

**AECON**



August 2020

**Aecon Group Inc. (TSX: ARE)**

**Investor 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, including, but 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 and operational and reputational risks, including large project risk and contractual factors, and risks and potential entitlements to government assistance programs relating to the COVID-19 pandemic. Risk factors are discussed in greater detail in the section on "Risk Factors" included in the Management Discussion and Analysis filed on July 23, 2020 and in the Annual Information Form filed on March 30, 2020, both of which are available on SEDAR at [www.sedar.com](http://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?

The #1 Canadian Infrastructure Company



## Unprecedented Infrastructure Demand

**\$7B+**

Backlog

**\$40B+**

Active Bid Pipeline

- Record level of infrastructure investment underway and committed across Aecon's focus areas
- Acceleration by governments of shovel ready infrastructure opportunities to stimulate the economy as COVID-19 restrictions are lifted
- Positive population and immigration dynamics driving long-term, sustainable demand
- Partner of choice for international and domestic players
- Strong track record of growth and margin improvement



## Diversified & Resilient Business Model

**\$3.5B**

Total Revenue\*

**\$178M**

Construction EBITDA\*\*

**\$64M**

Concessions EBITDA\*\*

- Diversified by geography, sector, contract size and type in Construction segment
- Valuable and growing Concessions portfolio
- Solid recurring revenue base adds further stability to business mix
- 47% of TTM revenue from unit price/cost plus contracts
- Financial position, liquidity and capital resources remain strong to support growth and reduce risk



## Focus on Shareholder Value Creation

**14%**

9 year Dividend CAGR^

**23%**

5 year EPS CAGR#

**90%**

5 year Total Shareholder Return&

- Disciplined, balanced and diverse capital allocation strategy
- History of consistent dividend increases
- Normal Course Issuer Bid ("NCIB") initiated in November 2019
- Growth in Concessions portfolio provides future value creation options
- Current valuation multiple provides attractive upside potential

\* Q2 2020 Trailing Twelve Months ("TTM")

+ Before corporate costs and eliminations

^ Compound Annual Growth Rate ("CAGR") of annual dividend from 2011 to 2020

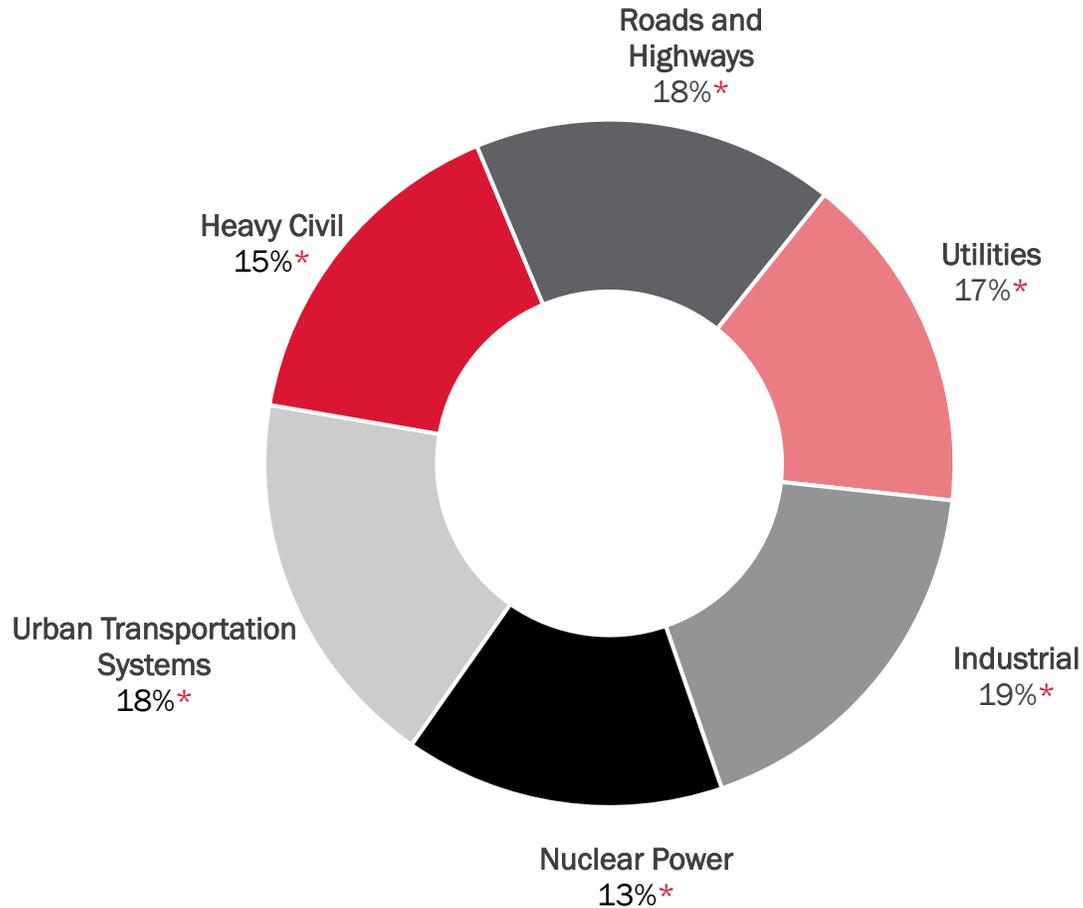
# CAGR of full year Diluted EPS from 2014 to 2019

