CORPORATE PARTICIPANTS

Quentin Weber
Advisor, Investor Relations

Alexandre L'Heureux
President & Chief Executive Officer

Alain Michaud
Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Jacob Bout
CIBC World Markets

Jean-François Lavoie
Desjardins Capital Markets

Chris Murray
ATB Capital Markets

Michael Tupholme
TD Securities

Devin Dodge
BMO Capital Markets

Frederic Bastien
Raymond James

Dimitry Khmelnitsky
Veritas

Sabahat Khan
RBC Capital Markets

PRESENTATION

Operator

Bonjour, mesdames et messieurs. Good morning, ladies and gentlemen. Bienvenue à la conférence téléphonique sur les résultats financiers du premier trimestre de 2021 de WSP. Welcome to WSP's 2021 first results conference call.

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

Quentin Weber, Advisor, Investor Relations

Good morning. We hope that you're all safe and doing well. Thank you for taking the time to join the call, during which we will be discussing our 2021 Q1 performance followed by a Q&A session. With us today are Alexandre L'Heureux, our President and CEO, and Alain Michaud, our CFO. 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. Unless legislation requires us to do so, we do not take any responsibility to update or revise forward-looking information, even if new information becomes available. 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 of the first quarter of 2021, which can be found on SEDAR and 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 our operations 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 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.

I'm very pleased with our performance in the first quarter of 2021 and, before going any further, I would like to highlight the following three points:

First, net revenues for the quarter were aligned to expectations. For comparison purposes, if we exclude the impact of two less billable days in the quarter than the corresponding period in 2020, organic contraction would have stood at 2.2%. With our healthy backlog and strong project pipeline, we anticipate a return to organic growth for Q2.

Second, even though we started the year with a reduced headcount, we managed to keep our productivity levels high, allowing us to deliver an improved margin profile.

And third, the quarter delivered a very robust cash flow profile exceeding our expectations. This can only be characterized as a solid start of the year, which is attributable to the actions taken in 2020 so WSP could come out of this pandemic in an equally strong, if not, stronger position. I would like now to turn to how we exemplify this resilience as an organization since the onset of 2021.

Although some of our offices have started to reopen in accordance with government directives and regional guidelines on capacity, most of our workforce continues to work remotely. We continue to monitor the situation closely across each region and most recently with specific attention to operation in India, which is currently battling a difficult second wave. With the fluidity of the COVID-19 environment, we do expect to see an increase in office utilization by the end of summer for the regions where vaccinations have been widely administered.

Separately, just a little over a month ago, we took a major step towards the realization of our 2019-2021 strategic ambitions, including the significant diversification of our platform with the closing of the Golder acquisition. This transaction has allowed us to add another transformative milestone to our history as a global workforce of 54,000 employees and have embarked on our collective journey as the leading global environmental consulting firm in the industry, led by a contingent of 14,000 environmental experts dedicated to advance the world's green transition.

Since the announcement back in December, we have been eager to start collaborating in order to win work. WSP and Golder's leadership teams have been working together since the beginning of the year to build the foundation necessary to ensure that, once we close the transaction, we would be in a position to unlock the full potential of our increased scale and broader, deeper range of solutions to tackle key environmental and ESG challenges around the world. We are already seeing the benefit of our combined forces.

Today, I am pleased to report that we currently have over 150 opportunities, which we are pursuing together, in addition to 22 project awards in seven countries from recently initiated collaborations. As can be expected this early on, most of these collaborations have occurred across our Earth & Environment teams. As we progress through integration, we expect revenue synergies in our Transportation & Infrastructure and Property & Buildings end markets to grow as a new large project kickoff.

Golder has also seen a good start to the year in Q1, delivering as expected. We are cautiously optimistic that Golder will deliver better results in 2021 than what was initially communicated. This positive start reaffirms our expectation that the addition of Golder will contribute to both strategic growth and value creation for many years to come. As the leading global environmental consulting firm, now more than ever before, our experts are ideally positioned to advise our clients on their own transition to a low-carbon economy.

As for our own operations, on April 20th we announced ambitious climate action through a commitment to achieve net zero emissions across WSP's value chain by 2040. To support this achievement, we set science-based greenhouse gas emissions reduction targets approved by the Science Based Targets initiative, the SBTi. These commitments supersede our previous targets, increasing the level of our ambitions and further aligning WSP with the most ambitious aim of the Paris Agreement, which is to limit global temperature rise to 1.5 degrees Celsius.

