

2014

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2014



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# 1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of consolidated financial position and consolidated results of operations dated March 17, 2015, is intended to assist readers in understanding WSP Global Inc. (the "Corporation" or "WSP") and its business environment, strategies, performance and risk factors. This MD&A should be read together with the audited consolidated financial statements and accompanying notes of the Corporation for the year ended December 31, 2014. The Corporation's audited consolidated financial statements for the year ended December 31, 2014, have been prepared in compliance with International Financial Reporting Standards ("IFRS") as defined in the Handbook of the Canadian Institute of Chartered Professional Accountants and adopted by the International Accounting Standards Board ("IASB"). All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's 2014 full year results as well as on its fourth quarter results, covering the period from September 28, 2014, to December 31, 2014. The Corporation's second and third quarters always include 13 weeks. However, the number of weeks of the first and fourth quarters will vary as the Corporation has a statutory December 31 year-end.

## 2 NON-IFRS MEASURES

The Corporation reports its financial results in accordance to IFRS. However, in this MD&A, the following non-IFRS measures are used by the Corporation: net revenues; EBITDA; EBITDA margin; adjusted EBITDA; adjusted EBITDA margin; net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes); net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) per share; backlog; funds from operations; funds from operations per share; free cash flow; free cash flow per share; days sales outstanding ("DSO") and net debt to EBITDA. These measures are defined at the end of this MD&A, in the "Glossary" section.

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 key metrics of its performance. These non-IFRS measures do not have any standardized meaning prescribed under IFRS and may differ from similar computations 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.

## 3

## CORPORATE OVERVIEW

Effective January 1, 2014, the Corporation reorganized its corporate structure pursuant to a court-approved plan of arrangement (the Arrangement"). The Arrangement, which was approved by shareholders of the Corporation at the Annual and Special Meeting of shareholders held on May 23, 2013, and which received final approval of the Superior Court of Québec on May 27, 2013, resulted in the reorganization of the Corporation into a global corporate structure whereby a newly created Corporation named WSP Global Inc. replaced GENIVAR Inc. ("GENIVAR") as the publicly traded corporation. The purpose of this Arrangement was to implement a global corporate structure to set strong foundations for future growth. As part of this reorganization, the Canadian operating entity was also rebranded to WSP Canada Inc. By rebranding, the Corporation clearly positioned itself as a key player with a global presence, a global brand and a broader depth of multidisciplinary expertise and experience from which to draw upon, thereby offering more to its clients.

In this MD&A, references to the "Corporation", "we", "us" and "our" refers to GENIVAR, prior to the Arrangement and, following the Arrangement, refers to WSP Global Inc. References to "WSP" or "WSP Global" refers to WSP Global Inc., the publicly traded Corporation, which succeeded GENIVAR Inc. Where the context requires this term also includes subsidiaries and associated companies.

Headquartered in Canada, WSP is one of the world's leading professional services firms in its industry with approximately 32,000 employees working with governments, businesses, architects and planners and providing integrated solutions across many disciplines. The Corporation provides services to transform the built environment and restore the natural environment, and its expertise ranges from environmental remediation to urban planning, from engineering iconic buildings to designing sustainable transport networks, and from developing the energy sources of the future to enabling new ways of extracting essential resources.

With a presence in more than 500 offices, across 39 countries, on 5 continents, WSP is well-positioned to offer highly specialized expertise in many fields and in many locations. It can also provide a completely integrated service, bringing together knowledge and experience from across the Corporation, managed and delivered seamlessly, thus meeting its clients' business needs anywhere, anytime.

WSP's business model is centered on maintaining a leadership position in each of its end markets and the regions in which it operates by establishing a strong commitment to and recognizing the needs of surrounding communities and local or national clients. Such a business model translates into regional offices with a full service offering throughout every project execution phase. It has the breadth of capability and the depth of expertise to transform clients' vision into realities that are sustainable in every sense – commercially, technically, socially and environmentally. Finally, the Corporation offers its end-to-end services to a focused set of market sectors where it has developed extensive and deep subject matter expertise. This allows its experts to fully understand clients' business realities and to have the knowledge and solutions needed to advance their business goals. WSP's targeted market sectors are as follows:

- Buildings: the Corporation provides comprehensive professional and delivery services on some of the most prestigious buildings across the globe. These cover a wide range of sectors, including commercial, healthcare, education, cultural centres, sports and leisure facilities and

major urban regeneration schemes. The Corporation's broad range of services encompasses mechanical, electrical and structural engineering, planning, building sciences, energy efficiency, food services, telecommunication solutions as well as other project services. Through its partners, the Corporation also provides architecture and landscape architecture services to some of its clients. The Corporation works on existing facilities as well as on new construction projects.

- Infrastructure (including transportation and municipal infrastructure): the Corporation's expertise is utilized by governments around the world to create sustainable long-term infrastructure-related strategies and we also advise on a national and regional level over the complete life cycle of a wide range of major projects. The Corporation has particular strengths in planning, analyzing, designing and managing projects in aviation, bridges, highways, intelligent traffic systems, marine, roads and rail. Municipal assignments relate to rehabilitation and development, water distribution and treatment, wastewater collection and treatment, public utilities, storm water management, road networks, lighting and various municipal facilities. Governments, cities, municipalities, townships and real estate developers are among the major clients of this sector.
- Industrial and energy (including mining, oil and gas): the Corporation provides project and planning management, as well as front-end management consulting services to private clients of various industries, including the strategic, technical and commercial support required for complex construction projects. It also provides specialist advice on industrial process engineering to major clients in industries such as mining and mineral processing (underground and open pit), oil and gas, metallurgy, chemical and petrochemicals, pulp and paper, wood products, pharmaceuticals and biotechnology, food and beverage, power generation and general manufacturing. The energy sector includes hydroelectric, wind, solar and thermal power generation, nuclear safety, cogeneration and related distribution and transmission systems. Clients in energy include public suppliers of electricity, utilities and energy developers.
- Environment: the Corporation helps organizations around the world to manage risks, reduce costs and create competitive market opportunities related to their sustainability, climate change, environment and health and safety agendas. The Corporation's services include impact studies and environmental assessments, ecosystem studies, monitoring surveys and characterizations, management systems, permitting, compliance audits, geomatics and mapping, as well as economic and risk management. Clients in this market sector include organizations from all of the other sectors and typical projects include restoration of contaminated sites, waste management, habitat restoration and site rehabilitation.

## 4 Q4 2014 HIGHLIGHTS

- On September 3, 2014, the Corporation announced that it had entered into a stock purchase agreement with Balfour Beatty plc and certain of its subsidiaries ("Balfour Beatty") in connection with the acquisition (the "Acquisition") of all of the issued and outstanding capital stock of the entities comprising the business of Parsons Brinckerhoff Group Inc. (collectively, "Parsons Brinckerhoff"), the professional services arm of Balfour Beatty. The acquisition was completed on October 31, 2014 for a consideration of US\$1,310.2 million, including cash retained by Parsons Brinckerhoff of US\$68.7 million, subject to certain closing and post-closing adjustments.
- On November 6, 2014, the Corporation made the acquisition of Texas Engineers, Inc. doing business as ccrd ('ccrd'), an engineering firm of 200 people headquartered in Houston, Texas.
- On December 12, 2014, WSP acquired Dessau CEI S.A.S ("Dessau CEI"), Dessau's international Inc.'s Colombian engineering subsidiary. The firm has 415 employees and is based in Bogotá.
- As at December 31, 2014, the Corporation has met, one full year ahead of plan, all financial objectives set out in its 2013-2015 strategic plan.

## 5 Q4 AND FISCAL 2014 FINANCIAL RESULTS HIGHLIGHTS

- For the quarter, revenues and net revenues of \$1,158.1 million and \$858.8 million, up 118.3% and 96.9%, respectively, mainly as a result of the acquisition of Parsons Brinckerhoff. Global organic growth of 14.4%; 9.1% organic growth on a constant currency basis and 5.3% due to favourable foreign exchange impact.
- For the year, revenues and net revenues of \$2,902.4 million and \$2,349.9 million, up 44.0% and 40.1%, respectively, mainly as a result of several acquisitions made during the year. Global organic growth of 10.4%; 4.6% organic growth on a constant currency basis and 5.8% due to favourable foreign exchange impact.
- EBITDA of \$90.1 million for the quarter and \$253.5 million for the year, up \$40.9 million or 83.1% and \$72.9 million or 40.4%, respectively. EBITDA margins at 10.5% and 10.8% of net revenues, for the quarter and fiscal 2014.
- Net earnings attributable to shareholders, excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes), at \$50.8 million, or \$0.64 per share for the quarter up 106.5% and 36.2%, respectively; for the year, at \$141.7 million, or \$2.21 per share up 50.1% and 21.4%, respectively.
- Backlog at \$3,935.1 million representing approximately 8.7 months of revenues, up \$2,053.3 million or 109.1% compared to Q3 2014.

- For fiscal 2014, funds from operations and free cashflow at \$134.2 million and \$178.9 million, up 8.3% and 96.4%, respectively. Free cash flow stood at 151.6% of net earnings attributable to shareholders before non-underlying items.
- DSO stood at 77 days, a 9 day improvement compared to prior quarter.
- Quarterly dividend declared of \$0.375 per share, with a 51.6% Dividend Reinvestment Plan ("DRIP") participation.
- Net debt to trailing twelve month EBITDA ratio at 2.5x; incorporating full 12 month EBITDA for all acquisitions ratio at 1.79x.

# 6 Q4 AND FISCAL 2014 REVIEW

During the quarter, the Corporation remained active on the Mergers and Acquisitions ('M&A') front and made three acquisitions.

The most significant acquisition was the transaction involving Parsons Brinckerhoff which closed on October 31, 2014 for a purchase price of US\$1,310.2 million, including cash of US\$68.7 million retained by Parsons Brinckerhoff, subject to preliminary working capital and future post-closing adjustments. The acquisition and other related costs were financed through a combination of the net proceeds from the Corporation's \$538 million public bought deal (including the exercise of an over-allotment option); the net proceeds from a \$400 million private placement with Canada Pension Plan Investment Board ("CPPIB") and the Caisse de dépôt et placement du Québec ("La Caisse"); and funds available from newly established US\$1,200.0 million credit facilities.

The acquisition of Parsons Brinckerhoff further established WSP as a worldwide leader in the infrastructure sector as well as reinforced its buildings, environment and industrial & energy sectors.

The Corporation also acquired ccrd and Dessau CEI. ccrd is a well-established and recognized leading building systems provider with a strong market position in the healthcare and science & technology sectors. Dessau CEI is a Colombian engineering firm based in Bogotá. Both acquisitions were financed with existing credit facilities and/or cash on hand.

The US region experienced organic growth of 11.1% for the quarter and 10.9% for fiscal 2014 in large part due to a continuing US economic recovery. The environmental market sector continued to see increased opportunities in due diligence services, particularly with redevelopment and chemical clients. The industrial and energy practice continued to gain momentum in their corporate sustainability, sustainable energy, and climatic adaptability practices. The buildings market sector performed well and continued to build backlog. In 2015, integration of Parsons Brinckerhoff and ccrd will be at the forefront in order to push forward with our revenue synergy efforts across the entire organization.

The UK posted 12.5% and 13.9% organic growth for the quarter and fiscal 2014, respectively, due mainly to a strengthening economy. Utilization rates were above 80% for the quarter. The rail market remained buoyant across the UK, with mandates being awarded for station work and spin offs from electrical works, track and systems engineering. The London building market remained very active and so did the South and Southeast of England. For 2015, we remain cautiously optimistic; a \$24 billion Road Investment Strategy was published by the UK Department of Transport, listing 131 defined projects. WSP is currently appointed to 25% of the already committed projects. The UK Department of Transport also announced, in December 2014, significant infrastructure investments planned for 2015-2020, which will provide additional growth opportunities.

The European region posted 6.2% organic growth for Q4 and 2.1% for 2014, despite the contraction experienced by our German operations. Sweden, the biggest contributor for this region, delivered strong results with organic growth of 13.6% for the quarter and 7.1% for fiscal 2014. Sweden's main

contributors to growth this year were the civils, bridge and environmental market sectors. In the construction design market, Stockholm continued to be the driving force with a strong backlog.

The Rest of the World operating segment experienced organic growth of 24.5% in Q4 and 19.3% for fiscal 2014, led by the Middle East, Asia, and Australia. In the Middle East, focus remained on project selection and staffing. In Asia, WSP increased its workforce by almost 20% to support growth. In Australia, the construction and infrastructure market sectors remained stable, while the industrial and energy market sector (resources) remained weak.

Our Canadian operations experienced organic growth in the quarter for the first time since Q4 2012, led by our operations in Western Canada and Ontario. Quebec also showed improvement quarter over quarter during the year and was recently awarded a significant mandate in the Montreal region (Turcot interchange), with work scheduled to begin in 2015. Finally, the acquisition of Focus, in the second quarter of the year, contributed the bulk of the acquisition growth for the year.

# 7 PERFORMANCE METRICS

The Corporation uses a number of segmental and consolidated financial metrics to assess its performance. The table below summarizes our most relevant key performance metrics by category. The calculated results and the discussion of each indicator follow in the subsequent sections.

