

# WSP GLOBAL INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SECOND QUARTER AND SIX-MONTH PERIOD ENDED  
JUNE 27, 2020



August 5, 2020





## **ABOUT US**

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's global experts include engineers, advisors, technicians, scientists, architects, planners, surveyors and environmental specialists, as well as other design, program and construction management professionals. Our talented people are well positioned to deliver successful and sustainable projects, wherever our clients need us.

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**WSP GLOBAL INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF EARNINGS**  
**(UNAUDITED)**

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

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
<b>Revenues (note 5)</b>	<b>2,207.8</b>	<b>2,311.7</b>	<b>4,417.8</b>	<b>4,485.3</b>
Personnel costs	1,323.7	1,324.7	2,676.1	2,614.8
Subconsultants and direct costs	460.7	543.1	934.6	1,053.3
Other operational costs	148.2	185.3	319.9	349.3
Depreciation of right-of-use assets	67.4	59.1	130.0	118.2
Amortization of intangible assets	27.5	24.5	55.5	48.9
Depreciation of property and equipment	26.3	24.3	52.3	48.3
Acquisition, integration and restructuring costs (note 6)	30.3	15.4	41.1	24.4
Exchange loss (gain)	4.5	(0.8)	8.4	(1.3)
Share of income of associates and joint ventures, net of tax	(2.7)	(4.4)	(10.0)	(7.0)
<b>Earnings before net financing expense and income taxes</b>	<b>121.9</b>	<b>140.5</b>	<b>209.9</b>	<b>236.4</b>
Net financing expense (note 7)	1.2	21.4	69.5	32.1
<b>Earnings before income taxes</b>	<b>120.7</b>	<b>119.1</b>	<b>140.4</b>	<b>204.3</b>
Income tax expense	32.4	29.9	37.8	53.1
<b>Net earnings</b>	<b>88.3</b>	<b>89.2</b>	<b>102.6</b>	<b>151.2</b>
<b>Net earnings attributable to:</b>				
Shareholders of WSP Global Inc.	88.6	88.7	102.8	152.3
Non-controlling interests	(0.3)	0.5	(0.2)	(1.1)
	<b>88.3</b>	<b>89.2</b>	<b>102.6</b>	<b>151.2</b>
Basic net earnings per share attributable to shareholders	0.83	0.84	0.96	1.45
Diluted net earnings per share attributable to shareholders	0.83	0.84	0.96	1.45
Basic weighted average number of shares	107,006,730	105,006,741	106,554,478	104,858,255
Diluted weighted average number of shares	107,205,566	105,299,746	106,763,220	105,135,285

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

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)**

(in millions of Canadian dollars)

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
<b>Net earnings</b>	88.3	89.2	102.6	151.2
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to net earnings				
Currency translation adjustments	(37.9)	(83.3)	139.2	(162.8)
Translation adjustments on financial instruments designated as net investment hedge	20.7	14.5	(65.4)	43.3
Income tax recovery (expense)	(0.6)	1.8	1.1	1.0
Items that will not be reclassified to net earnings				
Actuarial loss on pension schemes	(19.8)	(7.6)	(5.8)	(22.4)
Exchange differences	0.1	—	(1.3)	—
Income tax recovery	3.8	1.8	1.3	4.4
<b>Total comprehensive income for the period</b>	<b>54.6</b>	<b>16.4</b>	<b>171.7</b>	<b>14.7</b>
<b>Comprehensive income (loss) attributable to:</b>				
Shareholders of WSP Global Inc.	54.9	15.9	171.9	15.8
Non-controlling interests	(0.3)	0.5	(0.2)	(1.1)
	<b>54.6</b>	<b>16.4</b>	<b>171.7</b>	<b>14.7</b>

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

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(UNAUDITED)**

(in millions of Canadian dollars)

