



Third Quarter 2019

Conference Call Presentation
October 31st, 2019



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”, “target”, “should”, “synergies”, “vision”, “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. 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 2018 Management Discussion and Analysis (MD&A) and as updated in the first, second and third quarters of 2019. 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 2018 MD&A and as updated in the first, second and third quarters of 2019.

Non-IFRS Financial Measures and Additional IFRS Measures

The Company reports its financial results in accordance with IFRS. However, the following non-IFRS measures and additional IFRS measures are used by the Company: Adjusted net income from E&C, Adjusted diluted EPS from E&C, Adjusted net income from Capital, Adjusted diluted EPS from Capital, Adjusted consolidated diluted EPS, EBITDA, Adjusted E&C EBITDA and Segment EBIT. Additional details for these non-IFRS measures can be found in SNC-Lavalin’s MD&A, which is available in the Investors section of the Company’s website at www.sncclavalin.com. Non-IFRS financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with IFRS, these non-IFRS measures provide additional insight into the Company’s financial results and certain investors may use this information to evaluate the Company’s performance from period to period. However, these non-IFRS financial measures have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.



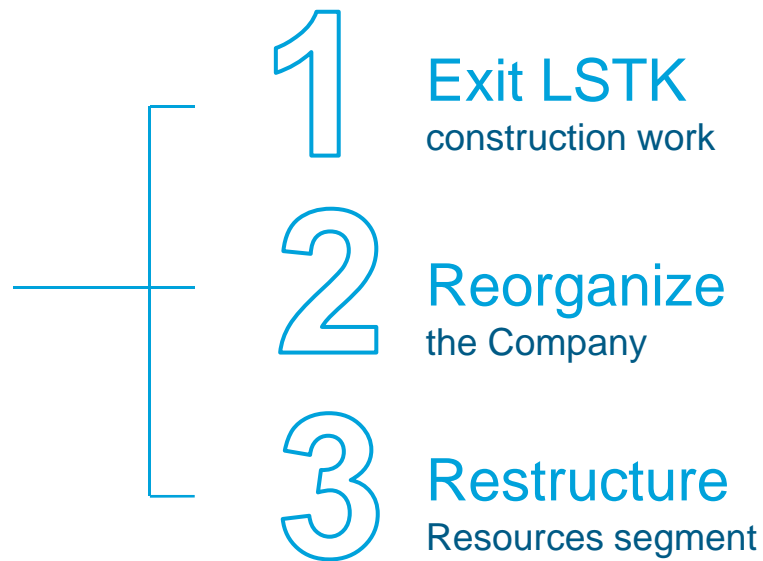
Ian Edwards President and CEO

New Strategic Direction

Positioning SNC-Lavalin for long-term sustainable success

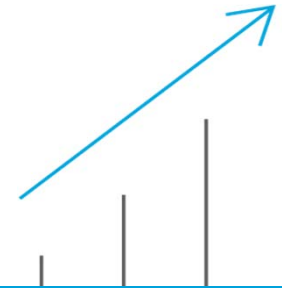
Goals of New Strategic Direction

- › Simplified business
- › Reduced risk
- › Focus on strengths
- › Generate consistent earnings and cash flow



Solid Q3 Results a Step in the Right Direction

Q3 results show considerable improvement over previous quarters



Net Income

\$2.8 billion
mainly due to sale of 10.01% stake in Highway 407 ETR for net gain of \$2.6 billion

Adjusted Net Income from E&C

\$165.3 million,
up 33% year-over-year

Debt Reduced

\$2.4 billion decrease
in debt; net recourse debt to EBITDA ratio is 3.4x⁽¹⁾, within covenant.

SNCL Engineering Services Delivers Strong Results

Year-over-year and quarter-over-quarter improvements in backlog, revenue, Segment EBIT and Segment EBIT Ratio

SNCL Projects

SNCL Projects Segment EBIT of (\$45M), performance better than the past three quarters

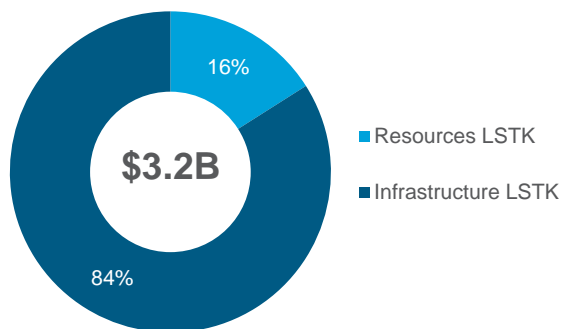
⁽¹⁾ In accordance with the terms of the Company's Credit Agreement



