

Market Update

Environmental Services

Q4 2017



Key Highlights

- Lincoln International Environmental Services Stock Index rose 2.9% in Q4 2017
- Public company trading multiples increased, averaging 11.6x in Q4 2017
- Global deal volume increased in Q3 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

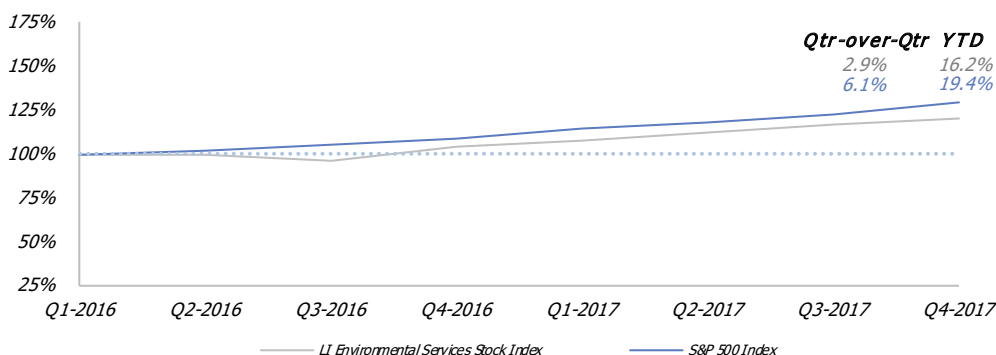
Lincoln International Environmental Services Stock Index rose 2.9% in Q4 2017

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 12/31/2017v

Quarter-over-Quarter Performance

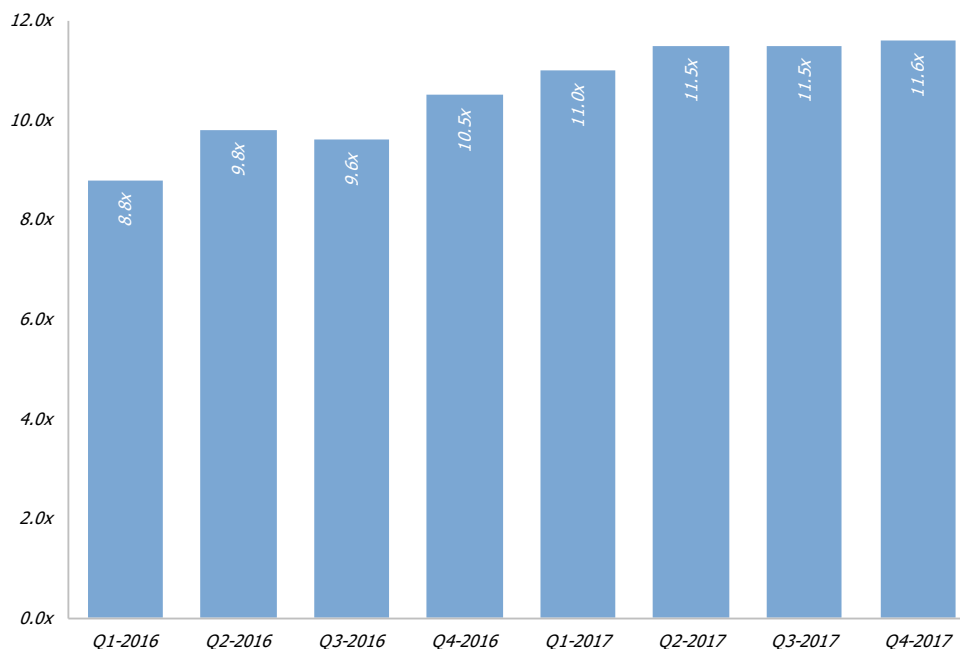
Outperformers*	Change	Underperformers*	Change
Casella Waste Systems, Inc.	22.4%	RPS Group plc	(5.6%)
Schnitzer Steel Industries, Inc.	19.0%	US Ecology, Inc.	(5.2%)
Sims Metal Management Limited	17.0%	Stericycle, Inc.	(5.1%)
Waste Management, Inc.	10.3%	SUEZ SA	(5.1%)
Veolia Environnement S.A.	8.8%	Clean Harbors, Inc.	(4.4%)
ARCADIS NV	4.5%		
Tetra Tech, Inc.	3.4%		
Republic Services, Inc.	2.3%		
Waste Connections, Inc.	1.4%		
SNC-Lavalin Group Inc.	1.2%		
AECOM	0.9%		

