

Q3 2017 Earnings Conference Call  
Thursday November 9<sup>th</sup>, 2017

# WE ARE BETTER TOGETHER



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.

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 2016 Annual Report and Q3 17 MD&A which are available on SEDAR, EDGAR, and [stantec.com](http://stantec.com).



# AGENDA

**Bob Gomes**  
Highlights

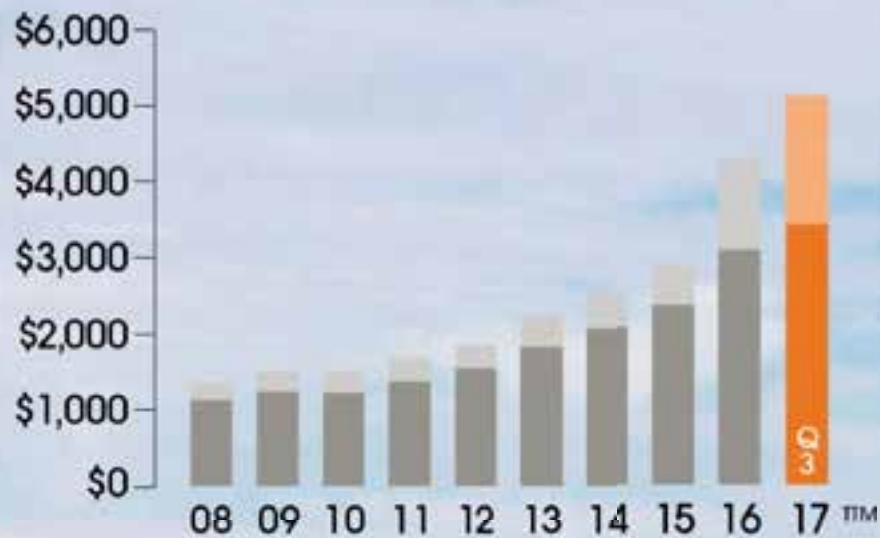
**Dan Lefaiivre**  
Summary of Financial Results

**Bob Gomes**  
Operational Highlights  
Outlook



# Q3 2017 HIGHLIGHTS

millions (C\$)



● Gross revenue  
● Net revenue

3.3%

Gross revenue increase  
in Q3 17 vs. Q3 16

6.0%

Overall organic gross revenue  
growth in Q3 17 vs. Q3 16



# FINANCIAL RESULTS

## Q3 17 FINANCIAL RESULTS

	Q3 17	Q3 16
Gross revenue	\$1,299.2	\$1,257.3
Gross margin <sup>(1)</sup>	53.6%	54.2%
Administrative and marketing expenses <sup>(1)</sup>	41.2%	41.1%
EBITDA <sup>(2)</sup>	\$106.8	\$113.1
Net income	\$46.2	\$49.3
Adjusted net income <sup>(2)</sup>	\$61.1	\$63.0

In millions of Canadian dollars except for percentages

(1) As a % of net revenue

(2) Non-IFRS measure defined in our 2016 Annual Report and Q3 17 Management's Discussion and Analysis.

## Q3 17 FINANCIAL RESULTS

	Q3 17	Q3 16
Diluted EPS	\$0.40	\$0.43
Adjusted EPS (diluted) <sup>(2)</sup>	\$0.54	\$0.55
Net debt to EBITDA <sup>(2)</sup>	1.38	3.09
Net debt to Adjusted EBITDA <sup>(2)</sup>	1.57	2.91
Cash dividends declared per common share	\$0.1250	

In millions of Canadian dollars except for share amounts and percentages

(1) Percent increase calculated based on the dollar change from the comparable period.

(2) Non-IFRS measure defined in our 2016 Annual Report and Q3 17 Management's Discussion and Analysis.

# 2017 TARGETS

Measure	2017 Target Range	Results Achieved YTD
Gross margin as a % of net revenue	Between 53% and 55%	53.7% ✓
Administrative and marketing expenses as a % of net revenue	Between 41% and 43%	42.2% ✓
EBITDA* as a % of net revenue	Between 11% and 13%	13.6% (11.5% without the impact of the Innovyze sale) ✓
Net income as a % of net revenue	At or above 5%	3.3% (5.0% without Innovyze impact and tax expense related to corporate reorganization) ✗

\*Non-IFRS measure defined in Q3 17 Management's Discussion and Analysis

✓ Met or performed better than target

✗ Did not meet target



# BUSINESS OVERVIEW



## ENERGY & RESOURCES

- Power
- Waterpower & Dams
- Mining
- Oil & Gas

\*Percent of Q3 17 YTD consulting services gross revenue

- Strong organic gross revenue growth of 5.7% in Q3 17 vs. Q3 16.
- Organic growth led by Power and Mining sectors.
- Retraction slowing in Oil & Gas sector.