& December 31, 2014 to December 31, 2019

# Diverse & Resilient Business Model

## Construction

Q2 2020 TTM Revenue \$3,415 M<sup>+</sup>  
 Q2 2020 TTM EBITDA \$178 M<sup>+</sup>



## Concessions

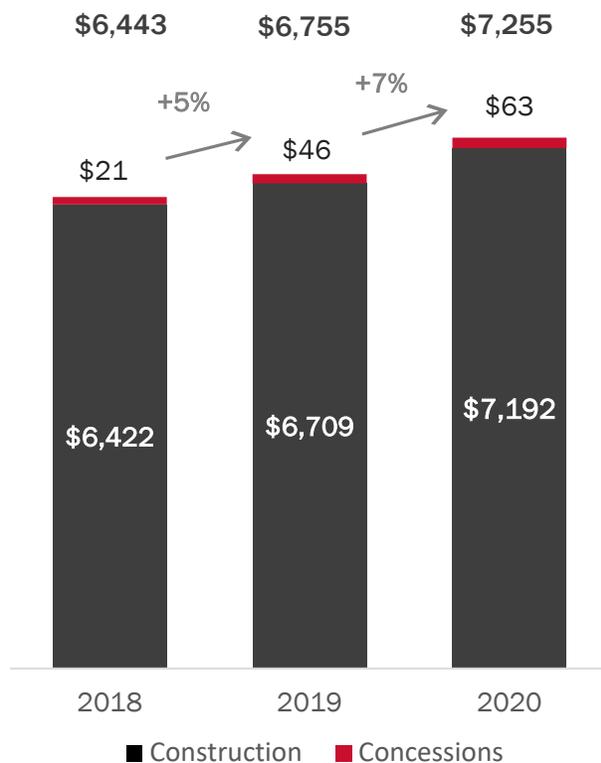
Q2 2020 TTM Revenue \$136 M<sup>+</sup>  
 Q2 2020 TTM EBITDA \$64 M<sup>+</sup>

	<b>BERMUDA AIRPORT</b>	<b>100%<sup>^</sup></b>
	<b>FINCH WEST LRT</b>	<b>33%<sup>^</sup></b>
	<b>EGLINTON LRT</b>	<b>25%<sup>^</sup></b>
	<b>GORDIE HOWE INTERNATIONAL BRIDGE</b>	<b>20%<sup>^</sup></b>
	<b>WATERLOO LRT</b>	<b>10%<sup>^</sup></b>

# Record Backlog & Strong Recurring Revenue

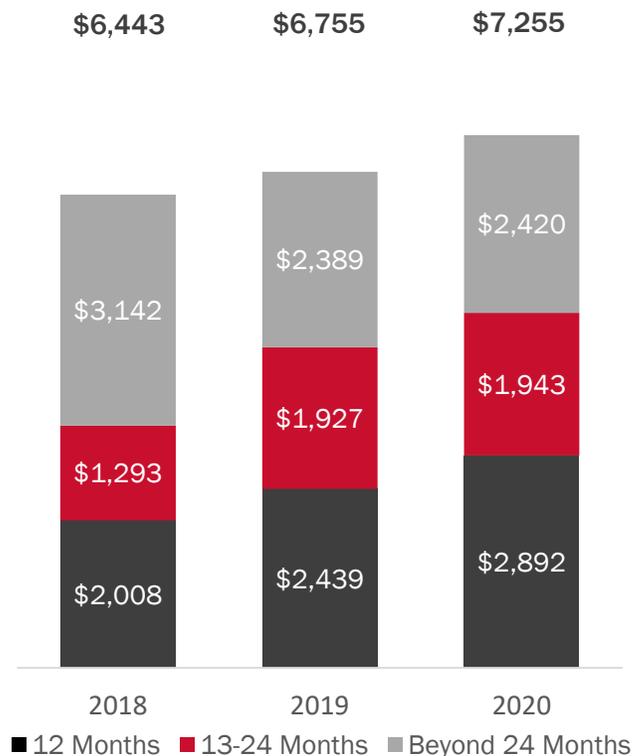
## Total Backlog\* (\$M)

As at June 30



## Backlog Duration\* (\$M)

As at June 30



## Recurring Revenue\*^ (\$M)



### Backlog Contract Type As at June 30, 2020



### 2020 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 2018 due to sale of business in 2018

# Decrease in Q2 2020 TTM recurring revenue driven by slowdown and then suspension of commercial flight operations on March 20, 2020 and throughout Q2 2020 at the Bermuda International Airport

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

# Unparalleled Demand Aligned with Aecon's Strengths

## \$40+ Billion\* in Project Pursuits

Quebec City Tramway	P3	QC
Laurentia Project – Port of Quebec Deep-Water Wharf		QC
Metrolinx Regional Express Rail (RER) Program	P3	ON
Ontario Line Subway (Civil, Rolling Stock and O&M)	P3	ON
Eglinton West LRT (Advanced Tunnel Works)		ON
Scarborough Subway (Advanced Tunnel Works)		ON
QEW/Credit River Improvement Project		ON
Winnipeg North End Wastewater Treatment Plant Upgrade		MB
Edmonton Valley Line LRT		AB
Trans Mountain Pipeline (Additional Future Sections)		AB
Calgary Green Line LRT		AB
Kicking Horse Canyon Highway Upgrade		BC
Site C Generating Station (Balance of Plant)		BC

