

# AECON

Aecon Group Inc. (TSX: ARE)  
Investor Presentation

AltaCorp Capital  
Institutional Investor Conference  
January 16, 2014



# FORWARD-LOOKING INFORMATION

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*The information in this presentation includes certain forward-looking statements. These “forward-looking” statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. In addition to events beyond Aecon’s control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including, but not limited to: operational and reputational risks, including large project risk and contractual factors, the timing of projects, unanticipated costs and expenses, labour relations, specific sector performance and general market, economic and industry conditions. Readers are referred to the specific risk factors relating to and affecting Aecon’s business and operations as filed by Aecon pursuant to applicable securities laws. Forward-looking statements may include, without limitation, statements regarding the operations, business, performance, prospects, strategies and outlook for Aecon. Forward-looking statements, may in some cases be identified by words such as “will,” “plans,” “believes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “should” or the negative of these terms, or similar expressions. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*



**CANADA'S PREMIER**  
**CONSTRUCTION AND INFRASTRUCTURE**  
**DEVELOPMENT COMPANY**

# AECON OVERVIEW

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- ONE Aecon approach
- Focused on execution and performance
- Leading safety record and stringent code of ethics
- Strong backlog supplemented by growing recurring revenue
- Expanding margins and on a clear path to deliver stronger results
- Balanced and diversified



# STRATEGIC CORE MARKETS

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- **Aecon Infrastructure**
  - Transportation
  - Heavy Civil
  - Social Infrastructure
- **Aecon Energy**
  - Oil and Gas
  - Power Generation:  
*Nuclear, Co-Generation, Thermal & Renewable*
  - Utilities (including pipeline and transmission)
  - Energy Support Services
- **Aecon Mining**
  - Mine Site Installations
  - Contract Mining





