



Aecon



MARCH 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, 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 Management Discussion and Analysis filed on March 3, 2020 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.

Why Invest in Aecon?

The #1 Canadian Infrastructure Company



Unprecedented
Infrastructure Demand

\$6.8B

Backlog

\$40B+

Active Bid Pipeline

- Record level of infrastructure investment underway and committed across Aecon's focus areas
- Positive population and immigration dynamics driving long-term, sustainable demand
- Public and private sector driving investment
- Partner of choice for international and domestic players
- Strong track record of growth and margin improvement



Diversified & Resilient
Business Model

\$3.5B

Total
Revenue*

\$185M

Construction
EBITDA**

\$83M

Concessions
EBITDA**

- Diversified by geography, sector, contract size and type in Construction segment
- Valuable and growing Concessions portfolio
- Visibility from long dated backlog
- Strong recurring revenue base adds further stability to business mix
- 55% of 2019 revenue from unit price/cost plus contracts
- Strong and liquid balance sheet supports growth and reduces 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

* 2019 Full Year

+ 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

2019 Highlights Delivering on Objectives

What we **said**

Revenue & Adjusted EBITDA Growth

Improve Margins

Focus on Backlog Execution while Bidding Work for Future Years

Financial Strength and Risk Reduction

Balanced Capital Allocation

What we **delivered**

- 13% Revenue Growth*
- 23% Adjusted EBITDA Growth#

- 50 bps improvement in Adjusted EBITDA Margin#

- Record revenue and EBITDA achieved in 2019
- Backlog maintained near record high despite no new “mega-project” awards as expected
- ~\$1 billion in diversified backlog announced in Q4 2019 and Q1 2020

- Almost \$200 million of cash from operations generated in 2020
- Reduction in working capital investment despite strong revenue growth
- Increased and extended credit and performance security facilities in 2019 to support ongoing growth

- 10% increase in dividend announced March 2020
- NCIB program in place since November 2019
- Three strategic tuck-in acquisitions in 18 months

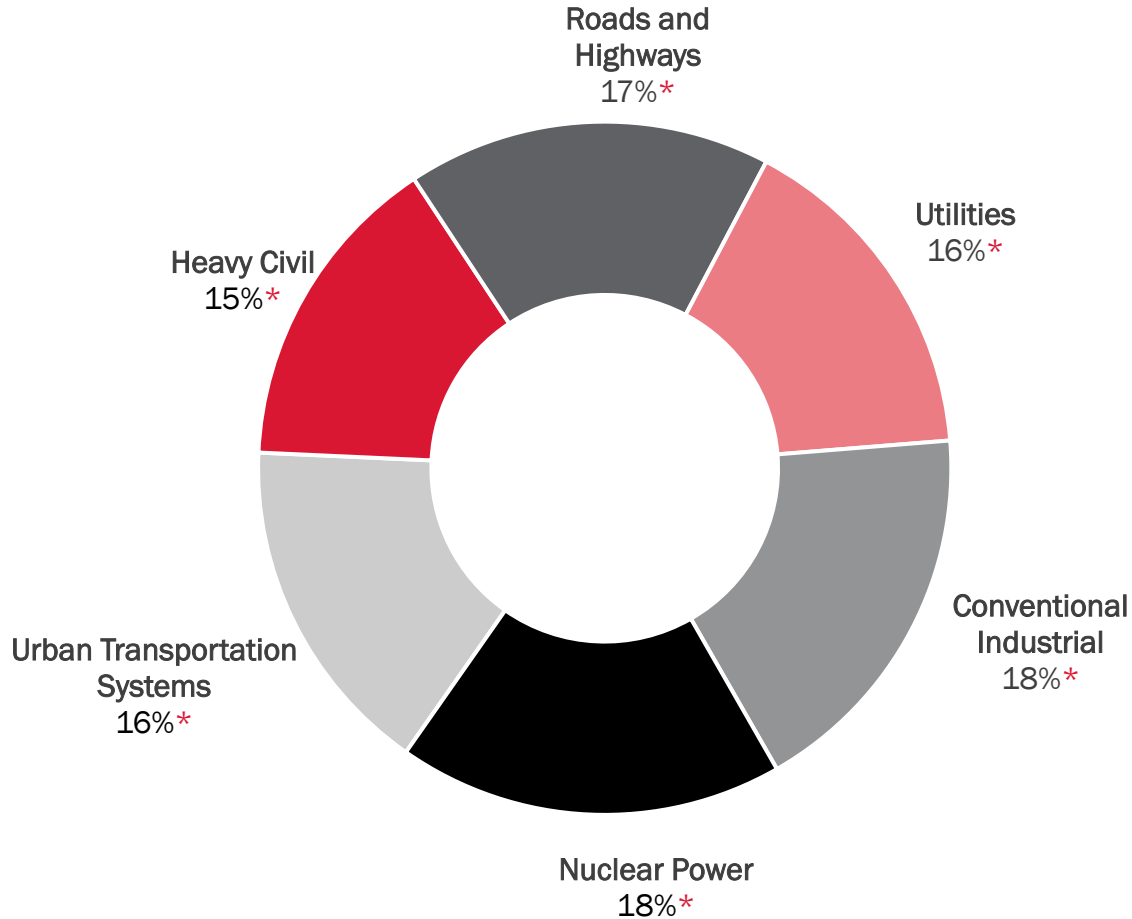
* Excluding Contract Mining business sold in 2018

