

Third Quarter 2022 Results Presentation

October 27, 2022

AECON GROUP INC. (TSX: ARE)

AECON



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 failure to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, general market and industry conditions, including inflation and supply chain issues, 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” of the 2022 Q3 MD&A and in the 2021 Annual MD&A dated March 1, 2022 and available through 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 2022 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 2022 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 2022 Financial Results (excluding CEWS)^

Q3 2021, Q3 2021 TTM, and Q3 2022 TTM results exclude net benefit from the Canada Emergency Wage Subsidy (“CEWS”) program of \$7.3 million, \$38.5 million, and \$4.1 million, respectively

\$ Millions (except per share amounts)	Three Months Ended September 30			Twelve Months Ended September 30		
	2022	2021	Change ⁺	2022	2021	Change ⁺
Revenue	1,321	1,163	▲ 14%	4,518	3,966	▲ 14%
Gross Profit	118.6	113.6	▲ 4%	343.6	346.7	▼ 1%
Gross Margin % ^{&}	9.0%	9.8%	▼ 80 bps	7.6%	8.7%	▼ 110 bps
Adjusted EBITDA [@]	92.6	88.2	▲ 5%	208.9	222.7	▼ 6%
Adjusted EBITDA Margin % [*]	7.0%	7.6%	▼ 60 bps	4.6%	5.6%	▼ 100 bps
Operating Profit	61.0	56.4	▲ 8%	83.1	103.1	▼ 19%
Profit	34.5	33.0	▲ 5%	19.8	41.2	▼ 52%
Earnings per share – diluted	0.45	0.48	▼ 6%	0.31	0.65	▼ 53%
New Awards	991	682	▲ 45%	4,751	3,345	▲ 42%
Backlog [@]	6,275	6,043	▲ 4%	6,275	6,043	▲ 4%

[^] Refer to Appendix Page 13 for Reported Results

⁺ 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 2022 MD&A.

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[&] This is a supplementary financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in the Company’s Q3 2022 MD&A.

Construction Q3 2022 Results (excluding CEWS)

Q3 2021, Q3 2021 TTM, and Q3 2022 TTM results exclude net benefit from the Canada Emergency Wage Subsidy ("CEWS") program of \$7.3 million, \$38.5 million, and \$4.1 million, respectively

Revenue up by **\$156M**, or **14%**, quarter-over-quarter

- ▲ \$167M in Civil operations driven by an increase in both major projects and roadbuilding construction work.
- ▲ \$22M in Utilities operations primarily due to an increase in telecommunications and high-voltage electrical transmission work.
- ▲ \$9M in Nuclear operations driven by a higher volume of refurbishment work at nuclear generating stations in Ontario.
- ▼ \$29M in Industrial operations driven primarily by decreased activity on mainline pipeline work in western Canada.
- ▼ \$13M in Urban Transportation Solutions primarily from a decrease in LRT work in Ontario.

Adjusted EBITDA[®] up by **\$7M**, or **9%**, quarter-over-quarter

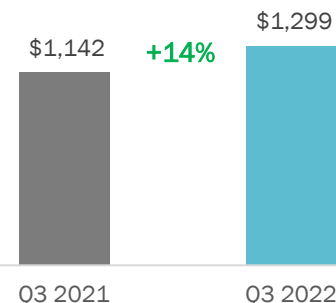
- ▲ Higher gross profit due to increased revenue and lower MG&A.
- ▼ Lower gross profit margin primarily from pipeline activity in industrial operations

New awards higher by **\$309M**, or **47%**, quarter-over-quarter

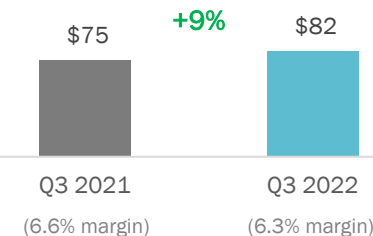
- ▲ Driven by strong demand across Canada and the U.S. in smaller, medium sized, and larger multi-year projects in the civil, industrial, and nuclear sectors.

