2021 Q4

# EARNINGS PRESENTATION

February 17, 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 2021 and 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 2021 and 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.

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# AGENDA

- 2021 accomplishments
- Operational performance
- Financial overview
- Operational priorities
- Outlook for 2022

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# Everyone Gets Home Safe

- Consistent TRIF in 2020 and 2021 despite challenging conditions
- 2021 near miss & hazard ID program resulted in 200% increase in identified hazards providing learnings without damage or injury
- Site critical task audit added to leading indicator metrics, tracking safe compliance score for high-risk procedures
- *New Operator Development* training designed for haul truck operators new to the industry
- Continued focus on slips, trips and falls as we work through the winter season
- 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

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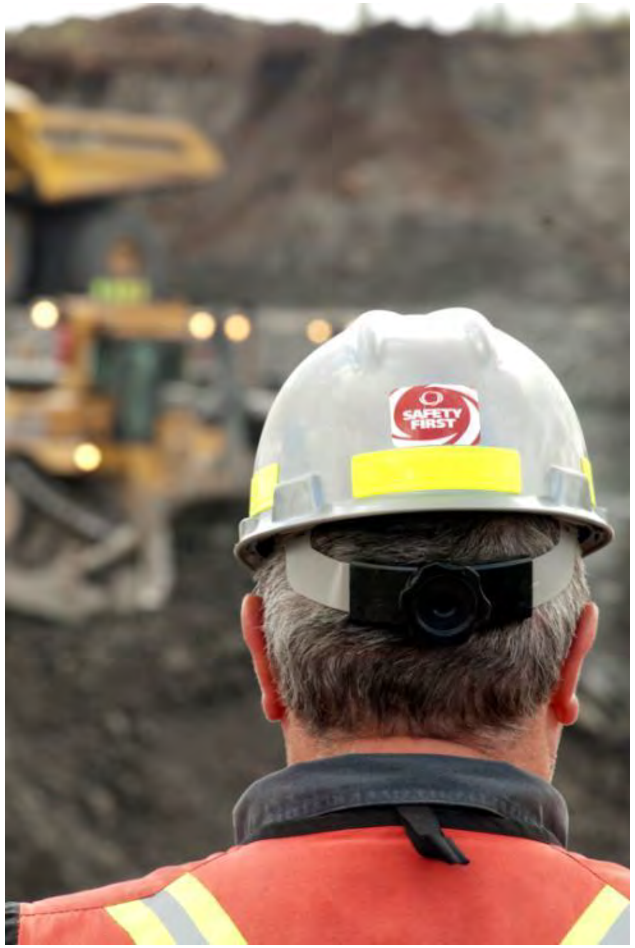
# 2021 Records & Accomplishments

- ✓ Banked highest backlog[1] in NACG history
- ✓ Generated record free cash flow[1]
- ✓ Awarded milestone P3 project
- ✓ Achieved record levels of EPS[1] and EBITDA[1]
- ✓ Formally issued our inaugural *Sustainability Report*
- ✓ Exceeded EBIT diversification targets
- ✓ Commissioned expanded maintenance facilities
- ✓ Acquired DGI Trading headquartered in Australia
- ✓ Completed 2020 NCIB with maximum number shares purchased
- ✓ Nuna Group of Companies achieved record revenue levels
- ✓ Extended favorable credit facility & issued convertible debentures
- ✓ Positive cumulative retained earnings as at December 31, 2021




[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

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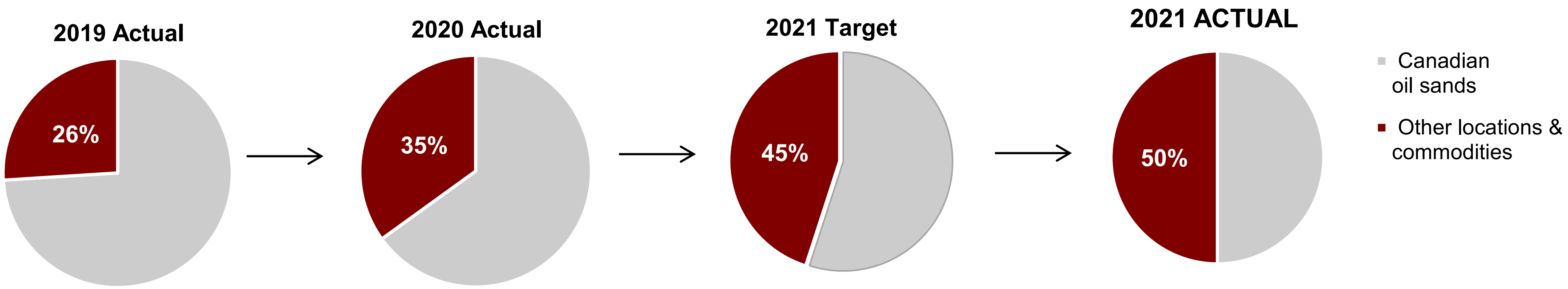
# 2021 Diversification Target Exceeded

## Diversified Adjusted EBIT[1,2]




**Diversification target achieved ahead of plan, with 50% EBIT[1] generated outside of Canadian oil sands in 2021**

- Strong Q4 EBIT[1] from Nuna, gold mine project, mine management contracts and external maintenance equipment sales
- Recent Fargo-Moorhead flood diversion project and DGI Trading acquisition also had a meaningful impact in the quarter

**2022 objective is to grow both business areas while maintaining the distribution**

- Project awards and acquisitions have established a clear path to maintain diversification for 2022
- Current backlog[1] split evenly between oil sands and other commodities which reinforces target

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures
[2] EBIT calculations exclude Canadian Emergency Wage Subsidy

