BIRD CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations should be read in conjunction with the September 30, 2019 consolidated financial statements of Bird Construction Inc. This discussion contains forward-looking information, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by this information. See "Forward-Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" included in the Company's most current Annual Information Form dated March 12, 2019. This MD&A has been prepared as of November 5, 2019. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings.

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EXECUTIVE SUMMARY

(in thousands of Canadian dollars, except per share amounts)	For the nine months ended September 30, 2019	2018 [4]
Income Statement Data		
Revenue	$ **955,796**	$ **995,930**
Net income (loss)	**1,317**	**(7,392)**
Basic and diluted earnings (loss) per share	**0.03**	**(0.17)**
Adjusted EBITDA [1]	**16,280**	**(879)**
Adjusted EBITDA Margin [1]	**1.7%**	**(0.1%)**
Cash Flow Data		
Net increase (decrease) in cash and cash equivalents during the period	**(62,069)**	**(55,255)**
Cash flows from operations before changes in non-cash working capital [2]	**14,676**	**1,275**
Addtions to property and equipment [3]	**11,624**	**12,548**
Cash dividends paid	**12,436**	**12,436**
Cash dividends declared per share	**0.29**	**0.29**

	September 30, 2019	December 31, 2018 [4]
Balance Sheet Data		
Total assets	**754,117**	**652,021**
Working capital	**59,501**	**70,215**
Loans and borrowings (current and non-current)	**32,128**	**21,198**
ROU Liabilities (current and non-current)	**31,552**	**8,759**
Shareholders' equity	**123,678**	**136,229**

(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Non-GAAP Measures"

(2) Refer to the consolidated statements of cash flows

(3) Includes computer software purchases classified as intangible assets

(4) IFRS 16 has been adopted effective January 1, 2019 using the modified retrospective approach, prior periods have not been restated

2019 HIGHLIGHTS

- During the third quarter of 2019, the Company recorded net income of $6.8 million on construction revenue of $378.6 million, compared with net income of $4.4 million on $381.4 million of construction revenue in 2018. Volume was slightly lower year-over-year, however net income improved across all sectors in which the company operates, through improved gross profit percentage.

- Adjusted EBITDA in the third quarter of 2019 was $14.0 million compared to $9.0 million in the third quarter of 2018.

- During the nine months of 2019, the Company recorded net income of $1.3 million on construction revenue of $955.8 million, compared with a net loss of $7.4 million on construction revenue of $995.9 million in 2018. Although volume declined 4.0% year-over-year, the mix of revenue was more diversified as the Company's higher-margin industrial work program has increased. The year-over-year income improvement was primarily driven by the increase in gross profit from the shift in the mix of revenue in 2019. During the same period in 2018, results were impacted by a Public Private Partnership ("PPP") project that incurred additional cost due to design-related scope growth and acceleration expense to meet the scheduled substantial completion date.

- Adjusted EBITDA year-to-date at September 30, 2019 was $16.3 million compared to a $0.9 million loss in the comparable period in 2018.

- The Company, through its joint venture with ATCO Structures, continues to progress on site construction work for the LNG Canada Cedar Valley Lodge. Construction commenced in the first quarter of 2019 and is planned to continue through spring 2021. Throughout the third quarter modules were delivered and installed on site and core buildings continued to be erected and enclosed. The facility is being built to house workers involved in the construction of LNG Canada's natural gas liquefaction and export facility. The project is one of the largest accommodation facilities ever built in Canada.

- In 2019, the Company secured $1,100.4 million of new contract awards and change orders and executed $955.8 million of construction revenues. The new contract awards and change orders in the nine months contributed to a Backlog of $1,440.5 million for the Company at September 30, 2019, which is 11.2% growth in Backlog compared to the $1,295.9 million recorded at December 31, 2018.

- In the third quarter of 2019, the Company signed multiple contracts for services for an undisclosed amount at an LNG Liquefaction Export Terminal Facility in northwestern British Columbia. The contracts include a site civil works program and the engineering, procurement, and construction ("EPC") of sixteen administrative and service buildings. The EPC buildings program will consist of a combination of pre-engineered and modular buildings. The contracts have commenced and will continue into 2022.

- In the third quarter of 2019, the Company signed a construction management contract with Westwood Construction to build a mixed-use development located in north Halifax. The contract will be constructed over a three-year period and will include two high rise towers and two levels of underground parking. The full project value is approximately $140 million but, due to the agency nature of the contract with Bird, only the construction management services portion of the project was added to Backlog.

- In the nine months of 2019, cash and cash equivalents decreased $62.0 million net of the effects of foreign exchange to $96.9 million, from $158.9 million at the end of 2018. The majority of the decrease in cash and cash equivalents during the year relates to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business.

- The Board has declared monthly eligible dividends of $0.0325 per common share for November 2019, December 2019, January 2020 and February 2020.

NON-GAAP MEASURES:

Adjusted EBITDA and Adjusted EBITDA margin have no standardized meaning under IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management uses Adjusted EBITDA to assess the operating performance of its business. Management believes that investors and analysts use Adjusted EBITDA, it may provide predictive value to assess the ongoing operations of the business and it provides a more consistent comparison between financial reporting periods.

