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PRESENTATION

Operator

Bonjour, mesdames et messieurs. Good morning, ladies and gentlemen. Bienvenue à la conférence téléphonique sur les résultats financiers du troisième trimestre de l'exercice 2020 de WSP. Welcome to WSP's third quarter 2020 results conference call.

I would like to turn the meeting over to Quentin Weber, Investor Relations. À vous la parole. Please go ahead, Mr. Weber.

Quentin Weber, Investor Relations

Merci. Good morning. We hope that you're all safe and doing well. Thank you for taking the time to join the call today, during which we will be discussing our Q3 2020 performance followed by a question-and-answer session. With us today are Alexandre L'Heureux, our President and Chief Executive Officer, and Alain Michaud, our Chief Financial Officer. Please note that the call is accessible on our website via webcast.

During the call we may be making some forward-looking statements and actual results could be different from those expressed or implied. We undertake no obligation to update or revise any of these statements. Relevant factors that could cause actual results to differ materially from those forward-looking statements are listed in our most recent Management's Discussion and Analysis.

Also, during the call we may refer to certain non-IFRS measures. These measures are defined in our Management's Discussion and Analysis for the third quarter of 2020 as well as our Management's Discussion and Analysis for the year ended December 31, 2019, both of which can be found on SEDAR and on our website.

Our MD&A also includes reconciliations of non-IFRS measures to the most directly comparable IFRS measures. Management believes that these non-IFRS measures provide useful information to investors regarding the corporation's financial condition and results of operation as they provide additional key metrics of its performance.

These non-IFRS measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS, and may differ from similarly named measures as reported by other issuers and accordingly, may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

With that, I will now turn the call over to Alexandre.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Quentin, and good morning, everyone. Thank you for joining us today and I hope that you and your family are staying safe and in good health.

As we navigate these unusual times, I continue to be extremely proud of what we've achieved as an organization thanks to our employees around the globe who have risen to the challenges, not missing a beat, both individually and collectively. They continue to demonstrate their passion for client services and I'm truly grateful for their adaptability and dedication.

During the quarter, we continued to adapt our response to the pandemic with a flexible approach as regional sanitary recommendations evolved. After a gradual and partial reopening of some of our offices, the increase in infection rates across many parts of the world saw employees resuming work remotely. Although the situation remains fluid, most of our employees continue to work remotely, something which has become somehow the new normal. That being said, our common focus, working remotely or not, remains on collaborating to deliver projects and pursue new assignments, fulfilling commitments, and growing client relationships.

Before I go over our recent wins and our regional financial performance for the third quarter, I would like to take a moment to discuss the important leadership announcement we made yesterday. Paul Dollin, our Chief Operating Officer, has decided to leave the organization at the end of the year to pursue new professional and personal opportunities. Paul has been a key member of our leadership team for the past eight years. As COO, he has been responsible for the execution of our operation and operating plan. Among his many accomplishments, he has overseen the successful integration of the numerous companies we acquired during his tenure, ensuring a common purpose, shared values, and a unified corporate culture. On behalf of the Board of Directors and the entire global leadership team, I would like to wish him all the best in his future endeavours and thank him for a significant contribution to making WSP the leader it has become today.

In terms of transition, our intention is not to fill the COO position. We have taken this opportunity to rethink our global operational structure and to review the roles and responsibilities of the current members of our global leadership team. This approach will allow us to further harness the strength of our leadership team in our continued quest to better leverage the depth and breadth of our capabilities across the organization.

I would now like to highlight a few of the major wins during Q3, showcasing a sample of our expertise from across the globe.

Starting with the City of Toronto, WSP has been named a prime consultant on the significant Toronto Transit Commission Subway Capacity Enhancement Program. Building on a long and successful client relationship with the TTC, WSP will provide consulting services for the capacity enhancement of the Line 1 Subway in Toronto over a period of 11 years. The program will aim to improve customer experience and satisfaction, improve safety and support, and support the broader economic benefits of a high-performing transit system.

Moving to Illinois in the US, WSP will provide the full suite of program management oversight services in support of the Northeast Illinois Regional Commuter Railroad Corporation's $2 billion capital program. Working closely together, our national expert will support the growth of internal program management capabilities to set the framework for lasting success.

Across the ocean in the UK, WSP will act as a leader on planning, environmental, stakeholder, and land advisory services for new hydrogen pipeline in the Northwest supporting the UK's target of a net zero greenhouse gas emissions by 2050. The HyNet CO_2 pipeline is the most advanced hydrogen and carbon capture utilization and storage project in the UK and represents the first piece of the UK CCUS infrastructure identified by the Committee on Climate Change as a vital technology for achieving the ambitious emissions savings needed to meet the 2050 carbon reduction targets.

