

Aecon reports first quarter 2023 results

TORONTO, April 25, 2023 /CNW/ - Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") today reported results for the first quarter of 2023 with year-over-year increases in revenue, operating profit, and Adjusted EBITDA, and backlog of \$6 billion at March 31, 2023.

"With backlog of \$6 billion and recurring revenue programs continuing to see robust demand, driven primarily by the utilities sector, Aecon believes the North American construction market continues to be resilient in the sectors Aecon serves," said Jean-Louis Servranckx, President and Chief Executive Officer, Aecon Group Inc. "Aecon is committed to maintaining a disciplined capital allocation approach and positioning the business for long-term success, underpinned by a strategic focus on projects and concession opportunities linked to decarbonization, sustainability and the energy transition as well as projects procured and delivered under more collaborative models."

HIGHLIGHTS

All quarterly financial information contained in this news release is unaudited.

- Revenue for the three months ended March 31, 2023 of \$1,107 million was \$121 million, or 12%, higher compared to the same period in 2022.
- Adjusted EBITDA⁽¹⁾⁽²⁾ of \$24.6 million for the three months ended March 31, 2023 (Adjusted EBITDA margin⁽³⁾ of 2.2%) compared to Adjusted EBITDA of \$20.6 million (Adjusted EBITDA margin of 2.1%) in the same period in 2022 and operating profit of \$5.6 million (operating margin⁽⁴⁾ of 0.5%) compared to an operating loss of \$9.6 million in the same period in 2022.
- Net loss of \$9.4 million (diluted loss per share of \$0.15) for the three months ended March 31, 2023 compared to a net loss of \$17.4 million (diluted loss per share of \$0.29) during the same period in 2022.
- Four large fixed price legacy projects being performed by joint ventures in which Aecon is a participant (see Section 5 "Recent Developments", Section 10.2 "Contingencies" of the Company's March 31, 2023 Management's Discussion and Analysis ("MD&A") and Section 13 "Risk Factors" in the 2022 Annual MD&A which are available on the Company's profile on SEDAR (www.sedar.com), are being negatively impacted due to additional costs for which the joint ventures assert that the owners are contractually responsible, including for, among other things, unforeseeable site conditions, third party delays, COVID-19, supply chain disruptions, and inflation related to labour and materials. Aecon recognized an operating loss of \$2.8 million in both the first quarter of 2023 and 2022 from these four legacy projects. At March 31, 2023, the remaining backlog to be worked off on these projects was \$801 million with three of the four projects currently expected to be substantially complete by dates between late 2023 and early 2024, and the fourth is currently expected to be substantially complete during 2025.
- Reported backlog at March 31, 2023 of \$6,002 million compared to backlog of \$6,423 million at March 31, 2022. New contract awards of \$812 million were booked in the first quarter of 2023 compared to \$1,211 million in the same period in 2022.
- On March 1, 2023, Aecon announced that it has entered into a definitive purchase agreement with Green Infrastructure Partners Inc. under which Aecon has agreed to sell its Aecon Transportation East roadbuilding, aggregates and materials businesses in Ontario for \$235 million in cash. The transaction is expected to close in the second quarter of 2023.
- On March 15, 2023, Aecon announced that it has entered into an agreement with Connor, Clark & Lunn Infrastructure to sell a 49.9% interest in the Bermuda International Airport concessionaire, Bermuda Skyport Corporation Limited ("Skyport"), for US\$128.5 million (\$173.9 million equivalent at March 31, 2023) in cash. Aecon Concessions will retain the management contract for the airport and joint control of Skyport with a 50.1% retained interest. The

transaction is expected to close in the second quarter of 2023.

- In the first quarter of 2023 Aecon was awarded a \$215 million contract by Parsons Inc. for the Giant Mine Remediation Water Treatment Plant Project in Yellowknife, Northwest Territories. Construction is expected to commence in the second quarter of 2023, with anticipated completion in the second quarter of 2026.
- Aecon's fourth annual Sustainability Report, entitled *Building a Sustainable Future*, was released on April 21, 2023, outlining its progress and goals in its Environmental, Social and Governance (ESG) practices. The complete report is available on Aecon's website at www.aecon.com/sustainability.

