

Market Update

Environmental Services

Q4 2016



Key Highlights

- Lincoln International Environmental Services Stock Index rose 3.3% in Q4 2016
- Public company trading multiples trended upward, averaging 11.0x in Q4 2016
- Global deal volume increased significantly in Q3 2016 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

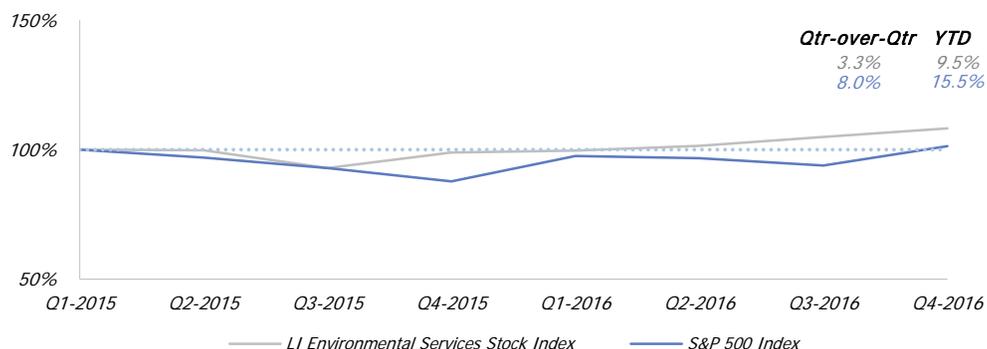
Lincoln International Environmental Services Stock Index rose 3.3% in Q4 2016

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 12/31/2016

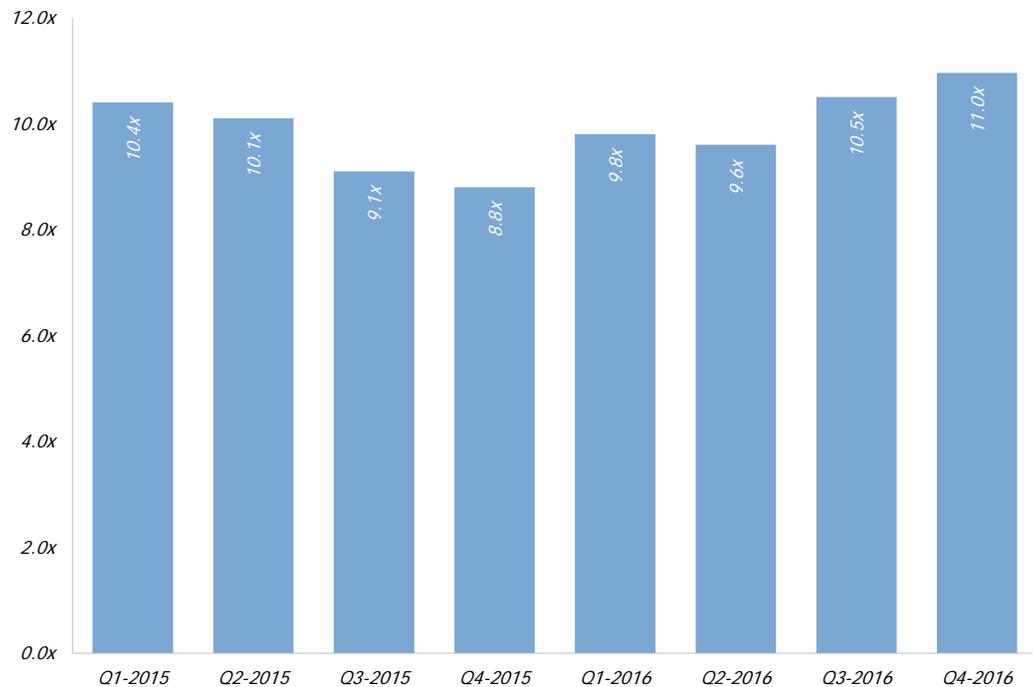
Quarter-over-Quarter Performance

Outperformers*	Change	Underperformers*	Change
Sims Metal Management Limited	38.0%	Veolia Environnement S.A.	(21.1%)
RPS Group plc	28.6%	Amec Foster Wheeler plc	(17.8%)
Schnitzer Steel Industries, Inc.	23.0%	SUEZ SA	(4.6%)
AECOM	22.3%	Stericycle, Inc.	(3.9%)
TRC Companies, Inc.	22.3%		
Waste Connections, Inc.	21.7%		
Tetra Tech, Inc.	21.7%		
Casella Waste Systems, Inc.	20.5%		
Clean Harbors, Inc.	16.0%		
Republic Services, Inc.	13.1%		
SNC-Lavalin Group Inc.	12.1%		
Waste Management, Inc.	11.2%		
US Ecology, Inc.	9.6%		
ARCADIS NV	4.1%		



