

Third Quarter 2021 Results Presentation

October 29, 2021

AECON GROUP INC. (TSX: ARE)



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. Such factors include but are not limited to: the timing of projects, unanticipated costs and expenses, the ability to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, Aecon's assessment of the risks and opportunities related to its industry's transition to a lower-carbon economy, Aecon's expectations regarding legal proceedings to which Aecon is a party, general market and industry conditions and operational and reputational risks, including large project risk and contractual factors and risks relating to the COVID 19 pandemic.

Risk factors are discussed in greater detail in Section 13 – “Risk Factors” in the 2020 Annual MD&A dated February 25, 2021 and in the Annual Information Form filed on February 26, 2021, both of which are available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com. 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.

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. 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, except as required by applicable law.

Non-GAAP and Supplementary Financial Measures

The presentation contains certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios to assist readers in understanding the Company's performance (GAAP refers to Canadian Generally Accepted Accounting Principles). These measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and supplementary financial measures, as well as certain non-GAAP ratios to analyze and evaluate operating performance. Aecon also believes the financial measures defined below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry.

Throughout this presentation, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP: “Adjusted EBITDA”, “Equity Project EBITDA”, “Backlog”, “Adjusted EBITDA margin”, “Gross Profit Margin”.

Refer to Section 4 “Non-GAAP and Supplementary Financial Measures” in the Company's Q3 2021 Management's Discussion and Analysis (“MD&A”) available through SEDAR at www.sedar.com for the definitions of non-GAAP and supplementary financial measures as well as non-GAAP ratios used in this presentation.

Refer to Section 9 “Quarterly Financial Data” in the Company's Q3 2021 MD&A for a quantitative reconciliation of the above-mentioned measures to the most comparable financial measures presented in the primary financial statements of the Company.

Q3 2021 Financial Results

Results in Q3 2020 included net benefit from the Canada Emergency Wage Subsidy (“CEWS”) program of \$69 million

\$ Millions (except per share amounts)	Three Months Ended September 30			Trailing Twelve Months Ended September 30		
	2021	2020	Change ⁺	2021	2020	Change ⁺
Revenue	1,163	1,040	▲ 12%	3,966	3,484	▲ 14%
Gross Profit	123.3	162.2	▼ 24%	396.5	381.1	▲ 4%
Gross Margin % ^{&}	10.6%	15.6%	▼ 500 bps	10.0%	10.9%	▼ 90 bps
Adjusted EBITDA [@]	95.5	137.2	▼ 30%	261.3	242.4	▲ 8%
Adjusted EBITDA Margin % [*]	8.2%	13.2%	▼ 500 bps	6.6%	7.0%	▼ 40 bps
Operating Profit	63.7	106.8	▼ 40%	141.7	127.5	▲ 11%
Profit	38.4	73.6	▼ 48%	69.6	76.2	▼ 9%
Earnings per share – diluted	0.56	0.99	▼ 43%	1.07	1.14	▼ 6%
New Awards	682	448	▲ 52%	3,345	3,591	▼ 7%
Backlog [@]	6,043	6,664	▼ 9%	6,043	6,664	▼ 9%

⁺ bps = basis point

[@] This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in the Company’s Q3 2021 MD&A.

^{*} This is a non-GAAP financial ratio. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in the Company’s Q3 2021 MD&A.

[&] This is a supplementary financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in the Company’s Q3 2021 MD&A.

Construction Q3 2021 Results

Revenue up by \$108M, or 10%, quarter-over-quarter

- ▲ \$81M in Nuclear operations driven by higher volume of refurbishment work at the Darlington and Kincardine nuclear generating stations, both located in Ontario
- ▲ \$49M in Utilities operations primarily due to increased volume of oil and gas distribution and telecommunications work, partially offset by lower high-voltage electrical transmission work
- ▲ \$26M in Industrial operations driven by a higher volume of field construction work at gas and chemical facilities partially offset by decreased activity on mainline pipeline work in western Canada.
- ▼ \$48M in Civil operations and Urban Transportation Systems driven by lower roadbuilding construction work

