

### SNC-LAVALIN GROUP INC.

Price (July 29, 2009)	\$45.05
52-Week Range	\$57.93-\$26.00
Shares O/S	151.0 million
Market Cap	\$6.80 billion
Enterprise Value	\$8.22 billion
Enterprise Value Per Share	\$54.40
50-day Avg Volume	431,100
200-day Avg Volume	539,400
Fiscal Year-End	December 31
Symbol	TSX: SNC
Website	www.snclavalin.com



Source: [www.bigcharts.com](http://www.bigcharts.com)

#### Financial Data

##### Selected Income/Cash Flow

C\$millions; 12 months ended	Dec-07	Dec-08	Mar-09
Revenues	\$6,731	\$7,107	\$6,958
EBITDA	\$174	\$498	\$508
Net Income	\$153	\$313	\$319
Cash Flow (CF) From Ops	\$463	\$313	\$216

##### Selected Balance Sheet

	At Dec-07	At Dec-08	At Mar-09
Cash (& Equivalents)	\$1,089	\$988	\$872
Total Debt	\$2,106	\$2,114	\$2,208
Shareholders' Equity	\$928	\$1,095	\$1,158
Total Assets	\$6,485	\$6,777	\$6,964
Working Capital	\$270	\$276	\$339
Working Capital Ratio	1.09x	1.08x	1.11x

##### Key Ratios

	At Dec-07	At Dec-08	At Mar-09
EBITDA Margin	2.6%	7.0%	7.3%
Return on Equity (ROE)	16.5%	28.5%	27.5%
Return on Assets (ROA)	2.4%	4.6%	4.6%
Total Debt/Total Capital	69.4%	65.9%	65.6%
Cash Flow/Total Debt	0.22x	0.15x	0.10x
Earnings Per Share	\$1.01	\$2.07	\$2.11
Cash Flow Per Share	\$3.07	\$2.07	\$1.43
Cash Per Share	\$7.21	\$6.54	\$5.77
Equity Per Share	\$6.14	\$7.25	\$7.67

##### Multiples

	At Dec-07	At Dec-08	At Mar-09
Price/ EPS	47.46x	19.18x	15.20x
Price/ EBITDA	41.68x	12.05x	9.53x
Price/ Cash Flow	15.70x	19.15x	22.41x

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Note: Report prepared with public information only.

#### PROFILE

SNC-Lavalin Group Inc. provides engineering, project and construction management, construction, and operations and maintenance expertise through its network of offices located across Canada and in over 35 other countries. The Company also makes selective investments in infrastructure concessions that are complementary to its other activities.

The Company reports its revenues under four categories:

- Services:** includes contracts in which SNC-Lavalin provides engineering services, feasibility studies, planning, detailed design, contractor evaluation and selection, project and construction management and commissioning.
- Packages:** includes contracts in which SNC-Lavalin takes the responsibility not only for providing one or more of the Services activities listed above, but also undertakes the responsibility for providing materials/equipment and/or construction activities.
- Operations and Maintenance:** consists of providing operations, maintenance and logistics solutions for buildings, power plants, water supply and treatment systems, postal services, broadcasting facilities, highways, bridges, light rail transit systems, airports, military and construction camps and ships.
- Infrastructure Concession Investments:** regroups SNC-Lavalin's investments in infrastructure concessions. The Company makes selective investments for which its technical, engineering and construction, project management, and operations and maintenance expertise, along with experience in arranging project financing, is a distinct advantage.

