



TSX: IBG

IBI GROUP INC. ANNOUNCES STRONG Q1 2019 RESULTS HIGHLIGHTED BY 11.5% ADJUSTED EBITDA MARGIN

Toronto, Ontario – May 9, 2019 – IBI Group Inc. (“IBI” or the “Company”), a global design and technology firm, today announced its financial and operating results for the three months ended March 31, 2019. Select financial and operational information is outlined below and should be read with IBI’s audited consolidated financial statements (“Financial Statements”) and management’s discussion and analysis (“MD&A”) as of March 31, 2019, which are available on SEDAR at www.sedar.com and on IBI’s website at www.ibigroup.com.

IBI’s Q1 2019 results demonstrate the continued strengthening of the Company’s business, including adjusted EBITDA¹ that was 17.6% higher than the same period in 2018, with a healthy Q1 2019 adjusted EBITDA margin of 11.5%.

Q1 2019 Highlights:

- Net revenue totaled \$93.7 million, 3.2% higher than the same period in 2018, supported by further strengthening of the U.S. operating segment which has trended positively over the past five quarters, as well as continued strong performance from the Canadian sector.
- Adjusted EBITDA¹ for Q1 2019 was \$10.7 million or 11.5% of revenue, a 17.6% increase over the \$9.1 million and 10.1% of revenue recorded in Q1 2018.
- Continued improvements were realized in the U.S. operating segment, which recorded a significant increase in adjusted EBITDA¹ to \$1.8 million in Q1 2019 from a loss of \$0.9 million in Q1 2018, related to ongoing cost-saving initiatives primarily in the Buildings practice and an increase in backlog in the region.
- IBI continued to advance its strategic pivot to a technology-driven service provider focused on generating enhanced margins and improved efficiencies and posted \$2.8 million of adjusted EBITDA¹ from Intelligence in Q1 2019, achieving a margin of 16.4%.
- Cash flows from operating activities totaled \$7.5 million in Q1 2019, a 114% increase over \$3.5 million generated in the same period in 2018.

¹ See “Definition of Non-IFRS Measures” in the MD&A.

- Net income from operations¹ increased 20.5% to \$4.7 million in Q1 2019 compared to \$3.9 million in the comparable period in 2018 and resulted in earnings per share from operations¹ (basic and diluted) of \$0.13 for the three months ended March 31, 2019 compared to \$0.10 in the same period in 2018.
- Basic and diluted earnings per share were \$0.06 in Q1 2019 compared to \$0.20 in Q1 2018 and \$0.10 in Q4 2018. The decrease is primarily due to lower net income, slightly offset by a higher weighted average number of common shares outstanding stemming from the exercise of deferred share units and stock options.
- To further advance its technology strategy, IBI launched *TravellIQ* earlier today. This cloud-based, white-label web and mobile traveler information software solution is designed for public and private-sector clients to provide informed, real-time trip planning to the public.
- IBI also announced a strategic initiative that will enable the Company to leverage Microsoft's Azure cloud environment to host two recently-released SaaS (software-as-a-service) products and to develop a series of productivity chatbots within the Microsoft Office 365 platform.

"I am very pleased with IBI's 17.6% increase in adjusted EBITDA in Q1 2019, supported by our net revenue growth year-over-year and continued positive trends in our US business segment," said Scott Stewart, Chief Executive Officer of IBI Group Inc. "IBI's strategic technology pivot continued to accelerate during the quarter with the launch of our *TravellIQ* software solution, the expanded features provided to our existing intelligent travel software systems and a key strategic engagement with Microsoft that further supports our drive to provide clients with a new way of approaching the market while increasing IBI's ability to generate recurring revenue with higher margins."

¹ See "Definition of Non-IFRS Measures" in the MD&A.

Financial Highlights

(in thousands of Canadian dollars except per share amounts)

	THREE MONTHS ENDED	
	MARCH 31,	
	2019	2018
	(unaudited)	(unaudited)
Number of working days	62	62
Gross revenue	\$ 113,674	\$ 111,329
Less: Subconsultants and direct costs	19,941	20,514
Net revenue	\$ 93,733	\$ 90,815
Net income	\$ 2,351	\$ 7,556
Net income from operations ¹	\$ 4,696	\$ 3,914
Cash flows provided by operating activities	\$ 7,540	\$ 3,522
Basic & diluted earnings per share	\$ 0.06	\$ 0.20
Basic & diluted earnings per share from operations ¹	\$ 0.13	\$ 0.10
Adjusted EBITDA ¹	\$ 10,746	\$ 9,143
Adjusted EBITDA ¹ as a percentage of net revenue	11.5%	10.1%

Notes:

¹ See "Definition of Non-IFRS Measures" in the MD&A.

