Management's Discussion and Analysis

Third Quarter and First Nine Months of 2022 versus
Third Quarter and First Nine Months of 2021

November 3, 2022

All financial information in Canadian dollars, unless otherwise indicated

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November 3, 2022

Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of SNC-Lavalin Group Inc.'s business, the business strategy and performance, as well as how it manages risk and capital resources. It is intended to enhance the understanding of the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021 and accompanying notes, and should therefore **be read in conjunction with these documents, with the annual Management's Discussion and Analysis dated March 2, 2022 ("2021 Annual MD&A") and the annual financial statements and accompanying notes for the years ended December 31, 2021 and December 31, 2020 ("2021 Annual Financial Statements"), and should also be read together with the text below on forward-looking statements**. References in this MD&A to the "Company", "SNC-Lavalin", "we", "us" and "our" mean, 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. Unless otherwise specified, references herein to "Sections" are to Sections of this MD&A.

The Company's quarterly and annual financial information, its Annual Information Form, its Management Proxy Circular, other financial documents and additional information relating to the Company are available on both the Company's website at **www.snclavalin.com** and through SEDAR at **www.sedar.com**. SEDAR is the electronic system for the official filing of documents by public companies with the Canadian securities regulatory authorities. None of the information contained on, or connected to the SNC-Lavalin website is incorporated by reference or otherwise forms part of this MD&A.

Unless otherwise indicated, all financial information presented in this MD&A, including tabular amounts, is in **Canadian dollars** and is prepared in accordance with **International Financial Reporting Standards ("IFRS"). Certain totals, subtotals and percentages may not reconcile due to rounding. Not applicable ("N/A") is used to indicate that the percentage change between the current and prior year figures is not meaningful, or if the percentage change exceeds 1,000%.**

Non-IFRS Financial Measures and Ratios, Supplementary Financial Measures and Non-Financial Information

Certain indicators used by the Company to analyze and evaluate its results, which are listed in the table below, are non-IFRS financial measures or ratios, supplementary financial measures or non-financial information. Consequently, they do not have a standardized meaning as prescribed by 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 financial measures and ratios, and certain supplementary financial measures and non-financial information, 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 measures, ratios and non-financial information have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

NON-IFRS FINANCIAL MEASURES AND RATIOS, SUPPLEMENTARY FINANCIAL MEASURES AND NON-FINANCIAL INFORMATION

Performance

- Adjusted diluted earnings per share ("**Adjusted diluted EPS**")
- Adjusted earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**Adjusted EBITDA**")
- Adjusted EBITDA to revenue ratio (%)
- Adjusted net income (loss) attributable to SNC-Lavalin shareholders
- Booking-to-revenue ratio
- Earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**EBITDA**")
- Return on average shareholders' equity ("**ROASE**")
- Segment Adjusted EBITDA
- Segment Adjusted EBITDA to segment net revenue ratio (%)
- Segment net revenue

Liquidity

- Days Sales Outstanding ("**DSO**") for the Engineering Services segment
- Free cash flow (usage)
- Free cash flow (usage) to adjusted net income (loss) attributable to SNC-Lavalin shareholders ratio
- Net cash generated from (used for) operating activities on a line of business / segment basis
- Net limited recourse and recourse debt
- Net limited recourse and recourse debt to Adjusted EBITDA ratio
- Working capital
- Current ratio

Other

- Organic revenue
- Organic revenue growth (contraction)

Definitions of all non-IFRS financial measures and ratios, supplementary financial measures and non-financial information are provided in Section 9 to give the reader a better understanding of the indicators used by management. In addition, when applicable, the Company provides a quantitative reconciliation of the non-IFRS financial measures and ratios to the most directly comparable measure calculated in accordance with IFRS. Refer to Section 9 for references to the sections of this MD&A where these reconciliations are provided.

Changes in presentation

Segment Disclosures

Effective January 1, 2022, the Company implemented an operational realignment of the business to support the next phase of its transformation journey to growth. The new global market-facing structure is designed to best serve the evolving needs of the Company's clients, as well as support win-work efforts across its three core geographical markets (Canada, the United Kingdom and the United States), as a result of which the Company's reportable segments are now as follows: i) Engineering Services, bringing together EDPM, Mining and Metallurgy (previously with Resources), as well as Infrastructure Services (but excluding Operations & Maintenance ("O&M") and Linxon); ii) Nuclear; iii) O&M; iv) Linxon; v) LSTK Projects; and vi) Capital. Refer to Section 2 of this MD&A and Note 3 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021 for a description and further details of each of the segments.

This change was made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of prior periods figures.

Income statement

Effective January 1, 2022, the Company modified the presentation of its income statement by combining the line items "Corporate selling, general and administrative expenses" and "Loss (gain) arising on financial instruments at fair value through profit or loss" into the line item "Corporate selling, general and administrative expenses". Refer to Section 4.1.3.1 of this MD&A.

This change was made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of prior periods figures.

Forward-Looking Statements

Statements made in this MD&A 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", "forecasts", "goal", "intends", "likely", "may", "objective", "outlook", "plans", "projects", "should", "synergies", "target", "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, project- or contract-specific cost reforecasts and claims provisions, 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.

Forward-looking statements made in this MD&A are based on a number of assumptions believed by the Company to be reasonable on November 3, 2022. The assumptions are set out throughout the Company's 2021 Annual MD&A (particularly in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report Our Results"). 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 risks include, but are not limited to, matters relating to: (a) ongoing and additional impacts of the COVID-19 pandemic; (b) execution of the Company's "Pivoting to Growth Strategy" unveiled in September 2021; (c) fixed-price contracts or the Company's failure to meet contractual schedule, performance requirements or to execute projects efficiently; (d) remaining performance obligations; (e) contract awards and timing; (f) being a provider of services to government agencies; (g) international operations; (h) nuclear liability; (i) ownership interests in investments; (j) dependence on third parties; (k) supply chain disruptions; (l) joint ventures and partnerships; (m) information systems and data and compliance with privacy legislation; (n) competition; (o) professional liability or liability for faulty services; (p) monetary damages and penalties in connection with professional and engineering reports and opinions; (q) gaps in insurance coverage; (r) health and safety; (s) qualified personnel; (t) work stoppages, union negotiations and other labour matters; (u) extreme weather conditions and the impact of natural or other disasters and global health crises; (v) divestitures and the sale of significant assets; (w) intellectual property; (x) liquidity and financial position; (y) indebtedness; (z) impact of operating results and level of indebtedness on financial situation; (aa) security under the CDPQ Loan Agreement (as hereinafter defined); (bb) dependence on subsidiaries to help repay indebtedness; (cc) dividends; (dd) post-employment benefit obligations, including pension-related obligations; (ee) working capital requirements; (ff) collection from customers; (gg) impairment of goodwill and other assets; (hh) the impact on the Company of legal and regulatory proceedings, investigations and litigation settlements; (ii) further regulatory developments as well as employee, agent or partner misconduct or failure to comply with anti-corruption and other government laws and regulations; (jj) reputation of the Company; (kk) inherent limitations to the Company's control framework; (ll) environmental laws and regulations; (mm) global economic conditions; (nn) inflation; (oo) fluctuations in commodity prices; and (pp) income taxes.

The Company cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the sections “Risks and Uncertainties”, “How We Analyze and Report Our Results” and “Critical Accounting Judgments and Key Sources of Estimation Uncertainty” in the 2021 Annual MD&A and as updated in this MD&A.

The Company may, from time to time, make oral forward-looking statements. The Company advises that the above paragraphs and the risk factors described in this MD&A should be read for a description of certain factors that could cause the actual results of the Company to differ materially from those in the oral forward-looking statements. The forward-looking statements herein reflect the Company’s expectations as at November 3, 2022, the date on which the Company’s Board of Directors approved this document, and they are subject to change after this date. The Company does not undertake to update publicly or to revise any written or oral forward-looking information or statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

1 Our Business

Founded in 1911, SNC-Lavalin is a fully integrated professional services and project management company with offices around the world. SNC-Lavalin connects people, technology and data to design, deliver and operate the most complex projects. SNC-Lavalin deploys global capabilities locally to its clients and delivers unique end-to-end services across the whole life cycle of an asset, including consulting, advisory & environmental services, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, O&M, decommissioning and capital.

In certain parts of this MD&A, activities from Professional Services & Project Management are collectively referred to as “PS&PM” to distinguish them from “Capital” activities. PS&PM groups together five of the Company’s segments, namely Engineering Services, Nuclear, O&M, Linxon and LSTK Projects, while Capital is its own reportable segment and separate from PS&PM.

2 How We Analyze and Report Our Results

HOW WE REPORT OUR RESULTS

The Company presents its financial information consistent with the manner in which management evaluates performance by grouping its activities in six reportable segments, namely: (i) Engineering Services; (ii) Nuclear; (iii) O&M; (iv) Linxon; (v) LSTK Projects; and (vi) Capital.

In addition, the Company further reports certain results and provides certain financial information separately for (i) PS&PM activities across its lines of business, which is comprised of five of its six segments, namely Engineering Services, Nuclear, O&M, Linxon, LSTK Projects, and (ii) Capital.

PS&PM

What is reported in PS&PM includes contracts generating revenues derived mainly from consulting, advisory & environmental services, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, O&M, decommissioning and sustaining capital. It also includes revenues from lump-sum turnkey ("LSTK") construction contracts, for which the Company ceased bidding in July 2019, except for certain repetitive EPC offerings that are lower-risk, standardized solutions.

Engineering Services incorporates consultancy, engineering, design and project management services around the world, primarily for the transportation, building & places, defence, water, industrial & mining and power & renewables markets. A significant portion of Engineering Services revenues are derived from the public sector, including national, provincial, state and local and municipal authorities. The Engineering Services segment derives its revenues primarily from reimbursable and engineering services contracts.

Nuclear supports clients across the entire nuclear lifecycle with the full spectrum of services from consultancy, EPCM services, field services, technology services, spare parts, reactor support and decommissioning and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors. The Nuclear segment derives its revenues primarily from reimbursable and engineering services contracts.

O&M consists of providing operations, maintenance and asset management solutions for bridges, transit systems, highways, buildings and industrial plants including power plants, water supply and treatment systems and desalination plants, as well as postal services and ships. The O&M segment derived all its revenues from reimbursable and engineering services contracts.

Linxon offers engineering, procurement, management and construction services for execution of large, complex alternative current power substations including expansions and electrification, notably through repetitive EPC offerings in the following markets: Utilities, Renewable, Conventional Generation, Transportation and Data centers. The Linxon segment derives its revenues mainly from standardized EPC contracts.

Combined, the four segments described above are presented under the SNCL Services line of business.

LSTK Projects is comprised of the remaining lump-sum turnkey ("LSTK") construction contracts of the Company, notably mass transit projects in Canada and one mining & metallurgy project in the Middle East. This segment also includes the financial results of legacy warranty costs and claims from completed LSTK projects. In July 2019, the Company decided to cease bidding on new LSTK construction contracts. The LSTK Projects segment derives all its revenues from LSTK construction contracts.

Contracts that provide for engineering, procurement and construction management services are often referred to as "EPCM" contracts. Contracts that include engineering services, providing materials and providing or fabricating equipment, and construction activities are often referred to as "EPC" contracts.

While our contracts are negotiated using a variety of contracting options, PS&PM revenues are derived primarily from three major types of contracts: reimbursable and engineering services contracts, LSTK construction contracts, and standardized EPC contracts. PS&PM contracts can be found in the following segments and lines of business:

PS&PM Breakdown

	SNCL Services Line of Business				
	Engineering Services Segment	Nuclear Segment	O&M Segment	Linxon Segment	LSTK Projects Segment
Reimbursable and engineering services contracts	✓	✓	✓	✓	N/A
LSTK construction contracts	N/A	N/A [(1)]	N/A	N/A	✓
Standardized EPC contracts	✓	N/A	N/A	✓	N/A

(1) Nuclear includes one legacy LSTK construction contract.

The Company derives its PS&PM revenues from reimbursable and engineering services contracts (first nine months of 2022: 79%; first nine months of 2021: 78%), standardized EPC contracts (first nine months of 2022: 8%; first nine months of 2021: 8%) and LSTK construction contracts (first nine months of 2022: 13%; first nine months of 2021: 14%).

CAPITAL

Capital is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes SNC-Lavalin's 20% ownership interest in and management of SNC-Lavalin Infrastructure Partners LP.

Capital is involved in public-private partnerships. These arrangements allow for the transfer to the private sector of many of the risks associated with designing, building, operating, maintaining and financing such assets. In return, the client will either: i) commit to making regular payments, usually in the form of availability payments, upon the start of operations of the infrastructure for a defined period of time (typically 20 to 40 years); or ii) authorize the infrastructure concession entity to charge users of the infrastructure for a defined period of time; or iii) a combination of both.

All investments are structured to earn a return on capital adequate for the risk profile of each individual project. Capital investment revenues are generated mainly from dividends or distributions received by SNC-Lavalin from the investment concession entities or from all or a portion of an investment concession entity's revenues or net results, depending on the accounting method required by IFRS.

It is the Company's view that the aggregate fair value of its Capital investments is significantly higher than their net book value of $653.0 million as at September 30, 2022. The Company's remaining stake of 6.76% in 407 International Inc. ("Highway 407 ETR") represents the most significant portion of the total fair value of the Company's Capital investments portfolio.

As at September 30, 2022 and December 31, 2021, the net book value of Capital investments can be summarized as follows:

(IN MILLIONS $)	**SEPTEMBER 30 2022**	DECEMBER 31 2021
Highway 407 ETR [(1)]	**$ —**	$ —
Others [(2)]	**653.0**	620.0
Total	**$ 653.0**	$ 620.0

(1) The net book value is nil as the Company had previously stopped recognizing its share of the losses of Highway 407 ETR when the cumulative losses and dividends resulted in a negative balance for the Company's investment in Highway 407 ETR.

(2) The net book value as at December 31, 2021 included net assets from InPower BC General Partnership, which were classified as held for sale. Such investment was disposed of in the first quarter of 2022.

3 Third Quarter and First Nine Months of 2022 Executive Summary

3.1 EXECUTIVE SUMMARY – KEY FINANCIAL INDICATORS

FINANCIAL HIGHLIGHTS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021	**2022**	2021
Income Statements				
Revenues	**$ 1,889.4**	$ 1,808.8	**$ 5,649.0**	$ 5,426.3
Earnings before interest and taxes ("EBIT")	**72.9**	46.1	**151.5**	230.0
EBITDA [(1)]	**136.1**	112.6	**342.6**	428.0
Net income from continuing operations	**46.6**	19.8	**72.0**	120.8
Net income (loss) from discontinued operations	**(6.9)**	582.1	**(6.9)**	603.9
Net income	**39.7**	601.9	**65.1**	724.7
Diluted earnings per share from continuing operations ("Diluted EPS") (in $)	**0.25**	0.11	**0.40**	0.66
Revenues from PS&PM from continuing operations	**1,859.9**	1,781.4	**5,589.2**	5,357.4
Net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM	**29.5**	7.8	**45.6**	94.9
Adjusted net income attributable to SNC-Lavalin shareholders from PS&PM [(1)]	**52.1**	40.4	**145.3**	177.6
Diluted EPS from PS&PM (in $)	**0.17**	0.04	**0.26**	0.54
Adjusted diluted EPS from PS&PM (in $) [(1)]	**0.30**	0.23	**0.83**	1.01
EBIT from PS&PM (% of revenues from PS&PM)	**3.0%**	1.7%	**2.2%**	3.6%
Adjusted EBITDA from PS&PM (% of revenues from PS&PM) [(1)]	**6.8%**	6.5%	**6.6%**	8.0%
Financial Position & Cash Flows				
Cash and cash equivalents (2021 at December 31)			**$ 482.6**	$ 608.4
Limited recourse debt (2021 at December 31)			**400.0**	400.0
Recourse debt (2021 at December 31)			**1,581.3**	1,094.1
Net limited recourse and recourse debt to Adjusted EBITDA ratio[(1)] (2021 at December 31)			**3.3**	1.7
Net cash generated from (used for) operating activities			**(421.4)**	18.8
Free cash flow (usage) [(1)]			**(529.5)**	(91.3)
Additional Indicator				
Revenue backlog (at September 30)			**$ 12,362.0**	$ 12,757.1

(1) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

The Company's financial highlights reflect the following major items for the third quarter of 2022:

- Revenues for the third quarter of 2022 increased to $1,889.4 million compared to $1,808.8 million for the third quarter of 2021, mainly from Engineering Services and O&M, partially offset by lower revenues mainly from LSTK Projects and Linxon.
- Net income from continuing operations totaled $46.6 million for the third quarter of 2022, compared to $19.8 million for the third quarter of 2021, mainly reflecting lower corporate selling, general and administrative expenses and lower restructuring and transformation costs combined with a higher contribution from Engineering Services in the third quarter of 2022, partially offset by a higher loss from LSTK Projects.
- Adjustment on gain on disposal of Oil & Gas business after income taxes was negative $6.9 million recognized in net loss from discontinued operations in the third quarter of 2022 following the disposal of the Oil & Gas business in 2021, compared to net income from discontinued operations of $582.1 million for the third quarter of 2021 mainly due to the gain on disposal of such operations in 2021. The gain in the third

quarter of 2021 was mainly due to the reclassification to net income of the cumulative exchange differences on translating foreign operations upon disposal of such operations.

