

Q1 2015

CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

For the first quarter ended March 28, 2015

WSP Global Inc.

Consolidated Statements of Financial Position (Unaudited)

(in millions of Canadian dollars)

	March 28, 2015 \$	December 31, 2014 \$
Assets		
Current assets		
Cash and cash equivalents (note 4)	187.0	201.5
Trade, prepaid and other receivables	1,378.3	1,234.1
Income taxes receivable	81.5	98.6
Costs and anticipated profits in excess of billings	709.7	593.8
	<u>2,356.5</u>	<u>2,128.0</u>
Non-current assets		
Other assets	147.2	125.9
Deferred income tax assets	110.1	126.7
Property, plant and equipment	214.4	202.4
Intangible assets	383.3	375.0
Goodwill (note 5)	2,075.6	1,985.1
	<u>2,075.6</u>	<u>1,985.1</u>
Total assets	<u>5,287.1</u>	<u>4,943.1</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,062.8	1,064.4
Billings in excess of costs and anticipated profits	425.9	386.0
Income taxes payable	75.9	95.0
Dividends payable to shareholders (note 10)	33.5	33.2
Current portion of long-term debts (note 6)	10.7	11.0
Other current financial liabilities	50.3	44.3
	<u>1,659.1</u>	<u>1,633.9</u>
Non-current liabilities		
Long-term debts (note 6)	1,006.1	788.1
Other non-current financial liabilities	1.4	2.0
Provisions	44.5	41.0
Retirement benefit obligations	240.6	223.8
Deferred income tax liabilities	85.4	105.3
	<u>1,378.0</u>	<u>1,160.2</u>
Total liabilities	<u>3,037.1</u>	<u>2,794.1</u>
Equity		
Equity attributable to shareholders		
Share capital (note 7)	1,993.7	1,976.6
Contributed surplus	200.0	200.0
Accumulated other comprehensive income	119.6	30.2
Retained earnings (deficit)	(60.2)	(55.0)
	<u>2,253.1</u>	<u>2,151.8</u>
Non-controlling interest	(3.1)	(2.8)
	<u>(3.1)</u>	<u>(2.8)</u>
Total equity	<u>2,250.0</u>	<u>2,149.0</u>
Total liabilities and equity	<u>5,287.1</u>	<u>4,943.1</u>

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(signed) Pierre Shoiry _____ Director

(2)
(signed) Pierre Seccareccia _____ Director

WSP Global Inc.

Consolidated Statements of Earnings (Unaudited)

(in millions of Canadian dollars, except the number of shares and per share data)

	March 28, 2015	March 29, 2014
	\$	\$
Revenues	1,403.7	511.1
Personnel costs	798.6	336.2
Subconsultants and direct costs	378.9	70.5
Other operational costs	146.4	66.2
Non-underlying items (note 8)	4.7	-
Depreciation of property, plant and equipment	14.0	6.4
Amortization of intangible assets	18.3	8.6
Exchange loss (gain)	(2.6)	(0.7)
Total operational costs	1,358.3	487.2
Net finance expenses (note 9)	10.3	3.4
Share of income of associates and joint venture (net of tax)	(1.5)	(1.7)
Earnings before income taxes	36.6	22.2
Income tax expenses	8.6	5.3
Net earnings for the period	28.0	16.9
Net earnings (loss) attributable to:		
Shareholders	28.3	17.3
Non-controlling interests	(0.3)	(0.4)
	28.0	16.9
Basic net earnings per share attributable to shareholders	0.32	0.33
Diluted net earnings per share attributable to shareholders	0.32	0.33
Basic average number of shares	89,037,858	52,634,219
Diluted weighted average number of shares	89,045,783	52,634,219

The accompanying notes are an integral part of these consolidated financial statements.

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WSP Global Inc.

Consolidated Statements of Comprehensive Income (Unaudited)

(in millions of Canadian dollars)

	March 28, 2015 \$	March 29, 2014 \$
Comprehensive income		
Net earnings for the period	28.0	16.9
Other comprehensive income, net of tax		
<i>Items that may be reclassified subsequently to net income</i>		
Currency translation adjustments	137.6	25.6
Fair value re-evaluations – available-for-sale assets (net of tax expense \$0.9)	1.3	-
Translation adjustments on financial instruments designated as net investment hedge (net of a tax expense/(recovery) of (\$6.8) ((\$0.7) in 2014))	(45.2)	(4.6)
<i>Items that will not be reclassified to net income</i>		
Actuarial (loss)/gain on pension scheme (net of a tax expense/(recovery) of (\$1.0) ((\$0.1) in 2014))	(4.3)	(0.8)
Total comprehensive income for the period	<u>117.4</u>	<u>37.1</u>
Comprehensive income (loss) attributable to:		
Shareholders	117.7	37.6
Non-controlling interests	(0.3)	(0.5)
	<u>117.4</u>	<u>37.1</u>

The accompanying notes are an integral part of these consolidated financial statements.

