



STN
TSX · NYSE

Q2 2019



Q2 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 Q2 2019 MD&A which is available on SEDAR, EDGAR, and stantec.com.



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Agenda

Gord Johnston
Q2 2019 Highlights

Theresa Jang
Financial Performance

Gord Johnston
Operational Highlights

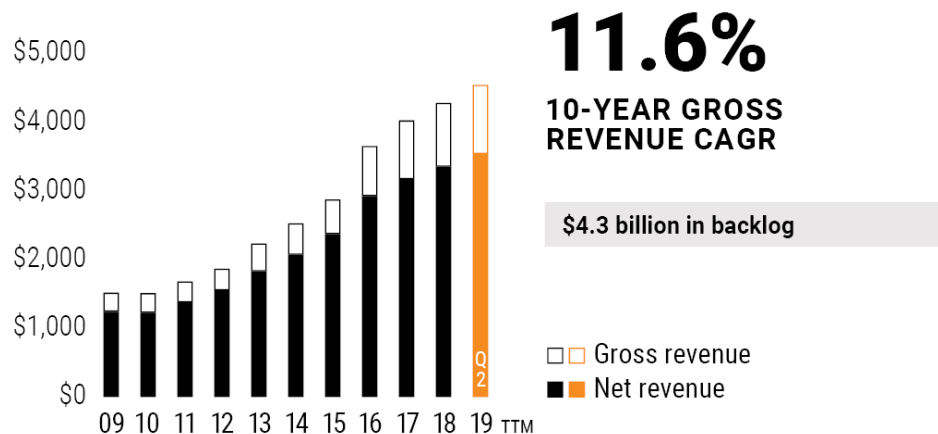
Quarry Park Fish Habitat Compensation Program
Calgary, Alberta

Q2 2019

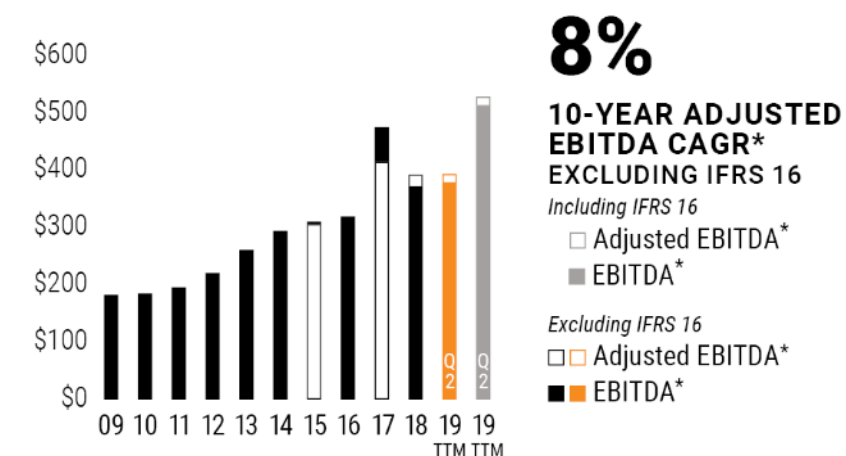


Q2 2019 Overview

Gross Revenue and Net Revenue millions (C\$)



EBITDA* millions (C\$)



- Robust revenue growth and gross margin in line with expectations
- Higher than expected administrative and marketing expenses driven by excess labor costs
- Reshaping workforce toward more highly-utilized roles actively engaged in project execution and revenue generation



Organizational Reshaping – Estimated savings

Annualized – actions to date

\$29 - \$32 million pre tax
\$0.19 - \$0.21/per share

Annualized – actions anticipated in Q3 and Q4

\$11 - \$13 million pre tax
\$0.07 - \$0.08/per share

Second Half of 2019

\$16 - \$20 million pre tax
\$0.11 - \$0.13/per share



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Q2 2019

Financial Performance

DCVC Bio
San Francisco, California





Adoption of IFRS 16

	Q2 19 as reported	Q2 19 excluding IFRS 16	Increase (decrease)
<i>(millions of Canadian dollars except where noted)</i>			
Impact on income statement items			
Administrative and marketing expenses	372.4	407.7	(35.3)
Depreciation of lease assets	28.5	-	28.5
Net interest expense	17.7	9.5	8.2
Net income	49.3	50.3	(1.0)
Impact on non - IFRS financial measures ⁽¹⁾			
EBITDA	145.9	110.6	35.3
Adjusted EBITDA	145.4	110.1	35.3
Net debt/adjusted EBITDA	1.80x	2.42x	(0.62x)

⁽¹⁾ Non-IFRS measures are discussed in the Definitions section of Stantec's 2018 Annual Report and Q2 19 Management's Discussion & Analysis.