Public company trading multiples trended upward from the previous quarter, averaging 11.0x in Q4 2016

Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 12/31/2016; 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	\$36.36	\$40.72	\$5,598	\$9,216	\$0.62	\$17,411	0.5x	9.9x	17.5x	(3.2%)	(9.2%)	5.3%	3.7x
Amec Foster Wheeler plc	5.80	7.79	2,263	3,605	(2.61)	7,489	0.5x	8.2x	13.6x	(0.8%)	(15.7%)	5.8%	3.3x
ARCADIS NV	14.07	19.88	1,193	1,824	1.27	3,781	0.5x	7.0x	10.1x	8.4%	10.6%	6.9%	2.5x
Casella Waste Systems Inc.	12.41	13.41	515	1,012	(0.05)	561	1.8x	9.7x	24.3x	(0.9%)	0.5%	18.6%	4.8x
Clean Harbors, Inc.	55.65	58.23	3,194	4,569	(0.46)	2,776	1.6x	11.4x	39.9x	(18.5%)	(24.2%)	14.4%	3.4x
Republic Services, Inc.	57.05	58.00	19,395	27,108	1.72	9,299	2.9x	10.4x	17.6x	2.7%	9.2%	28.1%	3.0x
RPS Group plc	2.75	3.00	596	714	0.01	764	0.9x	9.1x	16.9x	(15.8%)	(34.9%)	10.2%	1.6x
Schnitzer Steel Industries, Inc.	25.70	30.60	675	844	(0.66)	1,353	0.6x	11.4x	nmf	(29.4%)	10.4%	5.5%	2.2x
Sims Metal Management Limited	9.28	9.85	1,832	1,650	(0.80)	3,474	0.5x	29.5x	nmf	(28.7%)	(70.9%)	1.6%	(3.3x)
SNC-Lavalin Group Inc.	43.02	44.39	6,466	6,019	1.54	6,785	0.9x	12.8x	17.5x	(6.9%)	43.1%	6.9%	(1.0x)
Stericycle, Inc.	77.04	128.94	6,555	9,539	2.75	3,544	2.7x	12.8x	19.0x	27.7%	2.9%	21.0%	4.0x
Suez Environnement Company SA	14.79	18.44	8,318	19,248	0.84	16,986	1.1x	8.2x	16.1x	3.5%	1.8%	13.9%	4.2x
Tetra Tech, Inc.	43.15	44.30	2,462	2,650	1.42	1,929	1.4x	13.0x	16.8x	12.2%	7.5%	10.6%	0.9x
TRC Companies Inc.	10.60	11.00	333	413	(0.03)	505	0.8x	9.3x	15.1x	20.9%	3.9%	8.8%	1.8x
US Ecology, Inc.	49.15	50.25	1,070	1,352	1.58	499	2.7x	11.6x	17.5x	(14.3%)	(8.5%)	23.5%	2.4x
Veolia Environnement S.A.	17.07	23.93	9,383	19,585	0.56	27,323	0.7x	7.0x	14.3x	(0.8%)	(1.7%)	10.3%	3.4x
Waste Connections Inc.	78.59	79.90	13,787	17,368	1.51	2,859	6.1x	19.2x	33.8x	35.4%	27.5%	31.6%	4.0x
Waste Management, Inc.	70.91	71.78	31,342	40,597	2.49	13,395	3.0x	11.1x	17.7x	1.8%	6.4%	27.3%	2.5x
Mean							1.6x	11.8x	19.2x	(0.4%)	(2.3%)	13.9%	2.4x
Median							1.0x	10.7x	17.5x	(0.8%)	2.3%	10.4%	2.7x
Adjusted Mean (excludes highest and lowest value)							1.4x	11.0x	18.4x	(0.8%)	(0.8%)	13.6%	2.6x

Source: Capital IQ as of 12/31/2016

Lincoln's Insights

12/12/16: Lincoln International advised **ADAS Group Limited ("ADAS" or the "Company")** on its sale to **RSK Group plc ("RSK")**. ADAS is the UK's largest independent provider of agricultural and environmental consultancy, rural development services and policy advice. ADAS' 300 employees and 15 sites across the UK will transfer to RSK as part of the transaction. The acquisition makes RSK one of the largest environmental consultancies in the UK and adds new services to RSK's portfolio, including expertise in land management, crop and food production, specialist chemical risk assessment and town planning. **Business Growth Fund** has backed RSK in making the acquisition.

