



SNC • LAVALIN

Management's Discussion and Analysis

First Quarter of 2021 versus
First Quarter of 2020

May 13, 2021

All financial information in Canadian dollars, unless otherwise indicated

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Management's Discussion and Analysis

May 13, 2021

Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Company's business, the Company's business strategy and performance, as well as how it manages risk and capital resources. It is intended to enhance the understanding of the Company's unaudited interim condensed consolidated financial statements of the first quarter of 2021 and accompanying notes, and should therefore **be read in conjunction with that document, with the annual Management's Discussion and Analysis dated March 8, 2021 ("2020 Annual MD&A") and the annual financial statements and accompanying notes for the years ended December 31, 2020 and December 31, 2019 ("2020 Annual Financial Statements"), and should also be read together with the text below on forward-looking statements.** Reference in this MD&A 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. Unless otherwise specified, references herein to "Sections" means to Sections of this MD&A.

The Company's quarterly and annual financial information, its Annual Information Form, its Management Proxy Circular, other financial documents and additional information relating to the Company are available on both the Company's website at www.snclavalin.com and through SEDAR at www.sedar.com. SEDAR is the electronic system for the official filing of documents by public companies with the Canadian securities regulatory authorities. None of the information contained on, or connected to the SNC-Lavalin website is incorporated by reference or otherwise part of this MD&A.

Unless otherwise indicated, all financial information presented in this MD&A, including tabular amounts, is in **Canadian dollars** and is prepared in accordance with **International Financial Reporting Standards ("IFRS")**. **Certain totals, subtotals and percentages may not reconcile due to rounding. Not applicable ("N/A") is used to indicate that the percentage change between the current and prior year figures is not meaningful, or if the percentage change exceeds 1,000%.**

Non-IFRS Financial Measures, Additional IFRS Measures and Non-Financial Information

Certain indicators used by the Company to analyze and evaluate its results, which are listed in the table below, are non-IFRS financial measures, additional IFRS measures or non-financial information. Consequently, they do not have a standardized meaning as prescribed by 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 financial measures and certain non-financial information provide additional insight into the Company's financial results and certain investors may use this information to evaluate the Company's performance from period to period. However, these non-IFRS financial measures and non-financial information have limitations and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

NON-IFRS FINANCIAL MEASURE, ADDITIONAL IFRS MEASURE OR NON-FINANCIAL INFORMATION

Performance

- Adjusted diluted earnings per share ("**Adjusted diluted EPS**")
- Adjusted earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**Adjusted EBITDA**")
- Adjusted EBITDA to revenue ratio
- Adjusted net income (loss) attributable to SNC-Lavalin shareholders
- Booking-to-revenue ratio
- Earnings (loss) before net financial expenses (income) and income taxes ("**EBIT**")
- Earnings (loss) before net financial expenses (income), income taxes, depreciation and amortization ("**EBITDA**")
- Return on average shareholders' equity ("**ROASE**")
- Segment Adjusted EBIT
- Segment Adjusted EBITDA
- Segment Adjusted EBIT to revenues ratio (%)
- Segment Adjusted EBITDA to revenues ratio (%)

Liquidity

- Current ratio
- Net recourse debt (or Cash net of recourse debt)
- Days Sales Outstanding ("**DSO**")
- Working capital

Definitions of all non-IFRS financial measures, additional IFRS measures and non-financial information are provided in Section 9 to give the reader a better understanding of the indicators used by management. In addition, when applicable, the Company provides a clear quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS, refer to Section 9 for references to the sections of this MD&A where these reconciliations are provided.

Comparative figures

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.

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. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

Forward-Looking Statements

Statements made in this MD&A 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 MD&A are based on a number of assumptions believed by the Company to be reasonable on May 13, 2021. 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 this 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 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 2020 Annual MD&A and as updated in this MD&A.

The Company may, from time to time, make oral forward-looking statements. The Company advises that the above paragraphs and the risk factors described in this MD&A should be read for a description of certain factors that could cause the actual results of the Company to differ materially from those in the oral forward-looking statements. The forward-looking statements herein reflect the Company's expectations as at May 13, 2021, when the Company's Board of Directors approved this document, and they are subject to change after this date. The Company does not undertake to update publicly or to revise any written or oral forward-looking information or statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

1 Our Business

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 (“O&M”), decommissioning and sustaining capital.

SNC-Lavalin maintains exceptionally high standards for health and safety, ethics and compliance, and environmental protection. The Company is committed to delivering quality projects on budget and on schedule to the complete satisfaction of its clients.

In certain parts of this MD&A, activities from Professional Services & Project Management are collectively referred to as “PS&PM” to distinguish them from “Capital” activities. PS&PM groups together five of the Company’s segments, namely EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects, while Capital is its own reportable segment and separate from PS&PM.

2

How We Analyze and Report Our Results

HOW WE REPORT OUR RESULTS

The Company presents its financial information consistent with the manner in which management evaluates performance by regrouping its activities in six reportable segments, namely: (i) EDPM; (ii) Nuclear; (iii) Infrastructure Services; (iv) Resources; (v) Infrastructure EPC Projects; and (vi) Capital.

In addition, we further report certain results and provide certain financial information separately for (i) PS&PM activities across our lines of business, which is thus comprised of five of our six segments, namely EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects, and (ii) Capital.

PS&PM

What we report in PS&PM includes contracts generating revenues derived mainly from consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, O&M, decommissioning and sustaining capital. It also includes revenues from lump-sum turnkey (“LSTK”) construction contracts, for which the Company ceased to bid in July 2019, except for certain repetitive EPC offerings that are lower-risk, standardized solutions.

EDPM incorporates all consultancy, engineering, design and project management services around the world. It also leads our efforts to transform the global infrastructure sector by leveraging data and technology to improve the delivery of our clients’ projects from conception through to eventual operation. EDPM projects are mainly in transportation (including rail, mass transit, roads and airports), civil infrastructure, aerospace, defense and security and technology, including some of the world’s most transformational projects. A significant portion of EDPM’s revenues are derived from the public sector, including national, provincial, state and local and municipal authorities. Similar to the first quarter of 2020, the EDPM segment derived all of its revenues during the first quarter of 2021 from reimbursable and engineering services contracts.

Nuclear supports clients across the entire nuclear lifecycle with the full spectrum of services from consultancy, EPCM services, field services, technology services, spare parts, reactor support and decommissioning and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors. The Nuclear segment derives its revenues from reimbursable and engineering services contracts (first quarter of 2021: 98%; first quarter of 2020: 98%), and LSTK construction contracts (first quarter of 2021: 2%; first quarter of 2020: 2%).

Infrastructure Services includes O&M projects, as well as the Company’s repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary. The segment also includes engineering solutions in hydro, transmission and distribution, renewables, energy storage, and intelligent networks and cybersecurity. Segment Adjusted EBIT includes the contribution attributable to non-controlling interests. As such, the Segment Adjusted EBIT of Linxon, a 51% subsidiary, is reported at 100%. The Infrastructure Services segment derives its revenues from both reimbursable and engineering services contracts first quarter of 2021: 61%; first quarter of 2020: 59%) and standardized EPC contracts (first quarter of 2021: 39%; first quarter of 2020: 41%).

Combined, the three segments described above are presented under the SNCL Engineering Services line of business, up to the first quarter of 2020, SNCL Engineering Services also included Capital.

Resources provides a full suite of delivery services primarily to the mining & metallurgy sector, covering the project lifecycle from project development through project delivery and support services. Resources ceased bidding for new EPC projects under the LSTK construction contracting model in July 2019. Resources is now focused on providing engineering, EPCM, project management consultancy (“PMC”), commissioning and technical support services through a lower risk contracting model and operational delivery is focused on key regions and global clients. Resources also includes the operating phase of a Build-Own-Operate (BOO) contract in the United States. In the past, Resources included services and LSTK projects in Oil & Gas, which are now presented as discontinued operations for both 2021 and 2020. The Resources segment derives its revenues from reimbursable and engineering services contracts (first quarter of 2021: 63%; first quarter of 2020: 55%) and LSTK construction contracts (first quarter of 2021: 37%; first quarter of 2020: 45%).

Infrastructure EPC Projects includes LSTK construction contracts related to mass transit, heavy rail, roads, bridges, airports, ports and harbours and water infrastructure. In addition, Infrastructure EPC Projects includes the LSTK construction contracts related to the former Clean Power segment, as well as from thermal power activities which the Company exited in 2018. In July 2019, the Company decided to cease bidding on new LSTK construction contracts. The Infrastructure EPC Projects segment derives its revenues from LSTK construction contracts (first quarter of 2021: 98%; first quarter of 2020: 100%) and reimbursable and engineering services contracts (first quarter of 2021: 2%; first quarter of 2020: —%).

Combined, the two segments described above are presented under the SNCL Projects line of business.

Contracts that provide for engineering, procurement and construction management services are often referred to as “EPCM” contracts. Contracts that include engineering services, providing materials and providing or fabricating equipment, and construction activities are often referred to as “EPC” contracts.

While our contracts are negotiated using a variety of contracting options, PS&PM revenues are derived primarily from three major types of contracts: reimbursable and engineering services contracts, LSTK construction contracts, and standardized EPC contracts. PS&PM contracts can be found in the following segments and lines of business :

PS&PM Breakdown					
	SNCL Engineering Services Line of Business			SNCL Projects Line of Business	
	EDPM Segment	Nuclear Segment	Infrastructure Services Segment	Infrastructure EPC Projects Segment	Resources Segment
Reimbursable and engineering services contracts	✓	✓	✓	✓	✓
LSTK construction contracts	N/A	N/A ⁽¹⁾	N/A	✓	✓
Standardized EPC contracts	N/A	N/A	✓	N/A	N/A

⁽¹⁾ Nuclear includes certain legacy LSTK construction contracts.

