

FIRST QUARTER REPORT TO SHAREHOLDERS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2017**

W A J A X C O R P O R A T I O N 2 0 1 7





WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX REPORTS FIRST QUARTER RESULTS

Toronto, Ontario – May 2, 2017 – Wajax Corporation (“Wajax” or the “Corporation”) today announced improved 2017 first quarter results compared to the previous year.

(Dollars in millions, except per share data)

CONSOLIDATED RESULTS

	Three Months Ended March 31	
	2017	2016
Revenue	\$318.4	\$285.0
Equipment sales	\$93.3	\$79.0
Equipment rental	\$12.5	\$12.4
Industrial parts	\$89.6	\$80.6
Product support	\$110.3	\$99.0
Other	\$12.7	\$14.0
Net earnings (loss)	\$6.2	\$(9.7)
Basic earnings (loss) per share	\$0.31	\$(0.49)
Adjusted net earnings (loss)⁽¹⁾⁽²⁾	\$6.2	\$(0.6)
Adjusted basic earnings (loss) per share⁽¹⁾⁽²⁾⁽³⁾	\$0.31	\$(0.03)

First Quarter Highlights

- The Corporation generated revenue of \$318.4 million, an increase of 11.7% compared to the prior year, due to higher revenue in western Canada relating to improved volumes in construction, mining and forestry. Regionally, revenue increased 25.4% in western Canada, 4.5% in central Canada and 1.0% in eastern Canada.
- The Corporation generated net earnings of \$6.2 million or \$0.31 per share, due to increased revenue and decreased selling and administrative expenses. The result compares to a prior year adjusted net loss of \$0.6 million or \$0.03 per share.
- Compared to the fourth quarter of 2016, consolidated backlog increased \$34.2 million, or 27% due primarily to higher equipment orders.⁽¹⁾⁽⁴⁾ Compared to the first quarter of 2016, consolidated backlog decreased \$45.8 million, or 22%, due primarily to lower mining equipment orders.⁽¹⁾⁽⁴⁾
- The Corporation’s leverage ratio decreased to 1.94 times primarily as a result of a higher trailing 12-month Adjusted EBITDA.⁽¹⁾

- Wajax declared a second quarter 2017 dividend of \$0.25 per share payable on July 5, 2017 to shareholders of record on June 15, 2017.

"We are satisfied with the improvement in our first quarter results which benefited from improved volumes in western Canada. In addition, the broad improvement in equipment sales, industrial parts, product support and lower selling and administrative expenses demonstrates the effectiveness of our reorganization. We express our thanks to the entire Wajax team who worked very hard to deliver our first quarter results and continued to improve our safety record." said Mark Foote, President and Chief Executive Officer.

"With the completion of the reorganization, Wajax is now reporting as a single segment in this quarter versus the three segments reported in the fourth quarter of 2016. The single segment reporting more accurately reflects the way in which the company is organized and the manner in which we assess performance and allocate resources."

Mr. Foote continued, "Although the first quarter results are positive, we continue to expect that most major resource and industrial markets will remain under continued spending constraints and margin pressures for the remainder of 2017. We will remain focused on generating revenue sufficient to offset the four large mining shovel deliveries made in 2016, which are not expected to be repeated in 2017, managing our margins effectively and ensuring we deliver the annualized savings expected from our reorganization. Assuming the achievement of these objectives, management anticipates adjusted net earnings in 2017 will increase compared to 2016 adjusted net earnings".

Wajax Corporation

Founded in 1858, Wajax (TSX: WJX) is one of Canada's longest-standing and most diverse industrial products and services providers. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diversified sectors of the Canadian economy, including: transportation, forestry, industrial and commercial, construction, oil sands, mining, metal processing, government and utilities and oil and gas.

The Corporation's goal is to be Canada's leading industrial products and services provider, distinguished through its three core capabilities: sales force excellence, the breadth and efficiency of repair and maintenance operations, and the ability to work closely with existing and new vendor partners to constantly expand its product offering to customers. The Corporation believes that achieving excellence in these three areas will position it to create value for its customers, employees, vendors and shareholders.

Notes

- (1) "Adjusted net earnings (loss)", "Adjusted basic earnings (loss) per share", "Consolidated backlog", "leverage ratio" and "Adjusted EBITDA" are financial measures which do not have standardized meanings prescribed under generally accepted accounting principles ("GAAP"), and may not be comparable to similar measures presented by other issuers. The Corporation's Management's Discussion and Analysis ("MD&A") includes additional information regarding these financial measures, including definitions and reconciliations to the most comparable GAAP measures, under the heading "Non-GAAP and Additional GAAP Measures".
- (2) Adjusted net loss for the three months ended March 31, 2016: net loss excluding after-tax restructuring costs of \$9.1 million, or \$0.46 per share basic.
- (3) For the three months ended March 31, 2017, the weighted average shares outstanding for calculation of basic earnings (loss) per share were 19,818,629 (2016 – 19,990,764).
- (4) The Corporation has made a correction to the backlog figure as at December 31, 2016 reported in its 2016 annual MD&A. Corrected backlog was \$125.8 million compared to reported backlog of \$116.7 million, an increase of \$9.1 million.

Cautionary Statement Regarding Forward Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “forward-looking statements”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this news release are made as of the date of this news release, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, our outlook for major resource and industrial markets for the remainder of 2017; our areas of focus for the remainder of 2017, including generating revenue sufficient to offset the four large mining shovel deliveries made in 2016 which are not expected to repeat, effectively managing our margins and delivering the operational improvements and full annualized savings expected from our 2016 strategic reorganization; our outlook for 2017 adjusted net earnings should we be successful in achieving the forgoing objectives; our 4 Points of Growth Strategy and the goals for such strategy, including our goal of becoming Canada’s leading industrial products and services provider; and our belief that achieving excellence in our areas of core capability will position Wajax to create value for its customers, employees, vendors and shareholders. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our 4 Points of Growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation’s business may be found in this news release under the heading “Risk Management and Uncertainties” and in our Annual Information Form for the year ended December 31, 2016, filed on SEDAR. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further

cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Additional information, including Wajax's Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

Wajax Corporation

Management's Discussion and Analysis – Q1 2017

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the three months ended March 31, 2017. This MD&A should be read in conjunction with the information contained in the unaudited condensed consolidated financial statements and accompanying notes for the quarter ended March 31, 2017, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2016 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 2, 2017.

Management is responsible for the information disclosed in this MD&A and the unaudited condensed consolidated financial statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Wajax's Board of Directors has approved this MD&A and the unaudited condensed consolidated financial statements and accompanying notes. In addition, Wajax's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by Wajax and has reviewed this MD&A and the unaudited condensed consolidated financial statements and accompanying notes.

Unless otherwise indicated, all financial information within this MD&A is in millions of Canadian dollars, except ratio calculations, share, share rights and per share data. Additional information, including Wajax's Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

Wajax Corporation Overview

Founded in 1858, Wajax (TSX: WJX) is one of Canada's longest-standing and most diverse industrial products and services providers. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diversified sectors of the Canadian economy, including: transportation, forestry, industrial and commercial, construction, oil sands, mining, metal processing, government and utilities and oil and gas.