## OVERVIEW

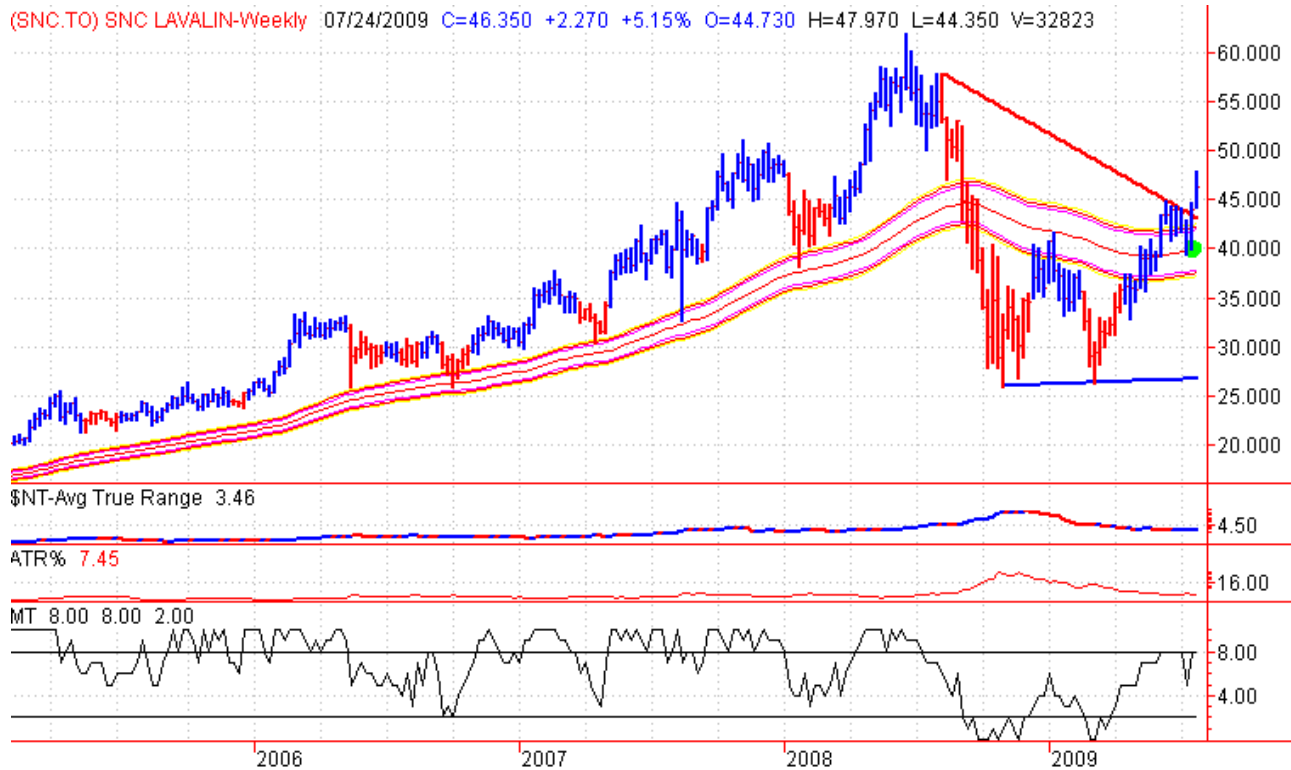
We are long-term bullish on SNC-Lavalin, but anticipate a near-term pullback to support levels. This pullback should represent a buying opportunity for those who do not currently own the stock, and an opportunity to add to long-term positions for those that do.

## SINCE THE MARCH LOW ...

Since completing a double bottom in March, this stock has retraced about 60% of the decline from the 2008 high of \$61.95 to the 2009 low of \$26.00.

In the recent move up from the March low, SNC finally broke out above resistance generated by the weekly Fly Paper channel, as well as its recently-formed downtrend line.

