TSX: IBG

IBI GROUP INC. ANNOUNCES STRONG Q2 2019 RESULTS HIGHLIGHTED BY 12.6% ADJUSTED EBITDA MARGIN

Toronto, Ontario – August 8, 2019 – IBI Group Inc. ("IBI" or the "Company"), a global design and technology firm, today announced its financial and operating results for the three and six months ended June 30, 2019. Select financial and operational information is outlined below and should be read with IBI's consolidated financial statements ("Financial Statements") and management's discussion and analysis ("MD&A") as of June 30, 2019, which are available on SEDAR at www.sedar.com and on IBI's website at www.ibigroup.com.

The second quarter of 2019 reflects strong operational execution across IBI's three business practices, Intelligence, Buildings and Infrastructure, with additional success in advancing the Company's pivot to a technology-driven design firm. The performance of IBI's technology-focused Intelligence practice, which contributed 18% of revenue and generated an adjusted EBITDA[1] margin of 15.6%, was supported by continued steady performance from the Buildings and Infrastructure practices, which generated adjusted EBITDA[1] margins of 18.3% and 12.0%, respectively.

Q2 and First Half 2019 Corporate Highlights:

- Net revenue for Q2 2019 totaled $96.8 million, a 4% increase over the same period in 2018 and 3% higher than Q1 2019. Year to date net revenue increased 4% to $190.6 million compared to the same period in 2018 Adjusted EBITDA[1] of $12.2 million increased 34% over Q2 2018 and 13% over Q1 2019 and for the first six months of 2019 was $22.9 million, which represents a 26% increase over the first half of 2018.

- IBI generated an adjusted EBITDA[1] margin of 12.6% in Q2 2019 and 12.0% for the first half of 2019.The Intelligence practice increased net revenue by 8.8%, growing adjusted EBITDA[1] by 26.6% and generating an adjusted EBITDA[1] margin of 15.6% compared to 13.4% in Q2 2018.

- IBI's U.S. operating segment continued to improve, and generated adjusted EBITDA[1] of $1.5 million in Q2 2019 and $3.3 million for the first six months of 2019, compared to losses of $2.0 million and $3.1 million for the same respective periods in 2018.

- Net income from operations[1] of $5.6 million increased 88% over Q2 2018 and 20% over Q1 2019, and at $10.3 million, was 49% higher for the first half of 2019 compared to the same period in 2018. Net income of $3.9 million was 219% higher than Q2 2018 and 67% higher than Q1 2019.

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

- Earnings per share from operations[1] (basic and diluted) were $0.15 for the three months and $0.27 for the six months ended June 30, 2019, respectively, representing an 88% increase over Q2 2018, a 50% increase over the first half 2018 and a 15% increase over Q1 2019. Basic and diluted earnings per share ("EPS") were $0.10 in Q2 2019 compared to $0.03 in Q2 2018 and $0.06 in Q1 2019.

- Cash flows from operating activities of $6.0 million in Q2 2019 compared to a loss of $5.0 million in Q2 2018 and were $13.5 million for the first half of 2019 compared to a loss of $1.5 million over the same period in 2018.

"During the second quarter, IBI continued to demonstrate the success of our pivot to a technology-driven design firm with strong results featuring adjusted EBITDA of $12.2 million and a robust margin of 12.6%," said Scott Stewart, Chief Executive Officer of IBI Group Inc. "Urbanization and technology are powerful global forces and IBI is at the nexus, delivering innovation to the market and new services for our clients which ultimately benefit IBI through growing revenue and higher margins."

Financial Overview

(in thousands of Canadian dollars except per share amounts)

