



JULY 29, 2020

FOR IMMEDIATE RELEASE

BIRD AND STUART OLSON JOIN FORCES TO CREATE A LEADING CANADIAN CONSTRUCTION COMPANY

- **Top 5 Canadian diversified infrastructure & construction services company**
- **Robust, diversified backlog greater than \$3 billion**
- **Greater diversification across services, end-markets and geographies**
- **Strongly accretive to cash flows from operations before changes in non-cash working capital and Adjusted Earnings Per Share**
- **Strong pro forma balance sheet**

MISSISSAUGA, ON, AND CALGARY, AB, JULY 29, 2020 – Bird Construction Inc. (“Bird”; TSX: BDT) and Stuart Olson Inc. (“Stuart Olson”; TSX: SOX), today announced that they have entered into a definitive arrangement agreement (the “Arrangement Agreement”) under which Bird will acquire Stuart Olson, pursuant to an arrangement under the *Business Corporations Act* (Alberta) for aggregate consideration of \$96.5 million (the “Transaction”). The Transaction, which was unanimously approved by the Boards of Directors of both companies, is expected to close early in the fourth quarter of 2020, subject to obtaining the required approvals of the Court of Queen’s Bench of Alberta, the Competition Bureau, the shareholders, secured bank lenders and unsecured convertible debenture holders of Stuart Olson.

“The combination of our two businesses will create a company with substantially increased breadth and scale, diversified across services, end-markets and geographies,” said Terrance L. McKibbin, President and CEO of Bird. “In addition to combining two strong, experienced workforces, customers will benefit from a dynamic, integrated suite of construction services. The additional scale, leading technology platform and comprehensive service solution will position the company to deliver sustainable value and continuing dividends to shareholders. The combination of reduced interest expense and operating synergies is expected to generate accretion in operating cash flows and Adjusted Earnings Per Share in the first full-year.”

“After a period of extensive review and consideration of the strategic and financial alternatives reasonably available to Stuart Olson, the Board determined that this Transaction is in the best interests of Stuart Olson and its shareholders given the current and go forward balance sheet and leverage metrics challenges facing Stuart Olson,” said David LeMay, President & CEO of Stuart Olson. “We and Bird have a similar history with roots dating back over 100 years in Canada, a shared strategic focus on growth in our respective businesses and strong cultural alignment throughout our organizations. In the face of the challenges currently being experienced by Stuart Olson, including operating under risks related to the COVID-19 pandemic, and the significant economic changes in Canada, it’s a move that renews opportunities for our people, expands new services to our clients and is expected to create long-term value for all our stakeholders.”

Bird will host an investor call to discuss the Transaction on Wednesday July 29, 2020 at 10:00am ET. Full details of the call can be found below.

TRANSACTION HIGHLIGHTS:

The combination will create an attractive platform positioned for growth:

- Combined workforce of 5,000 people with an established presence in a number of Canadian markets
- Pro forma revenue of approximately \$2.5 billion, with a growing proportion of recurring business
- Aggregate backlog of greater than \$3.0 billion plus more than \$1.0 billion of pending backlog
- Increased diversification across services, end-markets and geographies; the combined entity has a well-balanced portfolio of low to medium risk projects



- Enhanced services offering creates new opportunities to grow relationships with key and prospective clients
- Well-positioned to capitalize on growth/stimulus of Canadian infrastructure investment and market recovery activity
- An expected \$25 million in run rate cost synergies by the end of 2021, including reductions in interest and depreciation
- Emerging as a leading mid-cap construction company, conveying broader public markets appeal and enhanced trading liquidity
- Stronger balance sheet with appropriate capital structure

TERMS OF THE TRANSACTION

Bird intends to finance the Transaction through a combination of common shares of Bird and cash, allowing Stuart Olson's stakeholders receiving shares with the opportunity to participate in the future growth of the combined business.

The aggregate consideration of \$96.5 million will consist of \$30.0 million cash and \$66.5 million of the common shares of Bird, based on the five-day volume weighted average trading price of the common shares of Bird ending July 17, 2020, of \$6.32 per share (the "Issue Price").

The cash consideration will be funded through available capacity under Bird's existing revolving credit facility with the Bank of Montreal.

The aggregate consideration is to be allocated amongst Stuart Olson's secured creditors, Stuart Olson's unsecured convertible debenture holders (the "Debentureholders") and Stuart Olson's shareholders, as follows:

- Upon closing of the Arrangement Agreement, an aggregate amount equal to \$70 million will be paid by or on behalf of Stuart Olson to the lenders in full satisfaction of all indebtedness, accrued interest and obligations of Stuart Olson under the secured credit facilities
- Upon closing, Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts managed by it, will acquire Bird shares (based on the Issue Price) in exchange for \$40 million cash; this \$40 million combined with Bird's cash investment of \$30 million will constitute the \$70 million aggregate to be paid to the secured creditors
- The portion payable to the Debentureholders will consist solely of \$22.5 million of Bird shares
- The portion payable to existing shareholders of Stuart Olson will consist of approximately \$4.0 million of Bird shares, representing an exchange ratio of 0.02006051 of a Bird share for each Stuart Olson share
- At closing, Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts managed by it, will own approximately 18.8% of the common shares outstanding of Bird

TRANSACTION APPROVALS

The Transaction is structured as a statutory plan of arrangement under the *Business Corporations Act* (Alberta).

