

Q1 2016

# CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

For the first quarter ended March 26, 2016

# WSP Global Inc.

## Consolidated Statements of Financial Position (Unaudited)

(in millions of Canadian dollars)

	March 26, 2016 \$	December 31, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 4)	207.9	204.1
Restricted cash	3.6	4.7
Trade, prepaid and other receivables	1,416.0	1,530.2
Income taxes receivable	26.9	24.5
Costs and anticipated profits in excess of billings	813.0	829.0
	<u>2,467.4</u>	<u>2,592.5</u>
<b>Non-current assets</b>		
Other assets	105.0	108.6
Deferred income tax assets	55.1	55.6
Property, plant and equipment	260.8	269.5
Intangible assets	376.2	406.6
Goodwill (note 5)	2,659.1	2,734.3
	<u>2,659.1</u>	<u>2,734.3</u>
<b>Total assets</b>	<u>5,923.6</u>	<u>6,167.1</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,166.1	1,256.0
Billings in excess of costs and anticipated profits	500.7	549.2
Income taxes payable	43.6	48.7
Dividends payable to shareholders (note 11)	37.4	37.2
Current portion of long-term debts (note 6)	137.9	142.6
Other current financial liabilities	22.0	18.7
	<u>1,907.7</u>	<u>2,052.4</u>
<b>Non-current liabilities</b>		
Long-term debts (note 6)	862.1	846.8
Other non-current financial liabilities	3.8	4.8
Provisions	62.8	72.8
Retirement benefit obligations	206.1	208.7
Deferred income tax liabilities	67.3	69.9
	<u>67.3</u>	<u>69.9</u>
<b>Total liabilities</b>	<u>3,109.8</u>	<u>3,255.4</u>
<b>Equity</b>		
<b>Equity attributable to shareholders</b>		
Share capital (note 7)	2,428.6	2,409.7
Contributed surplus	202.1	201.7
Accumulated other comprehensive income	207.2	313.2
Retained earnings (deficit)	(18.0)	(8.2)
	<u>(18.0)</u>	<u>(8.2)</u>
	<u>2,819.9</u>	<u>2,916.4</u>
Non-controlling interest	(6.1)	(4.7)
	<u>(6.1)</u>	<u>(4.7)</u>
<b>Total equity</b>	<u>2,813.8</u>	<u>2,911.7</u>
<b>Total liabilities and equity</b>	<u>5,923.6</u>	<u>6,167.1</u>

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

Approved by the Board of Directors

(signed) Pierre Shoiry \_\_\_\_\_ Director

(signed) Pierre Seccareccia \_\_\_\_\_ Director

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# WSP Global Inc.

## Consolidated Statements of Earnings (Unaudited)

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

	March 26, 2016 \$	March 28, 2015 \$
<b>Revenues</b>	<b>1,483.0</b>	<b>1,403.7</b>
Personnel costs	909.8	798.6
Subconsultants and direct costs	320.9	378.9
Occupancy costs	57.8	53.2
Other operational costs	103.6	93.2
Acquisition and reorganization costs (note 8)	7.4	4.7
Depreciation of property, plant and equipment	18.3	14.0
Amortization of intangible assets	19.8	18.3
Exchange loss (gain)	0.7	(2.6)
Share of income of associates and joint venture (net of tax)	(0.5)	(1.5)
<b>Total net operational costs</b>	<b>1,437.8</b>	<b>1,356.8</b>
Net finance expenses (note 9)	8.2	10.3
<b>Earnings before income taxes</b>	<b>37.0</b>	<b>36.6</b>
Income tax expenses (note 10)	9.5	8.6
<b>Net earnings for the period</b>	<b>27.5</b>	<b>28.0</b>
<b>Net earnings (loss) attributable to:</b>		
Shareholders	27.6	28.3
Non-controlling interests	(0.1)	(0.3)
	27.5	28.0
Basic net earnings per share attributable to shareholders	0.28	0.32
Diluted net earnings per share attributable to shareholders	0.28	0.32
Basic weighted average number of shares	99,654,536	89,037,858
Diluted weighted average number of shares	99,674,597	89,045,783

