

Market Update

Environmental Services

Q3 2016



Key Highlights

- Lincoln International Environmental Services Stock Index rose 3.3% in Q3 2016
- Public company trading multiples trended significantly upward, averaging 10.5x in Q3 2016
- Global deal volume was relatively unchanged in Q2 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

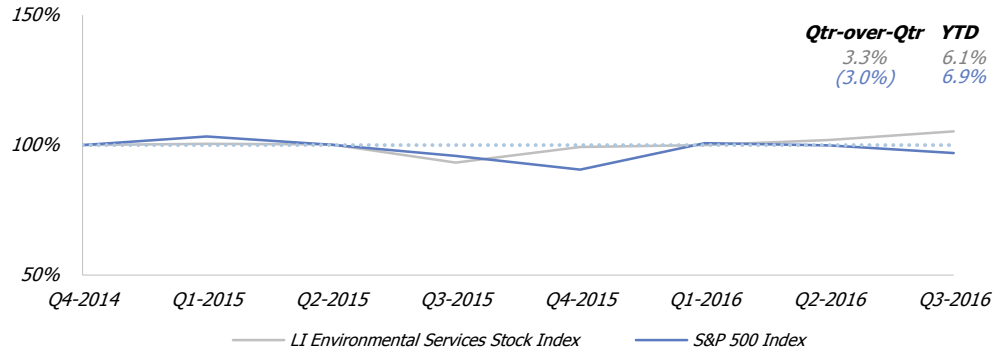
Lincoln International Environmental Services Stock Index rose 3.3% in Q3 2016

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 9/30/2016

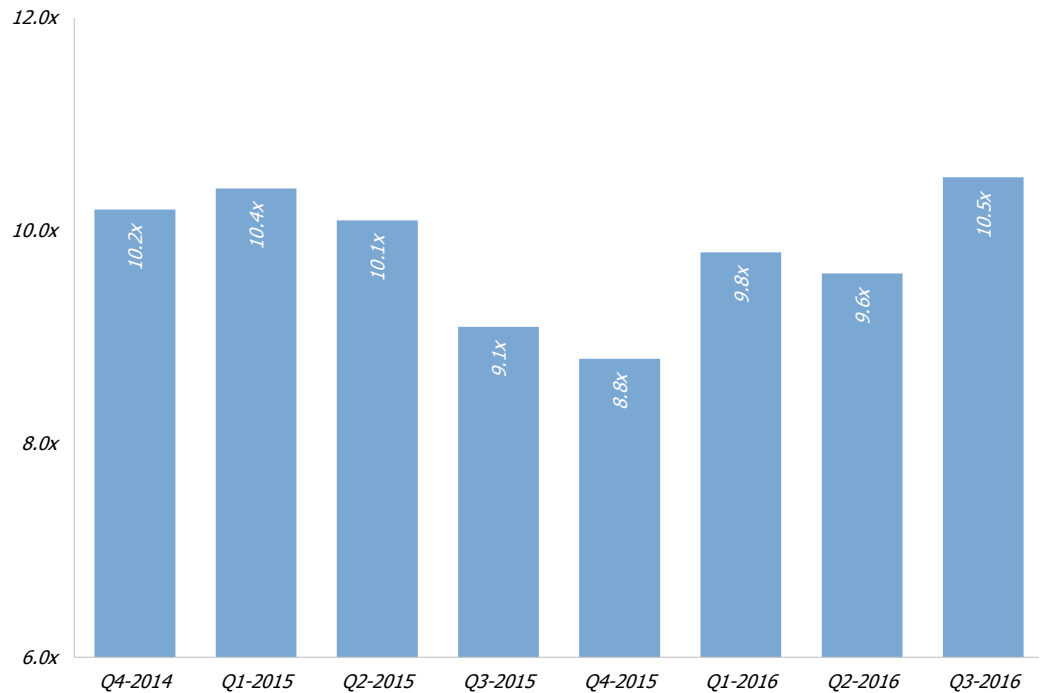
Quarter-over-Quarter Performance

Outperformers*	Change	Underperformers*	Change
TRC Companies Inc.	37.2%	Stericycle, Inc.	(23.0%)
Casella Waste Systems Inc.	31.2%	Clean Harbors, Inc.	(7.9%)
Sims Metal Management Limited	18.9%	AECOM	(6.4%)
Schnitzer Steel Industries, Inc.	18.8%	ARCADIS NV	(5.6%)
Amec Foster Wheeler plc	16.6%	SNC-Lavalin Group Inc.	(5.0%)
Waste Connections US, Inc.	15.7%	Waste Management, Inc.	(3.8%)
Tetra Tech, Inc.	15.4%	US Ecology, Inc.	(2.4%)
Veolia Environnement S.A.	5.3%	Republic Services, Inc.	(1.7%)
SUEZ SA	4.4%	RPS Group plc	(0.6%)



