

AECON



AECON GROUP INC. (TSX:ARE)

INVESTOR PRESENTATION

CANACCORD GENUITY GROWTH CONFERENCE – AUGUST 7, 2019

Forward-Looking Information

The information in this presentation includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including, but not limited to, the timing of projects, unanticipated costs and expenses, general market and industry conditions and operational and reputational risks, including Large Project Risk and Contractual Factors.

Risk factors are discussed in greater detail in the section on "Risk Factors" included in the Management Discussion and Analysis filed on July 25, 2019 which is available on SEDAR at www.sedar.com. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon. Forward-looking statements may in some cases be identified by words such as "will", "plans", "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or the negative of these terms, or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause its results to differ materially from those expressed in any forward-looking statements. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

➤ Why Invest in Aecon?

FOCUS on People, Execution, Growth and Profitability



Canada's Premier Infrastructure Company

- Industry leading safety record and performance
- Strong self perform capability is a key differentiator
- Unparalleled pipeline of public and private opportunities
- Partner of choice on major projects across Canada

\$6.8B Backlog

\$30B+ Bidding Pipeline



Diversified & Resilient Business Model

- Diversified across various Construction sectors
- Low risk and highly attractive Concessions portfolio
- Strong recurring revenue base adds stability
- Visibility from long dated backlog at higher margin

\$622M Recurring Revenue*

\$182M Construction EBITDA**

\$89M Concessions EBITDA**



Strong Performance and Growth Potential

- Sustained history of dividend growth
- Strong and liquid balance sheet to support growth
- Well positioned to execute on near-record backlog
- Focused on improving margins and shareholder returns

11% 7 year Dividend CAGR[^]

~3% Dividend Yield

* Q2019 Trailing Twelve Months ("TTM")

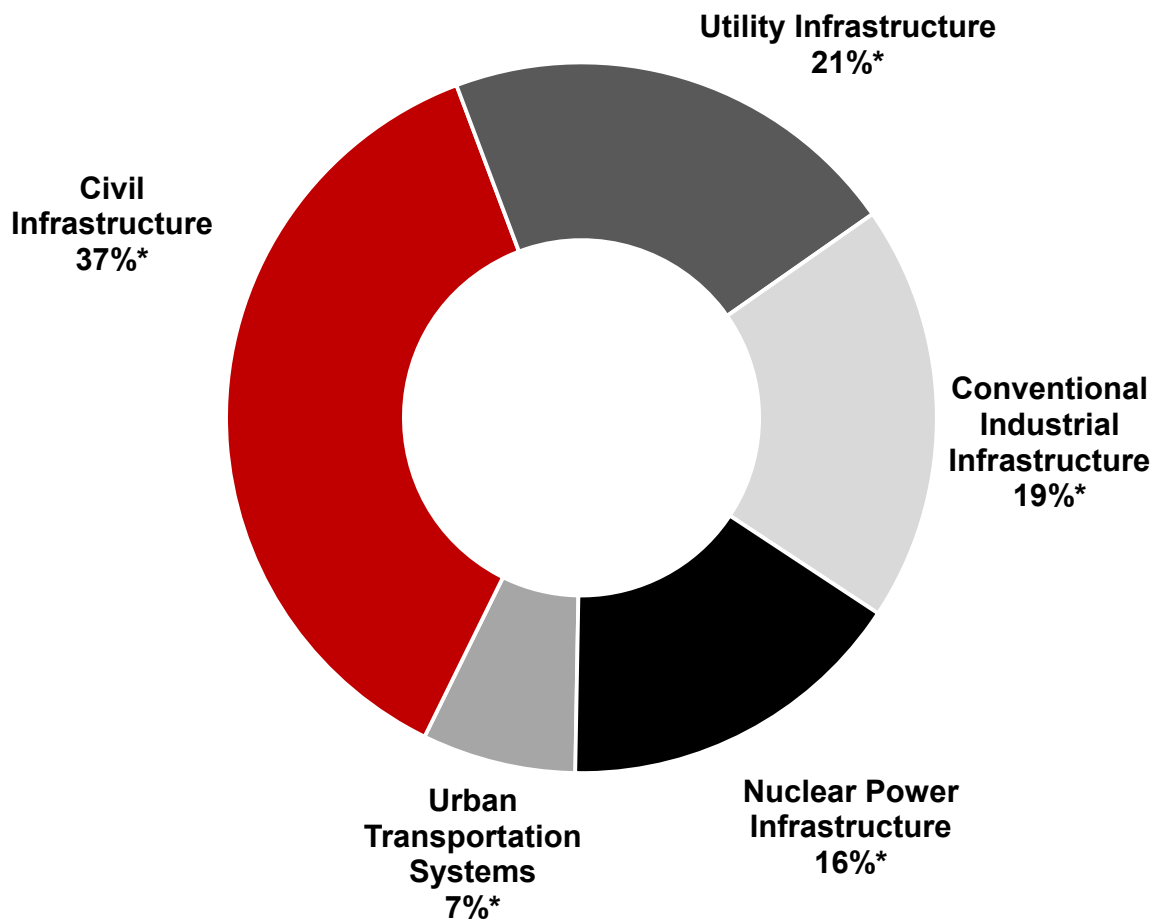
+ Before corporate costs and eliminations