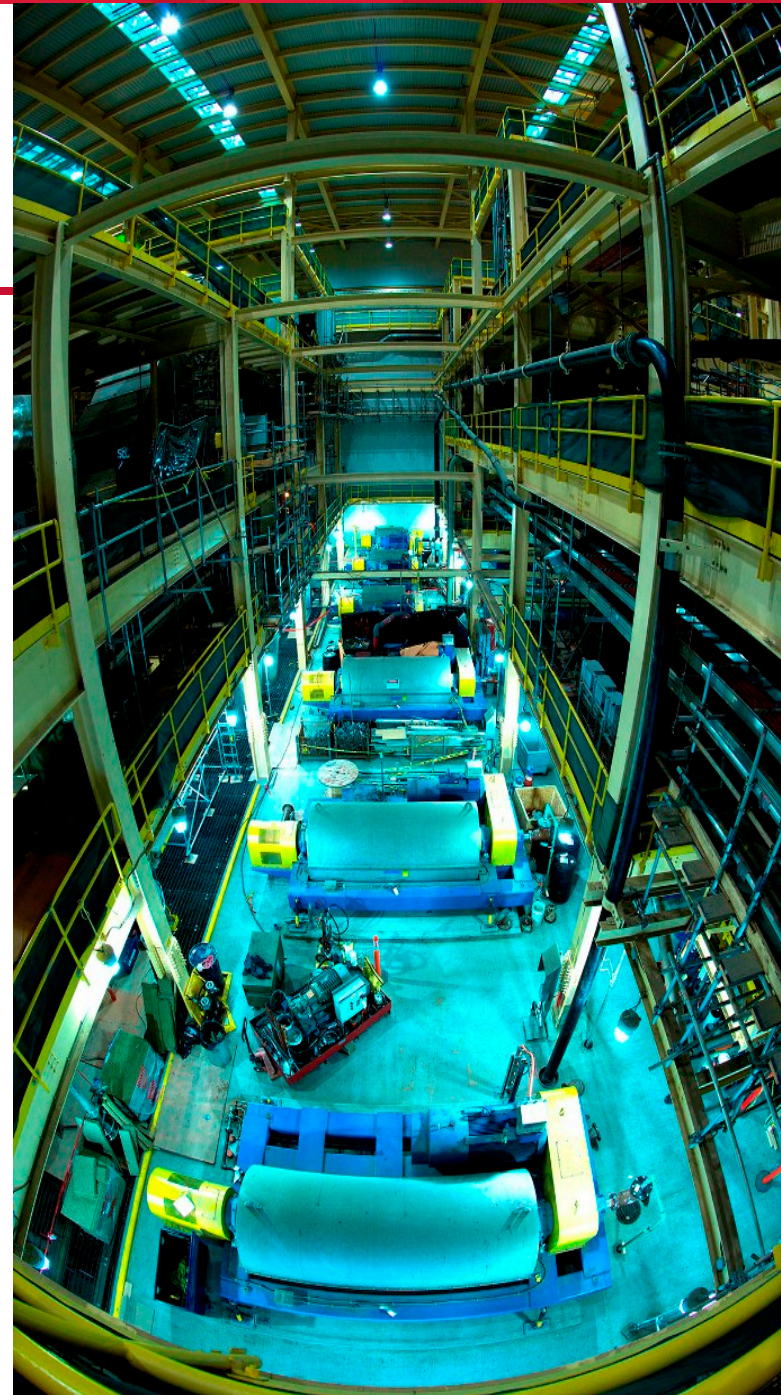
## BUSINESS STRATEGY

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- Four P's:
  1. **PEOPLE** – Invest in our people and their safety
  2. **PROFITABILITY** – Drive to best-in-class margins
  3. **PARTNERSHIPS** – Organic growth through partnerships and alliances
  4. **PERFORMANCE** – Focus on execution, operational discipline, and risk management

# ACHIEVEMENTS & OUTLOOK

- **Significant progress towards 9% EBITDA target in 2015**
  - Growth in margins and profitability in Energy segment
  - Mining business successfully scaled
  - Expanded Utilities business in western Canada
  - Redefined and refocused Buildings operations
- **Positive Outlook**
  - Robust infrastructure demand with opportunities for organic growth through new JVs and PPPs
  - Improved backlog margins
  - Well capitalized business

