



TSX: IBG

IBI GROUP INC. ANNOUNCES Q1 2020 FINANCIAL AND OPERATING RESULTS INCLUDING RESPONSE MEASURES TO COVID-19

Highlights include 5% growth in net revenue quarter-over-quarter, with Intelligence generating 21% of net revenue and Adjusted EBITDA¹ as a percentage of net revenue totaling 18.8%

Toronto, Ontario – May 7, 2020 – IBI Group Inc. (“IBI” or the “Company”), a globally integrated design and technology firm, today announced its financial and operating results for the three months ended March 31, 2020. 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 March 31, 2020, which are available on SEDAR at www.sedar.com and on IBI’s website at www.ibigroup.com.

The Company’s first quarter 2020 results were highlighted by \$96.7 million in net revenue generated across IBI’s core business practices of Intelligence, Buildings and Infrastructure. The Company’s Intelligence practice generated \$20.3 million in net revenue, representing 21% of IBI’s corporate net revenue, and posted \$3.8 million in Adjusted EBITDA¹ or 18.8% as a percentage of net revenue. This achievement effectively positions IBI in-line with its goal of Intelligence generating 20% of net revenue with 20% Adjusted EBITDA¹ as a percentage of net revenue by the end of 2020.

“I am extremely proud of our team’s accomplishments in the first quarter of 2020, highlighted by strong financial results from our Intelligence practice and our ability to rapidly and efficiently respond to the COVID-19 pandemic while fulfilling our obligations and commitments to our clients,” said Scott Stewart, Chief Executive Officer of IBI Group Inc. “With our pivot to being a technology-driven design firm, we have established internal systems and automations supported by our talented IT and Design Technology teams which underpin IBI’s strong position as we navigate the challenges of this pandemic. Our agility, ability to innovate, and expertise in designing solutions for our clients has enabled us to adapt to the evolving circumstances.”

Q1 2020 Corporate Highlights:

- Net revenue totaled \$96.7 million in Q1 2020, 3% higher than the comparable period in 2019, and 5% higher than the preceding quarter, with increases largely driven by improved performance in the Intelligence and Infrastructure practices.
- Adjusted EBITDA¹ of \$9.2 million (9.5% of net revenue) was 35% higher than the previous quarter, but 14% lower than Q1 2019 due to a non-recurring cash payment of \$1.2 million that occurred in the first quarter related to a previously classified onerous lease in Montreal. Absent this one-time impact, Adjusted EBITDA¹ for the quarter would have been \$10.4 million, or 10.8% as a percentage of net revenue.

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

- IBI's Adjusted EBITDA¹ for the quarter, presented prior to the impacts of implementing IFRS 16 and consistent with the presentation of many industry peers, would be \$14.0 million (14.5% of net revenue) compared to \$14.2 million (15.1% of net revenue) in Q1 2019.
- IBI's Intelligence practice recorded \$20.3 million in net revenue, a 20% increase over Q1 2019, reflective of the Company's ongoing work to incorporate technology across all facets of its business. Intelligence represented 21% of net revenue in the quarter and generated Adjusted EBITDA¹ of \$3.8 million or 18.8% as a percentage of net revenue, in-line with the Company's target of Intelligence generating 20% of net revenue with Adjusted EBITDA¹ as a percentage of net revenue of 20% by the end of 2020.
- Through its Intelligence practice, the Company billed \$5.3 million to clients related to recurring software support and maintenance services in the first quarter of 2020, an increase of 8% compared to the same period in 2019. This increase reflects additional clients and annual subscriptions that were secured subsequent to March 31, 2019.
- Net revenue of \$27.2 million from the Infrastructure practice was 7% higher than in Q1 2019 and contributed to Adjusted EBITDA¹ of \$2.0 million (7.3% of net revenue) or 67% higher than the same period in 2019. The Company's Buildings practice generated \$49.0 million of net revenue, 4% lower than Q1 2019, with Adjusted EBITDA¹ of \$5.9 million (12.1% of net revenue).
- IBI's backlog of \$486 million at the end of Q1 2020 increased by 24% compared to Q1 2019 as a result of an improved pace of securing work with the Buildings, Infrastructure, and Intelligence practices realizing increases of 25%, 22%, and 24%, respectively.
- The Company remains committed to strengthening liquidity and minimizing operational debt levels. At March 31, 2020, net debt¹ totaled \$84.6 million, resulting in a 2.1 times net debt to Adjusted EBITDA¹ ratio. During the first two quarters of each year, IBI tends to be a consumer of cash, which is reversed in the last two quarters when the Company historically generates cash.
- IBI's days sales outstanding ("DSO") at March 31, 2020 decreased by three days to 67 days relative to Q1 2019, reflecting the Company's diligence in reviewing contract assets and accounts receivable and its commitment to accelerated billings.
- Net income from operating activities¹ increased 150% to \$4.9 million in Q1 2020 compared to \$2.0 million in the preceding quarter and \$6.2 million in Q1 2019. The year-over-year decrease is primarily the result of a change in fair value of other financial liabilities and the payment of lease liabilities. Basic and diluted earnings per share from operating activities¹ were \$0.13 in the quarter compared to \$0.17 per basic and diluted share in Q1 2019.
- Net income in Q1 2020 increased to \$5.6 million (\$0.15 per basic and diluted share), an increase of 138% and 195% over Q1 2019 and Q4 2019, respectively, with the increase primarily attributable to revenue growth and a change in the fair value of other financial liabilities in the quarter.
- To further support cost management, IBI has adjusted executive and board compensation with salary reductions for the CEO, senior leadership team and other managers of 15%, 10% and 5%, respectively, and a reduction of annual cash retainers for the board of directors of 10% and 15% for the Chairman.

