



SNC · LAVALIN

Airports Council International Economics & Finance Conference

*Developing and Financing Airport
Infrastructure*

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About the Company: SNC-Lavalin Group Inc.

- A large, diversified global corporation with deep Canadian roots and growing airport interests
- We look at things from an owner's, operator's, developer's and constructor's perspective
- Significant experience in P3 participation and major presence in infrastructure concession investments

28,000
Employees

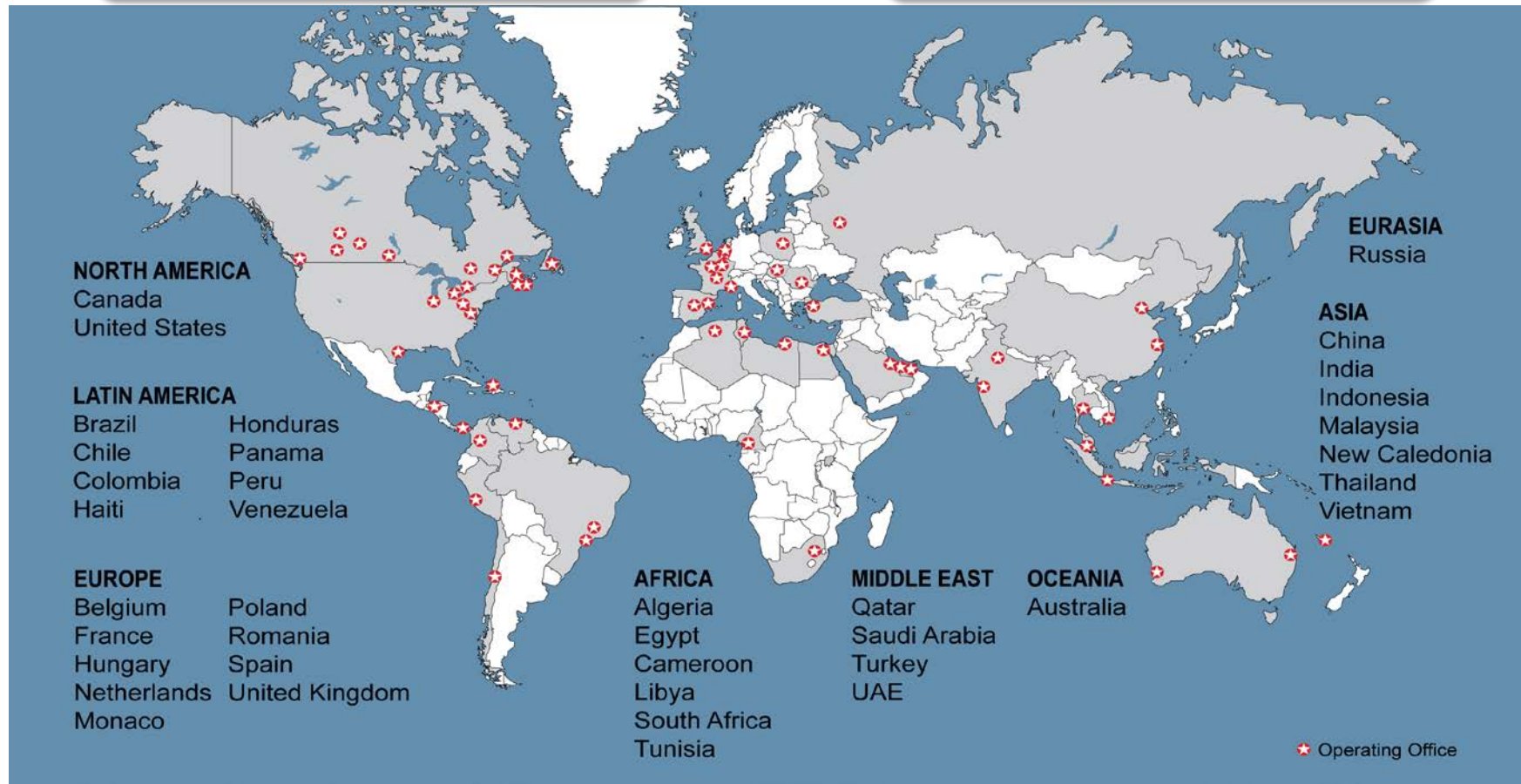
2012 Revenues
\$8.0 Billion

Investment
Grade Ratings

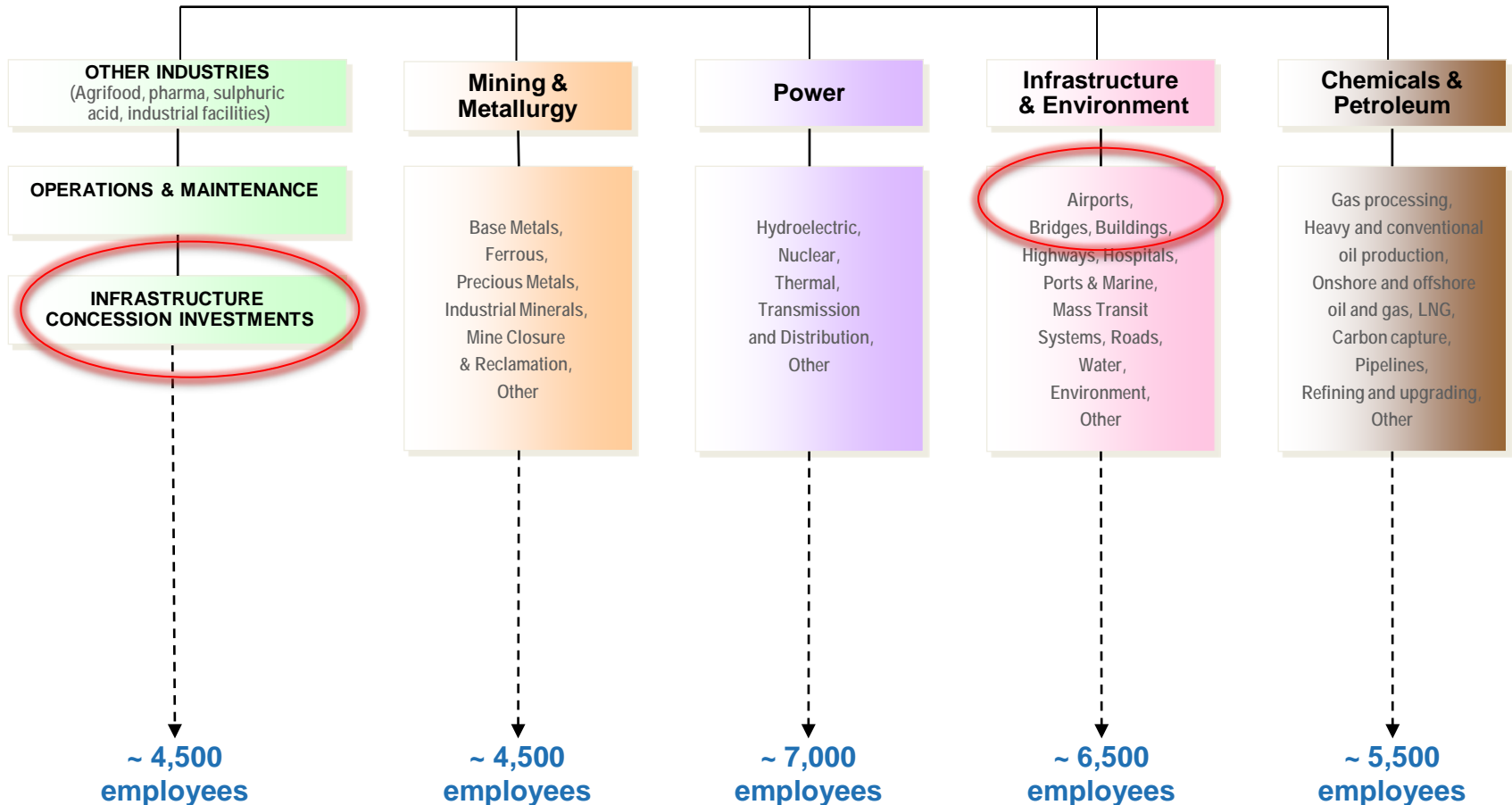
2013 Global Presence

Ongoing projects in
100 countries

Operating offices in
over 40 countries



Sectors of Activity





Infrastructure Concession Investments

SNC-Lavalin's Capital Investment Portfolio

Infrastructure Concession Investments (ICIs) Global Strategy

- Long term investors
 - Targeted investments:
 - Selectively review investment opportunities that are aligned with our core businesses and skill sets:
 - Our strategic, technical, engineering, project management, construction, and O&M expertise, along with our experience in arranging project financing, must represent a distinct advantage
 - Must add value in being developed as part of our ICI portfolio
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Current ICIs

ICI's Net book value = \$1.3B⁽¹⁾

ICI's Fair market value = \$3.0B⁽²⁾



Global Portfolio of Infrastructure Concession Investments

<u>Highways, Bridges & Rail</u>		<u>Held Since</u>	<u>Concession Years</u>	<u>Location</u>	<u>Equity Participation</u>
Highway 407	108 km electronic toll road	1999	99	Canada (Ontario)	16.77%
Highway 407 East ⁽³⁾	35.3 km H407 east extension	2012	30	Canada (Ontario)	50.0%
InTransit BC	rapid transit line	2005	35	Canada (B.C.)	33.3%
Okanagan Lake	floating bridge	2005	30	Canada (B.C.)	100.0%
TC Dome	5.3 km electronic cog railway	2008	35	France	51.0%
Chinook Roads	25 km six-lane road	2010	33	Canada (Alberta)	50.0%
REPL	189 Km toll road	2010	30	India	36.9%
<u>Power</u>					
AltaLink	regulated transmission lines	2002	indefinitely	Canada (Alberta)	100.0%
Astoria I	500 MW power plant	2004	indefinitely	United States (N.Y.)	21.0%
Astoria II	550 MW power plant	2008	indefinitely	United States (N.Y.)	18.5%
Hadjret En Nouss	1,227 MW power plant	2006	indefinitely	Algeria	26.0%
<u>Airport</u>					
Malta	Malta Airport	2002	65	Malta	15.5%
SEVE (Vatry)	cargo airport	1999	21	France	51.1%
Mayotte	Mayotte Airport	2011	15	French Island (France)	100.0%
<u>Others</u>					
Ambatovy	nickel and cobalt open-pit mine	2007	indefinitely	Madagascar	5.0%
Groupe Ovation	concert hall for the MSO	2009	29	Canada (Quebec)	100.0%
MUHC	McGill University Health Centre	2010	34	Canada (Quebec)	60.0%
Myah Tipaza	seawater desalination plant	2008	indefinitely	Algeria	25.5%
Rainbow Hospital	Restigouche Hospital Centre	2011	30	Canada (N.B.)	100.0%

(3) Awarded after March 31, 2012



Highway 407

Toronto, Ontario, Canada

World's first all-electronic, barrier-free toll highway
108 km from Burlington to Pickering
99 year concession, until 2098
SNC-Lavalin's Ownership: 16.77%

