Fourth Quarter 2023 Results Presentation

March 6, 2024

AECON GROUP INC. (TSX: ARE)

Forward-Looking Information

The information in this presentation includes certain forward-looking statements which may constitute forward-looking information under applicable securities laws. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to known and unknown risks, assumptions and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon (“Company”), including statements regarding: Oaktree’s minority investment in Aecon Utilities, the expected benefits thereof and results therefrom, including the acceleration of growth of Aecon Utilities in Canada and the U.S.; the anticipated use of proceeds from Oaktree’s minority investment in Aecon Utilities; the expansion of Aecon Utilities’ geographic reach and range of services in the U.S.; Aecon Utilities’ goal of targeting prudent balance sheet leverage and liquidity; expectations regarding significant opportunities arising from the Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL) in the U.S.; its strategic focus on clean energy and other projects linked to sustainability and the opportunities arising therefrom; the impact of Aecon's recurring revenue base; potential value creation options; its focus on maintaining a diversified revenue risk profile; estimated costs and timelines for projects; the various phases of projects for Aecon; Aecon's greenhouse gas emission reduction targets and means to accomplish such targets; government investment; expectations regarding strong private sector end market demand due to, among other things, aging electrical and gas infrastructure and North American 5G adoption rate; expectations regarding ongoing recovery in travel through Bermuda International Airport; long-term cash flow and growth opportunities in concessions including opportunities to add to the existing portfolio of Canadian and international concessions; expectations regarding the continued impact of inflation, interest rates and supply chain efficiency; expectations regarding the pipeline of opportunities available to Aecon and project pursuits; expectations regarding future revenue growth and the impact therefrom; expectations regarding the impact of the four fixed price legacy projects; Aecon’s expectations of being able to strengthen its balance sheet while preserving capital for other long-term growth and concession opportunities; and, future dividends. Forward-looking statements may in some cases be identified by words such as "will," "believes," "target," "expects," "anticipates," "estimates," "towards," "opportunity," "projects," "intends," "schedule," "outlook," "can," "may," "to be," "upon," "should" or the negative of these terms, or similar expressions.

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: the risk of not being able to drive a higher margin mix of business by participating in more complex projects, achieving operational efficiencies and synergies, and improving margins; the risk of not being able to meet contractual schedules and other performance requirements on large, fixed priced contracts; the risk of not being able to meet its labour needs at reasonable costs; the risk of not being able to address any supply chain issues which may arise and pass on costs of supply increases to customers; the risk of not being able, through its joint ventures, to enter into implementation phases of certain projects following the successful completion of the relevant development phase; the risk of not being able to execute its strategy of building strong partnerships and alliances; the risk of not being able to execute its risk management strategy; the risk of not being able to grow backlog across the organization by winning major projects; the risk of not being able to maintain a number of open, recurring and repeat contracts; the risk of not being able to accurately assess the risks and opportunities related to its industry's transition to a lower-carbon economy; the risk of not being able to oversee, and where appropriate, respond to known and unknown environmental and climate change-related risks, including the ability to recognize and adequately respond to climate change concerns or public, governmental and other stakeholders' expectations on climate matters; the risk of not being able to meet its commitment to meeting its greenhouse gas emissions reduction targets; the risks associated with the strategy of differentiating its service offerings in key end markets; the risks associated with undertaking initiatives to train employees; the risks associated with the seasonal nature of its business; the risks associated with being able to participate in large projects; the risks associated with legal proceedings to which it is a party; the ability to successfully respond to shareholder activism; the strategic partnership with GIP (as hereinafter defined) will not realize the expected results and may negatively impact Aecon’s existing business; the risk that Aecon will not realize the anticipated balance sheet flexibility with the completion of the sale of ATE; the risk that Aecon will not realize the opportunities presented by a transition to a net-zero economy; the risk that Aecon will not realize the strategic rationale for the sale of the equity interest in Skyport; the risk that the strategic partnership with Oaktree will not realize the expected results and may negatively impact the existing business of Aecon Utilities; the risk that Aecon will not realize the anticipated balance sheet flexibility with the completion of the sale of minority interest in Aecon Utilities; the risk that Aecon Utilities will not realize opportunities to expand its geographic reach and range of services in the U.S.; the risk that Aecon will not realize the anticipated balance sheet strength while preserving capital for other long-term growth and concession opportunities in connection with the sale of the equity interest in Skyport; and risks associated with future pandemics and Aecon’s ability to respond to and implement measures to mitigate the impact of such pandemics and various other risk factors described in .Section 13 - "Risk Factors" of Aecon's December 31, 2023 Management's Discussion and Analysis filed on SEDAR+ (www.sedarplus.com) on March 5, 2024 and in other filings made by Aecon with the securities regulatory authorities in Canada.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to that: none of the risks identified above materialize, there are no unforeseen changes to economic and market conditions and no significant events occur outside the ordinary course of business. These assumptions are based on information currently available to Aecon, including information obtained from third-party sources. While Aecon believes that such third-party sources are reliable sources of information, Aecon has not independently verified the information, Aecon has not ascertained the validity or accuracy of the underlying economic assumptions contained in such information from third-party sources and hereby disclaims any responsibility or liability whatsoever in respect of any information obtained from third-party sources.

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.

Non-GAAP & Supplementary Financial Measures

The presentation presents certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios and capital management measures disclosed to assist readers in understanding the Company's performance ("GAAP" refers to Canadian Generally Accepted Accounting Principles under IFRS). These measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and supplementary financial measures, as well as certain non-GAAP ratios and capital management measures to analyze and evaluate operating performance. Aecon also believes the financial measures defined below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

Throughout this presentation, the following terms are used, which do not have a standardized meaning under GAAP: "Adjusted EBITDA", "Equity Project EBITDA", "Backlog" and "Adjusted EBITDA margin." "Operating margin" and "Gross profit margin" are a supplementary financial measures.