Through our net zero commitment, we also joined the Race to Zero, which brings together a coalition of leading net zero initiatives with an objective to build momentum around the shift to a decarbonised economy ahead of the 26th UN Climate Change Conference of the Parties taking place this November. We are pleased to join an organization across the world and leading the way on urgently tackling climate change with our future-ready approach at the centre of this support. Not only our experts well equipped to understand and adapt to the world's changing needs by advising on and delivering sustainable and resilient solutions, but our operational excellence create, now more than ever, momentum around the decarbonisation of the built environment.

To close the loop on M&A activity since the announcement of Golder in December, we completed three other strategic acquisitions, adding 500 people to our US operations. kW Mission Critical Engineering, tk1sc, and EarthCon have brought new client relationships, market-leading positions, and an increased geographic footprint in the United States.

More specifically, kW Mission Critical Engineering, with its 175 employees, expands our building sector capabilities in the high growth datacentre, healthcare, and science and technology markets in the United States, while also significantly increasing our presence on the West Coast. tk1sc, a leading 240 employee mechanical, electrical, and plumbing engineering firm based in Irvine, California, also reinforced our US Property & Buildings business in the healthcare, science, and technology markets. We have been committed to growing these complex markets for several years, resulting in our position as the largest engineering firm in the States serving healthcare clients and the second largest in laboratory facilities. Adding tk1sc solidifies our leadership in both these markets, while adding kW Mission Critical will place us in the top-five engineering firms serving datacentre clients.

Lastly, Earth Consulting Group, referred to as EarthCon, strengthen our capabilities in strategic environmental engineering and consulting services whilst further expanding our geographic presence in southeastern United States. Our clients will now have access to EarthCon's proprietary Groundwater Plume Analytics tools, which process simple or complex numerical datasets, helping government agencies and industrial clients to better understand groundwater plume behaviour.

We also recently announced the acquisition of b+p, based in Zurich, Switzerland with additional offices across the country. This 100 employee engineering and consulting firm primarily offers project and construction management and cost management services to both public and private sector clients, increasing our strategic advisory services expertise and presence in Switzerland. Having partnering on numerous bids and successful projects over the years, we are confident that our complementary offering and competencies in the Property & Buildings and Industry sectors will allow our now 150 employee workforce in use in Switzerland to better serve our clients while favourably positioning WSP to access a wider client base across an expanded national footprint.

Now that we have covered the increased diversification to our platform, I would like to turn to the increased diversification of our capital structure, with the closing of our inaugural (inaudible) offering of 500 million senior unsecured notes in April. The strong investment-grade credit rating obtained through this offering is another indication of the resilience of our organization has demonstrated during this challenging landscape. Overall, we strongly believe that WSP has the most diversified platform in the industry.

I would now like to highlight a few of the major wins during Q1 starting with the reconstruction of the I-80 in Illinois, United States as part of a 16-mile corridor-wide reconstruction to provide an improved transportation system. This project will improve regional and local traffic flow, improve roadway conditions, improve bridge crossings, and ultimately improve safety for all users.

Moving to the United Kingdom, we are increasing our involvement on High-Speed 2 with the new scope award delivering Category 3 checks for the Phase 1 northern section. The scope covers 7 viaducts, 22 bridges, 2 flyovers, 14 culverts, various cutting and embankments and retaining structures, and the Bromford tunnel.

In summary, I am very pleased with our start to the year. We continued to demonstrate the resilience of our organization as we remained true to our guiding principles, while not only attaining significant milestones in WSP's history but also delivering strong results in an incredibly challenging and ever changing environment.

Alain will now review our financial results in more detail. Alain, over to you.

Alain Michaud, Chief Financial Officer

Thanks, Alex, and good morning, everyone. I'm pleased to report on our results for the quarter.

We're off to a good start for 2021 with strong fundamentals on our key metrics across the organization. Starting with our top line, for the first quarter we're reporting revenues and net revenues of $2.1 billion and $1.7 billion. These results are in line with our expectations considering our reduced workforce versus last year. In addition, the impact of having two less billable days in the first quarter of 2021 versus the first quarter of 2020 explains approximately half of the organic contraction of 4.5% that we've experienced in Q1. Adjusted for the number of billable days to bring everything on a like-to-like basis and considering acquisition growth, net revenues were essentially flat compared to Q1 2020, which was, for the most part, a non-COVID quarter.

Moving to profitability, adjusted EBITDA for the quarter was $241 million, up 10.3% compared to $218 million in 2020. Adjusted EBITDA margin for Q1 2021 increased to

14.4% compared to 12.6% in 2020. The significant improvement in EBITDA margin is mainly attributable to improved productivity across the regions resulting from better utilization. During the first quarter of 2021, WSP received government subsidies totalling $8.1 million, which were offset by additional employee compensation, thereby bearing no impact on adjusted EBITDA.