Okanagan Bridge

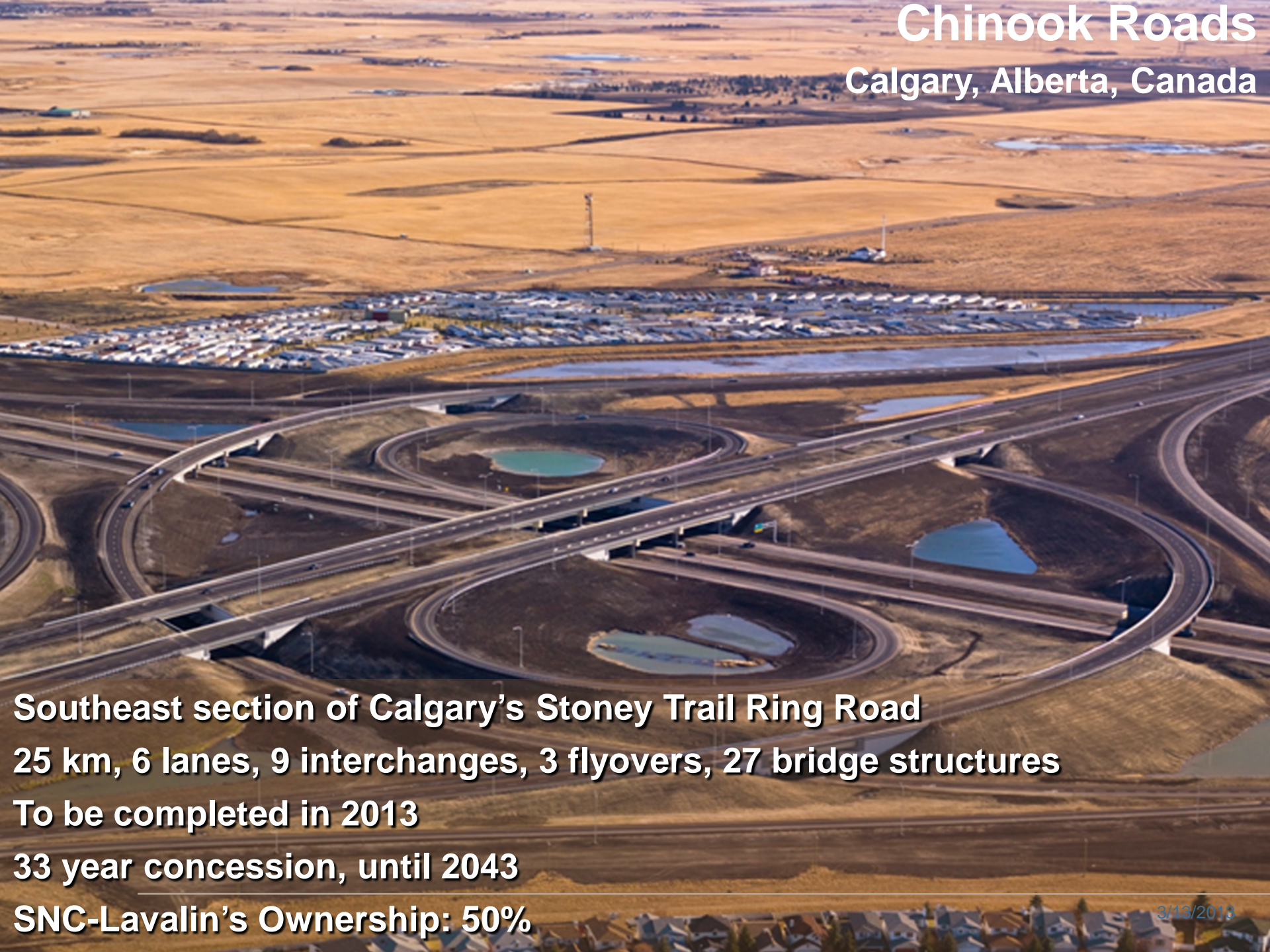
Kelowna, British Columbia, Canada



Floating Bridge
5 lanes, 1.1km
30 year concession, until 2035
SNC-Lavalin's Ownership: 100%

Chinook Roads

Calgary, Alberta, Canada



Southeast section of Calgary's Stoney Trail Ring Road
25 km, 6 lanes, 9 interchanges, 3 flyovers, 27 bridge structures
To be completed in 2013
33 year concession, until 2043
SNC-Lavalin's Ownership: 50%