Adjusted EBITDA[®] down by \$49M, or 37%, quarter-over-quarter

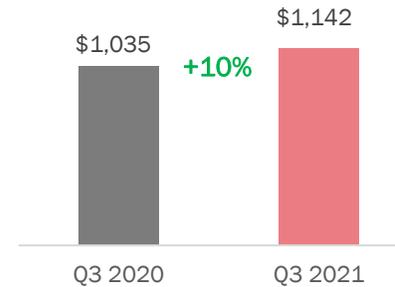
- ▲ Higher volume and gross profit margin in Nuclear and Utilities operations
- ▼ Lower volume from civil operations and urban transportation systems
- ▼ Impact of CEWS program in 2020 totaling \$69M

New awards higher by \$218M, or 50%, quarter-over-quarter

- ▲ Driven by strong demand across Canada in smaller and medium sized projects. During the first nine months of 2021, Aecon was awarded a number of multi-year projects including the replacement of steam generators at Units 3 and 4 of the nuclear generating station in Kincardine, Ontario, construction of the Eglinton Crosstown West Extension Advance Tunnel project in Toronto, Ontario, and the North End Sewage Treatment Plant Upgrade: Headworks Facilities Project in Winnipeg, Manitoba.

Q3 2021*

Revenue (\$M)



Q3 2021 TTM*

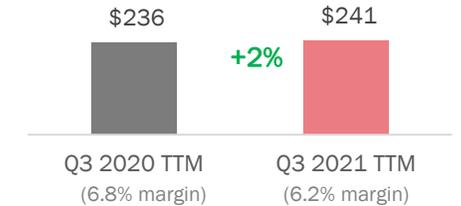
Revenue (\$M)



Adj. EBITDA (\$M)



Adj. EBITDA (\$M)



New Awards (\$M)



New Awards (\$M)



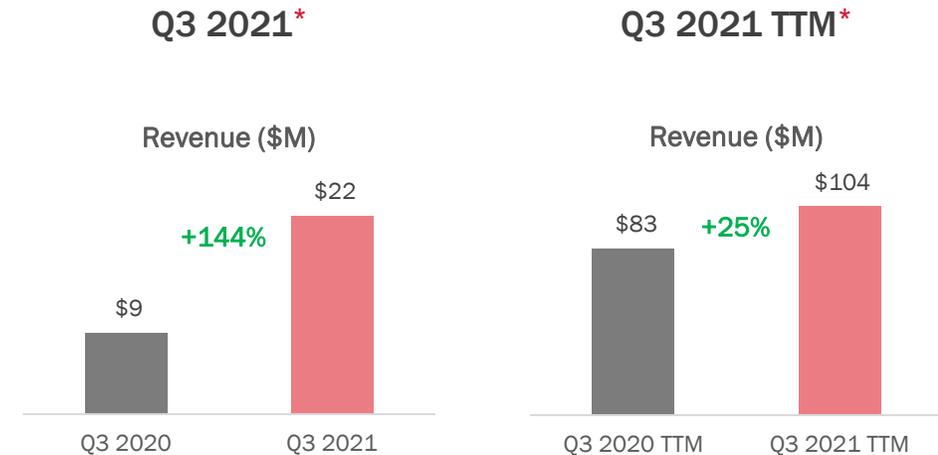
* Totals and variances may not add due to rounding and eliminations

® This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2021 MD&A.

Concessions Q3 2021 Results

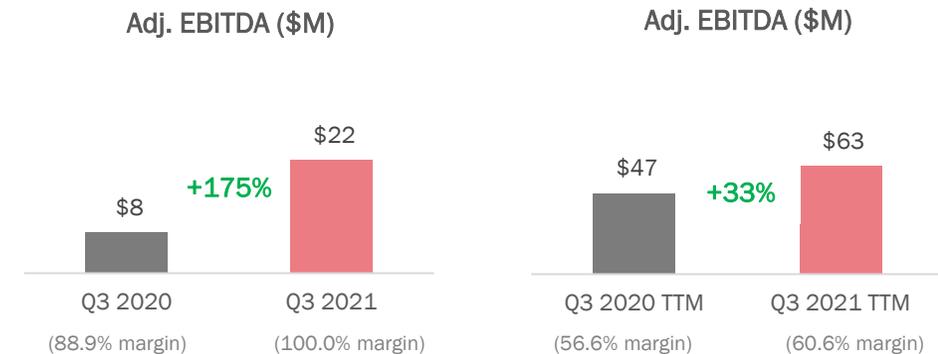
Revenue higher by \$13M, or 144%, quarter-over-quarter

Primarily due to an increase in airport operations at the Bermuda International Airport Redevelopment Project compared to the third quarter of 2020, partially offset by lower construction revenue related to this project which was substantially completed in the fourth quarter of 2020.



