

FIRST QUARTER REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED
MARCH 31, 2015

W A J A X C O R P O R A T I O N 2 0 1 5





**WAJAX ANNOUNCES
2015 FIRST QUARTER RESULTS**

(Dollars in millions, except per share data)

CONSOLIDATED RESULTS

Revenue

Net earnings

Basic earnings per share

SEGMENTS

Revenue – Equipment

- Power Systems

- Industrial Components

Earnings – Equipment ⁽¹⁾

% margin

- Power Systems ⁽¹⁾

% margin

- Industrial Components ⁽¹⁾

% margin

(1) Segment earnings before finance costs and income taxes.

Three Months Ended March 31	
2015	2014
\$317.2	\$331.4
\$5.7	\$6.7
\$0.34	\$0.40
\$145.6	\$160.5
\$74.6	\$77.1
\$97.9	\$96.0
\$6.8	\$10.7
4.7%	6.7%
\$3.4	\$3.5
4.6%	4.5%
\$3.4	\$1.2
3.5%	1.2%

Toronto, Ontario – May 5, 2015 – Wajax Corporation (“Wajax” or the “Corporation”) today announced its 2015 first quarter results.

First Quarter Highlights

- Consolidated first quarter revenue of \$317.2 million decreased \$14.2 million, or 4%, compared to last year. Compared to the previous year, Equipment and Power Systems segment revenue declined 9% and 3%, respectively, while Industrial Components segment sales increased 2%. Reduced activity in the mining, oil and gas and oil sands sectors negatively affected revenue from western Canada in all three segments. However, in the Industrial Components segment this was more than offset by stronger sales in Ontario and eastern Canada.
- Net earnings for the quarter of \$5.7 million, or \$0.34 per share, decreased \$1.0 million compared to \$6.7 million, or \$0.40 per share recorded in 2014. Equipment segment earnings decreased to \$6.8 million, while Power Systems segment earnings were essentially flat at \$3.4 million. Industrial Components segment earnings increased \$2.2 million, to \$3.4 million. Earnings in this segment were positively impacted by higher volumes and reduced selling and administrative costs compared to last year, despite a \$1.3 million increase in bad debt expenses.

On a consolidated basis, selling and administrative costs were \$3.8 million lower than the previous year as a result of workforce reductions and lower incentive accruals, severance costs and sales related expenses.

- Consolidated backlog at March 31, 2015 of \$173.3 million decreased 2% compared to December 31, 2014 and increased 10% compared to March 31, 2014.
- Funded net debt of \$252.0 million at March 31, 2015 increased \$51.0 million in the quarter as a result of cash used in operating activities and the payment of dividends. Cash used in operating activities included \$43.9 million in changes in non-cash operating working capital attributable to lower accounts payable and accrued liabilities and seasonal increases in inventory.

Wajax previously announced on March 3, 2015 a quarterly dividend of \$0.25 per share payable on July 3 to shareholders of record on June 15, 2015.

Outlook

Commenting on first quarter results and the outlook for the remainder of 2015, Mark Foote, President and CEO, stated:

“As expected, weakness in oil and other commodity prices had a negative effect on our customers in the mining, oil and gas and oil sands markets in western Canada, resulting in lower first quarter revenue and earnings. The impact was most significant in the Equipment segment, which experienced a 17% reduction in parts and service revenues as oil sands operators and miners idled portions of their equipment fleets. Conversely, operating results in central Canada improved. This was particularly evident for the Equipment and Industrial Components segments where sales in those regions increased 40% and 12%, respectively.

Our focus in 2015 continues to be centered on three objectives; cost management; managing our asset base and debt level, and; executing a prudent investment plan to support our 4 Points of Growth strategy.

With respect to cost management, reductions in consolidated selling and administrative costs of \$3.8 million, partially mitigated the earnings impact of lower first quarter volumes. We are very pleased with the progress made in the Industrial Components segment where our restructuring efforts in 2014 have resulted in a significant improvement in earnings based on both cost reduction and improved selling effectiveness. We plan to communicate and begin implementation of restructuring activities in our Power Systems segment in the second quarter with severance costs expected to approximate \$1.8 million. This restructuring combined with Power Systems segment cost reductions realized to date are anticipated to result in annualized savings of approximately \$5 million.

The increase in our March 31, 2015 debt level from December, 2014 was attributable to a combination of the drop in customer demand in western Canada and seasonal factors. We expect to reverse this debt level trend by year end.

We continued to execute our 4 Points of Growth strategy in the first quarter. As previously stated, we are moving forward on all components of our strategy including activities related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation. While we will control the pace of execution given current market conditions, we will continue to make progress on these programs that are vitally important to future earnings.

With commodity markets and the western Canada economy anticipated to be soft for the remainder of the year, we continue to expect that 2015 will be a challenging year. Consequently we expect 2015 full year earnings to be less than the previous year. However, we are very confident that our growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future.”

Wajax Corporation

Wajax is a leading Canadian distributor engaged in the sale, rental and after-sale parts and service support of equipment, power systems and industrial components, through a network of 123 branches across Canada. The Corporation is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

Cautionary Statement Regarding Forward Looking Information (to be updated)

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 focus on cost management, managing our asset base and debt level, and executing a prudent investment plan to support our “4 Points of Growth” strategy; planned restructuring activities in our Power Systems segment and the expected cost savings therefrom; our expectation that we will reduce our debt level by year-end; our execution of our “4 Points of Growth” strategy, including our progress on initiatives related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation; our expectation that challenging end-market conditions will remain throughout 2015; our expectation for full year earnings; and our confidence that our growth strategy and responsiveness to market conditions will result in an improving business and a strong growth company. 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 renewed long-term 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; 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. 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. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation’s business may be found in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR.

Management's Discussion and Analysis – Q1 2015

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 quarter ended March 31, 2015. 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, 2015, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 5, 2015.

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.

Responsibility of Management and the Board of Directors

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.

