



# Q2 CONFERENCE CALL PRESENTATION

JULY 30, 2021

# Forward-Looking Statements, Forward-Looking Financial Information and Outlook

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 associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates.

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”, “outlooks”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “forecasts”, “should”, “synergies”, “target”, “vision”, “will”, “likely”, 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; ii) business and management strategies and the expansion and growth of the Company’s operations; and iii) the expected additional impacts of the ongoing COVID-19 pandemic on the business and its operating and reportable segments as well as elements of uncertainty related thereto. 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.

This presentation also provides, on Slide 17, the Company’s outlook regarding expectations of the Company’s performance in 2021 with respect to certain financial metrics and measures.

Forward-looking statements, forward-looking financial information and the Company’s outlook for 2021 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 2020 annual Management Discussion and Analysis (“MD&A”) (particularly in the sections entitled “Critical Accounting Judgments and Key Sources of Estimation Uncertainty” and “How We Analyze and Report our Results”) and as updated in the first and second quarter 2021 MD&A. If these assumptions are inaccurate, the Company’s actual results could differ materially from those expressed or implied in such forward-looking statements, forward-looking financial information and outlook. 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, forward-looking financial information and outlook. These risk factors are set out in the Company’s 2020 annual MD&A.

## Non-IFRS Financial Measures and Additional IFRS Measures

The Company reports its financial results in accordance with IFRS. However, the following non-IFRS measures, additional IFRS measures and other non financial information, are used by the Company in this presentation: Revenues presented on a constant currency basis, Segment Adjusted EBIT, Segment Adjusted EBIT to segment revenue ratio, Booking-to-revenue ratio, Adjusted net income, Adjusted diluted EPS, Adjusted EBITDA, Adjusted EBITDA from PS&PM to revenue from PS&PM ratio, and Days Sales Outstanding. Additional details for these non-IFRS measures can be found below and in Section 9 of SNC-Lavalin’s MD&A for the second quarter of 2021, filed with the securities regulatory authorities in Canada, available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.snc-lavalin.com](http://www.snc-lavalin.com) under the “Investors” section, including the various reconciliations of non-IFRS to the nearest corresponding IFRS measures in sections 4, and 9.4 of the second quarter 2021 MD&A and Slide 25 of the presentation. Certain revenue figures and changes thereto from prior periods are analyzed and presented on a constant currency basis and are obtained by translating financial results from the comparable periods of the prior year denominated in foreign currencies at the foreign exchange rates of the current periods. 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 operating performance and financial position 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. Furthermore, certain non-IFRS financial measures and additional IFRS measures are presented for PS&PM, by excluding components related to Capital, as the Company believes that such measures are useful as these P&SPM activities are usually analyzed separately by the Company.



# BUSINESS PERFORMANCE

IAN EDWARDS, PRESIDENT & CEO

# Summary

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## SNCL Engineering Services delivers solid Q2 results

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- › Revenue of \$1.5B increased by 2.4%, or 6.8% on a constant currency basis<sup>1\*</sup>
- › Segment Adjusted EBIT margin\* of 9.6%, improved 63 bps
- › Bookings of \$1.5B, Booking to Revenue ratio\* of 1.01

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## SNCL Projects backlog continues to decrease

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- › LSTK construction contracts backlog reduced by \$202M from prior quarter

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## Reaffirming 2021 Outlook for SNCL Engineering Services, reflecting current currency rates

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- › Revenue to increase by a low-single digits percentage
- › Segment Adjusted EBIT margin\* between 8-10%

<sup>1</sup> Revenue figure and change from prior period presented on a constant currency basis obtained by translating revenues from comparable period of prior year denominated in foreign currencies at foreign exch. rates of current period.

