



## SNC-Lavalin Reports First Quarter 2021 Results

**MONTREAL: May 14, 2021** – SNC-Lavalin Group Inc. (TSX: SNC), a fully integrated professional services and project management (“PS&PM”) company with offices around the world, today announced its results for the first quarter ended March 31, 2021.

### *First Quarter Highlights and Key Metrics from Continuing Operations*

- **Net income from continuing operations attributable to SNC-Lavalin shareholders of \$67.7 million, or \$0.39 per diluted share.**
- **SNCL Engineering Services delivers solid Q1 results**
  - Revenues of \$1.5 billion.
  - Segment Adjusted EBIT<sup>(1)</sup> of \$132.8 million, representing a 8.8% margin.
  - Segment Adjusted EBIT to revenue ratio<sup>(2)</sup> of 8.6%, 13.9% and 5.8% for EDPM, Nuclear and Infrastructure Services, respectively, in line with Company’s targets.
  - Net cash generated from operating activities of \$118 million.
  - Bookings of \$1.7 billion, representing a 1.15 booking-to-revenue ratio<sup>(6)</sup>. Backlog at \$11.1 billion as at March 31, 2021.
- **SNCL Projects backlog continues to decrease**
  - LSTK construction contracts backlog reduced by \$241.5 million in the quarter to \$1.6 billion as at March 31, 2021.
- **Financial position remains strong**
  - As at March 31, 2021, the Company had cash and cash equivalents of \$702.7 million and a net recourse debt to EBITDA ratio<sup>(7)</sup> of 1.8 (calculated in accordance with the Company’s Credit Agreement).

### *2021 Outlook for SNCL Engineering Services maintained*

- **SNCL Engineering Services revenue for 2021 forecast to grow by a low single digit percentage, compared to 2020, and Segment Adjusted EBIT to revenue ratio<sup>(2)</sup> expected to be between 8% and 10%.**

### *Investor day to be held on September 28, 2021*

- **SNC-Lavalin’s management will provide an update on the Company’s strategy and outlook, including growth opportunities in EDPM, Nuclear and Infrastructure Services.**

### IFRS First Quarter Financial Highlights

	First Quarter	
	2021	2020*
<i>(in thousands of dollars, unless otherwise indicated)</i>		
Revenue	1,819,739	1,868,519
<u>Attributable to SNC-Lavalin Shareholders:</u>		
Net income from continuing operations	67,743	950
Diluted EPS from continuing operations (\$)	0.39	0.01
Net income (loss) from discontinued operations	5,302	(66,914)
Net income (loss)	73,045	(65,964)
Net cash generated from operating activities	5,612	23,354
Cash and cash equivalents as at March 31	702,685	2,102,324
Recourse debt and limited recourse debt as at March 31	1,396,306	2,568,159
Backlog from continuing operations as at March 31	13,214,000	13,938,200

### Non-IFRS First Quarter Financial Highlights

	First Quarter	
	2021	2020*
<i>(in thousands of dollars, unless otherwise indicated)</i>		
<u>Attributable to SNC-Lavalin Shareholders:</u>		
Adjusted net income from PS&PM <sup>(4)</sup>	83,424	61,075
Adjusted diluted EPS from PS&PM <sup>(5)</sup> (\$)	0.48	0.35
Adjusted EBITDA from PS&PM <sup>(3)</sup>	164,122	136,515
Adjusted EBITDA from PS&PM to revenue from PS&PM ratio <sup>(8)</sup>	9.1%	7.5%

\*Comparative figures have been re-presented as a result of an operation discontinued in 2020



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### CEO Commentary

*“We had a strong start to the year with a first quarter in line with our expectations, as our Engineering Services business, which includes the EDPM, Nuclear and Infrastructure Services segments, delivered another solid quarterly performance. We are seeing a strong pipeline of new work across all of our core geographies, as governments continue investing in new projects,” said Ian L. Edwards, President and CEO of SNC-Lavalin Group Inc. “SNC-Lavalin is well positioned for growth and a sustainable future. A fundamental part of that future is our commitment to ESG, and today I am proud to announce specific targets to increase the representation of women throughout the Company as part of our ED&I objectives, as well as a clear path to Net Zero Carbon Emissions by 2030.”*

### First Quarter Results

The Company’s net income from continuing operations attributable to SNC-Lavalin shareholders was \$67.7 million, or \$0.39 per diluted share in Q1 2021, compared to \$0.9 million, or \$0.01 per diluted share, for the corresponding period in 2020. This was comprised of net income from continuing operations from PS&PM of \$61.0 million, or \$0.35 per diluted share and net income from continuing operations from Capital of \$6.7 million, or \$0.04 per diluted share in Q1 2021. For the corresponding period in 2020, net income from continuing operations was comprised of net income from continuing operations from PS&PM of \$21.0 million, or \$0.12 per diluted share and net loss from continuing operations from Capital of \$20.0 million, or \$(0.11) per diluted share. Q1 2021 net income included amortization of intangible assets related to business combinations of \$23.3 million (\$19.1 million after taxes), while Q1 2020 included amortization of intangible assets related to business combinations of \$40.5 million (\$33.0 million after taxes) and a fair value revaluation of Highway 407 ETR contingent consideration receivable of \$57.2 million (\$49.6 million after taxes).

Adjusted net income from PS&PM<sup>(4)</sup> in Q1 2021 increased by 36.6% and totaled \$83.4 million, or \$0.48 per diluted share, compared with \$61.1 million, or \$0.35 per diluted share, for Q1 2020. The increase was mainly due to a higher Segment Adjusted EBIT<sup>(1)</sup> in SNCL Engineering Services and lower Corporate selling, general and administrative expenses, partially offset by a negative Segment Adjusted EBIT<sup>(1)</sup> in SNCL Projects and a lower Segment Adjusted EBIT<sup>(1)</sup> in Capital.

*Lines of Business***SNCL Engineering Services**

	First Quarter	
	2021	2020
(in thousands of dollars, unless otherwise indicated)		
Revenue	1,515,125	1,534,769
Segment Adjusted EBIT <sup>(1)</sup>	132,790	111,532
Segment Adjusted EBIT to revenue ratio <sup>(2)</sup>	8.8%	7.3%
Backlog as at March 31	11,083,900	10,965,400

The SNCL Engineering Services line of business (comprised of the EDPM, Nuclear and Infrastructure Services segments) continued to deliver solid results, benefitting from a diversified business model, long-term client relationships and a strong public sector focus.

As expected, since COVID-19 did not significantly impact SNCL Engineering Services in Q1 2020, revenue for Q1 2021, compared to Q1 2020, decreased by a low single digit percentage. Revenue from SNCL Engineering Services totaled \$1,515.1 million in Q1 2021, a 1.3% decrease from the corresponding period in 2020, while Segment Adjusted EBIT<sup>(1)</sup> totaled \$132.8 million in Q1 2021, representing a margin of 8.8%, compared to \$111.5 million in Q1 2020, representing a margin of 7.3%. SNCL Engineering Services total backlog increased by 1.1% and amounted to \$11.1 billion as at March 31, 2021, compared to \$11.0 billion as at March 31, 2020. Total bookings for Q1 2021 amounted to \$1.7 billion despite the current challenging COVID-19 environment, representing a 1.15 booking-to-revenue ratio<sup>(6)</sup>.

**EDPM** revenue amounted to \$933.2 million in Q1 2021, compared to \$945.1 million in Q1 2020. EDPM Segment Adjusted EBIT<sup>(1)</sup> totaled \$80.6 million, representing a margin of 8.6% in Q1 2021, compared to \$57.5 million in Q1 2020, representing a margin of 6.1%. The Segment Adjusted EBIT<sup>(1)</sup> improvement in Q1 2021 mainly reflected solid performance in the core geographies of the UK, Canada and the United States, improved margins in the Middle East as a result of actions to adjust the cost base over the past year, and the settling of a small number of project final accounts. Backlog was strong at March 31, 2021, at \$2.9 billion, an increase of 10.4% compared to March 31, 2020. Bookings in Q1 2021 totaled \$1.0 billion, representing a 1.07 booking-to-revenue ratio<sup>(6)</sup>.

**Nuclear** revenue amounted to \$229.1 million in Q1 2021, compared to \$236.9 million in Q1 2020. Nuclear Segment Adjusted EBIT<sup>(1)</sup> totaled \$31.8 million in Q1 2021, representing a margin of 13.9%, compared to \$36.7 million in Q1 2020, representing a margin of 15.5%. The revenue



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variance was mainly due to a decreased level of activity in Asia and Canada, as some projects achieved major delivery milestones in 2020, partially offset by higher volume in Europe and the United States. Backlog totaled \$0.9 billion at March 31, 2021, a decrease of 16.6% compared to March 31, 2020. The backlog decrease over the last twelve months was mainly due to the progress on the Company's major refurbishment long-term contracts in Canada. The segment continued to be awarded extensions to ongoing contracts in Canada and other long-term contracts in the US and the UK.

**Infrastructure Services** revenue amounted to \$352.8 million in Q1 2021, in line with Q1 2020. Infrastructure Services Segment Adjusted EBIT<sup>(1)</sup> totaled \$20.4 million in Q1 2021, representing a margin of 5.8%, compared to \$17.3 million in Q1 2020, representing a margin of 4.9%. The Segment Adjusted EBIT<sup>(1)</sup> increase was mainly due to a higher level of Operations & Maintenance activities combined with improved margins from Linxon. Backlog totaled \$7.3 billion at March 31, 2021, in line with March 31, 2020. Bookings in Q1 2021 totaled \$0.5 billion, representing a 1.50 booking-to-revenue ratio<sup>(6)</sup>. Infrastructure Services backlog includes long-term Operations & Maintenance contracts, which can cover periods of up to 40 years.

### SNCL Projects

	First Quarter	
	2021	2020*
(in thousands of dollars)		
Revenue	282,881	287,508
Segment Adjusted EBIT <sup>(1)</sup>	(8,193)	1,847
LSTK construction contracts backlog decrease	241,500	32,100
LSTK construction contracts backlog as at March 31	1,596,600	2,725,100

\*Comparative figures have been re-presented as a result of an operation discontinued in 2020

Backlog for the SNCL Projects line of business (comprised of the Resources and Infrastructure EPC Projects segments) at the end of March 31, 2021, totaled \$2.0 billion and included \$1.6 billion of LSTK construction contracts and \$0.4 billion of reimbursable and engineering services contracts. SNCL Projects backlog for LSTK construction contracts decreased by \$241.5 million in Q1 2021, as the Company continued to execute on its LSTK projects.

SNCL Projects revenues amounted to \$282.9 million in Q1 2021, compared to \$287.5 million in Q1 2020. SNCL Projects Segment Adjusted EBIT<sup>(1)</sup> was negative \$8.2 million in Q1 2021, compared to a positive Segment Adjusted EBIT<sup>(1)</sup> of \$1.8 million in Q1 2020. The variance was



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mainly due to the Infrastructure EPC Projects segment, which recorded a negative Segment Adjusted EBIT<sup>(1)</sup> of \$10.5 million in Q1 2021, compared to a positive Segment Adjusted EBIT<sup>(1)</sup> of \$3.8 million in Q1 2020. This was mainly due to a reduction in gross margin, as the first quarter of 2021 included costs in closing out certain projects nearing completion and the impacts of COVID-19, partially offset by a reduction in overhead expenses.

The Company continues to target Q2 2021 for the closing of the binding agreement to sell the Oil & Gas business to Kentech Corporate Holdings Limited, announced on February 9, 2021.

### **Capital**

(in thousands of dollars)	First Quarter	
	2021	2020
Revenue	21,733	46,242
Segment Adjusted EBIT <sup>(1)</sup>	18,722	42,028
Backlog as at March 31	153,400	171,900

Capital revenue and Segment Adjusted EBIT<sup>(1)</sup> totaled \$21.7 million and \$18.7 million, respectively, in Q1 2021, compared to \$46.2 million and \$42.0 million, respectively, in Q1 2020. The variance was mainly due to a decreased contribution from Highway 407 ETR, as no dividend was received from this investment in Q1 2021, compared to a dividend of \$21.1 million in Q1 2020. Despite a reduction in traffic volumes since the beginning of the COVID-19 pandemic, SNC-Lavalin's management continues to have confidence in the long-term value of the Highway 407 ETR concession.

### ***Operating Cash Flow***

The Company's net cash generated from operating activities was \$5.6 million in Q1 2021, compared to \$23.4 million in Q1 2020. The Company continues to anticipate that its net cash generated from operating activities in 2021 will be broadly breakeven, as positive operating cash flow from SNCL Engineering Services is expected to be largely offset by an operating cash flow usage in SNCL Projects.



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### ***Financial Position***

As at March 31, 2021, the Company had \$702.7 million of cash and cash equivalents. The Company also has an additional \$2.0 billion of available drawing capacity under its revolving credit facility. In March 2021, the Company repaid at maturity \$175.0 million representing all of the outstanding Series 3 Debentures. As at March 31, 2021, the Company had \$1.0 billion of recourse debt and \$0.4 billion of limited recourse debt and its net recourse debt to EBITDA ratio<sup>(7)</sup> calculated in accordance with the terms of the Company's Credit Agreement was 1.8, below the required covenant level of 3.75.