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, 2015, 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, 2015, 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, 2015 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

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 renewed long-term growth strategy and the goals of such strategy, including our goal of becoming Canada’s leading industrial products and services provider; our “4 Points of Growth” framework to grow the Corporation; our financial targets for the 5-year timeframe from 2015 – 2019, including our goal of growing our net earnings at a minimum compounded annual growth rate of 7.5% and our target leverage ratio range of 1.5 – 2.0 times; our belief that our renewed strategy will improve the rate and durability of our growth; our efforts to monitor our costs and asset base, and to maintain disciplined control over inventories and receivables; planned restructuring activities in our Power Systems segment and the expected cost savings therefrom; continued investment in maintenance and repair-related strategic initiatives at Industrial Components; our financing and working capital requirements, as well as our capital structure and leverage ratio; our foreign exchange exposure; our intention to increase the funds available to invest in our renewed long-term growth strategy, increase liquidity and enhance the stability of our dividends by adopting a new dividend policy and reducing our dividend amount; the frequency of our dividend payments and the expected target dividend amount; our focus on cost management, managing our asset base and debt level, and executing a prudent investment plan to support our “4 Points of Growth” strategy; our expectation that we will reduce our debt level by year end; our execution of our “4 Points of Growth” strategy, including our progress on initiatives related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation; our expectation that challenging end-market conditions will remain throughout 2015; our expectation for full year earnings; and our confidence that our growth strategy and responsiveness to market conditions will result in an improving business and a strong growth company. 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 renewed long-term 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; 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, 2014, 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.

Wajax Corporation Overview and Strategy

Wajax is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, Wajax has three distinct product divisions which operate through a network of 123 branches across Canada.

Wajax’s customer base covers core sectors of the Canadian economy, including construction, industrial and commercial, transportation, the oil sands, forestry, oil and gas, metal processing and mining.

On March 3, 2015, the Corporation announced a renewed long-term growth strategy. The Corporation’s goal is to be Canada’s leading industrial products and services provider, distinguished through: sales force excellence, breadth and efficiency of repair and maintenance operations and an ability to work closely with existing and new vendor partners to constantly expand its product offering to customers.

As one of Canada’s most diversified industrial distributors, the strategy builds upon the Corporation’s dedicated team, national branch network, diverse end market expertise, world-class vendor base and strong customer relationships. These existing strengths will be leveraged through the following “4 Points of Growth”:

- 1) Development of Core Capabilities;
- 2) Clear organic growth priorities;
- 3) Building the Corporation’s capacity to complete and integrate Engineered Repair Services acquisitions; and
- 4) Investment in systems that will improve operational efficiencies and customer service.

The Corporation has also established financial targets for the 5-year timeframe from 2015 – 2019. Goals over that period are to grow net earnings at a minimum compounded annual growth rate (“CAGR”) of 7.5% and to target a leverage ratio range of 1.5 – 2.0 times. (See the Non-GAAP and Additional GAAP Measures section.).

Wajax’s objective is to improve long-term shareholder value through earnings growth (both in terms of growth rate and durability), investment in organizational capabilities and a strengthened competitive position.

The Corporation plans to provide an annual update on its progress on this strategy.

Consolidated Results

For the three months ended March 31

	2015	2014
Revenue	\$ 317.2	\$ 331.4
Gross profit	\$ 64.0	\$ 68.9
Selling and administrative expenses	\$ 52.8	\$ 56.6
Earnings before finance costs and income taxes ⁽¹⁾	\$ 11.2	\$ 12.3
Finance costs	\$ 3.3	\$ 3.2
Earnings before income taxes ⁽¹⁾	\$ 7.9	\$ 9.1
Income tax expense	\$ 2.2	\$ 2.5
Net earnings	\$ 5.7	\$ 6.7
Basic earnings per share	\$ 0.34	\$ 0.40
Diluted earnings per share	\$ 0.34	\$ 0.39

(1) These amounts do not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP"). See the Non-GAAP and Additional GAAP Measures section.

Ongoing weakness in oil and other commodity prices had a negative effect on Wajax customers in the mining, oil and gas and oil sands markets in western Canada. The impact was most significant in the Equipment segment, which experienced a 17% reduction in parts and service revenues as oil sands operators and miners idled portions of their equipment fleets and deferred maintenance. Conversely, operating results in central Canada improved compared to last year with gains in various markets including mining, crane and utility, construction and other industrial sectors. In addition, the Equipment and Industrial Components segments benefited from strength in the forestry sector across Canada.

Revenue

Revenue in the first quarter of 2015 decreased 4%, or \$14.2 million, from \$331.4 million in 2014. Equipment segment revenue decreased 9%, or \$14.9 million, as a result of lower mining sector parts and service volumes in western Canada. Power Systems segment revenue decreased 3%, or \$2.5 million, driven by a reduction in oil and gas related off-highway revenues. Segment revenue in Industrial Components increased 2%, or \$1.9 million, as higher bearing and power transmission parts sales, in all regions, were partially offset by lower fluid power and process equipment product and service revenue in western Canada.

Gross profit

Gross profit in the first quarter of 2015 decreased \$4.9 million due to lower volumes and gross profit margins compared to the first quarter of 2014. The gross profit margin percentage of 20.2% decreased from 20.8% in the prior year due to lower equipment and product support gross profit margins.

Selling and administrative expenses

Selling and administrative expenses decreased \$3.8 million in the first quarter of 2015, compared to the same quarter last year due mainly to workforce reductions and lower incentives accruals, severance costs and sales related expenses. These decreases were partially offset by a \$1.0 million increase in bad debt expenses. Selling and administrative expenses as a percentage of revenue decreased to 16.6% in 2015 from 17.1% in 2014.

Finance costs

Quarterly finance costs of \$3.3 million increased \$0.1 million compared to 2014.

Income tax expense

The Corporation's effective income tax rate of 27.5% for the quarter increased slightly from 27.1% in the previous year. The increase was a function of expenses not deductible for tax purposes representing a higher percentage of total income on lower earnings in 2015 compared to 2014.

Net earnings

Quarterly net earnings decreased \$1.0 million to \$5.7 million, or \$0.34 per share, from \$6.7 million, or \$0.40 per share, in the same quarter of 2014. The decrease in net earnings resulted primarily from lower volumes offset by reduced selling and administrative expenses compared to last year.

