

An aerial photograph of a highway interchange. A multi-lane highway runs from the top right towards the bottom left. A bridge with a grey roof and green safety netting is under construction, crossing over the highway. To the left of the highway are several large commercial buildings, including one with a 'ZARA' sign. In the background, a city skyline is visible under a cloudy sky. A construction crane is visible in the top right corner.

AECON

February 26, 2021

**Aecon Group Inc. (TSX: ARE)
Fourth Quarter and Full Year 2020 Results Presentation**

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 included here are not exhaustive and are discussed in greater detail in the section "Risk Factors" included in the Management Discussion and Analysis filed on February 25, 2021 and in the Annual Information Form filed on February 26, 2021, both of which are available on 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.

Q4 and Full Year 2020 Financial Results

Results include net effect of CEWS program and COVID-19 impacts[^]

\$ Millions
(except per share amounts)

	Three Months Ended Dec 31 [^]			Year Ended Dec 31 [^]		
	2020	2019	Change ⁺	2020	2019	Change ⁺
Revenue	1,077	917	▲ 17%	3,644	3,460	▲ 5%
Gross Profit	124.0	103.9	▲ 19%	401.3	367.6	▲ 9%
Gross Margin %	11.5%	11.3%	▲ 20 bps	11.0%	10.6%	▲ 40 bps
Adjusted EBITDA	83.6	61.7	▲ 35%	264.5	221.9	▲ 19%
Adjusted EBITDA Margin %	7.8%	6.7%	▲ 110 bps	7.3%	6.4%	▲ 90 bps
Operating Profit	53.5	31.1	▲ 72%	149.9	107.3	▲ 40%
Profit	32.0	20.2	▲ 58%	88.0	72.9	▲ 21%
Earnings per share - diluted	\$0.46	\$0.31	▲ 48%	\$1.29	\$1.12	▲ 15%
New Awards	868	1,150	▼ 25%	3,308	3,429	▼ 4%
Backlog	6,454	6,790	▼ 5%	6,454	6,790	▼ 5%

[^] Results include a net positive impact from subsidy related to Canada Emergency Wage Subsidy ("CEWS") program (\$10.6 million in Q4 2020 and a total of \$79.7 million for the full year 2020), recorded as cost recovery in the Construction segment within gross profit (\$89.4 million) and as an increase in MG&A (\$9.7 million). This subsidy offset the impacts of COVID-19 on Aecon's business since March 2020 while assisting Aecon to maintain normal employment levels through this period.

⁺ bps = basis point

Construction Full Year 2020 Results

Results include net effect of CEWS program and COVID-19 impacts

Revenue up by **\$227M**, or **7%**, year-over-year

- ▲ \$285M in Industrial primarily driven by increased activity on mainline pipeline projects in Western Canada
- ▲ \$95M in Civil Operations and Urban Transportation Systems driven by major projects and road building operations in both Eastern and Western Canada
- ▲ \$95M in Utilities operations, primarily due to the acquisition of Voltage Power
- ▼ \$248M in Nuclear primarily driven by delayed start in refurbishment work at the Darlington Nuclear facility in Ontario due to COVID-19

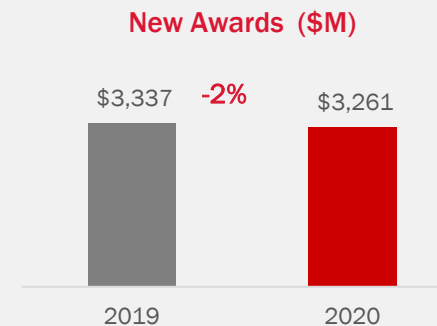
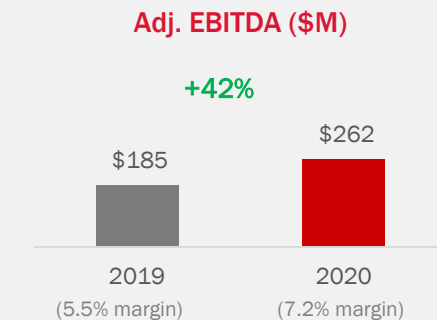
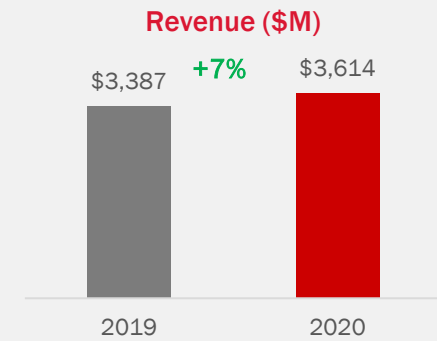
Adjusted EBITDA up by **\$77M**, or **42%**, year-over-year