### ***Investor Day***

SNC-Lavalin will hold a virtual Investor Day on Tuesday, September 28, 2021, where the Company's leaders will provide an update on the Company's strategy, outlook and continuing growth opportunities.

### ***SNCL Engineering Services 2021 Outlook maintained***

The following statements are based on current expectations. These statements are forward-looking and the actual results could differ materially. The 2021 Outlook section should be read in conjunction with the information on forward-looking statements at the end of this release.

The Company continues to expect that SNCL Engineering Services revenue for full year 2021 to increase by a low single digit percentage, compared to 2020, and for its Segment Adjusted EBIT to revenue ratio<sup>(2)</sup> to be between 8% and 10% for the same period.

This outlook is based on the assumptions and methodology described in the Company's Annual 2020 Management's Discussion and Analysis under the heading, "How We Budget and Forecast Our Results" and the "Forward-Looking Statements" section below and is subject to the risks and uncertainties summarized therein and in the Company's 2020 Annual Management's Discussion and Analysis.

### ***Quarterly Dividend***

The Board of Directors today declared a cash dividend of \$0.02 per share, unchanged from the previous quarter. The dividend is payable on June 11, 2021, to shareholders of record on May 28, 2021. This dividend is an "eligible dividend" for Canadian federal and provincial income tax purposes.

### ***First Quarter 2021 Conference Call / Webcast***

SNC-Lavalin will hold a conference call today at 1:30 p.m. Eastern Time to review results for its first quarter of 2021. A live audio webcast of the conference call and an accompanying slide



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presentation will be available at [www.investors.snclavalin.com](http://www.investors.snclavalin.com). The call will also be accessible by telephone, please dial toll free at 1 800 319 4610 in North America or dial 1 604 638 5340 outside North America. You can also use the following numbers: 416 915 3239 in Toronto, 514 375 0364 in Montreal, or 080 8101 2791 in the United Kingdom. A recording of the conference call and its transcript will be available on the Company's website within 24 hours following the call.

### ***Annual Meeting of Shareholders / Webcast***

SNC-Lavalin will also hold its virtual annual meeting of shareholders today at 11:00 a.m. Eastern Time. Registered shareholders and duly appointed and registered proxyholders can attend the meeting online at <https://web.lumiagm.com/439549909>. For more information regarding this virtual event, please visit SNC-Lavalin's 2021 Annual Shareholders' Meeting dedicated web page at [www.snclavalin.com/en/investors/agm-2021](http://www.snclavalin.com/en/investors/agm-2021).

### ***About SNC-Lavalin***

Founded in 1911, SNC-Lavalin is a fully integrated professional services and project management company with offices around the world. SNC-Lavalin connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle. Our expertise is wide-ranging — consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, operations & maintenance, decommissioning and sustaining capital – and delivered to clients in four strategic sectors: EDPM (engineering, design and project management), Infrastructure, Nuclear and Resources, supported by Capital. People. Drive. Results. [www.snclavalin.com](http://www.snclavalin.com)



## Non-IFRS Financial Measures and Additional IFRS Measures

The Company reports its financial results in accordance with IFRS. However, the following non-IFRS measures and additional IFRS measures are used by the Company in this press release: Segment Adjusted EBIT, Segment Adjusted EBIT to revenue ratio, Adjusted EBITDA, Adjusted net income (loss) attributable to SNC-Lavalin shareholders, Adjusted diluted EPS, Booking-to-revenue ratio, and Adjusted EBITDA from PS&PM to revenue from PS&PM ratio. Additional details for these non-IFRS measures can be found below or in section 9 of SNC-Lavalin's Management's Discussion and Analysis ("MD&A") for the first quarter of 2021, filed with the securities regulatory authorities in Canada, available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.snclavalin.com](http://www.snclavalin.com) under the "Investors" section. Non-IFRS financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with IFRS, these non-IFRS measures provide additional insight into the Company's operating performance and financial position and certain investors may use this information to evaluate the Company's performance from period to period. However, these non-IFRS financial measures have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Furthermore, certain non-IFRS financial measures and additional IFRS measures are presented separately for PS&PM, by excluding components related to Capital, as the Company believes that such measures are useful as these PS&PM activities are usually analyzed separately by the Company. Reconciliations of non-IFRS measures to the most comparable IFRS measures are set forth in Section 9.3 of the first quarter 2021 MD&A and certain of those reconciliations are set out at the end of this press release.

*(1) Segment Adjusted EBIT consists of revenues allocated to the applicable segment less i) direct costs of activities, ii) directly related selling, general and administrative expenses, and iii) corporate selling, general and administrative expenses that are allocated to segments. Segment Adjusted EBIT is the measure used by management to evaluate the performance of the Company's segments, and gives investors an indication of the profitability of each segment, as it excludes certain items that the Company believes are not reflective of the segment's underlying operations. Such financial measure also facilitates period-to-period comparisons of the underlying segment's performance. Expenses that are not allocated to the Company's segments are: certain corporate selling, general and administrative expenses that are not directly related to projects or segments, impairment loss arising from expected credit losses, gain (loss) arising on financial assets (liabilities) at fair value through profit or loss, restructuring and transformation costs, amortization of intangible assets related to business combinations, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell, net financial expenses and income taxes. It should be noted that the following adjustments were removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current periods and the previous year: acquisition-related costs and integration costs and the federal charges settlement (PPSC) expense. See the reconciliation of total Segment Adjusted EBIT to net income (loss) in the Q1 2021 MD&A, Section 4.*

*(2) Segment Adjusted EBIT to revenue ratio is a measure used to analyze the profitability of the Company's segments and facilitate period-to-period comparisons, as well as comparison with peers. This financial measure is calculated by dividing the amount of Segment Adjusted EBIT of a given period to the amount of revenue for the same period.*

*(3) Adjusted EBITDA is a non-IFRS financial measure used by management to facilitate operating performance comparison from period to period and to prepare annual operating budgets and forecasts. Adjusted EBITDA is based on EBITDA from continuing operations and excludes charges related to restructuring and transformation costs, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), the adjustment to provision for the Pyrrhotite Case litigation (described in the 2020 Annual MD&A, as updated in Note 12 to the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021), the fair value revaluation of the Highway 407 ETR contingent consideration receivable, the GMP equalization expenses and the gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell. It should be noted that the following adjustments were removed from the list of adjustments disclosed in*



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prior periods as there was no adjustment of this nature in the current periods and the previous year: acquisition-related costs and integration costs and the federal charges settlement (PPSC) expense. The Company believes that Adjusted EBITDA is useful for providing securities analysts, investors and others with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's operating performance. Adjusted EBITDA is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. Refer to the Q1 2021 MD&A, Section 9.3 for a reconciliation of Adjusted EBITDA to net income (loss) from continuing operations as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities, as the Company believes that such measures are useful since these PS&PM activities are analyzed separately by the Company.

<sup>(4)</sup> Adjusted net income (loss) attributable to SNC-Lavalin shareholders is defined as net income (loss) attributable to SNC-Lavalin shareholders from continuing operations, adjusted for certain specific items that are significant but are not, based on management's judgement, reflective of the Company's underlying operations. These adjustments are restructuring and transformation costs, amortization of intangible assets related to business combinations, gains (losses) on disposals of PS&PM businesses and Capital investments (or adjustments to gains or losses on such disposals), the fair value revaluation of the Highway 407 ETR contingent consideration receivable, the adjustment to provision for the Pyrrhotite Case litigation, gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell, the GMP equalization expense and income taxes and non-controlling interest on these adjustments. It should be noted that the following adjustments were removed from the list of adjustments disclosed in prior periods as there was no adjustment of this nature in the current periods and the previous year: acquisition-related costs and integration costs, financing costs related to the agreement to sell shares of Highway 407 ETR and the federal charges settlement (PPSC) expense. The Company believes that Adjusted net income (loss) attributable to SNC-Lavalin shareholders is useful for providing securities analysts, investors and others with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's operating performance. Adjusted net income (loss) attributable to SNC-Lavalin shareholders is believed to supplement information provided, as it highlights trends that may not otherwise be apparent when relying solely on IFRS financial measures. It is also used by management to evaluate the performance of the activities of the Company from period to period. Refer to the Q1 2021 MD&A, Section 9.3 for a reconciliation of Adjusted net income (loss) attributable to SNC-Lavalin shareholders to net income (loss) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities, as the Company believes that such measures are useful since these PS&PM activities are analyzed separately by the Company.

<sup>(5)</sup> Adjusted diluted earnings per share ("Adjusted diluted EPS") is defined as adjusted net income (loss) attributable to SNC-Lavalin shareholders from continuing operations, divided by the diluted weighted average number of outstanding shares for the period. Adjusted diluted EPS is a non-IFRS financial measure that is an indicator of the financial performance of the Company's activities and allows the Company to present the adjusted net income (loss) attributable to SNC-Lavalin shareholders on a diluted share basis. Refer to the Q1 2021 MD&A, Section 9.3 for the reconciliation of Adjusted diluted EPS to diluted EPS (namely, net income (loss) per diluted share) as determined under IFRS. Such reconciliation is provided on a consolidated basis and also separately for PS&PM activities, as the Company believes that such measures are useful since these PS&PM activities are usually analyzed separately by the Company.

<sup>(6)</sup> Booking-to-revenue ratio corresponds to contract bookings divided by revenues, for a given period. This measure provides a useful basis for assessing the renewal of business, as it compares the value of performance obligations added in a given period to the amount of revenue recognized upon satisfying performance obligations in the same given period.

<sup>(7)</sup> While net recourse debt and EBITDA are non-IFRS measures, the reference to the ratio of "net recourse debt to EBITDA" is a defined term under and calculated in accordance with the Company's Credit Agreement and is not a specific reference to the actual non-IFRS measures in question.

<sup>(8)</sup> Adjusted EBITDA from PS&PM to revenue from PS&PM ratio is a measure used to analyze the profitability of the Company's PS&PM line of business and facilitate period-to-period comparisons, as well as comparison with peers. This financial measure is calculated by dividing the amount of Segment Adjusted EBITDA from PS&PM of a given period to the amount of revenue from PS&PM for the same period.



**Reconciliation of IFRS net income from continuing operations to Adjusted net income from PS&PM**

	First Quarter 2021		First Quarter 2020 <sup>1</sup>	
	In M\$	Diluted EPS In \$	In M\$	Diluted EPS In \$
<b>Net income from continuing operations attributable to SNC-Lavalin shareholders (IFRS)</b>	<b>67.7</b>	<b>0.39</b>	<b>0.9</b>	<b>0.01</b>
Restructuring and transformation costs	4.9		0.5	
Amortization of intangible assets related to business combination	23.3		40.5	
Fair value revaluation of Highway 407 ETR contingent consideration receivable <sup>2</sup>	-		57.2	
Adjustment to provision for the Pyrrhotite Case litigation <sup>3</sup>	-		10.0	
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(0.5)		-	
Income taxes and non-controlling interest on adjustments above	(5.4)		(18.4)	
<b>Total adjustments</b>	<b>22.4</b>	<b>0.13</b>	<b>89.7</b>	<b>0.51</b>
<b>Adjusted net income attributable to SNC-Lavalin shareholders (non-IFRS)</b>	<b>90.1</b>	<b>0.51</b>	<b>90.7</b>	<b>0.52</b>
Segment adjusted EBIT from Capital	(18.7)		(42.0)	
Corporate selling, general and administrative expenses from Capital	7.0		7.0	
Net financial expenses from Capital	4.2		4.3	
Income taxes from Capital	0.8		1.1	
<b>Total adjustments to exclude Capital</b>	<b>(6.7)</b>	<b>(0.04)</b>	<b>(29.6)</b>	<b>(0.17)</b>
<b>Adjusted net income from PS&amp;PM (non-IFRS)</b>	<b>83.4</b>	<b>0.48</b>	<b>61.1</b>	<b>0.35</b>

*Note that certain totals and subtotals may not reconcile due to rounding*

<sup>1</sup> Comparative figures have been re-presented as a result of an operation discontinued in 2020

<sup>2</sup> included in "Gain (loss) arising on financial assets (liabilities) at fair value through profit or loss"

<sup>3</sup> included in "Corporate selling, general and administrative expenses"



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## Forward-Looking Statements

*Reference in this press release, 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 associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates.*

*Statements made in this press release 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”, “outlooks”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “forecasts”, “should”, “synergies”, “target”, “vision”, “will”, “likely”, 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; ii) business and management strategies and the expansion and growth of the Company’s operations; and iii) the expected additional impacts of the ongoing COVID-19 pandemic on the business and its operating and reportable segments as well as elements of uncertainty related thereto. 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 press release 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 2020 Annual MD&A (particularly in the sections entitled “Critical Accounting Judgments and Key Sources of Estimation Uncertainty” and “How We Analyze and Report our Results”) and as updated in the first quarter 2021 MD&A. 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 risks include, but are not limited to: (a) additional impacts of the COVID-19 pandemic; (b) execution of the strategic direction announced in 2019; (c) fixed-price contracts or the Company’s failure to meet contractual schedule, performance requirements or to execute projects efficiently; (d) remaining performance obligations; (e) contract awards and timing; (f) being a provider of services to government agencies; (g) international operations; (h) Nuclear liability; (i) ownership interests in investments; (j) dependence on third parties; (k) joint ventures and partnerships; (l) information systems and data and compliance with privacy legislation; (m) competition; (n) professional liability or liability*



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for faulty services; (o) monetary damages and penalties in connection with professional and engineering reports and opinions; (p) insurance coverage; (q) health and safety; (r) qualified personnel; (s) work stoppages, union negotiations and other labour matters; (t) extreme weather conditions and the impact of natural or other disasters and global health crises; (u) divestitures and the sale of significant assets; (v) intellectual property; (w) liquidity and financial position; (x) indebtedness; (y) impact of operating results and level of indebtedness on financial situation; (z) security under the CDPQ Loan Agreement; (aa) dependence on subsidiaries to help repay indebtedness; (bb) dividends; (cc) post-employment benefit obligations, including pension-related obligations; (dd) working capital requirements; (ee) collection from customers; (ff) impairment of goodwill and other assets; (gg) the impact on the Company of legal and regulatory proceedings, investigations and litigation settlements; (hh) further regulatory developments as well as employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations; (ii) reputation of the Company; (jj) inherent limitations to the Company's control framework; (kk) environmental laws and regulations; (ll) Brexit; (mm) global economic conditions; (nn) fluctuations in commodity prices; and (oo) income taxes.

