



SNC • LAVALIN



SECOND QUARTER 2011

Conference Call Notes
August 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 does 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

Q2 2011 vs Q2 2010

✓ **Net income = \$100.7 million for Q2 2011 vs \$119.1 million for Q2 2010, reflecting:**

- Net income **excluding ICI** = \$59.0 million vs \$74.8 million
 - ⬇ Infrastructure & Environment
 - Lower Packages GM ratio
 - Additional costs from the Libyan events
 - ⬆ All other segments
 - Net income **from ICI** = \$41.7 million vs \$44.3 million
 - ⬇ AltaLink
 - ⬇ No contributions from Valener Inc. and Trencap Limited Partnership in 2011, sold in fourth quarter 2010
 - ⬆ Dividends from Highway 407
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Financial highlights

YTD 2011 vs YTD 2010

✓ Net income = \$174.6 million for 2011 vs \$203.3 million for 2010, reflecting:

- Net income **excluding ICI** = \$108.5 million vs \$139.4 million
 - ⬇ Infrastructure & Environment
 - Impact of the Libyan events
 - Favourable cost reforecasts on major Packages projects in 2010
 - ⬇ Mining & Metallurgy
 - ⬆ All other segments
 - Net income **from ICI** = \$66.1 million vs \$63.9 million
 - ⬆ Dividends from Highway 407
 - ⬇ No contributions from Valener Inc. and Trencap Limited Partnership in 2011, sold in fourth quarter 2010
 - ⬇ AltaLink
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Financial highlights

(cont'd)

- ✓ **Revenues for YTD 2011 increased by 24.0% to \$3.3 billion vs \$2.7 billion for YTD 2010**
 - ⬆ in all segments of activity and in all revenue categories (especially Packages, 54.7% increase)
 - ✓ **Financial position remained solid**
 - Cash and cash equivalents = \$1.1 billion at June 30, 2011
 - ✓ **Revenue backlog = \$9.3 billion at June 30, 2011 vs \$9.7 billion at December 31, 2010**
 - ⬇ In Packages
 - ⬇ In Operations & Maintenance
 - ⬆ 19.1% in Services
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AECL Acquisition

- ✓ CANDU Energy (a wholly-owned subsidiary of SNC-Lavalin) agreed with the Government of Canada to acquire certain assets of AECL's commercial reactor division for a purchase price of \$15 million and royalty payments from future new build and life extension projects.
 - ✓ AECL will retain its past liabilities.
 - ✓ Approximately 1,200 employees are expected to be transitioned from AECL to CANDU Energy.
 - ✓ CANDU Energy will work towards completing the Enhanced CANDU reactor (EC6) development program, with support from the Government of Canada of up to \$75 million.
 - ✓ The acquisition is expected to be finalized in fall 2011, subject to the fulfillment of certain conditions.
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Worldwide opportunities

Infrastructure & Environment:

Worldwide

Airports, buildings, hospitals, mass transit systems and roads

Power:

Worldwide

Hydro, thermal power, transmission & distribution, nuclear

Chemicals & Petroleum:

Canada, Middle East and South America

Mining & Metallurgy:

Worldwide

Aluminum, copper, diamond, gold, iron ore, ferronickel, nickel 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	
	2011	2010	2011	2010
Revenues by activity:				
Services	564.4	501.6	1,044.5	958.8
Packages	692.0	471.6	1,324.1	855.7
Operations & Maintenance	281.7	255.7	708.5	638.8
Infrastructure Concession Investments (ICI)	128.7	127.8	230.5	214.7
	1,666.8	1,356.7	3,307.6	2,668.0
Gross margin	314.7	326.6	588.2	590.1
Selling, general and administrative expenses	166.1	146.0	319.2	276.3
Net financial expenses				
From ICI	20.1	21.6	43.3	39.7
From other activities	6.3	9.2	10.3	16.7
Income before inc. taxes and non-contr. interests	122.2	149.8	215.4	257.4
Income tax expense	18.8	26.9	35.4	47.8
Non-controlling interests	2.7	3.8	5.4	6.3
Net income attributable to SNC-Lavalin shareholders	100.7	119.1	174.6	203.3
Net income excluding ICI	59.0	74.8	108.5	139.4
SNC-Lavalin's net income from Highway 407	32.3	22.6	46.1	31.9
SNC-Lavalin's net income from other ICI	9.4	21.7	20.0	32.0
Net income attributable to SNC-Lavalin shareholders	100.7	119.1	174.6	203.3

