## CORPORATE PARTICIPANTS

**Isabelle Adjahi**
*Vice President, Investor Relations & Corporate Communications*

**Pierre Shoiry**
*President & Chief Executive Officer*

**Alexandre L'Heureux**
*Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Mona Nazir**
*Laurentian Bank*

**Yuri Lynk**
*Canaccord Genuity*

**Benoit Poirier**
*Desjardins Capital Markets*

**Sara O'Brien**
*RBC Capital Markets*

**Michael Tupholme**
*TD Securities*

**Bert Powell**
*BMO Capital Markets*

**Frederic Bastien**
*Raymond James*

**Jacob Bout**
*CIBC World Markets*

**Maxim Sytchev**
*National Bank Financial*

## PRESENTATION

**Operator**

Bonjour, mesdames et messieurs. Good afternoon, ladies and gentlemen. Bienvenue à la conférence téléphonique sur les Résultats financiers du premier trimestre de l'année 2016 de WSP. Welcome to WSP's First Quarter of 2016 results conference call. I would now like to turn the meeting over to Isabelle Adjahi, Vice President, Investor Relations and Corporate Communications. À vous la parole. Please go ahead, Ms. Adjahi.

---

**Isabelle Adjahi, Vice President, Investor Relations & Corporate Communications**

Thank you, Simon, and good afternoon, everyone. First I want to thank you for taking the time to be with us today to discuss our Q1 performance and provide an update on our strategic initiatives. We will follow this discussion by a Q&A.

Today with me today are Pierre Shoiry, our President and CEO; and Alexandre L'Heureux, our CFO. And I just want to mention that will be recording the call and that it will be available on our website tomorrow.

Before I turn it over to Pierre I just want to mention that we will be making some forward-looking statements and that the results we report after that could be different from those expressed or implied. And we disclaim any intent to update or revise any of these forward-looking statements.

Pierre?

---

**Pierre Shoiry, President & Chief Executive Officer**

Well, thank you, Isabelle, and good afternoon, everyone.

I am very pleased with our first quarter results, which are in line with our expectations and our 2016 outlook. We delivered revenue growth in several important regions, increased our backlog, achieved margins in line with expectations, and we are particularly pleased with the cash generated in the first quarter. We generated positive cash flow in Q1, which has historically been a negative cash flow quarter, and maintained our debt to EBITDA ratio within our target range at 1.7 times.

Over the past years our strategy has been to mitigate risks associated with economic downturn by building a company which is diversified geographically and in terms of the sectors we work in. Our performance this quarter is a further demonstration of the benefits of this approach, as the headwinds related to the slowdown in the resources sector was partially offset by the strength of our important infrastructure and building markets. Both the Americas and EMEIA regions, our two largest regions, delivered year over year constant currency organic growth in the quarter. As mentioned during our last conference call, due to the timing of certain statutory holidays Q1 2016 had two less billable days than Q1 2015, which negatively impacted revenue generation and resulting profitability when comparing these year-over-year quarters. This was taken into consideration when providing our outlook for 2016.

Looking at regional performance in more detail, the U.S. continued to perform very well, posting organic growth and net revenues of 2.3 percent for the quarter. The transportation and infrastructure backlog remained strong as a result of major wins, such as the project we were awarded by Arizona's Department of Transportation to provide final design for the construction of the South Mountain Freeway, which is the last piece to complete the Loop 202 and Loop 101 freeway system necessary for high quality regional mobility. We have also been mandated for a 30-year maintenance plan for this, Arizona's first ever design build project.

As anticipated, our Nordics region delivered a very strong quarter with Sweden posting very strong organic growth and net revenues of 7.7 percent despite the shorter quarter. Finland and Norway also delivered on plan and the outlook for this region is positive.

Our UK operations posted organic growth and net revenues of approximately 1 percent, in line with expectations. The transportation and infrastructure team built on their strong showing of 2015 with the award of a light-rail line contract worth approximately £80 million.

Middle East experienced contraction in the period due mainly to reduced government spending and postponement and cancellation of major projects; however, the pipeline of big opportunities is still very strong, albeit within a more competitive environment.

APAC, as expected, posted a 6.2 percent organic contraction in net revenues with the winding down of a major mining project in Australia and the softness of the property sector in China. Nevertheless, it should be noted that the Australian transportation and infrastructure segment had solid Q1 organic growth. This is an encouraging sign that the market momentum witnessed in the latter part of 2015 in Australia is carrying into 2016 with good projects in transportation and buildings. Margin in Australia continue to improve when compared to the legacy Parsons Brinckerhoff margins before acquisition.

We expect China and Southeast Asia to be stable but remain cautious considering the economic slowdown in the region.

In Canada, first of all, our thoughts go out to all of the families and communities impacted by the current Fort McMurray fires. We have been present in this region for over five decades and have approximately 100 employees there, all of whom we're glad to confirm are safe. We are currently assisting various levels of government and working proactively to support relief efforts. We also have been mandated to conduct a few environmental site assessments and we want to be at the forefront of the reconstruction of the area and will provide more update on the impact of this event on our Canadian operations next quarter.

