

**WSP Global Inc. (Q3 2024 Results)****November 7, 2024****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

Participants:

- Sabahat Khan RBC Capital - Analyst
- Yuri Lynk Canaccord Genuity - Analyst
- Steven Fisher UBS Securities LLC - Analyst
- Jacob Bout CIBC - Analyst
- Frederic Bastien Raymond James - Analyst
- Ian Gillies Stifel - Analyst
- Maxim Sytchev NBF - Analyst
- Michael Tupholme TD Cowen - Analyst

PRESENTATION

Quentin Weber - WSP GLOBAL INC. - Investor Relations

Thank you, Sarah. Good morning, everyone. Thank you for joining the call. Today, we will discuss our Q3 2024 performance followed by a Q&A session. Alexandre L'Heureux, our President and CEO; and Alain Michaud, our CFO, are joining us this morning. Please note that this call is also accessible via webcast on our website. During the call, 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 September 28, 2024, which can be found on SEDAR+ and on our website. In addition, during the call, we may refer to specific non-IFRS measures. These measures are also defined in the MD&A for the September 28, 2024, quarter.

Our MD&A 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 the 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 as a substitute by the related information prepared by IFRS.

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



Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer

Thank you, Quentin, and good day, everyone. I'm delighted to provide you with further details on our solid third quarter performance.

We have demonstrated robust net revenue growth, enhanced profitability and strong operational cash flows. I'm also pleased with our record high backlog, which underscores our continued success of positive market momentum. We accomplished a lot this quarter and three key factors drove our strong results. First, we saw a 10% increase in net revenues compared to the corresponding quarter in 2023. Organic growth was solid at 7.2%, driven by strong market momentum in Canada and double-digit organic growth in the Americas, led by our US business.

Second, adjusted EBITDA grew by 12% and adjusted net earnings per share by 13%. We delivered a 40 basis points increase in adjusted EBITDA margin, reflecting our continued focus on unlocking efficiencies in our platform. And third, we delivered superior cash flows with trailing 12 months of free cash flow increasing by approximately \$590 million versus the comparable period last year. This illustrates our continued commitment to strong cash flow generation.

Before we dive into Q3 in more detail, I am pleased to announce a significant milestone in our organizational structure. Effective January 2025, Mark Naysmith, our current President for the EMEIA region, will be appointed Global Chief Operating Officer. Drawing on his 35 years of leadership experience at WSP, Mark will oversee global operation and promote growth, financial performance and collaboration, while further leveraging the global scale of the business, ensuring we deliver sustainable financial performance. With this strategic move, we are laying a solid foundation at the onset of our next strategic cycle, building on our competitive advantages and maintaining our trajectory of success.

In line with our goal of becoming the undisputed leader in our industry, it is important to recognize that 95% of our revenues are generated in sectors where we hold a leading position according to highly recognized industry ranking, such as Engineering News-Record and Environmental Analyst -- Environment Analyst, I'm sorry. More specifically, for the fourth consecutive year, we achieved the number one position in ENR Top 225 International Design Firm list. We also reaffirm our leadership in several of ENR's market and region-specific ranking for 2024.

On that note, allow me to briefly share some key three highlights from each of our four leading sectors, Power & Energy, Earth & Environment and Water, Transportation & Infrastructure and Property & Buildings.

Let's kick things off with our Power & Energy sector and more specifically, with an update on the POWER Engineers acquisition recently closed on October 1. By joining forces, we are working towards establishing the preeminent pure-play global consulting firm in the world's energy transition. The integration is progressing well and is on plan. We are already benefiting from global collaboration and have successfully brought our teams together, focusing first on our clients.

Our team's combined expertise and resources and relationships have allowed us to identify over 70 opportunities in the month of our integration. For example, we are now pursuing a high-voltage direct current offshore wind opportunity together and expanding



the service offering for an existing solar renewables project to include substation design, while exploring significant opportunities to support data centers expansion.

Turning now to our Earth & Environment sector. Demand for services designed to drive the green transition is strong across all regions. These services include amongst others, environmental baseline studies, permitting, site selection, corridor, optimization and geotechnical and biodiversity activities, all of which are highly strategic to any project. For instance, we are extensively involved in the Great Grid Upgrade in the UK, one of our marquee Power & Energy projects, providing environmental studies, permitting and nature-positive solutions. And in Australia, we have recently been contracted to assess Queensland Hydro with geotechnical-related services at its Borumba Pump Hydro Project. This critical energy storage project will support the state's renewable energy goals. Rare earth elements are also critical to the energy transition success as essential components in various industrial and high-technology applications. In the Nordics, we have been assisting Rare Earths Norway with the mapping and resource estimation of mineral deposit for Continental Europe's largest deposit of rare earth elements.

