



COMPANY: **BIRD CONSTRUCTION INC.**
LISTING: TORONTO STOCK EXCHANGE
CITY: MISSISSAUGA
SYMBOL: **BDT**
DATE: November 08, 2022
SUBJECT: BIRD CONSTRUCTION INC. ANNOUNCES 2022 THIRD QUARTER FINANCIAL RESULTS

"Bird continues to deliver strong financial results, underpinned by the strategic changes made to the business over the past several years. Our steadily growing revenue, improving margins, and expanded recurring revenue highlight the Company's resilient business model, with minimal exposure to lump sum turn-key contracts and a diversified national service offering," stated Teri McKibbin, President and CEO of Bird Construction. "The visibility into future financial performance provided by our record combined Backlog and Pending Backlog, coupled with our strong balance sheet, set the stage for continued organic growth and opportunistic tuck-in acquisitions."

FINANCIAL HIGHLIGHTS

The third quarter of 2022 was a strong quarter for Bird, with our "One Bird" team delivering solid revenue growth of 7.6%, representing 6.0% growth year-to-date, supported by cross-selling opportunities across the Company's diversified service offerings, and robust, accretive performance from recent acquisitions. Continued strong execution across our work programs, with diligent focus on cost management, delivered increased gross profit and Adjusted EBITDA margins for the quarter, despite the challenges of ongoing supply chain and regional permitting delays.

Bird's third quarter earnings reflect the resiliency of the Company's diversified and risk-balanced business model where over 90% of revenues are generated from lower risk contract types, and an increasing number of projects are being executed under collaborative contracting methods. This business model allows us to better manage inflationary impacts on costs of construction, resulting in growing margins which remain a strategic priority to further improve over the coming years.

Third Quarter 2022 compared to Third Quarter 2021

- Construction revenue of \$668.2 million compared to \$621.2 million, representing a 7.6% increase year-over-year.
- Net income and earnings per share were \$14.5 million and \$0.27, respectively, compared to \$12.1 million and \$0.23 in Q3 2021.
- Adjusted Earnings¹ and Adjusted Earnings Per Share¹ were \$15.5 million and \$0.29, respectively, compared to \$13.8 million and \$0.26 in Q3 2021.
- Adjusted EBITDA¹ of \$31.2 million, or 4.7% of revenues, compared to \$28.6 million, or 4.6% of revenues in Q3 2021.

Year-to-date 2022 compared to Year-to-date 2021

- Construction revenue of \$1,720.4 million compared to \$1,622.2 million, representing a 6.0% increase year-over-year.
- Net income and earnings per share were \$34.9 million and \$0.65, respectively, compared to \$32.9 million and \$0.62 in 2021.
- Year-to-date Adjusted Earnings¹ and Adjusted Earnings Per Share were \$30.5 million and \$0.57, respectively, compared to \$37.9 million and \$0.71 in 2021.
- No recoveries were recorded under the CEWS program in 2022, compared to \$21.9 million of recoveries recorded year-to-date in 2021.
- Year-to-date Adjusted EBITDA¹ of \$70.5 million, or 4.1% of revenues, compared to \$79.7 million, or 4.9% of revenues in 2021.

¹ This News Release contains terminology and financial measures that do not have standard meanings under IFRS and may not be comparable with similar measures presented by other companies. Further information regarding these measures can be found in the "Terminology and Non-GAAP & Other Financial Measures" section of this News Release.

Financial Results

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Construction revenue	\$ 668,156	\$ 621,224	\$ 1,720,365	\$ 1,622,223
Net income	14,466	12,117	34,931	32,866
Basic and diluted earnings per share	0.27	0.23	0.65	0.62
Adjusted Earnings Per Share	0.29	0.26	0.57	0.71
Adjusted EBITDA ¹	31,203	28,585	70,546	79,737
Cash flows from operations before changes in non-cash working capital	\$ 32,444	\$ 27,609	\$ 80,905	\$ 76,832

⁽¹⁾ Adjusted EBITDA is a non-GAAP financial measure. See "Terminology and Non-GAAP & Other Financial Measures."