Comprehensive income

Total comprehensive income of \$6.1 million in the first quarter of 2015 included net earnings of \$5.7 million and other comprehensive income of \$0.4 million. The other comprehensive income of \$0.4 million includes gains on derivative instruments designated as cash flow hedges outstanding at the end of the quarter net of gains reclassified to cost of inventory or finance costs during the quarter.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)

Funded net debt of \$252.0 million at March 31, 2015 increased \$51.0 million compared to \$201.0 million at December 31, 2014. The increases in the quarter were comprised of cash used in operating activities of \$38.4 million, dividends paid of \$10.1 million, investing activities of \$1.9 million and finance lease payments of \$1.1 million. The cash used in operating activities of \$38.4 million included \$43.9 million of changes in non-cash operating working capital attributable to lower accounts payable and accrued liabilities and increases in inventory. Wajax's leverage ratio of 2.68 times at March 31, 2015 increased from the December 31, 2014 ratio of 2.12 times due principally to the increase in funded net debt. See the Consolidated Financial Condition and the Liquidity and Capital Resources sections below.

Dividends

For the first quarter ended March 31, 2015, monthly dividends declared totaled \$0.48 per share. For the first quarter ended March 31, 2014, monthly dividends declared totaled \$0.60 per share.

On March 3, 2015, Wajax announced a second quarter dividend of \$0.25 per share payable on July 3, 2015 to shareholders of record on June 15, 2015. See Dividends section below.

Backlog (See the Non-GAAP and Additional GAAP Measures section)

Consolidated backlog at March 31, 2015 of \$173.3 million decreased \$4.4 million, or 2%, from \$177.7 million at December 31, 2014 as decreases in the Power Systems segment were offset partially by an increase in the Industrial Components segment. Consolidated backlog increased \$15.5 million, or 10%, compared to March 31, 2014 on increases in the Equipment and Industrial Components segments, offset partially by a decrease in the Power Systems segment. See the Results of Operations section below for further backlog detail by segment.

Results of Operations

Equipment

For the three months ended March 31	2015	2014
Equipment ⁽¹⁾	\$ 88.6	\$ 92.1
Parts and service	\$ 57.0	\$ 68.4
Segment revenue	\$ 145.6	\$ 160.5
Segment earnings ⁽²⁾	\$ 6.8	\$ 10.7
Segment earnings margin	4.7%	6.7%

(1) Includes rental and other revenue.

(2) Earnings before finance costs and income taxes.

Revenue in the first quarter of 2015 decreased 9%, or \$14.9 million, to \$145.6 million from \$160.5 million in the first quarter of 2014. Segment earnings for the quarter decreased \$3.9 million, to \$6.8 million, compared to the first quarter of 2014. The following factors contributed to the Equipment segment's first quarter results:

- Equipment revenue for the first quarter decreased \$3.5 million compared to the same quarter last year with specific quarter-over-quarter variances as follows:

- Construction equipment revenue decreased \$4.5 million mainly as a result of decreases in Hitachi excavator sales in western Canada, due to lower market demand, and decreases in JCB equipment volumes in eastern Canada. These decreases were partially offset by higher sales of Hitachi equipment in central Canada.
 - Mining equipment sales decreased \$7.0 million mainly as a result of lower Hitachi mining equipment deliveries in western Canada.
 - Forestry equipment revenue increased \$4.0 million as strength in the lumber market led to higher sales across Canada of Hitachi and Tigercat equipment.
 - Crane and utility equipment revenue decreased \$1.2 million. Lower crane sales in western Canada were partially offset by increased deliveries to utility customers in central Canada.
 - Material handling equipment revenue increased \$5.2 million due principally to higher sales in western and eastern Canada.
- Parts and service volumes for the first quarter decreased \$11.4 million compared to the same quarter last year. The decrease was primarily attributable to lower mining sector volumes in western Canada, including the oil sands, as customers idled portions of their equipment fleet and deferred maintenance due to steep decline in oil prices and low commodity prices.
 - The segment earnings decrease of \$3.9 million in the first quarter compared to the same quarter last year was more than attributable to the western Canada operations. Overall, the impact of the decline in volumes and lower gross profit margins more than offset a \$1.4 million reduction in selling and administrative expenses compared to last year. Gross profit margins declined due to lower equipment margins and the negative impact of a lower proportion of parts and service volumes compared to last year. Selling and administrative expenses decreased \$1.4 million attributable to workforce reductions and lower annual incentive accruals and sales related expenses.

Backlog of \$93.3 million at March 31, 2015 decreased \$0.5 million compared to December 31, 2014 due mainly to increases in mining and forestry market orders offset by lower crane and utility and material handling market orders. Backlog increased \$18.3 million compared to March 31, 2014 due to an increase in mining equipment orders offset partially by decreases in crane and utility and construction equipment orders.

Throughout the second half of last year and in the first quarter of 2015, the segment adjusted its cost structure in response to the decline in customer demand in western Canada. The segment will continue to monitor costs and maintain disciplined control over inventories and receivables as market conditions change.

Power Systems

For the three months ended March 31	2015	2014
Equipment ⁽¹⁾	\$ 21.9	\$ 25.3
Parts and service	\$ 52.7	\$ 51.8
Segment revenue	\$ 74.6	\$ 77.1
Segment earnings ⁽²⁾	\$ 3.4	\$ 3.5
Segment earnings margin	4.6%	4.5%

(1) Includes rental and other revenue.

(2) Earnings before finance costs and income taxes.

Revenue in the first quarter of 2015 decreased \$2.5 million, or 3%, to \$74.6 million compared to \$77.1 million in the same quarter of 2014. Segment earnings decreased \$0.1 million to \$3.4 million in the first quarter compared to the same quarter in the previous year. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue decreased \$3.4 million as a decline in power generation equipment volumes and lower off-highway sales to oil and gas customers in western Canada were partially offset by stronger power generation equipment rental revenues in central and eastern Canada.

