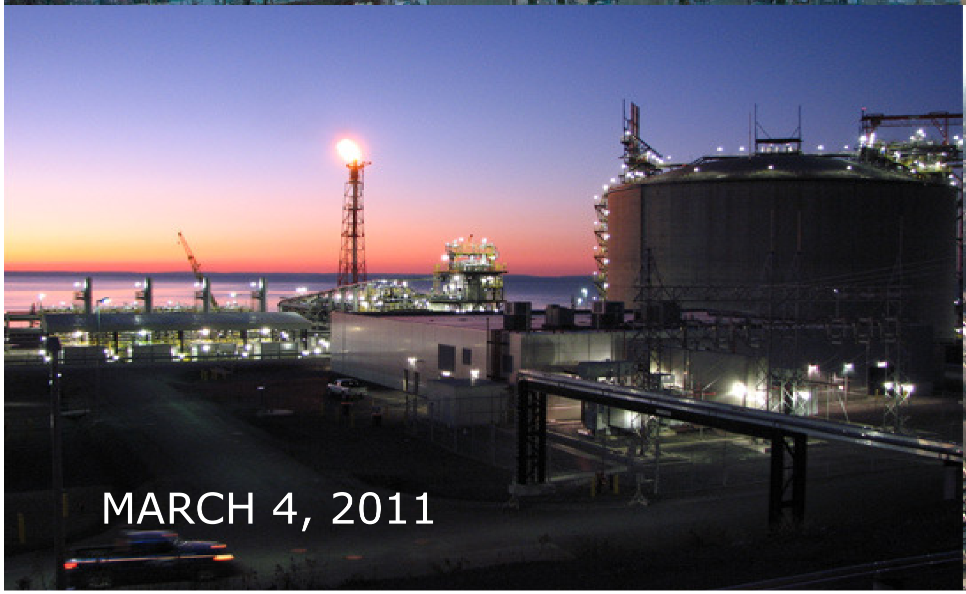
# Fourth quarter and year end December 31, 2010
# Conference call notes



MARCH 4, 2011

# 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 of 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.

# 2010 Financial highlights



**Year-to-date results**

✓ Net income increased by 21.6% to $437.0 million compared to $359.4 million for the year ended December 31, 2009

- Net income increased by 8.9% when we exclude the net gain after taxes of $26.1 million from the disposal of Valener Inc. shares and Trencap Limited Partnership units and the after tax gain of $19.6 million from the disposal of certain technology solution assets
  - Higher operating income in Infrastructure & Environment and Infrastructure Concession Investments

✓ Selling, general and administrative expenses increased to $585.6 million compared to $545.6 million

- 44.0% of 2010 total gross margin compared to 47.4% in 2009

# 2010 Financial highlights (cont'd)



- ✓ Year-to-date revenues increased to $6.3 billion compared to $6.1 billion for the year ended December 31, 2009
  - Increase in Packages and ICI
  - Decrease in Services
- ✓ The Company's balance sheet position remained strong with cash and cash equivalents of $1.3 billion at December 31, 2010
- ✓ Total revenue backlog increased by 20.0% to $13.0 billion compared to $10.8 billion at the end of December 2009
- ✓ For the 12-month period ended December 31, 2010, return on average shareholders' equity (ROASE) was 27.4%

# Engineering companies acquired in 2010



- ✓ Itansuca Proyectos de Ingeniera S.A.
  - Colombia: 1,000 people
- ✓ Other companies
  - France: 160 people
  - Other countries: 70 people

Adding ~ 1,230 people to our global workforce

# ICI notable events



**Disposals in 2010**

- ✓ Trencap Limited Partnership resulting in a gain after taxes of $27.4 million.

- ✓ Valener Inc resulting in a loss after taxes of $1.3 million.