As at	June 27, 2020	December 31, 2019
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 14)	711.8	255.6
Trade receivables and other receivables	1,715.0	1,767.8
Cost and anticipated profits in excess of billings	1,104.0	995.7
Other financial assets	114.2	114.5
Prepaid expenses	121.0	104.2
Income taxes receivable	26.3	18.8
	<b>3,792.3</b>	<b>3,256.6</b>
<b>Non-current assets</b>		
Right-of-use assets	966.2	913.4
Property and equipment	344.2	347.7
Intangible assets	315.1	355.4
Goodwill (note 10)	3,714.8	3,568.8
Deferred income tax assets	168.9	145.8
Other assets	95.6	88.4
	<b>5,604.8</b>	<b>5,419.5</b>
<b>Total assets</b>	<b>9,397.1</b>	<b>8,676.1</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,770.1	1,650.7
Billings in excess of costs and anticipated profits	715.8	629.0
Income taxes payable	139.9	125.3
Provisions	51.1	71.8
Dividends payable to shareholders (note 13)	42.4	39.7
Current portion of lease liabilities	255.3	211.7
Current portion of long-term debt (note 11)	292.4	307.8
	<b>3,267.0</b>	<b>3,036.0</b>
<b>Non-current liabilities</b>		
Long-term debt (note 11)	867.8	1,091.9
Lease liabilities	853.9	838.9
Provisions	83.6	72.8
Retirement benefit obligations	223.5	213.4
Deferred income tax liabilities	93.1	91.2
	<b>2,121.9</b>	<b>2,308.2</b>
<b>Total liabilities</b>	<b>5,388.9</b>	<b>5,344.2</b>
<b>Equity</b>		
Equity attributable to shareholders of WSP Global Inc.	4,007.4	3,330.8
Non-controlling interests	0.8	1.1
<b>Total equity</b>	<b>4,008.2</b>	<b>3,331.9</b>
<b>Total liabilities and equity</b>	<b>9,397.1</b>	<b>8,676.1</b>

Approved by the Board of Directors

(signed) Alexandre L'Heureux

Director

(signed) Louis-Philippe Carrière

Director

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

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(UNAUDITED)**

(in millions of Canadian dollars)

	Attributable to Shareholders of WSP Global Inc.						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance - January 1, 2020</b>	<b>2,752.2</b>	<b>204.6</b>	<b>303.4</b>	<b>70.6</b>	<b>3,330.8</b>	<b>1.1</b>	<b>3,331.9</b>
<b>Comprehensive income</b>							
Net earnings	—	—	102.8	—	102.8	(0.2)	102.6
Actuarial loss on pension schemes, net of tax	—	—	—	(5.8)	(5.8)	—	(5.8)
Currency translation adjustments, net of tax	—	—	—	133.3	133.3	—	133.3
Net investment hedge, net of tax	—	—	—	(58.4)	(58.4)	—	(58.4)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>102.8</b>	<b>69.1</b>	<b>171.9</b>	<b>(0.2)</b>	<b>171.7</b>
Common shares issued via public offerings (note 12)	486.7	—	—	—	486.7	—	486.7
Common shares issued via private placements (note 12)	67.2	—	—	—	67.2	—	67.2
Common shares issued under the DRIP (note 12)	30.4	—	—	—	30.4	—	30.4
Exercise of stock options (note 12)	1.8	(0.4)	—	—	1.4	—	1.4
Stock-based compensation expense	—	1.2	—	—	1.2	—	1.2
Declared dividends to shareholders of WSP Global Inc.	—	—	(82.2)	—	(82.2)	—	(82.2)
Dividends to non-controlling interests	—	—	—	—	—	(0.1)	(0.1)
<b>Balance - June 27, 2020</b>	<b>3,338.3</b>	<b>205.4</b>	<b>324.0</b>	<b>139.7</b>	<b>4,007.4</b>	<b>0.8</b>	<b>4,008.2</b>

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

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(UNAUDITED)**

(in millions of Canadian dollars)

	Attributable to Shareholders of WSP Global Inc.						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance - January 1, 2019</b>	<b>2,656.5</b>	<b>204.9</b>	<b>181.3</b>	<b>216.3</b>	<b>3,259.0</b>	<b>0.7</b>	<b>3,259.7</b>
<b>Comprehensive income</b>							
Net earnings	—	—	152.3	—	152.3	(1.1)	151.2
Actuarial loss on pension schemes, net of tax	—	—	—	(18.0)	(18.0)	—	(18.0)
Currency translation adjustments, net of tax	—	—	—	(156.0)	(156.0)	—	(156.0)
Net investment hedge, net of tax	—	—	—	37.5	37.5	—	37.5
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>152.3</b>	<b>(136.5)</b>	<b>15.8</b>	<b>(1.1)</b>	<b>14.7</b>
Common shares issued under the DRIP (note 12)	39.2	—	—	—	39.2	—	39.2
Exercise of stock options (note 12)	0.4	—	—	—	0.4	—	0.4
Stock-based compensation expense	—	0.8	—	—	0.8	—	0.8
Declared dividends to shareholders of WSP Global Inc.	—	—	(78.7)	—	(78.7)	—	(78.7)
<b>Balance - June 29, 2019</b>	<b>2,696.1</b>	<b>205.7</b>	<b>254.9</b>	<b>79.8</b>	<b>3,236.5</b>	<b>(0.4)</b>	<b>3,236.1</b>

