	C\$0.17
12-Month Total Return:	43.4%

Market Data (C\$)

Current Price	C\$2.56
52-Week Range	\$0.73 - \$5.71
Mkt Cap (f.d.) (\$mm)	\$1,044.9
Mkt Cap (basic) (\$mm)	\$1,044.9
Float Cap (\$mm)	\$919.0
Current Dividend	\$0.17
Dividend Yield	6.7%
Avg. Daily Trading Vol.	5,072,586

Financial Data (C\$)

Fiscal Y-E	December
Shares O/S (f.d)(mm)	408.2
Shares O/S (basic) (mm)	408.2
Float Shares (mm)	359.0
Net Debt (\$mm)	\$1,194.4
Net Debt/Total Cap	63.6%
NAVPS	\$3.53

Estimates (C\$)

Year	2018A	2019A	2020E	2021E
CFPS (f.d)	1.67	1.64	0.92	0.84
CFPS (f.d) (old)	-	-	-	0.78
Oil & NGLs (mb/d)	62.9	59.9	56.0	62.7
Gas (MMcfd)	69.0	66.8	63.6	114.2
MBOE/d	74.4	71.0	66.6	81.7

CFPS (f.d) Quarterly Estimates (C\$)

Year	2018A	2019A	2020E	2021E
Q1	0.39	0.39	0.32	0.21
Q2	0.47	0.42	0.19	0.20
Q3	0.49	0.37	0.20	0.21
Q4	0.33	0.45	0.21	0.22

Valuations

Year	2018A	2019A	2020E	2021E
EV/DACF	4.1x	4.1x	5.1x	5.3x
P/NAV MG	-	72.5%	-	-

Supplemental Data

Year	2018A	2019A	2020E	2021E
WTI (US\$/bbl)	64.83	57.03	38.00	41.00
H. Hub (US\$/mcf)	3.13	2.56	2.00	2.65
AECO (C\$/mcf)	1.53	1.79	2.00	2.50
FX (US\$/C\$)	0.77	0.75	0.73	0.74