[^] 2012 to 2019 annual dividend

➤ Diverse & Resilient Business Model

CONSTRUCTION

Q2 2019 TTM Revenue \$3,402 M +
 Q2 2019 TTM EBITDA \$182 M +



CONCESSIONS

Q2 2019 TTM Revenue \$258 M +
 Q2 2019 TTM EBITDA \$89 M +



Bermuda Airport
 100%^



Eglinton LRT
 25%^



Finch West LRT
 33%^



Gordie Howe International Bridge
 20%^



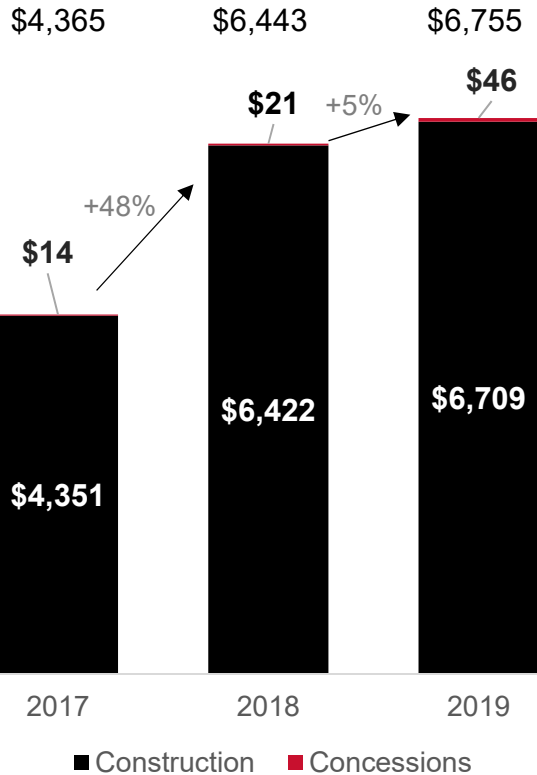
Waterloo LRT
 10%^

* % of Q2 2019 Trailing Twelve Months ("TTM") Revenue
 ^ % of Aecon equity ownership in the concessionaire
 + Before corporate costs and eliminations