*Based on qtr-over-qtr share price performance



Public company trading multiples increased, averaging 11.6x in Q4 2017

Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 12/31/2017; 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	Market	Enterprise Value	Diluted EPS	LTM Rev	EV / LTM			LTM Growth		EBITDA Margin	Net Debt / EBITDA
							Rev	EBITDA	EBIT	Rev	EBITDA		
AECOM	\$37.15	\$39.50	\$5,856	\$9,116	\$2.13	\$18,203	0.5x	11.2x	16.6x	4.6%	(9.4%)	4.5%	3.7x
ARCADIS NV	22.88	24.02	1,961	2,586	0.68	3,764	0.7x	11.9x	18.4x	(0.4%)	(17.5%)	5.7%	2.7x
Casella Waste Systems Inc.	23.02	23.20	968	1,450	(1.29)	592	2.5x	12.6x	27.2x	5.5%	10.2%	19.4%	4.2x
Clean Harbors, Inc.	54.20	61.62	3,086	4,354	0.07	2,890	1.5x	10.6x	35.3x	4.1%	5.1%	14.2%	3.1x
Republic Services, Inc.	67.61	68.00	22,597	30,393	2.36	9,861	3.1x	11.1x	18.5x	6.0%	4.9%	27.8%	2.8x
RPS Group plc	3.68	4.11	802	928	0.14	798	1.2x	10.5x	15.9x	4.6%	12.5%	11.0%	1.4x
Schnitzer Steel Industries, Inc.	33.50	35.15	883	1,025	2.27	1,837	0.6x	8.2x	13.7x	34.5%	66.9%	6.8%	1.4x
Sims Metal Management Limited	12.32	12.77	2,484	2,185	1.02	3,906	0.6x	12.3x	23.8x	12.4%	251.1%	4.6%	(1.7x)
SNC-Lavalin Group Inc.	45.49	47.35	7,983	9,737	2.12	6,903	1.4x	17.6x	22.5x	1.7%	17.8%	8.0%	3.2x
Stericycle, Inc.	67.99	88.00	5,805	8,542	(0.55)	3,599	2.4x	11.4x	16.6x	1.6%	(14.7%)	20.8%	3.6x
Suez Environnement Company SA	17.61	20.40	10,943	21,643	0.46	17,562	1.2x	9.0x	17.8x	3.4%	2.0%	13.7%	3.4x
Tetra Tech, Inc.	48.15	50.90	2,683	2,850	2.04	2,034	1.4x	12.9x	16.2x	5.4%	9.0%	10.9%	0.8x
US Ecology, Inc.	51.00	55.75	1,113	1,383	1.20	488	2.8x	13.6x	23.2x	(2.3%)	(13.1%)	20.9%	2.7x
Veolia Environnement S.A.	25.55	25.96	14,040	25,526	0.47	28,410	0.9x	8.0x	16.5x	4.5%	0.4%	11.2%	3.0x
Waste Connections Inc.	70.94	74.20	18,703	22,176	1.32	4,522	4.9x	15.5x	27.4x	58.2%	57.9%	31.5%	2.4x
Waste Management, Inc.	86.30	86.89	37,473	46,805	3.12	14,293	3.3x	12.0x	18.3x	6.7%	7.0%	27.4%	2.4x
Mean							1.8x	11.8x	20.5x	9.4%	24.4%	14.9%	2.4x
Median							1.4x	11.7x	18.3x	4.6%	6.1%	12.5%	2.8x
Adjusted Mean (excludes highest and lowest value)							1.7x	11.6x	19.9x	6.7%	11.2%	14.5%	2.6x

