



Second Quarter 2016

Conference Call Presentation

August 4th, 2016





Agenda

Forward-looking statements

- › Denis Jasmin, Vice-President, Investor Relations

CEO remarks

- › Neil Bruce, President and Chief Executive Officer

Financial overview

- › Sylvain Girard, Executive Vice-President and Chief Financial Officer

Q&A

Forward-looking statements

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 arrangements, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements.

Statements made in this presentation 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”, “goal”, “intends”, “may”, “plans”, “projects”, “should”, “synergies”, “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 and future prospects; and (ii) business and management strategies and the expansion and growth of the Company’s operations and potential synergies resulting from the Acquisition. 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 presentation are based on a number of assumptions believed by the Company to be reasonable as at the date hereof. The assumptions are set out throughout the Company’s 2015 Management Discussion and Analysis (MD&A), as updated in the Company’s First and second Quarter 2016 MD&A. The 2016-2017 outlook also assumes that the federal charges laid against the Company and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. on February 19, 2015, will not have a significant adverse impact on the Company’s business in 2016-2017. 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 risk factors are set out in the Company’s 2015 and second quarter 2016 MD&A.

The 2016-2017 outlook referred to in this presentation is forward-looking information and is based on the methodology described in the Company’s 2015 MD&A 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. The purpose of the 2016-2017 outlook is to provide the reader with an indication of management’s expectations, at the date of this presentation, regarding the Company’s future financial performance and readers are cautioned that this information may not be appropriate for other purposes.

Q2 2016 results

- › **Q2 2016 adjusted net income** from E&C of \$71.4 million, or \$0.48 per diluted share

- › **“STEP Change” program** resulted in 10.1% reduction in Q2 2016 SG&A expenses, building upon the 18.7% reduction in Q1
- › **“Operational Excellence” program** progressing well and expected to further improve and sustain a culture of efficiency and actions to deliver consistently improving financial performance

- › **Revenue backlog** of \$12.5 billion at June 30, 2016. Q2 bookings of \$1.2 billion

- › **Reported Q2 2016 IFRS net income** attributable to SNC-Lavalin shareholders of \$88.5 million, or \$0.59 per diluted share, compared with \$26.5 million, or \$0.17 per diluted share in Q2 2015
 - › Mainly due to improved segment EBIT from Infrastructure

- › **Cash and cash equivalents** of \$1.1 billion at June 30, 2016

- › **2016 Outlook maintained** – Adjusted diluted EPS from E&C between \$1.50 and \$1.70

Oil & Gas

A ~\$4B revenue business with ~20,500 employees

TTM
Revenues
\$4.0B

7.9% EBIT margin in Q2 2016

Sustainable backlog

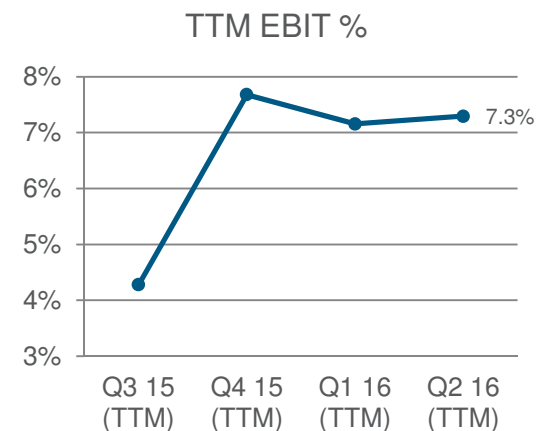
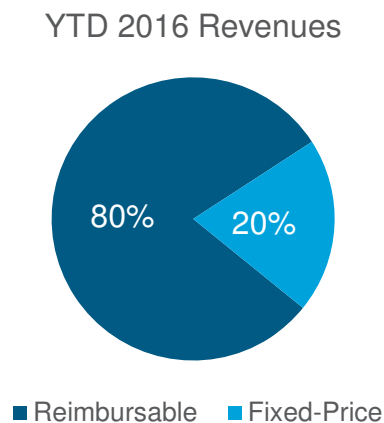
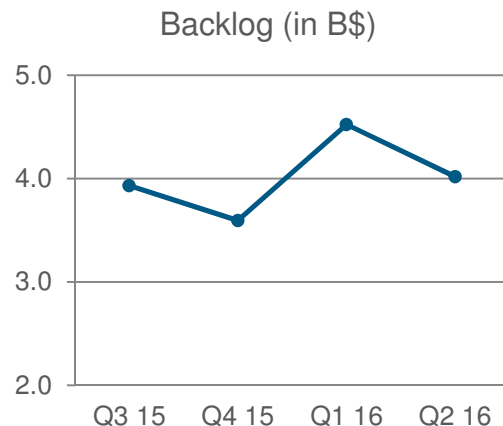
Backlog remains over \$4B

Contract awards for engineering consultancy and support services in Qatar

Contract award for an EPC of an asphalt production facility in Saudi Arabia

M. Adler to succeed C. Brown as President Oil & Gas

C. Brown appointed Corporate Development Officer



Mining & Metallurgy

A ~\$500M revenue business with ~2,000 employees

TTM
Revenues
\$0.5B

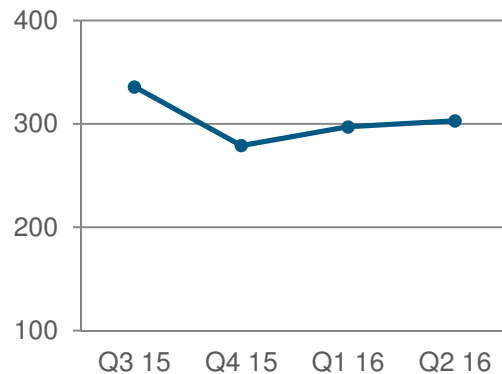
Sustainable backlog

\$100M new awards in Q2 2016

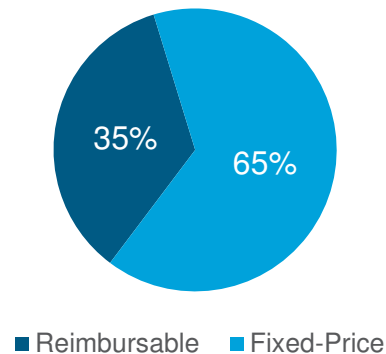
Contract awards for two potash projects in Quebec and Utah