Adjusted EBITDA (Non-GAAP information):

(in thousands of Canadian dollars)

	Three months ended September		Nine months ended September	
	2019	2018	**2019**	2018
Net income (loss)	$ **6,782**	$ 4,360	$ **1,317**	$ (7,392)
Add: Income tax expense (recovery)	**2,520**	1,688	**605**	(2,851)
Add: Depreciation and amortization	**4,568**	2,709	**11,346**	8,428
Add: Finance and other costs	**1,237**	651	**4,005**	2,633
Less: Finance income	**(698)**	(281)	**(1,827)**	(888)
Add: Loss/(gain) on sale of property and equipment	**(443)**	(177)	**(1,091)**	(809)
Add: Restructuring and severance costs [1]	**-**	-	**1,925**	-
Adjusted EBITDA	$ **13,966**	$ 8,950	$ **16,280**	$ (879)
Adjusted EBITDA Margin [2]	**3.7%**	2.3%	**1.7%**	(0.1%)

Notes:

[1] Restructuring and severance costs did not meet the criteria to be classified under restructuring costs as defined in accordance with IFRS.

[2] Calculated as Adjusted EBITDA divided by Revenue

NATURE OF THE BUSINESS

The Company operates as a general contractor in the Canadian construction market with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver. The Company and its predecessors have been in operation for 99 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry. Within the industrial sector, Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, metal & modular fabrication, mechanical process work, underground piping and earthwork for clients primarily operating in the oil and gas, liquefied natural gas (LNG), mining and nuclear sectors. Within the institutional sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement and senior housing, as well as environmental facilities that include water and wastewater treatment centres, composting facilities and biosolids treatment and management facilities. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings, hotels and selected mixed-use high-rise condominiums and apartments. The Company has developed expertise in the construction of vertical elements and overall management of transportation related projects and will continue to enhance our abilities in this market. Bird also invests in equity in PPP projects to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, design-build, PPP, cost reimbursable (such as cost plus, construction management and integrated project delivery ("IPD") methods).

While Bird self-performs some elements of its projects, particularly in the industrial market and in conjunction with its civil construction and contract mining operations, a significant portion of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security including enrolling our subcontractors in Bird's subcontractor default insurance program which will mitigate exposure to possible additional costs should a subcontractor not be able to meet its contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

KEY PERFORMANCE DRIVERS

Securing profitable construction contracts and then controlling the costs during the execution of that work are the key drivers of success for the Company, combined with a strong balance sheet and ensuring the safety of its workers.

Securements and Backlog

To achieve this, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, capital spending will generally increase and there will be more opportunities available in the construction industry. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes more intense, generally resulting in lower Gross Profit Percentages. The Company must be successful in securing profitable work in various economic conditions. The construction industry is highly fragmented and accordingly, the Company competes with several international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for successfully delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from existing clients and win work with new clients.

The Company's success in securing work is also reflected in the value of the Backlog. The Company's Backlog of $1,440.5 million at September 30, 2019 has grown 11.2% compared with $1,295.9 million at December 31, 2018. Backlog has grown by almost $205.5 million or 16.6% from September 30, 2018. The Company has been successful in building its backlog over a broader range of sectors with a more balanced risk profile than a year ago. The proportion of Backlog in its higher-margin industrial work program has increased from a year ago and should represent a larger portion of the Company's earnings base in future quarters.

(in thousands of Canadian dollars)	**September 30, 2019**	September 30, 2018	December 31, 2018
Backlog	**$ 1,440,521**	$ 1,235,030	$ 1,295,940

Gross Profit Percentage

Once the Company has secured a contract, the profitability of that contract, measured by the Gross Profit Percentage, is primarily a function of management's ability to control costs, achieve productivity objectives associated with the contract and resolve outstanding commercial issues as they arise. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Year ended 2018
Gross Profit Percentage	**4.7%**	3.5%	4.2%

During the nine months of 2019 the Company realized a Gross Profit Percentage of 4.7% compared with 3.5% in the nine months of 2018. In the first nine months of 2019, there was one PPP project that incurred additional cost due to design-related scope growth and acceleration expense to meet the scheduled substantial completion date. Substantial changes to the scope of the project requested by the client are currently under commercial negotiation. In the first nine months of 2018, the Company incurred additional costs, including financing costs from lenders, on a PPP project that was late in achieving substantial completion. The first three quarters of 2018 were also negatively impacted by project delays due to a labour strike at a primary mining client. The year-over-year improvement is also driven by the revenue mix, with a larger portion of revenue recognized from the Company's higher-margin industrial operations.

Financial Condition

The Company requires adequate working capital and equity retained in the business to support its ongoing operations, including surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The Company believes it has sufficient working capital to support its current contract requirements. The Company has submitted proposals and is waiting for the clients' award decisions on several large opportunities that if, contracted to the Company, would significantly increase Backlog. If the Company is successful in securing these larger opportunities, the Company has access to adequate financing.

The following shows the working capital and shareholders' equity of the Company in the comparative reporting periods.