- Parts and service volumes increased \$0.9 million due mainly to increased sales to off-highway customers in central and eastern Canada, power generation customers in central Canada and on-highway customers in eastern Canada. These increases were partially offset by a decline in sales to off-highway customers in western Canada due to reduced oil and gas activity.
- Segment earnings decreased \$0.1 million compared to the same quarter last year as the impact of reduced sales activity was partially offset by \$0.5 million of increased margin, due principally to a positive foreign exchange adjustment, and a \$0.1 million decrease in selling and administrative expenses.

Backlog of \$29.7 million as of March 31, 2015 decreased \$10.9 million compared to December 31, 2014 and \$11.6 million compared to March 31, 2014 primarily due to lower power generation and off-highway backlog in western Canada.

Given the impact of the steep decline in the price of oil on the western Canadian economy, the segment plans to communicate and begin implementation of restructuring activities in the second quarter with severance costs expected to approximate \$1.8 million. The restructuring, combined with other cost reductions realized to date, are anticipated to result in annualized savings of approximately \$5.0 million. In addition, the segment will continue to maintain disciplined control over inventories and receivables.

Industrial Components

For the three months ended March 31	2015	2014
Segment revenue	\$ 97.9	\$ 96.0
Segment earnings ⁽¹⁾	\$ 3.4	\$ 1.2
Segment earnings margin	3.5%	1.2%

(1) Earnings before finance costs and income taxes.

Revenue of \$97.9 million in the first quarter of 2015 increased \$1.9 million, or 2%, from \$96.0 million in the first quarter of 2014. Segment earnings increased \$2.2 million to \$3.4 million in the first quarter of 2015 compared to the same quarter in the previous year. The following factors contributed to the segment's first quarter results:

- Bearings and power transmission parts sales increased \$5.2 million, or 10%, compared to the same quarter last year, driven by higher sales to mining and forestry customers in all regions and higher volumes to oil sands customers in western Canada.
- Fluid power and process equipment products and service revenue in the first quarter of 2015 decreased \$3.3 million, or 8%, compared to the same quarter last year. The decrease was due primarily to reduced sales to oil sands and oil and gas customers, and lower transportation sector volumes in eastern Canada.
- Segment earnings in the first quarter of 2015 increased \$2.2 million compared to the same quarter last year. The positive impact of higher volumes and a \$2.2 million decrease in selling and administrative expenses was partially offset by slightly lower gross profit margins. The decrease in selling and administrative expenses was attributed mainly to workforce reductions, lower severance costs, reduced annual incentive accruals and lower sales related expenses. These decreases were partially offset by \$1.3 million of bad debt expenses.

Backlog of \$50.3 million as of March 31, 2015 increased \$7.0 million compared to December 31, 2014 and \$8.8 million compared to March 31, 2014 primarily due to higher orders for fluid power and process equipment in eastern Canada.

Given the impact of the steep decline in the price of oil on the western Canadian economy, the segment's cost structure and asset base will be monitored and adjusted in response to any further changes in market conditions. However, while respecting the current economic environment, the segment will continue to make investments in strategic initiatives that focus on growing maintenance and repair related revenues which are viewed to be more resilient in a market downturn.

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 2014 annual audited consolidated financial statements.

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 317.2	\$ 386.1	\$ 359.5	\$ 374.4	\$ 331.4	\$ 391.7	\$ 338.5	\$ 362.0
Net earnings	\$ 5.7	\$ 11.2	\$ 11.1	\$ 12.3	\$ 6.7	\$ 12.2	\$ 11.6	\$ 13.5
Net earnings per share								
- Basic	\$ 0.34	\$ 0.67	\$ 0.66	\$ 0.73	\$ 0.40	\$ 0.73	\$ 0.69	\$ 0.81
- Diluted	\$ 0.34	\$ 0.66	\$ 0.65	\$ 0.72	\$ 0.39	\$ 0.72	\$ 0.68	\$ 0.80

Although Wajax experienced weaker first quarter results in 2015 and 2014, due to various factors including reduced activity in oil and gas and mining markets, quarterly fluctuations in revenue and net earnings are difficult to predict. A normally weaker first quarter for the Equipment segment can be offset by seasonally stronger activity in the oil and gas sector, primarily affecting the Power Systems and Industrial Components segments. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

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 2015	December 31 2014	March 31 2014
Shareholders' equity	\$ 246.7	\$ 248.5	\$ 244.1
Funded net debt ⁽¹⁾	252.0	201.0	217.8
Total capital	\$ 498.7	\$ 449.5	\$ 461.9
Funded net debt to total capital ⁽¹⁾	50.5%	44.7%	47.2%
Leverage ratio ⁽¹⁾	2.68	2.12	2.36

(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.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At March 31, 2015, \$125 million of the Corporation's funded net debt, or 50%, was at a fixed interest rate which is within the Corporation's interest rate risk policy. See the Liquidity and Capital Resources section.

Shareholders' Equity

The Corporation's shareholders' equity at March 31, 2015 of \$246.7 million decreased \$1.8 million from December 31, 2014, as dividends declared during the quarter exceeded earnings. For the twelve months ending March 31, 2015 the Corporation's shareholder's equity increased \$2.6 million, as earnings exceeded dividends declared during the period.

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

Issued and fully paid common shares as at March 31, 2015	Number	Amount
Balance at the beginning and end of the quarter	16,778,883	\$ 107.5

At the date of this MD&A, the Corporation had 16,778,883 common shares outstanding.

At March 31, 2015, 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"). In the first quarter of 2014, all of the outstanding Deferred Share Program ("DSP") rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of March 31, 2015, there were 301,694 (2014 – 255,476) SOP and DDSUP rights outstanding. The cash-settled MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation's shares and is recognized over the vesting period. Wajax recorded compensation expense of \$0.1 million for the quarter (2014 – \$0.4 million) in respect of these plans.

