

# THIRD QUARTER 2010

Conference call notes  
November 5, 2010



# Agenda

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✓ **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

# Forward-looking statements

- ✓ Unless otherwise specified, 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 2009 Financial Report under "Management's Discussion and Analysis". The forward-looking statements herein reflect the Company's expectations as at the date of this presentation and are subject to change after this date.
- ✓ 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.

# Financial highlights

- ✓ Net income for the third quarter 2010 was \$128.2 million compared to \$103.1 million for the third quarter 2009, reflecting:
  - Higher operating income in the following segments
    - Power (includes a gain on disposal of technology solution assets)
    - Infrastructure Concession Investments (ICI)
    - Infrastructure & Environment
  - Partially offset by an operating loss in the Chemicals & Petroleum segment

# Financial highlights (cont'd)

- ✓ Net income for the nine-month period ended September 30, 2010 increased by 14.3% to \$297.9 million compared to the corresponding period of 2009, reflecting:
  - Net income from ICI of \$ 50.8 million compared to \$14.2 million
    - Higher net income from AltaLink, Highway 407 and Shariket Kahraba Hadjret En Nouss (SKH)
  - Net income excluding ICI of \$247.1 million compared to \$246.5 million
    - Higher operating income in the following segments
      - Chemicals & Petroleum
      - Power
    - Lower operating income in the following segments
      - Mining & Metallurgy
      - Infrastructure & Environment
      - Other Industries

# Financial highlights (cont'd)

- ✓ Revenues for the third quarter of 2010 increased compared to the third quarter of 2009, mainly due to higher Packages revenues
- ✓ Revenues for the nine-month period ended September 30, 2010 were \$4.4 billion, compared to \$4.5 billion for the same period in 2009, mainly reflecting:
  - Lower Services and Operations & Maintenance activities
  - Partially offset by higher revenues from ICI and Packages activities
- ✓ Cash and cash equivalents = \$1.0 billion at September 30, 2010
- ✓ Freehold cash = \$700 million

# Backlog highlights

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- ✓ Total revenue backlog = \$ 12.7 billion at September 30, 2010 , compared to \$11.4 billion at June 30, 2010 and \$10.8 billion at December 31, 2009
- ✓ Recent projects announcements, not included in September 30, 2010 backlog
  - Waneta: a \$587 million contract to design and build the Waneta Expansion in British Columbia, Canada
  - Kufra: a \$450 million contract to develop the Al Kufra Wellfield in Libya
  - JPMC: an \$80 million EPC contract to upgrade and increase the capacity of two sulphuric acid plants in Jordan

# ICI highlights

- ✓ Valener Inc.
  - In October 2010, SNC-Lavalin sold its 10% interest for net proceeds of \$59 million
  - Loss after taxes of \$1 million
- ✓ Trencap Limited Partnership
  - In November 2010, SNC-Lavalin sold its 11% interest for net proceeds of \$118 million
  - Gain after taxes of \$27 million
- ✓ India
  - In November 2010, SNC-Lavalin invested \$37 million in a national highway concession
- ✓ 407 International Inc.
  - In October 2010, SNC-Lavalin announced that it was not exercising its priority right of first refusal to acquire 10% of the total issued and outstanding shares of 407 International Inc. from Cintra Infraestructuras, S.A.



# Worldwide opportunities

Infrastructure & Environment:	Worldwide  Bridges, buildings, hospitals, mass transit systems, roads and water treatment and distribution facilities
Power:	Worldwide  Hydro, thermal power generation, transmission & distribution, nuclear
Chemicals & Petroleum:	Canada, Middle East, North Africa, Russia and South America
Mining & Metallurgy:	Worldwide  Coal, copper, gold, iron ore, 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

# Consolidated income statement

(in millions of \$)

	Third Quarter		Nine months ended September 30	
	2010	2009	2010	2009
<b>Revenues by activity:</b>				
Services	491.8	535.7	1,450.5	1,664.3
Packages	666.1	472.5	1,651.3	1,614.8
Operations & Maintenance	308.2	311.9	947.3	962.6
Infrastructure Concession Investments (ICI)	141.2	102.3	370.4	276.8
	<b>1,607.3</b>	1,422.4	<b>4,419.5</b>	4,518.5
<b>Gross margin</b>	<b>347.6</b>	306.0	<b>934.1</b>	834.6
Selling, general and administrative expenses	133.9	128.9	414.6	397.5
Interest and capital taxes:				
From ICI	43.7	32.6	107.3	80.1
From other activities	4.1	7.2	19.6	8.7
<b>Income before inc. taxes and non-contr. interest</b>	<b>165.9</b>	137.3	<b>392.6</b>	348.3
Income taxes	36.1	32.8	86.8	82.2
Non-controlling interest	1.6	1.4	7.9	5.4
<b>Net income</b>	<b>128.2</b>	103.1	<b>297.9</b>	260.7
<b>Net income excluding ICI</b>	<b>110.9</b>	93.7	<b>247.1</b>	246.5
SNC-Lavalin's net income from ICI	17.3	9.4	50.8	14.2
<b>Net income</b>	<b>128.2</b>	103.1	<b>297.9</b>	260.7

