



SNC • LAVALIN

# FIRST QUARTER 2015

Conference Call Notes  
May 7, 2015



# Agenda

## **Forward-looking Statements**

- Denis Jasmin,  
Vice-President, Investor Relations

## **CEO and COO Remarks**

- Robert G. Card,  
President and Chief Executive Officer
- Neil Bruce,  
Chief Operating Officer

## **Financial Review**

- Alain-Pierre Raynaud,  
Executive Vice-President and Chief Financial Officer

# Forward-looking statements

*Reference in this presentation, and hereafter, 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 arrangements, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements.*

*Statements made in this presentation that describe the Company’s or management’s budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be “forward-looking statements”, which can be identified by the use of the conditional or forward-looking terminology such as “aims”, “anticipates”, “assumes”, “believes”, “cost savings”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “should”, “synergies”, “will”, or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements also include statements relating to the following: (i) future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the Company’s operations and potential synergies resulting from the Acquisition. All such forward-looking statements are made pursuant to the “safe-harbour” provisions of applicable Canadian securities laws. 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. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Company’s current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Company’s business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.*

*Forward-looking statements made in this presentation are based on a number of assumptions believed by the Company to be reasonable as at the date hereof. The assumptions are set out throughout the Company’s 2014 Management Discussion and Analysis (MD&A), as updated in the Company’s First Quarter 2015 MD&A. The 2015 outlook also assumes that the federal charges laid against the Company and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. on February 19, 2015, will not have a significant adverse impact on the Company’s business in 2015. If these assumptions are inaccurate, the Company’s actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Company’s assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risk factors are set out in the Company’s 2014 MD&A.*

*The 2015 outlook referred to in this presentation is forward-looking information and is based on the methodology described in the Company’s 2014 MD&A under the heading “How We Budget and Forecast Our Results” and is subject to the risks and uncertainties described in the Company’s public disclosure documents. The purpose of the 2015 outlook is to provide the reader with an indication of management’s expectations, at the date of this presentation, regarding the Company’s future financial performance and readers are cautioned that this information may not be appropriate for other purposes.*



# CEO and COO REMARKS

**ROBERT G. CARD**  
**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

**NEIL BRUCE**  
**CHIEF OPERATING OFFICER**



# FINANCIAL REVIEW

**ALAIN-PIERRE RAYNAUD,  
EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER**

# Consolidated income statement

(in millions CAD\$)

	First Quarter	
	2015	2014
Revenues		
Services	869.6	503.6
Packages	978.0	610.1
Operations and Maintenance (O&M)	357.4	375.2
Infrastructure Concession Investments (ICI)	52.1	231.2
<b>Total Revenues</b>	<b>2,257.1</b>	<b>1,720.1</b>
Gross Margin		
From E&C	289.6	224.8
From ICI	47.6	132.1
Selling, General and Administrative expenses	206.7	186.8
EBIT before below items	130.5	170.1
Restructuring costs	0.5	1.2
Acquisition-related costs and integration costs	7.9	-
Amortization of intangible assets	21.0	-
Net financial expenses (income)	(32.7)	50.6
Income taxes	29.0	23.6
Non-controlling interests	0.4	0.1
<b>Net income attributable to SNC-Lavalin shareholders</b>	<b>104.4</b>	<b>94.6</b>
Net income		
From E&C	67.0	30.8
From ICI	37.4	63.8
<b>Net income attributable to SNC-Lavalin shareholders</b>	<b>104.4</b>	<b>94.6</b>
Adjusted net income		
From E&C	56.8	31.5
From ICI	37.4	63.8
<b>Adjusted net income</b>	<b>94.2</b>	<b>95.3</b>
Adjusted E&C EBITDA	101.4	66.2
Adjusted E&C EBITDA %	4.6%	4.4%

# Net income adjusted

(in millions CAD\$ except per share amount)

## First Quarter 2015

	Net income, as reported	Charges related to the restructuring and right sizing plan announcement of November 6, 2014	Acquisition of Kentz		One time net foreign exchange gain	Net income, adjusted
			Acquisition related costs and integration costs	Amortization of intangible assets		
E&C	67.0	0.4	6.0	16.0	(32.6)	56.8
ICI	37.4	-	-	-	-	37.4
	104.4	0.4	6.0	16.0	(32.6)	94.2
<i>Per diluted share (\$)</i>						
E&C	0.44	0.00	0.04	0.11	(0.21)	0.38
ICI	0.24	-	-	-	-	0.24
	0.68	0.00	0.04	0.11	(0.21)	0.62

