



1 TSX Is Building a War Chest to Emerge From COVID-19 Unscathed

Description

Every crisis creates an opportunity. The COVID-19 pandemic is no different. As the smoke clears, there will be a lot of good companies on life support, waiting for someone bigger to come and rescue them.

WSP Global ([TSX:WSP](#)) is a Montreal-based consulting company that provides engineering solutions to companies across industries and is gearing up to go bottom fishing in the wake of the pandemic.

The TSX company raised \$500 million to fund acquisitions

On June 1, WSP announced that it will issue a little over five million shares to a group of underwriters at a price of \$86 per share, raising \$437 million in a public offering.

In addition, WSP has also agreed to a private placement of common shares with Caisse de dépôt et placement du Québec (CDPQ) for \$44 million and another private placement with Canada Pension Plan Investment Board (CPP Investments) for \$20 million. That's a total capital raise of \$501 million.

WSP intends to use the net proceeds of the capital raise for general corporate purposes as well as to fund potential future acquisition opportunities.

"The successful completion of the Offering and Private Placement will further position WSP with a stronger balance sheet, affording us with maximum financial flexibility to continue to pursue our strategic ambitions by seizing upon various opportunities that will arise from the accelerated changes to our industry," said WSP President and Chief Executive Officer Alexandre L'Heureux,

In 2019, WSP acquired eight companies across North and South America, Europe, and Australia. 2020 saw just one acquisition LT Environmental Inc. before the pandemic hit. Talks are on between Los Angeles-based construction and engineering giant AECOM and WSP, as the Canadian firm is apparently still pursuing its bid to acquire the LA company.

WSP has acquired multiple U.S.-based engineering firms in the past. In 2018, it bought Berger Group

Holdings Inc. for around \$400 million. In 2014, it spent \$1.4 billion to buy New York City-based Parsons Brinckerhoff. In December 2019, WSP acquired New York-based Ecology and Environment Inc. for \$65 million.

Sales were up 4.4% in Q1

As WSP gears up for another round of acquisitions, let's take a look at its latest numbers. The company reported net revenues of \$1.7 billion for the quarter ended March 31, 2020. This is up 4.4% from the same period in 2019.

WSP's performance in Western Canada has been impacted by the low prices in oil and gas, and its Asia operations were hit because of the pandemic.

WSP recorded a backlog of \$8.5 billion on March 28, 2020, up \$349.2 million or 4.3% from \$8.1 billion as of December 31, 2019. It won a five-year contract worth \$100 million for waterfront projects in the Naval Facilities Engineering Command Northwest area of operation.

The company was also awarded a three-year assignment to manage the City of Toronto's water main rehabilitation program for approximately \$19 million in fees.

In Q2, they were part of a group that will work on the Smart Motorways Alliance in the U.K. The value of the project is GBP 4.5 billion over 10 years for six partners.

WSP has a proven track record and will withstand the impact of COVID-19 better than most companies. The stock is trading at \$83.92 right now and can move up 17% in the next year, [according to analyst estimates](#).

In the last five years, the [stock is up 120%](#) and is a good pick to shore up your portfolio.

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