Category	Performance Metric	Q4 2014 vs Q4 2013	YTD 2014 vs YTD 2013
<i>Growth:</i>	Net Revenues*	●	●
	Organic growth - is a measure of net revenues growth in local currency/ies. The Corporation believes it is helpful to adjust net revenues to exclude the impact of foreign currency fluctuations in order to facilitate comparable period operating segment business performance.	●	●
	Backlog*	●	●
<i>Profitability:</i>	EBITDA*	●	●
	EBITDA margin*	●	●
	Adjusted EBITDA*	●	●
	Adjusted EBITDA margin*	●	●
	Net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes)*	●	●
	Funds from operations*	●	●
<i>Liquidity:</i>	Free cash flow*	●	●
	Cash flows from operating activities – is a measure of cash generated from our day-to-day business operations.	●	●
	DSO*	●	●
	Net Debt to EBITDA* ratio – is a measure of financial leverage	●	●

\* Non-IFRS measures are described in the "Glossary" section.

- Favourable
- Stable
- Unfavourable

## 8

## FINANCIAL REVIEW

## 8.1 RESULTS OF OPERATIONS

	Q4		YTD	
	2014	2013	2014	2013
	For the period from September 28 to December 31	For the period from September 29 to December 31	For the period from January 1 to December 31	For the period from January 1 to December 31
<i>(in millions of dollars, except number of shares and per share data)</i>				
<b>Revenues</b>	\$1,158.1	\$530.4	\$2,902.4	\$2,016.0
Less: Subconsultants and direct costs	\$299.3	\$94.3	\$552.5	\$338.8
<b>Net revenues*</b>	<b>\$858.8</b>	<b>\$436.1</b>	<b>\$2,349.9</b>	<b>\$1,677.2</b>
Personnel costs	\$644.8	\$321.8	\$1,762.8	\$1,244.2
Other operational costs <sup>(1)</sup>	\$126.6	\$67.6	\$344.2	\$261.5
Share of earnings of associates	(\$2.7)	(\$2.5)	(\$10.6)	(\$9.1)
<b>EBITDA*</b>	<b>\$90.1</b>	<b>\$49.2</b>	<b>\$253.5</b>	<b>\$180.6</b>
Non-underlying items*	\$61.8	\$4.3	\$69.8	\$9.5
Amortization of intangible assets	\$15.8	\$8.7	\$43.7	\$34.0
Depreciation of property, plant and equipment	\$12.1	\$6.4	\$33.8	\$24.7
Financial expenses	\$5.1	\$4.1	\$13.8	\$15.1
Share of depreciation of associates	\$0.6	\$0.5	\$2.4	\$2.7
<b>Earnings (loss) before income taxes</b>	<b>\$(5.3)</b>	<b>\$25.2</b>	<b>\$90.0</b>	<b>\$94.6</b>
Income tax expenses	\$1.7	\$6.9	\$25.3	\$22.3
Share of tax of associates	\$0.6	\$0.7	\$2.5	\$2.1
<b>Net earnings (loss)</b>	<b>\$(7.6)</b>	<b>\$17.6</b>	<b>\$62.2</b>	<b>\$70.2</b>
Attributable to:				
- Shareholders	\$(7.9)	\$17.9	\$62.8	\$71.7
- Non-controlling interests	\$0.3	\$(0.3)	\$(0.6)	\$(1.5)
<b>Basic net earnings (loss) per share</b>	<b>\$(0.10)</b>	<b>\$0.34</b>	<b>\$0.98</b>	<b>\$1.38</b>
<b>Diluted net earnings (loss) per share</b>	<b>\$(0.10)</b>	<b>\$0.34</b>	<b>\$0.98</b>	<b>\$1.38</b>
Basic weighted average number of shares	79,109,987	52,322,916	64,023,625	51,843,140
Diluted weighted average number of shares	79,110,481	52,322,916	64,023,625	51,843,140

\* Non-IFRS measures as described in the 'Glossary' section.

(1) The Other operational costs include operation exchange loss or gain and interest income.

In this section, we review the year-over-year changes to operating results between 2014 and 2013, describing the factors affecting net revenues, backlog, expenses, EBITDA (EBITDA margin) and adjusted EBITDA (adjusted EBITDA margin). Also reviewed, on a consolidated level, are net earnings excluding non-underlying items and amortization of intangible assets related to acquisitions, funds from operations and free cash flow.

## 8.2 NET REVENUES

The Corporation's financial performance and results should be measured and analyzed in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the professional consulting services business.

The Corporation's five reportable segments are based on our geographic delivery model: Canada, the US, the UK, Europe and Rest of World ('RoW').

The following tables provide a summary of the year-over-year changes in net revenues and number of employees, both in total and by segment.

	Q4-2014					
(in millions of dollars, except percentages)	Canada	United States	United Kingdom	Europe	Rest of World	Total
Net revenues* 2014	\$201.4	\$193.3	\$138.4	\$134.7	\$191.0	\$858.8
Net revenues* 2013	\$122.3	\$45.1	\$77.8	\$125.7	\$65.2	\$436.1
Net change %	<b>64.7%</b>	<b>328.6%</b>	<b>77.9%</b>	<b>7.2%</b>	<b>192.9%</b>	<b>96.9%</b>
Organic Growth**	1.6%	11.1%	12.5%	6.2%	24.5%	9.1%
Acquisition Growth**	63.1%	293.1%	54.1%	5.5%	159.0%	82.5%
Foreign Currency Impact***	0.0%	24.4%	11.3%	(4.5)%	9.4%	5.3%
Net change %	<b>64.7%</b>	<b>328.6%</b>	<b>77.9%</b>	<b>7.2%</b>	<b>192.9%</b>	<b>96.9%</b>

\* Non-IFRS measures as described in the 'Glossary' section

\*\* Organic and Acquisition growth are calculated based on local currency/ies

\*\*\* Foreign currency impact represents the foreign exchange component to convert total local currency/ies Net revenues to Canadian equivalent amount, net of organic and acquisition growth.

	YTD 2014					
(in millions of dollars, except number of employees and percentages)	Canada	United States	United Kingdom	Europe	Rest of World	Total
Net revenues* 2014	\$689.1	\$348.0	\$401.0	\$505.5	\$406.3	\$2,349.9
Net revenues* 2013	\$517.2	\$175.8	\$276.6	\$466.6	\$241.0	\$1,677.2
Net change %	<b>33.2%</b>	<b>98.0%</b>	<b>45.0%</b>	<b>8.3%</b>	<b>68.6%</b>	<b>40.1%</b>
Organic Growth (Contraction)**	(6.8)%	10.9%	13.9%	2.1%	19.3%	4.6%
Acquisition Growth**	40.0%	73.8%	14.5%	3.3%	44.6%	29.7%
Foreign Currency Impact***	0.0%	13.3%	16.6%	2.9%	4.7%	5.8%
Net change %	<b>33.2%</b>	<b>98.0%</b>	<b>45.0%</b>	<b>8.3%</b>	<b>68.6%</b>	<b>40.1%</b>
Approximate number of employees - 2014	6,500	6,400	5,300	3,600	9,900	31,700
Approximate number of employees - 2013	4,400	1,100	2,500	3,400	3,600	15,000
Net change %	<b>47.7%</b>	<b>481.8%</b>	<b>112.0%</b>	<b>5.9%</b>	<b>175.0%</b>	<b>111.3%</b>

\* Non-IFRS measures as described in the 'Glossary' section

\*\* Organic and Acquisition growth are calculated based on local currency/ies

\*\*\* Foreign currency impact represents the foreign exchange component to convert total local currency/ies Net revenues to Canadian equivalent amount, net of organic and acquisition growth.

The Corporation ended the fourth quarter of 2014 with net revenues of \$858.8 million, an increase of \$422.7 million, or 96.9% compared to the same period in 2013. For the year, net revenues increased by \$672.7 million, or 40.1%.

The increase in net revenues for both the quarter and year was driven mainly by the acquisitions of Parsons Brinckerhoff, Focus (Canada), as well as strong organic growth from our US, UK and RoW segments. Foreign exchange also had a positive impact.

## 8.2.1 CANADA

Net revenues from our Canadian operations were \$201.4 million for the quarter, an increase of \$79.1 million, or 64.7% compared to the same period in 2013. The increase in net revenues was driven mainly by acquisitions. Organic growth for the period was 1.6%, reversing the contraction trend of the past eight quarters.

For the twelve months ended December 31, 2014, net revenues were \$689.1 million, an increase of \$171.9 million, or 33.2%, compared to the similar period in 2013. The increase in net revenues was attributable mainly to acquisitions, partially offset by the contraction experienced during the first three quarters of the year.

## 8.2.2 UNITED STATES

Net revenues from our US operations were \$193.3 million in Q4 2014, an increase of \$148.2 million, or 328.6% compared to Q4 2013, due mainly to the acquisition of Parsons Brinckerhoff. Organic

growth in net revenues, on a constant currency basis, was 11.1%. The buildings and infrastructure sectors were the main drivers for the strong organic growth experienced in the quarter and accounted for approximately 85% of the net revenues.

For the twelve months ended December 31, 2014, net revenues from our US operations were \$348.0 million, an increase of \$172.2 million, or 98.0% compared to the same period in 2014. Acquisition growth accounted for the bulk of the increase. Organic growth in net revenues, on a constant currency basis, was 10.9%. The buildings and infrastructure sectors were the main drivers for the organic growth and accounted for approximately 86% of the net revenues.

### 8.2.3 UNITED KINGDOM

Net revenues from our UK operations were \$138.4 million in Q4 2014, an increase of \$60.6 million, or 77.9% compared to the fourth quarter of 2013. Acquisition growth accounted for 54.1% of total growth. Organic growth in net revenues, on a constant currency basis, was 12.5%. The infrastructure and buildings sectors accounted for approximately 77% of the net revenues.

For the twelve months ended December 31, 2014, net revenues from our UK operations were \$401.0 million, an increase of \$124.4 million, or 45.0% compared to the same period in 2013. Acquisition growth accounted for 14.5% of the total growth. Organic growth in net revenues, on a constant currency basis, was 13.9%. The infrastructure and buildings sectors accounted for approximately 77% of the net revenues.

### 8.2.4 EUROPE

Net revenues from our European operations were \$134.7 million in Q4 2014, an increase of \$9.0 million, or 7.2% compared to the fourth quarter of 2013. The increase in net revenues was driven organic growth of 6.2% stemming mainly from our Swedish operations. Acquisition growth came mainly from our Q2 acquisition of TPS (France). The infrastructure and buildings sectors were the two main drivers and accounted for approximately 69% of the net revenues.

For the twelve months ended December 31, 2014, net revenues from our European operations were \$505.5 million, an increase of \$38.9 million, or 8.3% compared to the same period in 2013. The increase in net revenues was attributable to the same factors as for the quarter. The infrastructure and buildings sectors were the two main drivers and accounted for approximately 70% of the net revenues.

### 8.2.5 REST OF WORLD (ROW)

Net revenues from our RoW operations were \$191.0 million in Q4 2014, an increase of \$125.8 million, or 192.9% compared to the fourth quarter of 2013. Acquisition growth accounted for the bulk of the growth in the quarter. Organic growth in net revenues, on a constant currency basis, continued its strong showing for the year, at 24.5%, led by our Middle East, Asian and Colombian operating segments. African operations showed improvement while Australia was flat.

For the twelve months ended December 31, 2014, net revenues from our RoW operations were \$406.3 million, an increase of \$165.3 million, or 68.6%, compared to the same period in 2013. Acquisition growth accounted for 44.6% of total growth. Organic growth, on a constant currency

basis, continued its strong showing for the year, at 19.3%, led by our Middle East, Asian and Colombian operations. Australian operations showed improvement, while Africa remained stable.

### 8.3 BACKLOG

						<b>Q4 2014</b>
(in millions of dollars)	<b>Canada</b>	<b>United States</b>	<b>United Kingdom</b>	<b>Europe</b>	<b>Rest of the world</b>	<b>Total</b>
Backlog*	\$584.7	\$1,334.3	\$476.3	\$267.6	\$1,272.2	\$3,935.1
Soft backlog	\$296.8	\$1,103.1	\$239.1	\$111.0	\$356.1	\$2,106.1

\* Non-IFRS measures as described in the 'Glossary' section

						<b>Q4 2013</b>
(in millions of dollars)	<b>Canada</b>	<b>United States</b>	<b>United Kingdom</b>	<b>Europe</b>	<b>Rest of the world</b>	<b>Total</b>
Backlog*	430.9	\$261.9	\$226.5	\$244.4	\$333.1	\$1,496.8
Soft backlog	\$175.9	\$36.9	\$114.2	\$115.1	\$76.1	\$518.2

\* Non-IFRS measures as described in the 'Glossary' section

As at December 31, 2014, backlog stood at \$3,935.1 million, representing approximately 8.7 months of gross revenues, an increase of \$2,438.3 million, or 163.0% compared to Q4 2013, and an increase of \$2,053.3 million, or 109.1% compared to the third quarter of 2014. In addition, the Corporation had a "soft backlog" of \$2,106.1 million at the end of Q4 2014. The soft backlog relates to contracts for which the client has formally notified us of an award, where the value of work to be carried out may not have been specified or for which funding may not have yet been designated.

Variation in backlog by operating segment year-over-year is indicative of current activity levels experienced by our operations in various parts of the world. Business acquisitions completed during the fiscal year had a significant positive impact across all operating segments.

