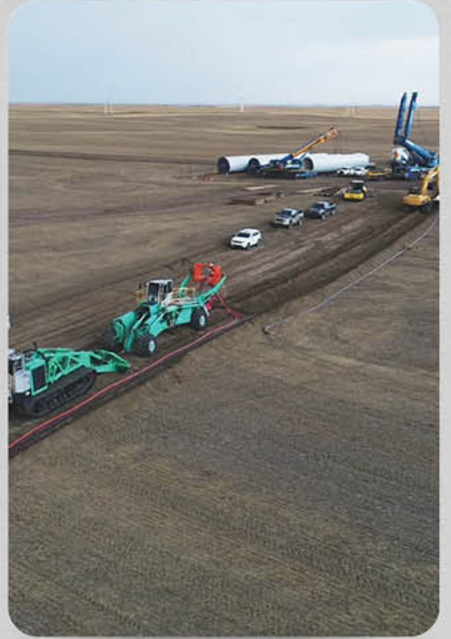
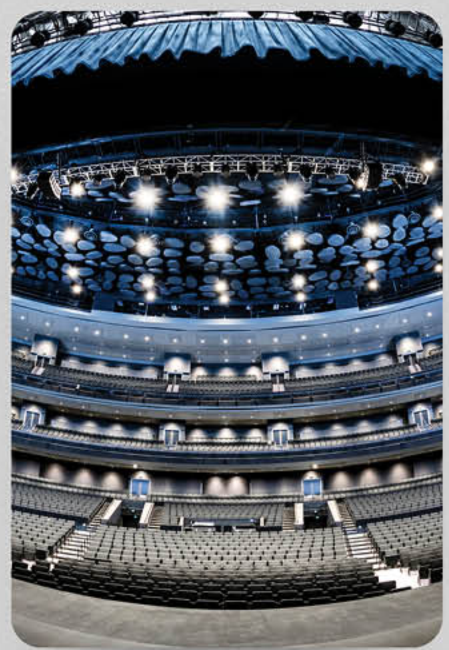
Bird Construction Inc.

# TSX: BDT









Q2-2021 EARNINGS
AUGUST 11, 2021

bird

# DISCLAIMER

This presentation contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this presentation are based on the expectations, estimates and projections of management of Bird Construction Inc. (“Bird” or “The Company”) and Stuart Olson Inc. (“Stuart Olson”) as of the date of this presentation unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this presentation contains forward-looking statements concerning: the anticipated benefits of the acquisition of Stuart Olson (the “Transaction”) to Bird and its shareholders, including anticipated synergies; the plans and strategic priorities of the combined company

In respect of the forward-looking statements concerning the anticipated benefits of the Transaction; and expectations and assumptions concerning, among other things: customer demand for the combined company's services and anticipated synergies, capital efficiencies and cost-savings.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. 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 Bird and Stuart Olson operate in general such as: operational risks, industry and inherent project delivery risks; 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; global pandemics; 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; ability to hire and retain qualified and capable personnel; 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 cyclicality; 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 Transaction; and changes in legislation, including but not limited to tax laws and environmental regulations.

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

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to Bird's Annual Information Form for the year ended December 31, 2020, which may be accessed on Bird's SEDAR profile, respectively, at www.sedar.com.

The forward-looking statements contained in this presentation are made as of the date hereof and the parties undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

# DISCLAIMER

**TERMINOLOGY**

Throughout this presentation, management uses the following terms that may not be comparable with similar terms presented by other companies and require definition:

"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. 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 the Company's remaining performance obligations in its contracts with its clients, including work orders issued from MSAs related to MRO services. 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. The Company's Backlog equates to the Company's remaining performance obligations as disclosed in the Company's most recent notes to the financial statements filed on SEDAR.

“Pending Backlog" is the total potential revenue of awarded but not contracted projects including where the Company has been named preferred proponent, where a contract has not been executed and where the letter of intent or agreement received is non-binding. It may also include amounts for agency relationship construction management projects, pre-construction activities and estimated future work orders to be performed as part of MSAs. Management does not provide any assurance that a contract will be finalized, or revenue recognized in the future. Management uses Pending Backlog to assess the future operating performance of its business. Management believes that investors and analysts use this measure, as it may provide predictive value to assess the ongoing operations of the business and a more consistent comparison between financial reporting periods. Pending Backlog cannot be reconciled to any IFRS measure.

