2019 ANNUAL REPORT

BIRD

100 BUILDING CANADA FOR 100 YEARS

EIGHTY-NINTH

ANNUAL REPORT

BIRD

for the year ended
December 31, 2019

CORPORATE OFFICE

5700 Explorer Drive, Suite 400
Mississauga, ON L4W 0C6 Canada

DIRECTORS

J. Richard Bird, Ph.D., MBA [1][2] .... Calgary
Karyn A. Brooks, FCPA, FCA [1][2] .... Calgary
Paul A. Charette, (Chair) [1][2] .... Oakville
D. Greg Doyle, FCPA, FCA [1][2] .... Victoria
Bonnie D. DuPont, BSW, MEd [1][2] .... Calgary
Teri L. McKibbon .... Canmore
Luc J. Messier, P.Eng. [1][2] .... Texas, USA
Ron D. Munkley, BSc, Hon (Eng) [1][2] .... Mississauga
Paul R. Raboud, P.Eng., MSc, MBA .... Toronto
Arni C. Thorsteinson, CFA [1][2] .... Winnipeg

(1) *Audit Committee Member*
(2) *Human Resources, Safety and Governance Committee Member*

OFFICERS

Teri L. McKibbon .... President & Chief Executive Officer
Wayne R. Gingrich, CPA, CMA .... Chief Financial Officer
Brian C. Henry .... Chief People Officer
Charles J. Caza, BA, Sc.Eng., LL.B .... General Counsel & Secretary
Ian J. Boyd, P.Eng. .... Executive Vice President – Major Projects
Gilles G. Royer, P.Eng. .... Executive Vice President – Industrial
Paul Bergman, CET .... Executive Vice President – Commercial
Paul Pastirik, CPA, MBA, B.Comm .... Senior Vice President – Strategic Development

AUDITORS

KPMG LLP

BANK

Bank of Montreal

SURETY

Travelers Guarantee Company of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange (Symbol “BDT”)

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services

WEBSITE

www.bird.ca

BUILDING CANADA FOR 100 YEARS

Hubert John Bird

Image courtesy of the Moose Jaw Public Library Archives

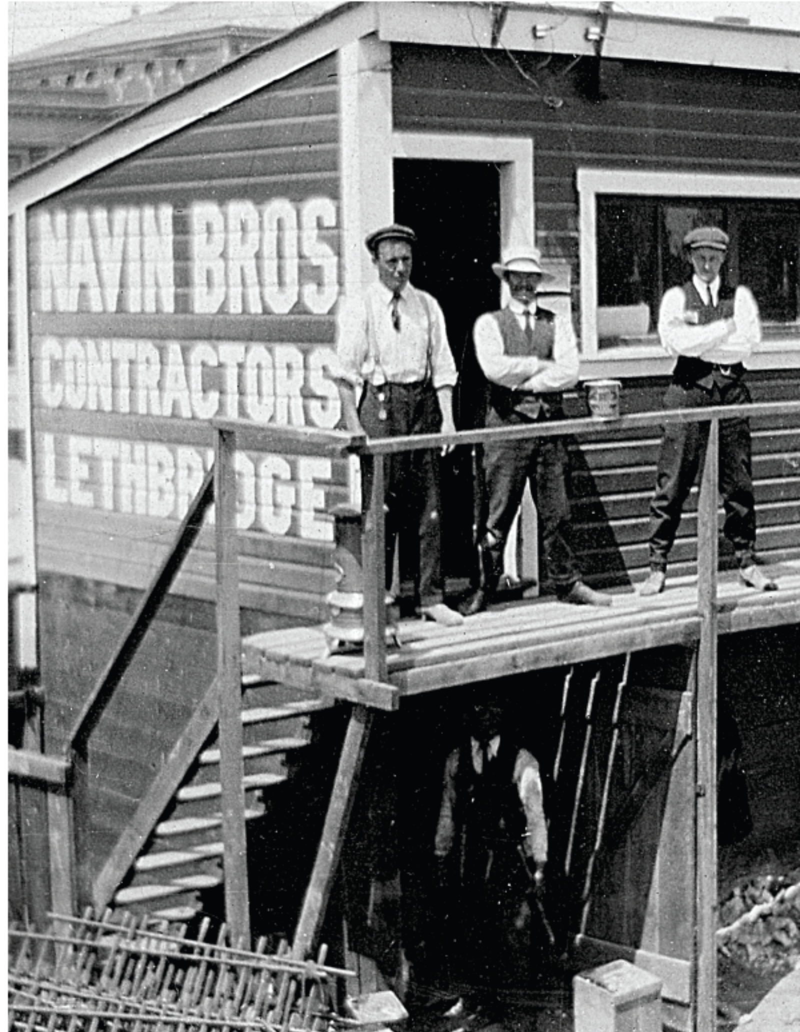
Bird Construction is proud to be celebrating our 100th year of building Canada. This significant milestone is a testament to the dedication of past and present employees who have played a role in the development of Canada, from providing key infrastructure, to building military bases, complex industrial facilities, and thousands of homes. Bird's commitment to building to the highest standard and conducting business with honesty and integrity has led to contributions in the commercial, industrial, residential, and institutional sectors across the country.

The people-centric culture of Bird Construction can be traced back to the roots of the family-owned business. Founder Hubert John Bird left England in 1905 at just 15 years of age to settle in Canada, homesteading south of Melfort in Saskatchewan until 1908. Prior to the First World War, he worked as a timekeeper at the Navin Brothers construction firm in Moose Jaw, Saskatchewan. H.J. Bird enlisted as a Private in the 5th Battalion of the Canadian Expeditionary Force, and fought in the trenches in France before suffering relatively minor wounds in battle. Following his recovery, he was assigned to the Engineering Corps at an airforce base in southern England, where he assisted with the construction of aerodromes, assumed supervisory responsibility for the tarmac and building construction at the base, and oversaw the installation of a pipeline from Rosedale to the city. He was promoted to the rank of Lieutenant in the Canadian Engineers in 1916, and to Captain in 1918.

Upon his return to Moose Jaw in 1920, H.J. Bird purchased the Navin Brothers construction company from the surviving brother, partnering with George Woodall and James D. Simpson. This was the earliest incarnation of Bird Construction. The company started trading under the name "Bird and Woodall" in 1920, and would be known as "Bird, Woodall and Simpson" from 1926.

The 1920s were a time of optimism and opportunity in Canada. Peace had returned and new technological advances were transforming everyday life. Foreign demand for Canadian raw materials was increasing, further boosting the development of the Canadian

economy and spurring on growth across the country. It was an auspicious time to get a new company off the ground, and Moose Jaw's status as a regional economic hub was an ideal location for the newly formed construction company. During this decade, Bird built hospitals, schools, warehouses, disposal plants, town halls, factories, theatres, homes, bridges, and roads. The company quickly established a reputation for professionalism, fair dealing, integrity, and tenacity. These qualities would be essential to the survival of the company as it would be sorely tested by the Great Depression that hit at the end of the decade, annihilating the international economy.



The collapse of the stock market in 1929 and the Great Depression that followed had a devastating impact on Canada, as it did around the world. As is typical, the effects were slightly delayed for the construction industry, and for Bird the volume of work secured before the crash would carry the company through to 1931 before being significantly affected by the economic downturn. Some of the major jobs undertaken in the early years of the decade were the C.P.R. Depot in Regina, the construction

Construction of a bridge over the South Saskatchewan River in Outlook

of the bridge over the South Saskatchewan River in Outlook, and the Moose Jaw Natatorium. The deep-seated sense of loyalty and dedication that defined Bird employees was further deepened when H.J. Bird retained all key office personnel on the payroll throughout the Depression years. According to company legend, in an effort to keep people employed, H.J. Bird secured an opportunity for staff to drive buses when construction work was in short supply.

The predecessor to Bird Construction was incorporated as a company on February 15, 1930. In 1934, H.J. Bird bought out the interests of his partners, and the company name was changed to Bird Construction Company Limited.

By the middle of the decade, economic recovery was underway. The company decided to diversify its operations and invested in equipment and other assets that would allow it to pursue larger projects. As the 1940s approached, the company had earned a reputation for quality work at fair prices and was well positioned for further expansion, having already established district offices in Moose Jaw, Regina, and Winnipeg.

The 1940s was dominated by the Second World War. Bird secured a large volume of war-related construction contracts, completing more air force work than any other company in Canada and 50 per cent of the air training facility construction in western Canada. Throughout this period, work frequently continued around the clock: senior field personnel were on call 24/7 to attend to the maintenance and operation of airport facilities.

At the same time the company was growing its airspace defence portfolio, it was also becoming a leader in residential construction. In the mid-1940s, Bird was the largest home builder in Canada. The company entered into contracts with Wartime Housing Ltd. to build 15,000 houses and, after the war, Bird contracted with the federal government to build over 5,000 peace-time homes in western Canada for returning veterans. In addition to the government contracts, Bird built houses in Redwater for Imperial Esso during the oil boom of 1948 and undertook a major development in Winnipeg

Bird's "rubber roller" at the Gimli airport project

– the Wildwood Park residential community, which was one of the first post-war privately financed housing developments in Canada, and the first planned housing development in western Canada. The unique features of this development have gained greater recognition over time, with the Metropolitan Corporation of Greater Winnipeg confirming that Wildwood Park is acknowledged as one of the most significant housing developments in Canada. It remains a point of reference and inspiration for planners, architects, and builders.

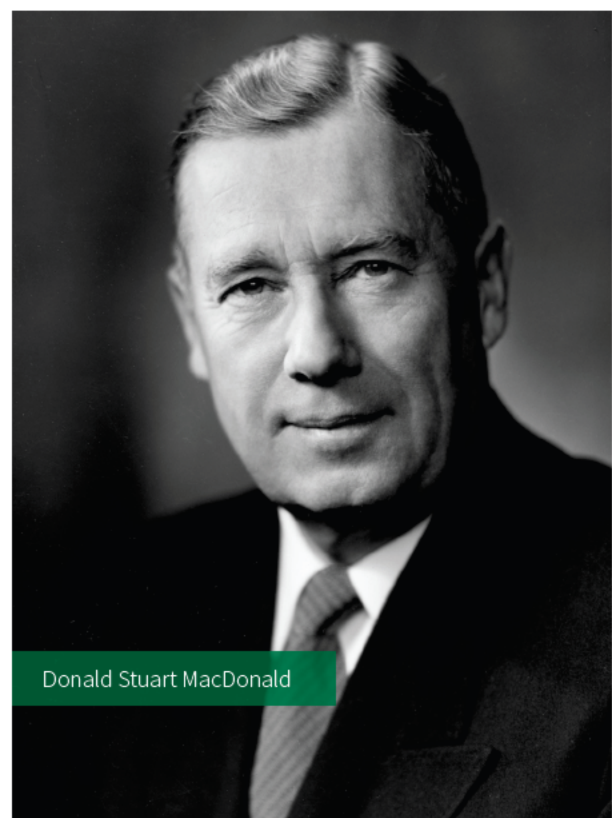
pumping stations on the Interprovincial Pipeline from Edmonton to Lake Superior.

The business expanded district office operations and invested in assets that could promote further growth, such as the purchase of a modern concrete plant in Regina in 1955. On the management side, H.J. Bird stepped down as President of Bird Construction in January of 1953 but retained his position as Chairman of the Board. Donald Stuart MacDonald assumed the role of President.

An aerial view of the Wildwood Park Development

By the end of the decade, construction activity reached a new high, and the company went public, trading on the Winnipeg Stock Exchange. A new district office was opened in Calgary and the Lethbridge office was expanded to cope with the increasing volume of business.

Bird thrived throughout the 1950s as growth and the record rate of building activity across the country continued. The company completed almost $7 million in defence projects in Manitoba in one year alone, built a number of iconic landmarks in Calgary, carried on providing much-needed mass housing, and continued to build bridges. Bird also undertook a diversification of its work program and, in this decade, built an arena, a museum, a cathedral, and a complete town (Inuvik in the Northwest Territories). Another major project at the time was the construction of five



Donald Stuart MacDonald

BIRD BUILDING SUPPLIES

In the early 1950s, the company created a retail sales division at each district office that would complement the building construction operations by serving as a supplier to custom home builders. The Bird Building Supplies division did steady business throughout the following few decades at the stores established in Winnipeg, Moose Jaw, Lethbridge, Edmonton, and Calgary. Promotional materials suggested Do-It-Yourself home projects and the stores could provide the necessary materials to complete the job. By the 1990s, a continual decline in home building activity and the domination of big box hardware chains led to the decision to close this division entirely.

THE 25 YEAR CLUB

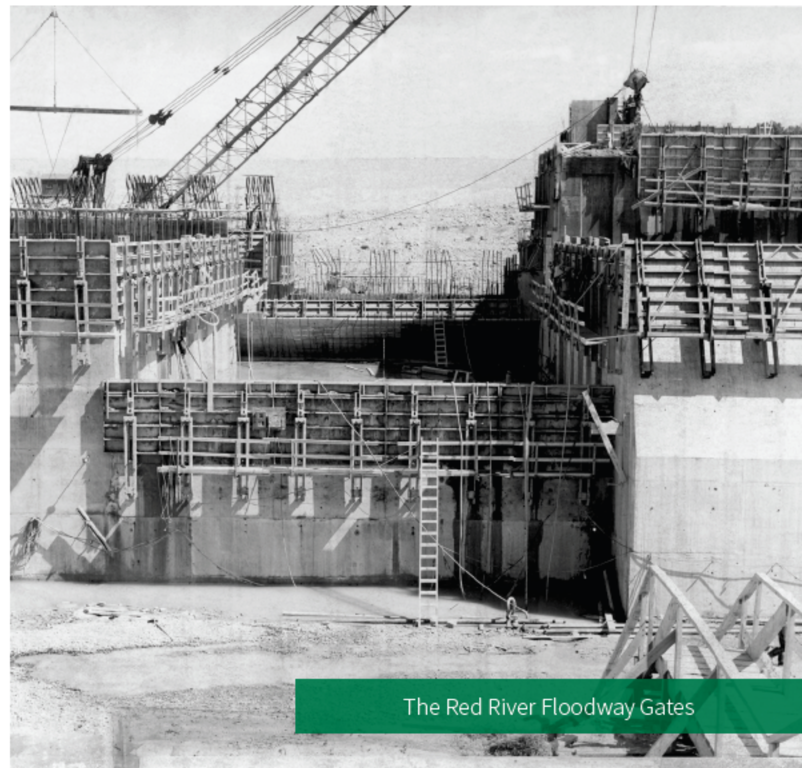
The dedication of the employees of Bird has been, and continues to be, a key element of the longevity and success of the company. In 1956, founder H.J. Bird wished to recognize the loyalty of staff who persevered with the company during the early years. It was their steadfast fidelity and commitment that had enabled the company to survive the Depression, weather the war years, and thrive in the decades that followed. Sixteen employees were inducted in the inaugural year, including H.J. Bird. By the company's centennial celebrations, an admirable 220 members were part of this extraordinary club. Three people have reached the exceptional milestone of 50 years of service with the company: Richard Turchinetz, Don Eckstein, and Lynn Hanna. The 25 Year Club is a prime example, perhaps the best example, of the culture at Bird.

Competition remained fierce within the construction industry in the 1960s as more contractors entered the market. As it had done in the past, the company successfully weathered the volatile economic conditions, relying upon the stability of the firm's increasingly diversified operations in terms of both geographical reach and sectors of operation. A district office was opened in Saskatoon, Saskatchewan in 1963, and operations expanded into British Columbia, leading to the opening of district offices in Kamloops in 1963, Vancouver in 1965, and Victoria in 1967. The office of the president was relocated to Toronto in 1968 with the dual purpose of improving marketing and communication with the head offices of major clients and developing business opportunities in Ontario.

Robert Allen Bird

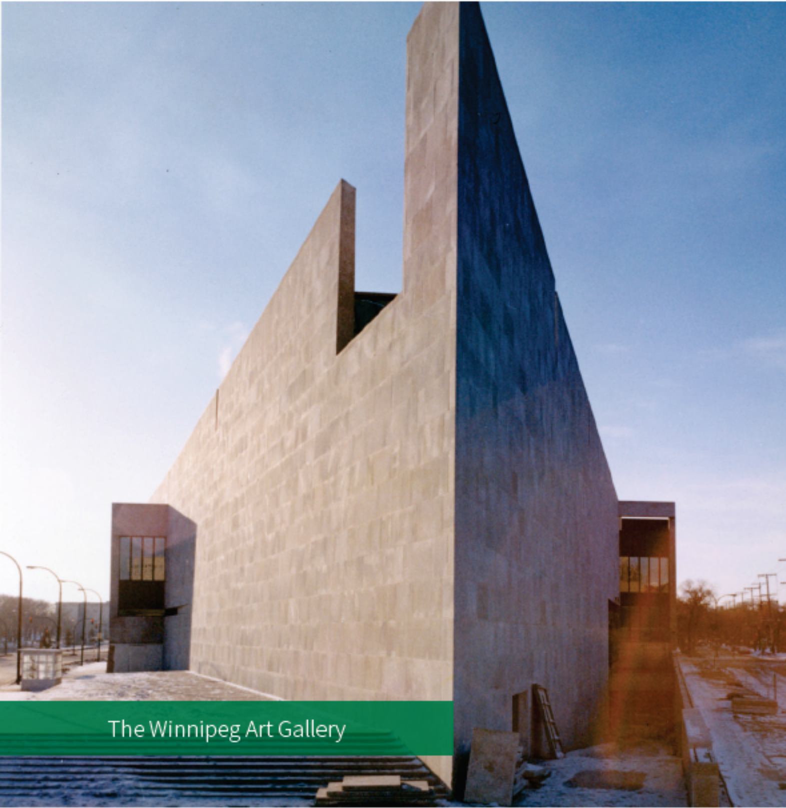
Company founder H.J. Bird passed away on October 21, 1965. He was laid to rest at the Anglican Lewknor Parish Church in Oxfordshire, England. His son, Robert Allen Bird, who had been appointed General Manager in 1964, was elected to succeed his father as President of the company.

Major residential developments and commercial and institutional projects were tackled, along with an expansion into industrial work. Notable projects during this decade included the Red River Floodway Gates outside Winnipeg, Manitoba; the Burnaby Mountain Campus at Simon Fraser University in British Columbia; and the Alwinsal Potash Mine in Lanigan, Saskatchewan. The creation of the Industrial and Special Projects Division was a major component of the company's diversification and growth. It provided construction consultancy, project management, engineered construction, special projects, and design-build turnkey services across Canada. The application of the principles and techniques of industrial engineering, such as statistical analysis, critical path planning, and other planning, scheduling, and control functions further enabled the company to achieve an increasing volume of work through the effective and rapid completion of



The Red River Floodway Gates

individual projects. For example, the Manitoba Institute of Applied Arts complex was running five months ahead of schedule, and the Polo Park Eaton's store was completed on time despite the impacts of a strike. Equipping staff with specialized training, developing the leadership skills of senior personnel, and encouraging the establishment of construction technology courses all formed part of the new company vision.


The Winnipeg Art Gallery

The Red River Floodway gates were part of an immense flood control system built to protect Winnipeg from the recurring threat of flooding. Bird crews worked around the clock in three shifts to build the control structure and two 34-metre wide hydraulic floodway gates. Anchored to bedrock almost 14 metres below the bed of the Red River, the structure rose to a height equivalent to a ten-storey building. Completed in 1968, it has been described as an outstanding engineering achievement in function and impact and of exceptional symbolic importance to Canadians. It was designated as a national historic site in 2000.

Towards the end of the decade, the company had to contend with yet another series of external challenges, including the curtailment of provincial government spending in health and education; severe and prolonged labour strikes; exorbitant and inflationary wage settlements; problematic union labour relations; and general market downturns. As the more turbulent 1970s approached, Bird would once again be required to draw upon the considerable core strengths that had seen it grow and thrive in its first half-century.

At the start of the 1970s, declining construction activity in Victoria, Lethbridge, and Saskatoon led to the permanent closure of these district offices. By the mid-1970s, the scarcity and escalating cost of petroleum-based materials and steel products caused rapid price inflation. However, despite the challenging economic environment, Bird completed a number of impressive projects in the 1970s, such as the Winnipeg Art Gallery and the Grande Prairie Regional College. Designed by Gustavo da Roza, the Winnipeg Art Gallery was the sixth largest civic art gallery in Canada at the time, and housed the world's largest collection of contemporary Inuit art. Built in 1972, its sheer walls of pale Manitoba Tyndall limestone over reinforced concrete created a distinctive wedge shape that was evocative of the rising prow of a ship. Large commercial builds of this era included Fairview Mall in Willowdale, Ontario and Lakeview Square mixed-use facility in Winnipeg, Manitoba.

Bird had an established relationship with the W. Beattie Ramsay Construction Co. as the two firms had formed a syndicate in the late 1930s to pursue road building and airport runway contracts. They also tackled projects for road grading and stabilization, asphalt paving, and sewer and water construction. This partnership endured and in 1965 a new company, Ramsay Bird Limited, was formed. Each firm owned half the shares in the new company and business thrived with major projects such as the twinning of the TransCanada highway east of Winnipeg. Ramsay would eventually buy out Bird's shares in the joint venture in 1970.

Bird's strategy in the latter half of the decade was to increase activity in the industrial sector and to reduce reliance on commercial and residential work. There was also an emphasis on pursuing negotiated contract work, which soon came to represent most of the business secured by the company at the time. These strategies provided better stability and improved company profitability. The continued focus on the development of internal technical ability in speciality areas such as tilt-up and pre-engineered construction methods, and civil engineering forming in both industrial and building foundations and structures, gave the company a more competitive edge.

