



**Q3 2018**

Earnings Presentation

**STN**  
TSX · NYSE

**Refine.**



## Cautionary Statement

This presentation contains non-IFRS measures and forward-looking statements, including a discussion of our business targets, expectations and outlook.

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 2017 Annual Report and Q3 2018 MD&A, which are available on SEDAR, EDGAR, and [stantec.com](http://stantec.com).



# Agenda

**Gord Johnston**

Q3 18 Overview

**Dan Lefaiivre**

Financial Performance

**Gord Johnston**

Operational Highlights

# Q3 18 Overview

## CONSULTING SERVICES

**3.4%**

Organic Gross  
Revenue Growth

**2.4%**

Organic Net  
Revenue Growth

**21.3%**

Adjusted  
Net Income Growth

**\$0.60**

Adjusted  
Diluted EPS

## CONSTRUCTION SERVICES

Completed strategic review  
of Construction Services.

Closed sale of construction  
on November 2, 2018.

**(\$0.16)**

Adjusted  
Diluted EPS





# Financial Performance



# Q3 18 Financial Results

## Consulting Services – Net Revenue

<i>(In millions of Canadian dollars, except percentages)</i>	Q3 18	Q3 17	Total Change	Change Due to Net Acquisitions (Divestitures)	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
<b>Consulting Services</b>							
Canada	277.2	264.5	12.7	8.1	n/a	4.6	1.7%
United States	477.7	417.1	30.6	5.1	17.9	7.6	1.8%
Global	122.6	105.9	16.7	9.4	0.8	6.5	6.1%
<b>Total Consulting Services</b>	<b>847.5</b>	<b>787.5</b>	<b>60.0</b>	<b>22.6</b>	<b>18.7</b>	<b>18.7</b>	
<b>Percentage growth (retraction)</b>			<b>7.6%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>2.4%</b>	
<b>Consulting Services</b>							
Buildings	177.1	175.3	1.8	3.5	4.6	(6.3)	(3.6%)
Energy & Resources	133.4	99.2	34.2	7.1	1.4	25.7	25.9%
Environmental Services	124.6	116.7	7.9	3.3	2.6	2.0	1.7%
Infrastructure	234.3	224.5	9.8	7.2	5.7	(3.1)	(1.4%)
Water	178.1	171.8	6.3	1.5	4.4	0.4	0.2%
<b>Total Consulting Services</b>	<b>847.5</b>	<b>787.5</b>	<b>60.0</b>	<b>22.6</b>	<b>18.7</b>	<b>18.7</b>	
<b>Percentage growth (retraction)</b>			<b>7.6%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>2.4%</b>	

# Q3 18 Financial Results

## Consulting Services

	Q3 18	Q3 18	Q3 17	Q3 17
	\$	% of NR	\$	% of NR
<i>(In millions of Canadian dollars, except per share amounts and percentages)</i>				
Gross margin	455.2	53.7%	437.6	55.6%
Administrative and marketing expenses	343.5	40.5%	339.1	43.1%
EBITDA <sup>(1)</sup>	112.0	13.2%	99.1	12.6%
Adjusted EBITDA <sup>(1)</sup>	112.7	13.3%	99.2	12.6%
Net income	62.9	7.4%	42.6	56.4%
Adjusted net income <sup>(1)</sup>	68.4	8.1%	56.4	7.2%
Adjusted EPS (basic and diluted) <sup>(1)</sup>	0.60	n/a	0.50	n/a

<sup>(1)</sup> EBITDA, adjusted EBITDA, adjusted net income, and adjusted basic and diluted earnings per share (EPS) are non-IFRS measures discussed in the Definition section of our 2017 Annual Report and our Q3 18 Management's Discussion and Analysis.

# Q3 18 Financial Results

## Construction Services

	Q3 18 \$	Q3 18 % of NR	Q3 17 \$	Q3 17 % of NR
<i>(In millions of Canadian dollars, except per share amounts and percentages)</i>				
Gross revenue	278.0	512.0%	298.3	454.7%
Net revenue	54.3	100.0%	65.6	100.0%
Gross margin	4.9	9.0%	20.1	30.6%
EBITDA and adjusted EBITDA <sup>(1)</sup>	(12.8)	(23.6%)	7.7	11.7%
Adjusted EPS (basic and diluted) <sup>(1)</sup>	(0.16)	n/a	0.04	n/a

<sup>(1)</sup> EBITDA, adjusted EBITDA, and adjusted basic and diluted earnings per share (EPS) are non-IFRS measures discussed in the Definition section of our 2017 Annual Report and our Q3 18 Management's Discussion and Analysis.