Source: Capital IQ as of 12/31/2017

Lincoln's Insights

Lincoln International advised **Rotunda Capital and management shareholders** on the sale of **Primary Integration ("PI")** to France-based **Bureau Veritas SA**. **PI** is the leading provider of commissioning and operational consulting services for data centers and other mission-critical environments. **PI's** full suite of services span the entire data center lifecycle, from pre-commissioning through facility operation. **PI's** services ensure new and existing facilities run at peak performance and verify mechanical, electrical and control systems operate according to the engineers' design intent, thus preventing costly system malfunctions, as well as maximizing energy efficiency. Lincoln acted as the exclusive sell-side advisor to **Rotunda** and **PI**, working closely with the team throughout the sale process.

Market Intelligence

01/10/18: **Arcadis NV (ENXTAM:ARCAD)**, the Netherlands-based design and consultancy firm for natural and built assets, has acquired **SEAMS Limited**, a provider of software and analytics solutions focused on wastewater and energy industries. The acquisition will further grow **Arcadis'** digital and data expertise while also helping the company improve customer satisfaction, increase affordability and maintain high service levels.

12/21/17: **Audax Private Equity**, the Boston-based private equity firm, has acquired **Liquid Environmental Solutions ("LES")**, a provider of non-hazardous liquid waste management and disposal services. **LES** has over 650 employees, a fleet of more than 300 trucks, 54 collection branches and 23 wastewater treatment plants.

12/01/17: **Waste Connection (NYSE:WCN)**, the Ontario-based solid waste services company, plans to make near term acquisitions. Research reports suggest that the management team will deploy its cash balance on M&A beginning in late 2017 and through early 2018. Per CEO Ron Mittelstaedt, **Waste Connections** would like to close on around 25 to 30 small acquisitions in 2017, focusing on landfill and collection buys.

11/30/17: **EagleTree Capital**, the New York-based private equity fund, has acquired a majority stake in **WaterFleet LLC**, a provider of mobile water and wastewater treatment services. **Stars Investment Management Co.** and other co-investors are partnering alongside **EagleTree**.

11/20/17: **Valicor Environmental Services**, the Ohio-based provider of non-hazardous wastewater treatment services and a portfolio company of **Wind Point Partners**, has acquired **Midstate Environmental Services**, a provider of used oil collection and processing services. This is the second bolt-on acquisition under **Wind Point's** ownership. **Valicor's** acquisition program focuses on acquiring operators of CWT facilities as well as other providers of waste management and environmental services.

11/13/17: **Integrated Global Services ("IGS")**, the Virginia-based provider of surface protection solutions for metal wastage and a portfolio company of **Industrial Growth Partners**, is in active discussions with multiple targets. **IGS** announced the acquisition of **Cetek**, a provider of surface protection solutions for wastage and emission reduction, in early November for undisclosed terms. **IGS** is "looking for the next **Cetek**," said CEO Rich Crawford, and while an exit is not in the near future, the management team is "young, aggressive and motivated" and building a company with an exit in mind.

11/09/17: **Ecological Service Partners ("ESP")**, the Washington DC-based provider of ecological restoration services, announced the successful closing of a \$250M equity round. The equity raised will support **ESP's** activities in large-scale ecological restoration of damaged wetlands, streams and habitats for endangered species, as well as enhance water quality. With the newly committed capital, **ESP** is now one of the largest and best capitalized operators in the ecological service market.

