



ANNUAL REPORT

FISCAL YEAR ENDED JANUARY 31, 2017

FORWARD-LOOKING STATEMENTS

Management of ADF Group Inc. wishes to inform the reader that this document contains forward-looking statements within the meaning of applicable securities laws, in which Management's expectations regarding ADF Group Inc.'s future performance may be discussed. These forward-looking statements include information concerning ADF Group's probable or foreseeable future operating results and financial position, and involve certain risks and uncertainties with regard to their future realization. These forward-looking statements are based on currently available data in regard to competition, financial position, economic conditions and operating plans. The principal risks and uncertainties that could affect ADF Group Inc.'s results, such that those results could differ materially from those expressed in any forward-looking statements, are presented in Sections "Current Economic Environment" and "External Factors to Which the Corporation's Performance is Exposed" of the MD&A Report for the fiscal year ended January 31, 2017.

REVIEW OF THE YEAR

Fiscal Year Ended January 31, 2017

The fiscal year ended January 31, 2017 saw ADF Group's revenues exceed \$100 million and our order book reach the \$200-million-dollar mark.

Growing our business was amongst our main objectives for fiscal 2017, and we are satisfied with the progress made in this regard. We have closed the fiscal year 2017 with revenues close to \$103 million, representing a 5% increase over the previous fiscal year, and recorded a net income of \$1.5 million.

The positive impact from our gross margins was more than offset by the increase in sales and administrative expenses which in turn have increased in order to, among others, support the growth of our activities.

ORDER BACKLOG

A New Height Since Fiscal 2003

The backlog of firm orders has recorded a strong growth in fiscal 2017 compared with the previous year. The addition of nearly \$235 million in new contracts from coast to coast of North America drove the order backlog above the \$200-million mark during the year.

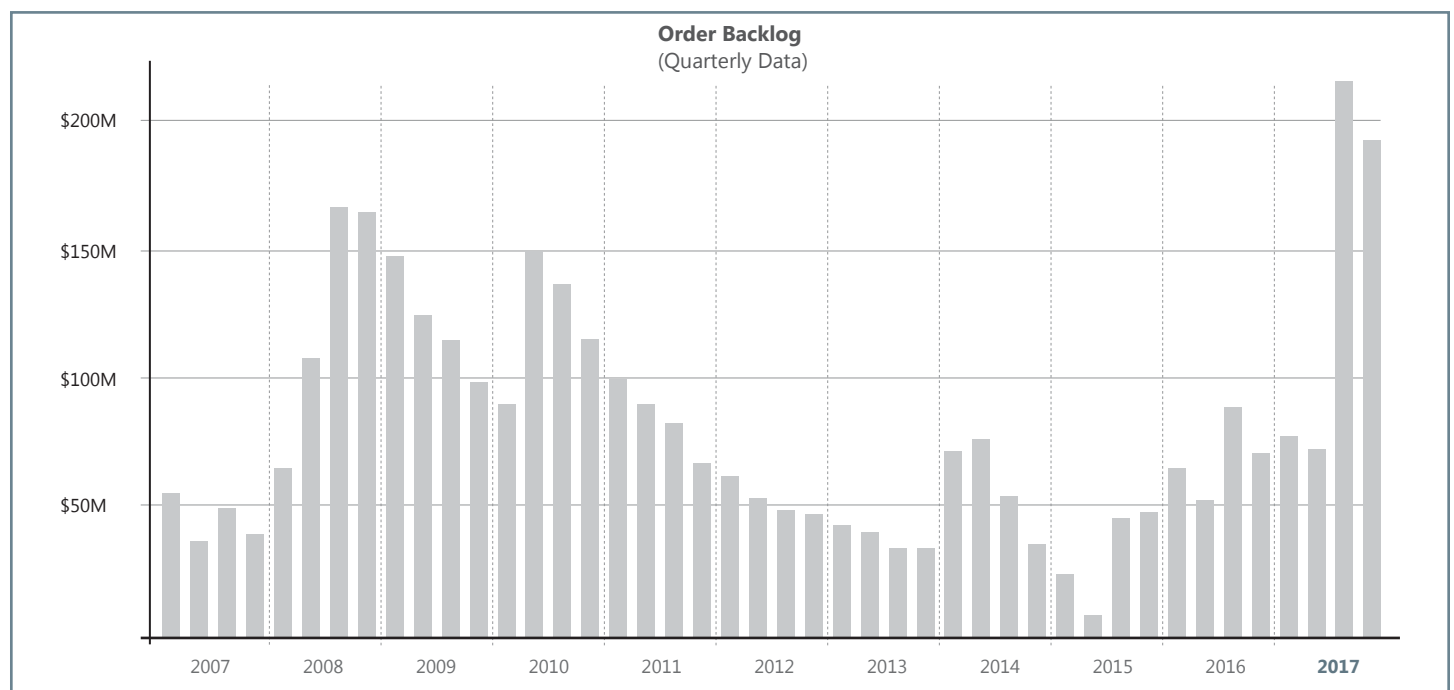
As at January 31, 2017, the order book totalled \$194.5 million. The orders in hand as at January 31, 2017 will progressively be executed between now and the second quarter of ADF's 2019 fiscal year.