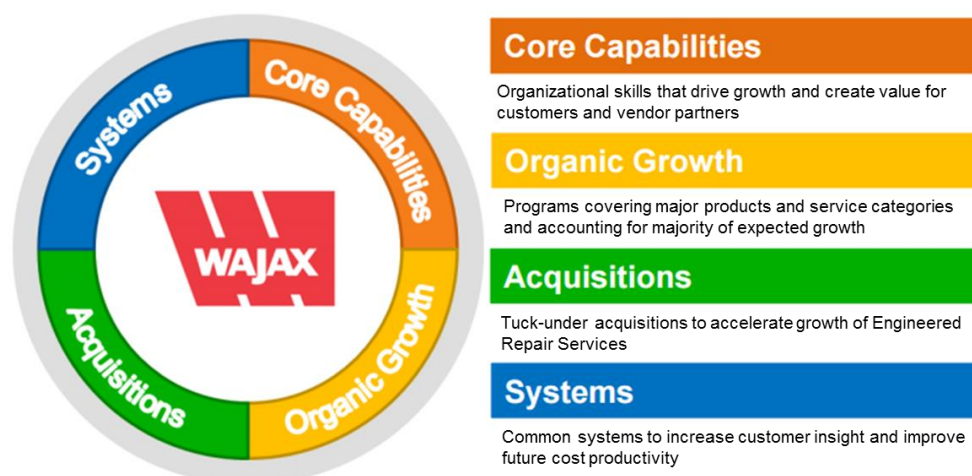
The Corporation's goal is to be Canada's leading industrial products and services provider, distinguished through its three core capabilities: sales force excellence, the breadth and efficiency of repair and maintenance operations and the ability to work closely with existing and new vendor partners to constantly expand its product offering to customers. The Corporation believes that achieving excellence in these three areas will position it to create value for its customers, employees, vendors and shareholders.

Strategic Direction and Outlook

The strategic reorganization announced in March 2016 has been completed and, as a result, the Corporation continues to estimate annualized cost savings of approximately \$17 million starting in 2017. \$8.6 million in cost savings was recognized in 2016 as a result of the reorganization.

Management remains committed to and confident in the execution of our 4 Points of Growth Strategy to create value for customers, vendors and shareholders.

Wajax's 4 Points of Growth



Looking forward to the remainder of 2017, although there have been some announced increases in planned investments by Canadian oil and gas companies, management expects that most major resources and industrial markets will remain under continuing spending and resultant competitive pressure. The focus for the remainder of 2017 will continue to be on: (1) generating revenue sufficient to offset the four large shovel deliveries made in 2016 (which are not expected to be repeated), (2) effectively managing margins and (3) ensuring the Corporation delivers the operational improvements and full annualized savings expected from the reorganization. Assuming the achievement of these objectives, management anticipates adjusted net earnings in 2017 will increase compared to 2016 adjusted net earnings. See the Non-GAAP and Additional GAAP Measures section.

Highlights for the Quarter

- The Corporation generated revenue of \$318.4 million, an increase of 11.7% compared to the prior year due to higher revenue in western Canada relating to improved volumes in construction, mining and forestry. Regionally, revenue increased 25.4% in western Canada, 4.5% in central Canada and 1.0% in eastern Canada.
- The Corporation generated net earnings of \$6.2 million or \$0.31 per share, due to increased revenue and decreased selling and administrative expenses. The result compares to a prior year adjusted net loss of \$0.6 million or \$0.03 per share.⁽¹⁾
- Compared to December 31, 2016, backlog increased \$34.2 million, or 27%, due primarily to higher equipment orders.⁽¹⁾⁽²⁾ Compared to the first quarter of 2016, backlog decreased \$45.8 million, or 22%, due primarily to lower mining equipment orders.⁽¹⁾
- The Corporation's leverage ratio decreased to 1.94 times primarily as a result of a higher trailing 12-month adjusted EBITDA.⁽¹⁾

(1) "Backlog", "Leverage Ratio", "Adjusted Net Loss and "Adjusted EBITDA" do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"). See the Non-GAAP and Additional GAAP Measures section.

(2) The Corporation has made a correction to the backlog figure as at December 31, 2016 reported in its 2016 annual MD&A. Corrected backlog was \$125.8 million compared to reported backlog of \$116.7 million, an increase of \$9.1 million.

Summary of Operating Results

Statement of earnings highlights				
For the three months ended March 31		2017	2016	% change
Revenue	\$	318.4	\$ 285.0	11.7%
Gross profit	\$	60.8	\$ 54.7	11.0%
Selling and administrative expenses	\$	49.5	\$ 52.7	(5.9)%
Restructuring costs	\$	-	\$ 12.5	(100.0)%
Earnings (loss) before finance costs and income taxes ⁽¹⁾	\$	11.2	\$ (10.5)	207.3%
Finance costs	\$	2.5	\$ 2.7	(5.9)%
Earnings (loss) before income taxes ⁽¹⁾	\$	8.7	\$ (13.2)	166.0%
Income tax expense (recovery)	\$	2.4	\$ (3.4)	171.7%
Net earnings (loss)	\$	6.2	\$ (9.7)	164.0%
- Basic earnings (loss) per share ⁽²⁾	\$	0.31	\$ (0.49)	163.3%
- Diluted earnings (loss) per share ⁽³⁾	\$	0.31	\$ (0.49)	163.3%
Adjusted net earnings (loss) ⁽¹⁾⁽⁴⁾	\$	6.2	\$ (0.6)	1,133.3%
- Adjusted basic earnings (loss) per share ⁽¹⁾⁽²⁾⁽⁴⁾	\$	0.31	\$ (0.03)	1,133.3%
- Adjusted diluted earnings (loss) per share ⁽¹⁾⁽³⁾⁽⁴⁾	\$	0.31	\$ (0.03)	1,133.3%
Key ratios:		19.1		
Gross profit margin		%		
Selling and administrative expense as a percentage of revenue		15.6		
EBIT margin ⁽¹⁾		%	19.2%	
Effective income tax rate		3.5%	18.5%	
		28.1	(3.7)%	
		%	25.9%	

Statement of financial position highlights				
As at		March 31 2017	December 31 2016	% change
Trade and other receivables	\$	194.1	\$ 194.6	(0.3)%
Inventories	\$	290.6	\$ 283.4	2.5%
Accounts payable and accrued liabilities	\$	(221.0)	\$ (232.7)	(5.0)%
Other working capital amounts ⁽¹⁾	\$	4.1	\$ 20.6	(80.0)%
Working capital ⁽¹⁾	\$	267.8	\$ 265.9	0.7%
Rental equipment	\$	57.6	\$ 58.1	(1.0)%
Property, plant and equipment	\$	44.4	\$ 45.7	(2.7)%
Funded net debt ⁽¹⁾	\$	134.0	\$ 126.0	6.4%
Key ratios:				
Leverage ratio ⁽¹⁾		1.94 times	2.07 times	

(1) These measures do not have a standardized meaning prescribed by ("GAAP"). See the Non-GAAP and Additional GAAP Measures section.

(2) Weighted average shares outstanding for calculation of basic earnings (loss) per share were 19,818,629 (2016 – 19,990,764).

- (3) Weighted average shares outstanding for calculation of diluted earnings (loss) per share were 20,188,117 (2016 – 19,990,764).
- (4) Net loss excluding after-tax restructuring costs of \$9.1 million or \$0.46 per share in 2016.

Operating Segments

With the completion of the reorganization announced in 2016, the Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, regularly assesses the performance of, and makes resource allocation decisions based on, the Corporation as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment, which differs from the three reportable segments which existed prior to the reorganization.

