



SNC • LAVALIN



# FIRST QUARTER 2011

Conference Call Notes  
May 5, 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
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# Forward-looking statements

- ✓ Unless otherwise indicated, 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 2010 Financial Report under "Management's Discussion and Analysis". The forward-looking statements in this presentation reflect the Company's expectations as at the date of this presentation. The Company do not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.
  - ✓ 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.
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# Financial highlights

- ✓ **First period in which the Company's financial statements have been prepared in accordance with IFRS**
    - All 2010 comparative figures have been restated
  - ✓ **Net income attributable to the Company's shareholders for the first quarter 2011 was \$73.9 million compared to \$84.1 million for the first quarter 2010, reflecting:**
    - Lower net income excluding ICI (\$49.5M vs \$64.6M)
      - Lower contributions from:
        - Mining & Metallurgy
        - Infrastructure & Environment – impact of the Libyans events
      - Partially offset by better contributions from all other segments
    - Higher net income from ICI (\$24.4M vs \$19.5M)
      - Higher dividend revenues from Highway 407
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## Financial highlights (cont'd)

- ✓ **Revenues for the first quarter of 2011 increased by 25.1% to \$1.6 billion, compared to \$1.3 billion in the first quarter 2010**
    - Increase in all segments of activity and in all revenue categories (particularly Packages, 64.6% increase)
  
  - ✓ **Financial position remained strong**
    - Cash and cash equivalents = \$1.2 billion at March 31, 2011
  
  - ✓ **Revenue backlog remained strong at \$9.4 billion at March 31, 2011 compared to \$8.6 billion at March 31, 2010**
    - No longer includes ICI revenue backlog
    - March 2011 balance does not include any Libyan projects
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# Worldwide opportunities

**Infrastructure & Environment:**

Worldwide

Airports, buildings, hospitals, mass transit systems and roads

**Power:**

Worldwide

Hydro, thermal power, nuclear, transmission & distribution

**Chemicals & Petroleum:**

Canada, Middle East and South America

**Mining & Metallurgy:**

Worldwide

Aluminum, copper, gold, iron ore, nickel and potash

**Operations & Maintenance:**

Mainly in Canada

New and traditional markets

**Infrastructure Concession Investments:**

Mainly in Canada

# Financial Review

Gilles Laramée,  
Executive Vice-President and Chief Financial Officer

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# Consolidated income statement

(in millions of \$)

|  | First Quarter  |                |
|--|----------------|----------------|
|  | 2011           | 2010           |
| <b>Revenues by activity:</b>                                 |                |                |
| Services   | 480.1          | 457.2          |
| Packages   | 632.1          | 384.1          |
| Operations & Maintenance                                     | 426.8          | 383.1          |
| Infrastructure Concession Investments (ICI)                  | 101.8          | 86.9           |
|  | <b>1,640.8</b> | <b>1,311.3</b> |
| <b>Gross margin</b>  | <b>273.4</b>   | <b>263.5</b>   |
| Selling, general and administrative expenses                 | 153.0          | 130.3          |
| Net financial expenses                                       |                |                |
| From ICI   | 23.2           | 18.1           |
| From other activities  | 4.0            | 7.5            |
| <b>Income before inc. tax and non-contr. interests</b>       | <b>93.2</b>    | <b>107.6</b>   |
| Income tax expense   | 16.6           | 20.9           |
| Non-controlling interests                                    | 2.7            | 2.6            |
| <b>Net income attributable to the Company's shareholders</b> | <b>73.9</b>    | <b>84.1</b>    |
| <b>Net income excluding ICI</b>                              | <b>49.5</b>    | <b>64.6</b>    |
| SNC-Lavalin's net income from Highway 407                    | 13.8           | 9.2            |
| SNC-Lavalin's net income from other ICI                      | 10.6           | 10.3           |
| <b>Net income attributable to the Company's shareholders</b> | <b>73.9</b>    | <b>84.1</b>    |

Comparative figures have been restated upon transition to IFRS

# Revenues and operating income by segment

| (in millions of \$)                          | Three Months Ended March 31 |                  |                |                  |
|--|-----------------------------|------------------|----------------|------------------|
|  | 2011                        |                  | 2010           |                  |
|  | Revenues                    | Operating Income | Revenues       | Operating Income |
| <b>Services and Packages</b>                 |                             |                  |                |                  |
| Infrastructure & Environment                 | 420.5                       | 6.1              | 326.0          | 43.3             |
| Chemicals & Petroleum                        | 300.0                       | 15.1             | 193.8          | 12.6             |
| Mining & Metallurgy                          | 177.3                       | 1.4              | 149.4          | 12.0             |
| Power  | 137.2                       | 25.0             | 106.2          | 15.8             |
| Other Industries                             | 77.2                        | 10.5             | 65.9           | 5.1              |
| <b>Operations &amp; Maintenance</b>          | 426.8                       | 17.8             | 383.1          | 11.6             |
| <b>Infrastructure Concession Investments</b> | 101.8                       | 24.4             | 86.9           | 19.5             |
|  | <b>1,640.8</b>              | <b>100.3</b>     | <b>1,311.3</b> | <b>119.9</b>     |