**COMMENT:** *Both of these actions are bullish indicators.*



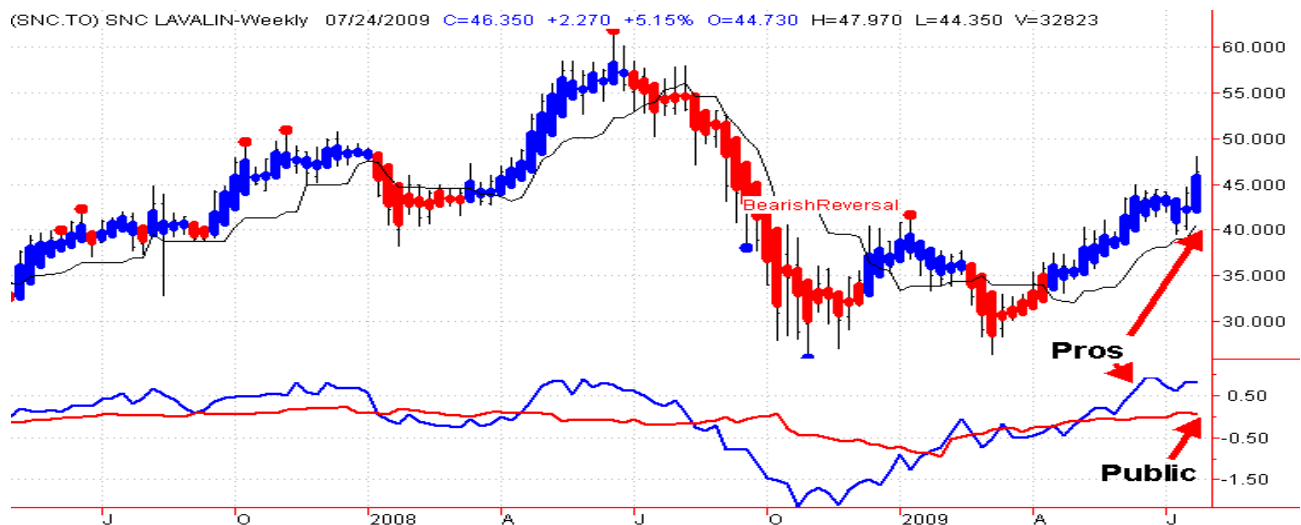
## UPSIDE TARGETS

The stock has already hit the first long-term upside target of \$47.50 (1). If it can keep moving higher, the next target is \$55 (2), and then, ultimately, up to test the 2008 highs near \$62.00 (3).



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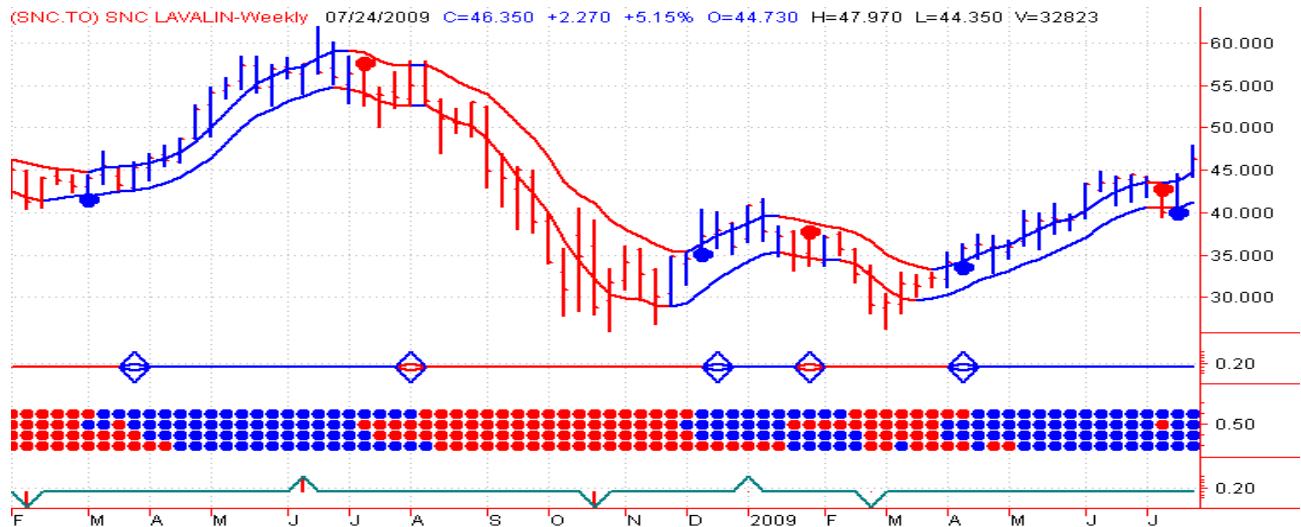
With reference to the chart below, if the Pros (i.e., the financial institutions) start to give up their positions, this would indicate it is time to take profits and exit long-term positions. This would be confirmed if the stock closed below \$40.25 on a weekly basis. This price is a moving target as it will track the stock and, therefore, continue to move higher if the stock moves higher, but also decline if the stock falls.