- Cash and cash equivalents of $482.6 million as at September 30, 2022, compared to cash and cash equivalents of $608.4 million as at December 31, 2021, mainly due to cash used for operating activities.
- Revenue backlog of $12.4 billion as at September 30, 2022, compared to revenue backlog of $12.6 billion as at December 31, 2021 and $12.8 billion as at September 30, 2021.

3.2 EXECUTIVE SUMMARY – OTHER ITEMS

COVID-19 PANDEMIC UPDATE

The Company continued to perform well in its SNCL Services activities in the first nine months of 2022 despite the impact of the COVID-19 pandemic. In the LSTK Projects segment, COVID-19 continued to have an impact on the Company's activities in the first nine months of 2022, notably from higher prices for goods and services, productivity impacts, limited availability of product and disruptions to supply chains.

Refer to the risk factor entitled "Ongoing and additional impacts of the COVID-19 pandemic" in Section 14 of the 2021 Annual MD&A for a more fulsome description of the various risks and uncertainties posed by COVID-19 to the Company and its business and financial affairs.

DISPOSAL OF INPOWER BC GENERAL PARTNERSHIP AND ITS RELATED HOLDING COMPANIES

On February 7, 2022, SNC-Lavalin announced that the Company completed the sale and transfer of its ownership interest in InPower BC General Partnership ("InPower BC G.P.") and its related holding companies to SNC-Lavalin Infrastructure Partners LP ("SNCL IP Partnership") in which the Company has a 20% ownership interest. This transaction resulted in a gain before income taxes of $4.3 million.

ADJUSTMENT TO GAIN ON DISPOSAL OF OIL & GAS BUSINESS

In the third quarter of 2022, SNC-Lavalin concluded, with the purchaser of its Oil & Gas business disposed of in 2021, on purchase price adjustments related to the consideration receivable, which resulted in a reduction of the gain on disposal of the Oil & Gas business of $7.5 million before income taxes ($6.9 million after income taxes) included in "Net income (loss) from discontinued operations" in the consolidated income statement.

AMENDMENTS TO THE CREDIT AGREEMENT

On May 16, 2022, the Company announced the signature of an agreement with its lenders to amend its credit agreement. Pursuant to the amended and restated agreement, the notional amount of the Company's revolving credit facility (the "Revolving Credit Facility") was reduced from $2,600 million to $2,000 million. The Company's Revolving Credit Facility will be further reduced to $1,800 million in April 2023. The notional amount of the unsecured non-revolving variable interest bearing term loan (the "Term Loan") remained unchanged, at $500 million. The maturity date of both the Revolving Credit Facility and the Term Loan (the "Credit Facilities") has been extended until May 2025.

The amendments also incorporated certain environmental, social and governance ("ESG") targets based on the achievement of reducing greenhouse gas emissions, as defined in the agreement, by 60% by 2025, using 2019 as a baseline year, and increasing diversity within the Company's workforce, focusing on achieving 25% of women representation in managerial and senior professional roles by 2025. If the Company achieves those targets, the overall borrowing costs under the Credit Facilities will decrease. If the Company fails to achieve its targets, the overall borrowing costs under the Credit Facilities will increase.

DPCP REMEDIATION AGREEMENT

On May 11, 2022, SNC-Lavalin announced the Quebec Superior Court's approval of a remediation agreement (the "Remediation Agreement") following negotiations between the Company and the Quebec Crown Prosecutor's Office ("DPCP"). In accordance with the Remediation Agreement, the Company will pay $29.6 million over three years regarding the charges laid against SNC-Lavalin Inc. and SNC-Lavalin International Inc. in connection with events concerning the Jacques Cartier Bridge Refurbishment project that occurred between 1997 and 2004.

On the same date, the Company announced the signing of an administrative agreement with Public Services and Procurement Canada ("PSPC") with regard to the same events mentioned above. This agreement allows the Company to continue to do business with the Government of Canada in accordance with its Integrity Regime originally adopted on July 3, 2015.

RUEDIGER CLASS ACTION DISMISSAL

On October 11, 2022, the Quebec Superior Court ruled dismissing the Ruediger Class Action Motion (as defined in Note 13 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021), as amended, on all grounds. The plaintiffs have 30 days from the date of judgement to appeal the ruling.

4 Financial Performance Analysis

4.1 INCOME STATEMENT

The financial information presented in the table below has been derived from the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021 prepared in accordance with IAS 34, *Interim Financial Reporting*, with the exception of the "Additional financial indicators from continuing operations" section below, which includes certain non-IFRS financial measures.

	THIRD QUARTERS				NINE MONTHS ENDED SEPTEMBER 30			
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)		**2022**		2021 (1)		**2022**		2021 (1)
Revenues	**$**	**1,889.4**	$	1,808.8	**$**	**5,649.0**	$	5,426.3
Segment Adjusted EBIT - Total	**$**	**133.5**	$	139.2	**$**	**362.2**	$	422.7
Corporate selling, general and administrative expenses	**$**	**31.9**	$	50.9	**$**	**95.9**	$	88.1
Restructuring and transformation costs		**8.8**		19.2		**29.0**		39.3
Amortization of intangible assets related to business combinations		**19.8**		22.3		**62.7**		66.1
Gain on disposal of a Capital investment		**—**		—		**(4.3)**		—
Loss on disposal of a PS&PM business		**—**		0.6		**—**		0.6
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell		**—**		—		**—**		(1.3)
DPCP Remediation Agreement expense		**—**		—		**27.4**		—
EBIT	**$**	**72.9**	$	46.1	**$**	**151.5**	$	230.0
Net financial expenses	**$**	**23.0**	$	26.3	**$**	**68.8**	$	83.5
Earnings before income taxes from continuing operations	**$**	**49.9**	$	19.8	**$**	**82.7**	$	146.6
Income tax expense	**$**	**3.3**	$	—	**$**	**10.7**	$	25.8
Net income from continuing operations	**$**	**46.6**	$	19.8	**$**	**72.0**	$	120.8
Net income (loss) from discontinued operations		**(6.9)**		582.1		**(6.9)**		603.9
Net income	**$**	**39.7**	$	601.9	**$**	**65.1**	$	724.7
Net income attributable to:								
SNC-Lavalin shareholders	**$**	**37.8**	$	600.7	**$**	**64.1**	$	719.4
Non-controlling interests		**1.9**		1.2		**1.0**		5.3
Net income	**$**	**39.7**	$	601.9	**$**	**65.1**	$	724.7
Earnings per share (in $):								
Basic	**$**	**0.22**	$	3.42	**$**	**0.37**	$	4.10
Diluted	**$**	**0.22**	$	3.42	**$**	**0.37**	$	4.10
Net income attributable to SNC-Lavalin shareholders from continuing operations:								
From PS&PM	**$**	**29.5**	$	7.8	**$**	**45.6**	$	94.9
From Capital		**15.2**		10.8		**25.4**		20.6
Net income attributable to SNC-Lavalin shareholders from continuing operations	**$**	**44.7**	$	18.6	**$**	**71.0**	$	115.5
Earnings per share from continuing operations (in $):								
Basic	**$**	**0.25**	$	0.11	**$**	**0.40**	$	0.66
Diluted:								
From PS&PM	**$**	**0.17**	$	0.04	**$**	**0.26**	$	0.54
From Capital		**0.09**		0.06		**0.14**		0.12
Diluted earnings per share from continuing operations	**$**	**0.25**	$	0.11	**$**	**0.40**	$	0.66
Additional financial indicators from continuing operations:								
Adjusted EBITDA from PS&PM (2)	**$**	**127.2**	$	115.8	**$**	**367.7**	$	428.9
Adjusted diluted EPS from PS&PM (in $) (2)	**$**	**0.30**	$	0.23	**$**	**0.83**	$	1.01

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).
(2) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

4.1.1 ANALYSIS OF REVENUES

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $)	**2022**	2021 [1]	**2022**	2021 [1]
Engineering Services	**$ 1,176.5**	$ 1,039.3	**$ 3,443.3**	$ 3,150.1
Nuclear	**219.2**	220.5	**672.3**	684.2
O&M	**124.3**	109.8	**365.6**	355.8
Linxon	**123.1**	148.9	**427.3**	424.1
SNCL Services - Total	**$ 1,643.0**	$ 1,518.5	**$ 4,908.5**	$ 4,614.3
LSTK Projects	**$ 216.9**	$ 263.0	**$ 680.7**	$ 743.2
PS&PM - Total	**$ 1,859.9**	$ 1,781.4	**$ 5,589.2**	$ 5,357.4
Capital	**$ 29.5**	$ 27.4	**$ 59.8**	$ 68.9
Total	**$ 1,889.4**	$ 1,808.8	**$ 5,649.0**	$ 5,426.3

[1] Comparative figures have been restated (Refer to Section 8 of this MD&A).

Revenues in the third quarter of 2022 increased compared to the third quarter of 2021, mainly from Engineering Services and O&M, partially offset by lower revenues mainly from LSTK Projects and Linxon.

Revenues for the first nine months of 2022 increased compared to the first nine months of 2021, mainly from Engineering Services, partially offset by lower revenues mainly from LSTK Projects.

Further explanations on revenues are provided for each segment at Section 4.1.4.

In addition, information on revenues by geographic area and by type of contracts is provided in Note 3 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021.

4.1.2 ANALYSIS OF CONSOLIDATED NET INCOME, EBIT AND EBITDA

4.1.2.1 NET INCOME (LOSS) FROM CONTINUING OPERATIONS ANALYSIS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $)	**2022**	2021	**2022**	2021
Net income attributable to SNC-Lavalin shareholders from continuing operations:				
From PS&PM	**$ 29.5**	$ 7.8	**$ 45.6**	$ 94.9
From Capital	**15.2**	10.8	**25.4**	20.6
Net income attributable to SNC-Lavalin shareholders from continuing operations	**$ 44.7**	$ 18.6	**$ 71.0**	$ 115.5
Non-controlling interests	**1.9**	1.2	**1.0**	5.3
Net income from continuing operations	**$ 46.6**	$ 19.8	**$ 72.0**	$ 120.8

NET INCOME FROM PS&PM

Net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM was $29.5 million in the third quarter of 2022, compared to net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM of $7.8 million in the third quarter of 2021. The increase was mainly due to lower corporate selling, general and administrative expenses and lower restructuring and transformation costs combined with a higher contribution from Engineering Services, partially offset by a higher loss from LSTK Projects in the third quarter of 2022 compared to the corresponding period of 2021.

Net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM was $45.6 million for the first nine months of 2022, compared to net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM of $94.9 million for the first nine months of 2021. The decrease was mainly due to a higher loss from LSTK Projects and a lower contribution from Linxon for the first nine months of 2022, combined with a $27.4 million DPCP Remediation Agreement expense recognized in the second quarter of 2022, partially offset by lower income tax expense and lower restructuring and transformation costs for the first nine months of 2022 compared to the corresponding period of 2021.

NET INCOME FROM CAPITAL

Net income attributable to SNC-Lavalin shareholders from continuing operations from Capital amounted to $15.2 million in the third quarter of 2022, compared to net income attributable to SNC-Lavalin shareholders from continuing operations from Capital of $10.8 million in the third quarter of 2021. The increase was mainly due to dividend received from Highway 407 ETR in the third quarter of 2022 compared to nil in the comparative period in 2021, partially offset by the decreased contribution from InPower BC G.P. since its disposal to SNCL IP Partnership in February 2022 and lower contributions from certain other investments.

Net income attributable to SNC-Lavalin shareholders from continuing operations from Capital amounted to $25.4 million for the first nine months of 2022, compared to net income attributable to SNC-Lavalin shareholders from continuing operations from Capital of $20.6 million for the first nine months of 2021. The increase was mainly due to dividend received from Highway 407 ETR in the first nine months of 2022 compared to nil in the first nine months of 2021, a $4.4 million gain after income taxes from the disposal of InPower BC G.P., partially offset by the decreased contribution from this investment since its disposal in February 2022, combined with lower contributions from certain other investments.

4.1.2.2 NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

Net loss from discontinued operations was $6.9 million in the third quarter of 2022, compared to net income of $582.1 million from discontinued operations in the third quarter of 2021. **Net loss from discontinued operations was $6.9 million for the first nine months of 2022**, compared to net income of $603.9 million from discontinued operations for the first nine months of 2021, which was mainly due to the reclassification to net income of the cumulative exchange differences on translating foreign operations upon disposal of such operations.

The table below presents the main components of net income (loss) from discontinued operations for the third quarters and the first nine months of 2022 and 2021:

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	**2022**	2021
Contribution from discontinued operations, before items listed below	**$ —**	$ (3.9)	**$ —**	$ (29.5)
Restructuring costs	**—**	4.1	**—**	(3.5)
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	**—**	—	**—**	4.9
Gain or adjustment on gain on disposal of Oil & Gas business before income taxes	**(7.5)**	573.0	**(7.5)**	573.0
Net financial income (expenses)	**—**	(0.5)	**—**	2.1
Income tax recovery	**0.6**	9.3	**0.6**	56.9
Net income (loss) from discontinued operations	**$ (6.9)**	$ 582.1	**$ (6.9)**	$ 603.9

Net loss from discontinued operations was $6.9 million in the third quarter and the first nine months of 2022 due to an adjustment on gain on disposal of Oil & Gas business (Refer to Note 15A to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021).

Net income from discontinued operations was $582.1 million in the third quarter of 2021, mainly due to the gain on disposal of such operations in 2021. The gain on disposal in 2021 was mainly due to the reclassification to net income of the cumulative exchange differences on translating foreign operations upon disposal of such operations.

Net income from discontinued operations was $603.9 million for the first nine months of 2021, mainly due to the same reasons stated above and the fact that, in the first nine months of 2021, the overall contribution was positively impacted by the favourable outcome from a claim on a legacy LSTK construction project, which was more than offset by unfavourable reforecasts on certain projects.

The income tax recovery of $9.3 million for the third quarter of 2021 mainly results from revised estimates on the income tax liabilities related to the discontinued operations.

The income tax recovery of $56.9 million for first nine months of 2021 mainly results from the same reason stated above.

4.1.2.3 CONSOLIDATED EBIT, EBITDA AND ADJUSTED EBITDA ANALYSIS

EBITDA is a non-IFRS financial measure. EBITDA is defined and reconciled to net income from continuing operations in Section 9.

In the third quarter of 2022, EBIT was $72.9 million, compared to $46.1 million in the third quarter of 2021. The increase in EBIT was primarily due to lower corporate selling, general and administrative expenses and restructuring and transformation costs, combined with a higher contribution from Engineering Services, partially offset by a higher loss from LSTK Projects.

For the first nine months of 2022, EBIT was $151.5 million, compared to $230.0 million for the first nine months of 2021. The decrease in EBIT was primarily due to a higher loss from LSTK Projects and a lower contribution from Linxon for the first nine months of 2022, combined with a $27.4 million DPCP Remediation Agreement expense recognized in the second quarter of 2022, partially offset by lower restructuring and transformation costs. EBIT also included, for the first nine months of 2022, a $4.3 million gain before income taxes from the disposal of InPower BC G.P.