## Q3 18 Project Impacts in Construction Services

	Q3 18 \$
<i>(In millions of Canadian dollars)</i>	
UK waste-to-energy projects	4.1
US legacy hard-bid projects	6.9
UK water projects	6.7
<b>Total</b>	<b>17.7</b>



# Q3 18 Financial Results

## Estimated Impact of Construction Services Transaction

	Q3 18 \$
<i>(In millions of Canadian dollars, except per share amounts)</i>	
Gross proceeds	102.6
Estimated transaction costs and working capital adjustments	(57.0)
<b>Net proceeds from sale</b>	45.6
Carrying amount of disposal group at September 30, 2018	98.6
<b>Impact - Impairment on carrying amount of disposal group</b>	(53.0)
<b>Estimated Impact on Taxes, Net Income, and EPS</b>	
Deferred taxes	(8.7)
<b>Impact on net income</b>	(61.7)
<b>Impact on EPS - basic and diluted</b>	(0.54)

### Retained:

- UK waste-to-energy project
- UK defined benefit pension obligations

# Year-to-Date Progress Towards 2018 Targets

	Consulting Services		
	Target	Results	
Gross margin as % of net revenue	53% to 55%	54.2%	✓
Administrative and marketing expenses as a % of net revenue	41% to 43%	41.5%	✓
EBITDA as a % of net revenue <sup>(note)</sup>	11% to 13%	12.7%	✓

<sup>(note)</sup> EBITDA is a non-IFRS measure (discussed in the Definition section of our 2017 Annual Report and our Q3 18 Management's Discussion and Analysis).

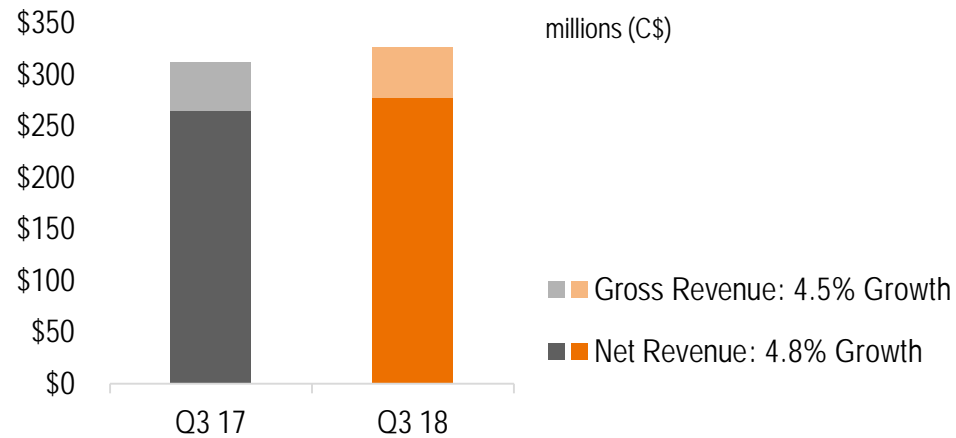


# Operational Highlights



## CONSULTING SERVICES

## Canada



Growth from Energy & Resources due to increased demand in midstream work in Oil & Gas.

Growth in Community Development due to increased urban land development.

Seeing continued work in Water business operating unit and Transit and Rail sectors.

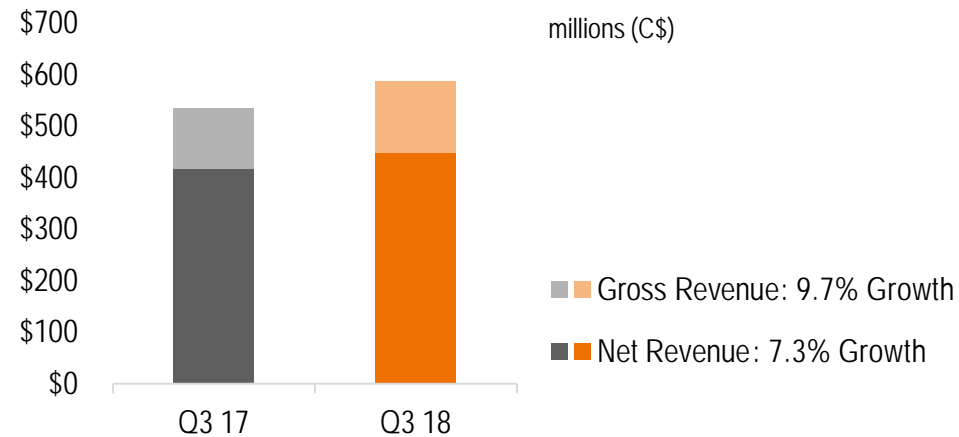
	Q3 18
Organic gross revenue growth	1.9%
Organic net revenue growth	1.7%



Enbridge South Edmonton Terminal  
Edmonton, Alberta

## CONSULTING SERVICES

# United States



Organic revenue growth led by Buildings and Environmental Services.

