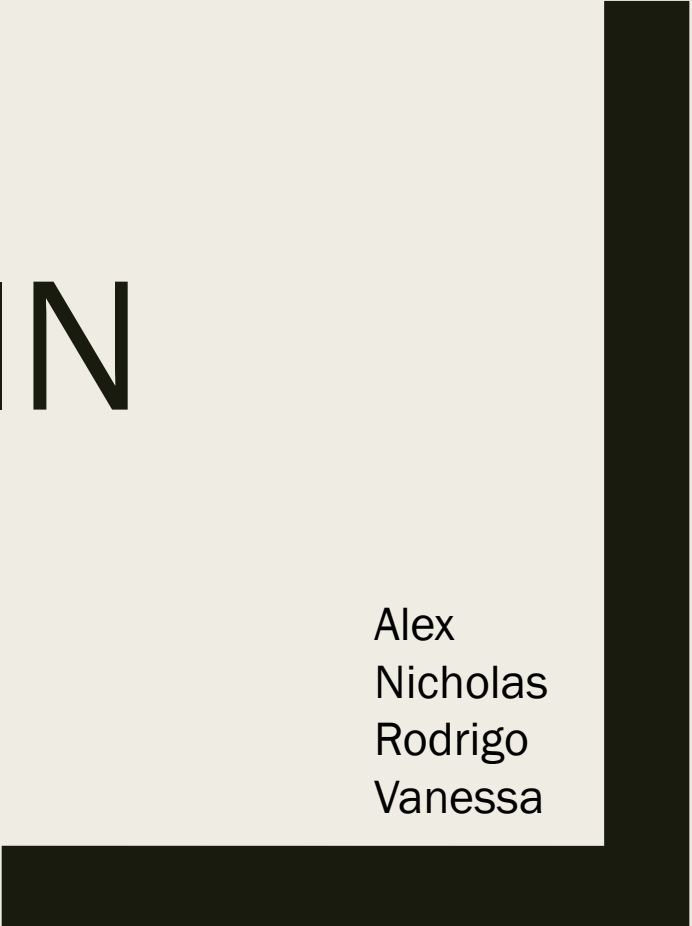




SNC - LAVALIN

FIA Consulting

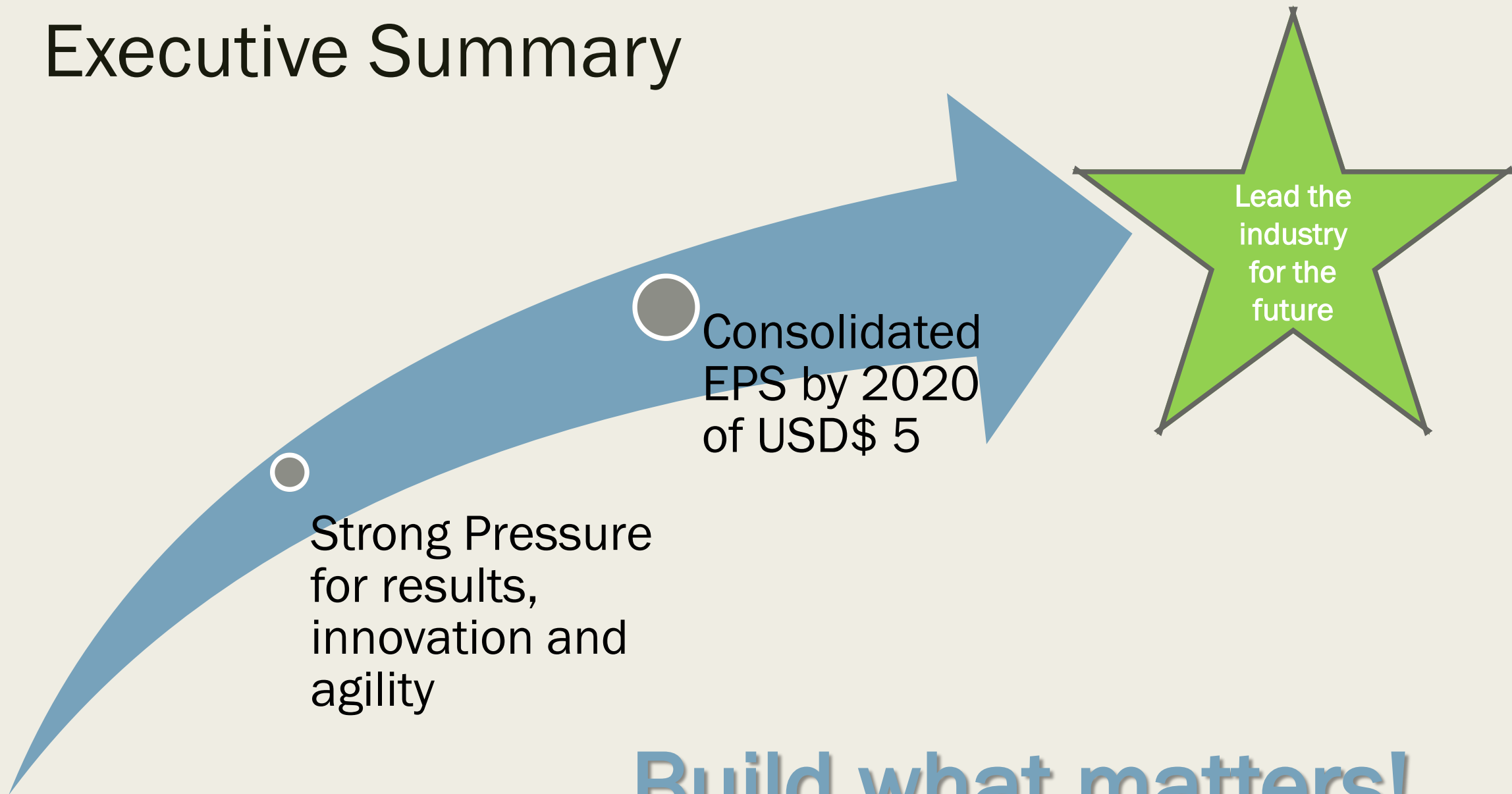
Alex
Nicholas
Rodrigo
Vanessa



Agenda



Executive Summary



Build what matters!

Market Analysis

Major player in the ownership of infrastructure in a global perspective;
