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PRESENTATION

Operator

Bonjour, mesdames et messieurs. Good morning, ladies and gentlemen. Bienvenue à la conférence téléphonique sur les résultats financiers du quatrième trimestre et de l'exercice 2020 de WSP. Welcome to WSP's fourth quarter and fiscal 2020 results conference call.

I would like to now turn the meeting over to Quentin Weber, Investor Relations. À vous la parole. Please go ahead, Mr. Weber.

Quentin Weber, Investor Relations

Good morning. We hope that you're all safe and doing well. Thank you for taking the time to join the call, during which we will be discussing our Q4 and fiscal 2020 performance, our outlook for 2021, followed by a Q&A session.

With us today are Alexandre L'Heureux, our President and Chief Executive Officer, and Alain Michaud, our Chief Financial Officer. Please note that the call is accessible on our website via webcast.

During the call we may be making some forward-looking statements and actual results could be different from those expressed or implied. We undertake no obligation to update or revise any of these statements. Relevant factors that could cause actual results to differ materially from those forward-looking statements are listed in our most recent Management's Discussion and Analysis.

Also, during the call we may refer to certain non-IFRS measures. These measures are defined in our Management's Discussion and Analysis for the year ended December 31, 2020, which can be found on SEDAR and on our website.

Our MD&A also includes reconciliations of non-IFRS measures to the most directly comparable IFRS measures. Management believes that these non-IFRS measures provide useful information to investors regarding the Corporation's financial condition and results of operation 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 information prepared in accordance with IFRS.

With that, I will now turn the call over to Alexandre.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Quentin, and good morning, everyone.

Let me first start by saying that, despite unprecedented circumstances, I am really proud of our accomplishments in 2020. Thanks to the dedication and resilience of our teams, we demonstrated our ability to rise to the challenge, the agility of our platform, and the strength of our foundation. Above all, we ensured the safety of our employees while staying focused on our strategic objectives.

Looking back at the last 12-months' results, we are reporting solid year-end results that are in line with our expectations. We maintained good margins and a healthy backlog and safeguarded our financial position. We also delivered above expectations in terms of adjusted EBITDA, adjusted EBITDA margin, and DSO.

Our ability to stay focused on our strategic objectives also materialized at the end of the year with the announcement of WSP agreement to acquire Golder, a global leader in earth sciences and environmental services with approximately 7,000 people. Together, we are creating the leading global environmental consulting firm with approximately 14,000 of our 54,000 professionals which will be dedicated to accelerating the world's green transition.

In connection with the equity financing of the Golder acquisition, we established long-term relationships with new strategic investors, being GIC, one of the world's largest sovereign wealth funds, and British Columbia Investment Management Corporation, one of Canada's largest institutional investors.

As we are expecting the transaction to close in the first half of Q2, our current focus is planning for successful integration across functions and regions and a smooth transition for Golder's people as they join the WSP family. Our combined strength will uniquely position us on the rapidly growing ESG trends to driving demand for environmental services and sustainable infrastructure development and we are eager to start winning projects and working together.

Additionally on the M&A front, we recently announced three strategic acquisitions totalling approximately 500 people, bringing new client relationships, market-leading positions, and an increased geographic footprint in the United States.

First, we acquired kW Mission Critical Engineering, which expands our complex building sector capabilities in the high-growth data centre and healthcare and science technology markets in the United States while also significantly increasing our presence on the West Coast and providing a platform to expand our data centre capabilities in Europe and in Asia with our global clients.

We also acquired tk1, a mechanical electrical engineering firm based in Irvine, California, which reinforces our US property and building business in the healthcare, science, and technology markets.

Finally, this week, we just announced the acquisition of EarthCon, which strengthened our capabilities in strategic environmental engineering and consulting services while further expanding our geographic presence in southern eastern United States.

M&A is an integral part of our strategy and so is our commitment to ESG. For example, at the beginning of the year, WSP became the first professional services firm in the Americas to secure sustainability-linked terms for its syndicated credit facility. This year we will be disclosing data using guidance from the Task Force on Climate-related Financial Disclosures, or TCFD, and the framework issued by the Sustainability Accounting Standards Board, or SASB, and we are planning to update our climate ambitions to align with current science as we recently committed to align our future ambitions with science-based target initiatives, or SBTI. We look forward to providing more details on our progress later in 2021.

I would now like to highlight a few of the major wins during Q4, showcasing a sample of our expertise from across the globe. Starting with a key win in the US, I am thrilled to share that we were just awarded a significant multi-year program management services contract with the US Postal Service, building on a 30-year established business relationship. Our team of seasoned professionals will support USPS and their strategy, which includes a focus on the retail of the future as well as a variety of services to their delivery platform and systems across USPS' 32,000 facilities nationwide to enhance the efficiency of their operation as they handle close to half of the world's mail volume.

Moving on to Canada, at our Q3 2017 results presentation I announced we had won the Centre Block Rehabilitation Project and I am delighted today to announce the extension of this significant contract. This is not only our largest project in Canada, but also our largest buildings project in our portfolio. We expect our involvement will likely continue until at least 2028. Under this agreement we have the responsibility to rehabilitate and expand the most recognized and valued building in

Canada, Centre Block, the home of Parliament and a symbol of Canadian democracy. In addition to providing building engineering design services, a considerable part of our work relates to earth and environmental science services, including archeology, designated substances, geotechnical and sustainability. As a flagship project for the government of Canada, this project offers a unique opportunity to update and improve the sustainable performance of one of the most culturally significant sites in Canada. Shaping one of the most recognizable and symbolic Canadian buildings, the project will demonstrate leadership in alignment with the government's priority for low carbon and enhanced sustainable performance.

