

# COMMUNIQUÉ DE PRESSE PRESS RELEASE



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## **WSP TO ACQUIRE FOCUS, A WESTERN CANADIAN WELL-ESTABLISHED ENGINEERING AND GEOMATICS FIRM**

## **WSP CONCURRENTLY ANNOUNCES A \$180 MILLION PUBLIC BOUGHT DEAL, A \$80 MILLION PRIVATE PLACEMENT AND THE IMPLEMENTATION OF A \$200 MILLION ADDITIONAL COMMITMENT UNDER ITS EXISTING SYNDICATED CREDIT FACILITY**

MONTREAL, QUEBEC – March 12, 2014 – WSP Global Inc. (TSX: WSP) (“WSP” or the “Corporation”) is pleased to announce that it has entered into an arrangement agreement (the “Arrangement Agreement”) in connection with the acquisition (the “Acquisition”) of all of the issued and outstanding shares (the “Focus Shares”) of *Focus Group Holding Inc.* (“Focus”), a 1,700-employee well-established engineering and geomatics firm based in Alberta principally serving the oil and gas industry in Western Canada. Focus offers a diversified platform across four divisions: facilities engineering, geomatics, pipeline and civil engineering. The Acquisition, which remains subject to certain customary closing conditions, including court, shareholder and applicable regulatory approvals, is expected to be completed through a plan of arrangement. The special meeting of the shareholders of Focus to consider the Acquisition and the Arrangement Agreement is expected to be held on or about April 2, 2014 and the Acquisition is expected to become effective on or about April 17, 2014 (the “Acquisition Closing Date”). Concurrently with the execution of the Arrangement Agreement, shareholders holding approximately 80% of all the issued and outstanding Focus Shares entered into voting support agreements with WSP to support the Acquisition. In addition, CIBC has provided, in connection with the Acquisition, a fairness opinion to the board of directors of WSP to the effect that, as of the date hereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by WSP pursuant to the Arrangement Agreement is fair, from a financial point of view, to WSP.

### **TRANSACTION HIGHLIGHTS**

- Under the terms of the Arrangement Agreement, WSP will pay an aggregate purchase price of \$366.05 million (the “Purchase Price”), subject to customary purchase price adjustments.
- After the Acquisition, WSP is expected to have approximately 6,100 employees in Canada located in all provinces.
- For the trailing 12-month period ended February 2014, Focus had revenues of approximately \$280 million. Based on the financial information of Focus and WSP for the 12 months ended December 31,

2013 and assuming the completion of the Offering (as described below) and the Concurrent Private Placement (as described below) but without considering any revenue and cost synergies nor any restructuring or integration expenses, Management expects the Acquisition to be accretive to WSP's earnings per share by approximately 10%.

- The Purchase Price multiple is equivalent to approximately 8.3x the trailing 12-month Adjusted EBITDA of Focus for the period ended February 2014 and using the preliminary information for the month of February 2014, excluding any revenue and cost synergies.
- The Acquisition provides WSP with the opportunity to expand its services into the geomatics segment and sets the foundation to build a leading Canadian organization in that segment.
- The Acquisition will allow WSP to establish an oil and gas center of excellence based in Alberta, will help balance its Canadian platform and will provide the Corporation with cross-selling opportunities.
- The Corporation believes that Focus' core values of integrity, excellence, safety and growth are well aligned and complementary with WSP's corporate culture, philosophy and strategy.

## **TRANSACTION RATIONALE**

### ***Increase our Presence in the Oil and Gas Engineering Services Industry***

- Expands WSP's platform in oil & gas engineering services.
- Complementary access to customer base focused on upstream, oil sands, midstream, Steam Assisted Gravity Drainage (SAGD) and liquefied natural gas (LNG) export infrastructure development projects.

### ***Expansion of WSP's Canadian Platform***

- Focus operates in 21 locations throughout Western Canada, substantially broadening WSP's exposure to this region.
- Combined with Focus' 1,700 employees, WSP will have approximately 6,100 employees in Canada.

### ***Cross-Selling Opportunities***

- Opportunity to leverage Focus' oil and gas expertise across WSP's international platform.
- WSP intends to offer its full range of professional services to Focus' oil and gas clients.



***Consistent with WSP's 2015 Corporate Strategy, the acquisition:***

- Capitalizes on an acquisition opportunity in a country where WSP is well established.
- Develops the energy and oil and gas sectors.
- Adds recognized industry firm to its team.
- Increases WSP's overall margin profiles.

Commenting on the Acquisition, Pierre Shoiry, President and Chief Executive Officer of WSP said, "We are pleased to join forces with Focus. We believe that this Acquisition provides a unique opportunity for our clients, employees and shareholders to benefit from Focus' deep experience in the oil and gas industry, more specifically in upstream, oil sands, midstream, SAGD and liquefied natural gas (LNG) export infrastructure development projects. Through this Acquisition, not only are we expecting to become a more important player in the Canadian oil and gas industry, but also to strengthen our presence in Western Canada. The Acquisition will contribute significantly towards our targets to reach \$500 million in top-line growth from acquisitions and 20,000 total employees before the end of 2015."

