



**WSP Global, Inc. (Q2 2022 Results & RPS Announcement)
August 8, 2022**

Corporate Speakers

- Alexandre L'Heureux; WSP Global, Inc.; President & CEO
- Alain Michaud; WSP Global, Inc.; CFO
- Quentin Weber; WSP Global, Inc.; Investor Relations

PRESENTATION

Quentin Weber: Good afternoon and thank you for joining us for this webcast to present our 2022 second quarter results and announce our intent to acquire RPS Group plc. Given the concurrent equity offering, exceptionally, we will not be holding a question-and-answer session today.

With us today are Alexandre L'Heureux, our President and CEO, and Alain Michaud, our CFO.

During this webcast, we will be making some forward-looking statements, and our actual results may differ 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 Management Discussion and Analysis for the year ended December 31, 2021, and in the press, release issued today in connection with our proposed acquisition of RPS.

Also, during the webcast, we may refer to certain non-IFRS measures. These measures are defined in our Management Discussion and Analysis for the quarter ended July 2nd, 2022, which can be found on SEDAR and on our website. Our annual MD&A for the year ended December 31st, 2021, and the investor presentations that support this webcast also include 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 operations as they provide additional key metrics of its performance. These non-IFRS measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

Please note that the investor presentations that support this webcast are available for download on our website and on this platform.

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



Alexandre L'Heureux: Thank you, Quentin, and good afternoon, everyone. It is my pleasure to welcome you today for the release of our Q2 results and the announcement of our third significant transaction in 2022.

I am extremely pleased to share with you that we have reached an agreement to acquire all of the outstanding shares of RPS Group Plc, a UK-based firm listed on the London Stock Exchange. In addition, we have secured an 800-million-dollar equity financing with a strong endorsement from our cornerstone investors.

With this acquisition, WSP continues to work swiftly to execute the 2022-2024 Global Strategic Action Plan we unveiled in March. WSP aims to build the leading global ESG consulting firm that will contribute towards the transition to a greener and low-carbon world. Our plan also calls for WSP to grow its net revenues in excess of 30%, its adjusted EBIDTA by 40%, and its adjusted net earnings per share by 50% by the end of 2024. We will expand on our strategy after sharing the details of the RPS acquisition.

Back to our announced acquisition, RPS is a front-end consulting firm that employs close to 5,000 people in 12 OECD countries. Over 90% of its work is generated from advisory services. The firm also has a strong sustainability focus: about two-thirds of its revenues come from environmental consulting and water systems-related services. RPS is also recognized for its work for renewable power producers, which rests in part on its strong oceanic expertise, as well as its energy transition services, namely in relation to carbon capture and storage.

RPS is of utmost value to WSP for its sustainability focus, global presence, expertise, and talent. Not only will RPS assist WSP in consolidating its position as the world's leading environmental firm, but it will greatly advance our efforts to expand our front-end consulting offering. In addition, by helping to create a network of approximately 70,000 experts, it also gives WSP the scale to make a real impact, by helping to address the pressing issues we collectively face.

Before I continue, allow me to provide some structure to our webcast with a table of contents

First, Alain and I will cover the highlights of the second quarter.

Second, we will do a deeper dive into the proposed RPS acquisition, by overviewing the transaction and its strategic rationale.

Third, we will expand on how we are transforming WSP to be Future Ready, by strengthening our ESG platform and by adding significant capabilities in water and energy transition services.



Finally, we will place our recent acquisitions – RPS of course, but also John Wood Group’s E&I and Capita’s real estate and infrastructure arms, Capita REI and GL Hearn –, into the broader context of WSP’s strategy and financial performance.

Turning to the presentation on our second quarter results, let me start by saying how pleased I am with our performance and with the momentum that continues to push WSP forward.

As I look at our second quarter performance, three highlights stand out. First, our backlog. While there is much discussion about the global macroeconomic environment following the widespread rise in inflation and interest rates, our firm continues to witness strong market conditions.