Refer to Section 4 "Non-GAAP and Supplementary Financial Measures" and Section 9 "Quarterly Financial Data" in the Company’s December 31, 2023 Management's Discussion and Analysis, filed March 5, 2024 (the "Q4 2023 MD&A") for additional information regarding the non-GAAP and supplementary financial measures and non-GAAP ratios used in this presentation. Also refer to pages 8 and 15 in this presentation for additional information regarding non-GAAP ratios and capital management measures. The Q4 2023 MD&A is available on SEDAR+ (www.sedarplus.com), and the additional information regarding the non-GAAP and supplementary financial measures and non-GAAP ratios used in this presentation information in the above noted sections is incorporated by reference into this presentation.

2023 FULL YEAR HIGHLIGHTS

AECON

OVER $500 MILLION IN PROCEEDS REALIZED THROUGH STRATEGIC MONETIZATION TRANSACTIONS

- Sale of Aecon Transportation East, 49.9% sale of Bermuda Airport Concessionaire, and Oaktree's investment in Aecon Utilities significantly strengthened Aecon's capital position and provides financial flexibility to capitalize on attractive growth opportunities

REPAYMENT IN FULL OF $184 MILLION IN CONVERTIBLE DEBENTURES

- On December 29, 2023, Aecon repaid $184 million principal amount owed under its 5.0% unsecured convertible debentures

SIGNIFICANT IMPROVEMENT IN FREE CASH FLOW[1] IN 2023 OF $123 MILLION

- Free cash flow in 2023 of $123 million compared to negative $135 million in 2022

2023 REVENUE SHIFTED TO MORE COST PLUS/UNIT PRICE WORK FROM FIXED-PRICE WORK

- 58% of 2023 revenue was Cost Plus/Unit price compared to 49% in 2022

INTERIM SETTLEMENTS REACHED AND FURTHER PROGRESS MADE ON THE FOUR LEGACY PROJECTS

- One of the four reached substantial completion in 2023 with two expected to be substantially complete by the end of 2024, and the final one expected to be substantially complete during 2025
- The four legacy projects represent 7% of backlog at December 31, 2023 compared to 17% of backlog at December 31, 2022

1 Free Cash Flow is a capital management measure that management uses to analyze and evaluate the cash generated after taking into consideration cash outflows that support its operations and maintain its capital assets. Management also believes this measure is commonly used by the investment community for valuation purposes. Refer to page 16 in this presentation for a quantitative reconciliation to the most comparable financial measure, being Cash Flow From Operations & Investing Activities.

Q4 2023 Financial Results

$ Millions (except per share amounts)	Three Months Ended December 31			Twelve Months Ended December 31		
	2023	2022	Change[1]	2023	2022	Change[1]
Revenue	1,130	1,267	▼ 11%	4,644	4,697	▼ 1%
Gross Profit	98.0	98.7	▼ 1%	255.6	356.0	▼ 28%
Gross Profit Margin %[4]	*8.7%*	*7.8%*	▲ 90 bps	*5.5%*	*7.6%*	▼ 210 bps
Adjusted EBITDA[2]	70.2	67.5	▲ 4%	143.4	219.2	▼ 35%
Adjusted EBITDA Margin %[3]	*6.2%*	*5.3%*	▲ 90 bps	*3.1%*	*4.7%*	▼ 160 bps
Operating Profit	39.6	40.7	▼ 3%	240.9	97.2	▲ 148%
Profit	9.7	19.7	▼ 51%	161.9	30.4	▲ 433%
Earnings per share – diluted	0.15	0.26	▼ 42%	2.10	0.47	▲ 347%
New Awards	1,086	1,288	▼ 16%	4,505	4,795	▼ 6%
Backlog (at end of period)[2]	6,157	6,296	▼ 2%	6,157	6,296	▼ 2%

1 bps = basis point
2 This is a non-GAAP financial measure. Refer to page 2 in this presentation.
3 This is a non-GAAP financial ratio. Refer to page 2 in this presentation.
4 This is a supplementary financial measure. Refer to page 2 in this presentation.

Construction Q4 2023 Results

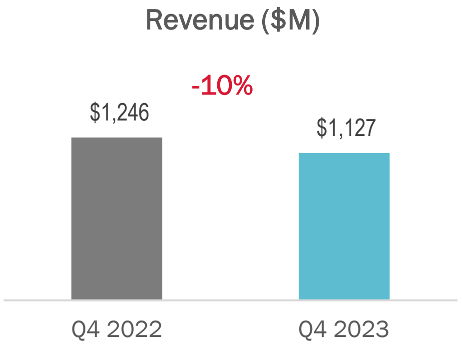
Revenue down by **$48M**, or **1%**, year-over-year

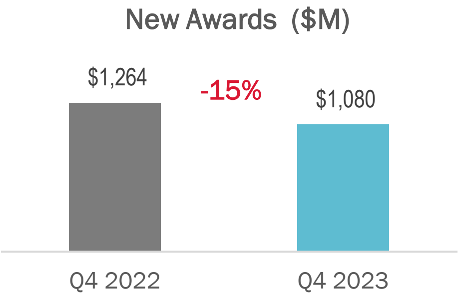
- ▼ $65M in civil operations driven primarily by a lower volume of roadbuilding construction work in eastern Canada of $275 million as a result of the sale of ATE in the second quarter of 2023, and partially offset by higher volume of major projects work in both eastern and western Canada.
- ▼ $33M in nuclear operations from a lower volume of refurbishment work at nuclear generating stations located in Ontario.
- ▼ $24M in industrial operations driven by lower volume of field construction work primarily at chemical facilities in eastern Canada and partially offset by increased activity on mainline pipeline work.
- ▼ $5M in utilities operations primarily from a decrease in gas distribution work.

- ▲ $79M in urban transportation solutions primarily from an increase in rail expansion and electrification work in Ontario.