Results of Operations

Revenue

For the three months ended March 31	2017	2016
Equipment sales	\$ 93.3	\$ 79.0
Equipment rental	12.5	12.4
Industrial parts	89.6	80.6
Product support	110.3	99.0
Other	12.7	14.0
Total revenue	\$ 318.4	\$ 285.0

Revenue in the first quarter of 2017 increased 11.7%, or \$33.4 million, to \$318.4 million, from \$285.0 million in the first quarter of 2016. The following factors contributed to the increase in revenue:

- Equipment sales have increased due to higher construction, forestry and mining sales in western Canada, partly offset by reductions in material handling equipment in western and eastern Canada.
- Revenue from industrial parts has increased due primarily to increased bearings and power transmission sales in eastern Canada and increased fluid power and process equipment sales in central and eastern Canada.
- Product support revenue has increased \$11.3 million to \$110.3 million on strength in construction parts sales in all regions and mining parts and service sales in western Canada.

Backlog of \$160.0 million at March 31, 2017 increased \$34.2 million compared to December 31, 2016 due mainly to orders for equipment and industrial parts in all regions.⁽¹⁾ Backlog decreased \$45.8 million compared to March 31, 2016 due primarily to decreases in mining equipment orders.

- (1) The Corporation has made a correction to the backlog figure as at December 31, 2016 reported in its 2016 annual MD&A. Corrected backlog was \$125.8 million compared to reported backlog of \$116.7 million, an increase of \$9.1 million.

Gross Profit

Gross profit margin of 19.1% is comparable to the prior period margin of 19.2%. Margin pressure resulting from a higher mix of equipment sales and a competitive new equipment pricing environment was largely offset by more stable parts margins and improved service margins. Given a generally consistent gross profit margin on a quarter-over-quarter basis, volume increases resulted in a \$6.1 million or 11% increase in gross profit to \$60.8 million from \$54.7 million in the first quarter of 2016.

Selling and administrative expenses

Selling and administrative expenses decreased \$3.2 million in the first quarter of 2017, compared to the same quarter last year, due mainly to \$3.0 million of savings related to the restructuring completed in 2016. Selling and administrative expenses as a percentage of revenue decreased to 15.6% in the first quarter of 2017 from 18.5% in the first quarter of 2016.

In addition to the \$3.0 million of selling and administrative savings, the Corporation realized an additional \$1.1 million of cost of sales savings related to the restructuring completed in 2016. The Corporation continues to expect that the full annualized cost savings related to the restructuring completed in 2016 will be approximately \$17.0 million starting in 2017.

Finance costs

Quarterly finance costs of \$2.5 million decreased \$0.2 million compared to 2016 due to lower funded net debt levels. See the Liquidity and Capital Resources section.

Income tax expense (recovery)

The Corporation's effective income tax rate of 28.1% for the first quarter of 2017 was higher compared to the statutory rate of 26.9% due to the impact of expenses not deductible for tax purposes. The Corporation's effective income tax recovery rate of 25.9% for the first quarter of 2016 was lower compared to the statutory rate of 26.9% due to the impact of expenses not deductible for tax purposes. The statutory income tax rate of 26.9% is unchanged compared to 2016.

Net earnings (loss)

In the first quarter of 2017, the Corporation had net earnings of \$6.2 million, or \$0.31 per share, compared to a net loss of \$9.7 million, or \$0.49 per share, in the first quarter of 2016. The \$15.9 million increase in net earnings resulted primarily from restructuring costs of \$9.1 million after-tax, or \$0.46 per share, incurred in the prior quarter and increased revenues and lower selling and administrative expenses compared to the prior quarter.

Adjusted net earnings (loss) (See the Non-GAAP and Additional GAAP Measures section)

Adjusted net earnings in the first quarter of 2017 are equal to net earnings. Adjusted net loss in the first quarter of 2016 excludes the restructuring provision of \$9.1 million after-tax, or \$0.46 per share. As such, adjusted net loss was \$0.6 million, or \$0.03 per share, in 2016.

Comprehensive income

Total comprehensive income of \$6.2 million in the first quarter of 2017 included net earnings of \$6.2 million offset partially by an other comprehensive loss of \$0.1 million. In the first quarter of 2016, total comprehensive loss included a net loss of \$9.7 million and an other comprehensive loss of \$1.6 million.

Board Chair

On March 7, 2017, the Corporation announced that Paul Gagné, a director since 1996 and Chairman of the Board since 2006, will retire from the Board of Directors at the close of the Corporation's 2017 annual meeting of shareholders. Rob Dexter has been nominated by his fellow directors to assume the duties of Chairman following the 2017 annual meeting. Rob has been a director since 1988 and has most recently served as Chair of the Human Resources and Compensation Committee of the board.

Senior Vice President, Finance and Chief Financial Officer

Effective March 8, 2017, Darren Yaworsky assumed the role of Senior Vice President, Finance and Chief Financial Officer. Mr. Yaworsky is an experienced finance executive with an extensive background in corporate finance, treasury and risk management. Most recently, he served as Vice President, Finance and Treasurer at Canadian Pacific Railway and, prior to that, held several senior financial executive roles within the Enbridge Group of Companies, including Treasurer of Enbridge Energy Partners LP and Treasurer of Enbridge Income Fund.

Mr. Yaworsky succeeded John Hamilton, who joined Wajax as Senior Vice President, Finance and Chief Financial Officer in 1999. Mr. Hamilton's planned retirement from Wajax in March 2017 was announced in August 2016.

Senior Vice President, Human Resources / Information Systems

In January 2017, the role of Stuart Auld, Senior Vice President, Information Systems was expanded to include leading the Corporation's Human Resources team upon the departure of Kathleen Hassay, Senior Vice President, Human Resources, who left the organization in early 2017. Mr. Auld joined Wajax in 2014 and since that time has been instrumental in coordinating a number of change activities at Wajax.

Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2016 annual audited consolidated financial statements.

	2017		2016				2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenue	\$ 318.4	\$ 313.7	\$ 286.6	\$ 336.6	\$ 285.0	\$ 324.4	\$ 290.9	\$ 340.7	
Net earnings (loss)	\$ 6.2	\$ 8.9	\$ 7.6	\$ 4.3	\$ (9.7)	\$ (33.3)	\$ 7.5	\$ 9.0	
Net earnings (loss) per share									
- Basic	\$ 0.31	\$ 0.45	\$ 0.38	\$ 0.22	\$ (0.49)	\$ (1.66)	\$ 0.38	\$ 0.52	
- Diluted	\$ 0.31	\$ 0.44	\$ 0.37	\$ 0.21	\$ (0.49)	\$ (1.66)	\$ 0.37	\$ 0.51	

Although quarterly fluctuations in revenue and net earnings are difficult to predict, during times of weak energy sector activity, the first quarter will tend to have seasonally lower results. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

The first quarter 2016 net loss of \$9.7 million included after-tax restructuring costs of \$9.1 million. Excluding the restructuring costs, first quarter 2016 adjusted net loss was \$0.6 million. The fourth quarter 2015 net loss of \$33.3 million included after-tax impairment of goodwill and intangible assets of \$37.3 million. Excluding the impairment of goodwill and intangible assets, fourth quarter 2015 adjusted net earnings was \$4.0 million. See the Non-GAAP and Additional GAAP Measures section.

A discussion of Wajax's previous quarterly results can be found in Wajax's quarterly MD&A available on SEDAR at www.sedar.com.

