

Aecon reports third quarter 2022 results

TORONTO, Oct. 26, 2022 /CNW/ - Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") today reported results for the third quarter of 2022 with 19% year-to-date revenue growth and backlog of \$6.3 billion as at September 30, 2022.

"Aecon continues to see strong demand for its services across Canada, particularly in smaller and medium sized projects," said Jean-Louis Servranckx, President and Chief Executive Officer, Aecon Group Inc. "With strong and diversified backlog in hand, as well as the GO Rail Expansion On-Corridor Works project which is not yet in backlog, robust demand for recurring revenue programs driven by the utilities sector, and ongoing recovery in airport traffic in Bermuda, Aecon is well positioned for ongoing growth."

HIGHLIGHTS

- Revenue for the three months ended September 30, 2022 of \$1,321 million was \$157 million, or 14 per cent, higher compared to the same period in 2021.
- Adjusted EBITDA of \$92.6 million for the three months ended September 30, 2022 (margin of 7.0 per cent) compared to Adjusted EBITDA of \$95.5 million (margin of 8.2 per cent) in the same period in 2021, and operating profit of \$61.0 million compared to operating profit of \$63.7 million in the same period in 2021.
- After adjusting for the impact of amounts related to the Canada Emergency Wage Subsidy ("CEWS") program in the third quarter of 2021, Adjusted EBITDA of \$92.6 million increased by \$4.4 million and operating profit of \$61.0 million increased by \$4.6 million for the three months ended September 30, 2022 compared to the same period in 2021.
- Net profit of \$34.5 million (diluted earnings per share of \$0.45) for the three months ended September 30, 2022 compared to a net profit of \$38.4 million (diluted earnings per share of \$0.56) during the same period in 2021, before adjusting for the impact of CEWS in 2021.
- Reported backlog as at September 30, 2022 of \$6,275 million compares to backlog of \$6,043 million as at September 30, 2021.
- New contract awards of \$991 million were booked in the third quarter of 2022 compared to \$682 million in the same period in 2021. Year-to-date new awards of \$3,507 million increased by \$1,030 million, or 42 per cent, compared to \$2,477 million in the 2021 year-to-date period.
- Aecon was awarded two contracts with an aggregate value of \$127 million for the Savannah River Nuclear Solutions (SRNS) Demolition and Removal and SRNS Temporary HVAC projects in Aiken, South Carolina.
- Aecon released its inaugural [Reconciliation Action Plan](#), reaffirming its commitment to collaboratively seek meaningful ways to engage in reconciliation by continuously working in unison with Indigenous Peoples.
- [Aecon Sustainability Solutions](#) was established as a collaborative business model to provide a single point of entry to Aecon's diverse capabilities as we advise and work with clients in reaching their sustainability and energy transition goals.

CONSOLIDATED FINANCIAL HIGHLIGHTS⁽¹⁾

\$ millions (except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Revenue	\$ 1,320.5	\$ 1,163.4	\$ 3,429.7	\$ 2,888.8
Gross profit	118.6	123.2	257.3	272.5
Marketing, general and administrative expense	(42.5)	(42.4)	(148.3)	(134.4)
Income from projects accounted for using the equity method	5.0	4.0	11.8	10.4
Other income	3.6	0.9	6.0	6.0
Depreciation and amortization	(23.8)	(22.1)	(70.2)	(66.4)
Operating profit	61.0	63.7	56.5	88.1

Finance income	0.6	0.1	0.9	0.4
Finance cost	(15.1)	(11.8)	(40.1)	(33.7)
Profit before income taxes	46.5	52.0	17.2	54.8
Income expense recovery	(12.0)	(13.5)	(6.5)	(17.2)
Profit	\$ 34.5	\$ 38.4	\$ 10.7	\$ 37.6
Gross profit margin⁽⁴⁾	9.0 %	10.6 %	7.5 %	9.4 %
MG&A as a percent of revenue⁽⁴⁾	3.2 %	3.6 %	4.3 %	4.7 %
Adjusted EBITDA⁽²⁾	\$ 92.6	\$ 95.5	\$ 151.7	\$ 177.6
Adjusted EBITDA margin⁽³⁾	7.0 %	8.2 %	4.4 %	6.1 %
Operating margin⁽⁴⁾	4.6 %	5.5 %	1.6 %	3.0 %
Earnings per share – basic	\$ 0.57	\$ 0.64	\$ 0.18	\$ 0.62
Earnings per share – diluted	\$ 0.45	\$ 0.56	\$ 0.16	\$ 0.59
Backlog⁽²⁾		\$ 6,275		\$ 6,043

- (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" and "Reconciliations and Calculations" Sections of This Press Release.
- (2) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" and "Reconciliations and Calculations" sections 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" and "Reconciliations and Calculations" sections 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" and "Reconciliations and Calculations" sections of this press release for more information on each supplementary financial measure.