EBITDA was $136.1 million in the third quarter of 2022, compared to $112.6 million in the third quarter of 2021, mainly due to the factors described above for EBIT. **Adjusted EBITDA**, a non-IFRS measure described at Section 9.1, **amounted to $144.9 million in the third quarter of 2022**, compared to $132.4 million in the third quarter of 2021. When excluding results from Capital, **Adjusted EBITDA from PS&PM**, also a non-IFRS measure described at Section 9.1 (within the definition of Adjusted EBITDA), **amounted to $127.2 million in the third quarter of 2022**, compared to $115.8 million in the third quarter of 2021.

EBITDA was $342.6 million for the first nine months of 2022, compared to $428.0 million for the first nine months of 2021, with the decrease being mainly explained by the same factors described above for EBIT. **Adjusted EBITDA**, a non-IFRS measure described at Section 9.1, **amounted to $394.7 million for the first nine months of 2022**, compared to $466.5 million for the first nine months of 2021. When excluding results from Capital, **Adjusted EBITDA from PS&PM**, also a non-IFRS measure described at Section 9.1 (within the definition of Adjusted EBITDA), **amounted to $367.7 million for the first nine months of 2022**, compared to $428.9 million for the first nine months of 2021.

4.1.3 ANALYSIS OF OTHER LINE ITEMS IN THE INCOME STATEMENT

4.1.3.1 CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ANALYSIS

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022						2021 (1)					
	FROM PS&PM		FROM CAPITAL		TOTAL		FROM PS&PM		FROM CAPITAL		TOTAL	
Corporate selling, general and administrative expenses before loss (gain) arising on financial instruments at fair value through profit or loss	**$**	**25.3**	**$**	**7.0**	**$**	**32.4**	$	45.2	$	7.0	$	52.2
Gain arising on financial instruments at fair value through profit or loss		**(0.5)**		**—**		**(0.5)**		(1.3)		—		(1.3)
Corporate selling, general and administrative expenses	**$**	**24.8**	**$**	**7.0**	**$**	**31.9**	$	43.8	$	7.0	$	50.9

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022						2021 (1)					
	FROM PS&PM		FROM CAPITAL		TOTAL		FROM PS&PM		FROM CAPITAL		TOTAL	
Corporate selling, general and administrative expenses before loss (gain) arising on financial instruments at fair value through profit or loss	**$**	**71.7**	**$**	**21.1**	**$**	**92.9**	$	74.0	$	21.1	$	95.2
Loss (gain) arising on financial instruments at fair value through profit or loss		**3.1**		**—**		**3.1**		(7.1)		—		(7.1)
Corporate selling, general and administrative expenses	**$**	**74.8**	**$**	**21.1**	**$**	**95.9**	$	66.9	$	21.1	$	88.1

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

Corporate selling, general and administrative expenses before loss (gain) arising on financial instruments at fair value through profit or loss totaled $32.4 million in the third quarter of 2022, compared to $52.2 million in the third quarter of 2021, mainly reflecting revised estimates on certain long-term employee incentives in the third quarter of 2021.

Corporate selling, general and administrative expenses before loss (gain) arising on financial instruments at fair value through profit or loss totaled $92.9 million for the first nine months of 2022, in line with $95.2 million in the first nine months of 2021.

The gain arising on financial instruments at fair value through profit or loss amounted to $0.5 million in the third quarter of 2022 (third quarter of 2021: a gain of $1.3 million). **The loss arising on financial instruments at fair value through profit or loss amounted to $3.1 million for the first nine months of 2022** (first nine months of 2021: a gain of $7.1 million).

4.1.3.2 RESTRUCTURING AND TRANSFORMATION COSTS

	THIRD QUARTERS				NINE MONTHS ENDED SEPTEMBER 30			
(IN MILLIONS $)		**2022**		2021		**2022**		2021
Restructuring costs	**$**	**1.2**	$	13.0	**$**	**5.5**	$	25.3
Transformation costs		**7.6**		6.2		**23.5**		14.0
Restructuring and transformation costs	**$**	**8.8**	$	19.2	**$**	**29.0**	$	39.3

The Company incurred $8.8 million of restructuring and transformation costs in the third quarter of 2022 (third quarter of 2021: $19.2 million) **and $29.0 million for the first nine months of 2022** (first nine months of 2021: $39.3 million), reflecting a decrease in restructuring costs, partially offset by an increase in costs incurred for transformation initiatives.

4.1.3.3 AMORTIZATION OF INTANGIBLE ASSETS RELATED TO BUSINESS COMBINATIONS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $)	**2022**	2021	**2022**	2021
Amortization of intangible assets related to business combinations	**$ 19.8**	$ 22.3	**$ 62.7**	$ 66.1

Amortization of intangible assets related to business combinations amounted to $19.8 million in the third quarter of 2022 (third quarter of 2021: $22.3 million) **and $62.7 million for the first nine months of 2022** (first nine months of 2021: $66.1 million) both mainly attributable to the amortization expense of intangible assets related to Atkins, which was acquired in 2017.

4.1.3.4 GAIN ON DISPOSAL OF A CAPITAL INVESTMENT

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $)	**2022**	2021	**2022**	2021
Gain on disposal of a Capital investment	**$ —**	$ —	**$ 4.3**	$ —

The gain on disposal of a Capital investment amounted to $4.3 million for the first nine months of 2022 related to the disposal of InPower BC G.P. (refer to Note 5A to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021).

4.1.3.5 DPCP REMEDIATION AGREEMENT EXPENSE

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $)	**2022**	2021	**2022**	2021
DPCP Remediation Agreement expense	**$ —**	$ —	**$ 27.4**	$ —

The $27.4 million DPCP Remediation Agreement expense for the first nine months of 2022 represents the net present value of the installments payable over three years agreed as part of the DPCP Remediation Agreement (refer to Note 13 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021).

4.1.3.7 NET FINANCIAL EXPENSES

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Financial income	**$ (2.0)**	**$ —**	**$ (2.0)**	$ (0.6)	$ (0.2)	$ (0.7)
Interest on debt:						
Recourse	**17.8**	**—**	**17.8**	8.7	—	8.7
Limited recourse	**6.7**	**—**	**6.7**	4.0	—	4.0
Non-recourse	**1.1**	**1.1**	**2.2**	1.0	4.2	5.2
Net foreign exchange gains	**(6.4)**	**—**	**(6.4)**	(2.0)	(0.1)	(2.1)
Interest on lease liabilities	**3.2**	**—**	**3.2**	4.3	—	4.3
Other	**1.6**	**0.1**	**1.6**	6.9	—	6.9
Net financial expenses	**$ 21.9**	**$ 1.1**	**$ 23.0**	$ 22.3	$ 4.0	$ 26.3

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Financial income	**$ (5.1)**	**$ (0.1)**	**$ (5.2)**	$ (3.3)	$ (0.2)	$ (3.5)
Interest on debt:						
Recourse	**39.7**	**—**	**39.7**	25.8	—	25.8
Limited recourse	**14.5**	**—**	**14.5**	11.9	—	11.9
Non-recourse	**2.7**	**3.0**	**5.7**	2.8	12.5	15.4
Net foreign exchange losses (gains)	**(10.6)**	**—**	**(10.6)**	1.1	(0.1)	1.0
Interest on lease liabilities	**12.2**	**—**	**12.2**	13.5	0.1	13.6
Other	**12.5**	**(0.1)**	**12.5**	19.2	0.1	19.4
Net financial expenses	**$ 65.9**	**$ 2.9**	**$ 68.8**	$ 71.0	$ 12.5	$ 83.5

Net financial expenses from PS&PM were $21.9 million in the third quarter of 2022 compared to $22.3 million in the third quarter of 2021, mainly due to the higher level of net foreign exchange gains, combined with lower other financial charges, partially offset by a higher level of interest expense on debt. **Net financial expenses from PS&PM amounted to $65.9 million for the first nine months of 2022,** compared to $71.0 million for the first nine months of 2021, mainly due to net foreign exchange gains in 2022 compared to net foreign exchange losses in 2021, combined with lower other financial charges, partially offset by a higher level of interest expense on debt.

Net financial expenses from Capital were $1.1 million in the third quarter of 2022, compared to $4.0 million in the third quarter of 2021, mainly due to lower level of interest expense resulting from the disposal of InPower BC G.P. in February 2022. **Net financial expenses from Capital were $2.9 million for the first nine months of 2022**, compared to $12.5 million for the first nine months of 2021, mainly due to the same reason stated above.

4.1.3.8 INCOME TAXES ANALYSIS

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Earnings from continuing operations before income taxes	**$ 33.2**	**$ 16.7**	**$ 49.9**	$ 7.3	$ 12.5	$ 19.8
Income tax expense (recovery)	**$ 1.8**	**$ 1.5**	**$ 3.3**	$ (1.7)	$ 1.7	$ —
Effective income tax rate (%)	**5.4%**	**8.9%**	**6.6%**	(23.0)%	13.7%	0.2%

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Earnings from continuing operations before income taxes	**$ 54.3**	**$ 28.4**	**$ 82.7**	$ 121.5	$ 25.1	$ 146.6
Income tax expense	**$ 7.7**	**$ 3.0**	**$ 10.7**	$ 21.3	$ 4.5	$ 25.8
Effective income tax rate (%)	**14.2%**	**10.7%**	**13.0%**	17.5%	18.0%	17.6%

In the third quarter of 2022, the Company reported an income tax expense of $3.3 million, compared to an income tax expense of nil in the third quarter of 2021.

In the third quarter of 2022, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.3%, mainly due to the geographic mix of earnings and other permanent items.

In the third quarter of 2021, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.2%, mainly due to net income not affected by tax, partially offset by the geographic mix of earnings and other permanent items.

The effective income tax rate from Capital was lower than the Canadian statutory income tax rate of 26.3% in the third quarter of 2022, mainly due to the non-taxable portion of investment income (including dividend from Highway 407 ETR).

In the third quarter of 2021, the effective income tax rate from Capital was lower than the Canadian statutory income tax rate of 26.2%, mainly due to the non-taxable portion of investment income.

For the first nine months of 2022, the Company reported an income tax expense of $10.7 million, compared to an income tax expense of $25.8 million for the first nine months of 2021.

For the first nine months of 2022, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.3%, mainly due to the geographic mix of earnings and revised estimates on certain income tax liabilities, partially offset by the non-tax deductible DPCP Remediation Agreement expense and other permanent items.

For the first nine months of 2021, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.2%, mainly due to net income not affected by tax, revised estimates on certain income tax liabilities and the geographic mix of earnings, partially offset by adjustments to deferred income tax balances attributable to changes in tax rates and laws and other permanent items.

The effective income tax rate from Capital was lower than the Canadian statutory income tax rate of 26.3% for the first nine months of 2022, mainly due to the non-taxable portion of investment income (including dividend from Highway 407 ETR) and of the gain on disposal of InPower BC G.P.

For the first nine months of 2021, the effective income tax rate from Capital was lower than the Canadian statutory income tax rate of 26.2%, mainly due to the non-taxable portion of investment income, partially offset by a tax liability on the distribution from a Capital investment.

4.1.4 ANALYSIS OF SEGMENT RESULTS AND PERFORMANCE

4.1.4.1 ENGINEERING SERVICES

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021 (1)	**2022**	2021 (1)
Revenues from Engineering Services	**$ 1,176.5**	$ 1,039.3	**$ 3,443.3**	$ 3,150.1
Segment Adjusted EBIT from Engineering Services	**$ 97.9**	$ 93.0	**$ 278.5**	$ 274.4
Segment Adjusted EBIT to revenues ratio from Engineering Services (%)	**8.3%**	8.9%	**8.1 %**	8.7%
Additional information				
Segment Adjusted EBITDA from Engineering Services (2)	**$ 127.5**	$ 122.5	**$ 368.2**	$ 367.1
Segment Adjusted EBITDA to segment net revenue from Engineering Services ratio (%) (2)	**14.5%**	16.1%	**14.2%**	15.5%
Backlog (as at September 30)	**$ 4,622.9**	$ 3,843.2	**$ 4,622.9**	$ 3,843.2
Booking-to-revenue ratio (%) (2)	**140%**	109%	**125%**	110%

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

(2) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

Engineering Services revenues were $1,176.5 million in the third quarter of 2022, compared to $1,039.3 million in the third quarter of 2021, a 13.2% increase. This increase was driven primarily by strong volume growth year-over-year in the segment's core markets in the United Kingdom, Canada and the United States as well as increased volumes in the Middle East and in mining and metallurgy, partially offset by the unfavourable impact from the change in foreign exchange rates year-over-year mainly due to a weaker British pound compared to the Canadian dollar. Excluding the effect of foreign currency changes, Engineering Services organic revenue growth (a non-IFRS financial measure described at Section 9) was 18.3% when compared to the same period in 2021.

Engineering Services revenues were $3,443.3 million for the first nine months of 2022, compared to $3,150.1 million for the first nine months of 2021, a 9.3% increase. This increase was driven primarily by the same reasons stated above. Excluding the effect of foreign currency changes, Engineering Services organic revenue growth (a non-IFRS financial measure described at Section 9) was 12.1% when compared to the same period in 2021. Backlog was $4,622.9 million as at September 30, 2022, compared to $3,843.2 million as at September 30, 2021, a 20.3% increase, with a strong increase in the United States.

Segment Adjusted EBIT from Engineering Services was $97.9 million (Segment Adjusted EBITDA of $127.5 million) in the third quarter of 2022, in line with a Segment Adjusted EBIT of $93.0 million (Segment Adjusted EBITDA of $122.5 million) in the third quarter of 2021. The Segment Adjusted EBIT for the third quarter of 2022 included steady performance in the United Kingdom and progress on major projects in Canada. The Segment Adjusted EBIT for the prior year comparative period included the successful arbitration outcome on a previously completed project in the Middle East.

Segment Adjusted EBIT from Engineering Services was $278.5 million (Segment Adjusted EBITDA of $368.2 million) for the first nine months of 2022, in line with a Segment Adjusted EBIT of $274.4 million (Segment Adjusted EBITDA of $367.1 million) for the first nine months of 2021. The Segment Adjusted EBIT for 2022 reflected increased bidding and business development expenses as the business positions itself to take advantage of a strong pipeline of potential prospects which is resulting in a strong backlog position, as well as continued strong year on year performance in the United Kingdom and progress on major projects in Canada. The Segment Adjusted EBIT for the prior year comparative period included the favourable impact of settling a number of project final accounts.

Segment Adjusted EBITDA to segment net revenue from Engineering Services ratio was 14.5% in the third quarter of 2022, compared to 16.1% in the third quarter of 2021. **Segment Adjusted EBITDA to segment net revenue from Engineering Services ratio was 14.2% for the first nine months of 2022**, compared to 15.5% for the first nine months of 2021, mainly due to increased segment net revenue. Refer to Section 9.4.7 for the calculation of this ratio.

It should be noted that Segment Adjusted EBIT and Segment Adjusted EBITDA are presented before restructuring expenses, of which $1.1 million in the third quarter of 2022 (third quarter of 2021: $1.4 million) and $3.0 million for the first nine months of 2022 ($11.1 million for the first nine months of 2021) were incurred in connection with the Engineering Services segment.

OTHER KEY PERFORMANCE INDICATOR

AS AT (IN NUMBER OF DAYS)	**SEPTEMBER 30, 2022**	SEPTEMBER 30, 2021 [(1)]
DSO for the Engineering Services segment [(2)]	**65 days**	59 days

[(1)] Comparative figures have been restated (Refer to Section 8 of this MD&A).

[(2)] DSO is a supplementary financial measure. Please refer to Section 9 for further information on this measure.

Engineering Services segment's DSO stood at 65 days as at September 30, 2022 as compared to 59 days as at September 30, 2021.

4.1.4.2 NUCLEAR

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021	**2022**	2021
Revenues from Nuclear	**$ 219.2**	$ 220.5	**$ 672.3**	$ 684.2
Segment Adjusted EBIT from Nuclear	**$ 36.6**	$ 36.0	**$ 103.4**	$ 101.1
Segment Adjusted EBIT to revenues ratio from Nuclear (%)	**16.7%**	16.3%	**15.4 %**	14.8%
Additional information				
Segment Adjusted EBITDA from Nuclear [(1)]	**$ 40.0**	$ 39.6	**$ 114.0**	$ 112.9
Backlog (as at September 30)	**$ 859.0**	$ 802.5	**$ 859.0**	$ 802.5
Booking-to-revenue ratio (%) [(1)]	**123%**	87%	**104%**	87%

[(1)] Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

Nuclear revenues amounted to $219.2 million in the third quarter of 2022, compared to $220.5 million in the third quarter of 2021, a 0.6% decrease. Excluding the effect of foreign currency changes, Nuclear organic revenue growth (a non-IFRS financial measure described at Section 9) was 1.5% when compared to the same period in 2021.

