BIRD CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations should be read in conjunction with the December 31, 2015 consolidated financial statements of Bird Construction Inc. This discussion contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. See "Forward-Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" and "Risks Relating to the Shares" included in the Company's most current Annual Information Form dated March 14, 2016. This MD&A has been prepared as of March 14, 2016. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings.

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EXECUTIVE SUMMARY

(thousands of dollars, except per share amounts)	**2015**	2014	2013
Income Statement Data			
Revenue	**$ 1,444,806**	$ 1,364,456	$ 1,331,689
Net income [(1)]	**21,482**	36,237	12,090
Basic and diluted earnings per share	**0.51**	0.85	0.28
Adjusted Net income [(3)]			
Adjusted Net income	**41,802**	36,237	14,550
Adjusted Net income per share	**0.98**	0.85	0.34
Cash Flow Data			
Cash flows from operations before changes in non-cash working capital	**75,291**	64,899	32,314
Cash flows from operations	**74,775**	87,087	16,399
Additions to property and equipment [(2)]	**5,565**	16,622	16,830
Cash dividends paid	**32,297**	32,297	31,853
Cash dividends declared per share	**0.76**	0.76	0.75
Balance Sheet Data			
Total assets	**733,992**	637,283	648,051
Working capital	**127,358**	104,027	120,362
Loans and borrowings (including current portion)	**19,332**	28,203	39,369
Shareholders' equity	**170,891**	181,587	177,296

(1) includes comprehensive income, hereafter referred to as net income

(2) computer software purchases included in intangible assets

(3) adjusted net income is a non-GAAP measure and does not have standardized meaning

2015 HIGHLIGHTS

- In 2015, the Company generated net income of $21.5 million on construction revenue of $1,444.8 million compared with net income of $36.2 million and construction revenue of $1,364.5 million in 2014. The reduction in 2015 earnings is primarily attributable to a non-cash charge to earnings of $22.4 million ($20.3 million after deferred tax reversals) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited. Unfavourable economic and market conditions in the mining industry in Eastern Canada resulting from low iron-ore commodity prices are expected to continue into the future. In the third quarter of the year the Company determined that the curtailment of mining sector resource development was likely to be prolonged and therefore the Company determined that an impairment of the goodwill and intangible assets relating to its investment had materialized and accordingly the charge to earnings was incurred.

- Adjusting for the non-cash after-tax impairment charge of $20.3 million, the Company's adjusted net income was $41.8 million (a non-GAAP measure) on construction revenue of $1,444.8 million in 2015. Adjusted net income in 2015 of $41.8 million exceeded 2014 net income of $36.2 million by $5.6 million or 15.5 percent. The increase in 2015 adjusted net income compared with 2014 net income is a result of higher gross profit resulting from higher construction revenues and an improvement in the gross profit percentage. A reduction in 2015 general and administrative expenses also contributed to the improvement in 2015 adjusted net income.

- During the fourth quarter of 2015, the Company generated net income of $11.6 million on construction revenue of $413.4 million compared with net income of $12.9 million and $390.6 million of construction revenue, respectively in 2014. The reduction in the amount of 2015 net income was primarily due to an increase in general and administrative expenses and interest expense, offset to some extent by higher gross profit. The increase in 2015 gross profit was primarily a result of higher construction revenues.

- In 2015, the Company secured $1,957.9 million of new contract awards and executed $1,444.8 million of construction revenues. The success in securing new work through the course of the year contributed to a Backlog of $1,662.8 million for the Company at December 31, 2015, compared with $1,149.7 million at December 31, 2014. Further highlighting this success was the fact that in the first three quarters of 2015 the Company reported three consecutive record setting levels of Backlog.

- In 2015, the Company's response to an expected downturn in resource sector activity was to build a profitable base of business in the institutional market sector, with a particular focus on PPP and alternative finance projects. In conjunction with these PPP pursuits, the Company endeavored to achieve its objective to acquire minority equity positions in PPP concession entities. This focus was rewarded with the successful award of a number of significant projects, including:

    1. Casey House Hospice
    The Company executed a build and finance contract with the Ontario Government for the Casey House Hospice located in Toronto, Ontario.

    2. East Rail Maintenance Facility
    The Company, as part of the Plenary Infrastructure consortium executed a contract with GO Transit to design, build finance, and maintain the East Rail Maintenance Facility located in Whitby, Ontario.

    3. Calgary Composting Facility
    The Company, as part of the Chinook Resources Management Group consortium executed a contract to design, build and operate a composting facility for The City of Calgary.

    4. Saskatchewan Schools 1 & 2
    The Company, as part of a joint venture, executed two contracts with the Province of Saskatchewan to design, build, finance and maintain 18 elementary schools on nine joint use sites in the Province of Saskatchewan.

    5. Stanton Territorial Hospital Renewal Project
    The Company, as part of the Boreal Health Partnership consortium was awarded a contract to design, build, finance, and maintain the Stanton Territorial Hospital Project located in Yellowknife, Northwest Territories.

