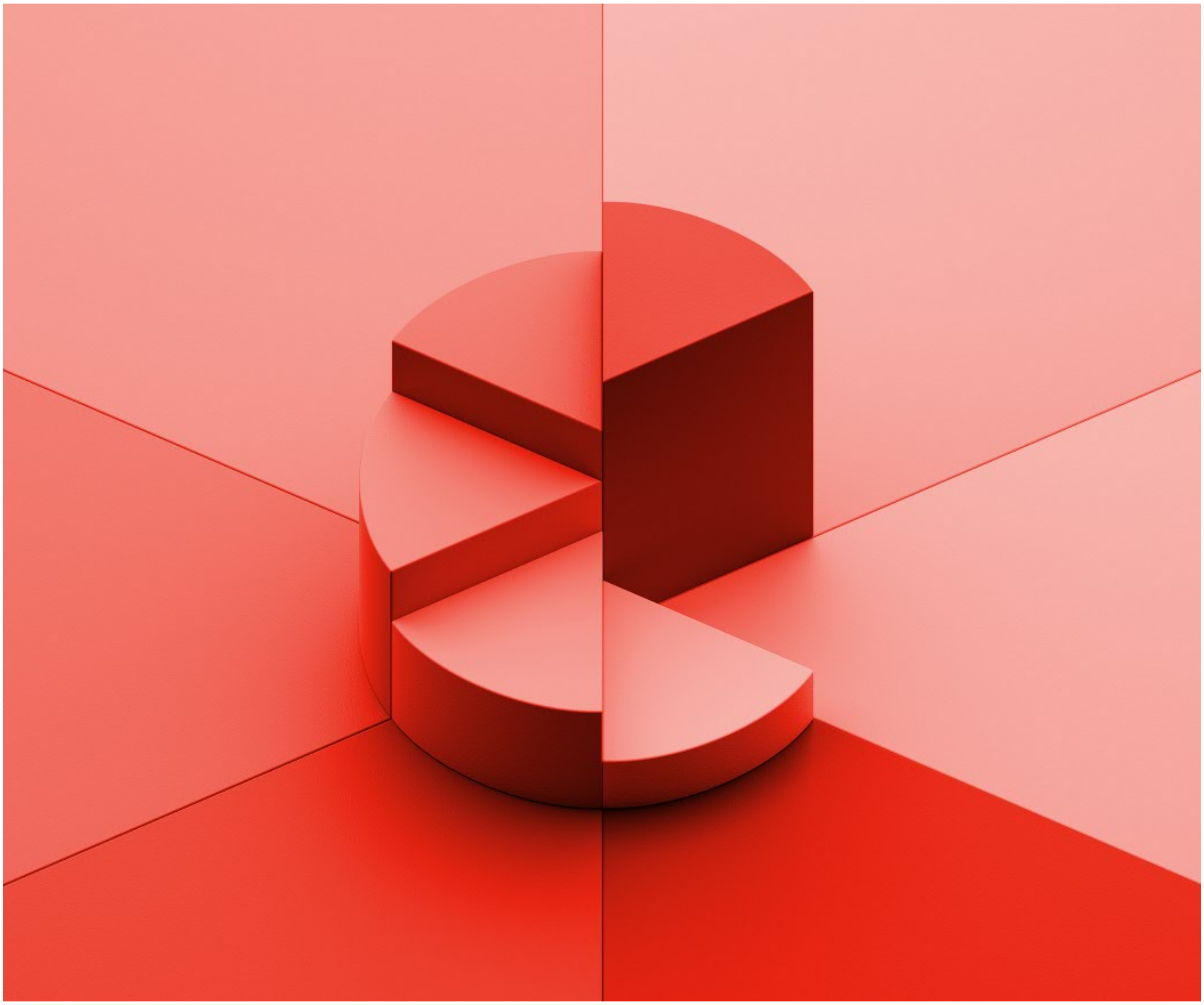
# WSP GLOBAL INC.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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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# TABLE OF CONTENTS

# 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 August 5, 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 unaudited interim condensed consolidated financial statements and accompanying notes for the quarter ended June 27, 2020 as well as the Corporation's amended MD&A and audited consolidated financial statements and accompanying notes for the year ended December 31, 2019. The Corporation's unaudited interim condensed consolidated financial statements for the quarter ended June 27, 2020 have been prepared in compliance with IAS 34, "Interim Financial Reporting" 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 information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's results for the second quarter ended June 27, 2020. 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 second quarter results include the period from March 29, 2020 to June 27, 2020 and the comparative second quarter results include the period from March 31, 2019 to June 29, 2019.

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 19, "Glossary of non-IFRS measures and segment reporting measures" and reconciliations to IFRS measures can be found in section 8, "Financial Review" and section 9, "Liquidity".

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's global experts include engineers, advisors, technicians, scientists, architects, planners, environmental specialists and surveyors, in addition to other design, program and construction management professionals. WSP's talented people are well 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.

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:** WSP has specialists working with and advising businesses and governments in key areas of environmental consultancy encompassing air, land, water, societ, and health. They provide environmental solutions to public and private clients worldwide. They can offer expertise on environmental matters from due diligence, contaminated lands, ecology and biodiversity, regulatory compliance, through supporting management of hazardous materials, environmental and social impact assessments, to employee health and safety, corporate sustainability and ESG programs. WSP's reputation has been built on understanding clients’ business needs worldwide and helping them to mitigate risk, manage and reduce impacts, maximize opportunities related to sustainability, climate change, energy use, and minimize their environmental footprint. Core areas of expertise offered within the full suite of environmental advisory and technical services are: Environmental Management, Due Diligence & Compliance; ESIA, Ecology & Permitting; Climate Change, Energy and Sustainability; Contaminated Land & Geosciences; Waste & Water Management; Air Quality, Noise, Acoustics & Vibration.

- **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, per share data, DSO and ratios) | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| Revenues | $2,207.8 | $2,311.7 | $4,417.8 | $4,485.3 |
| Net revenues* | $1,747.1 | $1,768.6 | $3,483.2 | $3,432.0 |
| Earnings before net financing expense and income taxes | $121.9 | $140.5 | $209.9 | $236.4 |
| Adjusted EBITDA* | $276.1 | $265.4 | $494.5 | $482.3 |
| Adjusted EBITDA margin* | 15.8 % | 15.0 % | 14.2 % | 14.1 % |
| Net earnings attributable to shareholders of WSP Global Inc. | $88.6 | $88.7 | $102.8 | $152.3 |
| Basic net earnings per share | $0.83 | $0.84 | $0.96 | $1.45 |
| Adjusted net earnings* ** | $92.1 | $94.0 | $139.6 | $150.4 |
| Adjusted net earnings per share* ** | $0.86 | $0.90 | $1.31 | $1.43 |
| Cash inflows from operating activities | $506.7 | $96.6 | $509.9 | $124.3 |
| Free cash flow* | $410.8 | $14.4 | $320.5 | ($43.8) |
| **As at** | | | **June 27, 2020** | **June 29, 2019** |
| Backlog* | | | $8,611.0 | $7,952.7 |
| DSO* | | | 72 | 80 |
| **As at** | | | **June 27, 2020** | **December 31, 2019** |
| Net debt to adjusted EBITDA ratio* | | | 0.4 | 1.1 |

* Non-IFRS measure. Refer to section 19, "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.

** Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative period has been restated.

# 5 EXECUTIVE SUMMARY

Solid performance in the second quarter of 2020 exceeded management's ambitions resulting in strong free cash flow and an increased adjusted EBITDA margin.

## Second quarter 2020 financial highlights

- Revenues and net revenues for the quarter reached $2.2 billion and $1.7 billion, down 4.5% and 1.2%, respectively, compared to Q2 2019. Organically, net revenues contracted 5.3% for the quarter. Good organic growth in the APAC reportable segment was offset by organic contraction in the other segments.

- Backlog as at June 27, 2020 stood at $8.6 billion, another record high of 11.5 months of revenues, up $479.2 million or 5.9% from $8.1 billion as at December 31, 2019 and up $658.3 million or 8.3% when compared to June 29, 2019. Backlog organic growth reached 4.3% compared to December 31, 2019 and 5.2% compared to June 29, 2019.

- Adjusted EBITDA in the quarter of $276.1 million, up $10.7 million or 4.0%, compared to $265.4 million in Q2 2019. Adjusted EBITDA margin for the quarter reached 15.8%, compared to 15.0% in Q2 2019. Improved margins in the APAC and EMEIA reportable segments were partially offset by lower margins in Canada.

- Earnings before net financing expense and income taxes in the quarter of $121.9 million, down $18.6 million, or 13.2%, compared to Q2 2019, mainly due to severance costs of $13.7 million included in the acquisition, integration and restructuring costs.

- Net earnings attributable to shareholders for the quarter of $88.6 million, or $0.83 per share, stable when compared to Q2 2019.

- Net financing expense for the second quarter ended June 27, 2020 was $20.2 million lower than the second quarter of 2019, mainly attributable to non-cash increases in value of investments related to a US-employees' deferred compensation plan and foreign exchange forward contracts used to hedge future cash transactions, as well as lower interest expense on long-term debt.

- Adjusted net earnings for the quarter of $92.1 million, or $0.86 per share, down $1.9 million and $0.04, respectively, compared to Q2 2019. The decrease is mainly due to higher amortization and depreciation, which offset improvements in adjusted EBITDA.

- DSO as at June 27, 2020 stood at 72 days, a historical best, compared to 80 days as at June 29, 2019.

- Cash inflows from operating activities of $509.9 million in the six-month period ended June 27, 2020, compared to $124.3 million in the comparable period in 2019.

- Gross proceeds of $572.7 million from the successful equity financing completed in June 2020.

- Free cash flow of $410.8 million for the quarter. Trailing twelve-months of free cash flow amounted to $805.9 million, representing 340% of net earnings attributable to shareholders.

- The net debt to adjusted EBITDA ratio stood at 0.4x. The ratio is significantly lower than 1.1x as at December 31, 2019 due mainly to the repayment of a portion of indebtedness under credit facilities following strong free cash flow and the issuance of common shares in the second quarter of 2020.

- Quarterly dividend declared of $0.375 per share, with a 53.7% Dividend Reinvestment Plan ("DRIP") participation.

# 6 KEY EVENTS

The following are highlights from March 29, 2020 to August 5, 2020, the date of the MD&A for the quarter ended June 27, 2020.

## COVID-19 pandemic

In response to the pandemic, the Corporation has implemented business continuity plans and most of its people are continuing to work remotely. Leveraging technology investments, the Corporation's professionals are collaborating to deliver projects and pursue new assignments. In most of the countries in which the Corporation operates, the collective focus has evolved to develop plans to gradually re-open offices considering employee feedback and local governmental guidelines and regulations. As the situation continues to evolve, WSP's primary objective remains to ensure the health and safety of its employees and their families, of its clients and of the communities in which it operates.

The Corporation has proactively implemented measures to adjust its cost structures and has postponed non-essential expenditures. WSP is closely following developments in each of the regions in which it operates and will consider additional initiatives if warranted.

## Public Offering and Private Placement of Common Shares

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

## Outlook for 2020

Given the unprecedented uncertainty of the COVID-19 pandemic, in a press release dated April 15, 2020, the Corporation withdrew its 2020 financial outlook previously provided on February 26, 2020. In a press release dated August 5, 2020, the Corporation has provided an updated outlook of results for the full year 2020, to assist analysts and shareholders in formalizing their respective views on the year ending December 31, 2020.

This information constitutes forward-looking information, based on multiple estimates and assumptions about future events. Actual results could differ and such differences may be material. Please refer to section 16, "Forward-looking statements" for the full disclaimer.

# 7 SEGMENT OPERATIONAL REVIEW

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). Segment performance is measured using net revenues and adjusted EBITDA by segment.

## CANADA

| (in millions of dollars, except percentages) | Second quarters ended | | | Six month periods ended | | |
|---|---|---|---|---|---|---|
| | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **June 29, 2019** | **Variance** |
| Net revenues by segment | $244.3 | $274.2 | (10.9) % | $487.3 | $518.7 | (6.1) % |
| Organic growth* | | | (10.9) % | | | (6.1) % |
| Adjusted EBITDA by segment | $43.4 | $52.0 | (16.5) % | $80.7 | $90.0 | (10.3) % |
| Adjusted EBITDA margin by segment | 17.8 % | 19.0 % | (120) bps | 16.6 % | 17.4 % | (80) bps |

| **As at** | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **December 31, 2019** | **Variance** |
|---|---|---|---|---|---|---|
| Backlog** | $1,037.9 | $1,089.5 | (4.7) % | $1,037.9 | $1,030.4 | 0.7 % |
| Approximate number of employees | 7,900 | 8,300 | (4.8) % | | | |

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

** Non-IFRS measure. Refer to section 19, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

### Net revenues

In the quarter ended June 27, 2020, net revenues in Canada were $244.3 million, representing an organic contraction of 10.9% compared to the corresponding period in 2019.

For the six-month period ended June 27, 2020, net revenues in Canada stood at $487.3 million, representing organic contraction of 6.1% as compared to the corresponding period in 2019.

In both the quarter and six-month period, the decreases in net revenues are mainly attributable to lower performance in Western Canada affected by the depressed oil and gas industry, which impacted many of our market sectors. Also, lower volumes in Property & Buildings and the shut down of, or reduced access to, construction sites due to the COVID-19 pandemic adversely affected performance during the second quarter. In the second quarter, the impact of the depressed oil and gas industry represented approximately half of the contraction in net revenues.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 67% of net revenues for the six-month period ended June 27, 2020. Public sector clients accounted for 34% of net revenues, for the same period.