Contract award for a pre-feasibility study in the gold sector in Colombia

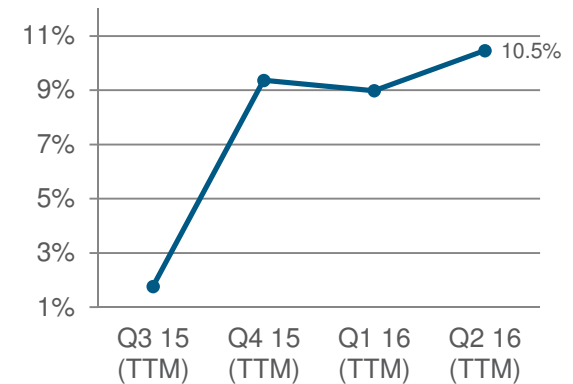
Backlog (in M\$)



YTD 2016 Revenues



TTM EBIT %



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Power

A ~\$2B revenue business with ~3,500 employees

TTM
Revenues
\$1.7B

Sustainable backlog

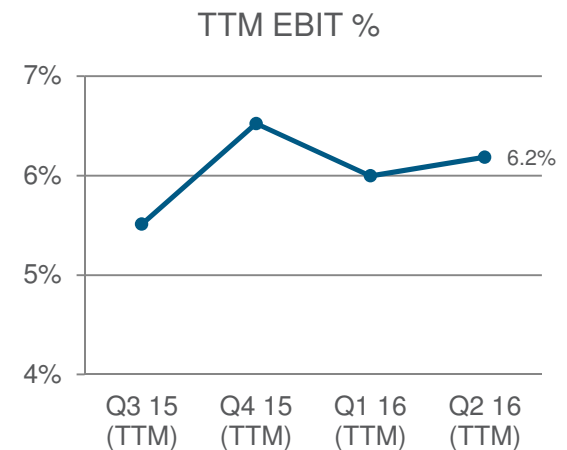
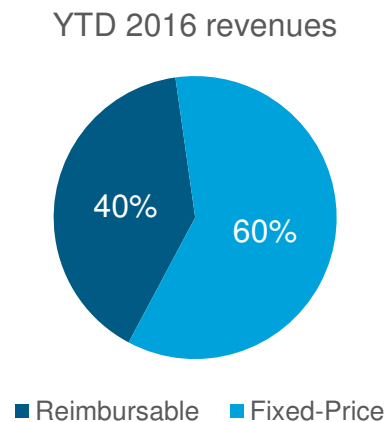
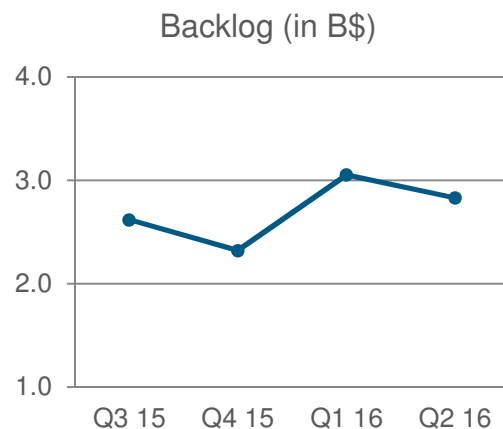
\$200M new awards in Q2 2016

Contract award for nuclear life extension project in Argentina

Contract awards for two nuclear services at the
Darlington Nuclear Generating Station in Ontario

Contract award for the decommissioning of a nuclear research reactor in Alberta

Sustainable EBIT margins



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Infrastructure (I&C + O&M)

A ~\$3B revenue business with ~10,000 employees

TTM
Revenues
\$2.7B

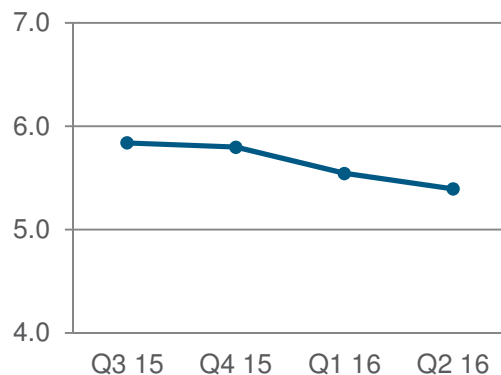
New awards in Q2 2016 of \$500M

TTM EBIT margin continues to improve (profitable in I&C for four quarters in a row)

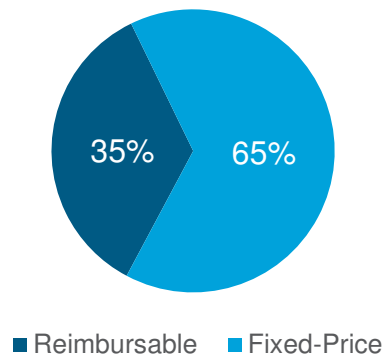
Agreement reached to sell the real estate facilities management business in Canada for \$45M