Q2 19 Results

	Q2 19		Q2 18		YTD Q2 19		YTD Q2 18	
<i>(In millions of Canadian dollars, except per share amounts and percentages)</i>	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue
Gross revenue	1,224.1	128.4	1,092.0	126.5	2,375.6	127.9	2,113.3	126.4
Net revenue	953.6	100.0	863.3	100.0	1,857.7	100.0	1,672.1	100.0
Gross margin	517.5	54.3	470.0	54.4	1,006.0	54.2	910.5	54.5
Administrative and marketing expenses	372.4	39.1	361.3	41.9	729.5	39.3	709.3	42.4
EBITDA from continuing operations⁽¹⁾	145.9	15.3	113.2	13.1	278.1	15.0	200.1	12.0
Net income from continuing operations	49.3	5.2	57.6	6.7	94.2	5.1	94.2	5.6
Basic and diluted earnings per share (EPS) from continuing operations	0.44		0.51		0.84		0.83	
Adjusted EBITDA from continuing operations ⁽¹⁾	145.4	15.2	110.5	12.8	272.5	14.7	200.0	12.0
Adjusted net income from continuing operations ⁽¹⁾	56.1	5.9	62.0	7.2	106.4	5.7	109.9	6.6
Adjusted basic and diluted EPS from continuing operations ⁽¹⁾	0.50		0.54		0.95		0.96	

⁽¹⁾ EBITDA, adjusted EBITDA, adjusted net income are non-IFRS measures (discussed in the Definition section of Stantec's 2018 Annual Report and the Q2 2019 Management's Discussion & Analysis).



2019 Annual Targets and Q2 19 YTD Results

Measure <i>(In millions of Canadian dollars, unless otherwise stated)</i>	Previously Published 2019 Target *	Revised for the adoption of IFRS 16	Q2 19 YTD Results Compared to Revised 2019 Annual Target
	53% to 55%	No change	54.2%
Administrative and marketing expenses as % of net revenue	41% to 43%	37% to 39%	39.3%
EBITDA as % of net revenue ⁽¹⁾	11% to 13%	withdrawn	
Adjusted EBITDA as % of net revenue ⁽¹⁾		15% to 17%	14.7%
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%	5.7%
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		45% in Q1 and Q4 55% in Q2 and Q3	
DSO		98 days	

⁽¹⁾ EBITDA, adjusted EBITDA, and adjusted net income are non-IFRS measures and DSO is a metric (discussed in the Definition section of Stantec's 2018 Annual Report and the Q2 2019 Management's Discussion & Analysis).

