Operator: Ladies and gentlemen thank you for standing by. Welcome to the First Quarter Earnings conference call. During the presentation all participants will be in listen only mode. Afterwards we will conduct a question and answer session.

At that time if you have a question, please press the one followed by the four on your telephone. If at any time during the conference, you need to reach an Operator, please press the Star zero.

As a reminder this conference is being recorded Wednesday, May 11, 2016. I will now turn the conference over to Scott Stewart, Chief Executive Officer IBI group. Please go ahead, sir.

Scott Stewart: Good morning and thank you for joining us on this first quarter 2016 earnings call. Joining me today on the call is our Chief Financial Officer, Steven Taylor. Prior to commencing the call, I will ask Steven to read the following disclaimer about forward-looking statements. Steven?
Steven Taylor: On behalf of IBI Group I'm required to note at the outset that we may make some forward-looking statements. Statements made on this call which are not historical fact are forward-looking statements that involve risks, uncertainties, and other factors that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements.

This forward-looking statement information includes or may be based upon estimates, forecasts, guidance, and statements as to management's expectations.

Although the company believes that the assumptions inherent in the forward-looking statements are reasonable, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

A number of factors could cause actual results to differ materially from those in forward-looking statements, including general economic, market, or business conditions. And the factors discussed in the company's annual information form filed with the Canadian Securities Regulatory Authorities.

Undue reliance should not be placed on these statements which only apply as of the date of this call. The company undertakes no obligation to update or revise any forward-looking statement.

Whether as a result of new information, future events, or otherwise, unless expressly required by applicable securities laws. I would now like to turn the call back to Scott.
Scott Stewart: Thanks Steven. Yesterday afternoon management announced that it's forecasting approximately 355 million in total revenue for the year ending December 31, 2016.

The company currently has 411 million dollars of work committed and under contract through and until 2018. And we are focusing on growing that number.

We continue to see an increase committed work to be completed in 2016, with a backlog of approximately 10 months. The company has returned to adjust the EBITDA margins that are in line with industry averages.

Over this quarter, the company paid $4 million towards its credit facilities, while revenue increased 14.3% compared to the same period in 2015. We believe IBI is well-positioned to capitalize on the international movement towards greater urbanization.

This will translate into growing demand for public and private investment in urban infrastructure. According to McKenzie Global Institute, today 80% of the world's GDP is generated in cities.

It's estimated that by 2050, almost 70% of the world will live in cities. IBI's interdisciplinary expertise in the residential, transportation, education, and healthcare sectors, as well as our excellence in building intelligence systems, positions IBI as the world's leader for the future and the evolution of smart cities.

Management continues to focus on providing the highest quality service and expertise to our clients. We remain optimistic and believe we are in a very
good position for a successful 2016. I will now turn it over to Steven into discuss the operational highlights.

Steven Taylor: Thank you Scott. Adjusted EBITDA for the 3 months ended March 31, 2016, increased to 9.2 million from 6.5 million in the same period in 2015. The increase of 2.7 million is a result of stronger operating performance from a decrease in operating expenses and an increase in revenue generated from both the Canadian and U.S. businesses.

Revenue for the 3 months ended March 31, 2016, increased 11.1 million or 14.3 million compared to the same period in 2015. The increase in revenue is due to growth in both the Canadian and U.S. businesses, as well as the impact of foreign exchange on U.S. and international revenues.

The impact of foreign exchange on revenue for the 3 months ended March 16, was an additional 2.4 million of revenue compared to the same period in 2015. For the 3 months ended March 31, 2016, the company had a net loss of 3.8 million compared to net income of 2.5 million for the same period in 2015.

Net loss for the 3 months ended March 31, 2016, is inclusive of a foreign exchange loss of 7.2 million compared to a gain of 3.3 million, which was included in net income for the same quarter in 2015.

The company recorded a foreign exchange gain of 8.7 million and 2.1 million, respectively, during the years ended December 31, 2015, and December 31, 2014, as the Canadian dollar weakens against the U.S. dollar and the British pound.

The foreign exchange loss during the 3 months ended March 31, 2016, reflects a reversal of that trend in foreign exchange and world markets. Basic and
diluted earnings per share was a loss of 12 cents per share for the 3 months March 31, 2016, compared to earnings per share of 11 cents per share for the same period in 2015.

