2013
Third Quarter Report

Three and Nine Months Ended
September 30, 2013, and 2012

Stantec

TSX
NYSE

Report to Shareholders

Third Quarter 2013

We have had an excellent third quarter of 2013, leading to what should be a very good year. Our focus on community, creativity, and client relationships has not only reinforced our strategy, it has resulted in strong overall performance as follows:

- Compared to Q3 12, our gross revenue increased 21.3% to $581.2 million from $479.3 million. that reinforces the Company's promise to design with

Gross revenue grew organically by 10.1% in the third quarter, demonstrating our sustained growth within our diverse business model. This marks more than two years of continuous Company. Our positive results were spurred by robust

In our Urban Land practice area, activity remains steady in Canada and continues to improve in the United States. We are well positioned to leverage our integrated services and strong relationships to capitalize on residential and nonresidential projects for our clients. For example, we secured the preliminary planning work and design master service agreement to evaluate airport land parcels at the Tampa International Airport to support the development of amenities and unique shopping experiences for airport visitors.

Our overall outlook for the full year 2013 is a strong increase in organic revenue, supported by our mature presence in Canada and expanding position in a large and gradually strengthening US market. We expect activity in the oil and gas sector to continue, and our strengthened presence in the transportation sector in the United States is driving additional opportunities. We are confident in our long-term strategy and in our ability to adapt to the evolving needs of the marketplace. Our positive results for the third quarter reflect this commitment to achieving results for our shareholders.

As we move forward in 2013, I would like to thank our talented staff who strive for excellence every day and our clients who entrust us with their projects, and we thank you, our shareholders, for your continued confidence in Stantec.

Bob Gomes, P.Eng.

Bob Gomes, P.Eng.
President & CEO
October 30, 2013

October 30 , 2013

This discussion and analysis of Stantec Inc.'s (Stantec or the Company) operations, financial position, and cash flows for the quarter ended September 30, 2013, dated October 30, 2013, should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the quarter ended September 30, 2013; the Management's Discussion and Analysis and audited consolidated financial statements and related notes included in our 2012 Financial Review; and the Report to Shareholders contained in our 2013 Third Quarter Report.

Our unaudited interim consolidated financial statements and related notes for the quarter ended September 30, 2013, are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We continue to use the same accounting policies and methods as those used in 2012, except for the adoption of IFRS 10, "Consolidated Financial Statements" (IFRS 10) and IFRS 11, "Joint Arrangements" (IFRS 11). A description of these new standards and their impact on our financial position and

Our results are showing strong momentum with strong top- and bottom-line growth. During the quarter, we saw sustained organic growth and record diluted earnings per share of $0.98. Compared to Q3 12, gross revenue increased by 21.3% from $479.3 million to $581.2 million, EBITDA increased 27.3% from $61.1 million to $77.8

The following table highlights the major changes to assets, liabilities, and equity from December 31, 2012:

Refer to the Liquidity and Capital Resources section of this report for an explanation of the change in current assets and current liabilities.

Property and equipment increased because of the number of leasehold and furniture improvements made to various offices and the enhancements made to information technology hardware. Goodwill increased as a result of the acquisition of IBE Consulting Engineers, Inc., Ashley-Pryce Interior Designers Inc., and Roth Hill, LLC during Q2 13 as well as changes in foreign exchange, as explained below. Intangible assets decreased mainly as a result of amortization recorded year to date. Investments in joint ventures and associates decreased due to dividends received year to date. Total current and long-term debt decreased because of payments made on our notes payable from acquisitions, lease financing obligations, and revolving credit facility. In total, current and long-term provisions increased because of a $1.8 million increase in lease exit liabilities and an $11.3 million increase in provisions for self-insured liabilities due to the timing of the recognition of the liability and its ultimate settlement. Other liabilities increased as a result of an $8.0 million increase in lease inducement benefits for leasehold improvements at various offices.

Overall, the carrying amount of the assets and liabilities of our US subsidiaries on our consolidated balance sheets increased because of the weakening of the Canadian dollar from US$1.01 at December 31, 2012, to US$0.97 at September 30, 2013.

