



COMPANY: **BIRD CONSTRUCTION INC.**
LISTING: TORONTO STOCK EXCHANGE
CITY: MISSISSAUGA
SYMBOL: **BDT**
DATE: March 7, 2023
SUBJECT: **BIRD CONSTRUCTION INC. ANNOUNCES 2022 FOURTH QUARTER AND ANNUAL FINANCIAL RESULTS, DECLARES 10% DIVIDEND INCREASE**

“With a strong finish to the year, Bird reported record revenue and gross profit for 2022, due in no small part to the diligent focus of our One Bird team who embraced the Company’s strategic focus on collaboration, cross-selling and diversification of both Bird’s capabilities and geographical reach. The Company carries a record combined Backlog and Pending Backlog of risk-balanced contracts and awards into 2023, bolstering our confidence in continued revenue and earnings growth for the upcoming year,” stated Teri McKibbin, President and CEO of Bird Construction. “In addition, the strength of the Company’s balance sheet and access to financing continues to support our disciplined approach to invest in Bird’s future growth, both organically and through opportunistic tuck-in acquisitions.”

FINANCIAL HIGHLIGHTS

Bird finished the 2022 fiscal year on a high note, delivering a strong fourth quarter of revenue growth, profitability, and cash flow generation. The Company’s fourth quarter and full-year performance reflect the Company’s strategy to reposition itself over the past several years, resulting in a diversified and risk-balanced business model with larger scopes of self-perform work, and greater depth of cross-selling opportunities, and the vast majority of revenues generated from lower risk contract types. Bird’s focus on a more collaborative business model has also allowed Bird to better manage inflationary impacts on costs of construction which, along with increased self-perform activity, strategic organic growth, acquisitions, and diligent cost management, has resulted in growing margins which remain a strategic priority to further improve over the coming years.

The Company’s results continue to benefit from cross-selling opportunities across our diversified service offerings, and robust, accretive performance from recent acquisitions. The Company maintained a strong financial position in 2022, ending the year with significant financial flexibility and liquidity to support the Company’s disciplined capital allocation approach, including the potential for future accretive tuck-in acquisitions like Dagmar and Trinity Communication Services Ltd. (“Trinity”) which was acquired subsequent to year-end.

Full-Year 2022 compared to Full-Year 2021

- Construction revenue of \$2,377.5 million was recorded in 2022, compared to \$2,220.0 million in 2021, representing a 7.1% year-over-year increase.
- Net income and earnings per share for the year were \$49.9 million and \$0.93, respectively, compared to \$42.8 million and \$0.80 in 2021.
- Adjusted Earnings¹ and Adjusted Earnings Per Share were \$46.0 million and \$0.86 in 2022, respectively, compared to \$51.0 million and \$0.96 in 2021.
- 2022 adjusted EBITDA¹ of \$101.2 million, or 4.3% of revenues, compared to \$108.1 million, or 4.9% of revenues in 2021.
- No recoveries were recorded under the CEWS program in 2022, compared to \$21.9 million of recoveries recorded 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.

Fourth Quarter 2022 compared to Fourth Quarter 2021

- Construction revenue of \$657.2 million compared to \$597.8 million, representing a 9.9% increase year-over-year.
- Net income and earnings per share were \$14.9 million and \$0.28, respectively, compared to \$9.9 million and \$0.18 in Q4 2021.
- Adjusted Earnings² and Adjusted Earnings Per Share² were \$15.5 million and \$0.29, respectively, compared to \$13.0 million and \$0.24 in Q4 2021.
- Adjusted EBITDA² of \$30.6 million, or 4.7% of revenues, compared to \$28.4 million, or 4.8% of revenues in Q4 2021.

Financial Results

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Construction revenue	\$ 657,184	\$ 597,803	\$ 2,377,549	\$ 2,220,026
Net income	14,932	9,917	49,863	42,783
Basic and diluted earnings per share	0.28	0.18	0.93	0.80
Adjusted Earnings Per Share	0.29	0.24	0.86	0.96
Adjusted EBITDA ¹	30,639	28,399	101,185	108,136
Cash flows from operations before changes in non-cash working capital	\$ 33,465	\$ 25,791	\$ 114,370	\$ 102,623

