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*This prospectus supplement, together with the short form base shelf prospectus dated March 13, 2017 (the **Prospectus**) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference into the Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only to persons to whom they may lawfully be offered and only by persons permitted to sell such securities.*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the **1933 Act**) or any state securities laws. Accordingly, these securities may not be offered or sold directly or indirectly within the United States of America and may not be offered or sold to, or for the account or benefit of, "U.S. Persons" (as such term is defined in Rule 902(k) of Regulation S promulgated under the 1933 Act, except in transactions exempt from the registration requirements of the 1933 Act and the securities laws of any applicable state. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See "Plan of Distribution".*

Information has been incorporated by reference into the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated therein by reference may be obtained on request without charge from the secretary of SNC-Lavalin Group Inc. at 455 René-Lévesque Blvd. West, Montréal, Québec, H2Z 1Z3 (514) 393-1000, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus Dated March 13, 2017**

New Issue

April 24, 2017



SNC • LAVALIN

**\$800,047,500
15,550,000 Subscription Receipts**

each representing the right to receive one Common Share

SNC-Lavalin Group Inc. (**SNC-Lavalin** or the **Corporation**) is hereby qualifying for distribution (the **Offering**) 15,550,000 subscription receipts (the **Subscription Receipts**) of SNC-Lavalin at a price of \$51.45 per Subscription Receipt (the **Offering Price**). Each Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration or further action on the part of the holder thereof, (i) one common share of the Corporation (a **Common Share**), together with (ii) without duplication, an amount, if any, equal to the amount per Common Share of any dividends for which record dates have occurred during the period from the date of the Offering Closing (as defined herein) to the date immediately preceding the date of the Acquisition Closing (as defined herein), less any applicable withholding taxes (a **Dividend Equivalent Payment**), upon the closing of the acquisition (the **Acquisition**) by the Corporation or a direct or indirect wholly-owned subsidiary of the Corporation (**Bidco**), of all of the issued and to be issued shares of ordinary share capital (the **Atkins Shares**) of WS Atkins plc (**Atkins**)

pursuant to a proposed Court-sanctioned scheme of arrangement under Part 26 of the U.K. Companies Act 2006 (the **Scheme**). See “*Acquisition of Atkins — The Acquisition*”, “*Details of the Offering*” and “*Plan of Distribution*”.

Price: \$51.45 per Subscription Receipt

	Price to the Public	Underwriters’ Fee⁽¹⁾⁽²⁾	Net Proceeds to SNC-Lavalin⁽¹⁾⁽³⁾⁽⁴⁾
Per Subscription Receipt	\$51.45	\$2.058	\$49.392
Total ⁽²⁾	\$800,047,500	\$32,001,900	\$768,045,600

- (1) Before deducting the estimated expenses of the Offering of approximately \$1.8 million. The expenses of the Offering will be paid from the general funds of SNC-Lavalin.
- (2) The fee payable to the Underwriters (as defined herein) is payable as to 50% on the Offering Closing Date (as defined herein) and as to 50% upon the closing of the Acquisition (collectively, the **Underwriters’ Fee**). In the event the Escrowed Funds are refunded to purchasers following the Termination Time, the fee payable to the Underwriters will consist solely of the amount payable on the Offering Closing Date.
- (3) SNC-Lavalin has granted to the Underwriters an option (the **Over-Allotment Option**), exercisable at any time not later than the earlier of (i) 5:00 p.m. (Montréal time) on the 30th day following the Offering Closing Date and (ii) the occurrence of a Termination Event, to purchase up to an additional 1,555,000 Subscription Receipts on the same terms as set forth above. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters’ Fee and the net proceeds to SNC-Lavalin, before expenses of the Offering, will be \$880,052,250, \$35,202,090 and \$844,850,160, respectively. See “*Plan of Distribution*”. In the event the Over-Allotment Option is exercised following the Acquisition Closing Date (as defined herein), the Corporation shall issue the same number of Common Shares in lieu of Subscription Receipts. A purchaser who acquires Subscription Receipts or Common Shares, as applicable, forming part of the Underwriters’ over-allocation position, if applicable, acquires those Subscription Receipts or Common Shares, as applicable, under this prospectus supplement, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. The grant of the Over-Allotment Option and the Subscription Receipts or Common Shares, as applicable, that may be issued on the exercise of the Over-Allotment Option are also qualified for distribution under this prospectus supplement.
- (4) The total gross proceeds of the Offering and the Concurrent Private Placement and the total net proceeds to the Corporation of the Offering and the Concurrent Private Placement (before deducting expenses of the Offering and the Concurrent Private Placement) will be \$1,200,071,250 and \$1,152,068,400, respectively. If the Over-Allotment Option is exercised in full, the total gross proceeds of the Offering and the Concurrent Private Placement and the total net proceeds to the Corporation of the Offering and the Concurrent Private Placement (before deducting expenses of the Offering and the Concurrent Private Placement) will be \$1,280,076,000 and \$1,228,872,960, respectively.

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	1,555,000 Subscription Receipts or Common Shares, as applicable	Not later than the earlier of (i) the 30 th day following the Offering Closing Date and (ii) the occurrence of a Termination Event	\$51.45 per Subscription Receipt or Common Share, as applicable

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the **TSX**) under the symbol “SNC”. On April 19, 2017, the last day prior to the public announcement of the Acquisition and Offering, the closing price of the Common Shares on the TSX was \$53.42 and on April 21, 2017, the last trading day prior to the filing of this prospectus supplement, the

closing price of the Common Shares on the TSX was \$54.27. The TSX has conditionally approved the listing of the Subscription Receipts and the underlying Common Shares issuable on exchange thereof (including the Subscription Receipts or the underlying Common Shares issuable on exchange thereof, as applicable, issuable pursuant to the Over-Allotment Option) offered pursuant to the Prospectus on the TSX. Such listing will be subject to the Corporation fulfilling all of the requirements of the TSX on or before July 19, 2017.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this prospectus supplement. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “Risk Factors”.

The terms of the Offering, including the Offering Price of the Subscription Receipts offered hereunder was determined by negotiation between SNC-Lavalin and RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., BNP Paribas (Canada) Securities Inc., Merrill Lynch Canada Inc., Desjardins Securities Inc., Citigroup Global Markets Canada Inc., Raymond James Ltd. and Canaccord Genuity Corp. (collectively, the **Underwriters**). See “*Plan of Distribution*”. The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued and delivered by SNC-Lavalin to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under “Plan of Distribution”, and subject to the approval of certain legal matters relating to Canadian law on behalf of SNC-Lavalin by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

SNC-Lavalin has entered into a subscription agreement (the **Subscription Agreement**) with Caisse de dépôt et placement du Québec (**Caisse**) dated April 20, 2017 pursuant to which SNC-Lavalin has agreed, among other things, to complete the issuance of Subscription Receipts thereunder (**Placement Subscription Receipts**) concurrently with the completion of the Offering. Pursuant to the Subscription Agreement, Caisse has agreed to, directly or indirectly through a wholly-owned subsidiary, purchase, on a prospectus-exempt basis, 7,775,000 Placement Subscription Receipts at the Offering Price for net proceeds to SNC-Lavalin of \$384,022,800 (after payment of the Subscription Fee) (as defined herein) (the **Concurrent Private Placement**). Closing for the Concurrent Private Placement is scheduled to occur concurrently with the closing of the Offering (the **Offering Closing**). The Prospectus does not qualify the distribution of either the Placement Subscription Receipts pursuant to the Concurrent Private Placement or the Common Shares issuable upon exchange thereof. Such Placement Subscription Receipts and the underlying Common Shares will be subject to a statutory hold period. Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions, including the concurrent closing of the Offering. The TSX has conditionally approved the listing of the underlying Common Shares issuable on the exchange of the Placement Subscription Receipts pursuant to the Concurrent Private Placement on the TSX. Such listing will be subject to the Corporation fulfilling all of the requirements of the TSX on or before June 2, 2017. See “*Financing of the Acquisition — Concurrent Private Placement*”.

The gross proceeds from the sale of the Subscription Receipts (less 50% of the Underwriters’ Fee), including Subscription Receipts or Common Shares, as applicable, issued pursuant to the Over-Allotment Option, if any, and the Concurrent Private Placement (after deducting the Subscription Fee) (collectively, the **Escrowed Funds**) will, from the Offering Closing Date (as defined herein) until the earlier of the delivery of the Escrow Release Notice and Direction (as defined herein) and the Termination Date (as defined herein), be held in escrow by Computershare Trust Company of Canada, as subscription receipt agent (the **Subscription Receipt Agent**), together with any interest or other income actually earned thereon (the **Earned Interest**), and deposited or invested, as the case may be, in short-term interest bearing or

discount debt obligations issued or guaranteed by the Government of Canada, a province of Canada or a Canadian chartered bank provided that such obligation is rated at least A-1 (high) by Standard & Poor's Ratings Services or R1 (high) by DBRS Inc. (or an equivalent rating by an equivalent rating service) (as contemplated by, or specified in, the Subscription Receipt Agreement), or such other approved investments as set forth in the Subscription Receipt Agreement.

Provided that the Escrow Release Notice and Direction is provided to the Subscription Receipt Agent prior to the Termination Time, the Escrowed Funds, together with the Earned Interest, less the Escrowed Underwriters' Fee (as defined herein) and less any amounts required to satisfy any Dividend Equivalent Payments, will be released by the Subscription Receipt Agent to or as directed by the Corporation and will be used, directly or indirectly, to pay a portion of the Purchase Price (as defined herein) and costs of the Acquisition. See "*Use of Proceeds*".

The Acquisition is expected to become effective (the **Acquisition Closing**) in the third quarter of 2017 (the **Acquisition Closing Date**) and is subject to the approval by the holders of Atkins Shares (the **Atkins Shareholders**), Court sanction and the satisfaction of customary closing conditions, including antitrust approvals. See "*Acquisition of Atkins — The Acquisition*", "*Details of the Offering*" and "*Plan of Distribution*".

If: (a) the Escrow Release Notice and Direction and the Acquisition Notice and Direction, respectively, are not delivered not delivered on or prior to 11:59 p.m. (London U.K. time) on the Outside Date (as defined herein); (b) the resolutions to approve the Scheme are not passed by a majority in number of the Atkins Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing not less than 75% in value of each class of the Atkins Shares held by those Atkins Shareholders; (c) the resolutions necessary to approve and implement the Scheme are not duly passed by the requisite majority at a general meeting of the Atkins Shareholders to be held for such purpose (which will require the approval of Atkins Shareholders representing at least 75% of the votes cast at such general meeting either in person or by proxy); (d) the Scheme is not sanctioned at the hearing of the Court held to sanction the Scheme; (e) the Corporation advises the Co-Lead Underwriters, Caisse and the Subscription Receipt Agent or announces to the public that it does not intend to proceed with the Acquisition in such circumstances that may be permitted by the Panel on Take-overs and Mergers under the U.K.'s City Code on Take-overs and Mergers (the **Panel**); (f) the Scheme lapses or is withdrawn and SNC-Lavalin does not make a take-over offer under Section 974 of the U.K. Companies Act 2006 (a **Take-Over Offer**); (g) in the case of a Take-Over Offer, such Take-Over Offer lapses or is withdrawn in such circumstances as may be permitted by the Panel; or (h) the occurrence of a Termination Event (as such term is defined in the Subscription Agreement) (each a **Termination Event**, and the date upon which such event occurs, the **Termination Date**), the Subscription Receipt Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, (i) an amount equal to the aggregate issue price of such holder's Subscription Receipts, plus (ii) such holder's *pro rata* share of an amount equal to the Earned Interest, less any applicable withholding taxes (collectively, the **Termination Payment**). No Dividend Equivalent Payment will be made to holders of Subscription Receipts if a Termination Event occurs. Because 50% of the Underwriters' Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters' Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and the Earned Interest would be returned to purchasers of Subscription Receipts. See "*Details of the Offering*".

After the Acquisition Closing Date, the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive any dividends if, as and when declared by the board of directors of the Corporation from time to time, and to vote and to all other rights available to holders of Common Shares. See “*Description of Securities*” in the Prospectus.

The declaration and payment of dividends on Common Shares by SNC-Lavalin are at the discretion of the board of directors of SNC-Lavalin. Currently, dividends on Common Shares are payable on a quarterly basis. It is expected that the next quarterly dividend, if so declared by the board of directors of SNC-Lavalin, will be the dividend payable to holders of Common Shares on or about June 1, 2017 to holders of record of Common Shares as of May 18, 2017.

In the opinion of Counsel, subject to the provisions of any particular plan, the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the **Tax Act**) for certain tax exempt trusts. See “*Eligibility for Investment*”.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is currently anticipated that the closing date of the Offering (the **Offering Closing Date**) and the Concurrent Private Placement will be April 27, 2017, or such later date as SNC-Lavalin and the Underwriters may agree but in any event not later than May 22, 2017. See “*Plan of Distribution*”. One or more global certificates representing the aggregate number of Subscription Receipts issued pursuant to the Offering will be issued in registered form to CDS Clearing and Depository Services Inc. (**CDS**) or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Subscription Receipts will receive only a customer confirmation from a registered dealer that is a CDS participant and from or through whom the Subscription Receipts are purchased. See “*Depository Services*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by SNC-Lavalin. See “*Plan of Distribution*”.

It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing, and therefore the stability of the dividends that it receives. See “*Risks and Uncertainties*” in the 2016 MD&A (as defined herein) incorporated by reference into the Prospectus and the risks identified herein under the heading “*Risk Factors*” prior to making an investment in the Subscription Receipts. These sections also describe SNC-Lavalin’s assessment of those risk factors, as well as the potential consequences to an investor if a risk should occur or materialize.

BMO Nesbitt Burns Inc., BNP Paribas (Canada) Securities Inc., CIBC World Markets Inc., Citigroup Global Markets Canada Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. are, directly or indirectly, subsidiaries or affiliates of lenders to SNC-Lavalin or its subsidiaries. Furthermore, RBC Dominion Securities Inc. is acting as financial advisor to SNC-Lavalin in connection with the Acquisition. Accordingly, pursuant to applicable securities legislation, SNC-Lavalin

may be considered a “connected issuer” of such Underwriters. See “*Relationship Between SNC-Lavalin and Certain of the Underwriters*”.

Unless otherwise noted or the context otherwise indicates, “SNC-Lavalin”, the “Corporation”, “we”, “us” and “our” refers to SNC-Lavalin Group Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them and associated companies. Unless otherwise indicated, the disclosure contained in this prospectus supplement assumes that the Over-Allotment Option has not been exercised.

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SUMMARY

The following information is a summary only and is to be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this prospectus supplement and in the documents incorporated by reference herein. Capitalized terms used in this Summary and not otherwise defined have the meanings given to them under "Glossary".

SNC-Lavalin

Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure. The Corporation was incorporated under the laws of Canada on May 18, 1967, and was continued under the *Canada Business Corporations Act* on March 24, 1980. The Corporation's head and registered office is located at 455 René-Lévesque Blvd. West, Montréal, Québec, H2Z 1Z3.

SNC-Lavalin's teams provide engineering, procurement, construction completions and commissioning services together with a range of sustaining capital services to clients in four industry sectors, Oil & Gas, Mining & Metallurgy, Infrastructure and Power. SNC-Lavalin can also combine these services with its financing and Operations and Maintenance (**O&M**) capabilities to provide complete end-to-end project solutions.

The Acquisition

On April 20, 2017, SNC-Lavalin issued an announcement (the **Offer Announcement**) in the U.K. of SNC-Lavalin's firm intention to make an offer (the **Offer**) pursuant to Rule 2.7 of the U.K.'s City Code on Takeovers and Mergers setting out the terms of the cash offer by SNC-Lavalin for all issued and to be issued Atkins Shares to be effected by means of the Scheme.

The Acquisition Closing is expected to occur on or about the Acquisition Closing Date and is subject to the approval by Atkins Shareholders, Court sanction and the satisfaction of customary closing conditions, including antitrust approvals.

Atkins is a design, engineering and project management consultancy with a leadership position across the infrastructure, transportation and energy sectors, and with around 18,000 employees worldwide. Atkins operates its business by segments. Atkins operating segments for management purposes predominantly reflect its key geographical markets. The segments are: U.K. and Europe, North America, Middle East, Asia Pacific and Energy. See "*Acquisition of Atkins — Business of Atkins*".

In the fiscal year ended March 31, 2016, Atkins' revenues were £1,861.9 million (\$3,165.2 million) with an EBITDA of £172.2 million (\$292.7 million). In the six-month period ended September 30, 2016, Atkins' revenues were £994.7 million (\$1,691.0 million) with an EBITDA of £76.0 million (\$129.2 million) (translated into Canadian dollars using an exchange rate of \$1.7027). See "*Financial Statements — Consolidated Statements of Atkins*" and "*Non-IFRS Measures*". See "*Acquisition of Atkins — The Acquisition*".

Acquisition Rationale

SNC-Lavalin believes that the Acquisition represents a compelling opportunity to accelerate the delivery of SNC-Lavalin's strategy to become a global fully integrated professional services and project management company, with scale and capabilities across its core markets. See "*Acquisition of Atkins — Acquisition Rationale*" and "*Caution Regarding Forward Looking Statements*".

SNC-Lavalin following the Acquisition

Management expects the Acquisition to be consistent with SNC-Lavalin's strategic plan of creating a global, fully integrated professional services and project management company. See "*Acquisition of Atkins — SNC-Lavalin following the Acquisition*" and "*Caution Regarding Forward Looking Statements*".

Financing the Acquisition

SNC-Lavalin expects to finance the Purchase Price on the Acquisition Closing Date and the costs of the Acquisition out of a combination of (1) the net proceeds from the Offering, (2) the net proceeds from the Concurrent Private Placement, and (3) advances or drawdowns under various credit and debt facilities and loans, which are in turn comprised of: (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility. See "*Acquisition of Atkins – The Acquisition*", "*– Financing the Acquisition*" and "*Use of Proceeds*".

The Offering

Issuer:	SNC-Lavalin Group Inc.
Amount:	Aggregate gross proceeds of \$800,047,500 from the Offering (before deducting the Underwriters' Fee) (\$880,052,250 if the Over-Allotment Option is exercised in full).
Offering Closing Date:	<p>The Offering is currently expected to close on or about April 27, 2017, or such later date as SNC-Lavalin and the Underwriters may agree but in any event not later than May 22, 2017.</p> <p>Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions, including the concurrent closing of the Offering. See "<i>Financing of the Acquisition – Concurrent Private Placement</i>".</p>
Issue and Price:	15,550,000 Subscription Receipts (17,105,000 Subscription Receipts if the Over-Allotment Option is exercised in full) at an issue price of \$51.45 per Subscription Receipt.

The Concurrent Private Placement

Issuer:	SNC-Lavalin Group Inc.
Amount:	Aggregate gross proceeds of \$400,023,750 from the Concurrent Private Placement (before payment of the Subscription Fee).
Concurrent Private Placement Offering Closing Date:	<p>The Concurrent Private Placement is currently expected to close on or about April 27, 2017, or such later date as SNC-Lavalin and Caisse may agree but in any event not later than May 22, 2017.</p> <p>Completion of the Concurrent Private Placement is subject to a number of conditions including the concurrent closing of the Offering. Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. See "<i>Financing of the Acquisition – Concurrent Private Placement</i>".</p>
Concurrent Private Placement Issue Price:	7,775,000 Placement Subscription Receipts at an issue price of \$51.45 per Placement Subscription Receipt (before deducting the Subscription Fee per Placement Subscription Receipt).

Description of the Subscription Receipts

Automatic Exchange:

Each Subscription Receipt will entitle the holder thereof to receive automatically, upon the Acquisition Closing, without any further action on the part of the holder thereof and without payment of any additional consideration, (i) one Common Share of SNC-Lavalin, together with (ii) an amount per Subscription Receipt equal to the Dividend Equivalent Payment.

Dividend Equivalent Payment:

To the extent that the Dividend Equivalent Payments include amounts calculated by reference to cash dividends on the Common Shares for which record dates have occurred (during the period from and including the Offering Closing Date up to but excluding the Acquisition Closing Date) and have not yet been paid to shareholders, such amounts shall not be payable to holders of Subscription Receipts, unless the Corporation otherwise elects, until the date that such related cash dividends are paid to shareholders.

Any Dividend Equivalent Payments will be made first out of the Earned Interest and then as a refund of a portion of the Offering Price, and will be paid net of any applicable withholding taxes.

The declaration and payment of dividends on Common Shares by SNC-Lavalin are at the discretion of the board of directors of SNC-Lavalin. Currently, dividends on Common Shares are payable on a quarterly basis. It is expected that the next quarterly dividend, if so declared by the board of directors of SNC-Lavalin, will be the dividend payable on or about June 1, 2017 to holders of record of Common Shares as of May 18, 2017.

See "*Details of the Offering*".

Escrowed Funds and Use of Proceeds:

The gross proceeds from the Offering (less 50% of the Underwriters' Fee) and the Concurrent Private Placement (after deducting the Subscription Fee) will, from the Offering Closing Date until the earlier of the delivery of the Escrow Release Notice and Direction and the Termination Time, be held in escrow by the Subscription Receipt Agent, together with the Earned Interest, and deposited or invested, as the case may be, in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada, a province of Canada or a Canadian chartered bank provided that such obligation is rated at least A-1 (high) by Standard & Poor's Ratings Services or R1 (high) by DBRS Inc. (or an equivalent rating by an equivalent rating service) (as contemplated by, or specified in, the Subscription Receipt Agreement), or other approved investments as set forth in the Subscription Receipt Agreement. See "*Details of the Offering*".

If the Escrow Release Notice and Direction is delivered prior to the Termination Time, the Escrowed Funds, together with the Earned Interest, less the Escrowed Underwriters' Fee and less any amounts required to satisfy any Dividend Equivalent Payments, will be released by the Subscription Receipt Agent to or as directed by SNC-Lavalin and will be used, directly or

indirectly to pay a portion of the Purchase Price and costs of the Acquisition. See "*Acquisition of Atkins — Financing the Acquisition*".

See "*Use of Proceeds*".

Termination:

If the Escrow Release Notice and Direction and the Acquisition Notice and Direction are not respectively delivered on or prior to the Termination Time, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, the Termination Payment. No Dividend Equivalent Payment will be made to holders of Subscription Receipts if a Termination Event occurs.

Because 50% of the Underwriters' Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters' Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and the Earned Interest would be returned to purchasers of Subscription Receipts. See "*Details of the Offering*".

See "*Use of Proceeds*".

Other Considerations

Tax Considerations:

You should be aware that the purchase of Subscription Receipts may have tax consequences both in Canada and the U.S. See "*Certain Canadian Income Tax Considerations*" with respect to certain such Canadian consequences.

Risk Factors:

Investing in the Subscription Receipts and the Common Shares issuable upon exchange thereof involves certain risks which should be carefully considered by prospective investors. See "*Risk Factors*".

EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange of one British pound sterling (£), expressed in Canadian dollars, published by the Bank of Canada.

	Three months ended March 31,	Year-ended December 31,		
	2017	2016	2015	2014
	\$	\$	\$	\$
Highest rate during the period.....	1.6823	2.0734	2.0943	1.8592
Lowest rate during the period.....	1.5865	1.6001	1.7853	1.7453
Average noon spot rate for the period ⁽¹⁾	1.6489	1.7770	1.9657	1.8236
Rate at the end of the period.....	1.6650	1.6564	2.0407	1.8071

Notes:

(1) Determined by averaging the rates on the last business day of each month during the respective period.

On April 21, 2017, the noon rate of exchange posted by the Bank of Canada for conversion of British pounds sterling into Canadian dollars was £1.00 equals \$1.7260.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities SNC-Lavalin is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Subscription Receipts offered hereunder. Defined terms or abbreviations used in this prospectus supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.

Prospective investors should rely only on the information contained in this prospectus supplement and contained in or incorporated by reference into the Prospectus. SNC-Lavalin has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. SNC-Lavalin is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this prospectus supplement and the Prospectus, as well as information SNC-Lavalin has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated into the Prospectus by reference, is accurate as of their respective dates only. SNC-Lavalin’s business, financial condition, results of operations and prospects may have changed since those dates.

In the Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to “British pounds” or “£” are to the lawful currency of the United Kingdom.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following are specifically incorporated by reference into and form an integral part of the Prospectus:

- (a) the Management Proxy Circular dated March 13, 2017 and filed on SEDAR on April 4, 2017 in connection with the annual meeting of shareholders of SNC-Lavalin to be held on May 4, 2017;
- (b) the amended and restated Material Change Report dated April 24, 2017 with respect to the Acquisition, the Offering, the Concurrent Private Placement and the debt financing and filed on SEDAR on April 24, 2017;
- (c) the “template version” (as defined in National Instrument 41-101 — *General Prospectus Requirements* (NI 41-101) of the term sheet dated April 20, 2017 and filed on SEDAR on April 20, 2017 (the **Term Sheet**); and
- (d) the amended and restated “template version” of the investor presentation dated April 24, 2017 (the **Amended and Restated Investor Presentation**) prepared for potential investors in connection with the Offering and filed on SEDAR on April 24, 2017, which amends and supersedes the “template version” of the investor presentation dated April 20, 2017 and filed on SEDAR on April 20, 2017 (the **Initial Investor Presentation**) in its entirety in order to update certain data contained in the Initial Investor Presentation.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports) and any interim financial statements and related management’s discussion and analysis subsequently filed by SNC-Lavalin with the securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for the purposes of the Offering. These documents will be available through the internet on SEDAR, which can be accessed at www.sedar.com.

Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document (or part thereof) which also is or is deemed to be incorporated by reference into the Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

MARKETING MATERIALS

The template versions of both the Term Sheet and the Amended and Restated Investor Presentation are not part of this prospectus supplement to the extent that the contents of such template versions have been modified or superseded by a statement contained in this prospectus supplement.

The Initial Investor Presentation has been amended and superseded by the Amended and Restated Investor Presentation in order to update certain data contained in the Initial Investor Presentation including updating amounts presented in the Initial Investor Presentation for the *pro forma* combined entity to reflect the impact on financial expenses for a correction of the exchange rate used to translate recourse long-term debt and a change in the estimated transaction costs. These changes resulted in a decrease in EBIT and Net Income by \$2.3 million and \$1.4 million, respectively. See “*Non-IFRS Measures*” in this prospectus supplement for additional information. Pursuant to subsection 9A.3(7) of National Instrument 44-102 — *Shelf Distributions*, SNC-Lavalin has prepared the Amended and Restated Investor Presentation reflecting the modifications described above and a blackline has been prepared to show the modified statements. The foregoing summary of modifications is not exhaustive and is qualified by the information contained in the Amended and Restated Investor Presentation and the blacklined version of such document, both of which have been filed with the securities regulatory authorities of each of the provinces of Canada on April 24, 2017 and can be found under SNC-Lavalin’s profile at www.sedar.com.

Any template version of “marketing materials” (as defined in NI 41-101) filed after the date of this prospectus supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheet or the Amended and Restated Investor Presentation) is deemed to be incorporated into this prospectus supplement.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement, the Prospectus and the documents incorporated by reference into the Prospectus and this prospectus supplement contain statements that are or may be “forward looking statements” or “forward looking information” within the meaning of applicable Canadian securities laws, including those regarding the proposed Acquisition by SNC-Lavalin of all of the outstanding shares of Atkins and the expected impact of the Acquisition on SNC-Lavalin’s strategic and operational plans and financial results. Statements made in this prospectus supplement, the Prospectus and the documents incorporated by reference into the Prospectus and this prospectus supplement that describes SNC-Lavalin’s or management’s budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be “forward-looking statements”, which can be identified by the use of the conditional or forward-looking terminology such as “aims”, “anticipates”, “assumes”, “believes”, “cost savings”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “should”, “synergies”, “will”, or the negative thereof or other variations thereon, as they relate to SNC-Lavalin, Atkins or the combined entity following the Acquisition. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements also include, but are not limited to, future capital expenditures, revenues, expenses, earnings, economic performance, cash flows, indebtedness, financial condition, losses and future prospects; and business and management strategies and expansion and growth prospects of SNC-Lavalin’s and the combined entity’s operations following the Acquisition. The pro forma information set forth in this prospectus supplement, the Prospectus and the documents incorporated by reference into the Prospectus and this prospectus supplement should not be considered to be what the actual financial position or other results of operations would have necessarily been had the Acquisition been completed as, at, or for the periods stated. All such forward-looking statements are made pursuant to the “safe-harbour” provisions of applicable Canadian securities laws. SNC-Lavalin cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. Forward-

looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of SNC-Lavalin's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of SNC-Lavalin's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

This prospectus supplement also contains forward-looking statements with respect to:

- the Offering and the Concurrent Private Placement, including in respect of the use of proceeds from the Offering and the Concurrent Private Placement, and the expected Offering Closing Date;
- expected SNC-Lavalin financial performance;
- SNC-Lavalin's business model and acquisition strategy;
- the indebtedness to be incurred under each of the SNC-Lavalin Highway Holdings Loan, the Syndicated Credit Facility and Term Facility and the use thereof;
- the Acquisition (as set forth under "*Acquisition of Atkins — The Acquisition*" and "*Acquisition of Atkins — Acquisition Rationale*"), including:
 - the expected completion of the Acquisition and timing thereof;
 - the aggregate cash consideration payable by SNC-Lavalin in connection with the Acquisition and the anticipated sources of financing thereof;
 - the fact that closing of the Acquisition is conditioned on certain events occurring, and the receipt of all necessary regulatory (including antitrust), shareholder, Court and stock exchange approvals;
 - the anticipated consolidated indebtedness of SNC-Lavalin after giving effect to the Acquisition and certain other transactions;
 - anticipated benefits of the Acquisition, including:
 - the impact of the Acquisition on SNC-Lavalin's size, operations, infrastructure, capabilities, development, growth and other opportunities, geographic reach, business portfolio, market position, financial condition, balance sheet, risk profile, margins, cash flow profile, access to capital and overall strategy;
 - the attractiveness of the Acquisition from a financial perspective in various financial metrics, including, without limitation, pro forma net recourse debt to Adjusted EBITDA and pro forma net recourse debt to total capital ratios, pro forma revenues and Adjusted EBITDA of the combined entity, expectations regarding adjusted consolidated and E&C Adjusted EPS accretion and Atkins' contribution to earnings, margins and revenues and overall quality thereof, the addition of long-term revenue opportunities, the generation of consistent high-margin revenues, and margin expansion (including Adjusted EBITDA margins); (see "*Non-IFRS Measures*" for reconciliations);

- the ability of SNC-Lavalin to achieve various targets, including EBITDA, following the Acquisition;
- the ability of the combined entity to capitalize on the global nuclear, power, infrastructure and transportation spending trends and on large scale infrastructure projects;
- the potential to significantly increase SNC-Lavalin's global customer base, expand and deepen the areas of the market the combined entity can address, and the manner thereof;
- the growth opportunities associated with Atkins' business and the combined entity in key geographies, the ability of the combined entity to benefit therefrom and the manner of achieving such growth;
- expectations regarding the customer, geographical and sector diversification and global footprint of the combined business;
- the ability of the combined entity to maintain long-term, repeat business with key clients and to better meet client needs and create cross-selling opportunities;
- the belief that SNC-Lavalin is well positioned, operationally and financially, to commence its next phase of growth;
- the expectation of added stability to SNC-Lavalin's margin and cash flow profile with inherently low financial risk leading to consistent and predictable margin profile;
- SNC-Lavalin's ability to create a global, fully integrated professional services and project management company and build an increasingly resilient business model;
- the strength of SNC-Lavalin's position as a partner to public and private sector clients;
- the governance of Atkins after the Acquisition, the leveraging of respective core competencies and strategies, the retention and role of Atkins employees and the holding of significant roles for existing Atkins management;
- the growth of the employee base of the combined entity and the value and capabilities of such employees;
- the liquidity of the combined entity and its ability to maintain an investment grade credit rating and to continue servicing Atkins' pension deficit;
- the maintenance of SNC-Lavalin's existing dividend policy;
- the strength of the combined entity as a nuclear services company, and its ability to win and deliver various projects;

- expectations regarding the strength, complementarity and compatibility of Atkins with SNC-Lavalin's existing business and management teams;
- expectations regarding the market positioning of the combined entity;
- expectations regarding GDP growth rates in global infrastructure investments;
- expectations regarding the integration of SNC-Lavalin and Atkins and timing thereof;
- expectations regarding anticipated cost savings, operating efficiencies and operational, competitive and cost synergies resulting from the Acquisition, and the manner of achieving such synergies; and
- expectations regarding the potential to realize incremental revenue synergies within the combined entity, and minimise potential revenue cannibalisation.

Although SNC-Lavalin believes that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable and appropriate, it can give no assurance that such statements will prove to be correct. The assumptions underlying these forward-looking statements are set out throughout SNC-Lavalin's 2016 MD&A (particularly, in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report our Results") incorporated by reference into the Prospectus and this prospectus supplement and, in relation to the Acquisition, the Offering and the Concurrent Private Placement, include the following material assumptions:

- the satisfaction of all conditions of closing and the successful completion of, each of the Offering, the Concurrent Private Placement and the Acquisition within the anticipated timeframe, including receipt of regulatory (including antitrust), shareholder, Court and stock exchange approvals;
- the availability of borrowings to be drawn down under, and the utilization, of each of the SNC-Lavalin Highway Holdings Loan, the Syndicated Credit Facility and Term Facility in accordance with their respective terms;
- the maintenance of SNC-Lavalin's investment grade credit rating;
- fulfillment by the Underwriters of their obligations pursuant to the Underwriting Agreement and by Caisse of its obligations pursuant to the Subscription Agreement;
- that no event will occur which would allow the Underwriters to terminate their obligations under the Underwriting Agreement, or which would allow Caisse to terminate its obligations under the Subscription Agreement;
- the successful and timely integration of SNC-Lavalin and Atkins and the realization of the anticipated benefits and synergies of the Acquisition to SNC-Lavalin in the timeframe anticipated, including impacts on growth and accretion in various financial metrics;

- that no superior acquisition proposal will be received or approved by Atkins' board of directors and no such superior acquisition proposal will become effective, become or be declared unconditional;
- the ability of the combined entity to retain key employees of Atkins and its subsidiaries, and the value of such key employees;
- the realization of expected GDP growth rates in global infrastructure investments, the continued need for significant upgrading of ageing infrastructure in the U.S. and expected wave of large scale infrastructure projects globally;
- the ability of SNC-Lavalin to satisfy its liabilities and meet its debt service obligations prior to and following completion of the Acquisition, and to continue servicing Atkins' pension deficit;
- the ability of SNC-Lavalin to access the capital markets prior to and following the Acquisition;
- the absence of significant undisclosed costs or liabilities associated with the Acquisition;
- the accuracy and completeness of Atkins' public and other disclosure;
- the absence of significant changes in foreign currency exchange rates or significant variability in interest rates;
- the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates;
- no material adverse regulatory decisions being received and the expectation of regulatory stability;
- no significant operational disruptions or liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major events;
- no severe and prolonged downturn in economic conditions;
- sufficient liquidity and capital resources;
- the continuation of observed weather patterns and trends;
- no significant counterparty defaults;
- the continued availability of industry-leading design, consulting and high-end engineering professionals;
- the absence of significant changes in taxation and environmental laws and regulations that may materially negatively affect the operations and cash flows of the combined entity;
- no material change in public policies and directions by governments that could materially negatively affect the combined entity;
- the maintenance of adequate insurance coverage;

- the ability to obtain and maintain licences and permits; and
- no material changes in market conditions.

If these assumptions are inaccurate, the Corporation's, Atkins' or the combined entity's actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Corporation's, Atkins' or the combined entity's assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risks include, but are not limited to: (a) the outcome of pending and future claims and litigation could have a material adverse impact on the Corporation's business, financial condition and results of operation; (b) on February 19, 2015, the Corporation and two of its subsidiaries were charged with one count of corruption under the *Corruption of Foreign Public Officials Act* (Canada) and one count of fraud under the *Criminal Code* (Canada), and is also subject to other ongoing investigations which could subject it to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These charges and investigations, and potential results thereof, could harm the Corporation's reputation, result in suspension, prohibition or debarment of the Corporation from participating in certain projects, reduce its revenues and net income and adversely affect its business; (c) further regulatory developments could have a significant adverse impact on the Corporation's results, and employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations could harm the Corporation's reputation, reduce its revenues and net income, and subject the Corporation to criminal and administrative enforcement actions and civil actions; (d) if the Corporation is not able to successfully execute on its strategic plan, its business and results of operations would be adversely affected; (e) a negative impact on the Corporation's public image could influence its ability to obtain future projects; (f) fixed-price contracts or the Corporation's failure to meet contractual schedule or performance requirements or to execute projects efficiently may increase the volatility and unpredictability of its revenue and profitability; (g) the Corporation's revenue and profitability are largely dependent on the awarding of new contracts, which it does not directly control, and the uncertainty of contract award timing could have an adverse effect on the Corporation's ability to match its workforce size with its contract needs; (h) the Corporation's backlog is subject to unexpected adjustments and cancellations, including under "termination for convenience" provisions, and does not represent a guarantee of the Corporation's future revenues or profitability; (i) SNC-Lavalin is a provider of services to government agencies and is exposed to risks associated with government contracting; (j) the Corporation's international operations are exposed to various risks and uncertainties, including unfavourable political environments, weak foreign economies and the exposure to foreign currency risk; (k) there are risks associated with the Corporation's ownership interests in Capital investments that could adversely affect it; (l) the Corporation is dependent on third parties to complete many of its contracts; (m) the Corporation's use of joint ventures and partnerships exposes it to risks and uncertainties, many of which are outside of the Corporation's control; (n) the competitive nature of the markets in which the Corporation does business could adversely affect it; (o) the Corporation's project execution activities may result in professional liability or liability for faulty services; (p) the Corporation could be subject to monetary damages and penalties in connection with professional and engineering reports and opinions that it provides; (q) the Corporation may not have in place sufficient insurance coverage to satisfy its needs; (r) the Corporation's employees work on projects that are inherently dangerous and a failure to maintain a safe work site could result in significant losses and/or an inability to obtain future projects; (s) the Corporation's failure to attract and retain qualified personnel could have an adverse effect on its activities; (t) work stoppages, union negotiations and other labour matters could adversely affect the Corporation; (u) the Corporation relies on information systems and data in its operations; failure in the availability or security of the Corporation's information systems or in data security could adversely affect its business and results of operations; (v) any acquisition or other investment may present risks or uncertainties; (w) divestitures and the sale of significant assets may present risks or uncertainties; (x) a deterioration or weakening of the Corporation's financial position, including its cash net of recourse debt, would have a material adverse effect on its business and results of operations; (y) the Corporation may have significant working capital

requirements, which, if unfunded, could negatively impact its business, financial condition and cash flows; (z) an inability of SNC-Lavalin's clients to fulfill their obligations on a timely basis could adversely affect the Corporation; (aa) the Corporation may be required to impair certain of its goodwill, and it may also be required to write down or write off the value of certain of its assets and investments, either of which could have a material adverse impact on the Corporation's results of operations and financial condition; (bb) global economic conditions could affect the Corporation's client base, partners, subcontractors and suppliers and could materially affect its backlog, revenues, net income and ability to secure and maintain financing; (cc) fluctuations in commodity prices may affect clients' investment decisions and therefore subject the Corporation to risks of cancellation, delays in existing work, or changes in the timing and funding of new awards, and may affect the costs of the Corporation's projects; (dd) inherent limitations to the Corporation's control framework could result in a material misstatement of financial information, and; (ee) environmental laws and regulations expose the Corporation to certain risks, could increase costs and liabilities and impact demand for the Corporation's services, and, in relation to the Acquisition, the Offering and the Concurrent Private Placement, include the following risks:

- the failure to receive or delay in receiving regulatory approvals (including antitrust and stock exchange), shareholder or Court approval or otherwise satisfy the conditions to the completion of the Acquisition or delay in completing the Acquisition and uncertainty regarding the length of time required to complete the Acquisition;
- the possibility that even if the Acquisition is approved by Atkins' shareholders and Court sanctioned, the Acquisition will not close or that its closing may be delayed;
- the possibility that SNC-Lavalin be required to pay Atkins a break fee in certain circumstances under the Cooperation Agreement;
- the failure to receive regulatory approvals (including stock exchange) or otherwise satisfy the conditions to the completion of the Offering and the Concurrent Private Placement or delay in completing the Offering and the Concurrent Private Placement and the funds thereof not being available to SNC-Lavalin in the time frame anticipated or at all;
- the occurrence of an event which would allow the Underwriters to terminate their obligations under the Underwriting Agreement or which would allow Caisse to terminate its obligations under the Subscription Agreement;
- potential unavailability of the SNC-Lavalin Highway Holdings Loan, the Syndicated Credit Facility and/or Term Facility, as the case may be;
- alternate sources of funding that would be used to replace the SNC-Lavalin Highway Holdings Loan, the Syndicated Credit Facility and/or Term Facility, as the case may be, may not be available when needed, or on desirable terms;
- increased indebtedness of SNC-Lavalin after the closing of the Acquisition;
- the failure by SNC-Lavalin to satisfy its liabilities and meet its debt service obligations prior to and following completion of the Acquisition or to continue servicing Atkins' pension deficit;
- the risk that SNC-Lavalin's or Atkins' business will be adversely impacted during the pendency of the Acquisition;
- lack of control by SNC-Lavalin on Atkins and its subsidiaries prior to the closing of the Acquisition;
- the risk that the Acquisition could result in a downgrade of SNC-Lavalin's credit ratings;

- potential undisclosed costs or liabilities associated with the Acquisition, which may be significant;
- impact of acquisition-related expenses;
- inaccurate or incomplete Atkins publicly disclosed information;
- historical and pro forma consolidated financial information may not be representative of future performance;
- the failure to retain Atkins' personnel and clients following the Acquisition and risks associated with the loss and ongoing replacement of key personnel;
- the impact of the announcement of the Acquisition on SNC-Lavalin's and Atkins' relationships with third parties, including commercial counterparties, employees and competitors, strategic relationships, operating results and businesses generally;
- the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the Acquisition, including without limitation revenue growth, anticipated cost savings or operating efficiencies and operational, competitive and cost synergies;
- the possibility that SNC-Lavalin's integration plan for Atkins could be ill-conceived or poorly executed and result in loss of customers, employees, suppliers or other benefits and goodwill of the Atkins business;
- factors relating to the integration of SNC-Lavalin and Atkins, such as the impact of significant demands placed on SNC-Lavalin and Atkins as a result of the Acquisition, the time and resources required to integrate both businesses, diversion of management time on integration-related issues, unanticipated costs of integration in connection with the Acquisition, including operating costs or business disruption being greater than expected, and the difficulties and delays associated with such integration;
- the possibility that Atkins' board of directors could receive and approve a superior acquisition proposal or a superior acquisition proposal becomes effective, becomes or is declared unconditional; and
- exchange rate risk and foreign currency exposure risk.

SNC-Lavalin cautions that the foregoing list of factors is not exhaustive. Other risks and uncertainties not presently known to SNC-Lavalin and Atkins or that SNC-Lavalin and Atkins presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Accordingly, there can be no assurance that the proposed Acquisition will occur or that the anticipated strategic benefits and operational, competitive and cost synergies will be realized in their entirety, in part or at all.

For more information on risks and uncertainties, and assumptions that could cause SNC-Lavalin's or the combined entity's actual results to differ from current expectations, please refer to the sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in SNC-Lavalin's 2016 MD&A incorporated by reference into the Prospectus. The forward-looking statements contained in this prospectus supplement, the Prospectus and the documents incorporated by reference into the Prospectus and this prospectus supplement are expressly qualified in their entirety by the foregoing cautionary statements. The forward-looking statements herein reflect SNC-Lavalin's expectations as at the date of this prospectus supplement, the Prospectus or the documents incorporated by reference into the Prospectus and this prospectus supplement, as the case may be, and are subject to change after such date. SNC-Lavalin does not undertake any obligation to update publicly or to revise any such forward-looking statements whether as a result of new

information, future events or otherwise, unless required by applicable legislation or regulation. All subsequent oral or written forward looking statements attributable to SNC-Lavalin or any of its directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. See “*Risk Factors*” and “*Caution regarding forward-looking statements*” in the Prospectus.

Financial outlook information contained in the Prospectus, this prospectus supplement and the documents incorporated by reference into the Prospectus and this prospectus supplement about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management’s assessment of the relevant information available as of the date of this prospectus supplement, the Prospectus or as of the date specified in the documents incorporated by reference into the Prospectus or this prospectus supplement, as the case may be. Readers are cautioned that such financial outlook information contained in this prospectus supplement, the Prospectus and the documents incorporated by reference into the Prospectus or this prospectus supplement should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

None of SNC-Lavalin’s or Atkins’ independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the financial outlook information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the financial outlook information.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of SNC-Lavalin incorporated by reference in the Prospectus are reported in Canadian dollars and have been prepared in accordance with IFRS. All financial information of Atkins included in the Prospectus is reported in British pounds sterling and has been derived from audited and unaudited historical financial statements of Atkins that were prepared in accordance with IFRS as adopted by the European Union. From the perspective of Atkins, there are no differences between IFRS as adopted by the European Union and IFRS as issued by the IASB. Where financial information of Atkins has been converted from British pounds sterling to Canadian dollars for purposes of comparison to and combination with, financial information of SNC-Lavalin, British pounds sterling have been converted to Canadian dollars at an exchange rate of \$1.7027 Canadian dollars per £1.00 British pounds sterling. The assets and liabilities of Atkins as at September 30, 2016 shown in the unaudited pro forma consolidated balance sheet of SNC-Lavalin as at December 31, 2016 are reported in Canadian dollars and reflect the British pounds sterling-to-Canadian dollar period-end closing exchange rate as at September 30, 2016 of \$1.7027. The revenues and expenses of Atkins for the constructed 12 month period ended September 30, 2016 shown in the unaudited pro forma consolidated statement of income of SNC-Lavalin for the year ended December 31, 2016 are reported in Canadian dollars and reflect the average British pounds sterling-to-Canadian dollar exchange rate for the 12 months ended September 30, 2016 of \$1.8884. Financial information in the Prospectus that has been derived from the unaudited pro forma consolidated financial statements has been translated to Canadian dollars on the same basis. Certain tables containing financial information in the Prospectus may not add due to rounding.

CAUTION REGARDING UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

This prospectus supplement contains the unaudited pro forma consolidated financial statements of SNC-Lavalin comprised of the pro forma consolidated balance sheet of SNC-Lavalin as at December 31, 2016 and the pro forma consolidated statement of income of SNC-Lavalin for the year ended December 31, 2016, giving effect to: (a) the Offering and the Concurrent Private Placement, assuming no exercise of the Over-Allotment Option; (b) the issuance of Common Shares upon exchange of the Subscription Receipts; and (c) the completion of the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility. Such unaudited pro forma consolidated financial statements have been prepared using certain of SNC-Lavalin's and Atkins' respective historical financial statements as more particularly described in the notes to such unaudited pro forma consolidated financial statements. SNC-Lavalin has not independently verified the financial statements of Atkins that were used to prepare the unaudited pro forma consolidated financial statements or that are included in this prospectus supplement. Such unaudited pro forma consolidated financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the Purchase Price allocation under the Acquisition may differ from the amounts reflected in such unaudited pro forma consolidated financial statements. Since the unaudited pro forma consolidated financial statements have been developed to retroactively show the effect of a transaction that has or is expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of pro forma data. The data contained in the unaudited pro forma consolidated financial statements represent only a simulation of the potential financial impact of SNC-Lavalin's acquisition of Atkins. Any potential synergies that may be realized after consummation of the Acquisition have been excluded from these unaudited pro forma consolidated financial statements. Undue reliance should not be placed on such unaudited pro forma consolidated financial statements. See "*Caution Regarding Forward Looking Statements*" and "*Risk Factors*".

NON-IFRS FINANCIAL MEASURES

Certain information presented in, or incorporated by reference into, the Prospectus contains references to certain non-IFRS measures that are used by the Corporation and Atkins as indicators of financial performance measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities and investors are cautioned that these non-IFRS measures should not be construed as an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. Management uses these measures as a more meaningful way to compare the Corporation's financial performance from period to period. The Corporation believes these measures are useful supplemental information that may assist investors in assessing their investment in Subscription Receipts. The meanings of all non-IFRS measures used by the Corporation are set out in its 2016 MD&A, which is incorporated by reference herein. The 2016 MD&A also provides the specific rationale for, and the incremental information associated with, such non-IFRS measures (including, where applicable, a qualitative reconciliation to the most directly comparable measure calculated in accordance with IFRS).

SNC-Lavalin specifically presents certain non-IFRS measures in this prospectus supplement and the documents incorporated by reference herein including "Adjusted EBITDA" "Adjusted E&C EBITDA" "Adjusted EPS", "E&C Adjusted EPS" which have the following meaning:

Adjusted EBITDA is defined as earnings before net financial expenses (income), income taxes, depreciation and amortization, and excludes one-time net foreign exchange gains, charges related to restructuring and right-sizing and other, as well as the acquisition-related costs and integration costs incurred in connection with the acquisition of Kentz in 2014, estimated

transaction related expenses of \$68.6 million, consisting of advisory costs expected to be expensed as incurred in connection with the Acquisition and the gains (losses) on disposals of E&C businesses and Capital investments. This definition is consistent with “Underlying EBITDA” as defined by Atkins when presented for the pro forma combined entity.

Adjusted E&C EBITDA is defined as earnings from E&C before net financial expenses (income), income taxes, depreciation and amortization, and excludes one-time net foreign exchange gains, charges related to restructuring, right-sizing and other, as well as the acquisition-related costs and integration costs incurred in connection with the acquisition of Kentz in 2014, estimated transaction related expenses of \$68.6 million, consisting of advisory costs expected to be expensed as incurred in connection with the Acquisition and the gains (losses) on disposals of E&C businesses and Capital investments. This definition is consistent with “Underlying EBITDA” as defined by Atkins when presented for the pro forma combined entity.

Adjusted EPS is defined as adjusted net income (defined below) divided by the weighted average number of outstanding shares for the period.

E&C Adjusted EPS is defined as the adjusted net income from E&C (defined below) divided by the weighted average number of outstanding shares for the period.

Adjusted net income from E&C is defined as net income attributable to SNC-Lavalin shareholders from E&C, excluding one-time net foreign exchange gains, charges related to restructuring, right-sizing and other, as well as amortization of intangible assets, the financing, acquisition-related costs and integration costs incurred in connection with the acquisition of Kentz in 2014 and the loss on disposals of E&C businesses.

In addition, certain non-IFRS measures are specifically presented in this prospectus supplement with respect to Atkins, including “Underlying EBITDA” and “Underlying Operating Profit”. Atkins management uses Underlying EBITDA and Underlying Operating Profit as a more representative measure of performance, removing the items that may give a distorted view of performance. These measures are defined as follows:

Underlying EBITDA is defined as EBITDA adjusted for net loss/(profit) on disposal of businesses, exceptional items and deferred acquisition payments.

Underlying Operating Profit is defined as operating profit reported before exceptional items, impairment of goodwill, amortisation and impairment of intangible assets recognised on acquisition and deferred acquisition payments, and relates to continuing operations.

Finally, the Corporation specifically presents certain non-IFRS measures in this prospectus supplement with respect to the Corporation and Atkins on a pro-forma basis, including “Adjusted EBITDA” and “Adjusted E&C EBITDA”. These measures are as defined above and give effect to the Offering, assuming no exercise of the Over-Allotment Option, the Concurrent Private Placement, and the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility as if each had occurred on January 1, 2016.

The following tables set forth detailed reconciliation, if applicable, of the non-IFRS measures used in this prospectus supplement to the nearest or most equivalent IFRS measures.

<i>In \$ millions</i>	SNC-LAVALIN		
	Fiscal Year 2016 ⁽¹⁾		
	From E&C	From Capital	Total
Net income	47.4	209.2	256.6
Net financial expenses (income)	27.9	14.2	42.1
Income taxes	3.3	10.2	13.5
EBIT	\$78.6	\$233.5	\$312.1
<i>Margin</i>	1.0%	n/a	3.7%
Amortization of intangible assets related to Kentz acquisition	68.8	-	68.8
Depreciation and amortization	71.8	2.5	74.3
EBITDA	\$219.1	\$236.1	\$455.2
<i>Margin</i>	2.7%	n/a	5.4%
Restructuring, right-sizing costs and other	111.2	-	111.2
Acquisition-related costs and integration costs	4.4	-	4.4
Loss on disposals of E&C businesses	37.1	-	37.1
Gain on disposals of Capital investments	-	(55.9)	(55.9)
Adjusted EDITBA	\$371.9	\$180.2	\$552.1
<i>Margin</i>	4.5%	n/a	6.5%
Revenue	\$8,223.1	\$247.7	\$8,470.8

(1) SNC-Lavalin fiscal year ended December 31, 2016.

	ATKINS				
	Fiscal Year ⁽¹⁾				
	2013	2014	2015	2016	LTM ⁽²⁾
Revenue	£1,705.2	£1,750.1	£1,756.6	£1,861.9	£1,952.0
Cost of sales	(1,088.6)	(1,065.0)	(1,049.2)	(1,109.2)	(1,174.7)
Gross Profit	£616.6	£685.1	£707.4	£752.7	£777.3
Administrative expenses	(512.6)	(571.4)	(588.9)	(609.3)	(670.4)
Operating Profit	£104.0	£113.7	£118.5	£143.4	£106.9
<i>Margin</i>	6.1%	6.5%	6.7%	7.7%	5.5%
Exceptional items	(4.3)	-	4.4	(4.7)	4.6
Impairment of goodwill	-	-	2.8	-	18.5
Amortisation and impairment of acquired intangibles	10.0	2.7	6.9	6.3	21.1
Deferred acquisition payments	-	-	1.5	3.2	3.4
Underlying Operating Profit	£109.7	£116.4	£134.1	£148.2	£154.5
<i>Margin</i>	6.4%	6.7%	7.6%	8.0%	7.9%
Net (loss) / profit on disposal of businesses/non-controlling interests	4.5	10.5	0.4	(3.1)	0.5
Income from other investments	-	1.2	2.2	1.1	0.5
Share of post-tax profit from joint ventures	3.8	2.4	0.1	0.7	2.6
Profit Before Interest and Tax	£112.3	£127.8	£121.2	£142.1	£110.5
<i>Margin</i>	6.6%	7.3%	6.9%	7.6%	5.7%
Depreciation	14.6	14.7	16.3	18.2	18.7
Amortisation and impairment	14.0	7.5	15.8	11.9	44.0

EBITDA	£140.9	£150.0	£153.3	£172.2	£173.2
Margin	8.3%	8.6%	8.7%	9.2%	8.9%
Net loss / (profit) on disposal of businesses	(4.5)	(10.5)	(0.4)	3.1	(0.5)
Exceptional items	(4.3)	-	4.4	(4.7)	4.6
Deferred acquisition payments	-	-	1.5	3.2	3.4
Underlying EBITDA	£132.1	£139.5	£158.8	£173.8	£180.7
Margin	7.7%	8.0%	9.0%	9.3%	9.3%

(1) Atkins fiscal year ended March 31.

(2) Atkins twelve month period ended September 30, 2016.

PRO FORMA COMBINED ENTITY					
	SNC-Lavalin Group Inc.	WS Atkins plc		Notes	Pro Forma Consolidated
<i>In \$ millions</i>	Year ended December 31, 2016	12 months ended September 30, 2016*	Pro Forma Adjustments		
Revenues From:					
E&C	8,223.1	3,686.2	(7.4)	1	11,901.9
Capital investments	247.7	-	-	n/a	247.7
	8,470.8	3,686.2	(7.4)		12,149.6
Adj. EBITDA From:					
E&C	371.9	341.2	(7.4)	1	705.8
Capital investments	180.2	-	-	n/a	180.2
	552.1	341.2	(7.4)		886.0
EBIT From:					
E&C	78.6	208.7	(76.0)	1, 2	211.3
Capital investments	233.5	-	-	n/a	233.5
	312.1	208.7	(76.0)		444.8
Net Income From:					
E&C	47.4	155.8	(138.1)	1, 2, 3,	65.1
Capital investments	209.2	-	-	4 n/a	209.2
	256.6	155.8	(138.1)		274.3

(*) The numbers in this column are reported in Canadian dollars and reflect the average British pounds sterling-to-Canadian dollar exchange rate for the 12 months ended September 30, 2016 of \$1.8884.

