

FIRST QUARTER ENDED APRIL 1, 2017

CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED

MAY 09, 2017



Q1 2017

ABOUT US

WSP is one of the world's leading engineering professional services consulting firms. We are dedicated to our local communities and propelled by international brainpower. We are technical experts and strategic advisors including engineers, technicians, scientists, architects, planners, surveyors and environmental specialists, as well as other design, program and construction management professionals. We design lasting solutions in the Property & Buildings, Transportation & Infrastructure, Environment, Industry, Resources (including Mining and Oil & Gas) and Power & Energy sectors as well as project delivery and strategic consulting services. With 36,000 talented people in 500 offices across 40 countries, we engineer projects that will help societies grow for lifetimes to come.

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WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(in millions of Canadian dollars)

	April 1, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash (note 4)	231.7	230.8
Restricted cash	4.3	5.1
Trade, prepaid and other receivables	1,373.9	1,414.5
Income taxes receivable	27.8	31.5
Costs and anticipated profits in excess of billings	887.0	824.0
	<u>2,524.7</u>	<u>2,505.9</u>
Non-current assets		
Other assets	107.0	111.9
Deferred income tax assets	74.3	78.9
Property, plant and equipment	286.4	292.7
Intangible assets	340.7	355.7
Goodwill (note 5)	2,782.7	2,783.6
Total assets	<u>6,115.8</u>	<u>6,128.7</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,236.4	1,267.7
Billings in excess of costs and anticipated profits	451.9	483.4
Income taxes payable	45.3	38.5
Dividends payable to shareholders (note 11)	38.2	38.0
Current portion of long-term debts (note 6)	136.5	135.9
Other current financial liabilities	13.9	18.1
	<u>1,922.2</u>	<u>1,981.6</u>
Non-current liabilities		
Long-term debts (note 6)	934.5	914.2
Other non-current financial liabilities	11.5	13.9
Provisions	76.6	74.4
Retirement benefit obligations	209.9	218.1
Deferred income tax liabilities	60.7	66.0
Total liabilities	<u>3,215.4</u>	<u>3,268.2</u>
Equity		
Equity attributable to shareholders		
Share capital (note 7)	2,512.9	2,491.6
Contributed surplus	204.4	203.3
Accumulated other comprehensive income	141.8	132.8
Retained earnings (deficit)	41.3	31.9
	<u>2,900.4</u>	<u>2,859.6</u>
Non-controlling interest	—	0.9
Total equity	<u>2,900.4</u>	<u>2,860.5</u>
Total liabilities and equity	<u>6,115.8</u>	<u>6,128.7</u>

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(signed) Alexandre L'Heureux

Director

(signed) Richard Bélanger

Director

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(in millions of Canadian dollars, except the number of shares and per share data)

	April 1, 2017 \$	March 26, 2016 \$
Revenues	1,633.9	1,483.0
Personnel costs	989.7	909.8
Subconsultants and direct costs	358.0	320.9
Occupancy costs	57.6	57.8
Other operational costs	114.6	103.6
Acquisition and integration costs (note 8)	3.0	7.4
Depreciation of property, plant and equipment	18.7	18.3
Amortization of intangible assets	20.1	19.8
Exchange loss (gain)	0.8	0.7
Share of income of associates and joint ventures (net of tax)	(0.3)	(0.5)
Total net operational costs	1,562.2	1,437.8
Net finance expenses (note 9)	7.6	8.2
Earnings before income taxes	64.1	37.0
Income-tax expense (note 10)	16.5	9.5
Net earnings for the period	47.6	27.5
Net earnings (loss) attributable to:		
Shareholders	47.6	27.6
Non-controlling interests	—	(0.1)
	47.6	27.5
Basic net earnings per share attributable to shareholders	0.47	0.28
Diluted net earnings per share attributable to shareholders	0.47	0.28
Basic weighted average number of shares	101,773,124	99,654,536
Diluted weighted average number of shares	101,864,124	99,674,597

The accompanying notes are an integral part of these consolidated financial statements.

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in millions of Canadian dollars)

	April 1, 2017 \$	March 26, 2016 \$
Comprehensive income (loss)		
Net earnings for the period	47.6	27.5
Other comprehensive income (loss), net of tax		
<i>Items that may be reclassified subsequently to net earnings</i>		
Currency translation adjustments	3.5	(116.6)
Fair value re-evaluations – available-for-sale assets (net of tax expense/(recovery) of \$1.6 (nil in 2016))	2.6	0.1
Translation adjustments on financial instruments designated as net investment hedge (net of tax expense/(recovery) of \$0.4 (\$2.9 in 2016))	2.3	18.3
<i>Items that will not be reclassified to net earnings</i>		
Actuarial gain/(loss) on pension schemes (net of tax expense/(recovery) of \$0.2 ((\$1.5) in 2016))	0.6	(7.8)
Total comprehensive income (loss) for the period	56.6	(78.5)
Comprehensive income (loss) attributable to:		
Shareholders	56.6	(78.4)
Non-controlling interests	—	(0.1)
	56.6	(78.5)

The accompanying notes are an integral part of these consolidated financial statements.