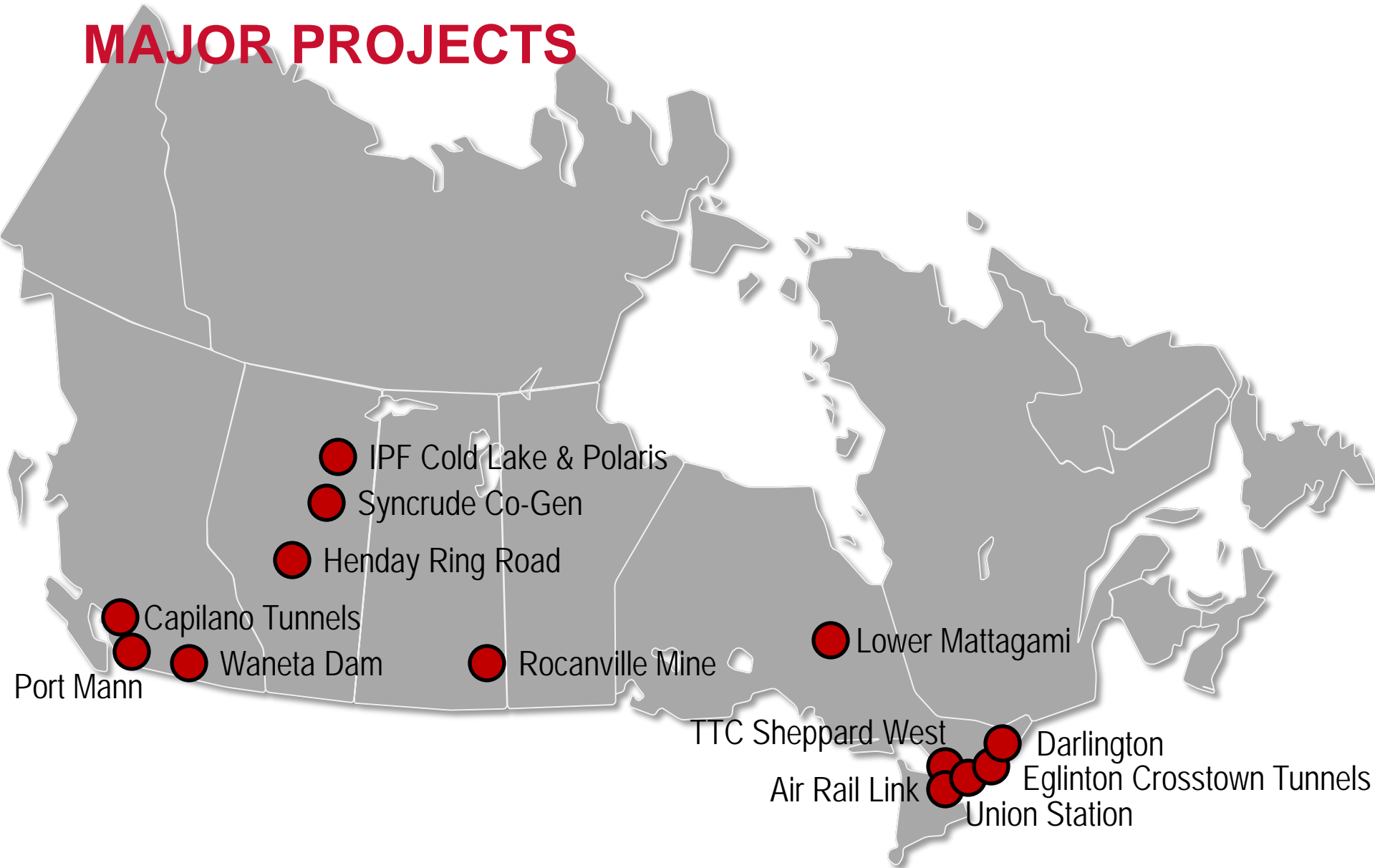


# 2013 Q3 FINANCIAL RESULTS

\$ Millions	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Revenue	897.3	820.5	2,162.4	1,955
Gross Profit	94.1	98.8	175.9	185.7
Adjusted EBITDA	79.5	68.6	105.0	94.1
Adjusted EBITDA Margin	8.9%	8.4%	4.9%	4.8%
Operating Profit	57.6	52.1	42.6	45.7
Profit	34.4	35.8	12.4	21.2



