Aecon Group Inc.
2017 Annual General Meeting
Thursday, June 29, 2017
Remarks by: John M. Beck

The Design Exchange
Toronto, Ontario

As Delivered
Thanks, Brian. It is my pleasure to now begin what I like to think of as the “Overview and Outlook” part of today’s meeting. Remarks are a little long so fasten your seatbelts – we are a complex, diverse company with a great story to tell.

I’ll begin by providing a report to you, our shareholders, on Aecon’s financial and operational performance in 2016, followed by an overview of the important projects our teams have already completed, and the projects we are currently working on. I’ll delve into Aecon’s outlook for 2017 and beyond – concluding with the strategic plan designed to enable us to capitalize on the significant opportunities ahead.

To begin, the most important part of what we do – Safety. You heard from Mike earlier, I’m pleased to report Aecon posted yet another year of strong health and safety performance. With more than 26 million hours of work completed by Aecon employees and our sub-contractors over the past year, we continued to see a reduction in overall incidents, with zero lost time injuries, and an overall increase in our leading safety activities.

Over the past decade, we have reduced our non-lost time injuries by a remarkable seventy-seven per cent, through a focus on leading indicators – essentially getting ahead of potential issues, as each and every employee keeps safety top of mind.

We launched several new safety initiatives that carry forward into 2017, such as:

- Comprehensive in-class and road driver training for employees with company vehicles.
- And, we are thrilled to pilot what we call an “ErgoSkeleton” – a first for the industry to capture best lifting practices and behaviours to prevent back injuries.
Recognition of these efforts makes us very proud and on that note, our teams received industry safety awards across the country. And just to name a few:

- The Safety Excellence Award by the National Capital Heavy Construction Association
- The Outstanding Achievement in Safety Award by the Ontario General Contractors and the Ministry of Labour
- And we were recognized by key clients Enbridge and Suncor for our safety achievements

Shifting gears now to our principal objective – delivering shareholder value…

2016 was another year of success for Aecon, and we are incredibly proud of all that was accomplished with your support.

As Aecon has grown and evolved it has become increasingly important to define who we ARE. A nod to our ticker symbol on the Toronto Stock Exchange, yes, but those three letters – “A-R-E” or “ARE” – encompass so much more. As an organization, we ARE safe, we ARE profitable, we ARE diversified, and, we ARE a partner-of-choice.

Reviewing Aecon’s 2016 results, we saw revenue and new awards reach record levels while making solid progress in profitability. Over the course of the year, we reached several milestones including:

- Record annual revenue of $3.2 billion. A ten per cent increase over 2015, demonstrating the value of diversity in our business
- Year-end backlog of $4.2 billion, a twenty-nine per cent increase, with increased longer duration backlog providing greater visibility and stability
- Record new contract awards of $4.2 billion were booked in 2016, an increase of eighteen per cent
✓ And, for the sixth consecutive year, Aecon’s Board of Directors approved an annual dividend increase to fifty cents per share up from forty-six cents, an increase of nine per cent.

And, we continue to build off this success with solid progress being made so far in 2017.

Aecon is very much defined by the projects we work on and last year saw us advance several large-scale ones. Across the company, in particular, the group here who have more than twenty major projects underway with contract values of more than $100 million each, and of course we have a few valued in the billions of dollars, all representing an impressive cross-section of expertise from each of our four segments – Infrastructure, Concessions, Energy and Mining.

I am very proud of the team of specialists across the company who have steadfastly built these projects and partnerships over the past year – truly connecting communities, as we like to say at Aecon. Some of the projects that reached successful completion include:

✓ **The Port Mann Waterline Tunnel Project**, which doubles the capacity of the old watermain and provides enhanced earthquake and river erosion resiliency to ensure the continued delivery of drinking water to Metro Vancouver residents.

✓ Aecon and its joint venture partners have closed the loop with the completion of the **Northeast Anthony Henday Drive Project**. Now, thanks to this first-rate example of a project completed under the P3 model, an estimated forty thousand motorists will have unparalleled access into and around the City of Edmonton.

✓ Our Mining team successfully completed our civil works contract for Suncor Energy at its new **Fort Hills** mine in Alberta, and as a testament to our diverse offering, we also carried out the construction of the site’s new ore processing plant.
In Saskatchewan, the Regina Wastewater Treatment Plant reached substantial completion in December 2016. Recognized as the largest and most successful P3 in the Canadian Water sector, this key project enhances Aecon’s position as an industry leader in the water and wastewater space with numerous opportunities in our bidding pipeline.

On the K+S Potash Legacy Mine site in Saskatchewan, we completed around $1 billion worth of mechanical, civil, piping and electrical work on this Greenfield project, with a notable eight million hours expended without a lost time injury.

