



**SNC • LAVALIN**

Building what matters

# AGM 2015

Annual Meeting of Shareholders



# Welcome to the 2015 Annual General Meeting

*Today, I will talk about the continued turnaround of SNC-Lavalin, our strengths and how these are translating into a competitive advantage, as well as the path forward. We will also review key financial results for 2014.*





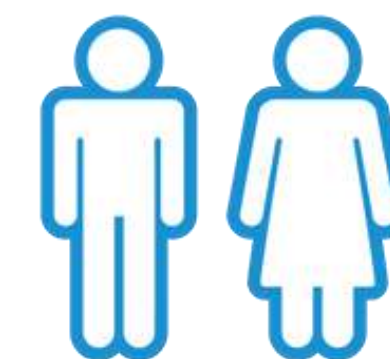


# Hard at work for you

*Our employees make us who we are. Across over 50 countries, our over 40,000 employees are hard at work, committed to excellent quality and client service, creating value for investors, clients, partners and the communities we serve.*



50  
countries




40,000  
employees



# Safety is a core value

*No matter where in the world – we put people first and our goal is simple: zero incidents, for our employees, clients, supply chain, and most importantly the people in our communities who make use of our projects every day.*





*As a demonstration of our performance, last year we reduced the total number of recordable incidents by 25% and lost-time injuries by 23%, compared to 2013.*



**25%**  
incidents



**23%**  
lost-time  
injuries





## A benchmark in ethics and compliance

*This is complemented by our commitment to serve our clients and communities according to the highest ethical standards. We believe that we have become a global benchmark in ethics and compliance in our industry.*

# A benchmark in ethics & compliance

*In order to protect employees, shareholders and other stakeholders, we developed an ethics and compliance system following worldwide best practices to Prevent, Detect and Respond to issues. We have been recognized for the concrete actions, significant efforts and progress over the last three years.*

## Prevent

- › Tone from the Top
- › Policies and Procedures
- › Compliance Risk Management
- › Training & Communication
- › Support and Advice
- › Business Partner Due Diligence
- › M&A Due Diligence
- › Personnel Processes
- › Collective Action

## Detect

- › Effective Controls
- › Resources & Skills for Global Investigations
- › Regular E&C Audits
- › Compliance Reviews
- › Ethics & Compliance Hotline

## Respond

- › Disciplinary Sanctions
- › Unbiased Consequences
- › Remediation of Systematic Deficiencies
- › Prevention of Recurrence

# While our ethics & compliance system is effective, we continue to work hard to resolve the related remaining external issues.

*The federal charges laid last February do not affect our right or ability to bid or work on any public or private projects, as we saw with a number of subsequent successful federal bids including the recent announcement of the Champlain bridge replacement here in Montreal.*

As proof of our resolve, we were recognized as a victim in Swiss proceedings against a former employee where we recovered certain amounts of money, and continue to pursue certain former employees for the damage they caused.

Regarding the new act for recovery of amounts (Bill 26) in Quebec, the Government is preparing the related regulations. Once in place, we remain committed to discuss and reach a settlement that is final, fair and all-encompassing.



# Keeping Canada competitive

*Nevertheless, Canadian business should have the same policies that already exist in many countries, such as the US, UK and other G-7 countries, which ensure accountability and promote competitiveness. This would be good for Canada, Canadian companies and their employees.*

*As we said on February 19, SNC-Lavalin has already incurred significant financial damage and losses as a result of actions taken prior to March 2012. We have always been and remain willing to reach a reasonable and fair solution that promotes accountability, while permitting us to continue to do business and protect the livelihood of our over 40,000 employees, clients, investors and other stakeholders.*

## Integrity Framework

At the recent federal budget, the government announced enhancements to the Integrity Framework. However, the focus of this framework is limited to procurement of goods and services for the Government of Canada. As stated above, additional steps are necessary to keep Canadian companies competitive from overseas sanctions.





## Sustainable project execution

*We are also recognized for our sustainable project execution. What really counts and what makes employees and clients proud is our tangible contribution and the way our projects improve people's lives.*



# Sustainable project execution

*Our expertise adds value to our communities, business partners, governments and other stakeholders, such as:*

**Improving environmental footprints** and lifecycle values of our clients' projects

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**Engaging with communities** and stakeholders around sustainability issues

**Reducing energy consumption**, resource use and carbon emissions

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**Building local prosperity** by sourcing, hiring and investing locally

**Helping our clients with their social license to operate**

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**Embedding sustainability into our projects**, processes, and decisions



# Sustainable project execution

*Some of these examples from around the world show our sustainable expertise.*



## Health

We are providing Montreal with some of the most advanced medical facilities in the world.



## Carbon Capture

Boundary Dam power plant is the largest carbon capture project in the world, now operating successfully.



## Urban Development & Accessibility

Ottawa's Confederation Line is transforming the transportation network in that city.



## Environmental Protection & Clean Power

The John Hart Generating Station Replacement Project on Vancouver island will help protect downstream fish habitat. Putting the powerhouse underground will only leave trees and nature above ground, as well as enhance public safety and reduce the project's environmental footprint.



# A solid foundation

*Our past achievements and future success are based on strong fundamentals that continue to differentiate our remarkable company.*



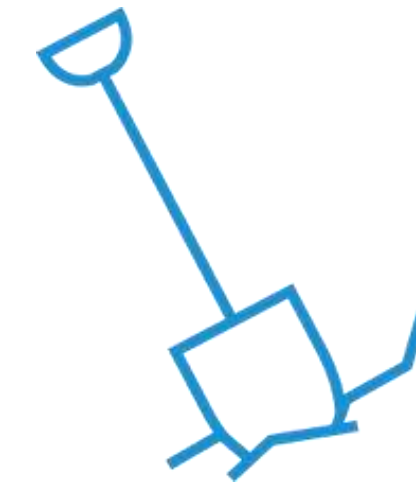
Great  
clients



A strong  
financial  
position



World-class  
talent




Tier-1  
projects

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## *End-to-end services*

SNC-Lavalin has a unique ability to offer the full spectrum of end-to-end services to our clients through the entire lifecycle of their projects – from project finance to consulting, design, engineering, construction and O&M.