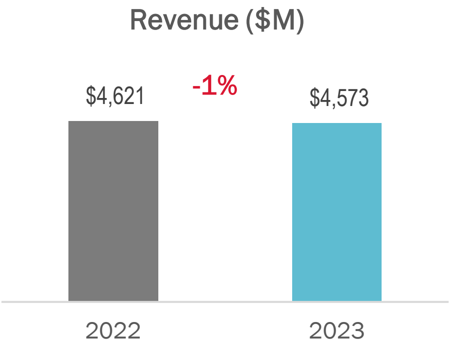
New awards lower by **$274M**, or **6%,** year-over-year

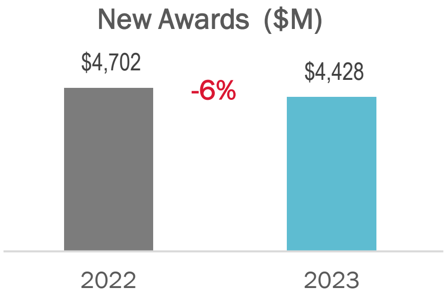
Q4 2023[1]





2023[1]





AECON

1 Totals and variances may not add due to rounding and eliminations.

Construction Q4 2023 Results (continued)

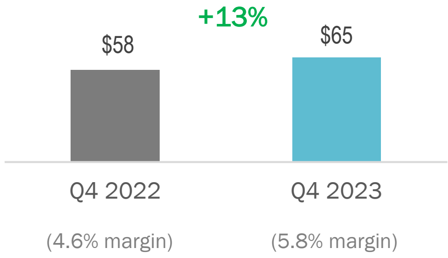
Adjusted EBITDA[2] down by **$93M**, or **48%**, year-over-year and

Operating Profit down by **$62M**, or **51%,** year-over-year

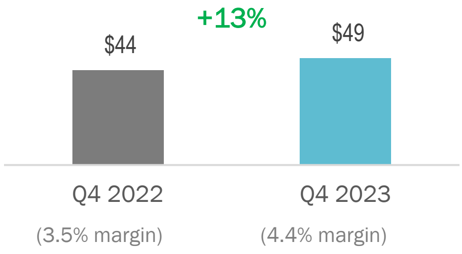
- ▼ The largest driver of the decrease in operating profit and adjusted EBITDA was negative gross profit from the four fixed price legacy projects of $215.2 million in 2023 compared to negative gross profit on the four fixed price legacy projects of $120.0 million in 2022 for a net negative year-over-year impact on operating profit of $95.2 million.[3]
- ▼ Lower operating profit and adjusted EBITDA from roadbuilding construction work due to the sale of ATE in the second quarter of 2023
- ▼ Lower volume and gross profit margin in nuclear operations
- ▼ Lower gross profit in utilities operations
- ▲ Higher volume and gross profit margin in urban transportation solutions
- ▲ Higher gross profit margin industrial operations

Q4 2023[1]

Adj. EBITDA ($M)

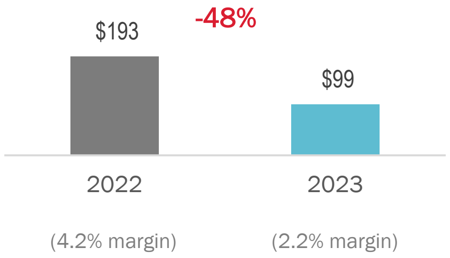


Operating Profit ($M)

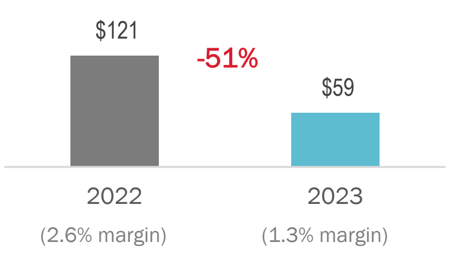


2023[1]

Adj. EBITDA ($M)



Operating Profit ($M)



1 Totals and variances may not add due to rounding.
2 This is a non-GAAP financial measure. Refer to page 2 in this presentation.
3 See Section 5 “Recent Developments”, Section 10.2 “Contingencies”, and Section 13 “Risk Factors” in the Q4 2023 MD&A.

