



WSP Global Inc. (Power Acquisition)
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Corporate Speakers:

- Alexandre L'Heureux; WSP Global Inc.; President and Chief Executive Officer
- Alain Michaud; WSP Global Inc.; Chief Financial Officer
- Quentin Weber; WSP Global Inc.; Investor Relations

PRESENTATION

Quentin Weber

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Good afternoon. Thank you for joining our webcast. Today, we will discuss the recent announcement regarding our agreement to acquire Power Engineers, which is expected to close in Q4 2024. Exceptionally, there will be no question-and-answer session, given the concurrent equity offering, which we have also announced in connection with this acquisition.

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Alexandre L'Heureux, our President and CEO, and Alain Michaud, our CFO, are joining us this afternoon.

During the webcast, we will make forward-looking statements; actual results could 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 MD&A for the quarter that ended June 29, 2024, and in the press release issued today in connection with our proposed acquisition of Power Engineers and related financing, each of which can be found on SEDAR and our website. In addition, during the call, we may refer to specific non-IFRS measures. These measures are also defined in our MD&A for the June 29, 2024, quarter and in our investors' presentation. Our MD&A and investors' presentation 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 critical 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 reported by other issuers and, accordingly, may not be comparable. These measures should not be considered a substitute for the related financial information prepared by IFRS.

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



Alexandre L'Heureux

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Thank you, Quentin.

Good day, everyone, and thank you for joining us on this significant day in our company's journey.

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I am thrilled to share some exciting news with you all. Today, we have taken another transformative step in our mission. Through our agreement to acquire Power Engineers, a prominent U.S. consulting firm with a leading presence in the power and energy sector, we are positioning WSP at the forefront of the energy transition.

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Following the legacy acquisitions of WSP, Parsons Brinckerhoff, Golder, and Wood E&I, this transaction marks another pivotal stride on our journey to becoming the undisputed leader in our industry.

Together with Power Engineers, we will create the premier global consulting firm in a strategic sector, setting the stage for a new chapter in our growth history. Our actions will not only reshape our organization but also set industry benchmarks.

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We are positioning WSP to be the leading pure-play consulting firm for the world's energy transition and setting ourselves up for success by:

- First, welcoming a top-tier U.S.-based powerhouse specializing in Power & Energy.
- Second, by significantly strengthening our strategic footprint and boosting diversification in the U.S. market.
- Third, we are positioning ourselves for accelerated growth and will have an enhanced profile.
- Lastly, 95% of our revenues will be generated in sectors where we hold #1 positions per ENR rankings and Environment Analyst, references in our industry.



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The global energy landscape makes this transaction all the more timely and impactful. The figures indeed speak volumes, underscoring the significance of our strategic decisions and their impact on our trajectory.

- An estimated \$21.4 trillion is expected to be invested in electricity grids by 2050 to support a global net zero trajectory.
- Large utilities invested nearly 171 billion dollars in 2023 to modernize their aging infrastructure and decarbonize their operations.
- A 15% compound annual growth rate is forecasted for data centre power demand until 2030.

These impressive numbers underscore the immense potential and opportunities for us in the Power & Energy sector and our capacity to capitalize on them.

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Let me now share more insights about Power Engineers.

Founded in 1976, Power Engineers is a prominent U.S.-based pure-play engineering consulting firm specializing in power, facilities, and digital services.

Power Engineers stands out with its nearly 50-year innovation and technical excellence legacy, a highly respected brand, and a reputation for delivering quality services on complex projects.

Headquartered in Idaho, Power Engineers' impressive team of 4,000 professionals, including 900 shareholders, has a proven track record of serving the largest power utilities in North America.

Their power delivery, transmission, and cogeneration design services account for 92% of total net revenues.

Additionally, revenues are almost entirely generated within the U.S., with over 90% of these revenues stemming from repeat business, reflecting their strong client relationships and consistent performance.

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Power Engineers has delivered robust double-digit organic growth over the past decade, a testament to their strategic initiatives and commitment to excellence.

This momentum has accelerated over the last three years, bolstered by strong secular trends favoring the industry.



Impressively, they achieved a 13% Organic Revenue Compound Annual Growth Rate in the previous three years through 2023.

Power Engineers' strong brand and people-first approach have been instrumental in recruiting and retaining talent to fuel their expansion.

Our cultures are very similar and complementary in many ways. Power Engineers takes great pride in fostering a supportive and engaging work environment, reflected by a significantly lower voluntary turnover rate than the industry. This not only underscores Power Engineers' commitment to employees but also ensures the continuity and quality of its services.

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This acquisition's complementarity also extends to our client rosters. WSP will gain access to Power Engineers' well-established network of clients in the power and energy sector, including several world-renowned blue-chip companies.

Of note are the extensive relationships Power Engineers has built with most of the largest power utilities in the United States and Canada.

These aren't just fleeting connections; the average length of Power Engineers' relationships with top U.S. clients spans two decades, demonstrating their commitment to long-term partnerships and client satisfaction.