Completion of the Transaction requires the approval of (i) 66 $\frac{2}{3}$ % of Stuart Olson's shareholders who vote on a special resolution to consider the Arrangement Agreement (the Stuart Olson Arrangement Resolution) and, if required under applicable Canadian securities laws, by a majority of Stuart Olson's shareholders after excluding the votes of those persons whose votes are required to be excluded under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), (ii) a majority in number of the secured bank lenders holding at least 66 $\frac{2}{3}$ % of all of the obligations, indebtedness and liabilities under Stuart Olson's bank credit facility, and (iii) a majority in number of the unsecured convertible debenture holders holding at least 66 $\frac{2}{3}$ % of all of the obligations, indebtedness and liabilities under the debentures. The Transaction is also subject to approval of the Alberta Court of Queen's Bench and approvals and the satisfaction of other customary closing conditions, including approval of the Toronto Stock Exchange and approval under the Competition Act (Canada).

The Transaction is expected to close early in the fourth quarter of 2020.



STUART OLSON BOARD OF DIRECTORS RECOMMENDATIONS

In early April 2020, in response to the current economic environment and increased financial and operating pressure, Stuart Olson retained CIBC Capital Markets Inc. and TD Securities Inc. to assist it as financial advisors and agent in respect of a strategic sales process. The process culminated with the Stuart Olson Board recommending the Transaction with Bird, which was determined to offer Stuart Olson's shareholders the greatest opportunity to recognize value.

In connection with its recommendation, the Stuart Olson Board obtained independent legal advice and engaged PricewaterhouseCoopers LLP ("PwC"), as an independent financial advisor, to provide an opinion that, as at July 28, 2020, and subject to certain assumptions and limitations, the Transaction is fair, from a financial point of view, to Stuart Olson's shareholders.

Based on, among other things, such advice and fairness opinion the Stuart Olson Board has unanimously determined that the Transaction is in the best interests of Stuart Olson and its shareholders and that the consideration is fair from a financial point of view to Stuart Olson's shareholders. The Board recommends that Stuart Olson's shareholders vote in favour of the Transaction.

STUART OLSON MEETINGS AND STAKEHOLDER SUPPORT

The fairness opinion will be included in Stuart Olson's management information circular to be sent to the Stuart Olson shareholders, secured bank lenders and unsecured convertible debenture holders in connection with the special meetings to be held to consider and vote on the Transaction (the "Company Meeting"). The mailing of the circular is expected in mid to late August with the Company Meeting occurring in mid to late September 2020.

The Transaction has the support, pursuant to support agreements, of 31% of Stuart Olson's shareholders, a majority of the secured bank lenders holding more than 66²/₃ of the outstanding indebtedness and 100% of the unsecured convertible debenture holders.

The foregoing summary is qualified in its entirety by the provisions of the Arrangement Agreement, a copy of which will be filed under each of Bird's and Stuart Olson's profiles on SEDAR at www.sedar.com.

INVESTOR CALL

Bird will host an investor webcast to discuss the Transaction on Wednesday July 29, 2020 at 10:00am ET. Analysts and investors may connect to the webcast via URL at <http://services.choruscall.ca/links/bird20200729.html>. They may also dial **1-855-328-1925** for audio only or to enter the question queue. The presentation can also be found on our website at <https://www.bird.ca/investors/publications#investor-presentations>.

ADVISORS

ATB Capital Markets is acting as financial advisor and Bennett Jones LLP is acting as legal counsel to Bird. Longview Communications & Public Affairs is acting as strategic communications advisor to Bird.

PwC is acting as independent financial advisor to Stuart Olson's Board, CIBC Capital Markets and TD Securities acted as Transaction process advisors, Norton Rose Fulbright Canada LLP is acting as legal counsel to Stuart Olson and Osler, Hoskin & Harcourt acted as legal counsel to Stuart Olson's Board.

