Management's Discussion & Analysis

ABOUT US

WSP is one of the world's leading professional services consulting firms. We are dedicated to our local communities and propelled by international brainpower. We are technical experts and strategic advisors including engineers, technicians, scientists, architects, planners, surveyors and environmental specialists, as well as other design, program and construction management professionals. We design lasting solutions in the Transportation & Infrastructure, Property & Buildings, Environment, Power & Energy, Resources and Industry sectors, as well as offering strategic advisory services. With approximately 50,000 talented people globally, we engineer projects that will help societies grow for lifetimes to come.

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1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial position and consolidated results of operations, dated February 26, 2020, is intended to assist readers in understanding WSP Global Inc. (the "Corporation" or "WSP") and its business environment, strategies, performance and risk factors. This MD&A should be read together with the Corporation's audited consolidated financial statements and accompanying notes for the year ended December 31, 2019. The Corporation's audited consolidated financial statements for the year ended December 31, 2019, have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's annual and quarterly results for the year and fourth quarter ended December 31, 2019. The Corporation's second and third quarters are always comprised of 13 weeks of operations. However, the number of weeks of operations in the first and fourth quarters will vary as the Corporation has a statutory December 31 year end. The fourth quarter results include the period from September 29, 2019 to December 31, 2019 and the comparative fourth quarter results include the period from September 30, 2018 to December 31, 2018.

In this MD&A, references to the "Corporation", "we", "us", "our" and "WSP" or "WSP Global" refer to WSP Global Inc. Depending on the context, this term may also include subsidiaries and associated companies.

2 NON-IFRS MEASURES

The Corporation reports its financial results in accordance with IFRS. However, in this MD&A, the following non-IFRS measures are used by the Corporation: net revenues; adjusted EBITDA; adjusted EBITDA margin; adjusted net earnings; adjusted net earnings per share; backlog; free cash flow; days sales outstanding ("DSO"); and net debt to adjusted EBITDA ratio. These measures are defined in section 22, "Glossary of non-IFRS measures and segment reporting measures" and reconciliations to IFRS measures can be found in section 8, "Financial Review".

Management of the Corporation ("Management") believes that these non-IFRS measures provide useful information to investors regarding the Corporation's financial condition and results of 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 financial information prepared in accordance with IFRS.

3 CORPORATE OVERVIEW

As one of the world's leading professional services firms, WSP provides engineering and design services to clients in the Transportation & Infrastructure, Property & Buildings, Environment, Power & Energy, Resources and Industry sectors, as well as offering strategic advisory services. WSP experts include engineers, advisors, technicians, scientists, architects, planners, environmental specialists and surveyors, in addition to other design, program and construction management professionals. With approximately 50,000 talented people globally, WSP is favourably positioned to deliver successful and sustainable projects, wherever clients need us.

The Corporation's business model is centered on maintaining a leadership position in each of its end markets and the regions in which it operates by establishing a strong commitment to and recognizing the needs of surrounding communities, as well as local and national clients. WSP offers a variety of professional services throughout all project execution phases, from the initial development and planning studies through to the project and program management, design, construction management, commissioning and maintenance phases.

Under this business model, the Corporation benefits from regional offices with a full service offering. Functionally, sector leaders work together with regional leaders to develop and coordinate markets served, combining local knowledge and relationships with nationally recognized expertise. The Corporation has developed a multidisciplinary team approach whereby employees work closely with clients to develop optimized solutions on time and on budget.

The Corporation believes it has the capability and the depth of expertise to transform clients' visions into realities that are sustainable in every sense - commercially, technically, socially and environmentally.

The market sectors in which the Corporation operates are described below.

- **Transportation & Infrastructure:** The Corporation's experts advise, plan, design and manage projects for rail transit, aviation, highways, bridges, tunnels, water, maritime and urban infrastructure. Public and private sector clients, construction contractors and other partners seek WSP's expertise around the world to create mid and long-term transport and infrastructure strategies, and to provide guidance and support throughout the life-cycle of a wide range of projects. As WSP offers comprehensive, innovative and value-oriented solutions to assist clients in achieving their desired outcomes, the Corporation takes great pride in solving clients' toughest problems. WSP offers a full range of services locally with extensive global experience to successfully deliver projects, helping clients overcome challenges and respond to emerging areas in new mobility, resiliency and funding the infrastructure gap.

- **Property & Buildings:** WSP is a world-leading provider of technical and advisory services with a track record in delivering buildings of the highest quality. The Corporation can be involved at every stage of a project's life-cycle, from the business case, through design and construction, to asset management and refurbishment. The Corporation has teams of technical experts across the globe delivering engineering and consultancy services ranging from decarbonisation strategies and SMART building design to structural and mechanical, electrical, and plumbing (MEP) engineering. The Corporation is expert in enabling clients to maximize the outcome of their projects in sectors from high-rise to healthcare, stadia to stations and commercial to cultural.

- **Environment:** The Corporation has specialists working with and advising businesses and governments in all key areas of environmental consultancy. These experts deliver a broad range of services covering air, land, water and health. They work with and advise clients on a range of environmental matters ranging from due diligence, permitting authorizations and regulatory compliance, to handling and disposal of hazardous materials, land remediation, environmental and social impact assessments, and employee health and safety. WSP's reputation has been built on helping clients worldwide mitigate risk, manage and reduce impacts, and maximize opportunities related to sustainability, climate change, energy use and the environment.

- **Resources:** The Corporation has the scale and expertise to support all its worldwide resource clients. In mining, WSP's experts work with clients throughout the project life-cycle - from conceptual and feasibility studies to addressing social acceptance issues, and from detailed engineering and complete engineering, procurement, and construction management ("EPCM") to site closure and rehabilitation. WSP expertise includes resource and reserve modelling, metallurgical testing, geotechnical and mine design and detailed engineering for mining infrastructure. In oil and gas, WSP helps clients with some of their most demanding technical and logistical challenges. The Corporation's experts advise on how to plan, design and support the development of pipelines and gas networks, as well as how to ensure the integrity of critical assets and obtain permits and consent.

- **Power & Energy:** The Corporation offers energy sector clients complete solutions for all aspects of their projects, whether they are large-scale power plants, smaller on-site facilities or retrofitting and efficiency programs, with an aim to reduce energy demand and deliver schemes to create a sustainable future. WSP's experts can advise and collaborate on every stage of a project, from pre-feasibility to design, operation, maintenance and decommissioning. They offer long-term operational management support services from the first feasibility studies, providing advice on aspects ranging from technical, financial and environmental issues, to engineering design and energy simulations.

- **Industry:** The Corporation works in almost every industrial sector including food and beverages, pharmaceutical and biotechnology, automotive and chemicals. WSP's experts offer a variety of skills with a deep understanding of industrial and energy processes, and the engineering expertise required to plan, design, build and operate a new plant, or to automate equipment in an existing industrial facility. A full range of consulting and engineering services is offered within multiple disciplines that span all stages of a project - from strategic studies, concept design and productivity analysis, to serving as an owner’s engineer at each stage of an EPCM contract.

In addition to these sectors, the Corporation offers the highly specialized strategic advisory services below:

- **Planning and Advisory Services**: The Corporation helps clients make informed decisions during various stages of the project life-cycle, taking into consideration changing economic, environmental and social factors, evolving government priorities and emerging technologies. To stay competitive and effectively manage and develop their infrastructure and property assets, public and private sector organizations are looking to gain access to more refined data and “lessons learned” from experts who help drive client success around the globe. The Corporation not only provides local expertise, but also offers international benchmarks and best practice solutions based on its extensive experience. WSP's team blends the technical skills of its global network with results-oriented business acumen, to provide effective and sustainable strategies that also contribute to the advancement of the communities where WSP is present.

- **Management Services:** The Corporation’s professionals help clients assess and define their goals, as well as the technical, environmental and commercial realities and challenges they face. Coupled with the Corporation’s integrated service offerings, this helps the Corporation build strategic relationships with clients. WSP supports them throughout the planning, implementation and commissioning stages of their projects, including during times of emergency. With a focus on cost, schedule, quality and safety, and using best-in-class management processes and techniques, WSP can mobilize the right team from anywhere in the organization across the world to execute projects of varying sizes and complexity.

- **Technology and Sustainability Services:** The Corporation’s professionals work throughout the life-cycle of a project to offer innovative solutions with a strong focus on change management and executive engagement. As significant technological advancement offers the opportunity to improve the way we live, commute, and travel, it also sheds a new light on how property and infrastructure owners need to adapt and embrace the changes. The Corporation's Technology Services experts integrate the use of digital solutions and software to enhance engineering, infrastructure, buildings and environmental projects. In addition, as the world faces significant challenges related to population growth, resource demands and constraints, and extreme weather events that impact the resiliency and sustainability of communities, the Corporation remains committed to integrating the principles of sustainability into WSP's work in planning, designing and managing both property and infrastructure.

4 FINANCIAL HIGHLIGHTS

(in millions of dollars, except percentages and per share data)

Fourth quarters ended	December 31, 2019	December 31, 2018	Variance
Revenues	$2,209.3	$2,043.9	8.1%
Net revenues*	$1,760.7	$1,541.0	14.3%
Earnings before net financing expense and income taxes	$82.7	$91.7	(9.8%)
Adjusted EBITDA*	$266.3	$169.5	57.1%
Adjusted EBITDA margin*	15.1%	11.0%	410 bps
Net earnings attributable to shareholders of WSP Global Inc.	$40.5	$43.3	(6.5%)
Basic net earnings per share	$0.38	$0.41	(7.3%)
Adjusted net earnings*	$56.6	$59.1	(4.2%)
Adjusted net earnings per share*	$0.53	$0.57	(7.0%)

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail and for reference to the reconciliation to the most directly comparable IFRS measure, where applicable.

bps: basis points

(in millions of dollars, except percentages, per share data, DSO and ratios)

Years ended	December 31, 2019	December 31, 2018	Variance
Revenues	$8,916.1	$7,908.1	12.7%
Net revenues*	$6,886.3	$6,020.6	14.4%
Earnings before net financing expense and income taxes	$487.8	$398.1	22.5%
Adjusted EBITDA*	$1,036.8	$660.0	57.1%
Adjusted EBITDA margin*	15.1%	11.0%	410 bps
Net earnings attributable to shareholders of WSP Global Inc.	$286.5	$248.1	15.5%
Basic net earnings per share	$2.72	$2.38	14.3%
Adjusted net earnings*	$326.7	$295.2	10.7%
Adjusted net earnings per share*	$3.10	$2.83	9.5%
Cash inflows from operating activities	$814.3	$669.7	21.6%
Free cash flow*	$441.6	$547.4	(19.3%)
As at	**December 31, 2019**	**December 31, 2018**	**Variance**
Backlog*	$8,131.8	$7,678.7	5.9%
DSO*	74	76	(2 days)
Net debt to adjusted EBITDA ratio*	1.1	1.9	n/a

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail and for reference to the reconciliation to the most directly comparable IFRS measure, where applicable.

bps: basis points

n/a: not applicable

5 EXECUTIVE SUMMARY

Strong performance continued during the fourth quarter of 2019, enabling the Corporation to reach key financial outlook targets for the year ended December 31, 2019.

The Corporation adopted *IFRS 16 - Leases* on January 1, 2019, using the modified retrospective method, for which no restatement of prior year financial statement presentation was required.

Fourth quarter 2019 financial highlights

- Revenues and net revenues for the quarter reached $2.2 billion and $1.8 billion, up 8.1% and 14.3%, respectively, compared to Q4 2018. Organic growth in net revenues achieved 4.0% for the quarter, spanning across all reportable segments except EMEIA which was flat.

- Earnings before net financing expense and income taxes in the quarter of $82.7 million, down $9.0 million, or 9.8%, compared to Q4 2018. This metric was negatively impacted by non-cash items, including a $25.3-million write-off of leasehold capital assets related to US operations, as well as increased amortization mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018.

- Adjusted EBITDA in the quarter of $266.3 million, up $96.8 million or 57.1%, compared to $169.5 million in Q4 2018. The impact of adopting *IFRS 16 - Leases,* effective January 1, 2019, represents $58.4 million of the increase. The remaining increase of $38.4 million or 22.7%, compared to Q4 2018, stems mainly from an overall increase in net revenues and increased margins in Canada, the UK and Middle East, as well as lower head office corporate costs

- Adjusted EBITDA margin for the quarter reached 15.1%, compared to 11.0% in Q4 2018. The impact of adopting *IFRS 16 - Leases* represents 3.3% of net revenues. The remaining increase, compared to Q4 2018, stems mainly from increased margins in Canada, the UK and Middle East, as well as lower head office corporate costs.

- Net earnings attributable to shareholders for the quarter of $40.5 million, or $0.38 per share, down $2.8 million and $0.03, respectively, compared to Q4 2018. The impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $5.9 million or $0.06 per share. Net earnings was also negatively impacted by non-cash items, including a write-off of leasehold capital assets related to US operations with after-tax impact of $18.5 million, as well as increased amortization, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018.

- Adjusted net earnings for the quarter of $56.6 million, or $0.53 per share, down $2.5 million and $0.04, respectively, compared to Q4 2018. The impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $5.9 million or $0.06 per share. Adjusted net earnings was negatively impacted by non-cash items, including a write-off of leasehold capital assets related to US operations with after-tax impact of $18.5 million, as well as increased amortization, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018.

- Quarterly dividend declared of $0.375 per share, with a 42.3% Dividend Reinvestment Plan ("DRIP") participation.