In the year leading to July 2nd, our backlog grew 19% organically across all regions. It now stands at a record-high 11.4 billion dollars, which is more than a year’s work. This, in turn, is powering organic growth in most of our regions.

Second, the outstanding talent we are attracting to deliver those projects. In my introduction, I mentioned that WSP will have created an amazing network of 70,000 experts once we close these three transactions, in the next quarter or in the two that follow.

While 12,000 professionals are expected to join us as a result of these acquisitions, our workforce is enjoying strong organic growth. Indeed, WSP added 2,200 employees to its headcount since the beginning of the year, including 1,700 in the second quarter alone. This speaks to the formidable strength of the WSP brand. Our purpose is to make the world a better place, and our mission clearly resonates with professionals in and out of our industry.

Lastly, our strong but disciplined M&A activity. The RPS acquisition might be our latest deal, but let’s not forget Wood’s E&I business, BOD from Spain, Greencap Holdings from Australia and, just last week, Capita REI and GL Hearn, from the UK.

On a related note, August 3rd was an important step forward towards the closing of the Wood E&I acquisition, when shareholders overwhelmingly approved the transaction. The planning and execution of the carve-out are now underway with the launch of an integration management office whose goal is to ensure a smooth transition. We are now aiming to close the acquisition in Q3.

So, in summary, thanks to our solid backlog, our healthy organic growth, our strong talent attraction, and our accretive transactions, I am confident that the momentum we have built in the first half of the year will carry us through the rest of 2022 and beyond.

I would now like to share some of our recent contract wins, because, as impressive as our backlog might be, projects bring abstract numbers to life.



In Canada, pension fund manager PSP Investments gave WSP the mandate to conduct a detailed climate analysis of the more than 3 million hectares of farmland and timberland in its Global Natural Resources portfolio. This analysis, to be conducted with PSP's local operating partners, will cover some 400 properties across six countries.

In the United States, WSP was awarded the engineering, procurement, and construction management contract for the underground storage of the Aces Delta project, the largest green hydrogen production and storage facility ever built. This underground storage consists of two large salt caverns that will hold up to 11,000 metric tons of green hydrogen produced from renewable power. Once completed, the Aces Delta facility will help decarbonize the Western U.S. power grid by providing seasonal clean energy storage capabilities.

Also in the United States, WSP will provide engineering and environmental compliance services for the American portion of the Champlain Hudson Power Express line, the largest underground high-voltage transmission line ever constructed in North America. When completed, this transmission line will deliver to New York City over 10 terawatt hours of Hydro-Québec's clean hydro energy on an annual basis.

In New Zealand, WSP is one of the firms selected to help design and deliver water infrastructure for Auckland's Watercare, the country's largest water utility serving 1.7 million people. Over the course of this 10-year contract, WSP will provide services ranging from business case assessment to detailed design and delivery. Watercare's upgrades are intended to preserve clean water all the while serving a growing population at a lower financial and environmental cost.

While these contracts will be delivered by WSP experts from a wide range of fields and regions, they all embody our common purpose of building a more sustainable world. But for us to gain the trust of our clients, we want to lead by example. That is why we at WSP strive to uphold the highest ESG standards.

In that regard, WSP was recently recognized for its ESG practices by Corporate Knights as the 6th best corporate citizen in Canada. We were also named by World Finance Magazine as the most sustainable company in the engineering industry for the fourth year in a row.

To be recognized for their ESG efforts, companies such as WSP must hold themselves accountable by making public their ESG scorecards using the most credible disclosure standards.

Our recently published 2021 Global ESG report rightly documents WSP's unwavering ESG commitments as well as our progress against those goals. Amongst those is the 39% reduction in WSP's direct greenhouse gas emissions achieved in relation to the company's 2018 baseline.

On that note, I will ask Alain to review our financial results in greater detail.