"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. Management uses Gross Profit Percentage as a measure of the profitability of the core operations of its operating groups and consolidated business.

# DISCLAIMER

**NON-GAAP MEASURES**

Throughout this presentation, management uses the following terms which have no standardized meaning prescribed by IFRS and are considered non-GAAP measures. The non-GAAP measures used are: Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Debt to TTM Adjusted EBITDA. Therefore, these measures may not be comparable with similar measures presented by other companies. These non-GAAP measures are commonly used in the construction industry, and by management of Bird, as alternative methods for assessing operating results and to provide a consistent basis of comparison between periods. Readers are encouraged to review the “Terminology & Non-GAAP Measures” section of the Company's annual and most recently filed MD&A available on SEDAR for further information.

“Adjusted Earnings” is defined as IFRS net income excluding asset impairments, acquisition, integration and restructuring (as defined in accordance with IFRS) costs and the income tax effect of these costs. Acquisition, integration and restructuring (as defined in accordance with IFRS) costs are a component of Management uses Adjusted Earnings to assess the operating performance of the business. These additional adjustments are made to exclude items of an unusual nature that are not reflective of ongoing operations. Management believes that investors and analysts use these measures, as they may provide predictive value to assess the ongoing operations of the business and are a more consistent comparison between financial reporting periods.

“Adjusted Earnings Per Share” is calculated by dividing Adjusted Earnings by the basic weighted average number of shares.

“Adjusted EBITDA” represents earnings before taxes, interest, depreciation and amortization, finance and other costs, finance income, asset impairment charges, gain or loss on sale of property and equipment, restructuring and severance costs outside of normal course, and acquisition, integration and restructuring (as defined in accordance with IFRS) costs. Adjusted EBITDA is a common financial measure used by investors, analysts and lenders as an indicator of cash operating performance, as well as a valuation metric and as a measure of a company’s ability to incur and service debt. The calculation of adjusted EBITDA excludes items that do not reflect cash flows of the business or continuing operations, including impairment charges, restructuring charges, and acquisition and integration charges, as Management believes that these items should not be reflected in a metric used for valuation and debt servicing evaluation purposes.

“Adjusted EBITDA Margin” is the percentage derived by dividing Adjusted EBITDA by construction revenue.

“Adjusted Net Debt to TTM Adjusted EBITDA” is calculated by dividing Adjusted Net Debt by the Company’s trailing twelve month Adjusted EBITDA. Adjusted net debt reflects accessible cash, as disclosed in the Company’s most recent notes to the financial statements filed on SEDAR, plus current and long-term loans and borrowings. Management uses the ratio as a measure of financial leverage and is part of our assessment of our capital structure.

