



Bird Construction Inc. (TSX:BDT)

# Q3 2022 Earnings Call

November 9, 2022





## Disclaimer



This presentation contains forward-looking statements and information (“forward-looking statements”) within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this presentation are based on the expectations, estimates and projections of management of Bird Construction Inc. (“Bird” or “The Company”) as of the date of this presentation unless otherwise stated. The use of any of the words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “outlook”, “potential”, “estimated”, “intend”, “consensus”, “future”, “may”, “will”, “should” and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this presentation contains forward-looking statements concerning: anticipated financial performance; the outlook for 2022 and future years; realization of synergies and potential of the integrated business; the plans and strategic priorities of the Company; sufficiency of working capital; and with respect to Bird’s ability to convert Pending Backlog to Backlog.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which the Company operates in general such as: operational risks, industry and inherent project delivery risks; ability to hire and retain qualified and capable personnel; global pandemics; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; compliance with environmental laws risks; competition, ethics and reputational risks; ability to access sufficient capital from internal and external sources; repayment of credit facility; collection of recognized revenue; performance bonds and contract security; potential for non-payment and credit risk and ongoing financing availability; regional concentration; regulations; dependence on the public sector; client concentration; labour matters; loss of key management; subcontractor performance; unanticipated shutdowns, work stoppages, strikes and lockouts; maintaining safe worksites; cyber security risks; litigation risk; corporate guarantees and letters of credit; volatility of market trading; failure of clients to obtain required permits and licenses; payment of dividends; economy and cyclicity; Public Private Partnerships project risk; design risks; completion and performance guarantees/design-build risks; ability to secure work; estimating costs and schedules/assessing contract risks; quality assurance and quality control; accuracy of cost to complete estimates; insurance risk; adjustments and cancellations of backlog; joint venture risk; internal and disclosure controls; Public Private Partnerships equity investments; failure to realize anticipated synergies; and changes in legislation, including but not limited to tax laws and environmental regulations.

The forward-looking statements in this presentation should not be interpreted as providing a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic (“COVID-19”) and the resulting indirect global and regional economic impacts.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to Bird’s Annual Information Form and Management’s Discussion and Analysis for the year ended December 31, 2021, each of which may be accessed on Bird’s SEDAR profile, at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.bird.ca](http://www.bird.ca).

The forward-looking statements contained in this presentation are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

### TERMINOLOGY AND NON-GAAP & OTHER FINANCIAL MEASURES

Throughout this presentation, management uses certain terminology and financial measures that do not have standard meanings under IFRS and are considered specified financial measures. These include non-GAAP financial measures, non-GAAP financial ratios, and supplementary financial measures. These measures may not be comparable with similar measures presented by other companies. Further information on these financial measures can be found in the “Terminology and Non-GAAP & Other Financial Measures” section in Bird’s most recently filed Management’s Discussion & Analysis for the period ended September 30, 2022, prepared as of November 8, 2022. This document is available on Bird’s SEDAR profile, at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.bird.ca](http://www.bird.ca).

- “Backlog” is a term representing 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. The Company’s Backlog equates to the Company’s remaining performance obligations as disclosed in the Company’s most recent notes to the financial statements filed on SEDAR. Additions to remaining performance obligations are also referred to by the Company as “Securements”.
- “Pending Backlog” is a supplementary financial measure representing 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 is 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 MSAs.
- “Gross Profit Percentage” is a supplementary financial measure representing the percentage derived by dividing gross profit by construction revenue.
- “Adjusted Earnings” is a non-GAAP financial measure defined as IFRS net income excluding asset impairments, acquisition, integration and restructuring (as defined in accordance with IFRS) costs and the income tax effect of these costs.
- “Adjusted Earnings Per Share” is a non-GAAP financial ratio calculated by dividing Adjusted Earnings by the basic weighted average number of shares.
- “Adjusted EBITDA” is a non-GAAP financial measure representing earnings before taxes, interest, depreciation and amortization, finance and other costs, finance income, asset impairment charges, gain or loss on sale of property and equipment, restructuring and severance costs outside of normal course, and acquisition, integration and restructuring (as defined in accordance with IFRS) costs.
- “Adjusted EBITDA Margin” or “Adjusted EBITDA Percentage” is a non-GAAP financial ratio representing the percentage derived by dividing Adjusted EBITDA by construction revenue.