➤ Strong Backlog & Recurring Revenue

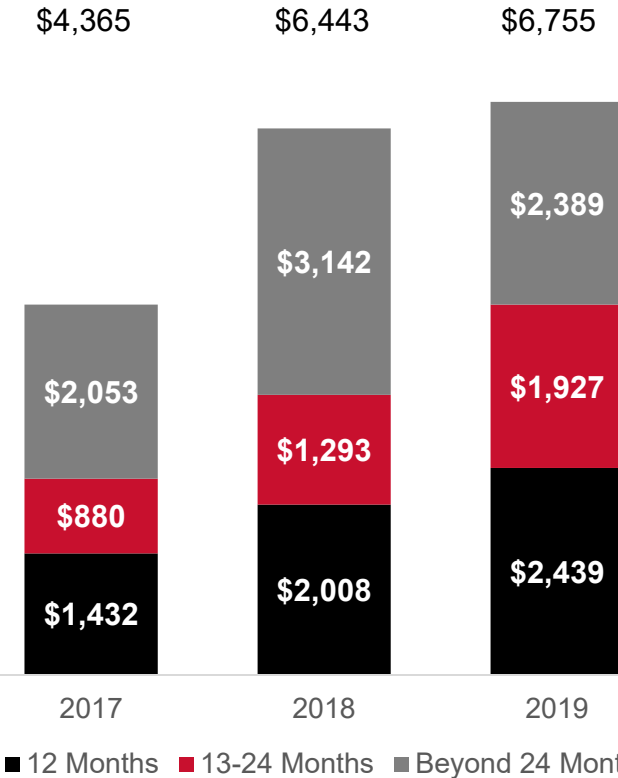
TOTAL BACKLOG* (\$M)

AS AT JUNE 30

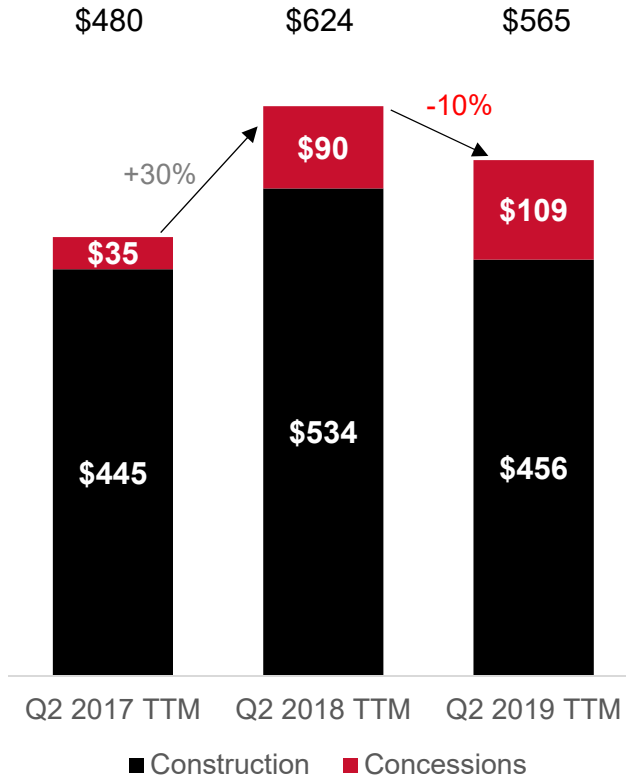


BACKLOG DURATION* (\$M)

AS AT JUNE 30



RECURRING REVENUE*^# (\$M)



BACKLOG CONTRACT TYPE AS AT JUNE 30



2019 Q2 TTM REVENUE+



* Recurring revenue is not included in backlog and is, therefore, revenue over and above work to be performed from contracts in backlog