Completed last legacy challenging project on time

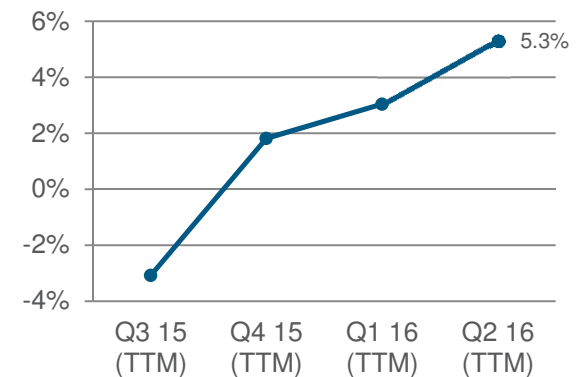
Backlog (in B\$)



YTD 2016 revenues



TTM EBIT %



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Capital

17
Investments

The new structure for our North American concession investments continues to progress well, but complexity around the assets made this slip from Q2 to Q3

Announcement now expected in Q3

407 ETR continues to deliver very good results (see appendix)

New one-day trips record

Revenue up 13% (quarter over quarter)

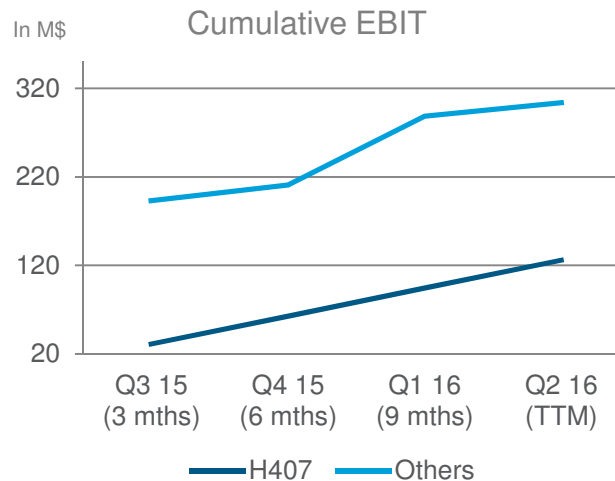
10.7% quarterly dividend increase on July 14, 2016

Inv. NBV⁽¹⁾

\$420M

Inv. FMV⁽²⁾ per analysts

\$3B+



Q3 2015 EBIT includes a gain on disposal of the Company's investment in Ambatovy of \$174M.

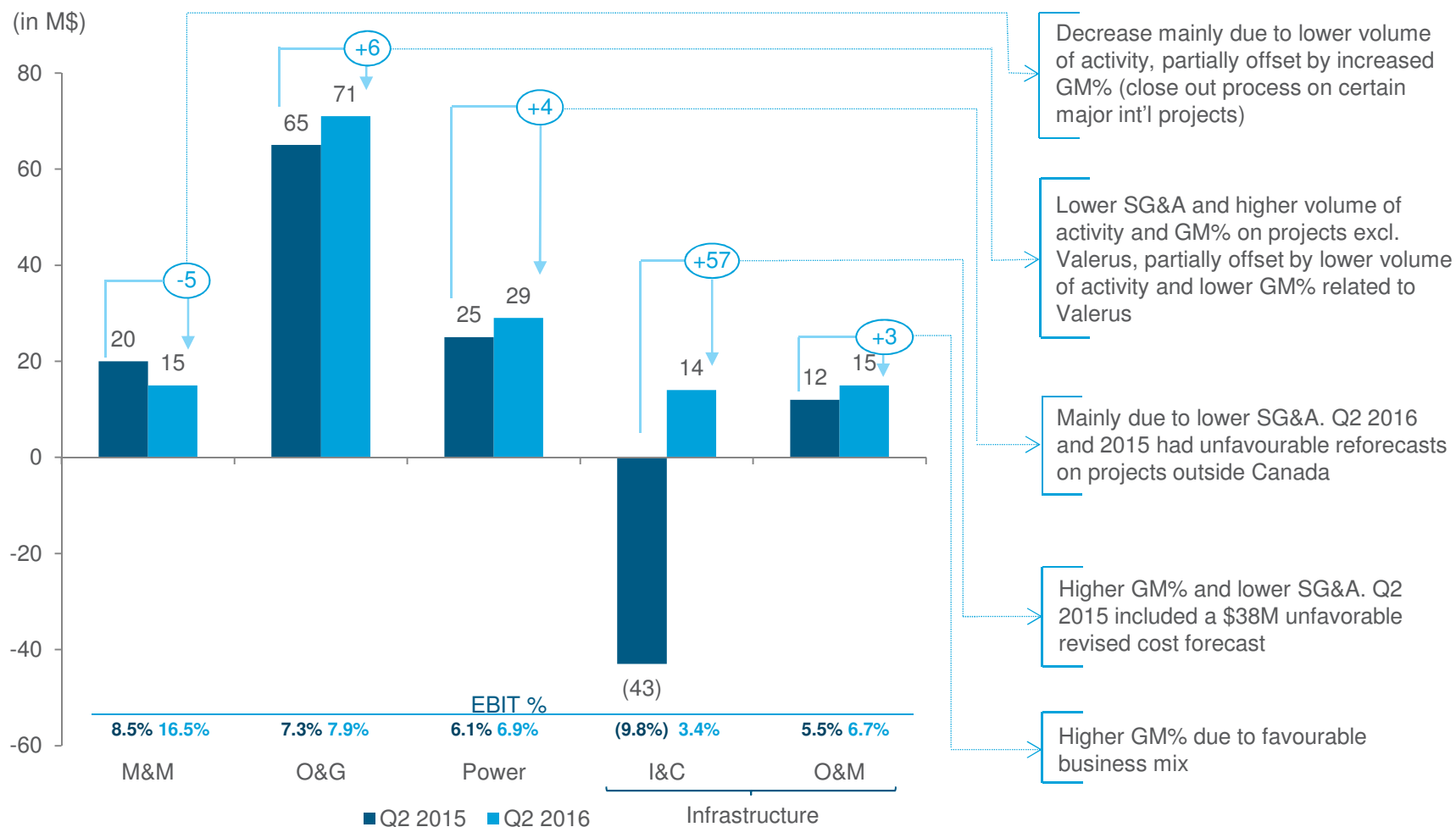
Q1 2016 EBIT includes a gain on disposal of the Company's indirect investment in Malta International Airport of \$61M.