Biodiversity continues to gain vital global attention as evidenced at COP16 in Colombia. Thanks to the deep expertise of our specialists worldwide, we are at the forefront of change in delivering solutions that reshape how industries protects and restore nature.

Just recently, we partnered with the United Nations Global Compact to launch a comprehensive task force of nature-related financial disclosure, a guide for businesses. In the UK, we released our first Nature Positive Report, highlighting our commitment to embedding nature-positive thinking into our operations. Through our client work, we are helping businesses drive nature-positive outcomes.

In Europe, we work with Brussels-based Eurelectric, which represents 34 national electricity associations and companies across the continent on a guidebook to help its members integrate biodiversity in their operation. And in Australia, we have been selected to support Transgrid, which is responsible for operating and maintaining Australia's largest electricity transmission network on a two-year monitoring program to better understand bird species interaction with transmission lines and towers.

Shifting to our Transportation & Infrastructure sector. It remains our largest end markets and fuels work for all sectors and geographies due to the multidisciplinary nature of its projects. WSP was recently awarded work for their Oosterweel Tunnel project in Belgium, which is a project our teams in the Netherlands, Spain and South Africa are working on collectively. In New Zealand, WSP has been awarded the largest scheme tendered by the new government, the connecting Northland scheme for a new 100 kilometers expressway project North of Auckland.

Looking at key markets. Rails remained strong in urban and intercity segments with significant contracts awarded across all of our geographies. This continued in Q3 with significant wins on both sides of the Atlantic, including a recent award for three new stations on the Yellow Line of the Stockholm Metro and upgrading the train control system of the Municipal Metro in San Francisco with state-of-the-art technology.

Water continues to see an increased investment globally. In the UK, for example, the AMP investment will be more than 40% higher than the previous program. WSP is in a favorable position being on numerous frameworks with all the major water companies. The past quarter saw major wins in the water market, including a significant condition assessment for Sydney Water's Corporation pressure pipeline and upgrades to the regions



of York's water facilities, including the design and upgrade of transmission, pumping and treatment facilities.

Similarly, aviation and maritime markets continue to show resilience, supported by worldwide investment aimed at improving global logistics. This has included a recent WSP appointment to reconstruct and upgrade the airfield at Gatwick Airport in London and the development of a new container terminal in South Africa. This investment cycle is expected to continue as the global supply chain readjust to the new post-pandemic reality.

Moving on to our Property & Building sector, which continues to show strong performance across multiple regions and market segments. We achieved exceptional results in Canada, the US and the UK, particularly in data centers, advanced manufacturing, science and health care. Allow me, therefore, to highlight some recent developments in this -- in these areas.

In Q3, we secured projects for over 20 data centers worldwide with hyperscalers and codevelopers in the US, Chile, Norway, Indonesia, Australia, Finland, Switzerland and Canada. With POWER Engineers now part of WSP, we are also well positioned to enhance our support for clients' data center, power infrastructure needs.

Manufacturing is thriving as corporation and countries focus on building resilience and security in their supply chains. We have captured several advanced manufacturing projects, including an accessory manufacturing plant in Canada and various initiatives in the growing electric vehicle market across Europe and the Americas. Healthcare remains robust with significant projects secured in Q3 including the Center for Advanced Medicine at the University of Maryland and the master planning and infrastructure project of Outram Medical Campus in Singapore.

Another standout achievement in the science capabilities of Animal Health program, a 12-year partnership with the UK Department of Environment, Food and Rural Affairs, which include two large laboratory facility. For the real estate and hospitality market, also saw numerous projects wins this quarter, including the redevelopment of Allianz, Twickenham Stadium in London. Additionally, we started design work on convention centers in Indonesia and the Middle East and a five-star hotel development in Macau and Hong Kong.

In a nutshell, our four core end markets are healthy, and they continue to reflect and respond to secular trends such as climate resilience, decarbonization, energy transition, aging infrastructure and urbanization to name a few.

I'd now like to review our financial results in greater detail. Alain will.