Q3 2022*

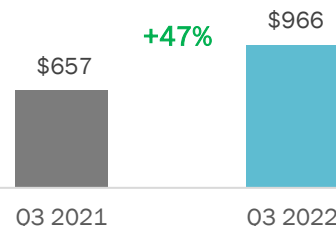
Revenue (\$M)



Adj. EBITDA (\$M)

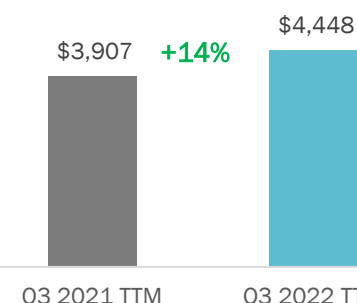


New Awards (\$M)

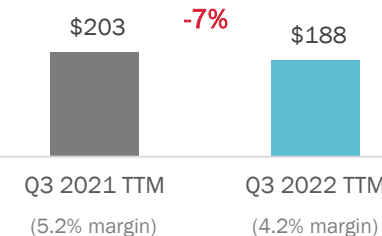


Q3 2022 TTM*

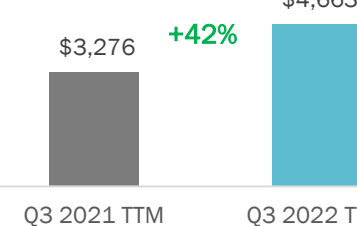
Revenue (\$M)



Adj. EBITDA (\$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 2022 MD&A.

Concessions Q3 2022 Results

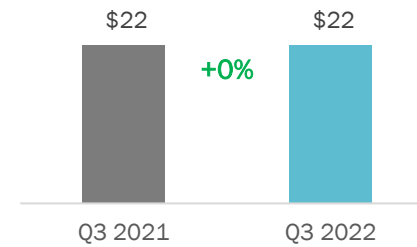
Revenue unchanged, quarter-over-quarter

Adjusted EBITDA[®] lower by **\$1M**, or **5%**, quarter-over-quarter

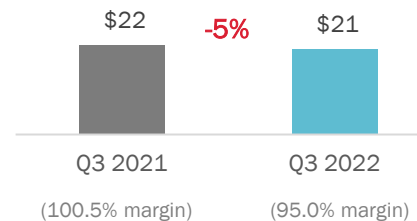
Primarily related to the Bermuda International Airport operations.

Q3 2022^{*}

Revenue (\$M)

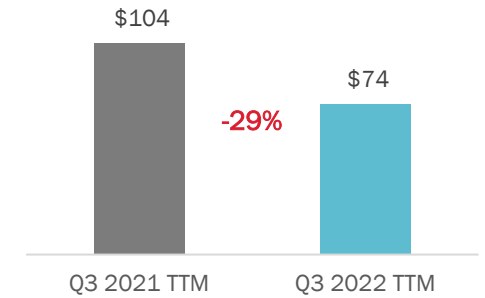


Adj. EBITDA (\$M)

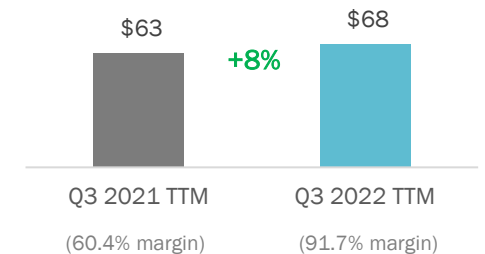


Q3 2022 TTM^{*}

Revenue (\$M)



Adj. EBITDA (\$M)



^{*} 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, 2022
Core Cash	49.2
Bank Indebtedness	(210.0)
Cash in Joint Operations	438.6
Total Cash[^]	277.8
Net Working Capital [†]	346.0
Long-Term Debt [∞]	
- Finance Leases	176.8
- Equipment & Other Asset Loans	59.2
LT Debt excluding Convertible Debentures [∞]	236.0
Convertible Debentures (Face Value) due Dec. 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures[∞]	420.0
LT Debt to Q3 2022 TTM Adjusted EBITDA ^{&∞@}	
- Excluding Convertible Debentures	1.1 x
- Including Convertible Debentures	2.0 x
Net Debt to Q3 2022 TTM Adjusted EBITDA [†]	2.7 x