Know-how;
Diversified business model;
Employees Proud to do what matters.

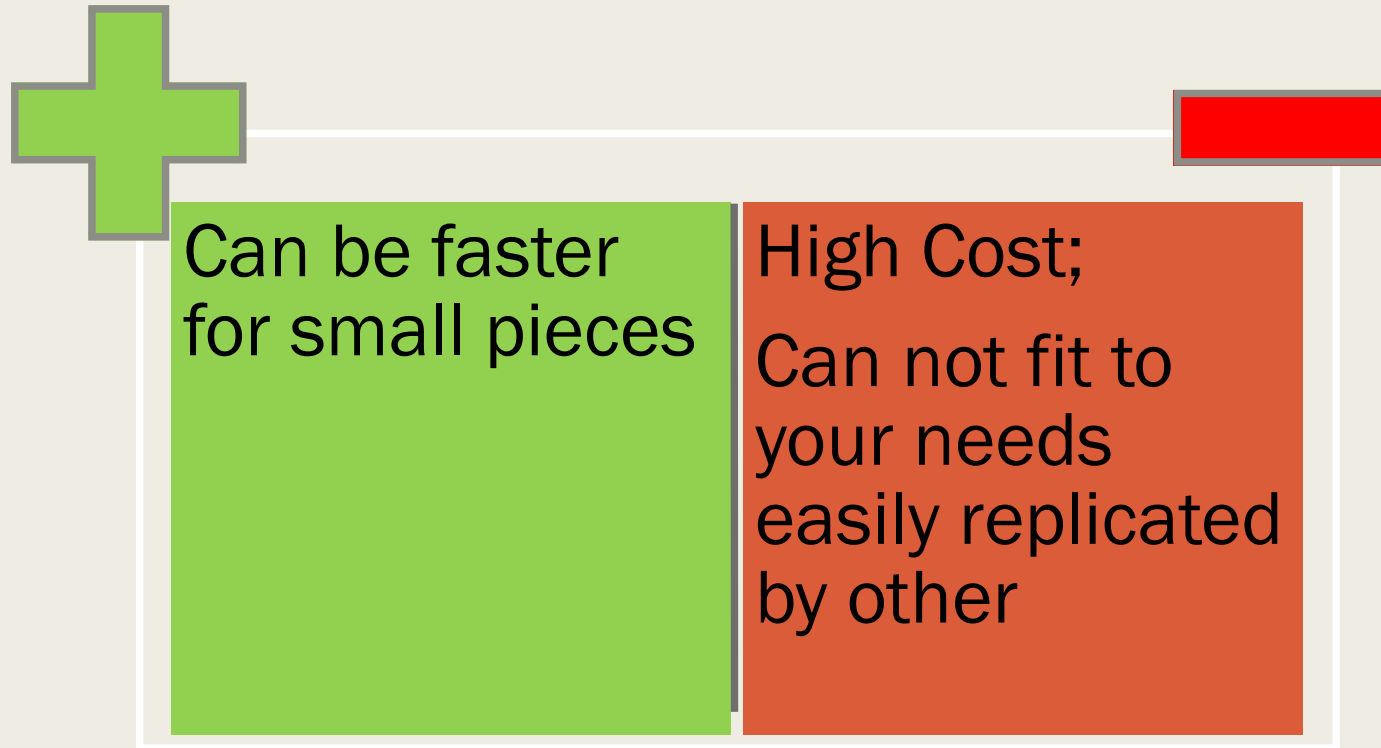
Make projects lower cost, more efficient and predictable;
Dispersed Adoption of Technology

World Population is Growing;
Digital Disruption is transforming the world.