## Disclaimer



### TERMINOLOGY AND NON-GAAP & OTHER FINANCIAL MEASURES (continued)

- “Current Ratio” is a supplementary financial measure representing the percentage derived by dividing total current assets by total current liabilities.
- “General and Administrative expenses as a percentage of revenue” is a supplementary financial measure representing the percentage derived by dividing general and administrative expenses by construction revenue.
- “Adjusted Net Debt” is a non-GAAP financial measure defined as current and long-term loans and borrowings as disclosed in the Company's statement of financial position, less accessible cash, as disclosed in the Company's notes to the financial statements. Management uses this as a measure of financial leverage and is part of its assessment of the Company's capital structure. At September 30, 2022, Adjusted Net Debt of \$77,551 is calculated as: Loans and borrowings (non-current) \$69,650 plus Current portion of loans and borrowings \$27,008 minus Accessible cash \$19,107.
- “Adjusted Net Debt to TTM Adjusted EBITDA” is a non-GAAP financial ratio calculated by dividing Adjusted Net Debt by the Company's trailing twelve month Adjusted EBITDA. Management uses this as a measure of financial leverage and is part of its assessment of the Company's capital structure.
- “LT Loans & Borrowings to Equity” is a supplementary financial measure calculated as non-current loans and borrowings divided by total shareholders' equity, as disclosed in the Company's consolidated statement of financial position

## Financial Highlights



### Healthy Revenue Growth

**Record Q3 2022 Revenues**  
Continued realization of cross-selling synergies



### Strong Combined Backlog

**Strong Backlog<sup>(1)</sup> of \$2.9B**  
and **Pending Backlog<sup>(1)</sup> of \$2.1B**



### Strong Balance Sheet

**Strong Balance Sheet** and significant **financial flexibility and liquidity** supporting the company's strategic objectives

