

WSP Global Inc. (WSP.TO)

Rating: Buy
Price
C\$258.85

Yield
0.6%

Market Cap.
C\$25.9B

52-Week Range
C\$262.00 – C\$201.24

Data as of 02/26/2025

Sector	Industrials
Subsector	Capital Goods
Investment Category	Large Cap
Price Movement	Average

Company Overview

WSP is one of the world's leading engineering consulting firms, providing the experts that help build skyscrapers, railroads, high-speed rail, dams, wastewater projects, power stations and many other types of major infrastructure projects. WSP has over 66,500 engineers, technicians, scientists, architects, planners, surveyors, environmental specialists and construction management professionals. WSP Global is headquartered in Montreal, Canada. WSP's competitors include AECOM, SNC-Lavalin, and Stantec.

Revenues International	81%
Standard & Poor's/Moody's	NA/NA
MSCI ESG Rating	AA/Leader

Dividend Outlook (1-Year): Stable

Annualized Payment	C\$1.50
Last Change	300% (Mar 16, 2011)
Consec. Yrs Increased	0
Paid Since	2006
5-Yr. Trailing Growth	0%
Long-Term Growth Est.	0%
Payout Ratio ('25)	16%
Dividends Paid	Jan, Apr, Jul, Oct

Commentary: WSP has paid the same dividend per share since 2011. We expect that the company will continue to use the strong flow of cash generated by its business to keep the dividend stable and make additional acquisitions.

Valuation & Earnings

	'23A	'24A	'25E
Earnings Per Share	6.90	8.05	9.41
P/E	37.5x	32.2x	27.5x
PEGY	3.0x	2.6x	2.2x
LT EPS Growth Est.			12%
Est. Earnings Date	May 29, 2025		

All earnings per share and dividend figures are in Canadian Dollars.

Annualized Total Returns	1yr	3yr	5yr
WSP Global Inc.	23%	21%	25%
S&P/TSX Industrials Index	3%	10%	11%
S&P/TSX Index	22%	10%	12%

Data as of 2/26/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Shares of this company may not be available for purchase by United States residents. Consult your financial advisor for more information.

Investment Summary

We rate shares of WSP Global (WSP) a Buy. WSP is one of the world's leading engineering consulting firms, specializing in high-rise buildings and highly technical transportation projects. WSP has grown through acquisitions, growing shareholder value in the process, and we expect it will continue to use the cash generated by its business to make value-enhancing acquisitions. In addition, we believe WSP is well-positioned to benefit from growth in Canadian infrastructure spending.

Outlook

Managing highly technical projects gives WSP an edge – WSP's engineering work can be seen in some of the highest-profile building projects around the world, and it has a track record of delivering high-quality work within budget and on time. We think completing big prestige projects, such as the Shard in London, gives WSP a competitive advantage for bidding on additional highly technical projects, and allows WSP to attract some of the best engineers.

Acquisition strategy creating value –

WSP has grown both its skill sets and geographic reach through acquisitions. WSP has been good at seeking out and executing acquisitions that create shareholder value. Over the last five years, the company has done over 20 acquisitions, with the recent Golder Associates purchase being the most significant.

Valuation and Recent Performance – WSP

Global sells at about 27.5 times our 2025 earnings estimate, slightly below its five-year average of 29 times. In light of our solid growth outlook, we believe that the shares are attractively priced. WSP has outperformed the market and industrial peers over the past one-, three- and five-year periods due to its successful acquisition strategy, which has generated consistent earnings growth despite uneven economic conditions.

Risks – The primary downside risks to our Buy recommendation include negative changes in global political or economic conditions, project delays, and potential difficulty in integrating future acquisitions. Since approximately 81% of WSP's revenues are denominated in foreign currencies, a prolonged strengthening of the Canadian dollar would also impact the company's sales and profitability.

Key Developments

2/27/25: WSP Global reported fourth-quarter adjusted earnings per share of \$2.34, above the average analyst estimate of \$2.27 and representing an 18% increase from the prior-year period. Revenues increased 10% organically (excluding currency effects and acquisitions), with growth led by U.S. and Canada. Profitability declined slightly but exceeded the high end of management's updated outlook range for the year. Backlog grew roughly 11% from the same quarter of last year, representing 10.9 months of revenue. WSP expects 2025 profits of \$2.50 billion-\$2.55 billion, which brackets the average analyst estimate and implies 16% growth at the midpoint.

We think WSP had a solid finish to the year, with healthy organic revenue growth and strong cash flow generation. While profitability came in slightly below our expectations, it was impacted by a higher mix of lower-profit-margin emergency response services in the U.S. due to elevated storm activity. On a positive note, the integration of Power Engineers, a U.S.-based consulting firm specializing in the power and energy sector, appears to be going well. Additionally, the backlog in the base business continues to grow solidly and reached a new record of \$15.6 billion, which should complement growth from acquisitions. We think the pipeline of opportunities for WSP remains healthy due to global infrastructure stimulus investment tailwinds. With management executing effectively on both organic growth and identifying attractive acquisition candidates, we remain confident in our long-term growth outlook for WSP.

Analyst: Faisal Hersi, CFA
Please see important disclosures and analyst certification on page 2 of the report.