As anticipated, during the first quarter our Canadian operations grew by approximately $70 million as a result of 2015 acquisitions; however, the legacy WSP experienced a negative 13.4 percent organic growth in net revenues, mainly due to Western Canada's continuing decline in the oil and gas sector. As discussed in the last few quarterly calls, we expect Canada to remain challenging in Q2 2016 and we do not foresee the federal stimulus program to have a material impact between now and year end. On a positive side, the integration of MMM is progressing very well and so as the business transition to a new national organizational model, which will provide better collaboration, cross selling, and knowledge sharing initiatives.

While we remain focused on delivering on our full 2016 outlook, we also continue to actively pursue tuck-in and strategic acquisitions. As such, I would like to give you a brief update on our recent M&A activities. During the quarter we acquired two firms, thus strengthening our regional presence and expertise. First in Scandinavia, where we have acquired PTS, a Finnish firm focused on project management in the building sector, and we increased our presence in Sweden with the acquisition of PRD Konsult, a firm which has expertise in power and energy. Subsequent to Q1 end we also expanded our geographical footprint with an acquisition in Mexico, Ditec, a structural engineering firm in a country that we have targeted as part of our 2015-2018 strategic plan. These transactions, which total 100 employees, were financed using our balance sheet and provide us with additional skill sets within our network while enabling us to enter a new geography. Our pipeline of M&A targets is quite active and we are pursuing, small, medium, and larger sized opportunities which will align with our 2018 strategic ambitions.

I'm also very pleased with the strong support that we received from our employees, clients, and stakeholders regarding our CEO succession plan and Alex is already well established in his new leadership role. The CFO search is progressing very well and we will inform the markets in due course of our selection.

Finally, before I turn it to Alex, we received today numerous calls regarding our participation in the Quebec government's voluntary reimbursement program, which was put in force by the government of Quebec at the end of last year. WSP has always collaborated with government authorities and we have already filed a notice of intention with the program and administrator and we have also submitted a proposed settlement. We intend to keep this program's discussions confidential and we do not anticipate a settlement to have an impact on our 2016 financial results as necessary provisions were accounted for in previous years.

Alex will now review our financial results.

---

**Alexandre L'Heureux, Chief Financial Officer**

Thank you, Pierre. Good afternoon, everyone. I'm pleased to share our results for Q1 fiscal 2016.

Overall, we are very pleased with our performance. As Pierre indicated, due to the timing of certain statutory holidays Q1 2016 had two less billable days than Q1 2015, which was taken into consideration when providing our outlook for 2016. These two days will be recuperated, one day in Q2 and the other one in Q4. Adjusting for this differential in billable days, we would have reported Q1 flat organic growth in net revenues, which would have resulted in a positive trickling down impact on most of our other financial performance metrics.

Revenues and net revenues were at $1.5 billion and $1.2 billion, up 5.6 percent and 13.4 percent respectively, mainly due to acquisitions which accounted for 9.3 of percent net revenue growth. Foreign exchange fluctuations favourably impacted net revenue by 6.5 percent while we posted constant currency growth of minus 2.4 percent. As in the past, we will continue to provide organic growth on a constant currency basis as we believe this to be one of the most important measures of underlying operational performance.

Adjusted EBITDA was $91.5 million, up $6.2 million or 7.3 percent. Adjusted EBITDA margin was 7.9 percent for the quarter, broadly in line with our expectations. During the quarter we continue to focus on integrating MMM and Parsons Brinckerhoff, which resulted in expenses amounting to $6.3 million, in line again with our expectations.

Global corporate cost of $12.5 million were comparable to prior year but lower than our anticipated run rate of $16 million to $18 million, mainly due to a lower payout related to corporation's long term incentive plans. However, we expect quarterly global corporate cost for the remainder of the year to be within the range of $16 million to $18 million.

Adjusted net earnings were $33.1 million or $0.33 per share and net earnings attributable to shareholders were $27.6 million or $0.28 per share, both metrics being comparable to same period last year.

Our backlog, which continues to steadily increase, amounted to $5.5 billion with almost all regions increasing as compared to the end of the year. It represented approximately 10.2 months of revenues. More importantly, backlog organic growth amounted to 2 percent, underlining the strength of our underlying business and the effectiveness of our revenue synergy and collaborative approach.

Turning to cash, thanks to our active working capital management and focus on DSO improvement, our operation generated positive free cash flow in Q1, which has historically been a negative free cash flow quarter. We generated free cash flow of $7.4 million or $0.07 per share for the quarter compared to a use of cash of $170.6 million or $1.92 per share last year. DSO stood at 77 days, below our 80 to 85 day target. We anticipate this metric to realign within the target range as the year unfolds.

Our net debt to adjusted EBITDA ratio stood at 1.8 times. Incorporating full 12-months adjusted EBITDA for all acquisitions the ratio was at 1.7 times, in line with our target range. With our revolving credit facility fully accessible and over $200 million in cash, we have now more than $850 million in readily available liquidity. Finally, we declared a dividend of $0.375 per share to shareholders on record as of March 31, 2016 which was paid on April 15, 2016. With the 55.7 percent DRIP participation, the cash outlay was $16.6 million.

In conclusion, our first quarter results were consistent with our expectation and we remain focused on delivering organic growth for the full year. As a result, we are reconfirming our 2016 outlook. In parallel, and as indicated by Pierre, we will continue to actively pursue additional strategic acquisitions that will add expertise and value to our organization.