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)

	<b>March 26, 2016</b>	<b>March 28, 2015</b>
	\$	\$
<b>Comprehensive income</b>		
Net earnings for the period	27.5	28.0
<b>Other comprehensive income, net of tax</b>		
<i>Items that may be reclassified subsequently to net income</i>		
Currency translation adjustments	(116.6)	137.6
Fair value re-evaluations – available-for-sale assets (net of tax expense of nil (\$0.9 in 2015))	0.1	1.3
Translation adjustments on financial instruments designated as net investment hedge (net of a tax expense/(recovery) of \$2.9 ((\$6.8) in 2015))	18.3	(45.2)
<i>Items that will not be reclassified to net income</i>		
Actuarial (loss)/gain on pension scheme (net of a tax expense/(recovery) of (\$1.5) ((\$1.0) in 2015))	(7.8)	(4.3)
<b>Total comprehensive income for the period</b>	<u>(78.5)</u>	<u>117.4</u>
<b>Comprehensive income (loss) attributable to:</b>		
Shareholders	(78.4)	117.7
Non-controlling interests	(0.1)	(0.3)
	<u>(78.5)</u>	<u>117.4</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 \$			
<b>Balance – January 1, 2015</b>	<b>1,976.6</b>	<b>200.0</b>	<b>(55.0)</b>	<b>30.2</b>	<b>2,151.8</b>	<b>(2.8)</b>	<b>2,149.0</b>
Common shares issued under the DRIP	17.1	-	-	-	17.1	-	17.1
<b>Comprehensive income</b>							
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)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>28.3</b>	<b>89.4</b>	<b>117.7</b>	<b>(0.3)</b>	<b>117.4</b>
Declared dividends to shareholders	-	-	(33.5)	-	(33.5)	-	(33.5)
<b>Balance – March 28, 2015</b>	<b>1,993.7</b>	<b>200.0</b>	<b>(60.2)</b>	<b>119.6</b>	<b>2,253.1</b>	<b>(3.1)</b>	<b>2,250.0</b>

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 \$			
<b>Balance – January 1, 2016</b>	<b>2,409.7</b>	<b>201.7</b>	<b>(8.2)</b>	<b>313.2</b>	<b>2,916.4</b>	<b>(4.7)</b>	<b>2,911.7</b>
Common shares issued under the DRIP (note 7)	18.9	-	-	-	18.9	-	18.9
Stock-based compensation expense	-	0.4	-	-	0.4	-	0.4
<b>Comprehensive income</b>							
Net earnings for the period	-	-	27.6	-	27.6	(0.1)	27.5
Actuarial gain on pension schemes (net of tax)	-	-	-	(7.8)	(7.8)	-	(7.8)
Currency translation adjustments	-	-	-	(116.6)	(116.6)	-	(116.6)
Fair value re-evaluations – available-for-sale assets (net of tax)	-	-	-	0.1	0.1	-	0.1
Net investment hedge (net of tax)	-	-	-	18.3	18.3	-	18.3
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>27.6</b>	<b>(106.0)</b>	<b>(78.4)</b>	<b>(0.1)</b>	<b>(78.5)</b>
Declared dividends to shareholders (note 11)	-	-	(37.4)	-	(37.4)	(1.3)	(38.7)
<b>Balance – March 26, 2016</b>	<b>2,428.6</b>	<b>202.1</b>	<b>(18.0)</b>	<b>207.2</b>	<b>2,819.9</b>	<b>(6.1)</b>	<b>2,813.8</b>