CONSOLIDATED FINANCIAL HIGHLIGHTS⁽¹⁾

\$ millions (except per share amounts)	Three months ended	
	March 31	
	2023	2022
Revenue	\$ 1,107.2	\$ 985.9
Gross profit	66.8	61.1
Marketing, general and administrative expense	(54.2)	(53.1)
Income from projects accounted for using the equity method	3.3	3.0
Other income	12.6	2.2
Depreciation and amortization	(22.9)	(22.9)
Operating profit (loss)	5.6	(9.6)
Finance income	1.4	0.1
Finance cost	(16.9)	(11.8)
Loss before income taxes	(9.9)	(21.3)
Income tax recovery	0.5	3.9
Loss	\$ (9.4)	\$ (17.4)
Gross profit margin⁽⁴⁾	6.0 %	6.2 %
MG&A as a percent of revenue⁽⁴⁾	4.9 %	5.4 %
Adjusted EBITDA⁽²⁾	24.6	20.6
Adjusted EBITDA Margin⁽³⁾	2.2 %	2.1 %
Operating margin⁽⁴⁾	0.5 %	(1.0) %
Loss per share – basic	\$ (0.15)	\$ (0.29)
Loss per share – diluted	\$ (0.15)	\$ (0.29)
Backlog (at end of period)	\$ 6,002	\$ 6,423

(1) This press release presents 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 under IFRS). Further details on these measures and ratios are included in the "Non-GAAP and Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release.

(2) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release for more information on each non-GAAP financial measure.

(3) This is a non-GAAP ratio. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each non-GAAP ratio.

(4) This is a supplementary financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each supplementary financial measure.

Revenue for the three months ended March 31, 2023 of \$1,107 million was \$121 million, or 12%, higher compared to the same period in 2022. Revenue was higher in the Construction segment (\$119 million) driven by increases in civil (\$65 million), industrial (\$27 million), nuclear (\$11 million), utilities (\$9 million), and urban transportation solutions (\$7 million). In the Concessions segment, higher revenue of \$3 million for the three months ended March 31, 2023 was primarily due to the improvement of commercial flight operations at the Bermuda International Airport.

Operating profit of \$5.6 million for the three months ended March 31, 2023 improved by \$15.2 million compared to an operating loss of \$9.6 million in the same period in 2022. The period-over-period improvement in operating profit was driven in part by higher gross profit of \$5.7 million largely due to an increase in the Construction segment primarily from higher volume and gross profit margin in industrial and urban transportation solutions, and from higher volume in nuclear operations,

partially offset by lower gross profit margin in civil and utilities operations. In the Concessions segment, gross profit increased by \$0.2 million primarily from an improvement in results from airport operations at the Bermuda International Airport.

Marketing, general and administrative expense ("MG&A") increased in the first quarter of 2023 by \$1.1 million compared to the same period in 2022, driven primarily by higher personnel costs. However, MG&A as a percentage of revenue decreased from 5.4% in the first quarter of 2022 to 4.9% in the first quarter of 2023.

Reported backlog at March 31, 2023 of \$6,002 million compared to backlog of \$6,423 million at March 31, 2022. New contract awards of \$812 million were booked in the first quarter of 2023 compared to \$1,211 million in the same period in 2022.

REPORTING SEGMENTS

Aecon reports its financial performance on the basis of two segments: Construction and Concessions, which are described in the Company's March 31, 2023 MD&A.

CONSTRUCTION SEGMENT FINANCIAL HIGHLIGHTS

\$ millions	Three months ended	
	March 31	
	2023	2022
Revenue	\$ 1,090.5	\$ 971.6
Gross profit	\$ 62.2	\$ 56.5
Adjusted EBITDA ⁽¹⁾	\$ 22.3	\$ 19.3
Operating profit	\$ 16.2	\$ 1.3
Gross profit margin ⁽³⁾	5.7 %	5.8 %
Adjusted EBITDA margin ⁽²⁾	2.0 %	2.0 %
Operating margin ⁽³⁾	1.5 %	0.1 %
Backlog (at end of period)	\$ 5,902	\$ 6,337

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(2) This is a non-GAAP ratio. Refer to the "Non-GAAP And Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release for more information on each non-GAAP ratio.

