

## > Second quarter 2009



Conference call notes

August 7, 2009



✓ **Forward-looking Statements**

- Denis Jasmin,  
Vice-President, Investor Relations

✓ **Highlights and Outlook**

- Pierre Duhaime,  
President and Chief Executive Officer

✓ **Financial Review**

- Gilles Laramée,  
Executive Vice-President and Chief Financial Officer

# Forward-looking statements

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- ✓ Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.
- ✓ Statements made in this document that describe the Company's or management's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. The Company cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. For more information on risks and uncertainties, and assumptions that would cause the Company's actual results to differ from current expectations, please refer to the section "Risks and Uncertainties" and the section "How We Budget and Forecast Our Results and Basis for Providing Financial Guidance", respectively, in the Company's 2008 Annual Report under "Management's Discussion and Analysis". Unless otherwise mentioned, the forward-looking statements herein reflect the Company's expectations as of the date of this presentation and are subject to change after this date.
- ✓ Reference in this document, and hereafter, to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint ventures, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint ventures.

# Financial Highlights

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- ✓ Net income for the second quarter 2009 increased to \$80 million from \$75 million for the second quarter 2008, mainly due to:
  - Increased contributions from:
    - Power
    - Infrastructure & Environment
  - Partially offset by a loss in Chemicals & Petroleum
- ✓ Net income for the six-month period ended June 30, 2009 increased by 7.7% to \$158 million
  - Higher operating income from:
    - Infrastructure & Environment
    - Power
  - Partially offset by a loss in Chemicals & Petroleum

# Financial Highlights (cont'd)

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- ✓ Revenues for the six-month period ended June 30, 2009 were lower at \$3.1 billion, compared to \$3.5 billion for the same period in 2008
  - 31% decrease in Packages, as expected
  - 8% increase in Services
  - 7% increase in Operations & Maintenance
  
- ✓ Cash and cash equivalents = \$636 million at June 30, 2009, compared to \$988 million at December 31, 2008

# Subsequent Event – Recourse LTD

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- ✓ On July 3, 2009, the Company completed a public debt issuance:
  - \$350 million
  - 10 years (due July 3, 2019)
  - Unsecured debentures
  - Interest = 6.19% per annum
- ✓ Use of the net proceeds:
  - Repay the \$105 million 7.7% unsecured debentures due in September 2010
  - Fund potential investments in ICI
  - Fund potential selective business acquisitions
  - General corporate purposes
- ✓ Credit rating assigned:
  - Standard & Poor's = BBB+
  - DBRS = BBB (high)

# Backlog - Highlights

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- ✓ Total backlog = \$9.9 billion at June 30, 2009, compared to \$9.0 billion at March 31, 2009
  - Services revenue backlog remained in line at \$1.6 billion
  - Packages revenue backlog increased to \$3.8 billion
  
- ✓ Notable Packages additions include:
  - An EPC contract to design and build natural gas process facilities in Algeria
  - An EPC contract for the new Montreal Symphony Orchestra Concert Hall

- ✓ Montreal Symphony Orchestra Concert Hall
  - Agreement with the Government of Quebec to design, build, finance, operate and maintain a new concert hall for the Montreal Symphony Orchestra
  - EPC to be completed in 2011
  - O&M, once construction completed, until 2038
  
- ✓ Ambatovy
  - Equity and funding arrangements:
    - Equity contributions to the project in proportion to respective shareholding
    - No change to the project debt financing
    - Loans to one of the shareholders (project operator) for its equity contribution
    - Equity contributions and loans covered by the put/call arrangement



# ICI - Highlights (cont'd)

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## ✓ Astoria II

- In July 2009, project financing was obtained by Astoria II
- SNC-Lavalin committed to invest approximately US\$70 million for its 18.5% equity interest

# Worldwide Opportunities

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Infrastructure & Environment:	Africa, Canada, Europe and Russia  Airport, mass transit systems, ports Bridges, buildings, hospitals, roads and water treatment and distribution facilities
Chemicals & Petroleum:	Africa, Canada, Middle East, Russia and Venezuela
Power:	Worldwide  Hydro, nuclear and gas-fired thermal power generation, and transmission & distribution
Mining & Metallurgy:	Worldwide  Copper, gold, iron ore, potash and uranium
Operations & Maintenance:	Canada
Infrastructure Concession Investments:	Canada and France

# Financial Review

Gilles Laramée,  
Executive Vice-President and Chief Financial Officer

# Consolidated income statement

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(in millions of \$)