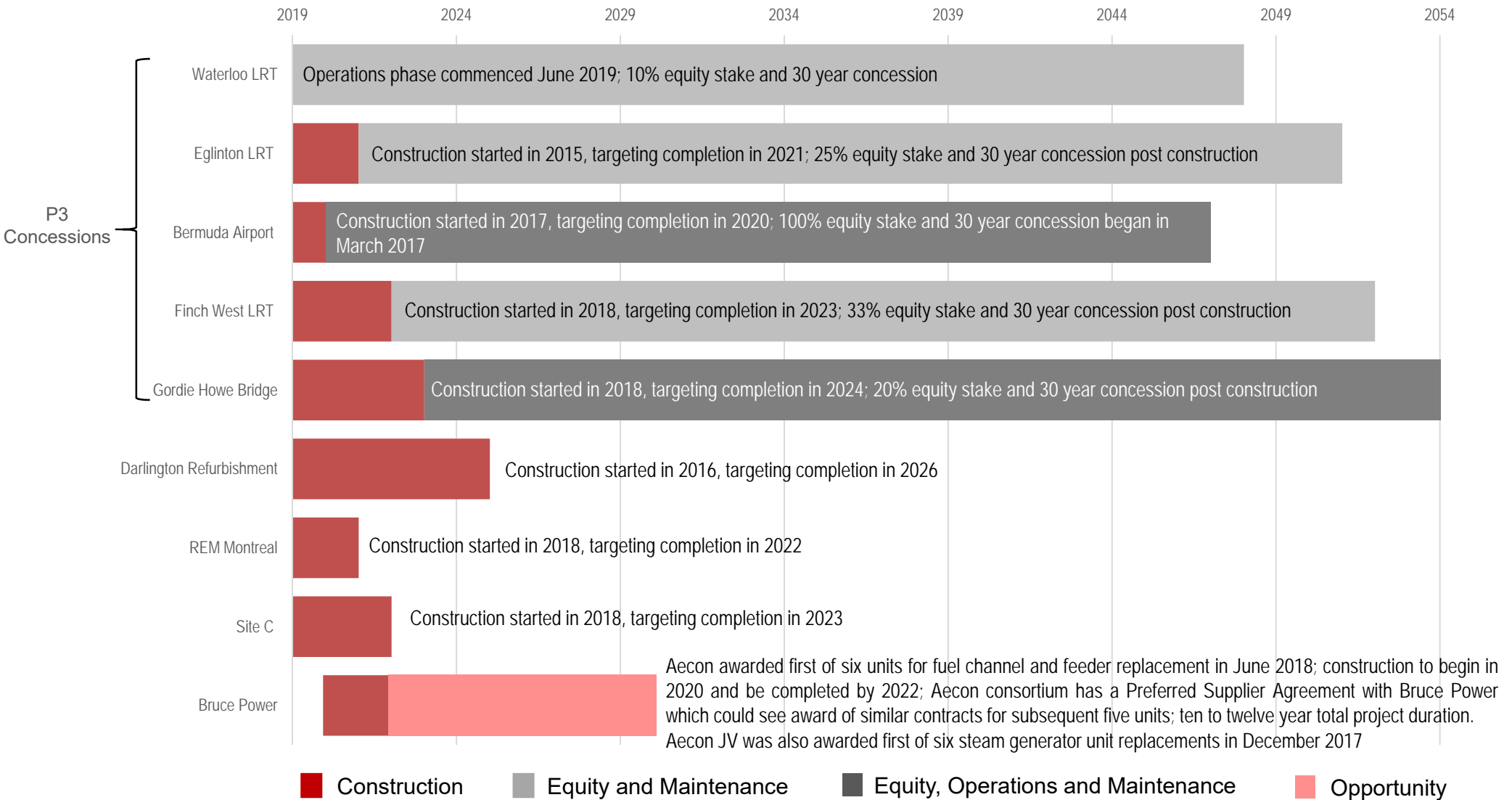
^ Excludes contract mining recurring revenue in both TTM periods

Decrease in Q2 2019 TTM recurring revenue driven by certain Utility and Nuclear Power projects performed as defined scope backlog contracts as opposed to recurring revenue model in the period; total revenue for both these operating sectors was higher vs. the prior TTM period

+ TTM revenue contract mix reflects inclusion of recurring revenue (Cost Plus/Unit Price) and timing of backlog work off

➤ Major Projects & Concessions Provide Stability

PROJECT TIMELINE (STARTING FROM 2019)



➤ Robust Pipeline Aligns with Aecon's Strengths

FEDERAL INFRASTRUCTURE PROGRAMS

\$180B *Invest in Canada Plan*

- 12 year Federal investment plan from 2016 to 2028

\$35B *Canada Infrastructure Bank*

- Investment mandate (\$15B part of *Invest in Canada Plan*)