AltaLink

Calgary, Alberta, Canada



Canada's only fully independent transmission company

More than 12,000 km of transmission lines

207 substations


Serving 85% of Alberta's population

SNC-Lavalin Ownership: 100%

3/13/2013

Astoria I & II

Queens, New York, United States



Two 500MW natural gas-fired combined cycle power plants
Astoria I completed in 2006
Astoria II completed in mid-2011
SNC-Lavalin Ownership: 21% (Astoria I) and 18.5% (Astoria II)



Groupe Ovation
Montréal, Québec, Canada

New Acoustic Concert Hall for the Montreal Symphony Orchestra

2,100 seats

Open to public in September 2011

29 year concession, until 2038

SNC-Lavalin's Ownership: 100%

InTransit BC – « Canada Line »

Vancouver, British Columbia, Canada



Rapid transit line linking downtown Vancouver to Richmond and Vancouver International Airport

16 new stations and 19km of new SkyTrain network

35 year concession, until 2040

SNC-Lavalin's Ownership: 33.33%





Airport Privatization and Investment

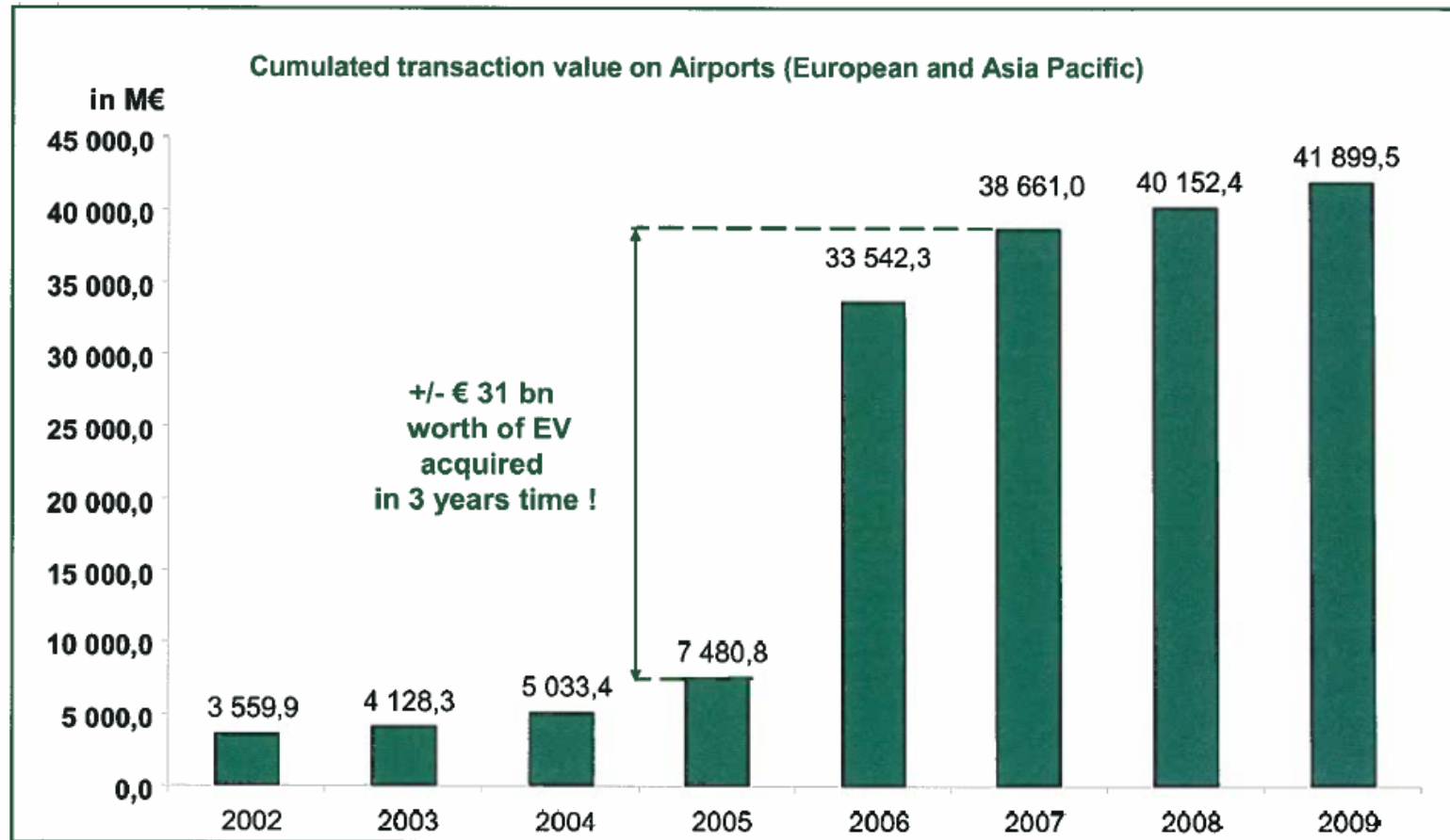
Significant Private Investment in Airports Not New