All figures in C\$, unless otherwise specified

Action Note

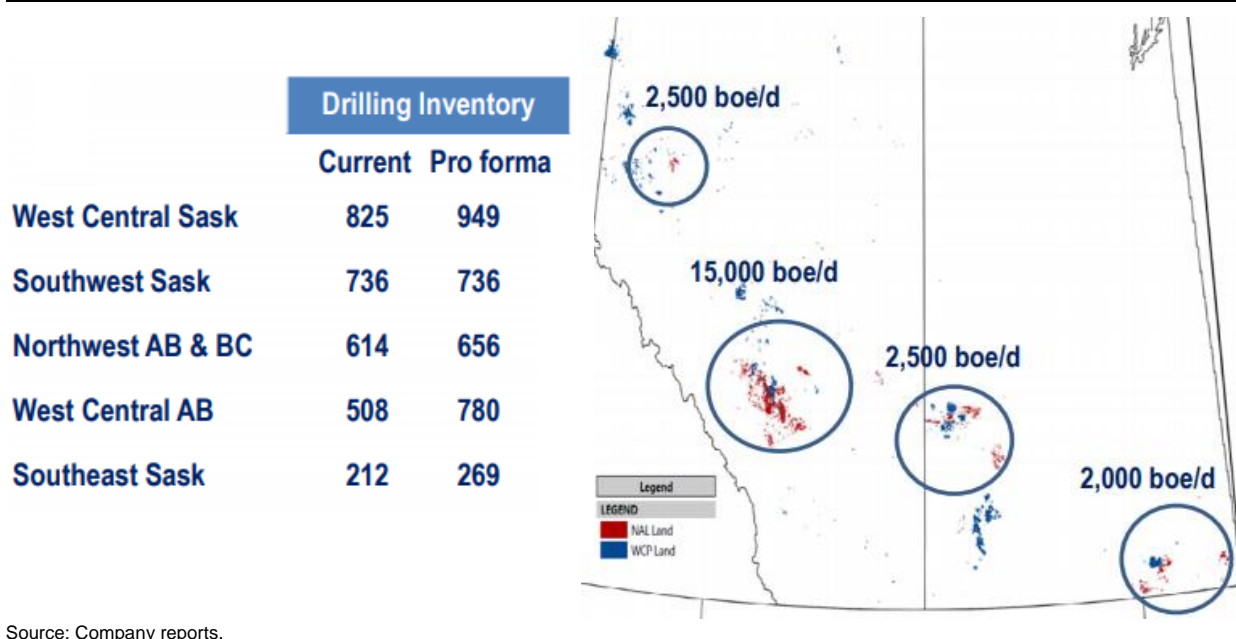
Equity Research

August 31, 2020

Details

The assets acquired from NAL include current production of 27,000 BOE/d (expected to average 22,000 BOE/d in 2021). Below, we have highlighted the location of these assets which are located in West Central AB (68.2% of 2021 production), West Central Saskatchewan (11.4%), Sturgeon Lake (11.4%), and SE Saskatchewan (9%). The current production breakdown includes 9,780 bbl/d of oil, 5,020 bbl/d of NGLs, and 73.2 mmcf/d of natural gas. In total, the acquisition is expected to add 495 (386 net) drilling locations across the areas as per below.

Exhibit 1. Overview of Acquired Assets Including Location and 2021E Production



Outlook

We have updated our estimates to incorporate the acquisition along with additional minor adjustments to our forecast.

Action Note

Equity Research

August 31, 2020

Exhibit 2. Estimate Revisions

Production	Q3/20E			2020E			2021E		
	Revised	Previous	Variance	Revised	Previous	Variance	Revised	Previous	Variance
Oil (bbl/d)	48,387	48,387	0.0%	51,211	51,211	0.0%	54,369	46,604	16.7%
NGLs (bbl/d)	4,559	4,559	0.0%	4,811	4,811	0.0%	8,337	4,464	86.8%
Natural Gas (mcf/d)	59,241	59,241	0.0%	63,631	63,631	0.0%	114,205	57,999	96.9%
