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NORTH AMERICAN
CONSTRUCTION GROUP

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2022 Q1

EARNINGS PRESENTATION

April 28, 2022



**NORTH
AMERICAN**
CONSTRUCTION GROUP

Forward-looking statements & Non-GAAP financial measures

This presentation contains forward-looking information which reflects the current plans and expectations of North American Construction Group Ltd. (the “Company”) with respect to future events and financial performance. Examples of such forward-looking information in this document include, but are not limited to, statements with respect to the Company’s targets for percentage of Adjusted EBIT to be generated outside Canadian oil sands; the Company’s 2022 targets and guidance related to Adjusted EBITDA, Adjusted EPS, Sustaining Capital, Free Cash Flow, Growth Capital, Deleveraging, Leverage Ratios and share purchases; and the Company’s liquidity and capital allocation expectations for 2022, including expectations regarding improvements in cash flow, decreases in capital additions and decrease in senior debt leverage.

Forward-looking information is based on management’s plans, estimates, projections, beliefs and opinions as at the date of this presentation, and the assumptions related to those plans, estimates, projections, beliefs and opinions may change; therefore, they are presented for the purpose of assisting the Company’s security holders in understanding management’s views at such time regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking information, except to the extent required by applicable securities laws.

Actual results could differ materially from those contemplated by the forward-looking information in this presentation as a result of any number of factors and uncertainties, many of which are beyond the Company’s control. Important factors that could cause actual results to differ materially from those in the forward-looking information include success of business development efforts, changes in prices of oil, gas and other commodities, availability of government infrastructure spending, availability of a skilled labour force, general economic conditions, weather conditions, performance and strategic decisions of our customers, access to equipment, changes in laws and ability to execute work.

For more complete information about the Company and the material factors and assumptions underlying our forward-looking information please read the most recent disclosure documents posted on the Company’s website www.nacg.ca or filed with the SEC and the CSA. You may obtain these documents by visiting EDGAR on the SEC website at www.sec.gov or on the CSA website at www.sedar.com.

This presentation presents certain non-GAAP financial measures because management believes that they may be useful to investors in analyzing our business performance, leverage and liquidity. The non-GAAP financial measures we present include "adjusted EBIT", "adjusted EBITDA", "adjusted EPS", "backlog", "cash provided by operating activities prior to change in working capital", "combined revenue", "free cash flow", "growth capital", "invested capital", "EBITDA margin", "net debt", "senior debt" and "sustaining capital". A non-GAAP financial measure is defined by relevant regulatory authorities as a numerical measure of an issuer’s historical or future financial performance, financial position or cash flow that is not specified, defined or determined under the issuer’s GAAP and that is not presented in an issuer’s financial statements. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Each of the above referenced non-GAAP financial measure is defined and reconciled to its most directly comparable GAAP measure in the “Non-GAAP Financial Measures” section of our Management’s Discussion and Analysis filed concurrently with this presentation.

Other non-GAAP financial measures used in this presentation are “combined gross profit margin” “replacement value”, “liquidity”, “return on invested capital” and “senior debt leverage”. We believe these non-GAAP financial measures are commonly used by the investment community for valuation purposes and provide useful metrics common in our industry.

“Combined gross profit margin” is calculated as combined gross profit divided by combined revenue.

“Replacement value” represents the cost to replace our fleet at market price for new equivalent equipment.

“Liquidity” is calculated as unused borrowing availability under the credit facility plus cash.

“Net debt leverage” is calculated as net debt at period end divided by the trailing twelve month adjusted EBITDA.

“Senior debt leverage” is calculated as senior debt at period end divided by the trailing twelve month adjusted EBITDA.



AGENDA

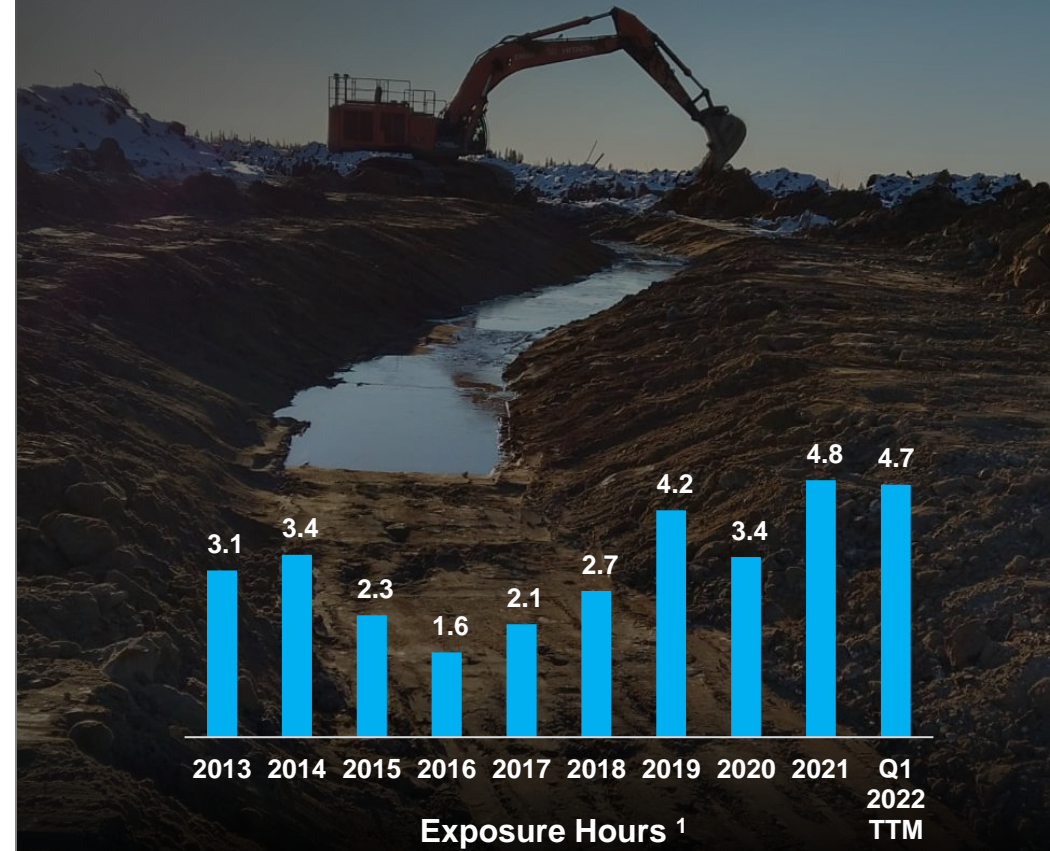
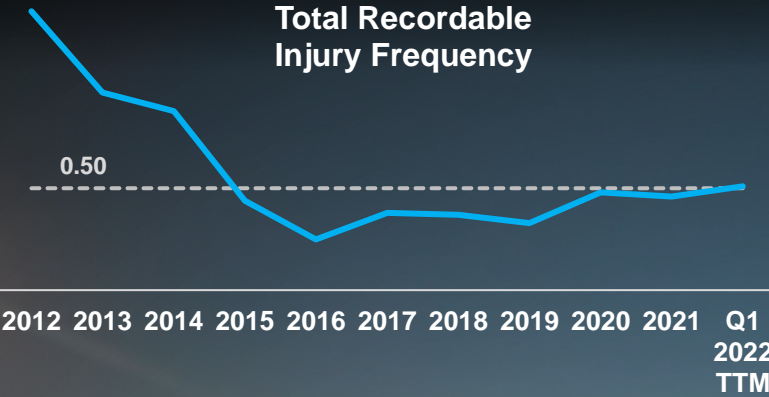
Operational performance
Financial overview
Operational priorities
Remainder of 2022