Adjusted EBITDA[®] higher by \$14M, or 175%, quarter-over-quarter

Primarily related to the Bermuda International Airport Redevelopment Project and resulted from the above noted changes in airport operations



* Totals and variances may not add due to rounding and eliminations

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Financial Position, Liquidity and Capital Resources

Balance Sheet (\$M)	
September 30, 2021	
Core Cash	7.4
Bank Indebtedness	(50.0)
Cash in Joint Operations	544.4
Total Cash[^]	501.8
Net Working Capital [♦]	166.4
Long-Term Debt [∞]	
- Finance Leases	170.1
- Equipment & Other Asset Loans	55.3
LT Debt excluding Convertible Debentures [∞]	225.4
Convertible Debentures (Face Value) due Dec. 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures[∞]	409.4
LT Debt to Q3 2021 TTM Adjusted EBITDA ^{&∞@}	
- Excluding Convertible Debentures	0.9 x
- Including Convertible Debentures	1.6 x
Net Debt to Q3 2021 TTM Adjusted EBITDA ⁺	1.7 x

Free Cash Flow (\$M)		
	Q3 2021 TTM	2020 Y/E
Adjusted EBITDA[@]	261.1	264.5
Cash Interest Expense (net)	(40.2)	(41.9)
Capital Expenditures (net)	(22.7)	(34.6)
Income Taxes Paid	(67.8)	(20.4)
Free Cash Flow Before W/C and net JV Impact	130.4	167.6
Change in Working Capital	(22.6)	80.5
Net JV Impact [*]	(49.3)	(43.9)
FREE CASH FLOW^{~#}	58.5	204.2

- \$1.5 billion total committed credit facilities for working capital and letter of credit requirements
- No debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course
- During 2021, Aecon completed a two-year extension of its revolving credit facility (to June 30, 2025) and incorporated a sustainability-linked facility which is tied to the Company's ESG objectives
- Refer to "Section 10.2 Contingencies" of Aecon's Q3 2021 MD&A for details of risks and uncertainties with respect to Aecon's financial position, liquidity, and capital resources

[^] Excludes restricted cash associated with Bermuda Airport Project

[∞] Excludes non-recourse project debt associated with Bermuda Airport Project

⁺ Net debt calculated as long-term debt (including convertible debentures) plus bank indebtedness less core cash

[&] Calculations based on face value of convertible debentures

[♦] Net Working Capital is a Capital Management measure that management uses to analyze and evaluate Aecon's liquidity and its ability to generate cash to meet its short-term financial obligations. Management also believes this measure is commonly used by the investment community for valuation purposes. Refer to page 12 in this presentation for the composition of Net Working Capital and a quantitative reconciliation to the most comparable financial measure.

^{*} Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's Q3 2021 MD&A) and distributions from projects accounted for using the equity method.

[~] Excludes \$30 million purchase of Voltage Power in February 2020 and final \$12 million proceeds from sale of Contract Mining business in May 2020