## EXIT POINT

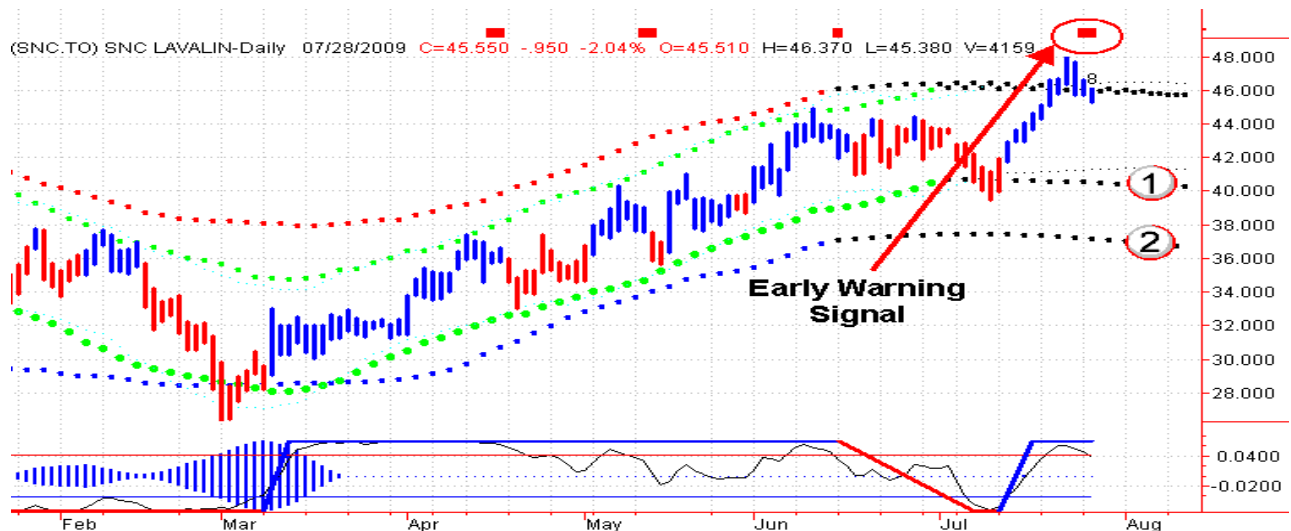
For holders of the stock, from a long-term trend analysis viewpoint, on a break-down, the point at which to exit this stock is as indicated on the chart above, at around \$40.00 - \$40.25.

For the long-term investor, a weekly close below \$40.00 would be very bearish for this stock.