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(in millions of Canadian dollars)

	Attributable to Shareholders				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Contributed Surplus \$	Retained earnings (deficit) \$	Accumulated other comprehensive income \$			
Balance - January 1, 2016	2,409.7	201.7	(8.2)	313.2	2,916.4	(4.7)	2,911.7
Common shares issued under the DRIP	18.9	—	—	—	18.9	—	18.9
Stock-based compensation expense	—	0.4	—	—	0.4	—	0.4
Comprehensive income (loss)							
Net earnings for the period	—	—	27.6	—	27.6	(0.1)	27.5
Actuarial gain/(loss) on pension schemes (net of tax)	—	—	—	(7.8)	(7.8)	—	(7.8)
Currency translation adjustments	—	—	—	(116.6)	(116.6)	—	(116.6)
Fair value re-evaluations – available-for-sale assets (net of tax)	—	—	—	0.1	0.1	—	0.1
Net investment hedge (net of tax)	—	—	—	18.3	18.3	—	18.3
Total comprehensive income (loss)	—	—	27.6	(106.0)	(78.4)	(0.1)	(78.5)
Declared dividends to shareholders	—	—	(37.4)	—	(37.4)	(1.3)	(38.7)
Balance - March 26, 2016	2,428.6	202.1	(18.0)	207.2	2,819.9	(6.1)	2,813.8

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WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(in millions of Canadian dollars)

	Attributable to Shareholders				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Contributed Surplus \$	Retained earnings (deficit) \$	Accumulated Other comprehensive income \$			
Balance - January 1, 2017	2,491.6	203.3	31.9	132.8	2,859.6	0.9	2,860.5
Common shares issued under the DRIP (note 7)	21.3	—	—	—	21.3	—	21.3
Stock-based compensation expense	—	1.1	—	—	1.1	—	1.1
Comprehensive income (loss)							
Net earnings for the period	—	—	47.6	—	47.6	—	47.6
Actuarial gain/(loss) on pension schemes (net of tax)	—	—	—	0.6	0.6	—	0.6
Currency translation adjustments	—	—	—	3.5	3.5	—	3.5
Fair value re-evaluations – available-for-sale assets (net of tax)	—	—	—	2.6	2.6	—	2.6
Net investment hedge (net of tax)	—	—	—	2.3	2.3	—	2.3
Total comprehensive income (loss)	—	—	47.6	9.0	56.6	—	56.6
Declared dividends to shareholders (note 11)	—	—	(38.2)	—	(38.2)	—	(38.2)
Disposal of subsidiary	—	—	—	—	—	(0.9)	(0.9)
Balance - April 1, 2017	2,512.9	204.4	41.3	141.8	2,900.4	—	2,900.4

The accompanying notes are an integral part of these consolidated financial statements.

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

(in millions of Canadian dollars)

	April 1, 2017 \$	March 26, 2016 \$
Cash flows generated from (used in) operating activities		
Net earnings for the year	47.6	27.5
Adjustments (note 12a))	32.4	30.4
Income tax expenses	16.5	9.5
Income taxes paid	(6.3)	(12.3)
Net finance expenses (note 9)	7.6	8.2
Change in non-cash working capital items (note 12b))	(74.7)	(36.5)
Net cash generated from (used in) operating activities	23.1	26.8
Cash flows generated from (used in) financing activities		
Dividends paid to shareholders	(16.7)	(18.3)
Net variation in long-term debts	23.5	34.2
Repayment of other financial liabilities	(4.4)	(0.1)
Finance expenses paid and financing costs	(6.2)	(6.5)
Dividends paid to a non-controlling interest	—	(1.3)
Net cash generated from (used in) financing activities	(3.8)	8.0
Cash flows generated from (used in) investing activities		
Business acquisitions	(2.8)	(6.6)
Additions to property, plant and equipment	(12.7)	(16.1)
Proceeds from disposal of property, plant and equipment	0.1	0.9
Additions to intangible assets	(5.9)	(4.2)
Other	—	(0.1)
Net cash generated from (used in) investing activities	(21.3)	(26.1)
Effect of exchange rate change on cash	3.2	(8.4)
Net change in cash	1.2	0.3
Cash net of bank overdraft – Beginning of period	230.5	202.2
Cash net of bank overdraft (note 4) - End of period	231.7	202.5

The accompanying notes are an integral part of these consolidated financial statements.