(3) This is a supplementary financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" section of this press release for more information on each supplementary financial measure.

Revenue in the Construction segment for the three months ended March 31, 2023 of \$1,090 million was \$119 million, or 12%, higher compared to the same period in 2022. Construction segment revenue was higher in each sector, with the largest increase being in civil operations (\$65 million) primarily from an increase in major projects in both eastern and western Canada. In industrial operations, higher revenue (\$27 million) was due to increased activity on mainline pipeline work and higher field construction work at mining and wastewater facilities all in western Canada, partially offset by a lower volume of field construction work at chemical facilities in eastern Canada. Higher revenue in nuclear operations (\$11 million) was driven by an increased volume of refurbishment work at nuclear generating stations in Ontario and the U.S., in utilities operations (\$9 million) from increased volume of telecommunications and high-voltage electrical transmission work, partially offset by a lower volume of oil and gas distribution work, and in urban transportation solutions (\$7 million) driven primarily by a higher volume of rail electrification project work in Ontario.

Operating profit in the Construction segment of \$16.2 million in the first three months of 2023 increased by \$14.9 million compared to an operating profit of \$1.3 million in the same period in 2022. This increase was driven by higher volume and gross profit margin in industrial and urban transportation solutions, and from higher volume in nuclear operations. Higher gross profit and gross

profit margin in industrial was largely due to a negative gross profit of \$7.1 million in the same period last year versus \$nil in the first quarter of 2023 from one of the four fixed price legacy projects discussed in Section 5 "Recent Developments" and Section 10.2 "Contingencies" in the March 31, 2023 MD&A, and Section 13 "Risk Factors" in the 2022 Annual MD&A. In utilities operations, lower gross profit margin was offset by an increase in gains on the sale of property and equipment of \$10.4 million. These increases were partially offset by lower gross profit margin in civil operations due to negative gross profit of \$2.8 million in the first quarter of 2023 versus a gross profit of \$3.9 million in the same period last year from one of the four fixed price legacy projects.

Construction backlog at March 31, 2023 was \$5,902 million compared to \$6,337 million at the same time in 2022. Backlog decreased period-over-period in urban transportation solutions (\$315 million), nuclear (\$268 million), and industrial operations (\$16 million), while backlog increased in utilities (\$112 million) and civil operations (\$52 million). New contract awards of \$795 million in the first quarter of 2023 were \$398 million lower than the same period in 2022.

CONCESSIONS SEGMENT FINANCIAL HIGHLIGHTS

\$ millions	Three months ended	
	March 31	
	2023	2022
Revenue	\$ 17.0	\$ 14.4
Gross profit	\$ 4.7	\$ 4.4
Income from projects accounted for using the equity method	\$ 3.5	\$ 3.4
Adjusted EBITDA ⁽¹⁾	\$ 15.0	\$ 13.6
Operating profit	\$ 2.4	\$ 1.5
Backlog (at end of period)	\$ 100	\$ 86

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release for more information on each non-GAAP financial measure.

Aecon currently holds a 100% interest in Skyport, the concessionaire responsible for the Bermuda airport's operations, maintenance and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. On December 9, 2020, Skyport opened the new passenger terminal building at the L.F. Wade International Airport. Aecon's participation in Skyport is consolidated and, as such, is accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. See Section 5 "Recent Developments" of the March 31, 2023 MD&A for details of an agreement to sell a 49.9% interest in Skyport. However, Aecon's concession participation in the Eglinton Crosstown light rail transit ("LRT"), Finch West LRT, Gordie Howe International Bridge, Waterloo LRT, and the GO Expansion On-Corridor Works projects are joint ventures that are accounted for using the equity method.

For the three months ended March 31, 2023, revenue in the Concessions segment of \$17 million was \$3 million higher than the same period in 2022 primarily due to an increase in commercial flight operations at the Bermuda International Airport.