The Company derives its PS&PM revenues from reimbursable and engineering services contracts (first quarter of 2021: 78%; first quarter of 2020: 78%), standardized EPC contracts (first quarter of 2021: 8%; first quarter of 2020: 8%) and LSTK construction contracts (first quarter of 2021: 14%; first quarter of 2020: 14%).

CAPITAL

Capital is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes SNC-Lavalin's 20% ownership interest in and management of SNC-Lavalin Infrastructure Partners LP.

Capital is involved in public-private partnerships. These arrangements allow for the transfer to the private sector of many of the risks associated with designing, building, operating, maintaining and financing such assets. In return, the client will either: i) commit to making regular payments, usually in the form of availability payments, upon the start of operations of the infrastructure for a defined period of time (typically 20 to 40 years); or ii) authorize the infrastructure concession entity to charge users of the infrastructure for a defined period of time; or iii) a combination of both.

All investments are structured to earn a return on capital adequate for the risk profile of each individual project. Capital investment revenues are generated mainly from dividends or distributions received by SNC-Lavalin from the investment concession entities or from all or a portion of an investment concession entity's revenues or net results, depending on the accounting method required by IFRS.

It is the Company's view that the aggregate fair value of its Capital investments is much higher than their net book value of \$425.8 million as at March 31, 2021. The Company's remaining stake of 6.76% in 407 International Inc. ("Highway 407 ETR") represents the most significant portion of the total fair value of the Company's Capital investments portfolio.

As at March 31, 2021 and December 31, 2020, the net book value of Capital investments can be summarized as follows:

(IN MILLIONS \$)	MARCH 31 2021	DECEMBER 31 2020
Highway 407 ETR ⁽¹⁾	\$ —	\$ —
Others	425.8	426.7
Total	\$ 425.8	\$ 426.7

⁽¹⁾ The net book value is \$nil as the Company had previously stopped recognizing its share of the losses of Highway 407 ETR when the cumulative losses and dividends resulted in a negative balance for the Company's investment in Highway 407 ETR.

3 First Quarter of 2021 Executive Summary

3.1 EXECUTIVE SUMMARY – KEY FINANCIAL INDICATORS

FINANCIAL HIGHLIGHTS

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Income Statements		
Revenues	\$ 1,819.7	\$ 1,868.5
EBIT ⁽²⁾	103.5	14.9
EBITDA ⁽²⁾	171.4	103.8
Net income from continuing operations	68.7	4.4
Net income (loss) from discontinued operations	5.3	(66.9)
Net income (loss)	74.0	(62.5)
Earnings per share diluted from continuing operations ("Diluted EPS") (in \$)	0.39	0.01
Revenues from PS&PM from continuing operations	1,798.0	1,822.3
Adjusted net income attributable to SNC-Lavalin shareholders from PS&PM ⁽²⁾	83.4	61.1
Adjusted diluted EPS from PS&PM (in \$) ⁽²⁾	0.48	0.35
Adjusted PS&PM EBITDA (% of revenues from PS&PM) ⁽²⁾	9.1%	7.5%
Financial Position & Cash Flows		
Cash and cash equivalents (2020 at December 31)	\$ 702.7	\$ 932.9
Net recourse debt (2020 at December 31) ⁽²⁾	(296.7)	(240.0)
Net cash generated from operating activities	5.6	23.4
Additional Indicator		
Revenue backlog (at March 31)	\$ 13,214.0	\$ 13,938.2

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

⁽²⁾ Non-IFRS financial measures or additional IFRS measures. Please refer to Section 9 for further information on these financial measures and for the reference to the reconciliation from these financial measures to the most directly comparable measure specified under IFRS, when applicable.

The Company's financial highlights reflect the following major items:

- Revenues for the first quarter of 2021 in line with the corresponding period of 2020.
- Net income from continuing operations of \$68.7 million in the first quarter of 2021, compared to \$4.4 million in the first quarter of 2020, resulting mainly from:
 - a higher contribution primarily from EDPM, Resources and Infrastructure Services, partially offset by a lower contribution from Capital and Nuclear and from a \$10.5 million negative Segment Adjusted EBIT from Infrastructure EPC Projects in the first quarter of 2021;
 - a lower level of unallocated corporate selling, general and administrative expenses;
 - a lower level of amortization of intangible assets related to business combinations; and
 - the \$57.2 million negative fair value revaluation in the first quarter of 2020 of the Highway 407 ETR contingent consideration receivable following the partial disposal of this investment in August 2019.
- Net income from discontinued operations of \$5.3 million in the first quarter of 2021, compared to a net loss from discontinued operations of \$66.9 million in the first quarter of 2020. The 2020 results included the negative impact of certain unfavourable reforecasts on certain LSTK construction projects.
- In the first quarter of 2021, SNC-Lavalin repaid in full at maturity the Series 3 Debentures for an aggregate principal amount of \$175.0 million.

- The amendment to the Company's revolving credit facility in the first quarter of 2021, resulting in an extension of the maturity of this revolving facility from May 15, 2022 to April 30, 2023, along with revised pricing for extending lenders.
- Cash and cash equivalents of \$702.7 million and revenue backlog of \$13.2 billion as at March 31, 2021.

3.2 EXECUTIVE SUMMARY – OTHER ITEMS

EARLY LIFTING OF ALL WORLD BANK SANCTIONS

On April 20, 2021, SNC-Lavalin announced that, effective April 17, 2021, the World Bank granted an early lifting of all sanctions previously imposed in 2013 for a period of 10 years. This decision, which followed a rigorous assessment and monitoring process by World Bank authorities and the independent monitor, confirmed that SNC-Lavalin met all the settlement agreement's terms and conditions. The Company and its subsidiaries will now be able to bid, win and carry out work on projects financed by the World Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the Inter-American Development Bank.

COVID-19 PANDEMIC

There has been no material change to the estimated impacts of the COVID-19 pandemic on the Company's ongoing and future operations and results since the filing of the 2020 Annual MD&A on March 9, 2021. Refer to Section 3.2 of the 2020 Annual MD&A.

4 Financial Performance Analysis

The financial information presented in the table below has been derived from the Company's unaudited interim condensed consolidated financial statements for the first quarters ended March 31, 2021 and 2020 prepared in accordance with IAS 34, *Interim Financial Reporting*, with the exception of the non-IFRS financial measures specifically identified in the "Additional financial indicators" section below.

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Continuing operations		
Revenues	\$ 1,819.7	\$ 1,868.5
Segment Adjusted EBIT - Total	\$ 143.3	\$ 155.4
Corporate selling, general and administrative expenses	\$ 16.3	\$ 36.8
Impairment loss arising from expected credit losses	—	0.9
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss	(4.2)	61.9
Restructuring and transformation costs	4.9	0.5
Amortization of intangible assets related to business combinations	23.3	40.5
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(0.5)	—
Earnings before interest and income taxes	\$ 103.5	\$ 14.9
Net financial expenses	\$ 31.2	\$ 31.9
Earnings (loss) before income taxes from continuing operations	\$ 72.3	\$ (17.0)
Income taxes	\$ 3.6	\$ (21.4)
Net income from continuing operations	\$ 68.7	\$ 4.4
Net income (loss) from discontinued operations	5.3	(66.9)
Net income (loss)	\$ 74.0	\$ (62.5)
Net income (loss) attributable to:		
SNC-Lavalin shareholders	\$ 73.0	\$ (66.0)
Non-controlling interests	0.9	3.4
Net income (loss)	\$ 74.0	\$ (62.5)
Earnings per share from continuing operations (in \$):		
Basic	\$ 0.39	\$ 0.01
Diluted	\$ 0.39	\$ 0.01
Additional financial indicators from continuing operations:		
Net income attributable to SNC-Lavalin shareholders from PS&PM	\$ 61.0	\$ 21.0
Diluted EPS from PS&PM (in \$)	\$ 0.35	\$ 0.12
Adjusted diluted EPS from PS&PM (in \$) ⁽²⁾	\$ 0.48	\$ 0.35
Adjusted EBITDA from PS&PM ⁽²⁾	\$ 164.1	\$ 136.5

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

⁽²⁾ Non-IFRS financial measures or additional IFRS measures. Please refer to Section 9 for further information on these financial measures and for the reference to the reconciliation from these financial measures to the most directly comparable measure specified under IFRS, when applicable.

4.1 REVENUES AND SEGMENT ADJUSTED EBIT ANALYSIS

(IN MILLIONS \$)	FIRST QUARTERS			
	2021		2020 ⁽¹⁾	
BY SEGMENT	REVENUES	SEGMENT ADJUSTED EBIT	REVENUES	SEGMENT ADJUSTED EBIT
EDPM	\$ 933.2	\$ 80.6	\$ 945.1	\$ 57.5
Nuclear	229.1	31.8	236.9	36.7
Infrastructure Services	352.8	20.4	352.7	17.3
SNCL Engineering Services - Total	\$ 1,515.1	\$ 132.8	\$ 1,534.8	\$ 111.5
Resources	56.9	2.3	65.2	(1.9)
Infrastructure EPC Projects	226.0	(10.5)	222.3	3.8
SNCL Projects - Total	\$ 282.9	\$ (8.2)	\$ 287.5	\$ 1.8
PS&PM - Total	1,798.0	124.6	1,822.3	113.4
Capital	21.7	18.7	46.2	42.0
Total	\$ 1,819.7	\$ 143.3	\$ 1,868.5	\$ 155.4

⁽¹⁾ 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 and, furthermore, comparative figures have been re-presented as a result of an operation discontinued during the current year (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

4.1.1 EDPM

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020
Revenues from EDPM	\$ 933.2	\$ 945.1
Segment Adjusted EBIT from EDPM	\$ 80.6	\$ 57.5
Segment Adjusted EBIT to revenues ratio from EDPM (%)	8.6%	6.1%
Additional information		
Segment Adjusted EBITDA from EDPM	\$ 102.8	\$ 83.0
Segment Adjusted EBITDA to revenues ratio from EDPM (%)	11.0%	8.8%

EDPM revenues were \$933.2 million for the first quarter of 2021, compared with \$945.1 million for the first quarter of 2020. The slight decrease in revenues compared to the first quarter of 2020 was primarily attributable to unfavourable foreign exchange differences. Activities in the United Kingdom, Canada and the United States continued to perform well with a strong pipeline of work in place and additional awards in the first quarter of 2021.

