

Fourth quarter and year end December 31st, 2009



Conference call notes

March 5, 2010

✓ **Forward-looking Statements**

- Denis Jasmin,
Vice-President, Investor Relations

✓ **Highlights and Outlook**

- Pierre Duhaime,
President and Chief Executive Officer

✓ **Financial Review**

- Gilles Laramée,
Executive Vice-President and Chief Financial Officer

- ✓ Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.
- ✓ Statements made in this presentation that describe the Company's or management's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. 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. For more information on risks and uncertainties, and assumptions that would cause the Company's actual results to differ from current expectations, please refer to the section "Risks and Uncertainties" and the section "How We Budget and Forecast Our Results and Basis for Providing Financial Guidance", respectively, in the Company's 2008 Annual Report under "Management's Discussion and Analysis". The forward-looking statements herein reflect the Company's expectations as of the date of this presentation and are subject to change after this date.
- ✓ Reference in this presentation to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint ventures, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint ventures.

Year-to-date results

- ✓ Net income increased by 15% to \$359.4 million compared to \$312.5 million for the year ended December 31, 2008.
 - The increase is mainly due to:
 - An overall increase in gross margin-to-revenue ratio from the Packages activities
 - Partially offset by:
 - Lower Services gross margin-to-revenue ratio
 - Lower level of Packages activities
- ✓ Year-to-date revenues decreased to \$6.1 billion compared to \$7.1 billion for the year ended December 31, 2008
 - Mainly reflecting an anticipated decrease in Packages

- ✓ The Company's balance sheet position remained solid with cash and cash equivalents of \$1.2 billion at December 31, 2009
- ✓ The Company's total revenue backlog increased to \$10.8 billion
 - Both Services and Packages backlogs remained strong at \$1.5 billion and \$4.2 billion respectively
- ✓ For the 12-month period ended December 31, 2009, return on average shareholders' equity (ROASE) was 27.3%

- ✓ BV2 BVBA (Belgium – Pharmaceutical and biotechnology)
- ✓ VST Ingenieros Ltda (Chile – Mining & Metallurgy)
- ✓ Antis Conseils & Ingénierie S.A.S. and Cabinet d'Études Édouard Coumelongue Ingénieurs Conseils S.A.
(France – Industrial and Infrastructure)
- ✓ Spectrol Energy Services Inc. (Newfoundland & Labrador – Chemicals & Petroleum)
- ✓ Marte Engenharia Ltda. (Brazil – Power and Operation & Maintenance)

Adding ~ 1,200 people to our global workforce

- ✓ Groupe Immobilier Ovation (100% SLI) had entered into a 29-year agreement with the Government of Quebec to design, build, operate, maintain and finance a new concert hall for the Montreal Symphony Orchestra in Montreal.
- ✓ Astoria II (18.5% SLI) obtained over US\$1 billion of project financing (non-recourse to SLI) in Q2, 2009
- ✓ Hadjret En Nouss (26.0% SLI) completed the construction of a 1,227 MW gas-fired power plant in Algeria, and started providing electricity under a 20-year agreement.
- ✓ In Transit BC L.P (33.3% SLI) completed and opened the Canada Line to the public in August 2009, more than three months ahead of schedule. SLI will operate and maintain it under a 35-year concession agreement.