Moving on the highly growing mission-critical market, we grew our pipeline with many data centre project wins during Q4 2020 in Norway, France, Switzerland, Hong Kong, and Taiwan, demonstrating yet again our global reach. The pandemic has accelerated a boom in the creation of new data centre facilities to cope with the rising demand from online shopping, remote working, online education, and online events, among other things. Latest forecasts from research and market predict that global data centre construction with growth from C$27 billion in 2020 to C$36 billion by 2027. With the recently announced acquisition of kW Mission Critical Engineering, WSP is uniquely placed and positioned to further take advantage of this rapidly growing market. Combining kW expertise with WSP Global footprint means we can now offer best-in-class mission-critical services to our clients throughout the US and worldwide. We now have three centres of expertise in the US, UK, Hong Kong, having the ability to serve this market worldwide. We are already seeing revenue synergies from kW in respect of the US clients investing in Europe and through increased capacity to lead the largest mission-critical facility projects for cloud service providers.

In summary, I am very pleased with the way we finished the year. In addition, we seized many opportunities in 2020 by completing three key, I'm sorry, strategic acquisitions, expanding our exposure to promising markets and securing exciting projects.

Alain will now review our financial results in more details and discuss our 2021 outlook. Alain, over to you.

Alain Michaud, Chief Financial Officer

Thanks, Alex.

For the quarter, revenues and net revenue reached $2.2 billion and $1.7 billion, up 1.8% and down 4.1%, respectively, compared to Q4 2019. Organically, net revenues contracted 5.9% for the quarter. The increase in the Americas, stemming from organic growth and acquisition growth, was offset by organic contraction in the other reportable segment. Revenues and net revenues for the year reached $8.8 billion and $6.9 billion, down 1.3% and 0.4%, respectively, compared to 2019. Organically, net revenues contracted 3.6% for the year, in line with our expectations.

Let's move on to profitability. For the fourth quarter, adjusted EBITDA reached $262 million representing an adjusted EBITDA margin of 15.5% compared to 15.1% in Q4 2019. The increase in margin is attributable to the Americas, APAC, and Canada reportable segment, partially offset by lower margin in EMEIA. For the full year, adjusted EBITDA reached $1.054 billion, up $16.9 million or 1.6% compared to $1.037 billion in 2019. Adjusted EBITDA slightly surpassed our expectation.

Backlog as of December 31, 2020, stood at $8.4 billion, representing 11.5 months of revenue. We're glad to report that our backlog grew organically in each of our reportable segments in 2020, representing an overall organic growth of 2.4%.

Adjusted net earnings stood at $81 million or $0.71 per share in the fourth quarter of 2020 compared to $55 million or $0.52 per share in Q4 2019. The increase in these metrics are mainly attributable to the fact that, in 2019, the write-off of leasehold improvement was taken following the renovation of our New York office.

Adjusted net earnings stood at $339 million or $3.08 per share for the year ended December 31, 2020 compared to $306 million or $2.91 per share for the corresponding period in 2019. The increase in these metrics is attributable to higher EBITDA contribution and lower interest expense due to lower long-term debt.

I will now review a few cash flow metrics. For the year, cash inflows from operating activities stood at $1.1 billion compared to $814 million in 2019. Our free cash flow for the year came in at $735 million, a record high of 266% of our net earnings, well beyond our cash flow conversion target of 100%.

Our days sales outstanding reached 63 days at the end of 2020, an 11-day improvement as compared to 2019. This improvement is mainly the result of our team's continued focus on cash collection.

Lastly, our net debt to adjusted EBITDA ratio stands at 0.1, significantly lower than the 1.1 as of December 31, 2019, due mainly to the repayment of a portion of our debt following strong free cash flow generated in 2020 and the equity financing completed during the second quarter. The net debt to adjusted EBITDA ratio is expected to increase to approximately 1.3 following the closing of the Golder transaction.

During the quarter we also declared a dividend $0.375 per share for shareholders on record as of December 31, 2020, which was paid on January 15, 2021. With a 54.1% DRIP participation, the net cash outlay was $19.5 million. In conclusion, we've delivered on all of our 2020 financial outlook metrics issued in Q2 2020.

I will now comment on the 2021 financial outlook, but before I do so I'd like to remind you that the outlook for our anticipated 2021 performance is aimed at assisting analysts and shareholders in refining their perspective on our performance. It has been prepared based on foreign exchange rates effective February 24, 2021. Also, please do bear in mind that we have not considered any acquisitions, disposals, or any other transaction that may occur after today's date except for the Golder transaction.

We anticipate net revenues to be in the $7.5 billion to $8 billion range and to post organic growth in net revenues in the 2% to 5% range. We expect a different seasonality pattern in 2021 as we ramp up our workforce to adapt to gradually increasing demand into the second half of the year. We, therefore, anticipate low to mid single digit contraction in our net revenue for first quarter and sequential increases quarter over quarter for the rest of the year.

Adjusted EBITDA is expected to range between $1.22 billion and $1.29 billion. We also anticipate our quarterly adjusted EBITDA to range between 18% and 29% of the total annual adjusted EBITDA with Q1 being the lowest and Q3 the highest.

Turning to tax, we expect our tax effective rate for fiscal 2021 to be in the range of 26% to 30% and we anticipate net capital expenditures to range between $150 million to $170 million. CapEx mainly pertains to property and equipment and intangible assets net of proceeds from disposal and lease incentives received.