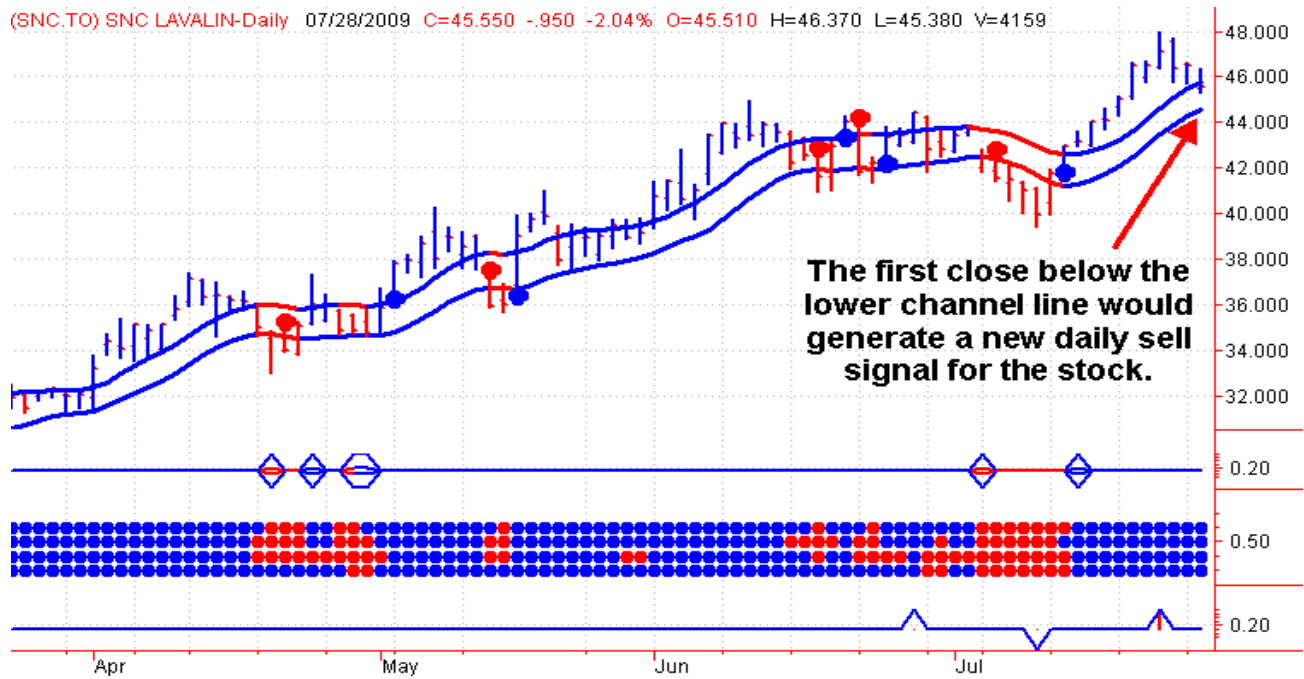
## SHORT-TERM VIEW

Taking a shorter term view of this stock using daily charts, SNC looks to be overbought. It has recently issued an Early Warning Signal.



## DOWNSIDE TARGETS

If the stock sells off this week, a “sell” signal would be generated on a daily close below \$44.50, and the downside targets would be \$40.00 and then \$36.50.



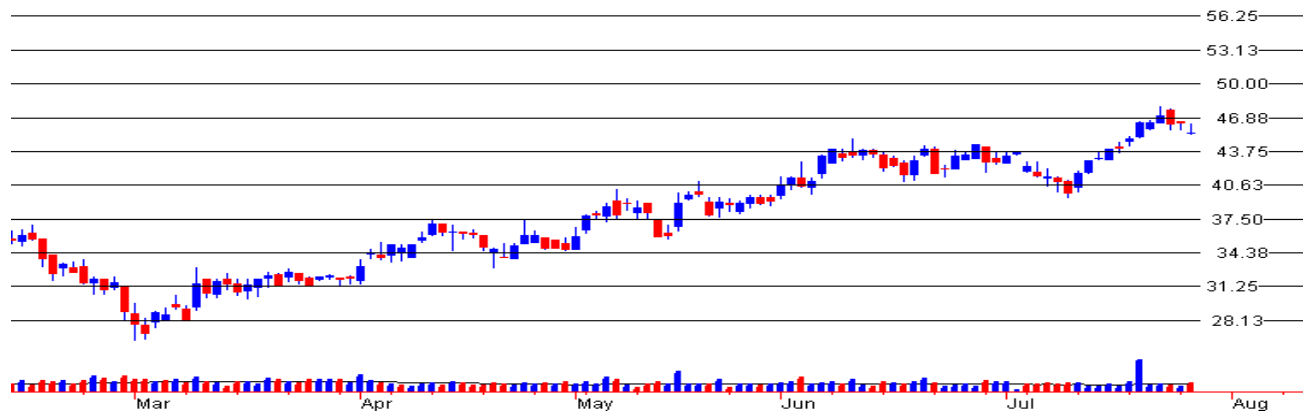
## SUPPORT LEVELS

Unlike many other stocks for which new daily sell signals are anticipated, SNC is expected to find support on the daily charts. That would keep it from generating sell signals on the weekly charts.

