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**Interim Condensed Consolidated
Financial Statements** (unaudited)

As at and for the three-month periods ended
March 31, 2018 and 2017

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)

	Note	March 31 2018	December 31 2017
ASSETS			
Current assets			
Cash and cash equivalents		\$ 646,837	\$ 706,531
Restricted cash		22,071	20,932
Trade receivables		1,455,616	1,445,859
Contract assets		1,417,670	–
Contracts in progress		–	1,329,861
Inventories		119,398	110,237
Other current financial assets		125,601	442,500
Other current non-financial assets		450,768	450,877
Assets of disposal group classified as held for sale and assets held for sale	14	111,673	107,994
Total current assets		4,349,634	4,614,791
Property and equipment		435,923	414,138
Capital investments accounted for by the equity method	4	329,472	296,664
Capital investments accounted for by the cost method	4	55,200	55,614
Goodwill	16	6,485,471	6,323,440
Intangible assets related to business combinations		1,062,898	1,089,837
Deferred income tax asset		629,163	545,551
Non-current portion of receivables under service concession arrangements		299,010	273,340
Other non-current financial assets		37,696	44,321
Other non-current non-financial assets		113,378	104,810
Total assets		\$ 13,797,845	\$ 13,762,506
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		\$ 2,267,951	\$ 2,176,947
Contract liabilities		736,066	–
Downpayments on contracts		–	149,388
Deferred revenues		–	758,392
Other current financial liabilities		284,234	264,724
Other current non-financial liabilities		544,100	584,102
Current portion of provisions		217,877	174,534
Short-term debt and current portion of long-term debt:			
Recourse		521,022	318,757
Non-recourse from Capital investments		16,597	15,566
Liabilities of disposal group classified as held for sale	14	62,324	60,440
Total current liabilities		4,650,171	4,502,850
Long-term debt:			
Recourse		1,021,622	1,026,782
Limited recourse		1,476,116	1,475,177
Non-recourse from Capital investments		317,948	297,398
Other non-current financial liabilities		22,776	15,425
Non-current portion of provisions		793,042	791,060
Other non-current non-financial liabilities		55,624	53,367
Deferred income tax liability		400,138	377,225
Total liabilities		8,737,437	8,539,284
Equity			
Share capital		1,803,737	1,801,733
Retained earnings		2,866,630	3,145,424
Other components of equity	8	391,245	277,974
Equity attributable to SNC-Lavalin shareholders		5,061,612	5,225,131
Non-controlling interests		(1,204)	(1,909)
Total equity		5,060,408	5,223,222
Total liabilities and equity		\$ 13,797,845	\$ 13,762,506

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
NUMBER OF COMMON SHARES)

2018

	Equity attributable to SNC-Lavalin shareholders					Non-controlling interests	Total equity
	Share Capital		Retained earnings	Other components of equity (Note 8)	Total		
	Common shares (in thousands)	Amount					
Balance at beginning of the period	175,488	\$ 1,801,733	\$ 3,145,424	\$ 277,974	\$ 5,225,131	\$ (1,909)	\$ 5,223,222
Transitional adjustments on adoption of new accounting standards (Note 2B)	-	-	(327,387)	5,448	(321,939)	369	(321,570)
Adjusted balance at beginning of the period	175,488	1,801,733	2,818,037	283,422	4,903,192	(1,540)	4,901,652
Net income for the period	-	-	78,072	-	78,072	203	78,275
Other comprehensive income for the period	-	-	21,279	107,823	129,102	4	129,106
Total comprehensive income for the period	-	-	99,351	107,823	207,174	207	207,381
Dividends declared (Note 7)	-	-	(50,377)	-	(50,377)	-	(50,377)
Shares issued under stock option plans	40	2,004	(381)	-	1,623	-	1,623
Capital contributions by non-controlling interests	-	-	-	-	-	129	129
Balance at end of the period	175,528	\$ 1,803,737	\$ 2,866,630	\$ 391,245	\$ 5,061,612	\$ (1,204)	\$ 5,060,408

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
NUMBER OF COMMON SHARES)

2017

	Equity attributable to SNC-Lavalin shareholders					Non-controlling interests	Total equity
	Share Capital		Retained earnings	Other components of equity (Note 8)	Total		
	Common shares (in thousands)	Amount					
Balance at beginning of the period	150,357	\$ 554,839	\$ 2,959,366	\$ 359,017	\$ 3,873,222	\$ 23,112	\$ 3,896,334
Net income for the period	-	-	89,713	-	89,713	5,359	95,072
Other comprehensive loss for the period	-	-	(644)	(37,522)	(38,166)	(178)	(38,344)
Total comprehensive income (loss) for the period	-	-	89,069	(37,522)	51,547	5,181	56,728
Dividends declared (Note 7)	-	-	(41,057)	-	(41,057)	-	(41,057)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	(1)	(1)
Stock option compensation	-	-	103	-	103	-	103
Shares issued under stock option plans	46	2,148	(421)	-	1,727	-	1,727
Capital contributions by non-controlling interests	-	-	-	-	-	100	100
Balance at end of the period	150,403	\$ 556,987	\$ 3,007,060	\$ 321,495	\$ 3,885,542	\$ 28,392	\$ 3,913,934

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
EARNINGS PER SHARE AND NUMBER OF SHARES)

THREE MONTHS ENDED MARCH 31

	Note	2018	2017 ⁽¹⁾
Revenues from:			
E&C		\$ 2,367,197	\$ 1,788,324
Capital investments accounted for by the consolidation or cost methods		12,916	12,432
Capital investments accounted for by the equity method		51,281	48,514
		2,431,394	1,849,270
Direct cost of activities		2,197,296	1,678,627
Total segment EBIT ⁽²⁾		234,098	170,643
Corporate selling, general and administrative expenses		30,659	28,561
Impairment loss arising from expected credit losses		530	–
Loss arising on financial assets at fair value through profit or loss		4,176	6,180
Restructuring costs		1,528	2,825
Acquisition-related costs and integration costs		10,702	1,363
Amortization of intangible assets related to business combinations		56,727	15,363
Gain from disposals of E&C businesses		–	(719)
EBIT ⁽²⁾		129,776	117,070
Financial expenses	5	40,189	15,285
Financial income and net foreign exchange losses (gains)	5	1,836	(2,091)
Earnings before income taxes		87,751	103,876
Income taxes		9,476	8,804
Net income for the period		\$ 78,275	\$ 95,072
Net income attributable to:			
SNC-Lavalin shareholders		\$ 78,072	\$ 89,713
Non-controlling interests		203	5,359
Net income for the period		\$ 78,275	\$ 95,072
Earnings per share (in \$)			
Basic		\$ 0.44	\$ 0.60
Diluted		\$ 0.44	\$ 0.60
Weighted average number of outstanding shares (in thousands)			
Basic	6	175,522	150,380
Diluted		175,599	150,548

⁽¹⁾ Comparative figures have been revised (see Note 2C)

⁽²⁾ Earnings before interest and income taxes (“EBIT”)

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS)

	2018		
	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total
Net income for the period	\$ 78,072	\$ 203	\$ 78,275
Other comprehensive income (loss):			
Exchange differences on translating foreign operations (Note 8)	103,810	4	103,814
Cash flow hedges (Note 8)	4,670	–	4,670
Share of other comprehensive income of investments accounted for by the equity method (Note 8)	770	–	770
Income taxes (Note 8)	(1,427)	–	(1,427)
Total of items that will be reclassified subsequently to net income	107,823	4	107,827
Financial assets at fair value through other comprehensive income (Note 8)	298	–	298
Remeasurement on defined benefit plans (Note 8)	25,250	–	25,250
Income taxes (Note 8)	(4,269)	–	(4,269)
Total of items that will not be reclassified subsequently to net income	21,279	–	21,279
Total other comprehensive income for the period	129,102	4	129,106
Total comprehensive income for the period	\$ 207,174	\$ 207	\$ 207,381

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS)

	2017		
	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total
Net income for the period	\$ 89,713	\$ 5,359	\$ 95,072
Other comprehensive income (loss):			
Exchange differences on translating foreign operations (Note 8)	(31,851)	(178)	(32,029)
Available-for-sale financial assets (Note 8)	2,618	–	2,618
Cash flow hedges (Note 8)	(7,814)	–	(7,814)
Share of other comprehensive income of investments accounted for by the equity method (Note 8)	11	–	11
Income taxes (Note 8)	(486)	–	(486)
Total of items that will be reclassified subsequently to net income	(37,522)	(178)	(37,700)
Remeasurement on defined benefit plans (Note 8)	(742)	–	(742)
Income taxes (Note 8)	98	–	98
Total of items that will not be reclassified subsequently to net income	(644)	–	(644)
Total other comprehensive loss for the period	(38,166)	(178)	(38,344)
Total comprehensive income for the period	\$ 51,547	\$ 5,181	\$ 56,728

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)

THREE MONTHS ENDED MARCH 31

	Note	2018	2017
Operating activities			
Net income for the period		\$ 78,275	\$ 95,072
Income taxes received (paid)		23,680	(10,769)
Interest paid from E&C		(50,714)	(11,318)
Interest paid from Capital investments		(6,808)	(10,018)
Other reconciling items	9A	93,902	9,398
		138,335	72,365
Net change in non-cash working capital items	9B	(285,084)	(259,140)
Net cash used for operating activities		(146,749)	(186,775)
Investing activities			
Acquisition of property and equipment		(31,321)	(31,739)
Change in restricted cash position		–	4,226
Increase in receivables under service concession arrangements		(43,116)	(49,982)
Recovery of receivables under service concession arrangements		19,219	29,035
Decrease in short-term and long-term investments		1,707	21,740
Other		(3,486)	4,924
Net cash used for investing activities		(56,997)	(21,796)
Financing activities			
Increase in recourse debt	9C	898,386	–
Payment for recourse debt issue costs	9C	(2,559)	–
Repayment of recourse debt	9C	(737,170)	–
Increase in non-recourse debt from Capital investments	9D	20,334	–
Repayment of non-recourse debt from Capital investments	9D	–	(2,376)
Proceeds from exercise of stock options		1,623	1,727
Dividends paid to SNC-Lavalin shareholders	7	(50,377)	(41,057)
Other	9D	2,684	37
Net cash generated from (used for) financing activities		132,921	(41,669)
Increase from exchange differences on translating cash and cash equivalents		11,093	5,289
Net decrease in cash and cash equivalents		(59,732)	(244,951)
Cash and cash equivalents at beginning of period ⁽¹⁾		706,570	1,055,484
Cash and cash equivalents at end of period		\$ 646,838	\$ 810,533
Presented on the statement of financial position as follows:			
Cash and cash equivalents		\$ 646,837	\$ 810,533
Assets of disposal group classified as held for sale and assets held for sale	14	1	–
		\$ 646,838	\$ 810,533

⁽¹⁾ The amount of \$706.6 million includes \$39 thousand of cash and cash equivalents comprised within “Assets of disposal group classified as held for sale and assets held for sale” as at December 31, 2017.