# FINANCIAL **HIGHLIGHTS**


**Record Q2 2021 Revenues**
Continued realization of cross-selling synergies


**Record Backlog** (2) of **$2.7B** and Pending Backlog(2) of **$1.6B**


**Strong Balance Sheet** and healthy **pipeline of opportunities** in H2 2021

## Q2 2021 RESULTS(1)

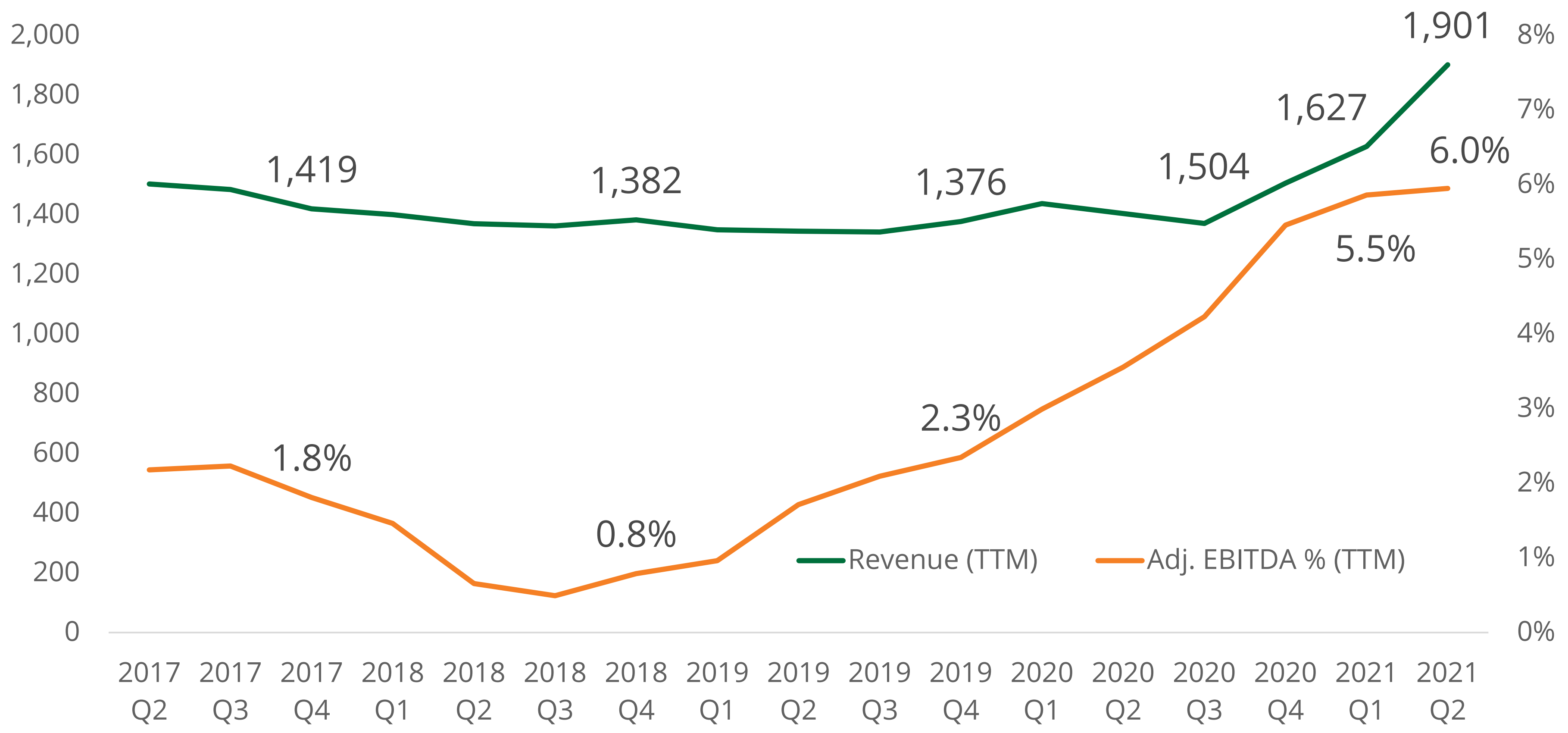
| | | |
|---|---|---|
| REVENUE | **$556M** | **97%** |
| GROSS PROFIT | **$49.0M** | **139%** |
| ADJUSTED EBITDA(3) | **$30.1M** | **144%** |
| ADJUSTED EARNINGS (3) | **$15.0M** | **128%** |
| SECUREMENTS | **$638.5M** | **27%** |

*(1) Increase percentages and values represent year-over-year.*
*(2) Please see Terminology slide for description of Backlog and Pending Backlog.*
*(3) Adjusted EBITDA and Adjusted Earnings are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Refer to the Disclaimer slide.*