One of our objectives when we unveiled our 2019-2021 strategic plan was to build a leading professional advisory firm bringing together talent and professionals globally. We are experts who provide strategic advice on sustainable solutions to help societies grow for generations to come. Private enterprise and governments must address their GHG emissions in their journey to embrace the green transition. Another pressing reason to decarbonize is to maintain access to competitive capital; however, they cannot do it alone and they need a leading expert to assist with this transition. This exciting project in the UK is a good example of the work we do by partnering with our clients and building sustainable communities.

I would now like to turn to our regional performance, starting with our Canadian operation. In Q3 our Canada reportable segment posted organic contraction in net revenue of 7.1% and delivered adjusted EBITDA by segment and adjusted EBITDA margin by segment of $51.5 million and 21.4%, respectively. The decreases in net revenue are mainly attributable to lower performance in Western Canada, affected by the depressed oil and gas industry, which impacted many market sectors. Also, lower volumes in the commercial property and building segment continued to adversely affect performance during the third quarter. The impact of the depressed oil and gas downturns represented more than half of the contraction in net revenues in the quarter and nine-month period.

Our Americas reportable segment posted organic contraction net revenue of 3.8% over Q3 2020, but delivered a solid 8.2% organic growth. The regions delivered adjusted EBITDA by segment and adjusted EBITDA margin by segment of $123.4 million and 21%. The organic revenue contraction in the quarter was felt in both the US and Latin American operations. The decrease in the US is mainly due to timing of revenue recognition on certain large projects recognized in Q3 2019 and to lower volumes in the commercial property and buildings and power and energy market sectors due to the pandemic. The adjusted EBITDA margin for the Americas segment was stable as compared to the same quarter last year as the impact of lower revenues was mostly offset by cost containment measures and cost savings stemming from office lockdowns and travel restrictions.

Next, Our EMEIA reportable segment posted organic contraction in net revenues of 5.1%. In both the three and nine months period, the UK felt the largest negative impact on net revenues as it experienced lower volumes in the transportation and infra market sector, largely due to delays on some public sector projects. Also, softness in the private sector affected our planning and advisory services and commercial property and building market sector. The EMEIA operation posted adjusted EBITDA by segment and adjusted EBITDA margin by segment of $79.6 million and 14.4%, respectively, an increase when compared to the same period in 2019, as the impact of lower revenues was more than offset by cost containment measures and cost savings stemming from office lockdowns and travel restrictions and the receipt of government subsidies.

Lastly, our APAC reportable segment delivered organic growth in net revenues of 4.5%. Organic growth was led by solid results in New Zealand and Asia, while Australia remained relatively stable. The regions delivered adjusted EBITDA by segment and adjusted EBITDA margin by segment of $61.5 million and 20%. Adjusted EBITDA margin by segment increased mainly due to strong performance in Australia, New Zealand, including the benefit of cost savings stemming from office lockdowns and travel restrictions as well as a receipt of government subsidies in Asia.

Overall, we are very pleased with our performance in Q3, which again demonstrate the resilience of our platform and dedication of our people. Alain will now review our financial results in more detail, followed by the updated outlook.

Alain Michaud, Chief Financial Officer

Thanks, Alex. Good morning, everyone. Let's first discuss our top line.

Revenues and net revenues for the quarter reached $2.1 billion and $1.7 billion, down 3.8% and 0.4%, respectively, compared to Q3 2019. Organically, net revenue contracted 3.4% for the quarter. The good organic growth in the APAC reportable segment was offset by organic contraction in the other segments. Please note that the third quarter of 2020 had one less billable day compared to Q3 2019.

Backlog remains very healthy at $8.5 billion, reaching a record high of 11.6 months of revenues, up 4.6% from December 2019 and 7.6% from September 2019. Backlog organic growth reached 3.6% compared to December 2019 and 5.2% compared to September 2019. We continue to be very pleased with our backlog.

Let's move on to profitability. For the second quarter, adjusted EBITDA amounted to $297 million, up 3.1% compared to $288 million in Q3 2019. Adjusted EBITDA margin for the quarter reached 17.6% compared to 17% in Q3 2019. Improved margin in the APAC and EMEIA reportable segments were partially offset by lower margins in other segments. Earnings before net financing expenses and income taxes in the quarter reached $144 million, down compared to Q3 2019, mainly due to increase in the acquisition, integration, and restructuring costs.