Q1 2019 Review

IBI's first quarter results demonstrated continued performance and execution of the Company's business model and the success of its ongoing strategic pivot to a technology-focused architecture, engineering and design firm. With additional launches of new technology-based products and software-as-a-service ("SaaS") offerings, such as *TravellIQ*, IBI is well-positioned to continue adding value for existing clients and creating new recurring revenue streams.

Revenue Growth Reflects Continued Strength in U.S. Operations

Net revenue for the quarter increased 3.2% to \$93.7 million, compared to \$90.8 million for the same period in 2018, attributable to stronger operating performance in the U.S. segment, supported by continued stable contributions from the Canadian segment. Operating performance benefitted from continued work on large transit and P3 projects, as IBI was awarded new Intelligence-focused projects in both Canada and certain parts of the U.S. In the U.S., net revenue totaled \$26.5 million in Q1, up 6.0% relative to 2018, while Canadian net revenue rose 4.4%. Adjusted EBITDA¹ from the U.S. operating

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segment was \$1.8 million, a significant increase over the same period in 2018 directly attributable to successful restructuring operations and cost efficiency implementations through 2018.

IBI expects to continue realizing the benefits of these initiatives through 2019 and beyond, and the Company anticipates that the U.S. operating segment will return to normalized levels by year end 2019.

Significant Increase in Adjusted EBITDA¹

Adjusted EBITDA increased to \$10.7 million (or 11.5% of revenue) in Q1 2019 compared to \$9.1 million (or 10.1% of revenue) for the same period in 2018, an increase of approximately 17.6%. Quarter-over-quarter, IBI's Q1 2019 adjusted EBITDA rose 30.5%.

Net Income from Operations¹ Increases 20% Year-over-Year

IBI's net income from operations of \$4.7 million was 20.5% higher than Q1 2018, generating \$0.13 per share basic and diluted compared to \$0.10 for the same period in 2018. In Q1 2019, the Company recorded net income of \$2.4 million, compared to \$7.6 million in Q1 2018. Net income for Q1 2019 includes a pre-tax loss in fair value of other financial liabilities of \$0.9 million, compared to a pre-tax gain of \$4.1 million in the prior year period, reflecting changing market conditions and the impact of implementing IFRS 16 Lease Accounting standard which resulted in property leases being reclassified as right-of-use assets and the obligations related to the lease payments as lease liabilities on the statement of financial position.

Q1 earnings per share (basic and diluted) was \$0.06, compared to \$0.20 per share (basic and diluted) for the same period in 2018. The decrease was primarily driven by the decrease in net income, and slightly offset by a higher weighted average number of common shares outstanding in Q1 2019 compared to Q1 2018, reflecting the exercise of deferred share units and stock options.

Growth in Buildings Practice

IBI's Buildings practice continued to grow with a 6.9% increase in Q1 2019 net revenue relative to Q1 2018, generating an operating profit margin of 19.9%, compared to 14.9% in the same period in 2018. The Company's Intelligence practice also demonstrated solid performance, with 16.4% operating profit margin in Q1 2019 and net revenue growth of 4.3% over Q1 2018 as the Company continues to successfully execute its technology pivot. IBI's Infrastructure practice generated net revenue that was 4.9% lower than Q1 2018 with margin compression to 5.1% from 10.0% in the same quarter of 2018, reflecting delays in the approval and advancement of new, larger-scale Canadian infrastructure contracts, particularly in Ontario given the change in government.

Further Success in Intelligence with New Product Launches

The launch of *TravellIQ* traveller information software is part of IBI's Strategic Plan and a key addition to the Company's growing portfolio of new SaaS products which support the creation of additional, recurring revenue streams. IBI's traveller information technology has been a significant contributor to the Intelligence practice for more than a decade. It is currently being deployed across Ontario and Alberta and serves several U.S. states.