Concessions Q4 2023 Results

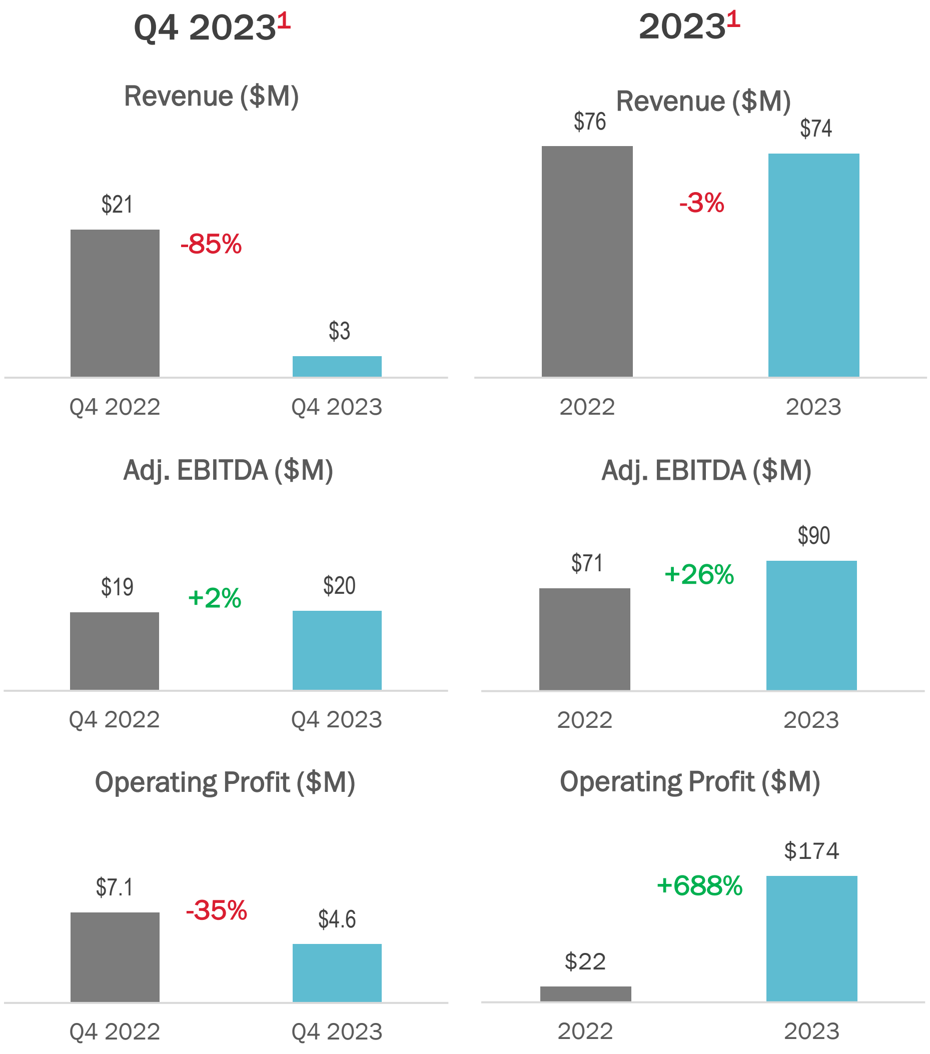
Revenue down by **$2M**, or **3%**, year-over-year

Primarily due the sale of 49.9% interest in Bermuda airport concessionaire. Subsequent to the closing of the transaction during Q3 2023, Aecon's 50.1% concession participation is accounted for using the equity method.[3]

Adjusted EBITDA[2] up by **$19M**, or **26%**, year-over-year and

Operating Profit up by **$152M**, or **688%**, year-over-year

Primarily driven by a gain related to the sale of a 49.9% interest in Skyport of $139.0 million, including a fair value remeasurement gain of $80.4 million on Aecon's 50.1% retained interest in Skyport, an improvement in operating results at the Bermuda International Airport, and from an increase in management and development fees.



AECON

1 Totals and variances may not add due to rounding and eliminations.
2 This is a non-GAAP financial measure. Refer to Refer to page 2 in this presentation.
3 See Section 5 "Recent Developments" in the Q4 2023 MD&A.

Financial Position, Liquidity and Capital Resources

Balance Sheet ($M)

	December 31, 2023
Core Cash	258.7
Bank Indebtedness	(111.7)
Cash in Joint Operations	387.1
Total Cash	**534.1**
Net Working Capital[3]	231.4
Long-Term Debt[1]	
- Finance Leases	120.7
- Equipment & Other Asset Loans	28.6
LT Debt[1]	149.4
Total LT Debt[1]	**149.4**
LT Debt to 2023 Adjusted EBITDA[1, 2, 8]	1.0 x
Net debt to 2023 Adjusted EBITDA[1, 2, 8]	0.0 x
Debt (excluding Preferred Shares of Aecon Utilities) to capitalization percentage[4]	11%

Free Cash Flow ($M)

	2023	2022
Operating profit	**240.9**	**97.2**
Depreciation and amortization	79.1	94.2
(Gain) on sale of assets	(222.3)	(12.6)
Income from projects accounted for using the equity method	(18.7)	(17.7)
Equity Project EBITDA[8]	64.5	58.0
Adjusted EBITDA[8]	**143.4**	**219.2**
Cash Interest Expense (net)	(51.1)	(47.5)
Capital Expenditures (net of disposals)	47.1	(28.8)
Income Taxes Paid	(38.7)	(36.8)
Change in Working Capital	25.0	(203.8)
Net JV Impact[5]	(50.6)	(54.8)
Non-cash items in Adjusted EBITDA	48.2	17.1
Free Cash Flow[6, 7]	**123.3**	**(135.4)**
Cash Flow From Operations	**51.1**	**(113.7)**
Cash Flow From Investing Activities	**360.8**	**(35.1)**
Cash Flow From Operations & Investing Activities	**411.8**	**(148.8)**