Net financing expense for the third quarter was $39 million lower than 2019, mainly attributable to lower interest expense due to lower long-term debt, unrealized foreign exchange gains from derivative financial instruments, and higher non-cash increases in the value of investments related to our US employee deferred compensation plan. Net earnings attributable to shareholders for the quarter was $104 million or $0.92 per share, up 11.3% and 3.4%, respectively, when compared to Q3 2019. Adjusted net earnings for the quarter reached $118 million or $1.04 per share, up $17.5 million and $0.08 per share, respectively, compared to Q3 2019.

I will now review a few cash flow metrics. Our DSO as of the end of Q3 stood at 72 days, the same as last quarter and still a historical best compared to 80 days as of the end of Q3 2019. Also, for the trailing 12 months ended September 26, 2020, free cash flow amounted to $779 million, representing 315% of net earnings attributable to shareholders. We continue to be very proud of our cash flow generation. Higher free cash flow in 2020 year to date was mainly driven by accelerated collection during the first nine months of 2020 compared to the same period last year and the deferral of income tax and other remittance in some jurisdictions of approximately $100 million. From a modelling perspective, approximately 20% of this deferral will be repaid in 2020 with the remaining amount to be repaid in 2021 and 2022.

The net debt to adjusted EBITDA ratio stood at 0.3x. The ratio is significantly lower than 1.1x as at December 31, 2019, mainly due to the repayment of a portion of our debt resulting from strong free cash flow and the issuance of share capital in the second quarter of 2020.

We also declared a dividend of $0.375 per share for shareholders on record as of September 30, 2020, which was paid on October 15, 2020. With a 54% DRIP participation, the net cash outlay for the quarter was $19.6 million.

Finally, we're pleased to reiterate the financial outlook for 2020 issued last August. Also, the adjusted EBITDA is anticipated to skew towards the higher end of the range previously provided, which was from $1 billion to $1.05 billion.

This concludes my remarks. Alex, back to you.

Alexandre L'Heureux, President & Chief Executive Officer

Sorry. The beauty of technology. I was on mute. Thank you, Alain.

Before we open up the line for questions, I will wrap it up quickly by saying that we are pleased with our Q3 and year-to-date performance, which confirmed the resilience and agility of our business model. As such, we are also very comfortable reiterating our financial outlook.

As we are slowly approaching the end of 2020, we are devoting significant effort in planning for 2021. The current environment is not without challenges, as we are entering this last year of our current strategic cycle with a cautiously optimistic mindset. As previously stated, although the landscape has changed and there are more uncertainties, the underlying principles of our global strategy remain very relevant. We are not ready to relent or give up on our stated strategic objectives as we are continuing to explore opportunities to deliver on these ambitions.

Now let's open the line for questions. Operator?

QUESTION AND ANSWER SESSION

Operator

Thank you. At this time, if you would like to ask a question, press star one on your telephone. To withdraw your question, press the pound key. Again, to ask a question, press star one.

And your first question comes from the line of Jacob Bout with CIBC. Please go ahead.

Jacob, your line is now open.

Jacob Bout, CIBC World Markets

Sorry. I'm having the same issues. My first question is on leverage. It's at very low levels right now. Can you comment on the level of M&A discussion? Is it back to pre-COVID levels? And are target multiples still elevated?

Alexandre L'Heureux, President & Chief Executive Officer

Well, first of all, good morning. Yes, indeed, we're quite pleased with the strength of our balance sheet and what we had mentioned when we did our capital raises is, you know, we wanted to come out of this pandemic in an equally strong position, if not stronger, to our pre-COVID position, and that's exactly where we stand today. I feel that we are right now devoting, as I stated before, a significant amount of our time working on our 2021 operating plan, getting ready for that, already starting, already thinking about what's next in our next strategic cycle, and that's what we're going to do in the next 12 months.

And as part of that, obviously, clearly, I spent some of my time talking to a number of players and targets and relationships that I have within the industry. Of course, there's some uncertainty still in the marketplace and we are seeing, I mean in our industry we have not seen a lot of deals taking place at this point in time. But that doesn't mean that that could not change at some point in time, Jacob. But for the time being, certainly, we're focused on delivering on our business. And we said that if we had an opportunity to be opportunistic at some point in time, we wanted to have the tools in our toolbox to be able to do that, and I think having a strong balance sheet is certainly something that is good to have at this point in time.

Jacob Bout, CIBC World Markets

Second question here is just on organic revenue growth improving in third quarter versus second quarter, but it's still negative. Have you seen steady improvement or have you plateaued here with the second wave?

