



STN
TSX: NYSE

Q 4 & Y E A R E N D 2 0 1 9



Q4 & Year End 2019

Earnings Presentation

Joint Venture with Snøhetta
Temple University – Charles Library
Philadelphia, Pennsylvania, USA
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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 2019 Annual Report which is available on SEDAR, EDGAR, and stantec.com.



Agenda

Gord Johnston
Q4 & Year-end 2019 Overview

Theresa Jang
Financial Performance

Gord Johnston
Operational Highlights



IN 2019 WE REDEFINED OUR VISION

Top 10 global design firm that maximizes long-term, sustainable value

Strengthened alignment with shareholders

- Introduced relative Total Shareholder Return as management incentive
- Discontinued option plan

Earnings growth through efficiency

- Reshaping workforce initiative

Disciplined capital allocation

- Reduced leverage
- Share buy-back
- Disciplined M&A
- Sustainable dividend growth



2019 Review

10.6%

Net Revenue Growth

4.4%

Organic Net
Revenue Growth

5.2%

Acquisition Net
Revenue Growth

\$2.02

Adjusted Basic and Diluted EPS
from Continuing Operations

11.0%

Adjusted Diluted
EPS Growth

8.8%

Return on
Invested Capital



Q4 2019 Overview

7.8% growth in net revenue driven by:

5.3% organic growth in all business operating units

2.8% acquisition growth mainly focused in Buildings

8.2% increase in gross margin reflecting continued focus on project execution and project mix

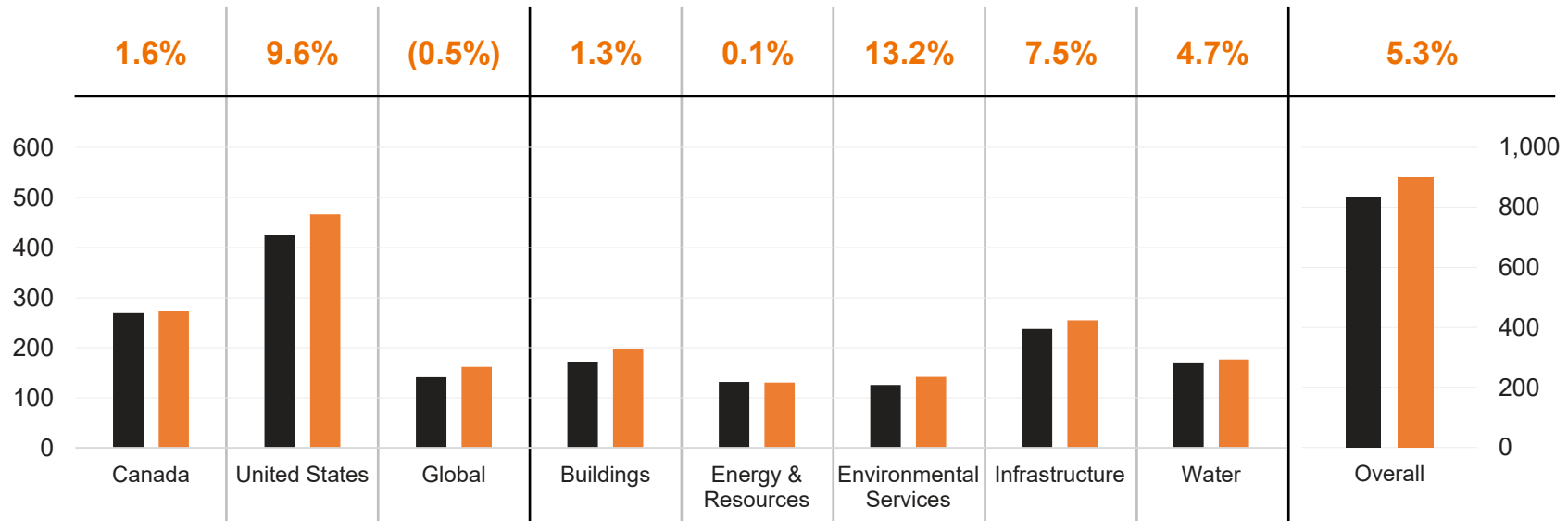


- United States
- Canada
- Global

2% backlog increase from end of 2018

11 months of work

Q4 19 Organic net revenue growth (retraction)



