

# 2012 ANALYST AND INVESTOR DAY



## DAVID COOPER

David Cooper: Good afternoon. So as you heard from Pierre this morning, the US is undergoing quite a change. We've got four businesses in the US that have been with WSP from 2000 to 2007. WC Flack+Kurtz's business is building systems, technology, things of that nature. About 500 people across the country. Headquartered in New York. The structural business, WSP Cantor Seinuk, is in New York City, that's about 150 people doing work around the country from New York but also internationally.

The transportation business is primarily in the northeast corridor, it's WP SELLS, and that's about 150, 250 people. And then we have an environmental business that's about 150 people headquartered outside of Washington DC and with offices throughout the country.

So you can see we have a pretty concentrated footprint in the Northeast. Transportation specifically in the Northeast, structures in the Northeast, MEP Building Systems in Boston, New York and Washington, DC on the east coast, and on the west coast San Francisco, Seattle and down in Texas as well.

So we have a big gap in the middle of the country, we have a big gap in the southeast, but those four businesses are really outstanding businesses in their own rights for what they are in the market. The buildings business is working internationally, it's working on the biggest and best projects in the country and around the world and really out-boxing its weight class. So I'm

going to talk a little bit more about that later, but we do bring a particular expertise around high-rise buildings and around sustainability in buildings, to the marketplace. And it's helped us tremendously to grow over the years.

So about 60% of the market in the US for us is buildings. Twenty percent or so transportation and environmental. And we are actually quite integrated, even though we've been operating as four independent businesses. Over the past three years, the leadership of the four businesses have been working together.

We've developed a common IT infrastructure backbone for the four businesses to communicate with WSP and ourselves. And our marketing groups, our marketing teams have actually been actively participating with each other to co-sell business across the USA and internationally, with WSP around the world. And there'll be more examples of that, as we get through this.

We have quite a client mix. Thirty percent of the business is public and 70% of our business is private-sector clients. Although our public, our transportation business is 100% public sector, which really means that our buildings business, our environmental business is about 10% public sector and 90% private sector.

We do work, about 30% of our work in buildings and environmental is international. We've been diversified in the international marketplace even before joining with WSP in 2000. And the international market has been a very important part of our culture and our history, working across cultures, working in big projects in Asia, the Middle East and India. And our linkage with WSP since 2000 has only enhanced that, and we're very comfortable with working internationally, working with global clients and collaborating internationally with WSP, it's been very helpful over the past 13 years.

We also have a pretty, fairly robust client-care program. In the US, our building systems business is at five international clients, mostly architects but

also some construction managers, and we've, some of that is leveraged into national, international clients as well. We're working with Gensler all over the country, working with Gensler around the world. We have national clients that we support with Gensler, and similarly with these other clients we're working with HOK, with (unintelligible), with EGF, many locations and many places.

And so that client-care program, that our national account program is going to grow and leverage as we grow and integrate our four businesses into one. Where we can cross our multiple services to those clients even better than we have to date, as well as clients of (Tom)'s and (Ali)'s program on a global basis.

Our environmental business similarly has global clients from the US that they've been supporting with a very active client management program to grow the environmental practice.

I would say our market presence, we're really in buildings, transport and environment, our buildings business is a major player in the US and internationally. Despite our footprint, we have a very small footprint in the US. As you will see, we do compete for the biggest and best projects that are available in the US. We don't compete in the local regional markets for smaller scale projects, but when there's a major project they always come to us for an opportunity.

In transportation, we're identified as a medium player. We're a very strong player in the local regional markets in the Northeast. We compete with the biggest and best projects by joint venturing with some of the bigger firms. But we also, our relationships are very strong, we are a very dominant player in the local market that we play in.

I would say on a national level, we're obviously a very small player because we have no footprint beyond the northeast. And the environmental business with 150 people, naturally it's a fairly small business but again they outbox

their weight in terms of their skill sets that they bring to the market and you'll see some of the projects that are examples of that.