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

	March 31 2015	December 31 2014	March 31 2014
Bank indebtedness	\$ 4.2	\$ 7.7	\$ 4.0
Obligations under finance lease	11.7	12.3	12.7
Long-term debt	236.1	180.9	201.1
Funded net debt⁽¹⁾	\$ 252.0	\$ 201.0	\$ 217.8

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

Funded net debt of \$252.0 million at March 31, 2015 increased \$51.0 million compared to December 31, 2014 and increased \$34.2 million compared to March 31, 2014. The increases in the quarter were comprised of cash used in operating activities of \$38.4 million, dividends paid of \$10.1 million, investing activities of \$1.9 million and finance lease payments of \$1.1 million. The cash used in operating activities of \$38.4 million included increases in non-cash working capital of \$43.9 million, rental fleet additions of \$6.1 million, income taxes paid of \$2.8 million and finance costs of \$1.2 million.

The Corporation's ratio of funded net debt to capital increased to 50.5% at March 31, 2015 from 44.7% at December 31, 2014, driven by the increase in funded net debt.

The Corporation's leverage ratio of 2.68 times at March 31, 2015 increased from the December 31, 2014 ratio of 2.12 times, primarily due to the higher funded net debt outstanding.

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 certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at March 31, 2015, Wajax had contracts outstanding to buy U.S. \$45.1 million (December 31, 2014 – to buy U.S. \$41.8 million) and sell U.S. \$0.1 million (December 31, 2014 – nil). The U.S. dollar contracts expire between April 2015 and May 2016, with a weighted average U.S./Canadian dollar rate of 1.2180.

Wajax measures derivative instruments not accounted for as hedging items at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income or inventory. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values.

A change in foreign currency, relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures is not expected to have a material impact on the Corporation's results of operations or financial condition.

Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

Wajax is exposed to the risk of non-performance by counterparties to short-term currency forward contracts. These counterparties are large financial institutions and although in 2014 they experienced an outlook downgrade to "Negative" by Standard & Poor's, they maintain high short-term and long-term credit ratings. To date, no such counterparty has failed to meet its financial obligations to Wajax. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Contractual Obligations

There have been no material changes to the Corporation's contractual obligations since December 31, 2014. 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 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, 2014. 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 Equipment segment had \$101.7 million (2014 – \$67.6 million) of consigned inventory on-hand from a major manufacturer at March 31, 2015. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. 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, 2015, Wajax had borrowed \$115.0 million and issued \$5.6 million of letters of credit for a total utilization of \$120.6 million of its \$250 million bank credit facility. In addition, Wajax had \$125 million of 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, 2015, 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 the maintenance of certain financial ratios all of which were met as at March 31, 2015. 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, 2015.

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 three non-bank lenders. At March 31, 2015, Wajax had no utilization of the interest bearing equipment financing facilities.

As of May 5, 2015, Wajax's \$250 million bank credit facility, 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. However, Wajax may be required to access the equity or debt markets to fund significant capital investments and acquisitions.

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, 2015 and March 31, 2014.

(\$millions)	March 31 2015	March 31 2014	Change
Net earnings	\$ 5.7	\$ 6.7	\$ (1.0)
Items not affecting cash flow	10.8	11.2	(0.4)
Net change in non-cash operating working capital	(43.9)	(7.0)	(36.9)
Finance costs paid	(1.2)	(1.1)	(0.1)
Income taxes paid	(2.8)	(4.4)	1.6
Other cash items ⁽¹⁾	(7.0)	(6.5)	(0.5)
Cash used in operating activities	\$ (38.4)	\$ (1.1)	\$ (37.3)
Cash used in investing activities	\$ (1.9)	\$ (1.1)	\$ (0.8)
Cash generated from (used in) financing activities	\$ 43.8	\$ (5.9)	\$ 49.7

(1) Other cash items includes rental equipment additions and changes in other non-current liabilities

Cash Used In Operating Activities

Cash flows used in operating activities amounted to \$38.4 million in the first quarter of 2015, compared to \$1.1 million in the same quarter of the previous year. The increase of \$37.3 million was mainly attributed to a use of working capital of \$43.9 million in 2015 compared to a use of working capital of \$7.0 million in 2014.

Other cash items include rental equipment additions of \$6.1 million (2014 – \$6.8 million) related to lift trucks in the Equipment segment and power generation equipment in the Power Systems segment.

Significant components of non-cash operating working capital, along with changes for the three months ended March 31, 2015 and March 31, 2014 include the following:

(\$millions)	March 31 2015	March 31 2014
Changes in Non-cash Operating Working Capital ⁽¹⁾		
Trade and other receivables	\$ 0.7	\$ 7.4
Contracts in progress	(1.0)	(0.8)
Inventories	(10.1)	(13.1)
Prepaid expenses	(0.6)	(2.0)
Accounts payable and accrued liabilities	(32.5)	3.2
Provisions	(0.4)	(1.8)
Total Changes in Non-cash Operating Working Capital	\$ (43.9)	\$ (7.0)

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended March 31, 2015 compared to the quarter ended March 31, 2014 are as follows:

- Trade and other receivables decreased \$0.7 million in 2015 compared to a decrease of \$7.4 million in 2014. The decrease in 2014 was mainly attributable to the collection of a large power generation related receivable in the Power Systems segment in central Canada.

- Inventories increased \$10.1 million in 2015 compared to an increase of \$13.1 million in 2014. The increase in 2015 was due mainly to higher seasonal inventory levels, the slowdown in western Canada including increased mining equipment in the Equipment segment, and increases due to the higher Canada dollar value of U.S. sourced inventory. The increase in 2014 was due mainly to higher inventory in the Equipment segment.
- Accounts payable and accrued liabilities decreased \$32.5 million in 2015 compared to an increase of \$3.2 million in 2014. The decrease in 2015 resulted from lower trade payables, due in part to the payment of equipment inventory on supplier financing in the Equipment segment and decreased purchasing activity, combined with lower accrued liabilities in all segments due principally to the payment of prior year annual incentive accruals. The increase in 2014 resulted primarily from higher trade payables in the Equipment segment reduced somewhat by the payment of prior year annual and mid-term incentive accruals.

Investing Activities

During the first quarter of 2015, Wajax invested \$1.9 million in property, plant and equipment additions, net of disposals, compared to \$1.1 million in the first quarter of 2014.