Net revenue in millions CAD

■ Q4 18 ■ Q4 19



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Q 4 & YEAR END 2019

Financial Performance

International Ave Pedestrian Realm
Calgary, Alberta, Canada



Adoption of IFRS 16

	Q4 19 as reported	Q4 19 excluding IFRS 16	Increase (decrease)	2019 as reported	2019 excluding IFRS 16	Increase (decrease)
<i>(millions of Canadian dollars except where noted)</i>						
Impact on income statement items						
Administrative and marketing expenses	348.5	385.7	(37.2)	1,433.6	1,576.6	(143.0)
Depreciation of lease assets	30.6	-	30.6	115.8	-	115.8
Net interest expense	17.5	9.7	7.8	69.6	37.3	32.3
Net income	42.4	43.3	(0.9)	194.4	198.1	(3.7)
Impact on non - IFRS financial measures ⁽¹⁾						
EBITDA	140.0	102.8	37.2	576.0	433.0	143.0
Adjusted EBITDA	142.8	105.6	37.2	574.4	431.4	143.0
Net debt/adjusted EBITDA				1.1x	1.5x	(0.4)x

⁽¹⁾ Non-IFRS measures are discussed in the Definitions section of our 2019 Annual Report.



Q4 & FY 2019 Results

	Q4 19		Q4 18		FY 2019		FY 2018	
<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	1,210.2	134.3	1,083.9	129.7	4,827.3	130.1	4,283.8	127.7
Net revenue	901.0	100.0	835.6	100.0	3,711.3	100.0	3,355.2	100.0
Gross margin	486.3	54.0	449.4	53.8	2,008.4	54.1	1,815.2	54.1
Administrative and marketing expenses	348.5	38.7	382.7	45.8	1,433.6	38.6	1,438.2	42.9
EBITDA from continuing operations⁽¹⁾	140.0	15.5	61.2	7.3	576.0	15.5	370.1	11.0
Net income from continuing operations	42.4	4.7	21.2	2.5	194.4	5.2	171.3	5.1
Basic and diluted earnings per share (EPS) from continuing operations	0.38		0.19		1.74		1.51	
Adjusted EBITDA from continuing operations ⁽¹⁾	142.8	15.8	84.2	10.1	574.4	15.5	392.5	11.7
Adjusted net income from continuing operations ⁽¹⁾	52.3	5.8	45.5	5.4	225.0	6.1	206.6	6.2
Adjusted basic and diluted EPS from continuing operations ⁽¹⁾	0.47		0.40		2.02		1.82	