\*Non-IFRS financial measures. Refer to Section 9 of the Company's Q2 2021 MD&A for Non-IFRS financial measures definition and reconciliation to IFRS measures. See also the cautionary statement regarding Non-IFRS financial measures at slide 2. [www.snc-lavalin.com/en/investors/financial-information/quarterly-reports](http://www.snc-lavalin.com/en/investors/financial-information/quarterly-reports)

# Strategic Priorities



**Positioning SNC-Lavalin for long-term sustainable success and becoming a leading provider of professional engineering services and project management solutions**

# Engineering a sustainable society

Growing portfolio of Net Zero work advising clients across energy, infrastructure and transportation sectors

- › Award from UK Gov Property Agency to help deliver Net Zero targets
  - › Ensuring that over 4M sq. ft. of public sector office space meet enhanced sustainability standards as part of a UK Gov major investment to accelerate its Net Zero agenda
- › Taku River Tlingit First Nation award
  - › Helping communities continue to implement sustainable solutions, increasing hydro power capacity by ~5x

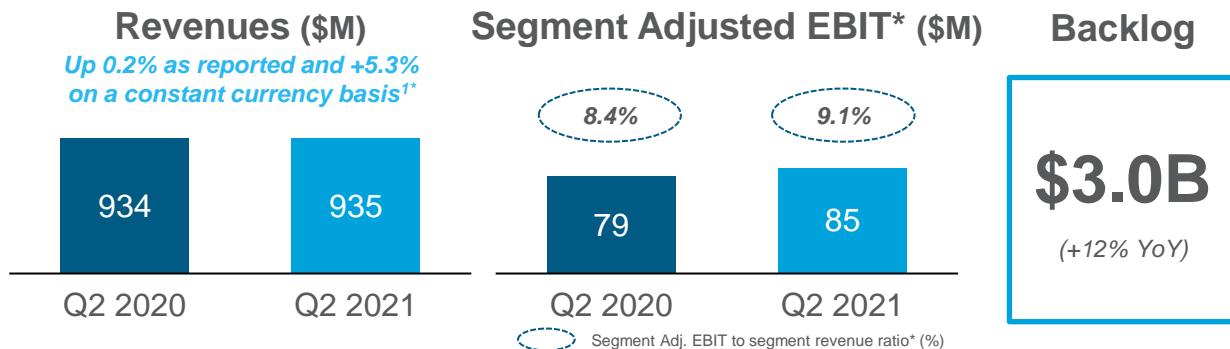
Engineering Net Zero; providing clean & affordable solutions to clients



Whitehall  
London, United Kingdom



# EDPM



## Q2 Key highlights

- › Strong performance across all regions, particularly in the UK
- › Record Backlog driven by major wins in the UK, ME and Australia. Sydney Metro award is a key step in realizing our ambition in Australia
- › Award from UK Gov Property Agency to help deliver Net Zero targets
- › Digital transformation investment delivering returns from new Revenues in Design, Program Management and Digital Twin wins



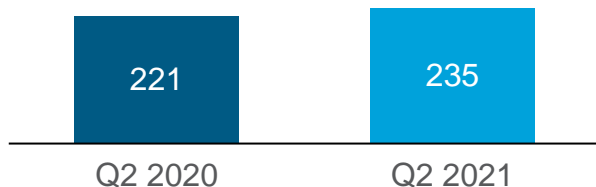
Sydney Metro - Western Sydney Airport project  
Sydney, Australia

<sup>1</sup> Revenue figure and change from prior period presented on a constant currency basis obtained by translating revenues from comparable period of prior year denominated in foreign currencies at foreign exch. rates of current period.  
<sup>2</sup> Non-IFRS financial measures. Refer to Section 9 of the Company's Q2 2021 MD&A for Non-IFRS financial measures definition and reconciliation to IFRS measures. See also the cautionary statement regarding Non-IFRS financial measures at slide 2. [www.snc-lavalin.com/en/investors/financial-information/quarterly-reports](http://www.snc-lavalin.com/en/investors/financial-information/quarterly-reports)