The new major projects in which ADF Group is currently involved in, include the new Salt Lake City International Airport, in the United States. This particular project is an historic one for us, since it is one of the largest contracts, in terms of value, ever signed by ADF in North America. This large-scale project, characterized by a volume of nearly 20,000 tons, was assigned to our team in Great Falls, Montana.

Other projects, just as high-profile and ambitious, including the "New York Wheel" on Staten Island, the "Mercedes-Benz" stadium in Atlanta, "LAX Airport" in Los Angeles, the high-speed train station "All Aboard Florida" connecting Miami to Orlando, Montreal's new "Champlain Bridge" over the St. Lawrence river and the mega "American Dreams" mall in New Jersey, will also carry the signature of the ADF's team.

As for our new paint shop, that was built within our own fabrication complex in Terrebonne and commissioned in the first quarter of the 2017 fiscal year, it is running at near its full annual capacity, with industrial coating projects such as the steel grates as part of Montreal's Champlain Bridge rehabilitation project, and the massive box girders being fabricated by ADF for Montreal's new and prestigious Champlain Bridge project.

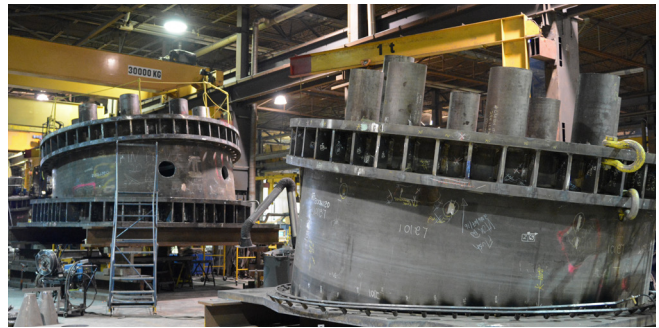
The activity level at our "Construction and Installation" division based in Florida is on the rise, supported by more positive market conditions on the USA East Coast; one of ADF's key market to develop our portfolio of projects.





Steel component of the **new Champlain Bridge** • Montreal, Canada

ADF is fabricating the 140 box girders of the central corridor of the new Champlain Bridge over the St. Lawrence River. The new bridge will be a three-lane structure, including a central corridor reserved for public transit. Each of these steel components vary in size and weight, and some will reach up to 90 tons. In addition, our new paint shop in Terrebonne was awarded the contract to coat 170 box girders of the other two highway corridors of this new bridge.



Steel Pedestals of the **New York Wheel** • New York, USA

After London, Dubai, Nanchang, Singapore, Vegas, it will be New York's turn to be among the large metropolis to have a big wheel, which will be listed as the highest in the North-America reaching 192.9 metres (633 feet). ADF's contract included the fabrication and industrial coating of the four steel pedestal, which each weighs more than 87,000 kg (194,000 lb). The support tower will rest on these massive pedestals.

OUTLOOK FOR FISCAL 2018

As we reported in these pages about a year ago, we undertook, in fiscal 2017, an ambitious strategic plan that will establish our guidelines for the next years.

Combining our five pillars, which include our two fabrication complexes and two paint shops located in Quebec, and in Montana, as well as our construction and steel erecting division based in Florida, this strategic plan focuses on growth, on the re-engineering of some of our processes and relies on the contribution of our 700 employees. This plan, which we have named "ADF 2.0", allows us to channel our efforts and carry out this growth phase.

In addition to the implementation of ADF 2.0, our objectives for fiscal 2018 will be to continue growing the backlog, to manage our liquidities, which will remain under pressure, and pursue the integration of our facilities located in Great Falls, Montana.

