



STN  
TSX-NYSE

Q3 2019



**Q3 2019**

Earnings Presentation

EVOKE  
DELIVER  
INSPIRE  
COLLABORATE  
SUSTAIN  
EVOLVE  
DESIGN  
ENHANCE  
LEAD  
INNOVATE  
PERFORM  
ENVISION  
ACHIEVE  
CREATE  
TRANSFORM  
GROW



## 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 Q3 2019 MD&A and 2018 Annual Report which is available on SEDAR, EDGAR, and [stantec.com](http://stantec.com).





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# Agenda

**Gord Johnston**  
Q3 2019 Overview

**Theresa Jang**  
Financial Performance

**Gord Johnston**  
Operational Highlights

Q3 2019

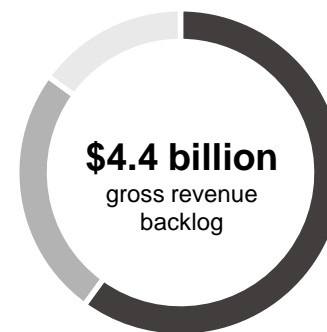


# Q3 2019 Overview

**12.4%** growth in net revenue driven by:

- 7.4% organic growth in all geographies and businesses except Energy & Resources
- 4.8% acquisition growth mainly focused in Buildings and Infrastructure

**13.4%** increase in gross margin reflecting continued focus on project execution and project mix



- United States
- Canada
- Global

**5.4%** backlog increase from end of 2018

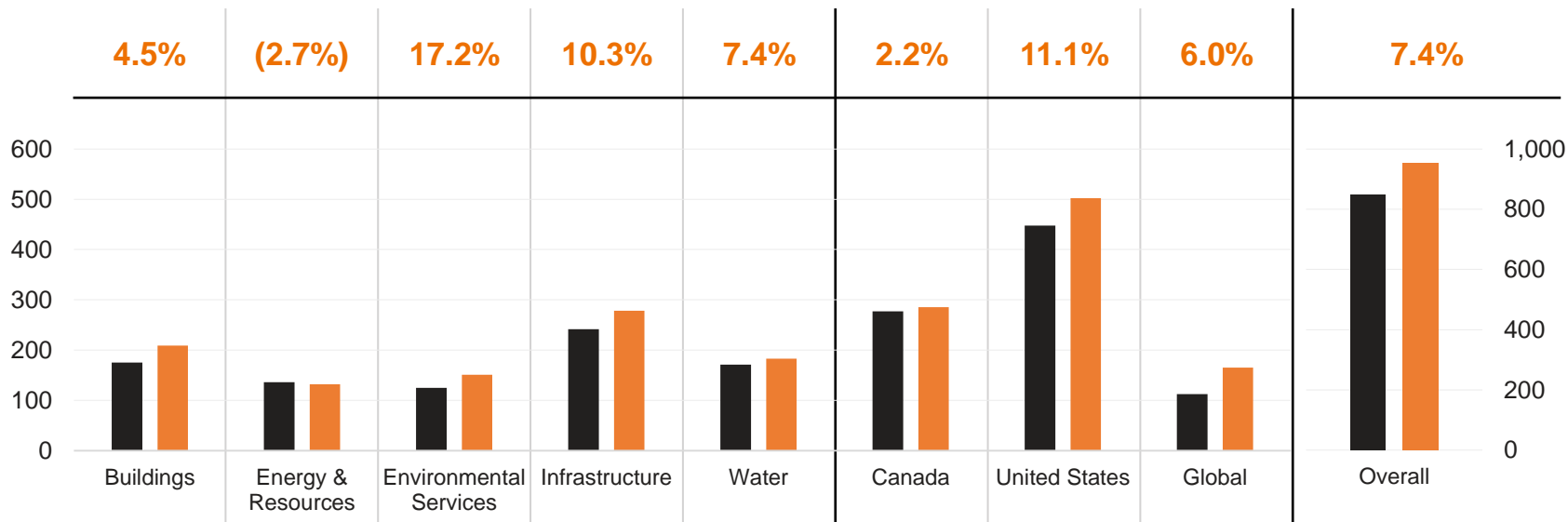
**11** months of work

Q3 2019

Organic net revenue growth (retraction)

Net revenue in millions of CAD

■ Q3 18 ■ Q3 19







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# Financial Performance

SR 90 (Tamiami Trail) Bridging from East of Osceola Camp to West of Airboat Association of Florida  
Miami-Dade County, Florida