	Second Quarter		Six months ended June 30	
	2009	2008	2009	2008
<b>Revenues by activity:</b>				
Services	568.8	567.2	1,128.6	1,044.7
Packages	575.5	795.9	1,142.3	1,659.6
Operations & Maintenance	241.3	250.3	650.7	605.8
Infrastructure Concession Investments	84.8	89.1	174.5	167.5
	<b>1,470.4</b>	<b>1,702.5</b>	<b>3,096.1</b>	<b>3,477.6</b>
<b>Gross margin</b>	<b>260.8</b>	<b>245.9</b>	<b>528.6</b>	<b>486.5</b>
Selling, general and administrative expenses	131.7	117.7	268.6	237.9
Interest (revenues) and capital taxes:				
From infrastructure concession investments	21.1	32.2	47.4	61.5
From other activities	1.2	(5.3)	1.6	(9.4)
<b>Income before inc. taxes and non-contr. interest</b>	<b>106.8</b>	<b>101.3</b>	<b>211.0</b>	<b>196.5</b>
Income taxes	24.7	24.4	49.5	47.3
Non-controlling interest	2.1	1.5	4.0	2.9
<b>Net income</b>	<b>80.0</b>	<b>75.4</b>	<b>157.5</b>	<b>146.3</b>

# Revenues and operating income (loss) by segment

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(in millions of \$)

	Six Months Ended June 30			
	2009		2008	
	Revenues	Operating Income (loss)	Revenues	Operating Income
<b>Services and Packages</b>				
Infrastructure & Environment	840.5	117.1	761.9	37.3
Power	452.2	39.6	599.9	5.1
Mining & Metallurgy	410.5	47.1	422.4	37.4
Chemicals & Petroleum	406.3	(24.8)	729.3	91.7
Other Industries	161.4	19.5	190.8	21.5
<b>Operations &amp; Maintenance</b>	650.7	9.8	605.8	6.6
<b>Infrastructure Concession Investments</b>	174.5	4.7	167.5	4.3
	<b>3,096.1</b>	<b>213.0</b>	<b>3,477.6</b>	<b>203.9</b>

# Balance sheet

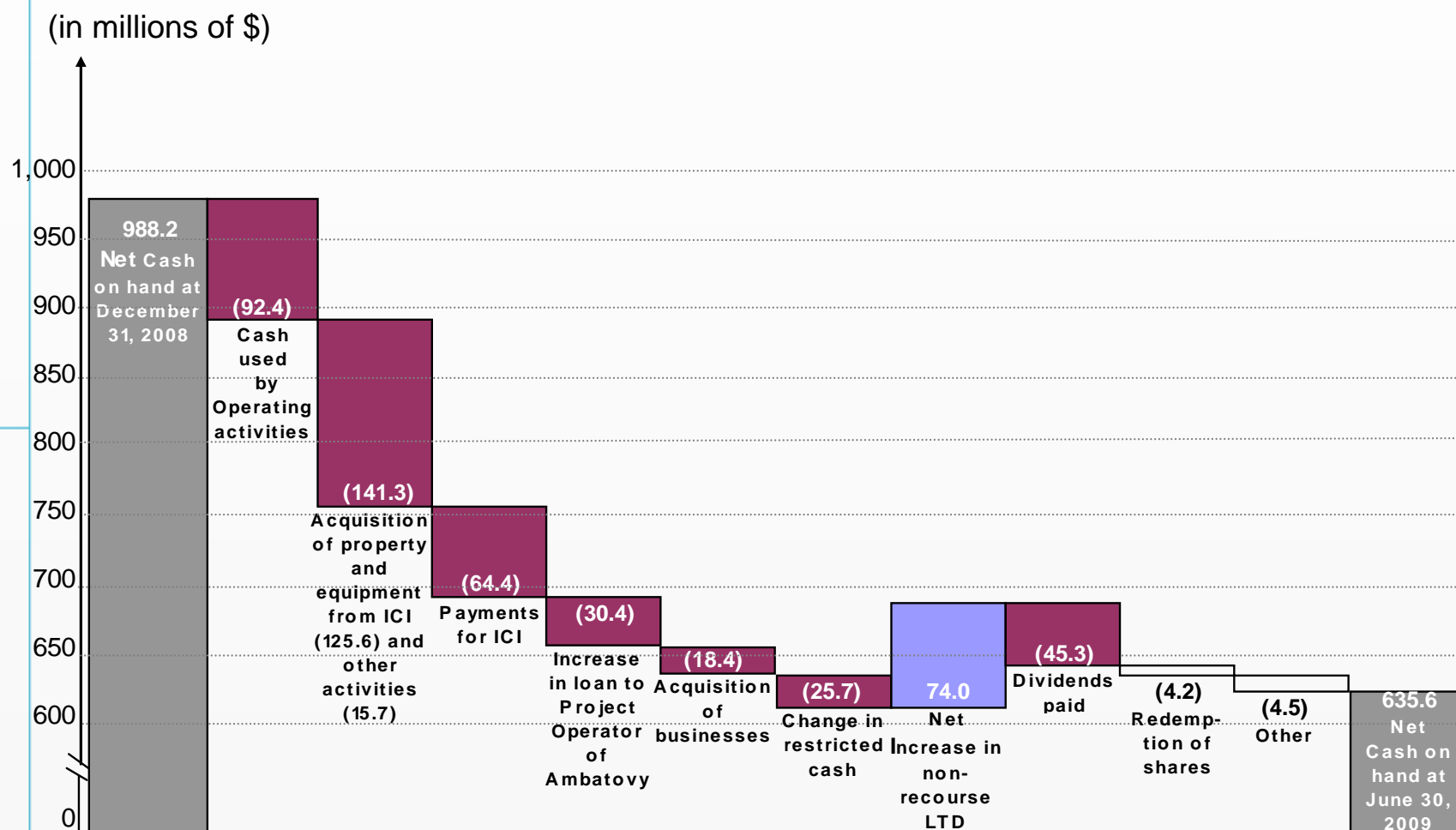
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(in millions of \$)

