

AECON
FORWARD



AECON GROUP INC. (TSX:ARE)

INVESTOR PRESENTATION

JUNE 5, 2018

AECON

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 general global events outside Aecon's control, there are factors which could cause actual results, performance or achievements to vary 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 interest and foreign exchange rates, global equity and capital markets, business competition and operational and reputational risks, including Large Project Risk and Contractual Factors and the corresponding risks.

Risk factors are discussed in greater detail in the section on "Risk Factors" included in the Company's Annual Information Form dated March 27, 2018, which is available through SEDAR at www.sedar.com. Forward-looking statements include information concerning possible or assumed future results of Aecon's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or other 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. Aecon assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

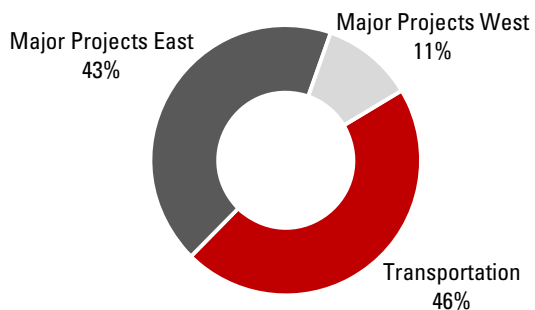
Resilient Business Model with **Three Diverse Segments**

INFRASTRUCTURE

35%*



- Rail & Transit
- Roads, Bridges and Tunnels
- Municipal Roads
- Hydroelectric
- Water Treatment
- Airports
- Asphalt and Aggregates

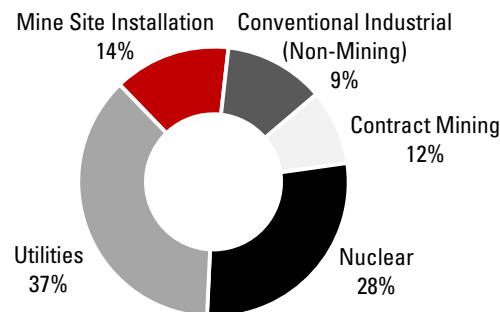


INDUSTRIAL

62%*



- Nuclear
- Gas Pipelines & Stations
- Power Generation
- Utilities Programs
- Oil Development
- Renewables



- Heavy Mechanical Works
- Processing Facilities
- Site Development
- Contract Mining
- Environmental Reclamation
- Fabrication and Modules

CONCESSIONS

3%*



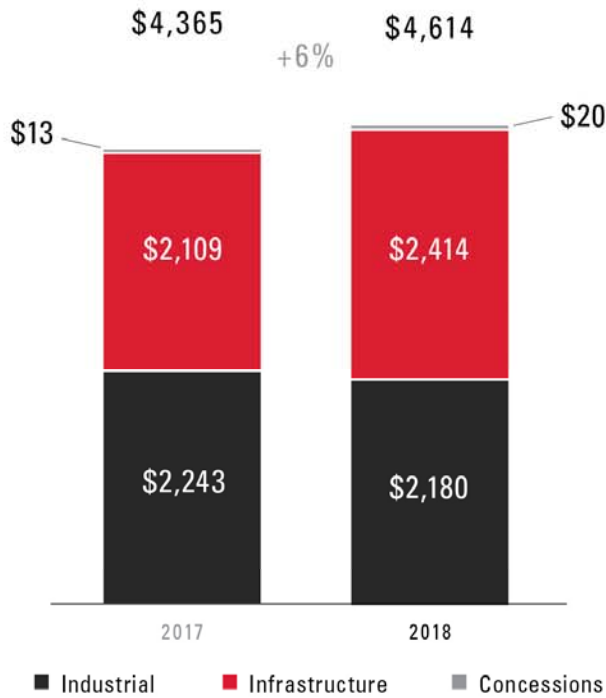
- Project Development
- Public-Private Partnerships
- Project Finance
- Project Management
- Operations & Maintenance



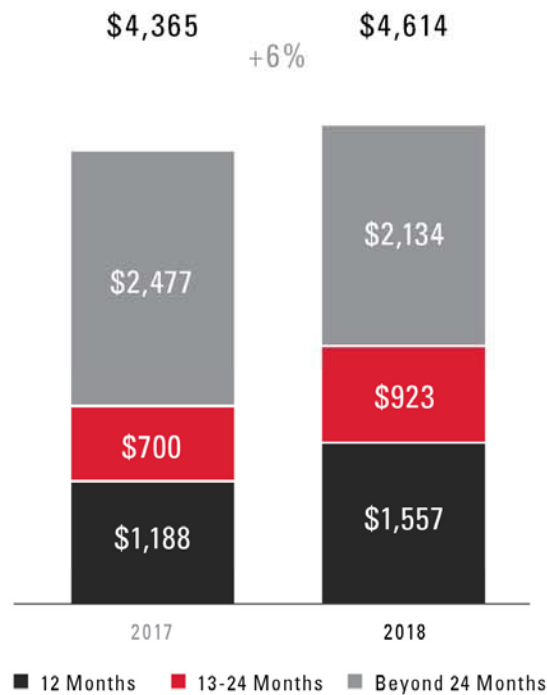
* % of Q1 2018 Trailing Twelve Months Revenue