See accompanying notes to interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Notes to Interim Condensed Consolidated Financial Statements

(ALL TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, UNLESS OTHERWISE INDICATED)
(UNAUDITED)

1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3. SNC-Lavalin Group Inc. is a public company listed on the Toronto Stock Exchange in Canada. Reference to the “Company” or to “SNC-Lavalin” means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements.

The Company provides consulting, design, engineering, construction as well as sustaining capital and operations and maintenance expertise, which together are referred to as “E&C”, through its network of offices in over 50 countries, and is currently working on projects around the world. SNC-Lavalin also makes select investments that are complementary to its other activities, which are referred to as “Capital investments” or “Capital” in these financial statements.

2. BASIS OF PREPARATION

A) BASIS OF PREPARATION

The Company’s financial statements are presented in **Canadian dollars**. All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, (“IAS 34”).

The IFRS accounting policies that are set out in Note 2 to the Company’s annual audited consolidated financial statements for the year ended December 31, 2017 were consistently applied to all periods presented, except for the change in an accounting policy and the accounting policies affected by new standards, amendments and an interpretation adopted in the three-month period ended March 31, 2018, as described in Notes 2B and 2C.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 in the Company’s annual audited consolidated financial statements for the year ended December 31, 2017 and remained unchanged for all periods presented, except for the new judgments and estimates related to the adoption of IFRS 15, *Revenue from Contracts with Customers*, effective January 1, 2018, as described in Note 2D.

The Company’s financial statements have been prepared on the historical cost basis, with the exception of i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; ii) the defined benefit liabilities, which are measured as the net total of the present value of the defined benefit obligation minus the fair value of plan assets; and iii) investments measured at fair value, which are held by SNC-Lavalin Infrastructure Partners LP, an investment entity accounted for by the equity method and for which SNC-Lavalin elected to retain the fair value measurement applied by that investment entity. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s 2017 annual audited consolidated financial statements.

These Company’s interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2018.

2. BASIS OF PREPARATION (CONTINUED)

B) NEW STANDARDS, AMENDMENTS AND AN INTERPRETATION ADOPTED IN THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

The following standards, amendments to existing standards and interpretation have been adopted by the Company on January 1, 2018:

- IFRS 9, *Financial Instruments*, (“IFRS 9”) covers mainly: i) the classification and measurement of financial assets and financial liabilities; ii) the new impairment model for the recognition of expected credit losses; and iii) the new hedge accounting model.
- IFRS 15, *Revenue from Contracts with Customers*, (“IFRS 15”) outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes previous revenue recognition guidance including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related Interpretations.
- Amendments to IFRS 15 clarify how to: i) identify a performance obligation in a contract; ii) determine whether a company is a principal or an agent; and iii) determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition, the amendments to IFRS 15 include two additional transition reliefs.
- Amendments to IFRS 2, *Share-based Payment*, (“IFRS 2”) provide requirements on the accounting for: i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and iii) a modification to the terms and conditions of a share-based payment that changes the classification of a transaction from cash-settled to equity-settled.
- Amendments to IAS 28, *Investments in Associates and Joint Ventures*, clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*, clarifies that: i) the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset and deferred income liability; and ii) if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- *Transfers of Investment Property* (Amendments to IAS 40, *Investment Property*) state that an entity shall transfer a property to, or from, investment property when, and only when, there is an evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use.

Except for IFRS 9, IFRS 15, amendments to IFRS 15 and IFRS 2, the amendments and interpretation listed above did not have a significant impact on the Company’s financial statements.

ADOPTION OF IFRS 9

Transition

IFRS 9, *Financial Instruments*, replaced IAS 39, *Financial Instruments: Recognition and Measurement*, (“IAS 39”) and was applied in accordance with transitional provisions of IFRS 9, which require an entity to apply IFRS 9 in accordance with IAS 8, *Accounting Policies, Change in Accounting Estimates and Errors*. The transitional provisions of IFRS 9 for classification and measurement of financial assets and financial liabilities oblige an entity to apply IFRS 9 requirements retrospectively.

As per the optional exemption in IFRS 9, the Company elected not to restate comparative figures.

IFRS 9 is not applied to financial assets and financial liabilities that have been derecognized at the date of initial application (i.e., the date when an entity first applies the requirements in IFRS 9), which is January 1, 2018 for SNC-Lavalin.

Main changes

In general, the main changes introduced by IFRS 9 relate to the classification and measurement of financial assets, the introduction of a new impairment model based on expected credit losses (rather than incurred losses as per IAS 39) and hedge accounting.

2. BASIS OF PREPARATION (CONTINUED)

Classification and measurement of financial assets and financial liabilities

The following table presents the carrying amount of financial assets held by SNC-Lavalin at December 31, 2017 by measurement category under IAS 39 and under IFRS 9:

	NOTE	IAS 39		IFRS 9	
		MEASUREMENT CATEGORY ⁽¹⁾	CARRYING AMOUNT	MEASUREMENT CATEGORY ⁽¹⁾	CARRYING AMOUNT
Cash and cash equivalents		FVTPL	\$ 706,531	FVTPL	\$ 706,531
Restricted cash		FVTPL	20,932	FVTPL	20,932
Trade receivables	A	Amortized cost	1,445,859	Amortized cost	1,442,815
Other current financial assets:					
Derivative financial instruments used for hedges		FVTPL	37,967	FVTPL	37,967
Financial assets at FVTPL		FVTPL	5,271	FVTPL	5,271
Other current financial assets		Amortized cost	399,262	Amortized cost	399,262
Capital investments accounted for by the cost method:					
At fair value	B	FVTOCI	52,708	FVTPL	52,708
At cost		Cost	2,350	FVTOCI	1,377
At amortized cost		Amortized cost	556	Amortized cost	556
Non-current portion of receivables under service concession arrangements		Amortized cost	273,340	Amortized cost	273,340
Other non-current financial assets:					
Derivative financial instruments		FVTPL	7,602	FVPTL	7,602
Derivative financial instruments used for hedges		FVTPL	14,552	FVTPL	14,552
At cost		Cost	1,783	FVTOCI	1,346
At amortized cost		Amortized cost	20,384	Amortized cost	20,384
Total			\$ 2,989,097		\$ 2,984,643

⁽¹⁾ FVTPL: Fair value through profit or loss

FVTOCI: Fair value through other comprehensive income

A. See section "*New impairment model*" below.

B. Relates to Astoria Project Partners II LLC, a Capital investment accounted for by the cost method. Under IFRS 9, since the contractual terms of this investment do not give rise, on specified dates, to cash flows that are solely payments of principal and interest and the Company did not make an irrevocable election to measure this investment at FVTOCI, the Company classified this investment in the FVTPL measurement category. As at January 1, 2018, the cumulative gain of \$8.9 million net of taxes related to this available-for-sale financial asset included in the "Other components of equity" was reclassified to the Company's opening retained earnings (see Note 8).

2. BASIS OF PREPARATION (CONTINUED)

The following table presents the carrying amount of financial liabilities held by SNC-Lavalin at December 31, 2017 by measurement category under IAS 39 and under IFRS 9:

	IAS 39		IFRS 9	
	MEASUREMENT CATEGORY ⁽¹⁾	CARRYING AMOUNT	MEASUREMENT CATEGORY ⁽¹⁾	CARRYING AMOUNT
Trade payables	Amortized cost	\$ 2,176,947	Amortized cost	\$ 2,176,947
Downpayments on contracts	Amortized cost	149,388	See ⁽²⁾	See ⁽²⁾
Other current financial liabilities:				
Derivative financial instruments used for hedges	FVTPL	20,775	FVTPL	20,775
Other current financial liabilities	Amortized cost	243,949	Amortized cost	243,949
Provisions	Amortized cost	52,519	Amortized cost	52,519
Short-term debt and long-term debt	Amortized cost	3,133,680	Amortized cost	3,133,680
Other non-current financial liabilities:				
Derivative financial instruments used for hedges	FVTPL	1,303	FVTPL	1,303
Other non-current financial liabilities	Amortized cost	14,122	Amortized cost	14,122
Total		\$ 5,792,683		\$ 5,643,295

⁽¹⁾ FVTPL: Fair value through profit or loss

⁽²⁾ Presented as part of “Contract assets/Contract liabilities” in 2018

New impairment model

The IAS 39 incurred credit loss model was replaced by the IFRS 9 expected credit loss model. Expected credit losses are the present value of all cash shortfalls over the expected life of the financial instrument.

The new impairment model generally requires entities to recognize expected credit losses in profit or loss for all financial assets, even those that are newly originated or acquired. Although IFRS 9 does not require the loss allowance to be recognized at initial recognition of the new financial asset but rather at the next reporting date, the effect is the same as to recognizing a day one loss. This is different from IAS 39, under which no impairment was recognized unless and until a loss event occurs after the initial recognition of a financial asset.

Under IFRS 9, impairment is measured as either: i) 12-month expected credit losses; or ii) lifetime expected credit losses.

The Company applies the simplified approach to recognize lifetime expected credit losses for its trade receivables and contract assets that are in scope of IFRS 15 and that do not have a significant financing component. The Company applies the 12-month expected credit losses to its receivables under service concession arrangements that have a significant financing component.

The following table presents the reconciliation of the ending allowances as at December 31, 2017 to the opening loss allowances determined in accordance with IFRS 9 at the date of initial application:

Model	TRADE RECEIVABLES	CONTRACT ASSETS	RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS
	Life-time expected credit losses	Life-time expected credit losses	12-month expected credit losses
Allowances as at December 31, 2017	\$ 163,985	\$ 154,794	\$ –
Additional loss allowance recognized on January 1, 2018	3,044	2,471	–
Impairment allowance under IFRS 9 as at January 1, 2018	\$ 167,029	\$ 157,265	\$ –

As at January 1, 2018, the current portion of receivable under service concession arrangements amounted to \$nil, which resulted in a \$nil impairment allowance based on a 12-month expected credit loss model.

Hedge accounting

As permitted by IFRS 9, the Company continues to apply the requirements contained in IAS 39 for hedge accounting.

2. BASIS OF PREPARATION (CONTINUED)

ADOPTION OF IFRS 15 AND AMENDMENTS TO IFRS 15

IFRS 15 introduces a 5-step model to revenue recognition for contracts with customers. Such model requires an entity to: 1) identify the contract with the customer; 2) identify the performance obligations related to that contract; 3) determine the transaction price of the contract; 4) allocate such transaction price between the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. In addition to recognition and measurement, IFRS 15 also provides new requirements on presentation and disclosures.

Transition

The Company elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (January 1, 2018), without restatement of comparative figures.