Our adjusted net earnings for Q1 2021 were $94 million or $0.83 per share, up $31 million compared to Q1 2020. The increase in these metrics is mainly attributable to higher adjusted EBITDA and lower interest expense. I'd like to bring to your attention the amendment made to our definition of adjusted net earnings effective January 1, 2021, which now also excludes amortization of intangible assets related to acquisition. This is especially relevant given the impact of the Golder transaction. Under the previous definition, adjusted net earnings for Q1 2021 would have been $84 million, or $0.74 per share, which is above current market consensus of $0.59 per share.

Moving on to our cash position, cash inflows from operating activities for Q1 2021 amounted to $163 million compared to $3 million in 2020. On a free cash flow basis, we generated $85 million in Q1 2020 compared to negative free cash flow of $90 million in 2020. The significant improvement is explained by our team's sustained focus on cash management. For the trailing 12 months ended March 2021, free cash flow amounted to $911 million representing 2.6 times our net earnings. Days sales outstanding, or DSO, at the end of March 2021 stood at a very good level of 68 days compared to 77 days at the end of March 2020. As of the end of Q1, our balance sheet remains strong with a net debt position of $182 million and then net debt-to-adjusted EBITDA ratio of 0.2. Of interest, following the closing of the Golder acquisition early April, net debt-to-adjusted EBITDA ratio is approximately 1.2.

To build on Alex's commentary, we're very proud of our successful inaugural seven-year bond issuance of $500 million, which has received solid demand from investors. The strong investment-grade rating issued concurrently with the offering is further indication of the strength of our resilient and diversified platform. The objective of this offering was to diversify our debt structure, extend our average maturity, and benefit from attractive interest rates.

During the quarter we also declared a dividend of $0.375 per share for shareholders on record as of March 31, 2021, which was paid on April 15, 2021. With a 49.1% DRIP participation, the net cash outlay was $21.7 million.

As we now look ahead, we anticipate a gradual return into growth territory, and expect to report low-single-digit organic growth for Q2. Overall, our backlog is healthy and our pipeline continues to show strong momentum, which gives us confidence in our growth objectives for the rest of the year. That being said, while we have been seeing the positive trends across our region, we remain vigilant on the uncertainty brought forward by the fluidity of this pandemic landscape.

Lastly, for modelling purposes, we anticipate the quarterly amortization of intangible assets related to acquisition to be in the $20 million to $25 million range. Additionally, as we closed the private placement related to the Golder acquisition, we issued an aggregate of approximately 3.3 million additional common shares on April 7, which will affect per-share metrics calculation and bringing our total common shares outstanding to approximately 117.3 million.

This concludes my remarks. On that, back to you, Alex.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Alain.

Starting the year with a 5.8% reduction in headcount and two less billable days, we were nonetheless able to keep our productivity level high, allowing us to deliver strong margin. Lastly, given our performance to date, our strong balance sheet, the positive momentum in our key markets with high levels of proposal activity, a strong project pipeline, in addition to increased infrastructure spend around the globe supported by substantial monetary and fiscal policy stimulus, we are cautiously optimistic that we will return to growth in Q2 and are therefore reiterating our outlook. Overall, we believe this positions us favourably to achieve our 2019-2021 strategic ambitions, notwithstanding these unprecedented times.

I would now like to open the line for questions.

QUESTION AND ANSWER SESSION

Operator

If you would like to ask a question, please press star followed by the number one on your telephone keypad. Si vous désirez poser une question, appuyer sur la touche étoile suivit du numéro un sur votre téléphone. Please stand by while we compile the Q&A roster.

Your first question comes from the line of Jacob Bout of CIBC. Please go ahead, your line is open.

Jacob Bout, CIBC World Markets

Hi. Good morning.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Jacob.

Jacob Bout, CIBC World Markets

The rapid rise in material costs that we've seen, is this impacting your client behaviour? And are you seeing any clients looking to push out or modify timing of projects?

Alexandre L'Heureux, President & Chief Executive Officer

No. I'd say that, and I think this is, when you look at our productivity levels in the first quarter, I think it's a testament that our people are quite busy at the moment and the proposal activity level is strong. We have a good, hard backlog. We see our soft backlog going up. So I think, all in all, I don't see any trends to push later in the year the work, essentially.

Jacob Bout, CIBC World Markets

And then how about labour cost inflation? Are you seeing any of that? And are you baking any of that into your guidance for the year?