(1) The revenue recognition accounting policies of SNC-Lavalin and Atkins differ in regards to the application of percentage of completion accounting applied to fixed-price lump sum contracts whereby Atkins does not recognize revenue in excess of project costs until 50% of forecasted project costs have been incurred. This adjustment aligns the accounting for fixed-price lump sum contracts with SNC-Lavalin where revenue is recognized over the life of the project based on the agreed fee and contract costs incurred to date as a percentage of forecast project costs. As a result a decrease in Revenues from E&C of \$7.4 million is included in the Consolidated Income Statement.

(2) Estimated transaction related expenses of \$68.6 million, consisting of advisory costs expected to be expensed as incurred in connection with the Acquisition.

(3) Estimated incremental finance expense of \$112.6 million, reflecting the additional interest expense that would have been incurred during the historical periods presented assuming the Offering, the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility had been effective as of and on January 1, 2016.

(4) Estimated income tax impacts of \$50.5 million, representing the pro forma adjustments made to the pro forma statement of operations, whereby management estimated the tax rate at 26.8% which approximates a blended statutory tax rate for the tax jurisdictions where certain assets acquired and liabilities assumed reside.

DEFINED TERMS

For an explanation of certain terms and abbreviations used in this prospectus supplement, reference is made to the “*Glossary*” beginning on page S-68 of this prospectus supplement.

THIRD PARTY SOURCES AND INDUSTRY DATA

The Prospectus contains information from publicly available third party sources as well as industry data prepared by management on the basis of its knowledge of the industries in which SNC-Lavalin and Atkins operate (including management’s estimates and assumptions relating to the industry based on that knowledge). Management’s knowledge of the industries and sectors in which SNC-Lavalin and Atkins operate generally has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, none of SNC-Lavalin or the Underwriters have independently verified any of the data from third-party sources referred to in the Prospectus or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon or referred to by such sources.

SNC-LAVALIN

SNC-Lavalin

Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure. SNC-Lavalin’s teams provide engineering, procurement, construction completions and commissioning services together with a range of sustaining capital services to clients in four industry sectors, Oil & Gas, Mining & Metallurgy, Infrastructure and Power. SNC-Lavalin can also combine these services with its financing and O&M capabilities to provide complete end-to-end project solutions. The Corporation reports its results separately for Engineering and Construction (**E&C**) and Capital, as described below.

Engineering & Construction

SNC-Lavalin provides engineering services, feasibility studies, planning, detailed design, contractor evaluation and selection, project and construction management, and commissioning. Certain contracts also include materials and/or multi-disciplinary construction services, namely provision of structural mechanical, electrical, instrumentation and piping services. The Corporation might also be responsible for not only rendering professional and technical services, but also to undertake the responsibility for supplying materials and providing or fabricating equipment, and could also include construction activities. In addition, SNC-Lavalin offers O&M services for many types of infrastructure assets, such as highways, buildings, light rail transit systems and power plants, and logistics solutions for construction camps and the military.

Capital

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 E&C, as well as O&M. All investments are structured to earn a return on capital adequate for the risk profile of each individual project. Through Capital, SNC-Lavalin makes investments in a variety of infrastructure assets, such as bridges and highways, mass transit systems, power facilities, energy infrastructure and water treatment plants.

ACQUISITION OF ATKINS

The Acquisition

On April 20, 2017, SNC-Lavalin issued the Offer Announcement in the U.K. of SNC-Lavalin's firm intention to make an offer (the **Offer**) pursuant to Rule 2.7 of the U.K.'s City Code on Takeovers and Mergers setting out the terms of the cash offer by SNC-Lavalin for all issued and to be issued Atkins Shares to be effected by means of the Scheme. The Offer Announcement is available on SEDAR under SNC-Lavalin's profile at www.sedar.com but is not incorporated by reference herein. The Offer will be made solely by means of the Scheme document which will contain the full terms of the Offer and will be prepared by Atkins and provided to Atkins Shareholders as soon as reasonably practicable. SNC-Lavalin will reserve the right to elect for the Offer to be implemented by way of a Take-Over Offer with the consent of the U.K. Panel on Takeovers and Mergers. In this event, the Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme. If SNC-Lavalin does elect to implement the Offer by way of a Take-Over Offer, and if sufficient acceptances of such Take-Over Offer are received and/or sufficient Atkins Shares are otherwise acquired, it is the intention of SNC-Lavalin to apply the provisions of sections 979 to 982 (inclusive) of the U.K. Companies Act 2006 to acquire compulsorily any outstanding Atkins Shares to which such offer relates.

The fully diluted equity value of the Acquisition amounts to approximately £2.1 billion (\$3.6 billion) to be paid in cash (the **Purchase Price**). Each Atkins Shareholder will be entitled to receive £20.80 per Atkins Share, representing a premium of approximately:

- 35% of the closing price of 1,540 pence per Atkins Share on March 31, 2017 (being the last business day before the date of the announcement by Atkins of the possible Offer);
- 42% of the volume-weighted average price of 1,468 pence per Atkins Share for the three-month period ended March 31, 2017 (being the last business day before the date of the announcement by Atkins of the possible Offer); and
- 44% of the volume-weighted average price of 1,449 pence per Atkins Share for the twelve-month period ended March 31, 2017 (being the last business day before the date of the announcement by Atkins of the possible Offer).

The Scheme must be approved by a majority in number of Atkins Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing not less than 75% in value of each class of Atkins Shares held by those Atkins Shareholders, and must also be sanctioned by the Court. In addition, resolutions implementing the Scheme must be passed by the requisite majority at a general meeting of Atkins Shareholders (the **General Meeting**) (which will require the approval of Atkins Shareholders representing at least 75% of the votes cast at the General Meeting either in person or by proxy). The board of directors of Atkins intends unanimously to recommend that Atkins Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting, as the directors of Atkins have irrevocably undertaken to do in respect of their own beneficial holdings which are under their control of, in aggregate, 139,993 Atkins Shares, representing, in the aggregate, 0.14% of Atkins Shares outstanding as of April 19, 2017 (being the last business day before the date of the Offer Announcement).

The Scheme does not constitute an offer at common law under the laws of England. It consists of an arrangement and as such, there are no offer and acceptance procedures between the parties.

The Scheme will, if approved by the requisite majority of Atkins Shareholders and sanctioned by the Court, be binding on all of the Atkins Shareholders. The Scheme will become effective on the Acquisition Closing Date, upon delivery of the Court Order(s) to the Registrar of Companies in England and Wales, subject to satisfaction of the conditions, which is expected to be on or about

July 31, 2017, or such later date as the Corporation and Atkins may agree for purposes of the Acquisition Closing, with the consent of the Panel and, if required, the approval of the Court.

If the Scheme does not become effective on or before July 31, 2017 (or such later date as SNC-Lavalin and Atkins may, with the consent of the Panel, agree and, if required, the Court, may approve), it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents). The Court Meeting, the General Meeting and the hearing of the Court to sanction the Scheme may not be adjourned beyond the 22nd day after the expected date of such meetings or hearing to be set out in the Scheme document in due course or such later date (if any) as SNC-Lavalin and Atkins may agree and the Court may allow).

The Scheme is also subject to the conditions and further terms set forth in Appendix I of the Offer Announcement, which is available on SEDAR at www.sedar.com but is not incorporated by reference herein. It is expected that the Acquisition Closing will occur in the third quarter of 2017, subject to satisfaction (or, where applicable, waiver) of the conditions and further terms set forth in Appendix I of the Offer Announcement.

SNC-Lavalin, Bidco and Atkins have entered into the Cooperation Agreement, pursuant to which each of SNC-Lavalin and Bidco has agreed to use all reasonable endeavours to ensure the satisfaction of the Regulatory Conditions as soon as reasonably practicable and before the Long-Stop Date.

SNC-Lavalin and Atkins have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, notifications and submission to be made in relation to obtaining the necessary clearances to satisfy the Regulatory Conditions.

By way of compensation for any loss or damage that may be suffered by Atkins if SNC-Lavalin or Bidco invokes (and is permitted by the Panel to invoke) any Regulatory Condition on or prior to the Long-Stop Date, or any Regulatory Condition has not been satisfied or waived by SNC-Lavalin or Bidco by 11:59 p.m. (London U.K. time) on the Long-Stop Date, SNC-Lavalin has agreed to pay Atkins a break fee of £50,000,000.

No break fee will be payable if the Cooperation Agreement has terminated prior to the relevant break fee trigger event occurring or if a break fee trigger event occurs and the relevant break fee trigger was caused to a material extent by Atkins' breach of its co-operation and assistance obligations in connection with obtaining the necessary clearances to satisfy the Regulatory Conditions.

The foregoing is a summary of certain rights and obligations of the parties under the Cooperation Agreement, which summary is not intended to be complete. Reference is made to Cooperation Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

Acquisition Rationale

SNC-Lavalin believes that the Acquisition represents a compelling opportunity to accelerate the delivery of SNC-Lavalin's strategy to become a global fully integrated professional services and project management company, with scale and capabilities across its core markets. In addition, SNC-Lavalin believes that the Acquisition is financially attractive and is expected to be immediately accretive to SNC-Lavalin's pro forma adjusted consolidated and E&C Adjusted EPS for the financial year ending December 31, 2017, before any revenue and cost synergies.

SNC-Lavalin believes that the Acquisition will position the combined entity to capitalize on significant investment in infrastructure projects globally, but principally in North America. The Acquisition would bring to SNC-Lavalin new and complementary capabilities in three of its four E&C sectors, with essentially no overlap in its service offering. Further it would add a significant complementary presence in the U.K. and Europe, the U.S., Scandinavia, the Middle East and Asia.

The Acquisition is expected to create an approximately \$12.1 billion (based on pro-forma estimated revenues for the financial year ended December 31, 2016) global fully integrated professional services and project management company with approximately 53,000 employees and significantly improve SNC-Lavalin's overall margins, and further balance its business portfolio.

If completed, the Acquisition will enhance SNC-Lavalin's global position and addressable market in infrastructure, rail & transit and nuclear, combine two highly complementary businesses and increase both geographic reach and customer diversification globally. The combined entity will continue to have its head office in Montreal, Canada.

SNC-Lavalin believes that the Atkins business complements SNC-Lavalin's existing consulting, engineering, and construction platform by adding best-in-class design, consulting and engineering capabilities, enabling a more end-to-end service offering for customers and partners of the combined entity. The Acquisition would significantly increase SNC-Lavalin's global customer base. It would also have the potential to significantly increase SNC-Lavalin's global customer base, expand and deepen the areas of the market that the combined entity can address and provide long-term revenue opportunities, through cross-selling services to the combined customer base and benefitting from increased geographic reach.

The estimated annual cost synergies for both legacy organisations are expected to amount to up to approximately \$120 million (approximately \$90 million from Atkins and \$30 million from SNC-Lavalin) by the end of 2018, through the elimination of many of Atkins' corporate and all of its listing costs, as well as selling, general and administrative expenses (**SG&A**) and operational synergies within both legacy organisations.

Business of Atkins

The description of and information about Atkins contained in this prospectus supplement is based solely upon information provided by Atkins to SNC-Lavalin in connection with the Acquisition and upon information made publicly available by Atkins. While SNC, after conducting due diligence, believes it to be accurate in all material respects, there can be no assurance regarding the accuracy and completeness of such information.

Business Overview

WS Atkins plc, originally named WS Atkins and Partners, was founded in 1938 by Sir William Atkins in London, U.K. At inception, WS Atkins and Partners specialized in civil and structural engineering design. In 1996, Atkins began trading on the London Stock exchange.

Atkins is a design, engineering and project management consultancy with a leadership position across the infrastructure, transportation and energy sectors, and with around 18,000 employees worldwide.

Atkins plans, designs and enables major capital programs, providing solutions which range from upfront strategic advice to large, outcome-focused program management engagements. Atkins works closely with a wide range of clients from different sectors and geographic regions across public sector, private sector and local and national governments to achieve vital and complex projects.

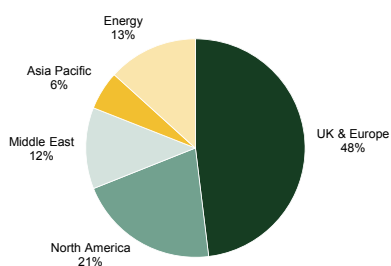
Notable projects completed by Atkins include the engineering of Drax power station in Yorkshire, U.K., lead designer for Yas Waterworld in Abu Dhabi, UAE, the production of a landscape masterplan for the waterfront area of Nanjing (Hong Kong island), the second largest commercial centre in the east of China, and (in a joint venture with French consulting engineers SETEC) was appointed as independent project managers for the Channel Tunnel, which currently links Britain and France under the English Channel.

For the trailing 12-month period ended September 30, 2016¹, Atkins reported total group revenues of £2 billion, operating profit (before allocation of costs associated with joint ventures and unallocated central items) of £162.6 million and Underlying Operating Profit of £154.5 million.

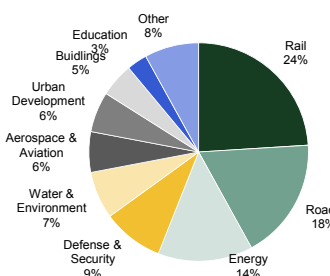
Historical Atkins (Group Total) Key Performance Indicators (in £ millions)

	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	12 months ended September 30, 2016 ¹
Revenue	£1,750.1	£1,756.6	£1,861.9	£1,952.0
<i>Revenue Growth</i>	2.6%	0.4%	6.0%	4.8%
Underlying EBITDA	£139.5	£158.8	£173.8	£180.7
<i>Underlying EBITDA Margin</i>	8.0%	9.0%	9.3%	9.3%
Underlying Operating Profit	£116.4	£134.1	£148.2	£154.5
<i>Underlying Operating Profit Margin</i>	6.7%	7.6%	8.0%	7.9%

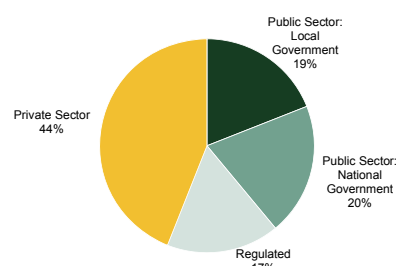
Revenue by Segment (12-month period ended Sept. 30, 2016)¹



Revenue by Sector (Fiscal year ended March 31, 2016)²



Revenue by Client (Fiscal year ended March 31, 2016)²



¹ Based on a constructed statement for this period derived from the Atkins Annual Financial Statements and Atkins Interim Financial Statements.

² Based on the Atkins Annual Financial Statements.

Segments Overview

Atkins operates its business by segments. Atkins operating segments for management purposes predominantly reflect its key geographical markets. The segments are: U.K. and Europe, North America, Middle East, Asia Pacific and Energy. An overview of each of the segments is described below.

U.K. and Europe

Atkins employs approximately 10,350³ employees across a network of over 100 offices throughout the U.K. as well as operations in Denmark, Ireland, Norway, Sweden, France, Greece and Netherlands.

This segment's focus is on planning, designing and enabling Atkins clients' capital programs and projects in and around infrastructure and transportation, as well as providing engineering consultancy services to wider markets.

Selected clients include Airbus, Rolls Royce and the Royal Bank of Scotland. Atkins is currently providing services to large projects such as the Crossrail project, a new east-west railway under construction beneath London and is Europe's largest infrastructure project, and ITER (International Thermonuclear Experimental Reactor), the world's largest experimental nuclear fusion reactor in southern France.

For the trailing 12-month period ended September 30, 2016⁴, Atkins' operations in U.K. and Europe generated revenues of £936.1 million, which represented 48.1% of its total revenues with a 8.9% operating margin for the same period.

In its fiscal year ended March 31, 2016, the rail (including mass transit) segment was the largest segment, with 34% of revenues, followed by the defense and security segments with 15% of revenues and by the roads segment with 14% of revenues. In addition, approximately 41% of Atkins' revenue in U.K. and Europe came from public sector clients, with the remainder 59% being evenly distributed between private sector and regulated clients with 31% and 28%, respectively.

North America

Atkins employs approximately 3,600³ employees across more than 75 offices, located in the United States, Canada and Trinidad.

Selected clients include Duke Energy Corporation, the Federal Highway Administration and the United States Air Force. Atkins is currently providing services to large projects such as the National September 11 memorial and museum in New York and the post-hurricane Katrina storm damage risk reduction program in New Orleans and Southern Louisiana.

For the trailing 12-month period ended September 30, 2016⁴, Atkins' operations in North America generated revenues of £406.8 million, which represented 20.9% of its total revenues with a 6.7% operating margin for the same period.

In Atkins' fiscal year ended March 31, 2016, the roads segment was the largest segment with 48% of revenues, followed by the water and environment segment with 12% of revenues and by the aerospace and aviation segment with 8% of revenues. In addition, public sector clients and

³ Based on Atkins March 31, 2016 figures and Energy segment allocated 41% Europe, 46% North America, 9% Middle East & Africa and 4% Asia Pacific.

⁴ Based on a constructed statement for this period derived from the Atkins Annual Financial Statements and Atkins Interim Financial Statements.

private sector clients accounted for approximately 61% and 37%, respectively, of Atkins' revenue in North America, with the remainder 2% being regulated clients.

Middle East

Atkins employs approximately 2,625⁵ employees across 13 offices, located in Saudi Arabia (Riyadh, Jeddah, Al Khobar), the UAE (Abu Dhabi, Al Ain, Dubai, Sharjah), Qatar (Doha), Bahrain (Manama), Kuwait (Kuwait City) and Oman (Muscat). Atkins has been established in the Persian Gulf for more than 40 years.

In March 2016, Atkins acquired Howard Humphreys East Africa, a multidisciplinary consultancy based in Kenya and Tanzania which employed around 200 people at the time of the acquisition, in order to develop their presence across East Africa's growing infrastructure market.

This segment's focus is on transportation infrastructure and property. In addition, local resources support the energy business in the region, which is reported within their Energy segment.

Selected clients include Abu Dhabi Ports Company and the Qatari Diar Vinci Construction. Atkins is currently providing services to large projects such as the King Abdulaziz International Airport in Saudi Arabia and the Etihad Railway in the UAE.

For the trailing 12-month period ended September 30, 2016⁶, Atkins' operations in Middle East generated revenues of £234.4 million, which represented 12.0% of its total revenues with a 10.6% operating margin for the same period.

The vast majority of Atkins' business in the Middle East resides in the Qatar and the Kingdom of Saudi Arabia with approximately 43% and 24% of the segment's revenue, respectively, with some operations in Dubai, Abu Dhabi and Sultanate of Oman.

In Atkins' fiscal year ended March 31, 2016, the rail (including mass transit) segment was the largest segment with 39% of revenues, followed by the urban development segment with 20% of revenues. In addition, approximately 76% of Atkins' revenue in the Middle East came from private sector clients, with the remainder 24% being public sector clients.

Asia Pacific

Atkins employs approximately 1,425⁵ employees across 6 offices, located in Hong Kong and mainland China, supplemented by a network of 7 offices across Malaysia, Vietnam, Singapore, India and Australia. Atkins' experience in Hong Kong dates back to 1973.

The vast majority of Atkins' business in Asia Pacific resides in Hong Kong and Mainland China with approximately 45% and 29% of the segment's revenue, with some operations in Singapore, Australia and Vietnam.

This segment's focus is on urban planning, transport infrastructure and property.

Selected clients include Mitsubishi Corporation, DHL International and the Hong Kong Airport Authority. Atkins is currently providing services to large projects such as the new terminal building at Taiyuan International Airport, the largest city of Shanxi province in North China, and the design of two supertall towers of the Shenyang Baoneng Global Financial Centre located in Shenyang, the largest city and provincial capital of Liaoning Province in China.

⁵ Based on Atkins March 31, 2016 figures and Energy segment allocated 41% Europe, 46% North America, 9% Middle East & Africa and 4% Asia Pacific.

⁶ Based on a constructed statement for this period derived from the Atkins Annual Financial Statements and Atkins Interim Financial Statements.

For the trailing 12-month period ended September 30, 2016⁷, Atkins' operations in Asia Pacific generated revenues of £111.8 million, which represented 5.7% of its total revenues with a 8.2% operating margin for the same period.

In Atkins' fiscal year ended March 31, 2016, the buildings segment was the largest segment with 26% of revenues, followed by the rail (including mass transit) segment with 16% of revenues and by the urban development, water and environment and tourism and leisure segments with approximately 10% of revenues each. In addition, approximately 74% of Atkins' revenue in Asia Pacific came from private sector clients, with the remainder 26% being public sector clients.

Energy

Atkins employs approximately 1,800⁸ employees in its Energy segment across offices located in the U.K., Canada, the U.S., Trinidad and Tobago, UAE, Saudi Arabia, Australia, Singapore and China.

In 2014, Atkins acquired Nuclear Safety Associates, a U.S. based company specializing in nuclear safety, regulatory compliance and licensing. This was further complemented by the acquisition of the Projects, Products and Technology (PP&T) division of EnergySolutions in 2016. Those acquisitions allowed Atkins to combine Atkins' existing engineering, nuclear safety, project management and project controls expertise with PP&T's innovative technology, operations and waste management solutions.

Atkins has more than 60 years of experience in the nuclear sector, servicing all parts of the industry, from new build and generation, to decommissioning and waste management, fuel enrichment, and defense.

For more than 40 years, Atkins has been providing services for the oil and gas sector, including the optimization of safety, spend and production throughout the lifecycle of onshore and offshore assets. Atkins has been delivering mechanical, electrical, civil and structural engineering services to the electrical generation and distribution sector for over 20 years. Additionally, Atkins also provides solutions to speed up the widespread deployment of cost effective renewable energy technologies as diverse as offshore wind, hydroelectricity, biomass and waste to energy, solar, tidal, and decentralized energy.

Selected clients include URENCO, Statoil and SSE Hornsea. Atkins is currently providing services to large projects such as DONG Energy's offshore wind farm and EDF Energy's graphite irradiation in a materials test reactor.

For the trailing 12-month period ended September 30, 2016⁷, Atkins' operations in Energy generated revenues of £258.4 million, which represented 13.3% of its total revenues with a 7.0% operating margin for the same period.

Atkins' Energy segment has developed an expertise in the nuclear segment, representing 47% of the segment's revenues in Atkins' fiscal year ended March 31, 2016, the oil and gas segment, representing 36% of the segment's revenues in the fiscal year ended March 31, 2016 and the power (including conventional power generation and renewable energy) segment, representing 17% of this segment's revenues in the fiscal year ended March 31, 2016.

In Atkins' fiscal year ended March 31, 2016, approximately 54% of Atkins' revenue in Energy came from private sectors clients, with the remainder 46% being regulated clients and public sector clients with 29% and 17%, respectively.

⁷ Based on a constructed statement for this period derived from the Atkins Annual Financial Statements and Atkins Interim Financial Statements.

⁸ Based on Atkins March 31, 2016 figures and Energy segment allocated 41% Europe, 46% North America, 9% Middle East & Africa and 4% Asia Pacific.

SNC-Lavalin Following the Acquisition

Creating a Global Fully Integrated Professional Services and Project Management Company

Management expects the Acquisition to be consistent with SNC-Lavalin's strategic plan of creating a global, fully integrated professional services and project management company by:

- including consulting, design, project management, engineering, construction, capital investment, sustaining capital and operations and maintenance capabilities; and
- improving balance sheet efficiency by leveraging the equity stake in Highway 407, while retaining SNC-Lavalin's equity ownership and its investment grade rating.

In addition, the Acquisition would have generated pro forma revenue and Adjusted E&C EBITDA of approximately \$12.1 billion and \$706 million, respectively, for the financial year ended December 31, 2016.

Further Reduction of Business Risk Profile and Improvement of Overall Margins

Management also expects the Acquisition to improve significantly SNC-Lavalin's overall margins. The Acquisition would have added approximately \$3.7 billion of consistent comparatively high-margin pro forma revenues for the financial year ended December 31, 2016:

- a high proportion of which is not included in backlog but is expected to be delivered through framework agreements; providing long-term, repeat business with key clients;
- which would complement and come in addition to the existing strong backlog of SNC-Lavalin, which contains a mix of booked package (lump-sum) and reimbursable (services) work; and
- SNC-Lavalin will retain a balance of sector diversification, which is an important aspect of its business model, allowing it to offset cycle volatility between different sectors.

Growing Position in Infrastructure, Rail & Transit, Nuclear and Energy Markets

Management also expects the Acquisition to enhance SNC-Lavalin's position in the infrastructure, rail & transit, nuclear and energy markets by:

- positioning the combined entity to capitalise on significant investment in infrastructure projects globally, but principally in North America;
- creating a compelling nuclear services company, well placed to win both maintenance and decommissioning of projects nearing the end of life cycle and subsequent capacity replacement projects;
- building SNC-Lavalin's capabilities and services for the growing renewables market; and
- retaining a balanced pro forma sector diversification⁹ for the financial year ended December 31, 2016: 47% Infrastructure, 32% Oil & Gas, 16% Power, 3% Mining & Metallurgy and 2% Capital.

⁹ Atkins Energy segment allocated 77% Power and 23% Oil & Gas; Atkins Energy segment allocated 41% Europe, 46% North America, 9% Middle East & Africa and 4% Asia Pacific.

Increasing Geographic Diversification and Creating Growth Opportunities in Key Geographies

Management also expects the Acquisition to increase geographic diversification and create growth opportunities in key geographies through:

- an enhanced presence in complementary regions, notably in the U.K. and Europe, the U.S. and Asian markets, as well as specific areas such as infrastructure in the Middle East; and
- creating a more balanced pro forma global footprint¹⁰ (for the financial year ended December 31, 2016: 45% North America, 20% Europe, 20% Middle East and Africa and 15% Asia Pacific).

Deepen SNC-Lavalin's project management, design, consulting, and engineering capabilities

Management also expects the Acquisition to deepen SNC-Lavalin's project management, design, consulting, and engineering capabilities by:

- creating a more comprehensive end-to-end value chain for the combined entity, including consulting, design, engineering, construction, capital investment, sustaining capital and operations and maintenance; and;
- creating a more agile, responsive and competitive combined entity with enhanced scale and vertical integration that can better meet client needs and create cross-selling opportunities.

Increased Employee Base of Industry-Leading Professionals

Management also expects the Acquisition to grow the employee base of SNC-Lavalin by some 51% to approximately 53,000 employees and to enhance SNC-Lavalin's workforce by the addition of industry-leading design, consulting and high-end engineering specialists.

Strong Synergy Potential and Proven Experience to Execute an Integration Plan

Management also expects to realize significant synergies from the Acquisition utilizing its proven experience to execute an integration strategy through:

- potential annual run-rate cost synergies of up to approximately \$120 million by the end of 2018, through the elimination of Atkins' corporate and listing costs, as well as SG&A and operational synergies within both legacy organisations;
- the potential to realize incremental revenue opportunities through enhancing services to clients and cross-selling to the combined entity's clients; and
- utilizing SNC-Lavalin's strong track record of successful integrations, combining best practices from each organization and achieving synergy targets, in particular, the effective execution of an integration plan following the successful roadmap laid out in the Kentz acquisition.

¹⁰ Atkins Energy segment allocated 77% Power and 23% Oil & Gas; Atkins Energy segment allocated 41% Europe, 46% North America, 9% Middle East & Africa and 4% Asia Pacific.

Financing the Acquisition

SNC-Lavalin expects to finance the Purchase Price as well as the costs of the Acquisition out of a combination of: (1) the net proceeds from this Offering; (2) the net proceeds from the Concurrent Private Placement; and (3) advances or drawdowns under various credit and debt facilities and loans, which are in turn comprised of: (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility. A summary description of each of the foregoing financing elements of the Acquisition is set forth below.

Concurrent Private Placement

Subscription Agreement

Concurrently with the announcement of this Offering, the Corporation entered into the Subscription Agreement, pursuant to which Caisse has agreed to, directly or indirectly through a wholly-owned subsidiary, purchase and subscribe for, on a prospectus-exempt basis, an aggregate of 7,775,000 Placement Subscription Receipts at a price of \$51.45 per Placement Subscription Receipt for aggregate gross proceeds to the Corporation of \$400,023,750, to be held in escrow as described below. Closing for the Concurrent Private Placement is scheduled to occur concurrently with the Offering Closing.

The following is a summary of certain rights and obligations of the parties under the Subscription Agreement, which summary is not intended to be complete. Reference is made to the Subscription Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The conditions relating to the holding and release from escrow of the subscription amounts from the Concurrent Private Placement and the issuance of the underlying Common Shares pursuant to the Placement Subscription Receipts are substantially equivalent to those applicable to the Offering. Completion of the Concurrent Private Placement is subject to a number of conditions, including the concurrent Offering Closing. Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement.

Assuming completion of the Concurrent Private Placement and the Offering and the issuance of all underlying Common Shares to the holders of Subscription Receipts and Placement Subscription Receipts, Caisse would beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 26,279,200 Common Shares (which includes the 18,504,200 Common Shares currently held by Caisse), representing approximately 15.13% of the issued and outstanding Common Shares (approximately 14.99% of the issued and outstanding Common Shares in the event the Over-Allotment Option is exercised in full) on a *pro forma* basis.

Upon the Acquisition Closing, Caisse will be entitled to receive a subscription fee equal to 4% of the aggregate purchase price for the Placement Subscription Receipts for which it has directly or indirectly subscribed (the **Subscription Fee**). No commission or other fees will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement.

This prospectus supplement qualifies neither the distribution of the Placement Subscription Receipts nor the underlying Common Shares. The Placement Subscription Receipts and the underlying Common Shares to be issued pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

The Placement Subscription Receipts will not be listed or traded on any stock exchange or other marketplace. The TSX has conditionally approved the listing of the underlying Common Shares

issuable on the exchange of the Placement Subscription Receipts on the TSX. Such listing will be subject to the Corporation fulfilling all of the requirements of the TSX on or before June 2, 2017.

In connection with the Concurrent Private Placement and the SNC-Lavalin Highway Holdings Loan, the Corporation will undertake that, for a period of seven years:

- the head office of the Corporation will remain in Montreal and will remain the focus of the Corporation's strategic decision-making;
- a significant portion of the Corporation's management team, including its Chief Executive Officer, will be resident in the Province of Quebec; and
- the Corporation will propose nominees to ensure a strong representation of Quebec and Canadian residents on its board of directors (beyond statutory requirements).

Investor's Rights Agreement

Pursuant to the Subscription Agreement, the Corporation and Caisse have agreed and undertaken to enter into an investor's rights agreement (the **Investor's Rights Agreement**) concurrently with the Acquisition Closing, the form of which was agreed upon in the Subscription Agreement.

The following is a summary of certain rights and obligations of the parties under the Investor's Rights Agreement, which summary is not intended to be complete. Reference is made to the Investor's Rights Agreement for a complete description and the full text of its provisions, which will be filed following the Acquisition Closing with the Canadian securities regulatory authorities and will be available on the SEDAR website at www.sedar.com.

Among other things, the Investor's Rights Agreement will provide Caisse the right, as long as it beneficially owns or exercises control or direction over, directly or indirectly, 10% or more of the outstanding Common Shares, to recommend to SNC-Lavalin (i) one nominee as part of any slate of director candidates proposed by SNC-Lavalin included in a management proxy or information circular relating to the election of directors of SNC-Lavalin, or (ii) to the extent such right is not exercised by Caisse in connection with the election of directors as part of an annual meeting of shareholders or the Caisse nominee ceases to act as a director, one nominee for appointment as a director, provided that the Caisse nominee shall have no material relationship with SNC-Lavalin or Caisse, that he or she shall be eligible to serve as a director under applicable corporate and securities laws, the rules of the TSX, SNC-Lavalin's policies in effect from time to time and its articles and by-laws and that his or her nomination shall be subject to a favourable recommendation of SNC-Lavalin's Governance and Ethics Committee. In addition, SNC-Lavalin agrees that it will consult with Caisse prior to the appointment of any new Chairman of the Board of Directors.

The Investor's Rights Agreement also contains the following provisions:

- as long as Caisse holds, directly or indirectly, at least 12% of the issued and outstanding Common Shares, it will have a pre-emptive right to participate in new issuances of Common Shares and convertible securities, subject to customary exceptions;
- subject to applicable securities laws and the rules of the TSX, Caisse will have the right to request that the Corporation repurchase Common Shares directly or indirectly held by Caisse representing up to 25% of any purchase to be made by the Corporation under any normal course issuer bid; and
- Caisse will be granted "piggyback" (but not demand) qualification rights allowing it, as long as it directly or indirectly holds more than 12% of the issued and outstanding Common Shares, to include its *pro rata* share of Common Shares sold in certain public offerings of Common Shares, subject to customary underwriter cutback demands and provisions.

SNC-Lavalin Highway Holdings Loan

On April 20, 2017 (the **Execution Date**), SNC-Lavalin Highway Holdings Inc. (the **Borrower**), an indirect wholly-owned subsidiary of the Corporation, entered into a loan agreement with CDPQ Revenu Fixe Inc. (the **Lender**), a wholly-owned subsidiary of Caisse, establishing a limited recourse loan in the original principal amount of \$1.5 billion (the **SNC-Lavalin Highway Holdings Loan** and such agreement being the **SNC-Lavalin Highway Holdings Loan Agreement**). The proceeds of the SNC-Lavalin Highway Holdings Loan will be in turn on-loaned to the Corporation pursuant to an inter-company loan (the **Inter-Company Loan**) and ultimately used to finance a portion of the Purchase Price and the costs of the Acquisition.

The following is a summary of certain rights and obligations of the parties under the SNC-Lavalin Highway Holdings Loan Agreement, which summary is not intended to be complete. Reference is made to the SNC-Lavalin Highway Holdings Loan Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

Key Terms and Conditions of SNC-Lavalin Highway Holdings Loan

The SNC-Lavalin Highway Holdings Loan is comprised of two tranches: (i) a non-revolving term loan in an aggregate principal amount of \$1.0 billion (**Tranche A**); and (ii) a non-revolving term loan in an aggregate principal amount of \$500.0 million (**Tranche B**). Subject to satisfaction of certain conditions precedent set out in the SNC-Lavalin Highway Holdings Loan Agreement, each of Tranche A and Tranche B will be made available during the Certain Funds Period by way of a single drawdown by the Borrower and matures on the seventh (7th) anniversary of the date on which the SNC-Lavalin Highway Holdings Loan is advanced in accordance with the provisions of the SNC-Lavalin Highway Holdings Loan Agreement. Except as described below under “— Security and Limited Recourse Guarantee”, neither the Corporation nor any of its subsidiaries (other than the Borrower) is a guarantor of or will be liable for any amounts due or outstanding under the SNC-Lavalin Highway Holdings Loan.

The Borrower has agreed to pay the Lender, on the Funding Date, an upfront fee in an amount equal to 1.75% of the principal amount of the SNC-Lavalin Highway Holdings Loan.

The base interest rate for each of Tranche A and Tranche B of the SNC-Lavalin Highway Holdings Loan is equal to (1) the greater of (i) the then prevailing CDOR Rate (as defined in the SNC-Lavalin Highway Holdings Loan Agreement), and (ii) 0.9%, plus (2) a margin ranging between 4.75% and 5.75% depending on the date and whether or not the Opco Pledge (as described below) shall have been granted by the Borrower to the Lender at the relevant time. The applicable margin will be increased by 2% if the Borrower is in default of the SNC-Lavalin Highway Holdings Loan. Interest is payable in cash on a quarterly basis, although the Borrower may elect to capitalize interest in the event it lacks liquidity to make cash interest payments, in which event the capitalized interest shall be added to the principal.

During the first four years of the SNC-Lavalin Highway Holdings Loan (the **Non-Call Period**), the Borrower may only make mandatory (and not voluntary) prepayments on Tranche A in one of the mandatory prepayment events described below (or upon the occurrence of certain events of default) upon payment of an additional amount in a specified percentage, and it may prepay Tranche A after expiry of the Non-Call Period without penalty. Tranche B may be prepaid in whole or in part at any time without penalty or premium.

Subject to certain exceptions, the Borrower is obligated to make specified mandatory prepayments upon the occurrence of certain events, including: (a) the sale by the Borrower of 407 Opco shares or the receipt of dividends or distributions or any other cash flows received by the Borrower in connection with any asset sale by 407 Opco, in which case all proceeds therefrom shall be applied to make a mandatory prepayment; (b) if SNC-Lavalin Inc. (being the

Borrower's direct parent company) sells more than 30% of the shares of the Borrower or no longer controls the Borrower, directly or indirectly; (c) in connection with a force majeure event; or (d) upon certain "Excess Leverage Events" as defined and set out in the SNC-Lavalin Highway Holdings Loan Agreement.

The SNC-Lavalin Highway Holdings Loan Agreement also provides for a full cash sweep of dividends and other proceeds and distributions received by the Borrower and the application of all proceeds therefrom to the reduction of the obligations or outstanding indebtedness under the SNC-Lavalin Highway Holdings Loan in the cases of (i) default by the Borrower, (ii) the 407 Opco debt no longer being rated or being rated below a specified threshold, and/or (iii) upon occurrence of certain "Triggering Events" or "Excess Leverage Events" as defined and set out in the SNC-Lavalin Highway Holdings Loan Agreement.

If any "Triggering Event" occurs prior to three (3) months and one (1) day after the date on which the Opco Pledge shall have been granted by the Borrower to the Lender, the Borrower shall repay in full the principal amount of the SNC-Lavalin Highway Holdings Loan and any interest thereon, unless the Borrower delivers a "Redemption Plan" as defined in the SNC-Lavalin Highway Holdings Loan Agreement within a certain period.

The SNC-Lavalin Highway Holdings Loan Agreement contains customary events of default and cross-default provisions. In addition to customary enforcement remedies, the Lender may, in the context of a continuing and unremedied event of default and subject to certain conditions and limitations, require the sale by the Borrower of 407 Opco shares in compliance with the 407 Opco unanimous shareholders' agreement.

Security and Limited Recourse Guarantee

As security for the obligations of the Borrower under the Loan Documents (as defined in the SNC-Lavalin Highway Holdings Loan Agreement), the Borrower has agreed to grant a movable hypothec and a general security interest in favour of the Lender over the universality of the Borrower's assets, including all bank and cash deposits and all dividends and other distributions received by the Borrower from 407 Opco and any cash proceeds received by the Borrower from any sale of 407 Opco shares, but specifically excluding the 407 Opco shares held by the Borrower (until such time as the Borrower may elect to grant the Opco Pledge), as well as the rights and receivables of the Borrower under the Inter-Company Loan. In addition to this security, SNC-Lavalin Inc. has agreed to provide a guarantee (the **Guarantee**) in favour of the Lender secured by a pledge given by SNC-Lavalin Inc. to the Lender over 20,900 common shares held by the former in the share capital of the Borrower (representing approximately 29.9% of the outstanding common shares of the Borrower) (the **Borrower Share Capital Pledge**), and the Lender has agreed that its sole recourse against SNC-Lavalin Inc. in connection with the Guarantee and any potential breach or default by the Borrower under the SNC-Lavalin Highway Holdings Loan shall be limited to enforcement on or against the shares of the capital of the Borrower held by SNC-Lavalin Inc.

As an alternative security option, at any time during the term of the SNC-Lavalin Highway Holdings Loan, the Borrower may, in its sole discretion (and provided it shall have received all necessary approvals, consents or waivers under the 407 Opco unanimous shareholders' agreement), elect to pledge, in favour of the Lender, a certain number of 407 Opco shares held by the Borrower (the **Opco Pledge**), in which case the Borrower Share Capital Pledge granted by SNC-Lavalin Inc. and the Guarantee will be fully released and various other provisions of the SNC-Lavalin Highway Holdings Loan Agreement will cease to apply or fall away, provided certain conditions are satisfied.

Certain Governance Arrangements relating to the Borrower

In connection with the SNC-Lavalin Highway Holdings Loan, the Borrower has agreed to amend its articles in order, among other things, to create a new class of limited voting, non-participating redeemable special shares (the **Borrower Special Shares**) having certain rights, privileges, restrictions and conditions attaching thereto (the **Borrower Special Share Terms**). SNC-Lavalin Inc. and the Lender will hold 99% and 1%, respectively, of the outstanding Borrower Special Shares. The Borrower Special Shares and the Borrower's common shares will rank *pari passu* upon the liquidation, dissolution or winding-up of the Borrower, however, the holders of the Borrower Special Shares shall only be entitled to receive amounts up to the original subscription price paid for such shares in any such liquidation, dissolution or winding-up. Holders of the Borrower Special Shares shall not be entitled to receive any dividends on their shares.

The Borrower Special Share Terms will include certain protective provisions in favour of the holders of the Borrower Special Shares (collectively, the **Protective Provisions**). Pursuant to the Protective Provisions, for as long as there are any number of issued and outstanding Borrower Special Shares, unless the prior unanimous approval or consent of the holders of the Borrower Special Shares shall have been obtained, the Borrower may not, *inter alia*, take any action including to enter into, amend or terminate any contracts, agreements or transactions or incur, assume or create any indebtedness, liabilities, obligations or liens other than certain specified exceptions, effectively limiting the activities and transactions that the Borrower may carry out.

The Borrower Special Share Terms also provide that the shares (any class) of the Borrower shall not be transferred without the (i) unanimous consent or approval of the directors of the Borrower and (ii) unanimous consent or approval of the holders of each class of outstanding shares of the Borrower.

In addition, for as long as there are any number of Borrower Special Shares issued and outstanding, the holders of the Borrower Special Shares, exclusively and as a separate class, shall be entitled to appoint or elect, one member to the Borrower's Board of Directors, who shall be designated by the Lender in its capacity as holder of Borrower Special Shares. It is contemplated that there will initially be three members of the Borrower's Board of Directors. Provided certain eligibility criteria are satisfied, SNC-Lavalin Inc. and the Lender have agreed, pursuant to a subscription and unanimous shareholders' agreement, to vote their Borrower Special Shares and to take such actions to cause the person designated by the Lender to be appointed or elected to the Borrower's Board of Directors.

The Borrower Special Shares will be automatically redeemed upon the earliest to occur of (i) the repayment in full of all amounts due or outstanding under the SNC-Lavalin Highway Holdings Loan and (ii) the date that is three months and one day after the date on which all of the conditions set out in the SNC-Lavalin Highway Holdings Loan Agreement in respect of the Opcó Pledge have been satisfied to the satisfaction of the Lender, provided that no default or event of default has occurred and is continuing under the SNC-Lavalin Highway Holdings Loan Agreement.

Syndicated Credit Agreement

The Corporation has an existing unsecured revolving credit facility (the **Syndicated Credit Facility** and the agreement providing therefor being the **Syndicated Credit Agreement**) totalling \$4.25 billion. The Corporation expects to draw an additional amount of £350 million under the Syndicated Credit Facility in order to finance a portion of the Purchase Price, and has entered into the Revolver Bridge Credit Agreement described below to backstop the amount it expects to draw under the Syndicated Credit Facility.

The following is a summary of certain rights and obligations of the parties under the Syndicated Credit Agreement, which summary is not intended to be complete. Reference is made to the

Syndicated Credit Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The Syndicated Credit Facility may be used for the Corporation's general corporate purposes, including to finance investments, acquisitions and distributions, as well as for the issuance of performance and financial letters of credit.

Among other things, advances under the Syndicated Credit Facility can be made by way of Canadian rate advances, U.S. base rate advances and LIBOR rate advances in U.S. Dollars, Euros and GBP (pounds sterling), bearing interest, respectively, at the Canadian rate, the U.S. rate or the LIBOR rate plus an applicable margin ranging between 0% and 2.00% based on the credit rating of the Corporation and the nature of the loan drawn. Certain fees are also payable in connection with the Syndicated Credit Facility, including standby fees and an agency fee.

The Syndicated Credit Agreement contains customary representations, warranties and conditions precedent. It contains covenants and a leverage ratio applicable to the Corporation and certain of its wholly-owned and material subsidiaries. The Syndicated Credit Agreement also contains various events of default, including those relating to non-payment, failure to comply with covenants, misrepresentation, cross-default and certain insolvency events. If any event of default is outstanding, the lenders thereunder may cancel any undrawn commitment and/or demand immediate payment of all amounts then outstanding under the Syndicated Credit Facility. Certain material subsidiaries of the Corporation have provided unsecured guarantees to the lenders in connection with the Syndicated Credit Facility.

Term Credit Agreement

On the Execution Date, the Corporation entered into a new unsecured credit agreement with Bank of Montreal as agent and as lender, and the lenders party thereto, providing for a committed term facility in the amount of £300 million, comprised of three tranches, consisting of (1) a tranche 1 of £75 million maturing in July, 2020, (2) a tranche 2 of £75 million maturing in July 2021, and (3) a tranche 3 of £150 million maturing in July 2022 (the **Term Facility** and the agreement providing for the Term Facility being the **Term Credit Agreement**).

The following is a summary of certain rights and obligations of the parties under the Term Credit Agreement, which summary is not intended to be complete. Reference is made to the Term Credit Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The Term Facility is intended to be used solely to finance a portion of the Purchase Price and related acquisition indebtedness, fees and expenses.

Among other things, advances under the Term Facility can be made by way of a LIBOR rate advance and variable rate advances in GBP (pounds sterling), bearing interest, respectively, at the LIBOR rate and the variable rates plus an applicable margin ranging between 1.00% and 2.00% based on the credit rating of the Corporation and the nature of the loan drawn. Certain fees are also payable in connection with the Term Facility including an agency fee.

The Term Credit Agreement also contains customary representations, warranties, conditions precedent, covenants, a leverage ratio and events of default similar to those under the Syndicated Credit Facility.

Offering Bridge Credit Agreement

On the Execution Date, the Corporation entered into a new unsecured credit agreement with Bank of Montreal as agent and lender, and the lenders party thereto, providing for a one-year committed non-revolving bridge facility in the maximum amount of \$800 million (the **Offering Bridge Facility** and the agreement providing for the Offering Bridge Facility being the **Offering Bridge Credit Agreement**).

The following is a summary of certain rights and obligations of the parties under the Offering Bridge Credit Agreement, which summary is not intended to be complete. Reference is made to the Offering Bridge Credit Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The Offering Bridge Facility is intended to be used to backstop the portion of the Purchase Price that is expected to come from the proceeds of the Offering in the event one or more of the conditions to completion of the Offering is not satisfied or the Offering is not otherwise completed.

Among other things, advances under the Offering Bridge Facility can be made by way of Canadian rate advances, U.S. base rate advances and LIBOR rate advances in U.S. Dollars, Euros and GBP (pounds sterling), bearing interest, respectively, at the Canadian rate, the U.S. rate or the LIBOR rate plus an applicable margin ranging between 0.2% and 2.20% based on the credit rating of the Corporation and the nature of the loan drawn. Certain fees are also payable in connection with the Offering Bridge Facility including an agency fee.

The Offering Bridge Credit Agreement also contains customary representations, warranties, conditions precedent, covenants, a leverage ratio and events of default similar to those under the Syndicated Credit Facility as described above under “—*Syndicated Credit Agreement*”.

Revolver Bridge Credit Agreement

On the Execution Date, the Corporation entered into a new unsecured credit agreement with Bank of Montreal as Agent and as lender, and the lenders party thereto, providing for a one-year committed non-revolving bridge facility in the maximum amount of £400 million (the **Revolver Bridge Facility** and the agreement providing for the Revolver Bridge Facility being the **Revolver Bridge Credit Agreement**).

The following is a summary of certain rights and obligations of the parties under the Revolver Bridge Credit Agreement, which summary is not intended to be complete. Reference is made to the Revolver Bridge Credit Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The Revolver Bridge Facility is intended to be used to backstop the portion of the Purchase Price that is expected to come from the proceeds of advances under the Syndicated Credit Facility.

Among other things, advances under the Revolver Bridge Facility can be made by way of Canadian rate advances, U.S. base rate advances and LIBOR rate advances in U.S. Dollars, Euros and GBP (pounds sterling), bearing interest, respectively, at the Canadian rate, the U.S. rate or the LIBOR rate plus an applicable margin ranging between 0% and 2.00% based on the credit rating of the Corporation and the nature of the loan drawn. Certain fees are also payable in connection with the Revolver Bridge Facility including an agency fee.

The Revolver Bridge Credit Agreement also contains customary representations, warranties, conditions precedent, covenants, a leverage ratio and events of default similar to those under the Syndicated Credit Facility as described above under “—*Syndicated Credit Agreement*”.

Concurrent Private Placement Bridge Credit Agreement

On the Execution Date, the Corporation entered into a new unsecured credit agreement with the Lender, providing for a 1-year committed non-revolving bridge facility in the maximum amount of \$400 million (the **Concurrent Private Placement Bridge Facility** and the agreement providing therefor being the **Concurrent Private Placement Bridge Credit Agreement**).

The following is a summary of certain rights and obligations of the parties under the Concurrent Private Placement Bridge Credit Agreement, which summary is not intended to be complete. Reference is made to the Concurrent Private Placement Bridge Credit Agreement for a complete description and the full text of its provisions, which has been filed with the Canadian securities regulatory authorities and is available on the SEDAR website at www.sedar.com.

The Concurrent Private Placement Bridge Facility is intended to be used to backstop the portion of the Purchase Price that is expected to come from the proceeds of the Concurrent Private Placement in the event one or more of the conditions to completion of the Concurrent Private Placement is not satisfied or the Concurrent Private Placement is not otherwise completed.

Among other things, advances under the Concurrent Private Placement Bridge Facility can be made by way of Canadian rate advances at the Canadian rate plus an applicable margin ranging between 0.20% and 2.20% based on the credit rating of the Corporation and the nature of the loan drawn. Certain fees are also payable in connection with the Concurrent Private Placement Bridge Facility.

The Concurrent Private Placement Bridge Credit Agreement also contains customary representations, warranties, conditions precedent, covenants, ratios and events of default similar to those under the Syndicated Credit Facility as described above under “—*Syndicated Credit Agreement*”.

Certainty of Funds for U.K. Purposes

The U.K. City Code on Takeovers and Mergers, which governs and applies to the Acquisition, requires that an offeror must announce a firm offer only after the most careful and responsible consideration and when the offeror has every reason to believe that it can and will continue to be able to implement the offer. The announcement and offer documentation must include a public confirmation by the financial adviser to the offeror that the offeror has sufficient resources available to it to satisfy any cash consideration. Such financial adviser must act responsibly and take all reasonable steps to assure itself that the cash is available before giving this confirmation.

The various elements of the Corporation’s financing of the Acquisition, collectively, are designed to ensure compliance with the “certain funds” requirements of the U.K. City Code on Takeovers and Mergers as described below.

The SNC-Lavalin Highway Holdings Loan, the Term Facility, the Offering Bridge Facility, the Revolver Bridge Facility and the Concurrent Private Placement Bridge Facility are all being made available on a “certain funds” basis, which means that during the Certain Funds Period and provided that the relevant borrower has satisfied the specified conditions precedent (such conditions precedent are usually limited to conditions that are within the relevant borrower’s control), the rights of the lenders under each of the foregoing loans and facilities to refuse to participate in the making of the loans advances thereunder, to rescind, terminate or cancel such loans and facilities, or to exercise any similar right or remedy or make or to enforce any claim it

may have thereunder, to exercise any right of set-off or counterclaim in respect of such loans and facilities, or to cancel, accelerate or cause repayment or prepayment of any amounts owing can only be exercised in limited circumstances. Such limited circumstances include the occurrence of any major events of default, which would include certain insolvency events in relation to the Corporation, breaches of major representations and failure to comply with certain major covenants.

Pursuant to the Underwriting Agreement and the Subscription Agreement, respectively, neither this Offering nor the Concurrent Private Placement is being made on a “certain funds” basis and it is for that reason that the Corporation has obtained certain funds commitments pursuant to the Offering Bridge Credit Agreement and the Concurrent Private Placement Bridge Credit Agreement, which are being provided on a certain funds basis.

All of the above elements of the Acquisition financing plan, including the limited recourse nature of the SNC-Lavalin Highway Holdings Loan, have been structured with a view to preserving SNC-Lavalin’s investment grade rating.

USE OF PROCEEDS

The net proceeds from the Offering will be approximately \$766.2 million after deduction of the Underwriters’ Fee of approximately \$32.0 million and the estimated expenses of the Offering of approximately \$1.8 million. If the Over-Allotment Option is exercised in full, the aggregate net proceeds to the Corporation are estimated to be approximately \$843.0 million after deduction of the Underwriters’ Fee in respect of the Subscription Receipts or Common Shares, as applicable, sold pursuant to the exercise of the Over-Allotment Option of approximately \$3.2 million and the estimated expenses of the Offering of approximately \$1.8 million.

SNC-Lavalin expects to finance the Purchase Price on the Acquisition Closing Date and the costs of the Acquisition out of a combination of (1) the net proceeds from the Offering, (2) the net proceeds from the Concurrent Private Placement, and (3) advances or drawdowns under various credit and debt facilities and loans, which are in turn comprised of: (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility. See “*Financing the Acquisition*”. The Escrowed Funds will be held in escrow pending the Acquisition Closing or the occurrence of the Termination Time.

The expenses of the Offering and the Concurrent Private Placement will be paid from the general funds of SNC-Lavalin.

The following table sets forth the total net proceeds available to SNC-Lavalin upon the completion of the Offering, the Concurrent Private Placement and advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility, both with and without giving effect to the exercise of the Over-Allotment Option:

	<u>Without including the exercise of the Over- Allotment Option</u>	<u>Including the exercise of the Over- Allotment Option</u>
Proceeds to SNC-Lavalin⁽¹⁾		
Gross proceeds raised pursuant to the Offering	\$800 million	\$880 million
Underwriters' Fee ⁽²⁾	\$32 million	\$35.2 million
Expenses relating to the Offering	\$1.8 million	\$1.8 million
Total estimated net proceeds pursuant to the Offering	\$766.2 million	\$843.0 million
Gross proceeds raised pursuant to the Concurrent Private Placement.....	\$400 million	\$400 million
Subscription Fee payable to Caisse	\$16 million	\$16 million
Expenses relating to the Concurrent Private Placement.....	\$0.2 million	\$0.2 million
Total estimated net proceeds pursuant to the Concurrent Private Placement	\$383.8 million	\$383.8 million
SNC-Lavalin Highway Holdings Loan ⁽³⁾	\$1,473 million	\$1,473 million
Term Facility ⁽⁴⁾	\$515 million	\$515 million
Syndicated Credit Facility ⁽⁵⁾	\$601 million	\$601 million
Total Net Proceeds and Advances or Drawdowns	\$3,739.1 million	\$3,815.8 million

(1) Excluding interest that may be earned on the Escrowed Funds.

(2) The fee payable to the Underwriters is payable as to 50% on the Offering Closing Date and 50% upon the closing of the Acquisition. The tabular disclosure above reflects the entirety of such Underwriters' Fee.

(3) After deducting aggregate fees of \$27,150,000.

(4) Term Facility (converted at 1.7229 GBP:CAD), after deducting aggregate fees of \$1,931,802 (a portion of which is in GBP and converted at 1.7229 GBP:CAD).

(5) Amount of £350 million drawn from the Syndicated Credit Facility (converted at 1.7229 GBP:CAD), after deducting aggregate fees of \$2,237,280.

