

Market Update Environmental Services

Q1 2018



Key Highlights

- Lincoln International Environmental Services Stock Index declined 4.2% in Q1 2018
- Public company trading multiples decreased, averaging 10.8x in Q1 2018
- Global deal volume increased in Q4 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

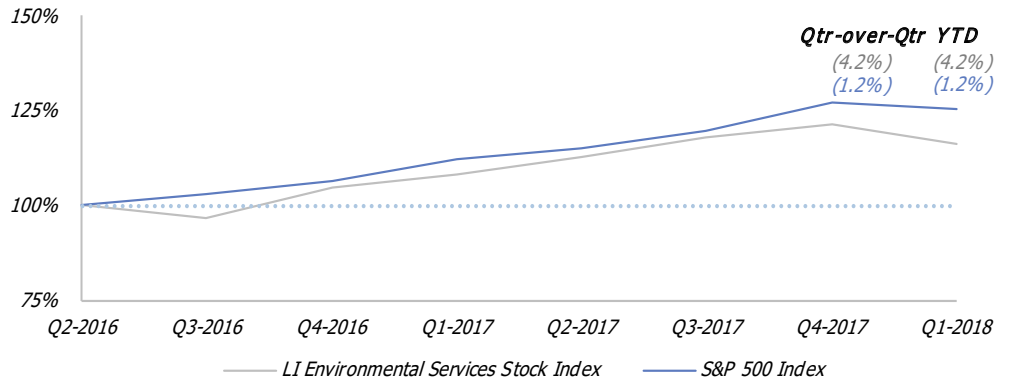
Lincoln International Environmental Services Stock Index declined 4.2% in Q1 2018

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 3/31/2018

Quarter-over-Quarter Performance

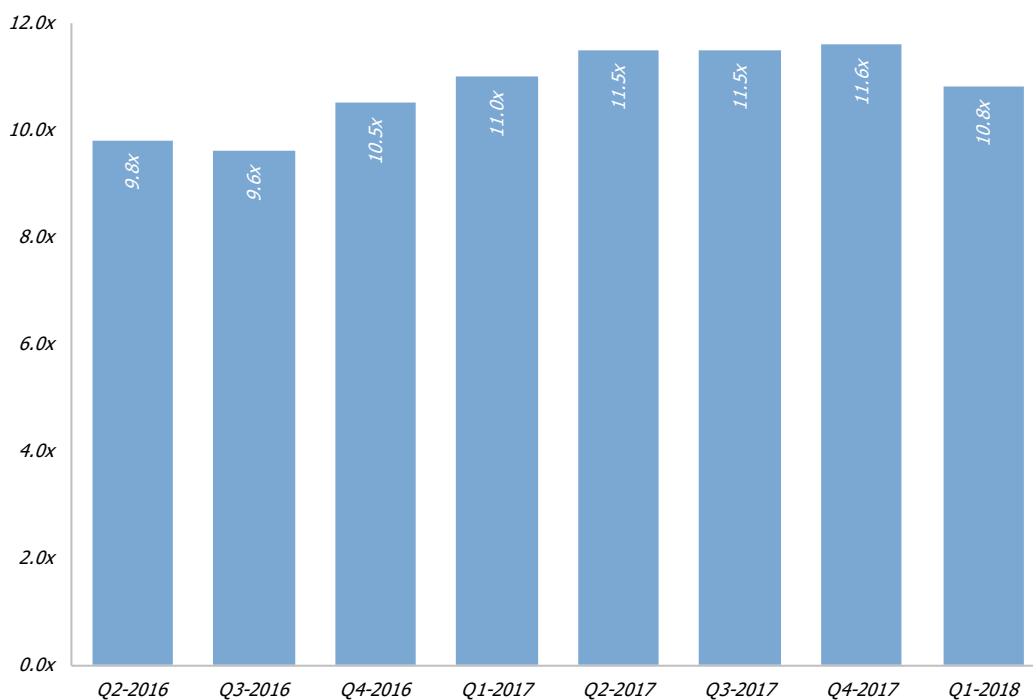
Outperformers*	Change	Underperformers*	Change
US Ecology, Inc.	4.5%	SUEZ SA	(19.7%)
Tetra Tech, Inc.	1.7%	Arcadis NV	(16.3%)
Casella Waste Systems, Inc.	1.6%	Stericycle, Inc.	(13.9%)
Waste Connections, Inc.	1.1%	Clean Harbors, Inc.	(9.9%)
		Veolia Environnement S.A.	(9.5%)
		Sims Metal Management Limited	(8.4%)
		RPS Group plc	(6.3%)
		AECOM	(4.1%)
		Schnitzer Steel Industries, Inc.	(3.4%)
		Waste Management, Inc.	(2.5%)
		Republic Services, Inc.	(2.0%)
		SNC-Lavalin Group Inc.	(0.8%)