## 8.4 EXPENSES

The following table summarizes operating results expressed as a percentage of net revenues.

(percentage of net revenues)	Q4		YTD	
	2014	2013	2014	2013
	For the period from September 28 to December 31	For the period from September 29 to December 31	For the period from January 1 to December 31	For the period from January 1 to December 31
Net revenues*	100.0%	100.0%	100.0%	100.0%
Personnel costs	75.1%	73.8%	75.0%	74.1%
Other operational costs <sup>(1)</sup>	14.7%	15.5%	14.7%	15.6%
Share of earnings in associates	(0.3%)	(0.6%)	(0.5%)	(0.5%)
EBITDA*	10.5%	11.3%	10.8%	10.8%
Non-underlying items*	7.2%	1.0%	3.0%	0.6%
Amortization of intangible assets	1.8%	2.0%	1.9%	2.0%
Depreciation of property, plant and equipment	1.4%	1.5%	1.4%	1.5%
Financial expenses	0.6%	0.9%	0.6%	0.9%
Share of depreciation of associates	0.1%	0.1%	0.1%	0.2%
Income tax expenses	0.3%	1.7%	1.2%	1.5%
Net earnings	(0.9%)	4.1%	2.6%	4.1%

\* Non-IFRS measures as described in the 'Glossary' section

(1) Other operational costs include operation exchange loss or gain and interest income.

Expenses consist of two major components: personnel costs and other operational costs. Personnel costs include payroll costs for all employees related to the delivery of consulting services and projects, as well as administrative and corporate staff. Other operational costs include fixed costs such as, but not limited to, occupancy costs, non-recoverable client services costs, technology costs, professional insurance costs, operational exchange gain or loss on foreign currencies and interest income.

The increase in personnel costs for the quarter was mainly due to the blending of Parsons Brinckerhoff operations, which have a higher structural cost base, with WSP's operations.

The increase in personnel costs for the twelve month period ended December 31, 2014, was mainly due to the ramping up in headcount in operating segments experiencing significant organic growth.

The decrease in other operational costs for both the quarter and 2014 compared to 2013, was mainly due mainly to global cost synergy initiatives.

Non-underlying items are items of financial performance which the Corporation believes should be excluded in understanding the underlying financial performance achieved by Corporation. For both the quarter and fiscal 2014, these items related mainly to acquisition and integration costs. In 2013, these items related mainly to the right sizing of both our Canadian and German operations.

Finally, the Corporation also incurs expenses such as amortization of intangible assets and depreciation of property, plant and equipment. These expenses, for both Q4 and fiscal 2014, have remained constant compared to the same periods in 2013.

## 8.5 ADJUSTED EBITDA BY SEGMENT

(in millions of dollars, except percentages)	Q4 2014					Total
	Canada	United States	United Kingdom	Europe	Rest of the world	
Net Revenues*	\$201.4	\$193.3	\$138.4	\$134.7	\$191.0	\$858.8
EBITDA*						\$90.1
Global Corporate costs						\$8.1
Adjusted EBITDA	\$26.5	\$22.4	\$14.2	\$14.0	\$21.1	\$98.2
Adjusted EBITDA Margin*	13.2%	11.6%	10.3%	10.4%	11.0%	11.4%

\* Non-IFRS measures as described in the 'Glossary' section

(in millions of dollars, except percentages)	Q4 2013					Total
	Canada	United States	United Kingdom	Europe	Rest of the world	
Net Revenues*	\$122.3	\$45.1	\$77.8	\$125.7	\$65.2	\$436.1
EBITDA*						\$49.2
Global Corporate costs						\$5.8
Adjusted EBITDA	\$11.8	\$11.2	\$6.8	\$19.9	\$5.3	\$55.0
Adjusted EBITDA Margin*	9.6%	24.8%	8.7%	15.8%	8.1%	12.6%

\* Non-IFRS measures as described in the 'Glossary' section

(in millions of dollars, except percentages)	YTD 2014					Total
	Canada	United States	United Kingdom	Europe	Rest of the world	
Net Revenues*	\$689.1	\$348.0	\$401.0	\$505.5	\$406.3	\$2,349.9
EBITDA*						\$253.5
Global Corporate costs						\$22.0
Adjusted EBITDA	\$97.5	\$43.3	\$39.3	\$60.6	\$34.8	\$275.5
Adjusted EBITDA Margin*	14.1%	12.4%	9.8%	12.0%	8.6%	11.7%

\* Non-IFRS measures as described in the 'Glossary' section

(in millions of dollars, except percentages)	YTD 2013					Total
	Canada	United States	United Kingdom	Europe	Rest of the world	
Net Revenues*	\$517.2	\$175.8	\$276.6	\$466.6	\$241.0	\$1,677.2
EBITDA*						\$180.6
Global Corporate costs						\$23.3
Adjusted EBITDA	\$69.3	\$28.8	\$25.9	\$61.7	\$18.2	\$203.9
Adjusted EBITDA Margin*	13.4%	16.4%	9.4%	13.2%	7.6%	12.2%

\* Non-IFRS measures as described in the 'Glossary' section

The increase in adjusted EBITDA, in dollars, for all reporting segments, for both Q4 and fiscal 2014, was mainly due to acquisitions made throughout the year.

The increase in adjusted EBITDA margin for our Canadian operating segment, for both Q4 and fiscal 2014, was mainly due to the blending of Focus' operations with WSP's operations.

The decrease in adjusted EBITDA margin for our US operations, for both the quarter and fiscal 2014, was due mainly to R&D tax credits multi-year catch-up amount recorded in Q4 2013.

In the UK, the increase in adjusted EBITDA margin, for both quarter and fiscal 2014, was mainly as a result of higher utilization rates and a strengthening economy.

The decrease in adjusted EBITDA margin for our European operating segment, for both Q4 and fiscal 2014, was due to lower utilization rates experienced by our Swedish operations as well as to disappointing performance from our German operations which incurred losses on legacy contracts.

Increase in adjusted EBITDA margin, for both the quarter and fiscal 2014, for the RoW operating segment was due to higher utilization rates by our Middle East region and to the blending of Parsons Brinckerhoff's operations, which have a lower structural cost base, with WSP's operations, in most of the countries comprising the RoW operating segment.

Other factors such as seasonality, project mix, pricing, competitive environments, project execution, cost increases, foreign exchange, and employee productivity also have an impact on adjusted EBITDA margins.

## 8.6 FINANCIAL EXPENSES

The Corporation's financial expenses relate mainly to interest expenses incurred on credit facilities, net finance expenses on pension obligations, exchange gains or losses pertaining to liabilities in foreign currencies and gains or losses on disposal of assets available for sale. The Corporation uses its credit facilities to manage its working capital and finance business acquisitions. Financial expenses expressed as a percentage of net revenues, for both Q4 and fiscal 2014 have decreased mainly due to a gain made on the disposition of assets classified as available for sale in the fourth quarter.

## 8.7 INCOME TAXES

For the quarter, income tax expense was \$1.7 million, as compared to \$6.9 million for the same period in 2013. For fiscal 2014, income tax expense was \$25.3 million, representing an effective tax rate of 30.9%, as compared to \$22.3 million and an effective tax rate of 25.3% a year earlier.

The Corporation incurred a tax expense in Q4 2014 despite incurring a loss before tax due mainly to a tax asset valuation allowance taken in relation to its German operations.

The increase in income tax expense and in effective tax rate for the twelve month period ended December 31, 2014, compared to 2013 is attributable to same factors as for the quarter.

Excluding the impact of the tax asset valuation allowance taken for the German operations, the effective tax rate for 2014 would have been 20.9%.

## 8.8 NET EARNINGS AND NET EARNINGS PER SHARE

The Corporation's net (loss) earnings attributable to shareholders for the fourth quarter ended December 31, 2014, was (\$7.9) million, or (\$0.10) per share on a basic and diluted basis, respectively, compared to \$17.9 million or \$0.34 per share on a basic and diluted basis for the same quarter in 2013.

For the twelve months ended December 31, 2014, net earnings attributable to shareholders were \$62.8 million or \$0.98 per share on a basic and diluted basis, compared to \$71.7 million or \$1.38 per share on a basic and diluted basis for the same period in 2013.

Net earnings per share is a commonly used metric to measure a Corporation's performance. However, Management believes that in the context of highly acquisitive companies or consolidating industries such as in the engineering and construction space, net earnings excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) per share (due to the various application of the accounting policies in relation to the allocation of purchase price to goodwill and intangible assets), funds from operations per share and free cash flow per share, are more effective measures to assess performance against its peer group. These metrics are discussed below.

## 8.9 RECONCILIATION OF NET EARNINGS AND NET EARNINGS EXCLUDING NON-UNDERLYING ITEMS AND AMORTIZATION OF INTANGIBLE ASSETS RELATED TO ACQUISITIONS (NET OF INCOME TAXES)

	Q4		YTD	
	2014	2013	2014	2013
	For the period from September 28 to December 31	For the period from September 29 to December 31	For the period from January 1 to December 31	For the period from January 1 to December 31
(In millions of dollars, except per share data)				
<b>Net earnings attributable to shareholders</b>	<b>(\$7.9)</b>	<b>\$17.9</b>	<b>\$62.8</b>	<b>\$71.7</b>
Non-underlying items	61.8	\$4.3	\$69.8	\$9.5
Income taxes related to non-underlying items	(\$12.9)	(\$1.3)	(\$14.6)	(\$2.4)
Amortization of intangible assets related to acquisitions	\$12.4	\$5.1	\$30.0	\$21.3
Income taxes related to amortization of intangible assets related to acquisitions	(\$2.6)	(\$1.4)	(\$6.3)	(\$5.7)
<b>Net earnings excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes)*</b>	<b>\$50.8</b>	<b>\$24.6</b>	<b>\$141.7</b>	<b>\$94.4</b>
<b>Net earnings excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) per share*</b>	<b>\$0.64</b>	<b>\$0.47</b>	<b>\$2.21</b>	<b>\$1.82</b>

\* Non-IFRS measures as described in the 'Glossary' section

The net earnings attributable to shareholders per share, excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) stood at \$0.64 per share for the fourth quarter and at \$2.21 per share for the year for 2014, compared to \$0.47 per share and \$1.82 per share for the same periods in 2013.

## 8.10 FUNDS FROM OPERATIONS AND FREE CASH FLOW

(in millions of dollars, except per share data and number of shares)	Q4		YTD	
	2014	2013	2014	2013
	For the period from September 28 to December 31	For the period from September 29 to December 31	For the period from January 1 to December 31	For the period from January 1 to December 31
Cash flows from operating activities	\$193.2	\$74.3	\$224.7	\$119.6
Excluding:				
Change in non-cash working capital items	(\$178.4)	(\$40.3)	(\$90.5)	\$4.3
<b>Funds from operations*</b>	<b>\$14.8</b>	<b>\$34.0</b>	<b>\$134.2</b>	<b>\$123.9</b>
<b>Funds from operations per share*</b>	<b>\$0.19</b>	<b>\$0.65</b>	<b>\$2.10</b>	<b>\$2.39</b>
Less:				
Change in non-cash working capital items	\$178.4	\$40.3	\$90.5	(\$4.3)
Capital expenditures	(\$19.0)	(\$10.7)	(\$45.8)	(\$28.5)
<b>Free cash flow*</b>	<b>\$174.2</b>	<b>\$63.6</b>	<b>\$178.9</b>	<b>\$91.1</b>
<b>Free cash flow per share*</b>	<b>\$2.21</b>	<b>\$1.22</b>	<b>\$2.79</b>	<b>\$1.76</b>
Basic weighted average number of shares	79,109,087	52,322,916	64,023,625	51,843,140

\* Non-IFRS measures are described in the "Glossary" section.

### 8.10.1 FUNDS FROM OPERATIONS

Funds from operations is a measure used by the Corporation to provide Management and investors with a proxy of cash generated from operating activities before changes in non-working capital items.

For the fourth quarter of 2014, the Corporation generated funds from operations of \$14.8 million, or \$0.19 per share, compared to \$34.0 million, or \$0.65 per share, for the same period in 2013. The decrease in funds generated from operations was mainly due to significant costs incurred related to the acquisition of Parsons Brinckerhoff.

For the twelve months ended December 31, 2014, the Corporation generated funds from operations of \$134.2 million, or \$2.10 per share, compared to \$123.9 million, or \$2.39 per share for the same period in 2013. The increase in funds generated from operations is due to the EBITDA contribution from our business acquisitions as well as stronger EBITDA delivered by our operations.

## 8.10.2 FREE CASH FLOW

Free cash flow is an indication of the Corporation's continuing capacity to generate discretionary cash from operations. It represents cash flows for the period available for the suppliers of capital, which are the Corporation's creditors and shareholders.

For the fourth quarter of 2014, the Corporation's free cash flow was \$174.2 million, or \$2.21 per share, compared to \$63.6 million, or \$1.22 per share for the same period in 2013. The increase in free cash flow was due mainly to the contribution from Parsons Brinckerhoff as well as improvement in DSO.

For the twelve months ended December 31, 2014, the Corporation free cash flow was \$178.9 million, or \$2.79 per share, compared to \$91.1 million or \$1.76 per share for the same period in 2013. The increase in free cash flow and free cash flow per share was due to contribution from business acquisitions made during course of the year, stronger EBITDA delivered by our operations and improvement in DSO.

