Bird Construction Inc.

Management's Discussion and Analysis

For the year ended December 31, 2019

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 December 31, 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 10, 2020. This MD&A has been prepared as of March 10, 2020. 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)	**2019**	2018	2017 [1]
Income Statement Data			
Revenue	$ **1,376,408**	$ 1,381,784	$ 1,418,557
Net income (loss)	**9,484**	(1,013)	8,836
Basic and diluted earnings (loss) per share	**0.22**	(0.02)	0.21
Adjusted EBITDA [2]	**32,292**	10,914	25,676
Adjusted EBITDA Margin [2]	**2.35%**	0.79%	1.81%
Cash Flow Data			
Net increase (decrease) in cash and cash equivalents	**21,763**	24,606	(127,615)
Cash flows from operations before changes in non-cash working capital [3]	**30,201**	12,320	26,938
Additions to property and equipment [4]	**14,431**	14,613	14,572
Cash dividends paid	**16,582**	16,582	17,891
Cash dividends declared per share	**0.39**	0.39	0.39
Balance Sheet Data			
Total assets	**856,787**	652,021	706,732
Working capital	**80,503**	70,215	84,078
Loans and borrowings (current and non-current)	**40,621**	21,198	18,598
ROU Liabilities (current and non-current) [5]	**31,100**	8,759	-
Shareholders' equity	**127,720**	136,229	153,816

[1] 2017 reported figures have been restated applying IFRS 15

[2] Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Non-GAAP Measures"

[3] Refer to the consolidated statement of cash flows

[4] Includes computer software purchases classified as intangible assets

[5] IFRS 16 was adopted effective January 1, 2019 using the modified retrospective approach, prior periods have not been restated

TERMINOLOGY

Throughout this report, management uses the following terms not found in International Financial Reporting Standards (IFRS) 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, gain or loss 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 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.

- **“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 are 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 master services agreements. Management does not provide any assurance that a contract will be finalized, or revenue recognized in the future.

- **"Lost Time Incident Frequency" or “LTI Frequency”** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

2019 HIGHLIGHTS

- In the fourth quarter of 2019, the Company recorded net income of $8.2 million on construction revenue of $420.6 million compared with net income of $6.4 million on $385.9 million of construction revenue respectively in 2018. The year-over-year increase of revenue in the fourth quarter of 9.0% was driven by growth in the industrial work programs more than offsetting a decline in the institutional work programs. The year-over-year increase in fourth quarter net income is reflective of the improvement in earnings attributable to the mix of higher margin self-perform industrial work programs in the fourth quarter of 2019.

- Adjusted EBITDA and Adjusted EBITDA Margin in the fourth quarter of 2019 were $16.0 million and 3.81%, respectively. Adjusted EBITDA increased $4.2 million or 36% from $11.8 million in the fourth quarter of 2018. Adjusted EBITDA Margin increased 75 basis points from the 3.06% recorded in fourth quarter of 2018.

- In 2019, the Company recorded net income of $9.5 million on construction revenue of $1,376.4 million compared with a net loss of $1.0 million on $1,381.8 million of construction revenue in 2018. Although volume was stable year-over year, the mix of revenue was more diversified as the Company's higher margin industrial work program ramped up throughout the year. 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.

- Adjusted EBITDA and Adjusted EBITDA Margin for fiscal 2019 was $32.3 million and 2.35%, respectively. Adjusted EBITDA increased $21.4 million or 196% compared to $10.9 million in fiscal 2018. Adjusted EBITDA Margin increased 156 basis points from the 0.79% recorded in fiscal 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 year 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 $1,627.9 million of new contract awards and change orders and executed $1,376.4 million of construction revenues. The new contract awards through the year contributed to a Backlog of $1,547.4 million for the Company at December 31, 2019, an increase of $251.5 million, or 19.4% from the $1,295.9 million of Backlog recorded at December 31, 2018. Key new contract awards in 2019 that demonstrate the Company's success in diversifying its work program include:

    - In the fourth quarter of 2019, the Company executed a subcontract with East-West Connectors, the consortium contracted by the City of Ottawa to design, build and finance the Stage 2 Confederation Line Extension ("CLE") project in Ottawa, Ontario. Bird will construct seven Confederation Line Stage 2 light rail transit stations and one light maintenance and storage facility. Substantial completion of the East Extension is expected in 2024 with the West Extension to achieve substantial completion in 2025.

    - 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 Kitimat, 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 2019, cash and cash equivalents increased $21.8 million, net of the effects of foreign exchange, to $180.3 million from $158.9 million at the end of 2018. Most of changes in cash and equivalents during the year relate 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 March 2020 and April 2020.

- Subsequent to year end, the Company achieved substantial performance on a PPP project as defined in the provincial lien legislation.

NON-GAAP MEASURES

Adjusted EBITDA and Adjusted EBITDA Margin have no standardized meaning prescribed by GAAP 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 on-going operations of the business and it provides a more consistent comparison between financial reporting periods.

Adjusted EBITDA

(in thousands of Canadian dollars, except percentage amounts)	2019	2018	2017 [1]
Net income (loss)	$ **9,484**	$ (1,013)	$ 8,836
Add: Income tax expense (recovery)	**2,475**	(1,661)	4,242
Add: Depreciation and amortization	**15,814**	11,236	11,989
Add: Finance and other costs	**5,558**	4,611	1,995
Less: Finance income	**(2,596)**	(1,386)	(1,298)
Add: Loss (gain) on sale of property and equipment	**(1,346)**	(873)	(88)
Add: Restructuring and severance costs [2]	**2,903**	-	-
Adjusted EBITDA	$ **32,292**	$ 10,914	$ 25,676
Adjusted EBITDA Margin [3]	**2.35%**	0.79%	1.81%

Notes

[1] 2017 reported figures have been restated applying IFRS 15.

