

An Interview with our CEO

Following another successful fiscal year, Alexandre L'Heureux provides insights on WSP's performance, people, culture, clients and the Company's ambitious vision for the future.

Drivers of Success

What has contributed most to WSP's past and present success?

First, our success can be attributed to the technical expertise and commercial ability of our professionals, forged by their profound understanding of the local markets in which they operate. Through their relentless drive to shape the world of tomorrow, our people keep their expertise relevant by challenging the status quo. Therefore, we make great efforts to attract, develop, engage and retain the best professionals in our fields of expertise from around the world.

Second, the clarity of our strategy guides us successfully. It is critical to establish ambitions our people can comprehend, embrace and identify

with, to allow them to realize their potential and deliver on our objectives.

Third, our regionally-focused operating model promotes an agile, high-performance culture that empowers our people to be attentive to clients and succeed in our local markets. In other words, by keeping our structure and business model simple and lean, our people can manage their projects and client relationships in accordance with local realities, leading to the realization of our strategic ambitions and strong results across our geographies.

Finally, our devotion to teamwork creates centres of excellence, enabling us to seize opportunities for our clients as a result of our capacity to cross-sell our local and international expertise; this translates into improved project delivery and higher margins.



Alexandre L'Heureux
President and Chief Executive Officer

Financial Performance

What drives WSP's strong financial performance?

It all starts with a purpose. We exist to future proof our cities and environment. To fulfill this purpose, our role is to plan, design, manage and engineer our communities to thrive. Taken together, this results in providing forward-thinking advice and unparalleled expertise to help our clients succeed in a changing world. Furthermore, we pride ourselves on remaining profit-oriented. A well-run business, generating industry-leading margins, will enable increased investment in our foundational pillars — Clients, People & Culture, Operational Excellence and Expertise. We believe this will benefit all our stakeholders.

What are WSP's financial highlights from 2018?

We are pleased with our strong 2018 financial results. Highlights include net revenues of \$6 billion, an increase of 12.4% compared to 2017. In line with our expectations and 2018 outlook, consolidated organic growth in net revenues stood at 3.5%, spanning across all reportable segments. We reported an adjusted EBITDA margin of 11%, compared to 10.4% in 2017.

In terms of other metrics, we were pleased to report days sales outstanding (DSO) of 76 days, a three-day improvement compared to 2017. Driven by our continued focus on collection efforts and improved capex management, we reported full-year free cash flow generation of \$547.4 million, which represents 220.6% of net earnings attributable to shareholders.

With these results, we met or exceeded the key objectives of our 2015-2018 Global Strategic Plan, providing a strong basis for success during our 2019-2021 strategic cycle.

Growth Strategy

What are the main factors underpinning WSP's growth?

Growth has always been part of WSP's identity, whether this has been achieved organically or through acquisitions.

Our people are strong drivers of organic growth. Through global mobility and the strengthening of our global Practice Area Networks (PANs), collaboration increases our capacity to cross-sell our expertise, and improves margins and operational performance.

Our Global Project Management Academy is another example of supporting organic growth, by providing training on the practices that enhance project delivery. Initiatives promoting operational excellence also enhance our potential for organic growth; two examples are our business support systems, and the digitalization of our design services.

On the acquisitions front, we take a disciplined approach and favour acquisition opportunities according to criteria that correspond to our business needs and market conditions. Integration of new organizations is facilitated by selecting partners that have a similar business model and complementary service offering, and are aligned to our culture, Guiding Principles and overall mindset. During this past year, we were pleased to welcome Louis Berger, Irwinconsult, UnionConsult and Kontigo to WSP, adding over 5,500 employees to our workforce.

For our 2019-2021 Global Strategic Plan, we will continue to support growth strategies that are relevant to our clients, people and shareholders.

Why are acquisitions such an important part?

In comparison to other professional services industries, ours is still highly

fragmented. We pursue acquisitions to complement our expertise across geographies, sectors and services; not acquiring simply to become a larger firm, but rather to be able to offer more to our clients, as their strategic partner.

Even though the current M&A landscape is challenging due to higher deal valuations, we remain primed to act on opportunities that lie ahead to join with firms that are aligned to our strategic ambitions, for the right price.

Can WSP continue to grow in the event of a downturn?

A downturn stemming from geopolitical, economic or market factors would undoubtedly be challenging, but would not necessarily affect our ability to grow, or taper our appetite for acquisitions, as our market diversification, balance sheet and access to capital are supporting factors.

In addition, to bolster an ailing economy, governments may opt to inject stimulus funding into investments supporting sectors in which we operate; opportunities we would pursue if aligned with our strategy.

Should a downturn occur in our next strategic cycle, we will have the possibility to further differentiate our offering by seeking out acquisition prospects at more attractive prices, thereby creating long-term shareholder value. Lastly, we have two anchor investors with a long-term view on their investments in our Company.

People & Culture

In today's global world, what do you think keeps employees motivated?

Firstly, it's about leadership. Professionals aspire to work for a firm that leads with purpose, where they have the opportunity to learn from the best mentors.