Excluding Contract Mining business sold in 2018 and one-time executive transition charge in 2019

Diverse & Resilient Business Model

Construction

2019 Revenue \$3,387 M⁺
2019 EBITDA \$185 M⁺



Concessions

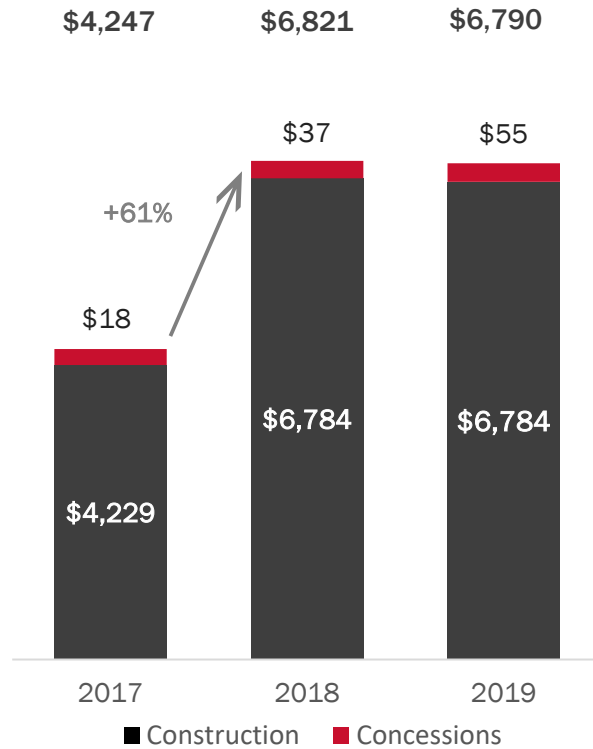
2019 Revenue \$218 M⁺
2019 EBITDA \$83 M⁺

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

Strong Backlog & Recurring Revenue

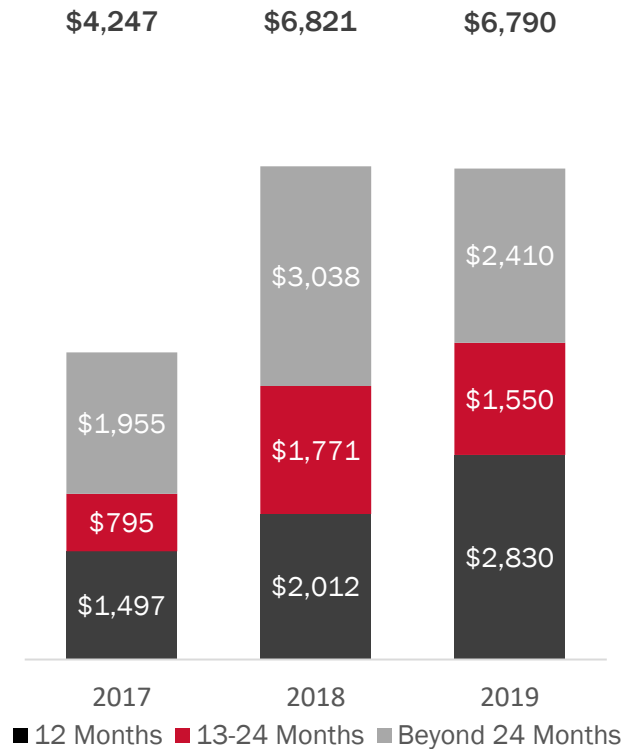
Total Backlog* (\$M)