### BUILDINGS

- Commercial
- Healthcare\*
- Education
- Airports & Aviation
- Civic
- Industrial
- Science & Technology

- Organic gross revenue growth of 3.0% in Q3 17 vs. Q3 16.
- Increased activities in Canadian Healthcare.



### INFRASTRUCTURE

- Roadways
- Community Development
- Transit & Rail
- Bridges

- Organic gross revenue growth of 2.8% in Q3 17 vs. Q3 16.
- Growth in Canadian Transportation sector.



### ENVIRONMENTAL SERVICES

- Water
- Oil & Gas
- Buildings
- Power
- Community Development
- Mining
- Transportation

- Organic gross revenue growth of 2.0% in Q3 17 vs. Q3 16.
- Increased opportunities in Global operations.



## WATER

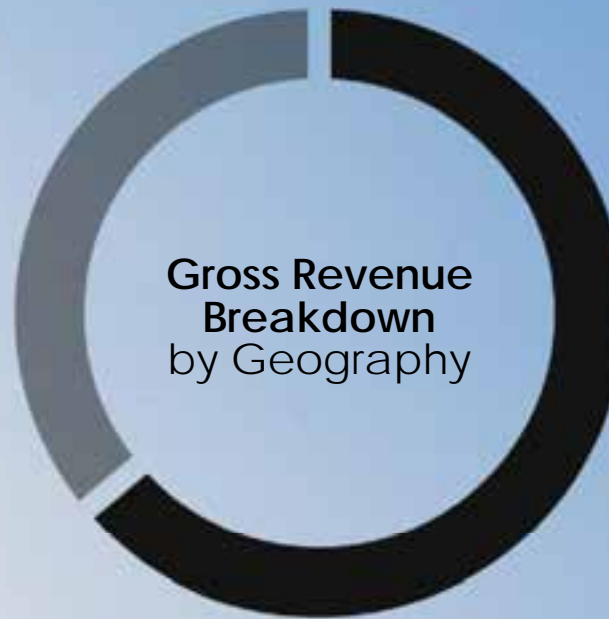
- Water Treatment
- Conveyance
- Wastewater Treatment
- Water Resources Planning & Management
- Wet Weather Flow & Urban Stormwater

\*Percent of Q3 17 YTD consulting services gross revenue

- Organic gross revenue retraction of 3.0% in Q3 17 vs. Q3 16.
- Year to date organic gross revenue growth.
- Retraction mainly caused by pauses in some projects, completion of others, and other project starts delayed.
- Growth opportunities in APD, client operations and maintenance, coastal restoration, and protection.



# CONSTRUCTION SERVICES



● 64% United States  
● 36% United Kingdom

**\$298 million**

Gross revenue in Q3 17

Focus on water and wastewater treatment facilities

UK working with private utility companies

US working almost exclusively in public sector

# MWH CONSULTING SERVICES INTEGRATION



MWH Americas  
project integration  
completed in Q2 17



Global integration  
planning underway



Full global  
integration  
expected in 2018



# 2017 OUTLOOK

Overall	Canada	US	Global
<ul style="list-style-type: none"> <li>↑ Long-term target of 15% gross revenue CAGR</li> <li>↑ Continued acquisition strategy</li> <li>↑ Strong backlog and client relationships</li> </ul>	<ul style="list-style-type: none"> <li>↑ Federal infrastructure spending</li> <li>↑ Transit, water and wastewater</li> <li>↔ Continued weakness in mining and oil and gas</li> <li>↓ Residential construction</li> </ul>	<ul style="list-style-type: none"> <li>↑ Expanding economy</li> <li>↑ Infrastructure spending</li> <li>↑ Water and wastewater</li> <li>↑ Transportation</li> </ul>	<ul style="list-style-type: none"> <li>↔ United Kingdom</li> <li>↑ New Zealand and Australia</li> <li>↑ Europe</li> <li>↑ Latin America</li> </ul>