Segment Adjusted EBIT from EDPM increased to \$80.6 million (Segment Adjusted EBITDA of \$102.8 million) for the first quarter of 2021, compared with a Segment Adjusted EBIT of \$57.5 million (Segment Adjusted EBITDA of \$83.0 million) for the first quarter of 2020. The increase reflected the continued solid performance seen in the fourth quarter of 2020 across the United Kingdom, Canada and the United States and the impact of settling a small number of major project final accounts. The comparative performance in the first quarter of 2020 was affected by the reduced volume of work in the Middle East and consequential productivity and profit shortfalls, a decreased profitability on certain major projects in Canada, as well as the early impacts of COVID-19 mainly in Asia Pacific.

Changes in foreign exchange rates did not have a significant impact on Segment Adjusted EBIT when comparing both periods.

Other Key Performance Indicator

AS AT (IN NUMBER OF DAYS)	MARCH 31, 2021	MARCH 31, 2020
DSO from EDPM	61 days	73 days

As at March 31, 2021, EDPM segment's DSO stood at 61 days, compared to 73 days as at March 31, 2020. The improvement is mainly due to accelerated cash receipts from reduced government payment terms. The DSO is expected to increase in the remainder of 2021, as the situation normalizes during that period.

4.1.2 NUCLEAR

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020
Revenues from Nuclear	\$ 229.1	\$ 236.9
Segment Adjusted EBIT from Nuclear	\$ 31.8	\$ 36.7
Segment Adjusted EBIT to revenues ratio from Nuclear (%)	13.9%	15.5%
Additional information		
Segment Adjusted EBITDA from Nuclear	\$ 34.6	\$ 39.7
Segment Adjusted EBITDA to revenues ratio from Nuclear (%)	15.1%	16.8%

Nuclear revenues amounted to \$229.1 million for the first quarter of 2021, compared with \$236.9 million for the first quarter of 2020, primarily due to lower volume in Asia and Canada resulting mainly from a decreased level of activity on certain major projects, some of which achieved major delivery milestones in 2020. This was partially offset by higher volume from Europe and the United States.

For the first quarter of 2021, Segment Adjusted EBIT from Nuclear decreased to \$31.8 million (Segment Adjusted EBITDA of \$34.6 million), compared with \$36.7 million (Segment Adjusted EBITDA of \$39.7 million) for the first quarter of 2020, mainly due to a lower contribution from Canada and Asia resulting from lower volume, combined with a lower contribution from the United States.

4.1.3 INFRASTRUCTURE SERVICES

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020
Revenues from Infrastructure Services	\$ 352.8	\$ 352.7
Segment Adjusted EBIT from Infrastructure Services	\$ 20.4	\$ 17.3
Segment Adjusted EBIT to revenues ratio from Infrastructure Services (%)	5.8%	4.9%
Additional information		
Segment Adjusted EBITDA from Infrastructure Services	\$ 22.9	\$ 19.8
Segment Adjusted EBITDA to revenues ratio from Infrastructure Services (%)	6.5%	5.6%

Infrastructure Services revenues were \$352.8 million for the first quarter of 2021, in line with \$352.7 million for the first quarter of 2020, as additional revenues on certain O&M contracts were offset by a decrease in revenues of Linxon.

For the first quarter of 2021, Segment Adjusted EBIT from Infrastructure Services increased to \$20.4 million (Segment Adjusted EBITDA of \$22.9 million), compared with \$17.3 million (Segment Adjusted EBITDA of \$19.8 million) for the corresponding period of 2020, resulting mainly from improved contribution margins in Linxon and O&M.

4.1.4 RESOURCES

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Revenues from Resources	\$ 56.9	\$ 65.2
Segment Adjusted EBIT from Resources	\$ 2.3	\$ (1.9)
Segment Adjusted EBIT to revenues ratio from Resources (%)	4.1%	(2.9%)
Additional information		
Segment Adjusted EBITDA from Resources	\$ 4.9	\$ 1.1
Segment Adjusted EBITDA to revenues ratio from Resources (%)	8.6%	1.8%

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

Resources revenues were \$56.9 million for the first quarter of 2021, compared with \$65.2 million for the first quarter of 2020, mainly due to the run-off of LSTK construction contracts where revenue reduced from \$29.1 million to \$21.0 million year over year.

Segment Adjusted EBIT from Resources was \$2.3 million (Segment Adjusted EBITDA of \$4.9 million) for the first quarter of 2021, compared with negative \$1.9 million (Segment Adjusted EBITDA of \$1.1 million) for the first quarter of 2020, mainly resulting from a higher contribution from services mining projects combined with lower selling, general and administrative expenses.

4.1.5 INFRASTRUCTURE EPC PROJECTS

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS	
	2021	2020
Revenues from Infrastructure EPC Projects	\$ 226.0	\$ 222.3
Segment Adjusted EBIT from Infrastructure EPC Projects	\$ (10.5)	\$ 3.8
Segment Adjusted EBIT to revenues ratio from Infrastructure EPC Projects (%)	(4.7%)	1.7%
Additional information		
Segment Adjusted EBITDA from Infrastructure EPC Projects	\$ (7.0)	\$ 8.1
Segment Adjusted EBITDA to revenues ratio from Infrastructure EPC Projects (%)	(3.1%)	3.7%

Infrastructure EPC Projects revenues were \$226.0 million for the first quarter of 2021, compared with \$222.3 million for the first quarter of 2020, as the work performed in 2021 in the continuing run-off of LSTK backlog was similar to the corresponding period of 2020, reflective of the negative impact of COVID-19 in 2021.

For the first quarter of 2021, Segment Adjusted EBIT from Infrastructure EPC Projects was negative \$10.5 million (Segment Adjusted EBITDA of negative \$7.0 million), compared with a Segment Adjusted EBIT of \$3.8 million (Segment Adjusted EBITDA of \$8.1 million) for the first quarter of 2020, 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.

4.1.6 REVENUES AND SEGMENT ADJUSTED EBIT FROM CAPITAL

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020
Revenues from Capital	\$ 21.7	\$ 46.2
Segment Adjusted EBIT from Capital investments:		
From Highway 407 ETR	\$ —	\$ 21.1
From other Capital investments ⁽¹⁾	18.7	20.9
Segment Adjusted EBIT from Capital	\$ 18.7	\$ 42.0

⁽¹⁾ Segment Adjusted EBIT from other Capital investments is net of divisional and allocated corporate selling, general and administrative expenses, as well as selling, general and administrative expenses from all other capital investments accounted for by the consolidation method.

Revenues from Capital for the first quarter of 2021 amounted to \$21.7 million, compared with \$46.2 million for the first quarter of 2020. The decrease in revenues for 2021 was mainly due to the decrease in contribution from Highway 407 ETR, where no dividend was received in the first quarter of 2021 compared to \$21.1 million in dividends received in the first quarter of 2020.

Segment Adjusted EBIT from Capital decreased to \$18.7 million for the first quarter of 2021, compared with \$42.0 million for the first quarter of 2020. The decrease in Segment Adjusted EBIT was due to the reduction in revenues outlined above.

It should be noted that Segment Adjusted EBIT and Segment Adjusted EBITDA exclude the \$57.2 million loss in the first quarter of 2020 arising from the negative fair value revaluation of the Highway 407 ETR contingent consideration receivable following the partial disposal of this investment in August 2019.

4.2 CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ANALYSIS

(IN MILLIONS \$)	FIRST QUARTERS					
	2021			2020 ⁽¹⁾		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Corporate selling, general and administrative expenses	\$ 9.2	\$ 7.0	\$ 16.3	\$ 29.7	\$ 7.0	\$ 36.8

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

Corporate selling, general and administrative expenses totaled \$16.3 million for the first quarter of 2021, compared with \$36.8 million for the first quarter of 2020, mainly reflecting the higher reversal of some corporate incentives and revision of certain estimates in the first quarter of 2021, compared to a \$10.0 million negative adjustment in the first quarter of 2020 related to the Pyrrhotite Case litigation (such litigation being described in Note 12 to the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021).

4.3 LOSS (GAIN) ARISING ON FINANCIAL ASSETS (LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Loss (gain) arising on financial assets (liabilities) at fair value through profit or loss	\$ (4.2)	\$ 61.9

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

The gain arising on financial assets (liabilities) at fair value through profit or loss amounted to \$4.2 million for the first quarter of 2021, compared to a loss of \$61.9 million for the first quarter of 2020, which was mainly due to a \$57.2 million negative fair value revaluation for the Highway 407 ETR contingent consideration receivable. Such contingent consideration is payable over a period of 10 years by the acquirer of the 10.01% ownership interest in Highway 407 ETR sold by the Company in August 2019. The fair value of this financial asset was negatively impacted in 2020 mainly by the actual and expected performance impacts on traffic volumes as a result of COVID-19, and resulting effect on Highway 407 ETR. The underlying contingent consideration payments are conditioned on the attainment of certain cumulative financial thresholds related to the performance of Highway 407 ETR.

