



Aecon Reports Third Quarter 2021 Results

TORONTO, Oct. 28, 2021 /CNW/ - Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") today reported results for the third quarter of 2021 with a year-over-year increase in revenue and underlying profitability, and backlog of over \$6 billion as at September 30, 2021.

"Aecon's third quarter results show steady revenue growth, diversified backlog, and the turning of the corner at our Bermuda airport concession as global air travel begins its recovery," said Jean-Louis Servranckx, President & Chief Executive Officer, Aecon Group Inc. "The market environment remains strong as the federal government and provincial governments across Canada remain committed to investing in infrastructure as part of economic recovery plans and we see strong underlying demand trends for our recurring revenue programs with utilities clients."

HIGHLIGHTS

- Revenue for the three months ended September 30, 2021 of \$1,163 million was \$124 million, or 12 per cent, higher compared to the same period in 2020.
- After adjusting for the impact of CEWS amounts reported in the third quarter of 2020, Adjusted EBITDA of \$95.5 million (margin of 8.2%) and Operating Profit of \$63.7 million in the third quarter of 2021 increased by \$27.3 million and \$25.9 million, respectively, compared to the same period in 2020. Adjusted EBITDA and Operating Profit in the third quarter of 2020 included a net positive impact from the Canada Emergency Wage Subsidy ("CEWS") program of \$69.0 million.
- Net income of \$38.4 million (diluted earnings per share of \$0.56) for the third quarter compared to net income, including the after-tax impact of CEWS, of \$73.6 million (diluted earnings per share of \$0.99) in the same period in 2020.
- Reported backlog as at September 30, 2021 of \$6,043 million compares to backlog of \$6,664 million as at September 30, 2020.
- New contract awards of \$682 million were booked in the third quarter of 2021, compared to \$448 million in the same period in 2020.
- Aecon has disclosed that a partnership in which it holds a 50 per cent interest, SA Energy Group, has commenced an arbitration to resolve matters including, but not limited to, significant scope changes, delays, and COVID-19 impacts on the Coastal GasLink Pipeline project, which could result in a material impact to Aecon's earnings, cash flow, and financial position if not resolved favourably in a timely manner.
- Subsequent to quarter end:
 - Aecon completed a pilot of Volvo Construction Equipment's ECR25 Electric compact excavator on a utilities project site in Toronto, Ontario. Aecon is the first construction company in Canada to use this model of electric, zero-emission construction equipment on an active project site.
 - Aecon's second annual Sustainability Report – *Building Better Together* – received the MarCom Platinum Award honouring excellence in marketing and communication for the Digital Media and E-Communication category.

CONSOLIDATED FINANCIAL HIGHLIGHTS⁽¹⁾

Three months ended

Nine months ended

\$ millions (except per share amounts)	September 30		September 30	
	2021	2020	2021	2020
Revenue	\$ 1,163.4	\$ 1,039.5	\$ 2,888.8	\$ 2,566.4
Gross profit	123.3	162.2	272.5	277.3
Marketing, general and administrative expense	(42.4)	(37.9)	(134.4)	(128.7)
Income from projects accounted for using the equity method	4.0	4.4	10.4	9.9
Other income	0.9	0.4	6.0	2.4
Depreciation and amortization	(22.1)	(22.3)	(66.4)	(64.5)
Operating profit	63.7	106.8	88.1	96.4
Finance income	0.1	0.1	0.4	0.9
Finance cost	(11.8)	(6.8)	(33.7)	(19.6)
Profit before income taxes	52.0	100.1	54.8	77.7
Income tax (expense) recovery	(13.6)	(26.5)	(17.2)	(21.6)
Profit	\$ 38.4	\$ 73.6	\$ 37.6	\$ 56.0
Gross profit margin⁽⁴⁾	10.6%	15.6%	9.4%	10.8%
MG&A as a percent of revenue⁽⁴⁾	3.6%	3.6%	4.7%	5.0%
Adjusted EBITDA⁽²⁾	\$ 95.5	\$ 137.2	\$ 177.6	\$ 180.9
Adjusted EBITDA margin⁽³⁾	8.2%	13.2%	6.1%	7.0%
Operating margin⁽⁴⁾	5.5%	10.3%	3.0%	3.8%
Earnings (loss) per share - basic	\$ 0.64	\$ 1.23	\$ 0.62	\$ 0.93
Earnings (loss) per share - diluted	\$ 0.56	\$ 0.99	\$ 0.59	\$ 0.83
Backlog⁽²⁾			\$ 6,043	\$ 6,664