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

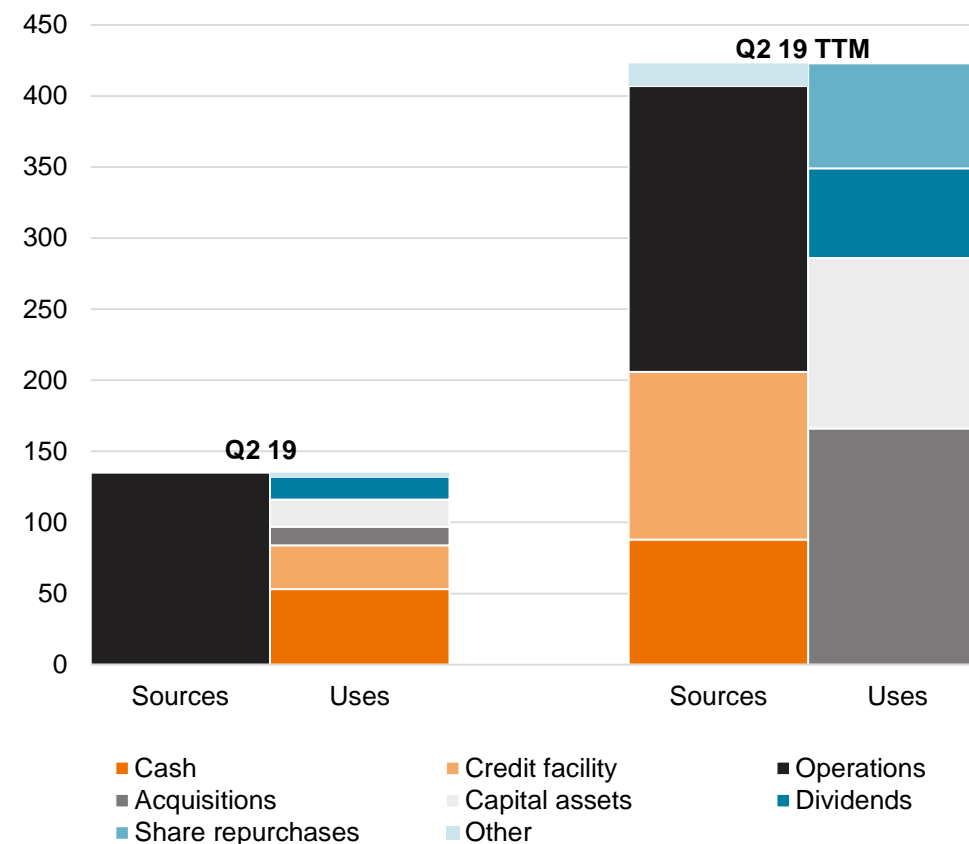


Liquidity and Capital Resources

Q2 2019

Cash Flow from continuing operations <i>(millions of Canadian dollars)</i>	Q2 2019			YTD Q2 2018		
	as reported	excluding IFRS 16		as reported	excluding IFRS 16	
Inflow (Outflow)						
Operating	162.3	135.3	98.3	73.8	21.2	25.3
Investing	(31.4)	(28.6)	(60.2)	(135.6)	(128.0)	(104.7)
Financing	(70.2)	(46.0)	(31.3)	(2.0)	43.0	98.2
Net effect	60.7	60.7	6.8	(63.8)	(63.8)	18.8

Sources and Uses of Cash





Leverage

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
Q2 19	1.8x ⁽¹⁾	2.4x

⁽¹⁾ Net debt/adjusted EBITDA is a non-IFRS measure discussed in the Definition section of Stantec's 2018 Annual Report and the Q2 2019 Management's Discussion & Analysis and was calculated using a proforma IFRS 16 adjustment for Q3 18 to Q4 18 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.



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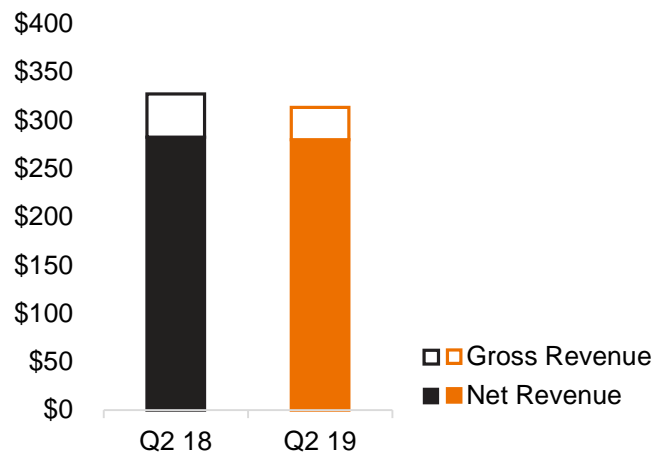
Operational Highlights

Tekeze Hydropower Project
Tekeze Gorge, Ethiopia



Canada

millions (C\$)



Results in line with expectations for slower economic conditions

Growth in Mining, Transportation, Oil & Gas, and Environmental Services

Leveraging low-utilization Canadian staff and favorable foreign exchange rates to support US operations