Poor Productivity in Construction;
Competitors recognize the importance of digital disruption (execution process has not changed for any competitor);

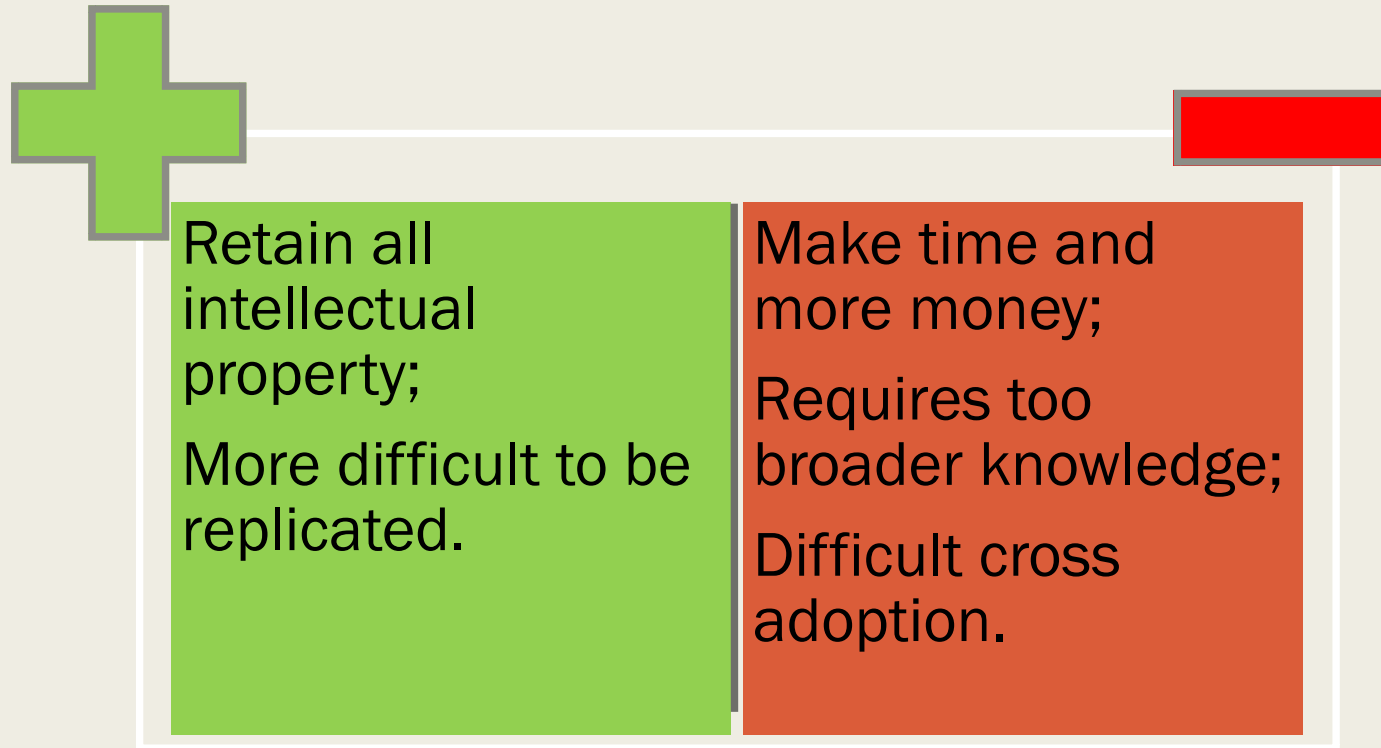
How to build a strong Digital Strategy?

Acquire it from Someone else, or Acquisition.



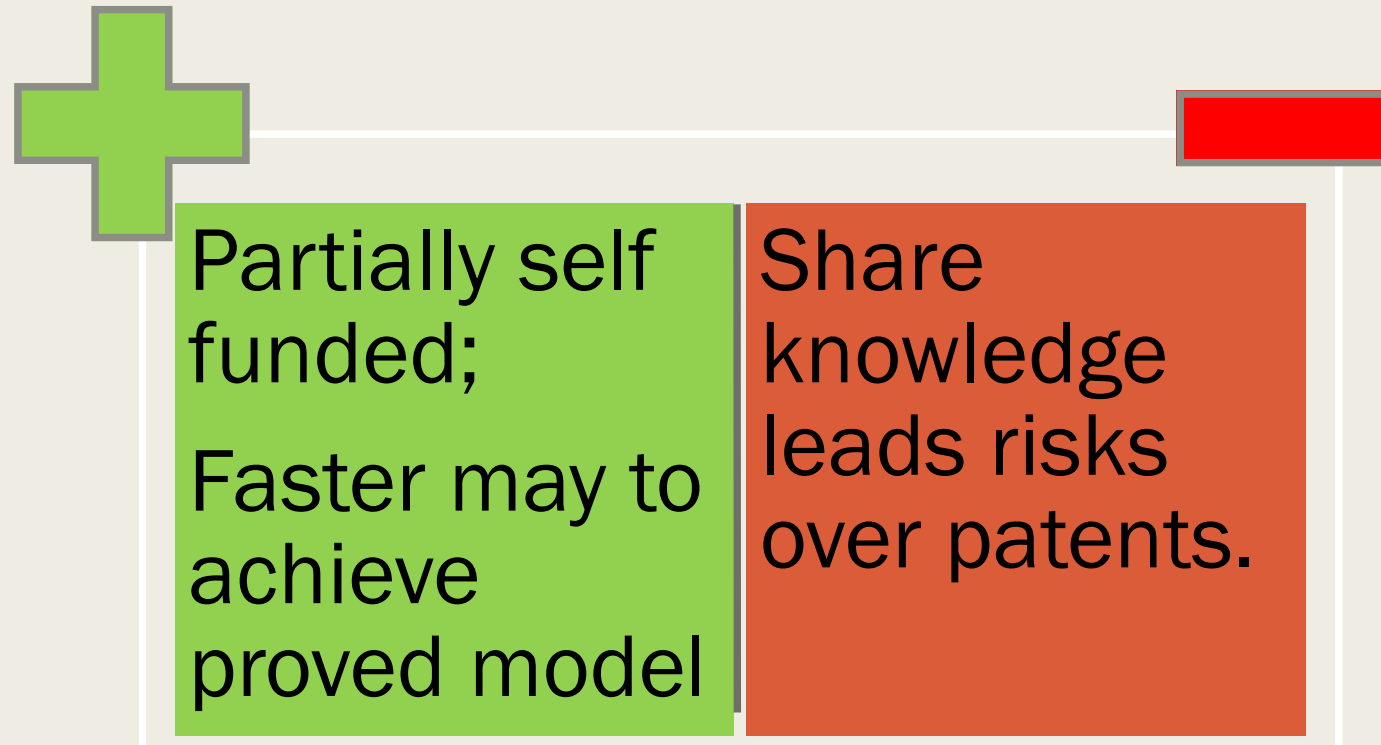
How to build a strong Digital Strategy?