New Strategy Demonstrating Results: Exiting LSTK

On Track to Complete 80% of LSTK Projects by 2021

Majority of LSTK Project Backlog in
Light-Rail Transit Systems



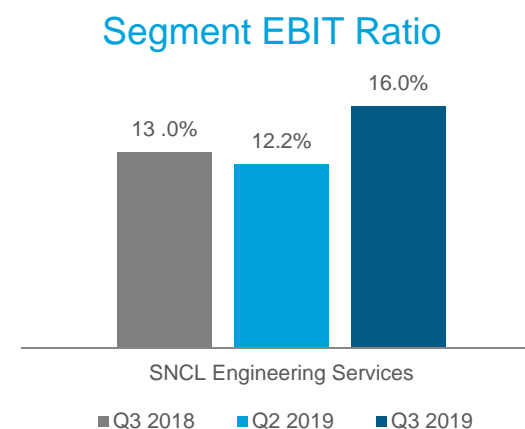
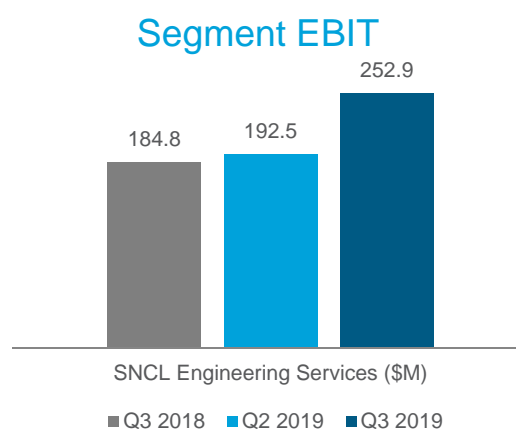
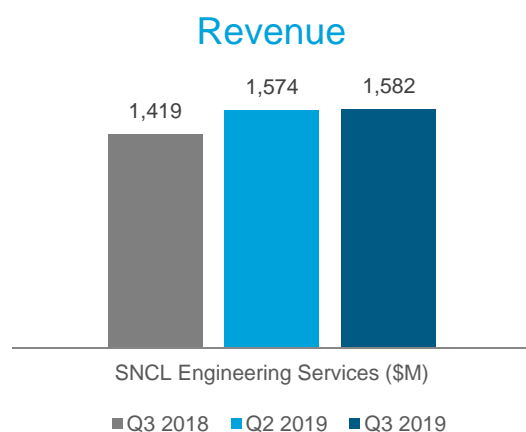
Backlog corresponds to the "Remaining performance obligations" ("RPO"), which is based on IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15").



New Strategy Demonstrating Results: SNCL Engineering Services

Dynamic, high-performing business delivering strong Q3 Results

- › 36.8% increase in Segment EBIT year-over-year
- › Backlog increased by \$1 billion year-over-year; 1.2 book-to-bill ratio for the last 9 months



Considerably Strengthened Balance Sheet

- › \$2.4 billion decrease in debt
- › Cash balance of \$939 million
- › Net recourse Debt to EBITDA ratio of 3.4x⁽¹⁾, within covenant

Strengthening balance sheet by focusing on the high-margin areas of the business that generate consistent earnings and cash flow



⁽¹⁾ In accordance with the terms of the Company's Credit Agreement



Update on Resources Strategy

De-risking and Optimizing the Business

1. Running off existing Resources
LSTK backlog
2. Exploring all options for Oil & Gas production
and processing fabrication facilities
3. Right-sizing and assessing a transition
to services



SNC-Lavalin Engineering Services Highlights: EDPM Growth Opportunities

Transformational projects shaping the future



Hinkley Point C
United Kingdom



Freight Rail Infrastructure Project
Australia



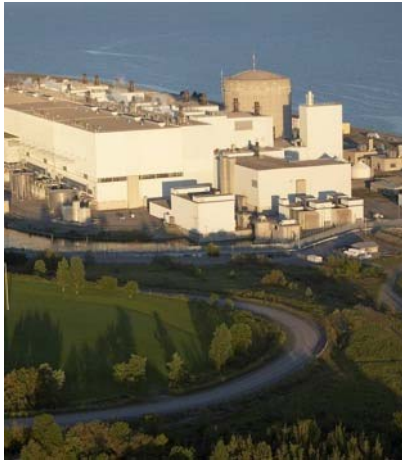
Quebec City Tramway &
Montreal Port Terminal

