

2012 AGM Speech—May 13, 2013

Thank-you Paul and good afternoon to all of you here today. It is a pleasure to be holding this meeting in Toronto and it is nice to see so many of you showing an interest in our Company. With the meeting being held in this location, a number of our executive and senior management team are in attendance and I would like to point them out to you.

- Ian Boyd, EVP & COO
- Ken McClure, SVP
- Charles Caza, VP Risk Management and General Counsel
- Matt Ainley, VP Strategic Development
- Nick Johnson, VP Human Resources
- Jason Trumbler, VP Finance
- Mark Dreschel, National Safety Director
- Richard Ellis-Smith, VP & Toronto District Manager

I encourage you to engage in discussion with them at the conclusion of the proceedings. But be gentle on them as I am expecting them all back at the office in an hour.

The year 2012 was a year, as are most, that had its highs and lows. I hope to provide you with a sense of the year and what the future plans are for our organization.

Safety

In keeping with the number one overriding priority of our Company, I again want to begin this review with some words on safety. While the year saw a significant number of program enhancements within our safety program, we have to remember that it takes less than a second for something to go terribly wrong. Unfortunately, that hit home last fall when **a Bird employee was fatally** injured on one of our projects in northern Alberta. The days and weeks after that incident required a lot of soul searching at Bird as we looked inward in a search for answers. We will never forget Chris Fontaine and are more committed than ever to learning from this needless heartbreak and improving our commitment to safety on our projects.

In 2012 the following were the significant accomplishments in our safety program achieved by our employees lead by our safety steering committee across the country under the direction of Mark Dreschel, our national safety director.

- We put safety as the number one objective of our five year strategic plan above all economic measures last April (this is contrary to most other plans that put financial metrics first).
- Enhanced application of our field level hazard assessment, which forms the basic building block of hazard awareness on our project sites in order to keep all workers safe.
- Completed a re-write of our corporate safety manual and accompanying safety handbook for our field staff, with improved roles and procedures to promote leading safety performance.
- Initiated a national safety day in conjunction with North American Occupational Safety and Health Week, which was held last week. On this day, we shut down all our project sites and take time to re-focus on the safety of our workers for the good of our industry and more importantly, our employees and their families.

With these achievements and our full commitment to safety from the executive office to the front line workers, we are committed to continuous improvement with respect to safety at Bird.

People

With the strategic initiatives being executed across the Company, our employee base continued to grow, both in the office and the field. As at year end 2012, the number of full time employees totaled approximately 800, an increase of about 20% from a year earlier. The total employee count, including our field staff peaked at the 2200 mark during the year when our construction projects were in full swing. We will continue to develop our human resource programs under the direction of Nick Johnson, VP of HR, as we strive to be the construction employer of choice in this very competitive industry.

There were a number of events during the year to celebrate the careers of the employees that successfully execute the work of the organization and to ensure that we are able to attract and retain the best staff in the marketplace. These included the following:

- **We inducted four new** members into the 25 Year Club, recognizing these employees' significant contributions to the Company's success. Richard Bird, the second director to join the group, accompanied Randy Toronchuk, Lino Rodrigues and Karen Henning of our Edmonton district, bringing the total number of members in the club to 175 since its inception in 1956. Next month, Mark McLaren will become the 176th inductee in the club.