The Company cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in the Company's 2020 Annual MD&A and as updated in the first quarter 2021 MD&A, each filed with the securities regulatory authorities in Canada, available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.snclavalin.com](http://www.snclavalin.com) under the "Investors" section.

The forward-looking statements herein reflect the Company's expectations as at the date of this press release and are subject to change after this date. The Company does not undertake to update publicly or to revise any such forward-looking statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

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The Company's unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2021, together with its MD&A for the corresponding period, can be accessed on the Company's website at [www.snclavalin.com](http://www.snclavalin.com) and on [www.sedar.com](http://www.sedar.com).



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**Q1**

**Interim Condensed Consolidated  
Financial Statements (unaudited)**

As at and for the three-month periods ended  
March 31, 2021 and 2020

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)	Note	MARCH 31 2021	DECEMBER 31 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 702,685	\$ 932,902
Restricted cash		37,533	29,300
Trade receivables		1,224,507	1,199,166
Contract assets		1,124,761	1,090,149
Inventories		17,112	16,122
Other current financial assets		227,317	257,432
Other current non-financial assets		293,831	253,311
Assets of disposal groups classified as held for sale	14	276,538	273,174
<b>Total current assets</b>		<b>3,904,284</b>	<b>4,051,556</b>
Property and equipment		357,322	375,864
Right-of-use assets		331,325	346,824
Capital investments accounted for by the equity method	4	372,434	378,730
Capital investments at fair value through other comprehensive income	4	10,928	9,666
Goodwill		3,401,789	3,429,478
Intangible assets related to business combinations		518,223	544,059
Deferred income tax asset		622,958	655,838
Non-current portion of receivables under service concession arrangements		436,474	433,914
Other non-current financial assets		22,507	31,398
Other non-current non-financial assets		114,431	82,951
<b>Total assets</b>		<b>\$ 10,092,675</b>	<b>\$ 10,340,278</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities		\$ 1,780,500	\$ 1,730,398
Contract liabilities		769,239	836,991
Other current financial liabilities		245,015	187,754
Other current non-financial liabilities		496,985	473,780
Current portion of provisions		377,570	401,585
Current portion of lease liabilities		95,097	97,409
Short-term debt and current portion of long-term debt:			
Recourse		—	174,960
Non-recourse		31,034	31,262
Liabilities of disposal groups classified as held for sale	14	316,735	340,303
<b>Total current liabilities</b>		<b>4,112,175</b>	<b>4,274,442</b>
Long-term debt:			
Recourse		996,306	996,005
Limited recourse		400,000	400,000
Non-recourse		397,589	400,283
Other non-current financial liabilities		136,702	193,861
Non-current portion of provisions		631,330	753,226
Non-current portion of lease liabilities		381,011	399,201
Other non-current non-financial liabilities		252	219
Deferred income tax liability		373,978	354,348
<b>Total liabilities</b>		<b>7,429,343</b>	<b>7,771,585</b>
<b>Equity</b>			
Share capital		1,805,080	1,805,080
Retained earnings		627,482	478,351
Other components of equity	8	(380,141)	(320,067)
Other components of equity of disposal groups classified as held for sale	14	598,636	594,141
Equity attributable to SNC-Lavalin shareholders		2,651,057	2,557,505
Non-controlling interests		12,275	11,188
<b>Total equity</b>		<b>2,663,332</b>	<b>2,568,693</b>
<b>Total liabilities and equity</b>		<b>\$ 10,092,675</b>	<b>\$ 10,340,278</b>

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

THREE MONTHS ENDED MARCH 31  
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT  
NUMBER OF COMMON SHARES)

2021

	EQUITY ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL		RETAINED EARNINGS	OTHER COMPONENTS OF EQUITY (NOTE 8)	TOTAL		
	COMMON SHARES (IN THOUSANDS)	AMOUNT					
<b>Balance at beginning of the period</b>	<b>175,554</b>	<b>\$ 1,805,080</b>	<b>\$ 478,351</b>	<b>\$ 274,074</b>	<b>\$ 2,557,505</b>	<b>\$ 11,188</b>	<b>\$ 2,568,693</b>
Net income for the period	—	—	73,045	—	73,045	943	73,988
Other comprehensive income (loss) for the period	—	—	79,597	(55,579)	24,018	144	24,162
Total comprehensive income (loss) for the period	—	—	152,642	(55,579)	97,063	1,087	98,150
Dividends declared (Note 7)	—	—	(3,511)	—	(3,511)	—	(3,511)
<b>Balance at end of the period</b>	<b>175,554</b>	<b>\$ 1,805,080</b>	<b>\$ 627,482</b>	<b>\$ 218,495</b>	<b>\$ 2,651,057</b>	<b>\$ 12,275</b>	<b>\$ 2,663,332</b>

THREE MONTHS ENDED MARCH 31  
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT  
NUMBER OF COMMON SHARES)

2020

	EQUITY ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL		RETAINED EARNINGS	OTHER COMPONENTS OF EQUITY (NOTE 8)	TOTAL		
	COMMON SHARES (IN THOUSANDS)	AMOUNT					
<b>Balance at beginning of the period</b>	<b>175,554</b>	<b>\$ 1,805,080</b>	<b>\$ 1,555,853</b>	<b>\$ 354,073</b>	<b>\$ 3,715,006</b>	<b>\$ 2,421</b>	<b>\$ 3,717,427</b>
Net income (loss) for the period	—	—	(65,964)	—	(65,964)	3,424	(62,540)
Other comprehensive income for the period	—	—	382,687	155,617	538,304	1,456	539,760
Total comprehensive income for the period	—	—	316,723	155,617	472,340	4,880	477,220
Dividends declared (Note 7)	—	—	(3,511)	—	(3,511)	—	(3,511)
Capital contributions by non-controlling interests	—	—	—	—	—	12	12
<b>Balance at end of the period</b>	<b>175,554</b>	<b>\$ 1,805,080</b>	<b>\$ 1,869,065</b>	<b>\$ 509,690</b>	<b>\$ 4,183,835</b>	<b>\$ 7,313</b>	<b>\$ 4,191,148</b>

See accompanying notes to interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS**

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)	THREE MONTHS ENDED MARCH 31		
	Note	2021	2020 <sup>(1)</sup>
<b>Continuing operations</b>			
<b>Revenues from:</b>			
PS&PM		\$ 1,798,006	\$ 1,822,277
Capital investments accounted for by the consolidation method or at fair value through other comprehensive income		11,618	10,840
Capital investments accounted for by the equity method		10,115	35,402
		<b>1,819,739</b>	1,868,519
Direct costs of activities		1,676,420	1,713,112
Corporate selling, general and administrative expenses		16,251	36,785
Impairment loss from expected credit losses		—	874
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss		(4,172)	61,937
Restructuring and transformation costs		4,883	485
Amortization of intangible assets related to business combinations		23,345	40,456
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell		(456)	—
<b>EBIT <sup>(2)</sup></b>		<b>103,468</b>	14,870
Financial expenses	5	28,244	36,478
Financial income and foreign exchange losses (gains)	5	2,929	(4,565)
<b>Earnings (loss) before income taxes from continuing operations</b>		<b>72,295</b>	(17,043)
Income taxes		3,609	(21,417)
<b>Net income from continuing operations</b>		<b>68,686</b>	4,374
<b>Net income (loss) from discontinued operations</b>	14	<b>5,302</b>	(66,914)
<b>Net income (loss) for the period</b>		<b>\$ 73,988</b>	\$ (62,540)
<b>Net income from continuing operations attributable to:</b>			
SNC-Lavalin shareholders		\$ 67,743	\$ 950
Non-controlling interests		943	3,424
<b>Net income from continuing operations for the period</b>		<b>\$ 68,686</b>	\$ 4,374
<b>Net income (loss) attributable to:</b>			
SNC-Lavalin shareholders		\$ 73,045	\$ (65,964)
Non-controlling interests		943	3,424
<b>Net income (loss) for the period</b>		<b>\$ 73,988</b>	\$ (62,540)
<b>Earnings per share from continuing operations (in \$)</b>			
Basic		\$ 0.39	\$ 0.01
Diluted		\$ 0.39	\$ 0.01
<b>Weighted average number of outstanding shares (in thousands)</b>			
Basic		175,554	175,554
Diluted		175,554	175,554

<sup>(1)</sup> Comparative figures have been re-presented (see Notes 2C and 14).<sup>(2)</sup> Earnings before interest and taxes ("EBIT")

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

THREE MONTHS ENDED MARCH 31  
(IN THOUSANDS OF CANADIAN DOLLARS)

2021

	ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Net income from continuing operations for the period	\$ 67,743	\$ 943	\$ 68,686
Other comprehensive income (loss):			
Exchange differences on translating foreign operations	(55,045)	(583)	(55,628)
Cash flow hedges (Note 8)	(4,284)	727	(3,557)
Share of other comprehensive income of investments accounted for by the equity method (Note 8)	274	—	274
Income taxes (Note 8)	2,795	—	2,795
Total of items that will be reclassified subsequently to net income	(56,260)	144	(56,116)
Equity instruments designated at fair value through other comprehensive income (Note 8)	1,659	—	1,659
Remeasurement of defined benefit plans (Note 8)	95,230	—	95,230
Income taxes (Note 8)	(18,003)	—	(18,003)
Total of items that will not be reclassified subsequently to net income	78,886	—	78,886
Total other comprehensive income from continuing operations for the period	22,626	144	22,770
Net income from discontinued operations for the period	5,302	—	5,302
Other comprehensive income from discontinued operations	1,392	—	1,392
Total other comprehensive income from discontinued operations for the period	6,694	—	6,694
<b>Total comprehensive income for the period</b>	<b>\$ 97,063</b>	<b>\$ 1,087</b>	<b>\$ 98,150</b>

THREE MONTHS ENDED MARCH 31  
(IN THOUSANDS OF CANADIAN DOLLARS)2020 <sup>(1)</sup>

	ATTRIBUTABLE TO SNC-LAVALIN SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Net income from continuing operations for the period	\$ 950	\$ 3,424	\$ 4,374
Other comprehensive income (loss):			
Exchange differences on translating foreign operations	177,883	546	178,429
Cash flow hedges (Note 8)	(9,177)	910	(8,267)
Share of other comprehensive loss of investments accounted for by the equity method (Note 8)	(2,481)	—	(2,481)
Income taxes (Note 8)	249	—	249
Total of items that will be reclassified subsequently to net income	166,474	1,456	167,930
Equity instruments designated at fair value through other comprehensive income (Note 8)	527	—	527
Income taxes (Note 8)	16	—	16
Remeasurement of defined benefit plans (Note 8)	462,448	—	462,448
Income taxes (Note 8)	(78,915)	—	(78,915)
Total of items that will not be reclassified subsequently to net income	384,076	—	384,076
Total other comprehensive income from continuing operations for the period	550,550	1,456	552,006
Net loss from discontinued operations for the period	(66,914)	—	(66,914)
Other comprehensive loss from discontinued operations	(12,246)	—	(12,246)
Total other comprehensive loss from discontinued operations for the period	(79,160)	—	(79,160)
<b>Total comprehensive income for the period</b>	<b>\$ 472,340</b>	<b>\$ 4,880</b>	<b>\$ 477,220</b>

<sup>(1)</sup> Comparative figures have been re-presented (see Notes 2C and 14).