Strong Backlog with Diversified Profile

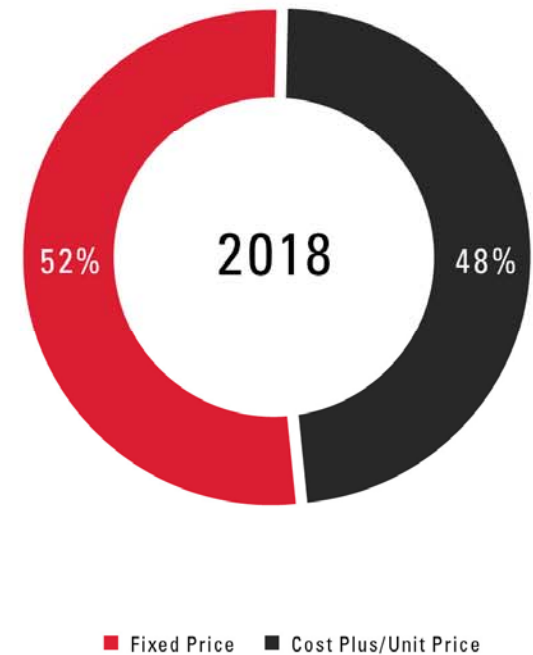
TOTAL BACKLOG* (\$MM)
AS AT MARCH 31,



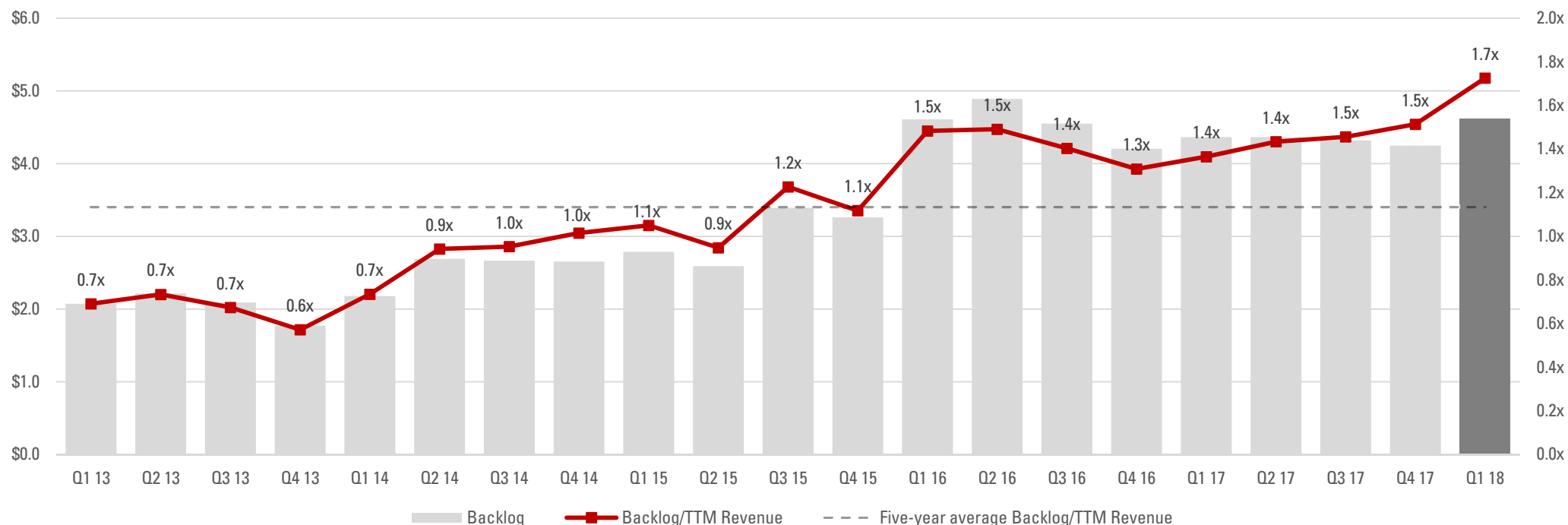
BACKLOG DURATION* (\$MM)
AS AT MARCH 31,



BACKLOG CONTRACT TYPE
AS AT MARCH 31,



Backlog growing to **Historic Levels**



- Q1 2018 backlog represented 1.7x Q1 2018 TTM revenue (five year average of 1.1x)
- Q2 2018 backlog will be well in excess of previous record level (previous record of \$4.9Bn in Q2 2016)
- Reported backlog at Q1 2018 was \$4.6Bn; announced additions during Q2 include \$1.2Bn from REM Montreal and \$400M from Finch West LRT
- Other pursuits in the quarter could see significant additions to backlog
 - Gardiner Expressway (~\$360M) – publicly announced as preferred bidder; potential for award in Q2/Q3 2018
 - Bruce Fuel Channel and Feeder Replacement (~\$450M - \$500M)* – award of first of six units to successful proponent expected to be announced shortly
 - Other potential imminent awards (~\$200M)

Robust Pipeline of Opportunities

SUBMISSIONS AND BIDS IN PROGRESS

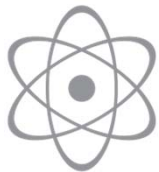
Fort Hills Earthworks	AB	Metrolinx Regional Express Rail (RER) Pre-Works	ON	} \$8 BN*
Gardiner Expressway Rehab	ON	Confederation LRT Phase 2	ON	
Bruce Power Fuel Channel and Feeder Replacement	ON	Hamilton LRT	ON	
Enbridge Line 3 Additional Spreads	MB	Trans Mountain Pipeline	AB/BC	

SELECT RFQ'S AND OTHER SIGNIFICANT PURSUITS

RER Electrification	ON	Trudeau International Airport Expansion	QC	} \$20 BN*
Pattullo Bridge Replacement	BC	Bell Fibre to the Home	ON	
Calgary Green Line LRT	AB	Annacis WWTP Tunnel	BC	