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	March 31 2017	December 31 2016
Shareholders' equity	\$ 276.6	\$ 276.8
Funded net debt ⁽¹⁾	134.0	126.0
Total capital	\$ 410.6	\$ 402.8
Funded net debt to total capital ⁽¹⁾	32.6%	31.3%
Leverage ratio ⁽¹⁾	1.94	2.07

(1) See the Non-GAAP and Additional GAAP Measures section.

The Corporation's objective is to maintain a leverage ratio between 1.5 times and 2.0 times. However, there may be instances where the Corporation is willing to maintain a leverage ratio outside this range to either support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. See the Funded Net Debt section below.

Shareholders' Equity

The Corporation's shareholders' equity at March 31, 2017 of \$276.6 million decreased \$0.2 million from December 31, 2016.

The Corporation's share capital, included in shareholders' equity on the balance sheet, consists of:

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2016 and March 31, 2017	20,026,819	\$ 180.6
Shares held in trust, December 31, 2016	(200,968)	\$ (1.8)
Purchased for future settlement of certain share-based compensation plans	(100,000)	(0.9)
Shares held in trust, March 31, 2017	(300,968)	(2.7)
Issued and outstanding, net of shares held in trust, March 31, 2017	19,725,851	\$ 177.9

At the date of this MD&A, the Corporation had 19,725,851 common shares issued and outstanding, net of shares held in trust.

At March 31, 2017, Wajax had four share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP").

As of March 31, 2017, there were 356,522 (2016 – 334,131) SOP and DDSUP (treasury share settled) rights outstanding and 519,464 (2016 – 316,296) MTIP and DSUP (market purchased share settled) rights outstanding. 70,385 SOP rights and 280,119 DDSUP rights were vested.

Wajax recorded compensation expense of \$0.9 million for the quarter (2016 – \$0.3 million) in respect of these plans.

Funded Net Debt (See the Non-GAAP and Additional GAAP Measures section)

	March 31 2017	December 31 2016
Bank indebtedness (cash)	\$ 3.7	\$ (4.9)
Obligations under finance lease	8.2	8.9
Long-term debt	122.1	122.0
Funded net debt ⁽¹⁾	\$ 134.0	\$ 126.0

(1) See the Non-GAAP and Additional GAAP Measures section.

Funded net debt of \$134.0 million at March 31, 2017 increased \$8.0 million compared to December 31, 2016. The increase during the quarter was due primarily to dividends paid of \$5.0 million and common shares purchased and held in trust for future settlement of awards made under certain share-based compensation plans of \$2.2 million.

The Corporation's ratio of funded net debt to total capital increased to 32.6% at March 31, 2017 from 31.3% at December 31, 2016, primarily due to the higher funded net debt in the current period.

The Corporation's leverage ratio of 1.94 times at March 31, 2017 decreased from the December 31, 2016 ratio of 2.07 times due to the higher trailing 12-month adjusted EBITDA offset partially by the higher debt level. See the Non-GAAP and Additional GAAP Measures section.

See the Liquidity and Capital Resources section.

Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency and interest rate exposures. Wajax's policy restricts the use of derivative financial instruments for trading or speculative purposes.

Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at March 31, 2017, Wajax had the following contracts outstanding:

- to buy U.S. \$41.2 million (December 31, 2016 – to buy U.S. \$55.1 million), and
- to sell U.S. \$12.8 million (December 31, 2016 – to sell U.S. \$10.8 million).

The U.S. dollar contracts expire between April 2017 and May 2018, with a weighted average U.S./Canadian dollar rate of 1.3269.

Contractual Obligations

There have been no material changes to the Corporation's contractual obligations since December 31, 2016. See the Liquidity and Capital Resources section.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords, a portion of the long-term lift truck rental fleet and other equipment related mainly to office equipment. There have been no material changes to the Corporation's total obligations for all operating leases since December 31, 2016. See the Contractual Obligations section above.

Although Wajax's consolidated contractual annual lease commitments decline year-by-year, it is anticipated that existing leases will either be renewed or replaced, resulting in lease commitments being sustained at current levels. In the alternative, Wajax may incur capital expenditures to acquire equivalent capacity.

The Corporation had \$46.2 million (December 31, 2016 – \$44.0 million) of consigned inventory on-hand from a major manufacturer at March 31, 2017, net of deposits of \$12.8 million (December 31, 2016 – \$19.1 million). In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally rented or sold to customers or purchased by Wajax. Under the terms of the consignment program, Wajax is required to make periodic deposits to the manufacturer on the consigned inventory that is rented to Wajax customers or on-hand for greater than nine months. This consigned inventory is not included in Wajax's inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

Although management currently believes Wajax has adequate debt capacity, Wajax would have to access the equity or debt markets, or reduce dividends to accommodate any shortfalls in Wajax's credit facilities. See the Liquidity and Capital Resources section.

Liquidity and Capital Resources

The Corporation's liquidity is maintained through various sources, including bank and non-bank credit facilities, senior notes and cash generated from operations.

Bank and Non-bank Credit Facilities and Senior Notes

At March 31, 2017, Wajax had issued \$7.0 million of letters of credit for a total utilization of \$7.0 million of its \$250 million bank credit facility. In addition, Wajax had \$125 million in senior notes outstanding bearing an interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At March 31, 2017, borrowing capacity under the bank credit facility was equal to \$250 million.

The bank credit facility contains customary restrictive covenants, including limitations on the payment of cash dividends and an interest coverage maintenance ratio, all of which were met as at March 31, 2017. In particular, the Corporation is restricted from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.25 times. The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants were met as at March 31, 2017.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of \$15 million. As such, Wajax has up to \$15 million of demand inventory equipment financing capacity with two non-bank lenders. At March 31, 2017, Wajax had no utilization of the interest bearing equipment financing facilities.

As of May 2, 2017, Wajax's \$250 million bank credit facility, of which \$243.0 million was unutilized at March 31, 2017, along with the additional \$15 million of capacity permitted under the bank credit facility, should be sufficient to meet Wajax's short-term normal course working capital and maintenance capital requirements and certain strategic investments. However, Wajax may be required to access the equity or debt markets to fund significant acquisitions.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At March 31, 2017, \$125 million of the Corporation's funded net debt, or 93%, was at a fixed interest rate which is within the Corporation's interest rate risk policy.

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and March 31, 2016.

	March 31 2017	March 31 2016	Change
Net earnings (loss)	\$ 6.2	\$ (9.7)	\$ 15.9
Items not affecting cash flow	11.5	5.9	5.6
Net change in non-cash operating working capital	(10.0)	6.2	(16.2)
Finance costs paid	(0.5)	(0.5)	-
Income taxes paid	(3.2)	(1.6)	(1.6)
Rental equipment additions	(3.4)	(1.9)	(1.5)
Other non-current liabilities	(0.6)	(0.7)	0.1
Cash generated from (used in) operating activities	\$ 0.1	\$ (2.3)	\$ 2.4
Cash used in investing activities	\$ (0.4)	\$ (0.9)	\$ 0.5
Cash used in financing activities	\$ (8.1)	\$ (5.9)	\$ (2.2)

Cash Generated From (Used In) Operating Activities

Cash flows generated from operating activities amounted to \$0.1 million in the first quarter of 2017, compared to cash flows used in operating activities of \$2.3 million in the same quarter of the previous year. The increase of \$2.4 million was mainly attributable to an increase in net earnings of \$15.9 million and items not affecting cash flow of \$5.6 million. These increases were offset partially by cash used in changes in non-cash operating working capital of \$16.2 million, higher income taxes paid of \$1.6 million and higher rental equipment additions of \$1.5 million.