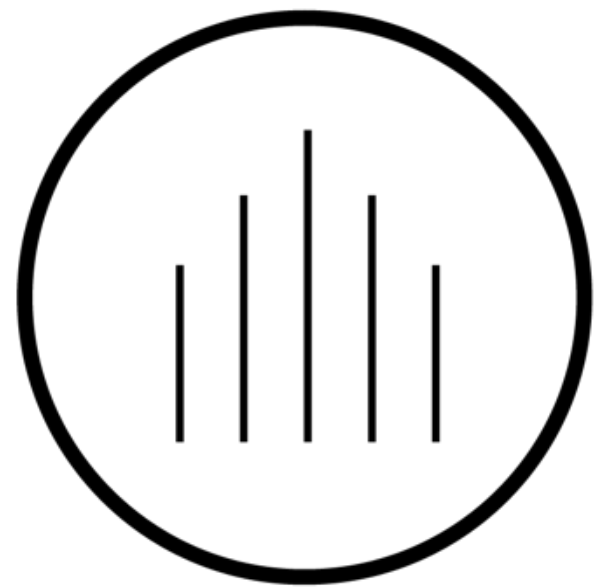
An attractive  
partner,  
investment  
and employer

*Add to that a vast geographic footprint and rigorous processes and tools, and you get a winning combination that allows us to meet diverse client needs in key growth regions and deliver projects around the world.*

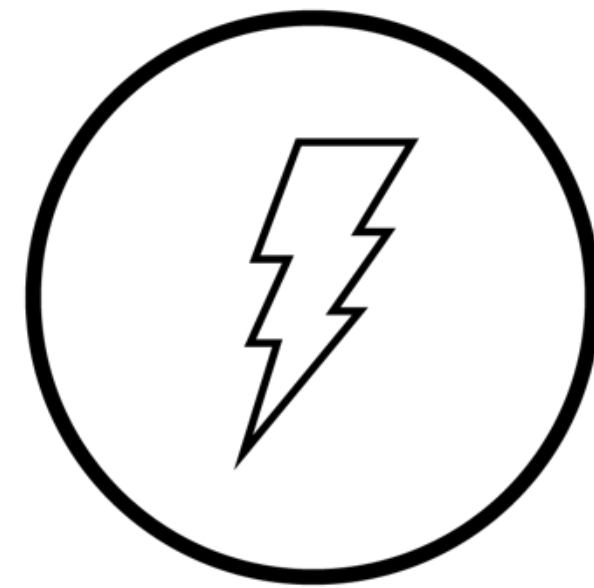
*SNC-Lavalin has been around for over 100 years, and these are the qualities that will make us successful for the next 100 years.*

# The SNC-Lavalin advantage

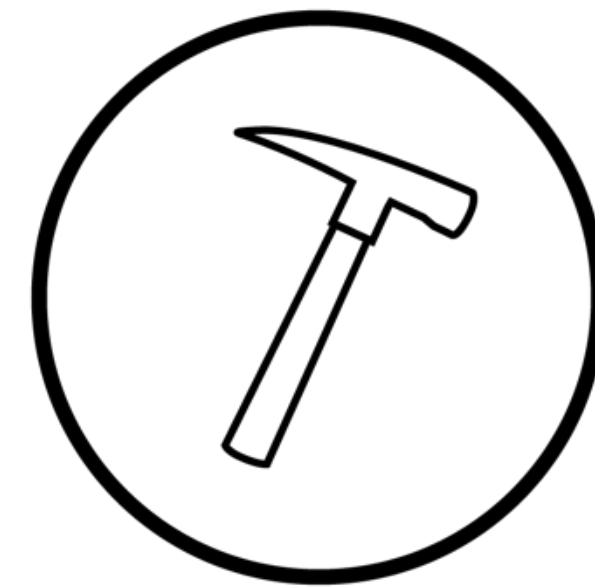
*Our Tier-1 clients want to work with Tier-1 partners like us. This is a competitive advantage in all our market sectors – Infrastructure, Power, Mining & Metallurgy and Oil & Gas – where we have strong market positioning, diversification and integration on development projects.*



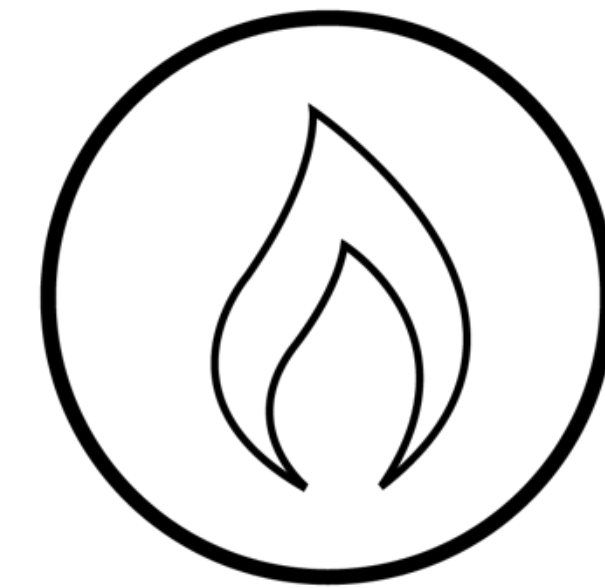
Infrastructure



Power



Mining & Metallurgy



Oil & Gas



# ICI – a competitive advantage

*Our ICI approach brings a clear competitive advantage by adding significant upside value to customers and investors through a disciplined approach to investing, managing and monetizing projects, in conjunction with robust access to capital and financing. Our proven ability to leverage our engineering and construction expertise at the right time has created value for the company and our shareholders. AltaLink is a good example of this.*

## Invest

Acquire  
an asset.

## Develop

Add expertise  
in engineering  
& construction,  
operations, finance.

## Monetize

Monetize at the  
best possible time to  
get the best value.