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

[3] 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 with headquarters in Toronto and Edmonton. The Company and its predecessors have been in operation for 100 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 sector. 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 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, alternative finance projects, Public Private Partnerships ("PPP"), cost reimbursable (such as cost plus, construction management and integrated project delivery 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 should 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.

STRATEGY

In 2016, the Company undertook a comprehensive strategic review to assess its market position and re-establish medium and long-term goals. This process culminated in the Company's Board of Directors endorsing the Build Bird strategic plan that has been developed to further enhance the Company's position as a premier Canadian contractor driven by the passion and dedication of a team of construction professionals. The Build Bird strategic plan is going into its fourth year of implementation in 2020 and features three core pillars: Build the Business, Build the Team and Build Relationships. Each pillar has been further expanded into three primary initiatives detailed below with the express purpose of improving the Company's margins and overall profitability through 2021 and building a healthier company that can deliver more consistent earnings through the various economic cycles. Work on the next strategic plan has commenced and the Company expects that plan to be fully developed later this year.

Broadly, Bird's strategic focus is to secure a diversified mix of projects in markets with the potential for higher profit margins. For industrial, this has meant lump sum self-perform contracts across a variety of sectors and a move into the nuclear sector in Ontario. The Company's focus in the institutional and commercials markets has been targeted at social infrastructure with a strong focus on lowering the risk profile of this work program through project selection and diversifying contracting methodologies. For Bird Heavy Civil, the focus will continue to be on diversifying the customer base on select mining support and environmental projects on mine sites.

BUILD THE BUSINESS

Diversification and Growth

The diversification of the Company's work program and earnings base is intended to strengthen the Company by making it healthier and more resilient during economic downturns. Diversification and Growth can be realized through geographic expansion of existing services, introduction of new services and the development of new clients. The Company sees opportunities in areas that were selected by the federal government to invest in such as indigenous communities, environmental initiatives and transportation projects. The Company's goal is to leverage its areas of expertise to participate more fully in these markets on selective projects where it can develop a compelling win strategy. The Company intends to be very selective in its execution of the strategy to ensure it grows and diversifies profitably.

Through its geographic expansion efforts, the Company continues to express its preference for design-build construction contracts where its proven experience provides Bird with a source of competitive advantage. In doing so, the Company also looks to ensure there is a balanced risk profile in its work program so that there is a mix of lower risk delivery methods such as construction management, cost-plus and integrated project delivery ("IPD") with higher risk methods such as stipulated sum, unit price, design-build, alternative finance projects and PPP. The Company is also looking for opportunities to expand commercial and institutional expertise into additional markets in Canada. The Edmonton Commercial office was established in 2017 and despite continued expectations for challenging market conditions in Alberta, the business is positioning itself to develop the team and its capabilities to service the region on a long-term basis. The Company has been successful already in expanding its presence in northern Canada. The Company participates in the light rail transit ("LRT") segment of the transportation market by utilizing project teams from across the country in pursuit of the 'vertical' elements of these projects (i.e. maintenance facilities, stations, platforms) generally as a preferred subcontractor to 'horizontal' contractors where risk can be appropriately managed.

New service offerings also contribute to Bird's Diversification and Growth strategy. The Company intends to pursue more opportunities in the nuclear market in Ontario building on successes achieved in 2018 and 2019. The Company continues to leverage the mechanical and electrical experience it gained in its 2013 acquisition of Nason Contracting Group Ltd. to pursue process related contracts in the industrial market sector. The Company intends to build on its successful growth into the environmental market with projects active in four provinces. By continuing to build our expertise, the Company hopes to further establish its position as a top tier environmental firm in the construction of bio-solid treatment facilities, composting facilities and in water and wastewater treatment facilities across the country. We also selectively identify and pursue Maintenance, Repair and Operations ("MRO") opportunities with our energy clients in northern Alberta to further build a recurring revenue stream. The overall goal is to increase the contribution from projects in the nuclear sector, turnkey process mechanical, environmental and MRO markets to be balanced with our traditional full service civil, concrete formwork, earthmoving and building services. Any of these services can be combined to meet a client's needs.

As part of the Company's growth strategy, the Company uses its existing relationships in established markets to expand its work program. As one of only a few general contractors in Canada with a national footprint, Bird looks to deepen its relationship with existing private clients that have a portfolio of properties and development opportunities both regionally and across Canada while also seeking to foster new client relationships. Historically, in western Canada the Company's industrial work program has been focused on the oil sands where it has secured a reputation as a safe, reliable and cost-effective general contractor. In the coming years, the Company intends to leverage these proven capabilities to develop clients and work programs more broadly. As of 2018, the Company now has industrial related projects, including heavy civil, in regions across the country. Bird Heavy Civil should widen its established activities in the Labrador Trough region to secure similar opportunities in eastern Canada. This expanded geographical scope should also support the need to develop additional clients, primarily in Ontario, Quebec and northern Canada to diversify from Bird Heavy Civil's historical focus on the iron ore market. These efforts to develop new clients requires a commitment to business development and a recognition that program accomplishments take time to mature, particularly given the market conditions seen in the resource sector in recent years.

The focus on diversification has brought to light new market opportunities for the Company, some of which the Company has been able to service through organic growth and others where the Company has identified the need for an acquisition to spur the Company's entry into a new sector. Mass timber projects is an example where the Company has built an impressive resume. The Company is also working to leverage its investment in Stack, a modular construction company with production operations in China, as an alternative manner of delivering projects such as hotels, senior housing, residential apartments and select condominiums and commercial office buildings for key clients. The Company and Stack have complementary knowledge, resources and expertise that positions them well to serve the permanent modular construction market in Canada and the United States. The Company remains active in researching potential acquisition targets and is generally looking to add self-perform capabilities with niche service offerings that should enhance overall profit margins and that should provide the Company with a platform for future growth.