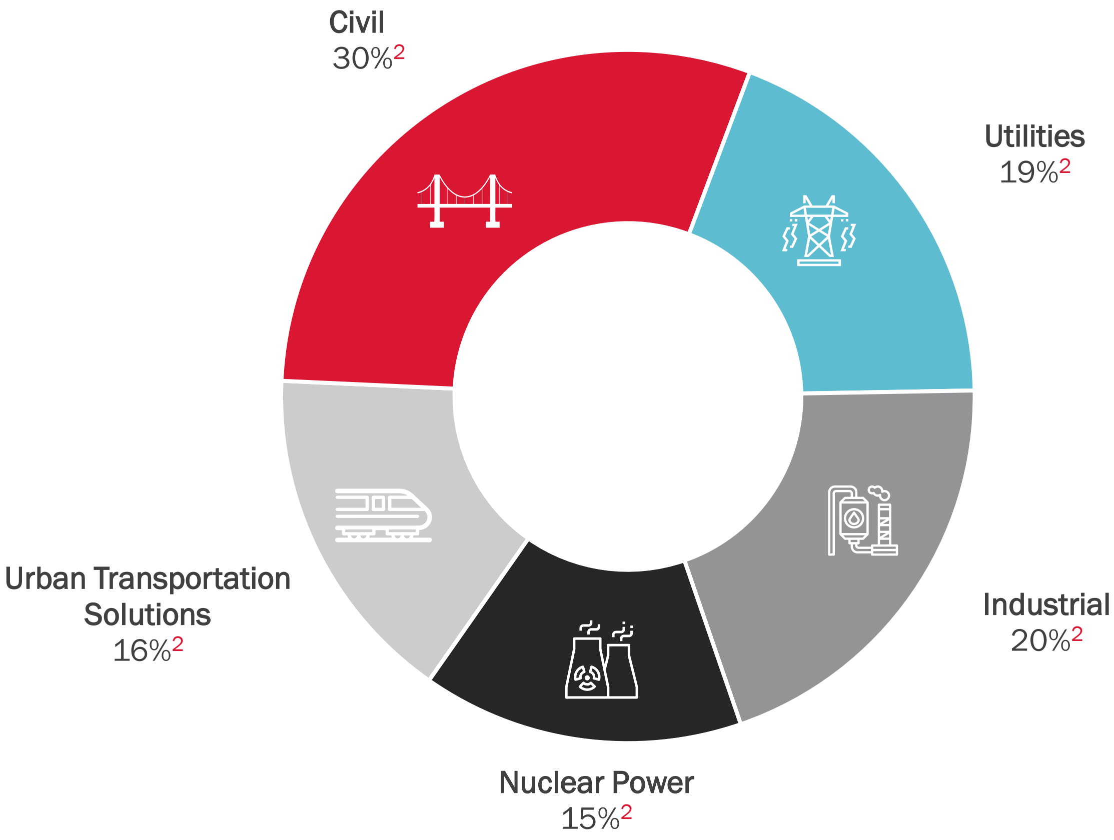
- On December 29, 2023, Aecon repaid the full principal amount of $184 million owed under its 5.0% unsecured convertible debentures along with accrued unpaid interest
- No other debt or working capital credit facility maturities until 2027, except equipment and property loans and leases in the normal course

1 Excludes Preferred Shares of Aecon Utilities
2 Net debt calculated as long-term debt plus bank indebtedness less core cash. Long-term and net debt-to-Adjusted EBITDA ratios are measurements that Management believes is commonly used by the investment community to assess the Company's debt leverage and liquidity.
3 Net Working Capital is a capital management measure that management uses to analyze and evaluate Aecon's liquidity and its ability to generate cash to meet its short-term financial obligations. Management also believes this measure is commonly used by the investment community for valuation purposes. Refer to page 15 in this presentation for the composition of Net Working Capital and a quantitative reconciliation to the most comparable financial measure.
4 Debt to capitalization percentage is considered by the Company to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. Calculated as debt of $149.4 million divided by capitalization of $1,370.8 million, which is comprised of shareholders' equity of $1,221.4 (including $157.1 million for Preferred Shares of Aecon Utilities) plus debt of $149.4 million, to equal 11%
5 Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's Q4 2023 MD&A) and distributions from projects accounted for using the equity method.
6 Excludes $317.6 million net proceeds on sale of ATE and minority sale of Bermuda Airport in 2023 and $0.7 million and $5.8 million purchase amount (net of cash acquired) in 2023 and 2022, respectively, related to strategic business acquisitions since Q1 2022.
7 Free Cash Flow is a capital management measure that management uses to analyze and evaluate the cash generated after taking into consideration cash outflows that support its operations and maintain its capital assets. Management also believes this measure is commonly used by the investment community for valuation purposes. Refer to page 15 in this presentation for a quantitative reconciliation to the most comparable financial measure, being Cash Flow From Operations & Investing Activities.
8 This is a non-GAAP financial measure or non-GAAP ratio. Refer to page 2 in this presentation.

Diverse Business Model

Construction

2023 Revenue	$4,573 M[1]
2023 Adj. EBITDA	$99 M[1,5]
2023 Operating Profit	$59 M[1]



Concessions

2023 Revenue	$74 M[1]
2023 Adj. EBITDA	$90 M[1,5]
2023 Operating Profit	$174 M[1,6]

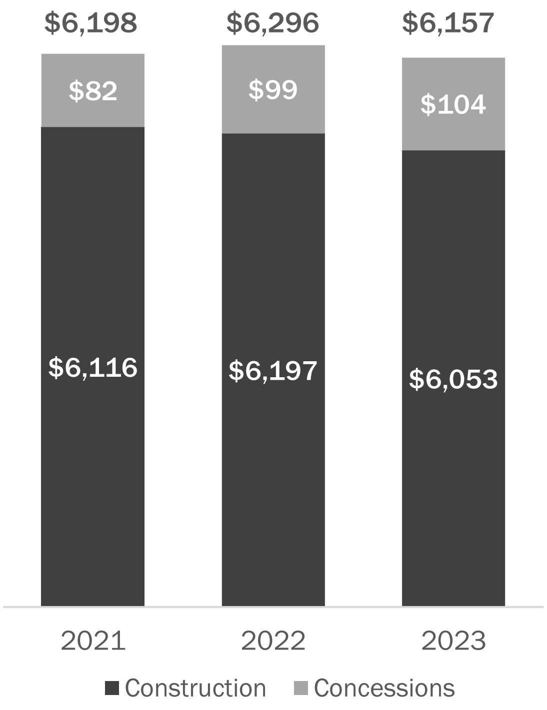
SKYPORT	BERMUDA INTERNATIONAL AIRPORT	50.1%[3,4]
MOSAIC TRANSIT GROUP	FINCH WEST LRT	33.3%[3]
ONXPRESS TRANSPORTATION PARTNERS	GO RAIL NETWORK ON-CORRIDOR	28.0%[3]
CROSSLINX TRANSIT SOLUTIONS	EGLINTON LRT	25.0%[3]
BRIDGING NORTHAMERICA	GORDIE HOWE INTERNATIONAL BRIDGE	20.0%[3]
GRANDLINQ CONTRACTORS	WATERLOO LRT	10.0%[3]
	ONEIDA ENERGY STORAGE L.P.	8.35%[3]

1 Before corporate costs and eliminations.
2 % of 2023 Construction revenue.
3 % of Aecon equity ownership in Infrastructure Project Companies and Operators.
4 CC&L Infrastructure acquired a 49.9% interest in the concessionaire, which closed in Q3 2023. Aecon Concessions retains the management contract for the airport and joint control of Skyport with a 50.1% retained interest.
5 This is a non-GAAP financial measure. Refer to page 2 in this presentation.
6 Operating profit for Concessions segment includes a gain related to the sale of a 49.9% interest in the Bermuda International Airport concessionaire of $139 million, including a fair value remeasurement gain of $80.4 million on Aecon's 50.1% retained interest in the concessionaire.