    6. Moncton Downtown Centre
    The Company executed a contract to design, build and short term finance the Moncton Downtown Centre, a nine thousand seat arena complex located in Moncton, New Brunswick.

- The Company's Board of Directors declared a monthly dividend of $0.0633 per share for April 2016.

NATURE OF THE BUSINESS

The Company operates as a general contractor in the Canadian construction market with offices in: St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton, St. Albert and Vancouver. The Company and its predecessors have been in operation for 96 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry. Within the industrial sector, Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, metal & modular fabrication, mechanical process work, underground piping and earthwork for clients primarily operating in the oil and gas and mining businesses. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings and selected high rise condominiums and apartments. Within the institutional sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement & senior housing and environmental facilities including water and wastewater treatment operating centres. The Company has developed expertise in the construction of transportation related projects and will continue to enhance our abilities as governments plan to increase stimulus spending to address aging infrastructure. In all sectors, Bird contracts with its clients using a combination of fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market sector and in conjunction with its civil construction and contract mining operations, a significant portion of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security including enrolling our subcontractors in Bird's subcontractor default insurance program which will mitigate exposure to possible additional costs should a contractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

STRATEGY

Overall, Bird's strategic objectives are to increase Company profitability to provide attractive and sustainable returns for our shareholders; a commitment to provide excellent service and quality to our clients; and providing meaningful and safe working environments for our employees and those of our partners.

The fundamental elements of Bird's strategy include:

HEALTH AND SAFETY

Responsibility for the health and safety of our most critical business asset – our people – is not the responsibility of an individual, role, or department. As befitting of a Company that started out as a family business, critical to Bird's successful growth is a belief that safety is everybody's responsibility, every minute of every day on every job. This is a fundamental tenet of our operational strategy, a core company value, and a key corporate social responsibility.

We understand that a corporate commitment to safety also pays tremendous dividends in both business and human capital. In addition to reducing related health and safety costs, reducing property damage and improving loss management outcomes, a robust safety program also contributes to employees and other stakeholders feeling more valued and engaged. This, in turn, produces a stronger commitment to product and service quality, improved productivity and client satisfaction.

For this reason, Bird promotes a culture of "Safe Production" wherein safety considerations are interwoven into the very fabric of our operational processes. From planning to execution, effective communication, documentation, orientation, training, and ongoing review and analysis of our work activity is vigorously undertaken to ensure continuous improvement in all facets of our operations so that both hazards and inefficiencies are effectively identified, assessed, and addressed. In doing so, we create a safer and more productive work environment and better ensure that every worker on our sites leaves the job every day just as healthy and safe as when they arrived.

In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of our employees and other partners enhances both employee recruitment and retention and will serve to provide a strategic competitive advantage, allowing us to continue to successfully pursue and execute challenging work.

INCREASING PROFITABILITY

Bird will continue to pursue organic growth by emphasizing its long-standing record of providing a quality product and service to our clients and thereby continue to secure new work with many of our clients on a repeat basis. Bird will continue to emphasize operational excellence through strict and disciplined adherence to the many risk management and project control policies and practices to ensure delivery of the financial returns expected from our construction projects. The Company will also continue to show a preference for design-build construction contracts where our proven track record provides Bird with a source of competitive advantage in the construction market; however, Bird will continue to offer clients other contract delivery methods including: fixed price, unit price, cost reimbursable, guaranteed upset price and construction management arrangements in order to satisfy their needs.

The Company continues to focus on larger and more complex construction projects which typically offer greater profit margins. In order to achieve this, Bird will continue to enter into joint venture arrangements with partners where it is appropriate to do so. These arrangements are typically beneficial to the Company because they offer a pooling of resources required to complete larger, complex projects and partnering allows for the spreading of operational and financial risk amongst the partners. In the Public Private Partnership ("PPP") market, Bird will continue to pursue an equity position in these projects as a means to support construction operations.

To broaden the scope of Bird's construction services, the Company is self-performing a greater proportion of our heavy civil construction operations, including earthmoving operations. Bird will continue to grow this element of business as opportunities present themselves. In addition, Bird is actively growing our sustaining capital and maintenance services provided to support our oil sands clients. This initiative serves to diversify revenues, making the Company less dependent on new construction programs and further builds customer relationships.

ATTRACTING AND RETAINING PEOPLE

The success of Bird is very much dependent on the Company's ability to attract, develop and retain a highly skilled workforce at all levels within the organization including executives, management, professional staff and craft workers.

While creating a positive, safe work environment is non-negotiable, we are just as committed to providing our employees, and potential employees, with interesting and challenging work, opportunities to grow and develop, and a welcoming environment in which to forge a successful career in every aspect of our business.