Alexandre L'Heureux, President & Chief Executive Officer

Look, of course, I know that we haven't talked about inflation in a long, long time, and of course it's something that we're going to be monitoring in the future, but as of now, of course, I think our biggest focus right now is to recruit and recruit talent and really make sure that we get to the level of headcount that we need to get to to deliver the year and essentially translate this backlog into revenue. I think that's our primary focus. But haven't seen just yet a significant change in wages, for instance. I think it's probably early to make a statement like that.

Jacob Bout, CIBC World Markets

Okay. Last question here, just on your comments in the MD&A talking about the proposal activity high across the business. Are things ramping as you move through Q2 and ramping Q2 versus Q1, I guess?

Alexandre L'Heureux, President & Chief Executive Officer

Well, generally speaking, Jacob, as you know, our first quarter is typically, in relative terms and as a proportion to the total profit that we will be generating in any given year, the smallest quarter of the four. So, indeed, said the way you asked the question, I expect Q2 to ramp up, but we expect a return to organic growth. And typically Q3 and Q4 are our busiest quarters, so fingers crossed. It's still early in the year but looking at the trajectory, looking at our backlog, looking at our proposal activity level, I think we're feeling good about the start of the year at the moment.

Jacob Bout, CIBC World Markets

Is ramps tied to vaccination rates?

Alexandre L'Heureux, President & Chief Executive Officer

Not really. Not really, I think. Like any given year, as I stated before, of course vaccination is helpful and of course we are seeing the light at the end of the tunnel, but the ramp up is not tied to that. I think we've seen a good level of proposal activity throughout the second part of last year and early in Q1, so we're feeling good about that.

Jacob Bout, CIBC World Markets

Okay. Thank you very much.

Operator

Your next question comes from Jean-François Lavoie of Desjardins Capital Markets. Please go ahead, your line is open.

Jean-François Lavoie, Desjardins Capital Markets

Yes, good morning and congrats for the strong Q1 results.

Alexandre L'Heureux, President & Chief Executive Officer

Merci, Jean-François.

Jean-François Lavoie, Desjardins Capital Markets

Thank you. So I appreciate the colour you provided about the cross-selling opportunities between your legacy business and Golder, but I was just wondering, I know it's still early in the integration process, but I was just wondering if you could talk or quantify the potential revenue synergies that could be extracted from this transformative acquisition.

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, I mean, Jean-François, this is a very hard one to answer. It's quite hard to predict the synergistic benefits of a deal. And moreover, you need to combine that with the supply/demand dynamics in the marketplace. You need to also look at the client base and try to determine the growth that this client base will want to give you. So I think it's almost impossible to quantify the revenue synergies.

Having said all that, in the coming quarters I will try to provide you with some colour and anecdotal evidence that this deal is a great deal for the company, a bit like we've done in any of our previous deals in the past. I think to provide you with a bit of colour, and give you a few examples on our wins, together I think will give you perhaps a flavour for what this deal means for WSP.

But without a doubt, you know, we're currently right now pursuing 150 opportunities together and we're feeling good already that the team, and its early days obviously, we chose in March, it's early days but I feel that both teams are quite positive around the prospect of winning together.

Jean-François Lavoie, Desjardins Capital Markets

Thank you very much for these tidbits, very helpful. And then shifting to M&A, you continue to be very active with tuck-ins acquisition, especially in the US, o I was just wondering if you see further opportunities in the country ahead of the potential US infrastructure bill that might be coming up later this year.

Alexandre L'Heureux, President & Chief Executive Officer

Again, it's hard to time acquisitions. I think I've said it on a number of occasions in the past. It's very hard. But we remained very active since the announcement of Golder and we'll continue to be in the right circumstances. Of course, I'd like to do more, this is part of our DNA, and I see some opportunities to do more, so we'll see how things will pan out. But certainly looking at the strength of our balance sheet at the start of the year, if there are some opportunities for us to do more tuck-ins, we will for sure.

Jean-François Lavoie, Desjardins Capital Markets

Thank you very much. Congrats again.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you.

Operator

Your next question comes from Sabahat Khan of RBC Capital Markets. Please go ahead, your line is open.

Sabahat Khan of RBC Capital Markets, your line is open.

Your next question comes from Chris Murray of ATB Capital Markets. Your line is open.

Chris Murray, ATB Capital Markets

Thanks, folks. Good morning. I was wondering if you could touch a little bit on what you're seeing in the buildings market. I know, as we went through last year, there was a lot of disruption and thoughts around what proponents might be wanting to do, and I'm just wondering if you've seen maybe a change in tone as we're maybe getting closer to the end of the pandemic.