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

**WSP GLOBAL INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

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(in millions of Canadian dollars)

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
<b>Operating activities</b>				
Net earnings	88.3	89.2	102.6	151.2
Adjustments (note 14)	124.5	85.7	221.8	180.4
Net financing expense (note 7)	1.2	21.4	69.5	32.1
Income tax expense	32.4	29.9	37.8	53.1
Income taxes paid	(8.1)	(26.6)	(33.2)	(47.0)
Change in non-cash working capital items (note 14)	268.4	(103.0)	111.4	(245.5)
<b>Cash inflows from operating activities</b>	<b>506.7</b>	<b>96.6</b>	<b>509.9</b>	<b>124.3</b>
<b>Financing activities</b>				
Net (repayment) proceeds of long-term debt	(1,082.7)	74.6	(279.6)	138.6
Lease payments	(72.1)	(64.6)	(142.5)	(130.0)
Net financing expenses paid	(14.6)	(11.0)	(38.1)	(22.8)
Dividends paid to shareholders of WSP Global Inc.	(26.2)	(19.6)	(49.1)	(39.2)
Dividends paid to a non-controlling interest	—	—	(0.1)	—
Issuance of common shares, net of issuance costs (note 12)	549.6	0.4	549.6	0.5
<b>Cash inflows (outflows) from financing activities</b>	<b>(646.0)</b>	<b>(20.2)</b>	<b>40.2</b>	<b>(52.9)</b>
<b>Investing activities</b>				
Net disbursements related to business acquisitions	(0.9)	(50.8)	(45.7)	(55.5)
Additions to property and equipment, excluding business acquisitions	(22.3)	(13.8)	(38.8)	(36.4)
Additions to identifiable intangible assets, excluding business acquisitions	(2.3)	(5.7)	(9.2)	(10.1)
Dividends received from associates	—	—	3.8	—
Proceeds from disposal of property and equipment	0.8	1.9	1.1	8.4
Proceeds from sale of investments in associates and joint ventures	0.4	—	0.4	—
<b>Cash outflows from investing activities</b>	<b>(24.3)</b>	<b>(68.4)</b>	<b>(88.4)</b>	<b>(93.6)</b>
Effect of exchange rate change on cash and cash equivalents	(16.5)	(1.0)	11.4	(7.4)
<b>Change in net cash and cash equivalents</b>	<b>(180.1)</b>	<b>7.0</b>	<b>473.1</b>	<b>(29.6)</b>
Cash and cash equivalents, net of bank overdraft - beginning of the period	890.5	217.3	237.3	253.9
<b>Cash and cash equivalents, net of bank overdraft - end of period (note 14)</b>	<b>710.4</b>	<b>224.3</b>	<b>710.4</b>	<b>224.3</b>

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



**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

(Tabular figures are in millions of Canadian dollars, unless otherwise stated)

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

# 1 BASIS OF PRESENTATION

WSP Global Inc. (the “Corporation” or “WSP”) is a professional services consulting firm which provides technical expertise and strategic advice to clients in the transportation & infrastructure, property & buildings, environment, industry, resources (including mining and oil and gas) and energy sectors. The Corporation also offers highly specialized services in project and program delivery and advisory services. The address of its main registered office is 1600 René-Lévesque Blvd West, Montreal, Quebec, Canada.

The common shares of the Corporation are listed under the trading symbol "WSP" on the Toronto Stock Exchange (“TSX”).

## STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in compliance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). These financial statements were prepared on a going concern basis, on a historical cost basis, except for certain financial assets and liabilities (including investments in securities and derivative instruments), liabilities for share unit plans, and contingent consideration, which are measured at fair value, and defined benefit liabilities, which are measured as the net total of the present value of the defined benefit obligations minus the fair value of plan assets.

These financial statements were approved by the Corporation’s Board of Directors on August 5, 2020.

# 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these interim condensed consolidated financial statements are the same as those described in the Corporation’s consolidated financial statements for the year ended December 31, 2019, except as described below.