Everyone Gets Home Safe

Q1 2022
EARNINGS

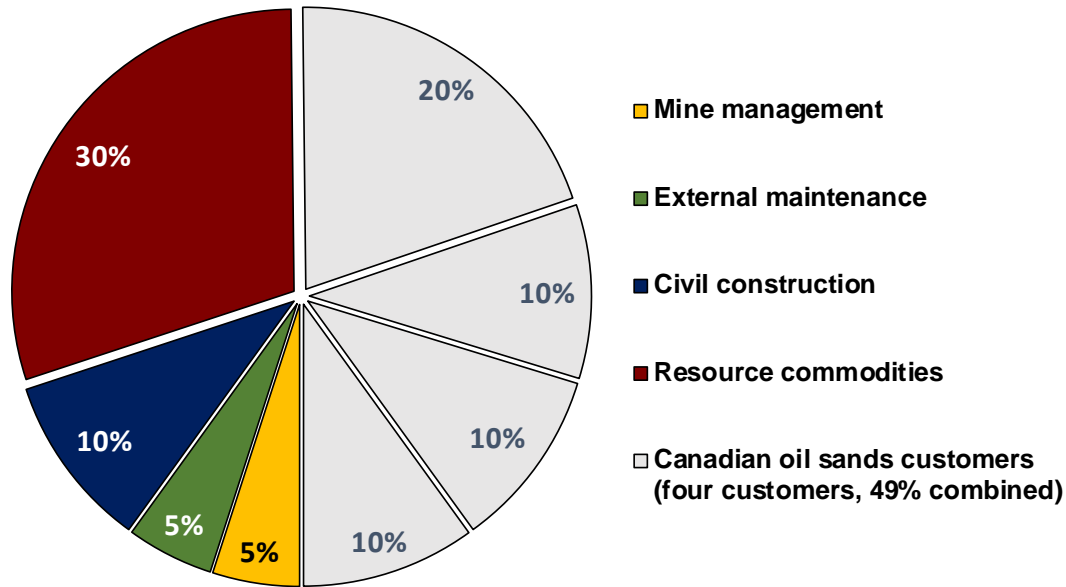
- *Life Saving Rules* replacing *Cardinal Safety Rules* to align with *Energy Safety Canada*
- Site critical task audit added in 2022 to leading indicator metrics, tracking safe compliance score for high-risk procedures
- Critical task audit also added focusing on hand safety and manual lifting and carrying tasks
- Updates to *Green Hand / New Hire* program intended to increase the effectiveness of the program and reduce incidents with new hires
- *New Operator Development* training designed for haul truck operators new to the industry
- Roll out of high potential injury reduction program to focus resources on events that have a more serious potential outcome
- Research & testing of collision avoidance technology on large capacity haul trucks

¹ In millions, exposure hours relate to direct NACG employees and are the number employment hours including overtime & training but excluding leave, sickness & other absences



Diversified Business

2022E Adjusted EBIT¹ Breakdown



2022 objective to grow both business areas while maintaining 50-50 distribution

- Project awards and acquisitions have established a clear path to maintain diversification for 2022
- Current backlog¹ split evenly between oil sands and other commodities which reinforces diversification moving forward
- Joint ventures and partnerships providing EBIT generation from commodities including diamonds, iron ore, and gold
- Geographically diversified across Canada, the U.S. and Australia
- Canadian oil sands adjusted EBIT¹ split between four major producers, all investment-grade

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

OPERATIONAL PERFORMANCE



2022 Q1 Performance

\$237m

Total combined revenue¹

\$58m

Adjusted EBITDA¹

65%

Operating utilization

14%

Combined gross profit margin¹

- Record quarter for combined revenue¹
- Effective performance at major sites through challenging conditions
- Demand for services remains high as mines are prioritizing production given current oil prices
- Operating utilization matched Q1 2021 despite workforce and skilled trades availability issues throughout the quarter
- Fargo-Moorhead project progressing toward first construction and initial earthworks in Q3 2022
- Announcement of contract award with major oil sands producer through MNALP joint venture valued at \$125 million