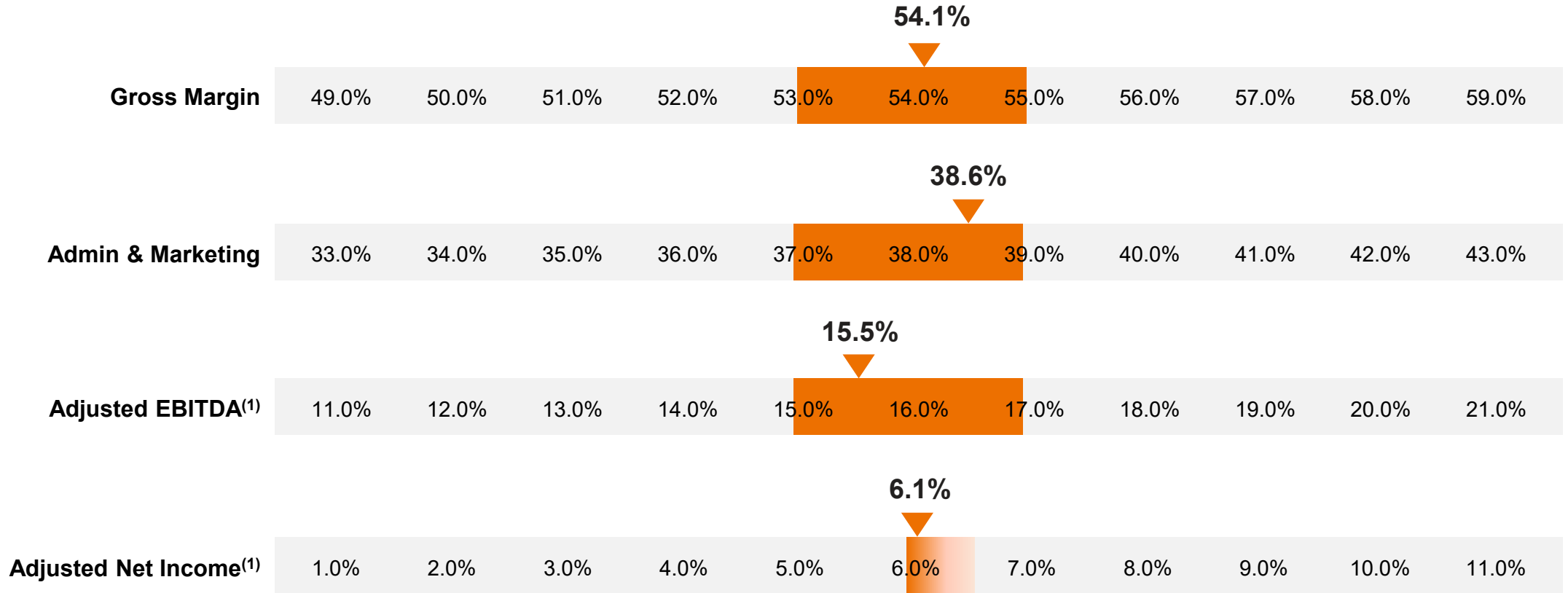
⁽¹⁾ EBITDA, adjusted EBITDA, adjusted net income, and adjusted basic and diluted EPS are non-IFRS measures (discussed in the Definition section of our 2019 Annual Report).



2019 Results Versus Guidance

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

Q 4 & YEAR END 2019



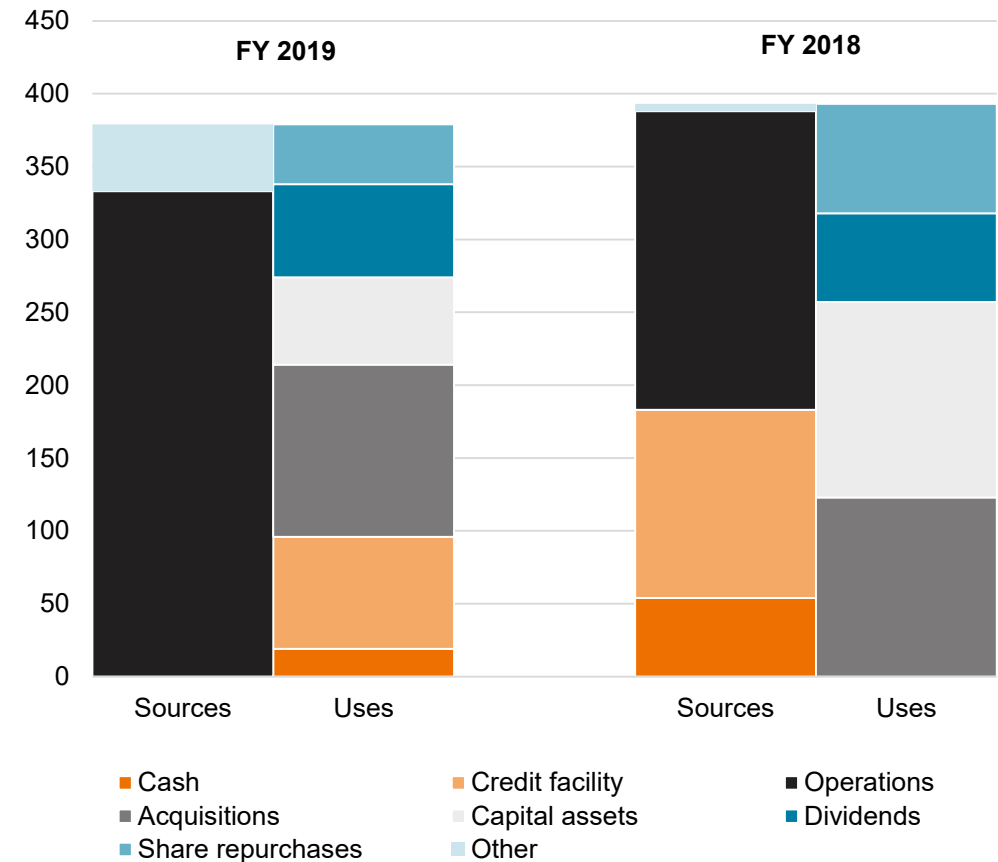
⁽¹⁾ Adjusted EBITDA and adjusted net income are non-IFRS measures discussed in the Definition section of our 2019 Annual Report.