# Adoption of IFRS 16

	Q3 19 as reported	Q3 19 excluding IFRS 16	Increase (decrease)
<i>(millions of Canadian dollars except where noted)</i>			
<b>Impact on income statement items</b>			
Administrative and marketing expenses	355.6	390.6	(35.0)
Depreciation of lease assets	29.3	-	29.3
Net interest expense	17.2	9.0	8.2
Net income	57.8	59.6	(1.8)
<b>Impact on non - IFRS financial measures <sup>(1)</sup></b>			
EBITDA	157.9	122.9	35.0
Adjusted EBITDA	159.1	124.1	35.0
Net debt/adjusted EBITDA	1.6x	2.1x	(0.5)

<sup>(1)</sup> Non-IFRS measures are discussed in the Definitions section of our 2018 Annual Report and Q3 19 Management's Discussion & Analysis. Net debt/adjusted EBITDA was calculated using a proforma IFRS 16 adjustment for Q418 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.





# Q3 19 Results

	Q3 19		Q3 18		YTD Q3 19		YTD Q3 18	
	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue
<i>(In millions of Canadian dollars, except per share amounts and percentages)</i>								
<b>Gross revenue</b>	<b>1,241.5</b>	<b>130.3</b>	1,086.6	128.2	<b>3,617.1</b>	<b>128.7</b>	3,199.9	127.0
<b>Net revenue</b>	<b>952.6</b>	<b>100.0</b>	847.5	100.0	<b>2,810.3</b>	<b>100.0</b>	2,519.6	100.0
<b>Gross margin</b>	<b>516.1</b>	<b>54.2</b>	455.3	53.7	<b>1,522.1</b>	<b>54.2</b>	1,365.8	54.2
Administrative and marketing expenses	355.6	37.3	346.2	40.8	1,085.1	38.6	1,055.5	41.9
<b>EBITDA from continuing operations<sup>(1)</sup></b>	<b>157.9</b>	<b>16.6</b>	108.8	12.8	<b>436.0</b>	<b>15.5</b>	308.9	12.3
<b>Net income from continuing operations</b>	<b>57.8</b>	<b>6.1</b>	55.9	6.6	<b>152.0</b>	<b>5.4</b>	150.1	6.0
<b>Basic and diluted earnings per share (EPS) from continuing operations</b>	<b>0.52</b>		<b>0.49</b>		<b>1.36</b>		<b>1.32</b>	
Adjusted EBITDA from continuing operations <sup>(1)</sup>	<b>159.1</b>	<b>16.7</b>	108.3	12.8	<b>431.6</b>	<b>15.4</b>	308.3	12.2
Adjusted net income from continuing operations <sup>(1)</sup>	<b>66.3</b>	<b>7.0</b>	51.2	6.0	<b>172.7</b>	<b>6.1</b>	161.1	6.4
Adjusted basic and diluted EPS from continuing operations <sup>(1)</sup>	<b>0.59</b>		0.45		<b>1.55</b>		1.41	

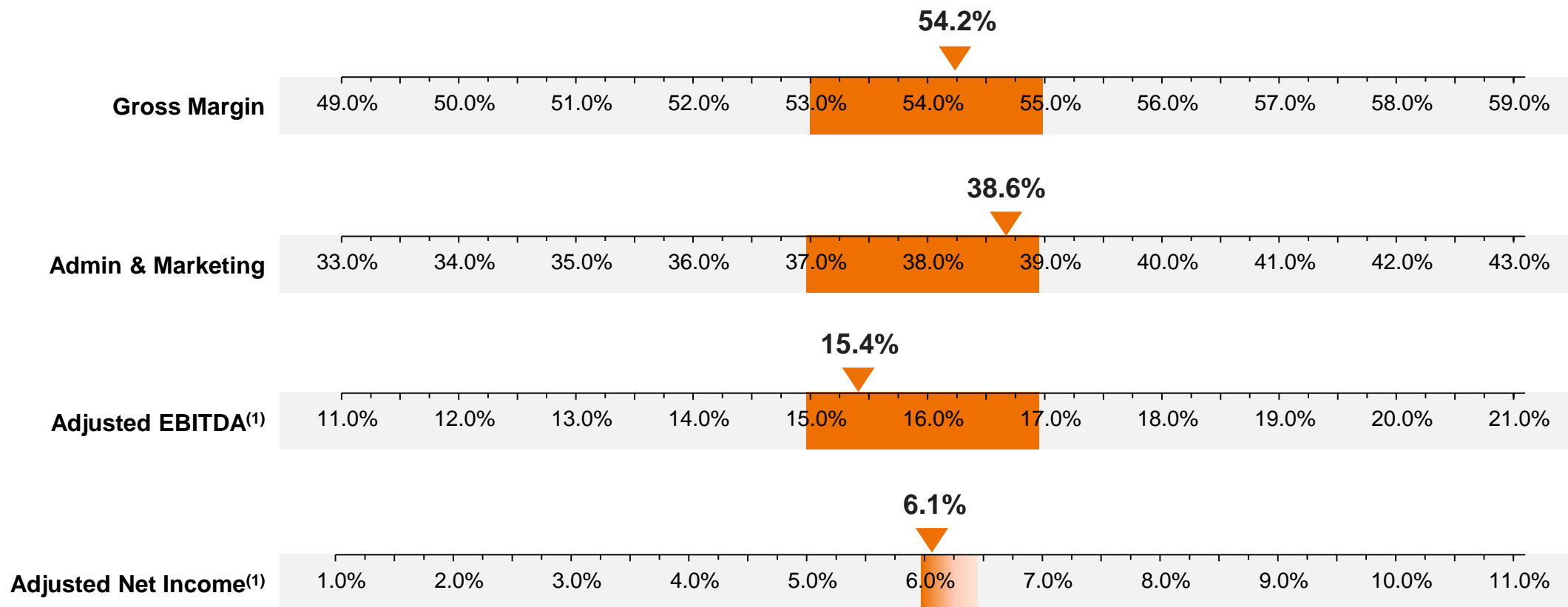
<sup>(1)</sup> EBITDA, adjusted EBITDA, adjusted net income, and adjusted basic and diluted EPS are non-IFRS measures (discussed in the Definition section of our 2018 Annual Report and the Q3 2019 Management's Discussion & Analysis).