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WSP Global Inc.

Consolidated Statements of Changes in Equity (Unaudited)

(in millions of Canadian dollars)

	Attributable to Shareholders				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Contributed Surplus \$	Retained earnings (deficit) \$	Accumulated other comprehensive income \$			
Balance – January 1, 2014	934.4	-	(5.4)	45.3	974.3	(0.7)	973.6
Common shares issued under the DRIP	9.5	-	-	-	9.5	-	9.5
Capital reduction	(200.0)	200.0	-	-	-	-	-
Comprehensive income							
Net earnings for the period	-	-	17.3	-	17.3	(0.4)	16.9
Actuarial loss on pension schemes (net of tax)	-	-	-	(0.8)	(0.8)	-	(0.8)
Currency translation adjustments	-	-	-	25.7	25.7	(0.1)	25.6
Net investment hedge (net of tax)	-	-	-	(4.6)	(4.6)	-	(4.6)
Total comprehensive income (loss)	-	-	17.3	20.3	37.6	(0.5)	37.1
Declared dividends to shareholders	-	-	(23.0)	-	(23.0)	(1.5)	(24.5)
Balance – March 29, 2014	743.9	200.0	(11.1)	65.6	998.4	(2.7)	995.7

The accompanying notes are an integral part of these consolidated financial statements.

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WSP Global Inc.

Consolidated Statements of Changes in Equity (Unaudited)

(in millions of Canadian dollars)

	Attributable to Shareholders				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Contributed Surplus \$	Retained earnings (deficit) \$	Accumulated other comprehensive income \$			
Balance – January 1, 2015	1,976.6	200.0	(55.0)	30.2	2,151.8	(2.8)	2,149.0
Common shares issued under the DRIP (note 7)	17.1	-	-	-	17.1	-	17.1
Comprehensive income							
Net earnings for the period	-	-	28.3	-	28.3	(0.3)	28.0
Actuarial loss on pension schemes (net of tax)	-	-	-	(4.3)	(4.3)	-	(4.3)
Currency translation adjustments	-	-	-	137.6	137.6	-	137.6
Fair value re- evaluations – available-for-sale assets (net of tax)	-	-	-	1.3	1.3	-	1.3
Net investment hedge (net of tax)	-	-	-	(45.2)	(45.2)	-	(45.2)
Total comprehensive income (loss)	-	-	28.3	89.4	117.7	(0.3)	117.4
Declared dividends to shareholders (note 10)	-	-	(33.5)	-	(33.5)	-	(33.5)
Balance – March 28, 2015	1,993.7	200.0	(60.2)	119.6	2,253.1	(3.1)	2,250.0

The accompanying notes are an integral part of these consolidated financial statements.

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WSP Global Inc.

Consolidated Statements of Cash Flows (Unaudited)

(in millions of Canadian dollars)

	March 28, 2015 \$	March 29, 2014 \$
Cash flows generated from (used in) operating activities		
Net earnings for the period	28.0	16.9
Adjustments (note 11a))	25.6	9.7
Income tax expenses	8.6	5.3
Income taxes paid	(11.4)	(8.8)
Net finance expenses (note 9)	10.3	3.4
	<u>61.1</u>	<u>26.5</u>
Change in non-cash working capital items (note 11b))	<u>(210.4)</u>	<u>(26.6)</u>
Net cash and cash equivalents generated from (used in) operating activities	<u>(149.3)</u>	<u>(0.1)</u>
Cash flows generated from (used in) financing activities		
Dividends paid to shareholders	(16.1)	(10.1)
Net variation in long-term debts	1.3	-
Repayment of other financial liabilities	(0.1)	(3.9)
Repayment of finance leases	(2.4)	-
Finance expenses paid and financing costs	(7.2)	(2.4)
Net variation in bank advances	169.4	-
Dividends paid to a non-controlling interest	-	(1.5)
	<u>-</u>	<u>(1.5)</u>
Net cash and cash equivalents generated from (used in) financing activities	<u>144.9</u>	<u>(17.9)</u>
Cash flows generated from (used in) investing activities		
Business acquisitions	(1.0)	(0.8)
Additions to property, plant and equipment	(18.2)	(5.9)
Proceeds from disposal of property, plant and equipment	0.8	1.0
Additions to intangible assets	(3.9)	(1.3)
Investment increase in associates and joint ventures	(0.9)	-
	<u>(23.2)</u>	<u>(7.0)</u>
Net cash and cash equivalents generated from (used in) investing activities	<u>(23.2)</u>	<u>(7.0)</u>
Effect of exchange rate change on cash and cash equivalents	<u>7.8</u>	<u>2.1</u>
Net change in cash and cash equivalents	<u>(19.8)</u>	<u>(22.9)</u>
Cash and cash equivalents including bank overdraft – Beginning of period	<u>176.3</u>	<u>100.1</u>
Cash and cash equivalents including bank overdraft (note 4) – End of period	<u>156.5</u>	<u>77.2</u>

The accompanying notes are an integral part of these consolidated financial statements.

