

DESCARTES™

Descartes Systems Group

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TMT Sector

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Agenda

Opening Remarks
Company Overview
Industry/Sector Overview
Peer Comparison
Revenue & Earnings
Ratios
Technical Analysis
Recommendation

Opening Remarks

- Looked for three main qualities: Healthy balance sheet, strong competitive position in sector, and upside potential
- Descartes Systems Group is logistics technology

Company Overview

- One revenue component: supply chain management solutions
- Continuous and steady growth in revenues, 33% over previous year
- Major expenditures on strategic expansion through acquisitions over past two years
- Currently on a long-term uptrend

Company Overview

Risks:

- Beta: 1.28
- Minimal political risk
- Beta shows moderate volatility, mostly due to current market conditions

Industry/Sector Overview

- New regulatory trade laws are the main political risk in the industry
- Overall, the industry is on an upward trend. There was a minor dip in mid July/early August but the market is now correcting for it
- No dividend, which is the industry norm. Only MDA pays dividend
- Third largest company by market capitalization with \$490 million

Peer Comparison

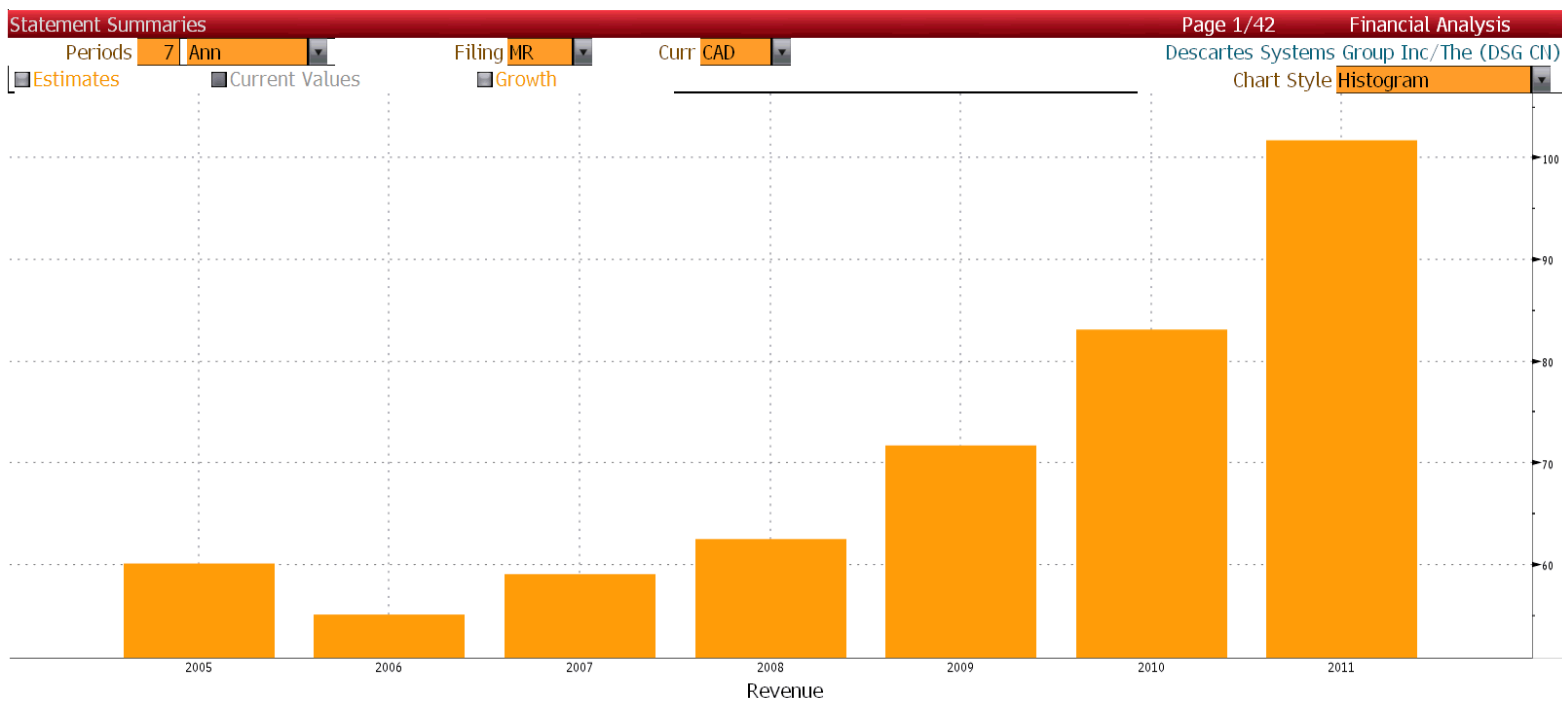


Name	Price	Market	Dvd Yld	Trailing P/E	Forward P/E	Annual Revenue	1-Mo Return	3-Mo Return	1-Yr Return
CGI	19.65	D\$4.33	-	12.19	11.46	\$4.323B	2.34%	-5.12%	2.50%
MDA	43.54	D\$1.37	2.31	19.84	15.00	\$1.067B	-7.54%	0.25%	-10.04%
Descartes	7.95	D\$0.49	-	32.67	15.1	\$0.099B	8.61%	8.16%	15.05%
Softchoice	12.30	D\$0.23	-	9.64	9.48	\$1.188B	19.77%	41.87%	42.36%
Peer 1 Net	1.85	D\$0.22	-	-	181.84	\$0.113B	5.71%	10.78%	-3.14%
Absolute	4.56	D\$0.19	-	95.02	-	\$0.072B	-7.69%	-8.62%	30.29%

Revenue & Earnings

- The revenue for the last quarter was \$28.5 million, total is \$84.40 million
- Earnings for the last period was \$2.73 million, total is \$7.36 million
- Estimated earnings is \$2.98 million
- Estimated revenue is \$29.68 million

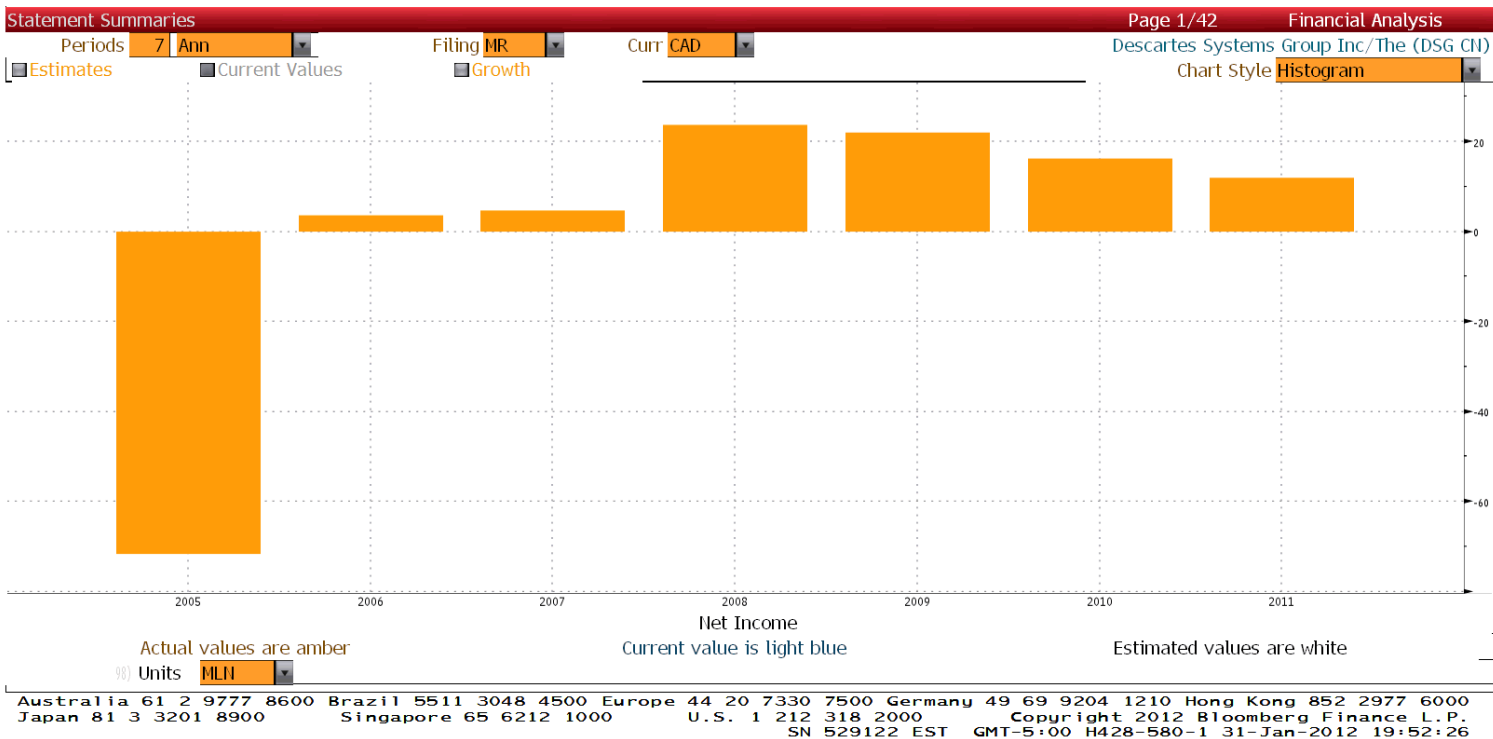
Revenue



Earnings

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Please note that the content of this presentation is only for educational purposes. Please consult an expert for financial advice.

