



## Bird Construction Annual General Meeting 2018

### Message from the President & CEO, Ian Boyd

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#### Slide #1 - Welcome

Thanks Paul and welcome to all who are in attendance today, showing an interest in our Company. It is my pleasure to provide to you, our shareholders and business partners, a report on our financial and operational performance in 2017 as well as an update on our strategy and some important initiatives we have been working on as an organization. In addition, I will finish my presentation with some comments on the outlook for market conditions in 2018 for the industry sectors that we serve.

#### Slide #2 - Safety

I will begin with the most important part of what we do - Safety. Safety is a key Bird value that defines our goal for zero harm. What does zero harm mean? For us it means that every worker on our project sites across the country goes home just as healthy as when they arrived. At Bird we subscribe to the concept of 'safe production' - the idea that safety and production are not mutually exclusive but rather must come together to be successful in our business.

As the organization has evolved, we have also advanced our approach to safety: that it should never be a switch to be turned on or off depending on one's environment. Whether at work or at home - safety and the assessment, mitigation and management of risk in one's surroundings must be second nature to be truly sustainable. To this end, in 2017 we conducted an enterprise-wide Safety Culture Assessment to better understand the current state of our safety culture and identify both areas for reinforcement and opportunities for improvement. One of the primary recommendations resulting from the assessment was the development and implementation of a comprehensive safety strategy, an endeavor that the Company has committed to undertake in 2018.

#### Slide #3 - Financial

As we look to our financial performance in 2017, it was a challenging year, which was consistent with our expectations. The Company's performance in recent years benefitted greatly from a resource boom in both the oilsands in northern Alberta and mining operations in eastern Canada, and we focused heavily on capturing the higher margin opportunities associated with this work.

With the weakness in the energy and resource sectors persisting since late 2014, there were few new project opportunities to replace what was a very strong work program up until late 2016 when several larger scale industrial projects were completed. This dynamic was expected to negatively impact results in 2017. Ultimately, it did, which is reflected in both our revenue and earnings for the year.

- Revenue was \$1.42 billion, a decline of approximately 10% from the \$1.59 billion executed in 2016
- Net Income of \$11.6 million represented a decline of \$16.1 million or just over 58% from the adjusted amount realized in 2016

- On a positive note, New Awards totaled almost \$1.5 billion in 2017 resulting in a Backlog of just under \$1.2 billion at December 31st, or approximately a \$50.0 million increase year-over-year

#### Slide #4 - 2017 Highlights

Despite the more challenging environment and the pressure on our results, there were some significant highlights for the organization in 2017:

From an executive team standpoint, Teri McKibbon joined the organization in June of 2017 as the Chief Operating Officer, responsible for leading our construction operations. Teri has over 30 years' experience in the construction industry where he is recognized for his strategic capabilities, dedication and operational excellence and is a welcome addition to our executive team.

As noted on the previous slide, the Company secured almost \$1.5 billion in new contract awards and change orders, 38% higher year-over-year, resulting in an overall increase in Backlog to just under \$1.2 billion

Key New Contract Awards in the Year included:

- Royal Columbian Hospital & Energy Centre in New Westminster, BC for Fraser Health
- Hamilton Biosolids, a P3 biosolids treatment facility for the City of Hamilton
- Niagara Falls Entertainment Center, a new theatre complex in Niagara Falls, Ontario for Ontario Lottery & Gaming
- An Administration & Training Facility for Bruce Power in Kincardine, Ontario

Late in the year, we also announced that the Company was part of a consortium selected as preferred proponent for a new biosolids treatment facility for the Capital Regional District in Victoria, BC - adding to the Company's growing portfolio of environmental projects.

Bird also successfully achieved substantial completion on three P3 projects in the year:

- Calgary Composting Facility
- Casey House Redevelopment
- Saskatchewan Joint Use Schools

In September of 2017, the Company announced the acquisition of a 50% interest in Stack Modular, a steel frame modular supplier for permanent modular construction based in Hong Kong with a manufacturing facility in Shanghai.

#### Slide #5 - Build Bird Strategic Plan

Developed in 2015 and communicated more broadly internally and externally in 2016, 2017 was in many respects the first full year of execution of our **Build Bird** strategic plan.

