



**Aecon Group Inc.
2011 Annual Shareholders' Meeting
June 14, 2011**

“One Aecon”

(Check against delivery)

John Beck - Delivery Version

Good morning ladies and gentlemen.

Whether you're here at the Design Exchange in Toronto or tuning in to our webcast – welcome to Aecon's forty-first annual meeting of shareholders.

Je souhaite la bienvenue à tous nos amis actionnaires ici présents ou se joignant à nous par webdiffusion. Je m'appelle Jean Beck et je suis le président du conseil et chef de la direction du groupe Aecon.

My name is John Beck and I am Chairman of the Board and Chief Executive Officer of Aecon.

John Beck

In my remarks this morning, I'll discuss the opportunities for profitable growth that we see in each of the core markets that Aecon serves . . . and the steps we're taking to ensure we capitalize on those opportunities.

But first I'd like to ask Teri McKibbin, Aecon's Chief Operating Officer, to give us an overview of where we are from an operational perspective.

As some of you know, Teri was appointed to his current position in March of this year after serving in increasing leadership roles for the last 16 years at Aecon . . . including as the head of the successful infrastructure group for the past six years.

In his new position, Teri assumes responsibility for construction operations right across Aecon.

Teri...

Teri McKibbin

Thanks John.

I want to talk briefly about a few things that Aecon is doing differently at the operational level to ensure that we are able to deliver sustainable profitable growth to our shareholders.

First, we've heightened our focus on risk management by moving to more robust project controls and an augmented Project Audit capability.

In the past, we've sometimes had small project execution problems turn into bigger issues because they were not identified and managed at an earlier point in the project's life cycle.

We've beefed up the project audit resource team with senior experienced project managers who know where to look for and how to weed out budding performance problems before they blossom into serious financial issues.

Internally, we've also taken steps to drive more collaboration between divisions and introduce company-wide best practises through an initiative we call "One Aecon". John will have more to say about the One Aecon concept in his remarks, but from an operational perspective, what this means is fewer walls, and more windows between our various business units.

As Aecon has become larger and more diversified in the construction capabilities that we offer to our clients, there is significant scope for improved operational efficiency in terms of inter-divisional co-ordination and collaboration.

As the work that we do for our clients becomes more comprehensive and projects become more complex, there are lots of opportunities to improve financial performance by ensuring that the left hand not only knows, but anticipates, what the right hand is doing.

Having access to a broader set of construction capabilities also creates new opportunities for our people to cross-sell services and deepen their relationships with our clients.

These changes are about aligning our internal culture and operational process to match the size and scale of the organization that we have become.

If we do these things, we will make fewer mistakes, waste less time, and make more money.

Even the move to create the position of Chief Operating Officer is a step in this direction. I'm not talking about the current incumbent of that position, of course, but about the position itself.

It means the person who has operational responsibility for the work we're doing for every client, on every project, in every division, in every region has accountability within a common operational structure.

This is a departure from Aecon's traditional 'silo' reporting structure, and allows us to identify and fix systemic operational problems and promote the cross fertilization of best practices.

But if you want to improve financial performance in this industry – you've got to focus on the biggest line item – people. If you have the best people you can deliver best-in-class margins. If you don't – you can't.

For the past four years, Aecon has been recognized as one of the best employers in Canada.

When you combine that reputation with a national presence and the scale that comes with being one of a handful of "go to" construction companies in the Country, you become an employer of choice. That means you have the ability to attract, retain and develop the very best people in the industry.

That is exactly what we're doing. We are investing significant resources in stepping up Aecon's training and development programs.

We're developing training programs to apply to every single employee at Aecon, regardless of their role or level in the company.

Technical training ... risk management ... project reporting and controls ... project execution ... Building Information Modelling, or BIM training ... the list goes on.

And we're building the next generation of project managers from Aecon's own ranks by investing in training programs that develop management skills in workers that did not come to us with these capabilities.

We're also developing the senior ranks of Aecon's management through a program that we developed in collaboration with the Richard Ivey School of Business at the University of Western Ontario.

And we are, as you got a glimpse of earlier this morning, unrelenting, and unashamedly zealous in our approach to safety training.

This investment in people is central to our business. The backhoes, the road graders, the welding rigs, and the mining trucks don't work very well unless someone who knows what they're doing is on the other end of the tool.

At the end of the day, achieving operational excellence starts with attracting, retaining and developing the best people and supporting them with a performance-based culture.

Over the past three months, since taking on the position of Chief Operating Officer, I have had the opportunity to visit all of the divisions in Canada and the US and to meet many of the people who are on the front line of our crusade for improved operational performance.