# MAJOR PROJECTS



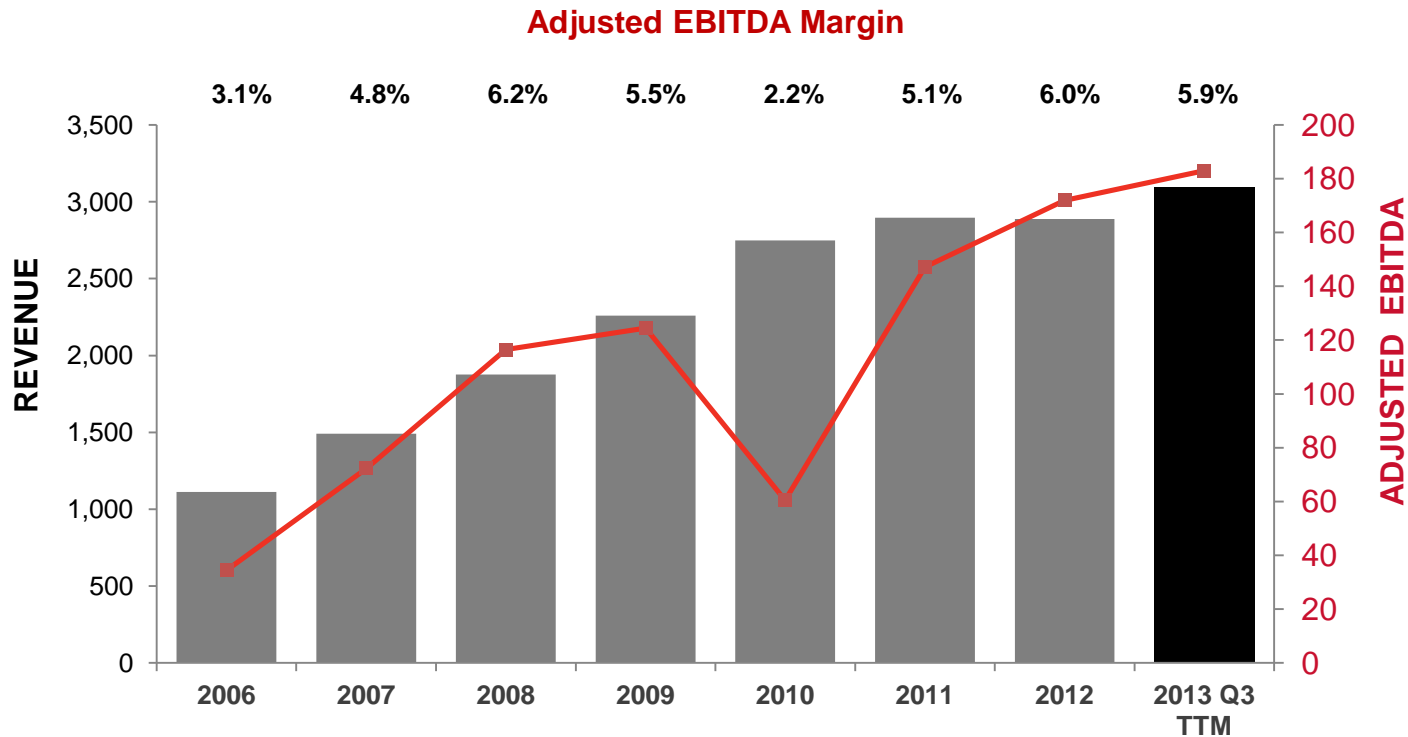
# NATIONAL FABRICATION CAPABILITY

## FABRICATION FACILITIES

Brantford, ON	60,000 sq. ft.
Cambridge, ON	120,000 sq. ft.
Kitchener, ON	15,000 sq. ft.
Dartmouth, NS	47,000 sq. ft.
Pictou, NS	50,000 sq. ft.
Edmonton 1, AB	80,000 sq. ft.
Edmonton 2, AB	85,000 sq. ft.
Vancouver, BC	40,000 sq. ft.
<b>TOTAL</b>	<b>497,000 sq. ft.</b>

497,000 square feet of total  
Fabrication Facilities across Canada

# TRACK RECORD OF PROFITABLE GROWTH



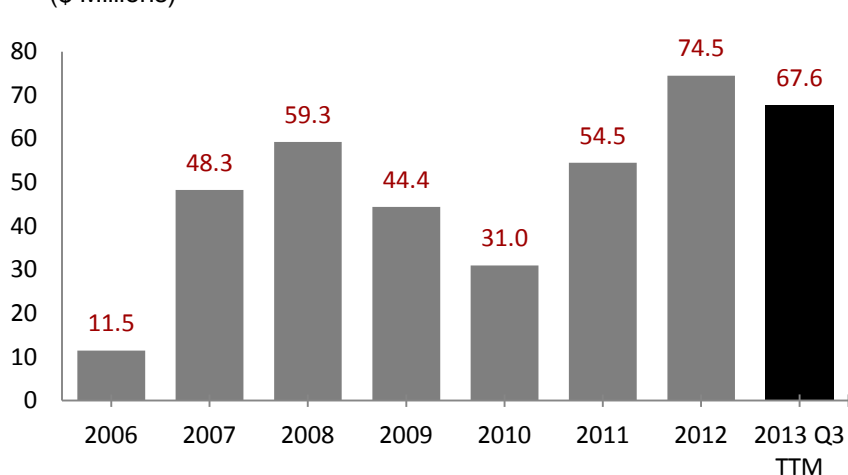
**\$ Millions**  
 2006 – 2009 GAAP  
 2010 – 2013 IFRS

**Compound Annual Growth Rates  
 (CAGR) 2006 – 2013**

Revenue	16%
Revenue (excl. acquisitions)	8%
Adjusted EBITDA	28%

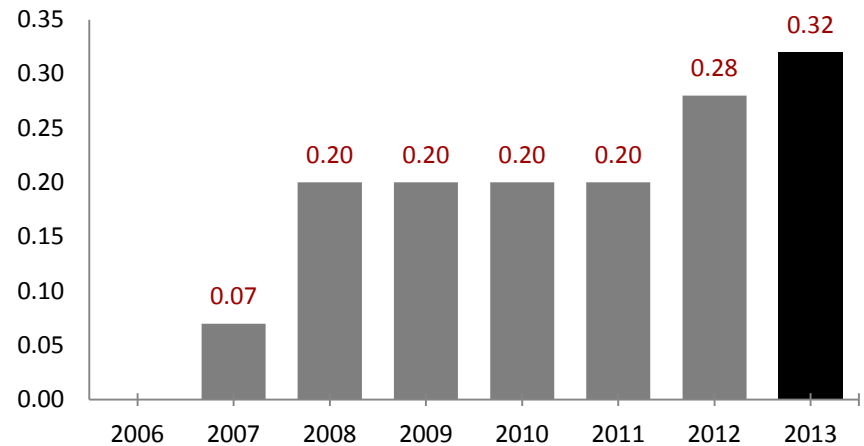
# IMPROVED RETURNS FOR SHAREHOLDERS

**Adjusted Net Income  
Attributable to Shareholders<sup>(1)</sup>**  
(\$ Millions)



*(1) Adjusted to exclude the fair value gain/loss on the embedded derivative portion of the Company's convertible debentures.*