# OPERATIONAL PERFORMANCE

# 2021 Q4 Performance

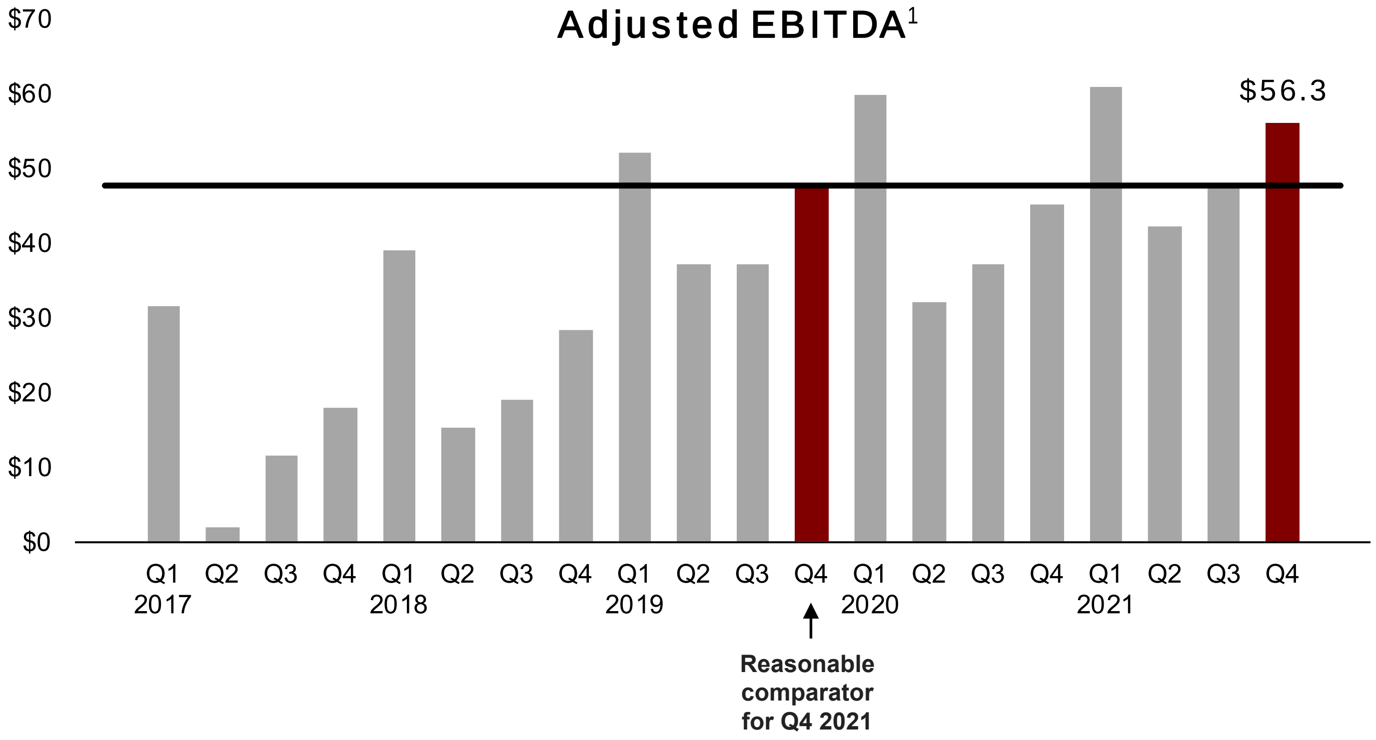
**$235m**
Total combined revenue[1]

**$56m**
Adjusted EBITDA[1]

**+18%**
EBITDA[1] increase from comparable Q4 2019

**14%**
Combined gross profit margin[1]

- **Record quarter for combined revenue[1]**
- Effective performance at major sites from consistent operating conditions
- Productivities remain impacted by required COVID-19 protocols
- Results driven by high demand for services across existing sites
- Record production from external maintenance program with three haul truck rebuilds completed and sold in Q4
- DGI Trading providing strong margins and experiencing high demand for parts globally
- Financial close milestone of Fargo-Moorhead project achieved allowing for recognition of income in 2021




[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

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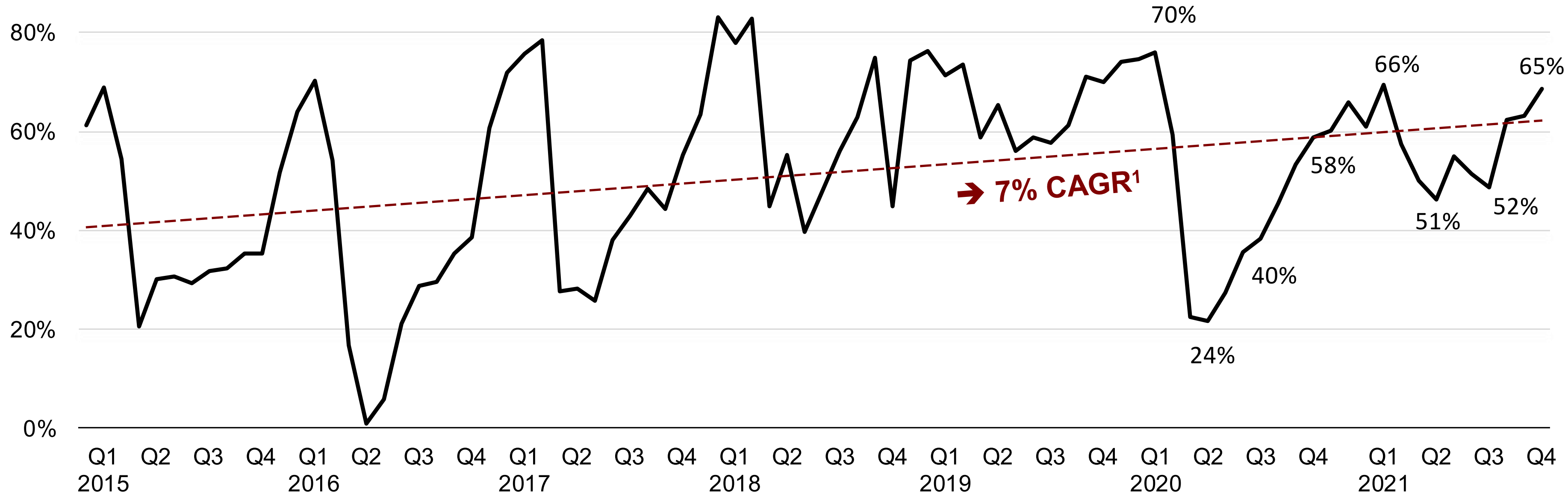
# Equipment Utilization is a Key Driver

**2021 Q4 demonstrated consistency in utilization during winter season**

- Increased fleet utilization as winter season demand allowed for the full deployment of the fleet
- Heavy-duty mechanic and operator shortages due to quarantine & travel restrictions still had an impact

**Planned maintenance impacting Q3 utilization paved the way for increased winter utilization & availability**

## Operating utilization of the NACG fleet




[1] Compound Annual Growth Rate

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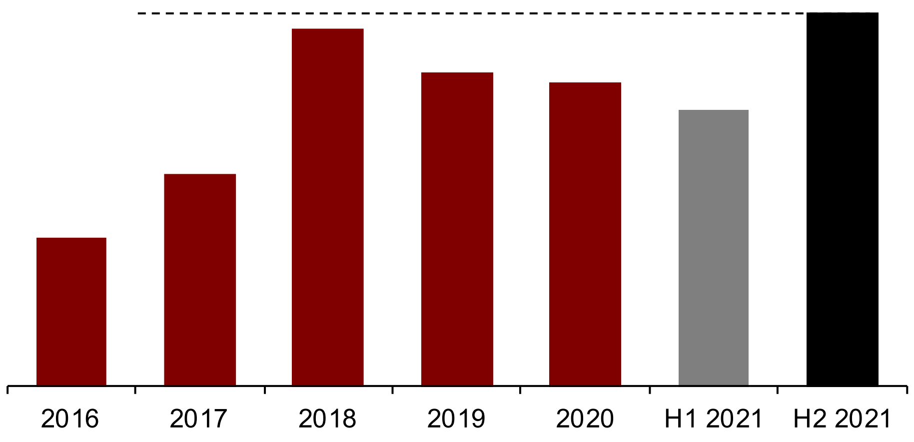
# Operational Excellence