Public company trading multiples trended significantly upward from the previous quarter, averaging 10.5x in Q3 2016

Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 9/30/2016; 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	\$29.73	\$36.20	\$4,569	\$8,444	\$0.57	\$17,811	0.5x	8.3x	15.2x	12.5%	17.6%	5.7%	3.6x
Amec Foster Wheeler plc	7.44	10.99	2,902	4,318	(2.61)	7,489	0.6x	9.9x	16.2x	(0.8%)	(15.7%)	5.8%	3.3x
ARCADIS NV	14.40	27.31	1,221	1,893	1.27	3,781	0.5x	7.3x	10.5x	8.4%	10.6%	6.9%	2.5x
Casella Waste Systems Inc.	10.30	10.39	427	928	(0.18)	556	1.7x	9.3x	25.1x	(1.1%)	(1.4%)	18.0%	5.0x
Clean Harbors, Inc.	47.98	54.54	2,759	4,038	0.41	2,940	1.4x	9.4x	26.7x	(12.6%)	(16.2%)	14.7%	3.0x
Republic Services, Inc.	50.45	52.92	17,297	24,890	2.08	9,233	2.7x	9.7x	16.5x	2.8%	8.6%	27.9%	2.9x
RPS Group plc	2.25	3.21	488	612	0.01	764	0.8x	7.8x	14.5x	(15.8%)	(34.9%)	10.2%	1.6x
Schnitzer Steel Industries, Inc.	20.90	21.59	551	751	(0.84)	1,419	0.5x	10.3x	nmf	(33.9%)	(8.9%)	5.1%	2.7x
Sims Metal Management Limited	7.13	7.96	1,410	1,218	(0.80)	3,474	0.4x	21.8x	nmf	(28.7%)	(70.9%)	1.6%	(3.3x)
SNC-Lavalin Group Inc.	39.26	44.54	5,898	5,467	2.49	7,065	0.8x	10.0x	13.0x	(5.5%)	39.5%	7.7%	(0.9x)
Stericycle, Inc.	80.14	151.57	6,784	9,869	2.84	3,373	2.9x	13.7x	19.2x	23.8%	0.9%	21.3%	4.3x
Suez Environnement Company SA	16.52	20.61	9,287	20,925	0.84	16,986	1.2x	8.9x	17.5x	3.5%	1.8%	13.9%	4.2x
Tetra Tech, Inc.	35.47	36.24	2,037	2,251	0.36	1,825	1.2x	11.7x	15.1x	4.1%	24.6%	10.5%	1.1x
TRC Companies Inc.	8.67	12.25	270	349	0.00	481	0.7x	7.8x	11.7x	16.1%	11.4%	9.3%	1.8x
US Ecology, Inc.	44.84	49.39	976	1,259	1.57	522	2.4x	10.6x	16.0x	(13.6%)	(11.7%)	22.8%	2.4x
Veolia Environnement S.A.	23.04	25.83	12,663	23,526	0.56	27,323	0.9x	8.4x	17.2x	(0.8%)	(1.7%)	10.3%	3.4x
Waste Connections Inc.	74.70	79.72	13,103	16,849	(1.05)	2,322	7.3x	22.6x	38.2x	10.0%	4.8%	32.2%	5.0x
Waste Management, Inc.	63.76	70.50	28,200	37,711	2.56	13,207	2.9x	10.5x	16.9x	(1.4%)	4.8%	27.2%	2.6x
Mean							1.6x	11.0x	18.1x	(1.8%)	(2.1%)	13.9%	2.5x
Median							1.0x	9.8x	16.4x	(0.8%)	1.3%	10.4%	2.8x
Adjusted Mean (excludes highest and lowest value)							1.4x	10.5x	17.2x	(1.4%)	(0.3%)	13.6%	2.7x

Source: Capital IQ as of 9/30/2016

Lincoln's Insights

07/22/16: Lincoln International advised **Resource Land Holdings**, on its sale of **Resource Environmental Solutions ("RES")**. Headquartered in Houston, Texas, RES is the largest and fastest growing provider of environmental permitting and ecological offset solutions in the United States. RES seeks to provide commercial solutions that help clients manage risk from operations in environmentally sensitive areas. The company delivers a fully integrated suite of ecological services, providing proactive impact analyses for developmental projects and helping to streamline the regulatory permitting process. **KKR** purchased RES, an investment which builds on the PE firm's effort to create value by improving environmental impacts through its portfolio companies.