¹ Non-IFRS measure. 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,	
	2020	2019
	(unaudited)	(unaudited)
Number of working days	63	62
Gross revenue	\$ 121,166	\$ 113,674
Less: Subconsultants and direct costs	\$ 24,485	\$ 19,941
Net revenue	\$ 96,681	\$ 93,733
Net income	\$ 5,584	\$ 2,351
Net income from operating activities ¹	\$ 4,896	\$ 6,244
Basic & diluted earnings per share	\$ 0.15	\$ 0.06
Basic & diluted earnings per share from operating activities ¹	\$ 0.13	\$ 0.17
Adjusted EBITDA ¹	\$ 9,219	\$ 10,746
Adjusted EBITDA ¹ as a percentage of net revenue	\$ 9.5%	\$ 11.5%
Cash flows (used in) provided by operating activities	\$ (393)	\$ 5,102

Notes:

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

Q1 2020 Review

The first quarter of 2020 featured unprecedented conditions globally, as the COVID-19 pandemic led to containment measures and restrictions from governments around the world. IBI's response to this crisis has been rapid and effective following the activation of the Company's Global Crisis Management Plan and local Emergency Response Plans, with priority always given to the health and safety of IBI's staff, clients and other stakeholders. Within two weeks of the province declaring a state of emergency, the Company had successfully transitioned its 2,700-person global workforce to function 100% remotely with minimal productivity disruption. IBI's strategy of incorporating technology across the firm has played a significant role in its ability to successfully and quickly transition to remote working conditions. The Company's innovative and cutting-edge IT and Design Technology teams continue to monitor the remote work performance of staff globally and regularly implement strategies to increase productivity, including providing staff with new resources to further improve the working from home experience. IBI's ongoing commitment to environmental, social and governance ("ESG") pillars have been demonstrated by the Company's actions since the crisis began and will be outlined in greater detail during the AGM webcast scheduled for May 8th at 10am ET. Further details regarding the AGM along with the webcast link can be found later in this press release.

Despite the COVID-19 challenges that emerged in March, IBI's performance during the first quarter demonstrates the benefits of integrating technology throughout the business as well as the strength and resiliency of its team.

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

IBI's net revenue for Q1 2020 of \$96.7 million increased 3% compared to Q1 2019, driven by strong results from the Intelligence and Infrastructure practices, offset by a modest decrease in Buildings revenue, and rose 5% over the preceding quarter. A non-recurring onerous lease payment of \$1.2 million in the quarter impacted IBI's Adjusted EBITDA¹ for the period, which totaled \$9.2 million (9.5% of net revenue), compared to \$10.7 million (11.5% of net revenue) in Q1 2019, and \$6.8 million (7.4% of net revenue) in Q4 2019. Absent this one-time payment, Adjusted EBITDA¹ would have been \$10.4 million representing 10.8% of net revenue, in line with the same period the prior year.

Days sales outstanding ("DSO") totaled 67 days in Q1 2020, three days lower than Q1 2019, but higher than 64 days in the previous quarter primarily due to the extremely strong cash collections in the last two months of 2019. The DSO in Q1 2020 reflects more normalized levels. The Company's quarter end net debt levels remained conservative at \$84.6 million, representing a net debt to Adjusted EBITDA¹ multiple of 2.1 times, within the Company's target range. IBI had consistent draws on the credit facility quarter-over-quarter with a lower cash balance as IBI is typically a net user of cash through the first half of each year, and a net generator of cash in the second half. This stems from a large number of annual payments recorded and paid through the first quarter with variable compensation expense paid in the second quarter.

