



COMPANY: **BIRD CONSTRUCTION INC.**
LISTING: TORONTO STOCK EXCHANGE
CITY: MISSISSAUGA
SYMBOL: **BDT**
DATE: May 12, 2020
SUBJECT: BIRD CONSTRUCTION INC. ANNOUNCES 2020 FIRST QUARTER FINANCIAL RESULTS

HIGHLIGHTS:

- During the first quarter of 2020, the Company recorded net income of \$1.1 million on construction revenue of \$321.6 million compared with a net loss of \$6.5 million on \$261.8 million of construction revenue in 2019. The 22.9% year-over-year increase in revenue in the first quarter was driven by growth in the industrial work program, while the commercial and institutional work program was effectively flat. The year-over-year increase in first quarter net income is reflective of the improvement in earnings attributable to the mix of higher margin industrial work program. The first quarter of 2019 was negatively impacted by a Public Private Partnership ("PPP") project that had performance issues and incurred additional cost due to design related scope growth and acceleration expenses. There were substantial changes to the scope of the project requested by the client that are in commercial negotiation. This PPP project achieved substantial performance in the first quarter of 2020.
- Adjusted EBITDA and Adjusted EBITDA Margin in the first quarter of 2020 were \$7.6 million and 2.35%, respectively. Adjusted EBITDA increased \$10.7 million from the Adjusted EBITDA of negative \$3.1 million in the first quarter of 2019. Adjusted EBITDA Margin increased 355 basis points from the Adjusted EBITDA margin of negative 1.20% recorded in the first quarter of 2019. The year-over-year improvement was driven by an increase in gross profit due to the revenue mix, and the impact of increased costs on a certain contract incurred in 2019 that did not recur in 2020.
- The COVID-19 pandemic has added uncertainty to the construction industry as each provincial government has responded with different measures to address the threat to public health. The duration of these measures is unknown and the corresponding impacts to our workforce, supply chain and project sites are key variables that have uncertainty as a result. The financial results of first quarter 2020 were generally not impacted by the COVID-19 pandemic, but the Company has seen impacts in April and early May related to temporary project shutdowns and reduced productivity on project sites. The health and safety of the Company's employees is paramount and as a result of the pandemic, has increased health and safety initiatives such as physical distancing and added additional measures to normal safety protocols. The situation remains extremely fluid; however, the Company is well-positioned to respond to fluctuating scenarios in the near term.
- In 2020, the Company secured \$220.8 million of new contract awards and change orders and executed \$321.6 million of construction revenues. The Backlog of \$1,426.6 million for the Company at March 31, 2020, increased 11.2% from the \$1,283.1 million Backlog a year ago. However, Backlog decreased by \$120.8 million, or 7.8% from the \$1,547.4 million of Backlog recorded at December 31, 2019 as awards expected in the first quarter of 2020 were delayed as a result of the COVID-19 pandemic.
- In 2020, cash and cash equivalents decreased \$36.0 million, before the effects of foreign exchange, to \$144.4 million from \$180.3 million at the end of 2019. Most of the changes in cash and equivalents during the period relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business. The Company drew \$16.3 million from one of its committed bank facilities in the quarter for working capital purposes.

- The Board has declared an eligible dividend of \$0.0325 per common share for May 2020 and, as it is meeting monthly through the COVID-19 crisis, will communicate dividend declaration monthly on a go forward basis.
- Subsequent to quarter end, the Company announced the award of the Eric Hamber Secondary School Replacement Project in Vancouver, British Columbia for approximately \$92 million, under a design-build contract.

"I want to thank all of our employees for their resilience and for the sacrifices they have made to ensure the Company remains healthy in our 100th year of operation. Our field staff deserve a special recognition for having continued to work on our projects with the utmost professionalism and dedication, while quickly embracing new safety practices and procedures. Our primary concern is always the health and safety of our employees. We hope our strong safety culture also permeates into the daily lives of our employees and serves to help protect their families and the communities in which we live and work," said Teri McKibbin, President & CEO.