Fiscal year 2019 financial highlights

- Revenues and net revenues for the year reached $8.9 billion and $6.9 billion, up 12.7% and 14.4%, respectively, compared to 2018. Organic growth in net revenues of 3.5% for the year, spanning across all reportable segments, in line with Management's expectations for the year.

- Earnings before net financing expense and income taxes in 2019 of $487.8 million, up $89.7 million, or 22.5%, compared to 2018. This metric was negatively impacted by non-cash items, including a $25.3-million write-off of leasehold capital assets related to US operations.

- Adjusted EBITDA in the year of $1,036.8 million, up $376.8 million or 57.1%, compared to $660.0 million in 2018. The impact of adopting *IFRS 16 - Leases,* effective January 1, 2019, represents $250.1 million of the increase. The remaining increase of $126.7 million or 19.2% compared to 2018, stems mainly from an overall increase in net revenues, increased margins in Canada and lower head office corporate costs.

- Adjusted EBITDA margin for 2019 reached 15.1%, compared to 11.0% in 2018. The impact of adopting *IFRS 16 - Leases* represents 3.6% of net revenues. The remaining increase, compared to 2018, stems mainly from increased margins in Canada and lower head office corporate costs.

- Net earnings attributable to shareholders of $286.5 million in 2019, or $2.72 per share, up $38.4 million and $0.34, respectively, compared to 2018. The impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $23.2 million or $0.22 per share. Net earnings was also negatively impacted by non-cash items, including a write-off of leasehold capital assets related to US operations, with after tax impact of $18.5 million, or $0.18 per share.

- Adjusted net earnings for 2019 of $326.7 million, or $3.10 per share, up $31.5 million compared to 2018. The impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $23.2 million or $0.22 per share. Adjusted net earnings were negatively impacted by non-cash items, including a write-off of leasehold capital assets related to US operations, with after tax impact of $18.5 million, or $0.18 per share.

- Backlog as at December 31, 2019 stood at $8.1 billion, representing 10.6 months of revenues, up $453.1 million or 5.9% from $7.7 billion as at December 31, 2018. Backlog organic growth reached 3.6% compared to December 31, 2018.

- DSO as at December 31, 2019 stood at 74 days, slightly better than 76 days as at December 31, 2018.

- Cash inflows from operating activities of $814.3 million in the year ended December 31, 2019, compared to $669.7 million in the comparable period in 2018.

- Free cash flow of $441.6 million, representing 154% of net earnings attributable to shareholders.

- Incorporating a full year adjusted EBITDA for all acquisitions, net debt to adjusted EBITDA ratio stood at 1.1x, within Management's 2019 outlook target range.

- Full year dividends declared of $1.50 per share, or $158.0 million, with cash payout of $80.9 million or 51.2%.

6 KEY EVENTS

The following are highlights from January 1, 2019 to February 26, 2020, the date of the MD&A for the year ended December 31, 2019.

Acquisitions

In April 2019, the Corporation made a tuck-in acquisition of Leach Wallace Associates, Inc. ("Leach Wallace"), in the US. Leach Wallace is a 125-person provider of mechanical, electrical and plumbing engineering design services and related services to clients in the healthcare sector. This acquisition, which is in alignment with WSP's 2019-2021 Global Strategic Plan, created one of the largest pure-play healthcare engineering practices in North America.

In September 2019, WSP acquired Orbicon A/S, a 500-employee Danish environmental consulting firm with additional offerings in the Supply & Infrastructure and Buildings sectors. The firm also has a presence in Sweden and the Arctic.

In October 2019, WSP acquired Lievense Holding B.V. ("Lievense"). Lievense is a 375-employee Dutch multidisciplinary consulting firm active in the Buildings, Environment, Energy, Infrastructure and Water sectors.

In November 2019, WSP acquired Elton Consulting Group Pty Ltd, a 115-employee consulting firm based in Sydney, Australia, with additional offices across Australia.

In December 2019, WSP completed the acquisition of Ecology and Environment Inc. ("E & E"), a US-headquartered environmental consulting firm which provides professional services to governments and private customers worldwide. E & E has approximately 775 employees across the US and Latin America. The purchase price payable in connection with the acquisition was approximately $65 million US dollars, plus a special dividend of approximately $2.2 million US dollars.

These acquisitions were financed using WSP's available cash and credit facilities.

Subsequent to the end of the year, in January 2020, WSP acquired LT Environmental Inc., a 140-employee environmental consulting firm based in Colorado, US.

Appointments

In January 2019, WSP announced three key executive appointments, who joined WSP's Global Leadership Team: Ryan Brain, President and Chief Executive Officer of WSP in Canada; Ivy Hoi Yan Kong, Managing Director of WSP in Asia; and André-Martin Bouchard, Global Director, Environment & Resources.

Philippe Fortier was appointed Chief Legal Officer of the Corporation effective July 10, 2019. In this position, he holds overall responsibility for WSP's legal affairs, in addition to supporting acquisition activities. Mr. Fortier is also WSP's Corporate Secretary and part of WSP's Global Leadership Team.

Lewis (Lou) P. Cornell, P.E. was appointed President and Chief Executive Officer of WSP in the US, effective October 15, 2019. In this position, Mr. Cornell leads the US Leadership Team, and is also part of WSP's Global Leadership Team.

Effective February 27, 2020, Alain Michaud, currently Senior Vice President, Operational Performance and Strategic Initiatives will assume the position of Chief Financial Officer. After a successful 3-year tenure, Bruno Roy, the current Chief Financial Officer, will be leaving WSP at the end of March 2020 to pursue new professional and personal opportunities. Until then, Mr. Roy will work closely with Mr. Michaud to ensure a smooth transition.

7 SEGMENT OPERATIONAL REVIEW

Segment performance is measured using net revenues and adjusted EBITDA by segment. All reportable segments achieved organic growth in net revenues for the year mainly in line with Management's expectations. Adjusted EBITDA, on a consolidated basis and by segment before head office corporate costs, increased across the board, mainly due to the adoption of *IFRS 16 - Leases*, requiring most lease-related costs to be recorded as depreciation of right-of-use assets and interest expense on lease liabilities, which are costs excluded from adjusted EBITDA.

Canada

In the quarter and the year ended December 31, 2019, the Canada reportable segment posted organic growth in net revenues of 3.4% and 1.2%, respectively, as compared to 2018. This was Canada’s best quarter for organic growth in 2019, as concerns related to the transportation sector in Ontario are starting to assuage across the province. Nevertheless, public sector delays in transportation project starts in Ontario impacted net revenues for the year.

Regarding adjusted EBITDA margin before head office corporate costs for the year ended December 31, 2019, in addition to the positive impact of IFRS 16, the remaining variance improved as a result of cost containment measures.

Backlog grew 7.5% organically compared to December 31, 2018.

Americas

In the quarter and the year ended December 31, 2019, the Americas reportable segment posted organic growth in net revenues of 2.4% and 3.1%, respectively, relative to the comparable periods in 2018. Net revenues for the quarter and the year were below expectations mainly due to lower than anticipated net revenues in the US Northeast region and Latin America.

Regarding adjusted EBITDA margin before head office corporate costs, for the fourth quarter and the year ended December 31, 2019, in addition to the positive impact of IFRS 16, the remaining variance vis-a-vis the comparable periods in 2018 were negatively impacted by the integration of Louis Berger operations and by softness in margins in the US Northeast region and Latin America.

Backlog for the Americas segment grew 6.4% organically when compared to December 31, 2018, attributable mainly to US operations.

EMEIA

The EMEIA reportable segment organic revenues remained flat for the fourth quarter, but the segment delivered organic growth in net revenues of 2.1% for the year. Organic growth in the year is mainly due to continued solid performance in the UK and Sweden. The UK's Transportation and Infrastructure market sector had another strong quarter, offsetting softness in the private sector due to continuing Brexit concerns. The Nordic operations delivered organic growth in net revenues of 2.5% for the year, despite a strike in Finland impacting net revenues.

Regarding adjusted EBITDA margin before head office corporate costs, in addition to the positive impact of IFRS 16, the remaining variances relative to the comparable periods in 2018, was an improvement for the quarter, and was not significant for the year. This despite lower margins from Louis Berger which have a higher structural cost base than WSP's legacy EMEIA operations. EMEIA benefitted from improved margins in the UK and Middle East.

Backlog for the EMEIA segment contracted 10.2% organically when compared to December 31, 2018 due to timing of order intake in the UK.

APAC

The APAC reportable segment posted organic growth in net revenues of 17.0% for the quarter, and 9.3% for the year. Strong organic growth for the year is due to solid results across the region, led by Australia.

The increases in adjusted EBITDA margin before head office corporate costs, relative to the comparable periods in 2018, are due entirely to the positive impact of IFRS 16.

Backlog for the APAC segment grew 18.0% organically when compared to December 31, 2018, driven by Australia and New Zealand.

8 FINANCIAL REVIEW

8.1 RESULTS OF OPERATIONS

	Fourth quarters ended		Year ended	
(in millions of dollars, except number of shares and per share data)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenues	**$2,209.3**	**$2,043.9**	**$8,916.1**	**$7,908.1**
Less: Subconsultants and direct costs	$448.6	$502.9	$2,029.8	$1,887.5
Net revenues*	**$1,760.7**	**$1,541.0**	**$6,886.3**	**$6,020.6**
Earnings before net financing expense and income taxes	**$82.7**	**$91.7**	**$487.8**	**$398.1**
Net financing expense	$28.4	$32.0	$102.0	$68.8
Earnings before income taxes	**$54.3**	**$59.7**	**$385.8**	**$329.3**
Income tax expense	$13.5	$16.3	$100.1	$80.5
Net earnings	**$40.8**	**$43.4**	**$285.7**	**$248.8**
Net earnings attributable to:				
Shareholders of WSP Global Inc.	$40.5	$43.3	$286.5	$248.1
Non-controlling interests	$0.3	$0.1	$(0.8)	$0.7
Basic net earnings per share	**$0.38**	**$0.41**	**$2.72**	**$2.38**
Diluted net earnings per share	**$0.38**	**$0.41**	**$2.71**	**$2.38**
Basic weighted average number of shares	105,885,503	104,387,699	105,235,267	104,150,041
Diluted weighted average number of shares	106,076,127	104,614,276	105,613,623	104,392,368

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

8.2 NET REVENUES BY SEGMENT

The Corporation’s financial performance and results should be measured and analyzed in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business.

The Corporation’s reportable segments are: Canada, Americas (US and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Australia, New Zealand and Asia). The following tables provide a summary of the year-over-year changes in net revenues and number of employees, both by reportable segment and in total.

(in millions of dollars, except percentages)	Fourth quarter of 2019 vs 2018				
	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment - 2019	$273.8	$559.2	$642.3	$285.4	$1,760.7
Net revenues by segment - 2018	$264.7	$454.1	$576.1	$246.1	$1,541.0
Net change %	3.4%	23.1 %	11.5 %	16.0 %	14.3 %
Organic growth*	3.4%	2.4 %	(0.1)%	17.0 %	4.0 %
Acquisition growth*	—%	21.3 %	14.9 %	2.9 %	12.2 %
Foreign currency exchange impact**	—%	(0.6)%	(3.3)%	(3.9)%	(1.9)%
Net change %	3.4%	23.1 %	11.5 %	16.0 %	14.3 %

(in millions of dollars, except percentages and number of employees)	Fiscal year 2019 vs 2018				
	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment - 2019	$1,066.7	$2,306.8	$2,399.9	$1,112.9	$6,886.3
Net revenues by segment - 2018	$1,053.6	$1,758.2	$2,192.1	$1,016.7	$6,020.6
Net change %	1.2%	31.2%	9.5 %	9.5 %	14.4 %
Organic growth*	1.2%	3.1%	2.1 %	9.3 %	3.5 %
Acquisition growth*	—%	26.4%	11.0 %	2.9 %	12.1 %
Foreign currency exchange impact**	—%	1.7%	(3.6)%	(2.7)%	(1.2)%
Net change %	1.2%	31.2%	9.5 %	9.5 %	14.4 %
	As at December 31				
Approximate number of employees - 2019	8,000	13,200	19,900	8,800	49,900
Approximate number of employees - 2018	7,900	12,400	19,100	8,300	47,700
Net change %	1.3%	6.5%	4.2 %	6.0 %	4.6 %

* Organic growth and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

During the fourth quarter of 2019, the Corporation achieved net revenues of $1.8 billion, an increase of $219.7 million, or 14.3% compared to Q4 2018.

8.2.1 CANADA

In the fourth quarter of 2019, net revenues from the Canada reportable segment were $273.8 million, an increase entirely due to organic growth of 3.4% compared to the same period in 2018. This was Canada's best quarter for organic growth in 2019, as concerns related to the transportation sector in Ontario are starting to assuage across the province.

For the year ended December 31, 2019, net revenues from the Canada reportable segment stood at $1.1 billion, representing organic growth of 1.2% as compared to the same period in 2018. Organic growth landed at the low end of Management's expectations, as public sector delays in transportation project starts in Ontario impacted net revenues for the year.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 65% of net revenues for the year ended December 31, 2019.

8.2.2 AMERICAS

In the fourth quarter of 2019, net revenues from the Americas reportable segment were $559.2 million, an increase of $105.1 million, or 23.1%, compared to the same period in 2018. Acquisition growth and organic growth in net revenues, on a constant currency basis, stood at 21.3% and 2.4%, respectively.

For the year ended December 31, 2019, net revenues from the Americas reportable segment stood at $2.3 billion, an increase of $548.6 million, or 31.2%, compared to the same period in 2018. Acquisition growth stood at 26.4%, while organic growth in net revenues landed at 3.1%, slightly below Management expectations. Net revenues were below expectations mainly due to lower than anticipated net revenues in the US Northeast region and Latin America.