IFRS 15 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients upon adoption of IFRS 15 on January 1, 2018:

PRACTICAL EXPEDIENT	DESCRIPTION
Completed contract	The Company applied IFRS 15 retrospectively only to contracts that are not completed contracts as at January 1, 2018.
Contract modifications	The Company did not separately evaluate the effects of each contract modification prior to January 1, 2018. Instead, it reflected the aggregate effect of all modifications that occurred prior to January 1, 2018 when: i) identifying the satisfied and unsatisfied performance obligations; ii) determining the transaction price; and iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

Change orders and claims

Change orders and claims, referred to as contract modifications, were previously recognized as per guidance provided in IAS 11, *Construction Contracts*, (“IAS 11”). Under such guidance, revenue could be recognized on contract modifications only when certain conditions were met, including the fact that it was **probable** the customer will approve the modification and the amount of revenue arising from such contract modifications. IFRS 15 also provides guidance on the recognition of revenue from contract modifications, but such guidance is based, among other factors, on the fact that the contract modification is approved and it is **highly probable** that a significant reversal in the amount of cumulative revenue recognized on such contract modifications will not occur when the uncertainty is subsequently resolved. Given the higher level of probability to be applied under IFRS 15, some revenue recognized under IAS 11 was reversed as at January 1, 2018, resulting in an approximate \$210 million adjustment to equity on that date. Revenue from these contract modifications will be recognized when, and if, IFRS 15 guidance is met.

Measure of anticipated revenues and determination of progress

Under IFRS 15, the amount of anticipated revenue used when determining the amount of revenue to be recognized must be based on contracts with legally enforceable rights and obligations. As a result, certain contracts under which the Company anticipates some volume of work based on discussions with the customer or other indicators, but for which formal purchase orders or work orders need to be issued by the customer in order to formalize the exact scope of work, were assessed to determine when the anticipated revenue should be included in the transaction price, resulting in a decrease in the Company’s cumulative revenues recognized on these contracts as at January 1, 2018 (approximately \$105 million adjustment to equity on that date).

Furthermore, for projects having revenue recognized based on the stage of completion method using a cost input method, the Company was accounting for its assurance-type warranty costs the same way as other project costs. As a result, the Company did not carry a provision for such expected warranty costs. Rather, it recognized such costs as they were incurred, which in turn was included in the measure of progress of the project based on the stage of completion method and, as such, generated revenue.

Under IFRS 15, these assurance-type warranty costs are to be excluded from the measure of progress of projects for which revenue is recognized over time using a cost input method. Such costs will rather be recognized as a provision in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, based on the advancement of the projects, and the provision recognized will then either be used when costs are incurred or reversed if it is no longer needed.

In addition to these warranty-related costs, the Company reviewed its other project costs on contracts for which revenue is recognized over time to determine if each of these costs is contributing to the transfer of control of the goods or services to the customer. Such review resulted in non-significant impact on the Company’s equity as at January 1, 2018.

2. BASIS OF PREPARATION (CONTINUED)

Presentation

In accordance with IFRS 15, the Company changed its presentation of contract-related assets and liabilities. As such, the Company now presents its contract balances, on a contract-by-contract basis, in a net contract asset or liability position, separately from its accounts receivable. Contract assets and accounts receivable are both rights to consideration in exchange for goods or services that the Company has transferred to a customer, however the classification depends on whether such right is only conditional on the passage of time (accounts receivable) or if it is also conditional on something else (contract assets), such as the satisfaction of further performance obligations under the contract. A contract liability is the amount received by the Company that exceeds the right to consideration resulting from the Company's performance under a given contract.

The Company's contract assets and contract liabilities include mainly the balances that were presented as "Contracts in progress", "Retentions on client contracts" included in "Other current financial assets", "Deferred revenues" and "Downpayments on contracts" in the Company's consolidated statement of financial position until December 31, 2017.

Procedures and controls

The Company has updated and implemented revised procedures and controls in order to meet the requirements of IFRS 15, notably the recording of the transition adjustment and the change in presentation to be reported in the Company's unaudited consolidated financial statements for the three-month period ended March 31, 2018, as well as additional disclosures to be provided in the Company's 2018 audited annual consolidated financial statements.

ADOPTION OF AMENDMENTS TO IFRS 2

The impact from the adoption of amendments to IFRS 2 relate to share-based payment transactions that are unvested at the date that an entity first applies the amendments, i.e., January 1, 2018 for SNC-Lavalin, and to share-based payment transactions with a grant date on or after that date. As per the amendments to IFRS 2, vesting conditions, other than market conditions, are to be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction. The amount of the liability has to be based on the best available estimate of the number of awards that are expected to vest.

As at January 1, 2018, the Company estimated the number of its unvested share units that will eventually vest and recognized the effect of the remeasurement in the opening retained earnings of \$4.2 million (\$3.0 million net of taxes), with a corresponding decrease to the share unit plans' liabilities.

The Company adopted the amendments to IFRS 2 in accordance with its transitional provisions and did not restate comparative figures.

IMPACT FROM THE ADOPTION OF IFRS 9, IFRS 15 AND AMENDMENTS TO IFRS 2

The following table presents the impact of adopting IFRS 9, IFRS 15 and amendments to IFRS 2 on the Company's equity as at January 1, 2018:

	SHARE CAPITAL	RETAINED EARNINGS	OTHER COMPONENTS OF EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at December 31, 2017	\$ 1,801,733	\$ 3,145,424	\$ 277,974	\$ (1,909)	\$ 5,223,222
Transitional adjustments on adoption of new accounting standards:					
Adoption of IFRS 9	–	3,396	(8,874)	–	(5,478)
Adoption of IFRS 15	–	(333,826)	14,322	369	(319,135)
Adoption of amendments to IFRS 2	–	3,043	–	–	3,043
	–	(327,387)	5,448	369	(321,570)
Balance as at January 1, 2018	\$ 1,801,733	\$ 2,818,037	\$ 283,422	\$ (1,540)	\$ 4,901,652

2. BASIS OF PREPARATION (CONTINUED)

C) CHANGES IN ACCOUNTING POLICIES AND IN PRESENTATION

Financial instruments

Financial assets and liabilities

Unless specifically covered by another accounting policy, the measurement of financial assets and financial liabilities is based on their classification, which is one of the following for SNC-Lavalin:

CATEGORY – SUBSEQUENTLY MEASURED AT	APPLICABLE TO	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT	RECOGNITION OF INCOME/EXPENSE AND GAINS/LOSSES ON REMEASUREMENT, IF ANY
Fair value through profit or loss (“FVTPL”)	Financial assets and financial liabilities	Fair value	Fair value	All recognized in net income
Fair value through other comprehensive income (“FVTOCI”)	Financial assets	Fair value including transaction costs	Fair value derived from published bid price quotations for listed securities. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.	Investment income, which includes interest, dividends and distributions, is recognized in net income. For equity instruments, gains (losses) from revaluation are recognized in other comprehensive income with no reclassification to net income on disposal of such assets.
Amortized cost	Financial assets and financial liabilities	Fair value including transaction costs	Amortized cost using the effective interest method	All recognized in net income

Impairment of assets subsequently measured at amortized cost

For “Trade receivables” and “Contract assets”, the amount of the loss allowance recognized is the amount equal to lifetime expected credit losses that result from all possible default events over the expected life of a financial instrument.

For “Non-current portion of receivables under service concession arrangements”, if the credit risk has not increased significantly since initial recognition, the amount of the loss allowance recognized is the amount equal to 12-month expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Write-off

The gross carrying amount of a financial asset is reduced when there are no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Revenue recognition

Revenue from contracts with customers is recognized, for each performance obligation, either over a period of time or at a point in time, depending on which method better reflects the transfer of control of the goods or services underlying the particular performance obligation to the customer.

In most cases, for performance obligations satisfied over time, the Company recognizes revenue over time using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying such performance obligations. Under certain contracts, notably certain cost-plus contracts or unit-rate contracts, the Company recognizes revenue based on its right to consideration when such amount corresponds directly with the value to the customer of the entity’s performance completed to date. In certain other situations, the Company might recognize revenue at a point in time, when the criteria to recognize revenue over time are not met. In any event, when the total anticipated costs exceed the total anticipated revenues on a contract, such loss is recognized in its entirety in the period it becomes known.

The amount of revenue recognized by the Company is based on the transaction price allocated to each performance obligation. Such transaction price corresponds to the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price includes, among other things and when applicable, an estimate of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is usually derived from incentives, performance bonuses, and penalties, and could include claims and unpriced change orders.

2. BASIS OF PREPARATION (CONTINUED)

SNC-Lavalin may enter into contractual arrangements with a client to deliver services on one project which span more than one performance obligation, such as Engineering, Procurement and Construction (“EPC”) or Engineering, Procurement, and Construction and Management (“EPCM”), Operations and Maintenance (“O&M”) and/or Capital investments. When entering into such arrangements, the Company allocates the transaction price by reference to the stand-alone selling price of each performance obligation. Accordingly, when such arrangements exist on the same project, the value of each performance obligation is based on its stand-alone selling price and recognized according to the respective revenue recognition methods described above.

The Company usually accounts for a contract modification, which consists of a change in the scope or price (or both) of a contract, as part of an existing contract, in which case the Company recognizes an adjustment to revenue on a cumulative catch-up basis at the date of contract modification. Under certain circumstances, the Company might account for a contract modification as a separate contract, in which case revenue is recognized separately on the contract modification.

The Company recognizes assurance-type warranty costs as a provision in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, based on the advancement of the projects, and the provision recognized is then either used when costs are incurred or reversed if it is no longer needed.

In all cases, the value of construction activities, material and equipment purchased by SNC-Lavalin, when acting as purchasing agent for a client, is not recorded as revenue.

The Company may apply its revenue recognition policy to a portfolio of contracts or performance obligations with similar characteristics if the effect on its financial statements of applying such policy to the portfolio is not reasonably expected to differ materially from applying its policy to the individual contracts or performance obligations within that portfolio.

The Company presents its contract balances, on a contract-by-contract basis, in a net contract asset or liability position, separately from its trade receivables. Contract assets and trade receivables are both rights to consideration in exchange for goods or services that the Company has transferred to a customer, however the classification depends on whether such right is only conditional on the passage of time (trade receivables) or if it is also conditional on something else (contract assets), such as the satisfaction of further performance obligations under the contract. A contract liability is the amount received by the Company that exceeds the right to consideration resulting from the Company’s performance under a given contract.

REVENUES FROM CAPITAL INVESTMENTS

Revenues from **Capital investments** include the following:

ACCOUNTING METHODS FOR THE COMPANY’S CAPITAL INVESTMENTS	REVENUES INCLUDED IN THE COMPANY’S CONSOLIDATED INCOME STATEMENT
Consolidation	Revenues that are recognized and reported by the Capital investments
Equity method	SNC-Lavalin’s share of net results of the Capital investments or dividends from its Capital investments for which the carrying amount is \$nil but would otherwise be negative based on historical financial results and dividends if SNC-Lavalin had an obligation to fund the investment. Dividends are recognized when the Company’s right to receive payment has been established.
Cost method	Dividends and distributions from the Capital investments

Share-based payments

Share units

The 2017 Performance Share Unit plan (“2017 PSU plan”), 2014 Performance Share Unit plan (“2014 PSU plan”), Restricted Share Unit plan (“RSU plan”), and Deferred Share Unit plan (“DSU plan”) are collectively referred as “share units”. For share units granted to employees under the share unit plans, a liability is recognized and measured at the fair value of the liability, which is based on the Company’s share price. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in net income for the period. The fair value of the grants of share units is expensed in the income statement on a straight-line basis over the vesting period, based on the Company’s estimate of share units that will eventually vest.