\$70

\$60

\$50

\$40

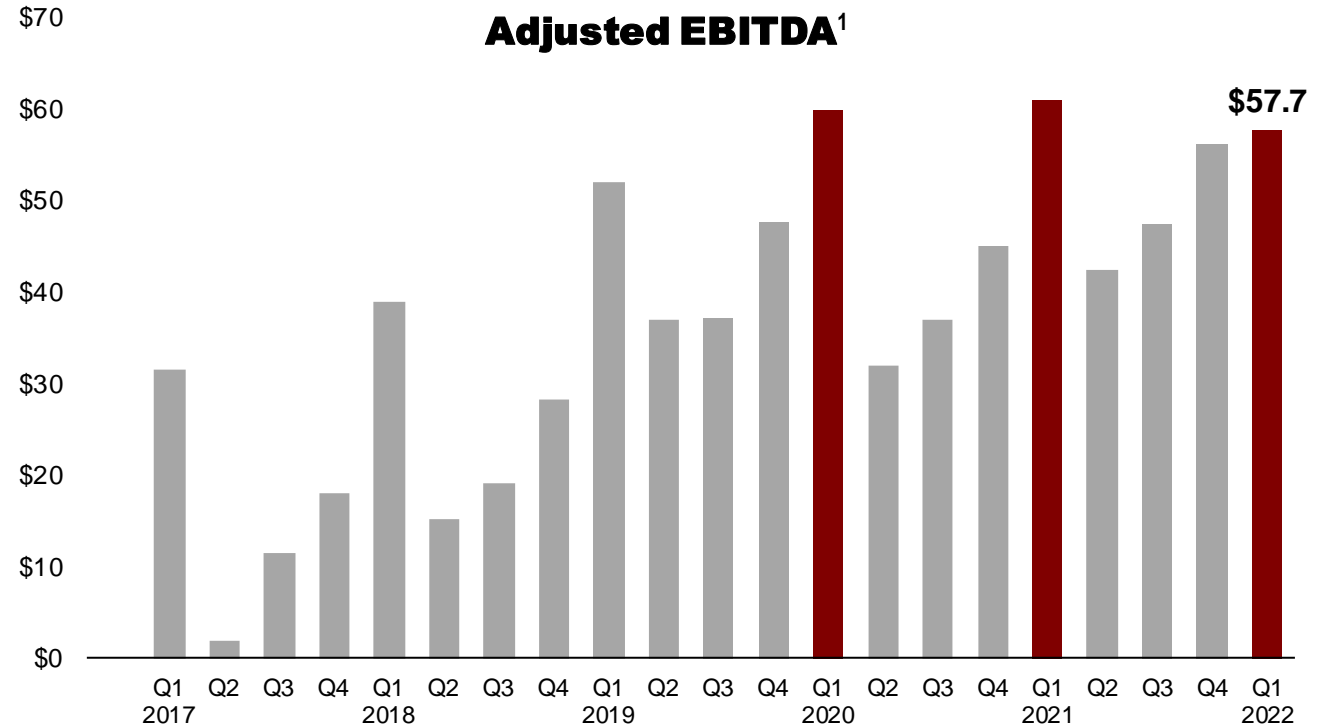
\$30

\$20

\$10

\$0

Adjusted EBITDA¹



¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

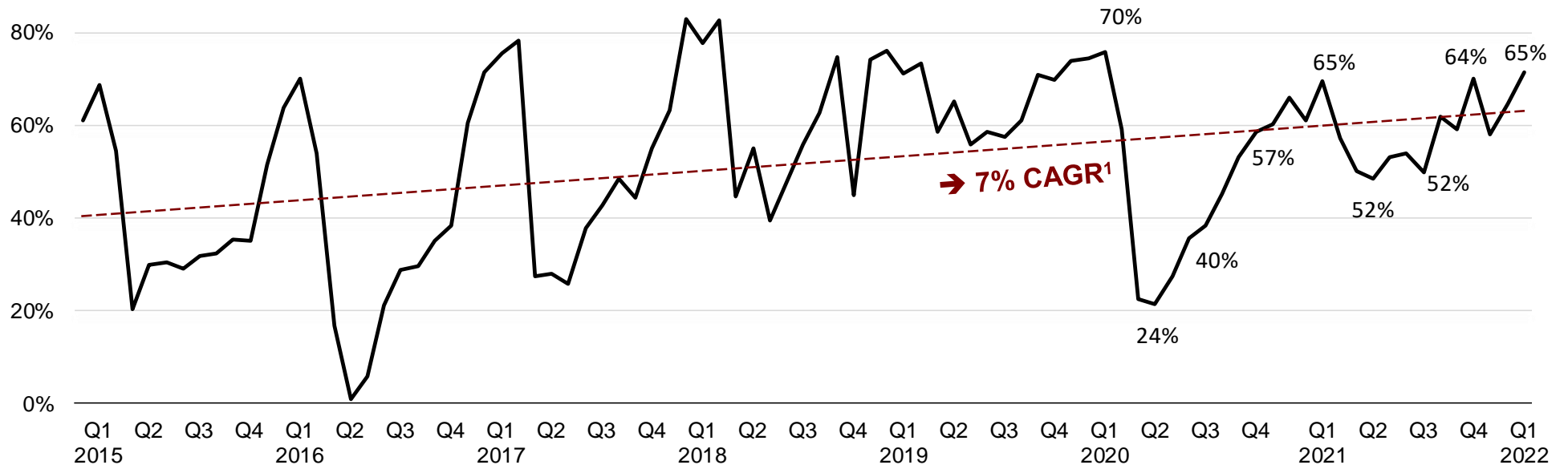
Equipment Utilization

Q1 2022 resilient despite higher than anticipated demand for heavy equipment technicians

- Operator shortages due to the Omicron variant early in the quarter negatively impacted utilization
- Soft on-site conditions throughout March also hampered utilization as large equipment was unable to operate fully

Trend for 2022 remains positive as conditions are expected to continually and gradually improve

Operating utilization of NACG fleet



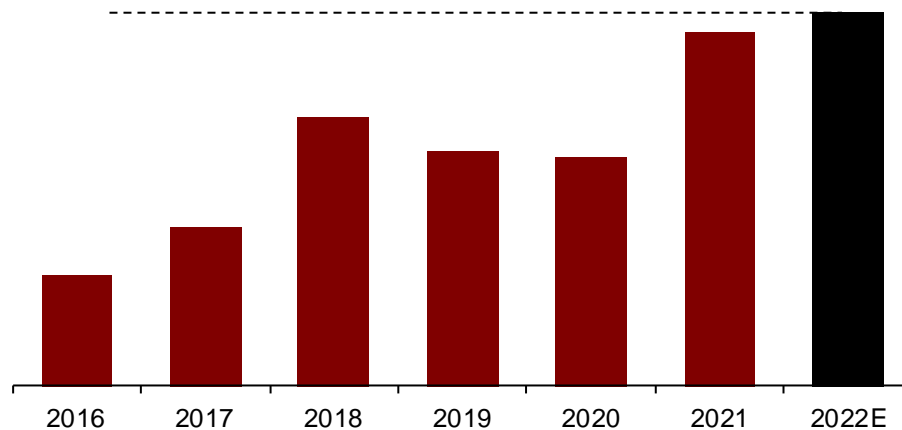
¹ Compound Annual Growth Rate

Operational Excellence

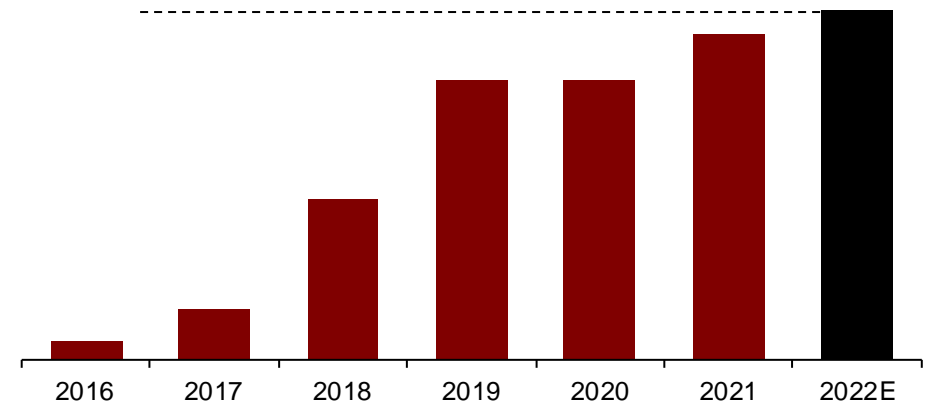
Incremental growth of margins & shareholder returns via EBIT¹ margin & gross EPS

- Largely organic incremental growth since step change acquired growth in 2018 & 2019 (below)
- Key operational focuses for remainder of 2022 are:
 - Sourcing & retaining critical heavy equipment technician roles and
 - Administering contractual escalation through these high inflationary times