I would suggest we open the line for questions, Isabelle.

---

**Isabelle Adjahi, Vice President, Investor Relations & Corporate Communications**

Please go ahead for questions.

---

## QUESTION AND ANSWER SESSION

**Operator**

At this time I would like to remind everyone that in order to ask a question please press star then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question, votre première question, comes from the line of Mona Nazir with Laurentian Bank.  Your line is open, votre ligne est ouverte.

---

**Mona Nazir, Laurentian Bank**

Good afternoon and thank you for taking my questions. So just a couple questions from me. Firstly on the margin front, I know you reiterated your guidance, but just speaking about Q1, and I know you can't comment on Q2 but we're seeing continued impact from weakness in Western Canada, there was some project mix, increased competition in Asia. Are you seeing an improvement or do you expect that to take some time to flow through? I would imagine that increased competition in Asia is not going to abate right away and the market may remain tight or are there some positive tailwinds that you're seeing, whether it be high margin work that could lead to a margin improvement in short order?

---

**Alexandre L'Heureux, Chief Financial Officer**

Mona, I'll take this one. This is Alex. Clearly there are number of answers to this question. First of all, typically Q1 tends to be our or historically has been our slowest quarter. And to add to this in this year when you compare it to previous years we had two less billable days in the quarter and therefore, I mean we generated less top line but we have the same amount of fixed costs within the business. So clearly this is clearly having a definite impact on our margin profile in Q1. So I would say that from that point of view, from this angle, I mean it's a timing issue.

But it is also true that there is increased pressure clearly in China and we've seen it and although China is still growing it's clearly a more competitive environment. And we had indicated that in our outlook last quarter. And also the Middle East is under pressure as well and we were expecting that, so that's why we said that both the margin profile and the results are in line with our expectations and that's why we reaffirm our outlook at this point in time.

---

**Mona Nazir, Laurentian Bank**

And just turning to MMM, could you just comment on how the acquisition is being integrated? I know the federal government infrastructure spending is lower than what was expected but are you seeing opportunities through MMM specifically within the P3 market? And just, as you move forward, how you really capture those revenue synergies. Is it early on in this cycle or is there still work to do?

---

**Alexandre L'Heureux, Chief Financial Officer**

So there are a few questions in this one, so I'll try to tackle all of them. But first of all let me just say that the integration of MMM is going extremely well. We are extremely pleased with the way things are progressing. And it is true actually you're right that we're seeing a lot of long-term opportunities for the combination of WSP and MMM together in the longer term.

Are we seeing those, ah, do we think that the stimulus programs that the federal government has put forward will translate in real top line growth for us in 2016 with or without MMM? The answer is probably not. I think it will take a longer, a bit more time than the remainder of the year to see the benefits of this. But certainly I think we're well underway on our integration. Things are going extremely well and we think that we will benefit from the combination in future P3 markets as they unravel in the future years.

---

**Mona Nazir, Laurentian Bank**

And just lastly before I hop back in queue, with increased consolidation across the industry there's been some concern that the business model of pure play companies is changing. Just wondering your thoughts on whether you would ever look to take on some construction risk or you would remain a pure play.

---

**Pierre Shoiry, President & Chief Executive Officer**

Mona, our strategy is quite clear we have right now a lot of runway ahead of us in terms of remaining a pure play consultancy. We like the model, we like the recurring revenue, low risk model, so right now we don't have any intention. And I think the strategy that Alex is going to pursue is exactly the same strategy, is to continue within our existing plan.

---

**Mona Nazir, Laurentian Bank**

Thank you.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Yuri Lynk with Canaccord Genuity. Your line is open, votre ligne est ouverte.

---

**Yuri Lynk, Canaccord Genuity**

Good afternoon, guys. Alex or Pierre, either one can take it I guess, just in the Americas segment, I mean it was another quarter of solid margin improvement and you guys always warn us not to take a quarter and straight line it so I'll go at this way. On a trailing four quarters basis you're kind of just over 15.5 percent on an EBITDA margin basis in the Americas. Can you refresh my memory? I think there were some tax credits late in the last year that might have boosted that but is that something in and around the 15 percent mark, is that something that you think you can maintain this year given the mix of work in front of you?

---

**Alexandre L'Heureux, Chief Financial Officer**

So, Yuri, you're right. We had last year, late last year, and my memory is failing me whether it was in Q3 or Q4 that we had some R&D tax credits that were recorded in one of the quarters. So obviously this is something that is recurrent. But you are also right in noticing the trending, I mean clearly the America segment has been doing well and certainly I would say that the later part of the second half of last year the U.S. business has done, has performed quite well, both in the building, the property and building segment but also in the transportation and infrastructure segment. So we were pleased with the results. And clearly with the bill, the FAST Act has been signed and the awards and the projects that were awarded to us late in the second half of last year. We had a good start and we're pleased, certainly we're pleased with the way things are going in the U.S. business, in our U.S. operation at this point in time.

---

**Yuri Lynk, Canaccord Genuity**

So all that to say that we've got a trend?

---

**Alexandre L'Heureux, Chief Financial Officer**

I'd say that the trend is up. The trend has been trending up and clearly you look at the numbers and absolutely know, it's clear that the numbers have gone up. So, yes, I mean the trend has been up.