In both the quarter and year, the acquisition growth stems mainly from the acquisition of Louis Berger in December 2018.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 80% of net revenues for the year ended December 31, 2019.

8.2.3 EMEIA

In the fourth quarter of 2019, net revenues from the EMEIA reportable segment were $642.3 million, an increase of $66.2 million, or 11.5%, compared to Q4 2018. Acquisition growth in net revenues, on a constant currency basis, stood at 14.9%, while organic revenues remained flat.

For the year ended December 31, 2019, net revenues from the EMEIA operating segment stood at $2.4 billion, an increase of $207.8 million, or 9.5%, compared to the same period in 2018. Acquisition growth stood at 11.0%, while organic growth in net revenues, on a constant currency basis, landed at 2.1%, in line with Management's expectations.

In both the quarter and year, acquisition growth is mostly related to the acquisition of Louis Berger in Q4 2018. Organic growth in the year is mainly due to continued solid performance in the UK and Sweden. These increases were partially offset by negative impacts of foreign exchange principally due to the appreciation of the Canadian dollar against the Swedish krona and pound sterling.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 80% of net revenues for the year ended December 31, 2019.

8.2.4 APAC

In the fourth quarter of 2019, net revenues from the APAC reportable segment were $285.4 million, an increase of $39.3 million, or 16.0%, when compared to the same period in 2018. Acquisition growth and organic growth in net revenues, both on a constant currency basis, stood at 2.9% and 17.0%, respectively.

For the year ended December 31, 2019, net revenues from the APAC operating segment stood at $1.1 billion, an increase of $96.2 million, or 9.5%, when compared to the same period in 2018. Acquisition growth stood at 2.9% and organic growth in net revenues, on a constant currency basis, achieved 9.3%, exceeding Management's expectations of mid-single digit growth.

In both the quarter and year, acquisition growth stemmed mainly from the acquisition of Irwinconsult in December 2018. Strong organic growth for the year is due to solid results across the region, led by Australia. These increases were partially offset by negative impacts of foreign exchange mainly due to the appreciation of the Canadian dollar against the Australian and New Zealand dollars.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 85% of net revenues for the year ended December 31, 2019.

8.3 BACKLOG

(in millions of dollars)	Canada	Americas	EMEIA	APAC	Total
Backlog, as at December 31, 2018	$958.2	$3,452.1	$2,165.5	$1,102.9	$7,678.7
Revenues	$(1,268.6)	$(3,433.7)	$(2,929.1)	$(1,284.7)	$(8,916.1)
Organic order intake	$1,340.8	$3,647.6	$2,714.8	$1,482.8	$9,186.0
Order intake through business acquisition	$—	$117.9	$33.4	$4.2	$155.5
Foreign exchange movement	$—	$89.1	$(48.0)	$(13.4)	$27.7
Backlog*, as at December 31, 2019	$1,030.4	$3,873.0	$1,936.6	$1,291.8	$8,131.8

As at December 31, 2019, backlog stood at $8.1 billion, representing 10.6 months of revenues,[1] an increase of $453.1 million or 5.9% from December 31, 2018. The increase during the year, mainly in the US, Australia and Canada, is primarily due to organic order intake higher than revenues. On a constant currency basis, the backlog organic growth was 3.6% compared to backlog as at December 31, 2018. Backlog for the EMEIA segment contracted organically when compared to December 31, 2018 due to timing of order intake, as several major projects were signed in 2018, mainly in the UK.

The following table reconciles backlog to unfulfilled performance obligations disclosed in the Corporation's consolidated financial statements, as at December 31:

(in millions of dollars)	2019	2018
Unfulfilled performance obligations	**$7,898.7**	**$6,342.4**
Remaining contractual obligations on which work has not commenced at year end date	$233.1	$1,336.3
Backlog*	**$8,131.8**	**$7,678.7**

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.
[1] Based on revenues for the trailing twelve-month period, incorporating a full twelve months of revenues for all acquisitions.

8.4 EXPENSES

The following table summarizes selected operating results expressed as a percentage of net revenues.

	Fourth quarters ended		Year ended	
(percentage of net revenues)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net revenues*	100.0 %	100.0 %	100.0 %	100.0%
Personnel costs	75.1 %	75.3 %	75.2 %	75.8%
Other operational costs, exchange loss (gain) and interest income	10.1 %	13.7 %	10.0 %	13.2%
Share of earnings of associates before depreciation and income taxes*	(0.3)%	— %	(0.3)%	—%
Adjusted EBITDA*	**15.1 %**	**11.0 %**	**15.1 %**	**11.0%**
Depreciation of right-of-use assets	3.6 %	— %	3.5 %	—%
Depreciation of property and equipment	1.6 %	1.6 %	1.5 %	1.5%
Amortization of intangible assets	2.2 %	1.9 %	1.6 %	1.7%
Impairment of property and equipment and goodwill	1.6 %	— %	0.4 %	—%
Acquisition, integration and restructuring costs	1.2 %	1.4 %	0.8 %	1.1%
Share of depreciation and taxes of associates	0.1 %	— %	0.1 %	—%
Deduct: Interest income	0.1 %	0.1 %	0.1 %	0.1%
Earnings before net financing expense and income taxes	**4.7 %**	**6.0 %**	**7.1 %**	**6.6%**
Net financing expense	1.6 %	2.1 %	1.4 %	1.1%
Income tax expense	0.8 %	1.1 %	1.6 %	1.4%
Net earnings	**2.3 %**	**2.8 %**	**4.1 %**	**4.1%**

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

For the year ended December 31, 2019, earnings before net financing expense and income taxes increased as a percentage of net revenues, mainly due to higher adjusted EBITDA, partially offset by depreciation of right-of-use assets following the adoption of *IFRS 16 - Leases*, as well as other non-cash items, namely impairment charges on property and equipments and goodwill. In the fourth quarter of 2019, earnings before net financing expense and income taxes decreased as a percentage of net revenues. The increase in adjusted EBITDA was offset by depreciation of right-of-use assets following the adoption of *IFRS 16 - Leases*, as well as other non-cash items, namely impairment charges on property and equipments and goodwill and increased amortization. These variances are explained in further detail below.

In 2019, adjusted EBITDA margin stood at 15.1% for both the fourth quarter and for the year, compared to 11.0% for both the fourth quarter and year in 2018. The increases are largely due to the adoption of *IFRS 16 - Leases*, requiring most lease-related costs to be recorded as depreciation of right-of-use assets and interest expense on lease liabilities, which are costs excluded from adjusted EBITDA. For the quarter and year end, the impact of adopting *IFRS 16 - Leases* represents 3.3% and 3.6% of net revenues, respectively.

PERSONNEL AND OTHER OPERATIONAL COSTS

The main expenses deducted from net revenues fall into two major components: personnel costs and other operational costs:

- Personnel costs include payroll costs for all employees related to the delivery of consulting services and projects, as well as administrative and corporate staff.
- In 2019, other operational costs include fixed costs such as, but not limited to, non-recoverable client services costs, technology costs, professional insurance costs, office space related costs (mainly utilities and maintenance costs). In the table above, other operational costs are combined with operational exchange gains or losses on

foreign currencies and interest income. In 2018, other operational costs also included occupancy costs related to lease agreements. The exclusion of most office lease costs in 2019 from other operational costs, was due to the adoption of *IFRS 16 - Leases,* effective January 1, 2019 which requires most leasing costs to be reported as deprecation of right-of-use assets and interest expense on lease liabilities.

Personnel costs for the quarter and year-to date, as a percentage of net revenues, were lower compared to the same periods in 2018. This decrease for the year is due to revenue recognized from work completed in previous years.

Other operational costs for the quarter and year-to-date, as a percentage of net revenues, decreased significantly due to the adoption of *IFRS 16 - Leases*.

SHARE OF EARNINGS OF ASSOCIATES

The share of earnings of associates increased for the fourth quarter and year ended December 31, 2019, mainly due to investments in associates originating from the Louis Berger acquisition.

DEPRECIATION AND AMORTIZATION

Depreciation of right-of-use assets mainly relate to leases of office space and equipment leases, due to the adoption of *IFRS 16 - Leases* on January 1, 2019. In 2018, leasing costs were included in other operational costs.

Depreciation of property and equipment for the fourth quarter and year ended December 31, 2019 remained stable when compared to the same periods in 2018.

Amortization of intangible assets increased in the fourth quarter of 2019, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018. Amortization of intangible assets for the year ended December 31, 2019 remained stable as a percentage of net revenues, when compared to 2018.

IMPAIRMENT CHARGES

In the fourth quarter of 2019, the Corporation wrote-off leasehold improvements and furniture and equipment of $25.3 million related to the early termination of a lease in the US and goodwill of $3.7 million related to South African operations.

ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

Acquisition, integration and restructuring costs include, if and when incurred, transaction and integration costs related to business acquisitions, any gains or losses on disposals of non-core assets, IT outsourcing program costs pertaining mainly to non-recurring redundancy and transition costs resulting from the outsourcing of the Corporation's IT infrastructure and operations support, and restructuring costs.

Acquisition, integration and restructuring costs are components of financial performance which the Corporation believes should be excluded in understanding its underlying operational financial performance, and are therefore presented separately in its consolidated statement of earnings.

The Corporation incurred acquisition, integration and restructuring costs of $21.5 million in the fourth quarter of 2019 and $54.2 million in the year, mainly related to the business integration of Louis Berger, acquired in December 2018, and acquisition costs related to various 2019 transactions. The 2019 integration and restructuring costs of Louis Berger were higher than initially projected by Management.

8.5 ADJUSTED EBITDA BY SEGMENT

	Fourth quarters ended December 31, 2019				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$273.8	$559.2	$642.3	$285.4	$1,760.7
Adjusted EBITDA by segment	$55.6	$87.4	$90.7	$47.9	$281.6
Adjusted EBITDA margin by segment	20.3%	15.6%	14.1%	16.8%	16.0%
Head office corporate costs					$15.3
Adjusted EBITDA*					$266.3
Variance in adjusted EBITDA margin by segment compared to prior year	4.2%	3.2%	3.5%	4.1%	
Increase in adjusted EBITDA margin by segment due to adoption of IFRS 16**	3.9%	3.7%	2.3%	4.1%	
Remaining variance in adjusted EBITDA margin by segment	0.3%	-0.5%	1.2%	—%	

	Fourth quarters ended December 31, 2018				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$264.7	$454.1	$576.1	$246.1	$1,541.0
Adjusted EBITDA by segment	$42.6	$56.2	$61.1	$31.2	$191.1
Adjusted EBITDA margin by segment	16.1%	12.4%	10.6%	12.7%	12.4%
Head office corporate costs					$21.6
Adjusted EBITDA*					$169.5

	Year ended December 31, 2019				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$1,066.7	$2,306.8	$2,399.9	$1,112.9	$6,886.3
Adjusted EBITDA by segment	$207.0	$416.0	$326.8	$172.9	$1,122.7
Adjusted EBITDA margin by segment	19.4%	18.0%	13.6%	15.5%	16.3%
Head office corporate costs					$85.9
Adjusted EBITDA*					$1,036.8
Variance in adjusted EBITDA margin by segment compared to prior year	5.4%	3.4%	3.3%	3.9%	
Increase in adjusted EBITDA margin by segment due to adoption of IFRS 16**	4.6%	3.6%	3.0%	3.9%	
Remaining variance in adjusted EBITDA margin by segment	0.8%	-0.2%	0.3%	—%	

	Year ended December 31, 2018				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$1,053.6	$1,758.2	$2,192.1	$1,016.7	$6,020.6
Adjusted EBITDA by segment	$147.1	$257.3	$225.4	$117.5	$747.3
Adjusted EBITDA margin by segment	14.0%	14.6%	10.3%	11.6%	12.4%
Head office corporate costs					$87.3
Adjusted EBITDA*					$660.0

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.
** The impact of IFRS 16 is a proxy calculation, as if the Corporation had not adopted *IFRS 16 - Leases* effective January 1, 2019.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $281.6 million and 16.0%, respectively, for the fourth quarter ended December 31, 2019, compared to $191.1 million and 12.4%, respectively, for the comparable period in 2018.

For the year ended December 31, 2019, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $1,122.7 million and 16.3%, respectively, compared to $747.3 million and 12.4%, respectively, for 2018.

The significant increases in all adjusted EBITDA metrics, consolidated and by reportable segments for both the fourth quarter and year ended December 31, 2019, were largely due to the adoption of *IFRS 16 - Leases.*

For the quarter ended December 31, 2019, in addition to the impact of IFRS 16, the remaining variances in adjusted EBITDA margin by segment are explained as follows:

- Canada improved slightly as a result of cost containment measures.
- In Americas, margins decreased in the US operations, negatively impacted by the integration of Louis Berger operations and by softness in margins in the Northeast region. Margins in the quarter were also negatively impacted by Latin American operations.
- In EMEIA, margin increased, despite lower margins from Louis Berger which have a higher structural cost base than WSP's legacy EMEIA operations. EMEIA benefitted from improved margins in the UK and Middle East.
- APAC remained stable in the quarter.

For the year ended December 31, 2019, in addition to the impact of IFRS 16, the remaining variances for Canada improved as a result of cost containment measures. For all other reportable segments the remaining variances are not significant.

Head office corporate costs, for the fourth quarter ended December 31, 2019, stood at $15.3 million, lower than the comparable period in 2018 and lower than Management's outlook range of $20 million to $25 million quarterly due to cost containment measures and year end adjustments. Head office corporate costs for the year ended December 31, 2019 stood at $85.9 million, below Management's outlook range of $90 million to $95 million for 2019 due to cost containment measures.