2. BASIS OF PREPARATION (CONTINUED)

Segment disclosures and income statement

Effective January 1, 2018, the Company modified the presentation of its income statement by changing its definition of “direct costs of activities”, which now refers to all costs, including allocation of certain costs, associated to its revenue generating activities and front-end support, whereby in the past it was substantially limited to its project-related costs. As such, this change resulted in a reclassification of \$122.3 million from “Selling, general and administrative expenses” to “Direct cost of activities” in the three-month period ended March 31, 2017.

At the same time, the Company changed the definition of segment EBIT, its measure of profit or loss for its reportable segments, to reflect a change made to its internal reporting. As such, segment EBIT now includes an additional allocation of certain corporate selling, general and administrative expenses, whereas in the past it only included corporate selling, general and administrative expenses that were directly related to projects or segments. The additional costs that are being allocated to the segment EBIT are mainly related to information technology and to employee benefits and incentives. These are based on a per employee basis for the information technology costs and on an employee compensation basis for the benefits and incentives. The Company believes that such allocation improves the measure of profitability of its reportable segments by better reflecting the overall costs incurred to support its operations. In addition, the Company introduced the measure of Total segment EBIT, which represents the sum of all segment EBIT and non-controlling interests before income taxes. Such measure of Total segment EBIT is now aligned with the presentation adopted in the Company’s statement of income and corresponds to the Company’s revenues less direct costs of activities.

Furthermore, the Company initiated a strategic realignment of its organizational structure aimed at integrating the Atkins business, more effectively serving its clients worldwide and strengthening its position for longer-term growth. This realignment, which became effective January 1, 2018, resulted in a change to the Company’s reportable segments, which are now: i) Mining & Metallurgy; ii) Oil & Gas; iii) Nuclear; iv) Clean Power; v) Thermal Power; vi) Infrastructure; vii) Engineering, Design and Project Management (“EDPM”); and viii) Capital. See Note 3 for description of each of the segments.

In addition, concurrent to the adoption of IFRS 9, *Financial Instruments*, on January 1, 2018, the Company presents “Loss arising on financial assets at fair value through profit or loss” separately in its income statement. This change resulted in a reclassification of a loss of \$6.2 million related to derivative financial instruments used by the Company to limit its exposure to the variability of its share unit plans’ liabilities from “Corporate selling, general and administrative expense” to “Loss arising on financial assets at fair value through profit or loss” for the three-month period ended March 31, 2017.

These changes were made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of 2017 figures.

D) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Revenue recognition

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and its allocation between identified performance obligations and the use of the appropriate revenue recognition method for each performance obligation are the main steps involved in the revenue recognition process, all of which require the exercise of judgment and the use of assumptions.

The transaction price corresponds to the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Such amount may require the Company to estimate an amount of variable consideration, notably from estimated volume of work, claims and unpriced change orders, incentives or penalties, among others. As such, the Company needs to estimate the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Such estimated amount then needs to be updated at the end of each reporting period.

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary for each project. In particular, while consulting, design, engineering and construction activities usually do not exceed 4 years, operations and maintenance activities include contracts for which the duration might exceed 20 years, notably on certain public-private partnership arrangements. The long-term nature of certain arrangements usually results in significant estimates related to scheduling and costs. The determination of estimates is based on SNC-Lavalin’s business practices as well as its historical experience. Furthermore, management regularly reviews underlying estimates of project profitability.

2. BASIS OF PREPARATION (CONTINUED)

E) STANDARD AND AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE

The following standard has been issued and is applicable to the Company for its annual periods beginning on January 1, 2019 and thereafter, with an earlier application permitted for entities that have also adopted IFRS 15:

- IFRS 16, *Leases*, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17, *Leases*, and its associated interpretative guidance.

The following amendments to standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2019 and thereafter, with an earlier application permitted:

- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9, *Financial Instruments*) allow financial assets with a prepayment option that could result in the option's holder receiving compensation for early termination to meet the solely payments of principal and interest condition if specified criteria are met.
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28, *Investments in Associates and Joint Ventures*) clarify that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Amendments to IFRS 3, *Business Combinations*, state that an entity shall remeasure its previously held interest in a joint operation when it obtains control of the business.
- Amendments to IFRS 11, *Joint Arrangements*, state that an entity shall not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- Amendments to IAS 12, *Income Taxes*, clarify that all income tax consequences of dividends (i.e., distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- Amendments to IAS 23, *Borrowing Costs*, clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
- *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19, *Employee Benefits*) specifies how an entity determines pension expenses when changes to a defined benefit pension plan occur. When a change to a plan – an amendment, curtailment or settlement – takes place, IAS 19 requires an entity to remeasure its net defined benefit liability or asset. The amendments require an entity to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

The Company is currently evaluating the impact of adopting these standard and amendments on its financial statements.

3. SEGMENT DISCLOSURES

SNC-Lavalin's reportable segments are i) **Mining & Metallurgy**; ii) **Oil & Gas**; iii) **Nuclear**; iv) **Clean Power**; v) **Thermal Power**; vi) **Infrastructure**; vii) **Engineering, Design and Project Management** ("EDPM"); and viii) **Capital**.

The description of each of the segments is as follows:

Mining & Metallurgy combines global-caliber expertise with deep local capabilities to provide tailored solutions for projects of any size, scope or complexity in the aluminium, gold, copper, iron ore, nickel, fertilizer, commodities related to rechargeable batteries for cars, mobile phone and other electronic devices, and sulphur product sectors, among others. It includes a full range of activities and services in studies, sustaining capital and consulting, and major projects.

Oil & Gas includes projects in the upstream, midstream, downstream and supporting infrastructure sectors for major oil and gas and resources companies. It supports these clients across the asset life cycle, from front-end evaluation through decommissioning (operational and capital expenditures).

Nuclear supports clients across the entire Nuclear life cycle with the full spectrum of services from consultancy, EPC(M) services, field services, technology services, spare parts, reactor support & decommissioning and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors.

3. SEGMENT DISCLOSURES (CONTINUED)

Clean Power combines the Company's established leadership in hydro, transmission and distribution and extensive renewable energy capabilities, including in energy storage, providing fully integrated life-of-asset services capabilities.

Thermal Power includes projects in thermal power generation, a market that the Company is currently exiting.

Infrastructure provides end-to-end services to a broad range of sectors, including mass transit, heavy rail, roads, bridges, airports, ports and harbours, facilities architecture and engineering (structural, mechanical, electrical), industrial (pharmaceutical, agrifood, life sciences, automation, industrial processes), geotechnical engineering, materials testing, and water infrastructure. In addition, Infrastructure includes O&M projects.

EDPM incorporates all engineering, design and project management services around the world, except for the Canadian market which remains fully integrated within Infrastructure segment. It also harnesses our enhanced capabilities in intelligent mobility and digital asset management. Projects are mainly in transportation, including rail, mass transit and roads, infrastructure, aerospace, defence and security & technology. Some projects are primarily funded by the public sector and include projects with several departments of transportation, as well as the water treatment, environment, city and county markets, and the intermodal business.

Capital is the investment and asset management arm of SNC-Lavalin. Its main purpose is to invest equity or subordinated debt into projects to generate integrated, whole life-cycle revenues in engineering and construction, as well as operations and maintenance. All investments are structured to earn a return on capital adequate for the risk profile of each individual project. SNC-Lavalin makes capital investments in a variety of infrastructure assets such as bridges and highways, mass transit systems, power facilities, energy infrastructure and water treatment plants.

Additional information on revenue

The adoption of IFRS 15 in 2018 resulted in additional disclosures of financial information related to the disaggregation of revenue from contracts with customers. As such, the Company added details, after the segment information table, on 2018 revenues by geographic area and type of contracts, with a reconciliation between revenues from contracts with customers under the scope of IFRS 15 and total revenues.

While the geographic areas presented are consistent with those disclosed annually by the Company, the types of contracts presented are defined as follow:

Reimbursable and engineering service contracts: Under reimbursable contracts, the Company charges the customer for the actual cost incurred plus a mark-up that could take various forms such as a fixed-fee per unit, a percentage of costs incurred or an incentive fee based on achieving certain targets, performance factors or contractual milestones. Reimbursable contracts also include unit-rate contracts for which a fixed amount per quantity is charged to the customer, and reimbursable contracts with a cap. Engineering service contracts include: i) time and material agreements based on hourly rates and fixed-price lump-sum contracts with limited procurement or construction risks; and ii) O&M contracts.

EPC fixed-price contracts: Under EPC fixed-price contracts, the Company completes the work required for the project at a lump-sum price. Before entering into such contracts, the Company estimates the total cost of the project, plus a profit margin. The Company's actual profit margin may vary based on its ability to achieve the project requirements at or below the initial estimated costs.

3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues and EBIT according to the Company's segments for the three-month periods ended March 31, 2018 and 2017:

	2018				2017 ⁽¹⁾			
	REVENUES	SEGMENT EBIT			REVENUES	SEGMENT EBIT		
		E&C	CAPITAL	TOTAL		E&C	CAPITAL	TOTAL
Mining & Metallurgy	\$ 114,062	\$ 6,376	\$ –	\$ 6,376	\$ 101,411	\$ 5,072	\$ –	\$ 5,072
Oil & Gas	643,037	47,739	–	47,739	856,545	53,633	–	53,633
Nuclear	230,027	31,241	–	31,241	166,551	45,035	–	45,035
Clean Power	80,061	10,270	–	10,270	121,549	10,322	–	10,322
Thermal Power	46,720	(11,030)	–	(11,030)	85,369	(26,535)	–	(26,535)
Infrastructure	465,945	12,093	–	12,093	417,324	19,894	–	19,894
EDPM	787,345	80,718	–	80,718	39,575	2,529	–	2,529
Total E&C segments	2,367,197	177,407	–	177,407	1,788,324	109,950	–	109,950
Capital	64,197	–	56,432	56,432	60,946	–	55,334	55,334
	\$ 2,431,394			233,839	\$ 1,849,270			165,284
Reversal of non-controlling interests before income taxes included above		259	–	259		5,359	–	5,359
Total segment EBIT		177,666	56,432	234,098		115,309	55,334	170,643
Corporate selling, general and administrative expenses		(23,552)	(7,107)	(30,659)		(22,169)	(6,392)	(28,561)
Impairment loss arising from expected credit losses		(530)	–	(530)		–	–	–
Loss arising on financial assets at fair value through profit or loss		(3,684)	(492)	(4,176)		(6,180)	–	(6,180)
Restructuring costs		(1,528)	–	(1,528)		(2,825)	–	(2,825)
Acquisition-related costs and integration costs		(10,702)	–	(10,702)		(1,363)	–	(1,363)
Amortization of intangible assets related to business combinations		(56,727)	–	(56,727)		(15,363)	–	(15,363)
Gain from disposals of E&C businesses		–	–	–		719	–	719
EBIT		80,943	48,833	129,776		68,128	48,942	117,070
Net financial expenses (Note 5)		40,748	1,277	42,025		10,053	3,141	13,194
Earnings before income taxes		40,195	47,556	87,751		58,075	45,801	103,876
Income taxes		8,451	1,025	9,476		7,379	1,425	8,804
Net income for the period		\$ 31,744	\$ 46,531	\$ 78,275		\$ 50,696	\$ 44,376	\$ 95,072
Net income attributable to:								
SNC-Lavalin shareholders				\$ 78,072				\$ 89,713
Non-controlling interests				203				5,359
Net income for the period				\$ 78,275				\$ 95,072

⁽¹⁾ Comparative figures have been revised to reflect a change made to the measure of profit or loss for the Company's reportable segments and a change made to the Company's reporting structure (see Note 2C).