Our shareholders' equity increased because $110.5 million in net income was earned in the first three quarters of 2013, $10.1 million in share options were exercised for cash, and $2.8 million was expensed for share-based compensation. In addition, comprehensive income increased $15.1 million because of7.838S3(s)-3(4TJ55(.1)13,)2(t)EMC 28 o (EMC 28Td ( )T28)Tj TJ 3

Our Company operates in one reportable segment—Consulting Services. We provide knowledge-based solutions for infrastructure and facilities projects through value-added professional services, principally under fee-for-service agreements with clients.

The following table summarizes key operating results on a percentage of net revenue basis and the percentage increase in the dollar amount for each key operating result:

The following section outlines specific factors that affected the results of our operations in the third quarter of 2013 and should be read in conjunction with our unaudited interim consolidated financial statements for the quarter ended September 30, 2013.

The following discussion includes forward-looking statements. For an outline of material risks and assumptions associated with these statements, refer to the Caution Regarding Forward-Looking Statements section at the end of this report.

While providing professional services, we incur certain direct costs for sub-consultants, equipment, and other expenditures that are recoverable directly from our clients. Revenue associated with these direct costs is included in our gross revenue.

The following tables summarize the impact of acquisitions, organic growth, and foreign exchange on our gross and net revenue:

Quarter Ended

Gross Revenue

The increase in acquisition gross and net revenue in Q3 13 compared to Q3 12 was a result of revenue earned in Q3 13 that was attributed to the acquisitions listed in the Gross Revenue by Region and Gross Revenue by Practice Area Unit sections below. We experienced increases in organic gross revenue in Q3 13 compared to Q3 12 in all regions and in all practice area units except Buildings, as described below.

The following tables summarize the growth in gross revenue by region:

Gross Revenue by Region

(In millions of Canadian dollars)	Quarter Ended Sept 30, 2013	Quarter Ended Sept 30, 2012	Total Change	Change Due to Acquisitions	Change Due to Organic Growth	Change Due to Foreign Exchange
Canada	341.6	281.1	60.5	17.5	43.0	n/a
United States	219.7	178.6	41.1	27.9	5.2	8.0
International	19.9	19.6	0.3	-	0.3	-
Total	581.2	479.3	101.9	45.4	48.5	[illegible]

Total gross revenue was positively impacted by the acquisitions completed in 2012 and 2013, by organic growth, and by the weakening of the Canadian dollar in Q3 13 compared to Q3 12.

The following lists the acquisitions completed in 2012 and 2013 that impacted specific regions year to date:

- Canada: PHB Group Inc. (PHB) (May 2012); Cimarron Engineering Ltd. (Cimarron) (August 2012); Architecture 2000 Inc. (November 2012); and Ashley-Pryce Interior Designers Inc. (AP/ID) (May 2013)
- United States: ABMB Engineers, Inc. (ABMB) (May 2012); Corzo Castella Carballo Thompson Salman, P.A. (C3TS) (November 2012); Greenhorne & O'Mara, Inc. (G&O) (December 2012); Landmark Survey and Mapping, Inc. (LSM) (December 2012); IBE Consulting Engineers, Inc. (IBE) (May 2013); and Roth Hill, LLC (Roth Hill) (June 2013)

Canada. Gross revenue in our Canadian operations increased by 21.5% in Q3 13 compared to Q3 12 and by 20.4% year to date in 2013 compared to 2012. This increase resulted from acquisition and organic growth. The 11.8% year-to-date increase in organic growth largely resulted from an increase in oil and gas activity, which was partly offset by decreased activity in our Buildings and Power practices in 2013 compared to 2012.