Financial performance summary

	E&C		Capital		Total	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Revenues	2,045	2,192	58	58	2,103	2,250
SG&A	190	218	11	6	201	224
EBITDA, adjusted	118	49	43	48	161	97
EBITDA margin	5.8%	2.2%	n/a	n/a	7.6%	4.3%
Net income, as reported	53	(18)	36	45	89	27
Net income, adjusted	71	8	36	45	107	53
EPS, as reported (\$)	0.35	(0.12)	0.24	0.29	0.59	0.17
EPS, adjusted (\$)	0.48	0.05	0.24	0.29	0.72	0.34
Cash and cash equivalent					1,064	934
Revenue backlog					12,544	12,388

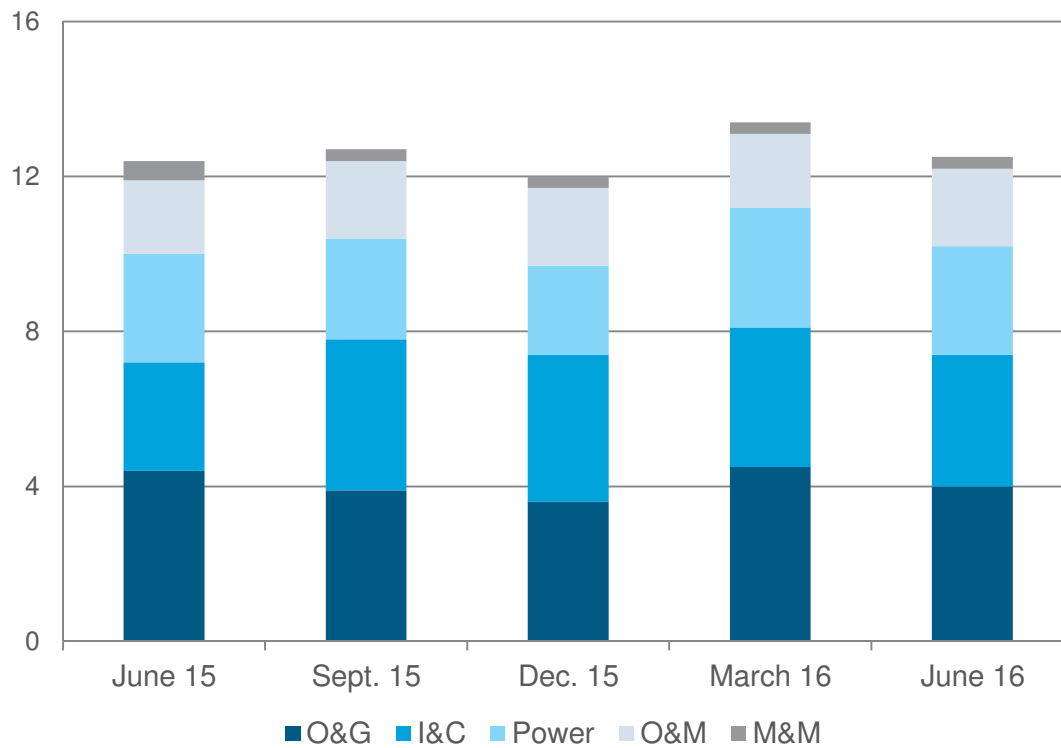
In M\$, unless otherwise indicated

E&C segment EBIT – Q2 2016 vs Q2 2015

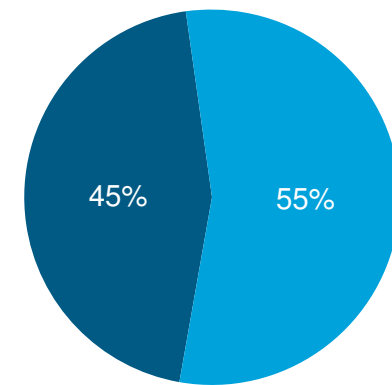


Sustainable and diversified revenue backlog

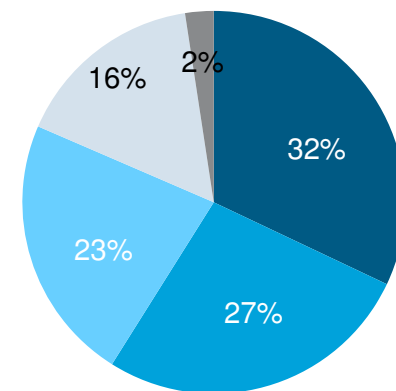
(in B\$)



As at June 30, 2016
By Category and Segment



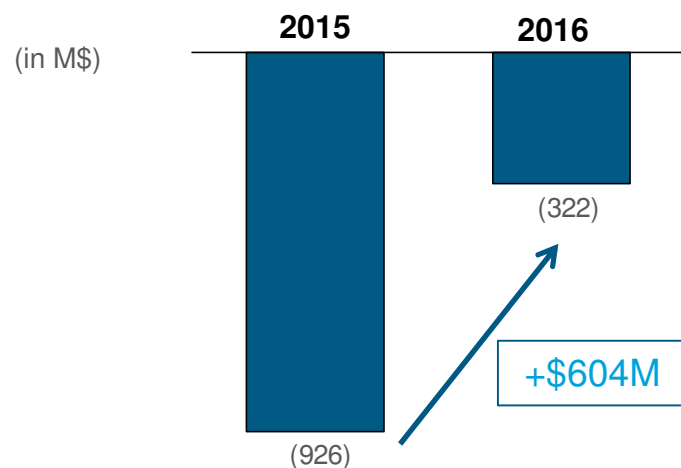
■ Reimbursable
■ Fixed-price



■ O&G ■ I&C ■ Power
■ O&M ■ M&M

Operating Cash Flow Q2 YTD

Improved cash flow from operations



Cash flow from operations

- › Improved net income
- › Lower cash tax paid
- › Reduced working capital usage