Ratios

Revenue Growth

34.40%

ROE

7.33%

Current Ratio

4.38

Price to Book

2.38

Gross Margin

66.30%

ROA

6.24%

Quick Ratio

3.63

Net Margin

13.70%

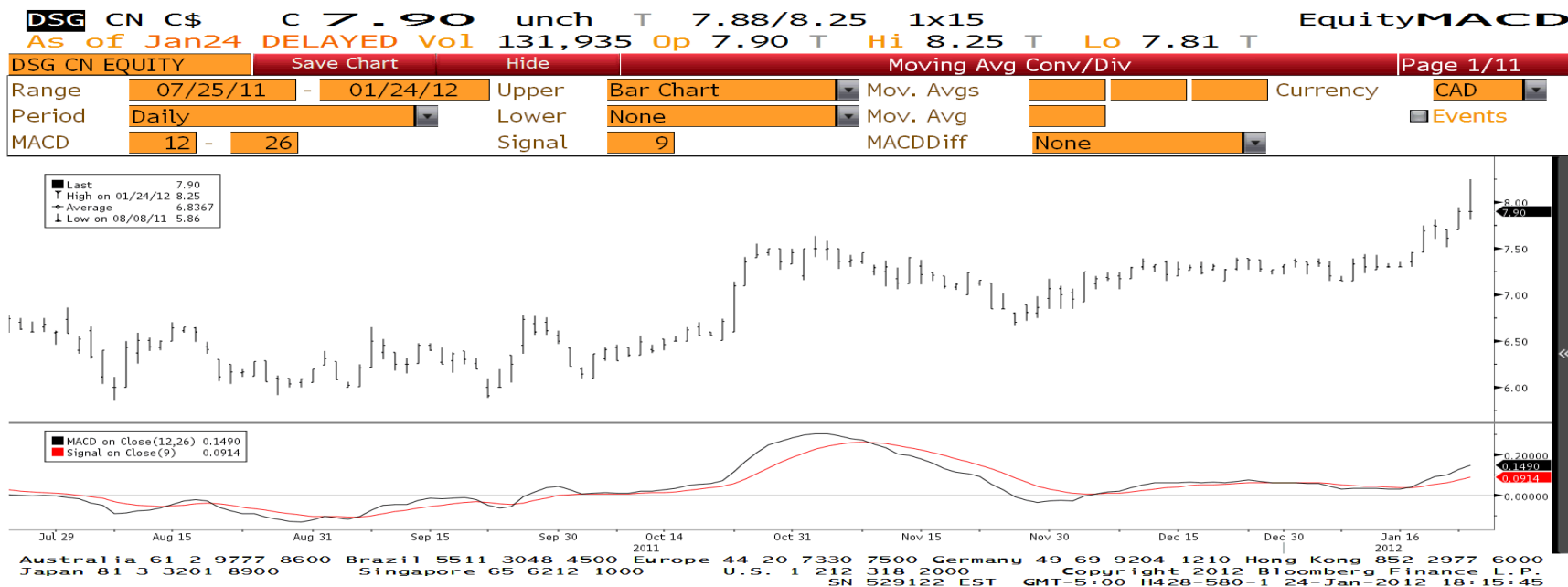
P/E

32.84

Debt/Capital

0

Technical Analysis - MACD



- MACD Indicator, July 2011 to present
- It crossed over about a week ago which was a buy signal

Technical Analysis – Bollinger Bands



- Bollinger Bands, February 2011 – present
- Just crossed over the upper band

Technical Analysis – RSI



- From February 2011 to present
- Measures the movement and velocity of price. RSI above 70+ indicates the stock is over bought, over sold if RSI is under 30

Technical Analysis – Fibonacci Retracements



- September 2011 to present
- Indicates major and minor resistance points

Recommendation

- Buy 400 shares of DSG.TO
- Limit Order at \$7.60
- Aim to sell at \$8.80 - \$9.00
- Aim to sell by March 30, 2012
- Stop Loss at \$6.90

QUESTIONS?

THANK YOU!