---

**Yuri Lynk, Canaccord Genuity**

Thanks. Just on the FAST Act, one of your competitors was out today with some pretty bullish comments on what they're seeing in terms of transportation activity in the United States. Maybe a little more colour on your end in terms of bookings or backlog growth in U.S. transportation and what that might mean for organic growth for that segment?

---

**Pierre Shoiry, President & Chief Executive Officer**

Certainly the key, this act is a key driver in, I think, in stimulating third-party financing, not that we have a federal financing now but we have state and local financing, so this all translates into more long-term planning and more long-term projects, bigger projects. So clearly it's a good sign. I think, as with other countries around the world, the U.S. acknowledged that they had to invest heavily in transit and highways and bridges and basically in their mobility infrastructure and this is all really good news for us because we have one of the premier platforms in transportation in the U.S. market.

---

**Yuri Lynk, Canaccord Genuity**

Okay. Last one from me, just on the corporate costs, guys. You know, they were, as you mentioned, a lot lower. I just want to fully understand why there's no catch up in Q2 on some of these costs or was the long-term incentives just lower year over year? Just want to understand what to expect going forward.

---

**Alexandre L'Heureux, Chief Financial Officer**

We're still holding our $16 million to $18 million, $19 million run rate, Yuri. But, if you recall, since last October there's been somewhat of a steep decline in our stock price from, ah, highest level was around $48, $49 and it went down to $37 at some point in time. So clearly the payout as we, you know, finished the year and only half of our long-term incentive is sensitive to stock price fluctuation. It clearly had an impact on the payout that employees have had so therefore we had to readjust our corporate cost in this quarter. But, overall and over a long period of time, we do not expect our stock price to go down. We expect to perform well and have our stock price going back up and therefore the run rate of $16 million to $18 million is a good proxy with what we know today.

---

**Yuri Lynk, Canaccord Genuity**

Thanks, guys.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Benoit Poirier with Desjardins Capital Markets. Your line is open, votre ligne est ouverte.

---

**Benoit Poirier, Desjardins Capital Markets**

Good afternoon, gentlemen. Just to come back on the margin in Americas, I understand the Q1 is typical the seasonal weakest quarter but you also mentioned that FX played a positive role in Q1, so given the Canadian dollar strengthened during the latest weeks how should we expect Q2 relative to Q2 year over year?

---

**Alexandre L'Heureux, Chief Financial Officer**

First of all, Benoit, we do not take into consideration the FX fluctuation in the margin calculation. So it's in local currency when we look at the performance of the Americas. And, as I said before, I mean clearly we have seen the environment is more favourable to our industry right now with the signing of this bill and clearly we haven't seen a slowdown in our property and building sector. I think we're doing well. And we are also seeing an uptick and a trending up for our transportation infrastructures. And also I would add to this power. So I'd say that right now, over the last two or three quarters, we're feeling better and, again, I'd like to remind all of our investors and analysts that we were awarded with a couple of good projects in late last year and we had good start of the year as a result of that.

---

**Benoit Poirier, Desjardins Capital Markets**

Yeah, okay. Perfect. And just for the second question, in terms of free cash flow for the year, obviously Q1 was stronger than expected from a seasonality standpoint but could you provide more colour on what type of working cap changes we might see in the coming quarter, Alex?

---

**Alexandre L'Heureux, Chief Financial Officer**

Well, as I said in my statement, Benoit, we provided guidance between 80 and 85 days. Again, I think we've done a stellar job, I am very pleased and the team should be commended for the work that's been done in the region in collecting the cash and running a really tight balance sheet. Having said all that, if you look at history and you look at the fluctuation from one quarter to the other we tend to see an increase in our working capital. It's more capital intensive as we go through the summer with holidays and therefore I do expect the trending to go back up to around 80 to 85 days. So, that... Yeah.

---

**Benoit Poirier, Desjardins Capital Markets**

Okay, perfect. And just in terms of acquisition and reorganization costs, you're still expecting $15 million to $25 million. What will be the breakdown roughly between PB, Canada, and MMM? It seems to be the largest portion of the cost, Alex.

---

**Alexandre L'Heureux, Chief Financial Officer**

Yeah, well, it's very difficult to say what's coming up but what we're planning is something like in the area to $5 million, $10 million for MMM and the remaining for Parsons Brinckerhoff.

---

**Benoit Poirier, Desjardins Capital Markets**

Okay, perfect. And last one for me, just for the Mexico, just made a small tuck-in in Mexico. Could you provide more colour about what you see right now in terms of pipeline? What type of growth opportunities you seeing in the region going forward?

---

**Pierre Shoiry, President & Chief Executive Officer**

Well, as may recall, in Latin America and in the Central America we have targeted a few areas that we want to explore, growth opportunities for us, and in South America we had identified Chile and Peru, and in Central America Mexico. And Mexico, this is a company, Ditec is a company we've been working with as a partner, so we already knew them very well. We've been doing high-rise projects in Mexico City with them and other Latin America regions. And so we have very aligned companies and we purchased them with the intent of expanding our services to other sectors. And I must say that the transaction has been completed only in a short time, a short time ago, and already we're seeing interesting opportunities.

