

Market Update Environmental Services

Q2 2018



Key Highlights

- Lincoln International Environmental Services Stock Index increased 5.1% in Q2 2018
- Public company trading multiples increased, averaging 11.1x in Q2 2018
- Global deal volume decreased in Q1 2018 when compared to the previous quarter

Lincoln International's Environmental Services Sector

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 Sector 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

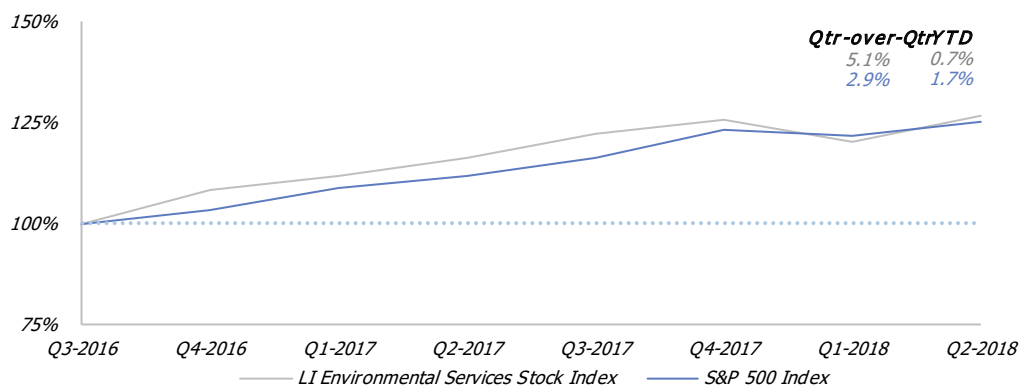
Lincoln International Environmental Services Stock Index increased 5.1% in Q2 2018

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 6/29/2018

Quarter-over-Quarter Performance

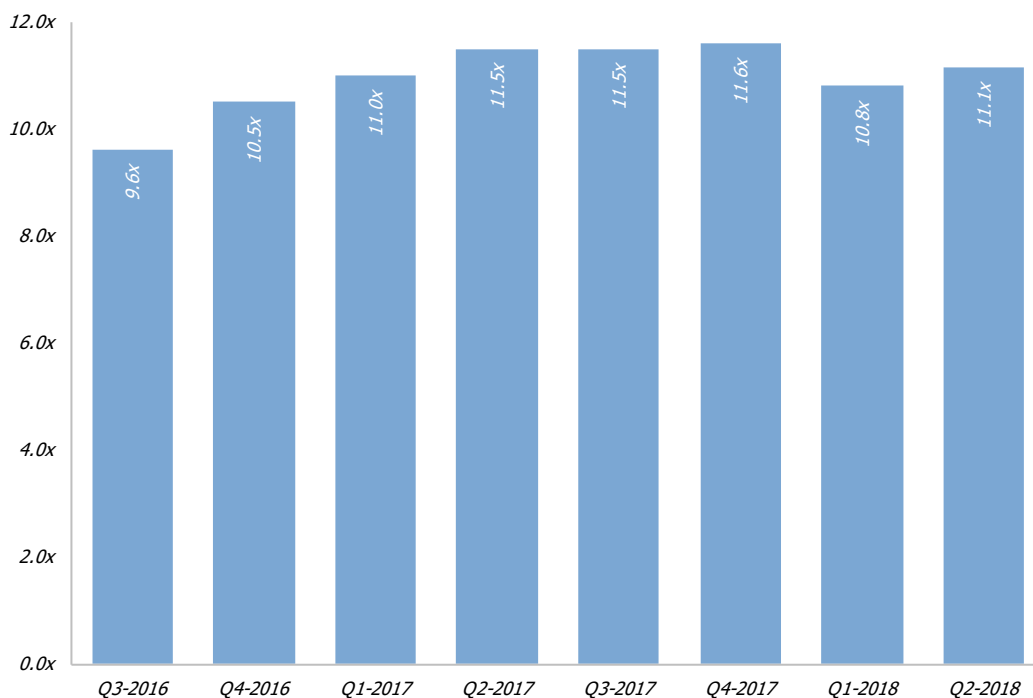
Outperformers*	Change	Underperformers*	Change
US Ecology, Inc.	19.5%	AECOM	(7.3%)
Tetra Tech, Inc.	19.5%	SUEZ SA	(5.6%)
Clean Harbors, Inc.	13.8%	Veolia Environnement S.A.	(4.8%)
Stericycle, Inc.	11.5%	Waste Management, Inc.	(3.3%)
Sims Metal Management Limited	11.4%	Arcadis NV	(3.1%)
Casella Waste Systems, Inc.	9.5%		
Waste Connections, Inc.	4.9%		
Schnitzer Steel Industries, Inc.	4.2%		
Republic Services, Inc.	3.2%		
SNC-Lavalin Group Inc.	2.6%		
RPS Group plc	0.2%		