Light Rail Transit



Nuclear



Pipelines



Rail



Utilities



Oil Sands Contract Mining



Airports



Bridges



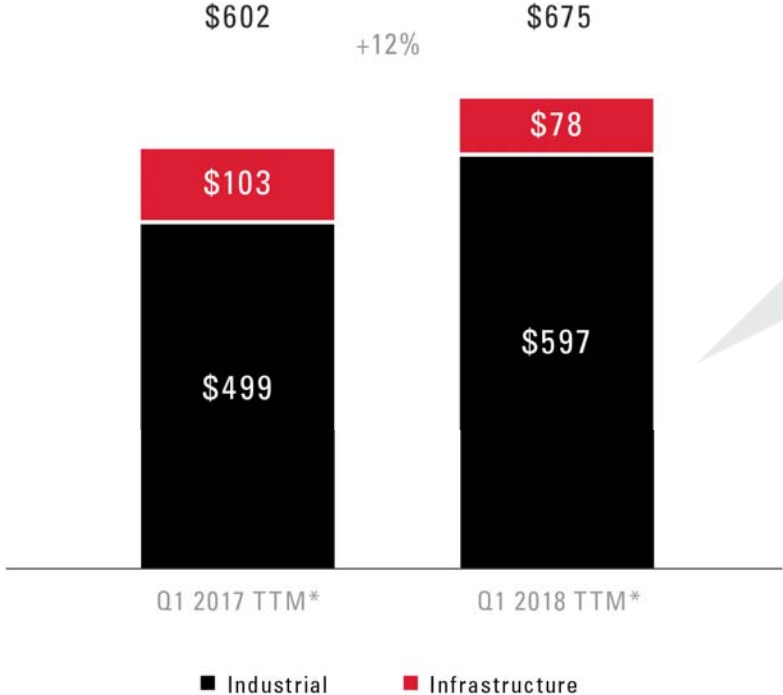
Water Distribution & Treatment



Roads

Recurring Revenue Poised to Continue Growth

RECURRING REVENUE BY SEGMENT (\$ MILLIONS)*

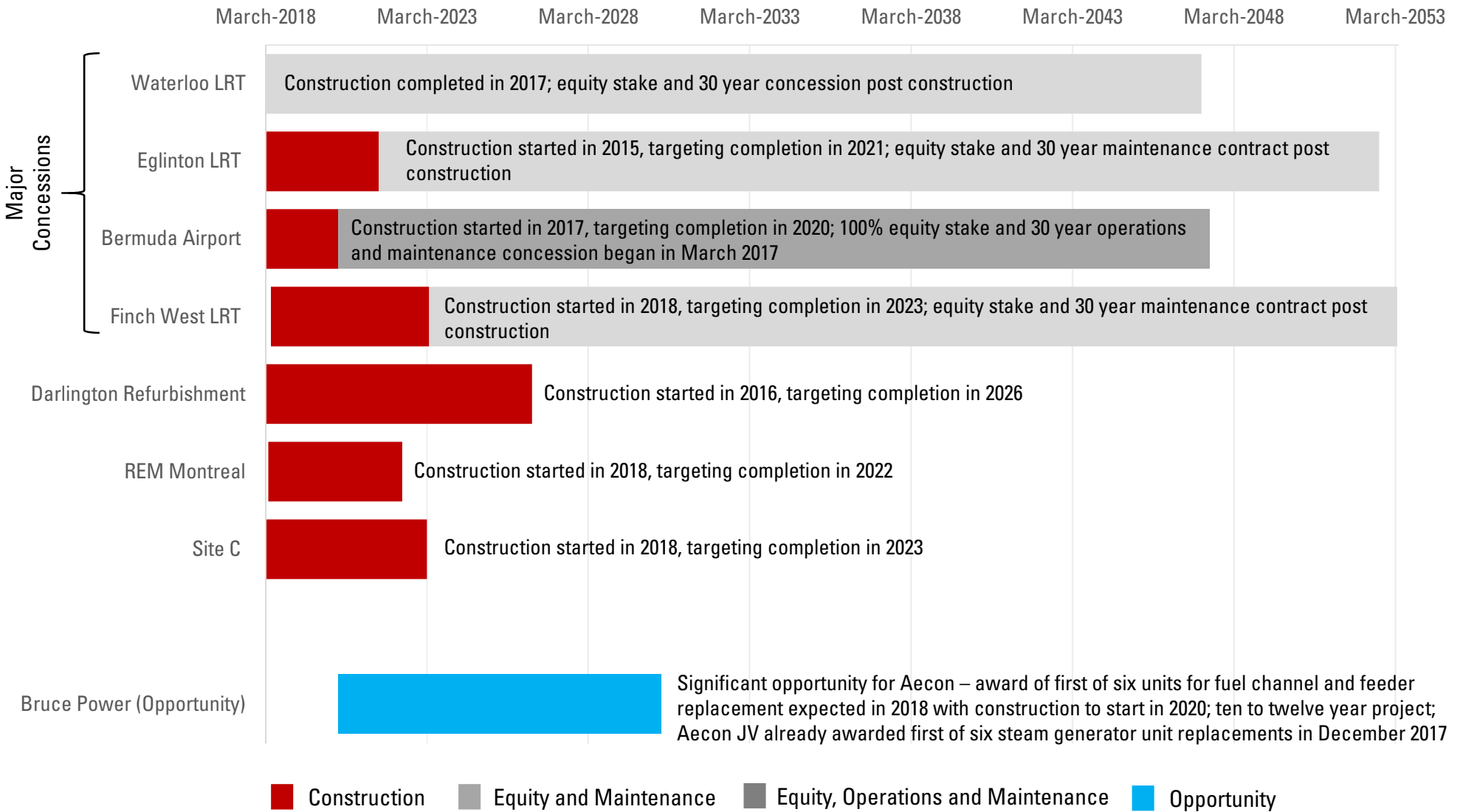


Industrial recurring revenue expected to grow from contract mining volume growth as operators increase throughput and new operating site ramps up during the year. Segment recurring revenue growth will also come from telecommunications and gas distribution projects that are under Master Service Agreements (MSA) and other contract structures