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

OVERVIEW

- Bird reported record revenues for both the fourth quarter, and for the full year ended December 31, 2022. The combined strength of the Company and its recent acquisitions continue to yield opportunities for cross selling and higher self-perform activity across the Company's work program, driving revenue growth and stronger margins.
- The Company generated cash flow of \$105.8 million from operating activities in the fourth quarter, finishing the year with \$174.6 million of cash and cash equivalents. The strong ending cash position was achieved while the Company continued to fund investments in non-cash working capital of almost \$60 million throughout the year to support the Company's growing work program, and while returning to more normalized levels of capital expenditures during the year.
- Bird continued to set new records for its combined Backlog and Pending Backlog of future work at December 31, 2022, totalling \$2.6 billion and \$2.5 billion, respectively. The Company added \$353.1 million in securements to Backlog in the quarter, while adding over \$350 million of new awards to Pending Backlog. Subsequent to year-end, the Company announced several significant additional new awards and contracts, some of which represent the conversion of Pending Backlog into Backlog, and others further adding to Bird's combined backlog.
- The Company continued to expand its MSA and recurring revenue base, with several new multi-year awards driving the amount of this work in Pending Backlog to over \$900 million, representing recurring work to be performed over the next five years.
- In December, the Company successfully amended its Syndicated Credit Facility, extending the maturity of the entire facility by over a year to December 15, 2025, and increasing amounts available under the committed revolving facility by \$35.0 million to \$220.0 million. Within the amended revolving facility, the Company also increased its availability for letters of credit by \$15.0 million to \$115.0 million.

² 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.

- During the fourth quarter of 2022, the Company announced that it was awarded the following projects and contracts:
 - The Company entered into 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.
 - 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 year end, on January 31, 2023 Bird announced the acquisition of Trinity, an Ontario-based diversified telecommunication and utility infrastructure contractor. Specializing in underground, aerial, commercial inside plant, and multi-dwelling unit installations, Trinity's self-perform capabilities enable further cross-selling opportunities with Bird's sizeable national client base, and exemplify the Company's tuck-in M&A strategy to further diversify the Company's operations and expand its self-perform capabilities.
- Subsequent to the year end, the Company announced that it was awarded the following projects and contracts:
 - Bird was awarded a progressive design-build contract for a processing facility in Ontario, with a total project value over \$200 million. The project delivery is divided into phases, with the owner, consultants and contractors working collaboratively in initial phases to ensure the cost estimate, schedule forecast, and project planning are sufficiently advanced before commencing the construction phase.
- The Board has declared eligible dividends of \$0.0358 per common share for each of March 2023 and April 2023, representing a 10% increase to the monthly dividends declared in 2022 and for January and February of 2023.

CONFERENCE CALL AND WEBCAST

Bird will host an investor webcast to discuss the quarterly results on Wednesday, March 8, 2023 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/bird2022Q4.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 December 31, 2022, prepared as of March 7, 2023. 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 December 31, 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:

(in thousands of Canadian dollars, except per share amounts)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net income	\$ 14,932	\$ 9,917	\$ 49,863	\$ 42,783
Add: Acquisition and integration costs	728	4,111	2,487	10,780
Add: IFRS restructuring costs ⁽¹⁾	—	—	—	—
Deduct: Gain on settlement of trade receivable	—	—	(7,596)	—
Income tax effect of the above costs	(175)	(982)	1,270	(2,609)
Adjusted Earnings	\$ 15,485	\$ 13,046	\$ 46,024	\$ 50,954
Adjusted Earnings Per Share ⁽²⁾	\$ 0.29	\$ 0.24	\$ 0.86	\$ 0.96

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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net income	\$ 14,932	\$ 9,917	\$ 49,863	\$ 42,783
Add: Income tax expense	5,459	3,699	17,322	14,847
Add: Depreciation and amortization	8,798	9,714	36,439	34,537
Add: Finance and other costs	2,933	1,890	9,818	7,550
Less: Finance and other income	(904)	(426)	(10,341)	(1,322)
Add: (Gain)/loss on sale of property and equipment	(1,307)	(608)	(4,403)	(1,576)
Add: IFRS restructuring costs ⁽¹⁾	—	—	—	—
Add: Other restructuring and severance costs ⁽²⁾	—	102	—	537
Add: Acquisition and integration costs	728	4,111	2,487	10,780
Adjusted EBITDA	\$ 30,639	\$ 28,399	\$ 101,185	\$ 108,136
Adjusted EBITDA Margin ⁽³⁾	4.7 %	4.8 %	4.3 %	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 outlook for 2023; expectations with respect to anticipated revenue growth, growth in earnings per share and adjusted EBITDA in 2023 and margin improvements; 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.

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 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, 2022, 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**