# Revenues and operating income (loss) by segment

(in millions of \$)	Nine months ended September 30			
	2010		2009	
	Revenues	Operating Income	Revenues	Operating Income (loss)
<b>Services and Packages</b>				
Infrastructure & Environment	1,238.4	169.9	1,183.2	183.1
Chemicals & Petroleum	652.5	19.2	607.4	(14.1)
Power	532.2	89.0	654.9	61.4
Mining & Metallurgy	480.9	43.0	596.3	67.7
Other Industries	197.8	15.3	237.3	28.1
<b>Operations &amp; Maintenance</b>	947.3	26.0	962.6	21.0
<b>Infrastructure Concession Investments</b>	370.4	50.8	276.8	14.2
	<b>4,419.5</b>	<b>413.2</b>	<b>4,518.5</b>	<b>361.4</b>

# Balance sheet

(in millions of \$)

	September 30, 2010	December 31, 2009
<b>Assets</b>		
Cash and cash equivalents	1,049.3	1,218.2
Other current assets	2,594.5	2,174.8
Property and equipment:		
From infrastructure concession investments	2,470.3	2,217.0
From other activities	112.1	114.0
Goodwill	528.7	520.9
Infrastructure concession investments	422.7	469.4
Other non-current assets	884.9	492.0
	<b>8,062.5</b>	<b>7,206.3</b>
<b>Liabilities</b>		
Current liabilities	2,730.4	2,849.0
Long-term debt:		
Recourse	348.2	348.0
Non-recourse from infrastructure concession investments	2,794.5	2,005.5
Other non-current liabilities and non-controlling interest	603.0	569.1
<b>Shareholders' equity</b>	<b>1,586.4</b>	<b>1,434.7</b>
	<b>8,062.5</b>	<b>7,206.3</b>

# Revenue backlog by category of activity

(in millions of \$)

	September 2010	June 2010	December 2009
<b>Services</b>	<b>1,429.1</b>	1,485.4	1,464.9
<b>Packages</b>	<b>5,764.3</b>	4,348.3	4,197.5
<b>Operations &amp; Maintenance</b>	<b>2,621.3</b>	2,808.8	2,596.1
AltaLink	<b>2,108.5</b>	2,009.8	1,877.4
Highway 407	<b>635.9</b>	629.1	600.7
Others	<b>102.0</b>	101.6	100.6
<b>Infrastructure Concession Investments</b>	<b>2,846.4</b>	2,740.5	2,578.7
<b>Total Revenue Backlog</b>	<b>12,661.1</b>	11,383.0	10,837.2

# Services and Packages revenue backlog by segment

(in millions of \$)

	At September 30 2010		At December 31 2009	
	Services	Packages	Services	Packages
<b>Services and Packages</b>				
Infrastructure and Environment	631.7	3,631.1	677.9	2,034.6
Chemicals and Petroleum	164.8	1,054.3	170.5	1,553.5
Power	256.4	859.8	253.5	436.1
Mining and Metallurgy	296.8	-	297.9	-
Other Industries	79.4	219.1	65.1	173.3
<b>Total Services and Packages Backlog</b>	<b>1,429.1</b>	<b>5,764.3</b>	<b>1,464.9</b>	<b>4,197.5</b>

# Peer group comparison

	R.O.E. <sup>(1)</sup>	P/E <sup>(2)</sup>	
<b>SNC-Lavalin</b>	<b>26.1%</b>	<b>15.4</b> <sup>(3)</sup>	<div> <p>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.</p> </div>
Fluor	17.1%	12.6	
Foster Wheeler	22.3%	8.7	
Jacobs Engineering	8.5%	17.8	
Shaw Group	5.8%	22.8	
Technip	5.6%	n/a	
URS Corp.	6.5%	13.0	
WorleyParsons	15.4%	19.6	

Ratios are based on most recent available 4 trailing quarters as at November 2, 2010.

Sources of information are from company reports and Bloomberg as of November 2, 2010.

(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. SNC-Lavalin market price = \$52.12, less interest in Highway 407 of \$9.86 (based on CPPIB proposal to Intoll), less interest in other ICIs of \$5.27 (based on net book value), and less \$4.60 of freehold cash.



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- ✓ Replay of conference call:

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