Alain Michaud: Thanks, Alex, and hello everyone. I am pleased to report on our strong results for the second quarter of 2022.

Let's start with our top line.

For the second quarter, revenues and net revenues reached \$2.8 billion and \$2.1 billion, up 5 and 4 per cent, respectively, compared to Q2 2021. The quarter's solid net revenue organic growth of 5 per cent was powered by all our regions, led by Canada, Australia, and the UK, with its fifth consecutive quarter with double-digit growth.

Backlog as at the end of Q2 stood at \$11.4 billion, which is equivalent to 12.5 months of revenues. In the six-month and twelve-month period ended July 2, 2022, WSP's backlog grew organically across all regions by 10.6% and 19.1%, respectively. This sets the stage for WSP's continued favorable performance. Indeed, we continue to see strong momentum and client commitments with minimal project delays and cancellations.

Moving on to profitability, adjusted EBITDA reached \$352.2 million, up 2.8% compared to the same period in 2021. Adjusted EBITDA margin for the quarter reached 16.7%, a stable number on a yearly basis that is largely aligned with management expectations.

Our adjusted net earnings for Q2 2022 reached \$153.5 million, or \$1.30 per share, up \$6.2 million and 4 cents per share compared to Q2 2021. Those increases are mainly attributable to our higher adjusted EBITDA.

As per our cash position, for the six months ended in Q2 2022, free cash outflow was \$170.4 million. This outflow is mainly explained by the increased investment in net working capital to support organic revenue growth and minimal increase in DSO.

Also, income taxes paid in 2022 were higher than in the previous year mainly due to lower tax installments and changes in tax regulations in the US also delayed the deductibility of R&D expenses.

From a modelling perspective, it should be noted that we are forecasting for Q3 a cash outflow of approximately 125 million dollars due to an additional payroll period compared to the same quarter in 2021. This is akin to what happened in our previous Q1 2022, and the situation should reverse itself in Q4 2022.

Trailing twelve-months of free cash flow amounted to \$337.8 million, representing 0.8 times the net earnings attributable to shareholders.

Days sales outstanding or DSO as at the end of June 2022 stood at 73 days, compared to 70 days at the end of June 2021. This figure is in line with our target range and sits at the low end of our management's expectations when factoring in seasonality.



As of the end of Q2, our balance sheet remains strong, with a net debt position of \$1.2 billion and a net debt to adjusted EBITDA ratio of 0.8x.

It should be noted that in the second quarter of 2022, WSP recorded charges against certain leased assets amounting to 14.3 million dollars as a result of on-going office consolidations. Those consolidations are at the heart of our footprint reduction strategy, to realize synergies and improve WSP's cost structure following recent acquisitions. This item did not result in any cash outflow.

During the quarter, WSP declared a dividend of 37.5 cents per share for shareholders on record as of June 30, 2022. This dividend was paid on July 15. With the 48.8% DRIP participation, the net cash outlay reached \$22.7 million.

The financial outlook for 2022 issued in the Q4 2021 results press release in March 2022 is reiterated. We experienced strong performance in the first half of 2022 and are continuing to observe good momentum. As a reminder, our financial outlook does not reflect any contribution from our recently announced acquisitions.

Before turning the conversation over to Alex, I would like to take this opportunity to thank Robert Ouellette, who recently retired, for his contribution to the organization over the last 6 years. In the same breath, I want to welcome Chadi Habib as our new Chief Technology Officer and Head of business solutions. Chadi is a senior technology and business transformation executive with close to 25 years of international experience.

On that, back to you Alex.

Alexandre L'Heureux : Thank you, Alain. With that, we have completed the first part of our webcast and will now turn to the RPS transaction.

As noted on slide 6, the RPS acquisition represents another milestone in WSP's journey that will be immediately accretive to the company's adjusted net earnings.