Operating profit in the Concessions segment of \$2.4 million for the three months ended March 31, 2023 improved by \$0.9 million compared to an operating profit of \$1.5 million in the first three months of 2022, primarily from an increase in management and development fees as well as an improvement in operating results from the Bermuda International Airport.

Except for Operations & Maintenance ("O&M") activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities for the next five years, is reported.

OUTLOOK

Demand for Aecon's services across Canada continues to be strong, particularly in smaller and medium sized projects. In addition, during 2022, a consortium in which Aecon is a participant was selected to deliver the long-term GO 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, while another consortium in which Aecon is a participant was selected as the development partner for the Scarborough Subway Extension Stations, Rail and Systems project in Ontario to be delivered using a progressive design-build model. None of the anticipated work from these two significant long-term projects is yet reflected in backlog. Aecon (including joint ventures in which Aecon is a participant) is also prequalified on a number of project bids due to be awarded during the next twelve months and has a pipeline of opportunities to further add to backlog over time. With backlog of \$6.0 billion at March 31, 2023 and recurring revenue programs continuing to see robust demand, driven by the utilities sector and ongoing recovery in airport traffic in Bermuda, Aecon believes it is positioned to achieve further 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 stabilized to some extent and 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 5 "Recent Developments" and Section 10.2 "Contingencies" in the March 31, 2023 MD&A and Section 13 "Risk Factors" in the 2022 Annual 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.

On March 1, 2023, Aecon announced that it has entered into a definitive purchase agreement with Green Infrastructure Partners Inc. under which Aecon has agreed to sell its Aecon Transportation East roadbuilding, aggregates and materials businesses in Ontario for \$235 million in cash. On March 15, 2023, Aecon announced that it has entered into an agreement with Connor, Clark & Lunn Infrastructure to sell a 49.9% interest in the Bermuda International Airport concessionaire for US\$128.5 million (\$173.9 million equivalent at March 31, 2023) in cash. Closing of these sales transactions is expected in the second quarter of 2023. Upon closing, Aecon expects to use the net proceeds from the transactions to pay down debt on its revolving credit facility. Aecon plans to maintain a disciplined capital allocation approach focused on long-term shareholder value.

In the Construction segment, with strong demand, growing recurring revenue programs, and diverse backlog in hand, Aecon is focused on achieving 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 addition to the selection of consortiums in which Aecon is a participant for two large transit related projects in 2022 noted above, in early 2023, a partnership in which Aecon is a participant announced that it had executed a six-year alliance agreement with Ontario Power Generation to deliver North America's first grid-scale Small Modular Reactor through the Darlington New Nuclear Project in Clarington, Ontario. In addition, Oneida LP, a consortium in which Aecon Concessions will be an 8.35% equity partner upon financial close, executed an agreement with the Independent Electricity System Operator for the Oneida Energy Storage Project to deliver a 250 megawatt / 1,000 megawatt-hour energy storage facility near Nanticoke Ontario, with Aecon awarded a \$141 million Engineering, Procurement and Construction contract by Oneida LP. All of these projects further demonstrate Aecon's strategic focus in the industry with respect to projects linked to decarbonization, energy transition, and sustainability and represent more collaborative procurement models than have traditionally been used.

In the Concessions segment, in addition to expecting an ongoing recovery in travel through the Bermuda International Airport 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 projects with private sector clients that support a collective focus on sustainability and the transition to a net-zero economy. The GO Expansion On-Corridor Works project and the Oneida Energy Storage project noted above are examples of the role Aecon's Concessions segment is playing in developing, operating and maintaining assets related to this transition.

At March 31, 2023, Aecon had a committed revolving credit facility of \$600 million, of which \$240 million was drawn and \$10 million utilized for letters of credit. On December 31, 2023, convertible debentures with a face value of \$184 million will mature and the Company expects to repay these debentures at maturity or before. The Company has no other debt or working capital credit facility maturities in 2023, except equipment loans and leases in the normal course.