So the overall, the US, we are now integrating our four businesses. Effective January 1, we're going to be one operating business, we're going to have a shared services platform for all those back of house and create the kind of synergies that Pierre was talking about earlier. Actually it will really help us increase our margins, help our competitiveness in the marketplace, and give all of our staff an equal level of high-level support so they can better focus on their clients, on their projects and delivering their technical excellence.

But the US economy has been slow, it's been sluggish as you all know. There's nothing I can tell you that you don't know about that. We just spent \$2 billion on our election to end up in the exact same place we were before we started. And I guess it's a real question mark with the fiscal cliff looming if we're going to be able to get past it and get our politics in order to actually make progress.

We've already started to see a slight pullback in the private market in terms of being willing to commit capital not knowing what's going to happen going forward. But we are hopeful that our politicians will get their act together and improve the picture going forward.

Our backlog is actually stronger now than it was at this time last year. We have a more robust backlog going into next year, the only question is if it will hold up or projects will start to slow down like we saw back in 2008. I'm not anticipating that, but it's a reality of the, if our politicians don't get their act together.

We are a very small footprint in a very large unconsolidated market. Most of our competition in the building sector are small, regional players. There aren't a whole lot of national players in the market. We have a great opportunity to take this market as a consolidated, integrated, multi-disciplinary business,

filling in the Midwest, filling in the Southeast, and growing in our existing regions and expanding our skill sets.

There are a couple of major social trends, this is not unique to the US. We have a very aging population and we have a great trend towards urbanization, those are going to drive markets. We're already seeing the high-rise residential market, despite the economy, has been taking off and I understand it's pretty strong here in Canada too. But in the US it's been particularly strong and we've taken advantage of it.

Hospitality, commercial work, aging population is going to drive health care in the US market in a big way. So there are dynamics in the marketplace that we're poised to take advantage of and with our integrated platform and an acquisitive strategy and a strategy that is focused on how we grow around these issues, urbanization is going to affect transportation in the urban environment, just about every major city in the US has a green program to green buildings and green their cities, and again with urban densification we're well poised to support that with our WSP Future Cities program and all the skill sets we bring around that with urban infrastructure and building systems, et cetera.

Green is a big driver in the US market, even though the market has been very fairly steady and shrinking in 2008, 2009, the green market has been growing steadily year on year. And actually our business has been, we're founding members of the US Green Building Council, we've been part of the sustainability movement from its initial days. Actually came into the business doing energy conservation work in 1981. So it's been part of our core ethos forever, and it's a particular expertise and it's helped us get into markets like the residential market that we never used to plan.

So we got into the residential market by helping write green building codes for a major development in lower Manhattan, and that got us into our first residential projects, and now it's a big part of our practice and it's a very growing, hot market, so it's, that, our sustainability agenda and expertise has

helped us there, it's helped us in many of the different markets that we're working in, government project, greening existing buildings, it's a very big market driver, and we'll be coming to transportation businesses as well.

The environmental business in the US is a big practice around corporate sustainability planning. We've done a lot of great work together where they can do the corporate strategy side and we can do the facilities assessment side around a green future.

So the buildings outlook, we've seen a lot of strength in high-rise residential, hospitality, a resurgence a bit in commercial work, sports and entertainment has been a very strong sector in the US over this downturn and continues to be a strong sector for us. Our international work has been very strong, we are working in, throughout Asia and China and Malaysia, working in the Middle East, working in India. The international work since the early '90s has been important to us and continues to be.

And we're seeing a lot of big change in the marketplace now in terms of the procurement process and we're well poised to take advantage of the design build marketplace, we're participating actively in the design build marketplace, and with the expertise of WSP in the UK and elsewhere, as the P3 market picks up in the US, which it will, we'll be well poised to take advantage of that as well.

And transportation side, again we're mostly a Northeast business at the moment, but the federal government did pass a transportation bill, both parties do support transportation spending, there's a huge need for transportation, for infrastructure spending in the US, that market's not going away even if the federal deficits don't get under control, and we're well poised to continue participating in that, in the domestic market in the Northeast and hopefully as we grow in the country, it's a great, it's a huge opportunity.