David Ackert, President and Chief Executive Officer of Focus added, "This transaction supports the realisation of both companies' strategic aims and provides a strong platform for continued growth both in Canada and internationally. Focus is a highly successful firm with stated strategic ambitions to diversify and grow. While reviewing carefully our options to best achieve this aim, an exceptional opportunity has arisen for us to join the WSP team. We believe this transaction will provide our employees and our clients with enhanced opportunities and we expect to achieve increased prominence globally in the areas in which we aim to work. Having been immensely proud to lead Focus for several years, my management team and I now look forward to start working with the entire WSP team to deliver value to all stakeholders."

Upon closing of the Acquisition, David Ackert, currently President and Chief Executive Officer of Focus, will become Chief Executive Officer of WSP Canada Inc. and director of our global oil and gas network. As such, David will focus his efforts on overall strategic and financial growth of the Canadian market. Marc Rivard will continue as President and Chief Operating Officer of WSP Canada Inc. and will concentrate his efforts on operational excellence, client management and growth.

## **CONCURRENT FINANCING**

### ***Financing Highlights***

Concurrently with the Acquisition, WSP intends to complete the following financings:

- A \$180 million bought deal public offering (the "Offering") of common shares of the Corporation (the "Common Shares") at a price of \$33.75 per Common Share (the "Offering Price");
- A \$80 million private placement of Common Shares (collectively, the "Concurrent Private Placement") at a price of \$33.75 per Common Share (the "Placement Common Shares") with two existing shareholders, Canada Pension Plan Investment Board ("CPPIB") and the Caisse de dépôt et placement du Québec (the "Caisse"); and
- The implementation of an additional commitment of \$200 million under its existing syndicated credit facility to increase such credit facility to \$600 million.

Alexandre L'Heureux, Chief Financial Officer of WSP commented: "The successful completion of the Offering and the Concurrent Private Placement will allow us to pursue our ambitious growth strategy as it will provide us with a flexible and stronger balance sheet, one of the key elements of our 2015 strategic plan. With our opportunities for mergers and acquisitions continuing to develop, we will be well-positioned to capitalize on other potential opportunities in the United States, Australia, the United Kingdom and Europe."

CIBC is acting as financial advisor to WSP and Harris Williams & Co is acting as financial advisor to Focus in connection with the Acquisition.

### ***Public Offering of Common Shares on a Bought Deal Basis***

WSP has entered into an agreement with a syndicate of underwriters co-led by CIBC, Raymond James Ltd., BMO Capital Markets and National Bank Financial Inc., with CIBC and Raymond James Ltd. acting as joint bookrunners (collectively, the "Co-Lead Underwriters"), and including HSBC Securities (Canada) Inc., RBC Capital Markets, TD Securities Inc., Desjardins Securities Inc., Dundee Securities Corp., Scotiabank, Canaccord Genuity Corp. and Laurentian Bank Securities Inc. (together with the Co-Lead Underwriters, collectively the "Underwriters"), pursuant to which they have agreed to purchase, on a bought deal basis by way of a short form prospectus, 5,333,000 Common Shares from treasury at the Offering Price, for aggregate gross proceeds to WSP of approximately \$180 million.

In addition, the Underwriters have been granted an over-allotment option



(the “Over-Allotment Option”), exercisable in whole or in part at the Offering Price for a period of 30 days from closing of the Offering, for additional gross proceeds of up to approximately \$27 million. The Common Shares will be offered in all provinces of Canada pursuant to a short form prospectus to be filed in each of the provinces of Canada by WSP in accordance with *National Instrument 44-101 - Short Form Prospectus Distributions*.

The issuance of Common Shares pursuant to the Offering is subject to customary approvals of applicable securities regulatory authorities, including the Toronto Stock Exchange. Closing of the Offering is expected to occur on March 31, 2014. The Offering and the Concurrent Private Placement (described below) are conditional upon each other. The Offering is also conditional upon there being no termination of the Acquisition or announcement of such termination prior to the closing of the Offering.

#### ***Concurrent Private Placement of Common Shares***

In addition, WSP is pleased to announce that CPPIB and the Caisse, the Corporation's two largest shareholders, have entered into subscription agreements which contemplate that the Corporation will complete the Concurrent Private Placement with CPPIB and the Caisse, pursuant to which CPPIB and the Caisse will purchase, on a private placement basis, an aggregate of 2,370,000 Placement Common Shares at a price of \$33.75 per Placement Common Share, for aggregate gross proceeds to WSP of approximately \$80 million.