Financing Activities

The Corporation generated \$43.8 million of cash from financing activities in the first quarter of 2015 compared to a use of cash of \$5.9 million in the same quarter of 2014. Financing activities in the quarter included a net bank credit facility drawdown of \$55.0 million (2014 – \$5.0 million), for general corporate purposes, offset by dividends paid to shareholders totaling \$10.1 million (2014 – \$10.0 million) and finance lease payments of \$1.1 million (2014 – \$0.8 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
January 30, 2015	February 20, 2015	\$ 0.20	\$ 3.4
February 27, 2015	March 20, 2015	0.20	3.4
March 31, 2015	April 20, 2015	0.08	1.4
Three months ended March 31, 2015		\$ 0.48	\$ 8.1

In order to increase the funds available to invest in the Corporation's strategy, provide additional liquidity in this time of economic uncertainty and bring more stability to dividend payments over the business cycle, on March 5, 2015 the board of directors approved a change to the Corporation's dividend policy and a reduction in the dividend amount. The previous policy of paying a monthly dividend based on a minimum of 75% of expected net earnings was changed to implement a quarterly dividend with an initial target amount of \$0.25 per share.

On March 3, 2015, Wajax announced a second quarter dividend of \$0.25 per share payable on July 3, 2015 to shareholders of record on June 15, 2015.

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, in particular "Adjusted EBITDA" used in calculating the Leverage Ratio excludes the restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements, and
- (iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures and restructuring costs.

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.
EBITDA	Net earnings before finance costs, income tax expense, depreciation and amortization.
Adjusted EBITDA	EBITDA before restructuring costs.
Leverage ratio	The leverage ratio is defined as funded net debt at the end of a particular quarter divided by trailing 12-month 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 before finance costs and income taxes (EBIT)	Earnings before finance costs and income taxes, as presented on the Consolidated Statements of Earnings
Earnings before income taxes (EBT)	Earnings before income taxes, as presented on the Consolidated Statements of Earnings.

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

	For the twelve months ended March 31 2015	For the twelve months ended December 31 2014	For the twelve months ended March 31 2014
Net earnings	\$ 40.3	\$ 41.2	\$ 43.9
Income tax expense	15.0	15.3	15.8
EBT	55.3	56.5	59.7
Finance costs	13.1	13.0	10.4
EBIT	68.4	69.5	70.1
Depreciation and amortization	22.8	22.5	22.2
EBITDA	91.2	92.0	92.3
Restructuring costs	2.8	2.8	-
Adjusted EBITDA	\$ 94.1	\$ 95.0	\$ 92.3

Calculation of the Corporations funded net debt and leverage ratio is as follows:

	March 31 2015	December 31 2014	March 31 2014
Bank indebtedness	\$ 4.2	\$ 7.7	\$ 4.0
Obligations under finance leases	11.7	12.3	12.7
Long-term debt	236.1	180.9	201.1
Funded net debt	\$ 252.0	\$ 201.0	\$ 217.8
Leverage ratio⁽¹⁾	2.68	2.12	2.36

(1) Calculation uses trailing four-quarter EBITDA and finance costs.

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. In preparing the financial statements for the quarter ended March 31, 2015, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are the same as those applied in the recently reported audited consolidated financial statements for the year ended December 31, 2014 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

No new standards have been adopted in the current period.

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, 2015 and have not been applied in preparing these consolidated financial statements.

On January 1, 2016, the Corporation will be required to adopt the amendments to IAS 1 Presentation of Financial Statements, which will facilitate improved financial statement disclosures. The extent of the impact of adoption of the amendment has not yet been determined.

On January 1, 2017, 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 is currently assessing the impact of this standard on its consolidated financial statements.

On January 1, 2018, the Corporation will be required to adopt IFRS 9 Financial Instruments, which is the IASB's project to 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.

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, 2014 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, 2014.

Strategic Direction and Outlook

As expected, weakness in oil and other commodity prices had a negative effect on the Corporation's customers in the mining, oil and gas and oil sands markets in western Canada, resulting in lower first quarter revenue and earnings. The impact was most significant in the Equipment segment, which experienced a 17% reduction in parts and service revenues as oil sands operators and miners idled portions of their equipment fleets. Conversely, operating results in central Canada improved. This was particularly evident for the Equipment and Industrial Components segments where sales in those regions increased 40% and 12%, respectively.

Wajax's focus in 2015 continues to be centered on three objectives; cost management; managing the asset base and debt level, and; executing a prudent investment plan to support our 4 Points of Growth strategy.

With respect to cost management, reductions in consolidated selling and administrative costs of \$3.8 million, partially mitigated the earnings impact of lower first quarter volumes. Management is very pleased with the progress made in the Industrial Components segment where restructuring efforts in 2014 have resulted in a significant improvement in earnings based on both cost reduction and improved selling effectiveness. Wajax plans to communicate and begin implementation of restructuring activities in the Power Systems segment in the second quarter with severance costs expected to approximate \$1.8 million. This restructuring combined with Power Systems segment cost reductions realized to date are anticipated to result in annualized savings of approximately \$5 million.

The increase in the March 31, 2015 debt level from December, 2014 was attributable to a combination of the drop in customer demand in western Canada and seasonal factors. Management expects to reverse this debt level trend by year end.

Wajax continued to execute its 4 Points of Growth strategy in the first quarter. As previously stated, the Corporation is moving forward on all components of its strategy including activities related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation. While management will control the pace of execution given current market conditions, Wajax will continue to make progress on these programs that are vitally important to future earnings.

With commodity markets and the western Canada economy anticipated to be soft for the remainder of the year, management continues to expect that 2015 will be a challenging year. Consequently it is expected 2015 full year earnings to be less than the previous year. However, management is very confident that the Corporation's growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future.

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, 2015

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.