* Recurring Revenue is not included in backlog and is, therefore, revenue over and above work to be performed from contracts in backlog

Long-Term Projects and Concessions Provide Outlook Stability

Project Timeline (starting from end of Q1 2018)



Valuable Contribution from Bermuda Concession

30 Year Concession to redevelop, operate and maintain the existing and redeveloped L.F. Wade International Airport in Bermuda

\$274M USD construction budget – started in March 2017 and targeting completion in 2020

Growing passenger traffic increased by tourism activity due to targeted marketing campaign and strength in the U.S. economy

Seasonally strongest contribution in Q2 and Q3

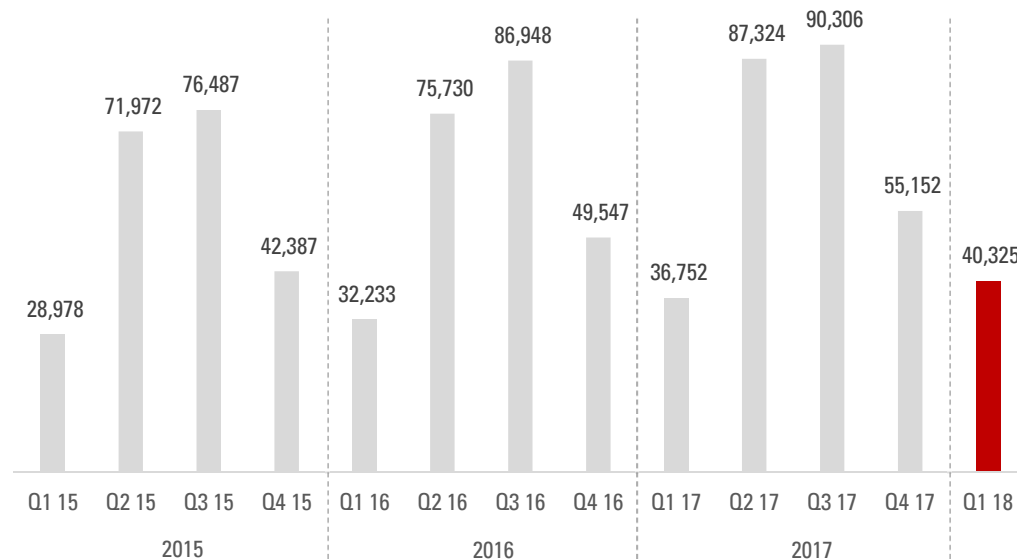
\$2.15/share* analyst average contribution to one year target price - assumptions considered by Aecon to be conservative

Q1 Traffic Statistics

	Q1 16	Q1 17	Q1 18	% Change 18 vs 17
Air Visitors (Leisure, Business and Other)	32,233	36,752	40,325	▲ 9.7%
Total Arriving Passengers (Visitors and Domestic)	67,054	72,499	76,055	▲ 4.9%
Air Capacity (Total Seats)	106,381	106,481	122,206	▲ 14.7%

Source: Bermuda Tourism Authority

Air Visitor Quarterly Statistics (Q1 2015 to Q1 2018)



Source: Bermuda Tourism Authority

Q1 2018 Financial Results - Reported

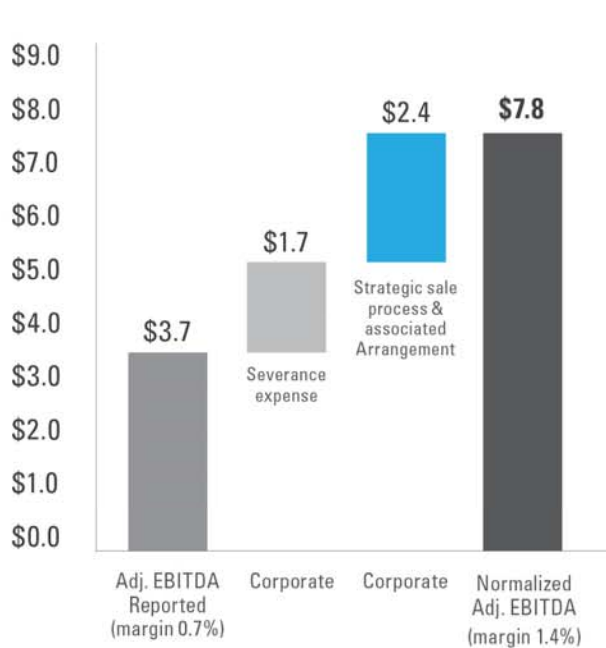
\$ Millions (except EPS, \$ per share)	Three Months Ended March 31*			Trailing Twelve Months Ended March 31*		
	2018	2017	Change ⁺	2018	2017	Change ⁺
Revenue	543	675	▼ 20%	2,674	3,197	▼ 16%
Gross Profit	47.0	51.0	▼ 8%	314.9	318.4	▼ 1%
Gross Margin %	8.6%	7.6%	▲ 100bps	11.8%	10.0%	▲ 180bps
Adjusted EBITDA	3.7	6.9	▼ 46% [^]	153.4	161.0	▼ 5% [^]
Adjusted EBITDA Margin %	0.7%	1.0%	▼ 30bps [^]	5.7%	5.0%	▲ 70bps
Operating Profit (Loss)	(22.2)	(17.3)	▼ 28% [^]	48.7	86.1	▼ 43% [^]
Profit (Loss)	(19.2)	(18.3)	▼ 5% [^]	27.3	45.3	▼ 40% [^]
EPS (Diluted)	(\$0.32)	(\$0.32)	-	\$0.46	\$0.73	▼ 37% [^]
New Awards	910	836	▲ 9%	2,923	2,954	▼ 1%
Backlog	4,614	4,365	▲ 6%	4,614	4,365	▲ 6%