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WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

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WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

1 Business description

WSP Global Inc. (the "Corporation" or "WSP") is one of the world's leading professional services firms in its industry, working with governments, businesses, architects and planners and providing integrated solutions across many disciplines. The firm provides services to transform the built environment and restore the natural environment, and its expertise ranges from environmental remediation to urban planning, from engineering iconic buildings to designing sustainable transport networks, and from developing the energy sources of the future to enabling new ways of extracting essential resources. WSP operates in different market sectors: buildings, infrastructure (including transportation and municipal infrastructure), industrial and energy (including mining, oil and gas) and environment. The address of its main registered office is 1600, René-Lévesque Boulevard West, Montreal, Quebec.

The common shares of the Corporation are listed under the trading symbol "WSP" on the Toronto Stock Exchange ("TSX").

2 Summary of significant accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting." The accounting policies followed in these interim condensed consolidated financial statements are the same as those applied in the Corporation's annual consolidated financial statements for the year ended December 31, 2014. All disclosures required for annual consolidated financial statements have not been included in these interim condensed consolidated financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation's most recent audited annual consolidated financial statements.

The accompanying interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by Management to fairly state the Corporation's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim condensed consolidated financial statements were approved by the Corporation's Board of Directors on May 12, 2015.

These interim condensed consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through the consolidated statement of earnings and in the consolidated statement of comprehensive income.

The Corporation's operations are affected by seasonality with the third quarter usually its highest and the first quarter usually its lowest.

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates, judgments and assumptions made by management in applying the Corporation's accounting policies are the same as those applied and described in the annual consolidated financial statements for the year ended December 31, 2014.

4 Cash and cash equivalents

	March 28, 2015	December 31, 2014
	\$	\$
Cash and cash equivalents	187.0	201.5
Less: Bank overdraft	(30.5)	(25.2)
Cash and cash equivalents including bank overdraft	156.5	176.3

5 Goodwill

	March 28, 2015	December 31, 2014
	\$	\$
Balance – Beginning of period	1,985.1	734.6
Goodwill resulting from business acquisitions	-	1,239.9
Exchange differences	90.5	10.6
Balance – End of period	2,075.6	1,985.1

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

6 Long-term debts

	March 28, 2015 \$	December 31, 2014 \$
Credit facilities	1,002.3	786.1
Mortgage bearing interest at 5.75%, payable in monthly instalments of less than \$0.1 including principal and interest, secured by a hypothec over land and building with a net book value of \$10.2, renewable in August 2015	6.4	6.4
Debts bearing interest at Colombia's prime rate plus a margin varying from 5% to 7.65%, maturing between August 2015 and May 2017	6.2	4.6
Other long-term debts	1.9	2.0
	<u>1,016.8</u>	<u>799.1</u>
Less: Current portion	10.7	11.0
	<u>1,006.1</u>	<u>788.1</u>

Credit facilities

WSP has in place a US\$1,200.0 million credit facility with a syndicate of financial institutions, made up of:

a senior secured revolving credit facility in the maximum amount of US\$800.0 (the "Revolving Credit Facility"), maturing on December 31, 2018; and

a senior secured non-revolving term credit facility consisting of three tranches in the maximum principal amounts of US\$100.0, US\$100.0 and US\$200.0 (collectively, the "Term Facility"), each available as a single drawdown and maturing on October 31, 2016, October 31, 2017, and October 31, 2018, respectively.

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

7 Share capital

Authorized

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

Issued and paid

	Common shares	
	Number	\$
Balance as at January 1, 2014	52,381,063	934.4
Shares issued related to public bought deals and private placements	34,840,700	1,195.8
Shares issued under the DRIP	1,366,957	46.4
Reduction of capital	-	(200.0)
Balance as at December 31, 2014	88,588,720	1,976.6
Shares issued under the DRIP (note 10)	542,709	17.1
Balance as at March 28, 2015	89,131,429	1,993.7

As at March 28, 2015, no preferred shares were issued.

8 Non-underlying items

	March 28, 2015	March 29, 2014
	\$	\$
Acquired businesses integration costs	2.8	-
Existing operations restructuring and reorganization costs	1.9	-
	4.7	-

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

9 Net finance expenses

	March 28, 2015 \$	March 29, 2014 \$
Interest on bank advances	7.7	1.5
Net finance expenses on pension obligations	1.9	1.2
Exchange loss on liabilities in foreign currencies	0.1	0.5
Other interest and bank charges	1.0	0.4
Interest income	(0.4)	(0.2)
	<hr/>	<hr/>
	10.3	3.4
	<hr/>	<hr/>

10 Dividends

The Corporation aims to declare and pay cash dividends on a quarterly basis to shareholders. The total amount of dividends declared by the Corporation for the first quarter ended March 28, 2015 was \$33.5 or \$0.375 per share.

