



# Market Update

## Environmental Services

Q2 2017

### Key Highlights

- Lincoln International Environmental Services Stock Index rose 4.2% in Q2 2017
- Public company trading multiples increased, averaging 11.5x in Q2 2017
- Global deal volume fell significantly in Q1 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

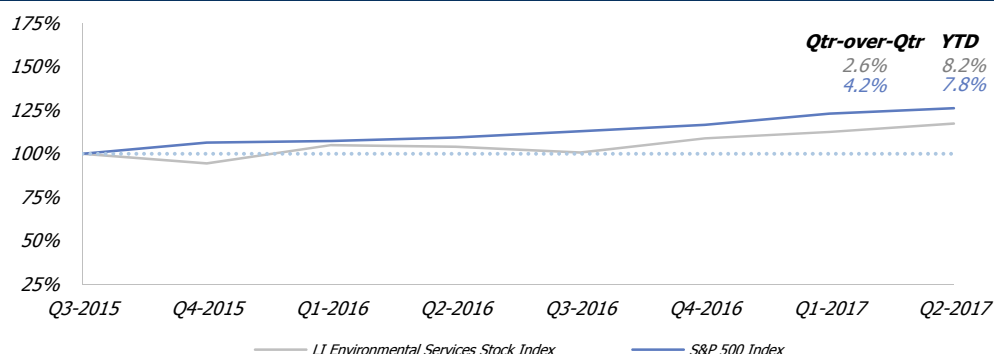
## Lincoln International Environmental Services Stock Index rose 4.2% in Q2 2017

## 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 6/30/2017

## Quarter-over-Quarter Performance

Outperformers*	Change
Sims Metal Management Limited	22.8%
Schnitzer Steel Industries, Inc.	22.0%
Casella Waste Systems, Inc.	16.3%
Tetra Tech, Inc.	12.0%
Waste Connections, Inc.	9.5%
SUEZ SA	9.5%
US Ecology, Inc.	7.8%
SNC-Lavalin Group Inc.	7.5%
ARCADIS NV	7.1%
RPS Group plc	6.3%
Veolia Environnement S.A.	5.4%
Republic Services, Inc.	1.5%
Waste Management, Inc.	0.6%
Clean Harbors, Inc.	0.4%

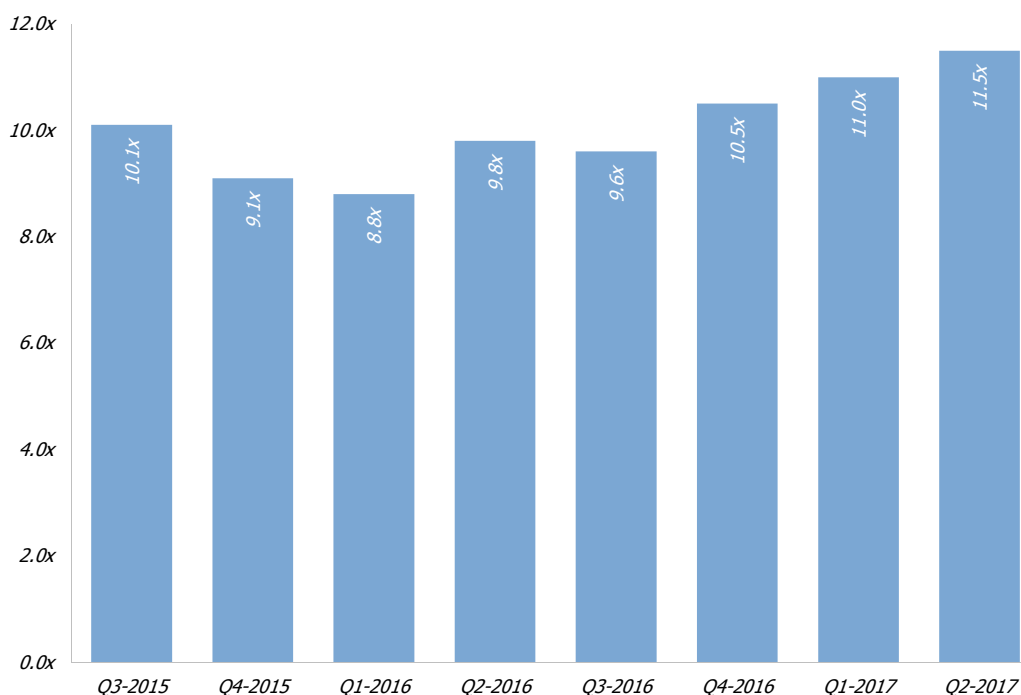
\*Based on qtr-over-qtr share price performance