# 9

## LIQUIDITY

	Q4		YTD	
	2014	2013	2014	2013
	For the period from September 28 to December 31	For the period from September 29 to December 31	For the period from January 1 to December 31	For the period from January 1 to December 31
(in millions of dollars)				
Cash flows generated from (used in) operating activities	\$193.2	\$74.3	\$224.7	\$119.6
Cash flows generated from (used in) financing activities	\$1,394.8	(\$18.8)	\$1,689.0	(\$119.0)
Cash flows from (used in) investing activities	(\$1,438.0)	(\$9.7)	(\$1,838.6)	\$(26.8)
Effect of exchange rate change on cash and cash equivalents	(0.7)	\$4.1	\$1.1	\$5.0
<b>Net change in cash position</b>	<b>\$149.3</b>	<b>\$49.9</b>	<b>\$76.2</b>	<b>\$(21.2)</b>
<b>Dividends paid</b>	<b>\$17.6</b>	<b>\$10.8</b>	<b>\$52.4</b>	<b>\$46.2</b>
<b>Capital expenditures</b>	<b>\$19.0</b>	<b>\$10.7</b>	<b>\$45.8</b>	<b>\$28.5</b>

### 9.1 OPERATING ACTIVITIES

Cash generated by operating activities was \$193.2 million for the fourth quarter and \$224.7 million for the twelve-month period ended December 31, 2014 compared to \$74.3 million and \$119.6 million for the same periods in 2013. The increase for both the quarter and year was driven mostly by the contribution related to business acquisitions made during the course of the year as well as organic growth experienced by our operations.

## 9.2 FINANCING ACTIVITIES

For the fourth quarter, cash generated from financing activities was \$1,394.8 million, compared to a usage of cash of \$18.8 million for the same period in 2013. During the quarter, the Corporation issued common shares raising \$905.6 million and drew down \$514.4 million from credit facilities, mainly to finance business acquisitions. The Corporation also repaid miscellaneous liabilities, including interest and finance costs of \$7.6 million, compared to \$8.0 million in 2013. During 2014 and 2013, the Corporation paid dividends to shareholders of \$17.6 million and \$10.8 million, respectively

For the current twelve-month period, cash generated from financing activities was \$1,689.0 million, compared to a usage of cash of \$119.0 million for the same period in 2013. During the year, the Corporation issued common shares raising \$1,187.1 million and drew down \$578.5 million from credit facilities, mainly to finance business acquisitions. The Corporation also repaid miscellaneous liabilities, including interest and finance costs of \$22.7 million, compared to \$25.1 million in 2013. During 2014 and 2013, the Corporation paid dividends to shareholders of \$52.4 million and \$46.2 million, respectively. The Corporation also paid out a dividend to a non-controlling interest of \$1.5 million in both years.

## 9.3 INVESTING ACTIVITIES

For the fourth quarter ended December 31, 2014, cash used for investing activities was \$1,438.0 million compared to \$9.7 million used for the same period in 2013. The Corporation made business acquisitions which required \$1,418.9 million and acquired equipment and intangible assets for \$19.0 million, compared to acquisitions in equipment and intangible assets of \$10.7 million in 2013.

For the twelve-month period ended December 31, 2014, cash used for investing activities was \$1,838.6 million compared to \$26.8 million used for the same period in 2013. The Corporation made business acquisitions which required \$1,795.7 million and acquired equipment and intangible assets for \$45.8 million, compared to business acquisitions of \$1.2 million and acquisitions in equipment and intangible assets of \$28.5 million in 2013. The Corporation also received a dividend from associates in the amount of \$1.8 million and \$1.7 million in 2014 and 2013, respectively.

## 9.4 NET DEBT

	<b>2014</b>	<b>2013</b>
	As at	As at
	December 31	December 31
(in millions of dollars)		
Financial liabilities <sup>(1)</sup>	\$845.4	\$242.1
Less: Cash and cash equivalents	(\$201.5)	(\$131.9)
Net debt	\$643.9	\$110.2
EBITDA Trailing twelve months	\$253.5	\$180.6

(1) Financial liabilities consist of long-term debt and other financial liabilities, including current portions..

As at December 31, 2014, the Corporation's statement of financial position remained strong and showed a good mix of debt and equity. It has a net debt position of \$643.9 million and a trailing twelve months net debt to EBITDA ratio of 2.5x.

The increase in net debt to EBITDA ratio compared to December 31, 2013 due mainly to drawing down of credit facilities in relation to the financing of multiple business acquisitions made during the course of the year; incorporating full 12 month EBITDA for all acquisitions, ratio at 1.79x.

## 9.5 DIVIDENDS

On November 7, 2014, the Corporation made a dividend equivalent payment of \$9.8 million to holders of Subscription Receipts and Placement Subscription Receipts related to the share issuance made in connection with the acquisition of Parsons Brinckerhoff, of which \$4.2 million was reinvested in 124,637 additional shares under the DRIP.

On November 11, 2014, the Corporation declared a quarterly dividend of \$0.375 per common share to holders of common shares on record as of December 31, 2014, which was paid on January 15, 2014. At the end of fourth quarter of 2014, 88,588,720 shares were issued and outstanding, compared to 52,381,063 as at December 31, 2013. During the fourth quarter, part of the third quarter dividend paid was reinvested into 334,166 common shares under the dividend reinvestment plan ("DRIP"). The aggregate dividends declared in the fourth quarter of 2014 were \$33.2 million, compared to \$23.2 million for the third quarter of 2014. Holders of 45,745,759 shares, representing approximately 51.6% of all outstanding shares as at December 31, 2014, elected to participate in the DRIP. As a result, from the total dividends paid in January 2015, \$17.1 million was reinvested in shares of the Corporation. The net cash outflow, on January 15, 2015, was \$16.1 million for the third quarter dividend payment.

The Board of Directors (the "Board") has determined that the current level of quarterly dividend is appropriate based on the Corporation's current earnings and financial requirements for the Corporation's operations. The dividend is currently expected to remain at this level subject to the Board's ongoing assessment of the Corporation's future requirements, financial performance, liquidity, and other factors that the Board may deem relevant. The actual amount of any dividend, as well as each declaration date, record date and payment date is subject to the discretion of the Board. Some information in this section constitutes forward-looking information. Please refer to the "Forward-Looking Statements" section of this MD&A.

## 9.6 STOCK OPTIONS

As at December 31 2014, 301,589 stock options were outstanding at exercise prices ranging from \$35.12 to \$37.75.

## 9.7 CAPITAL RESOURCES

	<b>2014</b>	<b>2013</b>
	As at	As at
	December 31	December 31
(in millions of dollars)		
Cash and cash equivalents	\$201.5	\$131.9
Available syndicated credit facility	\$414.5	\$200.3
Other credit facilities	\$12.8	\$9.8
<b>Available short-term capital resources</b>	<b>\$628.8</b>	<b>\$342.0</b>

The Corporation believes that its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, its working capital requirements and planned capital expenditures and provide its shareholders a return on their investment.

## 9.8 CREDIT FACILITIES

The Corporation has in place credit facilities with a syndication of financial institutions providing for committed revolving credit facilities in the maximum amount of US\$1,200.0 million. The credit facilities are available (i) for general corporate purposes, working capital and capital expenditure requirements of the Corporation and (ii) for financing future business acquisitions. Under these credit facilities, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated EBITDA and the fixed charge coverage ratios, which are non-IFRS measures. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facilities. All covenants were met as at December 31, 2014.

# 10 EIGHT QUARTER SUMMARY

	2014					2013			
	Total	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(in millions of dollars, except per share data)	Trailing twelve months	For the period from September 28 to December 31	For the period from June 29 to September 27	For the period from March 30 to June 28	For the period from January 1 to March 29	For the period from September 29 to December 31	For the period from June 30 to September 28	For the period from March 31 to June 29	For the period from January 1 to March 30
<b>Results of operations</b>									
Revenues	\$2,902.4	\$1,158.1	\$630.7	\$602.5	\$511.1	\$530.4	\$490.5	\$516.4	\$478.7
Net revenues*	\$2,349.9	\$858.8	\$537.4	\$513.1	\$440.6	\$436.1	\$407.6	\$426.7	\$406.8
EBITDA*	\$253.5	\$90.1	\$66.4	\$55.0	\$42.0	\$49.2	\$50.2	\$42.8	\$38.4
Net earnings (loss) attributable to shareholders	\$62.8	(\$7.9)	\$29.1	\$24.3	\$17.3	\$17.9	\$22.1	\$17.2	\$14.5
Basic net earnings (loss) per share	\$0.98	(\$0.10)	\$0.47	\$0.40	\$0.33	\$0.34	\$0.43	\$0.33	\$0.28
Diluted net earnings (loss) per share	\$0.98	(\$0.10)	\$0.46	\$0.40	\$0.33	\$0.34	\$0.43	\$0.33	\$0.28
<b>Dividends</b>									
Dividends declared**	\$102.5	\$33.2	\$23.2	\$23.1	\$23.0	\$19.6	\$19.5	\$19.4	\$19.3
Dividends declared, per share	\$1.50	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38

\* Non-IFRS measures are described in the "Glossary" section.

\*\* Does not include dividend equivalent payment.

In each of the last eight quarters, the Corporation declared dividends of \$0.375 per share. In the second and fourth quarters of 2014, the Corporation issued common shares to finance the Focus and Parsons Brinckerhoff business combinations, increasing the Corporation's number of outstanding shares and, consequently the aggregate dividends declared.

# 11 ANALYSIS OF SELECTED ANNUAL INFORMATION

	2014	2013	2012
<small>In thousands of dollars, except per share/unit data</small>			
Revenues	\$2,902.4	\$2,016.0	\$1,257.5
Net revenues*	\$2,349.9	\$1,677.2	\$1,020.1
Net earnings	\$62.2	\$70.2	\$46.3
Net earnings per share/unit			
Basic	\$0.98	\$1.38	\$1.15
Diluted	\$0.98	\$1.38	\$1.15
Total assets	\$4,943.1	\$1,859.9	\$1,819.8
Financial liabilities <sup>(1)</sup>	\$845.4	\$242.1	\$254.8
Dividends declared to shareholders	\$102.5	\$77.8	\$62.8

\*Non-IFRS measures are described in the "Glossary" section.

(1) Financial liabilities consist of long-term debt and other financial liabilities, including current portions.

Revenues and net revenues increased through organic growth, and acquisitions completed in 2014 and 2012. All acquisitions had a direct impact not only on revenues but also on total assets since assets acquired, intangible assets and goodwill are recorded after each acquisition. In 2013, no significant acquisition was made compared to acquisitions totalling consideration paid of \$1,795.7 million in 2014 and acquisitions totalling consideration paid of \$477.7 million in 2012.

Revenues increased by 130.8% between 2012 and 2014. For the same time period, net earnings fluctuated as they were impacted by non-underlying items. In 2012, the Corporation incurred \$16.8 million in non-underlying items related to acquisition and integration costs pertaining to the acquisition of WSP, thus decreasing net earnings. In 2013, the Corporation incurred non-underlying item related to costs for the right-sizing of its Canadian and German operations in the amount of \$9.5 million, hence negatively impacting net earnings. In 2014, the Corporation incurred \$69.8 million in non-underlying items relating mainly to acquisition and integration related costs of multiple business acquisitions made during the year. Excluding these non-underlying items, net earnings would have increased in line with the increase experienced in revenues and net revenues.

In 2012 and 2014, the Corporation used its credit facilities to finance operations and business combinations. Following the acquisition of WSP Group plc in 2012, the Corporation drew down on its credit facilities to reimburse WSP Group plc's credit facility.

Since 2012, the Corporation has declared and paid quarterly dividends totalling \$1.50, annually, per common share to their shareholders.

# 12 GOVERNANCE

## 12.1 INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"). Management carried out an evaluation of the effectiveness of the Corporation's DC&P as at December 31, 2014, as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings. Based on this evaluation, the CEO and CFO concluded that the design and operation of the Corporation's DC&P were effective.

The CEO and CFO have designed DC&P or have caused them to be designed under their supervision to provide reasonable assurance that:

- Material information related to the Corporation is made known to them by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the Corporation's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designated ICFR or have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. According to this, Management does not expect that ICFR will prevent or detect all errors of fraud. Management has used the Internal Control Integrated framework to evaluate the effectiveness of ICFR, which is a recognized and sustainable framework developed by the Committee of Sponsoring Organizations of the Tread way Commission ("COSO").

The CEO and the CFO have limited the scope of their design of DC&P and ICFR to exclude controls, policies and procedures of Focus, TPS, WINWARD, Parsons Brinckerhoff and ccrd, business acquisitions which closed on April 10, 2014, April 30, 2014, June 1, 2014, October 31, 2014 and November 6, 2014 respectively, as permitted by the Canadian Securities Administrators' National Instrument 52-109 for 365 days following an acquisition.

There were no changes in the Corporation's ICFR that occurred during 2014, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. Controls will continue to be periodically analyzed in order to sustain a continuous improvement.

## 12.2 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board has oversight responsibilities for reported information. Accordingly, the Audit Committee and the Board of WSP have reviewed and approved the audited consolidated financial statements for the years ended December 31, 2014, and 2013, and this MD&A, before their publication.