Turning to debt, the Corporation will continue to manage its capital structure to target a net debt to adjusted EBITDA ratio between one and two.

Lastly, we anticipate between $55 million and $65 million in acquisition, integration, and restructuring costs, and we also anticipate that head office costs will range between $90 million and $100 million in 2021.

By reportable segment, we anticipate mid single digit organic growth in net revenues for Canada and the Americas and low to mid single digit organic growth for EMEIA and APAC.

This concludes my remarks. On that, back to you, Alex.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Alain.

Before opening the line for questions, I would like to thank our employees across the globe, our Board of Directors, as well as our clients and shareholders for their continued support during this unique year. Looking back at 2020, I am proud of what we accomplished. We delivered on our financial objectives, we announced a highly strategic acquisition opening a world of possibilities, and we set the stage for 2021, entering the year with confidence supported by a strong financial position and a very healthy backlog.

And as we start this year of our strategic cycle, we feel confident to meet the ambitions that we had set for ourselves in our 2019-2021 global strategic plan. As such, our solid operating plan, combined with the successful closing of the Golder transaction, will position us well to deliver on our ambitions to reach between $8 billion and $9 billion in net revenues and to exceed the higher end of our projected EBITDA margin of 16%.

Lastly, we also look forward to developing our 2022-2024 global strategic plan. This will be a great opportunity for us to further embrace our ambitions.

I would now like to open the line for questions.

QUESTION AND ANSWER SESSION

Operator

Je voudrais maintenant vous rappeler poser une question, appuyer sur l'étoile suivit du un sur votre clavier téléphonique.

As a reminder, to ask a question, you will need to press star one on your telephone. To withdraw your question, press the pound or hash key. Please stand by while we compile the Q&A roster.

Your first question comes from the line of Mona Nazir from Laurentian Bank. Your line is now open.

Mona Nazir, Laurentian Bank

Good morning and thank you for taking my questions. When I think about the business, your diversified strategy has fared well. You've had challenges in the past. And looking back a number of years ago I remember Germany's performance was lower. You changed the country head and second in command there. Following the Focus acquisition and the low oil price environment that followed, there was some rightsizing about five years ago. But when I think about 2020, I feel like COVID challenges and macro headwinds seemed to flow through to nearly all geographies and so I'm just wondering would that be a fair statement, that 2020 has been your most challenging period?

And then I understand that you took swift steps in rightsizing the headcount, largely in the back half of the year. I'm just wondering your confidence level that steps taken should alleviate headwinds and bring improvements from here and that surprises should be de minimis.

Alexandre L'Heureux, President & Chief Executive Officer

Good morning, Mona. Good question. Look, without a doubt, this has been—I'm not prepared to say it's been the most challenging, but it's certainly high up there in terms of challenging years. Of course, we started the year with great conditions and very quickly we turned into Q2, revising our ambition and say, look, we need to maintain our margin profile and we need to safeguard our financial position at all cost. Meanwhile, while we were doing that, we said we need to have a longer view on this pandemic and need to take long-term measures to safeguard the business and making sure that we deliver the year.

And you will recall, Mona, that at the beginning of the crisis, in the middle of the crisis, and I just reiterated for the third time now, you know, I said that we were not prepared to revise our ambitions, our strategic plan. In my mind, the underlying principles of the strategic plan and the strategic cycle were very relevant with or without the pandemic and the marching order within the business is we're going to remain resilient and we're going to deliver on that plan. And what I said this morning is I feel very confident now, assuming that 2021 is progressing the way we believe it will progress, and combine this with the closing of Golder, that we will not only meet most of, if not all, of our financial ambitions, but on EBITDA margin will exceed them.

So yes, it's been challenging, but what I'm proud of is, you know, we didn't wait for the events to dictate our action. I feel that we dictated actions ahead of what was happening and I feel that the team was very agile and very proactive and that's why I feel we are in a very good position. And if I could add to that as well that yes, we've had relatively low organic growth contraction for the year, but on net revenue, combined with our acquisition growth, we finished the year flat. This is a great outcome, I believe, when you look back over 12 months. And on top of it, our backlog grew organically in a very, very challenging year.

So I look at the year 2020, which was the second year of a three-year cycle, I look at the work that was awarded, I look at the way we reshaped the business, and I look at the acquisition that we announced on December 4th, which we haven't benefitted from yet, and I'm just looking in the future and I have to admit that I'm cautiously optimistic but also very excited.

Mona Nazir, Laurentian Bank

That's great. Thank you. I just have one more question, given the number of participants. I understand that the Golder acquisition has not yet closed, but when I think about your leverage, your existent leverage at year end and what Golder does to the balance sheet, there's significant dry powder available. I'm just wondering, you know, Golder does achieve some of this three-year strategic plan targets, but I'm wondering about near-term, larger-size acquisitions and ultimately do you have any desire to be on another conference call going through another large significant transaction?

Alexandre L'Heureux, President & Chief Executive Officer

Look, Mona, I mean you know me and you know WSP. Of course, if we can be opportunistic and if I believe we can create shareholder value, you know, this management team doesn't work in sequence, we work in parallel. So if there's a way for us to create shareholder value, you can rest assured that we'll work towards that goal.

Having said all that, we essentially announced this transaction on December 4th. We haven't closed the transaction yet. And right now what I am busy doing is really to engage, with our people at WSP but also, where possible, engage with the people at Golder to really make this a real success. I feel that personally, and I can vouch for that now even more than on December 4th, the amount of collaboration that I believe we'll have between the two workforces will be quite extraordinary and I actually believe that we will be in a position to create a lot of revenue synergies together.