# Q3 19 YTD Results Versus Guidance\*

Expressed as a percent of net revenue & revised for IFRS 16

Q3 2019



<sup>(1)</sup> Adjusted EBITDA and adjusted net income are non-IFRS measures (discussed in the Definition section of our 2018 Annual Report and the Q3 2019 Management's Discussion & Analysis).  
\*2019 Target Range was previously published in our 2018 Annual Report. Certain targets were revised in Q1 19 for the adoption of IFRS 16 and incorporation of adjusted measures.



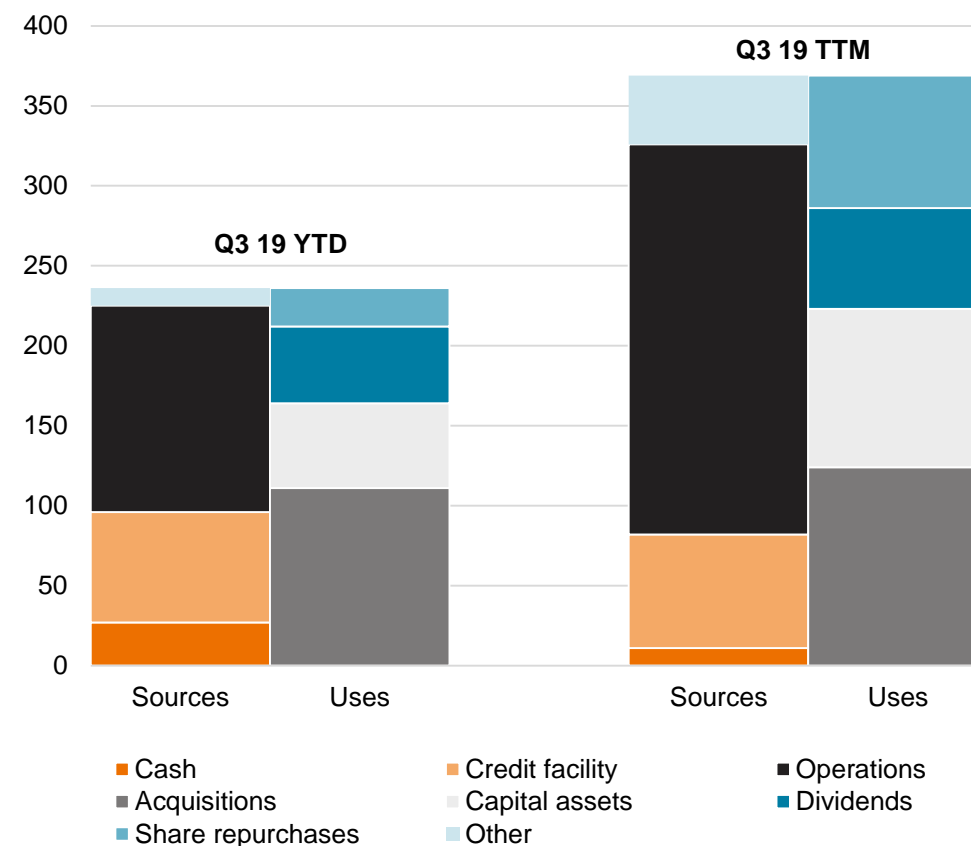


# Liquidity and Capital Resources

Q3 2019

Cash Flow from Continuing Operations <i>(millions of Canadian dollars)</i>	Q3 19			YTD		
	Q3 19	Q3 19	Q3 18	Q3 19	Q3 19	Q3 18
Inflow (Outflow)	as reported	excluding IFRS 16		as reported	excluding IFRS 16	
Operating	139.0	108.2	64.4	212.8	129.4	89.7
Investing	(29.9)	4.4	(87.6)	(165.5)	(123.6)	(192.3)
Financing	(54.7)	(58.2)	7.4	(56.7)	(15.2)	105.6
Net effect	54.4	54.4	(15.8)	(9.4)	(9.4)	3.0

Sources and Uses of Cash





# Leverage

<b>Net Debt to Adjusted EBITDA (TTM)</b>	<i>As reported</i>	<i>excluding IFRS 16</i>