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup>

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)

THREE MONTHS ENDED MARCH 31

	Note	2021	2020
<b>Operating activities</b>			
Net income (loss) for the period		\$ 73,988	\$ (62,540)
Income taxes paid		(17,231)	(34,570)
Interest paid <sup>(2)</sup>		(29,551)	(32,178)
Other reconciling items	9A	20,405	150,208
		47,611	20,920
Net change in non-cash working capital items	9B	(41,999)	2,434
Net cash generated from operating activities		5,612	23,354
<b>Investing activities</b>			
Acquisition of property and equipment		(18,694)	(24,189)
Payments for Capital investments		—	(46,832)
Refunds for Capital investments		397	—
Change in restricted cash position		—	26,612
Increase in receivables under service concession arrangements		(54,204)	(35,356)
Recovery of receivables under service concession arrangements		55,505	15,954
Other		(8,713)	7,233
Net cash used for investing activities		(25,709)	(56,578)
<b>Financing activities</b>			
Increase in debt	9C	8,623	1,003,702
Repayment of debt and payment for debt issue costs	9C	(187,513)	(30,433)
Payment of lease liabilities	9C	(25,642)	(30,002)
Dividends paid to SNC-Lavalin shareholders	7, 9C	—	(3,511)
Other	9C	(937)	(381)
Net cash generated from (used for) financing activities		(205,469)	939,375
Increase (decrease) from exchange differences on translating cash and cash equivalents		(4,651)	7,537
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(230,217)</b>	<b>913,688</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>932,902</b>	<b>1,188,636</b>
<b>Cash and cash equivalents at end of period</b>		<b>\$ 702,685</b>	<b>\$ 2,102,324</b>

<sup>(1)</sup> SNC-Lavalin has elected to present an interim condensed consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 14.

<sup>(2)</sup> Effective January 1, 2021, the Company combined “Interest paid from PS&PM” and “Interest paid from Capital investments”, both presented in operating activities, into “Interest paid”, also in operating activities, in the interim condensed consolidated statement of cash flows. The Company represented the comparative figures accordingly.

See accompanying notes to interim condensed consolidated financial statements

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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## Notes to Interim Condensed Consolidated Financial Statements

(ALL TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, UNLESS OTHERWISE INDICATED)

(UNAUDITED)

### 1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Quebec, H2Z 1Z3, Canada. SNC-Lavalin Group Inc. is a public company whose common shares are listed on the Toronto Stock Exchange in Canada. Reference 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 associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates.

Founded in 1911, SNC-Lavalin is a fully integrated professional services and project management company with offices around the world. SNC-Lavalin connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle.

In these unaudited interim condensed consolidated financial statements (“financial statements”), activities related to Professional Services & Project Management (“PS&PM”) are collectively referred to as “from PS&PM” or “excluding Capital investments” to distinguish them from activities related to the Company’s Capital investments.

### 2. BASIS OF PREPARATION

#### A) BASIS OF PREPARATION

The Company’s financial statements are presented in **Canadian dollars**. All values in the tables included in these notes are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, (“IAS 34”).

The International Financial Reporting Standards (“IFRS”) accounting policies that are set out in Note 2 to the Company’s annual audited consolidated financial statements for the year ended December 31, 2020 were consistently applied to all periods presented.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 to the Company’s annual audited consolidated financial statements for the year ended December 31, 2020 and are updated in these financial statements.

The Company’s financial statements have been prepared on the historical cost basis, with the exception of i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; ii) the defined benefit liabilities, which are measured as the net total of the present value of the defined benefit obligation minus the fair value of plan assets; and iii) investments measured at fair value, which are held by SNC-Lavalin Infrastructure Partners LP, which is an investment entity accounted for by the equity method and for which SNC-Lavalin elected to retain the fair value measurement applied by that investment entity. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

These financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2020.

The Company’s financial statements were authorized for issue by the Board of Directors of the Company on May 13, 2021.

## 2. BASIS OF PREPARATION (CONTINUED)

### B) NEW AMENDMENTS ADOPTED IN THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

The following amendments to existing standards were adopted by the Company on January 1, 2021:

- *Interest Rate Benchmark Reform—Phase 2*, which amends IFRS 9, *Financial Instruments*; IAS 39, *Financial Instruments: Recognition and Measurement*; IFRS 7, *Financial Instruments: Disclosures*; IFRS 4, *Insurance Contracts*, and IFRS 16, *Leases*. The amendments relate to: i) changes to contractual cash flows—an entity will not have to derecognize or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; ii) hedge accounting—an entity will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and iii) disclosures—an entity will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption by the Company of the amendments listed above did not have a significant impact on the Company's financial statements.

#### Progress in and risks arising from the transition to alternative benchmark interest rates

The transition from interbank offered rates (“IBORs”) to alternative benchmark interest rates will impact financial instruments referencing IBOR rates for terms that extend beyond December 31, 2021. Transition activities are focused on two broad streams of work: i) identifying existing LIBOR based contracts; and ii) determining how to convert such contracts to alternative risk-free rates.

SNC-Lavalin’s timeline to identify and eventually convert its existing LIBOR (GBP and EUR) based contracts is currently estimated to be at the latest by December 31, 2021 and its existing LIBOR (USD) based contracts is currently estimated to be at the latest by June 30, 2023, based on the recommended target dates for cessation of LIBOR-based products provided by the regulators. SNC-Lavalin also monitors its exposures to benchmark rates that have no announced plans for cessation or further reform, including the Canadian Dollar Offered Rate (“CDOR”) and the Euro Interbank Offered Rate (“EURIBOR”).

### C) CHANGES IN PRESENTATION

#### Segment Disclosures

Effective as of the second quarter of 2020, the measure of profit or loss of each segment is referred to (without any change to this financial measure’s composition) as Segment Adjusted EBIT (formerly “Segment EBIT”) to clarify that this measure excludes items other than interest and taxes. Also, effective as of the second quarter of 2020, the Company presents the financial results of Capital separately from SNCL Engineering Services to further simplify the presentation of financial information excluding Capital. This change, which only modified the presentation of financial information provided, was made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, (“IAS 8”) resulting in the restatement of prior period figures (see Note 3).

#### Discontinued Operations

Certain comparative amounts in the interim condensed consolidated income statement and in the interim condensed consolidated statement of comprehensive income have been re-presented, as a result of the Oil & Gas business, which was previously included in the Resources segment, being presented as discontinued operations (see Note 14).

### D) AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE

The following amendments to existing standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2022 and thereafter, with an earlier application permitted:

- Amendments to IFRS 3, *Business Combinations*, are designed to: i) update its reference to the 2018 *Conceptual Framework* instead of the 1989 *Framework*; ii) add a requirement that, for obligations within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, (“IAS 37”) an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC Interpretation 21, *Levies*, (“IFRIC 21”) the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date; and iii) add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

## 2. BASIS OF PREPARATION (CONTINUED)

- Amendments to IAS 16, *Property, Plant and Equipment*, prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Amendments to IAS 37 specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards*, extend the relief, which allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent’s consolidated financial statements, to the cumulative translation differences for all foreign operations.
- Amendments to IFRS 9, *Financial Instruments*, clarify which fees an entity includes when it applies the “10 per cent” test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- Amendments to IFRS 16, *Leases*, (“IFRS 16”) remove the illustration of the reimbursement of leasehold improvements included in the Illustrative Example 13 of IFRS 16 since it does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

The following amendments to existing standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2023 and thereafter, with an earlier application permitted:

- Amendments to IAS 1, *Presentation of Financial Statements*, (“IAS 1”) clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.
- Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.
- Amendments to IAS 8 replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The Company is currently evaluating the impacts of adopting these amendments on its financial statements.

### 3. SEGMENT DISCLOSURES

The Company has six reportable segments consisting of EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects (which together regroup PS&PM activities), and Capital, the latter being its own reportable segment and separate from PS&PM.

THREE MONTHS ENDED MARCH 31	2021		2020 <sup>(1), (2)</sup>	
	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
EDPM	\$ 933,202	\$ 80,582	\$ 945,148	\$ 57,535
Nuclear	229,116	31,825	236,934	36,699
Infrastructure Services	352,807	20,383	352,687	17,298
<b>SNCL Engineering Services</b>	<b>1,515,125</b>	<b>132,790</b>	<b>1,534,769</b>	<b>111,532</b>
Resources	56,916	2,342	65,239	(1,921)
Infrastructure EPC Projects	225,965	(10,535)	222,269	3,768
<b>SNCL Projects</b>	<b>282,881</b>	<b>(8,193)</b>	<b>287,508</b>	<b>1,847</b>
Capital	21,733	18,722	46,242	42,028
	<b>\$ 1,819,739</b>		<b>\$ 1,868,519</b>	
<b>Total Segment Adjusted EBIT</b>		<b>143,319</b>		<b>155,407</b>
Corporate selling, general and administrative expenses not allocated to the segments - PS&PM		(9,202)		(29,736)
Corporate selling, general and administrative expenses not allocated to the segments - Capital		(7,049)		(7,049)
Impairment loss arising from expected credit losses		—		(874)
Gain (loss) arising on financial assets (liabilities) at fair value through profit or loss		4,172		(61,937)
Restructuring and transformation costs		(4,883)		(485)
Amortization of intangible assets related to business combinations		(23,345)		(40,456)
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell		456		—
<b>EBIT</b>		<b>103,468</b>		<b>14,870</b>
Net financial expenses		31,173		31,913
<b>Earnings (loss) before income taxes from continuing operations</b>		<b>72,295</b>		<b>(17,043)</b>
Income taxes		3,609		(21,417)
<b>Net income from continuing operations</b>		<b>68,686</b>		<b>4,374</b>
<b>Net income (loss) from discontinued operations</b> (Note 14)		<b>5,302</b>		<b>(66,914)</b>
<b>Net income (loss) for the period</b>		<b>\$ 73,988</b>		<b>\$ (62,540)</b>

<sup>(1)</sup> Comparative figures have been revised to reflect a change made to the Company's presentation of financial results of Capital, now presented separately from SNCL Engineering Services (see Note 2C).

<sup>(2)</sup> Comparative figures have been re-presented (see Notes 2C and 14).

### 3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues by geographic area according to project location:

THREE MONTHS ENDED MARCH 31	2021			2020 <sup>(1)</sup>		
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL
Americas:						
Canada	\$ 566,288	\$ 11,490	\$ 577,778	\$ 553,357	\$ 35,146	\$ 588,503
United States	297,897	7,020	304,917	338,539	881	339,420
Latin America	20,101	—	20,101	23,775	—	23,775
Middle East and Africa:						
Saudi Arabia	57,881	—	57,881	69,209	—	69,209
Other Middle East countries	62,486	1,405	63,891	120,328	845	121,173
Africa	32,945	4,971	37,916	40,038	6,133	46,171
Asia Pacific:						
Australia	7,305	—	7,305	13,448	—	13,448
Other	84,290	—	84,290	80,169	—	80,169
Europe:						
United Kingdom	546,411	1,688	548,099	482,821	1,743	484,564
Other	117,561	—	117,561	102,087	—	102,087
	<b>\$ 1,793,165</b>	<b>\$ 26,574</b>	<b>\$ 1,819,739</b>	<b>\$ 1,823,771</b>	<b>\$ 44,748</b>	<b>\$ 1,868,519</b>

<sup>(1)</sup> Comparative figures have been re-presented (see Notes 2C and 14).

In the three-month periods ended March 31, 2021 and 2020, Canada, the United States and the United Kingdom were the only countries where the Company derived more than 10% of its revenues.

### 3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues by type of contracts:

THREE MONTHS ENDED MARCH 31	2021				2020 <sup>(1)</sup>			
	REIMBURSABLE AND ENGINEERING SERVICE CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL	REIMBURSABLE AND ENGINEERING SERVICE CONTRACTS	STANDARDIZED EPC CONTRACTS	LUMP-SUM TURNKEY CONSTRUCTION CONTRACTS	TOTAL
EDPM	\$ 931,573	\$ —	\$ —	\$ 931,573	\$ 943,385	\$ —	\$ —	\$ 943,385
Nuclear	216,220	—	5,398	221,618	231,408	—	4,004	235,412
Infrastructure Services	214,274	137,590	—	351,864	207,272	145,415	—	352,687
Revenue from contracts with customers – SNCL Engineering Services	1,362,067	137,590	5,398	1,505,055	1,382,065	145,415	4,004	1,531,484
Resources	35,851	—	21,022	56,873	35,956	—	29,099	65,055
Infrastructure EPC Projects	4,254	—	221,711	225,965	—	—	222,269	222,269
Revenue from contracts with customers – SNCL Projects	40,105	—	242,733	282,838	35,956	—	251,368	287,324
	\$ 1,402,172	\$ 137,590	\$ 248,131	\$ 1,787,893	\$ 1,418,021	\$ 145,415	\$ 255,372	\$ 1,818,808
Revenue from PS&PM investments accounted for by the equity method				10,113				3,469
Revenue from contracts with customers – Capital segment				5,272				4,963
Other revenue – Capital segment				16,461				41,279
				\$ 1,819,739				\$ 1,868,519

<sup>(1)</sup> Comparative figures have been re-presented (see Notes 2C and 14).