April 1, 2017

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April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

1 BUSINESS DESCRIPTION

WSP Global Inc. (the “Corporation” or “WSP”) is a professional services firm which provides technical expertise and strategic advice to clients in the property & buildings, transportation & infrastructure, environment, industry, resources (including mining and oil and gas) and power & energy sectors. The Corporation also offers highly specialized services in project delivery and strategic consulting. The address of its main registered office is 1600, René-Lévesque Boulevard West, Montreal, Quebec.

The common shares of the Corporation are listed under the trading symbol "WSP" on the Toronto Stock Exchange (“TSX”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting.” The accounting policies followed in these interim condensed consolidated financial statements are the same as those applied in the Corporation’s annual consolidated financial statements for the year ended December 31, 2016. All disclosures required for annual consolidated financial statements have not been included in these interim condensed consolidated financial statements. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation’s most recent audited annual consolidated financial statements.

The accompanying interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Corporation’s results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim condensed consolidated financial statements were approved by the Corporation’s Board of Directors on May 9, 2017.

These interim condensed consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through the consolidated statement of earnings and in the consolidated statement of comprehensive income.

The Corporation’s operations are affected by seasonality with the third quarter usually its highest and the first quarter usually its lowest, pertaining to earnings.

WSP GLOBAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates, judgments and assumptions made by management in applying the Corporation's accounting policies are the same as those applied and described in the annual consolidated financial statements for the year ended December 31, 2016.

4 CASH

	April 1, 2017	December 31, 2016
	\$	\$
Cash	231.7	230.8
Less: Bank overdraft	—	(0.3)
Cash net of bank overdraft	231.7	230.5

5 GOODWILL

	April 1, 2017	December 31, 2016
	\$	\$
Balance – Beginning of period	2,783.6	2,734.3
Goodwill resulting from business acquisitions	3.1	164.6
Exchange differences	(4.0)	(115.3)
Balance – End of period	2,782.7	2,783.6

WSP GLOBAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

6 LONG-TERM DEBTS

	April 1, 2017 \$	December 31, 2016 \$
Credit facility	1,061.9	1,042.7
Other debts	9.1	7.4
	<u>1,071.0</u>	<u>1,050.1</u>
Less: Current portion	<u>136.5</u>	<u>135.9</u>
	<u>934.5</u>	<u>914.2</u>

CREDIT FACILITY

WSP has in place a US\$1,300.0 million credit facility with a syndicate of financial institutions (the "Lenders") comprised of:

- a senior unsecured revolving credit facility in the maximum amount of US\$1,000.0 million (the "Revolving Credit Facility"), maturing on December 31, 2020; and
- a senior unsecured non-revolving term credit facility which consisted of two tranches in principal amounts of US\$100.0 million and US\$200.0 million (collectively, the "Term Facility"), maturing on October 31, 2017 and October 31, 2018, respectively.

7 SHARE CAPITAL

Authorized

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

Issued and paid

	Common shares	
	Number	\$
Balance as at January 1, 2016	99,255,857	2,409.7
Shares issued under the DRIP	2,115,280	81.9
Balance as at December 31, 2016	<u>101,371,137</u>	<u>2,491.6</u>
Shares issued under the DRIP (note 11)	487,744	21.3
Balance as at April 1, 2017	<u>101,858,881</u>	<u>2,512.9</u>

As at April 1, 2017, no preferred shares were issued.

WSP GLOBAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

8 ACQUISITION AND INTEGRATION COSTS

	April 1, 2017	March 26, 2016
	\$	\$
Business acquisition related costs	0.7	0.4
Business integration related costs	2.3	7.0
	<u>3.0</u>	<u>7.4</u>

Included in Acquisition and integration costs are personnel costs of \$0.7 and \$3.7 for 2017 and 2016, respectively.

Business integration-related costs pertain to costs incurred for the integration of acquired businesses for a period of up to 24 months from the date of acquisition.

9 NET FINANCE EXPENSES

	April 1, 2017	March 26, 2016
	\$	\$
Interest related to credit facilities	7.0	5.4
Net finance expenses on pension obligations	1.4	1.5
Exchange loss/(gain) on assets/liabilities in foreign currencies	(1.5)	0.1
Other interest and bank charges	1.8	1.7
Loss/(gain) on sale of assets available for sale	(0.6)	(0.3)
Interest income	(0.5)	(0.2)
	<u>7.6</u>	<u>8.2</u>

10 INCOME TAXES

The weighted average applicable tax rate for the first quarter was 25.7%, comparable to the same period in 2016.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

11 DIVIDENDS

The Corporation aims to declare and pay cash dividends on a quarterly basis to shareholders. The total amount of dividends declared by the Corporation for the first quarter ended April 1, 2017 was \$38.2 or \$0.375 per share.