- Robust pipeline of opportunities and commitments
- Diversified series of pursuits by sector and geography
- Opportunities strongly correlate with Aecon's experience and expertise

## 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

### \$90B | Ontario Budget

Transit and Highways investment over 10 years from 2019; \$7.4B in 2020/2021

### \$35B | Infrastructure Ontario

Transit projects in the Greater Toronto Area in procurement

### \$40B | Quebec Budget

Investment in road and transit infrastructure over 10 years from 2020

### \$7B | BC Budget

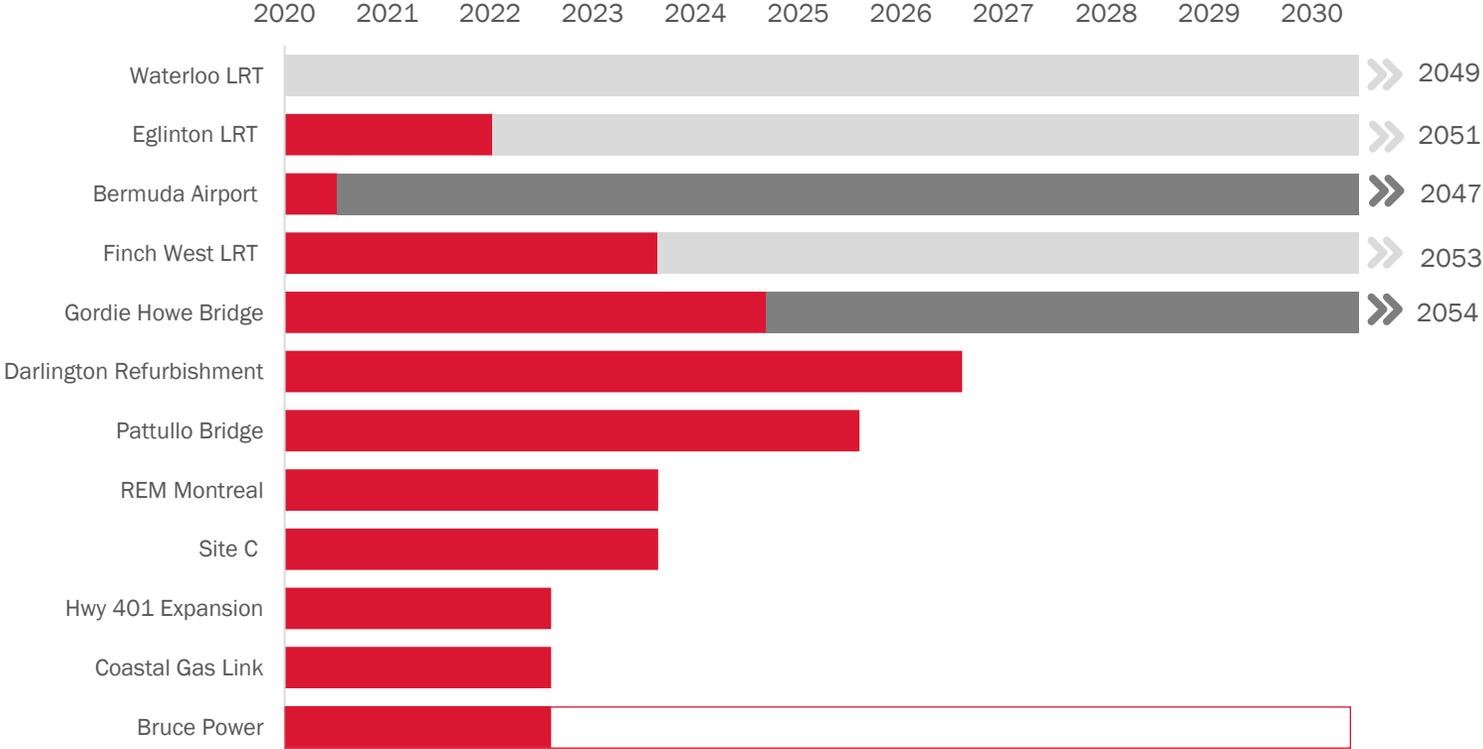
Transportation investment over 3 years from 2020

### \$5B | Alberta Budget

Roads and bridges investment over 3 years from 2020 plus investment in Edmonton and Calgary LRT; \$2B accelerated capital maintenance and renewal budget for 2020; \$500M of funding for municipalities for transportation and water infrastructure and an additional \$612M of new infrastructure projects

# Major Projects & Concessions Provide Stability

Project Timeline (Starting from 2020)



**P3 Concessions\***

**Waterloo LRT**  
\$583 million; construction started 2014 and completed 2019; 10% equity stake and 30 year concession began in 2019

**Eglinton LRT**  
\$5.3 billion; construction started 2015 and target completion under discussion; 25% equity stake and 30 year concession post construction

**Bermuda Airport**  
US\$274 million; construction started 2017 and target completion 2020; 100% equity stake and 30 year concession began in 2017