During the first three quarters of 2013, resource activity in western Canada maintained momentum, allowing for related infrastructure investment. Opportunities for the transport of oil and natural gas meant increased activity in large-scale projects in Canada's oil and gas sector, especially in western Canada. The desire to transport western Canadian crude oil for export to eastern and western destinations continues to generate opportunities for interprovincial pipelines and associated marine facilities. With steady growth in the midstream oil and gas market, we continue to provide environmental and engineering services to private sector clients. Our Mining practice is continuing at a stable level of activity. The robust resource market has also contributed to solid activity in the residential market in western Canada. In the public sector, federal and provincial budgets maintained stable levels of funding for infrastructure, and support continues for the public-private partnership (P3) model. P3 projects continue to be released, in particular in Ontario and British Columbia. Increasingly, P3s are being pursued at a municipal level. We believe the outlook for our Canadian operations is to end the year with strong organic revenue growth in 2013 compared to 2012. This quarter, we revised the outlook included in our 2012 Financial Review from moderate organic growth to strong growth due to continued activity in the oil and gas sector, strength in the private sector, and stability in the public sector.

United States. Gross revenue in our US operations increased by 23.0% in Q3 13 compared to Q3 12 and by 19.5% year to date in 2013 compared to 2012. This increase resulted primarily from acquisition growth, especially in our Transportation practice area unit. Organic gross revenue grew by 2.9% in the quarter and by 1.4% year to date compared to the same periods in 2012. Synergies between existing operations and acquired companies in the US East contributed to the organic growth. Organic growth also resulted from increased activity in the oil and gas sector, particularly in the US West. Increases in organic gross revenue were partly offset by a retraction in our Buildings and Mining practices in 2013 year to date compared to the same period in 2012.

The public sector in the United States is characterized by uncertainty in the political and regulatory environment, above all at the federal level. Uncertainty about the implementation of the Patient Protection and Affordable Care Act continues to impact releases for clients in our Buildings practice who are now adjusting their long-term capital plans. Uncertainty also exists in emissions and environmental regulation. Although improving overall, state and municipal budgets remain tight, thereby impacting projects in the transportation and water sectors. In response to fiscal constraints, P3s are slowly emerging, though this approach has yet to fully take hold. In the private sector, we see increased activity in some geographies, although a full housing market recovery has yet to materialize owing to factors such as the uncertain political environment and unemployment levels affecting public confidence. We continue to maintain our position in the resource-related market by supporting infrastructure development in the oil and gas sector. Overall, we believe our US operations will experience stable-to-moderate organic growth in 2013, as described in the Outlook section of our 2012 Financial Review.

International. Gross revenue in our International operations increased 1.5% in Q3 13 compared to Q3 12 and by 9.1% year to date in 2013 compared to 2012. This year-to-date increase resulted from organic growth, particularly in the Middle East. Compared to 2012, the volume of projects increased mostly in our Buildings and partTJ 0 Tng

Airport Improvement project—

We believe the outlook for our Environment practice area unit is to end the year with strong organic revenue growth in 2013 compared to 2012. We revised the outlook included in our 2012 Financial Review from moderate organic growth to strong organic growth due to increased activity in the midstream oil and gas sector. We expect that our size, presence, and reputation in the environment market will continue to allow us to maintain our share of large, long-term projects. By focusing on integrated service offerings, especially related to our Industrial practice area unit, and by leveraging relationships with large clients, we believe we are well positioned to secure opportunities in the energy sector. In the water sector, we believe we are well positioned to secure projects resulting from a more stringent regulatory environment. We expect that funding constraints will continue moving a portion of the market toward design-build delivery, thus presenting us with additional design-build opportunities. In the United States, the federal government is promoting environmental and infrastructure initiatives that may provide further opportunities, though timing is uncertain.

Industrial. The Industrial practice area unit had 19.0% organic gross revenue growth in Q3 13 compared to Q3 12 and 17.3% organic gross revenue growth year to date in 2013 compared to 2012. Strong year-to-date organic growth was the result of a continued increase in project activity related to energy and resources, primarily in the oil and gas sector, which currently accounts for approximately 50% of Industrial revenue.

Our long-term client relationships and diverse project expertise means we are increasingly recognized as a top integrated provider of midstream services. This recognition, together with a continued global demand for energy and strong oil prices, is driving demand for our engineering services from large national clients that are transporting oil and gas to market or tidewater, as well as those adding capacity for transport, storage, and distribution. Our Environment and Industrial groups are working together on major export pipelines in Canada to transport natural gas and crude oil to the east, south, and west.

