



AECON GROUP INC. (TSX:ARE)

Q3 2019 CONFERENCE CALL PRESENTATION

November 1, 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 Annual Information Form filed on March 26, 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.

➤ Q3 2019 Financial Results - Reported

\$ Millions (except EPS, \$ per share)	Three Months Ended Sep 30*			Trailing Twelve Months Ended Sep 30*		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	1,025.4	1,019.7	▲ 1%	3,492	3,003	▲ 16%
Gross Profit	120.6	125.1	▼ 4%	369.2	348.7	▲ 6%
Gross Margin %	11.8%	12.3%	▼ 50 bps	10.6%	11.6%	▼ 100 bps
Adjusted EBITDA	91.1	89.5	▲ 2%^	232.7	192.5	▲ 21%^
Adjusted EBITDA Margin %	8.9%	8.8%	▲ 10 bps^	6.7%	6.4%	▲ 30 bps^
Operating Profit	58.8	56.2	▲ 5%^	118.7	79.3	▲ 50%^
Profit	42.1	42.0	--	80.5	52.3	▲ 54%^
EPS (Diluted)	\$0.60	\$0.60	--	\$1.22	\$0.83	▲ 47%^
New Awards	827	1,581	▼ 48%	3,042	5,688	▼ 47%
Backlog	6,557	7,005	▼ 6%	6,557	7,005	▼ 6%

* Reported results impacted by one-time expenses incurred during 2017 and 2018 including: (1) Q4 2017 severance and restructuring costs of \$2.4M and \$4.7M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement; (2) Q1 2018 severance costs of \$1.7M and \$2.4M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement; and (3) Q2 2018 severance costs of \$1.5M and \$0.8M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement.

^ See slide 14 for Q3 2019 Financial results— Adjusted for impact of each of these items on results

+ bps = basis point

➤ Q3 2019 Results – Excluding Contract Mining

\$ Millions	Three Months Ended Sep 30*			Trailing Twelve Months Ended Sep 30*		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	1,025.4	955.2	▲ 7%	3,451	2,799	▲ 23%
Gross Profit	120.6	116.3	▲ 4%	363.0	321.3	▲ 13%
Gross Margin %	11.8%	12.2%	▼ 40 bps	10.5%	11.5%	▼ 100 bps
Adjusted EBITDA	91.1	82.2	▲ 11%	227.6	169.2	▲ 35%
Adjusted EBITDA Margin %	8.9%	8.6%	▲ 30 bps	6.6%	6.0%	▲ 60 bps
Operating Profit	58.8	57.2	▲ 3%	121.6	87.5	▲ 39%
Operating Profit Margin %	5.7%	6.0%	▼ 30 bps	3.5%	3.1%	▲ 40 bps

* Results presented excluding contract mining business sold in November 2018

+ bps = basis point

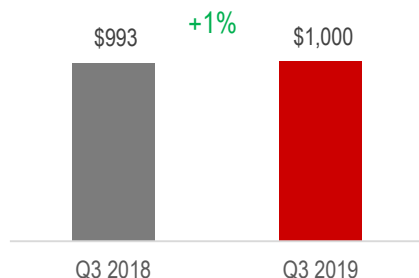
Historical Contract Mining Contribution

\$ Millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Revenue	57.9	29.1	32.8	36.3	156.1	59.9	43.1	64.5	41.1	208.5
EBITDA	12.9	(1.2)	11.2	7.1	30.0	12.9	(4.0)	7.3	5.0	21.3
Operating Profit	3.5	(7.2)	6.4	(0.2)	2.5	4.1	(11.1)	(1.0)	(3.0)	(10.9)

➤ Construction Q3 2019 Results

Q3 2019*

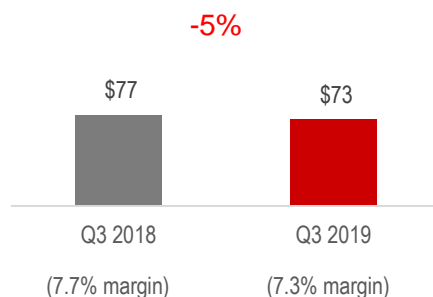
Revenue (\$M)