	<b>June 2009</b>	<b>December 2008</b>
<b>Assets</b>		
Cash and cash equivalents	<b>635.6</b>	988.2
Other current assets	<b>2,491.2</b>	2,564.2
Property and equipment:		
From infrastructure concession investments	<b>2,064.4</b>	1,750.7
From other activities	<b>116.6</b>	123.4
Goodwill	<b>514.3</b>	496.1
Infrastructure Concessions Investments	<b>413.6</b>	343.4
Other long-term assets	<b>533.5</b>	505.5
	<b>6,769.2</b>	6,771.5
<b>Liabilities</b>		
Current liabilities	<b>2,775.0</b>	3,276.0
Long-term debt:		
Recourse	<b>104.8</b>	104.7
Non-recourse from infrastructure concession investments	<b>2,087.7</b>	2,003.3
Other long-term liabilities and non-controlling interest	<b>546.5</b>	298.3
<b>Shareholders' equity</b>	<b>1,255.2</b>	1,089.2
	<b>6,769.2</b>	6,771.5

# Cash and cash equivalents variance

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# Revenue backlog by activity

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(in millions of \$)

	<b>June 2009</b>	March 2009	Dec. 2008
<b>Services</b>	<b>1,612.1</b>	1,520.4	1,545.3
<b>Packages</b>	<b>3,809.9</b>	3,154.5	3,508.0
<b>Operations &amp; Maintenance</b>	<b>2,004.9</b>	1,893.5	2,196.2
AltaLink	<b>1,792.4</b>	1,739.8	1,685.2
Highway 407	<b>584.0</b>	573.1	558.4
Others	<b>110.9</b>	99.4	99.1
<b>Infrastructure Concession Investments</b>	<b>2,487.3</b>	2,412.3	2,342.7
<b>Total Revenue Backlog</b>	<b>9,914.2</b>	8,980.7	9,592.2



# Services and Packages Revenues backlog by segment

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(in millions of \$)

	<b>At June 30</b>		<b>At Dec. 31</b>	
	<b>2009</b>		<b>2008</b>	
	<b>Services</b>	<b>Packages</b>	<b>Services</b>	<b>Packages</b>
<b>Services and Packages</b>				
Infrastructure & Environment	<b>712.4</b>	<b>1,677.8</b>	676.8	2,174.4
Power	<b>300.5</b>	<b>420.2</b>	194.7	546.0
Mining & Metallurgy	<b>371.7</b>	-	392.0	-
Chemicals & Petroleum	<b>141.6</b>	<b>1,586.7</b>	179.5	647.9
Other Industries	<b>85.9</b>	<b>125.2</b>	102.3	139.7
<b>Total Services and Packages Backlog</b>	<b>1,612.1</b>	<b>3,809.9</b>	1,545.3	3,508.0

✓ If you have further questions, please contact:

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✓ Replay of conference call:

Investor Relations section of website:

[www.snclavalin.com](http://www.snclavalin.com)