Growth in Mining and WaterPower & Dams sectors due to improving market conditions.

Increased government spending and successful marketing campaigns led to growth in Water.

Q3 18	
Organic gross revenue growth	4.0%
Organic net revenue growth	1.8%

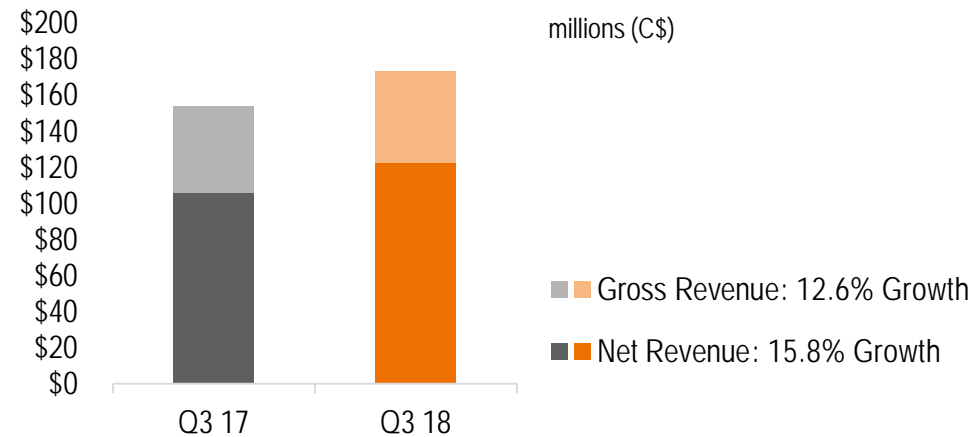


1101 West Waveland and The Park at Wrigley  
Chicago, Illinois



## CONSULTING SERVICES

## Global



Growth in Middle East Buildings business; and winning WaterPower & Dams projects.

Growth in Latin American Mining sector.

Retraction in Water was due to UK AMP6 cycle ramping down.

Q3 18	
Organic gross revenue growth	4.4%
Organic net revenue growth	6.1%



**Bujagali Hydroelectric Power**  
Victoria Nile River, Uganda



# Recent project wins

## **\$5.3 billion gross revenue backlog**

\$4.1 billion Consulting Services  
\$1.2 billion Construction Services

Project preparation and technical supervision services for the high-voltage transmission and substation activities of a 300-kilometre (180-mile) 400-kilovolt transmission project in Nepal.

Design services for a water treatment plant that will pre-treat influent water to high quality for a lithium mine in Argentina.

Regulatory review and permitting processes for a proposed bitumen upgrading and petrochemical refining facility in Alberta.

Planning, development, management, delivery, and oversight of the new Bridging Kentucky rehabilitation and replacement program. The Stantec-led Bridging Kentucky Program Team will have responsibility for more than 1,000 bridges across the state.

Design, construction management and commissioning consulting engineering services for the Central Section of the Coquitlam No. 4 water main.

Planning, design, engineering, and community engagement for an innovative resilience project in New Orleans' Gentilly Resilience District.

Leading sports field design, landscape architecture, trail design, stream restoration, and civil engineering review for the new 75-acre (30-hectare) Bee Creek Sports Complex in Lakeway, Texas.

# 2018 Acquisitions



# 2018 Outlook

## Canada

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Federal and provincial increased infrastructure spending

Modest improvement in energy and resources sector

Moderate slow down in housing market

## United States

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Federal and state increased infrastructure spending

Growth in non-residential construction

Growth in housing market

Economic growth resulting from tax reform

New opportunities for APD

## Global

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Economic growth

Expand global footprint into new markets

## Overall

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Long-term target of 15% gross revenue CAGR

Organic gross revenue growth in the low- to mid-single digits

Strong backlog and client relationships



# Q&A

