

SECOND QUARTER 2010

Conference call notes
August 6, 2010



SNC • LAVALIN

Agenda

✓ **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

- ✓ Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.
- ✓ Statements made in this presentation 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 Analyze and Report our Results", respectively, in the Company's 2009 Financial Report under "Management's Discussion and Analysis". The forward-looking statements herein reflect the Company's expectations as at the date of this presentation and are subject to change after this date.
- ✓ Reference in this presentation 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

- ✓ Net income for the second quarter 2010 was \$97.7 million compared to \$80.0 million for the second quarter 2009, reflecting:
 - Higher operating income from Infrastructure Concession Investments (ICI) and Chemicals & Petroleum, partially offset by
 - Lower operating income from Mining & Metallurgy and Infrastructure & Environment
- ✓ Net income for the six-month period ended June 30, 2010 increased by 7.7% to \$169.6 million compared to the corresponding period of 2009, reflecting:
 - Net income from ICI of \$33.4 million compared to \$4.7 million
 - Higher net income from AltaLink, Highway 407 and SKH
 - Net income excluding ICI of \$136.2 million compared to \$152.8 million
 - Lower operating income from Mining & Metallurgy and Infrastructure & Environment
 - Higher operating income from Chemicals & Petroleum and Operations & Maintenance

Financial highlights (cont'd)

- ✓ Revenues for the six-month period ended June 30, 2010 were \$2.8 billion, compared to \$3.1 billion for the same period in 2009, mainly reflecting:
 - Lower Services revenues
 - Lower Packages revenues
- ✓ Cash and cash equivalents = \$1.1 billion at June 30, 2010
- ✓ Subsequent event:
 - August 2, 2010
 - Sale of Energy Control Systems (ECS) assets to a third party
 - Gain of approximately \$20.0 million (after taxes)
 - To be included in third quarter 2010
 - No significant impact on total future revenues

Backlog highlights

- ✓ Total revenue backlog = \$11.4 billion at June 30, 2010 compared to \$10.8 billion at December 31, 2009
- ✓ Several Services and Packages contracts awarded in different sectors and countries
 - Reflecting SNC-Lavalin's revenue diversity
- ✓ The June 2010 revenue backlog amount does not include the McGill University Health Centre \$1.6 billion Package contract, it will be added in the third quarter 2010

ICI highlights

- ✓ McGill University Health Centre (MUHC)
 - July 2010: financial closure and official signing of a partnership agreement between the MUHC and the McGill Health Infrastructure Group (MHIG) for the new Glen Campus in Montreal
 - MHIG = SNC-Lavalin and Innisfree Ltd.
 - 34-year PPP
 - MHIG awarded to SNC-Lavalin an EPC contract to design and build the facilities
 - MHIG will maintain the campus for the next 30 years
 - Construction is already underway and should be completed in the autumn of 2014

- ✓ Highway 407
 - On July 15, 2010, CPPIB submitted an indicative, non-binding and conditional proposal to acquire the entire issued capital of Intoll
 - Based on the price of this proposal, SNC-Lavalin's 16.77% interest ~ \$9.85 per share

Worldwide opportunities

Infrastructure & Environment:	Worldwide Bridges, buildings, hospitals, mass transit systems, roads and water treatment and distribution facilities
Power:	Worldwide Hydro, thermal power generation, transmission & distribution
Chemicals & Petroleum:	Africa, Canada, Middle East, Russia and South America
Mining & Metallurgy:	Worldwide Aluminum, copper, gold, iron ore and potash
Operations & Maintenance:	Mainly in Canada
Infrastructure Concession Investments:	Mainly in Canada

Financial Review

Gilles Laramée,

Executive Vice-President and Chief Financial Officer

Consolidated income statement

(in millions of \$)

	Second Quarter		Six months ended June 30	
	2010	2009	2010	2009
Revenues by activity:				
Services	501.5	568.8	958.8	1,128.6
Packages	537.8	575.5	985.2	1,142.3
Operations & Maintenance	255.9	241.3	639.1	650.7
Infrastructure Concession Investments (ICI)	130.9	84.8	229.2	174.5
	1,426.1	1,470.4	2,812.3	3,096.1
Gross margin	320.7	260.8	586.6	528.6
Selling, general and administrative expenses	147.6	131.7	280.7	268.6
Interest and capital taxes:				
From ICI	33.9	21.1	63.7	47.4
From other activities	8.6	1.2	15.5	1.6
Income before inc. taxes and non-contr. interest	130.6	106.8	226.7	211.0
Income taxes	29.1	24.7	50.7	49.5
Non-controlling interest	3.8	2.1	6.4	4.0
Net income	97.7	80.0	169.6	157.5
Net income excluding ICI	73.0	79.6	136.2	152.8
SNC-Lavalin's net income from ICI	24.7	0.4	33.4	4.7
Net income	97.7	80.0	169.6	157.5