Revenue for the three months ended September 30, 2022 of \$1,321 million was \$157 million, or 14%, higher compared to the third quarter of 2021. In the Construction segment, higher revenue of \$156 million was driven by increases in civil (\$167 million), utilities (\$22 million), and nuclear operations (\$9 million), partially offset by lower revenue in industrial (\$29 million) and urban transportation solutions (\$13 million). In the Concessions segment, revenue was unchanged quarter-over-quarter. Inter-segment revenue eliminations decreased by \$1 million due to lower revenue between the Construction segment and Corporate.

Operating profit of \$61.0 million for the three months ended September 30, 2022 decreased by \$2.7 million compared to an operating profit of \$63.7 million in the same period in 2021. The largest driver of the period-over-period change was lower gross profit of \$4.6 million. Included in gross profit in the third quarter of 2021 was a net positive impact from subsidy related to the Canada Emergency Wage Subsidy ("CEWS") program (\$7.3 million in the three-month period ended September 30, 2021), 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 2021, gross profit in the third quarter of 2022 increased by \$2.7 million compared to the same period in 2021. In the Construction segment, gross profit increased by \$4.1 million from higher volume partially offset by lower gross profit margin primarily from pipeline activity in industrial operations. In the Concessions segment, gross profit decreased by \$1.4 million, primarily from a reduction in results from airport operations at the Bermuda International Airport.

MG&A for the three months ended September 30, 2022 increased by \$0.1 million compared to the same period in 2021, and MG&A as a percentage of revenue for the third quarter decreased from 3.6% in 2021 to 3.2% in 2022.

Reported backlog as at September 30, 2022 of \$6,275 million compares to backlog of \$6,043 million as at September 30, 2021. New contract awards of \$991 million and \$3,507 million were booked in the third quarter and year-to-date, respectively, in 2022 compared to \$682 million and \$2,477 million in the same periods in 2021.

REPORTING 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	
	2022	2021	2022	2021
Revenue	\$ 1,298.8	\$ 1,142.4	\$ 3,374.5	\$ 2,841.2
Gross profit	\$ 108.2	\$ 111.4	\$ 234.2	\$ 253.4
Adjusted EBITDA ⁽¹⁾	\$ 82.0	\$ 82.1	\$ 135.0	\$ 155.1
Operating profit	\$ 63.4	\$ 63.4	\$ 77.3	\$ 104.7
Gross profit margin ⁽³⁾	8.3 %	9.7 %	6.9 %	8.9 %
Adjusted EBITDA margin ⁽²⁾	6.3 %	7.2 %	4.0 %	5.5 %
Operating margin ⁽³⁾	4.9 %	5.6 %	2.3 %	3.7 %
Backlog ⁽¹⁾			\$ 6,179	\$ 5,965

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

Revenue in the Construction segment for the three months ended September 30, 2022 of \$1,299 million was \$156 million, or 14%, higher compared to the same period in 2021. Revenue was higher in civil operations (\$167 million) driven by an increase in both major projects and roadbuilding construction work; in utilities operations (\$22 million) primarily due to an increase in telecommunications and high-voltage electrical transmission work; and in nuclear operations (\$9 million) driven by a higher volume of refurbishment work at nuclear generating stations located in Ontario. Partially offsetting these increases was lower revenue in industrial operations (\$29 million) driven primarily by decreased activity on mainline pipeline work in western Canada and in urban transportation solutions (\$13 million) primarily from a decrease in light rail transit ("LRT") work in Ontario.