CAPITALIZATION OF SNC-LAVALIN

The following table sets forth the consolidated capitalization of SNC-Lavalin as at December 31, 2016, and the unaudited pro forma consolidated capitalization of SNC-Lavalin as at December 31, 2016 after giving effect to: (i) the Offering (assuming the Over-Allotment Option is not exercised); (ii) the Concurrent Private Placement; (iii) the completion of the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility; and (iv) the anticipated use of proceeds from the Offering and the Concurrent Private Placement. The financial information set out below should be read in conjunction with the audited consolidated financial statements of SNC-Lavalin as at and for the year ended December 31, 2016 incorporated by reference into the Prospectus and the unaudited pro forma consolidated financial statements of SNC-Lavalin included in this prospectus supplement and, in each case, the notes thereto. Other than as set forth below, there have been no material changes in SNC-Lavalin's share and loan capital on a consolidated basis since December 31, 2016. See "Acquisition of Atkins — Financing the Acquisition" and "Use of Proceeds".

	As at December 31, 2016	As at December 31, 2016 after giving effect to the items and transactions described in note (1)
Debt		
SNC-Lavalin Highway Holdings Loan ⁽²⁾	—	1,500,000,000
Term Facility ⁽²⁾	—	516,870,000
Syndicated Credit Facility ⁽²⁾⁽³⁾	—	603,015,000
Debentures ⁽⁴⁾	350,000,000	350,000,000
Other Long Term Debt.....	—	99,000,000
Share Capital		
Common Shareholders' Equity ⁽⁵⁾	150,356,953 Common Shares	173,681,953 Common Shares
Total Capitalization		

- (1) This column assumes and gives effect to the Offering and the Concurrent Private Placement and the use of proceeds therefrom, the completion of the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility. Based on the issuance of 15,550,000 Subscription Receipts pursuant to the Offering and the issuance of 7,775,000 Placement Subscription Receipts pursuant to the Concurrent Private Placement for net proceeds to SNC-Lavalin from the Offering and the Concurrent Private Placement of approximately \$1,150.0 million after deducting the Underwriters' Fee of approximately \$32.0 million, the Subscription Fee of approximately \$16.0 million and aggregate estimated expenses of the Offering and the Concurrent Private Placement of approximately \$2.0 million. If the Underwriters exercise the Over-Allotment Option in full, the net proceeds from the Offering and the Concurrent Private Placement will be approximately \$1,226.8 million, after deducting the Underwriters' Fee of approximately \$35.20 million, the Subscription Fee of approximately \$16.0 million and aggregate estimated expenses of the Offering and the Concurrent Private Placement of approximately \$2.0 million. The expenses of the Offering and the Concurrent Private Placement will be paid from the general funds of SNC-Lavalin. See "Use of Proceeds".
- (2) See "Acquisition of Atkins – Financing the Acquisition" for a description of each of the Syndicated Credit Facility, SNC-Lavalin Highway Holdings Loan and Term Facility.
- (3) See "Relationship Between SNC-Lavalin and Certain of the Underwriters" for a summary of the amounts outstanding under the Syndicated Credit Facility as at March 31, 2017.
- (4) Consisting of \$350 million of 6.19% debentures due July 3, 2019.
- (5) As at December 31, 2016, 617,564 options under SNC-Lavalin's stock option plan were outstanding with a weighted average exercise price of \$39.81 per Common Share.

PRIOR SALES

SNC-Lavalin has not sold or issued any Common Shares, or securities convertible into Common Shares, during the twelve month period prior to the date of this prospectus supplement, other than an aggregate of 629,945 Common Shares at an average exercise price of \$38.19 on the exercise of stock options granted pursuant to SNC-Lavalin's stock option plan, for aggregate consideration of approximately \$24,273,997, as set out below:

Date	Exercise Price (\$)	Aggregate Number of Common Shares
2016		
March	38.79	64,608
April	37.04	17,868
May	38.61	226,108
June	38.65	96,861
July	37.74	28,566
August	40.01	32,865
September	38.67	40,733
October	37.04	8,900
November	39.29	39,085
December	37.63	28,467
2017		
January	37.88	14,050
February	38.05	16,134
March	37.04	15,700

PRICE RANGE AND TRADING VOLUME

Common Shares

The Common Shares are listed and posted for trading on the TSX under the trading symbol "SNC". The following table sets forth the price range for and trading volume of the Common Shares on the TSX for the period from April 1, 2016 through April 21, 2017, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
2016			
April	48.10	45.55	3,691,244
May	53.00	44.84	8,003,852
June	54.90	50.55	6,941,801
July	57.14	53.94	5,647,350
August	58.46	54.77	5,705,807
September	56.69	50.67	7,394,564
October	55.05	50.27	8,495,950
November	57.39	51.94	7,982,984

December.....	59.63	55.40	6,510,088
2017			
January.....	59.24	55.50	4,843,401
February.....	57.84	53.65	4,818,216
March.....	55.62	50.69	9,138,876
April ⁽¹⁾	55.86	51.60	5,863,925

(1) Up to and including April 21, 2017.

On April 21, 2017, the closing price of the Common Shares on the TSX was \$54.27.

DETAILS OF THE OFFERING

The Offering consists of 15,550,000 Subscription Receipts at a price of \$51.45 per Subscription Receipt.

Set forth below is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete. The Subscription Receipt Agreement governing the terms of the Subscription Receipts to be dated as of the Offering Closing Date will be filed with the securities regulatory authorities in Canada on the Offering Closing Date.

Automatic Exchange

Each Subscription Receipt will entitle the holder thereof to receive automatically, upon the closing of the Acquisition, without any further action on the part of the holder thereof and without payment of any additional consideration, (i) one Common Share of SNC-Lavalin, together with (ii) an amount per Subscription Receipt equal to the Dividend Equivalent Payment.

Provided that the closing of the Acquisition occurs prior to the Termination Time, the Subscription Receipt Agent will automatically issue and deliver the appropriate number of Common Shares to each registered holder of Subscription Receipts and pay to the holders of Subscription Receipts the Dividend Equivalent Payment (less applicable withholding taxes) (see below under “*Dividend Equivalent Payments*”) in accordance with the terms of the Subscription Receipt Agreement, without any further action required by such holder and without payment of any additional consideration and thereafter the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive dividends if, as and when declared by the board of directors of the Corporation from time to time, to vote and to all other rights available to holders of Common Shares. See “*Description of Securities — Common Shares*” in the Prospectus. Contemporaneously with or prior to the issuance and delivery of the Common Shares to the holders of Subscription Receipts, the Corporation will issue a press release specifying that Common Shares have been or will be so issued and delivered to holders of Subscription Receipts.

Dividend Equivalent Payments

To the extent that the Dividend Equivalent Payments include amounts calculated by reference to cash dividends on the Common Shares for which record dates have occurred (during the period from and including the Offering Closing Date to but excluding the Acquisition Closing Date) and have not yet been paid to shareholders, such amounts shall not be payable to holders of Subscription Receipts, unless the Corporation otherwise elects, until the date that such related cash dividends are paid to shareholders.

Any Dividend Equivalent Payments will be made first out of the Earned Interest and then as a refund of a portion of the Offering Price, and will be paid net of any applicable withholding taxes.

The declaration and payment of dividends on Common Shares by SNC-Lavalin are at the discretion of the board of directors of SNC-Lavalin. Currently, dividends on Common Shares are payable on a quarterly basis. It is expected that the next quarterly dividend, if so declared by the board of directors of SNC-Lavalin, will be the dividend payable on or about June 1, 2017 to holders of record of Common Shares as of May 18, 2017.

Escrowed Funds

The Subscription Receipts will be issued pursuant to the Subscription Receipt Agreement entered into on the Offering Closing Date. The Escrowed Funds will be delivered to and held in escrow by the Subscription Receipt Agent as agent on behalf of the Corporation and the holders of Subscription Receipts, together with the Earned Interest, and deposited or invested, as the case may be, in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada, a province of Canada or a Canadian chartered bank provided that such obligation is rated at least A-1 (high) by Standard & Poor's Ratings Services or R1 (high) by DBRS Inc. (or an equivalent rating by an equivalent rating service) (as contemplated by, or specified in, the Subscription Receipt Agreement), or other approved investments as set forth in the Subscription Receipt Agreement, pending: (a) receipt of the Escrow Release Notice and Direction confirming that the Escrow Release Condition has occurred; or (b) the Termination Time.

If the conditions, undertakings, and other matters to be satisfied, completed and otherwise met prior to the completion of the Acquisition in accordance with the terms of the Scheme (without amendment or waiver of any condition of the Offer that, if not met, would, with the consent of the Panel, allow the Corporation to withdraw and not complete the Offer), have been satisfied, completed, or otherwise met in all material respects, but for the payment of the Purchase Price and such conditions that by their nature are to be satisfied at the Acquisition Closing, and the Corporation has available to it all other funds required to complete the Acquisition, the Corporation will provide the Escrow Release Notice and Direction to the Subscription Receipt Agent and the Subscription Receipt Agent will release the Escrowed Funds, together with the Earned Interest, less the Escrowed Underwriters' Fee and any amounts required to satisfy payment of any Dividend Equivalent Payments, to or as directed by the Corporation and will be used, directly or indirectly, to pay a portion of the Purchase Price and costs of the Acquisition. Under the terms of the Subscription Receipt Agreement, such funds may, at the election of the Corporation, be so released up to six "Business Days" (defined in the Subscription Receipt Agreement for these purposes as any day other than a Saturday or Sunday or a day on which banks in the cities of Montreal or Toronto are required or authorized to be closed) prior to the anticipated closing of the Acquisition.

In the event that the Escrowed Funds are released pursuant to an Escrow Release Notice and Direction and the closing of the Acquisition does not occur within six Business Days of such release, the Corporation will cause the Escrowed Funds to be returned to the Subscription Receipt Agent and the Escrowed Funds will either continue to be held by the Subscription Receipt Agent pursuant to the terms of the Subscription Receipt Agreement, pending receipt of another Escrow Release Notice and Direction or the occurrence of the Termination Time, or returned to holders of Subscription Receipts if the Termination Time has occurred.

Termination

In the event that the Escrow Release Notice and Direction and Acquisition Notice and Direction are not respectively delivered on or prior to the Termination Time or the Escrowed Funds are released pursuant to an Escrow Release Notice and Direction but subsequently returned to the Subscription Receipt Agent and no further Escrow Release Notice and Direction is delivered on

or prior to the Termination Time, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, the Termination Payment. No Dividend Equivalent Payment will be made to holders of Subscription Receipts if a Termination Event occurs.

Because 50% of the Underwriters' Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters' Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and the Earned Interest would be returned to purchasers of Subscription Receipts.

Rescission

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of the Common Shares to such purchaser upon the exchange of the Subscription Receipts, to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Common Shares, as applicable, if the Prospectus (including the documents incorporated by reference herein) and any amendment is not delivered to such original purchaser or contains a misrepresentation, as such term is defined in the *Securities Act* (Québec), provided such remedy for rescission is exercised within 180 days of the Offering Closing Date and such original purchaser of Subscription Receipts did not purchase its Subscription Receipts with knowledge of the misrepresentation.

Amendments

From time to time while the Subscription Receipts are outstanding, the Corporation, the Co-Lead Underwriters, on behalf of the Underwriters and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Subscription Receipt Agent, does not prejudice the rights of the holders of the Subscription Receipts. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" is defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 $\frac{2}{3}$ % of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders at which a quorum of one or more Subscription Receipt holders holding more than 10% of the then outstanding Subscription Receipts has been achieved or an instrument or instruments in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of the number of outstanding Subscription Receipts.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the **Underwriting Agreement**) dated April 24, 2017 between SNC-Lavalin and the Underwriters, SNC-Lavalin has agreed to sell an aggregate of 15,550,000 Subscription Receipts to the Underwriters, and the Underwriters have jointly (the notion equivalent to "severally" in common law) and not solidarily agreed to purchase from SNC-Lavalin, as principals, such Subscription Receipts on the Offering Closing Date, subject to the conditions stipulated in the Underwriting Agreement. Delivery of the Subscription Receipts is conditional upon payment on closing of \$51.45 per Subscription Receipt by the Underwriters to

SNC-Lavalin. The Underwriters' obligation to purchase Subscription Receipts is conditional upon the concurrent closing of the Concurrent Private Placement.

The Underwriting Agreement provides that SNC-Lavalin will pay the Underwriters a fee of \$2.058 per Subscription Receipt issued and sold by SNC-Lavalin for an aggregate fee payable by SNC-Lavalin of \$32,001,900, in consideration of their services in connection with the Offering. The Underwriters' Fee is payable as to 50% on the Offering Closing Date and as to 50% upon the Acquisition Closing. In the event the Escrowed Funds are refunded to purchasers, the fee payable to the Underwriters in respect of the Subscription Receipts will consist solely of the amount payable on the Offering Closing Date. The Corporation will also pay the Underwriters' Fee in respect of the Subscription Receipts (or Common Shares in lieu of thereof) issued and sold by the Corporation if the Over-Allotment Option is exercised, payable to the Underwriters as to 50% on the closing date of the Over-Allotment Option and as to 50% upon the Acquisition Closing.

SNC-Lavalin has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time not later than the earlier of (i) 5:00 p.m. (Montréal time) on the 30th day following the Offering Closing Date and (ii) the occurrence of a Termination Event, to purchase up to an additional 1,555,000 Subscription Receipts on the same terms and conditions as the Offering. In the event the Over-Allotment Option is exercised following the Acquisition Closing Date, the Corporation shall issue the same number of Common Shares in lieu of Subscription Receipts. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to SNC-Lavalin, before expenses, will be \$880,052,250, \$35,202,090 and \$844,850,160, respectively. The distribution of the Subscription Receipts or Common Shares, as applicable, that may be issued on the exercise of the Over-Allotment Option is also qualified under this prospectus supplement.

The total gross proceeds of the Offering and the Concurrent Private Placement and the total net proceeds to the Corporation of the Offering and the Concurrent Private Placement (before deducting expenses of the Offering and the Concurrent Private Placement) will be \$1,200,071,250 and \$1,152,068,400, respectively. If the Over-Allotment Option is exercised in full, the total gross proceeds of the Offering and the Concurrent Private Placement and the total net proceeds to the Corporation of the Offering and the Concurrent Private Placement (before deducting expenses of the Offering and the Concurrent Private Placement) will be \$1,280,076,000 and \$1,228,872,960, respectively.

A purchaser who acquires Subscription Receipts or Common Shares, as applicable, forming part of the Underwriters' over-allocation position, if applicable, acquires those Subscription Receipts or Common Shares, as applicable, under this prospectus supplement, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The terms of the Offering, including the determination of the Offering Price, were established through negotiations between the Underwriters and SNC-Lavalin.

The obligations of the Underwriters under the Underwriting Agreement are joint (the notion equivalent to "several" in common law) and not solidary, are subject to certain closing conditions and may be terminated at their discretion on the basis of, among other things: (a) certain proceedings being announced, threatened or commenced against SNC-Lavalin; (b) certain changes in law; (c) the issuance of any order (or proceedings to commence such order) to cease or suspend trading in any securities of SNC-Lavalin; (d) any material change or change in a material fact reasonably expected in the Underwriters' opinion to have a material adverse effect on the market price or value of the Subscription Receipts or the underlying Common Shares; (e) prior to the closing time on the Offering Closing Date, there develops a major financial occurrence of national or international consequence which in the Underwriters' reasonable opinion materially adversely affects or is reasonably expected to materially adversely affect the Canadian financial

markets generally or the business, operations or affairs of SNC-Lavalin and its subsidiaries, taken as a whole, or the operations or affairs of Atkins and the Corporation and their respective subsidiaries, taken as a whole or the market price or value of the Subscription Receipts or Common Shares; (f) the Underwriters becoming aware of any material change or material fact with respect to SNC-Lavalin not publicly disclosed or disclosed in writing to the Underwriters which in the sole opinion of the Underwriters, or any of them, acting reasonably could reasonably be expected to have a material adverse effect on the market price or value of the Subscription Receipts or the Common Shares; or (g) a Termination Event has occurred.

If an Underwriter fails or refuses to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may terminate their obligation to purchase their percentage of the total number of Subscription Receipts offered hereunder or may, but are not obligated to, purchase such Subscription Receipts, provided that, if the aggregate number of Subscription Receipts not purchased is less than or equal to 13% of the aggregate number of Subscription Receipts agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase jointly (the notion equivalent to “severally” in common law) but not solidarily the Subscription Receipts not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any Subscription Receipts are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that SNC-Lavalin has agreed to indemnify the Underwriters, their affiliates and their respective directors, officers, agents and employees against certain liabilities and expenses.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts. Exceptions to these policy statements include a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which otherwise might prevail on the open market. Such stabilizing transactions, if commenced, may be discontinued at any time.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Subscription Receipts and the underlying Common Shares issuable on exchange thereof (including the Subscription Receipts or the underlying Common Shares issuable on exchange thereof, as applicable, issuable pursuant to the Over-Allotment Option) offered pursuant to the Prospectus on the TSX. Such listing will be subject to the Corporation fulfilling all of the requirements of the TSX on or before July 19, 2017. **There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this prospectus supplement. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “Risk Factors”.**

SNC-Lavalin has agreed that it shall not create, issue or sell (or announce any intention to do so) any Common Shares, rights to purchase Common Shares or any securities convertible into or exercisable or exchangeable for such Common Shares, or agree to do any of the foregoing, during the period ending 90 days after the Offering Closing Date, except for the Subscription Receipts and Placement Subscription Receipts and underlying Common Shares, in connection therewith, as applicable and other specified exceptions set out in the Underwriting Agreement, without the prior mutual consent of the Co-Lead Underwriters, on their own behalf and on behalf

of the other Underwriters, which consent shall not be unreasonably withheld or delayed. Moreover, SNC-Lavalin's directors and certain executive officers will agree not to sell, or agree to sell (or announce any intention to do so), any Common Shares or securities exchangeable or convertible into Common Shares prior to the Offering Closing Date and for a period of 90 days from the Offering Closing Date without the prior written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld or delayed.

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by SNC-Lavalin. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to SNC-Lavalin.

Selling and Transfer Restrictions

The distribution of the Prospectus and the offer of the Subscription Receipts in certain jurisdictions may be restricted by law and, therefore, persons into whose possession the Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Subscription Receipts or possession or distribution of the Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Subscription Receipts may not be offered or sold, directly or indirectly, and neither the Prospectus nor any other offering material or advertisement in connection with the Subscription Receipts may be distributed or published in or from any country or jurisdictions, except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession the Prospectus comes should inform themselves about and observe any restrictions on the distribution of the Prospectus and the offer of Subscription Receipts contained in the Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction. The Prospectus does not constitute an offer to subscribe for or purchase any of the Subscription Receipts to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in the Prospectus is appropriate to their needs, objectives and circumstances and, if necessary, seek expert advice on those matters.

Offering in the United States

The Subscription Receipts and underlying Common Shares offered hereby have not been and will not be registered under the 1933 Act or any state securities laws, and accordingly may not be offered or sold directly or indirectly within the United States of America or to U.S. Persons (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Subscription Receipts acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as such term is defined in Rule 144A under the 1933 Act) in the United States, provided such offers and sales are made in accordance with Rule 144A under the 1933 Act. Any offers or sales of Subscription Receipts in the United States will be made by U.S. affiliates of the Underwriters. In addition, the Underwriting Agreement provides that the Underwriters will offer and sell Subscription Receipts outside the

United States only in accordance with Regulation S under the 1933 Act. In addition, until 40 days after the closing of the Offering, any offer or sale of the Subscription Receipts offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the 1933 Act.

The Subscription Receipts and underlying Common Shares are “restricted securities” within the meaning of Rule 144 under the 1933 Act, and may only be offered, sold, pledged or otherwise transferred, directly or indirectly, (a) to SNC-Lavalin (though SNC-Lavalin is under no obligation to purchase any such Subscription Receipts or underlying Common Shares); (b) outside the United States in compliance with Regulation S under the 1933 Act and in compliance with applicable Canadian local laws and regulations; (c) pursuant to an exemption from registration from the 1933 Act and in compliance with applicable state securities laws; or (d) pursuant to a registration statement that has been declared effective under the 1933 Act, in each case in compliance with any applicable state and local laws and regulations, and, in the case of proposed transfers pursuant to (b) or (c) above, after providing an opinion of counsel or such certificates or other evidence as may be requested by SNC-Lavalin and the transfer agent for the Subscription Receipts or the underlying Common Shares, as applicable, to the effect that the proposed transfer may be effected without registration under the 1933 Act or applicable state securities laws. Further, SNC-Lavalin is under no obligation to file a registration statement under the 1933 Act in connection with the resale of the Subscription Receipts or the underlying Common Shares.

DEPOSITORY SERVICES

One or more global certificates representing the aggregate number of Subscription Receipts issued pursuant to the Offering will be issued in registered form to CDS or its nominee and held by, or on behalf of, CDS, as depository of the Subscription Receipts, and must be purchased or transferred through a participant in the CDS depository service (**CDS Participant**). Alternatively, the Subscription Receipts will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS. The Common Shares issued upon the exchange of the Subscription Receipts will be delivered electronically through non-certificated inventory (**NCI**). All rights of holders of Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts must be exercised through, and all payments or other property to which such holder of Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts holds such securities. Each person who acquires Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts will receive only a customer confirmation of purchase from the registered dealer from or through which the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts.

The ability of a beneficial owner of Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts to pledge such securities or otherwise take action with respect to such owner’s interest in such securities (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

SNC-Lavalin has the option to terminate registration of the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts through the book based system, in which event certificates for Subscription Receipts or Common Shares issuable upon exchange of

the Subscription Receipts in fully registered form will be issued to the beneficial owners of such securities or their nominees.

Neither SNC-Lavalin nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts must look solely to CDS Participants for payments made by or on behalf of SNC-Lavalin to CDS in respect of the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts.

If (i) required by applicable law, (ii) the book based system ceases to exist, (iii) CDS advises SNC-Lavalin that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Subscription Receipts or Common Shares issuable upon exchange of the Subscription Receipts and SNC-Lavalin is unable to locate a qualified successor, or (iv) SNC-Lavalin, at its option, decides to terminate the book based system, then certificates representing the Subscription Receipts or Common Shares issuable upon exchange of Subscription Receipts, as applicable, will be made available.

RELATIONSHIP BETWEEN SNC-LAVALIN AND CERTAIN OF THE UNDERWRITERS

BMO Nesbitt Burns Inc., BNP Paribas (Canada) Securities Inc., CIBC World Markets Inc., Citigroup Global Markets Canada Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities are, directly or indirectly, subsidiaries or affiliates of lenders to SNC-Lavalin or its subsidiaries. Furthermore, RBC Dominion Securities Inc. is acting as financial advisor to SNC-Lavalin in connection with the Acquisition. Accordingly, pursuant to applicable securities legislation, SNC-Lavalin may be considered a "connected issuer" of such Underwriters. As at March 31, 2017, SNC-Lavalin was indebted to a syndicate of lenders, including lender affiliates of all such Underwriters in the form of outstanding letters of credit under the Syndicated Credit Facility in the approximate amount of \$1,840 million.

The Syndicated Credit Facility is unsecured. SNC-Lavalin and its subsidiaries are presently in compliance with the terms of the Syndicated Credit Facility and none of the lenders has waived a breach of the agreement governing such Syndicated Credit Facility since its execution. The consolidated financial position of SNC-Lavalin has not changed materially since the indebtedness under such Syndicated Credit Facility was incurred.

In addition, SNC-Lavalin has entered into the following credit facilities: (i) the Term Credit Agreement with a syndicate of lenders, including affiliates of BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc. and RBC Dominion Securities Inc., (ii) the Offering Bridge Credit Agreement with a syndicate of lenders, including affiliates of BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc., and (iii) the Revolver Bridge Credit Agreement with a syndicate of lenders, including affiliates of BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc. and RBC Dominion Securities Inc.

Each of the Term Facility, the Offering Bridge Credit Facility and the Revolver Bridge Facility is unsecured and none of the lenders has waived a breach of the agreements governing such Term Facility, Offering Bridge Credit Facility or the Revolver Bridge Facility since their execution. As at

April 20, 2017, SNC-Lavalin was not indebted under either the Term Facility, the Offering Bridge Credit Facility nor the Revolver Bridge Facility. See “*Acquisition of Atkins — Financing the Acquisition*”.

None of the lenders was involved in the decision to offer the Subscription Receipts or was involved in the determination of the terms of the distribution of the Subscription Receipts. As a consequence of the sale of the Subscription Receipts, each of the Underwriters will receive a fee in respect of Subscription Receipts sold through such Underwriter. None of the lenders under the Syndicated Credit Facility will receive any direct benefit from the Offering.

Before the closing of the Acquisition, proceeds from the sale of the Subscription Receipts may, from time to time, be invested in short-term deposits or securities, including with the Underwriters or their affiliates by the Subscription Receipt Agent. See “*Use of Proceeds*”.

RISK FACTORS

An investment in the Subscription Receipts is subject to certain risks. Investors should carefully consider the risks described under the heading “Risks and Uncertainties” in the 2016 MD&A incorporated in the Prospectus by reference, as well as the risk factors set out below prior to making an investment in the Subscription Receipts.

Risks Related to the Acquisition

Possible Failure to Realize Anticipated Benefits of the Acquisition and Difficulties in the Integration of Atkins

As described under the heading “*Acquisition of Atkins*”, the Corporation believes that the Acquisition will provide certain benefits to the Corporation. Achieving the benefits of the Acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as SNC-Lavalin’s ability to realize the growth opportunities from combining the Atkins businesses and operations with those of SNC-Lavalin. To effectively integrate Atkins’ business into its current operations, SNC-Lavalin must establish appropriate operational, administrative, finance, management systems and controls and marketing functions relating to Atkins. This will require the dedication of substantial management effort, time and resources, which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect SNC-Lavalin’s ability to achieve the anticipated benefits of the Acquisition, including SNC-Lavalin’s ability to realize the anticipated synergies from combining the two entities. A variety of factors, including those risk factors set forth in the Prospectus and the documents incorporated by reference into the Prospectus, may also adversely affect the likelihood that the anticipated benefits of the Acquisition may be realized for the Corporation or that they will occur within the time periods anticipated by the Corporation. In addition, the overall integration process of the two companies may result in unanticipated operational problems, costs, expenses, liabilities, customer loss and business disruption for SNC-Lavalin (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers and in retaining key employees of Atkins and its subsidiaries) and, consequently, the failure to realize, in whole or in part, the anticipated benefits of the Acquisition. The performance of Atkins’ operations after completion of the Acquisition could be adversely affected if the combined entity cannot retain selected key employees to assist in the integration of the operations of the Corporation and Atkins. In addition, changes in laws or regulations, including tax laws, in the jurisdictions in which SNC-Lavalin, Atkins and their subsidiaries operate could have a negative effect on their respective businesses, financial condition and results of operations, or on the ability of SNC-Lavalin to achieve its anticipated benefits from the Acquisition. There can be no assurance that SNC-Lavalin will be successful in integrating Atkins’ operations, or that the expected benefits will be realized.

Possible Failure to Complete the Acquisition

The Acquisition is subject to normal commercial risk that the Acquisition may not be completed on the terms negotiated or at all. The Acquisition is subject to Termination Events, certain of which are outside the control of SNC-Lavalin or Atkins. If the Acquisition does not take place prior to the Termination Time, then the Subscription Receipts will be cancelled and the holders of Subscription Receipts will be entitled to receive a refund of their subscription price. The purchaser would not be entitled to participate in any growth in the trading price of the Common Shares. Further, the purchaser would be restricted from using the funds devoted to the acquisition of the Subscription Receipts for any other investment opportunities until the Escrowed Funds are returned to the purchaser. In addition, if closing of the Acquisition does not take place as contemplated, SNC-Lavalin could suffer adverse consequences, including the loss of investor confidence. The discovery or quantification of any material liabilities could have a material adverse effect on SNC-Lavalin's business, financial condition or future prospects.

Absence of Deal Protection Mechanisms

The U.K.'s City Code on Takeovers and Mergers prohibits most forms of deal protection mechanisms in favour of a bidder in the context of an acquisition of control of a public company in the United Kingdom. As a result, SNC-Lavalin does not have the right under the Scheme to receive any termination fee in the event that the Acquisition does not close, nor is Atkins prohibited from soliciting third parties for a proposal relating to the Acquisition.

Period Prior to Acquisition Closing

Additionally, SNC-Lavalin expects that closing of the Acquisition will occur in the third quarter of 2017. However, the Outside Date allows the transaction to close as late as July 31, 2017, or such later date as the Corporation and Atkins may agree for purposes of the Acquisition Closing, with the consent of the Panel and, if required, the approval of the Court, which date shall be no later than October 27, 2017. Given the potentially long period prior to closing the Acquisition, there can be no assurance that the business, operations and assets of Atkins may not be adversely affected by intervening events. During the period prior to closing the Acquisition, SNC-Lavalin and Bidco will have no right to control or direct the operations of Atkins and Atkins shall exercise complete unilateral control and supervision over its business operations and therefore SNC-Lavalin will, indirectly be reliant on the business judgment and decisions of the board and management of Atkins prior to closing the Acquisition.

Change of Control/Termination for Convenience

Atkins may be a party to agreements that contain change of control and/or termination for convenience provisions which may be triggered following completion of the Acquisition. The operation of these change of control or termination provisions, if triggered, could result in unanticipated expenses and/or cash payments following the consummation of the Acquisition or adversely affect Atkins' results of operations and financial condition. Unless these change of control provisions are waived, or the termination provisions not exercised, by the other party, the operation of any of these provisions could adversely affect the results of operations and financial condition of the combined entity.

Exchange Rate Risk

The Acquisition Closing is expected to occur on the Acquisition Closing Date. The Corporation anticipates funding a substantial portion of the Purchase Price from sources of funds denominated in Canadian dollars, however the Purchase Price is denominated in British pounds. A significant decline in the value of the Canadian dollar relative to the British pound could increase the cost to the Corporation of funding the Purchase Price. Although the Corporation has implemented certain hedging strategies with respect to the Purchase Price in order to mitigate its exposure to such currency exchange risk, there can be no assurance that such hedging or other risk management strategies, if any, undertaken by the Corporation will be effective. In addition, currency hedging entails a risk of illiquidity and, to the extent the British pound depreciates against the Canadian dollar, the risk of using hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if management's expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits.

Foreign Currency Exposure

After giving effect to the Acquisition, a larger portion of the Corporation's earnings and net assets will be denominated in multiple foreign currencies, including the British pound and the U.S. dollar. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an increased adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that the Corporation failed to discover or was unable to quantify in its due diligence which it conducted prior to entering into the Scheme and which could have a material adverse effect on SNC-Lavalin's business, financial condition or future prospects. In addition, SNC-Lavalin may be unable to retain existing Atkins customers or employees following the Acquisition. The Corporation may not be indemnified for some or all of these liabilities.

Increased Indebtedness

The Borrower has entered into the SNC-Lavalin Highway Holdings Loan in the amount of \$1.5 billion, and the Corporation has entered into the Term Facility in the amount of £300 million, and expects to draw an additional amount of £350 million under the Syndicated Credit Facility. Such borrowings will represent a material increase in SNC-Lavalin's consolidated indebtedness. SNC-Lavalin expects to have approximately \$1.5 billion of consolidated indebtedness as at December 31, 2016, excluding limited and non-recourse debt, on a *pro forma* basis after giving effect to the Acquisition and certain other transactions. There is no guarantee that the level of indebtedness

estimated by management is correct. The level of indebtedness of the combined entity may be significantly higher. See “*Acquisition of Atkins – Financing the Acquisition*”, “*Use of Proceeds*” and “*Capitalization of SNC-Lavalin*”. Such additional indebtedness will increase SNC-Lavalin’s consolidated interest expense and debt service obligations and may have a negative effect on its results of operations or credit ratings.

Therefore, the Corporation will need to refinance or reimburse amounts outstanding under the Corporation’s consolidated indebtedness. There can be no assurance that any indebtedness of the Corporation will be refinanced or that additional financing on commercially reasonable terms will be obtained, if at all.

SNC-Lavalin’s degree of leverage could have other important consequences for investors, including the following:

- it may have a negative effect on the current credit ratings of SNC-Lavalin’s rated long-term debt;
- it may limit SNC-Lavalin’s ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes on commercially reasonable terms, if at all;
- most of SNC-Lavalin’s borrowings are at variable rates of interest and expose SNC-Lavalin to the risk of increased interest rates;
- it may limit SNC-Lavalin’s ability to adjust to changing market conditions and place SNC-Lavalin at a competitive disadvantage (including if SNC-Lavalin’s investment grade credit rating is negatively affected) compared to its competitors that have less debt or greater financial resources;
- it may limit SNC-Lavalin’s ability to declare and pay dividends on its Common Shares;
- SNC-Lavalin may be vulnerable in a downturn in general economic conditions; and
- SNC-Lavalin may be unable to make capital expenditures that are important to its growth and strategies.

The credit facilities and instruments governing SNC-Lavalin’s consolidated debt contain certain financial covenants requiring SNC-Lavalin, on a consolidated basis, to satisfy net recourse debt to adjusted earnings before interest, taxes, depreciation and amortization ratios. Such credit facilities and instruments also contain covenants restricting SNC-Lavalin’s ability to incur liens on its assets, incur additional debt or effect dispositions of assets or fundamental changes in its business, pay dividends and make certain other disbursements, or use the proceeds from the sale of assets and capital stock of subsidiaries. These covenants will limit SNC-Lavalin’s discretion and financial flexibility in the operation of its business. Under the terms of these credit facilities and instruments, SNC-Lavalin and its subsidiaries are permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. In addition, if SNC-Lavalin or its subsidiaries incur additional debt in the future, the Corporation may be subject to additional covenants, which may be more restrictive than those that it is subject to now.

A breach of any of these agreements or the Borrower’s or SNC-Lavalin’s, as the case may be, inability to comply with these covenants could, if not cured or waived, result in an acceleration of SNC-Lavalin’s consolidated debt or a cross-default under certain of its debt. If the Corporation’s indebtedness is accelerated, the Corporation may not be able to service its indebtedness, or borrow sufficient funds to refinance its indebtedness. Additionally, if the Borrower is unable to service its indebtedness and/or if any other condition for re-payment is triggered under the terms of its indebtedness, the Borrower may, in order to make payments owed thereon, be required to sell part or all of its shares in 407 Opco in compliance with the 407 Opco shareholders’ agreement at a time, price and in circumstances outside of its control and/or that may not allow for an optimal sale price of such 407 Opco shares.

SNC-Lavalin's ability to service its increased consolidated debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions, interest rate fluctuations and financial, business, legal, regulatory and other factors, some of which are beyond SNC-Lavalin's control. If SNC-Lavalin's operating results or liquidity are not sufficient to service its current or future consolidated indebtedness, SNC-Lavalin may be forced to take actions such as reducing dividends, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt, or seeking additional equity capital.

Dependence on Subsidiaries

A significant portion of SNC-Lavalin's assets are the capital stock of its subsidiaries and SNC-Lavalin conducts an important portion of its business through its subsidiaries. Consequently, SNC-Lavalin's cash flow and ability to service its debt obligations are dependent to a great extent upon the earnings of its subsidiaries and the distribution of those earnings to SNC-Lavalin, or upon loans, advances or other payments made by these entities to SNC-Lavalin.

The Corporation's subsidiaries are separate and distinct legal entities and have significant liabilities. The ability of these entities to pay dividends or make other loans, advances or payments to SNC-Lavalin will depend upon their operating results and will be subject to applicable laws and contractual restrictions contained in the instruments governing their debt including, for example, the financial covenants applicable to the Borrower under the SNC-Lavalin Highway Holdings Loan Agreement that the Corporation's consolidated net recourse debt to adjusted earnings before interest, taxes, depreciation and amortization ratio not exceed a certain limit. In addition, certain other deeds and agreements governing certain subsidiaries of SNC-Lavalin contain restrictions on the payment of dividends and distributions, as well as specified liquidity covenants.

The ability of SNC-Lavalin's subsidiaries to generate sufficient cash flow from operations will depend on their future financial performance, which will be affected by a range of economic, competitive and business factors, including those discussed above, many of which are outside of the control of SNC-Lavalin or its subsidiaries. The cash flow and earnings of SNC-Lavalin's operating subsidiaries and the amount that they are able to distribute to SNC-Lavalin as dividends or otherwise may not generate sufficient cash flow from operations to satisfy SNC-Lavalin's debt obligations. Accordingly, SNC-Lavalin may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. The Corporation cannot assure purchasers of securities under this prospectus supplement that any such alternatives would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of the Corporation's various debt instruments then in effect. The Corporation's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have an adverse effect on its business, financial condition and results of operations.

Security under the SNC-Lavalin Highway Holdings Loan

The SNC-Lavalin Highway Holdings Loan is secured by a universal movable hypothec/security interest in favour of the Lender over all of the Borrower's assets, but specifically excluding the 407 Opco shares held by the Borrower (until such time as the Borrower may elect to grant the Opco Pledge), as well as the rights and receivables of the Borrower under the Inter-Company Loan. In addition to this security, SNC-Lavalin Inc. has agreed to provide the Guarantee secured by the Borrower Share Capital Pledge, and the Lender has agreed that its sole recourse against SNC-Lavalin Inc. in connection with the Guarantee and any potential breach or default by the Borrower under the SNC-Lavalin Highway Holdings Loan shall be limited to enforcement on or against the shares of the capital of the Borrower held by SNC-Lavalin Inc. See "*Acquisition of*

Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan". SNC-Lavalin has a 16.77% ownership interest in 407 Opco through its wholly-owned subsidiary, the Borrower. The terms of the SNC-Lavalin Highway Holdings Loan include various covenants that must be satisfied by the Borrower. There can be no assurance that such covenants will be satisfied. Any event of default under the SNC-Lavalin Highway Holdings Loan Agreement, including in respect of covenants thereunder, could result in the Lender canceling any undrawn commitment and/or demanding immediate payment of all amounts outstanding under the SNC-Lavalin Highway Holdings Loan, or forcing the sale of the 407 Opco shares in compliance with the 407 Opco shareholders' agreement at a time, price and in circumstances outside of the Corporation's control and/or that may not allow for an optimal sale price of such 407 Opco shares, which could have a material adverse effect on the Corporation's business and financial position.

Nature of Acquisitions

Acquisitions of professional services firms are based in large part on an acquired company's goodwill and client base. Atkins' customers may, in response to the announcement of the Acquisition, delay or defer decisions concerning their use of its services because of uncertainties related to the consummation of the Acquisition, including the possibility that the Acquisition may not be completed if all the conditions of the Acquisition are not fulfilled. This circumstance could have an adverse effect on SNC-Lavalin's revenues and profitability.

Risks Related to the Offering

Market for Securities

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this prospectus supplement. There can be no assurance that an active trading market will develop for the Subscription Receipts after completion of the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Volatile Market Price

The market price for the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control. These broad market fluctuations may adversely affect the market prices of the Subscription Receipts.

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Common Shares upon the closing of the Acquisition. SNC-Lavalin may, in its sole discretion but subject to the limitations imposed by the Subscription Receipt Agreement and the SNC-Lavalin Highway Holdings Loan Agreement, waive certain conditions of the Acquisition and consummate the Acquisition on terms that may be different from those contemplated in this prospectus supplement. As a result, the expected benefits of the Acquisition may not be fully realized. See "*Acquisition of Atkins — SNC-Lavalin Highway Holdings Loan*". There can be no assurance that the Escrow Release Condition will be satisfied on or prior to the Termination Time. Until the Escrow Release Condition is satisfied and the Common Shares are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have the rights as described under "*Details of the Offering*".

Escrowed Funds

The gross proceeds from the Offering (less 50% of the Underwriters' Fee) and the Concurrent Private Placement (after deducting the Subscription Fee), together with any accrued interest thereon, will be held in escrow pending delivery of the Escrow Release Notice and Direction or

the occurrence of the Termination Time. There can be no assurance that the conditions for the release of the Escrowed Funds will be satisfied on or prior to the Termination Time.

Upon satisfaction of the Escrow Release Condition prior to the Termination Time, the Escrowed Funds together with the Earned Interest, less the Escrowed Underwriters' Fee and less any amounts required to satisfy any Dividend Equivalent Payments, may be released to the Corporation in accordance with the terms of the Subscription Receipt Agreement up to six Business Days prior to the anticipated closing of the Acquisition and will be used, directly or indirectly, to pay a portion of the Purchase Price and costs of the Acquisition. There is a possibility, however, that after such release the Acquisition will not close prior to the Termination Time and in such event the Corporation will be contractually required to return the Escrowed Funds to the Subscription Receipt Agent.

Because 50% of the Underwriters' Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters' Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and the Earned Interest would be returned to purchasers of Subscription Receipts.

Holders of Subscription Receipts will be required to rely on SNC-Lavalin to repay such funds as sufficient amounts will no longer be held in escrow. Although the Corporation believes that if either of these scenarios were to occur, it would have sufficient funds to cover such payments, there is no guarantee that the Corporation would be in a financial position to cover such payments.

Dilutive Effects on Holders of Common Shares

The issuance of Common Shares in connection with the exchange of the Subscription Receipts and upon the closing of the Concurrent Private Placement will have a dilutive effect on the holders of Common Shares.

Dividends

The declaration and payment of dividends on Common Shares are at the discretion of the board of directors of SNC-Lavalin. The cash available for dividends is a function of numerous factors, including SNC-Lavalin's financial performance, the impact of interest rates, debt covenants and obligations, working capital requirements and future capital requirements. Following the Acquisition, SNC-Lavalin's ability to pay dividends could be adversely affected if the free cash flow resulting from the Acquisition does not materialize as expected when coupled with the potentially dilutive effect of the additional Common Shares issued upon exchange for the Subscription Receipts issued in the Offering and the Concurrent Private Placement. In addition, SNC-Lavalin's ability to pay dividends depends upon the payment of dividends by certain of SNC-Lavalin's subsidiaries or the repayment of funds to SNC-Lavalin by its subsidiaries. SNC-Lavalin's subsidiaries, including Atkins following the Acquisition, in turn, may be restricted from paying dividends, making repayments or making other distributions to SNC-Lavalin for financial, regulatory, legal or other reasons. To the extent SNC-Lavalin's subsidiaries are not able to pay dividends or repay funds to SNC-Lavalin, it may adversely affect SNC-Lavalin's ability to pay dividends on Common Shares.

Information provided by Atkins

All information relating to Atkins in this prospectus supplement is based on public filings by Atkins. Although SNC-Lavalin has conducted what it believes to be an adequate level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding the accuracy and completeness of such information.

Historical Financial Information and Pro Forma Financial Information

The historical financial information relating to Atkins included in this prospectus supplement, including such information used to prepare the pro forma financial information, has been derived from the historical accounting records of Atkins. The historical financial information may not reflect what Atkins' financial position, results of operations or cash flows would have been had SNC-Lavalin owned all of the Atkins Shares during the period presented or what SNC-Lavalin's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in SNC-Lavalin's cost structure, financing and operations as a result of the Acquisition. In preparing the pro forma financial information included in this prospectus supplement, SNC-Lavalin has given effect to, among other items, the Offering, the Concurrent Private Placement and the completion of the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility. The assumptions and estimates underlying the pro forma financial information may be materially different from SNC-Lavalin's actual experience going forward. See "*Caution Regarding Unaudited Pro Forma Consolidated Financial Statements*" and "*Caution Regarding Forward Looking Statements*".

Significant Transaction and Related Costs

SNC-Lavalin expects to incur a number of costs associated with completing the Acquisition (a substantial portion of which will be incurred whether or not the Acquisition is completed) and integrating the operations of SNC-Lavalin and Atkins. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition, facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of SNC-Lavalin and Atkins' respective businesses.

Risks Related to the Business of the Combined Entity

The risk factors set forth in the 2016 MD&A and in this prospectus supplement relating to the business and operations of SNC-Lavalin that are similar to Atkins' business, apply equally in respect of similar components of Atkins' business. In addition, purchasers should carefully consider the following incremental risks in relation to Atkins' business as set forth below.

Atkins' Pension-Related Obligations

Atkins operates two significant defined benefit plans, namely the Atkins Pension Plan and the Railways Pension Scheme, with combined net significant post-retirement liabilities of £265.3 million (or approximately \$443.1 million) as at March 31, 2016. The majority of Atkins' post-employment benefits obligations sits within its U.K. business and is comprised of defined benefit pension obligations. In the U.K., defined benefit pension schemes funding requirements are based on actuarial valuations of the assets and liabilities of each scheme. A scheme's assets are determined by the value of investments held by the scheme and the returns. The valuation of plan liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Changes in a number of key assumptions can have a material impact on the calculation of the liability. There is also some judgement in the measurement of the fair value of pension assets giving rise to a risk of material misstatement in their valuation.

The nature of the funding regime in the U.K. creates uncertainty around the size and timing of cash that Atkins will be required to pay to the pension schemes. Pension deficit contributions of £32.8 million (or approximately \$54.8 million) were made to the Atkins Pension Plan during Atkins' financial year ended March 31, 2016. Under the latest agreed recovery plan that ends in March 2025, Atkins was to contribute £33.6 million (or approximately \$56.1 million) to the Atkins Pension Plan for the year ending March 31, 2017, with annual contributions escalating by 2.5% each year until March 31, 2025. If Atkins is required to increase cash funding contributions, this will reduce the availability of such funds for other corporate purposes and limit its ability to invest in growth. Deteriorating economic conditions may result in significant increases in Atkins' funding obligations, which could restrict available cash for Atkins' operations, capital expenditures and other requirements, and have a material adverse effect on Atkins' business, financial condition and results of operations.

Assuming and upon completion of the Acquisition, Atkins' pension-related liabilities and its future payment obligations thereunder could restrict cash available for SNC-Lavalin's operations, capital expenditures and other requirements and may materially adversely affect its financial condition and liquidity.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to SNC-Lavalin and Stikeman Elliott LLP, counsel to the Underwriters (collectively, **Counsel**), based on the provisions of the Tax Act in force on the date hereof, the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts will be qualified investments at the time of acquisition by a trust governed by a registered retirement savings plan (**RRSP**), registered retirement income fund (**RRIF**), deferred profit sharing plan, registered education savings plan (**RESP**), registered disability savings plan (**RDSP**), or a tax-free savings account (**TFSA**), each as defined in the Tax Act (each a **Plan**) provided that, at the time of the acquisition by the Plan, (i) in the case of the Common Shares, either such shares are listed on a "designated stock exchange" as defined in the Tax Act, (which includes the TSX) or the Corporation is a "public corporation", as such terms are defined in the Tax Act, and (ii) in the case of the Subscription Receipts, either the Subscription Receipts are listed on a designated stock exchange or (a) the Common Shares are listed on a designated stock exchange, (b) neither SNC-Lavalin, nor any person with whom SNC-Lavalin does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Plan, and (c) the Escrowed Funds are invested in qualified investments for Plans.

Notwithstanding that Subscription Receipts and Common Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, TFSA or RDSP, the holder of a TFSA or the annuitant of an RRSP or RRIF, and, under Proposed Amendments, the holder of an RDSP or the subscriber of an RESP, as the case may be, will be subject to a penalty tax if the Subscription Receipts and/or Common Shares, as the case may be, are a "prohibited investment" within the meaning of the Tax Act. The Subscription Receipts and Common Shares will not be a prohibited investment for a TFSA, RRSP or RRIF, and under Proposed Amendments, an RDSP or RESP, provided the holder of a TFSA or annuitant of the RRSP or RRIF, or, under Proposed Amendments, the holder of the RDSP or the subscriber of the RESP, as the case may be, (i) deals at arm's length with the Corporation, for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF, and, under Proposed Amendments, a RDSP or RESP.

Prospective investors who intend to hold Subscription Receipts or Common Shares in their TFSA, RDSP, RESP, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Counsel, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations in respect of a holder who acquires Subscription Receipts issued pursuant to the Offering and Common Shares pursuant to the Subscription Receipts. This summary is generally applicable to a beneficial owner of Subscription Receipts and Common Shares issued pursuant to the Subscription Receipts (the **Offered Securities**) who, for purposes of the Tax Act and at all relevant times, holds the Offered Securities as capital property, deals at arm's length and is not affiliated with the Corporation, the Underwriters and any issuers with which the Escrowed Funds are invested (a **Holder**). Generally, Offered Securities will be considered to be capital property to a Holder provided the Holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the **Proposed Amendments**) and assumes the Proposed Amendments will be enacted in the form proposed. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the Canada Revenue Agency, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules applicable to securities held by financial institutions), (ii) an interest in which is a "tax shelter investment", (iii) that is a "specified financial institution", (iv) that reports its "Canadian tax results" in a currency other than the Canadian currency, or (v) that has entered, or will enter, into a "derivative forward agreement" with respect to the Offered Securities, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

For purposes of the Tax Act, all amounts relevant to the computation of income, adjusted cost base and proceeds of disposition relating to the Offered Securities, must, to the extent such amounts are not in Canadian dollars, be converted into Canadian dollars based on an exchange rate determined in accordance with the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of acquiring Offered Securities pursuant to the Offering, having regard to their particular circumstances.

This summary is based upon the understanding of Counsel that a Subscription Receipt evidences a contractual right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the Canada Revenue Agency and Counsel is not aware of any judicial authority relating to this characterization.

Holders Resident In Canada

This part of the summary is applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada (a **Resident Holder**). Certain Resident

Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Shares (and all other “Canadian securities”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. This election is not available in respect of Subscription Receipts.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares pursuant to terms of the Subscription Receipts

A Resident Holder of Subscription Receipts will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of the Subscription Receipts. The cost of a Common Share received pursuant to a Subscription Receipt will generally be the total of (i) the amount paid to acquire the Subscription Receipt, less (ii) the aggregate of all Dividend Equivalent Payments received by or, in the event that the Dividend Equivalent Payment is received after the issuance of the Common Share pursuant to the terms of the Subscription Receipt, receivable by, the Resident Holder out of the Escrowed Funds that are a partial refund of the Offering Price and that reduce the cost to the Resident Holder of the Subscription Receipt as described under “*Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Dividend Equivalent Payment*”. The adjusted cost base to a Resident Holder of Common Shares issued pursuant to the Subscription Receipts at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base immediately before that time of any other Common Shares owned by the Resident Holder as capital property at such time.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt (which does not include the acquisition of a Common Share pursuant to the terms of the Subscription Receipt) other than upon the repayment of the issue price of the Subscription Receipt as a consequence of the Acquisition failing to close on or prior to the Termination Time, will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received in respect of the Subscription Receipt exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Holders Resident in Canada — Holding and Disposing of Common Shares — Taxation of Capital Gains and Capital Losses*”.

The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be the amount paid to acquire the Subscription Receipt. The adjusted cost base of a Subscription Receipt acquired at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time.

Acquisition Failing to Close

In the event the Acquisition fails to close on or prior to the Termination Time, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, the Termination Payment. The Termination Payment will be an amount equal to (i) the aggregate issue price of such holder’s Subscription Receipts, plus (ii) such holder’s *pro rata* share of an amount equal to the Earned Interest, less any applicable withholding taxes. Because 50% of the Underwriters’ Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts,

the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters' Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and the Earned Interest would be returned to purchasers of Subscription Receipts.

The repayment of the issue price of the Subscription Receipt out of the Escrowed Funds as a consequence of the Acquisition failing to close on or prior to the Termination Time will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received in respect of the Subscription Receipt exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Any part of the Termination Payment that represents the Resident Holder's *pro rata* share of an amount equal to the Earned Interest will be excluded from the Resident Holder's proceeds of disposition of the Subscription Receipt. The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be the amount paid to acquire the Subscription Receipt. The adjusted cost base of a Subscription Receipt at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada — Holding and Disposing of Common Shares — Taxation of Capital Gains and Capital Losses*".

Any part of the Termination Payment that represents Earned Interest must be included in the income of the Resident Holder as described under "*Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Pro Rata Share of Interest*".

Pro Rata Share of Interest

In the event that a Termination Event occurs, a portion of the Termination Payment paid to a Resident Holder will be comprised of the Resident Holder's *pro rata* share of an amount equal to the Earned Interest, if any.

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any interest accrued to the Resident Holder to the end of the Resident Holder's taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year. This will include the Resident Holder's *pro rata* share of an amount equal to the Earned Interest.

Any other Resident Holder will be required to include in computing income for a taxation year such interest that is receivable or received by the Resident Holder or by the Subscription Receipt Agent on behalf of the Resident Holder in that taxation year, depending upon the method regularly followed by the Resident Holder in computing income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Dividend Equivalent Payment

As described above under the heading "*Details of the Offering*", each Subscription Receipt will entitle the holder thereof to receive automatically, upon the closing of the Acquisition, without any further action on the part of the holder thereof and without payment of any additional consideration, *inter alia*, an amount per Subscription Receipt equal to the Dividend Equivalent Payment. Any Dividend Equivalent Payment will first be paid by way of the holder's *pro rata* share of an amount equal to the Earned Interest, with any excess being a refund of a portion of the Offering Price of the Subscription Receipt.

The amount of such interest will generally be included in computing the Resident Holder's income as described under "*Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Pro Rata Share of Interest*". If the amount of Earned Interest is less than the Dividend Equivalent Payment, an amount will be paid by the Subscription Receipt Agent out of the Escrowed Funds to the Resident Holder up to the amount of any shortfall as a partial refund of the Offering Price for the Subscription Receipt. Such refund amount generally will not be included in the Resident Holder's income and should reduce the cost of the Subscription Receipt to the Resident Holder.

For greater certainty, the Dividend Equivalent Payment will not be treated as a dividend for the purposes of the Tax Act and no part of the Dividend Equivalent Payment will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from "taxable Canadian corporations" (as defined in the Tax Act). Where the Dividend Equivalent Payment is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

Holding and Disposing of Common Shares

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Resident Holder (other than a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described under "*Holders Resident in Canada — Holding and Disposing of Common Shares — Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a **taxable capital gain**) realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year. One-half of any capital loss (an **allowable capital loss**) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Resident Holder will be included in computing the Resident Holder's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by SNC-Lavalin as eligible dividends in accordance with the provisions of the Tax Act. By notice in writing on SNC-Lavalin's website, SNC-Lavalin has advised its shareholders that all dividends paid by SNC-Lavalin will be "eligible dividends" unless SNC-Lavalin otherwise notifies its shareholders.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

A Resident Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 38½% of dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include dividends received or deemed to be received that are not deductible in computing income for a year.

Holders Not Resident In Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act is not, and is not deemed to be, resident in Canada and does not use or hold the Offered Securities in a business carried on in Canada (a **Non-Resident Holder**). This part of the summary is not applicable to Non-Resident Holders that are insurers carrying on an insurance business in Canada and elsewhere.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares pursuant to terms of the Subscription Receipts

A Non-Resident Holder of Subscription Receipts will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of Subscription Receipts.

Other Dispositions of Subscription Receipts

On a disposition of a Subscription Receipt (other than on the acquisition of a Common Share pursuant to the terms of Subscription Receipts as discussed above), a Non-Resident Holder will

not be subject to tax under the Tax Act in respect of any capital gain realized and may not recognize any capital loss incurred by such Non-Resident Holder, unless the Subscription Receipt constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and in respect of any capital gain, the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Provided the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition of a Subscription Receipt, the Subscription Receipts will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition of the Subscription Receipt: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm’s length, (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the Corporation, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in or for civil law rights in, property in any of the foregoing whether or not the property exists.

A Non-Resident Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Acquisition Failing to Close

In the event the Acquisition fails to close on or prior to the Termination Time, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, the Termination Payment. The Termination Payment will be an amount equal to (i) the aggregate issue price of such holder’s Subscription Receipts, plus (ii) such holder’s *pro rata* share of an amount equal to the Earned Interest, less any applicable withholding taxes. Because 50% of the Underwriters’ Fee will be paid by the Corporation to the Underwriters on the Offering Closing Date, such amount will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of the Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent in the event that the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event will be greater than the aggregate amount of the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Corporation has agreed to and undertaken to pay the Subscription Receipt Agent an amount equal to 50% of the Underwriters’ Fee with respect to the Subscription Receipts such that 100% of the gross proceeds of the Offering and an amount equal to the Earned Interest would be returned to purchasers of Subscription Receipts.