# Nuclear

## Revenues (\$M)

Up 6.1% as reported and +9.6% on a constant currency basis<sup>1</sup>



## Segment Adjusted EBIT\* (\$M)

14.0% 14.2%



Segment Adj. EBIT to segment revenue ratio\* (%)

## Q2 Key highlights

- › Strong revenue growth driven by increased support of assets for North American and European clients
- › Increased demand for Canadian Engineering and Field services
- › Opportunities in New Build and Decommissioning activities in core markets
- › Contract expansion for medical isotope extraction at Oakridge facility

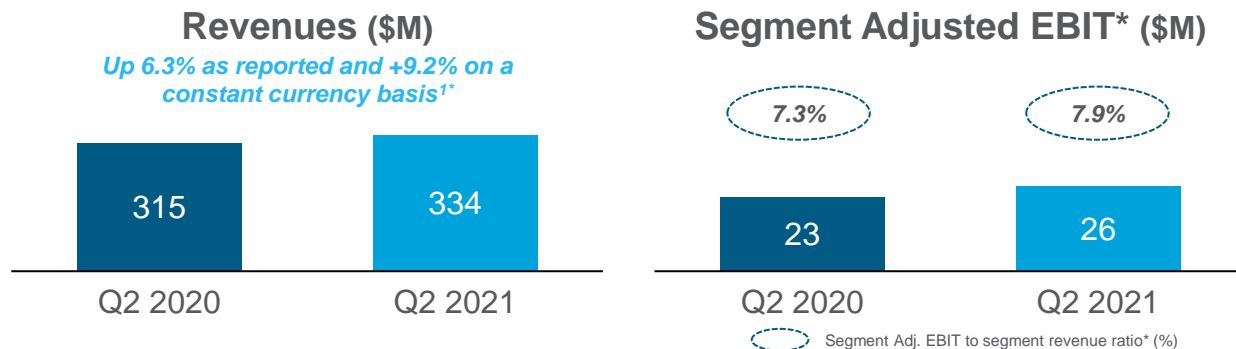


Darlington Nuclear Generating Station  
Ontario, Canada

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# Infrastructure Services



## Q2 Key highlights

- › Revenue growth driven by increased activity level in Linxon
- › Linxon at record backlog; major projects in US in support of low carbon agenda
- › Solid O&M delivery; continuing to build opportunities in the rail & transit, hydro, pharmaceutical and social infrastructure markets



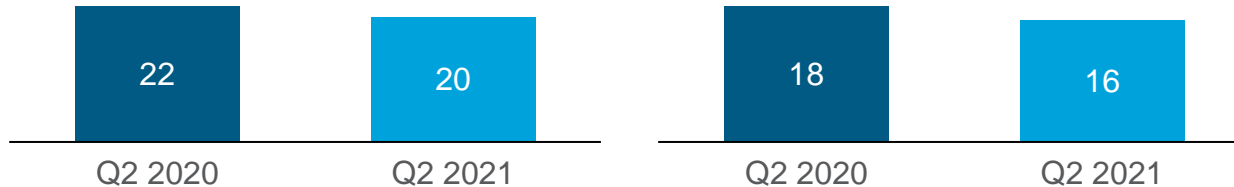
Taku River Tlingit First Nation  
British Columbia, Canada

<sup>1</sup> Revenue figure and change from prior period presented on a constant currency basis obtained by translating revenues from comparable period of prior year denominated in foreign currencies at foreign exch. rates of current period.  
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# Capital