All disclosures required for annual consolidated financial statements have not been included in these interim condensed consolidated financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation’s consolidated financial statements for the year ended December 31, 2019.

These unaudited interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Corporation’s results of operations, financial position and cash flows.

The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. The Corporation experiences seasonal trends in its business. The third and fourth quarters historically 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.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

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

**NEW ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICY****DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

Upon adoption of *IFRS 9 - Financial Instruments*, as at January 1, 2018, the Corporation had elected to continue to use the criteria of *IAS 39 - Financial Instruments: Recognition and Measurement* for hedge accounting. Given the Corporation's recent hedging activities, Management has determined that the application of hedge accounting criteria in *IFRS 9* results in reliable and more relevant information about the effects of hedge transactions on the Corporation's financial performance. This change has been applied prospectively as at January 1, 2020, given retrospective application would not have a material impact on the Corporation's financial position as at January 1, 2020.

The summary of the Corporation's accounting policy for derivative financial instruments and hedging activities is as follows:

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Corporation designates certain derivatives as either:

- (a) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) hedges of a net investment in a foreign operation (net investment hedge).

The Corporation documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

**Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in net earnings together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

**Cash flow hedge**

The effective portion of the change in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in net earnings.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when a forecasted transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to net earnings.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**Net investment hedge**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in net earnings.

Gains and losses accumulated in equity are transferred to net earnings if a foreign operation is disposed of, partially or in its entirety.

**GOVERNMENT GRANTS**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants intended to compensate an expense item are recognized in net earnings on a systematic basis over the periods that the related costs are expensed. The Corporation received \$10.9 million of government subsidies during the quarter and six-month period ended June 27, 2020, recognized in personnel costs (nil during the comparable periods in 2019). There are no unfulfilled conditions or contingencies attached to these grants.

**ACCOUNTING STANDARD AMENDMENTS EFFECTIVE IN 2020**

The following amendments to existing standards have been adopted by the Corporation on January 1, 2020 and had no significant impact on the Corporation's consolidated financial statements.

**DEFINITION OF A BUSINESS**

Amendments to *IFRS 3 - Business Combinations* help entities determine whether an acquired set of activities should be accounted for as a business combination or an asset acquisition. The amended definition of a business requires a business acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

**DEFINITION OF MATERIAL**

Amendments to *IAS 1 - Presentation of Financial Statements* and *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors* align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The concept of "obscuring" material information with immaterial information has been included as part of the new definition.

**INTEREST RATE BENCHMARK REFORM - PHASE 1**

Amendments to *IFRS 9 - Financial Instruments*, *IAS 39 - Financial Instruments: Recognition and Measurement*, and *IFRS 7 - Financial Instruments: Disclosures* address the uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs"). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and require certain related disclosures.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**RECENT STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT APPLIED****CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT**

In January 2020, IASB issued a narrow-scope amendment to IAS 1 - *Presentation of Financial Statements*, which clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment is effective for the Corporation's annual reporting period beginning on January 1, 2022, with earlier application permitted. The Corporation is assessing the potential impact of these amendments.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. These accounting estimates will, by definition, seldom equal the related actual results and such differences may be material.

The types of significant estimates, judgments and assumptions made by management in applying the Corporation's accounting policies are the same as those applied and described in the annual consolidated financial statements for the year ended December 31, 2019. In addition, in response to the outbreak of the novel strain of coronavirus, COVID-19, governments worldwide enacted emergency measures to combat the spread of the virus which caused material disruption to businesses, resulting in a global economic slowdown. Management's estimates and judgments considered the uncertainties and economic implications of the COVID-19 pandemic on the Corporation's business, financial performance and financial position. However, despite management's efforts to estimate the economic implications of the current health crisis, the uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts of the following: revenue recognition, including estimated losses on revenue-generating contracts, goodwill and other long-lived asset impairment, leases, deferred tax assets and provisions for uncertain tax treatments and litigation and claims. At the date of publication of these interim financial statements, it is not possible to reliably estimate the length and severity of these developments and their potential impact on the Corporation's financial results, conditions and cash flows.

**4 OPERATING SEGMENTS****SEGMENTED INFORMATION**

The Corporation manages its business by geographic region. The Corporation's operating segments represent countries, or groups of countries, in which it operates. The Corporation has four reportable segments: Canada, Americas (USA and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Asia, Australia and New Zealand).