8.6 RECONCILIATION OF ADJUSTED EBITDA

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. The following table reconcile this metric to the most comparable IFRS measure:

	Fourth quarters ended		Year ended	
(in millions of dollars)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Earnings before net financing expense and income taxes	**$82.7**	**$91.7**	**$487.8**	**$398.1**
Acquisition, integration and restructuring costs	$21.5	$21.7	$54.2	$62.3
Depreciation of right-of-use assets	$62.9	$—	$241.7	$—
Amortization of intangible assets	$38.7	$29.9	$110.7	$102.6
Depreciation of property and equipment	$27.8	$24.6	$101.0	$91.8
Impairment of property and equipment and goodwill	$29.0	$—	$29.0	$—
Share of depreciation and taxes of associates	$2.6	$0.4	$7.7	$1.4
Interest income	$1.1	$1.2	$4.7	$3.8
Adjusted EBITDA*	**$266.3**	**$169.5**	**$1,036.8**	**$660.0**

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

8.7 FINANCING EXPENSES

The Corporation’s net financing expense relates mainly to interest expenses incurred on credit facilities and, effective January 1, 2019 as a result of the adoption of *IFRS 16 - Leases*, interest expense on lease liabilities. The Corporation uses its credit facilities to manage its working capital, capital expenditures and to finance business acquisitions.

Net financing expense for the fourth quarter ended December 31, 2019 was lower than fourth quarter of 2018, mainly due to recognition of gains on financial assets of $7.0 million compared to losses of $10.2 million. This favourable variance was partially offset by interest expense recorded on lease liabilities as a result of the adoption of *IFRS 16 - Leases.*

Net financing expense for the ended December 31, 2019 was higher when compared to 2018, mainly due to the interest expense recorded on lease liabilities as a result of the adoption of *IFRS 16 - Leases*, as well as higher interest on long-term debt following increases in debt levels mainly due to acquisitions. These increased expenses were partially offset by recognition of gains on financial assets of $21.1 million, compared to a loss in 2018.

8.8 INCOME TAXES

In the fourth quarter of 2019, an income tax expense of $13.5 million was recorded on earnings before income taxes of $54.3 million, representing an effective income tax rate of 24.9%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $2.1 million.

For the year ended December 31, 2019, an income tax expense of $100.1 million was recorded on earnings before income taxes of $385.8 million representing an effective income tax rate of 25.9%, at the lower end of the range provided in the Corporation's 2019 outlook of 26% to 28%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $5.8 million.

8.9 NET EARNINGS

In the fourth quarter of 2019, the Corporation’s net earnings attributable to shareholders were $40.5 million, or $0.38 per share on a diluted basis, compared to $43.3 million, or $0.41 per share on a diluted basis for the comparable period in 2018. The decrease is mainly due to non-cash items, namely impairment charges on leasehold improvements and goodwill recorded in the fourth quarter of 2019, as well as increased amortization, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018. In addition, the impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $5.9 million or $0.06 per share.

For the year ended December 31, 2019, the Corporation’s net earnings attributable to shareholders were $286.5 million, or $2.72 per share, compared to $248.1 million, or $2.38 per share for the comparable period in 2018. The increase was mainly due to growth in net revenues and improvement in adjusted EBITDA margin. These improvements were partially offset by non-cash items, including a $25.3-million write-off of leasehold capital assets related to US operations ($18.5 million after tax), as well as an impact of approximately $23.2 million or $0.22 per share related to the adoption of *IFRS 16 - Leases*.

8.10 ADJUSTED NET EARNINGS

Management believes that in the context of highly acquisitive companies or consolidating industries such as engineering and construction, adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group. The following table reconcile this metric to the most comparable IFRS measure:

	Fourth quarters ended		Year ended	
(in millions of dollars, except per share data)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net earnings attributable to shareholders	**$40.5**	**$43.3**	**$286.5**	**$248.1**
Acquisition, integration and restructuring costs	$21.5	$21.7	$54.2	$62.3
Income taxes related to acquisition, integration and restructuring costs	$(5.4)	$(5.9)	$(14.0)	$(15.2)
Adjusted net earnings*	**$56.6**	**$59.1**	**$326.7**	**$295.2**
Adjusted net earnings per share*	**$0.53**	**$0.57**	**$3.10**	**$2.83**

* Non-IFRS measure. Refer to section *22*, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

Adjusted net earnings stood at $56.6 million, or $0.53 per share, in the fourth quarter of 2019, compared to $59.1 million, or $0.57 per share, in Q4 2018. The decrease is mainly due to non-cash items, namely impairment charges on leasehold improvements and goodwill recorded in the fourth quarter of 2019. The fourth quarter was also impacted by higher amortization of intangible assets, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018. In addition, the impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $5.9 million or $0.06 per share.

Adjusted net earnings stood at $326.7 million, or $3.10 per share, for the year ended December 31, 2019, compared to $295.2 million, or $2.83 per share, in 2018. The increase in these metrics for the year was mainly due to growth in net revenues and improvement in adjusted EBITDA margin. Adjusted net earnings were negatively impacted by non-cash items, including the $25.3-million write-off of leasehold capital assets related to US operations, with after tax impact of $18.5 million, or $0.18 per share. The impact of adopting *IFRS 16 - Leases* represents a decrease of approximately $23.2 million or $0.22 per share.

9 LIQUIDITY

	Fourth quarters ended		Year ended	
(in millions of dollars)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash inflows from operating activities	$425.5	$337.4	$814.3	$669.7
Cash (outflows) inflows from financing activities	$(203.7)	$293.3	$(496.8)	$77.7
Cash outflows from investing activities	$(169.3)	$(556.6)	$(322.1)	$(678.1)
Effect of exchange rate change on cash	$(3.2)	$8.2	$(12.0)	$6.0
Change in net cash	**$49.3**	**$82.3**	**$(16.6)**	**$75.3**
Dividends paid to shareholders of WSP Global Inc.	$(19.3)	$(18.8)	$(77.6)	$(78.1)
Net capital expenditures	$(50.4)	$(47.0)	$(112.0)	$(122.3)

9.1 OPERATING ACTIVITIES AND FREE CASH FLOW

(in millions of dollars)	Fourth quarters ended December 31, 2019	Fourth quarters ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Cash inflows from operating activities	**$425.5**	**$337.4**	**$814.3**	**$669.7**
Lease payments in financing activities	$(67.0)	$—	$(260.7)	$—
Net capital expenditures**	$(50.4)	$(47.0)	$(112.0)	$(122.3)
Free cash flow*	**$308.1**	**$290.4**	**$441.6**	**$547.4**

* Non-IFRS measure. Refer to section *22*, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

** Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

Cash flows from operating activities

The increases for the quarter and year are due to the adoption of *IFRS 16 - Leases,* as the lease payments for most leases, totaling $260.7 million for the year, are included in financing activities in 2019.

Free cash flow

Free cash flow is an indication of the Corporation's continuing capacity to generate discretionary cash from operations. It represents cash flows for the period available to the suppliers of capital, which are the Corporation's creditors and shareholders. The free cash flow metric should be reviewed year-over-year as opposed to quarter-to-quarter as the timing of investments in capital expenditure initiatives and management of working capital can have an impact in the shorter term.

The free cash flow for the year ended December 31, 2019 was $441.6 million, compared to $547.4 million in 2018. Lower free cash flow in 2019 was driven by a small increase in working capital, compared to a large working capital decrease in 2018. While the Corporation continues to report strong DSO results in 2019, the net working capital improvement during 2019 was smaller than the improvement during 2018. This was partially offset by lower net capital expenditures in 2019 compared to 2018, due to timing of some investments.

9.2 FINANCING ACTIVITIES

In the fourth quarter of 2019, cash outflows used for financing activities included net repayments on long-term debt of $95.5 million, payments of interest and principal on lease liabilities of $67.0 million, net payments of financing expenses of $21.9 million and dividends paid, of which $19.3 million to shareholders of WSP Global Inc. and $0.5 million to non-controlling interests. Cash inflows of $0.5 million are related to issuance of shares upon exercise of stock options. The variance in cash flows from financing activities in the quarter relative to the fourth quarter of 2018 is mainly attributable to net proceeds of long-term debt in 2018 compared to a net repayment in 2019.

In the year ended December 31, 2019, cash outflows used for financing activities were mainly payments of interest and principal on lease liabilities of $260.7 million and net repayment of long-term debt of $96.6 million. In 2018 the net cash inflows were mainly due to net proceeds from long-term debt of $213.5 million.

9.3 INVESTING ACTIVITIES

In the fourth quarter of 2019, cash outflows used for investing activities of $125.9 million related to business acquisitions and $50.4 million related to net capital expenditures.

In the year ended December 31, 2019, cash outflows used for investing activities of $220.9 million related to business acquisitions and $112.0 million related to net capital expenditures. In 2018, cash outflows related to business acquisitions were higher due to the acquisition of Louis Berger.

9.4 NET DEBT

	As at	
(in millions of dollars)	**December 31, 2019**	**December 31, 2018**
Long-term debt[(1)]	$1,399.7	$1,524.7
Less: Cash	$(255.6)	$(254.7)
Net debt*	$1,144.1	$1,270.0
	Years ended	
	December 31, 2019	**December 31, 2018**
Adjusted EBITDA*	$1,036.8	$660.0
Net debt to adjusted EBITDA ratio*	1.1	1.9

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.
(1) Including current portion.

As at December 31, 2019, the Corporation’s statement of financial position remained strong and showed a good mix of debt and equity. The Corporation had a net debt position of $1.1 billion and a net debt to adjusted EBITDA ratio of 1.1x as at December 31, 2019. Incorporating a full year adjusted EBITDA for all acquisitions on a pro forma basis, the ratio would remain 1.1x.

9.5 DIVIDENDS

On November 6, 2019, the Corporation declared a quarterly dividend of $0.375 per common share to holders of common shares on record as of December 31, 2019, which was paid on January 15, 2020. The total amount of the dividends for the fourth quarter of 2019 is $39.7 million, paid subsequent to the end of the year.

Following the payment of dividends declared on November 7, 2018, March 13, 2019, May 14, 2019 and August 8, 2019, $79.9 million was reinvested in 1,161,114 common shares under the DRIP during the year ended December 31, 2019 (of which $20.3 million and 271,927 common shares during the fourth quarter of 2019).

Subsequent to the end of the year, holders of 44,852,053 common shares, representing 42.3% of all outstanding shares as at December 31, 2019, elected to participate in the DRIP. As a result, on January 15, 2020, $16.8 million of the fourth quarter dividend was reinvested in common shares of the Corporation. The net cash outflow on January 15, 2020 for the fourth quarter dividend payment was $22.9 million.

The board of directors of the Corporation (the "Board") has determined that the current level of quarterly dividend is appropriate based on the Corporation's current earnings and operational financial requirements. The dividend is currently expected to remain at this level subject to the Board's ongoing assessment of the Corporation's future cash requirements, financial performance, liquidity, and other factors that the Board may deem relevant. The actual amount of any dividend, as well as each declaration date, record date and payment date is subject to the discretion of the Board. Some information in this section constitutes forward-looking information. Please refer to section 19, "Forward-Looking Statements", of this MD&A.

9.6 STOCK OPTIONS

As at February 25, 2020, 554,602 stock options were outstanding at exercise prices ranging from $35.12 to $70.71.

9.7 CAPITAL RESOURCES

	As at	
(in millions of dollars)	**December 31, 2019**	**December 31, 2018**
Cash	$255.6	$254.7
Available syndicated credit facility	$910.1	$918.0
Other operating credit facilities	$85.7	$126.5
Available short-term capital resources	**$1,251.4**	**$1,299.2**

The Corporation believes that its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, its working capital requirements and planned capital expenditures.

9.8 CREDIT FACILITY

The Corporation has in place, as at December 31, 2019, a credit facility with a syndication of financial institutions providing for a maximum amount of US$1,800.0 million. The credit facility is available for general corporate purposes and for financing business acquisitions. Under this credit facility, the Corporation is required, among other conditions, to respect certain covenants calculated on a consolidated basis. The main covenants are in regard to its consolidated net debt to consolidated adjusted EBITDA and the fixed charge coverage ratios. These terms and ratios are defined in the credit facility agreement and do not correspond to the Corporation's metrics described in section 22, "Glossary of non-IFRS measures and segment reporting measures", or to other terms used in this MD&A.

Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facility. All covenants were met as at December 31, 2019.

Subsequent to the end of the year, in February 2020, the Corporation signed an amendment to its existing syndicated credit facility, extending the maturity date of its US$1,200.0-million Revolving Credit Facility to December 31, 2023. The amendment includes financing terms that reduce the borrowing costs on the lending facility. The amendment also introduces an annual pricing adjustment based on the achievement of targets related to sustainability.