As at Dec 31



Backlog Duration* (\$M)

As at Dec 31



Recurring Revenue*^ (\$M)

Full Year



Backlog Contract Type As at Dec 31



2019 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 2017 and 2018 due to sale of business in 2018

+ 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

Louis-Hippolyte Lafontaine Tunnel Rehabilitation		QC
Metrolinx Regional Express Rail (RER) Program	P3	ON
Ontario Line Subway	P3	ON
GO Expansion Union Station Enhancement		ON
Eglinton West LRT		ON
Calgary Green Line LRT		AB
Edmonton Valley Line LRT		AB
Trans Mountain Pipeline		AB
Kicking Horse Canyon Highway Upgrade		BC
Site C Generating Station (Balance of Plant)		BC
Broadway Subway (Millennium Line Extension)		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

\$144B | Ontario Budget

Infrastructure investment over 10 years from 2019

\$25B | 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

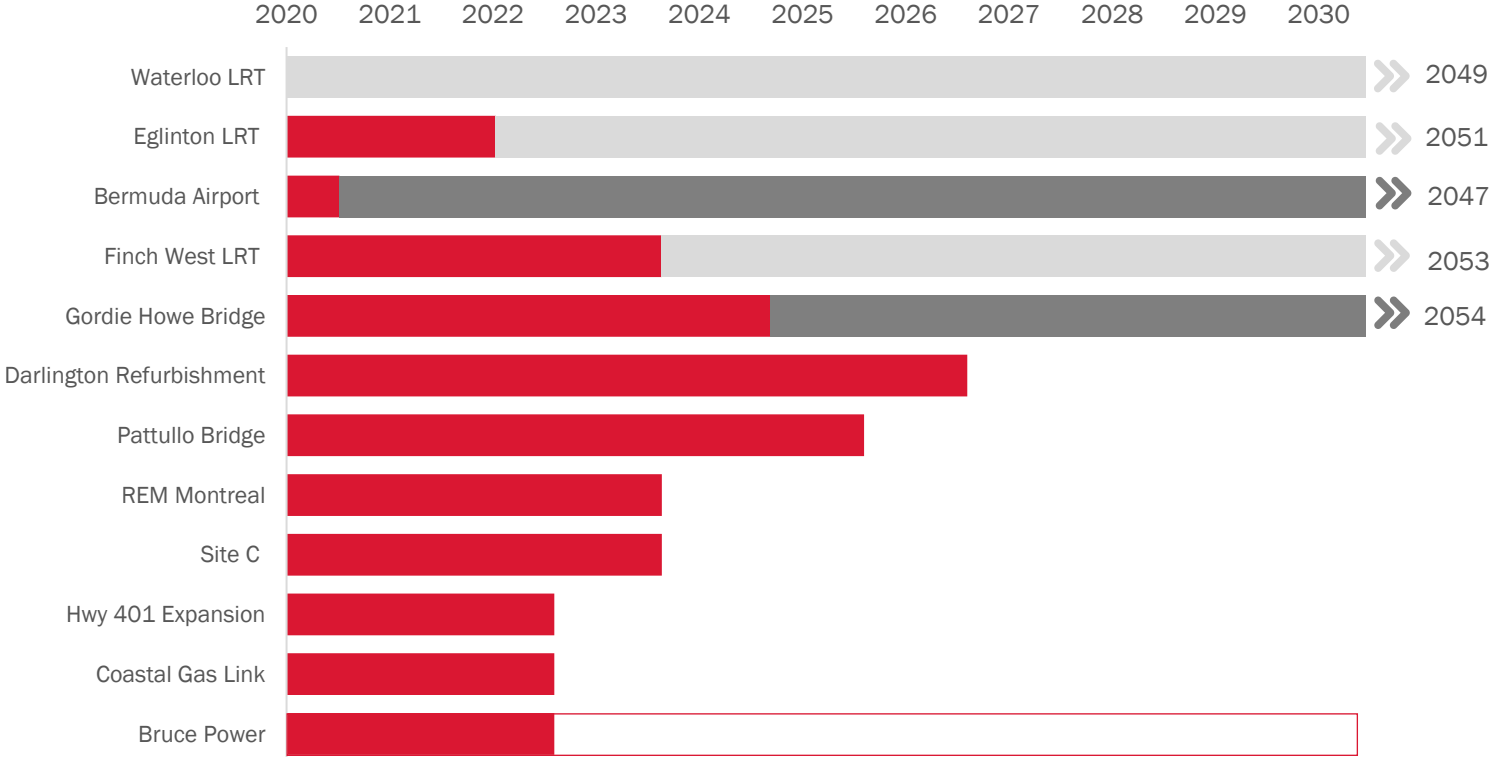
Transportation investment over 3 years from 2020