Pro Rata Share of Interest

In the event that a Termination Event occurs, a portion of the Termination Payment paid to a Non-Resident Holder will be comprised of the Non-Resident Holder’s *pro rata* share of an amount equal to the Earned Interest, if any. A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Subscription Receipt Agent as, on account or in lieu of payment of, or in satisfaction of, any such *pro rata* share of an amount equal to such Earned Interest.

Dividend Equivalent Payment

As described above under the heading “*Details of the Offering*”, each Subscription Receipt will entitle the holder thereof to receive automatically, upon the closing of the Acquisition, without any further action on the part of the holder thereof and without payment of any additional consideration, *inter alia*, an amount per Subscription Receipt equal to the Dividend Equivalent

Payment. Any Dividend Equivalent Payment will first be paid by way of the payment of the Non-Resident Holder's *pro rata* share of an amount equal to the Earned Interest, with any excess being a refund of a portion of the Offering Price of the Subscription Receipt.

The amount of such interest payable to a Non-Resident Holder will not be subject to tax under the Tax Act provided that such interest is not "participating debt interest" (within the meaning of the Tax Act). If such interest is considered to be participating debt interest, the amount paid to a Non-Resident Holder would be subject to Canadian withholding tax at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence).

In this respect, it is uncertain whether or not such interest would constitute "participating debt interest" for purposes of the Tax Act. The Subscription Receipt Agent intends to withhold at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence) on the portion of any Dividend Equivalent Payment which is paid by way of payment of such Non-Resident Holder's *pro rata* share of an amount equal to the Earned Interest.

If the amount of Earned Interest is less than the Dividend Equivalent Payment, an amount will be paid by the Subscription Receipt Agent out of the Escrowed Funds to the Resident Holder up to the amount of any shortfall as a partial refund of the Offering Price for the Subscription Receipt. Such shortfall amount generally should reduce the cost to the Non-Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts and should not be subject to Canadian withholding tax.

Non-Resident Holders are advised to consult their own tax advisors regarding the tax consequences of the receipt of a Dividend Equivalent Payment.

Holding and Disposing of Common Shares

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend or deemed dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Common Share, and may not recognize any capital loss realized, unless the Common Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention. For a description of "taxable Canadian property", see "*Holders Not Resident in Canada — Holding and Disposing of Subscription Receipts — Other Dispositions of Subscription Receipts*" above as analogous tests will apply in respect of the Common Shares. A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

INTEREST OF EXPERTS

The auditors of SNC-Lavalin are Deloitte LLP, Chartered Professional Accountants, 1190 Avenue des Canadiens-de-Montréal, Suite 500, Montréal, Québec, H3B 0M7. Deloitte LLP is independent of SNC-Lavalin within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

The auditors of Atkins are PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP are independent chartered accountants under audit regulations and guidance issued by the Institute of Chartered Accountants in England and Wales.

LEGAL MATTERS

Certain legal matters relating to Canadian law in connection with the issuance of the Subscription Receipts will be passed upon on behalf of SNC-Lavalin by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Stikeman Elliott LLP. As at the date of this prospectus supplement, the partners and associates of Norton Rose Fulbright Canada LLP, as a group, and the partners and associates of Stikeman Elliott LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of SNC-Lavalin.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of the Common Shares to such purchaser upon the exchange of the Subscription Receipts, to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Common Shares, as applicable, if the Prospectus (including the documents incorporated by reference herein) and any amendment is not delivered to such original purchaser or contains a misrepresentation, as such term is defined in the *Securities Act* (Québec), provided such remedy for rescission is exercised within 180 days of the Offering Closing Date and such original purchaser of Subscription Receipts did not purchase its Subscription Receipts with knowledge of the misrepresentation. See "*Details of the Offering*".

GLOSSARY

In this prospectus supplement, the following terms have the meanings set forth below:

1933 Act means the United States *Securities Act of 1933*, as amended;

2016 MD&A means the Corporation's Management's Discussion and Analysis dated March 1, 2017 for the audited consolidated financial statements of the Corporation for the years ended December 31, 2016 and December 31, 2015;

407 Opco means 407 International Inc.;

Acquisition has the meaning ascribed thereto on the cover page;

Acquisition Closing has the meaning ascribed thereto on the cover page;

Acquisition Notice and Direction means the notice to be provided to the Subscription Receipt Agent by the Corporation, certifying that the Acquisition Closing has occurred;

Acquisition Closing Date has the meaning ascribed thereto on the cover page;

allowable capital loss has the meaning ascribed thereto under the heading "*Certain Canadian Income Tax Considerations — Holders Resident in Canada — Holding and Disposing of Common Shares*";

Atkins means WS Atkins plc, a United Kingdom corporation;

Atkins Annual Financial Statements means the audited financial statements of Atkins as at and for the year ended March 31, 2016 prepared in accordance with IFRS, together with the independent auditor's report thereon;

Atkins Interim Financial Statements the unaudited financial statements of Atkins as at and for the six-month period ended September 30, 2016 prepared in accordance with IFRS;

Atkins Shareholders has the meaning ascribed thereto on the cover page;

Atkins Shares has the meaning ascribed thereto on the cover page;

Bidco has the meaning ascribed thereto on the cover page;

Borrower has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition*";

Borrower Share Capital Pledge has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition — SNC-Lavalin Highway Holdings Loan*";

Borrower Special Share Terms has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition — SNC-Lavalin Highway Holdings Loan*";

Borrower Special Shares has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition — SNC-Lavalin Highway Holdings Loan*";

Caisse means *Caisse de dépôt et placement du Québec*;

CBCA means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time, including the regulations from time to time promulgated thereunder;

CDS means CDS Clearing and Depository Services Inc.;

CDS Participant means a participant in the CDS depository service;

Certain Funds Period means the period commencing on the Execution Date and ending on the earliest of (i) August 15, 2017 (or, in the case of the SNC-Lavalin Highway Holdings Loan, such later date agreed to by the Lender in writing), (ii) the date on which the consideration payable under the Scheme is paid to the Atkins Shareholders, (iii) 15 days after the date on which the Scheme becomes effective in accordance with its terms, and (iv) the date on which the Scheme lapses, is withdrawn or cancelled or is rejected by the Court;

Co-Lead Underwriters means RBC Dominion Securities Inc., TD Securities Inc. and BMO Nesbitt Burns Inc.;

Common Shares means the common shares in the capital of SNC-Lavalin;

Concurrent Private Placement means the agreement by Caisse pursuant to the Subscription Agreement to, directly or indirectly through a wholly-owned subsidiary, purchase on a private placement basis an aggregate 7,775,000 Placement Subscription Receipts at the Offering Price for gross proceeds to SNC-Lavalin of \$400,023,750 (before deducting the Subscription Fee);

Concurrent Private Placement Bridge Credit Agreement has the meaning ascribed thereto under the heading "*Financing the Acquisition – Concurrent Private Placement Bridge Credit Agreement*";

Concurrent Private Placement Bridge Facility has the meaning ascribed thereto under the heading "*Financing the Acquisition – Concurrent Private Placement Bridge Credit Agreement*";

Cooperation Agreement means the agreement entered into between SNC-Lavalin, Bidco and Atkins dated April 20, 2017;

Counsel has the meaning ascribed thereto under the heading "Eligibility for Investment";

Court means the High Court of Justice in England and Wales;

Court Meeting means the meeting of Atkins Shareholders to be convened pursuant to an order of the Court under the U.K. Companies Act 2006, as amended, to consider and, if thought fit, to approve the Scheme, and any adjournment thereof;

Court Order means the order of the Court sanctioning the Scheme;

Dividend Equivalent Payment has the meaning ascribed thereto on the cover page;

Earned Interest means the interest or other income actually earned on the investment of the Escrowed Funds from, and including, the Offering Closing Date to, but excluding, the earlier of (i) the Termination Date, and (ii) the delivery of the Escrow Release Notice and Direction;

EBITDA means earnings before interest, taxes, depreciation, amortization and impairment;

E&C means engineering and construction;

ENR means Engineering News-Record, a McGraw-Hill Construction magazine;

Escrow Release Condition means the earliest to occur of (i) the Acquisition Closing in all material respects in accordance with the terms of the Scheme without amendment or waiver of any condition of the Offer that, if not met, would, with the consent of the Panel, allow the Corporation to withdraw and not complete the Offer, or (ii) the conditions, undertakings, and other matters to be satisfied, completed and otherwise met prior to the completion of the Acquisition in accordance with the terms of the Scheme (without amendment or waiver of any condition of the Offer that, if not met, would, with the consent of the Panel, allow the Corporation to withdraw and not complete the Offer), having been satisfied, completed, or otherwise met in all material respects, but for the payment of the Purchase Price and such conditions that by their nature are to be satisfied at the Acquisition Closing, and the Corporation having available to it all other funds required to complete the Acquisition, provided that the Escrow Release Condition may, if the foregoing conditions are met, at the election of the Corporation, occur up to six business days prior to the scheduled Acquisition Closing Date;

Escrow Release Notice and Direction means the notice to be provided to the Subscription Receipt Agent by the Corporation, certifying that the Escrow Release Condition has been satisfied;

Escrowed Funds means the gross proceeds from the Offering, less 50% of the Underwriters' Fee;

Escrowed Underwriters' Fee means the sum of (i) \$16,000,950, representing an amount equal to 50% of the Underwriters' Fee, and, (ii) if applicable, an amount equal to 50% of the Underwriters' Fee payable to the Underwriters in connection with the Over-Allotment Option;

Execution Date has the meaning ascribed thereto under the heading "*Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

General Meeting has the meaning ascribed thereto under the heading "*Acquisition of Atkins*";

Governmental Authority means any court, governmental bodies (including, but not limited to, federal, state, local, tribal or foreign governmental bodies), regulatory or administrative agency or commission or other governmental authority body, entity or instrumentality, domestic or foreign;

Guarantee has the meaning ascribed thereto under the heading "*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

Holder has the meaning ascribed thereto under the heading "*Certain Canadian Income Tax Considerations*";

IASB means the International Accounting Standards Board;

IFRS means International Financial Reporting Standards;

Inter-Company Loan has the meaning ascribed thereto under the heading "*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

Investor's Rights Agreement has the meaning ascribed thereto under the heading "*Acquisition of Atkins – Financing the Acquisition – Investor's Rights Agreement*";

Law means any law, rule, regulation, directive, ordinance, code, statute, governmental determination, Order, treaty, convention, governmental certification requirement or other legally enforceable requirement of any Governmental Authority or similar provisions having the force or effect of law;

Lender has the meaning ascribed thereto under the heading “*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*”;

Long-Stop Date means July 31, 2017 or such later date as may be agreed in writing by Bidco and Atkins (with the Panel’s consent and as the Court may approve (if such approval(s) are required));

NI 44-101 means National Instrument 44-101 – *Short Form Prospectus Distributions*;

Non-Call Period has the meaning ascribed thereto under the heading “*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*”;

Non-Resident Holder has the meaning ascribed thereto under the heading “*Certain Canadian Income Tax Considerations — Holders Not Resident in Canada*”;

Offer has the meaning ascribed thereto under the heading “*Acquisition of Atkins*”;

Offer Announcement has the meaning ascribed thereto under the heading “*Acquisition of Atkins*”;

Offered Securities has the meaning ascribed thereto under the heading “*Certain Canadian Income Tax Considerations*”;

Offering means the offering of 15,550,000 Subscription Receipts at the Offering Price pursuant to the Prospectus and, where the context requires, includes the Subscriptions Receipts or Common Shares, as applicable, issuable pursuant to the exercise of the Over-Allotment Option;

Offering Bridge Credit Agreement has the meaning ascribed thereto under the heading “*Acquisition of Atkins — Financing the Acquisition – Offering Bridge Credit Agreement*”;

Offering Bridge Facility has the meaning ascribed thereto under the heading “*Acquisition of Atkins — Financing the Acquisition – Offering Bridge Credit Agreement*”;

Offering Closing means the closing of the Offering;

Offering Closing Date means April 27, 2017, or such later date as SNC-Lavalin and the Underwriters may agree but in any event not later than May 22, 2017;

Offering Price means \$51.45 per Subscription Receipt;

O&M means operations and maintenance;

Opco Pledge has the meaning ascribed thereto under the heading “*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*”;

Order means any order, writ, assessment, decision, injunction, decree, ruling, judgment or similar action, whether temporary, preliminary or permanent, of a Governmental Authority or arbitrator;

Outside Date means July 31, 2017, or such later date as the Corporation and Atkins may agree for purposes of the Acquisition Closing, with the consent of the Panel and, if required, the approval of the Court, which date shall be no later than October 27, 2017;

Over-Allotment Option means the option granted to the Underwriters to purchase up to an additional 1,555,000 Subscription Receipts (or Common Shares, as applicable, if the Over-Allotment Option is exercised following the Acquisition Closing Date), on the same terms and

conditions as the Offering, exercisable from time to time, in whole or in part, at any time prior to 30 days following the Offering Closing Date;

Panel has the meaning ascribed thereto on the cover page;

Placement Subscription Receipts means the Subscription Receipts issued in connection with the Concurrent Private Placement;

Proposed Amendments has the meaning ascribed thereto under the heading "*Certain Canadian Income Tax Considerations*";

Prospectus means this prospectus supplement, together with the short form base shelf prospectus of SNC-Lavalin dated March 13, 2017;

Protective Provisions has the meaning ascribed thereto under the heading "*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

Purchase Price has the meaning ascribed thereto under the heading "*Acquisition of Atkins*";

Regulatory Conditions means the anti-trust and regulatory conditions set out in paragraphs 2 to 4 (inclusive) of Part A of Appendix 1 of the Offer Announcement;

Resident Holder has the meaning ascribed thereto under the heading "*Certain Canadian Income Tax Considerations — Holders Resident in Canada*";

Revolver Bridge Credit Agreement has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition – Revolver Bridge Credit Agreement*";

Revolver Bridge Facility has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition – Revolver Bridge Credit Agreement*";

Scheme has the meaning ascribed thereto on the cover page;

Securities Act means the *Securities Act* (Québec);

SEDAR means the System for Electronic Document Analysis and Retrieval;

SG&A means selling, general and administrative expenses;

Shareholders means the holders of Common Shares;

SNC-Lavalin or the **Corporation** means SNC-Lavalin Group Inc.;

SNC-Lavalin Highway Holdings Loan has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

SNC-Lavalin Highway Holdings Loan Agreement has the meaning ascribed thereto under the heading "*Acquisition of Atkins – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*";

Subscription Agreement means the private placement subscription agreement entered into between SNC-Lavalin and Caisse in respect of the Concurrent Private Placement;

Subscription Fee has the meaning ascribed thereto under the heading "*Acquisition of Atkins — Financing the Acquisition — Concurrent Private Placement*";

Subscription Receipts means subscription receipts of SNC-Lavalin;

Subscription Receipt Agent means Computershare Trust Company of Canada;

Subscription Receipt Agreement means the subscription receipt agreement to be dated the Offering Closing Date among SNC-Lavalin, the Co-Lead Underwriters and the Subscription Receipt Agent governing the terms of the Subscription Receipts;

Syndicated Credit Facility means an unsecured revolving credit facility totalling \$4,250 million, which the Corporation may use for the issuance of performance and financial letters of credit as well as cash draws, with a syndicate of Canadian chartered banks currently scheduled to mature in August 2019;

Take-Over Offer has the meaning ascribed thereto on the cover page;

Tax Act means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

taxable capital gain has the meaning ascribed thereto under the heading “*Certain Canadian Income Tax Considerations — Holders Resident in Canada — Holding and Disposing of Common Shares*”;

Term Credit Agreement has the meaning ascribed thereto under the heading “*Acquisition of Atkins — Financing the Acquisition — Term Credit Agreement*”;

Term Facility has the meaning ascribed thereto under the heading “*Acquisition of Atkins — Financing the Acquisition — Term Credit Agreement*”;

Termination Date means the day on which the Termination Time occurs;

Termination Event means any of: (a) the Escrow Release Notice and Direction and the Acquisition Notice and Direction, respectively, are not delivered on or prior to 11:59 p.m. (London U.K. time) on the Outside Date; (b) the Scheme is not approved by a majority in number of Atkins’ Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing not less than 75% in value of each class of Atkins Shares held by those Atkins Shareholders; (c) the resolutions necessary to approve and implement the Scheme are not duly passed by the requisite majority at a general meeting of Atkins’ Shareholders to be held for such purpose (which will require the approval of Atkins Shareholders representing at least 75% of the votes cast at such general meeting either in person or by proxy); (d) the Scheme is not sanctioned at the hearing of the Court held to sanction the Scheme; (e) the Corporation advises the Co-Lead Underwriters, Caisse and the Subscription Receipt Agent or announces to the public that it does not intend to proceed with the Acquisition in such circumstances that may be permitted by the Panel; (f) the Scheme lapses or is withdrawn and SNC-Lavalin does not make a Take-Over Offer; (g) in the case of a Take-Over Offer, such Take-Over Offer lapses or is withdrawn in such circumstances as may be permitted by the Panel; or (h) the occurrence of a Termination Event (as such term is defined in the Subscription Agreement);

Termination Payment means an amount equal to the aggregate of: (a) the aggregate issue price of a holder’s Subscription Receipts, plus (b) an amount equal to such holder’s *pro rata* share of the Earned Interest, less any applicable withholding taxes;

Termination Time means the time of occurrence of the earliest Termination Event;

Tranche A has the meaning ascribed thereto under the heading “*The Acquisition — Financing the Acquisition — SNC-Lavalin Highway Holdings Loan*”;

Tranche B has the meaning ascribed thereto under the heading “*The Acquisition – Financing the Acquisition – SNC-Lavalin Highway Holdings Loan*”;

TSX means the Toronto Stock Exchange;

UAE means United Arab Emirates;

U.K. means the United Kingdom;

Underwriters means RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., BNP Paribas (Canada) Securities Inc., Merrill Lynch Canada Inc., Desjardins Securities Inc., Citigroup Global Markets Canada Inc., Raymond James Ltd. and Canaccord Genuity Corp.;

Underwriters’ Fee has the meaning ascribed thereto on the cover page;

Underwriting Agreement means the underwriting agreement dated April 24, 2017 between SNC-Lavalin and the Underwriters and pursuant to which SNC-Lavalin has agreed to sell an aggregate of 15,550,000 Subscription Receipts to the Underwriters and the Underwriters have jointly (the notion equivalent to “severally” in common law) and not solidarily agreed to purchase from SNC-Lavalin, as principals, such Subscription Receipts on the Offering Closing Date; and

United States or **U.S.** means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

FINANCIAL STATEMENTS

WS Atkins plc

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Unaudited Pro Forma Consolidated Financial Statements of SNC-Lavalin Group Inc.

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Audited consolidated financial statements of WS Atkins plc as at March 31, 2016 and for the year ended March 31, 2016

Independent auditor's report to the members of WS Atkins plc

Report on the financial statements

Our opinion

In our opinion:

- WS Atkins plc's Group financial statements and Company financial statements (the Financial Statements) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2016 and of the Group's profit and the Group's and the Company's cash flows for the year then ended
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU)
- the Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the International Accounting Standard Regulation.

What we have audited

WS Atkins plc's financial statements comprise:

- the Consolidated and Parent Company Balance Sheets as at 31 March 2016
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated and Parent Company Statements of Cash Flows for the year then ended
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

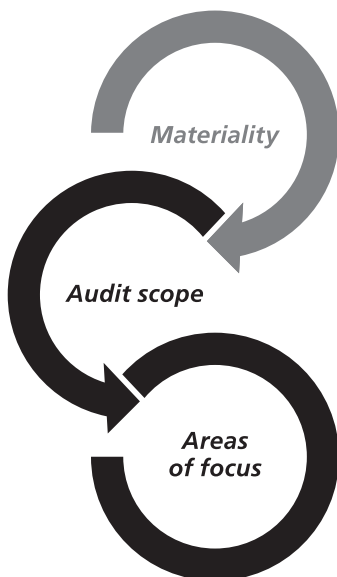
The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and IFRSs as adopted by the EU and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Context

WS Atkins plc is listed on the London Stock Exchange. The business is involved in a large number of revenue contracts providing design engineering and project management consultancy services and, as a result, the accounting for these is an important area of focus. Our 2016 audit was planned and executed having regard to the fact that the Group's operations were largely unchanged from the previous year. In light of this, our approach to the audit in terms of scoping and areas of focus was similar to that undertaken in 2015.

Overview



- Overall Group materiality: £6.5 million (2015: £5.6m) which represents 5% of profit before tax
- The focus of our work was on the UK and Europe, North America, Middle East and Energy operations. In addition we receive reporting from Hong Kong to ensure sufficient coverage across all reporting segments
- Timing and accuracy of contract revenue recognition
- Goodwill impairment assessment, particularly in the Group's North America and global oil and gas cash generating unit
- Valuation of net retirement plan liabilities
- Provisions for uncertain tax positions
- Captive insurance claim provisions

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the outcome of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Timing and accuracy of contract revenue recognition	
Refer to Audit Committee report (page 75) and Revenue recognition and contract accounting (page 130).	
We focused on this area because the timing of revenue recognition, forecasts of costs to complete and the recognition of variations on fixed price contracts have inherent complexities in the design, engineering and construction industries.	We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls. We also tested the internal controls over the timing of revenue recognition in the Financial Statements. Based on the results of this testing, we placed a high level of reliance on controls for the purposes of our testing of revenue and designed our further testing accordingly.
The Group enters into contracts, many of which are complex and long term in nature and can span a number of reporting periods.	We selected a number of contracts, using risk based criteria, which included individual contracts:
The total amount of revenue and profit to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as:	<ul style="list-style-type: none">• with significant revenue recognised in the year or• with forecast losses or• with significant unbilled work-in-progress balances or• that had been identified by management as higher risk.
<ul style="list-style-type: none">• variations to the original contract terms• cost overruns• scope changes that require further negotiation and settlement.	To assess whether revenue and profit is accurately recorded, we tested the forecast costs to complete on a sample of contracts by obtaining an understanding from project managers as to how they had estimated these costs, challenging the assumptions, for example by assessing forecast hours against historical and current run rates underpinning those estimates, evaluating the outturn of previous estimates and agreeing the actual costs incurred post-year end to the forecast costs for the period. We also assessed how the project managers determined that the stage of completion was correctly calculated and the appropriateness of variations recognised by obtaining their calculations and agreeing the inputs to documentary evidence or our independently formed expectation as appropriate. We found that the costs to complete and variations taken to value were appropriate.
Variations can arise from changing client specifications, changes to the job based on unforeseen circumstances (e.g. macroeconomic factors), as well as from inefficiencies on the part of either party. There can be some uncertainties, therefore, in determining the amounts to be recovered from any additional work performed.	For an additional sample, we tested the monthly monitoring of the total forecast revenue for the contract, costs expected to be incurred in its completion, the profit recognised to date and the working capital position on the contract. This was tested by checking electronic sign off by a suitable individual. No significant issues were noted from our work.
The timing of revenue recognition is subject to judgements surrounding the costs expected to be incurred in completing the work, as revenue on fixed price contracts is recognised on a percentage completion basis. There is also the opportunity to misstate the amount of variations expected.	To test the timing of contract revenue, we challenged senior management's judgements on the completeness of work for our sample of contracts by checking original contracts, amendments to contracts, where applicable (e.g. due to agreed variations), and checking that the contractual milestones had been reached. We also read and considered the implications of correspondence with customers (both upon the acceptance of work done and relating to disputes).
The risk is, therefore, that contract revenue is not recognised in the correct period or that revenue and associated profit is misstated.	No significant issues were noted from our work.

Independent auditor's report continued

Area of focus

Goodwill impairment assessment, particularly in the Group's North America and global oil and gas cash generating units

Refer to Audit Committee report (page 75), Intangible Assets page 132 and notes (pages 150 to 153).

We focused on this area because the determination of whether or not an impairment charge is required involves significant judgement, including forecasting the future results of the business by estimating future sales growth rates, profit margins and inflation rates and determining the discount rate for the calculations.

We particularly focused on the goodwill held in respect of the Group's North America and global oil and gas cash generating units as these together account for £179.3m (71%) of the total goodwill of £253.2m and have the least relative headroom.

No impairment charge has been recognised in the year.

IFRSs require complex and often detailed disclosure in the financial statements about goodwill and impairment. In addition to considering the need for any impairment charge, we focused on these disclosures because they form a valuable communication, enabling users of the Financial Statements to understand the basis for any impairment recognised or not recognised.

How our audit addressed the area of focus

We evaluated the directors' future cash flow forecasts and the process by which they were drawn up, including comparing them to the latest Board-approved budgets, and testing the underlying calculations. We challenged the directors' key assumptions for:

- short-term sales growth rates and profit margins in the forecasts by comparing them to short-term historical results and economic industry forecasts
- long-term growth rates in the forecasts by comparing them to long-term historical results and economic industry forecasts
- the discount rate, by assessing the cost of capital for all cash generating units (CGUs), using our specialist valuations knowledge and comparing the Company's key inputs to externally derived data.

We compared the actual results for the financial year ended 31 March 2016 to the figures included in the prior year impairment models to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. Actual performance in the Group's North America and global oil and gas businesses were found to be lower than expected so we checked and found that the directors had appropriately reflected this in the cash flow models for the financial year ended 31 March 2016.

Using our own independent analysis, we performed sensitivity analysis around the key drivers of the value in use, which were:

- the discount rate
- the projected operating profit margins

to identify how much each of these key drivers needed to change, either individually or collectively, before the goodwill was impaired.

Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired, we considered the likelihood of such a movement in those key assumptions arising.

We considered the related disclosures in note 15 to the Financial Statements (page 150) by checking that they were compliant with IFRSs and that their presentation was consistent with our understanding of the key issues in this area.

We found that they appropriately describe the inherent degree of subjectivity in the estimates and the potential impact on future periods of revisions to these estimates, including specific disclosures on the key assumptions most sensitive to reasonable possible change.

Area of focus**How our audit addressed the area of focus**

Valuation of net retirement plan liabilities

Refer to notes (page 173).

The Group operates two significant defined benefit plans with total net post-retirement liabilities of £265.3m which are significant in the context of the overall balance sheet of the Group: the Atkins Pension Plan and the Railways Pension Scheme.

We focused on this area because the valuation of plan liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Changes in a number of key assumptions (including salary increases, inflation, discount rates and mortality) can have a material impact on the calculation of the liability.

There is also some judgement in the measurement of the fair value of pension assets giving rise to a risk of material misstatement in their valuation.

We liaised with the Group's actuaries and used our own actuarial specialists to evaluate the directors' assessment of the assumptions made in relation to the valuations of the liabilities and assets in the pension plans. We compared the assumptions around salary increases and mortality rates to national and industry averages. We checked with the Group's actuaries that there had been no significant events or settlements that would impact the current pension balances and disclosures.

We tested the Group's contributions to the bank statements and the pensions paid out of the schemes by tracing them to the pension scheme bank accounts.

We also tested the valuations of pension plan liabilities and assets as follows:

- to test the inputs to the calculation of the liabilities, we compared the discount and inflation rates used in the valuation of the pension liabilities to our internally developed benchmarks and found that they were consistent
- to test the valuation of the assets, we obtained third party confirmations on ownership and valuation of pension assets. We found these confirmations to be consistent with the amounts disclosed in the Financial Statements.

The evidence we obtained supported the carrying value of the net retirement plan liabilities.

Provisions for uncertain tax positions

The Group operates in a complex multinational tax environment and there are open tax and transfer pricing matters with UK and overseas tax authorities. In addition, from time to time the Group enters into transactions with complicated accounting and tax consequences.

We focused on this area due to the judgement required in assessing the completeness and valuation of provisions to cover the risk of challenge of certain of the Group's tax positions.

We evaluated and challenged management's rationale for the level of provisions held. Where relevant, we obtained and assessed supporting documentation used by management to formulate the provisions, and considered the reasonableness of management's best estimate assessments. To do this:

- we assessed the impact of tax rate changes and other factors on the current tax charge
- we considered the status of recent and current tax enquiries in the UK and the US, and the macro-tax environment in each territory
- we considered the sensitivity of management's probability estimates used to calculate the value of provisions, where relevant
- we discussed with management all issues known to us, and considered the sufficiency of provisions in light of the matters discussed.

The evidence we obtained supported the amounts provided for uncertain tax positions.

Independent auditor's report continued

Area of focus

How our audit addressed the area of focus

Captive insurance claim provisions

The Group operates a captive insurance company, which provides self-insurance against claims such as professional indemnity and income protection. The most significant provisions relate to alleged deficiencies found in work performed by the Group.

We focused on this area because the determination of the size of the provisions held and the settlement amounts are inherently judgemental.

We obtained the Group's schedule for the professional indemnity claims and checked it was complete by comparing it to Board and committee minutes and certain relevant correspondence with the Group's legal counsel. For each material claim, we discussed the issue with the Group's internal legal counsel and management of the captive insurance company in order to understand the latest position of the proceedings and assess the directors' views as to the strength of the claim against the Group.

We obtained a schedule from management detailing the income protection claim provisions per underwriting year. We discussed the controls in place around the claims cycles with management and tested that controls had been working during the year. We checked year-end provisions to Board and committee minutes and to claims schedules provided by the Group's claims specialists and evaluated the specialists as being suitably qualified or experienced.

We sought management explanation for significant movements in the period and substantiated management's claims by confirming with insurers, legal correspondence, where possible, and the Group's legal counsel. From the evidence obtained, we consider the level of provisioning at the balance sheet date not to be materially misstated.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group reports its operating results and financial position in five segments, being UK and Europe, North America, Middle East, Asia Pacific and Energy. The Group Financial Statements are a consolidation of the Group's operating businesses and central functions.

The Group's operating reporting units vary significantly in size, the most significant being the UK and Europe. For the purposes of our scoping we divided this reporting unit further by identifying those significant areas where we focused our work. This included performing work on the shared service facility, giving us comfort over the centralised processes in the UK, and the key UK operating divisions selected based on their size or risk characteristics (e.g. transportation). We also performed an audit of the complete financial information of North America, the Middle East and Energy.

We issued instructions to our overseas teams, which included guidance on the areas of focus for the audit; we then had regular communication with them and a senior member of the Group team also attended all planning and clearance meetings, either in person or by telephone. The Group engagement leader visited both North America and the Middle East for the clearance meetings. We performed further specific audit procedures over Group functions and areas of significant judgement, including taxation, goodwill, treasury, post-retirement benefits and material litigation, at the Group's head office.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality	£6.5 million (2015: £5.6 million)
How we determined it	5% of profit before tax
Rationale for benchmark applied	Profit before tax is a generally accepted auditing benchmark in the absence of indicators that an alternative benchmark would be appropriate

We agreed with the Audit Committee that we would report to them individual misstatements identified during our audit above £0.6m (2015: £0.5m) as well as misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement in relation to going concern (page 60). We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements
- the information given in the Corporate governance report (page 66) with respect to internal control and risk management systems and about share capital structures is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

<ul style="list-style-type: none">• information in the Annual Report is:<ul style="list-style-type: none">– materially inconsistent with the information in the audited Financial Statements or– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and parent company acquired in the course of performing our audit or– otherwise misleading	We have no exceptions to report
<ul style="list-style-type: none">• the statement given by the directors, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy (page 09) is materially inconsistent with our knowledge of the group and parent company acquired in the course of performing our audit	We have no exceptions to report
<ul style="list-style-type: none">• the section of the Annual Report, as required by provision C.3.8 of the Code, describing the work of the Audit Committee (page 73) does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

<ul style="list-style-type: none">• the directors' confirmation, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity (page 37)	We have nothing material to add or to draw attention to
<ul style="list-style-type: none">• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated	We have nothing material to add or to draw attention to
<ul style="list-style-type: none">• the directors' explanation, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions (page 37).	We have nothing material to add or to draw attention to

Independent auditor's report continued

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code, and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us or
- the Company's financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the corporate governance statement relating to 10 further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' statement of responsibility (page 60), the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Christopher Burns (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 June 2016

Consolidated Income Statement

For the year ended 31 March 2016

	Note	Group 2016 £m	Group 2015 £m
Revenue	3	1,861.9	1,756.6
Cost of sales		(1,109.2)	(1,049.2)
Gross profit		752.7	707.4
Administrative expenses		(609.3)	(588.9)
Operating profit	3, 5	143.4	118.5
Comprising			
– Underlying operating profit		148.2	134.1
– Exceptional items	11	4.7	(4.4)
– Impairment of goodwill	15	–	(2.8)
– Amortisation of acquired intangibles		(6.3)	(6.9)
– Deferred acquisition payments	10	(3.2)	(1.5)
		143.4	118.5
Net (loss)/profit on disposal of businesses	9	(3.1)	0.4
Income from other investments		1.1	2.2
Share of post-tax profit from joint ventures	3, 4	0.7	0.1
Profit before interest and tax		142.1	121.2
Finance income	7	4.0	4.8
Finance costs	7	(15.0)	(19.3)
Net finance costs	7	(11.0)	(14.5)
Profit before tax		131.1	106.7
Comprising			
– Underlying profit before tax		139.0	121.9
– Exceptional items	11	4.7	(4.4)
– Impairment of goodwill	15	–	(2.8)
– Amortisation of acquired intangibles		(6.3)	(6.9)
– Deferred acquisition payments	10	(3.2)	(1.5)
– Net (loss)/profit on disposal of businesses	9	(3.1)	0.4
		131.1	106.7
Income tax expense	8	(27.7)	(21.0)
Profit for the year		103.4	85.7
Profit attributable to:			
Owners of the parent		103.2	85.7
Non-controlling interests		0.2	–
		103.4	85.7
Earnings per share			
Basic earnings per share	13	106.0 p	87.8 p
Diluted earnings per share	13	103.0 p	85.4 p
Underlying diluted earnings per share	13	107.3 p	97.1 p

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	Group 2016 £m	Group 2015 £m
Profit for the year		103.4	85.7
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of net post-employment benefit liabilities	30	8.3	6.0
Income tax on items that will not be reclassified	30, 8	(5.7)	(1.5)
		2.6	4.5
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		(1.0)	3.6
Net differences on exchange		18.6	20.7
Total items that may be reclassified subsequently to profit or loss		17.6	24.3
Other comprehensive income for the year, net of tax		20.2	28.8
Total comprehensive income for the year		123.6	114.5
Attributable to:			
Owners of the parent		123.4	114.5
Non-controlling interests		0.2	–
Total comprehensive income for the year		123.6	114.5

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Consolidated and Parent Company Balance Sheets

As at 31 March 2016

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Assets					
Non-current assets					
Goodwill	15	253.2	244.4	–	–
Other intangible assets	16	46.8	54.3	–	–
Property, plant and equipment	17	51.9	53.6	–	–
Investments in subsidiaries	18	–	–	216.1	206.7
Investments in joint ventures	4	4.3	3.8	–	–
Deferred income tax assets	19	66.5	76.8	–	–
Derivative financial instruments	22	2.0	1.2	–	–
Other receivables	23	29.1	20.7	1.0	0.9
		453.8	454.8	217.1	207.6
Current assets					
Trade and other receivables	24	480.0	476.5	339.5	169.6
Financial assets at fair value through profit or loss	25	32.9	33.4	–	–
Cash and cash equivalents	26	419.3	235.4	1.4	–
Derivative financial instruments	22	1.3	1.3	–	–
		933.5	746.6	340.9	169.6
Liabilities					
Current liabilities					
Borrowings	27	(7.0)	(61.1)	(7.0)	(63.6)
Trade and other payables	28	(483.0)	(510.8)	(53.1)	(67.1)
Derivative financial instruments	22	(0.5)	(0.6)	–	–
Current income tax liabilities		(28.3)	(40.2)	–	–
Provisions for other liabilities and charges	29	(1.1)	(0.8)	–	–
		(519.9)	(613.5)	(60.1)	(130.7)
Net current assets		413.6	133.1	280.8	38.9
Non-current liabilities					
Borrowings	27	(273.6)	(50.2)	(273.5)	(50.2)
Provisions for other liabilities and charges	29	(2.8)	(2.6)	–	–
Post-employment benefit liabilities	30	(285.8)	(316.6)	–	–
Derivative financial instruments	22	(1.0)	(0.2)	–	–
Deferred income tax liabilities	19	(11.7)	(10.1)	–	–
Other non-current liabilities	31	(3.2)	(3.2)	–	–
		(578.1)	(382.9)	(273.5)	(50.2)
Net assets	3	289.3	205.0	224.4	196.3
Capital and reserves					
Ordinary shares	32	0.5	0.5	0.5	0.5
Share premium account		62.4	62.4	62.4	62.4
Merger reserve		8.9	8.9	8.9	8.9
Retained earnings		217.2	133.0	152.6	124.5
Equity attributable to owners of the parent		289.0	204.8	224.4	196.3
Non-controlling interests		0.3	0.2	–	–
Total equity		289.3	205.0	224.4	196.3

The Financial Statements on pages 121 to 195 were approved by the Board on 15 June 2016 and signed on its behalf by:

Prof Dr Uwe Krueger
Director

Heath Drewett
Director

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Consolidated and Parent Company Statements of Cash Flows

For the year ended 31 March 2016

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Cash flows from operating activities					
Cash generated from/(used in) operations	34	116.1	133.9	(10.5)	0.6
Interest received		3.6	4.9	3.0	3.2
Interest paid		(3.9)	(4.8)	(3.6)	(3.9)
Income tax paid		(36.8)	(17.8)	–	–
Net cash generated from/(used in) operating activities		79.0	116.2	(11.1)	(0.1)
Cash flows from investing activities					
Acquisitions of subsidiaries					
– consideration	10	–	(57.2)	–	–
– cash acquired	10	–	3.9	–	–
Loans to joint ventures and other related parties					
Repayment of joint venture loans		1.6	–	–	–
Distributions received from joint ventures		–	0.7	–	–
Purchases of property, plant and equipment	17	(16.8)	(19.9)	–	–
Proceeds from disposals of property, plant and equipment		2.5	0.1	–	–
Proceeds from disposal of businesses	9	–	3.3	–	–
Dividends received from other investments		1.1	2.2	–	–
Dividends received		–	–	56.2	40.7
Net disposal proceeds from/(purchase of) financial assets	35	0.5	(1.3)	–	–
Purchases of intangible assets	16	(3.0)	(5.4)	–	–
Net cash (used in)/generated from investing activities		(14.1)	(75.2)	56.2	40.7
Cash flows from financing activities					
Proceeds of new bank loans					
Repayment of bank loans		–	(10.0)	–	(10.0)
Redemption of loan notes receivable		0.1	0.1	–	–
Finance lease principal payments	35	(0.1)	–	–	–
Purchase of own shares by employee benefit trusts		(13.0)	(15.0)	–	–
Equity dividends paid to shareholders	12	(36.2)	(33.4)	(36.2)	(33.4)
Loans granted to Group companies		–	–	(179.7)	(13.0)
Repayment of loans to Group companies		–	–	–	5.4
Net cash generated from/(used in) financing activities		115.5	(48.3)	(51.2)	(41.0)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents and bank overdraft at beginning of year		235.4	237.3	(2.6)	(2.4)
Exchange movements		3.5	5.4	10.1	0.2
Cash and cash equivalents and bank overdraft at end of year	26, 27	419.3	235.4	1.4	(2.6)

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Note	Attributable to owners of the parent				Total £m	Non- controlling interests £m	Total equity £m
		Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained earnings £m			
Group								
Balance at 1 April 2014		0.5	62.4	8.9	58.2	130.0	0.2	130.2
Profit for the year		–	–	–	85.7	85.7	–	85.7
Remeasurements of net post-employment benefit liabilities		–	–	–	6.0	6.0	–	6.0
Income tax on items that will not be reclassified		–	–	–	(1.5)	(1.5)	–	(1.5)
Cash flow hedges		–	–	–	3.6	3.6	–	3.6
Net differences on exchange		–	–	–	20.7	20.7	–	20.7
Other comprehensive income for the year		–	–	–	28.8	28.8	–	28.8
Total comprehensive income for the year		–	–	–	114.5	114.5	–	114.5
Dividends provided for or paid	12	–	–	–	(33.4)	(33.4)	–	(33.4)
Share-based payments	33	–	–	–	8.6	8.6	–	8.6
Tax credit relating to share-based payments		–	–	–	0.1	0.1	–	0.1
Employee benefit trusts		–	–	–	(15.0)	(15.0)	–	(15.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(39.7)	(39.7)	–	(39.7)
Balance at 31 March 2015		0.5	62.4	8.9	133.0	204.8	0.2	205.0
Profit for the year		–	–	–	103.2	103.2	0.2	103.4
Remeasurements of net post-employment benefit liabilities		–	–	–	8.3	8.3	–	8.3
Income tax on items that will not be reclassified		–	–	–	(5.7)	(5.7)	–	(5.7)
Cash flow hedges		–	–	–	(1.0)	(1.0)	–	(1.0)
Net differences on exchange		–	–	–	18.6	18.6	–	18.6
Other comprehensive income for the year		–	–	–	20.2	20.2	–	20.2
Total comprehensive income for the year		–	–	–	123.4	123.4	0.2	123.6
Dividends provided for or paid	12	–	–	–	(36.2)	(36.2)	(0.1)	(36.3)
Share-based payments	33	–	–	–	9.4	9.4	–	9.4
Tax credit relating to share-based payments		–	–	–	0.6	0.6	–	0.6
Employee benefit trusts		–	–	–	(13.0)	(13.0)	–	(13.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(39.2)	(39.2)	(0.1)	(39.3)
Balance at 31 March 2016		0.5	62.4	8.9	217.2	289.0	0.3	289.3

The merger reserve relates to the issue of shares in respect of previous acquisitions.

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Parent Company Statement of Changes in Equity

For the year ended 31 March 2016

	Note	Attributable to owners of the parent				Total £m	Non- controlling interests £m	Total equity £m
		Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained earnings £m			
Company								
Balance at 1 April 2014		0.5	62.4	8.9	114.6	186.4	–	186.4
Profit for the year	14	–	–	–	34.7	34.7	–	34.7
Total comprehensive income for the year		–	–	–	34.7	34.7	–	34.7
Dividends provided for or paid	12	–	–	–	(33.4)	(33.4)	–	(33.4)
Share-based payments	33	–	–	–	8.6	8.6	–	8.6
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(24.8)	(24.8)	–	(24.8)
Balance at 31 March 2015		0.5	62.4	8.9	124.5	196.3	–	196.3
Profit for the year	14	–	–	–	54.9	54.9	–	54.9
Total comprehensive income for the year		–	–	–	54.9	54.9	–	54.9
Dividends provided for or paid	12	–	–	–	(36.2)	(36.2)	–	(36.2)
Share-based payments	33	–	–	–	9.4	9.4	–	9.4
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(26.8)	(26.8)	–	(26.8)
Balance at 31 March 2016		0.5	62.4	8.9	152.6	224.4	–	224.4

The merger reserve relates to the issue of shares in respect of previous acquisitions.

The notes on pages 127 to 195 are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2016

1 Accounting policies

WS Atkins plc (the Company) is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales. The address of its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, including the application of new International Financial Reporting Standards (IFRSs) and interpretations, unless otherwise stated.

Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in accordance with IFRSs as adopted by the European Union (EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee (IFRS IC or IFRIC) applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the Consolidated Financial Statements, are in relation to contract accounting, including recoverability of receivables, goodwill impairment, defined benefit pension schemes, tax, research and development, and joint arrangements. These critical accounting policies are described in more detail below and have been annotated with **CA**.

Changes in accounting policy and disclosure

New and amended standards adopted by the Group

There were no standards adopted by the Group for the first time for the financial year beginning on 1 April 2015 that had a material impact on the Group.

The following IFRS and international accounting standards (IASs) and IFRIC interpretations have been adopted by the Group for the first time for the financial year beginning on 1 April 2015 and do not have a material impact on the Group:

- Amendments to the following standards:
 - IAS 19, *Defined benefit plans: Employee contributions*

The Group has an unconditional right of refund of any remaining surplus on a winding up of the Atkins Pension Plan once all the interests of the members have been satisfied in accordance with the scheme rules. The International Accounting Standards Board published its exposure draft of amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, which proposes additional clarity on the role of trustees' rights in an assessment of the recoverability of a surplus in an employee pension fund. The Group is currently undergoing a triennial valuation of the Atkins Pension Plan and will use this opportunity to assess the potential impact, if any, this exposure draft may have on the accounting for its retirement benefit schemes if adopted in its proposed form.

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the EU or were not yet effective in the EU for the financial year beginning 1 April 2015:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRS 16, *Leases*
- Amendments to the following standards:
 - IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*
 - IFRS 10, IFRS 12 and IAS 28: *Investment entities: Applying the consolidation exemption*
 - IFRS 11, *Accounting for acquisitions of interests in a joint operation*
 - IAS 1, *Disclosure initiative*
 - IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
 - IAS 27, *Equity method in separate financial statements*

The Group is currently assessing the impact of the new standards, amendments and interpretations that are not yet effective. The Group does not currently believe adoption of these would have a material impact on the consolidated results or financial position of the Group.

The directors have made initial assessments of the impact of IFRS 15 and IFRS 9 and do not expect any material quantitative impact to the Group. The impact of IFRS 16, which was issued in January 2016, is currently being assessed. The Group will carry out a systematic review of all existing major contracts to ensure that the impact and effect of the new revenue standard is fully understood and changes to the current accounting procedures are highlighted and acted upon in advance of the effective date.

The Group has chosen not to adopt any of the above standards and interpretations earlier than required.

Notes to the Financial Statements continued

For the year ended 31 March 2016

1 Accounting policies continued

Going concern

Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

Basis of consolidation

The Consolidated Income Statement and Balance Sheet include the accounts of the Group and the Company, its subsidiary undertakings and its share of joint ventures. The results of the subsidiary undertakings acquired during the year are included in the Consolidated Income Statement from the date of acquisition. The results of subsidiary undertakings disposed of during the year are included in the Consolidated Income Statement up to the date of disposal.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. Investments in subsidiaries are stated at cost less impairments. The cost of an acquisition is measured as the fair value of the assets, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of any non-controlling interest.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is lower than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement. Goodwill is reviewed on finalisation of fair values and any adjustments required to the accounting are recorded within 12 months of the acquisition date.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated.

Where subsidiaries adopt accounting policies that are different from the Group's, their reported results are restated to comply with the Group's accounting policies. Where subsidiaries do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.

CA Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 a joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group classifies its interests in joint arrangements as either joint ventures or joint operations.

The Group holds 50% of the voting rights in some of its joint arrangements. However, the Group has joint control over these arrangements as under the respective contractual agreements unanimous consent is required from all parties to the agreements for all relevant activities. These joint arrangements are not structured through separate legal entities and the terms of the arrangements provide the Group and the other parties to the arrangements with the rights to the assets and obligations for the liabilities, or other facts and circumstances indicate this is the case. Therefore, these arrangements are classified as joint operations of the Group.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and the carrying amount is increased or decreased thereafter to recognise the Group's share of the post-acquisition profits or losses. Losses of a joint venture in excess of the Group's interest in the joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Distributions received from an investee reduce the carrying amount of the investment.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement, or that other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows are combined with the equivalent items in the Financial Statements on a line-by-line basis.

Employee benefit trusts (EBTs)

The accounts of the EBTs are incorporated into the results of the Group as, although they are administered by independent trustees and their assets are held separately from those of the Group, in practice the Group's recommendations on how the assets are used for the benefit of employees are normally followed. The Group bears the major risks and rewards of the assets held by the EBTs until the shares vest unconditionally with the employees. Shares in the Company held by the EBTs are shown as a reduction in retained earnings. Other assets and liabilities held by the EBTs are consolidated with the assets of the Group.

Foreign currency transactions and translation

Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in pounds sterling (£), which is the Company's and Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement, except when deferred in other comprehensive income, for example, as qualifying cash flow hedges.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that Balance Sheet
- income and expenses for each Income Statement are translated at average exchange rates
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (CODMs). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief executive officer (CEO) and the Group finance director.

The Group's operating segments for management purposes reflect predominantly its key geographical markets. The segments are: UK and Europe, North America, Middle East, Asia Pacific and Energy. These segments form the basis for reporting the Group's segment information as they are the main determinants of the Group's risks and returns. The Group considers the UK to be its country of domicile.

Intersegment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Revenue

Revenue from long-term contracts comprises the value of work performed during the period calculated in accordance with the Group's policy for contract accounting set out below. Revenue from other contract activities represents fee income receivable in respect of services provided during the period.

Under certain services contracts, the Group manages customer expenditure and is obliged to purchase goods and services from third party contractors and recharge them to the customer at cost. The amounts charged by contractors and recharged to customers are excluded from revenue and cost of sales where the Group is acting solely as an agent. Receivables, payables and cash relating to these transactions are included in the Consolidated Balance Sheet.

Notes to the Financial Statements continued

For the year ended 31 March 2016

1 Accounting policies continued

Underlying profit

Underlying operating profit is reported before exceptional items, impairment of goodwill, amortisation and impairment of intangible assets recognised on acquisition and deferred acquisition payments, and relates to continuing operations.

CA Revenue recognition and contract accounting

The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts, unless such fees exceed the value of the work in progress on any contract in which case the excess is separately disclosed in trade and other payables as fees invoiced in advance.

The Group enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates. Some of the fixed price lump sum contracts may be linked to the capital cost of works or a profit/(loss) sharing mechanism.

Revenue is recognised on the majority of the Group's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

The Group's contract accounting policy is central to how the Group values the work it has carried out in each financial year.

This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

Interest income

Interest income is recognised on a time apportionment basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Pre-contract costs

The Group accounts for all pre-contract costs in accordance with IAS 11, *Construction contracts*. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the Balance Sheet and charged to the Income Statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Group's interest in any special purpose company (SPC) charges the equivalent capitalised amounts to the Income Statement.

Bid recovery fees are deferred and credited to the Income Statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Group's interest in any SPC credits the equivalent capitalised amounts to the Income Statement. Where the Group's interest in any SPC reduces, the deferred bid recovery fees are credited to the Income Statement in proportion to the reduction of the Group's interest.

Exceptional items

Exceptional items are disclosed separately in the Financial Statements where management believe it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

CA Retirement benefit schemes

The Group operates various post-employment schemes, including both defined contribution (DC) and defined benefit (DB) pension plans.

A DC plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A DB plan is a pension plan that typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For the DB plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Consolidated Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. DB pension costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- administrative expenses
- net interest expense or income
- remeasurement.

The net retirement benefit liabilities recognised in the Consolidated Balance Sheet represent the actual deficit in the Group's defined benefit plans.

For DC plans, the Group's contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Group's results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 30 to the Financial Statements (page 181).

Share-based payments

The Group operates a number of equity and cash settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) or cash (phantom allocations) of the Group.

In accordance with IFRS 2, *Share-based payments*, the cost of share-based payments awarded is charged to the Income Statement over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of grant adjusted for the number of awards expected to vest. In the case of equity settled awards, the credits associated with the amounts charged to the Income Statement are included in retained earnings/accumulated losses until the awards are exercised. In the case of cash settled awards, the credits associated with the amounts charged to the Income Statement are held as a liability in the Balance Sheet until the awards are transferred, at which point a cash amount (based on the Company's share price at the vesting date) is paid to the employee. Where awards are settled by the new issue of shares, any proceeds received in respect of share options are credited to share capital and share premium. Where awards are settled in shares held by the EBTs, any proceeds are credited to retained earnings/accumulated losses.

Share awards are granted by the Company to employees of its subsidiaries. The Company charges to cost of investment in subsidiaries an amount equivalent to the equity settled element of the annual IFRS 2 charge, with an equivalent credit to reserves.

Notes to the Financial Statements continued

For the year ended 31 March 2016

1 Accounting policies continued

CA Income tax

Current and deferred income tax are recognised in the Income Statement for the period except where the taxation arises as a result of a transaction or event that is recognised in other comprehensive income or directly in equity. Income tax arising on transactions or events recognised in other comprehensive income or directly in equity is charged or credited to other comprehensive income or directly to equity respectively.

The Group is subject to tax in a number of jurisdictions and judgement is required in determining the Group wide provision for income taxes. The Group provides for potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

No deferred income tax is recognised on the unremitted earnings of overseas subsidiaries, branches and joint ventures, except where it is known that the earnings will be distributed.

Deferred tax assets of £3.2m (2015: £3.5m) have not been recognised due to the uncertainty of timing of utilisation.

CA Research and development (R&D)

All research and development expenditure is written off to the Consolidated Income Statement as incurred. In the UK, the Group has early adopted the R&D expenditure credit regime with effect from 1 April 2013. These credits have characteristics more akin to government grants than income taxes and therefore are offset against the relevant expenditure in the income statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received albeit that the claim process takes place sometime after the original expenditure was incurred.

Intangible assets

CA Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is stated at cost less accumulated impairment.

For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Acquired customer relationships

Acquired customer relationships consist of intangible assets arising on the consolidation of recently acquired businesses, that are separable from goodwill, in accordance with IFRS 3, *Business combinations*, and IAS 38, *Intangible assets*, and do not fall within the Group's other classes of intangible assets. These comprise principally existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders).

Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is calculated using the straight line method to allocate the cost of customer relationships over their estimated useful lives of between one and 20 years. Acquired customer relationships are stated at cost less accumulated amortisation and impairment.

Backlog orders are recognised at fair value at the acquisition date and amortised over their estimated useful lives of up to three years. Backlog orders are stated at cost less accumulated amortisation and impairment.

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between two and five years. Software licences are stated at cost less accumulated amortisation.

Corporate information systems

In accordance with IAS 38, *Intangible assets*, the Group's corporate information systems are treated as an intangible asset. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements and internally generated costs) from the point of inception to the point of satisfactory completion where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Maintenance and minor modifications are expensed in the Income Statement as incurred. The corporate information systems recognised as assets are amortised using the straight line method to allocate the cost of the corporate information systems over their estimated useful life of six years. Corporate information systems are stated at cost less accumulated amortisation.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of recently acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives of between three and 13 years. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, as detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write off the cost less residual value of each asset over its estimated useful life, as follows:

Freehold buildings	– 10 to 50 years
Short term leasehold property	– over the life of the lease
Plant, machinery and vehicles	– three to 12 years.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Consolidated Income Statement.

Notes to the Financial Statements continued

For the year ended 31 March 2016

1 Accounting policies continued

Sale and leaseback transactions

A sale and leaseback transaction occurs when the Group sells an asset and reacquires the use of the asset by entering into a lease with the buyer. The accounting treatment of the sale and leaseback depends upon the substance of the transaction, whether or not the sale was made at the asset's fair value, and the relationship with the buyer. For sale and operating leasebacks, the assets are sold at fair value and accordingly the profit or loss from the sale is recognised immediately in the Group's Income Statement. The operating lease payments are recognised in accordance with the accounting policy for leases, as disclosed below.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets

Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price. These instruments are included in Level 1, see note 20.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2, see note 20.

The fair value of financial instruments for an asset or liability that are not based on observable market data (that is, unobservable inputs) are Level 3 financial instruments, see note 20.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except where the maturity is greater than 12 months after the Balance Sheet date, in which case they are included as non-current assets. The Group's loans and receivables comprise trade and other receivables, cash and cash equivalents, and other receivables in the Balance Sheet. Other receivables include loan notes receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Trade receivables are recognised at original invoice amount less provision for impairment which, due to their short term nature, approximates to their fair value. Other receivables include loan notes receivable, which are measured at amortised cost using the effective interest method less any provision for impairment. This valuation approximates to their fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Income Statement in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Consolidated Income Statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the Consolidated Income Statement as part of finance income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Any impairment is charged to the Consolidated Income Statement. Impairment testing for trade receivables is described below in the accounting policy paragraph relating to trade receivables. For other receivables carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

Assets classified as available-for-sale

The Group assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group uses the criteria referred to above. If any evidence of impairment exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Consolidated Income Statement.

