



TSX: IBG

IBI GROUP INC. ANNOUNCES Q3 2020 RESULTS WITH ROBUST NET REVENUE AND 16.5% ADJUSTED EBITDA^{1,2} AS A PERCENTAGE OF NET REVENUE

Backlog increased to a record 17 months and 2020 guidance reinstated

Toronto, Ontario – November 5, 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 and nine months ended September 30, 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 September 30, 2020, which are available on SEDAR at www.sedar.com and on IBI’s website at www.ibigroup.com.

The Company recorded strong results in the third quarter of 2020, with \$98.0 million of net revenue and \$16.2 million of Adjusted EBITDA^{1,2}, representing 16.5% of net revenue across its core business practices of Intelligence, Buildings and Infrastructure. IBI successfully achieved these results while continuing to invest in new technologies, services and solutions that help to advance the firm’s technology pivot. Maintaining the positive momentum realized from the Company’s Intelligence practice over the past several quarters, IBI generated \$19.4 million in net revenue, or 20% of the corporate total, with \$3.2 million of Adjusted EBITDA¹ representing 16.5% of net revenue. IBI remains committed to achieving the 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 very pleased with our results for the third quarter of 2020, which featured 4% year-over-year net revenue growth, 16.5% Adjusted EBITDA^{1,2} as a percentage of net revenue, record backlog of 17 months and continued expansion of our Intelligence practice which achieved 52% growth in Adjusted EBITDA¹ year-over-year,” said Scott Stewart, Chief Executive Officer of IBI Group Inc. “As a result of IBI’s strong performance since the onset of COVID-19, we are pleased to reinstate 2020 annual guidance, forecasting net revenue of approximately \$386 million complemented by significant financial flexibility. We have, and will, continue to prioritize the health and safety of all employees, contractors and partners globally and are very proud of IBI’s resilience through the pandemic.”

Q3 2020 Highlights:

- Net revenue totaled \$98.0 million in Q3 2020, a 4% increase over Q3 2019, with the increase largely driven by continued strong performance from the Intelligence practice, while in the first nine months of 2020, net revenue totaled \$294.6 million, a 3% increase over the same period in 2019.
- Adjusted EBITDA¹ net of IFRS 16 impacts (consistent with the presentation of many industry peers) was \$16.2 million (16.5% of net revenue) for the quarter, compared to \$16.7 million (17.7% of net revenue) in Q3 2019 and \$17.1 million (17.1% of net revenue) generated in Q2 2020. In the first nine months of 2020, Adjusted EBITDA¹ net of IFRS 16 impacts totaled \$47.3 million, a 1% increase over the same period in 2019.

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

² Net of IFRS 16 impacts.

