



Q1 2019

Earnings Presentation

STN
TSX · NYSE

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 Q1 2019 MD&A which is available on SEDAR, EDGAR, and stantec.com.



Agenda

Gord Johnston
Q1 2019 Highlights

Theresa Jang
Financial Performance
Revised 2019 Annual Targets

Gord Johnston
Operational Highlights
2019 Outlook



Q1 2019 Overview



United States
Business

2.4%

Canadian
Business

0.4%

Global
Business

8.1%

ORGANIC NET REVENUE GROWTH

1

STRATEGIC ACQUISITION

Wood & Grieve Engineering
600 people
Australia

Financial Performance

Adoption of IFRS 16

<i>(millions of Canadian dollars)</i>	Q1 19 as reported	Q1 19 excluding IFRS 16	Increase (decrease)
Impact on income statement items			
Administrative and marketing expenses	357.1	392.6	(35.5)
Depreciation of lease assets	27.4	-	27.4
Net interest expense	17.2	9.1	8.1
Net income	44.9	44.9	-
Impact on non - IFRS financial measures ⁽¹⁾			
EBITDA	132.2	96.7	35.5
Adjusted EBITDA	127.1	91.6	35.5

⁽¹⁾ Non-IFRS measures are discussed in the Definitions section of our 2018 Annual Report and Q1 19 Management's Discussion & Analysis.

Q1 19 Results

<i>(millions of Canadian dollars, except per share amounts)</i>	Q1 2019	Q1 2018
Gross revenue	1,151.5	1,021.3
Net revenue	904.1	808.8
EBITDA from continuing operations ⁽¹⁾	132.2	86.9
- Excluding IFRS 16 ⁽¹⁾	96.7	86.9
Net income from continuing operations	44.9	36.6
Net income	44.9	36.8
Basic and diluted earnings per share (EPS) from continuing operations	0.40	0.32
Dividends declared per common share	0.1450	0.1375
Continuing operations		
Adjusted EBITDA ⁽¹⁾	127.1	89.5
- Excluding IFRS 16 ⁽¹⁾	91.6	89.5
Adjusted net income ⁽¹⁾	50.3	47.9
Adjusted EPS – basic and diluted ⁽¹⁾	0.45	0.42

⁽¹⁾ EBITDA, adjusted EBITDA, adjusted net income, adjusted basic and diluted EPS, and measures excluding IFRS 16 are non-IFRS measures (discussed in the Definitions section of our 2018 Annual Report and the Q1 2019 Management's Discussion & Analysis).

Restated 2019 Targets and Q1 19 Results

Measure <i>(millions of Canadian dollars, unless otherwise stated)</i>	Previously Published 2019 Target *	Revised 2019 Annual Target	Q1 19 Results Compared to Revised 2019 Annual Target
Gross margin as % of net revenue	53% to 55%	no change	54.0%
Administrative and marketing expenses as % of net revenue	41% to 43%	37% to 39%	39.5%
EBITDA as % of net revenue ⁽¹⁾	11% to 13%	withdrawn	
Adjusted EBITDA as % of net revenue ⁽¹⁾		15% to 17%	14.1%
Net income as % of net revenue	At or above 5.0%	withdrawn	
Adjusted net income as % of net revenue ⁽¹⁾		At or above 6.0%	5.6%
Guidance			
Depreciation on lease assets		\$105 to \$110	
Amortization of intangible assets related to acquisitions		\$40 to \$45	
Effective tax rate (without discrete transactions)	27%	28%	
Earnings pattern		40% in Q1 and Q4 60% in Q2 and Q3	
DSO		98 days	104 days

⁽¹⁾ EBITDA, adjusted EBITDA, adjusted net income, and DSO are non-IFRS measures (discussed in the Definition section of the 2018 Annual Report and the Q1 2019 Management's Discussion & Analysis).