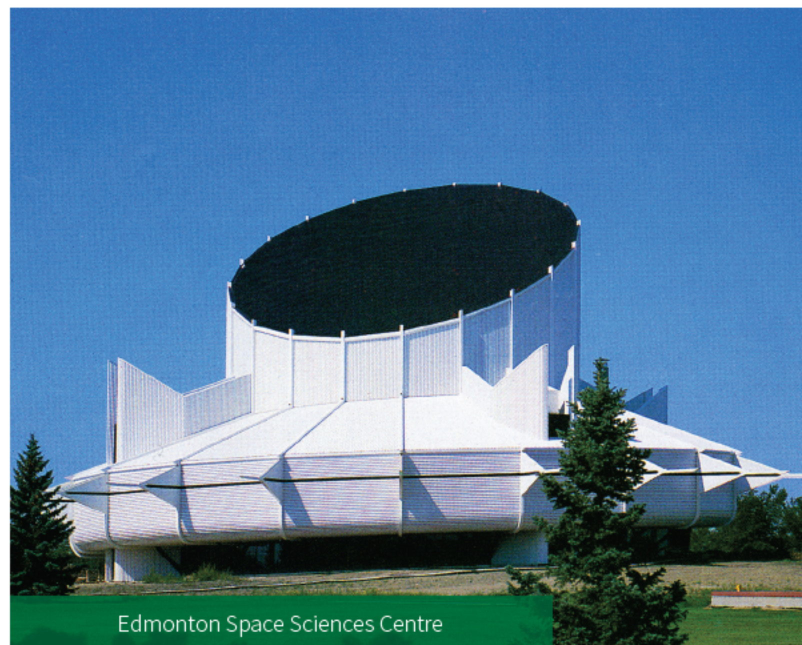
British Columbia Coal Silos

The depressed economic conditions that prevailed across the country further intensified in 1982 with the start of the worst recession since the Great Depression. The Canadian dollar hit an all time low on the international money markets in 1985, and Canadian and global stock prices plummeted in October 1987. The Canadian minerals and manufacturing sectors were hit particularly hard, and the western and Atlantic provinces were severely affected by the lower prices for oil and natural resources.

These challenging market conditions led to the consolidation of the Calgary and Edmonton operations into a single district office covering the entire Alberta market, with a business securement and operational core group remaining in the Edmonton area while the bulk of the administrative functions were shifted to the Calgary office. The construction of the provincial government building and courthouse in Grande Prairie, the Edmonton Space Sciences Centre, and the Red Deer Remand Centre were important projects for the company during these difficult times in Alberta. The futuristic Edmonton Space Sciences Centre was built as a flagship project to celebrate the Province of Alberta's 75th birthday in 1980. Designed by Douglas Cardinal, the spectacular structure with its dramatically angled black roof and delicate fins was completed in just ten months.

While Bird continued to participate in the Vancouver market, including the construction of the Expo 86 Ontario Pavilion and Russia Pavilion and the $15-million pre-trial services building adjacent to the Vancouver Courthouse, labour issues became an increasing challenge to traditional construction operations in British Columbia. The Vancouver district office was therefore closed in 1985.

By the end of the decade, the company was operating under the leadership of Paul Charette, who was appointed President and Chief Operating Officer in 1988. R.A. Bird continued in the roles of Chairman and Chief Executive Officer until 1991. The broader company strategy evolved during the decade to decentralise decision-making, thereby empowering district managers


Edmonton Space Sciences Centre

to respond more effectively to the nuanced needs of each market. Having come through the most difficult and challenging decade in the company's history, Bird was on a strong footing heading into the nineties.

The early years of the 1990s continued to be a struggle for the Canadian construction industry as major capital expenditures were put on hold by the private sector, and governments were unable to stimulate the economy due to severe budget constraints. Central Ontario was hit particularly hard, and the Bird Toronto operation experienced a severe decline in sales, leading to a focused pursuit of publicly tendered work. In Saskatchewan, the Regina district office was hampered by the lack of capital spending due to the provincial government's severe fiscal problems, and the decision was made to close the district office in 1993. The last major project undertaken by this district office was the Regina Science Centre.

Paul Charette

Bird re-established its presence in the Vancouver market in the 1990s as the province was experiencing some growth due to development activity. The district office, under the leadership of Paul Raboud, focused on commercial, retail, and highrise residential projects and, by 1993, it had a healthy volume of work while other district offices were still suffering the effects of the recession.

By the middle of the decade, economic growth across Canada picked up again as interest rates stabilized and consumer and business confidence returned. Bird reported a significant increase in revenue across all district offices, mostly in the commercial and retail sectors. Increased volume, higher margins, and controlled overhead expenses all contributed to improved profitability for the company. Toronto completed several fast-track retail projects, while Winnipeg benefitted from a more selective securement program. Edmonton continued to show excellent

Squamish Walmart

profitability from industrial projects, and Vancouver remained the most active district office despite a general decline in marketplace activity. The expansion of "big box" retailers was anticipated to be a competitive and difficult market sector, but proved to be an essential component of the company's success in the 1990s, as the company established strong relationships with Walmart and Toys R Us.

For the remainder of the nineties, the company continually exceeded its own profitability and volume records. As the President of the company, Paul Charette, noted in his 1999 Annual Report, "The results exemplify what can be achieved when staff is committed to the success of the company. Although the economy favoured us, our staff was able to leverage the opportunities that presented themselves and with imagination and skill, created new opportunities for the company that helped build on the pattern of success of recent years".

The decade got off to a roaring start: for the seventh year in a row a new profit record was set by Bird in 2000 and, for the fifth consecutive year, a new volume of work record was established. The company anticipated steady growth going forward, and the generally rosier economic picture was reflected in the performance of most of the company's district offices. The shocking events of September 11, 2001 had an immediate adverse impact on consumer spending and investor confidence. Perhaps the most specific consequence for the construction industry was the tightening of underwriting conditions by insurance and surety companies, raising concerns about the potential lack of availability of surety support for the industry, although Bird's strong track record for managing construction risks alleviated this to an extent.

Towards the middle of the decade, economic conditions became more uncertain. The Canadian dollar appreciated against the US dollar, and factors such as the Northeast power blackout of 2003 and the western forest fires and floods had an undeniable negative impact. For the construction industry in particular, fiscal restraints imposed at all levels of government resulted in decreased capital spending for institutional projects. This was tempered slightly by the higher levels of economic activity in western Canada, especially in petroleum extraction and refining, and the water and

Paul Raboud

wastewater sectors in northern Alberta. This created some buoyancy in the industrial construction market, as evidenced by the awarding to Bird of a $242.5-million contract for a water reclamation facility in Alberta and a number of major contracts at oilsands plants, such as the 9,755-square-metre Albian Sands Truck Shop Complex.

On February 27, 2006, the company was reorganized and continued operations as an open-ended income trust through Bird Construction Income Fund, listed on the Toronto Stock Exchange (BDT.UN). Immediately following this conversion, 2.5 million new trust units were issued under an initial public offering, raising $27.6 million. At the corporate level, Mr. Paul Charette continued to provide overall leadership as President and Chief Executive Officer of the company. He was elected as the Chairman of the Board in 2001, a position he still held at the company's centennial. In 2006, Mr. Paul Raboud stepped into the role of President and Chief Operating Officer, before becoming Chief Executive Officer in 2008.

Rideau Construction was acquired on February 1, 2008, expanding Bird's Canadian operations into the Atlantic region with district offices in Halifax and Saint John. The two companies had worked in partnership prior to this, completing complex projects such as the Maritime Helicopter Support Facilities at 12 Wing Shearwater

Canadian Plaza at the Peace Bridge border crossing

in Dartmouth, Nova Scotia and the St. Stephen Border Crossing in New Brunswick. As part of the acquisition, about one hundred project management and support personnel were added to the Bird team, and they quickly made a substantial contribution by facilitating the execution of the Alberta Schools Alternative Procurement project that involved the construction of 18 schools in 24 months across Calgary and Edmonton, Alberta.

By the end of the decade, the company was pursuing and obtaining more Public-Private Partnership (P3) and institutional contracts. The general retail and commercial markets were slowing down due to the global recession, although the industrial sector remained steady despite the reduction in capital expenditure in the Alberta oil and gas sector. There were a number of opportunities related to engineering and procurement activities that were expected to accelerate into 2010. The company had solidified its position as a market leader in large-scale industrial projects and was gaining a well-deserved reputation for effectively executing complex P3 projects.

The 2010s were a period of significant revenue growth for Bird: acquisitions, expansion, and diversification all contributed to the continued development of the company. This growth reflected the improving economic climate in Canada, which saw a general increase in capital spending and more opportunities in the market following the global recession of 2008.

The company continued to actively pursue infrastructure projects, and the institutional sector was a key area of strength for the company at this time, accounting for 61 per cent of revenue in 2010. Government stimulus programs and P3 projects created excellent opportunities for the company and, in addition to serving as the design-builder, Bird sought to invest in an equity position on these projects. This would provide a means to support construction operations and generate additional construction opportunities. Among the P3 projects successfully executed during this decade were the Ontario Provincial Police Modernization Project, the Saskatchewan Joint Use Schools Project, and the Jim Pattison Outpatient Care and Surgery Centre.

As the decade progressed, the institutional sector received a boost as all levels of government acted to address infrastructure deficits, which led to new opportunities for the company to pursue. In 2016, this sector represented 56 per cent of total company revenue, and significant projects awarded mid-decade included the Whitby Rail Maintenance Facility in Whitby, Ontario; the Stanton Territorial Hospital Renewal Project

in Yellowknife, Northwest Territories; and the Avenir Centre in downtown Moncton, New Brunswick.

Despite a noticeable reduction in capital expenditure in the Alberta oilsands at the start of the decade and low commodity prices, the industrial sector represented an area of competitive strength. The company's capabilities increased substantially following the acquisition of H.J. O'Connell (HJOC) on August 31, 2011. HJOC had been a leader in the heavy construction, civil construction, and contract surface mining construction sectors for the general contracting industry since 1931, with operations primarily in Newfoundland and Labrador, northern Quebec, and Manitoba. HJOC had offices in Montreal, Quebec, and Wabush and St. John's, Newfoundland and Labrador.

The products and services offered by Bird and HJOC complemented each other, as HJOC could apply their earth-moving expertise to Bird projects and Bird could offer their industrial building expertise to HJOC projects. Bird's relative financial strength also enabled the pursuit of larger scale projects than HJOC had previously been able to undertake.

At the time, there was no geographic market sector overlap between the two companies, and the combination of Bird's recognized expertise in industrial building construction and HJOC's experience in earthwork, hydroelectric, heavy civil concrete, marine work, and surface mining projects provided compelling opportunities for growth. These prospects were further enhanced by the addition of HJOC's large fleet of heavy civil and mining equipment, and the onboarding of key members of the HJOC executive and 600 project management and support personnel. The combined talents and resources of the new division, Bird Heavy Civil Limited, could better serve new and existing clients.

Avenir Entertainment Centre

This strategic acquisition was fortuitously timed as the industrial sector began improving, particularly in northern Alberta. As the decade progressed, the company self-performed a greater proportion of heavy civil construction operations, including earth-moving. Bird also actively pursued larger scale opportunities in Canada's resource sector and hydropower markets. This component of the business became more significant and assisted in diversifying operations and generating higher returns. The company continued actively growing the maintenance services provided in

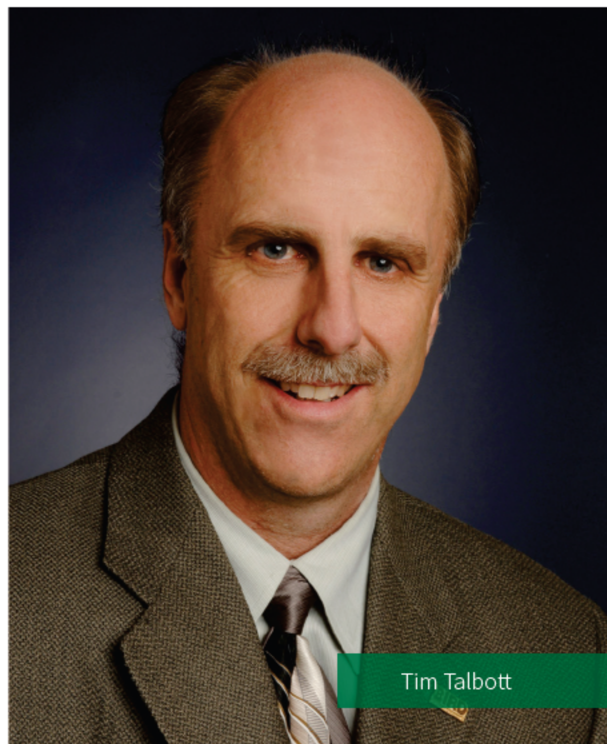
support of oilsands clients, which made the company less dependent on new construction programs and further built customer relationships.

The diversification of the company's industrial work portfolio was aided by the acquisition of Nason Contracting Group Ltd. on January 17, 2013. Nason was a recognized leader in the construction of water and wastewater facilities in western Canada, with a 40-year track record of successful construction projects throughout Alberta, British Columbia, Saskatchewan, Yukon, and the Northwest Territories. Nason self-performed the majority of its work, having particular strength in the execution of mechanical, electrical, and instrumentation work.

The addition of this multi-discipline company facilitated the pursuit of contracts for the construction and servicing of environmental facilities on a larger scale than was previously possible and provided a platform for Bird to enter the industrial mechanical business. One example of this was the construction of the Calgary Composting Facility, the largest facility of its kind in Canada. It covers more than 150,000 square metres and the core facility spans an area equivalent to eight football fields. This P3 project was the first LEED® v4 registered commercial building in Alberta, and received numerous awards for innovation and excellence.

Bird acquired 50 per cent of the outstanding shares of Stack Modular Structures Ltd. and 50 per cent of Stack Modular Structures Hong Kong Limited on September 13, 2017. This investment opened up new opportunities in the growing modular market, as this construction method offers advantages in terms of build time, budget control, and risk mitigation. The Stack Modular units had already been successfully deployed in the residential, hospitality, commercial, and resource sectors. Less than six months after the acquisition of shares, Bird was awarded the contract to construct a hotel and conference centre in Iqaluit, Nunavut for the Qikiqtaaluk Corporation. Stack Modular would provide modular units for the project.

Bird continued evolving at the management level throughout the decade. On February 3, 2010, Mr. Tim Talbott was appointed to the position of President and Chief Operating Officer. He had been with the organization for over 28 years, starting as a project coordinator in the Edmonton district office. Mr. Talbott became CEO on July 1, 2010, and Mr. Paul Raboud moved into the role of Vice Chair.


Tim Talbott

On January 1, 2015, Mr. Ian Boyd was appointed to the position of President and Chief Executive Officer, following the retirement of Mr. Tim Talbott on December 31, 2014. Mr. Boyd was a partner in Rideau at the time of the company's acquisition by Bird in 2008 and assumed the role of Vice President of Bird's Atlantic operations shortly thereafter. He became Executive Vice President and Chief Operating Officer in 2013. On June 30, 2019, Mr. Boyd moved into the position of Executive Vice President – Major Projects.

Mr. Terrance McKibbon was appointed President and Chief Executive Officer after serving as Chief Operating Officer since joining Bird in June 2017. Mr. McKibbon had over 35 years of experience in the construction industry, including leading a large publicly-traded construction company.

Ian Boyd

Terrance McKibbon

The company's long-standing practice of retaining and developing talented individuals was further formalized early in the decade through the establishment of the Bird Leadership Academy program, and the Bird Site Management program. High performing candidates were identified for training and progression into more senior positions within the company, providing a forum for high-potential candidates to develop their leadership skills.

As the company approached its 100th year in business, the focus remained on maintaining Bird's long-standing record of operational excellence. Over the years, the diversification and expansion of the company had strengthened its standing in a number of key sectors. Bird had consolidated its position as a premier Canadian builder, and is poised to continue building Canada for the next 100 years.

Cedar Valley Lodge for LNG Canada

1920s

1930s

1940s

1950s

1960s

1970s

1980s

1990s

2000s

2010s

The preceeding content is an excerpt from a larger publication detailing the 100 year history of Bird Construction in Canada. A digital copy can be found online at **bird.ca/history**

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations should be read in conjunction with the December 31, 2019 consolidated financial statements of Bird Construction Inc. This discussion contains forward-looking information, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by this information. See "Forward-Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" included in the Company's most current Annual Information Form dated March 10, 2020. This MD&A has been prepared as of March 10, 2020. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings.

Table of Contents

TABLE OF CONTENTS 17
EXECUTIVE SUMMARY 18
TERMINOLOGY 19
2019 HIGHLIGHTS 20
NATURE OF THE BUSINESS 22
STRATEGY 22
- BUILD THE BUSINESS 23
- BUILD THE TEAM 24
- BUILD RELATIONSHIPS 25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE 25
KEY PERFORMANCE DRIVERS 28
RESULTS OF OPERATIONS 30
FUTURE OPERATING PERFORMANCE 32
ACCOUNTING POLICIES 33
SUMMARY OF QUARTERLY RESULTS 33
FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY 34
DIVIDENDS 38
OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING 38
CAPABILITY TO DELIVER RESULTS 39
CONTRACTUAL OBLIGATIONS 39
OFF BALANCE SHEET ARRANGEMENTS 39
CRITICAL ACCOUNTING ESTIMATES 40
CONTROLS AND PROCEDURES 41
RISKS RELATING TO THE BUSINESS 42
FORWARD-LOOKING INFORMATION 46

EXECUTIVE SUMMARY

(in thousands of Canadian dollars, except per share amounts)	2019	2018	2017 [1]
Income Statement Data			
Revenue	$ **1,376,408**	$ 1,381,784	$ 1,418,557
Net income (loss)	**9,484**	(1,013)	8,836
Basic and diluted earnings (loss) per share	**0.22**	(0.02)	0.21
Adjusted EBITDA [2]	**32,292**	10,914	25,676
Adjusted EBITDA Margin [2]	**2.35%**	0.79%	1.81%
Cash Flow Data			
Net increase (decrease) in cash and cash equivalents	**21,763**	24,606	(127,615)
Cash flows from operations before changes in non-cash working capital [3]	**30,201**	12,320	26,938
Additions to property and equipment [4]	**14,431**	14,613	14,572
Cash dividends paid	**16,582**	16,582	17,891
Cash dividends declared per share	**0.39**	0.39	0.39
Balance Sheet Data			
Total assets	**856,787**	652,021	706,732
Working capital	**80,503**	70,215	84,078
Loans and borrowings (current and non-current)	**40,621**	21,198	18,598
ROU Liabilities (current and non-current) [5]	**31,100**	8,759	-
Shareholders' equity	**127,720**	136,229	153,816

[1] 2017 reported figures have been restated applying IFRS 15

[2] Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Non-GAAP Measures"

[3] Refer to the consolidated statement of cash flows

[4] Includes computer software purchases classified as intangible assets

[5] IFRS 16 was adopted effective January 1, 2019 using the modified retrospective approach, prior periods have not been restated

TERMINOLOGY

Throughout this report, management uses the following terms not found in International Financial Reporting Standards (IFRS) and which do not have a standardized meaning. Therefore, these terms may not be comparable with similar terms presented by other companies and require definition:

- **"Adjusted EBITDA"** represents earnings before interest, taxes, depreciation and amortization, finance and other costs, finance income, impairment of property and equipment, impairment of goodwill and intangible assets, gain or loss on sale of property and equipment, restructuring and severance costs outside of normal course, and acquisition-related and integration costs.

- **"Adjusted EBITDA Margin"** is the percentage derived by dividing Adjusted EBITDA by construction revenue.

- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue.

- **"Backlog"** (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course. It includes all the Company's remaining performance obligations in its contracts with its clients. It does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

- **"Pending Backlog"** is the total potential revenue of awarded but not contracted projects including where the Company has been named preferred proponent, where a contract has not been executed and where the letter of intent or agreement received are non-binding. It may also include amounts for agency relationship construction management projects, pre-construction activities and estimated future work orders to be performed as part of master services agreements. Management does not provide any assurance that a contract will be finalized, or revenue recognized in the future.

- **"Lost Time Incident Frequency" or "LTI Frequency"** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

2019 HIGHLIGHTS

- In the fourth quarter of 2019, the Company recorded net income of $8.2 million on construction revenue of $420.6 million compared with net income of $6.4 million on $385.9 million of construction revenue respectively in 2018. The year-over-year increase of revenue in the fourth quarter of 9.0% was driven by growth in the industrial work programs more than offsetting a decline in the institutional work programs. The year-over-year increase in fourth quarter net income is reflective of the improvement in earnings attributable to the mix of higher margin self-perform industrial work programs in the fourth quarter of 2019.

- Adjusted EBITDA and Adjusted EBITDA Margin in the fourth quarter of 2019 were $16.0 million and 3.81%, respectively. Adjusted EBITDA increased $4.2 million or 36% from $11.8 million in the fourth quarter of 2018. Adjusted EBITDA Margin increased 75 basis points from the 3.06% recorded in fourth quarter of 2018.

- In 2019, the Company recorded net income of $9.5 million on construction revenue of $1,376.4 million compared with a net loss of $1.0 million on $1,381.8 million of construction revenue in 2018. Although volume was stable year-over year, the mix of revenue was more diversified as the Company's higher margin industrial work program ramped up throughout the year. The year-over-year income improvement was primarily driven by the increase in gross profit from the shift in the mix of revenue in 2019.

- Adjusted EBITDA and Adjusted EBITDA Margin for fiscal 2019 was $32.3 million and 2.35%, respectively. Adjusted EBITDA increased $21.4 million or 196% compared to $10.9 million in fiscal 2018. Adjusted EBITDA Margin increased 156 basis points from the 0.79% recorded in fiscal 2018.

- The Company, through its joint venture with ATCO Structures, continues to progress on site construction work for the LNG Canada Cedar Valley Lodge. Construction commenced in the first quarter of 2019 and is planned to continue through spring 2021. Throughout the year modules were delivered and installed on site and core buildings continued to be erected and enclosed. The facility is being built to house workers involved in the construction of LNG Canada's natural gas liquefaction and export facility. The project is one of the largest accommodation facilities ever built in Canada.

- In 2019, the Company secured $1,627.9 million of new contract awards and change orders and executed $1,376.4 million of construction revenues. The new contract awards through the year contributed to a Backlog of $1,547.4 million for the Company at December 31, 2019, an increase of $251.5 million, or 19.4% from the $1,295.9 million of Backlog recorded at December 31, 2018. Key new contract awards in 2019 that demonstrate the Company's success in diversifying its work program include:

  - In the fourth quarter of 2019, the Company executed a subcontract with East-West Connectors, the consortium contracted by the City of Ottawa to design, build and finance the Stage 2 Confederation Line Extension ("CLE") project in Ottawa, Ontario. Bird will construct seven Confederation Line Stage 2 light rail transit stations and one light maintenance and storage facility. Substantial completion of the East Extension is expected in 2024 with the West Extension to achieve substantial completion in 2025.

  - In the third quarter of 2019, the Company signed multiple contracts for services for an undisclosed amount at an LNG Liquefaction Export Terminal Facility in Kitimat, British Columbia. The contracts include a site civil works program and the engineering, procurement, and construction ("EPC'') of sixteen administrative and service buildings. The EPC buildings program will consist of a combination of pre-engineered and modular buildings. The contracts have commenced and will continue into 2022.

  - In the third quarter of 2019, the Company signed a construction management contract with Westwood Construction to build a mixed-use development located in north Halifax. The contract will be constructed over a three-year period and will include two high rise towers and two levels of underground parking. The full project value is approximately $140 million but, due to the agency nature of the contract with Bird, only the construction management services portion of the project was added to Backlog.