# **INCREASING** ADJUSTED EBITDA MARGIN(1)

*in millions of Canadian dollars*

## TRAILING TWELVE MONTH (TTM) ADJUSTED EBITDA(1)




## Q2 2021

**6.0%**

TTM ADJUSTED EBITDA Q2 2021

**11**

SEQUENTIAL QUARTERS OF IMPROVING TTM ADJUSTED EBITDA %

ADJUSTED EBITDA INCREASING

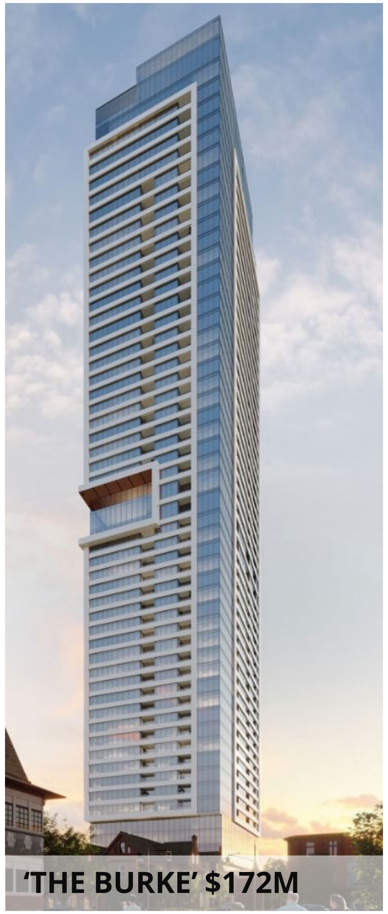
*(1) Adjusted EBITDA and Adjusted EBITDA % are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Refer to the Disclaimer slide.*

# CONTRACT **AWARDS**


DEVON RECREATIONAL COMPLEX


CORRECTIONAL EXPANSIONS


THREE YEAR M&E SERVICES $75M


'THE BURKE' $172M


INDUSTRIAL SITE OVERPASS


17-STOREY MIXED USE IN TORONTO


STORM AND EFFLUENT PONDS


NANAIMO CORRECTIONAL$154M

# FINANCIAL **HIGHLIGHTS**

| | Q2 2021 | | YTD 2021 | |
|---|---|---|---|---|
| REVENUE | $556M | 97% YEAR-OVER-YEAR INCREASE | $1.0B | 66% YEAR-OVER-YEAR INCREASE |
| GROSS PROFIT | $49.0M<br>8.8% OF REVENUE | 139% YEAR-OVER-YEAR INCREASE | $88.9M<br>8.9% OF REVENUE | 138% YEAR-OVER-YEAR INCREASE |
| GENERAL and ADMINISTRATIVE | $30.5M<br>5.5% OF REVENUE | 126% YEAR-OVER-YEAR INCREASE | $60.0M<br>6.0% OF REVENUE | 112% YEAR-OVER-YEAR INCREASE |
| ADJUSTED EBITDA(1) | $30.1M<br>5.4% OF REVENUE | 144% YEAR-OVER-YEAR INCREASE | $51.2M<br>5.1% OF REVENUE | 157% YEAR-OVER-YEAR INCREASE |
| ADJUSTED EARNINGS(1) | $15.0M<br>$0.28 ADJUSTED EPS | 128% YEAR-OVER-YEAR INCREASE | $24.1M<br>$0.45 ADJUSTED EPS | 213% YEAR-OVER-YEAR INCREASE |

*(1) Adjusted Earnings, Adjusted EPS, Adjusted EBITDA and Adjusted EBITDA % are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Refer to the Disclaimer slide.*

# **STUART OLSON INTEGRATION** UPDATE

## REALIZING PROFITABILITY GROWTH THROUGH TOP-LINE AND COST SAVINGS INITIATIVES

### REALIZATION OF SYNERGIES

The full $10 million of forecasted EBITDA synergies have been set in motion.

### COST SAVINGS

Fully realized the remaining $15 million in depreciation and amortization and interest cost savings.