Business Practice Summary Highlights

Intelligence

The Company's Intelligence practice posted strong results in Q1 2020, generating net revenue of \$20.3 million, 20% higher than Q1 2019, and representing 21% of total net revenue. Adjusted EBITDA¹ of \$3.8 million was 55% higher than the same period the previous year, and was 18.8% of net revenue compared to 14.5% in Q1 2019 and 15.2% in Q4 2019.

Commencing in Q1 2020, the Company's financial results now include a breakdown of billings stemming from software support and maintenance services that are renewed annually, which represent the contracted annualized invoice amount charged to clients. Of the Company's total net revenue, \$5.3 million was generated through the Intelligence practice from this recurring support and maintenance work, compared to \$4.9 million for the same period in 2019, an increase of more than 8%. Growth in this area is expected to increase over time as IBI captures a greater proportion of ongoing subscription revenue flows throughout the lifecycle of the assets it designs.

IBI continued to execute many of the ongoing projects within Intelligence during the quarter, including work on the Gordie Howe International Bridge, where the Company is designing the Intelligent Transportation Systems, the communications and security system and providing the complete toll system for the bridge. Active deployments of IBI's various traveler information platforms also continued, including the State of Wisconsin's modernized, efficient and cost-effective 511 system, as well as the continued implementation of Travel-IQ in Alaska, which includes web, mobile app and voice technology to meet the state's unique needs.

Contribution to COVID-19 Efforts

IBI has continued to support clients with software platform updates or adaptations designed to address needs specifically within the current environment. Despite vital supply chain and transportation challenges caused by the crisis, truckers have continued to travel the continent completing deliveries of critical provisions, including food, household goods and medicine. Working with the Ontario Ministry of Transportation, IBI enhanced its

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

existing Travel-IQ product already in use across the province to include new features that connect truckers to essential touch points along their transit routes, including service stations and rest stops that remain open for business throughout the crisis. Other examples of solutions provided through the pandemic include updates to IBI's advanced traffic management software to better support remote operations and the implementation of cashless payment solutions for toll clients.

Buildings

During Q1 2020, the Company's Buildings practice posted net revenue of \$49.0 million, representing 51% of total net revenue, which was 4% lower than Q1 2019 but 11% higher than the previous quarter. Adjusted EBITDA¹ of \$5.9 million or 12.1% of net revenue was significantly higher than \$2.0 million (4.5% of net revenue) in the previous quarter, but 41% lower than Q1 2019 due to certain projects being put on hold, including some mixed-use high rise projects in the US. IBI believes work on such projects will resume later in 2020 as some of the Company's larger clients are already requesting bids on incremental work, including front-end design work, which implies clients are aiming to be shovel-ready as soon as concerns about the severity of COVID-19 begin to abate.

Contribution to COVID-19 Efforts

The pandemic has presented opportunities for IBI to develop a network of supporting services designed to ease the burden on the healthcare system today, and to provide lasting benefits for communities in the future. A number of innovative solutions have been developed in concert with clients, including establishing COVID-19 testing facilities in vacant parking lots and leveraging airports and airport hotels as quarantine facilities for returning citizens. IBI's Quantum design team has developed a parametric capacity model which can be utilized by cities and other municipalities to determine where and when new healthcare treatment centres should be built, how they should be staffed and the volume of required medical equipment. The Company's Global Healthcare practice established an 11-step process for implementing temporary healthcare facilities in as little as four weeks by converting now-empty exhibition halls, stadiums, warehouses, and retail spaces into functional treatment facilities designed specifically to reflect local requirements. By leveraging IBI's InForm solution, the Company can also support clients with the storage and access of information throughout the planning and operation stages.

IBI is one of several global design and technology firms who is supporting local governments and initiatives in their coordinated responses to the overwhelming demand for face shields and Personal Protective Equipment ("PPE") for healthcare providers in Canada, the United Kingdom, and the United States. Using crowd-sourced funds, IBI is leveraging equipment such as laser cutting and 3D-printing technology while also providing the Company's unique design and technology human resource capabilities in the fight against the spread of COVID-19.

Infrastructure

IBI's Infrastructure practice generated net revenue of \$27.2 million in Q1 2020, representing 28% of total net revenue, an increase of 7% over Q1 2019 and 8% lower than Q4 2019. Adjusted EBITDA¹ of \$2.0 million was 63% higher than Q1 2019, or 7.3% of net revenue compared to 4.8% for the same period in 2019, and was 45% lower than Q4 2019.