## Q3 2022 HIGHLIGHTS

**\$668.2M** REVENUE

**\$14.5M** NET INCOME

**\$31.2M** ADJUSTED EBITDA<sup>(2)</sup>

**\$15.5M** ADJUSTED EARNINGS<sup>(2)</sup>

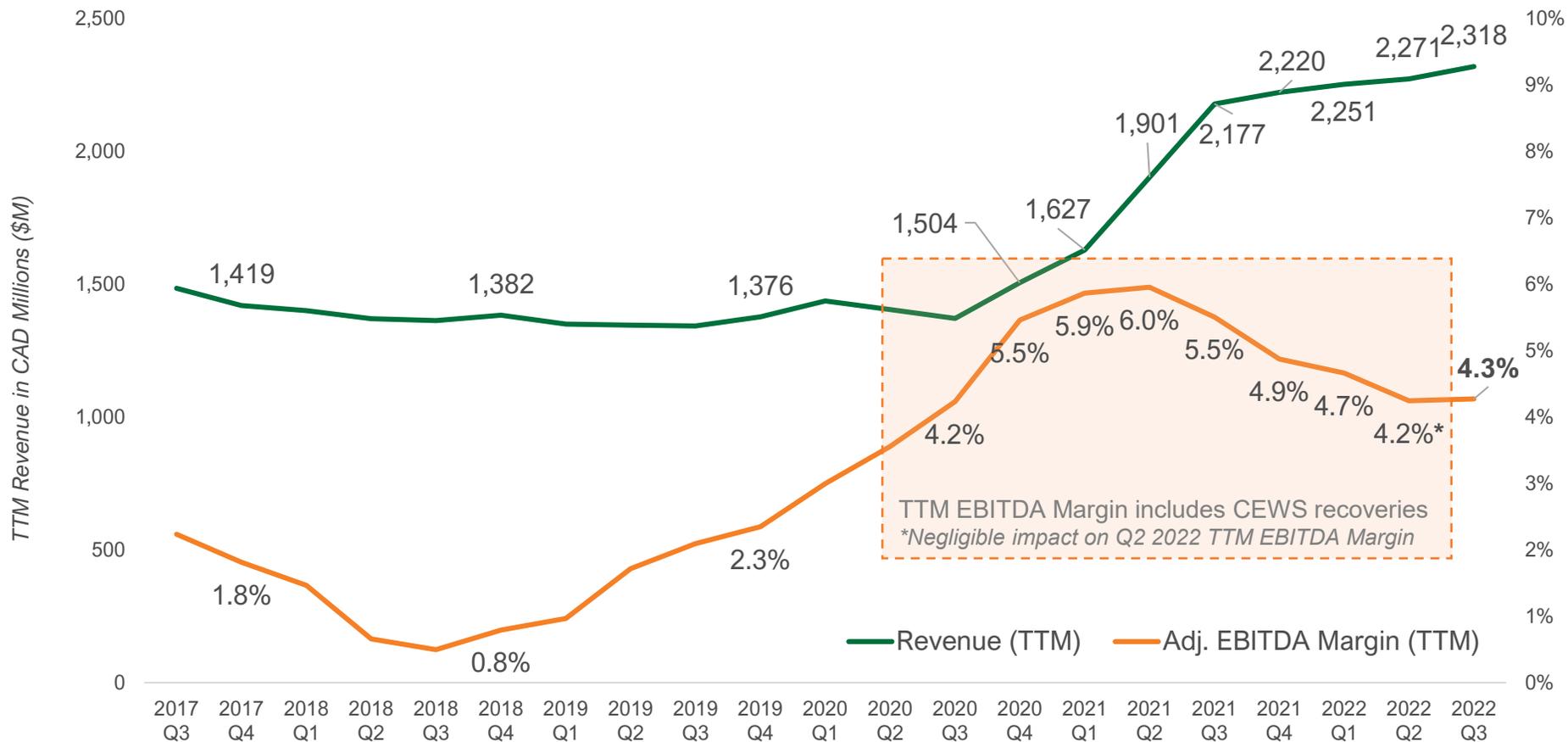
**\$103.9M** CASH AND CASH EQUIVALENTS

**\$731.1M** SECUREMENTS & CHANGE ORDERS

(1) Refer to the Disclaimer slides for more information on Terminology and Non-GAAP & Other Financial Measures

(2) Adjusted Earnings and Adjusted EBITDA are non-GAAP financial measures. Refer to the Disclaimer slides for more information on Terminology and Non-GAAP & Other Financial Measures

# 5-Year Revenue and Adjusted EBITDA Margin



**\$45M**

Q3 2022 TTM NET INCOME

**4.3%**

Q3 2022 TTM ADJUSTED EBITDA MARGIN<sup>(1)</sup>

**4.7%**

Q3 2022 ADJUSTED EBITDA MARGIN<sup>(1)</sup>

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## What Sets us Apart

### Disciplined revenue growth

- + Consistent revenue growth since 2018; Q3 TTM Revenue \$2.3B vs. FY 2018 \$1.4B
- + Diversified, resilient revenue streams

**Strategic priority: Continue steady growth, organic and M&A**

### Consistent margin & EPS improvement

- + Exited high-risk lump sum turn-key projects in 2018
- + Increased specialized, self-perform capabilities, higher-margin potential sectors and collaborative contracts

**Strategic priority: Further improve margins in coming years**

### Successful accretive M&A growth

- + Successful integration, large volume of cross-selling
- + 2021 – Dagmar acquisition, niche specialty contractor
- + 2020 – Transformational Stuart Olson Acquisition

**Strategic priority: Accretive, tuck-in acquisitions in key sectors**

### Sustained robust combined backlog

- + Backlog \$2.9B, Pending Backlog \$2.1B
- + Diverse, risk-balanced contracts
- + >\$800M recurring revenue contracts

**Strategic priority: Disciplined selection, grow recurring revenue**

### Strong balance sheet & financial flexibility

- + Well-positioned to pursue growth and continue to invest in the business, pay dividends and repay long-term debt
- + Notably low leverage and low net debt

**Strategic priority: Leverage position to build and grow business**

### Elevated sustainability profile

- + Expanded sustainable energy portfolio and suite of sustainable building construction and retrofit services
- + Implemented ESG strategy, positioned for future ratings

**Strategic priority: A leader in sustainable construction**

## Significant Pipeline of Projects



### Executing on Strategic Pillars



TEAM



PERFORM



DIVERSIFY

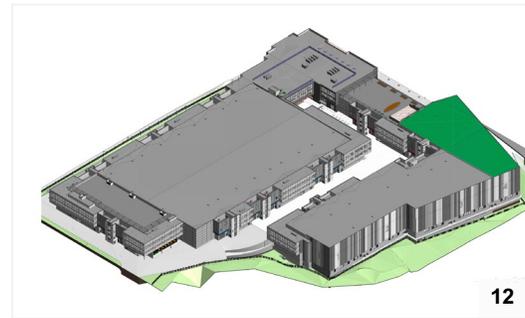


### Recent Marquee Project Awards

- **Multi-year** PHAI task order and new recurring revenue stream in energy sector + Long-term Strategic Partnership Agreement
- **\$95M** Covenant Wellness Community – Community Health Centre in Alberta
- **EPC** Contracts for two wind farms in development by Capstone Infrastructure, 253.7 MW of renewable energy
- **\$125M** Net-zero plant protein processing facility in Alberta, delivered through a progressive design-build contract
- **\$62M** Dagmar, a wholly owned subsidiary of Bird, awarded contract for railway track, signal, and station works for Metrolinx