It bears repeating that Power Engineers' ability to generate 90% of revenues from repeat business speaks volumes about the trust and confidence they have built and sustained with their clients.

These relationships are a testament to the exceptional quality of their work and provide a stable and reliable revenue stream, which WSP will leverage to fuel accelerated growth and expansion.

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Core to WSP's work is the deep expertise we bring to our clients, and with Power Engineers, we will add sought-after expertise and broaden our skill set in a high-growth sector.

Power Engineers has several core businesses, each contributing unique capabilities and services that will complement and enhance our existing offering.

One key strength lies in Power Engineers' digital expertise. This expertise not only sets them apart in the industry but also enables them to deliver innovative solutions and services that drive efficiency and value for clients. Power Engineers remains at the forefront of Building Information Modeling and 3D Visualization, and their tools, such as



POWER360, will continue to be leveraged for project delivery within our combined platform.

Power Engineers' role and reputation in the Power and Energy sector are evident as they hold leading positions in the market. Joining forces with WSP will provide a clear strategic advantage, considering our complementary strengths in market segments such as transmission, distribution, and data centers.

This acquisition will equip us with a broader range of expertise and capabilities, positioning us to serve our clients further and seize new opportunities.

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Power Engineers also has an impressive portfolio of projects, the ones highlighted on this slide quickly illustrate their leading expertise in Power and Energy.

For example, Power Engineers provides Greenlink Nevada with a suite of comprehensive Power Delivery and Environmental services. This is part of Nevada Energy's ambitious 2.5 billion US dollar program to construct approximately 700 miles of 525 kilovolts and 345-kilovolts transmission lines. The project also includes the development of new and expanded substations, distribution lines, and state-of-the-art telecom infrastructure in Nevada. This massive undertaking underscores Power Engineers' capabilities in managing large-scale, complex projects and their commitment to supporting the growth and modernization of power infrastructures.

Power Engineers also provides a full range of Power Delivery and Environmental services for PacifiCorp's Energy Gateway projects. These projects aim to construct over 2,500 miles of high-voltage transmission lines across the U.S., thereby enhancing access to wind energy. Once completed, the project will make an additional 3,000 megawatts of renewable energy more readily available. This highlights Power Engineers' role in promoting renewable energy and its ability to execute large-scale, transformative projects.

Power Engineers also provides detailed plant engineering and design services for General Electric Vernova, a business unit focusing on renewable power and energy. GE has been a long-standing client of theirs, reflecting industry leaders' trust and confidence in their expertise and services. Such a partnership best demonstrates their engineers' capabilities in delivering high-quality, specialized renewable power and energy services.

These marquee projects will contribute to WSP's recent string of major wins, including the Propel New York Energy initiative and the Great Grid Upgrade in the UK, which stands as one of our most extensive program victories in terms of scale, revenue, duration, and complexity.

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Let's now discuss the strategic rationale in further detail.

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This acquisition will accelerate our journey to becoming the undisputed global leader in the Power and Energy sector. We have the size, the scale, and the track record to tackle the most complex and challenging projects on the planet.

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Once the deal has closed, our combined global network will represent 73,300 professionals, with a 7,000-strong Power & Energy experts' community. This formidable team of professionals will enhance our capabilities and will uniquely position WSP as the partner of choice in the energy transition as clients' needs in this area continue to grow at an accelerated pace.

With our global footprint and already leading position in the other core sectors, creating a global Power and Energy sector will set us up for long-term success in this sector.

In a context where niche power expertise is in high demand across industries and sectors, the cross-selling opportunities are significant, particularly considering we have limited client overlap with Power Engineers. This enhanced global ecosystem of shared and complementary expertise will boost our capacity, efficiency, and project management capabilities and create an opportunity for substantial revenue synergies.

We are well-positioned to support our clients' large energy transition projects.

This will enhance our capacity to pursue work nationally and submit more competitive bids internationally.

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Our favorable staffing distribution will cater to all types of projects, diversifying WSP's USA business by growing the Power and Energy sector to approximately 20% of its revenues.

This includes enhancing our medium voltage and microgrid expertise, which is crucial to support the growing and dynamic data centre market.

Our services will span from environmental advisory services to transmission & distribution and co-generation design, providing end-to-end solutions to our clients.

We will be leveraging our global footprint to scale the strongest brand and the greatest technical Power and Energy expertise in the sector.

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The opportunity to accelerate revenue growth through this acquisition is significant.

With long-term megatrends fuelling the potential for accelerated growth, the time is right to seize this powerful opportunity. With a broader spectrum of expertise and global footprint, our world-leading science-based engineering consulting firm reinforces its dedication to shaping the future of power and energy solutions worldwide.

Finally, we are excited for the opportunity to leverage the extensive expertise and experience of Holger Peller, Power Engineers' current President and Chief Operating Officer, to lead our global Power and Energy business. Together, we will be the partner of choice in helping our clients plan, design, and manage the most complex projects on the planet, serve as the employer of choice for the world's most talented professionals, and lead innovation that will strengthen our communities.

