

# Vancouver-based Seacliff Construction sold to Calgary's Churchill Corp.

BY BRIAN MORTON, VANCOUVER SUN MAY 17, 2010 2:42 PM



"The combination of Churchill and Seacliff creates a leading publicly-listed Western Canadian construction and industrial services company," Jim Houck, chief executive with Churchill, said in a release.

**Photograph by:** Bruce Edwards/Canwest News Service,

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VANCOUVER — Calgary-based Churchill Corp. is buying Seacliff Construction of Richmond in a cash deal valued at \$390 million.

"This puts us in a far better position to move our company forward strategically," Seacliff president and CEO Bill Crarer said in an interview Monday. "There's a lot of commonality in our strategic thinking. This made good sense."

Crarer said the deal not only creates excellent value for shareholders by offering a "significant premium" over the current price of Seacliff shares, but leaves most jobs intact.

He said it will create a western Canadian construction and industrial-services powerhouse and addresses Seacliff's liquidity and low market capitalization issues that have been impediments in the past.

He said the new company is better positioned to pursue larger projects in scale and offer a more diverse range of services to its customers.

“There will probably be some job loss,” Crarer said of Seaciff’s 1,300 employees. “But it will be minimal. They’ll need those people to grow the business.”

He said the new company will have a combined staff of about 3,300 people.

Under the terms of the agreement, Churchill Corp. will acquire all the common shares of Seaciff for \$390 million in cash, including \$10 million of debt.

Seaciff shareholders will receive \$17.14 in cash for each Seaciff share, which represents a 23-per-cent premium to the average trading price of Seaciff’s shares over the last 20 trading days ending on last Friday when it closed at \$14.55.

The boards of directors of Churchill and Seaciff have unanimously approved the deal, which is subject to the approval of Seaciff’s shareholders and regulatory approvals.

“We believe that the combination of Churchill and Seaciff is strategically compelling and will benefit Churchill’s shareholders,” Jim Houck, president and CEO of Churchill, said in a statement. “We’re creating an unparalleled company leveraged to institutional and commercial construction, yet operationally diversified across many business lines, regions and customers.

“The combination of Dominion (Seaciff’s business unit) and Stuart Olson (Churchill’s operating subsidiary) will result in Churchill having a presence in markets we currently do not serve. Additionally, the transaction provides the opportunity to create a more diversified electrical services group.”

Crarer, whose previous Seaciff contracts include the Richmond Olympic Oval (worth \$175 million), the Peter Lougheed Hospital in Calgary (\$39 million) and the Broadway Tech Centre (\$90 million), said he will help with the transition process.

Crarer, who has served as Seaciff CEO for two years and has been with the company since 1967, also said he may be involved in the new company to a degree because his name has been put forward for consideration as a Churchill board member.

According to a release, as of March 31, Churchill and Seaciff had cash balances of \$158 million and \$71 million, respectively.

Churchill provides building construction, industrial insulation and electrical contracting services throughout Western Canada, while Seaciff provides general contracting services, electrical contracting and earthmoving services to clients in both the public and private sectors, with most business derived from institutional, commercial, civil and light industrial construction projects.

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