

2012 ANALYST AND INVESTOR DAY



TOM SMITH

Tom Smith: Good morning ladies and gentlemen. I'm very pleased to be here in Montreal today. It's actually my second visit to Canada in the last 100 days and I met a lot of clients, met a lot of my colleagues and I'm really excited our future. I think we're going to have a lot of fun.

My presentation today is about how we are grow our business through global clients and code setting. It's about the projects we would have won and clients we would have worked with that we could only have dreamt of three months ago.

But now as a single firm it's very much a reality. Later on today you're going to hear from my colleagues about the great regional businesses they lead. But now you're going to hear about my role in connecting those businesses, creating revenue synergies and enjoying our global growth.

I'm an engineer by training. I've been with WSP 18 years and in that time I spent a lot of time on the globe of gross agenda with considerable success. So you can imagine my excitement about coming together of WSP and GENIVAR and the new role I have within GENIVAR going forward.

My presentation is organized over five parts. First of all I'd like to talk a little bit about the importance of global connectivity and I call that our journey.

Before moving onto the details of the revenue synergy plan that is now in place and I am (unintelligible) to deliver.

Two parts of the plan relate to our global clients and our global sectors and I'll explain a little bit on that before talking about some of the successes you've heard in the first 100 days. Or in some ways to the progress made to date but the most importantly the huge potential going forward.

The key message I'd like to leave you today is that we as a leadership team are committed to global growth, to leveraging a geographical footprint, diversity of skills and client relationships.

So why do we need to be globally connected? It's not a vanity thing. It's a strategic imperative as we are facing more and more drivers from our clients, our staff and our projects.

Our clients provide a great opportunity for organic growth; even the adage of selling new service to existing clients. Many of our clients have capital plans and emerging markets. Canadian miners are investing in French-speaking Africa. Large industrials like GE and Siemens are active in South America and Asia. Car manufacturers like Volvo and BMW are building clients in China.

Also in these tough economic times, clients are becoming leaner. They're beginning to outsource more of their services to consultants which means we're seeing corporate procurement departments busy reducing their supply chain and selecting those partners that can provide a wide range of services across the world.

Our staff are developing an increasing global mindset. They want to work on big international projects. In many cases they want the opportunity to travel abroad and we need to win those projects and promote them in such a way that we're able to obtain and attract the very best talent.

The projects we work on are becoming more complex and larger. Many of the projects are in new territories where the construction practices are very different to what we might be used to in Western Europe and North America.

Clients are beginning to bundle up projects into large global programs and are looking for consultants who can deliver those. And that of course brings a level of complexity and risk.

These drivers are here to stay. They're not going away. But WSP and GENIVAR is well-positioned to take advantage of it. Why? Well we've already got very strong regional businesses in many countries. We were already globally connected and it's something we've been doing for many years.

Our ability to be active in our global market place is very much because of our global reach. We've got established offices in 35 countries. We work in six continents. We have active projects in 81 countries. Sixty-five percent of our revenue is outside Canada.

We work for 87 of the Fortune 500 global clients and 24 of those we're working for in more than three territories. The likes of GE, Siemens, Diageo, Golden Sachs, Barclays and Google who we've been working in Australia, America, France, Germany and a couple of months ago, China.

Those clients are part of our global account management program. This is a corporate program that has been in place just under two years looking to delivery seamless services to our clients globally.

There are very few firms in the world today that can provide the diversity of services we can across our global footprint.

That global account management plan I mentioned has moved from I think around \$51 million revenue last year to this year \$66 million. That's double-

digit organic growth every year. Imagine if we can apply that to those 87 clients.

Although global account management has been in place for a couple of years it is just one part of the global journey that WSP has been on which probably started in earnest in 2001 with the large deals we did in America and Sweden.

American business brought with it exceptional high rise expertise with iconic projects such as the Petronus Towers in Kuala Lumpur, and the Trump Tower in New York.

