AECON PROUD

FIRST QUARTER REPORT **2020**

Dear Fellow Shareholders,

Aecon's first quarter results represent continued consistent performance with year-over-year increases in revenue and Adjusted EBITDA while maintaining near-record backlog of $7 billion as at March 31, 2020. Revenue for the three months ended March 31, 2020 of $748 million was $97 million, or 15 per cent, higher compared to the same period in 2019. Adjusted EBITDA of $19.2 million for the first quarter of 2020 (margin of 2.6 per cent) improved by $7.3 million compared to Adjusted EBITDA of $11.9 million (margin of 1.8 per cent) in the first quarter of 2019. Operating loss of $9.7 million for the three months ended March 31, 2020 improved by $1.1 million compared to an operating loss of $10.8 million in the same period in 2019.

On March 30, 2020, Aecon withdrew its outlook in order to evaluate the impact of the temporary slowing or suspension of work on several Aecon projects in multiple jurisdictions due to directives issued by clients and governments in light of the COVID-19 pandemic. In addition, certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed. However, any such delays are currently expected to be temporary, and the current backlog and level of new awards year to date have remained robust. To date, no projects that were previously recorded in Aecon's backlog have been cancelled. Aecon expects that demand for its services will remain strong following the COVID-19 pandemic as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of economic stimulus once the country reaches the recovery phase.

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at March 31, 2020, Aecon had $105 million of cash on hand (excluding cash in joint ventures and restricted cash), and a committed revolving credit facility of $600 million, of which $30 million was drawn and $75 million utilized for letters of credit. When combined with an additional $700 million performance security guarantee facility to support letters of credit provided by Export Development Canada, Aecon's committed credit facilities for working capital and letter of credit requirements total $1,300 million. Aecon has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course. In this environment however, the Company believes it is prudent to conserve cash and has eliminated non-essential spend and reduced discretionary capital investments.

Aecon continues to monitor developments and mitigate risks related to the COVID-19 pandemic and the impact on Aecon's projects, operations, supply chain, and most importantly the health and safety of its employees. At this time, the majority of governments across the jurisdictions in which Aecon operates have deemed the types of construction projects that constitute the majority of Aecon's contracts to be essential services and, therefore, operations are broadly continuing, although in many cases on a modified basis, as noted. As this is still an evolving situation, shifting directives and policies are expected to continue.

Aecon thanks its employees, in particular its front-line workers, for their dedication, commitment and professionalism during this challenging time.

Sincerely,

John M. Beck
Chairman

Jean-Louis Servranckx
President and Chief Executive Officer

Aecon Group Inc.

Management's Discussion and Analysis of Operating Results and Financial Condition

March 31, 2020

Management's Discussion and Analysis of Operating Results and Financial Condition ("MD&A")

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. ("Aecon" or the "Company") should be read in conjunction with the Company's March 31, 2020 interim condensed consolidated financial statements and notes, which have not been reviewed by the Company's external auditors, and in conjunction with the Company's annual MD&A for the year ended December 31, 2019 (the "2019 Annual MD&A"). This MD&A has been prepared as of April 23, 2020. Additional information on Aecon 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 securities and continuous disclosure filings.

Introduction

Aecon operates in two principal segments within the infrastructure development industry: Construction and Concessions.

The infrastructure development industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profit than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon, including statements regarding the sufficiency of Aecon's liquidity and working capital requirements for the foreseeable future, the period during which no purchases under Aecon's normal course issuer bid will be made and Aecon's expectation regarding timing of a revised outlook. Forward-looking statements, may in some cases be identified by words such as "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "should" or the negative of these terms, or similar expressions. In addition to events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including, but not limited to: the timing of projects, unanticipated costs and expenses, the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, general market and industry conditions and operational and reputational risks, including large project risk and contractual factors and risks relating to the COVID-19 pandemic. Readers are referred to the specific risk factors relating to and affecting Aecon's business and operations as filed by Aecon pursuant to applicable securities laws. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

NON-GAAP AND ADDITIONAL GAAP FINANCIAL MEASURES

The MD&A presents certain non-GAAP and additional GAAP (GAAP refers to Canadian Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and additional GAAP measures to analyze and evaluate operating performance. Aecon also believes the non-GAAP and additional GAAP financial measures below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP in the consolidated financial statements.

- **"Adjusted EBITDA"** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, and net income (loss) from projects accounted for using the equity method, but including "Equity Project EBITDA" from projects accounted for using the equity method.
- **"Equity Project EBITDA"** represents Aecon's proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, net financing expense and income taxes.
- **"Adjusted EBITDA margin"** represents Adjusted EBITDA as a percentage of revenue.
- **"Backlog"** means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance ("O&M") activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Additional GAAP Financial Measures

Additional GAAP financial measures are presented on the face of the Company's consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

- **"Gross profit"** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general and administrative expenses ("MG&A"), depreciation and amortization, income or losses from projects accounted for using the equity method, foreign exchange, net financing expense, gain (loss) on sale of assets and investments, income taxes, and non-controlling interests.
- **"Gross profit margin"** represents gross profit as a percentage of revenue.
- **"Operating profit (loss)"** represents the profit (loss) from operations, before net financing expense, income taxes and non-controlling interests.
- **"Operating margin"** represents operating profit (loss) as a percentage of revenue.

RECENT DEVELOPMENTS

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus, which has the potential to cause severe respiratory illness ("COVID-19"), a global pandemic. With the majority of governments across the jurisdictions in which Aecon operates declaring a state of emergency in response to the COVID-19 pandemic, Aecon's operations have been impacted by way of suspensions of certain of the Company's projects, either by its clients or due to a broader government directive, by disruption to the progress of projects due to the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. Certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed or suspended.

Aecon has activated continuity plans and a rigorous COVID-19 health and safety assurance process, which meets or exceeds guidance by applicable government health authorities, to minimize disruptions to its business and adapt to evolving market conditions and safety standards. These plans include stringent site pre-screening processes, heightened hygienic and disinfection practices, physical distancing, provision of additional personal protective equipment to front line workers, team separation and staggered work hours where possible, as well as extensive technology-enabled remote work initiatives. Additionally, Aecon has eliminated all non-essential spend, reduced discretionary capital investments, and is evaluating ongoing cost saving opportunities across the Company under different operating scenarios and timelines. Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future.

Aecon continues to monitor developments and mitigate risks related to the COVID-19 pandemic and the impact on Aecon's projects, operations, supply chain, and most importantly the health and safety of its employees. At this time, the majority of governments across the jurisdictions in which Aecon operates have deemed the types of construction projects that constitute the majority of Aecon's contracts to be essential services and, therefore, operations are broadly continuing, although in many cases on a modified basis. As this is still an evolving situation, shifting directives and policies are expected to continue.

Aecon Acquires Medium to High-Voltage Electrical Transmission Contractor Voltage Power

On February 3, 2020, Aecon announced that it acquired Voltage Power Ltd. (“Voltage”), an electrical transmission and substation contractor headquartered in Winnipeg, Manitoba. The base purchase price was $30 million in cash, with additional earnout payments possible based on achieving minimum EBITDA targets over the next three years. Previously a private, employee-owned company, Voltage brings key medium to high-voltage power transmission and distribution construction capabilities to Aecon. With average annual revenue of approximately $60 million over the past three years, Voltage has successfully completed over 20 projects in the past four years with an aggregate value of $200 million spanning Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland.

BUSINESS STRATEGY

The reader is referred to the discussion on Business Strategy as outlined in the 2019 Annual Report available on the Company’s website at www.aecon.com or through SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL HIGHLIGHTS

$ millions (except per share amounts)		Three months ended March 31 2020		2019
Revenue	$	**747.5**	$	**650.3**
Gross profit		61.2		46.8
Marketing, general and administrative expense		(50.4)		(43.3)
Income from projects accounted for using the equity method		2.9		2.5
Other income (loss)		(0.6)		1.8
Depreciation and amortization		(22.8)		(18.5)
Operating loss		**(9.7)**		**(10.8)**
Financing expense, net		(5.4)		(4.1)
Loss before income taxes		**(15.0)**		**(14.9)**
Income tax recovery		3.6		5.1
Loss	$	**(11.4)**	$	**(9.8)**
Gross profit margin		**8.2%**		**7.2%**
MG&A as a percent of revenue		**6.7%**		**6.7%**
Adjusted EBITDA		**19.2**		**11.9**
Adjusted EBITDA Margin		**2.6%**		**1.8%**
Operating margin		**(1.3)%**		**(1.7)%**
Loss per share – basic	$	**(0.19)**	$	**(0.16)**
Loss per share – diluted	$	**(0.19)**	$	**(0.16)**
Backlog	$	**6,954**	$	**6,749**

Revenue for the three months ended March 31, 2020 of $748 million was $97 million, or 15%, higher compared to the same period in 2019. Revenue was higher in the Construction segment ($97 million), driven by higher revenue in civil operations and urban transportation systems ($97 million), utilities ($32 million), and industrial operations ($21 million), partially offset by lower revenue in nuclear operations ($53 million). Lower revenue in the Concessions segment ($31 million) was offset by inter-segment revenue eliminations that decreased by

$31 million, due to revenue between the Concessions and Construction segments related to the Bermuda International Airport Redevelopment Project.

Operating loss of $9.7 million for the three months ended March 31, 2020 improved by $1.1 million compared to an operating loss of $10.8 million in the same period in 2019. The largest driver of this improvement was higher gross profit of $14.4 million. In the Construction segment, gross profit increased by $16.0 million primarily from increased volume and gross profit margin in civil operations and urban transportation systems, higher gross profit margin in nuclear, and higher volume in industrial operations. These improvements were partially offset by lower gross profit in utilities driven by lower gross profit margin. In the Concessions segment, gross profit decreased by $2.1 million compared to the same period in 2019, primarily due to a slowdown and then temporary suspension of commercial flight operations on March 20, 2020 at the Bermuda International Airport Redevelopment Project for reasons related to the COVID-19 pandemic.

Marketing, general and administrative expenses (“MG&A”) increased in the first quarter of 2020 by $7.1 million compared to the same period in 2019. The increase in MG&A was driven primarily by higher personnel costs ($2.7 million), project pursuit and bid costs ($1.8 million), and information technology costs ($1.1 million). MG&A as a percentage of revenue was unchanged at 6.7% in the first three months of 2020 compared to the same period in 2019, with the increase in MG&A offsetting the impact of higher revenue.

Aecon’s participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. In the three months ended March 31, 2020, Aecon reported income of $2.9 million from projects accounted for using this method of accounting, an increase of $0.4 million. The increase occurred primarily in the Concessions segment ($0.3 million) from light rail transit (“LRT”) projects in Ontario.

Other loss of $0.6 million in the first quarter of 2020 compares to other income of $1.8 million in the same period in 2019 and results primarily from the impact of foreign exchange rates on the Company’s results.

Depreciation and amortization expense of $22.8 million in the first quarter of 2020 was $4.3 million higher than the same period in 2019, primarily due to an increase in equipment deployed in the Construction segment ($3.5 million).

Financing expenses, net of interest income, of $5.4 million in the first quarter of 2020 were $1.3 million higher than the same period in 2019, primarily from an increase in interest expense from finance leases and a lower net cash position in the first three months of 2020.