*Based on qtr-over-qtr share price performance



Public company trading multiples increased, averaging 11.1x in Q2 2018

Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 6/29/2018; 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	Rev	EV / LTM		LTM Growth		EBITDA Margin	Net Debt/EBITDA
								EBITDA	EBIT	Rev	EBITDA		
AECOM	\$33.03	\$39.90	\$5,296	\$8,601	\$ 1.14	\$ 19,120	0.4x	11.6x	17.7x	9.1%	(10.1%)	3.9%	4.1x
Arcadis NV	18.04	23.40	1,579	2,076	0.81	3,865	0.5x	8.5x	12.4x	10.0%	24.2%	6.3%	2.1x
Casella Waste Systems, Inc.	25.61	27.50	1,093	1,591	(0.61)	613	2.6x	13.8x	31.4x	6.9%	2.9%	18.8%	4.3x
Clean Harbors, Inc.	55.55	58.28	3,121	4,526	1.92	3,006	1.5x	10.5x	32.6x	7.0%	6.1%	14.3%	3.3x
Republic Services, Inc.	68.36	69.97	22,417	30,564	3.95	10,076	3.0x	10.9x	18.2x	5.7%	4.8%	27.9%	2.9x
RPS Group plc	3.37	4.06	736	843	(0.08)	852	1.0x	9.8x	14.5x	16.1%	7.7%	10.1%	1.3x
Schnitzer Steel Industries, Inc.	33.70	38.85	880	1,047	3.99	2,189	0.5x	5.9x	8.2x	38.2%	96.3%	8.1%	0.9x
Sims Metal Management Limited	11.89	13.35	2,410	2,111	1.06	4,438	0.5x	10.0x	17.1x	32.4%	66.4%	4.8%	(1.5x)
SNC-Lavalin Group Inc.	44.14	46.79	7,748	9,710	2.18	7,690	1.3x	14.1x	20.3x	23.0%	61.4%	8.9%	2.9x
Stericycle, Inc.	65.29	83.25	5,587	8,271	(0.11)	3,583	2.3x	11.6x	18.1x	0.1%	(13.2%)	19.9%	3.8x
SUEZ SA	12.96	19.15	7,985	21,018	0.46	19,058	1.1x	8.3x	16.6x	17.8%	12.8%	13.3%	4.1x
Tetra Tech, Inc.	58.50	58.85	3,254	3,529	2.44	2,110	1.7x	15.0x	18.2x	3.9%	11.0%	11.2%	1.2x
US Ecology, Inc.	63.70	64.65	1,397	1,629	2.43	514	3.2x	14.7x	23.3x	8.3%	3.4%	21.6%	2.1x
Veolia Environnement S.A.	21.39	26.01	11,755	22,020	0.82	31,256	0.7x	6.2x	12.7x	18.6%	18.4%	11.3%	2.7x
Waste Connections, Inc.	75.28	78.48	19,834	23,514	2.59	4,679	5.0x	16.0x	28.3x	18.4%	20.4%	31.5%	2.5x
Waste Management, Inc.	81.34	89.73	35,170	45,096	4.66	14,556	3.1x	11.1x	16.9x	4.9%	7.7%	27.9%	2.4x
Mean							1.8x	11.1x	19.1x	13.8%	20.0%	15.0%	2.4x
Median							1.4x	11.0x	17.9x	9.6%	9.4%	12.3%	2.6x
Adjusted Mean (excludes highest and lowest value)							1.6x	11.1x	19.0x	13.0%	16.9%	14.6%	2.6x