KEY PROVINCIAL INFRASTRUCTURE PROGRAMS

\$144B *Ontario Budget*

- Infrastructure investment over 10 years from 2019

\$20B *BC Budget*

- Infrastructure investment over 3 years from 2019

\$6B *Alberta Budget*

- Roads and bridges investment over 5 years from 2018



Roads



Light Rail Transit



Bridges

\$30+ BILLION IN PROJECT PURSUITS

Millennium Line Broadway Extension	BC
Highway 91/17 Sunbury Interchange	BC
Trans Mountain Pipeline	BC/AB
Edmonton Valley Line LRT	AB
Canada Kuwait Petrochemical Corp. Facilities	AB
West Calgary Ring Road South	AB
Calgary Green Line LRT	AB
Adam Beck Generating Facility Channel Relining	ON
Metrolinx Regional Express Rail (RER) Program	ON
Hamilton LRT	ON
QEW Credit River Bridge	ON

- Continue to see a robust pipeline of opportunities and commitments
- Diversified series of pursuits by sector and geography
- Opportunities strongly correlate with Aecon's experience and expertise

➤ Valuable Contribution from Bermuda Concession

30 Year Concession

L.F. Wade International Airport

- Development and construction of a new terminal
- Operation and maintenance of existing and then new terminal once opened in 2020

US\$274 Million

- Construction budget – started in March 2017 and targeting completion in 2020

\$2.87 / share*

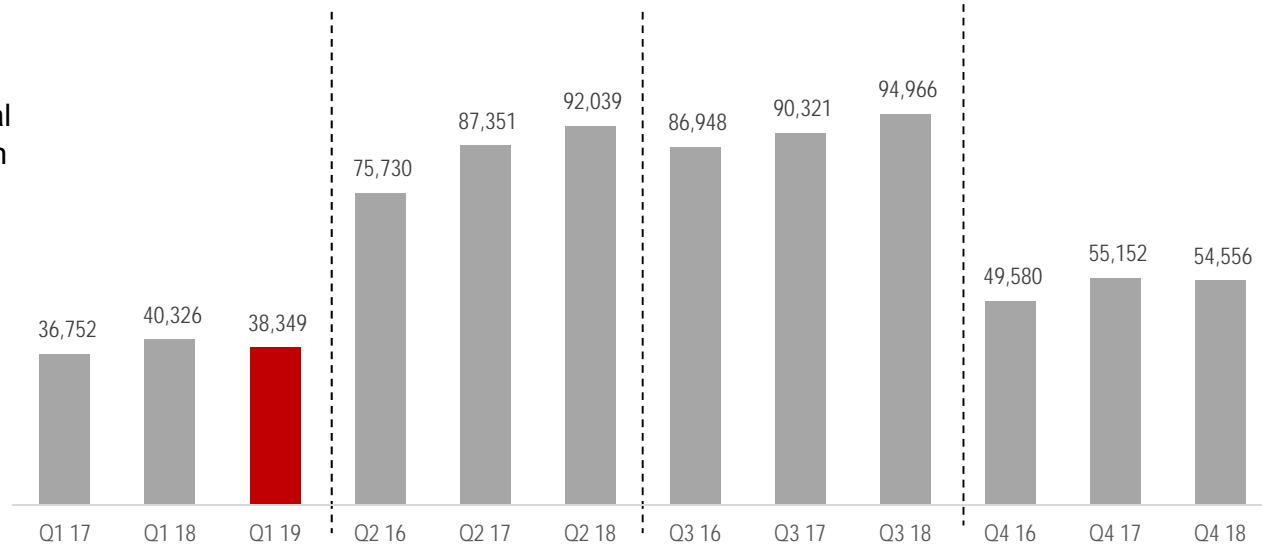
- Analyst average contribution to one year target price

100% Equity

- 100% equity ownership of concession and of 30 years operations and maintenance contract

AIR VISITOR STATISTICS

SOURCE: BERMUDA TOURISM AUTHORITY



↑ Passenger Traffic Last 3 years

increased by tourism activity due to targeted marketing campaign and strength in the U.S. economy



↑ 1.2%[^]

Total Arriving Passengers (444,388)



↑ 3.5%[^]

Air Capacity (608,988 Seats)

*Sourced from FactSet data for 8 analysts who disclose their estimated per share valuation related to Bermuda

[^]Year over Year increase from 2017 to 2018; Q2 2019 data not currently available

➤ Q2 2019 Financial Results

\$ Millions
(except EPS, \$ per share)

