

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

3:45 PM PIERRE SHOIRY, President & CEO
Strategic Review

Pierre Shoiry:

Well, thank you, everybody. Last man up. As you can see, we have a pretty strong group of people that you heard ahead of me. Basically, I'm getting myself out of the job. New people that came in the organization, and we have a very strong team.

And I'll just close off the meeting with just a strategic update, high profile, without getting into too much detail because we did roll out in our AGM of 2013 our 2015 strategy. But we are getting a lot of questions around what's ahead for WSP, and I'll just give you an overview of what we believe is ahead even if we haven't really determined yet our next phase, next plan.

So, I won't – I'll go quickly over the first few slides. But today, as Alex just said, we have a great global company. Just a little note here, we've been publicly listed for 2006. Some of you have been there since the very beginning of the IPO, and we've always had a very clear plan, and our strategy was to execute on our plan. And we have done that while creating shareholder value. But also, fundamentally, we always wanted investors that had a long-term view on this because for us, most important is to build a good company and a sustainable company and a great firm.

And so, being in a publicly-listed company in a public environment, you have the, obviously, the requirements of the reporting and the statutory accounts every quarter and everything. But I just want to keep in mind that we've always – sometimes we've had questions Alex referred to in terms of accretion, return on invested capital. Those are all very nice concepts. But in our business, it's a people business. It takes time. A lot of you asked us how our revenue synergy's doing with the focus? How are things doing? As Paul alluded to, this is a people business, you have to build trust within the organization. You have – it's a journey. It's a lot of effort. It's a lot of time. We have Jean-Luc talked about HR, and I wanted Jean-Luc to be here too. So you would understand that it's a people business.

Our balance sheet is asset light and goodwill heavy, and goodwill is relationships. Its people, its – so basically, that's what we've been investing in, in the past years. And I could tell you when you look at our global network, it's quite an impressive network. It's a – we had our Leadership Meeting this week. We have a lot of people that haven't met you in front here like the others have but could have been here also. You can see we have a very young and energetic team. And this for me is very solid. And it's – that's greater for me and for the organization than shareholder price right now, our share price. I mean, we're glad. We have, obviously, to work for our shareholders and create value, but it's a balance of both taking long-term decisions, not for short-term interests.

We still have a lot of room to expand. Forty-nine countries represent 90 percent of the world GDP, and we do have room to grow. I mean we look at Canada, we did the Focus deal. We now have 6,000 people; pretty balanced operation in Canada. When I talked to David and I talked to our people, we still have a lot of room. André-Martín Bouchard, our environment lead, he was here today, and he has a pretty aggressive plan to grow our business and environment in Canada. We look at our GTA presence and we think there's a lot of room to grow. David alluded to geomatics that we need to, so we could have an opportunity to grow geomatics. So Canada is certainly a great country to be in, great place to do business, a lot of growth.



TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

We have a new Managing Director in Sweden, and Magnus sees a lot of opportunity to grow our business. We have Mark Naysmith talk about strengthening our upstream advisory services either through environmental planning, project management skills, program management skill, getting upstream to our clients.

So our mature countries -- U.K., Canada, Sweden, even Colombia now, we're -- we have a leadership position in Colombia. So, in those countries, we have a growth plan. There's still room to grow for us.

Then you look at subscale large industrialized countries such as Australia, such as the USA U.S.A, David showed you, we have a nice business. We have nice big projects. We have the market leadership in a few cities. But it's -- we're 1,000 people in the USA, and it's still one of the biggest, if not the biggest, market in the world in terms of our services. So, a lot of room to grow in the USA, a lot of room to grow in Australia.

Nordic countries. I think there's still a lot of efforts to do in the Nordic countries to where we are a subscale and we can grow. We talked about Norway amongst those. And then there's a lot of other countries, such as the Middle East, Asia, China, where we do have a good presence. We -- good have -- or good organic growth perspective, but we also have room for niche acquisitions in those regions.

So as Alex just alluded to, we're in a good position because we have a good network. We have clear plans in every country and every region. And now it's going to be about where do we allocate our capital? Where do we get the best returns, not only in terms of financial numbers but in terms of building a long-term position, a top-tier position in those countries?

This slide is -- and excuse me, but what's written there is a mistake. It's a copy of the previous slide. But I want to say here in terms of assessing strategic acquisition, what we're looking for, we're not looking just to getting bigger. We're not -- we're looking to get better in our services. We're looking to get better in our expertise. We're looking to be a top-tier player. We play to win. If we're going to be entering a country or playing in a country, we want to be a top player, OK? We can't, today, be a marginal player. If you're going to be marginal, might as well get out. And this is what Paul was alluding to. I think we have to optimize our portfolio. Revisit some of the companies where we're operating, and is there a place to be a top-tier player? If there is, let's invest and let's go at it, OK?