10 EIGHT QUARTER SUMMARY

(in millions of dollars, except per share data)	Trailing twelve months	2019** Q4 Fourth quarter ended December 31	2019** Q3 Third quarter ended September 28	2019** Q2 Second quarter ended June 29	2019** Q1 First quarter ended March 30	2018 Q4 Fourth quarter ended December 31	2018 Q3 Third quarter ended September 29	2018 Q2 Second quarter ended June 30	2018 Q1 First quarter ended March 31
Results of operations									
Revenues	$8,916.1	$2,209.3	$2,221.5	$2,311.7	$2,173.6	$2,043.9	$1,927.6	$2,025.9	$1,910.7
Net revenues*	$6,886.3	$1,760.7	$1,693.6	$1,768.6	$1,663.4	$1,541.0	$1,468.8	$1,541.1	$1,469.7
Adjusted EBITDA*	$1,036.8	$266.3	$288.2	$265.4	$216.9	$169.5	$187.5	$169.5	$133.5
Net earnings attributable to shareholders	$286.5	$40.5	$93.7	$88.7	$63.6	$43.3	$87.7	$67.4	$49.7
Basic and diluted net earnings per share		$0.38	$0.89	$0.84	$0.61	$0.41	$0.84	$0.65	$0.48
Backlog*		$8,131.8	$7,905.7	$7,952.7	$7,873.1	$7,678.7	$6,509.1	$6,706.9	$6,718.8
Dividends									
Dividends declared	$158.0	$39.7	$39.6	$39.4	$39.3	$39.2	$39.1	$38.9	$38.8
Dividends declared, per share	$1.50	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

** Following adoption of *IFRS 16 - Leases*, effective January 1, 2019 using the modified retrospective method, for which no restatement of prior year financial statement presentation was required.

The Corporation's quarterly earnings and revenue measures are, to a certain degree, affected by seasonality. The third and fourth quarters typically generate the largest contribution to net revenues and adjusted EBITDA, and the first quarter the least. The Corporation's cash flows from operations are also, to a certain degree, subject to seasonal fluctuations, with the fourth quarter historically generating a higher amount of cash flows from operations.

11 SELECTED ANNUAL INFORMATION

For the years ended and as at December 31	2019	2018	2017
(in millions of dollars, except per share data)			
Revenues	$8,916.1	$7,908.1	$6,942.2
Net revenues*	$6,886.3	$6,020.6	$5,356.6
Net earnings attributable to shareholders of WSP Global Inc.	$286.5	$248.1	$213.3
Net earnings per share attributable to shareholders of WSP Global Inc.			
Basic	$2.72	$2.38	$2.08
Diluted	$2.71	$2.38	$2.08
Total assets	$8,676.1	$7,766.6	$6,523.6
Non-current financial liabilities (1)	$1,930.8	$1,467.9	$907.8
Dividends declared per share to holders of common shares of WSP Global Inc.	$1.50	$1.50	$1.50

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

(1) Financial liabilities consist of long-term debt and lease liabilities, excluding current portions.

Revenue and net revenue growth over the three-year period has been driven by acquisition growth, as well as solid net revenue organic growth of 3.5% in both 2019 and 2018. Net earnings attributable to shareholders and net earnings per share attributable to shareholders has increased mainly through growth in net revenues and improvement in adjusted EBITDA margin, normalized for the 2019 impact of adopting *IFRS 16 - Leases*.

The acquisition of Louis Berger had a significant impact not only on revenues but also drove the increase in total assets from December 31, 2017 to 2018. The increase in total assets from December 31, 2018 to 2019 was mainly due to the recognition of right-of-use assets upon the adoption of *IFRS 16 - Leases* on January 1, 2019.

Financial liabilities increased from December 31, 2017 to 2018 as the Corporation financed its acquisitions, in part, with its credit facility and increased from December 31, 2018 to 2019 due to recognition of lease liabilities upon the adoption of *IFRS 16 - Leases* on January 1, 2019.

12 GOVERNANCE

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and have caused them to be designed under their supervision to provide reasonable assurance that:

- Material information related to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared; and
- Information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation's DC&P and based on the evaluation, the CEO and CFO have concluded that the design and operation of the Corporation's DC&P were effective as at December 31, 2019.

The CEO and CFO have also designed internal controls over financial reporting ("ICFR") or have caused ICFR to be designed under their supervision using the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation's ICFR and based on their evaluation, the CEO and CFO have concluded that ICFR were designed and operated effectively as at December 31, 2019.

Due to the inherent limitations of DC&P and ICFR, Management does not expect that DC&P and ICFR can prevent or detect all errors or intentional misstatements resulting from fraudulent activities.

There were no changes in the Corporation's ICFR that occurred during the period beginning on September 29, 2019 and ended on December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. Controls will continue to be periodically analyzed in order to sustain a continuous improvement.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board has oversight responsibilities for reported financial information. Accordingly, the Board of WSP has reviewed and approved, upon recommendation of the Audit Committee of the Corporation, this MD&A and the audited consolidated financial statements for the year ended December 31, 2019, before their publication.

13 CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires Management to make judgments, assumptions and estimates in applying the Corporation's accounting policies. Critical accounting estimates are those which are highly uncertain at the time they are made and where different reasonably likely estimates, or reasonably likely changes in estimates from period to period, would have a material impact on the Corporation's financial condition or results of operations.

Estimates and assumptions are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. Actual results will differ from estimates used, and such differences could be material.

The Corporation's most critical accounting estimates are discussed in note 4, Critical accounting estimates and judgments, to the consolidated financial statements.

14 CHANGES IN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2019

IFRS 16 - Leases

The Corporation adopted *IFRS 16 - Leases* on January 1, 2019, using the modified retrospective method, for which no restatement of prior year financial statement presentation was required. See note 3, Changes in accounting policies, to the consolidated financial statements, for further details.

The adoption of *IFRS 16 - Leases* resulted in a higher adjusted EBITDA in 2019 as compared to 2018, due to the fact that in 2019 most lease-related costs are recorded as depreciation of right-of-use assets and interest expense on lease liabilities, which are costs excluded from adjusted EBITDA.

The adoption of *IFRS 16 - Leases* has decreased the Corporation's net debt to adjusted EBITDA ratio, due to the higher adjusted EBITDA.

RECENT STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECITVE AND NOT APPLIED

See note 3, Changes in accounting policies, to the consolidated financial statements, for further details.

15 FINANCIAL INSTRUMENTS

The Corporation’s financial assets include cash, trade receivables and other receivables. The Corporation's financial liabilities include accounts payable and accrued liabilities, dividends payable to shareholders, lease liabilities, bank overdrafts, other financial liabilities, borrowings under credit facilities and other debt.

The Corporation uses derivative financial instruments to manage its exposure to fluctuations of foreign currency exchange rates. It does not hold or use any derivative instruments for trading or speculative purposes.

The Corporation's financial instruments expose the Corporation to primarily to foreign exchange, credit, liquidity and interest rate risks. Refer to section 20, "Risk factors", as well note 13, Financial instruments, to the consolidated financial statements, for a description of these risks and how they are managed. Refer to note 13, Financial instruments, to the consolidated financial statements for description of how fair values are determined.

16 RELATED PARTY TRANSACTIONS

The Corporation's related parties, as defined by IFRS, are its joint operations, joint ventures, associates and key management personnel. A description of any material transactions with these related parties is included in note 29, Related party transactions, to the consolidated financial statements.

17 OFF-BALANCE SHEET AGREEMENTS

The Corporation does not engage in the practice of off-balance sheet financing, except for the use of letters of credit.

18 CONTRACTUAL OBLIGATIONS

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily for the rental of office space and computer equipment. The following table provide a summary of the timing of Corporation's undiscounted long-term contractual obligations as at December 31, 2019:

(In millions of dollars)	2020	2021	2022 and thereafter	Total
Long-term debt	$310.3	$292.1	$914.0	$1,516.4
Lease liabilities	$276.2	$280.2	$665.2	$1221.6

Management expects the Corporation's cash flows from its operations and amounts available under credit facilities will be sufficient to meet its contractual obligations in the future.

19 FORWARD-LOOKING STATEMENTS

In addition to disclosure of historical information, the Corporation may make or provide statements or information in this MD&A that are not based on historical facts and which are considered to be forward-looking information or forward-looking statements under Canadian securities laws. These statements relate to future events or future performance and reflect the expectations of Management regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation or its industry.

This MD&A may contain forward-looking statements. Forward-looking statements can typically be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “forecast”, “project”, “intend”, “target”, “potential”, “continue” or the negative of these terms or terminology of a similar nature. Such forward-looking statements reflect current beliefs of Management and are based on certain factors and assumptions as set forth in this MD&A, which by their nature are subject to inherent risks and uncertainties. While the Corporation considers these factors and assumptions to be reasonable based on information available as of February 26, 2020, actual events or results could differ materially from the results, predictions, forecasts, conclusions or projections expressed or implied in the forward-looking statements.

Forward-looking statements made by the Corporation are based on a number of assumptions believed by the Corporation to be reasonable as at February 26, 2020, including assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; interest rates; working capital requirements; the collection of accounts receivable; the Corporation obtaining new contract awards; the type of contracts entered into by the Corporation; the anticipated margins under new contract awards; the utilization of the Corporation's workforce; the ability of the Corporation to attract new clients; the ability of the Corporation to retain current clients; changes in contract performance; project delivery; the Corporation's competitors; the ability of the Corporation to successfully integrate acquired businesses; the acquisition and integration of businesses in the future; the Corporation's ability to manage growth; external factors affecting the global operations of the Corporation; the state of the Corporation's backlog; the joint arrangements into which the Corporation has or will enter; capital investments made by the public and private sectors; relationships with suppliers and subcontractors; relationships with management, key professionals and other employees of the Corporation; the maintenance of sufficient insurance; the management of environmental and health and safety risk; the sufficiency of the Corporation's current and planned information systems, communications technology and other technology; compliance with laws and regulations; future legal proceedings; the sufficiency of internal and disclosure controls; the regulatory environment; impairment of goodwill; foreign currency fluctuation; the tax legislation and regulations to which the Corporation is subject and the state of the Corporation's benefit plans. Other assumptions, if any, are set out throughout this MD&A. If these assumptions prove to be inaccurate, the Corporation's actual results could differ materially from those expressed or implied in forward-looking statements.

In evaluating these forward-looking statements, investors should specifically consider various risk factors, which, if realized, could cause the Corporation's actual results to differ materially from those expressed or implied in forward-looking statements. Such risk factors include, but are not limited to, the following risk factors discussed in greater detail in section 20, "Risk factors": "Environmental, Health and Safety Risks and Hazards"; "Non-Compliance with Laws or Regulations"; "Systems, Network Infrastructure and Data Failure, Interruption and Breach"; "Global Operations"; "Competition in the Industry"; "Revenues from Contracts with Government Agencies"; "Growth by Acquisitions"; "Acquisition Integration and Management"; "Availability and Retention of Qualified Professional Staff"; "Controls and Disclosure"; "Risk of Future Legal Proceedings"; "Risks Associated with Professional Services Contracts"; "Reputational Risk"; "Extreme Weather Conditions and the Impact of Natural or Other Disasters"; "Adequate Utilization of Workforce"; "Work Stoppage and Labour Disputes"; "Challenges Associated with Size"; "Joint Arrangements"; "Reliance on Suppliers and Subcontractors"; "Economic Environment"; "Changes to Regulations"; "Increased Awareness of Environmental Factors"; "Insurance Limits"; "Changes to Backlog"; "Deterioration of Financial Position or Net Cash Position"; "Working Capital Requirements"; "Accounts Receivable"; "Increased Indebtedness and Raising Capital"; "Impairment of Goodwill"; "Foreign Currency Exposure"; "Income Taxes"; "Underfunded Defined Benefits Obligations"; "Potential Dilution"; "Risks Related to Forward-Looking Statements" as well as other risks detailed from time to time in reports filed by the Corporation with securities regulators or other documents that the Corporation makes public, which may cause events or results to differ materially from the results expressed or implied in any forward-looking statement.

The Corporation cautions that the foregoing list of risk factors is not exhaustive. There can be no assurance that actual results will be consistent with forward-looking statements. The Corporation does not necessarily update or revise forward-looking information even if new information becomes available, unless legislation requires us to do so. Readers should not place undue reliance on forward-looking statements.

20 RISK FACTORS

The Corporation is subject to a number of risks and uncertainties and is affected by a number of factors which could have a material adverse effect on the Corporation's business, financial condition, operating results, future prospects or achievement of its 2019-2021 Global Strategic Plan. These risks should be considered when evaluating an investment in the Corporation and may, among other things, cause a decline in the price of the shares or adversely affect the Corporation's ability to declare dividends on the shares.

This section describes the risks Management considers as the most material to the Corporation's business. This is not, however, a comprehensive list of the potential risks the Corporation currently faces, or could eventually face. Risks and uncertainties not presently known to the Corporation or that the Corporation currently considers as not material could become material in the future or impair its business operations, cause a decline in the price of shares or adversely affect the Corporation's ability to declare dividends on the shares.

RISKS RELATED TO THE BUSINESS

Environmental, Health and Safety Risks and Hazards

The Corporation's Environmental, Health and Safety systems and policies are aimed at reducing risks to people, the environment, and its business; however, many employees are subject to environmental, health, and safety risks in the course of their employment. A number of these risks could result in personal injury, loss of life, or environmental and other damage to the Corporation's property or the property of others. Unsafe work conditions also have the potential of increasing employee turnover, increasing project and operating costs and could negatively impact the awarding of new contracts. The Corporation could also be exposed to substantial security costs in order to maintain the safety of its personnel as well as to civil and/or statutory liability to employees and to reputational harm arising from injuries or deaths because of inadequate health and safety policies and practices. The Corporation cannot fully protect against all these risks, nor are all these risks insurable. The Corporation may become liable for damages arising from these events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Acts of terrorism and threats of armed conflicts in or around various areas in which the Corporation operates could limit or disrupt markets and its operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets. Furthermore, the Corporation risks incurring additional costs on projects that have sustained environmental, health, and safety hazards because they may require additional time to complete or because employee time may be lost due to injury.