Financial objectives

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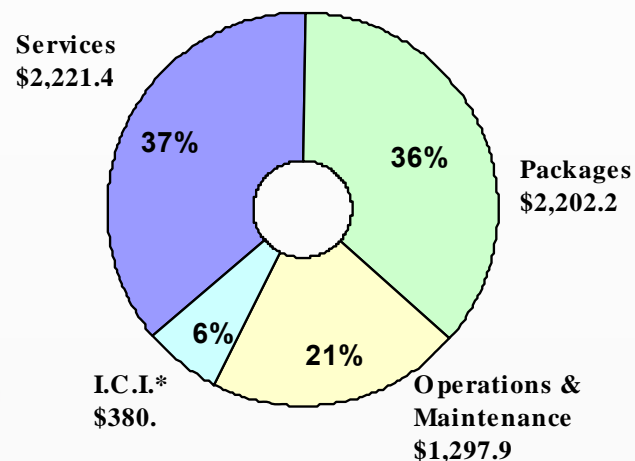
Financial Indicator:	Financial Objective:	Actual Results	
		2009	2008
1) Growth in net income	Annual growth between 7% and 12%	15.0%	106.4%
2) Return on Average Shareholders' Equity (ROASE)	At least equal to long-term Canada Bond Yield plus 6% (totalling 9.9% for 2009 and 10.1% for 2008)	27.3%	29.1%
3) Net Cash Position (cash and cash equivalents, excluding cash and cash equivalents from ICI, less recourse debt)	Maintain a strong balance sheet with a net cash position sufficient to meet expected operating, financing and investing plans	\$722.9M	\$854.6M

Diversity of the Company's revenue base

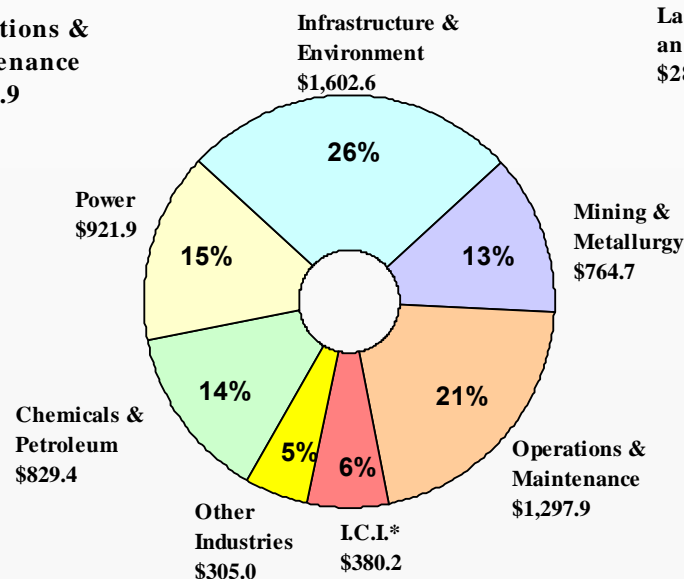
(in millions of \$)