Revenue up by **\$7M, or 1%**, year-over-year

- ▲ \$99M in Civil and Urban Transportation Systems driven by increases in both eastern and western Canada
- ▲ \$32M in Nuclear from refurbishment work in Ontario
- ▼ \$83M in Conventional Industrial primarily due to sale of the contract mining business in November 2018
- ▼ \$41M in Utilities from decreased activity in mainline pipeline as compared to last year

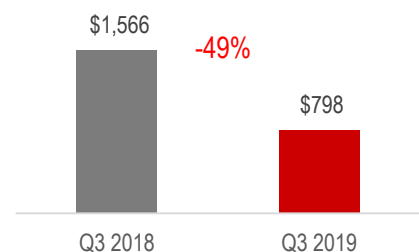
Adj. EBITDA (\$M)



Adjusted EBITDA down by **\$4M, or 5%**, year-over-year

- ▼ Primarily due to sale of the contract mining business in November 2018 which generated \$7.3 M of EBITDA in Q3 2018

New Awards (\$M)

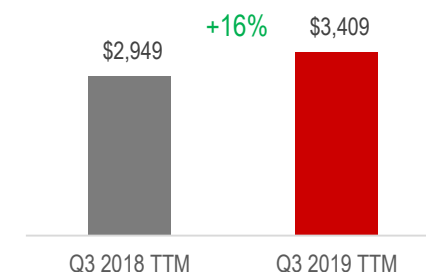


New awards lower by **768M, or 49%**, year-over-year

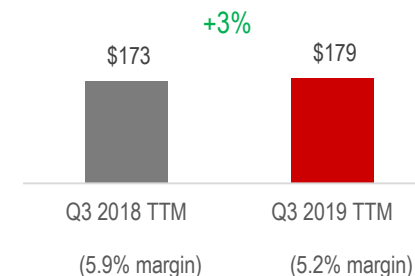
- ▼ \$967M in Civil (Gordie Howe and Gardiner Expressway were two major projects awarded in Q3 2018)
- ▲ \$81M in Utilities
- ▲ \$79M in Conventional Industrial
- ▲ \$34M in Nuclear

TRAILING TWELVE MONTHS*

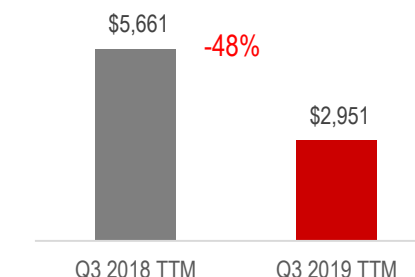
Revenue (\$M)



Adj. EBITDA (\$M)

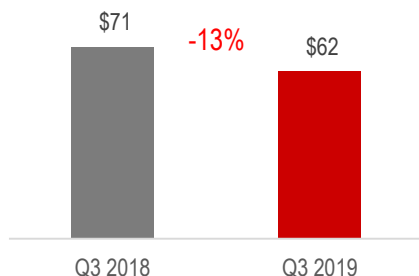


New Awards (\$M)



➤ Concessions Q3 2019 Results

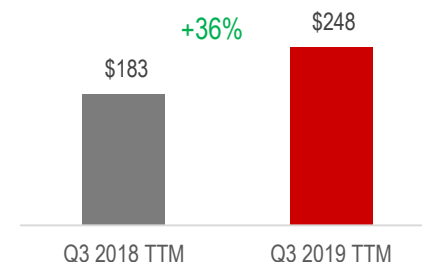
Revenue (\$M)



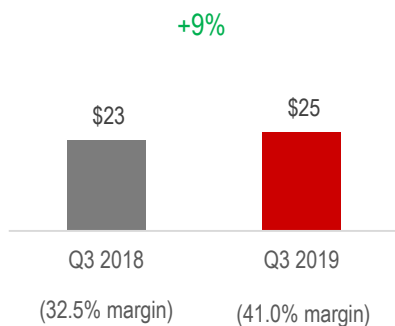
Revenue down by **\$9M, or 13%**, year-over-year

- Primarily driven by decreased construction activities related to the Bermuda International Airport Redevelopment Project

Revenue (\$M)



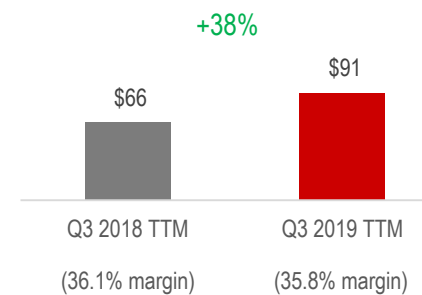
Adj. EBITDA (\$M)