Build Efficiencies

As a primary initiative of the Build the Business pillar, Bird's strategy for Build Efficiencies is to drive business process improvements to gain efficiencies and generate savings from overheads. These savings are intended to be reinvested into the Company's strategic initiatives. Through 2019, the Company successfully introduced new software platforms to aid operations in safety management, human resource management, project delivery and business intelligence. Increasing process efficiency, particularly for the operations team, should also lead to greater engagement amongst the employee group and is anticipated to positively impact production as project teams should be able to dedicate more energy to project execution and less to administrative tasks.

Safe Production

At Bird, the single most important value is Safety and the goal is zero harm. Building on a highly reputable and proven safety program, this ongoing initiative should further the Company's commitment to embedding a Safe Production mindset throughout the project lifecycle, from estimating through to post-job assessment. It requires driving greater involvement and commitment from subcontractors and suppliers and should further extend to fostering the safe planning and execution of Bird employee activities off the job. This holistic approach reflects the Company's fundamental belief that thinking and acting safely is not a switch that can, or should be, activated when arriving at or leaving the job site or workplace. Rather, it is a mindset that must be encouraged, nurtured and supported so that safe behaviours become a habit; repeatable, sustainable, and embedded in everything Bird staff do.

BUILD THE TEAM

Drive Positive Engagement, Become the Employer of Choice and Grow Our Talent

The *Build the Team* pillar includes a wide range of human resource program initiatives intended to enhance the employee experience, *Drive Positive Engagement*, and create a stronger and more productive workforce.

Bird's success is highly dependent on the Company's ability to *Grow Our Talent and Become the Employer of Choice*. This involves attracting, developing and retaining a highly skilled workforce at all levels within the organization. The Company is committed to providing employees and potential employees with interesting and challenging work and opportunities to build a successful career in every aspect of the business. Through the strategic planning process, several key priorities and challenges pertaining to the recruitment, onboarding, development, performance management and retention of employees were identified. A key element of the Company's plan is the enhancement of a meaningful employee recognition program to go along with annual service awards and the Company's 25-year and 50-year clubs. New investment and the implementation of a software platform in 2019 helps the Company employ more streamlined and proactive solutions for these priorities in 2020 and beyond. It should also help elevate the employee experience and *Drive Positive Engagement* at Bird by facilitating effective talent management and mobility across the organization. An updated employee handbook, onboarding resources and the delivery of in-house leadership training programs that focus on people and management skills rather than technical skills, should help facilitate the Company's success. The training programs include the Bird Leadership Academy (senior leaders), Bird Site Management Program (site supervisors and project site-based staff) and Taking Flight (new managers and supervisors).

By continuously developing and refining policies and programs to engage employees at work and in their communities, offering new and innovative training programs, driving ongoing leadership development, and making a career at Bird more than just a job, the Company can recruit, develop and retain top talent while ensuring compensation programs remain market competitive.

BUILD RELATIONSHIPS

One Bird

Recognizing that the construction industry has evolved, and projects are getting more complex, Bird has deployed the One Bird initiative that considers a holistic, company-wide approach to work more efficiently and effectively. One of the primary goals of this initiative is to identify and share the expertise across the Company to enhance effective deployment of human resources on the best opportunities, regardless of employees' geographic location. By promoting a more mobile workforce and increasing collaboration the Company intends to leverage its talent for targeted opportunities to secure greater outcomes. This initiative is supported through standardized technology and common software platforms and reinforced in the Company's variable compensation programs.

Creating a Customer 1st Attitude

A primary initiative of the Build Relationships pillar, the Creating a Customer 1st Attitude, targets the development of stronger client relationships. The Company has traditionally focused on operational excellence and execution of its work program to develop client relationships. While this has served the Company well in terms of delivering consistent results and developing repeat clients, there is a need to invest more resources in strengthening existing client relationships and developing new ones. This is consistent with Bird's strategy of targeting work with clients that welcome innovation and position the Company to add value. Bird continues to target complex work, a market the Company has successfully performed in and one where the competition should be like-minded contractors with similar cost structures and approaches to risk and reward. Clients that seek a longer term, collaborative relationship align well with the Build Bird five-year strategic plan.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Bird has always been committed to the communities in which we live, work, and build. For 100 years, we have been working to make a positive impact and our employees are passionate about helping us be good corporate citizens and stewards of the environment.

Environment and Sustainability

Bird is active in sustainable construction and protecting our environment and prides itself in building an impressive resume of renewable energy projects. Much like the rigor we have put into our Safe Production strategy and building a strong safety culture, we believe sustainability and taking the environment seriously in how we work is important. It not only makes sense from the perspective of running a profitable business and generating a return for shareholders, but it is also a moral obligation. To date, there have been three key areas of focus for Bird in which significant progress has been made at the project level.

- Many of the buildings we construct across the country have attained a Leadership in Energy and Environmental Design ("LEED") certification. To achieve a LEED certification, points are earned for sustainability and resource-efficiency. For example, the company sorts and tracks the construction waste on project sites that gets diverted from landfills for recycling. This includes wood, gypsum, metal, and paper. In addition, all our PPP/Alternative Finance projects have a component of energy performance as an owner-driven requirement. Bird delivers projects that are designed and built with the environment in mind and has also achieved certification for projects under the Green Globes green building rating system.
- The Company's investment in modular construction, through its ownership stake in Stack Modular, contributes to Bird's overall environmental performance. Modular construction is an inherently greener process than conventional construction as it generates far less construction waste. It also minimizes site disturbances, including less noise, less dust and reduced road traffic movements, while consuming less energy during the construction process. Additionally,

modular construction provides a superior building envelope with improved energy efficiency, which also helps achieve LEED certification.

- Mass Timber projects present an opportunity for greener buildings by using a renewable resource as a primary construction material. Furthermore, through sustainable forestry, wood-based materials capture carbon and therefore offset total CO_2 emissions. Bird has built one of the strongest resumes in the country in mass timber projects, and the company aims to continue being a leader in this sector.