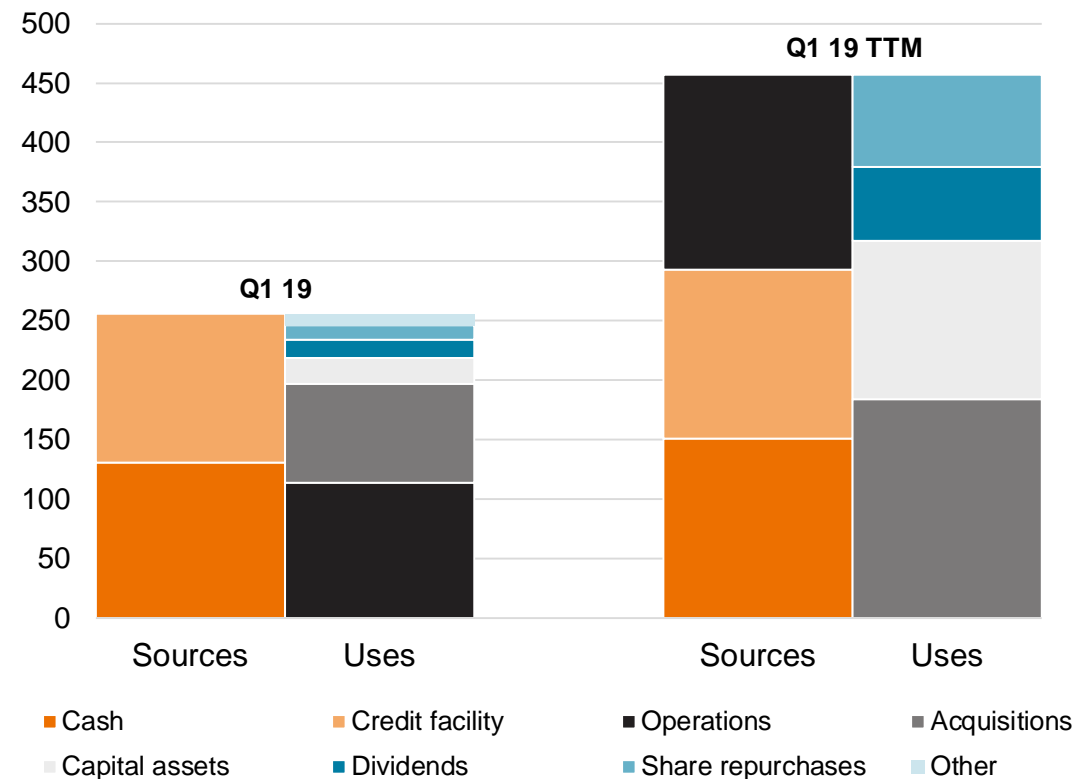
*2019 Target Range was previously published in Stantec's 2018 Annual Report.

Liquidity and Capital Resources

(millions of Canadian dollars)

Cash Flow	Q1 19	Q1 19	Q1 18
Inflow (Outflow)	<i>as reported</i>	<i>excluding IFRS 16</i>	
Operating	(88.5)	(114.1)	(73.0)
Investing	(104.2)	(99.4)	(44.5)
Financing	68.2	89.0	129.5
Net effect	(124.5)	(124.5)	12.0

Sources and Uses of Cash



Liquidity and Capital Resources

Net debt to Adjusted EBITDA (TTM)	<i>As reported</i>	<i>excluding IFRS 16</i>
Internal guideline	1.0x to 2.0x	1.5x to 2.5x
Q1 19	2.0x ⁽¹⁾	2.67x

⁽¹⁾ Net debt/adjusted EBITDA was calculated using a proforma IFRS 16 adjustment for Q2 18 to Q4 18 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.