4.4 RESTRUCTURING AND TRANSFORMATION COSTS

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Restructuring costs	\$ 2.3	\$ 0.5
Transformation costs	2.6	—
Restructuring and Transformation costs	\$ 4.9	\$ 0.5

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

The Company incurred \$4.9 million of restructuring and transformation costs for the first quarter of 2021, compared to \$0.5 million for the first quarter of 2020, mainly as a result of increased severance obligations and costs incurred for transformation.

4.5 AMORTIZATION OF INTANGIBLE ASSETS RELATED TO BUSINESS COMBINATIONS

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020 ⁽¹⁾
Amortization of intangible assets related to business combinations	\$ 23.3	\$ 40.5

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

Amortization of intangible assets related to business combinations amounted to \$23.3 million for the first quarter of 2021, compared to \$40.5 million for the first quarter of 2020, both mainly attributable to the amortization expense of intangible assets related to Atkins. The variance from the prior year was mainly due to the end of the amortization period in the third quarter of 2020 of intangible assets related to the revenue backlog of the Atkins acquisition.

4.6 GAIN ON REMEASUREMENT OF ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE TO FAIR VALUE LESS COST TO SELL

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	\$ (0.5)	\$ —

For the first quarter of 2021, the amount of impairment gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell was \$0.5 million compared with \$nil for the first quarter of 2020, due to the remeasurement related to Atkins Consulting Engineers Limited, in Kenya, a subsidiary part of the EDPM segment. This subsidiary is presented as a disposal group classified as held for sale as at March 31, 2021.

4.7 EBIT AND EBITDA ANALYSIS

EBIT and EBITDA are non-IFRS financial measures. Definitions and reconciliations of these financial measures to net income are presented in Section 9.

For the first quarter of 2021, EBIT was \$103.5 million, compared with \$14.9 million for the first quarter of 2020. The increase in EBIT was primarily due to an increase in the Segment Adjusted EBIT of EDPM of \$23.0 million, lower unallocated corporate selling, general and administrative expenses and lower amortization of intangible assets related to business combinations, partly offset by a negative variance in the Segment Adjusted EBIT of Infrastructure EPC Projects of \$14.3 million and a decreased contribution from Capital mainly due to the absence of dividends from Highway 407 ETR in the first quarter of 2021.

EBITDA was \$171.4 million for the first quarter of 2021, compared with \$103.8 million for the first quarter of 2020, mainly due to the factors described above for the EBIT other than the decrease in amortization of intangible assets related to business combinations. When adjusting for the charges related to restructuring and transformation costs and for the adjustment to the provision for the Pyrrhotite Case litigation, **Adjusted EBITDA amounted to 175.8 million for the first quarter of 2021**, compared with \$171.5 million for the first quarter of 2020. When excluding results from Capital, **Adjusted EBITDA from PS&M amounted to \$164.1 million for the first quarter of 2021**, compared to \$136.5 million for the first quarter of 2020.

4.8 NET FINANCIAL EXPENSES

(IN MILLIONS \$)	FIRST QUARTERS					
	2021			2020 ⁽¹⁾		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Interest revenues	\$ (2.1)	\$ —	\$ (2.1)	\$ (3.8)	\$ —	\$ (3.8)
Interest on debt:						
Recourse	8.7	—	8.7	11.4	—	11.4
Limited recourse	3.9	—	3.9	5.0	—	5.0
Non-recourse	0.9	4.2	5.1	1.2	4.3	5.5
Net foreign exchange losses (gains)	5.0	—	5.0	(0.8)	—	(0.8)
Interest on lease liabilities	4.7	—	4.8	5.4	—	5.4
Other	5.8	—	5.8	9.2	—	9.2
Net financial expenses	\$ 27.0	\$ 4.2	\$ 31.2	\$ 27.6	\$ 4.3	\$ 31.9

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

Net financial expenses from PS&PM of \$27.0 million for the first quarter of 2021 were in line with \$27.6 million for the first quarter of 2020, as the lower level of interest expense was offset mainly by a net foreign exchange loss in 2021.

Net financial expenses from Capital were \$4.2 million for the first quarter of 2021, in line with \$4.3 million for the first quarter of 2020.

4.9 INCOME TAXES ANALYSIS

(IN MILLIONS \$)	FIRST QUARTERS					
	2021			2020 ⁽¹⁾		
	FROM PS&PM	FROM CAPITAL	TOTAL	FROM PS&PM	FROM CAPITAL	TOTAL
Earnings (loss) before income taxes	\$ 64.8	\$ 7.5	\$ 72.3	\$ 9.5	\$ (26.5)	\$ (17.0)
Income tax expense (recovery)	\$ 2.9	\$ 0.8	\$ 3.6	\$ (14.9)	\$ (6.5)	\$ (21.4)
Effective income tax rate (%)	4.4 %	10.1 %	5.0 %	(157.0)%	24.5 %	125.7 %

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

For the first quarter of 2021, the Company reported an income tax expense of \$3.6 million, compared to an income tax recovery of \$21.4 million for the first quarter of 2020.

In the first quarter of 2021, the effective income tax rate from PS&PM was lower than the Canadian statutory income tax rate of 26.2%, mainly due to revised estimates on certain income tax liabilities.

For the first quarter of 2020, the Company reported an income tax recovery from PS&PM mainly due to the carry back of net operating losses to a prior year at a higher tax rate and adjustments to deferred income tax balances attributable to changes in tax rates and laws.

The effective income tax rate from Capital Investments was lower than the Canadian statutory income tax rate of 26.2% for the first quarter of 2021, mainly due to the non-taxable portion of investment income.

In the first quarter of 2020, the effective income tax rate from Capital Investments was lower than the Canadian statutory income tax rate of 26.4%, mainly due to the non-deductible portion of the capital loss on the negative fair value revaluation of the Highway 407 ETR contingent consideration receivable.

4.10 NET INCOME (LOSS) ANALYSIS FROM CONTINUING OPERATIONS

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	FIRST QUARTERS			
	2021		2020 ⁽¹⁾	
		PER DILUTED SHARE		PER DILUTED SHARE
Net income (loss) attributable to SNC-Lavalin shareholders from continuing operations:				
From PS&PM	\$ 61.0	\$ 0.35	\$ 21.0	\$ 0.12
From Capital	6.7	0.04	(20.0)	(0.11)
Net income attributable to SNC-Lavalin shareholders from continuing operations	\$ 67.7	\$ 0.39	\$ 0.9	\$ 0.01
Non-controlling interests	0.9	N/A	3.4	N/A
Net income from continuing operations	\$ 68.7	N/A	\$ 4.4	N/A

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

NET INCOME FROM PS&PM

Net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM was \$61.0 million for the first quarter of 2021, compared with net income attributable to SNC-Lavalin shareholders from continuing operations from PS&PM of \$21.0 million for the first quarter of 2020, mainly attributable to a higher contribution mainly from EDPM, Resources and Infrastructure Services, a lower level of unallocated corporate selling, general and administrative expenses and a lower level of amortization of intangible assets related to business combinations, partially offset mainly by a lower contribution from Infrastructure EPC Projects in the first quarter of 2021.

NET INCOME (LOSS) FROM CAPITAL

Net income attributable to SNC-Lavalin shareholders from continuing operations from Capital amounted to \$6.7 million for the first quarter of 2021, compared with a net loss attributable to SNC-Lavalin shareholders from continuing operations from Capital of \$20.0 million for the first quarter of 2020. The variance was mainly due to a negative fair value revaluation in 2020 of \$57.2 million of the Highway 407 ETR contingent consideration receivable, partially offset by the decrease in contribution from Highway 407 ETR, where no dividend was received in the first quarter of 2021 compared to \$21.1 million in dividends received in the first quarter of 2020.

4.11 NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

Net income from discontinued operations was \$5.3 million for the first quarter of 2021, compared to a net loss from discontinued operations of \$66.9 million for the first quarter of 2020.

The table below presents the main components of the net income (loss) from discontinued operations for both periods:

(IN MILLIONS \$)	FIRST QUARTERS	
	2021	2020
Contribution from discontinued operations, before items listed below	\$ 5.9	\$ (56.2)
Restructuring costs	(0.5)	(1.9)
Impairment loss on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(1.4)	—
Net financial income	0.9	0.4
Income taxes	0.4	(9.1)
Net income (loss) from discontinued operations	\$ 5.3	\$ (66.9)

The overall contribution of the Oil & Gas business, which was previously presented as part of the Resources segment but is now presented as discontinued operations, was positively impacted in the first quarter of 2021 by a favourable outcome from a claim on a legacy LSTK construction project, which was partly offset by unfavourable reforecasts on certain projects during the same period. For the first quarter of 2020, the contribution of the Oil & Gas business was negatively impacted by unfavourable reforecasts on certain LSTK construction projects.

5

Backlog (Remaining Performance Obligations)

Backlog is defined as a forward-looking indicator of anticipated revenues to be recognized by the Company, determined based on contract awards that are firm and amounting to the transaction price allocated to remaining performance obligations. Management may be required to make estimates regarding the revenue to be generated for certain contracts.

Revenue backlog is derived primarily from three major types of contracts: **Reimbursable and engineering services contracts, standardized EPC contracts and LSTK construction contracts.**

- **Reimbursable and engineering services contracts:** Under reimbursable contracts, the Company charges the customer for the actual cost incurred plus a mark-up that could take various forms such as a fixed-fee per unit, a percentage of costs incurred or an incentive fee based on achieving certain targets, performance factors or contractual milestones. Reimbursable contracts also include unit-rate contracts for which a fixed amount per quantity is charged to the customer, and reimbursable contracts with a cap or a target price accompanied by incentives and/or disincentives. Engineering services contracts include i) time and material agreements based on hourly rates and fixed-price lump-sum contracts with limited procurement or construction risks, and ii) O&M contracts.
- **Standardized EPC contracts:** Under standardized EPC contracts, the Company provides repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary.
- **LSTK construction contracts:** Under LSTK construction contracts, the Company completes the work required for the project at a lump-sum price. Before entering into such contracts, the Company estimates the total cost of the project, plus a profit margin. The Company's actual profit margin may vary based on its ability to achieve the project requirements at above or below the initial estimated costs.