Social Responsibility

As befitting of a Company that started out as a family business, critical to Bird's successful growth is our continued commitment to the health and safety of the employees and other stakeholders who work on our sites and in our offices every day. This is a critical component of our operational strategy, a core company value, and a key corporate social responsibility.

At Bird, we understand that a corporate commitment to health and safety yields tremendous dividends in both business and human capital. In addition to reducing related health and safety costs and reducing the frequency and severity of work-related personal injuries and property damage, a robust health and safety program leads to greater engagement of our employees and other stakeholders. This, in turn, produces a stronger commitment to product and service quality, improved productivity and client satisfaction.

From project planning to execution, through ongoing communication, documentation, orientation, training, and review and analysis, we seek to ensure continuous improvement in all facets of our operations. This approach better prepares and supports all our workers and managers to act as safety leaders in the construction industry.

In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of our employees and partners enhances both employee recruitment and retention and serves to provide a strategic competitive advantage, allowing us to continue to successfully pursue and execute challenging work.

Community engagement and social responsibility is also a key focus area for Bird and our employees. We direct our efforts towards youth and education initiatives, community sponsorship, health and wellness in the community, and Indigenous engagement.

The Company's approach to Indigenous relations is closely aligned with the core values of the company to operate with integrity, provide stewardship, and invest in people. Bird is committed to building capacity within Indigenous business communities and investing in community programs that support Indigenous skills development, including offering a variety of post-secondary scholarships and bursaries. The Company adopted a National Indigenous Engagement Policy to ensure a consistent and culturally appropriate approach across all operations and has instituted a mandatory Indigenous Cultural Awareness Training Program for all employees, which is also available to subtrades.

Bird is proud to be part of the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations (PAR) certification process, which confirms corporate performance in Indigenous relations and indicates to communities that participating companies are good business partners, a great place to work, and committed to prosperity in Indigenous communities. Bird's membership in the Aboriginal Procurement Champions Group provides assurance that procurement opportunities are made available to businesses that are independently pre-certified as at least 51 per cent Indigenous owned and controlled.

Governance

The Board of Directors and the Management of the Company are committed to a strong corporate governance framework. As a public company whose securities are traded on the Toronto Stock Exchange, the company's Board of Directors has adopted, as its approach to corporate governance, the guidelines set out in National Instrument 58-101 - Disclosure of Corporate Governance Practices, National Instrument 52-110 – Audit Committees, and National Policy 58-201 - Corporate Governance Guidelines.

A strong culture of ethical conduct is central to good governance at Bird. The Company and its Board are committed to conducting their activities in accordance with the highest standards of business ethics. These standards are intended to provide guidance regarding ethical issues, to assist in recognizing and dealing with ethical issues, to provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability.

The Director Code of Ethics requires that the company's Directors disclose any potential or actual conflict of interest to ensure independent judgment regarding Board discussions and decision making. In the event of any potential or actual conflict of interest by a Director in relation to a Board matter, the Director will withdraw from the deliberations and not vote upon such matter. The Board has also approved the following written codes and policies applicable to all employees: Employee Code of Ethics, Anti-Bribery and Corruption Policy, Insider Trading and Blackout Policy and Whistleblower Policy.

The Board and its committees have adopted governance best practices including:

- Recognition of the benefits of promoting Board diversity. Diverse perspectives contribute to innovation and growth opportunities, and the Board believes that diversity may be achieved through a range of factors including gender diversity, diverse skills and experiences, regional diversity and industry diversity.
- The Whistleblower Policy gives employees and others the opportunity to report any potential violations of regulatory matters including accounting, financial reporting, securities laws, and financial audit matters, as well as matters relating to business practices including conflicts, business, professional and personal ethics and other matters set out in the company's Ethics Policies. The Board has discretion to hire independent advisors (including outside legal counsel, independent auditors and others) to help investigate any matter.
- Regular in-camera meetings, without officers and management present. These sessions enable the Board and committees to discuss issues in a candid and independent manner without the influence of senior management. To make sure the Board functions independently of management, the Board has the flexibility to retain and to meet with external consultants without the presence of management whenever the Board sees fit.
- Conducting performance evaluations of the Board, the Audit Committee, the Human Resource, Safety and Governance Committee ("HRS&G"), each of their chairs and individual Directors on a regular basis. In 2019, each of the Directors completed confidential questionnaires to evaluate the effectiveness of the Board, its committees and the Directors, and made recommendations for improving performance. The chair of the Board and the chair of the HRS&G Committee also conducted informal discussions with each individual Director.

Now more than ever, companies are being called upon to be leaders in environmental, social, and governance initiatives. Bird endeavors to be at the forefront of industry efforts to be responsible, responsive, and innovative corporate citizens. More information can be found in our Management Information Circular.

KEY PERFORMANCE DRIVERS

Securements, Pending Backlog and Backlog

Securing profitable construction contracts and then controlling the costs during the execution of that work are the key drivers of success for the Company. 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 even 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 values of the Pending Backlog and Backlog. The following table shows the Company's balances at the end of the comparative reporting periods:

(in thousands of Canadian dollars)		**December 31, 2019**		December 31, 2018
Pending Backlog	**$**	**625,000**	$	300,000
Backlog	**$**	**1,547,427**	$	1,295,940

Pending Backlog at December 31, 2019 was approximately $625 million compared to $300 million in 2018. Included in Pending Backing at December 31, 2019 and 2018 is the Advanced Nuclear Materials Research Centre for Canadian Nuclear Laboratories ("CNL") located in Chalk River. The validation phase of the CNL project, which is being delivered under an IPD delivery model, is expected to extend into the first half of 2020 before converting into Backlog. The year-over-year growth in Pending Backlog is driven by several projects that are geographically diverse, span multiple sectors and are expected to be recorded to Backlog in 2020.