## Adjusted EBITDA

For the quarter and six-month period ended June 27, 2020, adjusted EBITDA margin in Canada decreased, mainly due to lower revenues, partially offset by cost containment measures and cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic. The six-month period was also impacted by severance costs of $4.4 million incurred during the first quarter related to continuous operational optimization, partially offset by a gain on sale of a property within an investment in an associate, of which WSP's share amounted to $3.4 million.

## Backlog

Backlog remained stable compared to December 31, 2019, and contracted 4.7% since June 29, 2019, mainly due to a large contract signed in June 2019.

# AMERICAS

| (in millions of dollars, except percentages) | Second quarters ended | | | Six month periods ended | | |
|---|---|---|---|---|---|---|
| | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **June 29, 2019** | **Variance** |
| Net revenues by segment | $622.1 | $611.0 | 1.8 % | $1,206.2 | $1,150.0 | 4.9 % |
| Organic growth* | | | (3.5) % | | | (1.1) % |
| Acquisition growth* | | | 4.8 % | | | 5.8 % |
| Foreign currency exchange impact** | | | 0.5 % | | | 0.2 % |
| Adjusted EBITDA by segment | $123.8 | $122.6 | 1.0 % | $201.8 | $201.2 | 0.3 % |
| Adjusted EBITDA margin by segment | 19.9 % | 20.1 % | (20) bps | 16.7 % | 17.5 % | (80) bps |

| **As at** | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **December 31, 2019** | **Variance** |
|---|---|---|---|---|---|---|
| Backlog*** | $4,005.0 | $3,610.6 | 10.9 % | $4,005.0 | $3,873.0 | 3.4 % |
| Organic backlog growth | | | 5.4 % | | | 0.4 % |
| Approximate number of employees | 12,750 | 12,800 | (0.4) % | | | |

* 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.

*** Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

## Net revenues

In the quarter ended June 27, 2020, net revenues in the Americas reportable segment were $622.1 million, an increase of $11.1 million, or 1.8%, compared to the same period in 2019. Acquisition growth stood at 4.8%, while organically revenues contracted 3.5%, both on a constant currency basis.

In the six-month period ended June 27, 2020, net revenues in the Americas reportable segment stood at $1.2 billion, an increase of $56.2 million, or 4.9%, compared to the same period in 2019. Acquisition growth stood at 5.8%, while organically revenues contracted 1.1%, both on a constant currency basis.

In both the quarter and six-month period, an organic revenue contraction of 2.0% was felt in the US and a more pronounced contraction was felt in our Latin American operations. Net revenues for both periods in the US were impacted by lower volumes in the Property & Building market sector and lower demand for emergency response services. Net revenues in both periods benefited from higher volume in the Transportation & Infrastructure market sector.

Acquisition growth in the quarter arose mainly in the US from the acquisitions of Ecology and Environment Inc. ("E & E") in December 2019 and LT Environmental Inc. in January 2020. In the six-month period, acquisition growth also includes the first quarter of 2020 revenues from the acquisition of Leach Wallace Associates, Inc. in April 2019.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 77% of net revenues for the six-month period ended June 27, 2020. Public sector clients accounted for 67% of net revenues, for the same period.

## Adjusted EBITDA

In the quarter, adjusted EBITDA margin for the Americas segment was stable as compared to the same period last year as the impact of lower revenues was offset by cost containment measures and cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic. For the six-month period ended June 27, 2020, the performance of our market sectors was stable as compared to the corresponding period in 2019 and the decrease in adjusted EBITDA margin was mainly due to realized losses on foreign exchange hedges and the integration of E & E operations which have a higher structural cost base than WSP's legacy US operations. The integration of our recent acquisitions in the US is progressing according to plan.

## Backlog

Backlog for the Americas segment increased compared to December 31, 2019 mainly from the appreciation of the US dollar, as well as through the acquisition of LT Environmental Inc. Organic growth since June 29, 2019 was 5.4%, attributable to the US operations.

# EMEIA

| (in millions of dollars, except percentages) | Second quarters ended | | | Six month periods ended | | |
|---|---|---|---|---|---|---|
| | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **June 29, 2019** | **Variance** |
| Net revenues by segment | $584.6 | $602.9 | (3.0) % | $1,225.6 | $1,215.8 | 0.8 % |
| Organic growth* | | | (8.9) % | | | (4.2) % |
| Acquisition growth* | | | 5.7 % | | | 6.1 % |
| Foreign currency exchange impact** | | | 0.2 % | | | (1.1) % |
| Adjusted EBITDA by segment | $83.0 | $77.3 | 7.4 % | $167.8 | $160.5 | 4.5 % |
| Adjusted EBITDA margin by segment | 14.2 % | 12.8 % | 140 bps | 13.7 % | 13.2 % | 50 bps |

| **As at** | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **December 31, 2019** | **Variance** |
|---|---|---|---|---|---|---|
| Backlog*** | $2,231.2 | $2,053.1 | 8.7 % | $2,231.2 | $1,936.6 | 15.2 % |
| Organic backlog growth | | | 5.8 % | | | 14.2 % |
| Approximate number of employees | 19,250 | 19,300 | (0.3) % | | | |

* 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.

*** Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

## Net revenues

In the quarter ended June 27, 2020, net revenues in the EMEIA reportable segment were $584.6 million, a decrease of $18.3 million, or 3.0%, compared to Q2 2019. Acquisition growth in net revenues, on a constant currency basis, stood at 5.7%, while organically revenues contracted 8.9 %, both on a constant currency basis.

In the six-month period ended June 27, 2020, net revenues in the EMEIA operating segment stood at $1.2 billion, an increase of $9.8 million, or 0.8%, compared to the corresponding period in 2019. Acquisition growth stood at 6.1%, while organically revenues contracted 4.2%, both on a constant currency basis.

The UK and Middle East felt the largest negative impacts on net revenues, in both the quarter and six-month period. The UK experienced lower volumes in the Transportation & Infrastructure market sector largely due to suffering delays on some public-sector projects. Also, softness in the private sector affected our planning and advisory services and Property &

Buildings market sector. In the Middle East, the Transportation & Infrastructure and Property & Buildings market sectors were impacted by both the COVID-19 pandemic and depressed oil and gas industry. Net revenues in the Nordic operations saw low single-digit organic growth in the second quarter.

In both the quarter and six-month period, acquisition growth stems mainly from the acquisitions of Orbicon A/S in Denmark and Lievense Holding B.V. in the Netherlands during the third and fourth quarters of 2019, respectively.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 82% of net revenues for the six-month period ended June 27, 2020. Public sector clients accounted for 56% of net revenues, for the same period.

## Adjusted EBITDA

In the quarter and six-month period ended June 27, 2020, adjusted EBITDA margin in EMEIA increased, due to good performance in the Nordics and Continental Europe, as well as government subsidies, costs containment measures and costs savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic.

## Backlog

Backlog for the EMEIA reportable segment grew organically 14.2% when compared to December 31, 2019 across the majority of the region. Backlog grew organically 5.8% when compared to June 29, 2019.

