

STANTEC INC
Form 425
July 12, 2005

**Filed by Stantec Inc. pursuant to
Rule 425 under the Securities Act of 1933 and deemed
filed pursuant To Rule 14a-12 under the
Securities Exchange Act of 1934.
Subject Company: The Keith Companies, Inc.
Commission File No. 000-26561**

**THIS FILING CONSISTS OF AN INVESTOR PRESENTATION IN CONNECTION WITH THE
PROPOSED COMBINATION OF STANTEC INC. (STANTEC) AND THE KEITH COMPANIES, INC.
(TKC).**

Additional Information and Where to Find It

In connection with the proposed merger, Stantec and TKC have filed a Registration Statement on Form F-4, a joint proxy statement/ prospectus and other related documents with the Securities and Exchange Commission (the SEC). Shareholders of TKC are advised to read these documents and any other documents relating to the merger that are filed with the SEC when they become available because they contain important information. Shareholders of TKC may obtain copies of these documents for free, when available, at the SEC 's website at www.sec.gov. These and such other documents may also be obtained for free from:

Stantec
10160-112 Street
Edmonton, Alberta, Canada, T5K 2L6
Phone: (780) 917-7000 Fax: (780) 917-7330

and from:

The Keith Companies
19 Technology Drive
Irvine, California, USA 92618-2334
Phone: (949) 923-6000 Fax: (949) 923-6121

Stantec and TKC and their respective directors, executive officers and other members of their management and employees may be deemed to be participants in the solicitation of proxies in connection with Stantec 's proposed acquisition of TKC. Information regarding the special interests of these directors and executive officers in the transaction described herein will be included in the joint proxy statement/prospectus described above. Additional information regarding Stantec 's directors and executive officers is also included in its management information circular for its 2005 Annual Meeting of Shareholders, which was filed with the applicable securities commissions in Canada on or about March 31, 2005 and is available free of charge at the Canadian Securities Administrators ' web site at www.sedar.com or by contacting Stantec at the address or telephone number set forth above. Additional information regarding TKC 's directors and executive officers is also included in its proxy statement for its 2005 Annual Meeting of Stockholders, which was filed with the SEC on or about April 12, 2005 and is available free of charge at the SEC 's web site at www.sec.gov or by contacting TKC at the address or telephone number set forth above.

Cautionary Note Regarding Forward Looking Statements

This document contains forward-looking statements. In some cases, forward-looking statements can be identified by words such as believe, expect, anticipate, plan, potential, continue or similar expressions. Such forward-looking statements are based upon current expectations and beliefs and are

subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Some of the forward-looking statements contained in this document include statements about the proposed Stantec and TKC merger; including statements that: (i) the merger will allow the combined company to realize strategic goals; (ii) the merger is expected to be accretive to earnings of the combined company; (iii) the merger will allow Stantec to increase its revenues from its United States operations by approximately 70%; (iv) the combination with TKC will allow Stantec opportunities to cross sell services to TKC's client base; and (v) the TKC shareholders will realize a premium of approximately 30%. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. For example, if TKC does not receive required shareholder approvals, if Stantec is unable to list its stock on a major US exchange or either party fails to satisfy other conditions to closing, the merger will not be consummated. In addition, the combined companies may not realize all or any of the expected benefits of the merger. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: global capital market activities, fluctuations in interest rates and currency values, the effects of war or terrorist activities, the effects of disease or illness on local, national, or international economies, the effects of disruptions to public infrastructure, such as transportation or communications, disruptions in power or water supply, industry and worldwide economic and political conditions, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the companies operate, the actions of management, and technological changes. Actual results may differ materially from those contained in the forward-looking statements in this document.

Stantec & Keith
Investor Presentation

July 2005

Stantec, founded in 1954, provides professional design and consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, and project management. Continually striving to balance economic, environmental, and social responsibilities, we are recognized as a world-class leader and innovator in the delivery of sustainable solutions. With a roster of comprehensive services, our Company supports clients at every stage, from initial concept and financial feasibility to project completion and beyond. Our multidisciplinary practice areas serve public and private sector clients in a diverse range of markets.

In simple terms, the world of Stantec is the water we drink, the roadways we travel, the buildings we visit, the industries in which we work, and the neighborhoods we call home.

Highlights

Established in 1954

Publicly traded since 1994

TSX:STN

NYSE:SXC (August 5, 2005)

51 years of uninterrupted profitability

50 locations in North America and the Caribbean

4,400 employees

18.9 Million Shares Outstanding
(70% Institutional Ownership)

\$550 Million Market Cap

Introduction to Stantec

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Market

Client Type

Buildings - 20%

Practice Areas:

Architecture & Interior
Design
Buildings Engineering
Facilities Planning &
Operations

Environment - 21%

Practice Areas:

Environmental
Infrastructure
Environmental
Management

Industrial - 10%

Practice Areas:

Manufacturing/Industrial
Power Resources and
Chemicals
Bio/Pharmaceuticals

Transportation - 16%

Practice Areas:

Transportation
Infrastructure
Transportation
Planning & Traffic
Infrastructure
Management &
Pavement Engineering

Urban Land - 33%

Practice Areas:

Planning and
Landscape
Architecture
Urban Land
Engineering
Surveys/Geomatics
Quality
Control/Assurance

Based on Net Revenue Q1 YTD

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10-Year Performance

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Rankings

Ranked #50 on the *Engineering New Records* listing of top 150 Global Design Firms, rising from #54 in 2003.

