FOCUSED

FIRST QUARTER REPORT 2019

AECON

Dear Fellow Shareholders,

Aecon reported strong results for the first quarter of 2019, with year-over-year increases in revenue and Adjusted EBITDA, and quarter-end backlog of $6.7 billion. This backlog represents a 46 per cent increase compared to the same period in 2018. Revenue of $650 million for the first quarter was 20 per cent higher than the same period in 2018, and 35 per cent higher on a like-for-like basis, excluding Aecon's contract mining business sold in November 2018.

For the three months ended March 31, 2019, Adjusted EBITDA of $11.9 million (margin of 1.8 per cent) compared favourably to Adjusted EBITDA of $3.7 million (margin of 0.7 per cent) for the first quarter of 2018, and negative $9.2 million (negative margin of 1.9 per cent) on a like-for-like basis in the prior year. Operating loss of $10.8 million improved by $11.4 million compared to the same period in 2018.

These results demonstrate positive momentum as Aecon continues to see significant infrastructure investment commitments by all levels of government across Canada as well as by the private sector. This investment focuses primarily on civil infrastructure, urban transportation systems, nuclear power, and utility and pipeline infrastructure, which align with Aecon's strengths.

New contract awards of $578 million were booked in the first quarter of 2019. Subsequent to quarter end, West Corridor Constructors, a consortium in which Aecon holds a 50 per cent interest, announced financial close on the $639.8 million Highway 401 Expansion project in the Greater Toronto Area.

Commencing in 2019, Aecon's Infrastructure and Industrial segments were combined into a Construction segment to align with Aecon's new operating management structure, driven primarily by the progress Aecon has made in recent years with respect to the "One Aecon" strategy. This has increasingly allowed for integrated project management and systems, allowing Aecon to capitalize on those markets providing the greatest opportunity at any point in time.

In the Construction segment, bidding activity is expected to be solid in 2019 although new awards are not likely to match the record level of new awards achieved in 2018. With solid backlog in hand, the focus has shifted to ensuring strong execution and selectively adding backlog through a disciplined bidding approach that supports continued like-for-like margin improvement in this segment.

The Concessions segment continues to partner with Aecon's Construction segment to focus on the significant number of Public-Private Partnership (P3) opportunities in Canada and on a selected basis, internationally. The Concessions segment is actively pursuing a number of large-scale infrastructure projects that require private finance solutions and is participating as a concessionaire on the Finch West, Waterloo and Eglinton Crosstown LRT projects, as well as the Gordie Howe International Bridge project and the Bermuda International Airport Redevelopment project.

The overall outlook for 2019 remains solid, as Aecon's current strong backlog, robust pipeline of future opportunities, and ongoing concessions are expected to lead to another year of improved like-for-like results. As usual, the second half of 2019 is expected to be stronger than the first half, reflecting the typical seasonality of Aecon's work, while capital expenditures are expected to remain relatively consistent with 2018 levels.

Sincerely,

John M. Beck
Executive Chairman

Jean-Louis Servranckx
President and Chief Executive Officer

Aecon Group Inc.

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

March 31, 2019

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, 2019 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, 2018. This MD&A has been prepared as of April 25, 2019. Additional information on Aecon is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and includes the Company's Annual Information Form and other securities and continuous disclosure filings.

Introduction

Commencing in 2019, Aecon's Infrastructure and Industrial segments were combined into a Construction segment to align with Aecon's new operating management structure. The progress Aecon has made in recent years with respect to the "One Aecon" strategy has increasingly allowed for integrated project management and systems, allowing Aecon to capitalize on those markets providing the greatest opportunity at any point in time. This trend is expected to continue going forward, seeing Aecon's services and resources becoming increasingly mobile between end markets. Aecon has migrated its overall management and operating structure to reflect this increasingly flexible model. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

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

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

- Civil Infrastructure;
- Urban Transportation Systems;
- Nuclear Power Infrastructure;
- Utility Infrastructure; and
- Conventional Industrial Infrastructure.

Activities within the Concessions segment include the development, financing, build and operation of construction projects by way of public-private partnership contract structures, as well as integrating the services of all project participants, and harnessing the strengths and capabilities of Aecon. The Concessions segment focuses primarily on providing the following services:

- Development of domestic and international Public-Private Partnership ("P3") projects;
- Private finance solutions;
- Developing effective strategic partnerships;
- Leading and/or actively participating in development teams; and
- Operations and maintenance.

The infrastructure development industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly,

Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profit than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. 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 events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including, but not limited to, the timing of projects, unanticipated costs and expenses, general market and industry conditions and operational and reputational risks, including Large Project Risk and Contractual Factors.

Risk factors are discussed in greater detail in the section on "Risk Factors" included in the Company's Annual Information Form dated March 26, 2019 and available through SEDAR at www.sedar.com. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon. Forward-looking statements may in some cases be identified by words such as "will", "plans", "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or the negative of these terms, or similar expressions. 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. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking 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 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 2018 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			
		2019		2018
Revenue	$	**650.3**	$	**543.3**
Gross profit		46.8		47.0
Marketing, general and administrative expenses		(43.3)		(47.2)
Income from projects accounted for using the equity method		2.5		0.8
Other income		1.8		0.9
Depreciation and amortization		(18.5)		(23.7)
Operating loss		**(10.8)**		**(22.2)**
Financing expense, net		(4.1)		(4.9)
Loss before income taxes		**(14.9)**		**(27.1)**
Income tax recovery		5.1		7.9
Loss	$	**(9.8)**	$	**(19.2)**
Gross profit margin		**7.2%**		**8.6%**
MG&A as a percent of revenue		**6.7%**		**8.7%**
Adjusted EBITDA		**11.9**		**3.7**
Adjusted EBITDA Margin		**1.8%**		**0.7%**
Operating margin		**(1.7)%**		**(4.1)%**
Loss per share – basic	$	**(0.16)**	$	**(0.32)**
Loss per share – diluted	$	**(0.16)**	$	**(0.32)**
Backlog	$	**6,749**	$	**4,614**

Revenue for the three months ended March 31, 2019 of $650 million was $107 million, or 20%, higher compared to the same period in 2018. Revenue was higher in the Construction segment ($108 million), driven by higher revenue in civil operations and urban transportation systems ($124 million) and nuclear operations ($47 million) which offset lower revenue in utility ($10 million) and conventional industrial operations ($53 million) primarily caused by the sale of Aecon's contract mining business in November 2018. Revenue was also higher in the Concessions segment ($27 million), which was offset by inter-segment revenue eliminations that increased by $28 million, primarily due to revenue between the Concessions and Construction segments related to the Bermuda International Airport Redevelopment Project.

Operating loss of $10.8 million for the three months ended March 31, 2019 improved by $11.4 million compared to an operating loss of $22.2 million in the same period in 2018. Contributing to the operating loss in the first quarter of 2019 was a decrease in gross profit of $0.2 million compared to the same period in 2018. In the Construction segment, gross profit decreased by $0.5 million, as the sale of the contract mining business in November 2018 resulted in a $14.3 million decrease in gross profit in the current quarter compared to the same period in 2018. This more than offset an increase in gross profit from the balance of the Construction segment of $13.8 million from increased volume and higher gross margin. In the Concessions segment, gross profit

increased by $1.0 million, primarily due to operations related to the Bermuda International Airport Redevelopment Project.

Marketing, general and administrative expenses ("MG&A") decreased in the first three months of 2019 by $3.9 million compared to the same period in 2018. The decrease in MG&A resulted primarily from expenses incurred in the first quarter of 2018 of $2.4 million as a result of the now discontinued sale process and subsequent proposed arrangement with CCCC International Holdings Limited. MG&A as a percentage of revenue was 6.7% in the first three months of 2019 compared to 8.7% in the same period in 2018, which reflects the impact of lower MG&A and higher revenue compared to the same period in 2018.

Aecon's participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. In the three months ended March 31, 2019, Aecon reported income of $2.5 million from projects accounted for using this method of accounting, an increase of $1.7 million. The increase all occurred within the Concessions segment, due to new concessions secured during 2018 that were not in the comparative period in 2018.