## First Quarter 2014

	Net income, as reported	Other restructuring costs (recorded before November 6, 2014)	Net income, adjusted
E&C	30.8	0.7	31.5
ICI	63.8	-	63.8
	94.6	0.7	95.3
<i>Per diluted share (\$)</i>			
E&C	0.20	0.00	0.20
ICI	0.42	-	0.42
	0.62	0.00	0.62

# Net financial expenses

(in millions CAD\$)

	First Quarter 2015			First Quarter 2014		
	From E&C	From ICI	Total	From E&C	From ICI	Total
Interest revenues	(2.7)	(5.5)	(8.2)	(1.4)	(3.1)	(4.5)
Net foreign exchange losses (gains)	(41.1)	0.2	(40.9)	(1.8)	-	(1.8)
Interest on debt:						
Recourse	5.4	-	5.4	5.4	-	5.4
Non-recourse:						
Altalink	-	-	-	-	43.8	43.8
Other	-	6.7	6.7	-	4.4	4.4
Other	4.3	-	4.3	1.8	1.5	3.3
<b>Net financial expenses (income)</b>	<b>(34.1)</b>	<b>1.4</b>	<b>(32.7)</b>	<b>4.0</b>	<b>46.6</b>	<b>50.6</b>

Net foreign exchange losses (gains) include a net gain of \$37M in the first quarter of 2015, mainly relating to intragroup loans used for repayment of recourse debt of Kentz in 2014.