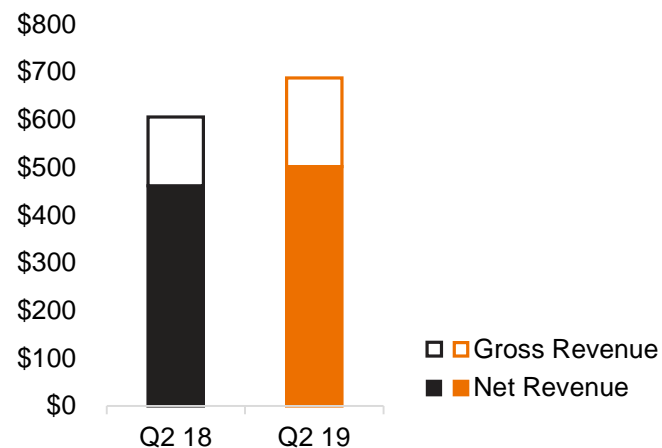
Billy Bishop Toronto City Airport - Domestic & Transborder Lounges
Toronto, Ontario

	Q2 19	YTD
Net revenue growth (retraction)	(1.0%)	1.7%
Organic net revenue retraction	(3.6%)	(1.7%)



United States

millions (C\$)



Solid net revenue growth and organic revenue growth

Very active in transportation work

Environmental Services exceeding growth expectations

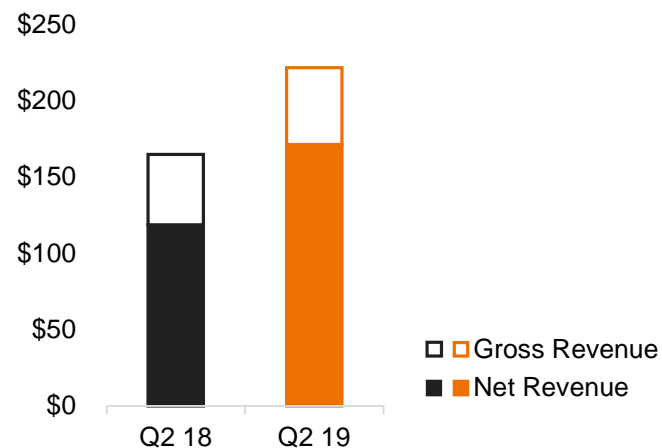


	Q2 19	YTD
Net revenue growth	8.7%	8.7%
Organic net revenue growth	4.9%	3.7%



Global

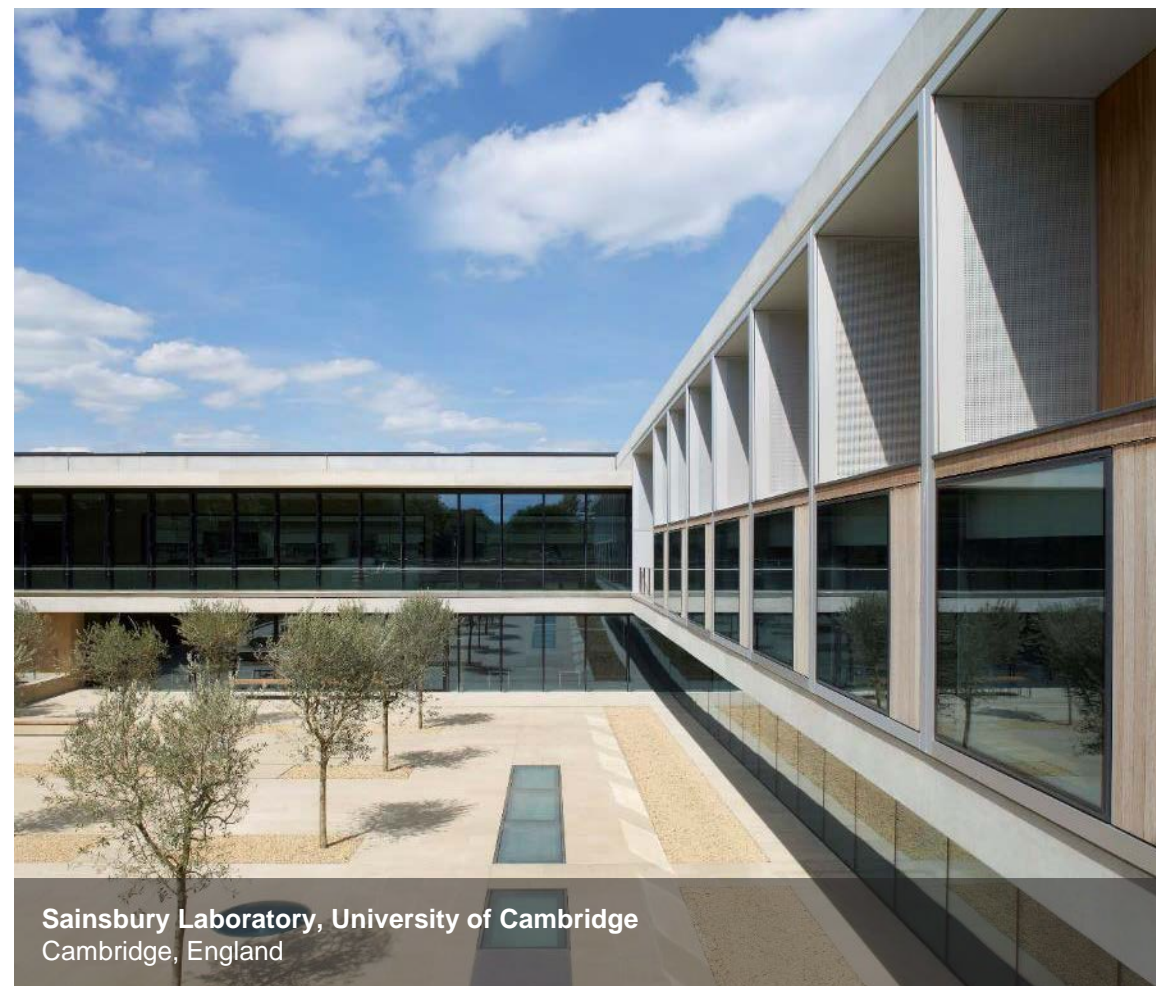
millions (C\$)



Consistently strong revenue growth with high single-digit organic growth

Growth across all businesses

Mining and Water performing well with steady project extensions and wins



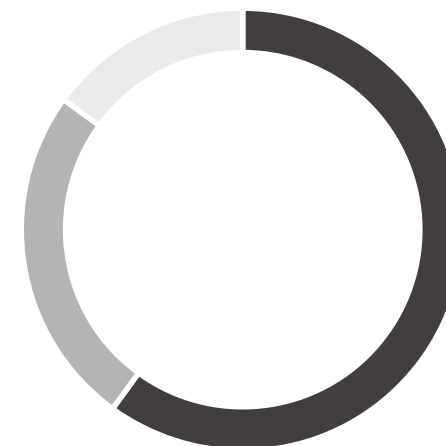
Sainsbury Laboratory, University of Cambridge
Cambridge, England

	Q2 19	YTD
Net revenue growth	44.4%	42.8%
Organic net revenue growth	6.3%	7.2%



Recent project wins

- Architecture design services for a new 34-story residential tower adjacent to the Huntington Theater Company complex on Huntington Avenue in Boston, Massachusetts.
- Engineering services for the 956 MW Priest Rapids Dam right embankment improvement project in Washington State.
- Environmental assessment, indigenous and public engagement, and government licensing support for Manitoba Infrastructure's Lake Manitoba/Lake St. Martin Outlet Channels Project.
- Traffic, roadway, and structural design as well as design management for construction of the Loyola Drive interchange and improvements along Loyola Drive, at the entrance to the new Louis Armstrong New Orleans International Airport in Kenner, Louisiana.
- Primary consultancy services, including detail design and services during and post construction for the City of Toronto's Dufferin Sanitary Trunk Sewer Improvements project.
- Review and evaluation of Eti Bakir's mining facility in Siirt Province, Turkey to transition the mine from an open-pit to underground operation.



■ United States ■ Canada ■ Global

\$4.3 billion
gross revenue backlog



Driving Shareholder Value

Continuous improvement in approach to project pursuits

Enhancing project management tools and systems

Reshaping organization to increase efficiency

Continuing to build an efficient and nimble organization



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Q2 2019

Q&A



Stantec Inc.
Consolidated Statement of Cash Flows Indirect Method
(Unaudited)

