



# Market Update Waste Services

Q2 2018



## Key Highlights

- Lincoln International Waste Services Stock Index increased 5.9% in Q2 2018
- Eight of eleven companies in the Waste Services Stock Index outperformed the S&P 500 Index during Q2 2018
- Top performing companies in Q2 2018 included US Ecology, Inc., Clean Harbors, Inc. and Covanta, which increased 19.5%, 13.8% and 13.8%, respectively
- EV / LTM EBITDA multiples for companies in the waste sector increased by 0.4x in Q2 2018, averaging 12.2x at the end of Q2 2018

## Lincoln International's Waste Services Group

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive industry expertise, including in-depth market insights and deep relationships with the most active strategic and financial partners, augmented by our globally integrated resources and flawless process execution, enable Lincoln International to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Waste 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 waste services space.

This update tracks valuation metrics and transaction activity for the following waste services subsectors:

- Brokerage
- E-Waste
- Food Waste
- Hazardous Waste
- Industrial Waste
- Liquid Waste
- Medical Waste
- Recycling
- Solid Waste
- Waste-to-Energy
- Wastewater

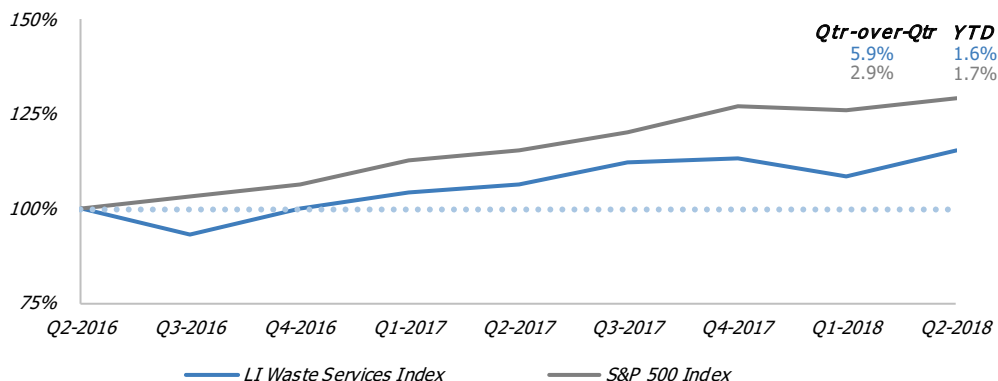
**Lincoln International Waste Services Stock Index increased 5.9% quarter-over-quarter in Q2 2018**

# Lincoln International Waste Services Stock Index ("LI WSSI")

The LI WSSI is a market cap-weighted composite stock index similar to the S&P 500 Index. Given the broad scope of Waste Services, the LI WSSI is comprised of

companies that generate a meaningful portion of revenue from a variety of sub-sectors. A full list of the companies included in the LI WSSI 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%	Heritage-Crystal Clean, Inc	(14.6%)
Clean Harbors, Inc.	13.8%	SUEZ SA	(5.6%)
Covanta Holding Corporation	13.8%	Waste Management, Inc.	(3.3%)
Stericycle, Inc.	11.5%		
Advanced Disposal Services, Inc.	11.2%		
Casella Waste Systems, Inc.	9.5%		
Waste Connections, Inc.	4.9%		
Republic Services, Inc.	3.2%		

\*Based on quarter-over-quarter share price performance relative to the S&P 500 Stock Index, which increased 2.9% quarter-over-quarter in Q2 2018.