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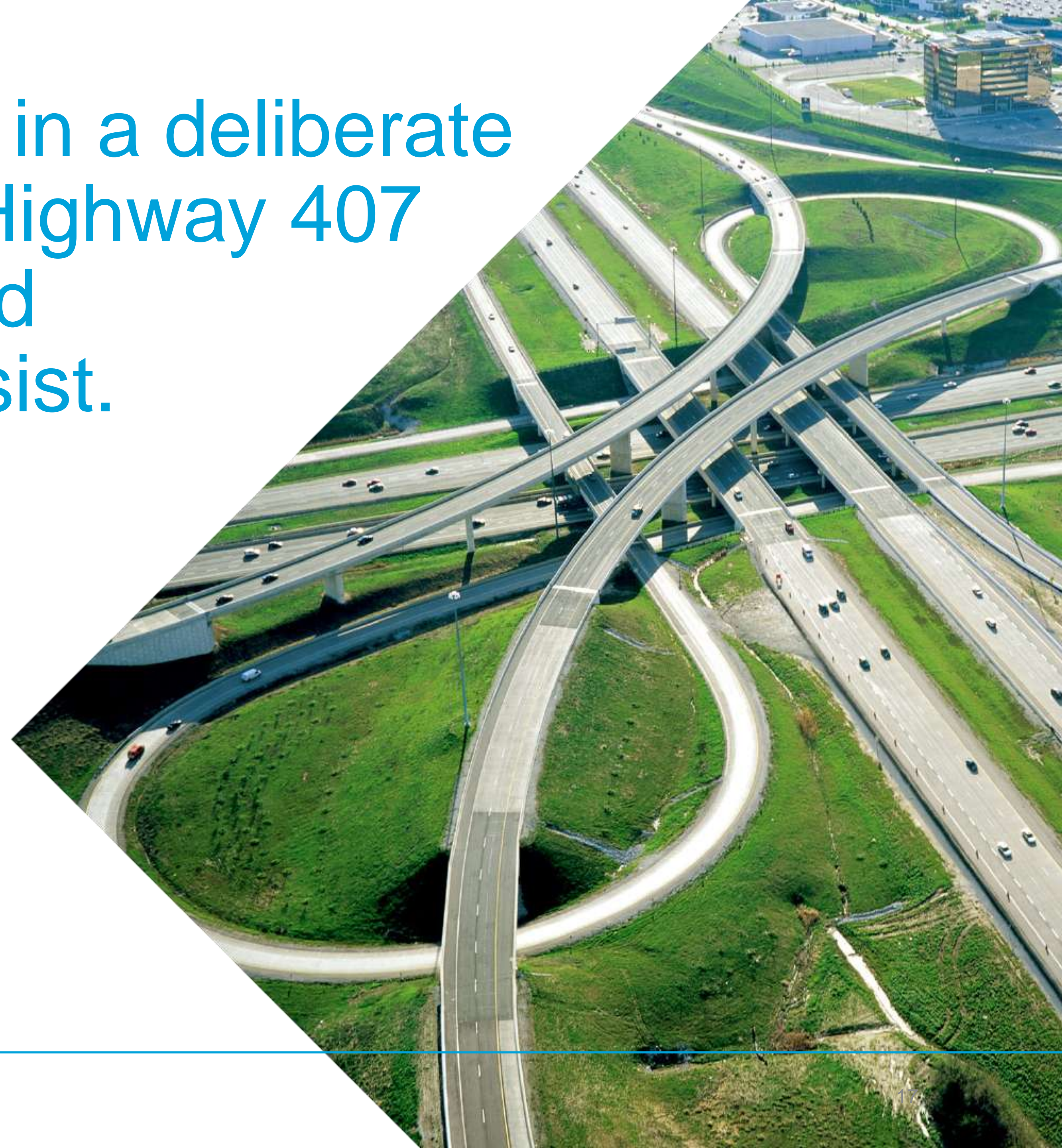
# Shareholder Value





We are moving forward in a deliberate manner on the sale of Highway 407 this year, and have hired financial advisors to assist.

*We are accelerating the process to extract maximum value from our remaining ICI assets, and optimizing our financial asset management structure as we further develop this sector of our business.*





# Key elements for growth

*Our strategy and determination are to grow and improve, and we have made headway in project delivery and business development, by focusing on:*

## People

A dedicated, mobile, diverse workforce led by a talented, new and complete executive team