The Company's Backlog of $1,547.4 million at December 31, 2019 increased compared with $1,295.9 million at December 31, 2018. The 19.4% increase in Backlog year-over-year was a result of successfully contracting several large and diverse work programs in 2019 including:

- In the fourth quarter of 2019, the Company executed a subcontract with East-West Connectors, the consortium contracted by the City of Ottawa to design, build and finance the Stage 2 Confederation Line Extension ("CLE") project in Ottawa, Ontario. Bird will construct seven Confederation Line Stage 2 light rail transit stations and one light maintenance and storage facility. Substantial completion of the East Extension is expected in 2024 with the West Extension to achieve substantial completion in 2025.
- 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 Kitimat, 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.

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:

	December 31, 2019	December 31, 2018
Gross Profit Percentage	**5.2%**	4.2%

During 2019 the Company realized a Gross Profit Percentage of 5.2% compared with 4.2% in 2018. The year-over-year improvement is driven by the revenue mix, with a larger portion of revenue recognized from the Company's higher margin industrial operations.

Financial Condition

The Company must have 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 following table shows the working capital and shareholders' equity of the Company in the comparative reporting periods:

(in thousands of Canadian dollars)		**December 31, 2019**		December 31, 2018
Working capital	**$**	**80,503**	$	70,215
Shareholders' equity	**$**	**127,720**	$	136,229

At December 31, 2019, the Company had working capital of $80.5 million compared with $70.2 million at December 31, 2018, an increase of $10.3 million. In 2019, the majority of the increase in working capital was driven by the Company's net income of $9.5 million, a $15.7 million net increase in non-current loans and borrowings and classifying $3.8 million of investments in equity accounted equities as held for sale. Partially offsetting these increases to working capital were the $16.6 million in dividends paid and the net additions of equipment and intangible assets of $2.9 million.

The $8.5 million decrease in the amount of the Company's shareholders' equity since December 31, 2018 was primarily the result of the $16.6 million dividends declared in 2019 offset by the net income of $9.5 million generated in 2019. In addition, opening retained earnings decreased $1.4 million on the adoption of IFRS 16 on January 1, 2019.

Safety

At Bird, ensuring that all work on our sites is executed to exacting quality standards begins with our 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. We call this Safe Production, and it is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with our employees and subcontractors to achieve this, we minimize risk and create the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. We believe this shared commitment is critical to our overall success. It is how we work.

Through our robust orientation and training programs and our ongoing communication and engagement activities, we encourage all workers to actively contribute to our ongoing efforts to continuously improve not only our safety program, but overall collaboration and effectiveness. In this way, we not only ensure they leave work healthy and safe every day, but in doing so, help contribute to our 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 our job sites. In 2019, Bird executed 3,943,486 man-hours of work, incurring zero lost time incidents (LTI).

	December 31, 2019	December 31, 2018
Man-hours of work	**3,943,486**	3,916,636
LTI frequency	**0.00**	0.00

RESULTS OF OPERATIONS

FISCAL 2019 COMPARED WITH FISCAL 2018

In fiscal 2019, the Company recorded net income of $9.5 million on construction revenue of $1,376.4 million compared with a net loss of $1.0 million on $1,381.8 million of construction revenue in 2018. Although volume was stable year-over year, the mix of revenue was more diversified as the Company's higher margin industrial work program has ramped up throughout the year. 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.

While the total revenue was essentially flat year-over-year, the Company's revenue from industrial work programs increased year-over-year throughout 2019. This essentially offset the reduction in the institutional work program and provided the Company with more balance in its overall work program.

The Company's 2019 gross profit of $71.0 million was $13.4 million or 23.2% higher than the $57.6 million recorded a year ago, despite slightly lower revenues. The increase in the amount of gross profit was driven by higher-margin projects as a result of a shift in the mix of revenue from institutional projects to more self-perform industrial projects in 2019. The Company's Gross Profit Percentage in 2019 of 5.2% was 1.0% higher than the Gross Profit Percentage of 4.2% recorded in 2018. Gross Profit Percentage in 2019 improved due to a larger volume of revenue recognized from the Company's higher margin self-perform operations in its industrial work programs.

Income from equity accounted investments in 2019 was $2.7 million, compared with $1.9 million in 2018. The increase in income in 2019 was primarily driven by the earnings from non-PPP equity accounted entities.

In 2019, general and administrative expenses of $58.7 million (4.3% of revenue) were $0.2 million lower than $58.9 million (4.3% of revenue) in 2018. In 2019, the Company incurred net $2.6 million in third-party pursuit costs, which was $0.4 million lower than the $3.0 million incurred 2018. While net compensation expenses were $0.2 million higher year-over-year, it was primarily due to the Company incurring $2.9 million of severance costs and $3.8 million higher phantom share program expenses being mostly offset by a $6.2 million reduction in the total return swap expense.

Finance income in 2019 of $2.6 million was $1.2 million higher than the $1.4 million recorded in 2018 due to higher average cash balances year-over-year.

Finance and other costs of $5.6 million in 2019 was $1.0 million higher than the $4.6 million reported in 2018. Most of the year-over-year increase was due to $0.9 million of interest costs recognized upon adoption of IFRS 16. There was $1.0 million of interest costs associated with non-recourse project financing, however this was offset by a gain on interest rate swaps of $0.9 million.

In 2019, income tax expense was $2.5 million, compared to an income tax recovery of $1.7 million recorded in 2018. The year-over-year increase in income taxes was consistent with the income taxes associated with the income before income taxes in the current year.