9

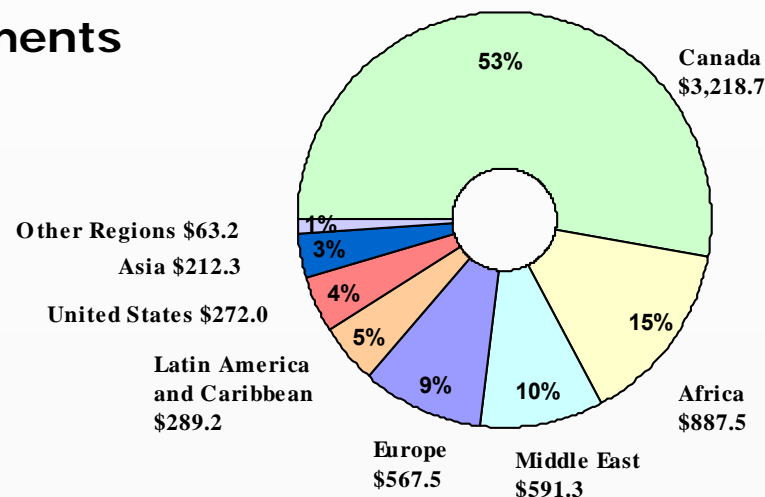
Categories of activity



Industry segments



Geographic areas



2009 Revenues:

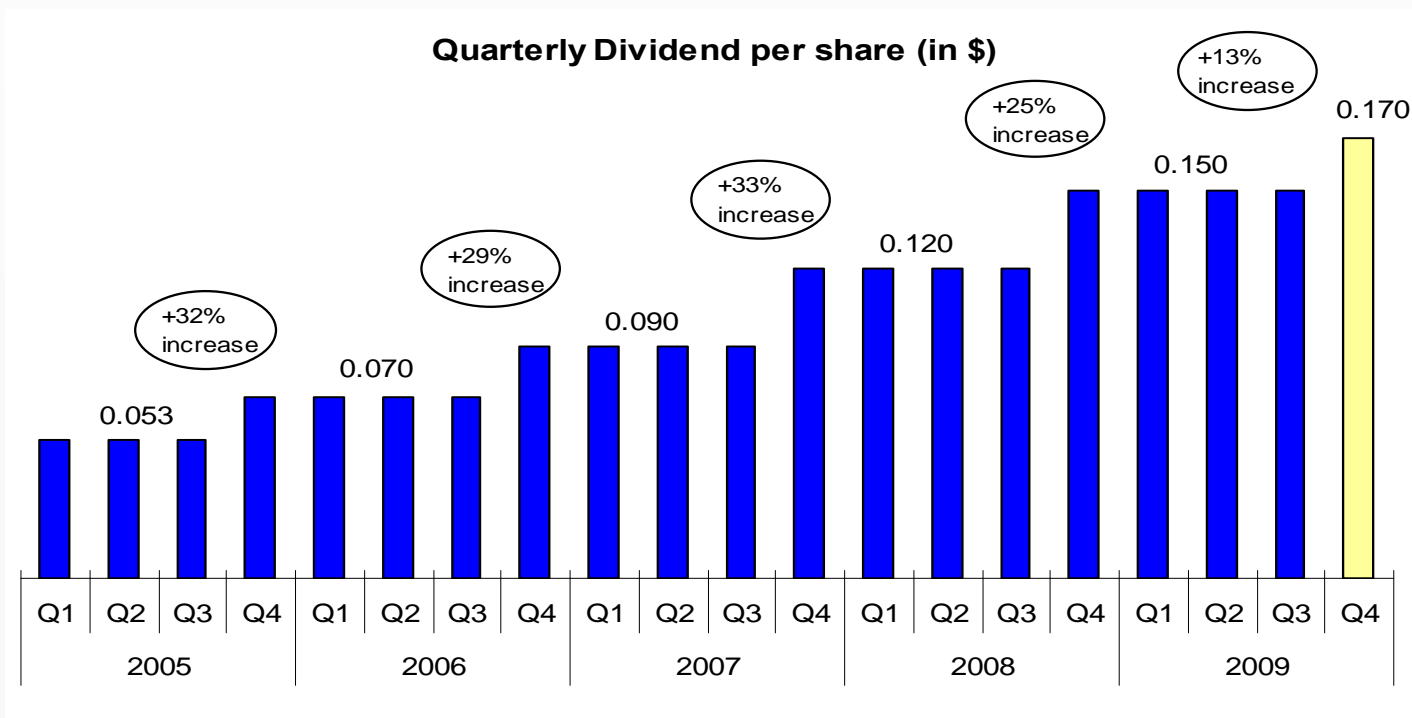
\$6.1 billion

*Infrastructure Concession Investments

- ✓ 2010 net income to be as high or higher than 2009
 - Due to:
 - Strong revenues backlog
 - Numerous and diverse prospects in Canada and outside Canada

Dividend

- ✓ Given the positive outlook and the Company's strong revenues backlog, the Board of Directors has increased the quarterly cash dividend by 13% to \$0.17 per share



Financial Review

Gilles Laramée,

Executive Vice-President and Chief Financial Officer

Net income details

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(in millions of \$)

	Fourth Quarter		Year ended Dec. 31	
	2009	2008	2009	2008
Net income	98.7	75.0	359.4	312.5
SNC-Lavalin's net income from ICI:				
From Highway 407	4.9	13.4	9.8	20.0
From other ICI	17.8	0.3	27.1	17.2
Net income excluding ICI	76.0	61.3	322.5	275.3