Overall, our mining activity is steady. As a consequence of completing a major project in the latter part of 2012, mining revenue decreased in the United States in 2013 compared to 2012; however, activity in Canada remains steady. Because of our strong client relationships in mining, we are growing internationally by continuing to secure projects in studies, design, and project management. We still continue to provide services in renewable energy, thermal power, and transmission and distribution, but our revenue from the power sector decreased, predominantly in Canada because certain major projects have come to completion. As a result of softer markets in the United States, caused by regulatory uncertainty, utility companies are maintaining the status quo or reducing capital investment. Our Industrial Buildings & Facilities practice is steady in multiple areas, including large industrial facilities, transportation, equipment dealers, and servicing companies where public and private clients are renewing or building new facilities. For example, during the quarter, we secured the full engineering design services for the preliminary design phase of the Toronto Transit Commission transit bus maintenance and storage facility that will meet Toronto Green Standards.

We believe the outlook for our Industrial practice area unit is to end the year with strong organic revenue growth for 2013 compared to 2012. Because we expect continued robust activity in the oil and gas sector and anticipate that our clients in Industrial Buildings & Facilities will continue with normal and stable capital spending, the outlook stated in our 2012 Financial Review has been revised from stable-to-moderate growth to moderate growth in Q1 13 and strong growth in Q2 13. We believe the outlook for our Power practice is more favorable in our operations in Canada than in the United States, where the power sector continues to experience an uncertain regulatory environment. Because of a healthy mix of domestic and international projects, the outlook for Mining remains stable. As a result of our strong client relationships and current market opportunities, we expect continued activity in our Oil & Gas practice in 2013, particularly in the midstream sector.

Transportation. The Transportation practice area unit had 7.1% organic gross revenue growth in Q3 13 compared to Q2 13. Despite a relatively stagnant market, year-to-date organic gross revenue growth was 10.2% compared to the same period last year. This growth reflects investments made in key hires and specific project pursuits in 2012 and 2013, as well as a continued commitment to building backlog by pursuing a mix of small

Organic revenue growth occurred in the United States, principally in the US East, where we are benefiting from increased activity in design-build and our general roadway and bridge inspection business.

During the quarter, we continued to pursue and secure a steady share of design-build and P3 projects. For example, we secured the Construction Management Services Contract for the Westside Subway (Purple Line Extension) Transit Corridor project in Los Angeles, California. It is one of the most regionally significant infrastructure programs in southern California and one of the largest transportation programs in the United States. This project will include both design-build and design-bid-build delivery methods. This contract is through a joint venture with a major partner and includes sub-

The following table summarizes gross margin percentages by region:

The reduction in the year-to-date gross margin for Canada mainly resulted from the impact of our growing Industrial practice area unit at lower gross margins, especially in the oil and gas sector. The reduction in the year-to-date gross margin in our International operations was the result of revisions made to estimated costs to complete on certain large projects.

Administrative and marketing expenses as a percentage of net revenue was 38.3% for Q3 13 compared to 39.7% for Q3 12. Year-to-date administrative and marketing expenses as a percentage of net revenue was 39.7% compared to 40.4% for 2012, which is better than our expected range of 41.0% to 43.0%. We expect to be at the lower end or below the target by the end of the year due to improved labor utilization rates in 2013 compared to 2012 and fewer year-to-date acquisition integration activities in 2013 compared to 2012.

Administrative and marketing expenses may fluctuate from quarter to quarter as a result of the amount of staff time charged to marketing and administrative labor, which is influenced by the mix of projects in progress and being pursued during the period, as well as by acquisition activities. Administrative and marketing expenses as a percentage of net revenue was lower year to date in 2013 compared to the same period in 2012 due to increased labor utilization, our continued focus on managing costs effectively, and our improved collection experience. In addition, administrative and marketing expenses were impacted by growth in our Industrial practice area unit, where lower margins are typically offset by lower administrative and marketing expenses as a percentage of net revenue. Decreases to administrative and marketing expenses were partly offset by an increase in our provision for claims, which is impacted by

caused by the volatility of daily foreign exchange rates and the timing of the recognition and relief of foreign-denominated assets and liabilities.