The Peter Sutherland Sr. Generating Station north of Smooth Rock Falls in northern Ontario is a new two-unit hydropower station providing twenty-eight megawatts of power to the provincial grid; and

In January 2017, we reached substantial completion on the TTC’s Sheppard West Station. We are also pleased to work on the integrated GO platform at the Downsview station which we will complete by the end of 2017, in time for the opening of the entire extension.

These projects and teams ensure we ARE successful, that our clients ARE satisfied with the work delivered, and that we ARE creating shareholder value.

Moving forward in 2017, our focus is on the successful execution of the projects in our backlog and nurturing relationships with our valued clients. We continue to reach significant milestones across our portfolio in Canada and internationally. For example, here in eastern Canada:

The Region of Waterloo ION LRT Project: This project is one of the most transformative developments in the Region of Waterloo’s history, changing the way people connect within the community. I’m happy to report construction is expected to be complete in the third quarter of 2017.
✓ **The Eglinton Crosstown LRT Project** <video>: This is the largest P3 Infrastructure project in Canadian history. The resources required have been just as monumental with over two hundred and fifty Aecon employees working on the project.

This project is a true testament to the diverse service offering that defines Aecon’s competitive advantage, as we have called upon our business unit leads in utilities, engineering, and foundations, for the expertise required to fulfill a large part of work.

All fifteen stations are under construction and we have completed ninety per cent of the project design work. Our Crosslinx team is currently on target to complete the project by 2021.

An interesting and transformative aerial view of this city from east to west and of this impressive project.

✓ **The Eglinton East tunnels**: Before Aecon and its joint venture partners were awarded the $5.3 billion mega contract to build the Eglinton Crosstown LRT, Metrolinx called upon Aecon’s team to first address the excavation of two tunnels to facilitate the flow of below-grade transit traffic in both directions across the city. The tunnels are set to be completed next month.

✓ **<video>:** 2016 proved to be a pivotal year in the preparation and planning for the beginning of the **Darlington Nuclear Refurbishment project’s** first unit outage. All planned materials were delivered, all tools were readied, and the training program began at our state of the art full scale reactor mock-up to ensure our skilled employees were fully prepared. Now, let’s take a look at a video created by our client, Ontario Power Generation, showcasing the progress made to date.

Nice to see all the Aecon maple leaf hard hats on the project!
In western Canada….

- **The John Hart Generating Station Project <video>:** This time-lapsed video footage you see on the screen shows the innovative work being carried out by our team underground. In May, our JV completed the powerhouse stage 1 concrete construction – four months ahead of schedule. Also completed was the tailrace concrete, intake excavation, and seventy-five per cent of the tunnelling. I was very proud to tour our Board of Directors around this site last year. The project is on target for service commencement in 2018.

- **The Annacis Island Wastewater Treatment Plant Project:** A 50/50 JV between Aecon and Graham Construction was awarded a $252 million contract by Metro Vancouver to carry out work on the Stage 5, Phase 1 Expansion. Work commenced just a couple of months ago in April 2017 and is expected to be complete in 2021.

And internationally….

- **The Bermuda Airport Redevelopment Project <video>:** Building upon our expertise in airport development and innovative partnerships, we achieved commercial and financial close on Bermuda’s L.F. Wade International Airport Redevelopment Project in March 2017.

  I had the pleasure to attend the groundbreaking ceremonies with the great Aecon team who made it all happen.

  Aecon arranged for the financing for the project, and will operate and redevelop the Airport in partnership with the Government of Bermuda and the Canadian Commercial Corporation (CCC), an agency of the Canadian government. This landmark P3 project will deliver a state-of-the-art terminal for the people of Bermuda and continues to grow Aecon’s international profile.
I’m so proud of the multi-disciplinary team who have worked on this cool project.

Each of these projects have something significant in common. They connect communities, homes and people while protecting the ecosystems in which we operate through end-to-end sustainability. At Aecon, how we build matters is just as important as building things that matter.

You’ll see on the screen a few of the accolades we received just this past year for our social responsibility efforts.

Not to be overlooked, the most important function of a great company is to have a great team.

Additionally, Aecon is also pleased to once again be recognized as one of the Best Employers in Canada for the tenth year running and we strive to sustain this performance for years to come.

All 50-year plus employees who are still building the best airports and highways!

Interactions and relationships with stakeholders is of increasing importance as we build cities and communities. Across Canada, Aecon continues to work collaboratively with Indigenous communities through our defined principles of partnership. We currently have twenty-four partnerships with Indigenous groups and are working with two hundred and eighty-eight Indigenous apprentices.

Now let’s turn our attention to Aecon’s strategic plan and outlook as we move through 2017 and beyond.

Our focus continues to be on the successful execution of the projects in our backlog and on growing our recurring revenue work with our clients. Following revenue growth in 2016, we expect 2017 to be on par with last year as we partake in significant bidding activity to continue to build backlog.
There are five core elements that comprise Aecon’s strategic path:

1. **Our People and their Safety:** We are committed to the further development of our 12,000-strong employees and industry-leading safety programs.

