

2014 AGM Speech - May 12, 2015

Slide #1

Thank you, Paul, and good afternoon to all of you. It is a pleasure to see many of our partners here today as well as so many others showing an interest in our company.

At Bird, Safety is our most important value and as such it seems appropriate that I start with it as I walk through our performance in 2014 and what our future plans are at Bird.

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Safety

An important measure of our success as a company is our ability to not only execute our projects profitably, but to do so without anyone getting hurt in the process. It sounds simple but it requires a tremendous amount of effort by everyone in the organization, everyday.

It gives me considerable satisfaction therefore to be able to point to our exceptional safety performance in 2014, under the leadership of Mark Dreschel, as a testament to the dedication and commitment that our employees and management team share towards achieving that success.

Despite executing nearly 4.7 million hours of work in 2014, only four of our employees experienced a lost-time incident across our commercial and industrial operations.

Every day at Bird we strive to continuously improve our safety program and performance, particularly in the areas of orientation, training and hazard identification, which study after study shows are the most critical to worker safety. Accordingly in 2014, we adopted the Construction Safety Training System that is used in the Alberta oil sands as a mandatory training requirement for all of our employees, regardless of their role or location within the organization.

Our belief is that to create and sustain a true safety culture, everyone in the organization – from our receptionists, to our financial controllers, to our frontline workers – must understand the risks associated with the work we perform and be committed to ensuring that every worker goes home at the end of the day just as healthy and safe as when they arrived.

To that end we also launched a number of other safety initiatives in 2014 including:

- Developing a safety registration for all subcontractors who work with us so that we can better understand and improve *their* safety performance and commitment.
- Conducting an education and awareness campaign specific to hand safety – the most prevalent type of minor incidents on our jobs.
- Participating in North American Occupational Health and Safety (NAOSH) Week activities.

- Ensuring that we receive and maintain top marks on our Certificate of Recognition (or “COR”) audits in all jurisdictions across the country.

When I look at these efforts we have undertaken and the success we have enjoyed, it’s not surprising to me that our strong safety program and performance is recognized across the industry and that, once again in 2014, across the company we have received a number of safety awards from both clients and industry associations.

Whether it’s a client like Suncor or Cenovus in Fort McMurray or the Construction Safety Association in Nova Scotia, across the country there is a recognition and appreciation for our commitment to what at Bird we like to call Safe Production.

Our safety manager in Halifax, Dan Brown, was personally recognized by the Nova Scotia Construction Safety Association and was awarded the safety partner award for his exceptional contribution to health and safety in the workplace.

As shown in the attached slide, our teams at Suncor Fort Hills and Imperial Oil’s Kearl Expansion Phase 2, both projects in northern Alberta, received awards to recognize their superior safety performance in the execution of our projects. The larger group photo shows the Suncor Fort Hills team awarded with the 90-day recognition for the Safety Leadership Award milestone and inset photo shows the Kearl Expansion Phase 2 award for outstanding safety leadership in achieving mechanical completion in Q4 2014.

Every day we execute complex projects to exacting quality standards, on time and on budget. We do it well, and importantly, we do it safety.

Our performance in 2014 was an excellent example of Safe Production.

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People

Our people are at the core of the success of the organization. To that end, we support their goals to develop and expand their skills and knowledge. In 2014, Bird grew stronger with 33 promotions across the company, expanding our organization's leadership. As we continue to grow the organization to execute some of country's most challenging projects, I'd like to take a moment to highlight some of achievements by our employees during the past year:

- Last year we celebrated two inductees into our 25 Year Club, Ian Reid, District Manager for our Calgary operations, and John Davidson, site superintendent in our Vancouver district. Our 25 Year Club is a demonstration of the long tenure and commitment of our employees. This year, we have already inducted our 180th member, Ben Chae, Toronto site superintendent, and we still have five more celebration dinners to go — bringing our 25 Year Club total members to 185 by the end of 2015. Remarkably, we also have another employee, Lynn Hanna in our Edmonton office, joining our 50 Year Club this year, bringing the total of that club to three members.

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- With almost 100 graduates, our flagship training program, the Bird Leadership Academy, commenced its fourth class in 2014 comprised of 25 leaders from across the company. The challenging program includes four sessions spanned over 12 days. We are proud of our graduates as they have returned to their districts applying and sharing their experiences with fellow coworkers.
- In 2014, we also rolled out our new learning initiative, the Bird Site Management Program, designed to provide a high-level educational experience and learning opportunity for our employees whose primary role is the management of our projects from site. Our inaugural class will begin in September 2015. With two high-level educational programs, we will be conducting these in alternate years with the Bird Leadership Academy returning in 2016.
- We are incredibly proud of all of our employees and their contributions to the company, as well as the industry. Jessica Lloyd, a project coordinator in our Winnipeg office, was selected in 2014 as the Inaugural Chair for the Winnipeg Construction Association's Women in Construction Group. She is an amazing role model for all women looking to join the industry and we stand behind her 100% as she encourages women to pursue their goals in construction, supporting the demand for new employees in the industry.