Adjusted EBITDA up by **\$2M, or 9%**, year-over-year

- Primarily driven by increased management and development fees for Canadian concessions

Adj. EBITDA (\$M)

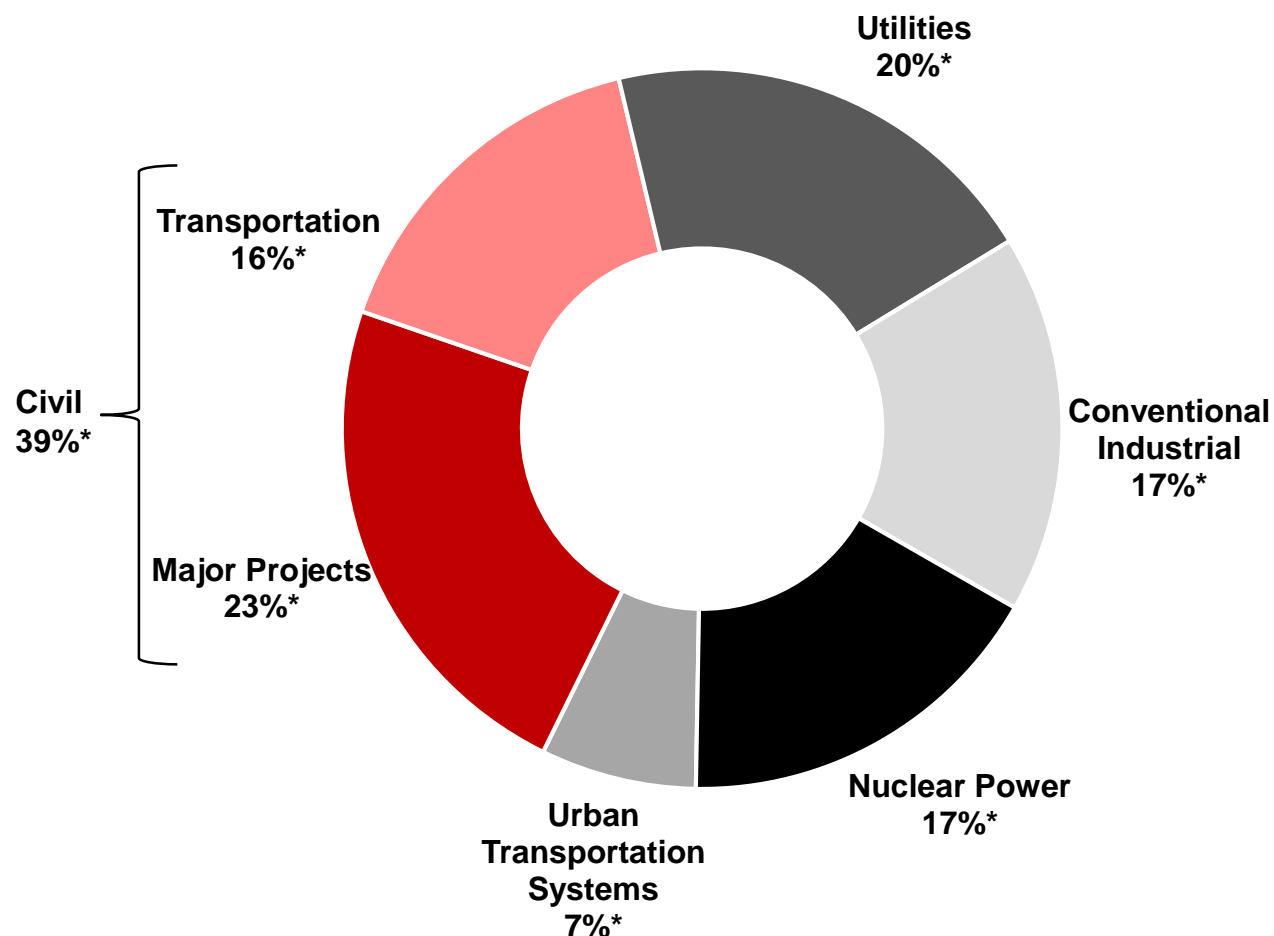


TRAILING TWELVE MONTHS*

➤ Diverse & Resilient Business Model

CONSTRUCTION

Q3 2019 TTM Revenue \$3,409 M +
Q3 2019 TTM EBITDA \$179 M +



CONCESSIONS

Q3 2019 TTM Revenue \$248 M +
Q3 2019 TTM EBITDA \$91 M +