# Projects underway across Canada



1. Bruce Power Honi 500kv GIS Relay Building, ON 2. York University Markham Centre Campus, ON 3. Stage 2 Confederation Line, ON 4. Buffalo Atlee Wind Farm, AB 5. Five Alberta Schools, AB 6. Major Oil and Gas Site, BC 7. University of Calgary MacKimmie Block, AB 8. One Pass Trenching, Utilities, USA 9. Lloydminster Wastewater Treatment Facility, AB 10. Okanagan Indian Band Water System Upgrade, BC 11. Thunder Bay Correctional and Kenora Jail Rapid Builds, ON 12. Lake City Studios, BC 13. Richmond Yards Mixed Use, NS 14. Commercial Systems Group, AB

# Significant Portfolio of Recurring Revenue Contracts



**>\$800 Million**

Combined MSA and Other Multi-year Contracts



Average Contract Term



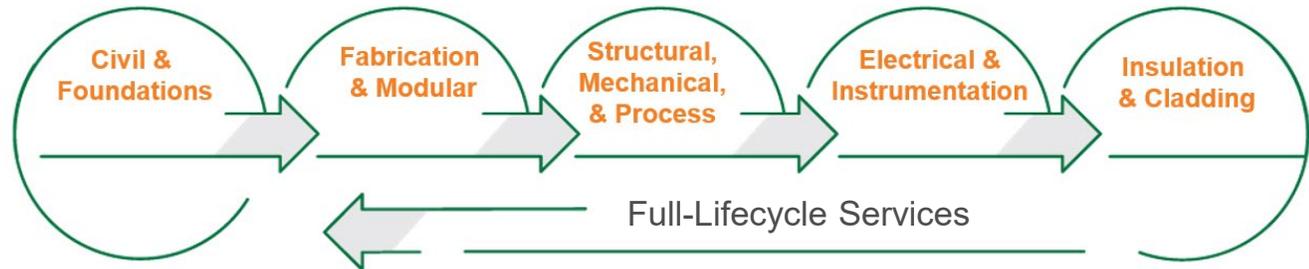
Strong Recurring Revenue Visibility



**2,000+**  
Electrical Personnel<sup>1</sup>



Leveraging Expertise Geographically



## Complete Lifecycle and Self-perform Services

Our ability to self-perform critical-path trade scopes positions Bird to provide operational excellence. By executing a higher percentage of self-perform services, we are better positioned to exceed client expectations throughout the project lifecycle by way of risk reduction, cost savings, a shortened procurement cycle, and more.

(1) The company through its affiliated subsidiaries has an average of over 2000 electricians, linemen, technologists and technicians and access to other personnel through a variety of labour platforms.

# Expanding our Power and Sustainable Energy Portfolio



## RENEWABLE POWER

- Wind
- Solar
- Hydro
- Pumped storage



## LOW CARBON ENERGY

- Hydrogen (Green and Blue)
- Nuclear/small modular Reactors
- Biomass conversion
- Anaerobic digestion
- Renewable natural gas



## CARBON INNOVATION

- Carbon capture
- Carbon utilization
- Carbon storage



## ENERGY EFFICIENCY

- District heating and cooling
- Cogeneration
- Water reuse
- Biomass and waste to energy
- Real estate energy efficiency

## Delivering Critical Energy Solutions

Renewable and low carbon energy solutions contribute to global efforts to meet climate targets, support the energy transition, and achieve sustainable change. Bird has been supporting the construction execution on some of our country's largest infrastructure projects, from hydroelectric infrastructure, nuclear, and renewable power, to organic waste processing and waste-energy recovery projects for over half a century. Leveraging our civil, structural, and mechanical experience in developing and executing complex major projects, combined with extensive self-perform substation and high voltage services, are among the ways in which Bird is contributing to delivering cleaner energy solutions.

