



SNC • LAVALIN

LETTER TO SHAREHOLDERS

Dear Shareholder:

Since becoming President and CEO of the Corporation in October 2012, I have continued to be impressed by the growth potential of the Corporation, the resilience and commitment of its people and the broad spectrum of its capabilities.

At the most fundamental level, I believe that the Corporation possesses a powerful capacity to positively contribute to the development of the world, a capacity that has now been actively exercised for more than 100 years. Through our diverse expertise and expansive global network, we play an essential role in closing the gap between resource capacity and resource needs worldwide—whether the need is for food, materials, energy, water or crucial infrastructure. Beyond that, we help ensure that these essential projects are carried out with the utmost respect for the local environment and the people who depend on it.

There is no question that 2012 was an exceptional year of challenges for this great Corporation. The reputational issues and disappointing financial results we faced led us to some very deep soul-searching as an organization, but the benefits we bring to stakeholders around the world have in no way diminished. In 2012, we continued to demonstrate our great value as an agent of positive transformation. Whether it is a sustainable water use project in Mali, a gas-flaring reduction project in Russia, or a cutting-edge light rapid transit system in the heart of one of Canada's largest cities, our projects and the services we provide have the power to change the lives of our stakeholders for the better. It is not every company that can legitimately make that claim.

Our Expertise is Needed

This year was notable for the many landmark projects that we were awarded. These contracts demonstrate that clients, both old and new, continue to have great confidence in us. The interest that we see in our expertise also indicates that we are well positioned to seize future opportunities in rapidly growing markets.

We saw record demand for our resource development and extraction expertise worldwide in 2012. With most easily accessible energy reserves and mining commodities now in development, we are helping our clients safely and efficiently exploit new reserves in increasingly challenging locations. We are also applying our expertise in sustainability to ensure these projects are carried out with the utmost respect for the principles of sustainable development.

We had multiple landmark wins in the infrastructure sector this year, where urbanization, aging road and rail networks and population growth will only continue to drive demand. We have completed several landmark mass transit and highway projects in the last decade, and we look forward to continuing to help cities enhance the standard of living for their populations with the new projects we were awarded in 2012. Meanwhile, our mandates in the health care sector, which include outstanding hospital projects, are reshaping medical systems around the world to make them both more efficient and more compassionate. There will be no shortage of projects in this sector as the global population continues to age, and we are ready and motivated to help meet this challenge.

Power is another sector where we were highly active in 2012. Population growth, rising living standards in emerging economies, increased global business activity, and the need to replace much of the world's installed base, will continue to drive the need for new power capacity. Our extensive expertise in large-scale hydropower, nuclear, thermal and transmission & distribution projects is complemented by our ability to bring the greenest possible solutions to the table.

Strategic Positioning

In 2012, we began to develop a long-term strategic plan. The plan, which we will continue to elaborate in 2013, will allow the Corporation to become a truly world-class and global organization.

We are putting new focus on strengthening our position in certain key sectors, as well as areas where our expertise is already world-class, including: oil & gas, mining, power, water and environment, as well as infrastructure. We have already taken an important step toward better integrating our resources business units with the appointment of Neil Bruce as President, Resources and Environment. Neil, formerly chief operating officer of a major competitor, will lead our Mining & Metallurgy and Hydrocarbons & Chemicals business units with the goal of better capturing synergies between them, especially on the project delivery side. We also believe that there is a significant environmental opportunity in these market areas, so we have integrated our growing Environment division into this new group as well.

We will combine this integration initiative with a more coordinated, cross-company approach to pursuing geographical opportunities. To that end, we launched a globalization pilot project toward the end of the year, with Christian Jacqui becoming the Executive Vice-President for SNC-Lavalin Global Operations. He will work on improving how we share resources, promoting greater interaction between our business units, and developing more coordinated approaches to client management and business development in our offices worldwide.

As we enhance existing synergies across business units and geographies, we will be focusing on project delivery and making better company-wide use of our systems and processes, which are recognized as being among the most advanced and best designed in the industry. One example is our proprietary project management system, PM+, which provides a significant strategic advantage when bidding for and carrying out medium- and large-scale projects.

We will continue to actively demonstrate our commitment to maintaining ethical standards of business conduct and world-class safety performance. Given the events of the past year, it is clear to all that there is never room for compromise on such important subjects, even when it means hard decisions have to be made. I am pleased to say that we have made significant progress on the remedial measures the Corporation set out to implement early in 2012. We have rigorous procedures in place, including a Code of Ethics which every employee is obligated to sign and adhere to. We have also created a third-party ethics hotline and made it widely available on our intranet and external website. We have reinforced our Agents Policy and created additional checks and balances within our already solid procedures. Furthermore, as part of this ongoing process, on February 22, 2013, we announced the appointment of the former Chief Compliance Officer of Siemens AG, Andreas Pohlmann, as our Chief Compliance Officer, effective March 1, 2013. We will continue to take all appropriate measures to reinforce and strengthen internal controls and processes when needed. This is part of my personal pledge to you – our shareholders – and to our clients and employees: to be world-class in matters of good governance and ethics.

Acknowledgements

I would like to close by thanking our patient investors who recognize the great worth of the Corporation and have continued to stand by us during a challenging year. And, of course, I would like to recognize and thank our exceptional clients and stakeholders who believe, rightly, in our ability to deliver excellent value to them, and thank our many talented people around the world for their hard work and enthusiasm, especially in the face of the most trying circumstances a corporation can face. It is what they have achieved with their talent and dedication that first attracted me to this great Corporation and it is their efforts that allow us to continue to provide our clients with the absolute best in engineering and construction services.

Yours sincerely,

Robert G. Card (*signed*)
President and Chief Executive Officer