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We have also had a transition at the President and CEO role at Bird with the retirement of Tim Talbott at December 31st of last year. I would like to personally acknowledge the contributions of Tim and thank him for his dedication, knowledge and leadership, which has guided the Company through a period of tremendous growth and success. Unfortunately, Tim could not join us in person today but I know he is thinking of us as he travels the world with his wife Michelle. I look forward to leading this great organization along with my executive team, some of whom you were introduced to earlier, as we strive for continued success of the Company.

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This year marks the 95th year of service for Bird Construction. Through the highs and lows of demand in the construction industry in Canada, we have persevered. In the past 95 years, the company has grown to over 1,500 employees and has extended its market and geographical reach. As a true national general contractor, we have 12 district offices coast-to-coast and every year we are committing ourselves to pursuing and constructing challenging projects. As 2015 marks our 95th year in business, we look forward to remaining a leader in the construction industry and continuing on our success for many years to come.

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Projects

Our current 5-year strategic plan, SP3 - for Safety, People, Projects & Profits - was developed in 2012 and continues to be the road map for the continued execution of the organization's strategy and the guide for our operations. Whether our projects are in the field or those developed and executed internally to support our overall strategic initiatives, the success is driven by the commitment and skill of our employees. A few examples of our continued drive to get better:

- Our ongoing investment in IT with the continued implementation of the Viewpoint Construction Software program across every facet of the organization from financial, project management, and most recently human resource management.
- Since the inception of SP3, we have invested in building our in-house expertise in risk management, marketing and finance to better support our operating districts and serve our clients.
- We continue to support the growth of our operation in St John's, Newfoundland, started in 2013; similarly, we continue to look for opportunities to more fully integrate and capitalize on combined service offerings between our traditional Bird operations and our Nason and HJ O'Connell subsidiaries
- The growth of Bird Capital to invest in PPP/alternative finance project opportunities as a further means to support our construction program

In terms of actual projects in the field, here are a few highlights from our various operating districts:

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- ST. JOHN'S:
 - Nanuk Community Centre – this is a project for the Government of Newfoundland & Labrador in Hopedale, an Inuit community in the north of Labrador. This is a new facility that will provide various functions and recreational programs to support to the community. This project is just one example of our strategy to work in more remote areas of Canada.

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- HALIFAX:
 - Dalhousie University Collaborative Health Building – this 5 storey 104,000 sf institutional building is comprised of classrooms, offices, clinics, boardrooms and study spaces. This

is one of several projects we have completed or are in the process of completing for Dalhousie University, one of our many institutional clients across the country.

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- SAINT JOHN:
 - Restigouche Health Centre – This Private Public Partnership project in Campbellton, New Brunswick was recently completed and turned over to the Province and the Vitalite Health Network. Completed in a joint venture partnership with SNC Lavalin, this facility will provide better care for New Brunswickers with mental illnesses and will increase focus on recovery, rehabilitation and community-based support

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- HJ O'CONNELL:
 - Soldiers Pond Earthworks – HJ O'Connell, our heavy civil subsidiary operating in Quebec, Newfoundland & Labrador, was awarded the contract to carry out site grading and associated work for a new substation at Soldier's Pond, a location just east of St. John's, as part of the Lower Churchill Muskrat Falls hydroelectric project. The Soldier's Pond project was complete in late 2014 and HJ O'Connell continues to secure additional contracts for work related to the Muskrat Falls mega project.

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- TORONTO:
 - Thunder Bay Consolidated Courthouse – This Public Private Partnership project was completed in 2014 for Infrastructure Ontario and the Ministry of the Attorney General of Ontario. Housing 23 separate user groups, Bird and its team have consolidated the region's superior court and provincial court into one courthouse. Targeting LEED[®] Silver certification, the new building consists of 15 courtrooms, underground parking for judiciary and senior staff, a sally port to receive in-custody accused, segregated holdings cells and a space for regional and provincial police personnel. A unique feature of the facility is Ontario's first Aboriginal Conference/Settlement Room. The circular design of the millwork surrounds a stone hearth that is used for smudging ceremonies before the start of proceedings.

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- WININPEG:
 - Seven Oaks Arena - is a new twin pad NHL-sized ice hockey arena equipped with a raised 350-seat spectator concourse in each arena, equipment storage areas, change rooms and a club room suite. The facility, completed for the City of Winnipeg, also includes a food court, administrative area and community amenities including an outdoor skate change area, meeting rooms, a walking track and a multi-purpose room. Seeking Green

Globes certification, the facility uses strategies such as reclaiming heat from the ice plant and returning it into the building as needed, as well as in-floor heating lines. Throughout construction, Bird diverted over 79% of construction waste from landfills with more than 55 tons recycled.

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- CALGARY:
 - Wing Kei Greenview Senior Living Centre - Wing Kei Greenview is a 95-bed senior supportive living centre featuring a three-storey greenhouse mezzanine and chapel. Over 10 years ago, Bird completed the first Wing Kei Care Centre, a five-storey 123-bed nursing home.