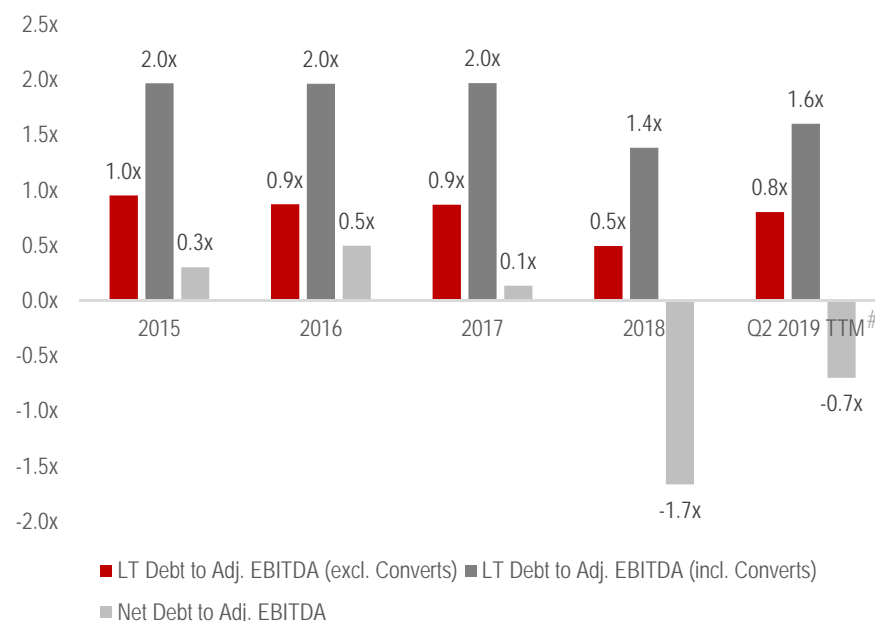
	Reported TTM June 30			Excluding Contract Mining TTM June 30		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	3,486	2,743	▲ 27%	3,380	2,571	▲ 31%
Gross Profit	373.7	322.9	▲ 16%	358.7	291.4	▲ 23%
<i>Gross Margin %</i>	10.7%	11.8%	▼ 110bps	10.6%	11.3%	▼ 70 bps
Adjusted EBITDA	231.1	161.8	▲ 43%	218.8	134.6	▲ 63%
<i>Adjusted EBITDA Margin %</i>	6.6%	5.9%	▲ 70 bps	6.5%	5.2%	▲ 130 bps
Operating Profit	116.1	56.2	▲ 107%	120.1	57.0	▲ 111%
Profit	80.4	34.9	▲ 130%			
EPS (Diluted)	\$1.22	\$0.56	▲ 118%			
New Awards	3,796	4,821	▼ 21%			
Backlog	6,755	6,443	▲ 5%			

+ bps = basis point

➤ Strong & Liquid Balance Sheet to Support Growth

BALANCE SHEET (\$M)	
June 30, 2019	
Core Cash [^]	79.4
Cash in Joint Ventures [^]	442.6
Total Cash[^]	522.0
Working Capital	211.8
Long-Term Debt	
- Finance Leases [#]	149.8
- Equipment & Other Asset Loans	32.4
LT Debt excluding Convertible Debentures	182.2
Convertible Debentures (Face Value)	
- Due December 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures^{^#}	366.2
LT Debt to Q2 2019 TTM Adjusted EBITDA ^{**#}	
- Excluding Convertible Debentures	0.8 x
- Including Convertible Debentures	1.6 x
Net Debt to Q2 2019 TTM Adjusted EBITDA ^{+#}	(0.7) x

DEBT TO ADJUSTED EBITDA^{**+#}



- * Calculations based on face value of convertible debentures
- # Q2 2019 TTM includes impact of IFRS 16 from January 1, 2019 on LT Debt and Net Debt
- [^] Excludes non-recourse project debt and restricted cash associated with Bermuda Airport redevelopment project
- ⁺ Net debt calculated as bank indebtedness and long-term debt (including convertible debentures) less cash