Depreciation and amortization expense of $18.5 million in the first quarter of 2019 was $5.2 million lower than the same period in 2018. The decrease occurred primarily in the Construction segment ($6.0 million) due to the sale of the contract mining business in November 2018. In the Concessions segment, higher amortization expense ($1.1 million) compared to the same period in 2018 related to the Bermuda International Airport Redevelopment Project. Corporate cost included in "Other & Eliminations" related to depreciation and amortization expense in the first quarter of 2019 was $0.3 million lower than the same period in 2018.

The sale of Aecon's contract mining business in November 2018 impacted Aecon's operating results for the three months ended March 31, 2019 when compared to the same period in 2018. A summary of these impacts is included below:

$ millions		**Three months ended March 31**		
		2019	2018	Change
Revenue as reported	$	**650.3**	543.3	107.0
Exclude: Contract Mining Revenue		**-**	59.9	(59.9)
Revenue excluding Contract Mining	$	**650.3**	483.4	166.9
Adjusted EBITDA as reported	$	**11.9**	3.7	8.2
Exclude: Contract Mining Adjusted EBITDA		**-**	12.9	(12.9)
Adjusted EBITDA excluding Contract Mining	$	**11.9**	(9.2)	21.1
Operating Profit as reported	$	**(10.8)**	(22.2)	11.4
Exclude: Contract Mining Operating Profit		**-**	4.1	(4.1)
Operating Profit excluding Contract Mining	$	**(10.8)**	(26.3)	15.5
Adjusted EBITDA margin as reported		**1.8%**	0.7%	1.1%
Adjusted EBITDA margin excluding Contract Mining		**1.8%**	(1.9)%	3.7%
Operating Profit margin as reported		**(1.7)%**	(4.1)%	2.4%
Operating Profit margin excluding Contract Mining		**(1.7)%**	(5.4)%	3.7%

Financing expenses, net of interest income, of $4.1 million in the first quarter of 2019 decreased by $0.8 million compared to the same period in 2018, primarily from a decrease in borrowings on Aecon's revolving credit facility in the first quarter of 2019 compared to the same period last year.

Set out in Note 20 of the March 31, 2019 interim condensed consolidated financial statements is a reconciliation between the expected income tax expense in the first quarters of 2019 and 2018 based on statutory income tax rates and the actual income tax expense reported for both these periods.

Reported backlog as at March 31, 2019 of $6,749 million compares to backlog of $4,614 million a year earlier. New contract awards of $578 million were booked in the first quarter of 2019 compared to $910 million in the same period of 2018.

Backlog **$ millions**	**As at March 31**			
		2019		2018
Construction	**$**	**6,708**	$	4,594
Concessions		**41**		20
Consolidated	**$**	**6,749**	$	4,614

Estimated backlog duration **$ millions**	**As at March 31**					
		2019			2018	
Next 12 months	**$**	**2,345**	**35%**	$	1,557	34%
Next 13-24 months		**1,693**	**25%**		923	20%
Beyond		**2,711**	**40%**		2,134	46%
	$	**6,749**	**100%**	$	4,614	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 anticipated future work to be performed at any given time is greater than what is reported as backlog.

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expenses) on Aecon's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in

Aecon's reported revenue. As at March 31, 2019 reported backlog from projects that are accounted for using the equity method was $nil (March 31, 2018 - $nil).

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

REPORTING SEGMENTS

CONSTRUCTION

Financial Highlights

$ millions		Three Months Ended March 31		
		2019		2018
Revenue	**$**	**637.9**	$	530.3
Gross profit	**$**	**39.6**	$	40.1
Adjusted EBITDA	**$**	**7.3**	$	5.8
Operating loss	**$**	**(5.4)**	$	(13.1)
Gross profit margin		**6.2%**		7.6%
Adjusted EBITDA margin		**1.1%**		1.1%
Operating margin		**(0.9)%**		(2.5)%
Backlog	**$**	**6,708**	$	4,594

Revenue in the Construction segment for the three months ended March 31, 2019 of $638 million was $108 million, or 20%, higher compared to the same period in 2018. Construction segment revenue was higher in civil operations and urban transportation systems by $124 million driven by increases in both eastern and western Canada. Revenue was also higher from nuclear operations by $47 million. These increases were partially offset by lower volume in conventional industrial ($53 million) due to a decrease in contract mining in Western Canada of $60 million following the sale of this business in November 2018, and utilities operations ($10 million).

Operating loss in the Construction segment of $5.4 million in the first three months of 2019 improved by $7.7 million compared to an operating loss of $13.1 million in the same period in 2018, despite the sale of the contract mining business in November 2018 which contributed $4.1 million of operating profit in the first quarter of 2018. An improvement in operating loss from the balance of the Construction segment in the first quarter of 2019 of $11.8 million was due to a combination of higher volume and improved gross margin.

Construction backlog as at March 31, 2019 was $6,708 million, which is $2,114 million higher than the same time in 2018. The largest period-over-period increase in backlog occurred in civil operations and urban transportation systems ($2,006 million) driven primarily by large project awards in 2018 including the Réseau express métropolitain Montreal Light Rail Transit ("LRT"), the Finch West LRT, and the Gordie Howe International Bridge projects. Backlog also increased period-over-period in utilities operations ($234 million), while backlog was lower in conventional industrial and nuclear operations by $66 million and $60 million, respectively. New contract awards of $561 million in the first quarter of 2019 were $336 million lower than the same period last year.

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

CONCESSIONS

Financial Highlights

$ millions	**Three Months Ended March 31**			
		2019		2018
Revenue	**$**	**58.0**	$	31.3
Gross profit	**$**	**7.8**	$	6.8
Income from projects accounted for using the equity method	**$**	**3.0**	$	1.4
Adjusted EBITDA	**$**	**14.8**	$	9.9
Operating profit	**$**	**4.5**	$	2.9
Backlog	**$**	**41**	$	20

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

Revenue for the three months ended March 31, 2019 in the Concessions segment was $58 million, an increase of $27 million compared to the same period last year. The higher revenue was primarily a result of the Bermuda International Airport Redevelopment Project and resulted from the impact of increased construction activity related to the redevelopment of the airport. Included in Concessions' revenue for the first three months of 2019 and 2018 was $43 million and $18 million, respectively, of construction revenue that was eliminated on consolidation as inter-segment revenue.

Operating profit of $4.5 million for the three months ended March 31, 2019, increased by $1.6 million compared to the same period in 2018 and was primarily due to increased operating profit from management and development fees for Canadian concessions.

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

Quarterly Financial Data

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

$ millions (except per share amounts)

	2019	2018				2017		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	$ 650.3	$ 948.5	$ 1,019.7	$ 754.8	$ 543.3	$ 685.0	$ 759.7	$ 686.2
Adjusted EBITDA	11.9	72.4	89.5	41.4	3.7	58.0	58.7	33.0
Earnings (loss) before income taxes	(14.9)	35.7	51.0	7.4	(27.1)	26.5	27.2	(0.6)
Profit (loss)	(9.8)	27.9	42.0	8.4	(19.2)	21.1	24.6	0.8
Earnings (loss) per share:								
Basic	(0.16)	0.46	0.70	0.14	(0.32)	0.36	0.42	0.01
Diluted	(0.16)	0.41	0.60	0.13	(0.32)	0.33	0.37	0.01

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

	2019	2018				2017		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit (loss)	$ (10.8)	$ 42.6	$ 56.2	$ 12.8	$ (22.2)	$ 32.5	$ 33.1	$ 5.3
Depreciation and amortization	18.5	25.3	29.5	25.4	23.7	24.0	24.5	24.4
(Gain) loss on sale of assets	(0.5)	0.1	(0.2)	(0.1)	(0.3)	(1.5)	(1.5)	0.2
Income from projects accounted for using the equity method	(2.5)	(6.2)	(3.9)	(2.2)	(0.8)	(2.2)	(3.2)	(2.1)
Equity Project EBITDA	7.2	10.6	7.9	5.5	3.3	5.2	5.8	5.1
Adjusted EBITDA	$ 11.9	$ 72.4	$ 89.5	$ 41.4	$ 3.7	$ 58.0	$ 58.7	$ 33.0

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

$ millions

	2019	2018				2017		
Aecon's proportionate share of projects accounted for using the equity method (1)	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit	$ 7.1	$ 10.5	$ 7.8	$ 5.4	$ 3.2	$ 5.2	$ 5.7	$ 5.0
Depreciation and amortization	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1
Equity Project EBITDA	7.2	10.6	7.9	5.5	3.3	5.2	5.8	5.1

(1) Refer to Note 11 "Projects Accounted for Using the Equity Method" in the March 31, 2019 interim condensed consolidated financial statements

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

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

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

For further information, see Note 11 to the March 31, 2019 interim condensed consolidated financial statements.