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, well, I've been quite vocal about this last year, Chris, that there was a general, I felt people were concluding a bit too quickly on the state and the health of the property and building markets. I feel that people were putting property and building markets and actually any subsector and all of the subsector in one basket. Of course, aviation has been more challenging. Of course, commercial real estate has been more challenging and we have seen a hiatus on this over the course of the last 12 months. But then, you look at our mission critical work, i.e., datacentre and the acquisition that we completed, you look at the healthcare sector, actually these are booming and we are doing extremely well. We see a lot of growth in those markets.

So it's certainly a very important market to us and we will continue to strive and continue to grow this market. I see tremendous opportunities in the market. And I think I also see tremendous opportunity in the commercial real estate sector as well for us to rethink and reinvent the way of working in the future and perhaps to rethink and perhaps the use of some of the commercial real estate buildings are essentially, you know, if we were to see people moving more towards an environment where they work remotely, those buildings are not going to be a tear down. What those buildings are going to be used for is to be seen, but I can assure you that they will be re-utilized for other purposes. And that's where WSP can be of tremendous help and assist in reshaping the cities of tomorrow. And that's why I'm not as negative as some may have been in the past and, to the contrary, in the years to come I see some opportunities in that sector.

Chris Murray, ATB Capital Markets

Okay. You mentioned your strong product pipeline. Have you seen any new projects either restart or new projects come to that pipeline?

Alexandre L'Heureux, President & Chief Executive Officer

Look, I have to admit that I was quite surprised by the level of proposal activity. In the UK for instance, of course we all know that going all the way back to end of 2019 with an election, Brexit, the pandemic, I was looking at, you know, during H2 last year I saw an increased level of proposal activity and I was really wondering if this was there to last. And looking into Q1 I think it's fair to say that it's been very active. Equally in the US and even Canada.

I mean we haven't touched base on Canada today, but Canada has done very well in the quarter and our team should be commended for the good start in Canada. And again, yet again in Canada, we do see a very active proposal activity level. So, of course I'm cautious, but I think this bodes well for the future.

Chris Murray, ATB Capital Markets

Okay. That's helpful. Thank you. And then just turning maybe to the margin in the quarter, just thinking about, you know, you mentioned utilization, but I'm trying to maybe frame this in the context of, you know, is it work that's becoming faster than you can actually staff up? Or is it just maybe something coming from the way that you've may have been working with restructuring the business over the past year as we've gone through this? And then thoughts around whether or not that kind of margin performance, being driven by utilization, how far can you get on that if you really do get back to, call it, maybe mid to higher single digit organic growth levels?

Alexandre L'Heureux, President & Chief Executive Officer

Look, these are all great observations and great questions, Chris. If you look at our MD&A and do the math on our reduced workforce and the work that we did in 2020 to streamline the business and get ready for, as I said, to set the business up for future success, and you compare this to our reduced organic growth or reduction or negative organic growth, and you add to that that the two less billable days, of course there's a limit to what you can do on utilization. I think we run really a really tight ship right now.

And what I said in Q4 is I am not worried about the backlog right now. What I am focused on and where the team is focused on is really to get people to join WSP. And that's the focus. If we want to be able to deliver the backlog and deliver the growth, we need to hire people. It's a great problem to have. So, as I stated before, I'm not concerned about the work. What I want is to make sure that the team is focused on hiring and getting people in the door so that we can deliver in time and on budget. So it's a bit of a different problem, a good problem to have than perhaps what we had seen at the end of the last crisis where the work was, you know, the backlog had dried up essentially.

Chris Murray, ATB Capital Markets

All right. Thank you very much for your time.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you.

Operator

Your next question comes from Michael Tupholme of TD Securities. Your line is open.

Michael Tupholme, TD Securities

Thank you. Good morning.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Michael.

Michael Tupholme, TD Securities

Alex, in your prepared remarks I think I heard you mentioned that you expect Golder's contribution to WSPs 2021 results to be better than originally expected. I'm wondering if you can provide some additional details on that comment, including which areas are coming in stronger than originally expected.

Alexandre L'Heureux, President & Chief Executive Officer

Well, we started our discussion late in the summer last year, so of course we were in the middle, right in the middle of the pandemic, Michael, and of course when we agreed the price and negotiated a price, I was also taking into consideration the forecast for the remainder of the year and not knowing when the end of the pandemic would come from, when the pandemic with and essentially. So, of course, when you compare our due diligence forecast at the time and at the time of the announcement to where we are today, I think it's fair to say that I feel we are in a better environment. And also I had not planned for a Biden election when we did this deal, I think we were hoping for that, but nobody was planning for this.