CONSOLIDATED RESULTS

The consolidated results for the three months ended March 31, 2023 and 2022 are available at the end of this news release.

BALANCE SHEET

\$ thousands	March 31 2023	December 31 2022
Cash and cash equivalents and restricted cash	\$ 358,362	\$ 484,245
Assets of disposal groups classified as held for sale	832,361	-
Other current assets	1,858,175	1,839,009
Property, plant and equipment	272,597	395,101
Other long-term assets	301,528	848,662
Total Assets	\$ 3,623,023	\$ 3,567,017
Current portion of long-term debt - recourse	\$ 56,938	\$ 56,564
Current portion of long-term project debt - non-recourse	-	3,347
Current portion of convertible debentures	180,145	178,878
Liabilities of disposal groups classified as held for sale	547,983	-
Other current liabilities	1,606,917	1,595,674
Long-term debt - recourse	165,740	173,638
Long-term project debt - non-recourse	-	375,654
Other long-term liabilities	130,716	229,267
Equity	934,584	953,995
Total Liabilities and Equity	\$ 3,623,023	\$ 3,567,017

CONFERENCE CALL

A conference call and live webcast has been scheduled for 9 a.m. (Eastern Time) on Wednesday, April 26, 2023. Participants should dial 1-833-950-0062 or 1-226-828-7575 at least 10 minutes prior to the conference time. The conference ID is **294073**. An accompanying presentation of the first quarter 2023 financial results will be available after market close on April 25, 2023 at www.aecon.com/investing.

A live webcast of the conference call will also be available at www.aecon.com/InvestorCalendar.

Participants should join the webcast at least 15 minutes prior to the conference time to register and install any necessary software. For those unable to attend the call, a replay will be available after 2 p.m. (Eastern Time) on April 26, 2023 at 1-866-813-9403 or 1-929-458-6194, or [online](#) until midnight on May 24, 2023. The access code is **214726**. A replay of the webcast will also be available within 24 hours following the call.

AECON 2023 ANNUAL MEETING OF SHAREHOLDERS

Aecon's Annual Meeting of Shareholders will be held on Tuesday, June 6, 2023. Additional details will be set out in the Notice of Annual Meeting of Shareholders and Management Information Circular which will be filed on SEDAR prior to the meeting.

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 and Instagram @AeconGroupInc.

NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES

This press release presents 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 Generally Accepted Accounting Principles under IFRS). 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.

Throughout this press release, the following terms are used, which do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

A non-GAAP financial measure: (a) depicts the historical or expected future financial performance, financial position or cash flow of the Company; (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most comparable financial measure presented in the primary consolidated financial statements; (c) is not presented in the primary financial statements of the Company; and (d) is not a ratio.

Non-GAAP financial measures presented and discussed in this press release are as follows:

- **"Adjusted EBITDA"** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, and net income (loss) from projects accounted for using the equity method, but including "Equity Project EBITDA" from projects accounted for using the equity method (Refer to the "Reconciliations and Calculations" section of this press release for a quantitative reconciliation to the most comparable financial measure).
- **"Equity Project EBITDA"** represents Aecon's proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, finance income, finance cost and income tax expense (recovery) (Refer to the "Reconciliations and Calculations" section of this press release for a quantitative reconciliation to the most comparable financial measure).

Management uses the above non-GAAP financial measures to analyze and evaluate operating performance. Aecon also believes the above financial measures 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. The most directly comparable measures calculated in accordance with GAAP are operating profit and profit (loss) attributable to shareholders.

Primary Financial Statements

Primary financial statements include any of the following: the consolidated balance sheets, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows.

Key financial measures presented in the primary financial statements of the Company and discussed in this press release are as follows:

- **"Gross profit"** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general and administrative expense ("MG&A"), depreciation and amortization, income (loss) from projects accounted for using the equity method, other income (loss), finance income, finance cost, income tax expense (recovery), and non-controlling interests.
- **"Operating profit (loss)"** represents the profit (loss) from operations, before finance income, finance cost, income tax expense (recovery) and non-controlling interests.