Nuclear revenues amounted to $672.3 million for the first nine months of 2022, compared to $684.2 million for the first nine months of 2021, a 1.7% decrease. This was primarily due to lower volumes in the Unites States and Canada resulting mainly from a decreased level of activity on certain major projects, partially offset by higher volumes from Europe. Excluding the effect of foreign currency changes, Nuclear organic revenue (a non-IFRS financial measure described at Section 9) was slightly lower by 0.7% compared to the same period in 2021.

In the third quarter of 2022, Segment Adjusted EBIT from Nuclear was $36.6 million (Segment Adjusted EBITDA of $40.0 million), compared to $36.0 million (Segment Adjusted EBITDA of $39.6 million) in the third quarter of 2021, as the decrease in profitability mainly from the lower contribution from certain ongoing projects in the third quarter of 2022 was offset mainly by the favourable outcome from a revised decommissioning arrangement in the same period.

For the first nine months of 2022, Segment Adjusted EBIT from Nuclear increased to $103.4 million (Segment Adjusted EBITDA of $114.0 million), compared to $101.1 million (Segment Adjusted EBITDA of $112.9 million) for the first nine months of 2021, mainly due to higher contributions from Canada and Europe, partially offset by a lower contribution from the United States.

It should be noted that Segment Adjusted EBIT and Segment Adjusted EBITDA are presented before restructuring expenses, which were nil in 2022 ($5.7 million in third quarter of 2021 and $6.6 million for the first nine months of 2021 were incurred in connection with the Nuclear segment).

4.1.4.3 O&M

(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	THIRD QUARTERS 2022	THIRD QUARTERS 2021 (1)	NINE MONTHS ENDED SEPTEMBER 30 2022	NINE MONTHS ENDED SEPTEMBER 30 2021 (1)
Revenues from O&M	**$ 124.3**	$ 109.8	**$ 365.6**	$ 355.8
Segment Adjusted EBIT from O&M	**$ 15.8**	$ 17.3	**$ 38.9**	$ 43.1
Segment Adjusted EBIT to revenues ratio from O&M (%)	**12.7%**	15.8%	**10.6%**	12.1%
Additional information				
Segment Adjusted EBITDA from O&M (2)	**$ 14.8**	$ 17.9	**$ 40.7**	$ 44.9
Backlog (as at September 30)	**$ 5,418.0**	$ 5,783.0	**$ 5,418.0**	$ 5,783.0
Booking-to-revenue ratio (%) (2)	**21%**	39%	**21%**	109%

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

(2) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

O&M revenues were $124.3 million in the third quarter of 2022, compared to $109.8 million in the third quarter of 2021, a 13.2% increase. This was mainly due to higher additional services on existing contracts. Excluding the effect of foreign currency changes, O&M organic revenue growth (a non-IFRS financial measure described at Section 9) was 12.2% when compared to the same period in 2021.

O&M revenues were $365.6 million for the first nine months of 2022, compared to $355.8 million for the first nine months of 2021, a 2.8% increase. This was mainly due to a higher level of additional services on existing contracts in the first nine months of 2022 compared to the corresponding period of 2021. Excluding the effect of foreign currency changes, O&M organic revenue growth (a non-IFRS financial measure described at Section 9) was 2.1% when compared to the same period in 2021.

In the third quarter of 2022, Segment Adjusted EBIT from O&M was $15.8 million (Segment Adjusted EBITDA of $14.8 million), compared to a Segment Adjusted EBIT of $17.3 million (Segment Adjusted EBITDA of $17.9 million) in the third quarter of 2021, mainly due to increased bidding expenses in the third quarter of 2022 compared to the third quarter of 2021.

For the first nine months of 2022, Segment Adjusted EBIT from O&M was $38.9 million (Segment Adjusted EBITDA of $40.7 million), compared to a Segment Adjusted EBIT of $43.1 million (Segment Adjusted EBITDA of $44.9 million) for the first nine months of 2021, mainly due to the same reason stated above.

4.1.4.4 LINXON

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021 (1)	**2022**	2021 (1)
Revenues from Linxon	**$ 123.1**	$ 148.9	**$ 427.3**	$ 424.1
Segment Adjusted EBIT from Linxon	**$ 2.3**	$ 1.6	**$ 4.4**	$ 15.0
Segment Adjusted EBIT to revenues ratio from Linxon (%)	**1.9%**	1.1%	**1.0%**	3.5%
Additional information				
Segment Adjusted EBITDA from Linxon (2)	**$ 3.2**	$ 2.4	**$ 7.4**	$ 18.1
Segment Adjusted EBITDA to segment net revenue from Linxon ratio (%) (2)	**3.2%**	1.9%	**2.1%**	5.1%
Backlog (as at September 30)	**$ 763.8**	$ 1,018.1	**$ 763.8**	$ 1,018.1
Booking-to-revenue ratio (%) (2)	**52%**	83%	**51%**	100%

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

(2) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

Linxon revenues were $123.1 million in the third quarter of 2022, compared to $148.9 million in the third quarter of 2021, a 17.3% decrease. The decrease was mainly due to delays in supply chain activities and a lower level of activity in the Middle East and Europe, partially offset by an increased level of activity in the United States. Excluding the effect of foreign currency changes, Linxon organic revenue contraction (a non-IFRS financial measure described at Section 9) was 11.1% when compared to the same period in 2021.

Linxon revenues were $427.3 million for the first nine months of 2022, compared to $424.1 million for the first nine months of 2021, a 0.7% increase. Excluding the effect of foreign currency changes, Linxon organic revenue growth (a non-IFRS financial measure described at Section 9) was 7.4% when compared to the same period in 2021.

In the third quarter of 2022, Segment Adjusted EBIT from Linxon increased to $2.3 million (Segment Adjusted EBITDA of $3.2 million), compared to a Segment Adjusted EBIT of $1.6 million (Segment Adjusted EBITDA of $2.4 million) in the third quarter of 2021, resulting mainly from unfavourable reforecasts on certain projects in the third quarter of 2021.

For the first nine months of 2022, Segment Adjusted EBIT from Linxon decreased to $4.4 million (Segment Adjusted EBITDA of $7.4 million), compared to a Segment Adjusted EBIT of $15.0 million (Segment Adjusted EBITDA of $18.1 million) for the first nine months of 2021, resulting mainly from project delays and higher costs on a European project installation in the first nine months of 2022, partially offset by higher contributions from projects in the Middle East and the United States.

Segment Adjusted EBITDA to segment net revenue from Linxon ratio was 3.2% in the third quarter of 2022, compared to 1.9% in the third quarter of 2021, mainly due to decreased segment net revenue combined with a higher level of Segment Adjusted EBITDA. Refer to Section 9.4.7 for the calculation of this ratio.

Segment Adjusted EBITDA to segment net revenue from Linxon ratio was 2.1% for the first nine months of 2022, compared to 5.1% for the first nine months of 2021, mainly due to increased segment net revenue combined with a lower level of Segment Adjusted EBITDA. Refer to Section 9.4.7 for the calculation of this ratio.

4.1.4.5 LSTK PROJECTS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021 (1)	**2022**	2021 (1)
Revenues from LSTK Projects	**$ 216.9**	$ 263.0	**$ 680.7**	$ 743.2
Segment Adjusted EBIT from LSTK Projects	**$ (43.9)**	$ (32.4)	**$ (111.1)**	$ (69.6)
Segment Adjusted EBIT to revenues ratio from LSTK Projects (%)	**(20.3)%**	(12.3)%	**(16.3)%**	(9.4)%
Additional information				
Segment Adjusted EBITDA from LSTK Projects (2)	**$ (34.9)**	$ (25.0)	**$ (91.5)**	$ (51.2)
Backlog (as at September 30)	**$ 663.9**	$ 1,158.4	**$ 663.9**	$ 1,158.4

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

(2) Non-IFRS financial measure or ratio or supplementary financial measure. Please refer to Section 9 for further information on these measures and for the reference to the reconciliation of these financial measures to the most directly comparable measure specified under IFRS, when applicable.

LSTK Projects revenues were $216.9 million in the third quarter of 2022, compared to $263.0 million in the third quarter of 2021. **LSTK Projects revenues were $680.7 million for the first nine months of 2022**, compared to $743.2 million for the first nine months of 2021, as the LSTK projects backlog continued to reduce.

In the third quarter of 2022, Segment Adjusted EBIT from LSTK Projects was negative $43.9 million (negative Segment Adjusted EBITDA of $34.9 million), compared to a negative Segment Adjusted EBIT of $32.4 million (negative Segment Adjusted EBITDA of $25.0 million) in the third quarter of 2021. The negative Segment Adjusted EBIT in the third quarter of 2022 was mainly due to unfavourable cost reforecasts. The LSTK Projects segment continued to be affected by labour strikes in the Province of Ontario, labour shortages and supply chain disruptions causing project productivity losses, delays, and cost increases. In addition, significant increases in inflation from macro-economic factors impacted direct labour, materials and other costs across projects.

The negative Segment Adjusted EBIT for the third quarter of 2021 was mainly due to a reduction in gross margin, as the third quarter of 2021 included costs in closing out certain projects nearing completion and the impacts of COVID-19 on productivity and supply chain costs.

For the first nine months of 2022, Segment Adjusted EBIT from LSTK Projects was negative $111.1 million (negative Segment Adjusted EBITDA of $91.5 million), compared to a negative Segment Adjusted EBIT of $69.6 million (negative Segment Adjusted EBITDA of $51.2 million) for the first nine months of 2021. The negative Segment Adjusted EBIT for the first nine months of 2022 was mainly due to the same reasons stated above, as well as the productivity impacts of the COVID-19 Omicron variant in the early part of the year.

The negative Segment Adjusted EBIT for the first nine months of 2021 was mainly due to a reduction in gross margin, as the first nine months of 2021 included costs in closing out certain projects nearing completion and the impacts of COVID-19 on productivity and supply chain costs.

4.1.4.6 CAPITAL

(IN MILLIONS $)	THIRD QUARTERS 2022	THIRD QUARTERS 2021	NINE MONTHS ENDED SEPTEMBER 30 2022	NINE MONTHS ENDED SEPTEMBER 30 2021
Revenues from Capital	**$ 29.5**	$ 27.4	**$ 59.8**	$ 68.9
Segment Adjusted EBIT from Capital investments:				
From Highway 407 ETR	**13.5**	—	**13.5**	—
From other Capital investments [1]	**11.3**	23.6	**34.6**	58.7
Segment Adjusted EBIT from Capital	**$ 24.8**	$ 23.6	**$ 48.1**	$ 58.7

[1] Segment Adjusted EBIT from other Capital investments is net of divisional and allocated corporate selling, general and administrative expenses, as well as selling, general and administrative expenses from all other capital investments accounted for by the consolidation method.

Revenues from Capital in the third quarter of 2022 amounted to $29.5 million, compared to $27.4 million in the third quarter of 2021. The increase in revenues for the third quarter of 2022 was mainly due to dividend received from Highway 407 ETR in the third quarter of 2022 compared to nil in the comparative period in 2021, partially offset by the disposal of InPower BC G.P. to SNCL IP Partnership in February 2022, therefore reducing its contribution to revenue since then, combined with lower contributions from certain other investments.

Revenues from Capital for the first nine months of 2022 decreased to $59.8 million, compared to $68.9 million for the first nine months of 2021, mainly due to the disposal of InPower BC G.P. to SNCL IP Partnership as stated above and lower contributions from certain other investments, partially offset by dividend received from Highway 407 ETR in the first nine months of 2022, as compared to nil in the first nine months of 2021.

In the third quarter of 2022, Segment Adjusted EBIT from Capital increased to $24.8 million, compared to $23.6 million in the third quarter of 2021. The increase in Segment Adjusted EBIT was mainly due to the same reasons stated for the quarterly revenues above.

Segment Adjusted EBIT from Capital decreased to $48.1 million for the first nine months of 2022, compared to $58.7 million for the first nine months of 2021. The decrease in Segment Adjusted EBIT was mainly due to same reasons stated above for revenues for the first nine months of 2022 and 2021.

5 Backlog (Remaining Performance Obligations)

Backlog is defined as a forward-looking indicator of anticipated revenues to be recognized by the Company, determined based on contract awards that are firm and amounting to the transaction price allocated to remaining performance obligations. Management may be required to make estimates regarding the revenue to be generated from certain contracts.

Revenue backlog is derived primarily from three major types of contracts: **Reimbursable and engineering services contracts, standardized EPC contracts and LSTK construction contracts.**

- **Reimbursable and engineering services contracts**: Reimbursable and engineering services contracts include all revenue-generating contracts of the Company, except Standardized EPC contracts and LSTK construction contracts described below. Under reimbursable contracts, the Company charges the customer for the actual cost incurred plus a mark-up that could take various forms such as a fixed-fee per unit, a percentage of costs incurred or an incentive fee based on achieving certain targets, performance factors or contractual milestones. Reimbursable contracts also include unit-rate contracts for which a fixed amount per quantity is charged to the customer, and reimbursable contracts with a cap or a target price accompanied by incentives and/or disincentives. Engineering services contracts include time and material agreements based on hourly rates and fixed-price lump-sum contracts with limited procurement or construction risks. Reimbursable and engineering services contracts also include all O&M contracts, some of which are fixed-price agreements, with certain O&M contracts being subject to price-adjustment clauses such as inflation-driven indexation.
- **Standardized EPC contracts**: Under standardized EPC contracts, the Company provides repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary.
- **LSTK construction contracts**: Under LSTK construction contracts, the Company completes the work required for the project at a lump-sum price. Before entering into such contracts, the Company estimates the total cost of the project, plus a profit margin. The Company's actual profit margin may vary based on its ability to achieve the project requirements at above or below the initial estimated costs. Although these projects are at a lump-sum price, the amount of associated revenue could nevertheless vary based on change orders, claims or other contract modifications, negotiated or otherwise awarded, which might take various forms. Projects in this category were all initiated as lump-sum contracts, and while in some cases have been modified to change their lump-sum risk exposure, continue to be presented in this category.

REVENUE BACKLOG BY SEGMENT

The following table provides a breakdown of revenue backlog by segment.

(IN MILLIONS CA$) BY SEGMENT		SEPTEMBER 30 2022		DECEMBER 31 2021[1]		SEPTEMBER 30 2021[1]
Engineering Services	**$**	**4,622.9**	$	3,769.0	$	3,843.2
Nuclear		**859.0**		834.9		802.5
O&M		**5,418.0**		5,705.4		5,783.0
Linxon		**763.8**		974.2		1,018.1
SNCL Services - Total	**$**	**11,663.7**	$	11,283.5	$	11,446.7
LSTK Projects	**$**	**663.9**	$	1,166.9	$	1,158.4
PS&PM - Total	**$**	**12,327.7**	$	12,450.4	$	12,605.1
Capital [2]	**$**	**34.3**	$	146.6	$	152.0
Total	**$**	**12,362.0**	$	12,597.0	$	12,757.1

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

(2) Backlog from Capital represents the amount that will be recognized as revenue from contracts with customers in the Capital segment from a concession.

The Company's revenue backlog decreased to $12.4 billion as at September 30, 2022 compared to $12.6 billion as at December 31, 2021, mainly reflecting a decrease in LSTK Projects, O&M, Linxon and Capital, partially offset by an increase in Engineering Services and Nuclear. The decrease of backlog for Capital was mainly due to the disposal of InPower BC G.P. in the first quarter of 2022.