Liquidity and Capital Resources

Cash Flow from Continuing Operations <i>(millions of Canadian dollars)</i>	FY 2019	FY 2019	FY 2018
	<i>as reported</i>	<i>excluding IFRS 16</i>	<i>as reported</i>
Inflow (Outflow)			
Operating	449.9	333.2	205.2
Investing	(135.2)	(84.8)	(220.9)
Financing	(286.0)	(219.7)	(23.9)
Net effect	28.7	28.7	(39.6)

Sources and Uses of Cash





Leverage

Net Debt to Adjusted EBITDA	<i>As reported</i>	<i>excluding IFRS 16</i>
Internal guideline	1.0x to 2.0x	1.5x to 2.5x
December 31, 2019	1.1x ⁽¹⁾	1.5x

⁽¹⁾ Net debt/adjusted EBITDA is a non-IFRS measure discussed in the Definition section of our 2019 Annual Report.



2020 targets and guidance

Targets:

Adjusted EBITDA⁽¹⁾ (% of net revenue)	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%	21.0%
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Adjusted Net Income⁽¹⁾ (% of net revenue)	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%
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Return on Invested Capital	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%
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Guidance:

Gross Margin (% of net revenue)	49.0%	50.0%	51.0%	52.0%	53.0%	54.0%	55.0%	56.0%	57.0%	58.0%	59.0%
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Admin & Marketing Expenses (% of net revenue)	33.0%	34.0%	35.0%	36.0%	37.0%	38.0%	39.0%	40.0%	41.0%	42.0%	43.0%
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Net Debt to Adjusted EBITDA	0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
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⁽¹⁾ Adjusted EBITDA, adjusted net income, and ROIC are non-IFRS measures (discussed in the Definition section of our 2019 Annual Report).



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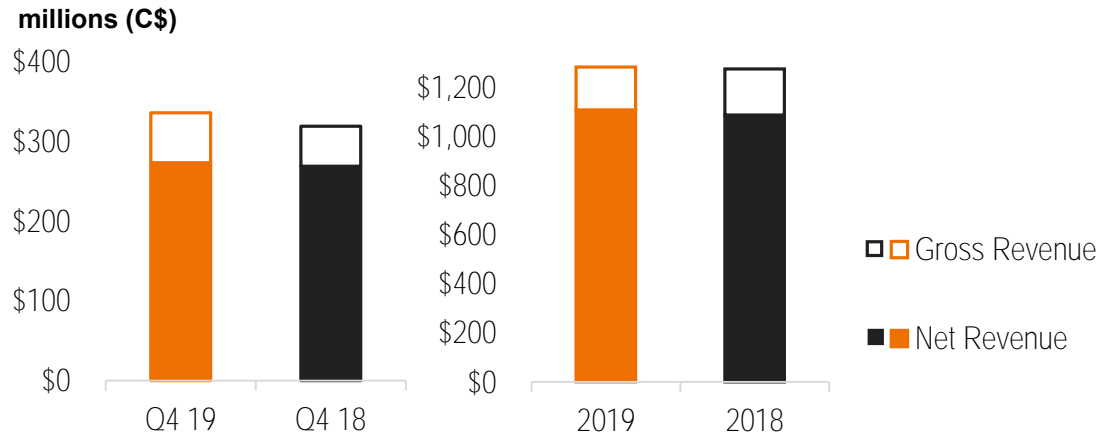
Q 4 & YEAR END 2019