## 13 CONTINGENCIES

The Corporation is currently facing legal proceedings for work carried out in the normal course of its business. The Corporation takes out a professional liability insurance policy in order to manage the risks related to such proceedings. Based on advice and information provided by its legal advisors, actuarial valuations and on its experience in the settlement of similar proceedings, Management believes that the Corporation has accounted for sufficient provisions in that regard and that the final settlement should not exceed the insurance coverage significantly or should not have a material effect on the financial position or operating results of the Corporation.

As a government contractor, the Company may be subject to laws and regulations that are more restrictive than those applicable to non-government contractors. Government scrutiny of contractors' compliance with those laws and regulations through audits and investigations is inherent in government contracting, and, from time to time, Management receives inquiries and similar demands related to our ongoing business with government entities. In November 2012, the Unité Permanente Anti-Corruption executed search warrants in the Company's offices located in the City of Laval in the province of Quebec in relation to certain contracts awarded in the City of Laval. On February 11, 2013, the Company announced that it was in possession of information confirming that inappropriate conduct in the province of Quebec in the financing of political parties and the awarding of municipal contracts had occurred in the past. On or about February 28, 2013, the Competition Bureau executed search warrants at the Company's offices located in Gatineau and Quebec City. On May 8, 2013, charges were brought against two former employees of the Company in connection with events having allegedly occurred in the City of Laval. As of March 17, 2015, no charges had been brought against the Company in respect of any of these facts nor has the Company received any claims for fines, penalties or other monetary compensation. The Company cannot predict at this time the final outcome or potential losses, if any, with respect to any investigation by government authorities in respect of these facts, including the possibility that their scope may be broadened which could have a material adverse impact on its future results of operations.

## 14 SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies are described in notes 2 and 3 of the audited consolidated financial statements for the year ended December 31, 2014.

The preparation of the financial statements requires Management to make estimates and judgments that affect the reported amounts of assets and liabilities and equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. The following discussion sets forth Management's:

- Most critical estimates and assumptions in determining the value of assets and liabilities; and
- Most critical judgments in applying accounting policies.

### ***CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS***

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### ***Other identifiable intangible assets and goodwill***

Identifiable intangible assets and goodwill, excluding software and non-competition agreements, represented \$2,334.4 million of total assets on the consolidated statement of financial position as at December 31, 2014 (\$855.4 million as at December 31, 2013). These assets arise out of business combinations and the Corporation applies the acquisition method of accounting to these transactions. In measuring the fair value of the assets acquired and the liabilities assumed and estimating their useful lives, Management used significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital.

These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives. If results differ from estimates, the Corporation may increase amortization or impairment charges.

#### ***Claims provisions***

In the normal course of business the Corporation faces legal proceedings for work carried out on projects. The Corporation has professional liability insurance in order to manage risks related to such proceedings. Management estimates the claims provisions, based on advice and information provided by its legal advisors, actuarial evaluations and on its own past experience in the settlement of similar proceedings. Final settlements could have an effect on the financial position or operating results of the Corporation.

#### ***Retirement benefit obligations and related deferred tax***

The present value of obligations is calculated on an actuarial basis which depends on a number of assumptions relating to the future. These key assumptions are assessed regularly according to market conditions and data available to Management.

#### ***Current income taxes***

The Corporation is subject to income tax laws and regulations in several jurisdictions. An estimate is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates

positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

## **JUDGEMENTS IN APPLYING THE CORPORATION'S ACCOUNTING POLICIES**

### ***Cost and anticipated profits in excess of billings***

The Corporation values its costs and anticipated profits in excess of billings based on the time and materials charged into each project. Costs and anticipated profits in excess of billings for each project are reviewed on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced on the project. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that can be invoiced, adjustments are made to the costs and anticipated profits in excess of billings. The valuation of costs and anticipated profits in excess of billings involves estimates of the volume of work required to complete the project. Changes in the estimation of work required to complete the projects could lead to the undervaluation or overvaluation of costs and anticipated profits in excess of billings.

### ***Intangible assets***

Software, customer relationships, contract backlogs, certain trade names and non-competition agreements are considered intangible assets with finite useful lives. If the Corporation's estimated useful lives of these assets were incorrect, the Corporation could experience increased or reduced charges of amortization of intangible assets with finite useful lives in the future. Based on the strength, long history and expected future use, the WSP trade name is an indefinite-lived intangible asset and accordingly is not subject to amortization.

### ***Impairment of long-lived assets***

Long-lived assets that have a finite useful life are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. Indefinite-lived assets are not subject to amortization but are tested for impairment on an annual basis as at September 30, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. Impairment exists when the recoverable amount of an asset is less than its carrying value. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"). The amount of impairment loss, if any, is the excess of the carrying value over its recoverable amount. Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. As at December 31, 2014, no impairment exists.

### ***Goodwill***

Goodwill represents the excess of the consideration transferred for the acquired businesses over the estimated fair value at the acquisition date of net identifiable assets acquired. Goodwill is not subject to amortization and is carried at cost less accumulated impairment loss but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each CGU expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually as at September 30. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the

unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

The Corporation performed its annual impairment test for goodwill as at September 30, 2014.. The recoverable value of each CGU exceeded their carrying values. As a result, no goodwill impairment was recorded.

The recoverable value of each CGU was based on fair value less costs of disposal. The following methodology and assumptions were applied to determine the fair value less costs of disposal for all CGUs.

The fair value less costs of disposal is calculated using the budgeted 2015 revenues and EBITDA margin and a constant growth for the next four years by the CGU. The EBITDA is defined as earnings before financial expenses, taxes, depreciation and amortization. The Corporation considered past experience, economic trends as well as industry and market trends in assessing if the level of EBITDA can be maintained in the future. For the purpose of this test, Management used a 5-year period to project future cash flows. Beyond this period, the Corporation used a growth rate varying between 2.0% to 2.5% and a discount rate varying between 9.5% and 10.5%. The discount rate represents the weighted average cost of capital ("WACC"). The WACC is an estimate of the overall rate of return required by debt and equity holders on their investments. Determining the WACC requires analyzing the cost of equity and debt separately, and takes into account a risk premium that is based on the applicable CGU. Costs of disposal are calculated based on 0.75% of the total fair value so determined, which is in line with the transaction costs incurred in comparable transactions.

### *Deferred tax assets*

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Corporation's most recent approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Corporation operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, this deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## 15 FUTURE ACCOUNTING STANDARDS

The following standards have been issued, but were not yet effective as at December 31, 2014:

### *IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, 'Revenue from Contracts with Customers' to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts', and other revenue recognition related interpretations. The standard will be effective January 1, 2017 for the Corporation with earlier adoption permitted.

### *IFRS 9 – Financial Instruments*

In July 2014, the IASB amended IFRS 9, 'Financial Instruments' to bring together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard supersedes all previous versions of IFRS 9 and will be effective on January 1, 2018 for the Corporation with earlier application permitted.

The Corporation has not yet quantified the effect of these Standards nor does it intend at this time to early adopt these Standards until the mandatory effective date.

## 16 FINANCIAL INSTRUMENTS

### *Foreign currency risk*

The Corporation operates internationally which significantly increases its exposure to the currency risk arising from its operating activities denominated in Sterling, Swedish krona, US dollars and Euros and to its net asset in foreign operations. These risks are partially offset by purchases and operating expenses incurred in the same currencies. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A change in exchange rates would have a direct impact on net earnings of the Corporation.

The Corporation uses some financial instruments to manage the exposure to fluctuations of foreign currency exchange rates. It does not hold or use any derivative instruments for trading purposes. Foreign exchange translation gains and losses on net investments and the effective portions of gains and losses on instruments hedging the net investments are recorded in the consolidated statement of comprehensive income.

In order to reduce the risk related to fluctuation in foreign currency exchange rates, the Corporation designated bank advances denominated in US dollars and Euros as the hedging instruments of net investment in US dollar and Euro operations.

### *Credit risk*

The Corporation's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of an allowance for doubtful accounts, estimated by the Corporation's Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, the Corporation does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Corporation believes that the credit risk of accounts receivable is limited. During the year ended December 31, 2014, bad debts accounted for were not significant.

The Corporation mitigates its credit risk by providing services to diverse clients in various industries and sectors of the economy.

## 17 RELATED PARTY TRANSACTIONS

The Corporation has control over its subsidiaries and they are consolidated in the consolidated financial statements. Some agreements are in place with structured entities; these entities provide different services, mainly in the architecture industry. These management agreements provide the Corporation with control over the management and operations of these entities. The Corporation also receives a management fee and has an obligation regarding their liabilities and losses. Based on these facts and circumstances, Management has concluded that these entities are controlled by the Corporation and, therefore, consolidated them in the financial statements.

Transactions among subsidiaries and structured entities are entered into in the normal course of business and on an arm's length basis. Using the consolidated method of accounting, all interCorporation balances and operations are completely eliminated.

During 2014, the Corporation entered into arm's length transactions with associates.

The Corporation conducts certain activities in joint arrangements which qualify as joint operations. These joint operations are accounted for using the proportionate consolidation method, which results in the Corporation recording its pro rata share of the assets, liabilities, revenues, costs and cash flows of each of these joint operations.

Transactions with subsidiaries, structured entities, associates and joint arrangements are further described in the 2014 audited consolidated financial statements of the Corporation.

Key management personnel have the authority and the responsibility to plan, direct and control the activities of the Corporation. They include members of the Board of Directors, the President and CEO, CFO and the members of the executive team. Total compensation to key management personnel recognized as an expense in 2014 was \$20.9 million.

## 18 OFF-BALANCE SHEET AGREEMENTS

The Corporation does not engage in the practice of off-balance sheet financing, except for the use of certain operating leases for office space, computer equipment, vehicles and letters of credit. In accordance with IFRS, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the criteria for capitalization.

# 19 CONTRACTUAL OBLIGATIONS

The following tables provide a summary of the Corporation's long-term contractual obligations (including interest):

	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
<i>In millions of dollars</i>							
Long-term debts*	\$30.3	\$137.0	\$135.0	\$564.1	-	-	\$866.4
Other non-current financial liabilities*	\$45.4	\$2.0	-	-	-	-	\$47.4

\* Including current portion.

	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
<i>In millions of dollars</i>							
Operating lease commitments	\$125.0	\$103.1	\$78.8	\$65.9	\$45.7	\$113.9	\$532.4

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily for the rental of office space and computer equipment.

The Corporation generates cash flows from its operations and has available credit facilities to meet all of its contractual obligations in the future.

## 20 OUTLOOK

The outlook is provided to assist analysts and shareholders in formalizing their respective views on 2015. The reader is cautioned that using this information for other purposes may be inappropriate. These measures are subject to change. The information set out in this section constitute forward-looking information. Please refer to the "Forward-Looking Statements" section of this MD&A.

The following table summarizes our expected ranges for various measures for the coming year:

	<b>2015 TARGET RANGE</b>
Net revenues	Between \$4,100 million and \$4,600 million
EBITDA range	Between \$390 million and \$430 million
Tax rate	Approximately 25%
Seasonality and EBITDA fluctuations	Between 20% to 29%, the first quarter being the lowest and the third quarter being the highest
Free cash-flow as a percentage of net earnings	>100%
DSO	75 to 80 days
Amortization of intangible assets related to acquisitions	Approximately \$60 million
Capital expenditures	Approximately \$90 million

The target ranges presented in the preceding table have been prepared assuming there will be no fluctuations in foreign exchange rate in which the Corporation operates. The Corporation considered in the 2015 forecast numerous economic and market assumptions regarding the market competition, the political environment and the economic performance of each region where it operates. In preparing its 2015 forecast, the Corporation also assumed that economic trends and market competition in regions where it operates will remain stable.

The forecast has been prepared using tax rates as enacted as of December 31, 2014, in the countries in which the Corporation currently operates and assumed no change in the tax law applicable to such countries. In the 2015 forecast, the Corporation has not considered any dispositions, mergers, business combinations and other transactions that may occur after the publication of this MD&A. The Corporation cautions that the assumptions used to prepare the 2015 forecast could be incorrect or inaccurate. Accordingly, the Corporation's actual results could differ materially from the Corporation's expectations as set out in this MD&A.

In connection with the acquisition of Parsons Brinckerhoff, the internal reporting structure was modified, effective January 1, 2015. The Corporation now manages through four reportable operating segments, which are the following: Canada, Americas (USA and South America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific – comprising mainly Asia and Australia). Comparative information will conform to this structure.

