



COMPANY: **BIRD CONSTRUCTION INC.**
LISTING: TORONTO STOCK EXCHANGE
CITY: MISSISSAUGA
SYMBOL: **BDT**
DATE: May 11, 2021
SUBJECT: BIRD CONSTRUCTION INC. ANNOUNCES 2021 FIRST QUARTER FINANCIAL RESULTS

"I am pleased to report solid first quarter 2021 financial results despite the negative impacts the global pandemic had on our operations this quarter. The Company has now posted ten successive quarters of trailing twelve month Adjusted EBITDA margin improvement and, once again, Stuart Olson contributed positively to our results demonstrating it has been accretive to Bird shareholders from day one," said Mr. Teri McKibbin, President and CEO, Bird Construction. "The integrated company is driving new opportunities as our clients recognize the significant bench strength that has started to yield cross-selling opportunities, contributing to a robust and balanced backlog. Through our diverse national capabilities, we are uniquely positioned to benefit from both stronger resource prices and recent government budget announcements with additional infrastructure spending. The integration has resulted in a more resilient business and as we continue to pursue accretive growth, we are well positioned to create long-term value for all stakeholders."

FINANCIAL HIGHLIGHTS

First Quarter 2021 compared to First Quarter 2020

- Construction revenue of \$444.6 million, representing a 38.2% increase year-over-year.
- Net income and earnings per share were \$7.1 million and \$0.13, respectively, compared to \$1.1 million and \$0.03 in Q1 2020.
- Adjusted Earnings and Adjusted Earnings Per Share were \$9.1 million and \$0.17, respectively, compared to \$1.1 million and \$0.03 in Q1 2020.
- Adjusted EBITDA of \$21.0 million, or 4.7% of revenues, reflects a 178.2% increase in Adjusted EBITDA and a 230 bps improvement in Adjusted EBITDA Margin.
- Backlog of \$2,627.2 million and Pending Backlog of \$1,684.9 million at March 31, 2021.
- Strong balance sheet with \$128.1 million of working capital and \$79.9 million of non-restricted cash at March 31, 2021.

Financial Results
(in thousands of Canadian dollars, except per share amounts)

	Three months ended March 31,	
	2021	2020
Construction revenue	\$ 444,637	\$ 321,646
Net income	7,119	1,123
Basic and diluted earnings per share	0.13	0.03
Adjusted Earnings Per Share ⁽¹⁾	0.17	0.03
Adjusted EBITDA ⁽¹⁾	21,040	7,562
Cash flows from operations before changes in non-cash working capital ⁽²⁾	\$ 20,792	\$ 7,059

⁽¹⁾ See "Non-GAAP measures" at the end of this news release.

⁽²⁾ Refer to the section entitled "Cash Flow Data" in the MD&A for the period ended March 31, 2021.