* Reported results impacted by one-time expenses incurred during the periods of Q1 2017, Q1 2018, Q1 2017 TTM and Q1 2018 TTM including: (1) Settlement of a legal dispute dating back to 2012 resulted in an expense of \$6.7 million recorded in Q2 2016 Corporate costs; (2) Severance expense of \$6.9M related to the departure of the former CEO recorded in MG&A in Q4 2016; (3) Severance expense of \$6.8M recorded in MG&A in Q1 2017; (4) Q2 2017 restructuring expense of \$2.9M recorded in MG&A; (5) Q3 2017 severance expense of \$4.0M recorded in MG&A and costs of \$4.2M related to activities pursuant to the strategic process to explore a potential sale of the Company; (6) Q4 2017 severance and restructuring costs of \$2.4M and \$4.7M of expenses incurred as a result of the strategic sale process and associated Arrangement; and (7) Q1 2018 severance costs of \$1.7M and \$2.4M of expenses incurred as a result of the strategic sale process and associated Arrangement. See Appendix slide 15 for Q1 2018 Financial Results – Adjusted for impact on results

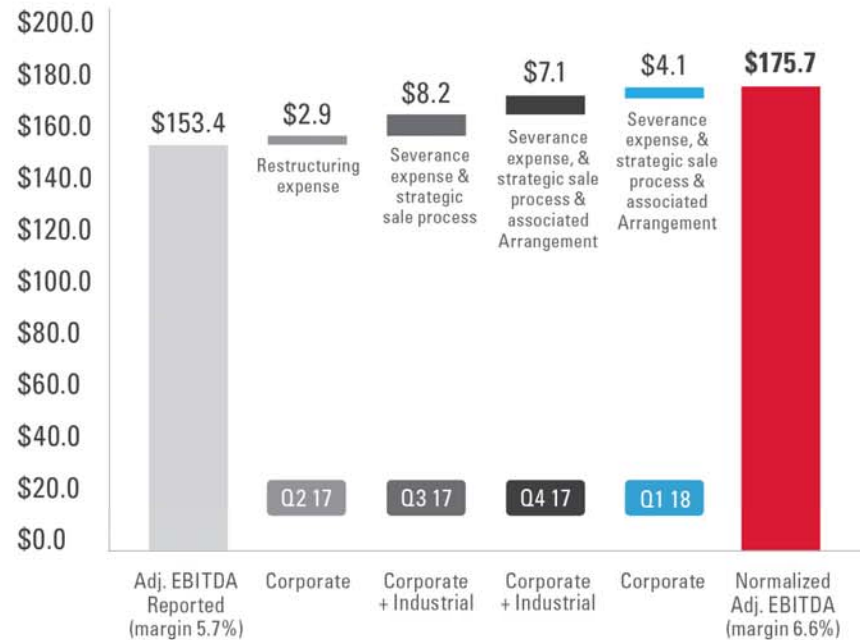
[^]See note above and Slide 11, Q1 2018 and Q1 2018 TTM Reconciliation for impact of one-time adjustments on results

Q1 2018 and Q1 2018 TTM Reconciliation

**Q1 2018 ADJUSTED
EBITDA RECONCILIATION[^]**
(\$ MILLIONS)



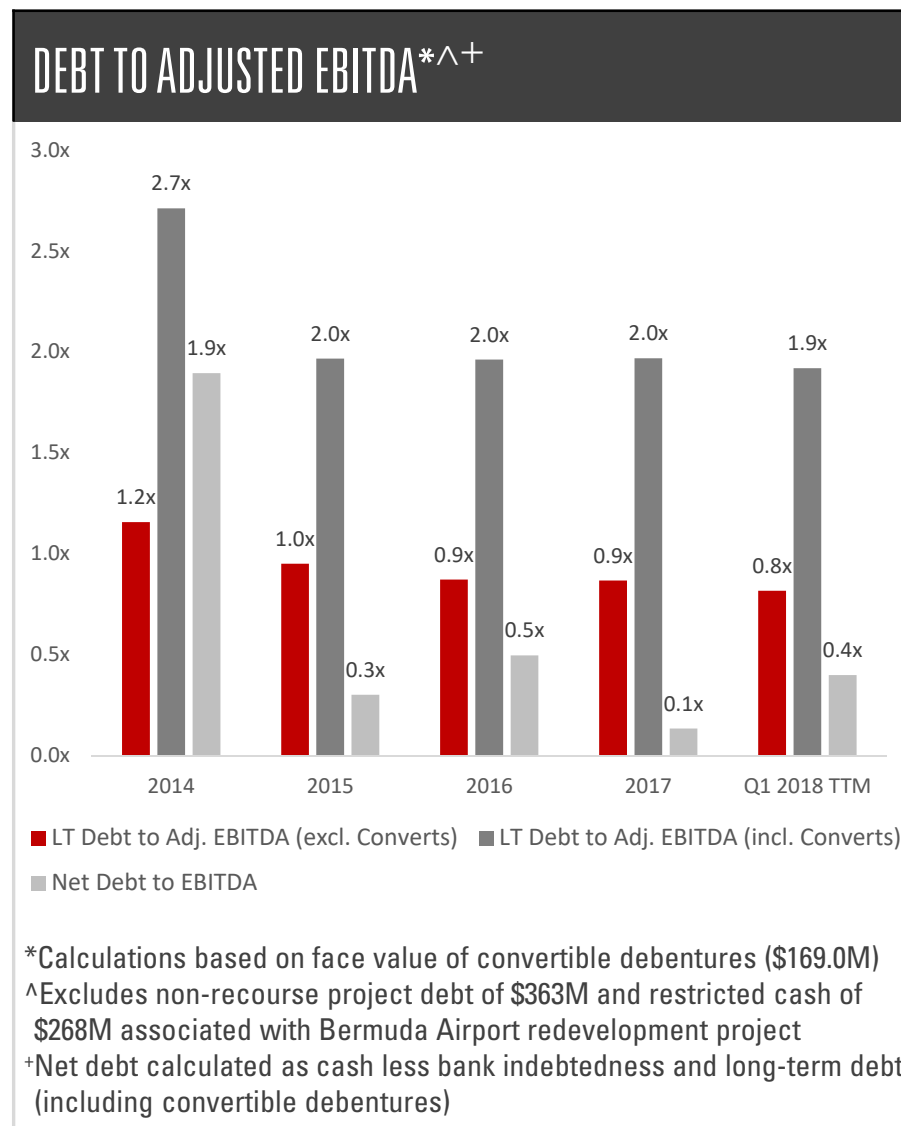
**Q1 2018 TTM ADJUSTED
EBITDA RECONCILIATION[^]**
(\$ MILLIONS)