(unaudited)	**Three months ended June 30,**		**Six months ended June 30,**	
	2019	**2018**	**2019**	**2018**
Number of working days	**63**	64	**125**	126
Gross revenue	**$ 117,760**	$ 114,940	**$ 231,434**	$ 226,269
Less: Subconsultants and direct costs	**20,940**	21,861	**40,881**	42,375
Net revenue	**$ 96,820**	$ 93,079	**$ 190,553**	$ 183,894
Net income	**$ 3,917**	$ 1,229	**$ 6,267**	$ 8,785
Net income from operations[1]	**$ 5,616**	$ 2,989	**$ 10,312**	$ 6,902
Cash flows provided by operating activities	**$ 5,990**	$ (4,978)	**$ 13,840**	$ (1,504)
Basic & diluted earnings per share	**$ 0.10**	$ 0.03	**$ 0.17**	$ 0.23
Basic & diluted earnings per share from operations[1]	**$ 0.15**	$ 0.08	**$ 0.27**	$ 0.18
Adjusted EBITDA[1]	**$ 12,175**	$ 9,080	**$ 22,921**	$ 18,223
Adjusted EBITDA[1] as a % of net revenue	**12.6%**	9.8%	**12.0%**	9.9%

Notes:

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

Business Practice Highlights

IBI's business model based on the Intelligence, Buildings and Infrastructure practices provides a strong foundation for the Company's future growth, as the Buildings and Infrastructure segments offer channels to potential recurring revenue streams from the Intelligence practice. This organic growth opportunity

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favourably positions the Company to expand net revenue, adjusted EBITDA and margins both from the Intelligence practice as well as corporately. By having the three distinct yet complementary business segments, IBI can remain actively engaged with clients and add integrated value across projects, jurisdictions and practice areas.

Intelligence

The Intelligence practice contributed approximately 18% to net revenue in both Q2 2019 and first half 2019, compared to 17% and 17.5% for the same periods in 2018. Revenue in Q2 2019 from Intelligence was $17.6 million, an increase of 8.8% over Q2 2018 and 4.3% over the previous quarter. Adjusted EBITDA[1] in Q2 2019 grew 26.6% over Q2 2018 to $2.7 million and was on par with Q1 2019. Adjusted EBITDA[1] margins for Intelligence were 15.6% in Q2 2019 compared to 13.4% in Q2 2018 and 16.4% in Q1 2019. Relative to the first half of 2018, net revenue from Intelligence was 6.7% higher at $34.4 million, adjusted EBITDA[1] increased 12.5% to $5.5 million and adjusted EBITDA[1] margins were 16.0% compared to 15.2% in 2018.

During Q2 2019, the Canadian Intelligence practice maintained consistent performance, with the U.S. segment representing the largest contributor to growth in Intelligence as new contracts were secured for mobility and transit-related software-as-a-service ("SaaS") deliveries, along with a community-level smart city platform implementation. Revenue from the U.S Intelligence business unit increased by 15.7% or $0.7 million relative to Q2 2018 and increased by $1.3 million or 14.2% for the first half of 2019 compared to the same period the prior year.

In Canada, IBI was named lead advisor on Toronto's new Union Station Bus Terminal, a mandate that requires integrating the facility with technology to optimize terminal throughput. IBI continued to secure mandates and contracts for Intelligence offerings in its Other International segment, including a toll road project in India, as well as smart-city platform implementations in South America and Europe. The Company intends to continue expanding its Intelligence practice to further expand margins and increase recurring revenue opportunities with the goal of generating 20% of adjusted EBITDA while targeting 20% operating profit margins from the Intelligence practice in 2020.

Buildings

For the second quarter and first half of 2019, the Buildings practice posted solid increases and contributed approximately 53% and 54% of revenue, respectively, generating revenue of $51.0 million and $102.3 million for the same periods. This represents an increase of 2.3% and 4.6% over Q2 and first half 2018, respectively, and remained stable compared to Q1 2019. Second quarter 2019 adjusted EBITDA[1] increased 15.2% over Q2 2018 to $9.3 million, although declined 8.6% relative to Q1 2019, while first half 2019 adjusted EBITDA[1] was 28.2% higher at $19.5 million relative to the same period in 2018. The adjusted EBITDA[1] margins generated from the Buildings practice were 18.3% and 19.1% in Q2 2019 and the first six months of the year, respectively, compared to 16.2% in Q2 2018, 19.9% in Q1 2019 and 15.6% for the first half of 2018.