Consolidated income statement

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(in millions of \$)

	Fourth Quarter		Year ended Dec. 31	
	2009	2008	2009	2008
Revenues	1,583.2	1,943.9	6,101.7	7,106.9
Gross margin	316.5	266.8	1,151.1	1,012.9
Selling, general and administrative expenses	148.1	157.1	545.6	515.2
Interest (revenues) and capital taxes:				
- from infrastructure concession investments	32.2	22.5	112.2	108.2
- other	7.3	(0.9)	16.0	(13.7)
Income before inc. taxes and non-contr. interest	128.9	88.1	477.3	403.2
Income taxes	26.0	12.0	108.2	85.1
Non-controlling interest	4.2	1.1	9.7	5.6
Net income	98.7	75.0	359.4	312.5

Revenues from Canada and outside Canada

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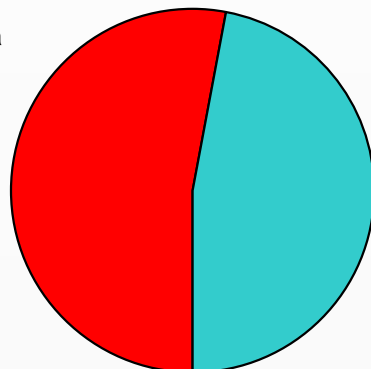
Year Ended December 31

2009

2008

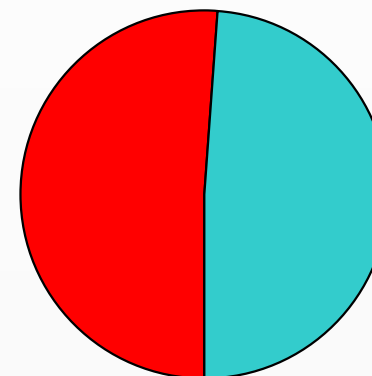
For all categories of activity

■ Canada
53%



■ Outside
Canada
47%

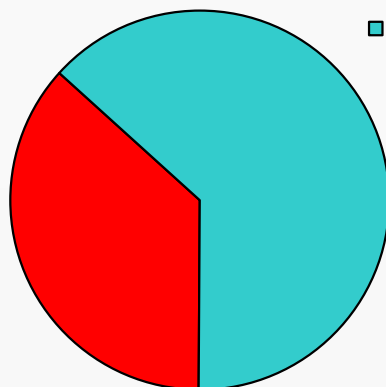
■ Canada
51%



■ Outside
Canada
49%

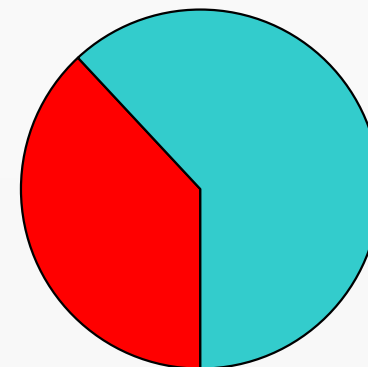
For Services and Packages

■ Canada
37%



■ Outside
Canada
63%

■ Canada
38%



■ Outside
Canada
62%

Annual gross margin

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(in millions of \$)

	2009	As a % of revenues	2008	As a % of revenues
Services	562.7	25.3%	678.1	29.4%
Packages	357.4	16.2%	130.0	4.0%
Operations & Maintenance	50.1	3.9%	43.6	3.6%
Infrastructure Concession Investments	180.9	47.6%	161.2	46.5%
Total gross margin	<u>1,151.1</u>	18.9%	<u>1,012.9</u>	14.3%