Just as with Golder and Wood's E&I, two transformational transactions, this acquisition is perfectly in line with what we set out to accomplish in recent years. It also meets many of the ambitions and targets we had established in our 2022-2024 Global Strategic Action Plan.

With its strong sustainability focus, the RPS acquisition consolidates WSP's leading position in Earth & Environment and in all sustainability-related work.

As I mentioned at the beginning of our webcast, RPS also increases our front-end consulting services with its overwhelming proportion of advisory work. This evens out the balance between WSP's design and non-design work, allowing us to reach a major milestone in our service offering.



RPS also brings the strong water expertise it has built through its longstanding relationship with major water utilities in the UK and Ireland, amongst other countries. This knowhow will contribute both to our Transportation & Infrastructure and our Earth & Environment businesses. RPS has also developed deep expertise in oceanic science through its work for the traditional energy sector that it now uses to support the expanding offshore wind sector.

The same applies to our energy transition services, where RPS will share its pioneering knowledge in carbon capture and storage technologies and in renewable energy.

Finally, from a geographic perspective, RPS deepens our OECD presence. More specifically, it allows WSP to become a leading professional services firm in the UK and in Australia as measured by headcount, while significantly increasing our presence in Norway and Ireland. It also increases our access to the coveted government clientele.

In summary, RPS represents an extraordinary opportunity to complement our expertise with a strong geographic footprint.

Alain will now share the financial terms of the transaction.

Alain Michaud: Thank you, Alex.

This transaction is based on a cash offer of 2.06 pounds per share, which translates into an enterprise value of 625 million pounds or about 975 million Canadian dollars. WSP's offer represents a multiple of approximately 15 times RPS's Q2 2022 trailing 12-month pre-IFRS 16 adjusted EBITDA or 10.1 times on a post-synergy basis.

Unfortunately, under UK regulations, we have been constrained from publishing a forward-looking multiple based on 2022 estimated adjusted EBITDA. However, the trading update published by RPS on June 24, 2022, confirmed that, following the strong performance in the first half of 2022 and the growing contracted order book, RPS expects this momentum to continue in the second half of 2022. We are experiencing similar positive momentum in markets where RPS operates.

We expect annual cost synergies of approximately 20 million pounds to be achieved over a 24-month period, with half to be realized within the first 12 months of the closing date. The integration costs that will be incurred to realize those annual synergies are estimated at 20 million pounds in the aggregate.

We also plan to take advantage of the significant revenue opportunities we anticipate from cross-selling activities. From a margin standpoint, in addition to the cost and revenue synergies, we have also identified operational margin improvement opportunities. The transaction will be immediately accretive before any cost synergies to WSP's adjusted earnings per share.



To fund this acquisition, a new “fund certain” term credit facility of 600 million pounds has been secured to satisfy a UK takeover code requirement. We have also secured an equity raise of 800 million dollars. This equity raise is a combination of a new public offering of common shares on a bought deal basis and private placements of common shares with three of our cornerstone investors, Caisse de Dépôt et Placement du Québec, CPP Investments and GIC.

We intend to use the proceeds from this equity raise to fund the acquisition of RPS and to rebalance our capital structure following recently announced acquisitions and, accordingly, to reduce amounts advanced under the new credit facility to fund the transaction. Pro forma net debt to LTM adjusted EBITDA at closing of the transaction is estimated at 1.9 turns, within WSP’s targeted leverage range of 1 to 2 turns.

The RPS transaction is expected to close by the end of the fourth quarter of 2022. It is subject to customary closing conditions, including approval by RPS shareholders and by certain regulatory authorities.

The board of directors of RPS has unanimously approved the proposed transaction. We have also secured support agreements in favor of the transaction from key shareholders including Aberforth Partners LLP. In addition, we have secured similar agreements from RPS directors and key members of the management team. In total, there agreements represent approximately 18% of the total shares outstanding.

On that, I will turn it back to you, Alex.

Alexandre L’Heureux : Thank you, Alain.