By continuously developing and refining policies and programs to engage our employees at work and in their communities, offering new and innovative training programs, driving ongoing leadership development, and making a career at Bird more than just a job, we are able to recruit, develop and retain top talent while ensuring our compensation programs remain market competitive.

KEY PERFORMANCE DRIVERS

Securing profitable construction contracts and then controlling the costs during the execution of that work are the key drivers of success for the Company.

In order to achieve this, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, capital spending will generally increase and there will be more opportunities available in the construction industry. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes even more intense, generally resulting in lower gross profit percentages. The Company must be successful in securing profitable work when it is available. The construction industry is highly fragmented and accordingly, the Company competes with a number of international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from clients.

The Company's success in securing work is also reflected in the value of the Backlog. The following table shows the Company's Backlog at the end of the comparative reporting periods. The Company's Backlog of $1,662.8 million at December 31, 2015 compares with $1,149.7 million at December 31, 2014. In 2015, the increase in Backlog is the result of the Company's success in securing a number of significant PPP and alternative finance projects along with a number of other substantial non-PPP projects across all of our operating regions. While the projects secured involve work in all market sectors, the majority are institutional, including the East Rail Maintenance Facility, Saskatchewan Schools 1 & 2, Stanton Territorial Hospital Renewal Project, Calgary Composting Facility and the Moncton Downtown Centre, all PPP and alternative finance projects recently secured. The Company expects to continue to secure a reasonable number of new awards in the institutional and commercial market sectors across the country. The Company is also actively pursuing a number of new project opportunities in the industrial market sector, primarily in Western Canada, although it is anticipated that the income contribution realized from this sector in 2015 will decline in 2016.

(thousands of dollars)	**2015**	2014
Backlog	$ **1,662,800**	$ 1,149,700

Once the Company has secured a potentially profitable contract, the profitability of that contract, measured by the Gross Profit Percentage, is primarily a function of management's ability to control the costs and achieve productivity objectives associated with the contract. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

2015	2014
8.4%	8.2%

In 2015, the Company has realized a gross profit percentage of 8.4% compared with 8.2% in 2014. The improvement in the 2015 gross profit percentage compared with last year is primarily due to an increase gross margin percentage on the Company's industrial projects reflecting a combination of scope changes and strong execution resulting in the release of project contingencies as projects neared completion. The Company expects that in 2016 our industrial sector work program will decline and that the relative significance of our institutional work program will substantially increase as the Company continues to execute the PPP and other significant institutional projects secured in 2015.

Financial Condition

The Company must have adequate working capital and equity retained in the business to support its ongoing operations, including surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The following shows the working capital and equity of the Company in the comparative reporting periods.

(thousands of dollars)	**2015**	2014
Working capital	$ **127,358**	$ 104,027
Shareholders' equity	$ **170,891**	$ 181,587

The Company's shareholders' equity retained in the business at December 31, 2015 declined by $10.7 million in the year. The reduction in equity is primarily attributable to a non-cash impairment charge of $22.4 million

($20.3 million after a deferred tax reversal) which negatively affected earnings and reduced equity in the year. Working capital increased by $23.3 million in 2015 as a result of earnings adjusted for non-cash items (including the non-cash impairment charge of $22.4 million) exceeding dividend payments, offset to some extent by cash used to purchase property and equipment and to retire long term debt. The Company believes it continues to have sufficient amount of working capital and equity retained in the business to conduct its business in the ordinary course.

Safety

At Bird, ensuring that all work on our sites is executed to exacting quality standards begins with our commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of our operations. We call this *Safe Production,* and it is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with our workers and subcontractors to achieve this, we minimize risk and create the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. We believe this shared commitment is critical to our overall success. It's how we work.

Through our robust orientation and training programs and our ongoing communication and engagement activities, we encourage all workers to actively contribute to our ongoing efforts to continuously improve not only our safety program, but overall collaboration and effectiveness. In this way we not only ensure they leave work healthy and safe every day, but in doing so, help contribute to our overall operational excellence.

At Bird, Safe Production is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all of our job sites.

In 2015, Bird executed 4,880,975 manhours of work, incurring one lost time incident (LTI) for an LTI frequency of 0.04.

Lost Time Incident Frequency

2015	2014
0.04	0.17

RESULTS OF OPERATIONS

FISCAL 2015 COMPARED WITH FISCAL 2014

In the 2015 fiscal year ended December 31, 2015, the Company generated net income of $21.5 million on construction revenue of $1,444.8 million compared with $36.2 million and $1,364.5 million, respectively in 2014. The reduction in 2015 earnings is primarily attributable to a non-cash impairment charge of $22.4 million ($20.3 million after deferred tax reversals) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited.

Adjusting for the after-tax non-cash impairment charge of $20.3 million, the Company's adjusted net income was $41.8 million (a non-GAAP measure) on construction revenue of $1,444.8 million in 2015. The increase in adjusted net income compared to 2014 net income is a result of higher 2015 gross profit resulting from both an increase in construction revenues and an improvement in the gross profit percentage. A reduction in the amount of 2015 general and administrative expenses also contributed to an increase in 2015 adjusted net income.