- ▲ Net positive impact from subsidy related to the CEWS program (\$79.7M) offset impacts of COVID-19 on Aecon's business since March 2020 while assisting Aecon to maintain normal employment levels through this period
- ▼ Lower profit margin in Civil and Urban Transportation Systems
- ▼ Lower volume in Nuclear
- ▲ Higher volume in Industrial and Utilities

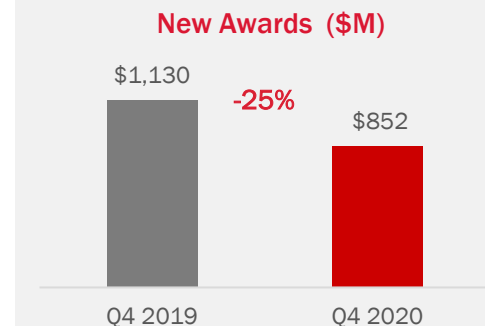
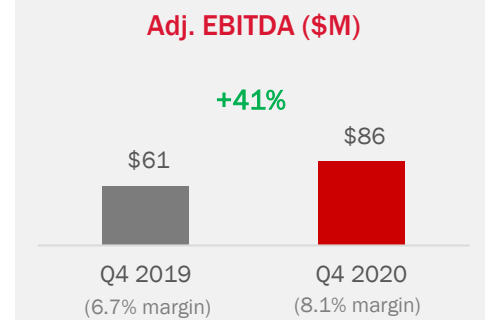
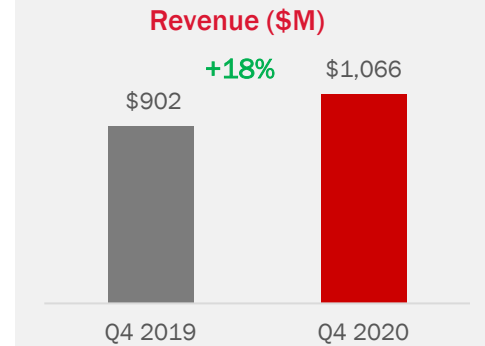
New awards lower by **\$76M**, or **2%**, year-over-year

- ▼ Lower awards in 2020 in Industrial and Nuclear

Full Year 2020*



Q4 2020*



Concessions Full Year 2020 Results

Q4 & FY 2020 Results Impacted by COVID-19

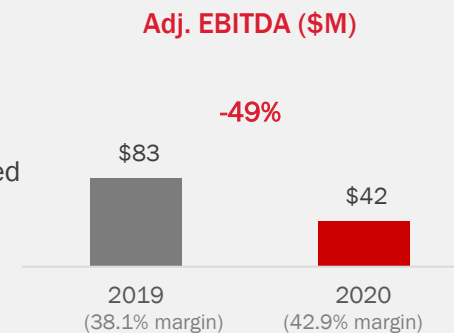
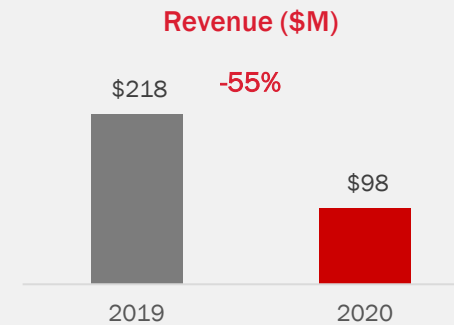
Revenue down by **\$120M**, or **55%**, year-over-year

Primarily due to the suspension of commercial flight operations on March 20, 2020 at the Bermuda International Airport Redevelopment Project followed by a lower volume of commercial flights compared to the prior year after reopening of the airport on July 1, 2020, for reasons related to COVID-19, as well as from decreased construction activity related to this project.