**Finch West LRT**  
\$2.5 billion; construction started 2018 and target completion 2023; 33% equity stake and 30 year concession post construction

**Gordie Howe Bridge**  
\$5.7 billion; construction started 2018 and target completion 2024; 20% equity stake and 30 year concession post construction

**Other Major Projects\***

**Darlington Nuclear Refurbishment**  
\$2.75 billion; 10 year project started 2016

**Pattullo Bridge Replacement**  
\$968 million; 5 year project started 2020

**REM LRT Montreal**  
\$5 billion; 5 year project started 2018

**Site C Generating Station And Spillways Hydro Project**  
\$1.6 billion; 5 year project started 2018

**HWY 401 Expansion**  
\$640 million; 3 year project started 2019

**Coastal Gas Link Pipeline**  
\$526 million; 3 year project started 2019

**Bruce Power Nuclear Refurbishment**  
\$475 million; 2 year project started 2020; the first of six units for fuel channel and feeder replacement. Aecon consortium has a Preferred Supplier Agreement with Bruce Power for subsequent five units; 10-12 year total project duration; Aecon JV was also awarded first of six steam generator unit replacements in December 2017

■ Construction   ■ Equity and Maintenance   ■ Equity, Operations and Maintenance   □ Opportunity

Dates above are general estimates of completion and may not reflect final completion date  
\* Values reflect total project size, not necessarily Aecon's share, as all projects listed are with partners except Bermuda Airport

# Diverse and Valuable Concessions Portfolio

## The Aecon Value Proposition

- ✓ Proven capability to develop, construct, finance and operate diverse infrastructure concessions in Canada and internationally
- ✓ Solutions-based, partner of choice to international construction firms, governments and financial institutions
- ✓ Leader in technology and systems integration in transit, tolling and airport infrastructure as well as innovative financing models
- ✓ Provides for stable, long-term cash flow opportunity with flexibility to monetize interests for future development projects



### Bermuda L.F. Wade International Airport

- 100% equity ownership and concession
- Development and construction of new US\$274 million terminal
- 30 year operations and maintenance concession to 2047
- Upside opportunity through increased air traffic and ancillary fees
- Traffic up 10% from 2017-2019 (3.3% GAGR) – ahead of financial forecasts
- Commercial operations resumed July 2020 after temporary suspension due to COVID-19



### Canadian LRTs

- 30 year maintenance concessions on Eglinton, Finch and Waterloo LRTs
- Availability-based payments from provincial transit counterparties
- Proven team currently bidding on Canadian transit projects in procurement



### Gordie Howe International Bridge

- 30 year operations and maintenance concession
- Availability-based payments from Canadian Federal Government

# Q2 2020 Financial Results – Reported<sup>^</sup>

Q2 2020 Results Impacted by COVID-19 but Work Program Continues to Grow

\$ Millions (except per share amounts)	Three Months Ended June 30			Trailing Twelve Months Ended June 30 <sup>^</sup>		
	2020	2019	Change <sup>+</sup>	2020	2019	Change <sup>+</sup>
Revenue	779	867	▼ 10%	3,470	3,486	—
Gross Profit	53.8	96.3	▼ 44%	339.5	373.7	▼ 9%
Gross Margin %	6.9%	11.1%	▼ 420bps	9.8%	10.7%	▼ 90 bps
Adjusted EBITDA	24.4	57.3	▼ 57%	196.3	231.1	▼ 15%
Adjusted EBITDA Margin %	3.1%	6.6%	▼ 350bps	5.7%	6.6%	▼ 90 bps
Operating Profit (Loss)	(0.8)	28.1	▼ 103%	79.5	116.1	▼ 32%
Profit (Loss)	(6.2)	20.4	▼ 130%	44.7	80.4	▼ 44%
Earnings (loss) per share - diluted	(\$0.10)	\$0.31	▼ 132%	\$0.70	\$1.22	▼ 42%
New Awards	1,080	873	▲ 24%	3,970	3,796	▲ 5%
Backlog	7,255	6,755	▲ 7%	7,255	6,755	▲ 7%

<sup>^</sup> See slide 16 for TTM like-for-like results which exclude contract mining business sold in Q4 2018 and one-time executive transition charge of \$7.0 million in Q4 2019

<sup>+</sup> bps = basis point

# Strong Financial Position, Liquidity and Capital Resources

Balance Sheet (\$M)	
	June 30, 2020
Core Cash <sup>^</sup>	19.4
Cash in Joint Operations <sup>^</sup>	502.2
<b>Total Cash<sup>^</sup></b>	<b>521.6</b>
Net Working Capital	135.0
Long-Term Debt <sup>^</sup>	
- Finance Leases	170.0
- Equipment & Other Asset Loans	38.2
LT Debt excluding Convertible Debentures <sup>^</sup>	208.2
Convertible Debentures (Face Value) due Dec. 2023 (5.0%)	184.0
<b>Total LT Debt plus Convertible Debentures<sup>^</sup></b>	<b>392.2</b>
LT Debt to Q2 2020 TTM Adjusted EBITDA <sup>&amp;^</sup>	
- Excluding Convertible Debentures	1.1 x
- Including Convertible Debentures	2.0 x
Net Debt to Q2 2020 TTM Adjusted EBITDA <sup>+</sup>	1.9 x