Underperformers*	Change
Amec Foster Wheeler plc	(12.1%)
AECOM	(9.2%)
Stericycle, Inc.	(7.9%)



**Public company trading multiples increased from the previous quarter, averaging 11.5x in Q2 2017**

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



Source: Capital IQ as of 6/30/2017; 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	\$32.33	\$40.72	\$5,035	\$8,696	\$1.42	\$17,517	0.5x	10.6x	17.3x	(2.4%)	(19.0%)	4.7%	4.2x
Amec Foster Wheeler plc	6.07	8.20	2,366	3,760	(1.71)	6,717	0.6x	10.1x	17.8x	(16.5%)	(24.3%)	5.5%	3.5x
ARCADIS NV	18.05	19.67	1,555	2,128	0.80	3,514	0.6x	10.2x	15.7x	(5.4%)	(20.2%)	6.0%	2.5x
Casella Waste Systems Inc.	16.41	16.96	687	1,194	0.01	573	2.1x	10.7x	23.7x	3.2%	17.0%	19.5%	4.5x
Clean Harbors, Inc.	55.83	61.62	3,194	4,531	(0.70)	2,808	1.6x	11.2x	39.6x	(11.7%)	(16.2%)	14.4%	3.3x
Republic Services, Inc.	63.73	65.34	21,546	29,185	1.88	9,532	3.1x	10.9x	18.2x	3.7%	4.7%	28.1%	2.8x
RPS Group plc	3.40	3.63	739	847	0.14	734	1.2x	10.7x	17.6x	(12.2%)	(17.1%)	10.8%	1.3x
Schnitzer Steel Industries, Inc.	25.20	30.60	663	837	1.55	1,584	0.5x	9.3x	20.8x	11.6%	24.2%	5.7%	1.9x
Sims Metal Management Limited	11.65	11.88	2,308	2,060	0.41	3,351	0.6x	15.3x	40.6x	(14.4%)	86.6%	4.0%	(1.7x)
SNC-Lavalin Group Inc.	43.14	45.88	6,490	6,200	1.11	6,252	1.0x	14.7x	19.2x	(13.0%)	(15.7%)	6.7%	(0.7x)
Stericycle, Inc.	76.32	107.74	6,508	9,335	1.92	3,581	2.6x	11.7x	17.4x	12.0%	(2.3%)	22.3%	3.5x
Suez Environnement Company SA	18.50	19.38	11,312	22,822	0.74	16,174	1.4x	10.1x	19.9x	(1.6%)	(3.4%)	13.9%	3.9x
Tetra Tech, Inc.	45.75	47.75	2,615	2,789	1.90	2,031	1.4x	13.1x	16.8x	16.1%	11.4%	10.4%	0.8x
US Ecology, Inc.	50.50	54.00	1,101	1,367	1.46	475	2.9x	12.8x	20.6x	(12.1%)	(12.9%)	22.6%	2.5x
Veolia Environnement S.A.	21.11	23.93	11,573	21,621	0.58	25,747	0.8x	7.4x	15.0x	(5.0%)	(1.9%)	11.4%	2.8x
Waste Connections Inc.	64.42	67.06	16,964	20,695	0.86	3,952	5.2x	17.0x	30.7x	85.9%	71.5%	30.9%	3.1x
Waste Management, Inc.	73.35	74.58	32,406	41,439	2.74	13,873	3.0x	11.0x	16.9x	5.9%	9.1%	27.2%	2.4x
<b>Mean</b>							<b>1.7x</b>	<b>11.6x</b>	<b>21.6x</b>	<b>2.6%</b>	<b>5.4%</b>	<b>14.4%</b>	<b>2.4x</b>
<b>Median</b>							<b>1.4x</b>	<b>10.9x</b>	<b>18.2x</b>	<b>(2.4%)</b>	<b>(2.3%)</b>	<b>11.4%</b>	<b>2.8x</b>
<b>Adjusted Mean (excludes highest and lowest value)</b>							<b>1.5x</b>	<b>11.5x</b>	<b>20.8x</b>	<b>(1.7%)</b>	<b>1.9%</b>	<b>14.0%</b>	<b>2.5x</b>

Source: Capital IQ as of 6/30/2017

## Lincoln's Insights

Lincoln International advised **Bock & Clark Corporation ("B&C")** on its sale to **NV5 Global, Inc. (NASDAQ:NVEE)**. **B&C** is a national provider of commercial real estate transactional services, including American Land Title Association (ALTA) surveys, environmental services and commercial zoning reports. In addition to ALTA, **B&C** conducts boundary, topographic and aerial surveys; the Company's environmental services include Phase I and II and property condition reports. The Company's team of over 100 professionals serves clients that include major national law firms, financial institutions, REITs, multi-property owners and title companies. Lincoln acted as the exclusive sell-side advisor to **B&C**, working closely with the management team and shareholders throughout the sale process.