## 21 FORWARD-LOOKING STATEMENTS

In addition to historical information, this MD&A may contain certain forward-looking statements that are not based on historical facts. These statements relate to future events or future performance and reflect the expectations of management of the Corporation ("Management") regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation (as defined hereafter) or its industry. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements reflect current beliefs of Management and are based on certain factors and assumptions as set forth in this MD&A. While the Corporation considers these factors and assumptions to be reasonable based on information available as of March 17, 2015, a number of factors could cause events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, investors should specifically consider various factors, including but not limited to the following risks: "Possible failure to realize anticipated benefits of the acquisition of Parsons Brinckerhoff"; "Potential undisclosed liabilities associated with the acquisition"; "Ability to maintain profitability and manage growth"; "Global operations"; "Possible acquisitions and integrations"; "Reduction of backlog"; "Joint arrangements"; "Economic environment"; "Revenues from contracts with government agencies"; "Risks associated with professional services contracts"; "Dependence on clients"; "Assumption of risk by the corporation"; "Reliance on key professionals and management"; "Availability and retention of qualified professional staff"; "Adequate utilization of workforce"; "Collective bargaining and labour disputes"; "Insurance limits"; "Environmental, health; and safety risks and hazards"; "Extreme weather conditions and the impact of natural or other disasters"; "Interruption to systems and network infrastructure"; "Reputational risk"; "Non-compliance with laws or regulations"; "Corporate structure"; "Competition in the industry"; "Reduction in the scope of regulations"; "Increased awareness of environmental factors"; "A deterioration or weakening of the corporation's financial position, including its net cash position,; would have a material adverse effect on its business and results of operations"; "The corporation may have significant working capital requirements, which if unfunded could negatively impact its; business, financial condition and cash flows"; "Accounts receivable"; "Increased indebtedness"; "Impairment of goodwill"; "Variability of financial results"; "Foreign currency exposure"; "Effective tax rate may increase or decrease"; "Underfunded defined benefits obligations"; "Potential dilution"; "Payment of dividends" and other risks detailed from time to time in reports filed by the Corporation with securities regulators, which may cause events or results to differ materially from the results discussed in any forward-looking statement. As such, there can be no assurance that actual results will be consistent with these forward-looking statements. The Corporation does not update or revise forward-looking information even if new information becomes available, unless legislation requires us to do so. Readers should not place undue reliance on forward-looking statements.

## 22 RISK FACTORS

The results of operations, business prospects and the financial position of the Corporation are subject to a number of risks and uncertainties and are affected by a number of factors outside of its control which could have a material adverse effect on the Corporation's business, financial conditions or future prospects. This may cause a decline in the price of the shares and the Corporation's ability to declare dividends on the shares could be adversely affected.

Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently considers immaterial may also impair its business operations.

### *Risks Related to the Transaction*

#### **Possible Failure to Realize Anticipated Benefits of the Acquisition of Parsons Brinckerhoff**

Management believes that the Acquisition of Parsons Brinckerhoff (the "Acquisition") will provide certain benefits to the Corporation. Achieving the benefits of the Acquisition depends in part on successfully consolidating functions, integrating and leveraging operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to share knowledge and realize revenues, synergies and other growth opportunities from combining the Parsons Brinckerhoff businesses and operations with those of WSP. The integration of Parsons Brinckerhoff's business with WSP's operations, which includes the combination of systems and personnel of the two companies, is currently in progress. The integration requires the dedication of substantial management effort, time and resources, which may divert Management's focus and resources from other strategic opportunities and from operational matters during this process. The Corporation has incurred \$43.4 million in acquisition-related and \$9.5 million in integration costs during the fourth quarter of the year 2014 in connection with the integration of Parsons Brinckerhoff's business with WSP's operations. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition, including the ability to realize the anticipated synergies from combining the two entities. A variety of factors may also adversely affect the ability of the anticipated benefits of the Acquisition to materialize or to occur within the time periods anticipated by the Corporation. In addition, the overall integration of the two companies may result in unanticipated operational problems, costs, expenses, liabilities, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) and, consequently, the failure to realize, in whole or in part, the anticipated benefits of the Acquisition.

With the acquisition of Parsons Brinckerhoff, the Corporation has significantly increased in size and now has approximately 32,000 employees in 39 countries. The Corporation must effectively communicate and manage its culture, values, standards and policies throughout the larger organization, which poses challenges and requires time for the members of Management and employees involved. Cultural differences among various countries in which the Corporation now operates may also present barriers to the success of the integration plan. The Corporation may not be able to achieve its strategic objectives if it does not overcome the challenges associated with its new size and cultural diversity.

## Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that the Corporation failed to discover at this stage or was unable to quantify in the due diligence conducted prior to closing of the Acquisition and which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

## *Risks Related to the Business*

### Ability to Maintain Profitability and Manage Growth

There can be no assurance that the Corporation's business and strategy will enable it to sustain profitability in future periods. The Corporation's future operating results will depend on a number of factors, including its ability to:

- offer a full range of professional services;
- successfully cross-sell additional services to existing clients and attract new clients;
- successfully integrate acquired businesses with existing operations; and
- consolidate its position in all markets, and identify and acquire suitable acquisition candidates in order to continue its expansion;

There can be no assurance that the Corporation will be successful in achieving its strategic plan or that its strategic plan will enable it to maintain its historical revenue growth rates or to sustain profitability. Due to the current economic conditions, the Corporation may be unable to obtain the necessary capital to finance its strategic plan.

### Organic Business Growth

Due to industry competition and economic factors, the Corporation may not be able to increase the size of its operations organically. As competition increases in the Corporation's markets, it may not be able to secure major projects, penetrate robust markets and attract additional qualified staff. Organic growth is also achieved by meeting client expectations through effective quality project delivery and by expanding services provided to existing clients. If the Corporation is unable to effectively compete for projects, expand services to existing clients and attract employees, it will have difficulty increasing its market share and achieving its growth objectives.

### Global Operations

Due to its global operations strategy, the Corporation is currently and will be increasingly subject to a variety of risks, including (a) greater risk of uncollectible accounts and longer collection cycles; (b) cultural, logistical and communications challenges; (c) changes in labour conditions; (d) general social economic and political conditions in foreign markets; (e) international hostilities and terrorism; (f) risks related to complying with a wide variety of local, national, and international laws, together with potential adverse changes in laws and regulatory practices; (g) the difficulties and costs of staffing and managing global operations; (h) fluctuations in exchange rates; (i) multiple and possibly overlapping tax structures; (j) exchange controls and other funding restrictions and (k) political and economic instability. In addition, the Corporation faces competition in other countries from companies that may have more experience with operating in such countries or with global operations generally.

### **Possible Acquisitions and Integrations**

The Corporation intends to continue making acquisitions from time to time as part of its strategy to grow its business. Acquisitions, if they occur, will increase the size of the Corporation's operations and may increase the amount of indebtedness that the Corporation has to service. There is no assurance that the Corporation will be able to identify suitable acquisition targets and acquire operations on satisfactory terms, or at all. Further, the successful integration and management of acquired businesses involve numerous risks that could adversely affect the Corporation's growth and profitability, including: (i) the risk that the Corporation may not be able to obtain the necessary capital to finance its working capital, capital expenditures, acquisitions, growth strategy and general corporate or other purposes by way of debt financing; (ii) the risk that the Corporation may not be able to successfully manage the acquired operations and that the integration may place significant demands on the Corporation's Management, diverting their attention from existing operations; (iii) the risk that its operational, financial and management systems may be incompatible with or inadequate to effectively integrate and manage acquired systems; (iv) the risk that acquisitions may require substantial financial resources that otherwise could be used in the development of other aspects of the Corporation's business; (v) the risk that major clients of the acquired firms may not be retained following the acquisition of such firms; and (vi) the risk that acquisitions may result in liabilities and contingencies, which could be significant to the Corporation's operations. The successful integration of an acquired business is also subject to the risk that personnel and professionals from the acquired business and the Corporation's existing business may not be able to work together successfully, which could affect the Corporation's operations. In particular, the Corporation may seek to require as a condition of its acquisitions that key personnel and professionals enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings, however there are risks that such commitments will not be fulfilled or that the personnel and professionals subject to same or other personnel and professionals will not be successfully integrated as productive contributors to the Corporation's business. Moreover, the successful integration of an acquired business is subject to the willingness of such acquired business to operate in accordance with the Corporation's values and culture. Newly acquired businesses may be resistant to change and remain attached to past values and culture which may compromise the Corporation's integration plans. There is no assurance that the Corporation will be able to successfully integrate its past and future acquisitions.

### **Reduction of Backlog**

The Corporation cannot guarantee that the revenues projected in the backlog will be realized or, if realized, will result in profits. Projects may remain in the backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in the backlog. Backlog reduction may adversely affect the revenues that the Corporation will actually receive from contracts reflected in the backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of the backlog and the revenues that the Corporation actually receives. Most contracts for services with clients are terminable by clients at short notice. If a reduction in the backlog occurs, the Corporation could incur costs resulting from reductions in staff that would have the effect of reducing its net earnings.

### **Joint Arrangements**

As part of its business strategy, the Corporation may enter into certain contracts through joint arrangements or strategic alliances. The success of the Corporation's joint arrangements and strategic alliances depends on the satisfactory performance of its partners of their obligations. Differences in views among the joint arrangements participants may result in delayed decisions or disputes. The failure of the joint arrangements partners to perform their obligations could impose additional financial and performance obligations on the Corporation that could result in increased costs and pose a risk to the Corporation's reputation.

### **Economic Environment**

For several years, the global capital and credit markets and the global economy have experienced significant uncertainty, characterized by the bankruptcy, failure, collapse or sale of various financial institutions, the European sovereign debt crisis and a considerable level of intervention from governments around the world. Economic conditions in the U.S. and a number of other countries and regions, including Australia, have been weak and may remain difficult for the foreseeable future. Demand for the Corporation's services may also be vulnerable to sudden economic downturns and reductions in private industry spending, such as, for example, changes in oil and natural gas prices, which may result in clients delaying, curtailing or canceling proposed and existing projects. These conditions may adversely affect the demand for the Corporation's services, which may negatively affect its business and results of operations. Although economic growth seems to be on the rebound in some regions of the world, many markets remain fragile and could again enter periods of negative economic growth. In addition, many governments used, or continue to use, significant levels of fiscal stimulus in an attempt to avoid recessions and now have significant and growing debts and deficits that may require actions such as spending cuts and higher taxes. These conditions may impact demand for the Corporation's services by public and private entities.

In addition, interest rate fluctuations, financial market volatility or credit market disruptions may limit the Corporation's access to capital and may also negatively affect the ability of the Corporation's customers to obtain credit to finance their businesses on acceptable terms. If the operating and financial performance of the Corporation's customers deteriorates or if they are unable to make scheduled payments or obtain credit, the Corporation's customers may not be able to pay the Corporation. Any inability of customers to pay the Corporation for its services may adversely affect its backlog, earnings and cash flows.

Lastly, rising inflation, interest rates and construction costs could reduce the demand for the Corporation's services in the markets in which it operates or may operate in the future. The Corporation also bears the risk of rising inflation by the execution of fixed-price negotiated fee contracts. Due to the fact that a significant portion of the Corporation's revenues are earned from cost-reimbursable type contracts, the effects of inflation on the Corporation's financial condition and results of operations over the past few years have been generally minor. Nonetheless, if the Corporation expands its business into markets and geographic areas where fixed-price negotiated fee work is more prevalent, inflation may have a larger impact on the Corporation's results of operations.

### **Revenues from Contracts with Government Agencies**

The demand for the Corporation's services is related to the level of governments' funding that is allocated for rebuilding, improving, and expanding infrastructure systems. The Corporation derives a significant amount of its revenues from governments or government-funded projects and expects to

continue to do so in the future. Significant changes in the level of governments' funding (whether from traditional funding constraints), the long-term impacts of the recent economic crisis (including future budgetary constraints and concerns regarding deficits), changing political priorities, changes in governments or delays in projects caused by election processes, may adversely affect the Corporation's business, prospects, financial condition and results of operations.

The success and further development of the Corporation's business depends, in part, on the continued funding of these government programs and on the Corporation's ability to participate in these programs. However, governments may not have available resources to fund these programs or may not fund these programs even if they have available financial resources. Some of these government contracts are subject to renewal or extensions annually, and thus the Corporation cannot be assured of its continued work under these contracts in the future. In addition, government agencies can terminate these contracts at their convenience or render the Corporation ineligible to contract with such government agencies in the future. The Corporation may incur costs in connection with the termination of these contracts and suffer a loss of business. In certain markets, contracts with government agencies are sometimes subject to substantial regulation and audit of the actual costs incurred. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs the Corporation believes are reimbursable by the agencies and the amount of overhead costs allocated to the agencies. Consequently, there may be a downward adjustment to the Corporation's revenues if those costs that have been recognized exceed contractual entitlement to recover such costs.

#### **Risks Associated with Professional Services Contracts**

A portion of the Corporation's revenues comes from fixed-price negotiated fee contracts. Under such contracts, the Corporation agrees to perform either all or a specified portion of work under the contract for a fixed amount of fees. Fixed-price negotiated fee contracts expose the Corporation to a number of risks not inherent in hourly basis contracts, including underestimation of fees, ambiguities in specifications, unforeseen difficulties, problems with new technologies, delays beyond its control and economic or other changes that may occur during the contract period and losses. Increasing use of fixed-price negotiated fee contracts and/or increasing size of such contracts would increase the Corporation's exposure to these risks.

The Corporation typically has pending claims submitted to clients under some of its contracts for payment of work performed beyond the initial contractual requirements for which revenues have already been recorded. In general, the Corporation cannot guarantee that such claims will be approved by its clients in whole, in part, or at all. If these claims are not approved, the Corporation's revenues may be reduced in future periods. In certain instances, the Corporation may provide a guarantee to a client that it will complete a project by a certain date. As such, the Corporation may incur additional costs should the project subsequently fails to meet the scheduled completion date. A project's revenues could also be reduced should the Corporation be required to pay liquidated damages in connection with contractual penalty provisions. Such damages can be substantial and can accrue on a daily basis.