# APAC

| (in millions of dollars, except percentages) | Second quarters ended | | | Six month periods ended | | |
|---|---|---|---|---|---|---|
| | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **June 29, 2019** | **Variance** |
| Net revenues by segment | $296.1 | $280.5 | 5.6 % | $564.1 | $547.5 | 3.0 % |
| Organic growth* | | | 5.0 % | | | 4.1 % |
| Acquisition growth* | | | 2.2 % | | | 2.1 % |
| Foreign currency exchange impact** | | | (1.6) % | | | (3.2) % |
| Adjusted EBITDA by segment | $49.2 | $38.9 | 26.5 % | $89.5 | $77.0 | 16.2 % |
| Adjusted EBITDA margin by segment | 16.6 % | 13.9 % | 270 bps | 15.9 % | 14.1 % | 180 bps |

| **As at** | **June 27, 2020** | **June 29, 2019** | **Variance** | **June 27, 2020** | **December 31, 2019** | **Variance** |
|---|---|---|---|---|---|---|
| Backlog*** | $1,336.9 | $1,199.5 | 11.5 % | $1,336.9 | $1,291.8 | 3.5 % |
| Organic backlog growth | | | 12.6 % | | | 3.8 % |
| Approximate number of employees | 8,800 | 8,600 | 2.3 % | | | |

* 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.

*** Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

## Net revenues

In the quarter ended June 27, 2020, net revenues in the APAC reportable segment were $296.1 million, an increase of $15.6 million, or 5.6%, when compared to the same period in 2019. Organic growth and acquisition growth in net revenues, both on a constant currency basis, stood at 5.0% and 2.2%, respectively.

In the six-month period ended June 27, 2020, net revenues in the APAC reportable segment stood at $564.1 million, an increase of $16.6 million, or 3.0%, when compared to the same period in 2019. Organic growth and acquisition growth in net revenues, both on a constant currency basis, stood at 4.1% and 2.1%, respectively.

In both the quarter and six-month period, organic growth was led by solid results in most market sectors in Australia and New Zealand, partially offset by a slight contraction in Asia due to timing of certain contracts and the COVID-19 pandemic impacts affecting mostly Southeast Asia. Acquisition growth is due to the acquisition of Elton Consulting Group Pty Ltd in Australia in November 2019. These increases were partially offset by negative impacts of foreign exchange 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 83% of net revenues for the six-month period ended June 27, 2020. Public sector clients accounted for 54% of net revenues, for the same period.

### Adjusted EBITDA

In the quarter and six-month period ended June 27, 2020, adjusted EBITDA margin for the APAC reportable segment increased, relative to the comparable periods in 2019, mainly due to strong performance in Australia and New Zealand including the benefit of cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic, as well as receipt of government subsidies in Asia related to the pandemic.

### Backlog

Backlog for the APAC segment grew organically 3.8 % compared to December 31, 2019, attributable to growth in Asia. Organic growth of 12.6% since June 29, 2019 is mainly in Asia and Australia.

# 8 FINANCIAL REVIEW

## 8.1 NET REVENUES

| | Second quarter of 2020 vs 2019 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars, except percentages) | **Canada** | **Americas** | **EMEIA** | **APAC** | **Total** |
| Net revenues by segment - 2020 | $244.3 | $622.1 | $584.6 | $296.1 | $1,747.1 |
| Net revenues by segment - 2019 | $274.2 | $611.0 | $602.9 | $280.5 | $1,768.6 |
| **Net change %** | (10.9) % | 1.8 % | (3.0) % | 5.6 % | (1.2) % |
| Organic growth* | (10.9) % | (3.5) % | (8.9) % | 5.0 % | (5.3) % |
| Acquisition growth* | — % | 4.8 % | 5.7 % | 2.2 % | 4.0 % |
| Foreign currency exchange impact** | — % | 0.5 % | 0.2 % | (1.6) % | 0.1 % |
| **Net change %** | (10.9) % | 1.8 % | (3.0) % | 5.6 % | (1.2) % |

* 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.

| (in millions of dollars, except percentages and number of employees) | First six months of 2020 vs 2019 Canada | Americas | EMEIA | APAC | Total |
|---|---|---|---|---|---|
| Net revenues by segment - 2020 | $487.3 | $1,206.2 | $1,225.6 | $564.1 | $3,483.2 |
| Net revenues by segment - 2019 | $518.7 | $1,150.0 | $1,215.8 | $547.5 | $3,432.0 |
| **Net change %** | (6.1) % | 4.9 % | 0.8 % | 3.0 % | 1.5 % |
| Organic growth* | (6.1) % | (1.1) % | (4.2) % | 4.1 % | (2.2) % |
| Acquisition growth* | — % | 5.8 % | 6.1 % | 2.1 % | 4.4 % |
| Foreign currency exchange impact** | — % | 0.2 % | (1.1) % | (3.2) % | (0.7) % |
| **Net change %** | (6.1) % | 4.9 % | 0.8 % | 3.0 % | 1.5 % |
| | | | As at | | |
| Approximate number of employees - June 27, 2020 | 7,900 | 12,750 | 19,250 | 8,800 | 48,700 |
| Approximate number of employees - June 29, 2019 | 8,300 | 12,800 | 19,300 | 8,600 | 49,000 |
| **Net change %** | (4.8) % | (0.4) % | (0.3) % | 2.3 % | (0.6) % |

* 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 second quarter of 2020, the Corporation achieved net revenues of $1.7 billion, a decrease of $21.5 million, or 1.2% compared to Q2 2019. The increases in the APAC and Americas reportable segments were offset by decreases in Canada and EMEIA.

In the six-month period ended June 27, 2020, net revenues increased 1.5% over the comparable period in 2019. The increases in the Americas, APAC and EMEIA reportable segments were partially offset by a decrease in Canada.

Regarding the COVID-19 pandemic, many of the services or projects in most of WSP's major hubs are considered as essential services and the Corporation has, to date, maintained good productivity levels. Our clients have thus far generally remained committed to their projects, particularly in the public sector. Nevertheless, reduced volume due to delayed or cancelled projects have been observed during the pandemic lock-downs in certain countries which have impacted the second quarter net revenues.

In both the quarter and six-month period, net revenues in the Environment market sector has increased in most of our regions. In the six-month period, the Transportation & Infrastructure sector also saw an increase, mainly in the US. These increases in the quarter and six-month period were partially offset by lower net revenues in the Property & Buildings market sector and the Resources market sector mainly impacting Canada, related to the uncertainty in the oil and gas industry.

Refer to section 7, "Segment operational review" for further analysis of net revenues by segment.

## Reconciliation of net revenues

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.