The Corporation's global leadership team ("GLT") assesses the performance of the reportable segments based on net revenues and adjusted EBITDA by segment. Adjusted EBITDA by segment excludes items such as business acquisition, integration and restructuring costs, and head office corporate costs, which are not considered when assessing the underlying financial performance of the reportable segments. Head office corporate costs are expenses and salaries related to

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centralized functions, such as global finance, legal, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, depreciation, amortization and income taxes.

Sales between segments are carried out on terms equivalent to arm's length transactions and are eliminated upon consolidation.

The net revenues reported to the GLT are derived from revenues net of subconsultant and direct costs, which are measured in a similar manner as in the consolidated statements of earnings, and exclude intersegmental net revenues.

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

	<b>For the three-month period ended June 27, 2020</b>				
	<b>Canada</b>	<b>Americas</b>	<b>EMEIA</b>	<b>APAC</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	285.4	879.6	703.0	339.8	2,207.8
Less: Subconsultants and direct costs	(41.1)	(257.5)	(118.4)	(43.7)	(460.7)
Net revenues by segment	244.3	622.1	584.6	296.1	1,747.1
Adjusted EBITDA by segment	43.4	123.8	83.0	49.2	299.4
Head office corporate costs					(23.3)
Depreciation and amortization					(121.2)
Acquisition, integration and restructuring costs					(30.3)
Net financing expenses, excluding interest income					(2.1)
Share of depreciation and taxes of associates					(1.8)
Earnings before income taxes					120.7
	<b>For the three-month period ended June 29, 2019</b>				
	<b>Canada</b>	<b>Americas</b>	<b>EMEIA</b>	<b>APAC</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	320.3	927.4	741.0	323.0	2,311.7
Less: Subconsultants and direct costs	(46.1)	(316.4)	(138.1)	(42.5)	(543.1)
Net revenues by segment	274.2	611.0	602.9	280.5	1,768.6
Adjusted EBITDA by segment	52.0	122.6	77.3	38.9	290.8
Head office corporate costs					(25.4)
Depreciation and amortization					(107.9)
Acquisition, integration and restructuring costs					(15.4)
Net financing expenses, excluding interest income					(21.4)
Share of depreciation and taxes of associates					(1.6)
Earnings before income taxes					119.1

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

	For the six-month period ended June 27, 2020				
	Canada	Americas	EMEIA	APAC	Total
	\$	\$	\$	\$	\$
Revenues	561.9	1,736.6	1,472.0	647.3	4,417.8
Less: Subconsultants and direct costs	(74.6)	(530.4)	(246.4)	(83.2)	(934.6)
Net revenues by segment	487.3	1,206.2	1,225.6	564.1	3,483.2
Adjusted EBITDA by segment	80.7	201.8	167.8	89.5	539.8
Head office corporate costs					(45.3)
Depreciation and amortization					(237.8)
Acquisition, integration and restructuring costs					(41.1)
Net financing expenses, excluding interest income					(71.2)
Share of depreciation and taxes of associates					(4.0)
Earnings before income taxes					140.4
	For the six-month period ended June 29, 2019				
	Canada	Americas	EMEIA	APAC	Total
	\$	\$	\$	\$	\$
Revenues	604.8	1,755.8	1,489.7	635.0	4,485.3
Less: Subconsultants and direct costs	(86.1)	(605.8)	(273.9)	(87.5)	(1,053.3)
Net revenues by segment	518.7	1,150.0	1,215.8	547.5	3,432.0
Adjusted EBITDA by segment	90.0	201.2	160.5	77.0	528.7
Head office corporate costs					(46.4)
Depreciation and amortization					(215.4)
Acquisition, integration and restructuring costs					(24.4)
Net financing expenses, excluding interest income					(35.1)
Share of depreciation and taxes of associates					(3.1)
Earnings before income taxes					204.3

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 5 REVENUES

The tables below present the Corporation's disaggregated revenues by market sector and client category:

	For the six-month period ended June 27, 2020				
	Canada	Americas	EMEIA	APAC	Total
	\$	\$	\$	\$	\$
<b>Market sector</b>					
Transportation & Infrastructure	235.1	1,109.4	728.8	326.0	2,399.3
Property & Buildings	135.1	155.1	480.8	205.9	976.9
Environment	115.3	295.6	133.8	70.5	615.2
Resources	34.0	120.4	1.8	21.6	177.8
Power & Energy	21.1	51.8	89.4	19.4	181.7
Industry	21.3	4.3	37.4	3.9	66.9
	561.9	1,736.6	1,472.0	647.3	4,417.8
<b>Client Category</b>					
Public sector	211.2	1,257.5	898.5	355.6	2,722.8
Private sector	350.7	479.1	573.5	291.7	1,695.0
	561.9	1,736.6	1,472.0	647.3	4,417.8