Through architectural relationships, knowledge transfer and (unintelligible) people we are now the world's leading high-rise engineer with projects as the Shard in London, Freedom Tower in New York, Index Tower in Dubai and the Four Seasons Hotel in Kuala Lumpur.

We would not have won those projects had it not been for our collaborative culture, our ability to share best practice and the ability of our experts.

Another market where we're developing a global expertise as well, our Swedish business is a market leader in Scandinavia and the expertise and expertise that it has developed on projects such as the City line, Stockholm and the Kuna mine railways have been migrated to our U.K. business but we're working on projects such as London Bridge Station and Bond Street cross rails.

Those two projects alone are worth \$75 million in fees. Those skills are now being migrated into other markets including the Middle East where we're bidding a number of contracts for a new (unintelligible) Metro and more recently into Canada where we know there's a huge investment in railroads in coming years and that's something I'd like to touch upon later.

So that global journey continues with a coming together of GENIVAR and WSP. The first three months has all been about trying to ascertain where the revenues synergies are and where the gems in our business reside.

We've done this through client meetings, regional visits and (unintelligible) to date I've recorded over 120 activities of collaboration which I think bodes well for the future.

The last three months have been a lot of fun getting to know each other but the hard work really starts now as we begin to develop global client plans, global sector plans, setting up visiting communities and expert networks.

I think the outcomes will speak for themselves. The larger EPCM contracts, more global client frameworks and of course organic growth. Many of those activities and plans are captured in our revenue synergies plan which I'd just like to touch upon now.

The plan is in place and we're the team to deliver it. The team as assembled is a blend of experts with alike cultures, behaviors and international experience to deliver the objectives.

There are two tangible objectives. One is to grow our global client turnover and the second is to create revenue synergies. However, we will only deliver those two objectives if we create the right culture environment for synergies to flourish.

So we've been very busy dealing with this aspect of culture integration and winning the hearts and minds of our staff because we all know many marriages fail to live up to expectations or deliver shareholder value for the softer issues were unpopular to enact.

My pledge to Pierre and the team is I will work tirelessly to develop the right culture where communication, collaboration and coordination is such that

each one of our 15,000 employees is a portal for the richness as our company.

The first part of my presentation is really focused on the capability and credentials of our business in this new global marketplace. The second part of my presentation we look at how we convert those potentials and credibility into ambition and success.

Here is a sample of WSP clients that are active in Canada. And I'd just like to glow on two of them. (Unintelligible) group is one of the world's leading investors, developers and operators of P3 projects. It's one of our key clients in Australia. We've just completed a \$250 million biomedical sciences institute and also the \$1 billion Melbourne Convention Center.

This is a client that we're not very active with in Canada but we've already commenced some dialogue and we're very hopeful that we'll work with them on many P3 projects going forward. They actually have 5.3 billion PC assets in Canada.

Another client is Korean. Korean is a U.K. contractor. It's a relationship we've had for probably 20 years. We've worked on many large road projects, many buildings projects in the U.K. and more recently with their engineers on the \$750 million New York University in (unintelligible).

Earlier this week with colleagues in my Toronto office I met their chief executive and president and I'm very hopeful that we'll be doing more work with them in the future particularly in hospital market. Over the coming months we're going to devote growth plans for each of those clients so that we can demonstrate the growth that we deliver.

These are some of GENIVAR clients that are active in the rest of the world. Again, just dwelling upon a couple of them. Walmart, we've just completed a national rollout for them across Canada. On the back of that great work when

I had dialogue with them about their expansion plans in China and South Africa.

In fact we've already worked with a subsidiary company, Massmart in South Africa doing a number of large stores and logistic parts.

Another client would be Brookfield. We're active with Brookfield not just in Canada but also in the U.K., the U.S.A., working on a number of healthcare, residential and commercial projects. But here in Canada they have an excellent relationship with their renewables energy business. And we see huge potential to grow on the back of that relationship into the U.S.A. and South America.

Many Canadian clients are looking at overseas markets. Initially we've seen a huge investment and corporate activity particularly in areas like Asia and South America. And with our large presences in those regions we're well-placed to score Canadian clients going forward.