- On a pro-forma basis reflecting the adjustments above, Q1 2018 Loss per Share (diluted) would have improved from (\$0.32) to (\$0.27) and EPS (diluted) for Q1 2018 TTM would have increased to \$0.70 from \$0.46

Balance Sheet and Capital Structure

BALANCE SHEET (\$MM)	
	Mar 31, 2018
Cash [^]	262.6
Working Capital	306.6
Long-Term Debt	
- Finance Leases	69.6
- Equipment & Other Asset Loans	55.7
LT Debt excluding Convertible Debentures	<u>125.3</u>
Convertible Debentures (Face Value)	
- Due December 2018 (5.5%)	169.0
Total Convertible Debentures	<u>169.0</u>
Total LT Debt plus Convertible Debentures[^]	294.3
LT Debt to Q1 2018 TTM Adjusted EBITDA ^{*^}	
- Excluding Convertible Debentures	0.8 x
- Including Convertible Debentures	1.9 x
Net Debt to Q1 2018 TTM Adjusted EBITDA ⁺	0.4 x



Outlook

Backlog and Revenue Growth Expected in 2018 and Beyond

- *\$4.6 billion backlog at March 31, 2018 with further growth driving backlog to record levels during Q2 2018*
- *Site C generating station and spillways civil works project added \$482 million to backlog in Q1 2018, Réseau express métropolitain Montreal LRT and Finch West LRT added \$1.2 billion and \$400 million, respectively to backlog in Q2 2018*
- *Significant long-term growth opportunity in nuclear from Bruce Power Nuclear Generating Station*
- *Mainline pipeline activity expected to contribute to backlog and revenue growth in 2018*
- *Contract Mining (primarily recurring revenue work) expected to grow as new site comes online and ramps up activity in 2018*
- *Commodity prices, while improving, have not reached levels to support new significant mining site installation projects*
- *Concessions drives value through partnership with other segments and from equity concessionaire role on Waterloo and Eglinton LRT and Bermuda International Airport Redevelopment Project , plus newly added Finch West LRT project*

Improvement in Adjusted EBITDA Margin

- *Secured backlog, new awards and project ramp up will drive revenue and adjusted EBITDA growth primarily in the second half of 2018*
- *All three segments continue to bid on opportunities that support continued Adjusted EBITDA margin improvement*

APPENDIX

Q1 2018 Financial Results – Adjusted

\$ Millions (except EPS, \$ per share)	Three Months Ended March 31*			Trailing Twelve Months Ended March 31*		
	2018	2017	Change ⁺	2018	2017	Change ⁺
Revenue	543	675	▼ 20%	2,674	3,197	▼ 16%
Gross Profit	47.0	51.0	▼ 8%	314.9	318.4	▼ 1%
Gross Margin %	8.6%	7.6%	▲ 100bps	11.8%	10.0%	▲ 180bps
Adjusted EBITDA	7.8	13.7	▼ 43% [^]	175.7	181.4	▼ 3% [^]
Adjusted EBITDA Margin %	1.4%	2.0%	▼ 60bps [^]	6.6%	5.7%	▲ 90bps [^]
Operating Profit (Loss)	(18.1)	(10.5)	▼ 72% [^]	71.0	106.5	▼ 33% [^]
Profit (Loss)	(16.2)	(13.3)	▼ 22% [^]	43.7	70.0	▼ 38% [^]
EPS (Diluted)	(\$0.27)	(\$0.23)	▼ 17% [^]	\$0.70	\$0.96	▼ 27% [^]

* Adjusted results presented with adjustments for one-time expenses incurred during the periods of Q1 2017, Q1 2018, Q1 2017 TTM and Q1 2018 TTM including: (1) Settlement of a legal dispute dating back to 2012 resulted in an expense of \$6.7 million recorded in Q2 2016 Corporate costs; (2) Severance expense of \$6.9M related to the departure of the former CEO recorded in MG&A in Q4 2016; (3) Severance expense of \$6.8M recorded in MG&A in Q1 2017; (4) Q2 2017 restructuring expense of \$2.9M recorded in MG&A; (5) Q3 2017 severance expense of \$4.0M recorded in MG&A and costs of \$4.2M related to activities pursuant to the strategic process to explore a potential sale of the Company; (6) Q4 2017 severance and restructuring costs of \$2.4M and \$4.7M of expenses incurred as a result of the strategic sale process and associated Arrangement; and (7) Q1 2018 severance costs of \$1.7M and \$2.4M of expenses incurred as a result of the strategic sale process and associated Arrangement

[^] See note above and Slide 11, Q1 2018 and Q1 2018 TTM Reconciliation for impact of one-time adjustments on results

+ bps = basis point

Revenue and Adj. EBITDA Margin by Segment

REVENUE (\$ MILLIONS)