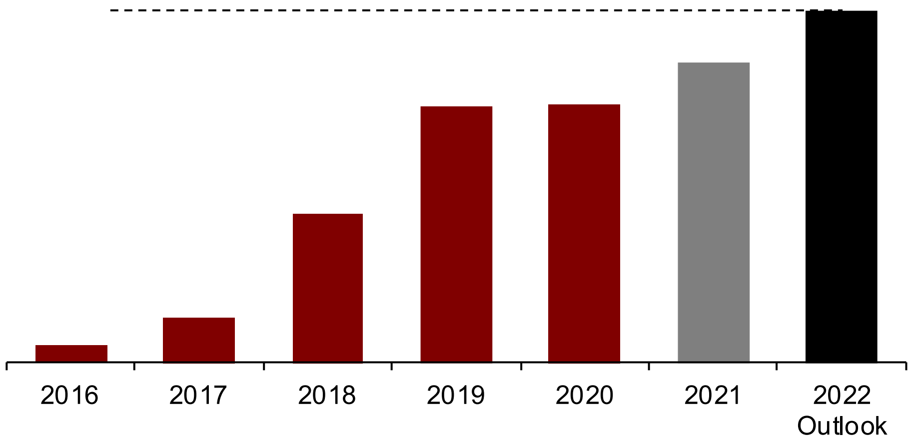
**Second half of 2021 performance trending back toward pre-pandemic operational excellence**

- Operational excellence key to achieving management's expected margins and shareholder returns
- Improving site conditions has resulted in return of long-held operating routines
- Customer confidence & improved outlooks leading to more routine dialogue
- Improved in-country travel means return of much relied-upon quality workforce

Trend in Adjusted EBIT[1] Margin




Trend in Adjusted EPS[1]




[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

# Equipment Operating Hours

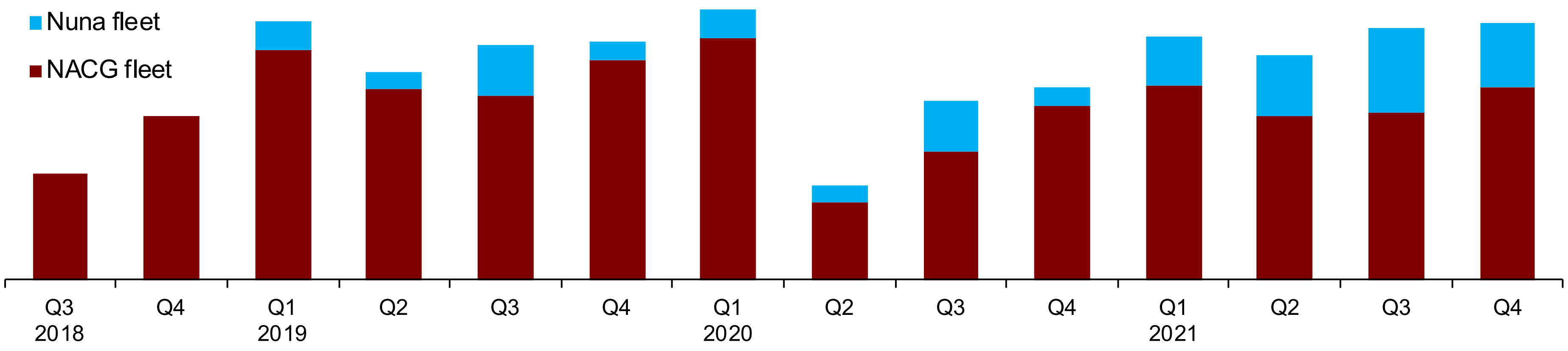
**NACG operating hours show increase in demand from prior quarter**

- Q4 saw high demand as is typical of winter season, with most sites operating at allowable capacity
- Increased stability of operating hours throughout the year demonstrates a reduction in seasonality
- Operator shortages & COVID-19 protocols continue to have noticeable impacts on gross operating hours of fleet

**Slight decrease in Nuna operating hours as winter season is typically slow**

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

## Heavy Equipment Fleet Operating Hours



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# 2021 Q4 FINANCIAL OVERVIEW

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# Combined Results

| (figures in millions of Canadian dollars, except per share amounts) | 2021 Q4 | | 2020 Q4 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|---|
| Wholly-owned entities | $181 | | $136 | | $654 | | $498 | |
| Share of amounts from investments | $54 | | $34 | | $158 | | $85 | |
| TOTAL COMBINED REVENUE[1] | $235 | | $170 | | $812 | | $583 | |
| Combined gross profit[1] | $32 | *13.7%* | $26 | *15.5%* | $124 | *15.3%* | $109 | *18.8%* |

**Revenue generated from wholly-owned entities up 33% in Q4 primarily due to resumption of work at the Fort Hills mine**

- Step change in increased demand for mine support and rental equipment at the Kearl mine benefitted the quarter
- Acquisition of DGI Trading in July 2021 and sale of rebuilt haul trucks in the quarter also contributed to the quarter-over-quarter increase

**Revenue from joint ventures bolstered by full quarter of production at Northern Ontario gold mine and initial Fargo-Moorhead progress**

- Mikisew joint venture also up on investments in ultra-class haul fleet and additional contracts being transferred into the joint venture

**Combined gross profit margin[1] reflects strong performance across mine and work sites**

- Required maintenance activities at Millennium mine continue to hamper margins but will improve equipment utilization moving forward
- Discontinuation of COVID-19 support programs combined with lingering workforce availability concerns also impacted margins
- Offsetting these challenges were particularly strong performances at the Aurora & Fort Hills mines and the diversified business lines

**Pursuit of diversity through joint venture ownership revealed in combined revenue[1]**

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

# Adjusted EBITDA[1] and EPS

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| (figures in millions of Canadian dollars, except per share amounts) | 2021 Q4 | | 2020 Q4 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|---|
| Adjusted EBITDA[1,3] | $56 | *24.0%* | $45 | *26.6%* | $207 | *25.5%* | $174 | *29.9%* |
| Adjusted EBIT[1,3] | $25 | *10.7%* | $18 | *10.3%* | $93 | *11.4%* | $81 | *14.0%* |
| Adjusted EPS[1] | $0.59 | | $0.36 | | $2.06 | | $1.73 | |
| General & administrative expenses[2] | 4 | *2.0%* | 6 | *4.6%* | 24 | *3.6%* | 22 | *4.5%* |
| Net income | 15 | | 10 | | 51 | | 49 | |
| Basic net income per share | $0.54 | | $0.34 | | $1.81 | | $1.75 | |