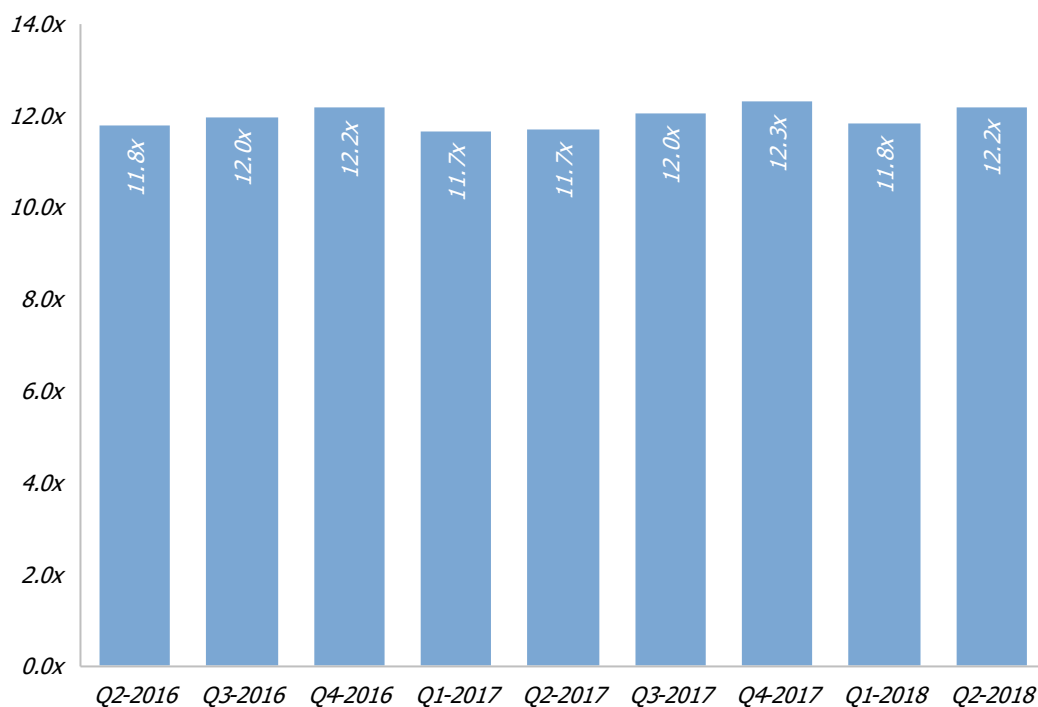


WASTE CONNECTIONS, INC.



Public company trading multiples increased 0.4x in the past quarter, averaging 12.2x in Q2 2018

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



Source: Capital IQ as of 6/29/2018

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

### LI Waste Services Stock Index Data

(\$ in millions, except per share data)

	Current Price	52-Wk High	% of High 52-Wk	Market Cap	Enterprise Value	LTM Rev	LTM EBITDA	EV / LTM			LTM Growth		EBITDA Margin	Net Debt/ EBITDA
								Rev	EBITDA	EBIT	Rev	EBITDA		
Advanced Disposal Services, Inc.	\$24.78	\$25.71	96%	\$2,194	\$4,110	\$1,525	\$400	2.7x	10.3x	36.9x	7.5%	2.0%	26.2%	4.8x
Casella Waste Systems, Inc.	25.61	27.50	93%	1,093	1,591	613	115	2.6x	13.8x	31.4x	6.9%	2.9%	18.8%	4.3x
Clean Harbors, Inc.	55.55	58.28	95%	3,121	4,526	3,006	430	1.5x	10.5x	32.6x	7.0%	6.1%	14.3%	3.3x
Covanta Holding Corporation	16.50	17.30	95%	2,138	4,541	1,806	313	2.5x	14.5x	47.3x	6.2%	3.6%	17.3%	7.7x
Heritage-Crystal Clean, Inc	20.10	25.20	80%	463	455	369	39	1.2x	11.8x	21.6x	5.4%	9.4%	10.4%	(0.2x)
Republic Services, Inc.	68.36	69.97	98%	22,417	30,564	10,076	2,811	3.0x	10.9x	18.2x	5.7%	4.8%	27.9%	2.9x
Stericycle, Inc.	65.29	83.25	78%	5,587	8,271	3,583	711	2.3x	11.6x	18.1x	0.1%	(13.2%)	19.9%	3.8x
SUEZ SA	13.02	19.25	68%	8,027	21,129	18,615	2,479	1.1x	8.5x	17.1x	3.6%	(0.8%)	13.3%	4.1x
US Ecology, Inc.	63.70	64.65	99%	1,397	1,629	514	111	3.2x	14.7x	23.3x	8.3%	3.4%	21.6%	2.1x
Waste Connections, Inc.	75.28	78.48	96%	19,834	23,514	4,679	1,472	5.0x	16.0x	28.3x	18.4%	20.4%	31.5%	2.5x
Waste Management, Inc.	81.34	89.73	91%	35,170	45,096	14,556	4,066	3.1x	11.1x	16.9x	4.9%	7.7%	27.9%	2.4x
<b>Mean</b>								<b>2.6x</b>	<b>12.2x</b>	<b>26.5x</b>	<b>6.7%</b>	<b>4.2%</b>	<b>20.8%</b>	<b>3.4x</b>
<b>Median</b>								<b>2.6x</b>	<b>11.6x</b>	<b>23.3x</b>	<b>6.2%</b>	<b>3.6%</b>	<b>19.9%</b>	<b>3.3x</b>

