BIRD CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018 AND 2017

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, 2017 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 8, 2018. This MD&A has been prepared as of May 8, 2018. 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

(in thousands of Canadian dollars, except per share amounts)	For the three months ended March 31, 2018	2017 (restated)[1]
Income Statement Data		
Revenue	**$ 294,422**	$ 313,858
Net income (loss)	**(6,408)**	(2,216)
Basic and diluted earnings (loss) per share	**(0.15)**	(0.05)
Cash Flow Data		
Net increase (decrease) in cash and cash equivalents during the year	**(50,069)**	(101,210)
Cash flows from (used in) operations	**(43,303)**	(99,197)
Additions to property and equipment [2]	**6,455**	1,702
Cash dividends paid	**4,145**	5,454
Cash dividends declared per share	**0.10**	0.10

	March 31, 2018	December 31, 2017 (restated)[1]
Balance Sheet Data		
Total assets	**679,897**	713,872
Working capital	**67,149**	84,078
Loans and borrowings (current and non-current)	**20,885**	18,598
Shareholders' equity	**143,264**	153,816

[1] 2017 reported figures have been restated applying IFRS 15. See "Accounting Polices - New Accounting Standards Adopted"

[2] includes computer software purchases classified as intangible assets

2018 HIGHLIGHTS

- During the first quarter of 2018, the Company recorded a net loss of $6.4 million on construction revenue of $294.4 million compared with a net loss of $2.2 million on $313.9 million of construction revenue respectively in 2017. In the current quarter, construction revenue of $294.4 million was $19.5 million or 6.2% lower than the $313.9 million recorded in first quarter of 2017. The first quarter of the year is generally the lowest volume quarter of the year, particularly for our higher margin self-perform civil operations in western Canada and our mining operations in eastern Canada. This coupled with an industrial work program that had lower backlog entering the year from a historical perspective contributed to a softer first quarter.

- The Company was significantly impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as it relates to the recognition of revenue from change orders and claims related to a PPP project that achieved substantial completion during the first quarter of 2018. A significant amount of variable consideration has been constrained to zero. While Management expects to see a future recovery of this variable consideration, it is unable to reliably estimate the timing and amount of the future recovery. The Company is pursuing commercial negotiations in accordance with the contract so that this constrained variable consideration can be recognized as revenue for the PPP project.

- In the first quarter 2018, the Company secured $405.2 million of new contract awards and change orders, and executed $294.4 million of construction revenues. The net new contract awards through the first contributed to a Backlog of $1,296.8 million for the Company at March 31, 2018, an increase of $110.8 million, or 9.3% from the $1,186.0 million of Backlog recorded at December 31, 2017.

- The Company announced that it has a 50% interest in a construction joint venture that is part of the Hartland Resource Management Group consortium that will design and build the residuals treatment facility for the Capital Regional District ("CRD") in Victoria, BC. The Company has also taken a minority equity interest in the concession responsible for the design, construction, financing, operations and maintenance of the project through Bird Capital, a wholly owned subsidiary.

- The Company achieved substantial completion on the East Rail Maintenance Facility, a Public Private Partnership and alternative finance ("PPP") project, in the first quarter of 2018. Built on 76 acres, the new facility will provide maintenance, repair and additional storage for the local rail transit system's (GO Transit) planned service expansion. Bird's scope of work included 500,000 sq. ft. of new construction consisting of progressive maintenance bays, coach maintenance shops, locomotive maintenance shops, paint booth, wheel shop, wash bays, fuel storage, a track maintenance building and over 60,000 feet of track, and 54 track switches.

- In 2018, cash and cash equivalents decreased $49.6 million net of the effects of foreign exchange to $83.5 million, from the $133.1 million balance at the end of 2017. The majority of the decrease in cash and equivalents in the quarter relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business and the cash balances absorb these fluctuations with no net impact to the Company's net working capital position. In the quarter, cash was also used for property and equipment additions to support growth in the heavy civil work program and was also negatively impacted as commercial issues on a PPP project delayed the flow of funds related to change orders and claims.

- The Board has declared monthly eligible dividends of $0.0325 per common share for May, June and July 2018.

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, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver. The Company and its predecessors have been in operation for 98 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, hotels 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 that include water and wastewater treatment centres, composting facilities and biosolids treatment and management facilities. The Company has developed expertise in the construction of vertical elements and overall management of transportation related projects and will continue to enhance our abilities as governments plan to increase stimulus spending to address aging infrastructure. Bird also invests in equity in PPP projects as a means to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, cost reimbursable and guaranteed maximum price, and provides services that include construction, design-build and construction management delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market 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 subcontractor not be able to meet its 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

In 2016, the Company undertook a comprehensive strategic review to assess its market position and re-establish medium and long-term goals. This process culminated in the Company's Board of Directors endorsing the *Build Bird* five-year strategic plan that has been developed to further enhance the Company's position as a premier Canadian contractor driven by the passion and dedication of a team of construction professionals. The *Build Bird* five-year strategic plan is in its second full year of implementation in 2018 and features three core pillars: *Build the Business, Build the Team* and *Build Relationships*. Each pillar is further articulated by three primary initiatives.