Trend in Adjusted EBIT¹ Margin



Trend in Adjusted EPS¹



¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

Equipment Operating Hours

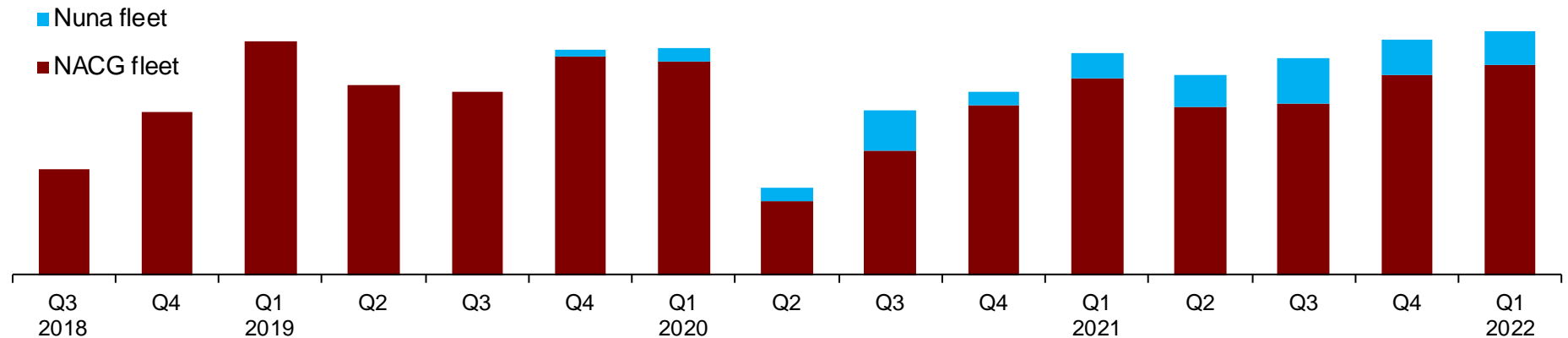
NACG operating hours largely consistent with Q1 2021

- Limited mechanical availability due to workforce availability and challenging weather constrained what was possible
- Stability of quarterly operating hours showcasing reduction in seasonality

Nuna operating hours consistent since full ramp-up of gold mine project in Q2 2021

- Northern Ontario gold mine project operating at full capacity in both volumes and correlated operating hours

Heavy Equipment Fleet Operating Hours





2022 Q1 FINANCIAL OVERVIEW

Combined Results

(figures in millions of Canadian dollars, except per share amounts)

	2022 Q1	2021 Q1	Variance
Wholly-owned entities	\$177	\$168	\$9
Share of amounts from investments	\$60	\$24	\$36
TOTAL COMBINED REVENUE¹	\$237	\$192	\$45
Combined gross profit ¹	\$33 13.7%	\$37 19.4%	(\$5)

Revenue generated from wholly-owned entities up 5% in Q1 primarily due to resumption of work at the Fort Hills mine

- Higher demand for mine support and rental equipment at the Kearl mine seen in Q4 was maintained in Q1
- Revenue from DGI Trading, acquired on July 1, 2021, also contributed to the quarter-over-quarter increase

Revenue from joint ventures increased 147% on step change from prior year

- Both Fargo-Moorhead flood diversion joint ventures recognizing revenue on design, financing and other up-front project work
- Mikisew joint venture up on investments in ultra-class haul fleet and additional contracts being transferred into the joint venture
- Nuna Group of Companies largely consistent as gold mine in Northern Ontario continues to provide steady scopes of work

Combined gross profit margin¹ down from prior year on delays in rate escalations at most sites

- Lingering workforce availability concerns and early break-up conditions also hampered margins
- Offsetting these challenges were particularly strong performances at the Aurora & Fort Hills mines and the diversified business lines

Achievement of diversity accomplished to date reflected in combined revenue¹

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

Adjusted EBITDA¹ and EPS

(figures in millions of Canadian dollars, except per share amounts)

	2022 Q1	2021 Q1	Variance
Adjusted EBITDA ^{1,3}	\$58 24.4%	\$61 31.8%	(\$3) -7.4%
Adjusted EBIT ^{1,3}	\$25 10.4%	\$29 14.9%	(\$4) -4.5%
Adjusted EPS ¹	\$0.51	\$0.65	(\$0.14)
General & administrative expenses ²	\$5 2.8%	\$7 4.2%	(\$2) -1.4%
Net income	\$14	\$19	(\$5)
Basic net income per share	\$0.48	\$0.68	(\$0.20)

Adjusted EBITDA margins¹ based on solid operating performance offset by unique challenges in current environment

- Rate escalations with customers based on lagging indices to offset higher running costs

Similar to Q4 2021, G&A spending benefited from joint venture disbursements related to successful project bids

- Excluding this joint venture disbursement, G&A as a percentage of revenue was 4.6% which is reflective of run rate moving forward
- G&A run rate is up slightly from historical due to integration of DGI Trading

Adjusted EPS¹ driven by EBITDA¹ & growth of diversified business ventures

- Bolstered by lower overall depreciation as a percentage of combined revenue (14.0% in 2022 Q1 versus 16.9% in 2021 Q1)

Adjusted EBITDA¹ demonstrates continued demand for services and commitment to diversified business lines

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

² Excludes stock-based compensation

³ Adjusted EBIT and EBITDA percentages shown are calculated as percentages of combined revenue

Cash Provided by Operating Activities

(figures in millions of Canadian dollars unless otherwise stated)

	2022 Q1	2021 Q1	Variance
Cash provided by operations prior to change in working capital ¹	\$45	\$60	(\$15)
Net changes in non-cash working capital	(21)	(18)	(3)
Cash provided by operating activities	\$24	\$42	(\$18)
Sustaining capital additions ¹	\$34	\$43	(\$9)
Free cash flow ¹	(\$11)	\$5	(\$16)

Cash provided by operating activities was constrained due to timing of distributions from joint ventures and affiliates

- Working capital use of cash of \$21 million consistent with Q1 2021 and historical trend in the first quarter
- Cash related interest expense of \$4.5 million reflects average cash cost of debt of 4.5% in the quarter

Sustaining capital¹ spending of \$34 million largely dedicated to maintaining current fleet during demanding winter work season

- Q1 spend included the purchase of smaller support equipment in anticipation of summer construction scopes

Free cash flow¹ in the quarter primarily reflects timing impacts as operations posted solid cash generation results

- In specific, rebuild inventory required investment as several haul trucks are expected to be completed & commissioned in Q2 2022

Free cash flow¹ use of \$11 million primarily due to working capital and joint venture timing

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

Balance Sheet

(figures in millions of Canadian dollars unless otherwise stated)

	March 31, 2022	December 31, 2021	December 31, 2020
Cash	\$20	\$17	\$43
Total capital liquidity ¹	225	233	178
Property, plant & equipment	644	641	632
Total assets	880	869	839
Senior debt ^{1,2}	\$243 1.5x	\$226 1.5x	\$353 2.0x
Net debt ^{1,2}	382 1.9x	369 1.8x	386 2.2x

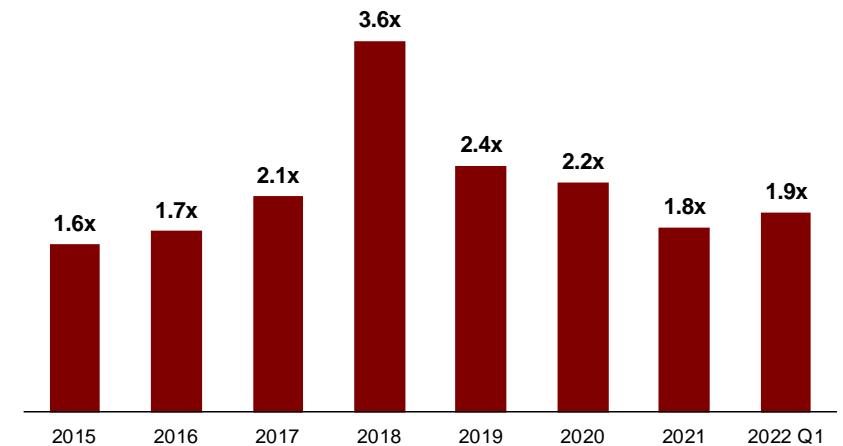
Capital liquidity¹ of \$225 million provided by credit facility & leasing availability