Corporate (BOE/d)	62,819	62,819	0.0%	66,627	66,627	0.0%	81,740	60,734	34.6%
% Liquids	84%	84%		84%	84%		77%	84%	
Financial									
Cash Flow (\$mm)	82.0	82.0	0.0%	375.9	375.9	0.0%	387.1	318.1	21.7%
DACF (\$mm)	94.2	94.2	0.0%	424.5	424.5	0.0%	432.6	363.9	18.9%
CFPS (fd)	0.20	0.20	0.0%	0.92	0.92	0.0%	0.84	0.78	8.2%
E&D Capex (\$mm)	20.0	20.0	0.0%	190.0	190.0	0.0%	275.0	250.0	10.0%
Total Capex (\$mm)	20.0	20.0	0.0%	213.4	213.4	0.0%	430.0	250.0	72.0%
Net Debt (\$mm)	1,194.4	1,194.4	0.0%	1,140.9	1,140.9	0.0%	1,116.1	1,142.6	-2.3%
% Undrawn Credit	48%	48%		53%	53%		55%	53%	
Netbacks (\$/BOE)									
Gross Revenue	35.13	35.13	0.0%	33.86	33.86	0.0%	35.90	38.70	-7.2%
Hedging Gains (Losses)	3.10	3.10	0.0%	4.16	4.16	0.0%	(0.05)	(0.07)	-25.7%
Royalties	(5.44)	(5.44)	0.0%	(4.73)	(4.73)	0.0%	(5.39)	(6.00)	-10.2%
Transportation Costs	(2.40)	(2.40)	0.0%	(2.38)	(2.38)	0.0%	(2.40)	(2.40)	0.0%
Operating Costs	(12.70)	(12.70)	0.0%	(12.16)	(12.16)	0.0%	(12.00)	(12.20)	-1.6%
Operating Netback	17.68	17.68	0.0%	18.75	18.75	0.0%	16.07	18.04	-10.9%
General & Administrative	(0.69)	(0.69)	0.0%	(0.78)	(0.78)	0.0%	(0.83)	(0.90)	-7.9%
Interest Expense	(2.11)	(2.11)	0.0%	(1.99)	(1.99)	0.0%	(1.53)	(2.06)	-26.1%
Cash Taxes/Other	(0.69)	(0.69)	-	(0.56)	(0.56)	-	(0.74)	(0.72)	-
Cash Netback	14.19	14.19	0.0%	15.42	15.42	0.0%	12.97	14.35	-9.6%