There is a huge and massive infrastructure program in Mexico and we're starting with a small approach, a bit like we did in Colombia, if you recall, about four, five years ago, six years ago and started off with a small acquisition to acknowledge the market and then proceeded with additional our opportunities to grow the business. And hopefully the same will happen in Mexico if we like what we see.

---

**Benoit Poirier, Desjardins Capital Markets**

Okay. Thank you very much for the time.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Sara O'Brien with RBC. Your line is open, votre ligne est ouverte.

---

**Sara O'Brien, RBC Capital Markets**

Hi. Good afternoon. Alex, can you comment a little on the reconciliation of seeking organic growth for the remainder of the year in a competitive environment with margin expansion? I'm just wondering if organic growth now takes top priority and does that mean you're looking more for EBITDA growth in dollar form versus margin or can you achieve both through the year?

---

**Alexandre L'Heureux, Chief Financial Officer**

Well, certainly, Sara, our focus is on both. I mean the outlook we provided is an outlook around the top line but also around the bottom line. So we're very much focused internally within the operation on delivering both. And if you look at the boundary reasons, the shoulders of the outlook we provided, I mean, you know, you look at this in any way you want, I mean it's between 0 to 3, 4 percent of organic growth, and I think certainly we're working hard to achieve this. But we're also very much focus on delivering the bottom line.

---

**Pierre Shoiry, President & Chief Executive Officer**

If I can add something, Sara, I think your question is good. In a professional service model like we have I think it's appropriate to try to balance sometimes, ah, have a balanced approach to growth and margin depending on the markets, and clearly if you have a more competitive market sometimes you can decide to just be a bit more aggressive to gain market share. So it's a balance and our local people adapt to the market conditions and do what's best for the company in terms of winning the nice jobs and maintaining staff and also delivering on their budgets.

---

**Sara O'Brien, RBC Capital Markets**

Okay. And just, I mean, again, if we look at the EBITDA margin, given the Q1 soft start and, I realize that there's some fixed costs that were not as easily absorbed, but is the expectation internally that EBITDA margin consolidated can improve in 2016 over 2015?

---

**Alexandre L'Heureux, Chief Financial Officer**

Yes. The answer, Sara, is yes. We're still forecasting, with what we know today, an improvement over what we delivered last year.

---

**Sara O'Brien, RBC Capital Markets**

Okay. And then my second question is related to acquisitions. It sounds like the pipeline is relatively robust. Given the current 1.8 times debt to EBITDA what's the comfort level of using additional debt? Like to what level in a competitive market would you be comfortable and could we see additional equity issued for a decent sized acquisition?

---

**Alexandre L'Heureux, Chief Financial Officer**

This is also another good question, Sara. Clearly, I mean if you look back at history, and I'm going to try to answer this question very quickly, but if you look at over time we've always been willing, more willing as a management team to increase our leverage.

You look back at 2010 when we were a Canadian platform, any time we were going above one time we were quite focused on making sure that we were deleveraging as fast as we could. We ended up completing the transaction of WSP at around 1.3, 1.4

times when we came out of this transaction. When we did the Parsons Brinckerhoff transaction we were above 2.25 and the reason is quite simple, it's because over time we've become more diversified. We have more resiliency in our top line and our revenue mix, we have more resiliency in our various geographies, we have more resiliency also in the project mix that we have, and that's why we felt compelled over time to take more leverage. So if you ask me am I more comfortable to take on more leverage today than I was a year or two years ago? The answer is probably yes. But, again, to a reasonable level.

---

**Sara O'Brien, RBC Capital Markets**

And what would that level be? Is it sort of three times-ish or is there a target in mind?

---

**Alexandre L'Heureux, Chief Financial Officer**

I don't have a target in mind other than like between two and three times, I mean it's something that I would envision at this point in time, between two and three. And not a long time ago we were between one and two. So I think it's increasing over time. But I think suffice to say that that we have now more resiliency, so I'm more willing to take more.

---

**Pierre Shoiry, President & Chief Executive Officer**

Just to add to that, it also depends on the circumstances of the acquisition and what's in the pipeline. And so there are other factors but I echo Alex's view. Right now under our existing credit facilities we have about $700 million to $800 million of capital, so we could probably leverage a bit more if the right opportunity came.

---

**Sara O'Brien, RBC Capital Markets**

Okay. And then just the follow-on to that is the equity portion. I mean given the stock is not at its peak, it's come off somewhat, would you be comfortable issuing equity at current levels or do you look for that kind of rebound before using your currency?

---

**Alexandre L'Heureux, Chief Financial Officer**

Again, Sara, this is a case-by-case basis. It's almost impossible to answer this question. It would depend on the opportunity, again. But, as we said, we would be willing to take on more leverage, a bit more leverage right now.

---

**Sara O'Brien, RBC Capital Markets**

Okay. Thank you.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Michael Tupholme with TD Securities. Your line is open, votre ligne est ouverte.

---

**Michael Tupholme, TD Securities**

Thanks. Good afternoon. As you've done in the past, are you able to provide the organic growth in the quarter for Ontario and Quebec?

---

**Alexandre L'Heureux, Chief Financial Officer**

We haven't provided it. (Inaudible). Michael, I'm sorry, sorry about that. We haven't provided it in our MD&A and statements. All of that we can say is that we are in positive territory. So Ontario and Quebec are performing well right now.