REVENUE BACKLOG BY SEGMENT

The following table provides a breakdown of revenue backlog by segment.

(IN MILLIONS \$) BY SEGMENT	MARCH 31, 2021	DECEMBER 31, 2020	MARCH 31, 2020 ⁽¹⁾
EDPM	\$ 2,927.2	\$ 2,864.4	\$ 2,650.9
Nuclear	881.7	890.6	1,057.1
Infrastructure Services	7,275.0	7,098.5	7,257.3
SNCL Engineering Services - Total	\$ 11,083.9	\$ 10,853.5	\$ 10,965.3
Resources	\$ 187.5	\$ 161.6	\$ 218.8
Infrastructure EPC Projects	1,789.3	2,014.0	2,582.2
SNCL Projects - Total	\$ 1,976.8	\$ 2,175.6	\$ 2,801.0
PS&PM - Total	\$ 13,060.6	\$ 13,029.1	\$ 13,766.3
Capital ⁽²⁾	\$ 153.4	\$ 158.7	\$ 171.9
Total from continuing operations ⁽³⁾	\$ 13,214.0	\$ 13,187.8	\$ 13,938.2

⁽¹⁾ 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 and, furthermore, comparative figures have been re-presented as a result of an operation discontinued during the current year (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

⁽²⁾ Backlog from Capital represents the amount that will be recognized as revenue from contracts with customers in the Capital segment from a concession.

⁽³⁾ Revenue backlog excluding backlog related to discontinued operations of \$0.8 billion as at March 31, 2021, \$0.8 billion as at December 31, 2020 and \$1.1 billion as at March 31, 2020.

The Company's revenue backlog amounted to \$13.2 billion as at March 31, 2021 in line with the level of revenue backlog as at December 31, 2020, as the decrease in Infrastructure EPC Projects and Nuclear was offset by an increase in Infrastructure Services, EDPM and Resources.

BACKLOG BY TYPES OF CONTRACTS

The following tables show the amounts and proportions of reimbursable and engineering services contracts, standardized EPC contracts and LSTK construction contracts included in each segment's backlog as at March 31, 2021, December 31, 2020 and March 31, 2020:

AT MARCH 31, 2021 (IN MILLIONS \$)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS		STANDARDIZED EPC CONTRACTS		LSTK CONSTRUCTION CONTRACTS	
BY SEGMENT						
EDPM	\$ 2,927.2	100 %	\$ —	— %	\$ —	— %
Nuclear	836.4	95 %	—	— %	45.3	5 %
Infrastructure Services	6,165.5	85 %	1,109.4	15 %	—	— %
SNCL Engineering Services - Total	\$ 9,929.1	90 %	\$ 1,109.4	10 %	\$ 45.3	— %
Resources	\$ 136.2	73 %	\$ —	— %	\$ 51.3	27 %
Infrastructure EPC Projects	243.9	14 %	—	— %	1,545.3	86 %
SNCL Projects - Total	\$ 380.1	19 %	\$ —	— %	\$ 1,596.6	81 %
PS&PM - Total	\$ 10,309.3	79 %	\$ 1,109.4	8 %	\$ 1,641.9	13 %
Capital	\$ 153.4	100 %	\$ —	— %	\$ —	— %
Total from continuing operations	\$ 10,462.7	79 %	\$ 1,109.4	8 %	\$ 1,641.9	12 %

AT DECEMBER 31, 2020 (IN MILLIONS \$)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS		STANDARDIZED EPC CONTRACTS		LSTK CONSTRUCTION CONTRACTS	
BY SEGMENT						
EDPM	\$ 2,864.4	100 %	\$ —	— %	\$ —	— %
Nuclear	840.0	94 %	—	— %	50.6	6 %
Infrastructure Services	5,997.4	84 %	1,101.1	16 %	—	— %
SNCL Engineering Services - Total	\$ 9,701.8	89 %	\$ 1,101.1	10 %	\$ 50.6	— %
Resources	\$ 89.3	55 %	\$ —	— %	\$ 72.3	45 %
Infrastructure EPC Projects	248.2	12 %	—	— %	1,765.8	88 %
SNCL Projects - Total	\$ 337.5	16 %	\$ —	— %	\$ 1,838.1	84 %
PS&PM - Total	\$ 10,039.3	77 %	\$ 1,101.1	8 %	\$ 1,888.7	14 %
Capital	\$ 158.7	100 %	\$ —	— %	\$ —	— %
Total from continuing operations	\$ 10,198.0	77 %	\$ 1,101.1	8 %	\$ 1,888.7	14 %

AT MARCH 31, 2020 ⁽¹⁾ (IN MILLIONS \$)	REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS		STANDARDIZED EPC CONTRACTS		LSTK CONSTRUCTION CONTRACTS	
BY SEGMENT						
EDPM	\$ 2,650.9	100 %	\$ —	— %	\$ —	— %
Nuclear	986.1	93 %	—	— %	71.0	7 %
Infrastructure Services	6,391.0	88 %	866.3	12 %	—	— %
SNCL Engineering Services - Total	\$ 10,028.0	91 %	\$ 866.3	8 %	\$ 71.0	1 %
Resources	\$ 76.0	35 %	\$ —	— %	\$ 142.8	65 %
Infrastructure EPC Projects	—	— %	—	— %	2,582.2	100 %
SNCL Projects - Total	\$ 76.0	3 %	\$ —	— %	\$ 2,725.0	97 %
PS&PM - Total	\$ 10,104.0	73 %	\$ 866.3	6 %	\$ 2,796.0	20 %
Capital	\$ 171.9	100 %	\$ —	— %	\$ —	— %
Total from continuing operations	\$ 10,275.9	74 %	\$ 866.3	6 %	\$ 2,796.0	20 %

⁽¹⁾ 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 and, furthermore, comparative figures have been re-presented as a result of an operation discontinued during the current year (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

BACKLOG PHASING

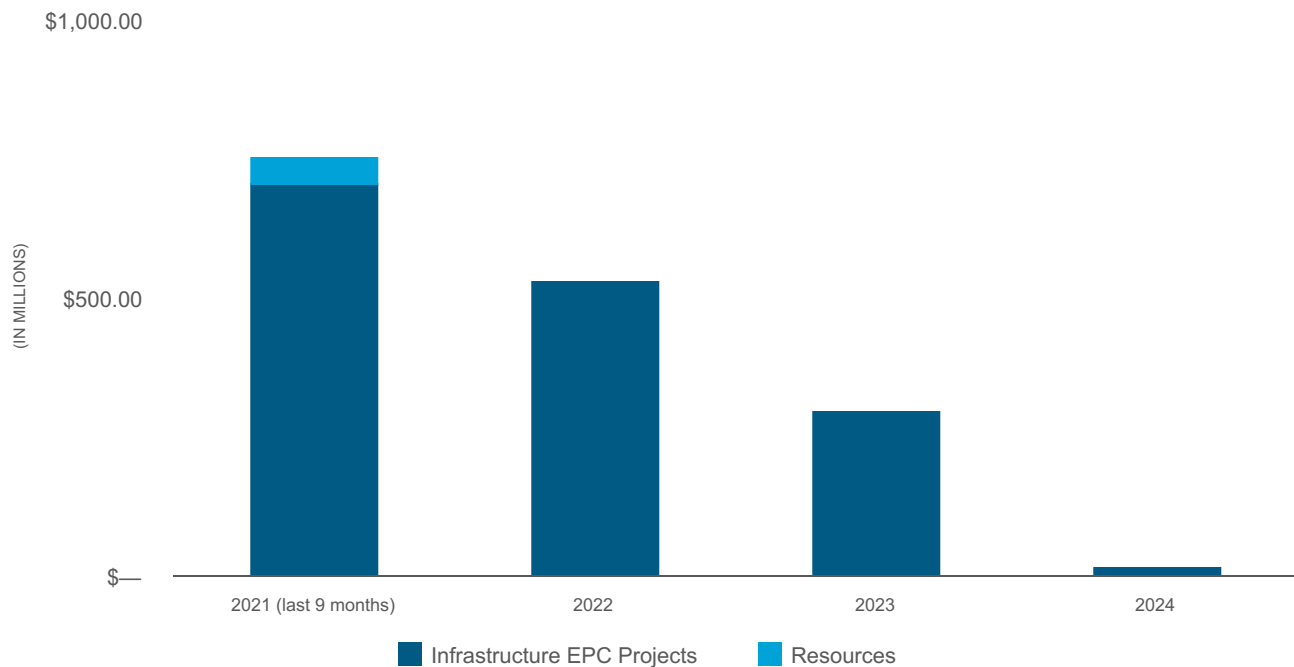
The LSTK construction contracts included in the backlog of the Resources and Infrastructure EPC Projects segments have expected completions varying between 2021 and 2024. The Company will fulfill the contractual obligations of its current LSTK construction projects. It may be necessary for the Company to accept change orders under existing LSTK construction contracts, which may temporarily extend the performance timeframe of such contracts.

In addition, a number of project contracts, particularly in the Resources and Infrastructure EPC Projects segments, as well as in discontinued operations, have warranty periods and/or outstanding claims, that may result in costs or legal proceedings that extend beyond the actual performance and completion dates of the projects. Please refer to Note 12 to the Company’s unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021.

Most of the backlog from LSTK construction contracts in these segments is derived from the following projects: Réseau Express Métropolitain (REM), Trillium Line Extension (Trillium), and Eglinton LRT. The REM project was temporarily suspended towards the end of the first quarter of 2020 due to the COVID-19 pandemic, but was authorized to resume in the second quarter of 2020. The Eglinton and Trillium projects remained open throughout 2020. All three projects have been negatively affected, and continue to be negatively affected, by revised working conditions due to COVID-19 related impact.