Operating profit in the Construction segment of \$63.4 million in the three months ended September 30, 2022 was unchanged compared to the same period in 2021. Construction segment operating profit in the third quarter of 2021 included a net positive impact from amounts related to the CEWS program totalling \$7.3 million recorded as cost recovery within gross profit. After adjusting for the impact of CEWS amounts reported in the third quarter of 2021, operating profit in the third quarter of 2022 increased by \$7.3 million. This increase resulted in part from higher gross profit (\$4.1 million after adjusting for the impact of CEWS in the third quarter of 2021), due to increased revenue partially offset by lower gross profit margin primarily from pipeline activity in industrial operations. Also positively impacting operating profit in the period was lower MG&A (\$2.6 million), an increase in gains on the sale of equipment and other assets (\$1.6 million), higher income from projects accounted for using the equity method (\$0.2 million), partially offset by higher depreciation and amortization expense (\$1.2 million) related to increased equipment utilization.

Construction backlog as at September 30, 2022 was \$6,179 million, which was \$214 million higher than the same time last year. Backlog increased period-over-period in civil operations (\$513 million), industrial (\$72 million), and nuclear (\$46 million), and decreased in urban transportation solutions (\$399 million), and utilities (\$18 million). New contract awards totaled \$966 million in the third quarter of 2022 and \$3,438 million year-to-date, compared to \$657 million and \$2,424 million, respectively, in the same periods last year. During the first nine months of 2022, Aecon was awarded a number of projects including the Kingstown Port Modernisation Project Works, Lot 1: Primary Cargo Port in Saint Vincent and the Grenadines, the Interstate-90 / State Road-18 to Deep Creek Interchange Improvements and Widening project near Snoqualmie, Washington, and two contracts for the Savannah River Nuclear Solutions (SRNS) Demolition and Removal and SRNS Temporary HVAC projects in Aiken, South Carolina. In addition, an Aecon joint venture was awarded the contract for the Buffalo Pound Water Treatment Plant Renewal project in Saskatchewan, an Aecon partnership was awarded a contract for the Montréal-Trudeau International Airport REM Station project in Québec, and an Aecon partnership was awarded the Annacis Water Supply Tunnel project in British Columbia.

CONCESSIONS SEGMENT

\$ millions	Three months ended		Nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Revenue	\$ 21.8	\$ 21.7	\$ 55.4	\$ 50.0
Gross profit	\$ 10.4	\$ 11.8	\$ 22.7	\$ 19.3
Income from projects accounted for using the equity method	\$ 3.4	\$ 2.5	\$ 10.2	\$ 8.2
Adjusted EBITDA ⁽¹⁾	\$ 20.7	\$ 21.8	\$ 51.7	\$ 47.5
Operating profit	\$ 8.3	\$ 8.9	\$ 15.1	\$ 9.5
Backlog ⁽¹⁾			\$ 96	\$ 78

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP And Supplementary Financial Measures" and "Reconciliations and Calculations" sections 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 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, 2022, revenue in the Concessions segment of \$22 million was unchanged compared to the same period in 2021, while for the nine months ended September 30, 2022, revenue of \$55 million was \$5 million higher when compared to the same period in 2021. Higher revenue for the nine months ended in 2022 was primarily due to an increase in commercial flight operations at the Bermuda International Airport. 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 and 2021.

Operating profit in the Concessions segment for the three months ended September 30, 2022 decreased by \$0.6 million compared to the same period in 2021 primarily due to higher operating costs in the current period at the Bermuda International Airport. Operating profit for the nine months ended September 30, 2022 increased by \$5.6 million, compared to the same period in 2021 primarily as a result of an improvement in airport operations at the Bermuda International Airport.

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

Demand for Aecon's services across Canada continues to be strong, particularly in smaller and medium sized projects, as evidenced by year-to-date revenue growth of 19% and higher new project awards of 42%. In addition, during 2022, an Aecon consortium was selected to deliver the transformative, multi-billion-dollar long-term GO Rail Expansion On-Corridor Works project in Ontario under a progressive design, build, operate and maintain contract model which begins with a two-year development phase leading into the main construction scope and a 25-year operations and maintenance component, none of which is yet reflected in backlog. Aecon is also pre-qualified on a number of project bids due to be awarded during the next twelve months and has a strong pipeline of opportunities to further add to backlog over time. With backlog of \$6.3 billion and recurring revenue programs continuing to see robust demand, driven by the utilities sector and ongoing recovery in airport traffic in Bermuda, Aecon is confident in strong revenue growth over the next few years.