During the first three quarters of 2013, we recorded a $13.4 million

The following table summarizes the impact of acquisitions, organic growth, and foreign exchange on gross revenue for the following quarterly comparisons:

(In millions of Canadian dollars)	Q3 13 vs. Q3 12	Q2 13 vs. Q2 12

Our cash flows (used in) from operating, investing, and financing activities as reflected in the consolidated statements of cash flows are summarized in the following table:

	Quarter Ended September 30			Three Quarters Ended September 30		
(In millions of Canadian dollars)	2013	2012	Change	2013	2012	Change
Cash flows from operating activities	111.6	82.0	29.6	151.4	104.0	47.4
Cash flows used in investing activities	(36.6)	(45.6)	9.0	(76.8)	(107.5)	30.7
Cash flows used in financing activities	(37.5)	(22.7)	(14.8)			

Cash flows used in financing activities increased mainly due to a net outflow year to date in 2013 of $38.8 million to repay our revolving credit facility—compared to a net outflow of $2.7 million to repay our revolving credit facility in the same period in 2012. In addition, there was an $8.4 million increase in cash outflows for the payment of dividends year to date in 2013 compared to the same period in 2012.

The above increases in cash flow used in financing activities were partly offset by a $2.7 million increase in cash inflows from the issuance of shares for employees exercising their share options year to date in 2013 compared to 2012.

We manage our capital structure according to the internal guideline established in our 2012 Financial Review by maintaining a net debt to EBITDA ratio of below 2.5. We calculate our net debt to EBITDA ratio, a non-IFRS measure, as the sum of (1) long-term debt, including current portion, plus bank indebtedness, less cash and cash equivalents, divided by (2) EBITDA, calculated as income before income taxes, plus net interest expense, amortization of intangible assets, depreciation of property and equipment, and goodwill and intangible impairment. At September 30, 2013, our net debt to EBITDA ratio was 0.7, calculated on a trailing four-quarter basis. Going forward, there may be occasions when we exceed our target by completing opportune acquisitions that increase our debt level above the target for a period of time.

During 2012, we entered into an agreement for a $350-million revolving credit facility expiring August 31, 2016. During the quarter, the expiry date was extended to August 31, 2017. c,ct520see.3(l.as)3(31,)2( )rbsttCbst3)uj3-p(qui)-1([(e e.87i4m)-3(e b)13(ef)2(c

We have a bid bond facility, expiring on August 31, 2017, in the amount of $10 million that allows us to access an additional $5 million under the same terms and conditions upon approval from our lenders. This facility may be used for the issuance of bid bonds, performance guarantees, letters of credit, and documentary credits in international currenciesthishiheonncterl transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing. Our surety facility allows, as part of the normal course of operations, the issuance of bonds for certain types of project work. As at September 30, 2013, $12.4 million (US$12.1 million) in bonds was issued under this surety facility. At September 30, 2013, $5.0 million was issued under our bid bond facility, which allows us to issue bid bonds, performance guarantees, letters of credit, and documentary credits in international currencies.

During 2009, we issued a guarantee to a maximum of US$60 million for project work with the US federal government. If this guarantee is exercised, we have recourse to our insurers, subject to certain deductibles, policy terms, and limits, to recover claims costs and damages arising from errors or omissions in our professional services. At September 30, 2013, $155,000 of this guarantee had been exercised, but we have not made any payments under this guarantee, and no amounts have been accrued in our consolidated financial statements with respect to the guarantee. This guarantee will expire on July 15, 2014.

The nature and extent of our use of financial instruments, as well as the risks associated with these instruments, have not changed materially from those described in the Financial Instruments and Market Risk section of our 2012 Financial Review and are incorporated by reference herein.