Alain Michaud WSP GLOBAL INC. - Chief Financial Officer

All right. Thanks, Alex, and hello, everyone. I'm pleased to report on our strong third quarter results, starting with our top line.

Revenues and net revenues reached \$4 billion and \$3 billion, up approximately 11% and 10%, respectively, compared to the third quarter of 2023. Organic growth in net revenues stood at 7.2% in the quarter, led predominantly by the US and Canada. As of the end of the quarter, our backlog reached a record \$14.8 billion, representing 11.6 months of revenues.

Moving to profitability. Adjusted EBITDA reached \$585 million, an increase of approximately 12% from the \$521 million we reported in the third quarter of 2023. Adjusted EBITDA margin for the quarter increased by 40 bps to 19.5% compared to 19.1% in the third quarter of 2023. This increase is mainly attributable to improved productivity. We continue to be aligned with our 2022 to 2024 strategic ambition of increasing our adjusted EBITDA margin by 30 basis points to 50 basis points annually. Our adjusted net earnings reached \$280 million or \$2.24 per share. This represents a 13% increase compared to the third quarter of 2023, primarily attributable to higher adjusted EBITDA.

As for our cash position, cash inflows from operating activities were \$608 million in the nine months ended September 28, 2024, an increase compared to \$210 million in the corresponding period of 2023. Free cash inflow was \$242 million for the nine months ended September 28, 2024, representing an improvement of \$419 million compared to a free cash outflow of \$177 million in the corresponding period last year. Lastly, the trailing 12 month of free cash flow amounted to \$852 million, representing 1.3 times net earnings attributable to shareholders. We continue to aim for 100% conversion of net earnings to free cash flow for 2024.

As of the end of September '24, our DSO stood at 80 days, and we expect to be well within management outlook by year-end. Our balance sheet remains strong with a net debt position of 1.5 times, within management's target range and following the completion of the POWER acquisition and after incorporating a full 12 months of adjusted EBITDA for the acquired business, the pro forma net debt to adjusted EBITDA ratio would be approximately 2 times.

Our financial outlook issued in Q4 2023, an increase in our Q2 2024 press release is reaffirmed, except for the following increases: first, net revenue are now expected to range between \$11.8 billion and \$12.1 billion, adjusted EBITDA is now expected to range between \$2.155 billion and \$2.175 billion. Our outlook has been revised mainly to include the estimated contribution of POWER Engineers, reflecting its typical fourth quarter seasonality.

We anticipate organic growth in net revenue by segment to be in the mid-single -- the mid- to high single digits in our Canadian and Americas operation, in the mid-single digit in our EMEIA operation and in the low single digit in APAC. Acquisition, integration and reorganization costs are expected to range between \$120 million and \$135 million to include the acquisition cost of POWER closed on October 1, 2024, and also the accrual of incentive award to be paid to a significant number of POWER employees as we previously disclosed. And lastly, for those who are wondering about the impact of the US



election, we've done well under both administrations, and we do not expect things to be different this time.

On that, Alex, back to you.

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director

Thank you, Alain. We are very proud, obviously, of our achievements this quarter as we wrap up the final stretch of our strategic cycle. We are poised to conclude a highly successful three-year period mark by 50% surge in net revenues and a 60% rise in our adjusted EBITDA. Additionally, our disciplined capital allocation strategy enabled us to close 15 complementary acquisitions, fortify our diversified platform by welcoming approximately 20,000 talented professionals and advance our transformation journey by deploying our new ERP platform, covering approximately 70% of our adjusted EBITDA. These achievements reflect our commitment to excellence and delivering shareholder value and building an even stronger WSP.

Looking ahead, we're putting the finishing touches of our 2025-2027 Global Strategic Action Plan. Please mark your calendars for the release of our strategic plan on February 12, followed by an Investor Day on February 13, where we will unveil further details on our plans and ambitions for the next three years and beyond. You can now register on wsp.com by accessing the Investor section.

I'm energized by the opportunities that lie ahead. The start of 2025 will be an exciting time for our business on many fronts. And I look forward to having you join us on this journey.

With that, I would like to open the line for questions.



QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Sabahat Khan, RBC.