## Processes

Effective cost management capabilities and SG&A control

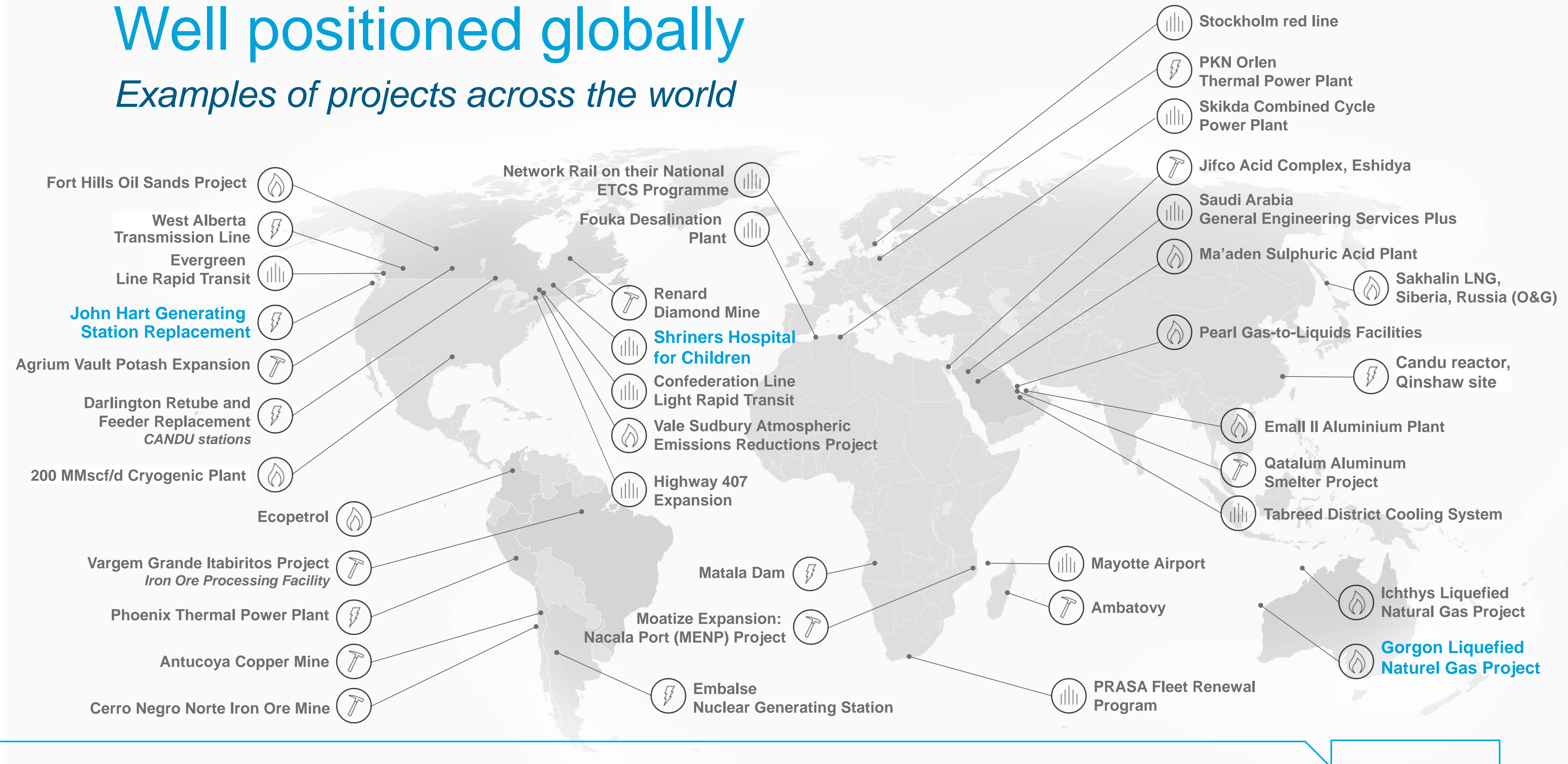
## Systems

Modern systems in project delivery, business development, ethics & compliance, IT, finance and HR



# Well positioned globally

## Examples of projects across the world

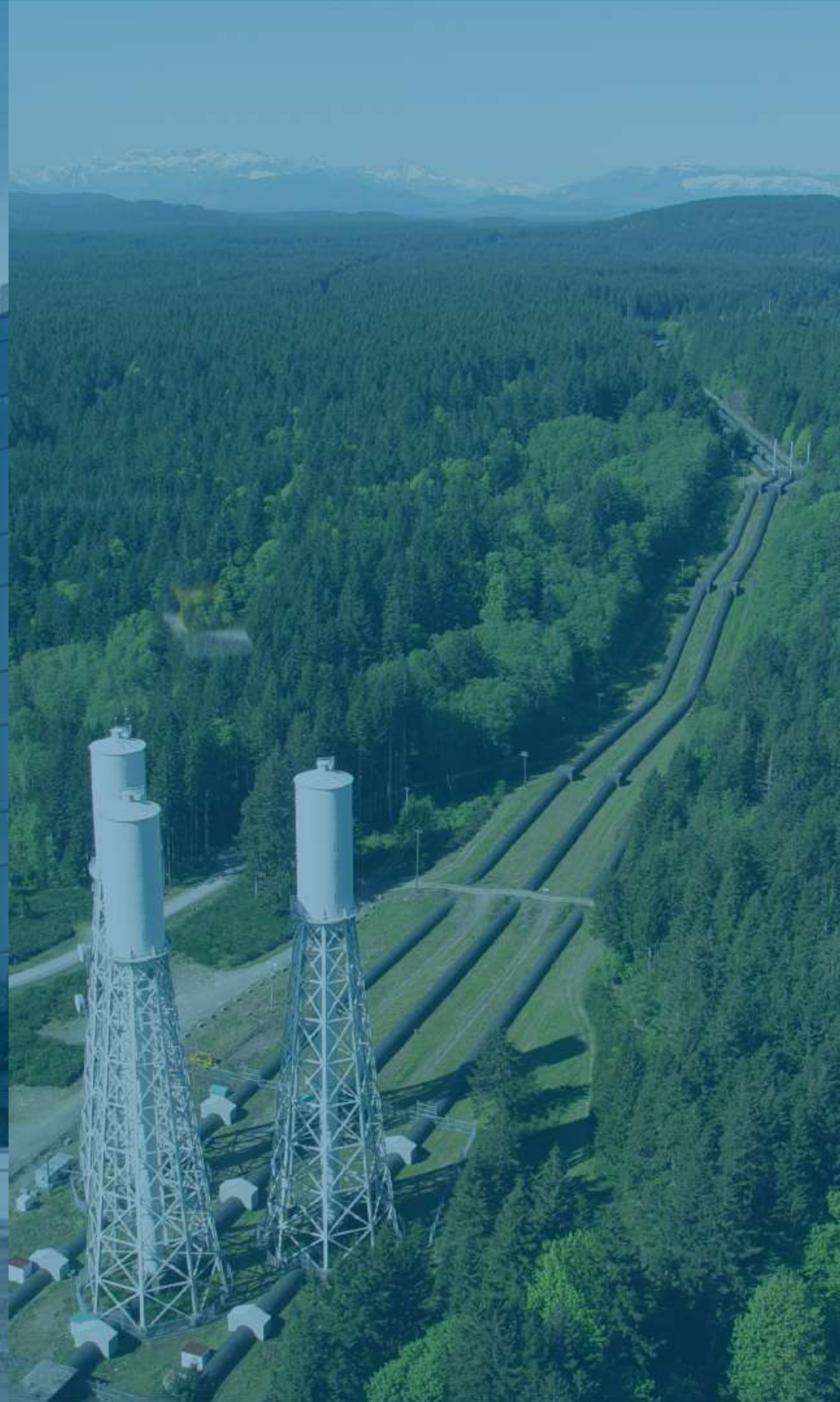


# Projects at a glance

*We have a video on three of these project achievements that include updates from our leaders.*

*Chris Brown will give more depth to the added value Kentz brings to our family, followed by Marie-Claude Dumas from our Power team and Ian Edwards from Infrastructure.*







# Where we are, and where we're going

*We are moving forward on our strategy announced in 2013.*

*We made great progress on our goal to generate stable, above-average, long-term profitability, and are aiming to double our revenue between 2013 and 2018.*

*We continue to focus on growth and improvements as part of our recovery effort to achieve industry median, and then aspire to reach upper quartile, financial performance\*.*

*\* Current E&C industry median and upper quartile: 6% to 8% EBITDA / Revenue ratio.*



# It's all about our clients

*By providing clients with top-notch expertise, knowledge, and on time and on budget project delivery, we will ensure profitable growth and rewards for our shareholders.*

## *Areas of strength*

- › Great talent so our clients can have their “A” Teams
- › Show agility and responsiveness
- › Win contracts where we have a competitive advantage
- › Leverage Kentz’s geographic footprint and success factors

## *Areas of focus that we are delivering on*

- › The right efficient systems
- › Continue our plan towards a simple, lean structure
- › Continuously improve our project execution
- › Deliver on a new backlog with better margins

# Transformative action

*We created a company that is better positioned to succeed and have shown our capacity to transform.*

## *AltaLink sale*

Rebalanced our ICI portfolio to unlock additional value and seize strategic growth opportunities. Monetized our mature asset AltaLink and gained a new partner in MidAmerican Transmission, a division of Berkshire Hathaway Energy.