- In 2019, cash and cash equivalents increased $21.8 million, net of the effects of foreign exchange, to $180.3 million from $158.9 million at the end of 2018. Most of changes in cash and equivalents during the year relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business.

- The Board has declared monthly eligible dividends of $0.0325 per common share for March 2020 and April 2020.

- Subsequent to year end, the Company achieved substantial performance on a PPP project as defined in the provincial lien legislation.

NON-GAAP MEASURES

Adjusted EBITDA and Adjusted EBITDA Margin have no standardized meaning prescribed by GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management uses Adjusted EBITDA to assess the operating performance of its business. Management believes that investors and analysts use Adjusted EBITDA, it may provide predictive value to assess the on-going operations of the business and it provides a more consistent comparison between financial reporting periods.

Adjusted EBITDA

(in thousands of Canadian dollars, except percentage amounts)	2019	2018	2017 [1]
Net income (loss)	$ 9,484	$ (1,013)	$ 8,836
Add: Income tax expense (recovery)	2,475	(1,661)	4,242
Add: Depreciation and amortization	15,814	11,236	11,989
Add: Finance and other costs	5,558	4,611	1,995
Less: Finance income	(2,596)	(1,386)	(1,298)
Add: Loss (gain) on sale of property and equipment	(1,346)	(873)	(88)
Add: Restructuring and severance costs [2]	2,903	-	-
Adjusted EBITDA	$ 32,292	$ 10,914	$ 25,676
Adjusted EBITDA Margin [3]	2.35%	0.79%	1.81%

Notes

[1] 2017 reported figures have been restated applying IFRS 15.

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

[3] Calculated as Adjusted EBITDA divided by Revenue

NATURE OF THE BUSINESS

The Company operates as a general contractor in the Canadian construction market with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver with headquarters in Toronto and Edmonton. The Company and its predecessors have been in operation for 100 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry.

Within the industrial sector, Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, metal & modular fabrication, mechanical process work, underground piping and earthwork for clients primarily operating in the oil and gas, liquefied natural gas ("LNG"), mining and nuclear sector. Within the institutional sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement and senior housing, as well as environmental facilities that include water and wastewater treatment centres, composting facilities and biosolids treatment and management facilities. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings, hotels and selected mixed-use high-rise condominiums and apartments.

The Company has developed expertise in the construction of vertical elements and overall management of transportation related projects and will continue to enhance our abilities in this market. Bird also invests equity in PPP projects to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, design-build, alternative finance projects, Public Private Partnerships ("PPP"), cost reimbursable (such as cost plus, construction management and integrated project delivery methods).

While Bird self-performs some elements of its projects, particularly in the industrial market and in conjunction with its civil construction and contract mining operations, a significant portion of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security including enrolling our subcontractors in Bird's subcontractor default insurance program which should mitigate exposure to possible additional costs should a subcontractor not be able to meet its contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

STRATEGY

In 2016, the Company undertook a comprehensive strategic review to assess its market position and re-establish medium and long-term goals. This process culminated in the Company's Board of Directors endorsing the Build Bird strategic plan that has been developed to further enhance the Company's position as a premier Canadian contractor driven by the passion and dedication of a team of construction professionals. The Build Bird strategic plan is going into its fourth year of implementation in 2020 and features three core pillars: Build the Business, Build the Team and Build Relationships. Each pillar has been further expanded into three primary initiatives detailed below with the express purpose of improving the Company's margins and overall profitability through 2021 and building a healthier company that can deliver more consistent earnings through the various economic cycles. Work on the next strategic plan has commenced and the Company expects that plan to be fully developed later this year.

Broadly, Bird's strategic focus is to secure a diversified mix of projects in markets with the potential for higher profit margins. For industrial, this has meant lump sum self-perform contracts across a variety of sectors and a move into the nuclear sector in Ontario. The Company's focus in the institutional and commercials markets has been targeted at social infrastructure with a strong focus on lowering the risk profile of this work program through project selection and diversifying contracting methodologies. For Bird Heavy Civil, the focus will continue to be on diversifying the customer base on select mining support and environmental projects on mine sites.

BUILD THE BUSINESS

Diversification and Growth

The diversification of the Company's work program and earnings base is intended to strengthen the Company by making it healthier and more resilient during economic downturns. Diversification and Growth can be realized through geographic expansion of existing services, introduction of new services and the development of new clients. The Company sees opportunities in areas that were selected by the federal government to invest in such as indigenous communities, environmental initiatives and transportation projects. The Company's goal is to leverage its areas of expertise to participate more fully in these markets on selective projects where it can develop a compelling win strategy. The Company intends to be very selective in its execution of the strategy to ensure it grows and diversifies profitably.

Through its geographic expansion efforts, the Company continues to express its preference for design-build construction contracts where its proven experience provides Bird with a source of competitive advantage. In doing so, the Company also looks to ensure there is a balanced risk profile in its work program so that there is a mix of lower risk delivery methods such as construction management, cost-plus and integrated project delivery ("IPD") with higher risk methods such as stipulated sum, unit price, design-build, alternative finance projects and PPP. The Company is also looking for opportunities to expand commercial and institutional expertise into additional markets in Canada. The Edmonton Commercial office was established in 2017 and despite continued expectations for challenging market conditions in Alberta, the business is positioning itself to develop the team and its capabilities to service the region on a long-term basis. The Company has been successful already in expanding its presence in northern Canada. The Company participates in the light rail transit ("LRT") segment of the transportation market by utilizing project teams from across the country in pursuit of the 'vertical' elements of these projects (i.e. maintenance facilities, stations, platforms) generally as a preferred subcontractor to 'horizontal' contractors where risk can be appropriately managed.

New service offerings also contribute to Bird's Diversification and Growth strategy. The Company intends to pursue more opportunities in the nuclear market in Ontario building on successes achieved in 2018 and 2019. The Company continues to leverage the mechanical and electrical experience it gained in its 2013 acquisition of Nason Contracting Group Ltd. to pursue process related contracts in the industrial market sector. The Company intends to build on its successful growth into the environmental market with projects active in four provinces. By continuing to build our expertise, the Company hopes to further establish its position as a top tier environmental firm in the construction of bio-solid treatment facilities, composting facilities and in water and wastewater treatment facilities across the country. We also selectively identify and pursue Maintenance, Repair and Operations ("MRO") opportunities with our energy clients in northern Alberta to further build a recurring revenue stream. The overall goal is to increase the contribution from projects in the nuclear sector, turnkey process mechanical, environmental and MRO markets to be balanced with our traditional full service civil, concrete formwork, earthmoving and building services. Any of these services can be combined to meet a client's needs.

As part of the Company's growth strategy, the Company uses its existing relationships in established markets to expand its work program. As one of only a few general contractors in Canada with a national footprint, Bird looks to deepen its relationship with existing private clients that have a portfolio of properties and development opportunities both regionally and across Canada while also seeking to foster new client relationships. Historically, in western Canada the Company's industrial work program has been focused on the oil sands where it has secured a reputation as a safe, reliable and cost-effective general contractor. In the coming years, the Company intends to leverage these proven capabilities to develop clients and work programs more broadly. As of 2018, the Company now has industrial related projects, including heavy civil, in regions across the country. Bird Heavy Civil should widen its established activities in the Labrador Trough region to secure similar opportunities in eastern Canada. This expanded geographical scope should also support the need to develop additional clients, primarily in Ontario, Quebec and northern Canada to diversify from Bird Heavy Civil's historical focus on the iron ore market. These efforts to develop new clients requires a commitment to business development and a recognition that program accomplishments take time to mature, particularly given the market conditions seen in the resource sector in recent years.

The focus on diversification has brought to light new market opportunities for the Company, some of which the Company has been able to service through organic growth and others where the Company has identified the need for an acquisition to spur the Company's entry into a new sector. Mass timber projects is an example where the Company has built an

impressive resume. The Company is also working to leverage its investment in Stack, a modular construction company with production operations in China, as an alternative manner of delivering projects such as hotels, senior housing, residential apartments and select condominiums and commercial office buildings for key clients. The Company and Stack have complementary knowledge, resources and expertise that positions them well to serve the permanent modular construction market in Canada and the United States. The Company remains active in researching potential acquisition targets and is generally looking to add self-perform capabilities with niche service offerings that should enhance overall profit margins and that should provide the Company with a platform for future growth.

Build Efficiencies

As a primary initiative of the Build the Business pillar, Bird's strategy for Build Efficiencies is to drive business process improvements to gain efficiencies and generate savings from overheads. These savings are intended to be reinvested into the Company's strategic initiatives. Through 2019, the Company successfully introduced new software platforms to aid operations in safety management, human resource management, project delivery and business intelligence. Increasing process efficiency, particularly for the operations team, should also lead to greater engagement amongst the employee group and is anticipated to positively impact production as project teams should be able to dedicate more energy to project execution and less to administrative tasks.

Safe Production

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

BUILD THE TEAM

Drive Positive Engagement, Become the Employer of Choice and Grow Our Talent

The *Build the Team* pillar includes a wide range of human resource program initiatives intended to enhance the employee experience, *Drive Positive Engagement*, and create a stronger and more productive workforce.

Bird's success is highly dependent on the Company's ability to *Grow Our Talent and Become the Employer of Choice*. This involves attracting, developing and retaining a highly skilled workforce at all levels within the organization. The Company is committed to providing employees and potential employees with interesting and challenging work and opportunities to build a successful career in every aspect of the business. Through the strategic planning process, several key priorities and challenges pertaining to the recruitment, onboarding, development, performance management and retention of employees were identified. A key element of the Company's plan is the enhancement of a meaningful employee recognition program to go along with annual service awards and the Company's 25-year and 50-year clubs. New investment and the implementation of a software platform in 2019 helps the Company employ more streamlined and proactive solutions for these priorities in 2020 and beyond. It should also help elevate the employee experience and *Drive Positive Engagement* at Bird by facilitating effective talent management and mobility across the organization. An updated employee handbook, onboarding resources and the delivery of in-house leadership training programs that focus on people and management skills rather than technical skills, should help facilitate the Company's success. The training programs include the Bird Leadership Academy (senior leaders), Bird Site Management Program (site supervisors and project site-based staff) and Taking Flight (new managers and supervisors).

By continuously developing and refining policies and programs to engage employees at work and in their communities, offering new and innovative training programs, driving ongoing leadership development, and making a career at Bird more than just a job, the Company can recruit, develop and retain top talent while ensuring compensation programs remain market competitive.

BUILD RELATIONSHIPS

One Bird

Recognizing that the construction industry has evolved, and projects are getting more complex, Bird has deployed the One Bird initiative that considers a holistic, company-wide approach to work more efficiently and effectively. One of the primary goals of this initiative is to identify and share the expertise across the Company to enhance effective deployment of human resources on the best opportunities, regardless of employees' geographic location. By promoting a more mobile workforce and increasing collaboration the Company intends to leverage its talent for targeted opportunities to secure greater outcomes. This initiative is supported through standardized technology and common software platforms and reinforced in the Company's variable compensation programs.

Creating a Customer 1st Attitude

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Bird has always been committed to the communities in which we live, work, and build. For 100 years, we have been working to make a positive impact and our employees are passionate about helping us be good corporate citizens and stewards of the environment.

Environment and Sustainability

Bird is active in sustainable construction and protecting our environment and prides itself in building an impressive resume of renewable energy projects. Much like the rigor we have put into our Safe Production strategy and building a strong safety culture, we believe sustainability and taking the environment seriously in how we work is important. It not only makes sense from the perspective of running a profitable business and generating a return for shareholders, but it is also a moral obligation. To date, there have been three key areas of focus for Bird in which significant progress has been made at the project level.

- Many of the buildings we construct across the country have attained a Leadership in Energy and Environmental Design ("LEED") certification. To achieve a LEED certification, points are earned for sustainability and resource-efficiency. For example, the company sorts and tracks the construction waste on project sites that gets diverted from landfills for recycling. This includes wood, gypsum, metal, and paper. In addition, all our PPP/Alternative Finance projects have a component of energy performance as an owner-driven requirement. Bird delivers projects that are designed and built with the environment in mind and has also achieved certification for projects under the Green Globes green building rating system.
- The Company's investment in modular construction, through its ownership stake in Stack Modular, contributes to Bird's overall environmental performance. Modular construction is an inherently greener process than conventional construction as it generates far less construction waste. It also minimizes site disturbances, including less noise, less dust and reduced road traffic movements, while consuming less energy during the construction process. Additionally, modular construction provides a superior building envelope with improved energy efficiency, which also helps achieve LEED certification.
- Mass Timber projects present an opportunity for greener buildings by using a renewable resource as a primary construction material. Furthermore, through sustainable forestry, wood-based materials capture carbon and therefore

offset total CO_2 emissions. Bird has built one of the strongest resumes in the country in mass timber projects, and the company aims to continue being a leader in this sector.

Social Responsibility

As befitting of a Company that started out as a family business, critical to Bird's successful growth is our continued commitment to the health and safety of the employees and other stakeholders who work on our sites and in our offices every day. This is a critical component of our operational strategy, a core company value, and a key corporate social responsibility.

At Bird, we understand that a corporate commitment to health and safety yields tremendous dividends in both business and human capital. In addition to reducing related health and safety costs and reducing the frequency and severity of work-related personal injuries and property damage, a robust health and safety program leads to greater engagement of our employees and other stakeholders. This, in turn, produces a stronger commitment to product and service quality, improved productivity and client satisfaction.

From project planning to execution, through ongoing communication, documentation, orientation, training, and review and analysis, we seek to ensure continuous improvement in all facets of our operations. This approach better prepares and supports all our workers and managers to act as safety leaders in the construction industry.

In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of our employees and partners enhances both employee recruitment and retention and serves to provide a strategic competitive advantage, allowing us to continue to successfully pursue and execute challenging work.

Community engagement and social responsibility is also a key focus area for Bird and our employees. We direct our efforts towards youth and education initiatives, community sponsorship, health and wellness in the community, and Indigenous engagement.

The Company's approach to Indigenous relations is closely aligned with the core values of the company to operate with integrity, provide stewardship, and invest in people. Bird is committed to building capacity within Indigenous business communities and investing in community programs that support Indigenous skills development, including offering a variety of post-secondary scholarships and bursaries. The Company adopted a National Indigenous Engagement Policy to ensure a consistent and culturally appropriate approach across all operations and has instituted a mandatory Indigenous Cultural Awareness Training Program for all employees, which is also available to subtrades.

Bird is proud to be part of the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations (PAR) certification process, which confirms corporate performance in Indigenous relations and indicates to communities that participating companies are good business partners, a great place to work, and committed to prosperity in Indigenous communities. Bird's membership in the Aboriginal Procurement Champions Group provides assurance that procurement opportunities are made available to businesses that are independently pre-certified as at least 51 per cent Indigenous owned and controlled.

Governance

The Board of Directors and the Management of the Company are committed to a strong corporate governance framework. As a public company whose securities are traded on the Toronto Stock Exchange, the company's Board of Directors has adopted, as its approach to corporate governance, the guidelines set out in National Instrument 58-101 - Disclosure of Corporate Governance Practices, National Instrument 52-110 – Audit Committees, and National Policy 58-201 - Corporate Governance Guidelines.

A strong culture of ethical conduct is central to good governance at Bird. The Company and its Board are committed to conducting their activities in accordance with the highest standards of business ethics. These standards are intended to provide guidance regarding ethical issues, to assist in recognizing and dealing with ethical issues, to provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability.

The Director Code of Ethics requires that the company's Directors disclose any potential or actual conflict of interest to ensure independent judgment regarding Board discussions and decision making. In the event of any potential or actual conflict of interest by a Director in relation to a Board matter, the Director will withdraw from the deliberations and not vote upon such matter. The Board has also approved the following written codes and policies applicable to all employees: Employee Code of Ethics, Anti-Bribery and Corruption Policy, Insider Trading and Blackout Policy and Whistleblower Policy.

The Board and its committees have adopted governance best practices including:

- Recognition of the benefits of promoting Board diversity. Diverse perspectives contribute to innovation and growth opportunities, and the Board believes that diversity may be achieved through a range of factors including gender diversity, diverse skills and experiences, regional diversity and industry diversity.
- The Whistleblower Policy gives employees and others the opportunity to report any potential violations of regulatory matters including accounting, financial reporting, securities laws, and financial audit matters, as well as matters relating to business practices including conflicts, business, professional and personal ethics and other matters set out in the company's Ethics Policies. The Board has discretion to hire independent advisors (including outside legal counsel, independent auditors and others) to help investigate any matter.
- Regular in-camera meetings, without officers and management present. These sessions enable the Board and committees to discuss issues in a candid and independent manner without the influence of senior management. To make sure the Board functions independently of management, the Board has the flexibility to retain and to meet with external consultants without the presence of management whenever the Board sees fit.
- Conducting performance evaluations of the Board, the Audit Committee, the Human Resource, Safety and Governance Committee ("HRS&G"), each of their chairs and individual Directors on a regular basis. In 2019, each of the Directors completed confidential questionnaires to evaluate the effectiveness of the Board, its committees and the Directors, and made recommendations for improving performance. The chair of the Board and the chair of the HRS&G Committee also conducted informal discussions with each individual Director.

Now more than ever, companies are being called upon to be leaders in environmental, social, and governance initiatives. Bird endeavors to be at the forefront of industry efforts to be responsible, responsive, and innovative corporate citizens. More information can be found in our Management Information Circular.

KEY PERFORMANCE DRIVERS

Securements, Pending Backlog and Backlog

Securing profitable construction contracts and then controlling the costs during the execution of that work are the key drivers of success for the Company. To achieve this, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, capital spending will generally increase and there will be more opportunities available in the construction industry. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes even more intense, generally resulting in lower Gross Profit Percentages. The Company must be successful in securing profitable work in various economic conditions. The construction industry is highly fragmented and accordingly, the Company competes with several international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for successfully delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from existing clients and win work with new clients.

The Company's success in securing work is also reflected in the values of the Pending Backlog and Backlog. The following table shows the Company's balances at the end of the comparative reporting periods:

(in thousands of Canadian dollars)		December 31, 2019		December 31, 2018
Pending Backlog	$	**625,000**	$	300,000
Backlog	$	**1,547,427**	$	1,295,940

Pending Backlog at December 31, 2019 was approximately $625 million compared to $300 million in 2018. Included in Pending Backing at December 31, 2019 and 2018 is the Advanced Nuclear Materials Research Centre for Canadian Nuclear Laboratories ("CNL") located in Chalk River. The validation phase of the CNL project, which is being delivered under an IPD delivery model, is expected to extend into the first half of 2020 before converting into Backlog. The year-over-year growth in Pending Backlog is driven by several projects that are geographically diverse, span multiple sectors and are expected to be recorded to Backlog in 2020.

The Company's Backlog of $1,547.4 million at December 31, 2019 increased compared with $1,295.9 million at December 31, 2018. The 19.4% increase in Backlog year-over-year was a result of successfully contracting several large and diverse work programs in 2019 including:

- In the fourth quarter of 2019, the Company executed a subcontract with East-West Connectors, the consortium contracted by the City of Ottawa to design, build and finance the Stage 2 Confederation Line Extension ("CLE") project in Ottawa, Ontario. Bird will construct seven Confederation Line Stage 2 light rail transit stations and one light maintenance and storage facility. Substantial completion of the East Extension is expected in 2024 with the West Extension to achieve substantial completion in 2025.
- In the third quarter of 2019, the Company signed multiple contracts for services for an undisclosed amount at an LNG Liquefaction Export Terminal Facility in Kitimat, British Columbia. The contracts include a site civil works program and the engineering, procurement, and construction ("EPC'') of sixteen administrative and service buildings. The EPC buildings program will consist of a combination of pre-engineered and modular buildings. The contracts have commenced and will continue into 2022.
- In the third quarter of 2019, the Company signed a construction management contract with Westwood Construction to build a mixed-use development located in north Halifax. The contract will be constructed over a three-year period and will include two high rise towers and two levels of underground parking. The full project value is approximately $140 million but, due to the agency nature of the contract with Bird, only the construction management services portion of the project was added to Backlog.

Gross Profit Percentage

Once the Company has secured a contract, the profitability of that contract, measured by the Gross Profit Percentage, is primarily a function of management's ability to control costs, achieve productivity objectives associated with the contract and resolve outstanding commercial issues as they arise. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods:

	December 31, 2019	December 31, 2018
Gross Profit Percentage	**5.2%**	4.2%

During 2019 the Company realized a Gross Profit Percentage of 5.2% compared with 4.2% in 2018. The year-over-year improvement is driven by the revenue mix, with a larger portion of revenue recognized from the Company's higher margin industrial operations.

Financial Condition

The Company must have adequate working capital and equity retained in the business to support its ongoing operations, including surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The following table shows the working capital and shareholders' equity of the Company in the comparative reporting periods:

(in thousands of Canadian dollars)		**December 31, 2019**		December 31, 2018
Working capital	**$**	**80,503**	$	70,215
Shareholders' equity	**$**	**127,720**	$	136,229

At December 31, 2019, the Company had working capital of $80.5 million compared with $70.2 million at December 31, 2018, an increase of $10.3 million. In 2019, the majority of the increase in working capital was driven by the Company's net income of $9.5 million, a $15.7 million net increase in non-current loans and borrowings and classifying $3.8 million of investments in equity accounted equities as held for sale. Partially offsetting these increases to working capital were the $16.6 million in dividends paid and the net additions of equipment and intangible assets of $2.9 million.

The $8.5 million decrease in the amount of the Company's shareholders' equity since December 31, 2018 was primarily the result of the $16.6 million dividends declared in 2019 offset by the net income of $9.5 million generated in 2019. In addition, opening retained earnings decreased $1.4 million on the adoption of IFRS 16 on January 1, 2019.

Safety

At Bird, ensuring that all work on our sites is executed to exacting quality standards begins with our commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of our operations. We call this Safe Production, and it is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with our employees and subcontractors to achieve this, we minimize risk and create the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. We believe this shared commitment is critical to our overall success. It is how we work.

Through our robust orientation and training programs and our ongoing communication and engagement activities, we encourage all workers to actively contribute to our ongoing efforts to continuously improve not only our safety program, but overall collaboration and effectiveness. In this way, we not only ensure they leave work healthy and safe every day, but in doing so, help contribute to our overall operational excellence.

At Bird, Safe Production is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all our job sites. In 2019, Bird executed 3,943,486 man-hours of work, incurring zero lost time incidents (LTI).