So I think our focus right now, my focus certainly, is really to make sure that this integration is a success. And I want also to make sure that we deliver a good operating year and a good operating plan for our shareholders. But as you know, those deals don't happen overnight. You need to entertain discussions, you need to have informal discussions, more formal discussions and, as I said to my Board this week, I cannot take a step back and wait a year to entertain discussions again. I have to keep going. And if there is a possibility to create value, certainly I think we have now the balance sheet to do that. And I'll leave it to that at the moment.

Mona Nazir, Laurentian Bank

That's great colour. I'll leave it there. Thank you.

Operator

Your next question comes from the line of Jacob Bout from CIBC. Your line is now open.

Jacob Bout, CIBC World Markets

Good morning.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Jacob.

Jacob Bout, CIBC World Markets

Just I had a question on your implied EBITDA margin guidance. So the number that I'm backing into, the midpoint is 16.2%, so a meaningful step up from 2020. So Golder does provide a lift, but that's pretty much second half. Can you talk about some of the buckets of what else is driving this?

Alexandre L'Heureux, President & Chief Executive Officer

I'd say, Jacob, we are, ah, I'm going to start by saying that has nothing to do with reduced footprint and floor footprint. I just want to get this out of the way right away. If we were to reduce our footprint, this would be beyond and above what we are guiding right now. And I might as well be addressing that now before I get the question. I believe it is premature, as far as I'm concerned, to announce a whatever percentage of reduced footprint. I care about our culture, I care about our brand, and I think that, and I care about our young professionals, and you need guidance and leadership and, in my personal opinion, announcing now, with the pandemic not done yet, a significant reduced footprint for employees, I think it's not my strategy. I tend to be contrarian anyway. And I'll wait and see to determine what's best for our employees and our clients before making a call.

So the reason why I believe we've seen strong margin improvement is over the last few years, Jacob, we worked extremely hard and over the last five years we've worked extremely hard to work on many, many levers to increase our margin profile and, frankly, in the last five years we've increased our margin profile by 20%. This is not de minimis. It's part of our DNA. We've always been like that. And certainly where we are pushing the hardest right now, of course, with the exception, in addition to cost optimization around our corporate costs, we are making tremendous effort around the digitalization of our services, making tremendous effort in having better project managers, attracting the best talent in the industry to deliver better projects. The heart of what we do is to deliver good projects at the lowest cost possible. And certainly, if I look at utilization, if I look at technology, if I look at project delivery, I'd say that that's where we made most of our effort and it's certainly paying off and I certainly have no intention to stop there. We're going to continue to work hard to try to increase our margin profile in the years to come.

Jacob Bout, CIBC World Markets

So, ultimately, where do you think you can get with EBIT margin?

Alexandre L'Heureux, President & Chief Executive Officer

Let's discuss this when we announce our next plan. Obviously, I will take the next few months to work with the team, our clients, our investor base actually, to determine where we want to take the company forward. But if your question is do I still see some margin improvement potential, the answer is yes.

Jacob Bout, CIBC World Markets

Okay. My second question is, when we look at net revenue as a percentage of overall revenues, you know, it dropped in fourth quarter this year versus fourth quarter last year, you know, increased sub-consultants typically buried in there. How should we think about that on a go-forward basis? Is this a one-off or what's going on?

Alexandre L'Heureux, President & Chief Executive Officer

You talk about the organic contraction?

Jacob Bout, CIBC World Markets

No, I'm talking about net revenues as a percentage of overall revenues.

Alexandre L'Heureux, President & Chief Executive Officer

Alain, you want to take this one?

Alain Michaud, Chief Financial Officer

Sure. So you're right. In Q4 we see, although we see a contraction of our net revenue when you look at it, when you look at it at the gross revenue level, it's essentially flat or there's less contraction, so there was an increased level of sub-consultant used. It's just a question of mix, Jacob. There's nothing much to read into this. I think that one of the key takeaways is that, when you look at the portfolio of projects we manage and the volume of work that we generate, looking at it at the gross level, we've seen a good level of work. And I think on Q4 we're pleased where we ended the year. And it's a variety of reasons on specific projects. It comes mostly from the US. But there's nothing specific to read from this situation on a go-forward basis.

Jacob Bout, CIBC World Markets

All right. Thank you very much. I'll leave it there.

Alexandre L'Heureux, President & Chief Executive Officer

Thanks, Jacob.

Operator

Your next question comes from the line of Yuri Lynk from Canaccord. Your line is now open.

Yuri Lynk, Canaccord Genuity

Hi. good morning, guys.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Yuri.

Alain Michaud, Chief Financial Officer

Good morning.

Yuri Lynk, Canaccord Genuity

Good morning. Alex, just wondering if you can touch on what you're seeing from your clients in terms of their willingness to move forward with projects, specifically in the US, maybe on the federal side, wondering if the election has caused any pause in the near term and perhaps might lead to a better second half as some of the spending measures come through. Just updated thoughts there.

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, Yuri, I think, and it's something I haven't addressed in my commentary, but certainly, you know, if you look at the UK for instance, the bidding activity has never been so good in recent years. We need to remember the UK is coming off a very tough two, three years with Brexit, with elections, with the cooling off of the private sector a few years ago. I look at January, for instance, the month of January for us was slightly better than expected across all of our regions and the bidding activity is better than what we were all anticipating in the UK, for instance.