\$5B | Alberta Budget

Roads and bridges investment over 3 years from 2020 plus investment in Edmonton and Calgary LRTs

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
- ✓ Concessions portfolio currently valued at ~\$4.00 per share by analyst community



Bermuda L.F. Wade International Airport

- 100% equity ownership and concession
- Development and construction of new US\$274 million terminal to open in 2020
- 30 year operations and maintenance concession to 2047
- Upside opportunity through increased air traffic and ancillary fees
- Traffic up 10% in the last 3 years (3.3% GAGR) – ahead of financial forecasts



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

Q4 and Full Year 2019 Financial Results – Reported[^]

\$ Millions
(except EPS, \$ per share)

	Three Months Ended Dec 31 [^]			Year Ended Dec 31 [^]		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	917.3	948.5	▼ 3%	3,460	3,266	▲ 6%
Gross Profit	103.9	105.6	▼ 2%	367.6	357.1	▲ 3%
Gross Margin %	11.3%	11.1%	▲ 20 bps	10.6%	10.9%	▼ 30 bps
Adjusted EBITDA	61.7	72.4	▼ 15%	221.9	207.0	▲ 7%
Adjusted EBITDA Margin %	6.7%	7.6%	▼ 90 bps	6.4%	6.3%	▲ 10 bps
Operating Profit	31.1	42.6	▼ 27%	107.3	89.4	▲ 20%
Profit	20.2	27.9	▼ 28%	72.9	59.0	▲ 24%
EPS (Diluted)	\$0.31	\$0.41	▼ 24%	\$1.12	\$0.94	▲ 19%
New Awards	1,151	764	▲ 51%	3,429	5,840	▼ 41%
Backlog	6,790	6,821	▼ 0.5%	6,790	6,821	▼ 0.5%

[^] See slide 16 for Year End 2019 like-for-like results excluding contract mining business sold in Q4 2018 and one-time executive transition charge of \$7.0 million in Q4 2019

⁺ bps = basis point

Strong Free Cash Flow and Balance Sheet to Support Growth

Free Cash Flow (\$M)		
	Y/E 2019	Y/E 2018
Adjusted EBITDA	221.9	207.0
Cash Interest Expense (net)	(36.0)	(33.0)
Capital Expenditures (net)	(35.6)	(43.0)
Income Taxes Recovered/(Paid)	(6.7)	(1.8)
Free Cash Flow Before W/C and net JV Impact	143.6	129.2
Change in Working Capital	11.1	181.9
Net JV Impact*	(31.5)	(27.1)
FREE CASH FLOW**	123.2	284.0

Free Cash Flow Momentum

- Strong future revenue profile supports an expectation for ongoing solid free cash flow generation

* 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

** In addition to free cash flow are proceeds from sale of Contract Mining business: \$151 million in 2018, \$22 million in 2019 and approximately \$12 million to be received in May 2020

Balance Sheet (\$M)	
	Dec 31, 2019
Core Cash [^]	189.0
Cash in Joint Ventures [^]	493.3
Total Cash[^]	682.3
Net Working Capital	83.6
Long-Term Debt [^]	
- Finance Leases [#]	171.4
- Equipment & Other Asset Loans	34.4
LT Debt excluding Convertible Debentures [^]	205.8
Convertible Debentures (Face Value)	
- Due December 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures^{^#}	389.8
LT Debt to 2019 Adjusted EBITDA ^{&^#}	
- Excluding Convertible Debentures	0.9 x
- Including Convertible Debentures	1.8 x
Net Debt to 2019 Adjusted EBITDA ^{+ #}	(1.3) x

& Calculations based on face value of convertible debentures

FY 2019 includes impact of IFRS 16 from January 1, 2019 on LT Debt and Net Debt

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

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

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[^]

