

# Market Update

## Environmental Services

Q3 2017

### Key Highlights

- Lincoln International Environmental Services Stock Index rose 4.0% in Q3 2017
- Public company trading multiples were unchanged, averaging 11.5x in Q3 2017
- Global deal volume increased significantly in Q2 2017 when compared to the previous quarter

### Lincoln International's Environmental Services Group

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive environmental services expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Environmental Services Group has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the environmental services space, particularly in our key areas of focus below:

- Consulting & Engineering
- Laboratory Testing
- Remediation & Construction
- Reverse Logistics, Refurbishment & Recycling
- Waste Collection & Disposal

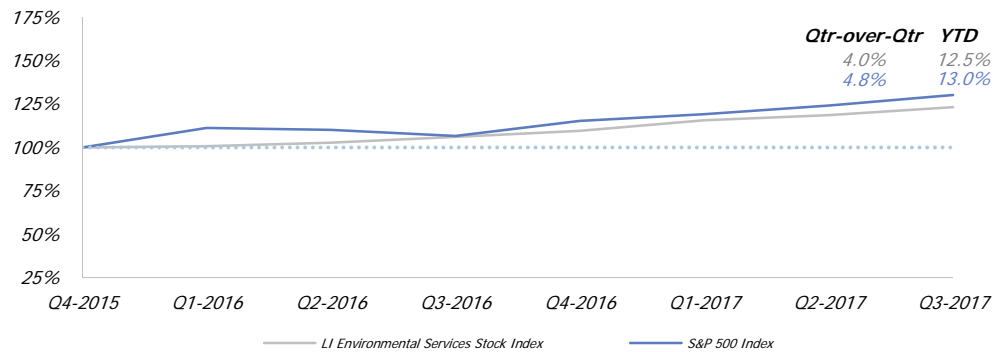
**Lincoln International Environmental Services Stock Index rose 4.0% in Q3 2017**

## Lincoln International Environmental Services Stock Index (“LI ESSI”)

The LI ESSI is a market cap-weighted composite stock index similar to the S&P 500 Index. Given the broad scope of Environmental Services, the LI ESSI is comprised of companies that generate a meaningful portion of revenue from a variety of sub-sectors, including Consulting &

Engineering; Recycling & Refurbishment; Remediation & Construction; and Waste Collection & Disposal. A full list of the companies included in the LI ESSI is provided on the following page.

### Stock Index Change



Source: Capital IQ as of 9/30/2017

## Quarter-over-Quarter Performance

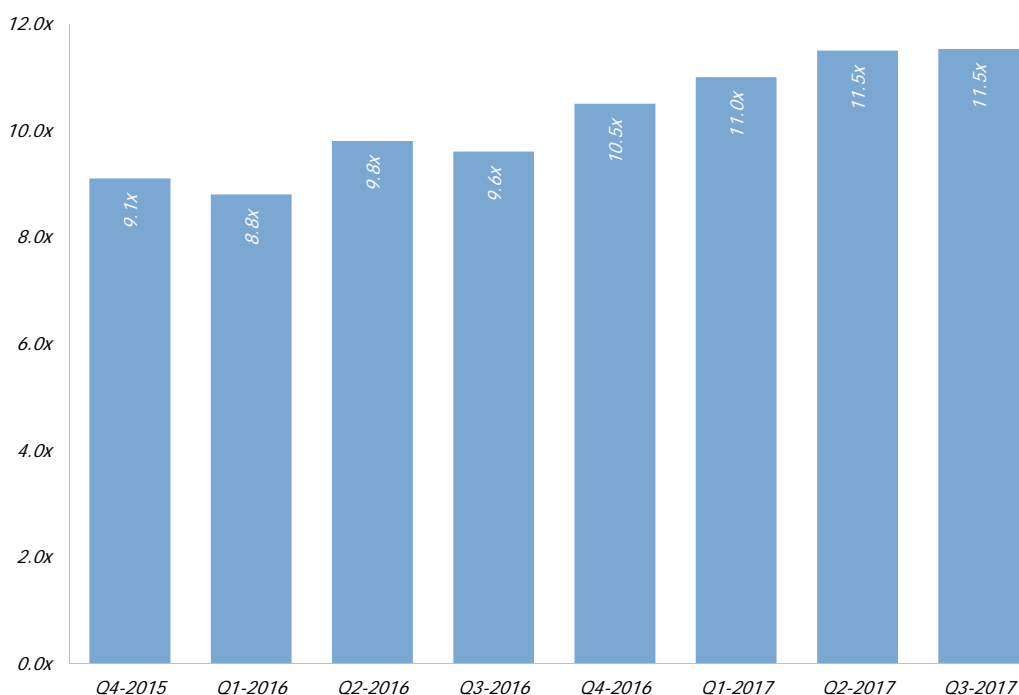
Outperformers*	Change	Underperformers*	Change
ARCADIS NV	15.2%	Sims Metal Management Limited	(11.2%)
Casella Waste Systems, Inc.	14.6%	Stericycle, Inc.	(6.2%)
AECOM	13.9%	SUEZ SA	(4.7%)
Schnitzer Steel Industries, Inc.	11.7%		
RPS Group plc	10.1%		
Amec Foster Wheeler plc	9.1%		
Waste Connections, Inc.	8.6%		
Waste Management, Inc.	6.7%		
US Ecology, Inc.	6.5%		
Veolia Environnement S.A.	5.7%		
Republic Services, Inc.	3.7%		
Tetra Tech, Inc.	1.7%		
Clean Harbors, Inc.	1.6%		
SNC-Lavalin Group Inc.	0.6%		