The plan itself is comprised of three core pillars with strategic initiatives within each of the pillars: **Build the Business**, **Build the Team** and **Build Relationships**.

**Build the Business** is centered on diversification and growth of the business. There are also key initiatives on increasing efficiencies and the concept of safe production. The focus of **Build the Business** is on diversification - diversification of markets, services, clients and geography to ultimately drive the growth of the business, but in a healthier, more sustainable way and less dependent on any one sector or market. We are also advancing our internal processes to become more efficient, creating more time for our project

teams to focus on our projects and our clients.

Finally, we will continue the evolution of our safety culture to one of safe production, where safety and the productive execution of our work program are intertwined seamlessly.

**Build the Team** addresses the need to ensure we have the people to successfully execute and sustain the goals of the five-year plan, which relies on our three initiatives: Becoming an *Employer of Choice* to drive recruitment; *Grow our Talent* to focus on training and development; and *Drive Positive Engagement* to retain and inspire our employee group.

**Build Relationships** features a *One Bird* approach that looks to unify the company and leverage our broad geographical footprint to promote a shared portfolio of national clients and shared expertise between our districts. In turn, we will *Create a Customer 1<sup>st</sup> Attitude* and align our *Corporate Social Responsibility* activities to create deeper relationships with our client and the communities in which we live and work.

## Slide #6 - Diversification

To give you a better sense of the effort and progress we are making in diversifying our work program, this slide depicts areas of diversification within our 3 primary sectors:

In the Institutional sector, which is primarily social infrastructure or buildings for government entities - Federal, Provincial or Municipal and includes our P3 and large-scale design-build projects the following achievements are identified:

- In 2014, we were successful in securing our first equity investment in a P3 project and we have now secured seven active P3 investments through the Bird Capital entity.
- In 2015, we secured the East Rail Maintenance Facility, successfully entering the transportation market, which has led to additional opportunities in this market segment.
- In 2016, we were also successful in adding Environmental projects as an area of focus through the successful execution of the Calgary Compost Facility and as noted earlier, the more recent new contract awards for the Hamilton Biosolids Facility in Ontario and the CRD Residual Treatment Facility in Victoria

In the Commercial sector, which is primarily buildings for private developers and retailers in Canada, including mixed use, multi-unit residential projects, we have added permanent modular construction capabilities through the acquisition of a 50% interest in Stack Modular. This acquisition will allow the Company to leverage existing client relationships and develop new ones by offering a permanent modular solution as a unique manner of delivering certain projects: mixed-use residential, hotel, long term care facilities in remote locations where skilled labour is in short supply or in urban settings with 'tight sites' that typically provide logistical challenges using traditional building methods.

In the Industrial sector, which is primarily work for energy and resource related clients, diversification of our work program has been a focus for a more extended period.

- In 2011, we acquired HJ O'Connell Construction, a heavy civil contractor executing mining work in the Labrador Trough region as well as hydroelectric projects more broadly in eastern Canada - as a note HJ O'Connell was rebranded as Bird Heavy Civil in 2017
- In 2013, Bird acquired Nason Contracting, a general contracting firm based in St Albert, Alberta with self-perform mechanical and electrical expertise in environmental projects such as water and waste water treatment. Nason Contracting also had a 25-year CLAC labour platform, a competitive alternative to the building trades and one that is required to compete effectively in the energy sector in northern Alberta.

- As was the intention, we have successfully taken advantage of Nason's legacy environmental expertise but also repositioned the self-perform mechanical expertise to execute mechanical process work in the oil and gas sector in northern Alberta, leveraging our existing client relationships. We have been growing this service offering since 2015.
- The development of an industrial mechanical process business has also provided the opportunity to bid on Maintenance Repair & Operations or MRO contracts on operating plant sites. The Company was successful in securing our first maintenance contract on an operating facility in northern Alberta with an existing client in late 2017 - a 3-year maintenance contract with an option for 2 additional years.
- Finally, our diversification goals have also included geographic expansion of existing services. As noted earlier in the presentation, in late 2017, we announced that we were successful in securing a contract to design and build an administration and training facility for Bruce Power in Kincardine, Ontario - our first 'industrial' building contract in Ontario and our first for a nuclear client.