During the second quarter of 2018, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking $180 million in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately $14 million in damages. The Company has recorded $135 million of unbilled revenue and accounts receivable as at March 31, 2019. Offsetting this amount to some extent, the Company has accrued $45 million in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately $195 million already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. These claims may not be resolved for several years. The Company does not expect that the resolution of these claims will cause a material impact to its financial position.

Cash and Debt Balances

Cash balances at March 31, 2019 and December 31, 2018 are as follows:

$ millions		March 31, 2019		
		Balances excluding Joint Operations	**Joint Operations**	**Consolidated Total**
Cash and cash equivalents	(1)	**$ 124**	**$ 469**	**$ 593**
Restricted cash	(2)	**154**	**-**	**154**
		December 31, 2018		
		Balances excluding Joint Operations	**Joint Operations**	**Consolidated Total**
Cash and cash equivalents	(1)	$ 158	$ 473	$ 631
Restricted cash	(2)	193	-	193

(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.

Total long-term debt of $323.0 million as at March 31, 2019 compares to $262.0 million as at December 31, 2018, the composition of which is as follows:

$ millions		March 31, 2019		December 31, 2018
Current portion of long-term debt - recourse	$	**42.9**	$	32.5
Long-term debt - recourse		**119.2**		69.7
Long-term portion of convertible debentures		**160.9**		159.8
Total long-term debt	$	**323.0**	$	262.0
Long-term project debt - non-recourse	$	**376.3**	$	383.7

The $61.0 million net increase in total long-term debt primarily results from an increase in finance leases and equipment loans in the first three months of 2019 of $59.9 million, of which $44.8 million related to new finance leases recorded as at January 1, 2019 as a result of new IFRS standards that became effective for Aecon on January 1, 2019 (see Note 6 "*Changes in Accounting Policies"* in Aecon's March 31, 2019 interim condensed consolidated financial statements). Convertible debentures also increased by $1.1 million related to the accretion of notional interest.

The $7.4 million decrease in long-term non-recourse project debt, which all relates to the financing of the Bermuda International Airport Redevelopment Project, is due to the impact of the change in the US:Canadian dollar exchange rate since December 31, 2018.

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, 2019. 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, 2019, Aecon was in compliance with all debt covenants related to its credit facility.

In the first quarter of 2019, Aecon's Board of Directors approved an increase in the dividend to be paid to all holders of Aecon common shares. Quarterly dividends increased to $0.145 per share (annual dividend of $0.58 per share). Prior to this increase, Aecon paid a quarterly dividend of $0.125 per share (annual dividend of $0.50 per share). The first quarterly dividend payment of $0.145 per share was paid on April 1, 2019.

Summary Of Cash Flows

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

A summary of sources and uses of cash during the three months ended March 31, 2019 and 2018 are as follows:

$ millions				
		Three months ended March 31		
		2019		2018
Operating Activities				
Cash provided by (used in):				
Cash flows from operations before changes in working capital	**$**	**2.2**	$	(2.5)
Higher investments in working capital		**(14.2)**		(26.3)
Cash used in operating activities	**$**	**(12.0)**	$	(28.8)
Investing Activities				
Cash provided by (used in):				
Decrease in restricted cash balances held by Skyport to finance the Bermuda International Airport Redevelopment Project	**$**	**35.5**	$	18.8
Expenditures made by Skyport related to the construction of the new airport terminal in Bermuda		**(35.9)**		(16.8)
Expenditures (net of disposals) on property, plant and equipment and intangible assets		**(9.7)**		(6.3)
Cash distributions received from projects accounted for using the equity method		**0.2**		0.4
Cash provided by (used for) investments in long-term financial assets		**-**		(2.9)
Cash used in investing activities	**$**	**(9.9)**	$	(6.8)
Financing Activities				
Cash provided by (used in):				
Increase in bank indebtedness associated with borrowings under the Company's revolving credit facility	**$**	**-**	$	11.5
Increase in recourse long-term debt borrowings		**5.7**		-
Repayments of long-term debt relating primarily to equipment financing arrangements		**(13.1)**		(11.7)
Cash provided by the exercise of stock options		**-**		1.4
Cash used for dividends paid		**(7.6)**		(7.4)
Cash used in investing activities	**$**	**(15.0)**	$	(6.2)
Decrease in cash and cash equivalents		**(36.9)**		(41.8)
Effects of foreign exchange on cash balances		**(0.9)**		(0.5)
Cash and cash equivalents - beginning of period		**631.0**		304.9
Cash and cash equivalents - end of period	**$**	**593.2**	$	262.6

In the first quarter of 2019, Aecon acquired, either through purchase or finance leases, property, plant and equipment totaling $23 million. Most of this investment in property, plant and equipment related to the purchase or lease of new machinery and construction equipment as part of normal ongoing business operations in the Construction segment. In the first three months of 2018, investments in property, plant and equipment totaled $9 million.

NEW ACCOUNTING STANDARDS

Note 6 *"Changes in Accounting Policies"* to Aecon's March 31, 2019 interim condensed consolidated financial statements includes new IFRS standards that became effective for the Company on January 1, 2019, and Note 7 discusses IFRS standards and interpretations that are issued, but not yet effective as at January 1, 2019.

The main changes in 2019 because of the new IFRS 16 lease accounting standard are as follows:

- The definition of a lease has changed under the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, as explained further in Note 5, *"Summary of Significant Accounting Policies"* in the March 31, 2019 interim condensed consolidated financial statements. Previously, the Company determined at contract inception if an arrangement was or contained a lease based on an assessment of whether fulfillment of the arrangement was dependent on the use of a specific asset or assets, and the arrangement had conveyed a right to use the asset.
- Under the new lease accounting standard, 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.

As a result of adopting the new lease accounting standard, as at January 1, 2019, current assets increased by $45 million, current liabilities and long-term liabilities increased by $7 million and $37 million respectively, while retained earnings increased by $1 million. This new accounting standard had no significant impact on profit (loss), comprehensive income or earnings per share in the first three months of 2019.

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, 2019 and ended on March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Contractual Obligations

At December 31, 2018, the Company had commitments totaling $395 million for equipment and premises under operating leases requiring minimum payments, and for principal repayment obligations under long-term debt and convertible debentures. Other than the classification of certain operating lease obligations as long-term debt under the new IFRS 16 lease accounting standard (see New Accounting Standards above), there have been no material changes in total contractual obligations since December 31, 2018.

At March 31, 2019, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was $6,749 million.

Further details on Contractual Obligations are included in the Company's 2018 Annual Report.

Off-Balance Sheet Arrangements

Aecon's defined benefit pension plans had a combined surplus or deficit of $nil as at March 31, 2019 (December 31, 2018 - $nil). 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 2018 Annual Report for further details regarding Aecon's defined benefit plans.

Further details of contingencies and guarantees are included in the March 31, 2019 interim condensed consolidated financial statements and in the 2018 Annual Report.

Related Party Transactions

There were no significant related party transactions in the first three months of 2019.

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, 2019 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 26, 2019 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 26, 2019.

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, 2019
Number of common shares outstanding		60,669,977
Outstanding securities exchangeable or convertible into common shares:		
Principal amount of convertible debentures outstanding (see Note 18 to the March 31, 2019 interim condensed consolidated financial statements)	$	173,614
Number of common shares issuable on conversion of convertible debentures		7,666,667
Increase in paid-up capital on conversion of convertible debentures	$	173,614
DSUs and RSUs outstanding under the Long-Term Incentive Plan and the Director DSU Plan		3,266,447

OUTLOOK

Consistent with Aecon's outlook at the end of 2018, the Company continues to see significant infrastructure investment commitments by all levels of government across Canada as well as by the private sector. This investment focuses primarily on civil infrastructure, urban transportation systems, nuclear power, and utility and pipeline infrastructure, which aligns with Aecon's strengths. The Company's backlog at the end of the first quarter of 2019 was $6.7 billion, 46% higher than backlog of $4.6 billion at the end of the first quarter of 2018. This strong program of work as well as new opportunities supports an expectation of like-for-like revenue and Adjusted EBITDA growth in 2019, offset to some extent by the sale of the contract mining business in November 2018.