\$362 million over the last 5 years⁺



Dividends

\$140 million over the last 5 years⁺



M&A

>\$35 million over the last 18 months for three strategic, tuck-in acquisitions



NCIB

>\$15 million since launch in November 2019 to end of February 2020

* 2011 to 2020 annual dividend

2014 to 2019 full year EPS

[^] Includes investments in PPE, technology and equity investments in concessions projects

[&] December 31, 2014 to December 31, 2019

⁺ 2015 to 2019

Positive Outlook





Strong future revenue profile supports an expectation for revenue and Adjusted EBITDA growth in 2020

Focused on ensuring solid execution and disciplined bidding approach

- Canada continues to see significant infrastructure investment commitments across the country by all levels of government as well as by non-resource driven segments of the private sector.
- Investment focuses 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 a number of larger pursuits expected to be awarded in 2020.
- Outlook for 2020 remains strong as Aecon's current backlog and recurring revenue contracts, robust pipeline of future opportunities, and ongoing concessions are expected to lead to another year of revenue and Adjusted EBITDA growth 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.
- Both segments continue to bid on opportunities that support continued Adjusted EBITDA margin improvement.

Building the Infrastructure of a Better Tomorrow

Our Projects Connect Communities, Build Resilience and Create Value for all Stakeholders

	Environmental Leadership	Social Contribution	Responsible Governance
Principles	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
Key Focus Areas	<p>Disclose our carbon footprint and set meaningful targets to reduce it</p> <p>Offer Solutions to clients to help them build more resilient infrastructure in a more sustainable way</p>	<p>Safety First Culture and our #1 core value</p> <p>Policies ensure respect for diversity and protection of human rights, internally and throughout the supply chain</p> <p>Recognition through Aecon Achievement Awards, including the J.D Hole Humanitarian Award and Aecon Inclusive Leadership Award</p>	<p>Code of Ethics, Business Conduct & Anti-Corruption Policies in place</p> <p>We have elected to report on these Recognized Frameworks:</p>    

Our Current Major Projects* include:

5 Urban Transportation projects that reduce congestion and emissions

4 Energy projects that supply clean or zero-emission energy

2 Water projects that provide clean water or treat wastewater

Top 300 Forbes Canadian Best Employers 2019

Canada's Best Places to Work Glass Door 2020

Over 40 Indigenous Groups across Canada with whom Aecon has established relationships or joint ventures

