

Aecon reports second quarter 2021 results

TORONTO, July 22, 2021 /CNW/ - July 22, 2021: Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") today reported results for the second quarter of 2021 with significant year-over-year increases in revenue, Adjusted EBITDA, and earnings per share, with backlog of \$6.5 billion as at June 30, 2021.

"During the quarter, new awards of nearly \$1.6 billion resulted from strong 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 operations and urban transportation systems, and industrial sectors – illustrating the diversity of Aecon's backlog by scale, duration, geography, and sector," said Jean-Louis Servranckx, President & Chief Executive Officer, Aecon Group Inc. "Aecon's overall outlook for 2021 remains positive as construction continues on a number of projects that ramped up in 2019 and 2020, backed by the level of backlog and new awards achieved during the first half of 2021 and the strong demand environment for Aecon's services going forward, including recurring revenue programs."

HIGHLIGHTS

- Revenue for the three months ended June 30, 2021 of \$971 million was \$192 million, or 25 per cent, higher compared to the same period in 2020.
- Adjusted EBITDA of \$61.3 million for the second quarter of 2021 (margin of 6.3 per cent) improved by \$36.9 million compared to Adjusted EBITDA of \$24.4 million (margin of 3.1 per cent) in the second quarter of 2020.
- Operating profit of \$34.6 million for the three months ended June 30, 2021 compared to an operating loss of \$0.8 million in the same period in 2020.
- Net income of \$17.6 million (diluted earnings per share of \$0.27) for the second quarter increased by \$23.8 million compared to a net loss of \$6.2 million (diluted loss per share of \$0.10) in the same period in 2020.
- Reported backlog as at June 30, 2021 of \$6,524 million compares to backlog of \$7,255 million as at June 30, 2020.
- New contract awards of \$1,582 million were booked in the second quarter of 2021, compared to \$1,080 million in the same period in 2020.
- Aecon consortiums were awarded several multi-year projects in the second quarter:
 - West End Connectors, a consortium in which Aecon holds a 40 per cent interest, reached financial close on the \$729 million Eglinton Crosstown West Extension Advance Tunnel project in Toronto.
 - The Steam Generator Replacement Team ("SGRT"), a joint venture in which Aecon holds a 50 per cent interest, was awarded an approximately \$350 million contract to replace steam generators at Units 3 and 4 of the Bruce Nuclear Generating Station in Kincardine, Ontario.
 - Red River Solutions, a joint venture in which Aecon holds a 50 per cent interest, was awarded a \$272 million design-build contract by the City of Winnipeg for the North End Sewage Treatment Plant Upgrade: Headworks Facilities Project in Manitoba.
- Aecon's alliance agreements with Enbridge Gas Inc. were extended until the end of 2023, representing additional recurring revenue opportunities in utilities operations, building on a 20-year relationship with Enbridge.
- Aecon completed a two-year extension of its \$600 million revolving credit facility which now matures on June 30, 2025. As part of the extension, Aecon became the first Canadian construction company to incorporate a sustainability-linked facility which is tied to the Company's core environmental, social and governance ("ESG") objectives.

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three months ended		Six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Revenue	\$ 971.3	\$ 779.4	\$ 1,725.3	\$ 1,527.0
Gross profit	91.8	53.8	149.2	115.1
Marketing, general and administrative expense	(44.3)	(40.5)	(92.0)	(90.8)
Income from projects accounted for using the equity method	3.8	2.7	6.4	5.5
Other income	4.7	2.6	5.0	2.0
Depreciation and amortization	(21.4)	(19.4)	(44.3)	(42.2)
Operating profit (loss)	34.6	(0.8)	24.4	(10.4)
Finance income	0.1	0.2	0.3	0.7
Finance cost	(11.1)	(6.8)	(21.8)	(12.7)
Profit (loss) before income taxes	23.7	(7.4)	2.8	(22.4)
Income tax (expense) recovery	(6.1)	1.3	(3.7)	4.8
Profit (loss)	\$ 17.6	\$ (6.2)	\$ (0.8)	\$ (17.6)
Gross profit margin⁽⁴⁾	9.5%	6.9%	8.6%	7.5%
MG&A as a percent of revenue⁽⁴⁾	4.6%	5.2%	5.3%	5.9%
Adjusted EBITDA⁽²⁾	61.3	24.4	82.1	43.6
Adjusted EBITDA margin⁽³⁾	6.3%	3.1%	4.8%	2.9%
Operating margin⁽⁴⁾	3.6%	(0.1)%	1.4%	(0.7)%
Earnings (loss) per share - basic	\$ 0.29	\$ (0.10)	\$ (0.01)	\$ (0.29)
Earnings (loss) per share - diluted	\$ 0.27	\$ (0.10)	\$ (0.01)	\$ (0.29)
Backlog⁽²⁾			\$ 6,524	\$ 7,255

- (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 June 30, 2021 of \$971 million was \$192 million, or 25%, higher compared to the second quarter of 2020. Although revenue in the second quarter of 2021 continued to be negatively impacted by COVID-19, particularly in certain end market sectors, revenue for the three months ended June 30, 2021 was higher in the Construction segment (\$177 million), driven by higher revenue in nuclear operations (\$98 million), civil operations and urban transportation systems (\$54 million), and utilities (\$43 million). These increases were partially offset by lower revenue in industrial operations (\$18 million). In the Concessions segment, revenue for the three months ended June 30, 2021 was higher by \$8 million compared to the same period in 2020 primarily due to a gradual improvement in commercial flight operations related to the Bermuda International Airport Redevelopment Project. Inter-segment revenue eliminations decreased by \$7 million, primarily due to lower revenue between the Concessions and Construction segments related to the Bermuda International Airport Redevelopment Project.