Broadly, Bird's strategic focus is to secure projects in markets with higher profit margins, which consisted of PPP and large design-build projects in the institutional sector as well as smaller midstream oil & gas capital projects in western Canada. In the coming years, this will also include projects in the nuclear market in Ontario as well as Maintenance, Repair and Operations ("MRO") opportunities for our energy clients. For Bird Heavy Civil (formerly known as H.J. O'Connell), efforts will focus on diversifying the customer base on select mining support and environmental projects. Details of each pillar and primary initiatives are expanded below.

BUILD THE BUSINESS

Diversification and Growth
The diversification of the Company's work program and earnings base is intended to strengthen the Company by making it healthier and more resilient during economic downturns. As part of the overall strategy, Bird will continue to focus on larger and more complex construction projects, which typically offer greater profit margins. *Diversification and Growth*, will be realized through several methods including geographic expansion of existing services, introduction of new services and the development of new clients. The Company will be very selective in its execution of the strategy to ensure it grows and diversifies profitably.

The Company will continue to express its preference for design-build construction contracts where its proven experience provides Bird with a source of competitive advantage in the construction market. The primary focus for geographic expansion in 2017 was the ongoing development of the Edmonton Commercial office which, coupled with our office in Calgary, will broadly service the institutional, municipal and commercial sectors in the Alberta region. While the market conditions are expected to remain difficult in 2018, the Alberta district will continue its efforts to organically grow its work program and build momentum for the future. The Company will also seek opportunities to expand commercial and institutional expertise into additional markets in Canada by way of joint venture arrangements or through acquisition.

New service offerings will also contribute to Bird's diversification and growth strategy. The Company will continue to leverage the acquisition of Nason Contracting Group Ltd. completed in 2013 to secure greater participation in the MRO market in northern Alberta through the execution of self-perform mechanical process work for existing clients. Also, the Company will further leverage its earth moving and civil capabilities gained through the acquisition of H.J. O'Connell Ltd. (rebranded Bird Heavy Civil) into industrial markets in western Canada, enhancing our existing relationships and self-perform operations. More recently, the Company plans to leverage its 2017 investment in Stack which is a modular construction company with production operations in China. Stack produces steel frame modules for permanent construction. The modules are suited for the hotel, senior housing, office space and general housing sectors. The Company and Stack have complementary knowledge, resources and expertise that positions them well to serve the permanent modular construction market in Canada and the United States. Additional service offerings will be introduced to help secure opportunities presented by the federal government's mandate to invest in indigenous communities, environmental initiatives and transportation projects. The Company's goal is to leverage its areas of expertise to participate more fully in these markets on selective projects where it can develop a compelling win strategy.

As part of the Company's growth strategy, the Company will use its existing relationships in established markets to expand its work program. As one of only a few general contractors in Canada with a national footprint, Bird looks to deepen its relationship with existing commercial clients that have a portfolio of properties and development opportunities both regionally and across Canada while also seeking to foster new client relationships. Historically, in western Canada the Company's industrial work program has been focused on the oil sands where it has secured a reputation as a safe, reliable and cost effective general contractor. In the coming years, the Company will leverage these proven capabilities to develop clients and work programs in central and western Canadian provinces. Similarly, Bird Heavy Civil will broaden its established activities in the Labrador Trough region to secure similar opportunities in eastern Canada. This wider geographical scope will also support the need to develop additional clients, primarily in Quebec, Ontario and northern Canada in an effort to diversify from Bird Heavy Civil's historical focus on the iron ore market. These efforts to develop new clients will require a commitment to business development and a recognition that program accomplishments will take time to mature, particularly given the market conditions seen in the resource sector in recent years.

Build Efficiencies
As a primary initiative of the *Build the Business* pillar, Bird's strategy for *Build Efficiencies* is to drive business process improvements to extract potential savings from overheads. These savings will be reinvested into the Company's strategic initiatives. Increasing process efficiency, particularly for the operations team, will also lead to greater engagement amongst the employee group and is anticipated to positively impact production as project teams will be able to dedicate more energy on project execution and less on administrative tasks.

