

FINAL TRANSCRIPT

Information Services Corporation

First Quarter Results Conference Call

Event Date/Time: May 6, 2015 — 11:00 a.m. E.T.

Length: 21 minutes

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS**Jonathan Hackshaw**

Information Services Corporation — Director, Investor Relations & Corporate Communications

Jeff Stusek

Information Services Corporation — President and Chief Executive Officer

Shawn Peters

Information Services Corporation — Chief Financial Officer, Vice President, Finance and Technology

CONFERENCE CALL PARTICIPANTS**Steve Arthur**

RBC Capital Markets — Analyst

Stephanie Price

CIBC — Analyst

Michael Urlocker

GMP Securities — Analyst

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

PRESENTATION**Operator**

Good morning, ladies and gentlemen, and welcome to Information Services Corporation First Quarter Results Conference Call. At this time, all lines are in listen-only mode.

Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for a question. If anyone has any difficulties hearing the conference, please press *, 0 for the Operator at any time.

I'd like to remind everyone that this call is being recorded on May 6, 2015.

I would now like to turn the conference over to Mr. Jonathan Hackshaw. Please go ahead.

Jonathan Hackshaw — Director, Investor Relations & Corporate Communications, Information Services Corporation

Thank you, Operator, and good morning, ladies and gentlemen. Welcome to Information Services Corporation's conference call for the first quarter ended March 31, 2015.

With me today are Jeff Stusek, President and CEO, and Shawn Peters, Vice President, Finance and Technology and Chief Financial Officer. Also in attendance is Kathy Hillman-Weir, Vice President, Corporate Affairs and General Counsel.

Jeff will start the call with a brief review of some of the highlights of the past quarter and Shawn will then provide summary details of our financial and operating performance before

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

handing the call back over to Jeff for some closing remarks. We will then conclude the call with a Q&A session where Jeff, Shawn, and Kathy will be available to answer any questions you may have.

Before we begin, we would like to remind everyone that we will only be summarizing results today.

ISC's consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2015, have been filed on SEDAR, and they're also available in the Investor section of our website under Financial Information. We encourage you to review those reports in their entirety.

I would also like to remind you that any statements made today that are not historical facts are considered to be forward-looking statements within the meaning of applicable securities laws. The statements may involve a number of risks and uncertainties that have been described in detail in the Company's filings, in particular in ISC's Annual Information Form dated March 17, 2015, and management's discussion and analysis for the quarter ended March 31, 2015. Those risks and uncertainties may cause actual results to differ materially from those stated.

Today's comments are made as of today's date and will not be updated, except as required under applicable securities legislation.

Today's conference call is being broadcast live over the Internet, and will be archived for replay approximately 48 hours after the call on our website at www.isc.ca.

I will now turn the call over to Jeff.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Jeff Stusek — President and Chief Executive Officer, Information Services Corporation

Thank you, Jonathan. Welcome, everyone, and thank you for joining us on the phone or via the web today.

The first three months of 2015 proved to be a challenging quarter for us with the Saskatchewan economy flowing more than the flattening that was expected.

As you know, the largest registry we operate and manage is the land registry, and the majority of revenue is derived from property transfers. Key transactions related to transfers of property are land transfers, mortgage registrations, and title searches. The revenue and volume of these three transactions will typically move in line with the fluctuation of land values and/or the volume of property transfers.

While land values in the first quarter of 2015 were relatively consistent with those in the first quarter of 2014, volume of land transfers were down about 15 percent, mortgage registration is down 2 percent, and title search is down 16 percent.

Simply put: there was a noticeable decline in the number of property transfers during the first quarter of 2015. However, we should put this quarter's performance into context.

If we look back at the registry's performance for every quarter over the last eight years, this quarter is not completely out of line. We must remember that between 2007 and 2014 the Saskatchewan economy was booming, and this is still a relatively good performance at a time when we are experiencing an economic slowdown.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

While we cannot ignore this economic slowdown, there are positive signs that the long-term outlook for the province continues to be good. Annual capital investment by the private sector in Saskatchewan has doubled since the mid-2000s, and demand and prices for our exports, such as natural gas, grains, potash, and uranium remain positive.