Our investments have allowed us to improve our competitive position and our ability to enter new markets. Our business development teams are hard at work to expand our geographic footprint and increase the number of markets across North America that we are today able to serve effectively.

Our efforts would be in vain if it wasn't for the efforts of all our employees, and for that reason, we want to thank them. Our growth phase, as well as the changes we are planning to bring about will add to the workload. Managing changes comes with new challenges, and we are fortunate to be able to rely on a motivated and capable group of individuals. In these times of change, the contribution of the members of our Board of Directors is all the more important, and we would like to thank them for their commitment and advices. We want to say thanks to our business partners for their contribution and to our customers for trusting us and choosing ADF as their commercial partners. We also wish to express our thanks to you, our shareholders, for your continued support over the past years.

We begin fiscal 2018 with a good order book, a good level of activities in our facilities, and a renewed management approach, which has the merit of being methodical and built on solid foundations, for a profitable and sustainable growth.

/ Signed /

Jean Paschini
Co-Chairman of the Board of Directors
and Chief Executive Officer

/ Signed /

Pierre Paschini, Eng.
President and Chief Operating Officer

/ Signed /

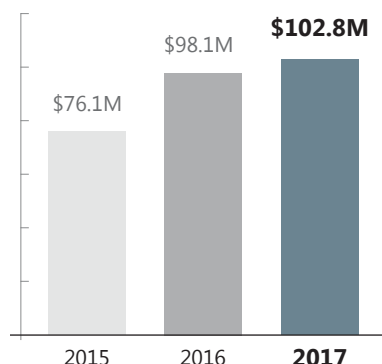
Marise Paschini
Executive Vice President, Treasurer
and Corporate Secretary

FINANCIAL HIGHLIGHTS



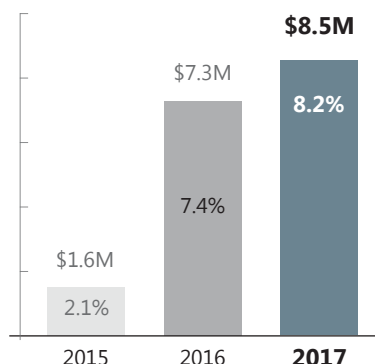
REVENUES

(In million \$)



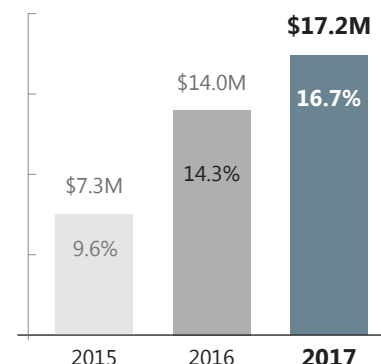
EBITDA

(In million \$ and as a % of revenues)



GROSS MARGIN

(In million \$ and as a % of revenues)



Fiscal Years Ended January 31	2017	2016	2015	2014	2013
(In thousands of dollars and in dollars per share)	\$	\$	\$	\$	\$
OPERATING RESULTS					
Revenues	102,846	98,089	76,058	92,997	41,412
Earnings before interest, taxes, depreciation and amortization (EBITDA) ^{(1) (2)}	8,462	7,244	1,594	14,234	1,221
Income before income taxes expense (recovery)	2,513	2,787	(2,777)	10,610	(1,779)
Net Income	1,499	1,699	(1,570)	7,682	(1,554)
FINANCIAL POSITION					
Total assets	158,684	146,471	137,815	127,984	106,530
Shareholders' Equity	105,650	107,533	103,958	101,833	91,426
Total debt, net of liquidities (total liquidities net of debt) ⁽²⁾	31,716	12,842	1,402	(13,452)	(23,480)
Working capital	24,769	20,961	19,476	29,615	35,038
OTHER CONSOLIDATED FINANCIAL DATA					
Liquidities ⁽³⁾	334	2,377	8,735	19,473	27,142
Cash flows from operating activities	(10,635)	(1,157)	1,420	13,744	11,377
Net acquisition of property, plant and equipment	6,809	8,591	13,860	22,683	5,004
RATIOS					
Working Capital	1.77:1	1.96:1	1.88:1	2.53:1	3.51 :1
Long-term debt to shareholders' equity	0.30:1	0.14:1	0.10:1	0.06:1	0.04 :1
PER-SHARE INFORMATION					
Basic earnings per share	0.05	0.05	(0.05)	0.24	(0.05)
Diluted earning per share	0.05	0.05	(0.05)	0.23	(0.05)
Book value per share	3.24	3.30	3.20	3.13	2.82

(1) Excluding foreign exchange variations.