*Based on qtr-over-qtr share price performance



Public company trading multiples decreased, averaging 10.8x in Q1 2018

Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 3/31/2018; 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	\$35.63	\$39.90	\$5,671	\$8,987	\$2.52	\$18,756	0.5x	11.3x	16.8x	7.4%	(9.6%)	4.2%	3.9x
Arcadis NV	19.65	24.71	1,688	2,214	0.81	3,865	0.6x	9.0x	13.3x	10.0%	24.2%	6.3%	2.1x
Casella Waste Systems, Inc.	23.38	27.38	989	1,469	(0.52)	599	2.5x	12.8x	27.8x	6.1%	6.7%	19.2%	4.2x
Clean Harbors, Inc.	48.81	61.62	2,758	4,030	1.76	2,945	1.4x	9.6x	30.4x	6.9%	7.5%	14.3%	3.0x
Republic Services, Inc.	66.23	69.40	21,832	29,939	3.77	10,042	3.0x	10.8x	18.1x	7.0%	4.4%	27.6%	2.9x
RPS Group plc	3.58	4.32	780	893	(0.08)	852	1.0x	10.4x	15.4x	16.1%	7.7%	10.1%	1.3x
Schnitzer Steel Industries, Inc.	32.35	38.85	853	1,033	3.30	2,014	0.5x	7.1x	10.7x	38.1%	64.5%	7.2%	1.3x
Sims Metal Management Limited	11.10	13.88	2,248	1,936	1.06	4,438	0.4x	9.1x	15.6x	32.4%	66.4%	4.8%	(1.5x)
SNC-Lavalin Group Inc.	43.87	46.05	7,700	9,514	2.34	7,443	1.3x	14.7x	20.0x	18.0%	56.2%	8.7%	2.9x
Stericycle, Inc.	58.53	88.00	5,007	7,719	0.27	3,581	2.2x	10.2x	15.3x	0.5%	(9.6%)	21.1%	3.6x
SUEZ SA	14.50	20.93	8,937	22,699	0.46	19,058	1.2x	8.9x	17.9x	17.8%	12.8%	13.3%	4.1x
Tetra Tech, Inc.	48.95	53.40	2,734	3,009	2.39	2,089	1.4x	13.2x	16.3x	8.3%	12.6%	10.9%	1.2x
US Ecology, Inc.	53.30	59.70	1,163	1,414	2.25	504	2.8x	12.9x	20.6x	5.5%	0.0%	21.8%	2.3x
Veolia Environnement S.A.	23.71	27.46	13,032	23,871	0.56	30,169	0.8x	7.0x	14.4x	18.2%	14.6%	11.3%	2.7x
Waste Connections, Inc.	71.74	74.59	18,915	22,414	2.18	4,630	4.8x	15.5x	27.5x	37.2%	36.5%	31.3%	2.4x
Waste Management, Inc.	84.12	89.73	36,372	45,864	4.41	14,485	3.2x	11.5x	17.5x	6.4%	7.6%	27.6%	2.4x
Mean							1.7x	10.9x	18.6x	14.7%	18.9%	15.0%	2.4x
Median							1.3x	10.6x	17.1x	9.1%	10.2%	12.3%	2.5x
Adjusted Mean (excludes highest and lowest value)							1.6x	10.8x	18.3x	14.1%	17.5%	14.6%	2.6x