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
F I N A N C I A L P O S I T I O N

As at (unaudited, in thousands of Canadian dollars)	Note	March 31, 2015	December 31, 2014
ASSETS			
CURRENT			
Trade and other receivables		\$ 183,028	\$ 183,759
Contracts in progress		10,006	9,003
Inventories		335,782	323,764
Income taxes receivable		788	31
Prepaid expenses		8,583	7,970
Derivative instruments		2,564	1,343
		540,751	525,870
NON-CURRENT			
Rental equipment	3	60,605	59,394
Property, plant and equipment	4	48,773	48,665
Intangible assets		83,973	84,314
		193,351	192,373
		\$ 734,102	\$ 718,243
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Bank indebtedness		\$ 4,194	\$ 7,713
Accounts payable and accrued liabilities		216,163	246,714
Provisions		5,333	5,758
Dividends payable	5	1,398	3,356
Obligations under finance leases		4,083	4,175
		231,171	267,716
NON-CURRENT			
Provisions		3,553	4,250
Deferred taxes	7	751	494
Employee benefits		7,363	7,257
Other liabilities		806	947
Obligations under finance leases		7,650	8,160
Long-term debt		236,068	180,903
		256,191	202,011
SHAREHOLDERS' EQUITY			
Share capital		107,454	107,454
Contributed surplus	6	5,427	5,176
Retained earnings		132,893	135,269
Accumulated other comprehensive income		966	617
Total shareholders' equity		246,740	248,516
		\$ 734,102	\$ 718,243

These condensed consolidated financial statements were approved by the Board of Directors on May 5, 2015.

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	2015	2014
Revenue		\$ 317,216	\$ 331,370
Cost of sales		253,230	262,426
Gross profit		63,986	68,944
Selling and administrative expenses		52,768	56,614
Earnings before finance costs and income taxes		11,218	12,330
Finance costs		3,309	3,184
Earnings before income taxes		7,909	9,146
Income tax expense	7	2,176	2,480
Net earnings		\$ 5,733	\$ 6,666
Basic earnings per share	8	\$ 0.34	\$ 0.40
Diluted earnings per share	8	\$ 0.34	\$ 0.39

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)

	2015	2014
Net earnings	\$ 5,733	\$ 6,666
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 \$135 (2014 – \$36)	(382)	(100)
Gains on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of \$260 (2014 – \$70)	731	197
Other comprehensive income, net of tax	349	97
Total comprehensive income	\$ 6,082	\$ 6,763

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, 2015 (unaudited, in thousands of Canadian dollars)					Accumulated other comprehensive income (loss) ("AOCI")		
	Note	Share capital	Contributed surplus	Retained earnings	Cash flow hedges	Total	
January 1, 2015		\$ 107,454	5,176	135,269	617	\$ 248,516	
Net earnings		-	-	5,733	-	5,733	
Other comprehensive income		-	-	-	349	349	
Total comprehensive income for the period		-	-	5,733	349	6,082	
Dividends	5	-	-	(8,109)	-	(8,109)	
Share-based compensation expense	6	-	251	-	-	251	
March 31, 2015		\$ 107,454	5,427	132,893	966	\$ 246,740	

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, 2014 (unaudited, in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	AOCI		Total
					Cash flow hedges		
January 1, 2014		\$ 106,704	5,058	135,317	113	\$	247,192
Net earnings		-	-	6,666	-		6,666
Other comprehensive income		-	-	-	97		97
Total comprehensive income for the period		-	-	6,666	97		6,763
Shares issued to settle share-based compensation plans		750	(750)	-	-		-
Dividends	5	-	-	(10,053)	-		(10,053)
Share-based compensation expense	6	-	197	-	-		197
March 31, 2014		\$ 107,454	4,505	131,930	210	\$	244,099

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	2015	2014
OPERATING ACTIVITIES			
Net earnings		\$ 5,733	\$ 6,666
Items not affecting cash flow:			
Depreciation and amortization			
Rental equipment		2,994	2,826
Property, plant and equipment		2,271	2,134
Intangible assets		389	432
Loss (gain) on disposal of property, plant and equipment	4	4	(45)
Share-based compensation expense	6	251	197
Non-cash rental expense		39	14
Employee benefits expense, net of payments		105	107
Unrealized gain on derivative instruments		(747)	(90)
Finance costs		3,309	3,184
Income tax expense	7	2,176	2,480
		16,524	17,905
Changes in non-cash operating working capital	9	(43,902)	(6,984)
Rental equipment additions	3	(6,141)	(6,789)
Other non-current liabilities		(838)	287
Finance costs paid		(1,224)	(1,114)
Income taxes paid		(2,800)	(4,425)
Cash used in operating activities		(38,381)	(1,120)
INVESTING ACTIVITIES			
Property, plant and equipment additions	4	(1,984)	(1,248)
Proceeds on disposal of property, plant and equipment	4	111	99
Intangible assets additions		(48)	-
Cash used in investing activities		(1,921)	(1,149)
FINANCING ACTIVITIES			
Net increase in bank debt		55,000	5,000
Finance lease payments		(1,112)	(830)
Dividends paid		(10,067)	(10,046)
Cash generated from (used in) financing activities		43,821	(5,876)
Change in cash (bank indebtedness)		3,519	(8,145)
(Bank indebtedness) cash – beginning of period		(7,713)	4,153
Bank indebtedness – end of period		\$ (4,194)	\$ (3,992)

W A J A X C O R P O R A T I O N
NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2015

(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 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, the Corporation has three distinct product divisions which operate through a network of 123 branches across Canada.

The Corporation's customer base covers core sectors of the Canadian economy, including construction, industrial and commercial, transportation, the oil sands, forestry, oil and gas, metal processing and mining.

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, 2014. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements.

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. RENTAL EQUIPMENT

During the three months ended March 31, 2015, the Corporation acquired rental equipment with a cost of \$6,141 (2014 – \$6,789). Rental equipment with a carrying amount of \$1,936 (2014 – \$177) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2015, the Corporation acquired property, plant and equipment with a cost of \$1,984 (2014 – \$1,248). Assets with a carrying amount of \$115 (2014 – \$54) were disposed of, resulting in a loss on disposal of \$4 (2014 – gain of \$45).

5. DIVIDENDS DECLARED

During the three months ended March 31, 2015, the Corporation declared cash dividends of \$0.4833 per share or \$8,109 (2014 – dividends of \$0.60 per share or \$10,053).