Free Cash Flow (\$M)		
	Q3 2022 TTM	Q3 2021 TTM
Adjusted EBITDA (excluding CEWS)[@]	208.9	222.7
Cash Interest Expense (net)	(45.4)	(40.2)
Capital Expenditures (net)	(25.2)	(22.7)
Income Taxes Paid (excl. tax on CEWS)	(31.6)	(57.8)
FCF Before W/C, net JV Impact and CEWS	106.7	102.0
CEWS (net of tax)	3.0	28.4
Change in Working Capital	(176.0)	(22.6)
Net JV Impact [*]	(54.3)	(49.3)
FREE CASH FLOW ~#	(120.6)	58.5

- \$1.5 billion total committed credit facilities for working capital and letter of credit requirements
- No debt or working capital credit facility maturities until end 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

[^] 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 14 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 2022 MD&A) and distributions from projects accounted for using the equity method.

[~] Excludes \$27.5 million purchase amounts (net of cash acquired) related to strategic business acquisitions since Q3 2021.

[#] 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 14 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 2022 MD&A.

Jean-Louis Servranckx

President and Chief Executive Officer

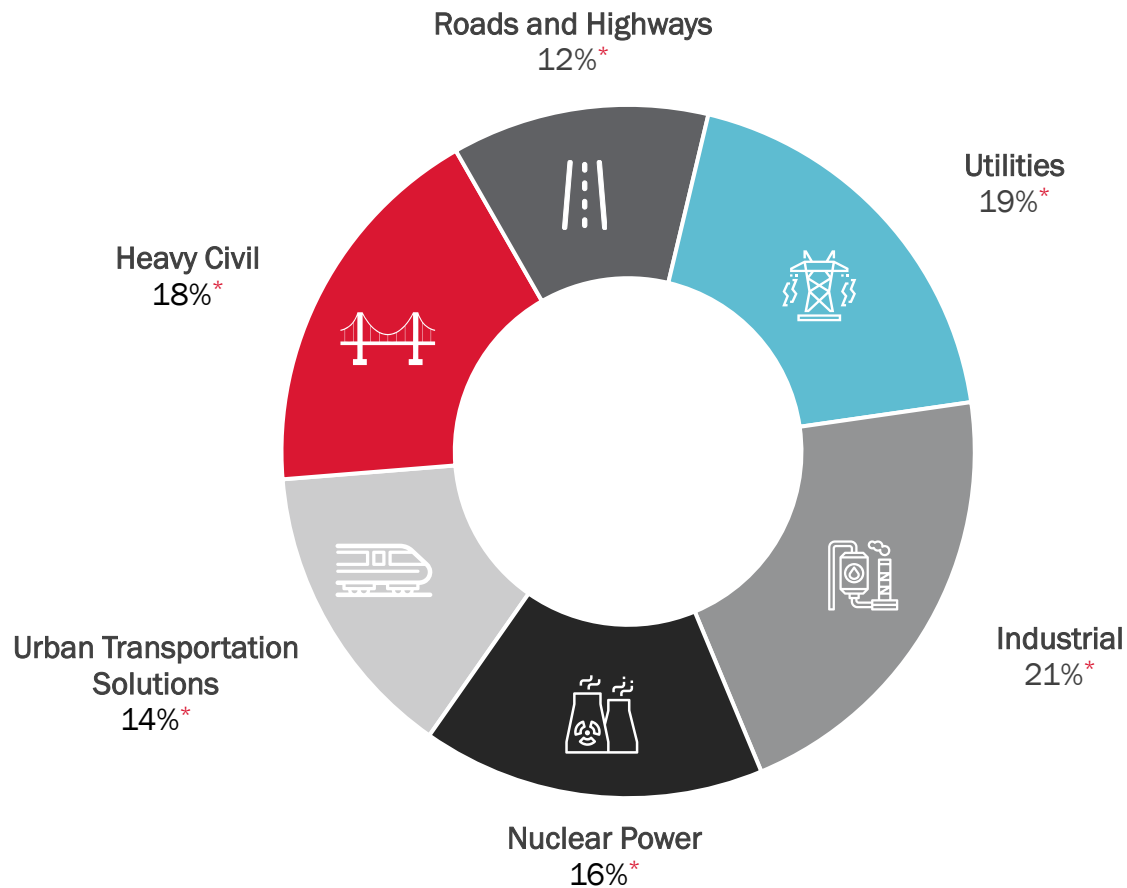
AECOM



Diverse & Resilient Business Model

Construction

Q3 2022 TTM Revenue. \$4,448 M⁺
Q3 2022 TTM EBITDA \$192 M^{+,@}



Concessions

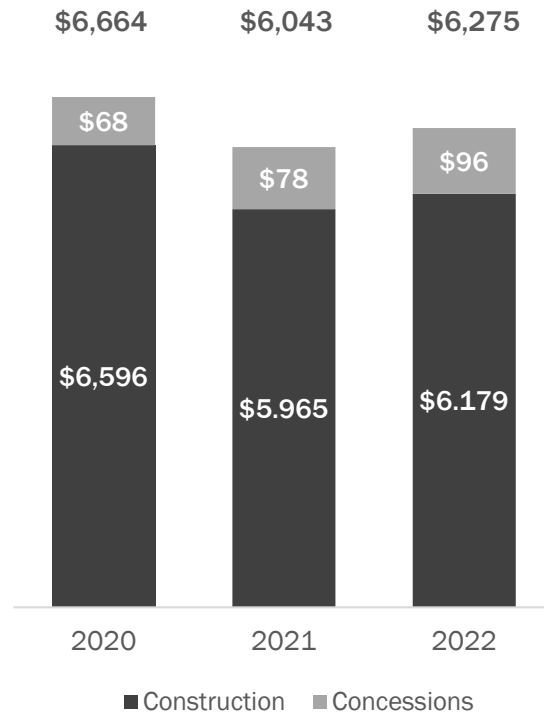
Q3 2022 TTM Revenue \$74 M⁺
Q3 2022 TTM EBITDA \$68 M^{+,@}

	BERMUDA INTERNATIONAL AIRPORT	100%[^]
	FINCH WEST LRT	33%[^]
	GO RAIL NETWORK ON-CORRIDOR	28%[^]
	EGLINTON LRT	25%[^]
	GORDIE HOWE INTERNATIONAL BRIDGE	20%[^]
	WATERLOO LRT	10%[^]

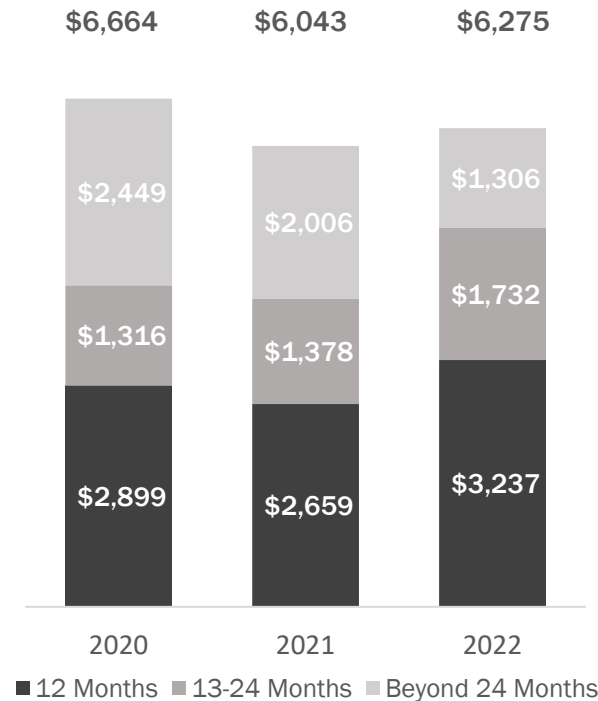
Strong Backlog & Recurring Revenue Profile

Current backlog excludes Aecon's share of the transformative, multi-billion-dollar long-term GO Rail Expansion On-Corridor Works project in Ontario