With that, I will turn the presentation over to Alain, who will now cover the key financial terms of this transaction.



Alain Michaud

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Thank you, Alex, and good afternoon, everyone.

Let's now look at the financial highlights.

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The proposed acquisition of Power Engineers is based on a cash offer of approximately 1.78 billion dollars US, representing a multiple of approximately 15 times the 2024 estimated pre-IFRS 16 adjusted EBITDA of Power Engineers or 12.5 times on a post-synergy basis.

The merger agreement also includes incentive awards of up to 170 million dollars US to be paid to approximately 1,500 employees and shareholders over three years, with one-third paid 18-month after-closing and two-third 36-month after closing. On a net present value basis and considering the related tax deduction, the full amount of incentive awards represents a net cost of up to 107 million dollars US.

These expenses will be accrued over three years following the acquisition and recorded as acquisition, integration, and reorganization costs in our consolidated statement of earnings.

Let's now discuss accretion.

Let me start by stating that this acquisition will be immediately accretive to WSP's adjusted net earnings per share. But more importantly, we believe this transaction will provide sizeable upside.

We expect annual cost synergies of at least 25 million dollars US over approximately a 2-year period, with 50% expected to be realized before the end of 2025. When only considering the impact of these fully realized costs synergies, we expect a mid-single digit accretion of our adjusted net earnings per share.

However, as Alex covered previously, we anticipate significant upside from the transaction, driven by substantial revenue synergies supported by strong secular trends in the power and energy sector and cross-selling opportunities across our four leading sectors. We also anticipate compelling opportunities from EBITDA margin enhancement initiatives. As a reminder, our North American business currently delivers over 20% of Adjusted EBITDA margin compared to 16% to 17% for Power Engineers.

Among other things, Power Engineers will be provided access to our many productivity levers such as our complementary resource centres around the world which we anticipate will provide upside.



On a related note, Power Engineers recently invested in a Power & Energy business in Columbia to support their growth in North America. We will explore further expanding and leveraging this expertise along with our existing Power and Energy team in the region.

From a modelling perspective, it is worth pointing out that the IFRS 16 adjustment for Power Engineers represents slightly less than 2.0% of their net revenues, which is lower than for WSP. This is mainly explained by the fact that Power Engineers owns a portion of its real estate.

Turning to the capital structure

To fund the acquisition and preserve financial flexibility for future growth opportunities, we have secured commitments for a 1-billion-dollar equity raise composed of a new public offering of subscription receipts on a bought-deal basis and a private placement of subscription receipts with four of our cornerstone investors: Caisse de Dépôt et Placement du Québec, CPP Investments, GIC, and the British Columbia Investment Management Corporation.

We have also secured an aggregate of 1.78 billion dollars US in committed term loans, of which a portion is the equivalent to the amount of subscription receipts proceeds will be canceled upon closing of the equity raise.

Pro forma net debt to LTM adjusted EBITDA calculated as of September 30, 2024, is estimated at 2.2 turns.

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The Power Engineers transaction is expected to close in early Q4 2024. It is subject to customary closing conditions, including approval by Power Engineers' shareholders and regulatory review.

Of importance, the board of directors and management committee of Power Engineers unanimously support the transaction.

In addition, we obtained irrevocable voting and support agreements in favour of the acquisition from over 99% of shareholders holding together approximately 83% of all of the issued and outstanding shares.

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Lastly, this acquisition comes at the right time, as we anticipate closing the last year of our 2022-2024 strategic cycle on a high note.



We wrapped up the first half of 2024 with great results, demonstrating strong organic growth, a 10% increase in adjusted EBITDA or a 50-bps margin enhancement, a 17% surge in adjusted net earnings per share, and an increased free cash flow profile. Our headcount continues to grow organically, and our voluntary turnover is trending positively.

These results, combined with today's announcement, provide us with confidence about the next stage of our journey.

On that note, back to you, Alex.



Alexandre L'Heureux

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Thank you, Alain.

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The acquisition of Power Engineers will mark our fifth transaction in 2024 and will cement an ambitious goal we shared when we launched our 2022-2024 Strategic Action Plan.

We are setting a milestone for accelerated growth and propelling our business towards our strategic objectives through a significant expansion into a high-growth sector.

This transaction is highly complementary and synergistic to our existing business. We are thrilled to welcome Power Engineers and are eager to explore the new avenues this partnership will provide.

I take pride in the fact that we will achieve all this while delivering strong financial results. We are crafting a capital structure that is both sturdy and flexible, positioning us to embark on our 2025-2027 strategic plan from a place of strength and with the ability to pursue future growth opportunities.

With the right strategy and bringing on Power Engineers will undoubtedly be a big piece of the puzzle we are building.

We look forward to welcoming Power Engineers to WSP in the coming months and working together to chart the best course forward in the interests of our customers, our ambitions, and our collective success.

I am incredibly proud of our journey so far, and I know there is still so much more to come as we complete the steps to finalize this transaction.