I can tell you that I have been very impressed by what I saw. I am convinced that it is within our capacity to meet this goal.

Over the coming months, that is exactly what we intend to do.

With that, I'll turn the podium back to our CEO, John Beck.

John Beck

Sir Winston Churchill once said that "there are no limits to the majestic future which lies before the mighty expanse of Canada".

While he was writing about a country that, at that time, was still in its adolescence, I think if Sir Winston were to see this country today, he would be no less optimistic about Canada's future.

Yes, we've been endowed with a rich store of resources and the ambition to create sustainable wealth and prosperity from these blessings. A lot has already been accomplished in building this country.

But, much like the story of Aecon itself, I believe the best is yet to come, as we enter one of the strongest construction cycles in memory.

This building activity is spread right across the country, and is aligned with the five construction market sectors where Aecon has established a pre-eminent leadership position:

- Resource Development
- Transportation Infrastructure
- Power Generation
- Urban Infrastructure and
- Social Infrastructure.

When I look at what is coming over the next four or five years, here's what I see.

In British Columbia, to meet the government's objective of energy self sufficiency, BC Hydro plans to invest 6 billion dollars over the next three years to expand and upgrade the province's power generation and distribution infrastructure.

Moving to the east coast, in Newfoundland and Labrador, the province has announced plans to begin the development of the 6 billion dollar Lower Churchill hydroelectric project.

In Ontario, the government plans to spend more than two billion dollars to upgrade the province's highways and another two billion dollars on public transit in the current fiscal year.

Récemment, le gouvernement du Québec a dévoilé son « Plan Nord », un projet ambitieux de mise en valeur des vastes richesses du Nord du Québec. Ce plan prévoit notamment l'investissement de 80 milliards de dollars dans les mines et les infrastructures de transport et dans le développement d'une capacité d'énergie renouvelable de 3 500 mégawatts.

Plan Nord is an 80 billion dollar investment in mining and transportation infrastructure along with the development of 3,500 megawatts of renewable energy in Northern Quebec.

In Saskatchewan, the potash industry is trying to keep up with the rising global demand for fertilizer and will invest 12 billion dollars by the end of this decade to increase capacity by over 90 percent.

Health care infrastructure spending in Ontario, British Columbia and Alberta is estimated to exceed 4 billion dollars in the current fiscal year.

The federal government's transfer payments to municipalities to help fund their investment in urban infrastructure, are budgeted to reach nearly six billion dollars over the next three years – as confirmed in last week's budget.

In Alberta, the oil industry is roaring back with an estimated sixty billion dollars in oilsands projects either underway or planned over the next ten years.

In Ontario, the province's long-term energy plan calls for 75 billion dollars to be invested over the next twenty years in refurbishing and expanding electrical power generating capacity to meet expected demand.

Taken together, these plans help explain why a recent study published by PricewaterhouseCoopers forecasts that growth in Canada's construction industry will make this country the fifth largest construction market in the world by 2020 ... trailing just behind China, the US, India, and Japan.

Any way you cut it, there is a massive amount of work that is coming down the chute.

Because of our size, our regional presence and the diversity of our capabilities, Aecon is ideally positioned to capture a substantial part of this work.

We've worked deliberately to position Aecon as a leader in each of the strongest growth sectors of the Canadian construction industry.

As a trading nation with the second largest land mass and one of the lowest population densities in the world, it's not surprising that Canada is heavily invested in its transportation networks.

Because of our deep roots in the road building industry and our ability to bring a wide range of construction services to the table, Aecon has earned its place as a preferred contractor to public sector project sponsors and as a strategic ally in public private partnerships that participate in this growing market.

Last year Aecon performed 781 million dollars worth of work in this sector alone.

Canada is blessed with massive oil and gas reserves, valuable potash and uranium, and high-grade deposits of base and precious metals.

Extracting and processing these resources is a central pillar of the Canadian economy and a major driver of demand for our construction services.

Over the last five years, resource development industries accounted for one of every five dollars of construction spending in Canada.

Extracting resources in remote locations takes field-hardened skills, acute safety awareness and a deep respect for the environment.

Whether it's site preparation and development work, supply and installation of material handling equipment, fabrication of modules for processing facilities, or on-site plant construction, Aecon leads in the resources sector.

The launch last year of Aecon Mining adds heft to the mining capabilities we previously had through Alarie Construction, and opens vast new avenues of growth for Aecon.

I'm personally very excited about the potential for Aecon Mining. In the near-term, we're focused on solidifying and building on our base in the oilsands – a significant undertaking. But the longer term potential for this business extends beyond the oilsands and is as vast as the resources sector itself.