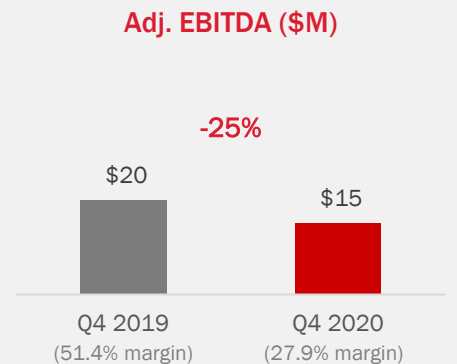
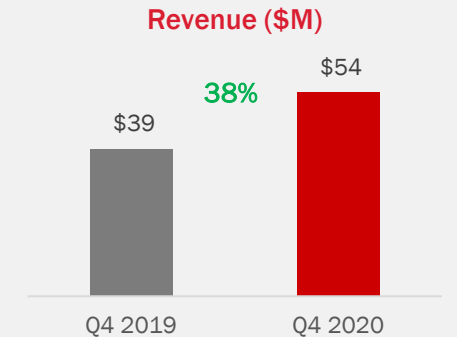
Adjusted EBITDA down by **\$41M**, or **49%**, year-over-year

Primarily related to the Bermuda International Airport Redevelopment Project and the above noted COVID-19 impact on airport operations

Full Year 2020*



Q4 2020*



Strong Financial Position, Liquidity and Capital Resources

Balance Sheet (\$M)	
December 31, 2020	
Core Cash [^]	100.5
Cash in Joint Operations [^]	557.8
Total Cash[^]	658.3
Net Working Capital	(3.5)
Long-Term Debt [^]	
- Finance Leases	164.8
- Equipment & Other Asset Loans	35.3
LT Debt excluding Convertible Debentures [^]	200.1
Convertible Debentures (Face Value) due Dec. 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures[^]	384.1
LT Debt to 2020 Adjusted EBITDA ^{&^}	
- Excluding Convertible Debentures	0.8 x
- Including Convertible Debentures	1.5 x
Net Debt to 2020 Adjusted EBITDA ⁺	1.1 x

Free Cash Flow (\$M)		
	Y/E 2020	Y/E 2019
Adjusted EBITDA	264.5	221.9
Cash Interest Expense (net)	(41.9)	(36.0)
Capital Expenditures (net)	(34.6)	(35.6)
Income Taxes Paid	(20.4)	(6.7)
Free Cash Flow Before W/C and net JV Impact	167.6	143.6
Change in Working Capital	80.5	11.1
Net JV Impact [*]	(43.9)	(31.5)
FREE CASH FLOW^{**}	204.2	123.2

- Financial position, liquidity and capital resources are expected to be sufficient to finance operations and working capital requirements for the foreseeable future
- \$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

[^] Excludes non-recourse project debt & restricted cash associated with Bermuda Airport Project