Turning to new business. As we mentioned on our last call, we were recently awarded a contract with Saskatchewan's Ministry of Labour and Workplace Safety to develop and administer an asbestos registry for Saskatchewan. On Monday, the website for the registry was officially launched, and we are extremely proud to be associated with this initiative.

This is an important step for us, and we will continue to pursue opportunities like this here at home.

With that, I will now pass the call over to Shawn to take you through a summary of the financial and operating highlights for the first quarter.

Shawn Peters — Chief Financial Officer, Vice President, Finance and Technology, Information Services Corporation

Thank you, Jeff, and good morning, everyone. Starting with our top line, revenue for the first quarter of 2015 totalled 16 million, a decrease of 1.4 million, or 8 percent, compared to 17.4 million for the same period in 2014.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

EBITDA for the first quarter was 3.8 million compared to 5 million for the same quarter last year, which resulted in ISC generating an EBITDA margin of 23.5 percent compared to 28.6 percent for the same period one year ago.

Adjusted EBITDA for the first quarter of 2015 was 3.8 million compared to 5.4 million in Q1 2014, and ISC's net income for the first quarter was 1.7 million, or \$0.10 a share.

In the first quarter of 2014, net income was 2.8 million, or \$0.16 per share.

And just a quick point about EBITDA. We've changed the manner in which we calculate adjusted EBITDA, and I would encourage you to refer to the MD&A for more details on these changes.

I'd now like to highlight some of the results of our registries, starting with the Land Registry, which also includes the Land Titles Registry, the Land Surveys Directory and Geomatics. Revenue for the first quarter of 2015 was 11.7 million, a decrease of 10.2 percent compared to the prior-year period.

Results were weaker in the first quarter of 2015 as compared to the same period in 2014, and as Jeff mentioned, this was due to a slowing Saskatchewan economy.

For the Personal Property Registry, revenue was flat at 2.1 million when compared to the same period in 2014, and finally the revenue for the Corporate Registry for the first quarter of 2015 was 2.2 million, a decrease of 2.9 percent when compared to the three months ended March 31, 2014.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Expenses were flat overall at 13.6 million for Q1 compared to the same period last year. Year over year, we saw a decrease in wages and salaries, professional and consulting services, and information technology costs, but this is offset by increases in our project initiatives, slight increase in our occupancy cost, depreciation and amortization, and other expenses.

Capital expenditures for the first quarter of 2015 were \$1 million compared to 0.7 million in the same period of 2014.

With respect to our liquidity and capital resources, ISC had \$37 million in cash on hand as at March 31, 2015, compared to 33.6 million at the end of December 2014.

Free cash flow for the quarter ended March 31st was 2.1 million compared to 1.9 million in the same period last year. The increase was due to less income tax paid during the first quarter of 2015 as compared to the first quarter of 2014.

Despite the impact on our revenue in the first quarter, we continue to generate healthy free cash flow. And we also announced yesterday that our Board of Directors approved our second quarterly cash dividend for 2015 in the amount of \$0.20 per share. The dividend will be payable on or about Wednesday, July 15th to holders of record of Class A limited shares at the close of business on Tuesday, June 30, 2015.

That concludes my remarks on our financial and operating performance for the quarter. I'll now turn the call back to Jeff for some concluding remarks.

Jeff Stusek

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Thanks, Shawn. There is no question that the slowing of the economy has affected us, and given the majority of our revenue is linked to economic conditions in Saskatchewan we continue to expect that revenue for the remainder of 2015 will be impacted.

However, as I said at the start of the call, the long-term indications for Saskatchewan remain positive. In the short term, given the impact in the first quarter and our current trending, we now expect the EBITDA margin for fiscal 2015 to be about 2 percent lower than previously forecasted.

As mentioned during our annual results conference call in March, we will continue to keep a close eye on our expenses, but we'll also continue to reinvest in our current business to ensure long-term success. As such, our expectations for our capital expenditures in 2015 remain unchanged and will be in the range of 4 million to \$6 million, all funded from operating cash flow.

Ours is a long-term business, the performance of which cannot be viewed from a quarter-to-quarter perspective. We have an excellent foundation as a Company, and our balance sheet is solid. Our cash flow remains robust and continues to be able to support the dividend.

Most importantly, the dedication of our people to providing excellent customer service remains steadfast. With this, I believe that the key fundamentals are in place for us to be able to create lasting shareholder value.