S

abahat Khan RBC Capital - Analyst

As you look into 2025, can you maybe talk a little bit more about the plans for the POWER acquisition in terms of the integration plan? Maybe what are the priorities in year one, two, three? And maybe as you've had some time to look a little bit under the hood of that business post-closing, if you can just share any early thoughts about what you may have learned after the closer look?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director Well, Sabahat, a lot of great questions here. Well, I think I indicated that when we announced the acquisition, POWER Engineers, as a company, I know extremely well, and we've collaborated with over the last decade. I've known the leadership for quite some time. So actually, I don't know that I've have been displeased by anything that I've seen to the contrary. I think I mentioned that in the last month alone, we are working on 70 different opportunities together. This was a very, very strategic acquisition for WSP. I think I've said in the past that often time transactions fall in two different buckets, one being the good-to-have. And the other buckets, the must-do deal. In my mind, the POWER Engineers transaction was a must-do transaction. I see a lot of potential. I see a lot of revenue synergies. And I'm excited because we share the same vision of the industry, and we have a collective understanding of what we wish to deliver together.

S

abahat Khan RBC Capital - Analyst

Great. And then maybe just another higher-level question. As you -- I'm sure there'll be more details in your three-year plan. But as you scale up larger and larger, maybe if you can just talk about the opportunity set of -- in terms of consolidation for WSP? And then maybe after the sort of transaction, what should the investment community think about timeline for further acquisitions?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director Yeah. Well, we literally closed on October 1. So I would appreciate a bit of patience here. Look, at the end of the day, we'll discuss this in greater detail in February. But the rhetoric hasn't changed, Sabahat, opportunities for us to continue to consolidate the market. I've always said, and I'm repeating it, we always manage a very conservative ship, and we run a tight ship, and we always want to be fit for purpose because we love to be opportunistic. So I'm highly confident, and I have a strong conviction that in the next three-year plan, opportunities will come our way, and we'll have a -- we'll have many chances to really complement this platform with extraordinary other firms that will want to join the WSP family.

So on that, I'm quite confident, and I think there's a lot of unfinished business for WSP. I think in the US, I see tremendous growth opportunities lying ahead. We're still subscale



in Europe, as you know. And there's other opportunities and other sectors where I think we're subscale, and we're not where we need to be. So we're not going to stop until we reach the milestone that we have set for ourselves, but I'm excited about the next three years.

S

abahat Khan RBC Capital - Analyst

Okay. Great. And then just maybe one last one on just kind of the organic growth, demand drivers. You just talked about some of the regions that drive -- that seem optimistic. We get a lot of questions around there's been an elevated level of growth post-pandemic. Can you maybe just share some thoughts on -- do you view sort of this current demand level as sustainable, even just beyond the three-year period, the industry demand drivers can sustain this level of growth even over a three, five year type of period? Just your perspectives on what continues to drive the top line for WSP and the engineering space?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director Well, these are not artificials. We're -- the growth of WSP has not been pushed up on steroids, obviously. I think the demand for our services have grown because the underlying trends fueling our industries are real. You look at the -- I mean the flavor of the day, the topic right now is immigration. So immigration is a great thing for a country. It allows us to improve and increase productivity. But at the same time, the infrastructure needs are real. And we're seeing it in Canada. We're seeing it in the US. We're seeing it in Sweden, in the UK, Australia have plans to double the city of Sydney in the next 20 to 30 years. So that will drive demand for our services.

Then you move on to climate change and you look at what took place in the last 1.5 months in Florida. I mean, we have been busy assisting with our FEMA services and the FEMA agencies, the federal government in the US. Then you move -- you talk about demographic changes. You talk about growth and population generally speaking. So that, Sabahat, is not going to go away. We may be faced with the bumps along the way, like we have been in the last 30 years, but the growth trajectories, or I would say the trajectory is up longer term. And there's no doubt in my mind. So I think that's why I'm so optimistic about the future prospects of our company.

Operator

Yuri Lynk, Canaccord Genuity.

Yuri Lynk Canaccord Genuity - Analyst

Start with a clarification on the organic growth guidance. It seems to imply a sequentially lower growth rate in Q4, but I think you're getting a 3% -- roughly 2% benefit from more billable days in Q4. So just -- am I thinking about that the right way?

Alain Michaud GROUPE WSP GLOBAL INC. - Chief Financial Officer

Yeah, you are, Yuri. It's -- we're still predicting the 6% to 8% growth aligned with our original outlook. So nothing is changing there. The mix is a bit different. And you see the performance in Canada and the US being really good. But as I mentioned in my opening remarks, APAC is driving at 1% organic growth. So that creates a bit of a headwind on



our numbers, for sure. That and combined with the fact, Yuri, that as always has been, the third quarter is always our stronger quarter. So you look at our performance in North America, which has been stellar. And Asia has been difficult for quite some time now, and we have taken the appropriate action, and I'm comfortable that we are in a very good place at this point.