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

[&] Calculations based on face value of convertible debentures

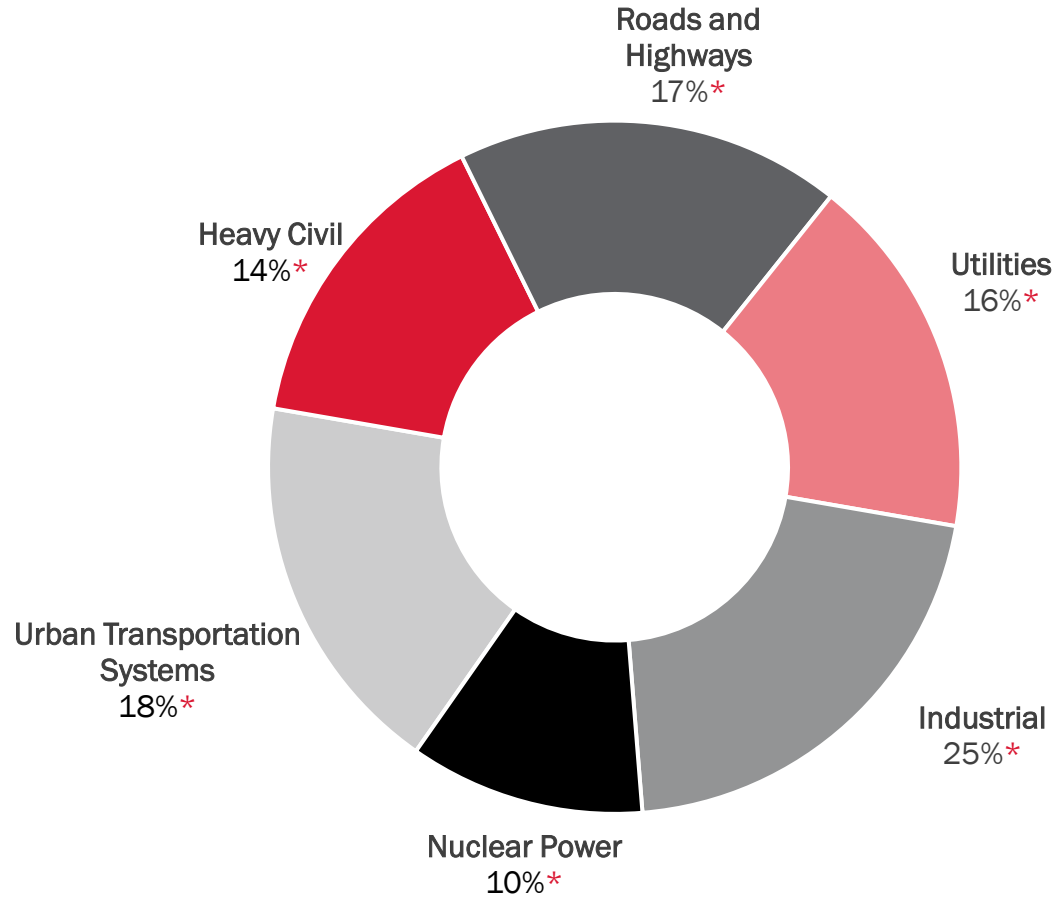
^{*} Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's MD&A) and distributions from projects accounted for using the equity method

^{**} Excludes \$30 million purchase of Voltage Power in February 2020 and final proceeds from sale of Contract Mining business: \$22 million in 2019 and \$12 million received in May 2020