The issuance of Placement Common Shares pursuant to the Concurrent Private Placement is subject to customary approvals of applicable securities regulatory authorities, including the Toronto Stock Exchange. Closing of the Concurrent Private Placement is expected to occur on March 31, 2014. The Concurrent Private Placement and the Offering are conditional upon each other. The Concurrent Private Placement is also conditional upon there being no termination of the Acquisition or announcement of such termination prior to the closing of the Concurrent Private Placement. Finally, subject to receipt by the Corporation of any necessary regulatory approval, CPPIB and the Caisse have also been granted an option to purchase a number of additional Common Shares representing up to 15% of the number of Common Shares subscribed by them on closing subject to the Over-Allotment Option being exercised by the Underwriters (the “Additional Subscription Option”). The number of additional Common Shares to be purchased by CPPIB and the Caisse pursuant to such option will be in the same proportion as the Common Shares that are purchased by the Underwriters pursuant to the Over-Allotment Option, if any, and will represent additional maximum gross proceeds of approximately \$12 million. To the extent it is exercised, the closing of the Additional Subscription Option will be conditional upon the closing of the Over-Allotment Option.



Assuming completion of the Concurrent Private Placement and the Offering, but not the exercise of the Over-Allotment Option or the Additional Subscription Option, CPPIB and the Caisse will each beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 9,407,044 and 9,398,450 Common Shares, respectively (which includes the 8,222,044 and 8,213,450 Common Shares which CPPIB and the Caisse, respectively, currently beneficially own, or exercise control or direction over, directly or indirectly), representing approximately 15.6% and 15.6%, respectively, of the issued and outstanding Common Shares. No commission or other fees will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement. Upon the closing of the Concurrent Private Placement and of any exercise of the Additional Subscription Option, each of CPPIB and the Caisse will be entitled to a non-refundable capital commitment payment equal to 3% of the aggregate purchase price for the Placement Common Shares for which each of them has subscribed (and the additional Common Shares each of them has subscribed pursuant to the Additional Subscription Option, as applicable). Aggregate gross proceeds from the Offering and the Concurrent Private Placement will total approximately \$260 million, prior to the exercise of the Over-Allotment Option and the Additional Subscription Option.

Moreover, CPPIB and the Caisse have undertaken to have substantially all of the Common Shares held by them, including the Placement Common Shares (and the additional Common Shares subscribed pursuant to the Additional Subscription Option, as applicable), participate in the Corporation's dividend reinvestment plan (the "DRIP") and to have such shares enrolled in the DRIP for all dividends with a record date on or prior to September 30, 2014. In addition, the Corporation has undertaken in favour of CPPIB and the Caisse that any Common Shares to be issued to any participant under the DRIP will be issued from treasury at a minimum discount of 2% up to and including the first investment period under the DRIP following September 30, 2014.

### ***Dividend Equivalent Receipt***

As announced, the board of directors of the Corporation has declared a dividend of \$0.375 per Common Share on the date hereof that will be payable on or about April 15, 2014 (the "Dividend Payment Date") to holders of Common Shares of record at the close of business on March 31, 2014.

If the closing of the Offering and the Concurrent Private Placement occurs after 4:00 p.m. on March 31, 2014, the holders of newly issued Common Shares pursuant to the Offering and CPPIB and the Caisse will receive a dividend equivalent receipt giving them the right to receive an amount equal to the dividend to be paid on April 15, 2014 in respect of the Common Shares acquired by them pursuant to the Offering and the Concurrent Private Placement, respectively.



### ***Additional commitment of \$200 million under syndicated credit facility***

WSP currently has in place a \$400 million credit facility (the "Credit Facility") with a syndicate of financial institutions (the "Lenders"). On February 28, 2014, the Lenders confirmed to WSP their commitment to increase such Credit Facility by an additional \$200 million for a total amount of \$600 million. The increase becomes effective today concurrently with the announcement of the Acquisition.

The net proceeds of the Offering, the Concurrent Private Placement and the funds drawn on the Credit Facility, will be used by WSP to (i) finance the Purchase Price on the Acquisition Closing Date; and (ii) finance the costs of the Acquisition. Alternatively, in the event the Acquisition is not completed following the closing of the Offering and the Concurrent Private Placement, the net proceeds from the Offering and the Concurrent Private Placement will be used to pay down amounts outstanding under the Credit Facility and for general corporate purposes. WSP intends to make acquisitions from time to time as part of its strategy to grow its business. The Corporation is currently in the process of evaluating several potential acquisitions but has not entered into any definitive agreements with respect to such acquisitions. At their current stage of evaluation, it is difficult to determine whether any acquisitions will be completed, or if completed, the terms and timing of such acquisitions. If the proposed Acquisition is not completed following the closing of the Offering and the Concurrent Private Placement and the Corporation ultimately proceeds with another acquisition, a portion of the net proceeds of the Offering and the Concurrent Private Placement may be used for the purposes of financing the purchase price of such acquisition.