Construction revenue in 2015 of $1,444.8 million was $80.3 million or 5.9% higher than $1,364.5 million recorded in 2014. The increase in construction revenues is largely due to the execution of the Company's significant institutional work program, including many PPP and alternative finance projects, secured earlier in the year. The Company's industrial revenues remained relatively comparable to those recorded in 2014, primarily derived from the continued execution of our industrial work program in northern Alberta.

In 2015, the Company's gross profit of $120.6 million was $9.0 million or 8.1% higher than $111.6 million recorded a year ago. The increase in the amount of gross profit is primarily the result of an increase in construction revenue combined with an increase in the gross profit percentage on the Company's institutional and commercial work program. Gross margins realized on the Company's industrial projects remained comparable with last year. In 2015, the Company's gross profit percentage of 8.4% compares to 8.2% recorded a year ago.

In 2015, general and administrative expenses of $60.5 million (4.2% of revenue) compares with $64.0 million (4.7% of revenue) in 2014. The decrease in 2015 expenses is primarily driven by a reduction of the Company's workforce in certain areas where economic conditions remain weak combined with lower project pursuit costs.

Finance income in 2015 of $2.3 million was $0.9 million lower than the $3.2 million recorded in 2014. A reduction in the amount of 2015 finance income was largely due to a $1.5 million net loss resulting from the sale of the Company's investment in a preferred share investment portfolio, offset by higher interest income relating to the accretion of holdback receivables.

Finance and other costs of $4.7 million were $2.5 million higher than $2.2 million reported in 2014. The increase is primarily due to interest expense on non-recourse project financing on two alternative finance projects secured in 2015 combined with an equity loss from the Company's PPP concession investments.

In 2015, income tax expense of $13.9 million was $1.5 million higher than 2014, consistent with higher current period pre-tax earnings adjusted for the non-cash impairment charge, which is a non-deductible expense for income tax purposes.

THREE MONTHS ENDED DECEMBER 31, 2015 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2014

Selected Quarterly Financial Information
Consolidated Statements of Income and Comprehensive Income
Fourth Quarter
(thousands of dollars)

	For the three months ended December 31	
	2015	2014
	(unaudited)	(unaudited)
Construction revenue	**$ 413,443**	$ 390,565
Costs of construction	**379,856**	357,811
Gross Profit	**33,587**	32,754
General & administrative expenses	**16,317**	15,160
Income from operations	**17,270**	17,594
Finance income	**1,168**	985
Finance and other costs	**(2,658)**	(522)
Income before income taxes	**15,780**	18,057
Income tax expense	**4,224**	5,175
Net income and comprehensive income for the period	**$ 11,556**	$ 12,882
Basic and diluted earnings per share	**$ 0.28**	$ 0.30

In the fourth quarter of 2015, the Company recorded net income of $11.6 million on construction revenue of $413.4 million compared with net income of $12.9 million and $390.6 million of construction revenue recorded in the fourth quarter of 2014. The decrease in the fourth quarter 2015 net income is as result of higher general and administrative expenses and higher finance and other costs partially offset by higher construction revenue and related gross profits.

Fourth quarter construction revenue of $413.4 million in 2015 was $22.9 million or 5.9% higher than the $390.6 million recorded in 2014. The increase is largely due to an increase in revenues derived from the execution of the Company's significant institutional work program which was secured earlier in 2015. Although construction revenues derived from the industrial work program remained strong they were reduced from the comparable period last year. The Company is experiencing a significant shift in the composition of its revenue towards the institutional market sector due to the high level of new awards in this sector. This shift in the Company's work program was expected as work in the industrial market sector begins to decline due to the curtailment of our industrial client's capital spending programs resulting from low commodity prices

In the fourth quarter ended December 31, 2015, the Company's gross profit of $33.6 million compares with $32.8 million recorded a year ago. The increase in the amount of gross profit is attributable due to an increase in construction revenue primarily from the Company's institutional work program. In the fourth quarter of 2015, the Company's gross profit percentage of 8.1% compares to 8.4% recorded in the same period a year ago.

During the fourth quarter of 2015, general and administrative expenses of $16.3 million (3.9% of revenue) were $1.1 million higher compared with the $15.2 million (3.9% of revenue) recorded in 2014. The increase in 2015 fourth quarter expenses is primarily driven by an increase in variable compensation expense.

Finance income in the fourth quarter of 2015 of $1.2 million is comparable to the $1.0 million recorded in the same period of 2014.

Finance and other costs in the fourth quarter of 2015 were $2.7 million, approximately $2.1 million higher than the expense incurred in the fourth quarter of 2014. The increase is primarily due to interest expense on non-recourse project financing on two alternative finance projects secured in 2015 combined with an equity loss from the Company's PPP concession investments.