Cash flows from operating activities for the 3 months ended March 31, 2016, were 5.8 million compared to 4.5 million for the same period last year. The increase in operating cash flows is primarily due to an increase in adjusted EBITDA of 2.7 million.

A decrease in interest paid of 700,000, offset by an increase in taxes paid of 900,000 and a decrease in non-cash operating working capital of 300,000. As well, the realized foreign exchange laws on the U.S. dollar credit facilities of $900,000 was incurred during the 3 months ending March 31, 2016.

Day sales outstanding as of March 31, 2016, decreased by 20 days compared to March 31, 2015. And from 85 days to 82 days since December 31, 2015. Work in process has increased by 9 million since December 31, 2015. And decreased by 2.6 million since March 31, 2015.

This change in whip has impact - or has been impacted by the change in revenue. There was a decrease in whip due to foreign exchanges at March 31, 2016 at 1.3 million compared to an increase due to foreign exchange of 5.7 million as at December 31, 2015. The company monitors whip to ensure that any accounts where billing may be an issue are dealt with in a timely matter. Now, I'll turn the call back to Scott.

Scott Stewart: Thanks Steven. Operator, we are now ready to take questions and we'll respond as appropriate.
Operator: Thank you. Ladies and gentlemen, if you'd like to register a question please press the 1 followed by the 4 on your telephone. You'll hear a three-tone prompting (unintelligible) request.

If your question isn't answered and you'd like to withdraw your registration, please press the 1 followed by the 3. If you're using a speaker phone please mute your handset before entering a request. One moment please for the first question.

And our first question comes from the line of (Yuri Link) from Cataqua Genuity in Montreal Quebec. Your line is open, please go ahead.

(Yuri Link): Hey, good morning.

Scott Stewart: Good morning (Yuri).

Steven Taylor: Hi, (Yuri).

(Yuri Link): Hey. Good quarter guys. I just want to get a little more clarity on the guidance. You left the revenue guidance unchanged. I think that implies the back half of the year, or the next three quarters, kind of flows from the 14% you did in Q1 to more 7% growth for the back of the year. Is that currency induced or was some revenue pulled forward into the first quarter? Just any color on why we'll see a flowing in the growth rate.

Steven Taylor: I think, (Yuri), that we've met what our plan was for the first quarter. We're not really certain at this point in time which way both the pound and the U.S. dollar are going to move over the coming months. And if there is a movement where the Canadian dollar were to continue to strengthen, then there could be some pressure on that 355.
Weighing all those factors together, we decided that we would stick with the number that we went with at the last earnings call. We think we can deliver that for the year.

(Yuri Link): Okay. When you put the guidance out it was, I think, in March, were you using exchange rates that we were looking at, at that time? That were in the market?

Steven Taylor: Yes. I think that the Canadian dollar has begun to strengthen at that point in time. And I think we went through the same thought process then that we've gone through again this quarter.

You know, there's been relative stability over the course of the last month and a half in the currency numbers. But a lot of it is dependent on factors such as world oil prices and it remains to be seen where those go.

(Yuri Link): Got you. The 15% of your business that's international, is the bulk of that UK? Just so I can try and figure the currency impact on that portion of your business.

Steven Taylor: Our UK business makes up approximately 10% of the total revenue dollars in IBI.

(Yuri Link): Got you. Just want to hit on margins. Good progress made on, as you mentioned in your prepared remarks. So you're back within the industry average.
I guess the question is, are you guys above average or can you continue to, kind of, bump those up? Or are you, you know, satisfied with where they are? And maybe how utilization might play a role in those margins going forward?

Scott Stewart: I think we're satisfied in where they are. The range on the medians in our business is, as we said before, 8 to 12. And that range is determined by the nature of the business and the scale of the operation.

We don't see any reason why we should have reduction in that margin. We are managing our resources well and we have a strong back log. And we anticipate that with continued improvement and progresses. We will potentially, not this year but in time, improve on our margins.

(Yuri Link): Okay. I'll turn it over guys, thanks.

Steven Taylor: Thanks (Yuri).

Scott Stewart: Thanks (Yuri).

Operator: Our next question comes from the line of (Samir Gafir) from Raymond James in Vancouver, British Colombia. Your line is open, please go ahead.