\*Based on qtr-over-qtr share price performance



Public company trading multiples were unchanged, averaging 11.5x in Q3 2017

### Enterprise Value<sup>(1)</sup> / LTM EBITDA Multiples



Source: Capital IQ as of 9/30/2017; multiples represent adjusted mean

(1) Enterprise Value is calculated as market capitalization plus total net debt, preferred equity and minority interest

### LI Environmental Services Stock Index Data

(\$ in millions, except per share data)

	Current Price	52-Wk High	Market Cap	Enterprise Value	Diluted EPS	LTM Rev	EV / LTM			LTM Growth		EBITDA Margin	Net Debt/EBITDA
							Rev	EBITDA	EBIT	Rev	EBITDA		
AECOM	\$36.81	\$40.72	\$5,769	\$9,075	\$1.63	\$17,670	0.5x	11.5x	18.1x	(0.8%)	(22.3%)	4.5%	3.9x
Amec Foster Wheeler plc	6.83	8.46	2,664	4,246	(0.10)	6,404	0.7x	10.8x	18.8x	(14.5%)	(10.3%)	6.1%	3.9x
ARCADIS NV	21.55	23.21	1,864	2,478	0.78	3,764	0.7x	11.5x	17.6x	(0.4%)	(17.5%)	5.7%	2.7x
Casella Waste Systems Inc.	18.80	19.13	790	1,291	(1.40)	583	2.2x	11.4x	25.0x	4.8%	13.0%	19.4%	4.4x
Clean Harbors, Inc.	56.70	61.62	3,241	4,529	(0.32)	2,863	1.6x	10.9x	35.8x	(2.6%)	(3.5%)	14.5%	3.1x
Republic Services, Inc.	66.06	67.18	22,247	29,994	1.95	9,708	3.1x	11.0x	18.3x	5.1%	5.7%	28.0%	2.8x
RPS Group plc	3.87	4.02	841	966	0.18	798	1.2x	10.9x	16.5x	4.6%	12.5%	11.0%	1.4x
Schnitzer Steel Industries, Inc.	28.15	30.60	741	915	1.55	1,584	0.6x	10.1x	22.7x	11.6%	24.2%	5.7%	1.9x
Sims Metal Management Limited	10.58	12.83	2,125	1,824	0.78	3,906	0.5x	10.3x	19.9x	12.4%	251.1%	4.6%	(1.7x)
SNC-Lavalin Group Inc.	45.12	47.71	7,915	7,573	1.39	6,282	1.2x	18.4x	24.1x	(11.1%)	(24.4%)	6.6%	(0.8x)
Stericycle, Inc.	71.62	88.00	6,112	8,940	(0.25)	3,607	2.5x	11.5x	16.6x	6.9%	(8.0%)	21.6%	3.6x
Suez Environnement Company SA	18.25	20.08	11,162	21,694	0.53	17,562	1.2x	9.0x	17.8x	3.4%	2.0%	13.7%	3.4x
Tetra Tech, Inc.	46.55	48.35	2,632	2,820	1.97	2,031	1.4x	13.0x	16.5x	11.3%	12.8%	10.7%	0.9x
US Ecology, Inc.	53.80	55.00	1,174	1,449	1.28	478	3.0x	13.6x	22.2x	(8.4%)	(10.4%)	22.3%	2.6x
Veolia Environnement S.A.	23.11	24.23	12,699	24,004	0.54	28,410	0.8x	7.5x	15.6x	4.5%	0.4%	11.2%	3.0x
Waste Connections Inc.	69.96	70.72	18,444	22,061	1.18	4,400	5.0x	16.1x	28.9x	89.5%	82.0%	31.1%	2.6x
Waste Management, Inc.	78.27	78.82	34,442	43,488	2.92	14,125	3.1x	11.3x	17.2x	7.0%	7.5%	27.3%	2.3x
<b>Mean</b>							<b>1.7x</b>	<b>11.7x</b>	<b>20.7x</b>	<b>7.2%</b>	<b>18.5%</b>	<b>14.4%</b>	<b>2.4x</b>
<b>Median</b>							<b>1.2x</b>	<b>11.3x</b>	<b>18.3x</b>	<b>4.6%</b>	<b>2.0%</b>	<b>11.2%</b>	<b>2.7x</b>
<b>Adjusted Mean (excludes highest and lowest value)</b>							<b>1.6x</b>	<b>11.5x</b>	<b>20.0x</b>	<b>3.2%</b>	<b>5.9%</b>	<b>13.9%</b>	<b>2.5x</b>