Last year Aecon performed 660 million dollars worth of work in the resource development sector – and we plan to dig even deeper into this key market.

Social infrastructure is the physical backbone that houses Canada's medical facilities and educational institutions, supports our justice system, and preserves our culture.

With a proven track record, Aecon has become a trusted partner in building the social infrastructure that thousands of Canadians use every day.

Last year Aecon performed 562 million dollars worth of work in this sector.

More than 85 percent of Canadians live in communities that are supplied with municipal water and sewer services.

Every year, these communities become more crowded, resulting in growing demands on the network of water mains, sewers, gas lines and fibre optic cables that lie under our streets.

The Federation of Canadian Municipalities estimates that Canada's existing municipal infrastructure needs 123 billion dollars worth of refurbishment just to meet current demands.

Aecon has the skills, reputation and safety culture that municipalities and utility clients look for when installing and upgrading these critical facilities.

Last year Aecon performed 398 million dollars worth of work in this sector.

With 620 million megawatt hours of generating capacity, Canada is the world's seventh largest producer of electricity. Every year, new investments are made to expand and refurbish our power generation infrastructure.

While hydroelectricity accounts for nearly 60 percent of this capacity, growing attention is being paid to other renewable sources like wind and solar, as well as to nuclear and gas-fired cogeneration.

We are a preferred contractor to the power generation industry because of our ability to bring specialized capabilities to bear on projects that require integration with engineering partners.

Last year Aecon completed 259 million dollars worth of work in this sector.

I'm sure you'll agree that our success to date in penetrating each of these market sectors forms a very solid foundation on which to build Aecon's future growth.

But frankly, we know that we need to do more than just build on the past. It just can't be business as usual. We must step up our game in fundamental ways to translate record backlog and record revenue into sustainable record earnings.

And we are.

To ensure that Aecon is able to push top line growth through to bottom line profit, we've sharpened our strategic focus in four specific ways.

First, Enhance Operational Excellence.

We started this process with Teri McKibbon's appointment as Chief Operating Officer. Teri enumerated some of the measures that are already in place, but simply put, Teri's mandate is to deliver best in class margins right across the organization.

Second, Strengthen Risk Management.

Bigger more complex projects offer the potential of higher returns from increased margins. But they also have unique risks that need to be identified, mitigated, and managed.

As Teri said, we've placed added focus on risk management, instituted more rigorous project controls and augmented a project audit team, to help us ensure we deliver projects on time and on budget – with no surprises.

Third, Pursue Quality Organic Growth.

While we do not rule out future acquisitions, we've fine tuned our strategy to focus on organic growth and on building our work on hand - or backlog - in higher margin sectors . . . a subject I'll address in more detail in a moment.

And fourth – Entrench our “One Aecon” Culture.

As Aecon has grown, our corporate culture has evolved. “One Aecon” will galvanize this evolution and create a strong single voice for Aecon, presenting our clients with one face and a clear choice.

Teri touched on several of these areas from an operational perspective. Let me now add to his comments.

Aecon has grown substantially over the last decade – not only in terms of the breadth of our capabilities, but also in terms of our geographic reach.

We've carefully put together an organization that includes experienced people with deep client relationships across the country in all five of the key market sectors that we serve. So we're not just a lot bigger than we were a decade ago, we've built muscle mass in all the right places.

And as we've grown, we've made a point of building other kinds of relationships – strong relationships with key partners who complement Aecon's strengths with strengths of their own.

This partnership strategy is why Aecon joined with the large American contractor Peter Kiewit and Sons, in a 1.7 billion dollar design/build contract to redevelop four hydroelectric generating stations in Northern Ontario.

In British Columbia, Aecon is partnering with Canada's SNC-Lavalin Group to build an intake structure, twin tunnels and powerhouse to expand the generating capacity of the Waneta dam. We're also partnering with SNC-Lavalin in nuclear refurbishment in Ontario.

And in Quebec, Aecon has joined with two of the largest European-based construction groups Acciona and Dragados to design/build Quebec's Autoroute 30 near Montreal.

These are but a few examples of the many partnerships Aecon is engaged in today. Aecon is now of a size and scale that makes it a preferred partner in today's Canadian construction market.

Partnerships like this change the competitive landscape. The number of firms in Canada that can take on more complex projects in the hundreds of millions of dollars is limited, which means we're bidding against two or three consortia versus the nine or ten bidders that typically chase smaller contracts.

Larger players in our industry are highly disciplined in their bidding and project execution. The owners of these large projects will often look to other factors - like safety, experience, reliability and reputation ... and deal with price as only part of the final contract negotiations.