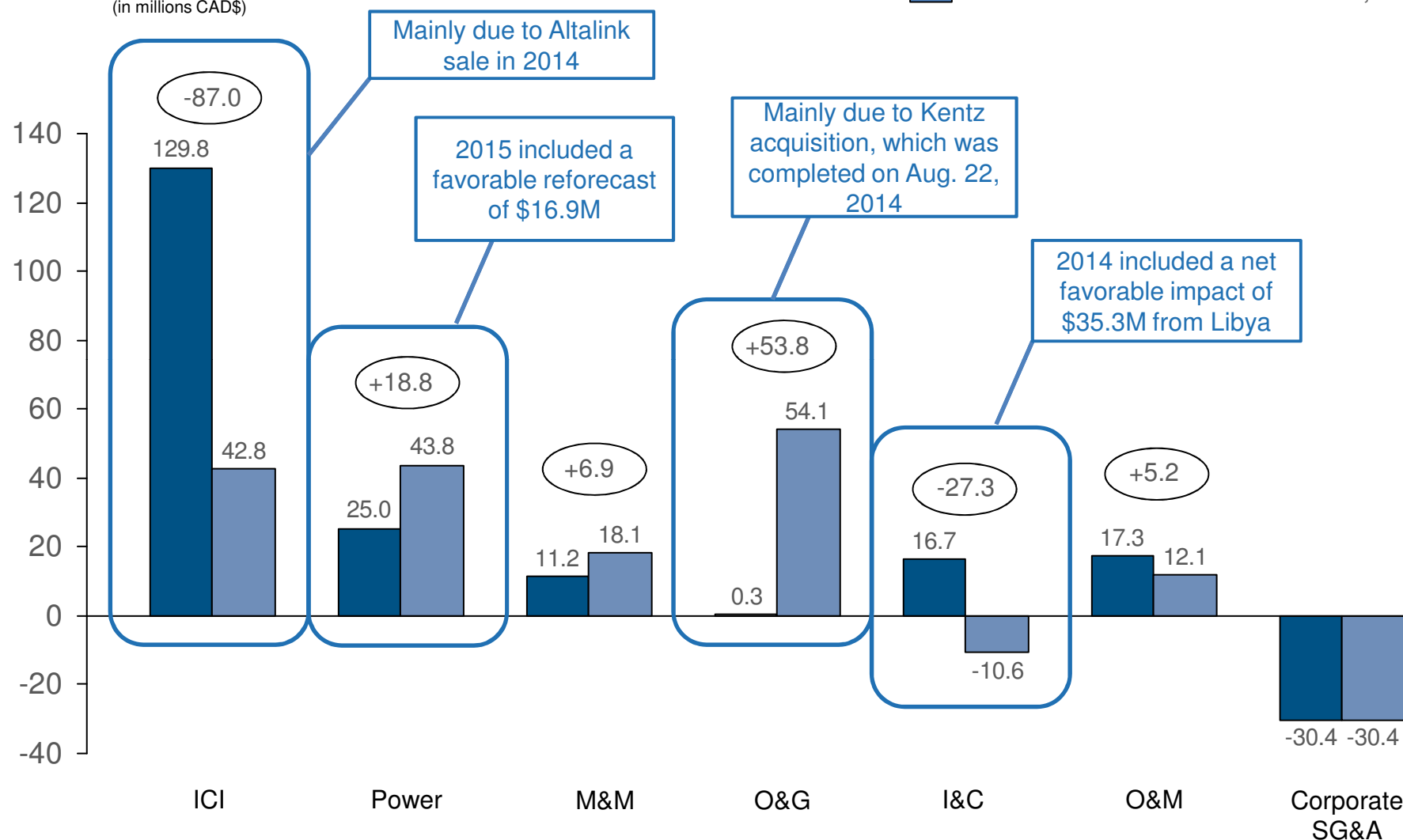
# Changes in reporting

- **REW segment no longer exists, Oil & Gas and Mining & Metallurgy are 2 new reportable segments in addition to Infrastructure, Power and ICI.**
- **Environment & Water sub-segment included in the previously named Resources, Environment and Water (“REW”) segment was transferred to the Infrastructure & Construction sub-segment included in the Infrastructure segment.**
- **Corporate selling, general and administrative (“SG&A”) expenses are no longer allocated to segment EBIT.**

# Segmented EBIT

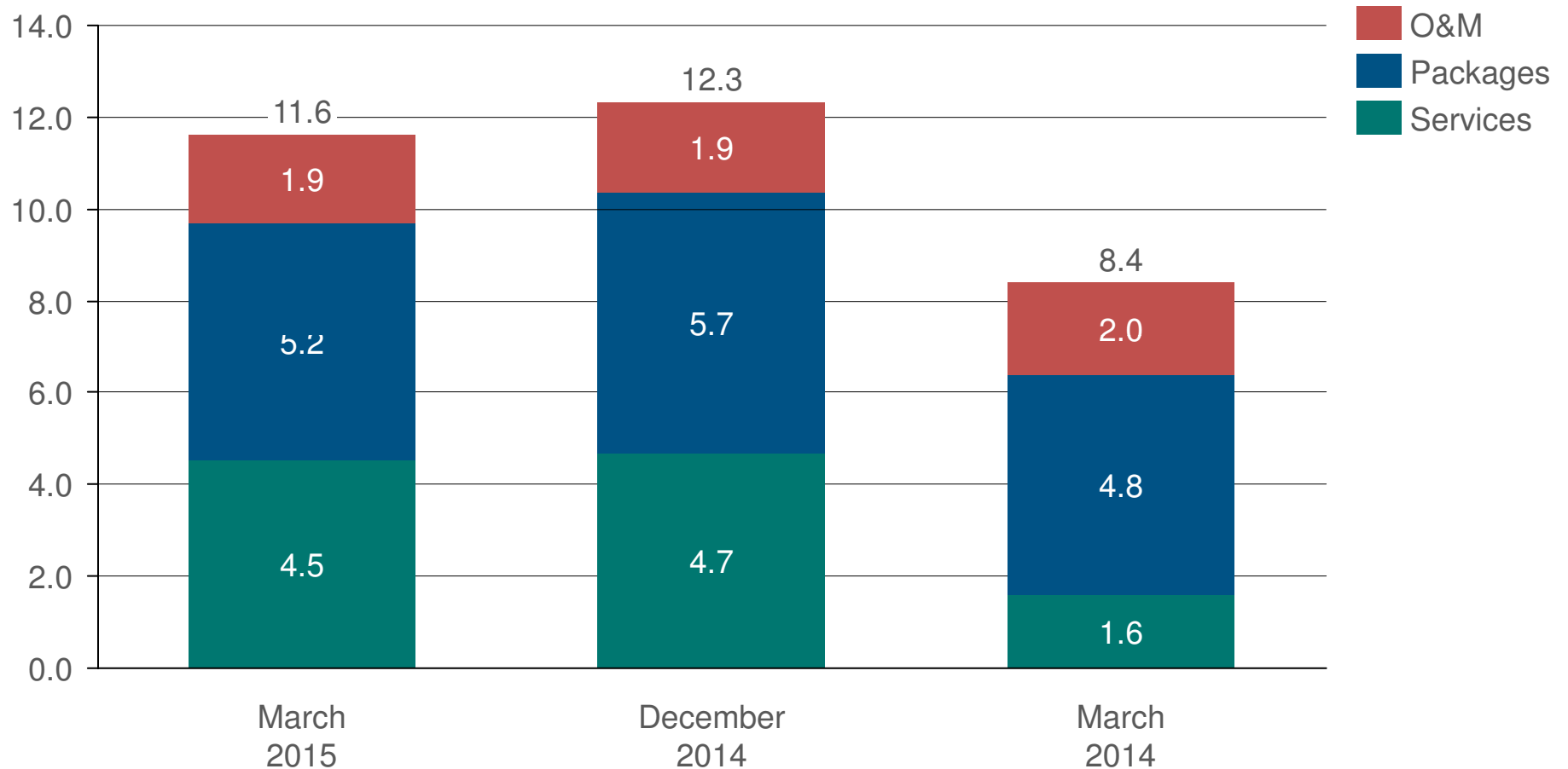
(in millions CAD\$)

