



SNC • LAVALIN

SECOND QUARTER 2012

**Conference Call Notes
August 3, 2012**



Agenda

Forward-looking Statements

- Denis Jasmin,
Vice-President, Investor Relations

Opening Remarks and Outlook

- Ian Bourne,
Vice-Chairman and Interim 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 financial information included in this presentation is in Canadian dollars.
- ✓ Reference in this presentation, and hereafter, to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint ventures, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint ventures. 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 2012 outlook referred to during this presentation is forward-looking information and is based on the methodology described in the Company's 2011 Management's Discussion and Analysis under the heading "How We Budget and Forecast Our Results" and is subject to the risks and uncertainties described in the Company's public disclosure documents, including risks resulting from the Independent Review and the Company's continuing review of compliance matters. The purpose of the 2012 outlook is to provide the reader with an indication of management's expectations, at the date of release of the Company's second quarter results, regarding the Company's future financial performance and listeners are cautioned that this information may not be appropriate for other purposes.
- ✓ The Company cautions that its actual actions and/or results could differ materially from those expressed or implied in forward-looking statements, or could affect the extent to which a particular projection materializes, as a result of risks and uncertainties relating to: (a) cost overruns from fixed-price contracts; (b) failure to meet scheduled dates or performance standards on a particular project; (c) attracting and retaining qualified personnel and any strike, partial work stoppage or other labour actions by the Company's or its subcontractors' unionized employees; (d) failure of the Company's joint venture partners to perform their obligations; (e) failure by the Company's subcontractors to deliver their portion of a particular project according to contractual terms; (f) the financial performance of the Company's infrastructure concession investments during a particular concession period; (g) the Company obtaining new contract awards; (h) revenue backlog and whether such revenue backlog will ultimately result in earnings and when revenues and earnings from such backlog will be recognized; (i) foreign currency exchange and interest rates; (j) credit risk and the delay in collection from the Company's clients; (k) information management including its integrity, reliability and security; (l) the inherent limitations of the Company's control framework and the effectiveness of the measures implemented by the Company to strengthen its internal controls over financial reporting following the identification by the Company of material weaknesses relating to the design and operational effectiveness of its internal controls over financial reporting; (m) uncertain economic and political conditions in the countries in which the Company does business; (n) any lack of strong safety practices by the Company or its subcontractors exposing the Company to lost time on projects, penalties, lawsuits and impact on future contract awards; (o) the Company's inability to comply with environmental laws and regulations; (p) the Company's reputation as a result of, among others, any quality or performance issues on its projects, a poor health and safety record, non-compliance with laws or regulations by the Company's employees, agents, subcontractors, suppliers and/or partners, or creation of pollution and contamination; (q) the inability to adequately integrate an acquired business in a timely manner; (r) non-compliance with laws and regulations by an employee, agent, supplier, subcontractor and/or partner of the Company or any further regulatory developments; (s) failure by the Company's employees, agents, suppliers, subcontractors and/or partners to comply with anti-bribery laws; (t) any litigation and/or legal matters to which the Company is a party; (u) any negative publicity associated with the Independent Review led by the Company's Audit Committee of the facts and circumstances surrounding certain payments that were documented to construction projects to which they did not relate, and certain other contracts, as well as any sanctions that could be brought against the Company in connection with possible violations of law or contracts should additional facts adverse to the Company become known in connection with such Independent Review including as to matters beyond its scope; (v) the proposed class action lawsuits against the Company with the Ontario Superior Court and the Quebec Superior Court; and (w) the investigations of the Royal Canadian Mounted Police and the World Bank principally relating to an unsuccessful bid by a subsidiary to act for the Bangladeshi government in supervising a project contractor.
- ✓ 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 2011 Financial Report under "Management's Discussion and Analysis" and the section "Risks and Uncertainties" in the Company's second quarter 2012 Management's Discussion and Analysis. The forward-looking statements herein reflect the Company's expectations as at the date of release of the Company's second quarter results and are subject to change after this date. 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.