Cash Balance as December 31, 2015	1,582
Cash flow from operations	(322)
Inflow on disposals of Capital investments	102
Capital expenditures	(58)
Net increase in receivables from long-term concession arrangements	(43)
Payments for Capital investments	(11)
Net repayments of project financing	(114)
Dividends to SNC Shareholders	(78)
Other	40
Assets of disposal group classified as held for sale	(34)
Cash Balance as at June 30, 2016	1,064

Financial position

(in M\$)	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalent	1,064	1,582
Other current assets	3,543	3,616
Property and equipment	273	265
Capital investments accounted for by the equity or cost methods	435	468
Goodwill	3,138	3,387
Intangible assets related to Kentz acquisition	217	273
Other non-current assets and deferred income tax asset	955	912
	9,625	10,503
Liabilities and Equity		
Current liabilities	4,314	5,090
Recourse long-term debt	349	349
Non-recourse long-term debt	523	526
Other non-current liabilities and deferred income tax liability	635	635
	5,821	6,600
Equity attributable to SNC-Lavalin shareholders	3,769	3,868
Non-controlling interests	35	35
	9,625	10,503
Recourse debt-to-capital ratio	9:91	9:91

Outlook

- › We expect that the Oil & Gas and Power segments will be the main contributors to net income, while Mining & Metallurgy will likely be the smallest contributor to net income.
- › We also expect that the Infrastructure & Construction sub-segment will return to full year profitability in 2016.

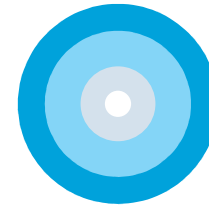
2016 Adjusted diluted
EPS from E&C

\$1.50 — \$1.70

(12% to 27% increase over 2015)

Target

7%




of annualized adjusted
E&C EBITDA margin in 2017

(4.6% in 2015 and 2.1% in 2014)



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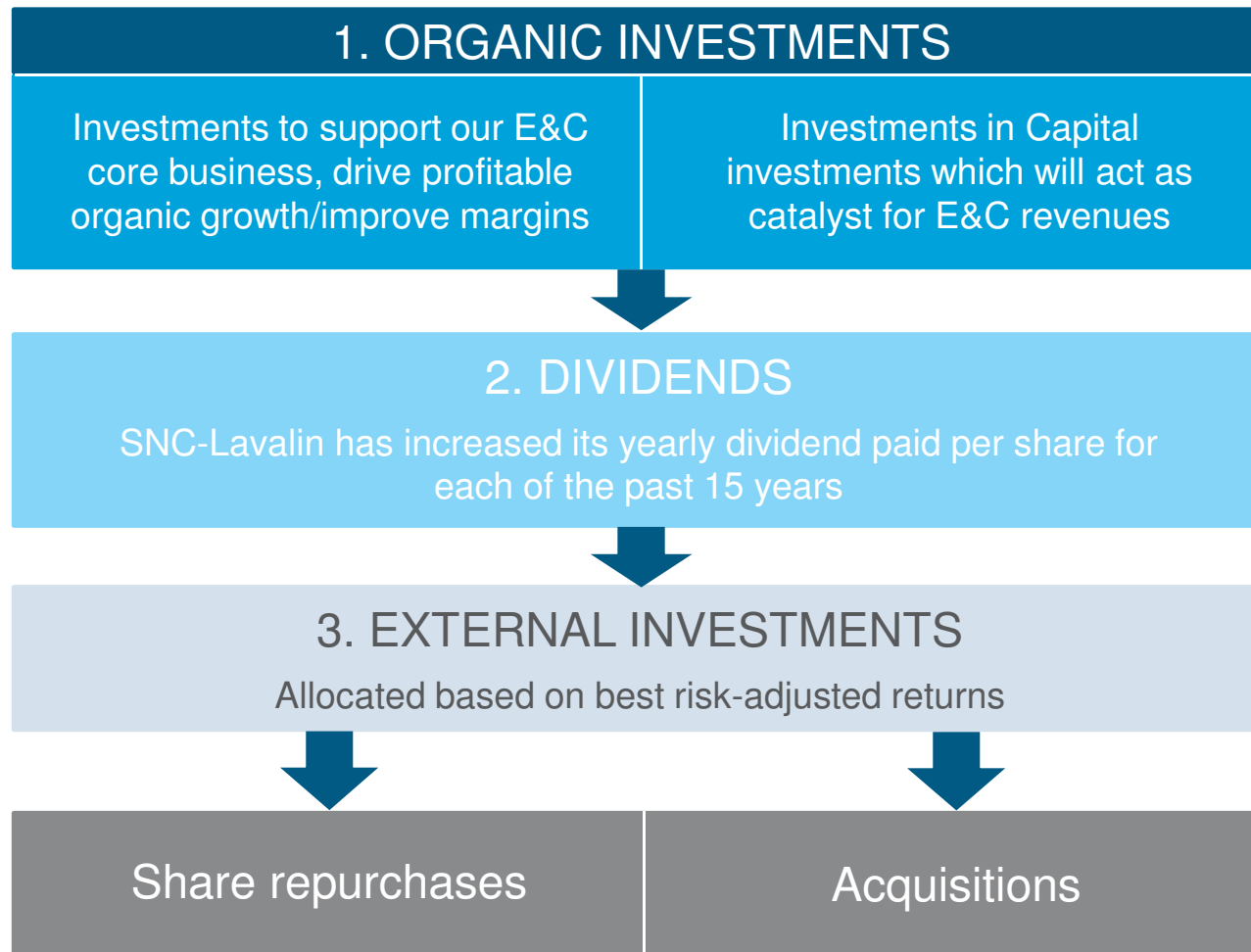


