



SNC • LAVALIN



FIRST QUARTER 2011

Conference Call Notes
May 5, 2011



Agenda

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
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Forward-looking statements

- ✓ Unless otherwise indicated, 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 Analyze and Report our Results", respectively, in the Company's 2010 Financial Report under "Management's Discussion and Analysis". The forward-looking statements in this presentation reflect the Company's expectations as at the date of this presentation. The Company do not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.
 - ✓ 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.
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Financial highlights

- ✓ **First period in which the Company's financial statements have been prepared in accordance with IFRS**
 - All 2010 comparative figures have been restated
 - ✓ **Net income attributable to the Company's shareholders for the first quarter 2011 was \$73.9 million compared to \$84.1 million for the first quarter 2010, reflecting:**
 - Lower net income excluding ICI (\$49.5M vs \$64.6M)
 - Lower contributions from:
 - Mining & Metallurgy
 - Infrastructure & Environment – impact of the Libyans events
 - Partially offset by better contributions from all other segments
 - Higher net income from ICI (\$24.4M vs \$19.5M)
 - Higher dividend revenues from Highway 407
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Financial highlights (cont'd)

- ✓ **Revenues for the first quarter of 2011 increased by 25.1% to \$1.6 billion, compared to \$1.3 billion in the first quarter 2010**
 - Increase in all segments of activity and in all revenue categories (particularly Packages, 64.6% increase)

 - ✓ **Financial position remained strong**
 - Cash and cash equivalents = \$1.2 billion at March 31, 2011

 - ✓ **Revenue backlog remained strong at \$9.4 billion at March 31, 2011 compared to \$8.6 billion at March 31, 2010**
 - No longer includes ICI revenue backlog
 - March 2011 balance does not include any Libyan projects
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Worldwide opportunities

Infrastructure & Environment:

Worldwide

Airports, buildings, hospitals, mass transit systems and roads

Power:

Worldwide

Hydro, thermal power, nuclear, transmission & distribution

Chemicals & Petroleum:

Canada, Middle East and South America

Mining & Metallurgy:

Worldwide

Aluminum, copper, gold, iron ore, nickel and potash

Operations & Maintenance:

Mainly in Canada

New and traditional markets

Infrastructure Concession Investments:

Mainly in Canada

Financial Review

Gilles Laramée,
Executive Vice-President and Chief Financial Officer

Consolidated income statement

(in millions of \$)

	First Quarter	
	2011	2010
Revenues by activity:		
Services	480.1	457.2
Packages	632.1	384.1
Operations & Maintenance	426.8	383.1
Infrastructure Concession Investments (ICI)	101.8	86.9
	1,640.8	1,311.3
Gross margin	273.4	263.5
Selling, general and administrative expenses	153.0	130.3
Net financial expenses		
From ICI	23.2	18.1
From other activities	4.0	7.5
Income before inc. tax and non-contr. interests	93.2	107.6
Income tax expense	16.6	20.9
Non-controlling interests	2.7	2.6
Net income attributable to the Company's shareholders	73.9	84.1
Net income excluding ICI	49.5	64.6
SNC-Lavalin's net income from Highway 407	13.8	9.2
SNC-Lavalin's net income from other ICI	10.6	10.3
Net income attributable to the Company's shareholders	73.9	84.1

Comparative figures have been restated upon transition to IFRS

Revenues and operating income by segment

(in millions of \$)	Three Months Ended March 31			
	2011		2010	
	Revenues	Operating Income	Revenues	Operating Income
Services and Packages				
Infrastructure & Environment	420.5	6.1	326.0	43.3
Chemicals & Petroleum	300.0	15.1	193.8	12.6
Mining & Metallurgy	177.3	1.4	149.4	12.0
Power	137.2	25.0	106.2	15.8
Other Industries	77.2	10.5	65.9	5.1
Operations & Maintenance	426.8	17.8	383.1	11.6
Infrastructure Concession Investments	101.8	24.4	86.9	19.5
	1,640.8	100.3	1,311.3	119.9

Comparative figures have been restated upon transition to IFRS

Balance sheet

(in millions of \$)	March 31, 2011	December 31, 2010
Assets		
Cash and cash equivalents	1,181.9	1,235.1
Other current assets	2,423.2	2,328.7
Property and equipment:		
From infrastructure concession investments	2,155.8	2,072.8
From other activities	116.2	115.2
Goodwill	542.8	542.0
Infrastructure concession investments	638.0	627.0
Other non-current assets	636.9	616.4
	7,694.8	7,537.2
Liabilities and Equity		
Current liabilities	3,002.6	2,885.1
Long-term debt:		
Recourse	348.2	348.2
Non-recourse from infrastructure concession investments	1,528.6	1,529.0
Other non-current liabilities	838.1	837.6
	5,717.5	5,599.9
Equity attributable to the Company's shareholders	1,869.3	1,834.7
Non-controlling interests	108.0	102.6
	7,694.8	7,537.2

Comparative figures have been restated upon transition to IFRS

Revenue backlog by category of activity

(in millions of \$)	March 2011	December 2010	March 2010
Services	1,396.0	1,410.7	1,412.7
Packages	5,544.5 ⁽¹⁾	5,556.0 ⁽¹⁾	4,288.6
Operations & Maintenance	2,429.2	2,732.8	2,914.5
Total Revenue Backlog	9,369.7	9,699.5	8,615.8

(1) As a precautionary measure, all Libyan projects have been removed

Services and Packages revenue backlog by segment

(in millions of \$)	At March 31 2011		At December 31 2010	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure & Environment	662.4	2,620.1	665.1	2,820.6
Chemicals & Petroleum	140.2	701.0	165.8	907.4
Mining & Metallurgy	291.6	140.6	273.6	167.1
Power	214.4	1,575.1	219.6	1,340.4
Other Industries	87.4	507.7	86.6	320.5
Total Services and Packages Backlog	1,396.0	5,544.5	1,410.7	5,556.0

First-time adoption of IFRS

(in millions of \$)

	Three months ended March 31, 2010	Year ended December 31, 2010
Net income as per Canadian GAAP	71.9	437.0
Effect of transition to IFRS:		
IFRIC 12	5.7	24.2
IAS 31	7.1	37.3
Reclassification of NCI	2.6	10.7
Other	(0.6)	(3.9)
Net income as per IFRS	86.7	505.3
Non-controlling interests (NCI)	2.6	10.7
Net income attributable to the Company's shareholders	84.1	494.6
SNC-Lavalin's net income from ICI	19.5	134.9
Net income excluding ICI	64.6	359.7
	84.1	494.6

Peer group comparison

	R.O.E. ⁽¹⁾	P/E ⁽²⁾	<div> 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. </div>
SNC-Lavalin	27.3%	14.2 ⁽³⁾	
Fluor	9.8%	31.9	
Foster Wheeler	11.9%	23.2	
Jacobs Engineering	7.8%	24.5	
Shaw Group	2.1%	n/a	
Technip	14.4%	17.9	
URS Corp.	7.1%	12.4	
WorleyParsons	14.5%	26.1	

Ratios are based on most recent available 4 trailing quarters as at May 3, 2011.

Sources of information are from company reports and Bloomberg as of May 3, 2011.

(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.

price = \$56.91, less interest in Highway 407 of \$9.85 (based on CPPIB
less interest in AltaLink of \$6.07 (based on SNC-Lavalin's offer to MEAP)
ICIs of \$5.06 (based on net book value) and less \$4.30 of freehold cash.

✓ **If you have further questions, please contact:**

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✓ **Replay of conference call:**

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