Internal guideline	1.0x to 2.0x	1.5x to 2.5x
Q3 19	1.6x <sup>(1)</sup>	2.1x

<sup>(1)</sup> Net debt/adjusted EBITDA is a non-IFRS measure discussed in the Definition section of our 2018 Annual Report and the Q3 2019 Management's Discussion & Analysis and was calculated using a proforma IFRS 16 adjustment for Q4 18 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.



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# Operational Highlights

Stantec Tower  
Edmonton, Alberta

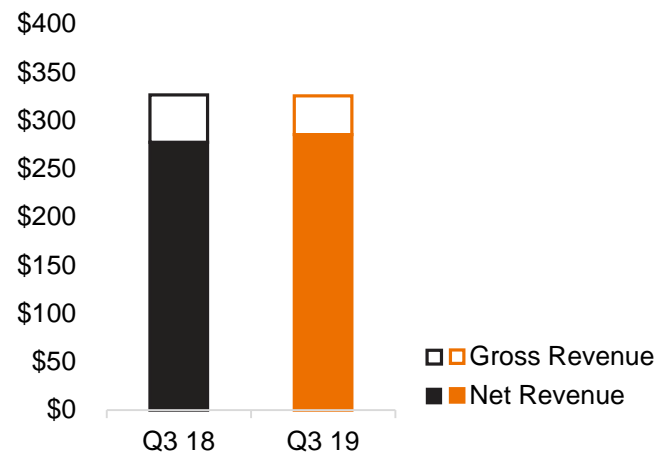






# Canada

millions (C\$)



Results in line with expectations for slower economic growth

Environmental Services, Mining, and Transportation led growth

Energy & Resources retraction due to projects wrapping up or nearing completion



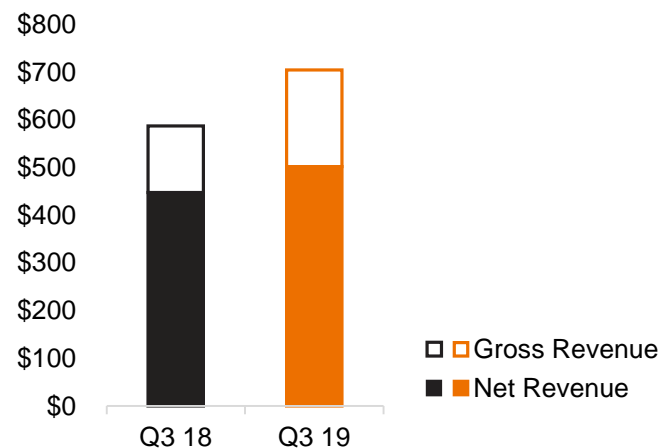
University of Lethbridge - Science and Academic Building  
Lethbridge, Alberta

	Q3 19	YTD
Net revenue growth	2.9%	2.1%
Organic net revenue growth (retraction)	2.2%	(0.3%)
Backlog at September 30, 2019		\$1.0B