Questions & Answers



Appendix

SNC-Lavalin's capital allocation priorities



407 ETR information – Q2

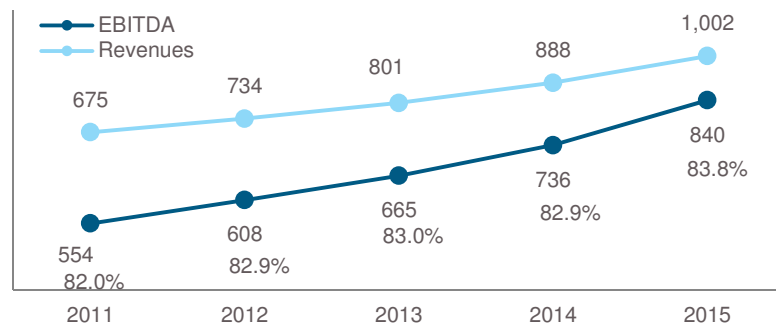
(in M\$, unless otherwise indicated)	Q2 2016	Q2 2015	Change
Revenues	290.8	257.2	13.1%
Operating expenses	33.4	31.3	6.7%
EBITDA	257.4	225.9	13.9%
EBITDA as a percentage of revenues	88.5%	87.8%	0.7%
Net Income	94.4	76.6	23.2%
Traffic / Trips (in millions)	32.5	31.5	3.2%
Average workday number of trips (in thousands)	422.4	415.1	1.8%
Vehicle kilometres travelled (in millions)	677.9	648.0	4.6%
Dividends paid to SNC-Lavalin	31.5	31.5	0.0%

New one-day record
 493,532 trips on June 30, 2016

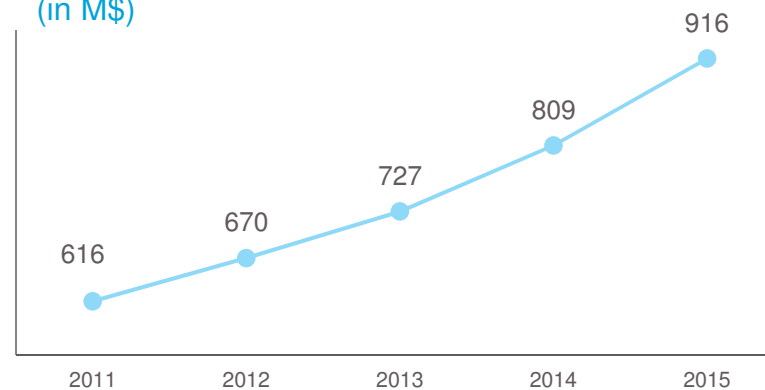
407 ETR information

Year ended December 31 (in M\$)	2015	2014	Change
Revenues	1,002.2	887.6	12.9%
Operating expenses	162.2	151.9	6.8%
EBITDA	840.0	735.7	14.2%
EBITDA as a percentage of revenues	83.8%	82.9%	0.9%
Net income	311.2	222.9	39.6%

Total Revenues / EBITDA
(in M\$)



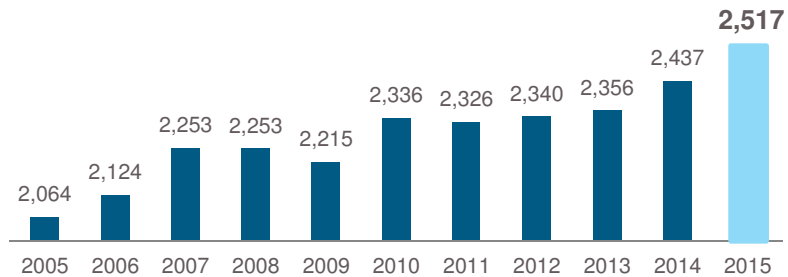
Toll revenues
(in M\$)



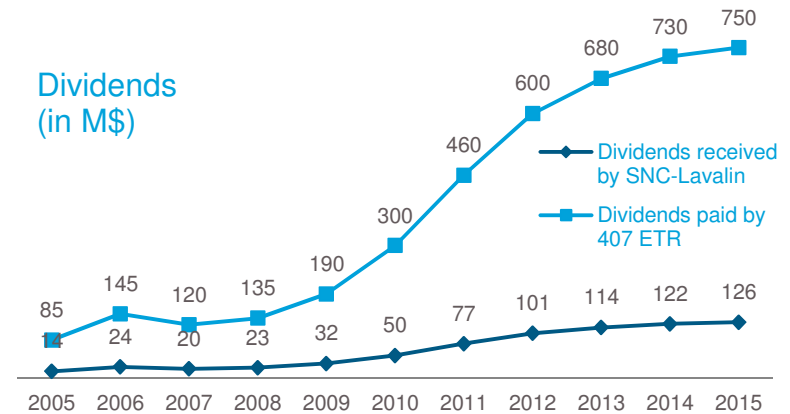
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407 ETR information