---

**Michael Tupholme, TD Securities**

Okay. And can you talk at all about the performance of MMM? I know it's part of acquisition growth but how that business has been performing in the quarter?

---

**Alexandre L'Heureux, Chief Financial Officer**

Performing as planned. It's early in the acquisition, Michael, so clearly, I mean we closed on October 31st, submitted the first budget in December, but things are, MMM is performing as planned right now.

---

**Michael Tupholme, TD Securities**

Okay. And then with respect to the MD&A, there was a comment made about Brexit-related risks in the UK. I'm just wondering if you've seen any slowdown as a result of that situation yet or you're just more flagging that as a potential risk going forward.

**Pierre Shoiry, President & Chief Executive Officer**

Uncertainty is always a risk in every business, so this creates period of uncertainty and hopefully we'll get clarity on this soon. But political issues always create uncertainty, which sometimes translates to projects being held up and others, so it's just a question of having stability. We had a general election in several countries lately and we have stable governments, so that's always good.

---

**Michael Tupholme, TD Securities**

Okay, great. And then, lastly, with respect to the Middle East, reading your commentary and listening to your commentary it sounds like there's a little bit of caution there. I'm just wondering is that more or less consistent with sort of the same caution you expressed last quarter on the conference call or have things deteriorated there somewhat?

---

**Pierre Shoiry, President & Chief Executive Officer**

No, I think it's stable. As you know, Michael, we have just under, close to 10 percent of our revenues in emerging markets, mostly Southeast Asia and Middle East, South Africa and Colombia, which are all pretty good places to be right now, but there is some caution, but I'd say those, over our last call and the previous quarters I'd say we're stable right now.

---

**Michael Tupholme, TD Securities**

Okay, great. Thank you.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Bert Powell with BMO Capital Markets. Your line is open, votre ligne est ouverte.

---

**Bert Powell, BMO Capital Markets**

Thanks, Alex and Pierre. Just going back to infrastructure stimulus spending, we've heard the same from other companies that there's still no real signs of it yet. I'm just wondering if there is any other colour that you can offer in terms of your views around any issues as to why that's maybe taking longer or how you see that playing out. Because it does seem to be a little bit of a head scratcher.

---

**Pierre Shoiry, President & Chief Executive Officer**

I think the key takeaway, Bert, is there's a big pipeline of projects in transit, in highways, you know, right across the country from Vancouver, projects in Vancouver, projects in Toronto, the GTA, in Montreal light rail. So the pipeline is there, it's just a matter of getting things started. And I think it's normal when you have these type of announcements, these programs, in Canada as in another countries, they always take time to ramp up and get the proper governance around the project's priorities and the procurement processes. So this, it's is all normal. I think the key takeaway is that the pipeline is solid. There's a lot of projects that were announced. So it's just a matter now of getting things started and moving along.

---

**Bert Powell, BMO Capital Markets**

Is there any way that you have a sense or what do think in terms of timing?

---

**Pierre Shoiry, President & Chief Executive Officer**

We would just repeat what we've been saying. I think we see a good outlook in infrastructure in Canada in 2016 and we think that the benefits of the stimulus programs, announced stimulus programs will be seen in 2017, 2018, 2019.

---

**Bert Powell, BMO Capital Markets**

Okay. And then just back to Canada, I think, Pierre, on the last call you said Q3 you thought would be the bottom for oil and gas. Is that still for your perspective?

---

**Pierre Shoiry, President & Chief Executive Officer**

Well, listen, year over year, if you remember last year, you know, Q1 2015 was a pretty solid year in oil and gas and Q2 was still another good year and then we started really to feel the impact in Q3, Q4, now Q1. So we still think Q2 is going to be very low. But clearly, you know, Q3, we don't expect it to be up, but we'll see how it compares to last year, which had seen a pretty steep decline. But right now the situation in the oil and gas industry has not improved and so certainly can't hope for better performance in Q3 than last year.

---

**Bert Powell, BMO Capital Markets**

But you've got that business right sized for the market, correct?

---

**Pierre Shoiry, President & Chief Executive Officer**

Yeah, all our businesses, in our business our biggest cost is our workforce and you have to right size your workforce to the work that you have and when you lack work you try to promote collaboration across the group to share work as much as you can. But when you have specific downturns in a specific industry like oil and gas the workload is down pretty much everywhere so you have to right size.

---

**Bert Powell, BMO Capital Markets**

So that would obviously then be having an impact on your EBITDA margin in the Canadian operations.

---

**Pierre Shoiry, President & Chief Executive Officer**

Clearly. Clearly there is less work and then the work that's out there, you know, we're holding our own with the work that's out there, but it's a more competitive environment.

---

**Bert Powell, BMO Capital Markets**

So what would the EBITDA margins look like if you kind of took out the oil and gas burden?

---

**Pierre Shoiry, President & Chief Executive Officer**

We don't have that granularity right now but Isabelle will call you back to provide you some data on this, if we have it.

---

**Bert Powell, BMO Capital Markets**

Just want to get a sense of once we kind of lap that, Pierre, what the underlying operating performance in those businesses are. Because MMM was quite high margin, right?