Source: Capital IQ as of 6/29/2018

## Strong level of M&A activity in the Waste Services market, including both strategic and financial acquirer transactions

## Market Intelligence

June 2018: **Waste Connections**, the Concord, Ontario-based waste services company, noted that there are still plenty of M&A opportunities that it could take advantage of and that the Company still has a strong pipeline of possible acquisition targets.

June 2018: **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.

June 2018: **The Solid Waste Association of North America (SWANA)** has issued an update for state and provincial environmental agencies on China's waste import restrictions and their impact on recycling programs in North America: "The deepening impact of China's waste import restrictions is being felt in a growing number of communities," said David Biderman, executive director and CEO of SWANA. "In addition to the ban on certain materials and the new stringent contamination standard, China temporarily halted pre-shipment inspections in May. Combined with

new limitations by other Asian countries receiving more recyclables from the U.S., the result has been lower prices and continued uncertainty about the long-term sustainability of recycling programs."

May 2018: **US Ecology**, a provider of hazardous and non-hazardous waste disposal and treatment services, maintains a conservative and targeted approach to acquisitions, centering around treatment and disposal assets and complementary services. The Company is focused on filling services gaps across the value chain and leveraging core competencies to service generators of regulated and specialty waste. US Ecology continues to evaluate acquisitions on an opportunistic basis.

May 2018: **Suez SA**, a water and waste cycle management company, signed a Strategic Cooperation Agreement with **Rosneft**, an oil & gas exploration, processing and production company, to further technology in development and implementation of water, wastewater and waste programs.

May 2018: **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 of 2018 M&A spend.

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	GFL Environmental	Provides solids and liquid waste management	BC Partners
Announced	Right Away Disposal	Provides solid waste collection, recycling, transfer and disposal services	Waste Connections
Announced	Industrial Waste & Debris Box Rentals	Provides garbage recycling and demolition services	Republic Services
Announced	Urbaser	Provides street cleaning, waste removal and waste transportation services	China Tianying
Announced	TLC Waste Disposal Services	Provides dumpster rental and waste recycling services	Waste Management
Jul-18	Helistrat	Offers sustainable waste management solutions	Reconomy
Jul-18	LoneStar Ecology	Offers wastewater treatment services	Intergulf Corporation
Jun-18	Waste Management Operations Of EnviroSystems	Provides industrial cleaning and waste management solutions	Terrapure Environmental
Jun-18	Invisible Waste Services	Provides multi-family residential valet trash services	Valet Waste
Jun-18	Miele Sanitation Company	Provides commercial waste and recycling services	Interstate Waste Services
Jun-18	Eco Eridania	Offers waste collection, transportation and disposal	iCON Infrastructure
Jun-18	Big Truck Rental	Provider of rental garbage trucks	Trivest Partners
May-18	Avanti Environmental Group	Provides hazardous, general and confidential waste management solutions	Tradebe Environmental Services
May-18	Alpine Disposal	Provides waste and recycling services	Waste Industries USA
May-18	Terra Renewal Services	Provides water and wastewater disposal services	American Residuals Group
Apr-18	EnviroSolutions	Offers solid waste collection, disposal and recycling services	Waste Management
Apr-18	QRS	Provides residential and commercial recycling solutions	WestRock Company
Apr-18	RES Recycling & Entsorgung	Offers commercial and household waste disposal and recycling services	Korn Recycling
Apr-18	Environmental Trash Company	Provides garbage collection and recycling services	Meridian Waste Solutions
Apr-18	Meridian Waste Solutions	Provides solid waste management services	Warren Equity Partners

Source: Capital IQ, Mergermarket as of 6/29/2018



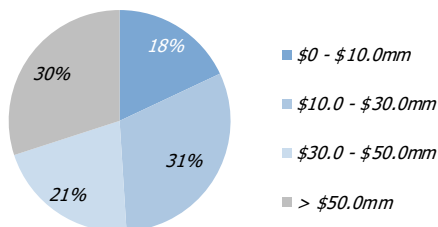
## The Lincoln VOG Database – Lincoln’s Perspectives on the Mid-Market