Non-Compliance with Laws or Regulations

The Corporation faces risks relating to non-compliance with laws, including anti-corruption, trade restrictions, securities regulation, antitrust, data privacy and labour relations laws, as well as related to corruption within its operations, anti-competitive acts, illegal political contributions, and ethics-related issues and their potential negative impact on the Corporation's results. Although the Corporation has control measures and policies to mitigate these risks, these control measures and policies have inherent limitations, including human error, and could be intentionally circumvented or become inadequate as conditions change. The Corporation's control measures may not be sufficiently effective to protect it from the consequences of such acts committed by its current and former directors, officers, employees, consultants, agents and/or partners, corruption in connection with its operations and ethics-related issues. Accordingly, fraud, corruption and other reckless or criminal acts may occur and remain undetected, resulting in a loss of assets and/or misstatement in the Corporation's financial statements and related public disclosure.

Moreover, fraud, corruption, misconduct, illegal political contributions, non-compliance with previously enacted or proposed laws or regulations, anti-competitive or other reckless or criminal acts by the Corporation's current or former directors, officers, employees, consultants, agents and/or partners, including those of businesses acquired by the Corporation could subject the Corporation to fines and penalties, criminal, civil and administrative legal sanctions and suspension from its ability to bid, enter into or perform public or private contracts, resulting in reduced revenues and profits, and could materially damage the Corporation's business, operating results, financial condition, reputation, brand, international expansion effort, and ability to attract and retain employees and clients, and may have a negative impact on the market price of the Corporation's shares. The institution of formal charges with respect to any such circumstances by appropriate governmental authorities may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and goodwill of the Corporation.

As part of its global business dealings with different governmental bodies, entities and agencies in each of the countries in which the Corporation operates, WSP must also comply with complex public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient and non-discriminatory way in these jurisdictions. These rules can also provide for verification processes and disclosure requirements, among other matters. In addition, WSP may be required to obtain authorizations or certifications in order to enter into contracts with governmental bodies, entities and agencies in certain jurisdictions, which authorizations or certifications may be revoked in a variety of circumstances, including at the discretion of a governmental authority or if the Corporation or its affiliates or directors or officers are convicted of an offense. If the Corporation fails to comply with these laws and regulations or the terms of these authorizations or certifications or if the Corporation, its directors, officers, employees or agents commit legal violations or misconduct specified in any of these rules, the Corporation could be subject to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with these governmental bodies, entities and agencies or within certain jurisdictions, in addition to termination of certain government contracts, fines, penalties and other sanctions that could be imposed on the Corporation. Upon conviction of an offense the Corporation could be debarred from participating in procurements with governmental bodies, entities and agencies for extended periods of time and suffer significant damage to its reputation. The disqualification of the Corporation from public contracts, the conviction of the Corporation with respect to certain offenses or the institution of formal charges with respect to such offenses in any jurisdiction in which it has operations or carries out business activities could impact its ability to bid, enter into or perform public contracts or subcontracts in that and other jurisdictions, any of which may adversely affect the Corporation's business.

In certain jurisdictions in which the Corporation operates, the Corporation is also subject to legislation that grants governmental authorities exceptional measures for the reimbursement and recovery of amounts improperly obtained as a result of fraud or fraudulent tactics in the course of the tendering, awarding or management of public contracts. In connection with a reimbursement or settlement under such legislation, a number of conditions may be imposed on the Corporation and the Corporation may be required to undergo certain changes to its business practices which could impose additional costs on the Corporation and adversely affect its ability to pursue business opportunities.

Systems, Network Infrastructure and Data Failure, Interruption and Breach

The Corporation heavily relies on information systems, communications technology, design software, business applications and other technology applications and systems, including global and regional networks, complex server infrastructure and operating systems, in order to operate properly and ensure service delivery and revenues. In addition, the Corporation processes and stores proprietary information relating to its business, client information which may include proprietary, sensitive and personal information limited to the nature of professional services it provides and personal information relating to employees. If the Corporation is unable to continually and adequately maintain such systems, to scale and add software and hardware, to effectively upgrade its systems and network infrastructure, to maintain key information technology personnel, and take other steps to improve the efficiency of and protect its systems, the Corporation's operation systems could be interrupted or delayed, which could adversely affect the Corporation's business, financial position and results of operations.

In addition, the Corporation's computer and communications systems and operations could be damaged or interrupted by natural disasters, telecommunications failures, acts of war or terrorism, computer viruses, unauthorized access, computer hackers, malicious code, cyber-attacks, phishing, physical or electronic security breaches, or similar events or disruptions. The Corporation may experience errors, outages or delays of service in information technology which could significantly disrupt its operations, impact its clients and employees, damage its reputation, and result in litigation and regulatory fines or penalties. The Corporation also faces numerous and evolving security risks including cyber threats from criminal hackers, hacktivists, state sponsored organizations, industrial espionage, employee misconduct and human or technological errors. Any resulting unauthorized access, misappropriation, corruption and disclosure of sensitive or confidential client, personal or corporate information could cause a loss of data, a misuse of its and its clients' sensitive, confidential or proprietary information, or cause interruptions in its operations, and give rise to remediation or other expenses, expose the Corporation to litigation and investigations, which could have an adverse effect on its and its clients' operations, its reputation and result in litigation and regulatory fines or penalties, exclusion in future client opportunities and loss of client contracts.

The Corporation relies on third party software and services to support its delivery of professional services to clients such as design, collaboration and project management, and to support the Corporation's accounting and financial information systems. While the Corporation selects third-party vendors carefully, it does not control their actions. Any technology services provided by a third-party, including contractors, business partners, vendors and other third parties, may be subject to breakdowns, disruption in information and communication services, inability to handle current or higher volumes, cyber-attacks, security and data breaches. These risks could adversely affect the Corporation's operations and its ability to deliver services to clients.

As the cyber threat landscape evolves, the Corporation may be required to allocate significant resources to protect against the threat of system disruptions and security breaches, or to alleviate problems caused by disruptions and breaches. The measures taken by the Corporation to protect against all information infrastructure risks may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorized access to, or destruction of information, or service interruptions. Anyone who circumvents security measures could misappropriate proprietary or confidential information relating to the Corporation or its clients' business or personal employee information or cause interruptions or malfunctions in system operations. Any of these or other events could cause system interruptions, delays, and loss of critical data and expose the Corporation, clients, or other third-parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss.

Global Operations

The Corporation's business is dependent on the continued success and growth of its international operations, and Management expects international operations to continue to account for a significant portion of the Corporation's total revenues, which subjects the Corporation to a variety of risks, including:

- general social, economic and political conditions or instability in one or more specific foreign markets and/or globally, including recessions, political changes or disruptions and other economic crises in one or more markets in which the Corporation operates;
- risks related to complying with a wide variety of local, national, and international laws, regulations and policies, together with potential adverse or significant changes in laws and regulatory framework and practices;
- changes in foreign government trade policies affecting the markets for the Corporation's services;
- difficulty or expense in enforcing contractual rights due to a lack of a developed legal system or other factors in certain jurisdictions;
- the difficulties and costs of staffing and managing global operations and changes in labour conditions;
- difficulties, delays and expense that may be experienced or incurred in connection with the movement of personnel through the customs and immigration authorities of various jurisdictions;
- a greater risk of uncollectible accounts and longer collection cycles;
- fluctuations in exchange rates;
- changes in regulatory practices, tariffs and taxes;
- foreign ownership restrictions with respect to operations in certain countries or the risk that such restrictions will be adopted in the future;
- multiple and possibly overlapping tax structures;
- exchange controls and other funding restrictions and limitations on the Corporation's ability to repatriate cash, funds or capital invested or held in jurisdictions outside Canada;
- international hostilities, civil unrest, force majeure, war, terrorism and other armed conflict; and
- cultural, logistical and communications challenges.

Competition in the Industry

The Corporation operates in highly competitive markets and has numerous competitors for all of the services it offers. Size and characteristics of competitors vary widely with the type of service they provide. Some of the Corporation's competitors have longer operating histories, greater name recognition, larger customer bases and have achieved substantially more market penetration in certain of the areas in which the Corporation competes. In addition, some of the Corporation's competitors have substantially more financial resources and/or financial flexibility and marketing resources than the Corporation in certain markets. In addition, in the midst of rapid technological development, the Corporation must continue to anticipate changes in its clients' needs and to do so, must adapt its services so that it maintains and improves its competitive advantage. If the Corporation does not continue to innovate and leverage technology advancements, its ability to retain existing clients and attract new clients may be adversely affected. These competitive forces could have a material adverse effect on the Corporation's business, reputation, financial condition and results of operations by reducing its current revenue, profitability and market share in the market sectors in which the Corporation operates.

Revenues from Contracts with Government Agencies

The demand for the Corporation's services is affected by the level of government funding that is allocated for rebuilding, improving, and expanding infrastructure systems. The Corporation derives a significant portion of its revenues from governments or government-funded projects and expects to continue to do so in the future. Significant changes in the level of government funding (whether from traditional funding constraints), the long-term impacts of the recent economic crisis (including future budgetary constraints and concerns regarding deficits), changing political priorities, changes in governments or delays in projects caused by election processes, may adversely affect the Corporation's business, prospects, financial condition and results of operations.

The success and further development of the Corporation's business depends, in part, on the continued funding of these government programs and on the Corporation's ability to participate in these programs. However, governments may not have available resources to fund these programs or may not fund these programs even if they have available financial resources. Some of these government contracts are subject to renewal or extensions annually, and thus the Corporation cannot be assured of its continued work under these contracts in the future. Government agencies can typically terminate these contracts at their convenience or render the Corporation ineligible to contract with such government agencies in the future. The Corporation may incur costs in connection with the termination of these contracts and suffer a loss of business. In certain markets, contracts with government agencies are sometimes subject to substantial regulation and audit of the actual costs incurred. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs the Corporation believes are reimbursable by the agencies and the amount of overhead costs allocated to the agencies. Consequently, there may be a downward adjustment to the Corporation's revenues if those costs that have been recognized exceed contractual entitlement to recover such costs.

Growth by Acquisitions

Management believes that growth through acquisitions can provide certain benefits to the Corporation. A variety of factors may also adversely affect the anticipated benefits of an acquisition or prevent these from materializing or occurring within the time periods anticipated by the Corporation. Cultural differences among various countries in which the Corporation has acquired businesses may also present barriers to the success of the integration plan of the acquisitions completed by the Corporation. In connection with acquisitions made by the Corporation, there may also be liabilities and contingencies that the Corporation failed to discover or was unable to quantify in the due diligence conducted prior to closing of an acquisition and which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

Acquisition Integration and Management

Achievement of the benefits of acquisitions depends in part on successfully consolidating functions, integrating and leveraging operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to share knowledge and realize revenues, synergies and other growth opportunities from combining acquired businesses and operations with those of WSP. Failure by the Corporation to effectively integrate acquisitions could lead to a failure to realize anticipated benefits of one or more acquisitions. The integration of any acquired business into WSP includes the combination of systems and personnel. The successful integration of an acquired business is subject to the risk that personnel and professionals from the acquired business and the Corporation may not be able to work together successfully, which could affect the Corporation's operations. In particular, the Corporation may seek to require as a condition of its acquisitions that key personnel and professionals enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings, however there are risks that such commitments will not be fulfilled or that the personnel and professionals subject to same or other personnel and professionals will not be successfully integrated as productive contributors to the Corporation's business. In addition, the successful integration of an acquired business is subject to the risk of the potential loss of key personnel of such acquired business.

Integration requires the dedication of substantial management effort, time and resources, which may divert Management's focus and resources from other strategic opportunities and from operational matters during the process. The acquisition integration process may also result in the disruption of ongoing business, customer, employee and other relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of a given acquisition, including the ability to realize the anticipated synergies from combining the acquired business into WSP. In particular, major clients of the acquired businesses may not be retained following the acquisition of such businesses. The Corporation may not ever realize the full benefits of an acquisition, including the synergies, cost savings, or sales or growth opportunities.

There is no assurance that the Corporation will be able to successfully integrate past acquisitions. Each year, the Corporation incurs acquisition-related integration costs which may be material.

In addition, the overall integration may result in unanticipated operational problems, including the Corporation's own operational, financial and management systems which may be incompatible with or inadequate to effectively integrate and manage the acquired businesses.

Availability and Retention of Qualified Professional Staff

There is strong competition for qualified technical and management personnel in the sectors in which the Corporation competes. The Corporation's success depends in part on its continued ability to attract and retain qualified and skilled engineers and other professional staff and to establish and execute an effective succession plan. Over the years, a significant shortage of engineers has developed in some markets which resulted in continued upward pressure on professional compensation packages. There can be no assurance that the Corporation will be able to attract, hire and retain sufficient qualified engineers and other professional staff necessary to continue to maintain and grow its business. If the Corporation's succession plan fails to identify those individuals with high potential or to develop these key individuals, it may be unable to replace key members who retire or leave the Corporation and may be required to recruit and/or train new employees. The inability to attract, hire and retain sufficient numbers of qualified management personnel, engineers and other professional staff as well as to establish and execute an effective succession plan could limit the Corporation's ability to successfully complete existing projects and compete for new projects, which could adversely affect the Corporation's ability to sustain and increase revenues and its future results.