- Slight decrease due to use of free cash flow¹ and additional cash on hand

Net debt¹ leverage maintained below 2.0x

- Temporary impact of working capital in Q1 2022 increased leverage ratio

Net debt leverage^{1,2}



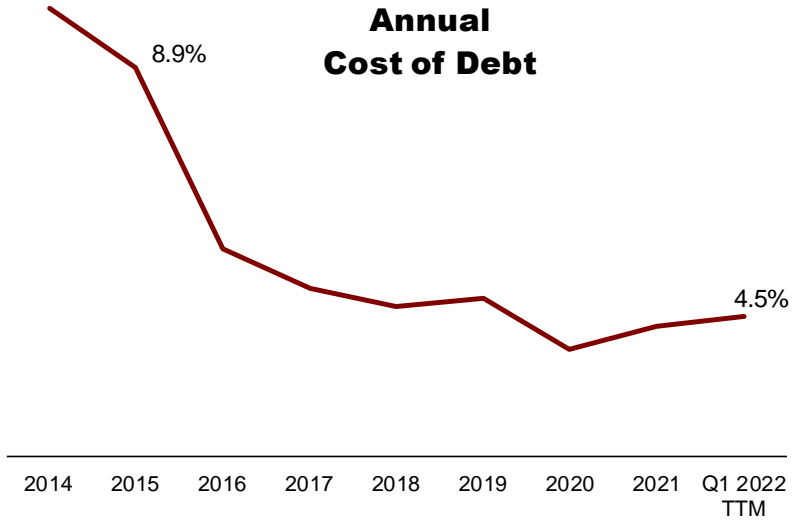
¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

² Leverage ratios calculated on a trailing twelve-month basis

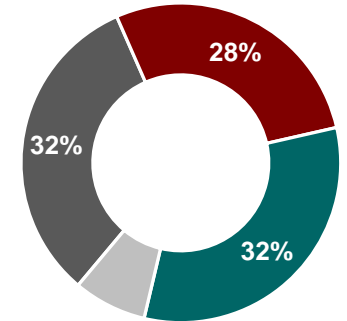
Debt Structure

Net debt¹ of \$382 million as at March 31, 2022

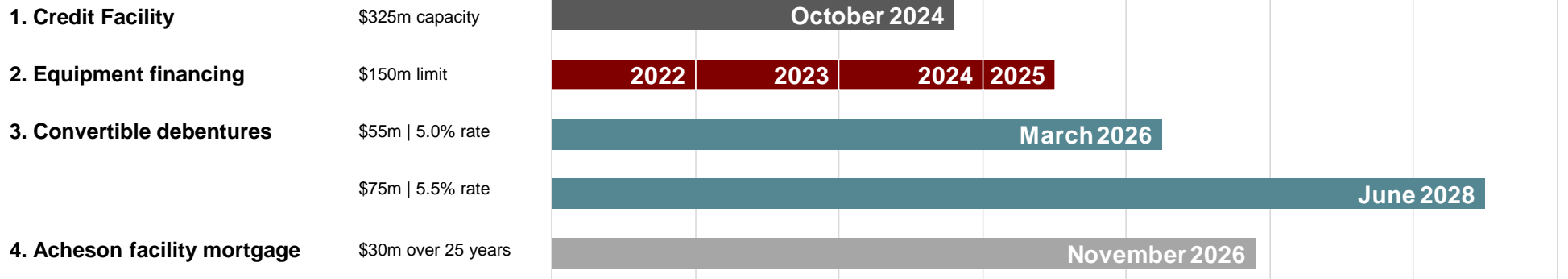
- Split between three primary debt instruments
- Q1 cash cost of debt was 4.5% based on changes in mix**
- Credit Facility – Q1 rate of ~3.25%
- Equipment financing – from 2.4% to 5.0%
- Convertible debentures – 5.0% & 5.5% rates in place until March 2026 & June 2028, respectively



Current Composition



- Credit facility
- Equipment financing
- Convertible debentures



¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures



2022 OUTLOOK

Priorities for Remainder of 2022

1

Maintain focus on safety efforts & prevent serious injuries

2

Maximize operating utilization via sourcing & retaining critical heavy equipment technicians

3

Staff, procure & mobilize for successful Fargo-Moorhead earthworks commencement

4

Implement various site efficiencies given longer-term continuous projects

-
Detailed administration of escalation through contract management

5

Increase external service offerings

-
Complete component rebuild facility expansion

-
Increase second-life rebuild throughput

6

Enhance application of new technologies (telematics project)

-
Emission reduction (auto shut-off, no-burn idle, hydrogen, hybrid projects)

Fargo-Moorhead Project Update



~\$650M
NACG share of revenue

6-year construction project
plus a 29-year O&M contract



- Proximo Infra named the project **North American Water Deal of the Year** and IJ Global recognized the project as the **top Public Sector project in North America** for 2021
- Project Finance International (PFI) named project as the **P3 Deal of the Year** for 2021
- Work continues with preliminary designs submitted; initial notice to proceed has been achieved
- Heavy equipment sourced, workforce recruiting underway
- Health and safety plans have been developed and HSE software implemented
- Planning for early utility works underway, local contractors engaged
- Field survey data collection and geotechnical analysis ongoing