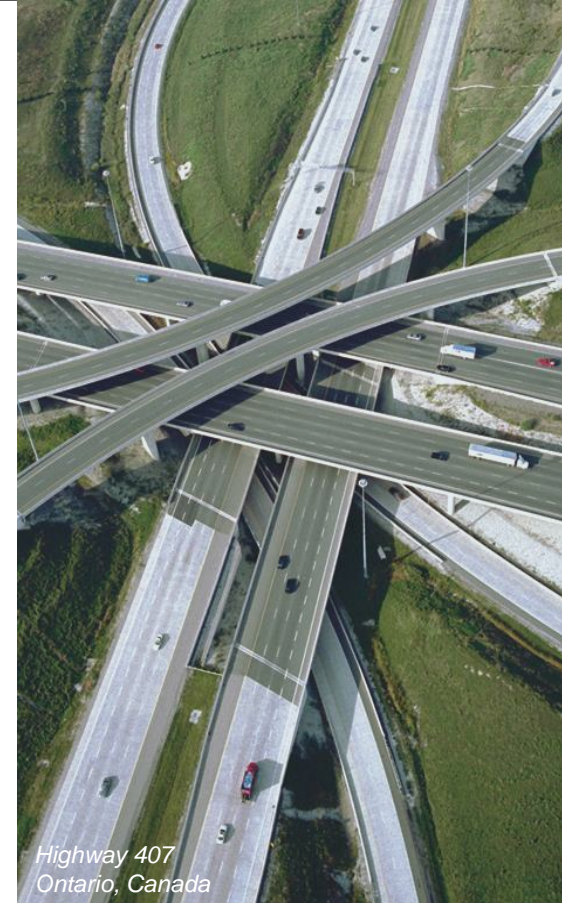
Revenues (\$M)

Segment Adjusted EBIT\* (\$M)



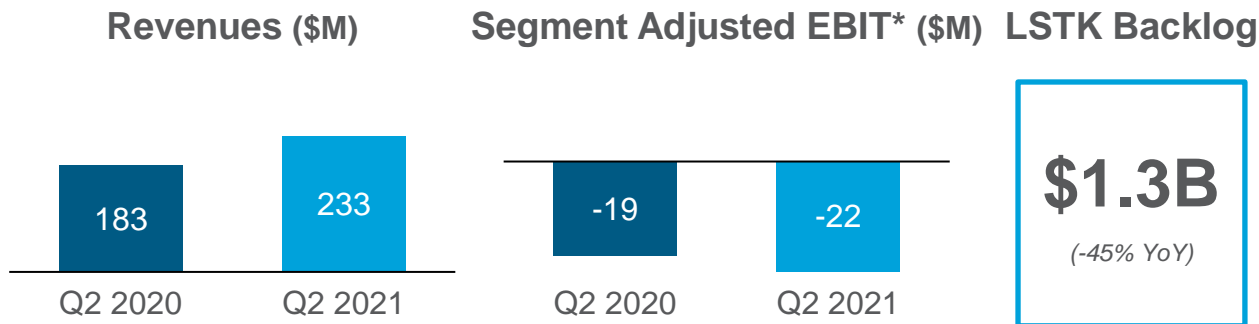
## Q2 Key highlights

- › H407 ETR traffic increased sequentially from Q1 and by 52% YoY; progress of the vaccine roll-out in Ontario led to gradual easing of restrictions
- › Other concessions performing well
- › Pipeline of opportunities in Canada, US and the UK



Highway 407  
Ontario, Canada

# Infrastructure EPC Projects



## Q2 Key highlights

- › Remaining 3 LSTK projects continue to progress well
- › LSTK construction contracts backlog down by ~13% vs end of March
- › Loss due to reduction of gross margin, including costs of closing out certain projects and impacts of COVID-19
- › Constructive discussions ongoing with clients on compensation for additional costs related to COVID-19 impacts

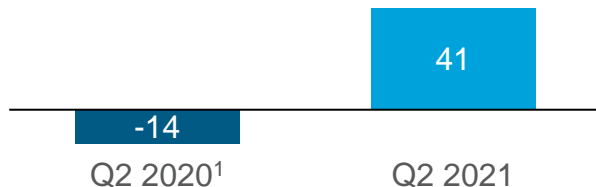
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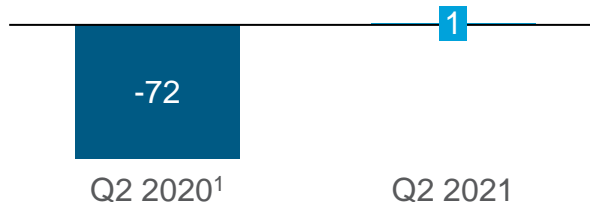
Réseau Express Métropolitain (REM)  
Québec, Canada