**Dividends Declared**  
(Cents Per Share)

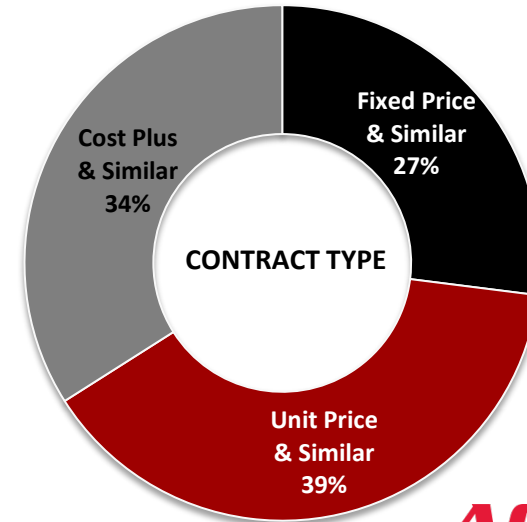
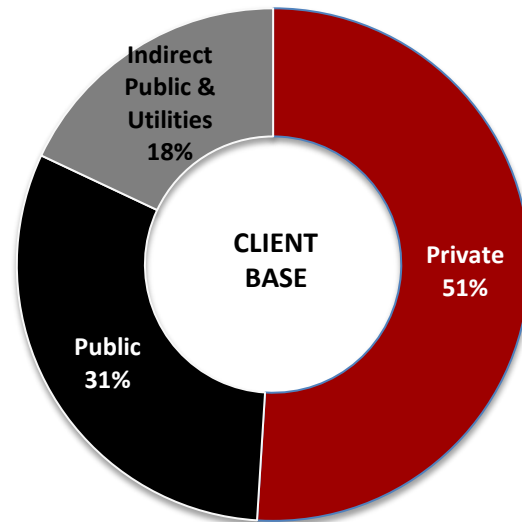
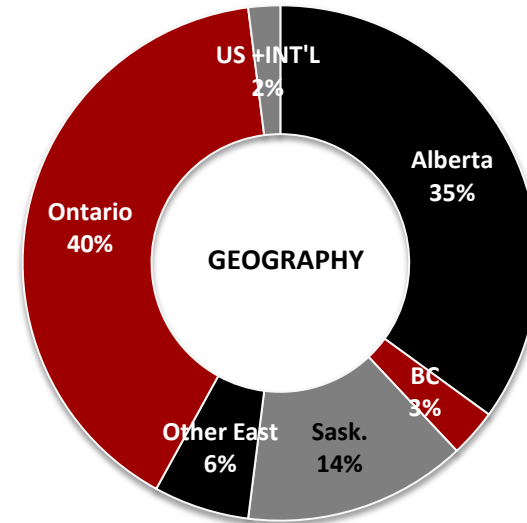
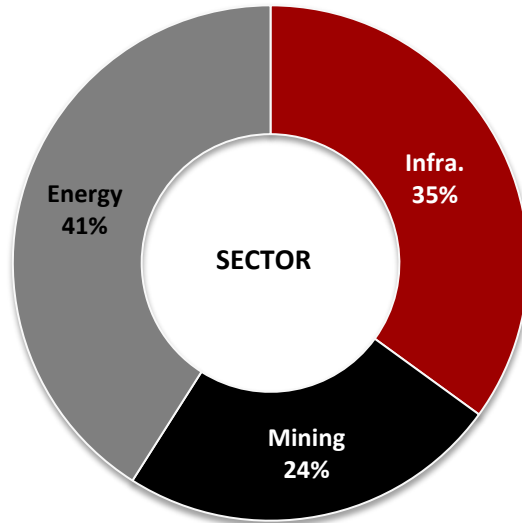