As such, while the backlog phasing presented below incorporates the Company’s best estimates, the timing of projects is subject to uncertainties. See Section 14, “Risks and Uncertainties” of the 2020 Annual MD&A for a more specific overview of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.

BACKLOG PHASING – LSTK construction contracts



6 Liquidity and Capital Resources

This section has been prepared to provide the reader with a better understanding of the major components of the Company's liquidity and capital resources and has been structured as follows:

- A **cash flow analysis**, providing details on how the Company generated and used its cash and cash equivalents;
- A discussion of the Company's **capital resources**;
- A description of the Company's **debt and financing agreements** and its **capital management indicators**;
- An update on the Company's **credit ratings**;
- The presentation of the Company's **dividends declared**;
- A review of the Company's **contractual obligations** and **financial instruments**, which provides additional information for a better understanding of the Company's financial situation; and
- A discussion of the Company's **financial position** as at March 31, 2021, compared with its financial position as at December 31, 2020.

6.1 CASH FLOWS ANALYSIS

SUMMARY OF CASH FLOWS

THREE MONTHS ENDED MARCH 31 (IN MILLIONS \$)	2021	2020
Cash flows generated from (used for):		
Operating activities	\$ 5.6	\$ 23.4
Investing activities	(25.7)	(56.6)
Financing activities	(205.5)	939.4
Decrease from exchange differences on translating cash and cash equivalents	(4.7)	7.5
Net increase (decrease) in cash and cash equivalents	\$ (230.2)	\$ 913.7
Cash and cash equivalents at beginning of period	932.9	1,188.6
Cash and cash equivalents at end of period	\$ 702.7	\$ 2,102.3

Cash and cash equivalents decreased by \$230.2 million for the first quarter of 2021, compared with an increase of \$913.7 million for the first quarter of 2020, as discussed further below.

OPERATING ACTIVITIES

Net cash generated from operating activities totaled \$5.6 million for the first quarter of 2021, compared with net cash generated from operating activities of \$23.4 million in 2020, a variance reconciled as follows:

(IN MILLIONS \$)	THREE-MONTH PERIOD	
Net cash generated from operating activities for the first three months of 2020	\$	23.4
Changes between the first three months of 2021 and first three months of 2020:		
Increase in net income		136.5
Decrease in income taxes paid		17.3
Increase in income taxes recognized in net income		15.5
Decrease in net financial expenses recognized in net income		(1.2)
Lower depreciation of property and equipment and amortization of other non-current non-financial assets		(18.9)
Decrease in interest paid		2.6
Decrease in income from Capital investments accounted for by the equity method		25.3
Decrease in dividends and distributions received from Capital investments accounted for by the equity method		(18.2)
Net impairment loss on remeasurement of assets held for sale to fair value less cost to sell		0.9
Lower net change in provisions related to forecasted losses on certain contracts		(8.4)
Decrease in restructuring and transformation costs paid		22.9
Change in loss (gain) arising on financial asset (liabilities) at fair value through profit or loss		(66.1)
Other items		(81.7)
Changes in the net cash used for operating activities before net change in non-cash working capital items	\$	26.7
Variance from net change in non-cash working capital items		(44.4)
Net cash generated from operating activities for the first three months of 2021	\$	5.6

- As detailed in Note 9B to the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021, **changes in non-cash working capital items used net cash of \$42.0 million for the first quarter of 2021**, compared with net cash generated of \$2.4 million in the corresponding period of 2020. This difference mainly reflected an unfavourable variance in contract liabilities, trade receivable and other current financial liabilities, partially offset by a favourable variance mainly in contract assets and other current financial assets.
- From a business line perspective, SNCL Engineering Services generated \$118.1 million of cash from operating activities in the first quarter of 2021 compared to \$142.3 million in the first quarter of 2020, while SNCL Projects used \$123.6 million of cash from operating activities during the same period compared to \$65.7 million used in the first quarter of 2020. Discontinued operations generated \$28.8 million of cash from operating activities in the first quarter of 2021 compared to \$115.3 million of cash used from operating activities in the first quarter of 2020, while the remaining amount relates to Capital, corporate activities and items not allocated to the Company's segments or to discontinued operations.

INVESTING ACTIVITIES

Net cash used for investing activities amounted to \$25.7 million for the first quarter of 2021, compared with net cash used for investing activities of \$56.6 million for the first quarter of 2020, a variance reconciled as follows:

(IN MILLIONS \$)	THREE-MONTH PERIOD	
Net cash used for investing activities for the first three months of 2020	\$	(56.6)
Changes between the first three months of 2021 and first three months of 2020:		
Decrease in acquisition of property and equipment		5.5
Decrease in payments for Capital investments		46.8
Unfavourable variance in change in restricted cash position		(26.6)
Lower increase in receivables under service concession arrangements, net of recovery		20.7
Other items		(15.5)
Net cash used for investing activities for the first three months of 2021	\$	(25.7)

- For the first quarter of 2021, payments for Capital investments amounted to \$nil, compared with \$46.8 million for the corresponding period of 2020. The payments made for the first quarter of 2020 included mainly the contribution made to Signature on the Saint-Laurent Group General Partnership.

FINANCING ACTIVITIES

Net cash used for financing activities totaled \$205.5 million for the first quarter of 2021, compared with net cash generated from financing activities of \$939.4 million for the first quarter of 2020, a variance reconciled as follows:

(IN MILLIONS \$)	THREE-MONTH PERIOD
Net cash generated from financing activities for the for the first three months of 2020	\$ 939.4
Changes between the first three months of 2021 and first three months of 2020:	
Higher repayment of recourse debt	(177.2)
Lower increase in recourse debt	(1,000.0)
Lower repayment of non-recourse debt	20.1
Higher increase in non-recourse debt	4.9
Decrease in payment of dividends to SNC-Lavalin shareholders	3.5
Lower increase in other non-current financial liabilities	(2.7)
Other items	6.5
Net cash used for financing activities for the first three months of 2021	\$ (205.5)

- The changes in cash flows related to financing activities between the first quarters of 2021 and 2020 were primarily explained by the elements in the table above. Notably, the following transactions on recourse debt and non-recourse debt took place during these periods:
 - In the first quarter of 2021, SNC-Lavalin repaid in full at maturity the Series 3 Debentures for an aggregate principal amount of \$175.0 million.
 - In the first quarter of 2020, the Company drew down \$1.0 billion under its committed revolving facility (the "Credit Agreement") in order to secure access to liquidity while financial markets were facing challenges at the onset of the COVID-19 pandemic. The Company subsequently repaid this draw-down in full.
- The Company also provides a reconciliation between the opening and closing balances in its statement of financial position for liabilities arising from financing activities for the first quarters ended March 31, 2021 and 2020 in Note 9C to its unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021.
- The Company did not issue and did not repurchase any shares during either of first quarters of 2021 or 2020. The number of common shares outstanding as at May 5, 2021 was 175,554,252.
- No dividend was paid during the first quarter of 2021**, as compared to \$3.5 million of dividends paid in the first quarter of 2020, as the first quarter of 2021 dividends were declared on March 23, 2021 but paid on April 6, 2021. In the first quarter of 2020, the dividends were declared and paid before March 31, 2020.

6.2 CAPITAL RESOURCES

(IN MILLIONS \$)	MARCH 31 2021	DECEMBER 31 2020
Cash and cash equivalents	\$ 702.7	\$ 932.9
Unused portion of committed revolving credit facilities ^{(1), (2)}	1,996.5	2,394.7
Available short-term capital resources	\$ 2,699.2	\$ 3,327.6

⁽¹⁾ Including cash draws and letters of credit issued on a committed basis, but excluding bilateral letters of credit that can be issued on a non-committed basis.

⁽²⁾ Before considering potential limitations resulting from contractual covenants.

As at March 31, 2021, the Company has a committed revolving facility of \$2,600 million under its Credit Agreement (December 31, 2020: \$2,600 million), of which \$1,996.5 million was unused, and uncommitted credit facilities by way of bilateral letters of credit.

While liquidity remains subject to numerous risks, uncertainties and limitations, including but not limited to the risks described in Section 14 “Risks and Uncertainties” of the 2020 Annual MD&A and in this Section, the Company believes that its current liquidity position, including its cash position, unused credit capacity and cash generated from its operations, should be sufficient to fund its operations over the foreseeable future. However, the ongoing COVID-19 pandemic has created and continues to create an environment and circumstances in which it is difficult to anticipate future economic and financial conditions and access to capital, credit and financial markets and, as such, statements regarding the Company’s future liquidity are uncertain and subject to the risks and uncertainties relating to the COVID-19 pandemic. See also Section 14, “Risks and Uncertainties” of the 2020 Annual MD&A, for a more specific overview of the risks and uncertainties relating to the Company caused by the COVID-19 pandemic.

In addition, due to the nature of the Company’s activities and the fact that its operations are conducted through multiple entities and joint arrangements on an international level, the Company’s cash and cash equivalents are distributed across numerous locations. In order to manage its cash needs and reserves, the Company is part of various cash pooling agreements with financial institutions and may transfer cash balances between subsidiaries, joint arrangements or investees or use credit facilities to meet the capital requirements of certain projects or other cash disbursements.

6.3 DEBT AND FINANCING AGREEMENTS

NON-RECOURSE DEBT, LIMITED RECOURSE DEBT AND RECOURSE DEBT

The Company does not consider non-recourse and limited recourse debt when monitoring its capital because such debt results from the consolidation of certain Capital investments or holding entities held by the Company. As such, the lenders of such debt do not have recourse to the general credit of the Company, but rather to the specific assets of the Capital investments or investment in Capital investments they finance. The Company’s investments and underlying assets in its Capital investments accounted for by the consolidation or equity methods may be at risk, if such investments or holding entities were unable to repay their long-term debt.