# Resources

Revenues (\$M)



Segment Adjusted EBIT\* (\$M)



## Q2 Key highlights

- › Mining business performed well; strong growth potential
- › Significant progress made towards the closing of the O&G business sale
  - › Closed the sale of a substantial portion (i.e., ~75% of business)
  - › Balance of closing relates to Saudi Arabian portion; receipt of regulatory approval expected by end of Q3 2021

<sup>1</sup> Comparative figures have been re-presented as a result of an operation discontinued in 2020.

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Niobec Mine Expansion project  
Quebec, Canada



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# FINANCIAL PERFORMANCE

JEFF BELL, CHIEF FINANCIAL OFFICER



## Q2 Selected financial metrics

(in M\$, unless otherwise indicated)	Q2 2021	Q2 2020 <sup>1</sup>	Change
<b>Revenues</b>	1,798	1,660	8%
<b>Segment Adjusted EBIT*</b>	140	59	137%
Corporate SG&A expenses	(27)	(18)	50%
<b>Net income (loss) from continuing operations attributable to SNC-Lavalin shareholders</b>	29	(25)	<i>n.a.</i>
Net income (loss) from discontinued operations	17	(86)	<i>n.a.</i>
<b>Net income (loss) attributable to SNC-Lavalin shareholders</b>	46	(112)	<i>n.a.</i>
<b>Diluted EPS from continuing operations (\$)</b>	0.17	(0.14)	<i>n.a.</i>

<b>Net income (loss) from continuing operations from PS&amp;PM*</b>	26	(32)	<i>n.a.</i>
<b>Adjusted net income from PS&amp;PM*</b>	54	22	145%
<b>Adjusted diluted EPS from PS&amp;PM*</b>	0.31	0.12	158%
<b>Adjusted EBITDA from PS&amp;PM*</b>	149	82	82%
<b>Adjusted EBITDA from PS&amp;PM to revenue from PS&amp;PM ratio*</b>	8.4%	5.0%	+3.4%

<b>Backlog from continuing operations as at June 30</b>	13,012	13,771	(6)%
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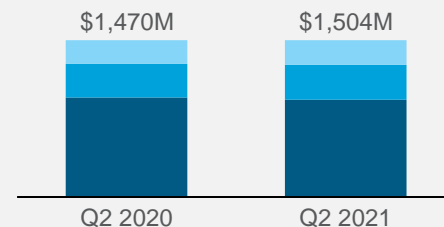
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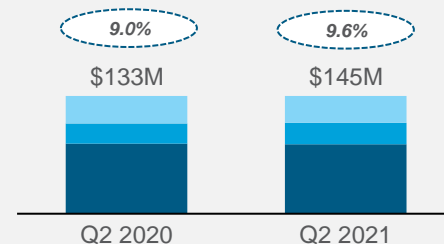
### SNCL Engineering Services