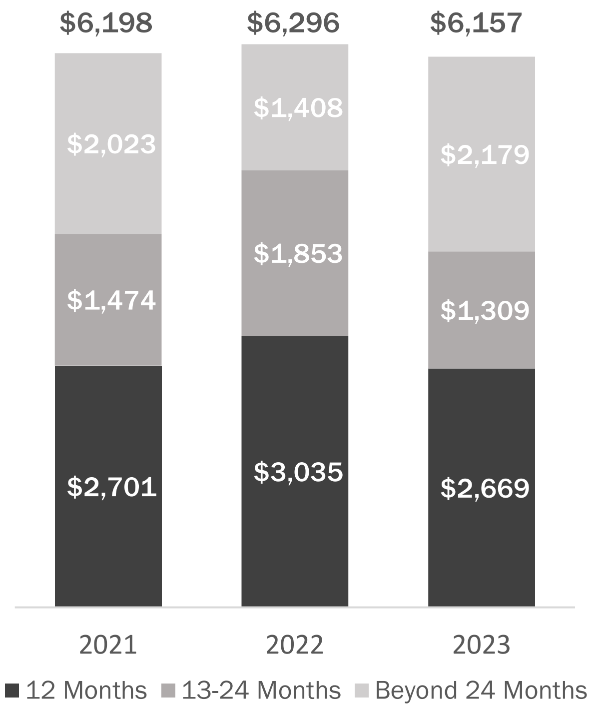
Solid Backlog & Growing Recurring Revenue Profile

Current backlog excludes Aecon's share of the GO Expansion OnCorr, Scarborough Subway Extension SRS and Darlington SMR projects[1]

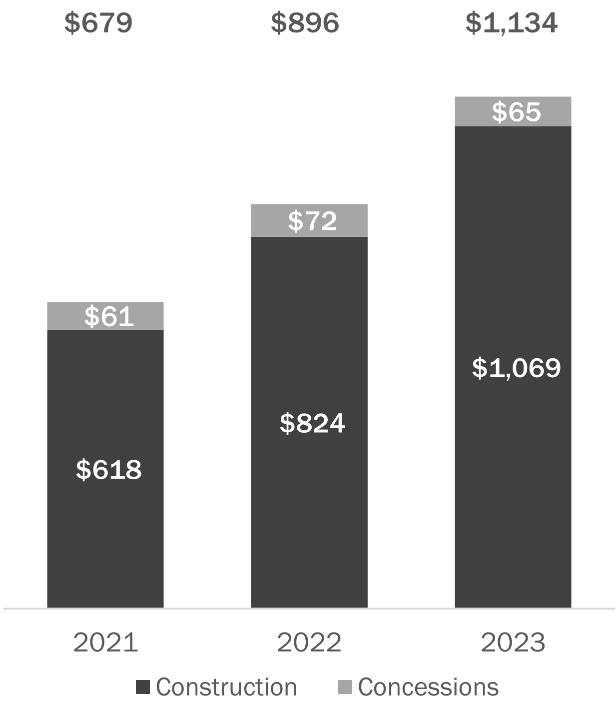
Total Backlog[3] ($M)
At December 31



Backlog Duration ($M)
At December 31



Recurring Revenue ($M)



50% Cost Plus/ Unit Price (49% at December 31, 2022)	50% Fixed Price (51% at December 31, 2022)

Backlog Contract Type At December 31, 2023

58% Cost Plus/Unit Price (49% same period last year)	42% Fixed Price (51% same period last year)

2023 Revenue[2]

AECON

1 These projects were awarded in a collaborative model and are currently in the development and alliance phases. Further detail on these projects is provided on Slide 7.
2 2023 Revenue contract mix reflects inclusion of recurring revenue (Cost Plus/Unit Price) and timing of backlog work off.
3 This is a non-GAAP financial measure. Refer to page 2 in this presentation.

Focused On Energy Transition Opportunities

64% of 2023 Revenue Tied To Sustainability Projects[1]

- Focused on various stages of the value chain in building the resilient, low carbon and connected infrastructure of tomorrow
- Presence in key markets across Canada and long-term relationships with clients across focused operating sectors

CONCESSIONS EXPERIENCE CREATES OPPORTUNITIES IN CERTAIN ENERGY TRANSITION PURSUITS

Utilities

- Electricity Transmission & Distribution
- Grid Modernization/Hardening
- Geothermal & District Energy / Renewables
- Energy Storage
- EV Charging Infrastructure
- Fibre and Broadband / Telecom Infrastructure & 5G
- In-Home Services

Oneida Energy Storage Project

Civil & Industrial

- Water Distribution & Management
- Hydroelectricity
- Hydrogen & Renewable Natural Gas
- Carbon Capture and Storage
- Rare Metals & Battery Material Mining Facilities

Site C Clean Energy Project

Nuclear

- Small Modular Reactors
- Refurbishment & Decommissioning
- Maintenance & Fabrication Services
- Nuclear Waste Management

Bruce Power Fuel Channel and Feeder Replacement

Urban Transportation Solutions

- Light Rail Transit
- High Speed Rail
- Expansion and electrification of Go-transit system in Ontario with a 25-year O&M contract (including development phase)

GO Rail Expansion On-Corridor Works

1 Sustainability projects help to preserve and protect the environment, but also help to preserve the ability of society to sustain itself. Including but not limited to, projects that: reduce emissions, support the transition to a net-zero economy, support clean water use and conservation, and reduce/recycle waste.