Market Intelligence

10/05/16: The **United Nations** announced that the Paris Agreement, a climate treaty negotiated by more than 200 countries to cap emissions and curb the global rise in temperatures, will go into effect in November. The pact recently reached the threshold necessary to formally commence and aims to keep average global temperatures from rising more than two degrees Celsius above preindustrial levels. Though the treaty itself does not require the necessary level of greenhouse gas emissions cuts to achieve the desired result, world leaders hope to make more aggressive cuts in the years to come through individual national policies.

09/22/16: **SNC-Lavalin (TSX: SNC)** has signed a joint venture agreement with **China National Corporation** and **Shanghai Electric Group Company Ltd.** The company will be composed of design centers in Canada and China that will work to complete the Advanced Fuel CANDU Reactor (AFCR). Each AFCR will be able to use recycled fuel from four light-water reactors to generate six million megawatt-hours of carbon-free electricity, potentially displacing six million tons of carbon emissions per year or the equivalent of one million cars from the road.

09/21/16: **Advanced Technology Recycling (ATR)**, a Pontiac, Illinois-based electronic recycling company, has purchased **Electronic Recycling Solutions**, a Tooele, Utah-based e-waste recycler. The acquisition is part of ATR's commitment to improve its services to a growing customer base on the West Coast, including secure destruction solutions to an evolving tech market in Silicon Slopes.

09/20/16: **Sims Metal Management (ASX: SGM) (OTC PINK: SMSMY)** has sold two metals recycling facilities located in Michigan and Ohio. The sale is consistent with the company's strategy to divest non-core assets outside of Sims' key markets and substantially completes the divestment of facilities identified for resetting. The latest sale comes after Sims' previous sale of metal recycling facilities in Mississippi and Tennessee just six weeks prior.

09/20/16: **Whole Foods Market (NASDAQGS: WFM)** has reached a \$3.5 million settlement with the **Environmental Protection Agency** for improperly identified or mishandled hazardous waste in Texas, Arkansas, Louisiana, New Mexico and Oklahoma.

09/16/16: **Waste Management (NYSE: WM)** acquired Wisconsin-based recycling assets from **Pioneer Industries International**, a Minneapolis, Minnesota-based recycler. The acquisition complements Waste Management's other four high-grade recycling plants in Wisconsin and expands the firm's investment in high-volume recycling for business and industry – one of recycling's strongest niche services.

09/02/16: **Clean Harbors (NYSE: CLH)** has sold **Catalyst Services**, a provider of catalyst change-out services with a particular expertise in the refining and petrochemicals sector, to **Zachry Group**, a construction, engineering, maintenance, turnaround and fabrication services business. The acquisition assists Zachry Group in its strategy to provide the most comprehensive slate of services across the entire lifecycle of industrial, refining and petrochemical facilities.

08/25/16: **SNC Lavalin (TSE: SNC)** has received an offer for its French operations from investment fund **Ciclad** and France-based engineering company **Impact Holding**. SNC's French operations include 16 regional airports managed by 1,100 employees. The operations no longer correspond to the business strategy of the group.

08/04/16: **US Ecology (NASDAQ: ECOL)** has entered into an agreement to acquire a liquids and solids waste treatment and storage facility owned by **Evoqua Water Technologies**, a water technologies firm. Based in Vernon, California, the facility strengthens US Ecology's competitive position in Southern California.