	December 31, 2019	December 31, 2018
Man-hours of work	**3,943,486**	3,916,636
LTI frequency	**0.00**	0.00

RESULTS OF OPERATIONS

FISCAL 2019 COMPARED WITH FISCAL 2018

In fiscal 2019, the Company recorded net income of $9.5 million on construction revenue of $1,376.4 million compared with a net loss of $1.0 million on $1,381.8 million of construction revenue in 2018. Although volume was stable year-over year, the mix of revenue was more diversified as the Company's higher margin industrial work program has ramped up throughout the year. The year-over-year income improvement was primarily driven by the increase in gross profit from the shift in the mix of revenue in 2019.

While the total revenue was essentially flat year-over-year, the Company's revenue from industrial work programs increased year-over-year throughout 2019. This essentially offset the reduction in the institutional work program and provided the Company with more balance in its overall work program.

The Company's 2019 gross profit of $71.0 million was $13.4 million or 23.2% higher than the $57.6 million recorded a year ago, despite slightly lower revenues. The increase in the amount of gross profit was driven by higher-margin projects as a result of a shift in the mix of revenue from institutional projects to more self-perform industrial projects in 2019. The Company's Gross Profit Percentage in 2019 of 5.2% was 1.0% higher than the Gross Profit Percentage of 4.2% recorded in 2018. Gross Profit Percentage in 2019 improved due to a larger volume of revenue recognized from the Company's higher margin self-perform operations in its industrial work programs.

Income from equity accounted investments in 2019 was $2.7 million, compared with $1.9 million in 2018. The increase in income in 2019 was primarily driven by the earnings from non-PPP equity accounted entities.

In 2019, general and administrative expenses of $58.7 million (4.3% of revenue) were $0.2 million lower than $58.9 million (4.3% of revenue) in 2018. In 2019, the Company incurred net $2.6 million in third-party pursuit costs, which was $0.4 million lower than the $3.0 million incurred 2018. While net compensation expenses were $0.2 million higher year-over-year, it was primarily due to the Company incurring $2.9 million of severance costs and $3.8 million higher phantom share program expenses being mostly offset by a $6.2 million reduction in the total return swap expense.

Finance income in 2019 of $2.6 million was $1.2 million higher than the $1.4 million recorded in 2018 due to higher average cash balances year-over-year.

Finance and other costs of $5.6 million in 2019 was $1.0 million higher than the $4.6 million reported in 2018. Most of the year-over-year increase was due to $0.9 million of interest costs recognized upon adoption of IFRS 16. There was $1.0 million of interest costs associated with non-recourse project financing, however this was offset by a gain on interest rate swaps of $0.9 million.

In 2019, income tax expense was $2.5 million, compared to an income tax recovery of $1.7 million recorded in 2018. The year-over-year increase in income taxes was consistent with the income taxes associated with the income before income taxes in the current year.

THREE MONTHS ENDED DECEMBER 31, 2019 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2018

Selected Fourth Quarter Financial Information
Consolidated Statement of Income

(in thousands of Canadian dollars)	For the three months ended December 2019 (unaudited)	2018 (unaudited)
Construction revenue	$ **420,612**	$ 385,854
Costs of Construction	**394,228**	363,147
Gross Profit	**26,384**	22,707
Income from equity accounted investments	**739**	1,522
General and administrative expenses	**(16,302)**	(15,180)
Income from operations	**10,821**	9,049
Finance income	**769**	498
Finance and other costs	**(1,553)**	(1,978)
Income before income taxes	**10,037**	7,569
Income tax expense	**1,870**	1,190
Net income for the period	$ **8,167**	$ 6,379

During the fourth quarter of 2019, the Company recorded net income of $8.2 million on construction revenue of $420.6 million compared with net income of $6.4 million on $385.9 million of construction revenue respectively in 2018. The year-over-year increase of revenue in the fourth quarter of 9.0% was driven by growth in the industrial work program more than offsetting a decline in the institutional work programs. The year-over-year increase in fourth quarter net income is reflective of the improvement in earnings attributable to the mix of higher margin industrial work program in the fourth quarter of 2019.

The Company's fourth quarter gross profit of $26.4 million was $3.8 million or 16.2% higher than the $22.7 million recorded a year ago. The increase in the amount of fourth quarter 2019 gross profit is driven by the higher quarterly construction revenues year-over-year. In addition, the increase in gross profit is due to a higher-margin work program as revenue contribution shifted from predominantly institutional and commercial projects to a more balanced work program in 2019.

Gross Profit Percentage in the fourth quarter of 2019 was 6.3% and 0.4% higher than the Gross Profit Percentage of 5.9% recorded a year ago. Gross Profit Percentage in 2019 improved due to a larger volume mix of revenue recognized from the Company's higher margin self-perform operations in its industrial work programs.

Income from equity accounted investments in the fourth quarter of 2019 was $0.7 million, compared with $1.5 million in same period of 2018. The income in fourth quarter of 2019 and 2018 was primarily driven by the margin earned from a project in eastern Canada. The income in fourth quarter of 2019 was lower year-over-year due to losses from some PPP equity accounted entities which were anticipated at their stage of the project lifecycle.

In the fourth quarter of 2019, general and administrative expenses of $16.3 million (3.9% of revenue) were $1.1 million higher than $15.2 million (3.9% of revenue) in the comparable period a year ago. The Company had additional third-party pursuit costs which were $1.2 million higher than the amount recorded in 2018. In the fourth quarter of 2019 the Company also had a lower foreign exchange gain compared to a foreign exchange gain of $0.9 million recorded in 2018. Offsetting these negative variances, compensation expense was $1.3 million lower than the amount recorded a year ago primarily due to the gain recorded on the total return swap program in 2019.

Finance income of $0.8 million in the fourth quarter of 2019 is comparable to the $0.5 million recorded in the same period of 2018 due to higher cash balances.

Finance and other costs of $1.6 million were $0.4 million lower than the $2.0 million reported in the fourth quarter of 2018. The decrease was due to a gain on interest rate swaps and a decrease in other financing costs.

In the fourth quarter of 2019, income tax expense was $1.9 million, compared to income tax expense of $1.2 million recorded in the fourth quarter of 2018.

FUTURE OPERATING PERFORMANCE

The Company remains focused on investing in both people and technology and in diversifying its earnings base with a stronger margin profile. The mix of revenue in 2019 differs from that of 2018 as evidenced by the increase in the industrial work program relative to work performed in the institutional and commercial sectors. This trend is expected to continue into 2020. The institutional market sector contributed 43% of 2019 revenues (53% in 2018). The industrial market sector contributed 39% of 2019 revenues (30% in 2018). The retail and commercial sector contributed 18% of 2019 revenues (17% in 2018).

At December 31, 2019, the Company was carrying a Backlog of $1,547.4 million, which is 19.4% higher than that recorded a year ago. The Company expects to recognize 66% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control. In the fourth quarter, the CLE project was recorded to Backlog and is expected to span across four fiscal years which provides some longer-term visibility into the Company's work program. The embedded margin in Backlog improved throughout 2019, driven by several factors including the positive impact of new contract awards with higher going-in fees, the addition of agency fees in construction management contracts combined with the diminished influence of select dilutive contracts that were either completed in the fourth quarter or nearing completion. The $1,627.9 million of new contract awards and change orders secured in 2019 are across a broad range of markets and contracting methods that will help the Company achieve a more diversified work program with a more balanced risk profile.

In addition, the company has greater than $625 million in Pending Backlog as of the end of the fourth quarter of 2019. Included in Pending Backing is the Advanced Nuclear Materials Research Centre for CNL located in Chalk River. The validation phase of the CNL project which is being delivered under an IPD delivery model is expected to extend into the first half of 2020 before converting into Backlog. The remaining Pending Backlog projects are geographically diverse, span multiple sectors and are expected to be recorded to Backlog in the first half of 2020.

The longer-term pipeline remains healthy and falls within our targeted range of risk tolerance. The Company will be selective on prospective pursuits, ensuring that available talent matches the risk profile of the project and overall work program. In the near-term, opportunities will primarily consist of smaller environmental projects, mid-sized social infrastructure projects and a range of projects in the LNG and oil and gas sectors. The award of any of these project opportunities will benefit the second half of 2020 and beyond.

In 2020, the Company expects to sell three of its seven equity investments in PPP projects. This is consistent with the Company's strategy to recycle equity in these types of contracts into future project opportunities. The Company expects to benefit in 2020 from having more balance in terms of the contractual risk profile of the work program coming into the year. This can be seen in the disaggregation of the revenue in the Company's 2019 Annual Financial Statements whereby revenue earned in higher risk contract categories such as PPP, Alternative Finance and Complex Design Build projects comprised 20% of total revenue in 2019 (23% in 2018). The proportion of higher risk revenue will decrease further in 2020. Diversification over the past several years into the LNG, nuclear, public transit, modular and environmental sectors with lower risk contract types will help stabilize earnings with more balance in the work program. Based on the risk profile and margins embedded in current Backlog and in Pending Backlog, the Company believes it will achieve higher levels of profitability and consistency in earnings in 2020.

Backlog

During the year ended December 31, 2019, the Company secured a net $1,627.9 million in new construction contracts (including change orders to existing contracts) and put in place $1,376.4 million of work resulting in a Backlog at December 31, 2019 of $1,547.4 million. The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior fiscal year:

(in millions of Canadian dollars)	December 31, 2019	December 31, 2018
Opening balance	$ 1,295.9	$ 1,186.0
Securement and change orders	1,627.9	1,491.7
Realized in construction revenues	(1,376.4)	(1,381.8)
Closing balance	$ 1,547.4	$ 1,295.9

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2019 and 2018 Consolidated Financial Statements. The consolidated financial statements were prepared using the same accounting policies as our 2018 consolidated financial statements except for new accounting standards adopted January 1, 2019.

New Accounting Standards Adopted

Refer to the notes to the audited consolidated financial statements at December 31, 2019 for a summary of the new accounting standards adopted.

Future accounting changes

Amendments to IFRS 3 – Definition of a Business

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company will adopt the amendments to IFRS 3 on a prospective basis on January 1, 2020.

SUMMARY OF QUARTERLY RESULTS

The Company experiences more seasonality in its business in the first quarter and early second quarter as a result of a more annualized nature of its mining work program and the timing of new project starts in its industrial work program. Contracts typically extend over several quarters and often over several years.

For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline or have been utilized, although certain risks will remain until the contract has been completed, and even beyond.

In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to customers at a future date but cannot be recorded in the current quarter. In the case of insurance claims, financial recovery is not recorded until certainty of the recovery is attained. In the case of claims against customers that are considered constrained variable consideration, revenue is not recorded until it is highly probable that there will not be a significant reversal of cumulative revenue to date. As a result, earnings may fluctuate significantly from quarter-to-quarter,

depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in a prior quarter, and may fluctuate based on timing of resolution of claims.

There are also several other factors that can affect the Company's revenues and profit from quarter-to-quarter. These include the timing of contract awards, the value of subcontractor billings and project scheduling. Management does not believe that any individual factor is responsible for changes in revenue from quarter-to-quarter, except for seasonality in the first quarter of each year.

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

	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Revenue	294,422	320,126	381,382	385,854	261,777	315,428	378,591	**420,612**
Net income (loss)	(6,408)	(5,344)	4,360	6,379	(6,466)	1,001	6,782	**8,167**
Earnings (loss) per share	(0.15)	(0.13)	0.10	0.15	(0.15)	0.02	0.16	**0.19**

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

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

(in thousands of Canadian dollars)	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ **180,334**	$ 158,920
Non-cash working capital	**(99,831)**	(88,705)
Working capital	**80,503**	70,215
Non-current loans and borrowings	**34,738**	19,047
Non-current right-of-use liabilities	**23,075**	5,706
Shareholders' equity	**127,720**	136,229

The Company believes it has adequate amounts of both working capital and equity and expects to be able to maintain its current dividend rate. As a component of working capital, the Company maintains a balance of cash and cash equivalents. At December 31, 2019, this balance amounted to $180.3 million. Included in cash and cash equivalents was $134.0 million of cash in special purpose joint operation bank accounts ($43.2 million at December 31, 2018).

Non-cash working capital was in a net liability position of $99.8 million at December 31, 2019, compared to a net liability position of $88.7 million at December 31, 2018. This increase in the net liability position utilized $11.1 million of cash in the year. The use of cash is consistent with the Company's expectations as the mix of revenue related to self-perform industrial work program has increased throughout the year, which typically increases non-cash working capital.

The non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing in the settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its current and projected contract requirements.

Credit Facilities

The Company has several credit facilities available to access in order to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Operating Credit Facilities

- **Committed revolving operating credit facilities**

  The Company has a committed revolving credit facility of up to $85.0 million, with a Canadian chartered bank. The facility matures December 31, 2022. This facility may be used in the normal course of business for general working capital purposes, to issue non-collateralized letters of credit, and to fund future capital expenditures and qualifying permitted acquisitions. At December 31, 2019, the Company has $28.5 million in letters of credit outstanding (December 31, 2018 - $24.3 million) and has drawn $15.0 million on this facility (December 31, 2018 - $15.0 million). The $15.0 million draw is presented as long-term loans and borrowings on the Company's statement of financial position. At December 31, 2019, the Company was in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

- **Committed revolving term loan facility**

  The Company has a committed revolving term loan facility totalling $35.0 million for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2021. As of December 31, 2019, the Company has drawn $10.0 million (December 31, 2018 - $nil) on the facility. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. At December 31, 2019, the Company was in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Letters of Credit Facilities

The Company has available $80.0 million of demand facilities used primarily to support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash. At December 31, 2019, the Company has $6.6 million in letters of credit outstanding on this facility (December 31, 2018 - $8.5 million).

The Company has available a facility with Export Development Canada (EDC) to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can use this facility only when letters of credit have been issued as contract security for projects that meet the EDC mandate to provide financial support for Canadian exports abroad.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP and other major construction projects. The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit:

(in thousands of Canadian dollars)		December 31, 2019		December 31, 2018
Committed revolving operating credit facility	$	**85,000**	$	85,000
Letters of credit issued from committed revolving operating credit facility		**28,504**		24,291
Drawn from committed revolving operating credit facility		**15,000**		15,000
Available committed revolving operating credit facility		**41,496**		45,709
Committed revolving term loan facility	$	**35,000**	$	35,000
Drawn from committed revolving term loan facility		**10,000**		-
Available committed revolving term loan facility		**25,000**		35,000
Letters of credit facilities		**80,000**		80,000
Letters of credit issued from letters of credit facilities		**6,559**		8,468
Available letters of credit facilities	$	**73,441**	$	71,532
Collateral pledged to support letters of credit	$	**139**	$	2,645
Guarantees provided by EDC	$	**6,421**	$	5,948

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to $35.0 million to be used to finance equipment purchases. Borrowings under the facilities are secured with a first charge on the equipment being financed. As of December 31, 2019, there is $12.4 million outstanding on the facilities (December 31, 2018 - $6.7 million). Interest on the facilities can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

In addition, subsidiaries of the Company have equipment acquisition operating lease lines of credit for $31.8 million (December 31, 2018 - $32.5 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. At December 31, 2019, the Company has used $11.7 million under these facilities (December 31, 2018 - $6.6 million). The Company's total lease commitments are outlined under Contractual Obligations.

At December 31, 2019, the Company was in compliance with all debt covenants relating to its operating and equipment operating lease lines of credit.

Loans and Borrowings and ROU Liabilities

In 2019, the Company entered new fixed-rate term loans for $24.5 million and added $10.8 million of ROU liabilities relating to equipment and property leases. The Company made $5.1 million in principal repayments for loans and borrowings and $7.6 million for principal repayments to ROU liabilities.

The following table provides details of outstanding loans and borrowings and ROU liabilities as at December 31, 2019, and principal repayments due over the next five years and beyond, excluding the amortization of debt financing costs and non-recourse project financing:

(in thousands of Canadian dollars)		Amount		Year 1		Year 2		Year 3		Year 4		Year 5 and beyond
Loans and borrowings	$	**40,621**	$	5,881	$	15,223	$	18,491	$	850	$	176
ROU Liabilities	$	**31,100**	$	8,024	$	6,723	$	4,318	$	3,156	$	8,879

Cash Flow Data

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

(in thousands of Canadian dollars)	(unaudited) Quarter ended December 31, 2019	2018	Year ended December 31, 2019	2018
Cash flows from operations before changes in non-cash working capital	$ **15,525**	$ 11,045	$ **30,201**	$ 12,320
Changes in contract assets - alternative finance projects	**(28,367)**	(2,384)	**(68,054)**	66,825
Changes in non-cash working capital and other	**67,546**	77,321	**(223)**	22,296
Cash flows from (used in) operating activities	**54,704**	85,982	**(38,076)**	101,441
Investments in equity accounted entities	**112**	(2,270)	**-**	(4,020)
Capital distributions from equity accounted entities	**353**	280	**1,846**	1,873
Additions to property, equipment and intangible assets	**(2,807)**	(2,065)	**(14,431)**	(14,613)
Proceeds on sale of property and equipment	**733**	314	**2,661**	3,235
Purchase of short-term investments	**-**	-	**-**	(4,742)
Proceeds on maturity of short-term investments	**39**	-	**1,705**	3,107
Other long-term assets	**(283)**	(652)	**-**	(861)
Cash flows used in investing activities	**(1,853)**	(4,393)	**(8,219)**	(16,021)
Dividends paid on shares	**(4,145)**	(4,145)	**(16,582)**	(16,582)
Proceeds from non-recourse project financing	**29,039**	3,260	**72,832**	24,734
Repayment of non-recourse project financing	**-**	-	**-**	(76,474)
Proceeds from loans and borrowings	**10,000**	571	**24,536**	14,242
Repayment of loans and borrowings	**(1,507)**	(674)	**(5,113)**	(3,221)
Repayment of right-of-use liabilities	**(2,406)**	(740)	**(7,615)**	(3,513)
Cash flows from (used in) financing activities	**30,981**	(1,728)	**68,058**	(60,814)
Increase in cash and cash equivalents	$ **83,832**	$ 79,861	$ **21,763**	$ 24,606

Operating Activities

During of fiscal 2019, cash flows from operating activities used cash of $38.1 million compared with cash generated of $101.4 million in 2018.

Cash flows from operations before changes in non-cash working capital increased $17.9 million year-over-year from the $12.3 million cash generated in 2018 primarily due to the $10.5 million improvement in net income, a higher non-cash addback for amortization and depreciation of $4.5 million compared to 2018 and a higher non-cash addback for income tax expense year-over-year of $4.1 million from 2018. These increases were offset by other non-cash changes of $1.3 million.

Changes in contract assets – alternative finance projects in 2019 used $68.0 million of cash. This use of cash was more than offset by the $72.8 million on proceeds from non-recourse project financing. The activity in 2019 relates to the OPP Modernization Phase 2 alternative finance project. The OPP Modernization project was ramping up construction throughout 2019 and therefore builds up contract assets. In 2018 the $66.8 million of cash generated by changes in contract assets – alternative finance projects related to the completion (in the second quarter of 2018) and billing of the Avenir Centre alternative finance project.

During 2019, the $0.2 million decrease in cash from changes in non-cash working capital and other was driven by a $26.4 million increase in accounts payable, a $54.5 million increase in contract liabilities and partially offset by a $94.8 million decrease in accounts receivable. During 2018, the primary drivers of the $22.3 million increase in cash from the changes in non-cash working capital and other was the $18.9 million decrease in accounts receivable, a $6.6 million decrease in contract assets partially offset by a $2.4 million decrease in contract liabilities. The increase in accounts receivable primarily relates to an alternative finance project that achieved substantial completion and was billed in the third quarter of 2018. Proceeds and repayments of the non-recourse debt relating to alternative finance projects are included in financing activities.

The non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing in the settlement of income taxes payable.

Investing Activities

During 2019, the Company used $8.2 million of cash in investing activities compared to the $16.0 million use of cash in 2018. The Company had minimal requirements to invest in equity accounted entities, a $4.0 million change. Also, the Company did not purchase any short-term investments in 2019 compared with $4.7 million used to purchase short-term investments in 2018.

Financing Activities

During 2019, the Company generated $68.1 million of cash from financing activities compared to $60.8 million used in 2018. The year-over-year changes are primarily driven by activities related to alternative finance projects that are described in operating activities above. The increase in cash generated from financing activities in the current year was primarily a result of the repayment in-full of $76.5 million of non-recourse project financing in 2018 related to the completion of the Avenir Centre project. In addition, proceeds from non-recourse project financing was $48.1 million higher than 2018 as the OPP Modernization Phase 2 project progresses through construction, compared to the completion of the Avenir Centre in the first half of 2018.

DIVIDENDS

The Company declared monthly eligible dividends on common shares payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines the dividend history:

January 1, 2018	to	March 31, 2018	$	0.0975
April 1, 2018	to	June 30, 2018	$	0.0975
July 1, 2018	to	September 30, 2018	$	0.0975
October 1, 2018	to	December 31, 2018	$	0.0975
January 1, 2019	to	March 31, 2019	$	0.0975
April 1, 2019	to	June 30, 2019	$	0.0975
July 1, 2019	to	September 30, 2019	$	0.0975
October 1, 2019	to	**December 31, 2019**	**$**	**0.0975**

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 42,516,853 common shares outstanding at December 31, 2019 and December 31, 2018.

At December 31, 2019, 100,000 stock options are outstanding with a weighted average exercise price of $11.87 per common share. With the approval of the Equity Incentive Plan (EIP) in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

The common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

CAPABILITY TO DELIVER RESULTS

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to operating lines of credit to execute its current operational and growth forecast. The belief is fully explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is dependent upon the management and leadership skills of senior management. On an annual basis, high-performing candidates are identified for training and progression into more senior positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs, including the Bird Leadership Academy, the Bird Site Management program and the Taking Flight management training program, to provide a forum for high-potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS

At December 31, 2019, the Company has future contractual obligations of $583.7 million. Obligations for accounts payable, right-of-use liabilities and loans and borrowings, including principal and estimated interest, over the next five years and thereafter are:

(in thousands of Canadian dollars)		2020	2021	2022	2023	2024 and thereafter	Total
Accounts payable	$	397,042	22,881	-	-	-	**419,923**
Non-recourse project financing		87,480	-	-	-	-	**87,480**
ROU liabilities		8,864	7,383	4,909	3,549	10,135	**34,840**
Loans and borrowings		6,325	15,472	18,583	865	177	**41,422**
	$	499,711	45,736	23,492	4,414	10,312	**583,665**

OFF BALANCE SHEET ARRANGEMENTS

The Company has surety lien bonds issued on behalf of the Company valued at $56.6 million at December 31, 2019.