Revenues and operating income (loss) by segment

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(in millions of \$)	Year ended December 31			
	2009		2008	
	Revenues	Operating Income	Revenues	Operating Income (loss)
Services and Packages				
Infrastructure & Environment	1,602.6	212.9	1,700.4	113.0
Power	921.9	88.0	1,176.2	(24.4)
Chemicals & Petroleum	829.4	21.0	1,416.8	104.4
Mining & Metallurgy	764.7	72.2	859.0	117.0
Other Industries	305.0	40.6	382.5	46.8
Operations & Maintenance	1,297.9	32.5	1,225.0	25.4
Infrastructure Concession Investments	380.2	36.9	347.0	37.2
	6,101.7	504.1	7,106.9	419.4

2010 Operating income expectations

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Operating Income	2009 Expectations per 2008 MD&A	2009 Actual	2009 Actual vs. Expectations	2010 Expectations
Services and Packages				
Infrastructure and Environment	↑	↑	✓	↓
Power	↑	↑	✓	↓
Chemicals and Petroleum	↓	↓	✓	↑
Mining and Metallurgy	↓	↓	✓	≡
Other Industries	≡	↓	X	≡
Operations and Maintenance	↑	↑	✓	↑
Infrastructure Concession Investments	↑	≡	X	↑
Total Operating Income	↑	↑	✓	↑

X: Below expectations

✓: In line or above expectations

Balance sheet

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(in millions of \$)

	December 31, 2009	December 31, 2008
Assets		
Cash and cash equivalents	1,218.2	988.2
Other current assets	2,174.8	2,564.2
Property and equipment:		
From infrastructure concession investments	2,217.0	1,750.7
From Other Activities	114.0	123.4
Goodwill	520.9	496.1
Infrastructure concessions investments	469.4	343.4
Other non-current assets	492.0	505.5
	7,206.3	6,771.5
Liabilities		
Current liabilities	2,849.0	3,276.0
Long-term debt:		
Recourse	348.0	104.7
Non-recourse from infrastructure concession investments	2,005.5	2,003.3
Other non-current liabilities and non-controlling interest	569.1	298.3
Shareholders' equity	1,434.7	1,089.2
	7,206.3	6,771.5

Certain figures at December 31, 2008 have been restated following the adoption of new accounting standards

Net book value of ICI

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(in millions of \$)

	Dec. 2009	Dec. 2008
Net book value of ICI accounted for by the full or proportionate consolidation methods	250.9	204.2
Net book value of ICI accounted for by the equity or cost methods:		
Net book value of ICI accounted for by the equity method	194.6	110.4
Net book value of ICI accounted for by the cost method	274.8	233.0
	469.4	343.4
Net book value of total ICI	720.3	547.6

Solid financial position

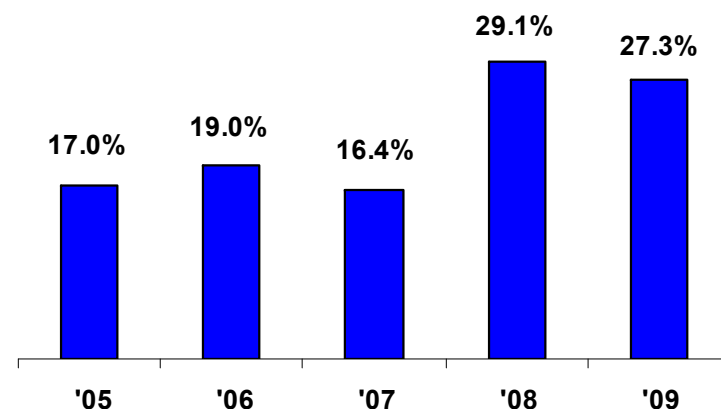
21

(in millions of \$)

<u>Cash position</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	1,218.2	988.2	1,088.6	1,106.3	1,153.5
Freehold cash (included above)	800.0	600.0	600.0	500.0	500.0

- Return on Average Shareholders' Equity (ROASE)

The Company strives to be in a position of achieving a consistently high ROASE while maintaining a strong balance sheet, which it has achieved over the last several years.