■ Three months ended March 31, 2014  
■ Three months ended March 31, 2015



# Revenue backlog

(in billions CAD\$)



On April 15<sup>th</sup>, 2015, a consortium in which SNC-Lavalin is part of, was named preferred proponent for the new bridge for the St. Lawrence corridor project. This project will be booked in backlog in the quarter in which the contract is signed.

# Financial position

(in millions CAD\$)

## Assets

Cash and cash equivalents
Other current assets
Property and equipment
ICI accounted for by the equity or cost methods
Goodwill
Intangible assets related to Kentz acquisition
Other non-current assets and deferred income tax asset

## Liabilities and Equity

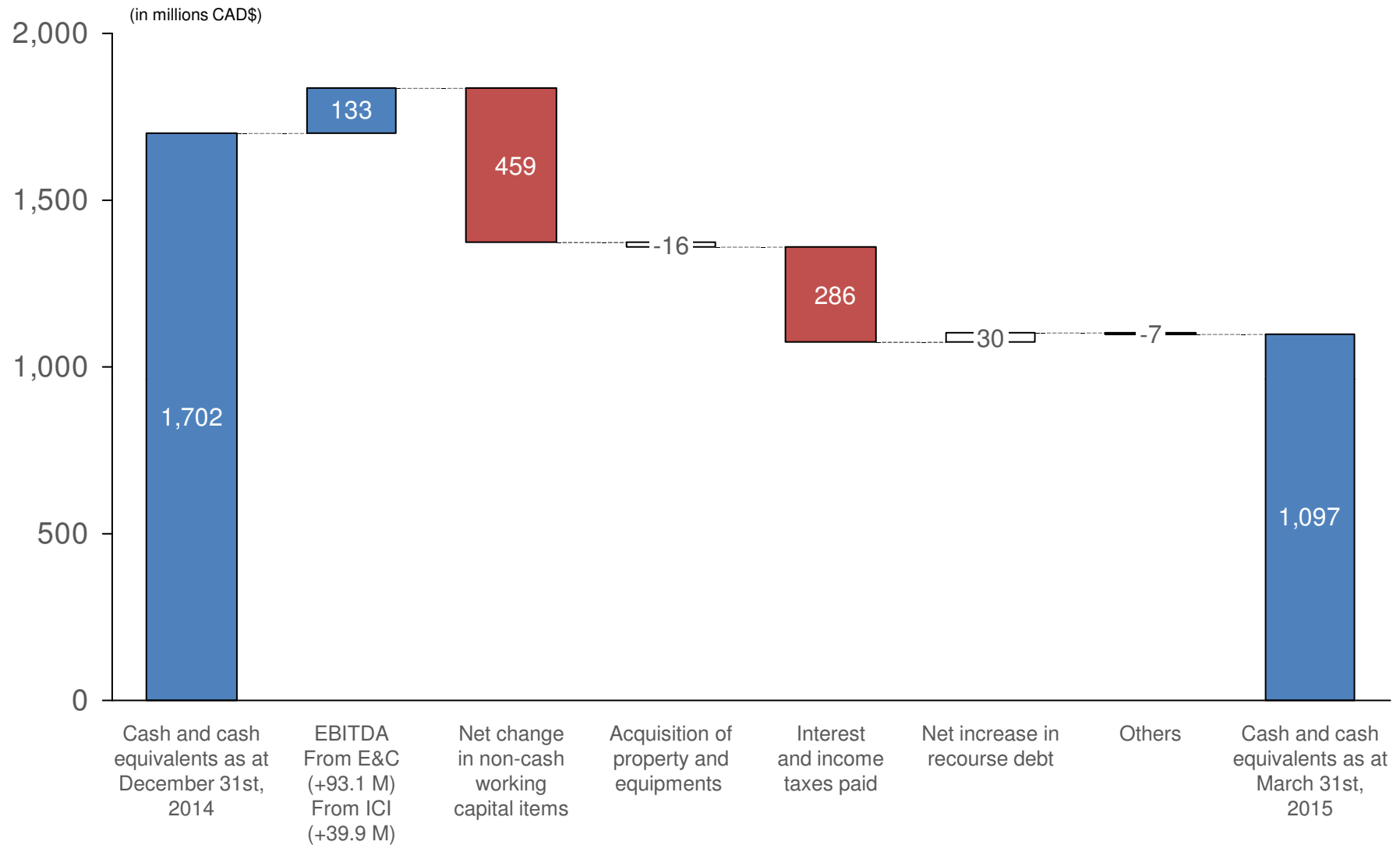
Current liabilities
Long-term debt:
Recourse
Non-recourse from ICI
Other non-current liabilities and deferred income tax liability