The Company has recognized assets and liabilities for all leases with a term of more than twelve months, excluding low-value assets, in accordance with its adoption of IFRS 16.

Further details of commitments and contingencies are included in Note 23 of the December 31, 2019 consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and any future periods affected.

Revenue and gross profit recognition

Construction revenue, construction costs, deferred revenue and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the revenue recognition policy included in the notes to the Company's annual financial statements. To determine the estimated costs to complete construction projects, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by our clients to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed and costs may be incurred in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period, applying the new revenue recognition policy under IFRS 15.

Provisions

Provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

Asset impairments

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amount of the CGU is determined based on a value in use calculation. There is significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, estimates of achieving key operating metrics and the discount rate.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluations as of December 31, 2019, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company. All internal control systems, no matter how well designed, have inherent limitations; therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of December 31, 2019, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

As of December 31, 2019, under the supervision of and with the participation of management, including the CEO and CFO, the Company has evaluated the effectiveness of internal controls over financial reporting and determined that the internal controls over financial reporting are operating as intended.

There have been no material changes in the Company's internal control over financial reporting during the year ended December 31, 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form dated March 10, 2020, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Ability to Hire and Retain Qualified and Capable Personnel

The success of Bird is highly influenced by the efforts of key management, technical, project and business development personnel. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations.

Most firms throughout the construction industry face this challenge and, accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

Economy and Cyclicality

Activity within the construction industry is generally tied to the state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

As noted above, Bird attempts to insulate itself in various ways from the effects of negative economic conditions through diversification of the sources of the Company's earnings; however, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has, in the past, earned above-average margins on particular projects. There is also no assurance that above-average margins that may have been generated on historical contracts can be generated in the future.

The Company has a 50% interest in Stack, which is based in China. There is uncertainty around how the recent geopolitical tensions between China and Canada may affect the Company's investment.

In addition, there is uncertainty around how the recent public health crisis created by COVID-19 that surfaced in Wuhan, Hubei Province, China may affect the Company, including our contractual commitments, supply chain and labour force. Generally, to the extent that a severe public health emergency negatively affects the economy due to availability of labour or impacts to the supply chain, Bird's business may also be affected.

PPP Project Risk

Bird is active in the PPP market. Bird's role in these projects is typically to provide design-build services to a concession that is formed to provide design, construction, financing, and management and/or operations to a public authority. Typical in the design-build contract format are performance guarantees and design-build risks. Moreover, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of environmental standards. If Bird fails to meet the required standards, it may be liable for substantial penalties and damages.

The PPP design-build contracts entered into by Bird also typically require Bird to pay significant liquidated damages and/or other penalties and damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventionally non-PPP procurement model. These include responsibility and potential liability for matters such as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial liability for breakage costs to the concession and its lenders.

The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event the Company fails to meet its obligations.

Design Risks

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

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

Ability to Secure Work

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including the ability to provide bonds and other contract security.

In order to be afforded an opportunity to bid for large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital and equity is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections or other factors, could have an adverse impact on the Company if that business could not be replaced within the private sector.

Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP and alternative finance projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP and/or alternative finance contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

Performance of Subcontractors

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its subcontractors who are engaged to complete the various components of the work. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete the work and may incur additional costs. This can result in reduced profits or, in some cases, significant losses on the contract and possible damage to Bird's reputation.

In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of a subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractor to mitigate Bird's exposure to the risks associated with the subcontractor's performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird's financial condition and results of operations.

Competitive Factors

Bird competes with many international, national, regional and local construction firms. Competitors often enjoy advantages in a particular market that Bird does not have, or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make, including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

Estimating Costs and Schedules/Assessing Contract Risks

The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant loss. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

Maintaining Safe Work Sites

Despite the Company's efforts to minimize the risk of safety incidents, they can occur from time to time and, if and when they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction work sites and offices safe and any failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to contract termination, fines, regulatory sanctions or even criminal prosecution.

Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents.

Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

Accuracy of Cost to Complete Estimates

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the costs to complete estimates are based on inaccurate or incomplete information, or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

Work Stoppages, Strikes and Lockouts

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts or other work action, and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

Adjustments and Cancellations of Backlog

The performance of the Company in a period depends significantly on the contribution from projects in its backlog. There can be no assurance that the revenues or profits included in backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time-to-time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contracts with Bird and, though Bird generally has a contractual right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions could have a material adverse impact on future revenues and profitability.

Information Systems and Cyber-security Risk

The Company relies on information technology to manage, process, store and transmit electronic information. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential information. Failure in the completeness, accuracy, availability or security of the Company's information systems, the risk of system interruption or failure during system upgrades or implementation, or a breach of data security could adversely affect the Company's operations and financial results.

In addition, cyber-security incidents relating to the Company's information technology systems may disrupt operations and impact operating results. Cyber-security incidents may occur from a range of techniques, from phishing or hacking attacks to sophisticated malware, hardware or network attacks. While the Company has implemented systems, policies, procedures, practices, hardware and backups designed to prevent and limit the effect of cyber-security attacks, there can be no assurance that these measures will be sufficient to prevent, detect or address the attacks in a timely matter or at all. A successful cyber-attack may allow unauthorized interception, destruction, use or dissemination of the Company's confidential information, which could have a material adverse effect on the business. In the fall of 2019, Bird Construction responded to a cyber incident that resulted in the encryption of Company files. Bird continued to function with no business impact, as management worked with leading cyber security experts to restore access to the affected files. At the time, the Company disclosed the incident on our website and notified appropriate authorities.

FORWARD-LOOKING INFORMATION

Certain statements included herein which express management's expectations or estimates of future performance may constitute "forward-looking information". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking information.

Forward-looking information is necessarily based upon several estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this MD&A includes many such forward-looking information and the Company cautions the reader that such forward-looking information involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking information and the forward-looking information is not a guarantee of future performance. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business" in this MD&A and in the Company's Annual Information Form dated March 10, 2020 filed and available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, events or otherwise.

Management's Responsibility for Financial Reporting

The management of Bird Construction Inc. ("Company") is responsible for the preparation and integrity of the consolidated financial statements contained in the Annual Report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include some amounts that are based on management's best estimates and judgment. Financial information contained throughout this Annual Report is consistent with the financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors has reviewed and approved the consolidated financial statements. The Board fulfills its responsibility in this regard through its Audit Committee which meets regularly with management and the Company's external auditors.

Paul A. Charette

Chairman of the Board of Directors

Wayne R. Gingrich

Chief Financial Officer

KPMG LLP
One Lombard Place
Suite 2000 Winnipeg
MB
R3B 0X3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bird Construction Inc.

Opinion

We have audited the consolidated financial statements of Bird Construction Inc. (the Entity), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Austin Abas.

Winnipeg, Canada
March 10, 2020

Consolidated Statement of Financial Position
As at December 31,
(in thousands of Canadian dollars, except per share amounts)

	Note		2019		2018
ASSETS					
Current assets					
Cash	25	$	**180,244**	$	157,151
Bankers' acceptances and short-term deposits	25		**90**		1,769
Short-term investments			**–**		1,705
Accounts receivable	8		**413,649**		337,663
Contract assets	6		**31,018**		28,412
Contract assets – alternative finance projects	7		**75,180**		7,126
Inventory			**549**		840
Prepaid expenses			**2,595**		2,566
Income taxes recoverable			**13,083**		5,559
Investments held for sale	10		**6,978**		3,762
Other assets	9		**5,972**		–
Total current assets			**729,358**		546,553
Non-current assets					
Other assets	9		**6,608**		6,852
Property and equipment	11		**46,016**		43,153
Right-of-use assets	11		**34,460**		13,073
Investments in equity accounted entities	10		**10,185**		12,517
Deferred income tax asset	14		**11,287**		10,909
Intangible assets	12		**2,484**		2,575
Goodwill	12		**16,389**		16,389
Total non-current assets			**127,429**		105,468
TOTAL ASSETS		$	**856,787**	$	652,021
LIABILITIES					
Current liabilities					
Accounts payable		$	**419,923**	$	383,608
Contract liabilities	6		**112,126**		60,003
Dividends payable to shareholders			**1,382**		1,382
Income taxes payable			**6,174**		3,444
Non-recourse project financing	7		**85,374**		11,824
Current portion of loans and borrowings	13		**5,883**		2,151
Current portion of right-of-use liabilities	13		**8,025**		3,053
Provisions	19		**7,763**		8,593
Other liabilities	15		**2,205**		2,280
Total current liabilities			**648,855**		476,338
Non-current liabilities					
Loans and borrowings	13		**34,738**		19,047
Right-of-use liabilities	13		**23,075**		5,706
Deferred income tax liability	14		**13,868**		7,355
Other liabilities	15		**8,531**		7,346
Total non-current liabilities			**80,212**		39,454
TOTAL LIABILITITES			**729,067**		515,792
SHAREHOLDERS' EQUITY					
Shareholders' capital	17		**42,527**		42,527
Contributed surplus			**1,956**		1,956
Retained earnings			**83,197**		91,743
Accumulated other comprehensive income			**40**		3
Total shareholders' equity			**127,720**		136,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**856,787**	$	652,021

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

Consolidated Statement of Income (Loss)
For the years ended December 31,
(in thousands of Canadian dollars, except per share amounts)

	Note	2019	2018
Construction revenue	6	$ **1,376,408**	$ 1,381,784
Costs of construction		**1,305,458**	1,324,194
Gross profit		**70,950**	57,590
Income from equity accounted investments	10	**2,693**	1,894
General and administrative expenses		**(58,722)**	(58,933)
Income from operations		**14,921**	551
Finance income	20	**2,596**	1,386
Finance and other costs	21	**(5,558)**	(4,611)
Income (loss) before income taxes		**11,959**	(2,674)
Income tax expense (recovery)	14	**2,475**	(1,661)
Net income (loss) for the period		$ **9,484**	$ (1,013)
Basic and diluted earnings (loss) per share	18	$ **0.22**	$ (0.02)

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

Consolidated Statement of Comprehensive Income (Loss)
For the years ended December 31,
(in thousands of Canadian dollars)

	Note		2019		2018
Net income (loss) for the period		$	**9,484**	$	(1,013)
Other comprehensive income for the period:					
Exchange differences on translating equity accounted investments	10		**37**		1
Items that may be reclassified to net income in subsequent periods			**37**		1
Total other comprehensive income for the period			**37**		1
Total comprehensive income (loss) for the period		$	**9,521**	$	(1,012)

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

Consolidated Statement of Changes in Equity
For the years ended December 31, 2019 and 2018
(in thousands of Canadian dollars, except per share amounts)

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2017		$ 42,527	$ 1,949	$ 109,338	$ 2	$ 153,816
Net income (loss) for the period		–	–	(1,013)	–	(1,013)
Other comprehensive income		–	–	–	1	1
Total comprehensive income for the period		–	–	(1,013)	1	(1,012)
Contributions by and dividends to owners						
Stock-based compensation expense		–	7	–	–	7
Dividends declared to shareholders		–	–	(16,582)	–	(16,582)
		–	7	(16,582)	–	(16,575)
Balance, December 31, 2018		$ 42,527	$ 1,956	$ 91,743	$ 3	$ 136,229
Dividends declared per share				$ 0.39		
Balance, December 31, 2018		**$ 42,527**	**$ 1,956**	**$ 91,743**	**$ 3**	**$ 136,229**
Impact on adoption of IFRS 16	**4**	**–**	**–**	**(1,448)**	**–**	**(1,448)**
Balance, January 1, 2019		**42,527**	**1,956**	**90,295**	**3**	**134,781**
Net income for the period		**–**	**–**	**9,484**	**–**	**9,484**
Other comprehensive income (loss)		**–**	**–**	**–**	**37**	**37**
Total comprehensive income for the period		**–**	**–**	**9,484**	**37**	**9,521**
Contributions by and dividends to owners						
Dividends declared to shareholders		**–**	**–**	**(16,582)**	**–**	**(16,582)**
		–	**–**	**(16,582)**	**–**	**(16,582)**
Balance, December 31, 2019		**$ 42,527**	**$ 1,956**	**$ 83,197**	**$ 40**	**$ 127,720**
Dividends declared per share				**$ 0.39**		

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

Consolidated Statement of Cash Flows
For the years ended December 31,
(in thousands of Canadian dollars)

	Note	2019	2018
Cash flows from (used in) operating activities			
Net income (loss) for the period		$ **9,484**	$ (1,013)
Items not involving cash:			
Amortization	12	**873**	473
Depreciation	11	**14,941**	10,763
Gain on sale of property and equipment		**(1,346)**	(873)
Income from equity accounted investments	10	**(2,693)**	(1,894)
Finance income	20	**(2,596)**	(1,386)
Finance and other costs	21	**5,558**	4,611
Deferred compensation plan expense and other		**3,156**	4,622
Unrealized (gain) loss on investments and other		**349**	(1,329)
Income tax expense (recovery)	14	**2,475**	(1,661)
Stock-based compensation expense	16	**–**	7
Cash flows from operations before changes in non-cash working capital		**30,201**	12,320
Changes in non-cash working capital related to operating activities	25	**(66,269)**	95,397
Interest received		**2,521**	1,349
Interest paid		**(3,930)**	(4,360)
Income taxes paid		**(599)**	(3,265)
Net cash from (used in) operating activities		**(38,076)**	101,441
Cash flows used in investing activities			
Investments in equity accounted entities	10	**–**	(4,020)
Capital distributions from equity accounted entities	10	**1,846**	1,873
Additions to property and equipment	11	**(13,649)**	(13,103)
Proceeds on sale of property and equipment	11	**2,661**	3,235
Additions to intangible assets	12	**(782)**	(1,510)
Purchase of short-term investments		**–**	(4,742)
Proceeds from maturity of short-term investments		**1,705**	3,107
Other long-term assets		**–**	(861)
Net cash used in investing activities		**(8,219)**	(16,021)
Cash flows from (used in) in financing activities			
Dividends paid on shares		**(16,582)**	(16,582)
Proceeds from non-recourse project financing	7	**72,832**	24,734
Repayment of non-recourse project financing	7	**–**	(76,474)
Proceeds from loans and borrowings	13	**24,536**	14,242
Repayment of loans and borrowings	13	**(5,113)**	(6,734)
Repayment of right-of-use liabilities	13	**(7,615)**	–
Net cash from (used in) financing activities		**68,058**	(60,814)
Net increase in cash and cash equivalents		**21,763**	24,606
Effects of foreign exchange on cash balances		**(349)**	1,259
Cash and cash equivalents, beginning of period		**158,920**	133,055
Cash and cash equivalents, end of period	25	$ **180,334**	$ 158,920

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

1. Structure of the Company

Bird Construction Inc. (the "Company") is a corporation incorporated in the province of Ontario, Canada. The address of the Company's registered office is 5700 Explorer Drive, Suite 400, Mississauga, Ontario, Canada.

The Company, through its subsidiaries and interests in joint arrangements, carries on business as a general contractor with offices across Canada. The Company serves customers in the industrial, mining, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed priced, design-build, unit price, cost reimbursable, guaranteed upset price, construction management and integrated project delivery contract delivery methods.

Segment results are reviewed by the Company's Chief Executive Officer to assess performance and allocate resources within the Company. Management applies judgement in the aggregation of the Company's operating segments and has determined that the Company operates in one reportable segment being the general contracting sector of the construction industry. The Company's operating segments have similar economic characteristics in that each of the Company's operating districts provides comparable construction services, use similar contracting methods, have similar long term economic prospects, share similar cost structures and operate in similar regulatory environments.

2. Basis of preparation

Authorization of financial statements

These consolidated financial statements were authorized for issue on March 10, 2020 by the Company's Board of Directors.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

These consolidated financial statements have been prepared using the historical cost convention, except for certain financial assets, derivative financial instruments and liabilities for cash settled share-based payment arrangements which are measured at fair value.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Revenue and gross profit recognition

Construction revenue, construction costs, contract liabilities, and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to calculate the stage of completion for a particular construction project, depending upon the nature of the construction contract, as more fully described in the revenue recognition policy. To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction activities, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed

conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Many change orders and claims may not be settled until the construction project is complete or subsequent to completion and the nature of the relationship with the other party to the claim and the history of success of these claims may impact the associated revenue or cost recovery. Claims against customers for variable consideration due to delays, changes, etc. are assessed under the Company's revenue policy, which requires significant judgement. The amount of variable consideration that is constrained is the difference between the total claim value and the best estimate of recovery. This constrained value is reviewed each reporting period.

Provisions

Legal and warranty and other provisions involve the use of estimates. Estimates and assumptions are required to determine when to record and how to measure a provision in the financial statements. The outcomes may differ significantly from the estimates used in preparing the financial statements resulting in adjustments to previously reported financial results.

Asset impairments

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amounts of the CGU are determined based on a value in use calculation. There is a significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, and estimates of achieving key operating metrics and drivers; and the discount rate.

3. Summary of significant accounting policies

The significant accounting principles used in these consolidated financial statements are as follows:

Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and partnerships, as well as its pro-rata share of assets, liabilities, revenues, expenses and cash flows from joint operations. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. The consolidated financial statements include the accounts of the following significant subsidiaries:

Company	Ownership / Voting Interest 2019	2018
Fully consolidated subsidiaries		
Bird Construction Inc.	100%	100%
Bird Construction Company Limited	100%	100%
Bird Construction Company (Limited Partnership)	100%	100%
Bird Management Ltd.	100%	100%
Bird Design-Build Limited	100%	100%
Bird Capital Limited	100%	100%
Bird Capital Limited Partnership	100%	100%
Bird Industrial Group Limited	100%	100%
Bird Design-Build Construction Inc.	100%	100%
Westrac Resources Ltd.	100%	100%
Westrac Resources Limited Partnership	100%	100%
Bird Construction Group (Limited Partnership)	100%	100%
Bird Construction Group Limited	100%	100%
Bird General Contractors Ltd. (Formerly H.J. O'Connell, Limited)	100%	100%
Bird Civil et mines Ltee (Formerly Les Enterprises de Construction de Québec Ltee))	100%	100%
Bird Heavy Civil Ltd. (Formerly H.J. O'Connell Construction Ltd.)	100%	100%
Nason Contracting Group Ltd.	100%	100%
Bird Casey House Limited Partnership	100%	100%
Bird Capital MDC Project Co. Inc.	100%	100%
Bird Construction Industrial Services Ltd.	100%	100%
Bird Construction Group Ltd.	100%	100%
NCGL Industrial Ltd.	100%	100%
NCGL Construction Ltd.	100%	100%
BFL Fabricators Ltd.	100%	100%
Canadian Consulting Group Limited	100%	100%
Innovative Trenching Solutions Ltd.	100%	100%
Innovative Trenching Solutions Field Services Ltd.	100%	100%
Bird Capital OMP Project Co. Inc.	100%	100%
Proportionately consolidated joint arrangements		
Restigouche Hospital Centre Joint Venture	30%	30%
HJOC-VPDL Placentia Bridge Joint Venture	50%	50%
Arctic-Bird Construction Joint Venture	50%	50%
Maple Reinders-Nason Joint Venture	50%	50%
Bird Kiewit Joint Venture	60%	60%
Bird/Wright Schools Joint Venture	70%	70%
Bird/Wright Schools 2 Joint Venture	70%	70%
Bird – Clark Stanton JV	50%	50%
Bird – Civeo Joint Venture*	N/A	60%
Pomerleau/O'Connell JV	50%	50%
Bird – Maple Reinders JV	50%	50%
Maple Reinders – Bird JV	50%	50%
Bird – ATCO Joint Venture	60%	60%
CBS Joint Venture	42.5%	42.5%
Chandos Bird Joint Venture	50%	N/A

* Joint Venture was dissolved on November 16, 2018

The Company has invested in a number of Public Private Partnerships ("PPP") concession ventures usually holding a minority interest position in the venture. The Company has also invested in Stack Modular group of companies. In these instances, the Company can either exercise significant influence or joint control over the financial and operational policies of the venture (or investee). The Company uses the equity method of accounting to account for these investments. The

investment is recorded as the amount of the initial investment adjusted for the pro-rata share of the investee's earnings less any distributions received from the investment.

Company	Ownership / Voting Interest	
	2019	2018
Equity accounted investment in associates/joint ventures		
Boreal Health Partnership*	25%	25%
Chinook Resources Management General Partnership	50%	50%
Harbour City Solutions General Partnership	20%	20%
Hartland Resource Management General Partnership	20%	20%
Joint Use Mutual Partnership #1*	20%	20%
Joint Use Mutual Partnership #2*	20%	20%
Plenary Infrastructure ERMF GP	10%	10%
Stack Modular Structures Ltd.	50%	50%
Stack Modular Structures Hong Kong Limited	50%	50%
Niagara Falls Entertainment Partners	20% / 16.2%	20% / 16.2%
Timmiak Construction Limited Partnership (Formerly Nillik Construction Limited Partnership)	69.99% / 33.33%	69.99% / 33.33%

* Classified as investments held for sale

All of the above subsidiaries, joint arrangements, joint ventures and associates are incorporated or registered in Canada except Stack Modular Structure Hong Kong Limited which is incorporated and registered in Hong Kong.

Revenue recognition

Contract revenue is recognized in profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. In the majority of the Company's contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company, and the work is performed on the customer's property. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For each performance obligation satisfied over time, the Company recognizes revenue by measuring progress toward complete satisfaction of that performance obligation. Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price (includes: PPP, alternative finance, design-build, and stipulated sum) and cost reimbursable (includes: cost plus and integrated project delivery "IPD") contracts is recognized using the input method with reference to costs incurred. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed, established by surveys of work performed, an output method. For agency relationships, such as construction management contracts, where the Company acts as an agent for its customers, fee revenue only is recognized, generally in accordance with the contract terms. If the outcome of a construction contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. As the contract progresses further, the constrained margin and associated revenue are reassessed.

Revenue from contract modifications, commonly referred to as change orders and claims, is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the Company accounts for the contract modification using variable consideration guidance described below. A claim against or dispute with a customer is considered variable consideration as it is in addition to the agreed upon performance obligations outlined in the original contract because of additional costs incurred due to delays and/or scope changes. The subsequent settlement of a claim or dispute through negotiation results in uncertainty as to the likelihood and amount that will be ultimately collected.