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (in millions of dollars) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Revenues** | **$2,207.8** | **$2,311.7** | **$4,417.8** | **$4,485.3** |
| Less: Subconsultants and direct costs | $460.7 | $543.1 | $934.6 | $1,053.3 |
| **Net revenues*** | **$1,747.1** | **$1,768.6** | **$3,483.2** | **$3,432.0** |

* Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

# 8.2 BACKLOG

| (in millions of dollars) | Canada | Americas | EMEIA | APAC | Total |
|---|---|---|---|---|---|
| Backlog, as at December 31, 2019 | $1,030.4 | $3,873.0 | $1,936.6 | $1,291.8 | $8,131.8 |
| Revenues | $(561.9) | $(1,736.6) | $(1,472.0) | $(647.3) | $(4,417.8) |
| Organic order intake | $569.4 | $1,750.2 | $1,738.7 | $694.1 | $4,752.4 |
| Order intake through business acquisition | $— | $23.8 | $— | $— | $23.8 |
| Foreign exchange movement | $— | $94.6 | $27.9 | $(1.7) | $120.8 |
| Backlog*, as at June 27, 2020 | $1,037.9 | $4,005.0 | $2,231.2 | $1,336.9 | $8,611.0 |
| Organic backlog growth in the six-month period | 0.7 % | 0.4 % | 14.2 % | 3.8 % | 4.3 % |
| | | | | | |
| Backlog*, as at June 29, 2019 | $1,089.5 | $3,610.6 | $2,053.1 | $1,199.5 | $7,952.7 |
| Organic backlog growth in the twelve-month period | (4.7) % | 5.4 % | 5.8 % | 12.6 % | 5.2 % |

As at June 27, 2020, backlog stood at $8.6 billion, representing 11.5 months of revenues[(1)], an increase of $479.2 million or 5.9% from December 31, 2019. The increase during the six-month period is due to organic order intake higher than revenues mainly in the Middle East, the UK and Asia. On a constant currency basis, the backlog organic growth was 4.3% compared to backlog as at December 31, 2019 and 5.2% compared to June 29, 2019.

* Non-IFRS measure. Refer to section 19, "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.

# 8.3 ADJUSTED EBITDA

| | Second quarters ended June 27, 2020 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars, except percentages) | Canada | Americas | EMEIA | APAC | Total |
| 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 |
| Adjusted EBITDA margin by segment | 17.8 % | 19.9 % | 14.2 % | 16.6 % | 17.1 % |
| Head office corporate costs | | | | | $23.3 |
| Adjusted EBITDA* | | | | | $276.1 |

| | Second quarters ended June 29, 2019 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars, except percentages) | Canada | Americas | EMEIA | APAC | Total |
| 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 |
| Adjusted EBITDA margin by segment | 19.0 % | 20.1 % | 12.8 % | 13.9 % | 16.4 % |
| Head office corporate costs | | | | | $25.4 |
| Adjusted EBITDA* | | | | | $265.4 |

* Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

| (in millions of dollars, except percentages) | Six month periods ended June 27, 2020 Canada | Americas | EMEIA | APAC | Total |
|---|---|---|---|---|---|
| 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 |
| Adjusted EBITDA margin by segment | 16.6 % | 16.7 % | 13.7 % | 15.9 % | 15.5 % |
| Head office corporate costs | | | | | $45.3 |
| Adjusted EBITDA* | | | | | $494.5 |

| (in millions of dollars, except percentages) | Six month periods ended June 29, 2019 Canada | Americas | EMEIA | APAC | Total |
|---|---|---|---|---|---|
| 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 |
| Adjusted EBITDA margin by segment | 17.4 % | 17.5 % | 13.2 % | 14.1 % | 15.4 % |
| Head office corporate costs | | | | | $46.4 |
| Adjusted EBITDA* | | | | | $482.3 |

* Non-IFRS measure. Refer to section 19, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $299.4 million and 17.1%, respectively, for the second quarter ended June 27, 2020, compared to $290.8 million and 16.4%, respectively, for the corresponding period in 2019.

For the six-month period ended June 27, 2020, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $539.8 million and 15.5%, respectively, compared to $528.7 million and 15.4%, respectively, for the corresponding period in 2019.

For the quarter and six-month period ended June 27, 2020, improved margins in the APAC and EMEIA reportable segments were partially offset by lower margins in Canada and the Americas. The variance explanations by segment are described in section 7, "Segment operational review".

Head office corporate costs for the second quarter and six-month period ended June 27, 2020 stood at $23.3 million and $45.3 million, respectively, lower than the comparable periods in 2019 due to cost containment measures.

## 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 reconciles this metric to the most comparable IFRS measure:

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (in millions of dollars) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Earnings before net financing expense and income taxes** | **$121.9** | **$140.5** | **$209.9** | **$236.4** |
| Acquisition, integration and restructuring costs | $30.3 | $15.4 | $41.1 | $24.4 |
| 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 |
| Share of depreciation and taxes of associates | $1.8 | $1.6 | $4.0 | $3.1 |
| Interest income | $0.9 | $— | $1.7 | $3.0 |
| **Adjusted EBITDA*** | **$276.1** | **$265.4** | **$494.5** | **$482.3** |

* Non-IFRS measure. Refer to section 19, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

# 8.4 EARNINGS BEFORE NET FINANCING EXPENSE AND INCOME TAXES

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

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (percentage of net revenues) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| Net revenues* | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Personnel costs | 75.8 % | 74.9 % | 76.8 % | 76.2 % |
| Other operational costs, exchange loss (gain) and interest income | 8.7 % | 10.4 % | 9.4 % | 10.0 % |
| Share of earnings of associates and joint ventures before depreciation and income taxes* | (0.3) % | (0.3) % | (0.4) % | (0.3) % |
| **Adjusted EBITDA margin*** | **15.8 %** | **15.0 %** | **14.2 %** | **14.1 %** |
| Depreciation of right-of-use assets | 3.9 % | 3.3 % | 3.8 % | 3.5 % |
| Depreciation of property and equipment | 1.5 % | 1.4 % | 1.5 % | 1.4 % |
| Amortization of intangible assets | 1.6 % | 1.4 % | 1.6 % | 1.4 % |
| Acquisition, integration and restructuring costs | 1.7 % | 0.9 % | 1.2 % | 0.7 % |
| Share of depreciation and taxes of associates | 0.1 % | 0.1 % | 0.1 % | 0.1 % |
| Deduct: Interest income | — % | — % | — % | 0.1 % |
| **Earnings before net financing expense and income taxes** | **7.0 %** | **7.9 %** | **6.0 %** | **6.9 %** |
| Net financing expense | 0.2 % | 1.2 % | 2.0 % | 0.9 % |
| Income tax expense | 1.8 % | 1.7 % | 1.1 % | 1.6 % |
| **Net earnings** | **5.0 %** | **5.0 %** | **2.9 %** | **4.4 %** |

* Non-IFRS measure. Refer to section 19, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

In the second quarter and six-month period ended June 27, 2020, earnings before net financing expense and income taxes decreased as a percentage of net revenues, mainly due to higher acquisition, integration and restructuring costs, as well as higher depreciation and amortization. These variances are explained in further detail below.

In the second quarter of 2020, adjusted EBITDA margin stood at 15.8%, compared to 15.0% for the second quarter of 2019. For the six-month period, the adjusted EBITDA margin increased slightly to 14.2%. The increases are largely due to lower other operational costs stemming from office lock-downs and travel restrictions during the COVID-19 pandemic, partially offset by higher personnel costs and operational foreign exchange losses. These variances are explained in further detail below.