## Market Intelligence

06/28/17: Prague city counselors approved additional steps towards the acquisition of **Pražské vodovody a kanalizace (PVK)**, a Prague-based water and utility group currently owned by **Veolia Environnement S.A. (ENXTPA:VIE)**. While the acquisition is unlikely to be completed this year, sources previously estimated the selling price could reach \$215 million.

06/06/17: **Wind Point Partners**, the Chicago-based mid-market private equity firm, has acquired **Valicor Environmental Services**, one of the largest providers of non-hazardous wastewater treatment services in North America, in partnership with the firm's CEO James Devlin. **Valicor** specifically transports and processes diverse wastewater streams that result from the manufacture of industrial and consumer goods.

05/19/17: **Envirosystems**, the Nova Scotia-based industrial and environmental services firm owned by **TorQuest Partners**, will pursue one to two U.S. acquisitions annually per the firm's CEO Mike Ryan. Given limited acquisition opportunities in Canada, the firm is hoping to grow organically in its home country and spend a maximum of \$100 million annually for U.S. acquisitions. **Envirosystems** generally competes with **Clean Harbors (NYSE:CLH)**, **Hydrochem** and **Veolia Environnement S.A. (ENXTPA:VIE)**.

05/18/17: **RPS Group (LSE:RPS)** has announced that John Douglas will be joining its Board in June and will become CEO following a transition period. Most recently, Douglas was CEO of **Coffey International**, an Australia-based business operating in similar markets to RPS, until its successful sale to **Tetra Tech (NASDAQGS:TTEK)** in February 2016.

05/17/17: **Black & Veatch (B&V)**, the Chicago-based environmental consulting company, has been awarded a contract by the **Municipal Corporation of Greater Mumbai (MCGM)** to prepare a strategic master plan for recycled water. **MCGM's** goal is to maximize the use of tertiary treated effluent over the next 50 years in order to offset fresh water demand. The contract is **B&V's** second high profile award from **MCGM** in the last 12 months.

05/11/17: When discussing M&A opportunities at a recent Waste360 exposition, **Waste Connections (NYSE:WCN)** executives stated that there are roughly 12 to 13 independent waste

businesses remaining in the U.S. with \$200 million in annual revenue, with around 20 similar companies in the \$50 million – \$100 million revenue range.

05/11/17: **Clean Harbors (NYSE:CLH)**, the Massachusetts-based water services provider with a \$3.4 billion market cap, has acquired **Lonestar West (TSX.V:LSI)**, the Alberta-based hydrovac services provider, for \$34 million. The transaction will enable **Clean Harbors** to broaden its daylighting and hydroexcavation capabilities, which are non-destructive methods of excavation that use pressurized water and a vacuum to safely expose underground utilities, pipelines and other infrastructure.

04/26/17: Despite having only been taken private less than three years ago, **Wheelabrator Technologies**, the waste-to-energy (WTE) company that was acquired by **Energy Capital Partners** from **Waste Management (NYSE:WMI)** for \$2 billion, is back in the market. The asset could now be valued at \$3 billion and trigger additional WTE deals.

04/05/17: **TRC Companies (NYSE:TRR)**, the Massachusetts-based engineering, environmental consulting and construction management firm, has been sold to **New Mountain Capital**, the New York-based mid-market private equity firm, for \$690 million. **TRC** was believed to be on **New Mountain's** radar over the last decade and was acquired at a 47% premium to its stock price prior to announcement.