	For the six-month period ended June 29, 2019				
	Canada	Americas	EMEIA	APAC	Total
	\$	\$	\$	\$	\$
<b>Market sector</b>					
Transportation & Infrastructure	251.9	1,084.0	748.0	319.3	2,403.2
Property & Buildings	142.1	202.0	468.4	211.5	1,024.0
Environment	116.5	192.5	119.4	54.6	483.0
Resources	52.6	199.4	8.4	28.5	288.9
Power & Energy	21.2	69.4	95.5	18.4	204.5
Industry	20.5	8.8	49.9	2.7	81.9
	604.8	1,756.1	1,489.6	635.0	4,485.5
<b>Client Category</b>					
Public sector	250.8	1,082.3	850.0	345.7	2,528.8
Private sector	354.0	673.8	639.6	289.3	1,956.7
	604.8	1,756.1	1,489.6	635.0	4,485.5



**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 6 ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
Business integration costs	11.1	12.0	15.0	18.9
Business acquisition costs	3.5	3.1	6.7	3.5
Restructuring and severances in response to the COVID-19 pandemic	15.7	0.3	19.4	2.0
	30.3	15.4	41.1	24.4

Included in acquisition, integration and restructuring costs are employee benefit costs of \$15.0 million and \$18.1 million for the second quarter and six-month period ended June 27, 2020 (\$6.6 million and \$11.9 million in the comparable periods in 2019). Other than employee benefit costs, costs relate mainly to legal and professional fees and early contract termination costs.

## 7 NET FINANCING EXPENSE

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
Interest expense related to credit facility	12.0	18.6	27.3	35.1
Interest expense on lease liabilities	11.7	12.0	23.1	24.0
Net financing expense on pension obligations	1.2	1.6	2.2	2.9
Exchange loss (gain) on assets and liabilities denominated in foreign currencies	(0.3)	(2.8)	4.1	(2.5)
Unrealized loss (gain) on derivative financial instruments	(12.0)	(4.7)	4.0	(12.9)
Other interest and bank charges	4.1	0.4	8.5	2.9
Loss (gain) on investments in securities	(14.6)	(3.7)	2.0	(14.4)
Interest income	(0.9)	—	(1.7)	(3.0)
	1.2	21.4	69.5	32.1

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## 8 FINANCIAL INSTRUMENTS

During the second quarter of 2020, the Corporation entered into cross currency swaps for a nominal amount of \$57.5 million US dollars to hedge a portion of its US-dollar denominated debt at a USD/CAD rate of 1.3739 (not designated as hedging instruments), and a nominal amount of \$51.2 million US dollars at a USD/SEK rate of 9.3750 (designated as a net investment hedge). The fair market value loss of these instruments amounted to \$0.7 million and was recorded in net earnings and other comprehensive income. These cross currency swap agreements expire in the third quarter of 2020.

The Corporation entered into foreign currency forward contracts and options to hedge the variability in the foreign currency exchange rate of certain currencies against the Canadian dollar. The largest hedged currencies represent a nominal amount of \$238.0 million US dollars and \$36.0 million pound sterling. The net fair market value loss of these forward contracts and options amounted to \$5.2 million and was recorded in net earnings.

The Corporation also entered into interest rate swaps for a nominal amount of \$550.0 million US dollars to hedge the variability in interest rates of its US-dollar denominated debt. The fair market value loss of these interest rate swap agreements amounted to \$4.6 million and was recorded in other comprehensive income.