- › Hinkley Point C
- › Multi-Use Corridors Initiative
- › Freight Rail Infrastructure Project
- › Quebec City Tramway & Montreal Port Terminal



SNCL Engineering Services Highlights: Nuclear Growth Opportunities

Building on our industry-leading position in CANDU-related services and products



Darlington



Hunterston B



Oyster Creek

- › CANDU
- › Non-CANDU
- › Decommissioning



SNCL Engineering Services Highlights: Infrastructure Services Growth Opportunities

SNC-Lavalin has a global market-leading position in rail and transit



Confederation Line



Montreal Airport

- › Ottawa LRT
- › Montreal Airport



Conclusion

New strategy showing positive results; Company remains focused on delivery and execution

Four Pillars

- › Exit LSTK Construction Work
- › Focus on Engineering Services Work
- › Restructure Resources Segment
- › Strengthen Balance Sheet

Areas of Focus

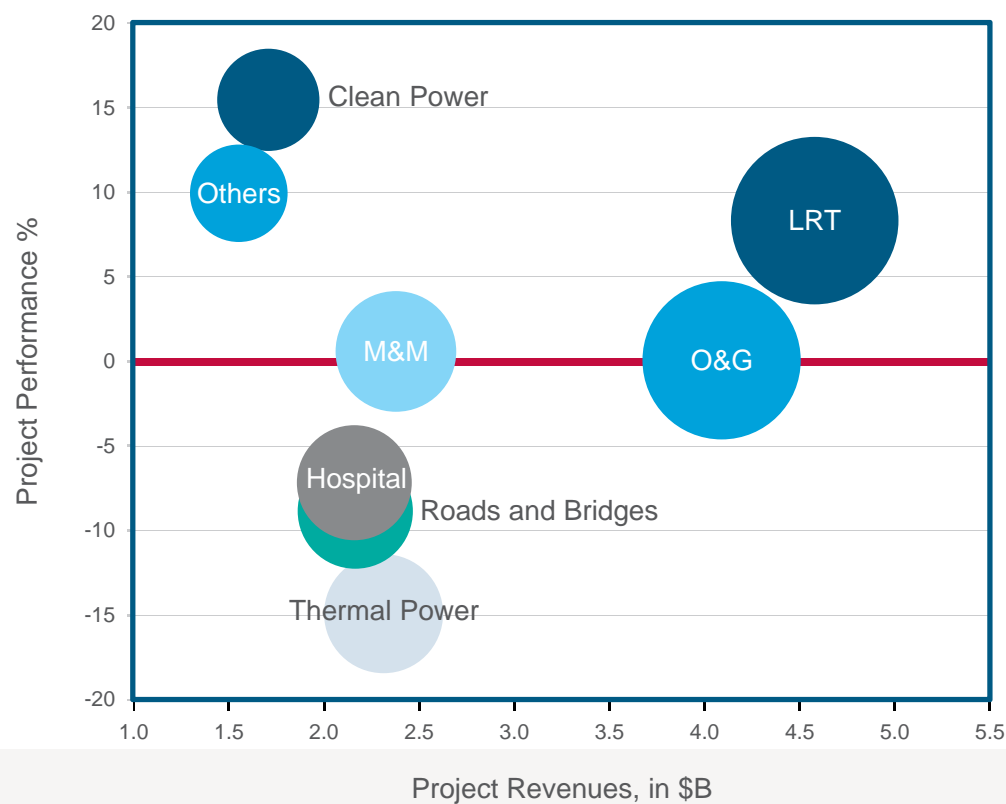
- › Continued delivery on Company strategy
- › Effective risk management and LSTK execution
- › Leverage our strengths
- › Enhance visibility
- › Demonstrate results