We have subsidiaries that are 100% owned and structured entities that are consolidated in our financial statements. From time to time, we enter into transactions with associated companies, joint ventures, and joint operations. These transactions involve providing or receiving services and are entered into in the normal course of business and on an arm's-length basis. Key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company and include its chief executive officer M(k)1ilylly join2( )]TJ -(/TT0 1 Tf ntal 8 0 Td 7O56 3(t7c 0 Tw.347 -1.383e)1o2.7tit05ng

We operate in a highly diverse infrastructure and facilities market in North America and internationally that consists of many technical disciplines, practice areas, client types, and industries in both the private and public sectors. This gives us the flexibility to adapt to changing market conditions in a timely manner. Our results may fluctuate from quarter to quarter, depending on variables such as project mix, economic factors, and integration activities related to acquisitions in a quarter. In the first three quarters of 2013, we saw no significant changes in our industry's environment or in market opportunities. Our business model continues to focus on mitigating risk by diversifying operations across geographic locations, practice area units, and all phases of the infrastructure and facilities project life cycle. In addition, our overall expectations remain consistent with those discussed in the Gross and Net Revenue subheading of the Results section of this Management's Discussion and Analysis and those generally described in the Outlook section of the Results s( )Tj ts

- IAS 27, “Separate Financial Statements” (IAS 27) (amended)
- IAS 28, “Investments in Associates and Joint Ventures” (IAS 28) (amended)
- Annual Improvements (2009–2011 Cycle)

The adoption of these new standards and amendments did not have an impact on internal controls over financial reporting, disclosure controls and procedures, and business activities including debt covenants, key performance indicators, and compensation plans.

The impact of adopting amendments to IAS 19, 27, and 28, IFRS 7, and the Annual Improvements (2009–2011 Cycle) did not have a material impact on our financial position or performance. IAS 27 and 28 were amended to move disclosure requirements regarding interests in other entities to the new IFRS 12.

IFRS 12 and 13 and amendments to IAS 1 did not have a material impact on the financial position or performance of the Company; however, they result in additional disclosure.

Effective January 1, 2013, we applied IFRS 10 and 11, which resulted in a change in our accounting policies and a retrospective restatement of previous consolidated financial statementsd ( )((i)-1na1/MC07 Tc 11(1Td [(w)Td [(c)-3(on)3(nc)11(e)13(s)-

recognize our share of assets, liabilities, revenues, and expenses of the joint operation and combine them line by line with similar items in our consolidated financial statements.

As a result of the retrospective application of IFRS 10 and 11, we restated certain line items in our consolidated statements of financial position and consolidated statements of income. In particular, proportionate consolidation was removed. Also, after completing a review of our joint agreements, the categorization of certain entities was changed to joint venture, joint operation, or associate, and the applicable accounting method was applied.

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For the quarter ended September 30, 2013, there has been no significant change in our risk factors from those described in our 2012 Financial Review, incorporated by reference herein, including our exposure to market factors that can affect our performance with respect to currency and interest rates.

On October 30, 2013, the Company declared a dividend of $0.165 per share, payable on January 16, 2014, to shareholders of record on December 31, 2013.

Our public communications often include written or verbal forward-looking statements within the meaning of the US Private Securities Litigation Reform Act and Canadian securities laws. Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions or courses of action and include future-oriented financial information.

Statements of this type are contained in this report, including the discussion of our goals in the Core Business and Strategy section and of our annual and long-term targets and expectations for our regions and practice area units in the Results and Outlook sections, and may be contained in filings with securities regulators or in other communications. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2013 and beyond, our strategies or future actions, our targets, our expectations for our financial condition or share price, or the results of or outlook for our operations.

We provide forward-looking information for our business in the Core Business and Strategy section as well as the Results (under the Overall Performance, Results of Operations—Gross and Net Revenue, Results of Operations—Intangible Assets, Results of Operations—Income Taxes, and Liquidity and Capital Resources subheadings) and Outlook sections of this report in order to describe the management expectations and targets by which we measure our success and to assist our shareholders in understanding our financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that predictions, forecasts, conclusions, projections, and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on our forward-looking statements since a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates, or intentions expressed in these forward-looking statements.

Future outcomes relating to forward-looking statements may be influenced by many factors and material risks. For the quarter ended September 30, 2013, there has been no significant change in our risk factors from those described in our 2012 Financial Review that are incorporated by reference herein.

Assumptions

In determining our forward-looking statements, we consider material factors including assumptions about the performance of the Canadian, US, and various international economies in 2013 and their effect on our business. The assumptions we made at the time of publishing our annual targets and outlook for 2013 are listed in the Outlook section of our 2012 Financial Review and were updated in our Q2 13 Management's Discussion and Analysis under the Outlook section. The following information updates and, therefore, supersedes those assumptions.

In establishing our level of future cash flows, we assumed that the Canadian dollar would remain stable compared to the US dollar throughout the year. We also assumed that our average interest rate would remain relatively stable in 2013 compared to 2012. On September 30, 2013, the Canadian dollar closed at US$0.97, representing a 4.0% increase in the US dollar since December 31, 2012. The average interest rate on our revolving credit facility was 1.38% at September 30, 2013, compared to 1.60% at December 31, 2012. The interest rate on our senior secured notes is fixed. In establishing our effective income tax rate, we assumed the tax rate substantially enacted at the time of preparing our targets for 2013 for the countries in which we operate, primarily Canada and the United States. Our effective tax rate as at September 30, 2013, was 27.2% compared to 26.5% for the year ended December 31, 2012, as further explained on page M-17.

In our 2012 Financial Review, we noted that according to the Canadian Mortgage and Housing Corporation (CMHC), total annual housing starts in Canada were expected to be 193,600 units in 2013. The CMHC has since revised its forecast to 182,800.

In our 2012 Financial Review, we noted that according to the National Association of Home Builders (NAHB) in the United States, seasonally adjusted annual rates of total housing starts in the United States were expected to increase to 932,000 units in 2013. This forecast has since been revised to 926,000 units in 2013.

In our 2012 Financial Review, the Bank of Canada forecasted GDP growth to be 2.0% in 2013. This forecast has since been revised to 1.8%. The Bank of Canada Canadian/US average exchange rate projection is US$0.98, compared to US$1.01 in our 2012 Financial Review.

In our 2012 Financial Review, the World Bank forecasted GDP growth for 2013 of 6.1% for India, 3.4% for the Middle East, 3.5% for Latin America and the Caribbean regions, and -0.1% for the Euro area. This forecast has since been revised to 5.5% for India, 2.5% for the Middle East, 3.3% for Latin America and the Caribbean regions, and -0.6% for the Euro area.

The outlooks for our Buildings, Environment, Industrial, Transportation, and Urban Land practice area units changed during the first three quarters of 2013 from those described in the Outlook section of our 2012 Financial Review. The outlook for each practice area unit in 2013 ranges from retraction for our Buildings practice area unit, to stable-to-moderate organic growth for our Urban Land practice area unit, to strong organic growth for our Environment, Industrial, and Transportation practice area units.

The assumptions used in establishing these outlooks are discussed in the outlooks for each of our practice area units for 2013 in the Gross and Net Revenue subheading of the Results section of this Management's Discussion and Analysis and in the Outlook section of our 2012 Financial Review, which is incorporated by reference herein.

The preceding list of assumptions is not exhaustive. Investors and the public should carefully consider these factors, other uncertainties, and potential events, as well as the inherent uncertainty of forward-looking statements, when relying on these statements to make decisions with respect to our Company. The forward-looking statements contained herein represent our expectations as of October 30, 2013, and, accordingly, are subject to change after such date. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time. In the case of the ranges of expected performance for fiscal 2013, it is our current practice to evaluate and, where we deem appropriate, provide updates. However, subject to legal requirements, we may change this practice at any time at our sole discretion.

Shareholder Information

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Securities Exchange Listing

Stantec shares are listed on the Toronto Stock Exchange and New York Stock Exchange under the symbol STN.