## Personnel 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.

For the quarter and six-month period ended June 27, 2020, personnel costs increased as a percentage of net revenues, as compared to the corresponding periods in 2019, mainly due to the decrease in net revenues. The six-month period was also impacted by higher severance costs, principally in Canada and the UK.

## Other operational costs, exchange gains and losses and interest income

Other operational costs include fixed costs such as, but not limited to, non-recoverable client service costs, technology costs, professional insurance costs, office space related costs (mainly utilities and maintenance costs). In the table in this section 8.4, other operational costs are combined with operational exchange gains or losses on foreign currencies and interest income.

Other operational costs for the quarter and six-month period, as a percentage of net revenues, were lower than the comparable periods in 2019, mainly due to cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic. Meanwhile, operational foreign exchange losses of $4.5 million in the quarter and $8.4 million year-to-date had negative impact in 2020, as compared to small gains in the corresponding periods in 2019.

## Share of earnings of associates

The share of earnings of associates remained stable for the quarter and increased in the six-month period ended June 27, 2020, mainly due to a gain on the sale of a property by an associate during the first quarter of 2020.

## Depreciation and amortization

Depreciation and amortization increased slightly in the second quarter of 2020, when compared to the same period in 2019, mainly due to recent acquisitions.

For the quarter and six-month period ended June 27, 2020, amortization of intangible assets related to acquisitions amounted to $19.6 million and $41.4 million, respectively ($15.8 million and $31.8 million in the corresponding periods in 2019.)

## 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, restructuring costs, and COVID-19 pandemic related 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 $30.3 million in the second quarter of 2020 and $41.1 million in the six-month period ended June 27, 2020, mainly related to severance costs stemming from adjustments to our cost structures resulting from the COVID-19 pandemic, business integration and restructuring of Louis Berger acquired in December 2018, and integration costs of acquisitions completed in 2019 and 2020.

# 8.5 FINANCING EXPENSES

Net financing expense for the second quarter ended June 27, 2020 was lower than the second quarter of 2019, mainly attributable to recent market volatility resulting in higher non-cash increases in value of investments related to a US-employees' deferred compensation plan, included in other financial assets, and unrealized foreign exchange gains from derivative financial instruments, as well as lower interest expense on long-term debt. The first two items accounted for $18.2 million of the decrease of $20.2 million.

For the six-month period ended June 27, 2020, net financing expense was significantly higher than the comparable period in 2019, mainly attributable to non-cash gains in value of investments related to a US-employees' deferred compensation plan and unrealized foreign exchange losses from derivative financial instruments in 2019, which compared to smaller gains related to these two types of financial instruments in the 2020. These two items accounted for $33.3 million of the increase of $37.4 million.

# 8.6 INCOME TAXES

In the second quarter of 2020, an income tax expense of $32.4 million was recorded on earnings before income taxes of $120.7 million, representing an effective income tax rate of 26.8%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $1.5 million.

For the six-month period ended June 27, 2020, an income tax expense of $37.8 million was recorded on earnings before income taxes of $140.4 million representing an effective income tax rate of 26.9%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $3.3 million.

# 8.7 NET EARNINGS

In the second quarter of 2020, the Corporation’s net earnings attributable to shareholders were $88.6 million, or $0.83 per share on a diluted basis, compared to $88.7 million, or $0.84 per share on a diluted basis for the comparable period in 2019. The higher amortization and depreciation and higher acquisition, integration and restructuring costs were offset by market volatility resulting in a non-cash increase in value of investments related to a US-employees' deferred compensation plan and the increase in value of foreign exchange forward contracts existing at the end of the quarter which will be used to hedge future transactions.

For the six-month period ended June 27, 2020, the Corporation’s net earnings attributable to shareholders were $102.8 million, or $0.96 per share, compared to $152.3 million, or $1.45 per share for the comparable period in 2019. The decrease was mainly due to higher net financing expense, higher amortization and depreciation and higher acquisition, integration and restructuring costs.

# 8.8 ADJUSTED NET EARNINGS

Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative period results have been restated to apply the current definition.

Management believes that in the context of highly acquisitive companies or consolidating industries such as engineering and construction, and to isolate certain non-cash items related to market volatility, adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group.

Adjusted net earnings stood at $92.1 million, or $0.86 per share, in the second quarter of 2020, compared to $94.0 million, or $0.90 per share, in Q2 2019.

Adjusted net earnings stood at $139.6 million, or $1.31 per share, for the six-month period ended June 27, 2020, compared to $150.4 million, or $1.43 per share, for the corresponding period in 2019.

The decreases in these metrics for the quarter and six-month period were mainly due to higher amortization and depreciation, which offset improvements in adjusted EBITDA.

### Reconciliation of adjusted net earnings

The following table reconciles this metric to the most comparable IFRS measure:

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (in millions of dollars, except per share data) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| **Net earnings attributable to shareholders** | **$88.6** | **$88.7** | **$102.8** | **$152.3** |
| Acquisition, integration and restructuring costs | $30.3 | $15.4 | $41.1 | $24.4 |
| Losses (gains) on investments in securities related to deferred compensation obligations | $(14.6) | $(3.7) | $2.0 | $(14.4) |
| Unrealized losses (gains) on derivative financial instruments | $(12.0) | $(4.7) | $4.0 | $(12.9) |
| Income taxes related to above items | $(0.2) | $(1.7) | $(10.3) | $1.0 |
| **Adjusted net earnings*** | **$92.1** | **$94.0** | **$139.6** | **$150.4** |
| **Adjusted net earnings per share*** | **$0.86** | **$0.90** | **$1.31** | **$1.43** |

* Non-IFRS measure. Refer to section *19*, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

# 9 LIQUIDITY

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (in millions of dollars) | June 27, 2020 | June 29, 2019 | June 27, 2020 | June 29, 2019 |
| Cash inflows from operating activities | $506.7 | $96.6 | $509.9 | $124.3 |
| Cash inflows (outflows) from financing activities | $(646.0) | $(20.2) | $40.2 | $(52.9) |
| Cash outflows from investing activities | $(24.3) | $(68.4) | $(88.4) | $(93.6) |
| Effect of exchange rate change on cash | $(16.5) | $(1.0) | $11.4 | $(7.4) |
| **Change in net cash** | **$(180.1)** | **$7.0** | **$473.1** | **$(29.6)** |
| Dividends paid to shareholders of WSP Global Inc. | $(26.2) | $(19.6) | $(49.1) | $(39.2) |
| Net capital expenditures | $(23.8) | $(17.6) | $(46.9) | $(38.1) |

## 9.1 OPERATING ACTIVITIES AND FREE CASH FLOW

### Cash flows from operating activities

The significant increases in cash inflows from operating activities in the quarter and six-month period ended June 27, 2020 are mainly due to accelerated collection of trade receivable accounts during the second quarter and deferral of income tax and other remittances in some jurisdictions of approximately $100 million.