Safe Production
At Bird, the single most important value is Safety and the goal is zero harm. Building on a highly reputable and proven safety program, this ongoing initiative will further the Company's commitment to embedding a *Safe Production* mindset throughout the project lifecycle, from estimating through to post-job assessment. It will require driving greater involvement and commitment from subcontractors and suppliers, and will further extend to fostering the safe planning and execution of Bird employee activities off the job. This holistic approach reflects the Company's fundamental belief that thinking and acting safely is not a switch that can, or should be, activated when arriving at or leaving the job site or workplace. Rather, it is a mindset that must be encouraged, nurtured and supported so that safe behaviours become a habit; repeatable, sustainable, and embedded in everything Bird staff do.

BUILD THE TEAM

Drive Positive Engagement & Become the Employer of Choice
The primary initiative of the *Build the Team* pillar features a wide range of human resource program initiatives intended to enhance the employee experience, *Drive Positive Engagement*, and create a more mobile, better trained, better led, and more productive workforce. Bird's success is highly 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 by *Becoming the Employer of Choice,* which is the second initiative of *Build the Team*. Through the strategic planning process, a number of key priorities and challenges pertaining to the recruitment, development and retention of employees were identified. The Company will work to improve its human resource management processes to better support its recruitment, onboarding, and performance management programs. This will help elevate the employee experience at Bird by facilitating effective talent management and mobility across the organization.

Grow Our Talent
While creating a positive and safe work environment at Bird is non-negotiable, the Company is equally committed to providing employees, and potential employees, with interesting and challenging work and opportunities to *Grow Our Talent* in a welcoming environment where people can build a successful career in every aspect of the business. Contributing to talent growth is the development of improved employee resource materials including an updated employee handbook, onboarding resources and the delivery of updated Bird Core Construction Training modules across the Company. A key element in the Company's talent growth plan is the enhancement of a meaningful employee recognition program. By continuously developing and refining policies and programs to engage 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, the Company is able to recruit, develop and retain top talent while ensuring compensation programs remain market competitive.

BUILD RELATIONSHIPS

One Bird

Recognizing that the construction industry has evolved and projects are getting more complex, Bird has deployed the *One Bird* initiative that considers a holistic, company-wide approach to work more efficiently and effectively. One of the primary goals of this initiative is to identify and share the expertise across the Company to enhance effective deployment of human resources on the best opportunities, regardless of employees' geographic location. By promoting a more mobile workforce and increasing collaboration the Company will leverage its talent for targeted opportunities to secure greater outcomes.

Creating a Customer 1st Attitude
A primary initiative of the *Build Relationships* pillar, the *Creating a Customer 1st Attitude*, targets the development of stronger client relationships. The Company has traditionally focused on operational excellence and execution of its work program as a means to develop client relationships. While this has served the Company well in terms of delivering consistent results and developing repeat clients, there is a need to invest more resources in strengthening existing client relationships and developing new ones. This is consistent with Bird's strategy of targeting work with clients that welcome innovation and position the Company to add value. Bird will continue to target complex work, a market the Company has successfully performed in and one where the competition will be like-minded contractors with similar cost structures and approaches to risk and reward. Clients that seek a longer term, mutually beneficial relationship align well with the *Build Bird* five-year strategic plan.

Corporate Social Responsibility
Bird believes in being a good corporate citizen and supporting the communities in which it works and its employees live. In addition, employees increasingly wish to align themselves with a company that gives back and is socially responsible. Bird's *Corporate Social Responsibility* initiative includes Indigenous Cultural Awareness training for all employees which builds upon the Company's Indigenous Engagement Policy. Furthermore, establishment of the *Bird Foundation*, a formal conduit for tabulating and communicating Bird community donations and contributions, will provide greater direction to the Company's community engagement while driving increased employee participation and engagement.

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 in various economic conditions. 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 successfully delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from existing clients and win work with new 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 $1,296.8 million at March 31, 2018 increased compared with $1,186.0 million at December 31, 2017. In the first quarter of 2018, the Company announced that it was part of the consortium that has been contracted to design and build a biosolids facility for CRD in Victoria, BC, representing another strategic win and building on the Company's expanding portfolio of environmental projects. As of March 31, 2018, the Company has submitted one proposal for a PPP project for which no results have been disclosed and is actively responding to five requests for proposals in which the Company is shortlisted. In addition, the Company has been shortlisted on two PPP projects and is awaiting the issuance of the request for proposals, and is in the request for qualification stage for two additional PPP projects.