Construction segment backlog at the end of the first quarter of 2019 was $6,708 million compared to $4,594 million at the same time last year. Bidding activity is expected to be solid in 2019 although new awards are not likely to match the record level of new awards achieved in 2018. With strong backlog in hand, the focus has shifted to ensuring strong execution and selectively adding backlog through a disciplined bidding approach that supports continued like-for-like margin improvement in this segment.

The Concessions segment continues to partner with Aecon's Construction segment to focus on the significant number of P3 opportunities in Canada and on a selected basis internationally. The Concessions segment is actively pursuing a number of large-scale infrastructure projects that require private finance solutions as well as participating as a concessionaire on the Finch West LRT, Waterloo LRT, Eglinton Crosstown LRT, Gordie Howe International Bridge and the Bermuda International Airport Redevelopment Project.

The overall outlook for 2019 remains solid, as our current strong backlog, robust pipeline of future opportunities, and ongoing concessions are expected to lead to another year of improved like-for-like results compared to 2018. As usual, the second half of 2019 is expected to be stronger than the first half, reflecting the typical seasonality of Aecon's work, while capital expenditures are expected to remain relatively consistent with 2018 levels.

AECON GROUP INC.
FIRST QUARTER

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

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MANAGEMENT REPORT
April 25, 2019

Notice to Reader

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

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

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

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

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2019 AND DECEMBER 31, 2018

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2019	December 31 2018
ASSETS			
Current assets			
Cash and cash equivalents	8	$ **593,191**	$ 630,976
Restricted cash	8	**153,777**	193,369
Trade and other receivables	9	**561,865**	697,611
Unbilled revenue		**632,065**	573,678
Inventories	10	**20,418**	20,751
Income taxes recoverable		**6,370**	3,980
Prepaid expenses		**33,429**	26,448
		2,001,115	2,146,813
Non-current assets			
Long-term financial assets		**7,081**	12,055
Projects accounted for using the equity method	11	**37,571**	39,475
Deferred income tax assets		**26,898**	22,507
Property, plant and equipment	12	**311,187**	266,199
Intangible assets	13	**467,645**	445,643
		850,382	785,879
TOTAL ASSETS		$ **2,851,497**	$ 2,932,692
LIABILITIES			
Current liabilities			
Trade and other payables	15	**638,165**	705,760
Provisions	16	**13,268**	14,695
Deferred revenue		**469,108**	508,306
Income taxes payable		**521**	2,644
Current portion of long-term debt	17	**42,917**	32,505
		1,163,979	1,263,910
Non-current liabilities			
Provisions	16	**5,970**	5,514
Non-recourse project debt	17	**376,294**	383,746
Long-term debt	17	**119,188**	69,707
Convertible debentures	18	**160,907**	159,775
Concession related deferred revenue	19	**104,149**	106,330
Deferred income tax liabilities		**116,226**	117,626
Other liabilities		**109**	1,022
		882,843	843,720
TOTAL LIABILITIES		**2,046,822**	2,107,630
EQUITY			
Capital stock	23	**389,216**	386,453
Convertible debentures	18	**12,707**	12,707
Contributed surplus		**48,761**	47,006
Retained earnings		**352,221**	369,505
Accumulated other comprehensive income		**1,770**	9,391
TOTAL EQUITY		**804,675**	825,062
TOTAL LIABILITIES AND EQUITY		$ **2,851,497**	$ 2,932,692

Contingencies (Note 22)

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	March 31 2019	March 31 2018
Revenue		**$ 650,334**	$ 543,325
Direct costs and expenses	24	**(603,537)**	(496,355)
Gross profit		**46,797**	46,970
Marketing, general and administrative expenses	24	**(43,347)**	(47,183)
Depreciation and amortization	24	**(18,489)**	(23,746)
Income from projects accounted for using the equity method	11	**2,511**	846
Other income	25	**1,761**	907
Operating loss		**(10,767)**	(22,206)
Finance income		**616**	203
Finance costs	26	**(4,765)**	(5,118)
Loss before income taxes		**(14,916)**	(27,121)
Income tax recovery	20	**5,093**	7,876
Loss for the period		**$ (9,823)**	$ (19,245)
Basic loss per share	27	**$ (0.16)**	$ (0.32)
Diluted loss per share	27	**$ (0.16)**	$ (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, 2019 AND 2018
(in thousands of Canadian dollars) (unaudited)

		March 31 2019		March 31 2018
Loss for the period	$	(9,823)	$	(19,245)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences - foreign operations		(1,170)		1,130
Cash flow hedges - equity accounted investees		(4,196)		484
Cash flow hedges - joint operations		(4,582)		-
Income taxes on the above		2,327		(128)
Total other comprehensive income (loss) for the period		(7,621)		1,486
Comprehensive loss for the period	$	(17,444)	$	(17,759)

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, 2019 AND 2018

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

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

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Shareholders' equity
					Currency translation differences	Actuarial gains and losses	Cash flow hedges	
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 5.5% 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**

During the three months ended March 31, 2019, the Company declared dividends amounting to $0.145 per share (March 31, 2018 - $0.125 per share).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2019	March 31 2018
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		**$ (14,916)**	$ (27,121)
Income taxes paid		**(3,416)**	(5,390)
Defined benefit pension		**20**	(10)
Items not affecting cash:			
Depreciation and amortization		**18,489**	23,746
Income from projects accounted for using the equity method		**(2,511)**	(846)
Gain on sale of assets		**(534)**	(300)
Income from leasehold inducements		**-**	(104)
Unrealized foreign exchange (gain) loss		**(2,003)**	1,226
Increase in provisions		**1,274**	1,187
Notional interest representing accretion		**1,242**	740
Stock-based compensation		**4,518**	4,363
Change in other balances relating to operations	28	**(14,203)**	(26,330)
		(12,040)	(28,839)
Investing activities			
Decrease in restricted cash balances		**35,447**	18,772
Purchase of property, plant and equipment		**(12,111)**	(8,116)
Proceeds on sale of property, plant and equipment and other		**2,669**	1,706
Investment in concession rights		**(35,888)**	(16,792)
Decrease (increase) in intangible assets		**(217)**	123
Decrease (increase) in long-term financial assets		**21**	(2,907)
Distributions from projects accounted for using the equity method		**219**	407
		(9,860)	(6,807)
Financing activities			
Increase in bank indebtedness		**-**	11,510
Issuance of long-term debt		**5,659**	-
Repayments of finance leases		**(7,655)**	(5,658)
Repayments of long-term debt		**(5,468)**	(6,019)
Issuance of capital stock		**-**	1,431
Dividends paid		**(7,560)**	(7,412)
		(15,024)	(6,148)
Decrease in cash and cash equivalents during the period		**(36,924)**	(41,794)
Effect of foreign exchange on cash balances		**(861)**	(513)
Cash and cash equivalents - beginning of period		**630,976**	304,882
Cash and cash equivalents - end of period	8	**$ 593,191**	$ 262,575

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

1. CORPORATE INFORMATION

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

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

2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on April 25, 2019 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, 2018.

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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, 2018. 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 determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. The Company has a process whereby progress on jobs is reviewed by management on a regular basis and estimated costs to complete are updated. However, due to unforeseen changes in the nature or cost of the work to be completed or performance factors, contract profit can differ significantly from earlier estimates.

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

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. In

accordance with the Company's accounting policy, unpriced change orders and claims are recognized in revenue at the most likely amount the Company expects to be entitled, and to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Therefore, it is possible for the company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

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

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 29, *"Financial Instruments."*

MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

The Company's obligations and expenses related to defined benefit pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The defined benefit obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 21, "*Employee Benefit Plans*," in the Company's annual consolidated financial statements for the year ended December 31, 2018, 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 13, "*Intangible Assets"*, in the Company's annual consolidated financial statements for the year ended December 31, 2018, for further details regarding goodwill and other intangible assets.

LEASES

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

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

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

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

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

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

Refer to Note 12, "*Property, plant and equipment*", and Note 17, "*Long-term debt and non-recourse project debt*" for further details regarding leases.