### About the Lincoln VOG Database:

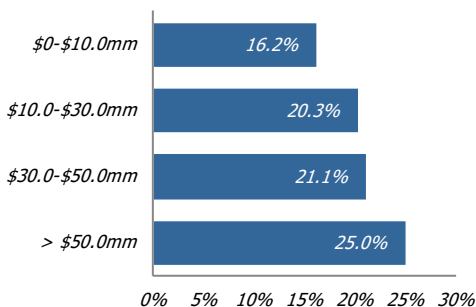
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of the period). The database contains nearly 800 mid-market companies.

### Trends by Size (LTM EBITDA)

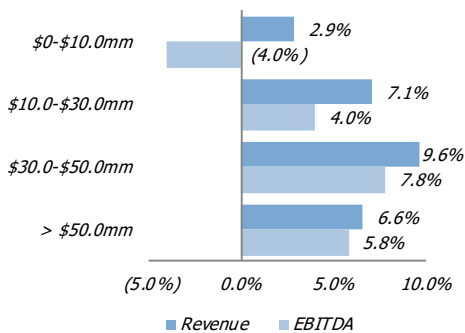
Distribution by Size



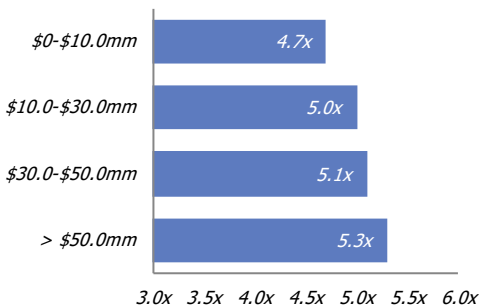
### Average LTM EBITDA Margin by Size



### Quarter over Prior Year Quarter Revenue and EBITDA by Size

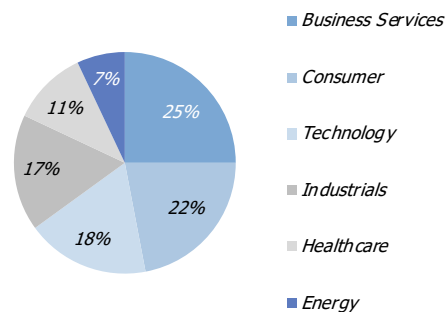


### Average Current Leverage by Size

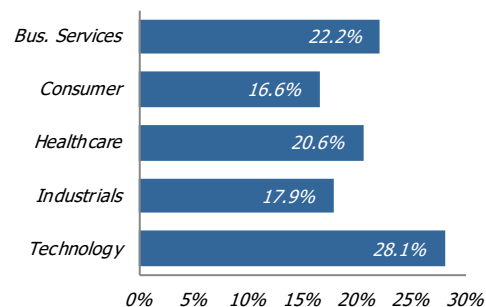


### Trends by Industry Vertical

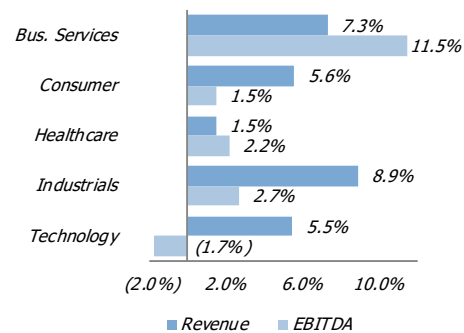
Distribution by Vertical



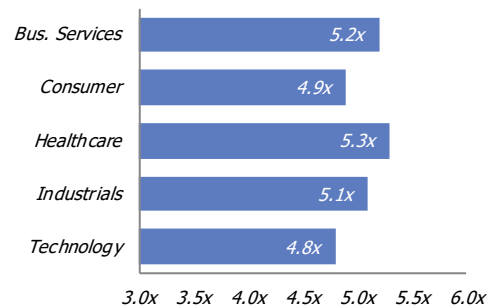
### Average LTM EBITDA Margin by Vertical



### Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



### Average Current Leverage by Vertical



## 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

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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 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](http://www.lincolninternational.com).

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