# 2021 Sustainability Highlights<sup>(1)</sup>

**92%**

Independent Board Members<sup>(3)</sup>

**66%**

Board Committee Chairs are women

**25%**

Women on the Board<sup>(3)</sup>

**8%**

Indigenous representation on Board<sup>(3)</sup>



## DIVERSITY AT BIRD

**36%** European origins

**35%** North American origins

**25.5%** African, Asian, Caribbean, or Latin, Central and South American origins

**3.3%** Indigenous Canadian origins

Full-time salaried employees in 2021 who chose to disclose their ethnic origins



**5,000+** Total Employees<sup>(4)</sup>



**>10,130,000**  
Total Internal Work Hours



Canadian suppliers engaged



**>\$87M**

Total spend with Indigenous subcontractors and suppliers



**>\$223K**

Total scholarship spend<sup>(2)</sup>

**55+**

Indigenous-owned businesses supported



**136%**

Increase in total messages received via social media compared to 2020

**118,008**

Total Audience

**4,470,455**

Impressions

**145,883**

Engagements

**65,117**

Post Link Clicks



**6,451**  
Tool Box Talks

**1 LTI**  
Lost Time Incident

**0.02 LTIF**  
Lost Time Incident Frequency



**10,250**  
COVID-19 Inspections

Bird hosted its inaugural Virtual Investor Day



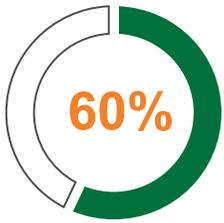
<sup>(1)</sup> At December 31, 2021

<sup>(2)</sup> Includes endowment to Bird Construction/Paul and Geri Charette Endowment Fund