Outlook

- 2023 was a transformational year for Aecon driven by three significant transactions which allowed the Company to capture unlocked value in these assets, partner with respected institutions with significant experience to help Aecon grow, better align to its strategy, and strengthen Aecon's balance sheet and capital position.
- Moving forward, Aecon's goal is to build a resilient company through a balanced and diversified work portfolio across sectors, markets, geographies, project types, sizes and delivery models while enhancing critical execution capabilities and project selection to play to its strengths.
- Demand for Aecon's services across Canada continues to be strong. Revenue from recurring revenue programs increased to $1,134 million in 2023 from $896 million in 2022, representing growth in recurring revenue programs of 27% over 2022. In addition, development phase work is ongoing in consortiums in which Aecon is a participant to deliver the long-term GO Expansion On-Corridor Works project, the Scarborough Subway Extension Stations, Rail and Systems project, and the Darlington New Nuclear Project, all in Ontario. These projects are being delivered using progressive design-build or alliance models and each project is expected to move into the construction phase in 2025. The GO Expansion On-Corridor Works project also includes an operations and maintenance component over a 23-year term commencing January 1, 2025. None of the anticipated work from these three significant long-term projects is yet reflected in backlog. With backlog of $6.2 billion at the end of 2023, recurring revenue programs continuing to see robust demand, and a strong bid pipeline, Aecon believes it is positioned to achieve further revenue growth over the next few years and is focused on achieving improved profitability and margin predictability.
- In the Construction segment, Aecon was awarded a number of projects in 2023 that were added to backlog including delivery of the Deerfoot Trail Improvements project in Calgary, Alberta, the Elevated Guideway for the Eglinton Crosstown West Extension project in Toronto, Ontario, the replacement of Condensers and Feedwater Heaters for Dominion Energy in Mineral, Virginia, and an Aecon joint venture was awarded the Fuel Channel and Feeder Replacement contract for four units at the Bruce Nuclear Generating Station in Tiverton, Ontario. In addition, Oneida LP, a consortium in which Aecon Concessions is an 8.35% equity partner, executed an agreement with the Independent Electricity System Operator for the Oneida Energy Storage Project to deliver a 250 megawatt / 1,000 megawatt-hour energy storage facility near Nanticoke Ontario, with Aecon awarded a $141 million Engineering, Procurement and Construction contract by Oneida LP.
- In the Concessions segment, there are a number of opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months, including projects with private sector clients that support a collective focus on sustainability and the transition to a net-zero economy as well as private sector development expertise and investment to support aging infrastructure, mobility, connectivity and population growth. The GO Expansion On-Corridor Works project and the Oneida Energy Storage project noted above are examples of the role Aecon's Concessions segment is playing in developing, operating, and maintaining assets related to this transition.
- Global and Canadian economic conditions impacting inflation, interest rates, and overall supply chain efficiency have stabilized, and these factors have largely been and will continue to be reflected in the pricing and commercial terms of the Company's recent and prospective project awards and bids. However, certain ongoing joint venture projects that were bid some years ago have experienced impacts related, in part, to those factors, that will require satisfactory resolution of claims with the respective clients. Results have been negatively impacted by these four legacy projects in recent periods, undermining positive revenue and profitability trends in the balance of Aecon's business. Until these projects are complete and related claims have been resolved, there is a risk that this could also occur in future periods – see Section 5 "Recent Developments" and Section 10.2 "Contingencies", and Section 13 "Risk Factors" in the Company's December 31, 2023 MD&A regarding the risk on four large fixed price legacy projects entered into in 2018 or earlier by joint ventures in which Aecon is a participant.
- 2024 revenue will be impacted by the three strategic transactions completed in 2023, the substantial completion of several large projects in 2023, and the three major projects currently in the development phase by consortiums in which Aecon is a participant being delivered using the progressive design-build models which are expected to move into the construction phase in 2025. The completion and satisfactory resolution of claims on the four legacy projects with the respective clients remains a critical focus for the Company and its partners, while the remainder of the business continues to perform as expected, supported by the strong level of backlog and new awards during 2023, and the strong demand environment for Aecon's services, including recurring revenue programs.

APPENDIX

Q4 2023 Financial Results Excluding Legacy Projects, Property Sales and Business Dispositions

$ Millions	Three Months Ended December 31			Twelve Months Ended December 31		
	2023	2022	Change[3]	2023	2022	Change[3]
Revenue	1,130	1,267	▼ 11%	4,644	4,697	▼ 1%
Legacy Projects	(123)	(185)		(723)	(768)	
ATE Results Pre-Sale	-	(99)		(51)	(326)	
Sale of 49.9% of Bermuda[2]	-	(9)		-	(9)	
50.1% retained interest in Bermuda – Equity-accounted[2]	-	(9)		-	(9)	
Pro Forma Revenue	1,007	964	▲ 4%	3,870	3,583	▲ 8%
Operating Profit	39.6	40.7	▼ 3%	240.9	97.2	▲ 148%
Legacy Projects Loss / (Profit)	40.0	58.9		215.2	120.1	
Property Dispositions (Gain on Sale)	-	(1.2)		(42.3)	(1.2)	
ATE Results Pre-Sale Loss / (Profit)	-	(10.5)		16.1	(7.4)	
ATE Disposition Loss / (Gain on Sale)[1]	-	-		(36.5)	-	
Sale of 49.9% of Bermuda[2]	-	(1.7)		-	(1.7)	
50.1% retained interest in Bermuda – Equity-accounted[2]	-	(2.3)		-	(2.3)	
Skyport Minority Sale (Gain on Sale)[2]	-	-		(139.0)	-	
Pro Forma Operating Profit	79.6	83.8	▼ 5%	254.4	204.6	▲ 24%
Adjusted EBITDA[4]	70.2	67.5	▲ 4%	143.4	219.2	▼ 35%
Adjusted EBITDA Margin %[5]	*6.2%*	*5.3%*	▲ *88 bps*	*3.1%*	*4.7%*	▼ *158 bps*
Legacy Projects Loss / (Profit)	40.0	58.9		215.2	120.1	
ATE Results Pre-Sale Loss / (Profit)	-	(15.3)		11.5	(24.5)	
Sale of 49.9% of Bermuda[2]	-	(4.5)		-	(4.5)	
Pro Forma Adjusted EBITDA	110.2	106.5	▲ 3%	370.1	310.2	▲ 19%
Pro Forma Adjusted EBITDA Margin %[5]	*10.9%*	*11.0%*	▼ *11 bps*	9.6%	8.7%	▲ *91 bps*