Comparative figures have been restated upon transition to IFRS

Revenues and operating income by segment

(in millions of \$)	Six Months Ended June 30			
	2011		2010	
	Revenues	Operating Income	Revenues	Operating Income
Services and Packages				
Infrastructure & Environment	887.5	15.9	743.6	99.4
Chemicals & Petroleum	574.7	37.6	432.3	22.2
Mining & Metallurgy	410.8	16.5	311.0	26.3
Power	312.4	53.5	202.0	41.2
Other Industries	183.2	19.9	125.6	10.3
Operations & Maintenance	708.5	21.2	638.8	13.8
Infrastructure Concession Investments	230.5	66.1	214.7	63.9
	3,307.6	230.7	2,668.0	277.1

Comparative figures have been restated upon transition to IFRS

Financial position

(in millions of \$)	June 30, 2011	December 31, 2010
Assets		
Cash and cash equivalents	1,111.4	1,235.1
Other current assets	2,419.3	2,328.7
Property and equipment:		
From infrastructure concession investments	2,266.2	2,072.8
From other activities	127.9	115.2
Goodwill	556.9	542.0
Infrastructure concession investments	674.0	627.0
Other assets	664.8	616.4
	7,820.5	7,537.2
Equity and Liabilities		
Current liabilities	3,046.5	2,885.1
Long-term debt:		
Recourse	348.3	348.2
Non-recourse from infrastructure concession investments	1,523.3	1,529.0
Other liabilities	852.9	837.6
	5,771.0	5,599.9
Equity attributable to SNC-Lavalin shareholders	1,937.9	1,834.7
Non-controlling interests	111.6	102.6
	7,820.5	7,537.2

Comparative figures have been restated upon transition to IFRS

Revenue backlog by category of activity

(in millions of \$)	June 2011	March 2011	December 2010
Services	1,679.9	1,396.0	1,410.7
Packages	5,319.4	5,544.5	5,556.0
Operations & Maintenance	2,343.5	2,429.2	2,732.8
Total Revenue Backlog	9,342.8	9,369.7	9,699.5

Services and Packages revenue backlog by segment

(in millions of \$)	At June 30 2011		At December 31 2010	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure & Environment	612.8	2,379.2	665.1	2,820.6
Chemicals & Petroleum	282.8	561.2	165.8	907.4
Mining & Metallurgy	468.6	116.4	273.6	167.1
Power	231.8	1,780.0	219.6	1,340.4
Other Industries	83.9	482.6	86.6	320.5
Total Services and Packages Backlog	1,679.9	5,319.4	1,410.7	5,556.0

Peer group comparison

	R.O.E. ⁽¹⁾	P/E ⁽²⁾	<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>
SNC-Lavalin	25.1%	13.5 ⁽³⁾	
Fluor	9.9%	27.6	
Foster Wheeler	12.2%	17.5	
Jacobs Engineering	9.9%	15.1	
Shaw Group	-6.7%	n/a	
Technip	14.8%	16.6	
URS Corp.	6.2%	12.4	
WorleyParsons	14.5%	23.4	

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

Sources of information are from company reports and Bloomberg as of August 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 = \$54.03, less interest in Highway 407 of \$9.85 (based on CPPIB acquisition), less interest in AltaLink of \$6.07 (based on SNC-Lavalin's offer to MEAP) and less other ICIs of \$5.42 (based on net book value) and less \$3.90 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