Nigel W.M. White

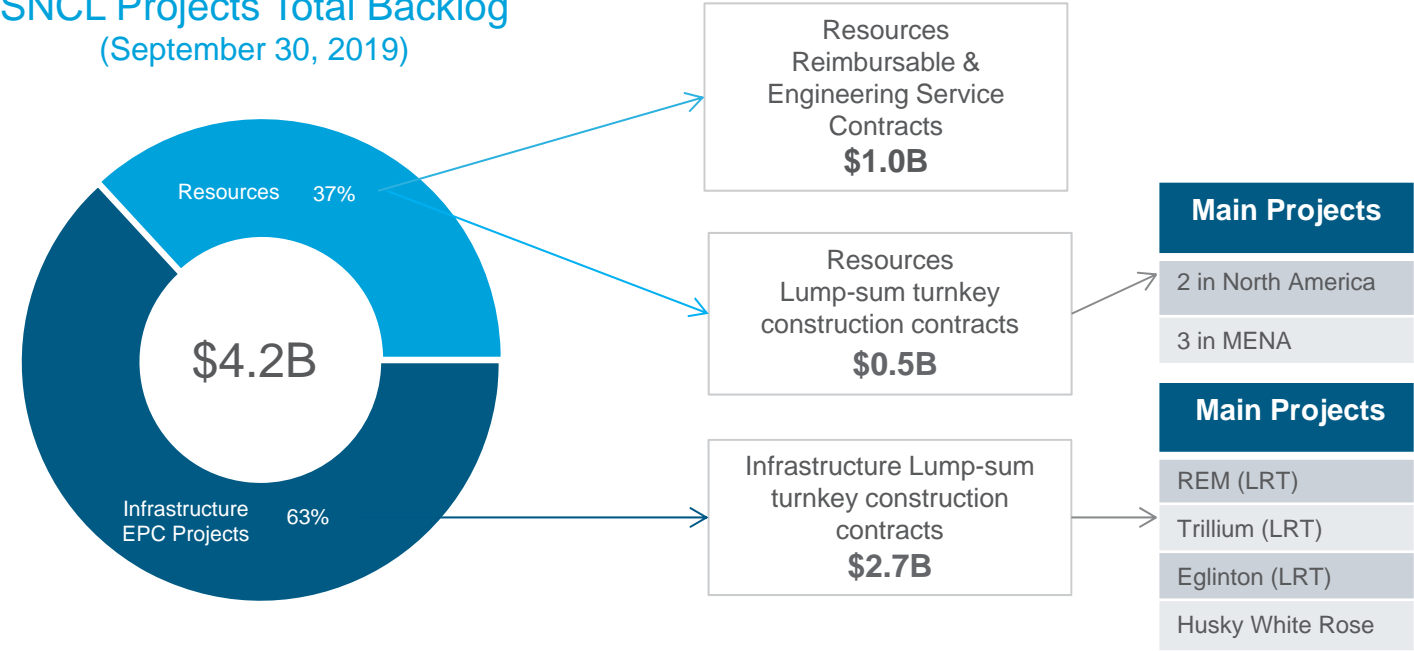
Executive Vice-President, Project Oversight

LSTK – 2014 to 2019 Project Revenues & Gross Margin % by Activity



Lump-Sum Turnkey Construction Contracts in SNCL Projects Backlog

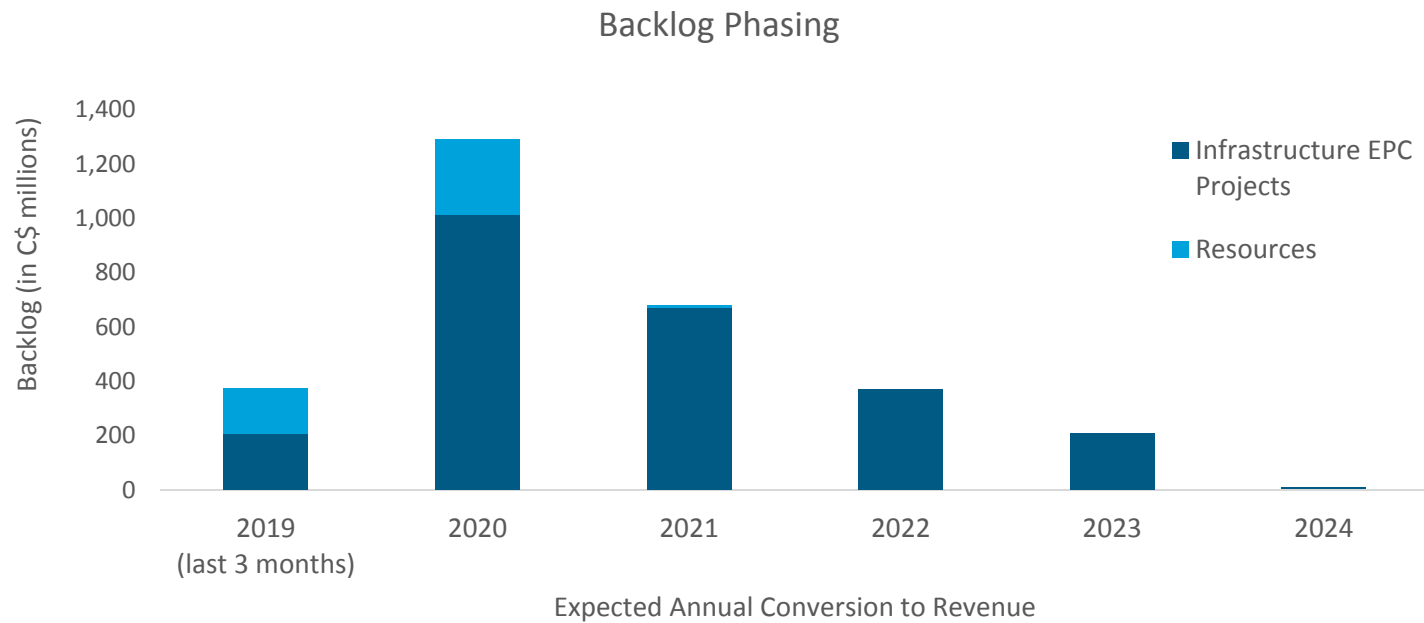
SNCL Projects Total Backlog
(September 30, 2019)