	Q2 2019 \$	YTD Q2 19 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income for the year from continuing operations	49.3	94.2
Add (deduct) items not affecting cash:		
Depreciation of property and equipment	14.7	28.4
Depreciation of lease assets	28.5	55.9
Amortization of intangible assets	17.6	33.0
Deferred income taxes	(0.7)	17.1
Loss on sale of property and equipment	0.2	0.4
Realized gain on equity securities	(0.1)	(0.1)
Unrealized gain on equity securities	(0.5)	(5.6)
Share-based compensation	4.0	8.3
Provision for self-insured liabilities and claims	17.2	24.2
Share of income from joint ventures and associates	(0.4)	(0.4)
Other non-cash items	3.6	6.4
	133.4	261.8
Trade and other receivables	(31.2)	(9.9)
Unbilled receivables	21.8	(41.9)
Contract assets	(4.7)	(6.7)
Prepaid expenses	1.7	(5.8)
Income taxes recoverable	17.2	6.8
Trade and other payables	23.8	(125.1)
Deferred revenue	0.3	(5.4)
	28.9	(188.0)
Cash flows from operating activities from continuing operations	162.3	73.8



Reconciliation of Non-IFRS Financial Measures

(In millions of Canadian dollars, except per share amounts)

	Q2 19	Q2 18	YTD Q2 19	YTD Q2 18
Net income from continuing operations	49.3	57.6	94.2	94.2
Add back:				
Income taxes	18.1	20.6	31.7	34.2
Net interest expense	17.7	6.7	34.9	12.0
Depreciation and amortization	60.8	28.3	117.3	59.7
EBITDA from continuing operations	145.9	113.2	278.1	200.1
Add back (deduct) pre-tax:				
Unrealized gain on investments held for self-insured liabilities	(0.5)	(2.7)	(5.6)	(0.1)
Adjusted EBITDA from continuing operations	145.4	110.5	272.5	200.0

(In millions of Canadian dollars, except per share amounts)

	Q2 19	Q2 18	YTD Q2 19	YTD Q2 18
Net income from continuing operations	49.3	57.6	94.2	94.2
Add back (deduct) after tax:				
Amortization of intangible assets related to acquisitions ⁽¹⁾	8.1	6.4	15.1	15.8
Unrealized gain on investments held for self-insured liabilities ⁽²⁾	(0.3)	(2.0)	(4.0)	(0.1)
Transition tax (recovery) expense ⁽³⁾	(1.0)	-	1.1	
Adjusted net income from continuing operations	56.1	62.0	106.4	109.9
Weighted average number of shares outstanding - basic	111,676,731	113,877,678	111,740,256	113,970,164
Weighted average number of shares outstanding - diluted	111,684,858	113,987,518	111,740,256	114,149,597
Adjusted earnings per share from continuing operations				
Adjusted earnings per share - basic	0.50	0.54	0.95	0.96
Adjusted earnings per share - diluted	0.50	0.54	0.95	0.96

See the Definitions section of Stantec's 2018 Annual Report and Q2 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.

(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 June 30, 2019, this amount is net of tax of \$3.1 (2018 - \$3.1). For the two quarters ended June 30, 2019, this amount is net of tax of \$5.8 (2018 - \$6.6).

(2) For the quarter ended June 30, 2019, this amount is net of tax of \$0.1 (2018 - \$0.7). For the two quarters ended June 30, 2019, this amount is net of tax of \$1.5 (2018 - nil).

(3) Refer to Income Taxes section of the Q2 19 Management's Discussion and Analysis for further details.



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



	Q2 19 as Reported \$	Q2 19 before IFRS 16 \$	Increase (Decrease) \$	YTD Q2 19 as Reported \$	YTD Q2 19 before IFRS 16 \$	Increase (Decrease) \$
<i>(In millions of Canadian dollars)</i>						
Impact on income statement items						
Administrative and marketing expenses	372.4	407.7	(35.3)	729.5	800.3	(70.8)
Net interest expense	17.7	9.5	8.2	34.9	18.6	16.3
Depreciation of lease assets	28.5	-	28.5	55.9	-	55.9
Net income	49.3	50.3	(1.0)	94.2	95.2	(1.0)
Impact on non-IFRS financial measures ⁽¹⁾						
EBITDA	145.9	110.6	35.3	278.1	207.3	70.8
Adjusted EBITDA	145.4	110.1	35.3	272.5	201.7	70.8
Net debt/adjusted EBITDA - Continuing operations	1.80	2.42	(0.62)	1.80	2.42	(0.62)

(1) Non-IFRS measures are discussed in the Definitions section of Stantec's 2018 Annual Report and Q2 19 Management's Discussion and Analysis. Net debt/adjusted EBITDA was calculated using a proforma IFRS 16 adjustment for Q3 18 to Q4 18 adjusted EBITDA, calculated as 3.8% of net revenue from the respective quarter.