### **CONFERENCE CALL INFORMATION**

As a result of today's announcement, WSP's conference call previously scheduled to be held on March 13, 2014 has been advanced. WSP will host a conference call to discuss the Acquisition, the Offering and the Concurrent Private Placement on March 12, 2014 at 4:00 p.m. (Eastern Daylight Time). The call will be accessible by telephone at 1-877-223-4471 (Toll-Free dial-in number) or 1-647-788-4922 (International dial-in number), pass code: 6846257. An audio replay of the conference call will be available until March 19, 2014 at 11:59 (Eastern Daylight Time). To access the replay, dial 1-800-585-8367 or 1-416-621-4642, and enter the pass code: 6846257.

## **AVAILABILITY OF DOCUMENTS**

Copies of related documents, such as the preliminary short form prospectus, underwriting agreement, subscription agreements and the Arrangement Agreement will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) as part of the public filings of WSP and on WSP's website at [www.wspgroup.com](http://www.wspgroup.com).

## **FORWARD-LOOKING INFORMATION**

This press release contains forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this press release are forward-looking information. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs or words such as "may", "could", "will", "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan" and terms and expressions of similar import. Such forward-looking information may include, without limitation, statements with respect to: the use of proceeds of the Offering, the Concurrent Private Placement and the Credit Facility, WSP's expected financial performance, WSP's business model and acquisition strategy, the completion of the Offering, the Concurrent Private Placement and the Acquisition, the anticipated indebtedness to be incurred under the Credit Facility, the expected Acquisition Closing Date and the anticipated benefits of the Acquisition.

The forward-looking information is based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning availability of capital resources, performance of operating facilities, strength of market conditions, customer demand, satisfaction of all conditions of closing of the Acquisition, absence of exercise of any termination right and the timing and receipt of regulatory approval with respect to the Offering. Although the Corporation believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that they will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, possible failure to realize anticipated benefits of the Acquisition, possible failure to complete the Acquisition, integration of Focus's business, change of control, potential undisclosed cost or liabilities associated with the Acquisition, increased indebtedness, availability of borrowings, volatile market price, dilutive effects on holders of Common Shares, payment of dividends, organic business growth, joint venture partners,



current economic environment, anti-bribery laws and anti-corruption practices.

To the extent any forward-looking information in this press release constitutes future-oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential benefits of the Offering, the Acquisition, the Concurrent Private Placement and the Credit Facility and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of this press release, and the Corporation undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

**THIS NEWS RELEASE IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES AND IS NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF WSP, NOR SHALL IT FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT FOR PURCHASE OR SUBSCRIPTION. THE COMMON SHARES OF WSP WILL ONLY BE OFFERED IN CERTAIN PROVINCES OF CANADA BY MEANS OF THE PROSPECTUS REFERRED TO ABOVE. SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION THEREFROM.**

## **NON-GAAP MEASURES**

The Corporation and Focus use non-GAAP measures that are considered by companies as indicators of financial performance measures which are not recognized under International Financial Reporting Standards (IFRS) and Accounting Standards for private enterprises (ASPE) and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable. The Corporation believes these measures provide useful supplemental information that may assist investors in assessing an investment in the Common Shares.

In this press release, Adjusted EBITDA of Focus is defined as EBITDA excluding the effects of unusual items as identified by the Management of Focus as non-recurring costs. EBITDA of Focus is defined as earnings before financial expenses, income tax expenses, depreciation and amortization. This measure is not a recognized measure under ASPE nor under IFRS and does



not have standardized definition within ASPE or IFRS. A reconciliation of Adjusted EBITDA to the closest ASPE measure will be included in the short form prospectus to be filed in all provinces of Canada by WSP.

## **ABOUT FOCUS**

Focus is a well-established engineering and geomatics firm based in Alberta principally serving the oil and gas industry throughout Western Canada. Since its inception in 1977, Focus has evolved to offer a comprehensive range of services and expertise and now offers a diversified platform across four divisions: facilities engineering, geomatics, pipeline and civil engineering. Focus also benefits from a deep experience in the Canadian energy industry, with expertise in upstream, oil sands, midstream, SAGD and liquefied natural gas export infrastructure development projects. Focus has approximately 1,700 employees located in 21 strategically placed locations across Western Canada and one in Eastern Canada.

## **ABOUT WSP**

WSP is one of the world's leading professional services firms, working with governments, businesses, architects and planners and providing integrated solutions across many disciplines. The firm 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. It has approximately 15,000 employees, mainly engineers, technicians, scientists, architects, planners, surveyors, other design professionals, as well as various environmental experts, based in more than 300 offices, across 30 countries, on 5 continents. [www.wspgroup.com](http://www.wspgroup.com)



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