### CAPTURING CROSS-SELLING OPPORTUNITIES

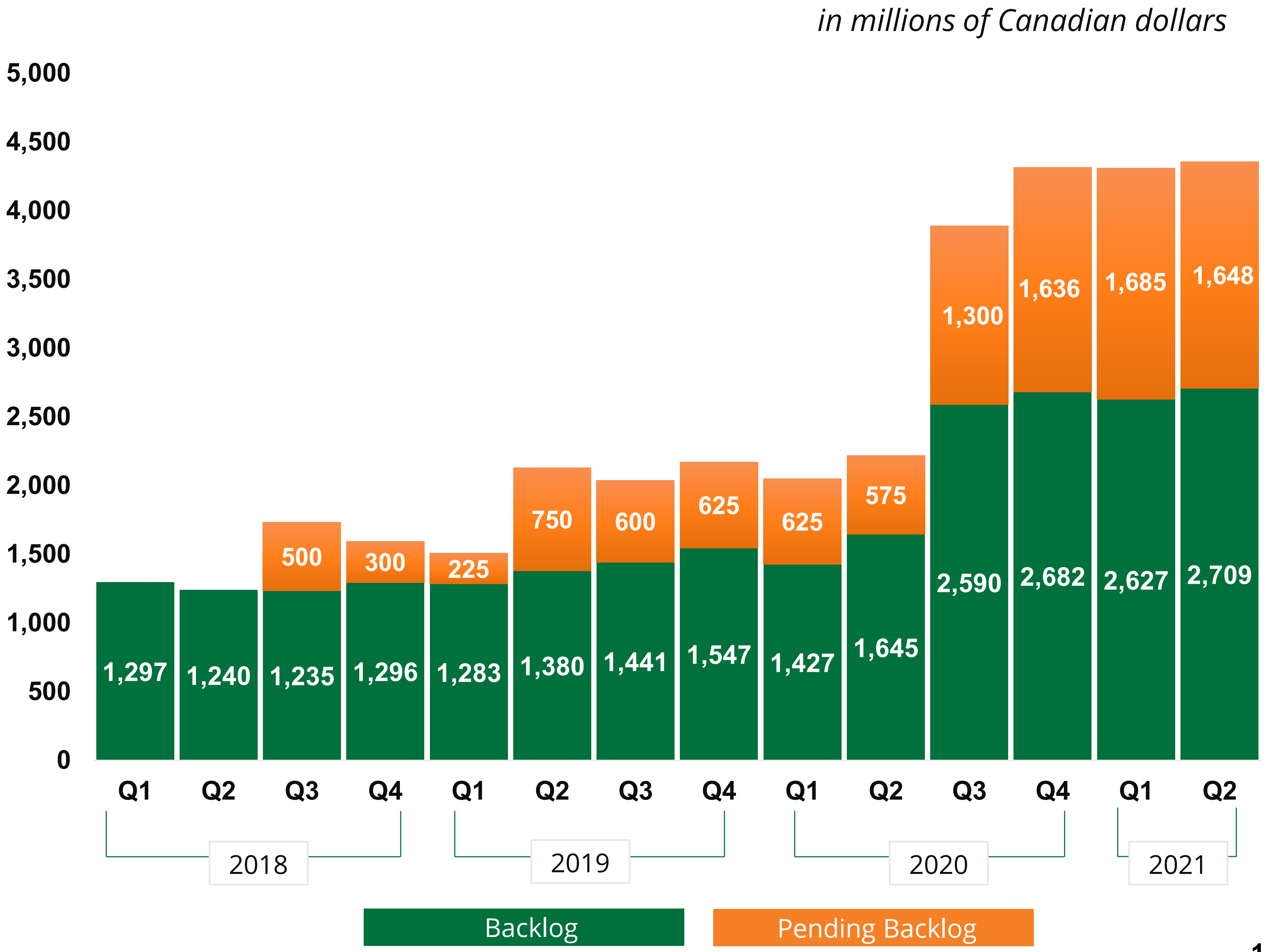
Broader service offerings has materialized in meaningful contract wins. Given the strength of our service offering across the combined platform, we expect to see additional top-line opportunities emerge.