### Price Support 1

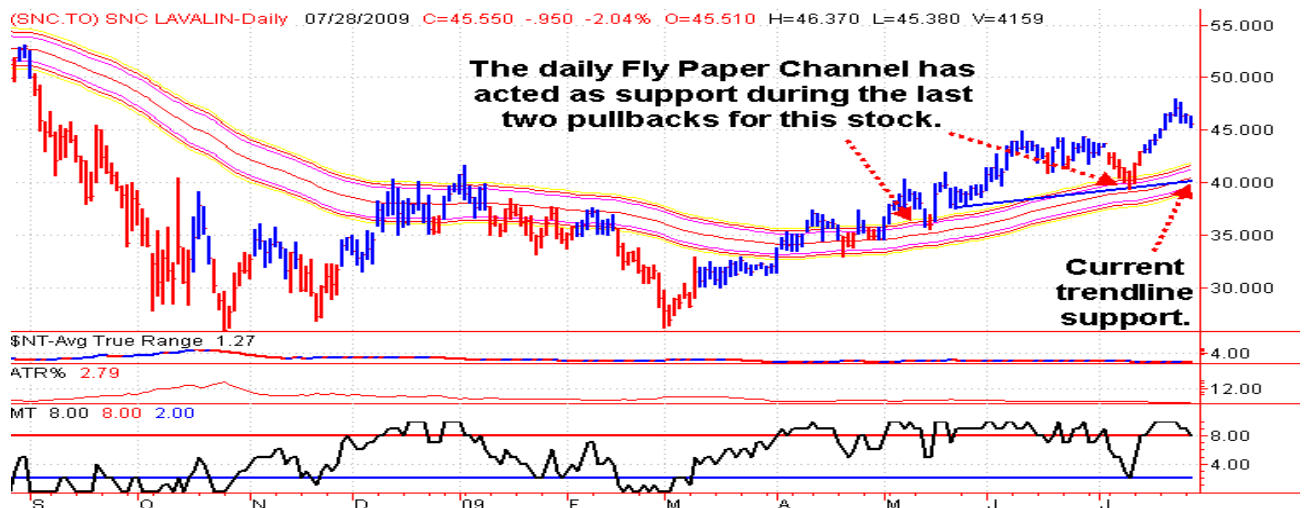
The daily Price Target Chart anticipates support for the stock first at \$43.75 and then at \$40.63.

(SNC.TO) SNC LAVALIN-Daily 07/28/2009 C=45.550 -.950 -2.04% O=45.510 H=46.370 L=45.380 V=4159



### Price Support 2

The \$40.63 price target should act as an area of major support, as it also corresponds with the top of the daily Fly Paper Channel. This point also matches up with the current short-term uptrend line, which should also provide support. In both cases, the daily Fly Paper Channel and the short-term uptrend line are pointing higher, which provides further evidence for a long-term bullish stance on the stock.



## CONCLUSION

1. We remain Long Term Bullish on the stock, but anticipate a pullback into the \$40.00 area.
2. If the Canadian stock market can remain buoyant for the remainder of 2009, we would anticipate that the stock could move back up to its 2008 highs at \$61.95.
3. Any pullback to the \$40.00 area should act as an opportunity for investors to:  
either (a) make initial purchases of the stock,  
or (b) add to existing positions.
4. If the \$40.00 support area does not hold, any close on the weekly charts below \$40.00 should be considered a Long Term Sell Signal.



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