Free Cash Flow (\$M)		
	Q2 2020 TTM	Y/E 2019
<b>Adjusted EBITDA</b>	<b>196.3</b>	<b>221.9</b>
Cash Interest Expense (net)	(37.6)	(36.0)
Capital Expenditures (net)	(37.2)	(35.6)
Income Taxes Paid	(26.1)	(6.7)
<b>Free Cash Flow Before W/C and net JV Impact</b>	<b>95.4</b>	<b>143.6</b>
Change in Working Capital	38.7	11.1
Net JV Impact <sup>*</sup>	(35.5)	(31.5)
<b>FREE CASH FLOW<sup>**</sup></b>	<b>98.6</b>	<b>123.2</b>

- Financial position, liquidity and capital resources are expected to be sufficient to finance operations and working capital requirements for the foreseeable future
- \$1.3 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

<sup>^</sup> Excludes non-recourse project debt & restricted cash associated with Bermuda Airport Project

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

<sup>&</sup> Calculations based on face value of convertible debentures

<sup>\*</sup> 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

<sup>\*\*</sup> 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 Capital Allocation Program

Focus on **Profitable Growth** and **Risk Management** to drive **Shareholder Returns**



## Profitable Growth

- Support capital expenditures and investments in new projects, technology and equipment
- Investment in growth of value creating Concessions portfolio
- Tuck-in acquisitions to expand capabilities and geographic end markets



## Preserve Financial Strength

- Strong and liquid balance sheet to support pursuit and execution of major projects and concessions
- Lead joint ventures, attract the right partners and achieve desired project credit ratings
- Demonstrate resiliency and capacity to absorb working capital and risk management requirements



## Enhance Shareholder Returns

- Dividends have increased 8 of the last 9 years with 14% CAGR\*
- Diluted Earnings per Share has grown at 23% CAGR over the last 5 years#
- 5 year Total Shareholder Return of 90%@
- NCIB program in place since November 2019

### Balanced and Diversified Capital Allocation



#### Capital Expenditures & Investments&

\$405 million over the last 5 years<sup>+</sup>



#### Dividends

\$148 million over the last 5 years<sup>+</sup>



#### M&A

>\$40 million over the last two years for four strategic, tuck-in acquisitions



#### NCIB

>\$23 million since launch in November 2019 to end of June 2020

\* 2011 to 2020 annual dividend

# 2014 to 2019 full year EPS

& Includes investments in plant property and equipment, technology and equity investments in concessions projects

@ December 31, 2014 to December 31, 2019

<sup>+</sup> Q3 2015 to Q2 2020

# COVID-19 Update to Operations & Key Aecon Considerations



## Operational Impacts

- Aecon's operations in 2020 have been impacted at varying times by way of suspensions of certain projects related to the COVID-19 pandemic
- The main impacts relate to:
  - The Bermuda International Airport Redevelopment Project, where commercial operations resumed slowly in July 2020 after being suspended on March 20, 2020
  - The Montreal REM LRT and Site C projects, where construction had been suspended, restarted albeit gradually and with modified work practices
  - Nuclear operations, where ramp up on the next phase of work on a number of projects has been delayed until later in the year
- In addition, certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed or suspended
- To date, no projects that were previously recorded in Aecon's backlog have been cancelled due to COVID-19



## Continuity Measures

- Aecon has activated continuity plans and a rigorous COVID-19 health and safety assurance process, which meets or exceeds guidance by applicable government health authorities, to minimize disruptions to its business and adapt to evolving market conditions and safety standards
- These plans include stringent site pre-screening processes, heightened hygienic and disinfection practices, physical distancing, provision of additional personal protective equipment to front line workers, team separation and staggered work hours where possible, as well as extensive technology-enabled remote work initiatives
- Aecon has reduced non-essential spending and discretionary capital investments



## Financial Position

- 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
- As at June 30, 2020, Aecon had:
  - \$20 million of cash on hand (excluding cash in joint operations and restricted cash);
  - a committed revolving credit facility of \$600 million, of which \$30 million was drawn and \$5 million utilized for letters of credit; and
  - an additional \$700 million performance security guarantee facility to support letters of credit provided by Export Development Canada
- \$1.3 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

# Outlook

- While the impact of COVID-19 on Aecon's operating environment has stabilized during the second quarter, operations continue to be impacted either by client decisions related to schedules or operating policies or due to broader government directives to modify work practices to meet health and safety standards related to the COVID-19 pandemic.
- In the second half of the year, the main impacts are expected to be from the slow ramp up, starting in early July, of commercial operations at the Bermuda International Airport Redevelopment Project as well as in nuclear operations where ramp up on the next phase of work on a number of projects has been delayed until late in the third quarter and into the fourth quarter.
- While the impact to these projects, as well as others, will be to reduce revenue until normal operations resume, there is no guarantee that all related costs will be recovered and therefore it is possible that future project margins could be impacted.
- In addition, certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed. Any such delays are currently expected to be temporary, and the current backlog and level of new awards year-to-date have remained robust as evidenced by the record backlog of \$7.3 billion at the end of the second quarter.
- To date, no projects that were previously recorded in Aecon's backlog have been cancelled due to COVID-19.
- The Company expects that demand for its services will remain strong following the COVID-19 pandemic as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of economic stimulus once the country reaches the recovery phase
- 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.
- As a Canadian employer whose business has been affected by COVID-19, Aecon expects to submit formal applications for the Canada Emergency Wage Subsidy ("CEWS") in the third quarter of 2020 for eligible entities.
- Aecon continues to monitor developments and mitigate risks related to the COVID-19 pandemic and the impact on Aecon's projects, operations, supply chain, and most importantly the health and safety of its employees. As this situation may continue to evolve for some time, shifting directives and policies from clients and governments are expected to continue.