In addition, the Corporation sometimes partners with construction delivery partners on engineering, procurement and construction (EPC) projects. In such cases, the Corporation assumes all design, procurement and construction risks, except for any risks that are contractually assumed by the client. Losses under EPC projects could adversely affect the Corporation's business, operating results and financial condition.

**Dependence on Clients**

Professional services, as provided by the Corporation, are subject to fluctuations resulting from different factors, including economic conditions. Although the Corporation's revenues do not materially depend on any specific client, contracts for services are terminable by the clients on short notice and there can be no assurance that the Corporation will be able to retain its relationships with its largest clients.

**Reliance on Suppliers and Subcontractors**

The Corporation engages with a large number of third party suppliers and subcontractors. The profitable completion of some contracts depends to a large extent on the satisfactory performance of the subcontractors that complete different elements of work. If these subcontractors do not perform to acceptable standards, the Corporation may be required to hire other subcontractors in order to complete the tasks, which may add additional costs to a contract, may impact profitability on a specific job and in certain circumstances lead to significant losses. The failure of any such third party supplier or subcontractor to deliver on their contractual commitments could have an adverse effect on the Corporation's business, prospects, financial condition and results of operations.

**Assumption of Risk by the Corporation**

In order to adapt to the current trends affecting the manner in which projects are performed in the areas in which the Corporation operates, the Corporation may participate in upfront qualification work, for example in the context of a request for qualifications, in order to participate in consortiums formed to bid on large projects. The Corporation may not recover its costs in connection with such work. The time invested in participating in consortiums for large projects and the related qualification work may ultimately not result in the Corporation obtaining contracts on which it can generate appropriate profit margins.

**Reliance on Key Professionals and Management**

The Corporation's operations are dependent on the abilities, experience and efforts of its professionals and other key management, many of whom have significant reputations and contacts in the industry in which the Corporation operates. Should any members of its professional staff or key management be unable or unwilling to continue their relationship with the Corporation, the Corporation's business, prospects, financial condition and results of operations could be materially adversely impacted.

**Availability and Retention of Qualified Professional Staff**

The Corporation's success depends in part on its continued ability to attract and retain qualified and skilled engineers and other professional staff in particular locations. Over the years, a significant shortage of engineers has developed in some markets which resulted in continued upward pressure on professional compensation packages. There can be no assurance that the Corporation will be able to attract, hire and retain sufficient qualified resources necessary to continue to maintain and grow its business. The inability to attract, hire and retain sufficient numbers of qualified professional staff could limit the Corporation's ability to sustain and increase revenues.

### **Adequate Utilization of Workforce**

The cost of providing its services, including the extent to which the Corporation utilizes its workforce, affects its profitability. The rate at which the Corporation utilizes its workforce is affected by a number of factors, including:

- its ability to transition employees from completed projects to new assignments and to hire and assimilate new employees;
- its ability to forecast demand for its services and thereby maintain an appropriate headcount in each of its geographies;
- its ability to manage attrition;
- its need to devote time and resources to training, business development, professional development, and other non-chargeable activities; and
- its ability to match the skill sets of its employees to the needs of the marketplace.

If the Corporation over-utilizes its workforce, its employees may become disengaged, which could impact employee attrition. If the Corporation under-utilize its workforce, its profit margin and profitability could suffer.

### **Collective Bargaining and Labour Disputes**

As of December 31, 2014, employees in Sweden and Finland, amounting to approximately 10% of the Corporation's total employees, were covered by collective bargaining agreements, renewable on an annual basis. Although the Corporation believes that it has good relations with its employees, the Corporation has in the past experienced labor disputes with its employees. The outcome of any future negotiations relating to union representation or collective bargaining agreements may not be favorable to the Corporation. The Corporation may sign collective bargaining agreements that increase its operating expenses and lower its net income as a result of higher wages or benefit expenses. In addition, negotiations with unions, including work actions, could divert Management attention and disrupt operations.

### **Insurance Limits**

The Corporation believes that its professional errors and omissions insurance, commercial general liability and director and officer liability insurance coverage addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Corporation's assets or operations.

### **Environmental, Health and Safety Risks and Hazards**

The Corporation's Environmental, Health and Safety systems are aimed at reducing risks to people, the environment, and its business; however, employees are subject to environmental, health, and safety risks in the course of their employment. A number of these risks could result in personal injury, loss of life, or environmental and other damage to the Corporation's property or the property of others. Alternatively, the Corporation could be exposed to civil and/or statutory liability to employees arising

from injuries or deaths because of inadequate health and safety policies and practices. The Corporation cannot fully protect against all these risks, nor are all these risks insurable. The Corporation may become liable for damages arising from these events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Furthermore, the Corporation risks incurring additional costs on projects that have sustained environmental, health, and safety hazards because they may require additional time to complete or because employee time may be lost due to injury.

### **Extreme Weather Conditions and the Impact of Natural or Other Disasters**

The Corporation's field activities are generally performed outdoors and involve professional surveying, resident engineering services, field data surveys and collection, archeology, geotechnical investigations and exploratory drilling, construction oversight and inspection, plant start-up and testing and plant operations. Extreme weather conditions or natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics and similar events, may cause postponements in the initiation and/or completion of the Corporation's field activities and may hinder the ability of its employees to arrive at work, which may result in delays or loss of revenues that otherwise would be recognized while certain costs continue to be incurred. Extreme weather conditions or disasters may also delay or eliminate the start and/or completion of various phases of work relating to other services that commence concurrent with or subsequent to field activities. Any delay in the completion of the Corporation's services may require the Corporation to incur additional non-compensable costs, including overtime work, that are necessary to meet clients' schedules. Due to various factors, a delay in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of contracts.

### **Interruption to Systems and Network Infrastructure**

The Corporation heavily relies on computer information, communications technology and related systems in order to operate properly. If the Corporation is unable to continually add software and hardware, effectively upgrade its systems and network infrastructure, maintain key information technology personnel, and take other steps to improve the efficiency of and protect its systems, the Corporation's operation systems could be interrupted or delayed. In addition, the Corporation's computer and communications systems and operations could be damaged or interrupted by natural disasters, telecommunications failures, acts of war or terrorism, computer viruses, physical or electronic security breaches, or similar events or disruptions. In addition, the Corporation faces the threat of unauthorized system access, computer hackers, malicious code and organized cyber-attacks. Although the Corporation devotes significant resources to the security of its computer systems, it may still be vulnerable to threats. Anyone who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in system operations. As a result, the Corporation may be required to expend significant resources to protect against the threat of system disruptions and security breaches, or to alleviate problems caused by disruptions and breaches. Any of these or other events could cause system interruptions, delays, and loss of critical data, could delay or prevent operations and could cause prejudice to the Corporation's clients.

### **Reputational Risk**

The Corporation depends to a large extent on its relationships with its clients and its reputation for high-quality professional services and as a professional services firm that abides to the highest ethical standards to remain competitive. The failure of the Corporation to meet its clients' expectations in the course of a project, including the possibility of a catastrophic failure or incident

affecting such a project, could have a negative impact on how it is perceived in the market. Further, the Corporation's failure to comply with applicable laws, regulations or generally recognized and accepted guidelines on corporate, environmental, social and governance responsibilities, or acts of misconducts, illegal political contributions, non-compliance with laws or regulations, anti-competitive or criminal acts committed by its officers, employees, agents and/or partners, corruption within its operations and ethics-related issues could negatively impact the Corporation's reputation and influence its ability to obtain future projects.

### **Non-Compliance with Laws or Regulations**

The Corporation faces risks relating to non-compliance with laws, corruption within its operations, anti-competitive acts, illegal political contributions, bribery and ethics-related issues and their potential negative impact on the Corporation's results. Although the Corporation has adopted control measures and implemented policies to mitigate these risks, these control measures and policies may not be sufficiently effective to protect the Corporation from the consequences of such acts committed by its officers, employees, agents and/or partners, corruption within its operations and ethics-related issues. Accordingly, fraud may occur and remain undetected, resulting in a loss of assets and/or misstatement in the Corporation's financial statements and related public disclosure. Moreover, misconduct, illegal political contributions, non-compliance with previously enacted or proposed laws or regulations, anti-competitive or criminal acts by the Corporation's officers, employees, former employees or agents could subject the Corporation to fines and penalties, criminal, civil and administrative legal sanctions and suspension from its ability to bid, enter into or perform public or private contracts, resulting in reduced revenues and profits and potential negative impact on the Corporation's reputation. The institution of formal charges with respect to any such circumstances by appropriate governmental authority may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and/or goodwill of the Corporation.

As part of its global business dealings with different governmental bodies, entities and agencies in countries such as Canada and the U.S. and in the European Union, including the U.K. and Sweden, the Corporation and its affiliates must also comply with multiple and complex public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient and non-discriminatory way in these jurisdictions, such as the federal Integrity Provisions (the "Integrity Provisions") in Canada, the Federal Acquisition Regulation in the U.S., the Public Contracts Regulations in the U.K. and the Law on Public Procurement in Sweden. These rules provide for verification processes and disclosure requirements, among others matters. If the Corporation fails to comply with these laws and regulations or if the Corporation, its officers, employees or agents commit legal violations or misconduct specified in any of these rules, the Corporation could be subject to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with these governmental bodies, entities and agencies, in addition to other penalties and sanctions that could be incurred by the Corporation. More specifically, upon conviction of an offense specified in the Integrity Provisions, the Corporation could be debarred from participating in Canadian federal government procurements for a period of 10 years from the date of such conviction. The disqualification of the Corporation from public contracts, the conviction of the Corporation with respect to certain offenses or the institution of formal charges with respect to such offenses in any jurisdiction in which it has operations or carries out business activities, could impact its ability to bid, enter into or perform public contracts in that and other jurisdictions.

As announced on February 4, 2014, WSP Canada Inc., the Corporation's Canadian subsidiary, obtained from the Autorité des marchés financiers ("AMF") the authorization to enter into public contracts in the province of Québec in accordance with the Act Respecting Contracting with Public Bodies (the "Act"). This authorization is valid for a period of three years, subject to certain conditions. However, an authorization granted under the Act will be automatically revoked in certain circumstances, including where an enterprise, its majority shareholders or one of its directors or officers is convicted of one of the offenses specifically listed in the Act. If convicted, WSP Canada Inc. could lose the ability to bid for, enter into and perform any Québec public contract and be subject to possible fines or other penalties and suffer damage to its reputation associated with such conviction. In other circumstances, the AMF retains a discretion to revoke such authorization if, in its opinion, the enterprise concerned fails to meet the high standards of integrity that the public is entitled to expect from a party to a public contract or subcontract.

On December 3, 2014, the Minister of Justice presented to the Québec National Assembly An Act to ensure mainly the recovery of amounts obtained as a result of fraud or fraudulent tactics in connection with public contracts ("Bill 26"). A similar bill (Bill 61) was tabled on November 13, 2013 under the previous government, but was left unadopted. The Purpose of Bill 26 is to provide exceptional measures for the reimbursement and recovery of amounts improperly obtained as a result of fraud or fraudulent tactics in the course of the tendering, awarding or management of public contracts. Bill 26 would also introduce the possibility for the Minister of Justice to implement a voluntary, fixed-term reimbursement program to allow the reimbursement of such amounts in relation to which there may have been fraud or fraudulent tactics. Bill 26 is still under consideration by the Québec National Assembly and it is uncertain whether it will be adopted in its current or amended form. New legislation and regulatory changes could require the Corporation to further certain changes to its business practices and could impose additional costs on the Corporation and adversely affect its ability to pursue business opportunities.

### **Risk of Future Legal Proceedings**

The Corporation is threatened from time to time with, or named as a defendant in, or may become subject to various legal proceedings in the ordinary course of conducting its business, including lawsuits based upon professional errors and omissions, lawsuits related to the general contracting business historically carried on by GENIVAR Inc. and lawsuits related to employees' or former employees' failure to comply with laws and regulations. Defending lawsuits of this nature or arising out of any of the services provided by the Corporation could require substantial amounts of its Management's attention, necessitate financial resources to defend such claims or result in significant attorney fees, damage awards and the imposition of significant fines or penalties for which the Corporation may not be fully insured and which could harm its reputation thereby affecting its ability to obtain future projects and retain qualified employees. In addition, the institution of proceedings against the Corporation may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and/or goodwill of the Corporation.

### **Corporate Structure**

WSP is a holding Corporation and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Corporation is subject to the risks attributable to the Corporation's subsidiaries. Moreover, because WSP conducts substantially all of its business through its subsidiaries, which generate substantially all of WSP's revenues, WSP's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its

subsidiaries and the distribution of those earnings to WSP. The ability of these entities to pay dividends and other distributions will depend on their operating results and may potentially be constrained by various contractual restrictions. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to WSP.

### *Risks Related to the Industry*

#### **Competition in the Industry**

The Corporation operates in highly competitive markets and has numerous competitors for all of the services it offers. Size and characteristics of competitors vary widely with the type of service they provide. Some of the Corporation's competitors have longer operating histories, greater name recognition, larger customer bases and have achieved substantially more market penetration in certain of the areas in which the Corporation competes. In addition, some of the Corporation's competitors have substantially more financial resources and/or financial flexibility and marketing resources than the Corporation. These competitive forces could have a material adverse effect on the Corporation's business, its financial condition and results of operations by reducing its current market share in the market segments in which the Corporation operates.