	Q1 2018	Q1 2017	% CHANGE
INFRASTRUCTURE	153	152	▲ +1%
INDUSTRIAL	381	531	▼ -28%
TOTAL	543	675	▼ -20%

	Q1 2018 TTM	Q1 2017 TTM	% CHANGE
INFRASTRUCTURE	963	1,037	▼ -7%
INDUSTRIAL	1,689	2,198	▼ -23%
TOTAL	2,674	3,197	▼ -16%

ADJUSTED EBITDA MARGIN %

	Q1 2018	Q1 2017	BPS CHANGE
INFRASTRUCTURE	-10.8%	-10.3%	▼ -50
INDUSTRIAL	5.8%	5.8%	-
TOTAL	0.7%	1.0%	▼ -30
Total Excluding One-Time Items [^]	1.4%	2.0%	▼ -60

	Q1 2018 TTM	Q1 2017 TTM	BPS CHANGE
INFRASTRUCTURE	4.1%	4.8%	▼ -70
INDUSTRIAL	6.2%	7.0%	▼ -80
TOTAL	5.7%	5.0%	▲ +70
Total Excluding One-Time Items [^]	6.6%	5.7%	▲ +90

Infrastructure Q1 2018 Results

FIRST QUARTER*

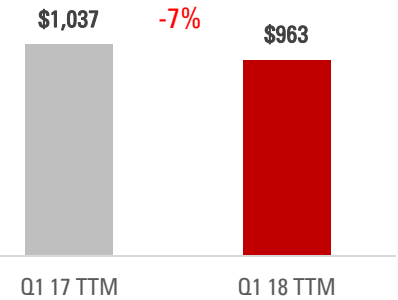
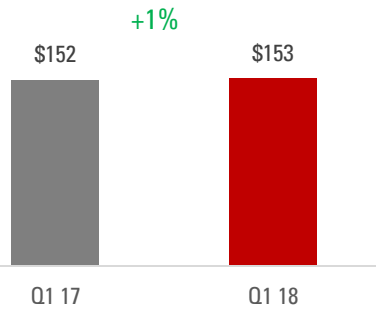
TRAILING TWELVE MONTHS*

Revenues (\$MM)

Revenue up by **\$1M, or 1%**, year-over-year

Revenues (\$MM)

- ▲ \$2M in major projects east from increases in Bermuda Airport offset by lower activity on transit projects in Ontario
- ▼ \$1M in major projects west with an increase in water and waste water offset by lower hydroelectric work

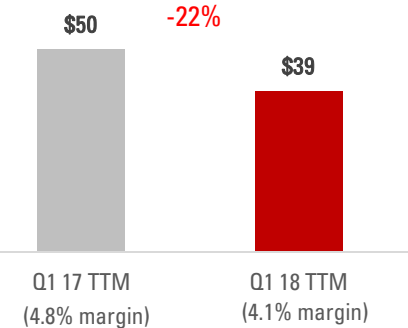
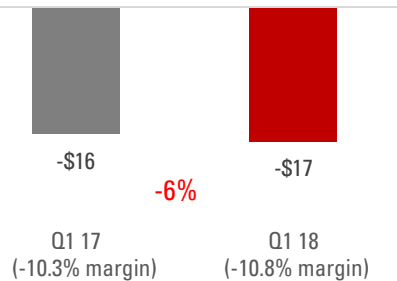


Adj. EBITDA (\$MM)

Adjusted EBITDA down by **\$1M, or 6%**, year-over-year

Adj. EBITDA (\$MM)

- ▼ \$2M in transportation from lower gross profit margin
- ▲ \$1M in major projects from higher gross profit margin

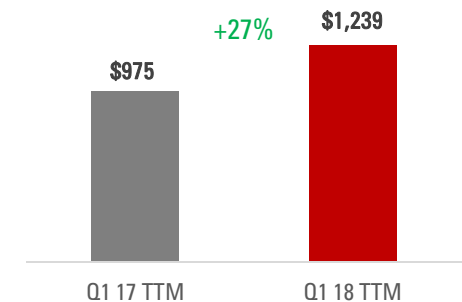
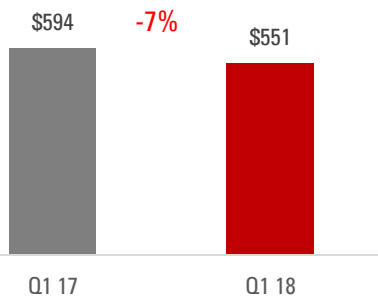


New Awards (\$MM)

New awards down **\$43M, or 7%**, year-over-year

New Awards (\$MM)

- ▲ \$482M from major projects west (Site C generating station and spillways)
- ▼ \$525M from other major projects (Bermuda Airport, water and waste water) and Ontario roadbuilding

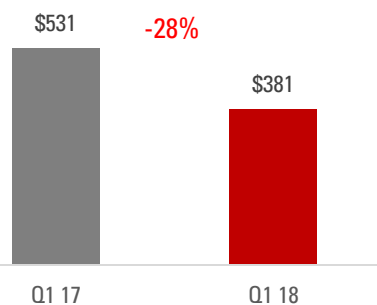


Industrial Q1 2018 Results

FIRST QUARTER*

TRAILING TWELVE MONTHS*

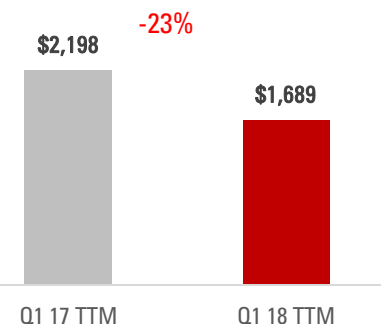
Revenues (\$MM)