**Adjusted EBITDA margins[1] based on solid operating performance across a variety of diverse work locations**

- Margins impacted by operator shortages & increased equipment maintenance to continue the fleet to operate at full capacity
- Site access restrictions and COVID-19 protocols remained relatively constant throughout the quarter

**G&A spending consistent with current run-rate but notably benefited from cost reimbursement of prior period estimating & design costs**

**Adjusted EPS[1] driven by EBITDA[1] & disciplined administrative spending**

- Bolstered by lower overall depreciation as a percentage of combined revenue (13.3% in 2021 Q4 versus 16.3% in 2020 Q4)
- Lower depreciation reflects diversification efforts as new business lines are generally lower in capital intensity

**Strong Q4 adjusted EBITDA[1] as demand for services and operating performance remains strong**

[1] See Slide 2 or 2021 Annual 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

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# Cash Provided by Operating Activities

| (figures in millions of Canadian dollars unless otherwise stated) | 2021 Q4 | 2020 Q4 | 2021 | 2020 |
|---|---|---|---|---|
| Cash provided by operations prior to change in working capital[1] | $45 | $45 | $165 | $150 |
| Net changes in non-cash working capital | 21 | 18 | 1 | (3) |
| Cash provided by operating activities | $66 | $62 | $165 | $147 |
| Sustaining capital additions[1] | $20 | $27 | $102 | $99 |
| Free cash flow[1] | $48 | $39 | $67 | $44 |

**Cash provided by operating activities increased from higher EBITDA[1] and improved quarter over quarter working capital changes**

- Cash related interest expense of $4.9 million reflects average cash cost of debt of 4.7% in the quarter
- Positive working capital impact considered typical for fourth quarter

**Sustaining capital[1] spending of $20 million represented routine maintenance necessary in preparing the fleet for the winter season**

- Q4 spending is in line with our 2021 capital maintenance plan and mainly reflects the replacement of major components

**Free cash flow[1] of $48 million generated from strong EBITDA[1] offset by capital spending and timing of cash distributions**

- Cash accumulated in joint ventures was collected in late Q4

**Annual free cash flow[1] generation of $67 million driven by strong EBITDA[1] performance**

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

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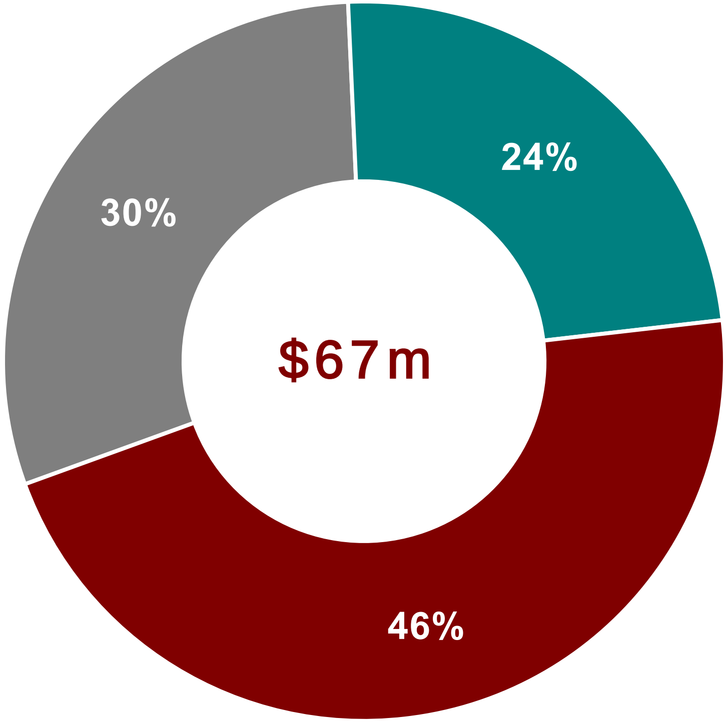
# 2021 Capital Allocation




**Free cash flow[1] generated in 2021 was deployed fairly evenly towards our three main objectives**

- 1. Growth spending
- 2. Debt reduction
- 3. Direct shareholder activity (NCIB, dividends, trust)

**Strong cash flow allowed for allocation towards all capital options**

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

# Balance Sheet

| (figures in millions of Canadian dollars unless otherwise stated) | December 31, 2021 | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|---|
| Cash | $17 | | $43 | | $5 | |
| Liquidity[1] | 198 | | 148 | | 114 | |
| Property, plant & equipment | 641 | | 632 | | 586 | |
| Total assets | 869 | | 839 | | 791 | |
| Senior debt[1,2] | $226 | 1.5x | $353 | 2.0x | $296 | 1.7x |
| Net debt[1,2] | 369 | 1.8x | 386 | 2.2x | 407 | 2.3x |

**Liquidity[1] of $198 million provided by credit facility**

- Provides ample ability to fund working capital for organic diversified growth

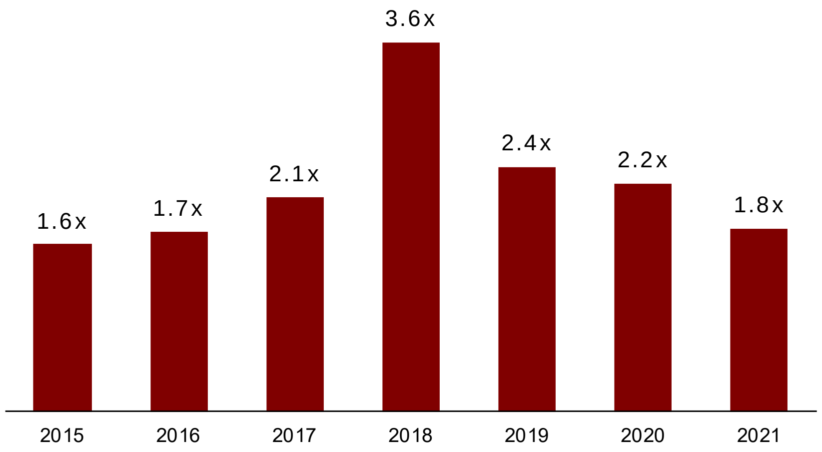
**Senior debt[1] significantly decreased from December 31, 2020**

- Free cash flow[1] & convertible debentures reduced reliance on secured debt

**Net debt[1] leverage below 2.0x for first time since 2016**

- Continues trend of deleverage and prudent capital allocation approach

Net debt leverage[1,2]




[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures
[2] Leverage ratios calculated on a trailing twelve-month basis