Notes to the Financial Statements continued

For the year ended 31 March 2016

1 Accounting policies continued

Inventories

Inventories are stated at cost less impairment. Cost is determined using the first in, first out method.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Amounts recoverable on contracts, amounts due from subsidiary undertakings, amounts due from joint ventures, deferred finance costs, prepayments and accrued income and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast cash flow that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast cash flow is ultimately recognised in the Consolidated Income Statement. When a forecast cash flow is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

Lease obligations

Finance leases

Lease arrangements that transfer substantially all the risks and rewards of ownership to the lessee are treated as finance leases. Assets held under finance leases are capitalised within property, plant and equipment at the lease's commencement and depreciated over the shorter of the lease term and the useful life of the asset. A liability is recognised for the present value of the minimum lease payments within current and/or non-current liabilities as appropriate. Rental payments are apportioned between capital and interest expense to achieve a constant rate of interest charge on the outstanding obligation.

Operating leases

Where the Group acts as lessee in an operating lease arrangement, the lease payments are charged as an expense to the Consolidated Income Statement on a straight line basis over the lease term. Lease incentives received are also recognised on a straight line basis over the lease term.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight line basis over the period of the lease. Lease incentives provided are also recognised over the lease term on a straight line basis.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on projected discounted cash flows to the end of the lease, after making assumptions for void and rent free periods. The pre-tax rate used reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2 Treasury policy and objectives

The Group's treasury function manages and monitors external funding and investment requirements and financial risks in support of the Group's corporate objectives. The Board reviews and agrees procedures, requirements and authority levels for treasury activities. The Board delegates responsibility for the detailed review of the policies to the Audit Committee.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items, such as trade receivables and trade payables, which arise directly from its operations. The main purpose of these financial instruments is to finance the Group's activities. The Group also enters into derivative transactions, principally forward foreign currency contracts to manage foreign exchange risk on material commercial transactions undertaken in currencies other than the local functional currency.

The main risks arising from the Group's financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's exposures to and management of each of the main risks, together with sensitivities and risk concentrations, are described in more detail in note 20 to the Financial Statements (page 157).

The Group funds its ongoing activities through cash generated from its operations and, where necessary, borrowings and finance leases. The Group's debt facilities are described in note 27 to the Financial Statements (page 171). Utilisation of the Group's facilities is a consequence of prior and current year acquisitions and ongoing organic growth. As at 31 March 2016 the Group had £71.9m of undrawn committed borrowing facilities available (2015: £138.1m).

There have been no significant changes to the Group's treasury procedures, requirements and authority levels during the year.

Notes to the Financial Statements continued

For the year ended 31 March 2016

3 Segmental information

The chief operating decision makers (CODMs) have been identified as the CEO and the Group finance director. The CEO and the Group finance director review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating segments for management purposes predominantly reflect its key geographical markets. The segments are: UK and Europe, North America, Middle East, Asia Pacific and Energy. Details of the business activities and the economic environment in which each segment operates are given in the Our segments and Segmental performance sections.

The CEO and the Group finance director assess the performance of the operating segments based on underlying operating profit before interest and tax. Information provided to the CEO and the Group finance director is measured in a manner consistent with that in the Financial Statements.

a) Group business segments

Revenue and results

2016	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit/(loss) £m	Operating margin %	Share of post-tax profit from joint ventures £m
UK and Europe	906.9	36.7	943.6	73.8	7.8	0.3
North America	362.0	0.6	362.6	20.4	5.6	–
Middle East	285.0	(36.7)	248.3	29.5	11.9	–
Asia Pacific	94.6	11.5	106.1	8.5	8.0	–
Energy	213.4	(12.1)	201.3	16.7	8.3	0.4
Total for segments	1,861.9	–	1,861.9	148.9	8.0	0.7
Group items:						
Joint ventures reported above	–	–	–	(0.7)	–	–
Unallocated central items	–	–	–	(4.8)	–	–
Total for Group	1,861.9	–	1,861.9	143.4	7.7	0.7

2015	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit/(loss) £m	Operating margin %	Share of post-tax (loss)/profit from joint ventures £m
UK and Europe	872.4	31.4	903.8	60.7	6.7	(0.4)
North America	340.4	1.0	341.4	20.0	5.9	–
Middle East	238.2	(21.5)	216.7	22.5	10.4	–
Asia Pacific	102.1	7.6	109.7	9.8	8.9	–
Energy	200.5	(18.5)	182.0	20.4	11.2	0.5
Total for segments	1,753.6	–	1,753.6	133.4	7.6	0.1
Group items:						
Joint ventures reported above	–	–	–	(0.1)	–	–
Unallocated central items	3.0	–	3.0	(14.8)	–	–
Total for Group	1,756.6	–	1,756.6	118.5	6.7	0.1

Unallocated central items reported in the year ended 31 March 2016 comprise: £6.3m of intangible asset amortisation relating to the acquisitions of The PBSJ Corporation (PBSJ), Confluence Project Management Pte. Ltd (Confluence), Nuclear Safety Associates, Inc. (NSA), Houston Offshore Engineering, LLC (HOE) and Terramar AS (Terramar); £3.3m of external fees in relation to the acquisition of the projects, products and technology (PP&T) segment of EnergySolutions; £3.2m of deferred payment arising on the acquisition of HOE; £1.5m pension curtailment gain and £6.5m gain on disposal of part of the Group's freehold property at Woodcote Grove.

Unallocated central items reported in the year ended 31 March 2015 comprise: £6.9m of intangible asset amortisation relating to the acquisitions of PBSJ, Confluence, NSA, HOE and Terramar; impairment of goodwill for the European aerospace business of £2.8m; £4.4m of external fees in relation to the pursuit of an unsuccessful acquisition; £1.5m of deferred payments arising on the acquisition of HOE; release of a £3.0m provision relating to the previously disposed of Asset Management business and £2.2m settlement of longstanding enquiries by the Department of Justice and the Securities and Exchange Commission.

A reconciliation of segmental operating profit to profit before tax is provided as follows:

	Group	
	2016 £m	2015 £m
Operating profit	143.4	118.5
Net (loss)/profit on disposal of businesses	(3.1)	0.4
Income from other investments	1.1	2.2
Share of post-tax profit from joint ventures	0.7	0.1
Profit before interest and tax	142.1	121.2
Finance income	4.0	4.8
Finance costs	(15.0)	(19.3)
Net finance costs	(11.0)	(14.5)
Profit before tax	131.1	106.7

Balance Sheet

	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation and impairment £m
2016						
UK and Europe	584.2	(264.7)	319.5	4.0	8.6	13.0
North America	449.8	(57.7)	392.1	–	4.8	4.3
Middle East	144.7	(87.1)	57.6	–	3.4	2.6
Asia Pacific	68.0	(47.2)	20.8	–	1.4	2.7
Energy	112.2	(26.0)	86.2	0.3	1.7	1.2
Total for segments	1,358.9	(482.7)	876.2	4.3	19.9	23.8
Group items:						
Unallocated central items	28.4	(615.3)	(586.9)	–	–	6.3
Total for Group	1,387.3	(1,098.0)	289.3	4.3	19.9	30.1

	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation and impairment £m
2015						
UK and Europe	521.8	(293.7)	228.1	3.7	30.0	15.2
North America	300.6	(77.2)	223.4	–	2.5	4.1
Middle East	152.0	(94.0)	58.0	–	2.0	1.4
Asia Pacific	61.6	(41.9)	19.7	–	0.7	0.7
Energy	141.1	(30.2)	110.9	0.1	45.3	1.0
Total for segments	1,177.1	(537.0)	640.1	3.8	80.5	22.4
Group items:						
Unallocated central items	24.3	(459.4)	(435.1)	–	–	9.7
Total for Group	1,201.4	(996.4)	205.0	3.8	80.5	32.1

Notes to the Financial Statements continued

For the year ended 31 March 2016

3 Segmental information continued

a) Group business segments continued

Revenue and results continued

Assets and liabilities are allocated based on the operations of the segments and the physical location or territory of the asset or liability.

Group cash balances, derivative financial instruments, financial assets at fair value through profit or loss, centrally managed joint ventures and corporate assets are not considered to be segment assets as they are managed centrally. Consequently they are shown within unallocated central items.

Similarly, post-employment benefit liabilities, bank loans and private placement debt, derivative financial instruments, central tax provisions and corporate liabilities are not considered to be segment liabilities as they are managed centrally. Consequently they are shown within unallocated central items.

Capital expenditure includes additions to goodwill, other intangible assets and property, plant and equipment.

b) Group geographical segments

External revenue is measured by location of operation. There was no material difference between geographic revenue by location of operation and by location of customer.

The Group considers the UK to be its country of domicile. Outside the UK, only the Group's business in the United States (US) contributes more than 10% of the Group's revenue or non-current assets.

	Revenue		Non-current assets	
	2016 £m	2015 £m	2016 £m	2015 £m
UK	960.9	921.7	100.7	98.8
US	398.6	373.4	237.5	231.4
Other	502.4	461.5	47.1	46.6
Total for Group	1,861.9	1,756.6	385.3	376.8

Non-current assets exclude deferred tax assets and derivative financial instruments.

c) Major customers

In the year ended 31 March 2016 revenue from the UK Government represents approximately £200.3m of the Group's total revenue and is included within the UK and Europe and Energy segments. In addition revenue of approximately £156.7m (2015: £191.0m) is derived from one single external customer and is attributable to the UK and Europe operating segment.

4 Joint ventures

Aggregate financial information for all individually immaterial joint ventures.

Income Statement – continuing operations

	Group	
	2016 £m	2015 £m
Share of post-tax profit from joint ventures	0.7	0.1

Balance Sheet

	2016 £m	2015 £m
Investments in joint ventures	4.3	3.8

The Group's joint ventures are detailed in note 41.

5 Operating profit – analysis of costs by nature

	Note	Group	
		2016 £m	2015 £m
Operating profit is arrived at after charging/(crediting):			
Amortisation and impairment of intangibles	16	11.9	13.0
Impairment of goodwill	15	–	2.8
Deferred acquisition payments	10	3.2	1.5
Depreciation of property, plant and equipment	17	18.2	16.3
Employee benefit costs	6	1,095.3	940.8
Impairment of trade receivables/(reversal of impairment)			
– increase in provisions	24	9.4	14.4
– release of provisions	24	(11.1)	(10.4)
Profit on sale of property, plant and equipment		(6.7)	–
Loss on sale of intangible assets		–	0.1
Net foreign exchange losses/(gains)		4.9	(1.1)
Payments under operating leases		60.8	56.3
Receipts under operating leases		(4.5)	(4.0)
Research and development expenditure credit (RDEC)		(5.4)	(5.0)

Company operating profit was arrived at after generating £nil of realised profit on disposal of investments (2015: £nil).

Services provided by the Group's auditor

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor:

	Group	
	2016 £m	2015 £m
Statutory audit of the Company and Group Financial Statements	0.3	0.3
The audit of the Financial Statements of Group companies pursuant to legislation:		
– UK	0.4	0.4
– Non-UK	0.6	0.6
Audit-related assurance services	0.1	0.1
Total audit services	1.4	1.4
Taxation compliance services	1.5	1.0
Taxation advisory services	1.4	–
Services connected with an unsuccessful acquisition pursuit (refer note 11)	–	1.1
Other	–	0.1
Total non-audit services	2.9	2.2
Total	4.3	3.6

Included in total other services for 2016 are £0.6m of costs in relation to the acquisition of PP&T (see note 40).

The fee for the statutory audit of the Company's annual Financial Statements was £0.1m (2015: £0.1m). £nil of other services were provided to the Company by the Group's auditor (2015: £0.4m).

Notes to the Financial Statements continued

For the year ended 31 March 2016

6 Employee benefit costs

	Monthly average		Year end	
	2016 Number	2015 Number	2016 Number	2015 Number
Number of full time equivalent people (including executive directors, but excluding agency staff) employed by the Group				
By segment:				
UK and Europe	9,116	9,064	9,014	9,286
North America	2,750	2,792	2,741	2,731
Middle East	2,412	2,039	2,349	2,168
Asia Pacific	1,291	1,381	1,214	1,352
Energy	1,759	1,550	1,761	1,723
Corporate	85	81	93	80
Total for Group	17,413	16,907	17,172	17,340

Aggregate employee benefit costs of those people amounted to:

	Note	Group	
		2016 £m	2015 £m
Wages and salaries, including restructuring costs		965.7	819.4
Social security costs		69.5	64.2
Pension curtailment gain		(1.5)	–
Defined benefit current service cost	30	2.6	2.2
Charge for defined contribution schemes	30	43.3	39.8
Other post-employment benefit costs	30	4.2	3.9
Share-based payments	33	11.5	11.3
		1,095.3	940.8

Wages and salaries include £7.5m of restructuring costs (2015: £3.5m) relating to continuing operations.

Details of remuneration (including retirement benefits) and interests for directors are included in the Remuneration report, which forms part of these Financial Statements. Details of remuneration for key management are included in note 39.

7 Net finance costs

	Note	Group	
		2016 £m	2015 £m
Interest payable on borrowings		3.2	3.3
Unwinding of discount on vacant property	29	0.1	0.1
Unwind of discount on contingent and deferred consideration	20	0.4	0.1
Net finance costs on net post-employment benefit liabilities	30	10.6	14.3
Other finance costs		0.7	1.5
Finance costs		15.0	19.3
Interest receivable on short term deposits		(0.8)	(1.1)
Interest income on financial assets at fair value through profit or loss		(0.3)	(0.6)
Unwinding of discount		(0.3)	–
Interest receivable on loan notes		(2.4)	(2.5)
Other finance income		(0.2)	(0.6)
Finance income		(4.0)	(4.8)
Net finance costs		11.0	14.5

Company net finance costs were £1.1m (2015: £1.3m).

8 Income tax expense

a) Analysis of charge in the year

	Note	Group	
		2016 £m	2015 £m
Current income tax			
– current tax on profits for the year		33.2	28.1
– adjustment in respect of prior years		(6.3)	(0.3)
Deferred income tax	19		
– origination and reversal of temporary differences		(1.1)	(6.5)
– effect of changes in tax rates		1.9	(0.3)
Income tax charged to Consolidated Income Statement		27.7	21.0
Adjust for:			
– taxation on net profit on disposal of businesses		–	(0.1)
– taxation on exceptional items		–	0.5
– taxation on amortisation of acquired intangibles		2.4	2.5
– taxation on deferred acquisition payments		1.2	0.6
Underlying income tax expense		31.3	24.5
Profit before tax per Consolidated Income Statement		131.1	106.7
Adjust for:			
– net loss/(profit) on disposal of businesses		3.1	(0.4)
– exceptional items		(4.7)	4.4
– impairment of goodwill		–	2.8
– amortisation and impairment of acquired intangibles		6.3	6.9
– deferred acquisition payments		3.2	1.5
Underlying profit before income tax		139.0	121.9
Effective income tax rate		21.1%	19.7%
Underlying effective income tax rate		22.5%	20.1%

Notes to the Financial Statements continued

For the year ended 31 March 2016

8 Income tax expense continued

b) Factors affecting income tax rate

The income tax rate for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	Group	
	2016 %	2015 %
UK statutory income tax rate	20.0	21.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.8	0.8
Adjustment in respect of overseas tax rates	3.2	2.6
Effect of share-based payments	0.2	0.7
Research and development tax credits	(3.5)	(1.1)
Losses not previously recognised for tax	(1.3)	(4.2)
Effect of change in tax rates	1.4	(0.3)
Other	0.3	0.2
Effective income tax rate	21.1	19.7

The underlying income tax rate for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	Group	
	2016 %	2015 %
UK statutory income tax rate	20.0	21.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.9	0.3
Adjustment in respect of overseas tax rates	4.3	3.0
Effect of share-based payments	0.1	0.6
Research and development tax credits	(3.3)	(1.0)
Losses not previously recognised for tax	(1.2)	(3.7)
Effect of change in tax rates	1.4	(0.2)
Other	0.3	0.1
Underlying effective income tax rate	22.5	20.1

The rate of corporation tax in the UK as at 31 March 2016 was 20%. Legislation to reduce the rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020 was substantively enacted on 26 October 2015. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 (rather than the 18% previously announced) was announced in the March 2016 Budget, however as this was not substantively enacted at the balance sheet date, the impact is not reflected in the figures above.

c) Income tax on components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group		
	Post-employment benefit liability £m	Cash flow hedges £m	Total £m
2016			
At 1 April	54.4	–	54.4
Deferred income tax	(10.5)	–	(10.5)
Current income tax	4.8	0.3	5.1
At 31 March	48.7	0.3	49.0

	Group		
	Post-employment benefit liability £m	Cash flow hedges £m	Total £m
2015			
At 1 April	55.9	0.9	56.8
Deferred income tax	(5.5)	–	(5.5)
Current income tax	4.0	(0.9)	3.1
At 31 March	54.4	–	54.4

Notes to the Financial Statements continued

For the year ended 31 March 2016

9 Net (loss)/profit on disposal of businesses

Group	2016 £m	2015 £m
(Loss)/profit on disposal of businesses		
WS Atkins – (Portugal) CEPI Limitada	(3.1)	–
WS Atkins – Polska Sp. z o.o.	–	(0.1)
UK highways services	–	0.5
Net (loss)/profit on disposal	(3.1)	0.4

WS Atkins – (Portugal) CEPI Limitada

In July 2015, the Group announced the completion of its disposal of WS Atkins (Portugal) CEPI Limitada to an international investment fund. All staff and assets transferred on 24 June 2015.

While the assets and liabilities of the Portuguese business represent a disposal group, the business has not been reported as a discontinued operation at 31 March 2016 as it did not represent a major line of business.

The Portuguese business was reported within the UK and Europe operating segment (note 3) prior to its disposal.

The loss on disposal at 24 June 2015 was as follows:

	2016 £m
Net consideration received or receivable at date of disposal	
Initial cash consideration	–
Disposal consideration	–
Assets and liabilities at date of disposal	
Deferred income tax assets	0.1
Cash and cash equivalents	2.4
Trade and other receivables	0.5
Trade and other payables	(0.3)
Net assets	2.7
Loss on disposal before costs	(2.7)
Disposal costs incurred	(0.4)
Loss on disposal	(3.1)

WS Atkins – Polska Sp. z o.o.

On 11 September 2014 the disposal of the Group's Polish business, WS Atkins - Polska Sp. z o.o., to Multiconsult AS was completed. The business was sold for a net cash consideration of €3.5m (£2.8m).

While the assets and liabilities of the Polish business represent a disposal group, the business has not been reported as a discontinued operation at 31 March 2015 as it did not represent a major line of business.

The Polish business was reported within the UK and Europe operating segment (note 3) prior to its disposal.

UK highways services

On 27 February 2013 contracts were exchanged to dispose of the Group's UK highways services business, which formed part of the UK highways and transportation business, to Skanska Construction UK Limited (Skanska), a wholly owned subsidiary of Skanska AB. The business was sold for a cash consideration of £16.0m (subject to certain completion adjustments), together with a deferred conditional amount of £2.0m.

While the profit on disposal of this business was included in the Consolidated Income Statement for the year ended 31 March 2014, during the year ended 31 March 2015, a portion of the available deferred consideration was received, totalling £0.5m. This resulted in a £0.5m profit on disposal being recognised in the year ended 31 March 2015.

10 Business combinations

Terramar AS (Terramar)

On 17 November 2014 the Company acquired the entire share capital of Terramar, one of Norway's leading project management consultancies, for a cash consideration of NOK135.1m (£12.8m). Terramar has been involved in the planning and implementation of some of Norway's most high profile projects. The company has 65 employees providing project management services across infrastructure, health, urban development and communications.

Terramar has unique project management skills and a well-established client base in both the public and private sector in Norway.

The acquisition raised our skills in project management and our presence in Norway, bringing the capacity, skills and knowledge to enable us to bid for major projects.

At 31 March 2015, the fair value of acquired assets, liabilities and goodwill for this business combination were determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date. The position has now been finalised and has not changed from the position reported at 31 March 2015.

Houston Offshore Engineering, LLC (HOE)

On 1 October 2014 the Group acquired the entire share capital of HOE, a leading oil and gas offshore engineering business based in Houston, Texas, USA. HOE employs a team of 150 specialists with vast experience in the design of offshore deep water floating production platforms. The company also brings to the Group a well-established project and client base in the international oil and gas market. HOE's key disciplines include platform structures and systems, naval architecture and marine engineering, power, electrical and instrumentation engineering, piping and topsides engineering. The company works through all stages of the project design and construction lifecycle, from concept through front end engineering design and detailed engineering, project delivery, procurement and construction support, transport and installation.

At 31 March 2015, the fair value of acquired assets, liabilities and goodwill for this business combination were determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date. The position has now been finalised and has not changed from the position reported at 31 March 2015.

In addition to the initial consideration paid, US\$14.6m (£9.0m) cash was paid into escrow and will be paid out to the vendors if they remain employed by the Group for the three years following the acquisition. This amount is being amortised over the retention period as a post-acquisition employment expense. During the year ended 31 March 2016, £3.2m (31 March 2015: £1.5m) was charged to administrative expenses in the Consolidated Income Statement.

Nuclear Safety Associates, Inc (NSA)

On 4 September 2014 the Group acquired the entire share capital of Nuclear Safety Associates, Inc (NSA), a 130 people engineering and technical services firm, for a debt-free cash consideration of US\$14.0m (approximately £8.5m) with a further US\$1m (approximately £0.6m) deferred for two years.

In addition, contingent consideration is payable in cash to the former owners of NSA based on revenue and operating profit targets for the first three years from acquisition, followed by operating margin growth levels for the next two years. The Group prepares detailed forecasts on the acquisition of a business and updates these on a quarterly basis as part of its normal operating processes. These forecasts use management's evaluation of the revenue, costs and expected margins, based on past experience. Refer to note 20 for further detail.

NSA brings expertise in nuclear safety, design engineering and professional security services and has a well-established project and client base in the US nuclear market.

The acquisition enhances the Group's presence in North America, the world's largest nuclear market, and its safety and security skills will strengthen the Group's international nuclear offering.

At 30 September 2014 and 31 March 2015, the fair value of acquired assets, liabilities and goodwill for this business combination were determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date. The position has now been finalised and has not changed from the position reported at 31 March 2015.

Notes to the Financial Statements continued

For the year ended 31 March 2016

11 Exceptional items

Exceptional items are disclosed separately on the face of the Consolidated Income Statement and in the notes to the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

An analysis of the amounts presented as exceptional items in these Financial Statements is given below:

	Group	
	2016 £m	2015 £m
Profit on disposal of property	6.5	–
External fees in relation to acquisition of PP&T	(3.3)	–
Curtailed gain relating to one-off pension events	1.5	–
External fees in relation to unsuccessful acquisition pursuit	–	(4.4)
	4.7	(4.4)

The exceptional items above are included within administrative expenses in the Group's Consolidated Income Statement.

The sale of part of the Group's Woodcote Grove property in Epsom completed on 30 September 2015 and resulted in a pre and post-tax profit on disposal of £6.5m being recognised at 31 March 2016. There was no tax on the profit on disposal as the taxable gain will be reduced to nil by indexation allowance.

In November 2015, the Group signed an agreement to acquire PP&T, an international nuclear engineering services business headquartered in North America. The transaction completed on 11 April 2016. Consistent with the Group's treatment of such costs on similar scale acquisitions in prior periods, the external fees to 31 March 2016 of £3.3m in relation to the acquisition have been classified as an exceptional item. Further details of the transaction are set out in note 40.

For details of the pension curtailment gain, refer to note 30.

12 Dividends

	Company and Group			
	2016 pence	2015 pence	2016 £m	2015 £m
Final dividend paid for the year ended 31 March 2015 (2014)	25.50	23.25	24.8	22.7
Interim dividend paid for the year ended 31 March 2016 (2015)	11.70	11.00	11.4	10.7
Dividends recognised in the year	37.20	34.25	36.2	33.4
Interim dividend paid for the year ended 31 March 2016 (2015)	11.70	11.00	11.4	10.7
Final dividend proposed for the year ended 31 March 2016 (2015)	27.80	25.50	27.0	24.8
Dividends relating to the year	39.50	36.50	38.4	35.5

The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these Financial Statements.

As at 31 March 2016 one Employee Benefit Trust (EBT) had an agreement in place to waive dividends in excess of 0.01 pence per share on 213,461 ordinary shares (2015: 213,461). A separate Employee Benefit Trust also had an agreement in place as at 31 March 2016 to waive future dividends in their entirety on 2,606,304 ordinary shares (2015: 2,730,695). These arrangements reduced the dividends paid in year by £1.0m (2015: £0.8m).

As at 31 March 2016, 4,341,000 ordinary shares (2015: 4,341,000) were held by the Group as treasury shares on which no dividends are paid. These shares reduced the dividends paid in year by £1.6m (2015: £1.5m).

13 Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year, excluding shares held by the EBTs which have not unconditionally vested to the employees and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options and awards outstanding during the year. The options and awards relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Group	
	2016 Number (000)	2015 Number (000)
Number of shares		
Weighted average number of shares used in basic and underlying basic EPS	97,366	97,573
Effect of dilutive securities – share options	2,796	2,785
Weighted average number of shares used in diluted and underlying diluted EPS	100,162	100,358

	Note	£m	£m
Earnings			
Profit for the year attributable to owners of the parent		103.2	85.7
Exceptional items (net of tax)	11	(4.7)	3.9
Goodwill impairment (net of tax)		–	2.8
Amortisation of acquired intangibles (net of tax)		3.9	4.4
Deferred acquisition payments (net of tax)		2.0	0.9
Net loss/(profit) on disposal of businesses (net of tax)	9	3.1	(0.3)
Underlying earnings		107.5	97.4
		pence	pence
Basic earnings per share		106.0	87.8
Diluted earnings per share		103.0	85.4
Underlying basic earnings per share		110.4	99.8
Underlying diluted earnings per share		107.3	97.1

14 Parent Company Income Statement and Statement of Comprehensive Income

The Company has not presented its own Income Statement or Statement of Comprehensive Income as permitted by Section 408 of the Companies Act 2006. The profit and total comprehensive income for the year attributable to the owners of the parent was £54.9m (2015: £34.7m), which included £56.2m (2015: £40.9m) of dividend income from subsidiary companies.

The Company's individual Income Statement and Statement of Comprehensive Income were approved by the Board on 15 June 2016.

Notes to the Financial Statements continued

For the year ended 31 March 2016

15 Goodwill

	Note	Group	
		2016 £m	2015 £m
Cost at 1 April		255.9	212.1
Additions	10	–	30.5
Difference on exchange		9.4	13.3
Cost at 31 March		265.3	255.9
Aggregate impairment at 1 April		11.5	8.1
Impairment charge for the year		–	2.8
Difference on exchange		0.6	0.6
Aggregate impairment at 31 March		12.1	11.5
Net book value at 31 March		253.2	244.4

Impairment test for goodwill

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to the Group's CGU, or group of CGUs, that management has identified in order to carry out impairment tests.

The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	Group	
	2016 £m	2015 £m
UK and Europe	49.7	49.2
North America	151.5	144.7
Asia Pacific	5.9	5.6
Energy	46.1	44.9
Total	253.2	244.4

The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated to their recoverable amount. The recoverable amount is based on the higher of fair value less costs to sell and value in use. An impairment loss is recognised immediately when the carrying value of those assets exceeds their recoverable amount.

Cash generating units

Following the reorganisation and rationalisation of our UK operations into four market facing divisions, which took effect on 1 April 2015, the CGUs for the purpose of testing goodwill allocated to the UK and Europe operating segment have changed. Following IAS 36 requirements, this reorganisation required a reallocation of goodwill previously allocated to the CGUs of the former reporting structure. There was no change to the goodwill allocation at the operating segment level.

Recoverable amount

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of a CGU or group of CGUs in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from the CGU or group of CGUs.

Fair value is assessed from an external perspective and value in use from a Group internal perspective. Both are determined using a business valuation model, taking into account planned future cash flows. If available, third-party valuations are taken as a basis for determining fair value.

Value in use calculations

Methodology

The internal value in use calculations use cash flow projections based on the following financial year's budget approved by the Board, which is based on past performance and management's expectations of market developments. The key assumptions in the budget relate to revenue and profit margins. Budgeted revenue is based on management's knowledge of actual results from prior years, along with the existing committed and contracted workload, as well as management's future expectations of the level of work available within the market. Profit margins are based on current margins being achieved in conjunction with economic conditions in the market or country of operation or the Group's formal five year plan.

The cash flow projections from that budget are extrapolated for the next four years using an estimated growth rate and projected margin for all CGUs, or groups of CGUs, except for the North America operating segment and the oil and gas business of the Energy operating segment. The Group's formal five year plan is used for these parts of the business as it provides a better indication of their future performance. The growth rates used to extrapolate the budgets are between 1.9% to 3.0% and are based on the economic environment for the country or region in which the CGU operates. As required by IAS 36, cash flows beyond the five year period are extrapolated based on the long term average growth rate for the primary country or region in which the CGU operates of between 1.8% and 3.2%. The growth rates are derived from the International Monetary Fund's World Economic Outlook published gross domestic product (GDP) growth rates. Projected margins reflect the historical and budgeted performance of the CGU or the Group's formal five year plan margin expectations. The projections do not include the impact of future restructuring projects to which the Group is not yet committed.

The cash flows have been discounted using the CGU's specific pre-tax discount rates of between 8.9% and 13.1%. The discount rates have been calculated using the capital asset pricing model to determine the cost of equity and are adjusted for risks specific to the CGU. The discount rates are revised annually using updated market information.

Assumptions

The growth rate and discount rate assumptions used for the internal value in use calculations are as follows:

	Group	
	2016	2015
Five year growth rate	1.9% – 3.0%	1.9% – 3.8%
Post five year growth rate	1.8% – 3.2%	1.8% – 3.8%
Pre-tax discount rate	8.9% – 13.1%	8.9% – 16.0%

Prior period impairment loss

Following the downturn in the European aerospace market, the carrying amount of goodwill arising on the acquisition in 2007 of the Dutch consultancy Nedtech Engineering BV was reviewed during the prior year ended 31 March 2015 and, as a consequence, reduced to its recoverable amount through the recognition of an impairment loss of £2.8m. This loss was included in administrative expenses in the Consolidated Income Statement for the period ended 31 March 2015.

Following the reorganisation and rationalisation of our UK operations, there was a reallocation of goodwill previously allocated to the CGUs of the former reporting structure, including the goodwill arising on the acquisition of Nedtech Engineering BV. Following these changes, sensitivity analysis has indicated that there is no longer a significant risk of the carrying amount of the CGU, to which this goodwill has been allocated, exceeding its recoverable amount.

Notes to the Financial Statements continued

For the year ended 31 March 2016

15 Goodwill continued

Sensitivity analysis

North America group of CGUs

Goodwill of £151.5m (2015: £144.7m) allocated to the North America operating segment includes £143.5m of goodwill arising on the acquisition of PBSJ. This goodwill has been allocated to the North America group of CGUs and is considered significant in comparison with the Group's total carrying amount of goodwill. The recoverable amount of this group of CGUs has been determined using an internal value in use calculation, key inputs to which are the Group's 2016/17 budget and the formal five year plan for the North America segment, which covers the period to 2020. The other assumptions used for this value in use calculation are the long term growth rate and the discount rate as follows:

	2016	2015
Post five year growth rate	2.0%	2.0%
Pre-tax discount rate	12.2%	14.0%

Given the materiality of goodwill allocated to the North America group of CGUs, sensitivity analysis has been performed on the key assumptions used in the value in use calculations. The recoverable amount of the North America group of CGUs calculated based on value in use exceeds its carrying value by £161.6m. The two assumptions to which these value in use calculations are most sensitive are the projected profit margin as extracted from the five year plan and the discount rate applied. Specific sensitivity analysis with regard to these assumptions shows that, with respect to the profit margin it would need to fall by 350 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 12.2% to 18.4%.

Oil and gas group of CGUs

Market conditions in the oil and gas sector and the performance of our oil and gas business, as reported in the Energy Segmental performance, led to a closer review of the carrying value of goodwill in the oil and gas CGU. We have included additional information for the oil and gas CGU. The recoverable amount of the oil and gas CGU exceeds the carrying amount of the group of CGUs at 31 March 2016 by £22.3m (2015: £74.1m). The recoverable amount of this group of CGUs has been determined using an internal value in use calculation, key inputs to which are the Group's 2016/17 budget and the formal five year plan for the oil and gas business, which covers the period to 2020. The other assumptions used for this value in use calculation are the long term growth rate and the discount rate as follows:

	2016	2015
Post five year growth rate	1.8%	1.9%
Pre-tax discount rate	10.7%	10.5%

Sensitivity analysis has been performed on the key assumptions used in the value in use calculations. The two assumptions to which these value in use calculations are most sensitive are projected profit margin and the discount rate. Specific sensitivity analysis with regard to these assumptions shows that, with respect to the profit margin it would need to fall by 190 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 10.7% to 13.3%.

For the CGUs other than those disclosed above, management has considered the level of headroom resulting from the impairment tests. Where appropriate, further sensitivity analysis has been performed by changing the base case assumptions applicable to each CGU. The analysis has indicated that no reasonably possible change in any individual key assumption would cause the carrying amount of any CGU to exceed its recoverable amount. As at 31 March 2016 and 2015, based on these valuations, the recoverable value of the remaining goodwill required no impairment.

16 Other intangible assets

	Note	Group				Total £m
		Acquired customer relationships £m	Corporate information systems £m	Trade names and trademarks £m	Software licences £m	
Cost at 1 April 2014		40.8	0.2	1.2	26.4	68.6
Additions		–	–	1.0	4.4	5.4
Acquisition of subsidiary undertakings	10	16.3	–	6.4	0.1	22.8
Disposals		–	–	–	(2.0)	(2.0)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		5.1	–	0.6	0.5	6.2
Cost at 31 March 2015		62.2	0.2	9.2	29.3	100.9
Additions		–	–	–	3.0	3.0
Disposals		–	–	–	(4.7)	(4.7)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		2.7	–	(0.3)	0.4	2.8
Cost at 31 March 2016		64.9	0.2	8.9	27.9	101.9
Accumulated amortisation and impairment at 1 April 2014		15.1	0.2	1.2	16.7	33.2
Amortisation charge for the year	5	6.2	–	0.8	6.0	13.0
Disposals		–	–	–	(1.9)	(1.9)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		1.9	–	0.1	0.4	2.4
Accumulated amortisation and impairment at 31 March 2015		23.2	0.2	2.1	21.1	46.6
Amortisation charge for the year ¹	5	4.8	–	1.7	5.4	11.9
Disposals		–	–	–	(4.5)	(4.5)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		0.7	–	0.1	0.4	1.2
Accumulated amortisation and impairment at 31 March 2016		28.7	0.2	3.9	22.3	55.1
Net book value at 31 March 2016		36.2	–	5.0	5.6	46.8
Net book value at 31 March 2015		39.0	–	7.1	8.2	54.3

¹ Included in the amortisation of trade names and trademarks for 31 March 2016 is £1.5m in respect of acquired intangibles.

Included within acquired customer relationships are costs of £4.9m (2015: £4.9m) in respect of backlog orders, arising from the acquisition of PBSJ on 1 October 2010. At 31 March 2016, the net book value of these backlog orders is £nil (2015: £nil) and they are fully amortised.

The remaining amortisation life of the other assets included within acquired customer relationships is 13.5 years.

Included within acquired customer relationships are costs of £1.2m (2015: £1.2m) in respect of backlog orders, arising from the acquisition of NSA on 4 September 2014. At 31 March 2016, the net book value of these backlog orders is £nil (2015: £0.2m) and they are fully amortised.

Included within acquired customer relationships are costs of £4.1m (2015: £4.1m) in respect of backlog orders, arising from the acquisition of HOE on 1 October 2014. At 31 March 2016, the net book value of these backlog orders is £nil (2015: £1.5m) and they are fully amortised.

The amortisation charge for the year of £11.9m (2015: £13.0m) is included in administrative expenses in the Consolidated Income Statement.

Notes to the Financial Statements continued

For the year ended 31 March 2016

17 Property, plant and equipment

	Note	Group			Total £m
		Freehold land and buildings £m	Short term leasehold property £m	Plant, machinery and vehicles £m	
Cost at 1 April 2014		20.4	29.6	70.8	120.8
Additions		0.1	4.0	15.8	19.9
Acquisition of subsidiary undertakings	10	–	0.8	1.1	1.9
Disposals		–	(1.4)	(7.1)	(8.5)
Divestment of subsidiary undertakings		–	–	(0.3)	(0.3)
Difference on exchange		1.0	1.3	3.1	5.4
Cost at 31 March 2015		21.5	34.3	83.4	139.2
Additions		–	4.0	12.9	16.9
Disposals		(7.8)	(3.1)	(17.1)	(28.0)
Divestment of subsidiary undertakings		–	–	(0.4)	(0.4)
Difference on exchange		0.6	0.8	2.2	3.6
Cost at 31 March 2016		14.3	36.0	81.0	131.3
Accumulated depreciation at 1 April 2014		8.5	21.3	44.3	74.1
Depreciation charge for the year	5	0.5	3.3	12.5	16.3
Disposals		–	(1.3)	(7.1)	(8.4)
Divestment of subsidiary undertakings		–	–	(0.2)	(0.2)
Difference on exchange		0.1	0.9	2.8	3.8
Accumulated depreciation at 31 March 2015		9.1	24.2	52.3	85.6
Depreciation charge for the year	5	0.4	3.5	14.3	18.2
Disposals		(6.3)	(3.1)	(17.0)	(26.4)
Divestment of subsidiary undertakings		–	–	(0.4)	(0.4)
Difference on exchange		0.2	0.4	1.8	2.4
Accumulated depreciation at 31 March 2016		3.4	25.0	51.0	79.4
Net book value at 31 March 2016		10.9	11.0	30.0	51.9
Net book value at 31 March 2015		12.4	10.1	31.1	53.6

The depreciation charge for the year of £18.2m (2015: £16.3m) is included in administrative expenses in the Consolidated Income Statement.

An independent valuation of the Group's freehold land and buildings was performed by valuers to determine their fair value at 31 March 2016. The market value of freehold land and buildings is estimated at £12.5m (2015: £20.1m).

Included in plant, machinery and vehicles above are equipment and vehicles held under finance leases and hire purchase contracts as follows:

	2016 £m	2015 £m
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.2)
Net book value	0.1	–

18 Investments in subsidiaries

	Company Total £m
Cost at 1 April 2014	201.8
Additions	8.6
Cost at 31 March 2015	210.4
Additions	9.4
Disposals	(0.4)
Cost at 31 March 2016	219.4
Impairment at 1 April 2014	0.8
Impairment charge for the year	2.9
Impairment at 31 March 2015	3.7
Disposals	(0.4)
Impairment at 31 March 2016	3.3
Net book value at 31 March 2016	216.1
Net book value at 31 March 2015	206.7

The Group's subsidiaries are disclosed in note 41.

19 Deferred income tax

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to settle tax assets and liabilities on a net basis. The offset amounts are as follows:

	Group	
	2016 £m	2015 £m
Deferred tax assets:		
– deferred tax assets to be recovered after more than 12 months	62.7	75.7
– deferred tax assets to be recovered within 12 months	3.8	1.1
	66.5	76.8
Deferred tax liabilities:		
– deferred tax liabilities to be settled after more than 12 months	(6.9)	(7.0)
– deferred tax liabilities to be settled within 12 months	(4.8)	(3.1)
	(11.7)	(10.1)
Deferred tax assets (net)	54.8	66.7

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements continued

For the year ended 31 March 2016

19 Deferred income tax continued

a) Net deferred tax assets/(liabilities)

	Group	
	2016 £m	2015 £m
Accelerated depreciation	6.4	7.8
Share-based payments	3.6	4.2
Goodwill	(2.6)	(3.6)
Deferred tax asset on post-employment benefit liabilities	49.3	60.6
Deferred income	(14.2)	(12.2)
Amortisation of acquired intangibles	(8.6)	(10.1)
Employee benefits	11.3	9.8
Other temporary differences	9.6	10.2
Total deferred income tax	54.8	66.7

b) Analysis of movements during the year

	Note	Group	
		2016 £m	2015 £m
Deferred tax assets at 1 April		66.7	67.2
Deferred tax (charged)/credited to the Consolidated Income Statement	8	(0.8)	6.8
Deferred tax on disposals		–	(0.7)
Deferred tax on acquisitions	10	–	(0.6)
Deferred tax charged to equity		(11.0)	(6.1)
Foreign exchange difference on deferred tax		(0.1)	0.1
Deferred tax assets at 31 March		54.8	66.7

The Finance Act 2015 enacted a reduction to the rate of UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. As Finance Act 2015 had been enacted as at the balance sheet date, the impact of these reductions have been reflected in the movements in deferred tax as at 31 March 2016. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 (rather than the 18% previously announced) was announced in the March 2016 Budget but not substantively enacted at the balance sheet date.

20 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

These policies are further described within the 'Treasury policies and objectives' section (note 2).

Where individual sensitivities are disclosed below, all other variables are held constant.

a) Market risk

Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The following foreign exchange risk and interest rate risk analyses, required by IFRS 7, *Financial Instruments: Disclosures*, are intended to illustrate the sensitivity to changes in market variables, being primarily the US dollar to sterling and euro to sterling exchange rates and UK interest rates.

The following assumptions were made in calculating the sensitivity analyses:

- changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the Consolidated Income Statement
- changes in the carrying value of other financial instruments not in hedging relationships only affect the Consolidated Income Statement.

i) Foreign exchange risk

The Group operates in a number of international territories. Each business undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from a proportion of commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's investments in foreign operations.

Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign exchange risk from future commercial transactions using appropriate derivative contracts arranged via Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover amended as appropriate.

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts, loans and intercompany funding balances. These are generally unhedged, with the exception of balances that are themselves designated as hedging instruments used to hedge the Group's investments in foreign operations.

The Group's primary exposure to foreign exchange risk on unhedged financial instruments arises mainly in respect of movements between the US dollar (including dollar pegged currencies) and sterling and between the euro and sterling.

At 31 March 2016, if sterling had strengthened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been higher by approximately £0.4m (2015: £0.4m) and equity would have been £0.4m higher (2015: £0.4m). If sterling had weakened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been lower by approximately £0.5m (2015: £0.5m) and equity would have been £0.5m lower (2015: £0.5m).

At 31 March 2016, if sterling had strengthened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been lower by approximately £0.6m (2015: £0.4m) and equity would have been £0.6m lower (2015: £0.4m). If sterling had weakened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been higher by approximately £0.8m (2015: £0.5m) and equity would have been £0.8m higher (2015: £0.5m).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A proportion of the currency exposure arising from the net assets of the Group's foreign operations is managed through borrowings denominated in the relevant foreign currencies.

Notes to the Financial Statements continued

For the year ended 31 March 2016

20 Financial risk management continued

Financial risk factors continued

a) Market risk continued

ii) Interest rate risk

The Group's exposure to interest rate risk arises from cash and cash equivalents and financial assets at fair value through profit or loss which are all interest bearing, offset in part by interest bearing bank loans. The majority of these items are at floating rates of interest or fixed deposits for periods of less than six months; changes in the interest rate results in changes in interest-related cash flows. No interest hedging is currently undertaken by the Group or its subsidiaries. If interest rates for the year to 31 March 2016 had been 10 basis points higher/lower, post-tax profit for the year would have been approximately £0.2m (2015: £0.2m) higher/lower.

iii) Price risk

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Group.

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the Consolidated Balance Sheet as financial assets at fair value through profit or loss. To manage this risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

Management monitors exposures to price risk on an ongoing basis.

The Group is not materially exposed to commodity price risk. Certain longer term project and framework contracts include indexation clauses that are applied to unit rates to offset the effect of inflation on input costs over the duration of the agreement. The Group is exposed to price risk to the extent that inflation differs from the index used and forecast project outcomes that form the basis of revenue recognition include an estimate of this risk where it is present.

b) Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, with the maximum exposure to the risk equivalent to 100% of the carrying value disclosed in the Group's Balance Sheet at 31 March. The Group does not hold any collateral as security. The Group's policy is that cash and investments should not be concentrated with any one counterparty.

For trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention remains focused on the recovery of debtors. There is no recent history of default.

c) Liquidity risk

The Group funds its activities through cash generated from its operations and, where necessary, borrowings and finance leases. The Group's borrowing facilities include bank facilities and private placement debt. Cash flow forecasting is performed in the operating entities of the Group and aggregated by a central finance department (Group Finance). Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 27) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

Any surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the forecasts mentioned above.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group 2016				Total £m
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	
Finance leases	–	0.1	–	–	0.1
Bank loans ¹	10.0	3.1	225.3	–	238.4
Private placement debt ¹	2.5	2.5	56.0	–	61.0
Trade payables	75.1	–	–	–	75.1

	2015				Total £m
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	
Finance leases	0.1	–	–	–	0.1
Bank loans ¹	61.1	–	–	–	61.1
Private placement debt ¹	2.5	2.5	5.3	50.2	60.5
Trade payables	66.3	–	–	–	66.3

Notes to the Financial Statements continued

For the year ended 31 March 2016

20 Financial risk management continued

Financial risk factors continued

c) Liquidity risk continued

	Company 2016					Total £m
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m		
Bank loans ¹	10.0	3.1	225.3	–		238.4
Private placement debt ¹	2.5	2.5	56.0	–		61.0
Intercompany payables	51.9	–	–	–		51.9

	2015					Total £m
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m		
Bank loans ¹	61.1	–	–	–		61.1
Private placement debt ¹	2.5	2.5	5.3	50.2		60.5
Intercompany payables	65.9	–	–	–		65.9

¹ The contractual cash flows in each year include the borrowings maturing in that year together with forecast contractual interest payments on those borrowings. Interest is estimated using the prevailing rate at the Balance Sheet date. Cash flows in foreign currencies are translated at the spot rates at the Balance Sheet date.

d) Concentrations of financial instruments

The carrying amounts of the Group's financial assets and liabilities, excluding derivative financial instruments, were denominated in the following currencies:

	2016		2015	
	Financial assets £m	Financial liabilities £m	Financial assets £m	Financial liabilities £m
Sterling	269.5	322.6	302.9	157.5
US dollar	333.3	18.8	127.3	7.3
UAE dirham	38.6	8.1	39.5	6.5
Qatari riyal	27.1	2.9	28.3	2.3
HK dollar	16.2	–	19.6	0.2
Euro	15.7	1.1	14.5	1.3
China RMB	10.9	0.2	19.4	0.4
Danish krone	8.3	0.7	6.5	0.2
Saudi Arabian riyal	8.4	0.4	12.6	0.6
Singapore dollar	6.0	0.4	2.8	–
Australian dollar	4.3	0.1	6.0	0.9
Swedish krona	3.7	0.4	2.7	0.4
Trinidad & Tobago dollar	3.4	–	1.4	–
Malaysian ringgit	1.4	–	0.1	–
Other	18.8	–	17.2	–
Total	765.6	355.7	600.8	177.6

As at 31 March 2016, the carrying value of the financial assets of the Company are denominated in US dollars (£281.6m) and sterling (£59.0m). The carrying value of the financial liabilities of the Company are denominated in US dollars (£280.5m) and sterling (£51.9m).

At 31 March 2015, the carrying value of the financial assets of the Company were denominated in US dollars (£115.1m) and sterling (£54.3m). The carrying value of the financial liabilities of the Company were denominated in US dollars (£111.2m) and sterling (£68.5m).

Financial assets consist of loan notes; trade receivables (net); intercompany receivables (nil in Consolidated Financial Statements); amounts due from joint ventures; financial assets at fair values through profit or loss; cash and cash equivalents.

Financial liabilities consist of trade payables; intercompany payables (nil in Consolidated Financial Statements); and borrowings.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders and through its borrowing facilities.

The Group monitors capital on the basis of the ratio of its net debt plus net defined benefit pension deficit net of total deferred tax to underlying earnings before interest, taxes, depreciation, amortisation and impairment (EBITDA). This policy is unchanged from the prior year.

The ratios of net debt plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA as at 31 March 2016 and 2015 were as follows:

	Note	Group	
		2016 £m	2015 £m
Total borrowings	27	280.6	111.3
Less: cash and cash equivalents	26	(419.3)	(235.4)
Net cash and cash equivalents		(138.7)	(124.1)
Net defined benefit pension deficit	30	265.3	298.4
Net deferred tax asset	19	(54.8)	(66.7)
Net debt plus net defined pension deficit net of total deferred tax		71.8	107.6
Profit before interest and tax		142.1	121.2
Add: depreciation	5	18.2	16.3
Add: amortisation and impairment	5	11.9	15.8
EBITDA		172.2	153.3
Add: net loss/(profit) on disposal of businesses		3.1	(0.4)
Less: exceptional items	11	(4.7)	4.4
Add: deferred acquisition payments	10	3.2	1.5
Underlying EBITDA		173.8	158.8
Ratios of net debt plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA		0.4	0.7

Total capital, as shown below, is calculated as 'equity' as shown in the Consolidated Balance Sheet less net funds. Net funds is calculated as total borrowings less cash and cash equivalents:

	Note	Group	
		2016 £m	2015 £m
Total borrowings	27	280.6	111.3
Less: cash and cash equivalents	26	(419.3)	(235.4)
Net funds		(138.7)	(124.1)
Total equity		289.3	205.0
Total capital		150.6	80.9

Notes to the Financial Statements continued

For the year ended 31 March 2016

20 Financial risk management continued

Financial risk factors continued

d) Concentrations of financial instruments continued

Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2016 and 2015.

	2016				2015			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Derivatives used for hedging								
– Foreign exchange contracts	–	3.3	–	3.3	–	2.5	–	2.5
Financial assets at fair value through profit or loss								
Marketable securities								
– Fixed interest securities	24.2	–	–	24.2	20.9	–	–	20.9
– Life insurance policies	–	2.9	–	2.9	–	3.1	–	3.1
– Floating rate notes	5.8	–	–	5.8	5.5	–	–	5.5
– UK treasury bills	–	–	–	–	3.9	–	–	3.9
Total assets	30.0	6.2	–	36.2	30.3	5.6	–	35.9
Liabilities								
Derivatives used for hedging								
– Foreign exchange contracts	–	1.5	–	1.5	–	0.8	–	0.8
Financial liabilities at fair value through profit or loss								
– Contingent consideration	–	–	1.9	1.9	–	–	2.8	2.8
Total liabilities	–	1.5	1.9	3.4	–	0.8	2.8	3.6

There have been no changes to the classification of the Group's financial instruments carried at fair value between Level 1, Level 2 and Level 3 at 31 March 2016 or 2015.

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of life insurance policies is determined using the market value of underlying investments as advised by fund actuaries. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

Level 3 financial instruments

The fair value of financial instruments for an asset or liability that are not based on observable market data (that is, unobservable inputs) are Level 3 financial instruments.

Level 3 valuation technique and significant unobservable inputs

The main Level 3 inputs used by the Group in estimating the contingent consideration payment are based on revenue and operating profit targets for the first three years from acquisition, followed by operating margin growth levels for the next two years. The Group prepares detailed forecasts on the acquisition of a business and updates these on a quarterly basis as part of its normal operating processes. These forecasts use management's evaluation of the revenue, costs and expected margins, based on past experience. The fair value of the contingent consideration arrangement of £1.9m (2015: £2.8m) was calculated at the year end by estimating probable future cash flows payable and discounting these at a discount rate of 7.9% (2015: 9.3%).

Level 3 inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value of the Level 3 financial instrument would increase if there was a change in either the annual revenue, annual operating profit or the risk-adjusted discount rate.

Level 3 sensitivity analysis

A reasonable possible change to annual revenue and annual operating profit of 5% and a change of 100bps to the discount rate, holding other inputs constant, would not result in a significant change in the fair value.

		Group	
	Note	2016 £m	2015 £m
Assumed in a business combination	10	2.8	2.5
Loss included in net finance costs			
Unwind of discount on contingent consideration	7	0.2	0.1
Change in discount rate		0.1	–
Gain included in administration costs			
Change in profit assumptions		(1.4)	–
Loss included in other comprehensive income			
Net difference on exchange		0.2	0.2
Balance at 31 March		1.9	2.8

Specific valuation techniques used to value financial instruments include:

- the fair value of derivatives used for hedging are provided by The Royal Bank of Scotland, HSBC, Barclays and Bank of America Merrill Lynch
- the fair value of all marketable securities, with the exception of life insurance policies, are provided by the financial institutions holding the Group's funds and investments
- the fair value of all life insurance policies are provided by the Group's insurance companies.

Notes to the Financial Statements continued

For the year ended 31 March 2016

20 Financial risk management continued

Financial risk factors continued

d) Concentrations of financial instruments continued

Offsetting financial assets and financial liabilities

As at 31 March 2016

	Gross amounts of recognised financial assets/(liabilities) £m	Gross amounts of recognised financial assets/(liabilities) set off the Balance Sheet £m	Net amounts of financial assets/(liabilities) presented in the Balance Sheet £m	Related amounts not set off in Balance Sheet – Financial instruments £m	Net amount £m
Derivative financial assets	3.3	–	3.3	(0.9)	2.4
Derivative financial liabilities	(1.5)	–	(1.5)	0.9	(0.6)
Cash and cash equivalents	430.6	(11.3)	419.3	–	419.3
Credit balance	(11.3)	11.3	–	–	–
Total	421.1	–	421.1	–	421.1

As at 31 March 2015

	Gross amounts of recognised financial assets/(liabilities) £m	Gross amounts of recognised financial assets/(liabilities) set off the Balance Sheet £m	Net amounts of financial assets/(liabilities) presented in the Balance Sheet £m	Related amounts not set off in Balance Sheet – Financial instruments £m	Net amount £m
Derivative financial assets	2.5	–	2.5	(0.6)	1.9
Derivative financial liabilities	(0.8)	–	(0.8)	0.6	(0.2)
Cash and cash equivalents	265.1	(29.7)	235.4	–	235.4
Credit balance	(29.7)	29.7	–	–	–
Total	237.1	–	237.1	–	237.1

21 Financial instruments

Financial instruments by category

	Note	Group 2016			Total £m
		Loans and receivables £m	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	
Assets as per Balance Sheet					
Derivative financial instruments	22	–	–	3.3	3.3
Other receivables	23	29.1	–	–	29.1
Trade and other receivables excluding prepayments	24	448.8	–	–	448.8
Financial assets at fair value through profit or loss	25	–	32.9	–	32.9
Cash and cash equivalents	26	419.3	–	–	419.3
Total		897.2	32.9	3.3	933.4

	Note	Group 2016			Total £m
		Other financial liabilities at amortised cost £m	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	
Liabilities as per Balance Sheet					
Borrowings excluding finance lease liabilities	27	(280.5)	–	–	(280.5)
Finance lease liabilities	27	(0.1)	–	–	(0.1)
Derivative financial instruments	22	–	–	(1.5)	(1.5)
Trade and other payables excluding non-financial liabilities	28	(275.2)	–	–	(275.2)
Other non-current liabilities	31	–	(1.9)	–	(1.9)
Total		(555.8)	(1.9)	(1.5)	(559.2)

	Note	Group 2015			Total £m
		Loans and receivables £m	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	
Assets as per Balance Sheet					
Derivative financial instruments	22	–	–	2.5	2.5
Other receivables	23	20.7	–	–	20.7
Trade and other receivables excluding prepayments	24	449.0	–	–	449.0
Financial assets at fair value through profit or loss	25	–	33.4	–	33.4
Cash and cash equivalents	26	235.4	–	–	235.4
Total		705.1	33.4	2.5	741.0

	Note	Group 2015			Total £m
		Other financial liabilities at amortised cost £m	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	
Liabilities as per Balance Sheet					
Borrowings excluding finance lease liabilities	27	(111.2)	–	–	(111.2)
Finance lease liabilities	27	(0.1)	–	–	(0.1)
Derivative financial instruments	22	–	–	(0.8)	(0.8)
Trade and other payables excluding non-financial liabilities	28	(293.2)	(1.0)	–	(294.2)
Other non-current liabilities	31	–	(1.8)	–	(1.8)
Total		(404.5)	(2.8)	(0.8)	(408.1)

Notes to the Financial Statements continued

For the year ended 31 March 2016

21 Financial instruments continued

Financial instruments by category continued

	Note	Company 2016	
		Loans and receivables £m	Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments	24	339.5	339.5
Cash and cash equivalents		1.4	1.4
Other receivables		1.0	1.0
Total		341.9	341.9

	Note	Other financial liabilities at amortised cost £m	
			Total £m
Liabilities as per Balance Sheet			
Borrowings	27	(280.5)	(280.5)
Trade and other payables excluding non-financial liabilities	28	(51.9)	(51.9)
Total		(332.4)	(332.4)

	Note	Company 2015	
		Loans and receivables £m	Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments	24	169.6	169.6
Other receivables		0.9	0.9
Total		170.5	170.5

	Note	Other financial liabilities at amortised cost £m	
			Total £m
Liabilities as per Balance Sheet			
Borrowings	27	(111.2)	(111.2)
Bank overdraft	27	(2.6)	(2.6)
Trade and other payables excluding non-financial liabilities	28	(65.9)	(65.9)
Total		(179.7)	(179.7)

22 Derivative financial instruments

The table below shows the fair value of forward currency contracts at the year end, based on their market value:

	Group			
	2016		2015	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current	1.3	(0.5)	1.3	(0.6)
Later than one year and no later than two years	0.9	(0.6)	0.8	(0.1)
Later than two years and no later than five years	1.1	(0.4)	0.4	(0.1)
Non-current	2.0	(1.0)	1.2	(0.2)
Total	3.3	(1.5)	2.5	(0.8)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2016 and 2015 are as follows:

	Group			
	2016		2015	
	Sell £m	Buy £m	Sell £m	Buy £m
Forward contracts to purchase GBP, sell USD	2.6	(2.5)	7.5	(6.9)
Forward contracts to purchase GBP, sell EUR	11.1	(10.8)	9.9	(10.8)
Forward contracts to purchase GBP, sell Other	2.1	(2.0)	1.5	(1.7)
Forward contracts to purchase INR, sell GBP	51.7	(61.2)	33.6	(37.8)
Forward contracts to purchase INR, sell USD	30.2	(32.6)	23.7	(25.2)

The derivatives hedge highly probable forecast transactions denominated in foreign currency. The gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as at 31 March 2016 will be recognised in the Consolidated Income Statement in the period or periods during which the hedged forecast transaction affects the Consolidated Income Statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months.