- (1) This press release presents certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios to assist readers in understanding the Company's performance (GAAP refers to Canadian Generally Accepted Accounting Principles). Further details on these measures and ratios are included in the "Non-GAAP and Supplementary Financial Measures" section of this press release.
- (2) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each non-GAAP financial measure.
- (3) This is a non-GAAP ratio. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each non-GAAP ratio.
- (4) This is a supplementary financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each supplementary financial measure.

Revenue for the three months ended September 30, 2021 of \$1,163 million was \$124 million, or 12%, higher compared to the third quarter of 2020. Revenue for the three months ended September 30, 2021 was higher in the Construction segment (\$108 million), driven by higher revenue in nuclear operations (\$81 million), utilities (\$49 million), and industrial operations (\$26 million). These increases were partially offset by lower revenue in civil operations and urban transportation systems (\$48 million). In the Concessions segment, higher revenue for the three months ended September 30, 2021 (\$13 million), was primarily due to a gradual improvement in commercial flight operations at the Bermuda International Airport, partially offset by decreased construction activity related to the Bermuda International Airport Redevelopment Project. In addition, inter-segment revenue eliminations decreased by \$3 million primarily due to lower revenue between the Concessions and Construction segments related to the Bermuda International Airport Redevelopment Project.

Operating profit of \$63.7 million for the three months ended September 30, 2021 decreased by \$43.1 million compared to an operating profit of \$106.8 million in the same period in 2020, primarily due to a decrease in gross profit of \$38.9 million. Gross profit in the third quarter of 2020 included a net positive impact from subsidy related to the Canada Emergency Wage Subsidy ("CEWS") program (\$69.0 million in both the three and nine-month periods ended September 30, 2020), recorded as cost recovery within gross profit in the Construction segment. After adjusting for the impact of CEWS amounts reported in the third quarter of 2020, gross profit in the third quarter of 2021 increased by \$30.1 million compared to the same period in 2020. In the Construction segment, gross profit increased by \$17.1 million primarily from higher volume and gross profit margin in nuclear and higher volume in utilities operations. These increases were partially offset by lower volume in civil operations and urban transportation systems, and lower gross profit margin in industrial operations. In the Concessions segment, gross profit increased by \$13.0 million, primarily from an increase in airport operations at the Bermuda International Airport as the impacts of the COVID-19 pandemic on travel were less severe in the third quarter of 2021 compared to the prior period.

Reported backlog as at September 30, 2021 of \$6,043 million compares to backlog of \$6,664 million as at September 30, 2020. New contract awards of \$682 million were booked in the third quarter of 2021 compared to \$448 million in the same period in 2020. Year-to-date new awards totaled \$2,477 million compared to \$2,440 million in the prior period.

REPORTABLE SEGMENTS

Aecon reports its financial performance on the basis of two segments: Construction and Concessions.

CONSTRUCTION SEGMENT

\$ millions	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Revenue	\$ 1,142.4	\$ 1,034.8	\$ 2,841.2	\$ 2,548.0
Gross profit	\$ 111.3	\$ 163.5	\$ 253.4	\$ 276.2
Adjusted EBITDA ⁽¹⁾	\$ 82.1	\$ 131.3	\$ 155.1	\$ 175.5
Operating profit	\$ 63.4	\$ 112.6	\$ 104.7	\$ 122.0
Gross profit margin ⁽³⁾	9.7%	15.8%	8.9%	10.8%
Adjusted EBITDA margin ⁽²⁾	7.2%	12.7%	5.5%	6.9%
Operating margin ⁽³⁾	5.6%	10.9%	3.7%	4.8%
Backlog ⁽¹⁾			\$ 5,965	\$ 6,596

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" section of this press release for more information on each non-GAAP financial measure.