(in thousands of Canadian dollars)		**September 30, 2019**		September 30, 2018		December 31, 2018
Working capital	**$**	**59,501**	**$**	73,807	$	70,215
Shareholders' equity	**$**	**123,678**	**$**	133,994	$	136,229

At September 30, 2019, the Company had working capital of $59.5 million compared with $70.2 million at December 31, 2018, a decline of $10.7 million. In 2019, the Company paid dividends of $12.4 million, recognized $3.0 million of current right-of-use liabilities on adoption of IFRS 16 on January 1, 2019, reclassified $1.0 million of the Equity Incentive Plan ("EIP") liability from non-current to current, and had a net $3.2 million increase in property and equipment, all of which served to reduce working capital. This was partially offset by net income of $1.3 million and an increase in cash of $7.1 million generated from a net increase to non-current loans and borrowings primarily related to financing equipment purchases.

The $12.5 million decrease in the amount of the Company's shareholders' equity since December 31, 2018 is a result of a $1.4 million reduction to retained earnings on the adoption of IFRS 16 on January 1, 2019, the $12.4 million dividends declared in 2019, and the net income of $1.3 million in the nine months of 2019.

Safety

At Bird, ensuring that all work on its sites is executed to exacting quality standards begins with its commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of our operations. The Company calls this Safe Production, and it is a cornerstone of its operational philosophy and approach.

Ensuring that all workers leave the Company's jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with its employees and subcontractors to achieve this, the Company minimizes risk and creates the appropriate conditions for the safe execution of construction activity - on time, on budget, and to its client's satisfaction. Bird believes this shared commitment is critical to its overall success. It is how the Company works.

The Company's robust orientation and training programs and its ongoing communication and engagement activities encourage all workers to actively contribute to and continuously improve its safety program. This helps to ensure its workers leave work healthy and safe every day and helps contribute to its overall operational excellence.

At Bird, Safe Production is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all its job sites. As part of the Safe Production strategic initiative, the Company completed an organization wide Safety Culture Assessment in 2017 which has formed the basis for the development of a long-term safety strategy for the organization.

To the end of September 30, 2019, Bird executed 2,687,491 man-hours of work, incurring zero lost time incidents (LTI).

	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Year ended December 31, 2018
LTI frequency	0.00	0.00	0.00

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2019 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2018

During the nine months of 2019, the Company recorded net income of $1.3 million on construction revenue of $955.8 million compared with a net loss of $7.4 million on $995.9 million of construction revenue in 2018. Although volume declined 4.0% year-over-year the mix of revenue has changed as the Company's higher-margin industrial work program has increased. The first nine months of 2019 were impacted by a PPP project that incurred additional cost due to design-related scope growth and acceleration expense to meet the scheduled substantial completion date. There were substantial changes to the scope of the project requested by the client that are currently under commercial negotiation. The reduction in revenue in the first nine months of 2019 was primarily driven by lower volumes due to harsher than expected winter conditions experienced in central Canada in the first quarter and a higher amount of pre-construction activities on construction management projects throughout the first nine months of 2019. This extended pre-construction phase, which is longer than originally anticipated on several pending construction management contracts, has served to amplify the impact on shorter term results due to the allocation of key resources to projects that are not yet generating gross profits. However, the Company's industrial work programs have begun to increase year-over-year and the more diversified revenue mix helped improve profitability year-to-date.

The Company's 2019 gross profit of $44.6 million was $9.7 million or 27.8% better than the $34.9 million recorded a year ago, despite lower revenues. The increase in the amount of gross profit in the first three quarters of 2019 was driven by higher-margin projects as a result of a shift in the mix of revenue from institutional and commercial projects to more industrial projects in 2019. The Company's Gross Profit Percentage in 2019 of 4.7% was 1.2% higher than the Gross Profit Percentage of 3.5% recorded a year ago. In the first nine months of 2019, there was one PPP project that incurred additional cost due to design-related scope growth and acceleration expense to meet the scheduled substantial completion date. As described above, there were substantial changes to the scope of the project requested by the client that are currently under commercial negotiation. By comparison, the first nine months of 2018 were impacted by a PPP project that achieved substantial completion late in the first quarter of 2018. The Company incurred additional escalation costs and financing costs from lenders, but was more significantly impacted by the change in treatment of variable consideration. Commercial negotiations are ongoing related to this project. Also contributing to the loss in the first nine months of 2018 was lower volume due to a labour strike at a client in the mining sector. In addition, in the second quarter of 2018, it became apparent one of the Company's offices was experiencing difficulty in the execution of several projects primarily due to design-related issues. The Company recorded provisions to account for the expected increase in construction costs on these projects which also served to lower the future margins earned on these projects, some of which are ongoing in 2019.

Income from equity accounted investments in the nine months of 2019 was $2.0 million, compared with $0.4 million in same period of 2018. The income in the nine months of 2019 was primarily driven by the earnings from non-PPP equity accounted entities.

In the nine months of 2019, general and administrative expenses of $42.4 million (4.4% of revenue) were $1.4 million lower than $43.8 million (4.4% of revenue) in the comparable period a year ago. During the first three quarters of 2019, the Company had lower third-party pursuit costs due to an honorarium recognized for a PPP pursuit where the team was notified it was not the preferred proponent. As a result, pursuit costs were $1.6 million lower than the amount recorded in 2018. Gains on disposal of assets are $0.5 million higher than 2018. Offsetting some of the year-over-year reductions in general and administrative expenses was an increase in compensation expense of $0.6 million, primarily due to the Company incurring $1.9 million of severance costs.

Finance income of $1.8 million in the nine months of 2019 was $0.9 million higher than the $0.9 million recorded in the same period of 2018 due to higher average cash balances year-over-year.