Market Intelligence

12/30/16: **SNC-Lavalin (TSX:SNC)** has sold its ongoing activities in France and Monaco to **Ciclad** and **Impact Holding** for a nominal amount. The sale is consistent with SNC-Lavalin's efforts to align its activities with its global core business strategy and comes after overall business in France did not generate the expected profitability.

12/15/16: **The British Standards Institution (BSI)** has acquired **Quantum Management Group**, an environmental consulting business based in Clinton, New Jersey. The acquisition marks the fifth by BSI in the US within the last two years. BSI now boasts an environmental, health and safety (EHS) consulting practice of 350+ employees, operating from 12 offices across the US.

12/12/16: **Extreme Plastics Plus (EPP)**, an environmental containment company that primarily serves the domestic oil and gas industry, was purchased by **Blue Wolf Capital Partners** and **K2 Energy Capital** for \$22 million. The investment allowed EPP to exit bankruptcy with a debt-free balance sheet and will position the company for an eventual oil and gas market recovery.

12/12/16: **EPI Group** has acquired **P.D.F. Limited**, a UK-based oil and gas geoscience consultancy providing exploration and production / development advisory services. The acquisition complements EPI's core operations of supporting land and marine seismic surveys, data processing, environmental projects and wellsite operations.

12/08/16: Sector experts believe that the waste and environmental services industry is anticipating less stringent regulation under a new US administration leading to increased volumes of oil, waste, wastewater, coal and steel to be treated. Subsectors that may suffer include the waste-to-energy market as well as wind and solar energy.

11/22/16: In an effort to consolidate its presence in the water sector, **ACEA S.p.A. (BIT:ACE)**, the Italian multi-utility company, has entered into preliminary agreements to invest in **Idrolatina**, **GEAL** and **Severn Trent Italia**.

11/18/16: **ALLETE, Inc.'s (NYSE:ALE)** wholly owned subsidiary **U.S. Water Services** has purchased **Water & Energy Systems Technology (WEST) Inc.** The acquisition expands U.S. Water's footprint in the California market.

11/17/16: **KBR, Inc.'s (NYSE:KBR)** subsidiary, **Brown & Root Industrial Services, LLC**, a provider of engineering, construction and reliability-driven maintenance solutions, has acquired the **MEI Group, LLC (MEI)**, a full-service turnaround specialist for industrial facilities. With the acquisition of MEI, Brown & Root will grow to more than 8,500 employees across 31 locations nationwide.

11/11/16: **Waste Management (NYSE:WM)** has named James (Jim) C. Fish, Jr. as the company's President and Chief Executive Officer. Jim has been with Waste Management for over 15 years and also joins the company's Board of Directors.

11/10/16: **Veolia Environment S.A. (ENXTPA:VIE)**, the French environmental management services provider, has acquired **Bio-und Holzkraftwerk Zapfendorf GmbH (BHZ)** from **Apex Capital GmbH**. BHZ is an operator of a biomass energy plant that produces about 46 million hWH electricity per year from waste wood.

10/11/16: **AECOM (NYSE:ACM)**, a fully integrated global infrastructure firm, has acquired the remaining 50% stake in **FT Services Limited (FTS)**, a joint venture company with **Broadspectrum** that generated \$210 million in revenue in the last 12 months. The acquisition strengthens AECOM's offering within the Canadian oil and gas market.

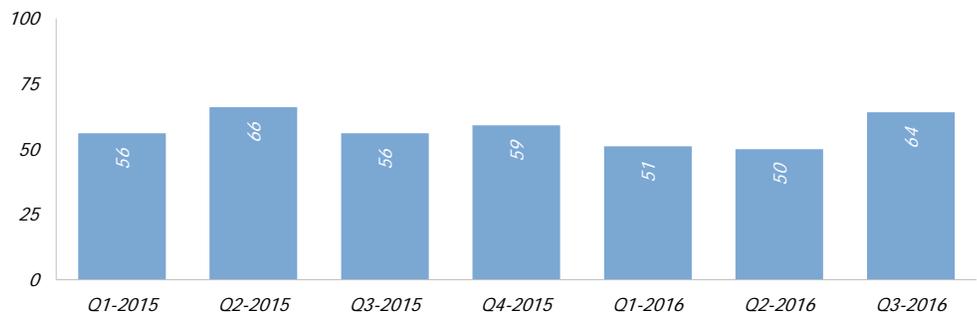
10/06/16: **SUEZ SA (ENXTPA: SEV)** is acquiring 30% of **TerraCycle, Inc.'s** activities in Europe – a deal that is structured as a partnership between the two firms. The partnership brings together TerraCycle's collection programs, which focus on community engagement, and SUEZ's expertise in waste recycling and recovery. Together the two will develop innovative collection and recycling programs in Belgium, Finland, France, the Netherlands, the UK and Sweden.