Make by yourself the required innovation.



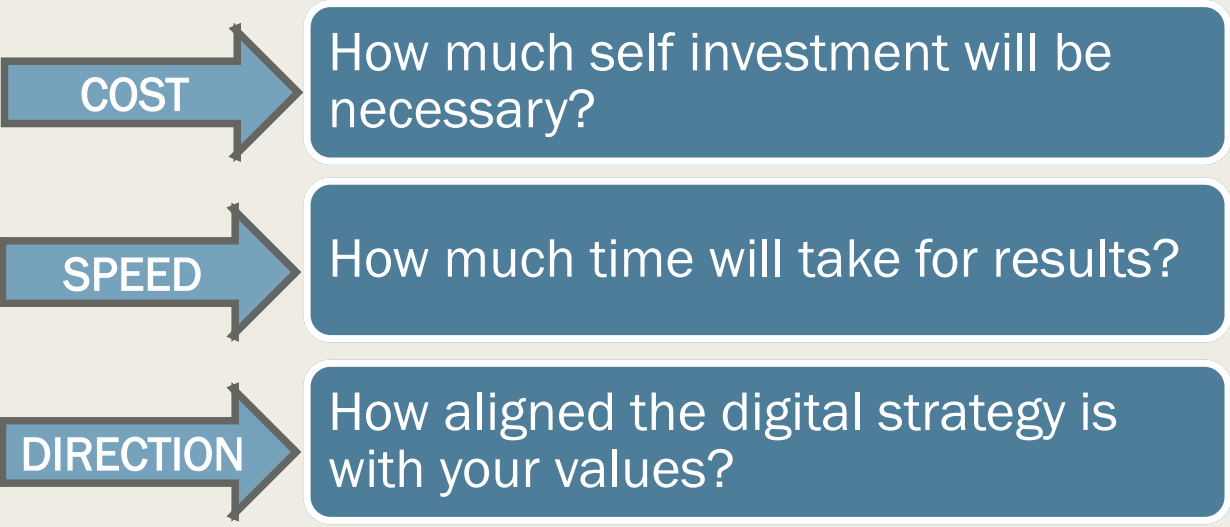
How to build a strong Digital Strategy?

INOVATION HUB FOR CO CREATION with your business partners, customers, universities, start ups & Technology enablers



Alternatives Analysis

<i>OPTIONS</i>	<i>COST</i>	<i>SPEED</i>	<i>DIRECTION</i>
BUY	Red	Yellow	Yellow
DO YOURSELF	Red	Yellow	Green
INNOVATION HUB	Green	Green	Green



SAFETY INTEGRITY COLLABORATION INNOVATION

INNOVATION HUB



INNOVATION HUB

We offer a collaboration space funded by us and the key sponsors to boost a start up ecosystem around our business segment transformation

We lead the board to focus annually a thematic aligned with the urgent income needs of our industry. For the first wave our suggestion is:

- Artificial intelligence to boost workforce management, security and quality inspections;
- IOT and georeferencing for increase operational efficiency using your current assets much better and more
- Supply chain management boost by AI and IOT

INNOVATION HUB

WIN/WIN Strategy where all will have access into the most valuable asset nowadays:

**COLLABORATIVE
KNOWLEDGE TO ANSWER
TOUCH QUESTIONS**

Execution Plan

Innovation Hub Implementation – 9 months

- Ecosystem Gathering and Preparation – From 3 to 6 months
- Partnership Build up – From Day 1 on
- Physical Space Construction and Design – 9 months
- Legal Agreements – up to 9 months