(in thousands of Canadian dollars)		**March 31, 2018**		March 31, 2017		December 31, 2017
Backlog	$	**1,296,800**	$	1,248,500	$	1,186,000

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 costs, achieve productivity objectives associated with the contract and resolve outstanding commercial issues. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

	Three months ended March 31, 2018	(restated) **Three months ended March 31, 2017**	(restated) **Year ended 2017**
Gross Profit Percentage	2.4%	3.4%	5.0%

During the first quarter of 2018 the Company realized a Gross Profit Percentage of 2.4% compared with 3.4% in the first quarter of 2017. In general, the Company realizes a lower Gross Profit Percentage in the first quarter relative to the rest of the year, a reflection of the seasonality and the lower contribution from our higher margin industrial work programs. The reduction in Gross Profit Percentage in 2018 reflects the impact of a PPP project that achieved substantial completion late in the first quarter of 2018. While the Company incurred additional escalation costs and financing costs from lenders in the quarter, the Company was more significantly impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as it relates to the recognition of revenue from change orders and claims related to this project. A significant amount of variable consideration has been constrained to zero. While Management expects to see a future recovery against this variable consideration, it is unable to reliably estimate the timing and amount of the future recovery. The Company is pursuing commercial negotiations in accordance with the contract so that this constrained variable consideration can be recognized as revenue for the project.

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 shareholders' equity of the Company in the comparative reporting periods.

(in thousands of Canadian dollars)		**March 31, 2018**		(restated) March 31, 2017	(restated) December 31, 2017
Working capital	$	**67,149**	$	105,105	84,078
Shareholders' equity	$	**143,264**	$	155,186	153,816

At March 31, 2018, the Company had working capial of $67.1 million compared with $84.1 million at December 31, 2017, a $17.0 million decline. In the first quarter of 2018, the Company invested in capital additions, net of financing, of $4.3 million, paid dividends of $4.1 million, paid income taxes of $2.3 million, and experienced a net loss of $6.4 million, all of which served to reduce cash and negatively impact working capital.

The $10.5 million decrease in the amount of the Company's shareholders' equity since December 31, 2017 is essentially a result of the $4.1 million dividends declared in the first quarter of 2018 and the net loss of $6.4 million generated in the first quarter of 2018.

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 employees 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 our job sites. As part of the *Safe Production* strategic initiative, the Company completed an organization wide Safety Culture Assessment in the third quarter of 2017 which will form the basis for the development of a long-term safety strategy for the organization.

In 2018, Bird executed 924,094 man-hours of work, incurring zero lost time incidents (LTI) for an LTI frequency of 0.00.

Three months ended March 31, 2018	Three months ended March 31, 2017	Year ended December 31, 2017
0.00	0.27	0.16

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2018 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2017

During the first quarter of 2018, the Company recorded a net loss of $6.4 million on construction revenue of $294.4 million compared with a net loss of $2.2 million on $313.9 million of construction revenue respectively in 2017. In the current quarter, construction revenue of $294.4 million was $19.5 million or 6.2% lower than the $313.9 million recorded in first quarter of 2017. The first quarter of the year is generally the lowest volume quarter of the year, particularly for our higher margin self-perform civil operations in western Canada and our mining operations in eastern Canada. This coupled with an industrial work program that had lower backlog entering the year from a historical perspective contributed to a softer first quarter. The Company was more significantly impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as it relates to the recognition of revenue from change orders and claims related to a PPP project that achieved substantial completion during the first quarter of 2018. A significant amount of variable consideration has been constrained to zero. While Management expects to see a future recovery against this variable consideration, it is unable to reliably estimate the timing and amount of the future recovery. The Company is pursuing commercial negotiations in accordance with the contract so that this constrained variable consideration can be recognized as revenue for the project.

The Company's gross profit of $7.1 million in the first quarter of 2018 was $3.5 million or 32.6% lower than the $10.6 million recorded in the first quarter of 2017. In the first quarter of 2018, the Gross Profit Percentage of 2.4% was 1.0% lower than the Gross Profit Percentage of 3.4% recorded in the first quarter of 2017. The reduction in both gross profit and Gross Profit Percentage in 2018 reflects the impact of a PPP project that achieved substantial completion late in the first quarter of 2018. While the Company incurred additional escalation costs and financing costs from lenders in the first quarter of 2018, the Company was more significantly impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as described in the revenue variance discussion above. In addition, the decrease in the amount of gross profit in 2018 is also reflective of continued low volume of industrial project backlog carried into 2018.

Income from equity accounted investments in first quarter of 2018 was $0.2 million and comparable with $0.3 million in first quarter of 2017.

In the first quarter of 2018, general and administrative expenses of $15.8 million (5.4% of revenue) was $2.0 million higher than $13.8 million (4.4% of revenue) in the first quarter of 2017. During the first quarter, the Company spent $1.7 million in third-party pursuit costs which is $1.1 million higher than the amount recorded in 2017 and compensation expense was $1.3 million higher than the amount recorded a year ago. Compensation expense was higher primarily due to the loss recorded in the total return swap program resulting from the decline in the Company's share price in the first quarter of 2018. The increase was partially offset by a foreign exchange gain of $0.6 million in the first quarter of 2018 compared to a foreign exchange loss of $0.1 million in the same time period a year ago.

Finance income in the first quarter of 2018 of $0.3 million is comparable to the $0.3 million recorded in the first quarter of 2017.