## 4. CAPITAL INVESTMENTS

SNC-Lavalin makes investments in infrastructure concessions for public services such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals).

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements*, are all accounted for under the financial asset model.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

### FINANCIAL INFORMATION

#### Statement of financial position

The Company's consolidated statement of financial position includes the following net assets (liabilities) from its consolidated Capital investments and net book value from its Capital investments accounted for by the equity method and at fair value through other comprehensive income.

	MARCH 31 2021	DECEMBER 31 2020
Net assets from Capital investments accounted for by the consolidation method	\$ 42,472	\$ 38,296
Net book value of Capital investments accounted for by the equity method <sup>(1)</sup>	372,434	378,730
Net book value of Capital investments at fair value through other comprehensive income	10,928	9,666
	<b>\$ 425,834</b>	<b>\$ 426,692</b>

<sup>(1)</sup> Includes the Company's investment in 407 International Inc. ("Highway 407 ETR"), for which the net book value was \$nil as at March 31, 2021 and December 31, 2020.

#### Income statement

The Company's consolidated income statement includes the following revenues and expenses from its Capital investments.

THREE MONTHS ENDED MARCH 31	2021	2020
Revenues from Capital	\$ 21,733	\$ 46,242
Direct cost of activities	3,011	4,214
	<b>18,722</b>	42,028
Corporate selling, general and administrative expenses not allocated to the segments - Capital	7,049	7,049
Loss arising on financial assets at fair value through profit or loss	—	57,207
<b>EBIT</b>	<b>11,673</b>	<b>(22,228)</b>
Net financial expenses	4,206	4,313
<b>Income (loss) before income taxes</b>	<b>7,467</b>	<b>(26,541)</b>
Income taxes	755	(6,502)
<b>Net income (loss) for the period</b>	<b>\$ 6,712</b>	<b>\$ (20,039)</b>

#### Other

In 2016, SNC-Lavalin signed an agreement to support a commitment of US\$100 million to a fund focused on global infrastructure investments sponsored by The Carlyle Group, subject to certain conditions. Such commitment to invest amounted to US\$82.5 million (approximately CA\$102.3 million) as at March 31, 2021 (December 31, 2020: US\$82.5 million [approximately CA\$117.2 million]) and will be recognized as a liability, as a whole or in part, when the accounting conditions will be met.

## 5. NET FINANCIAL EXPENSES

THREE MONTHS ENDED MARCH 31	2021	2020 <sup>(1)</sup>
Interest on debt:		
Recourse	\$ 8,680	\$ 11,385
Limited recourse	3,868	4,954
Non-recourse	5,131	5,533
Interest on lease liabilities	4,753	5,370
Other	5,812	9,236
<b>Financial expenses</b>	<b>28,244</b>	<b>36,478</b>
Financial income	(2,092)	(3,802)
Net foreign exchange losses (gains)	5,021	(763)
<b>Financial income and net foreign exchange losses (gains)</b>	<b>2,929</b>	<b>(4,565)</b>
<b>Net financial expenses</b>	<b>\$ 31,173</b>	<b>\$ 31,913</b>

<sup>(1)</sup> Comparative figures have been re-presented (see Notes 2C and 14).

## 6. GOVERNMENT GRANTS

In the three-month period ended March 31, 2021, the Company participated in various government assistance programs related to COVID-19, mainly in Canada. The main programs resulted in governments subsidizing a portion of salaries paid by qualifying employers who experienced a decrease in activities exceeding a certain threshold or subsidizing salaries of employees that were no longer providing services to their employers but continued to receive compensation.

In the three-month period ended March 31, 2021, SNC-Lavalin recognized government grants in a reduction of “Direct costs of activities” for \$17.8 million and in a reduction of “Corporate selling, general and administrative expenses” for \$1.4 million in the consolidated income statement, as an offset of costs for which the grants were intended to compensate.

## 7. DIVIDENDS

During the three-month period ended March 31, 2021, the Company recognized as distributions to its equity shareholders dividends of \$3.5 million or \$0.02 per share (2020: \$3.5 million or \$0.02 per share).

THREE MONTHS ENDED MARCH 31	2021	2020
Dividends payable at January 1	\$ —	\$ —
Dividends declared during the period	3,511	3,511
Dividends paid during the period	—	(3,511)
<b>Dividends payable at March 31</b>	<b>\$ 3,511</b>	<b>\$ —</b>

## 8. OTHER COMPONENTS OF EQUITY

The Company has the following elements, net of income taxes, within its other components of equity at March 31, 2021 and December 31, 2020:

	MARCH 31 2021	DECEMBER 31 2020
Exchange differences on translating foreign operations	\$ 238,204	\$ 292,568
Cash flow hedges	(18,866)	(17,450)
Share of other comprehensive loss of investments accounted for by the equity method	(843)	(1,044)
<b>Other components of equity</b>	<b>\$ 218,495</b>	<b>\$ 274,074</b>
Presented on the statement of financial position as follows:		
<b>Other components of equity</b>	<b>\$ (380,141)</b>	<b>\$ (320,067)</b>
<b>Other components of equity of disposal groups classified as held for sale</b> (Note 14)	<b>\$ 598,636</b>	<b>\$ 594,141</b>

- Exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on hedging instruments, if any, relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- Cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.
- Share of other comprehensive income (loss) of investments accounted for by the equity method component represents the Company's share of the other comprehensive income (loss) from its investments accounted for by the equity method.

## 8. OTHER COMPONENTS OF EQUITY (CONTINUED)

### A) ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

The following table provides a reconciliation of each element of other components of equity for the first quarters ended March 31, 2021 and 2020:

THREE MONTHS ENDED MARCH 31	2021		2020	
Exchange differences on translating foreign operations:				
Balance at beginning of the period	\$	292,568	\$	365,600
Current period gains (losses)		(54,156)		164,644
Net investment hedge – current period gains (losses)		(208)		2,382
Balance at end of the period		238,204		532,626
Cash flow hedges:				
Balance at beginning of the period		(17,450)		(11,652)
Current period gains (losses)		(6,767)		417
Income taxes relating to current period gains (losses)		3,565		1,287
Reclassification to net income		2,483		(9,594)
Income taxes relating to amounts reclassified to net income		(697)		(1,695)
Balance at end of the period		(18,866)		(21,237)
Share of other comprehensive income (loss) of investments accounted for by the equity method:				
Balance at beginning of the period		(1,044)		125
Current period share		274		(2,481)
Income taxes relating to current period share		(73)		657
Balance at end of the period		(843)		(1,699)
<b>Other components of equity</b>	<b>\$</b>	<b>218,495</b>	<b>\$</b>	<b>509,690</b>

Presented on the statement of financial position as follows:

<b>Other components of equity</b>	<b>\$</b>	<b>(380,141)</b>	<b>\$</b>	<b>509,690</b>
<b>Other components of equity of disposal groups classified as held for sale (Note 14)</b>	<b>\$</b>	<b>598,636</b>	<b>\$</b>	<b>—</b>

### B) ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

#### *Remeasurement recognized in other comprehensive income*

The following table presents changes in the cumulative amount of remeasurement gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the first quarters ended March 31, 2021 and 2020:

THREE MONTHS ENDED MARCH 31	2021			2020		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	\$ (166,186)	\$ 35,253	\$ (130,933)	\$ (49,588)	\$ 6,184	\$ (43,404)
Gains (losses) recognized during the period	95,230	(18,003)	77,227	462,448	(78,915)	383,533
<b>Cumulative amount at end of the period</b>	<b>\$ (70,956)</b>	<b>\$ 17,250</b>	<b>\$ (53,706)</b>	<b>\$ 412,860</b>	<b>\$ (72,731)</b>	<b>\$ 340,129</b>

#### *Equity instruments designated at fair value through other comprehensive income*

The following table presents changes in fair value of the equity instruments designated at fair value through other comprehensive income for the first quarters ended March 31, 2021 and 2020:

THREE MONTHS ENDED MARCH 31	2021			2020		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	\$ (9,782)	\$ 105	\$ (9,677)	\$ (2,035)	\$ 65	\$ (1,970)
Gains (losses) recognized during the period	1,659	—	1,659	527	16	543
<b>Cumulative amount at end of the period</b>	<b>\$ (8,123)</b>	<b>\$ 105</b>	<b>\$ (8,018)</b>	<b>\$ (1,508)</b>	<b>\$ 81</b>	<b>\$ (1,427)</b>

## 8. OTHER COMPONENTS OF EQUITY (CONTINUED)

### *Share of other comprehensive income (loss) of investments accounted for by the equity method*

The following table presents the Company's share of changes in the cumulative amount of remeasurement gains (losses) recognized in other comprehensive income by the Company's investments accounted for by the equity method relating to their defined benefit plans for the first quarters ended March 31, 2021 and 2020:

THREE MONTHS ENDED MARCH 31	2021			2020		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of the period	\$ (5,009)	\$ —	\$ (5,009)	\$ (2,234)	\$ —	\$ (2,234)
Gains (losses) recognized during the period	711	—	711	(1,389)	—	(1,389)
<b>Cumulative amount at end of the period</b>	<b>\$ (4,298)</b>	<b>\$ —</b>	<b>\$ (4,298)</b>	<b>\$ (3,623)</b>	<b>\$ —</b>	<b>\$ (3,623)</b>

## 9. STATEMENTS OF CASH FLOWS

### A) OTHER RECONCILING ITEMS

The following table presents the items to reconcile net income (loss) to cash flows from operating activities presented in the statements of cash flows:

THREE MONTHS ENDED MARCH 31	2021	2020
Depreciation of property and equipment and amortization of other non-current non-financial assets	\$ 48,077	\$ 66,956
Depreciation of right-of-use assets	22,626	26,696
Income taxes recognized in net income	3,230	(12,277)
Net financial expenses recognized in net income	30,301	31,547
Share-based recovery	(3,096)	(2,000)
Income from Capital investments accounted for by the equity method	(10,115)	(35,402)
Dividends and distributions received from Capital investments accounted for by the equity method	6,173	24,361
Income from PS&PM investments accounted for by the equity method	(11,307)	(5,433)
Dividends and distributions received from PS&PM investments accounted for by the equity method	1,207	984
Net change in provisions related to forecasted losses on certain contracts	(17,092)	(8,726)
Restructuring and transformation costs recognized in net income	5,378	2,406
Restructuring and transformation costs paid	(8,122)	(31,032)
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss	(4,172)	61,937
Net impairment loss on remeasurement of assets of disposal groups classified as held for sale to fair value less cost to sell	948	—
Net change in other provisions <sup>(1)</sup>	27,352	41,075
Other <sup>(1)</sup>	(70,983)	(10,884)
<b>Other reconciling items</b>	<b>\$ 20,405</b>	<b>\$ 150,208</b>

<sup>(1)</sup> In the three-month period ended March 31, 2020, "Net change in other provisions" of \$41.1 million was included in "Other". Net change in other provisions includes changes in all provisions, except for: i) pension, other long-term benefits and other post-employment benefits; ii) forecasted losses on certain contracts; and iii) restructuring.