The amounts disclosed in the table below are the contractual undiscounted cash flows of forward currency contracts at the year end:

	Group					
	2016			2015		
	Inflow £m	Outflow £m	Net £m	Inflow £m	Outflow £m	Net £m
Current	40.3	(38.2)	2.1	39.7	(39.0)	0.7
Later than one year and no later than two years	31.3	(28.6)	2.7	22.7	(22.0)	0.7
Later than two years and no later than five years	37.5	(30.8)	6.7	15.5	(15.2)	0.3
Non-current	68.8	(59.4)	9.4	38.2	(37.2)	1.0
Total	109.1	(97.6)	11.5	77.9	(76.2)	1.7

The Group used derivative instruments to hedge foreign currency receipts and payments on current contracts, as described in note 20. All of the Group's financial instruments are classified as Level 2 under amendments to IFRS 13, *Fair value measurement*. A definition of Level 2 financial instruments is included in note 20. The fair value of derivative financial instruments is calculated based on quoted forward currency rates at the Balance Sheet date.

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments that are closely related to the host contract.

Notes to the Financial Statements continued

For the year ended 31 March 2016

23 Other receivables

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Non-current assets:				
Loan notes receivable	19.7	19.8	–	–
Deferred consideration receivable	6.7	–	–	–
Deferred finance costs	1.0	0.9	1.0	0.9
Other receivables	1.7	–	–	–
	29.1	20.7	1.0	0.9

During the year the Group reduced interest-bearing loan notes by £0.1m in Connect Plus (M25) Intermediate Limited (2015: decreased by £0.1m), a company in which the Group has a 10% shareholding. Under the terms of the Connect Plus M25 finance agreement, the Group had a requirement to lend Connect Plus (M25) Intermediate Limited £20m over a period from May 2009 to October 2012. This funding was lent on by Connect Plus (M25) Intermediate Limited to Connect Plus (M25) Limited, the main trading entity for the Connect Plus M25 project and the company which holds the 30 year PFI contract with the Highways Agency to design, build, fund and then operate and maintain the M25. One of the subcontractors used by Connect Plus (M25) Limited to deliver its main obligations under this project is Connect Plus Services. The Group's interest in Connect Plus Services is disclosed in note 41 and Connect Plus (M25) Intermediate Limited is considered a related party of the Group.

At 31 March 2016 the Group held £19.7m of interest-bearing loan notes in Connect Plus (M25) Intermediate Limited (2015: £19.8m). These loan notes mature in 2039 and have a nominal interest rate of 12% per annum.

Deferred consideration receivable of £6.7m relates to the sale of part of the Group's Woodcote Grove property in Epsom, discounted at a rate of 8.1%. See note 11 for further detail.

None of the other receivables are past due.

24 Trade and other receivables

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current assets:					
Trade receivables		313.6	335.0	–	–
Less: Provision for impairment of receivables		(28.3)	(29.2)	–	–
Trade receivables – net		285.3	305.8	–	–
Amounts recoverable on contracts		135.0	114.2	–	–
Amounts due from subsidiary undertakings	39	–	–	339.2	169.4
Amounts due from joint ventures	39	1.7	6.4	–	–
Deferred finance costs		0.3	0.2	0.3	0.2
Other receivables		26.5	22.4	–	–
Prepayments and accrued income		31.2	27.5	–	–
		480.0	476.5	339.5	169.6

The directors consider that the carrying amounts of trade and other receivables approximate their fair value.

At 31 March 2016, £172.7m (2015: £153.4m) of Group trade receivables were within normal payment terms and considered to be fully performing.

At 31 March 2016, £95.1m (2015: £121.0m) of Group trade receivables were past due and aged up to six months from invoice date and carry a provision for impairment of £nil (2015: nil). These Group trade receivables of £95.1m (2015: £121.0m) which were past due and aged up to six months from invoice date but not impaired relate to a number of independent customers for whom there is no recent history of default.

Group trade receivables aged beyond six months of invoice date totalled £45.8m (2015: £60.6m) and carried a provision for impairment of £28.3m (2015: £29.2m).

Movements in the Group provision for impairment of trade receivables were as follows:

	Group	
	2016 £m	2015 £m
Provision for impairment at beginning of year	(29.2)	(23.9)
Increase in provisions	(9.4)	(14.4)
Release of provisions	11.1	10.4
Receivables written off as uncollectable	–	0.9
Difference on exchange	(0.8)	(2.2)
Provision for impairment at end of year	(28.3)	(29.2)

None of the financial assets that are fully performing were renegotiated during the year. The other classes within trade and other receivables do not contain impaired assets.

At 31 March 2016, £0.5m of the Company's amounts due from subsidiary undertakings were fully provided against (2015: £0.5m), with an in year release of provisions of £nil (2015: £nil), see note 39.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

25 Financial assets at fair value through profit or loss

In accordance with IFRS 13, disclosure is required for financial instruments that are measured in the Consolidated Balance Sheet at fair value. This requires disclosure of fair value measurements by level.

The Group's financial assets that are measured and recognised at fair value through profit or loss include fixed interest securities, life insurance policies, floating rate notes and UK treasury bills. The Group's financial liabilities that are measured and recognised at fair value include derivative financial instruments.

The fair value of the Group's derivative financial instruments are disclosed in note 22.

For the Group's financial assets measured at fair value through profit or loss, refer to note 20.

A definition of Level 1 and Level 2 financial instruments is included in note 20. There have been no changes to the classification of financial assets between Level 1 and Level 2 financial instruments at 31 March 2016 or 2015.

Changes in fair values of financial assets at fair value through profit or loss include fair value loss of £0.3m (2015: £0.1m gain).

26 Cash and cash equivalents

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Cash at bank and in hand	372.4	169.5	1.4	–
Short term bank deposits	46.9	65.9	–	–
	419.3	235.4	1.4	–

The effective interest rate on cash and cash equivalents was 0.4% (2015: 0.6%). Included within cash at bank and in hand is £2.2m (2015: £0.2m) held by the Company's EBTs.

Notes to the Financial Statements continued

For the year ended 31 March 2016

27 Borrowings

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current				
Bank loans	7.0	61.0	7.0	61.0
Bank overdraft	–	–	–	2.6
Finance leases	–	0.1	–	–
	7.0	61.1	7.0	63.6
Non-current				
Bank loans	220.9	–	220.9	–
Finance leases	0.1	–	–	–
Private placement debt	52.6	50.2	52.6	50.2
	273.6	50.2	273.5	50.2
Total	280.6	111.3	280.5	113.8

The directors consider that the carrying amounts of borrowings and the private placement debt approximates their fair value.

The maturity profile of the carrying amount of the non-current borrowings was as follows:

	Group and Company					
	2016			2015		
	Bank loans and private placement debt £m	Finance leases £m	Total £m	Private placement debt £m	Finance leases £m	Total £m
Repayable:						
Later than one year and no later than two years	–	0.1	0.1	–	–	–
Later than two years and no later than five years	273.5	–	273.5	50.2	–	50.2
Later than five years	–	–	–	–	–	–
	273.5	0.1	273.6	50.2	–	50.2

The carrying amount of borrowings are denominated in the following currencies:

	Group					
	2016			2015		
	Bank loans and private placement debt £m	Finance leases £m	Total £m	Bank loans and private placement debt £m	Finance leases £m	Total £m
Sterling	–	–	–	–	–	–
US dollar	280.5	0.1	280.6	111.2	0.1	111.3
	280.5	0.1	280.6	111.2	0.1	111.3

The Bank loans and private placement debt relate to the Company.

The total present value of minimum lease payments under finance leases fall due as follows:

	Group	
	2016 £m	2015 £m
No later than one year	–	0.1
Later than one year and no later than five years	0.1	–
	0.1	0.1
Future finance charges on finance leases	–	–
Present value of finance lease payables	0.1	0.1

Finance leases are on a fixed repayment basis, with interest rates fixed at the contract date. The average effective borrowing rate for the finance leases was 2.2% (2015: 12.6%) over a weighted average remaining period of 26 months (2015: 15 months).

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 March expiring as follows:

	Group	
	2016 £m	2015 £m
Later than one year and no later than two years	–	–
Later than two years and no later than five years	71.9	138.1

All of the Group's undrawn committed borrowing facilities will be subject to floating rates of interest.

On 30 January 2016 the Group amended and extended its five year revolving credit facility (RCF). This £200m facility matures on 30 January 2021.

On 11 March 2016 the Group signed a new RCF of £100m, with a maturity of three years. There is an option to extend this RCF for an additional year with the lenders' permission. This facility provides the Group with an increased and longer term financial capacity to support its strategy on favourable terms, and committed credit lines totalling £300m. The total letters of credit in issue under the committed facilities at 31 March 2016 was £0.2m (31 March 2015: £0.9m).

The £100m facility has the following lenders, Bank of America Securities Limited, Barclays Bank plc, HSBC Bank plc and National Westminster Bank plc. The £200m facility additionally has the following lenders, The National Bank of Abu Dhabi, Abbey National Treasury Services plc and United Overseas Bank Limited.

The Group's borrowing facilities include a number of undertakings and financial covenants. Compliance with these covenants is monitored. As at 31 March 2016, and since, there have been no breaches (2015: none).

In the financial year ended 31 March 2013, the Group raised \$75m through the successful execution of its debut issue in the US private placement market. The proceeds were used to repay drawn funds under the Group's existing banking facilities. The private placement is due for repayment on 31 May 2019 and carries a nominal interest rate of 4.38%.

Notes to the Financial Statements continued

For the year ended 31 March 2016

28 Trade and other payables

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current liabilities:					
Trade payables		75.1	66.3	–	–
Fees invoiced in advance		165.4	181.6	–	–
Amounts due to subsidiary undertakings	39	–	–	51.9	65.9
Social security and other taxation		42.9	42.6	–	–
Contingent consideration on acquisitions		–	1.0	–	–
Deferred consideration on acquisitions		0.7	0.6	–	–
Accruals and deferred income		164.9	174.0	1.2	1.2
Lease incentives		10.9	12.5	–	–
Other payables		23.1	32.2	–	–
		483.0	510.8	53.1	67.1

The directors consider that the carrying values of the Group's trade and other payables approximate their fair value.

29 Provisions for other liabilities and charges

	Group	
	2016 Vacant property £m	2015 Vacant property £m
Current	1.1	0.8
Later than one year and no later than two years	1.1	1.0
Later than two years and no later than five years	1.2	0.9
Later than five years	0.5	0.7
Non-current	2.8	2.6
Total	3.9	3.4

	Note	Group Vacant property £m
Balance at 1 April 2015		3.4
Provisions charged to the Income Statement		2.4
Provisions released to the Income Statement		(0.3)
Provisions utilised		(1.7)
Unwinding of discount	7	0.1
Balance at 31 March 2016		3.9

The vacant property provision is discounted and is expected to be utilised over the next 9 years (2015: 11 years). No provision has been released or utilised for any purpose other than that for which it was established.

30 Post-employment benefit liabilities

The Group's post-employment benefit liabilities are analysed below:

	Group	
	2016 £m	2015 £m
Net retirement benefit liabilities	265.3	298.4
Other post-employment benefit liabilities	20.5	18.2
	285.8	316.6

a) Net retirement benefit liabilities

The Group, through trustees, operates a number of defined benefit and defined contribution pension schemes.

Defined contribution schemes are those where the Group's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

Defined benefit schemes are schemes other than defined contribution schemes where the Group's obligation is to provide specified benefits on retirement.

The two main defined benefit schemes are the Atkins Pension Plan (the Plan) and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee-administered funds. Other pension schemes include the Atkins McCarthy Pension Plan in the Republic of Ireland, which is a final salary funded defined benefit scheme, Terramar AS Pension Plan in Norway, and a range of defined contribution schemes or equivalent.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

The Plan is closed to the future accrual of benefit; all defined benefit members of the Plan were transferred to a defined contribution section for future service where it was clear they did not benefit from a statutory or contractual right to a final salary pension.

The Railways Pension Scheme recognised a curtailment gain in the year ended 31 March 2016. The curtailment gain arose for members moving from the uncapped salary category or retail price index (RPI) capped salary category to the consumer price index (CPI) capped category. The reduction in the past service liability for this curtailment is £1.5m and this has been recognised as a curtailment gain in the year ended 31 March 2016.

The Railways Pension Scheme invests in a range of pooled investment funds intended to generate a combination of capital growth and income and as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the Railways Pension Scheme's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled "growth" fund. This fund is invested in a wide range of asset classes and the fund manager RPMI has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the Railways Pension Scheme are principally fixed and index-linked bonds.

The Atkins McCarthy Pension Plan was closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension on 31 March 2009. These members transferred to the Personal Retirement Savings Accounts - Ireland (PRSA - Irish Life) scheme with effect from 1 April 2009.

The Terramar AS Pension Plan was closed to new entrants on 1 January 2009. It is a funded pension scheme and is managed by DNB (Norway's largest financial services group). In order to obtain full pension entitlements, the scheme participants are required to complete 30 years of pensionable service prior to them obtaining the right to a life-long retirement pension corresponding to the difference between 66% of the employee's salary at retirement and estimated benefits from the Norwegian National Insurance Scheme. Economic and actuarial assumptions comply with prevailing technical recommendations in Norway.

The defined benefit sections of all pension schemes are mostly closed to new entrants, who are offered membership of the defined contribution section.

Notes to the Financial Statements continued

For the year ended 31 March 2016

30 Post-employment benefit liabilities continued

a) Net retirement benefit liabilities continued

Membership of the Group's principal pension schemes is as follows:

	Defined benefit schemes				Defined contribution schemes			
	Atkins Pension Plan		Railways Pension Scheme		Atkins Pension Plan		Faithful+Gould	
	2016 No.	2015 No.	2016 No.	2015 No.	2016 No.	2015 No.	2016 No.	2015 No.
Members	5	5	157	180	7,703	7,630	742	897
Deferred pensioners	6,669	6,859	296	300	11,542	10,684	1,517	1,285
Pensioners	3,539	3,461	413	394	–	–	–	–
	10,213	10,325	866	874	19,245	18,314	2,259	2,182

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Atkins Pension Plan and the Railways Pension Scheme are listed in the table below:

	2016	2015
Price inflation		
RPI	2.90%	3.00%
CPI	1.90%	2.00%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	2.80%	2.80%
Limited Price Indexation (CPI-based)	2.00%	2.10%
Limited Price Indexation to 2.5%	2.50%	2.50%
Fixed	5.00%	5.00%
Rate of increase in salaries		
Atkins Pension Plan	4.40%	4.50%
Railways Pension Scheme (uncapped)	5.15%	5.25%
Railways Pension Scheme (RPI capped)	2.90%	3.00%
Railways Pension Scheme (CPI capped)	1.90%	2.00%
Rate of increase for deferred pensioners		
Atkins Pension Plan	2.90%	3.00%
Railways Pension Scheme	1.90%	2.00%
Discount rate	3.50%	3.50%
Longevity at age 65 for current pensioners		
Men	24.3 years	24.2 years
Women	26.2 years	26.1 years
Longevity at age 65 for future pensioners (current age 45)		
Men	26.6 years	26.5 years
Women	28.5 years	28.4 years

The actuarial tables used to calculate the retirement benefit liabilities for the Plan were the Self-Administered Pension Schemes (SAPS) tables, with medium cohort improvements from 2002 to 2009 and a scaling factor of 0.85/0.90 for males/females respectively. Future improvements are based on Continuous Mortality Investigation (CMI) improvements with a 1.5% per annum improvement trend, based on year of use application. The Railways Pension Scheme results have been adjusted on an approximate basis to be based on the same mortality tables.

The components of the pension cost are as follows:

2016	Note	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales					
Current service cost		0.1	2.4	0.1	2.6
Administrative expenses		–	0.2	–	0.2
Curtailment gain		–	(1.5)	–	(1.5)
Total charge		0.1	1.1	0.1	1.3
Net interest expense					
		7.1	2.4	0.2	9.7
Total charge to Income Statement for defined benefit schemes		7.2	3.5	0.3	11.0
Charge for defined contribution schemes		–	–	43.3	43.3
Total charge to Income Statement		7.2	3.5	43.6	54.3
Statement of Comprehensive Income					
Loss on pension scheme assets		(9.3)	–	(0.3)	(9.6)
Changes in assumptions		8.5	7.6	1.8	17.9
Remeasurements (loss)/gain recognised in other comprehensive income		(0.8)	7.6	1.5	8.3
Net deferred and income tax charged to equity	8	(2.9)	(2.6)	(0.2)	(5.7)
Remeasurements (loss)/gain (net of deferred tax)		(3.7)	5.0	1.3	2.6
2015					
	Note	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales					
Current service cost		0.1	2.1	–	2.2
Administrative expenses		–	0.2	–	0.2
Total charge		0.1	2.3	–	2.4
Net interest expense					
		10.9	2.6	0.1	13.6
Total charge to Income Statement for defined benefit schemes		11.0	4.9	0.1	16.0
Charge for defined contribution schemes		–	–	39.8	39.8
Total charge to Income Statement		11.0	4.9	39.9	55.8
Statement of Comprehensive Income					
Gain on pension scheme assets		225.1	16.3	1.8	243.2
Changes in assumptions		(206.6)	(24.7)	(5.9)	(237.2)
Remeasurements gain/(loss) recognised in other comprehensive income		18.5	(8.4)	(4.1)	6.0
Net deferred and income tax (charged)/credited to equity	8	(3.7)	1.7	0.5	(1.5)
Remeasurements gain/(loss) (net of deferred tax)		14.8	(6.7)	(3.6)	4.5

Notes to the Financial Statements continued

For the year ended 31 March 2016

30 Post-employment benefit liabilities continued

a) Net retirement benefit liabilities continued

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2016				
Defined benefit obligation	(1,529.3)	(273.2)	(19.4)	(1,821.9)
Fair value of plan assets	1,335.2	209.0	12.4	1,556.6
Retirement benefit liabilities	(194.1)	(64.2)	(7.0)	(265.3)

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Defined benefit obligation	(1,531.0)	(276.2)	(20.0)	(1,827.2)
Fair value of plan assets	1,312.0	205.0	11.8	1,528.8
Retirement benefit liabilities	(219.0)	(71.2)	(8.2)	(298.4)

Other includes the Atkins McCarthy Pension Plan, the Terramar AS Pension Plan and an unfunded pension obligation in relation to a former director, for £1.3m (2015: £1.2m). The Terramar AS Pension Plan had a net retirement asset of £0.2m at 31 March 2016.

The major categories of plan assets as a percentage of total plan assets are as follows:

	Atkins Pension Plan		Railways Pension Scheme	
	%	£m	%	£m
2016				
Equities	37.0	493.6	69.7	145.8
Government bonds	43.1	575.7	15.1	31.5
Corporate bonds	10.8	144.1	14.9	31.1
Property	3.3	44.5	–	–
Cash	0.5	6.2	0.3	0.6
Other	5.3	71.1	–	–
	100.0	1,335.2	100.0	209.0

	Atkins Pension Plan		Railways Pension Scheme	
	%	£m	%	£m
2015				
Equities	41.0	537.4	60.5	124.0
Government bonds	39.3	516.2	14.6	29.9
Corporate bonds	11.0	144.6	14.6	29.9
Property	2.9	37.5	10.0	20.6
Cash	0.4	5.7	0.3	0.6
Other	5.4	70.6	–	–
	100.0	1,312.0	100.0	205.0

The assets of the schemes do not include any direct holdings of the Group's financial instruments, nor any property occupied by, or other assets, of the Group.

Movements in the present value of the defined benefit obligation are as follows:

2016	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligation at beginning of year	1,531.0	276.2	20.0	1,827.2
Service cost	0.1	2.4	0.1	2.6
Administrative expenses	–	0.2	–	0.2
Curtailment gain	–	(1.5)	–	(1.5)
Interest cost	52.9	9.5	0.4	62.8
Remeasurements gain recognised in other comprehensive income	(8.5)	(7.6)	(1.8)	(17.9)
Employee contributions	–	1.5	–	1.5
Benefit payments	(46.2)	(7.5)	(0.4)	(54.1)
Difference on exchange	–	–	1.1	1.1
Defined benefit obligation at end of year	1,529.3	273.2	19.4	1,821.9

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligation at beginning of year	1,302.1	245.3	13.1	1,560.5
Business acquired	–	–	2.7	2.7
Service cost	0.1	2.1	–	2.2
Administrative expenses	–	0.2	–	0.2
Interest cost	57.7	10.9	0.4	69.0
Remeasurements loss recognised in other comprehensive income	206.6	24.7	5.9	237.2
Employee contributions	–	1.5	–	1.5
Benefit payments	(35.5)	(8.5)	(0.2)	(44.2)
Difference on exchange	–	–	(1.9)	(1.9)
Defined benefit obligation at end of year	1,531.0	276.2	20.0	1,827.2

Notes to the Financial Statements continued

For the year ended 31 March 2016

30 Post-employment benefit liabilities continued

a) Net retirement benefit liabilities continued

Movements in the fair value of plan assets are as follows:

2016	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Fair value of plan assets at beginning of year	1,312.0	205.0	11.8	1,528.8
Interest return on plan assets	45.8	7.1	0.2	53.1
Employer contributions	32.9	2.9	0.5	36.3
Employee contributions	–	1.5	–	1.5
Benefits paid	(46.2)	(7.5)	(0.4)	(54.1)
Remeasurements loss recognised in other comprehensive income	(9.3)	–	(0.3)	(9.6)
Difference on exchange	–	–	0.6	0.6
Fair value of plan assets at end of year	1,335.2	209.0	12.4	1,556.6

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Fair value of plan assets at beginning of year	1,043.5	184.6	8.2	1,236.3
Business acquired	–	–	2.8	2.8
Interest return on plan assets	46.8	8.3	0.3	55.4
Employer contributions	32.1	2.8	0.4	35.3
Employee contributions	–	1.5	–	1.5
Benefits paid	(35.5)	(8.5)	(0.2)	(44.2)
Remeasurements gain recognised in other comprehensive income	225.1	16.3	1.8	243.2
Difference on exchange	–	–	(1.5)	(1.5)
Fair value of plan assets at end of year	1,312.0	205.0	11.8	1,528.8

Movements in the net retirement benefit liabilities are as follows:

2016	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Net retirement benefit liabilities at beginning of year	(219.0)	(71.2)	(8.2)	(298.4)
Service cost	(0.1)	(2.4)	(0.1)	(2.6)
Administrative expenses	–	(0.2)	–	(0.2)
Net finance costs	(7.1)	(2.4)	(0.2)	(9.7)
Curtailment gain	–	1.5	–	1.5
Contributions	32.9	2.9	0.5	36.3
Remeasurements (loss)/gain recognised in other comprehensive income	(0.8)	7.6	1.5	8.3
Difference on exchange	–	–	(0.5)	(0.5)
Net retirement benefit liabilities at end of year	(194.1)	(64.2)	(7.0)	(265.3)

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Net retirement benefit liabilities at beginning of year	(258.6)	(60.7)	(4.9)	(324.2)
Business acquired	–	–	0.1	0.1
Service cost	(0.1)	(2.1)	–	(2.2)
Administrative expenses	–	(0.2)	–	(0.2)
Net finance costs	(10.9)	(2.6)	(0.1)	(13.6)
Contributions	32.1	2.8	0.4	35.3
Remeasurements gain/(loss) recognised in other comprehensive income	18.5	(8.4)	(4.1)	6.0
Difference on exchange	–	–	0.4	0.4
Net retirement benefit liabilities at end of year	(219.0)	(71.2)	(8.2)	(298.4)

Notes to the Financial Statements continued

For the year ended 31 March 2016

30 Post-employment benefit liabilities continued

a) Net retirement benefit liabilities continued

Cumulative remeasurement effects recognised in other comprehensive income are as follows:

2016	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Losses at the beginning of year	(236.0)	(45.1)	(15.9)	(297.0)
Net remeasurement losses recognised in the year:	(0.8)	7.6	1.5	8.3
– Gain from change in financial assumptions	8.5	4.7	1.8	15.0
– Experience gains	–	2.9	–	2.9
Actuarial gain on defined benefit obligation arising during the year	8.5	7.6	1.8	17.9
Return on plan assets less than discount rate	(9.3)	–	(0.3)	(9.6)
Losses at the end of year	(236.8)	(37.5)	(14.4)	(288.7)

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Losses at the beginning of year	(254.5)	(36.7)	(11.8)	(303.0)
Net remeasurement losses recognised in the year:	18.5	(8.4)	(4.1)	6.0
– Loss from change in financial assumptions	(206.6)	(24.7)	(6.1)	(237.4)
– Experience gains	–	–	0.2	0.2
Actuarial loss on defined benefit obligation arising during the year	(206.6)	(24.7)	(5.9)	(237.2)
Return on plan assets greater than discount rate	225.1	16.3	1.8	243.2
Losses at the end of year	(236.0)	(45.1)	(15.9)	(297.0)

The return on plan assets is as follows:

2016	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Expected return on plan assets	45.8	7.1	0.2	53.1
Experience loss on plan assets	(9.3)	–	(0.3)	(9.6)
Actual return on plan assets	36.5	7.1	(0.1)	43.5

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Expected return on plan assets	46.8	8.3	0.3	55.4
Experience gain on plan assets	225.1	16.3	1.8	243.2
Actual return on plan assets	271.9	24.6	2.1	298.6

History of experience gains and losses:

	2016 Total	2015 Total	2014 Total	2013 Total	2012 Total
Experience (loss)/gain on scheme assets	£(9.6)m	£243.2m	£(20.1)m	£106.4m	£83.8m
Percentage of scheme assets	(0.6)%	15.9%	(1.6)%	8.8%	7.8%
Experience gain/(loss) on scheme liabilities	£2.9m	£0.2m	£6.2m	£(1.9)m	£4.4m
Percentage of defined benefit obligation	(0.2)%	(0.0)%	(0.4)%	0.1%	(0.3)%
Defined benefit obligation	£(1,821.9)m	£(1,827.2)m	£(1,560.5)m	£(1,491.2)m	£(1,329.8)m
Fair value of plan assets	£1,556.6m	£1,528.8m	£1,236.3m	£1,209.2m	£1,078.7m
Net retirement benefit liabilities	£(265.3)m	£(298.4)m	£(324.2)m	£(282.0)m	£(251.1)m

The Group completed its last triennial valuation as at 31 March 2013 of the Atkins Pension Plan and is therefore due to complete its next triennial valuation as at 31 March 2016. The Group will engage with the Trustee during the coming year to agree the new funding position and associated funding plan.

The nature of the funding regime in the UK creates uncertainty around the size and timing of cash that the Company will be required to pay to the pension schemes.

The Group agreed a new repayment plan that ends in March 2025. One-off payments of £32m were made for the years ended 31 March 2014 and 31 March 2015. A payment of £32.8m was made for the year ended 31 March 2016 and future payments will continue to escalate by 2.5% per annum.

The Group expects employer contributions to be paid during the financial year to 31 March 2017 to be around £36.7m, of which £33.6m is in relation to the funding of the actuarial deficit, and employee contributions paid to be around £1.5m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 March 2017 are £nil.

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 8.5%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.5%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.5%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The effect of the change in inflation on liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

Notes to the Financial Statements continued

For the year ended 31 March 2016

30 Post-employment benefit liabilities continued

b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses, including gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee benefits*.

The Group operates a KESOP providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as the Supplemental Income Program (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position in the business, their age and length of service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the business. The insurance benefits will be provided without any further or additional services from the employee to the business and they will be paid for and provided for as long as the employee and their spouse shall live.

	Group	
	2016 £m	2015 £m
Other post-employment obligations at beginning of year	18.2	14.8
Current service cost and other comprehensive income	4.2	3.9
Interest cost	0.9	0.7
Net measurement gain recognised in the year	–	(0.1)
Benefit payments	(3.7)	(3.2)
Difference on exchange	0.9	2.1
Other post-employment obligations at end of year	20.5	18.2

The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below:

	2016	2015
Gratuity scheme		
Discount rate	5.00%	5.00%
Salary inflation	3.00%	3.00%
Average remaining service period	2 years	2 years
KESOP scheme		
Discount rate	1.55%	1.10%
Medical plan		
Discount rate	3.80%	3.55%
Healthcare cost trend rate for next year	8.00%	7.50%
Rate of decline of cost trend rate	5.00%	5.00%
Year that rate reaches ultimate trend rate	2026	2023

c) Post-employment benefit liabilities – risks

Through its defined benefit pension plans and other post-employment benefit liabilities, the Group is exposed to a number of investment and actuarial risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and Irish plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Group to greater volatility and valuation risk in the short term. The government bonds represent investments in UK Government securities only.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK and Irish plans, where inflationary increases result in higher sensitivity to changes in life expectancy. The Atkins Pension Plan has had interest and inflation rate hedging in place for some time, but due to the relative immaturity of the longevity hedging market, to date the Group has held off implementing a longevity hedging programme. As a consequence, the Plan remains fully exposed to any future improvements in mortality beyond those already assumed by the Actuary.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). Whilst some of the Plan's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the Plan's assets are not expected to move in line with inflation (e.g. fixed-interest gilts). Therefore an increase in inflation is likely to also increase the deficit.

The Group does not use derivatives or hedging, other than interest and inflation rate hedging, to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of equities and bonds, although the Group also invests in property, cash and investment (hedge) funds. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a globally diversified portfolio of international blue chip entities. A breakdown of the major categories of plan assets as a percentage of total plan assets for the two UK schemes is detailed above.

Expected maturity analysis of other post-employment benefit liabilities are as follows:

At 31 March 2016	Less than a year	Between 1–2 years	Between 2–5 years	Over 5 years	Total
KESOP (US\$m)	0.2	0.2	–	–	0.4
Post-retirement medical benefit schemes (US\$m)	0.1	0.1	0.3	0.4	0.9

An approximate analysis of the obligations for the two main defined benefit schemes is given in the table below:

	Atkins Pension Plan		Railways Pension Scheme	
	2016 %	2015 %	2016 %	2015 %
Proportion relating to active members	0.0	0.0	37.0	37.0
Proportion relating to deferred members	64.0	64.0	15.0	15.0
Proportion relating to pensioners	36.0	36.0	48.0	48.0
Total	100.0	100.0	100.0	100.0

The weighted average duration of the defined benefit obligation is 20 years (2015: 20 years) for the Atkins Pension Plan, 16 years (2015: 16 years) for the Railways Pension Scheme, between 25 and 30 years (2015: between 25 and 30 years) for the McCarthy Pension Plan and between 25 and 35 years (2015: between 25 and 35 years) for the Terramar AS Pension Plan.

Expected future benefit payments from the Atkins Pension Plan are mostly in respect of pension payments that are either linked to price inflation or receive fixed pension increases. These projected benefit payments are expected to be made from the Plan over the next 80 or so years. The payments are expected to rise over the next 30 years, when they will peak, before beginning to decline.

The Group expects pension benefits to be paid by the schemes during the financial year to 31 March 2017 to be approximately £55.8m.

Notes to the Financial Statements continued

For the year ended 31 March 2016

31 Other non-current liabilities

	Group					
	2016			2015		
	Contingent consideration £m	Deferred bid costs recovered £m	Total £m	Contingent consideration £m	Deferred bid costs recovered £m	Total £m
Deferred PPP/PFI bid costs recovered and contingent consideration, maturing:						
Later than one year and no later than two years	1.9	–	1.9	0.9	0.1	1.0
Later than two years and no later than five years	–	0.2	0.2	0.9	0.1	1.0
Later than five years	–	1.1	1.1	–	1.2	1.2
	1.9	1.3	3.2	1.8	1.4	3.2

32 Ordinary shares

	Group and Company			
	2016		2015	
	No. shares	£m	No. shares	£m
Issued, allotted and fully paid ordinary shares of 0.5p each				
At 1 April and at 31 March	104,451,799	0.5	104,451,799	0.5

At the 2015 Annual General Meeting (AGM), shareholder authority was obtained for the Company to purchase up to a maximum of 10,011,000 of its own ordinary shares (representing approximately 10% of the issued share capital of the Company on 10 June 2015) for a period ending on the earlier of the next AGM or 30 September 2016, provided that certain conditions (relating to the purchase price) are met. The notice of meeting for the AGM to be held at 1100 hours on Tuesday 2 August 2016 proposes that shareholders approve a resolution updating and renewing this authority. Shares in the Company may also be purchased by Atkins' EBTs.

As at the date of this report there were 4,341,000 ordinary shares of 0.5p each (nominal value £21,705) held as treasury shares. No shares were purchased during the year ended 31 March 2016 (2015: nil). The 4,341,000 treasury shares, which represent approximately 4.2% of the total (2015: 4.2%) of the called-up share capital as at the date of this report, have not been cancelled and represent a deduction from shareholders' equity.

33 Share-based payments

Long Term Incentive Plans

WS Atkins plc Long-term Growth Unit plan (LGU) August 2012 onwards

A share plan for senior executives where units are granted at a base price which is based on the six-month average share price calculated at the date of grant. The vesting of units occurs in three equal tranches on the fourth, fifth and sixth anniversaries of the date of grant. Vesting is subject to the Remuneration Committee's assessment of the Group's progress against its strategy.

On exercise, the value of each unit is equal to the increase, if any, in the average share price of one notional Company share between the grant date and the exercise date. Any such gain will normally be calculated using the six-month average share price. Any gain on exercise will usually be settled in equity, except in the US, where awards are granted as market value options and are scaled back on exercise to be equivalent in value to the gain that would have been received under a non-US award. No more than 50% of a participant's total number of units subject to a single grant may be exercised in any 12-month rolling period.

As a general rule, units granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

WS Atkins plc Long Term Incentive Plan (LTIP) August 2012 onwards

A share plan for senior executives used to grant awards that are settled in equity or, in limited circumstances, in cash. Subject to the Company's growth in diluted EPS over the performance period. Full vesting is triggered if the EPS growth in the three-year performance period is 12% per annum or higher. If the increase is less than 5% per annum, there will be no vesting. If the increase is 5% per annum, vesting will be at 25%, and a sliding scale operates between 5% and 12% per annum EPS growth.

As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant, without interest.

Atkins Long Term Incentive Plan (LTIP) September 2006 to July 2011

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. Different performance targets were used for different categories of management. Grants made to executive directors and senior employees had 50% of the grant subject to the Company's total shareholder return (TSR) performance relative to the constituents of the FTSE 250 index (excluding investment trusts) at the start of the performance period. Full vesting of this portion of the grant took place if the Company was ranked in the upper quartile and 30% vesting was achieved with a median ranking, with pro rata vesting for intermediate performance. No vesting occurred for a ranking below median.

The remaining 50% of grants made to executive directors and senior employees was subject to the Company's real growth in underlying EPS over the performance period. Full vesting was triggered if the increase in real EPS growth above UK RPI in the three-year performance period was 10% per annum or higher. If the increase above UK RPI was less than 4% per annum, there was no vesting. If the EPS increase was 4% per annum above UK RPI, vesting was at 30%, and a sliding scale operated between 4% and 10% per annum.

Awards granted to other participants were subject solely to the EPS condition.

As a general rule, awards granted to participants who left employment prior to vesting were forfeited. In the event a participant left as a result of a qualifying reason, they received a pro rata entitlement. All awards have now vested.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant, without interest.

Notes to the Financial Statements continued

For the year ended 31 March 2016

33 Share-based payments continued

Deferred Share Plans

Atkins Deferred Bonus Plan (DBP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. There was no performance condition but awards were restricted for at least three years from the date of grant. As a general rule, awards granted to participants who left employment prior to vesting were forfeited. In the event a participant left as a result of a qualifying reason, they received their award in full. Subject to vesting, some awards entitle participants to receive the benefit of dividends declared following grant, without interest. All awards have now vested.

Atkins Deferred Share Plan (DSP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or in cash. There is no performance condition but awards are restricted for a set period from the date of grant, fixed by the Remuneration Committee at grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they will receive their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. Awards granted to executive directors, which are granted in relation to the Executive Bonus Scheme, are normally restricted for three years from the date of grant.

The Group's share-based payments charge for the year of £11.5m (2015: £11.3m) has been included in administrative expenses in the Consolidated Income Statement.

The effect of the share-based payment transactions on the Group's results and financial position is as follows:

	Group	
	2016 £m	2015 £m
Total expense recognised for equity settled share-based payment transactions	9.4	8.6
Total expense recognised for cash settled share-based payment transactions	2.1	2.7
	11.5	11.3
Closing balance of liability for cash settled share-based payment transactions	3.6	4.9

As at 31 March 2016 the following awards were outstanding:

	LTIPs		LGU		DBP/DSP	
	No.	Weighted average exercise/transfer price	No.	Weighted average exercise/transfer price	No.	Weighted average exercise/transfer price
Awards outstanding at 1 April 2014	636,421	–	348,062	238.71p	3,288,985	–
Granted	155,376	–	121,233	401.05p	948,012	–
Exercised/transferred	(117,665)	–	–	–	(741,211)	–
Lapsed	(48,972)	–	–	–	(2,039)	–
Forfeited	(20,276)	–	(17,875)	–	(113,043)	–
Awards outstanding at 1 April 2015	604,884	–	451,420	291.76p ¹	3,380,704	–
Granted	149,211	–	131,030	440.19p	704,339	–
Exercised/transferred	(171,792)	–	–	–	(1,054,160)	–
Lapsed	(72,456)	–	–	–	(2,300)	–
Forfeited	(49,173)	–	(73,013)	878.81p	(160,344)	–
Awards outstanding at 31 March 2016	460,674	–	509,437	245.80p	2,868,239	–

1. Restated

The weighted average exercise price of LGU awards is calculated by reference to both non-US awards, where the increase in value is delivered in the form of a nil-cost option, and US awards, where the awards take the form of market value options.

The weighted average share price at the date of exercise was 1500.47 pence (2015: 1337.64 pence).

A summary of awards outstanding as at 31 March 2016 is as follows:

Scheme	Award date	Exercise/ transfer price	Scheme maturity	Maximum term	Weighted average remaining contractual life	Awards outstanding at 31 March 2016	Awards exercisable at 31 March 2016
LGUs							
LGU (August 2012 onwards non-US)	13/08/2012 to 25/06/2015	0.0p	4 to 6 years	10 years	7.77 years	387,717	–
LGU (August 2012 onwards US)	13/08/2012 to 25/06/2015	667.0p to 1545.0p	4 to 6 years	10 years	7.55 years	121,720	–
LTIPs							
LTIP (August 2012 onwards)	13/08/2012 to 25/06/2015	0.0p	2.6 to 3 years	2.6 to 10 years	7.38 years	443,545	7,083
LTIP (September 2006 to July 2012 EPS)	11/09/2006 to 03/08/2007	0.0p	3 years	3 to 10 years	1.13 years	17,129	17,129
DSPs							
DBP	29/06/2006 to 30/11/2007	0.0p	3 years	10 years	0.73 years	12,307	12,307
DSP	29/06/2007 to 22/12/2015	0.0p	1 to 3 years	1 to 10 years	6.15 years	2,855,932	501,738

On 25 June 2015 the Company issued awards over 658,098 shares to employees under the DSP, 149,211 shares to employees under the LTIP and 131,030 units to employees under the LGU.

On 22 December 2015 the Company issued awards over 46,241 shares to employees under the DSP.

At 31 March 2016 the Company's EBTs held a beneficial interest in 2,819,874 shares (2015: 2,944,156 shares) at a nominal value of £0.0m (2015: £0.0m) and market value of £38.6m (2015: £37.6m).

The weighted average fair value of awards granted during the year was 1428.72 pence (2015: 1211.09 pence).

The total fair value of awards granted during the year was £14.1m (2015: £14.8m).

Fair value of awards with market performance conditions

WS Atkins plc Long Term Growth Unit plan August 2012 onwards

The Black Scholes Model was used for the purposes of valuing LGU awards granted in the current year. The model calculated the fair value of awards granted, upon which the share-based payments charge is based. The expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term of the award. The assumptions used in the model are as follows:

	LGU 2016		
Exercise price (six-month average) at grant date	1360.41p	1360.41p	1360.41p
Risk-free interest rate	1.304%	1.540%	1.652%
Volatility of share price	34.0%	34.0%	34.0%
Share price at grant	1557.00p	1557.00p	1557.00p
Base value (six-month average) share price at grant date	1360.41p	1360.41p	1360.41p
Expected term (from grant date)	4 years	5 years	6 years
		LGU 2015	
Exercise price (six-month average) at grant date	1329.02p	1329.02p	1329.02p
Risk-free interest rate	1.176%	1.403%	1.554%
Volatility of share price	34.0%	34.0%	34.0%
Share price at grant	1303.00p	1303.00p	1303.00p
Base value (six-month average) share price at grant date	1329.02p	1329.02p	1329.02p
Expected term (from grant date)	4 years	5 years	6 years

Notes to the Financial Statements continued

For the year ended 31 March 2016

34 Cash generated from/(used in) continuing operations

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Operating profit/(loss) for the year		143.4	118.5	(0.2)	(4.9)
Other non-cash costs		0.1	4.8	–	–
Depreciation charges	17	18.2	16.3	–	–
Impairment of goodwill	15	–	2.8	–	2.9
Amortisation of deferred acquisition payments		3.2	1.5	–	–
Amortisation of intangible assets	16	11.9	13.0	–	–
Share-based payment charge	33	9.4	8.6	–	–
Pension curtailment gain	30	(1.5)	–	–	–
Profit on sale of property, plant and equipment		(6.7)	–	–	–
Loss on sale of intangible assets		–	0.1	–	–
Movement in provisions	29	0.5	(0.7)	–	–
Movement in trade and other receivables	24	(16.7)	(38.8)	(3.9)	(0.1)
Movement in payables	28	(13.0)	41.1	(0.4)	2.7
Movement in non-current payables		0.1	(1.3)	(6.0)	–
Pension deficit funding	30	(32.8)	(32.0)	–	–
Cash generated from/(used in) continuing operations		116.1	133.9	(10.5)	0.6

35 Analysis of net funds

	1 April 2015 £m	Cash flow £m	Other non- cash changes £m	Exchange movement £m	At 31 March 2016 £m
Cash and cash equivalents	235.4	180.4	–	3.5	419.3
Loan notes receivable	21.8	(1.7)	–	–	20.1
Financial assets at fair value through profit or loss	33.4	(0.5)	–	–	32.9
Borrowings due no later than one year	(61.0)	–	54.0	–	(7.0)
Borrowings due later than one year	(50.2)	(164.7)	(54.0)	(4.6)	(273.5)
Finance leases	(0.1)	0.1	(0.1)	–	(0.1)
Net funds	179.3	13.6	(0.1)	(1.1)	191.7

Included within loan notes receivable is £0.4m (2015: £2.0m) relating to amounts receivable within less than 12 months from joint venture entities.

36 Contingent liabilities

The Group has given indemnities in respect of performance and contractual related bonds, as well as letters of credit issued on its behalf. The amount outstanding at 31 March 2016 includes £0.2m letters of credit issued as a result of the acquisition on 1 October 2010 of PBSJ (2015: £0.9m).

Group companies are from time to time involved in claims and litigation. The Group carries significant Professional Indemnity insurance cover for such claims.

37 Operating lease arrangements

The Group leases various offices under operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles, plant and equipment under operating lease arrangements.

At the end of the reporting period, the future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

Group	2016		2015	
	Property £m	Vehicles, plant and equipment £m	Property £m	Vehicles, plant and equipment £m
No later than one year	42.2	6.7	46.7	7.3
Later than one year and no later than five years	82.0	8.3	97.3	8.2
Later than five years	70.7	0.3	24.5	–
	194.9	15.3	168.5	15.5

The Company had no operating lease commitments as at 31 March 2016 (2015: none).

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are receivable as follows:

Group	2016	2015
	Property £m	Property £m
No later than one year	2.7	3.0
Later than one year and no later than five years	3.1	4.6
Later than five years	–	0.1
	5.8	7.7

The Company had no operating lease receivables as at 31 March 2016 (2015: none).

38 Capital and other financial commitments

	Group	
	2016 £m	2015 £m
Capital expenditure contracted for but not incurred - property, plant and equipment	3.8	2.7

Notes to the Financial Statements continued

For the year ended 31 March 2016

39 Related party transactions

Details of the directors' shareholdings, share options and remuneration are given in the Remuneration report (page 80), which forms part of these Financial Statements.

Transactions with the retirement benefit schemes are shown in note 30.

Details of the Company's subsidiaries and joint ventures are shown in note 41.

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil charged to income and expense (2015: £nil).

a) Group sales and purchases of goods and services

	Group	
	2016 £m	2015 £m
Sales of goods and services to joint ventures	42.5	30.7
Purchases of goods and services from joint ventures	–	–

b) Group year end balances arising from sales/purchases of goods and services to/from joint ventures and loans provided to joint ventures

	Note	Group	
		2016 £m	2015 £m
Receivables from joint ventures	24	1.7	6.4

Receivables from joint ventures are shown net of contract-related provisions of £nil (2015: £nil).

Payables to joint ventures	–	–
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c) Group year end balances arising from loans provided to other related parties

	Note	Group	
		2016 £m	2015 £m
Receivables from related parties	23	19.7	19.8

d) Company sales/purchases of goods and services to/from subsidiaries

The Company did not sell any goods or services to subsidiaries during the year (2015: £nil). The Company did not purchase any goods or services from its subsidiaries during the year (2015: £nil).

e) Company year end balances with subsidiaries

	Note	Company	
		2016 £m	2015 £m
Receivables from subsidiaries	24	339.2	169.4
Payables to subsidiaries	28	51.9	65.9

Receivables from subsidiaries are shown net of impairment of £0.5m (2015: £0.5m).

f) Key management compensation

Key management comprises the executive and non-executive directors, and certain senior managers who are members of the senior leadership team (SLT).

	Group	
	2016 £m	2015 £m
Short-term employee benefits	6.3	7.3
Post-employment benefits	0.1	0.1
Share-based payments	1.5	2.3
	7.9	9.7

The deferred share award element of any bonus paid to key management is not included in the salaries and other short-term employment benefits number as it is included in the share-based payment charge in subsequent years.

40 Events occurring after the reporting period

Acquisition of projects, products and technology (PP&T) segment of EnergySolutions

After the balance sheet date, on 11 April 2016, the Group acquired the PP&T segment of EnergySolutions for a cash consideration of \$318m (approximately £226m), subject to working capital adjustments. The acquisition includes the integration of 650 staff who deliver a wide range of technical engineering and programme management services for the decontamination and decommissioning of high hazard nuclear facilities. Most of these staff are based in North America.

The transaction included purchasing the entire share capital of EnergySolutions EU Services Ltd (UK), Duratek, Inc. (US), BNG America, LLC (US), P&T Global Solutions, LLC (US) and EnergySolutions Canada Group Ltd (Canada).

The acquisition expands the Group's service offering in the nuclear energy sector and will significantly enhance the Group's current nuclear capability, particularly in North America. PP&T also adds a significant portfolio of innovative, proprietary nuclear waste treatment technologies.

As PP&T was acquired on 11 April 2016, no revenue or profit or loss relating to the acquired businesses has been included in the Group's Consolidated Income Statement or the Group's Consolidated Statement of Comprehensive Income. £3.3m of acquisition related costs have been included in the period ended 31 March 2016.

The information given above for PP&T has been given as the acquisition was made after the reporting period but before these Financial Statements were signed and authorised for issue. At the time that these Financial Statements were signed and authorised for issue, the initial accounting for the business combination was incomplete, mainly due to the Group still working on finalising the fair value calculations of the acquired identifiable intangible assets. As a result, disclosures around the opening balance sheet, goodwill, fair value adjustments and preacquisition income statement have not been made.

Notes to the Financial Statements continued

For the year ended 31 March 2016

41 Details of related undertakings of WS Atkins plc

a) Subsidiary undertakings

The following companies were subsidiary undertakings as at 31 March 2016:

Name	Share class(es) held	% of share class/ interests held	Registered office/principal place of business
A.C.N. 098 304 440 Pty Ltd ¹	AUD1 ordinary share	100%	(1)
Anthony Acquisition Corp. ¹	US\$ Series A common stock with no par value	100%	(2)
Aquarius International Consultants Pty Ltd ¹	AUD1 class B share	100%	(1)
	AUD1 class C share	100%	
	AUD1 ordinary share	100%	
Atkins (Trinidad) Limited ¹	TTD ordinary shares with no par value	100%	(3)
Atkins (US) ¹	US\$1 ordinary class B share	100%	(4)
Atkins Aberdeen Limited ¹	£1 ordinary A share	100%	(5)
	£1 ordinary B share	100%	
Atkins ATK Limited ¹	£1 ordinary share	100%	(4)
Atkins Australasia Pty Ltd ^{1,2}	AUD1 ordinary B class share	100%	(1)
	AUD1 ordinary C class share	100%	
	AUD1 class D share	100%	
	AUD1 ordinary share	100%	
Atkins Bennett (Holdings) Limited ¹	£0.01 ordinary share	100%	(4)
Atkins Bennett Limited ¹	£1 ordinary share	100%	(4)
Atkins Beta Limited ²	£1 ordinary share	100%	(4)
Atkins Boreas Consultants Limited ¹	£1 ordinary A share	100%	(5)
	£1 ordinary B share	100%	
Atkins Brazil Holdings LLC ¹	N/A – membership interest	100%	(2)
Atkins B.V. ¹	€100.00 ordinary share	100%	(6)
Atkins China Limited ^{2,3}	HKD1 ordinary share	100%	(7)
Atkins Consultancy Services Limited ¹	£1 ordinary share	100%	(4)
Atkins Consultants (Beijing) Company Limited ¹	US\$1.00 ordinary share	100%	(8)
Atkins Consultants (Shenzhen) Co. Ltd ^{1,2}	US\$1.00 ordinary share	100%	(9)
Atkins Consultants Limited ¹	£1 ordinary share	100%	(4)
Atkins Consulting Canada Limited ¹	CAD common shares with no par value	100%	(10)
Atkins Danmark A/S ^{1,2}	DKK1,000 ordinary share	100%	(11)
Atkins Design Engineering Consultants Pte. Ltd ¹	SGD1 ordinary share	100%	(12)
Atkins Gamma Limited ²	£1 ordinary share	100%	(4)
Atkins Investments Limited ¹	£1 ordinary share	100%	(4)
Atkins Investments UK Limited ²	£1 ordinary share	100%	(4)
Atkins Limited ^{1,2}	£1 ordinary share	100%	(4)
Atkins Luxembourg S.à r.l. ^{1,2}	€1 ordinary share	100%	(13)
Atkins Michigan, Inc. ¹	US\$0.01 common stock	100%	(2)
Atkins MSL Engineering Limited ¹	£1 ordinary share	100%	(4)
Atkins Norge AS ¹	NOK50 ordinary share	100%	(14)
Atkins North America, Inc. ^{1,2}	US\$5 common stock	100%	(2)
Atkins Nuclear Secured Holdings Corporation ¹	US\$0.10 common share	100%	(15)
Atkins Nuclear Solutions US, Inc. ¹	US\$ common stock with no par value	100%	(15)
Atkins Pension Trustee Limited ¹	£1 ordinary share	100%	(4)
Atkins Rail Limited	£1 ordinary share	100%	(4)
Atkins Sverige AB ^{1,2}	SEK100 ordinary share	100%	(16)
Atkins ULC ¹	US\$1 ordinary share	100%	(4)
Atkins US Holdings, Inc. ¹	US\$1 common stock	100%	(2)
Atkins, Inc. ¹	US\$0.10 common share	100%	(2)
Broomco (985) Limited ¹	£0.10 ordinary share	100%	(4)
Carnelian Limited ¹	£1 ordinary share	100%	(4)
Confab Limited	£1 ordinary share	100%	(4)
Confluence Project Management Private Limited ¹	INR10 ordinary share	100%	(18)
Faithful and Gould Limited ¹	HKD1 ordinary share	100%	(7)
Faithful and Gould Project Management Limited ¹	HKD1 ordinary share	100%	(7)
Faithful e Gould Consultores em Projetos de Design Ltda ¹	BRL1 ordinary share	100%	(18)
Faithful+Gould (Holdings) Limited ¹	£1 ordinary share	100%	(4)
Faithful+Gould (Malaysia) SDN BHD ¹	RM1 ordinary share	50%	(19)

Name	Share class(es) held	% of share class/ interests held	Registered office/principal place of business
Faithful+Gould Asia Pacific Pte. Ltd ¹	SGD1 ordinary share	100%	(12)
Faithful+Gould Limited ^{1,2}	£1 ordinary share	100%	(4)
Faithful+Gould Nigeria Limited ¹	NGN1 ordinary share	100%	(20)
Faithful+Gould Project Management Pte. Ltd ¹	SGD1 ordinary share	100%	(12)
Faithful+Gould Pte. Limited ¹	SGD1 ordinary share	100%	(12)
Faithful+Gould Saudi Arabia Limited ¹	SAR1,000 ordinary share	100%	(21)
Faithful+Gould, Inc. ^{1,2}	US\$0.01 common share	100%	(2)
Hanscomb (Russia) Limited ¹	£1 ordinary share	100%	(4)
Hanscomb (UK) Limited ¹	£1 ordinary share	100%	(4)
Hanscomb Europe Limited ¹	£1 ordinary share	100%	(4)
Hanscomb, Inc. ¹	US\$0.01 ordinary share	100%	(2)
Houston Offshore Engineering, LLC ¹	US\$1 share	100%	(22)
Kins Developments Limited ⁴	£1 ordinary share	100%	(4)
Kins Holdings Limited	£0.25 ordinary share	100%	(4)
London Group Projects Limited ¹	£1 ordinary share	100%	(4)
Network Train Engineering Services Limited ¹	£1 ordinary share	100%	(4)
Opal Engineering Limited ¹	£1 ordinary share	100%	(4)
Parfab Limited	£1 ordinary share	100%	(4)
PBS&J Constructors, Inc. ¹	US\$0.01 common stock	100%	(2)
PBS&J International, Inc. ¹	US\$0.01 common stock	100%	(2)
PRBC, Inc. ¹	US\$0.10 common stock	100%	(2)
The Atkins North America Holdings Corporation ¹	US\$ common share with no par value	100%	(2)
Ventron Technology Limited ¹	£1 ordinary share	100%	(4)
WS Atkins & Partners Overseas ^{1,2}	£1 ordinary share	100%	(23)
WS Atkins & Partners Overseas Engineering Consultants ^{1,2}	SAR100 ordinary share	70%	(24)
WS Atkins (India) Private Limited ^{1,2}	INR100 ordinary share	100%	(25)
WS Atkins (Malaysia) SDN. BHD ¹	RM1 ordinary share	100%	(19)
WS Atkins (No. 3 Trustees) Limited ⁵	£1 ordinary share	100%	(4)
WS Atkins (Trustees) Limited ⁶	£1 ordinary share	100%	(4)
WS Atkins (UK Holdings) Limited	£1 ordinary share	100%	(4)
WS Atkins Architects Limited	£1 ordinary share	100%	(4)
WS Atkins Cedac Limited ¹	£1 ordinary share	100%	(4)
WS Atkins Insurance (Guernsey) Limited ^{1,2}	£1 ordinary share	100%	(4)
WS Atkins International & Co. LLC ¹	OMR1 ordinary share	65%	(26)
WS Atkins International B.V.	€453.78 ordinary share	100%	(6)
WS Atkins International Limited ^{1,2}	£1 ordinary share	100%	(4)
WS Atkins Ireland (Holdings) Limited	€1.25 ordinary share	100%	(27)
	€1.25 cumulative redeemable preference share	100%	
WS Atkins Ireland Limited ¹	1.2697 ordinary share	100%	(27)
WS Atkins Overseas Limited ¹	£1 ordinary share	100%	(23)
WS Atkins Powertrack Limited ¹	£1 ordinary share	100%	(4)
WS Atkins Property Services Limited ¹	£1 ordinary share	100%	(4)
WS Atkins Quest Trustee Limited	£1 ordinary share	100%	(4)
WS Atkins, Inc. ^{1,2}	US\$1 common stock	100%	(2)

1. Owned by a subsidiary undertaking other than WS Atkins plc.

2. Principal subsidiary.

3. WS Atkins plc owns 99.999% of Atkins China Limited directly and 0.001% jointly with Atkins Limited.

4. WS Atkins plc owns 50.098% of Kins Developments Limited directly and 49.902% jointly with Atkins Limited.

5. WS Atkins plc owns 50% of WS Atkins (No. 3 Trustees) Limited directly and 50% jointly with Atkins Limited.

6. WS Atkins plc owns 99% of WS Atkins (Trustees) Limited directly and 1% jointly with Atkins Limited.

The country of incorporation matches the country in which the registered office/principal place of business is located.