Rental equipment additions in the three months ended March 31, 2017 of \$3.4 million (2016 – \$1.9 million) related primarily to lift trucks.

Significant components of non-cash operating working capital, along with changes for the three months ended March 31, 2017 and March 31, 2016 include the following:

Changes in Non-cash Operating Working Capital ⁽¹⁾	March 31 2017	March 31 2016
Trade and other receivables	\$ 0.4	\$ 5.0
Contracts in progress	4.1	3.3
Inventories	(6.5)	(6.2)
Deposits on inventory	6.3	(0.2)
Prepaid expenses	(0.8)	1.3
Accounts payable and accrued liabilities	(13.3)	3.8
Provisions	(0.4)	(0.7)
Total Changes in Non-cash Operating Working Capital	\$ (10.0)	\$ 6.2

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended March 31, 2017 compared to the quarter ended March 31, 2016 are as follows:

- Trade and other receivables decreased \$0.4 million in 2017 compared to a decrease of \$5.0 million in 2016. The decrease in 2016 resulted primarily from lower sales activity in the first quarter compared to the last quarter of 2015.

- Contracts in progress decreased \$4.1 million in 2017 compared to a decrease of \$3.3 million in 2016. The decreases in both years were due to a reduction in contract revenue recognized in advance of billings related to power generation projects.
- Inventories increased \$6.5 million in 2017 compared to an increase of \$6.2 million in 2016. The increase in 2017 was due to higher equipment and work in process inventory partially offset by lower parts inventory as a result of inventory reduction measures. The increase in 2016 was due mainly to higher seasonal inventory levels, primarily forestry equipment, offset partially by lower parts inventory.
- Accounts payable and accrued liabilities decreased \$13.3 million in 2017 compared to an increase of \$3.8 million in 2016. The decrease in 2017 resulted primarily from lower trade payables due in part to the payment of equipment inventory. The increase in 2016 resulted from the restructuring cost provision recorded in the first quarter offset partially by lower trade payables.

Investing Activities

During the first quarter of 2017, Wajax invested \$0.4 million in property, plant and equipment additions, net of disposals, compared to \$0.9 million in the first quarter of 2016.

Financing Activities

The Corporation used \$8.1 million of cash from financing activities in the three months ended March 31, 2017 compared to \$5.9 million in the three months ended March 31, 2016. Financing activities in the three months ended March 31, 2017 included dividends paid to shareholders totaling \$5.0 million, common shares purchased and held in trust for future settlement of awards made under certain share-based compensation plans of \$2.2 million and finance lease payments of \$1.0 million. Financing activities in the three months ended March 31, 2016 included dividends paid to shareholders totaling \$5.0 million and finance lease payments of \$1.1 million.

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
March 15, 2017	April 4, 2017	\$ 0.25	\$ 5.0
Three months ended March 31, 2017		\$ 0.25	\$ 5.0

On May 2, 2017, Wajax announced a second quarter dividend of \$0.25 per share (\$1.00 per share annualized) payable on July 5, 2017 to shareholders of record on June 15, 2017.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those judgements, estimates and assumptions. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence and goodwill and intangible assets.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are as follows:

Allowance for doubtful accounts

The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is somewhat minimized by the Corporation's diversified customer base, of over 30,000 customers with no one customer accounting for more than 10% of the Corporation's annual consolidated sales, which covers most business sectors across Canada. In addition, the Corporation's customer base spans large public companies, small independent contractors, OEM's and various levels of government. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains provisions for possible credit losses, and any such losses to date have been within management's expectations. The provision for doubtful accounts is determined on an account-by-account basis. The \$0.8 million provision for doubtful accounts at March 31, 2017 decreased \$0.3 million from December 31, 2016. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to 2016 which would result in an increased charge to earnings.

Inventory obsolescence

The value of the Corporation's new and used equipment is evaluated by management throughout the year, on a unit-by-unit basis. When required, provisions are recorded to ensure that the book value of equipment is valued at the lower of cost or estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete parts inventories and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods. The inventory obsolescence charged to earnings for the three months ended March 31, 2017 was \$1.7 million compared to \$2.7 million in the three months ended March 31, 2016. As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to prior periods which would result in an increased charge to earnings.

Goodwill and intangible assets

The Corporation performs annual impairment tests of its goodwill and intangible assets unless there is an early indication that the assets may be impaired in which case the impairment tests would occur earlier. There was no early indication of impairment in the quarter ending March 31, 2017.

Determination of the Corporation's operating segments requires significant judgement. Operating segments have changed since December 31, 2016 as follows:

Operating segments

Subsequent to the reorganization announced in 2016, the Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, regularly reviews the operating results of the Corporation as a whole to make resource allocation decisions. Given the level at which results are reviewed, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment, which differs from the three reportable segments which existed prior to the reorganization.

Changes in Accounting Policies

New standards and interpretations adopted in the current period

Effective January 1, 2017, the Corporation adopted the amendments to IAS 7 Statement of Cash Flows, which requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

New standards and interpretations not yet adopted

The new standards or amendments to existing standards that may be significant to the Corporation set out below are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements.

On January 1, 2018, the Corporation will be required to adopt IFRS 15 Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation has established a project team to study the impact of the new standard and to manage its adoption. The team has documented the Corporation's revenue streams, has engaged the assistance of an expert and has started to analyze the impact of the standard on its revenue recognition practices.

On January 1, 2018, the Corporation will be required to adopt IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Additional changes to the new standard will align hedge accounting more closely with risk management. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

On January 1, 2019, the Corporation will be required to adopt IFRS 16 Leases. The new standard contains a single lease accounting model for lessees, whereby all leases with a term longer than 12 months are recognized on-balance sheet through a right-of-use asset and lease liability. The model features a front-loaded total lease expense recognized through a combination of depreciation and interest. Lessor accounting remains similar to current requirements. The Corporation's long term leases primarily relate to rental of real estate. The new standard will result in a material increase in right of use assets and lease obligations but the impact to earnings has not yet been estimated.

Risk Management and Uncertainties

As with most businesses, Wajax is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and Wajax's ability to pay cash dividends to shareholders. Wajax attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, Wajax has adopted an annual enterprise risk management assessment which is prepared by the Corporation's senior management and overseen by the board of directors and committees of the board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Wajax. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2016 which can be found on SEDAR at www.sedar.com. There have been no material changes to the business of Wajax that require an update to the discussion of the applicable risks discussed in the MD&A for the year ended December 31, 2016.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Wajax's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR").

As at March 31, 2017, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at March 31, 2017, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the three months ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Non-GAAP and Additional GAAP Measures

The MD&A contains certain non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net earnings or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation's performance. The Corporation's management believes that:

- (i) these measures are commonly reported and widely used by investors and management;
- (ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt;
- (iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures and restructuring costs and
- (iv) "Adjusted net earnings (loss)" and "Adjusted basic and diluted net earnings (loss) per share" provide indications of the results by the Corporation's principal business activities prior to recognizing restructuring costs that are outside the Corporation's normal course of business. "Adjusted EBITDA" used in calculating the Leverage Ratio excludes restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, long-term debt and obligations under finance leases, net of cash. Funded net debt is a component relevant in calculating the Corporation's Funded Net Debt to Total Capital, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.
Debt	Debt is funded net debt plus letters of credit. Debt is a component relevant in calculating the Corporation's Leverage Ratio, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.
EBITDA	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
Adjusted net earnings (loss)	Net earnings (loss) before after tax restructuring costs.
Adjusted basic and diluted earnings (loss) per share	Basic and diluted earnings per share before after tax restructuring costs.