The above measures are presented on the face of the Company's consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

- **"Backlog" (Remaining Performance Obligations)** means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance ("O&M") activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Remaining Performance Obligations, i.e. Backlog, is presented in the notes to the Company's annual consolidated financial statements and is not meant to be a substitute for other amounts presented in accordance with GAAP, but rather should be evaluated in conjunction with such GAAP measures.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure presented in the form of a ratio, fraction, percentage or similar representation and that has a non-GAAP financial measure as one of its components and is not disclosed in the financial statements of the Company.

A non-GAAP ratio presented and discussed in this press release is as follows:

- **"Adjusted EBITDA margin"** represents Adjusted EBITDA as a percentage of revenue.

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company, (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

Key supplementary financial measures presented in this press release are as follows:

- **"Gross profit margin"** represents gross profit as a percentage of revenue.
- **"Operating margin"** represents operating profit (loss) as a percentage of revenue.
- **"MG&A as a percent of revenue"** represents marketing, general and administrative expense

as a percentage of revenue.

RECONCILIATIONS AND CALCULATIONS

Set out below is the calculation of Adjusted EBITDA by segment for the three months ended March 31, 2023 and 2022:

\$ millions										
	Three months ended March 31, 2023					Three months ended March 31, 2022				
	Other costs and eliminations					Other costs and eliminations				
	Construction	Concessions		Consolidated		Construction	Concessions		Consolidated	
Operating profit (loss)	\$ 16.2	\$ 2.4	\$ (13.0)	\$ 5.6		\$ 1.3	\$ 1.5	\$ (12.4)	\$ (9.6)	
Depreciation and amortization	17.0	5.6	0.3	22.9		17.4	5.3	0.2	22.9	
(Gain) on sale of assets	(12.2)	-	-	(12.2)		(2.1)	-	-	(2.1)	
Income from projects accounted for using the equity method	0.2	(3.5)	-	(3.3)		0.3	(3.3)	-	(3.0)	
Equity Project EBITDA ⁽¹⁾	1.2	10.4	-	11.6		2.3	10.1	-	12.4	
Adjusted EBITDA ⁽¹⁾	\$ 22.4	\$ 14.9	\$ (12.7)	\$ 24.6		\$ 19.2	\$ 13.6	\$ (12.2)	\$ 20.6	

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section in this press release for more information on each non-GAAP financial measure.

Set out below is the calculation of Equity Project EBITDA by segment for the three months ended March 1, 2023 and 2022:

\$ millions										
Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Three months ended March 31, 2023					Three months ended March 31, 2022				
	Other costs and eliminations				Consolidated	Other costs and eliminations				Consolidated
	Construction	Concessions				Construction	Concessions			
Operating profit	\$ 1.0	\$ 10.4	\$ -	\$ -	\$ 11.4	\$ 2.1	\$ 10.1	\$ -	\$ -	\$ 12.2
Depreciation and amortization	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Equity Project EBITDA ⁽²⁾	\$ 1.2	\$ 10.4	\$ -	\$ -	\$ 11.6	\$ 2.3	\$ 10.1	\$ -	\$ -	\$ 12.4

(1) Refer to Note 11 "Projects Accounted for Using the Equity Method" in March 31, 2023 interim condensed consolidated financial statements.

(2) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section in this press release for more information on each non-GAAP financial measure.

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: the strength of the North American construction market; its commitment to maintaining a disciplined capital approach and anticipated results therefrom; its strategic focus on projects and concessions opportunities linked to decarbonization and the energy transition and sustainability and projects procured and delivered under more collaborative models; expectations regarding the impact of the four fixed price legacy projects and expected timelines of such projects; the impact of certain contingencies on Aecon (see: Section 10.2 "Contingencies" in our March 31, 2023 MD&A); backlog and estimated duration; Aecon's sale of ATE to GIP, including transaction rationale, use of proceeds from the sale of ATE and related transaction timeline; Aecon's sale of a 49.9% interest in Skyport to CC&L Infrastructure, including transaction rationale, use of proceeds from the sale and related transaction timeline; project timelines; expectations regarding the pipeline of opportunities available to Aecon; its strategy of seeking to differentiate its service offering and execution capability and the expected results therefrom;