River Control Structures



In-Town Protection



Southern Embankment



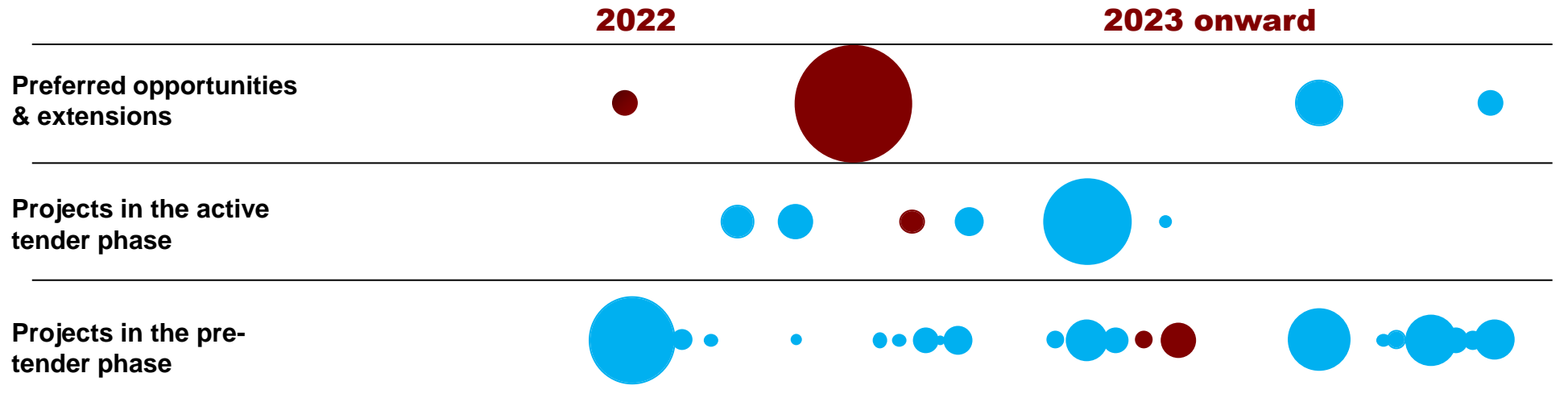
Diversion Channel



Upstream Mitigation Area

Bid Pipeline

ESTIMATED PROJECT COMMENCEMENT TIMING



- Diversified resources & geography
- Canadian oil sands region

- Bid pipeline¹ contains ~\$4.0 billion of specific scopes of work
- Multi-site strategic opportunity in the oil sand regions is net of work currently under contract
- Additional summer scopes expected for tender through the remainder of Q2
- Highly sought after & competitively bid projects, requiring our competitive advantages to be successful
- Mix of projects supports objective of resource and customer diversification

● Size = \$100m scope

¹ Bid pipeline estimate reflects NACG's share of joint venture ownership

Contractual Backlog¹ at \$1.6 billion

Backlog¹ supports 50% adjusted EBIT¹ diversification target

Contracts in place with major oil sands producers continue to provide line of sight for core business

- Additional \$125 million contract with major producer signed in Q1 added to backlog¹ amount
- Contractual backlog¹ provides stability which, in turn, provides significant benefits throughout the organization (ie. attracting workforce, financing terms, bidding additional incremental scopes)

Backlog¹ amount includes NACG's share of joint venture contracts in place

- Fargo–Moorhead flood diversion project provides diversified backlog¹ and geographically enhances work in the United States
- Strategic partnerships with the Nuna Group of Companies, Mikisew Cree First Nation, Red River Valley Alliance and ASN Constructors all account for substantial balances within backlog

Backlog¹ provides fleet utilization visibility which correlates to effective operational planning

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

Environmental & Sustainability Initiatives

HYDROGEN PROJECT

Hydrogen dual fuel project progressing, feasibility study under review with decision for advancing to proof of concept in Q2/Q3 & go / no go decision before year-end

ELECTRIC VEHICLE (EV) CHARGING & SOLAR PANELS

Planned installation of four charging stations at Acheson head office

—
Solar array now generating 400kWh annually

EMISSIONS REDUCTION

Established processes for measuring fleet fuel consumption and associated emissions. Commenced initial discussions with OEM and 3rd parties to support lower idling, such as auto shut off and potential hybrid designs for diesel/electric trucks

—
Ambitious plan to reduce diesel consumption emissions 10% by 2025 and 20% by 2028

TELEMATICS

Technicians installed 190 units with 407 expected to be by end of 2022. Mapping and alert management is in phase 2 testing. Developing software interface for three different equipment brands

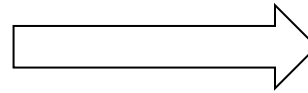
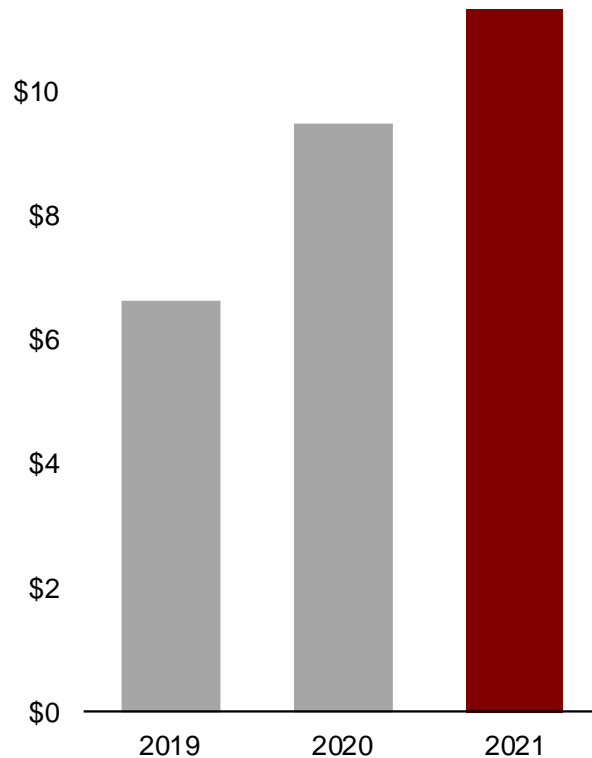
People & Diversity

- All-female crew established at oil sands mine site with about twenty haul truck, shovel, and support equipment operators. Women in Heavy Equipment training being offered to introduce new candidates to the industry
- Over 1,600 hours of inclusion and diversity training completed on indigenous awareness and respect in the workplace
- 30% gender diversity targeted by 2025 for senior leadership and the board of directors
- Deployed hybrid work arrangement following the lifting of the work-from-home government mandate
- 2 paid volunteer days/year for each non-union employee where our people can give back to the communities we live and work in



Strong Indigenous Partnerships

Annual amounts paid



+\$30 million

North American Construction Group along with our partnerships Nuna Group of Companies, Mikisew North American Limited Partnership and Dene North Site Services provide economic benefits to Indigenous owners

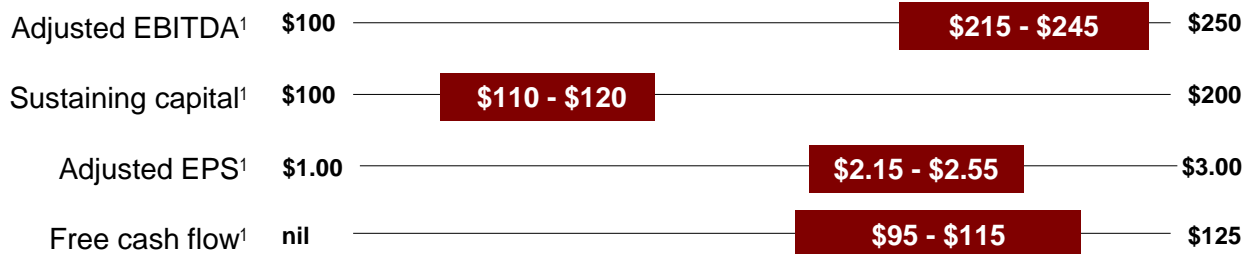
- Financial amounts provided through partnership distributions, profit sharing arrangements and supplier agreements
- Directly enables community programming and investment



