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BIRD CONSTRUCTION INC. ANNOUNCES 2018 FIRST QUARTER FINANCIAL RESULTS

LISTING: TSX

SYMBOL: BDT

HIGHLIGHTS:

- During the first quarter of 2018, the Company recorded a net loss of \$6.4 million on construction revenue of \$294.4 million compared with a net loss of \$2.2 million on \$313.9 million of construction revenue respectively in 2017. In the current quarter, construction revenue of \$294.4 million was \$19.5 million or 6.2% lower than the \$313.9 million recorded in first quarter of 2017. The first quarter of the year is generally the lowest volume quarter of the year, particularly for our higher margin self-perform civil operations in western Canada and our mining operations in eastern Canada. This coupled with an industrial work program that had lower backlog entering the year from a historical perspective contributed to a softer first quarter.
- The Company was significantly impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as it relates to the recognition of revenue from change orders and claims related to a PPP project that achieved substantial completion during the first quarter of 2018. A significant amount of variable consideration has been constrained to zero. While Management expects to see a future recovery against this variable consideration, it is unable to reliably estimate the timing and amount of the future recovery. The Company is pursuing commercial negotiations in accordance with the contract so that this constrained variable consideration can be recognized as revenue for the PPP project.
- In the first quarter 2018, the Company secured \$405.2 million of new contract awards and change orders, and executed \$294.4 million of construction revenues. The net new contract awards through the first contributed to a Backlog of \$1,296.8 million for the Company at March 31, 2018, an increase of \$110.8 million, or 9.3% from the \$1,186.0 million of Backlog recorded at December 31, 2017.
- The Company announced that it has a 50% interest in a construction joint venture that is part of the Hartland Resource Management Group consortium that will design and build the residuals treatment facility for the Capital Regional District ("CRD") in Victoria, BC. The Company has also taken a minority equity interest in the concession responsible for the design, construction, financing, operations and maintenance of the project through Bird Capital, a wholly owned subsidiary.
- The Company achieved substantial completion on the East Rail Maintenance Facility, a Public Private Partnership and alternative finance ("PPP") project, in the first quarter of 2018. Built on 76 acres, the new facility will provide maintenance, repair and additional storage for the local rail transit system's (GO Transit) planned service expansion. Bird's scope of work included 500,000 sq. ft. of new construction consisting of progressive maintenance bays, coach maintenance shops, locomotive maintenance shops, paint booth, wheel shop, wash bays, fuel storage, a track maintenance building and over 60,000 feet of track, and 54 track switches.

- In 2018, cash and cash equivalents decreased \$49.6 million net of the effects of foreign exchange to \$83.5 million, from the \$133.1 million balance at the end of 2017. The majority of the decrease in cash and equivalents in the quarter relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business and the cash balances absorb these fluctuations with no net impact to the Company's net working capital position. In the quarter, cash was also used for property and equipment additions to support growth in the heavy civil work program and was also negatively impacted as commercial issues on a PPP project delayed the flow of funds related to change orders and claims.
- The Board has declared monthly eligible dividends of \$0.0325 per common share for May, June and July 2018.

"The first quarter was impacted by both seasonality and a shift in the timing of several projects to the second half of the year. While we achieved substantial completion on a complex PPP project in the quarter, it has been overshadowed by commercial issues and under the new IFRS 15 revenue recognition standard, there is a timing difference between the recognition of construction costs in the current quarter and the associated revenue in a future period.", said Ian Boyd, President & CEO. "Looking ahead, the Company will benefit from the strong backlog growth in the first quarter with new contract awards across all of our operations, a result of both the improving energy and resource markets, as well as successes from our efforts to better diversify our business. Overall, we expect to see our earnings grow to more satisfactory levels in the second half of 2018. The Company also expects to be able to maintain its current monthly dividend per share until earnings are rebuilt to pre-2017 levels, which is expected to result from progress executing the Company's diversification strategy."

Financial Results

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

	Three months ended March 31	
	2018	2017 (restated)⁽¹⁾
Construction revenue	\$294,422	\$313,858
Net income (loss)	(\$6,408)	(\$2,216)
Basic and diluted earnings (loss) per share	(\$0.15)	(\$0.05)
Cash flows from operations before changes in non-cash working capital	(\$4,452)	\$896

⁽¹⁾ 2017 reported figures have been restated applying IFRS 15. See note 4 of the notes to the unaudited interim condensed consolidated financial statements.

- During the first quarter of 2018, the Company recorded a net loss of \$6.4 million on construction revenue of \$294.4 million compared with a net loss of \$2.2 million on \$313.9 million of construction revenue respectively in 2017. In the current quarter, construction revenue of \$294.4 million was \$19.5 million or 6.2% lower than the \$313.9 million recorded in first quarter of 2017. The first quarter of the year is generally the lowest volume quarter of the year, particularly for our higher margin self-perform civil operations in western Canada and our mining operations in eastern Canada. This coupled with an industrial work program that had lower backlog entering the year from a historical perspective contributed to a softer first quarter.
- The \$4.2 million year-over-year reduction in earnings for 2018 was the primary driver of the \$5.3 million year-over-year reduction in cash flows from operations before changes in

non-cash working capital.

Bird Construction Inc. also announced that its Board of Directors has approved monthly eligible dividends for the months of May 2018, June 2018 and July 2018 in the amount of \$0.0325 per common share to be paid as follows:

- i) The May dividend of \$0.0325 per share will be paid on June 20, 2018, to the shareholders of record as of the close of business on May 31, 2018.
- ii) The June dividend of \$0.0325 per share will be paid on July 20, 2018, to the shareholders of record as of the close of business on June 29, 2018.
- iii) The July dividend of \$0.0325 per share will be paid on August 20, 2018, to the shareholders of record as of the close of business on July 31, 2018.

A conference call for analysts and investors will be held at 10:00AM EDT on Wednesday, May 9, 2018, to discuss the quarterly results. The dial in number is 1-855-328-1925. Attendees are asked to be on the line 10 minutes prior to the start of the call.

This press release contains forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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

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