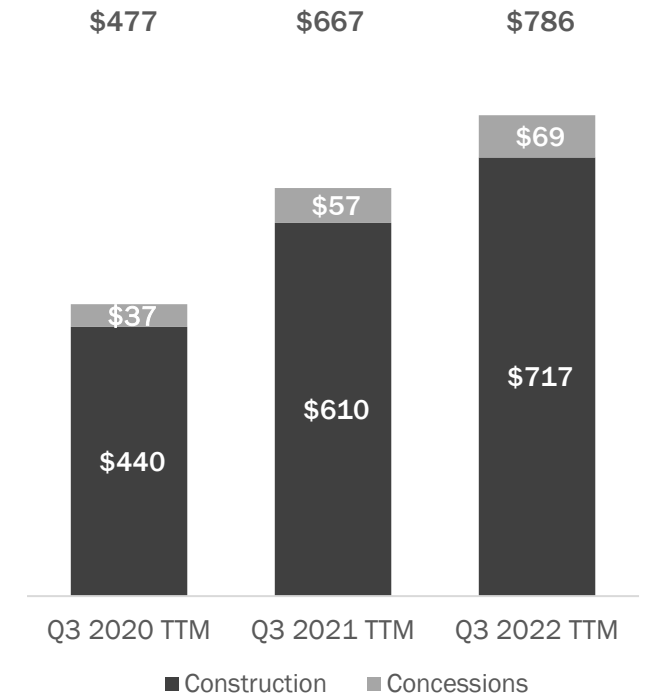
Total Backlog^{*@} (\$M) As at September 30



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



Recurring Revenue^{*} (\$M)



Backlog Contract Type As at September 30, 2022



2022 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

[@] This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2022 MD&A.



Sustainability

We actively manage and improve our environmental, social and governance performance & identify opportunities in sustainability that drive growth for the business.

Environmental Leadership	Our People and Communities	Responsible Governance
<p>First construction company in Canada to set a GHG target</p> <ul style="list-style-type: none">2030 – 30% reduction in Direct CO₂ Emissions2050 – Net-Zero for Direct and Indirect CO₂ Emissions <p>15% reduction in emissions intensity in 2021 (compared to 2020)</p> <p>Exploring low carbon options for vehicles and construction equipment</p> <p>Greening our Supply Chain</p>	<p>Canada's Best Places to Work (Glass Door 2021)</p> <p>200 Best Employers in Canada (Kincentric 2020)</p> <p>Partnerships to achieve goals</p> <ul style="list-style-type: none">Aecon Women In Trades (AWIT)Operating joint ventures with 2 First Nations in Alberta & 2 in Ontario <p>Aecon's Reconciliation Action Plan</p> <ul style="list-style-type: none">Engaging in reconciliation by working in unison with Indigenous Peoples	<p>2021 Sustainability Report</p> <p>Commitment to UN Sustainable Development Goals</p> <div></div> <p>First Canadian construction company to incorporate a sustainability-linked credit facility tied to ESG objectives</p> <p>One of Canada's Best 50 Corporate Citizens (Corporate Knights 2022)</p>

Outlook

- Demand for Aecon's services across Canada continues to be strong, particularly in smaller and medium sized projects, as evidenced by year-to-date revenue growth of 19% and higher new project awards of 42%.
- In addition, during 2022, an Aecon consortium was selected to deliver the transformative, multi-billion-dollar long-term GO Rail Expansion On-Corridor Works project in Ontario under a progressive design, build, operate and maintain contract model which begins with a two-year development phase leading into the main construction scope and a 25-year operations and maintenance component, none of which is yet reflected in backlog.
- Aecon is also pre-qualified on a number of project bids due to be awarded during the next twelve months and has a strong pipeline of opportunities to further add to backlog over time. With backlog of \$6.3 billion and recurring revenue programs continuing to see robust demand, driven by the utilities sector and ongoing recovery in airport traffic in Bermuda, Aecon is confident in strong revenue growth over the next few years.
- While volatile global and Canadian economic conditions are impacting inflation, interest rates, and overall supply chain efficiency, these factors have largely been and will continue to be reflected in the pricing and commercial terms of the Company's recent and prospective project awards and bids. However, certain ongoing joint venture projects that were bid some years ago have experienced impacts related, in part, to those factors, that will require satisfactory resolution of claims with the respective clients – see Section 13 "Risk Factors" in the Q3 2022 MD&A regarding the risk on four large fixed-price legacy projects entered into in 2018 or earlier by joint ventures in which Aecon is a participant.
- In the Construction segment, with strong demand, growing recurring revenue programs, and diverse backlog in hand, Aecon is focused on ensuring solid execution on its projects and selectively adding to backlog through a disciplined bidding approach that supports long-term margin improvement in this segment.
- In the Concessions segment, in addition to expecting a gradual recovery in travel through the Bermuda International Airport during the balance of 2022 and through 2023, there are a number of opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months, including in innovative projects with private sector clients that support a collective focus on sustainability and the transition to a net-zero economy.