# PROJECT BACKLOG

## \$3.8 billion gross revenue backlog

Grew organically but retracted due to foreign exchange

- ➔ Colorado Rockies West Lot  
(COLORADO, UNITED STATES)
- ➔ Oroville Dam Spillway Repair and Relicensing  
(CALIFORNIA, UNITED STATES)
- ➔ Go Transit expansion  
(ONTARIO, CANADA)
- ➔ 5-Year contract to provide civil engineering services for a Capital Improvement Program  
(KENTUCKY, UNITED STATES)
- ➔ Construction management services for the Williamette Water Supply Program  
(OREGON, UNITED STATES)
- ➔ Toronto's Hospital for Sick Children  
(ONTARIO, CANADA)
- ➔ Calgary Greenline LRT Corridor  
(ALBERTA, CANADA)
- ➔ Specialized technical studies for the Los Angeles Department of Water & Power  
(CALIFORNIA, UNITED STATES)
- ➔ Self-driving vehicle pilot project for the Hillsborough Transit Authority  
(FLORIDA, UNITED STATES)
- ➔ Design-build services for Apache Road Water Treatment Plant  
(ARIZONA, UNITED STATES)

# 2017 ACQUISITIONS

## **Inventrix Engineering, Inc.**

22 Employees

April 2017

Seattle, Washington

## **RNL Facilities Corporation**

130 Employees

July 2017

Denver, Colorado

## **North State Resources, Inc.**

60 Employees

October 2017

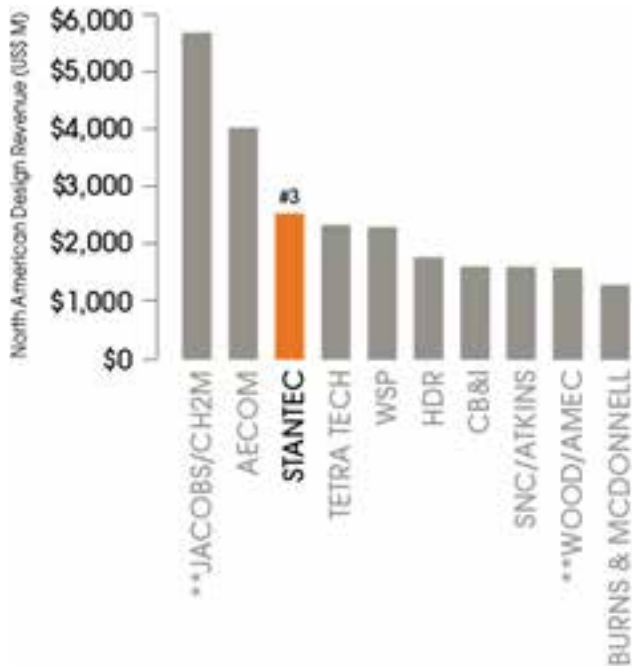
Redding, California



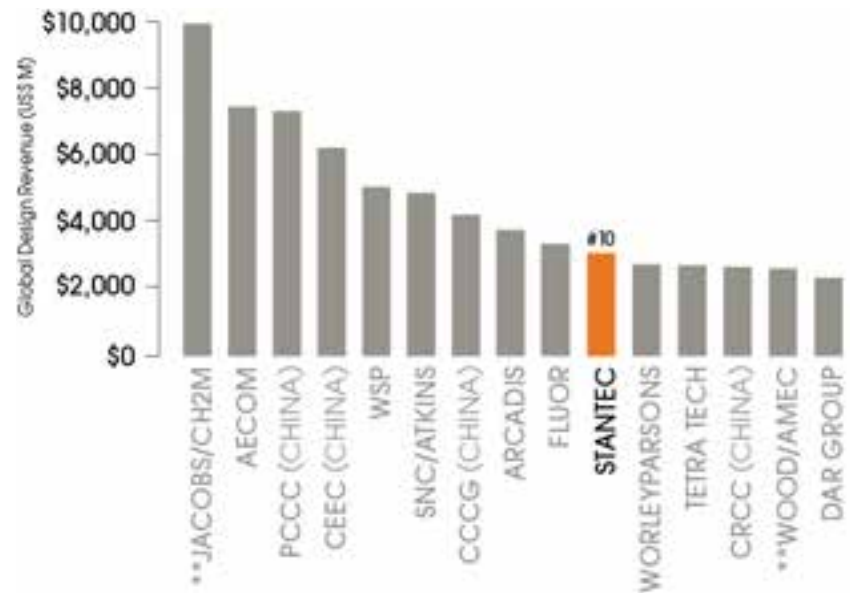


# TOP TEN GLOBAL DESIGN FIRM

Top North American Design Firms\*



Top 150 Global Design Firms\*



\*Source: Engineering News-Record and internal analyses

\*\*Deal has been announced but not closed