# Building the Infrastructure of a Better Tomorrow

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

	Environmental Leadership	Social Contribution	Responsible Governance
<b>Principles</b>	We are a catalyst to achieving the sustainability goals of our clients	We are proud of our dynamic and diverse workforce, 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
<b>Key Focus Areas</b>	<p><b>Track and Disclose our carbon footprint</b> and set meaningful targets to reduce it</p> <p><b>Offer Solutions</b> to clients to help them build resilient infrastructure in a more sustainable way</p>	<p><b>Safety First Culture</b> is our #1 core value</p> <p><b>Policies</b> ensure respect for diversity and protection of human rights, internally and throughout the supply chain</p> <p><b>Recognition</b> through Aecon Achievement Awards, including the J.D Hole Humanitarian Award and Aecon Inclusive Leadership Award</p>	<p><b>Code of Ethics, Business Conduct &amp; Anti-Corruption Policies</b> in place</p> <p><b>Reporting Standards and Guidance</b></p>    

**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

**Top 300** Forbes Canadian Best Employers 2019

**Canada's Best Places to Work** Glass Door 2020

**Working with Indigenous Groups** across Canada in a collaborative and inclusive approach, Joint Ventures with 2 First Nations in Alberta and 1 in Ontario

**80%** Independent Directors

**30%** of Aecon's Directors are women

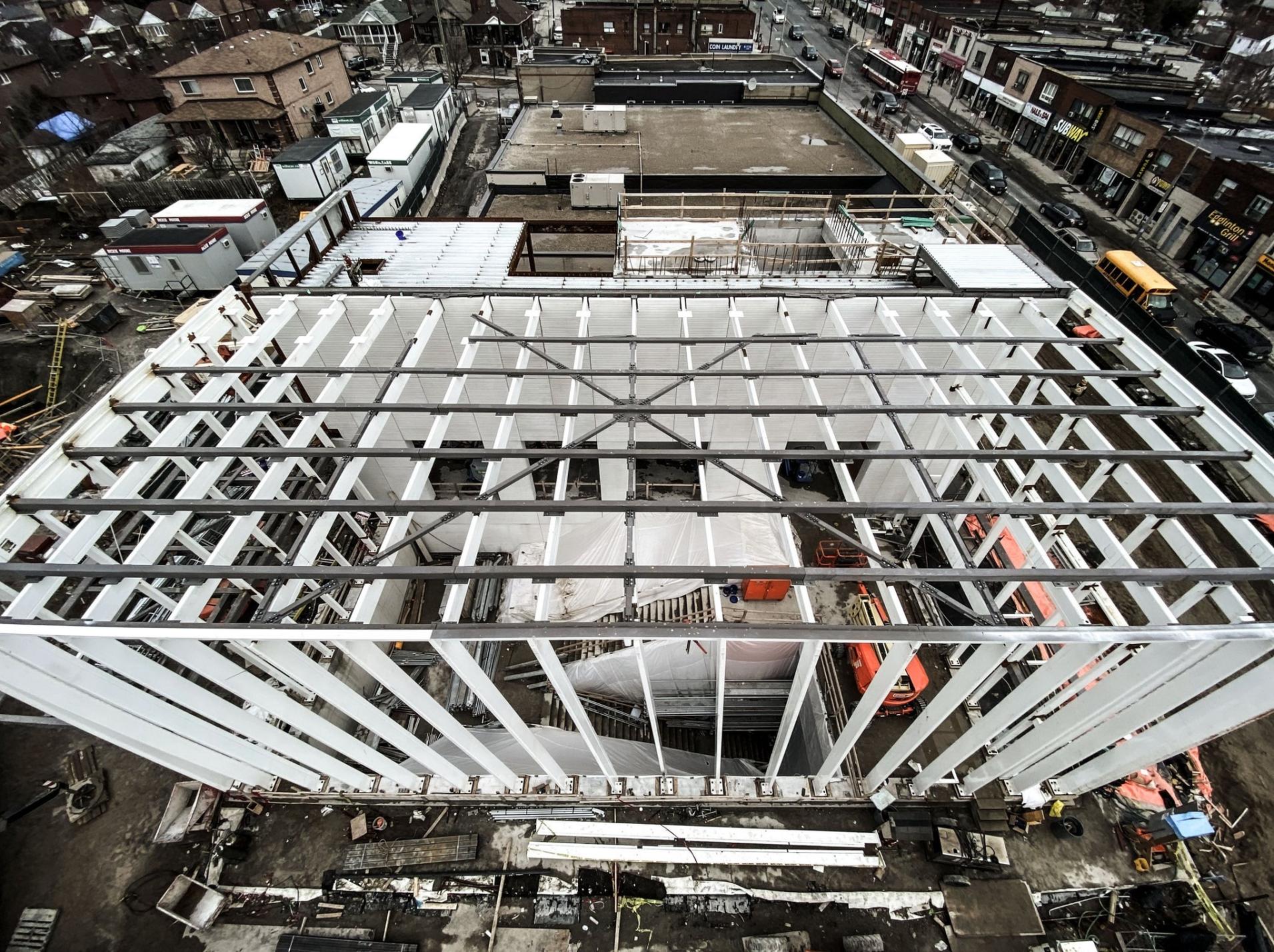
**25%** of Aecon's Executive Officers are women