APPENDIX

Q3 2022 Financial Results – Reported

Q3 2021, Q3 2021 TTM, and Q3 2022 TTM results include net benefit from the Canada Emergency Wage Subsidy (“CEWS”) program of \$7.3 million, \$38.5 million, and \$4.1 million, respectively

\$ Millions (except per share amounts)	Three Months Ended September 30			Twelve Months Ended September 30		
	2022	2021	Change ⁺	2022	2021	Change ⁺
Revenue	1,321	1,163	▲ 14%	4,518	3,966	▲ 14%
Gross Profit	118.6	123.3	▼ 4%	351.6	396.5	▼ 11%
Gross Margin % ^{&}	9.0%	10.6%	▼ 160 bps	7.8%	10.0%	▼ 220 bps
Adjusted EBITDA [@]	92.6	95.5	▼ 3%	213.0	261.3	▼ 18%
Adjusted EBITDA Margin % [*]	7.0%	8.2%	▼ 120 bps	4.7%	6.6%	▼ 190 bps
Operating Profit	61.0	63.7	▼ 4%	87.2	141.7	▼ 38%
Profit	34.5	38.4	▼ 10%	22.8	69.6	▼ 67%
Earnings per share – diluted	0.45	0.56	▼ 20%	0.37	1.07	▼ 65%
New Awards	991	682	▲ 45%	4,751	3,345	▲ 42%
Backlog [@]	6,275	6,043	▲ 4%	6,275	6,043	▲ 4%

⁺ 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 2022 MD&A.

^{*} This is a non-GAAP financial ratio. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in the Company’s Q3 2022 MD&A.

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Non-GAAP Measures Quantitative Reconciliation

Net Working Capital Reconciliation (\$M)

September 30, 2022

Trade and Other Receivables	983.3
Unbilled Revenue	734.6
Inventories	36.9
Prepaid Expenses	71.7
Less	
Trade and Other Payables	1,088.2
Provisions	21.1
Deferred Revenue	371.2
Net Working Capital	346.0

Equity Project EBITDA Reconciliation (\$M)

	Q3 2022	Q3 2021
	<u>TTM</u>	<u>TTM</u>
Operating profit of projects accounted for using the equity method	55.8	52.3
Depreciation and amortization of projects accounted for using the equity method	0.8	0.8
Equity Project EBITDA	56.6	53.1

Free Cash Flow Reconciliation (\$M)^{*}

	Q3 2022	Q3 2021
	<u>TTM</u>	<u>TTM</u>
Profit Before Income Taxes	36.2	101.1
Finance cost	52.0	41.1
Finance income	(1.1)	(0.6)
Operating Profit	87.2	141.6
Depreciation and amortization	92.3	93.5
(Gain) on sale of assets	(6.6)	(12.5)
Income from projects accounted for using the equity method	(16.4)	(14.6)
Equity Project EBITDA [®]	56.6	53.1
Adjusted EBITDA[®]	213.1	261.1
Cash interest paid	(46.4)	(40.9)
Cash interest received	1.0	0.6
Purchase of property, plant and equipment	(32.2)	(28.1)
Proceeds on sale of property, plant and equipment	10.4	8.1
Increase in intangible assets	(3.5)	(2.7)
Income taxes paid	(32.8)	(67.8)
Free Cash Flow before Working Capital and net JV Impact	109.7	130.4
Change in other balances related to operations	(176.1)	(22.6)
Equity Project EBITDA [®]	(56.6)	(53.1)
Distributions from projects accounted for using the equity method	2.4	3.8
FREE CASH FLOW	(120.6)	58.5

[®] This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP And Supplementary Financial Measures" in the Company's Q3 2022 MD&A

^{*} Totals may not add due to rounding



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