## *Kentz acquisition*

Successfully acquired and integrated Kentz which has brought us one step closer to doubling our size.

## *Improving internal processes*

Launched a restructuring plan and reduced our selling, general and administrative (SG&A) expenses to boost efficiency.





## Kentz – a value accretive acquisition

*And now, let me  
introduce you to Neil Bruce,  
Chief Operating Officer,  
who will give us an overview  
of the Kentz acquisition  
and integration to date.*

# Kentz – a value accretive acquisition

*The acquisition of one of the world's top oil and gas service providers has transformed our capabilities in the sector, creating a group of over 20,000 high-caliber employees with end-to-end expertise for large and complex projects.*

*The result is an enhanced, Tier-1 offering to clients, and we have long-standing relationship-based repeat business with 70% of revenues from blue-chip majors.*





# Kentz – a value accretive acquisition

Kentz brought us an incredible pool of top talent with complementary, high-end O&G engineering, construction and sustaining capital expertise.

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We have worked on 5 of Australia's 7 Liquid Natural Gas projects.

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By year-end, we had successfully completed our integration program, which starting in 2015, should generate \$70 million in synergies, \$20 million more than originally forecasted.

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Despite current low oil prices, Kentz has continued to deliver value, with new contracts signed, including over \$1 billion worth in the Middle East alone.

- › Two contracts in the Middle East worth over \$500 million combined.
- › 1/3 of O&G backlog is sustaining capital services, a crucial market in current climate.
- › About 50% of work is with national (state) oil companies.
- › Extensive gas capabilities, with different market drivers.

# Kentz – more than oil and gas

Identified billions worth of projects where we have a stronger bid as a combined business.

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We've broadened our geography.

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Kentz engineers are actively helping our Mining & Metallurgy experts develop opportunities in North America, Australia and Africa.

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The combined Oil & Gas team is collaborating on several large power contracts, as well as on infrastructure projects that will continue beyond 2016.

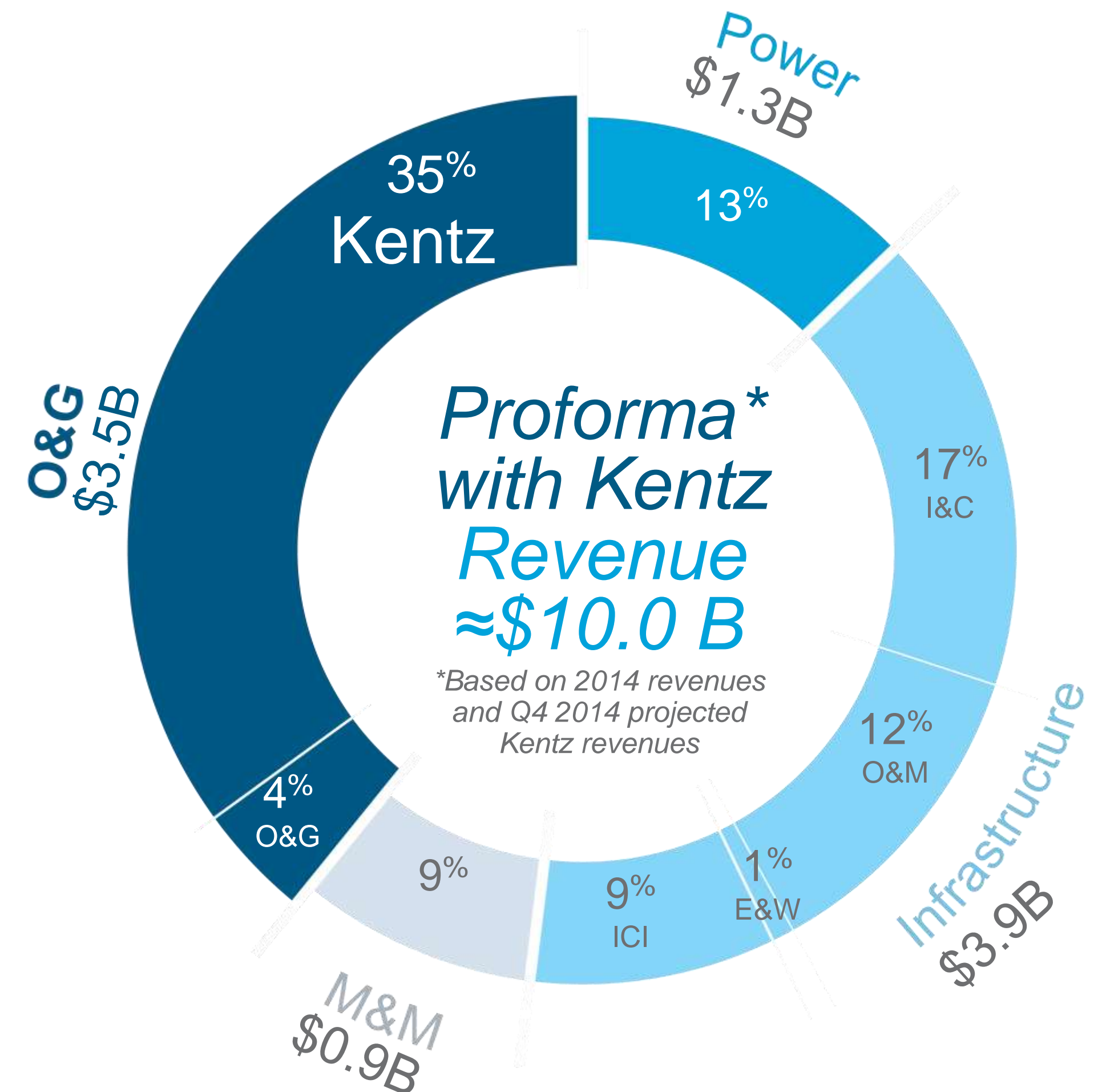
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Our geographic and service line mix, combined with an agile structure means we are able to move quickly to meet the evolving needs of our clients.