4.2 JUDGMENTS

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

BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS

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

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether 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 LEASES

The Company has applied IFRS 16 *"Leases"* with an initial application date of January 1, 2019 using the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17 *"Leases"* and IFRIC 4 *"Determining Whether an Arrangement Contains a Lease"* as permitted under the specific transitional provisions in the standard.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone price.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the relevant index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the relevant index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in "property, plant and equipment" and lease liabilities in "long-term debt" in the consolidated balance sheets.

Short-term leases and leases of low-value assets
The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of property, plant and equipment that have a lease term of 12 months or less and leases of low-value assets, such as some IT-equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before January 1, 2019
For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period under IAS 17, the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, each asset was accounted for in accordance with the accounting policy applicable to how that asset was classified.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases, and assets were not recognized in the Company's consolidated balance sheet. Payments made under operating leases (net of any incentives received from the lessor) were recognized in profit or loss on a straight-line basis over the term of the lease.

Nature of leased assets
The Company leases various offices, warehouses, land, equipment and vehicles. Contracts are typically made for fixed periods of one to ten years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes. Some leases provide for additional payments based on changes in inflation.

Extension and termination options
Some office leases include an option to renew the lease for an additional period after the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. Extension options are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses its portfolio of leases to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Company considers all facts and circumstances when making this decision. The Company examines whether there is an economic incentive or penalty that would affect the decision to

exercise the option, for example, whether the lease option is below market value or whether the Company has made significant investments in leasehold improvements. Where it is not reasonably certain that the lease will be extended or terminated the Company will not recognize these options.

Variable lease payments
Some leases also require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

6. CHANGES IN ACCOUNTING POLICIES

The following IFRS standards became effective for the Company on January 1, 2019.

IFRS 16, Leases
The Company has applied IFRS 16 with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below and in Note 5 "*Summary of Significant Accounting Policies*".

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at January 1, 2019, and the comparatives for the 2018 financial reporting period are not restated as permitted under the transition provisions in the standard. The details of the changes in accounting policies are disclosed below.

IFRS 16 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 superseded the current lease recognition guidance including IAS 17 "*Leases*" and the related interpretations when it became effective.

The main changes to lease accounting as a result of IFRS 16 include the following:

- The definition of a lease has changed under the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, as explained further in Note 5, "*Summary of Significant Accounting Policies*". Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4;
- 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 uses its incremental borrowing rate. Subsequent re-measurement is required under specific circumstances.
  Previously, the Company classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company;
- IFRS 16 provides detailed guidance on determining the lease term when the Company has an option to extend the lease; and
- The new standard includes extensive disclosure requirements that differ from previous requirements.

On transition to IFRS 16, for leases previously classified as finance leases under IAS 17, the Company elected to apply the practical expedient whereby the Company is not required to reassess whether a contract is, or contains, a lease at the date of initial application. As such, the Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed. For leases that were previously classified as finance leases under IAS 17, the Company recognized the carrying amount of

the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The Company also adopted the recognition exemptions permitted for short-term leases (i.e. less than 12 months) and leases for which the underlying asset has a low value, as well as the following practical expedients permitted on initial adoption, under the standard:

- Applying a single discount rate to a portfolio of leases with similar characteristics;
- Using the Company's previous assessment of impairment under IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"* for onerous contracts instead of re-assessing the right-of-use asset for impairment on January 1, 2019;
- Accounting for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

The following table reconciles the impact of IFRS 16 on the previously reported Consolidated Balance Sheet as at December 31, 2018:

	As reported at December 31, 2018	Impacts from the adoption of IFRS 16	As adjusted at January 1, 2019
Property, plant and equipment	$ 266,199	44,836	**$ 311,035**
Trade and other payables	(705,760)	1,817	**(703,943)**
Current portion of long-term debt	(32,505)	(8,163)	**(40,668)**
Long-term debt	(69,707)	(36,673)	**(106,380)**
Deferred income tax liabilities	(117,626)	(481)	**(118,107)**
Retained earnings	(369,505)	(1,336)	**(370,841)**

Opening reconciliation of lease liability

A reconciliation of the lease liability as at December 31, 2018 compared to January 1, 2019 is as follows:

		As at January 1, 2019
Operating lease commitments as at December 31, 2018 as disclosed in the Company's consolidated financial statements	$	56,803
Operating lease commitments discounted using the weighted average incremental lease borrowing rate of 3.89% as at January 1, 2019		48,558
Less: Recognition exemption for short term leases and leases of low value assets		(3,722)
Add: Finance lease liabilities recognized as at December 31, 2018		72,772
Lease liability recognized as at January 1, 2019		**117,608**
Add: Equipment and other loans as at December 31, 2018		29,440
Total long-term debt as at January 1, 2019	**$**	**147,048**
Reported as:		
Current portion of long-term debt	$	40,668
Long-term debt		106,380
	$	**147,048**

Other New Standards, Amendments and Interpretations Adopted In 2019

The following amendments to standards and interpretations also became effective for annual periods beginning on January 1, 2019. The application of these amendments and interpretations had no significant impact on the Company's consolidated financial position or results of operations.

IFRS 3, Business Combinations
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.

IFRS 11, Joint Arrangements
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.

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.

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.

IAS 19, Employee Benefits
The amendments to IAS 19, Plan Amendment, Curtailment or Settlement, specify how an entity determines pension expenses when changes to a defined benefit pension plan occur. The amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Previously, IAS 19 did not specify how to determine these expenses for the period after the change to the plan.

IFRIC 23, Uncertainty over Income Tax Treatments
IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

7. FUTURE ACCOUNTING CHANGES

IFRS 3, Business Combinations
The amendments to IFRS 3 "*Business Combinations*" seek to improve the definition of a business. The amendments assist companies in determining whether activities and assets acquired are a business or merely a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Companies are required to apply the amended definition of a business to acquisitions that occur on or after January 1, 2020. 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 1, Presentation of Financial Statements and **IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors**
The amendments clarify the definition of material and seeks to align the definition used in the Conceptual Framework with that in the standards themselves as well as ensuring the definition of material is consistent across all IFRS. The changes are effective from January 1, 2020, however early adoption is permitted.

- Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (*IAS 1, "Presentation of Financial Statements"*).
- New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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 2019	December 31 2018
Cash balances excluding joint operations	$ 124,419	$ 158,452
Cash balances of joint operations	468,772	472,524
	$ 593,191	$ 630,976

Restricted cash	$ 153,777	$ 193,369
	$ 153,777	$ 193,369

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

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

9. TRADE AND OTHER RECEIVABLES

	March 31 2019	December 31 2018
Trade receivables	$ 304,605	$ 443,571
Allowance for expected credit losses	(778)	(762)
	303,827	442,809
Holdbacks receivable	171,453	185,526
Other	86,585	69,276
	258,038	254,802
Total	$ 561,865	$ 697,611
Amounts receivable beyond one year	$ 84,948	$ 78,909

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

	March 31 2019	December 31 2018
Balance - beginning of period	**$ (762)**	$ (764)
Additional amounts provided for during period	**(75)**	(724)
Trade receivables written off during period	**36**	726
Amounts recovered	**23**	-
Balance - end of period	**$ (778)**	**$ (762)**

10. INVENTORIES

	March 31 2019	December 31 2018
Raw materials and supplies	**$ 5,542**	$ 5,287
Finished goods	**14,876**	15,464
	$ 20,418	$ 20,751

11. 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, 2019			December 31, 2018		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Cash and cash equivalents	$ 24,978	$ 2,150	**$ 27,128**	$ 9,181	$ 2,150	$ 11,331
Other current assets	73,125	1,296	**74,421**	69,743	1,296	71,039
Total current assets	98,103	3,446	**101,549**	78,924	3,446	82,370
Non-current assets	571,490	-	**571,490**	522,900	-	522,900
Total assets	669,593	3,446	**673,039**	601,824	3,446	605,270
Trade and other payables and provisions	83,318	936	**84,254**	59,493	936	60,429
Total current liabilities	83,318	936	**84,254**	59,493	936	60,429
Non-current financial liabilities	550,047	-	**550,047**	504,199	-	504,199
Other non-current liabilities	1,167	-	**1,167**	1,167	-	1,167
Total non-current liabilities	551,214	-	**551,214**	505,366	-	505,366
Total liabilities	634,532	936	**635,468**	564,859	936	565,795
Net assets	$ 35,061	$ 2,510	**$ 37,571**	$ 36,965	$ 2,510	$ 39,475