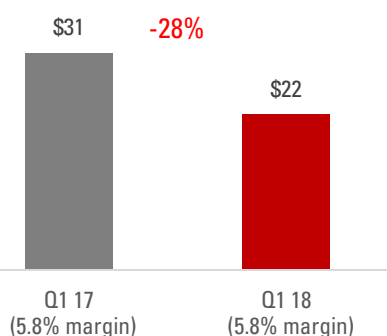
Revenue down by **\$150M, or 28%**, year-over-year

- ▼ \$76M in conventional industrial from lower site construction work in commodity mining
- ▼ \$65M in nuclear from higher activity on projects in Q1 2017 that were nearing completion in Q1 2018
- ▼ \$9M in utilities from lower pipeline activity in Western Canada

Revenues



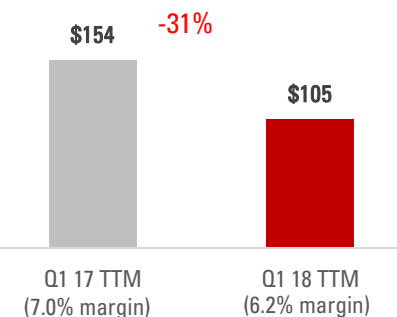
Adj. EBITDA (\$MM)



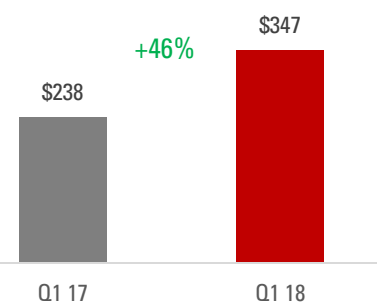
Adjusted EBITDA down by **\$9M, or 28%**, year-over-year

- ▼ \$4M in conventional industrial from lower volume offset by higher gross profit margin
- ▼ \$8M in nuclear from lower volume
- ▲ \$3M in utilities from gas and electricity distribution higher gross profit margin

Adj. EBITDA



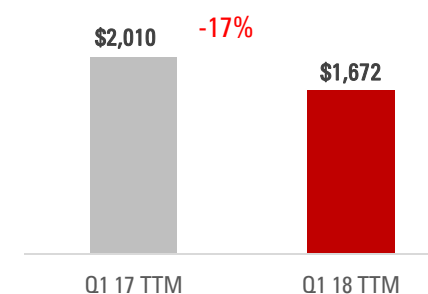
New Awards (\$MM)



New awards up by **\$109M or 46%**, year-over-year

- ▲ \$46M from utilities
- ▲ \$43M from conventional industrial
- ▲ \$20M from nuclear

New Awards



Concessions Q1 2018 Results

Revenue down by **\$5M** period-over-period

- Lower construction activities from Bermuda International Airport Redevelopment Project
- \$18M of construction revenue related to Bermuda is eliminated on consolidation in the quarter

Adjusted EBITDA up **\$6M** period-over-period

- Increase driven by Bermuda International Airport Redevelopment Project operations and LRT concession projects in Ontario

Cash Position

FREE CASH FLOW (\$MM)			KEY DRIVERS FOR FREE CASH FLOW MOMENTUM	
	Q1 2018 TTM	Y/E 2017		
Adjusted EBITDA	153.3	156.5	Significant working capital improvement in 2017	
Cash Interest Expense (net)	(32.6)	(22.7)	Cash interest up due to interest expense on non-recourse project debt for Bermuda International Airport Redevelopment project	
Capital Expenditures (net)	(32.9)	(32.6)	Capital expenditures expected to remain consistent with prior periods	
Income Taxes (Paid)/Recovered	(4.9)	(5.6)	No significant cash flow one-offs forecasted in the foreseeable future	
Net JV Impact*	(13.9)	(13.3)		
Free Cash Flow Before W/C	69.0	82.3		
Change in Working Capital	(38.1)	64.3		
Free Cash Flow before one-time items	30.9	146.6		
Restructuring and severance	(11.0)	(16.1)		
Strategic sale and associated Arrangement	(11.3)	(8.9)		
FREE CASH FLOW	8.6	121.6		

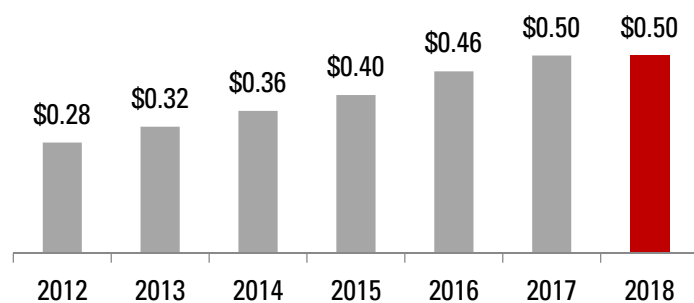
*Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's MD&A) and distributions from projects accounted for using the equity method

Capital Markets Overview

ARE.TSX STATISTICS

Price as of June 4, 2018	\$14.64
Shares Outstanding	59.7 Million
Avg. Daily Volume (3 months – TSX & ATS)	565,000 (\$9.0 Million)
Dividend Yield	3.4%*
Market Capitalization	~\$870 Million
52 Week Low / High	\$14.13 / \$20.06

ANNUAL DIVIDEND HISTORY



ANALYST COVERAGE

Firm	Analyst	Telephone
AltaCorp Capital	Chris Murray	(647) 776-8246
Canaccord Genuity	Yuri Lynk	(514) 844-3708
CIBC World Markets	Jacob Bout	(416) 956-6429
Desjardins Securities	Benoit Poirier	(514) 281-8653
GMP Securities	Ben Jekic	(416) 943-6108
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
RBC Capital Markets	Derek Spronk	(416) 842-7833
TD Securities	Michael Tupholme	(416) 307-9389

6 Buy / Outperform \$18.75 One Year
 3 Hold / Neutral Avg. Target Price
 1 Sell

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