**100%** of Employees are shareholders through Employee Share Unit plan

Aecon's Inaugural Sustainability Report can be found at [aecon.com/our-company/sustainability](https://aecon.com/our-company/sustainability)



\* Projects in construction or operation with a value greater than \$150 million



# Appendix

This Page Photo: Eglinton Crosstown Project

Front Page Photo: Réseau express métropolitain Project ([www.rem.info](http://www.rem.info))

# Q2 2020 Results – Like-for-Like<sup>^</sup>

Q2 2020 Results Impacted by COVID-19 but Work Program Continues to Grow

\$ Millions (except per share amounts)	Three Months Ended June 30			Trailing Twelve Months Ended June 30 <sup>^</sup>		
	2020	2019	Change <sup>+</sup>	2020	2019	Change <sup>+</sup>
Revenue	779	867	▼ 10%	3,470	3,380	▲ 3%
Gross Profit	53.8	96.3	▼ 44%	339.5	358.7	▼ 5%
Gross Margin %	6.9%	11.1%	▼ 420bps	9.8%	10.6%	▼ 80 bps
Adjusted EBITDA	24.4	57.3	▼ 57%	203.3	218.8	▼ 7%
Adjusted EBITDA Margin %	3.1%	6.6%	▼ 350bps	5.9%	6.5%	▼ 60 bps
Operating Profit (Loss)	(0.8)	28.1	▼ 103%	86.5	120.0	▼ 28%
Profit (Loss)	(6.2)	20.4	▼ 130%	49.8	85.8	▼ 42%
Earnings (loss) per share - diluted	(\$0.10)	\$0.31	▼ 132%	\$0.78	\$1.29	▼ 39%

## 2018 Contract Mining Contribution

\$ Millions	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Revenue	59.9	43.1	64.5	41.1	208.5
EBITDA	12.9	(4.0)	7.3	5.1	21.3
Operating Profit	4.1	(11.1)	(1.0)	(2.9)	(10.9)

<sup>^</sup> Like-for-like results exclude contract mining business sold in Q4 2018 and one-time executive transition charge of \$7.0 million in Q4 2019  
<sup>+</sup> bps = basis point

# Adjusted EBITDA Contribution by Segment – Like-for-Like<sup>^</sup>

Q2 2020 Results Impacted by COVID-19

## Adjusted EBITDA (\$ Millions)

	Q2 2020	Q2 2019	% CHANGE
Construction	27.7	44.4	▼ 38%
Concessions	4.8	23.2	▼ 79%
<b>TOTAL*<sup>^</sup></b>	<b>24.4</b>	<b>57.3</b>	<b>▼ 57%</b>

## Adjusted EBITDA Margin %

	Q2 2020	Q2 2019	BPS CHANGE
Construction	3.6%	5.2%	▼ 160
Concessions	56.5%	38.5%	nmf <sup>#</sup>
<b>TOTAL*<sup>^</sup></b>	<b>3.1%</b>	<b>6.6%</b>	<b>▼ 350</b>

	Q2 2020 TTM	Q2 2019 TTM	% CHANGE
Construction	177.9	169.7	▲ 5%
Concessions	64.1	88.6	▼ 28%
<b>TOTAL*<sup>^</sup></b>	<b>203.3</b>	<b>218.8</b>	<b>▼ 7%</b>

	Q2 2020 TTM	Q2 2019 TTM	BPS CHANGE
Construction	5.2%	5.1%	▲ 10
Concessions	47.3%	34.4%	nmf <sup>#</sup>
<b>TOTAL*<sup>^</sup></b>	<b>5.9%</b>	<b>6.5%</b>	<b>▼ 60</b>