Finance and other costs of $0.7 million in the first quarter of 2018 was $0.3 million higher than the $0.4 million reported in the first quarter of 2017. The increase is due to higher interest costs associated with loans and borrowings.

In the first quarter of 2018, income tax recovery of $2.4 million, was $1.6 million higher than the $0.8 million recovery recorded in the first quarter of 2017, consistent with a higher loss in 2018.

FUTURE OPERATING PERFORMANCE

At March 31, 2018, the Company was carrying a Backlog of $1,296.8 million, representing an increase from the $1,186.0 million carried at the end of 2017. The increase in backlog in the first three months of 2018 relates to the securement of multiple contracts with clients across a broad range of market sectors, including a PPP project for a residuals treatment facility for the CRD in Victoria in which the Company has taken a minority equity interest in the concession. This represents Bird Capital's seventh PPP project in which it will invest equity. The current backlog is predominately characterized by institutional work, a result of securing a significant number of new awards in this sector. While backlog attributable to the industrial and heavy civil work programs increased through the course of 2017, it remains low from a historical perspective. The Company expects to see a steady increase in its industrial work program as the year progresses which the Company attributes to improving market conditions and its diversification efforts in new industrial market sectors.

The Company is optimistic in its outlook for the industrial and resource sectors for the remainder of 2018 and expects activity to progressively increase through the course of the year. Bidding activity in the mid-stream oil and gas market in western Canada and for mining opportunities in eastern Canada increased in 2017, a trend anticipated to continue in 2018. While the environment remains challenging and highly competitive, there are an increasing number of opportunities which should support an overall progressive increase in the level of activity in 2018. The Company will be negatively impacted in the second quarter of 2018 by a labour strike at one of the Company's mining clients that has put active projects on hold until the strike ends. The Company has implemented measures to manage its cost structure through the strike, which as of the date of this report, is ongoing.

There is more positive sentiment with respect to the LNG Canada proposed natural gas liquefaction and export terminal in Kitimat, BC. The Company does not foresee a significant financial contribution to revenue and earnings in 2018 from this development but is actively preparing in the event a positive Final Investment Decision

(“FID”) is reached in the fourth quarter of 2018. The Company would benefit in 2019 and beyond from its 2016 award (not included in Backlog) of the Cedar Valley Lodge, the 4,500 person workforce accommodation centre.

With respect to the commercial and institutional market sector, there is a healthy pipeline of opportunities anticipated through 2018, characterized by numerous PPP projects. As of March 31, 2018, the Company has submitted one proposal for a PPP project for which no results have been disclosed and is actively responding to five requests for proposals in which the Company is shortlisted. On several of these pursuits, the procurement timeline and submission dates have been extended later in the year. In addition, the Company has been shortlisted on two PPP projects and is awaiting the issuance of the request for proposals, and is in the request for qualification stage for two additional PPP projects. In addition to the expected increase in volume of work from these opportunities, the Company anticipates that margin in the PPP market will also improve, but with the delay in procurement timelines, the impacts from the volume and margin may not be realized until 2019.

As previously noted, the first quarter of 2018 was negatively impacted by the adoption of IFRS 15, Revenue from Contracts with Customers, and the change in treatment of variable consideration specifically as it relates to the financial recovery of revenue from change orders and claims related to a PPP project that achieved substantial completion in the first quarter of 2018. While Management expects to see a future recovery against this constrained variable consideration, it is unable to reliably estimate the timing and amount.

Management expects earnings in the second quarter of 2018 to lag those achieved in the prior year. The reduction in earnings year-over-year in the second quarter is not the result of the adoption of the new revenue recognition standard, but is driven by several factors including the client initiated delay in the start-up of several projects recorded in Backlog, the delay in procurement timeline of several PPP projects and corresponding pursuit costs at historical highs, and the impact of the strike at one of our mining clients. The Company expects to see a steady increase in revenue and earnings attributable to its industrial work program in the second half of 2018 and expects overall earnings in the second half to exceed those as compared to the IFRS 15 adjusted figures in the same quarters for 2017. The Company believes it has adequate amounts of both working capital and equity and expects to be able to maintain its current monthly dividend per share until earnings are rebuilt to pre-2017 levels, which is expected to result from progress executing the Company’s diversification strategy.

Backlog

During the first quarter of 2018, the Company secured $405.2 million in new construction contracts (including change orders to existing contracts) and put in place $294.4 million of work resulting in a Backlog at March 31, 2018 of $1,296.8 million. The following table outlines the changes in the amount of the Company’s Backlog throughout the current and prior fiscal years.