# United States

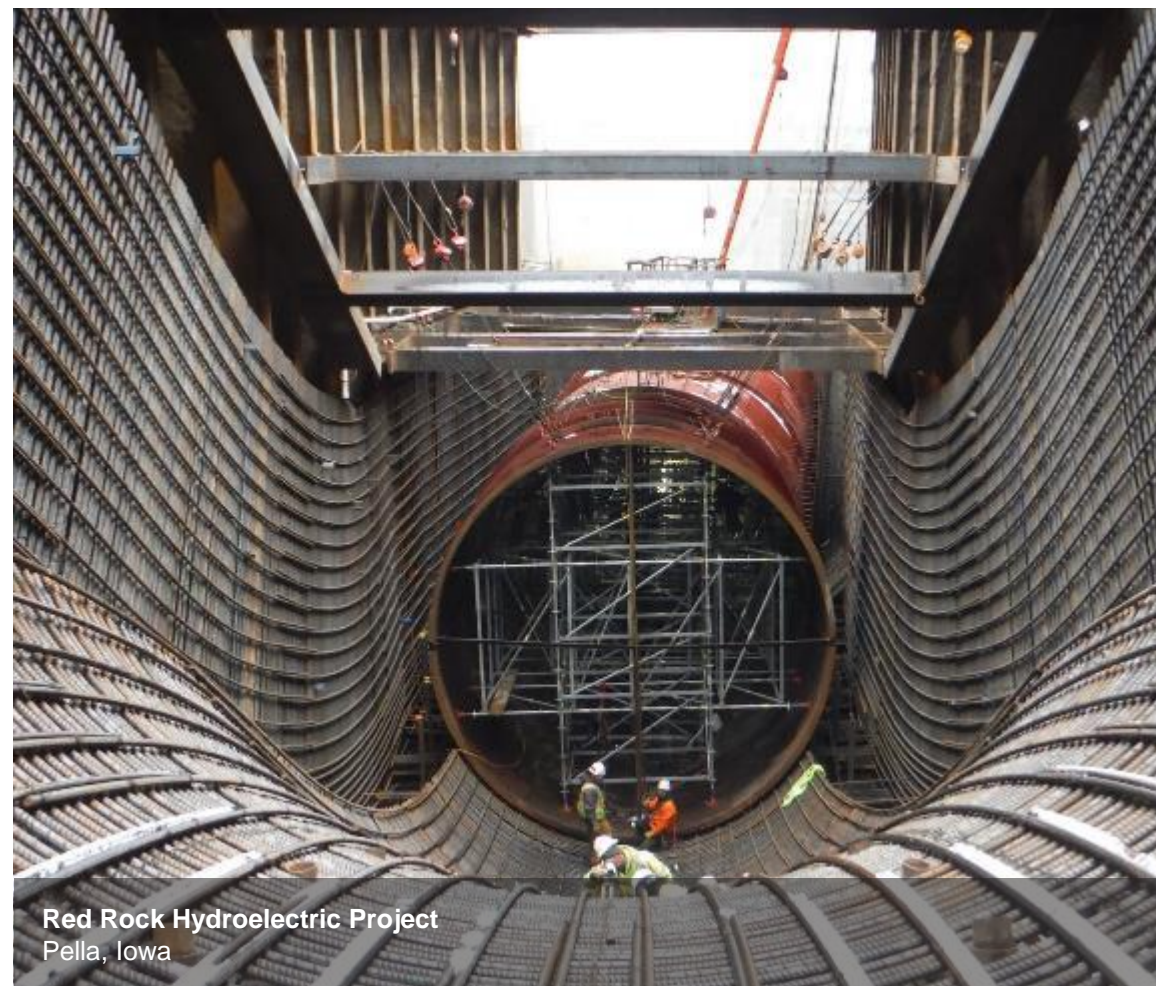
millions (C\$)



Strong growth in Transportation, Environmental Services, and Water

Continued work on major rail and transit projects

Several wins in renewables and hydropower work



Red Rock Hydroelectric Project  
Pella, Iowa

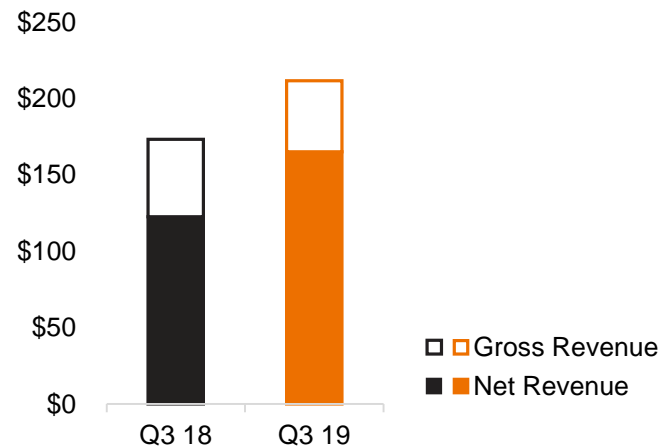
	Q3 19	YTD
Net revenue growth	12.1%	9.8%
Organic net revenue growth	11.1%	6.1%
Backlog at September 30, 2019		\$2.8B





# Global

millions (C\$)



Acquisitions of PBA and WGE contributed to growth in Buildings and Infrastructure