Yuri Lynk Canaccord Genuity - Analyst

Okay. No, I just wanted to double check that. Secondly, just bigger picture, Alex, as you think about your plans for the next three years. I think we can all agree driving further EBITDA margin expansion is definitely going to be more of a grind than a step change given the progress you've made. And the market has grown considerably as you alluded to. So how do you balance going after a market that's grown substantially in the last 5 years? There's opportunity to take share, but yet you want to be cognizant of driving efficiency improvements and you don't want to stifle that growth. So how do you think about that balancing act as you look into next year and beyond?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director Well, you're right on. Yuri, in the sense that this is not science. This is more of an art. You don't want to choke your organization around growth when you optimize your platform at the same time. I think it's quite known in the industry that have always been a bottom line guy. I like us to grow our top line so long as it will translate in quality earnings, and it's something I'm extremely proud of.

So at WSP, I think there's not one more important than the other. We aspire to be the compounder of this industry, and that hasn't changed. So cash flow, top line and bottom line are equally important within the company, and I don't talk about one more than the other. And that's the philosophy within WSP. So you are right in saying that we are -- it's a balancing act, and we're trying to strike the right balance.

Having said all that, the heart and blood of the company is organic growth, and M&A has always been and I always viewed M&A as a cherry on the cake, but the recipe of your cake has to be good. And so in the next three years, you can rest assured that all of what I've just discussed will be our focus, and we're going to continue to focus on organic growth, but making sure that we're selective with the clients that we decide to work on so that we can maximize the margin profile.

Yuri Lynk Canaccord Genuity - Analyst

Okay. Last quick one for me. POWER, you've said 16% to 17% margins. That's a bit lower than what you're running at on a consolidated basis. Should we still expect you to be able to do 30 bps to 50 bps of margin improvement in 2025 despite being in the early days of harvesting cost synergies and a bit of a lower margin?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director Look, I -- yeah, I don't want to look too far ahead than on February 12. And when we release our Q4, we'll be able to provide you with our outlook. But look, suffice to say, I'm quite excited about the next three years, and I'm excited about 2025. So we'll be able to talk more around the margin improvement and growth profile for 2025 in due course. But



to me, that was the opportunity. I think POWER Engineers was a pioneer in the Power & Energy sector in the US, and I see tremendous opportunities to do great things together.

Operator

Steven Fisher, UBS.

S

Steven Fisher UBS Securities LLC - Analyst

You had some nice seasonal improvement in cash flow. I guess in recent years, you've had some drag on the cash flow from ERP spending, DSOs in general, plus acquisitions. Your ERP drag should roll off. I guess the bigger picture question on free cash flow over the next couple of years, to what extent do you still see more opportunity to drive improvement in your free cash flow conversion? And what might be the biggest drivers that you see there?

Alain Michaud WSP GLOBAL INC. - Chief Financial Officer

Yeah. So good question, good context, Steven. Definitely focus on free cash flow is top of the list on what we want to achieve, and you see the results so far this year. If you look at our DSO profile, we're expecting to be in that 70 to -- 72 to 79-day range by the end of the year. Our expectation when we look at midterm is definitely to bring this back down to low 70s. So I think that's one of the big driver in improving and keep improving our free cash flow. We expect to be at 100% by year-end. That's the target, and we have good visibility on performance so far, including October. That was a really good free cash flow month.

So DSO reduction is the main driver and obviously keep pushing the business on margin and growth and generating better EBITDA. So that's the plan. But as Alex said, if we look at our top priority, we put equal balance on growing the business, improving our performance on profitability and cash. So those are three equal priority.

S

Steven Fisher UBS Securities LLC - Analyst

That's very helpful, Alain. And then maybe just a follow-up. I think you don't specifically build your strategy around the largest projects, but you've talked about the influence of mega projects in the market and a number of the things that you've highlighted in each of the segments have been some premier programs. So I guess, how should we think about the mix of larger projects in your bid pipeline and your mix over time? Is that just naturally increasing? Or is there a strategic focus shift there?