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. Faisal Hersi, CFA

Required Research Disclosures

3-Year Rating and Price History for: WSP Global Inc. (WSP.TO) as of 02/26/2025



Source: Reuters

February 27, 2025	BUY	HOLD	SELL
Stocks	54%	46%	0%
Investment Banking Services	4%	4%	0%

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated coverage (BUY) 09/15/17.....(B) 09/15/17-
- Analysts receive compensation that is derived from revenues of Edward Jones as a whole which include, but are not limited to, investment banking services revenue.

Opinion Rating Definitions: Buy (B) - We believe the valuation is attractive and total return potential is above average over the next 3-5 years compared with industry peers. **Hold (H)** - We believe the stock is fairly valued and total return potential is about average over the next 3-5 years compared with industry peers or a special situation exists, such as a merger, that warrants no action. **Sell (S)** - We believe the stock is overvalued and total return potential is below average over the next 3-5 years compared with industry peers. In some cases we expect fundamentals to deteriorate considerably and/or a recovery is highly uncertain. **FYI (FYI)** - For informational purposes only; factual, no opinion. **Under Review (UR)** - Our rating, estimates, and opinion for this company are under review and should not be relied upon for making investment decisions until updated.

Other Disclosures

- Information about research distribution is available through the Investments and Services link on www.edwardjones.com
- For U.S. clients only: Member SIPC --- For Canadian clients only: Member - Canadian Investor Protection Fund
- In general, Edward Jones analysts do not view the material operations of the issuer.
- Shareholders of issuers domiciled outside the shareholders' country of residence are generally subject to a withholding tax on dividends paid by that issuer. Subject to certain conditions and limitations, these shareholders may be entitled to a partial refund of the withholding tax or the withholding taxes may be treated as a foreign tax eligible for a deduction or credit against the shareholders' tax liability. Shareholders should consult their tax advisors regarding ownership of such shares and the procedures for claiming a deduction, tax credit or withholding tax refund. When investing in issuers incorporated outside your country of residence, you should consider all other material risks such as currency risk, political risk, liquidity risk and accounting rules differences, which can adversely affect the value of your investment. Please consult your financial advisor for more information.
- MSCI's ESG Ratings are assigned to individual companies and issuers of securities and are designed to measure resilience to material environmental, social and governance (ESG) risks relative to industry peers. The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Source: MSCI.com ESG Investing: ESG Ratings. For additional information see MSCI.com.
- All the proper permissions were sought and granted in order to use any and all copyrighted materials/sources referenced in this document.
- Dividend Outlook (1-Year): Rising - We believe the dividend is likely to increase based on historical trends, the current payout ratio, and/or expected future earnings and cash flow; Stable - We believe the dividend is stable at the current level and is unlikely to increase or decrease; At Risk - We believe the dividend is at risk of being reduced or eliminated; No Dividend - This company does not pay a dividend.
- This report does not take into account your particular investment profile and is not intended as an express recommendation to purchase, hold or sell particular securities, financial instruments or strategies. You should contact your Edward Jones Financial Advisor before acting upon this report.
- Investment Category: Large Cap - Stocks of large-sized companies; Small and Mid Cap - Stocks of small- or medium-sized companies; Aggressive - Micro-cap companies, companies with share prices below \$4, and emerging market equity.
- Price Movement: Above Average (AA) - This stock will likely be more volatile than the average stock in the S&P 500 Index. These companies are often growing faster than the average company and/or are in industries that are more sensitive to the economy. Average (A) - This stock will likely experience volatility similar to the average stock in the S&P 500 Index. Below Average (BA) - This stock will likely be less volatile than the average stock in the S&P 500 Index. These companies are often more mature, grow more slowly than the average company, and/or are in industries that are less sensitive to the economy.
- This report is a product of the Edward Jones Security Research Department.
- Dividends can be increased, decreased or eliminated at any point without notice.
- Diversification does not guarantee a profit or protect against loss in declining markets.
- This opinion is based on information believed reliable but not guaranteed. The foregoing is for INFORMATION ONLY. Additional information is available on request. Past performance is no guarantee of future results.
- Our expectation for average annual earnings growth through a full economic cycle. This figure avoids distortions that can occur due to one-time items or by extreme peaks or troughs within the cycle.
- The Standard & Poor's 500 ("S&P 500" or "Index") is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Edward D. Jones & Co., L.P. Copyright© 2024 S&P Dow Jones Indices LLC, a subsidiary of McGraw Hill Financial Inc., and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.
- The S&P 500 Index is based on the average performance of 500 widely held common stocks. The S&P 500 Sector Indexes are subsets of the S&P 500 Index. These are unmanaged indexes and cannot be invested in directly. Past performance is no guarantee of future results.
- Ratings from Standard & Poor's ("S&P"), Moody's and Fitch may be shown for certain securities. S&P requires we inform you: (1) Ratings are NOT recommendations to buy, hold, sell or make any investment decisions and DO NOT address suitability or future performance; (2) S&P DOES NOT guarantee the accuracy, completeness, or availability of any ratings and is NOT responsible for results obtained from the use of any ratings. Certain disclaimers related to its ratings are more specifically stated at <http://www.standardandpoors.com/disclaimers>.