Listed #30 on the *Sector Review 2004* survey of the World's Top 200 Consulting Engineering and Architectural Groups.

5-Year Performance

In thousands of

dollars (C\$), except per
share amounts and ratios

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|------------|------------|------------|------------|------------|
| Gross revenue | \$ 520,879 | \$ 459,942 | \$ 428,456 | \$ 356,942 | \$ 265,568 |
| Net revenue | 449,151 | 391,396 | 365,148 | 298,772 | 221,263 |
| Income before taxes | 44,660 | 39,628 | 33,095 | 27,306 | 20,867 |
| Net income | 30,190 | 25,070 | 20,192 | 15,370 | 11,226 |
| Current assets | 208,755 | 177,629 | 163,261 | 121,267 | 94,183 |
| Current liabilities | 126,755 | 128,506 | 99,295 | 88,487 | 68,667 |
| Property and equipment | 48,262 | 67,670 | 51,747 | 41,371 | 36,938 |
| Long term debt | 21,155 | 31,159 | 41,730 | 15,652 | 13,893 |
| Shareholders' equity | 189,056 | 160,528 | 151,426 | 107,450 | 92,233 |
| Gross revenue backlog | 380,000 | 310,380 | 299,801 | 259,185 | 192,238 |
| Net cash position | 37,890 | (9,808) | 29,202 | (7,145) | 3,426 |
| Earnings per share - basic | 1.63 | 1.37 | 1.12 | 0.92 | 0.78 |
| Earnings per share - diluted | 1.59 | 1.31 | 1.07 | 0.88 | 0.76 |
| Book value per share | 10.02 | 8.76 | 8.28 | 6.38 | 5.54 |
| Current ratio | 1.65 | 1.38 | 1.64 | 1.37 | 1.37 |
| Debt to equity ratio | (0.02) | 0.34 | 0.22 | 0.30 | 0.22 |
| Price earnings ratio | 16.25 | 16.13 | 14.91 | 13.99 | 9.94 |
| Weighted average number of shares outstanding | 18,499,598 | 18,329,960 | 17,987,358 | 16,742,730 | 14,374,264 |
| Shares outstanding | 18,871,085 | 18,327,284 | 18,282,720 | 16,846,340 | 16,668,340 |
| Shares traded | 5,700,000 | 5,163,000 | 4,553,100 | 8,907,200 | 4,551,610 |
| High | 23.39 | 23.48 | 20.50 | 14.25 | 8.00 |
| Low | 20.35 | 14.50 | 12.88 | 7.25 | 5.25 |
| Close | 26.48 | 22.10 | 16.70 | 12.88 | 7.75 |

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Target Market

Stantec focuses on the North American market. The greater the population density, the greater the need for infrastructure such as community development, roadways, and facilities.

Opportunity

The infrastructure and facilities market generates over \$50 billion in revenue in North America every year.

Fragmentation

Over 100,000 firms compete for this market, 95% of which have less than 50 employees.

Geographic Reach

Stantec has offices in five provinces, 12 states, and the Caribbean.

Positioning

Stantec has strategically positioned itself in the professional services business in infrastructure and facilities to deliver solid and consistent growth and profitability. The following operational strategies have been employed and, as a result, separate Stantec from the competition.

Project Lifecycle

Barriers to entry are greater in planning, maintenance and decommissioning phases.

Stantec is able to follow clients through the lifecycle phases of a project cradle to grave .

Professional Services Focus

Exclusive fee-for-service model

No construction risk

Lower capital requirements

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Top Three Service Provider

Stantec's target is to be in the top three firms within any given region/market segment.

Top-tier firms:

Serve the best clients

Offer best services

Attract best staff

Have more resiliency in tough economic times

Project & Client Diversity

Many projects translates to many clients

No single client or project more than 5% of revenue

Diversified client mix

Project Size

Capability to services all project sizes (capital project value/fees):

Greater than \$100 million/\$10 million

Between \$50 and \$100 million/\$5 and \$10 million

Less than \$50 million/\$5 million

90% of Stantec projects are less than \$100 million/\$10 million

Stantec Advantage

Logistical Systems

Financial Services, IT, HR, Business Development, Marketing Resources, Communications Support, Legal Services, Risk Management & Training

Technical Capabilities

Light Rail Transit, Health Care, Wastewater process design, Leadership in Energy and Environmental Design (LEED), Ecotoxicology & Ecological Risk Assessment

Knowledge Systems

Decision Support Tools, Business Intelligence Tools, Marketing Knowledge Center, Practices & Procedures, Project Management Systems & Client Relationship Management.