Now your question is more directed to the US. I just talked about the US postal office and postal client that we have. It's a relationship that we've had for 30 years. This is a US$500 million to US$600 million job that we were just awarded and that is not included in the Q4 backlog. So I don't see any major delays in project. And I see actually a positive outlook as it relates to the US and certainly the Biden election.

As you can imagine, when we consummated this transaction and work to complete this transaction, we didn't do this with Biden being elected in mind, but it's fair to say that it was a very good timing for us. And sometimes you lose luck in life and I feel that our investment was quite timely and the timing was quite good. So of course I feel good about the momentum in North America.

Yuri Lynk, Canaccord Genuity

Okay. That's helpful. Alain, maybe just a nitpicky one for you on the guidance. The wage subsidy was a pretty big component in Q4. Just wondering what, if anything, is in your EBITDA guidance on the wave subsidy side.

Alain Michaud, Chief Financial Officer

We don't anticipate anything, Jacob, so there's none in the guidance.

Alexandre L'Heureux, President & Chief Executive Officer

Yuri.

Alain Michaud, Chief Financial Officer

Yuri. Sorry.

Yuri Lynk, Canaccord Genuity

That's okay. I've been called worse.

Alain Michaud, Chief Financial Officer

Sorry about that. But there's nothing in there.

Yuri Lynk, Canaccord Genuity

Okay. Is that because you don't anticipate getting anything in Q1 or you're just taking a conservative approach?

Alain Michaud, Chief Financial Officer

We don't anticipate. There might be small amount here and there, but there's certainly nothing large that we see on the horizon.

Yuri Lynk, Canaccord Genuity

Okay. I'll turn it over. Thanks, guys.

Alain Michaud, Chief Financial Officer

Thanks, Yuri.

Operator

Your next question comes from the line of Benoit Poirier from Desjardins Capital. Your line is now open.

Benoit Poirier, Desjardins Capital Markets

Good morning, everyone, and congrats for the strong finish toward 2020. Just in terms of M&A, obviously Golder provides you a great ESG foothold, but now looking forward, are there any geographic areas or expertise you would look at in terms of M&A now that Golder provides you a great foothold on the ESG front?

Alexandre L'Heureux, President & Chief Executive Officer

Look, Benoit, If any, I think the last four or five acquisitions we've announced, or three or four we've announcement since December 4th, we added another 500 people. And I mentioned it in prior calls, I think I see the investment community making, I believe, general statements and they tend to over-generalize, they tend, in my personal opinion, to over-generalize the idea that the building sector is going to be a tough sector for years to come. If you're smart about it, I see incredible opportunities in the building sector, and that's why we are now aggressively growing our mission-critical data centre expertise. Now we have three centres of excellence in the UK, in the US, and in Hong Kong, and we are now working as a team with the largest tech firm in the world, without naming names. I think it can name the three or four that I'm thinking about. And we work with all of them. We follow them globally. And you look at what the remote work has done and the need for cloud computing and I think we are seeing some opportunities there.

So clearly, as I said before, Benoit, we don't think in sequence, we think in parallel, and while I was very focused in creating the leading firm in earth sciences and environmental consulting, we're not taking a break on other end markets and we're going to continue to capitalize on our strengths in those. So clearly there's so much room and other ways for us to grow in the US, in Europe, and even in Asia Pacific, so I feel quite good that we'll find the right opportunities to continue to strengthen our platform.

Benoit Poirier, Desjardins Capital Markets

Okay. That's great colour. And to come back on the potential opportunity coming out from the US election, I would be curious to get more colour about the timing. And wondering if you have all the capacity to deal with this great opportunity or we should expect headcount probably to increase in the US at one point in time, Alex.

Alexandre L'Heureux, President & Chief Executive Officer

Well, I think, Benoit, this should not come as a surprise to our investor base that we expect a slower Q1 with a ramp up in Q2, Q3, and Q4, for a variety of different reasons, right? Q1 last year, the pandemic has not hit, so of course we're going to be comparing to higher standards. But indeed, you are right that I expect a ramp-up in headcount as we progress in the year.

And again, to add to the point of question that you just made, if the question or indirect question was did we include and incorporate the potential uplift that the Biden election would provide to the market and our platform, the answer is no. It was too late in the game for us to incorporate that. And frankly, I don't plan to take political events as upside. You never quite know. So we focus on what we control and what we control is the conversion of our backlog and our win rate, and I'm very pleased about that. So that's essentially what we're going to be doing.

Benoit Poirier, Desjardins Capital Markets

Okay. That's great colour. And last one for Alain. In terms of net CapEx, obviously the end growth is $150 million to $170 million and you finished 2020 with a number that was below what was targeted previously. So I was just wondering if you could provide some colour on whether there is some catch-up versus the amount that was not spent in 2020 or is it probably it reflects a portion towards Golder and if we can use the $150 million to $170 million as a good base going forward.

Alain Michaud, Chief Financial Officer

Yeah, no, Benoit, it's a good base going forward. For sure, there's a little bit of everything you've said in the answer. It's catching up on some spending, and Golder is included in there as well. So that's a good way of looking at what to expect next year.

Benoit Poirier, Desjardins Capital Markets

Okay. Thank you very much for the time.

Alain Michaud, Chief Financial Officer

Thanks, Benoit.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Benoit.

Operator

Your next question comes from the line of Michael Tupholme from TD Securities. Your line is now open.

Michael Tupholme, TD Securities

Thanks. Good morning, Alex and Alain.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Michael.