# 2021 Performance

| | Actual results | Stated targets | |
|---|---|---|---|
| Adjusted EBITDA[1] | $207m | $205 – $215 | ✓ |
| Sustaining capital[1] | $102m | $95 – $105 | ✓ |
| Adjusted EPS[1] | $2.06/share | $1.95 – $2.15 | ✓ |
| Free cash flow[1] | $67m | $65 – $85 | ✓ |
| Deleverage[1] | $17m | $15 – $35 | ✓ |
| Share purchases | $22m | $17 – $35 | ✓ |
| Growth capital & acquisitions[1] | $25m | $25 – $35 | ✓ |
| **Leverage ratios:** | | | |
| Senior debt[1, 2] | 1.5x | 1.1x – 1.5x | ✓ |
| Net debt[1, 2] | 1.8x | 1.7x – 2.1x | ✓ |

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures
[2] Leverage ratios calculated on a trailing twelve-month basis

# 2022 OUTLOOK

# Priorities for 2022

**1**
Commitment to refocus safety efforts & prevent serious injuries

**2**
Maximize operating utilization of heavy equipment fleet

**3**
Staff, procure & mobilize for successful Fargo-Moorhead earthworks commencement

**4**
Implement various site efficiencies given longer-term continuous projects

**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)

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# Fargo-Moorhead Project Update


- Project Finance International (PFI) named project as the **<u>P3 Deal of the Year</u>** for 2021
- Work is ongoing with the Authority to achieve initial operational milestones
- Procurement of equipment underway & workforce recruiting in process
- Health and safety management systems being prepared
- Various design plans submitted including work on utilities and third-party coordination
- Permitting in progress with hosting of kick-off meetings
- Field survey data collection and geotechnical analysis ongoing to finalize design

**~$650M**
**NACG share of revenue**

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

# World-Class Maintenance Capability

**Full machine rebuilds**

- Compelling economics vs buying new and further prolonging equipment life

**Existing 6,000 square feet of component rebuild space**

- Being expanded by +7,000 sq. ft. will expand the component rebuild catalogue
- Final drives, track frames, undercarriages, cylinders, blades, buckets, hoses
- Partnering agreements with non-OEM vendors for remaining components

**Extensive preventative maintenance keeps fleet operational**

- Detailed reporting and failure analysis with condition-based monitoring
- In-house welding, fabrication, inspection, steaming, machining, brake testing

**Mobile field service technicians**

- Emergency repairs and technical troubleshooting
- Major disassembly and assembly to support large equipment moves


| 650+ | 175+ | 10 | 172,000+ | 90% | 80,000+ | 10,000+ |
|---|---|---|---|---|---|---|
| Maintenance personnel | Specialized heavy equipment techs | # of maintenance facilities | Square footage of purpose-built maintenance facilities | Percentage of maintenance activities handled in house | Number of work orders completed annually | Number of components tracked for life cycle management |


# Rebuilding Growth

**+40%**

Average savings on rebuilding a haul truck versus a new purchase

**+5**

New ultra-class haul trucks added to the Canadian oil sands region

# Sourcing Components

**Sourcing quality low-cost components critical to overall success of maintenance vision**

**Cost of components & parts are the majority of our sustaining capital program (~75%) and a significant portion of the cost of operating our equipment (~35%)**

- Increases in production costs and variety of reasons have forced OEMs to increase pricing

**Focused on rebuilding and sourcing components since 2018 with the objective of lowering costs to retain competitive advantage**

- 2018: Introduction of new supplier in response to increasing OEM component pricing
- 2019: Joint venture formed with key supplier to formally align business objectives
- 2020: Purpose-built remanufacturing facility commissioned in Q1 2020 (another expansion currently in progress)
- **2021: Acquisition of *DGI Trading Pty,* an Australian company which is now a vertically integrated supplier of key components & parts**

## Solving Logistics

- Specialize in acquiring and distributing components from remote places
- Their express, end-to-end logistics capabilities span road, rail, air and sea

## Unrivalled Experience

- For over 30 years DGI has sourced OEM parts and equipment
- Specialist team is OEM-trained across Caterpillar, Komatsu, Hitachi & Liebherr

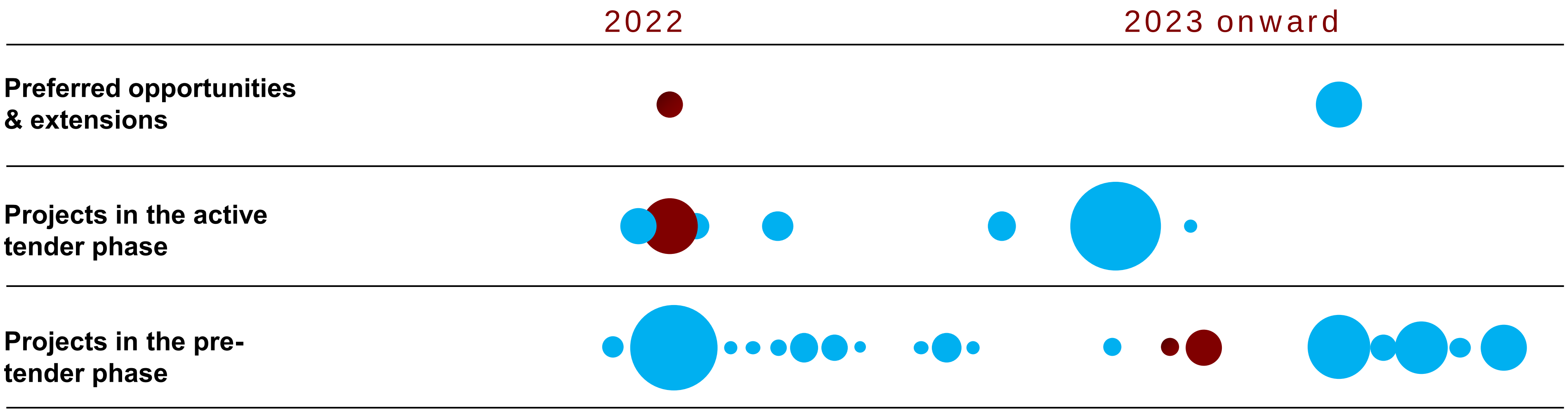
## Supplier Network

- Customers and suppliers in 30+ countries
- DGI's supplier network supports largest infrastructure & mining operators in the world




# Bid Pipeline

## ESTIMATED PROJECT COMMENCEMENT TIMING




Diversified resources & geography

Canadian oil sands region

- Bid pipeline[1] contains ~$3.0 billion of specific scopes of work
- Oil sands summer scopes generally tendered in late Q1 or early 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

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# Contractual Backlog[1] at $1.7 billion

- Fargo–Moorhead flood diversion project provides diversified backlog[1] and geographically enhances work in the United States
- Contractual backlog provides stability which, in turn, provides significant benefits throughout the organization (ie. attracting workforce, financing terms, bidding additional incremental scopes)
- Backlog[1] value of $1.7 billion includes NACG's share of joint venture contracts in place
- Strategic partnerships with the Nuna Group of Companies, Red River Valley Alliance and Mikisew Cree First Nation all account for substantial balances within backlog