Alexandre L'Heureux, President & Chief Executive Officer

We have seen an improvement. As an example, you look at our UK business, we have seen a stabilization of our business in the UK. In Q2 it was still very challenging and certainly at the beginning of Q3 we saw the market being a bit more stable and I also saw more momentum in the proposal activities in some of those countries that were going through a rough patch. So I thought that the results in Q3 were quite, we were quite pleased with them. And, yes, we're down a bit more than 3% for the quarter but, as I said before, I feel that this is an improvement in Q2. Our backlog is growing. So, if all bodes well, obviously, in Q4, I am confident that we can enter 2021 in a good place.

Jacob Bout, CIBC World Markets

And how is October shaping up?

Alexandre L'Heureux, President & Chief Executive Officer

October is shaping up as expected. When we provided the outlook in Q2, we were looking at the month of August, September being the months where things would stabilize, and September, we were expecting September to take off. This is exactly what happened. And October right now is as expected and performing as expected.

Jacob Bout, CIBC World Markets

I'll leave it there. Thank you.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you.

Operator

And your next question comes from the line of Yuri Lynk with Canaccord. Please go ahead.

Yuri Lynk, Canaccord Genuity

Hi. Good morning.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Yuri.

Yuri Lynk, Canaccord Genuity

Hi. Alex, I wanted to dig in a little bit on the opportunity set out there for bookings and bringing in new projects. It looks like your Q3 bookings were amongst the lowest we've seen in the last two years or so, and I understand these can be lumpy, but just what impact is the pandemic having on RFP activity or bids or however you want to characterize it?

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, as I said before, the proposal activity is still and is quite, is healthy. I think we're pleased with that. Again, I wouldn't use the COVID-19 as an excuse. I've used this argument in the past in many different occasions, you know, you win and lose in any given quarter and I would not draw any conclusion on one quarter alone. I think you need to look at this, it's more of a trend. The backlog is more of a trend than a statement in any given quarter.

So, as I said to Jacob before, I believe that the proposal activity is still very good in many parts of the world. We have seen it in the UK, as I said before, quite active. Same in Canada, frankly. Of course, Western Canada is a bit more difficult, but the province of Quebec is our fastest-growing region right now in the country. And then you have the US that is quite active. So, I'm not prepared to say that the slight reduction in booking in Q3 should raise concern.

If this was the case for three, four quarters in a row, of course, you look at the trends over a year and you then need to, obviously, draw some conclusions, but not on a quarter. A lot of it is oftentimes some timing. Next quarter we could win a major assignment and this would change the discussion that we're having right now. So that's why

I wouldn't want us to jump to the gun just with one quarter. We're still growing and that's positive and that's what we need to remember.

Yuri Lynk, Canaccord Genuity

Okay. Just shifting gears to Paul's departure, why wouldn't you refill the COO role? I mean it's worked really well for the last number of years. I think investors are comfortable with that setup. So, I mean what would be the reasons for not refilling that?

Alexandre L'Heureux, President & Chief Executive Officer

Well, because I truly understand and I'm sympathetic to, obviously, how our investors are feeling, and I totally realize that, given the success that the firm has had in recent years, that you would expect not to change anything. But this is certainly not one of our principles. We like to challenge the status quo. And what was working six, seven years ago, Yuri, is not necessarily a good predictor of what will work in the future. And I'm a big believer in that.

We constantly need to rethink the way you operate the business and constantly rethink how you think you can be more effective to win work and deliver projects. And when you get to 50,000, 60,000 people and on one week you need to be in Santiago, Chile and the next you need to be in New Zealand and the week after you need to be in Stockholm or Helsinki, from a distance you may not think that this is not a stretch, but internally I can tell you that it could be. And my position on this is we have an incredible bench strength in the business. You all have met some of our leaders in the past, Mark Naysmith, Magnus Meyer in Sweden or in the UK, and I wish I would have been in a position to introduce to you all this year our new leader in the US, for instance, or in Canada or in Asia, Ivy Kong. But I have not been in a position to do that and I hope through an investor day next year I will be able to do that. But you'd come to realize the bench strength that we have.

And you also need to provide oxygen to our people to grow as a business and I believe that I am extremely well supported by those leaders and rather than putting a layer between myself and those leaders, I'd like and I prefer to give them added responsibility and empowerment. And frankly, that's what made a successful and agile organization. We don't have a big pyramid. We have a very flat business. I speak to our leaders almost on a daily basis, so it's been working extremely well and I believe that's the right way to go going forward. So we're not making changes to the principles of our operating model and empowered model. All I am saying is I want to provide additional responsibilities to people that I believe can take. That's it.

