Q4 and Full-Year 2020 Earnings Presentation

February 25, 2021
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 2020 Annual Report available on SEDAR, EDGAR, and stantec.com.
Agenda

Gord Johnston
Opening Remarks
Strategic Progress
Business Performance

Theresa Jang
Q4 and Full-Year 2020 Financial Performance
2021 Targets

Gord Johnston
Concluding Remarks
Executing our strategy

Adjusted EBITDA Margin
15.7%

Record Adjusted Diluted EPS
$2.22

Backlog
$4.4B

Adjusted EBITDA margin increased by 0.2% to 15.7% from 15.5% in 2019.

2020 Adjusted diluted EPS increased 9.9%.

Backlog grew organically by 3.1% year over year. (11 months of work.)
Executing our strategy

Real Estate Optimization

30%

2023 Real Estate Strategy targets 30% reduction in existing real estate footprint
### Net Zero
Carbon neutral for 2022, then net zero for 2030

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**Our Operational Pledge**

### #5
Ranked fifth most sustainable corporation in the world

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2021 Corporate Knights Global 100

### #1
Ranked most sustainable corporation in North America

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<table>
<thead>
<tr>
<th>CDP</th>
<th>ISS ESG</th>
<th>Sustainalytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Score</td>
<td>Quality Score</td>
<td>ESG Risk Rating</td>
</tr>
<tr>
<td>2020</td>
<td>A-</td>
<td>1</td>
</tr>
<tr>
<td>2019</td>
<td>A-</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>A-</td>
<td>1</td>
</tr>
</tbody>
</table>

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**Notes:**
- CDP Website - October 14, 2020
- ISS Sustainability Suite - February 5, 2021
- Sustainalytics website - January 7, 2021
Business Performance
United States

Q4 Project Wins

- **Pure Water San Diego**
  Phase 1 of the US$3 billion program to supply sustainable water to 1.4M people

- **Design for 6 public schools**
  In Prince George’s County, Maryland

- **9 bridge and 2 roadway projects**
  Including three bridges on the Maple River, North Dakota

Gross and net revenue ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4 2020</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>$466</td>
<td>$609</td>
<td>$1,948</td>
<td>$1,960</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$660</td>
<td>$440</td>
<td>$2,688</td>
<td>$2,655</td>
</tr>
</tbody>
</table>

Backlog

$2.5 Billion
Q4 Project Wins

- **3 hospitals for ~ $53 million in net revenue**
  Including St Paul’s Hospital in Vancouver, British Columbia

- **Geotechnical Surveillance – Energy & Resources**
  For ~$33 million in net revenue

- **360 Transit Alliance**
  A joint venture overseeing an estimated $28.5 billion in capital investment in Toronto’s transit infrastructure
Global

Q4 Project Wins

- **West Africa’s Regional Transport Governance Project**
  The European Commission selected Stantec to support Ghana in enhancing the stability and security of the movement of goods and people across West Africa.

- **SEQwater’s Somerset Dam**
  Dam improvement project in Queensland, Australia.

- **Kiritimati Island Port** – With support of European Union
  Preparation and conceptual design of multi-purpose port.
Q4 and Full-Year 2020
Financial Performance

Theresa Jang - Executive Vice President and Chief Financial Officer
# Q4 2020 Results

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020</th>
<th>Q4 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>$861.7</td>
<td>$901.0</td>
<td>(4.4%)</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>$455.0</td>
<td>$486.3</td>
<td>(6.4%)</td>
</tr>
<tr>
<td><strong>Administrative and marketing expenses</strong></td>
<td>$317.5</td>
<td>$348.5</td>
<td>(8.9%)</td>
</tr>
<tr>
<td><strong>EBITDA from continuing operations</strong>(1)</td>
<td>$141.3</td>
<td>$140.0</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>$14.9</td>
<td>$42.4</td>
<td>(64.9%)</td>
</tr>
<tr>
<td><strong>Diluted earnings per share (EPS) from continuing operations</strong></td>
<td>$0.13</td>
<td>$0.38</td>
<td>(65.8%)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA from continuing operations</strong>(1)</td>
<td>$138.5</td>
<td>$142.8</td>
<td>(3.0%)</td>
</tr>
<tr>
<td><strong>Adjusted net income from continuing operations</strong>(1)</td>
<td>$67.0</td>
<td>$52.3</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>Adjusted diluted EPS from continuing operations</strong>(1)</td>
<td>$0.60</td>
<td>$0.47</td>
<td>27.7</td>
</tr>
</tbody>
</table>