Operating profit of \$34.6 million for the three months ended June 30, 2021 increased by \$35.4 million compared to an operating loss of \$0.8 million in the same period in 2020, driven by an increase in gross profit of \$38.0 million. In the Construction segment, gross profit in the second quarter of 2021 increased by \$27.6 million primarily from higher volume and gross profit margin in nuclear, civil operations and urban transportation systems, and utilities. These increases were partially offset by lower volume and gross profit margin from industrial operations. In the Concessions segment, gross profit increased by \$10.6 million, primarily at the Bermuda International Airport Redevelopment Project from an increase in airport operations compared to the second quarter of 2020 when all commercial flight operations were suspended for reasons related to the COVID-19 pandemic.

Reported backlog as at June 30, 2021 of \$6,524 million compares to backlog of \$7,255 million as at June 30, 2020. New contract awards of \$1,582 million were booked in the second quarter of 2021 compared to \$1,080 million in the same period in 2020.

REPORTABLE SEGMENTS

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

CONSTRUCTION SEGMENT

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Revenue	\$ 954.6	\$ 777.8	\$ 1,698.7	\$ 1,513.2
Gross profit	\$ 84.7	\$ 57.1	\$ 142.1	\$ 112.7
Adjusted EBITDA ⁽¹⁾	\$ 50.9	\$ 27.7	\$ 73.0	\$ 44.2
Operating profit	\$ 37.3	\$ 9.8	\$ 41.3	\$ 9.4
Gross profit margin ⁽³⁾	8.9%	7.3%	8.4%	7.5%
Adjusted EBITDA margin ⁽²⁾	5.3%	3.6%	4.3%	2.9%
Operating margin ⁽³⁾	3.9%	1.3%	2.4%	0.6%
Backlog ⁽¹⁾			\$ 6,450	\$ 7,192

(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 June 30, 2021 of \$955 million was \$177 million, or 23%, higher compared to the same period in 2020. Revenue was higher in nuclear operations (\$98 million), driven by a ramp up in refurbishment work at the Darlington and Kincardine nuclear generating stations, both located in Ontario, in civil operations and urban transportation systems (\$54 million), driven by an increase in major projects in both eastern and western Canada partially offset by lower roadbuilding construction work, and in utilities operations (\$43 million) primarily due to increased volume of oil and gas distribution and telecommunications work partially offset by lower high-voltage electrical transmission work. These increases were partially offset by lower revenue in industrial operations (\$18 million) primarily due to decreased activity on mainline pipeline work in western Canada.

Operating profit in the Construction segment of \$37.3 million in the three months ended June 30, 2021 increased by \$27.5 million compared to an operating profit of \$9.8 million in the same period in 2020. Second quarter operating profit increased due to higher volume and gross profit margin in nuclear, civil operations and urban transportation systems, and utilities. These increases were partially offset by lower volume and gross profit margin from industrial operations.

Construction backlog as at June 30, 2021 was \$6,450 million, which was \$742 million lower than the same time last year. Backlog decreased period-over-period in civil operations and urban transportation systems (\$519 million), industrial (\$155 million), and nuclear (\$138 million), and increased in utilities (\$70 million). New contract awards totaled \$1,567 million in the second quarter of 2021 and \$1,767 million year-to-date, compared to \$1,074 million and \$1,970 million, respectively, in the same periods last year. During the first six 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		Six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Revenue	\$ 17.0	\$ 8.5	\$ 28.3	\$ 35.6
Gross profit	\$ 7.3	\$ (3.3)	\$ 7.5	\$ 2.4
Income from projects accounted for using the equity method	\$ 2.8	\$ 2.3	\$ 5.7	\$ 5.6
Adjusted EBITDA ⁽¹⁾	\$ 16.2	\$ 4.8	\$ 25.7	\$ 19.1
Operating profit (loss)	\$ 3.5	\$ (2.3)	\$ 0.5	\$ 0.2
Backlog ⁽¹⁾			\$ 74	63

(1) This is a non-GAAP financial measure. Refer to Section 4 "Non-GAAP and Supplementary Financial Measures" in this MD&A 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 June 30, 2021, revenue in the Concessions segment of \$17 million was \$8 million higher compared to the same period in 2020. Higher revenue in the second quarter was due to an increase in airport operations at the Bermuda International Airport Redevelopment Project compared to the second quarter of 2020 when all commercial flight operations were suspended for reasons related to the COVID-19 pandemic (\$13 million), partially offset by lower construction revenue related to this project which was substantially completed in the fourth quarter of 2020 (\$6 million). Notwithstanding the above increase, for reasons related to COVID-19, commercial flight operations in Bermuda continue to operate at a reduced volume compared to pre-pandemic levels. Included in Concessions' revenue for the three months ended June 30, 2021 was \$0.2 million of construction revenue that was eliminated on consolidation as inter-segment revenue (2020 - \$6.1 million).