We also have particular expertise in long-span bridge inspection. We are actually doing most of the long-span bridge inspection in the New York area,

which there are quite a few, and that's a readily transportable expertise. And that's something that we can, a particular strength that we can leverage as well as complex urban interchanges. Again with the (unintelligible) organization, our transportation business is very strong at doing complex urban interchange renovation and remediation.

Environmentally, a very strong sustainability practice. The market is pretty flat right now, again with the private sector pulling back a bit. The corporate M&A activity and the corporate consulting around sustainability practice has leveled out. It was quite a growth mode for the past two years, but we do expect that to pick up again going forward. But for the most part, the environmental business is not deemed to be as robust as some of the other markets over the next 12 to 18 months, but steady.

So we're integrating our four businesses right now. We'll have a common platform from January 1 and in the beginning of next year we're going to start developing our common US strategy around growth in concert with GENIVAR's global strategy.

We clearly have a couple of things that we need to focus on. We have, we're subscale in certain cities that we're in. We're not multidisciplinary in our current locations, so we can leverage those. We have great synergies to generate across North America. We're already starting to create synergies with GENIVAR in Canada in leveraging our expertise and our clients who want to do development work in Canada. With our expertise and with GENIVAR's clients who want to do development that could leverage from our large building, tall building and various experiences.

From an operational standpoint, we are not multidisciplinary in most of the country. And we have lots of geographical gaps. We have, we're not as strong in health care as we want to be, there are different market sectors that we could gain strength in as we grow our region. And we have great opportunity to expand our service offerings around the country.

Again, we're a small player in a big market, although we're actually not that small relative to the US market since it's so unconsolidated. We're actually number 40, I think we're number 40 according to ENR in 2011 of the top 100 pure design firms in the US, as WSP USA, the four businesses. So we actually have a decent platform to start with but we have a long way to go to take hold of the US marketplace.

Couple of our key projects, the tall one in the middle is clearly, it used to be called Freedom Tower. We're doing the structural engineering for all of the work down at the World Trade Center reconstruction. One World Trade Center, three of the other office buildings, the World Trade Center memorial as well as the entire underground platform for all of it.

It's a tremendous undertaking and it's a great commission. Interestingly enough in the picture on the lower left there are three buildings with the caps on them. That's the World Financial Center at Battery Park City that we were the actual engineers for back in the '80s, which at the time was the biggest development in the US.

Long-span bridge work, and this is the Whitestone Bridge, one of quite a few bridges in the New York marketplace. We have a great relationship with the Port Authority of New York and New Jersey, doing a lot of their work, especially around long-span bridge inspection.

The US Coast Guard headquarters, this was an environmental project. We helped them, this is our US Coast Guard headquarters on an old brownfields site that had to dispose of a million tons of soil, 600,000 tons of which were contaminated. So our environmental practice helped engineer the process by which they would segregate contaminated soil, the health and safety practices of all the laborers working on the site in that contaminated environment. Very large undertaking and very successful.

Kuala Lumpur City Center. The twin towers on the right were at the time that we engineered them the two tallest buildings in the world. It was the first

development of a large 20-year development plan around a racetrack. You could see some of the other buildings that have filled it in. But we are still working on that site today, we started that project in the early '90s, and right now we are actually working on the last development site, on the site developing another major mixed-use project and relocating the big central plant that we did for the original development.

So it's been a long term, longstanding client, which is indicative of the nature of how we work and the relationships we build with our client care.

MGM Mirage City Center, this was 20 million square foot, \$8 billion development in Las Vegas for MGM. We were the engineers for 90% of the project, including all of the site infrastructure. It was quite an undertaking and again is representative of out-boxing our weight, typically Las Vegas was a very insular market but for this project they went around and interviewed all of the firms in the country to find the best talent they could bring to bear to bring this project to market. And we were fortunate enough to work on that.