Backlog (in millions of Canadian dollars)		
December 31, 2016	$	1,137.0
Securement and change orders in 2017		1,467.6
Realized in construction revenues in 2017		(1,418.6)
December 31, 2017	$	1,186.0
Securement and change orders in 2018		405.2
Realized in construction revenues in 2018		(294.4)
	$	1,296.8

ACCOUNTING POLICIES

The Company’s significant accounting policies are outlined in the notes to the audited December 31, 2017 and 2016 Consolidated Financial Statements. The consolidated financial statements were prepared using the same accounting policies as our 2017 consolidated financial statements except for new accounting standards adopted January 1, 2018.

New Accounting Standards Adopted

Refer to the notes to the unaudited interim condensed consolidated financial statements at March 31, 2018 for a summary of the new accounting standards adopted.

Future accounting changes

IFRS 16, Leases:
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 are of low value. A lessee is required to recognize a right-of-use 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 impact of the standard has not yet been determined.

IFRIC 23, Uncertainty over Income Tax Treatments:
On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the financial statements.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes the results for the eight most recent quarters. 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. In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to customers at a future date but cannot be recorded in the current quarter. In the case of insurance claims, financial recovery is not recorded until certainty of the recovery is attained, in accordance with the Company's contingent asset accounting policy. Or in the case of claims to customers that are considered constrained variable consideration, revenue is not recorded until it is highly probable that there will not be a significant reversal of cumulative revenue to date, in accordance with the Company's revenue recognition accounting policy. 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 a prior quarter, and may fluctuate based on timing of resolution of claims.

There are also several 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, except for seasonality in the first quarter of each year.

(in thousands of Canadian dollars, except per share amounts)				IFRS 15				
	2016 [1]			2017 [2]				2018
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**
Revenue	413,195	407,663	430,716	313,858	350,339	388,808	365,552	**294,422**
Net income/(loss)	3,886	5,975	5,798	(2,216)	3,168	5,894	1,990	**(6,408)**
Earnings/(loss) per share	0.09	0.14	0.14	(0.05)	0.07	0.14	0.05	**(0.15)**

Notes:
[1] Results provided for 2016 have not been restated in accordance with IFRS 15.
[2] 2017 reported figures have been restated applying IFRS 15. See "Accounting Policies - New Accounting Standards Adopted".

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

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

(in thousands of Canadian dollars)		**March 31, 2018**		December 31, 2017 (restated)
Financial Position Data				
Cash and cash equivalents	**$**	**83,487**	$	133,055
Non-cash working capital		**(16,338)**		(48,977)
Working capital		**67,149**		84,078
Non-current loans and borrowings		**15,802**		13,843
Shareholders' equity		**143,264**		153,816

The Company has adequate amounts of both working capital and equity and expects to be able to maintain its current dividend rate until earnings are rebuilt to pre-2017 levels, which is expected to result from progress executing the Company's diversification strategy. As a component of working capital, the Company maintains a balance of cash and cash equivalents. At March 31, 2018, this balance amounted to $83.5 million. The non-cash net current asset/liability position was in a net liability position of $16.3 million at March 31, 2018, compared to a net liability position of $49.0 million at December 31, 2017 which accounted for a $32.7 million of the $49.6 million decrease in cash. In addition, the Company invested in capital additions, net of financing, of $4.3 million, paid dividends of $4.1 million, paid income taxes of $2.3 million, and experienced a net loss of $6.4 million, which all served to reduce cash and negatively impact working capital.

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 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 and expected 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.

Operating Lines of Credit

a) *Committed revolving line of credit:*
The Company has a committed revolving credit facility of up to $70.0 million, with a Canadian chartered bank. The term of the facility was extended and now matures December 31, 2020. 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 March 31, 2018, the Company has $22.1 million in letters of credit outstanding on this facility (December 31, 2017 - $26.4 million) and has drawn $5.0 million on this facility (December 31, 2017 - $5.0 million). The $5.0 million draw is presented as loans and borrowings on the Company's statement of financial position as the facility matures in 2020.

b) *Committed revolving line of credit facility*:
A subsidiary of the Company has a $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. As at March 31, 2018, the balance drawn on this facility is $nil (December 31, 2017 - $nil).

Letters of Credit Facilities

The Company has available $105.0 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. At March 31, 2018, the Company has $13.5 million in letters of credit outstanding on this facility (December 31, 2017 - $25.0 million).

The Company has available a facility with Export Development Canada (EDC) 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.

(in thousands of Canadian dollars)	**March 31, 2018**	March 31, 2017	December 31, 2017
Committed revolving line of credit	**$ 70,000**	$ 55,000	$ 70,000
Letters of credit facilities	**$ 105,000**	$ 122,000	$ 105,000
Letters of credit issued	**$ 35,620**	$ 33,586	$ 51,506
Collateral pledged to support letters of credit	**$ 8,617**	$ 26,204	$ 20,253
Guarantees provided by EDC	**$ 4,891**	$ 4,891	$ 4,891

The decrease in the amount of outstanding letters of credit at the end of March 31, 2018 compared to the end of 2017 is primarily the result of the cancellation of letters of credit that were issued in respect to the Calgary Composting Facility project and reductions in the collateralized letters of credit issued related to the East Rail Maintenance Facility.