(2) This is a non-GAAP ratio. Refer to the "Non-GAAP And Supplementary Financial Measures" section of this press release for more information on each non-GAAP ratio.

(3) This is a supplementary financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" section of this press release for more information on each supplementary financial measure.

Revenue in the Construction segment for the three months ended September 30, 2021 of \$1,142 million was \$108 million, or 10%, higher compared to the same period in 2020. Revenue was higher in nuclear operations (\$81 million), driven by a higher volume of refurbishment work at the Darlington and Kincardine nuclear generating stations, both located in Ontario, in utilities operations (\$49 million) primarily due to increased volume of oil and gas distribution and telecommunications work partially offset by lower high-voltage electrical transmission work, and in industrial operations (\$26 million) driven by a higher volume of field construction work at gas and chemical facilities partially offset by decreased activity on mainline pipeline work in western Canada. These revenue increases were partially offset by lower revenue in civil operations and urban transportation systems (\$48 million), driven by lower roadbuilding construction work.

Operating profit in the Construction segment of \$63.4 million in the three months ended September 30, 2021 decreased by \$49.2 million compared to an operating profit of \$112.6 million in the same period in 2020. As previously noted, Construction segment operating profit in the third quarter of 2020 included the impact of the CEWS program totalling \$69.0 million. After adjusting for the impact of CEWS amounts reported in the third quarter of 2020, operating profit in 2021 increased by \$19.8 million due to higher volume and gross profit margin in nuclear and utilities, and from lower MG&A, depreciation and amortization expense in industrial operations that offset lower gross profit margin in the period. These increases were partially offset by lower volume from civil operations and urban transportation systems.

Construction backlog as at September 30, 2021 was \$5,965 million, which was \$631 million lower than the same time last year. Backlog decreased period-over-period in civil operations and urban transportation systems (\$388 million), nuclear (\$186 million), and industrial (\$110 million), and increased in utilities (\$53 million). New contract awards totaled \$657 million in the third quarter of 2021 and \$2,424 million year-to-date, compared to \$439 million and \$2,409 million, respectively, in the same periods last year. During the first nine months of 2021, a number of Aecon consortiums were awarded multi-year projects including the replacement of steam generators at Units 3 and 4 of

the nuclear generating station in Kincardine, Ontario, construction of the Eglinton Crosstown West Extension Advance Tunnel project in Toronto, Ontario, and the North End Sewage Treatment Plant Upgrade: Headworks Facilities Project in Winnipeg, Manitoba.

CONCESSIONS SEGMENT

\$ millions	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Revenue	\$ 21.7	\$ 9.0	\$ 50.0	\$ 44.6
Gross profit	\$ 11.8	\$ (1.2)	\$ 19.3	\$ 1.2
Income from projects accounted for using the equity method	\$ 2.5	\$ 3.0	\$ 8.2	\$ 8.6
Adjusted EBITDA ⁽¹⁾	\$ 21.8	\$ 8.0	\$ 47.5	\$ 27.1
Operating profit (loss)	\$ 8.9	\$ (3.2)	\$ 9.5	\$ (3.0)
Backlog ⁽¹⁾			\$ 78	68

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" section of this press release for more information on each non-GAAP financial measure.

Aecon holds a 100% interest in Bermuda Skyport Corporation Limited ("Skyport"), the concessionaire responsible for the Bermuda airport's operations, maintenance and commercial functions, and the entity managing and coordinating the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. Aecon's participation in Skyport is consolidated and, as such, is accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. However, Aecon's concession participation in the Eglinton Crosstown Light Rail Transit ("LRT"), Finch West LRT, Gordie Howe International Bridge, and Waterloo LRT projects are joint ventures that are accounted for using the equity method.