- **Last fall, Don Eckstein** of our Calgary office retired after 50 remarkable years of service over six decades. I know, you are doing the math and wondering what happened. Well, we don't have long as there are drinks and food to get to, but for the record, it was Don's third retirement party. Don was a remarkable individual and will be sorely missed in the organization. He joins Richard Turchinetz as the only two employees to mark 50 years of service at Bird.
- **As the Company continues** to grow and the construction industry evolves, we have continued to add capacity to our corporate office. New additions include Matt Ainley responsible for corporate strategic initiatives and Nick Johnson in human resources. These senior announcements were supplemented by additions in human resources, risk management, marketing, building information modeling and general support services, all to enhance the services we can offer our valuable clients.
- To add even further capacity at the executive level of the organization, just last week, it was announced that Ian Boyd will be relocating to the corporate offices in the role of executive vice president and COO. We look forward to Ian's contribution as the Company continues on its growth trajectory.
- **To accommodate this** growth and to improve the image of Bird as a leading Canadian contractor, the corporate and Toronto district offices relocated into new offices at 5700 Explorer Drive this past winter. If you get the opportunity, I encourage you to check out our new premises. A reception will be held to introduce our colleagues to this location later this year.
- **The Company's training** and development programs continue unabated to provide our employees with the best tools available to do their jobs successfully for our clients. The pinnacle of these programs, the Bird Leadership Academy, graduated another class of 25 committed employees this past January. The response to the Academy has been overwhelming in terms of participant satisfaction and demand for continuing sessions. Last week, the third class of participants started their journey through the year-long program.
- **In order to remain in** touch with our employees and to get valuable feedback from them about their relationship with the Company, we conducted an employee engagement survey last year. The results were very positive and reflected an

engagement level that was 20 to 50% above engagement levels at similar organizations depending on the result being measured. There was important feedback obtained from the employees that will form the basis for enhanced HR programs in the future as we continue to build our firm.

We have plans for growth on which success will be measured by the engagement of our employees to achieve the goals that the organization sets for itself. To ensure that the employees are dedicated to the objectives we establish, it is important that we keep providing leading edge development programs that allow our staff to sharpen their skills in order to remain current with the challenges commonplace in the construction market today. I am confident that our HR team will be successful in this regard, providing the tools that our teams need to bring long term success for our shareholders.

Projects

In Bird terminology, the word “projects” not only obviously refers to our construction program in the field, but also to the many ventures that our non-front line construction staff have ongoing to support our construction efforts.

In this regard, the most important project that was undertaken by the Company in 2012 was the development of our new five year strategic plan, coined as SP3. SP3 stands for safety, people, projects, profit. It is our strong belief that if we can provide safe workplaces, get the best people supported by our HR programs that I just outlined, target and execute the most important projects for the organization (construction and otherwise as just mentioned), that the profits will be produced that exceed our shareholders’ expectations over the long run. Hence SP3, Safety, People, Projects, Profit was the catch phrase for our employees to grasp onto in the ongoing execution of their assignments for the Company. SP3 has five year targets incorporated into the plan that will take us to 2017 and was rolled out last May. SP3 will form the backbone of our daily focus within the Company over this time period.

Some of the other projects that were undertaken within the Company last year were as follows:

- **The Company developed** a new edgy and dynamic website that targets the two most important constituents for our business—prospective clients and future employees. If you haven’t already seen it, I invite you to visit **bird.ca** when you get a chance to check out our new offering. This leading edge website is full

information delivered in smooth multimedia style without the concentration of minute print that takes a magnifying glass to read. For investors, a significantly enhanced investor section provides all the meaningful information that you require in order to either keep up with the times at Bird or to conduct research if you are considering an investment in the Company.

- **In conjunction with** the release of our new website, a new corporate tagline was developed that will be used in our marketing materials for the foreseeable future. **Built by Bird** has a wide range of applications that projects the confidence and satisfaction that many stakeholders of the Company should be proud of. Whether you are an employee that wants a satisfying career built by Bird, a client that requires a challenging project built by Bird, or most importantly to this crowd, a growing investment built by Bird, you can be sure that the Bird team will be able to satisfy your needs. Built by Bird...the seal of approval within the construction industry.
- **Last year, we mentioned** the acquisition of H.J. O'Connell as a significant strategic move made by the Company to ensure that we are positioned to take advantage of the construction opportunities offered in the Canadian market place. We are pleased to say at this time that this transaction has produced results in excess of management expectations in the year and four months that they have been in the Bird family. O'Connell have a number of interesting opportunities in the near term that we believe will allow them to continue to play an important role in the ongoing success of Bird.
- **More recently, we** have completed our third acquisition, that of Nason Contracting in Alberta. Nason brings a different dynamic to Bird's industrial offerings which we believe will have long term strategic importance to the services we are able to engage in throughout western Canada. We are excited about the possibilities that Nason has in front of it as part of the Bird organization and will be taking steps to utilize the Bird model for business within Nason as we grow our newest subsidiary.
- As we are a construction company, I thought you might be interested in some of the challenging projects that we have either completed or have underway throughout the country.
 - **HJO**... Long Harbour Vale Nickel Processing Plant