3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues by geographic area according to project location:

THREE MONTHS ENDED MARCH 31	2018		
	REVENUE FROM CONTRACTS WITH CUSTOMERS	OTHER REVENUE	TOTAL
Americas:			
Canada	\$ 618,964	\$ 57,366	\$ 676,330
United States	427,473	687	428,160
Latin America	88,599	–	88,599
Middle East and Africa:			
Saudi Arabia	234,956	–	234,956
Other Middle East countries	167,405	–	167,405
Africa	88,316	452	88,768
Asia Pacific:			
Australia	188,681	–	188,681
Other	58,701	–	58,701
Europe:			
United Kingdom	432,160	–	432,160
Other	67,634	–	67,634
	\$ 2,372,889	\$ 58,505	\$ 2,431,394

In the three-month period ended March 31, 2018, Canada, United States and United Kingdom were the only countries where the Company derived more than 10% of its revenues.

The following table presents revenues by type of contracts:

THREE MONTHS ENDED MARCH 31	2018		
	REIMBURSABLE AND ENGINEERING SERVICE CONTRACTS	EPC FIXED-PRICE CONTRACTS	TOTAL
Mining & Metallurgy	\$ 38,114	\$ 75,948	\$ 114,062
Oil & Gas	486,555	156,482	643,037
Nuclear	227,396	2,631	230,027
Clean Power	31,791	48,270	80,061
Thermal Power	6,334	40,386	46,720
Infrastructure	250,796	215,149	465,945
EDPM	787,345	–	787,345
Revenue from contracts with customers – Total E&C segments			2,367,197
Revenue from contracts with customers – Capital segment			3,920
Other revenue – Capital segment			60,277
			\$ 2,431,394

The Company also discloses in the table below under “Supplementary Information” its net income from E&C, its dividends from 407 International Inc. (“Highway 407 ETR”), and its net income from other Capital investments, as this information may be useful in assessing the Company’s value.

It should be noted that supplementary information provided in the following table does not reflect information related to the Company’s segments, but is rather an allocation of net income attributable to SNC-Lavalin shareholders between various components.

THREE MONTHS ENDED MARCH 31	2018		2017
Supplementary information:			
Net gain from disposals of E&C businesses	\$	–	\$ 612
Excluding the net gain listed above		31,541	44,725
Net income attributable to SNC-Lavalin shareholders from E&C		31,541	45,337
Highway 407 ETR dividends		37,952	34,806
Excluding the item listed above		8,579	9,570
Net income attributable to SNC-Lavalin shareholders from Capital		46,531	44,376
Net income attributable to SNC-Lavalin shareholders for the period	\$	78,072	\$ 89,713

4. CAPITAL INVESTMENTS

SNC-Lavalin makes investments in infrastructure concessions for public services such as airports, bridges, public service buildings, highways, mass transit systems, power facilities, energy infrastructure and water treatment plants.

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements*, (“IFRIC 12”) are all accounted for under the financial asset model.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

NET BOOK VALUE OF CAPITAL INVESTMENTS

The Company’s consolidated statement of financial position includes the following net assets (liabilities) from its consolidated Capital investments and net book value from its Capital investments accounted for by the equity and cost methods.

	MARCH 31 2018	DECEMBER 31 2017
Net liabilities from a Capital investment accounted for by the consolidation method	\$ (26,001)	\$ (36,099)
Net book value of Capital investments accounted for by the equity method ^{(1), (2)}	329,472	296,664
Net book value of Capital investments accounted for by the cost method	55,200	55,614
Total net book value of Capital investments	\$ 358,671	\$ 316,179

⁽¹⁾ Includes the Company’s investment in Highway 407 ETR, for which the net book value was \$nil as at March 31, 2018 and December 31, 2017.

⁽²⁾ Excludes the Company’s investment in McGill Healthcare Infrastructure Group as at March 31, 2018 and December 31, 2017, which is included in the “Assets of disposal group classified as held for sale and assets held for sale”.

In 2016, SNC-Lavalin signed an agreement to support a commitment of US\$100 million to a fund focused on global infrastructure investments sponsored by The Carlyle Group (“Carlyle”), subject to certain conditions. The intent of this agreement is for SNC-Lavalin and Carlyle to cooperate with respect to investments in, and work on, infrastructure projects related to energy, power and other natural resources that include a significant amount of greenfield development, construction or other capital expenditures programs. The accounting conditions required to recognize a liability in relation to this agreement have not been met yet as at March 31, 2018 and December 31, 2017.

5. NET FINANCIAL EXPENSES

THREE MONTHS ENDED MARCH 31	2018			2017		
	FROM E&C	FROM CAPITAL	TOTAL	FROM E&C	FROM CAPITAL	TOTAL
Interest on debt:						
Recourse	\$ 14,871	\$ –	\$ 14,871	\$ 5,443	\$ –	\$ 5,443
Limited recourse	26,032	–	26,032	–	–	–
Non-recourse	–	3,442	3,442	–	6,083	6,083
Other	(4,161)	5	(4,156)	3,664	95	3,759
Financial expenses	36,742	3,447	40,189	9,107	6,178	15,285
Financial income	(1,839)	(2,227)	(4,066)	(2,724)	(3,037)	(5,761)
Net foreign exchange losses (gains)	5,845	57	5,902	3,670	–	3,670
Financial income and net foreign exchange losses (gains)	4,006	(2,170)	1,836	946	(3,037)	(2,091)
Net financial expenses	\$ 40,748	\$ 1,277	\$ 42,025	\$ 10,053	\$ 3,141	\$ 13,194

6. WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES

The weighted average number of outstanding shares for the first quarters ended March 31, 2018 and 2017 used to calculate the basic and diluted earnings per share were as follows:

THREE MONTHS ENDED MARCH 31 (IN THOUSANDS)	2018	2017
Weighted average number of outstanding shares - basic	175,522	150,380
Dilutive effect of stock options	77	168
Weighted average number of outstanding shares - diluted	175,599	150,548

In the first quarters ended March 31, 2018 and 2017, all outstanding stock options have been included in the computation of diluted earnings per share.

7. DIVIDENDS

During the three-month period ended March 31, 2018, the Company recognized as distributions to its equity shareholders dividends of \$50.4 million or \$0.287 per share (2017: \$41.1 million or \$0.273 per share).

THREE MONTHS ENDED MARCH 31	2018	2017
Dividends payable at January 1	\$ -	\$ -
Dividends declared during the period	50,377	41,057
Dividends paid during the period	(50,377)	(41,057)
Dividends payable at March 31	\$ -	\$ -

8. OTHER COMPONENTS OF EQUITY

The Company has the following elements, net of income taxes, within its other components of equity at March 31, 2018 and December 31, 2017:

	MARCH 31 2018	DECEMBER 31 2017
Exchange differences on translating foreign operations	\$ 384,629	\$ 266,497
Available-for-sale financial assets	-	8,874
Cash flow hedges	2,881	(566)
Share of other comprehensive income of investments accounted for by the equity method	3,735	3,169
Other components of equity	\$ 391,245	\$ 277,974

- Exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on the hedging instrument relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- Prior to January 1, 2018, Available-for-sale financial assets component arose upon the revaluation of available-for-sale financial assets. When a revalued financial asset was sold, the portion of the component that relates to that financial asset, and was effectively realized, was recognized in net income. When a revalued financial asset was impaired, the portion of the component that relates to that financial asset was recognized in net income.
- Cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.
- Share of other comprehensive income (loss) of investments accounted for by the equity method component represents the Company's share of the other comprehensive income (loss) from its investments accounted for by the equity method.

8. OTHER COMPONENTS OF EQUITY (CONTINUED)

A) ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

The following table provides a reconciliation of each element of other components of equity for the first quarters ended March 31, 2018 and 2017:

THREE MONTHS ENDED MARCH 31	2018		2017	
Exchange differences on translating foreign operations:				
Balance at beginning of period	\$	266,497	\$	389,726
Transitional adjustment on adoption of a new accounting standard (Note 2B)		14,322		–
Current period gains (losses)		143,907		(31,851)
Net investment hedge - current period losses		(40,097)		–
Balance at end of period		384,629		357,875
Available-for-sale financial assets:				
Balance at beginning of period		8,874		2,384
Transitional adjustment on adoption of a new accounting standard (Note 2B)		(8,874)		–
Current period gains ⁽¹⁾		–		2,283
Income taxes relating to current period gains		–		(1,185)
Reclassification to net income ⁽¹⁾		–		335
Balance at end of period		–		3,817
Cash flow hedges:				
Balance at beginning of period		(566)		6,695
Current period losses		(1,962)		(4,263)
Income tax relating to current period losses		294		(236)
Reclassification to net income		6,632		(3,551)
Income taxes relating to amounts reclassified to net income		(1,517)		793
Balance at end of period		2,881		(562)
Share of other comprehensive income (loss) of investments accounted for by the equity method:				
Balance at beginning of period		3,169		(39,788)
Current period share		678		(1,922)
Income taxes relating to current period share		(180)		656
Reclassification to net income		92		1,933
Income taxes relating to amounts reclassified to net income		(24)		(514)
Balance at end of period		3,735		(39,635)
Other components of equity	\$	391,245	\$	321,495

(1) For the first quarter ended March 31, 2017, the gain arising on derivatives designated as hedging instruments in fair value hedges amounted to \$0.3 million and the loss arising on adjustments for the hedged item attributable to hedged risk in a designated fair value hedge accounting relationship amounted to \$0.3 million.

B) ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

Remeasurement recognized in other comprehensive income

The following table provides changes in the cumulative amount of remeasurement gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the first quarters ended March 31, 2018 and 2017:

THREE MONTHS ENDED MARCH 31	2018			2017		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of period	\$ (52,176)	\$ 8,278	\$ (43,898)	\$ (74,020)	\$ 10,096	\$ (63,924)
Gains (losses) recognized during the period	25,250	(4,269)	20,981	(742)	98	(644)
Cumulative amount at end of period	\$ (26,926)	\$ 4,009	\$ (22,917)	\$ (74,762)	\$ 10,194	\$ (64,568)

Financial assets at fair value through other comprehensive income

THREE MONTHS ENDED MARCH 31	2018			2017		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of period	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Gain recognized during the period	298	–	298	–	–	–
Cumulative amount at end of period	\$ 298	\$ –	\$ 298	\$ –	\$ –	\$ –

9. STATEMENTS OF CASH FLOWS

A) OTHER RECONCILING ITEMS

The following table presents the items to reconcile net income to cash flows from operating activities presented in the statements of cash flows:

THREE MONTHS ENDED MARCH 31	2018	2017
Depreciation of property and equipment and amortization of other non-current assets:		
From E&C	\$ 84,143	\$ 28,394
Income taxes recognized in net income	9,476	8,804
Net financial expenses recognized in net income (Note 5)	42,025	13,194
Share-based expense	13,326	13,895
Income from Capital investments accounted for by the equity method	(51,281)	(48,514)
Dividends and distributions received from Capital investments accounted for by the equity method	38,709	38,300
Net change in provisions related to forecasted losses on certain contracts	(28,164)	(12,311)
Restructuring costs recognized in net income	1,528	2,825
Restructuring costs paid	(8,420)	(29,811)
Gain from disposals of E&C businesses	–	(719)
Other	(7,440)	(4,659)
Other reconciling items	\$ 93,902	\$ 9,398

B) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

THREE MONTHS ENDED MARCH 31	2018	2017
Decrease in trade receivables	\$ 30,483	\$ 64,428
Increase in contract assets	(210,199)	–
Increase in contracts in progress	–	(217,439)
Decrease (increase) in inventories	(4,570)	2,315
Decrease in other current financial assets	34,762	41,993
Increase in other current non-financial assets	(21,364)	(28,796)
Increase (decrease) in trade payables	(10,689)	1,832
Decrease in contract liabilities	(30,897)	–
Increase in downpayments on contracts	–	12,351
Decrease in deferred revenues	–	(58,046)
Increase in other current financial liabilities	328	188
Decrease in other current non-financial liabilities	(72,938)	(77,966)
Net change in non-cash working capital items	\$ (285,084)	\$ (259,140)

C) CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT

THREE MONTHS ENDED MARCH 31	2018		
RECOURSE DEBT	INCREASE OF DEBT	REPAYMENT OF DEBT	PAYMENT FOR DEBT ISSUE COSTS
Revolving Facility	\$ 351,685	\$ (339,617)	\$ (1,463)
Term Facility	–	(397,553)	–
Debentures maturing in 2020	–	–	(296)
Debentures maturing in 2019, 2021 and 2023 (Note 13)	523,713	–	(800)
Bank overdraft	22,988	–	–
Total	\$ 898,386	\$ (737,170)	\$ (2,559)

9. STATEMENTS OF CASH FLOWS (CONTINUED)

D) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2018:

	Recourse debt ⁽¹⁾	Limited recourse debt	Non-recourse debt from Capital investments ⁽²⁾	Dividends declared to SNC-Lavalin shareholders	Other non-current financial liabilities ⁽³⁾	Other non-current non-financial liabilities ⁽³⁾
Balance at January 1, 2018	\$ 1,345,539	\$ 1,475,177	\$ 312,964	\$ –	\$ 15,425	\$ 53,367
Changes arising from cash flows:						
Increase	898,386	–	20,334	–	1,582	10,956
Repayment	(739,729)	–	–	(50,377)	(559)	(8,770)
Total - changes arising from cash flows	158,657	–	20,334	(50,377)	1,023	2,186
Non-cash changes:						
Declaration of dividends to SNC-Lavalin shareholders	–	–	–	50,377	–	–
Effect of foreign currency exchange differences	35,892	–	1,031	–	277	71
Amortization of deferred financing costs and discounts	2,556	939	216	–	–	–
Loss on derivatives used for hedges	–	–	–	–	6,051	–
Balance at March 31, 2018	\$ 1,542,644	\$ 1,476,116	\$ 334,545	\$ –	\$ 22,776	\$ 55,624

(1) Recourse short-term debt and recourse long-term debt were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2018	JANUARY 1 2018
Recourse short-term debt	\$ 521,022	\$ 318,757
Recourse long-term debt	1,021,622	1,026,782
Total	\$ 1,542,644	\$ 1,345,539

(2) Non-recourse short-term debt and long-term debt from Capital investments were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2018	JANUARY 1 2018
Non-recourse short-term debt from Capital investments	\$ 16,597	\$ 15,566
Non-recourse long-term debt from Capital investments	317,948	297,398
Total	\$ 334,545	\$ 312,964

(3) Change arising from cash flows of other non-current financial liabilities and other non-current non-financial liabilities was presented in the financing activities in the Company's consolidated statement of cash flows as follows:

THREE MONTHS ENDED MARCH 31	2018
Other non-current financial liabilities	\$ 1,023
Other non-current non-financial liabilities	2,186
Other	(525)
Total	\$ 2,684

9. STATEMENTS OF CASH FLOWS (CONTINUED)

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2017:

	Recourse debt	Non-recourse debt from Capital investments ⁽¹⁾	Dividends declared to SNC-Lavalin shareholders	Other non-current financial liabilities ⁽²⁾	Other non-current non-financial liabilities ⁽²⁾
Balance at January 1, 2017	\$ 349,369	\$ 493,582	\$ –	\$ 5,928	\$ 15,846
Changes arising from cash flows:					
Increase	–	–	–	299	114
Repayment	–	(2,376)	(41,057)	(86)	(290)
Total - changes arising from cash flows	–	(2,376)	(41,057)	213	(176)
Non-cash changes:					
Declaration of dividends to SNC-Lavalin shareholders	–	–	41,057	–	–
Effect of foreign currency exchange differences	–	275	–	(18)	5
Amortization of deferred financing costs and discounts	59	234	–	–	–
Balance at March 31, 2017	\$ 349,428	\$ 491,715	\$ –	\$ 6,123	\$ 15,675

(1) Non-recourse short-term debt and long-term debt from Capital investments were presented in the Company's consolidated statements of financial position as follows:

	MARCH 31 2017	JANUARY 1 2017
Non-recourse short-term debt from Capital investments	\$ 22,030	\$ 21,011
Non-recourse long-term debt from Capital investments	469,685	472,571
Total	\$ 491,715	\$ 493,582

(2) Change arising from cash flows of other non-current financial liabilities and other non-current non-financial liabilities was presented in the financing activities in the Company's consolidated statement of cash flows as follows:

THREE MONTHS ENDED MARCH 31	2017
Other non-current financial liabilities	\$ 213
Other non-current non-financial liabilities	(176)
Total	\$ 37

10. RELATED PARTY TRANSACTIONS

In the normal course of its operations, SNC-Lavalin enters into transactions with certain of its associates and joint ventures, mainly its Capital investments. Investments in which SNC-Lavalin has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

Consistent with IFRS, intragroup profits generated from revenues with investments accounted for by the equity or consolidation methods are eliminated in the period they occur, except when such profits are deemed to have been realized by the investment. Profits generated from transactions with investments accounted for by the cost method are not eliminated.

The accounting treatment of intragroup profits is summarized below:

INVESTMENT	ACCOUNTING METHOD	ACCOUNTING TREATMENT OF INTRAGROUP PROFITS
Capital investments accounted for under IFRIC 12	Consolidation method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
	Equity method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
Others	Equity method	Eliminated in the period they occur, as a reduction of the underlying asset and subsequently recognized over the depreciation period of the corresponding asset.
	Cost method	Not eliminated, in accordance with IFRS.

10. RELATED PARTY TRANSACTIONS (CONTINUED)

For the first three months of 2018, SNC-Lavalin recognized E&C revenues of \$250.4 million (2017: \$209.6 million) from contracts with investments accounted for by the equity method. SNC-Lavalin also recognized its share of net income from Capital investments accounted for by the equity method of \$51.3 million for the three-month period ended March 31, 2018 (2017: \$48.5 million).

SNC-Lavalin's trade receivables from investments accounted for by the equity method amounted to \$157.6 million as at March 31, 2018 (December 31, 2017: \$77.6 million). SNC-Lavalin's other current financial assets receivable from these investments accounted for by the equity method amounted to \$108.4 million as at March 31, 2018 (December 31, 2017: \$103.6 million). SNC-Lavalin's remaining commitment to invest in its Capital investments accounted for by the equity method was \$98.0 million at March 31, 2018 (December 31, 2017: \$98.0 million).

All of these related party transactions are measured at fair value.

11. FINANCIAL INSTRUMENTS

The following table presents the carrying value of financial assets held by SNC-Lavalin at March 31, 2018 by category and classification, with the corresponding fair value, when available:

AT MARCH 31	2018						
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY						FAIR VALUE
	FVTPL ⁽¹⁾	FVTOCI ⁽²⁾	AMORTIZED COST	DERIVATIVES USED FOR HEDGES	TOTAL		
Cash and cash equivalents	\$ 646,837	\$ —	\$ —	\$ —	\$ 646,837	\$ 646,837	
Restricted cash	22,071	—	—	—	22,071	22,071	
Trade receivables	—	—	1,455,616	—	1,455,616	1,455,616	
Other current financial assets	7,369	—	90,994	27,228	125,591	125,591	
Capital investments accounted for by the cost method	54,312	310	578	—	55,200	55,200	
Non-current portion of receivables under service concession arrangements ⁽³⁾	—	—	299,010	—	299,010	315,428	
Other non-current financial assets ⁽³⁾	631	993	23,991	12,081	37,696	37,696	
Total	\$ 731,220	\$ 1,303	\$ 1,870,189	\$ 39,309	\$ 2,642,021		

(1) Fair value through profit or loss ("FVTPL")

(2) Fair value through other comprehensive income ("FVTOCI")

(3) For non-current portion of receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

11. FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the carrying value of financial assets held by SNC-Lavalin at December 31, 2017 by category and classification, with the corresponding fair value, when available:

	2017						FAIR VALUE
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY					TOTAL	
	FVTPL ⁽¹⁾	AVAILABLE-FOR-SALE	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGES			
Cash and cash equivalents	\$ 706,531	\$ –	\$ –	\$ –	\$ 706,531	\$ 706,531	
Restricted cash	20,932	–	–	–	20,932	20,932	
Trade receivables	–	–	1,445,859	–	1,445,859	1,445,859	
Other current financial assets	5,271	–	399,262	37,967	442,500	442,500	
Capital investments accounted for by the cost method ⁽²⁾	–	55,058	556	–	55,614	See ⁽²⁾	
Non-current portion of receivables under service concession arrangements ⁽³⁾	–	–	273,340	–	273,340	291,238	
Other non-current financial assets ⁽³⁾	7,602	–	22,167	14,552	44,321	44,321	
Total	\$ 740,336	\$ 55,058	\$ 2,141,184	\$ 52,519	\$ 2,989,097		

⁽¹⁾ Fair value through profit or loss (“FVTPL”), comprised of financial assets classified as held for trading.

⁽²⁾ These available-for-sale financial assets represented mainly equity instruments that did not have a quoted market price in an active market.