Operational Highlights

Inova Mather Proton Therapy Center
Fairfax, VA, USA



Canada



Quarterly Highlights

Continued organic growth in Environmental Services and Transportation

Some retraction in Power and Water

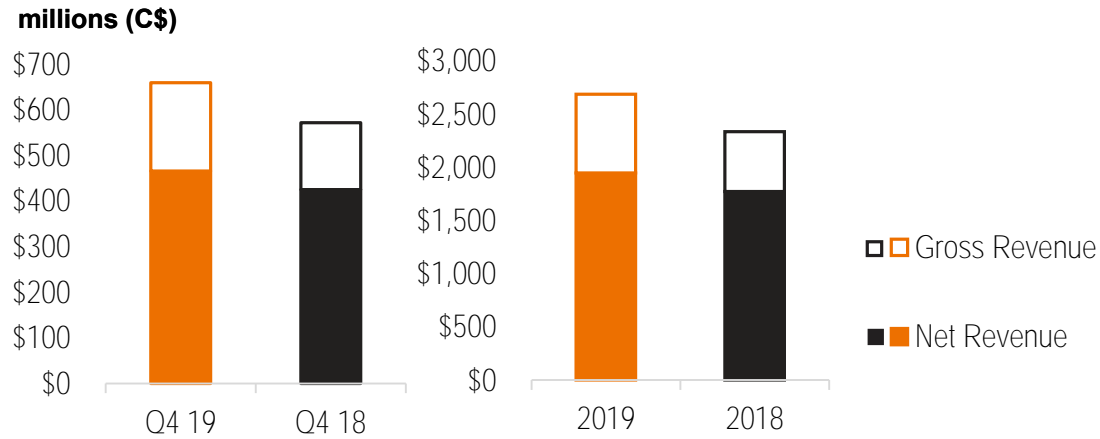
New mining projects and TransMountain spurred growth in Energy & Resources



	Q4 19	FY 2019
Net revenue growth	1.6%	2.0%
Organic net revenue growth	1.6%	0.1%
Backlog at December 31, 2019		\$1.0B



United States



Quarterly Highlights

Continued growth in Transportation, Environmental Services, and Water

Ramp-up of renewable Power projects

Increased midstream Oil & Gas projects

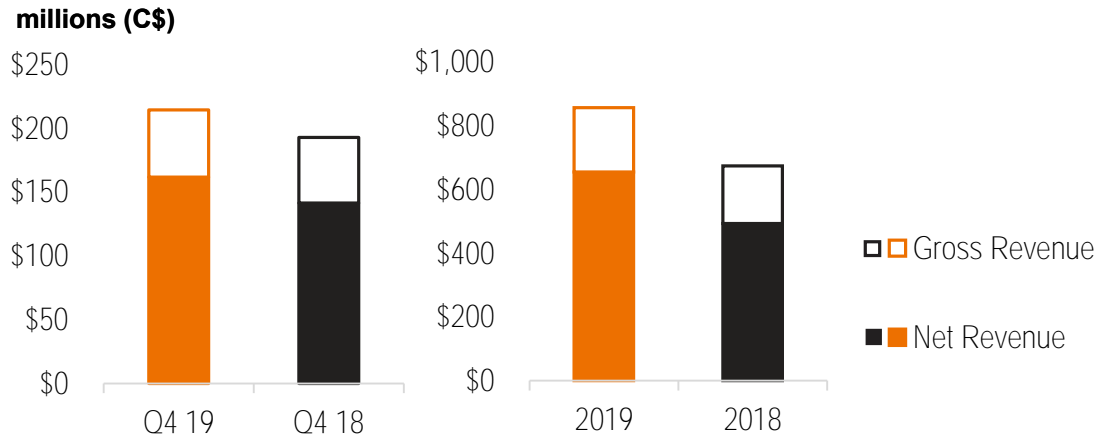


Martin County, Florida Substation
Lake Mary, Florida

	Q4 19	FY 2019
Net revenue growth	9.5%	9.8%
Organic net revenue growth	9.6%	7.0%
Backlog at December 31, 2019		\$2.6B