The amount of variable consideration included in the transaction price may be constrained due to the uncertain nature of the recovery of the associated revenue. The Company will make an estimate of the amount to be constrained by using

either the most likely amount or the expected value method, by contract, depending which method is considered to best predict the amount of consideration to which the Company will be entitled. The amount of variable consideration to be included in the transaction price is only that to which it is highly probable that a significant reversal of cumulative revenue recognized to date will not occur. Management considers the following factors in their assessment of the probability of reversal:

i. Susceptibility of consideration to factors outside the Company's influence.
ii. Length of time before resolution of the uncertainty associated with the amount of consideration is expected.
iii. The Company's experience with similar types of contracts is limited or the experience is not relevant or has limited predictive value.
iv. If, historically the Company has a practice of offering a broad range of pricing concessions or changing the payment terms and conditions of similar contracts in similar situations.
v. The contract has a larger number and broad range of possible consideration amounts.

Where the above factors indicate uncertainty associated with the outcome of the transaction price, the Company reviews the historical performance under similar contracts in order to determine the appropriate proportion of the variable consideration to be included in the transaction price.

For most arrangements, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). The Company therefore considers that the entire contract results in the delivery of a single performance obligation. Less commonly, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into the associated performance obligations as assessed from the customer's perspective. If a contract contains multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. When the Company is contracted to construct projects, the budgets and overall transaction prices are built up using the Company's best estimate of costs associated to complete the project using the appropriate overhead and subcontractor rates for a given project and location. This approach to estimate the overall costs and associated revenues is considered the most appropriate assessment of the standalone selling price for the associated performance obligations.

Where costs are determined to be greater than total revenues, losses from any construction contracts are recognized in full in the period the loss becomes known. Losses are recorded within provisions on the statement of financial position.

Construction costs

Construction costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including site labour and site supervision, direct materials, subcontractor costs, equipment rentals and depreciation, design and technical assistance, and warranty claims. Construction costs also include overheads that can be attributed to the project in a systematic and consistent manner and include general insurance and bonding costs, and staff costs relating to project management.

Contract assets and liabilities

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Contract assets also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs. Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract.

In all cases, the specific contract asset is amortized with reference to the same pattern of recognition as the revenue recognized on the associated project.

Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. All contract assets and liabilities are classified as current in the financial statements as they are expected to be settled within the Company's normal operating cycle.

Inventory

Inventory, which consists of certain equipment parts and aggregate materials, is carried at the lower of cost and net realizable value. The cost of inventories of equipment parts and aggregate materials is determined at the weighted average cost to acquire the inventory. Net realizable value is the estimated selling price in the ordinary course of business less applicable disposal costs.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes the purchase price and the directly attributable costs required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. The cost of replacing or repairing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits will occur and the cost can be measured reliably. The costs of routine maintenance of property and equipment are recognized in the statement of income as incurred. Depreciation of property and equipment over the estimated useful lives of the assets is as follows:

Diminishing balance method	
Buildings	5% and 10%
Equipment, trucks and automotive	20% - 40%
Heavy equipment	Hours of use
Furniture, fixtures and office equipment	20% - 55%
Straight line method	
Building lease improvements	Over the lease term

When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized. The Company reviews the residual value, useful lives and depreciation methods used on an annual basis and, where revisions are required, the Company applies such changes in estimates on a prospective basis.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the statement of income.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions and balances are recorded in the accounts as follows:

i. Monetary assets and liabilities at the exchange rate in effect at the financial statement date;
ii. Non-monetary assets and liabilities at exchange rates prevailing at the time of the transaction;
iii. Depreciation expense at the exchange rate in effect at the time the related assets are acquired; and
iv. Expenses at the average exchange rate prevailing on the date of the transaction.

Translation of equity accounted foreign entities

Assets and liabilities of equity accounted foreign entities are translated from the functional currency to the Company's presentation currency at the closing rate at the end of the reporting period. The consolidated statements of income are translated at exchange rates at the dates of the transactions or at the average rate if it approximates the actual rates. All resulting exchange differences are recognized in other comprehensive income.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable based on applying enacted income tax rates to the taxable income realized in the current year. Current tax includes adjustments to taxes payable or recoverable in respect of previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, as well as for the benefit of tax losses available to be carried forward to future years provided they are likely to be realized. Deferred taxes are recognized using enacted or substantively enacted rates expected to apply in the periods in which the asset is realized or the liability is settled. Deferred taxes are measured on an undiscounted basis. Deferred taxes are presented as non-current. Current and deferred tax assets and liabilities are offset only when a legally enforceable right exists to offset current tax assets against current tax liabilities relating to the same taxable entity and the same tax authority.

Basic and diluted earnings per share

The Company's basic earnings per share calculation is based on the net income available to common shareholders for the period divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding for the period, adjusted for the effects of all dilutive potential common shares, which comprise stock options granted to employees.

Medium term incentive plan

The Company's Medium Term Incentive Plan ("MTIP") is a cash-settled share-based payment plan which provides for the granting of phantom shares. The phantom shares provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional shares. MTIP awards vest on November 30 of the third year following the year to which the award relates, if the employee has maintained continuous employment with the Company, except upon retirement or death. Annually, the Board of Directors determines the amount of the initial award, which is then used to determine the number of shares allocated to the employee. The total liabilities for this plan are computed based on the estimated number of phantom shares expected to vest at the end of the vesting period. The liability is measured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the phantom shares outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company's shares. Compensation expense relating to the initial award, notional dividends and changes in the market price of the phantom shares is recognized on a straight-line basis over the vesting period.

Equity incentive plan

The Company has an Equity Incentive Plan ("EIP") as part of the Company's executive compensation plan. The purpose of the EIP is to provide certain officers and employees of the Company with the opportunity to be granted performance share units ("PSU") or time-based restricted share units ("RSU"), and together with PSUs, the ("Units"). The EIP is a full-value share unit plan using the value of the Company's shares as the basis for the Units. In the case of the PSUs, the amount of award payable at the end of the vesting period will be determined by a performance multiplier. Under the EIP, the Company is entitled, in its sole discretion, to settle the Units in either cash or the Company's Shares purchased on the TSX or issued from treasury, or a combination thereof. The Company intends to settle the EIP in cash.

As a cash-settled compensation arrangement, the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities over the vesting period. The Units will vest and be settled on their issue date, which will be no later than December 31 in the third year following the date of grant, or in accordance with the EIP, participant's award agreement, or the Company's discretion. The liabilities for this plan are calculated based on the estimated number of Units expected to vest at the end of the vesting period. The Units earn notional dividends, equivalent to actual dividends declared on the Company's shares. The liability is remeasured at each reporting date at fair value with changes in fair

value recognized in income. The fair value of the Units outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares, with PSUs also adjusted by a performance multiplier. Compensation expense relating to the initial award, notional dividends and changes in the market price of the Units is recognized on a straight-line basis over the vesting period.

Stock option plan

The Company's Stock Option Plan, as described in note 16, is a share-based payment plan which provides for the granting of stock options. The fair value of share-based payment awards is recognized as an employee expense, with a corresponding increase in contributed surplus, on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Deferred share unit plan

The Company has a Deferred Share Unit Plan ("DSU Plan"), which is a cash-settled share-based payment plan. The fair value of the amount payable to eligible Directors in respect of Deferred Share Units ("DSU") is equivalent to the cash value of the common shares at the reporting date. The DSUs earn notional dividends, equivalent to actual dividends declared on the Company's shares. DSUs are cash-settled when the eligible Director ceases to hold any position within the Company. The liability associated with the DSU Plan is recalculated at each reporting date and at settlement. Any change in the fair value of the liability is recognized as an expense in general and administrative expenses.

Financial instruments

Financial assets and liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument or derivative contract. Financial instruments are initially measured at fair value and are subsequently accounted for based on their classification as described below. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are classified as held-for-trading or are designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented investment policy. Financial assets classified as fair value through profit or loss instruments are measured at fair value at each reporting period with any changes in fair value during the reporting period being included in income. Transaction costs are expensed as incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Financial assets classified as loans and receivables are initially measured at fair value adjusted for directly attributable transaction costs, and subsequently, are measured at amortized cost, using the effective interest rate method, which approximates fair value. The Company will recognize changes in the fair value of loans and receivables only if realized, or when an impairment in the value of the asset occurs. Loans and receivables are generally comprised of accounts receivable and other non-current assets.

Cash and cash equivalents

The Company considers cash, bank indebtedness, if any, bankers' acceptances and short-term deposits with original maturities of three months or less, as cash and cash equivalents.

Financial liabilities

Financial liabilities are initially recognized at fair value adjusted for transaction costs directly attributable to the liability, except for financial liabilities classified as fair value through profit or loss. Financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. The Company's other financial liabilities include accounts payable, dividends payable, non-recourse project financing, deferred payment, right-of-use lease liabilities and loans and borrowings.

The Company has not classified any financial assets or liabilities as held-to-maturity or available-for-sale (see note 26).

Financial assets and liabilities are offset and the net amount presented on the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The Company uses interest rate swaps to manage its interest rate risk on the non-recourse project financing and the Total Return Swap (“TRS”). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company uses TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans due to changes in the fair value of the Company’s common shares. Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statements of income.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented separately on the statement of financial position. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets with finite lives, which consists of software, are measured at cost less accumulated amortization and accumulated impairment losses. Software is amortized over its estimated useful life of 2 to 5 years using the straight-line method.

The Company reviews the residual value, useful lives and amortization methods on an annual basis. Amortization of intangible assets is included in general and administrative expenses in the statements of income (loss).

Provisions and contingent assets

Provisions

Provisions are recognized when, at the financial statement date, the Company has a present obligation as a result of a past event, it is more likely than not that the Company will be required to settle that obligation, and the cash outflow can be estimated reliably. The amount recognized for provisions is the best estimate of the expenditure to be incurred. Where the Company expects some or all of the provision to be reimbursed, for example through insurance, the reimbursement is recognized as an asset only when it is virtually certain of realization. The recoverable amount will not exceed the amount of the provision. Provisions include:

i. Provisions for potential legal claims relating to the Company's performance and completion of construction contracts. The Company attempts to settle claims within the construction period of the contracts, but a legal claim may take years to settle.
ii. Provisions for potential warranty claims relating to construction projects. These claims are usually settled during the project's warranty period.
iii. Provisions for loss contracts are recorded when costs are estimated to be greater than total revenues for the contract. Losses from construction contracts are recognized in full in the period the loss becomes known. The loss provision will be net of management's estimate of probable expected recoveries, which differs from the criterion used for revenue recognition.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Cost recovery claims associated with claims against subcontractors and parties other than customers are considered contingent assets until it is virtually certain that the claims will be settled. Contingent assets are not recorded or disclosed in the financial statements.

Impairment

Property and equipment

At the end of each reporting period, the Company determines whether there are indicators of impairment. If there is an indicator of impairment and the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in profit and loss to reflect the asset at the lower amount. For property and equipment, the recoverable amount is usually determined by the selling price of the asset less the costs of disposal. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Intangible assets and goodwill

Intangible assets and goodwill resulting from business combinations are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite lived intangible assets are tested at least annually for impairment. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. The value in use is determined by the cash flows expected to arise from the CGU discounted using a pre-tax discount rate, which reflects the current market assessments of the time value of money and asset-specific risk. Intangible assets and goodwill are assigned to the CGU associated with the related acquisition. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amount of the other assets in the CGUs.

Joint arrangements

A joint arrangement is an arrangement in which the Company has joint control, established by contractual agreements requiring unanimous consent for decisions about activities that significantly affect the arrangement's returns. Joint arrangements are classified as either a joint operation or a joint venture. A joint operation is an arrangement where the joint controlling parties have direct rights to the assets and direct obligations for the liabilities of the arrangement in the normal course of business. Interests in a joint operation are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses. A joint venture is an arrangement where the joint controlling parties have rights to the net assets of the arrangement. Interests in a joint venture are recognized as an investment and accounted for using the equity method. The determination as to whether a joint arrangement is a joint venture or a joint operation requires significant judgment based on the structure of the arrangement, the legal form of any separate vehicle, the contractual terms of the arrangement and other facts and circumstances. The joint arrangements in which Bird participates are typically formed to undertake a specific construction project, are jointly controlled by the parties, and are dissolved upon completion of the project.

Finance income and finance costs

Finance income is comprised of interest earned on cash and cash equivalents, gains/losses on disposal of investments and changes in the fair value of financial assets classified as fair value through profit and loss. Interest income is recognized as it accrues in the income statement.

Finance costs are comprised of interest on loans and borrowings including non-recourse project financing using the effective interest rate method, interest expense related to ROU liabilities, interest expense related to the net gain or loss on interest rate swaps, interest associated with total return swaps, fees associated with credit facilities, bank charges and other interest expenses.

Business combinations

The Company uses the acquisition method of accounting for business combinations. The consideration transferred includes the fair value of the assets transferred to acquire a subsidiary, the liabilities assumed and the fair value of any equity interest issued by the Company. Acquisition related costs are expensed as incurred. Any excess of the fair value of the consideration transferred over the Company's share of the fair value of net identifiable assets acquired, all measured as of the acquisition date, is recorded as goodwill. If the fair value of the consideration transferred is less than the fair value of the net identifiable assets acquired, such as in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Leases

The Company recognizes a right-of-use ("ROU") asset and a ROU liability at the lease commencement date. The ROU asset is initially measured at cost which is comprised of 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 ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the ROU asset or to the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The ROU liability, or 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 determined, the Company's incremental borrowing rate. The ROU liability is remeasured when there is a change in future lease payments such as 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.

The Company has elected not to recognize ROU assets for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Subcontractor/Supplier Performance Default Insurance

The Company maintains an insurance policy which provides the Company with comprehensive coverage in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program. The total insurance premium paid by the Company to the insurer is comprised of a non-refundable premium and a deposit premium. The deposit premium paid by the Company is included in other non-current assets on the consolidated statements of financial position. The liabilities included in provisions on the consolidated statements of financial position relate to management's best estimate of exposures and costs associated with prior or existing subcontractor or supplier performance defaults. Management conducts a thorough review of the liability every reporting period and takes into consideration the Company's experience to date with those subcontractors or suppliers that are enrolled in the program.

4. New Accounting Standards, Amendments and Interpretations Adopted

IFRS 16, Leases

The Company has adopted IFRS 16 in its financial statements effective January 1, 2019 using a modified retrospective approach which does not require restatement of prior period financial information. IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee is required to recognize a ROU asset and a lease liability representing its obligation to make lease payments.

On adoption of the new lease standard, the Company elected to use the following practical expedients permitted under the standard:

i. Apply a single discount rate to a portfolio of leases with similar characteristics;
ii. Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
iii. Use hindsight in determining the lease term where the contract contains terms to extend or terminate the lease; and
iv. Use the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on January 1, 2019.

The adoption of the standard resulted in an increase in ROU assets of $16,074, an increase in ROU liabilities of $18,270, a reduction in prepaids of $36, a decrease in other liabilities of $250, an increase in net deferred taxes asset of $534, and a corresponding reduction to opening retained earnings for the net difference of approximately $1,448 as at January 1, 2019. The borrowing rate applied to discount lease liabilities at January 1, 2019 was approximately 4.0%.

The following table provides a reconciliation of the operating lease commitments previously disclosed at December 31, 2018 and the ROU liabilities recognized on adoption of IFRS 16 at January 1, 2019:

		January 1, 2019
Operating lease commitments at December 31, 2018	**$**	31,635
Common area maintenance (CAM) costs previously included in operating lease commitments		(10,880)
Recognition exemption for short-term leases		(70)
Extension and termination options reasonably certain to be exercised		943
Discounting of lease obligations at January 1, 2019		(3,358)
Additional ROU liabilities on adoption of IFRS 16 at January 1, 2019	**$**	**18,270**

CAM costs that were previously included in operating lease commitments are not included in the calculation of ROU liabilities.

IFRIC 23, Uncertainty over Income Tax Treatments

The Company has adopted IFRIC Interpretation 23 Uncertainty over Income Tax Treatments effective January 1, 2019. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation did not have a material impact on the financial statements.

5. Future accounting changes

The following future change to accounting standards is not effective for the year ended December 31, 2019, and has not been applied in preparing these consolidated financial statements.

Amendments to IFRS 3 – Definition of a Business

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company will adopt the amendments to IFRS 3 on a prospective basis on January 1, 2020.

6. Revenue

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following tables provide details of total construction revenue by contract type for the year ended December 31, 2019:

		2019		2018
PPP	$	**102,105**	$	134,633
Alternative finance projects and complex design-build		**176,887**		179,496
Stipulated sum, unit price and standard specification design-build		**792,492**		806,362
Construction management, cost plus and IPD		**304,924**		261,293
	$	**1,376,408**	$	1,381,784

Remaining performance obligations

The total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the reporting date is referred to as remaining performance obligations. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

As at December 31, 2019 the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts was $1,547,427. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

The Company expects to recognize approximately 66% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control.

Summary of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

		2019		2018
Progress billings and holdbacks receivable (note 8)	$	**406,682**	$	329,891
Contract assets		**31,018**		28,412
Contract assets – alternative finance projects (note 7)		**75,180**		7,126
Contract liabilities		**(112,126)**		(60,003)
	$	**400,754**	$	305,426

Progress billings and holdbacks receivable

The Company issues invoices in accordance with the billing schedule or contract terms. These invoices trigger recognition of accounts receivable.

Contract assets including alternative finance projects

The Company receives payments from customers based on a billing schedule, as established in the contracts. A contract asset relates to the conditional right to consideration for completed performance under the contract. Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets related to construction contracts are typically invoiced within a year, while alternative finance projects follow a contractually agreed billing schedule and contract assets are recognized in accounts receivable upon substantial performance.

	Contract assets		
	Construction contracts	**Alternative finance projects**	**Total**
Balance, January 1, 2018	$ 34,962	$ 73,951	$ 108,913
Reduction of contract assets due to progress billings in year	(24,831)	(73,951)	(98,782)
Additions to contract assets	18,281	7,126	25,407
Balance, December 31, 2018	**28,412**	**7,126**	**35,538**
Reduction of contract assets due to progress billings in year	**(23,807)**	**–**	**(23,807)**
Additions to contract assets	**26,413**	**68,054**	**94,467**
Balance, December 31, 2019	**$ 31,018**	**$ 75,180**	**$ 106,198**

Contract liabilities

Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract. Typically, contract liabilities are recognized within a year as performance is achieved per contractual terms.

During the year, $60,003 of revenue (2018 – $62,376) was recognized that was included in the contract liability balance at the beginning of the year.

For the year ended December 31, 2019, $1,203 (December 31, 2018 – $11,450) of revenue was recognized from the satisfaction of performance obligations related to previous periods. This amount represents changes in the transaction price due to contract modifications and various other cumulative catch up adjustments.

7. Alternative finance projects

The following table provides details of contract assets – alternative finance projects as at December 31, 2019:

	OPP Modernization Phase 2
Balance, December 31, 2018	**$ 7,126**
Changes in contract assets relating to alternative finance projects	**68,054**
Balance, December 31, 2019	**$ 75,180**

The following table provides details of the changes in the Company's non-recourse project financing during the year:

	Non-Recourse Project Financing			
	Loan facility	Transaction costs	Interest rate swap	Total
Balance, December 31, 2017	63,975	–	(290)	63,685
Proceeds	24,734	–	–	24,734
Repayment of debt	(76,474)	–	–	(76,474)
Transaction costs net of amortization	–	(1,024)	–	(1,024)
Change in fair value of interest rate swap	–	–	903	903
Balance, December 31, 2018	**$ 12,235**	**$ (1,024)**	**$ 613**	**$ 11,824**
Proceeds	**72,832**	**–**	**–**	**72,832**
Repayment of debt	**–**	**–**	**–**	**–**
Transaction costs net of amortization	**–**	**655**	**–**	**655**
Change in fair value of interest rate swap	**–**	**–**	**63**	**63**
Balance, December 31, 2019	**$ 85,067**	**$ (369)**	**$ 676**	**$ 85,374**

OPP Modernization Phase 2

i. Background information

During 2018, the Company was awarded a fixed-price design-build-finance contract to construct the Ontario Provincial Police ("OPP") Modernization Phase 2 project.

ii. Restricted cash

The terms of the debt financing agreement require that scheduled loan advances be deposited into a bank account, that cannot be accessed directly by the Company. Upon recommendation by the lender's technical advisor, cash is released monthly based on the progress of the work (note 25).

iii. Contract assets

Contract assets will increase throughout the project until payment is made to the Company following substantial completion.

iv. Loan payable

The Company has arranged a $138,475 loan facility related to the project. The loan is repayable in full, upon substantial completion of the project, from the proceeds of the contract payment. The scheduled substantial completion date is in 2020. In the event of a default in payment for the construction work upon substantial completion, including interim interest costs, the lender has recourse only against assets related to this project, which have been segregated in a wholly-owned subsidiary of the Company.

Interest is paid monthly in arrears. Borrowings under the facility bear interest at a rate per annum equal to the bankers' acceptance rate plus a spread. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixes the interest rate at 3.29%. The interest rate swap was executed on August 17, 2018 and expires on January 4, 2021. The notional amounts of the interest rate swap agreement match the estimated draws under the loan facility. The interest rate swap agreement is not designated as a hedge, and changes in the fair market value are recorded in the statement of income. Interest expense on the loan during the year ended December 31, 2019 of $1,995 (December 31, 2018 – $249) is included in finance costs.

Avenir Centre

The Company's contract to build the Avenir Centre obtained substantial completion during the second quarter of 2018. The Company had a $77,478 loan facility related to the project and the $76,474 loan drawn was repaid in-full upon substantial completion in the second quarter of 2018. Interest expense on the loan in the year ended December 31, 2019 is $nil (December 31, 2018 - $731) is included in finance costs.

8. Accounts receivable

		2019		2018
Progress billings on construction contracts	**$**	**271,931**	$	221,259
Holdbacks receivable (due within one operating cycle)		**134,751**		108,632
Other		**6,967**		7,772
	$	**413,649**	$	337,663

Accounts receivable are reported net of an allowance for doubtful accounts of $1,538 as at December 31, 2019 (December 31, 2018 - $1,271).

Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially complete and the applicable lien period has expired.

9. Other assets

		2019		2018
Subcontractor / Supplier insurance deposits	**$**	**4,511**	$	5,727
Notes receivable		**8,069**		1,125
Other assets		**12,580**		6,852
Less:				
Current portion – other assets		**5,972**		–
Non-current portion	**$**	**6,608**	$	6,852

Subcontractor / Supplier insurance deposits relate to the Company's insurance policies which provide Bird with comprehensive coverage, subject to a deductible, in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program.

The Company has promissory notes outstanding from an equity accounted joint arrangement. One promissory note is available to the borrower for working capital purposes and is due on September 8, 2022. The second promissory note is available to the borrower for a specific project and is due upon completion of the project.

10. Projects and entities accounted for using the equity method

The Company performs some construction and concession related projects through joint ventures and associates which are accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market value available for their shares.