	For the three months ended					
	March 31, 2019			March 31, 2018		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Revenue	$ 113,299	$ -	**$ 113,299**	$ 58,180	$ -	$ 58,180
Depreciation and amortization	(152)	-	**(152)**	(95)	-	(95)
Other costs and expenses	(106,073)	-	**(106,073)**	(54,849)	-	(54,849)
Operating profit	7,074	-	**7,074**	3,236	-	3,236
Finance costs	(4,807)	-	**(4,807)**	(2,633)	-	(2,633)
Income tax recovery	244	-	**244**	243	-	243
Profit for the period	2,511	-	**2,511**	846	-	846
Other comprehensive (loss) income	(4,196)	-	**(4,196)**	484	-	484
Total comprehensive (loss) income	$ (1,685)	$ -	**$ (1,685)**	$ 1,330	$ -	$ 1,330

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

	For the three months ended **March 31 2019**	For the year ended December 31 2018
Projects accounted for using the equity method - as at beginning of period	**$ 39,475**	$ 32,610
Share of profit for the period	**2,511**	13,150
Share of other comprehensive loss for the period	**(4,196)**	(6,085)
Distributions from projects accounted for using the equity method	**(219)**	(200)
Projects accounted for using the equity method - as at end of period	**$ 37,571**	$ 39,475

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	2019, 2018
Lower Mattagami Project	20%	Associate	2019, 2018
Waterloo LRT Concessionaire	10%	Joint Venture	2019, 2018
Eglinton Crosstown LRT Concessionaire	25%	Joint Venture	2019, 2018
New Post Creek Project	20%	Associate	2019, 2018
Finch West LRT Concessionaire	33%	Joint Venture	2019, 2018
Gordie Howe International Bridge Concessionaire	20%	Joint Venture	2019, 2018

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.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Total
Cost							
Balance as at December 31, 2018	$ 28,480	$ 97,430	$ 56,236	$ 281,999	$ 33,931	$ 63,336	**$ 561,412**
Change in accounting policy (see Note 6)	1,566	34,050	-	9,220	-	-	**44,836**
Adjusted balance as at January 1, 2019	30,046	131,480	56,236	291,219	33,931	63,336	**606,248**
Additions - purchased assets	6,300	1,117	139	4,528	1	26	**12,111**
Additions - right of use assets	-	563	-	8,870	-	1,062	**10,495**
Disposals	-	-	-	(19,388)	-	(1,468)	**(20,856)**
Foreign currency translation adjustments	-	(68)	-	(131)	(16)	(16)	**(231)**
Balance as at March 31, 2019	$ 36,346	$ 133,092	$ 56,375	$ 285,098	$ 33,916	$ 62,940	**$ 607,767**
Accumulated depreciation and impairment							
Balance as at January 1, 2019	-	45,379	19,283	159,025	29,381	42,145	**295,213**
Depreciation - purchased assets	-	1,146	19	3,058	596	140	**4,959**
Depreciation - right of use assets (a)	77	1,386	-	2,531	-	1,934	**5,928**
Disposals	-	-	-	(8,095)	-	(1,414)	**(9,509)**
Foreign currency translation adjustments	-	(1)	-	(1)	(5)	(4)	**(11)**
Balance as at March 31, 2019	$ 77	$ 47,910	$ 19,302	$ 156,518	$ 29,972	$ 42,801	**$ 296,580**
Net book value as at March 31, 2019	**$ 36,269**	**$ 85,182**	**$ 37,073**	**$ 128,580**	**$ 3,944**	**$ 20,139**	**$ 311,187**
Net book value as at January 1, 2019	**$ 30,046**	**$ 86,101**	**$ 36,953**	**$ 132,194**	**$ 4,550**	**$ 21,191**	**$ 311,035**
Net book value of right of use assets as at January 1, 2019	**$ 1,566**	**$ 34,050**	**$ 75**	**$ 60,166**	**$ -**	**$ 19,068**	**$ 114,925**
Net book value of right of use assets as at March 31, 2019	**$ 1,489**	**$ 33,162**	**$ 75**	**$ 57,279**	**$ -**	**$ 18,142**	**$ 110,147**

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

13. INTANGIBLE ASSETS

	Concession rights	Goodwill	Licences, software and other rights	Total
Cost				
Balance as at January 1, 2019	$ 399,371	$ 47,845	$ 91,871	$ 539,087
Additions				
Acquired separately	30,829	-	217	31,046
Interest capitalized	5,442	-	-	5,442
Foreign currency translation adjustments	(7,973)	-	(9)	(7,982)
Balance as at March 31, 2019	**$ 427,669**	**$ 47,845**	**$ 92,079**	**$ 567,593**
Accumulated amortization and impairment				
Balance as at January 1, 2019	54,738	-	38,706	93,444
Amortization	5,305	-	2,297	7,602
Foreign currency translation adjustments	(1,095)	-	(3)	(1,098)
Balance as at March 31, 2019	**$ 58,948**	**$ -**	**$ 41,000**	**$ 99,948**
Net book value as at March 31, 2019	**$ 368,721**	**$ 47,845**	**$ 51,079**	**$ 467,645**
Net book value as at January 1, 2019	**$ 344,633**	**$ 47,845**	**$ 53,165**	**$ 445,643**

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

14. BANK INDEBTEDNESS

The Company maintains a committed revolving credit facility of $500,000 (December 31, 2018 - $500,000). Bank indebtedness representing borrowings on the Company's revolving credit facility, as at March 31, 2019 was $nil (December 31, 2018 - $nil). Letters of credit amounting to $95,095 were issued against the credit facility as at March 31, 2019 (December 31, 2018 - $115,957). Cash drawings under the facility bear interest at rates between prime and prime plus 1.20% per annum. Letters of credit reduce the amount available-for-use under the facility.

The Company also maintains an additional letter of credit facility of $700,000 (December 31, 2018 - $700,000) provided by Export Development Canada of which $560,413 was utilized as at March 31, 2019 (December 31, 2018 - $519,561).

15. TRADE AND OTHER PAYABLES

	March 31 2019	December 31 2018
Trade payables and accrued liabilities	$ 559,323	$ 631,231
Holdbacks payable	78,842	74,529
	$ 638,165	$ 705,760
Amounts payable beyond one year	$ 2,572	$ 1,608

16. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2019	$ 4,443	$ 4,400	$ 6,456	$ 4,910	$ 20,209
Additions made	186	214	-	815	1,215
Amounts used	(2)	-	-	(2,243)	(2,245)
Other changes	17	42	-	-	59
Balance as at March 31, 2019	**$ 4,644**	**$ 4,656**	**$ 6,456**	**$ 3,482**	**$ 19,238**
Reported as:					
Current	**$ 3,330**	**$ -**	**$ 6,456**	**$ 3,482**	**$ 13,268**
Non-current	**1,314**	**4,656**	**-**	**-**	**5,970**
	$ 4,644	**$ 4,656**	**$ 6,456**	**$ 3,482**	**$ 19,238**

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

LONG-TERM DEBT

	March 31 2019	December 31 2018
Long-term debt:		
Finance leases	**135,840**	72,772
Equipment and other loans	**26,265**	29,440
Total long-term debt	**$ 162,105**	$ 102,212
Reported as:		
Current liabilities:		
Current portion of long-term debt	**$ 42,917**	$ 32,505
Non-current liabilities:		
Long-term debt	**119,188**	69,707
	$ 162,105	$ 102,212

The following describes the components of long-term debt:

(a) As at March 31, 2019, finance leases of $135,840 (2018 - $72,772) bore interest at fixed and floating rates averaging 3.44% (2018 – 3.15%) per annum, with specific equipment provided as security.

(b) As at March 31, 2019, equipment and other loans of $26,265 (2018 - $29,440) bore interest at fixed and floating rates averaging 3.02% (2018 – 3.10%) per annum, with specific equipment provided as security.

The weighted average interest rate on total long-term debt outstanding (excluding convertible debentures and non-recourse project debt) as at March 31, 2019 was 3.37% (2018 – 3.14%).

Expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the three months ended March 31, 2019 was $13,709.

Variable lease payments of $300 related to property taxes levied on lessors and not included in the measurement of lease liabilities were recognized in profit or loss during the three months ended March 31, 2019.