80% Independent Directors

30% of Aecon's Directors are women

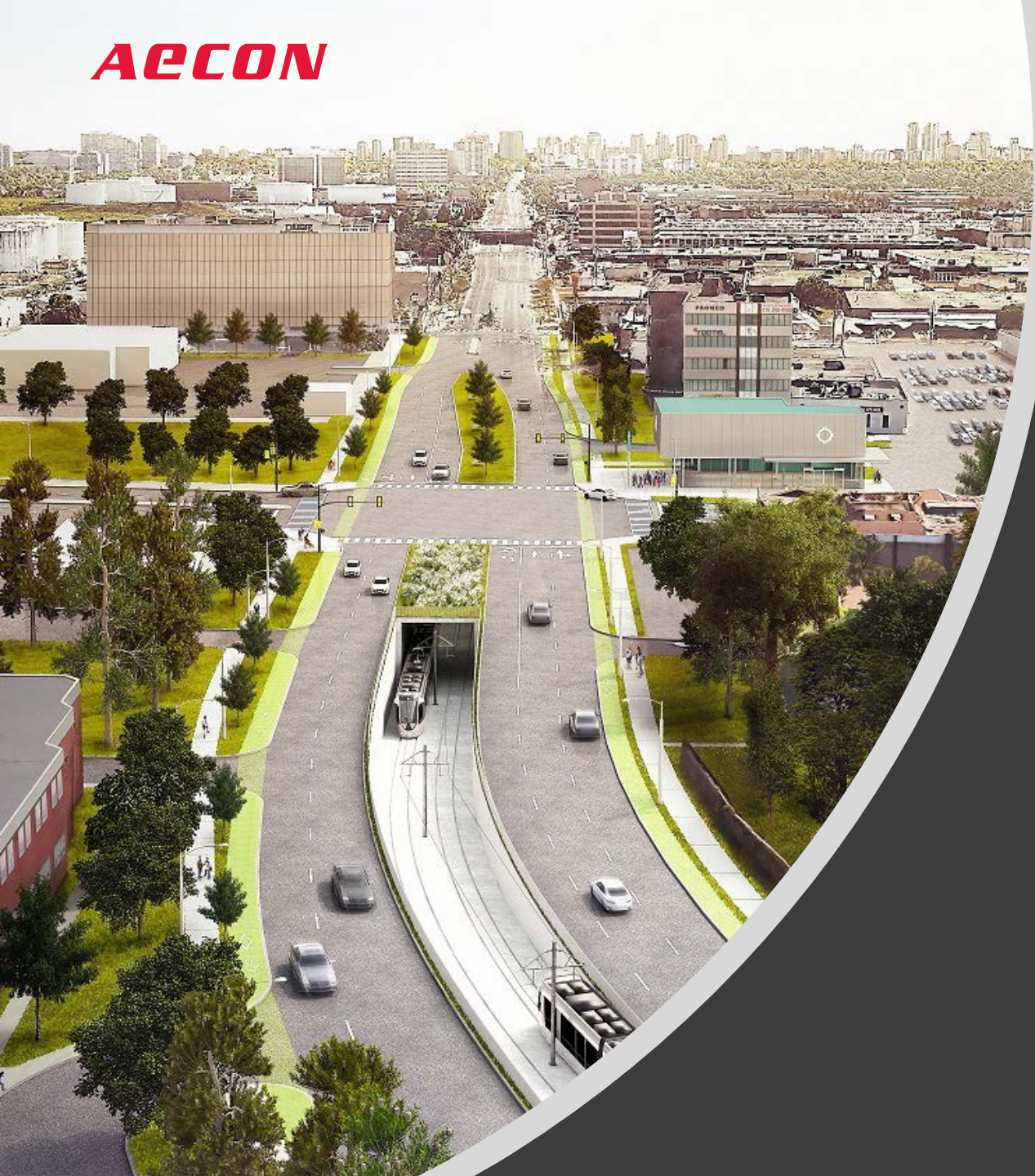
25% of Aecon's Executive Officers are women

100% of Employees are shareholders through Employee Share Unit plan

Aecon's Inaugural Sustainability Report will be Published in 2020



* Projects in construction or operation with a value greater than \$150 million
For further details on Sustainability at Aecon please visit: aecon.com/our-company/sustainability



Appendix

Q4 and Full Year 2019 Results – Like-for-Like*

\$ Millions	Three Months Ended Dec 31*			Year Ended Dec 31*		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	917.3	907.4	▲ 1%	3,460	3,058	▲ 13%
Gross Profit	103.9	99.4	▲ 5%	367.6	329.8	▲ 11%
<i>Gross Margin %</i>	<i>11.3%</i>	<i>11.0%</i>	<i>▲ 30 bps</i>	<i>10.6%</i>	<i>10.8%</i>	<i>▼ 20 bps</i>
Adjusted EBITDA	68.7	67.4	▲ 2%	228.9	185.7	▲ 23%
<i>Adjusted EBITDA Margin %</i>	<i>7.5%</i>	<i>7.4%</i>	<i>▲ 10 bps</i>	<i>6.6%</i>	<i>6.1%</i>	<i>▲ 50 bps</i>
Operating Profit	38.1	45.6	▼ 16%	114.3	100.3	▲ 14%
Profit	25.3	31.5	▼ 20%	78.0	73.0	▲ 7%
EPS (Diluted)	\$0.38	\$0.46	▼ 17%	\$1.19	\$1.13	▲ 6%

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	5.0	21.3
Operating Profit	4.1	(11.1)	(1.0)	(3.0)	(10.9)

* 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

+ bps = basis point

Adjusted EBITDA Contribution by Segment – Like-for-Like[^]

Adjusted EBITDA (\$ Millions)

	Q4 2019	Q4 2018	% CHANGE
Construction	60.5	48.9	▲ 24%
Concessions	19.8	27.5	▼ 28%
TOTAL*[^]	68.7	67.4	▲ 2%

Adjusted EBITDA Margin %

	Q4 2019	Q4 2018	BPS CHANGE
Construction	6.7%	5.5%	▲ 120
Concessions	51.3%	40.6%	▲ 1,070
TOTAL*[^]	7.5%	7.4%	▲ 10