Diverse & Resilient Business Model

Construction

2020 Revenue \$3,614 M +
2020 EBITDA \$262 M +



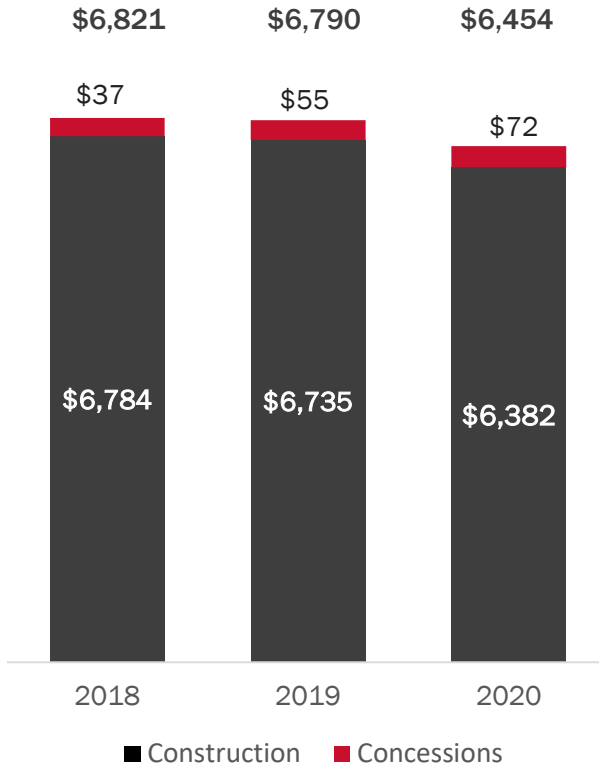
Concessions

2020 Revenue \$98 M +
2020 EBITDA \$42 M +

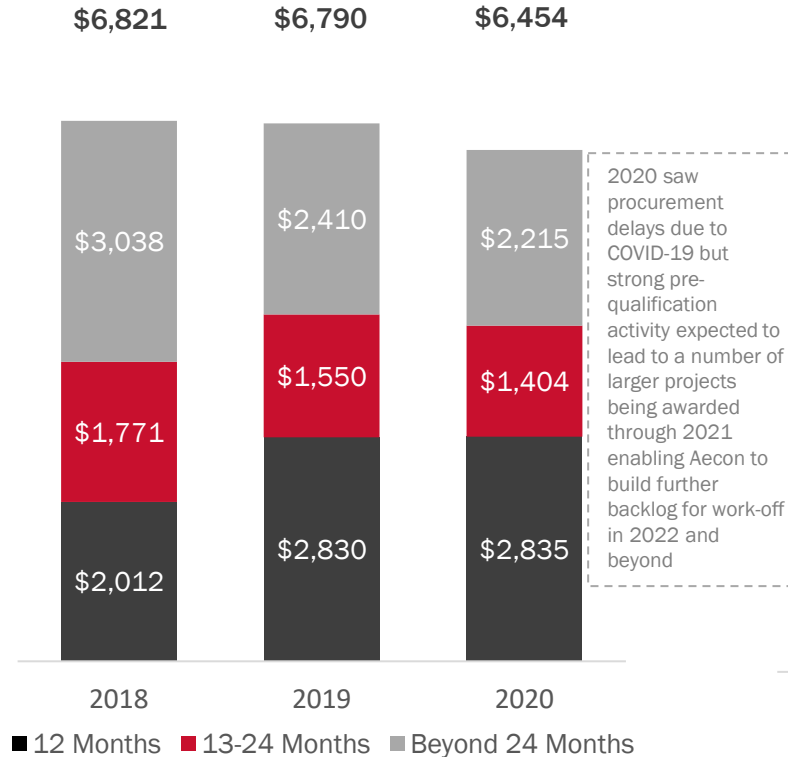
	BERMUDA AIRPORT	100%[^]
	FINCH WEST LRT	33%[^]
	EGLINTON LRT	25%[^]
	GORDIE HOWE INTERNATIONAL BRIDGE	20%[^]
	WATERLOO LRT	10%[^]

Strong Backlog & Recurring Revenue Profile

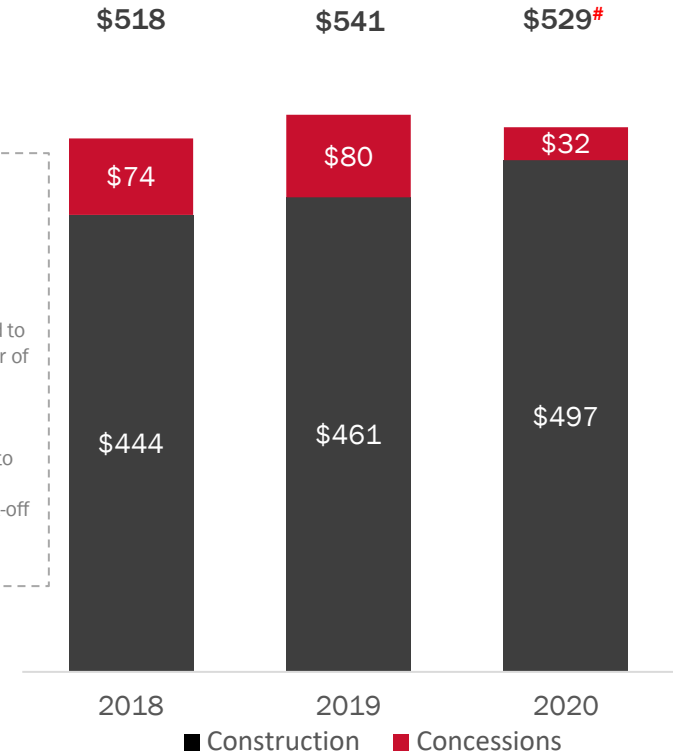
Total Backlog* (\$M)
As at December 31



Backlog Duration* (\$M)
As at December 31



Recurring Revenue*^ (\$M)
Full Year



Backlog Contract Type As at December 31, 2020



2020 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 2018 due to sale of business in 2018

Decrease in 2020 recurring revenue driven by the suspension of commercial flight operations on March 20, 2020 at the Bermuda International Airport. Upon reopening of the airport on July 1, 2020, commercial flight operations have been at a significantly reduced volume compared to the prior year for reasons related to the COVID-19 pandemic. Utilities recurring revenue demonstrated solid growth again in 2020.