Adjusted EBITDA	EBITDA before restructuring costs.
Leverage ratio	The leverage ratio is defined as debt at the end of a particular quarter divided by trailing 12-month Adjusted EBITDA. The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Funded net debt to total capital	Defined as funded net debt divided by total capital. Total capital is the funded net debt plus shareholder's equity.
Backlog	Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services.

Additional GAAP measures are identified and defined below:

Earnings (loss) before finance costs and income taxes (EBIT)	Earnings (loss) before finance costs and income taxes, as presented on the Consolidated Statements of Earnings.
EBIT Margin	Defined as EBIT divided by revenue, as presented on the Consolidated Statement of Earnings.
Earnings (loss) before income taxes (EBT)	Earnings (loss) before income taxes, as presented on the Consolidated Statements of Earnings.
Working capital	Defined as current assets less current liabilities, as presented on the Consolidated Statements of Financial Position.
Other working capital amounts	Defined as working capital less trade and other receivables and inventories plus accounts payable and accrued liabilities, as presented on the Consolidated Statements of Financial Position.

Reconciliation of the Corporation's net earnings (loss) to adjusted net earnings (loss) and adjusted basic and diluted earnings (loss) per share is as follows:

	Three months ended	
	March 31	
	2017	2016
Net earnings (loss)	\$ 6.2	\$ (9.7)
Restructuring costs, after-tax	-	9.1
Adjusted net earnings (loss)	\$ 6.2	\$ (0.6)
Adjusted basic earnings (loss) per share⁽¹⁾⁽²⁾	\$ 0.31	\$ (0.03)
Adjusted diluted earnings (loss) per share⁽¹⁾⁽²⁾	\$ 0.31	\$ (0.03)

(1) For the three months ended March 31, 2017 weighted average shares outstanding for calculating basic and diluted earnings per share were 19,818,629 and 20,188,117, respectively.

(2) For the three months ended March 31, 2016 the weighted average shares outstanding for calculating basic and diluted loss per share were 19,990,764.

Reconciliation of the Corporation's net earnings to EBT, EBIT, EBITDA and Adjusted EBITDA is as follows:

	For the twelve months ended March 31 2017	For the twelve months ended December 31 2016
Net earnings	\$ 27.0	\$ 11.0
Income tax expense	10.6	4.7
EBT	37.6	15.7
Finance costs	11.0	11.2
EBIT	48.6	26.9
Depreciation and amortization	24.0	24.5
EBITDA	72.6	51.5
Restructuring costs ⁽¹⁾	-	12.5
Adjusted EBITDA	\$ 72.6	\$ 64.0

(1) For the twelve months ended December 31, 2016 – Includes the \$12.5 million Wajax restructuring provision recorded in the first quarter of 2016.

Calculation of the Corporation's funded net debt, debt and leverage ratio is as follows:

	March 31 2017	December 31 2016
Bank indebtedness (cash)	\$ 3.7	\$ (4.9)
Obligations under finance leases	8.2	8.9
Long-term debt	122.1	122.0
Funded net debt	\$ 134.0	\$ 126.0
Letters of credit	7.0	6.4
Debt	\$ 141.0	132.4
Leverage ratio⁽¹⁾	1.94	2.07

(1) Calculation uses trailing four-quarter Adjusted EBITDA.

This leverage ratio is calculated for purposes of monitoring the Corporation's objective target leverage ratio of between 1.5 times and 2.0 times. The calculation contains some differences from the leverage ratios calculated under the Corporation's bank credit facility and senior note agreements ("the agreements"). The resulting leverage ratios under the agreements are not significantly different. See the Liquidity and Capital Resources section.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our 4 Points of Growth Strategy and the goals for such

strategy, including our goal of becoming Canada's leading industrial products and services provider; our belief that achieving excellence in our areas of core capability will position Wajax to create value for its customers, employees, vendors and shareholders; our commitment to and confidence in the 4 Points of Growth Strategy; the strategic reorganization we undertook in 2016 and the benefits we expect to achieve therefrom, including, without limitation, full annualized cost savings of \$17 million starting in 2017; our outlook for major resource and industrial markets for the remainder of 2017; our areas of focus for the remainder of 2017, including generating revenue sufficient to offset the four large shovel deliveries made in 2016 which are not expected to repeat, effectively managing our margins and delivering the operational improvements and full annualized savings expected from the strategic reorganization; and our outlook for 2017 adjusted net earnings should we be successful in achieving the forgoing objectives; our target leverage ratio range of 1.5 – 2.0 times; our financing, working and maintenance capital requirements, as well as our capital structure and leverage ratio; our foreign exchange risks and exposures, including the impact of fluctuations in foreign currency values; the adequacy of our debt capacity; and our intention and ability to access debt and equity markets or reduce dividends should additional capital be required. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our 4 Points of Growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in this MD&A under the heading "Risk Management and Uncertainties" and in our Annual Information Form for the year ended December 31, 2016, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Additional information, including Wajax's Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

WAJAX CORPORATION

Unaudited Condensed Consolidated Financial Statements

For the three months ended March 31, 2017

Notice required under National Instrument 51-102, "Continuous Disclosure Obligations" Part 4.3(3)
(a):

The attached condensed consolidated financial statements have been prepared by Management of Wajax Corporation and have not been reviewed by the Corporation's auditors.

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note	March 31, 2017	December 31, 2016
ASSETS			
CURRENT			
Cash		\$ -	\$ 4,854
Trade and other receivables		194,060	194,613
Contracts in progress		2,949	7,095
Inventories		290,550	283,421
Deposits on inventory		13,072	19,407
Prepaid expenses		6,259	5,463
Derivative instruments		43	553
		506,933	515,406
NON-CURRENT			
Rental equipment	4	57,552	58,106
Property, plant and equipment	5	44,428	45,658
Intangible assets		41,070	41,205
Deferred tax asset	13	3,566	4,573
		146,616	149,542
		\$ 653,549	\$ 664,948
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Bank indebtedness		\$ 3,656	\$ -
Accounts payable and accrued liabilities	6	221,015	232,715
Provisions		5,488	5,839
Dividends payable		4,956	4,956
Income taxes payable		478	2,287
Obligations under finance leases	7	3,525	3,701
		239,118	249,498
NON-CURRENT			
Provisions		2,398	2,305
Employee benefits		8,204	8,106
Other liabilities		441	1,118
Obligations under finance leases	7	4,639	5,154
Long-term debt	8	122,136	121,952
		137,818	138,635
SHAREHOLDERS' EQUITY			
Share capital	9	177,863	178,764
Contributed surplus		7,941	7,137
Retained earnings		90,776	90,812
Accumulated other comprehensive income		33	102
Total shareholders' equity		276,613	276,815
		\$ 653,549	\$ 664,948

These condensed consolidated financial statements were approved by the Board of Directors on May 2, 2017.

W A J A X C O R P O R A T I O N
C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F
E A R N I N G S

FOR THE THREE MONTHS ENDED MARCH 31
(unaudited, in thousands of Canadian dollars, except per
share data)

	Note	2017	2016
Revenue	12	\$ 318,387	\$ 284,987
Cost of sales		257,621	230,262
Gross profit		60,766	54,725
Selling and administrative expenses		49,549	52,680
Restructuring costs		-	12,500
Earnings (loss) before finance costs and income taxes		11,217	(10,455)
Finance costs		2,538	2,697
Earnings (loss) before income taxes		8,679	(13,152)
Income tax expense (recovery)	13	2,442	(3,405)
Net earnings (loss)		\$ 6,237	\$ (9,747)
Basic earnings (loss) per share	14	\$ 0.31	\$ (0.49)
Diluted earnings (loss) per share	14	\$ 0.31	\$ (0.49)

W A J A X C O R P O R A T I O N
C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F
C O M P R E H E N S I V E I N C O M E

FOR THE THREE MONTHS ENDED MARCH 31
(unaudited, in thousands of Canadian dollars)

	2017	2016
Net earnings (loss)	\$ 6,237	\$ (9,747)
Items that may subsequently be reclassified to income		
Gains on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs during the period, net of tax expense of \$25 (2016 – \$231)	(66)	(619)
Losses on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax recovery of \$1 (2016 – \$349)	(3)	(949)
Other comprehensive loss, net of tax	(69)	(1,568)
Total comprehensive income (loss)	\$ 6,168	\$ (11,315)

W A J A X C O R P O R A T I O N
C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F
C H A N G E S I N S H A R E H O L D E R S ' E Q U I T Y

						Accumulated other comprehensive income		
For the three months ended March 31, 2017 (unaudited, in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Cash flow hedges		Total	
December 31, 2016		\$ 178,764	7,137	90,812	102	\$	276,815	
Net income		-	-	6,237	-		6,237	
Other comprehensive loss		-	-	-	(69)		(69)	
Total comprehensive income (loss) for the period		-	-	6,237	(69)		6,168	
Shares purchased and held in trust	9	(901)	-	(1,317)	-		(2,218)	
Dividends	10	-	-	(4,956)	-		(4,956)	
Share-based compensation expense	11	-	804	-	-		804	
March 31, 2017		\$ 177,863	7,941	90,776	33	\$	276,613	

W A J A X C O R P O R A T I O N
C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F
C H A N G E S I N S H A R E H O L D E R S ' E Q U I T Y

For the three months ended March 31, 2016 (unaudited, in thousands of Canadian dollars)						Accumulated other comprehensive income			
	Note	Share capital	Contributed surplus	Retained earnings	Cash flow hedges			Total	
December 31, 2015		\$ 179,829	5,930	101,916	829	\$		288,504	
Net loss		-	-	(9,747)	-			(9,747)	
Other comprehensive loss		-	-	-	(1,568)			(1,568)	
Total comprehensive loss for the period		-	-	(9,747)	(1,568)			(11,315)	
Shares issued to settle share-based compensation plans	11	58	(58)	-	-			-	
Dividends	10	-	-	(4,998)	-			(4,998)	
Share-based compensation expense	11	-	186	-	-			186	
March 31, 2016		\$ 179,887	6,058	87,171	(739)	\$		272,377	

W A J A X C O R P O R A T I O N
C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F
C A S H F L O W S

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars)	Note	2017	2016
OPERATING ACTIVITIES			
Net earnings (loss)		\$ 6,237	\$ (9,747)
Items not affecting cash flow:			
Depreciation and amortization			
Rental equipment		3,295	3,626
Property, plant and equipment		1,972	2,024
Intangible assets		142	287
Loss (gain) on disposal of property, plant and equipment	5	11	(28)
Share-based compensation expense	11	804	186
Non-cash rental expense		174	12
Employee benefits expense, net of payments		98	123
Change in fair value of non-hedge derivative instruments		23	424
Finance costs		2,538	2,697
Income tax expense (recovery)	13	2,442	(3,405)
		17,736	(3,801)
Changes in non-cash operating working capital	15	(10,016)	6,220
Rental equipment additions	4	(3,358)	(1,903)
Other non-current liabilities		(584)	(725)
Finance costs paid		(481)	(539)
Income taxes paid		(3,218)	(1,585)
Cash generated from (used in) operating activities		79	(2,333)
INVESTING ACTIVITIES			
Property, plant and equipment additions	5	(494)	(1,126)
Proceeds on disposal of property, plant and equipment	5	60	255
Intangible assets additions		(7)	-
Cash used in investing activities		(441)	(871)
FINANCING ACTIVITIES			
Common shares purchased and held in trust	9	(2,218)	-
Finance lease payments	7	(1,011)	(1,145)
Settlement of non-hedge derivative instruments		37	213
Dividends paid		(4,956)	(4,997)
Cash used in financing activities		(8,148)	(5,929)
Change in cash and bank indebtedness		(8,510)	(9,133)
Cash – beginning of period		4,854	13,614
(Bank indebtedness) cash – end of period		\$ (3,656)	\$ 4,481

W A J A X C O R P O R A T I O N
N O T E S T O C O N D E N S E D C O N S O L I D A T E D
F I N A N C I A L S T A T E M E N T S

MARCH 31, 2017

(unaudited, amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 2250 Argentia Road, Mississauga, Ontario, Canada. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diversified sectors of the Canadian economy, including: transportation, forestry, industrial and commercial, construction, oil sands, mining, metal processing, government and utilities and oil and gas.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and do not include all of the disclosures required for full consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2016. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements except as disclosed in Note 3.

Basis of measurement

The condensed financial statements have been prepared under the historical cost basis except for derivative financial instruments and liabilities for cash-settled share-based payment arrangements that have been measured at fair value. The defined benefit liability is recognized as the net total of the fair value of the plan assets and the present value of the defined benefit obligation.

Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated and except share and per share data.

3. CHANGE IN ACCOUNTING POLICIES

The following new standard has been adopted in the current year:

Effective January 1, 2017, the Corporation adopted the amendments to IAS 7 *Statement of Cash Flows*, which requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. See Notes 7 and 8 for additional disclosures.

New standards and interpretations not yet adopted

On January 1, 2018, the Corporation will be required to adopt IFRS 15 *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation has established a project team to study the impact of the new standard and to manage its adoption. The team has documented the Corporation's revenue streams, has engaged the assistance of an expert and has started to analyze the impact of the standard on its revenue recognition practices.

On January 1, 2018, the Corporation will be required to adopt IFRS 9 *Financial Instruments*, which will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Additional changes to the new standard will align hedge accounting more closely with risk management. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

On January 1, 2019, the Corporation will be required to adopt IFRS 16 *Leases*. The new standard contains a single lease accounting model for lessees, whereby all leases with a term longer than 12 months are recognized on-balance sheet through a right-of-use asset and lease liability. The model features a front-loaded total lease expense recognized through a combination of depreciation and interest. Lessor accounting remains similar to current requirements. The Corporation's long term leases primarily relate to rental of real estate. The new standard will result in a material increase in right of use assets and lease obligations but the impact to earnings has not yet been estimated.

4. RENTAL EQUIPMENT

During the three months ended March 31, 2017, the Corporation acquired rental equipment with a cost of \$3,358 (2016 – \$1,903). Equipment with a carrying amount of \$nil (2016 - \$1,784) was transferred from inventories to rental equipment. Equipment with a carrying amount of \$617 (2016 - \$2,967) was transferred from rental equipment to inventories.

5. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2017, the Corporation acquired property, plant and equipment with a cost of \$494 (2016 – \$1,126). Assets with a carrying amount of \$71 (2016 – \$227) were disposed of, resulting in a loss on disposal of \$11 (2016 – gain on disposal of \$28).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	December 31, 2016
Trade payables	\$ 114,833	\$ 130,043
Deferred income – contract revenue	26	25
Deferred income – other	19,969	15,300
Supplier payables with extended terms	29,426	29,232
Payroll, bonuses and incentives	21,118	22,223
Restructuring accrual	2,588	4,687
Accrued liabilities	33,055	31,205
Accounts payable and accrued liabilities	\$ 221,015	\$ 232,715

7. OBLIGATIONS UNDER FINANCE LEASES

	Amount
Balance at December 31, 2016	\$ 8,855
Changes from financing cash flows	
Finance lease payments	(1,011)
Other changes	
New finance leases	320
Balance at March 31, 2017	\$ 8,164

8. LONG-TERM DEBT

	Amount
Balance at December 31, 2016	\$ 121,952
Amortization of capitalized transaction costs	184
Balance at March 31, 2017	\$ 122,136

9. SHARE CAPITAL

	Number of Common Shares	Amount
Issued and outstanding, December 31, 2016 and March 31, 2017	20,026,819	\$ 180,572
Shares held in trust, December 31, 2016	(200,968)	(1,808)
Purchased for future settlement of certain share-based compensation plans	(100,000)	(901)
Shares held in trust, March 31, 2017	(300,968)	(2,709)
Issued and outstanding, net of shares held in trust, March 31, 2017	19,725,851	\$ 177,863

During the three months ended March 31, 2017, the Corporation purchased 100,000 common shares on the open market through Employee Benefit Plan Trusts for the future settlement of certain share-based compensation plans. The cash consideration paid for the purchase was \$2,218, the reduction in share capital was \$901 and the premium charged to retained earnings was \$1,317.

10. DIVIDENDS DECLARED

During the three months ended March 31, 2017, the Corporation declared cash dividends of \$0.25 per share or \$4,956 (2016 – dividends of \$0.25 per share or \$4,998).

On May 2, 2017, the Corporation declared a second quarter 2017 dividend of \$0.25 per share or \$4,956.

11. SHARE-BASED COMPENSATION PLANS

The Corporation has four share-based compensation plans: the Wajax Share Ownership Plan (“SOP”), the Directors’ Deferred Share Unit Plan (“DDSUP”), the Mid-Term Incentive Plan for Senior Executives (“MTIP”) and the Deferred Share Unit Plan (“DSUP”).

a) Treasury share rights plans

The Corporation recorded compensation cost of \$177 (2016 – \$186) in respect of the SOP and DDSUP plans.

	March 31, 2017		March 31, 2016	
	Number of Rights	Fair value at time of grant	Number of Rights	Fair value at time of grant
Outstanding at beginning of year	345,458	\$ 5,935	325,144	\$ 6,009
Granted in the period – new grants	7,328	162	9,974	171
– dividend equivalents	3,736	-	4,893	-
Settled in the period	-	-	(5,880)	(58)
Outstanding at end of period	356,522	\$ 6,097	334,131	\$ 6,122

At March 31, 2017, 350,504 share rights were vested (2016 – 328,455).

b) Market-purchased share rights plans

In March 2016, the MTIP and DSUP were amended such that all new grants under the MTIP, comprised of restricted share units (“RSUs”) and performance share units (“PSUs”), and all new grants under the DSUP will be settled in market-purchased common shares of the Corporation on a one-for-one basis provided that the time and performance vesting criteria are met. Whenever dividends are paid on the Corporation’s shares, additional rights with a value equal to the dividends are credited to the participants’ accounts with the same vesting conditions as the original MTIP and DSUP rights. Grants prior to March 2016 under these plans will be settled in cash. The Corporation recorded compensation cost of \$627 (2016 - nil) in respect of these plans. The following new MTIP and DSUP rights are outstanding:

	March 31, 2017		March 31, 2016	
	Number of Rights	Fair value at time of grant	Number of Rights	Fair value at time of grant
Outstanding at beginning of year	315,916	\$ 5,211	-	\$ -
Granted in the period – new grants	211,940	4,781	316,296	5,405
– dividend equivalents	2,962	-	-	-
Forfeitures	(11,354)	(205)	-	-
Outstanding at end of period	519,464	\$ 9,787	316,296	\$ 5,405

At March 31, 2017, no rights were vested.

c) Cash-settled rights plans

The Corporation recorded compensation cost of \$74 (2016 – \$119) in respect of the share-based portion of the MTIP and DSUP for grants dated before March 2016. At March 31, 2017, the carrying amount of the share-based portion of these liabilities was \$1,004 (2016 – \$977).

12. REVENUE

For the three months ended March 31	2017	2016
Equipment sales	\$ 93,342	\$ 78,943
Equipment rental	12,461	12,447
Industrial parts	89,562	80,593
Product support	110,265	98,969
Other	12,757	14,035
Total	\$ 318,387	\$ 284,987

13. INCOME TAXES

Income tax expense (recovery) comprises current and deferred tax as follows:

For the three months ended March 31	2017	2016
Current	\$ 1,409	\$ (3,155)
Deferred – Origination and reversal of temporary differences	1,033	(250)
Income tax expense (recovery)	\$ 2,442	\$ (3,405)

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.9% (2016 – 26.9%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.9% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of the effective income tax rate is as follows:

	2017	2016
Combined statutory income tax rate	26.9%	26.9%
Expected income tax expense (recovery) at statutory rates	\$ 2,335	\$ (3,538)
Non-deductible expenses	123	133
Other	(16)	-
Income tax expense (recovery)	\$ 2,442	\$ (3,405)

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

For the three months ended March 31	2017	2016
Numerator for basic and diluted earnings per share:		
– net earnings (loss)	\$ 6,237	\$ (9,747)
Denominator for basic earnings per share:		
– weighted average shares, net of shares held in trust	19,818,629	19,990,764
Denominator for diluted earnings per share:		
– weighted average shares, net of shares held in trust	19,818,629	19,990,764
– effect of dilutive share rights	369,488	-
Denominator for diluted earnings per share	20,188,117	19,990,764
Basic earnings (loss) per share	\$ 0.31	\$ (0.49)
Diluted earnings (loss) per share	\$ 0.31	\$ (0.49)

No share rights were excluded from the above calculation (2016 – 636,698 anti-dilutive share rights excluded) as all share rights were dilutive.

15. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

For the three months ended March 31	2017	2016
Trade and other receivables	\$ 442	\$ 4,958
Contracts in progress	4,146	3,271
Inventories	(6,512)	(6,150)
Deposits on inventory	6,335	(218)
Prepaid expenses	(796)	1,258
Accounts payable and accrued liabilities	(13,280)	3,813
Provisions	(351)	(712)
Total	\$ (10,016)	\$ 6,220

16. OPERATING SEGMENTS

With the completion of the reorganization announced in 2016, the Corporation's Chief Executive Officer, who is also the Chief Operating Decision Maker, regularly assesses the performance of, and makes resource allocation decisions based on, the Corporation as a whole. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment, which differs from the three reportable segments which existed prior to the reorganization.

17. COMPARATIVE INFORMATION

Certain comparative information have been reclassified to conform to the current year's presentation.