**Backlog[1] provides fleet utilization visibility which correlates to effective operational planning**

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

# Environmental Initiatives

## HYDROGEN PROJECT

Hydrogen dual fuel project progressing, expecting feasibility study completion in 2022 Q1 with decision for advancing to proof of concept in Q2 & decision to advance prototype before year-end

## SOLAR ARRAY

Full rooftop solar panels installed with the maintenance facility expansion, now totaling +400,000 kWh annually offsetting ~15% of facilities electrical consumption. Annual $CO_2$ reduction of ~325 tonnes. Plans to add solar arrays to component rebuild facility expansion

## 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

–

Plan to reduce diesel consumption emissions 10% by 2025, 20% by 2028, and achieve net zero by 2050

## TELEMATICS

Technicians installed 156 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

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# Inclusivity & Diversity

- Over 1,600 hours of inclusion and diversity training occurred during the year on indigenous awareness and respect in the workplace.
- 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
- Four women have been hired as haul truck trainers, representing 25% of training staff
- Celebrated our joint venture with Mikisew Cree First Nation by commissioning CAT 797B haul trucks that prominently feature the Mikisew North American logo
- Recognized National Indigenous People’s Day spotlighting First Nations heroes and leaders while also featuring how our company benefits from positive Indigenous relations
- 30% gender diversity targeted by 2025 for senior leadership and the board of directors

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# Strong Indigenous Partnerships

**Consistent momentum in our partnerships with Nuna Group of Companies, Mikisew North American Limited Partnership, and Dene North Site Services**

- Growth via these partnerships is projected to continue as structure continues to be a win-win differentiator in bidding & procurement processes
- Mikisew & Dene North undergoing significant growth through investments in heavy equipment for various mine site services

➔ **Kitikmeot Corporation**

Majority partner of Nuna, Kitikmeot Corporation is a wholly-owned business of Kitikmeot Inuit Association

➔ **Mikisew Group of Companies**

Majority partner of Mikisew North American Limited Partnership, the Mikisew Group of Companies is directly owned by the Mikisew Cree First Nation

➔ **Dene Sky Site Services**

Majority partner of Dene North Site Services, Dene Sky Site Services owned by members of the Chipewyan Prairie Dene First Nation

**We take great pride & responsibility in our First Nation & Inuit partnerships**

- Our partners enable us to work effectively in bringing positive changes to local communities where we operate
- Decades of local experience which improves decision making
- Jointly led employment drives achieve higher success than stand-alone
- Collaborative investment opportunities becoming increasingly common

# 2022 Outlook

### Key Measures

| | Low | Range | High |
|---|---|---|---|
| Adjusted EBITDA[1] | $100 | $215 - $245 | $250 |
| Sustaining capital[1] | $100 | $110 - $120 | $200 |
| Adjusted EPS[1] | $1.00 | $2.15 - $2.55 | $3.00 |
| Free cash flow[1] | nil | $95 - $115 | $125 |

### Capital Allocation Measures

| | Low | Range | High |
|---|---|---|---|
| Growth spending | nil | nil to $35 | $100 |
| Deleverage | nil | $45 - $80 | $100 |
| Shareholder activity[2] | nil | $15 to $35 | $100 |

### Leverage ratios

| | Low | Range | High |
|---|---|---|---|
| Senior debt[1,3] | 0.5 | 0.9x – 1.4x | 2.0 |
| Net debt[1,3] | 0.5 | 1.2x – 1.7x | 2.0 |

[1] See Slide 2 or 2021 Annual 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

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

- Adjusted EPS[1] is built on EBITDA[1] range, current run-rate depreciation and stable tax & interest rates

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

- Strong committed backlog[1] and well-maintained fleet instills confidence

**Free cash flow[1] 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

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# SUPPLEMENTAL INFORMATION

# Q4 2021 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] | **$18.70** |
| Market Cap[1] | **$562 million** |
| S&P Rating | **B+ \| Stable outlook** |
| Annual dividend per share | **$0.32** |

■ Provinces, territories and states with significant current operations

○ Head office in Acheson, Alberta, Canada

[1] Toronto Stock Exchange, close of business February 15, 2022

NORTH AMERICAN
CONSTRUCTION GROUP



# 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

- Full year and Q4 2021 both represented strongest the year and quarter on record
- 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

NUNA
Group of Companies

# Long Term Contracts

| | Owner | Contract[1,2] | | |
|---|---|---|---|---|
| **Base Mine – Millennium & North Steepbank** | Suncor Energy Services Inc. | MUA *with term* | 2023 | 2040 |
| **Fort Hills Mine** | Fort Hills Energy LP | MUC *with term* | 2023 | 2059 |
| **Mildred Lake & Aurora mines** | Syncrude Canada | MSA *with term* | 2023 | 2046 |
| **Kearl Mine** | Imperial Oil Limited | MSA | 2022 | 2060 |
| **Ontario gold Mine project** | *Confidential* | Earthworks contract | 2022 | 2040 |
| **Fargo- Moorhead Flood Diversion Project** | Metro Flood Diversion Authority | Design & build | Construction - 2027 | O&M - 2056 |
| **Wyoming thermal coal mine** | *Confidential* | Mine management | 2024 | 2026 |
| **Texas mine-mouth thermal coal mine** | *Confidential* | Mine management | 2025 | 2037 |

■ 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 2021 Annual Report for Non-GAAP Financial Measures

# Mine Site Scopes – First In, Last Off

## Site Development (1 to 4 years)

- Initial site infrastructure, access roads, upgrades, pit development, etc.