Financial Review

Gilles Laramée,

Executive Vice-President and Chief Financial Officer

Selected income statement elements

(in millions of \$)

	Second Quarter		Six Months Ended June 30	
	2012	2011	2012	2011
Net income from ICI:				
From Highway 407	14.7	32.3	29.3	46.1
From other ICI	15.8	9.5	26.3	20.0
Net income excluding ICI:	2.0	60.4	44.0	112.2
Net income attributable to SNC-Lavalin shareholders	32.5	102.2	99.6	178.3

Consolidated income statement

(in millions of \$)

	Second Quarter		Six months ended June 30	
	2012	2011	2012	2011
Revenues by activity:				
Services	787.0	564.4	1,456.1	1,044.5
Packages	701.2	693.9	1,320.1	1,328.8
Operations & Maintenance	293.2	281.7	676.6	708.5
Infrastructure Concession Investments (ICI)	124.9	128.7	241.4	230.5
	1,906.3	1,668.7	3,694.2	3,312.3
Gross margin	280.9	316.6	578.1	592.8
Selling, general and administrative expenses	212.7	166.1	395.9	319.2
Net financial expenses				
From ICI	26.1	20.1	51.9	43.3
From other activities	3.8	6.3	8.2	10.3
Income before inc. tax and non-contr. interests	38.3	124.1	122.1	220.0
Income tax expense	5.6	19.2	22.1	36.3
Non-controlling interests	0.2	2.7	0.4	5.4
Net income attributable to SNC-Lavalin shareholders	32.5	102.2	99.6	178.3
Net income excluding ICI	2.0	60.4	44.0	112.2
SNC-Lavalin's net income from ICI	30.5	41.8	55.6	66.1
Net income attributable to SNC-Lavalin shareholders	32.5	102.2	99.6	178.3

Revenues and operating income (loss) by segment

(in millions of \$)	Six Months Ended June 30			
	2012		2011	
	Revenues	Operating Income (loss)	Revenues	Operating Income
Services and Packages				
Infrastructure & Environment	928.1	(4.3)	887.5	15.9
Mining & Metallurgy	643.2	28.3	410.8	16.5
Power	632.0	21.3	312.4	53.5
Hydrocarbons & Chemicals	394.5	22.2	579.3	42.3
Other Industries	178.4	15.6	183.3	19.9
Operations & Maintenance	676.6	12.1	708.5	21.2
ICI	241.4	55.6	230.5	66.1
Total	3,694.2	150.8	3,312.3	235.4

Financial position

(in millions of \$)	June 30 2012	December 31 2011
Assets		
Cash and cash equivalents	1,241.4	1,231.0
Other current assets	2,429.1	2,315.3
Property and equipment:		
From ICI	2,977.9	2,637.7
From other activities	183.4	159.9
ICI accounted for by the equity or cost methods	691.3	643.5
Goodwill	633.8	639.5
Other assets	796.1	727.1
	8,953.0	8,354.0
Liabilities and Equity		
Current liabilities	3,789.8	3,514.3
Long-term debt:		
Recourse	348.5	348.4
Non-recourse from ICI	1,735.6	1,561.4
Other liabilities	1,129.7	1,043.2
	7,003.6	6,467.3
Equity attributable to SNC-Lavalin shareholders	1,945.4	1,883.1
Non-controlling interests	4.0	3.6
	8,953.0	8,354.0

Cash flows

(in millions of \$)

	Six Months Ended June 30	
	2012	2011
Net cash generated from (used for):		
Operating activities	227.2	202.1
Investing activities	(521.9)	(381.2)
Financing activities	306.2	53.1
Increase (decrease) in exchange differences on translating cash and cash equivalents held in foreign operations	(1.1)	2.3
Net increase (decrease) in cash and cash equivalents	10.4	(123.7)
Cash and cash equivalents at beginning of period	1,231.0	1,235.1
Cash and cash equivalents at end of period	1,241.4	1,111.4

Revenue backlog by category of activity

(in millions of \$)

	June 2012	March 2012	December 2011
Services	2,348.1	2,377.4	2,226.1
Packages	5,988.3	5,580.6	5,482.8
Operations & Maintenance	2,357.3	2,558.4	2,379.1
Total Revenue Backlog	10,693.7	10,516.4	10,088.0

Services and Packages revenue backlog by segment

(in millions of \$)	At June 30 2012		At December 31 2011	
	Services	Packages	Services	Packages
Services and Packages				
Infrastructure & Environment	809.8	2,538.9	804.7	2,051.2
Mining & Metallurgy	770.0	395.2	646.4	476.6
Power	382.7	1,913.6	360.8	1,601.1
Hydrocarbons & Chemicals	268.3	827.1	248.9	971.8
Other Industries	117.3	313.5	165.3	382.1
Total Services and Packages Backlog	2,348.1	5,988.3	2,226.1	5,482.8

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

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✓ **Replay of conference call:**

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