IBI will be hosting *TravellIQ* and its new asset management software solution, *InForm by IBI*, in the Microsoft Azure cloud computing environment. Leveraging Microsoft's Azure infrastructure provides a

¹ See "Definition of Non-IFRS Measures" in the MD&A

go-to-market channel for IBI's smart city software portfolio and offers an extensive global network of marketing and technical support. IBI has also developed a series of productivity chatbots within the platform, taking advantage of Azure's intelligence services as well as its hosting capabilities. IBI's series of industry-leading chatbots are designed to increase efficiency and productivity of staff and demonstrate the application of technology and improved processes to the Company's core professional consulting business.

2019 Guidance & Outlook

Management confirms its previous total revenue forecast for 2019 of approximately \$374 million. Currently, IBI has \$392 million of work committed and under contract for the next five years. This contracted work translates to approximately 12 months of backlog based on the current pace of work that the Company has achieved during the twelve months ended March 31, 2019.

Intelligence – IBI expects to continue launching new products across North America through 2019 and believes the Company is ideally positioned to meet client demands for new technology-enabled products across its core business. The Intelligence practice will remain at the forefront of IBI's tech pivot, as the Company works toward achieving its 20/20 in 2020: generating 20% of its adjusted EBITDA from Intelligence while targeting 20% operating profit margins by 2020.

Buildings – As global urbanization continues its rapid pace, IBI expects increased demand for its Buildings services. IBI is currently leading approximately 55 major urban planning projects and anticipates a steady and consistent workflow throughout 2019.

Infrastructure – Despite a delay in terms of infrastructure contracts being awarded primarily due to changes at varying levels of government in Canada, the Company expects a rise in infrastructure projects in 2019. With a strong Infrastructure team in place, IBI is well-positioned to win its share of anticipated contracts this year.

Investor Conference Call

IBI will hold a conference call at 8:30 a.m. (Eastern Time) on May 10, 2019 to discuss these results. A recording of the conference call will be available within 24 hours following the call at the Company's [website](#). The conference call replay will be available until May 24, 2019.

Conference Call Details:

Date: Friday, May 10, 2019

Time: 8:30 a.m. ET

Dial In: North America: 1-888-224-3716

Dial In: Toronto Local / International: 1-416-981-9073

Replay: North America: 1-800-558-5253

Replay: Toronto Local / International: 1-416-626-4100

Replay Passcode #: 21920093

Annual Meeting of Shareholders

Following the Q1 2019 investor conference call, IBI will host its Annual Meeting of Shareholders at the Company's headquarters at 55 St. Clair West, Toronto, ON, M4V 2Y7 on Friday, May 10, 2019 at 10:00 a.m. ET. Following the formal part of the meeting, Scott Stewart will share his keynote on IBI's Strategic Plan and outlook for 2019.

About IBI Group Inc.

[IBI Group Inc.](#) is a globally integrated architecture, planning, engineering, and technology firm with over 2,600 professionals around the world. For more than 40 years, its dedicated professionals have helped clients create livable, sustainable, and advanced urban environments. IBI Group believes that cities must be designed with intelligent systems, sustainable buildings, efficient infrastructure, and a human touch. IBI Group is a lead partner of the Smart Cities Council North America. Follow us on Twitter @ibigroup and Instagram @ibi_group.

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Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary entities, including IBI Group Partnership ("IBI Group") or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties, including those related to: (i) the Company's ability to maintain profitability and manage its growth; (ii) the Company's reliance on its key professionals; (iii) competition in the industry in which the Company operates; (iv) timely completion by the Company of projects and performance by the Company of its obligations; (v) fixed-price contracts; (vi) the general state of the economy; (vii) risk of future legal proceedings against the Company; (viii) the international operations of the Company; (ix) reduction in the Company's backlog; (x) fluctuations in interest rates; (xi) fluctuations in currency exchange rates; (xii) upfront risk of time invested in participating in consortia bidding on large projects and projects being contracted through private finance initiatives; (xiii) limits under the Company's insurance policies; (xiv) the Company's reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in their performance; (xv) unpredictability and volatility in the price of common shares of the Company; (xvi) the degree to which the Company is leveraged and the effect of the restrictive and financial covenants in the Company's credit facilities; (xvii) the possibility that the Company may issue additional common shares diluting existing Shareholders' interests; (xviii) income tax matters. These risk factors are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form. New risk factors

may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of May 9, 2019.

The factors used to develop revenue forecast in this news release include the total amount of work the Company has signed an agreement with its clients to complete, the timeline in which that work will be completed based on the current pace of work the company achieved over the last 12 months and expects to achieve over the next 12 months. The Company updates these assumptions at each reporting period and adjusts its forward-looking information as necessary.