Source: Company reports, TD Securities Inc. estimates

Valuation

Whitecap is currently trading at a P/NAV_{MG} of 72% and an EV/2020E DACF multiple of 5.1x; these compare with averages of 75% and 5.0x, respectively, for the >60% oil-weighted production (2020E) peer group under coverage. In our view, Whitecap deserves to trade at a premium to the group due to the underlying asset quality and relatively conservative payout profile.

Exhibit 3. Relative Valuation

	P/NAV _{BD}	P/NAV _{MG} ^{***}	EV/DACF*		EV/BOEPD	P/CF	D/CF	Payout**	% Gas
			(2020E)	(2021E)	(2020E)	(2020E)	(2020E)	(2020E)	(2020E)
WCP	81%	72%	5.1x	5.3x	\$32,807	2.8x	3.0x	74%	16%
BNE	177%	177%	7.4x	6.8x	\$32,202	1.6x	9.1x	81%	34%
BTE	-	22%	5.8x	5.3x	\$29,678	1.5x	6.4x	91%	18%
CPG	79%	79%	4.4x	5.1x	\$31,122	1.7x	3.2x	93%	10%
SGY	62%	55%	5.5x	5.8x	\$25,289	1.6x	5.9x	86%	15%
TOG	71%	56%	5.8x	4.8x	\$28,063	3.4x	3.0x	86%	11%
TVE	53%	53%	3.2x	3.0x	\$18,521	1.8x	1.6x	80%	39%
VII	85%	81%	3.7x	3.7x	\$19,306	1.7x	2.6x	79%	43%
WCP	81%	72%	5.1x	5.3x	\$32,807	2.8x	3.0x	74%	16%
Average Oil-Weighted	85%	75%	5.0x	4.9x	\$27,467	2.0x	4.1x	89%	26%

*EV based on forecast year-end net debt and shares outstanding, **Payout = (Capex+Dividend-DRIP)/CF.

***Our modified growth NAV (NAV_{MG}), assumes free cash flow (i.e. after 2P FDC, interest, G&A and dividends) is reinvested in company specific internal development opportunities for up to a five year period.

Source: Company reports, TD Securities Inc. estimates



Action Note

Equity Research

August 31, 2020

Justification of Target Price

Our \$3.50 target price is based on a 6.5x 2021E EV/DACF multiple (50% weighting) and 1.0x our NAV_{MG} of \$3.53/share (50% weighting).

Key Risks to Target Price

Key risks associated with our target price include business risks of the company and industry, including, but not limited to: loss of key employees; drilling success; volatile commodity prices and operating costs; capital cost overruns; product supply and demand; government regulations and taxes; exchange rates; interest rates; environment and weather concerns; unfavourable tax legislation. Company specific risks include: 1) high financial leverage with 2020E D/CF >3.0x, and 2) there is no guarantee that current bank credit facilities will be renewed at current levels or that undrawn credit capacity will be available to repay other creditors in the future.