Organic growth across all businesses except WaterPower & Dams

Several projects wins in the Middle East with government clients



The Leys School  
Cambridge, England

	Q3 19	YTD
Net revenue growth	34.8%	40.0%
Organic net revenue growth	6.0%	6.8%
Backlog at September 30, 2019		\$640M





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# Q&A

Development of a footbridge and a marsh at SEVA residences/  
Aménagement d'une passerelle et d'un marais aux résidences SEVA

Candiac, QC, Canada





**Consolidated Statement of Cash Flows Indirect Method  
(Unaudited)**

*(In millions of Canadian dollars)*

	Quarter ended Sep 30	Three quarters ended Sep 30
	2019	2019
	\$	\$
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS</b>		
<b>Net income from continuing operations</b>	<b>57.8</b>	<b>152.0</b>
Add (deduct) items not affecting cash:		
Depreciation of property and equipment	15.1	43.5
Depreciation of lease assets	29.3	85.2
Amortization of intangible assets	17.0	50.0
Deferred income taxes	6.1	23.2
Loss on sale of property and equipment	0.3	0.7
Realized gain on equity securities	-	(0.1)
Unrealized gain on equity securities	(1.4)	(7.0)
Share-based compensation	2.9	11.1
Provision for self-insured liabilities and claims	9.0	33.2
Share of income from joint ventures and associates	(0.3)	(0.7)
Other non-cash items	4.9	11.4
	<b>140.7</b>	<b>402.5</b>
Trade and other receivables	(5.9)	(15.8)
Unbilled receivables	(25.2)	(67.1)
Contract assets	(3.8)	(10.5)
Prepaid expenses	8.1	2.3
Income taxes recoverable	14.1	20.9
Trade and other payables	12.0	(113.1)
Deferred revenue	(1.0)	(6.4)
	<b>(1.7)</b>	<b>(189.7)</b>
<b>Cash flows from operating activities from continuing operations</b>	<b>139.0</b>	<b>212.8</b>



## Reconciliation of Non-IFRS Financial Measures

	Quarter Ended Sep 30		Three Quarters Ended Sep 30	
	2019	2018	2019	2018
<i>(In millions of Canadian dollars, except per share amounts)</i>				
<b>Net income from continuing operations</b>	<b>57.8</b>	<b>55.9</b>	<b>152.0</b>	<b>150.1</b>
Add back:				
Income taxes	21.5	18.2	53.2	52.4
Net interest expense	17.2	7.4	52.1	19.4
Depreciation and amortization	61.4	27.3	178.7	87.0
<b>EBITDA from continuing operations</b>	<b>157.9</b>	<b>108.8</b>	<b>436.0</b>	<b>308.9</b>
<b>Add back (deduct) pre-tax:</b>				
Unrealized gain on investments held for self-insured liabilities	(1.3)	(0.5)	(6.9)	(0.6)
Severances related to organizational reshaping	2.5	-	2.5	-
<b>Adjusted EBITDA from continuing operations</b>	<b>159.1</b>	<b>108.3</b>	<b>431.6</b>	<b>308.3</b>

	Quarter Ended Sep 30		Three Quarters Ended Sep 30	
	2019	2018	2019	2018
<i>(In millions of Canadian dollars, except per share amounts)</i>				
<b>Net income from continuing operations</b>	<b>57.8</b>	<b>55.9</b>	<b>152.0</b>	<b>150.1</b>
<b>Add back (deduct) after tax:</b>				
Amortization of intangible assets related to acquisitions <sup>(1)</sup>	7.6	5.7	22.7	21.5
Unrealized gain on investments held for self-insured liabilities <sup>(2)</sup>	(0.9)	(0.4)	(4.9)	(0.5)
Transition tax (recovery) expense <sup>(3)</sup>	-	(10.0)	1.1	(10.0)
Severances related to organizational reshaping <sup>(4)</sup>	1.8		1.8	
<b>Adjusted net income from continuing operations</b>	<b>66.3</b>	<b>51.2</b>	<b>172.7</b>	<b>161.1</b>
Weighted average number of shares outstanding - basic	111,539,779	113,868,318	111,672,688	113,935,950
Weighted average number of shares outstanding - diluted	111,547,779	113,868,318	111,672,688	114,101,964
<b>Adjusted earnings per share from continuing operations</b>				
Adjusted earnings per share - basic	<b>0.59</b>	<b>0.45</b>	<b>1.55</b>	<b>1.41</b>
Adjusted earnings per share - diluted	<b>0.59</b>	<b>0.45</b>	<b>1.55</b>	<b>1.41</b>

See the Definitions section of our 2018 Annual Report and Q3 19 Management's Discussion and Analysis for our discussion of non-IFRS measures used. Construction Services operations are presented as discontinued operations. This table has been updated to include only continuing operation results.