<sup>(3)</sup> Board composition as of August 2022

<sup>(4)</sup> Salaried and hourly throughout the year

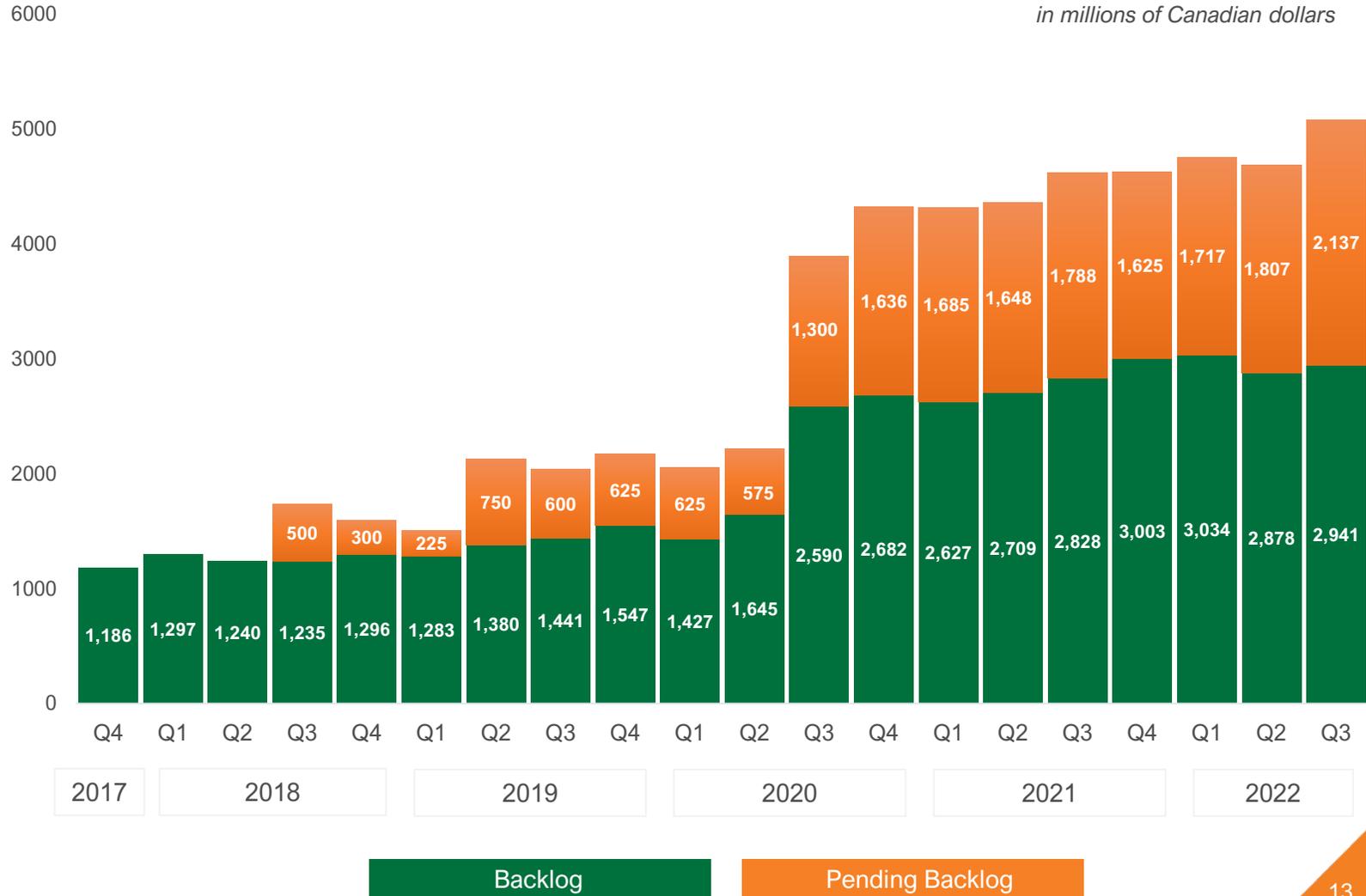
# Backlog & Pending Backlog



Backlog expected to convert into Revenue over the next 12 months

## September 30, 2022

- Strong quarter-end Backlog<sup>(1)</sup> of \$2.9B
- Strong quarter-end Pending Backlog<sup>(1)</sup> of \$2.1B
- Backlog and Pending Backlog reflects the Company’s expanding capabilities and scale, the acquisition of Dagmar and an improvement in market conditions
- Pending Backlog includes over \$800M in MSA and other multi-year contracts representing a recurring revenue stream over the next five years.



(1) Refer to the Disclaimer slides for more information on Terminology and Non-GAAP & Other Financial Measures.

## Financial Highlights

	Q3 2022	YEAR-OVER-YEAR CHANGE	YTD 2022	YEAR-OVER-YEAR CHANGE
Revenue	<b>\$668.2M</b>	<b>7.6%</b>	<b>\$1,720.4M</b>	<b>6.0%</b>
Gross Profit	<b>\$58.6M</b> 8.8% OF REVENUE <sup>(1)</sup>	<b>26.3%</b>	<b>\$143.7M</b> 8.4% OF REVENUE <sup>(1)</sup>	<b>6.1%</b>
General and Administrative	<b>\$35.5M</b> 5.3% OF REVENUE <sup>(1)</sup>	<b>18.8%</b>	<b>\$97.9M</b> 5.7% OF REVENUE <sup>(1)</sup>	<b>8.9%</b>
Net Income	<b>\$14.5M</b> \$0.27 EPS	<b>19.4%</b>	<b>\$34.9M</b> \$0.65 EPS	<b>6.3%</b>
Adjusted EBITDA <sup>(2)</sup>	<b>\$31.2M</b> 4.7% OF REVENUE <sup>(1)</sup>	<b>9.2%</b>	<b>\$70.5M</b> 4.1% OF REVENUE <sup>(1)</sup>	<b>(11.5%)</b>
Adjusted Earnings <sup>(2)</sup>	<b>\$15.5M</b> \$0.29 ADJUSTED EPS <sup>(1)</sup>	<b>12.2%</b>	<b>\$30.5M</b> \$0.57 ADJUSTED EPS <sup>(1)</sup>	<b>(19.4%)</b>

No recoveries were recorded under CEWS in YTD 2022 vs. \$21.9 million of recoveries recorded in YTD 2021