# Delivering on our strategy

- › Building a world-class, profitable Oil & Gas offering.
- › \$10B E&C firm with increased scale.
- › Leveraging a global presence across 4 key sectors – Oil & Gas, Power, Infrastructure, Mining & Metallurgy.









# Financials

*SNC-Lavalin has a strong financial position and has right-sized its operations, aiming to deliver sustainable net income growth.*

*We saw growth from our backlog, revenues and net income, all in the face of softening world commodity markets.*

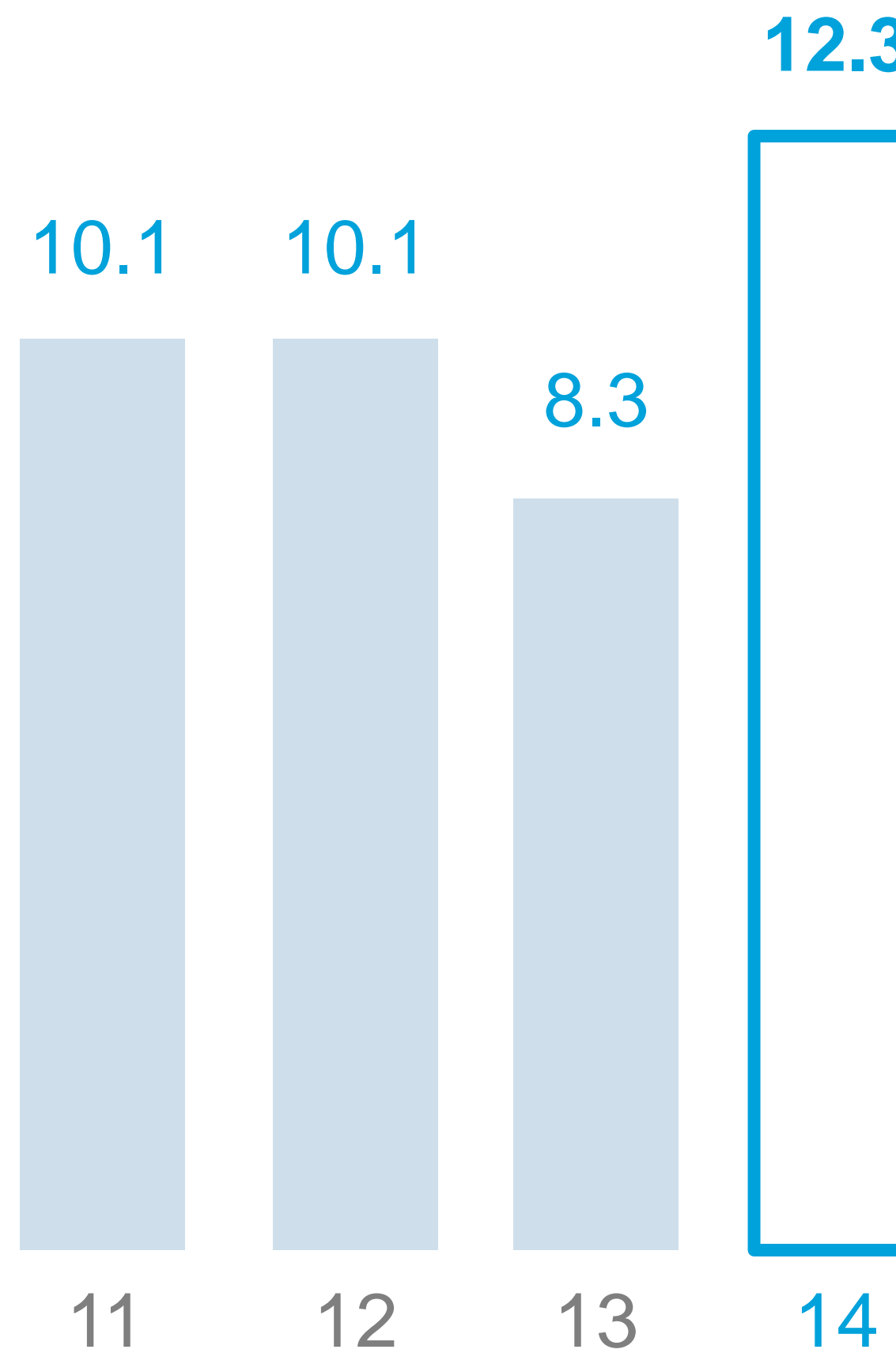
*Our goal is to grow organically and through acquisitions.*



