AECON

Aecon to Sell Roadbuilding Business in Ontario to Green Infrastructure Partners for $235 million

Complements strategic focus on end markets related to energy transition and sustainability

Strengthens balance sheet

Go-forward strategic cooperation agreement with GIP

TORONTO, March 1, 2023 /CNW/ - Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") announced today that it has entered into a definitive purchase agreement with Green Infrastructure Partners Inc. ("GIP") under which Aecon has agreed to sell its Aecon Transportation East ("ATE") roadbuilding, aggregates and materials businesses in Ontario for $235 million in cash.

ATE provides roadbuilding infrastructure solutions throughout Ontario to the provincial government, municipalities, and private clients through a workforce of approximately 1,000 employees.

In 2022, ATE's revenue represented approximately 7% of Aecon's consolidated revenue as part of the Construction segment.

"Aecon's efforts are increasingly focused on helping meet its clients' sustainable infrastructure needs and harnessing the opportunities that are expected to come from the transition to a net zero economy through decarbonization," said Jean-Louis Servranckx, President and Chief Executive Officer, Aecon Group Inc. "This transaction is consistent with Aecon's goal of targeting prudent balance sheet leverage and liquidity and also reduces the overall capital intensity of Aecon's business."

Strategic Cooperation Agreement

Upon closing of the sale, Aecon and GIP will enter into a strategic cooperation agreement for certain major projects and pursuits in Ontario that leverage both Aecon's heavy civil construction services and GIP's roadbuilding capabilities.

Use of Proceeds

Upon closing, Aecon expects to use the net proceeds from the transaction to pay down debt on its revolving credit facility. Aecon plans to maintain a disciplined capital allocation approach focused on long-term shareholder value.

Approvals and Time to Close

The Aecon Board of Directors and the GIP Board of Directors have each approved the transaction. ATE will continue to operate in the normal course pending closing of the sale transaction which is expected in the first half of 2023 and is subject to customary adjustments and closing conditions, including obtaining all necessary regulatory approvals. In the event the transaction does not close as a result of GIP's failure to obtain financing for the acquisition, GIP has agreed to pay a reverse break-fee to Aecon of $15 million.

Advisors

CIBC Capital Markets is serving as exclusive financial advisor to Aecon, and Davies Ward Phillips & Vineberg LLP is serving as legal counsel.

About Aecon

Aecon Group Inc. (TSX: ARE) is a national Canadian construction and infrastructure development company with global experience and is proud to be recognized as one of the Best 50 Corporate Citizens in Canada. Aecon delivers integrated solutions to private and public-sector clients through its Construction segment in the Civil, Urban Transportation, Nuclear, Utility and Industrial sectors, and provides project development, financing, investment and management services through its Concessions segment. Join our online community on Twitter, LinkedIn, Facebook, Instagram and TikTok @AeconGroupInc.

Statement on Forward-Looking Information

The information in this press release includes certain forward-looking statements which may constitute forward-looking information under applicable securities laws. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. 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, including statements regarding: Aecon's sale of ATE to GIP, the expected results therefrom, use of proceeds from the transaction and related transaction timeline; Aecon's strategic partnership agreement with GIP and the results therefrom; Aecon's strategic focus on clean energy and other projects linked to sustainability and the opportunities arising therefrom; Aecon's goal of targeting prudent balance sheet leverage and liquidity and Aecon's plan to maintain a disciplined capital allocation approach focused on long-term shareholder value. Forward-looking statements may in some cases be identified by words such as "may", "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "should" or the negative of these terms, or similar expressions. 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, but not limited to: the risk that the transaction will not close; the risk that the strategic partnership with GIP will not realize the expected results and may negatively impact Aecon's existing business; the risk that Aecon will not realize the opportunities presented by a transition to a net-zero economy; the risk that Aecon will not realize the anticipated balance sheet flexibility with the completion of the transaction and various other risk factors described in Aecon's filings with the securities regulatory authorities which are available under Aecon's profile on SEDAR (www.sedar.com) including the risk factors described in Section 13 - "Risk Factors" in Aecon's December 31, 2022 Management's Discussion and Analysis filed on SEDAR (www.sedar.com) on February 28, 2023.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to that: none of the risks identified above materialize, there are no unforeseen changes to economic and market conditions and no significant events occur outside the ordinary course of business. These assumptions are based on information currently available to Aecon, including information obtained from third-party sources. While the Company believes that such third-party sources are reliable sources of information, the Company has not independently verified the information. The Company has not ascertained the validity or accuracy of the underlying economic assumptions contained in such information from third-party sources and hereby disclaims any responsibility or liability whatsoever in respect of any information obtained from third-party sources.

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 statement, whether as a result of new information, future events or otherwise.*

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