Share Price Growth Since January 2006

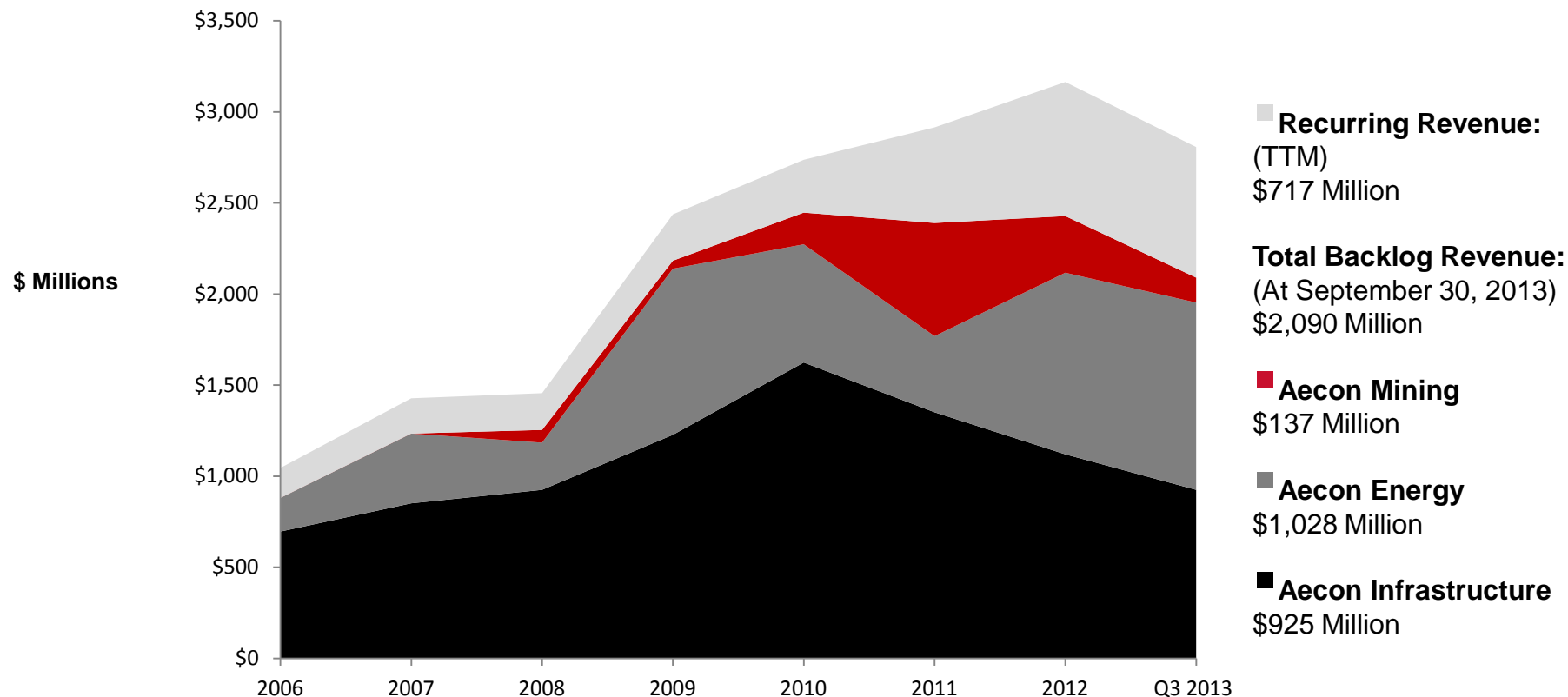
→ **164%** = CAGR of **13%**

Including Dividends CAGR = **15%**

# BALANCED AND DIVERSIFIED PORTFOLIO (Q3 2013 TTM REVENUE)

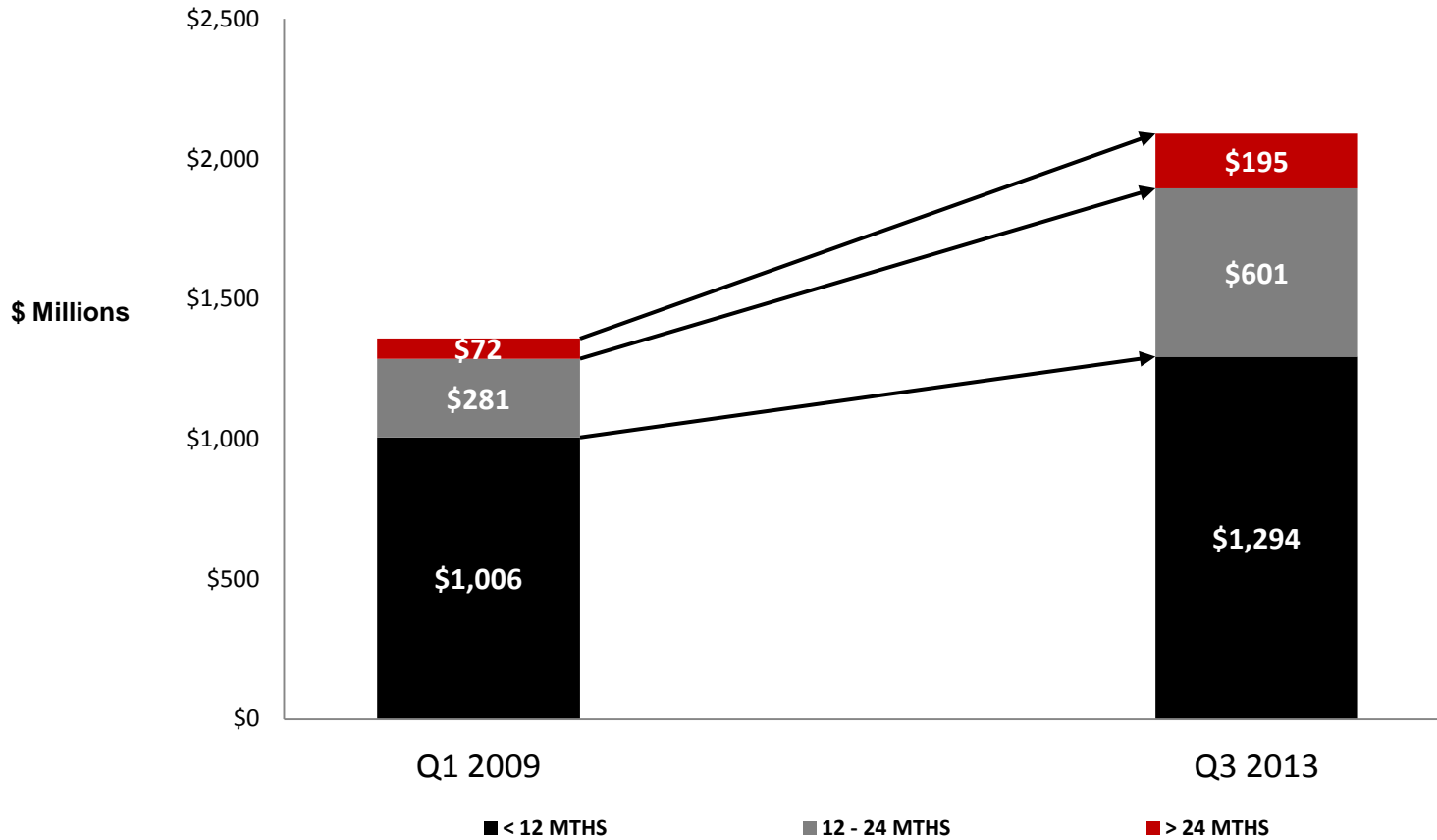


# BACKLOG REVENUE AND RECURRING REVENUE



*Note: Recurring Revenue is calculated on a trailing twelve month basis, whereas Backlog Revenue is reported as at September 30, 2013.*