Yuri Lynk, Canaccord Genuity

Okay. Okay, I'll turn it over. Thanks.

Operator

And your next question comes from the line of Mona Nazir with Laurentian Bank. Please go ahead.

Mona Nazir, Laurentian Bank Securities

Good morning and thank you for taking my questions. So, my first question just has to do with margin expansion, which was part of your strategic plan and your explicit targets. I'm just wondering, irrespective of COVID, you've managed to increase margins, at least in this quarter, 60 basis points year over year, despite expectations for kind of similar contraction. Is that a trend that we can expect to continue or do you think it has something to do with the current mode of reining in spending, office lockdowns, no travel, reduced compensation?

Alexandre L'Heureux, President & Chief Executive Officer

I think it's all of the above. Obviously, we've had some one-off that allowed us to increase or expand our margins.

Having said all that, I think I've said in my address that we're not prepared to amend or change our strategic ambitions, meaning that we have the ambitions to expand our margin profile next year as well. And that's our goal, with or without the COVID situation, and that's the goal of the business. And if you all recall, in Q2 and actually at the end of Q1, you know, we were a bit more specific in the ambitions that we were setting for the business. We said, first and foremost, we need to defend and preserve this balance sheet and actually, if we have an opportunity, we need to make it stronger.

Second one is we need to continue to expand our margins and we need to demonstrate to the investor base that we have a very agile and very flexible business structure. And for years I've been saying that our fixed-cost structure was very low and I said to our people and our professionals that this was a real opportunity to demonstrate that to our investment community. And that's clearly what we wanted to achieve for this year, but it's certainly a goal for next year as well. So those ambitions won't change going into 2021, Mona.

Mona Nazir, Laurentian Bank Securities

Perfect. No, that's very helpful. And just secondly for me, I mean there's no surprise that there's significant interest in your M&A plans with 0.3 turns of leverage. I'm just wondering if you could provide some clarifications around your just M&A comments a few minutes ago. I do understand that there are not a lot of transactions in the space and there's still a high level of uncertainty. Just going back to last quarter, you stated that there were four M&A criteria that you look at, but it was the final point, which was integration, where there was some uncertainty. Is it still that uncertainty that you're referring to or perhaps other areas?

Alexandre L'Heureux, President & Chief Executive Officer

No, I think the first comment, on the last criteria, I'd say that things are improving. Right? Yes, we have a second wave, but it's a wave that, in my mind, certainly companies and firms are more prepared to deal with. So we are clearly more comfortable with our current setup. We are clearly more comfortable with the alternative ways of engaging with clients, engaging with the professionals and the technology that we're using, and so is the same for targets. So I think things are improving on the last criteria, clearly.

But also, clearly, you need to make sure that you find a place where the sellers' expectations and buyers' expectations will meet, meet at a cross point. And obviously that takes a bit, you know, for the expectations to meet at the inflection point essentially, all you need is time. And we've seen it in 2008 on the back of the crisis. Sellers' expectations have to go down a little bit and buyer's expectations, buyers have to be a bit more confident in the future of the economy. So that is only taking a bit of time, but I am confident that we'll see an increased pickup in the not-so-distant future, assuming that things are going the way things have been going for the last two, three months essentially.

But on our end, Mona, we want to be ready. I have always been quite transparent with all of you that our goal is to have a strong balance sheet, because when you have a strong balance sheet, you are in a position to be opportunistic. And I like to say to our people that, you know, you can only be in a position to improvise when you're prepared. But when you're unprepared, you can't improvise. And I feel now, working on our operating plan for 2021 and delivering a good Q3, hopefully delivering a good Q4, having a strong balance sheet, seeing an upward trajectory on our margin profile, I think all of this points to good outcomes. So of course it's increasing our confidence as a company to perhaps, at some point in time, be more opportunistic and do something that is in line with our strategic ambitions

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Mona Nazir, Laurentian Bank Securities

Perfect. That's very helpful. Thank you.

Operator

And your next question comes from the line of Sabahat Khan with RBC Capital Markets. Please go ahead.

Sabahat Khan, RBC Capital Markets

Thanks and good morning. You provided some colour earlier on how you think about the cost reductions that you've undertook. When you think about, maybe a bit longer term about some of the sectors that have become a little bit softer, like property, maybe aviation, have you made any, perhaps, permanent changes, like headcount reduction maybe planned for the next few years? Or how are you thinking about headcount and more of those meaningful cost changes that restructure the business a little bit?