### Free cash flow

The free cash inflow for the six-month period ended June 27, 2020 was $320.5 million, compared to cash outflow of $43.8 million in the corresponding period in 2019. For the trailing twelve-months ended June 27, 2020, free cash flow amounted to $805.9 million, representing 340% of net earnings attributable to shareholders. Higher free cash flow in 2020 was mainly driven by accelerated collection of trade receivable accounts during the second quarter and deferral of income tax and other remittances in some jurisdictions of approximately $100 million.

### Reconciliation of 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.

| | Second quarters ended | | Six month periods ended | |
|---|---|---|---|---|
| (in millions of dollars) | **June 27, 2020** | **June 29, 2019** | **June 27, 2020** | **June 29, 2019** |
| **Cash inflows from operating activities** | **$506.7** | **$96.6** | **$509.9** | **$124.3** |
| Lease payments in financing activities | $(72.1) | $(64.6) | $(142.5) | $(130.0) |
| Net capital expenditures** | $(23.8) | $(17.6) | $(46.9) | $(38.1) |
| **Free cash flow*** | **$410.8** | **$14.4** | **$320.5** | **$(43.8)** |

* Non-IFRS measure. Refer to section *19*, "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.

# 9.2 FINANCING ACTIVITIES

In the second quarter of 2020, cash outflows from financing activities of $646.0 million are mainly due to net repayment of long-term debt of $1,082.7 million, partially offset by issuance of common shares which contributed $549.6 million.

In the six-month period ended June 27, 2020, cash inflows from financing activities netted to $40.2 million, mainly due to the issuance of common shares in the second quarter, partially offset by net repayments of drawings on the credit facility, as well as lease, interest and dividend payments.

# 9.3 INVESTING ACTIVITIES

In the second quarter of 2020, cash outflows used for investing activities related mainly to net capital expenditures of $23.8 million. Cash outflows were lower than the second quarter of 2019 mainly due to business acquisitions in 2019.

In the six-month period ended June 27, 2020, cash outflows used for investing activities were relatively stable as compared to the corresponding period in 2019.

# 9.4 NET DEBT

| | As at | |
|---|---|---|
| (in millions of dollars) | **June 27, 2020** | **December 31, 2019** |
| Long-term debt[(1)] | $1,160.2 | $1,399.7 |
| Less: Cash and cash equivalents | $(711.8) | $(255.6) |
| Net debt* | $448.4 | $1,144.1 |

| | Trailing twelve months ended | |
|---|---|---|
| | **June 27, 2020** | **December 31, 2019** |
| Adjusted EBITDA* | $1,049.0 | $1,036.8 |
| Net debt to adjusted EBITDA ratio* | 0.4 | 1.1 |

* Non-IFRS measure. Refer to section 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

(1) Including current portion.

As at June 27, 2020, 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 $448.4 million and a net debt to adjusted EBITDA ratio of 0.4x as at June 27, 2020. The ratio is significantly lower than 1.1x as at December 31, 2019 due mainly to the repayment of a portion of indebtedness under credit facilities following strong free cash flow and the issuance of common shares in the second quarter of 2020.

## 9.5 CAPITAL RESOURCES

| | As at | |
|---|---|---|
| (in millions of dollars) | **June 27, 2020** | **December 31, 2019** |
| Cash | $711.8 | $255.6 |
| Available syndicated credit facility | $1,253.9 | $910.1 |
| Other operating credit facilities | $123.8 | $85.7 |
| **Available short-term capital resources** | **$2,089.5** | **$1,251.4** |

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.

## 9.6 CREDIT FACILITY

The Corporation has in place, as at June 27, 2020, 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 19, "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 June 27, 2020.

## 9.7 DIVIDENDS

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

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 30, 2020.

Subsequent to the end of the quarter, holders of 60,652,779 common shares, representing 53.7% of all outstanding shares as at June 30, 2020, elected to participate in the DRIP. As a result, on July 15, 2020, $22.8 million of the second quarter dividend was reinvested in common shares of the Corporation. The net cash outflow on July 15, 2020 for the second quarter dividend payment was $19.6 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, which the Board will continue to assess in the context of the COVID-19 pandemic. 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 of the information in this section constitutes forward-looking information. Please refer to section 16, “Forward-Looking Statements”, of this MD&A.

## 9.8 STOCK OPTIONS

As at August 4, 2020, 721,262 stock options were outstanding at exercise prices ranging from $35.12 to $70.71.

# 10 EIGHT QUARTER SUMMARY

| | | 2020 | | 2019 | | | | 2018** | |
|---|---|---|---|---|---|---|---|---|---|
| | Trailing twelve months | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| (in millions of dollars, except per share data) | | Second quarter ended June 27 | First quarter ended March 28 | Fourth quarter ended December 31 | Third quarter ended September 28 | Second quarter ended June 29 | First quarter ended March 30 | Fourth quarter ended December 31 | Third quarter ended September 29 |
| **Results of operations** | | | | | | | | | |
| Revenues | $8,848.6 | $2,207.8 | $2,210.0 | $2,209.3 | $2,221.5 | $2,311.7 | $2,173.6 | $2,043.9 | $1,927.6 |
| Net revenues* | $6,937.5 | $1,747.1 | $1,736.1 | $1,760.7 | $1,693.6 | $1,768.6 | $1,663.4 | $1,541.0 | $1,468.8 |
| Adjusted EBITDA* | $1,049.0 | $276.1 | $218.4 | $266.3 | $288.2 | $265.4 | $216.9 | $169.5 | $187.5 |
| Net earnings attributable to shareholders | $237.0 | $88.6 | $14.2 | $40.5 | $93.7 | $88.7 | $63.6 | $43.3 | $87.7 |
| Basic and diluted net earnings per share*** | | $0.83 | $0.13 | $0.38 | $0.89 | $0.84 | $0.61 | $0.41 | $0.84 |
| **Backlog*** | | $8,611.0 | $8,481.0 | $8,131.8 | $7,905.7 | $7,952.7 | $7,873.1 | $7,678.7 | $6,509.1 |
| **Dividends** | | | | | | | | | |
| Dividends declared | $161.5 | $42.4 | $39.8 | $39.7 | $39.6 | $39.4 | $39.3 | $39.2 | $39.1 |
| 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 19, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

** Prior to the 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.

*** Quarterly net earnings per share are not additive and may not equal the annual net earnings per share reported. This may be a result of the effect of shares issued on the weighted average number of shares, as well as the impact of dilutive options.

The Corporation's quarterly earnings and revenue measures are, to a certain degree, affected by seasonality. 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. It is currently not possible to reliably estimate the impact of the COVID-19 pandemic on the Corporation's historical seasonality trends described above.

# 11 GOVERNANCE

## Internal controls 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 interim 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 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.