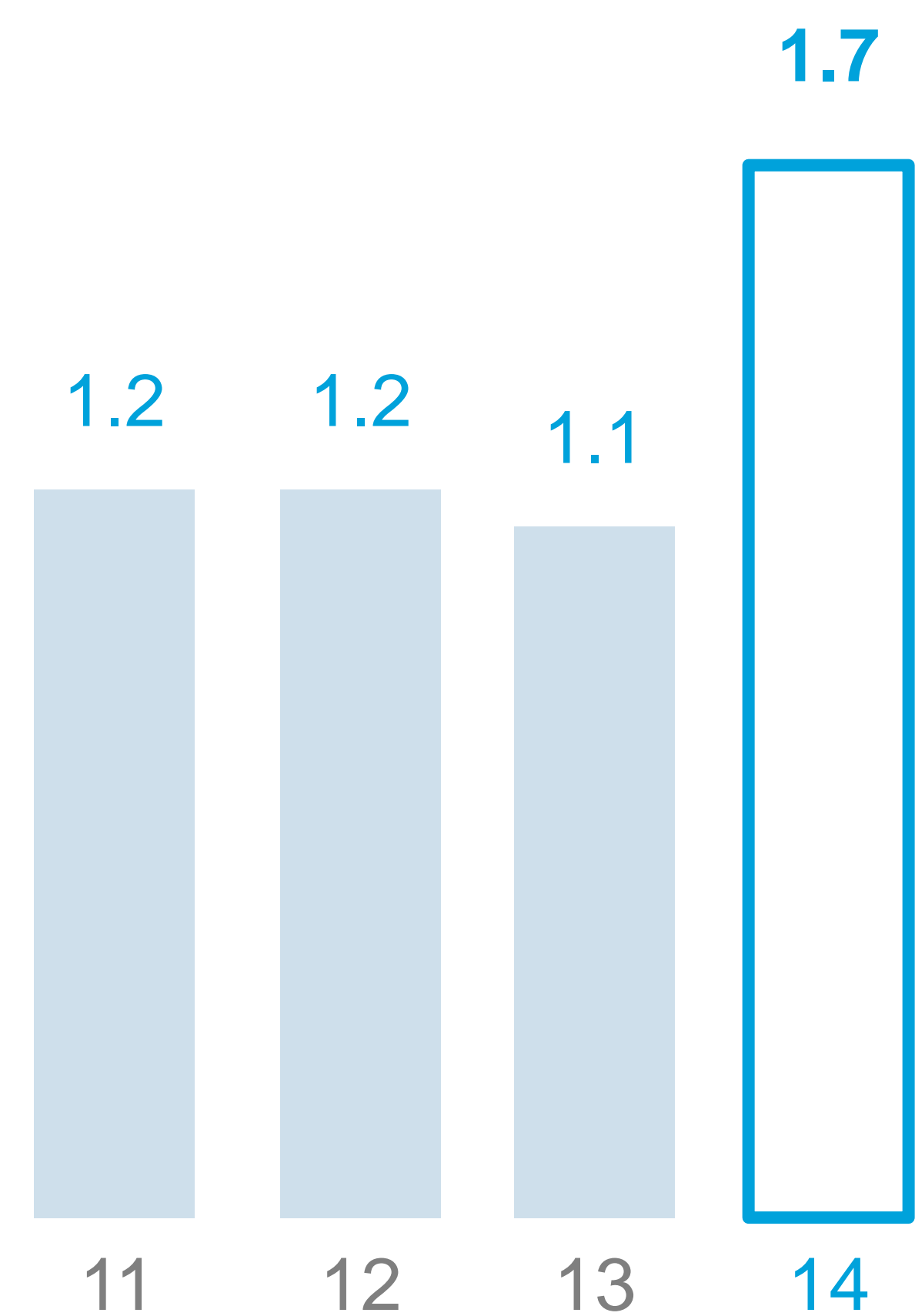
# Financials

At the end of **2014**, revenue backlog stood at **\$12.3B** and cash and cash equivalents at **\$1.7B**, compared to **\$8.3B** and **\$1.1B** respectively, in 2013.

**Revenue backlog**  
(IN BILLIONS CA\$)



**Cash and cash equivalents**  
(IN BILLIONS CA\$)

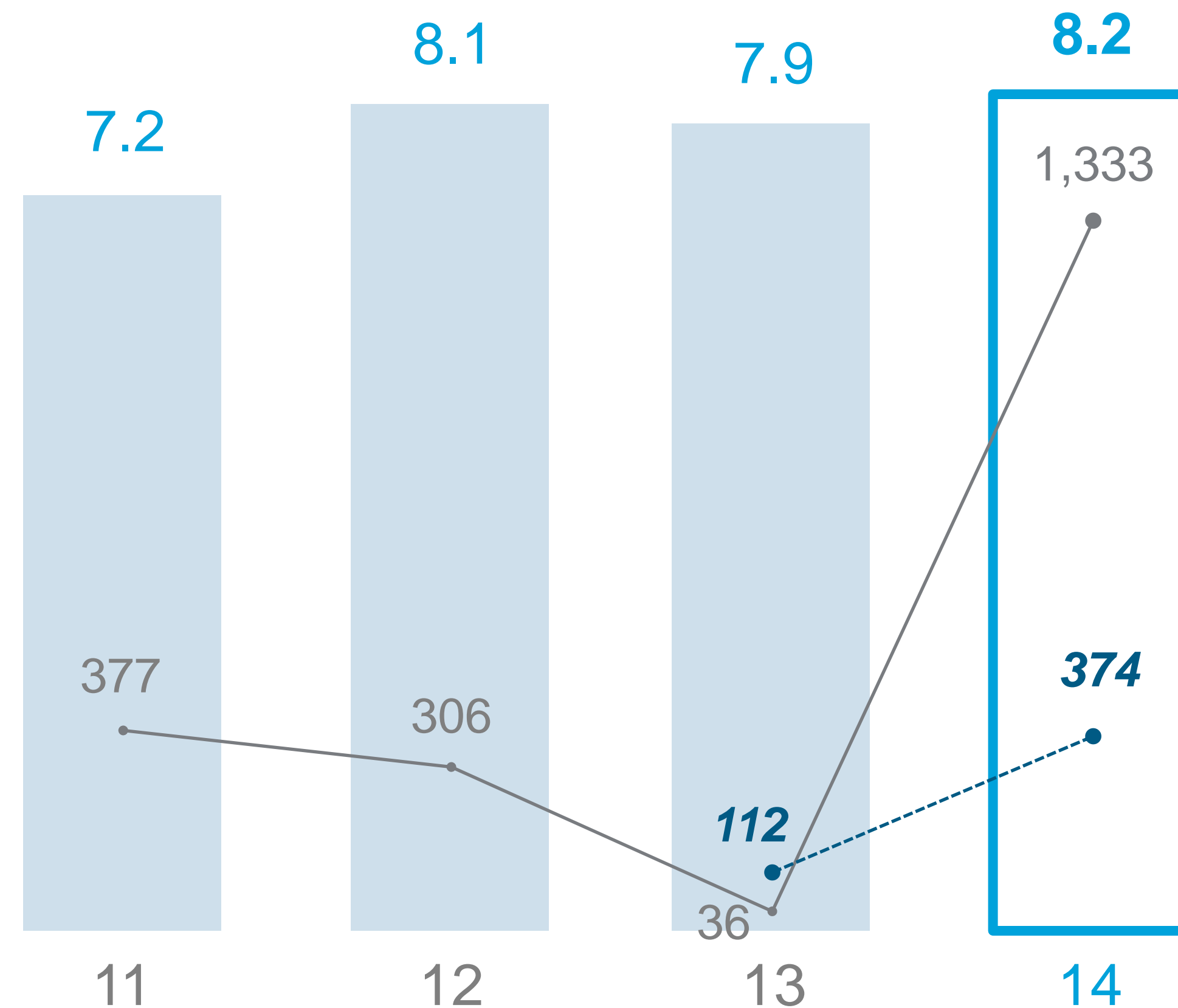


# Financials

We finished the year with **\$8.2B** in revenues compared to **\$7.9B** in 2013, and trending towards \$10B in 2015.