Source: Capital IQ as of 3/31/2018

Lincoln's Insights

Lincoln International advised **Airbus SE (ENXTPA:AIR)** on the sale of **Dornier Consulting International GmbH ("DCI")** to **palero invest S.à.r.l. ("Palero")**. **DCI** specializes in water, environmental, mobility and infrastructure related consulting services. With more than 50 years of experience, **DCI** has established a large roster of public sector, as well as blue-chip corporate clients, and has secured a leading position in strategic markets such as ground-water related consulting in the Middle East and toll-collection related consulting in Central Europe. The company is headquartered in Berlin, Germany, and has nine additional branches in Europe and the Middle East. Lincoln acted as the exclusive sell-side advisor to **Airbus SE (ENXTPA:AIR)** and **DCI**, working closely with the team throughout the sale process.

Market Intelligence

04/12/18: The U.S. environmental industry generated revenues of \$388 billion in 2017, up from \$370 billion in 2016, according to preliminary estimates by **Environmental Business International**. The environmental industry's annual growth rate of 4.8% in 2017 represents a steady increase from 3.6% in 2016 and 2.1% in 2015. Industry performance reflects favorable economic conditions, but future growth may be jeopardized by retrograde environmental policy.

03/26/18: **JMH Capital** has recapitalized **All4**, the Pennsylvania-based provider of air quality compliance and permitting services. Bill Straub, founder and CEO of **All4**, said the support of **JMH Capital** would allow **All4** to "continue our aggressive organic growth model" and consider acquisitions. Managing partner of **JMH Capital**, John Nies said, "The team at **All4** has sustained long term growth trends since its founding in 2002 due to their technical leadership and unparalleled client service."

03/23/18: **Evoqua Water Technologies Corp.**, the Pennsylvania-based provider of mission-critical water and wastewater treatment services, recently closed a secondary offering priced to generate gross proceeds of approximately \$443 million. Selling stockholders, including investment funds affiliated with **AEA Investors LP**, will receive all the proceeds from the offering. **Evoqua** recently completed its initial public offering in November 2017, receiving net proceeds of approximately \$141 million, a portion of which was used to repay \$105 million of indebtedness. **Evoqua** provides cost-effective and reliable water and wastewater treatment systems and services that ensure uninterrupted quantity and quality of water, enable regulatory and environmental compliance and increase efficiency through water reuse.

03/19/18: **TerraCycle**, the New Jersey-based provider of recycling services, has launched a \$25 million Regulation A offering to finance M&A and expand its business lines. The raise, launched last month, is part of its plan to fund at least one acquisition per year in niche sectors like hazardous waste. Ideal targets are U.S.-based firms with revenue between \$5 million and \$25 million in the waste management sector, but **TerraCycle** would also consider buys in any of the 21 countries in which it operates, including Canada, the U.K., Brazil, Mexico, Japan, Australia and China. **TerraCycle's** CEO, Tom Szaky, noted that

the company is already in "half a dozen active conversations" with potential targets.

03/12/18: The Premier of British Columbia, the Governors of Oregon and Washington and the California Secretary for Environmental Protection met in March to mark the 10th anniversary of the **Pacific Coast Collaborative (PCC)**. The group reaffirmed their strong commitment to meaningful action on climate change, acknowledging that carbon pricing can effectively, efficiently and fairly reduce carbon pollution. For the past decade, the **PCC** has helped propel the Pacific region to the forefront of climate action.

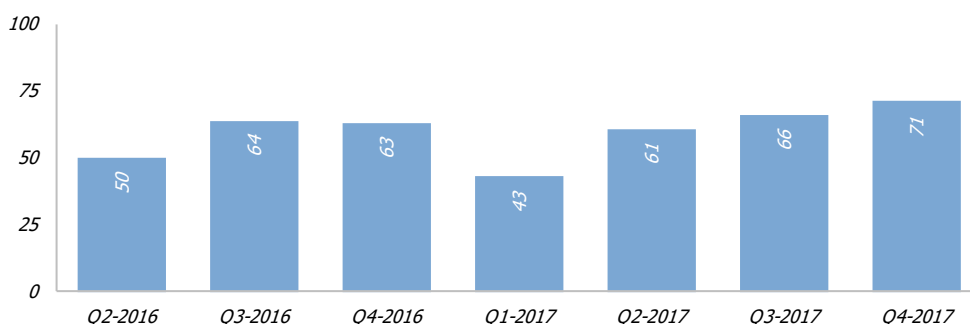
02/02/18: **Shanghai Environment Group (SHA:601200)**, the Shanghai-based and state-owned provider of urban waste management services, is screening targets for waste and water treatment projects in Europe, the U.S., Israel and Japan. The company is interested in targets which own more than one project in local markets and "the bigger the capacity the better," said a source familiar with the situation. **Shanghai Environment Group** will pay a reasonable price for overseas acquisitions, per Chinese government policy.