OVERVIEW

- The Company set a new record for its combined Backlog and Pending Backlog of future work at September 30, 2022, amounting to \$2.9 billion and \$2.1 billion, respectively. The Company secured \$731.1 million of new contracts and change orders in Backlog and executed \$668.2 million of construction revenues in the quarter, and added over \$300 million of new awards to Pending Backlog.
- During the third quarter of 2022, the Company announced that it was awarded the following projects and contracts:
 - Engineering, Procurement and Construction ("EPC") contracts for two wind farms in development by Capstone Infrastructure Corporation. The two wind farms, located in Alberta, have a combined rated capacity of 253.7 MW of renewable energy.
 - Construction of the Covenant Wellness Community - Community Health Centre, an approximately 200,000 square foot, three-storey building with a two-level underground parkade, located in Edmonton, Alberta. The Community Health Centre is the first phase of Covenant Health's planned Wellness Community. The award is valued at approximately \$95 million.
- The Board has declared an eligible dividend of \$0.0325 per common share for each of November 2022, December 2022, January 2023 and February 2023.
- Subsequent to the quarter end, the Company announced that it was awarded the following projects and contracts:
 - A limited notice to proceed with early work (pre-mobilization) for a strategically important multi-year task order under the previously announced Port Hope Area Initiative Master Construction Contract by Canadian Nuclear Laboratories.
- Subsequent to the quarter end, the Company entered into a strategic delivery partnership agreements with Canadian Nuclear Laboratories (CNL) to support the delivery of CNL's long-term corporate strategy. This includes existing work under CNL's \$1.2 billion 10-year capital program, construction of at least six major facilities representing over \$2 billion, and a newly commenced multi-billion-dollar work program which includes infrastructure upgrades and ongoing environmental remediation and restoration activities as part of the Port Hope Area Initiative, as well as other longer-term opportunities.

CONFERENCE CALL AND WEBCAST

Bird will host an investor webcast to discuss the quarterly results on Wednesday, November 9, 2022 at 10:00 a.m. ET, to discuss the Company's results. Analysts and investors may connect to the webcast at <https://services.choruscall.ca/links/bird2022Q3.html>. They may also dial **1-855-328-1925** for audio only or to enter the question queue; attendees are asked to be on the line 10 minutes prior to the start of the call. The presentation can also be found on our website at <https://www.bird.ca/investors>.

The Company's financial statements and Management's Discussion & Analysis ("MD&A") will be filed and available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Company's website at www.bird.ca.

TERMINOLOGY AND NON-GAAP & OTHER FINANCIAL MEASURES

Throughout this News Release, certain terminology and financial measures are used that do not have standard meanings under IFRS and are considered specified financial measures. These include non-GAAP financial measures, non-GAAP financial ratios, and supplementary financial measures. These measures may not be comparable with similar measures presented by other companies. Further information on these financial measures can be found in the "Terminology and Non-GAAP & Other Financial Measures" section in Bird's most recently filed Management's Discussion & Analysis for the period ended September 30, 2022, prepared as of November 8, 2022. This document is available on Bird's SEDAR profile, at www.sedar.com and on the Company's website at www.bird.ca.

"Backlog" is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. The Company's Backlog equates to the Company's remaining performance obligations as at September 30, 2022 and December 31, 2021.

"Adjusted Earnings" and "Adjusted EBITDA" are non-GAAP financial measures. "Adjusted Earnings Per Share" and "Adjusted EBITDA margin" are non-GAAP financial ratios. "Pending Backlog" is a supplementary financial measure.

Adjusted Earnings and Adjusted EBITDA are reconciled as follows:

Adjusted Earnings:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<i>(in thousands of Canadian dollars, except per share amounts)</i>				
Net income	\$ 14,466	\$ 12,117	\$ 34,931	\$ 32,866
Add: Acquisition and integration costs	1,362	2,260	1,759	6,669
Add: IFRS restructuring costs ⁽¹⁾	—	—	—	—
Deduct: Gain on settlement of trade receivable	—	—	(7,596)	—
Income tax effect of the above costs	(326)	(556)	1,445	(1,627)
Adjusted Earnings	\$ 15,502	\$ 13,821	\$ 30,539	\$ 37,908
Adjusted Earnings Per Share ⁽²⁾	\$ 0.29	\$ 0.26	\$ 0.57	\$ 0.71

Notes:

⁽¹⁾ Restructuring costs as defined in accordance with IFRS.