Set out in Note 20 of the March 31, 2020 interim condensed consolidated financial statements is a reconciliation between the expected income tax for 2020 and 2019 based on statutory income tax rates and the actual income tax expense reported for both these periods.

Reported backlog as at March 31, 2020 of $6,954 million compares to backlog of $6,749 million as at March 31, 2019. New contract awards of $912 million were booked in the first quarter of 2020 compared to $578 million in the same period of 2019.

Backlog $ millions	As at March 31			
	2020		2019	
Construction	**$**	**6,895**	$	6,708
Concessions		**59**		41
Consolidated	**$**	**6,954**	$	6,749

The timing of work to be performed for projects in backlog as at March 31, 2020 is subject to uncertainty due to the impact of COVID-19 and related slowdowns, re-scheduling, and in some cases, suspension of work for an indeterminate period.

Aecon does not report as backlog the significant number of contracts and arrangements in hand where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include time and material and some cost-plus and unit priced contracts where the extent of services to be provided is undefined or where the number of units cannot be estimated with reasonable certainty. Other examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the client requests services on an as-needed basis. None of the expected revenue from these types of contracts and arrangements is included in backlog. Therefore, Aecon's anticipated future work to be performed at any given time is greater than what is reported as backlog.

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expenses) on Aecon's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in Aecon's reported revenue. As at March 31, 2020, reported backlog from projects that are accounted for using the equity method was $nil (March 31, 2019 - $nil).

Further detail for each segment is included in the discussion below under Reporting Segments.

REPORTING SEGMENTS

CONSTRUCTION

Financial Highlights

$ millions		Three months ended March 31 2020		2019
Revenue	**$**	**735.3**	$	637.9
Gross profit	**$**	**55.6**	$	39.6
Adjusted EBITDA	**$**	**16.5**	$	7.3
Operating loss	**$**	**(0.4)**	$	(5.4)
Gross profit margin		**7.6%**		6.2%
Adjusted EBITDA margin		**2.2%**		1.1%
Operating margin		**(0.1)%**		(0.9)%
Backlog	**$**	**6,895**	$	6,708

Revenue in the Construction segment for the three months ended March 31, 2020 of $735 million was $97 million, or 15%, higher compared to the same period in 2019. Construction segment revenue was higher in civil operations and urban transportation systems by $97 million driven by increases in major projects and transportation operations in both eastern and western Canada. Revenue was also higher in utilities operations ($32 million) due in large part to the acquisition of Voltage announced on February 3, 2020 which contributed revenue of $24 million in the first quarter of 2020, and in industrial operations ($21 million) primarily due to increased activity on mainline pipeline projects in western Canada. Partially offsetting these increases was lower revenue from nuclear operations ($53 million), driven by a reduction at the Darlington nuclear facility in Ontario, where work is winding down on the first unit of the main reactor refurbishment project, ahead of ramping up in future quarters on the next units.

Operating loss in the Construction segment of $0.4 million in the first three months of 2020 improved by $5.0 million compared to an operating loss of $5.4 million in the same period in 2019. Operating profit increased in industrial operations, civil operations, and urban transportation systems driven by higher volume, and in nuclear operations due to higher gross profit margin. These increases were partially offset by lower operating profit in utilities driven by lower gross profit margin.

Construction backlog as at March 31, 2020 was $6,895 million, which is $187 million higher than at the same time in 2019. Backlog increased period-over-period in industrial operations ($373 million), nuclear operations ($231 million), and utilities ($49 million), while backlog was lower in civil operations and urban transportation systems ($466 million). New contract awards of $896 million in the first quarter of 2020 were $334 million higher than the same period in 2019 driven primarily by the award for the Pattullo Bridge Replacement Project in British Columbia in the first quarter of 2020.

As discussed in the Consolidated Financial Highlights section, the Construction segment's anticipated future work to be performed at any given time is greater than what is reported as backlog.

CONCESSIONS

Financial Highlights

$ millions		Three months ended March 31 2020		2019
Revenue	**$**	**27.1**	$	58.0
Gross profit	**$**	**5.7**	$	7.8
Income from projects accounted for using the equity method	**$**	**3.3**	$	3.0
Adjusted EBITDA	**$**	**14.3**	$	14.8
Operating profit	**$**	**2.5**	$	4.5
Backlog	**$**	**59**	$	41

Aecon holds a 100% interest in Bermuda Skyport Corporation Limited ("Skyport"), the concessionaire responsible for the Bermuda airport's operations, maintenance and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. Aecon's participation in Skyport is consolidated and, as such, is accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. However, Aecon's concession participation in the Eglinton Crosstown LRT, Finch West LRT, Gordie Howe International Bridge, and Waterloo LRT projects are joint ventures that are accounted for using the equity method.

For the three months ended March 31, 2020, revenue in the Concessions segment of $27 million was $31 million lower than the same period in 2019, driven primarily by the impact of decreased construction activity related to the Bermuda International Airport Redevelopment Project. Included in Concessions' revenue for the first three months of 2020 was $14 million of construction revenue that was eliminated on consolidation as inter-segment revenue (compared to $43 million in the first three months of 2019).

Operating profit of $2.5 million for the three months ended March 31, 2020, decreased by $2.0 million compared to 2019. The lower operating profit occurred in the Bermuda International Airport Redevelopment Project and resulted primarily from the slowdown and then temporary suspension on March 20, 2020 of all commercial flights in and out of Bermuda due to the COVID-19 pandemic.

Except for "O&M" activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities for the next five years, is reported.

Quarterly Financial Data

Set out below is quarterly financial data for the most recent eight quarters:

$ millions (except per share amounts)

	2020	2019				2018		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	$ 747.5	$ 917.3	$ 1,025.4	$ 867.3	$ 650.3	$ 948.5	$ 1,019.7	$ 754.8
Adjusted EBITDA	19.2	61.7	91.1	57.3	11.9	72.4	89.5	41.4
Earnings (loss) before income taxes	(15.0)	25.3	53.2	23.2	(14.9)	35.7	51.0	7.4
Profit (loss)	(11.4)	20.2	42.1	20.4	(9.8)	27.9	42.0	8.4
Earnings (loss) per share:								
Basic	(0.19)	0.33	0.69	0.34	(0.16)	0.46	0.70	0.14
Diluted	(0.19)	0.31	0.60	0.31	(0.16)	0.41	0.60	0.13

Earnings (loss) per share for each quarter has been computed using the weighted average number of shares issued and outstanding during the respective quarter. Any dilutive securities, which increase the earnings per share or decrease the loss per share, are excluded for purposes of calculating diluted earnings per share. Due to the impacts of dilutive securities, such as convertible debentures, and share issuances and repurchases throughout the periods, the sum of the quarterly earnings (losses) per share will not necessarily equal the total for the year.

Set out below is the calculation of Adjusted EBITDA for the most recent eight quarters:

$ millions

	2020	2019				2018		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit (loss)	$ (9.7)	$ 31.1	$ 58.8	$ 28.1	$ (10.8)	$ 42.6	$ 56.2	$ 12.8
Depreciation and amortization	22.8	24.9	26.8	23.9	18.5	25.3	29.5	25.4
(Gain) loss on sale of assets	(0.3)	(1.0)	(0.7)	(1.1)	(0.5)	0.1	(0.2)	(0.1)
Income from projects accounted for using the equity method	(2.9)	(3.5)	(4.3)	(2.2)	(2.5)	(6.2)	(3.9)	(2.2)
Equity Project EBITDA	9.4	10.1	10.6	8.6	7.2	10.6	7.9	5.5
Adjusted EBITDA	$ 19.2	$ 61.7	$ 91.1	$ 57.3	$ 11.9	$ 72.4	$ 89.5	$ 41.4

Set out below is the calculation of Equity Project EBITDA for the most recent eight quarters:

$ millions

	2020	2019				2018		
Aecon's proportionate share of projects accounted for using the equity method (1)	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit	$ 9.2	$ 10.0	$ 10.4	$ 8.4	$ 7.1	$ 10.5	$ 7.8	$ 5.4
Depreciation and amortization	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Equity Project EBITDA	9.4	10.1	10.6	8.6	7.2	10.6	7.9	5.5

(1) Refer to Note 10 " Projects Accounted for Using the Equity Method" in the March 31, 2020 interim condensed consolidated financial statements

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon's participation in joint arrangements classified as joint operations is accounted for in the consolidated financial statements by reflecting, line by line, Aecon's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

Aecon's participation in joint arrangements classified as joint ventures, as well as Aecon's participation in project entities where Aecon exercises significant influence over the entity but does not control or jointly control the entity (i.e. associates), is accounted for using the equity method.

For further information, see Note 10 to the March 31, 2020 interim condensed consolidated financial statements.

During the second quarter of 2018, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking $180 million in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately $14 million in damages. The Company has recorded $137 million of unbilled revenue and accounts receivable as at March 31, 2020. Offsetting this amount to some extent, the Company has accrued $45 million in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately $195 million already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. These claims may not be resolved for several years. The Company does not expect that the resolution of these claims will cause a material impact to its financial position.

During the second quarter of 2020, Rio Tinto issued a notice of termination of contract to the joint venture in which Aecon holds a 40% interest with respect to the $364 million Kemano Generating Station Second Tunnel Project, an 8-kilometre tunnel project in Kitimat, British Columbia. Rio Tinto also issued notice to the joint ventures' sureties asserting a claim on the 50% performance bonds; the sureties have not yet responded. The joint venture disputes the validity of Rio Tinto's purported termination and, in either case, has confirmed to Rio Tinto that it stands ready to complete the project. To date, neither Rio Tinto nor the joint venture have articulated the amount of damages, if any, that each might seek should Rio Tinto persist in its position. While it is possible that this commercial dispute could result in a material impact to Aecon's earnings and cash flow if not resolved, the ultimate results cannot be predicted at this time.

Cash and Debt Balances

Cash balances at March 31, 2020 and December 31, 2019 are as follows:

$ millions		March 31, 2020		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	$ **105**	$ **492**	$ **597**
Restricted cash	(2)	**83**	**-**	**83**
Bank indebtedness	(3)	**(30)**	**-**	**(30)**
		December 31, 2019		
		Balances excluding Joint Operations	**Joint Operations**	**Consolidated Total**
Cash and cash equivalents	(1)	$ 189	$ 493	$ 682
Restricted cash	(2)	77	-	77

(1) Cash and cash equivalents include cash on deposit in bank accounts of joint operations which Aecon cannot access directly.
(2) Restricted cash is cash held by Bermuda Skyport Corporation Limited.
(3) Bank indebtedness represents borrowings on Aecon's revolving credit facility.

Total long-term recourse debt of $367.1 million as at March 31, 2020 compares to $370.2 million as at December 31, 2019, the composition of which is as follows:

$ millions	March 31, 2020	December 31, 2019
Current portion of long-term debt – recourse	$ **61.0**	$ 60.1
Long-term debt – recourse	**140.6**	145.7
Long-term portion of convertible debentures	**165.5**	164.4
Total long-term recourse debt	$ **367.1**	$ 370.2
Long-term project debt - non-recourse	$ **399.7**	$ 365.9

The $3.1 million net decrease in total long-term recourse debt in the first three months of 2020 primarily results from a decrease in leases of $4.6 million, offset partially by increases in equipment loans of $0.4 million and convertible debentures of $1.1 million related to the accretion of notional interest.

The $33.8 million increase in long-term non-recourse project debt, which all relates to the financing of the Bermuda International Airport Redevelopment Project, is due to the impact of the change in the US:Canadian dollar exchange rate between December 31, 2019 and March 31, 2020.

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at March 31, 2020, Aecon had $105 million of cash on hand (excluding cash in joint ventures and restricted cash), and a committed revolving credit facility of $600 million, of which $30 million was drawn and $75 million utilized for letters of credit. When combined with an additional $700 million performance security guarantee facility to support letters of credit provided by Export Development Canada, Aecon's committed credit facilities for working capital and letter of credit requirements total $1,300 million. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course. As at March 31, 2020, Aecon was in compliance with all debt covenants related to its credit facility.

In the fourth quarter of 2019, Aecon announced its intention to make a normal course issuer bid (the "NCIB") commencing on November 5, 2019 and expiring on November 4, 2020. During the period, Aecon is permitted to purchase for cancellation up to a maximum of 5,975,486 common shares on the open market, representing approximately 10% of the issued and outstanding common shares at the time of the announcement of the NCIB. For the three months ended March 31, 2020, the Company acquired 937,937 common shares for $15.5 million of which $6.1 million was recorded as a reduction in share capital and $9.4 million recorded as a reduction of retained earnings. In total, from November 5, 2019 to March 31, 2020, Aecon acquired 1,337,137 common shares for $22.7 million of which $8.7 million was recorded as a reduction in share capital and $14.0 million recorded as a reduction of retained earnings. All the shares acquired were subsequently cancelled. Between March 31, 2020 and the date that its first quarter 2020 results were released, Aecon did not make any additional purchases of its common shares pursuant to its NCIB.

On March 3, 2020, Aecon's Board of Directors approved an increase in the dividend to be paid to all holders of Aecon common shares. Quarterly dividends increased to $0.16 per share (annual dividend of $0.64 per share). Prior to this increase, Aecon paid a quarterly dividend of $0.145 per share (annual dividend of $0.58 per share). The first quarterly dividend payment of $0.16 per share was paid on April 2, 2020.

Summary of Cash Flows

The construction industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, a larger portion of this work is performed in the summer and fall months than in the winter and early spring months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating cash flow, with cash balances typically being at their lowest levels in the middle of the year as investments in working capital increase. These seasonal impacts typically result in cash balances peaking near year-end or during the first quarter of the year.

A summary of sources and uses of cash during the three months ended March 31, 2020 and 2019 is as follows:

$ millions				
		Three months ended March 31		
		2020		2019
Operating Activities				
Cash provided by (used in):				
Cash flows from operations before changes in working capital	**$**	**(16.4)**	$	2.2
Higher investments in working capital		**(0.4)**		(14.2)
Cash used in operating activities	**$**	**(16.8)**	$	(12.0)
Investing Activities				
Cash provided by (used in):				
Decrease in restricted cash balances held by Skyport to finance the Bermuda International Airport Redevelopment Project	**$**	**0.4**	$	35.5
Expenditures made by Skyport related to the construction of the new airport terminal in Bermuda		**(12.8)**		(35.9)
Expenditures (net of disposals) on property, plant and equipment and intangible assets		**(20.5)**		(9.7)
Cash outflow related to the acquisition of Voltage		**(29.4)**		-
Cash distributions received from projects accounted for using the equity method		**0.1**		0.2
Cash used for investments in long-term financial assets		**(0.3)**		-
Cash used in investing activities	**$**	**(62.5)**	$	(9.9)
Financing Activities				
Cash provided by (used in):				
Increase in bank indebtedness associated with borrowings under the Company's revolving credit facility	**$**	**30.0**	$	-
Increase in long-term recourse debt borrowings		**2.2**		5.7
Repayments of long-term recourse debt relating primarily to equipment financing arrangements		**(18.3)**		(13.1)
Stock based compensation settlements and receipts		**(1.6)**		-
Cash used for dividends paid		**(8.8)**		(7.6)
Common shares purchased under NCIB		**(15.5)**		-
Cash used in financing activities	**$**	**(12.0)**	$	(15.0)
Decrease in cash and cash equivalents		**(91.3)**		(36.9)
Effects of foreign exchange on cash balances		**5.6**		(0.9)
Cash and cash equivalents - beginning of period		**682.3**		631.0
Cash and cash equivalents - end of period	**$**	**596.6**	$	593.2

In the first quarter of 2020, Aecon acquired, either through purchase or lease, property, plant and equipment totaling $25 million (excluding property, plant and equipment acquired at the time of the Voltage acquisition). $16.5 million of these expenditures related to the purchase of an equipment yard and building in Ontario for use by the civil and utilities equipment fleet operations in the Construction segment, with the balance of the investment in property, plant and equipment related to the purchase or lease of new machinery and construction equipment as part of normal ongoing business operations in the Construction segment. In the first three months of 2019, investments in property, plant and equipment totaled $23 million.

NEW ACCOUNTING STANDARDS

Note 5, *"New Accounting Standards"*, to Aecon's March 31, 2020 interim condensed consolidated financial statements includes new IFRS standards that became effective for the Company on January 1, 2020, and Note 6, *"Future Accounting Changes"* discusses IFRS standards and interpretations that are issued, but not yet effective.

The new accounting standards had no significant impact on profit (loss), comprehensive income (loss), or earnings (loss) per share in the first three months of 2020.

SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, have designed disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company, including its consolidated subsidiaries, is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation. The CEO and CFO, together with management, have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In designing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements due to error or fraud.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the period beginning on January 1, 2020 and ended on March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

In response to the COVID-19 pandemic, certain physical distancing measures taken by Aecon, clients and governments have the potential to impact the design and performance of internal controls over financial reporting at the Company if such measures remain in place for an extended period of time. The Company will continue to monitor and mitigate the risks associated with any changes to its control environment in response to COVID-19.

Contractual Obligations

At March 31, 2020 the Company had commitments totaling $438 million for equipment and premises under leases requiring minimum payments, and for obligations under long-term recourse debt and convertible debentures.

At March 31, 2020, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was $6,954 million.

Further details on Contractual Obligations are included in the Company's 2019 Annual Report.

Off-Balance Sheet Arrangements

Aecon's defined benefit pension plans (the "Pension Plans") had a combined surplus of $0.9 million as at March 31, 2020 (December 31, 2019 - $0.8 million). The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to the Company's 2019 Annual Report for further details regarding Aecon's Pension Plans.

Further details of contingencies and guarantees are included in the March 31, 2020 interim condensed consolidated financial statements and in the 2019 Annual Report.

Related Party Transactions

There were no significant related party transactions in the first three months of 2020.

Critical Accounting Estimates and Judgements

The reader is referred to the detailed discussion on Critical Accounting Estimates as outlined in Note 4 to the March 31, 2020 interim condensed consolidated financial statements.

RISK FACTORS

The reader is referred to the detailed discussion on Risk Factors as outlined in the Company's 2019 Annual MD&A and as updated in the Company's Annual Information Form dated March 30, 2020 (the "2020 AIF") and available on SEDAR at www.sedar.com. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The Risk Factors previously disclosed in the Company's 2019 Annual MD&A addressed the risks of epidemics and pandemics and their impact on the Company's business and operations as reasonably understood at the time. Given the rapid global spread of the novel coronavirus and the declaration of a global pandemic by the World Health Organization on March 11, 2020, the Company, subsequent to the release of the 2019 Annual MD&A, updated its Risk Factors in the 2020 AIF to include the disclosure that follows:

With the majority of governments across the jurisdictions in which Aecon operates declaring a state of emergency in response to the COVID-19 pandemic, Aecon's operations could be impacted by way of suspensions of certain of the Company's projects, either by its clients or due to a broader government directive, by disruption to the progress of projects due to the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. Projects that were expected to be available to the Company to bid on to secure new revenue may be delayed, suspended, or cancelled.

Aecon has implemented a business continuity plan and has established the Aecon Leadership Emergency Response Team (ALERT) to provide centralized, cross-functional, strategic direction during a contagious illness situation such as the COVID-19 pandemic. While these measures may partially mitigate the impact of the COVID-19 pandemic, minimize recovery time and reduce business losses, the plan can neither account for nor control all possible events. The COVID-19 pandemic, therefore, may have material adverse financial implications for the Company.

Risks and uncertainties, which management reviews on a quarterly basis, have not materially changed in the period since March 30, 2020.

Outstanding Share Data

Aecon is authorized to issue an unlimited number of common shares. The following are details of common shares outstanding and securities that are convertible into common shares.

In thousands of dollars (except share amounts)		**April 23, 2020**
Number of common shares outstanding		59,866,563
Outstanding securities exchangeable or convertible into common shares:		
Principal amount of convertible debentures outstanding (see Note 17 to the March 31, 2020 interim condensed consolidated financial statements)	$	178,222
Number of common shares issuable on conversion of convertible debentures		7,666,667
Increase in paid-up capital on conversion of convertible debentures	$	178,222
DSUs and RSUs outstanding under the Long-Term Incentive Plan and the Director DSU Plan		3,266,700

OUTLOOK

Aecon withdrew its outlook for 2020 on March 30, 2020 in order to evaluate the impact of the temporary slowing or suspension of work on several Aecon projects in multiple jurisdictions due to directives issued by clients and governments in light of the COVID-19 pandemic, as well as the deferral of certain project procurement processes in the Company's bidding pipeline.

With the majority of governments across the jurisdictions in which Aecon operates declaring a state of emergency in response to the COVID-19 pandemic, Aecon's operations have been impacted by way of suspensions of certain of the Company's projects, either by its clients or due to a broader government directive, by disruption to the progress of projects due to the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. The main impacts to date relate to the Bermuda International Airport Redevelopment Project where both commercial operations and construction of the new terminal have been suspended, the Montreal REM LRT and Site C projects where construction has been suspended, and nuclear operations where ramp up on the next phase of work on a number of projects has been delayed. While the impact to these projects, as well as others, will be to reduce revenue until normal operations resume, there is no guarantee that all related costs will be recovered and therefore it is possible that future project margins could be impacted.

In addition, certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed. Any such delays are currently expected to be temporary, and the current backlog and level of new awards year to date have remained robust. To date, no projects that were previously recorded in Aecon's backlog have been cancelled. The Company expects that demand for its services will remain strong following the COVID-19 pandemic as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of economic stimulus once the country reaches the recovery phase.

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at March 31, 2020, Aecon had $105 million of cash on hand (excluding cash in joint ventures and restricted cash), and a committed revolving credit facility of $600 million, of which $30 million was drawn and $75 million utilized for letters of credit. When combined with an additional $700 million performance security guarantee facility to support letters of credit provided by Export Development Canada, Aecon's committed credit facilities for working capital and letter of credit requirements total $1,300 million. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course. In this environment however, the Company believes it is prudent to conserve cash and has eliminated non-essential spend and reduced discretionary capital investments as previously disclosed.

Aecon continues to monitor developments and mitigate risks related to the COVID-19 pandemic and the impact on Aecon's projects, operations, supply chain, and most importantly the health and safety of its employees. At this time, the majority of governments across the jurisdictions in which Aecon operates have deemed the types of construction projects that constitute the majority of Aecon's contracts to be essential services and, therefore, operations are broadly continuing, although in many cases on a modified basis, as noted. As this is still an evolving situation, shifting directives and policies are expected to continue.

Aecon again thanks its employees, in particular its front-line workers, for their dedication, commitment and professionalism during this challenging time.

AECON GROUP INC.
FIRST QUARTER

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2020 AND 2019

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MANAGEMENT REPORT
April 23, 2020

Notice to Reader

The management of Aecon Group Inc. (the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the Company’s auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows of the Company.

(signed) Jean-Louis Servranckx, President and Chief Executive Officer

(signed) David Smales, Executive Vice-President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2020 AND DECEMBER 31, 2019
(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2020	December 31 2019
ASSETS			
Current assets			
Cash and cash equivalents	7	$ 596,571	$ 682,264
Restricted cash	7	83,350	76,595
Trade and other receivables	8	648,828	682,105
Unbilled revenue		641,222	598,858
Inventories	9	23,636	24,899
Income tax recoverable		13,139	9,576
Prepaid expenses		61,423	55,107
		2,068,169	2,129,404
Non-current assets			
Long-term financial assets		20,773	7,136
Projects accounted for using the equity method	10	29,661	45,513
Deferred income tax assets		32,809	26,725
Property, plant and equipment	11	370,622	351,404
Intangible assets	12	623,402	554,456
		1,077,267	985,234
TOTAL ASSETS		$ 3,145,436	$ 3,114,638
LIABILITIES			
Current liabilities			
Bank indebtedness	13	$ 30,000	$ -
Trade and other payables	14	776,964	773,734
Provisions	15	15,333	20,473
Deferred revenue		483,070	483,128
Income taxes payable		5,955	20,437
Current portion of long-term debt	16	60,958	60,071
		1,372,280	1,357,843
Non-current liabilities			
Provisions	15	6,280	6,348
Non-recourse project debt	16	399,725	365,894
Long-term debt	16	140,597	145,682
Convertible debentures	17	165,515	164,351
Concession related deferred revenue	18	110,727	101,369
Deferred income tax liabilities		112,136	115,087
Other liabilities		46	68
		935,026	898,799
TOTAL LIABILITIES		2,307,306	2,256,642
EQUITY			
Capital stock	23	389,415	394,291
Convertible debentures	17	12,707	12,707
Contributed surplus		49,706	48,858
Retained earnings		373,464	403,821
Accumulated other comprehensive income (loss)		12,838	(1,681)
TOTAL EQUITY		838,130	857,996
TOTAL LIABILITIES AND EQUITY		$ 3,145,436	$ 3,114,638

Contingencies (Note 22)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note		March 31 2020		March 31 2019
Revenue		$	747,515	$	650,334
Direct costs and expenses	24		(686,299)		(603,537)
Gross profit			61,216		46,797
Marketing, general and administrative expense	24		(50,380)		(43,347)
Depreciation and amortization	24		(22,781)		(18,489)
Income from projects accounted for using the equity method	10		2,891		2,511
Other income (loss)	25		(597)		1,761
Operating loss			(9,651)		(10,767)
Finance income			583		616
Finance cost	26		(5,941)		(4,765)
Loss before income taxes			(15,009)		(14,916)
Income tax recovery	20		3,595		5,093
Loss for the period		$	(11,414)	$	(9,823)
Basic loss per share	27	$	(0.19)	$	(0.16)
Diluted loss per share	27	$	(0.19)	$	(0.16)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(in thousands of Canadian dollars) (unaudited)

	March 31 2020	March 31 2019
Loss for the period	**$ (11,414)**	$ (9,823)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences - foreign operations	**13,974**	(1,170)
Cash flow hedges - subsidiaries	**4,185**	-
Cash flow hedges - equity accounted investees	**(20,829)**	(4,196)
Cash flow hedges - joint operations	**16,635**	(4,582)
Income taxes on the above	**554**	2,327
Total other comprehensive income (loss) for the period	**14,519**	(7,621)
Comprehensive income (loss) for the period	**$ 3,105**	$ (17,444)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

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

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at January 1, 2020	**$ 394,291**	**$ 12,707**	**$ 48,858**	**$ 403,821**	**$ (698)**	**$ 2,174**	**$ (3,157)**	**$ 857,996**
Loss for the period	-	-	-	(11,414)	-	-	-	**(11,414)**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	13,974	-	-	**13,974**
Cash flow hedges - subsidiaries	-	-	-	-	-	-	4,185	**4,185**
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(20,829)	**(20,829)**
Cash flow hedges - joint operations	-	-	-	-	-	-	16,635	**16,635**
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	554	**554**
Total other comprehensive income for the period	**-**	**-**	**-**	**-**	**13,974**	**-**	**545**	**14,519**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**(11,414)**	**13,974**	**-**	**545**	**3,105**
Dividends declared	-	-	-	(9,579)	-	-	-	**(9,579)**
Common shares purchased under Normal Course Issuer Bid	(6,091)	-	-	(9,364)	-	-	-	**(15,455)**
Stock-based compensation expense	-	-	3,655	-	-	-	-	**3,655**
Shares issued to settle LTIP/Director DSU obligations	1,215	-	(1,215)	-	-	-	-	**-**
Stock based compensation settlements and receipts	-	-	(1,592)	-	-	-	-	**(1,592)**
Balance as at March 31, 2020	**$ 389,415**	**$ 12,707**	**$ 49,706**	**$ 373,464**	**$ 13,276**	**$ 2,174**	**$ (2,612)**	**$ 838,130**

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at December 31, 2018	**$ 386,453**	**$ 12,707**	**$ 47,006**	**$ 369,505**	**$ 3,748**	**$ 1,227**	**$ 4,416**	**$ 825,062**
Change in accounting policy	-	-	-	1,336	-	-	-	**1,336**
Adjusted balance as at January 1, 2019	**386,453**	**12,707**	**47,006**	**370,841**	**3,748**	**1,227**	**4,416**	**826,398**
Loss for the period	-	-	-	(9,823)	-	-	-	**(9,823)**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(1,170)	-	-	**(1,170)**
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(4,196)	**(4,196)**
Cash flow hedges - joint operations	-	-	-	-	-	-	(4,582)	**(4,582)**
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	2,327	**2,327**
Total other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(1,170)**	**-**	**(6,451)**	**(7,621)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(9,823)**	**(1,170)**	**-**	**(6,451)**	**(17,444)**
Dividends declared	-	-	-	(8,797)	-	-	-	**(8,797)**
Stock-based compensation expense	-	-	4,518	-	-	-	-	**4,518**
Shares issued to settle LTIP/Director DSU obligations	2,763	-	(2,763)	-	-	-	-	**-**
Balance as at March 31, 2019	**$ 389,216**	**$ 12,707**	**$ 48,761**	**$ 352,221**	**$ 2,578**	**$ 1,227**	**$ (2,035)**	**$ 804,675**

During the three months ended March 31, 2020, the Company declared dividends amounting to $0.16 per share (March 31, 2019 - $0.145 per share).

The accompanying notes are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(in thousands of Canadian dollars) (unaudited)

	Note	**March 31 2020**	March 31 2019
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		**$ (15,009)**	$ (14,916)
Income taxes paid		**(25,768)**	(3,416)
Defined benefit pension		**(12)**	20
Items not affecting cash:			
Depreciation and amortization		**22,781**	18,489
Income from projects accounted for using the equity method		**(2,891)**	(2,511)
Gain on sale of assets		**(348)**	(534)
Unrealized foreign exchange gain		**(1,937)**	(2,003)
Increase in provisions		**1,842**	1,274
Notional interest representing accretion		**1,293**	1,242
Stock-based compensation		**3,655**	4,518
Change in other balances relating to operations	28	**(425)**	(14,203)
		(16,819)	(12,040)
Investing activities			
Decrease in restricted cash balances		**410**	35,447
Purchase of property, plant and equipment		**(21,747)**	(12,111)
Proceeds on sale of property, plant and equipment		**1,432**	2,669
Investment in concession rights		**(12,754)**	(35,888)
Increase in intangible assets		**(240)**	(217)
Decrease (increase) in long-term financial assets		**(255)**	21
Distributions from projects accounted for using the equity method		**66**	219
Net cash outflow on acquisition of a business	19	**(29,411)**	-
		(62,499)	(9,860)
Financing activities			
Increase in bank indebtedness		**30,000**	-
Issuance of long-term debt		**2,170**	5,659
Repayments of lease liabilities		**(16,396)**	(7,655)
Repayments of long-term debt		**(1,870)**	(5,468)
Stock based compensation settlements and receipts		**(1,592)**	-
Dividends paid		**(8,804)**	(7,560)
Common shares purchased under NCIB		**(15,455)**	-
		(11,947)	(15,024)
Decrease in cash and cash equivalents during the period		**(91,265)**	(36,924)
Effect of foreign exchange on cash balances		**5,572**	(861)
Cash and cash equivalents - beginning of period		**682,264**	630,976
Cash and cash equivalents - end of period	7	**$ 596,571**	$ 593,191

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. CORPORATE INFORMATION

Aecon Group Inc. ("Aecon" or the "Company") is a publicly traded construction and infrastructure development company incorporated in Canada. Aecon and its subsidiaries provide services to private and public sector clients throughout Canada and on a selected basis internationally. Its registered office is located in Toronto, Ontario at 20 Carlson Court, Suite 105, M9W 7K6.

The Company operates in two segments within the infrastructure development industry: Construction and Concessions.

2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on April 23, 2020 by the Board of Directors of the Company.

3. BASIS OF PRESENTATION

Basis of presentation
The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*". The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019.

Seasonality
The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profits than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

Basis of measurement
The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

Principles of consolidation
The interim condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries. In addition, the Company's participation in joint arrangements classified as joint operations is accounted for in the interim condensed consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations. The interim condensed consolidated financial statements also include the Company's investment in and share of the earnings of projects accounted for using the equity method.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates are also not specific to any one segment unless otherwise noted below.

The Company's significant accounting policies are described in Note 5, "*Summary of Significant Accounting Policies,*" in the Company's annual consolidated financial statements for the year ended December 31, 2019. The following discussion is intended to describe those judgments and key assumptions concerning major sources of estimation uncertainty at the end of the reporting period that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

COVID-19 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization declared the novel coronavirus, which has the potential to cause severe respiratory illness ("COVID-19"), a global pandemic. With the majority of governments across the jurisdictions in which Aecon operates declaring a state of emergency in response to the COVID-19 pandemic, Aecon's operations could be impacted by way of suspensions of certain of the Company's projects, either by its clients or due to a broader government directive, by disruption to the progress of projects due to the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. Certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed or suspended.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, the Company's business continuity plan and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates and assumptions made by management during the preparation of the Company's consolidated financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected. The major sources of estimation uncertainty and judgment affecting the Company are discussed in greater detail below.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

ASSETS AND LIABILITIES ACQUIRED IN A BUSINESS COMBINATION

The Company assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, "Business Combinations". This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3, "Business Combinations" and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business. Purchase prices related to business combinations and asset acquisitions are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgments regarding cash flow projections, valuation techniques, economic risk, weighted average cost of capital and future events. Significant judgments, estimates and assumptions are also required by management in estimating the amount of contingent consideration payable. The measurement of the purchase consideration and allocation process is therefore inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities (including the amounts allocated to intangible assets and goodwill), and future earnings due to the impacts on depreciation and amortization expense and impairment testing.

REVENUE AND GROSS PROFIT RECOGNITION
Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint operations, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. The Company has a process whereby progress on jobs is reviewed by management on a regular basis and estimated costs to complete are updated. However, due to unforeseen changes in the nature or cost of the work to be completed or performance factors, contract profit can differ significantly from earlier estimates.

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), the availability of skilled contract labour, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Fixed price contracts are common across all of the Company's sectors, as are change orders and claims, and therefore these estimates are not unique to one core segment. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. Changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. In accordance with the Company's accounting policy, unpriced change orders and claims are recognized in revenue at the most likely amount the Company expects to be entitled, and to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Therefore, it is possible for the Company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders and claims, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

LITIGATION RISK AND CLAIMS RISK
Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial, including the legal proceedings discussed in Note 22, *"Contingencies"*. The Company must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine if a provision is required. Estimating and recording the future outcome of litigation proceedings requires management to make significant judgments and assumptions, which are inherently subject to risks and uncertainties. Management regularly analyzes current information about these matters, and internal and external legal counsel are often used for these assessments. In making decisions regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the

ability to make a sufficiently reliable estimate of the amount of loss. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

The Company also pursues claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. When these types of events occur and unresolved claims are pending, the Company may invest significant working capital in projects to cover costs pending the resolution of the relevant claims. A failure to ultimately recover on claims could have a material effect on liquidity and financial results.

FAIR VALUING FINANCIAL INSTRUMENTS

From time to time, the Company, often through its subsidiaries, joint arrangements and equity accounted investees, enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. The Company is required to measure certain financial instruments at fair value, using the most readily available market comparison data and where no such data is available, using quoted market prices of similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated.

Further information with regard to the treatment of financial instruments can be found in Note 29, *"Financial Instruments."*

MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

The Company's obligations and expenses related to defined benefit pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The defined benefit obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 21, "*Employee Benefit Plans*," in the Company's annual consolidated financial statements for the year ended December 31, 2019, for further details regarding the Company's defined benefit plans as well as the impact to the financial results of a 0.5% change in the discount rate assumption used in the calculations.

INCOME TAXES

The Company is subject to income taxes in both Canada and several foreign jurisdictions. Significant estimates and judgments are required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Management estimates income taxes for each jurisdiction the Company operates in, taking into consideration different income tax rates, non-deductible expenses, valuation allowances, changes in tax laws, and management's expectations of future results. Management bases its estimates of deferred income taxes on temporary differences between the assets and liabilities reported in the Company's consolidated financial statements, and the assets and liabilities determined by the tax laws in the various countries in which the Company operates. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company's historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company's current and future results and financial condition.

The Company is unable to quantify the potential future impact to its consolidated financial results from a change in estimate in calculating income tax assets and liabilities.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS
Intangible assets with finite lives are amortized over their useful lives. Goodwill, which has an indefinite life, is not amortized. Management evaluates intangible assets that are not amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. Goodwill and intangible assets with indefinite lives, if any, are tested for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change, which suggest the goodwill or intangible assets should be evaluated.

Impairment assessments inherently involve management judgment as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions used to estimate the fair value of reporting units under the fair value less cost to disposal approach are: weighted average cost of capital used to discount the projected cash flows; cash flows generated from new work awards; and projected operating margins.

The weighted average cost of capital rates used to discount projected cash flows are developed via the capital asset pricing model, which is primarily based on market inputs. Management uses discount rates it believes are an accurate reflection of the risks associated with the forecasted cash flows of the respective reporting units.

To develop the cash flows generated from project awards and projected operating margins, the Company tracks prospective work primarily on a project-by-project basis as well as the estimated timing of when new work will be bid or prequalified, started and completed. Management also gives consideration to its relationships with prospective customers, the competitive landscape, changes in its business strategy, and the Company's history of success in winning new work in each reporting unit. With regard to operating margins, consideration is given to historical operating margins in the end markets where prospective work opportunities are most significant, and changes in the Company's business strategy.

Unanticipated changes in these assumptions or estimates could materially affect the determination of the fair value of a reporting unit and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a reporting unit entirely and could potentially result in an impairment charge in the future.

Refer to Note 14, "*Intangible Assets"*, in the Company's annual consolidated financial statements for the year ended December 31, 2019, for further details regarding goodwill and other intangible assets.

LEASES
The application of IFRS 16 "*Leases*" requires significant judgments and certain key estimations to be made.

Critical judgments required in the application of IFRS 16 include the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determining whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling price of lease and non-lease components.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term;
- Determining the appropriate rate to discount lease payments; and
- Assessing whether a right-of-use asset is impaired.

Unanticipated changes in these judgments or estimates could affect the identification and determination of the value of lease liabilities and right-of-use assets at initial recognition, as well as the subsequent measurement of lease liabilities and right-of-use assets. These items could potentially result in changes to amounts reported in the consolidated statements of income and consolidated balance sheets in a given period.

Refer to Note 11, "*Property, plant and equipment*", and Note 16, "*Long-term debt and non-recourse project debt*" for further details regarding leases.

4.2 JUDGMENTS

The following are critical judgments management has made in the process of applying accounting policies and that have the most significant effect on how certain amounts are reported in the consolidated financial statements.

BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS

Assessing the Company's ability to control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require the exercise of significant judgment to determine whether the Company controls, jointly controls, or exercises significant influence over the entity performing the work. This assessment of control impacts how the operations of these entities are reported in the Company's consolidated financial statements (i.e., full consolidation, equity investment or proportional share).

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether an entity is classified as either a joint operation, joint venture or associate, management considers the contractual rights and obligations, voting shares, share of board members and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. The majority of the current partnering agreements are classified as joint operations.

The application of different judgments when assessing control or the classification of joint arrangements could result in materially different presentations in the consolidated financial statements.

SERVICE CONCESSION ARRANGEMENTS

The accounting for concession arrangements requires the application of judgment in determining if the project falls within the scope of IFRIC Interpretation 12, "*Service Concession Arrangements*", ("IFRIC 12"). Additional judgments are needed when determining, among other things, the accounting model to be applied under IFRIC 12, the allocation of the consideration receivable between revenue-generating activities, the classification of costs incurred on such activities, as well as the effective interest rate to be applied to the financial asset. As the accounting for concession arrangements under IFRIC 12 requires the use of estimates over the term of the arrangement, any changes to these long-term estimates could result in a significant variation in the accounting for the concession arrangement.

5. NEW ACCOUNTING STANDARDS

The same accounting policies and methods of computation were used in the preparation of the interim condensed consolidated financial statements as compared with the most recent annual financial statements except for the following amendments to standards and interpretations that became effective for the Company on January 1, 2020. The application of these amendments and interpretations had no significant impact on the Company's consolidated financial position or results of operations.

IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments to IAS 1 and IAS 8 clarify the definition of material and seek to align the definition used in the Conceptual Framework with that in the standards themselves as well as ensuring the definition of material is consistent across all IFRS.

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

IFRS 3, Business Combinations
The amendments to IFRS 3 improve the definition of a business by assisting companies in determining whether activities and assets acquired are a business or merely a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures
The Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39, and IFRS 7 address the implications of specific hedge accounting requirements. The amendments modify specific hedge accounting requirements so that the interest rate benchmark used with the hedged cash flows and the cash flows of the hedging instrument is not altered as a result of the uncertainties with the interest rate benchmark reform.

6. FUTURE ACCOUNTING CHANGES

IAS 1, Presentation of Financial Statements
The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

7. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

		March 31 2020	December 31 2019
Cash balances excluding joint operations		**$ 104,967**	$ 188,976
Cash balances of joint operations		**491,604**	493,288
		$ 596,571	$ 682,264
Restricted cash		**$ 83,350**	$ 76,595
		$ 83,350	$ 76,595
Bank indebtedness	Note 13	**$ 30,000**	$ -
		$ 30,000	$ -

Cash and cash equivalents on deposit in the bank accounts of joint operations cannot be accessed directly by the Company.

Restricted cash is cash held by Bermuda Skyport Corporation Limited (“Skyport”). This cash cannot be used by the Company other than to finance the Bermuda International Airport Redevelopment Project.

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

8. TRADE AND OTHER RECEIVABLES

	March 31 2020	December 31 2019
Trade receivables	$ 350,343	$ 399,618
Allowance for expected credit losses	(827)	(758)
	349,516	398,860
Holdbacks receivable	251,564	233,260
Other	47,748	49,985
	299,312	283,245
Total	$ 648,828	$ 682,105
Amounts receivable beyond one year	$ 134,329	$ 115,809

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for expected credit losses is as follows:

	March 31 2020	December 31 2019
Balance - beginning of period	$ (758)	$ (762)
Additional amounts provided for during period	(153)	(634)
Trade receivables written off during period	41	183
Amounts recovered	43	455
Balance - end of period	$ (827)	$ (758)

9. INVENTORIES

	March 31 2020	December 31 2019
Raw materials and supplies	$ 11,406	$ 7,134
Finished goods	12,230	17,765
	$ 23,636	$ 24,899

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

10. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market price available for their shares.

The summarized financial information below reflects the Company's share of the amounts presented in the financial statements of joint ventures and associates:

	March 31, 2020			December 31, 2019		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Cash and cash equivalents	$ 25,378	$ 2,028	**$ 27,406**	$ 4,527	$ 2,054	$ 6,581
Other current assets	51,441	629	**52,070**	27,389	5,860	33,249
Total current assets	76,819	2,657	**79,476**	31,916	7,914	39,830
Non-current assets	711,016	-	**711,016**	691,163	-	691,163
Total assets	787,835	2,657	**790,492**	723,079	7,914	730,993
Trade and other payables and provisions	21,015	954	**21,969**	28,224	765	28,989
Other current financial liabilities	16,976	-	**16,976**	16,976	-	16,976
Total current liabilities	37,991	954	**38,945**	45,200	765	45,965
Non-current financial liabilities	718,168	-	**718,168**	635,967	-	635,967
Other non-current liabilities	3,718	-	**3,718**	3,548	-	3,548
Total non-current liabilities	721,886	-	**721,886**	639,515	-	639,515
Total liabilities	759,877	954	**760,831**	684,715	765	685,480
Net assets	$ 27,958	$ 1,703	**$ 29,661**	$ 38,364	$ 7,149	$ 45,513

	For the three months ended					
	March 31, 2020			March 31, 2019		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Revenue	$ 167,848	$ 1,058	**$ 168,906**	$ 113,299	$ -	$ 113,299
Depreciation and amortization	(153)	-	**(153)**	(152)	-	(152)
Other costs and expenses	(158,603)	(946)	**(159,549)**	(106,073)	-	(106,073)
Operating profit	9,092	112	**9,204**	7,074	-	7,074
Finance costs	(6,407)	-	**(6,407)**	(4,807)	-	(4,807)
Income tax expense	94	-	**94**	244	-	244
Profit for the period	2,779	112	**2,891**	2,511	-	2,511
Other comprehensive loss	(18,677)	-	**(18,677)**	(4,196)	-	(4,196)
Total comprehensive income (loss)	$ (15,898)	$ 112	**$ (15,786)**	$ (1,685)	$ -	$ (1,685)

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

The movement in the investment in projects accounted for using the equity method is as follows:

	For the three months ended March 31 2020	For the year ended December 31 2019
Projects accounted for using the equity method - as at beginning of period	**$ 45,513**	$ 39,475
Share of profit for the period	**2,891**	12,491
Share of other comprehensive loss for the period	**(18,677)**	(2,109)
Distributions from projects accounted for using the equity method	**(66)**	(4,889)
Other investments	**-**	545
Projects accounted for using the equity method - as at end of period	**$ 29,661**	$ 45,513

The following joint ventures and associates are included in projects accounted for using the equity method:

Name	Ownership interest	Joint Venture or Associate	Years included
Yellowline Asphalt Products Ltd.	50%	Joint Venture	2020, 2019
Lower Mattagami Project	20%	Associate	2020, 2019
Waterloo LRT Concessionaire	10%	Joint Venture	2020, 2019
Eglinton Crosstown LRT Concessionaire	25%	Joint Venture	2020, 2019
New Post Creek Project	20%	Associate	2020, 2019
Finch West LRT Concessionaire	33%	Joint Venture	2020, 2019
Gordie Howe International Bridge Concessionaire	20%	Joint Venture	2020, 2019
Sky-Tec Fibre JV	50%	Joint Venture	2020, 2019
Highway 401 Expansion Project SPV	50%	Joint Venture	2020, 2019
Pattullo Bridge Replacement Project SPV	50%	Joint Venture	2020

Projects accounted for using the equity method include various concession joint ventures as listed above. However, the construction activities related to these concessions are classified as joint operations which are accounted for in the consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

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

11. PROPERTY, PLANT AND EQUIPMENT

		Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Total
Cost								
Balance as at January 1, 2020		37,366	152,032	56,560	324,474	36,724	64,951	**672,107**
Additions - purchased assets		9,765	8,385	-	3,190	407	-	**21,747**
Additions - right-of-use assets		-	554	-	1,455	-	1,199	**3,208**
Additions - business combination		-	241	-	9,368	-	-	**9,609**
Disposals		-	(1,386)	-	(517)	-	(1,812)	**(3,715)**
Foreign currency translation adjustments		-	187	-	605	75	77	**944**
Balance as at March 31, 2020		$ 47,131	$ 160,013	$ 56,560	$ 338,575	$ 37,206	$ 64,415	**$ 703,900**
Accumulated depreciation and impairment								
Balance as at January 1, 2020		509	55,997	19,963	170,616	31,709	41,909	**320,703**
Depreciation - purchased assets		-	1,336	63	3,914	661	237	**6,211**
Depreciation - right-of-use assets	(a)	265	1,680	-	4,835	-	1,981	**8,761**
Disposals		-	(404)	-	(465)	-	(1,730)	**(2,599)**
Foreign currency translation adjustments		-	44	-	84	37	37	**202**
Balance as at March 31, 2020		$ 774	$ 58,653	$ 20,026	$ 178,984	$ 32,407	$ 42,434	**$ 333,278**
Net book value as at March 31, 2020		**$ 46,357**	**$ 101,360**	**$ 36,534**	**$ 159,591**	**$ 4,799**	**$ 21,981**	**$ 370,622**
Net book value as at January 1, 2020		**$ 36,857**	**$ 96,035**	**$ 36,597**	**$ 153,858**	**$ 5,015**	**$ 23,042**	**$ 351,404**
Net book value of right-of-use assets included in property, plant & equipment as at January 1, 2020		**$ 2,063**	**$ 36,883**	**$ 75**	**$ 79,025**	**$ -**	**$ 20,877**	**$ 138,923**
Net book value of right-of-use assets included in property, plant & equipment as at March 31, 2020		**$ 1,797**	**$ 35,141**	**$ 75**	**$ 75,237**	**$ -**	**$ 20,049**	**$ 132,299**

(a) Depreciation of land relates to leases of land following the adoption of IFRS 16.

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

12. INTANGIBLE ASSETS

	Concession rights	Goodwill	Licences, software and other rights	Total
Cost				
Balance as at January 1, 2020	$ 539,326	$ 52,893	$ 93,438	$ **685,657**
Additions				
Separately acquired or constructed	7,018	21,094	240	**28,352**
Interest capitalized	5,786	-	-	**5,786**
Disposals	-	-	-	**-**
Foreign currency translation adjustments	50,498	-	37	**50,535**
Balance as at March 31, 2020	**$ 602,628**	**$ 73,987**	**$ 93,715**	**$ 770,330**
Accumulated amortization and impairment				
Balance as at January 1, 2020	82,333	-	48,868	**131,201**
Amortization	5,545	-	2,264	**7,809**
Disposals	-	-	-	**-**
Foreign currency translation adjustments	7,890	-	28	**7,918**
Balance as at March 31, 2020	**$ 95,768**	**$ -**	**$ 51,160**	**$ 146,928**
Net book value as at March 31, 2020	**$ 506,860**	**$ 73,987**	**$ 42,555**	**$ 623,402**
Net book value as at January 1, 2020	**$ 456,993**	**$ 52,893**	**$ 44,570**	**$ 554,456**

Amortization of intangible assets is included in the depreciation and amortization expense line item on the consolidated statements of income.

In 2020, goodwill increased by $21,094 as a result of the acquisition of Voltage Power Ltd. Refer to Note 19, *"Business Combination"* for further details regarding goodwill and other intangible assets.

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

13. BANK INDEBTEDNESS

As at March 31, 2020, the Company had a committed revolving credit facility of $600,000 (December 31, 2019 - $600,000), and a $100,000 uncommitted demand letter of credit facility (December 31, 2019 - $100,000). Bank indebtedness representing borrowings on the Company's revolving credit facility as at March 31, 2020 was $30,000 (December 31, 2019 - $nil). Letters of credit amounting to $74,727 and $12,966, respectively, were issued against the revolving credit facility and the uncommitted demand letter of credit facility as at March 31, 2020 (December 31, 2019 - $74,772 and $16,325, respectively). Cash drawings under the facility bear interest at rates between prime and prime plus 1.20% per annum. Letters of credit reduce the amount available-for-use under the facility. These facilities mature July 19, 2023.

The Company also maintains an additional performance security guarantee facility of $700,000 (December 31, 2019 - $700,000) to support letters of credit provided by Export Development Canada of which $525,093 was utilized as at March 31, 2020 (December 31, 2019 - $530,295). This performance security guarantee facility matures June 30, 2021.

14. TRADE AND OTHER PAYABLES

	March 31 2020	December 31 2019
Trade payables and accrued liabilities	$ 666,722	$ 674,101
Holdbacks payable	110,242	99,633
	$ 776,964	$ 773,734
Amounts payable beyond one year	$ 10,567	$ 7,557

15. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2020	$ 6,065	$ 4,951	$ 7,321	$ 8,484	**$ 26,821**
Additions made	335	-	-	1,424	**1,759**
Amounts used	(99)	(151)	-	(6,800)	**(7,050)**
Other changes	36	47	-	-	**83**
Balance as at March 31, 2020	**$ 6,337**	**$ 4,847**	**$ 7,321**	**$ 3,108**	**$ 21,613**
Reported as:					
Current	**$ 4,904**	**$ -**	**$ 7,321**	**$ 3,108**	**$ 15,333**
Non-current	**1,433**	**4,847**	**-**	**-**	**6,280**
	$ 6,337	**$ 4,847**	**$ 7,321**	**$ 3,108**	**$ 21,613**

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

16. LONG-TERM DEBT AND NON-RECOURSE PROJECT DEBT

LONG-TERM DEBT

	March 31 2020	December 31 2019
Long-term debt:		
Leases	**$ 166,767**	$ 171,357
Equipment and other loans	**34,788**	34,396
Total long-term debt	**$ 201,555**	$ 205,753
Reported as:		
Current liabilities:		
Current portion of long-term debt	**$ 60,958**	$ 60,071
Non-current liabilities:		
Long-term debt	**140,597**	145,682
	$ 201,555	$ 205,753

The following describes the components of long-term debt:

(a) As at March 31, 2020, leases of $166,767 (December 31, 2019 - $171,357) bore interest at fixed rates averaging 3.36% (December 31, 2019 – 3.29%) per annum, with specific equipment provided as security.

(b) As at March 31, 2020, equipment and other loans of $34,788 (December 31, 2019 - $34,396) bore interest at fixed rates averaging 2.99% (December 31, 2019 – 3.02%) per annum, with specific equipment provided as security.

The weighted average interest rate on total long-term debt outstanding (excluding convertible debentures and non-recourse project debt) as at March 31, 2020 was 3.29% (December 31, 2019 – 3.25%).

Expenses relating to short-term leases and leases of low-value assets recognized in the statement of income for the three months ended March 31, 2020 was $18,943 (2019 - $13,709).

Total cash outflow related to leases for the three months ended March 31, 2020 was $16,396 (2019 – $7,655).

Refer to Note 11, "*Property, plant and equipment*" for further details of additions to right-of-use assets and depreciation charged on right-of-use assets during the three months ended March 31, 2020.

Refer to Note 26, "*Finance cost*" for further details of interest on lease liabilities recognized during the three months ended March 31, 2020.

Refer to Note 29, "*Financial instruments*" for contractual maturities of lease liabilities as at March 31, 2020.

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

NON-RECOURSE PROJECT DEBT

		March 31 2020	December 31 2019
Non-recourse project debt:			
Bermuda International Airport Redevelopment Project financing	(a)	$ 399,725	$ 365,894
Total non-recourse project debt		**$ 399,725**	$ 365,894
Reported as:			
Non-current liabilities:			
Non-recourse project debt		$ 399,725	$ 365,894
		$ 399,725	$ 365,894

(a) Included in the Company's consolidated balance sheet as at March 31, 2020 is debt, net of transaction costs, of $399,725 (US$281,754) (December 31, 2019 – $365,894 (US$281,717) representing the debt of Skyport. This debt is secured by the assets of Skyport and is without recourse to the Company.

The financing is denominated in US dollars and bears interest at 5.90% annually. Debt repayments commence in 2022 and are scheduled to continue until 2042.

17. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	March 31 2020	December 31 2019
Debt component:		
Debenture maturing on December 31, 2023 - 5.0% Debentures	165,515	164,351
Total convertible debentures	**$ 165,515**	$ 164,351
Reported as:		
Non-current liabilities:		
Convertible debentures	165,515	164,351
	$ 165,515	$ 164,351

	March 31 2020	December 31 2019
Equity component:		
Debenture maturing on December 31, 2023 - 5.0% Debentures	**$ 12,707**	$ 12,707

Finance cost associated with the debentures consist of:

	For the three months ended	
	March 31 2020	March 31 2019
Interest expense on face value	$ 2,300	$ 2,300
Notional interest representing accretion	1,164	1,132
	$ 3,464	$ 3,432

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

As at March 31, 2020, the face value of the 5.0% Debentures which remains outstanding was $184,000 (December 31, 2019 - $184,000).

18. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

		March 31 2020		December 31 2019
Bermuda International Airport Redevelopment Project	**$**	**110,727**	$	101,369
	$	**110,727**	$	101,369

As part of acquiring, in 2017, the rights to operate the Existing Bermuda Airport, concession related deferred revenue includes the estimated value of the “inducement” received by Skyport to develop, finance and operate the New Airport Terminal as well as development funds related to the Bermuda International Airport Redevelopment Project. These concession deferred revenue amounts will be amortized to earnings over the term of the New Airport Terminal concession period.

19. BUSINESS COMBINATION

On February 3, 2020, the Company acquired 100% of the outstanding shares of Voltage Power Ltd. (“Voltage”), an electrical transmission and substation contractor headquartered in Winnipeg, Manitoba. Previously a private, employee-owned company, Voltage’s ability to self-perform key medium to high-voltage power transmission and distribution construction work complements the Company’s existing core utility capabilities and further positions the Company as a leading player in executing the strong pipeline of utility infrastructure opportunities across Canada.

The acquisition is accounted for using the purchase method and the results of its operations are included from the date of the acquisition. The purchase price allocations for this acquisition are provisional as certain fair values have not yet been finalized pending determination of all working capital adjustments, receipt of appraisals for the fair values of assets acquired and liabilities assumed including valuations for acquired customer backlog, and property, plant and equipment, as well as the finalization of management’s assessment of the amount of contingent consideration payable as part of the transaction.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

Cash Paid	$	30,000
Working capital purchase price adjustment payable		4,180
Total purchase consideration	**$**	**34,180**

The transaction also requires the Company to pay the seller additional earnout payments of up to $45,000 based on exceeding annual minimum earnings targets over the next three years. A working capital purchase price adjustment is also payable to (due from) the seller if the final closing working capital balance exceeds the target closing working capital balance. Management has not yet finalized its assessment of the contingent consideration and working capital payable adjustments.

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

Assets and liabilities recognized as a result of the acquisition

		Fair Value
Cash and cash equivalents	$	589
Trade and other receivables		30,527
Prepaid expenses		5
Property, plant and equipment		9,609
Trade and other payables		(24,348)
Current portion of long-term debt		(593)
Long-term debt		(1,272)
Deferred income tax liabilities		(1,431)
Net identifiable assets acquired	**$**	**13,086**
Add: Goodwill		21,094
Net assets acquired	**$**	**34,180**

Goodwill is attributed to Voltage's workforce, the future profitability of the acquired business, as well as from expected synergies arising from the complementary nature of Voltage's service offerings. This goodwill will not be deductible for tax purposes.

The fair value of trade and other receivables of $30,527 does not include any amounts for expected credit losses.

Revenue Contribution
Since the date of acquisition, the acquired business contributed revenue of $24,394 to the Company for the period from February 3, 2020 to March 31, 2020.

Cash Outflow Presented in Statement of Cash Flows

Outflows of cash used to acquire the subsidiary, net of cash acquired:

Cash consideration paid	$	30,000
Less: cash acquired		(589)
Net outflow of cash in investing activities	**$**	**29,411**

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

20. INCOME TAXES

The provision for income taxes differs from the result that would be obtained by applying combined Canadian federal and provincial (Ontario, Alberta, Quebec and British Columbia) statutory income tax rates to profit or loss before income taxes. This difference results from the following:

	For the three months ended	
	March 31 2020	March 31 2019
Loss before income taxes	**$ (15,009)**	$ (14,916)
Statutory income tax rate	**26.50%**	26.60%
Expected income tax recovery	**3,977**	3,968
Effect on income taxes of:		
Projects accounted for using the equity method	**(67)**	(36)
Provincial and foreign rate differences	**(125)**	1,282
Other non-deductible expenses	**(190)**	(121)
	(382)	1,125
Income tax recovery	**$ 3,595**	$ 5,093

21. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended	
	March 31 2020	March 31 2019
Defined benefit pension expense:		
Company sponsored pension plans	**$ 95**	$ 133
Defined contribution pension expense:		
Company sponsored pension plans	**1,959**	1,717
Multi-employer pension plans	**12,644**	15,245
Total employee future benefit expense	**$ 14,698**	$ 17,095

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

22. CONTINGENCIES

During the second quarter of 2018, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking $180,000 in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately $14,000 in damages. The Company has recorded $137,000 of unbilled revenue and accounts receivable as at March 31, 2020. Offsetting this amount to some extent, the Company has accrued $45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately $195,000 already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. See Note 4, "*Critical Accounting Estimates*".

During the second quarter of 2020, Rio Tinto issued a notice of termination of contract to the joint venture in which Aecon holds a 40% interest with respect to the $364,000 Kemano Generating Station Second Tunnel Project, an 8-kilometre tunnel project in Kitimat, British Columbia. Rio Tinto also issued notice to the joint ventures' sureties asserting a claim on the 50% performance bonds; the sureties have not yet responded. The joint venture disputes the validity of Rio Tinto's purported termination and, in either case, has confirmed to Rio Tinto that it stands ready to complete the project. To date, neither Rio Tinto nor the joint venture have articulated the amount of damages, if any, that each might seek should Rio Tinto persist in its position. While it is possible that this commercial dispute could result in a material impact to Aecon's earnings and cash flow if not resolved, the ultimate results cannot be predicted at this time.

The Company is involved in various disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of disputes against the Company, including those provided for (see Note 15, *"Provisions"*), will not result in a material effect on the consolidated financial position of the Company.

As part of regular operations, the Company has the following guarantees and letters of credit outstanding:

	Project	March 31 2020
Letters of credit:		
In support of the Company's equity obligations	Bermuda International Airport Redevelopment Project	$ 71,616
Financial and performance - issued by Export Development Canada	Various joint arrangement projects	$ 453,477
Financial and performance - issued in the normal conduct of business	Various	$ 87,693

Under the terms of many of the Company's associate and joint arrangement contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. As at March 31, 2020, the value of uncompleted work for which the Company's associate and joint arrangement partners are responsible, and which the Company could be responsible for assuming, amounted to approximately $16,224,042 a portion of which is supported by performance bonds. In the event the Company assumed this additional work, it would have the right to receive the partner's share of billings to the project owners pursuant to the respective associate or joint arrangement contract.

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

23. CAPITAL STOCK

	For the three months ended March 31, 2020			For the year ended December 31, 2019		
	Number		Amount	Number		Amount
Number of common shares outstanding - beginning of period	**60,715,625**	**$**	**394,291**	60,478,564	$	386,453
Shares issued to settle LTIP/Director DSU obligations	88,875		1,215	636,261		10,404
Common shares purchased under Normal Course Issuer Bid	(937,937)		(6,091)	(399,200)		(2,566)
Number of common shares outstanding - end of period	**59,866,563**	**$**	**389,415**	60,715,625	$	394,291

The Company is authorized to issue an unlimited number of common shares.

Normal Course Issuer Bid

In the fourth quarter of 2019, the Company announced its intention to make a normal course issuer bid (the “NCIB”) commencing on November 5, 2019 and expiring on November 4, 2020. During this period, the Company is permitted to purchase for cancellation up to a maximum of 5,975,486 common shares on the open market, representing approximately 10% of the issued and outstanding common shares at the time of the announcement of the NCIB. For the three months ended March 31, 2020, the Company acquired 937,937 common shares for $15,455 of which $6,091 was recorded as a reduction in share capital and $9,364 recorded as a reduction of retained earnings. During the period from November 5, 2019 to March 31, 2020, a total of 1,337,137 common shares were acquired for $22,672 of which $8,657 was recorded as a reduction in share capital and $14,015 recorded as a reduction of retained earnings. All of the shares acquired were subsequently cancelled.

STOCK−BASED COMPENSATION

Long-Term Incentive Plan

In 2005 and 2014, the Company adopted Long-Term Incentive Plans (collectively “LTIP” or individually “2005 LTIP” or “2014 LTIP”) to provide a financial incentive for its senior executives to devote their efforts to the long-term success of the Company’s business. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units (“DSUs”) or in the form of Restricted Share Units (“RSUs”). Awards made in the form of DSUs will vest only on the retirement or termination of the participant. Awards made in the form of RSUs will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative expense. Awards made to individuals who are eligible to retire under the plan are assumed, for accounting purposes, to vest immediately.

For the three months ended March 31, 2020, the Company recorded LTIP compensation charges of $2,250 (2019 - $3,675).

Other Stock-based Compensation – Director DSU Awards

In May 2014, the Board of Directors modified the director compensation program by replacing stock option grants to non-management directors with a director deferred share unit plan (the “Director DSU Plan”). A DSU is a right to receive an amount from the Company equal to the value of one common share. Commencing in 2020, directors have the option of receiving up to 40% of their annual retainer fee, that is otherwise payable in cash, in the form of DSUs pursuant to the Director DSU Plan. The number of DSUs awarded to a director is equal to the value of the compensation that a director elects to receive in DSUs or the value awarded by the Company on an annual basis divided by the volume weighted average trading price of a common share on the TSX for the five trading days prior to the date of the award. DSUs are redeemable on the first business day following the date the director ceases to serve on the Board.

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

As equity settled awards, Director DSUs are expensed in full on the date of grant and recognized in marketing, general and administrative expense in the consolidated statements of income. Director DSUs have accompanying dividend equivalent rights, which are also expensed as earned in marketing, general and administrative expense.

For the three months ended March 31, 2020, the Company recorded Director DSU compensation charges of $1,059 (2019 - $843).

Other Stock-based Compensation – Employee Share Unit (ESU) Awards

In April 2019, the Company adopted an Employee Share Unit ("ESU") plan, an employee benefit program that enables all permanent, non-unionized, Canadian resident employees to become shareholders of the Company. The program includes ESUs gifted to eligible employees, and additional ESUs that may be purchased by eligible employees during a predetermined window each year at a discounted price.

ESU awards and purchases vest annually over three years. ESUs are equity settled awards with compensation charges related to ESU awards and purchases expensed over the estimated vesting period in marketing, general and administrative expense.

For the three months ended March 31, 2020, the Company recorded an ESU compensation charge of $346 (2019 - $nil).

Details of the changes in the balance of LTIP awards, Director DSUs, and ESUs outstanding are detailed below:

	For the three months ended March 31, 2020		
	LTIP	**Director DSUs**	**ESUs**
		Share Units	
Balance outstanding - beginning of period	**2,474,484**	**248,588**	**166,866**
Granted	**648,067**	**62,673**	**5,187**
Dividend equivalent rights	**20,502**	**2,057**	**2,740**
Settled	**(178,459)**	**-**	**-**
Forfeited	**(11,212)**	**-**	**(280)**
Balance outstanding - end of period	**2,953,382**	**313,318**	**174,513**
		Weighted Average Grant Date Fair Value Per Unit	
Balance outstanding - beginning of period	**$ 13.59**	**$ 15.91**	**$ 17.65**
Granted	**16.25**	**16.37**	**17.71**
Dividend equivalent rights	**13.60**	**22.64**	**17.65**
Settled	**15.35**	**-**	**-**
Forfeited	**18.67**	**-**	**17.60**
Balance outstanding - end of period	**$ 14.05**	**$ 16.05**	**$ 17.65**

Amounts included in contributed surplus in the consolidated balance sheets as at March 31, 2020 in respect of LTIP, Director DSUs, and ESUs were $30,608 (December 31, 2019 - $31,149), $5,015 (December 31, 2019 - $3,956), and $1,814 (December 31, 2019 – $1,484), respectively.

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

24. EXPENSES

	For the three months ended	
	March 31 2020	March 31 2019
Personnel	**$ 157,763**	$ 164,082
Subcontractors	**260,851**	257,891
Materials	**281,648**	193,414
Equipment costs	**27,437**	20,433
Depreciation of property, plant and equipment and amortization of intangible assets	**22,781**	18,489
Other expenses	**8,980**	11,064
Total expenses	**$ 759,460**	$ 665,373

Reported as:

	For the three months ended	
	March 31 2020	March 31 2019
Direct costs and expenses	**$ 686,299**	$ 603,537
Marketing, general and administrative expense	**50,380**	43,347
Depreciation and amortization	**22,781**	18,489
Total expenses	**$ 759,460**	$ 665,373

25. OTHER INCOME (LOSS)

	For the three months ended	
	March 31 2020	March 31 2019
Foreign exchange gain (loss)	**$ (945)**	$ 1,227
Gain on sale of property, plant and equipment	**348**	534
Total other income (loss)	**$ (597)**	$ 1,761

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

26. FINANCE COST

	For the three months ended	
	March 31 2020	March 31 2019
Interest and notional interest on long-term debt and debentures	**$ 3,849**	$ 3,754
Interest on leases	**1,172**	847
Interest on short-term debt	**837**	105
Notional interest on provisions	**83**	59
Total finance cost	**$ 5,941**	$ 4,765

27. EARNINGS PER SHARE

Details of the calculation of earnings (loss) per share are set out below:

	For the three months ended	
	March 31 2020	March 31 2019
Loss attributable to shareholders	**$ (11,414)**	$ (9,823)
Interest on convertible debentures, net of tax [(1)]	**2,546**	2,522
Diluted net loss	**$ (8,868)**	$ (7,301)
Average number of common shares outstanding	**60,426,273**	60,644,947
Effect of dilutive securities:[(1)]		
Convertible debentures [(1)]	**12,311,347**	10,661,922
Long-term incentive plan	**3,266,700**	3,266,447
Weighted average number of diluted common shares outstanding	**76,004,320**	74,573,316
Basic loss per share	**$ (0.19)**	$ (0.16)
Diluted loss per share [(1)]	**$ (0.19)**	$ (0.16)

(1) When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

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

28. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the three months ended	
	March 31 2020	March 31 2019
Decrease (increase) in:		
Trade and other receivables	**$ 75,568**	$ 140,727
Unbilled revenue	**(33,888)**	(42,417)
Inventories	**1,286**	329
Prepaid expenses	**(5,236)**	(5,625)
Increase (decrease) in:		
Trade and other payables	**(32,862)**	(65,806)
Provisions	**(7,050)**	(2,245)
Deferred revenue	**1,757**	(39,166)
	$ (425)	$ (14,203)

Cash flows from interest

	For the three months ended	
	March 31 2020	March 31 2019
Operating activities		
Cash interest paid	**$ (13,123)**	$ (12,231)
Cash interest received	**983**	1,152

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

29. FINANCIAL INSTRUMENTS

Fair value
From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. As at March 31, 2020, the Company had contracts to buy US$649 (December 31, 2019 - US$974) and EUR€1,592 (December 31, 2019 - EUR€1,812) on which there was a cumulative net unrealized exchange loss of $54 recorded in the consolidated statements of income as at that date (December 31, 2019 - $135). In addition, as at March 31, 2020, outstanding contracts to buy US$192,521 (December 31, 2019 – buy US$151,479) were designated as cash flow hedges on which there was a cumulative unrealized gain recorded in other comprehensive income of $24,470 (December 31, 2019 - $3,651). The net unrealized exchange gain or loss represents the estimated amount the Company would have received/paid if it terminated the contracts at the end of the respective periods.

In addition, some of the Company's investments in projects accounted for using the equity method enter into derivative financial instruments, namely interest rate swaps, to hedge the variability of interest rates related to non-recourse project debt. As at March 31, 2020, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized loss recorded in other comprehensive income of $28,775 (December 31, 2019 - $7,947).

IFRS 13, *"Fair Value Measurement"*, enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs, other than Level 1 inputs, that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include: quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

	As at March 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value:				
Cash flow hedges	$ (4,305)	$ -	$ (4,305)	$ -
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	4,107	-	4,107	-
Current portion of long-term debt	(66,281)	-	(66,281)	-
Long-term debt	(148,196)	-	(148,196)	-
Non-recourse project debt	(399,725)	-	(399,725)	-
Convertible debentures	(160,430)	(160,430)	-	-

During the three months ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

Risk management
The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

Credit risk
Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas.

As at March 31, 2020, the Company had $87,332 in trade receivables that were past due. Of this amount, $75,908 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of $827.

Liquidity risk
Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset.

Contractual maturities for financial liabilities as at March 31, 2020 are as follows:

	Due within one year	Due between one and five years	Due after five years	Total undiscounted cash flows	Effect of interest	Carrying value
Bank indebtedness	$ -	$ 30,000	$ -	$ 30,000	$ -	$ 30,000
Trade and other payables	$ 766,397	$ 10,567	$ -	$ 776,964	$ -	$ 776,964
Leases	$ 56,444	$ 98,178	$ 26,769	$ 181,391	$ (14,624)	$ 166,767
Equipment and other loans	10,120	20,635	7,414	38,169	(3,381)	34,788
	66,564	118,813	34,183	219,560	(18,005)	201,555
Non-recourse project debt	23,855	107,063	647,495	778,413	(378,688)	399,725
Convertible debentures	9,200	211,600	-	220,800	(55,285)	165,515
Long-term financial liabilities	$ 99,619	$ 437,476	$ 681,678	$ 1,218,773	$ (451,978)	$ 766,795

Interest rate risk
The Company is exposed to interest rate risk on its short-term deposits and its long-term debt to the extent that its investments or credit facilities are based on floating rates of interest.

For the three months ended March 31, 2020, a 1% increase or a 1% decrease in interest rates applied to the Company's variable rate long-term debt would not have a significant impact on net earnings or comprehensive income.

Currency risk
The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US dollar.

The Company's sensitivity to a 10% change in the US dollar against the Canadian dollar as at March 31, 2020 to profit or loss for currency exposures would be $7,494. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at period-end for the above 10% change in foreign currency rates.

30. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and debt. Debt includes the current and non-current portions of long-term debt (excluding non-recourse debt) and the current and non-current long-term debt components of convertible debentures.

Although the Company monitors capital on a number of bases, including liquidity and working capital, total debt (excluding non-recourse debt and drawings on the Company's credit facility presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. As at March 31, 2020, the debt to capitalization percentage including convertible debentures as debt was 32% (December 31, 2019 - 30%). If the convertible debentures were to be excluded from debt and added to equity on the basis that they could be redeemed for equity, either at the Company's option or at the holder's option, then the adjusted debt to capitalization percentage would be 19% as at March 31, 2020 (December 31, 2019 - 17%). While the Company believes this debt to capitalization percentage is acceptable, because of the cyclical nature of its business, the Company will continue its current efforts to maintain a conservative capital position.

As at March 31, 2020, the Company complied with all of its financial debt covenants.

31. OPERATING SEGMENTS

Segment reporting is based on the Company's divisional operations. The breakdown by division mirrors the Company's internal reporting systems.

The Company currently operates in two segments within the infrastructure development industry: Construction and Concessions. The other costs and eliminations category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

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

	Construction	Concessions	Other and eliminations	Total
				For the three months ended March 31, 2020
Consolidated statements of income				
External customer revenue	$ 720,420	$ 27,095	$ -	**$ 747,515**
Inter-segment revenue	14,917	-	(14,917)	**-**
Total revenue	735,337	27,095	(14,917)	**747,515**
Expenses	$ (735,848)	$ (28,082)	$ 4,470	**$ (759,460)**
Which include:				
Depreciation and amortization	(16,861)	(5,739)	(181)	**(22,781)**
Other income (loss):				
Foreign exchange gain (loss)	$ 199	$ 159	$ (1,303)	**$ (945)**
Gain on sale of property, plant and equipment	348	-	-	**348**
Income (loss) from projects accounted for using the equity method	$ (429)	$ 3,320	$ -	**$ 2,891**
Operating profit (loss)	$ (393)	$ 2,492	$ (11,750)	**$ (9,651)**
Finance income (cost):				
Finance income				**$ 583**
Finance cost				**(5,941)**
Loss before income taxes				**$ (15,009)**
Income tax recovery				**3,595**
Loss for the period				**$ (11,414)**
Revenue by contract type				
Fixed price	$ 431,676	$ 14,117	$ (13,522)	**$ 432,271**
Cost plus/unit price	303,661	-	(1,395)	**302,266**
Concession operations	-	12,978	-	**12,978**
Total revenue	735,337	27,095	(14,917)	**747,515**
Revenue by service type				
Construction revenue	$ 735,337	$ -	$ (1,395)	**$ 733,942**
Concession revenue	-	27,095	(13,522)	**13,573**
Total revenue	735,337	27,095	(14,917)	**747,515**

	Construction	Concessions	Other and eliminations	Total
Consolidated balance sheets				
Segment assets	$ 2,515,766	$ 641,032	$ (11,362)	**$ 3,145,436**
Which include:				
Projects accounted for using the equity method	14,780	14,881	-	**29,661**
Segment liabilities	$ 1,279,212	$ 453,806	$ 574,288	**$ 2,307,306**
Additions to non-current assets:				
Property, plant and equipment	$ 33,497	$ 7	$ 1,060	**$ 34,564**
Intangible assets	$ 21,248	$ 12,804	$ 86	**$ 34,138**

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

	For the three months ended March 31, 2019			
	Construction	Concessions	Other and eliminations	Total
Consolidated statements of income				
External customer revenue	$ 592,361	$ 57,973	$ -	**$ 650,334**
Inter-segment revenue	45,509	-	(45,509)	**-**
Total revenue	637,870	57,973	(45,509)	**650,334**
Expenses	$ (645,182)	$ (56,385)	$ 36,194	**$ (665,373)**
Which include:				
Depreciation and amortization	(13,319)	(5,474)	304	**(18,489)**
Other income (loss):				
Foreign exchange gain (loss)	$ 1,827	$ (49)	$ (551)	**$ 1,227**
Gain on sale of property, plant and equipment	534	-	-	**534**
Income (loss) from projects accounted for using the equity method	$ (491)	$ 3,002	$ -	**$ 2,511**
Operating profit (loss)	$ (5,442)	$ 4,541	$ (9,866)	**$ (10,767)**
Finance income (cost):				
Finance income				**$ 616**
Finance cost				**(4,765)**
Loss before income taxes				**$ (14,916)**
Income tax recovery				**5,093**
Loss for the period				**$ (9,823)**
Revenue by contract type				
Fixed price	$ 280,838	$ 44,350	$ (42,531)	**$ 282,657**
Cost plus/unit price	357,032	190	(2,978)	**354,244**
Concessions operations	-	13,433	-	**13,433**
Total revenue	637,870	57,973	(45,509)	**650,334**
Revenue by service type				
Construction revenue	$ 637,870	$ -	$ (2,975)	**$ 634,895**
Concession revenue	-	57,973	(42,534)	**15,439**
Total revenue	637,870	57,973	(45,509)	**650,334**

	Construction	Concessions	Other and eliminations	Total
Consolidated balance sheets				
Segment assets	$ 2,399,444	$ 666,295	$ (214,242)	**$ 2,851,497**
Which include:				
Projects accounted for using the equity method	22,791	14,780	-	**37,571**
Segment liabilities	$ 1,272,183	$ 523,214	$ 251,425	**$ 2,046,822**
Additions to non-current assets:				
Property, plant and equipment	$ 20,980	$ 14	$ 1,612	**$ 22,606**
Intangible assets	$ -	$ 36,271	$ 217	**$ 36,488**

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