01/12/18: **SUEZ NWS** and **SE Environment** signed a shareholder agreement to establish the joint venture **SE SUEZ Environmental Technology**, which will oversee management of the "Shangyang Project" for the recovery and treatment of sludge in the city of Shenzhen for a contract duration of 30 years. **SE SUEZ Environmental Technology Company Limited** is established by **SUEZ NWS** (49%) and **SE Environment** (51%). The "Shangyang Project" is the largest sludge recovery and treatment center in the city of Shenzhen. With a capacity of up to 800 tons of sludge per day, it will optimize the treatment of sludge from more than 10 municipal wastewater treatment plants in the Longgang district and downtown Shenzhen, thus contributing to the protection of the city's environment.

Global deal volume increased in Q4 2017 when compared to the previous quarter

Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 3/31/2018

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	TLC Waste Disposal Services	Provides waste recycling and dumpster rental services	Waste Management	-	-	-
Announced	Gibson Energy – Energy Services Division	Provides waste, water and recycling services	Unidentified buyer	\$96.0	-	-
Mar-18	ESI	Provides scientific environmental consulting services	Stantec	-	-	-
Mar-18	Kimbell Bruehl	Provides environmental consulting, engineering and surveying services	Civil & Environmental Consultants	-	-	-
Mar-18	MMB Environmental	Provides waste management and pest control services	Vertas Group	-	-	-
Mar-18	Anderson Rubbish Disposal and Moorpark Rubbish Disposal	Provides trash hauling and recycling services	Waste Management	-	-	-
Mar-18	Morley Waste Traders and Lord & Midgley	Provides ferrous and non-ferrous metal recycling services	Sims Metal Management	-	-	-
Mar-18	Gopher Resource	Provides battery recycling services	Energy Capital Partners	-	-	-
Feb-18	Swiftwater Energy Services	Provides water management services and solutions	TETRA Technologies	81.9	-	-
Feb-18	Veolia – Industrial Cleaning Services Division	Provides environmental cleaning services	Clean Harbors	120.0	0.6x	-
Feb-18	Foothill Engineering & Dewatering	Provides groundwater control and water treatment services	Griffin Dewatering Corporation	-	-	-
Feb-18	Mavo Systems	Provides specialty environmental contracting services	ASRC Industrial Services	-	-	-
Feb-18	CHEP Recycled Pallet Solutions	Provides pallet recycling services	Grey Mountain Partners	115.0	-	-
Feb-18	Bay Disposal & Recycling	Provides solid waste collection, recycling, transfer and disposal services	Waste Connections	-	-	-
Feb-18	V.I.P. Waste Services	Provides doorstep collection and recycling services	Valet Living	-	-	-
Feb-18	Dornier Consulting International	Provides water, environmental, mobility and infrastructure related consulting services	Palero Capital	nd	nd	nd
Feb-18	Michael Pisani & Associates	Provides environmental consulting services	ERM Group	-	-	-
Feb-18	Air Cycle Corporation	Provides recycling and disposal services	TerraCycle	-	-	-
Jan-18	Zephyr Environmental Corporation	Provides environmental consulting services	POWER Engineers	-	-	-
Jan-18	Labwaste	Provides waste collection, treatment and disposal services	Tradebe	-	-	-
Jan-18	Cascade Water Services	Provides water treatment services	Ecolab	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 3/31/2018

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
Stockholm
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 twenty 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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