---

**Pierre Shoiry, President & Chief Executive Officer**

Right, exactly.

---

**Bert Powell, BMO Capital Markets**

Going in, right? So that seems to be being masked.

---

**Pierre Shoiry, President & Chief Executive Officer**

I think that what we're saying is that, and then Alex just said, I think the Eastern Canadian provinces are doing fairly well, very well, growth, and the transportation segment is doing well, and the other segments are doing quite well also. So I think it's, we emphasize that everything is related to the western Canada oil and gas. And also we're seeing a bit of, I'd say, collateral impacts on other segments in Western Canada related to the oil and gas, just like land development as an example, and others, so...

---

**Bert Powell, BMO Capital Markets**

Yeah, it makes sense. Okay, thank you, guys.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Frederic Bastien with Raymond James. Your line is open, votre ligne est ouverte.

---

**Frederic Bastien, Raymond James**

Good afternoon. Just wondering, the small tuck-ins that you completed during and subsequent to the quarter, are they an indication of the size or the number of deals that we should expect from WSP in the near term?

---

**Pierre Shoiry, President & Chief Executive Officer**

Listen, as you said, we're looking at smaller-sized acquisitions, we're looking at medium sized acquisitions, we're looking at larger size opportunities, and we have a scope. And it's not about size. It's about, you know, there has to be a strategy aligned with the acquisitions. We're looking at a lot of very nice niche businesses like the business we bought in Sweden, project management around the energy sector with a lot of specialty in the nuclear sector, the nuclear, ah, those are people we can, expertise we can obviously work with in the Nordic countries but also expand the services to other Northern Europe countries. So the acquisition size of these ones was smaller sized acquisitions but they fit nicely into our strategy and I think our track record over the past ten years is a good indication of what the future holds, Frederic.

---

**Frederic Bastien, Raymond James**

Okay. Also read last month that a WSP alliance had been awarded a $1.5 billion contract for a level crossing removal in Melbourne. How material is this job for your Australian operations and does it significantly change your outlook for the region?

---

**Pierre Shoiry, President & Chief Executive Officer**

As we noted in our notes, Australia, the transportation business, we had several large project wins. We have a very strong momentum on the transportation side. We had very strong organic growth in the quarter and we expect good organic growth in Australia this year. The mining sector and resource sector is still quite subdued in Australia but we're hopeful to have a better business at the end of this year in Australia in terms of growth and in terms of margin improvement.

---

**Frederic Bastien, Raymond James**

Okay. Thanks for that. And last question for me, can you speak to the year-over-year decline in the margins that you experienced in the EMEIA region? There is a comment about project mix but is it safe to say that some of that pressure came from the Middle East?

---

**Alexandre L'Heureux, Chief Financial Officer**

The answer is yes, Frederic.

---

**Frederic Bastien, Raymond James**

And the other regions have behaved fine?

---

**Alexandre L'Heureux, Chief Financial Officer**

Yes. The two largest regions of EMEIA have been doing very well, both Sweden and the UK. So the largest are holding their ground. They're doing well actually.

---

**Frederic Bastien, Raymond James**

Okay. And can you speak a bit to the smaller jurisdictions that you've established operations in like France and other regions like that?

---

**Alexandre L'Heureux, Chief Financial Officer**

Yes, France has been, it's been a great acquisition for us. We're very pleased with the results. They've been performing well with the margin profile in line with the rest of the EMEIA region. I think we've noted over the past 18 months that Germany was, at times has been challenging, and it's now we're more in a stable environment than we were probably a year ago. But, nevertheless, 2015 was challenging for us but we stabled the business. In Germany we're in a much, much, much better place.

France I would rank as a good place. South Africa I would also say that it's a stable environment for us now. And UK performing well alongside Sweden. And I'd say that Finland was off to a good start this quarter and we're very pleased with the Finnish performance.

---

**Frederic Bastien, Raymond James**

Great, thanks for the added colour.

---

**Operator**

Your next question, votre prochaine question, comes from the line of Jacob Bout with CIBC. Your line is open, votre ligne est ouverte.

---

**Jacob Bout, CIBC World Markets**

Good afternoon. I had a question on Canadian backlog, maybe first off starting with what was MMM as far as backlog in first quarter and then if you strip out or you net out MMM what does the mix look like if you compare first quarter 2016 versus first quarter 2015?

---

**Alexandre L'Heureux, Chief Financial Officer**

We are not, like MMM was a privately held company last year that was held by another shareholder than ours, so we're not disclosing the numbers from one year to the other. So we haven't disclosed it this quarter and we haven't disclosed the breakdown between MMM. But I'd say that, you know, with the exception of oil and gas and, as Pierre indicated, I mean we're holding our ground and we're working hard to win the small jobs, the medium size jobs, and trying working hard in the market to win our share of the work. I'd say that the rest of the business, I mean it's been quite constant and, as you note in the MD&A, that the Canadian backlog has not reduced significantly from the end of December to the beginning of, ah, from the end of March basically, just 0.8 percent. So we've been holding ground despite the fact that oil and gas is still very much challenging.

---

**Jacob Bout, CIBC World Markets**

Maybe going back to Brexit, can you talk at all about what you think might be some of the logistical issues that could arise from that?

