



Aecon Utilities acquires electrical distribution utility contractor Xtreme Powerline

TORONTO, July 02, 2024 -- Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") announced today that its subsidiary, Aecon Utilities Group Inc. ("Aecon Utilities"), has acquired a majority interest in Xtreme Powerline Construction ("Xtreme"), an electrical distribution utility contractor headquartered in Port Huron, Michigan for a base purchase price of approximately US\$73 million, with the potential for additional contingent proceeds (the "Transaction"). The Transaction is being financed through Aecon Utilities' standalone committed revolving credit facility. Xtreme management are committed to supporting Aecon Utilities' expansion in the U.S. and will retain a minority ownership in Xtreme as well as leadership responsibilities in the Xtreme business in partnership with Aecon Utilities' management team.

A privately-owned company founded in 2007, Xtreme is a full-service powerline constructor with approximately 300 employees. Xtreme specializes in overhead distribution line repair, maintenance and expansion services throughout the Eastern United States, and provides emergency restoration services for over 20 utility clients across the U.S. Xtreme has held a long-time overhead distribution Master Service Agreement ("MSA") with DTE Energy ("DTE").

"By expanding our self-perform electrical distribution capabilities in the U.S., Aecon Utilities is enhancing its diverse service offering and key strategic initiative to strengthen relationships with U.S. utility clients in target markets and with significant requirements to repair, upgrade, and expand grid infrastructure," said Jean-Louis Servranckx, President and Chief Executive Officer, Aecon Group Inc. "Through Xtreme and its talented leadership team, we look forward to continuing to strengthen our partnership with DTE and other key clients while diversifying our portfolio of U.S. utility services."

"The acquisition of Xtreme creates opportunities to harness our collective utility infrastructure expertise and drive continued growth in priority markets," said Eric MacDonald, Executive Vice President, Aecon Utilities. "Xtreme's experienced team and strong client relationships are aligned with our business, and we, along with our strategic partner Oaktree, are pleased to welcome the Xtreme team to help advance our continued growth across North America with a focus on the energy transition."

"We are excited for the opportunities for both our customers and employees in joining the Aecon Utilities team," said Scott Sheldon, President of Xtreme. "Aecon Utilities provides a strong and diverse platform to allow us to accelerate our growth by offering new services to our existing customers while continuing to expand our footprint and capabilities in new markets."

Toronto Dominion Bank and Canadian Imperial Bank of Commerce acted as co-lead agents on behalf of a syndicate of lenders on Aecon Utilities' standalone committed revolving credit facility. Davies Ward Phillips & Vineberg LLP served as legal counsel to Aecon Utilities. The Transaction was also supported by advisory services provided by Stifel.

About Aecon

Aecon Group Inc. is a North American construction and infrastructure development company with global experience. Aecon 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, management, and operations and maintenance services through its Concessions segment. Join our online community on X, LinkedIn, Facebook, and Instagram @AeconGroupInc.

About Aecon Utilities

Aecon Utilities is a leading provider of utility infrastructure solutions in Canada, with a growing presence in the U.S., operating in four end markets: electrical transmission and distribution, renewables and in-home services, telecommunications, and pipeline distribution. A significant portion of Aecon Utilities' revenues are generated from recurring revenue programs for public and leading private utility-sector clients. Funds managed by Oaktree Capital Management, L.P., through its Power Opportunities strategy, invested in a net \$150 million convertible preferred equity investment in October 2023 that is convertible into a 27.5% ownership interest in Aecon Utilities.

Statement on Forward-Looking Information

The information in this press release includes certain forward-looking statements which may constitute forward-looking information under applicable securities laws. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to 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 potential for additional contingent proceeds payable under the Transaction, the ability of Aecon Utilities and Xtreme to integrate successfully following the Transaction, the expansion in the U.S. utility services market and driving continued growth in priority markets, and the effective collaboration with Xtreme management. Forward-looking statements may in some cases be identified by words such as "may," "will," "expects," "target," "future," "plans," "believes," "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 risk of not being able to meet contractual schedules and other performance requirements, the risk of not being able to meet its labour needs, the risk of costs or difficulties related to the integration of Aecon Utilities and Xtreme being greater than expected, the risk of the anticipated benefits and synergies from the Transaction not being fully realized or taking longer than expected to realize, the risk of being unable to retain key personnel, including Xtreme management, and the risk of being unable to maintain relationships with customers, suppliers or other business partners of Xtreme. These forward-looking statements are based on a variety of factors and assumptions including, but not limited to that: none of the risks identified above materialize, there are no unforeseen changes to economic and market conditions and no significant events occur outside the ordinary course of business. These assumptions are based on information currently available to Aecon, including information obtained from third-party sources. While Aecon believes that such third-party sources are reliable sources of information, Aecon has not independently verified the information. Aecon has not ascertained the validity or accuracy of the underlying economic assumptions contained in such information from third-party sources and hereby disclaims any responsibility or liability whatsoever in respect of any information obtained from third-party sources.

Risk factors are discussed in greater detail in Section 13 - "Risk Factors" in Aecon's 2023 Management's Discussion and Analysis for the fiscal year ended December 31, 2023 and Aecon's Management's Discussion and Analysis for the fiscal quarter ended March 31, 2024, each filed on SEDAR+ (www.sedarplus.ca). 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.

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