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

IBI's Canadian Buildings practice secured a significant amount of work in the second quarter, across both the living and mixed-use buildings space, and realized strong performance for the six months ended June 30, 2019 compared to the same period in 2018. During Q2 2019, IBI was awarded 14 towers in the greater Toronto area ("GTA") which range in height from 20 to 50 storeys and the Company is also working on a 20-acre master planned community in the GTA which could present opportunities to deploy certain Intelligence products, such as InForm by IBI. Between the towers and the master planned community, the total area of development represents approximately seven million square feet.

Infrastructure

For both Q2 and the first half 2019, the Infrastructure practice contributed approximately 29% to IBI's total net revenue. Revenue for the three and six months ended June 30, 2019 totaled $27.9 million and $53.3 million, an increase of 4.3% and a decrease of 0.3%, respectively. Adjusted EBITDA[1] in the quarter grew 111.0% over Q2 2018 to $3.3 million, and was 157.6% higher than Q1 2019, while the first half of 2019 saw adjusted EBITDA[1] increase 7.8% over the first half of 2018. The adjusted EBITDA[1] margins from the Infrastructure practice improved over prior periods and were 12.0% and 8.7% for Q2 and first half 2019, compared to 5.9% in Q2 2018, 5.1% in Q1 2019 and 8.1% in the first half of 2018.

The Company continued to see strong performance in Q2 2019 from the Canadian arm of its Infrastructure practice due to additional investment in major transit and other P3 projects. Revenue in the Canadian segment of the Infrastructure practice increased by 4.5% or $0.8 million in Q2 2019 and grew 1.4% or $0.5 million in the first half of 2019 relative to the same periods in 2018. Within the Infrastructure practice, IBI was named prime consultant for a design and visioning project in downtown Edmonton and were awarded architecture and engineering contracts for several transit projects in the U.S.

2019 Guidance & Outlook

Management confirms its previous total revenue forecast for 2019 of approximately $374 million. Currently, IBI has $397 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 June 30, 2019.

Based on forecasts for free cash flow generation in 2019, IBI remains on target to continue reducing debt by approximately $10 million by year end 2019 and establishing a forward debt to adjusted EBITDA[1] ratio that ranges between 2.0 and 2.5 times.

Growth in IBI's business is expected to be driven largely by organic opportunities that enable clients to apply and benefit from technologies offered through the Company's Intelligence practice. IBI's four streams of growth are designed to capitalize on drivers that can enhance the use of technology and drive profit margins. For the balance of 2019 and into 2020, IBI will focus on catalyzing core growth through continued automation, the use of robotic software and bots; help clients to transform their business models by implementing IBI's Smart City Platform and other SaaS offerings; contribute to prototyping the future using technologies such as artificial intelligence, blockchain and virtual or augmented reality;

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

and activate urban innovation out of IBI's Smart City Sandbox. Ultimately, the Company is targeting to increase recurring revenue streams with a goal of generating margins over 25% from the Intelligence practice. IBI is very well positioned in urban environments which offer visibility to steady growth in Buildings and Infrastructure, while the pivot to technology enables the Company to extend its Intelligence and technology services to a broader base of existing clients.

Investor Conference Call

IBI will hold a conference call at 8:30 a.m. (Eastern Time) on August 9, 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 August 23, 2019.

Conference Call Details:

Date: Friday, August 9, 2019
Time: 8:30 a.m. ET
Dial In: North America: 1-800-897-3679
Dial In: Toronto Local / International: 1-416-981-9013

Replay: North America: 1-800-558-5253
Replay: Toronto Local / International: 1-416-626-4100
Replay Passcode: 21925673

About IBI Group Inc.

IBI Group Inc. is a global design 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 August 8, 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.

Non-IFRS Measures

The Company uses certain terms in this news release and within the MD&A, such as ‘adjusted EBITDA’, ‘net income and earnings per share from operations’, and ‘working capital measured in number of days of gross billings’ which do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS), and, accordingly these measurements may not be comparable with the calculation of similar measurements used by other companies. For a reconciliation of each non-IFRS measure to its nearest IFRS measure, please refer to the “Definition of Non-IFRS Measures” section in the MD&A for applicable definitions, calculations, rationale for use and reconciliations to the most directly comparable measure under IFRS. Non-IFRS measures are provided as supplementary information by which readers may wish to consider the Company's performance but should not be relied upon for comparative or investment purposes.