THREE MONTHS ENDED DECEMBER 31, 2019 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2018

Selected Fourth Quarter Financial Information
Consolidated Statement of Income

(in thousands of Canadian dollars)	For the three months ended December 2019 (unaudited)	2018 (unaudited)
Construction revenue	**$ 420,612**	$ 385,854
Costs of Construction	**394,228**	363,147
Gross Profit	**26,384**	22,707
Income from equity accounted investments	**739**	1,522
General and administrative expenses	**(16,302)**	(15,180)
Income from operations	**10,821**	9,049
Finance income	**769**	498
Finance and other costs	**(1,553)**	(1,978)
Income before income taxes	**10,037**	7,569
Income tax expense	**1,870**	1,190
Net income for the period	**$ 8,167**	$ 6,379

During the fourth quarter of 2019, the Company recorded net income of $8.2 million on construction revenue of $420.6 million compared with net income of $6.4 million on $385.9 million of construction revenue respectively in 2018. The year-over-year increase of revenue in the fourth quarter of 9.0% was driven by growth in the industrial work program more than offsetting a decline in the institutional work programs. The year-over-year increase in fourth quarter net income is reflective of the improvement in earnings attributable to the mix of higher margin industrial work program in the fourth quarter of 2019.

The Company's fourth quarter gross profit of $26.4 million was $3.8 million or 16.2% higher than the $22.7 million recorded a year ago. The increase in the amount of fourth quarter 2019 gross profit is driven by the higher quarterly construction revenues year-over-year. In addition, the increase in gross profit is due to a higher-margin work program as revenue contribution shifted from predominantly institutional and commercial projects to a more balanced work program in 2019.

Gross Profit Percentage in the fourth quarter of 2019 was 6.3% and 0.4% higher than the Gross Profit Percentage of 5.9% recorded a year ago. Gross Profit Percentage in 2019 improved due to a larger volume mix of revenue recognized from the Company's higher margin self-perform operations in its industrial work programs.

Income from equity accounted investments in the fourth quarter of 2019 was $0.7 million, compared with $1.5 million in same period of 2018. The income in fourth quarter of 2019 and 2018 was primarily driven by the margin earned from a project in eastern Canada. The income in fourth quarter of 2019 was lower year-over-year due to losses from some PPP equity accounted entities which were anticipated at their stage of the project lifecycle.

In the fourth quarter of 2019, general and administrative expenses of $16.3 million (3.9% of revenue) were $1.1 million higher than $15.2 million (3.9% of revenue) in the comparable period a year ago. The Company had additional third-party pursuit costs which were $1.2 million higher than the amount recorded in 2018. In the fourth quarter of 2019 the Company also had a lower foreign exchange gain compared to a foreign exchange gain of $0.9 million recorded in 2018. Offsetting these negative variances, compensation expense was $1.3 million lower than the amount recorded a year ago primarily due to the gain recorded on the total return swap program in 2019.

Finance income of $0.8 million in the fourth quarter of 2019 is comparable to the $0.5 million recorded in the same period of 2018 due to higher cash balances.

Finance and other costs of $1.6 million were $0.4 million lower than the $2.0 million reported in the fourth quarter of 2018. The decrease was due to a gain on interest rate swaps and a decrease in other financing costs.

In the fourth quarter of 2019, income tax expense was $1.9 million, compared to income tax expense of $1.2 million recorded in the fourth quarter of 2018.

FUTURE OPERATING PERFORMANCE

The Company remains focused on investing in both people and technology and in diversifying its earnings base with a stronger margin profile. The mix of revenue in 2019 differs from that of 2018 as evidenced by the increase in the industrial work program relative to work performed in the institutional and commercial sectors. This trend is expected to continue into 2020. The institutional market sector contributed 43% of 2019 revenues (53% in 2018). The industrial market sector contributed 39% of 2019 revenues (30% in 2018). The retail and commercial sector contributed 18% of 2019 revenues (17% in 2018).

At December 31, 2019, the Company was carrying a Backlog of $1,547.4 million, which is 19.4% higher than that recorded a year ago. The Company expects to recognize 66% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control. In the fourth quarter, the CLE project was recorded to Backlog and is expected to span across four fiscal years which provides some longer-term visibility into the Company's work program. The embedded margin in Backlog improved throughout 2019, driven by several factors including the positive impact of new contract awards with higher going-in fees, the addition of agency fees in construction management contracts combined with the diminished influence of select dilutive contracts that were either completed in the fourth quarter or nearing completion. The $1,627.9 million of new contract awards and change orders secured in 2019 are across a broad range of markets and contracting methods that will help the Company achieve a more diversified work program with a more balanced risk profile.

In addition, the company has greater than $625 million in Pending Backlog as of the end of the fourth quarter of 2019. Included in Pending Backing is the Advanced Nuclear Materials Research Centre for CNL located in Chalk River. The validation phase of the CNL project which is being delivered under an IPD delivery model is expected to extend into the first half of 2020 before converting into Backlog. The remaining Pending Backlog projects are geographically diverse, span multiple sectors and are expected to be recorded to Backlog in the first half of 2020.

The longer-term pipeline remains healthy and falls within our targeted range of risk tolerance. The Company will be selective on prospective pursuits, ensuring that available talent matches 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 and oil and gas sectors. The award of any of these project opportunities will benefit the second half of 2020 and beyond.

In 2020, the Company expects to sell three of its seven equity investments in PPP projects. This is consistent with the Company's strategy to recycle equity in these types of contracts into future project opportunities. The Company expects to benefit in 2020 from having more balance in terms of the contractual risk profile of the work program coming into the year. This can be seen in the disaggregation of the revenue in the Company's 2019 Annual Financial Statements whereby revenue earned in higher risk contract categories such as PPP, Alternative Finance and Complex Design Build projects comprised 20% of total revenue in 2019 (23% in 2018). The proportion of higher risk revenue will decrease further in 2020. Diversification over the past several years into the LNG, nuclear, public transit, modular and environmental sectors with lower risk contract types will help stabilize earnings with more balance in the work program. Based on the risk profile and margins embedded in current Backlog and in Pending Backlog, the Company believes it will achieve higher levels of profitability and consistency in earnings in 2020.