OVERVIEW

- As previously announced, the Company completed its transformative acquisition of Stuart Olson late in the third quarter of 2020 and welcomed the additional employees, clients, shareholders and all other stakeholders to this dynamic organization and new leading construction company. Bird is nearing the completion of its initial integration plan and has worked to successfully combine two strong, experienced workforces and integrate and harmonize its policies, processes and people.
- During the first quarter of 2021, the Company recorded net income of \$7.1 million on construction revenue of \$444.6 million compared with net income of \$1.1 million on \$321.6 million of construction revenue in the first quarter of 2020. Basic and diluted earnings per share in the first quarter of 2021 and 2020 was \$0.13 and \$0.03, respectively. The year-over-year increase in first quarter revenue is attributable to the inclusion of Stuart Olson. Revenues were negatively impacted in the quarter by approximately \$90.0 million due to both public health restrictions and delays in permitting associated with the global pandemic. The year-over-year increase in net income reflects a combination of additional margin from the acquisition of Stuart Olson, inclusive of synergies, as well as progress with diversifying the work program and improving year-over-year margins in operations. Net income in the first quarter of 2021 was negatively impacted by reduced productivity and project delays resulting from the pandemic, which had a significant unfavourable impact on earnings and were partially mitigated by a pre-tax compensation expense recovery of \$11.2 million recognized in the quarter for the Canada Emergency Wage Subsidy ("CEWS").
- Adjusted Earnings and Adjusted Earnings Per Share in the first quarter of 2021 were \$9.1 million and \$0.17, respectively, compared with Adjusted Earnings and Adjusted Earnings Per Share in the first quarter of 2020 of \$1.1 million and \$0.03, respectively. The year-over-year increase in first quarter Adjusted Earnings is reflective of the improvement in net income described above and the adjustment for \$2.0 million of tax effected integration and restructuring expenses incurred in the first quarter of 2021.
- Adjusted EBITDA and Adjusted EBITDA Margin in the first quarter of 2021 were \$21.0 million and 4.7%, respectively. Adjusted EBITDA increased \$13.4 million from the Adjusted EBITDA of \$7.6 million in the first quarter of 2020. Adjusted EBITDA Margin increased 230 basis points from the Adjusted EBITDA margin of 2.4% recorded in the first quarter of 2020.
- During the first quarter of 2021, the Company secured \$389.3 million of new contract awards and change orders and executed \$444.6 million of construction revenues. Backlog of \$2,627.2 million at March 31, 2021 decreased slightly from Backlog of \$2,682.5 million at December 31, 2020, due to COVID-19 delays in project tenders and awards from clients.
- During the first quarter of 2021, the Company announced that it was awarded the following projects and contracts:
 - A five-year contract valued in excess of \$550.0 million to provide MRO services for a longstanding industrial customer in Alberta. Under the terms of the multi-site, multi-use agreement, the Industrial Maintenance team will deliver a multi-disciplined offering for maintenance services, turnarounds and sustaining capital construction projects, drawing on the full suite of services of both Stuart Olson and Bird. The contract is converted from Pending Backlog to Backlog as purchase orders under the contract are received.
 - The Company was awarded a \$154.0 million design-build contract for the Nanaimo Correctional Centre ("NCC") Replacement Project in Nanaimo, British Columbia. The contract was included in Backlog at December 31, 2020. The NCC Replacement Project features modernized spaces for educational, vocational, and certified trades training in addition to rehabilitative and culturally responsive Indigenous programming. It also includes Vancouver Island's first provincial custody capacity for women. Two local First Nations, Snuneymuxw and Snaw'Naw'As, will also have input into the design as well as job and contract opportunities during construction.
 - A contract was signed with Infrastructure Ontario for the design-build expansion at the Kenora Jail and the Thunder Bay Correctional Centre. The contract was added to Backlog at March 31, 2021. The project will leverage the Company's integrated conventional site construction and innovative modular construction solutions through Bird's valued partnership with Stack Modular. The Company's teams in Manitoba and

Ontario will bring together experience and local expertise, reaffirming Bird's commitment to building meaningful partnerships with regional communities including engagement with local Indigenous communities.

- During the first quarter of 2021, cash and cash equivalents decreased \$87.0 million, before the effects of foreign exchange, to \$125.0 million from \$212.1 million at the end of 2020. The majority of the change in cash and cash equivalents during the period relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business. Cash flows from operations used cash of \$68.5 million mainly due to changes in non-cash working capital and outflows of \$18.6 million for income taxes paid. Cash flows from investing activities used cash of \$0.5 million mainly related to investments in equity accounted entities. Cash flows from financing activities used cash of \$17.9 million mainly due to the payment of dividends and repayment of loans and borrowings and right-of-use liabilities. During the quarter, the Company repaid \$5.0 million of its revolving credit facility and \$0.5 million of its non-revolving term loan facility.
- The Board has declared an eligible dividend of \$0.0325 per common share for each of May 2021, June 2021 and July 2021.
- Subsequent to quarter end, the Company announced that it was awarded the following projects and contracts:
 - The Company was awarded a \$172.0 million fixed price construction services contract with Concert Properties for the Sherbourne Project ("The Burke") in Toronto, Ontario. The contract was added to Pending Backlog at March 31, 2021. The Burke is a residential tower consisting of 53 floors and a gross floor area of 43,300 m², combining a healthy blend of residential and retail space, while incorporating an existing heritage building. Bird's commitment to sustainable construction will be realized once again as it adds The Burke to its 200+ Leadership in Energy and Environmental Design (LEED®) project portfolio. The new building will be constructed to a LEED® gold standard, leveraging green building practices and environmentally sound solutions.
 - The Company was awarded two contracts for civil works on two separate sites: construction of two storm and effluent ponds at an existing project site in northwestern British Columbia, and construction of an overpass in northern Alberta. The combined value of the contracts awarded is approximately \$135.0 million.

CONFERENCE CALL AND WEBCAST

Bird will host an investor webcast to discuss the quarterly results on Wednesday, May 12, 2021 at 10:00 a.m. ET, to discuss the Company's results. Analysts and investors may connect to the webcast via URL at <http://services.choruscall.ca/links/bird20210512.html>. They may also dial **1-855-328-1925** for audio only or to enter the question queue; attendees are asked to be on the line 10 minutes prior to the start of the call. The presentation can also be found on our website at <https://www.bird.ca/investors>.