2. **Superior Shareholder Value:** Leveraging our vertical and horizontal integration capabilities and ensuring collaboration across our diverse businesses to create synergies, cost savings and enhancing our commercial culture to deliver superior shareholder value.

3. **Partnerships and Alliances:** Building strong partnerships and alliances, including joint venture arrangements, Public-Private Partnerships (P3), and long-term relationships with valued clients across the country.

4. **Prudent Risk Management:** Monitoring projects at all stages of development through a dedicated project controls team to ensure complex projects are provided with state-of-the-art management controls.

5. **Harnessing Innovation:** Fostering a culture of advancement and forward thinking across our company by providing a forum to facilitate innovation – our Innovation Council.

Now let’s take a closer look at each of Aecon’s four segments and what we can expect moving forward through 2017…

In the Infrastructure segment, Aecon expects continued success in pursuits with our partners.

✓ We see multi-billion-dollar commitments across all levels of government and the long-term nature of the available programs provides visibility and growth opportunities and supports our target of doubling infrastructure revenue within five years.
In 2017, we expect a strong bidding pipeline with over $25 billion worth of bids in progress and numerous additional large-scale projects expected under P3 and other procurement models.

- The roll out of mid-size projects in the $100 million to $500 million range in civil, transportation and water/wastewater sectors is expected in 2017 and 2018.
- And, recently because we have seen some pull back from U.S. and international players in Canada as they focus on developing opportunities in the U.S., we expect this will mitigate competitive pressure here in Canada.

In collaboration with Aecon’s three construction segments, Aecon Concessions provides our public and private sector partners with the integrated knowledge and expertise required to execute large-scale infrastructure projects that require private finance and long-term operation and maintenance solutions.

- Financial close on the Bermuda International Airport Redevelopment Project was reached in March 2017. We also launched Skyport, a wholly owned Aecon Concessions entity that has assumed the existing Bermuda airport's operations, maintenance and commercial functions, and will manage and coordinate the overall delivery of the project over a thirty-year concession term.
- We see stable future revenue through our participation as concessionaire on the Waterloo LRT, Eglinton Crosstown LRT and Bermuda International Airport projects currently under construction.

In Aecon’s Mining segment, we have right sized and combined our Mining and Energy operations in the west to scale and manage the volume of work and opportunities in the current market environment.

- Oil sands production and reclamation work is expected to increase in 2017 following the Alberta wildfires, as existing producers increase throughput production and a new operating site comes online later this year.
 ✓ Existing potash work will ramp down during the second quarter of 2017 and we expect lower volume. However, we are exploring numerous mine site installation opportunities that are currently at the engineering phase, including working with Canadian clients and local partners in international locations such as Mexico, the United States, and South America.

Aecon’s Energy segment proudly manages and delivers critical energy projects for our clients.

 ✓ The two billion Darlington Nuclear Refurbishment Project provides long-term revenue consistency for Aecon. The Bruce Power nuclear refurbishment program, currently in development and procurement, provides a longer-term predictability for significant growth in the nuclear segment. We remain focused on doubling nuclear revenue within five years.

 ✓ Master Service Agreements secured over the last few years will provide Utilities growth in 2017 and beyond through gas and telecommunications network upgrades. As well, we see an increased demand for significant utility integration on transportation projects.

 ✓ Mainline pipeline expansion opportunities are expected to begin in 2017 with ramp up in 2018 and beyond. While we see some stability returning for the oil and gas market, significant opportunity related to new oil projects is not visible yet.

 ✓ Federal, provincial and business community commitments to replace production of coal fired plants are promising and we are well positioned to capture our share of this work. Investments in renewable energy also provide growth opportunities.

For a broader perspective, Aecon’s balance sheet and financial capacity remain key advantages in our ability to continue to grow and lever the significant energy and infrastructure investments, including P3s, expected in coming years.
We continue to be disciplined in responding to requests for our services, becoming pre-qualified, bidding, negotiating and carrying out work, with the goal of continued improvement in Adjusted EBITDA and Adjusted EBITDA margin.

Aecon’s foundation embodies our industry-leading safety culture with record-setting performance, our skillful execution capabilities and our efforts to enhance the productivity of our business through innovation. We take pride in the strength and resiliency embedded in our operations, as well as our commercial culture.

As we near the celebration of Canada’s 150th anniversary, we reflect on the fact that some of our predecessor companies were founded only ten years after our country’s beginning, and we’ve been connecting communities and laying the foundation ever since.

As you leave today, the Canada 150 hats are a nod to this history. And, we are equally excited for the future.

As a company comprised of a highly-skilled team of specialists ready to collaborate with our clients and partners to deliver results across Canada and globally, we ARE invested. We ARE poised for growth. We ARE Aecon <video> We absolutely ARE.</video>

On behalf of Brian and I, and the Board of Directors, we thank you for your continued support. We would now be pleased to respond to any questions.