

**Aecon Group Inc.**  
**Annual General Meeting**  
**Calgary, Alberta**  
**June 12, 2012**

**(CHECK AGAINST DELIVERY)**

## **John Beck**

I am very pleased to be holding our 2012 Annual General Meeting here in Calgary. This is the second time in as many years that Aecon has held its annual meeting in Alberta. Two years ago we gathered in Edmonton to celebrate the fact that a rapidly growing portion of our business was coming from Western Canada and Alberta in particular – a trend that has only grown stronger. And in case any of you were concerned that Toronto might be feeling left out, I'll remind you that we're holding our Investor Day there on June 18<sup>th</sup>, for institutional investors.

Last year I made a promise. I pledged to you that Aecon would emerge through 2011 “more focused, more determined and on a clear path to deliver stronger results.” I made that promise knowing that we had some retooling to do inside the workings of Aecon. I also made it knowing that we had one of the best operations people in the business – Teri McKibbon – fully engaged in leading this mission.

Teri has spearheaded the efforts of our senior management team to further strengthen our ability to identify, reduce and manage risk. In the process, we have enhanced our capacity to generate best in class margins and growing sustainable profits.

Externally, we knew that Aecon was very well positioned in the market segments and the regions of the country that were poised for strong growth in construction spending. We knew that the bidding pipeline was growing and that we had developed and acquired the skills, experience, reputation and resources to respond to our clients' needs.

And we also knew that, in order to be able to deliver optimum returns from this unprecedented growth opportunity, we would need to step-up and maximize Aecon's ability to execute and perform to best-in-class standards. But as any of you who've ever worked on tuning up a car will know, achieving high performance takes a combination of careful assessment and hard work. In short, to optimize Aecon's performance we needed to roll up our sleeves and get under the hood.

Our primary focus over the last year has been on making the Aecon machine even more efficient, more reliable and more powerful. We've taken this machine apart –worked on components that needed fixing and refurbished parts that were not performing up to specification. But most importantly, we worked on our alignment.

If you look inside any high performance organization, they all have one thing in common. All of their people – from the person at the reception desk to the one in the corner office – are all pulling in the same direction. These organizations have the wheels properly balanced and in perfect alignment.

Aecon is building just such a high performance organization – where our business units work in harmony in the service of our customers to perform construction services of the highest value - where the best people in the industry come to work at Aecon because we offer the best opportunities for them to succeed – where we align all of these components into a culture of high performance – a culture where Team Works.

Achieving and maintaining that alignment has been the objective of ‘One Aecon’ – an initiative that we introduced a year ago.

‘One Aecon’ is the tool that we use to bring all of the parts of the organization in sync with the objectives we have set. ‘One Aecon’ is what we use to bring different business units together to perform larger, more comprehensive projects. It has guided us in reshaping our organizational structure to enable more effective reporting and accountability.

As a result of these and other actions, the simple but powerful concept of ‘One Aecon’ is now embedding itself into our culture. While there is still much work to be done, I believe our business unit leaders, project teams, and most importantly our clients, are beginning to see how ‘One Aecon’ delivers mutual benefits for all our stakeholders.

Let me be clear. ‘One Aecon’ is not a destination. It is a journey – a process that we will continue to apply to this organization to keep it in peak “high performance” condition.

It is a product of a great many people – the Aecon team – working with their collective experience and a singular clarity of purpose. Teri will comment further in his remarks on some of the specific initiatives that have been and are being undertaken by this team.

For my part, I have the pleasure of taking the next few minutes to illustrate what this team accomplished in 2011. It was all about execution and performance.

Last year, Aecon increased top line revenue by five percent from 2.75 billion to 2.9 billion dollars. Keep in mind that for much of 2011, some of our core market segments were still weighed down by weak economic conditions. In this context, a five percent increase in volume was a respectable achievement.

But the real progress that we made in improving our financial performance was evident not so much on the top line, but in the way we controlled costs, reduced risk and delivered more of this top line revenue to bottom line earnings.

From this five percent increase in revenue, we increased EBITDA last year by fifty four percent from a hundred and five million dollars to a hundred and sixty-three million dollars, while adjusted basic EPS increased by 77 percent, from fifty-seven cents, to a dollar one per share.