Dividend reinvestment plan (DRIP)

Under the DRIP, the holders of common shares may elect to have cash dividends reinvested into additional common shares. The shares to be delivered can be purchased on the open market or issued from treasury at the discretion of Management. The shares issued from treasury can be issued at a discount of up to 5.0% of the applicable average market price.

Following the payment of dividends declared on November 7, 2016, \$21.3 was reinvested in 487,744 common shares under the DRIP (note 7).

On April 17, 2017, on the payment of the first quarter dividend, \$20.7 was reinvested in 440,544 additional shares under the DRIP.

12 STATEMENTS OF CASH FLOWS

a) Adjustments

	April 1, 2017	March 26, 2016
	\$	\$
Depreciation and amortization	38.8	38.1
Share of income per statements of earnings of associates and joint-ventures (net of tax)	(0.3)	(0.5)
Defined benefit pension schemes expense	1.1	1.0
Cash contribution to defined benefit pension schemes	(3.0)	(3.6)
Foreign exchange and non-cash movements	0.9	(2.8)
Others	(5.1)	(1.8)
	<u>32.4</u>	<u>30.4</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

b) Change in non-cash working capital items

	April 1, 2017	March 26, 2016
	\$	\$
Decrease (increase) in:		
Trade, prepaid and other receivables	39.5	60.9
Costs and anticipated profits in excess of billings	(61.8)	(14.5)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(20.4)	(56.2)
Billings in excess of costs and anticipated profits	(32.0)	(26.7)
	<u>(74.7)</u>	<u>(36.5)</u>

13 FINANCIAL INSTRUMENTS

During the quarter, the Corporation entered into cross currency swaps for a nominal amount of US\$364.3 million to hedge a portion of its US denominated debt at a US/CAD rate of 1.3396 and a nominal amount of GBPE41.7 million to hedge a portion of its Sterling pound denominated debt at a GBP/US rate of 1.247. The fair market value loss amounted to US\$2.8 million and was recorded in the statement of earnings. All cross currency swap agreements expire in the second quarter of 2017.

The Corporation also entered into foreign currency forward contracts for a nominal amount of US\$36.0 million to hedge the variability in the expected foreign currency exchange rate between the US dollar and the Canadian dollar at a US/CAD rate of 1.3500. The fair market value gain amounted to US\$0.6 million and was recorded in the statement of earnings. These foreign currency forward contracts come to maturity in 2017.

14 SEGMENT INFORMATION

The Corporation manages through four reportable operating segments, which are the following: Canada, Americas (USA and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising mainly Asia and Australia).

The global leadership team ("GLT") assesses the performance of the operating segments based on revenues, net revenues and adjusted EBITDA before Global Corporate costs. Adjusted EBITDA before Global Corporate costs excludes items such as business acquisition transaction and integration expenses, and Global Corporate costs, which the Corporation believes should not be considered when assessing the underlying financial performance of the reportable segments. Global Corporate costs are expenses and salaries related to centralized functions, like global finance, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, depreciation, amortization and income taxes.

Sales between segments are carried out at arm's length and are eliminated upon consolidation.

The revenues reported to the GLT are measured in a similar manner as in the consolidated statements of earnings and exclude intersegmental revenues.

WSP GLOBAL INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)**

April 1, 2017

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The tables below present the Corporation's operations based on reportable operating segments.

					2017
	Canada	Americas	EMEIA	APAC	Total
Revenues	268.9	571.3	588.3	205.4	1,633.9
Less: Subconsultants and direct costs	(44.9)	(194.0)	(92.3)	(26.8)	(358.0)
Net revenues	224.0	377.3	496.0	178.6	1,275.9
Adjusted EBITDA before Global Corporate costs	21.0	41.9	49.7	16.4	129.0
Global corporate costs					(14.5)
Acquisition and integration costs					(3.0)
Financial expenses					(8.1)
Depreciation and amortization					(38.8)
Share of taxation and amortization of associates					(0.5)
Earnings before income tax					64.1
					2016
	Canada	Americas	EMEIA	APAC	Total
Revenues	265.8	518.2	530.7	168.3	1,483.0
Less: Subconsultants and direct costs	(43.9)	(174.9)	(83.1)	(19.0)	(320.9)
Net revenues	221.9	343.3	447.6	149.3	1,162.1
Adjusted EBITDA before Global Corporate costs	20.6	38.5	39.3	5.6	104.0
Global corporate costs					(12.5)
Acquisition and integration costs					(7.4)
Financial expenses					(8.4)
Depreciation and amortization					(38.1)
Share of taxation and amortization of associates					(0.6)
Earnings before income tax					37.0