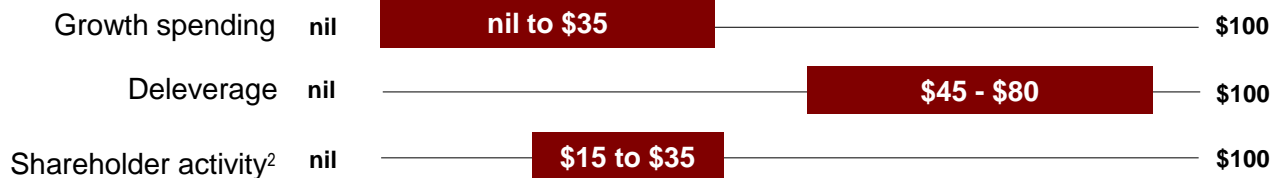
¹ Revenue figures are at 100% level for the applicable partnerships

2022 Outlook Unchanged

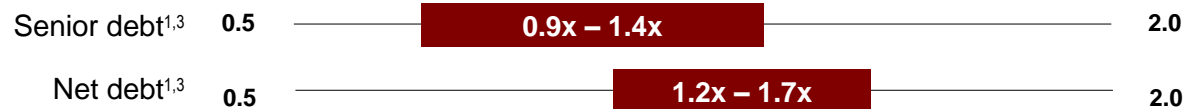
Key Measures



Capital Allocation Measures



Leverage ratios



Current line of sight and assumption of steady site access restrictions offer ability to provide outlook for 2022

- Adjusted EPS¹ is built on EBITDA¹ range, current run-rate depreciation and stable tax & interest rates

Outlook is underpinned by contracts & projects place & existing heavy equipment fleet

- Strong committed backlog¹ and well-maintained fleet instills confidence

Free cash flow¹ range of \$95 to \$115 million offers capital allocation optionality

- Strong cash flow allowed for doubling of dividend rate
- Midpoint represents ~25% of net debt level & ~20% of current market capitalization

¹ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

² Shareholder activity includes common shares purchased under an NCIB, dividends paid and the purchase of treasury shares

³ Leverage ratios calculated on a trailing twelve-month basis

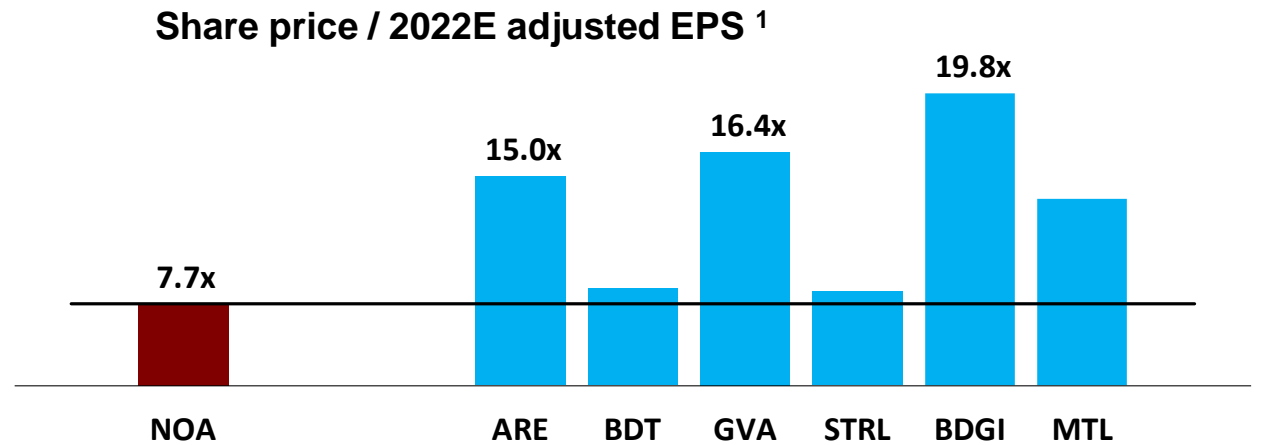
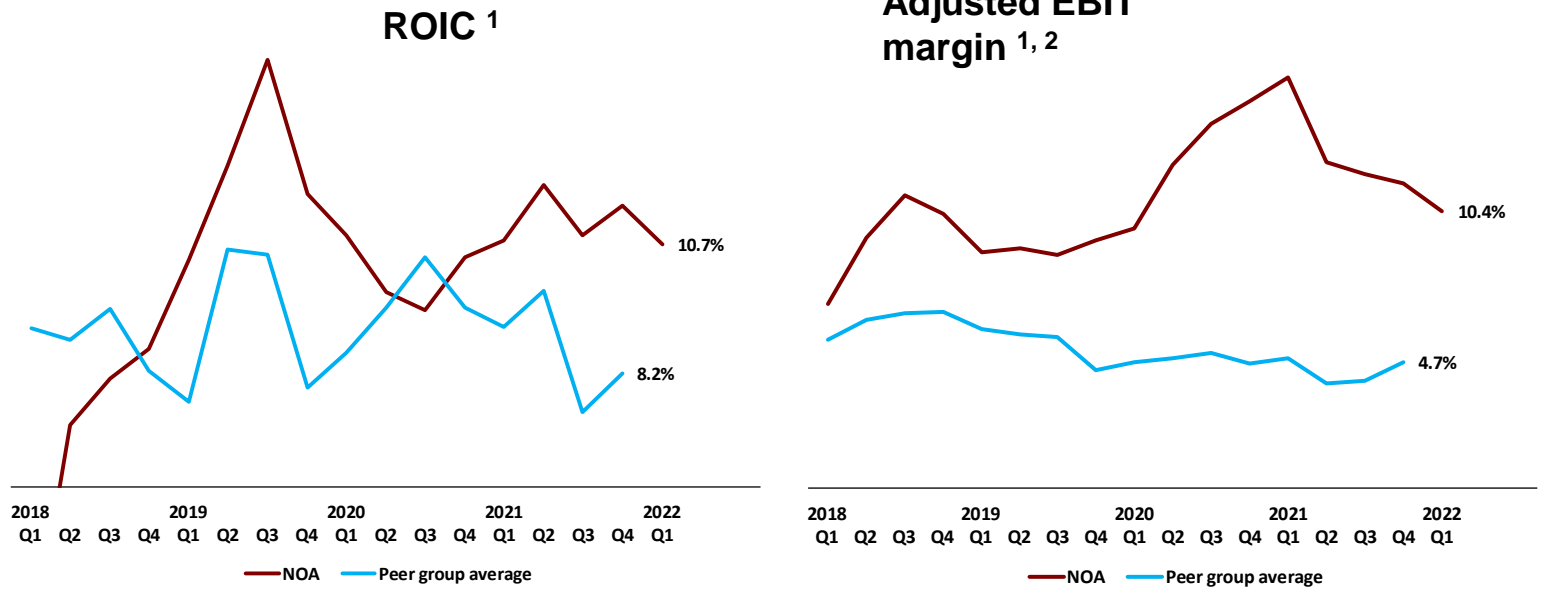
Peer Comparison

Since Q4 2018 step change, consistent outperformance of peer group returns on capital & operating margins

- **ROIC** – averaging over 11% with peers well below 10%
- **EBIT margin** – steadily over 10% with clear line of sight to improvements with peers trending down below 5%

Despite demonstrated & tangible outperformance, trading multiples significantly lag peer group