The Company was required to maintain, as at March 31, 2021, a ratio of net recourse debt to EBITDA not to exceed: (a) 3.75x under the Company’s Credit Agreement; and (b) 3.50x under the loan agreement, dated as of April 20, 2017, between SNC-Lavalin Highway Holdings Inc., an indirect wholly-owned subsidiary of the Company (“Highway Holdings”), and CDPQ Revenu Fixe Inc. (“CDPQ RF”), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec (as amended, restated or otherwise modified, from time to time, the “CDPQ Loan Agreement” and the limited recourse loan established thereunder, the “CDPQ Loan”). As at March 31, 2021, the ratio of the Company’s net recourse debt to EBITDA, as calculated under both the Credit Agreement and the CDPQ Loan Agreement, was 1.8x and, as such, the Company was in compliance with its financial ratio covenants under such agreements.

The terms “net recourse debt” and “EBITDA” are defined in the Credit Agreement and in the CDPQ Loan Agreement and do not correspond to the specific terms used in this MD&A. Furthermore, such ratio is calculated using certain financial information not disclosed in the Company’s unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021 or in this MD&A. For example, the ratio includes the amount of down-payments on contracts totaling \$198.8 million as at March 31, 2021 (December 31, 2020: \$226.1 million) and the amount of outstanding financial letters of credit totaling \$101.6 million as at March 31, 2021 (December 31, 2020: \$101.6 million) as part of the net recourse debt calculation.

REPAYMENT OF SERIES 3 DEBENTURES

In the first quarter of 2021, SNC-Lavalin repaid in full at maturity the Series 3 Debentures for an aggregate principal amount of \$175.0 million.

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.

6.4 CAPITAL MANAGEMENT INDICATORS

The Company periodically monitors capital using certain ratios, which are described further below.

CASH NET OF RECOURSE DEBT (NET RECOURSE DEBT)

Cash net of recourse debt (Net recourse debt) is a non-IFRS financial measure. A definition of this financial measure is provided in Section 9.

(IN MILLIONS \$)	March 31 2021	December 31 2020
Cash and cash equivalents	\$ 702.7	\$ 932.9
Less:		
Cash and cash equivalents of Capital investments accounted for by the consolidation method	3.1	1.9
Recourse debt:		
Short-term debt and current portion of long-term debt	—	175.0
Long term debt	996.3	996.0
Net recourse debt	\$ (296.7)	\$ (240.0)

- **Net recourse debt as at March 31, 2021 was \$296.7 million**, compared with Net recourse debt of \$240.0 million as at December 31, 2020, mainly resulting from a decrease in cash and cash equivalents as explained in Section 6.1.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY ("ROASE")

ROASE is a non-IFRS financial measure. A definition of this financial measure is provided in Section 9. **ROASE was -30.9% for the 12-month period ended March 31, 2021**, compared with 9.7% for the corresponding period of 2020.

6.5 CREDIT RATING

On February 10, 2021, DBRS placed the Company's Issuer Rating and Unsecured Debentures rating, both currently rated BB (high), Under Review with Negative Implications. On April 22, 2021, DBRS confirmed its BB (high) rating and removed it from Under Review with Negative Implications. DBRS considers that the agreement to sell the Company's Oil and Gas business allows for a relatively clean exit from its active contracts and the ongoing warranty obligations of former contracts. For DBRS, the sale is also an important milestone in achieving the strategic initiative of focusing on core Engineering Services business. The rating confirmation is supported by the Company's comfortable liquidity position and a largely unused revolving credit facility, as well as, the Company's portfolio of Capital investments. DBRS integrated its methodology "Rating Companies in the Services Industry" into the Company's rating, along with the methodology "Rating Companies in the Construction and Property Development Industry", which better aligns the risk profile with the strategic direction to exit LSTK construction contracts. DBRS notes the modestly improved business risk assessment of the Company with this incorporation.

In the first quarter of 2021, the BB+ rating with a negative outlook from S&P remained unchanged.

6.6 DIVIDENDS DECLARED

Quarterly cash dividends of \$0.02 per share were declared on March 23, 2021 and were paid on April 6, 2021 compared with quarterly cash dividends of \$0.02 per share declared and paid in the first quarter of 2020.

6.7 CONTRACTUAL OBLIGATIONS

Details of the Company's various contractual obligations are provided in Section 8.8 of the Company's 2020 Annual MD&A. In the first quarter of 2021, there was no material change to the Company's contractual obligations.

6.8 FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments, and their related risk management, are described in Note 30 to the 2020 Annual Financial Statements as updated in Note 11 to its unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021. In the first quarter of 2021, there was no material change to the nature of risks arising from financial instruments, related risk management or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on the Company's consolidated statement of financial position.

6.9 FINANCIAL POSITION

The following is an analysis of the changes to the Company's financial position between December 31, 2020 and March 31, 2021.

(IN MILLIONS \$)	March 31 2021	December 31 2020	CHANGE (\$)	EXPLANATIONS
Current assets	\$ 3,904.3	\$ 4,051.6	\$ (147.3)	The decrease in current assets was mainly due to a decrease in cash and cash equivalents and other current financial assets partially offset by an increase in other current non-financial assets and contract assets.
Non-current assets	6,188.4	6,288.7	(100.3)	The decrease in non-current assets was principally due to a decrease in deferred income tax asset.
Total assets	\$ 10,092.7	\$ 10,340.3	\$ (247.6)	
Current liabilities	\$ 4,112.2	\$ 4,274.4	\$ (162.3)	The decrease in current liabilities was mainly due to a decrease in short-term debt and current portion of long term debt and contract liabilities partially offset by an increase in other current financial liabilities and trade payables and accrued liabilities.
Non-current liabilities	3,317.2	3,497.1	(180.0)	The decrease in non-current liabilities was mainly due to a decrease in non-current portion of provisions and other non-current financial liabilities.
Total liabilities	\$ 7,429.3	\$ 7,771.6	\$ (342.2)	
Equity attributable to SNC-Lavalin shareholders	\$ 2,651.1	\$ 2,557.5	\$ 93.6	The increase was mainly due to an increase in retained earnings, in part from the net income for the period.
Non-controlling interests	12.3	11.2	1.1	Not a significant balance.
Total equity	\$ 2,663.3	\$ 2,568.7	\$ 94.6	
Total liabilities and equity	\$ 10,092.7	\$ 10,340.3	\$ (247.6)	

WORKING CAPITAL

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	MARCH 31 2021	DECEMBER 31 2020	CHANGE (\$)	EXPLANATIONS
Working Capital ⁽¹⁾	\$ (207.9)	\$ (222.9)	\$ 15.0	Working capital and current ratio remained in line with the level at December 31, 2020.
Current Ratio ⁽¹⁾	0.95	0.95	—	

⁽¹⁾ Additional IFRS financial measures. Please refer to Section 9 for further information on these financial measures.

7 Related Party Transactions

The Company discloses information on its related party transactions, as defined in IAS 24, *Related Party Disclosures*, in Note 10 to its unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021.

8 Accounting Policies and Changes

Please refer to Note 2 to the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2021 for more information regarding the Company's significant accounting policies and changes, including the changes made to comparative figures as described below. 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 resulting in the restatement of prior period figures

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.

9

Non-IFRS Financial Measures, Additional IFRS Measures and Other Non-Financial Information

The following section provides information regarding non-IFRS financial measures, additional IFRS measures and other non-financial information used by the Company to analyze and evaluate its results. 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 and other non-financial information 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 and non-financial information 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.

9.1 Performance

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 [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.

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 Note 33 to the 2020 Annual Financial Statements, 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 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 [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.

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, as well as income taxes and non-controlling interests 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 [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.

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.

EBIT is an indicator of the entity's capacity to generate earnings from continuing operations before income taxes and before taking into account management's financing decisions. Accordingly, EBIT is defined as earnings from continuing operations before net financial expenses (income) and income taxes. Refer to [Section 9.3](#) for a reconciliation of EBIT to net income (loss) from continuing operations as determined under IFRS.

EBITDA is defined as earnings from continuing operations before net financial expenses (income), income taxes, depreciation and amortization. As such, this financial measure allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. Refer to [Section 9.3](#) for a reconciliation of EBITDA to net income (loss) from continuing operations as determined under IFRS.

Return on Average Shareholders' Equity ("ROASE") corresponds to the trailing 12-month net income (loss) attributable to SNC-Lavalin shareholders, divided by a trailing 13-month average equity attributable to SNC-Lavalin shareholders, excluding "other components of equity". The Company excludes "other components of equity" because this element of equity results in part from the translation into Canadian dollars of its foreign operations having a different functional currency, and from the accounting treatment of cash flow hedges, including its accumulated share of other comprehensive income (loss) of investments accounted for by the equity method. These amounts are not representative of the way the Company evaluates the management of its foreign currency risk and interest risk. The Company believes that this financial measure is useful to compare its profitability to a measure of equity that excludes certain elements prone to volatility.

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 [Section 4](#).

Segment Adjusted EBITDA is a supplemental measure derived from Segment Adjusted EBIT and used by management to evaluate the performance of the Company's segments but excluding certain items related to investing activities, through the exclusion of depreciation and amortization from direct costs of activities. Management believes that this measure is used by certain securities analysts and investors when comparing the Company's performance against competitors. See the reconciliation of Segment Adjusted EBITDA to Segment Adjusted EBIT in [Section 9.3](#), whereas the Segment Adjusted EBIT is reconciled to net income (loss) in [Section 4](#).