### Build Relationship

Explore and design

### Major Projects

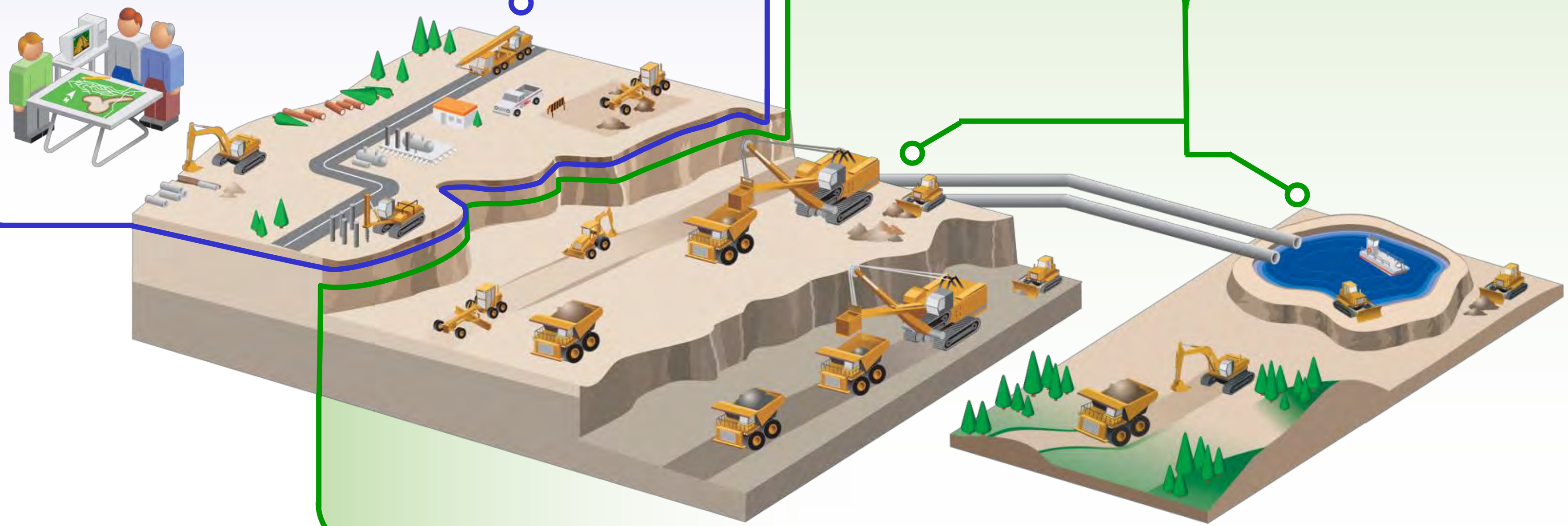
Initial development and secondary upgrades / expansions

## Production & Reclamation (5 to 50+ years)

- Overburden removal, mine infrastructure development, reclamation, tailing ponds remediation, equipment and labour supply

### Operations Support Services

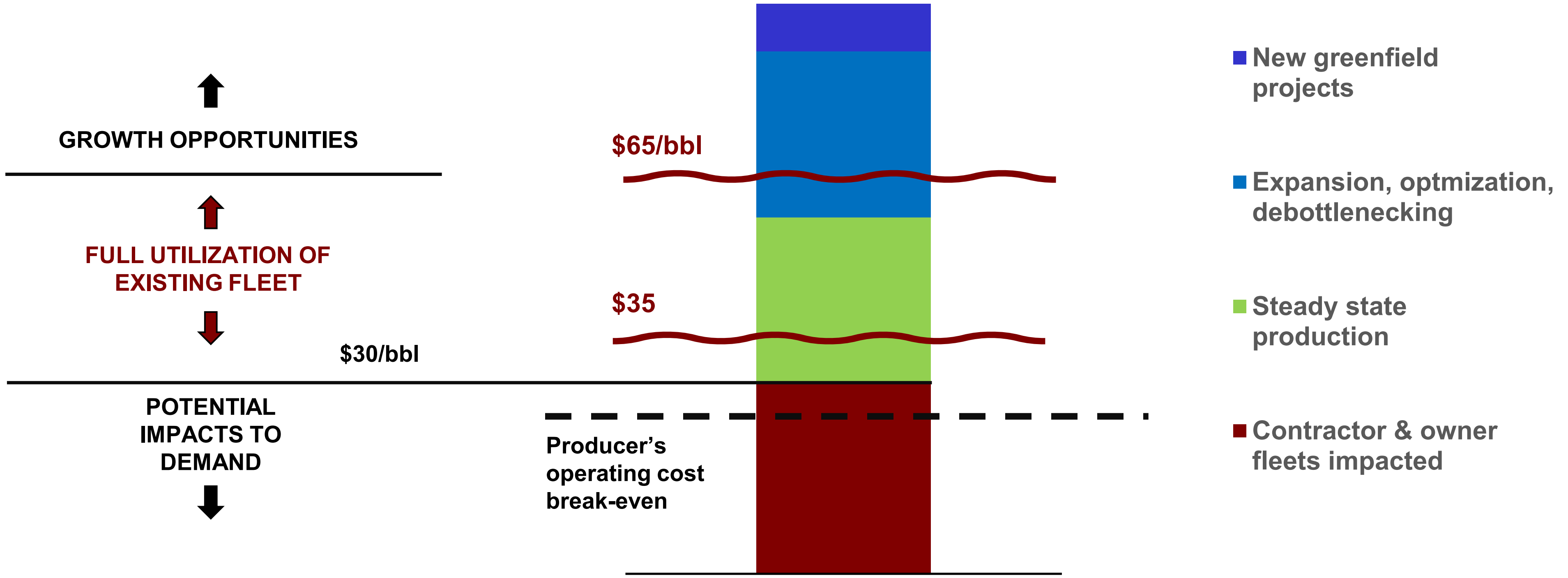
Routine mine plan, ad-hoc projects, eventual reclamation scopes



**Successful partnerships with producers results in decades of scope opportunities**

# Steady State Production Resiliency

- WTI pricing above US$30/bbl means full utilization of our fleets with minimal variability in demand
- Illustrative sensitivity below highlights our experience in the Canadian oil sands region
- Significant development costs are followed by decades of low-cost steady state operations (~$25/bbl)




**Steady state production protected from fluctuations in commodity pricing**

# Heavy Equipment Fleet

- As at December 31, 2021, ~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 value[1] of fleet calculated at $1.9 billion excludes the significant required cost of infrastructure and support equipment

| | Fleet Count | Replacement Value (millions) |
|---|---|---|
| Rigid frame trucks | 276 | $1,149 |
| Articulated trucks | 64 | 48 |
| Loading units | 262 | 365 |
| Dozers | 154 | 183 |
| Graders | 58 | 74 |
| Specialty & other | 62 | 54 |
| **Total fleet** | **876** | **$1,872** |


New replacement value[1] of $1.9 billion is the culmination of prudent investing & maintenance