Source: Capital IQ as of 9/30/2017

## Lincoln's Insights

Lincoln International advised **Oaktree Capital Management ("Oaktree")** on the merger of its portfolio company **Horizon Solar Power ("Horizon")** with **Solar Spectrum**. **Horizon** is a leading marketer, designer and installer of turnkey residential and commercial solar systems. Its services provide a fully integrated offering related to the marketing and installation of residential and commercial solar systems, including comprehensive system design, financing, installation and maintenance solutions. Together, **Horizon** and **Solar Spectrum** will create one of the nation's largest residential solar system providers. Lincoln acted as the exclusive sell-side advisor to **Oaktree** and **Horizon**, working closely with the management team and shareholders throughout the sale process.

## Market Intelligence

09/13/17: **NV5 Global Inc. (NASDAQ:NVEE)**, the provider of technical engineering and consulting solutions, has acquired **Marron and Associates, Inc.**, an environmental services firm. **Marron** specializes in environmental documentation preparation, particularly in accordance with the National Environmental Policy Act (NEPA). The acquisition will meaningfully enhance **NV5's** environmental planning and permitting (EP&P) services, per Chairman and CEO Dickerson Wright.

09/13/17: **EnviroVac Holdings, LLC**, the Georgia-based provider of cleaning and maintenance services and a portfolio company of **Audax Private Equity**, is seeking add-on acquisitions of companies that provide specialized services to all end markets. **Audax** acquired **EnviroVac** in July 2017 from **RLJ Equity Partners**.

09/11/17: **Washing Systems**, the Ohio-based commercial laundry chemical firm and a portfolio company of **Gryphon Investors**, has acquired **Clearbrook**, a provider of proprietary and innovative water treatment products, in order to expand the firm's water treatment business. **Lincoln International** sold **Washing Systems** to **Gryphon** in 2015.

09/06/17: **Veolia Environnement S.A. (ENXTPA:VIE)**, the France-based waste management company, has acquired **Eurologistik Group** through its Germany-based subsidiary, **Veolia Umweltservice GmbH**. **Eurologistik Group** provides services in the areas of recycling management, sustainable recycling and disposal.

08/24/17: **Republic Services (NYSE:RSG)** the Phoenix-based provider of waste collection services, has acquired **ReCommunity Holdings II, Inc.**, the largest independent recycling processing company in the United States, from a private equity consortium including **MissionPoint Capital Partners** and **HarbourVest Partners**. The acquisition involves 26 recycling centers in 14 states, primarily in locations where **Republic** maintains a leading market presence, and will allow **Republic** to meet customers' growing demand for recycling in multiple markets.

08/21/17: **Scholz Recycling**, the Germany-based specialist in recycling ferrous and non-ferrous metal scraps, is planning to take advantage of sector consolidation to accelerate growth, per Chief Investment Officer Kian Guan Goh. **Scholz** is interested in acquiring competitors in Europe and the United States, following its nearly complete integration with **Chiho Environmental Group (SEHK:976)**, the Hong Kong-based mixed metal scrap recycler which acquired **Scholz** in August 2016.

08/16/17: **Veolia Environnement S.A. (ENXTPA:VIE)**, the French waste management company, has acquired **Hans Andersson Recycling AB** through its Sweden-based subsidiary, **Veolia Nordic**. **Hans Andersson Recycling AB**, the \$180M revenue recycling provider for real estate, industry and workshops, represents **Veolia Nordic's** second recent major acquisition in the geography after **Corvara**, an industrial cleaning business. Together, **Hans** and **Corvara** are thought to make **Veolia** a leader in Sweden's waste management space.

07/28/17: **Republic Services (NYSE:RSG)**, the waste collection services provider, has an active pipeline of acquisition candidates and will easily reach its yearly target of spending \$100M on acquisitions, per CEO Don Slager, after the Company spent \$91M in the first half of the year. Consistent with its history, the firm has been spending ~4.5x to 5.0x post synergy EBITDA on acquisitions.