Pierre mentioned five sectors that we're focusing on and in this presentation I'd just like to give you a flavor of what we're doing in two of them; aviation and mining.

In the aviation sector we now have a complimentary skill set. GENIVAR brings with it expertise in aviation forecasting and air flight infrastructure. With those key traditional strengths have been in terminal building and (unintelligible) structure.

Now together we can deliver an airport from start to finish and on the slide there you'll see some examples of the projects. Airfields in the Caribbean, where the project manager on Berlin's international airport. It's the largest aviation project in Europe at \$4 billion and we also did a number of airports in South Africa for the 2010 World Cup including the main terminal at Johannesburg Airport.

Currently we have one percent of the global aviation conservancy fee market. That doesn't even make us a top ten player. But with the coming together of our businesses and the skills (unintelligible) I think that's an enormous platform for the growth we're going to see in the aviation sector in the next five to six years.

We've just completed a (unintelligible) of our mining business and we have a richness of expertise and experience that spans mine design, mine infrastructure, environmental services and EPCM contracts spanning from Canada to Australia and Africa to northern Europe.

We're currently delivering EPCM contract for a gold mine in northern territory in Australia for (Numont). It's a 1.3 kilometer shaft. We're providing all of the infrastructure for a new copper smelting plant in northern Europe for (Bolodon), Europe's largest gold and copper producer.

And here in Canada with unbelievable skills in mining but particular in mine decommissioning, mine closing projects. And the example there is the (Igasta) mines that we just recently completed for Xstrata.

Bringing those skills together gives us a real opportunity to compete in the EPCM market particularly in the 300 million to 500 million EPCM contracts where we think that we've got a good opportunity because many of our competitors, larger competitors are much more focused on the mega mining projects.

Going forward I believe the top 40 miners see significant investment in South America and Africa. And again, the regional presence we have there make us well positioned to support those global miners in those territories.

Another market worthy of mention is the growing P3 market in Canada and soon the USA and South America. This form of public, private, procurement

delivery has been in place for about 15 years in the U.K. and our U.K. business has developed an exceptional CV with over 250 projects working for contractors and funders.

We're really excited about the revenue synergy opportunities from working with those same funders, the same contractors here in Canada particularly the rail and healthcare sectors and then further afield.

There's been a lot of collaboration that's gone on for the last three months and we've already had some early successes and I've just highlighted a few of them on the board here.

The first one is WSP capability and project references supported Canada in winning a project in the (unintelligible) Island Bridge here in Montreal. It's about a \$1 million fee and could well grow.

Our Canadian and Finnish businesses are working together and we've won our first project in Finland for (unintelligible). It starts with some geo-technical and some geological mining mapping work but it could grow into quite a sizable commission.

Our Swedish and U.K. businesses are supporting (unintelligible) and Canada's bid for a number of rail projects here in Canada, including the Court Lord Mine railway and the new depot facility in Toronto.

We just would not have been able to bid those projects three months ago without the support of U.K. and Sweden. WSP has been working on the New Delhi's national airport. It's a \$25 million master plan commission and recently we brought in GENIVAR's aviation skills to support that project. And again that project will grow.

We're working with Brookfield on the new \$250 million St. Michael's hospital in Toronto. We would not have been able to have joined Brookfield's team

had it not been for the portfolio of what we've done with Brookfield in the U.K. PSI market.

And finally, Smith Carter, part of GENIVAR architecture is the world leader in high-level containment laboratories and together with WSP we've been bidding a number of government laboratory projects across the U.K.

And this week we learned that we won our first project at the Purbeck Animal (unintelligible) facility testing viral infections. And that fee for our company is over \$20 million.

And we start this week. So I think you'll see some great projects that we're already working together and some revenue synergy, which is why I'm so excited about the future.

So, going forward, we have a once in a cycle opportunity to realize significant revenue synergies from what is an opportunity rich environment. And how are we going to do this? Well, we have a plan. And we have a team in place to deliver that plan. We will create the right culture for synergies to flourish. We will scale up our global account management program and we will become players in our chosen global sectors.