Equipment Financing

The Company and its subsidiaries have committed term credit facilities of up to $35.0 million to be used to finance equipment purchases. Borrowings under the facility are secured with a first charge on the equipment being financed. As of March 31, 2018, the facility has $5.4 million outstanding on this facility (December 31, 2017 - $5.8 million) and is classified as finance leases. 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.

In addition, subsidiaries of the Company have equipment acquisition lines of credit for $42.5 million (December 31, 2017 - $42.5 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. Draws under this facility are typically recognized as operating leases for accounting purposes. At March 31, 2018, the Company has used $6.1 million under the facilities ($6.0 million at December 31, 2017). The Company's total lease commitments are outlined under Contractual Obligations.

At March 31, 2018, the Company was in compliance with all debt covenants relating to its operating and equipment lines of credit.

Loans and Borrowings

In 2018, the Company entered into a new fixed-rate term loan for $1.8 million and entered into finance leases for $2.0 million to finance equipment purchases. The Company made $1.5 million in principal repayments (including finance lease repayments).

The following table provides details of outstanding debt as at March 31, 2018, and principal repayments due over the next five years, excluding the amortization of debt financing costs, finance lease liabilities and non-recourse project financing.

(in thousands of Canadian dollars)	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
Loans and borrowings	$ 11,184	$ 2,387	$ 1,485	$ 6,136	$ 819	$ 357

Cash Flow Data

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

	Three months ended March 31,	
(in thousands of Canadian dollars)	**2018**	2017 (restated)
Cash Flow Data		
Cash flows from (used in) operations before changes in non-cash working capital	**$ (4,452)**	$ 896
Changes in contract assets - alternative finance projects	**(7,785)**	(13,130)
Changes in non-cash working capital and other	**(31,066)**	(86,963)
Cash flows used in operating activities	**(43,303)**	(99,197)
Investments in equity accounted entities	**-**	(313)
Capital distributions from equity accounted entities	**112**	-
Additions to property, equipment and intangible assets	**(6,455)**	(1,702)
Proceeds on sale of property and equipment	**647**	629
Other long-term assets	**(1,325)**	441
Cash flows used in investing activities	**(7,021)**	(945)
Dividends paid on shares	**(4,145)**	(5,454)
Proceeds from non-recourse project financing	**4,162**	5,245
Proceeds from loans and borrowings	**1,754**	-
Repayment of loans and borrowings	**(1,516)**	(859)
Cash flows from (used in) financing activities	**255**	(1,068)
Increase (decrease) in cash and cash equivalents	**$ (50,069)**	$ (101,210)

Operating Activities

During the first quarter of 2018, cash flows from operating activities used cash of $43.3 million compared with cash used of $99.2 million in the first quarter of 2017. In the first quarter of 2018, cash flows from operations used $4.5 million of cash from operating activities before changes in non-cash working capital and used $31.1 million of cash derived from changes in non-cash working capital relating to operating activities, excluding changes in contract assets – alternative finance projects. In 2017, the comparative amounts were $0.9 million of cash generated from operations before changes in non-cash working capital and $87.0 million cash used from changes in non-cash working capital relating to operating activities. The year-over-year decrease in cash flows from operations before changes in non-cash working capital in 2017 is primarily the result of the $6.4 million net loss in 2018 compared to $2.2 million net loss in 2017 and the change in income tax recovery year-over-year. In 2018, changes in the amount of non-cash working capital and other used cash in total of $31.1 million compared to a use of cash of $87.0 million in 2017. The primary drivers of the change are the decrease in payments of accounts payable in 2018, since first quarter of 2017 saw the payments to subcontractors of a large amount of holdback collected in fourth quarter of 2016. In 2018, changes in contract assets – alternative finance projects related only to the Moncton Downtown Centre. In 2017, changes in contract assets – alternative finance projects related to Casey House and the Moncton Downtown Centre. The remaining use of cash is related to the Moncton Downtown Centre. Proceeds and repayments of the non-recourse debt relating to alternative finance projects are included in financing activities.

Investing Activities

During the first quarter of 2018, the Company used $7.0 million of cash in investing activities compared to the $0.9 million use of cash in the first quarter of 2017. The amount of cash used to purchase property, equipment and intangible assets in 2018 of $6.5 million is an increase of $4.8 million compared to the $1.7 million used in the first quarter of 2017, and reflects contract driven equipment requirements from improving work programs of self-perform activities. During the first quarter of 2018, the Company generated $0.1 million in cash from capital distributions from equity accounted investments compared to a use of cash of $0.3 million in the first quarter of 2017.