The Corporation enters into derivative financial instruments with Canadian financial institutions to limit the Corporation's exposure to the variability of cash-settled LTIP share unit compensation plans caused by fluctuations in its common share price. The value of the derivative financial instruments fluctuates in accordance with the movement of the Corporation's common share price and are classified as fair value through profit or loss. As such, they are measured at fair value on the consolidated statement of financial position and the mark-to-market gain or loss pertaining to derivative financial instruments is recorded in personnel costs. In the second quarter of 2020, the mark-to-market gains to date recorded in personnel costs amounted to \$4.4 million. As at June 27, 2020, the Corporation had hedges outstanding for 660,000 of its common shares.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets					
	For the six-month period ended June 27, 2020			For the six-month period ended June 29, 2019		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Balance - Beginning of period</b>	866.8	46.6	913.4	1,040.2	33.1	1,073.3
Additions through business acquisitions and measurement period adjustments	26.3	—	26.3	4.2	—	4.2
Additions	91.0	42.7	133.7	10.2	1.1	11.3
Lease modifications	(5.4)	—	(5.4)	—	—	—
Depreciation expense	(120.4)	(9.6)	(130.0)	(113.2)	(5.0)	(118.2)
Utilization of lease inducement allowances	4.3	—	4.3	18.2	—	18.2
Exchange differences	23.0	0.9	23.9	(15.6)	(0.6)	(16.2)
<b>Balance - End of period</b>	885.6	80.6	966.2	944.0	28.6	972.6
	Lease liabilities					
	For the six-month period ended June 27, 2020			For the six-month period ended June 29, 2019		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Balance - Beginning of period</b>	1,007.9	42.7	1,050.6	1,156.6	33.1	1,189.7
Additions through business acquisitions and measurement period adjustments	26.1	—	26.1	4.2	—	4.2
Additions	91.0	40.6	131.6	10.2	1.2	11.4
Lease modifications	(5.4)	—	(5.4)	—	—	—
Interest expense on lease liabilities (note 7)	22.1	1.0	23.1	23.3	0.7	24.0
Payments	(128.5)	(14.0)	(142.5)	(122.1)	(7.9)	(130.0)
Exchange differences	25.4	0.3	25.7	(19.7)	(0.5)	(20.2)
<b>Balance - End of period</b>	1,038.6	70.6	1,109.2	1,052.5	26.6	1,079.1
Current portion of lease liabilities	230.1	25.2	255.3	191.3	11.4	202.7
Non-current portion of lease liabilities	808.5	45.4	853.9	861.2	15.2	876.4

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## 10 GOODWILL

For the year-to-date periods ended	June 27, 2020	December 31, 2019
	\$	\$
<b>Balance – As at January 1</b>	3,568.8	3,493.2
Goodwill resulting from business acquisitions	35.4	198.7
Measurement period adjustments	2.2	13.1
Impairment charges	—	(3.7)
Exchange differences	108.4	(132.5)
<b>Balance – As at end of period</b>	<b>3,714.8</b>	<b>3,568.8</b>

In January 2020, WSP acquired LT Environmental Inc., a 140-employee environmental consulting firm based in Colorado, US. This acquisition was financed using WSP's available cash and credit facilities.

## 11 LONG-TERM DEBT

As at	June 27, 2020	December 31, 2019
	\$	\$
Borrowings under credit facility	1,136.1	1,350.4
Bank overdraft	1.4	18.3
Other financial liabilities	17.0	26.0
Other debt	5.7	5.0
	1,160.2	1,399.7
Current portion	292.4	307.8
Non-current portion	867.8	1,091.9

## CREDIT FACILITY

WSP has in place a US\$1,800.0 million credit facility with a syndicate of financial institutions (the "Lenders") comprised of:

- a senior unsecured non-revolving term credit facility which consists of a principal amount of US\$600.0 million (the "Term Facility"), made up of three term loans of US\$200.0 million, expiring on December 31, 2020, December 18, 2021 and December 18, 2022, respectively; and
- a senior unsecured revolving credit facility to a maximum amount of US\$1,200.0 million (the "Revolving Credit Facility"). The maturity date of the Revolving Credit Facility is December 31, 2023.

The amount available under the credit facility is \$1,253.9 million as at June 27, 2020.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 12 SHARE CAPITAL

### AUTHORIZED

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

### ISSUED AND PAID

	Common shares	
	Number	\$
<b>Balance as at January 1, 2019</b>	104,441,416	2,656.5
Shares issued under the Dividend Reinvestment Plan (DRIP)	1,161,114	79.9
Shares issued upon exercise of stock options	330,312	15.8
<b>Balance as at December 31, 2019</b>	105,932,842	2,752.2
Shares issued related to public bought deal and private placements	6,659,200	553.9
Shares issued under the DRIP (note 13)	347,252	30.4
Shares issued upon exercise of stock options	31,123	1.8
<b>Balance as at June 27, 2020</b>	112,970,417	3,338.3

On June 17, 2020, the Corporation completed a bought deal public offering (the “Offering”) of common shares of the Corporation (the “Offering Common Shares”) and a private placement (the “Concurrent Private Placement”) of common shares of the Corporation (the “Placement Common Shares”) for aggregate gross proceeds of \$572.7 million.