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 26, 2016 \$	March 28, 2015 \$
<b>Cash flows generated from (used in) operating activities</b>		
Net earnings for the period	27.5	28.0
Adjustments (note 12a))	30.4	25.6
Income tax expenses	9.5	8.6
Income taxes paid	(12.3)	(11.4)
Net finance expenses (note 9)	8.2	10.3
Change in non-cash working capital items (note 12b))	(36.5)	(210.4)
<b>Net cash generated from (used in) operating activities</b>	<b>26.8</b>	<b>(149.3)</b>
<b>Cash flows generated from (used in) financing activities</b>		
Dividends paid to shareholders	(18.3)	(16.1)
Net variation in long-term debts	34.2	170.7
Repayment of other financial liabilities	(0.1)	(2.5)
Finance expenses paid and financing costs	(6.5)	(7.2)
Dividends paid to a non-controlling interest	(1.3)	-
<b>Net cash generated from (used in) financing activities</b>	<b>8.0</b>	<b>144.9</b>
<b>Cash flows generated from (used in) investing activities</b>		
Business acquisitions	(6.6)	(1.0)
Additions to property, plant and equipment	(16.1)	(18.2)
Proceeds from disposal of property, plant and equipment	0.9	0.8
Additions to intangible assets	(4.2)	(3.9)
Investment increase in associates and joint ventures	(0.1)	(0.9)
<b>Net cash generated from (used in) investing activities</b>	<b>(26.1)</b>	<b>(23.2)</b>
<b>Effect of exchange rate change on cash</b>	<b>(8.4)</b>	<b>7.8</b>
<b>Net change in cash</b>	<b>0.3</b>	<b>(19.8)</b>
<b>Cash net of bank overdraft – Beginning of period</b>	<b>202.2</b>	<b>176.3</b>
<b>Cash net of bank overdraft (note 4) – End of period</b>	<b>202.5</b>	<b>156.5</b>

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 26, 2016

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# WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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(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 a professional services firm 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: property & buildings, transportation & infrastructure, environment, industry, resources (including mining and oil & gas) and power & energy. 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, 2015. 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 9, 2016.

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 26, 2016

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(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, 2015.

## 4 Cash

	March 26, 2016 \$	December 31, 2015 \$
Cash	207.9	204.1
Less: Bank overdraft	(5.4)	(1.9)
<b>Cash net of bank overdraft</b>	<u>202.5</u>	<u>202.2</u>

## 5 Goodwill

	March 26, 2016 \$	December 31, 2015 \$
<b>Balance – Beginning of period</b>	2,734.3	2,067.7
Goodwill resulting from business acquisitions	6.3	413.1
Exchange differences	(81.5)	253.5
<b>Balance – End of period</b>	<u>2,659.1</u>	<u>2,734.3</u>

# WSP Global Inc.

## Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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

### 6 Long-term debts

	March 26, 2016 \$	December 31, 2015 \$
Credit facilities*	989.0	978.9
Mortgage bearing interest at 4.2%, 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 \$9.5, renewable in March 2019	6.3	6.2
Debts bearing interest at Colombia's prime rate plus a margin varying from 9.04% to 11.36%, maturing by February 2017	3.7	3.2
Other long-term debts	1.0	1.1
	<u>1,000.0</u>	<u>989.4</u>
Less: Current portion	<u>(137.9)</u>	<u>(142.6)</u>
	<u>862.1</u>	<u>846.8</u>

\*: As at March 26, 2016, the Corporation has drawn US\$744.7 (US\$706.9 in 2015) from its syndicated credit facilities

#### Credit facilities

WSP has in place a US\$1,400.0 credit facility with a syndicate of financial institutions, made up of:

- a senior secured revolving credit facility in the maximum amount of US\$1,000.0 (the "Revolving Credit Facility"), maturing on December 31, 2019; 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 26, 2016

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(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*

	<b>Common shares</b>	
	<b>Number</b>	<b>\$</b>
<b>Balance as at January 1, 2015</b>	88,588,720	1,976.6
Shares issued related to public bought deals and private placements	8,165,668	333.3
Shares issued in business acquisitions	718,207	29.6
Shares issued under the DRIP	1,783,262	70.2
<b>Balance as at December 31, 2015</b>	99,255,857	2,409.7
Shares issued under the DRIP (note 11)	482,907	18.9
<b>Balance as at March 26, 2016</b>	<b>99,738,764</b>	<b>2,428.6</b>

As at March 26, 2016, no preferred shares were issued.