1 100% sale of Aecon Transportation East Business ("ATE") to Green Infrastructure Partners Inc. ("GIP"), which closed in Q2 2023 (May 1, 2023).
2 CC&L Infrastructure acquired a 49.9% interest in the concessionaire, which closed in Q3 2023 (September 20, 2023). Aecon Concessions retains the management contract for the airport and joint control of Skyport with a 50.1% retained interest.
3 bps = basis point
4 This is a non-GAAP financial measure. Refer to page 2 in this presentation.
5 This is a non-GAAP financial ratio. Refer to page 2 in this presentation.

AECON

Non-GAAP Measures Quantitative Reconciliation

Net Working Capital Reconciliation ($M)

	December 31, 2023
Trade and Other Receivables	969.8
Unbilled Revenue	719.2
Inventories	20.8
Prepaid Expenses	93.8
Less	
Trade and Other Payables	1,017.8
Provisions	35.3
Deferred Revenue	519.1
Net Working Capital	231.4

Equity Project EBITDA Reconciliation ($M)

	2023	2022
Operating profit of projects accounted for using the equity method	60.5	57.2
Depreciation and amortization of projects accounted for using the equity method	4.0	0.8
Equity Project EBITDA	64.5	58.0

Free Cash Flow Reconciliation ($M)[2]

	2023	2022
Profit Before Income Taxes	**177.5**	**43.0**
Finance cost	71.0	57.1
Finance income	(7.7)	(2.9)
Operating Profit	**240.9**	**97.2**
Depreciation and amortization	79.1	94.2
Gain on sale of assets	(222.3)	(12.6)
Income from projects accounted for using the equity method	(18.7)	(17.7)
Equity Project EBITDA[1]	64.5	58.0
Adjusted EBITDA[1]	**143.4**	**219.2**
Cash interest paid	(58.7)	(50.4)
Cash interest received	7.6	2.9
Purchase of property, plant and equipment	(18.5)	(32.7)
Proceeds on sale of property, plant and equipment	71.1	12.5
Increase in intangible assets	(5.5)	(8.6)
Income taxes paid	(38.7)	(36.8)
Non-cash items in Adjusted EBITDA	48.2	17.1
Free Cash Flow before Working Capital and net JV Impact	**148.9**	**123.2**
Change in other balances related to operations	25.0	(203.8)
Equity Project EBITDA[1]	(64.5)	(58.0)
Distributions from projects accounted for using the equity method	13.9	3.2
Free Cash Flow	123.3	(135.4)

Cash Flow From Operations & Investing Reconciliation ($M)[2]

	2023	2022
Free Cash Flow	**123.3**	**(135.4)**
Stock-based compensation settlements and receipts	(5.3)	(3.5)
Decrease (increase) in restricted cash balances	2.0	(2.9)
Increase in long-term financial assets	(19.1)	(0.8)
Proceeds on sale of a subsidiary, net of cash on hand	317.6	-
Net cash outflow on acquisition of a business	(0.7)	(5.8)
Provision for expected credit losses	0.4	0.6
Difference between cash interest and interest expense excl. notional interest representing accretion & gain on fair value of preferred shares	(5.2)	(1.0)
Other	(1.2)	-
Total Reconciling Items	288.5	(13.4)
Cash Flow from Operations	**51.1**	**(113.7)**
Cash Flow from Investing Activities	**360.8**	**(35.1)**
Cash Flow from Operations and Investing Activities	**411.8**	**(148.8)**

Non-cash items in Adjusted EBITDA

	2023	2022
Defined Benefit pension	(0.9)	0.5
Concession deferred revenue	(3.0)	(3.9)
Unrealized foreign exchange gain	(3.4)	1.8
Increase (decrease) in provisions	32.4	(1.0)
Stock-based compensation expense	23.1	19.7
Non-cash items in Adjusted EBITDA	48.2	17.1

1 This is a non-GAAP financial measure. Refer to page 2 in this presentation.
2 Totals may not add due to rounding.

AECON

AECON

aecon.com

ADAM BORGATTI
Senior Vice President
Corporate Development & Investor Relations
aborgatti@aecon.com
–
STEVEN HONG
Director
Corporate Development & Investor Relations
shong@aecon.com
–
MIKE SCOTCHER
Senior Manager
Corporate Development & Investor Relations
mscotcher@aecon.com
–
INVESTOR RELATIONS
416.297.2600 | ir@aecon.com

VANCOUVER
1055 Dunsmuir Street, Suite 2124
Vancouver, BC V7X 1G4
–
CALGARY
28 Quarry Park Blvd SE, Suite 310
Calgary, AB T2C 5P9
–
TORONTO
20 Carlson Court, Suite 105
Toronto, ON M9W 7K6
–
MONTREAL
2015 Peel Street, Suite 600
Montreal, QC H3A 1T8

IR magazine Award winner Canada 2023