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



Building the Infrastructure of a Better Tomorrow

Infrastructure we build helps us adapt to climate change, transition to a net-zero carbon economy and stay safe

Aecon's Inaugural Sustainability Report can be found at aecon.com/our-company/sustainability

Principles

Environmental Leadership	Social Contribution	Responsible Governance
We are a catalyst to achieving the sustainability goals of our clients and minimizing our own environmental impact	We are proud of our dynamic, diverse & inclusive workforce and our contributions to, and partnerships with, the communities in which we live and work	A strong governance structure ensures transparency, stewardship and accountability at Aecon
<p>Track and disclose our carbon footprint and set meaningful targets to reduce it</p> <p>Develop Innovations to help our clients build resilient infrastructure in more sustainable and cost-effective ways</p>	<p>Safety First Culture is our #1 core value</p> <p>Commitment to diversity, inclusion and protection of human rights</p> <p>Support for our people and our communities navigating through the challenges of the global COVID-19 pandemic</p>	<p>Code of Ethics and Business Conduct & Anti-Corruption Policies and Protocols in place</p> <p>Reporting Standards and Guidance</p> 

Key Focus Areas

Our Current Major Projects* include:

- 4 Urban Transportation** projects that reduce congestion and emissions
- 5 Energy** projects that supply clean or zero-emission energy
- 2 Clean Water** projects that provide clean water or treat wastewater
- 6 Civil infrastructure** projects that connect communities

- 200 Best Employers in Canada** Kincentric 2020
- Canada's Best Places to Work** Glass Door 2020
- Top 300** Forbes Canadian Best Employers 2019
- Working with Indigenous Groups** across Canada in a collaborative and inclusive approach, Joint Ventures with 2 First Nations in Alberta and 1 in Ontario

- 30%** of Aecon's Directors are women
- 25%** of Aecon's Executive Officers are women
- 100%** of Employees are shareholders through Employee Share Unit plan

Outlook

- Aecon's overall outlook for 2021 remains positive despite the ongoing background of COVID-19. Backlog and the level of new awards in 2020 remained strong, particularly in light of the challenges of a pandemic environment, with backlog of \$6.5 billion at the end of 2020, new awards of \$3.3 billion during the year, and strong recurring revenue programs, primarily in the utilities sector.
- The Company 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 the economic recovery plan. Aecon is pre-qualified on a number of large project bids due to be awarded during 2021 and has a robust pipeline of opportunities to further add to backlog over time. In addition, recurring revenue in the utilities sector is expected to grow based on the capital investment plans of a number of key clients, particularly in the telecommunications sector.
- Despite this overall positive outlook, the COVID-19 pandemic is expected to continue to have some impact in moderating overall revenue and profitability growth expectations in 2021, either due to 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. While the primary impact from COVID-19 will be to reduce revenue in certain areas of Aecon's Construction segment until normal operations fully resume, there is no guarantee that all related costs will be recovered and therefore it is possible that future project margins could be impacted as well.
- In the Concessions segment, the new Bermuda International Airport terminal opened for operations on December 9, 2020, which marked a significant milestone for the Company. Commercial operations continue to recover slowly due to COVID-19 related travel restrictions. The aviation industry is not expected to improve meaningfully until significant portions of the global population have been vaccinated and existing travel restrictions are lifted.
- As a Canadian employer whose business has been affected by COVID-19, Aecon expects to continue its participation in the CEWS program throughout the program's duration, subject to meeting the applicable eligibility requirements.
- Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future.
- Capital expenditures in 2021 are expected to be higher than 2020 as a result of deferred capital spending in 2020 due to COVID-19, with spending in 2021 expected to be more in line with 2019.
- The overall outlook for 2021 remains strong as construction continues on a number of projects that ramped up in 2019 and 2020, the strong level of backlog and new awards during 2020, and the strong demand environment for Aecon's services, including recurring revenue programs, all subject to the unknown impacts of COVID-19 going forward.



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