Practice Area Specialization

Practice area diversification is achieved by focusing on 17 distinct specialist practice areas that can generally be grouped into five broad market segments:

| Net Revenue Breakdown | STN |
|------------------------------|------------|
| Buildings | 20% |
| Environment | 21% |
| Industrial | 10% |
| Transportation | 16% |
| Urban land | 33% |

Geographic Diversification

Currently, our geographic reach includes three economic regions in North America.

| Net Revenue Breakdown | STN |
|------------------------------|------------|
| Canada | 61% |
| US West | 22% |
| US East | 16% |

We also provide services in selected locations outside North America on a project basis (approximately 1% of revenue).

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Life Cycle Solutions

Our business model includes the provisions of services in all five phases of the project life cycle:

Planning

Design

Construction

Maintenance

Decommissioning

3D Business Model Completed

The model mitigates our risks by ensuring that we are not dependent on any single geographic region, market segment or life cycle phase for our business.

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Stantec's goal is to become one of the top 10 global design firms.

To achieve this goal, we will continue to pursue excellence in design and project delivery and to follow an orderly growth plan building upon our solid foundation. Stantec has a clear vision and a well conceived strategy to fulfill that vision and the track record to bear out the integrity of our strategy.

Driver

Give Stantec professionals the opportunity to work with the

- **Best clients** on the
- **Best projects** and to
- Provide the **best services**

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Action

Augment breadth and depth of expertise, enhance ability to serve Fortune 1000, government, and institutional clients, and expand geographic coverage. Stantec grows by either:

Internal Organic Growth

Accounts for approximately 1/3 of targeted growth
Practice Area Expansion

Acquisition Growth

Strategic In-filling
Geographic Expansion

Depth

Our plan is to continue with strategic in-filling of services in all current regions with people and companies that can fill gaps in our services matrix. Achieving a complete services matrix in a region positions Stantec to reach mature market penetration.

Breadth

We have a disciplined approach to achieving our objectives by gradually increasing our market presence. Our strategy includes expansion outside our existing regions primarily through opportunities to acquire firms that provide services in our services matrix. New regions allow for further strategic in-filling to reach desired market penetration.

Financial Summary

| Year-end 2004 (at December 31) <i>in thousands of dollars, except per share amounts</i> | Stantec | | Keith | |
|--|----------------|---------|--------------|-----------|
| | \$ Canadian | \$ US | \$ Canadian | \$ US |
| Gross revenue* | 520,879 | 398,378 | 137,740 | 105,346 |
| Net revenue* | 449,151 | 343,519 | 126,506 | 96,754 |
| Income before income taxes* | 44,660 | 34,157 | 18,181 | 13,905*** |
| Net income* | 30,190 | 23,090 | 10,469 | 8,007 |
| Current assets** | 208,755 | 173,673 | 84,133 | 69,994 |
| Current liabilities** | 126,755 | 105,453 | 17,455 | 14,522 |
| Long-term debt** | 21,155 | 17,600 | | |
| Shareholders' equity** | 189,056 | 157,285 | 98,469 | 81,921 |
| Earnings per share* | | | | |
| Basic | 1.63 | 1.25 | 1.35 | 1.03 |
| Diluted | 1.59 | 1.22 | 1.31 | 1.00 |
| Weighted average number of shares Outstanding: | | | | |
| Basic | 18,499,598 | | | 7,778,661 |
| Diluted | 19,007,289 | | | 8,039,457 |

* C\$1.00 = US\$1.3075 (average exchange rate for 2004)

** C\$1.00 = US\$1.2020 (exchange rate at Dec. 31 2004)

*** Before discontinued operations (discontinued operations = US\$430,000)

Practice Area Specialization

The Keith companies will no longer be dependent on the real estate market to determine the success of their overall efforts. Stantec provides 5 key market segments that both compliment and augment the overall service offering.

Net Revenue**Breakdown**

| | STN* | STN+TKC** |
|----------------|-------------|------------------|
| Buildings | 20% | 16% |
| Environment | 21% | 19% |
| Industrial | 10% | 10% |
| Transportation | 16% | 13% |
| Urban Land | 33% | 43% |

*Q1 YTD Numbers

**Expected split once combined

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Geographic Diversification

Stantec and Keith combination will augment the company's footprint in the North American Market. Stantec will now have access to the southern California market, one of the greatest areas of opportunity for Stantec to cross sell its professional services. The jointed firm will employ over 5,000 employees.

The Keith transaction will solidify a presence in California and will increase Stantec's US operations by 70%.

Net Revenue

Breakdown

| | STN* | STN+TKC** |
|---------|-------------|------------------|
| Canada | 61% | 48% |
| US West | 22% | 39% |
| US East | 16% | 12% |

*Q1 YTD Numbers

**Expected split once combined

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