Alain Michaud WSP GLOBAL INC. - Chief Financial Officer

Look, in any professional consultancy like such as WSP and frankly, in our industry, but outside of our industry, you have your recent revenue stream, certainly for WSP is close to 70%, and that's your bread and butter and your smaller size work and your medium-sized work. And over time, indeed, we have shaped our business to be able to really tackle larger assignments. And if I look back over the last decade, we have worked on some of the most iconic projects around the world.

So I would say that naturally in the market over the last decade, we've seen the projects becoming bigger and bigger and more complex. And that's why I believe the size of our firm matter, and the scale of our services also is equally important. And that was the



whole thesis of consolidating the market and growing the way we have grown is because we believe our clients are looking for multidisciplinary services and especially around large projects.

If you take our Propel project that I highlighted, I think it's last quarter or the quarter before in the state of New York, this is not just a Power & Energy project. This is a buildings project. This is a transportation project. I mean, we're touching pretty much all of our sectors, environmental projects. So that's where -- I think I'm saying that, yes, indeed, we have shaped the business to be able to tackle those. But at the same time, we don't turn down small assignments because we know that small assignments can lead to bigger ones. So we have a good mix of project size within the company.

Operator
Jacob Bout, CIBC.

Jacob Bout CIBC - Analyst

You touched on this briefly in the prepared remarks, but just the dynamic in the US with Trump 2.0, do you think you need to do any repositioning? Many feel that the IRA is going to be dismantled. Maybe talk through your exposure to clean energy, power there?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Look, the IRA, we, first and foremost, highly doubt that this will be a dismantled. There may be a reassignment and the IRA may be reshape. So we don't know how fine the scalpel will be. And actually, we don't even know if it's going to happen. If you ask me, Jacob, where I see a change, it's more around USAID work for players that are in that space. At WSP, we do very little, but there are two or three of our largest competitors are quite active in this. I really believe that that could have an impact, USAID work with the federal agencies. But when I look at our -- the three large bills, I'm feeling comfortable that we're going to maneuver very well.

Jacob Bout CIBC - Analyst

Okay. And then maybe a second question here, just on APAC. Talk a bit about the dynamic that you're seeing there. We're seeing organic backlog growth there that's negative. Maybe just talk a bit of what you're seeing in Asia versus New Zealand, Australia and what the Property & Buildings markets are?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Yeah. Asia, really, really, really tough, no doubt. Having said all that, it's a very small portion of our business. And when I mean small, it's very small. Having said all that, when things are tough, it's having an impact. And then you look at the Asia Pacific, New Zealand, it's just the change of government. I think the underlying trends in the in-country are good and are sound, and I just talked about the projects that we were awarded more recently. We won this assignment with now the new government. So we expect the backlog to continue to -- or to grow again. I believe in New Zealand, we have turned the corner with the change of government.

And in Australia, look, we've experienced, Jacob, double-digit organic growth for many, many years in a row. So obviously, we're starting -- we started the year from a very high



position. And it's normal, as I said before, to go through peaks and valleys. I don't see anything structurally in the countries that will lead me to believe that it's going to be tough longer term. But there's been an enormous amount of spend happening in Australia, and we just need the government to take a breather, but I expect things will continue to grow longer term.

J

Jacob Bout CIBC - Analyst

So then just in Asia specifically, what is your strategy there?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
We are -- we have been monitoring the situation very closely. We have rightsized the firm especially in the teams, especially in the Property & Buildings sector. So in Mainland China, we're now extremely small, and we continue to monitor the situation in Hong Kong and in Singapore. I'd say two years ago, Mainland China was probably the only region affected, or impacted. And I think over the course of the last two years, it spread it out to the Southeast countries, but also Hong Kong. But recently, the Chinese government has announced new measures that you may have followed in the news, which are positive, extremely positive. So we are going to continue to monitor and manage our team and see where it leads us.

Operator

Frederic Bastien, Raymond James.

F

Frederic Bastien Raymond James - Analyst

Just wondering power related, how do you plan on expanding your footprint globally? Just curious if there are opportunities to export the expertise you just gained from POWER Engineers abroad? Are you going to achieve this organically? Or will you also look at acquiring to just fill in the gaps geographically on the POWER side?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Yes, we absolutely intend to leverage our newly created center of excellence in the Power & Energy sector, Frederic. So yes, there are many ways and means for us to export their know-how elsewhere. Remember also earlier this year, we completed an acquisition in transmission distribution in Spain. So clearly, our focus is really to continue to build our footprint. And that footprint, in my personal opinion, will happen with organic growth. But if we are in a position also to see some tuck-ins that we can -- where we can build a local footprint, that would be great as well. So we'll be on the watch.