■ EDPM ■ Infra Services ■ Nuclear

#### Revenues



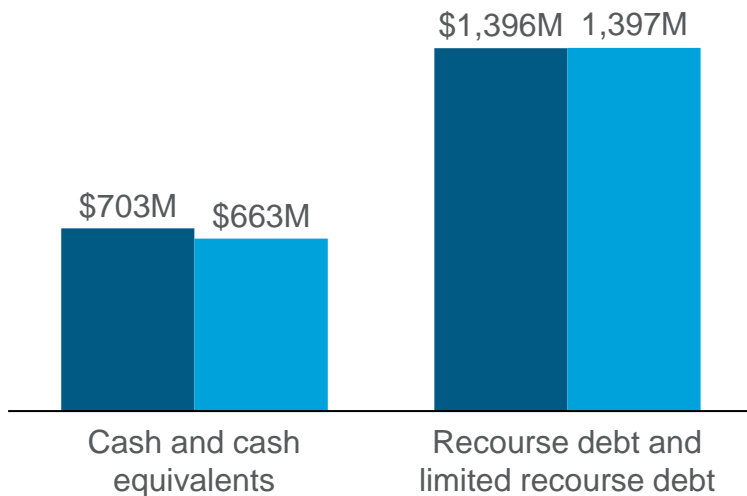
#### Segment Adjusted EBIT\*



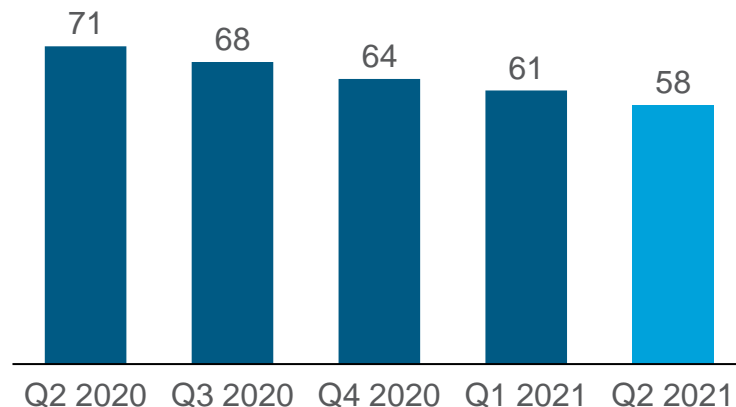
# Balance sheet and Days Sales Outstanding (DSO)\*

## Selected balance sheet items

■ As at March 31, 2021 ■ As at June 30, 2021



## Days sales outstanding\* (EDPM)



\*Other non-financial information. Refer to Section 9 of the Company's Q2 2021 MD&A for certain definitions of non-IFRS financial, additional IFRS and other non-financial information and measures. See also the cautionary statement regarding Non-IFRS financial, additional IFRS and other non-financial measures and information at slide 2. [www.snc-lavalin.com/en/investors/financial-information/quarterly-reports](http://www.snc-lavalin.com/en/investors/financial-information/quarterly-reports)

# Free cash flow

<i>(in M\$, unless otherwise indicated)</i>	Q2 2021
<b>Segment Adjusted EBIT from SNCL Engineering Services*</b>	<b>145</b>
<b>Segment Adjusted EBITDA from SNCL Engineering Services*</b>	<b>177</b>
Change in working capital and other items from SNCL Engineering Services <sup>1</sup>	(20)
<b>Operating cash flow from operations from SNCL Engineering Services</b>	<b>157</b>
Income taxes paid	(15)
Interest paid	(11)
Corporate costs and other <sup>2</sup>	(33)
<b>Operating cash flow from operations from Capital</b>	<b>4</b>
	<b>102</b>
<b>Operating cash flow from operations from SNCL Projects</b>	<b>(27)</b>
<b>Operating cash flow from operations from Discontinued operations</b>	<b>3</b>
<b>Operating cash flow from operations</b>	<b>78</b>
Capital expenditures (mainly SNCL Engineering Services and Corporate)	(20)
<b>Consolidated Free cash flow</b>	<b>58</b>

<sup>1</sup>Includes \$17M of pension payments

<sup>2</sup>Includes corporate costs and corporate adjustments from PS&PM, Federal charge penalty and restructuring & transformation expenses

\*Non-IFRS financial measures. Refer to Section 9 of the Company's Q2 2021 MD&A for Non-IFRS financial measures definition and reconciliation to IFRS measures. See also the cautionary statement regarding Non-IFRS financial measures at slide 2.