---

**Pierre Shoiry, President & Chief Executive Officer**

I have no idea. Sorry to say, Jacob, but I mean other than, you know, it's an issue over there, it's a local issue, other than stability of what, ah, it was like the Scottish referendum. It went through, it was done and it's over and there nothing changed, so that's perfect. So it's a wait-and-see for us and right now we're not feeling, and I don't want to give the investors the sense that right now we're seeing any change in the business right now, it's just it's always uncertainty is never good for the general economy.

---

**Jacob Bout, CIBC World Markets**

Maybe my last question just as you look at your, what you're actually offering for engineering services and in the U.S. market in particular, is there anything that you think that you're missing at this point?

---

**Pierre Shoiry, President & Chief Executive Officer**

Right now we have, ah, our strategy to be a top tier player in all of our segments, and you look at the U.S. market, I think we're a top tier player in transportation. And buildings, there's still room for growth but we have a top tier status in the U.S. market. But we can still grow so some more. The power sector we can grow, the environment and water are sectors we can grow significantly, so there still, you know...

---

**Alexandre L'Heureux, Chief Financial Officer**

We can still grow transportation.

---

**Pierre Shoiry, President & Chief Executive Officer**

And transportation, we have pockets of the business that can grow in certain regions in the U.S. So there is still a lot of room for us to grow in the U.S. market.

---

**Jacob Bout, CIBC World Markets**

Thank you very much.

---

**Operator**

Again, if you would like to ask a question, please press star then the number one on your telephone keypad. Encore, si vous souhaitez poser une question, composez l'étoile puis le numéro un sur votre clavier téléphonique

Your next question, votre prochaine question, comes from the line of Maxim Sytchev with National Bank Financial. Your line is open, votre ligne est ouverte.

---

**Maxim Sytchev, National Bank Financial**

Hi. Good afternoon. I just wanted to circle back to the commentary on Australia, the fact that margins are improving. I'm just wondering what has been done operationally to get this accomplished or is it a function of the market? Change in management? Was just wondering if you can provide a bit more colour.

---

**Alexandre L'Heureux, Chief Financial Officer**

I think, Max, when, you know, there is a coming together of two firms, I mean clearly we are revisiting practices, business practice, and clearly that's what we've done in 2015. We clearly imported what PB was during extremely well and we exported what WSP was doing extremely well, so clearly from an operational point of view I mean we revisited business practices in Australia and we saw a difference. We clearly, ah, there's been some integration activities. We reduced costs. We had some cost synergies. We have now more scale. And also we did deliver some revenue synergies. And so I'd say that it's all of the above at this point in time. And I'll finish by saying that, as Pierre indicated before, I mean we have some momentum in the transportation sector and the market seems to be picking up certainly in this segment. And also on the building segment. So these two sectors are important to us in Australia and that's why we're seeing an improvement in the margin profile.

---

**Maxim Sytchev, National Bank Financial**

Is it fair to say that right now the strength in those verticals are starting to offset the weakness in mining? Are we cycling through some positive comps?

---

**Alexandre L'Heureux, Chief Financial Officer**

Well, certainly, from a top line point of view certainly in Q1 it wasn't the case. Clearly, I mean we've had a significant demobilizing effort made in the later part of 2015 on big mining and our resource sector projects. But I think over time, Max, I think it's fair to say that we are seeing some momentum in the transportation sector that hopefully will offset and maybe one day more than offset the downturn in the mining, the resource sector.

---

**Maxim Sytchev, National Bank Financial**

Right. Okay. That's helpful. And then in terms of the commentary that you make about being flat in APAC kind of as the year progresses, what gives you confidence that that's the case? I mean obviously I assume backlog at hand. I mean do you still have to win things in order to kind of make the year or do you have everything already secured?

---

**Alexandre L'Heureux, Chief Financial Officer**

On the aggregate basis right now we have approximately ten months and, frankly, it's widely spread, Max. So, yes, the answer to your question is yes, we have to win more to deliver the year. It's always the case. We are always starting the year with a good backlog, well, we are starting this year with a good backlog but we still have to win our share this year in order to deliver the year. Asia is challenging or at least, ah, I wouldn't say it's challenging but it's a question mark, so clearly that's one that we monitor closely. As I said before I think, despite the fact that we're comparing an early start to 2015 with a resource project and the top line versus where we're today, I feel good about the transportation sector in Australia right now.

---

**Maxim Sytchev, National Bank Financial**

Okay. Makes sense. And correct me if I'm wrong but the employee levels have stayed relatively flat in the geography, sort of consolidated, not just Australia, right?

---

**Alexandre L'Heureux, Chief Financial Officer**

Yes. The answer is yes.

---

**Maxim Sytchev, National Bank Financial**

Okay. And the one last quick clean-up: Is there anything to read through in terms of hard backlog being up year on year and soft being down? Is that just a change in the project composition?

---

**Alexandre L'Heureux, Chief Financial Officer**

The answer is yes.

---

**Maxim Sytchev, National Bank Financial**

Okay. Excellent. That's it for me. Thank you so much.

---

**Operator**

There are no further questions at this time. I turn the call back over to our presenters.

---

**Pierre Shoiry, President & Chief Executive Officer**

Thank you, everyone, for being on the call.

---

**Operator**

Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

---