Equity attributable to SNC Lavalin shareholders
Non-controlling interests

Recourse debt to capital ratio

March 31 2015	December 31 2014
1,098	1,702
3,586	3,349
251	246
820	803
2,917	2,706
312	301
884	904
<b>9,868</b>	<b>10,011</b>
<b>4,800</b>	<b>5,195</b>
<b>349</b>	<b>349</b>
<b>516</b>	<b>531</b>
<b>623</b>	<b>620</b>
<b>6,288</b>	<b>6,695</b>
<b>3,568</b>	<b>3,305</b>
<b>12</b>	<b>11</b>
<b>9,868</b>	<b>10,011</b>
0.09	0.10

# Cash Flow – 2015





# 2015 Outlook

- ✓ **The Company is maintaining its previously announced 2015 outlook for the adjusted EPS from E&C, which is expected to be in the range of \$1.30 to \$1.60<sup>①</sup>.**
- ✓ **The Company is increasing its 2015 outlook for the reported IFRS EPS to a range of \$1.80 to \$2.10, to reflect the one-time net foreign exchange gain recorded in the first quarter of 2015.**

<sup>①</sup> Adjusted EPS from E&C guidance excludes: 1) One-time net foreign exchange gain of \$33M (after taxes) 2) Amortization of intangible assets incurred in connection with the acquisition of Kentz (~ \$65M after taxes); and 3) Charges related to the restructuring and right-sizing plan, and acquisition and integration costs (~ \$60M after taxes)



## WE CARE NOUS VEILLONS

**WE CARE** embodies SNC-Lavalin's key corporate values and beliefs. It is the cornerstone of everything we do as a company. **Health and safety, employees, the environment, communities and quality:** these values all influence the decisions we make every day. And importantly, they guide us in how we serve our clients and therefore affect how we are perceived by our external partners. **WE CARE** is integral to the way we perform on a daily basis. It is both a responsibility and a source of satisfaction and pride by providing such important standards to all we do.



**WE CARE** about the health and safety of our employees, of those who work under our care, and of the people our projects serve.



**WE CARE** about our employees, their personal growth, career development and general well-being.



**WE CARE** about the communities where we live and work and their sustainable development, and we commit to fulfilling our responsibilities as a global citizen.



**WE CARE** about the environment and about conducting our business in an environmentally responsible manner.



**WE CARE** about the quality of our work.



**WE CARE** about being world-class in matters of governance and ethics & compliance for our shareholders, clients and employees.