Total cash outflow for leases recognised in the statement of cash flows as at March 31, 2019 was $7,655.

Refer to Note 12, "*Property, plant and equipment*" for further details of additions to right-of-use assets and depreciation charged on right-of-use assets during the period.

Refer to Note 29, "*Financial instruments*" for contractual maturities of finance lease liabilities as at March 31, 2019.

Refer to Note 26, "*Finance costs*" for further details of interest on lease liabilities recognized during the period.

Lease extension and termination options are included in a number of property and equipment leases across the Company. As at March 31, 2019, potential future cash outflow of $13,416 related to these extension and termination options are not included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

As at March 31, 2019, potential future cash outflow of $9,244 related to variable lease payments for property taxes and/or insurance payments made by lessors have not been reflected in the measurement of lease liabilities. These variable lease payments are recognised in profit or loss in the period in which those payments occur.

NON-RECOURSE PROJECT DEBT

		March 31 2019	December 31 2018
Non-recourse project debt:			
Bermuda International Airport Redevelopment Project financing	(a)	**$ 376,294**	$ 383,746
Total non-recourse project debt		**$ 376,294**	$ 383,746
Reported as:			
Non-current liabilities:			
Non-recourse project debt		**$ 376,294**	$ 383,746
		$ 376,294	$ 383,746

(a) Included in the Company's consolidated balance sheets as at March 31, 2019 is debt, net of transaction costs, of $376,294 (US$281,594) (December 31, 2018 – $383,746, US$281,298) representing the debt of Skyport. This debt is secured by the assets of Skyport and is without recourse to the Company.

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

18. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	March 31 2019	December 31 2018
Debt component:		
Debenture maturing on December 31, 2023 - 5.0% Debentures	**160,907**	159,775
Total convertible debentures	**$ 160,907**	$ 159,775
Reported as:		
Non-current liabilities:		
Convertible debentures	**160,907**	159,775
	$ 160,907	$ 159,775

	March 31 2019	December 31 2018
Equity component:		
Debenture maturing on December 31, 2023 - 5.0% Debentures	**$ 12,707**	$ 12,707

Finance costs associated with the debentures consists of:

	For the three months ended	
	March 31 2019	March 31 2018
Interest expense on face value	**$ 2,300**	$ 2,299
Notional interest representing accretion	**1,132**	631
	$ 3,432	$ 2,930

As at March 31, 2019, the face value of the 5.0% Debentures which remains outstanding was $184,000 (December 31, 2018 - $184,000).

19. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

	March 31 2019	December 31 2018
Bermuda International Airport Redevelopment Project	$ 104,149	$ 106,330
	$ 104,149	$ 106,330

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.

20. INCOME TAXES

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

	For the three months ended	
	March 31 2019	March 31 2018
Loss before income taxes	$ (14,916)	$ (27,121)
Statutory income tax rate	26.60%	26.75%
Expected income tax recovery	3,968	7,255
Effect on income taxes of:		
Projects accounted for under the equity method	(36)	(178)
Provincial and foreign rate differences	1,282	1,167
Other non-deductible expenses	(121)	(133)
Tax credits	-	(235)
	1,125	621
Income tax recovery	$ 5,093	$ 7,876

21. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended	
	March 31 2019	March 31 2018
Defined benefit pension expense:		
Company sponsored pension plans	**$ 133**	$ 181
Defined contribution pension expense:		
Company sponsored pension plans	**1,717**	1,709
Multi-employer pension plans	**15,245**	15,417
Total employee future benefit expense	**$ 17,095**	$ 17,307

22. CONTINGENCIES

During the second quarter of 2018, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking $180,000 in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately $14,000 in damages. The Company has recorded $135,000 of unbilled revenue and accounts receivable as at March 31, 2019. Offsetting this amount to some extent, the Company has accrued $45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately $195,000 already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. See Note 4, "*Critical Accounting Estimates*".

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 16, *"Provisions"*), will not result in a material effect on the consolidated financial position of the Company.

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

	Project	**March 31 2019**
Letters of credit:		
In support of the Company's equity obligations	Bermuda International Airport Redevelopment Project	$ 92,726
Financial and performance - issued by Export Development Canada	Various joint arrangement projects	$ 467,687
Financial and performance - issued in the normal conduct of business	Various	$ 95,095

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, 2019, 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 $12,075,253, a portion of which is supported by performance bonds. In the event the Company assumed this additional work, it would have the right to receive the partner's share of billings to the project owners pursuant to the respective associate or joint arrangement contract.

23. CAPITAL STOCK

	For the three months ended March 31, 2019			For the year ended December 31, 2018		
	Number		**Amount**	**Number**		**Amount**
Number of common shares outstanding - beginning of period	**60,478,564**	**$**	**386,453**	59,298,857	$	367,612
Common shares issued on exercise of share options	-		-	120,000		1,750
Common shares issued on conversion of 5.5% Debentures	-		-	166,664		3,379
Shares issued to settle LTIP/Director DSU obligations	191,413		2,763	893,043		13,712
Number of common shares outstanding - end of period	**60,669,977**	**$**	**389,216**	60,478,564	$	386,453

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's business. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units ("DSUs") or in the form of Restricted Share Units ("RSUs"). Awards made in the form of DSUs will vest only on the retirement or termination of the participant. Awards made in the form of RSUs will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative 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, 2019, the Company recorded LTIP compensation charges of $3,675 (2018 - $3,450).

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, 2019, the Company recorded Director DSU compensation charges of $843 (2018 - $913).

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

	For the three months ended March 31, 2019		For the three months ended March 31, 2019	
	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	**2,522,383**	**$ 13.33**	**278,848**	$ **15.20**
Granted	**604,488**	**18.34**	**44,475**	**18.27**
Dividend equivalent rights	**18,103**	**13.33**	**2,001**	**15.25**
Settled	**(151,936)**	**13.29**	**(39,477)**	**-**
Forfeited	**(12,438)**	**17.19**	**-**	**-**
Balance outstanding - end of period	**2,980,600**	**$ 14.33**	**285,847**	$ **15.72**

Amounts included in contributed surplus in the consolidated balance sheets as at March 31, 2019 in respect of LTIP and Director DSUs were $32,000 (December 31, 2018 - $30,500) and $4,493 (December 31, 2018 - $4,238), respectively.

24. EXPENSES

	For the three months ended	
	March 31 2019	March 31 2018
Personnel	**$ 164,082**	$ 180,870
Subcontractors	**257,891**	178,668
Materials	**193,414**	149,992
Equipment costs	**20,433**	28,035
Depreciation of property, plant and equipment and amortization of intangible assets	**18,489**	23,746
Other expenses	**11,064**	5,973
Total expenses	**$ 665,373**	$ 567,284

Reported as:

	For the three months ended	
	March 31 2019	March 31 2018
Direct costs and expenses	**$ 603,537**	$ 496,355
Marketing, general and administrative expenses	**43,347**	47,183
Depreciation and amortization	**18,489**	23,746
Total expenses	**$ 665,373**	$ 567,284

25. OTHER INCOME

	For the three months ended	
	March 31 2019	March 31 2018
Foreign exchange gain	**$ 1,227**	$ 607
Gain on sale of property, plant and equipment	**534**	300
Total other income	**$ 1,761**	$ 907

26. FINANCE COSTS

	For the three months ended	
	March 31 2019	March 31 2018
Interest and notional interest on long-term debt and debentures	**$ 3,754**	$ 3,439
Interest on finance leases	**847**	443
Interest on short-term debt	**105**	1,193
Notional interest on provisions	**59**	43
Total finance costs	**$ 4,765**	$ 5,118

27. EARNINGS PER SHARE

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

	For the three months ended	
	March 31 2019	March 31 2018
Loss attributable to shareholders	**$ (9,823)**	$ (19,245)
Interest on convertible debentures, net of tax [1]	**2,522**	2,147
Diluted net loss	**$ (7,301)**	$ (17,098)
Average number of common shares outstanding	**60,644,947**	59,555,188
Effect of dilutive securities:[1]		
Convertible debentures [1]	**10,661,922**	9,186,936
Long-term incentive plan	**3,266,447**	3,660,291
Weighted average number of diluted common shares outstanding	**74,573,316**	72,402,415
Basic loss per share	**$ (0.16)**	$ (0.32)
Diluted loss per share [1]	**$ (0.16)**	$ (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.

28. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the three months ended	
	March 31 2019	March 31 2018
Decrease (increase) in:		
Trade and other receivables	**$ 140,727**	$ (2,786)
Unbilled revenue	**(42,417)**	16,738
Inventories	**329**	1,136
Prepaid expenses	**(5,625)**	(8,029)
Increase (decrease) in:		
Trade and other payables	**(65,806)**	(44,205)
Provisions	**(2,245)**	(1,475)
Deferred revenue	**(39,166)**	12,291
	$ (14,203)	$ (26,330)

Cash flows from interest

	For the three months ended	
	March 31 2019	March 31 2018
Operating activities		
Cash interest paid	**$ (12,231)**	$ (12,499)
Cash interest received	**1,152**	1,294

29. FINANCIAL INSTRUMENTS

Fair value
From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. As at March 31, 2019, the Company had no outstanding contracts (December 31, 2018 – $nil) and therefore there were no unrealized exchange gains or losses as at that date (December 31, 2018 - $nil). 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. As at March 31, 2019, the Company's joint operations had outstanding contracts to buy US$170,705 (December 31, 2018 - $173,500), representing the Company's pro-rata share, on which there was an unrealized gain recorded in other comprehensive income of $6,367 (December 31, 2018 - $10,949).

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, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value:				
Cash flow hedge	$ (2,770)	$ -	$ (2,770)	$ -
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	1,973	-	1,973	-
Current portion of long-term debt	(47,022)	-	(47,022)	-
Long-term debt	(121,166)	-	(121,166)	-
Non-recourse project debt	(376,294)	-	(376,294)	-
Convertible debentures	(188,140)	(188,140)	-	-

During the three-month period ended March 31, 2019 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, 2019, the Company had $92,468 in trade receivables that were past due. Of this amount, $72,516 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of $778.

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, 2019 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
Trade and other payables	$ 635,593	$ 2,572	$ -	$ 638,165	$ -	$ 638,165
Finance leases	$ 37,417	$ 83,863	$ 28,322	$ 149,602	$ (13,762)	$ 135,840
Equipment and other loans	10,029	17,669	128	27,826	(1,561)	26,265
	47,446	101,532	28,450	177,428	(15,323)	162,105
Non-recourse project debt	22,470	100,845	621,120	744,435	(368,141)	376,294
Convertible debentures	9,200	220,800	-	230,000	(69,093)	160,907
Long-term financial liabilities	$ 79,116	$ 423,177	$ 649,570	$ 1,151,863	$ (452,557)	$ 699,306

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, 2019, 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, 2019 to profit or loss for currency exposures would be $3,650. 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.

30. CAPITAL DISCLOSURES

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

Although the Company monitors capital on a number of bases, including liquidity and working capital, total debt (excluding non-recourse debt and drawings on the Company's credit facility presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. As at March 31, 2019, the debt to capitalization percentage including convertible debentures as debt was 29% (December 31, 2018 - 24%). 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 14% as at March 31, 2019 (December 31, 2018 - 9%). 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, 2019, the Company complied with all of its financial debt covenants.

31. OPERATING SEGMENTS

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

Commencing in 2019, the Company's Infrastructure and Industrial segments were combined into a Construction segment to align with the Company's new operating management structure. The progress Aecon has made in recent years with respect to the "One Aecon" strategy has increasingly allowed for integrated project management and systems, allowing Aecon to capitalize on those markets providing the greatest opportunity at any point in time. This trend is expected to continue going forward, seeing the Company's services and resources becoming increasingly mobile between end markets. The Company has migrated its overall management and operating structure to reflect this increasingly flexible model. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

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

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

- Civil Infrastructure;
- Urban Transportation Systems;
- Nuclear Power Infrastructure;
- Utility Infrastructure; and
- Conventional Industrial Infrastructure.

Activities within the Concessions segment include the development, financing, build and operation of construction projects by way of public-private partnership contract structures, as well as integrating the services of all project participants, and harnessing the strengths and capabilities of Aecon.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(in thousands of Canadian dollars, except per share amounts) (unaudited)

				For the three months ended March 31, 2019
	Construction	Concessions	Other and eliminations	Total
Consolidated statements of income				
External customer revenue	$ 592,361	$ 57,973	$ -	**$ 650,334**
Inter-segment revenue	45,509	-	(45,509)	**-**
Total revenue	637,870	57,973	(45,509)	**650,334**
Expenses	$ (645,182)	$ (56,385)	$ 36,194	**$ (665,373)**
Which include:				
Depreciation and amortization	(13,319)	(5,474)	304	**(18,489)**
Other income (loss):				
Foreign exchange gain (loss)	$ 1,827	$ (49)	$ (551)	**$ 1,227**
Gain on sale of property, plant and equipment	534	-	-	**534**
Income (loss) from projects accounted for using the equity method	$ (491)	$ 3,002	$ -	**$ 2,511**
Operating profit (loss)	$ (5,442)	$ 4,541	$ (9,866)	**$ (10,767)**
Finance income (cost):				
Finance income				**$ 616**
Finance cost				**(4,765)**
Loss before income taxes				**$ (14,916)**
Income tax recovery				**5,093**
Loss for the period				**$ (9,823)**
Revenue by contract type				
Lump sum	$ 280,838	$ 57,783	$ (42,531)	**$ 296,090**
Cost plus/unit price	357,032	190	(2,978)	**354,244**
Total revenue	637,870	57,973	(45,509)	**650,334**
Revenue by service type				
Construction revenue	$ 637,870	$ -	$ (2,975)	**$ 634,895**
Concession revenue	-	57,973	(42,534)	**15,439**
Total revenue	637,870	57,973	(45,509)	**650,334**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(in thousands of Canadian dollars, except per share amounts) (unaudited)

							For the three months ended March 31, 2018	
		Construction		**Concessions**		**Other and eliminations**		**Total**
Consolidated statements of income								
External customer revenue	$	512,056	$	31,269	$	-	**$**	**543,325**
Inter-segment revenue		18,252		-		(18,252)		**-**
Total revenue		530,308		31,269		(18,252)		**543,325**
Expenses	$	(543,718)	$	(29,619)	$	6,053	**$**	**(567,284)**
Which include:								
Depreciation and amortization		(19,272)		(4,365)		(109)		**(23,746)**
Other income (loss):								
Foreign exchange gain (loss)	$	559	$	(85)	$	133	**$**	**607**
Gain on sale of property, plant and equipment		300		-		-		**300**
Income (loss) from projects accounted for using the equity method	$	(509)	$	1,355	$	-	**$**	**846**
Operating profit (loss)	$	(13,060)	$	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	$	182,717	$	31,084	$	(17,946)	**$**	**195,855**
Cost plus/unit price		347,295		184		(9)		**347,470**
Total revenue		530,012		31,268		(17,955)		**543,325**
Revenue by service type								
Construction revenue	$	530,308	$	-	$	(297)	**$**	**530,011**
Concession revenue		-		31,269		(17,955)		**13,314**
Total revenue		530,308		31,269		(18,252)		**543,325**

		Construction		**Concessions**		**Other and eliminations**		**Total**
Consolidated balance sheets								
Segment assets	$	1,765,102	$	603,960	$	96,676	**$**	**2,465,738**
Which include:								
Projects accounted for using the equity method		19,713		13,820		-		**33,533**
Segment liabilities	$	934,184	$	505,611	$	286,181	**$**	**1,725,976**
Additions to non-current assets:								
Property, plant and equipment	$	9,311	$	52	$	-	**$**	**9,363**
Intangible assets	$	-	$	16,796	$	-	**$**	**16,796**

AECON GROUP INC.

VANCOUVER
1055 Dunsmuir Street, Suite 2124
Vancouver, BC V7X 1G4
PHONE 604 235 1398

CALGARY
110 9th Avenue SW, Suite 300
Calgary, Alberta T2P 0T1
PHONE 403 695 3085

TORONTO
20 Carlson Court, Suite 105
Toronto, Ontario M9W 7K6
PHONE 416 297 2600

MONTREAL
2015 rue Peel, Bureau 600
Montreal, Quebec H3A 1T8
PHONE 514 352 0100

TOLL FREE 1 877 232 2677
EMAIL aecon@aecon.com

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

AECON