(1) EBITDA, adjusted EBITDA, adjusted net income, and adjusted diluted EPS are non-IFRS measures discussed in the Definitions section of Stantec’s 2020 Annual Report.
## 2020 Results

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Year-over-year change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>$3,684.5</td>
<td>$3,711.3</td>
<td>(0.7)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>$1,930.5</td>
<td>$2,008.4</td>
<td>(3.9)</td>
<td></td>
</tr>
<tr>
<td><strong>Administrative and marketing expenses</strong></td>
<td>$1,352.9</td>
<td>$1,433.6</td>
<td>(5.6)</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA from continuing operations</strong></td>
<td>$573.3</td>
<td>$576.0</td>
<td>(0.5)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>$159.1</td>
<td>$194.4</td>
<td>(18.2)</td>
<td></td>
</tr>
<tr>
<td><strong>Diluted earnings per share (EPS) from continuing operations</strong></td>
<td>$1.42</td>
<td>$1.74</td>
<td>(18.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA from continuing operations</strong></td>
<td>$578.9</td>
<td>$574.4</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted net income from continuing operations</strong></td>
<td>$248.9</td>
<td>$225.0</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted diluted EPS from continuing operations</strong></td>
<td>$2.22</td>
<td>$2.02</td>
<td>9.9</td>
<td></td>
</tr>
</tbody>
</table>

(1) EBITDA, adjusted EBITDA, adjusted net income, and adjusted diluted EPS are non-IFRS measures discussed in the Definitions section of Stantec’s 2020 Annual Report.
Balance sheet strength

Net debt to adjusted EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net debt to adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2019</td>
<td>1.1</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>1.3</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>1.0</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>0.8</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>0.7</td>
</tr>
</tbody>
</table>

![Graph showing net debt to adjusted EBITDA from Q4 2019 to Q4 2020](image)

Days sales outstanding

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Days sales outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2019</td>
<td>79</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>86</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>82</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>82</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>75</td>
</tr>
</tbody>
</table>

![Graph showing days sales outstanding from Q4 2019 to Q4 2020](image)

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(1) Net debt to adjusted EBITDA and days sales outstanding are non-IFRS measures discussed in the Definitions section of Stantec's 2020 Annual Report. Net debt to adjusted EBITDA is calculated using debt at the end of the period divided by adjusted EBITDA for the trailing twelve months.

Net debt to adjusted EBITDA (1)

0.7x at Dec 31, 2020

Target range

1.0 - 2.0x

Days sales outstanding (1)

75 days at Dec 31, 2020

Target

90 days
Liquidity and capital allocation

• **$440 million** Free cash flow

• **$80 million** in share repurchases

• **$300 million** bond offering closed on October 8, 2020
  - $800 revolving credit facility largely undrawn

• **6.5%** increase in annual dividend

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(1) Free cash (out)flow is defined as operating cash flows less capital expenditures and net payment of lease obligations.
2021 Outlook
Real Estate Strategy expected to contribute ~$0.10 to 2021 EPS

2021 Targets - Updated

2020 Performance

- Adjusted EBITDA(1)
  (% of net revenue)
  14.0% 15.0% 16.0% 17.0%
  6.8%

- Adjusted net income(1)
  (% of net revenue)
  5.0% 6.0% 7.0% 8.0%
  9.9%

- Adjusted Return on invested capital
  8.0% 9.0% 10.0% 11.0%
  0.7x

- Net debt to adjusted EBITDA
  0.0 1.0 2.0 3.0

(1) Adjusted EBITDA, adjusted net income, and ROIC are non-IFRS measures (discussed in the Definition section of our 2020 Annual Report)

Geography

2021 Regional Outlook

- United States
  - Muted organic growth absent US stimulus spending
- Canada
  - Low single-digit organic growth
  - Muted economic growth
- Global
  - Mid-single digit organic growth
  - Strong water market
  - Stimulus funds

2021 Adjusted diluted EPS expected to grow, on a percentage basis, by low to mid-single digits.

2023 Real Estate Strategy, continued strong execution to more than offset ~$0.10/share from Q4 2020 non-recurring items.
Concluding Remarks

Gord Johnston – President and Chief Executive Officer
Committed to our strategic targets for 2023

- Net Revenue: >10% CAGR
- Adjusted Earnings per Share: >11% CAGR
- Adjusted EBITDA Margin: 16-17% of Net Revenue
- Adjusted Return on Invested Capital: >10%

Maximizing long-term, sustainable value through our value creators
Q&A