	2019		
	Joint Ventures	**Associates**	**Total**
Total current assets	$ 124,396	$ 31,607	$ 156,003
Total non-current assets	615,582	171,015	786,597
Total assets	739,978	202,622	942,600
Total current liabilities	88,152	14,634	102,786
Total non-current liabilities	614,137	171,544	785,681
Total liabilities	702,289	186,178	888,467
Net assets – 100%	$ 37,689	$ 16,444	$ 54,133
Attributable to the Company	$ 10,938	$ 1,644	$ 12,582
Revenue – 100%	$ 155,380	$ 9,160	$ 164,540
Total comprehensive income – 100%	$ 6,784	$ 2,395	$ 9,179
Attributable to the Company	$ 2,459	$ 234	$ 2,693

	2018		
	Joint Ventures	Associates	Total
Total current assets	$ 100,695	$ 47,410	$ 148,105
Total non-current assets	538,118	174,038	712,156
Total assets	638,813	221,448	860,261
Total current liabilities	56,071	20,766	76,837
Total non-current liabilities	545,431	175,211	720,642
Total liabilities	601,502	195,977	797,479
Net assets – 100%	$ 37,311	$ 25,471	$ 62,782
Attributable to the Company	$ 14,018	$ 2,547	$ 16,565
Revenue – 100%	$ 142,203	$ 33,283	$ 175,486
Total comprehensive income – 100%	$ 3,263	$ 5,812	$ 9,075
Attributable to the Company	$ 1,313	$ 581	$ 1,894

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

		2019		2018
Projects and entities accounted for using the equity method – beginning of year	$	**12,517**	$	12,237
Share of net income for the year		**2,693**		1,894
Share of other comprehensive income for the year		**37**		1
Investments in equity accounted entities		**-**		4,020
		15,247		18,152
Distributions from projects and entities accounted for using the equity method		**(1,223)**		(1,873)
Investments in equity accounted entities reclassified as held for sale		**(3,839)**		(3,762)
Projects and entities accounted for using the equity method – end of year	$	**10,185**	$	12,517

The Company recognizes the income and losses related to its investments in associates and joint ventures, as the Company has an obligation to fund its proportionate share of the net liabilities of these entities.

The carrying amount of investments in equity accounted entities may not always equal the Company's share of the net assets or net liabilities of these joint ventures and associates, due to fair value adjustments including goodwill, and the timing of capital contributions or distributions in accordance with contract terms.

Transactions with these related parties are described in note 24 in the financial statements. Amounts committed for future capital injections to concession entities are described in note 23 in the financial statements.

Investments in equity accounted entities classified as held for sale

The Company has initiated plans to sell its investments in three entities accounted for using the equity method. These investments have been classified as investments held for sale on the Consolidated Statement of Financial Position. For the period ended December 31, 2019, distributions of $623 were received from investments in equity accounted entities classified as held for sale in 2018.

11. Property and equipment

2019	Land	Buildings	Building improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2018	$ **1,769**	$ **12,432**	$ **8,041**	$ **105,178**	$ **2,608**	$ **130,028**
Reclass to ROU Assets (note 4)	**(53)**	**–**	**–**	**(17,030)**	**(16)**	**(17,099)**
Balance, January 1, 2019	**1,716**	**12,432**	**8,041**	**88,148**	**2,592**	**112,929**
Additions	**414**	**65**	**891**	**12,003**	**276**	**13,649**
Disposals	**–**	**(368)**	**–**	**(8,037)**	**(116)**	**(8,521)**
Balance, December 31, 2019	**2,130**	**12,129**	**8,932**	**92,114**	**2,752**	**118,057**
Accumulated depreciation						
Balance, December 31, 2018	**–**	**5,583**	**3,844**	**62,490**	**1,885**	**73,802**
Reclass to ROU Assets (note 4)	**–**	**–**	**–**	**(4,017)**	**(9)**	**(4,026)**
Balance, January 1, 2019	**–**	**5,583**	**3,844**	**58,473**	**1,876**	**69,776**
Disposals	**–**	**(19)**	**–**	**(7,111)**	**(99)**	**(7,229)**
Depreciation expense	**–**	**628**	**634**	**8,053**	**179**	**9,494**
Balance, December 31, 2019	**–**	**6,192**	**4,478**	**59,415**	**1,956**	**72,041**
Net book value	$ **2,130**	$ **5,937**	$ **4,454**	$ **32,699**	$ **796**	$ **46,016**

2018	Land	Buildings	Building improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, January 1, 2018	$ 1,774	$ 13,446	$ 7,355	$ 95,651	$ 2,294	$ 120,520
Additions	–	443	686	11,660	314	13,103
Additions under finance leases	–	–	–	3,851	–	3,851
Disposals	(5)	(1,457)	–	(5,984)	–	(7,446)
Balance, December 31, 2018	1,769	12,432	8,041	105,178	2,608	130,028
Accumulated depreciation						
Balance, January 1, 2018	–	5,165	3,325	57,905	1,728	68,123
Disposals	–	(279)	–	(4,805)	–	(5,084)
Depreciation expense	–	697	519	9,390	157	10,763
Balance, December 31, 2018	–	5,583	3,844	62,490	1,885	73,802
Net book value	$ 1,769	$ 6,849	$ 4,197	$ 42,688	$ 723	$ 56,226

Right-of-use assets

The Company leases several assets including land and buildings, vehicles and furniture and equipment presented below:

	2019				
	Land	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost					
Balance reclass, December 31, 2018	$ 53	$ –	$ 17,030	$ 16	$ 17,099
January 1, 2019 ROU assets (note 4)	–	15,569	381	124	16,074
Balance, January 1, 2019	53	15,569	17,411	140	33,173
Additions	–	1,942	8,829	12	10,783
Disposals	–	–	(115)	(16)	(131)
Balance, December 31, 2019	53	17,511	26,125	136	43,825
Accumulated depreciation					
Balance reclass, December 31, 2018	–	–	4,017	9	4,026
January 1, 2019 ROU assets (note 4)	–	–	–	–	–
Balance, January 1, 2019	–	–	4,017	9	4,026
Disposals	–	–	(99)	(9)	(108)
Depreciation expense	–	2,572	2,841	34	5,447
Balance, December 31, 2019	–	2,572	6,759	34	9,365
Net book value	$ 53	$ 14,939	$ 19,366	$ 102	$ 34,460

The statement of cash flows for the period ended December 31, 2019 excludes additions of ROU assets totalling $10,783 (December 31, 2018 - $3,851) acquired through finance leases.

12. Intangible assets and goodwill

	2019	
	Computer Software	**Goodwill**
Cost		
Balance, January 1, 2019	$ **7,760**	$ **30,540**
Additions	**782**	**–**
Balance, December 31, 2019	**8,542**	**30,540**
Accumulated amortization		
Balance, January 1, 2019	**5,185**	**14,151**
Amortization expense	**873**	**–**
Balance, December 31, 2019	**6,058**	**14,151**
Net book value	$ **2,484**	$ **16,389**

	2018	
	Computer Software	Goodwill
Cost		
Balance, January 1, 2018	$ 6,250	$ 30,540
Additions	1,510	–
Balance, December 31, 2018	7,760	30,540
Accumulated amortization		
Balance, January 1, 2018	4,712	14,151
Amortization expense	473	–
Balance, December 31, 2018	5,185	14,151
Net book value	$ 2,575	$ 16,389

Goodwill	**2019**	2018
Rideau cash generating unit	$ **9,294**	$ 9,294
Nason cash generating unit	**7,095**	7,095
	$ **16,389**	$ 16,389

The recoverable amounts for the Rideau and Nason cash generating units ("CGU") were determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a three-year period. Significant assumptions used in the calculation of value in use were the level of new awards, the construction gross margin percentage, the level of operating and capital costs, the discount rate and the terminal value growth rate. Budgeted net income was based on expectation of future outcomes taking into account past experience, the Company's annual business plan and the Company's strategic plan adjusted for a number of weighted probabilities based on current economic conditions. Cash flows for the remaining periods were extrapolated using nominal growth rates. An after-tax discount rate of 13.0%, which is based on a market-based cost of capital, was applied in determining the recoverable amounts.

13. Loans and borrowings, credit facilities and right-of-use liabilities

Loans and Borrowings and Credit facilities

	Maturity	Interest rate		2019		2018
Revolving credit facility	Dec 31, 2022	Variable	$	**15,000**	$	15,000
Committed revolving term loan facility	Dec 31, 2021	Variable		**10,000**		-
Equipment financing	2020 – 2024	Fixed 2.40% - 3.73%		**15,621**		6,198
			$	**40,621**	$	21,198
Current portion of loans and borrowings			$	**5,883**	$	2,151
Non-current portion of loans and borrowings			$	**34,738**	$	19,047

Committed revolving operating credit facility

The Company has a committed revolving credit facility of up to $85,000, maturing December 31, 2022. As part of the agreement, the Company provides a general secured interest in the assets of the Company. At December 31, 2019, the Company has $28,504 letters of credit outstanding on the facility (December 31, 2018 – $24,291) and has drawn $15,000 on the facility (December 31, 2018 - $15,000). The full amount is recorded as non-current, as the facility is due and payable December 31, 2022. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Committed revolving term loan facility

The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2021. As of December 31, 2019, the Company has drawn $10,000 (December 31, 2018 - $nil) on the facility. The full amount is recorded as non-current, as the facility is due and payable December 31, 2021. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Equipment financing

The Company and its subsidiaries have committed term credit facilities of up to $35,000 to be used to finance equipment purchases. Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company and its subsidiaries obtained multiple, fixed interest rate, term loans which were used to finance equipment purchases. Principal and interest are payable monthly, and these term loans are secured by specific equipment of the Company and its subsidiaries.

Letters of credit facilities

The Company has authorized operating letters of credit facilities totalling $80,000. At December 31, 2019 the facilities were drawn for outstanding letters of credit of $6,559 (December 31, 2018 - $8,468).

The Company also has an agreement with Export Development Canada (“EDC”) to provide performance security guarantees for letters of credit issued by financial institutions on behalf of the Company. The Company can only use this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria. EDC has issued performance security guarantees totalling $6,421 (December 31, 2018 - $5,948).

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to PPP and other major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at December 31, 2019 of $139 (December 31, 2018 - $2,645).

ROU liabilities

	Maturity		2019		2018
ROU liabilities	2020 – 2034	$	**31,100**	$	8,759
Current portion of ROU liabilities			**8,025**		3,053
Non-current portion of ROU liabilities		$	**23,075**	$	5,706

Subsidiaries of the Company have established operating lease lines of credit of $31,800 with the financing arms of major heavy equipment suppliers to finance equipment leases. Draws under these facilities are generally recognized as right of use liabilities, with the lease obligations being secured by the specific leased equipment (see note 11). At December 31, 2019, the subsidiaries had used $11,653 under these facilities.

The following table provides details of the changes in the Company's Loans and Borrowings and ROU liabilities during the period ended December 31, 2019.

	Revolving Credit Facility	Committed Revolving Term Loan Facility	Equipment financing	ROU Liabilities	Total
Balance, December 31, 2017	$ 5,000	$ –	$ 5,177	$ 8,421	$ 18,598
Proceeds	10,000	–	4,242	3,851	18,093
Repayment	–	–	(3,221)	(3,513)	(6,734)
Balance, December 31, 2018	15,000	–	6,198	8,759	29,957
ROU liabilities, January 1, 2019 (note 4)	**–**	–	**–**	**18,270**	**18,270**
Balance, January 1, 2019	**15,000**	–	**6,198**	**27,029**	**48,227**
Proceeds	–	**10,000**	**14,536**	–	**24,536**
Additions to ROU liabilities	–	–	–	**10,783**	**10,783**
Interest on ROU liabilities	–	–	–	**903**	**903**
Repayment	–	–	**(5,113)**	**(7,615)**	**(12,728)**
Balance, December 31, 2019	**$ 15,000**	**$ 10,000**	**$ 15,621**	**$ 31,100**	**$ 71,721**

The aggregate amount of principal repayments and future minimum lease payments for all loans and borrowings and ROU liabilities is as follows:

	Revolving Credit Facility	Committed Revolving Term Loan Facility	Equipment financing	ROU Liabilities	Total
Within 1 year	$ –	$ –	$ 5,883	$ 8,864	$ 14,747
Year 2	–	10,000	5,223	7,383	22,606
Year 3	15,000	–	3,491	4,909	23,400
Year 4	–	–	850	3,549	4,399
Year 5	–	–	174	1,910	2,084
More than 5 years	–	–	–	8,225	8,225
Balance, December 31, 2019	15,000	10,000	15,621	34,840	75,461
Less: interest	–	–	–	(3,740)	(3,740)
	$ 15,000	$ 10,000	$ 15,621	$ 31,100	$ 71,721

14. Income taxes

Provision for income taxes

	2019	2018
Income tax expense (recovery) comprised of:		
Current income taxes	$ **(4,194)**	$ 1,652
Deferred income taxes	**6,669**	(3,313)
	$ **2,475**	$ (1,661)

Income tax rate reconciliation

	2019	2018
Combined federal and provincial income tax rate	**27.5%**	27.3%
Increase (reductions) applicable to:		
Effect of different tax rate on equity investments	**(10.4%)**	36.8%
Non-taxable items	**1.0%**	(10.5%)
Other	**2.6%**	8.5%
Effective rate	**20.7%**	62.1%

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates.

Composition of deferred income tax assets and liabilities

	2019	2018
Provisions and accruals	$ **5,071**	$ 4,254
Timing of recognition of construction profits	**(35,745)**	(9,028)
Property and equipment	**(3,854)**	(1,083)
Right of use assets and liabilities	**620**	(736)
Intangible assets	**(203)**	(321)
Investment in equity accounted entities	**(2,715)**	(3,293)
Other	**(72)**	(72)
Tax loss carry forward	**34,317**	13,833
	$ **(2,581)**	$ 3,554
Balance sheet presentation		
Deferred income tax asset	**11,287**	10,909
Deferred income tax liability	**(13,868)**	(7,355)
	$ **(2,581)**	$ 3,554

The Company has deferred tax assets in the amount of $945 that have not been recognized in these consolidated financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011, 2013 and 2015. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

Included in the tax loss carry forward balance is $21,768 related to an alternative finance project, which is off-set by a deferred tax liability of $21,793 included in timing of recognition of construction profits, and a deferred tax asset of $179 included in provisions and accruals, resulting in a net deferred tax asset of $154.

Movement in temporary differences for the year ended December 31, 2019:

	Balance December 31, 2018	Recognized in profit or loss	Adoption of IFRS 16 (note 4)	Balance December 31, 2019
Provisions and accruals	**$ 4,254**	**$ 817**	**$ –**	**$ 5,071**
Timing of recognition of construction profits	**(9,028)**	**(26,717)**	**–**	**(35,745)**
Property and equipment	**(1,083)**	**(2,771)**	**–**	**(3,854)**
Right of use assets and liabilities	**(736)**	**822**	**534**	**620**
Intangible assets	**(321)**	**118**	**–**	**(203)**
Investments in equity accounted entities	**(3,293)**	**578**	**–**	**(2,715)**
Other	**(72)**	**–**	**–**	**(72)**
Tax loss carry forward	**13,833**	**20,484**	**–**	**34,317**
	$ 3,554	**$ (6,669)**	**$ 534**	**$ (2,581)**

Movement in temporary differences for the year ended December 31, 2018:

	Balance December 31, 2017	Recognized in profit or loss	Balance December 31, 2018
Provisions and accruals	$ 3,173	$ 1,081	$ 4,254
Timing of recognition of construction profits	(12,066)	3,038	(9,028)
Property and equipment	(1,132)	49	(1,083)
Right of use assets and liabilities	(385)	(351)	(736)
Intangible assets	(498)	177	(321)
Investments in equity accounted entities	(3,309)	16	(3,293)
Other	(50)	(22)	(72)
Tax loss carry forward	14,508	(675)	13,833
	$ 241	$ 3,313	$ 3,554

15. Other liabilities

		2019		2018
Liabilities for cash-settled share-based compensation plans (note 16)	**$**	**8,443**	$	4,374
Leasehold inducement		**1,964**		2,224
Deferred payment		**–**		756
Total return swap derivatives		**271**		2,218
Interest rate swaps		**58**		54
	$	**10,736**	$	9,626
Less: current portion				
Cash-settled share-based compensation plans (note 16)		**1,762**		917
Leasehold inducement		**261**		218
Deferred payment		**–**		756
Total return swap derivatives		**175**		389
Interest rate swaps		**7**		–
	$	**2,205**	$	2,280
Non-current portion	**$**	**8,531**	$	7,346

The Company entered into Total Return Swap ("TRS") derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company's common shares. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statement of income.

16. Share-based compensation plans

Stock option plan

The Company has a Stock Option Plan that provides all option holders the right to receive common shares in exchange for the options exercised. The Board of Directors selects eligible employees to be granted options, the number of options granted, the exercise price, the term of the option and the vesting periods. The number of common shares issuable under the Stock Option Plan shall not exceed 10% of the number of common shares outstanding. With the approval of the Equity Incentive Plan in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

Details of changes in the balance of stock options outstanding are as follows:

	Number of stock options outstanding		Weighted average exercise price
Outstanding at December 31, 2017	535,000	$	13.59
Forfeited during the year	(45,000)		13.98
Outstanding at December 31, 2018	490,000		13.55
Expired during the year	**(390,000)**		**13.98**
Outstanding at December 31, 2019	**100,000**	**$**	**11.87**

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2019:

	Number of stock options issued and outstanding	Number of stock options exercisable	Exercise price	Weighted average fair value of the option	Expiry date	Remaining contractual life (years)
January 1, 2015 Grant	**100,000**	**100,000**	**$ 11.87**	**$ 1.16**	**January 1, 2022**	**2.0**

All outstanding options have fully vested. There was no stock-based compensation expense recognized during the year ended December 31, 2019 (December 31, 2018 - $7).

Medium term incentive plan ("MTIP"), Equity incentive plan ("EIP") and Deferred share unit ("DSU") plan

	2019	2018
MTIP liability	**$ 1,069**	$ 1,226
EIP liability	**3,925**	1,336
DSU liability	**3,449**	1,812
Liabilities for cash-settled share-based compensation plans	**$ 8,443**	$ 4,374
Less: current portion		
MTIP liability	**257**	917
EIP liability	**1,505**	–
	$ 1,762	$ 917
Non-current portion	**$ 6,681**	$ 3,457

The Company has recognized a gain of $1,947 on its TRS derivatives for the year ended December 31, 2019 (December 31, 2018 - $4,213 loss).

	MTIP & EIP	
	2019	2018
Balance January 1,	**$ 2,562**	$ 3,836
Annual award of phantom shares	**2,011**	2,207
Cash payments for vested shares	**(1,295)**	(1,854)
Shares awarded – notional dividends	**116**	162
Change in fair value and forfeitures of phantom shares	**1,600**	(1,789)
Balance December 31,	**$ 4,994**	$ 2,562
Less: current portion	**1,762**	917
Non-current portion	**$ 3,232**	$ 1,645

As at December 31, 2019, a total of 1,482,683 unvested phantom units of the MTIP and EIP (December 31, 2018 – 920,489) are outstanding and valued at $11,057 of which $4,994 has been recognized to date in the accounts of the Company.

As at December 31, 2019, a total of 482,404 DSU phantom units (December 31, 2018 – 296,536) were issued and valued at $3,449.

17. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares and has 42,516,853 issued and outstanding common shares as at December 31, 2019. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares.

	Number of shares	Amount
Balance, December 31, 2019 and December 31, 2018	**42,516,853**	**$ 42,527**

18. Earnings per share

Details of the calculation of earnings per share are as follows:

	2019	2018
Profit (loss) attributable to shareholders (basic and diluted)	**$ 9,484**	$ (1,013)
Average number of common shares outstanding	**42,516,853**	42,516,853
Effect of stock options on issue	**–**	–
Weighted average number of common shares (diluted)	**42,516,853**	42,516,853
Basic and diluted earnings (loss) per share	**$ 0.22**	$ (0.02)

At December 31, 2019, 100,000 options (December 31, 2018 - 490,000 options) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

19. Provisions

	Warranty claims and other	Legal	Total
Balance, December 31, 2018	**$ 6,666**	**$ 1,927**	**$ 8,593**
Provisions made during the year	**20,588**	**1,365**	**21,953**
Provisions used during the year	**(20,416)**	**(549)**	**(20,965)**
Provisions reversed during the year	**(1,620)**	**(198)**	**(1,818)**
Balance, December 31, 2019	**$ 5,218**	**$ 2,545**	**$ 7,763**
Balance, December 31, 2017	$ 8,777	$ 1,926	$ 10,703
Provisions made during the year	25,142	1,634	26,776
Provisions used during the year	(23,732)	(1,362)	(25,094)
Provisions reversed during the year	(3,521)	(271)	(3,792)
Balance, December 31, 2018	$ 6,666	$ 1,927	$ 8,593

Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operations of the Company.

20. Finance income

		2019		2018
Interest income	$	**2,596**	$	1,386

21. Finance and other costs

		2019		2018
Interest on loans and borrowings	$	**2,331**	$	1,796
Interest on ROU liabilities		**903**		–
Loss on interest rate swaps (note 7 and note 15)		**67**		957
Interest on non-recourse project financing (note 7)		**1,995**		980
Other		**262**		878
	$	**5,558**	$	4,611

22. Personnel costs

Salary and benefits expense of the Company included in costs of construction and general and administrative expense is:

		2019		2018
Wages, salaries and profit sharing	$	**199,420**	$	174,818
Benefits		**34,214**		28,807
Deferred compensation		**5,354**		670
Stock-based compensation		**–**		7
	$	**238,988**	$	204,302

23. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2019 totalled $56,606 (December 31, 2018 - $43,301). The Company has acquired minority equity interests in a number of PPP concession entities (note 10), which requires the Company to make $5,859 in future capital injections. These commitments have been secured by letters of credit totalling $5,859 (December 31, 2018 - $5,859).

Contingencies

The Company is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts. These include the Company's contingent liability for the performance obligations of its subcontractors. Where possible and appropriate, the Company obtains performance bonds, subcontract/supplier insurance or alternative security from subcontractors. However, where this is not possible, the Company is exposed to the risk that subcontractors will fail to meet their performance obligations. In that eventuality, the Company would be obliged to complete the subcontractor's contract, generally by engaging another subcontractor, and the cost of completing the work could exceed the original subcontract price. The Company makes appropriate provision in the financial statements for all known liabilities relating to subcontractor defaults.

24. Related party transactions

Compensation of key management personnel represents the aggregate amounts paid and accrued to members of the Company's Executive and the Company's Board of Directors.