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

Adjusted EBITDA to revenue ratio is a measure used to analyze the profitability of the Company and facilitate period-to-period comparisons, as well as comparison with peers. This financial measure is calculated by dividing the amount of Adjusted EBITDA of a given period to the amount of revenue for the same period: Such financial measure is provided on a consolidated basis and also separately for PS&PM activities, as the Company believes that such measure is useful since these PS&PM activities are analyzed separately by the Company.

9.2 Liquidity

Days Sales Outstanding (“DSO”) for the EDPM segment corresponds to the average number of days needed to convert the trade receivables and contract assets of the EDPM segment, all using a 12 month average balance; the result is then divided by the 12 month average revenue of the segment and multiplied by 365 days, in order to calculate a number of days. The Company tracks this metric closely to ensure timely collection and healthy liquidity from the EDPM segment. The Company believes this measure is useful to investors as it demonstrates this segment’s ability to timely convert its earned revenue into cash.

Net recourse debt (or Cash net of recourse debt) corresponds to cash and cash equivalents, less cash and cash equivalents from Capital investments accounted for by the consolidation method and the Company’s recourse debt. It provides a view of the Company’s liquidity compared to its indebtedness, excluding the liquidity and debt of non-recourse financing. As such, it is believed to be helpful when analyzing the Company’s liquidity. Refer to **Section 6.4** for a reconciliation of Cash net of recourse debt (or Net recourse debt) to cash and cash equivalents as determined under IFRS.

Working capital corresponds to the amount of the Company’s total current assets minus its total current liabilities and the **Current ratio** corresponds to the Company’s total current assets divided by its total current liabilities. Both measures are used to compare the Company’s current assets with its current liabilities and are believed to be useful metrics in analyzing the Company’s liquidity.

9.3 Reconciliations

The tables below provide a quantitative reconciliation between certain non-IFRS measures to the most comparable measure specified under IFRS:

FIRST QUARTERS ENDED MARCH 31 (IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	2021		2020 ⁽¹⁾	
	Diluted EPS in \$		Diluted EPS in \$	
Net income (loss)	\$	74.0	\$	(62.5)
Less:				
Discontinued operations		5.3		(66.9)
Non-controlling interests		0.9		3.4
Net income attributable to SNC-Lavalin shareholders from continuing operations	\$	67.7	\$	0.9
		\$ 0.39		\$ 0.01
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		—		57.2
Adjustment to provision for the Pyrrhotite Case litigation		—		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 interests on adjustments above		(5.4)		(18.4)
Total adjustments	\$	22.4	\$	89.7
		\$ 0.13		\$ 0.51
Adjusted net income attributable to SNC-Lavalin shareholders	\$	90.1	\$	90.7
		\$ 0.51		\$ 0.52
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
Total adjustments to exclude Capital	\$	(6.7)	\$	(29.6)
		\$ (0.04)		\$ (0.17)
Adjusted net income attributable to SNC-Lavalin shareholders from PS&PM	\$	83.4	\$	61.1
		\$ 0.48		\$ 0.35

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

FIRST QUARTERS ENDED MARCH 31 (IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	2021	2020 ⁽¹⁾
Net income from continuing operations	\$ 68.7	\$ 4.4
Net financial expenses	31.2	31.9
Income taxes	3.6	(21.4)
EBIT	\$ 103.5	\$ 14.9
Depreciation and amortization	\$ 44.6	\$ 48.5
Amortization of intangible assets related to business combinations	23.3	40.5
EBITDA	\$ 171.4	\$ 103.8
(as % of Revenues)	9.4 %	5.6 %
Restructuring and transformation costs	\$ 4.9	\$ 0.5
Fair value revaluation of the Highway 407 ETR contingent consideration receivable	—	57.2
Adjustment to provision for the Pyrrhotite Case litigation	—	10.0
Gain on remeasurement of assets of disposal group classified as held for sale to fair value less cost to sell	(0.5)	—
Adjusted EBITDA	\$ 175.8	\$ 171.5
(as % of Revenues)	9.7 %	9.2 %
Net (income) loss from Capital	\$ (6.7)	\$ 20.0
Fair value revaluation of the Highway 407 ETR contingent consideration receivable from Capital	—	(57.2)
Net financial expenses from Capital	(4.2)	(4.3)
Income taxes from Capital	(0.8)	6.5
Total adjustments to exclude Capital	\$ (11.7)	\$ (35.0)
Adjusted EBITDA from PS&PM	\$ 164.1	\$ 136.5
(as % of Revenues from PS&PM)	9.1 %	7.5 %

⁽¹⁾ Comparative figures have been re-presented as a result of an operation discontinued in 2020 (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

FIRST QUARTERS ENDED MARCH 31 (IN MILLIONS \$)	2021			2020 ⁽²⁾		
BY SEGMENT	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA	SEGMENT ADJUSTED EBIT	DEPRECIATION AND AMORTIZATION	SEGMENT ADJUSTED EBITDA
EDPM	\$ 80.6	\$ 22.3	\$ 102.8	\$ 57.5	\$ 25.5	\$ 83.0
Nuclear	31.8	2.7	34.6	36.7	3.0	39.7
Infrastructure Services	20.4	2.5	22.9	17.3	2.5	19.8
SNCL Engineering Services - Total	\$ 132.8	\$ 27.5	\$ 160.3	\$ 111.5	\$ 31.0	\$ 142.6
Resources	\$ 2.3	\$ 2.6	\$ 4.9	\$ (1.9)	\$ 3.1	\$ 1.1
Infrastructure EPC Projects	(10.5)	3.5	(7.0)	3.8	4.4	8.1
SNCL Projects - Total	\$ (8.2)	\$ 6.1	\$ (2.1)	\$ 1.8	\$ 7.4	\$ 9.3
PS&PM - Total	\$ 124.6	\$ 33.6	\$ 158.2	\$ 113.4	\$ 38.5	\$ 151.9
Capital	\$ 18.7	\$ —	\$ 18.7	\$ 42.0	\$ —	\$ 42.1
Total from continuing operations	\$ 143.3	\$ 33.6	\$ 176.9	\$ 155.4	\$ 38.5	\$ 193.9

⁽²⁾ 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 and, furthermore, comparative figures have been re-presented as a result of an operation discontinued during the current year (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).

10 Risks and Uncertainties

The risks and uncertainties and risk management practices of the Company described in Section 14 of the 2020 Annual MD&A have not materially changed in the first quarter of 2021.

11 Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") of the Canadian securities regulatory authorities.

The CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that:

- Material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2021 and ended on March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

12 Quarterly Information

(IN MILLIONS \$, EXCEPT AS OTHERWISE NOTED)	2021	2020 ⁽¹⁾				2019 ⁽¹⁾		
	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER
Continuing operations								
Revenues:								
SNCL Engineering Services ⁽¹⁾	1,515.1	1,523.0	1,447.7	1,469.5	1,534.8	1,573.6	1,501.9	1,499.8
SNCL Projects	282.9	152.3	294.5	168.9	287.5	357.8	346.1	262.3
Capital ⁽¹⁾	21.7	22.6	38.9	21.6	46.2	36.2	79.6	74.7
Total Revenues	1,819.7	1,697.9	1,781.1	1,660.0	1,868.5	1,967.6	1,927.6	1,836.8
EBIT	103.5	(372.7)	87.4	(21.5)	14.9	(132.9)	3,156.5	(122.5)
Net financial expenses	31.2	27.5	28.7	25.9	31.9	28.4	41.7	92.7
Earnings (loss) before income taxes from continuing operations	72.3	(400.2)	58.7	(47.5)	(17.0)	(161.3)	3,114.9	(215.2)
Income taxes	3.6	(80.5)	66.9	(24.0)	(21.4)	15.0	324.2	(24.4)
Net income (loss) from continuing operations	68.7	(319.7)	(8.1)	(23.5)	4.4	(176.3)	2,790.6	(190.8)
Net loss from discontinued operations	5.3	(379.8)	(76.3)	(86.3)	(66.9)	(112.7)	(34.0)	(1,927.9)
Net income (loss)	74.0	(699.5)	(84.4)	(109.9)	(62.5)	(289.0)	2,756.6	(2,118.7)
Net income (loss) attributable to:								
SNC-Lavalin shareholders	73.0	(702.7)	(85.1)	(111.6)	(66.0)	(292.9)	2,756.7	(2,118.3)
Non-controlling interests	0.9	3.3	0.7	1.8	3.4	3.9	(0.1)	(0.4)
Net income (loss)	74.0	(699.5)	(84.4)	(109.9)	(62.5)	(289.0)	2,756.6	(2,118.7)
Basic earnings (loss) per share (\$)	0.42	(4.00)	(0.48)	(0.64)	(0.38)	(1.67)	15.70	(12.07)
Diluted earnings (loss) per share (\$)	0.42	(4.00)	(0.48)	(0.64)	(0.38)	(1.67)	15.70	(12.07)
Net income (loss) from continuing operations attributable to:								
SNC-Lavalin shareholders	67.7	(322.9)	(8.8)	(25.3)	1.0	(180.2)	2,790.7	(190.4)
Non-controlling interests	0.9	3.3	0.7	1.8	3.4	3.9	(0.1)	(0.4)
Net income (loss) from continuing operations	68.7	(319.7)	(8.1)	(23.5)	4.4	(176.3)	2,790.6	(190.8)
Basic earnings (loss) per share from continuing operations (\$)	0.39	(1.84)	(0.05)	(0.14)	0.01	(1.03)	15.90	(1.08)
Diluted earnings (loss) per share from continuing operations (\$)	0.39	(1.84)	(0.05)	(0.14)	0.01	(1.03)	15.90	(1.08)
Dividend declared per share (\$)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.10

⁽¹⁾ 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 and, furthermore, comparative figures have been re-presented as a result of an operation discontinued during the current year (Refer to Note 2 to the unaudited interim condensed consolidated financial statements of the first quarter ended March 31, 2021).