Michael Tupholme, TD Securities

Hi. My first question is about Golder, and I know you reiterated the timing for expected closing in the materials you've put out, it's consistent with what you originally talked about, but I'm just wondering if there is any update just in terms of status of approvals or any other aspects of the transaction as you work toward closing?

And then as a follow-on to that, I know you can't formally begin the integration process until the acquisition closes, but also hoping to get your thoughts, now that you've had a few more months to think about the transaction, thoughts on integration.

And also, Alex, you had mentioned you're feeling better about cross-selling benefits and potential cross-selling synergies; any further details on that front?

Alexandre L'Heureux, President & Chief Executive Officer

I'll let Alain answer the first question around closing and then I can pick up after, Michael.

Alain Michaud, Chief Financial Officer

Yes. So Michael, on the regulatory approval question, things are progressing well. No red flags and it's as expected. So we're still expecting to close the transaction in the first half of Q2. So that's the status. It's no red flags.

Alexandre L'Heureux, President & Chief Executive Officer

So yeah, I think we are working with the deadline we provided on December 9th and hopefully, by the time we speak next, the transaction will be behind us, at least the closing of it, Michael.

As it relates to integration, of course, until we're closed and we have regulatory approval, we have to be mindful, Michael, from a competitive point of view, to not share sensitive information. So you'll understand that both firms are quite careful about that. Having said all that, of course, you know, we've had a number of discussions around operation, around leadership. Around, you know, of course, when you do due diligence, you draw overall conclusions on the potential synergistic benefits and also the potential duplication on clients, but once the dust settles and you have the time to breathe a little bit, you take a closer look at it. And frankly, I'm quite excited by the combination of the footprints.

I look at Canada, for instance, you know, we are a driving force in the province of Québec. They are driving force out west. Together, in Ontario, the combined forces will make us the undisputed number one, which I'm extremely excited by. You look at the leadership as well and the way things are essentially folding together, I'd say that right now, for instance, the plan around integration in Canada is essentially very, very well advanced and this is perhaps the biggest integration we have to do in the group, so I'd say that that, as far as I'm concerned, is essentially de-risked.

In the US, we're probably 80% there. In Australia, which is next, I believe, in the next few weeks we'll be in a fairly good place. And of course in Europe Golder has a smaller size presence, but I see tremendous opportunities. They have a strong team in Sweden. We are one of the largest in Sweden. And they are bringing to the table an incredible mining team in London, which will tag along very well with our UK business, which is essentially doing nothing around mining.

So I look at this, and I feel that the integration is doing well under the leadership of André-Martin and Tom Logan, the Chief Operating Officer of Golder. And then when I look at, ah, I've done enough acquisitions, Michael, to know when the recipients of the news are welcoming the news or not and I can tell you that there is tremendous excitement on both sides of this transaction. And I know when you feel it when employees are definitely looking forward to start engaging with the other side to start working on projects.

I mentioned it on December 4th on our analyst call that I think we will be able to bring Golder on an infrastructure project and if you take mining, for instance, of course Golder is the leading firm in underground design around the world, especially in the mining sector, but they have very limited capabilities around all of the CapEx and the infrastructure outside of or aboveground in the mining sector, and that's one of our strengths. So if we can access those Fortune 500 clients, I am confident that we're going to be able to drive a lot of good synergistic benefits.

And on top of it, I'd finish by saying that you never quite know what the client's reaction will be until you announce, right? And I don't think I can think of one client who said that this was not good news for them. I feel that the combination of the two firms together will be able to expand the scope of services and we'll be able to better serve their clients and our clients. So these are only words, and now we have to deliver for you, but I think this is a good start.

Michael Tupholme, TD Securities

Okay. That's very helpful. Thank you.

And then just in terms of my second question, I wanted to ask about, ah, question, I guess, related to the organic growth expectations you've put out there of 2% to 5% for 2021. Part of that is predicated on your ability to ramp up your headcount in certain regions where, I guess, headcount has come down in certain instances, you want to ramp that back up to achieve that growth. I'm just wondering about your comfort level with your ability to hire and attract employees. In the past you've talked about how competitive it is and, I mean I suspect you feel comfortable because you put the guidance out there, but just any thoughts around your ability to attract the talent you need?

Alexandre L'Heureux, President & Chief Executive Officer

Yeah. Look, what I'm going to tell you I told our Board this week. Unlike years on the back of a recessionary period, I mean I look back at the last 10, 12 years since I joined this firm, and this is unique circumstances in the sense that we saw our backlog growing and, as I said, the Centre Block assignment, which is a huge, a big project, Michael, and then I take US Postal, which is another very, very large project, that are not even in our backlog in Q4 and I look at our backlog and I sense that we have the backlog to generate that organic growth without a doubt.

And the problem is not the backlog. The problem is to convert that backlog in revenue by hiring people. And given that we've been more than a year at home, obviously hiring has always been in the back of my mind. And obviously, before putting that guidance together, we spent extensive time talking about our capabilities and our confidence in ramping up and hiring the right individuals and the people to deliver that backlog. And this is perhaps the end result and our conclusion around what we think we can do.

So in this instance, and I don't know if you've heard it from others but, as far as I'm concerned, my personal opinion, the problem is not the backlog, it's to make sure that we have the people to deliver it. And I see we have a very good plan around that. And I can tell you that when I meet with the global operating team on a weekly basis the first question I ask is where are we in ramping up the workforce. So it's good news in some ways, very good news, but you are right and I believe that's, you know, the right question to ask the team. Are you able to ramp up? And that's certainly what we are spending most of our time doing right now.