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# SNCL Engineering Services Outlook<sup>1</sup>

Metric	2021 Outlook
SNCL Engineering Services revenue growth	Low single digit percentage
SNCL Engineering Services Segment Adjusted EBIT to segment revenue ratio*	Between 8% and 10%

Metric	Targets
Segment adjusted EBIT to segment revenue ratio*	
• EDPM	8% to 10%
• Nuclear	13% to 15%
• Infrastructure Services	5% to 7%

<sup>1</sup>This slide contains forward-looking statements and financial outlook. See the cautionary statement at slide 2.

\*Non-IFRS financial measures. Refer to Section 9 of the Company's Q2 2021 MD&A for Non-IFRS financial measures definition and reconciliation to IFRS measures. See also the cautionary statement regarding Non-IFRS financial measures at slide 2.  
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# CONCLUSION

IAN EDWARDS, PRESIDENT & CEO



## Conclusion

- › Solid financial results for SNCL Engineering Services during first half of the year
- › LSTK projects progressing well; backlog continued to decrease
- › Strong pipeline of new work across all our core geographies driven by governments spending in Infrastructure and low-carbon assets
- › Reaffirming 2021 SNCL Engineering Services guidance
- › Closed the sale of a substantial portion of the Resources Oil & Gas business; important strategic milestone for the Company
- › Virtual Investor Day on September 28 will provide an in-depth review of the business strategy, financial outlook, and initiatives to drive long-term stakeholder value
  - › To register, go to <https://www.snclavalin.com/en/investors/2021-investor-day>