BACKLOG BY TYPES OF CONTRACTS

The following tables show the amounts and proportions of reimbursable and engineering services contracts, standardized EPC contracts and LSTK construction contracts included in each segment's backlog as at September 30, 2022, December 31, 2021 and September 30, 2021:

AT SEPTEMBER 30, 2022 (IN MILLIONS $)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS			STANDARDIZED EPC CONTRACTS			LSTK CONSTRUCTION CONTRACTS		
BY SEGMENT									
Engineering Services	$	4,577.2	99%	$	45.8	1%	$	—	—%
Nuclear		851.9	99%		—	—%		7.2	1%
O&M		5,418.0	100%		—	—%		—	—%
Linxon		44.0	6%		719.7	94%		—	—%
SNCL Services - Total	**$**	**10,891.1**	**93%**	**$**	**765.5**	**7%**	**$**	**7.2**	**—%**
LSTK Projects	**$**	**—**	**—%**	**$**	**—**	**—%**	**$**	**663.9**	**100%**
PS&PM - Total	**$**	**10,891.1**	**88%**	**$**	**765.5**	**6%**	**$**	**671.1**	**5%**
Capital	$	34.3	100%	$	—	—%	$	—	—%
Total	**$**	**10,925.4**	**88%**	**$**	**765.5**	**6%**	**$**	**671.1**	**5%**

AT DECEMBER 31, 2021 [(1)] (IN MILLIONS $)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS			STANDARDIZED EPC CONTRACTS			LSTK CONSTRUCTION CONTRACTS		
BY SEGMENT									
Engineering Services	$	3,714.6	99%	$	54.4	1%	$	—	—%
Nuclear		810.5	97%		—	—%		24.4	3%
O&M		5,705.4	100%		—	—%		—	—%
Linxon		60.3	6%		913.9	94%		—	—%
SNCL Services - Total	**$**	**10,290.7**	**91%**	**$**	**968.3**	**9%**	**$**	**24.4**	**—%**
LSTK Projects	**$**	**—**	**—%**	**$**	**—**	**—%**	**$**	**1,166.9**	**100%**
PS&PM - Total	**$**	**10,290.7**	**83%**	**$**	**968.3**	**8%**	**$**	**1,191.3**	**10%**
Capital	$	146.6	100%	$	—	—%	$	—	—%
Total	**$**	**10,437.3**	**83%**	**$**	**968.3**	**8%**	**$**	**1,191.3**	**9%**

AT SEPTEMBER 30, 2021 [(1)] (IN MILLIONS $)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS			STANDARDIZED EPC CONTRACTS			LSTK CONSTRUCTION CONTRACTS		
BY SEGMENT									
Engineering Services	$	3,772.8	98%	$	70.3	2%	$	—	—%
Nuclear		776.8	97%		—	—%		25.7	3%
O&M		5,783.0	100%		—	—%		—	—%
Linxon		33.0	3%		985.1	97%		—	—%
SNCL Services - Total	**$**	**10,365.5**	**91%**	**$**	**1,055.4**	**9%**	**$**	**25.7**	**—%**
LSTK Projects	**$**	**—**	**—%**	**$**	**—**	**—%**	**$**	**1,158.4**	**100%**
PS&PM - Total	**$**	**10,365.5**	**82%**	**$**	**1,055.4**	**8%**	**$**	**1,184.1**	**9%**
Capital	$	152.0	100%	$	—	—%	$	—	—%
Total	**$**	**10,517.5**	**82%**	**$**	**1,055.4**	**8%**	**$**	**1,184.1**	**9%**

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

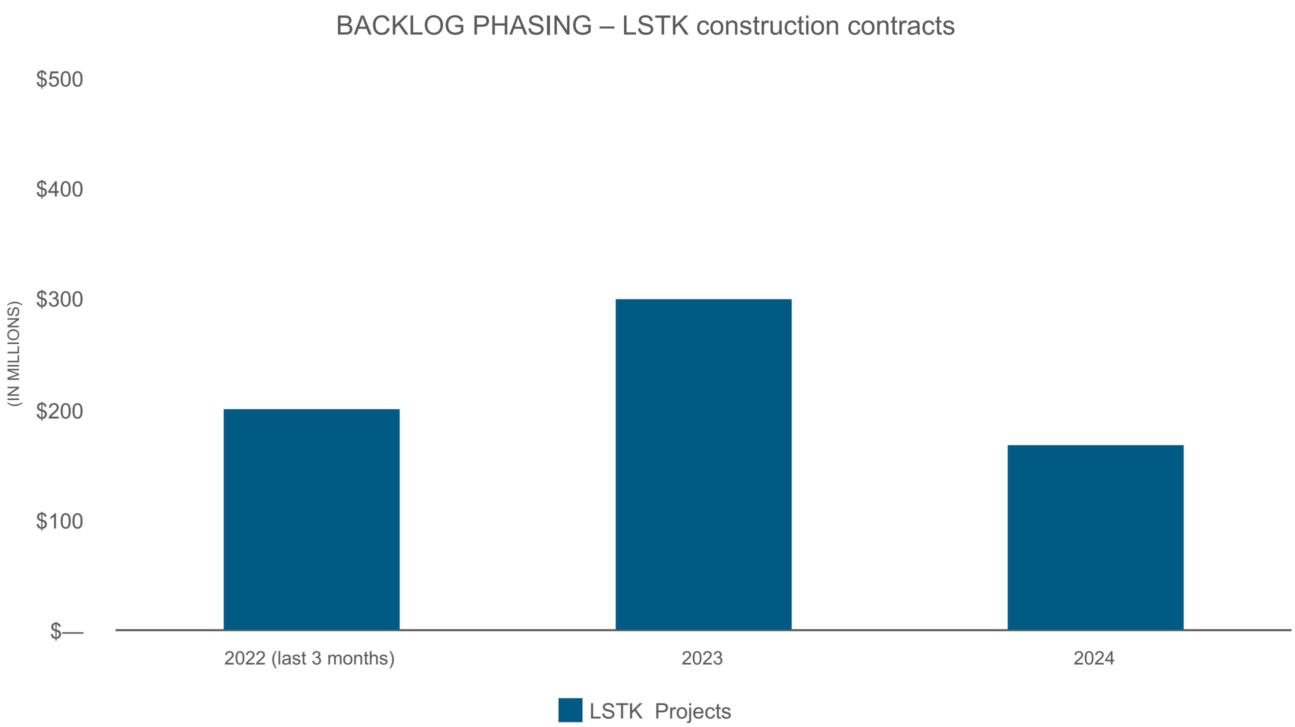
BACKLOG PHASING

The LSTK construction contracts included in the backlog have expected completions varying between 2022 and 2024. The Company will fulfill the contractual obligations of its current LSTK construction contracts. It may be necessary for the Company to accept change orders under existing LSTK construction contracts, which may temporarily extend the performance timeframe of such contracts.

In addition, a number of project contracts, particularly in the LSTK Projects segment, have warranty periods and/or outstanding claims that may result in costs or legal proceedings extending beyond the actual performance and completion dates of the projects. Please refer to Note 13 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021.

Most of the backlog from LSTK construction contracts is derived from the following projects: Réseau Express Métropolitain ("REM"), Trillium Line Extension ("Trillium"), and Eglinton LRT. All three projects have been negatively affected, and continue to be negatively affected, due to COVID-19, supply chain and inflation related impacts.

As such, while the backlog phasing presented below incorporates the Company's best estimates, the timing of projects is subject to uncertainties. See Section 14, "Risks and Uncertainties" of the 2021 Annual MD&A for a more specific overview of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.



6 Liquidity and Capital Resources

This section has been prepared to provide the reader with a better understanding of the major components of the Company's liquidity and capital resources and has been structured as follows:

- A **cash flow analysis**, providing details on how the Company generated and used its cash and cash equivalents;
- A discussion of the Company's **capital resources**;
- A description of the Company's **debt and financing agreements** and its **capital management indicators**;
- An update on the Company's **credit ratings**;
- A presentation of the Company's **dividends declared**;
- A review of the Company's **contractual obligations** and **financial instruments**, which provides additional information for a better understanding of the Company's financial situation; and
- A discussion of the Company's **financial position** as at September 30, 2022, compared to its financial position as at December 31, 2021.

6.1 CASH FLOWS ANALYSIS

SUMMARY OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)		2022		2021
Cash flows generated from (used for):				
Operating activities	**$**	**(421.4)**	$	18.8
Investing activities		**(118.8)**		(212.1)
Financing activities		**410.9**		(218.5)
Increase (decrease) from exchange differences on translating cash and cash equivalents		**1.2**		(1.4)
Net decrease in cash and cash equivalents	**$**	**(128.0)**	$	(413.1)
Cash and cash equivalents at beginning of period [(1)]		**610.6**		932.9
Cash and cash equivalents at end of period	**$**	**482.6**	$	519.8

[(1)] The amount of $610.6 million as at December 31, 2021 included $2.2 million of cash and cash equivalents comprised within "Assets of disposal group classified as held for sale.

Cash and cash equivalents decreased by $128.0 million for the first nine months of 2022, compared to a decrease of $413.1 million for the first nine months of 2021, as discussed further below.

OPERATING ACTIVITIES

Net cash used for operating activities totaled $421.4 million for the first nine months of 2022, compared to net cash generated from operating activities of $18.8 million for the first nine months of 2021, a variance reconciled as follows:

(IN MILLIONS $)		NINE-MONTH PERIOD
Net cash generated from operating activities for the first nine months of 2021	**$**	**18.8**
Changes between the first nine months of 2022 and the first nine months of 2021:		
Decrease in net income		(659.6)
Increase in income taxes paid		(4.6)
Increase in income taxes recognized in net income		41.3
Decrease in net financial expenses recognized in net income		(12.6)
Decrease in depreciation and amortization		(13.7)
Increase in interest paid		(24.2)
Increase in income from Capital investments accounted for by the equity method		(1.7)
Decrease in dividends and distributions received from Capital investments accounted for by the equity method		(3.1)
Decrease in expense recognized in respect of cash-settled share-based payment arrangements		(26.6)
Decrease in income from PS&PM investments accounted for by the equity method		9.2
Increase in dividends and distributions received from PS&PM investments accounted for by the equity method		2.1
Lower net change in provisions related to forecasted losses on certain contracts		31.2
Gain on disposal of a Capital investment in 2022		(4.3)
Decrease in restructuring and transformation costs recognized in net income		(13.8)
Increase in restructuring and transformation costs paid		(15.4)
Variance from net gain in 2021 and adjustment on net gain in 2022 on disposals of PS&PM businesses		579.9
DPCP Remediation Agreement expense in 2022		27.4
Change in loss (gain) arising on financial instruments at fair value through profit or loss		10.2
Gain on remeasurement of assets of disposal groups classified as held for sale to fair value less cost to sell in 2021		6.2
Net change in other provisions		9.8
Other items		(67.9)
Changes in net cash used for operating activities before net change in non-cash working capital items	$	(130.3)
Variance from net change in non-cash working capital items		(309.9)
Net cash used for operating activities for the first nine months of 2022	**$**	**(421.4)**

- **Net cash generated from operating activities before net change in non-cash working capital items totaled $23.9 million for the first nine months of 2022,** compared to net cash generated from operating activities before net change in working capital items of $154.1 million for the first nine months of 2021.
- As detailed in Note 10C to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021, net change in non-cash working capital items used net cash of $445.2 million for the first nine months of 2022, compared to net cash used of $135.4 million for the first nine months of 2021. This difference mainly reflected an unfavourable variance in contract assets, other current financial assets, other current non-financial assets and trade payables and accrued liabilities, partially offset by a favourable variance mainly in contract liabilities.
- From a business line perspective, SNCL Services generated $213.0 million of net cash from operating activities for the first nine months of 2022 compared to $357.5 million for the first nine months of 2021, while LSTK Projects used $369.0 million of net cash for operating activities for the first nine months of 2022 compared to $265.1 million used for the first nine months of 2021. Discontinued operations did not generate cash from operating activities for the first nine months of 2022, compared to $21.0 million for the first nine months of 2021 (Refer to Note 15A to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021). The remaining balance of cash flows used for operating activities relates to Capital, corporate activities and items not allocated to the Company's segments or to discontinued operations. Net cash generated from (used for) operating activities on a line of business/segment basis is a supplementary financial measure. An explanation of the composition of this supplementary financial measure is provided in Section 9.2.

INVESTING ACTIVITIES

Net cash used for investing activities amounted to $118.8 million for the first nine months of 2022, compared to net cash used for investing activities of $212.1 million for the first nine months of 2021, a variance reconciled as follows:

(IN MILLIONS $)		NINE-MONTH PERIOD
Net cash used for investing activities for the first nine months of 2021	$	(212.1)
Changes between the first nine months of 2022 and the first nine months of 2021:		
Increase in acquisition of property and equipment		(16.9)
Increase in payments for Capital investments		(9.9)
Increase in refunds for Capital investments		9.3
Lower increase in receivables under service concession arrangements, net of recovery		59.6
Net cash inflow on disposal of a Capital investment in 2022		40.5
Lower cash outflow on disposals of PS&PM businesses		20.4
Other items		(9.7)
Net cash used for investing activities for the first nine months of 2022	**$**	**(118.8)**

- **For the first nine months of 2022, payments for Capital investments amounted to $39.6 million,** compared to $29.7 million for the first nine months of 2021.The payments made for the first nine months of 2022 included the contributions made by the Company to Carlyle Global Infrastructure Opportunity Fund, L.P.
- **The net cash inflow on disposal of a Capital investment of $40.5 million** relates to the disposal of InPower BC G.P. in the first quarter of 2022.

FINANCING ACTIVITIES

Net cash generated from financing activities totaled $410.9 million for the first nine months of 2022, compared to net cash used for financing activities of $218.5 million for the first nine months of 2021, a variance reconciled as follows:

(IN MILLIONS $)		NINE-MONTH PERIOD
Net cash used for financing activities for the first nine months of 2021	$	(218.5)
Changes between the first nine months of 2022 and the first nine months of 2021:		
Lower repayment of recourse debt and payment for debt issue costs		173.4
Higher increase in recourse debt		421.9
Lower repayment of non-recourse debt		17.1
Higher increase in non-recourse debt		2.2
Lower payment of lease liabilities		12.9
Other items		1.7
Net cash generated from financing activities for the first nine months of 2022	**$**	**410.9**

- The changes in cash flows related to financing activities between the first nine months of 2022 and 2021 were primarily explained by the elements in the table above. Notably, the following transactions on recourse debt took place during these periods:
  - In the first quarter of 2021, SNC-Lavalin repaid in full at maturity the Series 3 Debentures for an aggregate principal amount of $175.0 million.
- The Company also provides a reconciliation between the opening and closing balances in its statement of financial position for liabilities arising from financing activities for the nine-month periods ended September 30, 2022 and 2021 in Note 10D to its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021.
- The Company did not issue and did not repurchase any shares during either the first nine months of 2022 or 2021. The number of common shares outstanding as at October 25, 2022 was 175,554,252, while 364,098 stock options were outstanding as at the same date.

- **Dividends paid to SNC-Lavalin shareholders during the first nine months of 2022 amounted to $10.5 million,** in line with dividends paid during the first nine months of 2021.

FREE CASH FLOW (USAGE)

Free cash flow (usage), a non-IFRS measure, is calculated as follows:

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)		**2022**		2021
Net cash generated from (used for) operating activities	**$**	**(421.4)**	$	18.8
Payment of federal charges settlement (PPSC) included in operating activities above		**25.5**		25.5
Payment related to DPCP Remediation Agreement included in operating activities above		**6.0**		—
Acquisition of property and equipment		**(75.9)**		(59.0)
Payment of lease liabilities		**(63.6)**		(76.6)
Free cash flow (usage) (1)	**$**	**(529.5)**	$	(91.3)

(1) Non-IFRS financial measure. Please refer to Section 9 for further information on this financial measure.

The Company's free cash flow usage was $529.5 million for the first nine months of 2022, compared to free cash flow usage of $91.3 million for the first nine months of 2021, mainly reflecting the net cash used for operating activities for the first nine months of 2022, compared to net cash generated from operating activities for the corresponding period of 2021.

6.2 CAPITAL RESOURCES

(IN MILLIONS $)		**SEPTEMBER 30 2022**		DECEMBER 31 2021
Cash and cash equivalents	**$**	**482.6**	$	608.4
Unused portion of committed Revolving Credit Facility (1), (2)	**$**	**1,217.9**	$	2,292.7

(1) Including cash draws and letters of credit issued on a committed basis, but excluding bilateral letters of credit that can be issued on a non-committed basis.
(2) Before considering potential limitations resulting from contractual covenants.

As at September 30, 2022, the Company had cash and cash equivalents totaling $482.6 million, compared to $608.4 million as at December 31, 2021.

Furthermore, as at September 30, 2022, the Company had a committed Revolving Credit Facility of $2,000 million under its Credit Agreement (December 31, 2021: $2,600 million), of which $1,217.9 million was unused (December 31, 2021: $2,292.7 million), and uncommitted credit facilities by way of bilateral letters of credit.