## 9. STATEMENTS OF CASH FLOWS (CONTINUED)

### B) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

THREE MONTHS ENDED MARCH 31	2021		2020	
Decrease (increase) in trade receivables	\$	(7,681)	\$	46,843
Increase in contract assets		(28,368)		(178,059)
Decrease (increase) in inventories		(1,015)		29,481
Decrease (increase) in other current financial assets		13,685		(25,236)
Decrease in other current non-financial assets		11,812		21,363
Increase in trade payables and accrued liabilities		48,964		53,481
Increase (decrease) in contract liabilities		(76,444)		31,526
Increase in other current financial liabilities		7,540		39,226
Decrease in other current non-financial liabilities		(10,492)		(16,191)
<b>Net change in non-cash working capital items</b>	<b>\$</b>	<b>(41,999)</b>	<b>\$</b>	<b>2,434</b>

### C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2021:

	Recourse <sup>(1)</sup> debt	Limited recourse debt	Non- <sup>(2)</sup> recourse debt	Lease <sup>(3)</sup> liabilities	Dividends declared to SNC-Lavalin shareholders	Other non- <sup>(4)</sup> current financial liabilities	Other non- <sup>(4)</sup> current non- financial liabilities
Balance at January 1, 2021	\$ 1,170,965	\$ 400,000	\$ 431,545	\$ 496,610	\$ —	\$ 193,861	\$ 219
Changes arising from cash flows:							
Increase	—	—	8,623	—	—	28	38
Repayment	(177,214)	—	(10,299)	(25,642)	—	(957)	(13)
<b>Total – changes arising from cash flows</b>	<b>(177,214)</b>	<b>—</b>	<b>(1,676)</b>	<b>(25,642)</b>	<b>—</b>	<b>(929)</b>	<b>25</b>
Non-cash changes:							
Declaration of dividends to SNC-Lavalin shareholders	—	—	—	—	3,511	—	—
Effect of foreign currency exchange differences	—	—	(1,866)	(3,927)	—	(424)	4
Amortization of deferred financing costs and discounts and increase from the passage of time	357	—	620	—	—	1,501	—
Change in fair value of derivatives used for hedges	—	—	—	—	—	(1,042)	—
Change in fair value of contingent consideration related to the Linxon transaction	—	—	—	—	—	(2,223)	—
Reclassification of deferred financing costs to “Other non-current non-financial assets”	2,198	—	—	—	—	—	—
Net increase of lease liabilities	—	—	—	7,988	—	—	—
Reclassification of payable related to Federal charges settlement (PPSC) to “Other current financial liabilities”	—	—	—	—	—	(54,042)	—
Reclassification to liabilities of disposal groups classified as held for sale	—	—	—	1,079	—	—	4
<b>Balance at March 31, 2021</b>	<b>\$ 996,306</b>	<b>\$ 400,000</b>	<b>\$ 428,623</b>	<b>\$ 476,108</b>	<b>\$ 3,511</b>	<b>\$ 136,702</b>	<b>\$ 252</b>

(1), (2), (3), (4) See Notes 1, 2, 3 and 4 on the following page

## 9. STATEMENTS OF CASH FLOWS (CONTINUED)

### CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT AND NON-RECOURSE DEBT

THREE MONTHS ENDED MARCH 31	2021		
	INCREASE OF DEBT	REPAYMENT OF DEBT	PAYMENT FOR DEBT ISSUE COSTS
Recourse debt:			
Revolving Facility	\$ —	\$ —	\$ (2,198)
Series 3 Debentures	—	(175,000)	—
Series 6 Debentures	—	—	(16)
<b>Total – Recourse debt</b>	<b>—</b>	<b>(175,000)</b>	<b>(2,214)</b>
Non-recourse debt:			
Senior Bonds – InPower BC General Partnership	—	(8,522)	—
Credit facility – TransitNEXT General Partnership	8,623	—	—
Senior Secured Notes of a PS&PM investment	—	(1,777)	—
<b>Total – Non-recourse debt</b>	<b>8,623</b>	<b>(10,299)</b>	<b>—</b>
<b>Total</b>	<b>\$ 8,623</b>	<b>\$ (185,299)</b>	<b>\$ (2,214)</b>

(1) Recourse short-term debt and recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2021	JANUARY 1 2021
Recourse short-term debt	\$ —	\$ 174,960
Recourse long-term debt	996,306	996,005
<b>Total</b>	<b>\$ 996,306</b>	<b>\$ 1,170,965</b>

(2) Non-recourse short-term debt and non-recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2021	JANUARY 1 2021
Non-recourse short-term debt	\$ 31,034	\$ 31,262
Non-recourse long-term debt	397,589	400,283
<b>Total</b>	<b>\$ 428,623</b>	<b>\$ 431,545</b>

(3) Lease liabilities were presented in the Company's consolidated financial statements of financial position as follows:

	MARCH 31 2021	JANUARY 1 2021
Current portion of lease liabilities	\$ 95,097	\$ 97,409
Non-current portion of lease liabilities	381,011	399,201
<b>Total</b>	<b>\$ 476,108</b>	<b>\$ 496,610</b>

(4) Change arising from cash flows of other non-current financial liabilities and other non-current non-financial liabilities was presented in the financing activities in the Company's consolidated statement of cash flows as follows:

THREE MONTHS ENDED MARCH 31	2021
Other non-current financial liabilities	\$ (929)
Other non-current non-financial liabilities	25
Other	(33)
<b>Total</b>	<b>\$ (937)</b>

## 9. STATEMENTS OF CASH FLOWS (CONTINUED)

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2020:

	Recourse <sup>(1)</sup> debt	Limited recourse debt	Non- <sup>(2)</sup> recourse debt	Lease <sup>(3)</sup> liabilities	Dividends declared to SNC-Lavalin shareholders	Other non- <sup>(4)</sup> current financial liabilities	Other non- <sup>(4)</sup> current non- financial liabilities
Balance at January 1, 2020	\$ 1,172,663	\$ 400,000	\$ 485,118	\$ 611,750	\$ —	\$ 232,569	\$ 551
Changes arising from cash flows:							
Increase	1,000,000	—	3,702	—	—	2,739	86
Repayment	—	—	(30,433)	(30,002)	(3,511)	(3,178)	(28)
Total – changes arising from cash flows	1,000,000	—	(26,731)	(30,002)	(3,511)	(439)	58
Non-cash changes:							
Declaration of dividends to SNC-Lavalin shareholders	—	—	—	—	3,511	—	—
Effect of foreign currency exchange differences	—	—	5,889	11,097	—	1,783	(20)
Amortization of deferred financing costs and discounts and increase from the passage of time	885	—	590	—	—	2,075	—
Change in fair value of derivatives used for hedges	—	—	—	—	—	11,344	—
Reclassification of payable related to Federal charges settlement (PPSC) to “Other current financial liabilities”	—	—	—	—	—	(54,408)	—
Reclassification of deferred financing costs to “Other current non- financial assets” and “Other non- current non-financial assets” upon repayment of Revolving Facility	(5,389)	—	—	—	—	—	—
Net increase of lease liabilities	—	—	—	12,938	—	—	—
<b>Balance at March 31, 2020</b>	<b>\$ 2,168,159</b>	<b>\$ 400,000</b>	<b>\$ 464,866</b>	<b>\$ 605,783</b>	<b>\$ —</b>	<b>\$ 192,924</b>	<b>\$ 589</b>

<sup>(1), (2), (3), (4)</sup> See Notes 1, 2, 3 and 4 on the following page

## 9. STATEMENTS OF CASH FLOWS (CONTINUED)

### CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT AND NON-RECOURSE DEBT

THREE MONTHS ENDED MARCH 31	2020		
	INCREASE OF DEBT	REPAYMENT OF DEBT	PAYMENT FOR DEBT ISSUE COSTS
Recourse debt:			
Revolving Facility	\$ 1,000,000	\$ —	\$ —
<b>Total – Recourse debt</b>	<b>1,000,000</b>	<b>—</b>	<b>—</b>
Non-recourse debt:			
Credit facility – InPower BC General Partnership	—	(20,430)	—
Senior Bonds – InPower BC General Partnership	—	(8,156)	—
Credit facility – TransitNEXT General Partnership	3,702	—	—
Senior Secured Notes of a PS&PM investment	—	(1,847)	—
<b>Total – Non-recourse debt</b>	<b>3,702</b>	<b>(30,433)</b>	<b>—</b>
<b>Total</b>	<b>\$ 1,003,702</b>	<b>\$ (30,433)</b>	<b>\$ —</b>

(1) Recourse short-term debt and recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2020	JANUARY 1 2020
Recourse short-term debt	\$ 1,469,618	\$ 299,518
Recourse long-term debt	698,541	873,145
<b>Total</b>	<b>\$ 2,168,159</b>	<b>\$ 1,172,663</b>

(2) Non-recourse short-term debt and non-recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2020	JANUARY 1 2020
Non-recourse short-term debt	\$ 74,959	\$ 93,664
Non-recourse long-term debt	389,907	391,454
<b>Total</b>	<b>\$ 464,866</b>	<b>\$ 485,118</b>

(3) Lease liabilities were presented in the Company's consolidated financial statements of financial position as follows:

	MARCH 31 2020	JANUARY 1 2020
Current portion of lease liabilities	\$ 134,238	\$ 131,075
Non-current portion of lease liabilities	471,545	480,675
<b>Total</b>	<b>\$ 605,783</b>	<b>\$ 611,750</b>

(4) Change arising from cash flows of other non-current financial liabilities and other non-current non-financial liabilities was presented in the financing activities in the Company's consolidated statement of cash flows as follows:

THREE MONTHS ENDED MARCH 31	2020
Other non-current financial liabilities	\$ (439)
Other non-current non-financial liabilities	58
<b>Total</b>	<b>\$ (381)</b>

## 10. RELATED PARTY TRANSACTIONS

In the normal course of its operations, SNC-Lavalin enters into transactions with certain of its associates and joint ventures, mainly its Capital investments. Investments in which SNC-Lavalin has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

For the three-month periods ended March 31, 2021 and 2020, SNC-Lavalin recognized the following transactions with its related parties:

THREE MONTHS ENDED MARCH 31	2021	2020
PS&PM revenue from contracts with investments accounted for by the equity method	\$ 167,755	\$ 170,179
Income from Capital investments accounted for by the equity method	10,115	35,402
Dividends and distributions received from Capital investments accounted for by the equity method	6,173	24,361
Income from PS&PM investments accounted for by the equity method	11,307	5,433
Dividends and distributions received from PS&PM investments accounted for by the equity method	\$ 1,207	\$ 984

As at March 31, 2021 and December 31, 2020, SNC-Lavalin has the following balances with its related parties:

	MARCH 31 2021	DECEMBER 31 2020
Trade receivables from investments accounted for by the equity method	\$ 166,436	\$ 177,598
Retentions on client contracts from investments accounted for by the equity method <sup>(1)</sup>	109,288	110,169
Remaining commitment to invest in Capital investments accounted for by the equity method and at fair value through other comprehensive income <sup>(2)</sup>	24,921	24,921
Dividends and distributions receivable from Capital investments accounted for by the equity method <sup>(3)</sup>	\$ 3,817	\$ 2,400

<sup>(1)</sup> Included in "Contract assets" or "Contract liabilities" in the statement of financial position

<sup>(2)</sup> Included in "Other current financial liabilities" in the statement of financial position

<sup>(3)</sup> Included in "Other current financial assets" in the statement of financial position

All of these related party transactions are measured at fair value.

## 11. FINANCIAL INSTRUMENTS

### A) CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying value of SNC-Lavalin's financial assets as at March 31, 2021 and December 31, 2020 by category and classification, with the corresponding fair value, when available. Financial assets classified as held for sale as at March 31, 2021 and December 31, 2020 are not included in the tables below (see Note 14).

AT MARCH 31		2021					
CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY							
	FVTPL <sup>(1)</sup>	FVTOCI <sup>(2)</sup>	AMORTIZED COST	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE	
Cash and cash equivalents	\$ 702,685	\$ —	\$ —	\$ —	\$ 702,685	\$ 702,685	
Restricted cash	37,533	—	—	—	37,533	37,533	
Trade receivables	—	—	1,224,507	—	1,224,507	1,224,507	
Other current financial assets	5,951	—	202,211	19,155	227,317	229,220	
Capital investments at fair value through other comprehensive income	—	10,928	—	—	10,928	10,928	
Non-current portion of receivables under service concession arrangements <sup>(3)</sup>	—	—	436,474	—	436,474	471,333	
Other non-current financial assets	—	—	20,334	2,173	22,507	22,507	
<b>Total</b>	<b>\$ 746,169</b>	<b>\$ 10,928</b>	<b>\$ 1,883,526</b>	<b>\$ 21,328</b>	<b>\$ 2,661,951</b>		

AT DECEMBER 31		2020					
CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY							
	FVTPL <sup>(1)</sup>	FVTOCI <sup>(2)</sup>	AMORTIZED COST	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE	
Cash and cash equivalents	\$ 932,902	\$ —	\$ —	\$ —	\$ 932,902	\$ 932,902	
Restricted cash	29,300	—	—	—	29,300	29,300	
Trade receivables	—	—	1,199,166	—	1,199,166	1,199,166	
Other current financial assets	6,200	—	209,276	41,956	257,432	260,033	
Capital investments at fair value through other comprehensive income	—	9,666	—	—	9,666	9,666	
Non-current portion of receivables under service concession arrangements <sup>(3)</sup>	—	—	433,914	—	433,914	505,332	
Other non-current financial assets	—	—	29,425	1,973	31,398	31,398	
<b>Total</b>	<b>\$ 968,402</b>	<b>\$ 9,666</b>	<b>\$ 1,871,781</b>	<b>\$ 43,929</b>	<b>\$ 2,893,778</b>		

<sup>(1)</sup> Fair value through profit or loss ("FVTPL")

<sup>(2)</sup> Fair value through other comprehensive income ("FVTOCI")

<sup>(3)</sup> For non-current portion of receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

## 11. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value of SNC-Lavalin's financial liabilities as at March 31, 2021 and December 31, 2020 by category and classification, with the corresponding fair value, when available. Financial liabilities classified as held for sale as at March 31, 2021 and December 31, 2020 are not included in the tables below (see Note 14).