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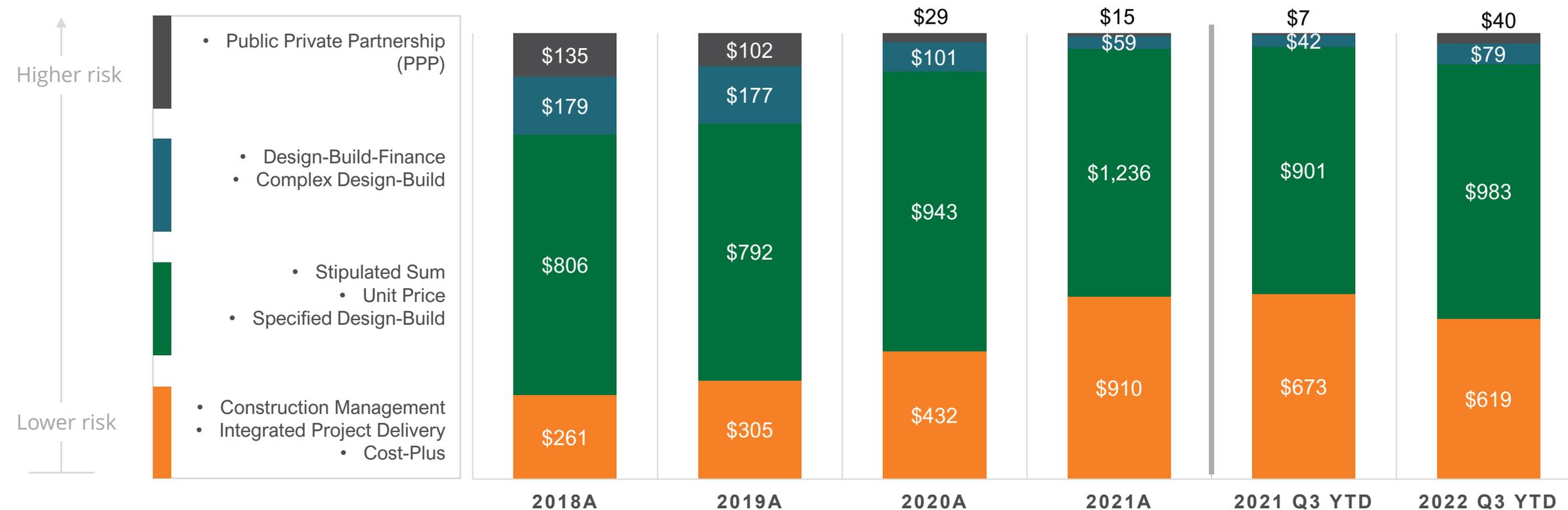
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Targeting Sustainable Profitable Growth

## Diversifying Risk - Revenue by Contract Type

in millions of Canadian dollars



- Increased diversification across services, end-markets and geographies; well-balanced portfolio of low-to-medium risk projects
- **Over 93% of YTD 2022 revenue is considered low-to-medium risk** and supports the company balanced revenue mix target
- Focus on maintaining balanced profile
- Driving a higher share of collaborative contracting methods with our clients to balance the risk transfer between parties

## Strong Financial Position

### Q3 2022

# 26.5%

LONG-TERM LOANS & BORROWINGS TO EQUITY<sup>(1)</sup>

# 1.22

CURRENT RATIO<sup>(1)</sup>

# 0.78x

ADJUSTED NET DEBT/ TTM ADJUSTED EBITDA<sup>(1)</sup>

## Syndicated Credit Facility



up to **\$185M**

Committed Revolving Credit Facility



**\$50M**

Committed Non-revolving Term Debt Facility



up to **\$50M**

Non-committed Accordion Feature



Syndicated Credit Facility **Maturity** Sept 1, 2024



in millions of Canadian dollars

### September 30, 2022

Accessible cash	<b>\$ 19</b>
Restricted cash	<b>\$ 67</b>
Held in joint operations accounts	<b><u>\$ 18</u></b>
Cash and cash equivalents	<b>\$ 104</b>
Loans and borrowings (current and long-term)	<b>\$ 97</b>
Adjusted Net Debt <sup>(2)</sup>	<b>\$ 78</b>
Shareholders' equity	<b>\$ 263</b>

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# Balanced Capital Allocation Priorities



Dividends



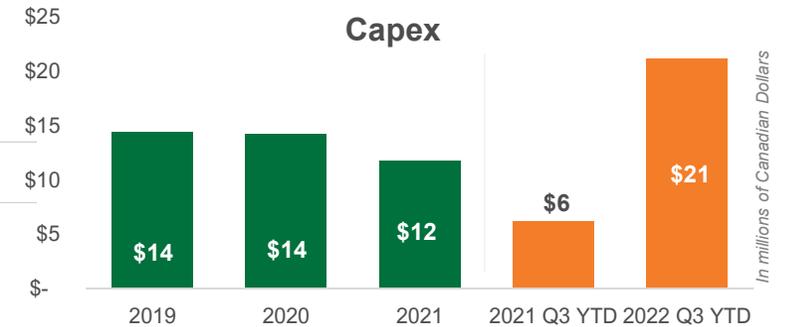
Capex<sup>(2)</sup>



Merger and Acquisition Opportunities



Long Term Debt Repayment



- Repaid \$5M of LTD during 2022
- Accessible cash of \$19M at Q3'22

<sup>(1)</sup> Operating cash flow - Refer to the consolidated statement of cash flows – “Cash flows from operations before changes in non-cash working capital”  
<sup>(2)</sup> Capital expenditures (“Capex”) – Refer to the consolidated statement of cash flows – “Additions to property and equipment and intangible assets”