While liquidity remains subject to numerous risks, uncertainties and limitations, including but not limited to the risks described in Section 14 "Risks and Uncertainties" of the 2021 Annual MD&A and in this Section, the Company believes that its current liquidity position, including its cash position, unused credit capacity and cash generated from its operations, should be sufficient to fund its operations over the foreseeable future. However, the ongoing COVID-19 pandemic has created and continues to create an environment and circumstances in which it is difficult to anticipate future economic and financial conditions and access to capital, credit and financial markets and, as such, statements regarding the Company's future liquidity are uncertain and subject to the risks and uncertainties relating to the COVID-19 pandemic. See also Section 14, "Risks and Uncertainties" of the 2021 Annual MD&A, for a more specific overview of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.

In addition, due to the nature of the Company's activities and the fact that its operations are conducted through multiple entities and joint arrangements on an international level, the Company's cash and cash equivalents are distributed across numerous locations. In order to manage its cash needs and reserves, the Company is part of various cash pooling agreements with financial institutions and may transfer cash balances between subsidiaries, joint arrangements or investees or use credit facilities to meet the capital requirements of certain projects or other cash disbursements.

6.3 DEBT AND FINANCING AGREEMENTS

FINANCIAL COVENANTS

The Company was required to maintain, as at September 30, 2022, a ratio of net recourse debt to EBITDA (as defined under the relevant agreements) not to exceed: (a) 3.75x under the Company's Credit Agreement; and (b) 3.50x under the loan agreement, dated as of April 20, 2017, between SNC-Lavalin Highway Holdings Inc. ("Highway Holdings"), an indirect wholly-owned subsidiary of the Company, and CDPQ Revenu Fixe I Inc. ("CDPQ RF"), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec (as amended, restated or otherwise modified, from time to time, the "CDPQ Loan Agreement" and the limited recourse loan established thereunder, the "CDPQ Loan"). The Company was in compliance with these covenants as at September 30, 2022.

REPAYMENT OF SERIES 3 DEBENTURES

In the first quarter of 2021, SNC-Lavalin repaid in full at maturity the Series 3 Debentures for an aggregate principal amount of $175.0 million.

AMENDMENTS TO THE CREDIT AGREEMENT

On May 16, 2022, the Company announced the signature of an agreement with its lenders to amend its existing credit agreement. Pursuant to the amended and restated agreement, the notional amount of the Company's Revolving Credit Facility was reduced from $2,600 million to $2,000 million. The Company's Revolving Credit Facility will be further reduced to $1,800 million in April 2023. The notional amount of the Term Loan remained unchanged, at $500 million. The maturity date of the Credit Facilities has been extended to May 2025.

The amendments also incorporated certain ESG targets based on the achievement of reducing greenhouse gas emissions, as defined in the agreement, by 60% by 2025, using 2019 as a baseline year, and increasing diversity within the Company's workforce, focusing on achieving 25% of women representation in managerial and senior professional roles by 2025. If the Company achieves those targets, the overall borrowing costs under the Credit Facilities will decrease. If the Company fails to achieve its targets, the overall borrowing costs under the Credit Facilities will increase.

HEDGING OF A PORTION OF THE TERM LOAN

In the third quarter of 2022, the Company entered into interest rate swap agreements with financial institutions related to its variable interest bearing Term Loan in the aggregate principal amount of $500 million. Under the interest rate swap agreements, the Company pays interest at a fixed rate and receives interest at a variable rate on a total nominal amount of $250 million. The interest rate swap agreements will expire in April 2025. This hedge is classified as a cash flow hedge.

6.4 CAPITAL MANAGEMENT INDICATORS

The Company periodically monitors capital using certain ratios, which are described further below.

NET LIMITED RECOURSE AND RECOURSE DEBT TO ADJUSTED EBITDA RATIO

The net limited recourse and recourse debt to Adjusted EBITDA is a non-IFRS ratio used to analyze the Company's financial leverage. It is calculated by comparing the net limited recourse and recourse debt at the end of a given period with Adjusted EBITDA of the corresponding trailing twelve-month period, as follows:

(IN MILLIONS $, EXCEPT FOR RATIO)	SEPTEMBER 30 2022	DECEMBER 31 2021
Limited recourse	**$ 400.0**	$ 400.0
Recourse debt	**1,581.3**	1,094.1
Less:		
Cash and cash equivalents	**482.6**	608.4
Net limited recourse and recourse debt (1)	**$ 1,498.7**	$ 885.7
Adjusted EBITDA (trailing 12 months) (1)	**$ 453.1**	$ 525.0
Net limited recourse and recourse debt to Adjusted EBITDA ratio (1)	**3.3**	1.7

(1) Non-IFRS financial measure or ratio. Please refer to Section 9 for further information on these financial measures.

While the level of limited recourse debt remained unchanged as at September 30, 2022 compared to December 31, 2021, the increase in recourse debt for the first nine months of 2022 combined with the decrease in cash and cash equivalents during the same period resulted in a higher level of net limited recourse and recourse debt as at September 30, 2022 compared to December 31, 2021. When considering the lower level of Adjusted EBITDA for the 12-month period ended September 30, 2022 compared to the 12-month period ended December 31, 2021, the net limited recourse and recourse debt to Adjusted EBITDA ratio increased to 3.3 as at September 30, 2022 compared to 1.7 as at December 31, 2021.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY ("ROASE")

ROASE is a supplementary financial measure. A definition of this supplementary financial measure is provided in Section 9. **ROASE was 0.3% for the 12-month period ended September 30, 2022**, compared to 0.4% for the corresponding period of 2021.

6.5 CREDIT RATINGS

There has been no change to the Company's credit ratings in the first nine months of 2022, which remained at BB (high) per DBRS and BB+ per S&P Global Ratings.

6.6 DIVIDENDS DECLARED

Quarterly cash dividends of $0.02 per share were declared on March 3, 2022, May 5, 2022 and August 4, 2022 and were paid on March 31, 2022, June 2, 2022 and September 1, 2022, compared to quarterly cash dividends of $0.02 per share declared in the first nine months of 2021 and paid on April 6, 2021, June 11, 2021 and August 27, 2021.

6.7 CONTRACTUAL OBLIGATIONS

Details of the Company's various contractual obligations are provided in Section 8.8 of the Company's 2021 Annual MD&A. In the first nine months of 2022, there was no material change to the Company's contractual obligations other than the amendments to the Credit Agreement described in Section 6.3 above.

6.8 FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments, and their related risk management, are described in Note 30 to the 2021 Annual Financial Statements and updated as needed in Note 12 to the unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021. In the first nine months of 2022, there was no material change to the nature of risks arising from financial instruments, related risk management or classification of financial instruments other than the hedging of a portion of the Term Loan described in Section 6.3 above. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on the Company's consolidated statement of financial position.

6.9 FINANCIAL POSITION

The following is an analysis of the changes to the Company's financial position between December 31, 2021 and September 30, 2022.

(IN MILLIONS $)	SEPTEMBER 30 2022	DECEMBER 31 2021	CHANGE ($)	EXPLANATIONS
Current assets	**$ 3,691.7**	$ 3,632.3	$ 59.4	The increase in current assets was mainly due to an increase in contract assets, other current financial assets and other current non-financial assets, partially offset by the disposal in the first quarter of 2022 of InPower BC G.P. for which the assets were presented as part of a disposal group classified as held for sale as at December 31, 2021, combined with a decrease in cash and cash equivalents and trade receivables.
Non-current assets	**6,101.4**	6,243.7	(142.2)	The decrease in non-current assets was principally due to the impact of foreign currency fluctuations on goodwill and intangible assets related to business combinations, combined with a decrease in other non-current non-financial assets and right-of-use assets, partially offset by an increase in deferred income tax asset, Capital investments at fair value through other comprehensive income, non-current portion of receivables under service concession arrangements and Capital investments accounted for by the equity method.
Total assets	**$ 9,793.1**	$ 9,876.0	$ (82.8)	
Current liabilities	**$ 4,360.2**	$ 3,951.3	$ 408.9	The increase in current liabilities was mainly due to an increase in current recourse debt under the Company's Revolving Credit Facility and the classification of certain debentures as part of current liabilities, partially offset by the disposal in the first quarter of 2022 of InPower BC G.P. for which the liabilities were presented as part of a disposal group classified as held for sale as at December 31, 2021, combined with a decrease in the current portion of provisions.
Non-current liabilities	**2,424.8**	2,931.2	(506.4)	The decrease in non-current liabilities was mainly due to a decrease in long-term recourse debt due to the classification of certain debentures as part of current liabilities, combined with a decrease in the non-current portion of provisions, non-current portion of lease liabilities and deferred income tax liability.
Total liabilities	**$ 6,785.0**	$ 6,882.5	$ (97.5)	
Equity attributable to SNC-Lavalin shareholders	**$ 2,987.9**	$ 2,973.4	14.6	The increase was mainly due to net income, remeasurement gains relating to defined benefit pension plans and other post-employment benefits and gains recognized on changes in fair value of the equity instruments designated at fair value through other comprehensive income, partially offset mainly by the exchange loss on translating foreign operations.
Non-controlling interests	**20.2**	20.1	0.1	Not a significant change compared to December 31, 2021.
Total equity	**$ 3,008.1**	$ 2,993.5	$ 14.7	
Total liabilities and equity	**$ 9,793.1**	$ 9,876.0	$ (82.8)	

WORKING CAPITAL

(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	SEPTEMBER 30 2022	DECEMBER 31 2021	CHANGE ($)	EXPLANATIONS
Working Capital [1]	**$ (668.5)**	$ (319.0)	$ (349.5)	The decrease is due to the variance of multiple current assets and liabilities, notably an increase in the current portion of recourse debt, a decrease of cash and cash equivalents and an increase in other current financial liabilities and trade payables and accrued liabilities, partially offset by an increase in contract assets and other current financial assets.
Current Ratio [1]	**0.85**	0.92	(0.07)	

[1] Supplementary financial measures. Please refer to Section 9 for further information on these financial measures.

7 Related Party Transactions

The Company discloses information on its related party transactions, as defined in IAS 24, *Related Party Disclosures*, in Note 11 to its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021.

8 Accounting Policies and Changes

Please refer to Note 2 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021 for more information regarding the Company's significant accounting policies and changes, including the first two changes made to comparative figures described below.

Effective January 1, 2022, the Company implemented an operational realignment of the business to support the next phase of its transformation journey to growth. The new global market-facing structure is designed to best serve the evolving needs of the Company's clients, as well as support win-work efforts across its three core geographical markets (Canada, the United Kingdom and the United States), as a result of which the Company's reportable segments are now as follows: i) Engineering Services, bringing together EDPM, Mining and Metallurgy (previously with Resources), as well as Infrastructure Services (but excluding O&M and Linxon); ii) Nuclear; iii) O&M; iv) Linxon; v) LSTK Projects; and vi) Capital.

Effective January 1, 2022, the Company modified the presentation of its income statement by combining the line items "Corporate selling, general and administrative expenses" and "Loss (gain) arising on financial instruments at fair value through profit or loss" into the line item "Corporate selling, general and administrative expenses".

The changes described above were made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of prior periods figures.

In addition, effective January 1, 2022, the Company modified the characterization of corporate expenses allocated to its segments when calculating and in presenting Segment Adjusted EBIT. As such, the nature of the corporate expenses allocated to the individual segments, such as depreciation and amortization expenses on corporate assets, now follows the amount being transferred to the segments in order to better reflect the underlying nature of the costs being allocated. In the past, the allocation was made through a general expense allocation, resulting in the nature of the expense not having been reflected in the segment financial performance measure for periods ending on and before December 31, 2021. This modification did not result in any change in the methodology used to allocate corporate expenses to segments and, therefore, did not have any impact on Segment Adjusted EBIT disclosed in the prior, comparative periods, although it did impact Segment Adjusted EBITDA. Therefore, the Company has restated Segment Adjusted EBITDA for the prior, comparative periods ended on or before December 31, 2021 presented in order to conform with this modification.

9 Non-IFRS Financial Measures and Ratios, Supplementary Financial Measures and Non-Financial Information

The following section provides information regarding non-IFRS financial measures and ratios, supplementary financial measures and non-financial information used by the Company to analyze and evaluate its results. These 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 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 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 ratios, supplementary financial measures and other non-financial information are presented separately for PS&PM, by excluding components related to Capital, as the Company believes that such measures are useful as these PS&PM activities are usually analyzed separately by the Company.

9.1 PERFORMANCE

Adjusted diluted earnings per share ("Adjusted diluted EPS") is defined as adjusted net income (loss) attributable to SNC-Lavalin shareholders from continuing operations, divided by the diluted weighted average number of outstanding shares for the period. Adjusted diluted EPS is a non-IFRS ratio that is an indicator of the financial performance of the Company's activities and allows the Company to present adjusted net income (loss) attributable to SNC-Lavalin shareholders on a diluted share basis. Refer to **Section 9.4.1** for a reconciliation of Adjusted diluted EPS to diluted EPS (namely, net income (loss) per diluted share) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities and for Capital, as the Company believes that such measures are useful since these activities are usually analyzed separately by the Company.

Adjusted EBITDA is a non-IFRS financial measure used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts. Adjusted EBITDA is based on EBITDA from continuing operations and excludes, when applicable to any given period, charges related to restructuring and transformation costs, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), the adjustment to provision for the Pyrrhotite Case litigation (as described in Note 33 to the 2021 Annual Financial Statements, and updated in Note 13 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021), the fair value revaluation of the Highway 407 ETR contingent consideration receivable, the Guaranteed Minimum Pension ("GMP") equalization expenses (as described in Note 3 to the 2021 Annual Financial Statements), the reversal of impairment loss (impairment loss) on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell and the DPCP Remediation Agreement expense. It should be noted that the federal charges settlement (PPSC) expense was removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current and prior year periods, while the DPCP Remediation Agreement expense, which is similar in nature (but for the Province of Québec as opposed to Canadian federal government), was added to the list of adjustments in the second quarter of 2022. The Company believes that Adjusted EBITDA is useful for providing securities analysts, investors and others with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's operating performance. Adjusted EBITDA is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. Refer to **Section 9.4.2** for a reconciliation of Adjusted EBITDA to net income (loss) from continuing operations as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities and for Capital (all adjustments listed above apply to PS&PM activities, except for the fair value revaluation of the Highway 407 ETR contingent consideration receivable and gains (losses) on disposals of Capital investments (or adjustments to gains or losses on such disposals), which only apply to Capital), as the Company believes that such measures are useful since these activities are analyzed separately by the Company.

Adjusted EBITDA to revenue ratio is a non-IFRS ratio used to analyze the profitability of the Company and to facilitate period-to-period comparisons, as well as comparison with peers. This ratio is calculated by dividing the amount of Adjusted EBITDA for a given period by the amount of revenue for the same period. This ratio is provided both on a consolidated basis and also separately for PS&PM activities and for Capital (all adjustments listed above apply to PS&PM activities, except for the fair value revaluation of the Highway 407 ETR contingent consideration receivable and gains (losses) on disposals of Capital investments (or adjustments to gains or losses on such disposals), which only apply to Capital), as the Company believes that such ratio is useful since these activities are analyzed separately by the Company. The table presenting the calculation of this ratio can be found at **Section 9.4.3**.

Adjusted net income (loss) attributable to SNC-Lavalin shareholders is a non-IFRS financial measure and is defined as net income (loss) attributable to SNC-Lavalin shareholders from continuing operations, adjusted for certain specific items that are significant but are not, based on management's judgement, reflective of the Company's underlying operations. These adjustments are, when applicable to any given period, restructuring and transformation costs, amortization of intangible assets related to business combinations, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), the fair value revaluation of the Highway 407 ETR contingent consideration receivable, the adjustment to provision for the Pyrrhotite Case litigation, the GMP equalization expenses (as described in Note 3 to the 2021 Annual Financial Statements), the reversal of impairment loss (impairment loss) on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell, the DPCP Remediation Agreement expense, as well as income taxes and non-controlling interests on these adjustments. It should be noted that the federal charges settlement (PPSC) expense was removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current and prior year periods, while the DPCP Remediation Agreement expense, which is similar in nature (as described above), was added to the list of adjustments in the second quarter of 2022. The Company believes that Adjusted net income (loss) attributable to SNC-Lavalin shareholders is useful for providing securities analysts, investors and others with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's operating performance. Adjusted net income (loss) attributable to SNC-Lavalin shareholders is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. It is also used by management to evaluate the performance of the activities of the Company from period to period. Refer to **Section 9.4.1** for a reconciliation of Adjusted net income (loss) attributable to SNC-Lavalin shareholders to net income (loss) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities and for Capital (all adjustments listed above apply to PS&PM activities, except for the fair value revaluation of the Highway 407 ETR contingent consideration receivable and gains (losses) on disposals of Capital investments (or adjustments to gains or losses on such disposals), which only apply to Capital), as the Company believes that such measures are useful since these activities are analyzed separately by the Company.