Global



Quarterly Highlights

Slight organic retraction due to declining commodity prices, project wind downs and slowing UK Transportation sector

Continued growth in Environmental Services

Steady work in UK AMP projects



Center Parcs, Longford Forest
County Longford, Ireland

	Q4 19	FY 2019
Net revenue growth	14.5%	32.7%
Organic net revenue growth (retraction)	(0.5%)	4.7%
Backlog at December 31, 2019		\$630M



OUR STRATEGY

To grow and diversify sustainably for the benefit of our clients, employees and shareholders.



- **We will do this through**
 - Strong execution, efficient operations, and disciplined capital allocation while delivering a great client experience.
- **We will measure our success through**
 - Strong earnings per share growth, improved returns on invested capital, balance sheet stability, employee engagement and client satisfaction.



STN
WATER

Q4 & YEAR END 2019

Q&A

Donner Summit Public Utility District (DSPUD) Treatment Alternatives and Facilities Plan
Soda Springs, CA, USA



Stantec Inc.

Consolidated Statement of Cash Flows Indirect Method

(Unaudited)

Years Ended December 31 (In millions of Canadian dollars)	2019 \$	2018 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income from continuing operations	194.4	171.3
Add (deduct) items not affecting cash:		
Depreciation of property and equipment	58.2	50.1
Depreciation of lease assets	115.8	-
Amortization of intangible assets	66.9	65.0
Deferred income taxes	15.1	0.5
Loss on sale of property and equipment	1.0	1.7
Realized gain on equity securities	(0.2)	(0.9)
Unrealized gain on equity securities	(7.9)	4.9
Share-based compensation	18.1	5.3
Provision for self-insured liabilities and claims	36.9	29.1
Share of income from joint ventures and associates	(0.8)	(1.6)
Other non-cash items	16.2	(7.1)
	513.7	318.3
Trade and other receivables	30.2	(149.8)
Unbilled receivables	20.2	(88.0)
Contract assets	(7.7)	(5.8)
Prepaid expenses	4.1	(1.2)
Income taxes recoverable	(32.5)	7.2
Trade and other payables	(94.3)	94.2
Deferred revenue	16.2	30.3
	(63.8)	(113.1)
Cash flows from operating activities from continuing operations	449.9	205.2



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Reconciliation of Non-IFRS Financial Measures

<i>(In millions of Canadian dollars, except per share amounts)</i>	Year Ended Dec 31		Quarter Ended Dec 31	
	2019	2018	2019	2018
Net income from continuing operations	194.4	171.3	42.4	21.2
Add back:				
Income taxes	71.1	55.0	17.9	2.6
Net interest expense	69.6	28.7	17.5	9.3
Depreciation and amortization	240.9	115.1	62.2	28.1
EBITDA from continuing operations	576.0	370.1	140.0	61.2
Add back (deduct) pre-tax:				
Lease exit liability	-	12.8	-	12.8
Past service cost for pensions	-	4.7	-	4.7
Unrealized (gain) loss on investments held for self-insured liabilities	(7.9)	4.9	(1.0)	5.5
Severances related to organizational reshaping	6.3	-	3.8	-
Adjusted EBITDA from continuing operations	574.4	392.5	142.8	84.2