Controls and Disclosure

Inherent limitations to the Corporation's internal or disclosure controls could result in a material misstatement of financial information. The Corporation maintains accounting systems and internal controls over its financial reporting and disclosure controls and procedures. There are inherent limitations to any control framework, as controls can be circumvented by acts of individuals, intentional or not, by collusion of two or more individuals, by management override of controls, by lapses in judgment and breakdowns resulting from human error. There are no systems or controls that can provide absolute assurance that all fraud, errors, circumvention of controls or omission of disclosure can and will be prevented or detected. Such fraud, errors, circumvention of controls or omission of disclosure could result in a material misstatement of financial information. Also, projections of any evaluation of the effectiveness of controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Inadequate controls could also result in fraud and inappropriate decision-making based on non-current internal financial information. Inadequate internal or disclosure controls may also have a material adverse impact on the assets, liabilities, revenues, expenses, and reputation of the Corporation.

Risk related to Current or Future Legal Proceedings

The Corporation is threatened from time to time with, or named as a defendant in, or may become subject to, various legal proceedings in the ordinary course of conducting its business, including lawsuits based upon professional errors and omissions, lawsuits related to the general contracting business historically carried on by its predecessors and lawsuits related to employees' or former employees' failure to comply with laws and regulations. On December 27, 2019, over 100 plaintiffs filed suit in the US District Court for Washington, DC against a number of US government contractors, including Louis Berger Group Inc. and Louis Berger International Inc. (collectively, "LB") which the

Corporation acquired in December 2018, alleging that between 2009 and 2017 they had violated the Anti-Terrorism Act by making payments to private security firms with knowledge that those firms were affiliated with the Taliban. Although the Corporation believes at this preliminary stage of the proceedings that LB has a strong defense to offer, it cannot predict the outcome of this suit, potential losses or the impact on its reputation.

The Corporation also issues reports and opinions to clients based on its professional engineering expertise, as well as its other professional credentials in compliance with applicable laws, regulations and professional standards. The Corporation could be liable to third parties who use or rely upon such reports or opinions even if the Corporation is not contractually bound to those third parties.

Defending lawsuits of this nature or arising out of any of the services provided by the Corporation could require substantial attention from Management, necessitate financial resources to defend such claims and/or result in significant attorney fees, damage awards and the imposition of significant fines, penalties or injunctive relief for which the Corporation may not be fully insured and which could harm its reputation, thereby affecting its ability to bid on and/or obtain future projects and retain qualified employees. In addition, the institution of proceedings against the Corporation may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and/or goodwill of the Corporation.

Risks Associated with Professional Services Contracts

A portion of the Corporation's revenues comes from fixed-price negotiated fee contracts. Under such contracts, the Corporation agrees to perform either all or a specified portion of work under the contract for a fixed fee. Fixed-price negotiated fee contracts expose the Corporation to a number of risks not inherent in hourly basis contracts, including underestimation of fees, ambiguities in specifications, unforeseen difficulties, problems with new technologies, inability of clients to fulfill their obligations on a timely basis, delays beyond its control and economic or other changes that may occur during the contract period and losses. Increasing use of fixed-price negotiated fee contracts and/or increasing size of such contracts would increase the Corporation's exposure to these risks.

In addition, the Corporation partners with construction delivery partners on engineering, procurement and construction ("EPC") projects. In such cases, the Corporation assumes all design, procurement and construction risks, except for any risks that are contractually assumed by the client. Losses under EPC projects could adversely affect the Corporation's business, operating results and financial condition.

The Corporation typically has pending claims submitted to clients under some of its contracts for payment of work performed beyond the initial contractual requirements for which revenues have already been recorded. In general, the Corporation cannot guarantee that such claims will be approved by its clients in whole, in part, or at all. If these claims are not approved, the Corporation's revenues may be reduced in future periods. In certain instances, the Corporation may provide a guarantee to a client that it will complete a project by a certain date. As such, the Corporation may incur additional costs should the project be managed ineffectively or should it subsequently fail to meet the scheduled completion date for any other reason. Projects that are not completed on schedule further reduce profitability. Staff must continue to work on them longer than anticipated; this may prevent them from pursuing and working on new projects. Projects that are over budget or not on schedule may also lead to client dissatisfaction and adversely impact the Corporation's reputation. A project's revenues could also be reduced should the Corporation be required to pay liquidated damages in connection with contractual penalty provisions. Such damages can be substantial and can accrue on a daily basis.

In addition, certain contract bidding frameworks are inherently stringent and inflexible, which limits the ability of a bidder or tenderer to negotiate certain contractual terms and conditions. This may happen in government contracts or in very large projects in which the Corporation plays a smaller role. These types of contracts could potentially expose the Corporation to significant additional risks or costs that could adversely affect the profitability of the Corporation's projects.

Reputational Risk

To remain competitive, the Corporation depends to a large extent on its relationships with its clients and its reputation for high-quality professional services and as a professional services firm that complies with the highest ethical standards. This positive reputation plays an important role in the Corporation’s long-term success and is crucial for it to continue to compete effectively and maintain its goodwill. The failure of the Corporation to meet its clients’ expectations in the course of a project, including the possibility of a catastrophic failure or incident affecting such a project, could have a negative impact on how it is perceived in the market. The Corporation has already made specific disclosures about investigations, allegations and findings of inappropriate conduct with respect to some of its activities, directors, officers and employees. Further, the Corporation’s failure to comply with applicable laws, regulations or generally recognized and accepted guidelines on corporate, environmental, social and governance responsibilities, or commitment of any acts of misconduct or corruption, illegal political contributions, alleged or proven non-compliance with laws or regulations, anti-competitive or criminal acts by its officers, employees, agents and/or partners or other ethics-related acts or omissions could negatively impact the Corporation’s reputation. Harm to the Corporation’s reputation could also arise from a number of other factors, including questions surrounding competence, actual or alleged quality, timing or performance issues on its projects, a poor health and safety record or the accuracy and quality of financial reporting and public disclosure. Any negative publicity about, or significant damage to, the Corporation’s reputation and image could have an adverse impact on client perception and confidence and may result in the cancellation of current projects and adversely impact its ability to obtain future projects. Also, the pervasiveness and viral nature of social media could exacerbate any negative publicity with respect to the Corporation's business.

Extreme Weather Conditions and the Impact of Natural or Other Disasters

The Corporation’s field activities are generally performed outdoors and include professional surveying, resident engineering services, field data surveys and collection, archeology, geotechnical investigations and exploratory drilling, construction oversight and inspection, plant start-up and testing and plant operations. Extreme weather conditions or natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics and similar events, may cause postponements in the initiation and/or completion of the Corporation’s field activities and may hinder the ability of its employees to perform their duties, which may result in delays or loss of revenues that otherwise would be recognized while certain costs continue to be incurred. Extreme weather conditions or disasters may also delay or eliminate the start and/or completion of various phases of work relating to other services that commence concurrently with or subsequent to field activities. Any delay in the completion of the Corporation’s services may require the Corporation to incur additional non-compensable costs, including overtime work, that are necessary to meet clients’ schedules. Due to various factors, a delay in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of contracts that could materially and adversely affect the Corporation’s revenues and profitability.

The coronavirus outbreak could impact the Corporation’s operations. In December 2019, a novel strain of coronavirus has been reported in China and other countries. The Corporation could experience business disruptions in that region or beyond depending on future developments, however, it cannot reasonably estimate the potential impact at this time. The extent to which the coronavirus impacts the Corporation's results will depend on any further developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

Adequate Utilization of Workforce

The cost of providing its services, including the extent to which the Corporation utilizes its workforce, affects its profitability. The rate at which the Corporation utilizes its workforce is affected by a number of factors, including:

- its ability to transition employees from completed projects to new assignments and to hire and integrate new employees;
- its ability to forecast demand for its services and thereby maintain an appropriate headcount in each of its geographies;
- its ability to manage attrition;

- its need to devote time and resources to training, business development, professional development, and other non-chargeable activities; and
- its ability to match the skill sets of its employees to the needs of the marketplace.

If the Corporation over-utilizes its workforce, its employees may become disengaged, which could impact employee attrition. If the Corporation under-utilizes its workforce, its profit margin and profitability could suffer.

Work Stoppage and Labour Disputes

As at December 31, 2019, employees predominantly in the Nordics and Continental Europe, representing less than 13% of the Corporation's total employees and the vast majority of the Corporation's unionized employees, were covered by collective bargaining agreements. Although the Corporation believes that it has good relations with its employees, the Corporation has in the past experienced labour disputes with its employees. A lengthy strike or other work stoppages, caused by or involving unionized or non-unionized employees, in connection with any of the Corporation's projects could have a material adverse effect on the Corporation.

Challenges Associated with Size

In recent years, the Corporation has significantly increased in size and now has approximately 50,000 employees globally and expects to continue to pursue its growth strategy. The Corporation must effectively communicate and manage its culture, values, standards, internal controls and policies throughout the larger organization. The Corporation may not be able to achieve its strategic objectives if it does not overcome the challenges associated with managing cultural diversity and the particularities of local markets. Cultural differences in various countries may also present barriers to introducing new ideas or aligning WSP's vision and strategy throughout the organization. The size and scope of the Corporation's operations increase the possibility that it will have employees who engage in unlawful or fraudulent activity, or otherwise expose it to business or reputational risks, despite the Corporation's efforts to provide training and maintain controls to prevent such instances. If the Corporation cannot overcome these obstacles, it may not be able to achieve its growth and profitability objectives.

Joint Arrangements

As part of its business strategy, the Corporation may enter into certain contracts through joint arrangements such as joint ventures, partnerships or other strategic alliances. The success of the Corporation's joint arrangements depends, in part, on the satisfactory performance by its partners of their respective obligations. The failure or unwillingness of any partner in a joint arrangement to perform its obligations could impose financial and performance obligations on the Corporation that could result in increased costs and adversely affect the Corporation's reputation. If these circumstances occur, the Corporation may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Under agreements with joint and several (or solidary) liabilities, the Corporation could be liable for both its own obligations and those of its partners.

Reliance on Suppliers and Subcontractors

The Corporation engages with a large number of third party suppliers and subcontractors. The proper and profitable completion of some contracts depends to a large extent on the satisfactory performance of the subcontractors that complete different elements of work. If these subcontractors do not perform to acceptable standards, the Corporation may be required to hire other subcontractors in order to complete the tasks, which may add additional costs to a contract, may impact profitability on a specific job and in certain circumstances may lead to significant losses. The failure of any such third party, supplier or subcontractor to deliver on their contractual commitments could have an adverse effect on the Corporation's business, reputation, prospects, financial condition and results of operations.

Economic Environment

Global and local capital and credit markets and global and local economies may experience significant uncertainty, characterized by the bankruptcy, failure, collapse or sale of one or more sectors, including financial institutions, and a considerable level of intervention from governments and international organizations around the world. Economic conditions in any of the markets in which the Corporation operates may be weak and may remain weak or become weaker in the future. Although economic growth may be rebounding in some regions of the world, many markets remain fragile and could again enter periods of negative economic growth. In addition, many governments used, or continue to use, significant levels of fiscal stimulus in an attempt to avoid recessions and now have significant and growing debts and deficits that may require actions such as spending cuts and higher taxes. These conditions may impact demand for the Corporation's services by public and private entities. Demand for the Corporation's services may also be vulnerable to reductions in private industry spending resulting from sudden economic downturns or changes in commodity prices such as oil, natural gas or metals, which may result in clients delaying, curtailing or canceling proposed and existing projects. Any of these conditions may adversely affect the demand for the Corporation's services, which may negatively affect its business, financial condition and results of operations.

In addition, interest rate fluctuations, financial market volatility or credit market disruptions may limit the Corporation's access to capital and may also negatively affect the ability of the Corporation's customers to obtain credit to finance their businesses on acceptable terms. If the operating and financial performance of the Corporation's customers deteriorates or if they are unable to make scheduled payments or obtain credit, the Corporation's customers may not be able to pay the Corporation. Any inability of customers to pay the Corporation for its services may adversely affect its backlog, earnings and cash flows.

Lastly, rising inflation, interest rates and construction costs could reduce the demand for the Corporation's services in the markets in which it operates or may operate in the future. The Corporation also bears the risk of rising inflation in connection with fixed-price negotiated fee contracts. Due to the fact that a significant portion of the Corporation's revenues are earned from cost-reimbursable type contracts, the effects of inflation on the Corporation's financial condition and results of operations over the past few years have been generally minor. Nonetheless, if the Corporation expands its business into markets or geographic areas in which fixed-price negotiated fee work is more prevalent, inflation may have a larger impact on the Corporation's results of operations.

Changes to Regulations

A portion of the Corporation's professional services business is generated directly or indirectly as a result of laws and regulations. Changes in such regulations could affect the Corporation's business more significantly than they would affect other professional services firms. Accordingly, changes to the number or scope of these laws and regulations could significantly reduce the size of its market sector in such market.

Increased Awareness of Environmental Factors

As part of increasing awareness of global climate change, some experts have suggested that companies involved in industries that may impact the environment through their projects may be subject to litigation from governments, shareholders or environmental activists. The cancellation of major projects contracted by the Corporation due to environmental concerns or significant environmental litigation impacting key clients could materially affect the Corporation's financial condition, reputation and results of operations.

Insurance Limits

The Corporation believes that its professional errors and omissions insurance, commercial general liability and director and officer liability insurance coverage addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Corporation's assets or operations.

Changes to Backlog

The Corporation cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. Projects may remain in the backlog for an extended period of time. In addition, project delays, suspensions, terminations, cancellations, reductions in scope or other adjustments do occur from time to time in the Corporation's industry due to considerations beyond its control and may have a material impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability. Future project cancellations and scope adjustments could further reduce the dollar amount of the backlog and the revenues that the Corporation actually receives.