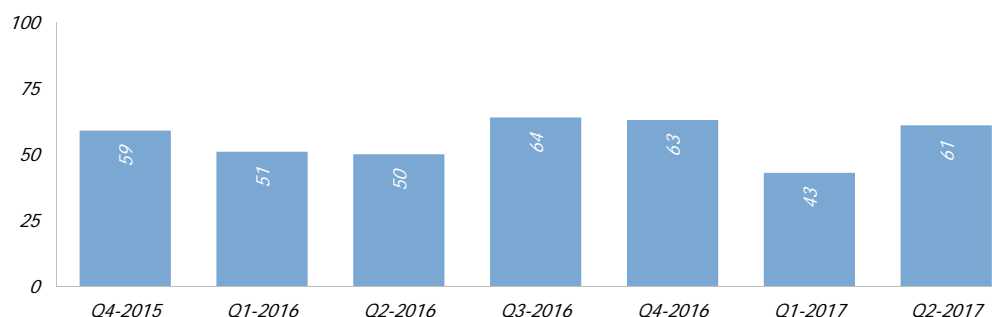
07/27/17: **Arcadis NV (ENXTAM:ARCAD)**, the Netherlands-based design and consultancy firm for natural and built assets, has acquired **E2 ManageTech**, a provider of IT and business services for the environmental, health and safety (EHS) market. The acquisition will strengthen **Arcadis'** compliance solutions and the firm's existing clients will benefit from **E2's** extensive advisory, deployment and EHS software experience.

07/05/17: **Emerald Transformer**, a division of **Versatile Processing Group, Inc.**, an **Insight Equity Portfolio** company, has acquired **Clean Harbors Inc.'s (NYSE:CLH) Transformer Services Group**, which brings significant expertise and capability in equipment recycling and polychlorinated biphenyl (PCB) disposal. The acquisition expands **Emerald's** national footprint, which now consists of 10 strategic locations from coast-to-coast in the United States.

Global deal volume increased significantly in Q2 2017 when compared to the previous quarter

## Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 9/30/2017

Note: Represents closed M&A transactions for targets classified under relevant SIC codes or tracked on Lincoln's industry watch list; this chart is subject to change quarterly as this report may be published prior to the announcement of certain transactions completed within the respective periods outlined above

## Select M&A Transactions

(\$ in millions)

Closed	Target	Target Description	Acquirer	Enterprise Value	EV / LTM	
					Rev.	EBITDA
Announced	Aquilex Holdings	Provides industrial cleaning solution services	PSC Industrial Holdings Corporation	-	-	-
Announced	Waste Industries USA	Provides non-hazardous solid waste disposal services	Equity Group Investments, HPS Investment Partners	-	-	-
Announced	Clearbrook	Provides water treatment services	Washing Systems	-	-	-
Announced	Eurologistik Unternehmensgruppe	Provides recycling management and waste disposal services	Veolia Umweltservice GmbH	-	-	-
Announced	ReCommunity Holdings II	Provides recycling and processing services	Republic Services	-	-	-
Announced	Hans Andersson Recycling Göteborg AB	Provides recycling services	Veolia Nordic AB	-	-	-
Sep-17	Girard Environmental Services	Provides irrigation, maintenance and arbor care services	BrightView Landscapes	-	-	-
Sep-17	Marron and Associates	Provides environmental consulting services	NV5 Global	-	-	-
Aug-17	Thermatech	Provides environmental degassing services	ProAct Services Corporation	-	-	-
Aug-17	Stella Environmental Services	Provides municipal waste logistics services	Hidden Harbor Capital Partners	-	-	-
Jul-17	E2 ManageTech	Provides environment management and consulting services	ARCADIS NV	-	-	-
Jul-17	Soucy's Sewer & Septic Services	Provides wastewater treatment services	Wind River Environmental	-	-	-
Jul-17	Ultra Environmental Services	Provides non-hazardous, industrial wastewater treatment services	Valicor Environmental Services	-	-	-
Jul-17	Drain Pro	Provides cleaning and maintenance services	Wind River Environmental	-	-	-
Jul-17	Envirovac	Provides cleaning and maintenance services	Audax Group	-	-	-
Jul-17	Environmental Forensic Investigations	Provides environmental consulting and design services	Woodlawn Partners, Peninsula Capital Partners	-	-	-
Jul-17	Clean Harbors - Transformer Services Group	Provides equipment recycling and disposal services	Emerald Transformer	-	-	-
Jun-17	ADI Systems, Lange Containment Systems and Geomembrane Technologies	Provides industrial wastewater management services	Evoqua Water Technologies	\$57.6	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 9/30/2017



## Global Industry Groups

Aerospace & Defense  
Automotive & Truck  
Building & Infrastructure  
Business Services  
Chemicals  
Consumer  
Distribution  
Electronics  
Energy & Power  
Financial Institutions  
Food & Beverage  
Healthcare  
Industrials  
Packaging  
Technology, Media & Telecom

## Global Locations

Amsterdam  
Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
New York  
Paris  
San Francisco  
São Paulo  
Tokyo  
Vienna  
Zurich

## Advisory Services

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## About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With nineteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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