<i>(In millions of Canadian dollars, except per share amounts)</i>	Year Ended Dec 31		Quarter Ended Dec 31	
	2019	2018	2019	2018
Net income from continuing operations	194.4	171.3	42.4	21.2
Add back (deduct) after tax:				
Amortization of intangible assets related to acquisitions (note 1)	30.7	28.8	8.0	7.3
Lease exit liability (note 2)	-	9.4	-	9.4
Past service cost for pensions (note 3)	-	3.5	-	3.5
Unrealized (gain) loss on investments held for self-insured liabilities (note 4)	(5.7)	3.6	(0.8)	4.1
Transition tax (recovery) expense (note 5)	1.1	(10.0)	-	-
Severances related to organizational reshaping (note 6)	4.5	-	2.7	-
Adjusted net income from continuing operations	225.0	206.6	52.3	45.5
Weighted average number of shares outstanding - basic	111,550,424	113,733,118	111,202,939	113,142,068
Weighted average number of shares outstanding - diluted	111,550,424	113,822,318	111,209,359	113,158,097
Adjusted earnings per share from continuing operations				
Adjusted earnings per share - basic	2.02	1.82	0.47	0.40
Adjusted earnings per share - diluted	2.02	1.82	0.47	0.40

See the Definitions section of Stantec's 2019 Annual Report 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.

note 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 year ended December 31, 2019, this amount is net of tax of \$ 112 (2018 - \$ 10.6). For the quarter ended December 31, 2019, this amount is net of tax of \$ 2.4 (2018 - \$ 1.4).

note 2: For the quarter and year ended December 31, 2019, this amount is net of tax of nil (2018 - \$ 3.4).

note 3: For the quarter and year ended December 31, 2019, this amount is net of tax of nil (2018 - \$ 12).

note 4: For the year ended December 31, 2019, this amount is net of tax of \$ 2.2 (2018 - (\$ 1.3)). For the quarter ended December 31, 2019, this amount is net of tax of \$ 0.2 (2018 - (\$ 1.4)).

note 5: Refer to Income Taxes section for further details.

note 6: For the year ended December 31, 2019, this amount is net of tax of \$ 18 (2018 - nil). For the quarter ended December 31, 2019, this amount is net of tax of \$ 11 (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>	\$	\$	\$
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	42.8	54.3	(11.5)
Other liabilities	10.9	105.4	(94.5)
Shareholders' equity			
Retained earnings	820.0	851.2	(31.2)
Total increase in liabilities and equity			497.0



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IFRS 16 Impact on Statement of Income - Continuing
Operations

	Year Ended Dec 31		
	2019 as Reported	2019 before IFRS 16	Increase (Decrease)
	\$	\$	\$
<i>(In millions of Canadian dollars)</i>			
Impact on income statement items			
Administrative and marketing expenses	1,433.6	1,576.6	(143.0)
Net interest expense	69.6	37.3	32.3
Depreciation of lease assets	115.8	-	115.8
Net income	194.4	198.1	(3.7)
Impact on non-IFRS financial measures ⁽¹⁾			
EBITDA	576.0	433.0	143.0
Adjusted EBITDA	574.4	431.4	143.0
Net debt/adjusted EBITDA - Continuing operations	1.1	1.5	(0.4)

note: Non-IFRS measures are discussed in the Definitions section of Stantec's 2019 Annual Report.

IFRS 16 Impact on Statement of Cash Flows -
Continuing Operations

	Year Ended Dec 31		
	2019 as Reported	2019 before IFRS 16	Increase (Decrease)
	\$	\$	\$
<i>(In millions of Canadian dollars)</i>			
Cash flows from operating activities	449.9	333.2	116.7
Cash paid to suppliers	(1,716.9)	(1,865.9)	149.0
Interest paid	(71.6)	(39.3)	(32.3)
Cash flows used in investing activities	(135.2)	(84.8)	(50.4)
Proceeds from leasehold inducements	-	50.4	(50.4)
Cash flows (used in) from financing activities	(286.0)	(219.7)	(66.3)
Payments of lease obligations	(116.7)	-	(116.7)
Proceeds from leasehold inducements	50.4	-	50.4