In the fourth quarter of 2015, income tax expense of $4.2 million was $1.0 million lower than 2014, consistent with lower pre-tax earnings in the period.

FUTURE OPERATING PERFORMANCE

The Company had a strong year in terms of securing new contract awards, particularly in the institutional market sector and highlighted by the award of seven PPP and alternative finance projects. PPP and alternative finance projects awarded in the year included the Casey House Hospice, East Rail Maintenance Facility, Calgary Composting Facility, Saskatchewan Schools Project 1 & 2, Moncton Downtown Centre and the Stanton Territorial Hospital Renewal Project. The award of these projects serves to demonstrate the Company's strength in this market sector in all regions across the country. Contract awards in the PPP and alternative finance market combined with the award of a number of other non-PPP contracts in the institutional market sector has contributed to the significant level of Backlog of $1,662.8 million at December 31, 2015. Approximately $1,119.5 million of the Backlog will be recorded in 2016 earnings as the execution of these projects gains additional momentum throughout the course of 2016 and beyond.

The continued uncertainty in the energy sector has served to reduce the size and number of available opportunities in western Canada as owners reduce capital investment in new construction and reduce costs in an effort to offset lower revenues. Through the course of 2015, the Company successfully executed a significant amount of our large industrial work program and has been challenged to replenish it in the current low oil price environment. As a result, the Backlog associated with our industrial work program has declined in 2015. Although we anticipate that capital expenditures in the energy sector will continue in order to support the productive capacity of existing plants, the available opportunities will be of smaller scale and duration and primarily focused on sustaining capital projects and maintenance programs. Accordingly, we expect to execute less revenue and generate less gross profits in our industrial work program in western Canada as compared to 2014 or 2015. In terms of eastern Canada, we are not expecting any significant turn-around in the profits to be derived from our mining based operations conducted in eastern Canada. The Company continues to execute smaller contracts related to the Lower Churchill Muskrat Falls mega project and will continue to pursue additional opportunities in 2016 as they become available. In summary, we anticipate the total Company earnings to be generated in 2016 will be lower than those realized in 2015, adjusted for the after-tax impact of the HJO impairment loss, as our work program shifts from higher margin industrial activity to lower margin institutional work.

The industrial market sector contributed 51% of 2015 revenues (57% in 2014). In 2015, the Company continued the execution of its large Western Canada work program that was awarded in late 2013 and 2014. Despite the low oil price environment and the pullback from owners of capital investment, these projects proceeded as planned in 2015 and accordingly they made a significant relative contribution to the revenues and earnings results posted in the year. The continued decline of oil prices through the course of 2015 has limited new opportunities in this market sector and the Company has been unable to fully replace this work program as we move into 2016. While we have been successful in securing new contracts in this sector in 2015 and anticipate there will continue to be opportunities moving forward, they will be smaller and shorter cycle in nature and secured in a more competitive environment. In the current low oil price environment, we do not believe we will be successful in building our Backlog to levels that enabled us to produce the industrial revenues and earnings results generated in 2015. LNG projects in British Columbia have the potential to offset the reduction in industrial work in western Canada and the Company continues to actively pursue elements of these projects, although the prospects of them proceeding remain uncertain. In eastern Canada, mining opportunities will continue to be limited due to low resource prices. Opportunities in the hydro-electric sector will continue to be available at the Lower Churchill Muskrat Falls project, although with major contract scopes already tendered and awarded the opportunities moving forward will be smaller in scale. The Company continues to actively pursue other run-of-the-river hydro projects in various regions across the country. In terms of industrial work in eastern Canada, the opportunities are expected to be limited with potential LNG projects providing the most significant opportunity, although the prospects of them proceeding remain uncertain. As such the Company does not anticipate we will replicate the 2015 earnings contribution from our industrial program in 2016.

The institutional sector contributed 34% of 2015 revenues (24% in 2014). The large institutional work program secured earlier in 2015 began to make a more significant contribution to earnings in the last half of 2015 as construction on the larger PPP and alternative projects commenced. These projects and a number of other non-PPP awards are expected to make an even greater contribution to earnings in 2016. We expect additional project opportunities to come to the market in 2016, as government at all levels act to address the current infrastructure deficit and slow economic growth. We are actively involved in the pursuit of these construction contracts on a select basis. The revenue and earnings contribution in 2016 derived from this market sector is expected to exceed the earning performance achieved in 2015.

The retail and commercial sector contributed 15% of 2015 revenues (19% in 2014). Although this market sector will continue to offer opportunities to the Company, we believe that uncertain economic conditions will limit activity and delay any meaningful turn-around in the sector in 2016. Consequently, we believe that in 2016 revenues and earnings attributed to this market sector will remain comparable with those recorded in 2015.

Backlog

During 2015, the Company secured $1,957.9 million in new construction contracts (including change orders to existing contracts) and put in place $1,444.8 million of work resulting in a Backlog at December 31, 2015 of $1,662.8 million. The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior fiscal years.