The Corporation declared a second quarter 2015 dividend of \$0.25 per share or \$4,195.

6. SHARE-BASED COMPENSATION PLANS

The Corporation has five share-based compensation plans: the Wajax Share Ownership Plan, the Deferred Share Program, the Directors' Deferred Share Unit Plan, the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP").

a) Share rights plans

The Corporation recorded compensation cost of \$251 (2014 – \$197) in respect of these plans.

	March 31, 2015		March 31, 2014	
	Number of Rights	Fair value at time of grant	Number of Rights	Fair value at time of grant
Outstanding at beginning of year	287,550	\$ 5,420	282,573	\$ 5,403
Granted in the period – new grants	7,165	177	3,721	137
– dividend equivalents	6,979	-	4,545	-
Settled in the period	-	-	(35,363)	(750)
Outstanding at end of period	301,694	\$ 5,597	255,476	\$ 4,790

At March 31, 2015, 278,725 share rights were vested (2014 – 239,224).

b) Cash-settled rights plans

The Corporation recorded compensation recovery of \$132 (2014 – cost of \$167) in respect of the share-based portion of the MTIP and DSUP. At March 31, 2015, the carrying amount of the share-based portion of these liabilities was \$612 (2014 – \$499).

7. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the three months ended March 31	2015	2014
Current	\$ 2,063	\$ 2,034
Deferred – Origination and reversal of temporary differences	113	446
Income tax expense	\$ 2,176	\$ 2,480

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.1% (2014 – 26.1%). 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 26.1% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of effective income tax rate is as follows:

	2015	2014
Combined statutory income tax rate	26.1%	26.1%
Expected income tax expense at statutory rates	\$ 2,064	\$ 2,387
Non-deductible expenses	150	148
Other	(38)	(55)
Income tax expense	\$ 2,176	\$ 2,480

8. EARNINGS PER SHARE

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

For the three months ended March 31	2015	2014
Numerator for basic and diluted earnings per share:		
– net earnings	\$ 5,733	\$ 6,666
Denominator for basic earnings per share:		
– weighted average shares	16,778,883	16,754,088
Denominator for diluted earnings per share:		
– weighted average shares	16,778,883	16,754,088
– effect of dilutive share rights	284,113	266,487
Denominator for diluted earnings per share	17,062,996	17,020,575
Basic earnings per share	\$ 0.34	\$ 0.40
Diluted earnings per share	\$ 0.34	\$ 0.39

No share rights were excluded from the above calculations as none were anti-dilutive.

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

For the three months ended March 31	2015	2014
Trade and other receivables	\$ 731	\$ 7,425
Contracts in progress	(1,003)	(788)
Inventories	(10,082)	(13,070)
Prepaid expenses	(613)	(1,951)
Accounts payable and accrued liabilities	(32,510)	3,246
Provisions	(425)	(1,846)
Total	\$ (43,902)	\$ (6,984)

10. OPERATING SEGMENTS

The Corporation operates through a network of 123 branches in Canada in three core businesses which reflect the internal organization and management structure according to the nature of the products and services provided. The Corporation's three core businesses are: i) the distribution, modification and servicing of equipment; ii) the distribution, servicing and assembly of power systems; and iii) the distribution, servicing and assembly of industrial components.

For the three months ended March 31, 2015					
	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	\$ 77,941	\$ 19,072	\$ -	\$ -	\$ 97,013
Parts	39,347	35,123	90,225	-	164,695
Service	17,676	17,526	7,724	-	42,926
Rental and other	10,629	2,863	-	(910)	12,582
Revenue	\$ 145,593	\$ 74,584	\$ 97,949	\$ (910)	\$ 317,216
Earnings before finance costs and income taxes	\$ 6,815	\$ 3,422	\$ 3,399	\$ (2,418)	\$ 11,218
Finance costs					3,309
Income tax expense					2,176
Net earnings					\$ 5,733

As at March 31, 2015

Segment assets excluding intangible assets	\$ 337,078	\$ 167,830	\$ 142,720	\$ -	\$ 647,628
Intangible assets	21,549	13,894	48,416	114	83,973
Corporate and other assets	-	-	-	2,501	2,501
Total assets	\$ 358,627	\$ 181,724	\$ 191,136	\$ 2,615	\$ 734,102
Segment liabilities	\$ 125,631	\$ 41,076	\$ 63,753	\$ -	\$ 230,460
Corporate and other liabilities	-	-	-	256,902	256,902
Total liabilities	\$ 125,631	\$ 41,076	\$ 63,753	\$ 256,902	\$ 487,362

**For the three months ended
March 31, 2014**

	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	\$ 82,336	\$ 23,385	\$ -	\$ -	\$ 105,721
Parts	47,203	34,521	88,312	-	170,036
Service	21,200	17,260	7,735	-	46,195
Rental and other	9,797	1,960	-	(2,339)	9,418
Revenue	\$ 160,536	\$ 77,126	\$ 96,047	\$ (2,339)	\$ 331,370
Earnings before finance costs and income taxes	\$ 10,717	\$ 3,507	\$ 1,165	\$ (3,059)	\$ 12,330
Finance costs					3,184
Income tax expense					2,480
Net earnings				\$	6,666

As at March 31, 2014

Segment assets excluding intangible assets	\$ 318,931	\$ 145,088	\$ 133,604	\$ -	\$ 597,623
Intangible assets	21,600	14,156	49,672	84	85,512
Corporate and other assets	-	-	-	3,086	3,086
Total assets	\$ 340,531	\$ 159,244	\$ 183,276	\$ 3,170	\$ 686,221
Segment liabilities	\$ 130,114	\$ 39,140	\$ 53,421	\$ -	\$ 222,675
Corporate and other liabilities	-	-	-	219,447	219,447
Total liabilities	\$ 130,114	\$ 39,140	\$ 53,421	\$ 219,447	\$ 442,122

Segment eliminations include costs, assets and liabilities related to the corporate office. Corporate office assets and liabilities include deferred financing costs, income taxes, bank indebtedness, bank debt, employee benefits, and dividends payable.

11. COMPARATIVE INFORMATION

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