During the quarter, work actively continued on major transit projects such as the Eglinton LRT, the Hurontario LRT, the Edmonton LRT and the Tel Aviv Redline to ensure completion and commissioning remains on schedule regardless of COVID-19 interruptions. Significant planning and preparation are ongoing to manage the ever-

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

changing environment and ensure required revisions to project schedules do not impact critical decisions or deliverable dates. Alternative plans are also being developed to provide the public engagement and communication required to support the advancement of various large-scale infrastructure projects.

2020 Guidance Withdrawn & Outlook

As a result of the ongoing impacts of the COVID-19 pandemic to business operations and the broader macroeconomy, the Company has updated its 2020 outlook. The impacts of COVID-19 on the Company have not yet been fully realized nor can the future impacts be measured at this time. As such, the Company is not in a position to reaffirm its previously provided guidance for 2020. However, IBI is well positioned to manage through these challenging times given the nature of its business model, multiple service offerings and a high proportion of current client projects being deemed as “essential” by many governments. The Company is also in a strong position to meet its current and future working capital needs with its current cash reserves and available credit facility borrowings. IBI remains committed to strengthening its balance sheet by directing free cash flow to ongoing debt reduction, with the ultimate goal of increasing capital allocation flexibility.

As at March 31, 2020, the Company had \$486 million of work committed and under contract for the next five years, representing approximately 15 months of backlog (calculated on the basis of the current pace of work that the Company has achieved during the 12 months ended March 31, 2020), an increase of 24% across the firm relative to March 31, 2019. Across the Buildings, Infrastructure, and Intelligence practices IBI also realized strong increases in backlog compared to Q1 2019, with increases of 25%, 22%, and 24%, respectively. As of the date of this release, the Company’s backlog now totals \$502 million, reflecting IBI’s improved pace of securing future work. As the majority of IBI’s projects under contract are largely government-funded, it is expected such projects will proceed, particularly once post COVID-19 stimulus packages in the area of transit and transportation are released. However, the replacement of current backlog for 2021 and beyond may be impacted should further deterioration of economic conditions occur.

IBI continues to seek out opportunities to enhance profitability, including by strengthening the billings and collections process, improving the monitoring of financial results, identifying synergies and implementing cost management initiatives. In addition, IBI has adjusted executive and board compensation. Salaries for the CEO, senior leadership team and other managers will be reduced by 15%, 10% and 5%, respectively, while the board of directors’ annual cash retainer will be reduced by 10% and by 15% for the Chairman.

Investor Conference Call & Webcast

The Company will host a conference call on Friday, May 8, 2020 at 8:30 a.m. ET to discuss the first quarter results. IBI’s Chief Executive Officer, Scott Stewart, and Chief Financial Officer, Stephen Taylor, will present IBI’s financial and operating results followed by a question and answer session.

To listen to the live webcast of the conference call, please enter the following URL into your web browser: https://produceredition.webcasts.com/starthere.jsp?ei=1305370&tp_key=7d91108ce4

Q1 2020 Conference Call Details:

Date: Friday, May 8, 2020

Time: 8:30 a.m. ET

Dial In: North America: 1-888-390-0546

Dial In: Toronto Local / International: 1-416-764-8688

Replay: North America: 1-888-390-0541
Replay: Toronto Local / International: 1-416-764-8677
Replay Passcode: 706323#

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 22, 2020.

Annual Shareholder Meeting Webcast

Following the Q1 2020 investor conference call on Friday, May 8, 2020, IBI will host a webcast of its Annual Meeting of Shareholders at 10:00 a.m. ET. At the conclusion of the formal part of the meeting, Scott Stewart will provide a keynote presentation that includes updates on the Company's response to COVID-19, its various ESG initiatives, as well a scorecard review of performance relative to IBI's technology-focused strategic plan.

To listen to the live webcast of the Meeting, please enter the following URL into a web browser:

https://produceredition.webcasts.com/starthere.jsp?ei=1298743&tp_key=46611f72aa

About IBI Group Inc.

IBI Group Inc. (TSX:IBG) is a global architecture, engineering, planning, and technology firm with over 60 offices and 2,700 professionals around the world. For nearly 50 years, its dedicated professionals have helped clients create livable, sustainable, and advanced urban environments. As a technology-driven design firm, IBI Group believes that cities thrive when designed with intelligent systems, sustainable buildings, efficient infrastructure, and a human touch. Follow IBI Group 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 7, 2020.

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 operating activities', 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.