So I look at the way the world is shaping up right now around this end market, earth and environment sciences, I'd say that we have very good momentum right now. And, if we do this right, I think that the expertise that we have at WSP combined with Golder I think will create amazing synergistic benefits. And I think this year is not any different than what I expect in the future. I'm confident that we may be doing a bit better or better than what we had planned for early on when we announced this deal.

Michael Tupholme, TD Securities

Okay, that's helpful. Thanks, Alex. And just maybe one follow on to that. The better momentum that you're seeing right now, is that captured in the guidance range that you've given and reaffirmed last night and today or does that lead you to a situation where there could be upside to that range?

Alexandre L'Heureux, President & Chief Executive Officer

Well, when you provide guidance, this is more of an art than a science, at the end of the day, Michael. I think you provide a range that you believe you will hit and you provide a range that you believe is realistic. You don't want it to be too conservative. You don't want it to be overly aggressive. So I'd say that this morning I'm feeling, let's put it this way, this morning I'm feeling, with what I know today I'm feeling quite good about this outlook.

Michael Tupholme, TD Securities

Okay. That's helpful. A fair bit of discussion on the call thus far about the ramping up of headcount to execute the work program that you have in front of you. Can you talk a little bit more about how we should be thinking about that headcount growth, over what period you see that happening, in what regions, if it differs at all by regions? Just a little bit more colour on all of that would be helpful.

Alexandre L'Heureux, President & Chief Executive Officer

You're reading my mind. I mean, look, I'm getting a report every week on this. I'm very focused on making sure that the ramp up of our people is taking place and making sure that we attract the right talent and the business. As I stated previously, I'm not concerned right now about the work. We're winning more than our share of work. I think what I want is to make sure that we convert this backlog into revenue and in order to do that we're going to need more people. And that's, as I stated before, a good problem to have, but nevertheless that's something that we have to tackle.

So the hiring process is very, very active. Any country you would name right now I think is very, very active and we'll see where it's going to lead us. But the team is very much focused on this right now.

Michael Tupholme, TD Securities

Okay. And then just lastly, I know you've reaffirmed your full year 2021 guidance, but I'm just looking at the organic growth portion of that guidance, 2% to 5% for the year. Any change at all in the various regions? You'd previously provided some comments around how you expected the various segments or regions to fare in 2021, just wondering if there's been any change there or if that's all reaffirmed.

Alexandre L'Heureux, President & Chief Executive Officer

No, not at this point. It's still early days, Michael. I think it's 90 days in the year. There's a long way ahead. We'll see how we're going to do in Q2 and what we're going to be required to deliver in Q3 and Q4 to assess whether we think this is the right guidance at this point in time. But remember that we're minus 4.5 in the first quarter, so in order to get to, let's say, five, just do the math. In two, three, and four we're going to need to deliver good quarters. So that's why I'm saying it's too early to call and then we'll monitor this very closely and then we'll have another discussion in August.

Michael Tupholme, TD Securities

Okay. Thanks very much.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you.

Operator

Your next question comes from Devin Dodge of BMO Capital Markets. Your line is open.

Devin Dodge, BMO Capital Markets

Thank you. So, Alex, culture is a big focus at WSP, it's something you spend a lot of time on, so with hiring ramping up, but we're still primarily in a work from home or at least a hybrid work environment in a lot of places, can you talk about the approach you're taking to on-boarding these new hires to ensure that the culture at WSP is maintained?

Alexandre L'Heureux, President & Chief Executive Officer

Extremely good question. We're very focused on this. Of course, we didn't believe a year ago that we could do all of what we're doing now remotely, and hiring is not any different. This week I conducted interviews for the hiring of an executive at WSP and I have done it through Teams and I think we're working this out very nicely. And I know that the accountability of recruiting the right people in the business at WSP is not with HR. It lies with our operations and with our leaders. So of course we've developed tools and we know the skill set that we're looking for. But the way to maintain culture at WSP, Devin, is to make sure that our leaders are rolling up their sleeves and they know what we need and we know what a good consultant at WSP stands for and having all of our leaders helping in recruiting the right talent is, to me, the secret sauce. I think we're doing fairly well on that front.

Devin Dodge, BMO Capital Markets

Okay. That's a good colour. Thank you for that. And maybe can you comment on what you're seeing from your US state and local clients and if the reopening and stimulus measures have started to translate into more projects moving ahead?