Comparative figures have been restated upon transition to IFRS

# Balance sheet

| (in millions of \$)                                     | March 31,<br>2011 | December 31,<br>2010 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| Cash and cash equivalents                               | 1,181.9           | 1,235.1              |
| Other current assets                                    | 2,423.2           | 2,328.7              |
| Property and equipment:                                 |                   |                      |
| From infrastructure concession investments              | 2,155.8           | 2,072.8              |
| From other activities                                   | 116.2             | 115.2                |
| Goodwill  | 542.8             | 542.0                |
| Infrastructure concession investments                   | 638.0             | 627.0                |
| Other non-current assets                                | 636.9             | 616.4                |
|   | <b>7,694.8</b>    | <b>7,537.2</b>       |
| <b>Liabilities and Equity</b>                           |                   |                      |
| Current liabilities                                     | 3,002.6           | 2,885.1              |
| Long-term debt:   |                   |                      |
| Recourse  | 348.2             | 348.2                |
| Non-recourse from infrastructure concession investments | 1,528.6           | 1,529.0              |
| Other non-current liabilities                           | 838.1             | 837.6                |
|   | <b>5,717.5</b>    | <b>5,599.9</b>       |
| Equity attributable to the Company's shareholders       | 1,869.3           | 1,834.7              |
| Non-controlling interests                               | 108.0             | 102.6                |
|   | <b>7,694.8</b>    | <b>7,537.2</b>       |

Comparative figures have been restated upon transition to IFRS

# Revenue backlog by category of activity

| (in millions of \$)                 | March<br>2011                 | December<br>2010       | March<br>2010 |
|-------------------------------------|-------------------------------|------------------------|---------------|
| <b>Services</b>                     | <b>1,396.0</b>                | 1,410.7                | 1,412.7       |
| <b>Packages</b>                     | <b>5,544.5 <sup>(1)</sup></b> | 5,556.0 <sup>(1)</sup> | 4,288.6       |
| <b>Operations &amp; Maintenance</b> | <b>2,429.2</b>                | 2,732.8                | 2,914.5       |
| <b>Total Revenue Backlog</b>        | <b>9,369.7</b>                | 9,699.5                | 8,615.8       |

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

# Services and Packages revenue backlog by segment

| (in millions of \$)                        | At March 31<br>2011 |                | At December 31<br>2010 |                |
|--|---------------------|----------------|------------------------|----------------|
|  | Services            | Packages       | Services               | Packages       |
| <b>Services and Packages</b>               |                     |                |                        |                |
| Infrastructure & Environment               | 662.4               | 2,620.1        | 665.1                  | 2,820.6        |
| Chemicals & Petroleum                      | 140.2               | 701.0          | 165.8                  | 907.4          |
| Mining & Metallurgy                        | 291.6               | 140.6          | 273.6                  | 167.1          |
| Power                                      | 214.4               | 1,575.1        | 219.6                  | 1,340.4        |
| Other Industries                           | 87.4                | 507.7          | 86.6                   | 320.5          |
| <b>Total Services and Packages Backlog</b> | <b>1,396.0</b>      | <b>5,544.5</b> | <b>1,410.7</b>         | <b>5,556.0</b> |

# First-time adoption of IFRS

(in millions of \$)

|  | Three months<br>ended<br>March 31, 2010 | Year<br>ended<br>December 31, 2010 |
|--|---|------------------------------------|
| <b>Net income as per Canadian GAAP</b>                           | <b>71.9</b>                             | <b>437.0</b>                       |
| <b>Effect of transition to IFRS:</b>                             |   |                                    |
| IFRIC 12   | 5.7                                     | 24.2                               |
| IAS 31   | 7.1                                     | 37.3                               |
| Reclassification of NCI  | 2.6                                     | 10.7                               |
| Other  | (0.6)                                   | (3.9)                              |
| <b>Net income as per IFRS</b>                                    | <b>86.7</b>                             | <b>505.3</b>                       |
| Non-controlling interests (NCI)                                  | 2.6                                     | 10.7                               |
| <b>Net income attributable to<br/>the Company's shareholders</b> | <b>84.1</b>                             | <b>494.6</b>                       |
| <b>SNC-Lavalin's net income from ICI</b>                         | <b>19.5</b>                             | <b>134.9</b>                       |
| <b>Net income excluding ICI</b>                                  | <b>64.6</b>                             | <b>359.7</b>                       |
|  | <b>84.1</b>                             | <b>494.6</b>                       |

# Peer group comparison

|                    | R.O.E. <sup>(1)</sup> | P/E <sup>(2)</sup>         | <div> 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. </div> |
|--------------------|-----------------------|----------------------------|--|
|                    |                       |                            |  |
| <b>SNC-Lavalin</b> | <b>27.3%</b>          | <b>14.2</b> <sup>(3)</sup> |  |
| Fluor              | 9.8%                  | 31.9                       |  |
| Foster Wheeler     | 11.9%                 | 23.2                       |  |
| Jacobs Engineering | 7.8%                  | 24.5                       |  |
| Shaw Group         | 2.1%                  | n/a                        |  |
| Technip            | 14.4%                 | 17.9                       |  |
| URS Corp.          | 7.1%                  | 12.4                       |  |
| WorleyParsons      | 14.5%                 | 26.1                       |  |

Ratios are based on most recent available 4 trailing quarters as at May 3, 2011.

Sources of information are from company reports and Bloomberg as of May 3, 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.

price = \$56.91, less interest in Highway 407 of \$9.85 (based on CPPIB  
less interest in AltaLink of \$6.07 (based on SNC-Lavalin's offer to MEAP)  
ICIs of \$5.06 (based on net book value) and less \$4.30 of freehold cash.

✓ **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)

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