# RECORD COMBINED BACKLOG[1]

**63% of Backlog expected to convert into Revenue over the next 12 months**

## JUNE 30, 2021

- Quarter-end Backlog was ~**$2.7B**
- Quarter-end Pending Backlog was ~**$1.6B**
- Backlog **increased 65%** year-over-year
- Increase primarily due to the acquisition of Stuart Olson which **added $996 million** to Backlog at acquisition date
- Pending Backlog includes ~**$1.0B** in MSA contracts. These contracts represent a **recurring revenue stream over the next one to six years**




(1) Please see Terminology slide for description of Backlog and Pending Backlog

# STRONG FINANCIAL POSITION

## Q2 2021

| 24.6% | 1.23 | 0.54x |
|---|---|---|
| LT DEBT TO EQUITY[(1)] | CURRENT RATIO[(2)] | ADJUSTED NET DEBT/ TTM ADJUSTED EBITDA[(3)] |

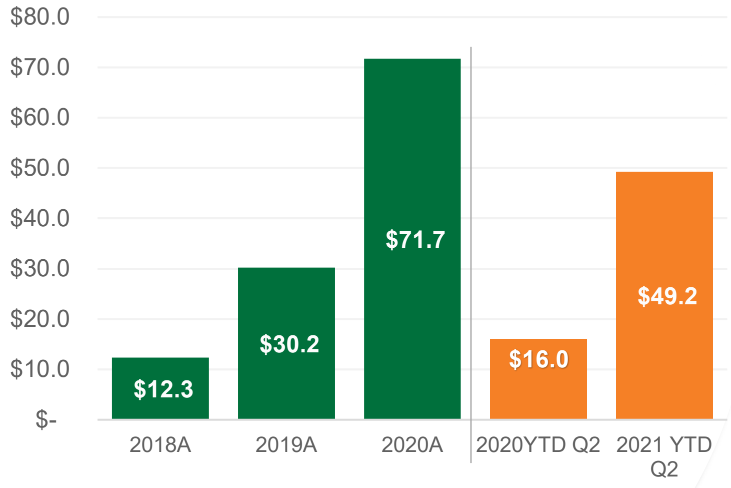
- Q4 2020 announced new syndicated credit facilities of a revolving credit facility up to $165M and a $35M committed, non-revolving term debt facility
  - Non-committed Accordion feature for up to additional $50M
- Leverage remains one of the industry's lowest, providing flexibility to successfully grow the business organically and through accretive M&A

| JUNE 30, 2021<br>*in millions of Canadian dollars* | |
|---|---|
| Accessible cash | **$ 2.8** |
| Restricted cash | **$ 58.2** |
| Held in joint operations accounts | **<u>$ 36.1</u>** |
| Cash and cash equivalents | **$ 97.1** |
| Adjusted net debt | **$ 60.7** |
| Shareholders' equity | **$ 225.6** |

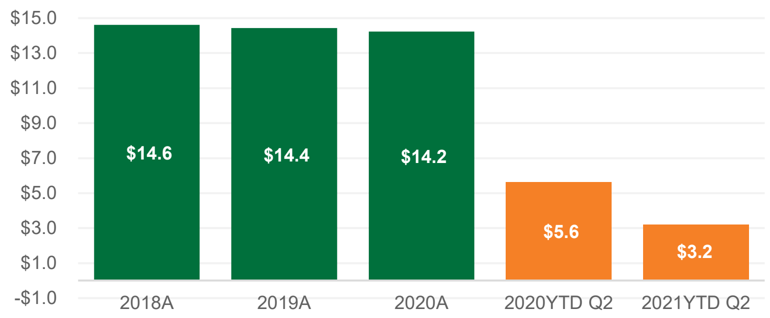
(1) LT Debt to Equity is calculated as non-current loans and borrowings divided by total shareholders' equity, as disclosed in the Company's consolidated statement of financial position.
(2) Current Ratio is calculated as current assets divided by current liabilities, as disclosed in the Company's consolidated statement of financial position.
(3) Adjusted Net Debt to TTM Adjusted EBITDA is a non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Refer to the Disclaimer slide.