- Since the BAA privatization in 1987, more than 20 countries have completed the sale or lease of airport facilities including:
 - Argentina, Australia, Austria, Bahamas, Bolivia, Cambodia, Canada, Chile, China, Colombia, Denmark, Dominican Republic, Germany, Hungary, Italy, Japan, Malaysia, Mexico, New Zealand, Singapore, South Africa and Switzerland
 - Many others have encouraged increasing levels of private sector participation in airports through development agreements and other types of business arrangements
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Mid-Decade Privatization Takes-off

The airport acquisition wave really took off in 2005 ...

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What We Look for in Airport PPP Investments

- Achieve a balanced approach towards risk transfer, with the risk shifted to the party most suited in managing that risk
 - Regulated assets or assets generating predictable long-term cash flows in stable countries with a solid legal framework
 - Need a clear economic regulatory framework and defined dispute resolution mechanism to provide economic certainty and avoid lengthy disputes
 - Comprehensive due diligence: CapEx, OpEx, People & Potential
 - Involve stakeholders in the early stages of the process:
 - No surprises with planning, design, management and operation
-

Success Factors Include

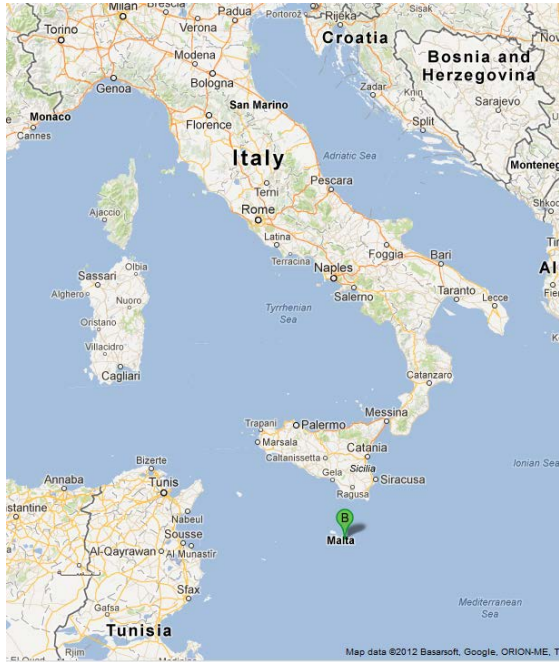
- **Strong political support for successful and timely execution**
 - **Mature aviation regulatory environment**
 - World Bank plays a part in institutional strengthening
 - **Reasonable economic regulation:**
 - Competitive price monitoring
 - **Clear and unambiguous transaction process**
 - **Professional personnel beyond political interference**
 - **Stable traffic patterns & strong O&D market**
 - **Experienced Concessionaire**
 - **Concessionaire rights to commercial development:**
 - Opportunity to develop non-aeronautical revenues enhancing the commercial aspect of the airport
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Key Risk Factors Include