- Adjusted EBITDA¹ of \$12.7 million (13.0% of net revenue) was 3% higher than the same period of 2019 and 3% lower than Q2 2020. For the first nine months of 2020, the Company generated Adjusted EBITDA¹ of \$35.1 million, in line with the same period of 2019.
- Record backlog increased 30% year-over-year, totaling \$536 million, or 17 months at September 30, 2020, an increase of \$125 million (five months) over September 30, 2019 as a result of an improved pace of securing work, with the Intelligence, Buildings and Infrastructure practices realizing increases of 22%, 32% and 31%, respectively.
- Net debt¹ at September 30, 2020 totaled \$61.0 million, resulting in a 1.5 times net debt to trailing 12 months' Adjusted EBITDA¹ ratio, reflecting IBI's ongoing success in strengthening its balance sheet by directing free cash flow to debt reduction.
- IBI's Intelligence practice recorded net revenue of \$19.4 million or 20% of total net revenue in Q3 2020, 20% higher than Q3 2019 and 6% lower than Q2 2020, reflecting the Company's focused efforts to expand and enhance its growing technology practice. Adjusted EBITDA¹ from Intelligence was \$3.2 million, representing 16.5% of net revenue, a 52% increase over Q3 2019 and 20% lower than Q2 2020.
- Billing to clients related to recurring software support and maintenance was \$5.1 million in Q3 2020, in-line with both Q3 2019 and Q2 2020, and IBI billed \$15.4 million in the first nine months of 2020, a 3% increase over the same period in 2019. The billing increases stem from additional clients and subscriptions obtained subsequent to September 30, 2019.
- IBI's Buildings practice recorded net revenue of \$50.1 million, on par with Q3 2019 and 2% lower than Q2 2020, with Adjusted EBITDA¹ of \$9.0 million (18.0% of net revenue), 3% lower than the same period in 2019 and 11% higher than the previous quarter. The Infrastructure practice generated net revenue of \$28.3 million in the quarter, 2% higher than Q3 2019 and consistent with Q2 2020, while Adjusted EBITDA¹ of \$3.6 million (12.7% of net revenue) was 13% higher than the same period in 2019 and 24% higher than Q2 2020.
- Net income from operating activities¹ totaled \$5.8 million, 13% and 6% lower than Q3 2019 and the previous quarter, respectively. Basic and diluted earnings per share from operating activities¹ totaled \$0.16 and \$0.15, respectively, in the quarter compared to both basic and diluted earnings per share from operating activities¹ of \$0.18 in Q3 2019 and \$0.16 in Q2 2020.
- Net income in Q3 2020 totaled \$6.3 million (\$0.17 per basic and diluted share), compared to \$8.7 million in Q3 2019 and \$6.8 million in Q2 2020, respectively. In the first nine months of 2020, net income totaled \$18.6 million, 24% higher than the comparable period of 2019.
- Cash flows provided by operating activities totaled \$18.2 million in Q3 2020 compared to \$8.1 million and \$15.5 million in Q3 2019 and Q2 2020, respectively, reflecting IBI's normal cycle of being a net generator of cash during the last two quarters of each year.
- IBI's days sales outstanding ("DSO") at September 30, 2020 of 65 days was eight days lower than Q3 2019 and equal to Q2 2020, reflecting the Company's diligence in reviewing contract assets and accounts receivable and its commitment to accelerated billings.

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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Number of working days	63	63	189	188
Gross revenue	\$ 124,355	\$ 114,821	\$ 369,436	\$ 346,255
Less: Subconsultants and direct costs	26,307	20,201	74,809	61,082
Net revenue	\$ 98,048	\$ 94,620	\$ 294,627	\$ 285,173
Net income	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
Net income from operating activities ¹	\$ 5,819	\$ 6,706	\$ 16,879	\$ 19,871
Basic earnings per share	\$ 0.17	\$ 0.23	\$ 0.50	\$ 0.40
Diluted earnings per share	\$ 0.17	\$ 0.23	\$ 0.49	\$ 0.40
Basic earnings per share from operating activities ¹	\$ 0.16	\$ 0.18	\$ 0.45	\$ 0.53
Diluted earnings per share from operating activities ¹	\$ 0.15	\$ 0.18	\$ 0.45	\$ 0.53
Adjusted EBITDA ¹ net of IFRS 16 impacts	\$ 16,219	\$ 16,731	\$ 47,347	\$ 46,698
Adjusted EBITDA ¹ net of IFRS 16 impacts as a percentage of net revenue	16.5%	17.7%	16.1%	16.4%
Adjusted EBITDA ¹	\$ 12,727	\$ 12,297	\$ 35,094	\$ 35,217
Adjusted EBITDA ¹ as a percentage of net revenue	13.0%	13.0%	11.9%	12.3%
Cash flows provided by operating activities	\$ 18,230	\$ 8,076	\$ 33,393	\$ 18,208

Notes:

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

Q3 2020 Review

Amid the ongoing COVID-19 global pandemic, IBI continued to demonstrate strong performance supported by the firm's successful technology integration throughout the business, along with robust revenue and Adjusted EBITDA¹ contributions from the Intelligence, Buildings and Infrastructure practices. Net revenue in the quarter totaled \$98.0 million, 4% higher than the same quarter in 2019, and 2% lower than the previous quarter, with the year-over-year increase attributable to continued strength and revenue generation from the Intelligence practice, improved Infrastructure results and steady performance from Buildings. IBI's Adjusted EBITDA¹ net of IFRS 16 impacts totaled \$16.2 million (16.5% of net revenue), compared to \$16.7 million (17.7% of net revenue) in Q3 2019, and \$17.1 million (17.1% of net revenue) in the previous quarter. Adjusted EBITDA¹ reflecting the IFRS 16 impacts was \$12.7 million (13.0% of net revenue), 3% higher than the same quarter in 2019 and 3% lower than

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

the previous quarter. IBI generated solid corporate results across its core business segments while focusing on additional technology solutions and products related to its tech pivot.

At September 30, 2020, DSO was 65 days, eight days lower than Q3 2019 and equal to Q2 2020, reflecting IBI's sharp focus on improving the DSO in contract assets and accounts receivable. Quarter end net debt declined further to \$61.0 million, representing a net debt to trailing 12 months' Adjusted EBITDA¹ multiple of 1.5 times, below IBI's target range of 2.0 to 2.5 times. The Company's ongoing success in maximizing liquidity and minimizing operational debt has been a diligent focus for the past several years and has earned IBI significant financial flexibility. Shortly after the end of Q3 2020, IBI closed a \$46 million financing of 6.5% senior unsecured debentures, proceeds from which will be directed to redeem the Company's outstanding 5.5% convertible debentures which mature on December 31, 2021.

While addressing the business challenges caused by COVID-19, the health and safety of IBI's staff, clients and other stakeholders has remained a priority. Since successfully transitioning all 2,700 team members to working remotely in March, IBI has posted results that demonstrate the strength of its technology pivot, while providing significant benefit to clients, communities and shareholders.

Business Practice Summary Highlights

Intelligence

During Q3 2020, IBI's Intelligence practice continued to generate robust net revenue and Adjusted EBITDA¹, remaining on track to meet the Company's target of Intelligence representing 20% of net revenue and generating 20% Adjusted EBITDA¹ as a percentage of net revenue by the end of 2020. Third quarter net revenue totaled \$19.4 million, representing 20% of the total, and was \$60.4 million for the first nine months of the year, reflecting increases of 20% and 19% over the respective periods in 2019. Adjusted EBITDA¹ was \$3.2 million (16.5% of net revenue) and \$11.0 million (18.2% of net revenue) for the same periods, representing increases of 52% and 75% over the 2019 periods. In addition to this segment's meaningful revenue and Adjusted EBITDA¹ contributions, IBI's Intelligence practice drives enhanced internal productivity across the organization, with the deployment of parametric design and powerful bots that help minimize administrative tasks, such as setting up projects, thereby freeing up professionals' time to focus on higher-value work.

Within the quarter, \$5.1 million of IBI's total net revenue was generated through the Intelligence practice from recurring software support and maintenance work, a level equal to the same period in 2019. Over the first nine months of 2020, \$15.4 million was billed to clients relating to recurring support and maintenance, an increase of 3% over the same period in 2019. Recurring software support and maintenance contracts remain a focal area for IBI that is expected to evolve and grow over time as new products and solutions are added. As a result, the Company is expected to capture a higher proportion of the ongoing subscription revenue flows that are generated throughout the lifecycle of assets that IBI designs.

Buildings

IBI's Buildings practice posted net revenue of \$50.1 million, representing 51% of total net revenue, which was in-line with Q3 2019 and 2% lower than in Q2 2020. Adjusted EBITDA¹ totaled \$9.0 million or 18.0% of net revenue, 3% less than Q3 2019, and 11% higher than the previous quarter, as certain projects resumed, including US mixed-use high rise projects that had been put on hold earlier in 2020 at the onset of COVID-19.

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

Consistent with the Company's pivot, IBI continues to apply technology throughout its Buildings practice by employing quantum design principles, integrating smart building technology during the design phase and ensuring project workflow is optimized. IBI's InForm product supports more intelligent design while ensuring post-construction management of a building's assets becomes much more efficient. Technology integration is also expanding in the electric vehicle ("EV") segment, which is an emerging market for IBI. By taking operational considerations into account during the front-end design and strategic planning phase, IBI can ensure full facility optimization while accommodating just-in-time-delivery and maintaining the integrity of production lines.

Infrastructure

IBI's Infrastructure practice generated net revenue of \$28.3 million in the third quarter, representing 29% of total net revenue, 2% higher than Q3 2019 and in-line with Q2 2020. Adjusted EBITDA¹ of \$3.6 million represented 12.7% of net revenue, was 13% higher than Q3 2019 and 24% higher than the previous quarter.

The Company's Infrastructure practice was focused on numerous transit projects through Q3, and was named as the design contractor lead for the Broadway Subway Project in Vancouver, announced during the period. IBI is part of the preferred proponent team chosen by the Government of British Columbia to design, build and partially finance this project. With strong capabilities in the transportation realm, the Company's Infrastructure practice has remained active on transit projects in Canada and internationally.

2020 Guidance & Outlook

Since IBI first responded to COVID-19 in March, the Company has demonstrated the ability to operate near seamlessly amidst an uncertain global environment and with a fully remote workforce. IBI's performance year-to-date demonstrates how robust and resilient its diversified Intelligence, Buildings and Infrastructure practices truly are. The efficiencies and continued growth provided by the Intelligence sector are unique among its peers, and position IBI very well to continue advancing sustainable technology solutions that enhance urban environments.

As at September 30, 2020 the Company had \$536 million in work committed and under contract for the next five years, representing a corporate record 17 months of backlog, and an increase of \$125 million or five months compared to the end of Q3 2019¹. Across the Intelligence, Buildings and Infrastructure practices, IBI realized strong backlog increases of 22%, 32% and 31%, respectively, compared to Q3 2019. The majority of IBI's projects under contract are largely government-funded and given the recent confirmation of stimulus packages across transit and transportation, IBI anticipates that such projects will proceed. The Company remains cautious regarding the replacement of current backlog for 2021 and beyond should economic conditions deteriorate further.

However, looking ahead into 2021, the Company is well positioned due to its integrated and complementary solutions across each of its business segments that offer compelling value for customers, particularly governments, who are experiencing funding challenges. With IBI's ability to deliver services in a highly cost-effective and efficient manner, the Company believes there is significant opportunity to bring its full-cycle revenue collection solution to governments or strategic P3 partnerships seeking revenue streams as they build out and maintain infrastructure.

Due to IBI's strong performance through the COVID-19 pandemic to date, the Company is reinstating annual guidance for 2020 with a forecast of approximately \$386 million in total net revenue for the year ended December 31, 2020, in-line with pre-COVID guidance. Through a combination of the convertible debenture financing

¹ Calculated on the basis of the current pace of work IBI has achieved during the 12 months ended September 30, 2020.

proceeds, current cash reserves and healthy liquidity to meet current and future anticipated working capital needs, IBI has significant financial flexibility. As a result of the current balance sheet strength, future capital allocation decisions may include directing free cash flow to debt reduction, pursuing complementary acquisitions or strategic investments, or implementing a share repurchase plan should the required amendments to the Company's credit facility agreements be secured.

Investor Conference Call & Webcast

The Company will host a conference call on Friday, November 6, 2020 at 8:30 a.m. ET to discuss the third 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=1382456&tp_key=425c7a151e

Q3 2020 Conference Call Details:

Date: Friday, November 6, 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: 928811#

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 November 20, 2020.

About IBI Group Inc.

IBI Group Inc. (TSX:IBG) is a technology-driven design firm with global architecture, engineering, planning, and technology expertise spanning 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. 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 November 5, 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.