And I would like to, it's, I was asked recently what's my favorite project I was ever involved in. And the person that asked me was the architect on this job, and when I said this job he looked at me like I was nuts. It was quite an undertaking with eight design architects, about a thousand consultants and a very, very demanding client and a very robust, very fast schedule.

Another long-span bridge example in the US. We have great opportunity in the US, it's a great market, it's going through its headaches, it's going through a problem or challenges now I should say with its economy and the deficit and political squabbling. It's an absolutely phenomenal market, we're well positioned with our reputation and our brand and our skill set to take advantage of the market, and we, I think everyone is very excited about being part of GENIVAR.

The WSP relationship over the past 13 years has been fabulous. It's an international collaboration that's been fabulous. We did an acquisition in 2007

with WSP that helped grow our buildings footprint in the US, which has been very effective and beneficial for us. And we're really looking forward with the merger with GENIVAR to continue that growth trend, bring our business together, have that platform for growth, and take advantage of what the US market is. So.

I speak, I'm from New York, I tend to speak fast so I don't know. If you have any questions I'd be glad to answer them. What?

Man: (Unintelligible).

David Cooper: Quickly. Some of our recent wins. Sorry about that. Boston Market has been picking up in terms of its building sector, Boston Market has been picking up for the commercial and residential work. The Filene's site in Boston has been sitting bare, they excavated it, they had a project planned there back in 2008, it's been on hold since then, it's coming back, it's being reconstituted in, we've been recently hired to do that work.

We're still active in China, we have a couple of active projects that are just starting up in China that are fairly significant. We've done convention centers, we've done a number of convention centers around the country, now we're going to start working on Moscone expansion in San Francisco, and of course our work at the World Trade Center continues and on the bottom left, that's the related properties, Hudson Yards development site where we were just hired to do the first residential tower on the site. And we're currently in competition for the next big mixed-use project on that site. We're one of two being considered.

In transportation, again some very exciting wins. Some very complex reconstruction projects. And we've won one of the three largest New York State awards for transportation work around bridge inspection around the state, as well as roadway work.

And of course our environmental business continues to grow and add a roster of clients to its list of very significant clients that, not just domestic US clients, but global clients for the environmental business.

So all in all our backlog is strong. Stronger today than it was at this time last year so we have a good foundation heading into 2013. If the economy cooperates just by staying stagnant, we'll be picking up market share and growing our business organically. And we're well poised for the future. With that, I'll take questions. Thanks.

Man: Now that you're part of a larger company, WSP GENIVAR, and the buildings is obviously the bread and butter in the US, your buildings expertise, are some of your clients in the US and I'm thinking like an AECOM and some of these larger firms that are the program managers on a project like World Trade Center, would they be more hesitant to hire you in the future given that you would now be looked upon as more of a competitor than you would have been without GENIVAR.

David Cooper: In general I don't think so. In general, when AECOM serves as the program manager, you know, they still have to go out to the marketplace and get competitive bids for projects and typically we haven't seen any fall off in our ability to secure projects. We've been part of WSP, part of a global public company for 13 years now.

So our, I don't see AECOM in that role being a challenge, I see AECOM being a challenge relative to the marketplace and pricing and things of that nature. But typically we don't run into them in most of the buildings work that we pursue. We kind of travel in different worlds in that regard.

But we do compete against them. We work with them collaboratively on their architectural practice regularly. We just finished the Brooklyn Arena, that just opened up recently, the big professional sports arena in Brooklyn, New York. AECOM were the architects, Ellerbe Becket was the architect. So we have a

very cooperative relationship with parts of AECOM, and I don't see that being an issue.

Woman: Just about the comments about design-build being an opportunity. Just wondering, is that a market that you're being kind of forced to look at because that's the way the structure is changing. Or is it more of an opportunity and marginalized, do you see that impacting just given that you have to do upfront work which may be at risk, how do you look at that?

David Cooper: The design-build market has been very strong in Seattle for a long time, it's picking up in other parts of the country, certainly in federal work it's picking up there as well.