Now, I will present a larger view of our recent M&A activity. Since last spring, in addition to RPS, we have negotiated two other significant transactions, Wood’s E&I and Capita’s infrastructure and real estate arm, Capita REI, and GL Hearn.

Once closed, these transactions will propel WSP to new heights and truly transform our company, as the world map on slide 11 illustrates.

WSP will oversee a network of close to 70,000 experts, an incredible business, technical and scientific brain trust. To deliver our global projects, we will now have the depth and breadth to provide the full range of consulting and design services in all of our regions with teams that are commensurate with the size of the markets.

That is most apparent in the UK, which will see its team grow to 12,000 people. In addition to scale, we are adding skills. For instance, the Capita carve-out acquisitions will bring WSP new real estate planning and advisory services in property markets adjacent to the ones we already serve. We expect such complementarity to unleash revenue opportunities.



Adding depth to our key OECD markets has been a longstanding strategic priority. Over the years, we have been keenly focused on diversifying WSP's activities on all fronts. As slides 12 and 13 show, through our acquisitions, we have made deliberate efforts to increase the proportion of our consulting work, to better diversify our market sectors and to even our public and private sector client mix. Put together, these transactions allow us to continue our diversification while expanding our net revenues, our margins and our resiliency.

Our Earth & Environment sector is a testament to the efforts we devoted to building a third franchise, alongside our Transportation and Infrastructure and our Property and Buildings businesses.

Since the beginning of WSP's last strategic cycle, in 2018, WSP concluded 25 acquisitions, 10 of which contributed specifically to our ESG leadership. Of those, Golder, Wood's E&I and RPS stand out for their transformative nature. As a result of those strategic additions, WSP has succeeded in reinventing itself at a rapid speed while maintaining the financial discipline that is the firm's hallmark.

As seen on slide 15, our Earth and Environment business now accounts for a third of WSP's revenues. This sector now employs 23,000 people – four and a half times more experts than in 2018.

Moving to slides 16 and 17, our water and energy transition activities have now become flagship WSP services. With the addition of RPS, WSP's broad water sector has reached a critical mass with 5,800 employees and over \$1 billion in net revenues.

A similar trajectory is observed in WSP's energy transition activities. With our recent acquisitions, these activities employ close to 4,000 people worldwide and generate over 800 million dollars in annual fee revenues.

For years now, we have been clear on our intentions to grow, to diversify our business and to increase our resiliency.

Everything that is now coming together through our recent acquisitions is the logical continuation of the strategy we outlined in March, in our 2022-2024 Global Strategic Action Plan, as summarized on slide 20. One by one, we are putting the pieces together, to create a global platform that is uniquely positioned to capitalize on today's transformational market trends.

Through these major acquisitions, we are taking big steps towards our goal of becoming the world's leading consulting firm. We now surpass the 10-billion-dollar net revenue mark on a pro forma basis.

But as we progress on our journey, we remain laser-focused on our financial performance. In this respect, our recently announced acquisitions will result in mid- to



high-teen accretion of WSP's adjusted net earnings once synergies are fully realized, in 2024, and in an increase of WSP's adjusted EBITDA margin.

In closing, I would like to reiterate how pleased I am to have RPS join the WSP family. We share a common drive to act as agents of change and to deliver projects that matter, to create positive and lasting impacts.

The three acquisitions we unveiled in the last two months illustrate WSP's swift and disciplined execution of our 2022-24 Global Strategic Action Plan.

We now have built a network of 70,000 experts with over 10 billion in net revenues, through acquisitions that are expected to contribute positively and meaningfully to our strategic ambitions.

Our cornerstone investors support our ambitions and endorse our transactions through their participation in our new equity raise.

I take pride in the fact that we accomplished all this while putting together a capital structure that is both solid and flexible, to enable us to pursue future growth opportunities.

Because, yes, as you may have guessed, our work is not yet done.

Thank you.