Bermuda Airport
100%^



Eglinton LRT
25%^



Finch West LRT
33%^



Gordie Howe
International Bridge
20%^



Waterloo LRT
10%^

* % of Q3 2019 Trailing Twelve Months ("TTM") Revenue

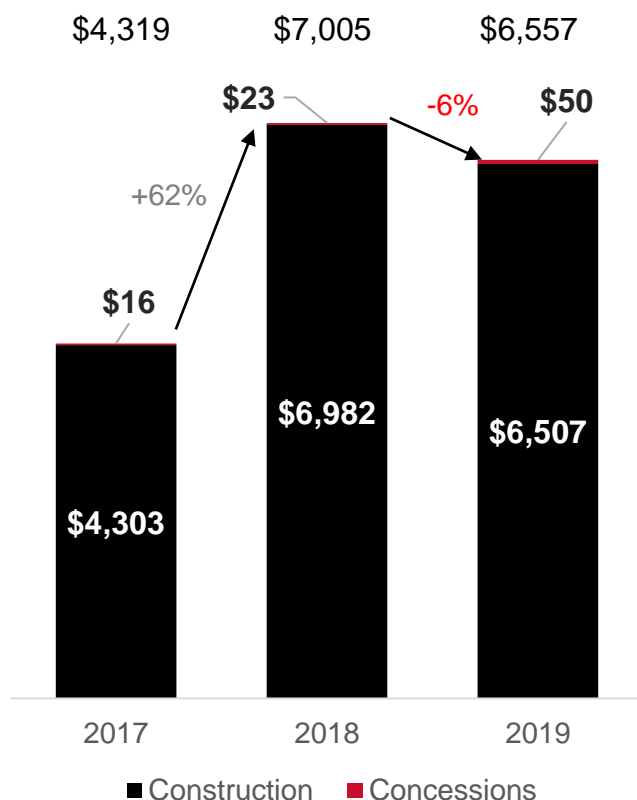
^ % of Aecon equity ownership in the concessionaire

+ Before corporate costs and eliminations

➤ Strong Backlog & Recurring Revenue

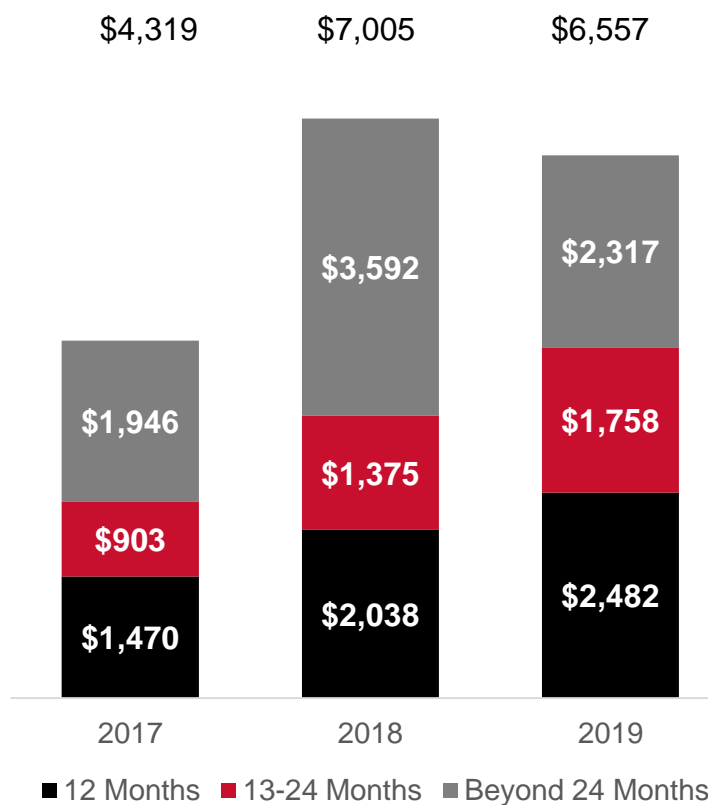
TOTAL BACKLOG* (\$M)