**Additions in 2010**

- ✓ Chinook Roads Partnership
  - 50% equity interest
  - 33 years concession
  - 50% of EPC and O&M to SNC-Lavalin

- ✓ McGill University Health Centre (MUHC)
  - 60% equity interest
  - 34 years concession
  - EPC and O&M to SNC-Lavalin

# ICI notable events (cont'd)



**Additions in 2010 (cont'd)**

✓ Rayalseema Expressway Private Limited (REPL)

- India
- 36.9% equity interest
- 30 years concession

**2011**

✓ AltaLink

- Accepted offer from Macquarie Essential Assets Partnership to acquire remaining 23.08% ownership interest for $213 million, subject to customary closing conditions and regulatory approval

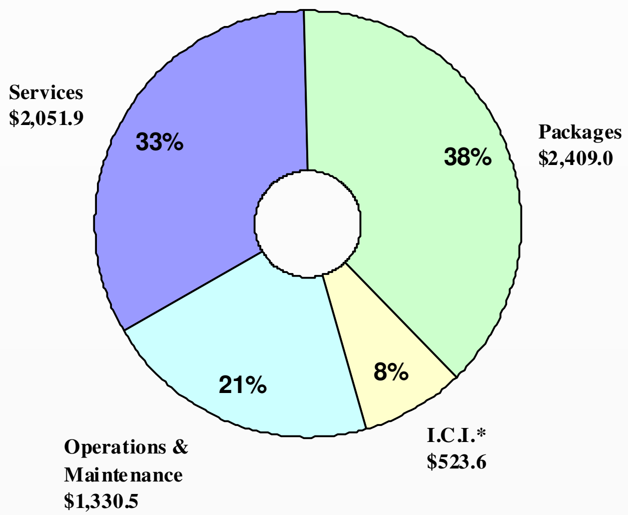
# Key financial indicators



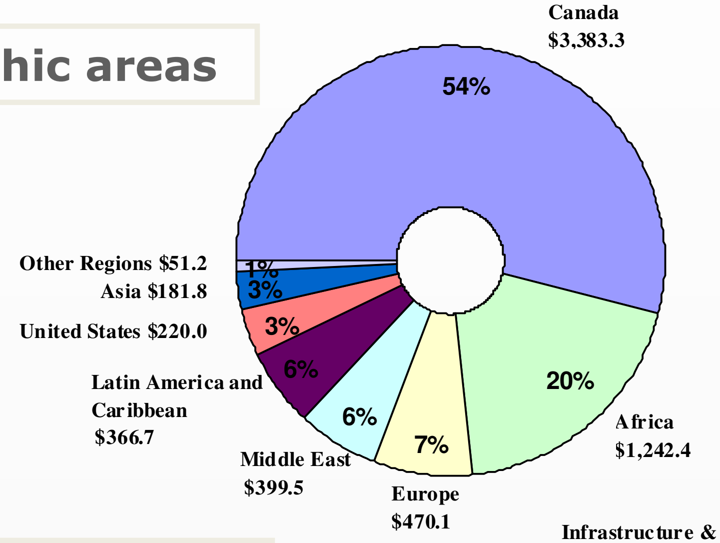
| Financial Indicator | Financial Objective | Actual Results | |
|---|---|---|---|
| | | **2010** | 2009 |
| 1) Growth in net income | Annual growth between 7% and 12% | **21.6%** | 15.0% |
| 2) Return on Average Shareholders' Equity (ROASE) | At least equal to long-term Canada Bond Yield plus 6% (totalling 9.8% for 2010 and 9.9% for 2009) | **27.4%** | 27.3% |
| 3) Net cash position<br><br>(cash and cash equivalents less cash and cash equivalents from ICI and recourse debt) | Maintain a strong balance sheet with a net cash position sufficient to meet expected operating, financing and investing plans | **870.1M** | $722.9M |