# **BALANCED CAPITAL** ALLOCATION PRIORITIES

## OPERATING CASHFLOW [1]




CAPEX [2]




DIVIDENDS


MERGER AND ACQUISITION OPPORTUNITIES

stuartolson

LONG TERM DEBT REPAYMENT

**Repaid $5M of LTD during H1 2021**

*(1) Operating cash flow - Refer to the consolidated statement of cash flows – "Cash flows from operations before changes in non-cash working capital"*
*(2) Includes additions of computer software purchases classified as intangible assets. Excludes ROU Asset additions*

# CONSTRUCTING A **STRONG FOUNDATION**

### DRIVING SUPERIOR SHAREHOLDER VALUE CREATION

- Balanced and disciplined approach to capital allocation

### TARGETING SUSTAINABLE PROFITABLE GROWTH

- Managing risk profile through diversification
- Recurring revenue focus
- Consistent margin improvement

### ENVIRONMENTAL, SOCIAL, GOVERNANCE

- Building value for communities through responsible and sustainable operations and building relationships with a client-first focus

### INNOVATION AND TECHNOLOGY VALUE

- Technology solutions that drive efficiency, performance and safe, proactive worksites

### MERGERS AND ACQUISITIONS

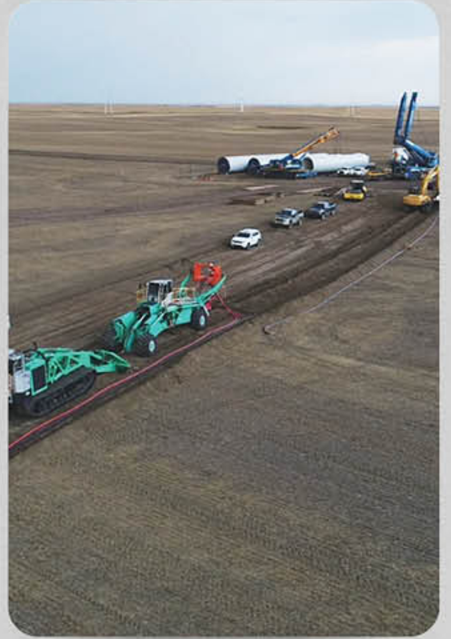
- Focus on Stuart Olson integration, maximizing value, and realizing synergies

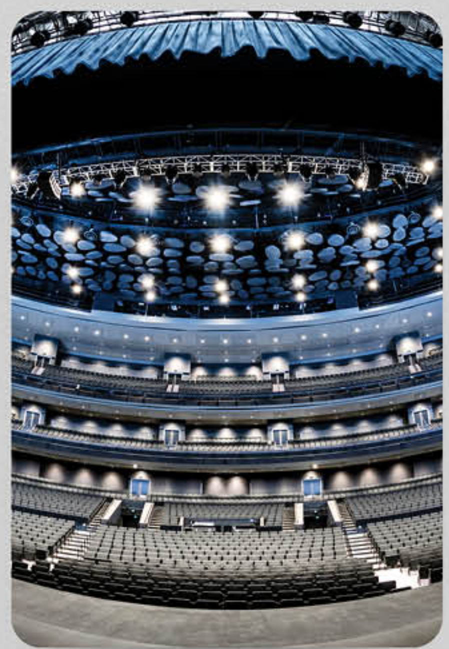
### FOUNDATIONAL SUCCESS

- Building our diverse team of experienced professionals, creating a high-performance, inclusive, and engaging culture
- Strong balance sheet provides the Company the ability to build up