➤ Positive Outlook

Focused on backlog execution to deliver like-for-like revenue and Adjusted EBITDA growth

- Continue to see significant infrastructure investment commitments by all levels of government across Canada as well as by the private sector
 - Provincial and federal electoral cycles could cause investment delays as project priorities and procurement models may be re-evaluated following any change in government
- Investment focus primarily on civil infrastructure, urban transportation systems, nuclear power, and utility and pipeline infrastructure which aligns with Aecon's strengths
- Bidding activity is expected to be solid during the remainder of 2019, although new awards are not likely to match the record level of new awards achieved in 2018, with many of the Company's larger pursuits expected to be awarded in 2020
- Concessions drives value through internal partnerships and from equity concessionaire role on Waterloo LRT, Eglinton LRT, Finch West LRT, Bermuda International Airport Redevelopment and Gordie Howe International Bridge projects

Improvement in Adjusted EBITDA and Operating Profit Margin

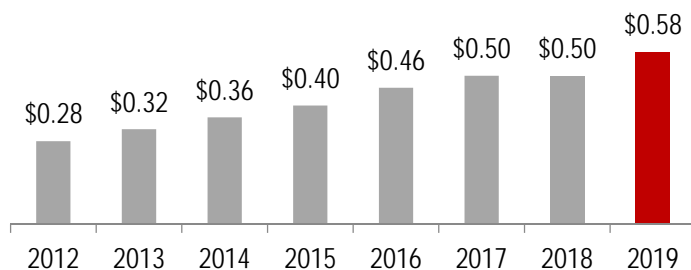
- Outlook for 2019 remains solid as current strong backlog, robust pipeline of future opportunities, and ongoing concessions are expected to lead to another year of improved like-for-like results compared to 2018
- Another strong year of results in 2020 expected as construction continues on a number of previously awarded projects that have ramped up during 2019
- Second half of 2019 is expected to be stronger than the first half, reflecting typical seasonality
- Both segments continue to bid on opportunities that support continued Adjusted EBITDA margin improvement

➤ Capital Markets Overview

ARE.TSX STATISTICS

Price as of July 31, 2019	\$20.32
Shares Outstanding	60.8 Million
Avg. Daily Share Volume (3 months – TSX & ATS)	0.5 Million (\$10 Million)
Dividend Yield	2.8%*
Market Capitalization	~\$1.3 Billion
52 Week Low / High	\$15.54 / \$21.83

ANNUAL DIVIDEND HISTORY



* Based on quarterly dividend of 14.5 cents per share announced March 5, 2019

ANALYST COVERAGE

Firm	Analyst	Telephone
AltaCorp Capital	Chris Murray	(647) 776-8246
Canaccord Genuity	Yuri Lynk	(514) 844-3708
CIBC Capital Markets	Jacob Bout	(416) 956-6766
Desjardins Securities	Benoit Poirier	(514) 281-8653
GMP Securities	Ben Jekic	(416) 943-6108
Industrial Alliance Securities	Neil Linsdell	(514) 499-0158
National Bank Financial	Maxim Sytchev	(416) 869-6517
Paradigm Capital	Corey Hammill	(416) 361-0754
Raymond James	Frederic Bastien	(604) 659-8232
RBC Capital Markets	Derek Spronck	(416) 842-7833
TD Securities	Michael Tupholme	(416) 307-9389

10 Buy / Outperform \$25.14 One Year
 1 Hold / Neutral Avg. Target Price

AECON

ADAM BORGATTI

Senior Vice President

Corporate Development & Investor Relations

416.297.2610 | aborgatti@aecon.com

PARAG DATTA

Director

Corporate Development & Investor Relations

416.297.2600 x3724 | pdatta@aecon.com

VANCOUVER

1055 Dunsmuir Street, Suite 2124

Vancouver, BC V7X 1G4

CALGARY

110-9th Avenue SW, Suite 300

Calgary, AB T2P 0T1

TORONTO

20 Carlson Court, Suite 105

Toronto, ON M9W 7K6

MONTREAL

2015 Peel Street, Suite 600

Montreal, QC H3A 1T8

aecon.com   