Along the way, we put more distance between some of the lower margin work that had adversely affected our results in prior years, and the much improved financial performance that we are seeing today. By the end of 2011 we had built up our backlog position to 2.4 billion dollars by winning solid, high quality contracts across the spectrum of our capabilities – in every region of the country.

And today the backlog is even higher than that with the recent award of the Henday Drive ring road project in Edmonton. So, our visibility on the quality of this backlog and the growing demand that was filling our bidding pipeline gave us the confidence earlier this year to increase our annual dividend forty percent from twenty cents to twenty-eight cents per common share.

The market clearly shared in this confidence. Last year we saw Aecon's stock appreciate in value by nearly 50 percent from a low of seven dollars fourteen cents in late September to close the year at ten dollars forty-six cents – a trend that continued into the first quarter of 2012 and is more evident when you look at our performance relative to the TSX Composite Index over the last twelve months.

I believe in the coming quarters, all of us will look back on these strong 2011 financial results, and these market returns, and see them not as a high water mark, but as early indicators of the benefits that have yet to fully accrue to our investors, our employees and our customers as a result of two key drivers that are impacting our business:

First, Aecon's pursuit of improving margins through a relentless focus on execution; and

Second, Aecon's position as a leading national player in the three fastest growing construction market sectors – Transportation, Energy and Resources.



I will later conclude my remarks with a word or two about the market opportunities that we are seeing before us. But first, to give you a more granular view of what Aecon is doing to achieve and enhance operational excellence – I'll call on Aecon's Chief Operating Officer, Teri McKibbon. Teri ...

Thank you John.

John mentioned that we have been working under the hood for the past several quarters tuning up parts of the Aecon machine to optimize its performance. I want to take the next few minutes to take you inside the engine of this machine to illustrate where we have made some adjustments and what we are seeing in terms of improved results.

This work has been undertaken across the breadth of the enterprise. Over several years, we made a significant allocation of human and financial capital to build a broad national presence for Aecon. We've now consolidated these gains to enable us to take full advantage of the fact that Aecon has anchored itself here in Western Canada with the manpower, equipment, leadership and, most importantly the customer base and revenue that now equals what we have in the East. I'm very pleased to report that Aecon generates as much revenue in Western Canada as we do in Eastern Canada.

Aecon has not only rebalanced itself geographically, we've also realigned our operations on two fronts: first, in the way we define the markets that we serve and second, in the way we have organized ourselves to serve those markets. Let me give you a couple of examples.

First let's look at the Social Infrastructure market sector. So we're clear on our definitions, we see this market sector as including projects where the sponsor is building a piece of infrastructure to serve the needs of a community where that piece of infrastructure includes a sub-component that Aecon has been contracted to build.

For example, the Social Infrastructure business would include a contract to construct a passenger terminal for a transit system, to build a water treatment facility for an industrial plant or to install mechanical services for a hospital.

What we are not pursuing in this market are large "headline" construction management projects to build the hospital itself for example, where in our judgement, the execution risk is disproportionate to the project's potential return.

We have very experienced people that understand the Social Infrastructure market and those people have great client relationships. What we needed was a better way to focus those resources on niche-oriented project opportunities that were inside our strike zone.

Late last year we announced a realignment of two of our business units – Aecon Buildings and Lockerbie and Hole Contracting - to service this Social Infrastructure sector. This realignment brings L&H Contracting out from the Industrial Division and into the Infrastructure Division alongside Aecon's Buildings unit.

The purpose of this realignment is to enable better collaboration between these two business units on those projects in the Social Infrastructure market that allow us to capture a broader range of the overall project at better margins without inheriting unacceptable risks.

Last year when we stepped back from these large headline projects, it had a predictable negative impact on our backlog and on our top line. Some of this impact is evident when you look at our recent year over year revenue. But it has also had a positive impact on our bottom line as we've taken on smaller niche-oriented projects and executed these with less risk and better margins.

At the present time we have visibility on a number of contract opportunities in the Social Infrastructure bidding pipeline that would be appropriate for this team to pursue. By defining and attacking the Social Infrastructure market in this way, Aecon has found a way to deliver better margins from established construction capabilities that were not previously being optimized.