(Samir Gafir): Hi, good morning. Congratulations on another great quarter. We know you guys have had a lot of success securing work related to big transit projects in Canada recently.

Just wondering how this compares to what you guys are currently seeing in the U.S? Have you seen an uptick with regards to transit projects developing since the start of the year with the fast track being signed?
Scott Stewart: We are seeing a lot more discussion and a lot more planning activity associated with the transit initiative. We're not seeing at the moment anything that is forming itself into anything concrete.

All be it, we have been successful in selective work and in transit, be it in New York or in California on the high speed rail. But it's not really a manifestation of the new bill that's being passed.

That will take some while to really flow through the system. The other challenge that we do see in the United States, when it comes to big transit projects is the potential for, and the extended discussion around (P3) initiative.

And certainly our experience in Canada, working with the major contractors in Canada as well as other international contractors, put us in good position because we really understand that model very, very well. But we are seeing that the government (organizations) and the number of states in particular has caused that process to be very slow in being adopted.

It's been a long standing discussion about changing the methodology of delivering the major infrastructure projects and it's still quite slow to really grab hold. But we're watching it very closely. It is an area that we see as being a major opportunity for us in the U.S.

(Samir Gafir): Okay, great. Thanks for that. And in the UK, I know there are some concerns developing about the possible (unintelligible) just curious to get your thoughts on that and how you think that could affect your business?

Scott Stewart: Well, at the moment we're not seeing any impact on the (breakfast). Certainly if it actually happened, I think there would be a major reset, not only for IBI
but for everyone. But as I say, at the moment we would see that our current work would continue, the contracts would extend.

We don't get a lot of leverage out of the UK into the rest of Europe. And so it would still be largely a domestic position that we would have there. Our other international work reports directly back to Canada.

(Samar Gafir): Yes. Okay. Thank you, that's all I have for now.

Operator: Our next question comes from the line of (Maxim Scheve) from National Bank Financial in Toronto, Ontario. Your line is open, please go ahead.

(Maxim Scheve): Hi, good morning gentleman.

Scott Stewart: Morning (Max).

Steven Taylor: Hi (Max Scheve).

(Maxim Scheve): I'm just wondering if you don't mind maybe expanding a little bit in terms of the outlook on healthcare and education markets. Maybe if you go from, you know, kind of Canada, U.S. and the UK. Thanks.

Scott Stewart: Well the healthcare market is quite different than what we had experienced in the past, where we were dealing with very large world scale hospitals such as the (Miguel) and also the sub general hospital in (Glasgow). Both of which opened this past year.

We're seeing that healthcare area is more focused on smaller facilities and - but there's still a great deal of work in that area. And we are tracking it, there
are some significant opportunities in - or a particular opportunity in DC that we are very engaged with at the planning stage at the moment.

We still see healthcare as an important practice on a world scale. And we're drawing on our significant capabilities, both in Canada as well as the UK to put together what we call our Health Plus Program.

Expanding our service offerings through the United States as well as internationally. It's a different model in the U.S. in terms of how healthcare is delivered, but we do see some important opportunities for us.

Education, we have had a very strong education practice in the U.S. and in particular in through Texas and the West Coast. All branded under what we call Learning Plus, which is more focused on the end user services.

And bringing that back in to design. We see that like Healthcare Plus, Learning Plus establishes a brand of excellence in healthcare that - sorry in learning and education that allows us to design facilities that are really quite unique.

And we're setting it up as a national/international practice of excellence. It is a market that is highly dependent upon, at the moment anyway, government funding through bonds. And we see a steady backlog of that work at least through the rest of this year and into the early part of next year.

(Maxim Scheve): Okay, now that's very helpful. And in terms of - I mean if we're trying to sort of establish (buckets) on transportation, healthcare, and education can you just maybe provide the percentages, you know, from that perspective, on the top line if it's possible?
Scott Stewart: Unfortunately, we don't have a good breakout of the work in that form, because often times when we speak of transportation as an example, it involves engineering architecture systems and we don't have a great breakout of that structure in terms of - at least at the moment unless, (Steven), you have any other information.

(Maxim Scheve): No, that's fine. And then maybe just last question, as backlog is obviously building, you know, revenues turning in the right direction, can you maybe please comment in relation to the headcount? Are you starting to consider right now ramping up from a hiring perspective or do you have enough resources in house? Thanks.