Action Note

Equity Research

August 31, 2020

Exhibit 4. Summary

Company Overview					Key Valuation Ratios				
	2018A	2019A	2020E	2021E	2018A	2019A	2020E	2021E	
Market Capitalization (\$mm)	\$1,045				P/CF (x)	1.5x	1.6x	2.8x	3.0x
Net Debt (\$mm)	\$1,194				EV/DACF (x)	4.1x	4.1x	5.1x	5.3x
Enterprise Value (\$mm)	\$2,239				EV/Production (\$000/BOE/d)	\$41.7	\$41.5	\$32.8	\$28.3
Current Price	\$2.56				EV/1P Reserves (\$/BOE)	\$8.77	\$8.31	\$6.17	\$6.52
52 Week Low/High	\$0.73	\$5.71			EV/2P Reserves (\$/BOE)	\$6.20	\$6.02	\$4.47	\$4.72
Current Yield	6.7%				P/NAV (2P)		81%		
					P/NAV (Modified Growth)		72%		
					ROCE	2%	-4%	-100%	0%
Production					Leverage				
	2018A	2019A	2020E	2021E	2018A	2019A	2020E	2021E	
Oil (bbl/d)	58,511	55,413	51,211	54,369	Bank Debt (\$mm)	\$661	\$582	\$552	\$528
NGLs (bbl/d)	4,397	4,503	4,811	8,337	Term Debt (\$mm)	\$595	\$595	\$595	\$595
Total Liquids (bbl/d)	62,908	59,916	56,022	62,706	Net Debt (\$mm)	\$1,300	\$1,193	\$1,141	\$1,116
Natural Gas (mcf/d)	69,042	66,802	63,631	114,205	Net Debt-CF (x)	1.8x	1.8x	3.0x	2.9x
Total Production (BOE/d)	74,415	71,050	66,627	81,740	Credit Facility (\$mm)	\$1,105	\$1,175	\$1,175	\$1,175
% Gas	15%	16%	16%	23%	% Drawn	60%	49%	47%	45%
Production Hedged (%)	-	-	40%	3%	Dividend PoR (%) (Pre-DRIP)	19%	20%	23%	21%
					Dividend PoR (%) (Post-DRIP)	19%	20%	23%	21%
Growth					Cash Flow Summary (\$mm)				
	2018A	2019A	2020E	2021E	2018A	2019A	2020E	2021E	
Y/Y Production Growth	64%	-5%	-6%	23%	Funds Flow from Operations	\$704	\$676	\$376	\$387
Y/Y Production Per Share Growth	7%	-3%	-5%	9%	Debt-Adjusted Cash Flow	\$757	\$723	\$424	\$433
Y/Y DAPPS Growth	10%	-23%	-18%	13%	Investing Activities				
					Exploration and Development	(\$440)	(\$404)	(\$190)	(\$275)
					Acquisitions/Divestitures	(\$78)	(\$3)	(\$23)	(\$155)
					Total Capital Expenditures	(\$518)	(\$407)	(\$213)	(\$430)
					Financing Activities				
					Net Change in Debt	(\$29)	(\$79)	(\$29)	(\$25)
					Dividends	(\$132)	(\$138)	(\$87)	(\$80)
					DRIP	\$0	\$0	\$0	\$0
					Other / Share Issue Proceeds	(\$42)	(\$30)	(\$21)	\$147
					EBITDA	\$633	\$331	\$457	\$433
Pricing Assumptions					CFPS (diluted)				
	2018A	2019A	2020E	2021E	2018A	2019A	2020E	2021E	
WTI (US\$/bbl)	\$64.83	\$57.03	\$38.00	\$41.00	Q1	\$0.39	\$0.39	\$0.32	\$0.21
Edmonton Par (C\$/bbl)	\$69.14	\$69.06	\$44.50	\$47.50	Q2	\$0.47	\$0.42	\$0.19	\$0.20
WCS (C\$/bbl)	\$49.90	\$58.12	\$32.00	\$35.25	Q3	\$0.49	\$0.37	\$0.20	\$0.21
Nymex (US\$/mcf)	\$3.13	\$2.56	\$2.00	\$2.65	Q4	\$0.33	\$0.45	\$0.21	\$0.22
AECO (C\$/mcf)	\$1.53	\$1.79	\$2.00	\$2.50	Annual	\$1.67	\$1.64	\$0.92	\$0.84
Exchange Rate (US\$/C\$)	\$0.77	\$0.75	\$0.73	\$0.74					
Corporate Netback (\$/BOE)					Quarterly Production (BOE/d)				
	2018A	2019A	2020E	2021E	2018A	2019A	2020E	2021E	
Revenue	\$55.78	\$54.93	\$33.86	\$35.90	Q1	73,120	70,666	73,452	83,329
Hedging	(\$2.36)	(\$0.77)	\$4.16	(\$0.05)	Q2	75,813	70,612	70,807	81,387
Royalties	(\$9.87)	(\$9.79)	(\$4.73)	(\$5.39)	Q3	75,529	68,255	62,819	81,140
Transportation	(\$2.17)	(\$2.26)	(\$2.38)	(\$2.40)	Q4	73,185	74,651	59,550	81,134
Operating	(\$12.05)	(\$12.38)	(\$12.16)	(\$12.00)	Annual	74,415	71,050	66,627	81,740
Operating Netback	\$29.34	\$29.74	\$18.75	\$16.07					
G&A	(\$1.10)	(\$0.96)	(\$0.78)	(\$0.83)					
Interest Expense	(\$1.94)	(\$1.85)	(\$1.99)	(\$1.53)					
Cash Taxes and Other	(\$0.36)	(\$0.88)	(\$0.56)	(\$0.74)					
Cash Flow Netback	\$25.93	\$26.05	\$15.42	\$12.97					
Per Share Metrics									
	2018A	2019A	2020E	2021E					
WA Outstanding Shares (diluted)	420.6	412.0	408.3	459.2					
CFPS (diluted)	\$1.67	\$1.64	\$0.92	\$0.84					
EPS (diluted)	\$0.15	(\$0.38)	(\$5.32)	\$0.02					
2P NAV		\$3.15							
Modified Growth NAV		\$3.53							