That concludes my formal remarks, and I will now turn the call back over to Jonathan.

Jonathan Hackshaw

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Thanks, Jeff. Operator, we'd now like to begin the question-and-answer session.

Q&A

Operator

Thank you. Ladies and gentlemen, should you have a question, please press *, followed by 1 on your touch-tone phone. If you're using a speakerphone, please lift your handset before pressing any keys. One moment please for your first question.

Your first question comes from Steve Arthur from RBC Capital Markets. Please go ahead.

Steve Arthur — RBC Capital Markets

Yes. Thank you. Just a couple of questions. First, I guess, just looking at the revenue line I guess being down this year with housing volumes and pricing is quite expected. I'm just wondering if in this environment if it's possible to accelerate some of these other initiatives you have going on? You mentioned the asbestos registry, which is coming on line quickly, which is good. Just curious of how material the contribution from that one should be and/or if there's others along the way that you're working towards?

Shawn Peters

Hi, Steve. It's Shawn. Just from a materiality standpoint, the asbestos is a very small registry. Right now the legislation in Saskatchewan is limited to government buildings and school districts, health districts, and that sort of thing, so it's a fairly limited registry.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

In this case it was a bit more of a demonstration of what we could do for the province in terms of new registries, and that's why we're excited about it, but from a financial perspective it's not going to be material at all.

Jeff Stusek

And, Steve, this is Jeff here. And further to that, I think what we're doing around the acceleration of an initiative is—or quite frankly we're moving as quickly as possible to try to get as many growth opportunities in the hopper as we can. These things take some time to close and get done. So the announcement of the asbestos registry was important as a proof of concept, like Shawn said, that we are able to deliver on things that we aren't currently delivering on, so the asbestos registry is a demonstration of that.

And we look for opportunities like that both in Saskatchewan and externally as well.

Steve Arthur

Okay. So we'll stay tuned with those. I guess on the cost side, I'm just wondering what other actions you can take or would consider here, not so much—well, I guess, either lowering it outright, steps to move it; lower outright, or over the medium term if there's other things you can do towards making things more variable with the revenue line if that's something that you could consider as possible?

Shawn Peters

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

There aren't a lot of options for us from a variable cost perspective. The levers and triggers that we have remain the same.

At this point we talked about expenses being flat quarter over quarter, so this year over last year we've done a pretty good job of watching our expenses to make sure that they didn't escalate, and in some cases to become more efficient because we've offset the impact of inflation.

But really the levers still remain in our project and our CapEx, and as Jeff mentioned, at this point we're taking a longer-term view of it. And so those things are still in our list and that's why our EBITDA margin we're forecasting it down slightly, but those are still available to us if we need to pull those.

Steve Arthur

And I guess just a final detail point. Under the MSA there's price increases for some of your components. Just curious if you a) when they should take effect? And what the kind of percentage impact might be over the course of all your product lines?

Shawn Peters

So those changes, if we implement those, and it's our previous practice last year that we implemented them in July 1st, so July 1st would be about the timing that we would do them. And that's with Saskatchewan all-in inflation.

So that's the amount that the prices would increase by, which, yeah, I don't have the number off the top of my head. It would probably still be being calculated as we move forward, but it'd be around 2 percent.

Steve Arthur

Right. But that's 2 percent applied to what proportion of your overall revenue? I guess I can look that up as well, but the...

Shawn Peters

Yeah. It'd be any of the non-value fees, so the flat fees. I'd have to...

Steve Arthur

Right.

Shawn Peters

Look at what the percentage is, but...

Shawn Peters

Okay. I can dig that as well. Okay. Thank you. I'll pass the line for now.

Operator

Thank you. Your next question comes from Stephanie Price from CIBC. Please go ahead.

Stephanie Price — CIBC

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Good morning. Just following on Steve's question around expenses, you mentioned CapEx is maybe a lever you could pull. Can you talk a bit about the CapEx spend and what percentage is necessary for this year and what was growth CapEx?

Shawn Peters

Sure, Stephanie. From a CapEx perspective we have one significant, or what we're calling significant project, and that's our Corporate Registry modernization, which we talked about in previous quarters. So that's one that we have planned. And absent something really odd, we expect to continue with that one through the year.

The remainder of the projects are not really necessary per se for the year. They're projects we'd like to do and continue to move the business forward, but if we had to we could certainly take a pause on some of them.