# Diversity

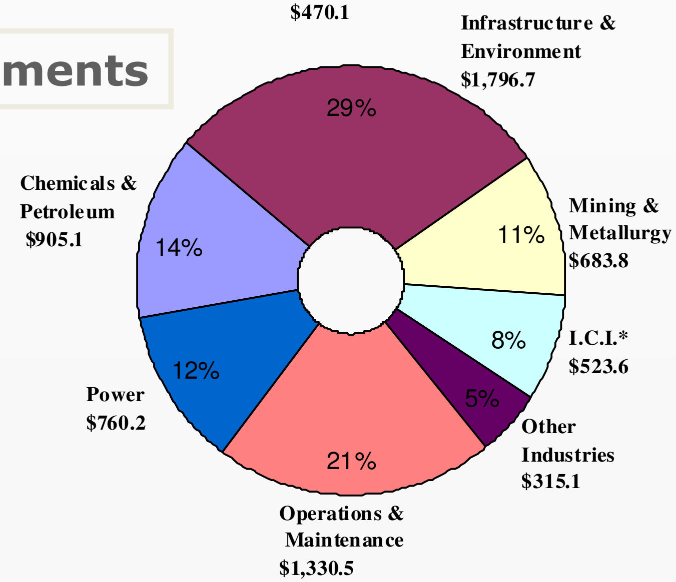
## Categories of activity




## Geographic areas




## Industry segments




**2010 Revenues:**

**$6.3 billion**

(in millions of $)

*Infrastructure Concession Investments

# Outlook



- ✓ **2011 net income to be lower than 2010**
- ✓ **However, 2011 net income to be in line with 2010**
  - When we exclude from 2010 net income:
    - Gain after taxes of $19.6 million from the disposal of certain technology solution assets
    - Net gain after taxes of $26.1 million from the disposal of two Infrastructure Concession Investments
- ✓ **Outlook assumes, for the time being, no contribution from projects in Libya**

# Dividend increase



✓ Board of Directors has increased the quarterly cash dividend by 23.5% to $0.21 per share

# Financial Review

Gilles Laramée,

Executive Vice-President and Chief Financial Officer

# Net income details



(in millions of $)

| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | **2010 Actual** | | 2009 Actual | Growth 2010 / 2009 |
| | Total | Excluding Net Gain on Disposals | Total | Excluding 2010 Net Gain on Disposals |
| **Net income excluding ICI** | **354.1** (1) | **334.5** | 322.5 | 4% |
| **Net income from ICI** | **82.9** (2) | **56.8** | 36.9 | 54% |
| **Net income** | **437.0** | **391.3** | 359.4 | 9% |

(1) Includes a gain after taxes of $19.6 million from the disposal of ECS

(2) Includes a net gain after taxes of $26.1 million from the disposal of Trencap and Valener

# Consolidated income statement



| (in millions of $) | Fourth Quarter 2010 | Fourth Quarter 2009 | Year Ended December 31 2010 | Year Ended December 31 2009 |
|---|---|---|---|---|
| **Revenues** | **1,895.4** | 1,583.2 | **6,315.0** | 6,101.7 |
| **Gross margin** | **397.5** | 316.5 | **1,331.7** | 1,151.1 |
| Selling, general and administrative expenses | **171.0** | 148.1 | **585.6** | 545.6 |
| Interest and capital taxes: | | | | |
| - from infrastructure concession investments | **44.4** | 32.2 | **151.8** | 112.2 |
| - from other activities | **3.5** | 7.3 | **23.1** | 16.0 |
| **Income before inc. taxes and non-contr. interests** | **178.6** | 128.9 | **571.2** | 477.3 |
| Income taxes | **36.6** | 26.0 | **123.4** | 108.2 |
| Non-controlling interests | **2.8** | 4.2 | **10.8** | 9.7 |
| **Net income** | **139.2** | 98.7 | **437.0** | 359.4 |