Next I want to give you an example of how Aecon has realigned itself to drive revenue, margins and earnings by bringing together a broad range of services into a business unit that has become one of Aecon's greatest success stories – so far. Aecon Mining.

The Aecon Mining business unit was conceived from the convergence of a bit of foresight, a measure of opportunity and a lot of very hard work.

The foresight came a few years ago when Aecon decided to make a significant commitment to the Canadian mining and resource development industry. We decided to position Aecon with the right leadership, equipment, expertise and physical presence to take advantage of the growing international demand for this country's oil reserves and mineral resources.

We knew that the job of extracting and processing those resources would require major expenditures of capital on everything from machinery and equipment to site infrastructure.

We also saw that respect for environmental sustainability meant the scope of Aecon Mining's work would include not only removing the earth to get at these resources, but also the equally important job of restoring the site to its natural state. Clearly there was going to be a lot of opportunity.

To be a player in this game, Aecon needed to have experienced people on the ground in the right parts of the country with the right equipment. Over the years, Aecon had acquired a number of businesses that had capabilities to support a full-fledged mining construction services business. We had fabrication resources here in Alberta and surface mining capabilities in Ontario. We had the heavy civil construction expertise to develop mine sites, the transportation expertise to build access roads and the industrial and buildings expertise to construct processing facilities.

Through the acquisition of Leo Alarie and Sons in late 2007 we gained a strong mining presence in Eastern Canada with a fleet comprised of hundreds of pieces of construction and mining equipment. What we were missing was an equally comprehensive fleet here in Western Canada.

That's when opportunity came knocking in the form of our acquisition in August 2010 of the assets of Cow Harbour which represented one of the largest construction and mining equipment fleets in this part of the country.

The hard work that I mentioned began when we started to put all of these pieces together into what is now Aecon Mining – one of the only construction operations with a national presence to serve the Canadian mining and resource development industry. Based in Edmonton, Alberta, Aecon Mining has branch offices in Fort McMurray, Alberta and Timmins, Ontario and is complemented by other business units such as Lockerbie and Hole Eastern, based in Brantford, Ontario.

But the mining industry is not just about extracting resources, it's also about processing and refining them. Lockerbie and Hole Eastern has a strong presence in building processing facilities like the plants we are constructing for Potash Corporation at their mine sites in Rocanville, Saskatchewan and Picadilly, New Brunswick.

In serving the Canadian mining industry, Aecon is the only national company that can offer its customers construction services that span the scope of a project's life cycle - from resource extraction – to processing – to reclamation.



And we can do it anywhere in the country. Through Aecon Mining and Lockerbie and Hole Eastern, we are exceptionally well-positioned and well-equipped to service this industry.

Our approach to the Social Infrastructure market and our creation of the Aecon Mining business unit are but two examples of the work that we have undertaken to retool, realign, retrofit and reboot Aecon's operations so that we can take full advantage of the profitable growth opportunities that exist in the markets we serve.

The benefits of this behind the scenes work have only started to show up in Aecon's improved margins and financial performance. From where I sit, the best is yet to come.

This Aecon machine we have been speaking about wouldn't work if it weren't for all of the talented, experienced, and hard working people driving it. The cover of our Annual Report this year is indicative of the importance we place on our employees with the theme of Team Works.

Aecon's teams work hard every day to deliver solutions for our clients' projects with the quality, innovation and expert project management that our clients have come to expect from Aecon.

That is why, with your indulgence, I would like to announce the winners of our **Employee Recognition Awards**, for the first time at our Annual General Meeting. Nominated by their colleagues, these annual awards provide us with a unique opportunity to formally recognize our teammates.

The **Aecon Extraordinary Achievement Award** goes to **Randy Cline**, Proposals and Estimating Manager from Aecon Industrial. Randy led the team that put together the Darlington Refurbishment proposal.

Named after J.D. Hole, an Aecon Director here with us today, The **J.D. Hole Humanitarian Award** goes to **Keith McGrath** from Aecon Mining who has been recognized as an advocate for making the community of Fort McMurray a better place to work and live.

The **Excellence in Safety Award** goes to the **Aecon Industrial Central Fabrication Team** which has operated for 15 years without a loss time injury.