All the subsidiary undertakings noted above are included in the consolidation.

All the subsidiary undertakings noted above operate in the country of registration, except for WS Atkins & Partners Overseas and WS Atkins Overseas Limited, which operate in the Middle East.

Notes to the Financial Statements continued

For the year ended 31 March 2016

41 Details of related undertakings of WS Atkins plc continued

a) Subsidiary undertakings continued

Key to registered office/principal place of business

- (1) Level 13, 140 St Georges Terrace, Perth WA 6000, Australia
- (2) 4030 West Boy Scout Boulevard, Suite 700, Tampa FL 33607, United States
- (3) 23 Taylor Street, Woodbrook, Port of Spain, Trinidad and Tobago
- (4) Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
- (5) Kirkgate House, St. Nicholas Centre, Aberdeen, AB10 1HW, Scotland
- (6) Parellaan 14, 2132WS, Hoofddorp, Netherlands
- (7) 13/F Wharf T&T Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
- (8) Unit 1011-1015, 10th Floor, Building No 8, Tower A, No 91 Jian Guo Road, Chao Yang District, Beijing, 100022, China
- (9) Unit 09-16, 3501-02, 35/F, Shun Hing Square, Di Wang Commercial Center, 5002 Shen Nan Dong Road, Shenzhen, China
- (10) 300 – 1801 Hollis Street, Halifax NS B3J 3N4, Canada
- (11) Arne Jacobsens Alle 17, 2300 Kobenhavn S., Denmark
- (12) 8 Cross Street, #24-01, PwC Building, Singapore, 048424, Singapore
- (13) 99 Grand Rue, L-1661 Luxembourg, Grand Duchy of Luxembourg, Luxembourg
- (14) 5. etasje, Vollsevien 13C, 1366 Lysaker, 0219 BÆRUM, Norway
- (15) 7400 Carmel Executive Park Dr., STE 120 Charlotte NC 28266-8503, United States
- (16) Lilla Nygatan, 7, 211 38, Malmö, Sweden
- (17) G-3 TV Industrial Estate, 248/A S K Ahire, Marg Worli, Mumbai, 400030, Maharashtra, India
- (18) Av. Rio Branco, No. 311, Sala 511 (parte), Centro, Rio de Janeiro, RJ, 20.040-903, Brazil
- (19) Suite 21.02 and 03, 21st floor, Menara Haw Par, Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia
- (20) Plot 252E, Muri Okunola Street, Victoria Island, Lagos, Nigeria
- (21) PO Box 56684, Riyadh 11584, Saudi Arabia
- (22) 17220 Katy Freeway, Suite 200, Houston 200, TX 77074, United States
- (23) Suite B, Ground Floor, Regal House, Queensway, Gibraltar
- (24) Al-Faisaliah Tower, South Link Building Unit, 2nd Floor, PO Box 301702, Riyadh, 11372, Saudi Arabia
- (25) 10th Floor, Safina Towers, No. 3, Ali Asker Road, Bangalore, Karnataka-KA, 560052, India
- (26) 2nd Floor, Hatat House Complex B, Wadi Adai, Muscat, PO Box 2985, Oman
- (27) Atkins House, Units 150-155 Airside Business Park, Swords, co Dublin, Ireland

b) Significant holdings

The following companies were the significant holdings as at 31 March 2016:

Name	Share class(es) held	% of share class/ interests held	Registered office/principal place of business
AMA Nuclear Limited ¹	£1 ordinary share	33.333%	(1)
Confluence Project Management LLC ¹	AED1,000 ordinary share	49%	(2)
DG21 LLC ¹	N/A – membership interest	24.5%	(3)
DGM21 LLC ¹	N/A – membership interest	20%	(4)
Engage SNC ¹	N/A – membership interest	25%	(5)
Faithful&Gould Qatar LLC ¹	QAR1,000 ordinary share	49%	(6)
GET-NSA, LLC ¹	N/A – membership interest	49%	(7)
Nuclear Atkins Assystem Alliance SNC ¹	N/A – membership interest	50%	(5)
Partnering Plus Limited ¹	£1 ordinary share B	33%	(8)
TRANS4M Limited ¹	£1 ordinary share	25%	(9)
UK Nuclear Restoration Limited ¹	£1 ordinary share	30%	(10)

1. Owned by a subsidiary undertaking other than WS Atkins plc.

Key to registered office/principal place of business

- (1) Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
- (2) Office No: 21, 19th Floor, Al Ghaith Tower, Hamdan Street, PO Box 33538, Abu Dhabi, United Arab Emirates
- (3) 14900 Landmark Blvd, Suite 400, Dallas TX 75254, United States
- (4) 301 N Cascade Avenue, Montrose, CO 81401, United States
- (5) 70 Boulevard de Courcelles, 75017 Paris, France
- (6) PO Box 23443, Qatar
- (7) 100 Union Valley Road, Suite 101a, Oak Ridge TN 37830, United States
- (8) Northshore, North Shore Road, Stockton-On-Tees, Cleveland, TS18 2NB, England & Wales
- (9) 4th Floor, 130 Wilton Road, London, SW1V 1LQ, England & Wales
- (10) Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England & Wales

c) Joint ventures

The following entities are considered to be joint ventures based on the agreements in place between Atkins and the other parties:

Name	Proportion of ownership/interest	Financial year end	Registered office
AMA Nuclear Limited ¹	33.3%	31 December	(1)
Connect Plus Services (unincorporated) ¹	32.5%	30 September	N/A
DG21 LLC ¹	24.5%	31 December	(2)
DGM21 LLC ¹	20.0%	31 December	(3)
Engage S.N.C. ¹	25.0%	31 December	(4)
GET-NSA, LLC ¹	49.0%	31 December	(5)
Nuclear Atkins Assystem Alliance S.N.C. ¹	50.0%	31 December	(4)

1. Owned by a subsidiary undertaking other than WS Atkins plc.

Key to registered office

- (1) Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
- (2) 14900 Landmark Blvd, Suite 400, Dallas TX 75254, United States
- (3) 301 N Cascade Avenue, Montrose, CO 81401, United States
- (4) 70 Boulevard de Courcelles, 75017 Paris, France
- (5) 100 Union Valley Road, Suite 101a, Oak Ridge TN 37830, United States

d) Joint operations

The Group also carries out contracts in joint arrangement with other contractors as our clients seek a single point of responsibility for major projects. The following are the principal joint operations in which the Group participated during the year:

Name	Proportion of ownership/interest	Principal place of business
Staffordshire Alliance	33.3%	UK
Atkins – TYP SA	50.0%	KSA

Unaudited consolidated financial statements of WS Atkins plc as at September 30, 2016 and for the six-month period ended September 30, 2016

Consolidated income statement for the six months ended 30 September 2016

	Note	Unaudited Six months to 30 Sept 2016 £m	Unaudited Six months to 30 Sept 2015 £m	Audited Year to 31 March 2016 £m
Revenue	5	994.7	904.6	1,861.9
Cost of sales		(615.8)	(550.3)	(1,109.2)
Gross profit		378.9	354.3	752.7
Administrative expenses		(355.4)	(294.3)	(609.3)
Operating profit	5	23.5	60.0	143.4
Comprising:				
- Underlying operating profit		65.3	59.0	148.2
- Exceptional items	8	(2.8)	6.5	4.7
- Impairment of goodwill	15	(18.5)	-	-
- Impairment of acquired intangibles	14	(4.8)	-	-
- Amortisation of acquired intangibles		(13.9)	(3.9)	(6.3)
- Deferred acquisition payments		(1.8)	(1.6)	(3.2)
		23.5	60.0	143.4
Net profit/(loss) on disposal of businesses	6	0.6	(3.0)	(3.1)
Income from other investments		0.5	1.1	1.1
Share of post-tax profit from joint ventures		3.0	1.1	0.7
Profit before interest and tax		27.6	59.2	142.1
Finance income	9	2.6	1.7	4.0
Finance costs	9	(7.8)	(7.1)	(15.0)
Net finance costs	9	(5.2)	(5.4)	(11.0)
Profit before tax		22.4	53.8	131.1
Comprising:				
- Underlying profit before tax		63.6	55.8	139.0
- Exceptional items	8	(2.8)	6.5	4.7
- Amortisation of acquired intangibles		(13.9)	(3.9)	(6.3)
- Impairment of goodwill	15	(18.5)	-	-
- Impairment of acquired intangibles	14	(4.8)	-	-
- Deferred acquisition payments		(1.8)	(1.6)	(3.2)
- Net profit/(loss) on disposal of businesses	6	0.6	(3.0)	(3.1)
		22.4	53.8	131.1
Income tax expense	10	(0.2)	(10.7)	(27.7)
Profit for the period		22.2	43.1	103.4
Profit attributable to:				
Owners of the parent		22.5	42.9	103.2
Non-controlling interests		(0.3)	0.2	0.2
		22.2	43.1	103.4
Earnings per share				
Basic earnings per share	12	23.1p	44.1p	106.0p
Diluted earnings per share	12	22.6p	42.9p	103.0p
Underlying diluted earnings per share	12	48.2p	42.8p	107.3p

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Consolidated statement of comprehensive income for the six months ended 30 September 2016

	Note	Unaudited Six months to 30 Sept 2016 £m	Unaudited Six months to 30 Sept 2015 £m	Audited Year to 31 March 2016 £m
Profit for the period		22.2	43.1	103.4
Other comprehensive (expense)/income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of net post-employment benefit liabilities	18	(161.5)	17.8	8.3
Income tax on items that will not be reclassified to profit or loss	18	25.8	(3.6)	(5.7)
Total items that will not be reclassified to profit or loss	18	(135.7)	14.2	2.6
<i>Items that may be reclassified subsequently to profit or loss</i>				
Cash flow hedges		3.9	(2.2)	(1.0)
Net investment hedges		(11.3)	-	-
Net differences on exchange		46.2	(13.4)	18.6
Total items that may be reclassified subsequently to profit or loss		38.8	(15.6)	17.6
Other comprehensive (expense)/income for the period, net of tax		(96.9)	(1.4)	20.2
Total comprehensive (expense)/income for the period		(74.7)	41.7	123.6
Attributable to:				
Owners of the parent		(74.4)	41.5	123.4
Non-controlling interests		(0.3)	0.2	0.2
Total comprehensive (expense)/income for the period		(74.7)	41.7	123.6

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Consolidated balance sheet as at 30 September 2016

	Note	Unaudited 30 Sept 2016 £m	Unaudited 30 Sept 2015 £m	Audited 31 March 2016 £m
Assets				
Non-current assets				
Goodwill	15	374.4	236.3	253.2
Other intangible assets	14	195.0	46.7	46.8
Property, plant and equipment	13	51.9	51.7	51.9
Investments in joint ventures		11.5	4.8	4.3
Deferred income tax assets		86.5	72.8	66.5
Derivative financial instruments	16	5.6	0.6	2.0
Post-employment benefit assets	18	12.0	-	-
Other receivables		22.5	27.0	29.1
		759.4	439.9	453.8
Current assets				
Trade and other receivables		609.5	451.9	480.0
Financial assets at fair value through profit or loss	16	32.1	33.4	32.9
Cash and cash equivalents		155.6	193.1	419.3
Derivative financial instruments	16	3.8	0.5	1.3
		801.0	678.9	933.5
Liabilities				
Current liabilities				
Borrowings	17	(7.8)	(58.7)	(7.0)
Trade and other payables		(553.2)	(454.4)	(483.0)
Derivative financial instruments	16	(0.9)	(0.5)	(0.5)
Current income tax liabilities		(30.0)	(30.3)	(28.3)
Provisions for other liabilities and charges		(2.2)	(0.7)	(1.1)
		(594.1)	(544.6)	(519.9)
Net current assets		206.9	134.3	413.6
Non-current liabilities				
Borrowings	17	(290.8)	(48.4)	(273.6)
Provisions for other liabilities and charges		(2.2)	(2.3)	(2.8)
Post-employment benefit liabilities	18	(436.3)	(286.2)	(285.8)
Derivative financial instruments	16	(0.7)	(1.0)	(1.0)
Deferred income tax liabilities		(45.8)	(11.2)	(11.7)
Other non-current liabilities		(4.9)	(3.2)	(3.2)
		(780.7)	(352.3)	(578.1)
Net assets		185.6	221.9	289.3
Capital and reserves				
Ordinary shares	19	0.5	0.5	0.5
Share premium account		62.4	62.4	62.4
Merger reserve		8.9	8.9	8.9
Retained earnings		114.2	149.7	217.2
Equity attributable to owners of the parent		186.0	221.5	289.0
Non-controlling interests		(0.4)	0.4	0.3
Total equity		185.6	221.9	289.3

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Consolidated statement of cash flows for the six months ended 30 September 2016

	Note	Unaudited Six months to 30 Sept 2016 £m	Unaudited Six months to 30 Sept 2015 £m	Audited Year to 31 March 2016 £m
Cash flows from operating activities				
Cash (used in)/generated from operations	20	(1.3)	21.8	116.1
Interest received		1.4	1.3	3.6
Interest paid		(3.2)	(2.3)	(3.9)
Income tax paid		(8.7)	(17.6)	(36.8)
<hr/>				
Net cash (used in)/generated from operating activities		(11.8)	3.2	79.0
<hr/>				
Cash flows from investing activities				
Acquisition of subsidiaries				
- cash paid	7	(226.2)	-	-
Repayment of joint venture loans		-	-	1.6
Purchases of property, plant and equipment	13	(6.0)	(9.8)	(16.8)
Proceeds from disposal of property, plant and equipment	13	0.2	0.1	2.5
Proceeds from disposal of businesses	6	0.6	-	-
Dividends received from other investments		0.5	1.1	1.1
Proceeds from disposal of financial assets		0.8	-	0.5
Purchases of intangible assets	14	(1.2)	(1.2)	(3.0)
<hr/>				
Net cash used in investing activities		(231.3)	(9.8)	(14.1)
<hr/>				
Cash flows from financing activities				
Proceeds of new bank loans		-	-	164.7
Repayment of bank loans	17	(10.2)	-	-
Finance lease principal payments		-	0.1	(0.1)
Redemption of loan notes receivable		-	-	0.1
Purchase of own shares by employee benefit trusts		(6.7)	(6.2)	(13.0)
Equity dividends paid to shareholders	11	(27.0)	(24.8)	(36.2)
<hr/>				
Net cash (used in)/generated from financing activities		(43.9)	(30.9)	115.5
<hr/>				
Net (decrease)/increase in cash and cash equivalents		(287.0)	(37.5)	180.4
<hr/>				
Cash and cash equivalents at beginning of period		419.3	235.4	235.4
Exchange movements		23.3	(4.8)	3.5
<hr/>				
Cash and cash equivalents at end of period		155.6	193.1	419.3

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Consolidated statement of changes in equity as at 30 September 2016

Unaudited	Note	Attributable to owners of the parent				Non-controlling interests	Total equity
		Ordinary shares	Share premium account	Merger reserve	Retained earnings		
		£m	£m	£m	£m	£m	£m
Balance at 1 April 2016		0.5	62.4	8.9	217.2	0.3	289.3
Profit/(loss) for the period		-	-	-	22.5	(0.3)	22.2
Remeasurements of net post-employment benefit liabilities		-	-	-	(161.5)	-	(161.5)
Income tax on items that will not be reclassified to profit or loss		-	-	-	25.8	-	25.8
Cash flow hedges		-	-	-	3.9	-	3.9
Net investment hedges		-	-	-	(11.3)	-	(11.3)
Net differences on exchange		-	-	-	46.2	-	46.2
Other comprehensive expense for the period		-	-	-	(96.9)	-	(96.9)
Total comprehensive expense for the period		-	-	-	(74.4)	(0.3)	(74.7)
Dividends to owners of the parent	11	-	-	-	(27.0)	-	(27.0)
Share-based payments		-	-	-	4.7	-	4.7
Tax credit relating to share-based payments		-	-	-	0.4	-	0.4
Employee benefit trusts		-	-	-	(6.7)	-	(6.7)
Total contributions by and distributions to owners of the parent, recognised directly in equity		-	-	-	(28.6)	-	(28.6)
Acquisition of non-controlling interest		-	-	-	-	(0.3)	(0.3)
Derecognition of non-controlling interest		-	-	-	-	(0.1)	(0.1)
Balance at 30 September 2016		0.5	62.4	8.9	114.2	(0.4)	185.6

Unaudited	Note	Attributable to owners of the parent				Non-controlling interests	Total equity
		Ordinary shares	Share premium account	Merger reserve	Retained earnings		
		£m	£m	£m	£m	£m	£m
Balance at 1 April 2015		0.5	62.4	8.9	133.0	0.2	205.0
Profit for the period		-	-	-	42.9	0.2	43.1
Remeasurements of net post-employment benefit liabilities		-	-	-	17.8	-	17.8
Income tax on items that will not be reclassified to profit or loss		-	-	-	(3.6)	-	(3.6)
Cash flow hedges		-	-	-	(2.2)	-	(2.2)
Net differences on exchange		-	-	-	(13.4)	-	(13.4)
Other comprehensive expense for the period		-	-	-	(1.4)	-	(1.4)
Total comprehensive income for the period		-	-	-	41.5	0.2	41.7
Dividends to owners of the parent	11	-	-	-	(24.8)	-	(24.8)
Share-based payments		-	-	-	5.2	-	5.2
Tax credit relating to share-based payments		-	-	-	1.0	-	1.0
Employee benefit trusts		-	-	-	(6.2)	-	(6.2)
Total contributions by and distributions to owners of the parent, recognised directly in equity		-	-	-	(24.8)	-	(24.8)
Balance at 30 September 2015		0.5	62.4	8.9	149.7	0.4	221.9

Audited	Note	Attributable to owners of the parent				Non-controlling interests	Total Equity
		Ordinary shares	Share premium account	Merger reserve	Retained earnings		
		£m	£m	£m	£m	£m	£m
Balance at 1 April 2015		0.5	62.4	8.9	133.0	0.2	205.0
Profit for the year		-	-	-	103.2	0.2	103.4
Remeasurements of net post-employment benefit liabilities		-	-	-	8.3	-	8.3
Income tax on items that will not be reclassified to profit or loss		-	-	-	(5.7)	-	(5.7)
Cash flow hedges		-	-	-	(1.0)	-	(1.0)
Net differences on exchange		-	-	-	18.6	-	18.6
Other comprehensive income for the year		-	-	-	20.2	-	20.2
Total comprehensive income for the year		-	-	-	123.4	0.2	123.6
Dividends to owners of the parent	11	-	-	-	(36.2)	(0.1)	(36.3)
Share-based payments		-	-	-	9.4	-	9.4
Tax credit relating to share-based payments		-	-	-	0.6	-	0.6
Employee benefit trusts		-	-	-	(13.0)	-	(13.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		-	-	-	(39.2)	(0.1)	(39.3)
Balance at 31 March 2016		0.5	62.4	8.9	217.2	0.3	289.3

The merger reserve relates to the issue of shares in respect of previous acquisitions.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

1. General information

WS Atkins plc (the Company) is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales with company number 1885586.

Copies of this half year report are available from the Company's registered office: Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England, and may be viewed on the Atkins website www.atkinsglobal.com.

This condensed consolidated interim financial information was approved for issue on 17 November 2016.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2016 were approved by the Board of directors on 15 June 2016 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed by the Group's auditor, not audited. The review report is included.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with the Disclosure Guidance and Transparency Rules Sourcebook of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34, *Interim financial reporting*, as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual Financial Statements for the year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern basis

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the half year financial report and therefore continue to adopt the going concern basis in preparing this condensed consolidated interim financial information.

3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated Financial Statements for the year ended 31 March 2016, as described in those annual Financial Statements.

There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Group.

4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated Financial Statements for the year ended 31 March 2016.

The accounting areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this condensed consolidated interim financial information are in relation to contract accounting, goodwill, defined benefit pension schemes, tax, research and development and joint arrangements.

Taxes on income for the six months ended 30 September 2016 are accrued using the estimated underlying tax rate that is expected to apply for the year as a whole, as adjusted for material non-underlying items arising in the six month period.

5. Segmental information

The chief operating decision maker has been identified as the chief executive officer (CEO) and the Group finance director. The CEO and the Group finance director review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating segments for management purposes predominantly reflect its key geographical markets. The segments are: UK and Europe, North America, Middle East, Asia Pacific and Energy. Details of the business activities and the economic environment in which each segment operates are given in the Business Review.

The CEO and the Group finance director assess the performance of the operating segments based on operating profit before interest and tax. Information provided to the CEO and the Group finance director is measured in a manner consistent with that in the condensed consolidated interim financial information.

Six months to 30 September 2016	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax (loss)/ profit from joint ventures £m	Total assets £m
UK and Europe	448.2	3.0	451.2	39.4	8.7	(0.3)	503.7
North America	219.8	2.1	221.9	15.3	6.9	-	343.8
Middle East	111.5	(6.6)	104.9	6.6	6.3	-	158.3
Asia Pacific	55.3	2.0	57.3	4.1	7.2	-	91.7
Energy	155.4	(0.5)	154.9	8.4	5.4	3.3	425.4
Total for segments	990.2	-	990.2	73.8	7.5	3.0	1,522.9
Group items:							
Joint ventures reported above	-	-	-	(4.9)		-	
Investment in Acuity and unallocated central items	-	-	4.5	(45.4)		-	
Unallocated central assets							37.5
Total for Group	990.2	-	994.7	23.5	2.4	3.0	1,560.4

Six months to 30 September 2015	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax (loss)/ profit from joint ventures £m	Total assets £m
UK and Europe	438.8	19.9	458.7	29.8	6.5	(0.1)	458.8
North America	177.0	0.7	177.7	8.5	4.8	-	293.3
Middle East	137.0	(18.2)	118.8	11.3	9.5	-	140.5
Asia Pacific	45.9	5.7	51.6	3.4	6.6	-	76.3
Energy	105.9	(8.1)	97.8	7.1	7.3	1.2	110.7
Total for segments	904.6	-	904.6	60.1	6.6	1.1	1,079.6
Group items:							
Joint ventures reported above	-	-	-	(1.1)		-	
Unallocated central items	-	-	-	1.0		-	
Unallocated central assets							39.2
Total for Group	904.6	-	904.6	60.0	6.6	1.1	1,118.8

Year to 31 March 2016	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit from joint ventures £m	Total assets £m
UK and Europe	906.9	36.7	943.6	73.8	7.8	0.3	584.2
North America	362.0	0.6	362.6	20.4	5.6	-	449.8
Middle East	285.0	(36.7)	248.3	29.5	11.9	-	144.7
Asia Pacific	94.6	11.5	106.1	8.5	8.0	-	68.0
Energy	213.4	(12.1)	201.3	16.7	8.3	0.4	112.2
Total for segments	1,861.9	-	1,861.9	148.9	8.0	0.7	1,358.9
Group items:							
Joint ventures reported above	-	-	-	(0.7)	-	-	-
Unallocated central items	-	-	-	(4.8)	-	-	-
Unallocated central assets	-	-	-	-	-	-	28.4
Total for Group	1,861.9	-	1,861.9	143.4	7.7	0.7	1,387.3

Assets are allocated based on the operations of the segments and the physical location or territory of the asset.

Group cash balances; derivative financial instruments; financial assets at fair value through profit or loss; centrally managed joint ventures; post-employment benefit assets and corporate assets are not considered to be segment assets as they are managed centrally. Consequently they are shown within unallocated central assets.

Unallocated central items reported in the six months ended 30 September 2016 comprise £13.9m of intangible asset amortisation relating to the acquisitions of The PBSJ Corporation (PBSJ), Confluence Project Management Pte. Ltd (Confluence), Nuclear Safety Associates, Inc. (NSA), Houston Offshore Engineering, LLC (HOE), Terramar AS (Terramar) and the projects, products and technology (PP&T) segment of EnergySolutions (see notes 7 and 14); impairment of goodwill and intangible assets of HOE of £23.3m (see notes 15 and 14 respectively); £3.6m investment in our Acuity advisory business; £1.8m of deferred payment arising on the acquisition of HOE; £1.7m of external fees in relation to the acquisition of PP&T and £1.1m of costs relating to the integration of PP&T.

Unallocated central items reported in the six months ended 30 September 2015 comprise £3.9m of intangible asset amortisation relating to the acquisitions of PBSJ, Confluence, NSA, HOE and Terramar; £1.6m of deferred payment arising on the acquisition of HOE and £6.5m gain on disposal of part of the Group's freehold property at Woodcote Grove.

Unallocated central items reported in the year ended 31 March 2016 comprise £6.3m of intangible asset amortisation relating to the acquisitions of PBSJ, Confluence, NSA, HOE and Terramar; £3.3m of external fees in relation to the acquisition of the PP&T segment of EnergySolutions; £3.2m of deferred payment arising on the acquisition of HOE; £1.5m pension curtailment gain and £6.5m gain on disposal of part of the Group's freehold property at Woodcote Grove.

A reconciliation of segmental analysis to profit for the period attributable to owners of the parent and non-controlling interests:

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Operating profit	23.5	60.0	143.4
Net profit/(loss) on disposal of businesses	0.6	(3.0)	(3.1)
Income from other investments	0.5	1.1	1.1
Share of post-tax profit from joint ventures	3.0	1.1	0.7
Profit before interest and tax	27.6	59.2	142.1
Finance income	2.6	1.7	4.0
Finance costs	(7.8)	(7.1)	(15.0)
Net finance costs	(5.2)	(5.4)	(11.0)
Profit before tax	22.4	53.8	131.1

6. Net profit/(loss) on disposal of businesses

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Profit/(loss) on disposal of businesses			
WS Atkins (Portugal) CEPI Limitada	-	(3.0)	(3.1)
UK highways services	0.6	-	-
Net profit/(loss) on disposal	0.6	(3.0)	(3.1)

WS Atkins (Portugal) CEPI Limitada

In July 2015, the Group announced the completion of its disposal of WS Atkins (Portugal) CEPI Limitada to an international investment fund. All staff and assets were transferred on 24 June 2015.

While the assets and liabilities of the Portuguese business represent a disposal group, the business was not reported as a discontinued operation at 30 September 2015 or 31 March 2016 as it did not represent a major line of business.

The Portuguese business was reported within the UK and Europe operating segment (note 5) prior to its disposal.

UK highways services

On 27 February 2013 contracts were exchanged to dispose of the Group's UK highways services business, which formed part of the UK highways and transportation business, to Skanska Construction UK Limited (Skanska), a wholly owned subsidiary of Skanska AB. The business was sold for a cash consideration of £16.0m (subject to certain completion adjustments), together with a deferred conditional amount of £2.0m.

Of the available deferred consideration, £0.5m was received and recognised as a profit on disposal for the year ended 31 March 2015. During the six months ended 30 September 2016, a further £0.6m of deferred consideration was received and recognised.

7. Business combinations

PP&T segment of EnergySolutions

On 11 April 2016 the Group acquired the PP&T segment of EnergySolutions for a cash consideration of US\$318.0m (approximately £224.0m).

PP&T is a 600-person nuclear business that delivers a wide range of technical engineering and programme management services for the decontamination and decommissioning of high hazard government nuclear facilities.

The acquisition strengthens the Group's nuclear multidisciplinary capability with bases in the UK, North America and China.

At 30 September 2016, the fair value of acquired assets, liabilities and goodwill for this business combination were determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date.

The following table summarises the consideration paid for PP&T and the fair value of assets acquired and liabilities assumed at the acquisition date:

Consideration at 11 April 2016

	US\$m	£m
Initial cash consideration	318.0	224.0
Completion working capital adjustment	3.2	2.2
Total consideration	321.2	226.2

Fair value amounts recognised at the acquisition date for each major class of assets and liabilities assumed are as follows:

	US\$m	£m
Acquired customer relationships (included in Intangible assets)	157.5	110.9
Intellectual property (included in Intangible assets)	54.8	38.6
Net retirement benefit assets	17.0	12.0
Investments in joint ventures	4.7	3.3
Property, plant and equipment	0.6	0.4
Trade and other receivables	35.9	25.3
Deferred income tax liabilities	(61.8)	(43.5)
Trade and other payables	(40.5)	(28.5)
Total identifiable net assets	168.2	118.5
Goodwill	153.0	107.7
Total consideration	321.2	226.2

Acquisition-related costs of £2.8m were charged to administrative expenses in the consolidated income statement for the six months ended 30 September 2016.

The fair value of trade and other receivables is £25.3m and includes trade receivables of £13.8m. The gross contractual amount for trade receivables due is £15.7m, £1.9m of which is expected to be uncollectable.

As at the date of acquisition, two letters of credit were in issue totalling \$0.5m (£0.4m).

The revenue and underlying profit before tax included in the Group consolidated statement of comprehensive income since 11 April 2016 contributed by PP&T were £58.1m and £3.4m respectively.

Had PP&T been consolidated from 1 April 2016, the Group's consolidated income statement for the six months ended 30 September 2016 would show revenue of £998.2m and profit before tax of £26.4m.

8. Exceptional items

Exceptional items are disclosed separately on the face of the consolidated income statement and in the notes to the condensed consolidated interim financial information where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Profit on disposal of property	-	6.5	6.5
Exceptional costs in relation to acquisition of PP&T	(2.8)	-	(3.3)
Curtailment gain relating to one-off pension events	-	-	1.5
Exceptional items	(2.8)	6.5	4.7

The above exceptional items are included within administrative expenses in the consolidated income statement.

In November 2015, the Group signed an agreement to acquire PP&T and the transaction was completed on 11 April 2016. As at 31 March 2016, £3.3m was classified as an exceptional item and related only to transaction fees. For the six months ended 30 September 2016, £2.8m has been classified as an exceptional item and is a combination of residual transaction fees and integration costs.

The sale of part of the Group's Woodcote Grove property in Epsom was completed on 30 September 2015 and resulted in a pre and post-tax profit on disposal of £6.5m being recognised at 31 March 2016 (refer to note 13 for further information). There was no tax on the profit on disposal as the taxable gain will be reduced to nil by indexation allowance.

The Railways Pension Scheme recognised a curtailment gain of £1.5m for the year ended 31 March 2016. Further information about this is disclosed in note 30 to the notes to the financial statements of the 31 March 2016 Annual Report.

9. Net finance costs

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Interest payable on borrowings	3.1	1.5	3.2
Unwinding of discount on vacant property	-	-	0.1
Unwinding of discount on contingent and deferred consideration	0.1	0.1	0.4
Net finance costs on net post-employment benefit liabilities	4.4	5.2	10.6
Other finance costs	0.2	0.3	0.7
Finance costs	7.8	7.1	15.0
Interest receivable on short term deposits	(0.3)	(0.5)	(0.8)
Interest income on financial assets at fair value through profit or loss	(0.8)	-	(0.3)
Unwinding of discount on deferred consideration receivable on the sale of Woodcote Grove	(0.3)	-	(0.3)
Interest receivable on loan notes	(1.2)	(1.2)	(2.4)
Other finance income	-	-	(0.2)
Finance income	(2.6)	(1.7)	(4.0)
Net finance costs	5.2	5.4	11.0

10. Income taxes

The Group's income tax expense from continuing operations for the six months ended 30 September 2016 is estimated using the effective tax rate on profits of 0.9% (30 September 2015: 19.9%; 31 March 2016: 21.1%). The Group's underlying effective tax rate is 25.0% (30 September 2015: 23.0%, 31 March 2016: 22.5%), calculated using the estimated underlying effective tax rate on annual profits.

The effective tax rate on profits for the six months ended 30 September 2016 is lower than the Group's underlying effective tax rate due to the tax impact of goodwill impairment, amortisation of acquisition intangibles and exceptional fees relating to acquisitions. The underlying effective tax rate is higher than the UK statutory tax rate of 20% (30 September 2015: 20%; 31 March 2016: 20%) primarily due to the geographic mix of the Group's profit.

11. Dividends

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Final dividend paid for the year ended 31 March 2016 (2015)	27.0	24.8	24.8
Interim dividend paid for the period ended 30 September 2015	-	-	11.4
Dividends recognised in the period	27.0	24.8	36.2
Interim dividend declared for the period ended 30 September 2016 (2015)	12.2	11.4	11.4
Final dividend paid for the year ended 31 March 2016	-	-	27.0
Dividends relating to the period	12.2	11.4	38.4

	Six months to 30 Sept 2016 pence	Six months to 30 Sept 2015 pence	Year to 31 March 2016 pence
Final dividend paid for year ended 31 March 2016 (2015)	27.8	25.5	25.5
Interim dividend paid for period ended 30 September 2015	-	-	11.7
Dividends recognised in the period	27.8	25.5	37.2
Interim dividend declared for the period ended 30 September 2016 (2015)	12.5	11.7	11.7
Final dividend paid for the year ended 31 March 2016	-	-	27.8
Dividends relating to the period	12.5	11.7	39.5

12. Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the period, excluding shares held by the employee benefit trusts (EBTs) which have not unconditionally vested in the employees and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options and awards outstanding during the period. The options and awards relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Six months to 30 Sept 2016 number ('000)	Six months to 30 Sept 2015 number ('000)	Year to 31 March 2016 number ('000)
Number of shares			
Weighted average number of shares used in basic and underlying basic EPS	97,261	97,306	97,366
Effect of dilutive securities - share options	2,426	2,766	2,796
Weighted average number of shares used in diluted and underlying diluted EPS	99,687	100,072	100,162
	£m	£m	£m
Earnings			
Profit for the period attributable to owners of the parent	22.5	42.9	103.2
Net (profit)/ loss on disposal of businesses (net of tax)	(0.6)	3.0	3.1
Exceptional items (net of tax)	2.2	(6.5)	(4.7)
Impairment of goodwill (net of tax)	11.3	-	-
Deferred acquisition payments (net of tax)	1.1	1.0	2.0
Impairment of acquired intangibles (net of tax)	2.9	-	-
Amortisation of acquired intangibles (net of tax)	8.6	2.4	3.9
Underlying earnings	48.0	42.8	107.5
	pence	pence	pence
Basic earnings per share	23.1	44.1	106.0
Diluted earnings per share	22.6	42.9	103.0
Underlying basic earnings per share	49.4	44.0	110.4
Underlying diluted earnings per share	48.2	42.8	107.3

13. Property, plant and equipment

Additions to property, plant and equipment during the six months ended 30 September 2016 amounted to £6.0m (30 September 2015: £9.8m; 31 March 2016: £16.9m). The Group acquired £0.4m of property, plant and equipment through the acquisition of subsidiary undertakings (30 September 2015: £nil; 31 March 2016: £nil). The net book value of disposals during the six months ended 30 September 2016 amounted to £0.1m (30 September 2015: £1.6m; 31 March 2016: £1.6m).

The net book value of property, plant and equipment at 30 September 2016 amounted to £51.9m (30 September 2015: £51.7m; 31 March 2016: £51.9m).

The Group had £5.0m of capital expenditure contracted for but not incurred at 30 September 2016 (30 September 2015: £3.1m; 31 March 2016: £3.8m).

The depreciation charge for the period is £9.4m (30 September 2015: £8.9m; 31 March 2016: £18.2m) and is included in administrative expenses in the consolidated income statement.

14. Other intangible assets

Additions to intangible assets during the six months ended 30 September 2016 amounted to £1.2m (30 September 2015: £1.2m; 31 March 2016: £3.0m). During the six months ended 30 September 2016 the Group acquired £149.5m of intangible assets through the acquisition of subsidiary undertakings (30 September 2015: £nil; 31 March 2016: £nil). The net book value of intangible assets at 30 September 2016 amounted to £195.0m (30 September 2015: £46.7m; 31 March 2016: £46.8m). The net book value of disposals during the six months ended 30 September 2016 amounted to £nil (30 September 2015: £nil; 31 March 2016: £0.2m).

The amortisation charge for the period is £15.7m (30 September 2015: £6.9m; 31 March 2016: £11.9m) and is included in administrative expenses in the consolidated income statement. The impairment charge for the period of £4.8m (30 September 2015: £nil; 31 March 2016: £nil) is included in administrative expenses in the consolidated income statement and arises from the impairment review of the North America oil and gas cash generating unit (CGU).

15. Goodwill

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
At beginning of period	253.2	244.4	244.4
Acquisition of subsidiaries	107.7	-	-
Impairment of goodwill	(18.5)	-	-
Exchange differences	32.0	(8.1)	8.8
At end of period	374.4	236.3	253.2

CGUs

Following the reorganisation of our global Energy business into five regional divisions, which took effect on 1 August 2016, the CGUs for the purpose of testing goodwill allocated to the Energy operating segment have changed. In accordance with IAS 36, this reorganisation requires a reallocation of goodwill previously allocated to the CGUs of the former reporting structure. There was no change to the goodwill allocation at the operating segment level.

Impairment

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually or more frequently if events or changes in circumstances indicate a potential impairment, in accordance with the accounting policy set out in the 2016 annual Financial Statements. The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated to its recoverable amount. The recoverable amount is based on the higher of fair value less costs to sell and value in use. The value in use calculations require the use of estimates including projected future cash flows and other future events.

Details of the growth rate and discount rate assumptions made are disclosed in the Group's annual Financial Statements at 31 March 2016.

As a result of the above reorganisation, the carrying amount of goodwill in the North America oil and gas CGU that arose from the acquisition of the oil and gas offshore engineering business, HOE, was reviewed during the period and has been fully impaired, resulting in a loss of £18.5m. This loss has been included in administrative expenses in the consolidated income statement.

Sensitivities

Goodwill of £158.0m (31 March 2016: £151.5m) is allocated to the North America operating segment arising on the acquisition of PBSJ. The Group's 31 March 2016 annual Financial Statements disclosed the changes in the calculation assumptions that would cause the value in use of the North America group of CGUs to fall below the carrying value of the goodwill. There were no triggering events at 30 September 2016.

For all other CGUs or groups of CGUs, there have been no events or changes in circumstances that would require additional review of the carrying value of the goodwill before the Group's annual testing for impairment is carried out at 31 March 2017.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual Financial Statements in respect of the Group's impairment test for goodwill and should be read in conjunction with the Group's annual Financial Statements at 31 March 2016. There have been no changes to the Group's approach to goodwill impairment testing since that date.

16. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual Financial Statements as at 31 March 2016. There have been no changes to risk management policies since 31 March 2016.

Liquidity risk

Compared to the position at 31 March 2016, there was no material change in the contractual undiscounted cash flows of the Group's non-derivative financial liabilities in the period.

Fair value estimation

The following table analyses the Group's financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of certificates of deposit is calculated as the present value of the future cash flows, discounted at an appropriate market rate of interest. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

Level 3 financial instruments

The fair value of financial instruments for an asset or liability that are not based on observable market data (that is, unobservable inputs) are Level 3 financial instruments.

Level 3 valuation technique and significant unobservable inputs

The contingent consideration at 30 September 2016 related to an acquisition made by PP&T prior to its acquisition by the Group and has been recorded at fair value in the acquisition balance sheet. The main Level 3 inputs used in estimating the contingent consideration payment are based on revenue targets for the next 7.75 years. PP&T prepares detailed forecasts on this acquisition and updates these on a quarterly basis as part of its normal operating processes. These forecasts are based on past experience. The fair value of the contingent consideration arrangement was £3.9m (\$5.5m) at the PP&T acquisition date and is discounted at an annual discount rate of 2.4%.

The comparative figures for September 2015 and March 2016 related to a previous acquisition by the Group which has been released during the six months ended 30 September 2016.

Level 3 inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value of the Level 3 financial instrument would increase if there was a change in either the annual revenue or the risk-adjusted discount rate.

Level 3 sensitivity analysis

A reasonable possible change to annual revenue of 5% and a change of 100bps to the discount rate, holding other inputs constant, would not result in a significant change in the fair value.

Specific valuation techniques used to value financial instruments include:

- The fair value of derivatives used for hedging are provided by The Royal Bank of Scotland, HSBC, Barclays and Bank of America Merrill Lynch.
- The fair value of all marketable securities, with the exception of life insurance policies, are provided by the financial institutions holding the Group's funds and investments.
- The fair value of life insurance policies are provided by the Group's insurance companies.

The Group's assets and liabilities that are measured at fair value are set out below.

30 September 2016	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivatives used for hedging				
- foreign exchange contracts	-	9.4	-	9.4
Financial assets at fair value through profit or loss:				
Marketable securities				
- floating rate notes	5.2	-	-	5.2
- fixed interest securities	23.7	-	-	23.7
- life insurance policies	-	3.2	-	3.2
Total assets	28.9	12.6	-	41.5
Liabilities				
Financial liabilities at fair value through profit or loss:				
- contingent consideration	-	-	4.1	4.1
Derivatives used for hedging				
- foreign exchange contracts	-	1.6	-	1.6
Total liabilities	-	1.6	4.1	5.7

30 September 2015	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivatives used for hedging				
- foreign exchange contracts	-	1.1	-	1.1
Financial assets at fair value through profit or loss:				
Marketable securities				
- floating rate notes	5.5	-	-	5.5
- fixed interest securities	20.5	-	-	20.5
- UK treasury bills	4.9	-	-	4.9
- life insurance policies	-	2.5	-	2.5
Total assets	30.9	3.6	-	34.5
Liabilities				
Financial liabilities at fair value through profit or loss:				
- contingent consideration	-	-	2.9	2.9
Derivatives used for hedging				
- foreign exchange contracts	-	1.5	-	1.5
Total liabilities	-	1.5	2.9	4.4

31 March 2016	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivatives used for hedging				
- foreign exchange contracts	-	3.3	-	3.3
Financial assets at fair value through profit or loss:				
Marketable securities				
- floating rate notes	5.8	-	-	5.8
- fixed interest securities	24.2	-	-	24.2
- life insurance policies	-	2.9	-	2.9
Total assets	30.0	6.2	-	36.2
Liabilities				
Financial liabilities at fair value through profit or loss:				
- contingent consideration	-	-	1.9	1.9
Derivatives used for hedging				
- foreign exchange contracts	-	1.5	-	1.5
Total liabilities	-	1.5	1.9	3.4

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

There have been no changes to the classification of the Group's financial instruments carried at fair value between Level 1, Level 2 and Level 3 at 30 September 2016, 30 September 2015 or 31 March 2016.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables.

17. Borrowings

	30 Sept 2016	30 Sept 2015	31 March 2016
	£m	£m	£m
Current			
Bank loans	7.7	58.6	7.0
Finance leases	0.1	0.1	-
	7.8	58.7	7.0
Non-current			
Bank loans	232.9	-	220.9
Finance leases	-	0.1	0.1
Private placement debt	57.9	48.3	52.6
	290.8	48.4	273.6
	298.6	107.1	280.6

Movements in borrowings are analysed as follows:

	Six months to	Six months to	Year to
	30 Sept 2016	30 Sept 2015	31 March 2016
	£m	£m	£m
At beginning of period	280.6	111.3	111.3
Additions to finance leases	-	0.1	-
Loan draw down	-	-	164.1
Repayment of borrowings	(10.2)	-	-
Difference on exchange	28.2	(4.3)	5.2
At end of period	298.6	107.1	280.6

The Group has the following undrawn committed borrowing facilities available expiring as follows:

	30 Sept 2016	30 Sept 2015	31 March 2016
	£m	£m	£m
Later than two years and no later than five years	59.2	141.2	71.9

All of the Group's undrawn committed borrowing facilities will be subject to floating rates of interest.

On 30 January 2016 the Group amended and extended its five year RCF. This £200m facility matures on 30 January 2021. On 11 March 2016, the Group signed a new RCF of £100m, with a maturity of three years. There will be an option to extend for an additional year with the lenders' permission. This facility provides the Group with an increased and longer term financial capacity to support its strategy on favourable terms, and committed credit lines totalling £300m. The total letters of credit in issue under the committed facilities at 30 September 2016 were £0.2m (30 September 2015: £0.2m; 31 March 2016: £0.2m).

The £100m facility has the following lenders, Bank of America Merrill Lynch International Limited, Barclays Bank plc, HSBC Bank plc and National Westminster Bank plc. The £200m facility additionally has the following lenders, The National Bank of Abu Dhabi PJSC London Branch, Abbey National Treasury Services plc and United Overseas Bank Limited London Branch.

The Group's borrowing facilities include a number of undertakings and financial covenants. Compliance with these covenants is monitored. As at 30 September 2016, and since, there have been no breaches.

In the financial year ended 31 March 2013, the Group raised \$75m through the successful execution of its debut issue in the US private placement market. The proceeds were used to repay drawn funds under the Group's existing banking facilities. The private placement is due for repayment on 31 May 2019 and carries a nominal interest rate of 4.38%.

18. Post-employment benefit liabilities

	30 Sept 2016	30 Sept 2015	31 March 2016
	£m	£m	£m
Net retirement benefit liabilities	(413.8)	(268.5)	(265.3)
Other post-employment benefit liabilities	(22.5)	(17.7)	(20.5)
	(436.3)	(286.2)	(285.8)
Net retirement benefit assets	12.0	-	-
Net post-employment benefit liabilities	(424.3)	(286.2)	(285.8)

a) Net retirement benefit liabilities

The Group, through trustees, operates a number of defined benefit and defined contribution pension schemes. The two main defined benefit schemes are the Atkins Pension Plan (the Plan) and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee-administered funds. Other pension schemes include the Atkins McCarthy Pension Scheme in the Republic of Ireland, which is a final salary funded defined benefit scheme, Terramar AS Pension Plan in Norway, and a range of defined contribution schemes or equivalent.

As part of the acquisition on 11 April 2016 (refer note 7), the Group took over the EnergySolutions Section of the Magnox Group of the Electricity Supply Pension Scheme (ESPS). At 30 September 2016 this scheme reported net retirement benefit assets of £12m.

The Plan is closed to the future accrual of benefits; all defined benefit members of the Plan were transferred to a defined contribution section for future service where it was clear they did not benefit from a statutory or contractual right to a final salary pension.

The Atkins McCarthy Pension Plan was closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension on 31 March 2009. These members transferred to the Personal Retirement Savings Accounts - Ireland (PRSA - Irish Life) scheme with effect from 1 April 2009.

The Terramar AS Pension Plan was closed to new entrants on 1 January 2009. It is a funded pension scheme and is managed by DNB (Norway's largest financial services group). In order to obtain full pension entitlements, the scheme participants are required to complete 30 years of pensionable service prior to them obtaining the right to a life-long retirement pension corresponding to the difference between 66% of the employee's salary at retirement and estimated benefits from the Norwegian National Insurance Scheme. Economic and actuarial assumptions comply with prevailing technical recommendations in Norway.

The defined benefit sections of all pension schemes are mostly closed to new entrants, who are offered membership of the defined contribution section.

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Plan and the Railways Pension Scheme are listed in the table below:

	30 Sept 2016	30 Sept 2015	31 March 2016
Price inflation			
RPI	3.00%	3.10%	2.90%
CPI	1.90%	2.10%	1.90%
Rate of increase of pensions in payment			
Limited Price Indexation (RPI-based)	2.80%	2.90%	2.80%
Limited Price Indexation (CPI-based)	2.00%	2.20%	2.00%
Limited Price Indexation to 2.5%	2.50%	2.50%	2.50%
Fixed	5.00%	5.00%	5.00%
Rate of increase in salaries			
Atkins Pension Plan	4.50%	4.60%	4.40%
Railways Pension Scheme (uncapped)	5.25%	5.35%	5.15%
Railways Pension Scheme (RPI capped)	3.00%	3.10%	2.90%
Railways Pension Scheme (CPI capped)	1.90%	2.10%	1.90%
Rate of increase for deferred pensioners			
Atkins Pension Plan	3.00%	3.10%	2.90%
Railways Pension Scheme	1.90%	2.10%	1.90%
Discount rate	2.40%	3.90%	3.50%
Longevity at age 65 for current pensioners			
Men	24.3 years	24.2 years	24.3 years
Women	26.2 years	26.1 years	26.2 years
Longevity at age 65 for future pensioners (current age 45)			
Men	26.6 years	26.5 years	26.6 years
Women	28.5 years	28.4 years	28.5 years

The components of the defined benefit pension cost are as follows:

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Cost of sales			
Current service cost	1.3	1.2	2.6
Administrative expenses	-	-	0.2
Curtailement gain	-	-	(1.5)
Total charge	1.3	1.2	1.3
Net interest expense	3.9	4.8	9.7
Total charge to income statement for defined benefit schemes	5.2	6.0	11.0
Statement of comprehensive income			
Gain/(loss) on pension scheme assets	310.0	(97.6)	(9.6)
Changes in assumptions	(471.5)	115.4	17.9
Remeasurements (loss)/gain recognised in other comprehensive (expense)/income	(161.5)	17.8	8.3
Net deferred and income tax credited/(charged) to equity	25.8	(3.6)	(5.7)
Remeasurements (loss)/gain (net of tax)	(135.7)	14.2	2.6

Net retirement benefit liabilities comprise the following:

	30 Sept 2016 £m	30 Sept 2015 £m	31 March 2016 £m
Defined benefit obligation	(2,348.1)	(1,720.5)	(1,821.9)
Fair value of plan assets	1,946.3	1,452.0	1,556.6
Net retirement benefit liabilities	(401.8)	(268.5)	(265.3)
Income tax on net retirement benefit liabilities	68.3	53.7	49.3
Net post-tax retirement benefit liabilities	(333.5)	(214.8)	(216.0)

Under the Plan there are net retirement benefit liabilities of £294.4m (30 September 2015: £194.0m; 31 March 2016: £194.1m).

Under the Railways Pension Scheme there are net retirement benefit liabilities of £112.2m (30 September 2015: £66.4m; 31 March 2016: £64.2m).

Under the EnergySolutions Section of Magnox Group of the Electricity Supply Pension Scheme (ESPS) there are net retirement benefit assets of £12.0m.

Under other defined benefit schemes there are net retirement benefit liabilities of £7.2m (30 September 2015: £8.1m net retirement benefit liabilities; 31 March 2016: £7.0m net retirement benefit liabilities).

Movements in the net retirement benefit liabilities are as follows:

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Net retirement benefit liabilities at beginning of period	(265.3)	(298.4)	(298.4)
Businesses acquired	12.0	-	-
Service cost	(1.3)	(1.2)	(2.6)
Administrative expenses	-	-	(0.2)
Net finance costs	(3.9)	(4.8)	(9.7)
Curtailement gain	-	-	1.5
Contributions	18.4	18.0	36.3
Remeasurements (loss)/gain recognised in other comprehensive expense	(161.5)	17.8	8.3
Difference on exchange	(0.2)	0.1	(0.5)
Net retirement benefit liabilities at end of period	(401.8)	(268.5)	(265.3)

Net retirement benefit liabilities at 30 September 2016 is made up of £12.0m net assets under the Electricity Supply Pension Scheme and £413.8m net liabilities on all other schemes.

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 8.5%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.5%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.5%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The effect of the change in inflation on the net liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses including Gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the Gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee benefits*.

The Group operates a KESOP providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as the Supplemental Income Program (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position in the business, their age and length of service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the business. The insurance benefits will be provided without any further or additional services from the employee to the business and they will be paid for and provided for as long as the employee and their spouse shall live.

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Other post-employment obligations at beginning of period	20.5	18.2	18.2
Current service cost and other comprehensive income	2.0	1.5	4.2
Interest cost	0.5	0.4	0.9
Benefit payments	(2.8)	(1.7)	(3.7)
Difference on exchange	2.3	(0.7)	0.9
Other post-employment obligations at end of period	22.5	17.7	20.5

The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below.

	Six months to 30 Sept 2016	Six months to 30 Sept 2015	Year to 31 March 2016
Gratuity scheme			
Discount rate	5.00%	5.00%	5.00%
Salary inflation	3.00%	3.00%	3.00%
Average remaining service period	2 years	2 years	2 years
KESOP scheme			
Discount rate	1.55%	1.10%	1.55%
Medical plan			
Discount rate	3.80%	3.55%	3.80%
Healthcare cost trend rate for next year	8.00%	7.50%	8.00%
Rate of decline of cost trend rate	5.00%	5.00%	5.00%
Year that rate reaches ultimate trend rate	2026	2023	2026

19. Ordinary shares

	30 Sept 2016 £m	30 Sept 2015 £m	31 March 2016 £m
Issued, allotted and fully paid ordinary shares of 0.5p each			
At beginning of period	0.5	0.5	0.5
At end of period	0.5	0.5	0.5

The number of issued, allotted and fully paid up shares at 30 September 2016 is 104,451,799 (30 September 2015: 104,451,799; 31 March 2016: 104,451,799).

At 30 September 2016 a total of 4,341,000 ordinary shares of 0.5p each were held as treasury shares (30 September 2015: 4,341,000; 31 March 2016: 4,341,000). These shares, which represent approximately 4.2% of the called up share capital of the Company (30 September 2015: 4.2%; 31 March 2016: 4.2%) have not been cancelled and represent a deduction from shareholders' equity.

No further shares have been purchased between 30 September 2016 and the date of this condensed consolidated interim financial information.

20. Cash generated from operations

	Six months to 30 Sept 2016 £m	Six months to 30 Sept 2015 £m	Year to 31 March 2016 £m
Operating profit for the period	23.5	60.0	143.4
Adjustments for:			
Other non-cash (income)/costs	-	(0.1)	0.1
Depreciation charges (note 13)	9.4	8.9	18.2
Impairment of goodwill (note 15)	18.5	-	-
Impairment of intangible assets (note 14)	4.8	-	-
Amortisation of intangible assets (note 14)	15.7	6.9	11.9
Deferred acquisition payments	1.8	1.6	3.2
Share-based payment charge	4.7	5.2	9.4
Pension curtailment gain (note 18)	-	-	(1.5)
Loss/(profit) on disposal of property, plant and equipment	0.1	(6.5)	(6.7)
Movement in provisions	0.5	(0.4)	0.5
Movement in non-current payables	1.6	-	0.1
Movement in working capital	(65.1)	(37.4)	(29.7)
Pension deficit funding	(16.8)	(16.4)	(32.8)
Cash (used in)/generated from continuing operations	(1.3)	21.8	116.1

21. Contingent liabilities

The Group has given indemnities in respect of performance and contractual related bonds, as well as letters of credit issued on its behalf. The amount outstanding at 30 September 2016 includes £0.2m letters of credit issued as a result of the acquisition of PBSJ (30 September 2015: £0.2m, 31 March 2016: £0.2m).

Group companies are from time to time involved in claims and litigation. The Group carries significant Professional Indemnity insurance cover for such claims.

At 30 September 2016, two letters of credit were in issue to secure the Group's reinsurance obligations, one for the sum of £0.5m in favour of Allianz Insurance Company and one for the sum of £1.4m in favour of AXA Corporate Solutions (30 September 2015: £0.9m and £1.4m respectively, 31 March 2016: £0.9m and £1.4m respectively).

22. Related party transactions

Details of the directors' shareholdings, share options and remuneration are disclosed in the 31 March 2016 annual Financial Statements. It is not considered meaningful to disclose this information at the half year.

Transactions with the retirement benefit schemes are shown in note 18.

As part of the acquisition of PP&T on 11 April 2016 (see note 7), the Group acquired an interest in a number of joint ventures. Details of the Group's principal joint ventures at 31 March 2016 are disclosed in the 31 March 2016 annual Financial Statements.

The Group entered into a number of transactions with its joint ventures during the period, including sales of goods and services to joint ventures of £54.7m (30 September 2015: £22.6m; 31 March 2016: £42.5m). As at 30 September 2016 the receivables from joint ventures were £4.1m (30 September 2015: £3.3m; 31 March 2016: £1.7m).

As at 30 September 2016 the Group held £19.7m (30 September 2015: £19.7m; 31 March 2016: £19.7m) of interest bearing loan notes in Connect Plus (M25) Intermediate Limited. These loan notes mature in 2039 and have a nominal interest rate of 12% per annum. The Group has a 10% shareholding in Connect Plus (M25) Intermediate Limited and an explanation of the nature of this related party is disclosed in the 31 March 2016 annual Financial Statements.

23. Events occurring after the reporting period

Dividends

Details of the interim dividend proposed are given in note 11.

Howard Humphreys (East Africa) Limited acquisition (Howard Humphreys)

After the balance sheet date, on 3 October 2016, the Group acquired Howard Humphreys, for a cash consideration of 1,364m Kenyan Shillings, subject to working capital adjustments. Howard Humphreys is a multidisciplinary consultancy based in Kenya and Tanzania, which employs around 200 people.

24. Seasonality

The Group's activities are not subject to significant seasonal variation.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF SNC-LAVALIN GROUP INC.

The following unaudited pro forma consolidated financial statements are presented to illustrate the estimated effects of the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility. These unaudited pro forma consolidated financial statements have been prepared by applying pro forma adjustments to the historical consolidated financial statements of SNC-Lavalin, Group Inc. incorporated by reference in the Prospectus. The unaudited pro forma consolidated statement of financial position gives effect to the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility as if they had occurred on December 31, 2016. The unaudited pro forma consolidated income statements for the year ended December 31, 2016 give effect to the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility as if each had occurred on January 1, 2016. All pro forma adjustments and their underlying assumptions are described in the notes to the unaudited pro forma consolidated financial statements.

These unaudited pro forma consolidated financial statements have been prepared using certain financial statements of SNC-Lavalin Group Inc. and WS Atkins plc, respectively, as more particularly described in the notes to such pro forma consolidated financial statements. In preparing these pro forma consolidated financial statements, management of SNC-Lavalin Group Inc. has made certain assumptions that affect the amounts reported in the unaudited pro forma consolidated financial statements. These unaudited pro forma consolidated financial statements are not intended to be indicative of the results that would have actually occurred, had the events reflected therein occurred on the dates indicated, and do not purport to project the future financial position of SNC-Lavalin Group Inc. Actual amounts recorded upon consummation of the transactions contemplated by the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility will differ from these unaudited pro forma consolidated financial statements. Any potential synergies that may be realized after consummation of the Acquisition have been excluded from these unaudited pro forma consolidated financial statements. Readers are cautioned to not place undue reliance on these unaudited pro forma consolidated financial statements.

All amounts are in thousands of Canadian dollars, except where noted.

SNC-LAVALIN GROUP INC.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

	SNC- Lavalin Group Inc.	WS Atkins plc			
(IN THOUSANDS OF CANADIAN DOLLARS)	December 31, 2016	September 30, 2016	Pro Forma Adjustments	Notes	Pro Forma Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,055,484	\$ 264,940	\$ (385,467)	(4a)	\$ 934,957
Restricted cash	55,577	-			55,577
Trade receivables	935,983	557,805			1,493,788
Contracts in progress	1,188,912	324,705	19,751	(3b)	1,533,368
Inventories	138,795	-			138,795
Other current financial assets	492,725	63,000			555,725
Other current non-financial assets	315,847	153,413			469,260
Assets held for sale	6,706	-			6,706
Total current assets	4,190,029	1,363,863	(365,716)		5,188,176
Property and equipment	298,333	88,370			386,703
Capital investments accounted for by the equity method	399,425	-			399,425
Capital investments accounted for by the cost method	48,325	-			48,325
Investments in joint ventures	-	19,581			19,581
Goodwill	3,268,214	637,491	3,271,853	(3b), (4b)	7,177,558
Intangible assets related to Kentz acquisition	194,164	-			194,164
Other Intangible assets	-	332,028			332,028
Deferred income tax asset	421,461	147,284			568,745
Non-current portion of receivables under service concession arrangements	356,847	-			356,847
Other non-current financial assets	58,523	43,589			102,112
Other non-current non-financial assets	62,998	4,257			67,255
Post-employment benefit assets	-	20,432			20,432
Total assets	\$ 9,298,319	\$ 2,656,895	2,906,137		\$ 14,861,351
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	\$ 1,888,242	\$ 462,283			\$ 2,350,525
Downpayments on contracts	263,382	-			263,382
Deferred revenues	851,158	334,751			1,185,909
Other current financial liabilities	303,975	1,532			305,507
Other current non-financial liabilities	397,790	195,982			593,772
Current portion of provisions	236,594	3,746			240,340
Short-term debt and current portion of long-term debt:					
Non-recourse from Capital investments	21,011	-			21,011
Other recourse borrowings	-	13,281	(13,111)	(4c)	170
Total current liabilities	3,962,152	1,011,575	(13,111)		4,960,616
Long-term debt					
Recourse	349,369	495,145	681,787	(4c)	1,526,301
Non-recourse from Capital investments	472,571	-			472,571
Other non-recourse debt	-	-	1,472,850	(4c)	1,472,850
Other non-current financial liabilities	5,928	1,192			7,120
Non-current portion of provisions	326,401	3,746	(150,460)	(4d)	179,687
Other non-current non-financial liabilities	15,846	8,343			24,189
Deferred income tax liability	269,718	77,984			347,702
Post-employment benefit liabilities	-	742,888	150,460	(4d)	893,348
Total liabilities	5,401,985	2,340,873	2,141,526		9,884,384
Equity					
Share capital	554,839	122,255	1,027,698	(4e)	1,704,792
Retained earnings	2,959,366	194,448	(263,087)	(4e)	2,890,727
Other components of equity	360,845	-			360,845
Other components of equity of asset held for sale	(1,828)	-			(1,828)
Equity attributable to the Parent	3,873,222	316,703	764,611		4,954,536
Non-controlling interests	23,112	(681)			22,431
Total equity	3,896,334	316,022	764,611		4,976,967
Total liabilities and equity	\$ 9,298,319	\$ 2,656,895	2,906,137		\$ 14,861,351

SNC-LAVALIN GROUP INC.
PRO FORMA CONSOLIDATED INCOME STATEMENT
(unaudited)

	SNC- Lavalin Group, Inc.	WS Atkins plc			
	Year ended December 31, 2016	12 months ended September 30, 2016	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<small>(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)</small>					
Revenues from:					
E&C	\$ 8,223,085	\$ 3,686,157	\$ (7,366)	(3b)	\$ 11,901,876
Capital investments accounted for by the consolidation or cost methods	64,904	-			64,904
Capital investments accounted for by the equity method	182,844	-			182,844
	8,470,833	3,686,157	(7,366)		12,149,624
Direct costs of activities	7,264,735	2,218,303			9,483,038
Gross margin	1,206,098	1,467,854	(7,366)		2,666,586
Selling, general and administrative expenses	724,115	1,176,096			1,900,211
Restructuring costs	115,405	-			115,405
Acquisition-related costs and integration costs	4,409	11,519	68,639	(5a)	84,567
Amortization of intangible assets related to Kentz acquisition	68,810	-			68,810
Amortisation of other acquired intangibles	-	30,781			30,781
Curtailment gain relating to one-off pension events	-	(2,833)			(2,833)
Impairment of goodwill and acquired intangibles	-	44,000			44,000
Deferred acquisition payments	-	6,421			6,421
Gain on disposals of Capital investments	(55,875)	-			(55,875)
(Profit)/loss on disposals of E&C businesses	37,133	(944)			36,189
Income from other investments	-	(944)			(944)
Share of post-tax profit from joint ventures	-	(4,910)			(4,910)
EBIT⁽¹⁾	312,101	208,668	(76,005)		444,764
Financial expenses	60,810	29,648	112,576	(5b)	203,034
Financial income and foreign exchange losses (gains)	(18,693)	(9,253)			(27,946)
Earnings before income taxes	269,984	188,273	(188,581)		269,676
Income taxes	13,419	32,480	(50,486)	(5c)	(4,587)
Net income	\$ 256,565	\$ 155,793	\$ (138,095)		\$ 274,263
Net income attributable to:					
Shareholders of the parent	255,533	156,360	(138,095)		273,798
Non-controlling interests	1,032	(567)			465
Net income	\$ 256,565	\$ 155,793	\$ (138,095)		\$ 274,263
Earnings per share (in \$)					
Basic	1.70				1.58
Diluted	1.70				1.58
Weighted average number of outstanding shares (in thousands)					
Basic	150,077				173,402
Diluted	150,279				173,604

(1) Earnings before interest and taxes ("EBIT")

Notes to the Pro Forma Consolidated Financial Statements

(Unaudited)

1. Description of the SNC-Lavalin 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 “SNC-Lavalin” or the “Corporation” 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 Corporation provides engineering and construction 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 in infrastructure concessions that are complementary to its other activities and referred to as “Capital investments” or “Capital” in these financial statements.

The Corporation reports its revenues as follows:

- E&C includes contracts generating revenues related to engineering, construction, and O&M activities. Such activities include, among others, Engineering, Procurement and Construction (“EPC”), Engineering, Procurement and Construction Management (“EPCM”), and Operations & Maintenance (“O&M”) contracts.
- Capital investments regroup SNC-Lavalin’s investments in infrastructure concessions for public services or in other long-term assets.

In these pro forma consolidated financial statements (“financial statements”), activities from engineering and construction and operations and maintenance expertise are collectively referred to as “from E&C” or “excluding Capital investments” to distinguish them from activities related to the Capital investments.

2. Basis of Presentation

The accompanying unaudited pro forma consolidated statement of financial position of SNC-Lavalin as at December 31, 2016 and the unaudited pro forma consolidated income statement for the year ended December 31, 2016 (the “pro-forma statements”) have been prepared to reflect the acquisition of all of the issued and outstanding common shares of WS Atkins plc (“Atkins”).

The pro forma financial information reflects the effect of the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility, as defined in the Prospectus Supplement. SNC-Lavalin expect to finance the Purchase Price on the Acquisition Closing Date and the costs of the Acquisition out of a combination of (1) the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option), (2) the net proceeds from the Concurrent Private Placement, and (3) advances or drawdowns under various credit and debt facilities, loans and instruments, which are in turn comprised of: (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility (collectively, the “Financing”).

The pro-forma statements have been prepared from information derived from, and should be read in conjunction with, the following:

- the audited annual consolidated financial statements of SNC-Lavalin, together with the notes thereto, as at and for the year ended December 31, 2016;
- the audited annual consolidated financial statements of Atkins, together with the notes thereto, as at and for the year ended March 31, 2016; and
- the unaudited interim consolidated financial statements of Atkins, together with the notes thereto, as at and for the six months ended September 30, 2016 and 2015.

These unaudited pro forma consolidated financial statements have been prepared by management of SNC-Lavalin in accordance with International Financial Reporting Standards as adopted by the

International Accounting Standards Board on a consistent basis with those disclosed in note 2 of SNC-Lavalin's audited annual consolidated financial statements as at and for the year ended December 31, 2016. The unaudited pro forma consolidated statement of financial position gives effect to the transactions and assumptions disclosed in notes 3, 4 and 5 as if they had occurred on December 31, 2016. The unaudited pro forma consolidated income statement gives effect to the transactions and assumptions disclosed in note 5 as if they had occurred on January 1, 2016 for the year ended December 31, 2016.

As the annual consolidated financial statements of SNC-Lavalin and Atkins differ by more than 93 days, financial information for SNC-Lavalin for the fiscal year ended December 31, 2016 and financial information for Atkins constructed as of and for the twelve months ended September 30, 2016 have been used in preparation of the Pro Forma Financial Information.

3. Adjustments to Atkins' financial statements

As the fiscal year-end of Atkins is March 31, the consolidated income statement for Atkins for the twelve months ended September 30, 2016 has been prepared using financial information from the fiscal year ended March 31, 2016 and the six months ended September 30, 2016 and 2015.

Further, as the historical financial information of Atkins was presented in Pounds sterling, the historical financial information was translated from Pounds sterling to Canadian dollars using the following historical exchange rates (source: Bloomberg):

Average exchange rate for the twelve months ended September 30, 2016	\$1.8884/£1
Period end exchange rate as of September 30, 2016	\$1.7027/£1

The following tables reflect the adjusted financial statements derived from the annual financial statements of Atkins for the year ended March 31, 2016 and the unaudited interim financial statements of Atkins for the six months ended September 30, 2016 and 2015, translated from Pounds Sterling to Canadian Dollars.

3. Adjustments to Atkins' financial statements (Continued)

Atkins Consolidated Balance Sheet (unaudited)

<i>(in thousands)</i>	Atkins September 30, 2016 <i>(in GBP)</i>	Reclassification <i>(Note 3a)</i>	Atkins September 30, 2016 <i>(in GBP)</i>	Atkins September 30, 2016 <i>(in CAD)</i>
ASSETS				
Current assets				
Cash and cash equivalents	£155,600		£155,600	\$264,940
Restricted cash	-		-	-
Trade receivables	609,500	(281,900)	327,600	557,805
Contracts in progress	-	190,700	190,700	324,705
Inventories	-		-	-
Other current financial assets	-	37,000	37,000	63,000
Other current non-financial assets	-	90,100	90,100	153,413
Assets held for sale	-		-	-
Financial assets at fair value through profit or loss	32,100	(32,100)	-	-
Derivative financial instruments	3,800	(3,800)	-	-
Total current assets	801,000	-	801,000	1,363,863
Property and equipment	51,900		51,900	88,370
Capital investments accounted for by the equity method	-		-	-
Investment in joint ventures	11,500		11,500	19,581
Capital investments accounted for by the cost method	-		-	-
Goodwill	374,400		374,400	637,491
Intangible assets related to Kentz acquisition	-		-	-
Other intangible assets	195,000		195,000	332,028
Deferred income tax asset	86,500		86,500	147,284
Non-current portion of receivables under service concession arrangements	-		-	-
Other non-current financial assets	-	25,600	25,600	43,589
Other non-current non-financial assets	-	2,500	2,500	4,257
Derivative financial instruments	5,600	(5,600)	-	-
Post-employment benefit assets	12,000		12,000	20,432
Other receivables	22,500	(22,500)	-	-
Total assets	£ 1,560,400	-	£ 1,560,400	\$ 2,656,895
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	£ 553,200	(281,700)	£ 271,500	\$ 462,283
Down payments on contracts	-		-	-
Deferred revenues	-	196,600	196,600	334,751
Other current financial liabilities	-	900	900	1,532
Derivative financial instruments	900	(900)	-	-
Other current non-financial liabilities	-	115,100	115,100	195,982
Current income tax liabilities	30,000	(30,000)	-	-
Advances under contract financing arrangements	-		-	-
Current portion of provisions	2,200		2,200	3,746
Short-term debt and current portion of long-term debt:				
Non-recourse from Capital investments	-		-	-
Other recourse borrowings	7,800		7,800	13,281
Total current liabilities	594,100	-	594,100	1,011,575
Long-term debt				
Recourse	290,800		290,800	495,145
Non-recourse from Capital investments	-		-	-
Other non-recourse borrowings	-		-	-
Other non-current financial liabilities	-	700	700	1,192
Derivative financial instruments	700	(700)	-	-
Non-current portion of provisions	2,200		2,200	3,746
Post-employment benefits liabilities	436,300		436,300	742,888
Other non-current non-financial liabilities	4,900		4,900	8,343
Deferred income tax liability	45,800		45,800	77,984
Total liabilities	1,374,800	-	1,374,800	2,340,873
Equity				
Share capital	500	71,300	71,800	122,255
Retained earnings	114,200		114,200	194,448
Share premium account	62,400	(62,400)	-	-
Merger reserve	8,900	(8,900)	-	-
Other components of equity	-		-	-
Other components of equity of asset held for sale	-		-	-
Equity attributable to Atkins shareholders	186,000	-	186,000	316,703
Non-controlling interests	(400)		(400)	(681)
Total equity	185,600	-	185,600	316,022

Total liabilities and equity

£ 1,560,400

£ 1,560,400

\$ 2,656,895

3. Adjustments to Atkins' financial statement (Continued)

Atkins
Consolidated Income Statements
(unaudited)

	Year ended March 31, 2016	6 months ended September 30, 2015	6 months ended September 30, 2016	12 months ended September 30, 2016	Reclassifications	Constructed 12 months ended September 30, 2016	Atkins Constructed 12 months ended September 30, 2016
<i>(in thousands)</i>	<i>(in GBP)</i>				<i>(Note 3a)</i>	<i>(in GBP)</i>	<i>(in CAD)</i>
Revenues from:							
E&C	£ 1,861,900	£ 904,600	£ 994,700	£ 1,952,000		£ 1,952,000	\$ 3,686,157
Capital investments accounted for by the consolidation or cost methods	-	-	-	-		-	-
Capital investments accounted for by the equity method	-	-	-	-		-	-
	1,861,900	904,600	994,700	1,952,000		1,952,000	3,686,157
Direct costs of activities	1,109,200	550,300	615,800	1,174,700		1,174,700	2,218,303
Gross margin	752,700	354,300	378,900	777,300		777,300	1,467,854
Selling, general and administrative expenses	609,300	294,300	355,400	670,400	(47,600)	622,800	1,176,096
Restructuring costs	-	-	-	-		-	-
Acquisition-related costs and integration costs	-	-	-	-	6,100	6,100	11,519
Amortization of intangible assets related to Kentz acquisition	-	-	-	-		-	-
Amortization of acquired intangibles	-	-	-	-	16,300	16,300	30,781
Gain on disposals of Capital investments	-	-	-	-		-	-
(Profit)/loss on disposals of E&C businesses	3,100	3,000	(600)	(500)		(500)	(944)
Curtailment gain relating to one-off pension events	-	-	-	-	(1,500)	(1,500)	(2,833)
Impairment of goodwill & acquired intangibles	-	-	-	-	23,300	23,300	44,000
Deferred acquisition payments	-	-	-	-	3,400	3,400	6,421
Income from other investments	(1,100)	(1,100)	(500)	(500)		(500)	(944)
Share of post-tax profit from joint ventures	(700)	(1,100)	(3,000)	(2,600)		(2,600)	(4,910)
EBIT⁽¹⁾	142,100	59,200	27,600	110,500	-	110,500	208,668
Financial expenses	15,000	7,100	7,800	15,700		15,700	29,648
Financial income and foreign exchange losses (gains)	(4,000)	(1,700)	(2,600)	(4,900)		(4,900)	(9,253)
Earnings before income taxes	131,100	53,800	22,400	99,700		99,700	188,273
Income taxes	27,700	10,700	200	17,200		17,200	32,480
Net income	103,400	43,100	22,200	82,500		82,500	155,793
Net income attributable to:							
Atkins shareholders	103,200	42,900	22,500	82,800		82,800	156,360
Non-controlling interests	200	200	(300)	(300)		(300)	(567)
Net income	£ 103,400	£ 43,100	£ 22,200	£ 82,500		£ 82,500	\$ 155,793

(1) Earnings before interest and taxes ("EBIT")

The financial statements above illustrate the impact of adjustments made to the financial statements of Atkins in order to present them on a basis consistent with SNC-Lavalin's accounting policies and presentation. These adjustments reflect SNC-Lavalin's best estimates based upon the information currently available to SNC-Lavalin, and could be subject to change once more detailed information is obtained.

- (a) The classification of certain items presented by Atkins has been modified in order to align with the presentation used by SNC-Lavalin.

Modifications to the statement of earnings presentation include:

- presentation of costs to present certain costs separately (impairment of goodwill and acquired intangibles, amortization of acquired intangibles, deferred acquisition payments, curtailment gain relating to one-off pension events), rather than a single line item within administrative expenses.

Modifications to the balance sheet presentation include:

- Components of Trade and other receivables, other than Trade receivables, are classified as Contracts in progress, Other current financial assets and Other current non-financial assets;
 - Financial assets at fair value through profit or loss and Derivative financial instruments (current portion of asset) are included in Other current financial assets;
 - Derivative financial instruments (non-current portion of asset) and loan receivables, included in Other receivables, are included in Other non-current financial assets;
 - Components of Trade and other payables, other than Trade payables and accrued liabilities, are classified as Deferred revenue and Other current non-financial liabilities;
 - Derivative financial instruments (current portion of liability) is included in Other current financial liabilities;
 - Current income tax liabilities is included in Other current non-financial liabilities
 - Derivative financial instruments (non-current portion of liability) is included in Other non-current financial liabilities; and
 - Share premium account and Merger reserve are included in Share capital.
- (b) The revenue recognition accounting policies of SNC-Lavalin and Atkins differ in regards to the application of percentage of completion accounting applied to fixed price lump sum contracts whereby Atkins does not recognize revenue in excess of project costs until 50% of forecasted project costs have been incurred. This adjustment aligns the accounting for fixed price lump sum contracts with SNC-Lavalin's where revenue is recognized over the life of the project based on the agreed fee and contract costs incurred to date as a percentage of forecast project costs.

As a result an increase in Contracts in progress and a decrease in Goodwill of \$19.8 million are included in the Consolidated Statement of Financial Position and a decrease in Revenues from E&C of \$7.4 million is included in the Consolidated Income Statement.

4. Pro Forma Consolidated Statement of Financial Position Assumptions and Adjustments

The unaudited pro-forma consolidated statement of financial position as at December 31, 2016 gives effect to the following assumptions and adjustments as if they occurred on December 31, 2016.

- a) *Cash and cash equivalents* – Adjustment reflects the net adjustment to cash in connection with the Offering (assuming no exercise of the Over-Allotment Option), the Concurrent Private Placement, the Acquisition and related advances or drawdowns under the SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility (in thousands):

Payment of cash consideration (i)	\$ (3,608,306)
Partial repayment of Atkins debt (ii)	(409,670)
Payment of transaction related expenses (iii)	(68,639)
Proceeds from the Offering (iv)	1,149,952
Proceeds from advances or drawdowns on SNC-Lavalin Highway Holdings Loan, the Term Facility and the Syndicated Credit Facility (v)	2,551,196
Pro forma adjustment to cash and cash equivalents	<u>\$ (385,467)</u>

Components of the adjustment include (i) decrease in cash for the \$3.6 billion cash consideration payable by SNC-Lavalin in connection with the Offer; (ii) decrease in cash related to the repayment of \$0.4 billion of Atkins debt, including accrued interest; (iii) estimated transaction related expenses of \$68.6 million, consisting of advisory and other costs expected to be expensed as incurred in connection with the Acquisition; (iv) an increase in cash of \$1.2 billion resulting from the proceeds from issuance of 23,325,000 common shares for \$51.45 per share, net of \$50.0 million of related expenses and (v) an increase in cash resulting from the proceeds in additional borrowings of an aggregate amount of \$2.6 billion (net of \$31.3 million of expenses) for the advances or drawdowns under (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility. Transaction costs do not include costs incurred by Atkins associated with the Acquisition.

- b) *Goodwill* - The Acquisition will be accounted for as a business combination using the acquisition method of accounting in conformity with IFRS. Under this method, the assets acquired and liabilities assumed will be recorded based on their fair values. At the offer stage of the contemplated business combination information was not available to reasonably estimate fair values of the assets acquired and liabilities assumed and the excess purchase consideration relative to the carrying value of net assets is reflected in Goodwill. The actual fair values will be determined upon the consummation of the transaction and will vary from this presentation. The pro forma adjustment to goodwill is calculated as follows (in thousands):

Consideration transferred	\$ 3,608,306
Less: Carrying value of net assets to be acquired	(336,453)
Total pro forma goodwill adjustment	\$ 3,271,853

- c) *Current and long-term debt*— To fund transaction-related items, SNC-Lavalin is expected to incur \$2.6 billion of additional debt under the following facilities: (1) SNC-Lavalin Highway Holdings Loan with a maturity of 7 years and an annual variable interest rate expected to be 6.2% at closing, (2) Term Facility with a maturity slip from 3 to 5 years and an annual variable interest rate expected to be below 2% at closing, and (3) Syndicated Credit Facility with a maturity of 4 years and an annual variable interest rate expected to be below 2% at closing. Refer to footnote (5b) below for additional information regarding the pro forma interest expense.

The adjustment to long-term debt is as follows (in thousands):

Proceeds from Financing	\$ 2,551,196
Less: Repayment of Atkins long-term debt, current portion	(13,111)
Less: Partial repayment of Atkins total long-term debt, non-current portion	(396,559)
Pro forma adjustment to long-term debt	\$ 2,141,526

- d) *Post-employment benefit liabilities* - A separate line is presented in the pro forma balance sheet due to the size of the enlarged group's combined pro forma post-employment benefit liabilities. Consequently, a reclassification has been made to reclassify SNC-Lavalin's Post-employment benefit liabilities at December 31, 2016 of \$150.5 million from 'Non-current portion of provisions' to a separate 'Post-employment benefit liabilities' line.
- e) *Equity attributable to the Parent* - Adjustment reflects (i) the issuance of approximately 23.3 million shares of SNC-Lavalin common stock for total proceeds of \$1.2 billion, net of issuance costs of \$50.0 million; (ii) the elimination of the historical equity balances of Atkins including \$122.3 million of share capital and \$194.4 million of retained earnings; (iii) the pro forma reduction to retained earnings of \$68.6 million to reflect transaction-related expenses.

5. Pro Forma Consolidated Income Statement Assumptions and Adjustments

- a) *Acquisition-related costs and integration costs* - increase to acquisition-related costs to reflect the transaction-related expenses as described in 4(a) above.
- b) *Financial expenses* – In connection with the Financing, SNC-Lavalin agreed to enter into new facilities, as described in 4(c) above, to fund part of the cash portion of the consideration and fees and expenses in connection with the transactions contemplated. For purposes of the unaudited pro forma consolidated financial information, management assumed that the cash consideration and transaction costs would be funded by the Financing.

The pro forma adjustment to interest expense reflects the additional interest expense that would have been incurred during the historical periods presented assuming the Offering and the Financing had occurred as of January 1, 2016.

The adjustment for interest expense for the advances or drawdowns under (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility and repayment of Atkins historical debt is comprised of the following (in millions):

Composition of new debt and related interest expense	Weighted Average Interest Rate	Debt	Interest expense for the year ended December 31, 2016
SNC-Lavalin Highway Holdings Loan	6.195%	\$ 1,500	\$92.9
Term Facility	1.817%	500	9.1
Syndicated Credit Facility	1.817%	583	10.6
Amortization of new debt issuance costs			4.9
Total			117.5
Less: Reversal of Atkins historical interest expense			(4.9)
Pro forma adjustment to financial expenses			\$ 112.6

Debt issuance costs estimated to be incurred in conjunction with the advances or drawdowns under (i) the SNC-Lavalin Highway Holdings Loan; (ii) the Term Facility; and (iii) the Syndicated Credit Facility have been amortized over the term of the respective debt instrument for the purposes of calculating the net pro forma adjustment to interest expense.

- c) *Income tax expense* - Adjustment reflects the income tax impacts of the pro forma adjustments made to the pro forma statement of operations, whereby management estimated the tax rate at 26.8% which approximates a blended statutory tax rate for the tax jurisdictions where the certain assets acquired and liabilities assumed reside.

6. Share Capital

The following table summarizes pro forma common shares of SNC-Lavalin issued and outstanding:

<i>(in thousands)</i>	Year ended December 31, 2016	
	Basic	Diluted
Actual weighted average number of SNC-Lavalin shares outstanding	150,077	150,279
Assumed number of SNC-Lavalin shares to be issued on the acquisition of Atkins	23,325	23,325
Pro forma weighted average shares outstanding	173,402	173,604
Pro forma net income	\$ 274,263	\$ 274,263
Pro forma net earnings per share	\$ 1.58	\$ 1.58

CERTIFICATE OF THE UNDERWRITERS

Dated: April 24, 2017

To the best of our knowledge, information and belief, the short form base shelf prospectus dated March 13, 2017, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

TD SECURITIES INC.

BMO NESBITT BURNS INC.

(Signed) PATRICK BUI

(Signed) ÉRIC MORISSET

*(Signed) GRÉGOIRE
BAILLARGEON*

SCOTIA CAPITAL INC.

NATIONAL BANK FINANCIAL INC.

CIBC WORLD MARKETS INC.

(Signed) ADRIAN MAYOR-MORA

(Signed) LOUIS GENDRON

(Signed) PAUL ST-MICHEL

**HSBC SECURITIES (CANADA)
INC.**

(Signed) LUC BUISSON

**BNP PARIBAS (CANADA)
SECURITIES INC.**

**MERRILL LYNCH CANADA
INC.**

**DESJARDINS SECURITIES
INC.**

**CITIGROUP GLOBAL
MARKETS CANADA INC.**

(Signed) DANY BLANCHETTE

(Signed) DEEP KHOSLA

*(Signed) FRANÇOIS
CARRIER*

*(Signed) GRANT
KERNAGHAN*

RAYMOND JAMES LTD.

CANACCORD GENUITY CORP.

(Signed) IAN MACKAY

(Signed) JASON ROBERTSON

Short Form Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf prospectus is a base shelf prospectus and has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of SNC-Lavalin Group Inc. at 455 René-Lévesque Blvd. West, Montréal, Québec, H2Z 1Z3 (514) 393-1000, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 13, 2017



SNC • LAVALIN

\$1,500,000,000

**Debt Securities
Common Shares
Preferred Shares
Subscription Receipts
Warrants**

SNC-Lavalin Group Inc. (“SNC-Lavalin” or the “Corporation”) may from time to time offer and issue the following securities: (i) debt securities (“Debt Securities”); (ii) common shares (“Common Shares”); (iii) first preferred shares (“First Preferred Shares”) and second preferred shares (“Second Preferred Shares”) (collectively, “Preferred Shares”); (iv) subscription receipts (“Subscription Receipts”); and (v) warrants (“Warrants”). The Debt Securities, Common Shares, Preferred Shares, Subscription Receipts and Warrants (collectively, the “Securities”) offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement and any applicable pricing supplement (collectively, a “Prospectus Supplement”) to this short form base shelf prospectus (the “Prospectus”). All information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus.

The Corporation may sell up to \$1,500,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit), or, if any Debt Securities are issued at an original issue discount, such greater amount as shall result in an aggregate issue price of \$1,500,000,000 (or the Canadian dollar equivalent thereof if the Debt Securities are denominated in a foreign currency or currency unit) at any time and from time to time during the 25 month period that this Prospectus, including any amendments thereto, remains effective. All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, ranking, offering price, any terms for redemption at the option of the Corporation or the holder, any exchange or conversion terms and any other specific terms; (ii) in

the case of Common Shares, the number of shares and the offering price; (iii) in the case of Preferred Shares, the designation of the particular series, aggregate amount, the number of shares offered, the issue price, the dividend rate, if any, the dividend payment dates, any exchange, conversion, redemption or repurchase provisions and any other specific terms; (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Debt Securities, Preferred Shares or Common Shares, as the case may be, and any other specific terms; and (v) in the case of Warrants, the designation, number and terms of the Debt Securities, Preferred Shares or Common Shares purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms. A Prospectus Supplement may include other specific terms pertaining to the Securities that are not precluded by the parameters described in this Prospectus.

This Prospectus does not qualify for issuance of Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a U.S. Federal funds rate.

The outstanding Common Shares of the Corporation are listed on the Toronto Stock Exchange. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, the Subscription Receipts and the Warrants will not be listed on any stock exchange or quotation system.

The Securities may be sold through underwriters or dealers and by the Corporation directly pursuant to applicable statutory exemptions, or through agents designated by the Corporation from time to time. See "Plan of Distribution". The applicable Prospectus Supplement will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities, the method of distribution of such Securities, including, to the extent applicable, the proceeds to the Corporation, and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution.

Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement but only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. Unless otherwise specified in a Prospectus Supplement, an offering of Securities is subject to approval of certain legal matters on behalf of the Corporation by Norton Rose Fulbright Canada LLP.

The Corporation's head and registered office is located at 455 René-Lévesque Blvd. West, Montréal, Québec, H2Z 1Z3.

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MEANING OF CERTAIN REFERENCES

In this Prospectus, references to “SNC-Lavalin”, the “Corporation”, “we” and “our” refer, depending on the context, either to SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint ventures, or to SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint ventures.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Prospectus, including any documents incorporated by reference herein, that describe the Corporation’s or management’s budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be “forward-looking statements” within the meaning of applicable securities laws. These statements are typically identified by the use of the conditional or forward-looking terminology such as “aims”, “anticipates”, “assumes”, “believes”, “cost savings”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “should”, “synergies”, “will”, or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements also include statements relating to the following: (i) future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the Corporation’s operations. All such forward-looking statements are made pursuant to the “safe-harbour” provisions of applicable Canadian securities laws. The Corporation cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation’s current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Corporation’s business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements made in this Prospectus and any documents incorporated by reference herein are based on a number of assumptions believed by the Corporation to be reasonable as at the date of this Prospectus. The assumptions are set out throughout the 2016 MD&A (as hereinafter defined) (particularly in the sections entitled “Critical Accounting Judgments and Key Sources of Estimation Uncertainty” and “How We Analyze and Report our Results”) incorporated by reference herein. If these assumptions are inaccurate, the Corporation’s actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Corporation’s assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risks include, but are not limited to: (a) the outcome of pending and future claims and litigation could have a material adverse impact on the Corporation’s business, financial condition and results of operation; (b) on February 19, 2015, the Corporation was charged with one count of corruption under the *Corruption of Foreign Public Officials Act* (Canada) and one count of fraud under the *Criminal Code* (Canada), and is also subject to other ongoing investigations which could subject the Corporation to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These charges and investigations, and potential results thereof, could harm the Corporation’s reputation, result in suspension, prohibition or debarment of the Corporation from participating in certain projects, reduce its revenues and net income and adversely affect its business; (c) further regulatory developments could have a significant adverse impact on the Corporation’s results, and employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations could harm the Corporation’s reputation, reduce its revenues and net income, and subject the Corporation to criminal and administrative enforcement actions and civil actions; (d) if the Corporation is not able to successfully execute on its strategic plan, its business and results of operations would be adversely affected; (e) a negative impact on the Corporation’s public image could influence its ability to obtain future projects; (f) fixed-price contracts or the Corporation’s failure to meet contractual schedule or performance requirements may increase the volatility and unpredictability of its revenue and profitability; (g) the Corporation’s revenue and profitability are largely dependent on the awarding of new contracts, which it does not directly control, and the uncertainty of contract award timing could have an adverse effect on the Corporation’s ability to match its workforce size with its contract needs; (h) the Corporation’s backlog is subject to unexpected adjustments and cancellations, including under “termination for convenience” provisions, and does not represent a guarantee of the Corporation’s future revenues or profitability; (i) SNC-Lavalin is a provider of services to government agencies and is exposed to risks associated with government contracting; (j) the Corporation’s international operations are exposed to various risks and uncertainties, including unfavourable political environments, weak foreign economies and the exposure to foreign currency risk; (k) there are risks associated with the Corporation’s ownership interests in Capital investments that could adversely affect it; (l) the Corporation is dependent on third parties to complete many of its contracts; (m) the Corporation’s use of joint ventures and partnerships exposes it to risks and uncertainties, many of which are outside of the Corporation’s control; (n) the competitive nature of the markets in which the Corporation does business could adversely affect it; (o) the Corporation’s project execution activities may result in professional liability or liability for faulty services; (p) the Corporation could be subject to monetary damages and penalties in connection with professional and engineering reports and opinions that it provides; (q) the Corporation may not have in place sufficient insurance coverage to satisfy its needs; (r) the Corporation’s employees work on projects that are inherently dangerous and a failure to maintain a safe work site could result in significant losses and/or an inability to obtain future projects; (s) the Corporation’s failure to attract and retain qualified personnel could have an adverse effect on its activities; (t) work stoppages, union negotiations and other labour matters could adversely affect the Corporation; (u) the Corporation relies on information systems and data in its operations. Failure in the availability or security of the Corporation’s information systems or in data security could adversely affect its business and results of operations; (v) any acquisition or other investment may present risks or uncertainties; (w) a deterioration or weakening of the Corporation’s financial position, including its cash net of recourse debt, would have a material adverse effect on its business and results of operations; (x) the Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows; (y) an inability of SNC-Lavalin’s clients to fulfill their obligations on a timely basis could adversely affect the Corporation; (z) the Corporation may be required to impair certain of its goodwill, and it may also be required to write down or write off the value of certain of its assets and investments, either of which could have a material adverse impact on the Corporation’s results of operations and financial condition; (aa) global economic conditions could affect the Corporation’s client base, partners, subcontractors and suppliers and could materially affect its backlog, revenues, net income and ability to secure and maintain financing; (bb) fluctuations in commodity prices may affect clients’ investment decisions and therefore subject the Corporation to risks of cancellation, delays in existing work, or changes in the timing and funding of new awards, and may affect the costs of the Corporation’s projects; (cc) inherent limitations to the Corporation’s control framework could result in a material misstatement of

financial information, and; (dd) environmental laws and regulations expose the Corporation to certain risks, could increase costs and liabilities and impact demand for the Corporation's services. The Corporation cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in the Corporation's 2016 MD&A incorporated by reference herein.

The forward-looking statements made in this Prospectus and any documents incorporated by reference herein reflect the Corporation's expectations as at the date of this Prospectus or the documents incorporated by reference herein. The Corporation does not undertake any obligation to update publicly or to revise any such forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation. See "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents that have been filed by the Corporation with the various securities regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) the Annual Information Form of the Corporation for the year ended December 31, 2016, dated March 1, 2017 (the "AIF");
- (b) the audited consolidated financial statements of the Corporation, including the notes thereto, as at and for the years ended December 31, 2016 and December 31, 2015, together with the independent auditor's report thereon;
- (c) the Corporation's Management's Discussion and Analysis ("MD&A") dated March 1, 2017 for the audited consolidated financial statements referred to in paragraph (b) (the "2016 MD&A"); and
- (d) the Management Proxy Circular dated March 14, 2016 in connection with the annual meeting of shareholders of the Corporation held on May 5, 2016.

Any documents of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports), business acquisition reports and other disclosure documents required to be incorporated by reference in this Prospectus filed by the Corporation with a securities regulatory authority in Canada pursuant to the requirements of applicable securities legislation, after the date of this Prospectus and prior to the completion or withdrawal of the offering under any Prospectus Supplement, shall be deemed to be incorporated by reference herein. Updated earnings coverage ratios, if required, will be filed quarterly with the applicable securities regulatory authorities in Canada either as Prospectus Supplements or as exhibits to SNC-Lavalin's unaudited interim and audited annual consolidated financial statements and will be deemed to be incorporated by reference into this Prospectus for the purposes of the offering of Securities hereunder.

A Prospectus Supplement containing the specific terms in respect of any Securities will be delivered, together with this Prospectus, to purchasers of such Securities and will be deemed incorporated in this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains, unless otherwise expressly provided therein.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form or new audited annual consolidated financial statements, together with the independent auditor's report thereon and MD&A relating thereto, being filed by the Corporation with, and

where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, audited annual consolidated financial statements and related MD&A and all unaudited interim consolidated financial statements and related MD&A, material change reports, information circulars, business acquisition reports and other disclosure documents filed prior to the commencement of the Corporation's financial year in which the new annual information form or annual consolidated financial statements are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

SNC-LAVALIN GROUP INC.

Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure. The Corporation was incorporated under the laws of Canada on May 18, 1967, and was continued under the *Canada Business Corporations Act* on March 24, 1980. The Corporation's head and registered office is located at 455 René-Lévesque Blvd. West, Montréal, Québec, H2Z 1Z3.

For a list of the Corporation's subsidiaries and further description of the business of the Corporation, please see the AIF.

CONSOLIDATED CAPITALIZATION

There have been no material changes in SNC-Lavalin's share or loan capital on a consolidated basis since December 31, 2016.

DESCRIPTION OF SECURITIES

The following description sets forth certain general terms and provisions of the Securities. The Corporation may issue Securities either separately or together with or upon the conversion of or in exchange of other securities. The particular terms and provisions of each series of Securities the Corporation may offer will be described in greater details in the related Prospectus Supplement, which may provide information that is different from this Prospectus. The Corporation reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Securities that are not within the descriptions set forth in this Prospectus.

The authorized capital of SNC-Lavalin consists of (i) an unlimited number of Common Shares of which 150,388,137 are issued and outstanding as March 10, 2017, (ii) an unlimited number of First Preferred Shares issuable in series, and (iii) an unlimited number of Second Preferred Shares issuable in series.

The summary below of the rights, privileges, restrictions and conditions attaching to the shares of SNC-Lavalin is subject to, and qualified by reference to, SNC-Lavalin's articles and by-laws.

Debt Securities

The following describes certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities which may be offered hereunder include, but are not limited to, unsubordinated Debt Securities that will rank equally and *pari passu*, including with respect to security interests, with all other present and future unsubordinated indebtedness for borrowed money of the Corporation.

The Debt Securities may be issued under one or more distinct indentures or under a supplemental indenture to a distinct indenture (each, a "Trust Indenture"), in each case between the Corporation and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a "Trustee"). The Debt Securities may also be issued without the benefit of a trust indenture.

The terms and conditions applicable to Debt Securities issued under a Trust Indenture or without the benefit of a Trust Indenture will be set forth in such Trust Indenture or in the specific Debt Security, as the case may be, and summarized in the applicable Prospectus Supplement. The statements made below relating to any Trust Indenture and the Debt Securities to be issued thereunder and to any specific Debt Security issued without the benefit of a trust indenture, as the case may be, are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture or the specific Debt Security, as the case may be.

Each Trust Indenture or specific Debt Security, as the case may be, may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Corporation. Any Prospectus Supplement for Debt Securities supplementing this Prospectus will contain the terms and conditions and other information with respect to the Debt Securities being offered thereby, which may include the following:

- (i) the designation, aggregate principal amount, authorized denominations and ranking of such Debt Securities;
- (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (iii) the percentage of the principal amount at which such Debt Securities will be issued;
- (iv) the date or dates on which such Debt Securities will mature;
- (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- (vi) the dates on which any such interest will be payable and the record dates for such payments;
- (vii) the place or places where principal, premium and interest will be payable;
- (viii) the Trustee under any Trust Indenture pursuant to which the Debt Securities are to be issued, as applicable;
- (ix) any redemption term or terms under which such Debt Securities may be defeased;
- (x) whether such Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (xi) any exchange or conversion terms;
- (xii) any terms relating to the modification, amendment or waiver of any terms of such Debt Securities or the applicable indenture;
- (xiii) the ratings, if any, issued by rating agencies; and
- (xiv) any other specific terms.

Debt Securities may, at the option of the Corporation, be issued in fully registered form, in bearer form or in “book-entry only” form. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for a like aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer, except for any tax or government charge incidental thereto.

Debt Securities of a single series may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Corporation will summarize in the applicable Prospectus Supplement certain terms of the Debt Securities being offered thereby and the relevant Trust Indenture or specific Debt Security, as the case may be, which the Corporation believes will be most important to an investor’s decision to invest in the Debt Securities being offered. It is the Trust Indenture, as supplemented by any applicable supplemental indenture, or the specific Debt Security, as the case may be, and not the summary in the applicable Prospectus Supplement, which defines the rights of a holder of Debt Securities. There may be other provisions in the Trust Indenture or the specific Debt Security, as the case may be, which are important to a purchaser of Debt Securities. Such purchaser of Debt Securities should read the Trust Indenture or the specific Debt Security, as the case may be, for a full description of the terms of the Debt Securities, the terms of which shall prevail to the extent of any inconsistency.

Common Shares

The specific terms of any offerings of Common Shares including the number of Common Shares being offered and the offering price, will be described in one or more Prospectus Supplements.

Holders of the Corporation's common shares are entitled to receive dividends as and when declared by the board of directors and are entitled to one vote per share. Upon liquidation, winding up or dissolution, holders of Common Shares have the right to receive the residual of the Corporation's assets subject to the prior rights of First Preferred Shares and Second Preferred Shares.

Preferred Shares

The specific terms of any offerings of Preferred Shares, including the designation of the particular series, aggregate amount, the number of shares offered, the issue price, the dividend rate, if any, the dividend payment dates, any exchange, conversion, redemption or repurchase provisions and any other specific terms, will be described in one or more Prospectus Supplements.

First Preferred Shares

The Corporation's board of directors is allowed to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to First Preferred Shares. Holders of the First Preferred Shares are entitled to receive dividends in priority over all other classes of shares and are not entitled to vote separately as a class except as provided by law. Holders of the First Preferred Shares have priority over all other classes of shares upon liquidation, winding up or dissolution.

Second Preferred Shares

The Corporation's board of directors is allowed to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to Second Preferred Shares. Holders of the Second Preferred Shares are entitled to receive dividends in priority over all other classes of shares except First Preferred Shares and are not entitled to vote separately as a class except as provided by law. Holders of the Second Preferred Shares have priority over all other classes of shares except First Preferred Shares upon liquidation, winding up or dissolution.

Subscription Receipts

The following sets forth certain general terms and provisions of the Subscription Receipts. The Corporation may issue Subscription Receipts that may be exchanged by the holders thereof for Debt Securities, Preferred Shares or Common Shares upon the satisfaction of certain conditions. The particular terms and provisions of the Subscription Receipts offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described below apply to those Subscription Receipts, will be described in such Prospectus Supplement.

Subscription Receipts may be offered separately or together with Debt Securities, Preferred Shares or Common Shares, as the case may be. The Subscription Receipts will be issued under a subscription receipt agreement. Under the subscription receipt agreement, a purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of Debt Securities, Preferred Shares or Common Shares, as the case may be, to such purchaser, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Debt Securities, Preferred Shares or Common Shares, as the case may be, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement for Subscription Receipts supplementing this Prospectus will contain the terms and conditions and other information with respect to the Subscription Receipts being offered thereby, including, where applicable:

- (i) the number of Subscription Receipts;
- (ii) the price at which the Subscription Receipts will be offered and whether the price is payable in installments;
- (iii) any conditions to the exchange of Subscription Receipts into Debt Securities, Preferred Shares or Common Shares, as the case may be, and the consequences of such conditions not being satisfied;
- (iv) the procedures for the exchange of the Subscription Receipts into Debt Securities, Preferred Shares or Common Shares, as the case may be;
- (v) the number of Debt Securities, Preferred Shares or Common Shares, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;

- (vi) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security, if applicable;
- (vii) the dates or periods during which the Subscription Receipts may be exchanged into Debt Securities, Preferred Shares or Common Shares, as the case may be;
- (viii) whether such Subscription Receipts will be listed on any securities exchange;
- (ix) any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- (x) any other specific terms.

Subscription receipt certificates will be exchangeable for new subscription receipt certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the securities subject to the Subscription Receipts.

Warrants

The following sets forth certain general terms and provisions of the Warrants. The Corporation may issue Warrants for the purchase of Debt Securities, Preferred Shares or Common Shares. The particular terms and provisions of the Warrants offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described below apply to those Warrants, will be described in such Prospectus Supplement.

Warrants may be offered independently or together with Debt Securities, Preferred Shares or Common Shares, as the case may be, offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Each series of Warrants will be issued under a separate indenture (each, a “Warrant Indenture”) in each case between the Corporation and a trustee determined by the Corporation.

The statements below relating to any Warrant Indenture and the Warrants to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and qualified by reference to all provisions of the applicable Warrant Indenture. The applicable Prospectus Supplement will include details of the Warrant Indenture with respect to the Warrants being offered.

The Corporation has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that the Corporation will not distribute Warrants that, according to the aforementioned terms as described in the Prospectus Supplement for Warrants supplementing this Prospectus, are “novel” specified derivatives or “long-term” or “stand-alone” warrants within the meaning of Canadian securities rules, separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Warrants to be distributed separately is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Warrants will be distributed.

Any Prospectus Supplement for Warrants supplementing this Prospectus will contain the terms and conditions and other information with respect to the Warrants being offered thereby, including, where applicable:

- (i) the designation of the Warrants;
- (ii) the aggregate number of Warrants offered and the offering price;
- (iii) the designation, number and terms of the Debt Securities, Preferred Shares or Common Shares or other securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- (iv) the exercise price of the Warrants;
- (v) the dates or periods during which the Warrants are exercisable;
- (vi) the designation and terms of any Securities with which the Warrants will be offered, and the number of Warrants that will be offered with each Security;
- (vii) if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- (viii) the currency or currency unit in which the exercise price is denominated;

- (ix) any minimum or maximum amount of Warrants that may be exercised at any one time;
- (x) whether such Warrants will be listed on any securities exchange;
- (xi) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- (xii) any rights, privileges, restrictions and conditions attaching to the Warrants; and
- (xiii) any other specific terms.

Warrant certificates will be exchangeable for new warrant certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the securities subject to the Warrants.

Modifications

The Corporation may amend the warrant agreements and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of holders of outstanding Warrants. Other amendment provisions will be as indicated in the applicable Prospectus Supplement.

Enforceability

The warrant agent will act solely as the Corporation's agent. The warrant agent will not have any duty or responsibility if the Corporation defaults under the warrant agreements or the warrant certificates. A Warrant holder may, without the consent of the warrant agent, enforce by appropriate legal action on its own behalf the holder's right to exercise the holder's Warrants.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

PLAN OF DISTRIBUTION

The Corporation may sell Securities (i) to or through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents. The Securities may be sold from time to time in one or more transactions at a fixed or non-fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices determined by reference to the prevailing market prices or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of security being offered, the name or names of any underwriters, dealers or agents involved in the offering and sale of the Securities, the initial public offering price, the purchase price of such Securities, the proceeds to the Corporation, any underwriting discounts and other items constituting underwriters' compensation and any discounts, concessions or commissions allowed or reallocated or paid to dealers. Only underwriters or agents so named in a Prospectus Supplement are deemed to be underwriters, dealers or agents, as applicable, in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

The Securities may also be sold directly by the Corporation at such prices and upon such terms as agreed to by the Corporation and the purchaser or through agents designated by the Corporation from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Corporation to such agent will be set forth, in the Prospectus Supplement. Unless

otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

The Corporation may agree to pay the underwriters, dealers or agents a commission for various services relating to the issue and sale of any Securities offered under any Prospectus Supplement. Any such commission will be paid out of the general corporate funds of the Corporation. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Corporation to indemnification by the Corporation against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

Unless otherwise specified in a Prospectus Supplement, the Securities will not be registered under the United States Securities Act of 1933, as amended or the securities law of any state of the United States of America.

TRADING PRICE AND VOLUME OF THE CORPORATION'S SECURITIES

Trading prices and volume of the Corporation's Securities will be provided for all of the Corporation's issued and outstanding Common Shares and Preferred Shares in each Prospectus Supplement.

PRIOR SALES

Prior sales will be provided in a Prospectus Supplement with respect to the Securities being distributed under such Prospectus Supplement.

RISK FACTORS

An investment in the Securities is subject to various risks. Before deciding whether to invest in any Securities, investors should consider carefully the risks set out herein and incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and, if applicable, those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective investors should consider the categories of risks identified and discussed in other filings SNC-Lavalin makes with securities regulators, including, without limitation, the section entitled "Risks and Uncertainties" contained in SNC-Lavalin's 2016 MD&A. These risks are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also materially and adversely affect its business.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds to the Corporation from the sale of the Securities will be used for the general corporate purposes of SNC-Lavalin. The Corporation may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Corporation, by Norton Rose Fulbright Canada LLP. As of the date hereof, partners, counsel and associates of Norton Rose Fulbright Canada LLP beneficially owned, directly or indirectly, less than one percent of any securities of the Corporation or any associates or affiliates of the Corporation.

AUDITORS AND TRANSFER AGENT AND REGISTRAR

The independent auditors of the Corporation are Deloitte LLP, Chartered Accountants, 1190 Avenue des Canadiens-de-Montréal, Suite 500, Montréal, Québec, H3B 0M7. The auditors have confirmed to the Corporation that they are independent within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

Computershare Investor Services Inc. is the Corporation's transfer agent and registrar for the Corporation's common shares, with principal offices in the cities of Montréal (Quebec), Toronto (Ontario), and Vancouver (British Columbia).

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Patricia A. Hammick, Ph.D., Steven L. Newman, Jean Raby, Chakib Sbiti and Zin Smati, Ph.D. are directors of SNC-Lavalin who reside outside of Canada and have appointed Norton Rose Fulbright Canada LLP, 1 Place Ville-Marie, Suite 2500, Montréal, Québec, H3B 1R1, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Securities that are convertible, exchangeable or exercisable, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which such convertible, exchangeable or exercisable Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces of Canada, if the purchaser pays additional amounts upon conversion, exchange or exercise of such Securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF SNC-LAVALIN GROUP INC.

Dated: March 13, 2017

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) NEIL BRUCE
President and Chief Executive Officer

(Signed) SYLVAIN GIRARD
Executive Vice-President and
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) LAWRENCE N. STEVENSON
Director

(Signed) JACQUES BOUGIE
Director