Michael Tupholme, TD Securities

Okay. Thanks very much for all the detail.

Alexandre L'Heureux, President & Chief Executive Officer

Okay. Thanks.

Operator

Your next question comes from the line of the Frederic Bastien from Raymond James. Your line is now open.

Frederic Bastien, Raymond James

Hi. Good morning. Bonjour.

Alexandre L'Heureux, President & Chief Executive Officer

Bonjour, Frederic.

Frederic Bastien, Raymond James

Guys, you've clearly demonstrated year to date that the large Golder deal isn't stopping you or your US operations from rolling up small and specialized companies. And given that the Golder integration shouldn't be too much of a distraction for your leadership teams in the EMEIA and APAC segments, can you comment on the readiness for tuck-ins on their end?

Alexandre L'Heureux, President & Chief Executive Officer

Yeah, I think we are ready, in the right circumstances. I think clearly the team in Europe would be ready. And you are right in saying, Frederic, that this will have limited impact on the EMEIA team. Having said all that, I don't feel we have a gun on our head. I think I've been saying for as long as I can remember that we would like to grow our Central European presence. But right now I think we haven't found the right partner. And until such time that we find that right partner, we're going to remain very disciplined and continue to deliver on what we have. And we have a very good business. So we'll continue to drive our operation and one day, if the opportunity presents itself, we certainly would like to address this. This is a big population, when we look at the pool in Central Europe, and if we were in a position to grow it, we would.

Frederic Bastien, Raymond James

And do you share the same comments for the APAC region?

Alexandre L'Heureux, President & Chief Executive Officer

Yeah. Although the APAC region, Frederic, the integration of Golder is, on a relative scale basis, we're adding 1,000 people, so it is transformative for the region. So, unlike the EMEIA region, this is going to be a bit, a more sizable integration than it would be on a relative scale basis, for instance, for the US. So we have to be mindful of that. But again, we're going to remain opportunistic and if there is an opportunity and we feel that it's the right opportunity, we're certainly going to look at it.

Frederic Bastien, Raymond James

Okay. That's very helpful colour. Thanks. And maybe building on that, can we get a sense of the multiples you're now being asked to pay for tuck-ins like EarthCon and kW MCE, I'm not going to try to pronounce the third one, but are you seeing upward pressure because of increased competition or is actually the pandemic, on the contrary, alleviating some of that pressure?

Alexandre L'Heureux, President & Chief Executive Officer

I'd say, all in all, we are paying multiples that are essentially in line with pre-pandemic multiples essentially, if that makes sense, for those tuck-ins.

Frederic Bastien, Raymond James

Yeah, no, it does make sense, just wondering what's the puts and takes behind that, if you had any more colour, but that's fine. Thank you.

Alexandre L'Heureux, President & Chief Executive Officer

Okay. Thank you, Frederic.

Operator

Your next question comes from the line of Sabahat Khan from RBC Capital Markets. Your line is now open.

Sabahat Khan, RBC Capital Markets

Good morning. Just on the commentary around bringing some or adding employees over the course of this year, I guess what proportion of that is bringing back folks are you maybe sent home last year and what proportion is looking for new people? And can you maybe comment on just what you've found? Is it fairly easy? Is there enough good talent out there while people are at home? Just some comments on how that's going.

Alexandre L'Heureux, President & Chief Executive Officer

I think good firms attract good people. So we certainly are not going to sit here finding excuses that we can't hire. I just don't think it would be very credible. So we need to find ways and we need to be creative in the way we attract our professionals and I'm confident that, if we put the right focus and the right attention to these initiatives, we will be able to ramp up. So, as it relates to bringing back people to the firm, in some instances and actually in many instances, I see that as positive news to welcome old colleagues back to their home, so if we are in a position to do that and if there's a willingness to do that, of course we will explore that as it relates to colleagues that were part of the firm in the past.

Sabahat Khan, RBC Capital Markets

Okay. And then your comment earlier around the activity levels being better than expected through January, I guess is the increased activity levels, you think, related more to increasing confidence as the vaccine rollouts continue more or better visibility? Or is it some of the dollars that some regions have announced towards infrastructure and so forth being put to use? Just some colour there.

Alexandre L'Heureux, President & Chief Executive Officer

No, I'd say it's just the continuity of what we have seen at the end of Q4. It's almost like, and frankly, perhaps hopefully, hopefully, I don't have a crystal ball please, maybe the reversal of 2019. 2020, I'm sorry. January 2020. I remember how we finished 2019 and I was like, okay, what will 2020 look like, with or without a pandemic, frankly. The way we had finished 2019, I was slightly concerned on the velocity and the traction in the business. And it turned out to be worse than I was anticipating, obviously, in 2020. Now it's probably the reversal. I look at the way we finished Q4 and I said, okay, good traction. And then when I sat now with our leaders and Alain and I sat down with our leaders a few weeks ago, looking at the results for January, the team felt fairly upbeat about January. So fingers crossed. Of course, who knows what life will look like six, seven, eight months from now, but right now I think the team is feeling cautiously optimistic.

Sabahat Khan, RBC Capital Markets

Thanks. And just one last one for me. I guess your comment around the buildings end market and some of the pessimism you might be hearing from the investment community, I guess can you maybe provide a little bit of colour on, you know, is it some of the new work in buildings? Is it things like data centres and healthcare that's giving you some encouragement looking ahead? Is it some reasons? Or do you expect generally that at some point in the future we'll be back in that end market to pre-pandemic levels? Just what you're seeing on the ground there globally.

