

As interim Chief Executive Officer, I am enthusiastic about the future for SNC-Lavalin. I have long admired this company, which I have been proud to serve as a Board member since 2009.

CEO's Message



Until a successor is found, my role is to help ensure SNC-Lavalin's clients continue to receive the best services we have to offer, while preparing the ground for a new CEO. I can count on the support of a world-class executive team and a global base of highly dedicated employees. In the meantime, I will also be focused on creating shareholder value.

The company has faced some challenging times recently, including those resulting from the matters which led to the Audit Committee's independent review reported on in March. The Board of Directors has adopted all of the Committee's recommendations, and management is actively working to implement them.

Going forward, we are confident that SNC-Lavalin is well positioned based on the quality of its projects and people.

FINANCIAL HIGHLIGHTS

After three years of steadily increasing net income, we encountered a setback in 2011. Our overall results were lower than expected, mainly because of a lower operating income from the Infrastructure and Environment segment. On a positive note, our backlog went up, particularly the services backlog, which was 58% higher than in 2010. Our revenues also went up, growing by 20%, and increasing in all the company's segments of activity, in all revenue categories and in most geographic areas. Cash and cash equivalents totaled \$1.2 billion and our return on average shareholders' equity was 19.3%. Despite volatile world markets over the last five years, we have delivered an average return on average shareholders' equity of 24%. This gives us confidence in the company's future.

A SOLID FOUNDATION

SNC-Lavalin celebrated a centennial of growth and evolution in 2011. Our ability to remain a world leader is due, in part, to our diversity. We have a revenue base that covers many industry segments and categories of activity, and that spans the globe. We seek diversity and therefore aim to reduce our exposure as a whole to specific markets or regions. More recently, we've been focused on improving this competitive advantage by reinforcing synergies between different sectors and categories of activity. As a result, we increasingly have multi-sector teams working on contracts that cover a full project life cycle.

Another competitive strength, as well as a source of historically predictable earnings and cash flow, is our ability to structure project financing and participate in public-private partnerships

and Infrastructure Concession Investments (ICI). We are a leader in these fields in Canada and are active in six other countries. Our portfolio of ICI covers a diverse range of infrastructure, all of which we can design, build, operate, and maintain.

A WINNING TEAM

We have a strong team, and are determined to remain an employer of choice for them and for top new recruits. Throughout 2011, we put tremendous effort into strengthening performance management practices, developing leadership programs, and getting to know our talent better through an enhanced formal review process.

Recruitment, talent management and training remain top priorities. We are expanding our networks and recruitment tools, and developing strategic partnerships with targeted universities worldwide. We are proud to have been rated among the top 10 employers to work for by Canadian engineering students, and look forward to building on our partnerships with engineering faculties.

STRATEGIC POSITIONING

2011 was an excellent year for strategic positioning with some landmark developments.

In Power, we acquired certain assets of Atomic Energy of Canada Limited's commercial reactor division, creating Candu Energy and assuming stewardship of CANDU technology.

In Mining and Metallurgy, many large and complex projects were signed, including the multi-year BHP Billiton contract to develop all of its potash projects in Canada.

In Infrastructure and Environment, we acquired UK-based Interfleet Technology, rounding out our expertise in the urban transit sector. It also brings us new local offices in Germany, Scandinavia and New Zealand, where we had not been present.

Our Chemicals & Petroleum segment — renamed Hydrocarbons & Chemicals to better reflect its full range of products and services — won a significant project in the Canadian oil sands, and has dedicated additional resources for expansion in Latin America and the Middle East.

In ICI, among other developments, we brought our ownership in AltaLink to 100%.

In Quebec, the provincial government announced a 25-year plan to develop its vast resource-rich northern region. Some \$80 billion will be invested, presenting a wealth of opportunities in many of our sectors of activity. With our acquisition of Stavibel in 2011, we have an even wider network of offices in the province.

Similarly, we further strengthened our position in Canada's real estate management sector with the acquisition of Arcturus by our Operations & Maintenance group.

CHANGES TO THE OFFICE OF THE PRESIDENT

To reinforce our commitment to operational excellence, we created a new position within the Office of the President, with Jean Beaudoin assuming the role of Executive Vice-President (EVP) Integrated Management Systems. Jean will oversee all corporate activities related to optimal service delivery, including health, safety & environment, risk management, and sustainability. I am also pleased to announce that Andy Mackintosh joined us as the new EVP Hydrocarbons & Chemicals, taking over from Jean in this function.

Jean Claude Pingat, EVP for our activities in Europe, retired after a long and full career. We are pleased to welcome Christian Jacqui as a member of the Office of the President and the new EVP for Europe. He brings us broad experience in engineering, project management, and corporate leadership.

Finally, Charles Chebl was appointed EVP Infrastructure and Construction and member of the Office of the President. Charles has been with us for over 25 years and has worked on many prestigious projects around the world.

ACKNOWLEDGEMENTS

I want to recognize and thank the talented and dedicated people of SNC-Lavalin and our clients for their support and confidence as we face the challenges and opportunities of today's global marketplace. We look forward to further developing the potential of this great company during the next chapter of its centennial history.

IAN A. BOURNE

VICE-CHAIRMAN AND INTERIM CHIEF EXECUTIVE OFFICER