While volatile global and Canadian economic conditions are impacting inflation, interest rates, and overall supply chain efficiency, 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 – see Section 13 "Risk Factors" in the third quarter 2022 Management's Discussion and Analysis ("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.

In the Construction segment, with strong demand, growing recurring revenue programs, and diverse backlog in hand, Aecon is focused on ensuring solid execution on its projects and selectively adding to backlog through a disciplined bidding approach that supports long-term margin improvement in this segment.

In the Concessions segment, in addition to expecting a gradual recovery in travel through the Bermuda International Airport during the balance of 2022 and through 2023, 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 in innovative projects with private sector clients that support a collective focus on sustainability and the transition to a net-zero economy.

As of September 30, 2022, Aecon had a committed revolving credit facility of \$600 million, of which \$210 million was drawn, and \$3 million was utilized for letters of credit. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course.

CONSOLIDATED RESULTS

The consolidated results for the three and nine months ended September 30, 2022 and 2021 are available at the end of this news release.

CONSOLIDATED BALANCE SHEETS

\$ thousands (unaudited)	September 30 2022	December 31 2021
Cash and cash equivalents and restricted cash	\$ 582,820	\$ 630,691
Other current assets	1,854,160	1,515,025
Property, plant and equipment	397,076	379,506
Other long-term assets	840,963	761,595
Total Assets	\$ 3,675,019	\$ 3,286,817
Current portion of long-term debt – recourse	\$ 60,000	\$ 58,568
Current portion of long-term project debt – non-recourse	3,387	2,957
Other current liabilities	1,695,149	1,407,994
Long-term debt – recourse	176,066	166,327
Long-term project debt – non-recourse	380,124	354,580
Long-term portion of convertible debentures	177,620	173,898
Other long-term liabilities	232,169	208,927
Equity	950,504	913,566
Total Liabilities and Equity	\$ 3,675,019	\$ 3,286,817

CONFERENCE CALL

A conference call and live webcast has been scheduled for 10 a.m. (Eastern Time) on Thursday, October 27, 2022. 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 **929102**. An accompanying presentation of the third quarter 2022 financial results will be available after market close on October 26, 2022 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 27, 2022 at 1-866-813-9403 or 1-929-458-6194, or [online](#) until midnight on November 24, 2022. The access code is **523531**. 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 and Best 50 Corporate Citizens 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, Instagram and TikTok @AeconGroupInc.

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 the "Reconciliations and Calculations" section of this press release 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 tax expense (recovery) (Refer to the "Reconciliations and Calculations" section of this press release 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 (loss) from projects accounted for using the equity method, other income (loss), finance income, finance cost, income tax expense (recovery), and non-controlling interests.
- **"Operating profit (loss)"** represents the profit (loss) from operations, before finance income, finance cost, income tax expense (recovery) 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 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.

RECONCILIATIONS AND CALCULATIONS

Set out below is the calculation of Adjusted EBITDA by segment for the three months and nine months ended September 30, 2022 and 2021:

\$ millions										
	Three months ended September 30, 2022					Nine months ended September 30, 2022				
					Other costs and					Other costs and
	Construction	Concessions	eliminations	Consolidated		Construction	Concessions	eliminations	Consolidated	
Operating profit (loss)	\$ 63.4	\$ 8.3	\$ (10.8)	\$ 60.9		\$ 77.3	\$ 15.1	\$ (35.9)	\$ 56.5	
Depreciation and amortization	17.7	5.5	0.6	23.8		53.2	16.1	1.0	70.3	
(Gain) on sale of assets	(2.5)	-	-	(2.5)		(4.9)	-	-	(4.9)	
Income from projects accounted for using the equity method	(1.6)	(3.4)	-	(5.0)		(1.6)	(10.2)	-	(11.8)	
Equity Project EBITDA ⁽¹⁾	5.0	10.4	-	15.4		10.9	30.7	-	41.6	
Adjusted EBITDA ⁽¹⁾	\$ 82.0	\$ 20.7	\$ (10.2)	\$ 92.6		\$ 135.0	\$ 51.7	\$ (35.0)	\$ 151.7	