Alexandre L'Heureux, President & Chief Executive Officer

Sorry, can you repeat the question? It was breaking up.

Sabahat Khan, RBC Capital Markets

It's more about your commentary on the building end market and you're being a little bit more positive there looking ahead. Is there a positive commentary or just more optimism related to some of these new demand areas within buildings that are starting up? Is it certain regions? Where are you seeing the optimism, I guess, on the ground?

Alexandre L'Heureux, President & Chief Executive Officer

I'd say, we say, we know a lot of optimism, you know, the digital revolution will bring its shares of opportunities for WSP. When you talk about commercial real estate, you know that we are one of the largest MEP firms in the world. So, as our clients are rethinking, you know, the redesign, essentially, of the floor plan, and we've seen many of our competing firms announcing 30% floor plan reduction, well, that's a real opportunity for us. We're going to have to redesign all of those floor plans around the world. And I see that as a real opportunity. So that, for buildings, will be good news, clearly.

Am I expecting many high-rises to be built this year or designed? The answer is probably no. But then, on the refurbishing or the redesigning of the workplace of tomorrow, I think I see great opportunities. Healthcare. We already need to prepare for the next pandemic. WSP now, with their recent acquisitions in recent years, we are one, if not the leading, design firm in the healthcare sector in the US. Then I just talked about the mission-critical work, data centres, master planning and digital advisory or urban master planning and digital advisory work that we have started to conduct and will continue to conduct as we rethink the world of tomorrow. So the beauty, I believe, of our firm is that, and I've said that in the past, and I don't know if you heard me saying it, so I will repeat it again, but typically consultants tend to do extremely well in times of huge catalyst. In a slow-growth market, typically clients will not call their advisers to assist. They will be able to do it in-house. They will be able to manage the growth. But when there's a huge catalyst in the market or a huge disruptor, that's when clients will call upon their advisers, their trusted advisers, to assist in orchestrating the change. So, in good times and bad times, I see WSP in a situation of huge catalyst to be in a position to assist clients.

So yeah, there will be some bumps in the road, perhaps on commercial real estate for instance, but then you turn and look at the huge opportunities that, and I'm saying that with all due respect, you know, and certainly we were not hoping for a pandemic, frankly, but when something like that happens I see this as a real opportunity for us to assist our clients in orchestrating the change that they will have to orchestrate. And that's the beauty of being a consultant and having the expertise to assist, essentially.

Sabahat Khan, RBC Capital Markets

Great. Thanks very much for that colour.

Operator

Your next question comes from the line of Dimitry Khmelnitsky from Veritas. Your line is now open.

Dimitry Khmelnitsky, Veritas Investment Research Corporation

Hi. Bonjour, Alain, Alex, and Quentin, and thanks for taking my questions.

Alexandre L'Heureux, President & Chief Executive Officer

Bonjour.

Alain Michaud, Chief Financial Officer

Hey, Dimitry.

Dimitry Khmelnitsky, Veritas Investment Research Corporation

Hey. Again, thanks for taking the question. So, just to dig deeper into the acquisition and restructuring costs, can you perhaps break that down between the portion related to, and I'm talking about the 2021 guidance, the portion related to Golder and other deals that you have already announced versus the internal cost realignment in terms of what we've seen in 2020?

Alexandre L'Heureux, President & Chief Executive Officer

Dimitry, the vast, vast majority of those costs are related to acquisition and transaction cost.

Dimitry Khmelnitsky, Veritas Investment Research Corporation

Okay. Thank you. That's it for me.

Alexandre L'Heureux, President & Chief Executive Officer

Okay. Thank you, Dimitry.

Operator

The next question comes from the line of Maxim Sytchev from National Bank Financial. Your line is now open.

Maxim Sytchev, National Bank Financial

Hi. Good morning, gentlemen.

Alexandre L'Heureux, President & Chief Executive Officer

Hello, Max.

Maxim Sytchev, National Bank Financial

Just a quick question, because most of them have been answered. When we look at, obviously, the news flow around the transit projects, I mean it seems to me there was no huge change in terms of government's commitment to these verticals, but I'm just wondering if you don't mind providing a couple of maybe key points in terms of what you're hearing from the clients directly on this space. Thanks.

Alexandre L'Heureux, President & Chief Executive Officer

Sorry, Max, you said around transit?

Maxim Sytchev, National Bank Financial

Correct. Yes.

Alexandre L'Heureux, President & Chief Executive Officer

Yeah. No, I think just closer to us here in Montréal there are talks about the second REM line that will be procured in the next year or two, which represents probably a bigger spend, frankly, than the first one. So I don't see, you know, we hear about Texas high-speed rail, essentially a replica of what's happening in California. So it's just too the work continuing in the UK. So, frankly, I don't see this stopping anytime soon. To the contrary, the mobility of the people around cities will become increasingly important.

Maxim Sytchev, National Bank Financial

Okay. Yeah, no, agreed. I just wanted to hear this from you as well. That's it for me. Thank you so much.

Alexandre L'Heureux, President & Chief Executive Officer

Thank you, Max.

Operator

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

Alexandre L'Heureux, President & Chief Executive Officer

Well, thank you for attending this call today. Thank you for the great questions. I think it's generating a lot of good discussion. We look forward to updating you as we are progressing the year and I would like to wish you a good day and talk soon.

Operator

Ceci met fin a la conférence aujourd’hui. Vous pouvez maintenant raccrocher.

Ladies and gentlemen, this concludes today’s conference call. Thank you for participating. You may now disconnect.