

Q4 & 2015 Year-End Earnings Call

We create  
communities.  
We are Stantec.

**STN**  
TSX · NYSE

 **Stantec**





# Cautionary Statement

Our public communications will contain non-IFRS measures and written or verbal forward-looking statements, including a discussion of our goals and our growth strategies. Certain information has been adjusted for the November 14, 2014, two-for-one share split. Figures for 2012 are restated for IFRS 10 and 11.

We caution readers not to place undue reliance on our forward-looking statements since a number of factors could cause actual future results to differ materially from the targets and expectations expressed.

For a discussion of risk factors and non-IFRS measures, see our 2015 Annual Report, which is available on SEDAR, EDGAR, and [www.stantec.com](http://www.stantec.com).



# Agenda

**Bob Gomes**

- Overview

**Dan Lefaivre**

- Financial Highlights

**Bob Gomes**

- Business Highlights
- 2016 Strategic Plan
- Outlook



# Overview



- Solid revenue growth despite economic challenges in some sectors
- Strong organic growth in Buildings and Infrastructure, offset by retraction in Energy & Resources
- Consistent execution of strategy

# Q4 2015 & Year-End Financial Highlights

	Q4 15	Q4 15 vs. Q4 14	2015	2015 vs. 2014
Gross revenue	\$710.4	9.7%	\$2877.2	13.7%
Gross margin*	54.1%	(1.5%)	54.5%	(0.4%)
Administrative & marketing*	43.7%	1.2%	41.6%	0.8%
EBITDA	\$54.6	(21.0%)	\$306.3	3.9%
Amortization of intangible assets*	1.5%	0.2%	1.6%	0.4%
Net income	\$25.3	(33.6%)	\$156.4	(4.9%)
Diluted EPS	\$0.27	(32.5%)	\$1.65	(5.2%)

In millions of Canadian dollars except for diluted EPS and percentages

\*As a % of net revenue

# 2015 Targets

Measure	2015 Target Range	Results Achieved	
Gross margin as a % of net revenue	Between 54% and 56%	54.5%	✓
Administrative and marketing expenses as a % of net revenue	Between 40% and 42%	41.6%	✓
<b>EBITDA as a % of net revenue</b>	<b>Between 13% and 15%</b>	<b>12.9%</b>	<b>x</b>
Net income as a % of net revenue	At or above 6%	6.6%	✓
<b>Return on equity</b>	<b>At or above 14%</b>	<b>12.9%</b>	<b>x</b>
Net debt to EBITDA	Below 2.5	0.94	✓





↑ 22.2%<sup>\*</sup> = \$2.2 Billion  
Increase in Backlog

↑ 7.1%<sup>\*</sup> = \$0.1125  
Increase in Quarterly Dividend Per Share

\* Year over year



# Business Highlights





# We continue to evolve

## Environmental Services



- Effective January 1, 2016
- Fourth Business Operating Unit
- Higher level of management and more visibility
- Enhances cross-selling abilities

# Acquisitions

**DESSAU  
ENGINEERING**

January 2015

**SPARLING INC.**

February 2015

**VI  
ENGINEERING**

July 2015

**VA  
CONSULTING**

August 2015

**FAY, SPOFFORD  
& THORNDIKE**

October 2015

The Infrastructure  
Americas Division of

**KBR**

December 2015

**VOA**

LOI

**BURY**

LOI

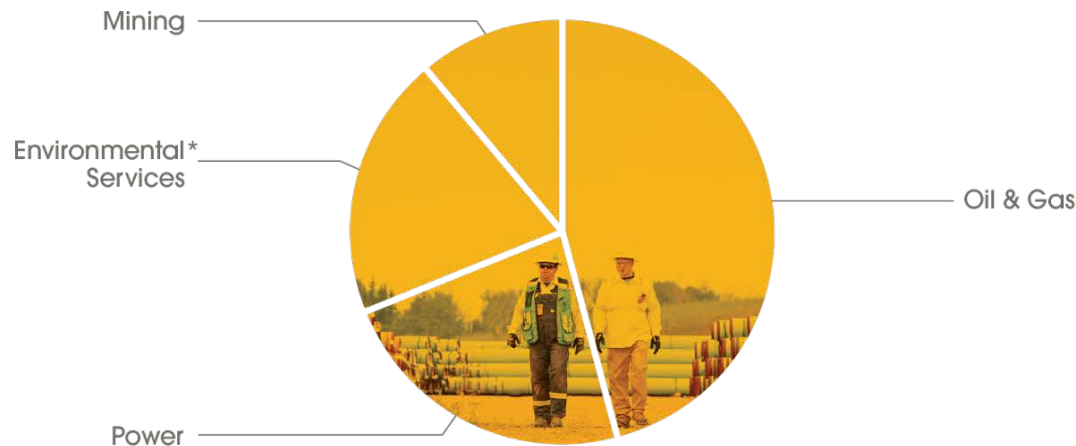


# Buildings



- 
- 5.6% organic revenue growth
  - Strong growth in Canada and International
  - Stable in the United States

# Energy & Resources



\*Environmental Services revenue generated from our Buildings and Infrastructure business operating units.

- 20.8% organic revenue retraction
- Retraction due to downturn in Oil & Gas and Mining sectors
- Maintained strong client relationships
- Growth in US Power sector



# Infrastructure



- 5.5% organic revenue growth
- Growth in all business lines
- Strong in US Transportation and Water in Canada and US

# 2016 Strategic Plan

Staying the course but evolving our approach to APD and acquisitions.

- **APD:** Continuing to explore our service delivery approach and risk appetite to meet clients' needs
- **Acquisitions:** Explore potential international acquisitions, including North American firms with international presence, over the next few years



# 2016 ROU Outlook

STN Overall	Canada	US	International
Stable	Stable	Moderate	Retraction
<p>↑ Public infrastructure spending in US</p> <p>↑ Government infrastructure spending in Canada</p> <p>↔ Energy and resource development</p>	<p>↑ Government infrastructure spending</p> <p>↔ Oil &amp; Gas</p> <p>↑ Opportunities in Quebec</p>	<p>↑ Infrastructure and Buildings opportunities</p> <p>↑ APD opportunities</p>	<p>↓ Expenditures in mining</p> <p>↑ Buildings in UK</p> <p>↑ Healthcare in the Middle East</p>

# 2016 BOU Outlook

Buildings	Energy & Resources	Environmental Services	Infrastructure
Moderate	Retraction	Stable	Moderate
<p>↑ Healthcare P3s, Commercial, and Education in Canada</p> <p>↑ Healthcare and Airports in US</p> <p>↔ Industrial Buildings in US</p> <p>↑ Healthcare in the Middle East and UK</p>	<p>↓ Mining</p> <p>↔ Oil &amp; Gas</p> <p>↔ Power</p>	<p>↑ Government focus on environment</p> <p>↑ Government commitment to infrastructure</p>	<p>↑ All business lines</p> <p>↑ Public infrastructure spending in Canada and US</p>



# Q&A