AS AT SEP 30

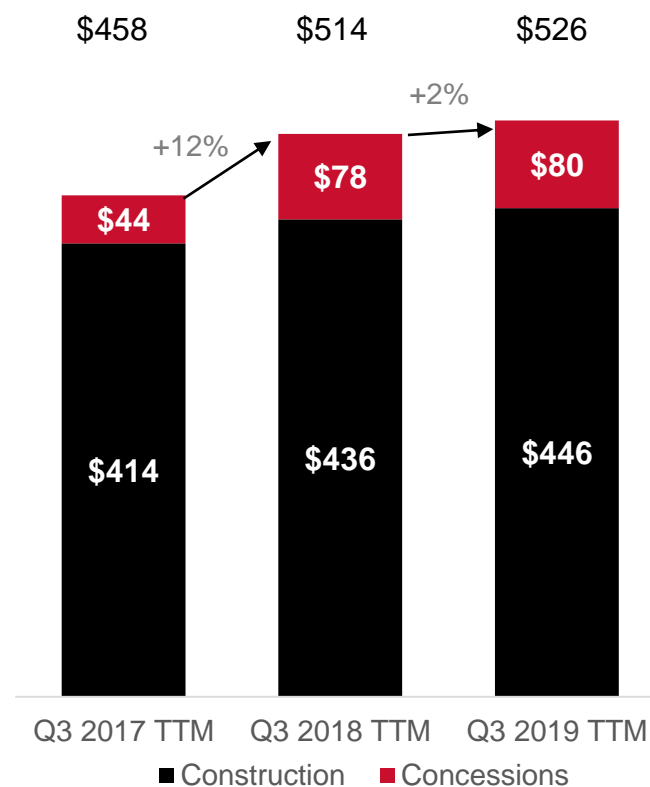


BACKLOG DURATION* (\$M)

AS AT SEP 30



RECURRING REVENUE** (\$M)



BACKLOG CONTRACT TYPE AS AT SEP 30



2019 Q3 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 each TTM period due to sale of business in 2018

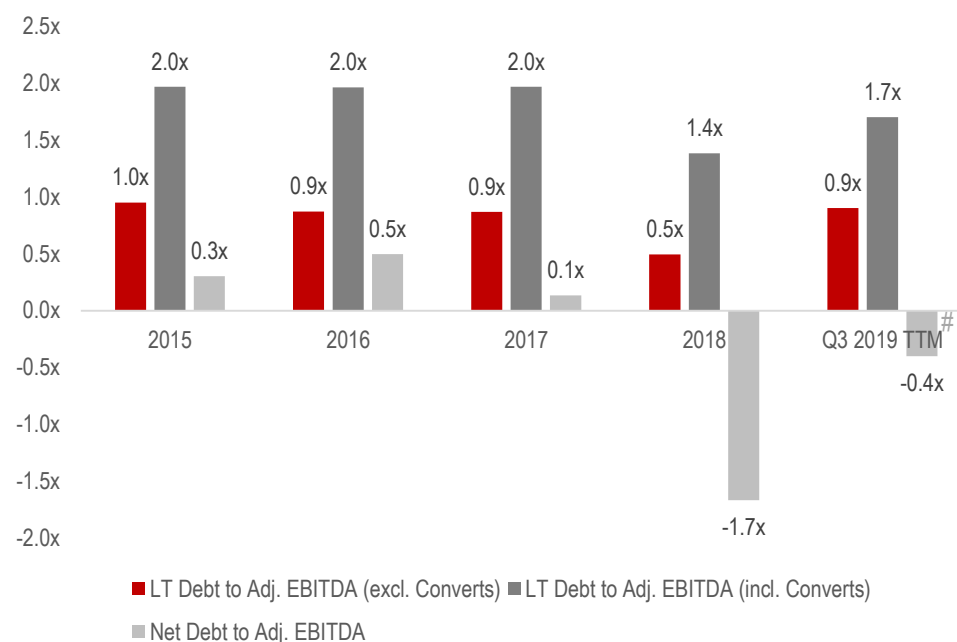
+ TTM revenue contract mix reflects inclusion of recurring revenue (Cost Plus/Unit Price) and timing of backlog work off

➤ Strong & Liquid Balance Sheet to Support Growth

BALANCE SHEET (\$M)