F

Frederic Bastien Raymond James - Analyst

Okay. And maybe just a quick one on Mark's appointment as a Global COO. Can you walk through the logic of adding someone again to that role? I know you previously had someone leading that charge. So I was just curious what your thoughts were behind that?

Alexandre L'Heureux GROUPE WSP GLOBAL INC. - President, Chief Executive Officer, Director



Yeah, in 2020, we did have that position in place. And for a variety of reasons, over the last four, five years, I wanted to lead the charge myself, and I wanted to instill the culture that I thought was needed -- the performing culture that I thought was needed to grow our margin and to shape our business the way we've shaped it. So I'm very pleased with where we got to.

But since then, Frederic, since 2020, we've added 30,000 people. So we've built -- I'm not going to name names, but we've built a player -- or one or two of our competitors within WSP in that time frame in four years' time. So I want Mark to continue to drive performance. I want us to continue to raise the bar as a company. There's a real opportunity to continue to optimize our platform and transform and tweak the engine as we're flying.

And I felt that Mark was the right candidate to undertake that challenge and support me and support Alain in that endeavor. Before we were two at the top, and now we're three, and the assistance and the support is welcome. And I think we're going to do great together as a team.

Operator

Ian Gillies, Stifel.

Ian Gillies Stifel - Analyst

The business has obviously gotten a lot larger, a lot better diversified over the course of the last, call it, five years. Have you put much thought or have you thought much about increasing the target leverage metrics to improve returns and maybe create a bit of additional flexibility on M&A outside of what you clearly already have?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Look, I mentioned that in my -- earlier on when the question was asked around our capital structure. I -- what made us successful over time is to maintain a conservative leverage. And this, over time, has allowed us to be quite opportunistic. So I've always been one that believe you always need to leave a bit of chip on the table. And yes, you may leave a bit of return by not over leveraging -- leveraging your organization. And yes, that may affect in some fashion. I'm very aware of the total shareholder return for our shareholders. But at the same time, we're running, I believe, a very solid company. And we have been able to be opportunistic, and we have been able to create shareholder value for our investors with our transaction.

So I want -- the investors are investing in our company, what I want them to know is that we wish to be the compounder of this industry. So we want to do it all. We want to generate organic growth. We want to pay a dividend that is competitive. We want to generate good cash flow. We want to generate good organic growth, and we have -- we want to have the leading margin.

So as I said before, this is not science. This is an art. So I have not tried to stretch. Instead, I want our investors to sleep well at night and feel that we're running a very solid company. So that's my philosophy. You can always stretch. But as I said, leaving a few chips on the table, to me, is the right strategy at this point.

Ian Gillies Stifel - Analyst



No, that's all fair. Maybe switching a little bit to the operational side. The market is obviously growing. Could you maybe talk a little bit about market share being captured, perhaps even just because some of your clients can't hire enough engineers and so they just need more of your help?

Alain Michaud WSP GLOBAL INC. - Chief Financial Officer

We are definitely capturing market share in the market where we operate. We have now, as I said in my commentary earlier on, I think we have a leading position in many of our sectors now. So I'm quite pleased about that. But there's always opportunities for us to do more. So clearly, what's great about the size of our company, but also the operation that we have in the operating model that we have is that we have a fluid workforce.

So we are able -- and New Zealand, for instance, our team in New Zealand this year with the change of government, it was a little bit -- the market was a bit more as cooled down or had cooled down. So we were able to use our New Zealand team on a number of projects in the UK and the Middle East. Equally, we just demobilized our team on the Bogota Metro in Colombia. And we have more than 100 engineers working on the Calgary Green Line right now.

So I think that's the real advantage of WSP is that where places things are a bit more slow, we are able to remobilize our workforce and workplaces things are more, I would say, active and hot. With the use of technology, we're now able to do more with less. We have complementary resource center around the world that can support us. And also, we have a fluid workforce. So because of all this, I think we have a great advantages over others.

Operator

(Operator Instructions)

Maxim Sytchev, NBF.