# VISIBILITY IN BACKLOG DURATION



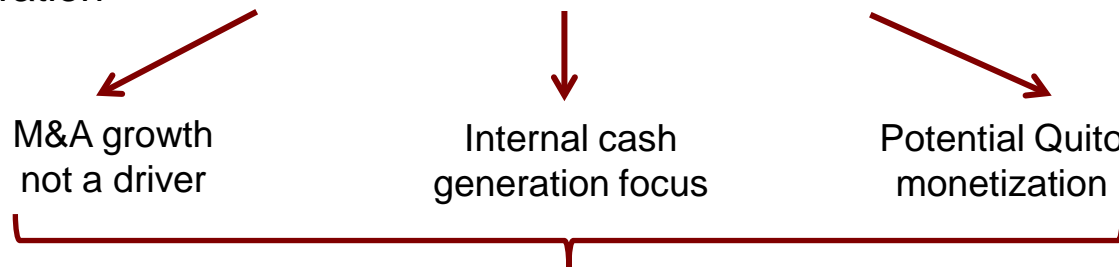
# KEY BALANCE SHEET OBJECTIVES

1. Efficient financing of equipment fleet – expected to remain at current levels

2. Maintain prudent leverage – at or below 1.0x through end 2015 after

**Convertible Debenture maturities, driven by:**

- Adjusted EBITDA growth
- Recourse debt reduced to primarily equipment financing through cash generation