We look at it as an opportunity, especially as an integrated platform and multidisciplinary. Would we prefer traditional design-bid-build approach where we have better direct access to the end client? Probably. But the design-build marketplace is a reality and we actually are doing very well in it.

An example is the GSA, the General Services Administration, which manages all the federal property around the country, it's the biggest property owner in the country. We helped a developer, we helped a contractor in Seattle or design-build team in Seattle win the first GSA design-build project that was based on performance contracting.

It was a project where the team was evaluated based on the environmental performance of the project and had to forfeit a piece of the fee if the environmental performance wasn't actually delivered one year out. And the design-build team won on best performance, best design performance and lowest costs, most competitive.

We then implemented the project and it's been, it's just opening up, it just opened up recently. It's the Federal Center South project in Seattle. It's been a real success, and again it was a design build, our expertise around

sustainability and buildings and our approach to that helped the design build team win the assignment.

And it was very collaborative and win win. So I see it being opportunistic for us, multidisciplinary services, having to bring all of that to bear to a design-build contractor or design-build developer, and not have them have to go out and contract separately for all those services and manage all those services will help us in that market tremendously. More so than being a stand-alone.

Woman: But maybe do you see a margin pressure coming just based on growing in that market?

David Cooper: It's, not necessarily. I think our margin pressures in the private sector today are tremendous. The fee pressures are very, very strong in any market we're in. I think the design-build market has different pressures around client relationships and client care than we might have in a private sector design-bid-build market. But at the end of the day it does come down to relationships and client care and managing expectations no different than in the private sector.

And we've had successful design-build projects that have been as successful as our private sector projects and we've had unsuccessful design-build projects, like we've had unsuccessful private sector projects, so. I see it more as an opportunity than anything else.

Man: Dave I have two separate questions. One on the P3, or three Ps, development in the United States. Do you think that the fiscal realities accelerate that process or are there other impediments from a philosophical point of view in terms of them becoming a bigger part of the market in the United States.

And depending on your answer, do you see WSP GENIVAR continuing the trend where GENIVAR, I think Pierre refers to it as sweat equity in terms of

putting their money into their share for, say, concession or winning part of a group. That's one question.

The other one, with respect to bridges, are you part of any of the consortia that are bidding on the Tappan Zee, and what kind of opportunity does that present?

David Cooper: I'll take the second part first, because that's easier. We were part of a consortium bidding on the Tappan Zee. The consortium, one of the major members of the consortium elected to withhold the bid at the very last minute, so we thought we actually had a very competitive proposition and a very competitive team, but one of the team members balked at some of the terms in the very last minute, in the hour before the deadline. They decided to withhold the bid. So we're out of that at this point.

I think the P3, the 3P market is a reality, especially given the financial limitations of the government. So it hasn't really, we haven't seen it in a big way yet, but we have no doubt that it's going to be coming in a stronger way. Again, you know, we think that as a multidisciplinary business the backing of WSP and GENIVAR together we'll be better poised to play in that market than many of the, it's such a small and unconsolidated market, we'll be able to better play in that market.

Certainly the building sector and the transportation sector, you know there's some big players out there that we'd have trouble competing with right now.

Pierre Shoiry: (Unintelligible). And we do partner, basically what we're looking at is partnering with world-class developers and developing, you know, (Tom) talked about (unintelligible), about (unintelligible) and those guys and we look at McCorry, we worked with (unintelligible), with AECOM and not AECOM I mean, AECOM, and other contractors that, in developing these projects.

We will put, you referred to sweat equity, we won't participate for free, I mean the developers that, developers today are looking for people that will make

them save money on their projects. They want good design, they want service, they want innovation, you know at the end of the day they have to be competitive and you can't be competitive in purchasing as kind of a concrete.

You have to be innovative in designing the project that will use one less ton of concrete or rebar or others. And the same thing in buildings. So I think our approach to P3 is yes, we'll put in a build of sweat equity in the proposal stage, when I say sweat equity we will work at a lower rate with some conditions.