It's going to give me great pleasure when I stand in front of you in a year's time to tell you about the great projects that we've won together through our global connectivity. Projects that we would not have won had we not come together as (unintelligible) GENIVAR.

Ladies and gentlemen, that concludes my presentation and I can now take questions. Thank you.

Man: Hi (Tom), I just wanted to know a bit more context about your global account management, you started a couple years ago and it was targeted to how

many clients. And it was extended to how many and where you are going with that and the success of it as well. Thank you.

Tom Smith: Absolutely. We probably worked with - in the (WP) context, if I can use that as the backdrop and we probably have about 50-60 global clients, but what we did is we actually did an analysis and selected 20 global clients that we would focus on.

And we put in place an account management system, with global account managers, and regional account managers in each of the regions. And creating culture and knowledge sharing, building relationships because actually many of these clients are client private sector clients. And if you build the relationships, you get the opportunity that leads to bids which of course leads to projects.

So we just focused on 20 clients and then - and within the (WP) part of the business, this year those 20 clients will generate just over 5.4% of our revenue. Within our plan, before coming together with GENIVAR our target was 10%. And we felt that we are well onto the journey of achieving that 10% by 2015. Now they're just 20 clients, there are actually many other clients that we were with global that are not on that list, but we decided we would focus on the 20 where we thought the most potential was.

And that is the client program that we plan to expand and extend to the GENIVAR and particularly the Canadian operations here.

Man: You refer to the 87 Fortune 500 clients, is it the goal to get there and target them?

Tom Smith: Not this year, but I mean for instance someone like Volvo, one of our big Swedish clients, we work with them in Sweden and China and we have discussions in India. That particular client at the moment doesn't fall within those 20 global clients, but it might be one of the Fortune 500.

And I think we want to see success with the 20 and then after we develop the culture, we will be able to attract and retain talent, then we can begin to extend that into many other clients.

Man: This might be a better question for Alexandre, but how should - how will we be able to monitor the success or gauge the success of these initiatives. I suspect you won't be in a position to break out for organic growth, which came from purely organic sources and those that were a result of these initiatives. But I'm just wondering if - is there going to be a way for us to measure this, and how do you measure this I suppose.

Tom Smith: I did have a number on there, but Alex told me to take it off.

It is quite a challenge because of course many of the projects we win would be you know, the Smith Carter project for instance \$10 million that is going to be over a couple of years. So working in which years those revenues are actually delivered is a challenge. Also in many of the revenue synergies it might be just because we're sharing technical expertise or project references that actually win a project as opposed to necessarily joint bidding.

So it is quite a complex area, I mean I think Alex mentioned single digit organic growth and you know I would think that we would look for half of that being through revenue synergies. I think that's it, you want to comment Alex.

(Pierre Shoiry): (Tom), I don't know, yeah (Michael) if I was thinking - our business model obviously there is the regions so you want to have, again 85%, 90% of the business is regionally driven. Most of the work is done in the region and two drivers of (Tom)'s work is being able to service clients in specific regions that want to work, like you talked about (Agnico) working in Finland. Canadian client that now we can service even better because we have - we're more competitive, we have 300 people in Finland, we have a lot of work we can do there, so we don't have to mobilize your teams from -

So you want to be able to, with these clients, follow them across the world. You want to be able to service global accounts, find master service agreements on a global basis. And you want to also be able to leverage expertise like high rises is a great example.

We're in New York now and then (David) will expand on this. We're working on the tallest buildings in New York and obviously when you have that kind of expertise you can leverage it elsewhere. So clearly we don't have any organic growth in the business, you'll know that none of our programs are working.

But it's hard to - hard to help - (Tom) has goals for global accounts and when you measure 20 accounts like that then you can really see the progress year over year, getting new work with these same clients.

So while we won't provide any guidance on this and we won't break down the numbers of what's organic regional - what's organic - I think we'll be able to give you color on collaboration.

Tom Smith: Thank you very much. Thank you.