Revenues and operating income (loss) by segment

(in millions of \$)	Six months ended June 30			
	2010		2009	
	Revenues	Operating Income	Revenues	Operating Income (loss)
Services and Packages				
Infrastructure & Environment	739.7	97.6	840.5	117.1
Chemicals & Petroleum	432.3	22.0	406.3	(24.8)
Power	335.4	40.9	452.2	39.6
Mining & Metallurgy	311.0	26.0	410.5	47.1
Other Industries	125.6	10.2	161.4	19.5
Operations & Maintenance	639.1	14.1	650.7	9.8
Infrastructure Concession Investments	229.2	33.4	174.5	4.7
	2,812.3	244.2	3,096.1	213.0

Balance sheet

(in millions of \$)

	June 30, 2010	December 31, 2009
Assets		
Cash and cash equivalents	1,130.3	1,218.2
Other current assets	2,219.8	2,174.8
Property and equipment:		
From infrastructure concession investments	2,391.7	2,217.0
From other activities	106.5	114.0
Goodwill	514.7	520.9
Infrastructure concession investments	432.8	469.4
Other non-current assets	564.6	492.0
	7,360.4	7,206.3
Liabilities		
Current liabilities	2,650.8	2,849.0
Long-term debt:		
Recourse	348.1	348.0
Non-recourse from infrastructure concession investments	2,296.3	2,005.5
Other non-current liabilities and non-controlling interest	570.5	569.1
Shareholders' equity	1,494.7	1,434.7
	7,360.4	7,206.3

Revenue backlog by category of activity

(in millions of \$)

	June 2010	March 2010	December 2009
Services	1,485.4	1,412.7	1,464.9
Packages	4,348.3	4,477.1	4,197.5
Operations & Maintenance	2,808.8	2,914.5	2,596.1
AltaLink	2,009.8	1,915.4	1,877.4
Highway 407	629.1	620.6	600.7
Others	101.6	101.0	100.6
Infrastructure Concession Investments	2,740.5	2,637.0	2,578.7
Total Backlog	11,383.0	11,441.3	10,837.2

Services and Packages revenue backlog by segment

(in millions of \$)

	At June 30 2010		At December 31 2009	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure and Environment	624.2	2,223.7	677.9	2,034.6
Chemicals and Petroleum	165.8	1,189.2	170.5	1,553.5
Power	293.0	761.0	253.5	436.1
Mining and Metallurgy	304.7	-	297.9	-
Other Industries	97.7	174.4	65.1	173.3
Total Services and Packages Backlog	1,485.4	4,348.3	1,464.9	4,197.5

Peer group comparison

	R.O.E. ⁽¹⁾	P/E ⁽²⁾	
SNC-Lavalin	25.7%	13.5 ⁽³⁾	<div> <p>To be comparable to our peers, SLI's P/E needs to be adjusted by removing from SLI's price and earnings SLI's ICIs.</p> </div>
Fluor	17.1%	12.5	
Foster Wheeler	29.2%	7.2	
Jacobs Engineering	8.5%	16.4	
Shaw Group	7.7%	18.6	
Technip	5.9%	29.6	
URS Corp.	7.4%	11.9	
WorleyParsons	18.1%	17.3	

Ratios are based on most recent available 4 trailing quarters as at August 4, 2010.

Sources of information are from company reports and Bloomberg as of August 4, 2010.

(1) Shareholders' equity excludes the "accumulated other comprehensive income (loss)".

(2) P/E ratios adjusted to reflect best estimate of freehold cash where applicable.

(3) P/E ratio adjusted to reflect freehold cash and to exclude SLI's ICIs. SNC-Lavalin market price = \$47.14, less interest in Highway 407 of ~ \$9.85 (based on CPPIB proposal to Intoll), less interest in other ICIs of \$5.06 (based on net book value), and less \$5.30 of freehold cash.

- ✓ If you have further questions, please contact:

Denis Jasmin

tel: (514) 393-1000, ext. # 7553

E-mail: denis.jasmin@snclavalin.com

- ✓ Replay of conference call:

Investor Relations section of website:

www.snclavalin.com