Same thing for markets. We have Tom elegantly talked about our building expertise. We're top in the world. So how can we better in building? How can we grow our buildings practice around the world? How can we grow our transportation business, our environmental business around the world? So we're not looking -- there's a lot of fair way for our business in what we do. We don't need to look at other sectors, look at other new services or asset management or stuff like that or construction.

Pure consulting, a business suits us very well. We know it. We understand it. And you saw it today, you meet a lot of different people talking about their countries. It's the same business everywhere. Very simple business. Our business processes are very clear. It's about winning work, delivering work, getting paid. It's a very, very simple cycle. The biggest challenge is around managing well our projects, managing well our opportunities and our risks.

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

So assessment of strategic acquisitions. We're going to continue to be very disciplined in what we do. We look at cultural fit. We look at strategic fit. We're very disciplined. Financial matters are important. But above all, we want management buy in. We want clear expectations. We want – we don't – we want acquisitions that work and that work day one.

Look at the acquisitions we did this year. Focus is a good example. We've been in relationship with Focus for the past two years. And basically, Focus ended up with WSP because David Ackert and his group wanted to come with us. They felt that we were the right platform and the right partner for them.

Look at Winward acquisition in Australia. Andrew has been working with these guys for the past three, four years. It was a friendly deal. It was people that wanted to come together.

So this, for us, is very important. And each of our people in different countries are looking to have targets and are assessing needs. And at corporate level, we're very hands-on on this M&A part because M&A is – it's easy to do if you do it right. Because if you do it wrong, it can go really bad.

Some of the issues we've had. And I looked at (Torrenston), our new MD for Germany, who courageously picked up the bid at the business over there which was not a good business because it hadn't been well integrated with the wrong acquisition. End of story. It wasn't a market situation. It was just bad businesses that were put together.

I'll just quickly – today, long-term drivers of our market. I like our portfolio. We have a very nice well-balanced portfolio and infrastructure property buildings. We have, as you saw with some of the presentations, we have global leadership. And this is what we want. We want to be able to differentiate our business with the others because of leadership position. I like our mix, now 24 percent in the resource industry energy sector. So you want to be in that sector, you don't want to have too much exposure because of volatility of resources we sought in mining this year. And we've seen it in the past with the petrochemical, the oil and gas sector.

So having a good mix, as we have now, is very interesting. And you look at the drivers of – and we touched upon several of these today in terms of organization of the big cities, in terms of just population growth. We've all heard about the infrastructure deficit. We need to renew. You've heard it in Sweden, you've heard it in the U.K.; major infrastructure projects, major infrastructure programs.

We like the environmental piece. Today, environment for us is a strategic element of our offering. Permitting today is essential. Social acceptability of projects is essential to the project just getting off the ground. You also look at all the corporate responsibilities today regarding Environmental Compliance. So if you look at the long-term drivers of our markets, very, very solid and very sound.

One slide, this is Oxford Economics. I would suspect that they know what they're talking about. But you just look at the – that the forecast over the next few years. We're looking at 2025, a \$9 trillion market. 2012, we had \$4 trillion, \$3.9 trillion market. You can clearly see that most of this – a lot of this growth will be coming from Asia-Pacific region. But what's really nice as you look at the spread, 30 percent of this, \$3 trillion by 2025 of investments in Transportation, a lot of social infrastructure manufacturing and utility. So the trends in our industry are very strong in terms of infrastructure investments in the future.



TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

So where do we see ourselves in the future in 2015 and beyond? We went – we're still working on our 2013-2015 plan. 2013-2015 plan, we talked about it, the four pillars of our strategy -- number one, people, and this is a big element; number two, our clients; number three, our operational excellence; and number four, our expertise.

And this strategy, a lot of – a big piece of our strategy doesn't translate into financial numbers. When we talk about operational excellence, we talk about our people. These are soft issues and we have strategies to make sure that we have solid foundations in our organization to take it to the next level. Jean-Luc talked values in the organization. In 2013, we spent a lot of time surveying our employees, rolling out our values, talking to them about our vision and our mission and asking them for feedback.

And this is – today, what this creates, it just cements the organization, it creates a common purpose in the organization, creates common behaviors. And this, to us, it's – we can't talk about this because you can't show on the slide but you can – this is very necessary in the people business. And we did invest a lot of time.