\$ millions										
	Three months ended September 30, 2021					Nine months ended September 30, 2021				
					Other costs and					Other costs and
	Construction	Concessions	eliminations	Consolidated		Construction	Concessions	eliminations	Consolidated	
Operating profit (loss)	\$ 63.4	\$ 8.9	\$ (8.7)	\$ 63.6		\$ 104.7	\$ 9.5	\$ (26.1)	\$ 88.1	
Depreciation and amortization	16.6	5.3	0.3	22.2		49.6	15.7	1.1	66.4	
(Gain) on sale of assets	(1.0)	-	-	(1.0)		(6.6)	-	-	(6.6)	
Income from projects accounted for using the equity method	(1.5)	(2.5)	-	(4.0)		(2.1)	(8.3)	-	(10.4)	
Equity Project EBITDA ⁽¹⁾	4.6	10.1	-	14.7		9.5	30.6	-	40.1	
Adjusted EBITDA ⁽¹⁾	\$ 82.1	\$ 21.8	\$ (8.4)	\$ 95.5		\$ 155.1	\$ 47.5	\$ (25.0)	\$ 177.6	

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

Set out below is the calculation of Equity Project EBITDA by segment for the three months and nine months ended September 30, 2022 and 2021:

\$ millions										
Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Three months ended September 30, 2022					Nine months ended September 30, 2022				
					Other costs and					Other costs and
	Construction	Concessions	eliminations	Consolidated		Construction	Concessions	eliminations	Consolidated	
Operating profit	\$ 4.8	\$ 10.4	\$ -	\$ 15.2		\$ 10.4	\$ 30.7	\$ -	\$ 41.1	
Depreciation and amortization	0.2	-	-	0.2		0.5	-	-	0.5	
Equity Project EBITDA ⁽²⁾	\$ 5.0	\$ 10.4	\$ -	\$ 15.4		\$ 10.9	\$ 30.7	\$ -	\$ 41.6	

\$ millions										
Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Three months ended September 30, 2021					Nine months ended September 30, 2021				
					Other costs and					Other costs and
	Construction	Concessions	eliminations	Consolidated		Construction	Concessions	eliminations	Consolidated	
Operating profit	\$ 4.4	\$ 10.1	\$ -	\$ 14.5		\$ 9.1	\$ 30.6	\$ -	\$ 39.7	
Depreciation and amortization	0.2	-	-	0.2		0.4	-	-	0.4	
Equity Project EBITDA ⁽²⁾	\$ 4.6	\$ 10.1	\$ -	\$ 14.7		\$ 9.5	\$ 30.6	\$ -	\$ 40.1	

(1) Refer to Note 10 "Projects Accounted for Using the Equity Method" in the September 30, 2022 interim condensed consolidated financial statements.

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

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 Third Quarter 2022 MD&A and in the 2021 Annual MD&A dated March 1, 2022 and available through SEDAR at www.sedar.com. 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.

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 2022	September 30 2021	September 30 2022	September 30 2021
Revenue	\$ 1,320,514	\$ 1,163,441	\$ 3,429,666	\$ 2,888,757
Direct costs and expenses	(1,201,882)	(1,040,191)	(3,172,413)	(2,616,304)
Gross profit	118,632	123,250	257,253	272,453
Marketing, general and administrative expense	(42,479)	(42,376)	(148,305)	(134,380)
Depreciation and amortization	(23,775)	(22,111)	(70,244)	(66,358)
Income from projects accounted for using the equity method	5,033	3,957	11,799	10,375
Other income	3,618	934	5,963	5,977
Operating profit	61,029	63,654	56,466	88,067
Finance income	619	137	880	403
Finance cost	(15,146)	(11,820)	(40,119)	(33,666)
Profit before income taxes	46,502	51,971	17,227	54,804
Income tax expense	(12,013)	(13,542)	(6,532)	(17,195)
Profit for the period	\$ 34,489	\$ 38,429	\$ 10,695	\$ 37,609
Basic earnings per share	\$ 0.57	\$ 0.64	\$ 0.18	\$ 0.62
Diluted earnings per share	\$ 0.45	\$ 0.56	\$ 0.16	\$ 0.59

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For further information: Adam Borgatti, SVP, Corporate Development and Investor Relations, (416) 297-2600, ir@aecon.com; Nicole Court, Vice President, Corporate Affairs, (416) 297-2600, corpaffairs@aecon.com

CO: Aecon Group Inc.

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