(2) EBITDA and the total debt, net of liquidities (total liquidities net of debt) are not a performance measures recognized by IFRS standards, and are not likely to be comparable to similar measures presented by other issuers. Management, as well as investors, consider these to be useful information to assist them in assessing the Corporation's profitability and ability to generate funds to finance its operations (refer to Section 10 "Non-GAAP Measures" of the Management's Discussion and Analysis for the fiscal year ended January 31, 2017 for the definition of these metrics and reconciliation to the most comparable IRFS measures).

(3) Including cash, cash equivalents and short-term investment.

Annual General Meeting

Date: June 14, 2017
Time: 11:00 a.m.
Place: Hotel Sheraton Laval
2440 autoroute des Laurentides
Laval, Quebec, Canada H7T 1X5

2017 Annual Information Form

The Annual Information Form for the fiscal year ended January 31, 2017 is available on SEDAR website (www.sedar.com) and on ADF Group's website (www.adfgroup.com) and at the Corporation's headquarters.

Investor Relations

To receive the information distributed by ADF Group Inc. on a regular basis, you are invited to send your request to:

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infos@adfgroup.com

Computershare
Investor Services
1500 Robert-Bourassa Boulevard, Suite 700
Montreal, Quebec, Canada H3A 3S8
T. (514) 982-7888 • F. (514) 982-7974

Stock Information

The Corporation's securities are listed on the Toronto Stock Exchange under the ticker symbol TSX: DRX. On April 12, 2017, there were 18,284,435 subordinate voting shares issued and outstanding.

GENERAL INFORMATION

Transfer Agent and Registrar

COMPUTERSHARE TRUST COMPANY OF CANADA
1500 Robert-Bourassa Boulevard, Suite 700
Montreal, Quebec, Canada H3A 3S8

Financial Institution

NATIONAL BANK OF CANADA
600 de la Gauchetière West, Ground Floor
Montreal, Quebec, Canada H3B 4L2

Independent Auditor

PRICEWATERHOUSECOOPERS, LLP
1250 René-Lévesque Boulevard West, Suite 2500
Montreal, Quebec, Canada H3B 4Y1

Law Firm

FASKEN MARTINEAU DUMOULIN, LLP
Stock Exchange Tower
800 Square Victoria, Suite 3400
Montreal, Quebec, Canada H4Z 1E9

MEMBERS OF THE BOARD OF DIRECTORS AND COMMITTEES

Jean Paschini	Co-Chair of the Board of Directors and Chief Executive Officer ADF Group Inc.
Antonio P. Meti , B. Comm ^{(1) (2)}	Co-Chair of the Board of Directors and Independent Board Leader of ADF Group Inc. President, G.D.N.P. Consulting Services Inc.
Pierre Paschini , Eng.	President and Chief Operating Officer ADF Group Inc.
Marise Paschini	Executive Vice President, Treasurer and Corporate Secretary ADF Group Inc.
Marc L. Belcourt , Eng. (ret) ^{(1) (2)}	Construction Consultant
Michèle Desjardins , MBA, F.Adm.A, C.M.C, ICD.D ^{(1) (2)}	President and Founder, Koby Consulting Inc. Senior Partner, Lansberg Gersick & Associates, LLC
Frank Di Tomaso , FCPA, FCA, ICD.D ^{(1) (2)}	Corporate Director
Robert Paré ⁽²⁾	Senior Partner, Fasken Martineau DuMoulin, LLP

(1) Member of the Audit Committee, chaired by Mr. Di Tomaso.

(2) Member of the Compensation, Nominating and Governance Committee, chaired by Ms. Desjardins.

MEMBERS OF THE MANAGEMENT COMMITTEE

Jean Paschini	Chief Executive Officer
Pierre Paschini , Eng.	President and Chief Operating Officer
Marise Paschini	Executive Vice President, Treasurer and Corporate Secretary
Jean-François Boursier , CPA, CA	Chief Financial Officer
Carolyn Hanson-Carbonneau , M. Eng.	Vice President, Engineering and Operations