Digital Initiatives – Up to 15 months

- Workforce Management Improvement Plan
- Operational Efficiency
- SCM Agility

Execution Plan

Divestment – 24 months plan

- Hiring Investment Bank
- Offer Round 1
- Sign contract Round 1 – Within the next 12 months
- Offer Round 2
- Sign contract Round 2 – Within the next 24 months

Execution Plan

	2019	2020	2021	2022	2023	BUDGET
Innovation Hub						\$10
Ecosystem Gathering and Preparation	█	█				
Partnerships	█	█	█	█	█	
Physical Space	█	█				
Legal Agreements	█	█				
Digital Initiatives						\$20
Workforce Management	█	█				
Operational Efficiency Activities	█	█				
SCM - AI and IOT implementation	█	█				
Divestment						
Hire Investment Bank	█	█				
Start offer group 1	█	█				
Sign group 1	█	█				
Start offer group 2	█	█				
Sign group 1	█	█				
TOTAL INVESTMENT						\$30

RISKS

Some Competitor come up with the same approach

Probability: Medium

Impact: High

Mitigation: Move FASTER!

Return taking long than planned

Probability: Low

Impact: High

Mitigation: Start the Strategic Alignment
with Key Partners and Technology
Enablers first

Our current debt is \$3.2 Bi and we're having finance expenses of \$182Mio per year

Funding	\$Mio	Rate
Bank Loans	898	6.5%
Debentures	350	6.2%
	300	2.7%
	150	5.0%
	175	5.0%
	200	3.2%
	150	5.0%
Group Loan	979	6.5%
Total	3202	5.7%

Assumptions:

Bank loans: Use of partial credit facilities only

Floating rate: 5% (+200bps 10year US treasury note)

182 Mio of interest

Our expectation for EBIT in 2018 is \$1Bi

2018				
	Net Revenue (\$ Bi)	Weight	Margin EBIT	EBIT (\$Bi)
Oil and Gas	3.4	37%	7%	0.2
Infrastructure	2.0	21%	7%	0.1
EDPM	3.5	18%	11%	0.4
Nuclear	0.7	8%	18%	0.1
Clean Power	0.5	5%	13%	0.1
Mining	0.4	4%	4%	0.0
Thermal Power	0.4	4%	5%	0.0
Capital	0.3	3%	5%	0.0
Total	11.1	-	9.0%	1.002

Atkins contributing with additional \$1.8 Bi for 20198

Debt: \$3.2 Bi

Debt/EBIT: 3.2 x



Acceptable until 3.5x

So we have room to raise more debt to fund our investments

Secondary Public Offer

Bonds

So we have room to raise more debt to fund our investments

Secondary Public Offer

Bonds

Bonds:

Amount: \$30 Mio

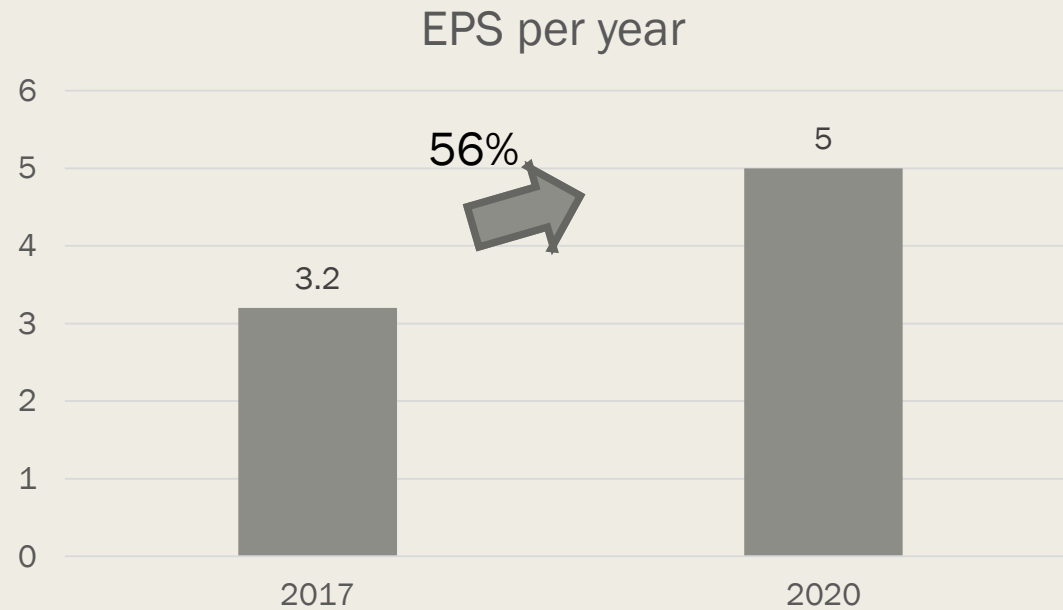
Rate: 5% (+200bps 10year US treasury note)