AT MARCH 31	2021				
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	FVTPL <sup>(1)</sup>	AMORTIZED COST	TOTAL	FAIR VALUE
Trade payables and accrued liabilities	\$ —	\$ —	\$ 1,780,500	\$ 1,780,500	\$ 1,780,500
Other current financial liabilities	8,544	—	236,471	245,015	245,015
Provisions	—	—	61,602	61,602	61,602
Lease liabilities	—	—	476,108	476,108	N/A <sup>(2)</sup>
Short-term debt and long-term debt <sup>(3)</sup>	—	—	1,824,929	1,824,929	1,873,056
Other non-current financial liabilities	7,514	12,666	116,522	136,702	136,702
<b>Total</b>	<b>\$ 16,058</b>	<b>\$ 12,666</b>	<b>\$ 4,496,132</b>	<b>\$ 4,524,856</b>	

AT DECEMBER 31	2020				
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	FVTPL <sup>(1)</sup>	AMORTIZED COST	TOTAL	FAIR VALUE
Trade payables and accrued liabilities	\$ —	\$ —	\$ 1,730,398	\$ 1,730,398	\$ 1,730,398
Other current financial liabilities	16,006	—	171,748	187,754	187,754
Provisions	—	—	89,083	89,083	89,083
Lease liabilities	—	—	496,610	496,610	N/A <sup>(2)</sup>
Short-term debt and long-term debt <sup>(3)</sup>	—	—	2,002,510	2,002,510	2,062,895
Other non-current financial liabilities	8,556	15,181	170,124	193,861	193,861
<b>Total</b>	<b>\$ 24,562</b>	<b>\$ 15,181</b>	<b>\$ 4,660,473</b>	<b>\$ 4,700,216</b>	

<sup>(1)</sup> Fair value through profit or loss ("FVTPL")

<sup>(2)</sup> N/A: not applicable

<sup>(3)</sup> The fair value of short-term debt and long-term debt was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to SNC-Lavalin or to the Capital investments, depending on which entity has issued the debt instrument, for debt with the similar terms and conditions.

For the three-month periods ended March 31, 2021 and 2020, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

### LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents changes in fair value of Level 3 financial instruments for the three-month period ended March 31, 2021:

	CONTINGENT CONSIDERATION RECEIVABLE FROM THE ACQUIRER OF THE 10.01% INTEREST IN HIGHWAY 407 ETR	CONTINGENT CONSIDERATION PAYABLE TO SELLER RELATED TO LINXON ACQUISITION
Balance as at January 1, 2021	\$ —	\$ 15,181
Unrealized net gains <sup>(4)</sup>	—	(2,223)
Effect of foreign currency exchange differences	—	(292)
<b>Balance as at March 31, 2021</b>	<b>\$ —</b>	<b>\$ 12,666</b>

<sup>(4)</sup> Included in "Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss" in the consolidated income statement

## 11. FINANCIAL INSTRUMENTS (CONTINUED)

### Assumptions

When measuring Level 3 financial instruments at fair value using the present value technique, some assumptions are not derived from an observable market. The main assumptions developed internally relate to discount rate and to future expected cash flows, based on the projected future performance. The projected future performance is an important input for the determination of fair value and is prepared by the management of SNC-Lavalin based on the budget and the strategic plan.

The principal assumptions used in measuring fair value of Level 3 financial instruments as at March 31, 2021 were as follows: i) the discount rate, which was 7.80% for contingent consideration receivable from the acquirer of the 10.01% interest in Highway 407 ETR and 11.42% for contingent consideration payable to the seller related to the Linxon acquisition; and ii) the expected future cash flows of Highway 407 ETR and Linxon.

### Sensitivity analysis

These assumptions, not derived from an observable market, are established by the management of SNC-Lavalin using estimates and judgments that can have a significant effect on net income.

The following impact on net income has been calculated changing one of these assumptions to another reasonably possible alternative assumption for the three-month period ended March 31, 2021:

		IMPACT ON NET INCOME	
		CONTINGENT CONSIDERATION RECEIVABLE FROM THE ACQUIRER OF THE 10.01% INTEREST IN HIGHWAY 407 ETR	CONTINGENT CONSIDERATION PAYABLE TO THE SELLER RELATED TO THE LIXON ACQUISITION
Increase (decrease)	If the discount rate is 100 basis points lower <sup>(1)</sup>	\$ —	\$ (906)
Increase (decrease)	If the discount rate is 100 basis points higher <sup>(1)</sup>	\$ —	\$ 831
Increase (decrease)	If the expected future cash flows are 1% lower <sup>(1)</sup>	\$ —	\$ —
Increase (decrease)	If the expected future cash flows are 1% higher <sup>(1)</sup>	\$ —	\$ —

<sup>(1)</sup> Assuming all other variables remain the same

## 12. CONTINGENT LIABILITIES

### Class actions

#### *Ruediger Class Action*

On February 6, 2019, a Motion for authorization of a class action and for authorization to bring an action against SNC-Lavalin and certain of its directors and officers (collectively, the “Ruediger Defendants”) pursuant to section 225.4 of the *Securities Act* (Québec) (the “Ruediger Class Action Motion”) was filed with the Superior Court of Québec (the “Ruediger Class Action”), on behalf of persons who acquired SNC-Lavalin securities from February 22, 2018 through January 27, 2019 (the “Ruediger Class Period”) and held some or all of such securities as of the commencement of trading on January 28, 2019.

The Ruediger Class Action Motion alleges that certain documents filed by SNC-Lavalin and oral statements made by its then Chief Executive Officer during the Ruediger Class Period contained misrepresentations related to SNC-Lavalin’s revenue forecasts and to the financial performance of the Mining & Metallurgy and Oil & Gas segments, which misrepresentations would have been corrected by way of SNC-Lavalin’s January 28, 2019 press release.

The Ruediger Class Action Motion seeks leave from the Quebec Superior Court to bring a statutory misrepresentation claim under the *Securities Act* (Québec). The plaintiff in the proposed action claims damages and seeks the condemnation of the Ruediger Defendants to pay the class members an unspecified amount for compensatory damages with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Ruediger Class Action Motion delivered an amended “Motion for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of Quebec’s Securities Act”. The amendments extend the class period for the Ruediger Class Action Motion to July 22, 2019 and broaden the scope of the claim to include, among other things, disclosure alleged to have been made regarding the Company’s ability to execute certain fixed price contracts.

The authorization hearing on the amended Ruediger Class Action Motion will be rescheduled to a date to be determined and may occur later in 2021 or early 2022.

## 12. CONTINGENT LIABILITIES (CONTINUED)

### *Drywall Class Action*

On June 5, 2019, a Statement of Claim was filed against SNC-Lavalin and certain of its directors and officers (collectively, the “Drywall Defendants”) with the Ontario Superior Court of Justice (the “Drywall Class Action”), on behalf of persons who acquired SNC-Lavalin securities from February 22, 2018 through May 2, 2019 (the “Drywall Class Period”).

The Drywall Class Action claim alleges that disclosures by SNC-Lavalin during the Drywall Class Period contained misrepresentations related to: (i) its IFRS 15 reporting systems and controls compliance; (ii) its revenue recognition in respect of the Mining & Metallurgy segment being non-compliant with IFRS 15; (iii) revenue from the Company’s Codelco project in Chile having been overstated in 2018 due to non-compliance with IFRS 15; (iv) the failure of the Company’s disclosure controls and procedures and its internal control over financial reporting which led to a \$350 million write-down on the Codelco project; (v) when IFRS 15 was applied to the Mining & Metallurgy segment results in 2019, this led to the Company disbanding its Mining & Metallurgy segment; and (vi) the Company’s financial statements during the Drywall Class Period being materially non-compliant with IFRS.

The Drywall Class Action seeks leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the *Securities Act* (Ontario). The plaintiffs in the proposed action claim damages and seek the condemnation of the Drywall Defendants to pay the class members \$1.2 billion or such other compensatory damages as the court may award, with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Drywall Class Action delivered a proposed Amended Statement of Claim that contemplates expanding the Drywall Class Period to include SNC-Lavalin’s July 22, 2019 and August 1, 2019 press releases and increasing the claim for damages from \$1.2 billion to \$1.8 billion. On November 5, 2019, the plaintiffs delivered a motion record for leave under the *Securities Act* (Ontario) and certification under the *Class Proceedings Act* (Ontario). The leave and certification hearing was scheduled for October 19 to 23, 2020 and prior to the hearing, the plaintiffs agreed to dismiss the Drywall Class Action on the basis that the claims asserted therein can be brought in the Ruediger Class Action.

### *Peters Class Action*

On February 25, 2019, a Notice of action was issued with the Ontario Superior Court of Justice by a proposed representative plaintiff, Mr. John Peters, on behalf of persons who acquired SNC-Lavalin securities from September 4, 2018 through October 10, 2018. On March 25, 2019, a Statement of Claim was filed with the Ontario Superior Court of Justice with respect to the claims set out in the Notice of Action (together, the Notice of Action and the Statement of Claim are the “Peters Class Action”).

The Peters Class Action alleges that the defendants, including the Company, its Chairman and certain of its then officers, failed to make timely disclosure of a material change in the business, operations or capital of SNC-Lavalin, by failing to disclose that on September 4, 2018, the Director of the Public Prosecution Service of Canada (“PPSC”) communicated her decision to SNC-Lavalin not to award an opportunity to negotiate a remediation agreement.

The Peters Class Action seeks leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the *Securities Act* (Ontario) and the comparable securities legislation in other provinces and also asserts a claim for common law negligent misrepresentation. The Peters Class Action claims damages in the sum of \$75 million or such other amount as the Superior Court may determine plus interest and costs.

On March 5, 2020, the plaintiff in the Peters Class Action brought a motion for leave and certification of the Peters Class Action. The leave and certification hearing is scheduled to be held between June 1 and June 3, 2021.

SNC-Lavalin believes that the claims outlined in the Ruediger Class Action Motion and the Peters Class Action are, in each case, entirely without merit and is vigorously defending these claims. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcomes of the Ruediger Class Action or the Peters Class Action, or determine the amount of any potential losses resulting therefrom, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. SNC-Lavalin has directors’ and officers’ liability insurance insuring individuals against liability for acts or omissions in their capacity as directors and officers, and the Company itself has coverage for such claims. The amount of coverage under the directors’ and officers’ policy is limited and such coverage may be less than any amounts the Company is required or determines to pay in connection with these proceedings. If the Company is required or determines to pay an amount in connection with any or all of the Ruediger Class Action and/or the Peters Class Action, such amount could have a material adverse effect on SNC-Lavalin’s liquidity and financial results.

## 12. CONTINGENT LIABILITIES (CONTINUED)

### Pyrrhotite case

On June 12, 2014, the Quebec Superior Court rendered a decision in “Wave 1” of the matter commonly referred to as the “Pyrrhotite Case” in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Quebec Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately \$168 million in damages apportioned amongst the then-known defendants, on a solidary (in solidum) basis (the “Wave 1 claims”). The Quebec Superior Court ruled that SNC-Lavalin’s share of the damages award was approximately 70%. The Company’s external insurers dispute the extent of the insurance coverage available to the Company and this dispute is included in the Pyrrhotite Case. The Company, among other parties, appealed the Quebec Superior Court’s ruling and, on April 6, 2020, the Quebec Court of Appeal rendered its decision dismissing most of the appeals filed by all parties and upheld: (i) the Quebec Superior Court’s ruling regarding SNC-Lavalin’s approximate 70% share of liability; and (ii) the solidary nature of the defendants’ liability. In a further ruling, on June 12, 2020, the Quebec Court of Appeal confirmed SNC-Lavalin’s allocated share of the damages, inclusive of interest and costs at approximately \$200 million, and the Company paid this amount of damages awarded to the plaintiffs on August 3, 2020. The Company filed a notice seeking leave to appeal to the Supreme Court of Canada.

The Quebec Court of Appeal also dismissed an appeal from SNC-Lavalin’s external insurers and confirmed that multiple insurance policy towers were triggered by the Wave 1 claims, resulting in multiple years of coverage. The Company’s external insurers filed notices seeking leave to appeal to the Supreme Court of Canada.

On May 6, 2021, the Supreme Court of Canada dismissed both the Company’s and its external insurers’ applications seeking leave to appeal.

Given that SNC-Lavalin’s external insurers initially refused to comply with terms contained in the relevant policies of insurance and the orders of the Quebec Superior Court and the Quebec Court of Appeal requiring them to pay a substantial portion of the \$200 million damages award, SNC-Lavalin filed an application with the Quebec Superior Court seeking an order requiring the Company’s external insurers to comply with the Quebec Court of Appeal’s order and facilitate execution of the \$200 million damages award by way of the multiple towers of insurance. On October 16, 2020, the Quebec Superior Court ruled in favour of SNC-Lavalin ordering SNC-Lavalin’s external insurers to pay the Company approximately \$141 million. The Quebec Superior Court also ruled that the order is enforceable notwithstanding any appeal and most of the amount receivable was received in the fourth quarter of 2020. An additional \$33 million in insurance proceeds was received by the Company in December 2020 through a reinsurance policy which was not subject to this court ruling. As at March 31, 2021, the remaining amount receivable of insurance proceeds totaled approximately \$20 million and was included in “Other current financial assets” on the Company’s consolidated statement of financial position as at March 31, 2021.