"The first quarter of 2020 represents the sixth sequential quarter where our trailing twelve month Adjusted EBITDA has improved. The discipline and focus of the team over the past several years on reducing the risk profile and increasing the diversification of the work program will help the Company emerge from this crisis with a healthy Backlog and maintain a strong balance sheet," said Teri McKibbin, President & CEO. "We have sufficient cash and liquidity to support our anticipated work program while maintaining the current dividend based on our current expectations of the impact of COVID-19. Despite those impacts, we still expect 2020 to be more profitable than recent years."

Financial Results

(in thousands of Canadian dollars, except per share amounts)

	Three months ended March 31,	
	2020	2019
Construction revenue	\$ 321,646	\$ 261,777
Net income (loss)	\$ 1,123	\$ (6,466)
Basic and diluted earnings (loss) per share	\$ 0.03	\$ (0.15)
Adjusted EBITDA ⁽¹⁾	\$ 7,562	(3,132)
Cash flows from operations before changes in non-cash working capital ⁽²⁾	\$ 7,059	\$ (5,687)

⁽¹⁾ See "Non-GAAP measures" at the end of this news release

⁽²⁾ Refer to the consolidated statement of cash flows

- Cash flows from operations before changes in non-cash working capital increased \$12.7 million year-over-year from the \$5.7 million cash utilized in 2019 primarily due to the \$7.6 million improvement in net income, a \$2.8 million higher non-cash addback for income tax expense year-over-year, a \$1.6 million higher non-cash addback of finance and other costs, and a \$0.7 million higher non-cash addback for amortization and depreciation.

Bird Construction Inc. also announced that its Board of Directors has approved monthly eligible dividends for the month of May 2020 in the amount of \$0.0325 per common share to be paid as follows:

- The May dividend of \$0.0325 per share will be paid on June 19, 2020 to the Shareholders of record as of the close of business on May 31, 2020.

A conference call for analysts and investors will be held at 10:00 a.m. EDT on Wednesday, May 13, 2020, to discuss the quarterly results. The dial in number is 1-855-328-1925. Attendees are asked to be on the line 10 minutes prior to the start of the call.

Related financial documents will be filed and available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA Margin have no standardized meaning under IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management uses Adjusted EBITDA to assess the operating performance of its business. Management believes that investors and analysts use Adjusted EBITDA, it may provide predictive value to assess the ongoing operations of the business and it provides a more consistent comparison between financial reporting periods.

*Adjusted EBITDA (Non-GAAP information):
(in thousands of Canadian dollars)*

	Three months ended March 31,	
	2020	2019
Net income (loss)	\$ 1,123	\$ (6,466)
Add: Income tax expense (recovery)	418	(2,395)
Add: Depreciation and amortization	3,868	3,219
Add: Finance and other costs	3,094	1,452
Less: Finance income	(766)	(578)
Add: Loss/(gain) on sale of property and equipment	(175)	(235)
Add: Restructuring and severance costs ⁽¹⁾	-	1,871
Adjusted EBITDA	\$ 7,562	\$ (3,132)
Adjusted EBITDA Margin ⁽²⁾	2.35%	(1.20%)

Notes:

⁽¹⁾ Restructuring and severance costs did not meet the criteria to be classified under restructuring costs as defined in accordance with IFRS.

⁽²⁾ Calculated as Adjusted EBITDA divided by revenue

Forward Looking Information

Certain statements included in this news release express management's expectations or estimates of future performance may constitute "forward-looking information". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking information.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this news release includes such forward-looking information and the Company cautions the reader that such forward-looking information involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking information and the forward-looking information is not a guarantee of future performance. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business" in the Company's Annual Information Form dated March 10, 2020 filed and the Company's MD&A for the period ended March 31, 2020 available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, events or otherwise.

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

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