Related financial documents will be filed and available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

NON-GAAP MEASURES

Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA, and Adjusted EBITDA Margin have no standardized meaning under IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies.

Management uses Adjusted Earnings and Adjusted EBITDA to assess the operating performance of its business. Management believes that investors and analysts use these measures, as they may provide predictive value to assess the ongoing operations of the business and a more consistent comparison between financial reporting periods.

Adjusted Earnings and Adjusted EBITDA are reconciled as follows:

Adjusted Earnings

(in thousands of Canadian dollars, except per share amounts)

	Three months ended March 31,	
	2021	2020
Net income	\$ 7,119	\$ 1,123
Add: Acquisition and Integration costs	2,655	-
Add: Restructuring costs ⁽¹⁾	-	-
Income tax effect of the above costs	(637)	-
Adjusted Earnings	\$ 9,137	\$ 1,123
Adjusted Earnings Per Share ⁽²⁾	0.17	0.03

Notes

⁽¹⁾ Restructuring costs as defined in accordance with IFRS.

⁽²⁾ Calculated as Adjusted Earnings divided by basic weighted average shares.

Adjusted EBITDA

(in thousands of Canadian dollars, except percentage amounts)

	Three months ended March 31,	
	2021	2020
Income from operations	\$ 10,801	\$ 3,869
Add: Depreciation and amortization	7,960	3,868
Add: (Gain)/loss on sale of property and equipment	(403)	(175)
Add: Restructuring costs ⁽¹⁾	-	-
Add: Restructuring and severance costs ⁽²⁾	27	-
Add: Acquisition and Integration costs	2,655	-
Adjusted EBITDA	\$ 21,040	\$ 7,562
Adjusted EBITDA Margin ⁽³⁾	4.7%	2.4%

Notes:

⁽¹⁾ Restructuring costs as defined in accordance with IFRS.

⁽²⁾ Restructuring and severance costs that did not meet the criteria to be classified under restructuring costs as defined in accordance with IFRS.

⁽³⁾ Calculated as Adjusted EBITDA divided by revenue.

FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this news release are based on the expectations, estimates and projections of management of Bird as of the date of this news release unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward-looking statements concerning: the anticipated benefits of the acquisition to Bird, its shareholders, and all other stakeholders, including anticipated synergies; and the plans and strategic priorities of the combined company.

In respect of the forward-looking statements concerning the anticipated benefits of the acquisition, Bird has provided such in reliance on certain assumptions that it believes are reasonable at this time, including in respect of the combined company's services and anticipated synergies, capital efficiencies and cost-savings.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Investors are cautioned that forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which the Company operates in general such as: operational risks, industry and inherent project delivery risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price,

interest rate and exchange rate fluctuations; compliance with environmental laws risks; competition, ethics and reputational risks; ability to access sufficient capital from internal and external sources; global pandemics; repayment of credit facility; collection of recognized revenue; performance bonds and contract security; potential for non-payment and credit risk and ongoing financing availability; regional concentration; regulations; dependence on the public sector; client concentration; labour matters; loss of key management; ability to hire and retain qualified and capable personnel; subcontractor performance; unanticipated shutdowns, work stoppages, strikes and lockouts; maintaining safe worksites; cyber security risks; litigation risk; corporate guarantees and letters of credit; volatility of market trading; failure of clients to obtain required permits and licenses; payment of dividends; economy and cyclicity; Public Private Partnerships project risk; design risks; completion and performance guarantees/design-build risks; ability to secure work; estimating costs and schedules/assessing contract risks; quality assurance and quality control; accuracy of cost to complete estimates; insurance risk; adjustments and cancellations of backlog; joint venture risk; internal and disclosure controls; Public Private Partnerships equity investments; failure to realize the anticipated benefits of the Transaction; and changes in legislation, including but not limited to tax laws and environmental regulations.

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

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Bird's Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2020 and most recently filed Management's Discussion and Analysis, each of which may be accessed on Bird's SEDAR profile, at www.sedar.com.

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

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

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ABOUT BIRD CONSTRUCTION

Bird (TSX: BDT) is a leading Canadian construction company operating from coast-to-coast and servicing all of Canada's major markets. Bird provides a comprehensive range of construction services from new construction for industrial, commercial, and institutional markets; to industrial maintenance, repair and operations services, heavy civil construction, and contract surface mining; as well as vertical infrastructure including, electrical, mechanical, and specialty trades. For over 100 years, Bird has been a people-focused company with an unwavering commitment to safety and a high level of service that provides long-term value for all stakeholders. **www.bird.ca**