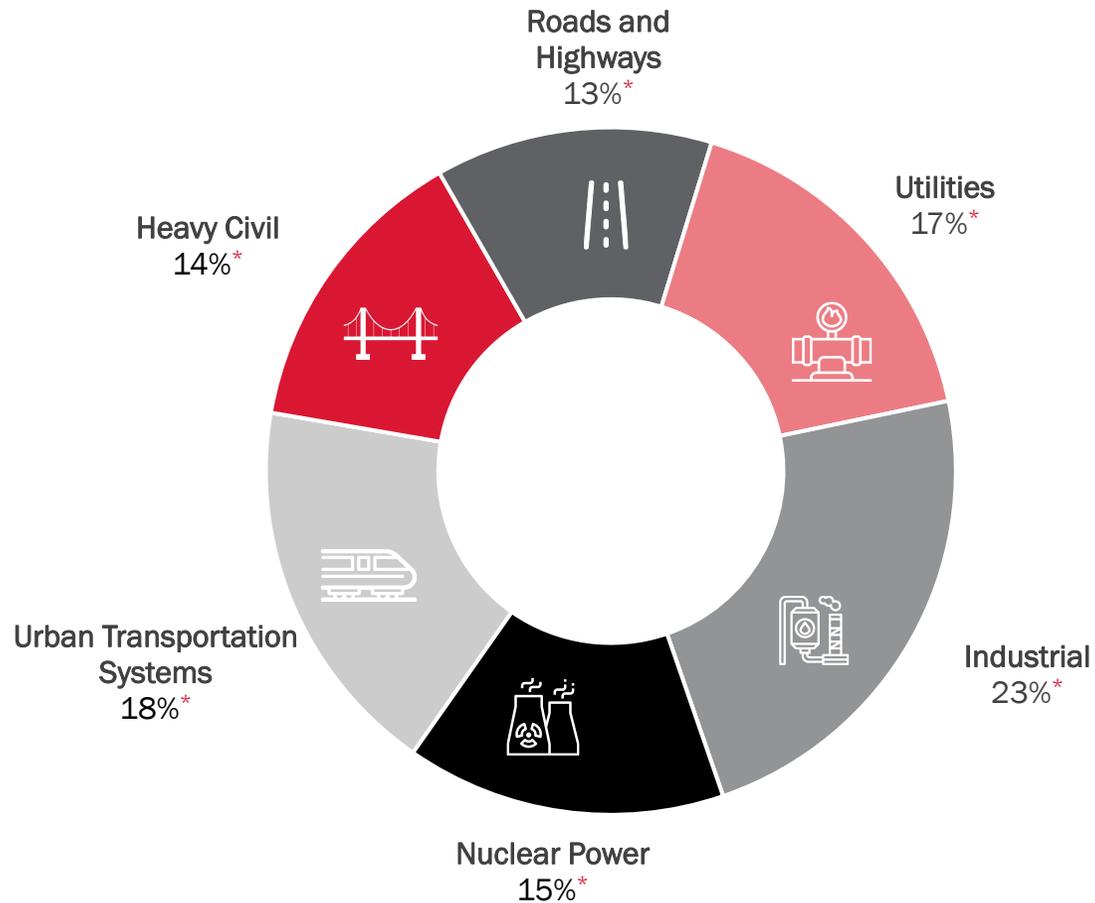
[#] Free Cash Flow is a Capital Management measure that management uses to analyze and evaluate the cash generated after taking into consideration cash outflows that support its operations and maintain its capital assets. Management also believes this measure is commonly used by the investment community for valuation purposes. Refer to page 12 in this presentation for a quantitative reconciliation to the most comparable financial measure.

[@] This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2021 MD&A.

Diverse & Resilient Business Model

Construction

Q3 2021 TTM Revenue \$3,907 M⁺
 Q3 2021 TTM EBITDA \$241 M^{+@}



Concessions

Q3 2021 TTM Revenue \$104 M⁺
 Q3 2021 TTM EBITDA \$63 M^{+@}

	BERMUDA AIRPORT	100%[^]
	FINCH WEST LRT	33%[^]
	EGLINTON LRT	25%[^]
	GORDIE HOWE INTERNATIONAL BRIDGE	20%[^]
	WATERLOO LRT	10%[^]