Maxim Sytchev NBF - Analyst

Most questions have been asked already, but I wanted just to come back to M&A. And probably if I'm wrong, but it feels like in the last, let's call it, three to five years, US peers have been sort of more inward looking right now, perhaps that dynamic is going to change on a prospective basis. I'm just wondering whether you think that could shift a little bit the M&A landscape and whether your strategy would change as a result?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director

Yeah. Well, I'm saying that very, very humbly and respectfully, Max. But I'm busy enough to look at what we have to do as a firm WSP. So I don't spend too much time looking at what's done elsewhere. We have a strategy, we have a sound strategy, and we have a vision for a company, and I'm busy executing it. I don't know what the other large American players intends or intend to do. They went in some directions at some point in time in the federal space, and then they got out of it. So I don't have a view on what they may or may not do.

But certainly us, we have a really clear and sound game plan for our company. And I don't want to shy away from this and stay very much focused on what we have to achieve. In recent years, we have seen the private equity world coming into our industry



in the last decade in a big, big way. But this has not, if you want, impacted us in a very serious way. We have been able to find opportunistic transactions, and I've been able to complete the transaction that we wanted to complete. So I'm confident that in good and active markets or in tougher markets, WSP will be able to be creative and be active.

Operator

Michael Tupholme, TD Cowen.

Michael Tupholme TD Cowen - Analyst

Wanted to just circle back on one of your comments from earlier in the call, Alex, about the data center work that you had secured. I think you mentioned securing over 20 projects during the third quarter alone. I was just hoping to get some context on how that compares to what you've been seeing in prior quarters over the last 12, 18 months? And how you sort of see that evolving going forward? And then also maybe just some context on how significant this work is in the context of either the property and building segment or the company as a whole right now?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Yeah, Michael, well, first of all, good morning. I talked about that, you may recall a few quarters ago, that our project mix in the US alone has shifted in a big, big way. So if you look back in 2015, '16 and like close 10 years ago, commercial high-rise was a big portion of our business. Today, even though we have our center of excellence in New York, this is no longer the biggest piece of our business in the US Health care, mission-critical work are by far bigger now.

So I think naturally with the acquisitions that we completed in the last few years, we have shifted our portfolio and certainly, the demand for data centers has increased significantly over the years without naming names because I'm not allowed to, but I think it's in the public domains. [Hyperscalers] are spending anything between \$18 billion to \$19 billion a quarter, growing the data center market. So they -- some of them are opening data center, they're opening data center -- one data center every other day. And obviously, we are -- we have developed over time a very strong relationship with some of them.

And what's now really interesting is -- yes, in the past, we were working on the design of the data center themselves. But now with POWER Engineers, we'll be able to connect those data centers to new existing grids. So I think we will be able to offer more to them than what we were able to in the past. So I'm very excited about the prospect of the acquisition of POWER.

Michael Tupholme TD Cowen - Analyst

Perfect. And then I was just curious, I mean, it didn't show up in the numbers, but did you see much slowdown in the last quarter or so as we led up to the US election? Again, I didn't -- the organic growth didn't really reflect that, but curious on what you can see?

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
No, no, not at all.

Michael Tupholme TD Cowen - Analyst



Perfect. And then just one last one. Looking at the Americas segment, obviously, you had good margin improvement on a year-to-date basis, but the margin improvement we saw on a year-over-year basis in Q3 was a little bit less than you had been seeing. Just wondering if you can provide any thoughts on that?

Alain Michaud WSP GLOBAL INC. - Chief Financial Officer

Yeah. We're on plan in terms of margin improvement in the US, Michael. I thought I wouldn't look too much into just one quarter. So we're delivering well for the full year. And Canada, too, for that matter, if you look at the performance of the Canadian business, delivering really strong margins, good growth also. So when we look at our platform right now, we have to be proud and celebrate successes that we're delivering in both Canada and the US. And so that's the point. But on target, on plan, on margin trajectory for those two businesses, for sure.

Operator

Thank you. We are now at time. I would like to hand the conference back to Alexandre L'Heureux for any closing remarks.

Alexandre L'Heureux WSP GLOBAL INC. - President, Chief Executive Officer, Director
Well, thank you for attending the call today by phone or on the web, and we look forward to completing the last quarter of our strategic cycle and are quite energized and excited about presenting our new strategic plan on February 13 and 14. So please dial in -- at 12 and 13, I'm sorry. And we look forward to updating you then. Until then, have a great day and a great quarter. Thank you very much.

Operator

Thank you. This concludes today's conference. Thank you for participating, and you may now disconnect.