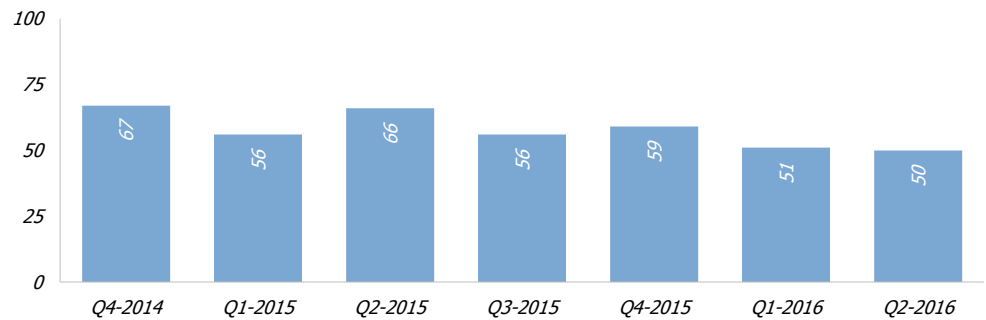
07/29/16: **Veolia Environnement S.A. (ENXTPA: VIE)** has agreed to sell its 20% stake in **Transdev**, a multi-modal company providing transportation services to local governments in France, to **Caisse des Depots** for €220 million. The transaction gives Caisse des Depots a majority share and helps the investment company reassert its commitment to making Transdev a leader in sustainable mobility for local authorities.

07/28/16: **Veolia Environnement S.A. (ENXTPA: VIE)**, through its subsidiary **Veolia China**, was chosen by **Sinopec**, Asia's largest refiner, to operate the entire water cycle of its Yanshan, China petrochemical complex. The joint venture will generate €3.3 billion for Veolia.

Global deal volume was relatively unchanged in Q2 2016 when compared to the previous quarter

Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 9/30/2016

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	Transdev S.A.	Provides sustainable intermodal services	Caisse des dépôts et consignations	\$1,229.1	0.2x	-
Announced	Evoqua Water Technologies LLC – Treatment Facility	Solids waste treatment and storage facility	US Ecology, Inc.	-	-	-
Sep-16	Sims Metal Management, Ltd. – Recycling Facilities	Two metals recycling facilities in the Central Region	Ferrous Processing & Trading Company	-	-	-
Sep-16	Ausenco, Ltd.	Provides sustainability, water management and mine waste management solutions	Resource Capital Funds	117.2	0.7x	-
Sep-16	El Paso Iron & Metal I, Ltd.	Provides refuse services, specializing in waste materials recycling	W. Silver, Inc.	-	-	-
Sep-16	BCG NZ Investment Holding, Ltd.	Provides collection and treatment of solid and liquid waste	Capital Environment Holdings, Ltd.	496.1	-	-
Sep-16	Pioneer Industries Intl. – Recycling Assets	Recycling assets in Midwest	Waste Management, Inc.	-	-	-
Sep-16	Electronic Recycling Solutions	Operates as an electronic waste recycler	Advanced Technology Recycling	-	-	-
Aug-16	EDF Energies Nouvelles Réparties	Provides solar water heaters photovoltaic modules and other heating equipment	Obton AS	-	-	-
Aug-16	Ekokem Corporation	Provides environmental management and material efficiency services	Fortum Oyj	655.0	2.2x	10.5x
Aug-16	NOVAGO Sp. o.o.	Provides waste management services	China Everbright International, Ltd.	131.2	3.9x	-
Aug-16	Clean Harbors Catalyst Services LP	Provides catalytic materials removal and replacement services	Zachry Holdings, Inc.	-	-	-
Aug-16	HEPACO, LLC	Provides environmental remediation and non-hazardous waste water treatment services	Gryphon Investors	-	-	-
Aug-16	Hydro International plc	Provides water management solutions	Hanover Investors Management LLP	36.7	0.7x	9.3x
Aug-16	Sims Metal Management, Ltd. – Recycling Assets	Metal recycling assets	Steel Dynamics, Inc.	-	-	-
Jul-16	Resource Environmental Solutions, LLC	Provides ecological solutions	Kohlberg Kravis Roberts & Co.	-	-	-
Jul-16	Southwaste Services, Inc.	Operates as a liquid waste management company	Undisclosed	-	-	-
Jul-16	GIRUS SAS	Provides environmental engineering project design	Groupe Elcimai S.A.	-	-	-
Jul-16	Forest Carbon Group AG	Provides forest project management services	ForestFinest Consulting eG	0.1	-	-
Jul-16	Greenpowermonitor Sistemas de Monitorizacion S.L.	Provides renewable energy plant monitoring solutions	DNV GL Group AS	-	-	-
Jul-16	SAS SNADEC	Provides sanitation and asbestos removal services	Edmond de Rothschild Investment Partners	-	-	-
Jul-16	Publicus, d.o.o.	Provides waste management and disposal services	HIS gradbenistvo in inzeniring, d.o.o.	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 9/30/2016

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
New York
Paris
São Paulo
Tokyo
Vienna
Zurich

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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 pension advisory services on a wide range of transaction sizes. With seventeen 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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