Alexandre L'Heureux, President & Chief Executive Officer

It's tough to know for sure but, to your question, I would assume yes, of course. So, to be seen. Of course we're now seeing some of our largest hubs reopening gradually, so I think this is good news. You look in the UK, things are reopening gradually. I think in the US we see an increased level of activity. I expect Canada, two or three months from now, to be in a good position and maybe three months from now we may be in a much better position with the vaccination rate going up. You're looking at Australia doing well. Asia, essentially all of our folks in Asia are essentially back to work full time. So I think, you know, I'm seeing a lot of good positive momentum and hope that government spending will follow and be in a good position. But the long story short is I believe the underlying trends in this industry are good and they will remain solid for years to come.

Devin Dodge, BMO Capital Markets

Okay. Thanks for that. Congrats on the good quarter. I'll turn it over.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Devin.

Operator

Your next question comes from Frederic Bastien of Raymond James. Please go ahead, your line is open.

Frederic Bastien, Raymond James

Bon matin, monsieur.

Alexandre L'Heureux, President & Chief Executive Officer

Bon matin, Frederic.

Frederic Bastien, Raymond James

Guys, I hopped on the call late, so I apologize if you've touched on this already, but I was hoping to get more colour on your pipeline of M&A opportunities. Are the targets on your wish list mainly comprise of companies that you were engaged with prior to COVID or have you been able actually, in the last 12 months, to engage with new companies and move forward on those?

Alexandre L'Heureux, President & Chief Executive Officer

No. I'd say, Frederic, that we've engaged in many of the deals. Take b+p in Switzerland. That's a deal that we have been in touch on for two, three years. So this was pre-COVID.

But then you take EarthCon that we announced late last year, this was a COVID year discussion. So I'd say it's a mixture. But we are able to, a bit like the question on the hiring process and how do you preserve culture in a remote work environment, we've developed ways of engaging with third parties on the acquisition front. In a different way. I've conducted virtual tours in a number of countries during the pandemic and I've been able to engage with companies that I had never engaged with in the past and we'll continue to do that. So I'd say, Fred, that it's a mixture of pre-COVID relationships but also newly-built relationships.

Frederic Bastien, Raymond James

Okay. And are you seeing, sort of just the intensity or the level of opportunities, is it similar to what it may have been two, three years ago or are you seeing it accelerate or decelerate?

Alexandre L'Heureux, President & Chief Executive Officer

I think M&A globally is very, very active right now and I expect it to be very active for the next 24 months. I mean you see the number of specs that have been created in the last 12 months. I think they have $200 billion of capital to deploy in the next 24 months. You look at the health of the fundraising efforts in private equity firms, I think there's a lot of capital in the system, so I do expect that a very active M&A market for the next few years and increased competition. But that's always normal when you expect very strong GDP growth. So we'll see how it plays out, but definitely I do expect a lot of activity.

Frederic Bastien, Raymond James

Okay. Merci. Thanks, Alex.

Alexandre L'Heureux, President & Chief Executive Officer

Merci.

Operator

Your next question comes from Dimitry Khmelnitsky of Veritas. Your line is open.

Dimitry Khmelnitsky, Veritas

Hello. Good talking to you and thanks for taking my call. Can you please explain the disconnect between positive organic growth and backlog and negative organic revenue growth? What drives that?

Alexandre L'Heureux, President & Chief Executive Officer

Well, it's quite simple. The backlog is a good reflection of what we've been expecting in the future and the negative organic growth in the quarter is what took place in the past. So, of course, that's why the backlog is oftentimes a good trend of what we may be experiencing in the future. There's no guarantee, because you need to translate this backlog into revenue, and that's why this morning I said that hiring the right people and the right number of people is very important, but that's typically the rationale behind it. And there's phasing associated with also the backlog.

Dimitry Khmelnitsky, Veritas

Okay. And in the past you excluded amortization of intangibles. In the adjusted earnings going forward, you will be excluding that. What was the rationale? And you are probably one of the extremely few companies that include amortization of intangibles in adjusted the earnings metric, which was extremely conservative. What was the rationale for inclusion of this amortization in the past and why did you decide to stop doing that following Golder acquisition?

Alexandre L'Heureux, President & Chief Executive Officer

Well, given the sheer size of the acquisition of Golder, we thought that providing you with additional colour on the amortization of intangible will assist you in predicting and having a better comparison against companies that are not necessarily having to deal with that type of acquisition growth, I think. For you to be in a position to better compare us to our peer group, we thought that we would provide you with that additional colour. At the end of the day, it's only to assist you with formalizing a better view and that there's nothing more than that.

Dimitry Khmelnitsky, Veritas

Understood. Okay, thank you.