The **Cross Divisional Business Development Award** is awarded to Brian Keenan, Project Manager for the **Sheppard West Station and Southern Tunnels project**.

And as I have mentioned before, Aecon has the best teams in the business – and that is why we found ourselves with three equal winners for the Outstanding Team award. The first recipient is the **Waneta Expansion Project Team**, which is completing the civil works for this project in British Columbia.

The second recipient is the **Darlington Retube and Feeder Replacement Project Proposal Team at Industrial Central**, which set unprecedented records including work on a substantial project.

And finally the third recipient is the **Endako Mine Mill Expansion Team** from Lockerbie and Hole Eastern which has overcome significant hurdles to bring this project to timely completion.

The recipients of these awards are not only leaders within Aecon, they are also leaders in the construction industry and in their communities and have extraordinary work ethic, tremendous talent and unwavering commitment to quality work and safety.

Congratulations to all of our outstanding recipients and nominees.

I'll now turn over the podium back to John who will review Aecon's outlook for 2012.

Thank you Teri.

By 2020, Canada is expected to become one of the world's five largest markets for construction activity. According to a study by PwC and Oxford Economics, between 2012 and 2015, the non-residential construction market in Canada is expected to grow by an average of 4.7 percent per year, and the infrastructure construction market is expected to grow annually by 6.8 percent.

In the industry sectors where Aecon has strategically positioned itself, the opportunities are unprecedented.

In the transportation sector, there are eight projects worth more than one billion dollars each currently in the planning or bidding stage; they include light rail and/or subway transportation systems in Vancouver, Edmonton, Ottawa, Waterloo and Toronto; rebuilding of the Turcot Yard Interchange and Champlain Bridge in Montreal; a ring road around Calgary and the recently awarded Henday ring road in Edmonton are all prime examples.

The natural resource sector accounted for nearly one quarter of the capital expenditure investments made in Canada last year.

As Teri mentioned, Aecon Mining was purpose built to serve this market segment and is very active in oil and gas development a few clicks up the highway in Fort McMurray; on potash mine sites next door in Saskatchewan; as well as in New Brunswick on the east coast. On top of that, there's all of the work that is just getting underway in the Ring of Fire in Northern Ontario and Plan Nord in Quebec.

Then there's the Rock – or Newfoundland and Labrador as it is known to those who don't have screech running in their veins. Aecon has had boots on the ground doing mining work in Newfoundland for some time. Lockerbie and Hole Eastern is currently working on the Vale site in Long Harbour and recently completed a one hundred and twenty-four million dollar contract at the Voisey's Bay nickel mine. But those boots will soon be joined by many more.

The plans for iron ore and nickel development alone in that province will create billions worth of mine construction and development work over the next decade. John Singleton, the head of Aecon Mining, by the way, was born and bred in Clarenville, Newfoundland. Between John, Phil Ward from Lockerbie and Hole Eastern and the Honourable Brian Tobin, also one of our directors here today, when it comes to finding mining opportunities on the Rock, I imagine the three of them will not leave a single stone unturned.

Moving onto Canada's power generation sector, two hundred billion dollars is projected to be invested in expanding and refurbishing production capacity with another one hundred billion dollars to be invested in power transmission and distribution infrastructure.

Today, we're building hydroelectric dam projects in British Columbia and Ontario. More of them are planned, again in British Columbia, in Manitoba, Ontario, and Newfoundland and Labrador.

Other power projects will include co-gen plants, nuclear refurbishment in Ontario and New Brunswick, solar farms in Ontario and power transmission and distribution systems for utilities in Alberta and Ontario.

These and other projects are examples of the kind of multi-disciplined construction projects that 'One Aecon' is built to pursue, win and execute with best-in-class margins. And 'One Aecon' allows us to deliver a unique, all-Canadian solution to our clients' needs.

Over the span of 135 years, we have built Aecon as a proudly Canadian enterprise, with the financial strength to take on substantial projects that require a unique blend of operational expertise, project management skills and long-term planning capabilities. I believe the prospects and the rewards that await us in the coming years are unmatched in our history.

We have built this enterprise for this moment. It's our time.

Thank you for your continued support.

**[Return to business script for ballot results]**