Alexandre L'Heureux, President & Chief Executive Officer

Well, look, it's a very valid question. You will have seen in our MD&A that our headcount has been reduced over the course of the last quarter, so we continue to have and work to have a business that is fit for purpose. And also, clearly it is our goal to be in a position to do more with less. That's a given. You always want to improve the efficiency of the company and that's what we're trying to do.

Right now do we have a big plan to make significant cost reduction in our people at this point in time? The answer is no. We don't have that kind of plan. We feel that we've put all of the measures, or a number of good measures in place that were temporary in Q2 and now are permanent, to be ready to face 2021 and that's what we're busy doing at this point in time. And we'll continue to do that in Q4 to make sure that when we get into 2021 we have a business that is fit for purpose.

Sabahat Khan, RBC Capital Markets

Okay. And then you provided a little bit of colour on the continued improvement you are seeing in the UK market. Can you maybe provide some colour on some of the things that you're seeing maybe on specific projects that slowed down or maybe in the pipeline that are driving some of the sequential improvement in that market?

Alexandre L'Heureux, President & Chief Executive Officer

No. Look, in planning and advisory, for most of 2020 it's been relatively quiet or a bit more difficult. But talking with our leaders since the beginning of Q3, we have seen an increased level of activity and that, that's positive, obviously. So of course, some of you may be concerned when you heard me talking about the slowdown in property and building and I want to just make sure you understand this. I mentioned commercial property and building. Of course, there's been a bit of a slowdown. But if you look at our mission-critical work, our health care work and health care sector, I mean it's been extremely resilient and actually we've done extremely well.

So, it's not true that the entire property and building sector is not doing well. To the contrary. You need to continue to diversify this end market and continue to be smart about where you win work. But this year property and building is flat for us, but we'll continue to grow it, and there are some areas of that sector that is growing very quickly and we'll continue to address that. And that's what the team in the UK and elsewhere is trying to do right now.

Sabahat Khan, RBC Capital Markets

Okay. And then just last one for me, just more of a higher-level question. You alluded to your views on M&A at this point, but as we think about maybe even 2021 or maybe even 2022, do you see a change in mix of where your top line comes from in terms of organic and M&A mix? When you provided your 2021 guidance that was directional indication of how you're thinking about organic versus M&A, but does the current environment change that view for the next year or couple of years?

Alexandre L'Heureux, President & Chief Executive Officer

We're obviously right in the middle developing that operating plan for 2021. I think what I would say to you this morning is the basis of our operating plan in 2021 is where we started when we develop and are developing this 2021 plan is essentially our strategic plan that we unveiled at the beginning of 2018. We haven't changed our mind. We believe that the fundamental principles of the strategy are very relevant and we're going to continue to execute on that plan and I don't expect a shift from what we said we would do going into 2021. We'll continue to execute as we stated.

Sabahat Khan, RBC Capital Markets

Great. Thank you.

Operator

And your next question comes from the line of Benoit Poirier with Desjardins. Please go ahead.

Benoit Poirier, Desjardins Securities

Good morning, Alex, and congrats for the results, especially in the current context. Alex, with respect to the pandemic, obviously you mentioned some slowdown with property and building, especially on the commercial. Although where do you see the greatest opportunities going forward? You mentioned health care work was extremely resilient, but I would be curious to know a little bit more detail about where you see the greatest opportunities and maybe the regions that are poised to better perform through the pandemic.

Alexandre L'Heureux, President & Chief Executive Officer

Starting with your last question, I think I mentioned, and we've been quite consistent on that, in Q2 and also today in Q3, we said that our soft spots so far during COVID were certainly the UK and Canada, for completely different reasons. But then you look at the rest of the world, look at, for instance, New Zealand has been doing extremely well. Asia, our Asian business is doing good right now and doing well. The Nordic countries have been extremely resilient throughout this pandemic. Our US business is also doing very well. The proposal and level of activity is good. We have a renewed team there and it's very dynamic. So I feel good about our US business as well. So there's not just, you know, I see the glass half full at this point in time, not half empty. And then I'm going into 2021 wanting to get there not on the back foot, but on the front foot, and that's why we're developing our plan right now with this in mind and with our strategy in mind, making sure that we continue to execute on what we said we would do.

And then on your first question, I mentioned it, I'll mention again, if you take our US business, for that matter, over the last three, four years, we significantly diversified our property and building platform from being only or probably 80% of our top line in property and building being essentially high-rise, commercial high-rise in New York City, and a bit on the West Coast, to being now a very diversified business in the health care centre, working with the top architects in the world, working with private clients, but also doing some mission-critical work around data centres, which is promising for years to come, with the resulting effect and impact that now our commercial high-rise represents not any more the majority of our work in the US. It's actually lower than, if I'm not mistaken, and don't quote me on this and I could get back to you, but less than 40% of our work. It's like now maybe 30% of our work. But five, six, seven years ago it was north of 80%.