Finance and other costs of $4.0 million were $1.4 million higher than the $2.6 million reported in the same period of 2018. The majority of the increase is due to $0.7 million of interest costs recognized upon adoption of IFRS 16 as well as $0.3 million of interest costs associated with non-recourse project financing. There is also a year-over-year increase of approximately $0.2 million of bank charges and borrowing fees.

In the nine months of 2019, income tax expense was $0.6 million, compared to a recovery of $2.9 million in the same period of 2018.

THREE MONTHS ENDED SEPTEMBER 30, 2019 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2018

During the third quarter of 2019, the Company recorded net income of $6.8 million on construction revenue of $378.6 million compared with net income of $4.4 million on $381.4 million of construction revenue respectively in 2018. Revenue growth has been slowed by a higher volume of pre-construction activities on construction management projects. The extended pre-construction phase, which is longer than originally anticipated on several pending construction management contracts, has served to amplify the impact on shorter term results due to the allocation of key resources to projects that are not yet generating gross profits.

The Company's third quarter gross profit of $23.8 million was $4.4 million or 22.7% higher than the $19.4 million recorded in 2018. The increase in third quarter 2019 gross profit is primarily due to a higher-margin work program as the mix of revenue shifts from predominantly institutional and commercial projects to an increasing amount of industrial projects in 2019. The Company's third quarter 2019 Gross Profit Percentage of 6.3% was 1.2% higher than the Gross Profit Percentage of 5.1% recorded a year ago. On a comparative basis, year-over-year, third quarter gross profit and Gross Profit Percentage in 2018 were negatively impacted by lower volumes recognized in the Company's higher-margin industrial operations in western Canada and mining operations in eastern Canada, a result of project delays and a labour strike at one of the Company's primary mining clients.

Income from equity accounted investments in the third quarter of 2019 was $0.3 million, $0.6 million higher than the loss of $0.3 million in same period of 2018. The income in third quarter of 2019 was primarily driven by the earnings from non-PPP equity accounted entities.

In the third quarter of 2019, general and administrative expenses of $14.2 million (3.8% of revenue) were $1.5 million higher than $12.7 million (3.3% of revenue) in the comparable period a year ago. Pursuit costs were $0.7 million compared to a minimal amount recorded in 2018. Also, compensation expense was higher by $0.8 million year-over-year primarily due to the mark-to-market on the total return swap valuation and variable compensation.

Finance income of $0.7 million in the third quarter of 2019 was $0.4 million higher than the $0.3 million recorded in the same period of 2018 due to higher cash balances.

Finance and other costs of $1.2 million were $0.5 million higher than the $0.7 million reported in the third quarter of 2018. The increase is due to higher interest costs associated with non-recourse project financing and right-of-use liabilities.

In the third quarter of 2019, income tax expense was $2.5 million, compared to $1.7 million recorded in the third quarter of 2018.

FUTURE OPERATING PERFORMANCE

At September 30, 2019, the Company was carrying a Backlog of $1,440.5 million, which is 11.2% higher than that recorded at December 31, 2018. The embedded margin in the Backlog continues to improve, driven by the positive impact of new contract awards with higher going-in fees, combined with the diminishing influence of select dilutive contracts that are nearing completion. The $1,100.4 million of new contract awards and change orders secured to the end of September are across a broad range of markets and will help the Company achieve a more diversified work program with a more balanced risk profile.

In addition, the company has greater than $600 million in projects that have been awarded or in which the Company was named as the primary negotiation proponent that have yet to be contracted as of the end of the third quarter of 2019. Included in this figure is the Advanced Nuclear Materials Research Centre for Canadian Nuclear Laboratories ("CNL") located in Chalk River and the Confederation Line Extension ("CLE") project in Ottawa where the Company will lead the construction of several light rail transit stations and a maintenance and storage facility. The validation phase of the CNL project which is being delivered under an IPD delivery model is now expected to extend into the first half of 2020 before converting into Backlog and the CLE project is expected to be contracted in the fourth quarter of 2019.

In addition, the Company is in the pre-construction phase for over $200 million in institutional projects in British Columbia, although only a relatively small fraction of this amount will be included in Backlog due to the agency nature of the construction management contract delivery model. In general, the Company has a higher than normal level of pre-construction activities broadly ongoing that have yet to convert into contracts. This extended pre-construction phase which is longer than originally anticipated on several pending construction management contracts has served to negatively impact shorter term results due to the allocation of key resources to projects that are not yet generating gross profits. However, these projects are expected to contribute positively to future earnings of the Company once contracted.

The longer-term pipeline remains healthy with respect to a broad range of project opportunities that fall within our risk tolerance expectations. The Company will continue to be selective on prospective pursuits, ensuring we balance our available talent with the risk profile of the project and overall work program. In the near-term, opportunities will primarily consist of smaller environmental projects, mid-sized social infrastructure projects and a range of projects in the LNG sector. As of September 30, 2019, the Company was actively bidding a PPP ambulatory care project in Atlantic Canada, two design build projects, one located in Ontario and the other in British Columbia, and several work packages in the LNG sector. The Company is shortlisted and awaiting the request for proposals on an environmental project and an administrative building for the federal government, both located in Ontario. The award of any of these project opportunities will benefit 2020 and beyond.