Our pursuit of partnerships and joint ventures is a deliberate strategy that supports our risk management and profitable growth objectives.

Partnerships are, by definition, integral to the public private partnership contracting process, which is becoming an increasingly important delivery mechanism in the development of large public infrastructure projects.

On the risk management side, partnering on large projects also helps by bringing another set of experienced eyes to the bidding and contract execution process.

As the saying goes...it's wise to keep your friends close...and your potential competitors even closer.

Evidence that our strategy is having the desired effect is showing up in our work on hand ... that is our backlog ... in three important measures – size, duration and margin.

You may recall when Aecon announced its first quarter results several weeks ago, that we reported work on hand of more than 2.3 billion dollars – a record for a first quarter.

We've been breaking backlog records regularly over the past several quarters and our bidding pipeline suggests our backlog will remain strong for the foreseeable future.

When we released our most recent first quarter results, we also noted that an important shift had taken place in the duration of this backlog.

In the first quarter of 2009, the amount of our backlog that stretched out beyond the next year was 353 million dollars. Two years later the amount has nearly tripled to \$901 million dollars.

This means we've already started to book the work that is going to drive our earnings two years out. But the most important change we see is the increasing margin percentage embedded in all of our backlog.

If we look at the contract margin percentages included in our work on hand over the last five years, there are some noteworthy trends.

For some time, Aecon enjoyed an environment of generally rising contract margins in its backlog.

This trend reversed itself sharply as we headed into the recession and the decline continued until the early part of 2010.

But for the last year, we've seen a steady improvement in the margin percentages that we expect to earn from the work that is building up in our backlog.

These points illustrate that whether it's backlog volume, duration or margin, the strategy Aecon is engaged in to build a strong, profitable foundation for the next cycle of our growth, is firmly taking hold.

So the question that all of us who own shares would like to know the answer to is – how does this good news show up in our earnings and therefore in our share price?

Clearly a gap has opened up between the market's expectation of Aecon's future earnings and the backlog that is already on the books to drive those earnings.

This may be a case of the market saying “show me”, which is fair given the bumpy ride we've had over the past year or so.

This slide shows the history of our backlog and of our share price over the last five years.

But, given the strong dynamics of our industry and the record volume, longer duration, and higher margins that are baked into our backlog - this gap will close as Aecon's financial results begin to reflect the quality of the work that is in our order book.

The final subject that I would like to address concerns a subtle, but far reaching change to the way we think about ourselves and the work that we do for our clients. As Teri said, the term we use to define this new way of thinking and acting is – One Aecon.

Aecon's growth and diversification have been accompanied by an operating environment in which we often have multiple business units serving the same sector or, in some cases, the same client.

This has given us access to new contract opportunities where we can earn higher margins by delivering a broader range of integrated services.

'One Aecon' is our response to this convergence.

It is the lens through which we now focus all of our activities and a template to align ourselves internally to provide a single, comprehensive solution to our clients.

Perhaps the best example of how One Aecon can work for our clients is found in the oilsands.

Our clients in the oilsands need virtually every service Aecon offers. They need civil works to prepare the site and build the foundations . . . they need mining services to remove the overburden and build tailing ponds at mine sites . . . they need steam plants and Enhanced Oil Recovery boilers at SAGD sites ... they need water treatment facilities, cogeneration plants, utility services and offices . . . they need pipe fabrication, module assembly and industrial construction for their processing plants . . . and they need reclamation services to restore the land to its natural state at the end of the process. We do all that.

As we like to say, we're uniquely positioned to serve our oilsands clients “From muskeg to oil ... and back”.

So, if we're going to provide maximum value to these clients, and earn appropriate profits for you, our shareholders in the process, we can do so best by presenting a single face to our clients ... a coordinated approach to business development, planning, and execution. Simply put – one stop shopping.

One Aecon allows us to fully embrace the needs of these clients in a relationship that is less about selling disparate construction services and is more about delivering high value solutions.

By building our business on the principle of One Aecon, we stand alone as the only firm capable of bringing a comprehensive construction solution to the marketplace, right across Canada.

In summary . . .

Over the last decade, Aecon has been built, step by step, with deliberate precision, to seize the immense opportunities we have in front of us today.

From many acquisitions and business combinations has emerged One Focus.

From many capabilities and disciplines has emerged One Solution.

From the many regions of this country where customers look for a construction and infrastructure development company to build things that matter – has emerged One Aecon.

Thank you for your continued support. I would now be happy to answer any questions that you may have.

Q&A SESSION