	Q2 19 as Reported \$	Q2 19 before IFRS 16 \$	Increase (Decrease) \$	YTD Q2 19 as Reported \$	YTD Q2 19 before IFRS 16 \$	Increase (Decrease) \$
<i>(In millions of Canadian dollars)</i>						
Cash flows from operating activities						
Cash paid to suppliers	(366.3)	(401.5)	35.2	(881.3)	(950.2)	68.9
Interest paid	(18.4)	(10.2)	(8.2)	(36.3)	(20.0)	(16.3)
Cash flows used in investing activities						
Proceeds from leasehold inducements	-	2.8	(2.8)	-	7.6	(7.6)
Cash flows (used in) from financing activities						
Payments of lease obligations	(27.0)	-	(27.0)	(52.6)	-	(52.6)
Proceeds from leasehold inducements	2.8	-	2.8	7.6	-	7.6



Gross Margin by Business Operating Unit

	Q2 19		Q2 18		YTD Q2 19		YTD Q2 18	
<i>(In millions of Canadian dollars, except percentages)</i>	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue
Buildings	120.9	55.7%	101.5	54.2%	233.0	55.3%	199.4	53.7%
Energy & Resources	64.4	49.0%	65.3	50.4%	128.4	48.8%	125.9	51.1%
Environmental Services	81.5	56.3%	67.2	56.1%	154.5	56.3%	129.8	56.4%
Infrastructure	142.8	53.4%	129.5	54.2%	280.8	53.8%	247.2	54.2%
Water	107.9	56.0%	106.5	56.7%	209.3	55.5%	208.2	56.6%
Total	517.5	54.3%	470.0	54.4%	1,006.0	54.2%	910.5	54.5%

note: 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>	Q2 19	Q2 18	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	269.4	239.6	29.8	29.0	5.3	(4.5)	(1.9%)
Energy & Resources	157.6	151.6	6.0	7.6	1.4	(3.0)	(2.0%)
Environmental Services	192.1	166.8	25.3	7.3	2.7	15.3	9.2%
Infrastructure	352.3	300.0	52.3	16.8	6.9	28.6	9.5%
Water	252.7	234.0	18.7	-	3.2	15.5	6.6%
Total	1,224.1	1,092.0	132.1	60.7	19.5	51.9	
Percentage growth			12.1%	5.6%	1.7%	4.8%	

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>	YTD Q2 19	YTD Q2 18	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	530.4	475.4	55.0	42.1	12.8	0.1	0.0%
Energy & Resources	310.1	284.5	25.6	20.2	2.9	2.5	0.9%
Environmental Services	363.9	323.4	40.5	16.6	6.0	17.9	5.5%
Infrastructure	676.3	571.4	104.9	39.8	16.3	48.8	8.5%
Water	494.9	458.6	36.3	1.8	7.8	26.7	5.8%
Total	2,375.6	2,113.3	262.3	120.5	45.8	96.0	
Percentage growth			12.4%	5.7%	2.2%	4.5%	

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>	Q2 19	Q2 18	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Buildings	217.1	187.2	29.9	26.4	4.2	(0.7)	(0.4%)
Energy & Resources	131.5	129.5	2.0	7.2	1.2	(6.4)	(4.9%)
Environmental Services	144.8	119.8	25.0	6.3	2.2	16.5	13.8%
Infrastructure	267.6	238.9	28.7	15.6	5.0	8.1	3.4%
Water	192.6	187.9	4.7	-	2.2	2.5	1.3%
Total	953.6	863.3	90.3	55.5	14.8	20.0	
Percentage growth			10.5%	6.4%	1.8%	2.3%	

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>	YTD Q2 19	YTD Q2 18	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Buildings	421.0	371.1	49.9	38.1	9.9	1.9	0.5%
Energy & Resources	263.2	246.4	16.8	18.4	2.9	(4.5)	(1.8%)
Environmental Services	274.5	230.3	44.2	14.0	5.0	25.2	10.9%
Infrastructure	522.1	456.3	65.8	36.8	12.2	16.8	3.7%
Water	376.9	368.0	8.9	1.6	6.1	1.2	0.3%
Total	1,857.7	1,672.1	185.6	108.9	36.1	40.6	
Percentage growth			11.1%	6.5%	2.2%	2.4%	

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