But I think it's, some contractors will want that, some contractors will not want that. Some contractors want you to work for free, we don't work for those contractors, because they're not recognizing the value that we bring to the table. So the market, the P3 market is maturing quite a bit and the players that are playing in that market now are world class.

They know if they're going to lay in that market they're going to invest serious money in the proposal stage, and we're looking to partner with reputable and reliable people, just like we did on the A25 bridge here in Quebec, and we have the same team bidding on the Turcot Interchange, we've created a team to bid on the CN project, a rail project in north Quebec. And it's the same thing across Canada and it's going to be the same thing across the world.

And what's really nice about our global footprint is that global contractors now are everywhere. The Spanish contractors, the German contractors, the English contractors, and the Canadian firms, so these guys, you can follow them everywhere when you develop good relationships, And the issue why also do we have foreign competition in Canada and other countries, it's because foreign engineers are following foreign contractors in our geographies, you know.

So I think I agree with Dave that the P3 market is here to stay in America, in Canada it really took off much more than I would have expected. And it's, the drivers of that is the financial community is going to be driving that market in

the US, and I think we're going to see some of it. But there's always room for traditional, it's just one procurement way and it's not the solution for every project.

David Cooper: Just reiterate Pierre's answer, for us in the US as we participate today in design-build projects and P3 projects and different delivery methods other than traditional design-bid-build. We have typically, well we have not worked at risk and put a lot of sweat equity into projects. We have worked at a discounted rate and got rewarded at the back end on success but that discounted rate, it's not, it's basically, you can up your profit on the work, in the early stages. But you're not donating your services for free. Any other questions? All right. Thank you very much. One more.

Man: Yeah, just curious. When, you know, you've been with WSP for thirteen years, you said?

David Cooper: Yeah.

Man: Okay, so just wanted to have your cue on how do you see the merger now and versus the experience you had with Integrated, with WSP a decade ago in term of challenges to integrate the cross-selling opportunities and also so the opportunity of doing that, maybe you go through this experience and try to tie it with what GENIVAR's trying to do.

David Cooper: Okay. We're actually in a very different place today than we were when we joined WSP. We joined WSP, there was no brand presence in the US of WSP, there was no other multi-disciplinary businesses to cross-sell with and merge with in 2000. In 2006 and 7 the environmental business joined and the transportation business joined and we started doing some cross-selling and the leadership started getting together and people started to get together and have knowledge sharing.

We were here, WSP was across the pond, so to speak, and we participated on a global basis, we participated with WSP around the world and worked

collaboratively and that grew over time and those relationships grew over time, and it was very, it was good, it was very good. We were helped in terms of our ability to sell a unified, seamless service working overseas as opposed to selling a team with an engineer that we didn't work with before overseas, and that was very helpful for us and helpful for WSP in those regions that we worked together.

And we also got to share some expertise and knowledge around the world. So it was good, it was slow because WSP wasn't here. The bulk of WSP was separated by miles and time.

Over the past three, four years, we've been developing that platform, a multidisciplinary platform in the US. And so people are much more comfortable with cross-selling, about leveraging synergies. As an example, our transportation business does laser scanning, part of the GIS platform for their roads work, they do digital laser scanning for creating (unintelligible) conditions and survey.

We've now cross-sell that service into buildings to do (unintelligible) condition on buildings, and with our capabilities, you know, laser-scanning capabilities, we're doing a lot of cross-selling with the transportation business and an example is the Google building in New York City that we're now creating a full set of (unintelligible) conditions for architectural, structural building systems using their laser-scanning technology and our BIM and buildings expertise.

So the cross-selling is working and it's very effective. I think now with GENIVAR, we've already started engaging in a more robust way than we did initially with WSP to start cross-selling and understanding where we can develop those market synergies, whether it be the health care market in Canada, whether it's high-rise buildings in Toronto, whatever the market case is, we're starting to establish ourselves a lot sooner now than we did with WSP, and we're also much more comfortable now with multidisciplinary services.

So I think the WSP integration went very well, it's positioned us really well to take off and take advantage of the new platform now with GENIVAR. Any other questions? Thank you.