⁽²⁾ Calculated as Adjusted Earnings divided by basic weighted average shares outstanding.

Adjusted EBITDA:

(in thousands of Canadian dollars, except percentage amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income	\$ 14,466	\$ 12,117	\$ 34,931	\$ 32,866
Add: Income tax expense	4,748	4,150	11,863	11,148
Add: Depreciation and amortization	9,593	8,965	27,641	24,823
Add: Finance and other costs	2,793	1,720	6,885	5,660
Less: Finance and other income	(182)	(304)	(9,437)	(896)
Add: (Gain)/loss on sale of property and equipment	(1,577)	(455)	(3,096)	(968)
Add: IFRS restructuring costs ⁽¹⁾	—	—	—	—
Add: Other restructuring and severance costs ⁽²⁾	—	132	—	435
Add: Acquisition and integration costs	1,362	2,260	1,759	6,669
Adjusted EBITDA	\$ 31,203	\$ 28,585	\$ 70,546	\$ 79,737
Adjusted EBITDA Margin ⁽³⁾	4.7 %	4.6 %	4.1 %	4.9 %

Notes:

⁽¹⁾ Restructuring costs as defined in accordance with IFRS.

⁽²⁾ Restructuring and severance costs that did not meet the criteria to be classified as restructuring costs in accordance with IFRS.

⁽³⁾ Calculated as Adjusted EBITDA divided by revenue.

FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this news release are based on the expectations, estimates and projections of management of Bird as of the date of this news release unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements and information. More particularly and without limitation, this news release contains forward-looking statements concerning: anticipated financial performance; the ability to capitalize on new and emerging opportunities; and the ability to realize on the Company's bid pipeline.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which the Company operates in general such as: operational risks, industry and inherent project delivery risks; ability to hire and retain qualified and capable personnel; global pandemics; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; compliance with environmental laws risks; competition, ethics and reputational risks; ability to access sufficient capital from internal and external sources; repayment of credit facility; collection of recognized revenue; performance bonds and contract security; potential for non-payment and credit risk and ongoing financing availability; regional concentration; regulations; dependence on the public sector; client concentration; labour matters; loss of key management; subcontractor performance; unanticipated shutdowns, work stoppages, strikes and lockouts; maintaining safe worksites; cyber security risks; litigation risk; corporate guarantees and letters of credit; volatility of market trading; failure of clients to obtain required permits and licenses; payment of dividends; economy and cyclical; Public Private Partnerships project risk; design risks; completion and performance guarantees/design-build risks; ability to secure work; estimating costs and schedules/assessing contract risks; quality assurance and quality control; accuracy of cost to complete estimates; insurance risk; adjustments and cancellations of backlog; joint venture risk; internal and disclosure controls; Public Private Partnerships equity investments; failure to realize the anticipated benefits of the Transactions; and changes in legislation, including but not limited to tax laws and environmental regulations.

The forward-looking statements in this news release should not be interpreted as providing a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic ("COVID-19") and the resulting indirect global and regional economic impacts.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Bird's Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2021, each of which may be accessed on Bird's SEDAR profile, at www.sedar.com and on the Company's website at www.bird.ca.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as, and to the extent required by applicable securities laws.

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

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ABOUT BIRD CONSTRUCTION

Bird (TSX: BDT) is a leading Canadian construction company operating from coast-to-coast and servicing all of Canada's major markets. Bird provides a comprehensive range of construction services from new construction for industrial, commercial, and institutional and civil infrastructure markets; to industrial maintenance, repair and operations services, heavy civil construction, and mine support services; as well as vertical infrastructure including, electrical, mechanical, and specialty trades. For over 100 years, Bird has been a people-focused company with an unwavering commitment to safety and a high level of service that provides long-term value for all stakeholders. **www.bird.ca**