Backlog (millions of dollars)		
December 31, 2013	$	1,268.7
Securements and Change Orders in 2014		1,245.5
Realized in construction revenues in 2014		(1,364.5)
December 31, 2014	$	1,149.7
Securement and Change Orders in 2015		1,957.9
Realized in construction revenues in 2015		(1,444.8)
December 31, 2015	**$**	**1,662.8**

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2015 and 2014 Consolidated Financial Statements. The Consolidated Financial Statements were prepared using the same accounting policies as our 2014 consolidated financial statements.

Future accounting changes

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction contracts* and IAS 18 *Revenue.* The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On December 18, 2014 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. Adoption of this presentation standard is not expected to have a significant effect on the Company.

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying assets is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of the standard has not yet been determined.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes the results for the eight most recent quarters (in thousands of dollars, except per share amounts). Although the Company experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in the respective quarters. Contracts typically extend over several quarters and often over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline or have been utilized, although certain risks will remain until the contract has been completed, and even beyond. As a result, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in immediately prior quarters.

There are also a number of other factors that can affect the Company's revenues and profit from quarter to quarter. These include the timing of contract awards, the value of subcontractor billings and project scheduling. Management does not believe that any individual factor is responsible for changes in revenue from quarter to quarter.

(thousands of dollars)	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3 *	Q4
Revenue	274,674	328,835	370,382	390,565	306,163	335,322	389,878	**413,443**
Net income/(loss)	915	10,015	12,425	12,882	4,727	10,815	(5,616)	**11,556**
Earnings/(loss) per share	0.02	0.24	0.29	0.30	0.11	0.25	(0.13)	**0.28**

* Note: The third quarter includes a net non-cash after-tax impairment charge of $20.3 million.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The following table presents a summary of the Company's financial condition for the year indicated.

(thousands of dollars)	**2015**	2014
Financial Position Data		
Cash and cash equivalents	**$ 218,756**	$ 164,033
Investment in marketable securities	**-**	13,750
Working capital	**127,358**	104,027
Long-term debt	**19,332**	28,203
Shareholders' equity	**170,891**	181,587

The Company has sufficient working capital and equity retained in the business to support current operations. The Company expects to utilize cash from operations, existing working capital, including cash and cash equivalent amounts, and draws on its credit facilities to fund liabilities as they become due, finance future capital expenditures and pay dividends on its common shares.

As a component of working capital, the Company maintains a balance of cash and cash equivalents. At December 31, 2015, this balance amounted to $218.8 million. The non-cash net current asset/liability position was in a net liability position of $91.4 million at December 31, 2015 compared to a net liability position of $73.8 million at December 31, 2014. The non-cash net current asset/liability position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and also the timing in the settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its current contract security requirements.

Credit Facilities

The Company has a number of credit facilities available to access in order to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Issuance of Letters of Credit

The Company has available $132.0 million of demand facilities used to primarily support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash.

In 2015, the Company executed an agreement with Export Development Canada (EDC) to provide a $45.0 million credit facility to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can only use this facility when letters of credit have been issued as contract security for projects that meet the EDC mandate to provide financial support for Canadian exports abroad.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP and other major construction projects. The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit.

(thousands of dollars)		**2015**		2014
Operating line of credit	**$**	**132,000**	$	132,000
Letters of credit issued	**$**	**39,848**	$	8,041
Collateral pledged to support letters of credit	**$**	**33,777**	$	20,651
Guarantees provided by EDC	**$**	**6,157**	$	-

The increase in the amount of outstanding letters of credit at the end of the 2015 compared to the end of 2014 is a primarily the result of the requirement to issue letters of credit relating to the award of the East Rail Maintenance Facility, Calgary Composting Facility, Saskatchewan Schools 1 & 2 and the Stanton Territorial Hospital Renewal Project.

Operating Lines of Credit

a) *Committed revolving line of credit:*
The Company has a committed secured revolving line of credit for $45.0 million with a Canadian chartered bank. The facility expires on September 16, 2018. This facility may be used in the normal course of business for general working capital purposes, to issue non-collateralized letters of credit, fund future capital expenditures and qualifying permitted acquisitions. At December 31, 2015, the Company has drawn $5,000 under this facility. The $5,000 million draw is presented as long term debt on the Company's balance sheet as the facility matures in 2018.

b) *Committed revolving line of credit facility*:
In 2015, a subsidiary of the Company has executed a new $25.0 million committed revolving credit facility, maturing on June 10, 2018. The facility may be used to finance normal course operations. Borrowings under this facility are secured by a first charge against the net assets of the subsidiary. At December 31, 2015, the Company has drawn $4,735 under this facility.