# Looking Ahead

Why invest in bird  
**bird**

## Strategic Priorities



TEAM



PERFORM



DIVERSIFY

## Balanced ESG Strategy



BUILD GREEN



WORK GREEN



LIVE GREEN



STRONG  
GOVERNANCE

### Favourable Outlook

Solid balance sheet and pipeline of opportunities

### Focus On Margins

Strong financial position with improving margin profile

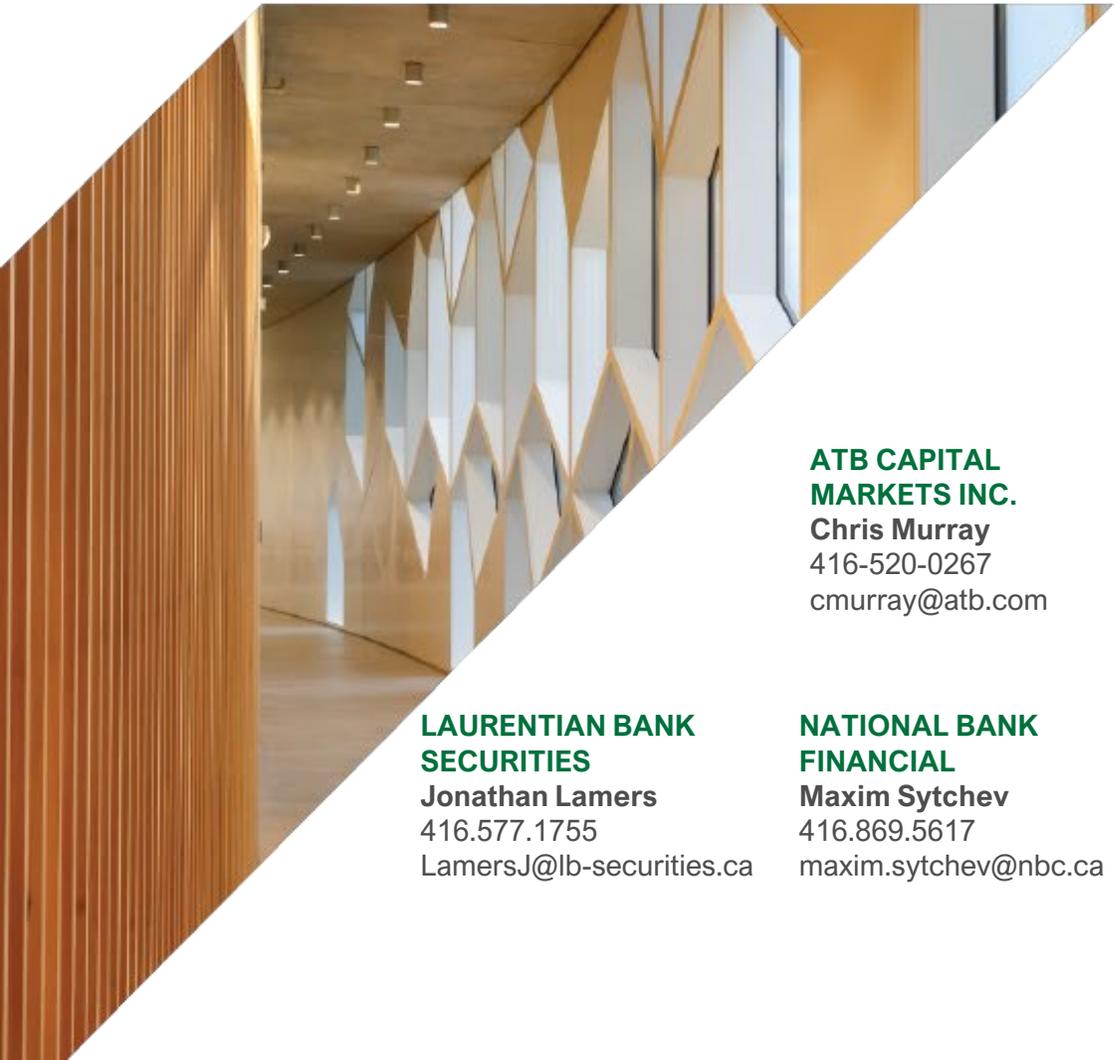
### Balanced Strategy

Balanced capital allocation maintaining a balanced risk profile in the work program

### Increasing Diversification

Balanced backlog and diversified service offerings across Canada

## Analyst Coverage



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