Gross Margin by Business Operating Unit

	Quarter Ended Dec 31, 2019		Quarter Ended Dec 31, 2018		Year Ended Dec 31, 2019		Year Ended Dec 31, 2018	
<i>(In millions of Canadian dollars, except percentages)</i>	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue	\$	% of Net Revenue
Buildings	108.0	54.5%	92.5	53.7%	456.8	55.2%	385.1	53.6%
Energy & Resources	62.9	48.3%	63.4	48.2%	256.2	48.8%	257.2	50.1%
Environmental Services	80.0	56.5%	71.0	56.6%	318.2	56.1%	270.6	56.3%
Infrastructure	137.9	54.1%	129.1	54.3%	569.6	54.0%	506.5	54.1%
Water	97.5	55.3%	93.4	55.3%	407.6	55.4%	395.8	55.9%
Total	486.3	54.0%	449.4	53.8%	2,008.4	54.1%	1,815.2	54.1%

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>	Quarter Ended Dec 31, 2019	Quarter Ended Dec 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	256.7	232.2	24.5	25.2	(0.2)	(0.5)	(0.2%)
Energy & Resources	156.3	159.9	(3.6)	-	(2.2)	(1.4)	(0.9%)
Environmental Services	213.9	185.3	28.6	-	(0.8)	29.4	15.9%
Infrastructure	348.9	295.3	53.6	-	(0.6)	54.2	18.4%
Water	234.4	211.2	23.2	-	(1.2)	24.4	11.6%
Total	1,210.2	1,083.9	126.3	25.2	(5.0)	106.1	
<i>Percentage growth</i>			<i>11.7%</i>	<i>2.3%</i>	<i>(0.4%)</i>	<i>9.8%</i>	

Gross Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Year Ended Dec 31, 2019	Year Ended Dec 31, 2018	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Buildings	1,053.3	938.7	114.6	94.8	14.2	5.6	0.6%
Energy & Resources	613.1	597.5	15.6	20.2	-	(4.6)	(0.8%)
Environmental Services	788.6	682.8	105.8	22.5	5.3	78.0	11.4%
Infrastructure	1,401.7	1,169.3	232.4	51.1	17.4	163.9	14.0%
Water	970.6	895.5	75.1	1.8	5.2	68.1	7.6%
Total	4,827.3	4,283.8	543.5	190.4	42.1	311.0	
<i>Percentage growth</i>			<i>12.7%</i>	<i>4.4%</i>	<i>1.0%</i>	<i>7.3%</i>	

**Net Revenue by Business Operating Unit**

<i>(In millions of Canadian dollars, except percentages)</i>	Quarter Ended Dec 31, 2019	Quarter Ended Dec 31, 2018	Total Change	Change Due to Acquisitions	Change		% of Organic Growth
					Due to Foreign Exchange	Change Due to Organic Growth	
Buildings	198.0	172.1	25.9	23.8	(0.1)	2.2	1.3%
Energy & Resources	130.2	131.4	(1.2)	-	(1.3)	0.1	0.1%
Environmental Services	141.6	125.4	16.2	-	(0.3)	16.5	13.2%
Infrastructure	254.9	237.7	17.2	-	(0.6)	17.8	7.5%
Water	176.3	169.0	7.3	-	(0.7)	8.0	4.7%
Total	901.0	835.6	65.4	23.8	(3.0)	44.6	
<i>Percentage growth</i>			<i>7.8%</i>	<i>2.8%</i>	<i>(0.3%)</i>	<i>5.3%</i>	

Net Revenue by Business Operating Unit

<i>(In millions of Canadian dollars, except percentages)</i>	Year Ended Dec 31, 2019	Year Ended Dec 31, 2018	Total Change	Change Due to Acquisitions	Change		% of Organic Growth
					Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	
Buildings	828.0	718.4	109.6	86.9	10.8	11.9	1.7%
Energy & Resources	525.1	513.1	12.0	18.4	1.6	(8.0)	(1.6%)
Environmental Services	567.0	480.3	86.7	18.8	4.8	63.1	13.1%
Infrastructure	1,055.2	935.5	119.7	47.3	12.9	59.5	6.4%
Water	736.0	707.9	28.1	1.6	4.7	21.8	3.1%
Total	3,711.3	3,355.2	356.1	173.0	34.8	148.3	
<i>Percentage growth</i>			<i>10.6%</i>	<i>5.2%</i>	<i>1.0%</i>	<i>4.4%</i>	

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