Main Lump-Sum Turnkey Construction Projects in SNCL Projects Backlog

Resources Project	Country	Completion % (SNC-Lavalin portion)	Expected substantial completion year	Backlog as at Sept. 30, 2019 (\$M)	Client
Project #1	MENA	55	2021	<200	Confidential
Project #2	North America	50	2021	<100	Confidential
Project #3	MENA	90	2020	<150	Confidential
Project #4	MENA	50	2020	<50	Confidential
Project #5	North America	60	2020	<50	Confidential
Infrastructure Project	Country	Completion % (SNC-Lavalin portion)	Expected substantial completion year	Backlog as at Sept. 30, 2019 (\$M)	Client
REM (LRT)	Canada	20	2023	<1,000	CDPQ Infra
Trillium (LRT)	Canada	5	2022	<750	City of Ottawa
Eglinton (LRT)	Canada	60	2021	<550	Infrastructure Ontario
Husky White Rose	Canada	70	2020	<150	Husky Energy
OLRT (LRT)	Canada	In Operation		<100	City of Ottawa
Champlain Bridge	Canada	In Operation		<50	Infrastructure Canada

Expected Phase Out of the Main Lump-Sum Turnkey Construction Projects in SNCL Projects Backlog



Sylvain Girard

Chief Financial Officer

Q3 2019 Financial Performance (vs Q3 2018)

Net income attributable to SNC-Lavalin Shareholders of \$2.8B

- › Net gain of \$2.6B (\$14.74/share) on the disposal of a 10.01% stake in Highway 407 ETR

Revenue of \$2.4B

- › 11.5% increase in SNCL Engineering Services, due to Infrastructure Services and EDPM
- › 25.7% decrease in SNCL Projects, due to the continuing backlog run off of certain LSTK construction projects

Total segment EBIT of \$208M

- › Positive Segment EBIT in SNCL Engineering Services of \$253M, an increase of 36.8% (35.5% excluding Capital)
- › Negative Segment EBIT in SNCL Projects of (\$45M)

Corporate SG&A expenses from E&C of \$12.8M

- › Compared to a recovery of \$15.0M in Q3 2018
- › Q3 2018 included a \$16.2M favorable impact from revised estimates on legacy sites environmental liabilities and other asset retirement obligations

Q3 Adjusted net income from E&C of \$165M, or \$0.94/share

- › Recognition of \$83M (\$0.47/share) in income tax recoveries on capital losses, following the disposal of a 10.01% stake in Highway 407 ETR

Backlog¹ of \$15.6B as at September 30, 2019

- › 9.8% increase to \$11.4B in SNCL Engineering Services (YTD19 book-to-bill ratio of 1.2)
- › Q3 bookings for SNCL Engineering Services = \$1.8B
- › 11.3% decrease to \$4.2B in SNCL Projects, as a result of the Company's decision to cease bidding on LSTK construction contracts