So what we've done in property and building in the US, for instance, it's essentially a replica of what we've done in the UK over the last decade. If you look back in 2012, 2013, 2014, when we acquired WSP, our UK business was mostly a private sector building business. And today, 70% of our top line is public sector transportation work. And so, in the background, we continue to diversify our platform to be more resilient, both geographically but also from an end-market point of view, to create like strength, if you want, in our service offering, but also be in a position to sustain economic shocks like we're seeing right now.

Benoit Poirier, Desjardins Securities

Alex, that's great colour. And when we look at 2021, obviously the infrastructure push across North America puts you on a solid foothold. What are the key elements you monitor for assessing your outlook in 2021 and is there a risk about the timing of the infrastructure spending about when it will kick off?

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, timing is always a risk. You always want it for yesterday. And I wish it was happening much quicker. But some governments have been more proactive than others and we're seeing it in certain regions. In the province where we're both sitting today, I think the government has been quite proactive and we are seeing a high level of activity, so this is really positive. We are seeing it in many other parts of the world. And I am confident that, when things calm down a little bit and things settle, that we will see an increased pickup in infrastructure spending, and this should bode well for this industry.

Benoit Poirier, Desjardins Securities

Perfect. Okay. Thank you very much for the time.

Operator

And your next question comes from the line of Frederic Bastien with Raymond James. Please go ahead.

Frederic Bastien, Raymond James

Bonjour, Alex, Alain. Good morning to you guys.

Alexandre L'Heureux, President & Chief Executive Officer

Hello. Bonjour. Salut.

Frederic Bastien, Raymond James

A few years back you, Alex, a few years back you started a CEO fund that was focused on important initiatives that your regions couldn't take on their own but that could make a big difference to your growth. And I think Alain started tackling some of those initiatives before his appointment as CFO. Is this fund or initiative something that you'd like to push further in the months or years to come?

Alexandre L'Heureux, President & Chief Executive Officer

Yes, absolutely. And for those of you who are not familiar with that, I mean it's simply a discretionary amount, a pool of capital that we keep at group really to, again, in the same way we may have at times been opportunistic on the M&A front, you know, when we see some good opportunity in the marketplace, so we want to save some capital to be opportunistic in the marketplace and really be in a position to react quickly and also to globalize those initiatives.

Oftentimes, if you leave all of the capital in the regions, what happens is they tend to develop the service offering perhaps in a region and in order to globalize that service offering you need to go an additional step, you need to take an additional step to get to globalizing this service.

So, by having this small pool of capital, and I'm not talking about an enormous amount of capital, let's all be real here, but by having a small pool of capital we are able to be a bit more agile and dedicate some capital where we see fit.

An example of that would be, for instance, let's say, a strategic hire in the advisory space. Somebody, like we hired not so long ago a very strong resource in climate change out of Toronto. We could use this pool of capital that is not in the budget of the regions to make that strategic hire and be in a position to act swiftly, but really to drive the business further. So that's the use of that fund. Again, it's a very, very small portion of our total budget, but it's been useful in the past and we expect to continue to do that in the future, yes.

Frederic Bastien, Raymond James

Good. Are there any specific initiatives that you think could be facilitated by this fund?

Alexandre L'Heureux, President & Chief Executive Officer

Well, I'll give you an example. When we unveiled our strategic plan, we said that we wanted to put our advisory work at the forefront of everything that we would want to do in this cycle. We wanted to continue to capitalize on our engineering capabilities, but we wanted to expand our horizon in advisory and mostly in environment. And essentially that's what we've done and we have dedicated some of this capital towards advisory. And again, that's where I could see us doing more of that in the years to come, yes.

Frederic Bastien, Raymond James

Okay. Thanks, Alex. That's all I have. Thank you.

Operator

And your next question comes from the line of Dimitry with Veritas. Please go ahead.

Dimitry Khmelnitsky, Veritas Investment Research

Hi and thanks a lot for taking my call. Can you hear me well, by the way?

Alexandre L'Heureux, President & Chief Executive Officer

Very well, Dimitry. How are you?

Dimitry Khmelnitsky, Veritas Investment Research

Good, thank you. I hope everyone is staying safe and healthy. Again, thanks for taking the call. So, let me return quickly to the restructuring charges. Do you expect any meaningful or material restructuring charges in 2021 or past 2020?