# WSP Global Inc.

Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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

## 8 Acquisition and reorganization costs

	March 26, 2016 \$	March 28, 2015 \$
Business acquisition related costs	0.4	-
Newly acquired business integration costs	6.3	2.8
Existing operations restructuring and reorganization costs	0.7	1.9
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	7.4	4.7

*Included in Acquisition and reorganization costs are personnel costs of \$3.7 million and \$3.4 million for 2016 and 2015, respectively.*

## 9 Net finance expenses

	March 26, 2016 \$	March 28, 2015 \$
Interest related to credit facilities	5.4	7.7
Net finance expenses on pension obligations	1.5	1.9
Exchange loss/(gain) on liabilities in foreign currencies	0.1	0.1
Other interest and bank charges	1.7	1.0
Loss/(gain) on sale of assets available for sale	(0.3)	-
Interest income	(0.2)	(0.4)
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	8.2	10.3

# WSP Global Inc.

## Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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

### 10 Income taxes

The weighted average applicable tax rate for the first quarter was 25.7% compared to 23.5% for the same period in 2015.

### 11 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 26, 2016 was \$37.4 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 October 29, 2015 \$18.9 was reinvested in 482,907 common shares under the DRIP.

On April 15, 2016, on the payment of the first quarter dividend, \$20.8 was reinvested in 558,284 additional shares under the DRIP.

### 12 Statements of cash flows

#### a) Adjustments

	<b>March 26, 2016</b>	<b>March 28, 2015</b>
	<b>\$</b>	<b>\$</b>
Depreciation and amortization	38.1	32.3
Share of income per statements of earnings of associates and joint ventures (net of tax)	(0.5)	(1.5)
Defined benefit pension scheme expense	1.0	0.8
Cash contribution to defined benefit pension schemes	(3.6)	(2.6)
Foreign exchange and non-cash movements	(2.8)	(0.1)
Others	(1.8)	(3.3)
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	30.4	25.6
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# WSP Global Inc.

## Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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

b) Change in non-cash working capital items

	March 26, 2016	March 28, 2015
	\$	\$
Decrease (increase) in:		
Trade, prepaid and other receivables	60.9	(80.1)
Costs and anticipated profits in excess of billings	(14.5)	(81.4)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(56.2)	(65.8)
Billings in excess of costs and anticipated profits	(26.7)	16.9
	<u>(36.5)</u>	<u>(210.4)</u>

### 13 Financial instruments

During the quarter, the Corporation entered into cross currency swap agreements for a nominal amount of US\$399.5 to hedge a portion of its US denominated debt at a US/CAD rate of 1.3417. The fair market value loss amounted to US\$4.3 and has been recorded in the statement of earnings. All cross currency swap agreements expire in the second quarter of 2016.

### 14 Segment information

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 before Global Corporate costs. Adjusted EBITDA before Global Corporate costs excludes items such as restructuring, business acquisition transaction and integration expenses, and Global Corporate costs, which the Corporation believes should not be considered when assessing its underlying financial performance. 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.

# WSP Global Inc.

## Notes to consolidated financial statements

(Unaudited)

March 26, 2016

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

The tables below present the Corporation's operations based on reportable operating segments.

					2016
	Canada	Americas	EMEIA	APAC	Total
Revenues	265.8	517.0	530.7	169.5	1,483.0
Less: Subconsultants and direct costs	(43.9)	(174.7)	(83.1)	(19.2)	(320.9)
Net revenues	221.9	342.3	447.6	150.3	1,162.1
Adjusted EBITDA before Global Corporate costs	20.6	38.5	39.3	5.6	104.0
Global Corporate costs					(12.5)
Acquisition and reorganization costs					(7.4)
Financial expenses					(8.4)
Depreciation and amortization					(38.1)
Share of taxation and amortization of associates					(0.6)
Earnings before income tax					37.0

  

					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 before Global Corporate costs	17.1	30.7	41.5	8.0	97.3
Global Corporate costs					(12.0)
Acquisition and reorganization costs					(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