Liquidity

- › \$939M of cash and cash equivalents
- › \$1.6B of recourse and limited recourse debt, a reduction of \$2.4B since June 30, 2019
- › Net recourse debt to adjusted EBITDA ratio, as per the Company's Credit Agreement of 3.4x
- › Operating cash flows for Q319 negative \$51M
- › Operating cash flows from SNCL Engineering Services (excl. Capital) of \$350M, representing a ~85% Segment EBIT conversion



Q3 2019 – Tax Reconciliation

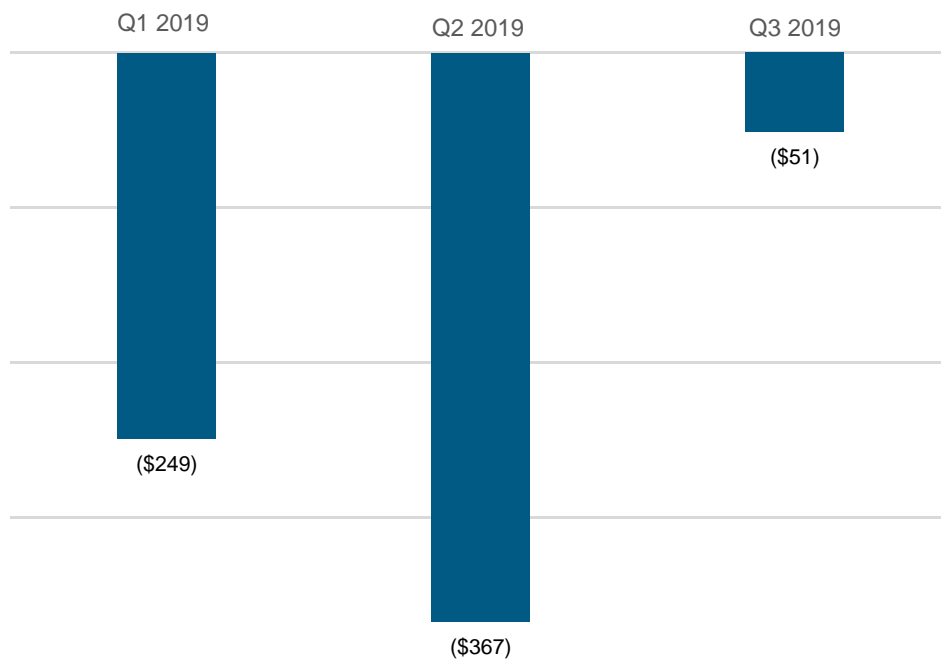
Adjusted EBT from E&C	Expected tax rate	Tax (expense) recovery	Adjusted net income from E&C	Adjusted diluted EPS from E&C
\$90M	20.0%	(\$18M)	\$72M	\$0.41
Positive impact of geographic mix and other core tax items		\$10M	\$10M	\$0.06
		(\$8M)	\$82M	\$0.47
Tax recoveries on capital losses, following the capital gain on disposal of a 10.01% stake in Highway 407 ETR		\$83M	\$83M	\$0.47
		\$75M	\$165M	\$0.94

Adjusted diluted EPS from E&C at \$0.47 before
tax recoveries on capital losses



Operating Cash Flows YTD 2019

(in M\$)



- YTD Free cash flow was negative \$739M with Q3 negative \$51M
- Operating cash flow generation from SNCL Engineering Services (excl. Capital) of **\$350M**
- SNCL Engineering Services Segment EBIT (excl. Capital) conversion of **88%**
- Operating cash flow generation from Capital of \$128M
- Operating cash flows used from SNCL Projects of (\$720M)
- Operating cash flows used from other Corporate items (i.e. interest expense, Corporate SG&A, restructuring...) of (\$426M)