- Politics
 - Lack of clarity & certainty:
 - End of concession issues
 - Unrealistic/unrealizable expectations, often manifested in overly burdensome terms:
 - Regulatory
 - Economic
 - Technical
 - Financial
 - CapEx, including late term investment expectations
 - Unstable traffic flows & large connecting passenger markets
 - Lack of transparency:
 - Airline agreements
 - Management of Receivables from State-owned assets
 - Airport's commercial arrangements
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Our Approach: Design, Finance, Execute Major Airport Investments

- **Financial:**
 - Not about more efficient finance as the Government can often borrow at cheaper rates if they have the capacity, more about certainty
 - Need access to aero and non-aero revenues: debt will be priced to reflect the un-realized value of the entity
 - Improved financial performance, improved cash flow in percent of total revenue, operating and EBITDA margins have all shown improvements following private sector involvement
 - **Construction:**
 - Pure contractors only interested in large projects and short-term construction profits
 - Contractors with reasonable equity participation, as well as industry savvy investors, motivated to ensure only appropriately sized facilities built and then properly maintained
 - **Operational:**
 - Ability to streamline operations and operate more cost effectively
 - **Bottom Line:** Private sector more likely delivers projects on-time and on-budget
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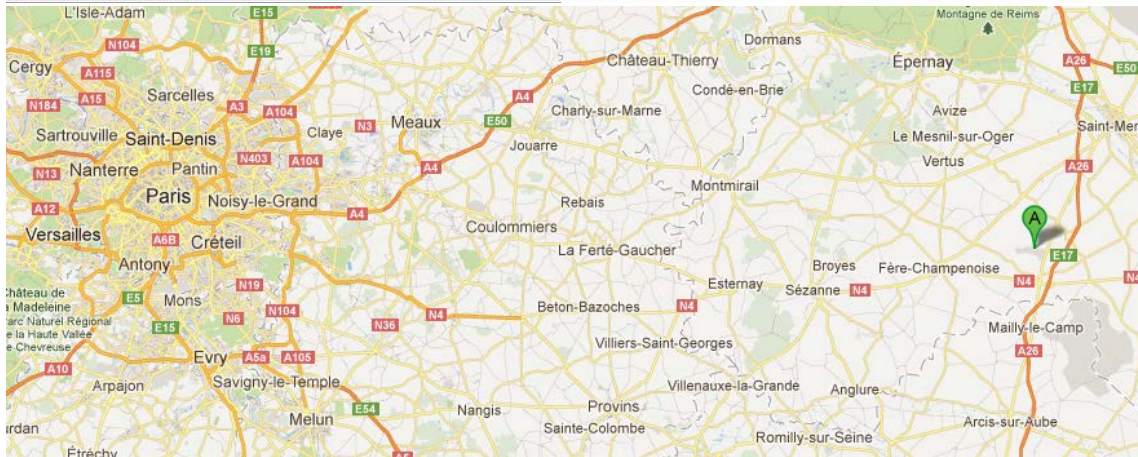


Malta International Airport



SNC-Lavalin Airports Portfolio

Vatry Europort, Paris



SNC Airport Concessions



AIRPORT	Interest	Duration	Term	Passengers	General Aviation	Cargo /Aero -industry
Toulouse Francazal	100 ,00 %	2 years	2012		X	X
Vannes Morbihan	100 ,00 %	6 years	2013		X	
Chalon Bourgogne	100 ,00 %	7 years	2015		X	
Cherbourg	100 ,00 %	6 years	2015	X	X	
Rouen Vallée de Seine	100 ,00 %	6 years	2016	X	X	X
Angoulême Cognac	100,00 %	6 years	2018	X	X	
Paris Vatry	51,12%	20 years	2020	X	X	X
Tarbes Lourdes Pyrénées	100 ,00 %	12 years	2020	X	X	X
Tours Val de Loire	100 ,00 %	12 years	2022	X	X	
Mayotte	100 ,00 %	15 years	2025	X	X	X
Saint Martin Grand Case	100 ,00 %	25 years	2036	X	X	X
Malta International	15,50 %	65 years	2067	X	X	X



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Thank you for your attention

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