# Selling, general and administrative expenses



(in millions of $)

| | Year Ended December 31 | |
|---|---|---|
| | **2010 Actual** | 2009 Actual |
| **Selling, general and administrative expenses** | **585.6** | 545.6 |

| | **2010** | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **Selling, general and administrative expenses as a percentage of gross margin** | **44.0%** | 47.4% | 50.9% | 69.5% | 53.1% |

# Total revenues by geographic area



(in millions of $)

| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | **2010** | | 2009 | |
| | **Actual** | **%** | Actual | % |
| **Canada** | **3,383.3** | **54** | 3,218.7 | 53 |
| Africa excluding Libya | **824.2** | **13** | 608.7 | 10 |
| Libya | **418.2** | **7** | 278.8 | 5 |
| Europe | **470.1** | **7** | 567.5 | 9 |
| Middle East | **399.5** | **6** | 591.3 | 10 |
| Latin America and Caribbean | **366.7** | **6** | 289.2 | 5 |
| United States | **220.0** | **3** | 272.0 | 4 |
| Asia | **181.8** | **3** | 212.3 | 3 |
| Other Regions | **51.2** | **1** | 63.2 | 1 |
| **Total Outside Canada** | **2,931.7** | **46** | 2,883.0 | 47 |
| **Total** | **6,315.0** | **100** | 6,101.7 | 100 |

# Annual gross margin



| (in millions of $) | Year Ended December 31 | | | |
|---|---|---|---|---|
| | **2010** | | 2009 | |
| | **Actual** | **As a % of revenues** | Actual | As a % of revenues |
| **Services** | **539.2** | **26.3** | 562.7 | 25.3 |
| **Packages** | **448.2** (1) | **18.6** | 357.4 | 16.2 |
| **Operations and Maintenance** | **59.7** | **4.5** | 50.1 | 3.9 |
| **ICI** | **284.6** (2) | **54.4** | 180.9 | 47.6 |
| **Total Gross Margin** | **1,331.7** | **21.1** | 1,151.1 | 18.9 |

(1) Includes a gain before taxes of $22.8 million from the disposal of ECS

(2) Includes a net gain before taxes of $29.6 million from the disposal of Trencap and Valener

# Revenues and operating income by segment



(in millions of $)

| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | **2010** | | 2009 | |
| | **Revenues** | **Operating Income** | Revenues | Operating Income |
| **Services and Packages** | | | | |
| Infrastructure and Environment | **1,796.7** | **236.7** | 1,602.6 | 212.9 |
| Chemicals and Petroleum | **905.1** | **18.1** | 829.4 | 21.0 |
| Power | **760.2** [(1)] | **116.3** [(1)] | 921.9 | 88.0 |
| Mining and Metallurgy | **683.8** | **59.5** | 764.7 | 72.2 |
| Other Industries | **315.1** | **38.6** | 305.0 | 40.6 |
| **Operations and Maintenance** | **1,330.5** | **39.4** | 1,297.9 | 32.5 |
| **ICI** | **523.6** [(2)] | **82.9** [(3)] | 380.2 | 36.9 |
| **Total** | **6,315.0** | **591.5** | 6,101.7 | 504.1 |

(1) Includes a gain before taxes of $22.8 million from the disposal of ECS

(2) Includes a net gain before taxes of $29.6 million from the disposal of Trencap and Valener

(3) Includes a net gain after taxes of $26.1 million from the disposal of Trencap and Valener

# 2011 operating income expectations



| Operating Income | 2010 Expectations per 2009 MD&A | 2010 Actual | Actual vs. Expectations | 2011 Expectations per 2010 MD&A (1) |
|---|---|---|---|---|
| **Services and Packages** | | | | |
| Infrastructure and Environment | ⇩ | ⇧ | ✓ | ⇩ |
| Chemicals and Petroleum | ⇧ | ⇩ | X | ⇧ |
| Power | ⇩ | ⇧ | ✓ | ⇧ |
| Mining and Metallurgy | = | ⇩ | X | ⇧ |
| Other Industries | = | = | ✓ | = |
| **Operations and Maintenance** | ⇧ | ⇧ | ✓ | ⇧ |
| **ICI** | ⇧ | ⇧ | ✓ | ⇩ |
| **Total Operating Income** | ⇧ | ⇧ | ✓ | ⇩ |