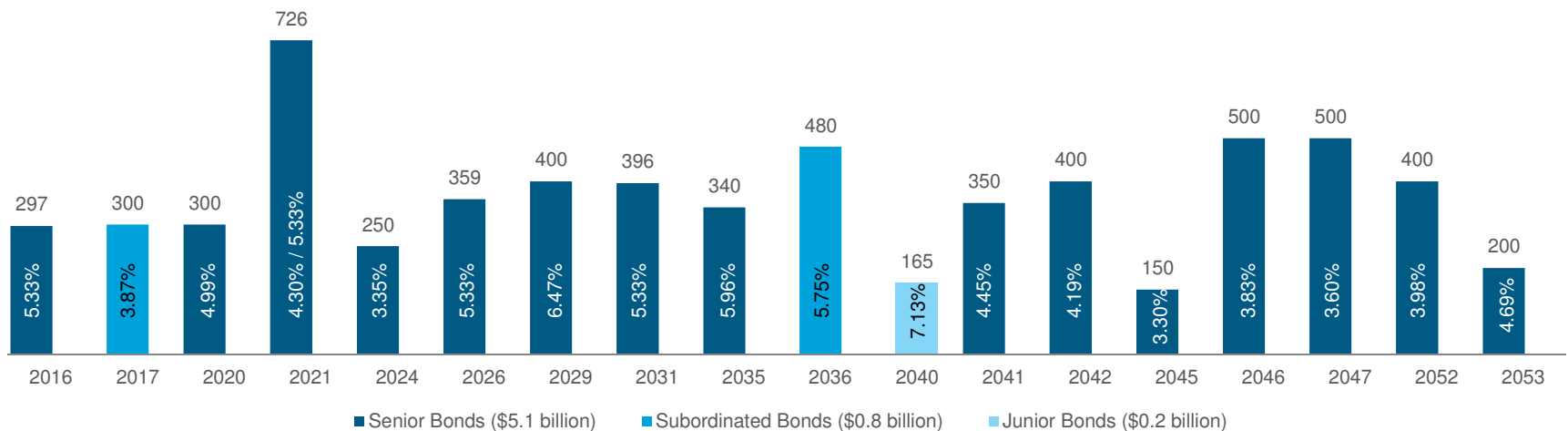
Gross Vehicle Kilometres Travelled
(in millions - km)



Dividends
(in M\$)



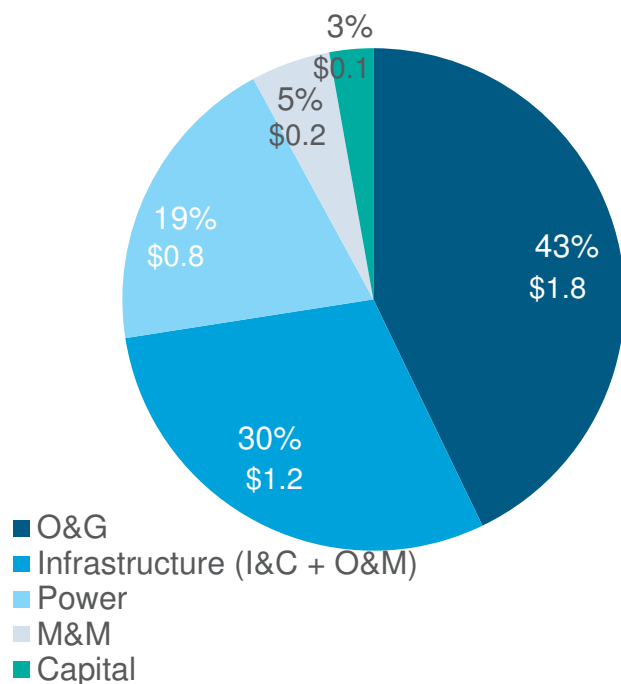
Bond Maturity Profile
(in M\$)



Diversity of revenue base – by segment

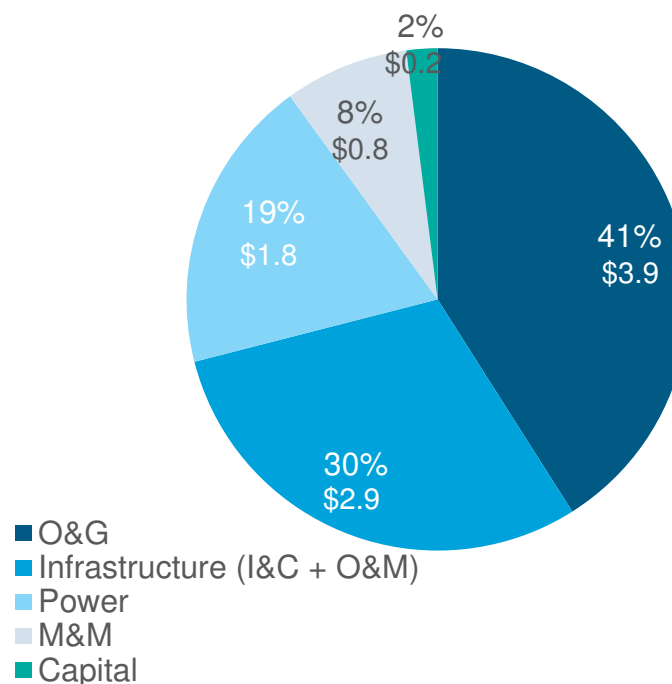
(in B\$)

YTD 2016
(6 Months)



YTD 2016 Revenues
\$4.1 billion

2015
(12 Months)