- HAL... Citadel Hotel Towers
- STJ... Restigouche Health Centre
- TOR...Maple Leaf Foods meat processing plant
- WPG...Canad Inns HSC
- CGY...Emergency Operations Center
- EDM...Cenovus FCCL Foundations
- VCR...RCMP E Division Headquarters

Profits

Finally, as our strategic plan SP3 denotes, here are the numbers for 2012 with comparisons for 2011.

- Revenue
 - Record revenue surpassing former mark of \$1.08B in 2008
 - Q4 first time in excess of \$400M
- Profit before taxes
 - Record amount
 - Improvement over 2011 with O'Connell results for full 12 months
- Net income
 - Second highest on face of results, but when you exclude the one-time tax recovery from 2008 results, last year was a record performing year
 - Improvement over 2011 with O'Connell results for full 12 months and increased margins from traditional Bird operations
- Adjusted net income
 - Non GAAP measure to remove the effect of the accounting charges primarily related to the O'Connell transaction
- Working capital
 - Increased in round numbers by net income less dividends paid out

- New awards
 - Up 33% from 2011 with momentum in all market segments and geographic operating areas
- Backlog
 - Down from previous year indicative of strong work execution throughout 2012 and competitive markets
- **The revenues** derived from our respective operating markets changed by a wide amount reflecting the realities of the current market and the evolution of our Company with the inclusion of O'Connell in the industrial market:
 - Institutional market declined substantially as a percentage of overall revenue reflecting a change in the mix of work within the organization, but from an absolute amount of volume were basically steady year over year.
 - Commercial just about doubled year over year and grew in terms of actual volume indicating the rebounding private sector spending relative to the strength of the economy.
 - Industrial jumped from 31% to 43% with the inclusion of O'Connell for a full year as compared to 2011. There was also strong performance in our northern Alberta market.

While we had a very successful year in 2012 from a financial perspective, we will not be in a position to see these results replicated in 2013. We are running up against headwinds in the construction industry, both in the market sectors and the geographic areas we operate in. This has been prevalent since the latter half of last year and will now start to have an effect on our financial results. While there do appear to be a reasonable number of opportunities on the horizon, competition from foreign and Canadian contractors for these construction projects is fierce, driving margins lower. Recently, we have seen some signs of improving conditions that may manifest later this year and have an impact on our financial performance near the end of 2013 and, if all goes well, set up 2014 for rebounding profitability from the current year's projections.

Notwithstanding our opinion that 2013 will be a more difficult year, to demonstrate our confidence that the long term performance of the Company will be strong in order to produce reasonable returns, the Company's Board of Directors again increased the

dividend last March by a further 5.5%. This amount will be sustainable irrespective of the current year downturn and reinforces that an investment built by Bird is one that shareholders can count on over the long run.

In closing, I would like to thank Bird's team of loyal construction professionals for their dedicated commitment to the challenges of the past and those that will most certainly come our way in the future. We have the best employees. I would also like to thank the Board for their support of our plans, which are sometimes a bit unique, both in the past and for the future. It is a tough road to travel, but with your encouragement and guidance, we will succeed. To our investors-- look at Bird as a long term investment that years from now, you will be happy to have owned.

Whether it be safety leadership, career opportunity, challenging projects or your investment, you can put your trust in our team that they will all successfully be Built By Bird.

Thank-you.