In terms of active projects, the Company is realizing lower margins in select dilutive contracts that are scheduled to achieve substantial completion in the near term. In the third quarter of 2019, the Company experienced some further erosion and one active contract remains subject to ongoing commercial negotiations. There is risk that this project could experience additional margin erosion in the fourth quarter if a series of owner-directed changes are not resolved satisfactorily.

The Company expects to have a work program in the fourth quarter of 2019 that is more balanced and diversified than it has been over the past several years, supporting progress towards higher levels of profitability and growth. Work on the Cedar Valley Lodge is at full production and management anticipates strong earnings attributable to its higher-margin industrial work program through the remainder of the year, including contributions from the two recently awarded projects at an LNG export terminal facility, work in the nuclear sector in Ontario, and from the OPP Modernization Phase 2 project. Management expects pursuit costs in the fourth quarter to increase above the level experienced in the third quarter due to the combination of the timing of bid submissions and the number of active pursuits. Taking into consideration the Company's current Backlog, the expected timing for conversion of awarded projects into contracts and the timing of major project awards, the Company expects modest growth of Backlog in the fourth quarter.

Backlog

During the nine months of 2019, the Company secured a net $1,100.4 million in new construction contracts (including change orders to existing contracts) and put in place $955.8 million of work resulting in a Backlog at September 30, 2019 of $1,440.5 million. The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior fiscal year.

Backlog		
(in millions of Canadian dollars)		
December 31, 2017	$	1,186.0
Securement and change orders in 2018		1,491.7
Realized in construction revenues in 2018		(1,381.8)
December 31, 2018	$	1,295.9
Securement and change orders in 2019		1,100.4
Realized in construction revenues in 2019		(955.8)
September 30, 2019	**$**	**1,440.5**

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2018 and 2017 Consolidated Financial Statements. The consolidated financial statements were prepared using the same accounting policies as the 2018 consolidated financial statements except for new accounting standards adopted January 1, 2019: IFRS 16 Leases and IFRIC 23 Uncertainty over income tax treatments. Refer to the notes to the unaudited interim condensed consolidated financial statements at September 30, 2019 for a summary of these new accounting standards.

Future accounting changes

Amendments to IFRS 3 – Definition of a Business

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company will adopt the amendments to IFRS 3 on a prospective basis on January 1, 2020.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes the results for the eight most recent quarters. The Company experiences more seasonality in its business in the first quarter and early second quarter as a result of a more annualized nature of its mining work program and the timing of new project starts in its industrial work program. Contracts typically extend over several quarters and often over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline or have been utilized, although certain risks will remain until the contract has been completed, and even beyond. In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to customers at a future date but cannot be recorded in the current quarter. In the case of insurance claims, financial recovery is not recorded until certainty of the recovery is attained, in accordance with the Company's contingent asset accounting policy. Or in the case of claims to customers that are considered constrained variable consideration, revenue is not recorded until it is highly probable that there will not be a significant reversal of cumulative revenue to date, in accordance with the Company's revenue recognition accounting policy. As a result, earnings may fluctuate significantly from quarter-to-quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in a prior quarter, and may fluctuate based on timing of resolution of claims.

There are also several other factors that can affect the Company's revenues and profit from quarter-to-quarter. These include the timing of contract awards, the value of subcontractor billings and project scheduling. Management does not believe that any individual factor is responsible for changes in revenue from quarter-to-quarter, except for seasonality in the first quarter of each year.

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

	2017	2018				**2019**		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue	365,552	294,422	320,126	381,382	385,854	261,777	315,428	**378,591**
Net income/ (loss)	1,990	(6,408)	(5,344)	4,360	6,379	(6,466)	1,001	**6,782**
Earnings / (loss) per share	0.05	(0.15)	(0.13)	0.10	0.15	(0.15)	0.02	**0.16**

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The following table presents a summary of the Company's financial condition for the periods indicated.

(in thousands of Canadian dollars)	**September 30, 2019**	December 31, 2018
Financial Position Data		
Cash and cash equivalents	**$ 96,906**	$ 158,920
Non-cash working capital	**(37,405)**	(88,705)
Working capital	**59,501**	70,215
Non-current loans and borrowings	**26,166**	19,047
Non-current ROU liabilities	**23,958**	5,706
Shareholders' equity	**123,678**	136,229

The Company has adequate amounts of both working capital and equity and expects to be able to maintain its current dividend rate. As a component of working capital, the Company maintains a balance of cash and cash equivalents. At September 30, 2019, this balance amounted to $96.9 million. Included in cash and cash equivalents is $74.0 million of cash in special purpose joint operation bank accounts ($43.2 million at December 31, 2018).

The non-cash net current asset/liability position was in a net liability position of $37.4 million at September 30, 2019, compared to a net liability position of $88.7 million at December 31, 2018. This decrease in the net liability position utilized $51.3 million of cash in the year. The use of cash is consistent with the Company's expectations as the mix of revenue related to self-perform industrial work program has increased throughout the year, which typically increases non-cash working capital.