⁺ Before corporate costs and eliminations

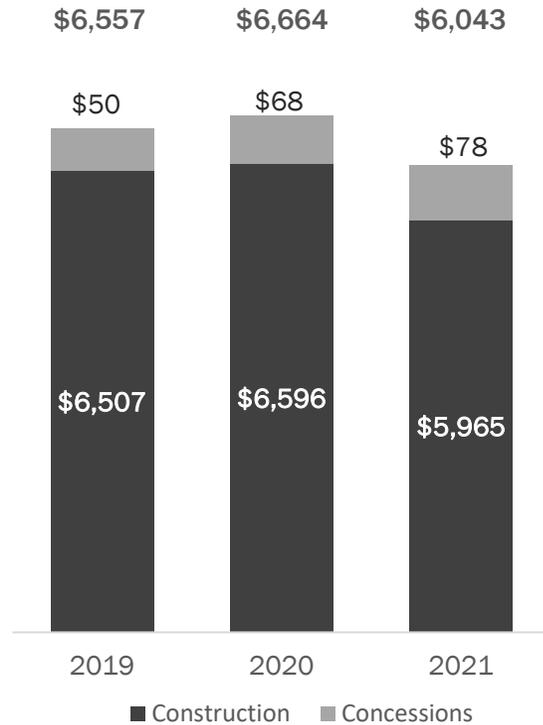
^{*} % of Q3 2021 TTM Revenue

[^] % of Aecon equity ownership in the concessionaire

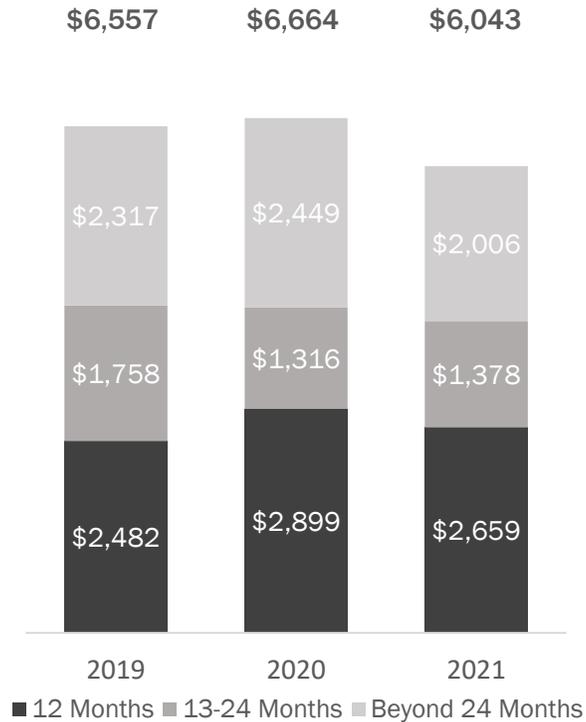
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Strong Backlog & Recurring Revenue Profile

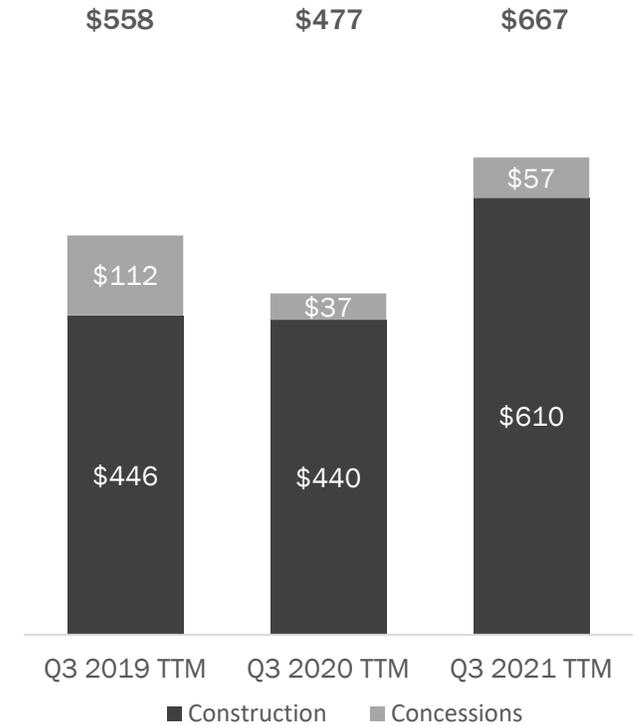
Total Backlog (\$M) As at September 30**



Backlog Duration* (\$M) As at September 30



Recurring Revenue* (\$M)



Backlog Contract Type As at September 31, 2021



2021 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

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

^o This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2021 MD&A.