Dividend reinvestment plan (DRIP)

Under the DRIP, the holders of common shares may elect to have cash dividends reinvested into additional common shares. The shares to be delivered can be purchased on the open market or issued from treasury at the discretion of Management. The shares issued from treasury can be issued at a discount of up to 5.0% of the applicable average market price.

Following the payment of the dividends declared on November 11, 2014, \$17.1 was reinvested in 542,709 common shares under the DRIP.

On April 15, 2015, on the payment of the first quarter dividend, \$17.0 was reinvested in 401,774 additional shares under the DRIP.

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

11 Statements of cash flows

a) Adjustments

	March 28, 2015	March 29, 2014
	\$	\$
Depreciation and amortization	32.3	15.0
Share of income per statements of earnings of associates and joint ventures	(1.5)	(1.7)
Defined benefit pension scheme expense	0.8	0.2
Cash contribution to defined benefit pension schemes	(2.6)	(2.4)
Foreign exchange and non-cash movements	(0.1)	0.1
Others	(3.3)	(1.5)
	<hr/> 25.6	<hr/> 9.7

b) Change in non-cash working capital items

	March 28, 2015	March 29, 2014
	\$	\$
Decrease (increase) in:		
Trade, prepaid and other receivables	(80.1)	5.8
Costs and anticipated profits in excess of billings	(81.4)	(31.1)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(65.8)	(16.7)
Billings in excess of costs and anticipated profits	16.9	15.4
	<hr/> (210.4)	<hr/> (26.6)

c) Transactions not affecting cash and cash equivalents

	March 28, 2015	March 29, 2014
	\$	\$
Additions to intangible assets and prepaids through a finance lease and financial liabilities	1.2	2.3

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

12 Segment information

Effective January 1, 2015, the Corporation manages through four reportable operating segments, which are the following: Canada, Americas (USA and South America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia-Pacific, comprising mainly Asia and Australia).

The Executive Committee assesses the performance of the operating segments based on revenues, net revenues and adjusted EBITDA. Adjusted EBITDA excludes items identified by Management as non-underlying items, such as restructuring, business acquisition transaction and integration expenses, and also excludes global corporate costs. Global corporate costs are expenses and salaries related to centralized functions, like global finance, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, amortization, depreciation and income taxes.

Sales between segments are carried out at arm's length. The revenues reported to the Executive Committee are measured in a similar manner as in the consolidated statements of earnings and exclude intercompany sales.

The table below presents the Corporation's operations based on reportable operating segments.

	2015				
	Canada	Americas	EMEIA	APAC	Total
Revenues	216.2	521.3	490.2	176.0	1,403.7
Less: Subconsultants and direct costs	(42.9)	(218.7)	(93.8)	(23.5)	(378.9)
Net revenues	173.3	302.6	396.4	152.5	1,024.8
Adjusted EBITDA	17.1	30.7	41.5	8.0	97.3
Global corporate costs					(12.0)
Non-underlying items					(4.7)
Financial expenses					(10.7)
Depreciation and amortization					(32.3)
Share of taxation and amortization of associates					(1.0)
Earnings before income tax					36.6

WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 28, 2015

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

					2014
	Canada	Americas	EMEIA	APAC	Total
Revenues	123.8	66.9	291.8	28.6	511.1
Less: Subconsultants and direct costs	(14.8)	(10.8)	(42.3)	(2.6)	(70.5)
Net revenues	109.0	56.1	249.5	26.0	440.6
Adjusted EBITDA	10.5	6.2	26.3	0.7	43.7
Global corporate costs					(1.6)
Non-underlying items					-
Financial expenses					(3.6)
Depreciation and amortization					(15.0)
Share of taxation and amortization of associates					(1.3)
Earnings before income tax					22.2

13 Financial Instruments

- On March 27, 2015, the Corporation entered into a foreign exchange contract to sell US\$400.0 in exchange for Canadian dollars at an average CAD/USD rate of 1.249. A mark-to-market foreign exchange loss of \$4.5 (net of tax of \$0.7) has been recorded in the statement of Comprehensive Income during the period.

14 Subsequent Event

- On April 1, 2015, the Corporation acquired SPL Consultants Limited, a multi-disciplinary consulting professional services firm based in Ontario that provides a diverse range of specialized engineering solutions in environment, geotechnical and buildings science across Ontario. This acquisition added 250 employees to WSP's workforce and positions the Corporation as one of the leading environmental professional services firm in Canada.