Financing Activities

During the first quarter of 2018, the Company generated $0.3 million of cash from financing activities compared with a use of cash of $1.1 million in first quarter of 2017. The decrease in the amount of cash used in financing activities in the first quarter of 2018 is primarily a result of the $1.3 million reduction in the amounts paid for dividends.

DIVIDENDS

The Company declared monthly eligible 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, 2017 to March 31, 2017	$0.0975
April 1, 2017 to June 30, 2017	$0.0975
July 1, 2017 to September 30, 2017	$0.0975
October 1, 2017 to December 31, 2017	$0.0975
January 1, 2018 to March 31, 2018	**$0.0975**

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 March 31, 2018, the Company has future contractual obligations of $475.5 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:

(in thousands of Canadian dollars)		Accounts Payable	Long-Term Debt	Finance Leases	Operating Leases	Non-recourse Project Financing	Deferred payment	Total
2018	$	344,399	2,156	2,180	4,030	68,494	30	421,289
2019		2,649	1,654	2,915	4,695	-	726	12,639
2020		2,932	6,287	2,925	4,445	-	-	16,589
2021		155	694	2,021	3,756	-	-	6,626
2022		-	863	107	3,428	-	-	4,398
Thereafter		-	-	-	14,003	-	-	14,003
	$	350,135	11,654	10,148	34,357	68,494	756	475,544

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 $30.3 million at March 31, 2018.

Further details of commitments and contingent liabilities are included in Note 23 of the March 31, 2018 unaudited interim condensed consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, 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 judgements 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 March 31, 2018 and December 31, 2017.

At March 31, 2018, 525,000 stock options are outstanding with a weighted average exercise price of $13.58 per common share. With the approval of the Equity Incentive Plan (EIP) in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

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 March 31, 2018, 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 March 31, 2018, 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.

There have been no material changes in the Company's internal control over financial reporting during the quarter ended March 31, 2018 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 dated March 8, 2018, 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 generally tied to the 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. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A 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.

As noted above, 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.

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 and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including 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 and equity 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. 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 or other factors, 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 projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. Several governments in Canada have procured a significant value of projects under a PPP 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 and Schedules/Assessing Contract Risks
The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

Performance of Subcontractors
Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its 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 possible damage to Bird’s reputation.

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 a 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 subcontractor to mitigate Bird’s exposure to the risks associated with the subcontractor’s performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird’s financial condition and results of operations.

Design
While many contracts entered into by Bird are for construction or construction services only, certain contracts are undertaken on a design-build basis, under which Bird is responsible for both design and construction of the project, which adds design risk assumed by Bird. While Bird subcontracts all of the design scope in such design-build contracts to reputable designers, there is generally not a full transfer of design-related risks. These risks include design development and potential resulting scope creep, delays in the design process that may adversely affect the overall project schedule, and design errors and omissions.

To manage these risks, Bird manages and oversees the design process, coordinates the design deliverables with the construction process and, for significant design-build projects, purchases errors and omissions insurance.

Maintaining Safe Work Sites
Despite Bird’s efforts to minimize the risk of safety incidents, they can occur from time to time and, if 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 and any 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 sanctions 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 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 an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

PPP Equity Investments

In addition to providing design and construction services on certain PPP infrastructure projects, Bird also makes investments in PPP concession entities through its wholly owned subsidiary, Bird Capital Limited. In this role, Bird arranges the financing and provides equity to some of the PPP projects it develops and assumes a degree of equity risk associated with the financial performance of the asset during the concession period.

Most PPP financing is provided on a non-recourse basis with most of the risk limited to the equity participation. Bird typically holds a minority equity investment in the concession and usually expects to sell the investment in the concession soon after construction completion or shortly thereafter, when the terms of the concession investment requires the Company to hold the investment for a longer period of time. All of the concession partners are required to secure their participation at financial close with letters of credit. A concession partner becoming insolvent does not represent a risk to the concession as these letters of credit ensure no short funding occurs. If the entity providing the services to the concession and/or the service provider's guarantor become insolvent, a replacement of the insolvent entity or entities might be required. If the services cannot be provided by a new entity for the same costs, there is risk that the full-value of the concession may not be realized after the project has been constructed and is operating within contractual parameters.

Bird does not control the market for the investment, therefore there is a possibility that the value of the investment could become impaired. Also, a replacement of the contractors that perform the facility management services on these transactions exposes the equity investments to an erosion of the expected returns. This risk is partially mitigated by the security packages put in place by these contractors for each transaction. In addition, Bird may be exposed to reputational risk should the project not be delivered on time or in accordance with design specifications. Exposure to the risk of non-performance could lead to a contract termination and loss of injected equity.

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. It includes all of the Company's remaining performance obligations in its contracts with its clients.

- **"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 8, 2018 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.