	2019 FY	2018 FY	% CHANGE
Construction	185.4	147.0	▲ 26%
Concessions	83.0	79.7	▲ 4%
TOTAL*[^]	228.9	185.7	▲ 23%

	2019 FY	2018 FY	BPS CHANGE
Construction	5.5%	4.9%	▲ 60
Concessions	38.1%	35.9%	▲ 220
TOTAL*[^]	6.6%	6.1%	▲ 50

Construction 2019 Results - Reported

Revenue up by \$206M, or 6%, year-over-year

- ▲ \$426M in Civil and Urban Transportation Systems driven by increases in both eastern and western Canada
- ▲ \$144M in Nuclear from refurbishment work in Ontario
- ▼ \$254M in Conventional Industrial primarily due to sale of the contract mining business in November 2018
- ▼ \$110M from decreased activity in mainline pipeline projects in western Canada

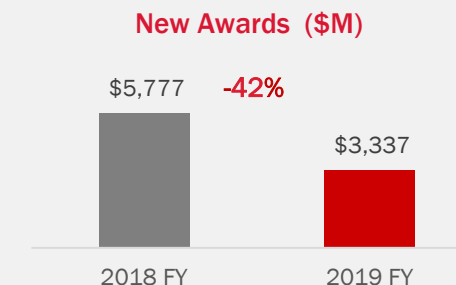
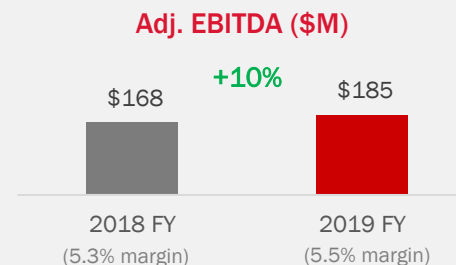
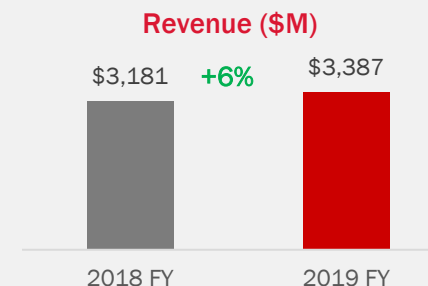
Adjusted EBITDA up by \$17M, or 10%, year-over-year

- ▲ Primarily due to increased revenue and margins from Civil and Urban Transportation Systems

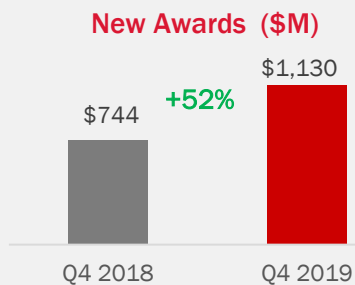
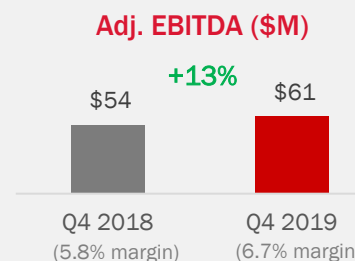
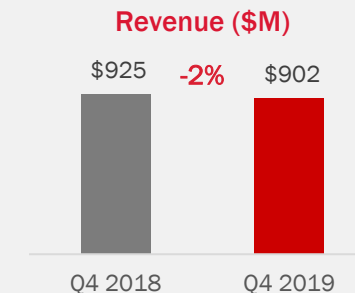
New awards lower by 2,440M, or 42%, year-over-year

- ▼ Primarily due to a number of large project awards in 2018 (Site C Generating Station and Spillways Civil Works, the Réseau express métropolitain Montreal LRT, the Finch West LRT, and the Gordie Howe International Bridge projects)

Full Year 2019*



Q4 2019*



Concessions 2019 Results - Reported

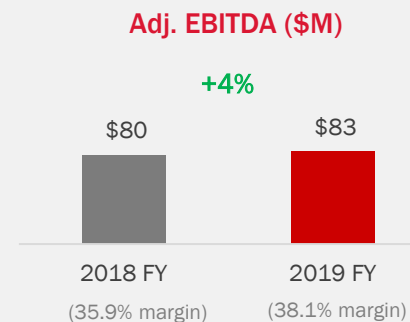
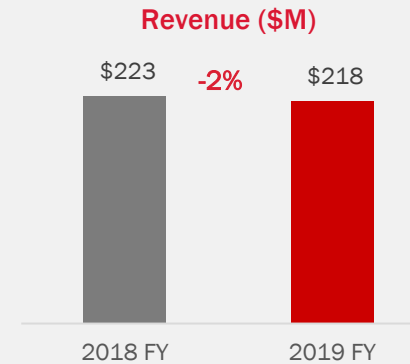
Revenue down by **\$5M**, or **2%**, year-over-year