Source: Company reports, TD Securities Inc. estimates



Action Note

Equity Research

August 31, 2020

TD Securities Equity Research Disclosures

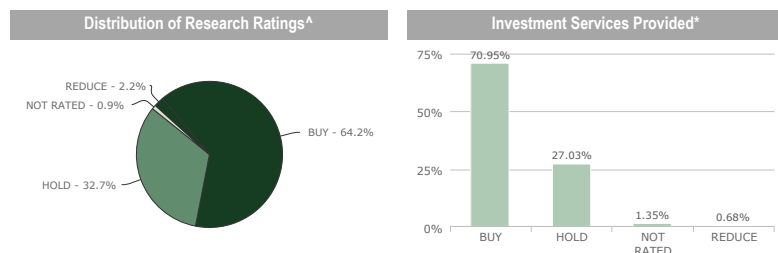
Company	Ticker	Disclosures
Whitecap Resources Inc.	WCP-T	9

1. TD Securities Inc., TD Securities (USA) LLC or an affiliated company has managed or co-managed a public offering of securities within the last 12 months with respect to the subject company.
2. TD Securities Inc., TD Securities (USA) LLC or an affiliated company has received compensation for investment banking services within the last 12 months with respect to the subject company.
3. TD Securities Inc., TD Securities (USA) LLC or an affiliated company expects to receive compensation for investment banking services within the next three months with respect to the subject company.
4. TD Securities Inc. or TD Securities (USA) LLC has provided investment banking services within the last 12 months with respect to the subject company.
5. A long position in the securities of the subject company is held by the research analyst, by a member of the research analyst's household, or in an account over which the research analyst has discretion or control.
6. A short position in the securities of the subject company is held by the research analyst, by a member of the research analyst's household, or in an account over which the research analyst has discretion or control.
7. A long position in the derivative securities of the subject company is held by the research analyst, by a member of the research analyst's household, or in an account over which the research analyst has discretion or control.
8. A short position in the derivative securities of the subject company is held by the research analyst, by a member of the research analyst's household, or in an account over which the research analyst has discretion or control.
9. TD Securities Inc. and/or an affiliated company is a market maker, or is associated with the specialist that makes a market, in the securities of the subject company.
10. TD Securities Inc. and/or affiliated companies own 1% or more of the equity securities of the subject company.
11. A partner, director or officer of TD Securities Inc. or TD Securities (USA) LLC, or a research analyst involved in the preparation of this report has, during the preceding 12 months, provided services to the subject company for remuneration.
12. This security has Subordinate voting shares.
13. This security has Restricted voting shares.
14. This security has Non-voting shares.
15. This security has Variable voting shares.
16. This security has Limited voting shares.

Additional Important Disclosures

Price Graphs

Full disclosures for all companies covered by TD Securities can be viewed at <https://www.tdsresearch.com/equities/welcome.important.disclosure.action> by TD Securities' institutional equity clients.



Current as of: August 31, 2020

[^] Percentage of subject companies under each rating category: BUY (covering ACTION LIST BUY, BUY and SPECULATIVE BUY ratings), HOLD, and REDUCE (covering TENDER and REDUCE ratings) and NOT RATED (covering UNDER REVIEW, SUSPENDED, and NOT RATED).

^{*} Percentage of subject companies within each of the four categories (BUY, HOLD, REDUCE, and NOT RATED) for which TD Securities Inc. has provided investment banking services within the last 12 months.

Definition of Research Ratings

ACTION LIST BUY: The stock's total return is expected to exceed a minimum of 15% (with higher thresholds for less liquid, more risky securities) over the next 12 months and it is a top pick in the Analyst's sector.

BUY: The stock's total return is expected to exceed a minimum of 10% (with higher thresholds for less liquid, more risky securities) over the next 12 months.

SPECULATIVE BUY: The stock's total return is expected to exceed a minimum of 30% over the next 12 months (with higher thresholds for less liquid securities); however, there is material event risk associated with the investment that could result in a significant loss.

Action Note

Equity Research

August 31, 2020

HOLD: The stock's total return is expected to be between 0% and 10%, (with higher thresholds for less liquid, more risky securities) over the next 12 months.

TENDER: Investors are advised to tender their shares to a specific offer for the company's securities or to support a proposed combination reflecting our view that a superior offer is not forthcoming.

REDUCE: The stock's total return is expected to be negative over the next 12 months.

SUSPENDED: Due to evolving circumstances, we can no longer generate what we consider a defensible target price and rating at the current time.

UNDER REVIEW: Our rating is under review pending additional information and/or analysis. The prior rating should not be relied on.

NOT RATED: We do not currently produce a recommendation and a target price on this security.

Risk ratings are relative to other companies in the TD Securities Equity Research coverage universe. In order of increasing risk, our risk ratings are LOW, MEDIUM, HIGH, and SPECULATIVE. These risk ratings are not meant to be compared to ratings on other securities and asset classes outside our Equity Research coverage universe.

Overall Risk Rating in order of increasing risk: Low (6.6% of coverage universe), Medium (38.5%), High (46.4%), Speculative (8.5%)

Research Dissemination Policy

TD Securities makes its research products available in electronic and/or printed formats. If there are any subsequent material changes to the reports it publishes, TD Securities will as soon as practicable distribute such reports with the relevant changes to its institutional clients who are entitled to receive them. Entitled institutional clients may also receive our research via third-party platforms including, but not limited to, Bloomberg, FactSet, Refinitiv, and S&P Capital IQ. All research is available by password to entitled institutional clients at <https://www.tdsresearch.com/equities>. TD Securities may also update proprietary models; these models may be obtained by entitled institutional clients by contacting the research analyst directly. There is no planned frequency of updates to these models.