# Construction Q2 2020 Results - Reported

Q2 2020 Results Impacted by COVID-19 but Work Program Continues to Grow

Q2 2020\*

Q2 2020 TTM\*

**Revenue** down by **\$69M**, or **8%**, quarter over quarter

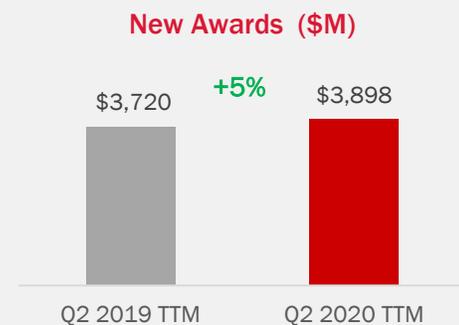
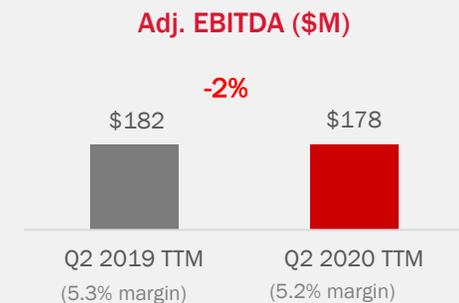
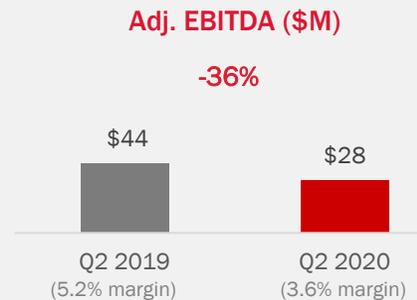
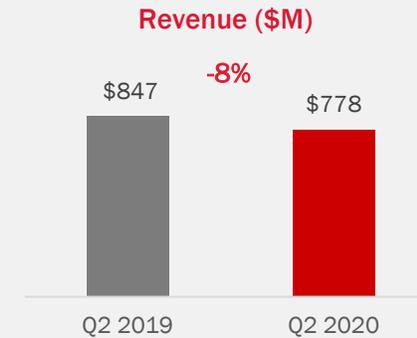
- ▼ \$27M in Civil and Urban Transportation Systems driven by decreases in both eastern and western Canada due to COVID-19, partially offset by increase in roadbuilding projects
- ▼ \$95M in Nuclear driven by work on the next unit of the main reactor refurbishment at the Darlington nuclear facility being delayed to later in the year due to COVID-19
- ▲ \$27M in Utilities operations, primarily due to the acquisition of Voltage Power
- ▲ \$26M in Industrial due to increased activity on mainline pipeline projects in western Canada

**Adjusted EBITDA** down by **\$16M**, or **36%**, quarter over quarter

- ▼ Lower volume and profit margin in Civil and Urban Transportation Systems
- ▲ Higher volume and profit margin in roadbuilding
- ▼ Lower volume in Nuclear
- ▼ Lower profit margin in Utilities
- ▲ Higher volume and profit margin in Industrial

**New awards** higher by **226M**, or **27%**, quarter over quarter

- ▲ Primarily driven by higher awards in Industrial and Utilities



# Concessions Q2 2020 Results - Reported

Q2 2020 Results Impacted by COVID-19

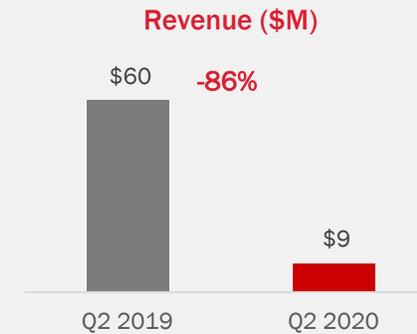
**Revenue** down by **\$52M**, or **86%**, quarter over quarter

Primarily driven by the slowdown and then suspension of commercial flight operations on March 20, 2020 and throughout the remainder of the second quarter at the Bermuda International Airport Redevelopment Project for reasons related to the COVID-19 pandemic, as well as decreased construction activity related to the project

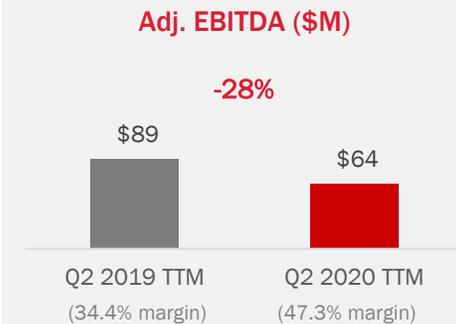
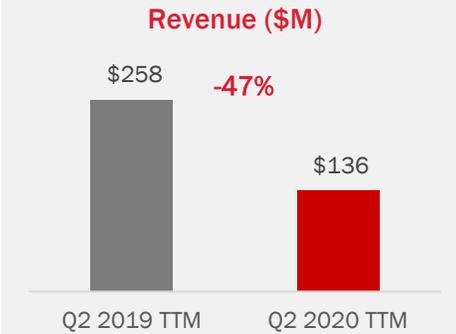
**Adjusted EBITDA** down by **\$18M**, or **79%**, quarter over quarter

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

Q2 2020\*



Q2 2020 TTM\*



# Capital Markets Overview

## ARE.TSX Statistics

**\$14.68**  
Price as of August 14, 2020

**59.9 Million**  
Shares Outstanding

**0.5 Million (\$7.9 Million)**  
Avg. Daily Share Volume  
(3 months – TSX & ATS)

**4.4%**  
Dividend Yield

**~\$0.9 Billion**  
Market Capitalization

**\$10.94 / \$19.32**  
52 Week Low / High



Annual Dividend History



## Analyst Coverage

Firm	Analyst	Telephone
ATB Capital	Chris Murray	(647) 776-8246
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CIBC Capital Markets	Jacob Bout	(416) 956-6766
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Industrial Alliance Securities	Neil Linsdell	(514) 499-0158
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National Bank Financial	Maxim Sytchev	(416) 869-6517
Paradigm Capital	Corey Hammill	(416) 361-0754
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10 Buy / Outperform Recommendations

1 Hold / Sector Perform Recommendation

\$19.95 Average Target Price



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