For the three months ended September 30, 2021, revenue in the Concessions segment of \$22 million was \$13 million higher compared to the same period in 2020. Higher revenue for the third quarter of 2021 was primarily due to an increase in airport operations at the Bermuda International Airport Redevelopment Project compared to the same period in 2020 (\$15 million), partially offset by lower construction revenue related to this project which was substantially completed in the fourth quarter of 2020 (\$4 million). Commercial flight operations in Bermuda continue to operate at a reduced volume due to COVID-19 compared to pre-pandemic levels but have partially recovered from the more severe impacts experienced in 2020. Included in Concessions' revenue for the three months ended September 30, 2021 was \$nil of construction revenue that was eliminated on consolidation as inter-segment revenue (2020 - \$3.4 million).

Operating profit in the Concessions segment for the three months ended September 30, 2021 increased by \$12.1 million compared to the same period in 2020. The higher operating profit occurred primarily in the Bermuda International Airport Redevelopment Project and resulted from the above noted changes in airport construction and operations.

Except for Operations and Maintenance (O&M) activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities for the next five years, is reported.

OUTLOOK

Through the first nine months of 2021, new awards of \$2.4 billion were similar to the same period last year and resulted from steady demand for Aecon's services across Canada in smaller and medium sized projects, and also incorporated a number of multi-year projects in the nuclear, civil, urban transportation, and industrial sectors. Aecon is also pre-qualified on a number of large project

bids due to be awarded over the next two years. Recurring revenue is expected to continue to grow in both the utilities sector, based on the capital investment plans of a number of key clients, particularly in telecommunications and power-related work, and the Concessions segment as airport traffic in Bermuda continues its recovery from the impact of the COVID-19 pandemic. The Company expects that demand for its services will remain healthy for the foreseeable future as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of stimulus as part of economic recovery plans.

While the COVID-19 pandemic is expected to continue to have some impact in moderating overall revenue and profitability growth expectations, the Company is encouraged by the generally positive trend in the lifting of social and economic restrictions in recent months in Canada. Although the operating environment continues to be impacted by the requirement to follow client decisions related to schedules or operating policies or due to broader government directives to modify work practices to meet relevant health and safety standards, the impact on revenue is expected to continue to lessen going forward if the current trend continues. Until normal operations fully resume, however, there is no guarantee that all related costs will be recovered and therefore it is possible that future project margins could be impacted.

In the Concessions segment, commercial operations at the Bermuda International Airport continue to be challenged by COVID-19 related travel restrictions, which have significantly impacted the aviation industry. An increase in vaccination rates and the easing of travel restrictions during the year have provided signs of a rebound, from very low levels, in passenger traffic for the aviation industry. An ongoing increase in vaccination rates and further easing of travel restrictions are expected to lead to a corresponding gradual improvement in travel through the Bermuda airport during the remainder of the year and into 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, Aecon had a committed revolving credit facility of \$600 million, of which \$50 million was drawn and \$8 million utilized for letters of credit. On June 30, 2021, Aecon completed a two-year extension of its revolving credit facility which now matures on June 30, 2025. As part of the extension, the Company incorporated a sustainability-linked facility which is tied to the Company's core environmental, social and governance (ESG) objectives. In the first quarter of 2021, the performance security guarantee facility provided by Export Development Canada to support letters of credit was increased from \$700 million to \$900 million. On June 30, 2021, this facility was extended to June 30, 2023. This facility, when combined with Aecon's committed revolving credit facility, provides Aecon with committed credit facilities for working capital and letter of credit requirements totaling \$1,500 million. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment and property loans and leases in the normal course. As at September 30, 2021, Aecon was in compliance with all debt covenants related to its credit facility. Aecon's financial position, liquidity and capital resources are subject to the risks and uncertainties described in Section 10.2 "Contingencies" of Management's Discussion and Analysis of Operating Results and Financial Condition dated September 30, 2021 regarding certain pending legal proceedings to which Aecon is a party, in particular the potential material impact to the Company if the current dispute with CGL, as described below, is not resolved favourably in a timely manner.