The adoption of IFRS 16 on January 1, 2019 added $3.0 million of current right-of-use liabilities, reducing working capital with no impact to cash. The payment of dividends of $12.4 million, net increase in equipment and intangible assets of $3.2 million, and reclass of $1.0 million of the EIP liability from non-current to current reduced working capital. An increase in cash from an increase to non-current loans and borrowings of $7.1 million and year-to-date net income of $1.3 million partially offset the reductions to working capital. The above changes are the primary drivers for the net decrease in working capital of $10.7 million in 2019.

The non-cash net current asset/liability position fluctuates significantly in the normal course of business from period to period, primarily due to timing differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing of settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its current and projected contract requirements.

Credit Facilities

The Company has a number of credit facilities available to access in order to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Operating Lines of Credit

Committed revolving line of credit:

The Company has a committed revolving credit facility of up to $85.0 million with a Canadian chartered bank. The facility matures December 31, 2021. This facility may be used in the normal course of business for general working capital purposes, to issue non-collateralized letters of credit, and to fund future capital expenditures and qualifying permitted acquisitions. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Committed revolving term loan facility:

The Company has a committed revolving term loan facility totalling $35.0 million for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2020. As of September 30, 2019, the Company has not drawn on the facility. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility.

Letters of Credit Facilities

The Company has available $80.0 million of demand facilities used to primarily support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash.

The Company has available a facility with Export Development Canada (EDC) to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can use this facility only when letters of credit have been issued as contract security for projects that meet the EDC mandate to provide financial support for Canadian exports abroad.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP and other major construction projects. The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit.

(in thousands of Canadian dollars)		**September 30, 2019**		December 31, 2018
Committed revolving operating credit facility	$	**85,000**	$	85,000
Letters of credit issued from Committed revolving operating credit facility	$	**23,413**	$	24,291
Drawn from operating credit facility	$	**15,000**	$	15,000
Available committed revolving operating credit facility	$	**46,587**	$	45,709
Available committed revolving term loan facility	$	**35,000**	$	35,000
Letters of credit facilities	$	**80,000**	$	80,000
Letters of credit issued from Letters of credit facilities	$	**7,158**	$	8,468
Available letters of credit facilities	$	**72,842**	$	71,532
Collateral pledged to support letters of credit	$	**849**	$	2,645
Guarantees provided by EDC	$	**6,421**	$	5,948

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to $45.0 million to be used to finance equipment purchases. Borrowings under the facilities are secured with a first charge on the equipment being financed. As of September 30, 2019, there was $13.5 million outstanding on the facilities (December 31, 2018 - $6.7 million). Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

In addition, subsidiaries of the Company have equipment lease lines of credit for $32.5 million (December 31, 2018 - $32.5 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. At September 30, 2019, the Company has utilized $11.2 million under the lease lines of credit ($6.6 million at December 31, 2018).

At September 30, 2019, the Company was in compliance with all covenants relating to its equipment lines of credit.

Loans and Borrowings and ROU liabilities

In 2019, the Company entered into new fixed-rate term loans for $14.5 million and added $9.2 million of ROU liabilities relating to equipment and property leases. The Company made $3.6 million in principal repayments for loans and borrowings and $5.2 million for principal repayments to ROU liabilities.

The following table provides details of outstanding loans and borrowings and ROU liabilities as at September 30, 2019, and principal repayments due over the next five years, excluding the amortization of debt financing costs and non-recourse project financing.

(in thousands of Canadian dollars)		**Amount**		Year 1		Year 2		Year 3		Year 4		Year 5 and beyond
Long-term debt	**$**	**32,128**	$	5,962	$	5,421	$	19,050	$	1,420	$	275
ROU Liabilities	**$**	**31,552**	$	7,594	$	6,940	$	4,314	$	3,349	$	9,355

Cash Flow Data

The following table provides an overview of cash flows during the periods indicated:

(in thousands of Canadian dollars)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Cash Flow Data				
Cash flows from (used in) operations before changes in non-cash working capital	**$ 13,851**	$ 9,850	**$ 14,676**	$ 1,275
Changes in contract assets - alternative finance projects	**(19,959)**	(4,742)	**(39,687)**	69,209
Changes in non-cash working capital and other	**(16,201)**	76,908	**(67,769)**	(55,025)
Cash flows from (used in) operating activities	**(22,309)**	82,016	**(92,780)**	15,459
Investments in equity accounted entities	**-**	(1,750)	**(112)**	(1,750)
Capital distributions from equity accounted entities	**1,138**	1,367	**1,493**	1,593
Additions to property, equipment and intangible assets	**(3,934)**	(2,046)	**(11,624)**	(12,548)
Proceeds on sale of property and equipment	**565**	1,637	**1,928**	2,921
Purchase of short-term investments	**-**	-	**-**	(4,742)
Proceeds on maturity of short-term investments	**-**	3,107	**1,666**	3,107
Other long-term assets	**(1,506)**	(511)	**283**	(209)
Cash flows from (used in) investing activities	**(3,737)**	1,804	**(6,366)**	(11,628)
Dividends paid on shares	**(4,145)**	(4,145)	**(12,436)**	(12,436)
Proceeds from non-recourse project financing	**28,093**	8,974	**43,793**	21,473
Repayment of non-recourse project financing	**-**	(76,474)	**-**	(76,474)
Proceeds from loans and borrowings	**-**	1,917	**14,536**	13,671
Repayment of loans and borrowings	**(1,546)**	(1,015)	**(3,606)**	(2,547)
Repayment of ROU liabilities	**(1,971)**	(770)	**(5,210)**	(2,773)
Cash flows from (used in) financing activities	**20,431**	(71,513)	**37,077**	(59,086)
Increase (decrease) in cash and cash equivalents	**$ (5,615)**	$ 12,307	**$ (62,069)**	$ (55,255)

Operating Activities

During the first nine months of 2019, cash flows from operating activities used cash of $92.8 million compared with cash generated of $15.5 million in the first nine months of 2018.