**2014** adjusted net income was **\$374M** compared to **\$112M** in 2013.

**Revenues**  
(IN BILLIONS CA\$)



**Net income, as reported**  
(IN MILLIONS CA\$)

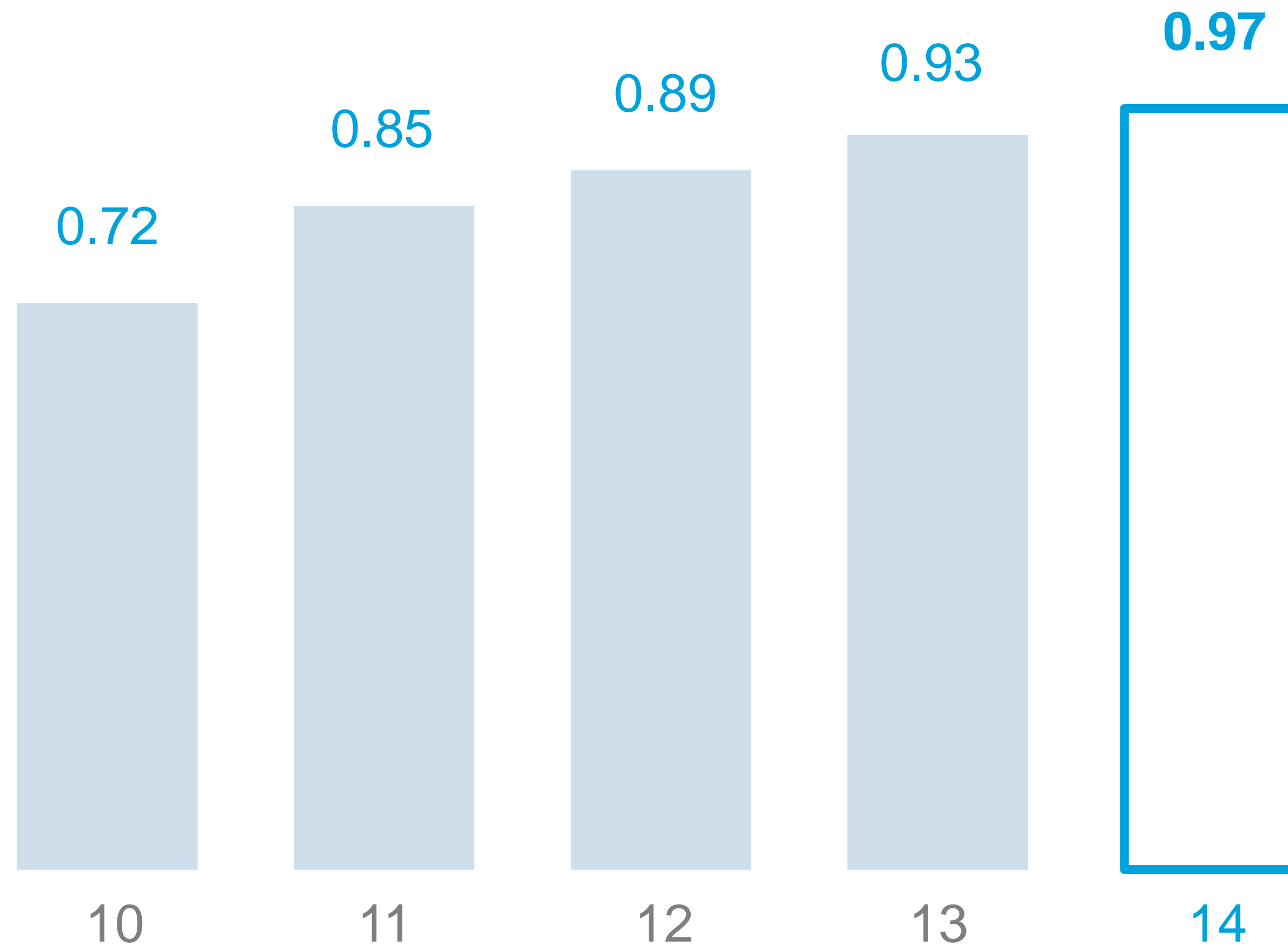
**Net income, adjusted**  
(IN MILLIONS CA\$)



# Financials

In 2014, we increased our dividends by 4%, maintaining a trend of increases for each of the past 14 years.

**Dividends**  
(IN CA\$)



# 5-year strategic plan

## What we said

Growth Platforms	› Markets accelerated and sustain growth focus
	› Service mix – leverage full spectrum competitive advantage
Growth Enablers	› Efficient operating model
	› World-class project execution
	› Talent development and retention
Enhanced ICI Management Approach	› Act as catalyst for E&C revenues
	› Employ disciplined approach to capital
	› Focus on select geographies and sectors
Achieving Financial Performance	› Achieve industry median, and then upper quartile, financial performance
	› Double revenues between 2013 and 2018

**We did what we  
said we would do**

Divested mature assets

Grew through an  
accretive acquisition

Improved our base business

Became a benchmark in  
Ethics & Compliance

## What we did

- › Transformed oil and gas business through Kentz
- › Restructuring and right-sizing areas of the business with operations
- › Increase less risky cost-plus type revenues
- › Aligning operations to better serve clients in local markets
- › Increased efficiency through SG&A reductions
- › Reduced the total number of recordable incidents by 25%, and lost-time incidents by 23%, compared to 2013
- › Upgrading key systems towards excellence
- › Secured additional ICIs
- › Rebalanced ICI portfolio: (AltaLink, Ovation, Astoria)
- › Implemented the right efficient systems
- › Managing ethical issues
- › Focused on operational excellence and project delivery
- › Completing legacy projects



# Merci

Clients • Shareholders • Employees • Partners  
• Communities • Stakeholders

Proud to build what matters