Also in strengthening our back office. A lot of new faces here, new IT, new tax, new communication, new legal, new HR. So we're playing in the premier league here now and we need top people in our organization. And I believe that we do have top people in our organization.

So we went from a local company to a national to a global. We believe there's going to be continued industry consolidation. This is not stopping. There is a – I think with the recovery, a lot of firms are – have gotten – ownership has gotten – been all there in the past two or three years. They didn't sell out because the markets were tough. Markets are getting better. So we expect a lot of M&A activity in the next few years. And clearly, we want to be part of that.

So I just – this is – don't get all excited and start publishing that we're going to be – so many employees in some of these. But what could we look like in 2020? And this is very, very, very high level. But if you just take it on a country, you look at Canada, you talked about Canada. We're 6,000 I think with regular growth. And it's selling in different pockets. Clearly, it could be 8,000 employees.

In the USA, there are 2017 plans. David has – we have us – take it to 5,000 by 2020. We need to be 10,000 people in the U.S. if we want to be relevant. Because, don't forget, our competitors are continuing to grow.

In South America. We like a few countries. We like Colombia very much. We're doing very well. But we also like Peru, we like Chile. Those are countries we're going to be looking at. I think with the mining cycle catching back up in a few years, I think we probably want to be in those countries, in Peru and Chile, oil and gas and resource-driven countries.

If you look at the U.K., where we mark – we got a 4 percent market share. We think we could grow significantly with a recovery; certainly, opportunity to grow both organically and through M&A.

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

Central Europe. Spain is something that we'd like to look at now. And the Spaniards have been very good at developing their business worldwide through the very tough recession they've had. World-class expertise in rail amongst others. Very good engineering. We've seen them now develop the P3 market across the world.

France. There is certainly opportunity. Germany. Nordics. Magnus wants to double in the next 5 years. So that's 5,000. We're just talking about Sweden. We're not talking about Norway and Finland and Denmark, and a lot of opportunities. South Africa, Middle East and Southeast Asia and Australia, New Zealand, being relevant in those regions. You look at those numbers.

So this is where we could be, you know, 15,000 people in infrastructure; 15,000 in building; in industrial and engineering, 10,000; environment, 5,000. So, just to give you an idea – and I think the takeaway that I want here is that we are in a good place. We believe – Alex talked about not taking any additional risk. We don't feel the need right now to do other stuff to get into construction, to get into project development. We're mindful of the P3 market, we're mindful of the design build alternative delivery mechanisms out there. But we feel that we can develop very strong relationships with developers and contractors, premiere contractors who we want to work for, who recognize our value that we can add both by being local and both by being efficient and adding value to their projects.

So right now, I think the takeaway is that we're focused on building a pure-play consultancy. We think that we can build something that doesn't really exist out there. There are a few competitors that we're looking at, and they're looking at us also. But I think we can build something, a really true professional service model.

For shareholder perspective, we have a very resilient business, as Alex alluded to now. We feel much more comfortable carrying a bit more debt on our balance sheet, because we do have now diverse exposure to end markets, diversified geographies.

So that's – I think I have one more slide about the key challenges, and you're going to see that our challenges around here. It's really around employees and leadership. Paul talked about gross margin in our business. We – clearly, we're going to be working on efficiencies in terms of our corporate cost, in terms of our overhead. But the key in our business is leadership both for the corporate functions that we have. So the services, the service lines, the corporate functions, the markets, the geographies having very strong leaders and having very good project managers because that's what we're doing everywhere. We're managing projects in our business.

We need to have a very strong culture, a line vision and aligns values throughout the organization to really have one company that's very solidly cemented. Not operate a bunch of siloed companies. And we really remain agile, efficient and innovative. The tension, if you – once you become bigger, you can become heavier. So how do you say – how do you get big and stay light? That's we want to do. Stay – what makes sense, always be practical. That's what, I think, is important. Just be practical and agile and be able to listen to your clients and react quickly when market changes, markets change or when the business changes.

So that's it for me, and I'll open to a few questions if we do have questions.



TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

Adel Kanso: Adel Kanso, BMO Capital Markets. Going back to slide on Page 172, how the company would look like in 2020. In your opinion, which regions or/and industries would you consider as a top priority today (amongst others) when it comes to execution? And second, with respect to Asia, it showed like 4,000 employees. Do you see that number as relevant to be like a key player in that industry, given that a lot of the growth in the future is coming from there, especially the infrastructure?

Pierre Shoiry: So the first question, which regions – right now, several regions are – You know, I wouldn't say we would count out any region right now. But as Paul alluded to, we are going to clearly invest in the countries that are solidly mature and well implemented because you need to build on strong foundations. This is always something that I've – and sometimes you're better to wait a bit, build up the foundation.