Where: US Market

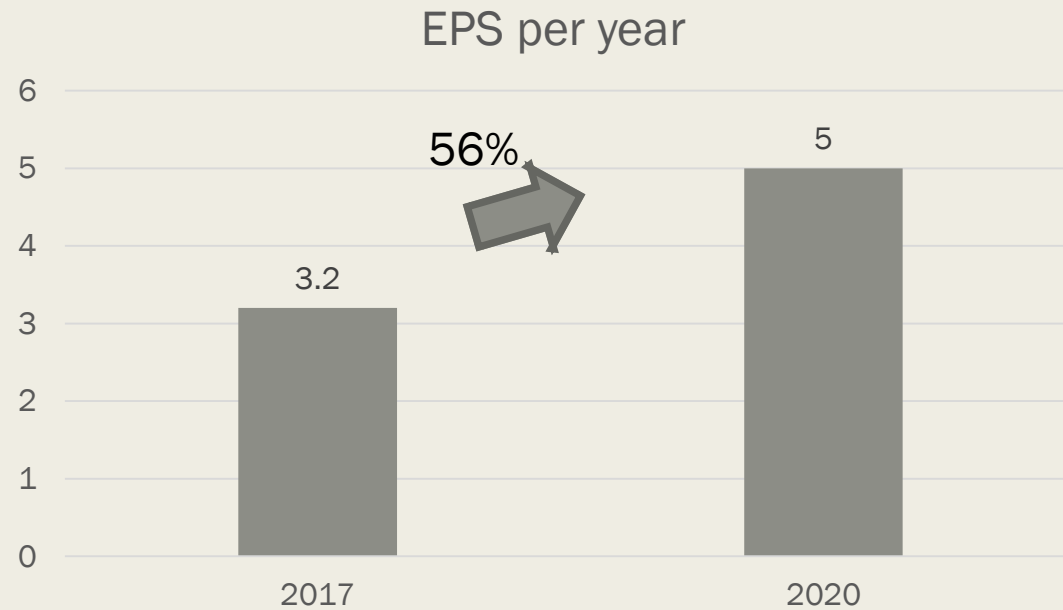
When: 1st quarter of 2019

Small impact on our leverage

But we have the challenge to reach an EPS of \$5 in 2020



But we have the challenge to reach an EPS of \$5 in 2020



Focus on higher margin projects

Divestments

First we chose the higher margin projects in our backlog and new projects

2020				
	Net Revenue (\$ Bi)	Weight	Margin	EB EBIT (\$Bi)
Oil and Gas	1.5	12%	7%	0.1
Infrastructure	5.0	42%	7%	0.4
EDPM	2.4	20%	11%	0.3
Nuclear	1.3	11%	18%	0.2
Clean Power	0.8	7%	13%	0.1
Mining	0.4	3%	4%	0.0
Thermal Power	0.4	3%	5%	0.0
Capital	0.3	2%	5%	0.0
Total	12.0	-	9.2%	1.104

Increase weight of EDPM, Nuclear and Clean Power from current 31% to 37%

First we chose the higher margin projects in our backlog and new projects

2020				
	Net Revenue (\$ Bi)	Weight	Margin	EB EBIT (\$Bi)
Oil and Gas	1.5	12%	7%	0.1
Infrastructure	5.0	42%	7%	0.4
EDPM	2.4	20%	11%	0.3
Nuclear	1.3	11%	18%	0.2
Clean Power	0.8	7%	13%	0.1
Mining	0.4	3%	4%	0.0
Thermal Power	0.4	3%	5%	0.0
Capital	0.3	2%	5%	0.0
Total	12.0	-	9.2%	1.104

Increase weight of EDPM, Nuclear and Clean Power from current 31% to 37%

Net income: \$759 Mio
EPS: 4.6

We need to divest our Capital Investments Portfolio to reach the target of EPS in 2020