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 March 29, 2020 and ended on June 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. Nevertheless, the measures taken by the Corporation in response to the COVID-19 pandemic and in compliance with public authority recommendations, including the fact that most of its employees are working remotely, may have an impact on the performance of some internal controls. As such, the Corporation will continually monitor and assess the effects of the COVID-19 pandemic on its DC&P and ICFR in order to maintain a strong control environment and to make any appropriate adjustments. During these unprecedented times, Management has reiterated the importance of internal controls and maintained frequent communication across the organization at all levels.

### 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 unaudited interim condensed consolidated financial statements for the quarter ended June 27, 2020, before their publication.

# 12 SIGNIFICANT ACCOUNTING POLICIES

The Corporation's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board and are based on the same accounting policies as the ones used in the preparation of the Corporation's audited consolidated financial statements for the year ended December 31, 2019, except as described as follows.

Please refer to the Corporation's 2019 audited consolidated financial statements and the unaudited interim condensed consolidated financial statements for the quarter ended June 27, 2020 for more information about the significant accounting principles, as well as the significant estimates used to prepare the financial statements.

## 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.

## 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.

# 13 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, and long-term 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. Refer to note 8, Financial instruments, of the Corporation's unaudited interim condensed consolidated financial statements for the quarter ended June 27, 2020 for a description of the Corporation's hedging activities.

The Corporation's financial instruments expose the Corporation primarily to foreign exchange, credit, liquidity and interest rate risks. Refer to section 20, "Risk factors", of the Corporation's amended MD&A for the year ended December 31, 2019, as well as note 13, Financial instruments, to the Corporation's consolidated financial statements for the year ended December 31, 2019, for a description of these risks and how they are managed, as well as for a description of how fair values are determined.

During the second quarter of 2020, there were no material changes to the risks related to financial instruments and no significant changes in the financial instrument classifications. Furthermore, the methodology used to determine the fair value of financial instruments has not changed during the second quarter of 2020.

# 14 RELATED PARTY TRANSACTIONS

The Corporation's related parties, as defined by IFRS, are its joint operations, joint ventures, associates and key management personnel. During the second quarter of 2020, there were no material changes to the Corporation's related parties.

# 15 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.

# 16 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 August 5, 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 August 5, 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; the anticipated impacts of the COVID-19 pandemic on the Corporation’s businesses, operating results, cash flows and/or financial condition, including the effect of measures implemented as a result of the COVID-19 pandemic; 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", of the Corporation's amended MD&A for the year ended December 31, 2019 and in section 17 of this MD&A for the quarter ended June 27, 2020: “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 related to Current or 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 Long-Lived Assets”; “Foreign Currency Exposure”; “Income Taxes”; “Underfunded Defined Benefits Obligations”; “Potential Dilution”; “Risks Related to Forward-Looking Statements”; “Impact of the COVID-19 Pandemic” 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 take any responsibility to 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.

# 17 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 Corporation's shares or adversely affect the Corporation’s ability to declare dividends on shares. The Corporation’s most material risks and uncertainties are described in section 20, "Risk Factors", of the Corporation's amended MD&A for the year ended December 31, 2019. The following update should be read in conjunction with these risks and uncertainties, which have not materially changed and are hereby incorporated by reference.

## Impact of the COVID-19 Pandemic

The recent pandemic created by the outbreak of a novel strain of coronavirus (COVID-19) resulted in governments worldwide enacting emergency measures to slow the spread of the virus. The containment efforts taken to fight this health crisis, including implementation of travel bans, border closings, quarantine periods and social distancing, as well as considerable general concern and uncertainty, have affected economies and financial markets around the world resulting in a global economic slowdown, and have had and will likely continue to have negative effects on the Corporation’s business, financial performance and financial position. Although most of the Corporation’s projects can be performed and delivered remotely, with many of its services being considered as essential, the temporary shutdown of certain construction sites and other restrictive measures taken globally have resulted in some delayed or cancelled projects and may result in further delayed or cancelled projects as the situation evolves. The mitigation measures implemented in light of the COVID-19 pandemic may also increase the level of other risks the Corporation is already subject to and which are described in section 20, "Risk Factors", of the Corporation's amended MD&A for the year ended December 31, 2019, all of which may negatively impact the Corporation's business, financial performance and financial position. The COVID-19 pandemic has led to disruption and volatility in the global capital markets, which, depending on further developments, could impact the Corporation's capital resources and liquidity in the future, including the availability of financing on attractive terms, if at all. Any business deterioration, contract cancellations or terminations, or market pressures could cause the Corporation's sales, earnings and cash flows to decline below its current projections and may lead to impairment of goodwill and intangibles. Additionally, any measures taken by the Corporation to control or adjust its cost structure and any further mitigation measures it may decide to implement could prove insufficient to completely offset possible declines in revenues and the Corporation may be unsuccessful at realizing the intended benefits of these measures. As the Corporation continues to monitor the issues raised by the COVID-19 pandemic, it may take further actions that alter its business operations as may be required by governmental authorities, or that it determines are in the best interests of its employees, clients, partners and shareholders, and the Corporation cannot predict the potential effects any such alterations or modifications may have on its business, including the impact on its financial results. The imposition of further restrictive measures by governmental authorities to contain the COVID-19 virus, a prolonged period during which any current or future measures are kept in place or the imposition of restrictions or conditions on the Corporation's ability to reopen its offices or access to project sites could have an adverse impact on its business, financial position, results of operations and cash flows, the extent of which is highly uncertain, cannot be predicted and will depend on many factors beyond the Corporation’s control and knowledge.

# 18 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, 2019 is available on these websites.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol “WSP”. As at June 27, 2020, the Corporation had 112,970,417 common shares outstanding. As at August 4, 2020, the Corporation had 113,251,946 common shares outstanding following the share issuance realized under the DRIP after the payment of the second quarter dividend on July 15, 2020.

The Corporation has no other shares outstanding.

# 19 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, "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 8.3, "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 8.3, "Adjusted EBITDA", for reconciliations of adjusted EBITDA to adjusted EBITDA by segment and of earnings before net financing expense and income taxes to adjusted EBITDA.

## Adjusted net earnings and adjusted net earnings per share

Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative period results have been restated to apply the current definition.

Adjusted net earnings is defined as net earnings attributable to shareholders excluding:

- acquisition, integration and restructuring costs;
- gains or losses on investments in securities related to deferred compensation obligations, included in other financial assets;
- unrealized gains or losses on derivative financial instruments; and
- the income tax effects related to the above-mentioned items.

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.

The exclusion of acquisition, integration and restructuring costs provides 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. In addition, in the US, the Corporation maintains a deferred compensation plan under which a portion of employees' compensation is deferred and invested in financial assets held in a trust, included in other financial assets in the Corporation's statement of financial position. These financial assets held in a trust are for the ultimate benefit of the employees but are available to the Corporation's creditors in the event of insolvency and are therefore not considered actuarial gains and losses recorded through other comprehensive income, and instead are recorded in financing expense. Finally, unrealized gains or losses on derivative financial instruments relate to future transactions and therefore are not comparable when included in the current period results.

Management believes these items should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Refer to section 8.8, "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.

## Free cash flow

Free cash flow (or outflow) 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.