In addition, most of the Corporation's contracts contain "termination for convenience" or termination upon short notice provisions, which permit the client to terminate or cancel the contract at its convenience upon providing the Corporation with notice of a specified period of time before the termination date or paying the Corporation equitable compensation or both, depending on the specific contract terms. In the event a significant number of the Corporation's clients were to avail themselves of such "termination for convenience" provisions, or if one or more significant contracts were terminated for convenience, the Corporation's reported backlog would be adversely affected with a corresponding adverse impact on expected future revenues and profitability. Although the Corporation's revenues do not materially depend on any specific client, there can be no assurance that the Corporation will be able to retain its relationships with its largest clients.

If a significant backlog adjustment occurs, the Corporation could incur costs resulting from reductions in staff that would have the effect of reducing its net earnings.

RISKS RELATED TO THE CORPORATION'S LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Deterioration of Financial Position or Net Cash Position

The Corporation relies both on its cash position as well as on the credit and capital markets to provide a portion of its capital requirements and it is, in certain instances, required to obtain bank guarantees as a means to secure its various contractual obligations. Significant instability or disruptions of the capital markets, including the credit markets, or a deterioration in or weakening of its financial position, including its net cash position, due to internal or external factors, could restrict or prohibit the Corporation's access to, or significantly increase the cost of one or more of these financing sources, including credit facilities, the issuance of long-term debt, or the availability of letters of credit to guarantee its contractual and project obligations.

There can be no assurance that the Corporation will maintain an adequate net cash position and generate sufficient cash flow from operations in a sufficient amount to enable itself to fund its operations and liquidity needs, service its debt and/or maintain its ability to obtain and secure bank guarantees.

A draw on letters of credit or bank guarantees by one or more third parties could, among other things, significantly reduce the Corporation's cash position and have a material adverse effect on its business and results of operations.

Working Capital Requirements

The Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows. In some cases, the Corporation may require significant working capital to finance the performance of engineering and other work on certain projects before it receives payment from clients. In some cases, the Corporation is contractually obligated to its clients to fund working capital on projects. Increases in working capital requirements could negatively impact the Corporation's business, financial condition and cash flows.

Further significant deterioration of the current global economic and credit market environment could challenge the Corporation's efforts to maintain a diversified asset allocation with credit worthy financial institutions.

In addition, the Corporation may invest some of its cash in longer-term investment opportunities, including the acquisition of other entities or operations, the reduction of certain liabilities such as unfunded pension liabilities and/or repurchases of the Corporation's outstanding shares. To the extent the Corporation uses cash for such other purposes, the amount of cash available for the working capital needs described above would be reduced.

Accounts Receivable

As is common in the professional services industry, the Corporation carries a high level of accounts receivable on its balance sheet. This value is spread amongst numerous contracts and clients. While the Corporation performs regular reviews of accounts receivable to identify clients with overdue payments and resolve issues causing any delays, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all. The non-payment of accounts receivable may have an adverse impact on the Corporation's financial condition and profitability.

The Corporation's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of expected credit losses, estimated by the Corporation's Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, although credit is extended following an evaluation of creditworthiness, the Corporation does not require collateral or other security from customers for trade accounts receivable. Large uncollectible accounts receivable balances could have a material adverse effect on the Corporation's financial condition.

Increased Indebtedness and Raising Capital

As at December 31, 2019, $1,350.4 million was drawn on the Corporation's credit facility. Such degree of leverage could require the Corporation to dedicate an important part of its cash flow to making interest and capital payments on its indebtedness, which could have other important consequences for investors, including the following:

- it may limit the Corporation's ability to make investments that are important to its growth and strategies while meeting its other cash needs or obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- certain of the Corporation's borrowings are at variable interest rates and expose the Corporation to the risk of increased interest rates;
- it may limit the Corporation's ability to adjust to changing market conditions and place the Corporation at a competitive disadvantage compared to its competitors that have less debt;
- the Corporation may not be able to pay dividends on its shares; and
- the Corporation may be vulnerable in a downturn in general economic conditions.

Under the terms of the Credit Facility, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. Under the Credit Facility, WSP is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated earnings before adjusted EBITDA and the interest coverage ratios, which are non-IFRS measures. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its Credit Facility.

If the Corporation is unable to obtain capital on acceptable terms in order to fund its growth strategy, the Corporation may be required to reduce the scope of its anticipated expansion, which may negatively affect its business strategy, future competitiveness and results of operations. Using internally generated cash or taking on debt to complete acquisitions could substantially limit the Corporation's operational and financial flexibility. The extent to which the Corporation will be able or willing to use its shares for acquisitions will depend on the market value of its shares from time to time and the willingness of potential sellers to accept its shares as full or partial consideration. The Corporation may also be required to incur additional debt if it acquires another business, which could increase its debt repayment obligations and have a negative impact on future liquidity and profitability.

In addition, the Corporation may also be required to raise additional capital in the public or private markets to support its strategy and operational needs in the future. The availability of future financing will depend on prevailing market conditions, and the acceptability of financing terms offered. There can be no assurance that future financing will be available, or available on acceptable terms, in an amount sufficient to fund its needs, especially during periods of economic downturn.

Impairment of Long-Lived Assets

Because the Corporation has grown in part through acquisitions, goodwill and intangible assets represent a substantial portion of the Corporation's assets. As at December 31, 2019, the Corporation had $3.6 billion of goodwill, representing 41% of its total assets of $8.7 billion. Under IFRS, the Corporation is required to test goodwill and indefinite-lived intangible assets carried in its consolidated statement of financial position for possible impairment on an annual basis; the Corporation uses a fair value approach. The Corporation has chosen to perform its annual impairment review of goodwill on the first day of the Corporation's fourth quarter of its fiscal year. The Corporation is also required to test long-lived assets for impairment between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a Cash Generating Unit ("CGU") below its book value, which would mean the value of the acquired assets has fallen below what the Corporation generally paid for them. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a CGU's market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of its business, potential government actions toward its facilities, and other factors. If the recoverable amount of a CGU is less than its carrying value, the Corporation could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on the Corporation's financial condition and results of operations for the period in which the charge is taken.

Foreign Currency Exposure

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of the Corporation's earnings and net assets is denominated in multiple foreign currencies, including US dollar, pound sterling, euro, Swedish krona and Chinese renminbi. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Future payments or distributions payable in a foreign currency carry the risk that the foreign currency will depreciate in value before the foreign currency payment is received and is exchanged into the Corporation's functional currency. In situations where revenues and costs are transacted in different currencies, the Corporation sometimes enters into foreign exchange contracts in order to limit its exposure to fluctuating foreign currencies. Although the Corporation does not currently have an exchange rate risk policy that would materially affect its results of operations, it is still subject to foreign currency risk.

The Corporation operates internationally which significantly increases its exposure to the currency risk arising from its operating activities denominated in US dollars, pounds sterling, Swedish kronas and euros and to its net assets in foreign operations. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, and where a change in exchange rates would have a direct impact on net earnings of the Corporation.

Income Taxes

The Corporation is subject to income taxes in various foreign jurisdictions. The tax legislation, regulation and interpretation that apply to its operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which the Corporation operates. Significant judgment is required in determining required provision for income taxes and Management uses accounting and fiscal principles to determine income tax positions that it believes are likely to be sustained by applicable tax authorities. However, there is no assurance that the Corporation's tax benefits or tax liability will not materially differ from its estimates or expectations. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Corporation is regularly under audit by tax authorities. It is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that the Corporation may ultimately recognize. Although Management believes that its tax estimates and tax positions are reasonable, they could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations, and related interpretations, the Corporation's global mix of earnings, the realizability of deferred income tax assets and changes in uncertain tax positions. Any of the above factors could have a material adverse effect on the Corporation's net income or cash flows by affecting its operations and profitability, the availability of tax credits, the cost of the services it provides, and the availability of deductions for operating losses as the Corporation grows its business. An increase or decrease in the Corporation's effective income tax rate could have a material adverse impact on its financial condition and results of operations.

Underfunded Defined Benefits Obligations

The Corporation may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement and post-retirement employee benefit plans managed by the Corporation. Such contributions are generally determined by calculating the projected benefit obligations of a plan, minus the fair value of such plan assets. In the future, the Corporation's benefit plan obligations may increase or decrease depending on, among other things, changes in life expectancy, interest rates and asset performance. If the Corporation is required to contribute a significant amount to cover deficit under underfunded benefit plans, the Corporation's cash flows may be materially and adversely affected.

Changing economic conditions and demographics may result in significant increases in the Corporation's funding obligations thereby reducing the availability of such funds for other corporate purposes, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

RISKS RELATED TO THE SHARES OF THE CORPORATION

Potential Dilution

The Corporation's articles permit the issuance of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. In order to successfully complete targeted acquisitions or to fund its other activities, the Corporation may issue additional equity securities that could dilute share ownership. The dilutive effect of these issuances may adversely affect the Corporation's ability to obtain additional capital or impair the Corporation's share price.

RISKS RELATED TO FORWARD-LOOKING STATEMENTS

The forward-looking statements included in this MD&A relating to, among other things, the Corporation's future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which the Corporation operates and the other statements listed in "Forward-Looking Statements", are based on opinions, assumptions and estimates made by Management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Corporation's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. The Corporation makes no representation that its actual results in the future will be the same, in whole or in part, as those included in this MD&A. See section 19, "Forward-Looking Statements".

21 ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on our Website at www.wsp.com and on SEDAR at www.sedar.com. The Corporation's Annual Information Form for the year ended December 31, 2018, is available on these websites.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol “WSP”. As at December 31, 2019, the Corporation had 105,932,842 common shares outstanding. As at February 25, 2020, the Corporation had 106,118,446 common shares outstanding following the share issuance realized under the DRIP after the payment of the fourth quarter dividend on January 15, 2020.

The Corporation has no other shares outstanding.

22 GLOSSARY OF NON-IFRS MEASURES AND SEGMENT REPORTING MEASURES

NET REVENUES AND NET REVENUES BY SEGMENT

Net revenues and net revenues by segment are defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients.

Net revenues is a non-IFRS measure and net revenues by segment is a segment reporting measure, both without a standardized definition within IFRS. Therefore, net revenues and net revenues by segment may not be comparable to similar measures presented by other issuers.

Management analyzes the Corporation's financial performance in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business. Refer to section 8.1, "Results of Operations" for reconciliations of revenues to net revenues.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is defined as earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges and reversals thereof, share of income tax expense and depreciation of associates and acquisition, integration and restructuring costs. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues.

Adjusted EBITDA and adjusted EBITDA margin are non-IFRS measures without standardized definitions within IFRS. The Corporation’s definition of adjusted EBITDA may differ from other issuers and, accordingly, these measures may not be comparable to similar measures used by other issuers.

Management analyzes the Corporation’s financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. Refer to section 8.6, "Reconciliation of adjusted EBITDA" for reconciliations of earnings before net financing expense and income taxes to adjusted EBITDA.

ADJUSTED EBITDA BY SEGMENT AND ADJUSTED EBITDA MARGIN BY SEGMENT

Adjusted EBITDA by segment is defined as adjusted EBITDA excluding head office corporate costs. Head office corporate costs are expenses and salaries related to centralized functions, such as head office finance, human resources and technology teams, which are not allocated to reportable segments. Adjusted EBITDA margin by segment is defined as adjusted EBITDA before head office corporate costs expressed as a percentage of net revenues.

These are segment reporting measures without standardized definitions within IFRS. Other issuers may define adjusted EBITDA by segment differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

This metric provides Management with comparability from one reportable segment to another. Refer to section 8.6, "Reconciliation of adjusted EBITDA" for reconciliations of earnings before net financing expense and income taxes to adjusted EBITDA. Refer to section 8.5, "Adjusted EBITDA by segment" for reconciliations of adjusted EBITDA to adjusted EBITDA by segment.

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings attributable to shareholders excluding acquisition, integration and restructuring costs and the income tax effects related to these costs. Adjusted net earnings per share is calculated using the basic weighted average number of shares.

Adjusted net earnings and adjusted net earnings per share are non-IFRS measures without standardized definitions within IFRS. Other issuers may define adjusted net earnings differently and, accordingly, these measures may not be comparable to similar measures used by other issuers.

These metrics provide a comparative measure of the Corporation's performance in a context of significant business combinations, in which the Corporation may incur significant acquisition, integration and restructuring costs. Management believes these costs should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Refer to section 8.10, "Adjusted net earnings" for reconciliations of net earnings attributable to shareholders to adjusted net earnings.

BACKLOG

Backlog represents future revenues stemming from existing signed contracts to be completed. Backlog is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Refer to section 8.3, "Backlog" for reconciliations of backlog to unfulfilled performance obligations.

FREE CASH FLOW

Free cash flow is defined as cash flows from operating activities, plus discretionary cash generated by the Corporation from other activities (if any), less lease payments and net capital expenditures.

Free cash flow is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow provides a consistent and comparable measure of discretionary cash generated by, and available to, the Corporation to service debt, meet other payment obligations and make strategic investments. Refer to section 9.1, "Operating activities and free cash flow" for reconciliations of free cash flow to cash flows from operating activities.

DAYS SALES OUTSTANDING ("DSO")

DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits. DSO is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

NET DEBT TO ADJUSTED EBITDA RATIO

Net debt to adjusted EBITDA ratio is a non-IFRS measure without a standardized definition within IFRS. Net debt is defined as long-term debt and other financial liabilities, including current portions but excluding lease liabilities, and net of cash.

The Corporation uses this ratio as a measure of financial leverage and it is calculated using our trailing twelve month adjusted EBITDA. Refer to section 9.4 "Net debt" for a calculation of net debt and section 10, "Eight quarter summary" for the trailing twelve month adjusted EBITDA.