Alexandre L'Heureux, President & Chief Executive Officer

Look, we've disclosed our outlook for the remainder of this year and we expect it to be at or lower than what we have projected. We're not in a position at this point in time to provide an outlook for restructuring charges going into 2021. All I can tell you is we still have, on the back of the Louis Berger acquisition, we had disclosed back then the amount of restructuring charge that would be needed to restructure Louis Berger and we said that we would do that in a number of years. We have not reached not even close to the amount that we said was needed back then. So, you could and we could, collectively, expect maybe a small amount again related to that on real estate and things like that, but time will tell. And when the time is right and when we come to disclosing Q4, we will be providing you with our outlook for 2021, and at that point in time we can revisit the discussion or the question.

Dimitry Khmelnitsky, Veritas Investment Research

Yeah, I appreciate it. I'm just trying to gauge what's the potential impact of COVID on further severances, etcetera.

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, this is—I truly understand and I can feel for you. I'd love to provide you with more information on this, but neither you or I or the world essentially has a very good view of what COVID will look like in 2021. Look, I believe that we've done and we continue in Q4 to do the work that we said we would be doing to set the business and to have a business fit for purpose going into January and be ready for 2021. So, the cost restructuring that we disclosed when we reinstated our outlook are still valid and are in line with what we said we would do. But 2021, I believe it's a bit difficult just yet to tell you whether there will be some additional restructuring charge related to COVID. I think it's way too premature. I hope not, frankly. I hope that we won't have any. That's the goal. But it's to be seen, to be seen in due course.

Dimitry Khmelnitsky, Veritas Investment Research

I appreciate it. Can you walk us through some trends that you are seeing in your key segments? So transportation and infrastructure? You already talked about property and buildings and you did mention the decline in reliance on commercial high-rises for revenues and the increased impact of the health care sub-segment within property and buildings. Maybe anything else that you're seeing within the property and buildings, any other revenue lines that are worth discussing? And then environment, resources, and industry.

Alexandre L'Heureux, President & Chief Executive Officer

I'd say, you know, I think property and building, I gave you a good overview, so I think I'll leave it at that for the time being. Another point I could mention is probably our environmental sector. And thankfully what we had set for our strategy in the next two, three years has been our fastest-growing segment and has been this year and last year. So we're extremely pleased about that. We've seen this growing at, including M&A, at double digits, so we're quite pleased about our performance. And organically also we have grown this year, despite COVID. So those that were quite concerned about the decarbonization agenda, the climate change agenda, the ESG agenda, you know, should revisit their views around this. I think that, if any, COVID-19 has only probably increased the level of focus around this and we're going to continue to do that.

And transportation and our public sector has been quite, has been very, very stable at this point in time. We haven't seen globally any major project cancellations. We have seen very few. Yes, there are some delays. I'm not going to stand here and tell you that we haven't seen some delays and we have not seen a slower conversion of our backlog into revenue. And that's why, perhaps, you've seen organic growth in the backlog and perhaps a bit of negative growth in our top line. Clearly, there's been a bit of delay in the conversion of the backlog. And that's to be expected in a crisis, right? But I'm confident that, when we are past all of this, that we will be able to resume our level of activity like we used to and be in a good position to face the market.

Dimitry Khmelnitsky, Veritas Investment Research

And anything about resources, power and energy and industry, that you are seeing?

Alexandre L'Heureux, President & Chief Executive Officer

Resources has been, especially on process engineering, facility engineering, not so much on the environmental side of oil and gas, not at all, because our level of activity on that front has been quite, we've been quite active. We continue to assist our clients in the decarbonization agenda and their remediation of those sites and transforming those sites and green zones especially. So, we haven't seen a slowdown in that. But certainly around process engineering, facility engineering, our clients have found it quite difficult and there's been a lot of pricing pressure. So that's why you've seen our Western Canadian operation suffering a little bit. And we hope that, you know, a year from now, this will be part of the past. But if any, I think we feel that the business is in a good position at this point in time

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Dimitry Khmelnitsky, Veritas Investment Research

All right, thank you. Much appreciated.

Operator

And there are no further questions at this time. I will turn the call back over to the presenters for closing remarks.

Alexandre L'Heureux, President & Chief Executive Officer

Well, I would like to thank you all for attending our call this morning. We look forward to updating you on our Q4 results, I can't believe I'm going to say this, but after the holidays. And at that point in time we'll be in a position to provide you with an outlook for 2021 results and expectations. So again, thank you all, and have a good day.

Operator

This concludes today's conference call. You may now disconnect.