So it's really the only—Corporate Registry is the only one that we'd really continue for the year for sure.

Stephanie Price

Okay. Great. And then in terms of Q2, I mean this is typically one of your seasonally strong quarters. Can you talk a little bit about what you're seeing at the moment and if it's been in line with sort of CMHC forecasts around housing?

Shawn Peters

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

That's sort of a—we do watch it, but it's a month-to-month thing. And one month they'll announce that housing starts are down and the next month they'll be up. I think what we're seeing, we talked about late last year, was a bit of a flattening.

As Jeff mentioned, we saw a bit of a sharper downturn in the first quarter, early in the first quarter, but then flatten a little bit in the last part of the first quarter. So that's the trend that seems to be continuing at this point.

Stephanie Price

Okay.

Shawn Peters

And I would expect we'll see some adjustments to CMHC's forecast the next time it comes out, just to adjust for that as well.

Stephanie Price

Okay. And then just maybe finally for me in terms of the pipeline and the other new registries and business opportunities. Can you talk a bit about whether the pipeline has changed at all from sort of last quarter when we were talking about it?

Jeff Stusek

You mean from growth opportunities, Stephanie?

Stephanie Price

Yeah. Exactly.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Jeff Stusek

So I think these things, because of the sales cycle, we advance some and some change. And we have talked on this call previously, for example, about Alberta. And with the election results last night that obviously is a changing dynamic, and so there's advancements in some cases and steady state in others.

We're not imminently ready to announce anything per se. We're just continuing trying to advance the files. The sales cycle, as I've said in the past, are long, and they take a lot of work. We're continuing to work on all fronts clearly on that.

Stephanie Price

Great. Thank you.

Shawn Peters

Thank you, Stephanie.

Operator

Thank you. Your next question comes from Michael Urlocker from GMP Securities. Please go ahead.

Michael Urlocker — GMP Securities

Thanks, Jeff. Hey, I wonder if you could just offer a bit of a perspective on how you look at expenses. There's a bit of a downturn in your core market, and I think we all understand that. Do

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

you see much room for tightening the belt on expenses? Or is it kind of we have to hold steady here and suffer through whatever the economy delivers?

Jeff Stusek

Well, probably a little right between those two—

Michael Urlocker

Mm-hmm.

Jeff Stusek

—of extremes, Michael. We'll continue to manage the cost judiciously from our end. I think as we start looking forward, remember—and we think this, quite frankly, that our business is a long-term business with a long-term contract and some stability.

Michael Urlocker

Mm-hmm.

Shawn Peters

So we're going to take a balanced approach to this and not react on a quarter-by-quarter fluctuation. We are prepared as a management team to make the difficult decisions if we see that this is going to be a sustained situation, but at this point we're taking a very balanced approach to the management of cost.

Michael Urlocker

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Okay. Thank you. I think that's helpful. And then I think in your press release you did refer to EBITDA being 2 percent lower. I just wanted to maybe get a—make that more precise. I think in the past, if I understood correctly, management said the longer-term goal would be a 40 percent EBITDA margin. Are you signalling 38 is a reasonable margin? Or are you saying something different than that?

Shawn Peters

Michael, no, it's—the 40 percent is still our long-term target, and we still believe that that's an attainable goal over the long term. What we're seeing—and so as Jeff spoke to, we're not making any knee-jerk reactions from an expense side just based on the one quarter. We'll continue to monitor that, but the impact of that means that our current year—or forecasting that will impact EBITDA by about 2 percent.

So we're down into the 34 to 35, 36 range.

Michael Urlocker

Okay.

Shawn Peters

But long term we're still—the 40 is still our target, and we'll still continue to work to get to that.

Michael Urlocker

Okay. Thank you. I think that's very helpful. I appreciate it.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Jeff Stusek

Thanks, Michael.

Operator

Thank you. Ladies and gentlemen, as a reminder should you have a question, please press *, followed by 1.

There are no further questions as this time. Please proceed.

Jonathan Hackshaw

Thank you, Operator. So with no further questions, I'd like to thank everybody for joining us again on today's call, and we look forward to reporting to you again when we report our second quarter. Have a good day.

Operator

Ladies and gentlemen, this concludes your conference call today. We thank you for participating and ask that you please disconnect your lines.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »