



TSX: IBG

IBI GROUP INC. ANNOUNCES Q1 2021 RESULTS WITH 13% REVENUE GROWTH AND 17 MONTH BACKLOG

- *Revenue growth of 13%*
- *15.0% Adjusted EBITDA¹ (net of IFRS 16) margin*
- *Net debt¹ to Adjusted EBITDA multiple reduced to 1.1 times*
- *20% growth in backlog to \$586 million or 17 months*

Toronto, Ontario – May 13, 2021 – IBI Group Inc. (“**IBI**” or the “**Company**”), a globally-integrated, technology-driven design firm, today announced its financial and operating results for the three months ended March 31, 2021. 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, 2021, which are available on SEDAR at www.sedar.com and on IBI’s website at www.ibigroup.com.

The Company’s first quarter 2021 results were highlighted by \$108.9 million in net revenue generated across IBI’s core business practices of Intelligence, Buildings and Infrastructure. The Company’s Intelligence sector generated \$19.9 million in net revenue and posted \$4.5 million in Adjusted EBITDA¹ net of IFRS impacts or 22.4% as a percentage of net revenue. IBI’s results for the first quarter reflect the ongoing positive impact of the firm’s technology focus, further client adoption of the products and services offered through the Intelligence segment, and continued integration of technology both internally and across all client work within the Buildings and Infrastructure sectors.

“I am very pleased to report net revenue growth of 13% in the first quarter of 2021, approximately half of which is attributable to organic growth, and was supported by a strong balance sheet and significant capital allocation flexibility,” said [Scott Stewart](#), Chief Executive Officer of IBI Group Inc. “Our Q1 results demonstrate the advantages of becoming a technology driven design firm, as IBI has posted financial performance in-line with peers over the past two years while making significant investments in new technology. The results of our technology pivot have become clear; we reported solid growth in 2020 despite the impacts of a global pandemic, and are forecasting a further 7% net revenue growth for 2021. This strength, along with our backlog that has shown a 50% improvement over time from 12 to 18 months as at the end of last year, provide a resilient foundation for IBI to continue growing and creating shareholder value for many years to come.”

Financial Highlights:

- Net revenue of \$108.9 million in Q1 2021 was 13% higher than Q1 2020, and 10% higher than the preceding quarter, reflecting strategic performance and organic growth despite ongoing challenges caused by the global COVID-19 pandemic.

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

- IBI's Adjusted EBITDA¹ net of IFRS 16 impacts grew 17% year-over-year to \$16.4 million (or 15.0% of net revenue) in Q1 2021, compared to \$14.0 million (14.5% of net revenue) in the same period the prior year.
- IBI's backlog of \$586 million at the end of Q1 2021 increased by 20% compared to Q1 2020.
- IBI's Intelligence sector recorded Q1 2021 net revenue of \$19.9 million, in line with Q1 2020, representing 18% of total net revenue, with Adjusted EBITDA¹ net of IFRS 16 impacts of \$4.5 million (22.4% as a percentage of net revenue). IBI billed \$5.3 million to clients related to recurring software support and maintenance services in the first quarter of 2021, which reflects \$0.2 million of negative impact related to the US/CAD foreign exchange rate.
- Net revenue of \$53.3 million from the Buildings sector was 9% higher than Q1 2020, with Adjusted EBITDA¹ net of IFRS 16 impacts of \$10.9 million (20.4% as a percentage of net revenue), an increase of 31% over Q1 2020.
- The Infrastructure sector generated \$35.2 million of net revenue, contributing to Adjusted EBITDA¹ net of IFRS 16 impacts of \$5.3 million (15.0% as a percentage of net revenue), which was 57% higher than the same period in 2020.
- The Company closed the acquisition of Peters Energy Solutions Inc., further enhancing IBI's work in sustainable community development.
- Net income in Q1 2021 totalled \$4.3 million (\$0.11 per basic and diluted share) and includes a pre-tax loss in fair value of other financial liabilities as a result of the redemption of the 5.5% Debentures in January 2021.
- The Company redeemed its 5.5% debentures in January 2021 for total consideration of \$47.6 million. At March 31, 2021, net debt¹ totalled \$52.6 million, resulting in a 1.1 times net debt to Adjusted EBITDA¹ ratio.
- IBI's days sales outstanding ("DSO") at March 31, 2021 was 63 days, a decrease of four days relative to Q1 2020, reflecting the Company's diligence in reviewing contract assets and accounts receivable and its commitment to accelerated billings.
- An inaugural Capital Markets Day was held on March 24, 2021 in the digital engagement venue located within the [Smart City Sandbox](#), and showcased IBI's commitment to environmental, social and governance ("ESG") practices with the launch of its [ESG Profile](#).

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,	
	2021	2020
	(unaudited)	(unaudited)
Number of working days	62	63
Gross revenue	\$ 132,932	\$ 121,166
Less: Subconsultants and direct costs	\$ 24,030	\$ 24,485
Net revenue	\$ 108,902	\$ 96,681
Net income	\$ 4,297	\$ 5,584
Basic & diluted earnings per share	\$ 0.11	\$ 0.15
Adjusted EBITDA ¹ net IFRS 16 impacts	\$ 16,369	\$ 14,035
Adjusted EBITDA ¹ net of IFRS 16 impacts as a percentage of net revenue	15.0%	14.5%
Cash flows (used in) provided by operating activities	\$ 10,780	\$ (393)

Notes:

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

Q1 2021 Review

IBI's first quarter 2021 performance is indicative of a focused, well-capitalized and technology-driven design firm. The Company posted 13% year-over-year growth in net revenue, a 17% increase in Adjusted EBITDA¹ net of IFRS 16 impacts, which represents 15.0% of net revenue, and which exceeded results from both Q1 and Q4 of 2020. Closing of the previously announced Peters Energy Solutions acquisition also occurred during the quarter, bolstering IBI's existing energy management business with renewable energy solutions including solar, wind and energy storage, along with the environmental, regulatory and economic considerations of planning, designing and delivering green energy solutions.

The Company has made significant progress in strengthening its financial position and enhancing profitability over the past several years, the impact of which is clearly evidenced by IBI's conservative debt profile, increasing net revenue and growing Adjusted EBITDA margin. This financial growth has been complemented by a continued focus on advancing ESG initiatives as outlined in the Company's inaugural [ESG profile](#) launched on March 24, 2021 during IBI's first hosted [Capital Markets Day](#).

Recent governance initiatives include a Board refresh with [Michael Norbrega](#) taking the helm as Board Chair from retiring Dale Richmond; the nomination of a third female board member in Sharon Ranson; and the internal promotions of [Audrey Jacob](#) to Chief Operations Director and [Kevin Bebenek](#) to Global Sector Lead, Intelligence. Implementation of the Company's Diversity, Inclusion and Belonging policy drove continued improvement of IBI's

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

social priorities, while increased usage and adoption of digital engagement venues for IBI events contributes to an improved environmental footprint.

Days sales outstanding (“DSO”) totalled 63 days in Q1 2021, four days lower than Q1 2020 and in-line with the previous period. The Company’s quarter end net debt was the lowest level in more than a decade, totalling \$52.6 million, and representing a net debt to Adjusted EBITDA multiple of 1.1 times. IBI has secured significant financial flexibility with this strong liquidity position, including generating free cash flow that can be allocated to further growth and value creation by way of accretive acquisitions, organic growth opportunities or a share buyback.

Late in the quarter, IBI Group Investment Partnership (the “Management Partnership”) closed a private placement of 1.2 million common shares of IBI which were sold to institutional buyers, supporting the Management Partnership’s ongoing succession planning. Subsequent to the transaction, the Management Partnership, together with its affiliates, continues to hold approximately 6.0 million shares and 6.3 million Class B Units of IBI Group (convertible into 6.3 million shares), collectively representing approximately 33% of the Company’s shares outstanding.

Business Sector Summary Highlights

Intelligence

During Q1 2021, the Company’s Intelligence sector posted net revenue of \$19.9 million, 2% below Q1 2020 and 5% higher than Q4 2020, and which represented 18% of total net revenue. Adjusted EBITDA¹ net of IFRS 16 impacts of \$4.5 million was 3% lower than the same period the previous year, and represented 22.4% of net revenue compared to 22.6% in Q1 2020.

The Company’s recurring software support and maintenance billings to clients totalled \$5.3 million, in-line with the same period in 2020 and the previous quarter. Movement in the US dollar exchange rate impacted recurring Intelligence revenue in the period which would have been 3.8% higher in the absence of the negative foreign exchange change. Expanding IBI’s recurring software support and maintenance contracts remains a long-term focus, expected to be driven by continued growth stemming from the introduction of new products and solutions for clients. By increasing billings within this area, IBI is positioned to realize more of the ongoing and ‘sticky’ subscription revenue that is generated through the full lifecycle of assets that the Company designs.

Further success was realized during the quarter with [Travel-IQ™](#), as additional deployments occurred across new U.S. states and Canadian provinces. Travel-IQ™ has been a significant contributor to IBI’s Intelligence sector portfolio for more than 10 years, providing clients with a critical means of communicating traffic, event and road conditions with their customers and the public, thereby improving public safety by encouraging travelers to avoid problem areas.

Buildings

Net revenue from the Company’s Buildings sector grew to \$53.3 million during Q1 2021, 9% higher than Q1 2020 and 5% higher than the previous quarter. Buildings net revenue represented 49% of the corporate total, contributing to Adjusted EBITDA¹ net IFRS 16 impacts of \$10.9 million or 20.4% of net revenue, 31% higher than Q1 2020.

During the first quarter, IBI’s Buildings sector continued to advance transit facility projects in Ontario that support the ongoing transition of fleet vehicles to 100% electric, including power pricing forecasts. Planning and design work for the projects includes running full electrification scenarios designed to assess the features and benefits of facility upgrades that are required to incorporate electric vehicle maintenance and charging infrastructure.

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

Infrastructure

IBI's Infrastructure practice increased net revenue to \$35.2 million in Q1 2021, 30% higher than Q1 2020 and 24% higher than Q4 2020, representing 32% of total corporate net revenue. Adjusted EBITDA¹ net IFRS 16 impacts of \$5.3 million was 57% higher than Q1 2020, representing 15.0% of net revenue compared to 12.4% of net revenue for the same period in 2020.

As part of the Acciona-Ghella Joint Venture (AGJV) for the [Broadway Subway Project](#) in Vancouver, British Columbia (announced by IBI on August 2, 2020), the Company was selected as Project Architect as well as Architect and Engineer of Record for four out of six stations, including the complex Broadway-City Hall Interchange Station. IBI will also be providing design services on road alignments, traffic diversions, and road furniture modifications required to support the new subway stations and alignment. This project adds to IBI's global expertise designing transit infrastructure, including on Toronto's [Eglinton Crosstown LRT](#) and [Hurontario LRT](#), the [Edmonton Valley Line LRT](#), [Ottawa Confederation Line](#), and the [Tel Aviv Light Rail Red Line](#).

2021 Guidance and Outlook

As previously announced on March 11, 2021, IBI is maintaining its forecast total net revenue of approximately \$422 million for the year ended December 31, 2021, a target that is approximately 7% higher than 2020 actuals. Realizing this forecast net revenue would represent a 6% compound annual growth rate since 2013.

As at March 31, 2021, the Company had \$586 million of work committed and under contract for the next five years, an increase of 20% across the firm relative to the same period in 2020. This represents approximately 17 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, 2021). After confirmation of the Broadway Subway Project as noted above, the Company anticipates a further increase to the backlog, which will be reflected in its Q2 2021 results.

Investor Conference Call & Webcast

The Company will host a conference call on Friday, May 14, 2021 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=1451185&tp_key=5cc3de2615

Conference Call Details:

Date: Friday, May 14, 2021

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: 049651#

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 28, 2021.

Annual Shareholder Meeting Webcast

Following the Q1 2021 investor conference call, IBI will host a virtual Annual General Meeting of shareholders (the “Meeting”) at 10:00 a.m. ET via live audio webcast, which will be conducted online using the virtual LUMI platform and accessed through IBI’s digital engagement venue within the Smart City Sandbox. Interested stakeholders are invited to access the Smart City Sandbox at the following link: <https://smartcitysandbox.com/IBI-2021-AGM-Showcase>. At the conclusion of the formal part of the meeting, Scott Stewart will address shareholders and subsequently encourage Meeting attendees to visit the Company’s interactive Investor Showcase featuring updates on IBI’s strategic business sector growth, urban innovation solutions and the Company’s SaaS portfolio.

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 3,100 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 May 13, 2021.

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.