The Corporation issued from treasury 5,842,000 Offering Common Shares, including the 762,000 Offering Common Shares issued as a result of the full exercise of the over-allotment option at a price of \$86.00 per Offering Common Share, for aggregate gross proceeds of \$502.4 million.

In addition, the Corporation issued an aggregate of 817,200 Placement Common Shares, at a price of \$86.00 per Placement Common Share, through the Concurrent Private Placement with Caisse de dépôt et placement du Québec (“CDPQ”) and a subsidiary of Canada Pension Plan Investment Board (“CPP Investments”), for aggregate gross proceeds of \$70.3 million, which includes 76,200 Placement Common Shares issued pursuant to the exercise by CDPQ of its additional subscription option in connection with the exercise of the underwriters’ over-allotment option. Immediately following the Concurrent Private Placement, CDPQ beneficially owned, exercised control or direction over, directly or indirectly, an aggregate of 20,769,048 common shares of the Corporation, representing 18.4% of the issued and outstanding common shares of the Corporation, and CPP Investments beneficially owned, exercised control or direction over, directly or indirectly, an aggregate of 21,344,068 common shares of the Corporation, representing 18.9% of the issued and outstanding common shares of the Corporation. Both CDPQ and CPP Investments have undertaken to have all of the common shares of the Corporation held by them (including the Placement Common Shares) participate in the Corporation’s dividend reinvestment plan (the “DRIP”) and to have such common shares of the Corporation enrolled in the DRIP for all dividends for which the record date is on or before June 30, 2021.

Total issuance-related costs of these transactions amounted to \$24.5 million, less income tax recovery of \$5.7 million.

As at June 27, 2020, no preferred shares were issued.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 13 DIVIDENDS

On May 6, 2020, the Corporation declared a dividend of \$0.375 per share, paid on July 15, 2020, to shareholders of record on June 30, 2020. The total amount of the dividend payable for the second quarter was \$42.4 million, which was paid subsequent to the end of the quarter.

### DIVIDEND REINVESTMENT PLAN (DRIP)

Under the DRIP, the holders of common shares may elect to have cash dividends reinvested into additional common shares. The shares to be delivered can be purchased on the open market or issued from treasury at the discretion of Management. The shares issued from treasury can be issued at a discount of up to 5.0% of the applicable average market price.

Following the payment of dividends declared on November 5, 2019 and February 26, 2020, \$30.4 million was reinvested in 347,252 common shares under the DRIP during the six-month period ended June 27, 2020. Subsequent to the end of the quarter, on July 15, 2020, \$22.8 million of the second quarter dividend was reinvested in 281,529 additional common shares under the DRIP.

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## 14 STATEMENTS OF CASH FLOWS

### CASH AND CASH EQUIVALENTS, NET OF BANK OVERDRAFT

As at	June 27, 2020	December 31, 2019
	\$	\$
Cash on hand and with banks	711.8	255.6
Less: Bank overdraft (note 11)	(1.4)	(18.3)
<b>Cash and cash equivalents, net of bank overdraft</b>	<b>710.4</b>	<b>237.3</b>

### ADJUSTMENTS

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
Depreciation, amortization and impairment	121.2	107.9	237.8	215.4
Share of earnings of associates and joint-ventures, net of tax	(2.7)	(4.4)	(10.0)	(7.0)
Defined benefit pension scheme expense	2.3	2.8	5.9	7.2
Cash contribution to defined benefit pension schemes	(2.6)	(3.0)	(6.2)	(6.4)
Foreign exchange and non-cash movements	6.9	(3.9)	(5.7)	(9.4)
Other	(0.6)	(13.7)	—	(19.4)
	124.5	85.7	221.8	180.4

### CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Second quarters ended		Six month periods ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
	\$	\$	\$	\$
Decrease (increase) in:				
Trade, prepaid and other receivables	96.9	(80.8)	105.0	(59.0)
Costs and anticipated profits in excess of billings	58.9	(112.2)	(77.6)	(140.2)
Increase (decrease) in:				
Accounts payable and accrued liabilities	73.5	(14.0)	16.3	(80.9)
Billings in excess of costs and anticipated profits	39.1	104.0	67.7	34.6
	268.4	(103.0)	111.4	(245.5)