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- EDMONTON:
 - Suncor Fort Hills Civil Works - Fort Hills is the largest open pit mine currently under construction in Alberta. Bird is completing the piling, foundations, earthworks, underground piping and electrical systems for the ore preparation plant (OPP) and the extraction and tailings plant (E&T). At the OPP site, Bird performed the largest mass pour at Fort Hills to-date, placing 3,670 m³ of concrete for the surge bin over 16 hours. This pour involved over 80 people and 367 truck loads from four concrete batch plants.

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- NASON:
 - Martins Point E-House - Nason Contracting, our subsidiary based in St Albert, Alberta, has completed the fabrication of a pre-assembled skid-mounted electrical building or e-house, delivered to Cenovus Energy's Christina Lake project site near Lac La Biche, Alberta. Nason was awarded the contract by leveraging its ability to self-perform all major components with its in-house trade capabilities. The team manufactured the e-house by completing all of the structural steel, cladding, electrical and mechanical systems with its full-service assembly yard and fabrication shop. Modularization and prefabrication for industrial clients is a focus of Nason, leveraging the relationships in the energy sector that our Edmonton office has fostered since 1977.

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- VANCOUVER:
 - UBC Student Union Building – Our Vancouver office executed this construction management contract for the University of British Columbia, the latest in several projects completed for this repeat client. The AMS Student Nest, as the new student union building has been named, is a five-storey, mixed-use building located at the heart

of the campus. Targeting LEED Platinum, the building features a unique sawtooth roof of glulam trusses and cross-laminated timber panels.

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Profits

Finally, we'll take a look at our financial performance for 2014 compared to 2013.

- As an organization, we executed \$1.365 billion in Revenue in 2014, a slight increase over 2013 (3%)
- Our net income for the year was \$36.2M, a significant improvement over 2013 primarily driven by our large industrial work program, which historically has higher margins; of note is the fact that our 2013 results were adversely impacted by a \$20.5M project loss.
- Our working capital was \$104M, a decline from the \$120M at the end of 2013. The reduction in the amount of working capital in 2014 is primarily a result of the use of cash to repay long-term debt combined with an increase in income taxes payable all of which exceeded the extent to which net income covered the dividends declared.
 - In terms of Backlog, during the year, the Company secured \$1.25 billion in new construction contracts (including change orders to existing contracts) and put in place \$1.36 billion of work resulting in Backlog at December 31, 2014 of \$1.15 billion. The amount of backlog is a slight decline from the \$1.27 billion recorded in the same time period in 2013 but as the Company pursues larger, more complex work our backlog tends to be much 'lumpier' than it has been historically.
- New awards
 - Subsequent to the year-end, the Company as part of a consortium achieved financial close on the East Rail Maintenance Facility located in Whitby, Ontario. The Company will be the managing partner of the construction joint venture to design and build the 500,000 sf building and also have a minority equity interest in the concession.
 - In addition, our Vancouver office was awarded a fixed price contract to construct the Hamilton Transit Centre in Richmond, British Columbia, which consists of a new bus maintenance and operations centre to service Translink's new fleet of energy efficient buses.

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- The mix of projects that comprise our work program on an annual basis shifts largely driven by the economic conditions in the various market segments and geographic areas that we serve;

- In 2014, the mix of our projects was marked by the significant increase in the proportionate share of our industrial sector, increasing from 37% in 2013 to 57% in 2014. The increase was attributable to the award of several significant projects in the oil sands in Northern Alberta in late 2013 and early 2014:
- Our institutional market remained relatively stable from year-to-year comparison, decreasing slightly from 26% in 2013 to 24% in 2014.
- Our commercial work program, however, decreased from 37% in 2013 to 19% in 2014; the decrease was due to the fact the Company did not replicate the large retail work program executed in 2013 highlighted by the Target Canada expansion.

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Looking Forward

Looking forward to 2015, there is a tremendous amount of uncertainty in the market mainly due to the low-oil price environment and as such replicating the results of 2014 in the current year will be difficult. The capital spending programs for many of our industrial clients have been reduced in 2015 and with low oil prices expected to remain throughout the year, there will be fewer project opportunities available in this sector. There is a silver lining, in that there have been no cancellations of any significant contracts in the backlog as of December 31, 2014. It is our expectation that the large industrial program embedded in our backlog as we entered the year will continue to be executed and contribute positively to our results in 2015. In terms of the institutional sector, we have had some recent success in securing several large infrastructure projects, both as PPP and traditional project delivery methods, and there are several additional opportunities that we believe we are well positioned to secure in the near future. These projects, if secured will require some time to ramp up and as such will not immediately impact our results but will positively contribute late in 2015. The commercial market, which is also experiencing some head winds given some of the more recent announcements with Target Canada and Future Shop, is expected to contribute to our bottom line to a similar extent as that experienced in 2014.

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In closing, as an organization, we are committed to the tradition of success that the Company has established over the course of our 95 years. This was evident through our safety results, the quality of our construction projects and the service we provided to our clients. We have a group of talented and driven employees who perform at a high level each and every day. For this, they deserve the gratitude of management, the Board and our shareholders.

As we move into 2015 our approach will not change – we will focus on safety, people, projects and profits, to generate the kind of results our shareholders have come to expect from Bird Construction.

Thank you.