Leverage at upper end of range due to:

- March 1 WGE acquisition
- Opportunistic share repurchases
- Only one month of WGE EBITDA contribution

Expected to decrease over the course of the year

Operational Highlights

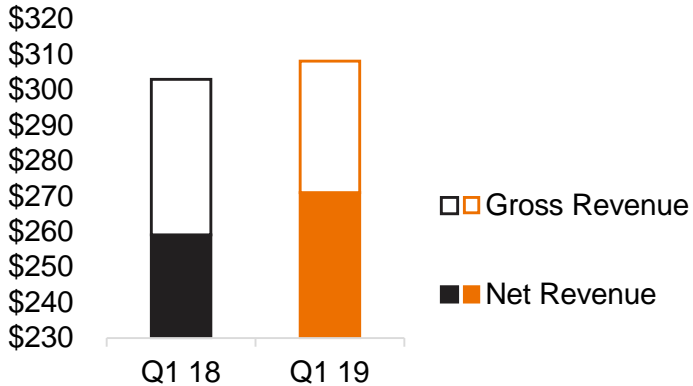
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American Academy of Pediatrics Headquarters
Itasca, Illinois

 **Stantec**

Canada

millions (C\$)



- Active in public transit across the country
- Won significant master service agreement in Environmental Services
- Hiring in Energy & Resources and Environmental Services

Q1 19

Net revenue growth
4.6%

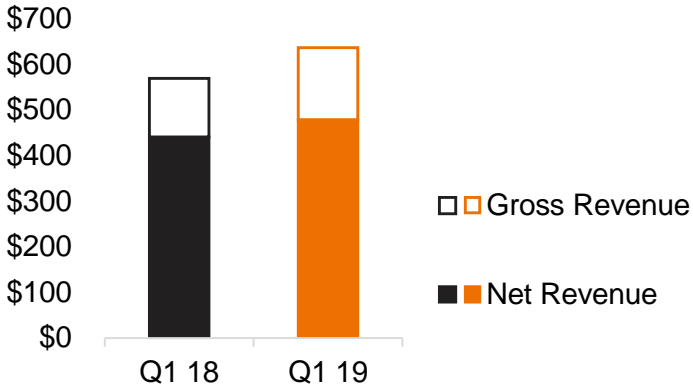
Organic net revenue growth
0.4%



Trans-Canada Highway/Bowfort Road Interchange
Calgary, Alberta

United States

millions (C\$)



Solid backlog in Water, Transportation, Bridges
 Organic growth in Buildings
 Won significant Power projects

Q1 19

Net revenue growth
8.6%

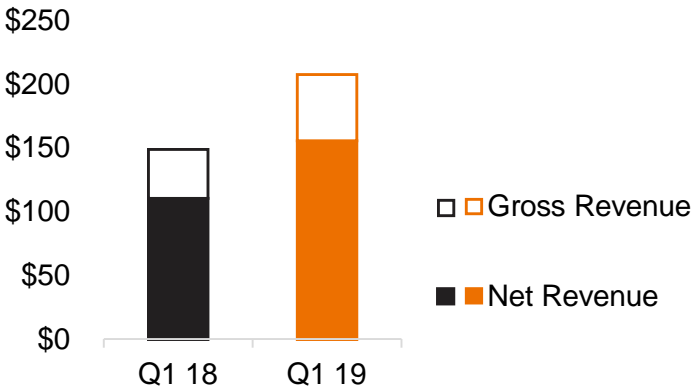
Organic net revenue growth
2.4%



Crescent Dunes Solar Energy Facility – Phase I ESA
 Tonopah, Nevada

Global

millions (C\$)



Organic growth in all business operating units
 Growth in Australia and New Zealand Water
 Continuing market improvements in Latin American Mining