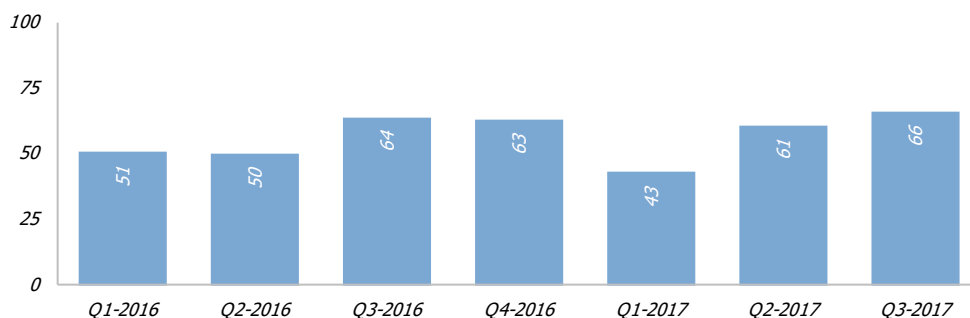
10/31/17: **SNC-Lavalin (TSX:SNC)**, the Montreal-based professional services and project management company, has acquired **Data Transfer Solutions**, a provider of engineering, GIS and environmental management solutions, for \$45M. The acquisition will add to the capabilities of **SNC-Lavalin's Atkins sector** and will enhance service offerings in digital asset management. The acquisition is aligned with the **SNC-Lavalin's** global digital strategy and recognizes the pace of technological change in the engineering, construction and environmental industry.

10/24/17: **Veolia Environment S.A. (ENXTPA:VIE)**, the France-based waste management company, has acquired **Van Scherpenzeel**, a provider of waste collection and recycling services. **Veolia** paid an estimated €50M – €70M for the Dutch company, which has 150 employees, according to the company's website.

Global deal volume increased in Q3 2017 when compared to the previous quarter

Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 12/31/2017

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	SEAMS Limited	Provides environmentally focused software and analytics solutions	Arcadis	-	-	-
Announced	Amec Foster Wheeler's American & Romanian Nuclear Operations	Provides environmental services	Kinectrics	\$10.0	-	-
Jan-18	Complete Disposal	Provides integrated solid waste management services	Casella Waste Systems	16.5	-	-
Dec-17	CTI Group	Provides waste management services	Accuworx	-	-	-
Dec-17	Liquid Environmental Solutions	Provides liquid and non-hazardous waste collection services	Audax Group	-	-	-
Dec-17	Fondasol	Provides geotechnical engineering services	BNP Paribas; BTP Capital Investissement; Amundi	-	-	-
Dec-17	Ingenieria, Control Y Administracion	Provides infrastructure development services	Bureau Veritas	-	-	-
Nov-17	Waterfleet	Provides waste management services	EagleTree Capital	-	-	-
Nov-17	Delmar Disposal	Provides environmental and industrial services	TAS Environmental Services	-	-	-
Nov-17	Midstate Environmental Services	Provides oil recycling and other environmental services	Valicor Environmental Services	-	-	-
Nov-17	CRS Reprocessing	Provides fluid reprocessing management services	Triangle Capital	27.1	-	-
Nov-17	Consultoría Colombiana	Provides engineering and environmental services	WSP Global	-	-	-
Oct-17	Cetek Limited	Provides surface protection solutions for wastage and emission reduction	Integrated Global Services	-	-	-
Oct-17	Van Scherpenzeel Groep	Provides paper and plastic waste recycling services	Veolia Environnement	-	-	-
Oct-17	OHES Environmental	Provides environmental consultancy services	Adler and Allan	-	-	-
Oct-17	Data Transfer Solutions	Provides GIS and environmental management system solutions	SNC-Lavalin Group	45.0	-	-
Oct-17	North State Resources	Provides environmental consulting services	Stantec	-	-	-
Oct-17	Gelabert Gestión de Residuos	Provides waste management services	Griñó Yield	-	-	-
Oct-17	Amaris Energie	Provides engineering and consulting services	Intuitis Investisseurs Privés	-	-	-
Oct-17	WSR Recycling	Provides waste management services	PandaGreen	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 12/31/2017

Global Industry Groups

Business Services
Consumer
Energy, Power & Infrastructure
Healthcare
Industrials
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

Mergers & Acquisitions
Debt Advisory
JV & Partnering
Valuations & Opinions
Special Situations

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.

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