	Sep 30, 2019
Core Cash [^]	12.8
Cash in Joint Ventures [^]	473.6
Total Cash[^]	486.4
Working Capital	324.0
Long-Term Debt	
- Finance Leases #	167.8
- Equipment & Other Asset Loans	33.7
LT Debt excluding Convertible Debentures	201.5
Convertible Debentures (Face Value)	
- Due December 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures[^]#	385.5
LT Debt to Q3 2019 TTM Adjusted EBITDA [^] #	
- Excluding Convertible Debentures	0.9 x
- Including Convertible Debentures	1.7 x
Net Debt to Q3 2019 TTM Adjusted EBITDA [^] #	(0.4) x

DEBT TO ADJUSTED EBITDA[^]#



* Calculations based on face value of convertible debentures

Q3 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

➤ Free Cash Flow

FREE CASH FLOW (\$M)		
	Q3 2019 TTM	Y/E 2018
Adjusted EBITDA	232.7	207.0
Cash Interest Expense (net)	(34.4)	(33.0)
Capital Expenditures (net)	(51.2)	(43.0)
Income Taxes Recovered/(Paid)	(5.9)	(1.8)
Net JV Impact*	(33.3)	(27.1)
Free Cash Flow Before W/C	107.8	102.1
Change in Working Capital	(272.9)	181.9
Free Cash Flow before one-time items	(165.1)	284.0
Sale process and severance	-	(6.4)
Mining business cash proceeds **	162.6	150.8
FREE CASH FLOW	(2.5)	428.4

KEY DRIVERS FOR FREE CASH FLOW MOMENTUM

- TTM working capital increase due to strong revenue growth. Year end 2018 benefited from significant advance payments on major projects received during 2018.
- Expect reduction in working capital during Q4 2019 and Q1 2020 based on typical seasonality.

* Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's MD&A) and distributions from projects accounted for using the equity method

** Additional proceeds from sale of Contract Mining business of approximately \$24 million to be received in two additional instalments in November 2019 and May 2020

Positive Outlook

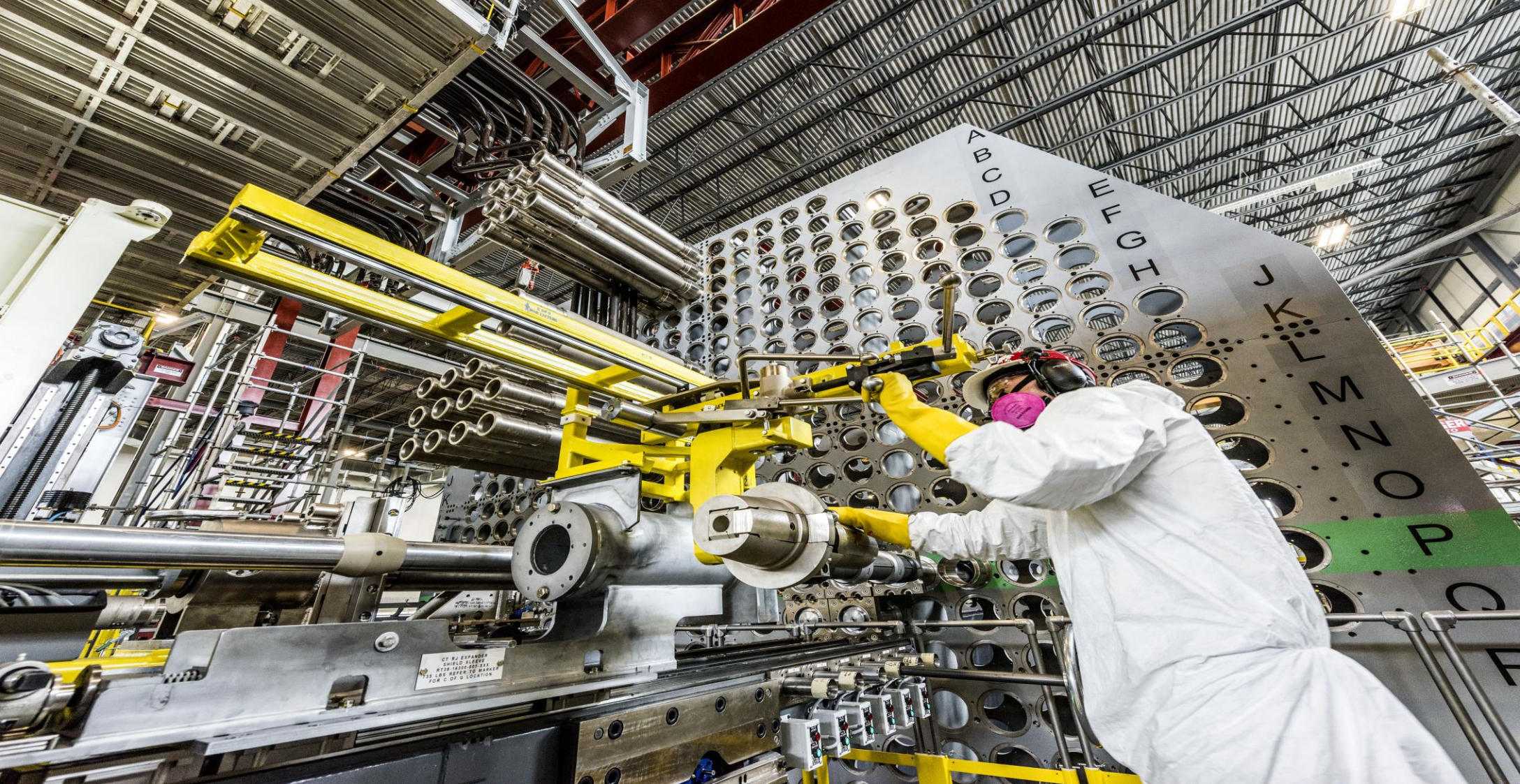
Strong future revenue profile, new opportunities, and year-to-date performance and execution, supports an expectation of like-for-like revenue and Adjusted EBITDA growth in 2019 and in 2020