Booking-to-revenue ratio is a non-IFRS ratio that corresponds to contract bookings divided by revenues for a given period. This measure provides a useful basis for assessing the renewal of business, as it compares the value of performance obligations added in a given period to the amount of revenue recognized upon satisfying performance obligations in the same period. It should be noted that the amount of revenue used to calculate this ratio includes only revenues that are under the scope of IFRS 15, *Revenues from contracts with customers* ("IFRS 15") and are disclosed in Note 3 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021. Refer to **Section 9.4.4** for the calculation of the booking-to-revenue ratio for selected segments in respect of which the Company believes to be the most meaningful.

EBITDA is a non-IFRS financial measure and is defined as earnings from continuing operations before net financial expenses (income), income taxes, depreciation and amortization. As such, this financial measure allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. Refer to **Section 9.4.2** for a reconciliation of EBITDA to net income (loss) from continuing operations as determined under IFRS.

Return on Average Shareholders' Equity ("ROASE") is a supplementary financial measure and corresponds to the trailing 12-month net income (loss) attributable to SNC-Lavalin shareholders, divided by a trailing 13-month average equity attributable to SNC-Lavalin shareholders, excluding "other components of equity". The Company excludes "other components of equity" because this element of equity results in part from the translation into Canadian dollars of its foreign operations having a different functional currency, and from the accounting treatment of cash flow hedges, including its accumulated share of other comprehensive income (loss) of investments accounted for by the equity method. These amounts are not representative of the way the Company evaluates the management of its foreign currency risk and interest risk. The Company believes that this financial measure is useful to compare its profitability to a measure of equity that excludes certain elements prone to volatility. See **Section 6.4**.

Segment Adjusted EBITDA is a non-IFRS financial measure derived from Segment Adjusted EBIT (defined in Note 4 to the 2021 Annual Financial Statements) and is used by management to evaluate the performance of the Company's segments but excluding certain items related to investing activities, through the exclusion of depreciation and amortization from direct costs of activities. Management believes that this measure is used by certain securities analysts and investors when comparing the Company's performance to that of its peers. See a reconciliation of Segment Adjusted EBITDA to Segment Adjusted EBIT and consolidated EBIT in **Section 9.4.5**.

Segment Adjusted EBITDA to segment net revenue ratio for the Engineering Services and Linxon segments is a non-IFRS ratio used to analyze the profitability of the Company's segments and management believes that it facilitates period-to-period comparisons, as well as comparison with peers. This ratio is calculated by dividing the amount of Segment Adjusted EBITDA of a given period by the amount of segment net revenue for the same period. Refer to **Section 9.4.7** of this MD&A for the calculation of this ratio.

Segment net revenue is a non-IFRS financial measure that consists of 1) segment revenues less direct costs for sub-contractors and other direct expenses that are recoverable directly from clients for Engineering Services and 2) segment revenues less costs of equipment provided by the minority shareholder of Linxon. The Company commenced presenting segment net revenues for Linxon for the second quarter of 2022 as management believes that it also provides meaningful information on the performance of this segment. Management believes that this measure is used by certain securities analysts and investors when comparing the Company's performance against competitors and peer companies. Refer to **Section 9.4.7** of this MD&A for a quantitative reconciliation of this measure to segment revenue.

9.2 LIQUIDITY

Days Sales Outstanding ("DSO") for the Engineering Services segment is a supplementary financial measure that corresponds to the average number of days needed to convert the trade receivables and contract assets of the Engineering Services segment, all using a 12-month average balance; the result is then divided by the 12-month average revenue of the segment and multiplied by 365 days, in order to calculate a number of days. The Company tracks this metric closely to ensure timely collection and healthy liquidity from the Engineering Services segment. The Company believes this measure is useful to investors as it demonstrates this segment's ability to timely convert its earned revenue into cash. See the DSO for the Engineering Services segment in **Section 4.1.4.1**.

Free cash flow (usage) is a non-IFRS financial measure and is defined as net cash generated from (used for) operating activities less acquisition of property and equipment, payment of lease liabilities, the federal charges settlement (PPSC) and the DPCP Remediation Agreement included in operating activities. SNC-Lavalin believes that free cash flow (usage) provides a meaningful measure of discretionary cash generated (used) by and available to the Company to service debt, meet other payment obligations and make strategic investments, among other things. It should be noted that the DPCP Remediation Agreement (described above) is, as of the second quarter of 2022, a new item subtracted from net cash generated from (used for) operating activities to calculate free cash flow (usage). This non-IFRS measure excludes the impact of the federal charges settlement (PPSC) (refer to Note 18 to the 2021 Annual Financial Statements and to Section 14 of the 2021 Annual MD&A) and the DPCP Remediation Agreement expense (refer to Note 13 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021) included in operating activities as the Company believes that such elements are not representative of its capacity to generate cash flow from its ongoing operations. Refer to **Section 6.1** for a reconciliation of free cash flow (usage) to net cash generated from (used for) operating activities.

Free cash flow (usage) to adjusted net income (loss) attributable to SNC-Lavalin shareholders ratio is a non-IFRS ratio calculated by dividing free cash flow (usage) by adjusted net income (loss) attributable to SNC-Lavalin shareholders, both non-IFRS measures. The Company believes that such ratio is useful when analyzing the ability of the Company to convert its profitability into cash. Refer to **Section 9.4.8** of this MD&A for the calculation of this ratio.

Net cash generated from (used for) operating activities on a line of business/segment basis is a supplementary financial measure and is identical in composition to net cash generated from (used for) operating activities as reported in the financial statements, except that it is provided on a line of business/segment basis as opposed to on a consolidated basis. As described elsewhere in this MD&A, the SNCL Services line of business is comprised of the Engineering Services, Nuclear, O&M and Linxon segments. The Company believes that it is useful to investors to provide this supplementary financial measure on a business line/segment basis due to the importance of the SNCL Services line of business to the Company and that it is also relevant and useful for investors to be presented this measure for the Company's core engineering services without including items from either LSTK Projects, Capital, corporate activities, as well as items not allocated to the Company's segments or to discontinued operations. The Company also believes that it is relevant and useful to disclose this supplementary financial measure for LSTK Projects as the Company is completing the projects in this segment. These measures are presented at **Section 6.1**.

Net limited recourse and recourse debt is a non-IFRS financial measure corresponding to the total amount of limited recourse and recourse debt, minus the amount of cash and cash equivalents at the end of a given period. This measure is used by management to analyze the indebtedness of the Company, excluding lease liabilities as well as indebtedness related to non-recourse financing. Refer to **Section 6.4** for a calculation of this non-IFRS measure.

Net limited recourse and recourse debt to Adjusted EBITDA ratio is a non-IFRS ratio used to analyze the Company's financial leverage. It is calculated by comparing the Net limited recourse and recourse debt at the end of a given period with Adjusted EBITDA of the corresponding trailing twelve-month period. Management believes that this measure is useful in evaluating the Company's ability to service its limited recourse and recourse debt from its continuing operations. Refer to **Section 6.4** for a calculation of this non-IFRS ratio.

Working capital corresponds to the amount of the Company's total current assets minus its total current liabilities and the **Current ratio** corresponds to the Company's total current assets divided by its total current liabilities. This measure and ratio are supplementary financial measures used to compare the Company's current assets with its current liabilities and are believed to be useful metrics in analyzing the Company's liquidity. These measures are presented at **Section 6.9**.

9.3 OTHER

Organic revenue is a non-IFRS financial measure corresponding to the amount of revenue of a given period, excluding the effect of acquisitions, disposals and foreign currency changes of the same period. This non-IFRS measure is used to analyze the level of activity of the Company excluding the effect of certain transactions and the impact of foreign exchange fluctuations in order to facilitate period-to-period comparisons, as well as comparison with peers. As such, **organic revenue growth (contraction)** is a non-IFRS ratio calculated by comparing the amount of organic revenue of a given period with the amount of organic revenue of the comparative period. Both organic revenue and organic revenue growth (contraction) do not have a standardized definition within IFRS and other issuers may define these measures differently and, accordingly, these measures may not be comparable to similar measures used by other issuers. Refer to **Section 9.4.6** for calculations of the organic revenue growth (contraction) ratio.

9.4 RECONCILIATIONS

The objective of this section is to provide a quantitative reconciliation between certain non-IFRS measures to the most comparable measure specified under IFRS and to present the underlying calculation for certain non-IFRS ratios.

9.4.1 ADJUSTED DILUTED EPS AND ADJUSTED NET INCOME ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022				2021			
	Before taxes	Taxes	After taxes	Diluted EPS in $	Before taxes	Taxes	After taxes	Diluted EPS in $
Net income attributable to SNC-Lavalin shareholders from continuing operations			**$ 44.7**	**$ 0.25**			$ 18.6	$ 0.11
Restructuring and transformation costs	**$ 8.8**	**$ (2.1)**	**$ 6.8**		$ 19.2	$ (4.9)	$ 14.3	
Amortization of intangible assets related to business combinations	**19.8**	**(4.0)**	**15.8**		22.3	(4.6)	17.7	
Gain on disposal of a Capital investment	**—**	**—**	**—**		—	—	—	
Loss on disposal of a PS&PM business	**—**	**—**	**—**		0.6	—	0.6	
Total adjustments	**$ 28.7**	**$ (6.1)**	**$ 22.6**	**$ 0.13**	$ 42.1	$ (9.5)	$ 32.6	$ 0.19
Adjusted net income attributable to SNC-Lavalin shareholders			**$ 67.3**	**$ 0.38**			$ 51.2	$ 0.29
Net income attributable to SNC-Lavalin shareholders from Capital			**$ 15.2**	**$ 0.09**			$ 10.8	$ 0.06
Gain on disposal of a Capital investment already considered above	**$ —**	**$ —**	**$ —**		$ —	$ —	$ —	
Total adjustments	**$ —**	**$ —**	**$ —**	**$ —**	$ —	$ —	$ —	$ —
Adjusted net income attributable to SNC-Lavalin shareholders from Capital			**$ 15.2**	**$ 0.09**			$ 10.8	$ 0.06
Adjusted net income attributable to SNC-Lavalin shareholders from PS&PM			**$ 52.1**	**$ 0.30**			$ 40.4	$ 0.23

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022				2021			
	Before taxes	Taxes	After taxes	Diluted EPS in $	Before taxes	Taxes	After taxes	Diluted EPS in $
Net income attributable to SNC-Lavalin shareholders from continuing operations			**$ 71.0**	**$ 0.40**			$ 115.5	$ 0.66
Restructuring and transformation costs	**$ 29.0**	**$ (6.6)**	**$ 22.4**		$ 39.3	$ (9.8)	$ 29.4	
Amortization of intangible assets related to business combinations	**62.7**	**(12.9)**	**49.9**		66.1	(12.1)	54.0	
Gain on disposal of a Capital investment	**(4.3)**	**(0.1)**	**(4.4)**		—	—	—	
Loss on disposal of a PS&PM business	**—**	**—**	**—**		0.6	—	0.6	
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	**—**	**—**	**—**		(1.3)	—	(1.3)	
DPCP Remediation Agreement expense	**27.4**	**—**	**27.4**		—	—	—	
Total adjustments	**$114.8**	**$ (19.6)**	**$ 95.2**	**$ 0.54**	$104.6	$(21.9)	$ 82.8	$ 0.47
Adjusted net income attributable to SNC-Lavalin shareholders			**$ 166.2**	**$ 0.95**			$ 198.2	$ 1.13
Net income attributable to SNC-Lavalin shareholders from Capital			**$ 25.4**	**$ 0.14**			$ 20.6	$ 0.12
Gain on disposal of a Capital investment already considered above	**$ (4.3)**	**$ (0.1)**	**$ (4.4)**		$ —	$ —	$ —	
Total adjustments	**$ (4.3)**	**$ (0.1)**	**$ (4.4)**	**$ (0.03)**	$ —	$ —	$ —	$ —
Adjusted net income attributable to SNC-Lavalin shareholders from Capital			**$ 20.9**	**$ 0.12**			$ 20.6	$ 0.12
Adjusted net income attributable to SNC-Lavalin shareholders from PS&PM			**$ 145.3**	**$ 0.83**			$ 177.6	$ 1.01

9.4.2 CONSOLIDATED EBITDA AND ADJUSTED EBITDA

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income from continuing operations	**$ 31.4**	**$ 15.2**	**$ 46.6**	$ 8.9	$ 10.8	$ 19.8
Net financial expenses	**21.9**	**1.1**	**23.0**	22.3	4.0	26.3
Income taxes	**1.8**	**1.5**	**3.3**	(1.7)	1.7	—
EBIT	**$ 55.2**	**$ 17.7**	**$ 72.9**	$ 29.6	$ 16.6	$ 46.2
Depreciation and amortization	**$ 63.1**	**$ —**	**$ 63.2**	$ 66.4	$ —	$ 66.5
EBITDA	**$ 118.3**	**$ 17.8**	**$ 136.1**	$ 96.0	$ 16.6	$ 112.6
Restructuring and transformation costs	**$ 8.8**	**$ —**	**$ 8.8**	$ 19.2	$ —	$ 19.2
Loss on disposal of a PS&PM business	**—**	**—**	**—**	0.6	—	0.6
Adjusted EBITDA	**$ 127.2**	**$ 17.8**	**$ 144.9**	$ 115.8	$ 16.6	$ 132.4

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Net income from continuing operations	**$ 46.6**	**$ 25.4**	**$ 72.0**	$ 100.2	$ 20.6	$ 120.8
Net financial expenses	**65.9**	**2.9**	**68.8**	71.0	12.5	83.5
Income taxes	**7.7**	**3.0**	**10.7**	21.3	4.5	25.8
EBIT	**$ 120.2**	**$ 31.3**	**$ 151.5**	$ 192.5	$ 37.6	$ 230.0
Depreciation and amortization	**$ 191.1**	**$ —**	**$ 191.1**	$ 197.9	$ 0.1	$ 198.0
EBITDA	**$ 311.3**	**$ 31.3**	**$ 342.6**	$ 390.3	$ 37.7	$ 428.0
Restructuring and transformation costs	**$ 29.0**	**$ —**	**$ 29.0**	$ 39.3	$ —	$ 39.3
Gain on disposal of a Capital investment	**—**	**(4.3)**	**(4.3)**	—	—	—
Loss on disposal of a PS&PM business	**—**	**—**	**—**	0.6	—	0.6
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	**—**	**—**	**—**	(1.3)	—	(1.3)
DPCP Remediation Agreement expense	**27.4**	**—**	**27.4**	—	—	—
Adjusted EBITDA	**$ 367.7**	**$ 27.0**	**$ 394.7**	$ 428.9	$ 37.7	$ 466.5

9.4.3 ADJUSTED EBITDA TO REVENUE RATIO

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Revenues	**$ 1,859.9**	**$ 29.5**	**$ 1,889.4**	$ 1,781.4	$ 27.4	$ 1,808.8
EBIT to revenue ratio (in %)	**3.0%**	**60.2%**	**3.9%**	1.7%	60.5%	2.6%
Adjusted EBITDA to revenue ratio (in %)	**6.8%**	**60.3%**	**7.7%**	6.5%	60.6%	7.3%

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022			2021		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Revenues	**$ 5,589.2**	**$ 59.8**	**$ 5,649.0**	$ 5,357.4	$ 68.9	$ 5,426.3
EBIT to revenue ratio (in %)	**2.2%**	**52.4%**	**2.7%**	3.6%	54.6%	4.2%
Adjusted EBITDA to revenue ratio (in %)	**6.6%**	**45.2%**	**7.0%**	8.0%	54.7%	8.6%