Net Book Value: \$338 Mio
Fair Market Values: >\$ 5bi

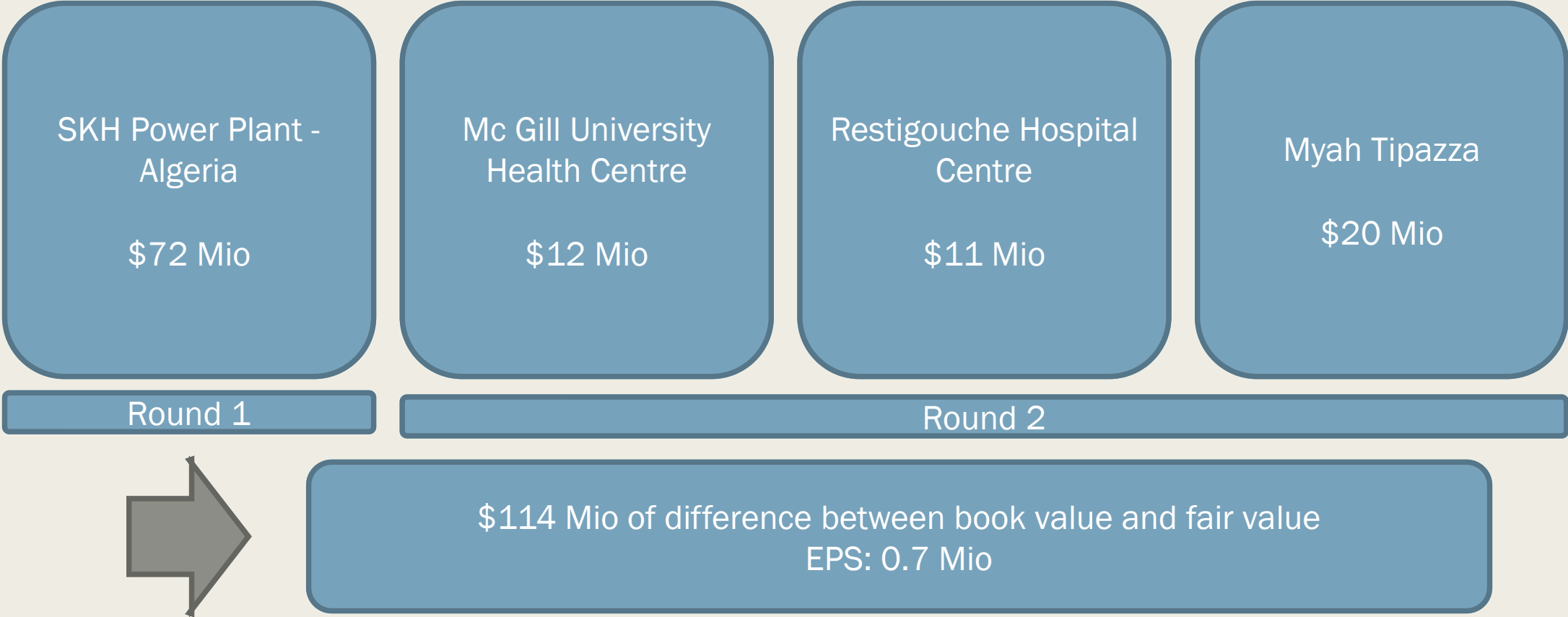
We need to divest our Capital Investments Portfolio to reach the target of EPS in 2020

Net Book Value: \$338 Mio
Fair Market Values: >\$ 5bi

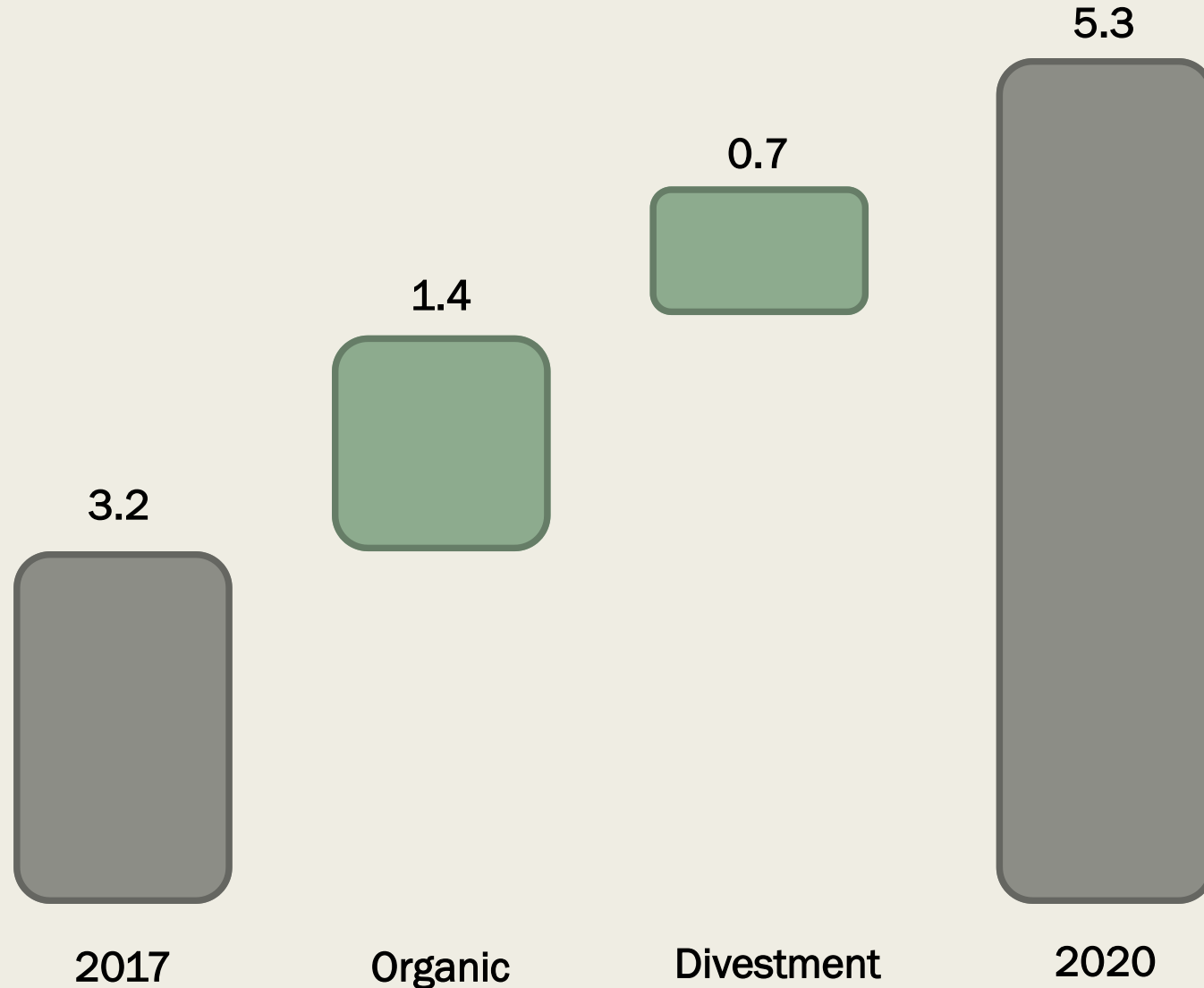
Description	# Companies
Highways, Bridges and Rail	10
Power	2
Health Centre	2
Others	1
Total	15