Analyst Certification

Each analyst of TD Securities Inc. whose name appears on page 1 of this research report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's personal views about any and all of the securities or issuers discussed herein that are within the analyst's coverage universe and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the provision of specific recommendations or views expressed by the research analyst in the research report.

Disclaimer

This material is for general informational purposes only and is not investment advice nor does it constitute an offer, recommendation or solicitation to buy or sell a particular financial instrument. It does not have regard to the specific investment objectives, financial situation, risk profile or the particular needs of any specific person who may receive this material. No representation is made that the information contained herein is accurate in all material respects, complete or up to date, nor that it has been independently verified by TD Securities. Recipients of this analysis or report are to contact the representative in their local jurisdiction with regards to any matters or questions arising from, or in connection with, the analysis or report.

Historic information regarding performance is not indicative of future results and investors should understand that statements regarding future prospects may not be realized. All investments entail risk, including potential loss of principal invested. Performance analysis is based on certain assumptions, the results of which may vary significantly depending on the modelling inputs assumed. This material, including all opinions, estimates and other information, constitute TD Securities' judgment as of the date hereof and is subject to change without notice. The price, value of and income from any of the securities mentioned in this material can fall as well as rise. Any market valuations contained herein are indicative values as of the time and date indicated. Such market valuations are believed to be reliable, but TD Securities does not warrant their completeness or accuracy. Different prices and/or valuations may be available elsewhere and TD Securities suggests that valuations from other sources be obtained for comparison purposes. Any price or valuation constitutes TD Securities' judgment and is subject to change without notice. Actual quotations could differ subject to market conditions and other factors.

TD Securities disclaims any and all liability relating to the information herein, including without limitation any express or implied representations or warranties for, statements contained in, and omissions from, the information. TD Securities is not liable for any errors or omissions in such information or for any loss or damage suffered, directly or indirectly, from the use of this information. TD Securities may have effected or may effect transactions for its own account in the securities described herein. No proposed customer or counterparty relationship is intended or implied between TD Securities and a recipient of this document.

TD Securities makes no representation as to any tax, accounting, legal or regulatory issues. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed herein. Investors should also carefully consider any risks involved. Any transaction entered into is in reliance only upon the investor's judgment as to financial, suitability and risk criteria. TD Securities does not hold itself out to be an advisor in these circumstances, nor do any of its representatives have the authority to do so.

The information contained herein is not intended for distribution to, or use by, any person in any jurisdiction where such distribution or use would be contrary to applicable law or regulation or which would subject TD Securities to additional licensing or registration requirements. It may not be copied, reproduced, posted, transmitted or redistributed in any form without the prior written consent of TD Securities.

If you would like to unsubscribe from our email distribution lists at any time, please contact your TD Securities Sales Contact. If you are located in Europe, Asia, Australia or New Zealand you may also unsubscribe by emailing us at Privacy.EAP@tdsecurities.com.

You can access our Privacy Policy here (http://www.tdsecurities.com/tds/content/AU_PrivacyPage).

Australia: If you receive this document and you are domiciled in Australia, please note that this report is intended to be issued for general information purposes only and distributed through the Toronto Dominion Australia Limited ("TDAL"). TDAL does not hold itself out to be providing financial advice in these circumstances. TD Securities is a trademark and represents certain investment dealing and advisory activities of Toronto-Dominion Bank and its subsidiaries, including TDAL. The Toronto-Dominion Bank is not an authorized deposit-taking or financial services institution in Australia. TDAL is a holder of an Australian Financial Services License (404698) and is regulated by the Australian Securities and Investments Commission.

Canada: Canadian clients wishing to effect transactions in any security discussed herein should do so through a qualified salesperson of TD Securities or TD Securities Inc. TD Securities Inc. is a member of the Canadian Investor Protection Fund.

