



SNC • LAVALIN



THIRD QUARTER 2011

Conference Call Notes
November 4, 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 does 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

Q3 2011 vs Q3 2010

- ✓ **Net income = \$125.6 million for Q3 2011 vs \$128.1 million for Q3 2010**
- ✓ **15.8% increase excluding the 2010 gain of \$19.6 million from the disposal of technology solution assets**



Chemicals & Petroleum
Power
Mining & Metallurgy
Infrastructure Concession Investments

Partially offset by:



Infrastructure & Environment

Financial highlights

YTD 2011 vs YTD 2010

- ✓ **Net income = \$300.2 million for 2011 vs \$331.3 million for 2010, or \$311.7 million excluding the 2010 gain of \$19.6 million from the disposal of technology solution assets**
 - Net income **excluding ICI** = \$208.5 million vs \$231.4 million excluding the 2010 gain
 - ⬇ Infrastructure & Environment
 - ⬆ All other segments
 - Net income **from ICI** = \$91.7 million vs \$80.3 million
 - ⬆ Dividends from Highway 407
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Financial highlights

(cont'd)

- ✓ **Revenues for YTD 2011 increased by 21.7% to \$5.1 billion vs \$4.2 billion for YTD 2010**



In all segments of activity and in all revenue categories

Packages up by 42.1%

Services up by 13.1%

- ✓ **Financial position remained solid**

- Cash and cash equivalents = \$1.0 billion at September 30, 2011

- ✓ **Revenue backlog = \$9.4 billion at September 30, 2011 vs \$9.7 billion at December 31, 2010**



55.7% in Services to a record level of \$2.2 billion



In Packages



In Operations & Maintenance

Acquisitions

✓ **Interfleet Technology**

- October 4, 2011
- International rail technology consultancy group
- Headquartered in Derby, United Kingdom
- 600 staff
- 22 locations

✓ **Arcturus Realty Corporation**

- October 6, 2011
- Agreement to acquire, subject to the meeting of customary conditions
- Manages over 35 million square feet of office, retail and industrial space across Canada
- Over 350 employees
- Client base = financial institutions, insurance companies, major retailers, public sector and private investors

✓ **AECL**

- October 2011
 - Candu Energy Inc., wholly-owned subsidiary of SNC-Lavalin, completed the acquisition of certain assets of AECL's commercial reactor division
 - 1,400 employees were hired and/or transitioned to Candu Energy Inc.
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Worldwide opportunities

Infrastructure & Environment:

Worldwide

Airports, buildings, hospitals, mass transit, ports, rail, road and water

Power:

Worldwide

Hydro, thermal power, transmission & distribution and nuclear

Chemicals & Petroleum:

Canada, Middle East, South America and Russia

Mining & Metallurgy:

Worldwide

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

Operations & Maintenance:

Mainly in Canada

Infrastructure Concession Investments:

Mainly in Canada

Financial Review

Gilles Laramée,

Executive Vice-President and Chief Financial Officer



Selected income statement elements

(in millions of \$)

	Third Quarter		Nine months ended September 30		Year ended December 31
	2011	2010	2011	2010	2010
Net income from ICI:					
From Highway 407	14	-	60	32	50
From other ICI, excluding the net gain on disposal	12	16	32	48	59
From other ICI, net gain on disposal	-	-	-	-	26
Net income excluding ICI:					
From a gain on disposal of certain technology solution assets	-	20	-	20	20
Excluding the gain on disposal of certain technology solution assets	100	92	208	231	340
Net income attributable to SNC-Lavalin shareholders	126	128	300	331	495

Comparative figures have been restated upon transition to IFRS

Consolidated income statement

(in millions of \$)

	Third Quarter		Nine months ended September 30	
	2011	2010	2011	2010
Revenues by activity:				
Services	598	494	1,643	1,453
Packages	759	610	2,083	1,466
Operations & Maintenance	308	308	1,017	947
Infrastructure Concession Investments (ICI)	115	101	345	315
	1,780	1,513	5,088	4,181
Gross margin	341	322	929	912
Selling, general and administrative expenses	151	132	470	408
Net financial expenses				
From ICI	26	21	69	61
From other activities	5	5	15	21
Income before inc. taxes and non-contr. interests	159	164	375	422
Income tax expense	30	35	66	83
Non-controlling interests	3	1	9	8
Net income attributable to SNC-Lavalin shareholders	126	128	300	331
SNC-Lavalin's net income from other activities	100	112	208	251
SNC-Lavalin's net income from other ICI	26	16	92	80
Net income attributable to SNC-Lavalin shareholders	126	128	300	331

Comparative figures have been restated upon transition to IFRS

Revenues and operating income by segment

(in millions of \$)	Nine Months Ended September 30			
	2011		2010	
	Revenues	Operating Income	Revenues	Operating Income
Services and Packages				
Infrastructure & Environment	1,425	55	1,247	174
Chemicals & Petroleum	823	51	653	19
Mining & Metallurgy	667	46	481	43
Power ⁽¹⁾	551	94	340	89
Other Industries	260	30	198	15
Operations & Maintenance	1,017	30	947	26
Infrastructure Concession Investments	345	92	315	80
	5,088	398	4,181	446

(1) 2010 figures includes a gain before taxes of \$22.8 million (\$19.6 million after taxes) on disposal of certain technology solution assets.

Comparative figures have been restated upon transition to IFRS

Financial position

(in millions of \$)

	September 2011	December 2010
Assets		
Cash and cash equivalents	1,000	1,235
Other current assets	2,343	2,329
Property and equipment:		
From infrastructure concession investments	2,414	2,073
From other activities	138	115
Infrastructure concession investments	635	627
Goodwill	568	542
Other assets	658	616
	7,756	7,537
Equity and Liabilities		
Current liabilities	3,191	2,885
Long-term debt:		
Recourse	348	348
Non-recourse from Infrastructure concession investments	1,478	1,529
Other liabilities	905	838
	5,922	5,600
Equity attributable to SNC-Lavalin shareholders	1,830	1,835
Non-controlling interests	4	102
	7,756	7,537

Comparative figures have been restated upon transition to IFRS

Revenue backlog by category of activity

(in millions of \$)	September 2011	June 2011	December 2010
Services	2,197	1,680	1,411
Packages	4,840	5,319	5,556
Operations & Maintenance	2,393	2,344	2,733
Total Revenue Backlog	9,430	9,343	9,700

Services and Packages revenue backlog by segment

(in millions of \$)	At September 30 2011		At December 31 2010	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure & Environment	776	2,241	665	2,821
Chemicals & Petroleum	270	408	166	907
Mining & Metallurgy	720	78	274	167
Power	272	1,688	220	1,340
Other Industries	159	425	86	321
Total Services and Packages Backlog	2,197	4,840	1,411	5,556

Peer group comparison

	R.O.E. ⁽¹⁾	P/E ⁽²⁾	
SNC-Lavalin	24.0%	11.8	⁽³⁾ →
AECOM	11.0%	9.3	
Fluor	10.2%	24.5	
Foster Wheeler	11.2%	12.6	
Jacobs Engineering	9.9%	15.6	
Shaw Group	-12.3%	n/a	
Technip	14.7%	14.9	
URS Corp.	6.3%	10.7	
WorleyParsons	18.1%	18.6	

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 as at November 2, 2011.

Sources of information are from company reports and Bloomberg as of November 2, 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 = \$49.75, less interest in Highway 407 of \$9.85 (based on CPPIB acquisition), less interest in AltaLink of \$6.51 (based on SNC-Lavalin's acquisition) and less other ICIs of \$4.89 (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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