- Highway 407 is not an option and the main driver for the difference
- We assume that all the other companies can be valued to \$2Bi at fair market value

So decided to sell SKH Power Plant, Health Centres and seawater desalination plant



We expect to achieve an EPS of \$5.3



And for the long term we expect even more

EBIT Margin
expansion:

+2%

Cost reduction and
productivity

New Contracts

Revenue: 7% - 10%
growth per year

Financial markets are undervaluing you

Valuation:

- SNC P/E Multiple: 5.1
- Peers 11.3

Analysts:

- 11 Buys
- 1 Hold
- No sell

We need to explain to investors our short term plan and long term plan:

- Roadshow with current investors
- Roadshow with prospects

What other message can we give to the market?

What other message can we give to the market?

Share buy back

Amount: \$ 100 Mio

Clear sign to the market

Small increase in EPS

Strong financial position

EPS 2020: +\$5

Debt under control

Share buy back

Strong financial position

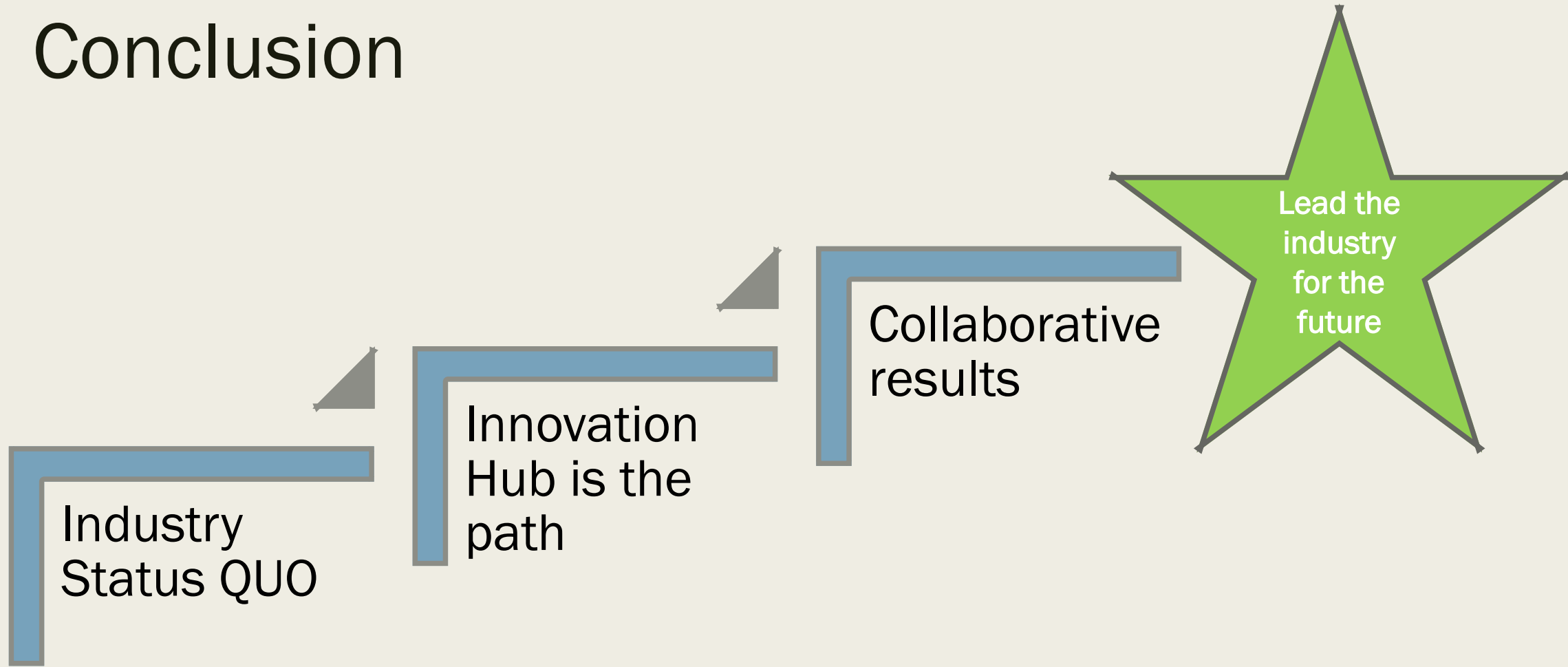
EPS 2020: +\$5

Debt under control

Share buy back

Stock price: From 47
to 85 in 2020

Conclusion



Build what matters!

MERCI / THANK YOU