<sup>(1)</sup> The add back of intangible amortization relates only to the amortization from intangible assets acquired through acquisitions and excludes the amortization of software purchased by Stantec. For the quarter ended September 30, 2019, this amount is net of tax of \$3.0 (2018 - \$2.6). For the three quarters ended September 30, 2019, this amount is net of tax of \$8.8 (2018 - \$9.2).

<sup>(2)</sup> For the quarter ended September 30, 2019, this amount is net of tax of \$0.4 (2018 - \$0.1). For the three quarters ended September 30, 2019, this amount is net of tax of \$2.0 (2018 - \$0.1).

<sup>(3)</sup> Refer to Income Taxes section for further details.

<sup>(4)</sup> For the quarter ended September 30, 2019, this amount is net of tax of \$0.7 (2018 - nil). For the three quarters ended September 30, 2019, this amount is net of tax of \$0.7 (2018 - nil).





## IFRS 16 Impact on Statement of Financial Position at January 1, 2019

	IFRS 16 \$	Before IFRS 16 \$	Increase (Decrease) \$
<i>(In millions of Canadian dollars)</i>			
<b>Current assets</b>			
Trade and other receivables	828.1	878.1	(50.0)
Prepaid expenses	43.9	56.8	(12.9)
Other assets	24.3	23.2	1.1
<b>Non-current assets</b>			
Lease assets	561.8	-	561.8
Intangible assets	242.0	247.7	(5.7)
Other assets	178.2	175.5	2.7
<b>Total increase in assets</b>			497.0
<b>Current liabilities</b>			
Trade and other payables	566.9	567.2	(0.3)
Lease liabilities	44.8	-	44.8
Provisions	41.7	42.4	(0.7)
Other liabilities	5.0	23.2	(18.2)
<b>Non-current liabilities</b>			
Lease liabilities	600.2	-	600.2
Provisions	86.6	78.2	8.4
Deferred tax liabilities	45.6	54.3	(8.7)
Other liabilities	10.9	105.4	(94.5)
<b>Shareholders' equity</b>			
Retained earnings	817.2	851.2	(34.0)
<b>Total increase in liabilities and equity</b>			497.0



### IFRS 16 Impact on Statement of Income – Continuing Operations

	Quarter Ended Sep 30			Three Quarters Ended Sep 30		
	2019 as Reported \$	2019 before IFRS 16 \$	Increase (Decrease) \$	2019 as Reported \$	2019 before IFRS 16 \$	Increase (Decrease) \$
<i>(In millions of Canadian dollars)</i>						
<b>Impact on income statement items</b>						
Administrative and marketing expenses	355.6	390.6	(35.0)	1,085.1	1,190.9	(105.8)
Net interest expense	17.2	9.0	8.2	52.1	27.6	24.5
Depreciation of lease assets	29.3	-	29.3	85.2	-	85.2
Net income	57.8	59.6	(1.8)	152.0	154.8	(2.8)
<b>Impact on non-IFRS financial measures <sup>(1)</sup></b>						
EBITDA	157.9	122.9	35.0	436.0	330.2	105.8
Adjusted EBITDA	159.1	124.1	35.0	431.6	325.8	105.8
Net debt/adjusted EBITDA - Continuing operations	1.6	2.1	(0.5)	1.6	2.1	(0.5)

*Non-IFRS measures are discussed in the Definitions section of our 2018 Annual Report and this MD&A. Net debt/adjusted EBITDA was calculated using a proforma IFRS 16 adjustment for Q4 18 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.*

### IFRS 16 Impact on Statement of Cash Flows – Continuing Operations

	Quarter Ended Sep 30			Three Quarters Ended Sep 30		
	2019 as Reported \$	2019 before IFRS 16 \$	Increase (Decrease) \$	2019 as Reported \$	2019 before IFRS 16 \$	Increase (Decrease) \$
<i>(In millions of Canadian dollars)</i>						
<b>Cash flows from operating activities</b>	139.0	108.2	30.8	212.8	129.4	83.4
Cash paid to suppliers	370.5	331.5	39.0	(1,251.8)	(1,359.7)	107.9
Interest paid	(17.5)	(9.3)	(8.2)	(53.8)	(29.3)	(24.5)
<b>Cash flows used in investing activities</b>	(29.9)	4.4	(34.3)	(165.5)	(123.6)	(41.9)
Proceeds from leasehold inducements	-	34.3	(34.3)	-	41.9	(41.9)
<b>Cash flows (used in) from financing activities</b>	(54.7)	(58.2)	3.5	(56.7)	(15.2)	(41.5)
Payments of lease obligations	(30.8)	-	(30.8)	(83.4)	-	(83.4)
Proceeds from leasehold inducements	34.3	-	34.3	41.9	-	41.9