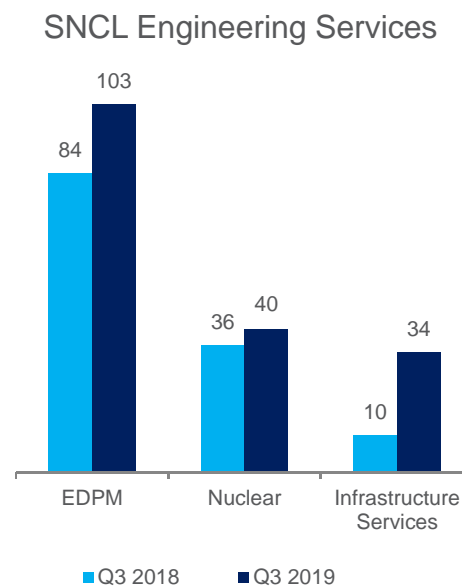
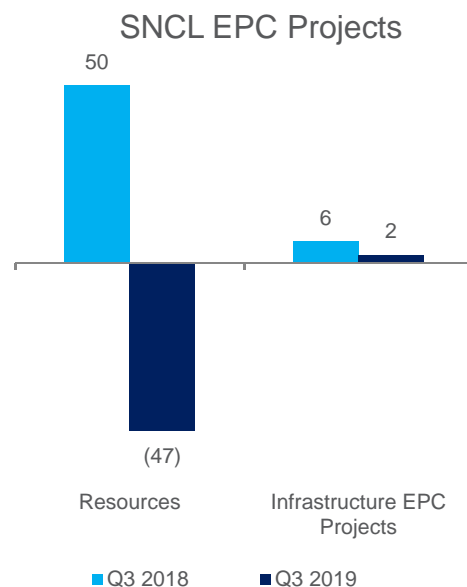
Strong balance sheet as at September 30, 2019

Credit facilities	Debt	
<u>Revolving Facility</u> <ul style="list-style-type: none"> › \$2,516M undrawn under the \$2,600M revolving Facility maturing May 2022 › \$3,000M uncommitted bilateral facilities › Current maximum leverage ratio of 4x 	<u>Recourse</u> <p>\$300M Series 1 Debenture</p> <ul style="list-style-type: none"> › Maturity: November 2020 › Interest rate: 2.689% <p>\$175M Series 3 Debenture</p> <ul style="list-style-type: none"> › Maturity: March 2021 › Interest rate: floating rate <p>\$200M Series 4 Debenture</p> <ul style="list-style-type: none"> › Maturity: March 2023 › Interest rate: 3.235% <p><u>Term Loan</u></p> <ul style="list-style-type: none"> › \$500M non-revolving 5-year <p><u>Limited Recourse</u></p> <ul style="list-style-type: none"> › CDPQ loan of \$400M 	<p><u>Cash</u></p> <p>\$939M</p>
		<p><u>Debt to EBITDA Ratio</u></p> <p>Net recourse debt to EBITDA ratio in accordance with the terms of the Company's Credit Agreement as amended, was 3.4x.</p>
		<p><u>Target</u></p> <p>Gross recourse debt to adjusted EBITDA from E&C ratio in the range of 1.0x to 1.5x</p>



E&C Segment EBIT – Q3 2019 vs Q3 2018

(in M\$)



EBIT %

5.9% (8.4%)

2.0% 0.1%

9.2% 10.6%

16.3% 18.5%

4.6% 10.5%

Resources
-\$97M

- 1) Unfavorable reforecasts on certain LSTK projects;
- 2) Continuing underperformance of the Oil & Gas production and processing facilities;
- 3) Overhead costs that are in the midst of being right-sized to align with lower level of activity;
- 4) Q3 2018 included favorable settlements and reforecasts.

Infrastructure
EPC Projects
-\$4M

Lower profitability %, mainly due to a nearly completed LSTK project.

EDPM
+\$19M

Higher profitability % and an increased level of activity, particularly in the Rail & Transit sector.

Nuclear
+\$4M

Lower SG&A costs., as a result of right-sizing.

Infrastructure
Services
+\$24M

Higher contribution from the Linxon business and net favorable impact of reforecasts on certain long-term O&M contracts.

Questions & Answers

Appendix

2019 Segment EBITDA

SNCL Engineering Services (in thousands of \$)	Q1 2019	Q2 2019	Q3 2019	YTD 2019	Segment EBITDA %
EDPM (Engineering, Design and Project Management)					
Revenues	982,955	972,092	969,844	2,924,891	
Segment EBITDA	108,256	108,697	131,578	348,531	11.9%
Nuclear					
Revenues	223,694	241,866	213,416	678,976	
Segment EBITDA	13,367	35,915	43,044	92,326	13.6%
Infrastructure Services					
Revenues	235,362	285,794	318,677	839,833	
Segment EBITDA	11,783	11,817	40,639	64,239	7.6%
Capital					
Revenues	72,177	74,746	79,604	226,527	
Segment EBITDA	65,446	69,261	77,195	211,902	93.5%
SNCL Engineering Services - Total					
Revenues	1,514,188	1,574,498	1,581,541	4,670,227	
Segment EBITDA	198,852	225,690	292,456	716,998	15.4%