[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures

# Understanding the Market

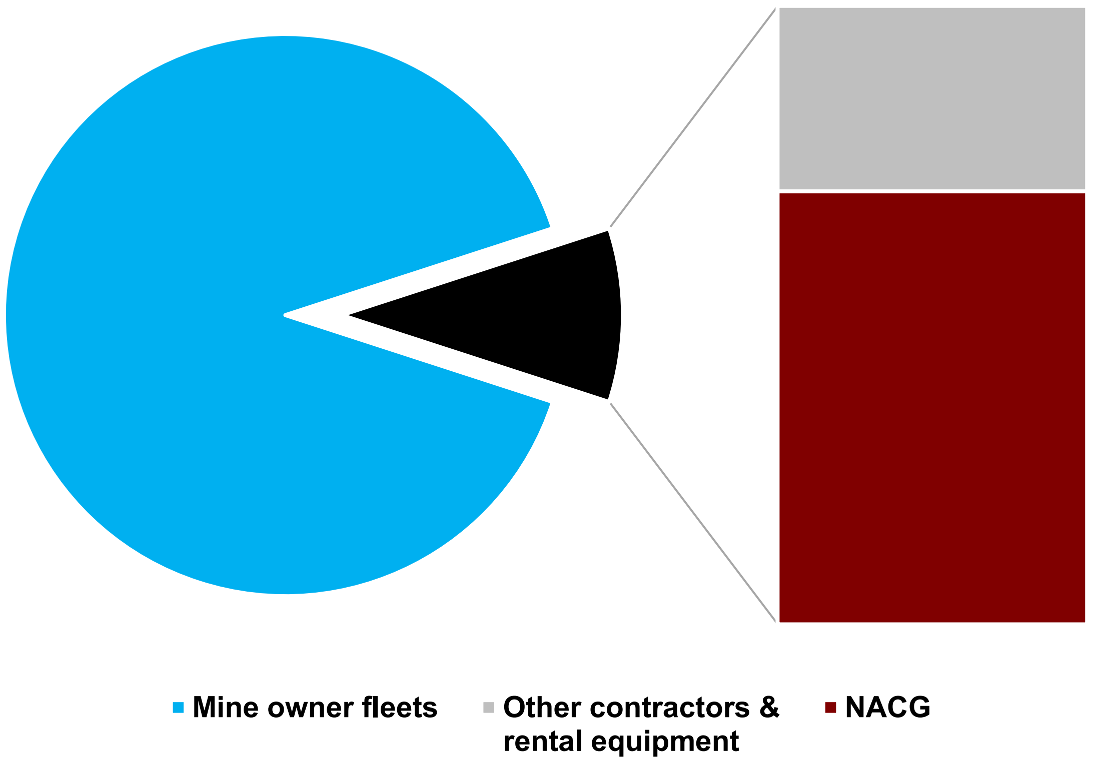
**Based on experience, NACG estimates we move ~7% of overburden volumes in the oil sands region**

- Vast majority of overburden is moved by mine owner fleets which is an opportunity of growth for us
- Since 2018, NACG has retained majority of the contracted volumes (estimated at 70%)
- This general approach to assigning scope is similar in the other mining regions we operate

**Increasingly high fleet costs are both i) a barrier to entry and ii) problematic for capex-sensitive producers**

- Producers & mine owners generally prefer to focus on refining and upstream processes
- Autonomous operations confined to specific & very predictable mining areas
- Macro changes in regulatory cut-off grades expected to increase required volumes to be moved

**Estimated overburden volumes moved in the Canadian oil sands region**




**Significant opportunities exist for safe, low-cost, trusted heavy equipment contractors**

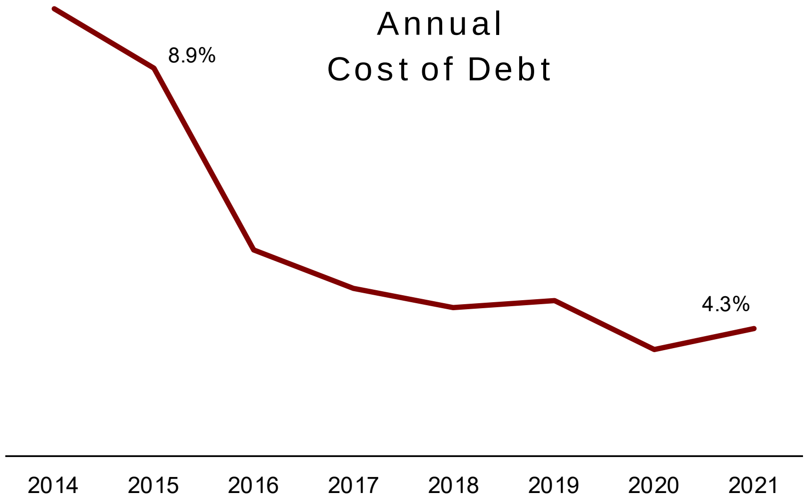
# Debt Structure

**Net debt[1] of $369 million as at December 31, 2021**

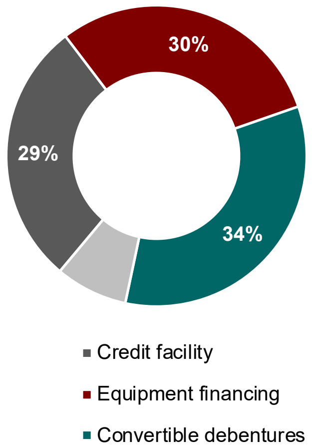
- Split between three primary debt instruments
- Overall liquidity[1] of $198 million based on $181 million of capacity combined with $17 million of cash on hand

**Q4 cash cost of debt was 4.7% based on changes in mix**

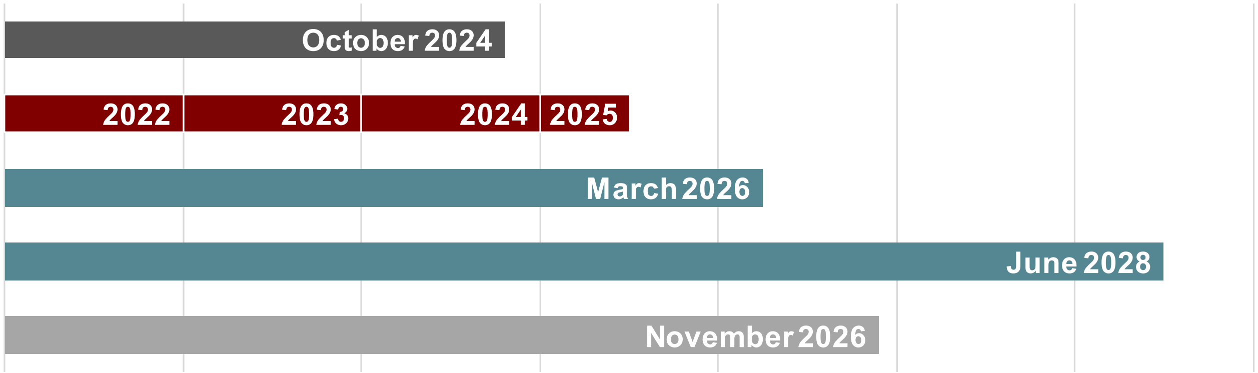
- Credit Facility – Q4 rate of ~3.25% based on ~0.55% posted rate plus a 2.75% spread
- Equipment financing – from 2.4% to 5.0%
- Convertible debentures – 5.0% & 5.5% rates in place until March 2026 & June 2028, respectively




Current Composition




| | |
|---|---|
| **1. Credit Facility** | $325m capacity |
| **2. Equipment financing** | $150m limit |
| **3. Convertible debentures** | $55m \| 5.0% rate |
| | $75m \| 5.5% rate |
| **4. Acheson facility mortgage** | $30m over 25 years |




[1] See Slide 2 or 2021 Annual Report for Non-GAAP Financial Measures