Q1 19

Net revenue growth
41.0%

Organic net revenue growth
8.1%



Canada House
 London, England

Recent project wins

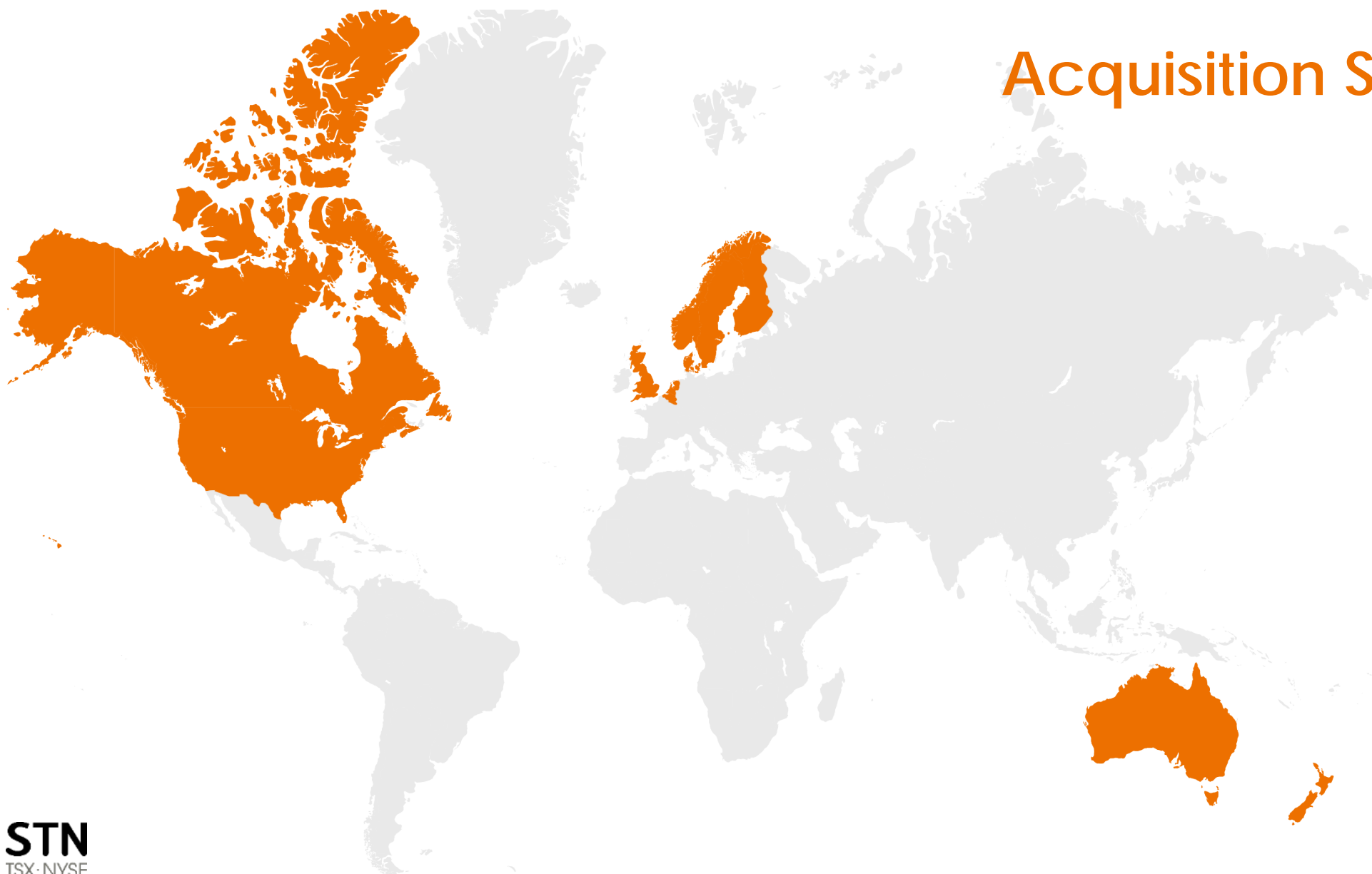
\$4.4 billion
gross revenue backlog



■ United States ■ Canada ■ Global

- Conceptual design and project management services for phase 3 of the Narragansett Bay Commission's Combined Sewer Overflow Control Facilities program in Rhode Island.
- Reappointed to the Homes England Multidisciplinary Framework to support the delivery of affordable housing to meet government targets.
- Technical consulting and cost services for Toronto's \$1.7-billion Rail Deck Park, which will transfer 21 acres of unused air space above the rail corridor into one of the largest structure-topped parks in the world.
- Architectural and engineering services for the design and construction of a new K-12 public school in Loudoun County, Virginia.
- Program manager for approximately 25 community enhancement and signal synchronization projects as part of the City of Baton Rouge's MovEBR Infrastructure Enhancement and Traffic Mitigation Plan.