✓ In line or above expectations    X Below expectations

= If we exclude 2010 net gains on disposals

(1) The expectations for 2011 are based on IFRS comparable figures for 2010 and exclude any potential contribution from projects in Libya, until the situation there is clarified

# 2011 outlook summary



| | 2011 Outlook |
|---|---|
| **Revenues** | ↑ |
| Gross margin | = |
| Selling, general and administrative expenses | ↑ |
| Interest and capital taxes | = |
| Income taxes | ↓ |
| **Net income** | ↓ |
| **SNC-Lavalin's net income from ICI** | ↓ |
| **Net income, excluding ICI** | ↓ |
| **Net income** | ↓ |
| **Net income (excluding 2010 net gains on disposals)** | = |

# Balance sheet



| (in millions of $) | **December 31, 2010** | December 31, 2009 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **1,288.2** | 1,218.2 |
| Other current assets | **2,883.1** | 2,174.8 |
| Property and equipment: | | |
| From infrastructure concession investments | **2,588.7** | 2,217.0 |
| From other activities | **117.5** | 114.0 |
| Goodwill | **543.6** | 520.9 |
| Infrastructure concession investments | **386.7** | 469.4 |
| Other non-current assets | **795.4** | 492.0 |
| | **8,603.2** | 7,206.3 |
| **Liabilities** | | |
| Current liabilities | **2,924.9** | 2,849.0 |
| Long-term debt: | | |
| Recourse | **348.2** | 348.0 |
| Non-recourse from infrastructure concession investments | **2,981.5** | 2,005.5 |
| Other non-current liabilities and non-controlling interests | **640.2** | 569.1 |
| **Shareholders' equity** | **1,708.4** | 1,434.7 |
| | **8,603.2** | 7,206.3 |

# ICI Net book value and market value



| | NBV December 2010 (in millions $) | MV (1) (except Others) December 2010 (in millions $) | MV (1) (except Others) December 2010 (in $, per SNC-Lavalin's share) |
|---|---|---|---|
| Highway 407 (16.77%) | (97.4) | 1,499.5 | 9.85 |
| AltaLink (76.92%) | 328.0 | 709.9 | 4.66 |
| Others | 532.9 | 532.9 | 3.50 |
| | 763.5 | 2,742.3 | 18.01 |

(1) Based on recent third party transactions

# Solid financial position



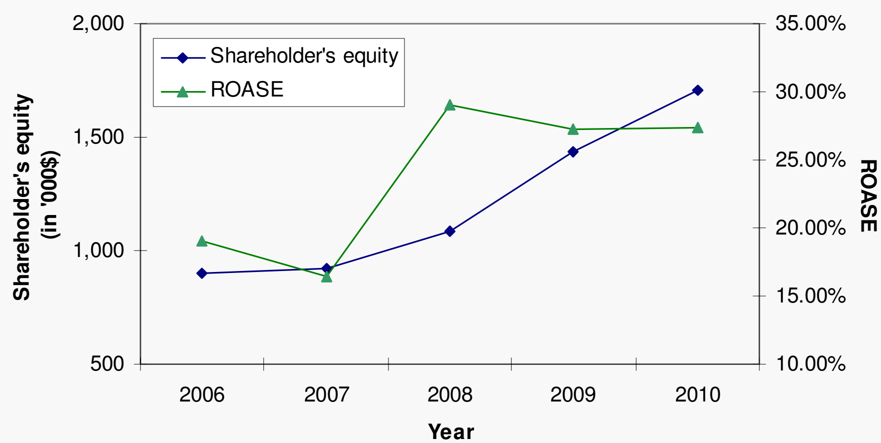
(in millions of $)

- **Cash position**

| | **2010** | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Cash and cash equivalents | **1,288.2** | 1,218.2 | 988.2 | 1,088.6 | 1,106.3 |
| Freehold cash (included above) | **900.0** | 800.0 | 600.0 | 600.0 | 500.0 |

- **Return on Average Shareholders' Equity (ROASE)**

The Company strives to position itself to achieve a consistently high ROASE while maintaining a strong balance sheet, which it has achieved over the last years.