10/03/16: **Arcadis NV (ENXTAM:ARCAD)**, the leading global design and consultancy firm for natural and built assets, has acquired **Environmental Strategies**, the Australian leader in environmental consulting. The acquisition will provide Arcadis with the local capacity and capability to deliver significant remediation projects in Australia.

Global deal volume increased significantly in Q3 2016 when compared to the previous quarter

Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 12/31/2016

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	GEAL SpA	Manages networks, waterworks systems, sewage and water treatment plants	ACEA S.p.A.	\$11.1	-	-
Announced	TerraCycle Inc., European Operations	Operates waste recycling programs in Europe	SUEZ SA	-	-	-
Dec-16	SNC-Lavalin Group, France and Monaco Operations	Operates and maintains complex buildings, industry and agribusiness, transportation and cities	Ciclad SAS; Impact Holding	-	-	-
Dec-16	COREX (UK), Ltd.	Provides specialist services in the analysis of geological samples	Premier Oilfield Laboratories, LLC	-	-	-
Dec-16	Befesa Gestión de Residuos Industriales, S.L.	Provides solutions for the management and recycling of industrial residues	Diseños y Proyectos Técnicos SA	-	-	-
Dec-16	Quantum Management Group, Inc.	Provides environmental compliance and remediation project management services	The British Standards Institution	-	-	-
Dec-16	Extreme Plastics Plus, Inc.	Operates as an environmental containment company	BW EPP Holdings, LLC	22.5	-	-
Dec-16	P.D.F., Ltd.	Provides exploration geoscience consultancy and advisory services	EPI, Ltd.	-	-	-
Dec-16	Urbaser S.A.	Provides waste management and treatment services	Firion Investments SL	-	-	-
Dec-16	MÖKAH AG	Provides sewage and drainage cleaning services	Ufenau Capital Partners AG	-	-	-
Dec-16	Wastebeater, Ltd.	Provides recycling and waste management services	NWP Commercial, Ltd.	-	-	-
Dec-16	Illini Disposal, Inc.	Provides waste collection services	Waste Management, Inc.	-	-	-
Nov-16	RMC Water and Environment, Inc.	Provides solutions for managing water resources	Woodard & Curran, Inc.	-	-	-
Nov-16	Water & Energy Systems Technology, Inc.	Manufactures, markets and supplies water treatment products	U.S. Water Services, Inc.	-	-	-
Nov-16	LogMan Logistik-Management GmbH	Operates as a logistics specialist serving the recycling industry	ARA Altstoff Recycling Austria AG	-	-	-
Nov-16	Peter J Douglas Engineering, Ltd.	Provides mechanical maintenance and installation services	(Management Buyout)	-	-	-
Nov-16	MEI Group, LLC	Operates as a full-service turnaround specialist for industrial facilities	Brown & Root Industrial Services, LLC	-	-	-
Nov-16	Franklin Energy Services, LLC	Designs and implements customized electric and natural gas energy efficiency programs	AM Conservation Group, Inc.	-	-	-
Oct-16	Flint Transfield Services, Ltd.	Provides operational and maintenance support services	AECOM	-	-	-
Oct-16	Environmental Strategies Pty Ltd.	Provides specialist consulting services in environmental investigations and auditing	ARCADIS NV	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 12/31/2016

Global Industry Groups

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

Global Locations

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

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

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 & partnering advisory services on a wide range of transaction sizes. With eighteen 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.

Lincoln's Business Services Group

North America

Environmental Services

Saurin Mehta

Managing Director (Chicago)
smehta@lincolninternational.com
+1-312-580-5806

Robert T. Brown

Managing Director & Co-President (Chicago)
rbrown@lincolninternational.com
+1-312-580-8340

Europe

Edward Lethbridge

Managing Director (London)
elethbridge@lincolninternational.com
+44 20 7632 5224

Guillaume Suizdak

Managing Director (Paris)
g.suizdak@lincolninternational.fr
+33 (0) 1 53 53 18 34

Rommell Franco

Director (Madrid)
r.franco@lincolninternational.es
+34 91 129 4996

Friedrich Biesel

Managing Director (Frankfurt)
f.biesel@lincolninternational.de
+49 (0) 69 97 105 426

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