statements regarding the various phases of projects for Aecon; the uncertainties related to the unpredictability of global economic conditions; Aecon Concession's equity interest in Oneida Energy Storage LP; expectations regarding ongoing recovery in travel through Bermuda International Airport in 2023 and opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months; and, expectations regarding the repayment of the outstanding convertible debentures at or before maturity and other debt obligations in 2023. Forward-looking statements may in some cases be identified by words such as "will," "plans," "schedule," "forecast," "outlook," "potential," "seek," "strategy," "may," "could," "might," "can," "believes," "expects," "anticipates," "estimates," "projects," "intends," "prospects," "targets," "occur," "continue," "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 of not being able to drive a higher margin mix of business by participating in more complex projects, achieving operational efficiencies and synergies, and improving margins; the risk of not being able to meet contractual schedules and other performance requirements on large, fixed priced contracts; the risk of not being able to meet its labour needs at reasonable costs; the risk of not being able to address any supply chain issues which may arise and pass on costs of supply increases to customers; the risk of not being able, through its joint ventures, to enter into implementation phases of certain projects following the successful completion of the relevant development phase; the risk of not being able to execute its strategy of building strong partnerships and alliances; the risk of not being able to execute its risk management strategy; the risk of not being able to grow backlog across the organization by winning major projects; the risk of not being able to maintain a number of open, recurring and repeat contracts; the risk of not being able to accurately assess the risks and opportunities related to its industry's transition to a lower-carbon economy; the risk of not being able to oversee, and where appropriate, respond to known and unknown environmental and climate change-related risks, including the ability to recognize and adequately respond to climate change concerns or public, governmental and other stakeholders' expectations on climate matters; the risk of not being able to meet its commitment to meeting its greenhouse gas emissions reduction targets; the risks associated with the strategy of differentiating its service offerings in key end markets; the risks associated with undertaking initiatives to train employees; the risks associated with the seasonal nature of its business; the risks associated with being able to participate in large projects; the risks associated with legal proceedings to which it is a party; the ability to successfully respond to shareholder activism; the risk that Aecon's sale of ATE will not close; the risk that Aecon will not realize the strategic rationale for the sale of ATE; 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 sale of ATE; the risk Aecon's sale of a 49.9% interest in Skyport to CC&L Infrastructure will not close; the risk that Aecon will not realize the strategic rationale for the sale of the equity interest in Skyport; the risk that Aecon will not realize the anticipated balance sheet strength while preserving capital for other long-term growth and concession opportunities in connection with the sale of the equity interest in Skyport; and risks associated with the COVID-19 pandemic and future pandemics and Aecon's ability to respond to and implement measures to mitigate the impact of COVID-19 and future pandemics.

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.

Risk factors are discussed in greater detail in Section 13 - "Risk Factors" in the March 31, 2023 MD&A and in the 2022 Annual MD&A which are available on SEDAR at (www.sedar.com). 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.

CONSOLIDATED STATEMENTS OF INCOME			
FOR THE THREE MONTHS ENDED MARCH 31, 2023 and 2022			
(in thousands of Canadian dollars, except per share amounts) (unaudited)			
	March 31 2023	March 31 2022	
Revenue	\$ 1,107,155	\$ 985,914	
Direct costs and expenses	(1,040,322)	(924,822)	
Gross profit	66,833	61,092	
Marketing, general and administrative expense	(54,238)	(53,111)	
Depreciation and amortization	(22,924)	(22,874)	
Income from projects accounted for using the equity method	3,287	3,021	
Other income	12,636	2,237	
Operating profit (loss)	5,594	(9,635)	
Finance income	1,418	103	
Finance cost	(16,924)	(11,787)	
Loss before income taxes	(9,912)	(21,319)	
Income tax recovery	474	3,876	
Loss for the period	\$ (9,438)	\$ (17,443)	
Basic loss per share	\$ (0.15)	\$ (0.29)	
Diluted loss per share	\$ (0.15)	\$ (0.29)	

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