# Revenue backlog



## BY CATEGORY OF ACTIVITY

| (in millions of $) | **December 2010** | September 2010 | December 2009 |
|---|---|---|---|
| **Services** | **1,410.7** | 1,429.1 | 1,464.9 |
| **Packages** | **5,912.1** (1) | 5,764.3 | 4,197.5 |
| **Operations & Maintenance** | **2,732.8** | 2,621.3 | 2,596.1 |
| AltaLink | **2,202.4** | 2,108.5 | 1,877.4 |
| Highway 407 | **645.0** | 635.9 | 600.7 |
| Other | **102.5** | 102.0 | 100.6 |
| **Infrastructure Concession Investments** | **2,949.9** | 2,846.4 | 2,578.7 |
| **Total Revenue Backlog** | **13,005.5** | 12,661.1 | 10,837.2 |

(1) As a precautionary measure, all Libyan projects have been removed

# Revenue backlog (cont'd)

## SERVICES AND PACKAGES ONLY, BY SEGMENT

| (in millions of $) | At December 31 2010 | | At December 31 2009 | |
|---|---|---|---|---|
| | **Services** | **Packages** | Services | Packages |
| **Services and Packages** | | | | |
| Infrastructure and Environment | **665.1** | **2,820.6** | 677.9 | 2,034.6 |
| Chemicals and Petroleum | **165.8** | **907.4** | 170.5 | 1,553.5 |
| Power | **219.6** | **1,696.5** | 253.5 | 436.1 |
| Mining and Metallurgy | **273.6** | **167.1** | 297.9 | - |
| Other Industries | **86.6** | **320.5** | 65.1 | 173.3 |
| **Total Services and Packages Backlog** | **1,410.7** | **5,912.1** | 1,464.9 | 4,197.5 |

# International Financial Reporting Standards



- Presentation was done on January 25, 2011
  - Copy of the presentation and audio is available on our web site, under the "Investors" section

- Main impacts on SNC-Lavalin's consolidated financial statements upon transition to IFRS
  - Service concession arrangements
  - Jointly controlled entities
  - Non-controlling interests within equity

- In 2011, SNC-Lavalin will stop disclosing the Infrastructure Concession Investments revenue backlog, notably due to the impact of IFRIC 12 and IAS 31 on these investments

# Peer group comparison



| | Net Income Growth (last TTM) | R.O.E. (1) | P/E (2) |
|---|---|---|---|
| **SNC-Lavalin** | **21.6%** | **27.4%** | **13.5** (3) |
| Fluor | -47.8% | 9.8% | 31.7 |
| Foster Wheeler | -38.5% | 15.7% | 18.3 |
| Jacobs Engineering | -32.8% | 7.9% | 23.7 |
| Shaw Group | 181.0% | 5.9% | 30.5 |
| Technip | 145.1% | 14.9% | 15.0 |
| URS Corp. | 7.0% | 7.1% | 12.9 |
| WorleyParsons | -14.9% | 14.5% | 26.7 |

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.

Ratios are based on most recent available 4 trailing quarters as at March 2, 2011.
Sources of information are from company reports and Bloomberg as of March 2, 2011.

(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 = $54.96, less interest in Highway 407 of $9.85 (based on CPPIB acquisition), less interest in AltaLink of $4.66 (based on SNC-Lavalin's offer to MEAP) and less other ICIs of $3.50 (based on net book value) and less $5.90 of freehold cash.

SNC·LAVALIN

- 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