- Create flexibility to deal with Convertible Debenture maturities (2014 & 2015)

3. **Balance sheet strength:**

- To support bonding / LCs / working capital requirements for future growth potential
- Continued focus on ability to return capital to shareholders over time



# CONVERTIBLE DEBENTURES

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- Bought-deal financing raised \$172.5 million through issuance of Convertible Debentures due December 2018
- Proceeds will be used to refinance existing Convertible Debenture indebtedness due September 2014 and for general corporate purposes
  - Interest rate on new debentures is 5.5% versus 7.0% on existing debentures



# KEY STATISTICS

▪ Revenue as at September 30, 2013 (TTM)	<b>\$3.1 billion</b>
▪ Backlog as at September 30, 2013	<b>\$2.1 billion</b>
▪ Market Capitalization	<b>~ \$900 million</b>
▪ 52 Week Share Price Range	<b>\$10.32 – \$16.40</b>
▪ Shares Outstanding	<b>55.9 million</b>
▪ Average Daily Volume	<b>~ 250,000</b>
▪ Annual Dividend	<b>\$0.32/share</b>
▪ Management & Board Ownership	<b>8% of o/s</b>
▪ Employee Ownership	<b>45% of staff</b>
▪ Employees	<b>12,000 +</b>

***Aecon is consistently ranked one of Canada's Best Employers***

# MARKET OPPORTUNITIES

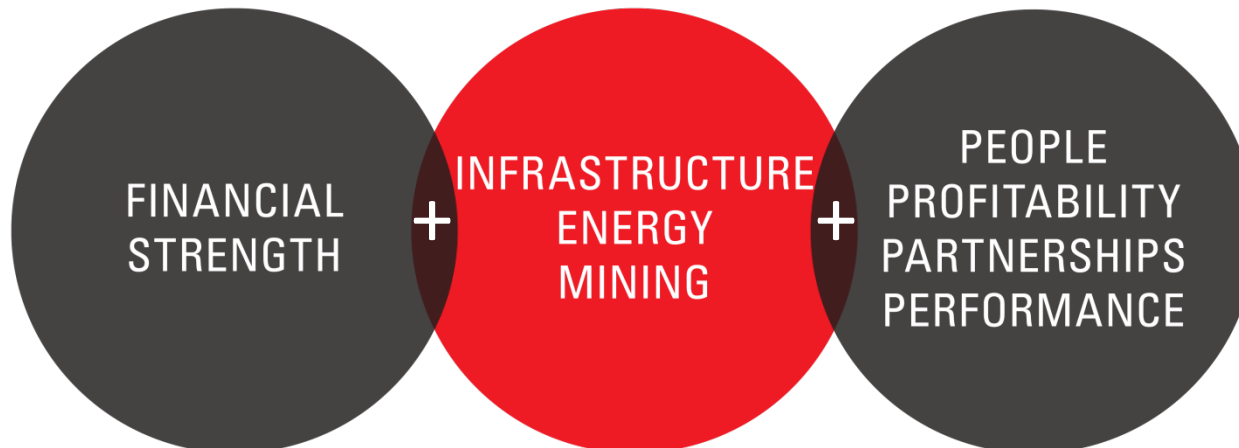
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- Canada's construction industry is forecast to be one of the world's largest construction markets by 2020
- Unprecedented opportunities in key sectors:
  - **Infrastructure:** Large transportation projects in the planning or bidding stages
  - **Energy:** In power, \$200B is projected to be invested in production capacity with another \$100B in transmission and distribution infrastructure
  - **Mining:** Natural Resource sector accounts for  $\frac{1}{4}$  of the capex investments in Canada



# SUMMARY

- Industry leader with unmatched scale and scope in Canada
- Positioned in three key growth sectors
- Strong backlog with growing recurring revenues
- Ongoing Adjusted EBITDA margin expansion
- Solid capital structure
- Focused on execution and performance



## THE AECON ADVANTAGE

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