Revenue backlog by category of activity

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(in millions of \$)

	Dec. 2009	Sept. 2009	Dec. 2008
Services	1,464.9	1,570.2	1,545.3
Packages	4,197.5	3,495.2	3,508.0
Operations & Maintenance	2,596.1	2,587.0	2,196.2
AltaLink	1,877.4	1,839.7	1,685.2
Highway 407	600.7	592.5	558.4
Others	100.6	111.5	99.1
Infrastructure Concession Investments	2,578.7	2,543.7	2,342.7
Total Backlog	10,837.2	10,196.1	9,592.2

Services and Packages revenues backlog by segment

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(in millions of \$)

	At December 31			
	2009		2008	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure and Environment	677.9	2,034.6	676.8	2,174.4
Power	253.5	436.1	194.7	546.0
Chemicals and Petroleum	170.5	1,553.5	179.5	647.9
Mining and Metallurgy	297.9	-	392.0	-
Other Industries	65.1	173.3	102.3	139.7
Total Services and Packages Backlog	1,464.9	4,197.5	1,545.3	3,508.0

IFRS – SLI's main impact

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Subject	Differences identified (IFRS vs CND GAAP)	Potential impact on SLI
Interest in Joint Ventures (J/V)	<p>Jointly controlled entities</p> <p>IFRS: Equity method or Proportionate consolidation method. Recognize J/V losses only to the extent the investor has incurred legal or constructive obligations.</p> <p>GAAP: Proportionate consolidation method only. Recognize J/V losses irrespective of the carrying amount.</p>	<p>The Company intends to account for jointly controlled entities by applying the equity method. The carrying value of the Company's investments in Highway 407, which was negative by \$60M at the end of 2009, would become \$nil.</p> <p>Removing approximately \$780M of assets and \$840M of liabilities from SLI's balance sheet.</p>
Service Concession Arrangements (IFRIC 12)	<p>Private-to-public partnership arrangements</p> <p>IFRS: Accounts infrastructure asset (depending on <i>Market Risk</i>): 1- Intangible asset model 2- Financial asset model (A/R) 3- Combination of both.</p> <p>GAAP: Relevant accounting standards (depending on project's specific facts & circumstances): 1- Property & Equipment 2- Intangible asset 3- Contracts in progress.</p>	<p>Timing of net income recognition, as well as the measurement and presentation of revenues, assets and liabilities, are expected to be different.</p> <p>Overall profitability and cash flows over duration of arrangements will not change.</p> <p>The following ICI will be affected: i) Groupe Ovation ii) InTransit BC iii) Malta International Airport iv) Okanagan Lake v) TC Dome.</p>

Peer group comparison

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	Net Income Growth (Last TTM)	R.O.E. ⁽¹⁾	P/E ⁽²⁾
SNC-Lavalin	15.0%	27.3%	15.3 ⁽³⁾
Fluor	(4.4)%	20.9%	9.3
Foster Wheeler	(33.5)%	31.7%	7.6
Jacobs Engineering	(18.9)%	13.0%	12.4
Shaw Group	(65.1)%	2.3%	43.7
Technip	(62.0)%	6.6%	27.8
URS Corp.	22.4%	7.0%	14.7
WorleyParsons	(14.8)%	18.1%	18.2

To be comparable to our peers, SLI's P/E needs to be adjusted by removing from SLI's price and earnings SLI's ICIs.

Ratios are based on most recent available 4 trailing quarters

Sources of information are from company reports and Bloomberg as of March 3, 2010

(1) Shareholders' equity excludes the "accumulated other comprehensive income (loss)"

(2) P/E ratios adjusted to reflect best estimate of freehold cash where applicable.

(3) P/E ratio adjusted to reflect freehold cash and to exclude SLI's ICIs. SNC-Lavalin market price = \$50.64, less interest in Highway 407 of ~ \$8.00 (based on FMV of Intoll Group), less interest in other ICIs of \$5.13 (based on net book value), and less \$5.30 of freehold cash.

- If you have further questions, please contact:
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