⁽³⁾ For non-current portion of receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

The following tables present the carrying value of financial liabilities held by SNC-Lavalin at March 31, 2018 and December 31, 2017 by category and classification, with the corresponding fair value, when available:

	2018				FAIR VALUE
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY			TOTAL	
	DERIVATIVES USED FOR HEDGES	AMORTIZED COST			
Trade payables	\$ –	\$ 2,267,951	\$ 2,267,951	\$ 2,267,951	
Other current financial liabilities	37,514	246,720	284,234	284,234	
Provisions	–	45,805	45,805	45,805	
Short-term debt and long-term debt ⁽¹⁾	–	3,353,305	3,353,305	3,393,967	
Other non-current financial liabilities	7,240	15,536	22,776	22,776	
Total	\$ 44,754	\$ 5,929,317	\$ 5,974,071		

	2017				FAIR VALUE
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY			TOTAL	
	DERIVATIVES USED FOR HEDGES	OTHER FINANCIAL LIABILITIES			
Trade payables	\$ –	\$ 2,176,947	\$ 2,176,947	\$ 2,176,947	
Downpayments on contracts	–	149,388	149,388	149,388	
Other current financial liabilities	20,775	243,949	264,724	264,724	
Provisions	–	52,519	52,519	52,519	
Short-term debt and long-term debt ⁽¹⁾	–	3,133,680	3,133,680	3,178,071	
Other non-current financial liabilities	1,303	14,122	15,425	15,425	
Total	\$ 22,078	\$ 5,770,605	\$ 5,792,683		

⁽¹⁾ The fair value of short-term debt and long-term debt was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to SNC-Lavalin or to the Capital investments, depending on which entity has issued the debt instrument, for debt with the similar terms and conditions.

For the three-month periods ended March 31, 2018 and 2017, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

12. CONTINGENT LIABILITIES

A) ONGOING INVESTIGATIONS

In February 2012, the Board of Directors initiated an independent investigation (the “Independent Review”), led by its Audit Committee, of the facts and circumstances surrounding certain payments that were documented (under certain agreements presumed to be agency agreements) to construction projects to which they did not relate, and certain other contracts. On March 26, 2012, the Company announced the results of the Independent Review and related findings and recommendations of the Audit Committee to the Board of Directors and provided information to the appropriate authorities. The Company understands that investigations by law enforcement and securities regulatory authorities remain ongoing in connection with this information, which are described in greater detail below. The Company also continues to review compliance matters (including matters beyond the scope of the Independent Review), including to assess whether amounts may, directly or indirectly, have been improperly paid to persons owing fiduciary duties to the Company, and as additional information, if any, arises as a result thereof, the Company will continue to investigate and review such information as it has in the past.

Charges and RCMP investigations

On February 19, 2015, the Royal Canadian Mounted Police (the “RCMP”) and the Public Prosecution Service of Canada laid charges against the Company and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. Each entity has been charged with one count of fraud under Section 380 of the Criminal Code (Canada) (the “Criminal Code”) and one count of corruption under Section 3(1)(b) of the Corruption of Foreign Public Officials Act (Canada) (the “CFPOA”), (the “Charges”). These Charges follow the RCMP’s formal investigation (including in connection with the search warrant executed by the RCMP at the Company on April 13, 2012) into whether improper payments were made or offered, directly or indirectly, to be made, to a government official of Libya to influence the award of certain engineering and construction contracts between 2001 and 2011. This investigation also led to criminal charges being laid against two former employees of the Company. The Company understands that the charges laid against one or both of these former employees include bribery under the CFPOA, fraud, laundering the proceeds of crime and possession of property obtained by crime under the Criminal Code, and contravention of the *Regulations Implementing the United Nations Resolutions on Libya* in Canada. Due to the inherent uncertainties of these proceedings, it is not possible to predict the final outcome of the Charges, which could possibly result in a conviction on one or more of the Charges. The preliminary inquiry in respect of the Charges has been scheduled for a court hearing in October 2018. The Company cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Company’s customers or other third parties as a result of the Charges, or whether additional charges may be brought in connection with the RCMP investigation of these matters.

The Charges and potential outcomes thereof, and any negative publicity associated therewith, could adversely affect the Company’s business, results of operations and reputation and could subject the Company to sanctions, fines and other penalties, some of which may be significant. In addition, potential consequences of the Charges could include, in respect of the Company or one or more of its subsidiaries, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain governments (such as the Government of Canada and/or Canadian provincial governments) or by certain administrative organizations under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual global revenue (and an even larger percentage of its annual Canadian revenue) from government and government-related contracts. As a result, suspension, prohibition or debarment, whether discretionary or mandatory, from participating in certain government and government-related contracts (in Canada, Canadian provinces or elsewhere) could have a material adverse effect on the Company’s business, financial condition and liquidity and the market prices of the Company’s publicly traded securities.

The Company understands that a RCMP investigation, relating to alleged payments in connection with a 2002 contract for the refurbishment of the Jacques Cartier bridge by SNC-Lavalin and which led to a guilty plea by the former head of the Canada Federal Bridges Corporation in 2017, continues and its scope may include the Company.

AMF Investigation; AMF Certification under the Quebec Act Respecting Contracting by Public Bodies

The Company understands that there is an ongoing investigation being conducted in the context of applicable securities laws and regulations by the securities regulator in the Province of Quebec, the Autorité des marchés financiers (the “AMF”).

12. CONTINGENT LIABILITIES (CONTINUED)

Certain subsidiaries of the Company require certification from the AMF, subject to periodic renewal, to contract with public bodies in the Province of Quebec, as required pursuant to the *Act Respecting Contracting by Public Bodies*. If an entity or any of its affiliates is convicted of certain specified offences under the Criminal Code or the CFPOA, AMF certification can be automatically revoked. In addition, the AMF has the discretionary power to refuse to grant an authorization or revoke or not renew an authorization if it determines that the enterprise concerned fails to meet the high standards of integrity that the public is entitled to expect from a party to a public contract or subcontract. Those subsidiaries of the Company that need to be certified by the AMF have obtained that certification.

World Bank Settlement

On April 17, 2013, the Company announced a settlement in connection with the previously announced investigations by the World Bank Group relating to a project in Bangladesh and a project in Cambodia, which includes a suspension of the right to bid on and to be awarded World Bank Group-financed projects by SNC-Lavalin Inc., a subsidiary of the Company, and its controlled affiliates for a period of 10 years (the “World Bank Settlement”). The suspension could be lifted after eight years, if the terms and conditions of the settlement agreement are complied with fully. According to the terms of the World Bank Settlement, the Company and certain of its other affiliates continue to be eligible to bid on and be awarded World Bank Group-financed projects as long as they comply with all of the terms and conditions imposed upon them under the terms of the World Bank Settlement, including an obligation not to evade the sanction imposed. The World Bank Settlement also requires that the Company cooperate with the World Bank on various compliance matters in the future. The World Bank Settlement has led to certain other multilateral development banks following suit, debarring SNC-Lavalin Inc. and its controlled affiliates on the same terms.

African Development Bank Settlement

On October 1, 2015, the Company announced a settlement with the African Development Bank relating to allegations of corruption in two African countries (the “African Development Bank Settlement”). The African Development Bank Settlement requires that the Company cooperate with the African Development Bank on various compliance matters in the future.

Canada’s Integrity Regime

The Canadian government announced the Integrity Regime for procurement and real property transactions on July 3, 2015. The scope of offences which may cause a supplier to be deemed ineligible to carry on business with the federal government are broad and encompass offences under the Criminal Code, the Competition Act, and the CFPOA, among others. Some of the offences qualifying for ineligibility include: bribery, fraud, money laundering, falsification of books and documents, extortion, and offences related to drug trafficking. A determination of ineligibility to participate in federal government procurement projects may apply for 10 years for listed offences. However, the Integrity Regime permits the ineligibility period to be reduced by up to five years if a supplier can establish that it has cooperated with law enforcement authorities or addressed the causes of misconduct.

If a supplier is charged with a listed offence (as is presently the case with the Company), it may under the Integrity Regime be ineligible to do business with the Canadian government while legal proceedings are ongoing.

If a supplier applies for a reduced ineligibility period, or if a supplier charged with a listed offence is notified that it could be ineligible to do business with the Canadian government, as a condition of granting the reduced ineligibility period or not suspending the supplier an administrative agreement may be imposed to monitor the supplier. Administrative agreements include conditions and compliance measures that the supplier must meet to remain eligible to contract with the federal government.

The Company has signed an administrative agreement with Public Services and Procurement (PSP) of the Government of Canada under the Integrity Regime.

Failure of the Company to abide by the terms of any of its certification from the AMF, the World Bank Settlement, the African Development Bank Settlement and/or the PSP Administrative Agreement could result in serious consequences for the Company, including new sanctions, legal actions and/or suspension from eligibility to carry on business with the government or agency involved or to work on projects funded by them. The Company is taking steps that are expected to mitigate this risk.

12. CONTINGENT LIABILITIES (CONTINUED)

Other Investigations

The Company understands that there are also investigations by various authorities ongoing in various jurisdictions with respect to the above and other matters. In addition, Pierre Duhaime and Riadh Ben Aïssa, former Company employees, have been charged by authorities in the Province of Quebec with various fraud offences allegedly in connection with a Company project in the Province of Quebec.

On October 1, 2014, Mr. Ben Aïssa entered guilty pleas to certain criminal charges in the Federal Criminal Court of Switzerland following a lengthy investigation by Swiss authorities and the detention of Mr. Ben Aïssa by Swiss authorities from April 2012 to October 2014. The Company was recognized as an injured party in the context of the Swiss proceedings and was awarded for certain offences for which Mr. Ben Aïssa has plead guilty a sum equivalent to CA\$17.2 million translated using the exchange rates as at October 1, 2014 (representing the equivalent of 12.9 million CHF and US\$2.0 million) plus interest. As at December 31, 2017, the Company has received all amounts due under this award.

The Company is currently unable to determine when any of the above investigations will be completed or whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened. While the Company continues to cooperate and communicate with authorities in connection with all ongoing investigations as noted above, if regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to injunctions on future conduct or lead to other penalties including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain administrative organizations (such as those provided for in the World Bank Settlement) or by governments (such as the Government of Canada and/or the Government of Quebec) under applicable procurement laws, regulations, policies or practices, each of which could, materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's publicly traded securities.

The outcomes of the above investigations or the Charges could also result in, among other things, i) covenant defaults under various project contracts, ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market prices of the Company's publicly traded securities. In addition, the Charges, these investigations and outcomes of these investigations or Charges and any negative publicity associated therewith, could damage SNC-Lavalin's reputation and ability to do business. Finally, the findings and outcomes of the Charges or these investigations may affect the course of the class action lawsuits (described below).

Due to the uncertainties related to the outcome of the Charges and each of the above investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with the Charges or any of these investigations.

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above and ongoing related matters which have distracted and may continue to distract from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with these investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or other employees or additional former employees of the Company could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or other matters which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

12. CONTINGENT LIABILITIES (CONTINUED)

B) CLASS ACTION LAWSUITS

The Company is subject to class actions in Quebec and Ontario commenced in 2012 on behalf of security holders (collectively, the “Actions”). The Actions are brought pursuant to the secondary market civil liability provisions in the various Canadian provincial and territorial securities statutes. The Actions allege the agent payments that were the subject of the Independent Review were bribes to public officials and that bribes were also offered in relation to the project in Bangladesh that forms part of the World Bank Settlement. Consequently, it is alleged that various of the Company’s public disclosure documents issued between November 2009 and November 2011 included misrepresentations. The Actions seek damages, on behalf of all persons who acquired securities of SNC-Lavalin between November 6, 2009 and February 27, 2012, based on the decline in market value of SNC-Lavalin shares following the Company’s February 28, 2012 news release and other public announcements.