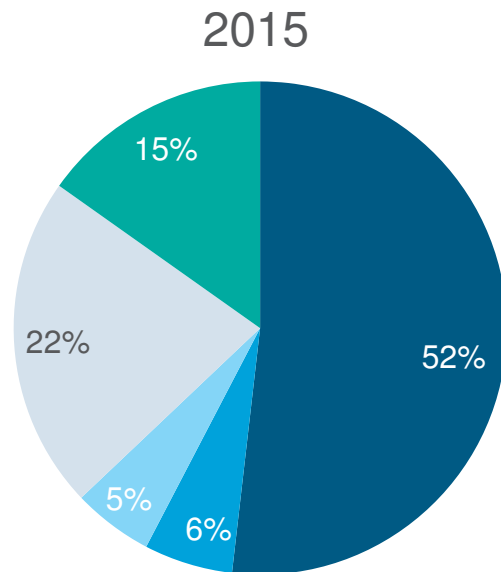


2015 Revenues
\$9.6 billion

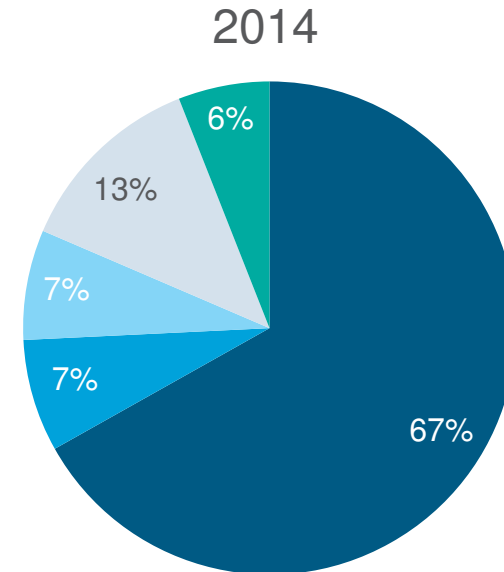


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Diversity of revenue base – by geography



- North America
- Latin America
- Europe
- Middle East & Africa
- Asia-Pacific



- North America
- Latin America
- Europe
- Middle East & Africa
- Asia-Pacific

2015 Revenues
\$9.6 billion



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Capital investments portfolio

Name	Description	Held Since	Concession Years	Location	Equity Participation
Highways, Bridges & Rail					
1. Highway 407	108 km electronic toll road	1999	99	Canada (Ontario)	16.77%
2. InTransit BC	Rapid transit line	2005	35	Canada (B.C.)	33.3%
3. Okanagan Lake	Floating bridge	2005	30	Canada (B.C.)	100%
4. TC Dôme	5.3 km electric cog railway	2008	35	France	51%
5. Chinook	25 km six-lane road	2010	33	Canada (Alberta)	50%
6. 407 EDGGP	35.3 km H407 East extension (Phase 1)	2012	33	Canada (Ontario)	50%
7. Highway Concessions One PL	Roads	2012	Indefinitely	India	10%
8. Rideau	Light rail transit system	2013	30	Canada (Ontario)	40%
9. Eglinton Crosstown	19 km light rail line	2015	36	Canada (Ontario)	25%
10. SSL	New Champlain bridge corridor	2015	34	Canada (Quebec)	50%
Power					
11. SKH	1,227 MW gas-fired power plant	2006	Indefinitely	Algeria	26%
12. Astoria II	550 MW gas-fired power plant	2008	Indefinitely	USA (NY)	6.2%
13. InPower BC	John Hart 126 MW generating station	2014	19	Canada (B.C.)	100%
Health Centres					
14. MIHG	McGill University Health Centre	2010	34	Canada (Quebec)	60%
15. Rainbow	Restigouche Hospital Centre	2011	33	Canada (N.B.)	100%
Others					
16. Myah Tipaza	Seawater desalination plant	2008	Indefinitely	Algeria	25.5%
17. Mayotte	Mayotte Airport	2011	15	French Island	100%



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NBV⁽¹⁾ = \$420M

FMV⁽²⁾ = \$3B+

(1) Net Book Value as at June 30, 2016 (2) Average Fair Market Value as per analysts calculations, as at August 2, 2016

Net income reconciliation – Q2

(in M\$, except per share amount)

	Net Income, as reported	Net charges related to the restructuring and right-sizing plan and other	Acquisition of Kentz		One-time net foreign exchange gain	Net gain on Capital Investment disposals	Net income, adjusted
			Acquisition- related costs and integration costs	Amortization of intangible assets			
Second Quarter 2016							
In M\$							
E&C	52.9	4.5*	1.4	12.6	-	-	71.4
Capital	35.6	-	-	-	-	-	35.6
	88.5	4.5	1.4	12.6	-	-	107.0
Per Diluted share (\$)							
E&C	0.35	0.03	0.01	0.09	-	-	0.48
Capital	0.24	-	-	-	-	-	0.24
	0.59	0.03	0.01	0.09	-	-	0.72
Second Quarter 2015							
In M\$							
E&C	(18.5)	6.0	4.7	16.0	-	-	8.2
Capital	45.0	-	-	-	-	-	45.0
	26.5	6.0	4.7	16.0	-	-	53.2
Per Diluted share (\$)							
E&C	(0.12)	0.04	0.03	0.10	-	-	0.05
Capital	0.29	-	-	-	-	-	0.29
	0.17	0.04	0.03	0.10	-	-	0.34



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*This amount includes \$4.3 million (\$2.0 million after taxes) of net charges which did not meet the restructuring costs definition in accordance with IFRS.

Net income reconciliation – YTD 2016

(in M\$, except per share amount)

	Net Income, as reported	Net charges related to the restructuring and right-sizing plan and other	Acquisition of Kentz		One-time net foreign exchange gain	Net gain on Capital Investment disposals	Net income, adjusted
			Acquisition- related costs and integration costs	Amortization of intangible assets			
Six Months Ended June 30, 2016							
In M\$							
E&C	84.1	13.8	2.3	28.4	-	-	128.6
Capital	126.5	-	-	-	-	(51.1)	75.4
	210.6	13.8	2.3	28.4	-	(51.1)	204.0
Per Diluted share (\$)							
E&C	0.56	0.09	0.02	0.19	-	-	0.86
Capital	0.84	-	-	-	-	(0.34)	0.50
	1.40	0.09	0.02	0.19	-	(0.34)	1.36
Six Months Ended June 30, 2015							
In M\$							
E&C	48.5	6.4	10.7	32.0	(32.6)	-	65.0
Capital	82.4	-	-	-	-	-	82.4
	130.9	6.4	10.7	32.0	(32.6)	-	147.4
Per Diluted share (\$)							
E&C	0.32	0.04	0.07	0.21	(0.21)	-	0.43
Capital	0.54	-	-	-	-	-	0.54
	0.86	0.04	0.07	0.21	(0.21)	-	0.97