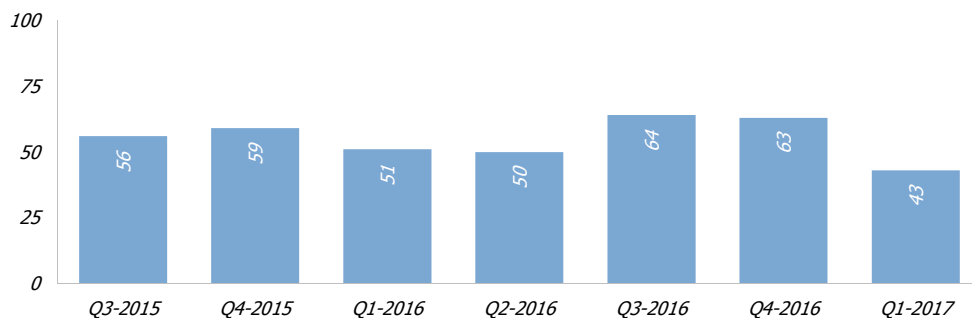
04/04/17: **Gryphon Investors**, the San Francisco-based mid-market private equity firm, has acquired **Wind River Environmental**, the leading provider of non-hazardous liquid environmental waste solutions. Former **Republic Services (NYSE:RSG)** COO and **Gryphon** executive advisor Kevin Walbridge will become Chairman of **Wind River** as part of the investment. With more than 25 locations, **Wind River** serves a diversified blue-chip customer base including national food and retail establishments such as Starbucks, McDonald's and Whole Foods.

04/03/17: **SNC-Lavalin Group (TSX:SNC)** has agreed to acquire **WS Atkins (LSE:ATK)** in a transaction valued at just over \$3 billion. With the transaction, **SNC-Lavalin** is looking to become a recognized "engineering and construction powerhouse", per CEO Neil Bruce.

**Global deal volume fell significantly in Q1 2017 when compared to the previous quarter**

## Environmental Services M&A Activity

Quarterly M&A Activity



Source: Capital IQ as of 6/30/2017

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	WS Atkins	Provides water and environmental services	SNC-Lavalin Group	\$2,702.4	1.0x	11.6x
Announced	LoneStar West	Provides hydrovac services	Clean Harbors Industrial Services Canada	30.7	1.1x	-
Announced	ERiCo Velenje Institut za ekoloske raziskave d.o.o.	Provides environmental testing services	Eurofins Scientific SE	-	-	-
Announced	Environmental Turnkey Solutions	Provides waste hauling and compost services	Q2Earth	-	-	-
Jun-17	Todd Waste Management Group	Provides waste management and recycling services	Yorwaste	-	-	-
Jun-17	Pacific Environment Pty and DLA Environmental Services	Sale of Pacific Environment Consulting (PEC) practice	The ERM Group	11.2	-	-
Jun-17	TRC Companies	Provides environmental and infrastructure services	New Mountain Capital	681.3	1.3x	13.9x
Jun-17	Severoceske vodovody a kanalizace (SCVK)	Provides water management services	Severoceska vodarenska spolecnost (SVS)	-	-	-
Jun-17	Superior Environmental Solutions	Provides industrial cleaning services	Rosewood Private Investments	-	-	-
Jun-17	Valicor Environmental Services	Provides wastewater treatment services	Wind Point Partners	-	-	-
Jun-17	Nab Labs	Provides environmental testing services	Eurofins Scientific SE	-	-	-
May-17	DCC Environmental	Sale of Environmental division	Exponent Private Equity	284.9	-	-
May-17	Masias Recycling Sociedad Limitada	Provides waste management services	Jordi Sala Llado	-	-	-
May-17	Water Kleen	Provides environmental services	TAS Environmental Services	-	-	-
May-17	Allfrakt AB	Provides sewage and refuse-disposal services	Hans Andersson Group AB	-	-	-
May-17	Marine Clean	Provides industrial waste management services	Envirosystems	-	-	-
Apr-17	Delete	Operates as a junk removal business	Rubbish Boys Disposal Service	-	-	-
Apr-17	WasteWatch	Provides waste management services	ACT Environmental Services	-	-	-
Apr-17	Wind River Environmental	Provides environmental waste solutions	Gryphon Investors	-	-	-
Apr-17	RZB Recycling Zentrum Bochum GmbH	Operates as a waste recycling center	REMEX Gesellschaft für Baustoffaufbereitung Dresden	-	-	-
Apr-17	Badger Disposal	Operates as a hazardous waste treatment facility	TRADEBE Environmental Services	-	-	-

Source: Capital IQ, Mergermarket, Company Filings as of 6/30/2017



## Global Industry Groups

Aerospace & Defense  
Automotive & Truck  
Building & Infrastructure  
Business Services  
Chemicals  
Consumer  
Distribution  
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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# 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](http://www.lincolninternational.com).

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