Scott Stewart: We have been ramping up for the past year in terms of hiring. We're now approaching 2,500 staff and that's from a low of about 2,200 a couple of years ago. We are very mindful of utilization. So we are managing those resources very effectively to ensure margin.

But we are also making as appropriate strategic hires to diversify the practice. Especially in more senior positions to help us lever into the downstream asset management and operations of the many assets that we design.

(Maxim Scheve): Right. And then in terms of - how would that headcount compare to Q1 2015 roughly?

Steven Taylor: About 200 more people.

Scott Stewart: Yes.

(Maxim Scheve): Two-hundred more people, okay. That's helpful. And sort of last question, just in terms of Real Estate optimization, is there anything else to do or you feel
right now that you have extracted all of the potential synergies from the hard assets and the leases and things like that?

Scott Stewart: In terms of our costs?

(Maxim Scheve): Yes. Or as...

Steven Taylor: Well, I think this is an ongoing effort that one of the things about our business, the Real Estate, we are involved in longer term leases in all of the locations where we have operation. And certainly it's a quarterly thing that we're going through and looking at.

Does it make good commercial sense for us to continue on in a particular office location? Does it make sense to consolidate offices in some cases? For us in many geographies it's very important that we continue to have an office in those locations if we're going to continue to bid and win work.

So all of these factors have to be added together. Overall it is an objective of management to ensure that that number of rental expense comes down somewhat. And you will see a decrease this year over what we had last year.

(Maxim Scheve): Okay. That's very helpful, thank you. Thank you very much (unintelligible).

Scott Stewart: Thanks (Max).

Operator: Our next question comes from the line of (Mona Nazir) from Laurentian Bank in Montreal Quebec. Your line is open, please go ahead.

(Mona Nazir): Good morning.
Scott Stewart: Good morning.

Steven Taylor: Hi, (Mona).

(Mona Nazir): So just a couple question from me. You're seeing some strength in both Canada and the U.S. And particularly in Canada, a number of your peers continue to see significant contraction. What do you think differentiates you or why are you experience growth or perhaps being more optimistic?

Is it because of your location being headquartered in Ontario, so you're capturing increased infrastructure spend? Is it the type of work that you do? Is it less exposure to Western Canada? Any insight you could give would be helpful.

Scott Stewart: All of the above. The really important distinguishing feature of IBI is their focus on urban environments. Other than our presence in (Fort) (unintelligible) we really aren't tied to Resource Industries.

And as a result we have not seen - not experienced any downturn in our business. And to give some reference to that, when we look at the number of jobs that have been created in Canada in 2015, the (contracts) board of Canada indicated some growth of 140-150,000 jobs.

Sixty to 70,000 was - or 60,000 was in the Vancouver area. And the remainder was in Ontario or the Toronto area. And it was a negative employment position in the rest of the country.

And so we see that coupled with the intensification from residential development standpoint is just keeping our Ontario urban practicing and our Western urban practice very, very busy.
Vancouver is extremely busy as is Toronto. All supporting that urban development. As indicated in the opening comments, we see that urbanization is a force that is going to continue for a considerable period of time.

And it's really independent of core industrial development. So we're very comforted by being in that market. And the real opportunity for us is to, as we have said before, lever off of that capability and experience and reputation into other markets in the UK and in the United States where urbanization is gaining significant footage.

(Mona Nazir): Thank you. And then just secondly, turning to the leverage, is your plan for debt just steady as you go as revenue increases and margin turns upward on a year to year basis leverage will just come down naturally. Is there anything else that you're planning to do to reduce debt levels this year?

Steven Taylor: We don't have any other capital plans in place. We did the conversion of the $10 million of debt and the (rights) offering at the end of last year. We do not have any other similar plans in place at the moment.

But it remains the key focus of the management team to keep getting those leverage ratios down. Driving investment in working capital down to the extent that we can, and to continue to repay the debt that's outstanding.

(Mona Nazir): Okay, that's great. Thank you, that's it for me.

Operator: And there are currently no further questions on the phone lines at the moment.

Scott Stewart: Thank you everyone for your questions and for joining us this morning. Have a very good day.
Operator: Ladies and gentleman that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.

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