Backlog

During the year ended December 31, 2019, the Company secured a net $1,627.9 million in new construction contracts (including change orders to existing contracts) and put in place $1,376.4 million of work resulting in a Backlog at December 31, 2019 of $1,547.4 million. The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior fiscal year:

(in millions of Canadian dollars)		**December 31, 2019**		December 31, 2018
Opening balance	**$**	**1,295.9**	$	1,186.0
Securement and change orders		**1,627.9**		1,491.7
Realized in construction revenues		**(1,376.4)**		(1,381.8)
Closing balance	**$**	**1,547.4**	$	1,295.9

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2019 and 2018 Consolidated Financial Statements. The consolidated financial statements were prepared using the same accounting policies as our 2018 consolidated financial statements except for new accounting standards adopted January 1, 2019.

New Accounting Standards Adopted

Refer to the notes to the audited consolidated financial statements at December 31, 2019 for a summary of the new accounting standards adopted.

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 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 the case of claims against 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. 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)

	2018				**2019**			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Revenue	294,422	320,126	381,382	385,854	261,777	315,428	378,591	**420,612**
Net income (loss)	(6,408)	(5,344)	4,360	6,379	(6,466)	1,001	6,782	**8,167**
Earnings (loss) per share	(0.15)	(0.13)	0.10	0.15	(0.15)	0.02	0.16	**0.19**

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)	**December 31, 2019**	December 31, 2018
Cash and cash equivalents	**$ 180,334**	$ 158,920
Non-cash working capital	**(99,831)**	(88,705)
Working capital	**80,503**	70,215
Non-current loans and borrowings	**34,738**	19,047
Non-current right-of-use liabilities	**23,075**	5,706
Shareholders' equity	**127,720**	136,229

The Company believes it 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 December 31, 2019, this balance amounted to $180.3 million. Included in cash and cash equivalents was $134.0 million of cash in special purpose joint operation bank accounts ($43.2 million at December 31, 2018).

Non-cash working capital was in a net liability position of $99.8 million at December 31, 2019, compared to a net liability position of $88.7 million at December 31, 2018. This increase in the net liability position utilized $11.1 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 non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing in the 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 several 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 Credit Facilities

- **Committed revolving operating credit facilities**

  The Company has a committed revolving credit facility of up to $85.0 million, with a Canadian chartered bank. The facility matures December 31, 2022. 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. At December 31, 2019, the Company has $28.5 million in letters of credit outstanding (December 31, 2018 - $24.3 million) and has drawn $15.0 million on this facility (December 31, 2018 - $15.0 million). The $15.0 million draw is presented as long-term loans and borrowings on the Company's statement of financial position. At December 31, 2019, the Company was 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, 2021. As of December 31, 2019, the Company has drawn $10.0 million (December 31, 2018 - $nil) 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. At December 31, 2019, the Company was in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Letters of Credit Facilities

The Company has available $80.0 million of demand facilities used primarily to 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. At December 31, 2019, the Company has $6.6 million in letters of credit outstanding on this facility (December 31, 2018 - $8.5 million).

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)		December 31, 2019		December 31, 2018
Committed revolving operating credit facility	$	**85,000**	$	85,000
Letters of credit issued from committed revolving operating credit facility		**28,504**		24,291
Drawn from committed revolving operating credit facility		**15,000**		15,000
Available committed revolving operating credit facility		**41,496**		45,709
Committed revolving term loan facility	$	**35,000**	$	35,000
Drawn from committed revolving term loan facility		**10,000**		-
Available committed revolving term loan facility		**25,000**		35,000
Letters of credit facilities		**80,000**		80,000
Letters of credit issued from letters of credit facilities		**6,559**		8,468
Available letters of credit facilities	$	**73,441**	$	71,532
Collateral pledged to support letters of credit	$	**139**	$	2,645
Guarantees provided by EDC	$	**6,421**	$	5,948

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to $35.0 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 December 31, 2019, there is $12.4 million outstanding on the facilities (December 31, 2018 - $6.7 million). Interest on the facilities can be 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 acquisition operating lease lines of credit for $31.8 million (December 31, 2018 - $32.5 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. At December 31, 2019, the Company has used $11.7 million under these facilities (December 31, 2018 - $6.6 million). The Company's total lease commitments are outlined under Contractual Obligations.

At December 31, 2019, the Company was in compliance with all debt covenants relating to its operating and equipment operating lease lines of credit.

Loans and Borrowings and ROU Liabilities

In 2019, the Company entered new fixed-rate term loans for $24.5 million and added $10.8 million of ROU liabilities relating to equipment and property leases. The Company made $5.1 million in principal repayments for loans and borrowings and $7.6 million for principal repayments to ROU liabilities.

The following table provides details of outstanding loans and borrowings and ROU liabilities as at December 31, 2019, and principal repayments due over the next five years and beyond, 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
Loans and borrowings	$	**40,621**	$	5,881	$	15,223	$	18,491	$	850	$	176
ROU Liabilities	$	**31,100**	$	8,024	$	6,723	$	4,318	$	3,156	$	8,879

Cash Flow Data

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

	(unaudited) Quarter ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	**2019**	2018	**2019**	2018
Cash flows from operations before changes in non-cash working capital	**$ 15,525**	$ 11,045	**$ 30,201**	$ 12,320
Changes in contract assets - alternative finance projects	**(28,367)**	(2,384)	**(68,054)**	66,825
Changes in non-cash working capital and other	**67,546**	77,321	**(223)**	22,296
Cash flows from (used in) operating activities	**54,704**	85,982	**(38,076)**	101,441
Investments in equity accounted entities	**112**	(2,270)	**-**	(4,020)
Capital distributions from equity accounted entities	**353**	280	**1,846**	1,873
Additions to property, equipment and intangible assets	**(2,807)**	(2,065)	**(14,431)**	(14,613)
Proceeds on sale of property and equipment	**733**	314	**2,661**	3,235
Purchase of short-term investments	**-**	-	**-**	(4,742)
Proceeds on maturity of short-term investments	**39**	-	**1,705**	3,107
Other long-term assets	**(283)**	(652)	**-**	(861)
Cash flows used in investing activities	**(1,853)**	(4,393)	**(8,219)**	(16,021)
Dividends paid on shares	**(4,145)**	(4,145)	**(16,582)**	(16,582)
Proceeds from non-recourse project financing	**29,039**	3,260	**72,832**	24,734
Repayment of non-recourse project financing	**-**	-	**-**	(76,474)
Proceeds from loans and borrowings	**10,000**	571	**24,536**	14,242
Repayment of loans and borrowings	**(1,507)**	(674)	**(5,113)**	(3,221)
Repayment of right-of-use liabilities	**(2,406)**	(740)	**(7,615)**	(3,513)
Cash flows from (used in) financing activities	**30,981**	(1,728)	**68,058**	(60,814)
Increase in cash and cash equivalents	**$ 83,832**	$ 79,861	**$ 21,763**	$ 24,606