CONTINGENCIES

Coastal GasLink Pipeline, Sections 3 and 4

The project has been delayed and impacted by various events for which SA Energy Group ("SAEG"), a partnership in which the Company holds a 50% interest, asserts Coastal GasLink ("CGL") is contractually responsible, including, but not limited to, significant scope changes and delays by the client, unforeseen site conditions, recoverable weather impacts and a suspension

implemented by the client as a result of regulatory restrictions imposed due to the COVID-19 pandemic. SAEG asserts that it is entitled to additional compensation for costs associated with those delays and impacts. During the second quarter of 2021, CGL issued a Change Directive instructing SAEG to proceed with completing the remaining work on the project without an agreement as to the price for that work and without making any interim additional payments on account of the increased costs. In the third quarter, the difference between costs being incurred by SAEG and compensation being agreed to by CGL has further increased due to CGL's failure to appropriately administer its change management process and its unilateral decision to stop paying amounts it had previously agreed to pay on an interim basis pending dispute resolution. As a result, RB Somerville, the Company's 50% partner in SAEG, has expressed that it will be unable to continue funding its share of the cash flow requirements of the project beyond the first quarter of 2022 should the situation not improve. Should RB Somerville cease funding its share of the cash flow requirements of the project, the Company's requirement to fund further cash flow shortfalls from that point on would double. If that were the case, and in the absence of a resolution with CGL that improves the cash flow situation on the project, the Company may not be in a position to continue funding the project to completion (projected for the first quarter of 2023). As SAEG believes it has strong contractual entitlement to additional compensation that CGL is not addressing on a timely basis, it has commenced an arbitration pursuant to the terms of the contract to resolve the matter. While this commercial dispute could result in a material impact to Aecon's earnings, cash flow, and financial position if not resolved favourably in a timely manner, the ultimate results cannot be predicted at this time.

CONSOLIDATED RESULTS

The consolidated results for the three and nine months ended September 30, 2021 and 2020 are available at the end of this news release.

CONSOLIDATED BALANCE SHEET

\$ thousands	September 30		December 31	
	2021		2020	
Cash and cash equivalents and restricted cash	\$	637,296	\$	769,478
Other current assets		1,658,570		1,431,532
Property, plant and equipment		376,149		362,177
Other long-term assets		719,449		724,212
Total Assets	\$	3,391,464	\$	3,287,399
Current portion of long-term debt - recourse	\$	55,785	\$	56,568
Other current liabilities		1,529,631		1,473,034
Long-term debt - recourse		169,585		143,534
Long-term project debt - non-recourse		359,266		358,871
Long-term portion of convertible debentures		172,675		169,057
Other long-term liabilities		202,207		212,228
Equity		902,315		874,107
Total Liabilities and Equity	\$	3,391,464	\$	3,287,399

CONFERENCE CALL

A conference call and live webcast has been scheduled for 10 a.m. (Eastern Time) on Friday, October 29, 2021. Participants should dial 1-833-950-0062 or 1-226-828-7575 at least 10 minutes prior to the conference time. The conference ID is **254589**. An accompanying presentation of the third quarter 2021 financial results will be available after market close on October 28, 2021 at www.aecon.com/investing.

A live webcast of the conference call will also be available at www.aecon.com/InvestorCalendar. Participants should join the webcast at least 15 minutes prior to the conference time to register and install any necessary software. For those unable to attend the call, a replay will be available after 2 p.m. on October 29, 2021 at 1-866-813-9403 or 1-929-458-6194 or [online](#) until midnight on

November 12, 2021. The access code is **462209**. A replay of the webcast will also be available within 24 hours following the call.

ABOUT AECON

As a Canadian leader in construction and infrastructure development with global expertise, Aecon Group Inc. (TSX: ARE) strives to be the number one Canadian infrastructure company and is proud to be recognized as one of the Best Employers in Canada. Aecon safely, profitably and sustainably delivers integrated solutions to private and public-sector clients through its Construction segment in the Civil, Urban Transportation, Nuclear, Utility and Industrial sectors, and provides project development, financing, investment and management services through its Concessions segment. Join our online community on Twitter, LinkedIn, Facebook and Instagram @AeconGroup.

NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES

This press release presents certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios to assist readers in understanding the Company's performance (GAAP refers to Canadian Generally Accepted Accounting Principles). 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 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 press release, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

A non-GAAP financial measure: (a) depicts the historical or expected future financial performance, financial position or cash flow of the Company; (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most comparable financial measure presented in the primary consolidated financial statements; (c) is not presented in the primary financial statements of the Company; and (d) is not a ratio.