ABOUT BIRD CONSTRUCTION

Bird Construction Inc. (TSX:BDT) is one of Canada's leading providers of construction services. The company's focus is in markets from the west to east coast with offices servicing Canada's major markets. The company provides services



focused primarily on new construction for industrial, commercial and institutional markets as well as heavy civil construction and contract surface mining sectors. The majority of contracts are contracted with a fixed price commercial framework. www.bird.ca

ABOUT STUART OLSON

Stuart Olson Inc. (TSX:SOX) provides construction services including vertical infrastructure and electrical building systems contracting in the public and private construction markets as well as a full suite of services including, electrical, mechanical and specialty trades, such as insulation, cladding and asbestos abatement, in the industrial construction and services market. The Company operates office locations and projects throughout Western Canada, Ontario and the territories. In 2020 Stuart Olson was recognized as one of Alberta's Top Employers for the fourth consecutive year. www.stuartolson.com

NON-GAAP MEASURES

Adjusted Earnings and Adjusted Earnings Per Share have no standardized meaning under IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management uses Adjusted Earnings and Adjusted Earnings Per Share to assess the operating performance of its business. Management believes that investors and analysts use Adjusted Earnings and Adjusted Earnings Per Share, as they may provide predictive value to assess the ongoing operations of the business and it provides a more consistent comparison between financial reporting periods. Adjusted Earnings is defined as IFRS net income excluding acquisition, integration and restructuring costs and the income tax effect of these costs. Adjusted Earnings Per Share is calculated as Adjusted Earnings divided by the basic weighted averaged number of shares.

FORWARD LOOKING INFORMATION

This news release contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this news release are based on the expectations, estimates and projections of management of Bird and Stuart Olson as of the date of this news release unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward-looking statements concerning: the anticipated benefits of the Transaction to Stuart Olson and its shareholders and to Bird and its shareholders, including anticipated synergies; the plans and strategic priorities of the combined company; the timing and anticipated receipt of required lender, debenture holder, shareholder, court, regulatory, stock exchange and other third party approvals for the Transaction; the ability of Stuart Olson and Bird to satisfy the other conditions to, and to complete, the Transaction; and the anticipated timing of the holding of the Stuart Olson shareholder meeting and the closing of the Transaction.

In respect of the forward-looking statements concerning the anticipated benefits and completion of the Transaction, the timing and anticipated receipt of required third party approvals and the anticipated timing for completion of the Transaction, Bird and Stuart Olson have provided such in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials, including the Circular; the ability of the parties to receive, in a timely manner, the necessary lender, debenture holder, shareholder, court, regulatory, stock exchange and other third party approvals, including but not limited to the receipt of applicable competition approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement Agreement; and expectations and assumptions concerning, among other things: customer demand for the combined company's services and anticipated synergies, capital efficiencies and cost-savings.

Since forward-looking statements address future events and conditions, by their very nature they involve 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 the risks associated with the industries in which Bird and Stuart Olson operate in general such as: operational risks, industry and inherent project delivery risks; delays or changes in plans with respect



to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; compliance with environmental laws risks; competition, ethics and reputational risks; ability to access sufficient capital from internal and external sources; global pandemics; repayment of credit facility; collection of recognized revenue; performance bonds and contract security; potential for non-payment and credit risk and ongoing financing availability; regional concentration; regulations; dependence on the public sector; client concentration; labour matters; loss of key management; ability to hire and retain qualified and capable personnel; subcontractor performance; unanticipated shutdowns, work stoppages, strikes and lockouts; maintaining safe worksites; cyber security risks; litigation risk; corporate guarantees and letters of credit; volatility of market trading; failure of clients to obtain required permits and licenses; payment of dividends; economy and cyclicity; Public Private Partnerships project risk; design risks; completion and performance guarantees/design-build risks; ability to secure work; estimating costs and schedules/assessing contract risks; quality assurance and quality control; accuracy of cost to complete estimates; insurance risk; adjustments and cancellations of backlog; joint venture risk; internal and disclosure controls; Public Private Partnerships equity investments; failure to realize the anticipated benefits of the Transaction; and changes in legislation, including but not limited to tax laws and environmental regulations. Risks and uncertainties inherent in the nature of the Transaction include the failure of Stuart Olson or Bird to obtain, as applicable, necessary lender, debenture holder, shareholder, court, regulatory, stock exchange and other third party approvals, or to otherwise satisfy the conditions to the Transaction, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of Stuart Olson or Bird to otherwise satisfy the conditions to the Transaction, may result in the Transaction not being completed on the proposed terms, or at all. In addition, the failure of Stuart Olson or Bird to comply with the terms of the Arrangement Agreement may result in Stuart Olson or Bird being required to pay a non-completion or other fee to the other party.

The forward-looking statements in this news release should not be interpreted as providing a full assessment or reflection of the unprecedented impacts of the recent COVID-19 pandemic ("COVID-19") and the resulting indirect global and regional economic impacts.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Stuart Olson's Annual Information Form for the year ended December 31, 2019 and Bird's Annual Information Form for the year ended December 31, 2019, each of which may be accessed on Stuart Olson's and Bird's SEDAR profile, respectively, at www.sedar.com.

The forward-looking statements contained in this news release are made as of the date hereof and the parties undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The TSX does not accept responsibility for the adequacy or accuracy of this news release.

INVESTORS & MEDIA

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