Acquisition Strategy



2019 Outlook

Overall

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

Long-term target of 15% net revenue CAGR

Strong backlog and client relationships

Canada

Slowing economic growth because of volatile oil prices and rising interest rates

Slowdown in housing due to higher interest rates and tighter mortgage restrictions

United States

Solid consumer spending and business investment

Interest rates to remain flat

Continued strong employment

Uncertainty due to the ongoing trade dispute between the United States and China

Global

Expand our global footprint and benefit from healthy GDP growth

Less volatility in commodity prices that impact our Mining and Environmental Services

Expect Brexit to create uncertainty in the United Kingdom and Europe



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Colorado Rockies Experience
Denver, Colorado

 **Stantec**



Sustainability Report

Now available on [Stantec.com](https://www.stantec.com)

Investor Day

Edmonton, AB
June 12, 2019

Appendix

Net Revenue by Reportable Segment

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Mar 31, 2019	Quarter Ended Mar 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Canada	270.9	258.9	12.0	10.9	n/a	1.1	0.4%
United States	477.4	439.4	38.0	4.9	22.5	10.6	2.4%
Global	155.8	110.5	45.3	37.6	(1.2)	8.9	8.1%
Total	904.1	808.8	95.3	53.4	21.3	20.6	
Percentage growth			11.8%	6.6%	2.7%	2.5%	

n/a = not applicable

Net Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Mar 31, 2019	Quarter Ended Mar 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Buildings	203.9	183.9	20.0	11.7	5.7	2.6	1.4%
Energy & Resources	131.7	116.9	14.8	11.2	1.7	1.9	1.6%
Environmental Services	129.7	110.5	19.2	7.7	2.8	8.7	7.9%
Infrastructure	254.5	217.4	37.1	21.2	7.2	8.7	4.0%
Water	184.3	180.1	4.2	1.6	3.9	(1.3)	(0.7%)
Total	904.1	808.8	95.3	53.4	21.3	20.6	
Percentage growth			11.8%	6.6%	2.7%	2.5%	

n/a = not applicable

Gross Revenue by Reportable Segment

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Mar 31, 2019	Quarter Ended Mar 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Canada	307.9	302.8	5.1	12.5	n/a	(7.4)	(2.4%)
United States	636.3	569.6	66.7	5.4	29.0	32.3	5.7%
Global	207.3	148.9	58.4	41.9	(2.7)	19.2	12.9%
Total	1,151.5	1,021.3	130.2	59.8	26.3	44.1	
Percentage growth			12.7%	5.9%	2.5%	4.3%	

n/a = not applicable

Gross Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Mar 31, 2019	Quarter Ended Mar 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	261.0	235.8	25.2	13.1	7.5	4.6	2.0%
Energy & Resources	152.5	132.9	19.6	12.6	1.5	5.5	4.1%
Environmental Services	171.8	156.6	15.2	9.3	3.3	2.6	1.7%
Infrastructure	324.0	271.4	52.6	23.0	9.4	20.2	7.4%
Water	242.2	224.6	17.6	1.8	4.6	11.2	5.0%
Total	1,151.5	1,021.3	130.2	59.8	26.3	44.1	
Percentage growth			12.7%	5.9%	2.5%	4.3%	

n/a = not applicable

Appendix

Consolidated Statement of Cash Flows Indirect Method (Unaudited)

(In millions of Canadian dollars)