## Gross Margin by Business Operating Unit

	Quarter Ended Sep 30, 2019		Quarter Ended Sep 30, 2018		Three Quarters Ended Sep 30, 2019		Three Quarters Ended Sep 30, 2018	
<i>(In millions of Canadian dollars, except percentages)</i>	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue
Buildings	115.8	55.4%	93.2	53.2%	348.8	55.4%	292.6	53.6%
Energy & Resources	64.9	49.3%	68.0	50.3%	193.3	48.9%	193.8	50.8%
Environmental Services	83.7	55.5%	69.8	56.0%	238.2	56.0%	199.6	56.2%
Infrastructure	150.9	54.2%	130.1	53.9%	431.7	53.9%	377.4	54.1%
Water	100.8	55.1%	94.2	55.1%	310.1	55.4%	302.4	56.1%
<b>Total</b>	<b>516.1</b>	<b>54.2%</b>	<b>455.3</b>	<b>53.7%</b>	<b>1,522.1</b>	<b>54.2%</b>	<b>1,365.8</b>	<b>54.2%</b>

*Comparative figures have been reclassified due to a realignment of several business lines.*





### Gross Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Sep 30, 2019	Quarter Ended Sep 30, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	266.2	231.1	35.1	27.5	1.6	6.0	2.6%
Energy & Resources	146.7	153.1	(6.4)	-	(0.7)	(5.7)	(3.7%)
Environmental Services	210.8	174.1	36.7	5.9	0.1	30.7	17.6%
Infrastructure	376.5	302.6	73.9	11.3	1.7	60.9	20.1%
Water	241.3	225.7	15.6	-	(1.4)	17.0	7.5%
<b>Total</b>	<b>1,241.5</b>	<b>1,086.6</b>	<b>154.9</b>	<b>44.7</b>	<b>1.3</b>	<b>108.9</b>	
<b>Percentage growth</b>			<b>14.3%</b>	<b>4.1%</b>	<b>0.2%</b>	<b>10.0%</b>	

Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current period.

### Gross Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Three Quarters Ended Sep 30, 2019	Three Quarters Ended Sep 30, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	796.6	706.5	90.1	69.6	14.4	6.1	0.9%
Energy & Resources	456.8	437.6	19.2	20.2	2.2	(3.2)	(0.7%)
Environmental Services	574.7	497.5	77.2	22.5	6.1	48.6	9.8%
Infrastructure	1,052.8	874.0	178.8	51.1	18.0	109.7	12.6%
Water	736.2	684.3	51.9	1.8	6.4	43.7	6.4%
<b>Total</b>	<b>3,617.1</b>	<b>3,199.9</b>	<b>417.2</b>	<b>165.2</b>	<b>47.1</b>	<b>204.9</b>	
<b>Percentage growth</b>			<b>13.0%</b>	<b>5.2%</b>	<b>1.4%</b>	<b>6.4%</b>	

Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current period.



### Net Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Sep 30, 2019	Quarter Ended Sep 30, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	209.0	175.2	33.8	25.0	1.0	7.8	4.5%
Energy & Resources	131.7	135.3	(3.6)	-	-	(3.6)	(2.7%)
Environmental Services	150.9	124.6	26.3	4.8	0.1	21.4	17.2%
Infrastructure	278.2	241.5	36.7	10.5	1.3	24.9	10.3%
Water	182.8	170.9	11.9	-	(0.7)	12.6	7.4%
Total	952.6	847.5	105.1	40.3	1.7	63.1	
<b>Percentage growth</b>			<b>12.4%</b>	<b>4.8%</b>	<b>0.2%</b>	<b>7.4%</b>	

*Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current period.*

### Net Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Three Quarters Ended Sep 30, 2019	Three Quarters Ended Sep 30, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	630.0	546.3	83.7	63.1	10.9	9.7	1.8%
Energy & Resources	394.9	381.7	13.2	18.4	2.9	(8.1)	(2.1%)
Environmental Services	425.4	354.9	70.5	18.8	5.1	46.6	13.1%
Infrastructure	800.3	697.8	102.5	47.3	13.5	41.7	6.0%
Water	559.7	538.9	20.8	1.6	5.4	13.8	2.6%
Total	2,810.3	2,519.6	290.7	149.2	37.8	103.7	
<b>Percentage growth</b>			<b>11.5%</b>	<b>5.9%</b>	<b>1.5%</b>	<b>4.1%</b>	

*Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current period.*