#### **Reduction in the Scope of Regulations**

A portion of the Corporation's professional services business is generated directly or indirectly as a result of laws and regulations. Changes in such regulations could affect the Corporation's business more significantly than they would affect other professional services firms. Accordingly, a reduction in the number or scope of these laws and regulations could significantly reduce the size of its market segment in such market.

#### **Increased Awareness of Environmental Factors**

As part of increasing awareness of global climate change, some experts have suggested that companies involved in industries that may impact the environment through their projects may be subject to litigation from governments, shareholders or environmental activists. The cancellation of major projects contracted by the Corporation due to environmental concerns or significant environmental litigation impacting key clients could materially affect the Corporation's financial condition and results of operations.

### *Risks related to the Corporation's liquidity, capital resources and financial position*

#### **A deterioration or weakening of the Corporation's financial position, including its net cash position, would have a material adverse effect on its business and results of operations**

The Corporation relies both on its cash position as well as on the credit and capital markets to provide a portion of its capital requirements and it is, in certain instances, required to obtain bank guarantees as a means to secure its various contractual obligations. Significant instability or disruptions of the capital markets, including the credit markets, or a deterioration in or weakening of its financial position, including its net cash position, due to internal or external factors, could restrict or prohibit the

Corporation's access to, or significantly increase the cost of one or more of these financing sources, including credit facilities, the issuance of long-term debt, or the availability of letters of credit to guarantee its contractual and project obligations.

There can be no assurance that the Corporation will maintain an adequate net cash position and generate sufficient cash flow from operations in a sufficient amount to enable itself to fund its operations and liquidity needs, service its debt and/or maintain its ability to obtain and secure bank guarantees.

A draw on letters of credit or bank guarantees by one or more third parties could, among other things, significantly reduce the Corporation's cash position and have a material adverse effect on its business and results of operations.

**The Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows**

In some cases, the Corporation may require significant amounts of working capital to finance the performance of engineering and other work on certain projects before it receives payment from clients. In some cases, the Corporation is contractually obligated to its clients to fund working capital on projects. Increases in working capital requirements could negatively impact the Corporation's business, financial condition and cash flows.

Additionally, the Corporation could temporarily experience a liquidity shortfall if it is unable to access its cash balances and short-term investments to meet its working capital requirements. The Corporation's cash balances and short-term investments are in accounts held by banks and financial institutions, and some of the Corporation's deposits exceed available insurance. There is a risk that such banks and financial institutions may, in the future, go into bankruptcy or forced receivership, or be seized by governments, which may cause the Corporation to experience a temporary liquidity shortfall or fail to recover its deposits in excess of available insurance.

Further significant deterioration of the current global economic and credit market environment could challenge the Corporation's efforts to maintain a diversified asset allocation with creditworthy financial institutions.

In addition, the Corporation may invest some of its cash in longer-term investment opportunities, including the acquisition of other entities or operations, the reduction of certain liabilities such as unfunded pension liabilities and/or repurchases of the Corporation's outstanding shares. To the extent the Corporation uses cash for such other purposes, the amount of cash available for the working capital needs described above would be reduced.

**Accounts Receivable**

As is common in the professional services industry, the Corporation carries a high level of accounts receivable on its balance sheet. This value is spread amongst numerous contracts and clients. While the Corporation performs regular reviews of accounts receivable to identify clients with overdue payments and resolve issues causing any delays, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all.

**Increased Indebtedness**

As of December 31, 2014, \$786.1 million was drawn on the Credit Facility. Such degree of leverage could require the Corporation to dedicate an important part of its cash flow to making interest and capital payments on its indebtedness, which could have other important consequences for investors, including the following:

- it may limit the Corporation's ability to make investments that are important to its growth and strategies while meeting its other cash needs or obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- certain of the Corporation's borrowings are at variable rates of interest and expose the Corporation to the risk of increased interest rates;
- it may limit the Corporation's ability to adjust to changing market conditions and place the Corporation at a competitive disadvantage compared to its competitors that have less debt;
- the Corporation may not be able to pay dividends on its shares; and
- the Corporation may be vulnerable in a downturn in general economic conditions.

Under the terms of the Credit Facility, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. Under the Credit Facility, WSP is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated earnings before EBITDA and the interest coverage ratios, which are non-IFRS measures. The consolidated funded debt includes bank overdraft, loan payable, notes payable and balances payable to former Shareholders, including their current portions, bank advances less cash and cash equivalent (other than in the excluded subsidiaries). The interest coverage ratio is defined as the ratio of (i) the consolidated earnings before extraordinary items plus total interest expense and current and deferred income taxes, to (ii) the total consolidated interest expense. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its Credit Facility. All covenants have been met as at December 31, 2014.

If the Corporation is unable to obtain capital on acceptable terms in order to fund its growth strategy, the Corporation may be required to reduce the scope of its anticipated expansion, which may negatively affect its business strategy, future competitiveness and results of operations. Using internally generated cash or taking on debt to complete acquisitions could substantially limit the Corporation's operational and financial flexibility. The extent to which the Corporation will be able or willing to use its Shares for acquisitions will depend on the market value of its Shares from time to time and the willingness of potential sellers to accept its Shares as full or partial consideration. The Corporation may also be required to incur additional debt if it acquires another business, which could increase its debt repayment obligations and have a negative impact on future liquidity and profitability.

In addition, the Corporation may also be required to raise additional capital in the public market to support its strategy in the future. The availability of future financing will depend on prevailing market conditions, and the acceptability of financing terms offered. There can be no assurance that future financing will be available, or available on acceptable terms, in an amount sufficient to fund its needs, especially during periods of economic downturn.

### **Impairment of Goodwill**

Because the Corporation has grown in part through acquisitions, goodwill and intangible assets represent a substantial portion of the Corporation's assets. As of December 31, 2014, the Corporation had \$1,985.1 million of goodwill, representing 40.2% of its total assets of \$4,943.1 million. Under IFRS, the Corporation is required to test goodwill carried in its consolidated statements of financial position for possible impairment on an annual basis based upon a fair value approach. The Corporation has chosen to perform its annual impairment reviews of goodwill on September 30 of its fiscal year. The Corporation is also required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a Cash-generating unit ("CGU") below its book value, which would mean the value of the acquired assets has fallen below what the Corporation generally paid for them. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a CGU's market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of its business, potential government actions toward its facilities, and other factors. If the recoverable amount of a CGU is less than its carrying value, the Corporation could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on the Corporation's financial condition and results of operations for the period in which the charge is taken.

### **Variability of Financial Results**

The Corporation's ability to maintain and increase its revenues is affected not only by its ability to implement its business strategy, but also by a number of other factors, including:

- Fluctuations in the spending patterns of the Corporation's government and commercial clients;
- The number and significance of projects executed during a quarter;
- Unanticipated changes in contract performance, particularly with contracts that have funding limits;
- The timing of resolving change orders, requests for equitable adjustments, and other contract adjustments;
- Delays incurred in connection with a project;
- Weather conditions that delay work at project sites;
- Staff levels, holiday periods and utilization rates;
- Changes in prices of services offered by competitors; and
- General economic and political conditions.

### **Foreign Currency Exposure**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of the Corporation's earnings and net assets is denominated in multiple foreign currencies, including U.S. dollar, Pound sterling, Euro, Swedish krona and Chinese Renminbi. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Future payments or distributions payable in a foreign currency carry the risk that the foreign currency will depreciate in value before the foreign currency payment is received and is exchanged into the Corporation's functional currency. In situations where revenues and costs are transacted in different

currencies, the Corporation sometimes enters into foreign exchange contracts in order to limit its exposure to fluctuating foreign currencies. Although the Corporation does not currently have an exchange rate risk policy that would materially affect its results of operations, it is still subject to foreign currency risk.

### **Effective Tax Rate may Increase or Decrease**

The Corporation is subject to income taxes in various foreign jurisdictions. Significant judgment is required in determining worldwide provision for income taxes. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Corporation is regularly under audit by tax authorities. Although Management believes that tax estimates and tax positions are reasonable, they could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new tax accounting standards, legislation, regulations, and related interpretations, the Corporation's global mix of earnings, the realizability of deferred tax assets and changes in uncertain tax positions. An increase or decrease in the Corporation's effective tax rate could have a material adverse impact on its financial condition and results of operations.

### **Underfunded Defined Benefits Obligations**

The Corporation may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement and post-retirement employee benefit plans managed by the Corporation. Such contributions are generally determined by calculating the projected benefit obligations of a plan, minus the fair value of such plan assets. In the future, the Corporation's benefit plan obligations may increase or decrease depending on, among other things, changes in life expectancy, interest rates and asset performance. If the Corporation is required to contribute a significant amount to cover deficit under underfunded benefit plans, the Corporation's cash flows may be materially and adversely affected.

Changing economic conditions and demographics may result in significant increases in the Corporation's funding obligations thereby reducing the availability of such funds for other corporate purposes, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

## ***Risks Related to the Shares***

### **Potential Dilution**

The Corporation's articles permit the issuance of an unlimited number of shares and an unlimited number of preferred shares, issuable in series. In order to successfully complete targeted acquisitions or to fund its other activities, the Corporation may issue additional equity securities that could dilute share ownership.

### **Payment of Dividends**

Any decisions to pay dividends on the shares is, subject to the discretion of the Board, based on, among other things, the Corporation's earnings, financial requirements for the Corporation's operations, the satisfaction of applicable solvency tests for the declaration and payment of dividends and other conditions existing from time to time, including the completion of a material acquisition by

the Corporation. As a result, no assurance can be given as to whether the Corporation will declare and pay dividends in the future, or the frequency or amount of any such dividend.

## 23 ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on the Website at [www.wspgroup.com](http://www.wspgroup.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Annual Information Form for the year ended December 31, 2014, will be available on these Websites at the end of March 2015.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol "WSP". As at December 31, 2014, the Corporation had 88,588,720 common shares outstanding. As at March 17, 2015, the Corporation had 89,131,429 common shares outstanding following the share issuance realized under the DRIP after the payment of the fourth quarter dividend in January 2015.

The Corporation has no other shares outstanding.

## 24 GLOSSARY

### *Net revenues*

Net revenues are defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from the clients. Net revenues are not an IFRS measure and do not have a standardized definition within IFRS. Therefore, net revenues may not be comparable to similar measures presented by other issuers. Investors are advised that net revenues should not be construed as an alternative to revenues for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance.

### *EBITDA*

EBITDA is defined as earnings before non-underlying items, financial expenses, income tax expenses and depreciation and amortization. EBITDA is not an IFRS measure and does not have a standardized definition within IFRS. Investors are cautioned that EBITDA should not be considered an alternative to net earnings for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance, or an alternative to cash flows from operating, financing and investing activities as a measure of the liquidity and cash flows. The Corporation's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Corporation's EBITDA may not be comparable to similar measures used by other issuers.

### *EBITDA margin*

EBITDA margin is defined as EBITDA expressed as a percentage of net revenues. EBITDA margin is not an IFRS measure.

### *Adjusted EBITDA*

Adjusted EBITDA is defined as EBITDA excluding global corporate costs. Global corporate costs are expenses and salaries related to centralized functions, such as global Finance, Human Resources and Technology teams, which are not allocated to operating segments. This measure is not an IFRS measure. It provides Management with comparability from one region to the other.

### *Adjusted EBITDA margin*

Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues. Adjusted EBITDA margin is not an IFRS measure.

### *Net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) and net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) per share*

Net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) is not an IFRS measure. It provides a comparative measure of Corporation performance in a context of significant business combinations. This measure is defined as net earnings (loss) attributable to shareholders excluding non-underlying items and the amortization expense of backlogs, customer relationships, non-competition agreements and trade names accounted for in business combinations and the income tax effects related to this amortization.

Net earnings (loss) excluding non-underlying items and amortization of intangible assets related to acquisitions (net of income taxes) per share is calculated using the basic weighted average number of shares.

### *Non-underlying items*

Non-underlying items is not an IFRS measure. Non-underlying items are items of financial performance which the Corporation believes should be excluded in understanding the underlying financial performance achieved by Corporation. Non-underlying items include transaction and integration costs related to business acquisitions as well as costs of restructuring and reorganizing existing operations.

### *Backlog*

Backlog is not an IFRS measure. It represents future revenues stemming from existing signed contracts to be completed. The Corporation's method of calculating backlog may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers.

### *Funds from operations and funds from operations per share*

Funds from operations is not an IFRS measure. It provides Management and investors with a proxy for the amount of cash generated from (used in) operating activities before changes in non-cash working capital items.

Funds from operations per share is calculated using the basic weighted average number of shares.

### *Free cash flow and free cash flow per share*

Free cash flow is not an IFRS measure. It provides a consistent and comparable measurement of free cash flow generated from operations and is used as an indicator of financial strength and performance. Free cash flow is defined as cash flows from operating activities as reported in accordance with IFRS, less capital expenditures.

Free cash flow per share is calculated using the basic weighted average number of shares.

### *Days Sales Outstanding (“DSO”)*

DSO is not an IFRS measure. It represents the average number of days to convert our trade receivables and costs and anticipated profits in excess of billings into cash, net of sales taxes. The Corporation’s method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers.

### *Net Debt to EBITDA*

Net Debt to EBITDA is not an IFRS measure. It is a measure of our level of financial leverage net of our cash and cash equivalents and is calculated on our trailing twelve month EBITDA.