Source: Capital IQ as of 6/29/2018

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

06/08/18: **AECOM**, the California-based provider of infrastructure services, has announced that the **U.S. Department of Energy's Savannah River Operations Office** has extended the current liquid waste management contract with **AECOM-led Savannah River Remediation**. The ~\$450 million extension will run from June 2018 through the end of March 2019. Services provided will include operating the **Defense Waste Processing Facility** and **Saltstone Processing Facility**, progressing on the **Tank Closure Cesium Removal** project and constructing **Saltstone Disposal Unit 7**.

06/03/18: **Waste Connections**, the Ontario-based provider of solid waste services, has a strong pipeline of potential acquisitions that the management team could take advantage of in the near future.

05/31/18: **Stantec**, the Alberta-based provider of infrastructure consulting services, has been selected to lead the environmental assessment for the **Skipjack Wind Farm**, an offshore wind project being developed by **Deepwater Wind** off the coast of Maryland. The 120-megawatt wind farm is Maryland's first offshore wind farm, with the potential to power 35,000 Maryland homes. **Stantec** will lead a team of local biologists, engineers, marine archaeologists and other researchers to conduct extensive marine and environmental assessments.

05/23/18: **Arcadis**, the Netherlands-based provider of design and consulting services, will work with the **Government of Canada** to develop a program to help Chile achieve its climate change goals in the waste management sector. The **Reciclo Orgánicos** program is designed to reduce the amount of organic waste disposed of in sanitary landfills across eight Chilean cities by optimizing waste management processes, resulting in a reduction of greenhouse gas emissions. The effort will identify ways to reduce greenhouse gas emissions, for example, by capturing gas from landfills or diverting organic matter for composting or anaerobic digestion, and converting organic waste into clean energy and natural fertilizer.

05/17/18: **Amec Foster Wheeler**, and **Sevenson Environmental Services** are each being awarded a multiple award contract for environmental remediation services for projects in the **Naval Facilities Engineering Command (NAVFAC)** Atlantic area. The estimated dollar value, including the base

period and four option years, for all four contracts combined is \$240 million. The three largest of several **NAVFAC** Atlantic areas identified for the contract are Florida (20%), Texas (20%) and Washington (15%). The contract has an expected completion date of May 2023.

05/07/18: **Republic Services**, the Arizona-based provider of non-hazardous solid waste and recycling services, maintains a strong pipeline of acquisition opportunities. Through May 2018, the company has spent \$79 million of its projected \$100 - \$150 million 2018 M&A spend. In the past, some of its competitors have paid out significantly more than their stated acquisition budgets. The company's acquisition growth strategy focuses primarily on acquiring privately held solid waste and recycling companies, while **Republic** is also willing to evaluate opportunities to acquire operations and facilities being divested by other publicly owned waste companies.