Sustainability Achievements & Focus Areas

Environmental Leadership	Social Contribution	Responsible Governance
<p>First construction company in Canada to set a GHG target</p> <p>2030 30% reduction in Direct CO₂ Emissions</p> <p>2050 Net-Zero for Direct and Indirect CO₂ Emissions</p> <p>Exploring low carbon options for vehicles and construction equipment</p> <p>Greening our Supply Chain</p>	<p>200 Best Employers in Canada Kincentric 2020</p> <p>Canada's Best Places to Work Glass Door 2020</p> <p>Partnerships to achieve goals</p> <ul style="list-style-type: none"> • Aecon Women In Trades (AWIT) • JV's with 2 First Nations in Alberta & 1 in Ontario 	<p>2020 Sustainability Report aecon.com/our-company/sustainability</p> <p>Commitment to UN Sustainable Development Goals</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>17 PARTNERSHIPS FOR THE GOALS</p> </div> </div> <p>First Canadian construction company to incorporate a sustainability-linked credit facility tied to ESG objectives</p>

Outlook

- Through the first nine months of 2021, new awards of \$2.4 billion were similar to the same period last year and resulted from steady demand for Aecon's services across Canada in smaller and medium sized projects, and also incorporated a number of multi-year projects in the nuclear, civil, urban transportation, and industrial sectors.
- Aecon is also pre-qualified on a number of large project bids due to be awarded over the next two years.
- Recurring revenue is expected to continue to grow in both the utilities sector, based on the capital investment plans of a number of key clients, particularly in telecommunications and power-related work, and the Concessions segment as airport traffic in Bermuda continues its recovery from the impact of the COVID-19 pandemic.
- Aecon expects that demand for its services will remain healthy for the foreseeable future as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of stimulus as part of economic recovery plans.
- While the COVID-19 pandemic is expected to continue to have some impact in moderating overall revenue and profitability growth expectations, Aecon is encouraged by the generally positive trend in the lifting of social and economic restrictions in recent months in Canada.
- Although the operating environment continues to be impacted by the requirement to follow client decisions related to schedules or operating policies or due to broader government directives to modify work practices to meet relevant health and safety standards, the impact on revenue is expected to continue to lessen going forward if the current trend continues.
- In the Concessions segment, commercial operations at the Bermuda International Airport continue to be challenged by COVID-19 related travel restrictions, which have significantly impacted the aviation industry. An increase in vaccination rates and the easing of travel restrictions during the year have provided signs of a rebound, from very low levels, in passenger traffic for the aviation industry. An ongoing increase in vaccination rates and further easing of travel restrictions are expected to lead to a corresponding gradual improvement in travel through the Bermuda airport during the remainder of the year and into 2022.



APPENDIX

Non-GAAP Measures Quantitative Reconciliation

Net Working Capital Reconciliation (\$M)	
	September 30, 2021
Trade and Other Receivables	870.4
Unbilled Revenue	674.7
Inventories	26.4
Prepaid Expenses	69.8
Less	
Trade and Other Payables	995.1
Provisions	23.4
Deferred Revenue	456.4
Net Working Capital	166.4

Equity Project EBITDA Reconciliation (\$M)		
	Q3 2021	2020
	TTM	Y/E
Operating profit of projects accounted for using the equity method	52.3	45.2
Depreciation and amortization of projects accounted for using the equity method	0.8	0.8
Equity Project EBITDA	53.1	46.0

Free Cash Flow Reconciliation (\$M)*		
	Q3 2021	2020
	TTM	Y/E
Profit Before Income Taxes	101.1	124.0
Finance cost	41.1	26.9
Finance income	(0.6)	(1.1)
Operating Profit	141.6	149.9
Depreciation and amortization	93.5	91.7
(Gain) Loss on sale of assets	(12.5)	(8.8)
Income from projects accounted for using the equity method	(14.6)	(14.2)
Equity Project EBITDA [®]	53.1	46.0
Adjusted EBITDA[®]	261.1	264.5
Cash interest paid	(40.9)	(43.6)
Cash interest received	0.6	1.6
Purchase of property, plant and equipment	(28.1)	(37.7)
Proceeds on sale of property, plant and equipment	8.1	6.3
Increase in intangible assets	(2.7)	(3.2)
Income taxes paid	(67.8)	(20.4)
Free Cash Flow before Working Capital and net JV Impact	130.4	167.6
Change in other balances related to operations	(22.6)	80.5
Equity Project EBITDA [®]	(53.1)	(46.0)
Distributions from projects accounted for using the equity method	3.8	2.0
FREE CASH FLOW	58.5	204.2

[®] This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2021 MD&A

* Totals may not add due to rounding



ADAM BORGATTI

Senior Vice President

Corporate Development & Investor Relations

416.297.2610 | aborgatti@aecon.com

–

STEVEN HONG

Director

Corporate Development & Investor Relations

437.317.6789 | shong@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