Operating Activities

During of fiscal 2019, cash flows from operating activities used cash of $38.1 million compared with cash generated of $101.4 million in 2018.

Cash flows from operations before changes in non-cash working capital increased $17.9 million year-over-year from the $12.3 million cash generated in 2018 primarily due to the $10.5 million improvement in net income, a higher non-cash addback for amortization and depreciation of $4.5 million compared to 2018 and a higher non-cash addback for income tax expense year-over-year of $4.1 million from 2018. These increases were offset by other non-cash changes of $1.3 million.

Changes in contract assets – alternative finance projects in 2019 used $68.0 million of cash. This use of cash was more than offset by the $72.8 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 2018 the $66.8 million of cash generated by changes in contract assets – alternative finance projects related to the completion (in the second quarter of 2018) and billing of the Avenir Centre alternative finance project.

During 2019, the $0.2 million decrease in cash from changes in non-cash working capital and other was driven by a $26.4 million increase in accounts payable, a $54.5 million increase in contract liabilities and partially offset by a $94.8 million decrease in accounts receivable. During 2018, the primary drivers of the $22.3 million increase in cash from the changes in non-cash working capital and other was the $18.9 million decrease in accounts receivable, a $6.6 million decrease in contract assets partially offset by a $2.4 million decrease in contract liabilities. 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.

The non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing in the settlement of income taxes payable.

Investing Activities

During 2019, the Company used $8.2 million of cash in investing activities compared to the $16.0 million use of cash in 2018. The Company had minimal requirements to invest in equity accounted entities, a $4.0 million change. 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 2019, the Company generated $68.1 million of cash from financing activities compared to $60.8 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 was 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 Avenir Centre project. In addition, proceeds from non-recourse project financing was $48.1 million higher than 2018 as the OPP Modernization Phase 2 project progresses through construction, compared to the completion of the Avenir Centre in the first half of 2018.

DIVIDENDS

The Company 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:

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

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 December 31, 2019 and December 31, 2018.

At December 31, 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 (EIP) in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

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

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 December 31, 2019, the Company has future contractual obligations of $583.7 million. Obligations for accounts payable, right-of-use liabilities and loans and borrowings, including principal and estimated interest, over the next five years and thereafter are:

(in thousands of Canadian dollars)		2020	2021	2022	2023	2024 and thereafter	Total
Accounts payable	$	397,042	22,881	-	-	-	**419,923**
Non-recourse project financing		87,480	-	-	-	-	**87,480**
ROU liabilities		8,864	7,383	4,909	3,549	10,135	**34,840**
Loans and borrowings		6,325	15,472	18,583	865	177	**41,422**
	$	499,711	45,736	23,492	4,414	10,312	**583,665**

OFF BALANCE SHEET ARRANGEMENTS

The Company has surety lien bonds issued on behalf of the Company valued at $56.6 million at December 31, 2019.

The Company has recognized assets and liabilities for all leases with a term of more than twelve months, excluding low-value assets, in accordance with its adoption of IFRS 16.

Further details of commitments and contingencies are included in Note 23 of the December 31, 2019 consolidated financial statements.

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.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluations as of December 31, 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 December 31, 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.

As of December 31, 2019, under the supervision of and with the participation of management, including the CEO and CFO, the Company has evaluated the effectiveness of internal controls over financial reporting and determined that the internal controls over financial reporting are operating as intended.

There have been no material changes in the Company's internal control over financial reporting during the year ended December 31, 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 10, 2020, 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.

In addition, there is uncertainty around how the recent public health crisis created by COVID-19 that surfaced in Wuhan, Hubei Province, China may affect the Company, including our contractual commitments, supply chain and labour force. Generally, to the extent that a severe public health emergency negatively affects the economy due to availability of labour or impacts to the supply chain, Bird's business may also be affected.

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.

Information Systems and Cyber-security Risk

The Company relies on information technology to manage, process, store and transmit electronic information. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential information. Failure in the completeness, accuracy, availability or security of the Company's information systems, the risk of system interruption or failure during system upgrades or implementation, or a breach of data security could adversely affect the Company's operations and financial results.

In addition, cyber-security incidents relating to the Company's information technology systems may disrupt operations and impact operating results. Cyber-security incidents may occur from a range of techniques, from phishing or hacking attacks to sophisticated malware, hardware or network attacks. While the Company has implemented systems, policies, procedures, practices, hardware and backups designed to prevent and limit the effect of cyber-security attacks, there can be no assurance that these measures will be sufficient to prevent, detect or address the attacks in a timely matter or at all. A successful cyber-attack may allow unauthorized interception, destruction, use or dissemination of the Company's confidential information, which could have a material adverse effect on the business. In the fall of 2019, Bird Construction responded to a cyber incident that resulted in the encryption of Company files. Bird continued to function with no business impact, as management worked with leading cyber security experts to restore access to the affected files. At the time, the Company disclosed the incident on our website and notified appropriate authorities.

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 several 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 10, 2020 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.