Operating profit in the Concessions segment for the three months ended June 30, 2021 increased by \$5.8 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 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.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at June 30, 2021, Aecon had a committed revolving credit facility of \$600 million, of which \$10 million was drawn and \$10 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 June 30, 2021, Aecon was in compliance with all debt covenants related to its credit facility.

DIVIDEND

Aecon's next quarterly dividend of 17.5 cents per share will be paid on October 4, 2021 to shareholders of record as of September 24, 2021.

OUTLOOK

Aecon's overall outlook for 2021 remains positive, supported by strong backlog, recurring revenue programs, and pipeline of bidding opportunities for new work. During the second quarter, new awards of almost \$1.6 billion resulted from strong 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 operations and urban transportation systems, and industrial sectors. Aecon is also pre-qualified on a number of large project bids due to be awarded over the next twelve to eighteen months. 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. Furthermore, 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 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 second quarter provided early signs of a rebound, from very low levels, in passenger traffic for the aviation industry. Increasing vaccination rates and easing travel restrictions in the second half of the year are expected to lead to a corresponding gradual improvement in travel through the Bermuda airport during the remainder of the year and into 2022.

As noted above, the overall outlook for 2021 remains positive as construction continues on a number of projects that ramped up in 2019 and 2020, and due to the level of backlog and new awards during 2021 and the strong demand environment for Aecon's services going forward, including recurring revenue programs, all subject to the unknown impacts of COVID-19 going forward.

CONSOLIDATED RESULTS

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

CONSOLIDATED BALANCE SHEET

\$ thousands	June 30 2021	June 30 2020
Cash and cash equivalents and restricted cash	\$ 650,729	\$ 769,478
Other current assets	1,491,535	1,431,532
Property, plant and equipment	372,235	362,177
Other long-term assets	708,873	724,212
Total Assets	\$ 3,223,372	\$ 3,287,399
Current portion of long-term debt - recourse	\$ 53,260	\$ 56,568
Other current liabilities	1,413,463	1,473,034
Long-term debt - recourse	167,052	143,534
Long-term project debt - non-recourse	349,436	358,871
Long-term portion of convertible debentures	171,460	169,057
Other long-term liabilities	209,348	212,228
Equity	859,353	874,107
Total Liabilities and Equity	\$ 3,223,372	\$ 3,287,399

CONFERENCE CALL

A conference call and live webcast has been scheduled for 10 a.m. (Eastern Time) on Friday, July 23, 2021. Participants should dial 1-877-823-8624 or 647-689-5656 at least 10 minutes prior to the conference time. The conference ID is **5117389**. An accompanying presentation of the second quarter 2021 financial results will be available after market close on July 22, 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 July 23, 2021 at 1-800-585-8367 or 416-621-4642 until midnight on August 6, 2021. The conference ID is **5117389**. 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, net financing expense 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 six months ended

	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Revenue	\$ 971,286	\$ 779,448	\$ 1,725,316	\$ 1,526,963
Direct costs and expenses	(879,416)	(725,614)	(1,576,113)	(1,411,913)
Gross profit	91,870	53,834	149,203	115,050
Marketing, general and administrative expense	(44,313)	(40,450)	(92,004)	(90,830)
Depreciation and amortization	(21,399)	(19,394)	(44,247)	(42,175)
Income from projects accounted for using the equity method	3,800	2,650	6,418	5,541
Other income	4,678	2,587	5,043	1,990
Operating profit (loss)	34,636	(773)	24,413	(10,424)
Finance income	139	163	266	746
Finance cost	(11,071)	(6,804)	(21,846)	(12,745)
Profit (loss) before income taxes	23,704	(7,414)	2,833	(22,423)
Income tax (expense) recovery	(6,113)	1,251	(3,653)	4,846
Profit (loss) for the period	\$ 17,591	\$ (6,163)	\$ (820)	\$ (17,577)
Basic earnings (loss) per share	\$ 0.29	\$ (0.10)	\$ (0.01)	\$ (0.29)
Diluted earnings (loss) per share	\$ 0.27	\$ (0.10)	\$ (0.01)	\$ (0.29)

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For further information: Adam Borgatti, SVP, Corporate Development and Investor Relations, (416) 297-2610, aborgatti@aecon.com; Nicole Court, Senior Director, Corporate Affairs, (647) 484-1477, ncourt@aecon.com

CO: Aecon Group Inc.

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