Equipment Financing

The Company has a committed term credit facility of up to $10.0 million to be used to finance equipment purchases of subsidiaries guaranteed by the Company. As of December 31, 2015, the facility is undrawn. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

In 2015, a subsidiary of the Company executed a new committed term credit facility of up to $15.0 million to be used to finance equipment purchases. As of December 31, 2015, the facility is undrawn. Borrowings under the facility are secured by a first charge against certain of the subsidiary's equipment financed using the facility. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

In addition, subsidiaries of the Company have equipment acquisition lines of credit for $62.5 million with the financing arms of several major heavy equipment suppliers to finance equipment procurement. Draws under this facility are typically recognized as operating leases for accounting purposes. At December 31, 2015, the Company has used $9.1 million under the facilities ($19.6 million at December 31, 2014). The Company's total lease commitments are outlined under Contractual Obligations.

At December 31, 2015, the Company was in compliance with all debt covenants relating to its operating and equipment lines of credit.

Loans and Borrowings

In 2015, the Company issued new debt, excluding finance leases and non-recourse project financing, totaling $6.6 million and made $16.8 million in principal repayments. The following table provides details of outstanding debt as at December 31, 2015, and principal repayments due over the next five years, excluding the amortization of debt financing costs, finance lease liabilities and non-recourse project financing.

Debt	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
(thousands of dollars)						
Loans and borrowings	$ 18,035	$ 7,549	$ 2,278	$ 7,396	$ 576	$ 236

Cash Flow Data

The following table provides an overview of cash flows during the years indicated:

(thousands of dollars)	**2015**	2014
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**$ 75,291**	$ 64,899
Changes in non-cash working capital and other	**(516)**	22,188
Cash flows from operating activities	**74,775**	87,087
Cash flows from (used in) investing activities	**7,669**	(17,350)
Cash flows used in financing activities	**(27,721)**	(44,054)
Increase in cash and cash equivalents	**$ 54,723**	$ 25,683

Operating Activities

In 2015, cash flows from operating activities generated cash of $74.8 million compared with $87.1 million in 2014. In 2015, cash flow from operations was comprised of $75.3 million of cash from operating activities before changes in non-cash working capital and a $0.5 million use of cash for changes in non-cash working capital and other items. In 2014, the comparative amounts were $64.9 million of cash from operations before changes in non-cash working capital and $22.2 million of cash generated from the Company's change in non-cash working capital and other items. A $10.4 million increase in cash flow from operations before change in non-cash working capital in 2015 is a result of higher earnings adjusted for the impairment charge. The reduction in the amount of cash generated from changes in non-cash working capital is primarily attributable to higher 2015 income tax payments compared to 2014 when the income tax installments made in that year were based on a low incidence of 2013 income taxes. In 2015 changes in the amount of non-cash working capital generated cash of $19.4 million compared to $23.6 million in 2014. Changes in the amount of non-cash working capital primarily represent normal course fluctuations in the Company's net non-cash current asset/liability position. In some periods, this fluctuation will be a use of cash, as it was in 2015, while it will be a source of cash in other periods such as 2014, tending to balance out over time and having no net impact on the Company's working capital.

Investing Activities

In 2015, the Company generated $7.7 million of cash from investing activities compared with a use of cash of $17.4 million in 2014. The reduction in the amount of cash used in investing activities in 2015 compared to the prior year is largely due to a reduction in the amount of cash used to purchase property and equipment combined with the proceeds realized from the sale of the Company's preferred share investments. The Company used $5.6 million of cash to purchase property, equipment and computer software in 2015 compared to $17.4 million in 2014. The reduction in the amount of 2015 capital expenditures reflects that fact that the Company's level of investment in equipment is currently sufficient to support the projected work program in the short term. In 2015 the Company received $12.2 million of cash from the sale of its portfolio of preferred share investments. The low interest rate environment and exposure to market price volatility led the Company to the decision to sell its preferred share portfolio.

Financing Activities

In 2015, the Company used $27.7 million of cash in financing activities compared with a use of cash of $44.1 million in 2014. The reduction in the amount of cash used in financing activity in 2015 is primarily a result of issuing additional non-recourse long term debt in 2015 of $14.8 million to finance the construction of two alternative finance projects. Dividend payments of $32.3 million remained the same in the comparative periods.

DIVIDENDS

The Company declared monthly dividends on common shares payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines the dividend history:

January 1, 2014 to March 31, 2014	$0.190
April 1, 2014 to June 30, 2014	$0.190
July 1, 2014 to September 30, 2014	$0.190
October 1, 2014 to December 31, 2014	$0.190
January 1, 2015 to March 31, 2015	$0.190
April 1, 2015 to June 30, 2015	$0.190
July 1, 2015 to September 30, 2015	$0.190
October 1, 2015 to December 31, 2015	**$0.190**

CAPABILITY TO DELIVER RESULTS

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to operating lines of credit to execute its current operational and growth objectives. The belief is fully explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is very much dependent upon the management and leadership skills of senior management. On an annual basis, high-performing candidates are identified for training and progression into more senior critical positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs, including the Bird Leadership Academy program and the Bird Site Management program, to provide a forum for high-potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS

At December 31, 2015, the Company has future contractual obligations of $465.3 million. Obligations for accounts payable, finance and operating annual lease payments and for principal repayments, including interest, under long-term debt over the next five years are:

(thousands of dollars)		Accounts Payable	Finance Leases	Operating Leases	Non-recourse Project Financing	Long-Term Debt	Total
2016	$	376,321	1,175	6,567	8,534	7,955	400,552
2017		11,459	113	4,812	81	2,408	18,873
2018		4,733	29	3,787	6,468	7,557	22,574
2019		14	29	2,973	-	592	3,608
2020		-	10	2,904	-	211	3,125
Thereafter		-	-	16,567	-	-	16,567
	$	392,527	1,356	37,610	15,083	18,723	465,299

OFF BALANCE SHEET ARRANGEMENTS

The Company has operating lease obligations described under Contractual Obligations noted above and surety lien bonds issued on behalf of the Company valued at $4.1 million at December 31, 2015.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future periods affected.

Construction revenue, construction costs, deferred revenue and costs and estimated earnings in excess of billings are all based on estimates and judgments used in determining an estimate of contract revenue and contract costs and to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the Revenue Recognition Policy included in the notes to the Company's annual financial statements. To determine the estimated costs to complete construction projects, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by our clients to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed and costs may be incurred in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amount of the CGU is determined based on a value in use calculation. There is significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, estimates of achieving key operating metrics and the discount rate.

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 42,516,853 common shares outstanding at December 31, 2015 and December 31, 2014.

On March 15, 2012, the Company's Board of Directors previously approved the award of 625,000 stock options to eligible Company employees. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. In 2015, 65,000 stock options were forfeited resulting from the retirement of a plan participant. No stock options were exercised at December 31, 2015.

On January 1, 2015, the Company's Board of Directors approved the award of 100,000 stock options to the newly appointed President and CEO. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. The exercise price is based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days ending on December 31, 2015. The stock options awarded will expire on January 1, 2022.

The common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures
Based on their evaluations as of December 31, 2015, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting
The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company. All internal control systems, no matter how well designed, have inherent limitations; therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of December 31, 2015, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

As of December 31, 2015, under the supervision of and with the participation of management, including the CEO and CFO, the Company has evaluated the effectiveness of internal controls over financial reporting and determined that the internal controls over financial reporting are operating as intended.

There have been no material changes in the Company's internal control over financial reporting during the year ended December 31, 2015 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual

Information Form filed on March 14, 2016, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Economy and Cyclicality

Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions; however, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has, in the past, earned above-average margins on particular projects. There is also no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in the oil sands of northern Alberta and more recently on facility maintenance and repairs. Furthermore the Company has gained a presence in the industrial and mining sectors in eastern Canada through the acquisition of O'Connell. Investment decisions by our clients are based on the long-term views of the economic viability of their current and future projects. The economic viability of the projects is dependent upon the clients' view of the long-term price of commodities which is influenced by many factors. If our clients' outlook for commodity prices is not favourable, this may delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A decrease in construction activity in this sector could have an adverse effect on the Company's financial performance and results of operations. Moreover, many of Bird's contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

Competitive Factors

Bird competes with many international, national, regional and local construction firms. Competitors often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make, including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

Ability to Secure Work

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the makeup of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Governments are still addressing budget deficit issues which may affect the institutional capital spending in the future. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an adverse impact on the Company if that business could not be replaced within the private sector. Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP and alternative finance projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP and/or alternative finance contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

Estimating Costs/Assessing Contract Risks
The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with the contract, or estimates of the project costs may be in error, resulting in a loss of or lower than anticipated profits. All significant cost estimates are reviewed by senior management prior to tender submission.

Performance of Subcontractors
Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete the work and may incur additional costs. This can result in reduced profits, or in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractors to mitigate Bird's exposure to the risks associated with a subcontractor under the contract. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

Maintaining Safe Work Sites
In spite of the best efforts of Bird to minimize the risk of incidents, they can occur and when they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction work sites and offices safe; failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to contract termination, fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents. Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

Ability to Hire and Retain Qualified and Capable Personnel
The success of Bird is highly influenced by the efforts of key members of management, including its executive officers and district managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

TERMINOLOGY

Throughout this report, management uses the following terms not found in GAAP Standards and which do not have a standardized meaning and therefore require definition:

- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue.

- **"Backlog"** (also referred to in the construction industry as "work on hand") is 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. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

- **"Lost Time Incident Frequency"** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

FORWARD-LOOKING INFORMATION

Certain statements included herein which express management's expectations or estimates of future performance may constitute "forward-looking statements". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this MD&A includes many such forward-looking statements and the Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business" in this MD&A and in the Company's Annual Information Form dated March 14, 2016 filed and available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise.