AECON FORWARD

First Quarter Report 2018

Dear Fellow Shareholders,

Aecon reported its first quarter 2018 financial results on April 25, 2018. While revenue and profitability in the first quarter reflect the normal seasonality of our business, the period was highlighted by significant project wins and growth in backlog that positions us well for the balance of 2018 and beyond.

Aecon's backlog at the end of the first quarter was $4.6 billion, up from $4.2 billion at the end of the fourth quarter of 2017. New contract awards of $910 million were booked in the first quarter of 2018 and subsequent to quarter end Aecon announced that:

- A partnership in which Aecon has a 24 per cent interest, executed a $5.0 billion contract for the Réseau express métropolitain (REM) Montréal Light Rail Transit project. The project will add $1.2 billion to Aecon's backlog in the second quarter of 2018.
- A consortium in which Aecon has a 33.3 per cent interest, reached commercial and financial close on the Finch West Light Rail Transit project in Toronto. The total contract is valued at $2.5 billion, which includes $1.2 billion of construction costs.

These new awards, combined with Aecon's existing backlog will see backlog reach record levels in the second quarter of 2018, providing long-term visibility for the Company.

As announced in October 2017, Aecon entered into a proposed agreement with CCCC International Holding Limited (CCCI) that received strong support from Aecon's shareholders, employees, unions, clients, partners and other stakeholders. Completion of the proposed transaction remains subject only to approval under the Investment Canada Act and other customary closing conditions for a transaction of this nature. Assuming the satisfaction or waiver of these conditions, the proposed transaction is expected to close by the end of the second quarter and before the July 13, 2018 Outside Date contemplated in the Arrangement Agreement.

Both Aecon and CCCI remain committed to working together to obtain approval of the transaction under the Investment Canada Act. While the transaction continues to be reviewed by regulatory authorities, Aecon is focused on building a strong backlog and successfully executing projects.

The outlook for 2018 remains consistent with Aecon's outlook at the end of 2017. In the Infrastructure segment, Aecon expects to be a beneficiary of increased investment by federal, provincial and municipal governments. This has been illustrated recently by a number of major project wins, including the civil works associated with the generating station and spillways at the Site C Generating Station in British Columbia and the previously mentioned REM and Finch West transit projects. These wins, combined with other projects, will drive growth in this segment moving forward.

Commencing in 2018, Aecon's previous Energy and Mining segments were combined into a single Industrial segment to align with Aecon's new operating management structure and to capitalize and combine the strengths and synergies of the Aecon group.

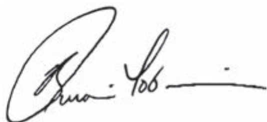
In this new Industrial segment, Aecon expects increased and ongoing demand for nuclear refurbishment, utilities, pipelines and contract mining work in 2018. Significant long-term growth opportunities in the segment are highlighted by Aecon's capabilities in the nuclear refurbishment sector, combined with the approximately fifteen-year refurbishment project at the Bruce Nuclear Generating Station in Ontario, which is currently in the development and procurement phase, along with already secured work with Ontario Power Generation. In addition, Aecon's capabilities in the utilities sector continue to be a strength that should lead to growth from increased demand for utility services, pipelines and power work. Areas of strength in Aecon's business are expected to outweigh the impact of fewer opportunities in commodity and oil related markets.

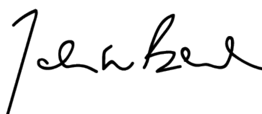
The Concessions segment continues to play a significant role in driving value at Aecon. The Concessions group continues to partner with Aecon's other segments to focus on the significant number of Public-Private Partnership (P3) opportunities and is actively pursuing several large-scale infrastructure projects that require private finance solutions. Concessions is participating as a concessionaire on the above-noted Finch West LRT project, the Waterloo and Eglinton Crosstown LRT projects, as well as the Bermuda International Airport Redevelopment Project.

The overall outlook for 2018 remains positive, with significant new long-term project awards providing greater certainty to our expectations for revenue growth in 2018 and beyond. As previously mentioned, Aecon's backlog is expected to reach record levels in the second quarter of 2018 as all three segments continue to bid on opportunities to further support the goal of improving Adjusted EBITDA versus the prior year as recently awarded projects ramp up.

We are also pleased to announce that at Aecon's Annual Meeting of Shareholders, held on May 10, 2018 in Toronto, all of the Company's dedicated board directors were re-elected to hold office until the next Annual Meeting of Shareholders or until their successors are appointed.

Sincerely,





Hon. Brian V. Tobin, P.C., O.C.
Chairman

John M. Beck
Chief Executive Officer

Aecon Group Inc.

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

March 31, 2018

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, 2018 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, 2017. This MD&A has been prepared as of April 25, 2018. 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.

Proposed Arrangement

On October 26, 2017, the Company entered into an arrangement agreement (the "Arrangement Agreement") with CCCC International Holding Limited and 10465127 Canada Inc. (together, "CCCI"), pursuant to which CCCI agreed, subject to satisfaction of customary conditions, to acquire all of the issued and outstanding Common Shares of Aecon for $20.37 per Common Share in cash by way of a statutory plan of arrangement under the Canada Business Corporations Act (the "Arrangement").

At a meeting of shareholders held on December 19, 2017, shareholders of the Company approved the Arrangement with approximately 99.4% of the Common Shares voted at the meeting voting in favour of the Arrangement. On December 22, 2017, the Ontario Superior Court of Justice (Commercial List) issued a final order approving the Arrangement. Completion of the proposed transaction remains subject only to approval under the Investment Canada Act and other customary closing conditions for a transaction of this nature. Assuming the satisfaction or waiver of these conditions, the proposed transaction is expected to close by the end of the second quarter and before the July 13, 2018 Outside Date of the Arrangement Agreement.

For additional details, please see the full text of the Arrangement Agreement included in Aecon's management information circular dated November 17, 2017 (the "Circular") filed under Aecon's SEDAR profile at www.sedar.com.

Introduction

Commencing in 2018, Aecon's Energy and Mining segments were combined into an Industrial segment to align with Aecon's new operating management structure, and to build on the "One Aecon" business strategy to capitalize on and combine the strengths and synergies of the Aecon group. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

Aecon currently operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

The Infrastructure segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally. The Infrastructure segment focuses primarily on the following sectors:

INFRASTRUCTURE	
Sector	**Service Focus**
Transportation	• Roads and bridges • Rail and transit • Municipal road construction • Asphalt production and aggregates • Material engineering and design
Major Projects	• Hydroelectric • Tunnels and transit stations • Foundations • Marine • Major civil transportation infrastructure • Water treatment facilities • Mechanical systems • Airports

The Industrial segment encompasses a full suite of service offerings, primarily to energy and mining markets, including conventional industrial construction and manufacturing activities such as in-plant construction, site construction, fabrication, module assembly and contract mining. The Industrial segment offers turnkey services consolidating Aecon's industrial and manufacturing capabilities and services across Canada, with a focus on delivering construction services that span the scope of a project's life cycle from site preparation, overburden removal, and resource extraction to processing and environmental reclamation. The activities of the Industrial segment are concentrated predominantly in Canada and focus primarily on the following sectors:

INDUSTRIAL	
Sector	**Service Focus**
Conventional Industrial	• Steam Assisted Gravity Drainage (SAGD) operations in the oil sands • Turnkey well pad construction and field facilities • Liquefied natural gas (LNG) plants • Gas compression facilities • Thermal and hydro • Natural gas • Renewables • Fabrication (pipe fabrication, custom steel) • Modularization and field installation • Plant maintenance turnaround • Mine site development including overburden removal and piling services • Environmental reclamation services • Ore storage facilities • Heavy mechanical works • Complete process installations
Nuclear	• Full EPC project services • Reactor component replacement • Plant system overhaul, upgrades and modifications • Maintenance and outage support • Nuclear waste management sites and facilities • Fabrication of engineered modules, waste containers and flasks, plant equipment and components • Structural and pipe fabrication

	• CANDU single or multiple fuel channel replacements • Turbine generator maintenance/overhaul • Facility construction and maintenance • Facility decommissioning
Utilities	• Oil and gas pipeline construction and integrity programs • Telecom infrastructure • Power transmission and distribution networks • Water and sewer construction • District energy • Locate services • High voltage transmission

Activities within the Concessions segment include the development, financing, construction and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures. The Concessions segment focuses primarily on the following activities:

CONCESSIONS	
Activities	**Service Focus**
Project Financing	• Development of domestic and international Public-Private Partnership (“P3”) projects • Private finance solutions
Development	• Developing effective strategic partnerships • Leading and/or actively participating in development teams
Construction and Operation	• Seamlessly integrating the services of all project participants • Harnessing strengths and capabilities of Aecon

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, 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. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general global events outside Aecon’s control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including, but not limited to interest and foreign exchange rates, global equity and capital markets, business competition and operational and reputational risks, including Large Project Risk and Contractual Factors, and the uncertainty regarding whether the Arrangement will be completed on the terms detailed in the Circular, or at all, and the corresponding risks. In addition, there are risks and uncertainties inherent in the Arrangement, including the failure of Aecon and CCCI to obtain applicable Investment Canada Act approvals or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, if the Arrangement is not completed, and Aecon

continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of Aecon to the completion of the Arrangement could have an impact on Aecon's current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of Aecon. Risk factors are discussed in greater detail in the section on “Risk Factors” included in the Company’s Annual Information Form dated March 27, 2018, and in the Circular, each of which are available through SEDAR at www.sedar.com. Forward-looking statements include information concerning possible or assumed future results of Aecon’s operations and financial position, as well as statements preceded by, followed by, or that include the words “believes”, “expects”, “anticipates”, “estimates”, “projects”, “intends”, “should” or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause its results to differ materially from those expressed in any forward-looking statements. Aecon assumes no obligation to publicly update or revise any forward-looking statements 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 construction projects accounted for using the equity method, foreign exchange, interest, gains or losses on the sale of assets, 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.

BUSINESS STRATEGY

The reader is referred to the discussion on Business Strategy as outlined in the MD&A in the 2017 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 2018		2017
Revenue	$	**543.3**	$	**674.9**
Gross profit		47.0		51.0
Marketing, general and administrative expenses		(47.2)		(48.7)
Income from projects accounted for using the equity method		0.8		0.9
Foreign exchange gain		0.6		1.2
Gain (loss) on sale of assets and investments		0.3		(1.1)
Depreciation and amortization		(23.7)		(20.6)
Operating loss		**(22.2)**		**(17.3)**
Financing expense, net		(4.9)		(5.0)
Loss before income taxes		**(27.1)**		**(22.3)**
Income tax recovery		7.9		3.9
Loss	$	**(19.2)**	$	**(18.3)**
Gross profit margin		**8.6%**		**7.6%**
MG&A as a percent of revenue		**8.7%**		**7.2%**
Adjusted EBITDA		**3.7**		**6.9**
Adjusted EBITDA Margin		**0.7%**		**1.0%**
Operating margin		**(4.1)%**		**(2.6)%**
Loss per share – basic	$	**(0.32)**	$	**(0.32)**
Loss per share – diluted	$	**(0.32)**	$	**(0.32)**
Backlog	$	**4,614**	$	**4,365**

Revenue for the three months ended March 31, 2018 was lower by $132 million, or 20%, compared to the same period in 2017, driven by lower revenue in the Industrial segment ($150 million) with decreases in conventional industrial ($76 million), nuclear ($65 million), and utilities operations ($9 million).

Operating loss of $22.2 million for the three months ended March 31, 2018 increased by $4.9 million compared to a loss of $17.3 million in the same period in 2017. Contributing to the operating loss in the first quarter of 2018 was a decrease in gross profit of $4.0 million, with the largest decrease occurring in the Industrial segment ($9.4 million) due primarily to lower volume in conventional industrial and nuclear operations, and partially offset by improved gross profit margin in utilities operations. Gross profit also decreased slightly in the Infrastructure segment ($0.3 million) as an increase in gross profit margin in major projects was offset by lower gross profit margin in transportation operations. Partially offsetting these decreases was an increase in the Concessions segment ($5.5 million) due primarily to higher gross profit from the Bermuda International Airport Redevelopment Project.

Marketing, general and administrative expenses ("MG&A") decreased in the first three months of 2018 by $1.5 million compared to the same period in 2017. The decrease in MG&A resulted primarily from lower severance and restructuring costs period-over-period, offset to some extent by an increase in expenses incurred as a result of the sale process and subsequent Arrangement. MG&A as a percentage of revenue was 8.7% in the first three months of 2018 compared to 7.2% in the same period in 2017, which reflects the effect of lower revenue quarter-over-quarter.

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 quarter ended March 31, 2018, Aecon reported income of $0.8 million from projects accounted for using this method of accounting, a decrease of $0.1 million, as an increase in Concessions from light rail projects ($0.4 million) was offset in Infrastructure ($0.5 million) following the completion of a project that was ongoing in the comparative period in 2017.

Depreciation and amortization expense of $23.7 million in the first quarter of 2018 was $3.1 million higher than the same period in 2017. The increase occurred primarily in the Concessions segment ($2.5 million) from higher amortization expense related to operating the existing airport as part of the Bermuda International Airport Redevelopment Project compared to the same period in 2017. Since this project commenced operations near the end of the first quarter of 2017, the 2018 results include a full three months of amortization expense compared to a partial period of amortization expense in the comparable period last year.

Financing expenses, net of interest income, of $4.9 million in the first quarter of 2018 decreased by $0.1 million compared to the same period in 2017.

Set out in Note 21 of the March 31, 2018 interim condensed consolidated financial statements is a reconciliation between the expected income tax expense in the first quarters of 2018 and 2017 based on statutory income tax rates and the actual income tax expense reported for both these periods.

Reported backlog as at March 31, 2018 of $4,614 million compares to backlog of $4,365 a year earlier. New contract awards of $910 million were booked in the first quarter of 2018 compared to $836 million in the same period of 2017.

Backlog $ millions	**As at March 31**	
	2018	2017
Infrastructure	**$ 2,414**	$ 2,109
Industrial	**2,180**	2,243
Concessions	**20**	13
Consolidated	**$ 4,614**	$ 4,365

Backlog duration, representing the expected period during which backlog on hand will be converted into revenue, is included in the table below:

Estimated backlog duration $ millions	**As at March 31**			
	2018		2017	
Next 12 months	**$ 1,557**	**34%**	$ 1,188	27%
Next 13-24 months	**923**	**20%**	700	16%
Beyond	**2,134**	**46%**	2,477	57%
	$ 4,614	**100%**	$ 4,365	100%

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 contractual 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, 2018, reported backlog from projects that are accounted for using the equity method was $nil (March 31, 2017 - $2 million).

Further details for each of the segments are included in the discussion below under Reporting Segments.

REPORTING SEGMENTS

INFRASTRUCTURE

Financial Highlights

$ millions	Three Months Ended March 31			
		2018		2017
Revenue	**$**	**152.6**	$	151.7
Gross profit	**$**	**0.2**	$	0.5
Adjusted EBITDA	**$**	**(16.5)**	$	(15.6)
Operating loss	**$**	**(20.7)**	$	(19.8)
Gross profit margin		**0.2%**		0.3%
Adjusted EBITDA margin		**(10.8)%**		(10.3)%
Operating margin		**(13.5)%**		(13.1)%
Backlog	**$**	**2,414**	$	2,109

For the three months ended March 31, 2018, revenue in the Infrastructure segment of $153 million was $1 million, or 1%, higher than the first quarter of 2017. Revenue was higher in major projects ($1 million) as increases from continued progress on the Bermuda International Airport Redevelopment Project, and water and waste water projects in Western Canada, were partially offset by lower volume from transit projects in Ontario and hydroelectric work in Western Canada. Revenue in transportation operations was unchanged period-over-period as lower roadbuilding activity in Ontario was offset by an increase in foundations work in Ontario.

In the first three months of 2018, operating loss in the Infrastructure segment of $20.7 million increased by $0.9 million compared to an operating loss of $19.8 million in the same period last year. Operating loss increased in transportation by $2.1 million due primarily to lower gross profit margin, and was partially offset by a gross profit margin-driven increase in operating profit in major projects of $1.2 million.

Infrastructure backlog as at March 31, 2018 was $2,414 million, which is $305 million higher than the same time in 2017. The largest period-over-period increase in backlog occurred in major projects ($188 million) driven by the 2018 award for the Site C Generating Station and Spillways Civil Works project in Western Canada, and offset partially by lower light rail and airport project backlog. Backlog also increased in the transportation sector ($117 million) period-over-period from higher roadbuilding backlog in both Western Canada and Ontario. New contract awards of $551 million in the first quarter of 2018 were $43 million lower than the same period last year.

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

INDUSTRIAL

Financial Highlights

$ millions	Three months ended March 31			
		2018		2017
Revenue	**$**	**381.1**	$	530.7
Gross profit	**$**	**39.9**	$	49.3
Adjusted EBITDA	**$**	**22.2**	$	31.0
Operating profit	**$**	**7.6**	$	15.3
Gross profit margin		**10.5%**		9.3%
Adjusted EBITDA margin		**5.8%**		5.8%
Operating margin		**2.0%**		2.9%
Backlog	**$**	**2,180**	$	2,243

Revenue of $381 million in the first three months of 2018 in the Industrial segment was $150 million, or 28%, lower than the first quarter of 2017. The largest period-over-period decrease occurred in conventional industrial operations ($76 million) primarily due to lower site construction work in the commodity mining sector. Revenue also decreased in the nuclear sector ($65 million) primarily from the timing of several projects that were ongoing in 2017 that are now nearing completion ahead of ramp up on new projects during 2018. Revenue in utilities operations was lower ($9 million) primarily from pipeline projects in Western Canada.

For the three months ended March 31, 2018, operating profit of $7.6 million decreased by $7.7 million compared to $15.3 million in the first quarter of 2017. Operating profit decreased in conventional industrial operations driven by lower volume in the commodity mining and nuclear sectors. Operating profit from utilities operations increased due to improved gross profit margin on gas and electricity distribution projects in Eastern Canada, offset partially by lower volume on pipeline projects in Western Canada.

Backlog in the Industrial segment at March 31, 2018 of $2,180 million was $63 million lower than the same time last year, driven primarily by lower backlog in the nuclear sector ($154 million) from the ongoing

execution of a long-term refurbishment project in Ontario. Offsetting this decrease were backlog increases in utilities operations ($73 million) and conventional industrial operations ($18 million). The increase in utilities was driven primarily by increases from local electricity distribution, gas and pipeline projects. The increase in conventional industrial operations was driven mostly by increases in power generation projects in Eastern Canada and field construction work in Western Canada. New contract awards of $347 million in the first quarter of 2018 were $109 million higher than in the first three months of 2017.

As discussed in the Consolidated Financial Highlights section, the Industrial segment's contractual 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	
	2018	2017
Revenue	**$ 31.3**	$ 36.6
Gross profit	**$ 6.8**	$ 1.2
Income from projects accounted for using the equity method	**$ 1.4**	$ 1.0
Adjusted EBITDA	**$ 9.9**	$ 3.7
Operating profit (loss)	**$ 2.9**	$ (0.7)
Backlog	**$ 20**	$ 13

Aecon holds a 100% interest in Bermuda Skyport Corporation Limited ("Skyport"), the concessionaire responsible for 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. 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 participation in the Eglinton Crosstown Light Rail Transit ("LRT") and Waterloo LRT concessions are joint ventures which are accounted for using the equity method.

Revenue for the three months ended March 31, 2018 in the Concessions segment was $31 million, a decrease of $5 million compared to the same period last year. The lower revenue was a result of the Bermuda International Airport Redevelopment Project and resulted from the impact of lower revenue from construction activities related to the redevelopment of the airport which offset the impact of higher revenue from operating the existing airport. Included in Concessions' revenue for the first three months of 2018 and 2017 was $18 million and $33 million, respectively, of construction revenue that was eliminated on consolidation as inter-segment revenue.

Operating profit of $2.9 million for the three months ended March 31, 2018, increased by $3.6 million compared to the same period in 2017 and was primarily due to increased operating profit from the Bermuda International Airport Redevelopment Project and light rail transit concessions in Ontario.

Except for Operations and Maintenance ("O&M") activities under contract for the next five years, 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 O&M activities, is reported.

Quarterly Financial Data

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

$ millions (except per share amounts)

	2018	2017				2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	$ 543.3	$ 685.0	$ 759.7	$ 686.2	$ 674.9	$ 845.1	$ 838.1	$ 839.3
Adjusted EBITDA	3.7	58.0	58.7	33.0	6.9	64.7	60.0	29.4
Earnings (loss) before income taxes	(27.1)	26.5	27.2	(0.6)	(22.3)	42.6	37.6	6.6
Profit (loss)	(19.2)	21.1	24.6	0.8	(18.3)	29.1	27.4	7.1
Earnings (loss) per share:								
Basic	(0.32)	0.36	0.42	0.01	(0.32)	0.51	0.48	0.12
Diluted	(0.32)	0.33	0.37	0.01	(0.32)	0.43	0.42	0.12

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 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

	2018	2017				2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit (loss)	$ (22.2)	$ 32.5	$ 33.1	$ 5.3	$ (17.3)	$ 47.9	$ 43.1	$ 12.3
Depreciation and amortization	23.7	24.0	24.5	24.4	20.6	16.3	14.3	14.4
(Gain) loss on sale of assets	(0.3)	(1.5)	(1.5)	0.2	1.1	(0.6)	(0.5)	(0.4)
Income from projects accounted for using the equity method	(0.8)	(2.2)	(3.2)	(2.1)	(0.9)	(8.1)	(2.1)	(1.9)
Equity Project EBITDA	3.3	5.2	5.8	5.1	3.3	9.1	5.1	5.0
Adjusted EBITDA	$ 3.7	$ 58.0	$ 58.7	$ 33.0	$ 6.9	$ 64.7	$ 60.0	$ 29.4

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

$ millions

Aecon's proportionate share of projects accounted for using the equity method (1)	2018	2017				2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit	$ 3.2	$ 5.2	$ 5.7	$ 5.0	$ 3.2	$ 9.0	$ 5.0	$ 4.9
Depreciation and amortization	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1
Equity Project EBITDA	3.3	5.2	5.8	5.1	3.3	9.1	5.1	5.0

(1) Refer to Note 12 "Projects Accounted for Using the Equity Method" in the 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 12 to the March 31, 2018 interim condensed consolidated financial statements.

Cash and Debt Balances

Cash balances at March 31, 2018 and December 31, 2017 are as follows:

$ millions		March 31, 2018		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	$ 21	$ 242	$ 263
Restricted cash	(2)	268	-	268
Bank indebtedness	(3)	(29)	-	(29)
		December 31, 2017		
		Balances excluding Joint Operations	**Joint Operations**	**Consolidated Total**
Cash and cash equivalents	(1)	$ 19	$ 286	$ 305
Restricted cash	(2)	280	-	280
Bank indebtedness	(3)	(18)	-	(18)

(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 debt of $291.2 million as at March 31, 2018 compares to $304.2 million as at December 31, 2017, the composition of which is as follows:

$ millions		March 31, 2018		December 31, 2017
Current portion of long-term debt	**$**	**42.1**	$	44.5
Current portion of convertible debentures		**165.9**		168.5
Long-term debt		**83.2**		91.2
Total long-term debt	**$**	**291.2**	$	304.2
Long-term project debt - non-recourse	**$**	**362.7**	$	352.9

The $13.0 million net decrease in total long-term debt results from a decrease in finance leases and equipment loans in the first three months of 2018 of $10.4 million, as well as a decrease in convertible debentures of $2.6 million primarily from the conversion of debentures with a face value of $3.3 million into common shares.

The $9.8 million increase in non-recourse project debt, related to the financing of the Bermuda International Airport Redevelopment Project, is due to the impact of changes in foreign exchange rates since December 31, 2017.

Aecon's liquidity position and capital resources are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. Aecon's liquidity position is strengthened by its ability to draw on a committed revolving credit facility of $500 million of which $405 million was unutilized as at March 31, 2018. When combined with an additional $700 million letter of credit facility provided by Export Development Canada ("EDC"), Aecon's total committed credit facilities for working capital and letter of credit requirements total $1,200 million. As at March 31, 2018, Aecon was in compliance with all debt covenants related to its credit facility.

In the first quarter of 2018, Aecon's Board of Directors approved annual dividends of $0.50 per share, unchanged from the prior year, to be paid in four quarterly payments of $0.125 per share so long as the Company is publicly listed. The first dividend of $0.125 per share was paid on April 2, 2018.

Summary Of Cash Flows

$ millions	Consolidated Cash Flows			
	Three months ended March 31			
		2018		2017
Cash provided by (used in):				
Operating activities	$	**(28.8)**	$	78.6
Investing activities		**(6.8)**		(396.3)
Financing activities		**(6.2)**		390.3
Increase (decrease) in cash and cash equivalents		**(41.8)**		72.6
Effects of foreign exchange on cash balances		**(0.5)**		-
Cash and cash equivalents - beginning of period		**304.9**		231.9
Cash and cash equivalents - end of period	**$**	**262.6**	$	304.4

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.

Operating Activities

Cash used by operating activities of $29 million in the first three months of 2018 compares with cash provided by operating activities of $79 million in the same period in 2017. Most of the $108 million period-over-period decrease in cash provided by operating activities resulted from higher investments in working capital.

Investing Activities

In the first three months of 2018, investing activities resulted in cash used of $7 million, which compares to cash used of $396 million in the same period in 2017. Of the cash used in the first quarter of 2018, $17 million represents expenditures made by Skyport related to the construction of the new airport terminal in Bermuda (i.e. increase in concession rights of $17 million), offset by a $19 million decrease in restricted cash balances held by Skyport. Of the cash used in the first quarter of 2017, $72 million represents construction expenditures by Skyport, and $318 million represents an increase in Skyport's restricted cash balances. In addition, $6 million of cash was used for expenditures (net of disposals) on property, plant and equipment and intangible assets in both the first quarters of 2018 and 2017. Cash used also includes a $3 million increase in long-term financial assets in the first quarter of 2018.

In the first three months of 2018, Aecon acquired, either through purchase or finance leases, property, plant and equipment totalling $9 million. Most of this investment in property, plant and equipment related to the purchase of new machinery and construction equipment as part of normal ongoing business operations in each operating segment. In the first three months of 2017, investments in property, plant and equipment totalled $10 million.

Financing Activities

In the first three months of 2018, cash used by financing activities amounted to $6 million, compared to cash provided of $390 million in the same period in 2017. During the first three months of 2017, cash provided by financing activities included the addition of non-recourse project debt of $379 million in relation to the Bermuda International Airport Redevelopment Project, whereas no additional borrowings were made in the first three months of 2018. In the first three months of 2018, repayments of other long-term debt totalled $12 million, relating primarily to equipment financing arrangements, whereas in the first three months of 2017, net debt repayments totalled $11 million. In addition, in the first quarter of 2018, an increase in bank indebtedness associated with borrowings under the Company's revolving credit facility totalled $12 million compared to $28 million during the same period in 2017. Dividends paid in the first three months of 2018 of $7 million were unchanged when compared to the same period in 2017. There was also $1 million of cash provided by the exercise of stock options in the first quarter of 2018 compared to $2 million of cash provided in the first quarter of 2017.

NEW ACCOUNTING STANDARDS

Note 6 to Aecon's March 31, 2018 interim condensed consolidated financial statements includes new IFRS standards that became effective for the Company on January 1, 2018, and Note 7 discusses IFRS standards and interpretations that are issued, but not yet effective as at January 1, 2018.

These new accounting standards had no significant impact on profit (loss), comprehensive income or earnings per share in the first three months of 2018.

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, 2018 and ended on March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Contractual Obligations

At December 31, 2017, the Company had commitments totaling $379 million for equipment and premises under operating leases requiring minimum payments, and for principal repayment obligations under long-term debt and convertible debentures. There have been no material changes since December 31, 2017.

At March 31, 2018, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was $4,614 million.

Further details on Contractual Obligations are included in the Company's 2017 Annual Report.

Off-Balance Sheet Arrangements

Aecon's defined benefit pension plans had a combined deficit of $1.2 million at March 31, 2018 (December 31, 2017 - $1.2 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 2017 Annual Report for further details regarding Aecon's defined benefit plans.

Further details of contingencies and guarantees are included in the March 31, 2018 interim condensed consolidated financial statements and in the 2017 Annual Report.

Related Party Transactions

There were no significant related party transactions in the first three months of 2018.

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, 2018 interim condensed consolidated financial statements.

RISK FACTORS

The reader is referred to the detailed discussion on Risk Factors as outlined in the Company's Annual Information Form dated March 27, 2018 and available through 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. These risks and uncertainties, which management reviews on a quarterly basis, have not materially changed in the period since March 27, 2018.

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 25, 2018
Number of common shares outstanding		59,692,065
Outstanding securities exchangeable or convertible into common shares:		
Principal amount of convertible debentures outstanding (see Note 19 to the March 31, 2018 interim condensed consolidated financial statements)	$	174,383
Number of common shares issuable on conversion of convertible debentures		8,575,444
Increase in paid-up capital on conversion of convertible debentures	$	174,383

OUTLOOK

Consistent with Aecon's outlook at the end of 2017, the Company expects to significantly grow its backlog in 2018. Backlog was $4.2 billion at the start of the year and has increased to $4.6 billion as at March 31, 2018, with further growth expected during the balance of 2018 driving backlog to record levels for Aecon. This growth should result in improvements in revenue and Adjusted EBITDA in 2018 versus the prior year as these new projects ramp up during the year.

The commitment to increase infrastructure investment by all levels of government across Canada, as well as significant opportunities in power, including nuclear, utilities and P3s, aligns with Aecon's strengths and has allowed Aecon to be successful on a number of recent bids. During the first quarter, the $1.6 billion Site C Generating Station and Spillways Civil Works ("Site C") project in British Columbia was awarded to a consortium in which Aecon holds a 30% interest. Subsequent to quarter end, Aecon, along with its joint venture partners, was awarded the $5.0 billion Réseau express métropolitain Montreal LRT ("REM") project (24% Aecon interest), and an Aecon consortium was named as the preferred proponent for the Finch West LRT project in Toronto (33.3% Aecon interest).

Infrastructure segment backlog, at the end of the first quarter of 2018, was $2,414 million compared to $2,109 million at the same time last year. Increased infrastructure investment to address the significant infrastructure deficit in Canada is a key area of focus for federal, provincial, and municipal governments, and Aecon is well positioned to successfully bid on, secure, and deliver many of these major projects. Bidding activity continues to be robust and Aecon expects to be a beneficiary of this increased infrastructure investment as evidenced by the Site C and REM project awards, and from the selection as preferred proponent on the Finch West LRT project, which will drive growth in this segment in 2018 and beyond.

Backlog in the Industrial segment was $2,180 million at the end of the first quarter of 2018 compared to $2,243 million a year earlier. Aecon expects increased ongoing demand for nuclear refurbishment, utilities, pipelines, and contract mining work in 2018. Aecon's capability in the nuclear refurbishment sector, combined with the approximately fifteen-year refurbishment project at the Bruce Nuclear Generating Station in Ontario, which is currently in the development and procurement phase, along with already secured work with Ontario Power Generation, provides a significant long-term growth opportunity for Aecon in nuclear work. Aecon's capabilities in the utilities sector continue to be a strength that should lead to growth from the increased demand for utility services, pipelines and power work. While oil and metal commodity prices are improving, they have not reached a level to support significant new oil and mining construction projects. As a result, we expect our 2018 conventional industrial fabrication and field work revenue to be similar to 2017. Contract mining, which is primarily recurring revenue work over and above what is reported as backlog for the segment, is expected to grow in 2018 with a new operating site ramping up during the year.

The Concessions segment continues to play a significant role in driving value at Aecon. The Concessions group continues to partner with Aecon's other segments to focus on the significant number of P3 opportunities and is actively pursuing a number of large-scale infrastructure projects that require private finance solutions, such as the above-noted Finch West LRT project. Concessions is also participating as a concessionaire on the Waterloo and Eglinton Crosstown LRT projects as well as the Bermuda International Airport Redevelopment Project.

The overall outlook for 2018 remains positive with areas of strength in Aecon's business expected to outweigh the impact of fewer opportunities in commodity and oil related markets. All three segments continue to bid on

opportunities that should enhance the level of backlog and support the goals of improving Adjusted EBITDA margin.

As usual, the first half of 2018 is expected to be weaker than the second half of 2018 reflecting the typical seasonality of Aecon's work as well as the ramp up of recently awarded projects. Capital expenditures are expected to remain relatively consistent with 2017 levels.

On October 26, 2017, the Company entered into an Arrangement Agreement with CCCI, pursuant to which CCCI agreed, subject to satisfaction of customary conditions, to acquire all of the issued and outstanding Common Shares of Aecon for $20.37 per Common Share in cash by way of a statutory plan of arrangement under the CBCA.

At a meeting of shareholders held on December 19, 2017, shareholders of the Company approved the Arrangement with approximately 99.4% of the Common Shares voted at the meeting voting in favour of the Arrangement. On December 22, 2017, the Ontario Superior Court of Justice (Commercial List) issued a final order approving the Arrangement. Completion of the proposed transaction remains subject only to approval under the Investment Canada Act and other customary closing conditions for a transaction of this nature. Assuming the satisfaction or waiver of these conditions, the proposed transaction is expected to close by the end of the second quarter and before the July 13, 2018 Outside Date of the Arrangement Agreement.

AECON GROUP INC.
FIRST QUARTER

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

TABLE OF CONTENTS

MANAGEMENT REPORT 24
CONSOLIDATED BALANCE SHEETS 25
CONSOLIDATED STATEMENTS OF INCOME 26
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 27
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY 28
CONSOLIDATED STATEMENTS OF CASH FLOWS 29
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30
1. PROPOSED ARRANGEMENT AND CORPORATE INFORMATION 30
2. DATE OF AUTHORIZATION FOR ISSUE 30
3. BASIS OF PRESENTATION 30
4. CRITICAL ACCOUNTING ESTIMATES 31
5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 34
6. NEW ACCOUNTING STANDARDS 37
7. FUTURE ACCOUNTING CHANGES 39
8. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH 40
9. TRADE AND OTHER RECEIVABLES 40
10. UNBILLED REVENUE AND DEFERRED REVENUE 41
11. INVENTORIES 41
12. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD 42
13. PROPERTY, PLANT AND EQUIPMENT 44
14. INTANGIBLE ASSETS 45
15. BANK INDEBTEDNESS 46
16. TRADE AND OTHER PAYABLES 46
17. PROVISIONS 46
18. LONG-TERM DEBT AND NON-RECOURSE PROJECT DEBT 47
19. CONVERTIBLE DEBENTURES 48
20. CONCESSION RELATED DEFERRED REVENUE 49
21. INCOME TAXES 49
22. EMPLOYEE BENEFIT PLANS 50
23. CONTINGENCIES 50
24. CAPITAL STOCK 51
25. EXPENSES 54
26. OTHER INCOME 54
27. FINANCE COSTS 55
28. EARNINGS PER SHARE 55
29. SUPPLEMENTARY CASH FLOW INFORMATION 56
30. FINANCIAL INSTRUMENTS 57
31. CAPITAL DISCLOSURES 59
32. OPERATING SEGMENTS 59
33. REMAINING PERFORMANCE OBLIGATIONS 62

MANAGEMENT REPORT
April 25, 2018

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) John M. Beck, President and Chief Executive Officer

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

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2018, DECEMBER 31, 2017 AND JANUARY 1, 2017

(in thousands of Canadian dollars)

	Note	March 31 2018	December 31 2017	January 1 2017 (Note 6)
ASSETS				
Current assets				
Cash and cash equivalents	8	**$ 262,575**	$ 304,882	$ 231,858
Restricted cash	8	**268,222**	279,581	-
Trade and other receivables	9	**502,692**	499,462	604,759
Unbilled revenue	10	**558,138**	574,639	471,848
Inventories	11	**21,861**	22,997	28,460
Income taxes recoverable		**13,456**	8,110	19,275
Prepaid expenses		**20,163**	12,024	12,100
		1,647,107	1,701,695	1,368,300
Non-current assets				
Long-term financial assets		**5,064**	2,260	2,633
Projects accounted for using the equity method	12	**33,533**	32,610	27,618
Deferred income tax assets		**22,671**	18,196	23,908
Property, plant and equipment	13	**448,032**	457,151	450,368
Intangible assets	14	**309,331**	293,878	111,658
		818,631	804,095	616,185
TOTAL ASSETS		**$ 2,465,738**	$ 2,505,790	$ 1,984,485
LIABILITIES				
Current liabilities				
Bank indebtedness	15	**$ 29,450**	$ 17,940	$ 7,476
Trade and other payables	16	**578,338**	621,863	577,333
Provisions	17	**11,455**	11,546	20,530
Deferred revenue	10	**219,124**	206,681	201,408
Income taxes payable		**750**	3,544	6,449
Current portion of long-term debt	18	**42,059**	44,472	51,568
Convertible debentures	19	**165,884**	168,466	-
		1,047,060	1,074,512	864,764
Non-current liabilities				
Provisions	17	**5,615**	5,812	5,096
Non-recourse project debt	18	**362,705**	352,888	-
Long-term debt	18	**83,192**	91,211	86,403
Convertible debentures	19	**-**	-	164,778
Concession related deferred revenue	20	**121,100**	118,380	7,111
Deferred income tax liabilities		**103,625**	104,219	114,267
Other liabilities		**2,679**	2,793	3,967
		678,916	675,303	381,622
TOTAL LIABILITIES		**1,725,976**	1,749,815	1,246,386
EQUITY				
Capital stock	24	**374,224**	367,612	346,770
Convertible debentures	19	**8,499**	8,664	8,674
Contributed surplus		**42,165**	39,604	43,060
Retained earnings		**313,763**	340,470	341,718
Accumulated other comprehensive income (loss)		**1,111**	(375)	(2,123)
TOTAL EQUITY		**739,762**	755,975	738,099
TOTAL LIABILITIES AND EQUITY		**$ 2,465,738**	$ 2,505,790	$ 1,984,485

Contingencies (Note 23)

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note		**March 31 2018**		March 31 2017
Revenue		**$**	**543,325**	$	674,866
Direct costs and expenses	25		**(496,355)**		(623,821)
Gross profit			**46,970**		51,045
Marketing, general and administrative expenses	25		**(47,183)**		(48,668)
Depreciation and amortization	25		**(23,746)**		(20,645)
Income from projects accounted for using the equity method	12		**846**		882
Other income	26		**907**		85
Operating loss			**(22,206)**		(17,301)
Finance income			**203**		305
Finance costs	27		**(5,118)**		(5,281)
Loss before income taxes			**(27,121)**		(22,277)
Income tax recovery	21		**7,876**		3,931
Loss for the period		**$**	**(19,245)**	$	(18,346)
Basic loss per share	28	**$**	**(0.32)**	$	(0.32)
Diluted loss per share	28	**$**	**(0.32)**	$	(0.32)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(in thousands of Canadian dollars) (unaudited)

	March 31 2018	March 31 2017
Loss for the period	**$ (19,245)**	$ (18,346)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences - foreign operations	**1,130**	(120)
Cash flow hedges - equity accounted investees	**484**	(17)
Income taxes on the above	**(128)**	5
Total other comprehensive income (loss) for the period	**1,486**	(132)
Comprehensive loss for the period	**$ (17,759)**	$ (18,478)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Accumulated other comprehensive income (loss): Actuarial gains and losses	Accumulated other comprehensive income (loss): Cash flow hedges	Shareholders' equity
Balance as at January 1, 2018	**$ 367,612**	**$ 8,664**	**$ 39,604**	**$ 340,470**	**$ (1,660)**	**$ 445**	**$ 840**	**$ 755,975**
Loss for the period	-	-	-	(19,245)	-	-	-	**(19,245)**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	1,130	-	-	**1,130**
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	484	**484**
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	(128)	**(128)**
Total other comprehensive income for the period	**-**	**-**	**-**	**-**	**1,130**	**-**	**356**	**1,486**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**(19,245)**	**1,130**	**-**	**356**	**(17,759)**
Dividends declared	-	-	-	(7,462)	-	-	-	**(7,462)**
Common shares issued on exercise of options	1,751	-	(320)	-	-	-	-	**1,431**
Common shares issued on conversion of debentures	3,379	(165)	-	-	-	-	-	**3,214**
Stock-based compensation	-	-	4,363	-	-	-	-	**4,363**
Shares issued to settle LTIP/Director DSU obligations	1,482	-	(1,482)	-	-	-	-	**-**
Balance as at March 31, 2018	**$ 374,224**	**$ 8,499**	**$ 42,165**	**$ 313,763**	**$ (530)**	**$ 445**	**$ 1,196**	**$ 739,762**

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Accumulated other comprehensive income (loss): Actuarial gains and losses	Accumulated other comprehensive income (loss): Cash flow hedges	Shareholders' equity
Balance as at January 1, 2017	**$ 346,770**	**$ 8,674**	**$ 43,060**	**$ 341,718**	**$ (173)**	**$ (720)**	**$ (1,230)**	**$ 738,099**
Loss for the period	**-**	-	-	(18,346)		-	-	**(18,346)**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	**-**	-	-	-	(120)	-	-	**(120)**
Cash flow hedges - equity-accounted investees	**-**	-	-	-	-	-	(17)	**(17)**
Taxes with respect to above items included in other comprehensive income	**-**	-	-	-	-	-	5	**5**
Total other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(120)**	**-**	**(12)**	**(132)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(18,346)**	**(120)**	**-**	**(12)**	**(18,478)**
Dividends declared	-	-	-	(7,309)	-	-	-	**(7,309)**
Common shares issued on exercise of options	2,610	-	(698)	-	-	-	-	**1,912**
Stock-based compensation	-	-	5,684	-	-	-	-	**5,684**
Shares issued to settle LTIP/Director DSU obligations	6,534	-	(6,534)	-	-	-	-	**-**
Balance as at March 31, 2017	**$ 355,914**	**$ 8,674**	**$ 41,512**	**$ 316,063**	**$ (293)**	**$ (720)**	**$ (1,242)**	**$ 719,908**

During the three months ended March 31, 2018, the Company declared dividends amounting to $0.125 per share (March 31, 2017 - $0.125 per share).

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2018	March 31 2017
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		**$ (27,121)**	$ (22,277)
Income taxes paid		**(5,390)**	(6,124)
Defined benefit pension		**(10)**	(12)
Items not affecting cash:			
Depreciation and amortization		**23,746**	20,645
Income from projects accounted for using the equity method		**(846)**	(882)
Loss (gain) on sale of assets		**(300)**	1,066
Income from leasehold inducements		**(104)**	(134)
Unrealized foreign exchange loss		**1,226**	142
Increase in provisions		**1,187**	3,287
Notional interest representing accretion		**740**	1,108
Stock-based compensation		**4,363**	5,684
Change in other balances relating to operations	29	**(26,330)**	76,063
		(28,839)	78,566
Investing activities			
Decrease (increase) in restricted cash balances		**18,772**	(318,454)
Purchase of property, plant and equipment		**(8,116)**	(7,432)
Proceeds on sale of property, plant and equipment		**1,706**	2,128
Investment in concession rights		**(16,792)**	(71,963)
Decrease in intangible assets		**123**	(670)
Increase in long-term financial assets		**(2,907)**	-
Distributions from projects accounted for using the equity method		**407**	133
		(6,807)	(396,258)
Financing activities			
Increase in bank indebtedness		**11,510**	27,524
Issuance of long-term debt		**-**	2,195
Issuance of non-recourse long-term debt		**-**	379,335
Repayments of long-term debt		**(11,677)**	(13,398)
Issuance of capital stock		**1,431**	1,911
Dividends paid		**(7,412)**	(7,307)
		(6,148)	390,260
Increase (decrease) in cash and cash equivalents during the period		**(41,794)**	72,568
Effects of foreign exchange on cash balances		**(513)**	(30)
Cash and cash equivalents - beginning of period		**304,882**	231,858
Cash and cash equivalents - end of period	8	**$ 262,575**	$ 304,396

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

1. PROPOSED ARRANGEMENT AND 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 800, M9W 7K6.

On October 26, 2017, the Company entered into an arrangement agreement (the “Arrangement Agreement”) with CCCC International Holding Limited and 10465127 Canada Inc. (together, “CCCI”), pursuant to which CCCI agreed, subject to satisfaction of customary conditions, to acquire all of the issued and outstanding common shares of Aecon for $20.37 per common share in cash by way of a statutory plan of arrangement under the Canada Business Corporations Act (the “Arrangement”).

Completion of the proposed transaction remains subject only to approval under the Investment Canada Act and other customary closing conditions for a transaction of this nature. Assuming the satisfaction or waiver of these conditions, the proposed transaction is expected to close by the end of the second quarter and before the July 13, 2018 Outside Date of the Arrangement Agreement.

The Company operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on April 25, 2018 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 (“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, 2017.

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 and available-for-sale investments.

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.

Except as disclosed, there have been no material changes to critical accounting estimates related to the below mentioned items in the past two fiscal years. 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, 2017. 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.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

REVENUE AND GROSS PROFIT RECOGNITION
Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint operations, are recorded over time using 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. However, 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.

FAIR VALUING FINANCIAL INSTRUMENTS

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. 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 30, *"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 22, "*Employee Benefit Plans*," in the Company's annual consolidated financial statements for the year ended December 31, 2017, 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, 2017, for further details regarding goodwill and other intangible assets.

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 a joint arrangement should be classified as either a joint operation or a joint venture, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 REVENUE RECOGNITION

Identification of a contract with a customer

A construction contract is a contract specifically negotiated for the construction of an asset or combination of assets, including contracts for the rendering of services directly related to the construction of the asset. Such contracts include fixed-price and cost-plus contracts.

When determining the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or to separate a single contract into multiple performance obligations could affect the amount of revenue and profit recorded in a given period.

The Company accounts for a contract when it has commercial substance, the parties have approved the contract in accordance with customary business practices and are committed to their obligations, the rights of the parties and payment terms are identified, and collectability of consideration is probable.

Identifying performance obligations in a contract

For most of the Company's contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project. Consequently, the entire contract is accounted for as one performance obligation. Less frequently, however, the Company may provide several distinct goods or services as part of a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The expected cost plus a margin approach is typically used to estimate the standalone selling price of each performance obligation. On occasion, the Company will sell standard products, such as aggregates and other materials, with observable standalone sales. In these cases, the observable standalone sales are used to determine the standalone selling price.

Performance obligations satisfied over time
The Company typically transfers control of goods or services, and satisfies performance obligations, over time. Therefore, the Company recognizes revenue over time as these performance obligations are satisfied. This continuous transfer of control to the customer is often supported by the customer's physical possession or legal title to the work in process, as well as contractual clauses that provide the Company with a present right to payment for work performed to date plus a reasonable profit in the event a customer unilaterally terminates the contract for convenience.

As a result of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses the cost-to-cost measure of progress for its contracts because it best reflects the transfer of an asset to the customer which occurs as costs are incurred on the contract. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Costs to fulfill contracts may include labour, materials, subcontractor, equipment costs, and other direct costs, as well as an allocation of indirect costs.

Determining the transaction price
It is common for the Company's contracts to contain incentive fees or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. Variable consideration also includes change orders that have not been approved as to price, as well as claims. 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. The Company estimates variable consideration at the most likely amount it expects to be entitled. The Company includes these estimated amounts in the transaction price 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. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information, historical, current and forecasted, that is reasonably available.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications exist when the change either creates new, or changes existing, enforceable rights and obligations. Most of the Company's contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of these contract modifications on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as a cumulative adjustment to revenue as either an increase or decrease in revenue. However, if a contract modification is for distinct goods and services from the existing contract and the pricing of the contract modification reflects the standalone selling pricing of the additional goods or services, then the contract modification is treated as a separate contract.

Due to the nature of many of the Company's performance obligations, the estimation of total revenue and costs at completion is complex, subject to many variables, and requires significant judgment. These areas of measurement uncertainty are discussed further in Note 4.1, "Major Sources of Estimation Uncertainty". Any changes to the estimates of forecasted revenue and total costs are recognized on a cumulative basis, which recognizes in the current period the cumulative effect of the changes based on a performance obligation's percentage of completion. A significant change in one or more of these estimates could affect the profitability of one or more of the Company's performance obligations. When estimates of total costs to be incurred on a performance obligation exceed the total estimated revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined.

Revenue recognition – other
Upfront costs are those costs that the Company incurs to pursue a contract with a customer that it would not have incurred if the contract had not been awarded. The Company recognizes upfront costs as an asset if it expects to recover those costs. Costs to pursue a contract that would have been incurred regardless of whether the contract was awarded are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Mobilization costs are non-recurring set up costs incurred to facilitate performance obligations under customer contracts. Mobilization costs are expensed as incurred unless they are capital in nature, in which case they are capitalized in accordance with the relevant accounting standard, or there is a contractual entitlement to recover such costs from the customer, in which case the costs are capitalized and amortized to the income statement over the contract period.

Contract revenues are measured at the fair value of the consideration received or receivable. Where deferral of payment has a material effect on the determination of such fair value, the amount at which revenues are recognized is adjusted to account for the time-value-of-money.

Trade and other receivables include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of creditworthiness of the portfolio of customers, historical payment experience, the age of outstanding receivables and collateral to the extent applicable.

Unbilled revenue represents revenue earned in excess of amounts billed on uncompleted contracts. Unbilled revenue typically results from sales under construction contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Unbilled revenue amounts may not exceed their net realizable value and are classified as current assets.

Deferred revenue represents the excess of amounts billed to customers over revenue earned on uncompleted contracts. Where advance payments are received from customers for the mobilization of project staff, equipment and services, the Company recognizes these amounts as liabilities and includes them in deferred revenue. Deferred revenue on construction contracts is classified as a current liability.

Unbilled revenue and deferred revenue are reported on a contract-by-contract basis at the end of each reporting period.

The operating cycle, or duration, of many of the Company's contracts exceeds one year. All contract related assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract.

Other revenue types

Revenue related to the sale of aggregates and other materials is recognized at a point in time, and the performance obligation is typically satisfied on the delivery of the product to the customer.

Remaining performance obligations

Backlog (i.e. remaining performance obligations) is 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 the Company, 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, the Company limits backlog for O&M activities to the earlier of the contract term and the next five years.

6. NEW ACCOUNTING STANDARDS

The following IFRS standards became effective for the Company on January 1, 2018.

IFRS 15, Revenue from Contracts with Customers
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the previous revenue recognition guidance including IAS 18, "Revenue," and IAS 11, "Construction Contracts," and the related interpretations.

The core principle of IFRS 15 is that an entity should recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from contract modifications, including change orders and claims, was previously recognized in accordance with IAS 11 only when certain conditions were met, including the fact that it was probable that the customer would approve the modification and the amount of revenue arising from it. Under IFRS 15, contract modifications are now included in estimated revenue when, among other factors, management believes the Company has an enforceable right to payment, the amount can be estimated reliably, and realization is highly probable. Consequently, in some instances the timing of when revenue from contract modifications is recognized will be delayed under IFRS 15. As a result of adopting the new standard, the cumulative impact to the Company's opening retained earnings as at January 1, 2017 from the reversal of revenue recognized under IAS 11 is $15,500 after taxes. Revenue from these contract modifications will be recognized when, and if, the IFRS 15 guidance is met.

The Company has applied the requirements of IFRS 15 using the full retrospective method with the cumulative effect of initially applying the standard recognized at the date of initial application (i.e. January 1, 2017). The following table reconciles the impact of the IFRS 15 adjustments to the Company's previously reported Consolidated Balance Sheets as at December 31, 2017 and January 1, 2017.

	As at December 31, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Unbilled revenue	$ 595,639	(21,000)	**$ 574,639**
Deferred income tax liabilities	109,719	(5,500)	**104,219**
Retained earnings	355,970	(15,500)	**340,470**

	As at January 1, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Unbilled revenue	$ 492,848	(21,000)	**$ 471,848**
Deferred income tax liabilities	119,767	(5,500)	**114,267**
Retained earnings	357,218	(15,500)	**341,718**

The following table reconciles the impact of the IFRS 15 adjustments to the Company's previously reported operating results and earnings per share for the three months ended March 31, 2017 and for the year ended December 31, 2017.

	For the three months ended March 31, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Revenue	$ 674,866	-	**$ 674,866**
Loss for the period	(18,346)	-	**(18,346)**
Comprehensive loss for the period	(18,478)	-	**(18,478)**
Basic loss per share	$ (0.32)	-	**$ (0.32)**
Diluted loss per share	$ (0.32)	-	**$ (0.32)**

	For the year ended December 31, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Revenue	$ 2,805,728	-	**$ 2,805,728**
Profit for the year	28,176	-	**28,176**
Comprehensive income for the year	29,924	-	**29,924**
Basic earnings per share	$ 0.48	-	**$ 0.48**
Diluted earnings per share	$ 0.46	-	**$ 0.46**

IFRS 9, Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial instruments and is a partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 mainly affects the classification and measurement of financial assets and financial liabilities, the recognition of expected credit losses, and hedge accounting.

The adoption of IFRS 9 had no impact on the Company's financial position or results of operations, and the Company's financial assets and financial liabilities continue to be measured on the same basis as was previously applied under IAS 39.

7. FUTURE ACCOUNTING CHANGES

IFRS 16, Leases
IFRS 16 was issued in January 2016 and establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 will supersede the current lease recognition guidance including IAS 17 "Leases" and the related interpretations when it becomes effective.

Under IFRS 16, the lessee recognizes a right-of-use asset and a lease liability upon lease commencement for leases with a lease term of greater than one year. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequent measurement is determined based on the nature of the underlying asset.

The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the implied lease rate. If the implied lease rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Subsequent re-measurement is allowed under specific circumstances.

The standard is effective for accounting periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting this standard on its financial statements.

IFRS 3, Business Combinations and **IFRS 11, Joint Arrangements**
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

IAS 12, Income Taxes
The amendments to IAS 12 clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

IAS 23, Borrowing Costs
The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

8. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	March 31 2018	December 31 2017
Cash balances excluding joint operations	**$ 20,640**	$ 19,381
Cash balances of joint operations	**241,935**	285,501
	$ 262,575	$ 304,882
Restricted cash	**$ 268,222**	$ 279,581
	$ 268,222	$ 279,581

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. This cash cannot be used by the Company other than to finance the Bermuda International Airport Redevelopment Project.

9. TRADE AND OTHER RECEIVABLES

	March 31 2018	December 31 2017
Trade receivables	**$ 355,888**	$ 334,738
Allowance for doubtful accounts	**(869)**	(764)
	355,019	333,974
Holdbacks receivable	**140,231**	155,879
Other	**7,442**	9,609
	147,673	165,488
Total	**$ 502,692**	$ 499,462
Amounts receivable beyond one year	**$ 54,912**	$ 51,353

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for doubtful accounts is as follows:

	March 31 2018	December 31 2017
Balance - beginning of period	**$ (764)**	$ (1,645)
Additional amounts provided for during period	**(116)**	(616)
Trade receivables written off during period	**11**	8
Amounts recovered	**-**	1,489
Balance - end of period	**$ (869)**	**$** (764)

10. UNBILLED REVENUE AND DEFERRED REVENUE

A reconciliation of the beginning and ending carrying amounts of unbilled revenue and deferred revenue is as follows:

	For the three months ended March 31, 2018		For the year ended December 31, 2017	
	Unbilled revenue	**Deferred revenue**	Unbilled revenue	Deferred revenue
Balance outstanding - beginning of period	**$ 574,639**	**$ (206,681)**	$ 471,848	$ (201,408)
Revenue earned in the period	**339,678**	**203,647**	1,889,710	916,018
Billings in the period	**(356,179)**	**(216,090)**	(1,786,919)	(921,291)
Balance outstanding - end of period	**$ 558,138**	**$ (219,124)**	$ 574,639	$ (206,681)

No revenue was recognized in the first three months of 2018 (2017 - $nil) from performance obligations satisfied in previous periods.

11. INVENTORIES

	March 31 2018	December 31 2017
Raw materials and supplies	**$ 6,797**	$ 6,510
Finished goods	**15,064**	16,487
	$ 21,861	$ 22,997

12. 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, 2018			December 31, 2017		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Cash and cash equivalents	$ 14,967	$ 2,901	**$ 17,868**	$ 5,144	$ 2,901	$ 8,045
Other current assets	56,348	910	**57,258**	48,822	910	49,732
Total current assets	71,315	3,811	**75,126**	53,966	3,811	57,777
Non-current assets	284,070	-	**284,070**	289,411	-	289,411
Total assets	355,385	3,811	**359,196**	343,377	3,811	347,188
Trade and other payables and provisions	27,134	1,479	**28,613**	19,218	1,479	20,697
Total current liabilities	27,134	1,479	**28,613**	19,218	1,479	20,697
Non-current financial liabilities	296,089	-	**296,089**	292,920	-	292,920
Other non-current liabilities	961	-	**961**	961	-	961
Total non-current liabilities	297,050	-	**297,050**	293,881	-	293,881
Total liabilities	324,184	1,479	**325,663**	313,099	1,479	314,578
Net assets	$ 31,201	$ 2,332	**$ 33,533**	$ 30,278	$ 2,332	$ 32,610

	For the three months ended					
	March 31, 2018			March 31, 2017		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Revenue	$ 58,180	$ -	**$ 58,180**	$ 51,217	$ 2,096	$ 53,313
Depreciation and amortization	(95)	-	**(95)**	(111)	-	(111)
Other costs	(54,849)	-	**(54,849)**	(48,316)	(1,661)	(49,977)
Operating profit	3,236	-	**3,236**	2,790	435	3,225
Finance costs	(2,633)	-	**(2,633)**	(2,581)	-	(2,581)
Income tax recovery	243	-	**243**	238	-	238
Profit for the period	846	-	**846**	447	435	882
Other comprehensive income (loss)	484	-	**484**	(12)	-	(12)
Total comprehensive income	$ 1,330	$ -	**$ 1,330**	$ 435	$ 435	$ 870

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

	For the three months ended March 31 2018	For the year ended December 31 2017
Projects accounted for using the equity method - as at beginning of period	**$ 32,610**	$ 27,618
Share of profit for the period	**846**	8,417
Share of other comprehensive income for the period	**484**	2,816
Distributions from projects accounted for using the equity method	**(407)**	(6,241)
Projects accounted for using the equity method - as at end of period	**$ 33,533**	$ 32,610

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	2018, 2017
Lower Mattagami Project	20%	Associate	2017
Waterloo LRT Concessionaire	10%	Joint Venture	2018, 2017
Eglinton Crosstown LRT Concessionaire	25%	Joint Venture	2018, 2017
New Post Creek Project	20%	Associate	2017

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.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Heavy equipment	Total
Cost								
Balance as at January 1, 2018	$ 33,480	$ 97,732	$ 55,952	$ 293,802	$ 33,003	$ 69,415	$ 269,585	**$ 852,969**
Additions	-	1,604	-	2,053	176	583	4,947	**9,363**
Disposals	-	(467)	-	(3,273)	(266)	(1,720)	(3,289)	**(9,015)**
Foreign currency translation adjustments	-	4	-	2	19	20	-	**45**
Balance as at March 31, 2018	$ 33,480	$ 98,873	$ 55,952	$ 292,584	$ 32,932	$ 68,298	$ 271,243	**$ 853,362**
Accumulated depreciation and impairment								
Balance as at January 1, 2018	-	47,137	18,184	155,463	27,032	48,058	99,944	**395,818**
Depreciation	-	1,436	52	5,812	854	2,013	6,946	**17,113**
Disposals	-	(467)	-	(2,755)	(266)	(1,632)	(2,487)	**(7,607)**
Foreign currency translation adjustments	-	-	-	1	3	2	-	**6**
Balance as at March 31, 2018	$ -	$ 48,106	$ 18,236	$ 158,521	$ 27,623	$ 48,441	$ 104,403	**$ 405,330**
Net book value as at March 31, 2018	**$ 33,480**	**$ 50,767**	**$ 37,716**	**$ 134,063**	**$ 5,309**	**$ 19,857**	**$ 166,840**	**$ 448,032**
Net book value as at January 1, 2018	**$ 33,480**	**$ 50,595**	**$ 37,768**	**$ 138,339**	**$ 5,971**	**$ 21,357**	**$ 169,641**	**$ 457,151**
Net book value of assets under finance lease as at March 31, 2018	**$ -**	**$ -**	**$ 75**	**$ 58,690**	**$ 2**	**$ 16,347**	**$ 12,792**	**$ 87,906**

14. INTANGIBLE ASSETS

	Concession rights	Goodwill	Licences, software and other rights	Total
Cost				
Balance as at January 1, 2018	$ 208,642	$ 49,373	$ 89,112	$ 347,127
Additions				
Acquired separately	12,769	-	4	12,773
Interest capitalized	4,023	-	-	4,023
Disposals	-	-	(127)	(127)
Foreign currency translation adjustments	6,131	-	11	6,142
Balance as at March 31, 2018	**$ 231,565**	**$ 49,373**	**$ 89,000**	**$ 369,938**
Accumulated amortization and impairment				
Balance as at January 1, 2018	23,404	-	29,845	53,249
Amortization	4,224	-	2,409	6,633
Foreign currency translation adjustments	722	-	3	725
Balance as at March 31, 2018	**$ 28,350**	**$ -**	**$ 32,257**	**$ 60,607**
Net book value as at March 31, 2018	**$ 203,215**	**$ 49,373**	**$ 56,743**	**$ 309,331**
Net book value as at January 1, 2018	**$ 185,238**	**$ 49,373**	**$ 59,267**	**$ 293,878**

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

15. BANK INDEBTEDNESS

The Company maintains a committed revolving credit facility of $500,000 (December 31, 2017 - $500,000). Bank indebtedness representing borrowings on the Company's revolving credit facility, as at March 31, 2018 was $29,450 (December 31, 2017 - $17,940). Letters of credit amounting to $65,507 were also issued against the credit facility as at March 31, 2018 (December 31, 2017 - $69,314). Cash drawings under the facility bear interest at rates ranging from prime to prime plus 1.20% per annum. Letters of credit reduce the amount available-for-use under the facility.

The Company also maintains an additional letter of credit facility of $700,000 (December 31, 2017 - $700,000) provided by Export Development Canada of which $265,737 was utilized as at March 31, 2018 (December 31, 2017 - $258,275).

16. TRADE AND OTHER PAYABLES

	March 31 2018	December 31 2017
Trade payables and accrued liabilities	$ 512,666	$ 534,607
Holdbacks payable	65,672	87,256
	$ 578,338	$ 621,863
Amounts payable beyond one year	$ 864	$ 592

17. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2018	$ 3,701	$ 4,127	$ 6,456	$ 3,074	$ 17,358
Additions made	20	-	-	1,124	1,144
Amounts used	(18)	(72)	-	(1,385)	(1,475)
Other changes	-	43	-	-	43
Balance as at March 31, 2018	**$ 3,703**	**$ 4,098**	**$ 6,456**	**$ 2,813**	**$ 17,070**
Reported as:					
Current	**$ 2,468**	**$ -**	**$ 6,456**	**$ 2,531**	**$ 11,455**
Non-current	**1,235**	**4,098**	**-**	**282**	**5,615**
	$ 3,703	**$ 4,098**	**$ 6,456**	**$ 2,813**	**$ 17,070**

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

		March 31 2018	December 31 2017
Long-term debt:			
Finance leases		**69,562**	73,974
Equipment and other loans		**55,689**	61,709
Total long-term debt		**$ 125,251**	$ 135,683
Reported as:			
Current liabilities:			
Current portion of long-term debt		**$ 42,059**	$ 44,472
Non-current liabilities:			
Long-term debt		**83,192**	91,211
		$ 125,251	$ 135,683
Non-recourse project debt:			
Bermuda International Airport Redevelopment Project financing	(a)	**$ 362,705**	$ 352,888
Total non-recourse project debt		**$ 362,705**	$ 352,888
Reported as:			
Non-current liabilities:			
Non-recourse project debt		**$ 362,705**	$ 352,888
		$ 362,705	$ 352,888

(a) Included in the Company's consolidated balance sheets as at March 31, 2018 is debt, net of transaction costs, of $362,705 (US$281,298) (December 31, 2017 –$352,888) 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 5.9% annually. Debt repayments commence in 2022 and are scheduled to continue until 2042.

19. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	March 31 2018	December 31 2017
Debt component:		
Debenture maturing on December 31, 2018	**$ 165,884**	$ 168,466
Total convertible debentures	**$ 165,884**	$ 168,466
Reported as:		
Current liabilities:		
Convertible debentures	**165,884**	168,466
	$ 165,884	$ 168,466

	March 31 2018	December 31 2017
Equity component:		
Debenture maturing on December 31, 2018	**$ 8,499**	$ 8,664

Interest expense on the debentures is composed of the interest calculated on the face value of the debentures and notional interest representing the accretion of the carrying value of the debentures.

	For the three months ended	
	March 31 2018	March 31 2017
Interest expense on face value	**$ 2,299**	$ 2,372
Notional interest representing accretion	**631**	961
	$ 2,930	$ 3,333

During the three months ended March 31, 2018 and 2017, debentures with a face value of $3,285 (2017 - $nil) were converted at $19.71 per share by the holders into 166,664 common shares (2017 – nil).

As at March 31, 2018, the face value of the 2018 convertible debentures which remains outstanding was $169,022 (December 31, 2017 - $172,307).

20. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

		March 31 2018	December 31 2017
Bermuda International Airport Redevelopment Project	(a)	**$ 115,101**	$ 112,381
Other concession projects		**5,999**	5,999
		$ 121,100	$ 118,380

(a) 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.

21. INCOME TAXES

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

	For the three months ended	
	March 31 2018	March 31 2017
Loss before income taxes	**$ (27,121)**	$ (22,277)
Statutory income tax rate	**26.75%**	26.75%
Expected income tax recovery	**7,255**	5,959
Effect on income taxes of:		
Projects accounted for using the equity method	**(178)**	(176)
Provincial and foreign rate differences	**1,167**	225
Non-deductible stock-based compensation expense	**-**	(1,498)
Other non-deductible expenses	**(133)**	(281)
Reversal of tax provision from prior year	**-**	(298)
Other tax credits	**(235)**	-
	621	(2,028)
Income tax recovery	**$ 7,876**	$ 3,931

22. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended	
	March 31 2018	March 31 2017
Defined benefit pension expense:		
Company sponsored pension plans	**$ 181**	$ 251
Defined contribution pension expenses:		
Company sponsored pension plans	**1,709**	1,633
Multi-employer pension plans	**15,417**	18,695
Total employee future benefit expenses	**$ 17,307**	$ 20,579

23. CONTINGENCIES

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 17, *"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/or letters of credit outstanding:

	Project		March 31 2018
Letters of credit:			
In support of the Company's equity obligations	Bermuda International Airport Redevelopment Project	$	89,471
Financial and performance - issued in the normal course of business	Various	$	241,773

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, 2018, 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 $5,870,845, a substantial 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.

24. CAPITAL STOCK

	For the three months ended March 31, 2018			For the year ended December 31, 2017		
	Number		**Amount**	**Number**		**Amount**
Number of common shares outstanding - beginning of period	**59,298,857**	**$**	**367,612**	57,863,017	$	346,770
Common shares issued on exercise of share options	120,000		1,751	150,000		2,610
Common shares issued on conversion of debentures	166,664		3,379	9,790		198
Shares issued to settle LTIP/Director DSU obligations	106,544		1,482	1,276,050		18,034
Number of common shares outstanding - end of period	**59,692,065**	**$**	**374,224**	59,298,857	$	367,612

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

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. 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 expenses. 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, 2018, the Company recorded LTIP compensation charges of $3,450 (2017 - $5,589).

Stock option plans

The aggregate number of common shares that can be issued under the 2005 Stock Option Plan shall not exceed 5,000,000. Each share option issuance under the 2005 Stock Option Plan specifies the period during which the share option thereunder is exercisable (which in no event shall exceed ten years from the date of grant) and the date the share option will expire. The Company’s Board of Directors determines the vesting period on the dates of share option grants. The exercise price of share option grants equals the market price of the common shares on the grant date. The Company issues common shares on exercise of the options.

Details of common shares issued on the exercise of share options as well as details of changes in the balance of options outstanding are detailed below:

	For the three months ended March 31, 2018			For the year ended December 31, 2017		
	Number of share options		**Weighted average exercise price**	Number of share options		Weighted average exercise price
Balance outstanding - beginning of period	**120,000**	**$**	**11.92**	270,000	$	12.38
Exercised	**(120,000)**		**11.92**	(150,000)		12.74
Balance outstanding - end of period	**-**		**-**	120,000		11.92
Options exercisable - end of period	**-**	**$**	**-**	120,000	$	11.92

Unless subsequently modified, all option grants have a term of five years from the date of grant and vest immediately or over a three-year period.

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 2014, directors have the option of receiving up to 50% 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.

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

For the three months ended March 31, 2018, the Company recorded Director DSU compensation charges of $913 (2017 - $92).

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

	For the three months ended March 31, 2018			For the three months ended March 31, 2018		
	LTIP Share Units		Weighted Average Grant Date Fair Value Per Unit	Director DSU		Weighted Average Grant Date Fair Value Per Unit
Balance outstanding - beginning of period	2,844,449	$	12.54	217,676	$	14.33
Granted	641,816		19.18	46,410		19.26
Dividend equivalent rights	17,850		12.54	1,371		14.41
Settled	(106,544)		12.01	-		-
Forfeited	(2,737)		15.88	-		-
Balance outstanding - end of period	3,394,834	$	13.81	265,457	$	15.19

Amounts included in contributed surplus in the consolidated balance sheets as at March 31, 2018 in respect of LTIP and Director DSUs were $34,363 (December 31, 2017 - $32,396) and $4,034 (December 31, 2017 - $3,120), respectively.

25. EXPENSES

	For the three months ended	
	March 31 2018	March 31 2017
Personnel	**$ 180,870**	$ 273,600
Subcontractors	**178,668**	234,228
Materials	**149,992**	112,827
Equipment costs	**28,035**	46,323
Depreciation of property, plant and equipment and amortization of intangible assets	**23,746**	20,645
Other expenses	**5,973**	5,511
Total expenses	**$ 567,284**	$ 693,134

Reported as:

	For the three months ended	
	March 31 2018	March 31 2017
Direct costs and expenses	**$ 496,355**	$ 623,821
Marketing, general and administrative expenses	**47,183**	48,668
Depreciation and amortization	**23,746**	20,645
Total expenses	**$ 567,284**	$ 693,134

26. OTHER INCOME

	For the three months ended	
	March 31 2018	March 31 2017
Foreign exchange gain	**$ 607**	$ 1,151
Gain (loss) on sale of property, plant and equipment	**300**	(1,066)
Total other income	**$ 907**	$ 85

27. FINANCE COSTS

	For the three months ended	
	March 31 2018	March 31 2017
Interest and notional interest on long-term debt and debentures	**$ 3,439**	$ 4,056
Interest on finance leases	**443**	477
Interest on short-term debt	**1,193**	698
Unwinding of discount on provisions	**43**	50
Total finance costs	**$ 5,118**	$ 5,281

28. EARNINGS PER SHARE

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

	For the three months ended	
	March 31 2018	March 31 2017
Loss attributable to shareholders	**$ (19,245)**	$ (18,346)
Interest on convertible debentures, net of tax [(1)]	**2,147**	2,441
Diluted net loss	**$ (17,098)**	$ (15,905)
Average number of common shares outstanding	**59,555,188**	58,155,911
Effect of dilutive securities:[(1)]		
Options	**-**	31,900
Convertible debentures [(1)]	**9,186,936**	11,183,621
Long-term incentive plan	**3,660,291**	3,878,130
Weighted average number of diluted common shares outstanding	**72,402,415**	73,249,562
Basic loss per share	**$ (0.32)**	$ (0.32)
Diluted loss per share [(1)]	**$ (0.32)**	$ (0.32)

[(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.

29. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the three months ended	
	March 31 2018	March 31 2017
Decrease (increase) in:		
Trade and other receivables	**$ (2,786)**	$ 97,737
Unbilled revenue	**16,738**	(80,233)
Inventories	**1,136**	(1,291)
Prepaid expenses	**(8,029)**	867
Increase (decrease) in:		
Trade and other payables	**(44,205)**	9,146
Provisions	**(1,475)**	(4,704)
Deferred revenue	**12,291**	25,948
Concession related deferred revenue	**-**	28,593
	$ (26,330)	$ 76,063

Cash flows from interest

	For the three months ended	
	March 31 2018	March 31 2017
Operating activities		
Cash interest paid	**$ (12,499)**	$ (1,653)
Cash interest received	**1,294**	305

	For the three months ended	
	March 31 2018	March 31 2017
Non-cash transactions		
Property, plant and equipment acquired and financed by finance leases	**$ 1,247**	$ 2,333

30. 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, 2018, the Company had outstanding contracts to sell US$600 (December 31, 2017 – sell US$600) on which there was a net unrealized exchange loss of $11 (December 31, 2017 - gain of $11). 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, and is included in other income (loss) in the consolidated statements of income.

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, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value:				
Cash flow hedge	$ 1,626	$ -	$ 1,626	$ -
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	5,064	-	5,064	-
Current portion of long-term debt	(44,542)	-	(44,542)	-
Long-term debt	(82,021)	-	(82,021)	-
Non-recourse project debt	(362,705)	-	(362,705)	-
Convertible debentures	(170,712)	(170,712)	-	-

During the three-month period ended March 31, 2018 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.

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, 2018, the Company had $67,846 in trade receivables that were past due. Of this amount, $55,779 was over 60 days past due, against which the Company has recorded an allowance for doubtful accounts of $869.

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, 2018 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	$ -	$ 29,450	$ -	$ 29,450	$ -	$ 29,450
Trade and other payables	$ 577,474	$ 864	$ -	$ 578,338	$ -	$ 578,338
Finance leases	$ 22,123	$ 46,862	$ 4,814	$ 73,799	$ (4,237)	$ 69,562
Equipment and other loans	22,822	31,802	3,561	58,185	(2,496)	55,689
	44,945	78,664	8,375	131,984	(6,733)	125,251
Non-recourse project debt	21,681	91,192	637,957	750,830	(388,125)	362,705
Convertible debentures	178,318	-	-	178,318	(12,434)	165,884
Long-term financial liabilities	$ 244,944	$ 169,856	$ 646,332	$ 1,061,132	$ (407,292)	$ 653,840

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, 2018, 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, 2018 to profit or loss for currency exposures would be $3,358. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at year-end for the above 10% change in foreign currency rates.

31. 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, 2018, the debt to capitalization percentage including convertible debentures as debt was 28% (December 31, 2017 - 28%). 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 12% as at March 31, 2018 (December 31, 2017 - 13%). 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, 2018, the Company complied with all of its financial debt covenants.

32. OPERATING SEGMENTS

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

Commencing in 2018, the Company's previous Energy and Mining segments were combined into an Industrial segment to align with the Company's new operating management structure, and to build on the "One Aecon" business strategy to capitalize on and combine the strengths and synergies of the Aecon group. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

The Company currently operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

The Infrastructure segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally.

The Industrial segment encompasses a full suite of service offerings, primarily to the energy and mining markets including conventional industrial construction and manufacturing activities such as in-plant construction, site construction, fabrication, module assembly and contract mining. The Industrial segment offers turnkey services consolidating the Company's industrial and manufacturing capabilities and services across Canada, with a focus on delivering construction services that span the scope of a project's life cycle from site preparation, overburden removal, and resource extraction to processing and environmental reclamation.

Activities within the Concessions segment include the development, financing, construction and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures.

					For the three months ended March 31, 2018
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Statement of income					
External customer revenue	$ 133,451	$ 378,605	$ 31,269	$ -	**$ 543,325**
Inter-segment revenue	19,191	2,482	-	(21,673)	**-**
Total revenue	152,642	381,087	31,269	(21,673)	**543,325**
Expenses	$ (172,977)	$ (374,162)	$ (29,619)	$ 9,474	**$ (567,284)**
Which include:					
Depreciation and amortization	(4,756)	(14,516)	(4,365)	(109)	**(23,746)**
Other income (loss):					
Foreign exchange gain (loss)	$ (237)	$ 796	$ (85)	$ 133	**$ 607**
Gain (loss) on sale of property, plant and equipment	411	(111)	-	-	**300**
Income (loss) from projects accounted for using the equity method	$ (509)	$ -	$ 1,355	$ -	**$ 846**
Operating profit (loss)	$ (20,670)	$ 7,610	$ 2,920	$ (12,066)	**$ (22,206)**
Finance income (cost):					
Finance income					**$ 203**
Finance cost					**(5,118)**
Loss before income taxes					**$ (27,121)**
Income tax recovery					**7,876**
Loss for the period					**$ (19,245)**
Revenue by contract type					
Lump sum	$ 125,943	$ 56,777	$ 31,084	$ (17,949)	**$ 195,855**
Cost plus/unit price	26,699	324,310	185	(3,724)	**347,470**
Total revenue	152,642	381,087	31,269	(21,673)	**543,325**
Revenue by service type					
Construction revenue	$ 152,642	$ 381,087	$ -	$ (3,726)	**$ 530,003**
Concession revenue	-	-	31,269	(17,947)	**13,322**
Total revenue	152,642	381,087	31,269	(21,673)	**543,325**

	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Balance sheet					
Segment assets	$ 560,420	$ 1,204,682	$ 603,960	$ 96,676	**$ 2,465,738**
Which include:					
Projects accounted for using the equity method	19,006	707	13,820	-	**33,533**
Segment liabilities	$ 468,272	$ 465,912	$ 505,611	$ 286,181	**$ 1,725,976**
Additions to non-current assets:					
Property, plant and equipment	$ 1,226	$ 8,085	$ 52	$ -	**$ 9,363**
Intangible assets	$ -	$ -	$ 16,796	$ -	**$ 16,796**

	For the three months ended March 31, 2017				
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Statement of income					
External customer revenue	$ 110,608	$ 527,686	$ 36,572	$ -	**$ 674,866**
Inter-segment revenue	41,138	3,006	-	(44,144)	**-**
Total revenue	151,746	530,692	36,572	(44,144)	**674,866**
Expenses	$ (171,911)	$ (515,268)	$ (38,124)	$ 32,169	**$ (693,134)**
Which include:					
Depreciation and amortization	(4,678)	(14,251)	(1,841)	125	**(20,645)**
Other income (loss):					
Foreign exchange gain (loss)	$ 119	$ 1,273	$ (114)	$ (127)	**$ 1,151**
Gain (loss) on sale of property, plant and equipment	319	(1,385)	-	-	**(1,066)**
Income (loss) from projects accounted for using the equity method	$ (74)	$ -	$ 956	$ -	**$ 882**
Operating profit (loss)	$ (19,801)	$ 15,312	$ (710)	$ (12,102)	**$ (17,301)**
Finance income (cost):					
Finance income					**$ 305**
Finance cost					**(5,281)**
Loss before income taxes					**$ (22,277)**
Income tax recovery					**3,931**
Loss for the period					**$ (18,346)**
Revenue by contract type					
Lump sum	$ 114,387	$ 17,850	$ 35,644	$ (33,961)	**$ 133,920**
Cost plus/unit price	37,359	512,842	928	(10,183)	**540,946**
Total revenue	151,746	530,692	36,572	(44,144)	**674,866**
Revenue by service type					
Construction revenue	$ 151,746	$ 530,692	$ -	$ (11,071)	**$ 671,367**
Concession revenue	-	-	36,572	(33,073)	**3,499**
Total revenue	151,746	530,692	36,572	(44,144)	**674,866**

	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Balance sheet					
Segment assets	$ 682,063	$ 1,160,215	$ 599,240	$ 70,482	**$ 2,512,000**
Which include:					
Projects accounted for using the equity method	23,508	2,220	2,627	-	**28,355**
Segment liabilities	$ 465,795	$ 506,157	$ 516,805	$ 303,335	**$ 1,792,092**
Additions to non-current assets:					
Property, plant and equipment	$ 2,398	$ 7,360	$ -	$ 6	**$ 9,764**
Intangible assets	$ -	$ -	$ 164,955	$ 670	**$ 165,625**

33. REMAINING PERFORMANCE OBLIGATIONS

Backlog (i.e. remaining performance obligations) 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 the company, 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, the Company limits backlog for O&M activities to the earlier of the contract term and the next five years.

Reported backlog as at March 31, 2018 of $4,614,000 compares to backlog of $4,365,000 as at March 31, 2017. New contract awards of $910,000 were booked in the first three months of 2018 compared to $836,000 in the same period in 2017.

Backlog	**As at March 31**	
	2018	2017
Infrastructure	**$ 2,414,000**	$ 2,109,000
Industrial	**2,180,000**	2,243,000
Concessions	**20,000**	13,000
Consolidated	**$ 4,614,000**	$ 4,365,000

Backlog duration, representing the expected period during which backlog on hand will be converted into revenue, is set out in the table below:

Estimated backlog duration	**As at March 31**			
	2018		2017	
Next 12 months	**$ 1,557,000**	**34%**	$ 1,188,000	27%
Next 13-24 months	**923,000**	**20%**	700,000	16%
Beyond	**2,134,000**	**46%**	2,477,000	57%
	$ 4,614,000	**100%**	$ 4,365,000	100%

The Company 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, the Company's contractual 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 the Company's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in the Company's reported revenue. As at March 31, 2018, reported backlog from projects that are accounted for using the equity method was $nil (March 31, 2017 - $2,300).

INVESTOR RELATIONS INQUIRIES
EMAIL ir@aecon.com

MEDIA RELATIONS INQUIRIES
EMAIL corpaffairs@aecon.com

REGISTRAR AND TRANSFER AGENT
Computershare Investor Services Inc.
PHONE 514 982 7555
TOLL FREE 1 800 564 6253
EMAIL service@computershare.com

Cover: John Hart Generating Station
Campbell River, British Columbia

AECON GROUP INC.

AECON.COM

AECON EAST HEADQUARTERS
20 Carlson Court, Suite 800
Toronto, Ontario M9W 7K6

PHONE 416 297 2600
TOLL FREE 1 877 232 2677
EMAIL aecon@aecon.com

AECON WEST HEADQUARTERS
110 9th Avenue SW, Suite 300
Calgary, Alberta T2P 0T1

PHONE 403 695 3085
TOLL FREE 1 800 787 5008
EMAIL aecon@aecon.com

AECON PACIFIC HEADQUARTERS
1055 Dunsmuir Street
Four Bentall Centre, Suite 2124
Vancouver, BC V7X 1G4

PHONE 604 235 1398
EMAIL aecon@aecon.com

AECON