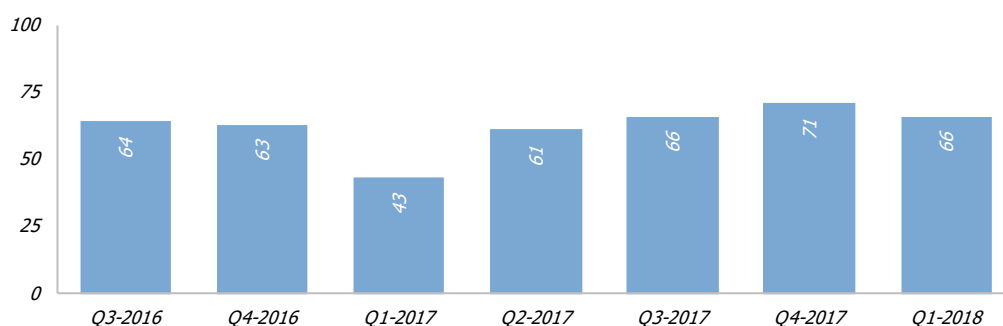
04/16/18: **Essential Services Group (ESG)**, the Washington-based provider of subsurface utility and geospatial engineering services, is planning to go public later this summer. The majority of the IPO proceeds will be used for M&A. Acquisitions have been an important factor in the company's growth strategy, and the company is planning to close one acquisition ahead of the IPO this summer, along with an additional five to six acquisitions by the end of 2018. Ideal acquisition targets are companies in geographic information system (GIS) technology, liquid transportation and waste water treatment facilities spaces. **ESG** expects to grow its annual run rate revenue to more than \$250 million in three years through acquisitions.

04/10/18: The board of directors of the **Metropolitan Water District of Southern California** voted to provide additional financing for the construction of the **California WaterFix** project. The board authorized \$10.8 billion to modernize the state's aging water delivery system, making **Metropolitan** the primary investor and more than doubling the agency's initially planned investment. About 30% of the water that flows out of taps in Southern California comes from Northern California via the Sacramento-San Joaquin Delta. **California WaterFix** would modernize the state's water delivery system by building three new water intakes in the northern Delta and two tunnels to carry water to the existing aqueduct systems in the southern Delta.

Global deal volume decreased in Q1 2018 when compared to the previous quarter

Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 6/30/2018

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	Pastor, Behling & Wheeler	Provides environmental engineering and consulting services	Golder Associates	-	-	-
Jun-18	Dynamic Oilfield Services	Provides oil drilling equipment rentals and repair and inspection services	TWMA Group	\$10.0	-	-
Jun-18	Axion Recycling	Provides recycled polymers and related consulting services	S. Norton & Co	-	-	-
Jun-18	Layne Christensen Company	Provides water management, infrastructure and drilling services	Granite Construction	493.3	1.0x	16.6x
Jun-18	Ragn-Sellsforetagen's Polish Operations	Provides recycling and waste management services	Remondis	-	-	-
Jun-18	Prime Portables	Provides portable waste management rental services	Lakeshore Recycling	-	-	-
May-18	Avanti Environmental Group	Provides waste management and compliance services	Tradebe Environmental Services	-	-	-
May-18	Alpine Disposal	Provides waste and recycling services	Waste Industries	-	-	-
May-18	Terra Renewal Services	Provides wastewater disposal services for municipalities	American Residuals Group	80.0	-	-
May-18	SWS Environmental Services	Provides waste management and remediation services	National Response Corporation	-	-	-
May-18	Cirrus Associates	Provides environmental and hydrogeological consulting services	EnSafe	-	-	-
May-18	Rilta Environmental	Provides hazardous waste disposal services	Envia Group	35.3	-	-
May-18	FPM Group and FPM Remediations	Provides environmental remediation, hydrology and compliance services	Olgoonik Development	-	-	-
May-18	E Co Consultants	Provides environmental consulting services	Ardurra Group	-	-	-
Apr-18	Newcomb Anderson McCormick	Provides energy efficiency and clean generation consulting services	Willdan Group	-	-	-
Apr-18	EnviroSolutions	Provides solid waste management services	Waste Management	-	-	-
Apr-18	RES Recycling	Provides waste disposal and recycling services	Korn Recycling	-	-	-
Apr-18	CHA Consulting	Provides engineering, environmental and construction management services	First Reserve Corporation	-	-	-
Apr-18	SureSearch	Provides underground utility locating and mapping services	Cardno Limited	-	-	-
Apr-18	GEM Engineering	Provides environmental and geotechnical engineering services	ECS Corporate Services	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 6/30/2018

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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