Executive & Directors		2019		2018
Base salary	$	**3,571**	$	3,857
PSU/RSU/MTIP/DSU		**4,126**		479
Stock-based compensation		**–**		7
Short term incentive plan		**520**		717
Other taxable benefits		**284**		311
	$	**8,501**	$	5,371

The Executive comprises the following positions:

i. President & Chief Executive Officer
ii. Chief Financial Officer
iii. Executive Vice President Major Projects
iv. Executive Vice President Buildings
v. Executive Vice President Industrial
vi. Senior Vice President Risk Management, General Counsel & Secretary
vii. Senior Vice President Buildings
viii. Vice President Financial Planning & Analysis
ix. Vice President Strategic Development

At December 31, 2019, Directors and Executive of the Company controlled 5.2% (December 31, 2018 – 4.2%) of the voting shares of the Company.

In 2014, the Company issued a non-interest bearing five-year loan of $550 (due December 12, 2019) to one of its executives to assist with expenses relating to the relocation of the employee. The loan was fully repaid in December 2019 (December 31, 2018 - $550 remained outstanding).

In 2016, the Company issued a non-interest bearing five-year loan of $500 (due August 14, 2021) to one of its executives to assist with expenses relating to the relocation of the employee. As at December 31, 2019, $500 remained outstanding on the loan (December 31, 2018 - $500).

A Director or related parties hold positions in other entities that result in them having control over the financial reporting or operating policies of these entities. All transactions with the Director and entities over which they have control are provided for in the normal course of business based on terms similar to those that prevail in arm's length transactions. The aggregate value of transactions during the year with entities over which directors have control was $1,935 (December 31, 2018 - $7,386) and the outstanding balance receivable at December 31, 2019 was $891 (December 31, 2018 - $4,442).

Transactions with proportionally consolidated joint arrangements

The Company provides services of its employees, management services, cost reimbursements, parental guarantees and letters of credit to the joint arrangements. These services were transferred at the exchange amount, agreed to between the parties. The amounts recognized for services provided by the Company for the year ended December 31, 2019 totalled $35,565 (December 31, 2018 - $11,831).

The Company has accounts receivable from the joint arrangements at December 31, 2019 totaling $4,154 (December 31, 2018 - $857).

Transactions with equity accounted joint arrangements

The Company and its proportionately consolidated joint arrangements (note 3), provides development and construction services to its concession investments in associates and joint ventures which are in the normal course of business and on commercial terms. The Company's proportionate share of the amounts billed for construction services provided by these joint arrangements for the year ended December 31, 2019 totaled $98,889 (December 31, 2018 – $147,008), of which $109,574 has been recognized in revenue in 2019 (December 31, 2018 - $136,620). These amounts are not eliminated as they are deemed to be realized by the Company.

The Company and its proportionately consolidated joint arrangements, have accounts receivable from these concession investment entities. The Company's proportionate share of accounts receivable at December 31, 2019 totaled $39,867 (December 31, 2018 - $35,509). The Company also has notes receivable from an equity accounted joint arrangement at December 31, 2019 totalling $8,069 (December 31, 2018 - $1,125).

25. Other cash flow information

Changes in non-cash working capital relating to operating activities		2019		2018
Accounts receivable	$	**(75,911)**	$	18,902
Contract assets		**(2,606)**		6,550
Contract assets – alternative finance projects*		**(68,054)**		66,825
Prepaid expenses		**(65)**		(47)
Inventory and other assets		**291**		(326)
Accounts payable		**36,563**		10,211
Contract liabilities		**52,123**		(2,373)
Provisions		**(830)**		(2,110)
Medium term incentive plan and other		**(7,780)**		(2,235)
	$	**(66,269)**	$	95,397

* Contract assets – alternative finance project changes are driven by design-build-finance projects. Refer to note 7 for loan proceeds to fund contract assets – alternative finance projects.

Cash and cash equivalents		2019		2018
Cash	$	**36,127**	$	111,247
Restricted cash and blocked accounts*		**10,102**		2,746
Cash held for joint operations		**134,015**		43,158
Restricted bankers' acceptances and short-term deposits*		**90**		1,769
	$	**180,334**	$	158,920

* Cash, bankers' acceptances and short-term deposits include restricted cash and cash equivalents. These amounts are not available for general operating purposes.

Restricted cash and cash equivalents		2019		2018
Cash and cash equivalents held to support letters of credit (note 13)	$	**139**	$	2,645
Cash deposited in blocked accounts for special projects (note 7)		**212**		1,870
Restricted cash		**9,841**		–
	$	**10,192**	$	4,515

Support for Letters of Credit

In the normal course of business, the Company issues letters of credit on certain projects to guarantee its performance. These projects are typically design-build contracts relating to PPP arrangements and other major construction projects. In certain instances, the letters of credit are supported by the hypothecation of cash and cash equivalents that are not available for general corporate purposes (note 13).

Blocked Accounts

The terms of non-recourse project financing require scheduled loan advances to be deposited in a blocked bank account which cannot be accessed directly by the Company for general corporate purposes. Upon recommendation by the lender's technical advisor, cash is released monthly from the blocked account and paid to the Company based on the progress made on the related construction project. Once PPP projects that only involve short term financing reach final completion and the debt is repaid, any remaining amounts in the project accounts become unrestricted and available for general corporate purposes.

Restricted Cash

Under the Construction Act in Ontario, a bank account has been established for the benefit of persons who have supplied services or materials to the improvement for specific projects subject to the legislation. The funds remain in the account until all subcontractors, suppliers and direct labour are paid, as appropriate.

26. Financial instruments

The Company's investments and derivative financial instruments, including interest rate swaps and TRS derivatives have been classified as fair value through profit and loss. The Company's cash, bankers' acceptances, short-term deposits, short-term investments, accounts receivable and other long-term assets are classified as financial assets. The Company's bank overdraft, if any, accounts payable, dividends payable to shareholders, non-recourse project financing, deferred payment, ROU liabilities and loans and borrowings have been classified as financial liabilities. The basis of the determination of the fair value of the Company's financial instruments is more fully described in note 3.

Classification and fair value of financial instruments

		2019		2018
Financial instruments at fair value through profit or loss				
Non-recourse project financing – interest rate swaps	$	**(676)**	$	(613)
Interest rate swaps		**(58)**		(54)
Total return swap derivatives		**(271)**		(2,218)
	$	**(1,005)**	$	(2,885)
Financial assets and financial liabilities				
Financial assets				
Cash and cash equivalents (note 25)	$	**180,334**	$	158,920
Accounts receivable		**413,649**		337,663
Other non-current assets		**6,608**		6,852
Short-term investments		**–**		1,705
	$	**600,591**	$	505,140
Financial liabilities				
Accounts payable	$	**(419,923)**	$	(383,608)
Dividends payable to shareholders		**(1,382)**		(1,382)
Non-recourse project financing – loan facilities (note 7)		**(84,698)**		(11,211)
Loans and borrowings		**(40,621)**		(21,198)
Right-of-use liabilities		**(31,100)**		(8,759)
Deferred payment		**–**		(756)
	$	**(577,724)**	$	(426,914)
Total financial instruments	$	**21,862**	$	75,341

The following table presents information about the Company's financial instruments measured at fair value as at December 31, 2019 and December 31, 2018, and indicates the fair value hierarchy of inputs utilized by the Company to determine such fair value. The hierarchy of inputs is summarized below:

i. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
iii. Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Significant other observable inputs	Significant unobservable inputs	
		2019		
Non-recourse project financing – interest rate swaps	$ –	$ **(676)**	$ –	$ **(676)**
Interest rate swaps	–	**(58)**	–	**(58)**
Total return swap derivatives	–	**(271)**	–	**(271)**
Financial instruments at fair value through profit or loss	$ –	$ **(1,005)**	$ –	$ **(1,005)**
		2018		
Non-recourse project financing – interest rate swaps	$ –	$ (613)	$ –	$ (613)
Interest rate swaps	–	(54)	–	(54)
Total return swap derivatives	–	(2,218)	$ –	(2,218)
Financial instruments at fair value through profit or loss	$ –	$ (2,885)	$ –	$ (2,885)

There were no transfers between levels during both years.

The fair value of the loans and borrowings and ROU liabilities approximate their carrying values on a discounted cash flow basis as the majority of these obligations bear interest at market rates. The fair values of the remaining financial instruments approximate their carrying value due to their relatively short periods to maturity.

Risk Management

In the normal course of business, the Company is exposed to several risks related to financial instruments that can affect its operating performance. These risks and the actions taken to manage them are as follows:

i. Credit Risk

Credit risk relates to the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligation.

With respect to accounts receivable, concentration of credit risk is limited due to the geographic dispersion of revenues and a diversified customer base. Before entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized.

Bankers' acceptances, short-term deposits and short-term investments are subject to minimal credit risk as they are placed with only major Canadian financial institutions. As is reasonably practical, these investments are placed with several different Canadian financial institutions, thereby reducing the Company's exposure to a default by any one financial institution.

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 17.1% (December 31, 2018 – 13.0%) of the balance of progress billings on construction contracts receivable at December 31, 2019. Management has recorded an allowance of $1,538 (December 31, 2018 - $1,271) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	**Over 12 months**	**2019**	2018
Trade receivables	$ **31,556**	$ **15,618**	$ **47,174**	$ 28,847
Impairment	**–**	**(1,538)**	**(1,538)**	(1,271)
Total Trade receivables	$ **31,556**	$ **14,080**	$ **45,636**	$ 27,576

The movement in the allowance for impairment in respect of loans and receivables during the period was as follows:

	2019	2018
Balance, beginning of year	$ **1,271**	$ 1,672
Impairment loss recognized	**313**	140
Amounts written off	**–**	(396)
Impairment loss reversed	**(46)**	(145)
Balance, end of year	$ **1,538**	$ 1,271

ii. Liquidity risk

Liquidity risk relates to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company has working capital of $80,503 which is available to support surety requirements related to construction projects. As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These investments, less $139 hypothecated to support outstanding letters of credit and $10,053 held in restricted accounts, are available to meet the financial obligations of the Company as they come due (note 25).

The Company has a committed line of credit of $85,000 available to finance operations and issue letters of credit. As at December 31, 2019, the Company has drawn $15,000 on the facility and has $28,504 letters of credit outstanding on the facility. The committed line of credit is available until December 31, 2021.

The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. As of December 31, 2019, the Company has drawn $10,000 on the facility. Also, the Company and its subsidiaries have $35,000 in equipment facilities, of which $15,621 is outstanding at December 31, 2019.

Subsidiaries of the Company have established operating lease lines of credit for $31,800 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. At December 31, 2019, the subsidiaries have used $11,653 under these facilities. In addition, the Company has letters of credit facilities totalling $80,000 available for issuing letters of credit for which $6,559 was drawn at December 31, 2019. Additional draws on this line require hypothecation of additional securities or cash deposits. Cash collateralization may not be required for certain letters of credit with an export component as the Company has entered into an agreement with EDC to provide performance security guarantees for letters of credit issued that meet their criteria. The Company believes it has access to sufficient funding through the use of these facilities to meet foreseeable operating requirements.

Principal repayments due on the loans and borrowings and non-recourse project financing are disclosed in notes 13 and 7, respectively. As disclosed in notes 15 and 16, payments required pursuant to the Company's MTIP granted in 2017, 2018 and 2019 are due on the vesting dates of November 2020, November 2021 and November 2022, respectively, or upon retirement, if earlier. Payments pursuant to the Company's EIP granted in 2017, 2018 and 2019 are due by December 2020, December 2021 and December 2022 respectively. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

The following are the contractual maturities of financial liabilities, including estimated interest payments as at December 31, 2019:

	Carrying amount	Contractual cash flows	Up to 12 months	2 – 3 years	4 – 5 years
Trade payables	$ 419,923	$ 419,923	$ 397,042	$ 22,881	$ –
Dividends payable	1,382	1,382	1,382	–	–
ROU liabilities	31,100	34,840	8,864	12,293	13,683
Non-recourse project financing	85,374	87,480	87,480	–	–
Loans and borrowings	40,621	41,422	6,325	34,055	1,042
	$ 578,400	$ 585,047	$ 501,093	$ 69,229	$ 14,725

iii. Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company's income or the value of its holdings in liquid securities.

At December 31, 2019, the interest rate profile of the Company's loans and borrowings and non-recourse project financing was as follows:

	2019
Fixed-rate facilities	$ 15,621
Variable-rate facilities	25,000
Non-recourse project financing facilities	85,067
Total loans and borrowings and non-recourse project financing	$ 125,688

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its credit facilities and TRS derivatives are based on variable rates of interest. The Company has the option to convert all variable-rate term facilities to fixed-rate term facilities. Interest rate risk on the non-recourse project financing is managed with the objective of reducing the cash flow interest rate risk through the use of interest rate swaps.

As at December 31, 2019, a one percent change in the interest rate applied to the Company's variable rate long-term debt will change annual income before income taxes by approximately $250.

The Company has certain share-based compensation plans, whereby the values are based on the common share price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivatives maturing between 2020 and 2022. The TRS derivatives are not designated as a hedge. The change in the value of the TRS derivatives is recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments. As at December 31, 2019, a 10 percent change in the share price applied to the Company's TRS derivatives will change income before income taxes by approximately $987.

iv. Currency risk

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. A 10% movement in the Canadian and U.S. dollar exchange rate would have changed income by approximately $141.

27. Capital disclosures

The Company's capital management objectives are to:

i. Ensure that the Company has the financial capacity to support its current and anticipated volume and mix of business and to manage unforeseen operational and industry developments.
ii. Ensure that the Company has sufficient financial capacity to support the execution of its longer-term growth strategies.
iii. Provide its investors with the maximum long-term returns on equity and to generate sufficient cash flow to sustain shareholder dividends and payments on long-term debt.

In the management of capital, the Company defines capital as shareholders' equity and loans and borrowings. Loans and borrowings include the current and non-current portions of long-term debt and finance leases.

The Company manages its capital within the investment policy approved by the Board of Directors. The Company makes changes to capital based on changes in business conditions and the mix of construction contracts. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Company shareholders, issue new debt or repay existing debt, issue new Company shares, and to a lesser degree, may adjust capital expenditures.

As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These cash and cash equivalents are intended to cover net current liabilities, fund current dividends payable to shareholders and provide capital to support surety and contract security requirements, including issuing letters of credit relating to the current and near-term backlog of construction projects.

Backlog is not a term found in the CPA Canada Handbook. Backlog (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

The amounts of shareholders' equity, working capital and loans and borrowings at December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
Shareholders' equity	**$ 127,720**	$ 136,229
Working capital	**80,503**	70,215
Loans and borrowings	**40,621**	29,957

28. Eligible dividends declared with a record date subsequent to the financial statement date

As of the date of the approval of these financial statements, the Board of Directors has declared eligible dividends for the following months:

i. The January dividend of $0.0325 per share will be paid on February 20, 2020 to the Shareholders of record as of the close of business on January 31, 2020.
ii. The February dividend of $0.0325 per share will be paid on March 20, 2020 to the Shareholders of record as of the close of business on February 28, 2020.
iii. The March dividend of $0.0325 per share will be paid on April 20, 2020 to the Shareholders of record as of the close of business on March 31, 2020.
iv. The April dividend of $0.0325 per share will be paid on May 20, 2020 to the Shareholders of record as of the close of business on April 30, 2020.

29. Comparative figures

Certain comparative figures for the prior period have been reclassified to conform to the presentation adopted in the current period.

Five Year Summary

December 31, 2019

(in thousands of Canadian dollars, except Other Information)

		2019	2018	2017 [1]	2016	2015
OPERATING RESULTS						
Revenue	$	**1,376,408**	1,381,784	1,418,557	1,589,868	1,444,806
Income before income taxes	$	**11,959**	(2,674)	13,078	34,327	35,347
Income taxes		**2,475**	(1,661)	4,242	9,325	13,865
Net income	$	**9,484**	(1,013)	8,836	25,002[2]	21,482[3]
Dividends	$	**16,582**	16,582	16,582	32,297	32,297
Cash flows from operations before changes in non-cash working capital	$	**30,201**	12,320	26,938	48,449	75,291

Notes:

[1] 2017 reported figures have been restated applying IFRS 15.

[2] Adjusting 2016 net income for the non-cash impairment charge, the Company's adjusted net income was $27,741 (a non-GAAP measure).

[3] Adjusting 2015 net income for the non-cash impairment charge, the Company's adjusted net income was $41,802 (a non-GAAP measure).

FINANCIAL POSITION		2019	2018[3]	2017[1]	2016[2]	2015
Current assets	$	**729,358**	546,553	607,979	729,799	652,864
Current liabilities		**648,855**	476,338	523,901	614,527	525,506
Working capital	$	**80,503**	70,215	84,078	115,272	127,358
Property and equipment	$	**46,016**	43,153	52,397	45,517	54,281
Right-of-use assets	$	**34,460**	13,073	N/A	N/A	N/A
Shareholders' equity	$	**127,720**	136,229	153,816	161,543	170,891

Notes:

[1] 2017 reported figures have been restated applying IFRS 15.

[2] 2016 reported figures have been restated on January 1, 2017 after the adoption of IFRS 15.

[3] 2018 Property and equipment figures have been reclassified following the adoption of IFRS 16 on January 1, 2019.

		2019	2018	2017	2016	2015
BACKLOG						
Firm price	$	**1,547,427**	1,295,940	1,186,000	1,137,000	1,662,800
Construction management	$	**300,938**	82,155	128,509	35,351	17,108
OTHER INFORMATION						
Number of shares outstanding		**42,516,853**	42,516,853	42,516,853	42,516,853	42,516,853
Return on revenue	%	**0.69**	(0.07)	0.62	1.57	1.49
Return on prior year shareholders' equity	%	**6.96**	(0.66)	5.47	14.63	11.83
Net income per share	$	**0.22**	(0.02)	0.21	0.59	0.51
Book value per share	$	**3.00**	3.20	3.62	3.80	4.02

Eligible Dividends

Bird Construction Inc. designates any and all dividends paid or deemed for Canadian federal, provincial or territorial income tax purposes to be paid on or after January 1, 2007 to be "eligible dividends", unless indicated otherwise in respect of dividends paid subsequent to this notification, and thereby notifies all recipients of such dividends of this designation.

Management and Office Directory

CORPORATE OFFICE
TORONTO

Teri McKibbon - President & Chief Executive Officer
Wayne Gingrich, *CPA, CMA* - Chief Financial Officer & Treasurer
Brian Henry - Chief People Officer
Ian Boyd, *P.Eng.* - Executive Vice President - Major Projects
Paul Bergman, *CET* - Executive Vice President - Commercial
Gilles Royer, *P.Eng.* - Executive Vice President - Industrial (*located in our Edmonton office*)
Charles Caza, *BA Sc. Eng., LL.B.* - General Counsel & Secretary
Paul Pastirik, *CPA, MBA, B.Comm* - Senior Vice President - Strategic Development
Jason Leong, *MAcc, CPA, CA* - Vice President - Financial Planning & Analysis

5700 Explorer Drive, Suite 400
Mississauga, ON L4W 0C6
Tel: 905-602-4122 Fax: 905-602-1516
Email: investor.relations@bird.ca

ACCOUNTING OFFICE
WINNIPEG

1151 Sherwin Road
Winnipeg, MB R3H 0V1
Tel: 204-775-7141 Fax: 204-775-9508

CONSTRUCTION OFFICES

Institutional, Commercial, Light Industrial

ST. JOHN'S
Rene Cox, *P.Eng.* - VP & District Manager, Atlantic
90 O' Leary Avenue, Suite 202
St. John's, NL A1B 3P2
Tel: 709-579-4747 Fax: 709-579-4745

HALIFAX
Rene Cox, *P.Eng.* - VP & District Manager, Atlantic
20 Duke Street, Suite 201
Bedford, NS B4A 2Z5
Tel: 902-835-8205 Fax: 902-835-8245

SAINT JOHN
Rene Cox, *P.Eng.* - VP & District Manager, Atlantic
120 Millennium Drive
Quispamsis, NB E2E 0C6
Tel: 506-849-2473 Fax: 506-847-0270

TORONTO
Jon Thompson - VP & District Manager
5700 Explorer Drive, Suite 400
Mississauga, ON L4W 0C6
Tel: 905-602-4122 Fax: 905-602-6319

WINNIPEG
Travis Paul - VP & District Manager
1055 Erin Street
Winnipeg, MB R3G 2X1
Tel: 204-775-7141 Fax: 204-783-8119

CALGARY
Ian Reid - VP & District Manager, Alberta
1200, 59th Avenue SE, Unit 350
Calgary, AB T2H 2M4
Tel: 403-319-0470 Fax: 403-319-0476

EDMONTON
Ian Reid - VP & District Manager, Alberta
102, 17007 - 107 Avenue NW
Edmonton, AB T5S 1G3
Tel: 780-470-7100 Fax: 780-459-1208

VANCOUVER
Dom Costantini - VP & District Manager
6900 Graybar Road, Unit 2370-Building 2000
Richmond, BC V6W 0A5
Tel: 604-271-4600 Fax: 604-271-1850

Heavy Civil, Mining, Industrial

ST. JOHN'S
Nolan Jenkins, *P.Eng.*- Senior VP
90 O'Leary Avenue, Suite 101
St. John's, NL A1B 2C7
Tel: 709-726-9095 Fax: 709-726-9106

MONTREAL
Anoop Singh, *P.Eng.* - VP Strategic Development
1868 boul. Des Sources, Suite 200
Pointe-Claire, QC H9R 5R2
Tel: 514-426-1333 Fax: 514-426-1339

Toronto (Industrial)
Matt Cronin, *P.Eng.* - General Manager
5700 Explorer Drive, Suite 400
Mississauga, ON L4W 0C6
Tel: 905-602-4122 Fax: 905-602-6319

WABUSH
Justin Fillier - Project Director & Operations
2 Old Airport Road
Wabush, NL A0R 1B0
Tel: 709-282-5633 Fax: 709-282-3500

EDMONTON (Industrial Civil, Buildings & Environmental)
Arthur Krehut - Senior VP
Greg Madziong - VP Buildings
Adham Kaddoura, *CET* - VP Civil
Lynnell Crone, *P.Eng, PMP, MBA* - VP Environmental
Tannis Proulx, *P.Eng.* - VP Industrial Process & Fabrication
17007 - 107 Avenue NW
Edmonton, AB T5S 1G3
Tel: 780-452-8770 Fax: 780-455-2807

BIRD

Bird Construction Inc.
5700 Explorer Drive, Suite 400
Mississauga, ON L4W 0C6
Phone: 905.602.4122
www.bird.ca