9.4.4 BOOKING-TO-REVENUE RATIO

THIRD QUARTER ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022				
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total
Opening backlog	**$ 4,158.4**	**$ 808.3**	**$ 5,516.3**	**$ 823.3**	**$ 11,306.2**
Plus: Contract bookings during the period	**1,626.3**	**270.2**	**26.0**	**63.6**	**1,986.0**
Backlog from a business combination during the period	**—**	**0.3**	**—**	**—**	**0.3**
Less: Revenues from contracts with customers recognized during the period [1]	**1,161.8**	**219.7**	**124.3**	**123.1**	**1,628.8**
Ending backlog	**$ 4,622.9**	**$ 859.0**	**$ 5,418.0**	**$ 763.8**	**$ 11,663.7**
Booking-to-revenue ratio (in %)	**140%**	**123%**	**21%**	**52%**	**122%**

THIRD QUARTER ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2021				
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total
Opening backlog	$ 3,745.8	$ 830.8	$ 5,849.8	$ 1,042.7	$ 11,469.2
Plus: Contract bookings during the period	1,124.7	182.0	42.9	124.2	1,473.8
Less: Revenues from contracts with customers recognized during the period [1]	1,027.4	210.3	109.8	148.9	1,496.3
Ending backlog	$ 3,843.2	$ 802.5	$ 5,783.0	$ 1,018.1	$ 11,446.7
Booking-to-revenue ratio (in %)	109%	87%	39%	83%	98%

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022				
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total
Opening backlog	**$ 3,769.0**	**$ 834.9**	**$ 5,705.4**	**$ 974.2**	**$ 11,283.5**
Plus: Contract bookings during the period	**4,259.9**	**696.0**	**78.2**	**216.8**	**5,250.9**
Backlog from a business combination during the period	**—**	**0.3**	**—**	**—**	**0.3**
Less: Revenues from contracts with customers recognized during the period [1]	**3,405.9**	**672.1**	**365.6**	**427.3**	**4,870.9**
Ending backlog	**$ 4,622.9**	**$ 859.0**	**$ 5,418.0**	**$ 763.8**	**$ 11,663.7**
Booking-to-revenue ratio (in %)	**125%**	**104%**	**21%**	**51%**	**108%**

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2021				
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total
Opening backlog	$ 3,531.7	$ 890.6	$ 5,749.7	$ 1,019.0	$ 11,191.0
Plus: Contract bookings during the period	3,454.3	569.3	389.0	423.2	4,835.8
Less: Revenues from contracts with customers recognized during the period [1]	3,142.9	657.4	355.8	424.1	4,580.2
Ending backlog	$ 3,843.2	$ 802.5	$ 5,783.0	$ 1,018.1	$ 11,446.7
Booking-to-revenue ratio (in %)	110%	87%	109%	100%	106%

[1] Revenues under the scope of IFRS 15, as disclosed in Note 3 to the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 and 2021.

9.4.5 SEGMENT ADJUSTED EBITDA

THIRD QUARTER ENDED SEPTEMBER 30 (IN MILLIONS $)	2022								
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total	LSTK Projects	Capital	Less: Corporate and other [1]	Consolidated
Segment Adjusted EBIT (EBIT For Consolidated figure)	**$ 97.9**	**$ 36.6**	**$ 15.8**	**$ 2.3**	**$ 152.6**	**$ (43.9)**	**$ 24.8**	**$ (60.6)**	**$ 72.9**
Depreciation and amortization	**29.6**	**3.5**	**(1.0)**	**0.9**	**33.0**	**9.1**	**—**		
Segment Adjusted EBITDA	**$ 127.5**	**$ 40.0**	**$ 14.8**	**$ 3.2**	**$ 185.6**	**$ (34.9)**	**$ 24.8**		

THIRD QUARTER ENDED SEPTEMBER 30 (IN MILLIONS $)	2021								
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total	LSTK Projects	Capital	Less: Corporate and other [1]	Consolidated
Segment Adjusted EBIT (EBIT For Consolidated figure)	$ 93.0	$ 36.0	$ 17.3	$ 1.6	$ 148.0	$ (32.4)	$ 23.6	$ (93.0)	$ 46.1
Depreciation and amortization [2]	29.5	3.6	0.6	0.8	34.6	7.4	—		
Segment Adjusted EBITDA	$ 122.5	$ 39.6	$ 17.9	$ 2.4	$ 182.5	$ (25.0)	$ 23.6		

[1] "Corporate and other" corresponds to items not specifically allocated to segments and, therefore, not included in the Segment Adjusted EBIT of the Company's segments, for which details are provided below.

[2] Depreciation and amortization figures have been restated (Refer to Section 8 of this MD&A).

The table below presents the details of the "Corporate and other" amount reconciling the Segment Adjusted EBIT to the Company's consolidated EBIT:

THIRD QUARTERS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022	2021 [1]
Corporate selling, general and administrative expenses not allocated to the segments	**$ 31.9**	$ 50.9
Restructuring and transformation costs	**8.8**	19.2
Amortization of intangible assets related to business combinations	**19.8**	22.3
Loss on disposal of a PS&PM business	**—**	0.6
Corporate and other - Total	**$ 60.6**	$ 93.0

[1] Comparative figures have been restated (Refer to Section 8 of this MD&A).

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022								
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total	LSTK Projects	Capital	Less: Corporate and other [1]	Consolidated
Segment Adjusted EBIT (EBIT For Consolidated figure)	**$ 278.5**	**$ 103.4**	**$ 38.9**	**$ 4.4**	**$ 425.2**	**$(111.1)**	**$ 48.1**	**$(210.7)**	**$ 151.5**
Depreciation and amortization	**89.7**	**10.6**	**1.8**	**3.1**	**105.1**	**19.6**	**—**		
Segment Adjusted EBITDA	**$ 368.2**	**$ 114.0**	**$ 40.7**	**$ 7.4**	**$ 530.3**	**$ (91.5)**	**$ 48.1**		

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2021								
	Engineering Services	Nuclear	O&M	Linxon	SNCL Services - Total	LSTK Projects	Capital	Less: Corporate and other [1]	Consolidated
Segment Adjusted EBIT (EBIT For Consolidated figure)	$ 274.4	$ 101.1	$ 43.1	$ 15.0	$ 433.6	$ (69.6)	$ 58.7	$(192.7)	$ 230.0
Depreciation and amortization [2]	92.6	11.8	1.8	3.1	109.3	18.4	0.1		
Segment Adjusted EBITDA	$ 367.1	$ 112.9	$ 44.9	$ 18.1	$ 542.9	$ (51.2)	$ 58.8		

[1] "Corporate and other" corresponds to items not specifically allocated to segments and, therefore, not included in the Segment Adjusted EBIT of the Company's segments, for which details are provided below.

[2] Depreciation and amortization figures have been restated (Refer to Section 8 of this MD&A).

The table below presents the details of the "Corporate and other" amount reconciling the Segment Adjusted EBIT to the Company's consolidated EBIT:

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $)	2022	2021 [1]
Corporate selling, general and administrative expenses not allocated to the segments	**$ 95.9**	$ 88.1
Restructuring and transformation costs	**29.0**	39.3
Amortization of intangible assets related to business combinations	**62.7**	66.1
Gain on disposal of a Capital investment	**(4.3)**	—
Loss on disposal of a PS&PM business	**—**	0.6
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	**—**	(1.3)
DPCP Remediation Agreement expense	**27.4**	—
Corporate and other - Total	**$ 210.7**	$ 192.7

[1] Comparative figures have been restated (Refer to Section 8 of this MD&A).

9.4.6 ORGANIC REVENUE GROWTH (CONTRACTION)

THIRD QUARTER ENDED SEPTEMBER 30
(IN MILLIONS $)

	2022 Revenue	2021 Revenue [1]	Variance	Foreign exchange impact	Acquisition and divestiture impact	Organic revenue growth (contraction)
Engineering Services	**$ 1,176.5**	$ 1,039.3	$ 137.1	$ (45.0)	$ —	$ 182.1
Nuclear	**219.2**	220.5	(1.3)	(5.0)	0.5	3.2
O&M	**124.3**	109.8	14.5	1.0	—	13.5
Linxon	**123.1**	148.9	(25.8)	(10.4)	—	(15.4)
Total - SNCL Services	**$ 1,643.0**	$ 1,518.5	$ 124.6	$ (59.3)	$ 0.5	$ 183.4

THIRD QUARTER ENDED SEPTEMBER 30
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)

	2022 Revenue	2021 Revenue [1]	Variance (%)	Foreign exchange impact (%)	Acquisition and divestiture impact (%)	Organic revenue growth (contraction) (%)
Engineering Services	**$ 1,176.5**	$ 1,039.3	13.2%	(5.1)%	—%	18.3%
Nuclear	**219.2**	220.5	(0.6)%	(2.3)%	0.2%	1.5%
O&M	**124.3**	109.8	13.2%	1.1%	—%	12.2%
Linxon	**123.1**	148.9	(17.3)%	(6.2)%	—%	(11.1)%
Total - SNCL Services	**$ 1,643.0**	$ 1,518.5	8.2%	(4.4)%	—%	12.6%

NINE MONTHS ENDED SEPTEMBER 30
(IN MILLIONS $)

	2022 Revenue	2021 Revenue [1]	Variance	Foreign exchange impact	Acquisition and divestiture impact	Organic revenue growth (contraction)
Engineering Services	**$ 3,443.3**	$ 3,150.1	$ 293.2	$ (78.3)	$ —	$ 371.5
Nuclear	**672.3**	684.2	(11.9)	(7.9)	0.5	(4.6)
O&M	**365.6**	355.8	9.8	2.4	—	7.4
Linxon	**427.3**	424.1	3.2	(26.4)	—	29.5
Total - SNCL Services	**$ 4,908.5**	$ 4,614.3	$ 294.3	$ (110.1)	$ 0.5	$ 403.9

NINE MONTHS ENDED SEPTEMBER 30
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)

	2022 Revenue	2021 Revenue [1]	Variance (%)	Foreign exchange impact (%)	Acquisition and divestiture impact (%)	Organic revenue growth (contraction) (%)
Engineering Services	**$ 3,443.3**	$ 3,150.1	9.3%	(2.8)%	—%	12.1%
Nuclear	**672.3**	684.2	(1.7)%	(1.1)%	0.1%	(0.7)%
O&M	**365.6**	355.8	2.8%	0.7%	—%	2.1%
Linxon	**427.3**	424.1	0.7%	(6.7)%	—%	7.4%
Total - SNCL Services	**$ 4,908.5**	$ 4,614.3	6.4%	(2.6)%	—%	9.0%

[1] Comparative figures have been restated (Refer to Section 8 of this MD&A).

9.4.7 SEGMENT NET REVENUE AND SEGMENT ADJUSTED EBITDA TO SEGMENT NET REVENUE RATIO FOR ENGINEERING SERVICES AND LINXON SEGMENTS

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021	**2022**	2021
Revenue – Engineering Services [(1)]	**$ 1,176.5**	$ 1,039.3	**$ 3,443.3**	$ 3,150.1
Less: Direct costs for sub-contractors and other direct expenses that are recoverable directly from clients - Engineering Services	**297.5**	278.0	**841.9**	779.1
Segment net revenue – Engineering Services	**$ 879.0**	$ 761.3	**$ 2,601.4**	$ 2,371.1
Segment Adjusted EBITDA – Engineering Services	**$ 127.5**	$ 122.5	**$ 368.2**	$ 367.1
Segment Adjusted EBITDA to segment net revenue ratio – Engineering Services (in %)	**14.5%**	16.1%	**14.2%**	15.5%

	THIRD QUARTERS		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021	**2022**	2021
Revenue – Linxon [(1)]	**$ 123.1**	$ 148.9	**$ 427.3**	$ 424.1
Less: Costs of equipment provided by the minority shareholder of Linxon	**24.1**	23.4	**70.1**	68.8
Segment net revenue – Linxon	**$ 99.0**	$ 125.5	**$ 357.2**	$ 355.3
Segment Adjusted EBITDA – Linxon	**$ 3.2**	$ 2.4	**$ 7.4**	$ 18.1
Segment Adjusted EBITDA to segment net revenue ratio – Linxon (in %)	**3.2%**	1.9%	**2.1%**	5.1%

(1) Comparative figures have been restated (Refer to Section 8 of this MD&A).

9.4.8 FREE CASH FLOW (USAGE) TO ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS RATIO

NINE MONTHS ENDED SEPTEMBER 30 (IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	**2022**	2021
Free cash flow (usage) [(1)]	**$ (529.5)**	$ (91.3)
Adjusted net income attributable to SNC-Lavalin shareholders [(2)]	**$ 166.2**	$ 198.2
Free cash flow (usage) to Adjusted net income (loss) attributable to SNC-Lavalin shareholders ratio (in %)	**(318.5)%**	(46.1)%

(1) Please refer to Section 6.1 for a quantitative reconciliation of Free cash flow (usage) to net cash generated from (used for) operating activities.

(2) Please refer to Section 9.4.1 for a quantitative reconciliation of Adjusted net income (loss) attributable to SNC-Lavalin shareholders to net income (loss) attributable to SNC-Lavalin shareholders.

10 Risks and Uncertainties

The risks and uncertainties and risk management practices of the Company described in Section 14 of the 2021 Annual MD&A have not materially changed in the first nine months of 2022. See also Note 13, Contingent Liabilities, to the unaudited interim condensed consolidated financial statements of the Company for the three-month and nine-month periods ended September 30, 2022 and 2021.

11 Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") of the Canadian securities regulatory authorities.

The CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that:

- Material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on July 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

12 Quarterly Information

(IN MILLIONS $, EXCEPT AS OTHERWISE NOTED)	2022			2021				2020
	THIRD QUARTER	**SECOND QUARTER**	**FIRST QUARTER**	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER
Continuing operations								
Revenues:								
PS&PM	**1,859.9**	**1,857.6**	**1,871.7**	1,879.7	1,781.4	1,778.0	1,798.0	1,675.3
Capital	**29.5**	**13.9**	**16.4**	65.2	27.4	19.8	21.7	22.6
Total Revenues	**1,889.4**	**1,871.5**	**1,888.1**	1,944.9	1,808.8	1,797.8	1,819.7	1,697.9
EBIT	**72.9**	**27.1**	**51.5**	(35.9)	46.1	80.4	103.5	(372.7)
Net financial expenses	**23.0**	**20.2**	**25.6**	27.0	26.3	25.9	31.2	27.5
Earnings (loss) before income taxes from continuing operations	**49.9**	**7.0**	**25.8**	(62.9)	19.8	54.5	72.3	(400.2)
Income taxes	**3.3**	**3.5**	**4.0**	(47.8)	—	22.2	3.6	(80.5)
Net income (loss) from continuing operations	**46.6**	**3.5**	**21.9**	(15.1)	19.8	32.3	68.7	(319.7)
Net income (loss) from discontinued operations	**(6.9)**	**—**	**—**	(37.6)	582.1	16.5	5.3	(379.8)
Net income (loss)	**39.7**	**3.5**	**21.9**	(52.7)	601.9	48.9	74.0	(699.5)
Net income (loss) attributable to:								
SNC-Lavalin shareholders	**37.8**	**1.6**	**24.8**	(52.9)	600.7	45.7	73.0	(702.7)
Non-controlling interests	**1.9**	**1.9**	**(2.9)**	0.2	1.2	3.1	0.9	3.3
Net income (loss)	**39.7**	**3.5**	**21.9**	(52.7)	601.9	48.9	74.0	(699.5)
Basic earnings (loss) per share ($)	**0.22**	**0.01**	**0.14**	(0.30)	3.42	0.26	0.42	(4.00)
Diluted earnings (loss) per share ($)	**0.22**	**0.01**	**0.14**	(0.30)	3.42	0.26	0.42	(4.00)
Net income (loss) from continuing operations attributable to:								
SNC-Lavalin shareholders	**44.7**	**1.6**	**24.8**	(15.3)	18.6	29.2	67.7	(322.9)
Non-controlling interests	**1.9**	**1.9**	**(2.9)**	0.2	1.2	3.1	0.9	3.3
Net income (loss) from continuing operations	**46.6**	**3.5**	**21.9**	(15.1)	19.8	32.3	68.7	(319.7)
Basic earnings (loss) per share from continuing operations ($)	**0.25**	**0.01**	**0.14**	(0.09)	0.11	0.17	0.39	(1.84)
Diluted earnings (loss) per share from continuing operations ($)	**0.25**	**0.01**	**0.14**	(0.09)	0.11	0.17	0.39	(1.84)
Dividend declared per share ($)	**0.02**	**0.02**	**0.02**	0.02	0.02	0.02	0.02	0.02