- EPS multiple of 7.7x well below peer average of ~14.0x and places us last compared to specific U.S. & Canadian peers
- Provides excellent opportunity for new shareholders to enter while also leading capital allocation decision-making towards share purchases



¹ Source : FACTSET
² Trailing twelve-month basis



SUPPLEMENTAL INFORMATION
2022 Q1 EARNINGS PRESENTATION

Company Overview

Premier provider of mining and heavy construction services

- Established reputation with over 65 years in business
- Long-term contracts awarded based on safe cost-effective operations

Mobile fleet of ~900 heavy equipment assets

- Fully backed by support equipment & associated infrastructure

Current workforce of ~2,000 employees

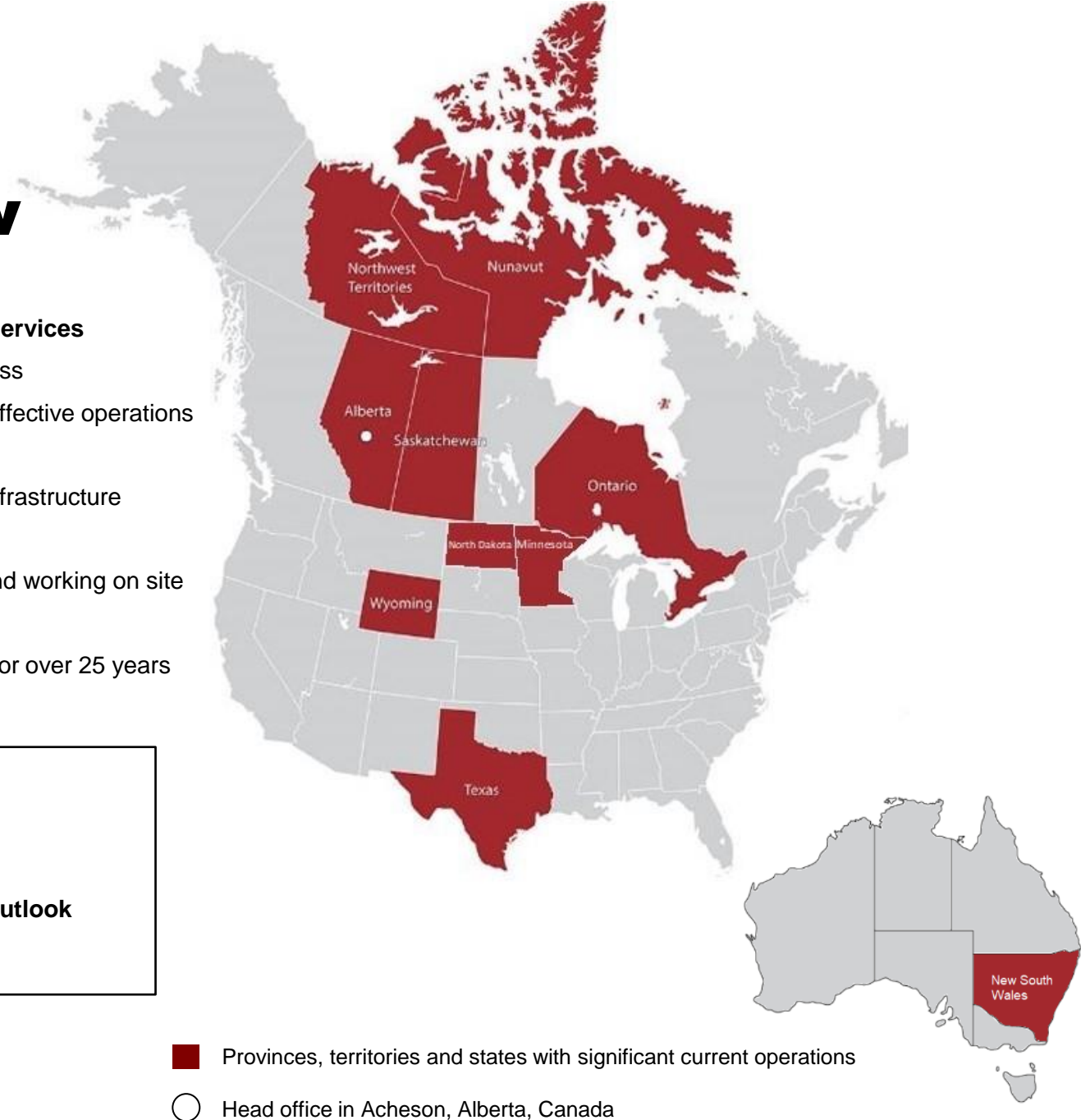
- Approximately 90% of personnel are operational and working on site

Operating partner of *Nuna Group of Companies*

- Inuit-owned mining contractor in northern Canada for over 25 years

Market Statistics – NOA (TSX & NYSE)

Share price ¹	\$17.82
Market Cap ¹	\$507 million
S&P Rating	B+ Stable outlook
Annual dividend per share	\$0.32



Nuna Group of Companies

Nuna Group of Companies is the premier mining contractor in northern Canada






Formed in 1993, Nuna is the established incumbent contractor on the mine sites in Nunavut and the Northwest Territories

- Proudly Inuit-owned through the Kitikmeot Corporation, Nuna is accredited to benefit from continued mine development in remote locations, including northern Saskatchewan and Ontario
- Indigenous workforce target of 40% with joint venture structures in place designed to support local communities



Long Term Contracts

- Kearl extension announced on March 17, 2022

	Owner	Contract ^{1,2}	
Base Mine – Millennium & North Steepbank	Suncor Energy Services Inc.	MUA <i>with term</i>	
Fort Hills Mine	Fort Hills Energy LP	MUC <i>with term</i>	
Mildred Lake & Aurora mines	Syncrude Canada	MSA <i>with term</i>	
Kearl Mine	Imperial Oil Limited	MSA <i>with term</i>	
Ontario gold Mine project	<i>Confidential</i>	Earthworks contract	
Fargo- Moorhead Flood Diversion Project	Metro Flood Diversion Authority	Design & build	
Wyoming thermal coal mine	<i>Confidential</i>	Mine management	
Texas mine-mouth thermal coal mine	<i>Confidential</i>	Mine management	

■ Contract term
■ Expected mine life

¹ MUA – Multiple Use Agreement; MUC – Multiple Use Contract; MSA – Multiple Service Agreement.

² 'With term' reflects term commitments qualifying for contractual backlog

³ See Slide 2 or Q1 2022 Financial Report for Non-GAAP Financial Measures

Heavy Equipment Fleet

- As at March 31, 2022, ~900 mobile heavy equipment assets provide operational flexibility
 - Managed on an individual asset basis and deployed with sole objective of maximum operating utilization
 - ~280 assets operated within the Nuna Group of Companies
- New replacement value¹ of fleet calculated at \$2.0 billion excludes the significant required cost of infrastructure and support equipment

	Fleet Count	Replacement Value ¹ (millions)
Rigid frame trucks	278	\$1,247
Articulated trucks	67	59
Loading units	271	387
Dozers	153	236
Graders	57	89
Specialty & other	62	54
Total fleet	888	\$2,072



Increasing replacement value¹ now over \$2.0 billion provides growing barrier to entry