QUESTIONS

# APPENDIX



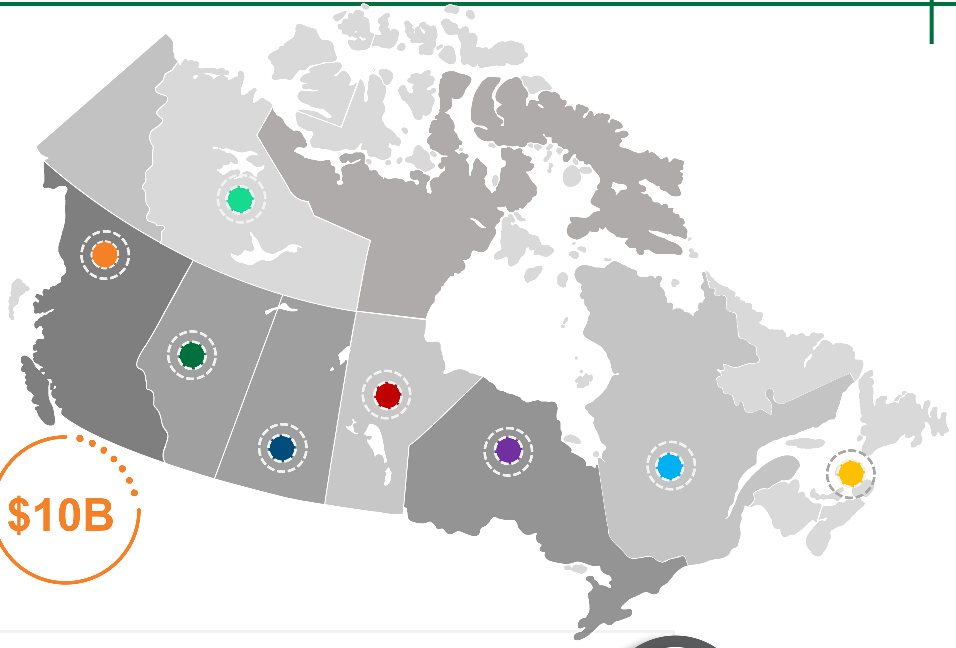






# STRONG GOVERNMENT SPENDING OUTLOOK

## $350B+ IN GOVERNMENT SPENDING OPPORTUNITIES



FEDERAL 2021-2022 BUDGET HIGHLIGHTS

Infrastructure-related spending of **$26B** over 6 years

- **$14.9B** | Public Transit Over 8 Years
- **$3.0B** | Long-term Care and Affordable Housing* Over 5 Years (*$2.5B Over 7 Years)
- **$6.0B** | Infrastructure In Indigenous Communities Over 5 Years

OTHER FEDERAL ANNOUNCEMENTS

Climate Plan related spending of **$15B**

Canada Infrastructure Bank **$10B**

PROVINCIAL 2021-2022 BUDGET HIGHLIGHTS

| | | |
|---|---|---|
| BC | **$3.6B** for Affordable Housing, **$7.8B** for Health Care, **$7.6B** for Transportation, and **$3.5B** for Education over 3 Years. | $22.5B |
| AB | **$20.7B** over 3 Years for Roads, Hospitals, and Schools. **$2.2B** for Health Facilities, **$3B** for Capital Maintenance and Public Infrastructure Renewal, and **$2.4B** for Roads and Bridges. | $20.7B |
| SK | **$3.1B** Infrastructure Investment for Capital Investment in Schools, Hospitals, Highways, for Crown Corporations, and Other Needed Infrastructure. | $3.1B |
| MB | **$630M** for Highways, Road Construction, and Maintenance. **Over $292M** for Health Facilities Infrastructure, and **$415M** for K-12 and Post Secondary Infrastructure. | $1.3B |
| ON | **$21B** for Highway Planning or Construction. The following over 10 Years - **$30.2B** for Healthcare, **$2.6B** for Long-Term Care, and **$62.6B** for Transportation. | $116.4B |
| QC | **$135B** Expected Spending from Quebec Infrastructure Plan to 2021-2031, including **$408M** for Affordable Housing. | $135.4B |
| ATLANTIC CANADA | **$467M** for roads, and bridges, **$95.5M** for healthcare construction, and repair, **$178.2M** healthcare redevelopment, **$217.2M** for schools, in NS. **$10M** for Long-term care in NB. | $1.0B |
| THE TERRITORIES | **$30M** for lot development, **$12M** for Affordable Community Housing, **$10.5M** for K12, **$54.3M** for Bridges and Highways. | $0.1B |

# **SUSTAINABILITY** OVERVIEW

## BUILD GREEN

Pursuing opportunities to utilize sustainable building materials and minimize resource waste.

## WORK GREEN

Delivering innovative solutions for sustainable construction.

## LIVE GREEN

Safe, inclusive workplace that supports physical and mental wellbeing, promotes professional development, and encourages positive community engagement.

## CORPORATE GOVERNANCE

Cultivating a culture of honesty and accountability.

*Bird's long-term strategic vision is rooted in our belief that the construction industry plays an important role in providing sustainable, innovative, and lasting solutions for not only our clients, partners, and employees, but for the communities in which we live and work.*

-Teri McKibbon, President and CEO