In the U.S., when we did our deal in 2012 and David alluded to, when he was here last time, he was talking about getting all the business together, creating a solid foundation. I can tell you we have a solid foundation now in the U.S. And adding on acquisition in the U.S. is, for me, is not an issue. So you did – so we did – we're going to clearly look at countries that are solid foundation. Good outlet. And there are several of those right now. And your second question was?

Adel Kanso: With respect to the Asian market.

Pierre Shoiry: Asian market. Asia has been a big surprise for – especially – we talked about Asia, we – our Asian business, Southeast Asian business is China right now. China, Hong Kong and Mainland China. And that business is – has been surprising in terms of actually having a business over there, having and working for not only western clients, but we're working for Chinese clients. And we're doing nice projects, and we're getting paid. And now we're seeing our Chinese clients investing elsewhere.

So China has still a lot of work being done by public institutes, Chinese public institutes. But there is a – I wouldn't say private sector being developed in China, but there is an engineering industry being developed in China. And some of our competitors are several thousand people in China right now. So there is clearly a market in that country, in that region.

Mona Nazir: Mona Nazir, Laurentian Bank. You have your – just going to the acquisition strategy, you have your vision and your plan of different verticals and different geographies, and you'd mentioned that you were in talks with Focus and Winward for some time before you bought them. I'm just wondering, looking back on all the acquisition, how many of – or what percentage of those did you plan on versus maybe one that just came up? Were they all kind of planned?

Pierre Shoiry: Normally, most of them are planned. Because you'd normally plan your strategy and you identify. Like, if I ask several of our people in their different countries, they have their A list of firms that they think would be a good fit for them that they've had relationship. So I'd say most of it is planned. But you do have to remain very agile and when opportunities do come up, you – and sometimes, they do come up when you don't expect them. And you have to be ready to turn around, so – but I'd say most of it is planned, but you do have to remain opportunistic.

Mona Nazir: And just going on that, looking at ones that are on your list of potential target, what's the biggest challenge right now? Is it increased bid? Is it higher purchase price multiples? What's – has the environment changed at all?

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

Pierre Shoiry: I wouldn't say the environment has changed, no, over the years. There is a, maybe, a bit more – I'd say, pricing is maybe a bit more of an issue because of the – depend again, depending where, depending the size of the transaction. Depending or – so I wouldn't say – the fundamentals haven't really changed. It still remains. It's not buying an engineering firm. It's not like buying a hard asset. So there's a lot of – I'd say the element of all the soft issues, the social issues around this transaction are as important as the financial aspect. But there is a bit more activity around valuation right now or around private equity being involved in transaction. So there is maybe a bit more awareness on the valuation side.

Mona Nazir: Thank you.

Female: Pierre, can you comment on branding? WSP, obviously, very well recognized in Europe. How successful has the brand transfer been in Canada? And now that you have Focus going into Western Canada and potentially the U.S., do you foresee any challenges on that front?

Pierre Shoiry: Well, for us, brand, when we did the WSP deal, in our mind at that time, it was – WSP had a very strong brand. And basically, we adopted the WSP brand because, as I said earlier, we're practical people; just made more sense to rebrand one major country and two minor countries, Columbia and France, than to rebrand 20 other countries, such as the U.K. or Sweden, where we had an established brand for 15, 20 years. So it's about being practical.

I must say that the rebranding exercise in Canada and in the U.S. in 2013 was really very well executed, very well done. And at the end of the day, brand is important, most of all for our employees, OK? Because if you look at our targeted audience, we're not general public. Our biggest audience is our employees and our clients and our stakeholders. So we're not general public. We're not McDonald's. We're not Coca-Cola or others. So for us, it's so that the employees understand what our brand means, and that's why we put a lot of effort into rebranding exercise and the vision, values. And then it's our clients. And it gave us an opportunity in Canada to go see our clients, and explain to them now that their GENIVAR is WSP and is part of a global network of 17,000 employees around the world. So it's been good.

Our strategy around branding is like Focus right now. We don't have a set guidelines that you have to change right away. Focus is a very strong brand, particularly in geomatics. So we're going to carry the Focus brand in geomatics for a while.

In facilities, probably more – move on to the WSP brand, maybe sooner, because when you work for large corporations, they like the idea that you're 17,000 people and you've got a \$2 billion market cap. That appeals to them. On the transportation and building, the transportation group, what Focus was doing, that's going to be rebranded. Those people are really WSP, OK? So it's a – we're commercial people. When you buy a brand, you pay a couple of hundred million for it. You use it as best as you can.