The $13.4 million year-over-year increase in cash flows from operations before changes in non-cash working capital from the $1.3 million cash generated in 2018 is primarily the result of the $8.7 million improvement in net income, as well as the change in income taxes year-over-year of $3.5 million from 2018.

Changes in contract assets – alternative finance projects in the first nine months of 2019 used $39.7 million of cash. This use of cash is more than offset by the $43.8 million on proceeds from non-recourse project financing. The activity in 2019 relates to the OPP Modernization Phase 2 alternative finance project. The OPP Modernization project was ramping up construction throughout 2019 and therefore builds up contract assets. In the first nine months of 2018 the $69.2 million of cash generated by changes in contract assets – alternative finance projects relates to the completion (in the second quarter of 2018) and billing of the Moncton Downtown Centre alternative finance project.

During the first nine months of 2019, the $67.8 million decrease in cash from changes in non-cash working capital and other is driven by a $26.8 million decrease in accounts payable, partially offset by a $57.2 million increase in contract liabilities and a $95.9 million decrease in accounts receivable. During the nine months of 2018, the primary driver of the $55.0 million use of cash from the changes in non-cash working capital and other is the $57.1 million increase in accounts receivable. The increase in accounts receivable primarily relates to an alternative finance project that achieved substantial completion and was billed in the third quarter of 2018.

Proceeds and repayments of the non-recourse debt relating to alternative finance projects are included in financing activities.

Investing Activities

During the first nine months of 2019, the Company used $6.4 million of cash in investing activities compared to the $11.6 million use of cash in 2018. The Company had minimal requirements to invest in equity accounted entities, a $1.9 million improvement. Also, the Company did not purchase any short-term investments in 2019 compared with $4.7 million used to purchase short-term investments in 2018.

Financing Activities

During the first nine months of 2019, the Company generated $37.1 million of cash from financing activities compared to $59.1 million used in 2018. The year-over-year changes are primarily driven by activities related to alternative finance projects that are described in operating activities above. The increase in cash generated from financing activities in the current year is primarily a result of the repayment in-full of $76.5 million of non-recourse project financing in 2018 related to the completion of the Moncton Downtown Centre project. In addition, proceeds from non-recourse project financing was $22.3 million higher than 2018 as the OPP Modernization Phase 2 project progresses through construction, compared to the completion of the Moncton Downtown Centre in the first half of 2018.

DIVIDENDS

The Board of Directors declared monthly eligible dividends on common shares payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines the dividend history:

July 1, 2018 to September 30, 2018	$ 0.0975
October 1, 2018 to December 31, 2018	$ 0.0975
January 1, 2019 to March 31, 2019	$ 0.0975
April 1, 2019 to June 30, 2019	$ 0.0975
July 1, 2019 to September 30, 2019	**$ 0.0975**

CAPABILITY TO DELIVER RESULTS

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to operating lines of credit to execute its current operational and growth forecast. The belief is fully explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is dependent upon the management and leadership skills of senior management. On an annual basis, high-performing candidates are identified for training and progression into more senior positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs, including the Bird Leadership Academy, the Bird Site Management program and the Taking Flight management training program, to provide a forum for high-potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS

At September 30, 2019, the Company has future contractual obligations of $483.1 million. Obligations for accounts payable, loans and borrowings, ROU liabilities and deferred payment, including interest over the next five years are:

(in thousands of Canadian dollars)		Accounts Payable	Loans and Borrowings	ROU Liabilities	Non-recourse Project Financing	Deferred payment	Total
2019	$	337,039	1,638	2,452	397	786	**342,312**
2020		5,261	6,311	8,082	57,483	-	**77,137**
2021		14,208	20,499	6,674	-	-	**41,381**
2022		59	3,587	4,360	-	-	**8,006**
2023		-	865	3,134	-	-	**3,999**
Thereafter		-	177	10,134	-	-	**10,311**
	$	356,567	33,077	34,836	57,880	786	**483,146**

OFF BALANCE SHEET ARRANGEMENTS

The Company has surety lien bonds issued on behalf of the Company valued at $55.6 million at September 30, 2019.

The Company has recognized assets and liabilities for all leases with a term of more than twelve months in accordance with the adoption of IFRS 16.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future periods affected.

Revenue and gross profit recognition

Construction revenue, construction costs, deferred revenue and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the revenue recognition policy included in the notes to the Company’s annual financial statements. To determine the estimated costs to complete construction projects, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by our clients to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed and costs may be incurred in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period, applying the new revenue recognition policy under IFRS 15.

Provisions

Provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

Asset impairments

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amount of the CGU is determined based on a value in use calculation. There is significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, estimates of achieving key operating metrics and the discount rate.

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 42,516,853 common shares outstanding at September 30, 2019 and December 31, 2018.