- ▼ \$6M driven by lower management and development fees for Canadian concessions
- ▲ \$1M higher revenue from Bermuda International Airport Redevelopment Project

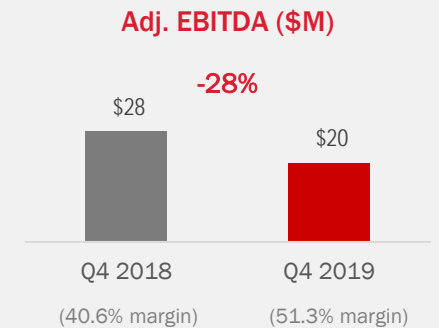
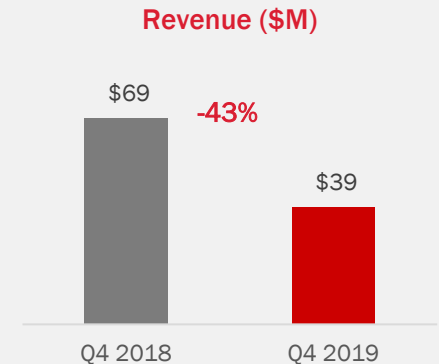
Adjusted EBITDA up by **\$3M**, or **4%**, year-over-year

Primarily driven by increased revenue from Bermuda International Airport Redevelopment Project

Full Year 2019*



Q4 2019*



Capital Markets Overview

ARE.TSX Statistics

\$15.82
Price as of March 11, 2020

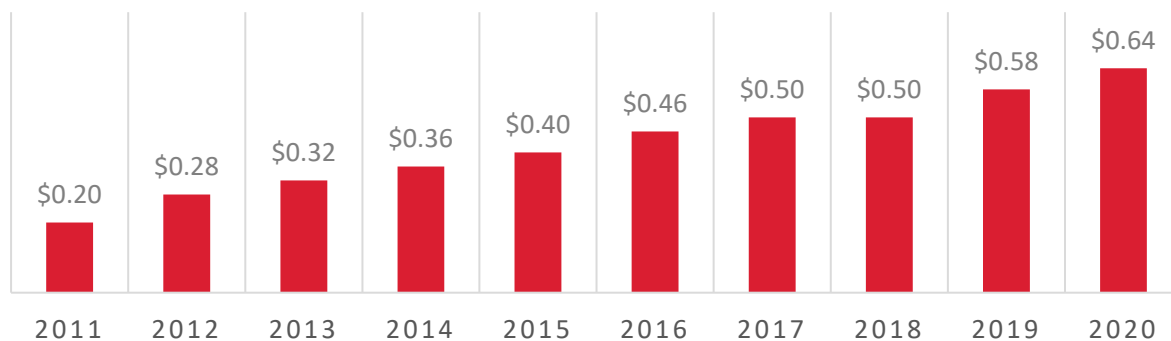
60.3 Million
Shares Outstanding

0.3 Million (\$5.3 Million)
Avg. Daily Share Volume
(3 months – TSX & ATS)

4.1%
Dividend Yield

~\$1.0 Billion
Market Capitalization

\$15.39 / \$21.83
52 Week Low / High



Annual Dividend History



Analyst Coverage

Firm	Analyst	Telephone
AltaCorp Capital	Chris Murray	(647) 776-8246
Canaccord Genuity	Yuri Lynk	(514) 844-3708
CIBC Capital Markets	Jacob Bout	(416) 956-6766
Desjardins Securities	Benoit Poirier	(514) 281-8653
Industrial Alliance Securities	Neil Linsdell	(514) 499-0158
National Bank Financial	Maxim Sytchev	(416) 869-6517
Paradigm Capital	Corey Hammill	(416) 361-0754
Raymond James	Frederic Bastien	(604) 659-8232
TD Securities	Michael Tupholme	(416) 307-9389

9 Buy / Outperform Recommendations

\$25.78 Average Target Price



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