We anticipate that additional work packages will be available at the Bruce Power site as well as Chalk River in the Ottawa region.

### Slide #7 - Stack

To give you a better sense of Stack Modular, we have included a video here that will provide insight into how it fits into our work program. The project profiled in the video is a hotel/longer term room rental development that was completed by Stack with a developer in Tofino, BC.

### Slide #8 - Indigenous Awareness Training

Over the years, we have worked diligently to broaden and improve our efforts to develop positive and productive relationships with Indigenous communities across the country and this has translated into a number of enduring partnerships and exciting project opportunities. To further our commitment to develop and sustain positive and progressive Indigenous relationships, the Company developed and introduced an Indigenous Engagement Policy in 2017 that will guide our interactions and relationships with Indigenous communities. In addition, the Company, working with an Indigenous production company, developed and launched our Indigenous Cultural Awareness Training program, a series of videos intended to inform and enlighten our employees about Indigenous culture in Canada.

### Slide #9 - Industrial/Energy/Resources Outlook

Now on to 2018 and outlook for the markets that we serve, starting with Industrial sector:

#### Industrial

##### Oilsands

- It is broadly forecasted that MRO spending in Canada will increase steadily to an anticipated \$25B annually by 2030. This is the result of the abundance of new mine sites constructed in the past 25 years that will require maintenance programs that contribute to plant efficiency to drive down production costs
- We are seeing more confidence in the capital spending programs of our oilsands clients in northern Alberta with more sustaining capital projects to bid than a year ago and the award cycle is shortening
- As previously noted, the Company was successful in securing our first maintenance contract with an

oilsands client in late 2017 - a 3-year contract with an option for an additional 2 years

## Midstream

- Gas processing plant activity has increased over the course of 2017, a trend expected to continue in 2018 - the Company is seeing more opportunity in civil, process mechanical and equipment setting contracts.
- Pipeline related projects such as Enbridge Line 3 with pump stations, compressor stations and terminals have also become much more active - it is anticipated that the Company will secure new contracts related to these projects with work starting in 2018.

## LNG Projects

- The LNG Canada project in Kitimat, BC, for which Bird has been awarded the design and construction of the work force accommodation facility in 2016, is anticipated to progress in the coming months. Design is complete on the Cedar Valley Lodge and our consortium is awaiting next steps.
- LNG Canada has recently selected Fluor/JGC as the EPC and a final investment decision on the overall project is expected in the fourth quarter.

## Mining

- With the rise in iron ore prices, we have seen an increase in bidding opportunities in eastern Canada; we have also seen an increase in mining related opportunities in gold, lithium and graphite in Quebec and northern Canada.

## Nuclear

- Opportunities are growing for Bird in the nuclear sector in Ontario with Bruce Power and Canadian Nuclear Laboratories in Chalk River.
- In addition to the Administration and Training Facility, the Company is prequalified for numerous additional opportunities at this site and at Chalk River.

## Slide #10 - Institutional & Commercial Outlook

### Institutional Market

Spending in the Institutional market is very well documented given the announcements made by the federal government amounting to \$186 billion in infrastructure spending over the next 11 years. The focus of the investment will be on Public Transit, Social Infrastructure, Green, Trade and Transportation and Rural & Northern Communities. Given our portfolio and national footprint, the Company is well positioned to benefit from this level of infrastructure spending as it unfolds, particularly social infrastructure, transit related projects, environmental or green projects as well as infrastructure investment in Indigenous communities.

As part of this infrastructure spending, it is anticipated that opportunities for P3 and alternative finance projects will remain highly active in 2018 as part of the overall infrastructure spending commitments from all levels of government.

## Commercial Market

In terms of Commercial projects, there remains a significant amount of economic uncertainty with the retail market so we expect minimal activity in 2018 except for smaller tenant improvement work in existing retail developments. Mixed use residential and 'unlocking the value' of land in urban environments is expected to remain very busy in 2018 and beyond, which will provide opportunities for us primarily in the Greater Toronto Area.

Thank-you.

I will now turn the proceedings back over to Paul.