2019 Segment EBITDA

SNCL Projects (in thousands of \$)	Q1 2019	Q2 2019	Q3 2019	YTD 2019	Segment EBITDA %
Resources					
Revenues	585,232	479,154	561,971	1,626,357	
Segment EBITDA	(49,027)	(170,002)	(37,960)	(256,989)	(15.8%)
Infrastructure EPC Projects					
Revenues	263,773	230,525	288,651	782,949	
Segment EBITDA	(1,342)	(119,968)	7,386	(113,924)	(14.6%)
SNCL Projects - Total					
Revenues	849,005	709,679	850,622	2,409,306	
Segment EBITDA	(50,369)	(289,970)	(30,574)	(370,913)	(15.4%)



Capital investments portfolio

Name	Description	Held Since	Concession Years	Location	Equity Participation
 2. Carlyle Global Infr. Opportunity Fund LP	Holding investments in infrastructure projects	2018	n/a	United States	8.1%
4. Highway 407 (407 ETR)	108 km electronic toll road	1999	99	Canada (Ontario)	6.76%
6. InPower BC	John Hart 126 MW generating station	2014	19	Canada (B.C.)	100%
8. Rideau	Light rail transit system	2013	30	Canada (Ontario)	40%
 10. SSL	New Champlain bridge corridor	2015	34	Canada (Quebec)	50%
 12. TransitNEXT	12 km light rail line	2019	30	Canada (Ontario)	100%
Ownership through SNC-Lavalin Infrastructure Partnership LP					
14. InTransit BC	Rapid transit line	2005	35	Canada (B.C.)	6.7%
16. Okanagan Lake	Floating bridge	2005	30	Canada (B.C.)	20%

NBV¹ = \$399M

FMV² ~\$2.4B



1 Net Book Value as at September 30, 2019

2 Average Fair Market Value as per analysts calculations, as at October 30, 2019



407 ETR information – Q3

(in M\$, unless otherwise indicated)	Q3 2019	Q3 2018	Change
Revenues	426.4	382.7	11.4%
Operating expenses	52.6	44.6	17.9%
EBITDA as a percentage of revenues	87.7%	88.3%	(0.6)%
Traffic / Trips (in millions)	33.8	33.5	0.9%
Vehicle kilometers travelled "VKT" (in millions)	775.4	763.6	1.5%
Dividends paid to SNC-Lavalin	41.9	39.3	6.6%

11.4% increase in revenues
1.5% increase in traffic (VKT)
6.6% increase in dividends



2018 preliminary revised figures¹

On a comparable basis with our new 2019 reorganized structure²

SNCL Engineering Services (in thousands of \$)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total	Segment EBIT %	Q1 2019
EDPM (Engineering, Design and Project Management)							
Revenues	879,010	913,604	912,998	970,785	3,676,397		982,955
Segment EBIT	73,500	98,708	83,812	98,725	354,745	9.6%	80,229
Nuclear							
Revenues	230,027	233,351	217,512	251,726	932,616		223,694
Segment EBIT	30,696	39,120	35,524	38,518	143,858	15.4%	10,792
Infrastructure Services							
Revenues	201,527	208,605	222,172	280,400	912,704		235,362
Segment EBIT	7,679	15,599	10,326	19,251	52,854	5.8%	9,759
Capital							
Revenues	64,197	57,199	66,171	77,090	264,657		72,177
Segment EBIT	56,420	50,824	55,125	62,606	224,975	85.0%	65,399
SNCL Engineering Services - Total							
Revenues	1,374,761	1,412,759	1,418,855	1,580,001	5,786,374		1,514,188
Segment EBIT	168,295	204,251	184,788	219,099	776,432	13.4%	166,180



2018 preliminary revised figures¹

On a comparable basis with our new 2019 reorganized structure²

SNCL Projects (in thousands of \$)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total	Segment EBIT %	Q1 2019
Resources							
Revenues	757,099	794,648	844,141	605,476	3,001,364		585,232
Segment EBIT	52,348	15,797	49,564	(374,304)	(256,595)	(8.5%)	(61,398)
Infrastructure EPC Projects							
Revenues	299,534	319,712	299,996	377,025	1,296,268		263,773
Segment EBIT	8,131	(4,467)	5,931	9,703	19,298	1.5%	(6,088)
SNCL Projects - Total							
Revenues	1,056,633	1,114,360	1,144,136	982,502	4,297,632		849,005
Segment EBIT	60,479	11,330	55,495	(364,601)	(237,297)	(5.5%)	(67,486)