Operator

Your next question comes from Sabahat Khan of RBC Capital Markets. Your line is open.

Sabahat Khan, RBC Capital Markets

Great. Thanks and good morning. There's been some discussion of your hiring process going forward and I think one of your global peers recently indicated that, as some of this infrastructure spend does pass, the US design market could grow by 15% to 20%. And presumably all your peers will be out hiring as well as. I'm just thinking, you know, what are some of the strategies you're planning to implement to make sure that you get the right amount of people, as you indicated that is your biggest concern right now, you know, into the seats at the right time. So maybe some colour on kind of how you're approaching that strategy.

Alexandre L'Heureux, President & Chief Executive Officer

Look, I mean we're making tremendous effort with universities to recruit the best talent. Our brand is very important, but also, engineers want to come to work for a firm that is working the most complex and iconic projects. So taking the time to explain the expertise that we have in house and also the vision and what we intend to do in the future is something that is quite appealing to the young workforce. And more importantly, I think, taking the time to explain the working environment and the vision and the ambitions that we have for the future. I think the new working environment will be, I believe, a huge market differentiator, so that too is something that we're keeping in mind.

So, look, at the end of the day, it's just to take the time to explain who we are, how we work, and why we do it. And I think historically we've been quite successful. We have a very strong brand and in all the countries where we operate. So I'm confident that we're going to get there. But this is a big ramp-up exercise and it's something that we're working on right now.

Sabahat Khan, RBC Capital Markets

Thanks. And then you indicated that in Asia, a lot of your staff, or most of it, they have come back to the office, and I think on the last call you indicated that you'll take slow and steady approach to thinking how the work environment changes, if at all. Any learnings there? Are you noticing anything in that market that you might be able to apply to North America once it reopens? Or is it sort of things back to normal and will just continue.

Alexandre L'Heureux, President & Chief Executive Officer

No, no, I don't think it's ever going to be back to normal. I think we need to forget this. I think we need to look at this differently. I think flexibility is something that is going to have to be part of our new working environment. Having said all that, in my personal opinion, to come up with a global view, global principles and guiding principle around what's our WSP? What's our view? What's our view of the working environment of the future? You've seen banks making some announcements and said this is our view. You saw JP Morgan, you saw Goldman Sachs, and you saw the tech world applying their own visions on what they think life will look like. We are going to do the same thing for WSP.

All I am saying is I believe the answers will come naturally and, with the benefit of time, we will really get exactly what our people are looking for. And what I said is, before announcing that we're going to cut our real estate by 30%, 40% and make all sorts of announcements, I believe that, from a cultural point of view, I need to hear from our people and do what's right for the business in the longer term and what's right for the younger generation. At the end of the day, they are the leaders of the future. So just need to take the time to assess what's right for our environment, what's right for our industry, what's right for our business, and what I said in the past is we need the benefit of time to assess what will be the best course of action. We are formalizing a view as we speak and when the time is right we'll make an announcement. And I agree that it's going to have to be made sooner rather than later. So we're working on it right now.

Sabahat Khan, RBC Capital Markets

Great. And then just one last one for me, I guess. One of the things your industry has had to do, and yourselves, is identify where the puck is going in terms of end markets. Water and environment have been quite active and growing areas. Now if you look forward beyond the pandemic, which en markets are you preparing to grow and where do you see the opportunity over the next kind of three, five years?

Alexandre L'Heureux, President & Chief Executive Officer

I have an idea, I'm not going to lie, but we are working on rolling out our next strategic cycle and putting together our next strategic plan. We actually officially kicked off that process last week with our team members. So we're going to take the time to gather our thoughts around this, take the time to reflect during 2021 on where we want to take the business forward, and when the time is right and when we unveil our next plan that's when I believe I should be making this announcement.

Sabahat Khan, RBC Capital Markets

Great. Thanks.

Alexandre L'Heureux, President & Chief Executive Officer

Not that I don't want to talk about it today, but we just need a bit of time to gather our thoughts, take the time to reflect. And I don't mean to be abrupt in any way, I'm just saying that we're going to be unveiling our plan early next year and right now I think we should be focused on delivering what we have and take the time to decide where we want to grow next.

Sabahat Khan, RBC Capital Markets

That makes sense. Appreciate the colour.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you.

Operator

There are no further questions at this time. I'll turn the call back over to the presenters for closing remarks.

Alexandre L'Heureux, President & Chief Executive Officer

Well, thank you, everyone, for attending this call this morning. We look forward to updating you in Q2. Thank you for your support. And if we can answer any questions off line, please do not hesitate to reach out. Thank you very much and have a great day.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.