Action Note

Equity Research

August 31, 2020

China, India and South Korea: Insofar as the document is received by any persons in the People's Republic of China ("PRC"), India and South Korea, it is intended only to be issued to persons who have the relevant qualifications to engage in the investment activity mentioned in this document. The recipient is responsible for obtaining all relevant government regulatory approvals/licenses themselves, and represents and warrants to TD Bank that the recipient's investments in those securities do not violate any law or regulation, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations. The Toronto-Dominion Bank has a representative office in Shanghai, Mumbai and Seoul which should be contacted for any general enquiry related to The Toronto-Dominion Bank or its business. However, neither any of the Toronto-Dominion Bank offshore branches/subsidiaries nor its representative offices are permitted to conduct business within the borders of the PRC, India and South Korea. In locations in Asia where the Bank does not hold licenses to conduct business in financial services, it is not our intention to, and the information contained in this document should not be construed as, conducting any regulated financial activity, including dealing in, or the provision of advice in relation to, any regulated instrument or product. This publication is for general information only, without addressing any particular needs of any individual or entity, and should not be relied upon without obtaining specific advice in the context of specific circumstances.

Hong Kong SAR (China): This document, which is intended to be issued in Hong Kong SAR (China) ("Hong Kong") only to Professional Investors within the meaning of the Securities and Futures Ordinance (the "SFO") and the Securities and Futures (Professional Investor) Rules made under the SFO, has been distributed through Toronto-Dominion Bank, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority.

Japan: For Japanese residents, please note that if you have received this document from Toronto-Dominion Bank entities based outside Japan, it is being provided to qualified financial institutions ("QFI") only under a relevant exemption to the Financial Instruments and Exchange Act.

If you have received this document from TD Securities (Japan) Co., Ltd., it is being provided only to institutional investors. TD Securities (Japan) Co., Ltd. is regulated by the Financial Services Agency of Japan and is distributing this document in Japan as a Type 1 Financial Instruments Business Operator registered with the Kanto Local Finance Bureau under registration number, Kinsho 2992, and a member of Japan Securities Dealers Association.

New Zealand: The Toronto-Dominion Bank is not a "registered bank" in New Zealand under the Reserve Bank Act 1989.

Singapore: This report is distributed in Singapore by The Toronto-Dominion Bank, Singapore Branch, and recipients in Singapore of this report are to contact The Toronto-Dominion Bank, Singapore Branch in respect of any matters arising from, or in connection with, this report. The Toronto-Dominion Bank, Singapore Branch is regulated by the Monetary Authority of Singapore. Where this report is issued or promulgated in Singapore, it is only intended for distribution to a person who is an accredited investor, expert investor or institutional investor as defined in the Securities and Futures Act (Cap. 289), or the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005, or the Securities and Futures (Classes of Investors) Regulations 2018 issued by the Monetary Authority of Singapore.

United Kingdom and Europe: This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Limited in respect of investment business as agent and introducer for TD Bank. The Toronto-Dominion Bank is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. TD Securities Limited is authorised and regulated by the Financial Conduct Authority. Insofar as the document is issued in or to the United Kingdom or Europe, it is intended only to be issued to persons who (i) are persons falling within Article 19(5) ("Investment professional") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("High net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated. European clients wishing to effect transactions in any security discussed herein should do so through a qualified salesperson of TD Securities Limited. Insofar as the information in this report is issued in the U.K. and Europe, it has been issued with the prior approval of TD Securities Limited.

United States: U.S. clients wishing to effect transactions in any security discussed herein must do so through a registered representative of TD Securities (USA) LLC.

TD Securities is a trademark of TD Bank and represents TD Securities Inc., TD Securities (USA) LLC and TD Securities Limited and certain investment and corporate banking activities of TD Bank and its subsidiaries.

© Copyright 2020 The Toronto-Dominion Bank. All rights reserved.

Full disclosures for all companies covered by TD Securities can be viewed at <https://www.tdsresearch.com/equities/welcome.important.disclosure.action>