# QUESTIONS & ANSWERS

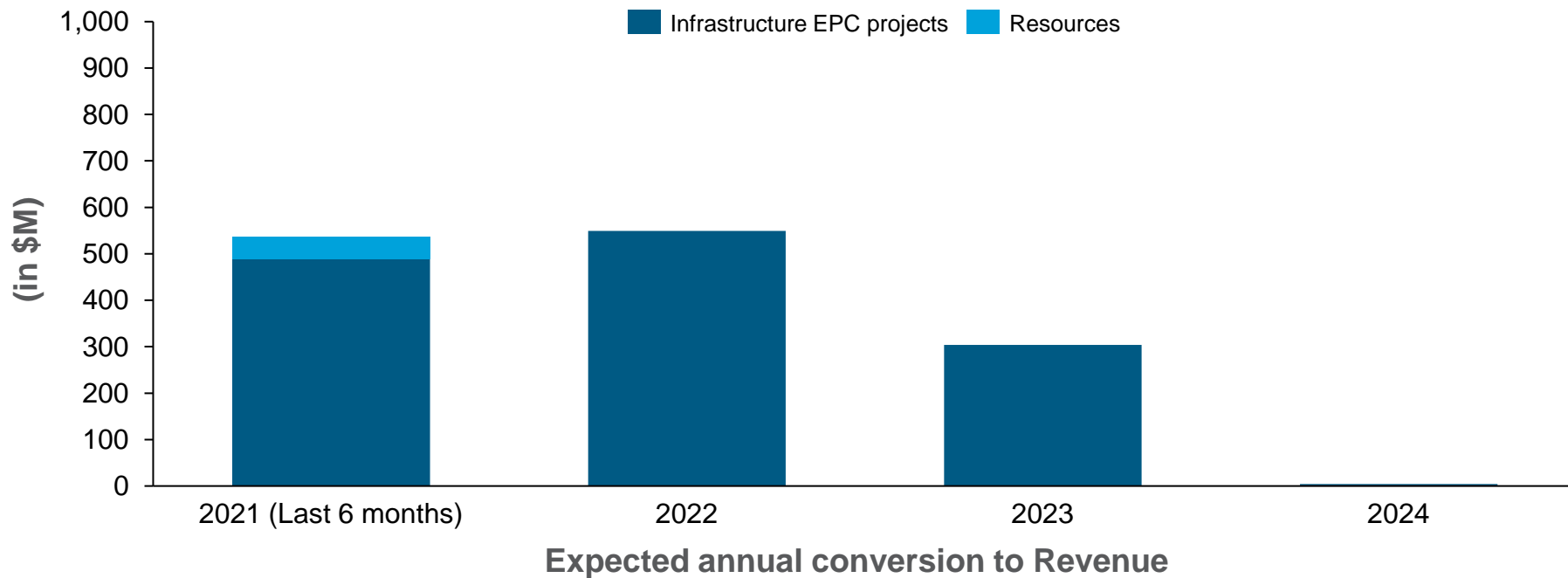


# APPENDIX

## Remaining LSTK projects in SNCL Projects backlog

Project	Country	Approximate Completion % (SNCL portion)	Expected substantial completion year	Backlog as at June 30, 2021 (\$M)	Client
M&M Project #1	MENA	~90%	2021	<50	Confidential
REM (LRT)	Canada	~55%	2024	<700	CDPQ Infra
Trillium (LRT)	Canada	~55%	2022	<400	City of Ottawa
Eglinton (LRT)	Canada	~90%	2022	<175	Infrastructure Ontario
<b>Total</b>				<b>~\$1.3B</b>	

## SNCL Projects Backlog phasing





## 407 ETR Information

<i>(in \$M, unless otherwise indicated)</i>	Q2 2021	Q2 2020	Change
Revenues	212.2	129.6	63.7%
Operating expenses	32.8	36.2	(9.4)%
EBITDA*	179.4	93.4	92.1%
EBITDA as a percentage of revenues*	84.5%	72.1%	+12.4%
Net income (loss)	24.7	(46.9)	n.a.
Traffic / Trips (in millions)	16.3	10.7	52.3%
Average workday number of trips (in thousands)	214.0	139.8	53.1%
Vehicle kilometers travelled "VKT" (in millions)	342.8	210.9	62.5%
Dividends paid by 407 ETR	0.0	0.0	n.a.
Dividends paid to SNC-Lavalin	0.0	0.0	n.a.

\*Non-IFRS financial measures. Refer to 407 International Inc. Q2 2021 MD&A, which is available under 407 International Inc.'s profile on Sedar at [www.sedar.com](http://www.sedar.com), for Non-IFRS financial measures definition and reconciliation to IFRS measures.

## Reconciliation of IFRS net income (loss) from continuing operations to adjusted net income from PS&PM

	Q2 2021		Q2 2020 <sup>1</sup>	
	In \$M	Per diluted EPS in \$	In \$M	Per diluted EPS in \$
<b>Net income (loss) attributable to SNC-Lavalin shareholders from continuing operations (IFRS)</b>	<b>29.2</b>	<b>0.17</b>	<b>(25.3)</b>	<b>(0.14)</b>
Restructuring and transformation costs	15.2		23.9	
Amortization of intangible assets related to business combinations	20.5		40.0	
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(0.9)		-	
Income taxes and non-controlling interests on adjustments above	(7.1)		(10.3)	
Total adjustments	27.6	0.16	53.6	0.31
<b>Adjusted net income attributable to SNC-Lavalin shareholders (non-IFRS)</b>	<b>56.8</b>	<b>0.32</b>	<b>28.3</b>	<b>0.16</b>
Segment adjusted EBIT from Capital	(16.4)		(18.4)	
Corporate selling, general and administrative expenses not allocated to the segments - Capital	7.0		7.0	
Net financial expenses from Capital	4.3		4.2	
Income taxes from Capital on adjustments above	2.0		0.5	
Total adjustments to exclude Capital	(3.1)	(0.02)	(6.6)	(0.04)
<b>Adjusted net income attributable to SNC-Lavalin shareholders from PS&amp;PM (non-IFRS)</b>	<b>53.8</b>	<b>0.31</b>	<b>21.7</b>	<b>0.12</b>

<sup>1</sup> Comparative figures have been re-presented as a result of an operation discontinued in 2020