The oral discovery stage is substantially complete in the Ontario Action. The Quebec Action is presently in abeyance while the Ontario Action proceeds.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these lawsuits or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. While SNC-Lavalin has directors’ and officers’ liability insurance insuring individuals against liability for acts or omissions in their capacities as directors and officers, the Company does not maintain any other insurance in connection with the Actions. The amount of coverage under the directors’ and officers’ policy is limited and such coverage may be an insignificant portion of any amounts the Company is required or determines to pay in connection with the Actions. In the event the Company is required or determines to pay amounts in connection with these lawsuits or other litigation, such amounts could be significant and may have a material adverse impact on SNC-Lavalin’s liquidity and financial results.

C) OTHER

On June 12, 2014, the Quebec Superior Court rendered a decision in “Wave 1” of the matter commonly referred to as the “Pyrrhotite Case” in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately \$168 million in damages apportioned amongst the then-known defendants, on an *in solidum* basis (the “Wave 1 claims”). SNC-Lavalin, among other parties, filed a Notice to Appeal the Superior Court decision both on merit and on the apportionment of liability. Based on the current judgment, SNC-Lavalin’s share of the damages would be approximately 70%, a significant portion of which the Company would expect to recover from its external insurers (such insurance coverage is itself subject to litigation). In addition to the appeal of the decision, recourses in warranty were filed against another party, which may result in reduction of SNC-Lavalin’s share of the damages. The appeal hearing started in October 2017 and was completed in the week of April 30th, 2018. The parties now await for the Court of appeal to confirm if further hearings will be necessary before they take the matter under advisement.

In parallel to the appeal and warranty recourses for Wave 1 claims, additional potential claims were notified and continue to be notified against numerous defendants, including SNC-Lavalin, in “Wave 2” of the Pyrrhotite Case. Wave 2 claims are currently undergoing discovery stage and it is still premature to evaluate SNC-Lavalin’s total liability exposure in respect of same, if any. It is currently estimated that a significant portion of the damages claimed are in respect of buildings for which the concrete foundations were poured outside of SNC-Lavalin’s liability period, as determined in the Wave 1 judgement. SNC-Lavalin expects some insurance coverage for claims filed up to March 31, 2015. In addition, SNC-Lavalin has undertaken warranty recourse against another party with respect to Wave 2 claims.

Legal proceedings

SNC-Lavalin becomes involved in various legal proceedings as a part of its ordinary course of business and this section describes certain important ordinary course of business legal proceedings, including the general cautionary language relating to the risks inherent to all litigation and proceedings against SNC-Lavalin, which is equally applicable to the legal proceedings described below.

While SNC-Lavalin cannot predict with certainty the final outcome or timing of the legal proceedings described below, based on the information currently available (which in some cases remains incomplete), SNC-Lavalin believes that it has strong defences to these claims and intends to vigorously defend its position.

12. CONTINGENT LIABILITIES (CONTINUED)

SNC-Lavalin Inc. has initiated court proceedings against a Canadian client stemming from engineering, procurement, and construction management services that SNC-Lavalin Inc. provided in relation to the client's expansion of an ore-processing facility. SNC-Lavalin claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin defaulted under the project contracts and seeking damages.

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of these and other related proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient or (c) determine the amount of any potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and vendors presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and-or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations.

13. SHORT-TERM DEBT AND LONG-TERM DEBT

A) DEBENTURES ISSUED IN THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

On March 2, 2018, the Company issued new unsecured debentures of \$525.0 million aggregate principal amount. The issuance was divided in three series consisting of: i) \$150.0 million in floating rate Series 2 Debentures due in March 2019 (the "Series 2 Debentures"); ii) \$175.0 million in floating rate Series 3 Debentures due in March 2021 (the "Series 3 Debentures"); and iii) \$200.0 million in 3.235% Series 4 Debentures due in March 2023. The Series 2 and 3 Debentures bear interest at a rate equal to the 3-month CDOR plus an applicable margin. The net proceeds were used by the Company to repay tranches 2 and 3 of its Term Facility in full and certain indebtedness outstanding under the Revolving Facility.

B) AMENDMENTS TO THE CREDIT AGREEMENT

On March 20, 2018, the Company amended its existing revolving credit facility for the purpose of, among other things: i) decreasing the limit applicable to tranche B of the Revolving Facility, which borrowings may be obtained only in the form of non-financial or documentary letters of credit, from \$750 million to \$600 million; ii) increasing the aggregate outstanding amount of bilateral letters of credit allowed under the Credit Agreement from \$2,500 million to \$3,000 million; and iii) extending the maturity date of the Revolving Facility from May 15, 2021 to May 15, 2022.

14. DISPOSAL GROUP AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

A) AT MARCH 31, 2018

As at March 31, 2018, the disposal group classified as held for sale included a Capital investment accounted for by the equity method, namely McGill Healthcare Infrastructure Group. G.P. ("MHIG"), and its holding company.

The major classes of assets and liabilities of the disposal group as at March 31, 2018 were as follows:

	MARCH 31 2018
Cash and cash equivalents	\$ 1
Other current assets	5,351
Capital investments accounted for by the equity method	106,321
Assets of disposal group classified as held for sale	111,673
Current liabilities	3,066
Non-current liabilities	59,258
Liabilities of disposal group classified as held for sale	62,324
Net assets of disposal group classified as held for sale	\$ 49,349

14. DISPOSAL GROUP AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

B) AT DECEMBER 31, 2017

As at December 31, 2017, the disposal group and non-current assets classified as held for sale included: i) a Capital investment accounted for by the equity method, namely MHIG, and its holding company; and ii) other non-current assets, mainly project equipment, included in the Oil & Gas segment.

The major classes of assets and liabilities of the disposal group and assets held for sale as at December 31, 2017 were as follows:

AT DECEMBER 31, 2017	MHIG	OTHER NON-CURRENT ASSETS	TOTAL
Cash and cash equivalents	\$ 39	\$ –	\$ 39
Other current assets	1,428	–	1,428
Capital investments accounted for by the equity method	106,321	–	106,321
Other non-current assets	–	206	206
Assets of disposal group classified as held for sale and assets held for sale	107,788	206	107,994
Current liabilities	1,182	–	1,182
Non-current liabilities	59,258	–	59,258
Liabilities of disposal group classified as held for sale	60,440	–	60,440
Net assets of disposal group classified as held for sale and assets held for sale	\$ 47,348	\$ 206	\$ 47,554

15. BUSINESS COMBINATIONS

A) WS ATKINS PLC

On July 3, 2017, SNC-Lavalin acquired WS Atkins Limited (previously WS Atkins plc). Headquartered in the United Kingdom, Atkins is a global design, engineering and project management consultancy, with a position across the infrastructure, transportation and energy sectors. The primary reasons for the acquisition were to bring to SNC-Lavalin new and complementary capabilities in its existing activities, with minimal overlap in its service offering, and to broaden the Company's presence in Europe, the U.K., Scandinavia, the U.S., the Middle East and Asia.

The acquisition of Atkins has been accounted for using the acquisition method, and Atkins has been consolidated from the effective date of acquisition with the Company acquiring 100% of the voting shares of Atkins.

During the three-month period ended March 31, 2018, no significant modifications were made to the preliminary allocation of the purchase price.

B) DATA TRANSFER SOLUTIONS LLC

On October 31, 2017, SNC-Lavalin announced the acquisition of Data Transfer Solutions LLC ("DTS"). Completed on October 30, 2017, the acquisition added to the capabilities of SNC-Lavalin's EDPM segment and enhanced service offerings in digital asset management for clients.

The acquisition of DTS has been accounted for using the acquisition method and DTS has been consolidated from the effective date of acquisition with the Company acquiring 100% of the voting shares of DTS.

In the first quarter of 2018, the Company modified the preliminary allocation of purchase price and has retrospectively revised the impact of changes to the preliminary allocation of purchase price. However, since the effect on net income was not material to the period subsequent to acquisition date, the cumulative adjustment to earnings was accounted for in the three-month period ended March 31, 2018.

15. BUSINESS COMBINATIONS (CONTINUED)

AT OCTOBER 30, 2017	PRELIMINARY ALLOCATION OF PURCHASE PRICE	ADJUSTMENTS	REVISED PRELIMINARY ALLOCATION OF PURCHASE PRICE
Cash and cash equivalents	\$ 1,619	\$ –	\$ 1,619
Trade receivables	5,492	(205)	5,287
Contracts in progress / Contract assets	3,865	(3,286)	579
Other current assets	172	–	172
Other non-current assets	1,995	(2)	1,993
Intangible assets related to DTS acquisition	–	25,145	25,145
Trade payables and other current liabilities	(4,209)	76	(4,133)
Net identifiable assets of business acquired	8,934	21,728	30,662
Goodwill ^{(1), (2)}	49,993	(21,728)	28,265
Total purchase price	\$ 58,927	\$ –	\$ 58,927

⁽¹⁾ The goodwill amount determined according to the preliminary allocation of purchase price included identifiable intangible assets, which are now presented separately under “Intangible assets related to DTS acquisition” in the revised preliminary allocation of purchase price.

⁽²⁾ Goodwill represents the excess of the cost of acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as revenue backlog, customer relationships and trademarks.

The above presents management’s preliminary assessment of the fair values of assets acquired and liabilities assumed based on best estimates taking into account all relevant information available. Because the Company only recently acquired DTS, it is not practical to definitively allocate the purchase price as at March 31, 2018. The accounting for the business combination is expected to be completed as soon as management has gathered all of the significant information available and considered necessary in order to finalize this allocation. The effect may be to transfer an amount to or from the assets acquired, liabilities assumed and goodwill during such measurement period, which cannot exceed one year from the acquisition date. During that period, the Company will retrospectively adjust the provisional amounts recognized as at the acquisition date to reflect information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognized as at the acquisition date. In addition, since the Company is still finalizing the valuation of assets acquired and liabilities assumed at the date of acquisition, the final allocation of the purchase price may vary significantly from the amounts presented above.

16. GOODWILL

Following the Company’s new organizational structure that took effect on January 1, 2018 (see Note 2C), the Company’s goodwill was reallocated to the following cash-generating units (“CGU”) and groups of CGU:

CGU OR GROUP OF CGU	MARCH 31 2018	JANUARY 1 2018
Mining & Metallurgy	\$ 98,170	\$ 96,257
Oil & Gas	2,803,072	2,831,472
Infrastructure	94,003	93,720
O&M	53,280	53,134
Nuclear	680,914	645,797
Clean Power	14,310	14,221
EDPM	2,741,722	2,588,839
	\$ 6,485,471	\$ 6,323,440

17. EVENTS AFTER THE REPORTING PERIOD

On April 30, 2018, the Company amended and restated in its entirety the Credit Agreement for the purpose of, among other things: i) making available a new 5-year non-revolving term loan in the principal amount of \$500 million (the “Term Loan”); and ii) making other amendments to the provisions of the Credit Agreement. The net proceeds from the issuance of the Term Loan were used by the Company to repay tranche B of its CDPQ Loan, which is a limited recourse debt, in full.



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