- Continue to see significant infrastructure investment commitments by all levels of government across the country as well as by non-resource driven segments of 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 continues to be solid with many of Aecon'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 expected in 2020 as construction continues on a number of previously awarded projects that have ramped up during 2019
- Strong program of work going forward in backlog and significant ongoing revenue from recurring work under long-term agreements and concession arrangements
- Both segments continue to bid on opportunities that support continued Adjusted EBITDA margin improvement

AECON



APPENDIX

➤ EBITDA Contribution by Segment

ADJUSTED EBITDA (\$ MILLIONS)

	Q3 2019	Q3 2018	% CHANGE
Construction	73.1	76.5	▼ 4%
Concessions	25.2	23.0	▲ 10%
TOTAL*	91.1	89.5	▲ 2%

	Q3 2019 TTM	Q3 2018 TTM	% CHANGE
Construction	178.6	173.0	▲ 3%
Concessions	90.8	65.7	▲ 38%
TOTAL*	232.7	192.5	▲ 21%

ADJUSTED EBITDA MARGIN %

	Q3 2019	Q3 2018	BPS CHANGE
Construction	7.3%	7.7%	▼ 40
Concessions	41.0%	32.5%	▲ 850
TOTAL*	8.9%	8.8%	▲ 10
Total Excluding One-Time Items ^*	8.9%	8.8%	▲ 10

	Q3 2019 TTM	Q3 2018 TTM	BPS CHANGE
Construction	5.2%	5.9%	▼ 70
Concessions	36.6%	35.8%	▲ 80
TOTAL*	6.7%	6.4%	▲ 30
Total Excluding One-Time Items ^*	6.7%	6.9%	▼ 20

➤ Q3 2019 Financial Results - Adjusted

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Gross Profit	120.6	125.1	▼ 4%	369.2	348.7	▲ 6%
Gross Margin %	11.8%	12.3%	▼ 50 bps	10.6%	11.6%	▼ 100 bps
Adjusted EBITDA	91.1	89.5	▲ 2%	232.7	206.0	▲ 13%
Adjusted EBITDA Margin %	8.9%	8.8%	▲ 10 bps	6.7%	6.9%	▼ 20 bps
Operating Profit	58.8	56.2	▲ 5%	118.7	92.8	▲ 28%
Profit	42.1	42.0	--	80.5	62.2	▲ 29%
EPS (Diluted)	\$0.60	\$0.60	--	\$1.22	\$0.98	▲ 25%

* Adjusted results presented with adjustments for one-time expenses incurred during 2017 and 2018: (1) Q4 2017 severance and restructuring costs of \$2.4M and \$4.7M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement; (2) Q1 2018 severance costs of \$1.7M and \$2.4M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement; and (3) Q2 2018 severance costs of \$1.5M and \$0.8M of expenses incurred as a result of the strategic sale process and proposed associated Arrangement.

+ bps = basis point



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