At September 30, 2019, 100,000 stock options are outstanding with a weighted average exercise price of $11.87 per common share. With the approval of the Equity Incentive Plan in May 2017, the Board of Directors has resolved to suspend the stock option plan.

The common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluations as of September 30, 2019, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company. All internal control systems, no matter how well designed, have inherent limitations; therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of September 30, 2019, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Company's internal control over financial reporting during the nine month period ended September 30, 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form dated March 12, 2019, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Ability to Hire and Retain Qualified and Capable Personnel

The success of Bird is highly influenced by the efforts of key management, technical, project and business development personnel. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations.

Most firms throughout the construction industry face this challenge and, accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

Economy and Cyclicality

Activity within the construction industry is generally tied to the state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a Backlog of contracts with acceptable margins to sustain Bird through such downturns.

As noted above, Bird attempts to insulate itself in various ways from the effects of negative economic conditions through diversification of the sources of the Company's earnings; however, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has, in the past, earned above-average margins on particular projects. There is also no assurance that above-average margins that may have been generated on historical contracts can be generated in the future.

The Company has a 50% interest in Stack, which is based in China. There is uncertainty around how the recent geopolitical tensions between China and Canada may affect the Company's investment.

PPP Project Risk

Bird is active in the PPP market. Bird's role in these projects is typically to provide design-build services to a concession that is formed to provide design, construction, financing, and management and/or operations to a public authority. Typical in the design-build contract format are performance guarantees and design-build risks. Moreover, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of environmental standards. If Bird fails to meet the required standards, it may be liable for substantial penalties and damages.

The PPP design-build contracts entered into by Bird also typically require Bird to pay significant liquidated damages and/or other penalties and damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventionally non-PPP procurement model. These include responsibility and potential liability for matters such as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial liability for breakage costs to the concession and its lenders.

The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event the Company fails to meet its obligations.

Design Risks

While many contracts entered into by Bird are for construction or construction services only, certain contracts are undertaken on a design-build basis, under which Bird is responsible for both design and construction of the project, which adds design risk assumed by Bird. While Bird subcontracts all of the design scope in such design-build contracts to reputable designers, there is generally not a full transfer of design-related risks. These risks include design development and potential resulting scope creep, delays in the design process that may adversely affect the overall project schedule, and design errors and omissions.

To manage these risks, Bird manages and oversees the design process, coordinates the design deliverables with the construction process and, for significant design-build projects, purchases errors and omissions insurance.

Ability to Secure Work

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including the ability to provide bonds and other contract security.

In order to be afforded an opportunity to bid for large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital and equity is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections or other factors, could have an adverse impact on the Company if that business could not be replaced within the private sector.

Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP and alternative finance projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP and/or alternative finance contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

Performance of Subcontractors

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its subcontractors who are engaged to complete the various components of the work. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete the work and may incur additional costs. This can result in reduced profits or, in some cases, significant losses on the contract and possible damage to Bird's reputation.

In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of a subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractor to mitigate Bird's exposure to the risks associated with the subcontractor's performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird's financial condition and results of operations.

Competitive Factors

Bird competes with many international, national, regional and local construction firms. Competitors often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make, including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

Estimating Costs and Schedules/Assessing Contract Risks

The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant loss. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

Maintaining Safe Work Sites

Despite the Company's efforts to minimize the risk of safety incidents, they can occur from time to time and, if and when they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction work sites and offices safe and any failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to contract termination, fines, regulatory sanctions or even criminal prosecution.

Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents.

Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

Accuracy of Cost to Complete Estimates

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the costs to complete estimates are based on inaccurate or incomplete information, or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

Work Stoppages, Strikes and Lockouts

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts or other work action, and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

Adjustments and Cancellations of Backlog

The performance of the Company in a period depends significantly on the contribution from projects in its Backlog. There can be no assurance that the revenues or profits included in Backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time-to-time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contracts with Bird and, though Bird generally has a contractual right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions could have a material adverse impact on future revenues and profitability.

TERMINOLOGY

Throughout this report, management uses the following terms not found in IFRS Standards and which do not have a standardized meaning. Therefore, these terms may not be comparable with similar terms presented by other companies and require definition:

- **"Adjusted EBITDA"** represents earnings before interest, taxes, depreciation and amortization, finance and other costs, finance income, impairment of property and equipment, impairment of goodwill and intangible assets, loss or gain on sale of property and equipment, restructuring and severance costs outside of normal course, and acquisition-related and integration costs.
- **"Adjusted EBITDA Margin"** is the percentage derived by dividing Adjusted EBITDA by construction revenue.
- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue.
- **"Backlog"** (also referred to in the construction industry as "work on hand") 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. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course. It includes all of the Company's remaining performance obligations in its contracts with its clients. It does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.
- **"Lost Time Incident Frequency"** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

FORWARD-LOOKING INFORMATION

Certain statements included herein which express management's expectations or estimates of future performance may constitute "forward-looking information". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking information.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this MD&A includes many such forward-looking information and the Company cautions the reader that such forward-looking information involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company’s estimated future results, performance or achievements expressed or implied by those forward-looking information and the forward-looking information is not a guarantee of future performance. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business” in this MD&A and in the Company's Annual Information Form dated March 12, 2019 filed and available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, events or otherwise.