Yuri Lynk: Yuri Lynk, Canaccord Genuity. Pierre, as WSP tries to move up the project scale in terms of size, what's the dynamic between WSP and some of your larger competitors who might be project managers or construction managers on some of these projects that you're trying to go after and, therefore, you might – one might think it might be tougher for you to get hired. And do you think you need to add PM or CM capabilities to compete head-to-head with these guys?



TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

- Pierre Shoiry:** That's a good point, Yuri. Clearly, we have all the technical capabilities today to work on the biggest and best projects in the world. Do we have all the program management, project management skills? I think we can strengthen that. That's part of our strategy. If you look at our strategy, those are services that we want enhanced. And Paul alluded to the fact that we need good people. We need strong people. We need to attract the good, big people.
- Just look on these big projects, you need big resumes. You need people that have done those. We have those. We need more of them. And the good news is that we're attracting quite a few of them. I was just speaking to our Canadian team and we've – just in the past two weeks, we've been able to attract very solid names in the U.S. We were able to attract very big people. So we are on that path, Yuri, and – but we are winning also big jobs. You know, right now, we talked about Doha Airport, we're talking about major rail jobs. Now there is a – we have all the credibility now, technically, to win those big jobs. Just the big challenge and I talked to it about is finding good leadership. It's about good leadership, good, strong people.
- (Benoit Poirer):** (Benoit Poirer) from Desjardins. So given the successful integration of WSP and as you grow, is it a fair statement, Pierre, to say that you have the ability to look at larger acquisition? And if so, what would be kind of the limit that you could look at?
- Pierre Shoiry:** We do have the ability. There's one thing I must say. Integrating a large company is easier than integrating a small company, OK? It may sound odd to several of you. But if you do it right and you have the right people, certainly, not more complicated. Maybe if you had the wrong people, then it could become very complicated.
- But what we really look for is complementarity. When David Ackert talked about Focus and WSP, there wasn't much overlap in terms of operation. Back office, you can resolve, but in terms of operations, you don't too much overlap because then, it's negative energy. It's not positive.
- So size for us, we feel that we have the ability to look at different size. We can do small tuck-in acquisitions when warranted, when we want to get good niche expertise, bring then into our organization. We're open to do medium-sized like we did in Australia to 50. But we're also very open to large strategic opportunities that can really – where the fit is good.
- (Benoit Poirer):** OK. And just to come back in Southeast Asia and China, you intend to be at almost 4,000 employees by 2020, so, and you are learning a lot big positive surprise that comes from China. So just wondering if you're right now looking even at China or do you believe that it will probably come a little bit later? And what is kind of the model that you're looking at in China and Southeast Asia?
- Pierre Shoiry:** I must say that our people in different regions – everybody in our region, you saw our people, they're very dynamic, they have plans. So everybody's looking in their respective regions. And then – and bring up opportunities and ideas. But China, right now, is not – we're more in the organic mode than acquisitive mode right now.
- (Benoit Poirer):** OK, thanks.

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

Pierre Shoiry: OK. I think that completes, Isabelle? So maybe just a closing, a few closing remarks, or did you have any ...

(Off-mike)

Pierre Shoiry: Did you have anything to add to – no?

(Off-mike)

Pierre Shoiry: You, did you have anything to ...

(Off-mike)

Pierre Shoiry: OK. So I'll just – well, I'll thank, everyone. First of all, I'll thank Isabelle for setting this up. Great job. Thanks, Isabelle. And I think those are – those meetings are really valuable for a lot of you because you can – you get a feeling of the organization and you can clearly see that WSP is not a one- or two-person organization. Very, very strong leadership team. Very – I really like the team that we have now. I like the new people that have taken on additional responsibility in the organization. And we're quite confident in the future of the organization.

And I must say that you saw our vision. Our vision is very simple, and it's our employees that came up with this. It's to be the first choice for our employees and to be the first choice for our clients and be first choice for our partners. And I must say that you guys are amongst our most important and valuable partners. So thank you very much.

Isabelle Adjahi: I just want to take a few seconds to thank all of the attendees. I really hope that this event met your expectations and that we were able to provide you with transparent information to better understand where we're going. I also want to thank all of you, the presenters, who did an outstanding job, and I am pretty confident that this absorbed our investors and analysts the depths and breadths of our operation.

So, once again, don't forget to provide feedback. It's useful for us to take this event to the next level. And last but not least, I would like to thank my team. You have been great (Inaudible). And I hope this event will be back in a few years. So, thanks and you do have a nice day.

END