Our 48,000 employees are also driven by projects of varying sizes and complexities

“Growth has always been part of WSP’s identity, whether this has been achieved organically or through our acquisitions.”

from all corners of the world. They are unified under one brand and one name, all working towards the same purpose, which is anchored by our five Guiding Principles. The result: a diverse and inclusive culture where great learning and achievement come from collaboration, empowerment, and accountability towards each other, our clients, communities, and shareholders.

Through our various initiatives aimed at new recruits to seasoned leaders (including our Early Career Professionals, Leadership Forum and Senior Leadership Academy), we constantly strive to provide a stimulating, ethical and safe work environment where our people can flourish personally and professionally, regardless of their position, background or gender.

“By the end of 2021, we aspire to set the standard of client experience in our industry, by placing our clients at the centre of everything we do.”

How do you ensure that your employees are working in a safe environment?

We continue to embrace Health & Safety as a good business practice, which has equal standing to our commercial and operational activities. As our most valued asset, all employees are encouraged to “make safety personal” by contributing to removing the risks associated with our activities.

Reporting through our integrated Safety Management System (iSMS) increased in 2018, enabling us to ensure that our working environment is as safe as possible. We also extended our Health & Safety arrangements to the businesses we acquired during the year, most recently Louis Berger. I am also pleased that in 2018, Total Injuries and Lost Time Injuries were down when compared to 2017. For 2019 onwards, we will continue to focus our efforts on reducing and removing the risks associated with all our activities.

Clients

Has WSP's relationship with clients changed as the industry has evolved?

Market leadership can only be achieved through our ability to adapt to our clients' needs, innovate and remain agile in tomorrow's world. The client relationship on which WSP built its success and reputation is evolving. Projects are increasingly complex due to the dynamic nature of the trends transforming our world and the importance of social acceptability. To bring tangible value to our public and private sector clients, we are continuing to build our service offering to transform clients' visions into realities that are sustainable in every sense, while also creating long-lasting value for our communities.

This evolving relationship is exemplified by our Future Ready program, demonstrating our commitment to finding sustainable solutions to the challenges the future will bring. Our research and analysis on key trends in climate change, society, technology and resources help us to see the future more clearly and challenge our teams to advise our clients on solutions that are both ready for today and the years to come.

How do you adapt your client care to the type of client or size of project?

No matter which client, or the size of the project, each of our mandates is important to us. Approximately 56% of our revenues are derived from public sector clients, and 44% from private sector clients. We have more than 100,000 active projects at any given time around the world. Large projects, which we categorize as projects generating more than \$1 million in fees, increased by 5% from 2015 to 2018 and now represent approximately 53% of our revenues.

Whether the project is big or small, we take great pride in delivering the best service and value in accordance with our clients' needs and expectations.

Our reputation is important in every project, and we thrive on building the relationships necessary to be awarded further projects with the same clients. Finally, we always bear in mind that a small-scale assignment can also lead us on the path to a larger one.

Outlook and Strategy

What's next for WSP?

With the completion of our 2015-2018 Global Strategic Plan, we are a leading pure-play professional services firm in our industry. We have a strong presence in OECD countries (approximately 88% of our net revenues at the end of 2018) as well as in selected emerging economies (12%). We are market leaders in Transportation & Infrastructure and Property & Buildings, representing approximately 80% of our net revenues, with emerging platforms in Environment, Water, Power & Energy, Resources and Industry. Our elite expertise in Engineering & Design is at the core of our activities, accounting for two-thirds of our net revenues, supported by our Strategic Advisory Services.

At the onset of 2019, we presented our 2019-2021 Global Strategic Plan, which outlines how we will be “expanding our horizons” to build the premier professional consultancy in our industry by the end of this strategic cycle. To attain this objective, we will continue to evolve our foundational pillars to bring the best of WSP to our clients.

What does being the premier consultancy in the industry mean for WSP?

For WSP, becoming the premier professional consultancy in our industry means that we have become the partner of choice for our clients. We are able to attract the right people and develop and lead them with

passion, while creating long-lasting value for our communities and shareholders.

By the end of 2021, we aspire to set the standard of client experience in our industry, by placing clients at the centre of everything we do. For this to be possible, we must continually focus on providing our people with an environment in which they can succeed. This requires strengthening our organization in ways that are not only beneficial to them, but for our clients and shareholders as well. Becoming the premier professional consultancy also entails driving our core expertise in Engineering & Design towards smart diversification to maintain our recognition as elite experts, while offering increased Strategic Advisory Services to get closer to our clients, further enhancing our reputation as a diversified and resilient consultancy.

Shaping Perspectives

I would like to thank our clients, shareholders and Board of Directors for putting their trust in us and for their continued support. To our 48,000 employees around the world, thank you for your unwavering dedication and commitment to our organization and the work you do for the betterment of our communities. I look forward to continuing this journey together and the opportunities that lie ahead.

I firmly believe in our industry, our firm's growth potential, and the role WSP will play in shaping perspectives of the world of tomorrow.



Alexandre L'Heureux
President and Chief Executive Officer