	Q1 19 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	
Net income for the year from continuing operations	44.9
Add (deduct) items not affecting cash:	
Depreciation of property and equipment	13.7
Depreciation of lease assets	27.4
Amortization of intangible assets	15.4
Deferred income taxes	17.8
Loss on sale of property and equipment	0.2
Unrealized gain on equity securities	(5.1)
Share-based compensation	4.3
Provision for self-insured liabilities and claims	7.0
Other non-cash items	2.8
	128.4
Trade and other receivables	21.3
Unbilled receivables	(63.7)
Contract assets	(2.0)
Prepaid expenses	(7.5)
Income taxes recoverable	(10.4)
Trade and other payables	(148.9)
Deferred revenue	(5.7)
	(216.9)
Cash flows used in operating activities from continuing operations	(88.5)

Appendix

Reconciliation of Non-IFRS Financial Measures

	Quarter Ended March 31 As reported	
	2019	2018
<i>(In millions of Canadian dollars, except per share amounts)</i>		
Net income from continuing operations	44.9	36.6
Add back:		
Income taxes	13.6	13.6
Net interest expense	17.2	5.3
Depreciation and amortization	56.5	31.4
EBITDA from continuing operations	132.2	86.9
Add back (deduct) pre-tax:		
Unrealized (gain) loss on investments held for self-insured liabilities	(5.1)	2.6
Adjusted EBITDA from continuing operations	127.1	89.5
	Quarter Ended March 31	
<i>(In millions of Canadian dollars, except per share amounts)</i>		
Net income from continuing operations	44.9	36.6
Add back (deduct) after tax:		
Amortization of intangible assets related to acquisitions ⁽¹⁾	7.0	9.4
Unrealized (gain) loss on investments held for self-insured liabilities ⁽²⁾	(3.7)	1.9
Transition tax ⁽³⁾	2.1	-
Adjusted net income from continuing operations	50.3	47.9
Weighted average number of shares outstanding - basic	111,805,946	114,064,729
Weighted average number of shares outstanding - diluted	111,805,946	114,306,834
Adjusted earnings per share from continuing operations		
Adjusted earnings per share - basic	0.45	0.42
Adjusted earnings per share - diluted	0.45	0.42

See the Definitions section of Stantec's 2018 Annual Report and Q1 19 Management's Discussion and Analysis for a 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.

(1) 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 March 31, 2019, this amount is net of tax of \$2.7 (2018 - \$3.5).

(2) For the quarter ended March 31, 2019, this amount is net of tax of \$1.4 (2018 - \$0.7 recovery).

(3) Refer to Income Taxes section of the Q1 19 Management's Discussion and Analysis for further details.

Appendix

Impact on Statement of Financial Position at January 1, 2019

	IFRS 16	Before IFRS 16	Increase (decrease)
<i>(In millions of Canadian dollars)</i>	\$	\$	\$
Current assets			
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
Non-current assets			
Lease assets	561.8	-	561.8
Intangible assets	242.0	247.7	(5.7)
Other assets	178.2	175.5	2.7
Total increase in assets			497.0
Current liabilities			
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)
Non-current liabilities			
Lease liabilities	600.2	-	600.2
Provisions	86.6	78.2	8.4
Deferred tax liabilities	45.6	54.3	(8.7)
Other liabilities	45.9	140.4	(94.5)
Shareholders' equity			
Retained earnings	817.2	851.2	(34.0)
Total increase in liabilities and equity			497.0

Impact on Statement of Cash Flows – Continuing Operations

	Quarter ended March 31		
	2019 as reported	2019 before IFRS 16	Increase (decrease)
<i>(In millions of Canadian dollars)</i>	\$	\$	\$
Cash flows used in operating activities	(88.5)	(114.1)	25.6
Cash paid to suppliers	(515.0)	(548.7)	33.7
Interest paid	(17.9)	(9.8)	(8.1)
Cash flows from investing activities	(104.2)	(99.4)	(4.8)
Proceeds from leasehold inducements	-	4.8	(4.8)
Cash flows from financing activities	68.2	89.0	(20.8)
Payments of lease obligations	(25.6)	-	(25.6)
Proceeds from leasehold inducements	4.8	-	4.8