Non-GAAP financial measures presented and discussed in this press release are as follows:

- **"Adjusted EBITDA"** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, and net income (loss) from projects accounted for using the equity method, but including "Equity Project EBITDA" from projects accounted for using the equity method (refer to Section 9 - "Quarterly Financial Data" in the Company's Management's Discussion and Analysis ("MD&A") available through the System for Electronic Document Analysis and Retrieval at www.sedar.com for a quantitative reconciliation to the most comparable financial measure).
- **"Equity Project EBITDA"** represents Aecon's proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, finance income, finance cost and income taxes (refer to Section 9 - "Quarterly Financial Data" in the Company's MD&A available through the System for Electronic Document Analysis and

Retrieval at www.sedar.com. for a quantitative reconciliation to the most comparable financial measure).

- **"Backlog"** means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance ("O&M") activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Primary financial statements

Primary financial statements include any of the following: the consolidated balance sheets, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows.

Key financial measures presented in the primary financial statements of the Company and discussed in this press release are as follows:

- **"Gross profit"** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general and administrative expense ("MG&A"), depreciation and amortization, income or losses from projects accounted for using the equity method, foreign exchange, net financing expense, gain (loss) on sale of assets and investments, income taxes, and non-controlling interests.
- **"Operating profit (loss)"** represents the profit (loss) from operations, before net financing expense, income taxes and non-controlling interests.

The above measures are presented on the face of the Company's consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with International Financial Reporting Standards ("IFRS"), but rather should be evaluated in conjunction with such IFRS measures.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure presented in the form of a ratio, fraction, percentage or similar representation and that has a non-GAAP financial measure as one of its components.

A non-GAAP ratio presented and discussed in this press release is as follows:

- **"Adjusted EBITDA margin"** represents Adjusted EBITDA as a percentage of revenue.

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company, (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

Key supplementary financial measures presented discussed in this press release are as follows:

- **"Gross profit margin"** represents gross profit as a percentage of revenue.
- **"Operating margin"** represents operating profit (loss) as a percentage of revenue.
- **"MG&A as a percent of revenue"** represents marketing, general and administrative expense

as a percentage of revenue.

STATEMENT ON FORWARD-LOOKING INFORMATION

The information in this press release 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. 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, including statements regarding the sufficiency of Aecon's liquidity and working capital requirements for the foreseeable future. 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. 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 timing of projects, unanticipated costs and expenses, the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, general market and industry conditions and operational and reputational risks, including large project risk and contractual factors, and risks relating to the COVID-19 pandemic. Risk factors are discussed in greater detail in Section 13 – "Risk Factors" in the Management's Discussion and Analysis filed on February 25, 2021. 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, except as required by applicable law.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Revenue	\$ 1,163,441	\$ 1,039,456	\$ 2,888,757	\$ 2,566,419
Direct costs and expenses	(1,040,191)	(877,227)	(2,616,304)	(2,289,140)
Gross profit	123,250	162,229	272,453	277,279
Marketing, general and administrative expense	(42,376)	(37,868)	(134,380)	(128,698)
Depreciation and amortization	(22,111)	(22,329)	(66,358)	(64,504)
Income from projects accounted for using the equity method	3,957	4,353	10,375	9,894
Other income	934	394	5,977	2,384
Operating profit	63,654	(106,779)	88,067	96,355
Finance income	137	139	403	885
Finance cost	(11,820)	(6,816)	(33,666)	(19,561)
Profit before income taxes	51,971	100,102	54,804	77,679
Income tax expense	(13,542)	(26,478)	(17,195)	(21,632)
Profit for the period	\$ 38,429	\$ 73,624	\$ 37,609	\$ 56,047
Basic earnings per share	\$ 0.64	\$ 1.23	\$ 0.62	\$ 0.93
Diluted earnings per share	\$ 0.56	\$ 0.99	\$ 0.59	\$ 0.83

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