SNC-Lavalin filed a recourse in warranty claim against Lafarge Canada Inc. (“Lafarge”) seeking its contribution to the damages awarded against SNC-Lavalin in the Wave 1 judgement. The trial commenced in March 2019 and concluded in 2020. On February 4, 2021, the Quebec Superior Court dismissed SNC-Lavalin’s claim and SNC-Lavalin has appealed the Quebec Superior Court’s ruling to the Quebec Court of Appeal.

In parallel to the Wave 1 claims, notices of additional potential claims have been made and continue to be made against numerous defendants, including SNC-Lavalin, in “Wave 2” of the Pyrrhotite Case. SNC-Lavalin expects some insurance coverage for the Wave 2 claims. In addition, SNC-Lavalin has filed a separate recourse in warranty claim against Lafarge with respect to the Wave 2 claims. The Wave 2 claims against SNC-Lavalin are in preliminary stages and SNC-Lavalin’s liability exposure remains subject to several uncertainties.

### Dubai civil case

In November, 2018, WS Atkins & Partners Overseas, a subsidiary of the Company, was named as respondent together with other parties by the subrogated insurers of a property developer in a civil case initiated before the courts of Dubai. The claimant is seeking damages jointly from the respondents on account of the alleged refurbishment costs and loss of income arising from a fire at the property developer’s building. WS Atkins & Partners Overseas was a subcontractor in the hotel’s design and construction supervision and the claim revolves around alleged negligence in the specification, testing and installation of the building cladding which is claimed to have exacerbated the fire, thereby increasing the damage to the building. The claim is in preliminary stages and, as such, the Company is not currently in a position to estimate potential liability or amount of loss, if any.

## 12. CONTINGENT LIABILITIES (CONTINUED)

### Australian Arbitration

One of the Company's subsidiaries has a 35% interest in a joint operation for a project that has been completed. The construction joint operation is in a dispute with the project owner over labour rates. Under the relevant project contract, the Company's subsidiary is jointly and severally liable with the other joint operator vis-à-vis the project owner for performance and other liabilities. In December 2018, the joint operation received a split award of liability from an arbitration tribunal resulting in an adverse decision on certain aspects of the dispute. In August 2020, a hearing on residual legal issues occurred and, in September 2020, the tribunal ruled in favour of the joint operation. The ruling has been challenged by the project owner. A hearing on the quantum of damages to be awarded against the joint operation (if any) has been postponed and is likely to occur in 2022.

### General litigation risk

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of these and other related proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient or (c) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment on these matters.

SNC-Lavalin maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits and maximums, and insurance companies may seek to deny claims the Company might make. In addition, SNC-Lavalin has elected to retain a portion of losses that may occur through the use of various deductibles, limits and retentions under these programs. As a result, the Company may be subject to future liability in respect of lawsuits or investigations for which it is only partially insured, or completely uninsured.

In addition, the nature of the Company's business sometimes results in clients, subcontractors, and vendors presenting claims for, among other things, recovery of costs related to certain projects. Similarly, SNC-Lavalin occasionally presents change orders and other claims to clients, subcontractors, and vendors. If the Company fails to properly document the nature of claims and change orders or is otherwise unsuccessful in negotiating reasonable settlements with clients, subcontractors and vendors, the Company could incur cost overruns, reduced profits or, in some cases, a loss for a project. A failure to recover promptly on these types of claims could have a material adverse impact on SNC-Lavalin's liquidity and financial results. Additionally, irrespective of how well the Company documents the nature of its claims and change orders, the cost to prosecute and defend claims and change orders can be significant.

In addition, a number of project contracts have warranty periods and/or outstanding claims that may result in legal proceedings that extend beyond the actual performance and completion of the projects.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavourable rulings can and do occur. Pending or future claims against SNC-Lavalin could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent the Company is not insured against a loss or its insurer fails to provide coverage, could have a material adverse impact on the Company's business, financial condition and results of operations.

### Ongoing and potential investigations

The Company is subject to ongoing investigations that could subject the Company to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These investigations, and potential results thereof, could harm the Company's reputation, result in suspension, prohibition or debarment of the Company from participating in certain projects, reduce its revenues and net income and adversely affect its business.

The Company understands that there are investigations by various authorities which may remain ongoing in connection with certain legacy matters in various jurisdictions, including, without limitation, Algeria.

The Company also understands that a Royal Canadian Mounted Police (the "RCMP") investigation relating to alleged payments in connection with a 2002 contract for the refurbishment of the Jacques Cartier Bridge by a consortium which included SNC-Lavalin and which led to a guilty plea by the former head of the Canada Federal Bridges Corporation in 2017, continues and its scope may include the Company.

The Company is currently unable to determine when any of these investigations will be completed or whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened. The Company continues to cooperate and communicate with authorities in connection with all ongoing investigations.

## 12. CONTINGENT LIABILITIES (CONTINUED)

If regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise as a result of ongoing or future investigations, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to injunctions on future conduct or lead to other penalties, including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects, or the revocation of authorizations or certifications, by certain administrative organizations or by governments (such as the Government of Canada and/or the Government of Quebec) under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual global revenue from government and government-related contracts. Further, public and private sector bid processes in some instances assess whether the bidder, or an affiliate thereof, has ever been the object of any investigations, or sanctions or other actions resulting therefrom. In such instances, if a member of the Company's group must answer affirmatively to a query as to past or current investigations, or sanctions or other actions resulting therefrom, such answer may affect that entity's ability to be considered for the applicable project. In addition, the Company may not win contracts that it has bid upon due to a client's perception of the Company's reputation and/or perceived reputational advantages held by competitors as a result of such investigations, sanctions or other actions. Loss of bidding opportunities resulting from such investigations, sanctions or other actions, whether discretionary (including as a result of reputational factors) or mandatory, from participating in certain government, government-related and private contracts (in Canada, Canadian provinces or elsewhere) could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities.

The outcomes of ongoing or future investigations could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities. In addition, these investigations and outcomes of these investigations and any negative publicity associated therewith, could damage SNC-Lavalin's reputation and ability to do business.

Due to the uncertainties related to the outcome of ongoing or future investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with any of these investigations.

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above and ongoing related matters, as well as the investigations leading to the settlements described below, which have distracted and may continue to distract from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with such investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or other employees or additional former employees of the Company could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or below, or other matters, which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

### *World Bank Settlement*

On April 17, 2013, the Company announced a settlement in connection with the previously announced investigations by the World Bank Group relating to a project in Bangladesh and a project in Cambodia, which includes a suspension of the right to bid on and to be awarded World Bank Group-financed projects by SNC-Lavalin Inc., a subsidiary of the Company, and its controlled affiliates for a period of 10 years (the "World Bank Settlement"). According to the terms of the World Bank Settlement, the Company and certain of its other affiliates continued to be eligible to bid on and be awarded World Bank Group-financed projects as long as they complied with all of the terms and conditions imposed upon them under the terms of the World Bank Settlement, including an obligation not to evade the sanction imposed. The World Bank Settlement also required that the Company cooperate with the World Bank on various compliance matters in the future. The World Bank Settlement led to certain other multilateral development banks following suit, debarring SNC-Lavalin Inc. and its controlled affiliates on the same terms. On April 17, 2021, the Company received confirmation that the World Bank Group's Integrity Officer determined that the Company and its sanctioned affiliates had satisfied the conditions of the World Bank Settlement and were therefore removed from the World Bank Group list of sanctioned entities effective April 17, 2021.

### Other legal proceedings

SNC-Lavalin becomes involved in various legal proceedings as a part of its ordinary course of business and this section describes an important ordinary course of business legal proceeding, including the general cautionary language relating to the risks inherent to all litigation and proceedings against SNC-Lavalin, which is equally applicable to the legal proceedings described below.

## 12. CONTINGENT LIABILITIES (CONTINUED)

SNC-Lavalin Inc. has initiated court proceedings against a Canadian client stemming from engineering, procurement, and construction management services that SNC-Lavalin Inc. provided in relation to the client's expansion of an ore-processing facility. SNC-Lavalin Inc. claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin Inc. defaulted under the project contracts and is seeking damages.

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of this and other legal proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient or (c) determine the amount of any potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and vendors presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and-or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations.

## 13. SHORT-TERM DEBT

### AMENDMENTS TO THE REVOLVING CREDIT FACILITY

On March 26, 2021, certain lenders under the Company's revolving credit facility agreed to extend the maturity of such facility with respect only to such lenders from May 15, 2022 to April 30, 2023 and, as a condition to securing the consent of such lenders to the maturity extension, the blended pricing applicable to the revolving credit facility was increased commensurately. As such, the notional amount of Tranche A of the revolving credit facility is \$2,000 million until May 15, 2022 and \$1,690.8 million from May 16, 2022 to April 30, 2023 and the notional amount of Tranche B of the revolving credit facility is \$600 million until May 15, 2022 and \$507.2 million from May 16, 2022 to April 30, 2023.

## 14. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

### A) DISCONTINUED OPERATIONS - OIL & GAS BUSINESS

On February 9, 2021, the Company announced that it had entered into a binding agreement to sell its Oil & Gas business, which was previously included in the Resources segment, to Kentech Corporate Holdings Limited. The transaction remains subject to regulatory approvals and satisfaction of customary closing conditions and is expected to be completed in the second quarter of 2021. As at March 31, 2021 and December 31, 2020, the Oil & Gas business was classified as a disposal group held for sale and as a discontinued operation.

The results of the Oil & Gas business for the first quarters ended March 31, 2021 and 2020 were as follows:

THREE MONTHS ENDED MARCH 31	2021	2020
Revenues from PS&PM	\$ 222,704	\$ 360,965
Other expenses	(217,249)	(419,105)
Impairment loss on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(1,404)	—
<b>EBIT from discontinued operations</b>	<b>4,051</b>	<b>(58,140)</b>
Net financial income	872	366
<b>Earnings (loss) before income taxes from discontinued operations</b>	<b>4,923</b>	<b>(57,774)</b>
Income taxes related to pre-tax earnings (loss) from the ordinary activities of discontinued operations	(324)	(9,140)
Income taxes related to remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	703	—
<b>Net income (loss) from discontinued operations</b>	<b>\$ 5,302</b>	<b>\$ (66,914)</b>

14. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE  
(CONTINUED)

*Earnings (loss) per share from discontinued operations*

The earnings (loss) per share from discontinued operations for the first quarters ended March 31, 2021 and 2020 was as follows:

THREE MONTHS ENDED MARCH 31	2021	2020
Earnings (loss) per share from discontinued operations – Basic	\$ 0.03	\$ (0.38)
Earnings (loss) per share from discontinued operations – Diluted	\$ 0.03	\$ (0.38)

*Cash flows from discontinued operations*

The net cash flows incurred by the Oil & Gas business for the first quarters ended March 31, 2021 and 2020 were as follows:

THREE MONTHS ENDED MARCH 31	2021	2020
Operating activities	\$ 28,781	\$ (115,322)
Investing activities	92	(3,146)
Financing activities	(1,186)	(2,940)
<b>Net cash inflow (outflow) from discontinued operations</b>	<b>\$ 27,687</b>	<b>\$ (121,408)</b>

B) OTHER DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at March 31, 2021 and December 31, 2020, the Company classified Atkins Consulting Engineers Limited (Kenya), which is part of the EDPM segment, as a disposal group classified as held for sale. At the beginning of 2021, the Company entered into an agreement to sell its ownership interest in this disposal group classified as held for sale. The transaction, subject to regulatory approvals and satisfaction of customary closing conditions, is expected to be completed in 2021.

C) PRESENTATION OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities of the disposal groups classified as held for sale (see Notes 14A and 14B) as at March 31, 2021 and December 31, 2020 were as follows:

	MARCH 31 2021	DECEMBER 31 2020
Cash and cash equivalents	\$ —	\$ —
Other current financial assets	97,884	134,689
Current non-financial assets	136,716	96,647
Deferred income tax asset	7,019	6,259
Non-current financial assets	2,095	2,202
Other non-current non-financial assets	32,824	33,377
<b>Assets of disposal groups classified as held for sale</b>	<b>276,538</b>	<b>273,174</b>
Current financial liabilities	197,291	198,231
Current non-financial liabilities	74,787	95,073
Deferred income tax liability	1,735	1,495
Non-current financial liabilities	11,013	12,279
Other non-current non-financial liabilities	31,909	33,225
<b>Liabilities of disposal groups classified as held for sale</b>	<b>316,735</b>	<b>340,303</b>
<b>Net liabilities of disposal groups classified as held for sale</b>	<b>\$ (40,197)</b>	<b>\$ (67,129)</b>

Cumulative amounts recognized in the other comprehensive income related to the disposal groups classified as held for sale as at March 31, 2021 and December 31, 2020 were as follows:

	MARCH 31 2021	DECEMBER 31 2020
Exchange differences on translating foreign operations	\$ 598,636	\$ 594,141
<b>Other components of equity of disposal groups classified as held for sale</b>	<b>\$ 598,636</b>	<b>\$ 594,141</b>



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