

Market Update



Waste Services Q2 2019

Market Insights

2019 has continued to be a busy year for M&A in the waste services market driven by strong industry fundamentals and growth across a variety of sub-sectors. Industry participants remain optimistic about continued strong performance in H2 2019 and headed into 2020.

Strategic acquirer activity in the second quarter remained high, fueled by strong company performance, premium public market valuations and favorable financing conditions. The major public companies continue to be among the most active consolidators, including Casella Waste Systems, Waste Management and Waste Connections, and Q2 featured Waste Management's announcement of its pending \$4.9 billion acquisition of Advanced Disposal Services. This transaction is Waste Management's largest-ever acquisition and comes on the heels of the company's acquisition of Petro Waste Environmental in March. Major public companies – along with large- and mid-sized private companies – remain eager to deploy capital on accretive M&A in order to augment organic growth, and have demonstrated a willingness to pay premium multiples for strategic assets.

Similarly, private equity funds were active in the waste services sector in Q2 with several new platform investments and tuck-in acquisitions. Private equity is attracted to the space due to the recurring and recession-resistant nature of demand and the opportunity to pursue a buy-and-build strategy in a fragmented market. Consequently, private equity is willing to pay outlier valuations for high-quality, well managed companies with significant size and scale in their respective markets and double-digit growth.

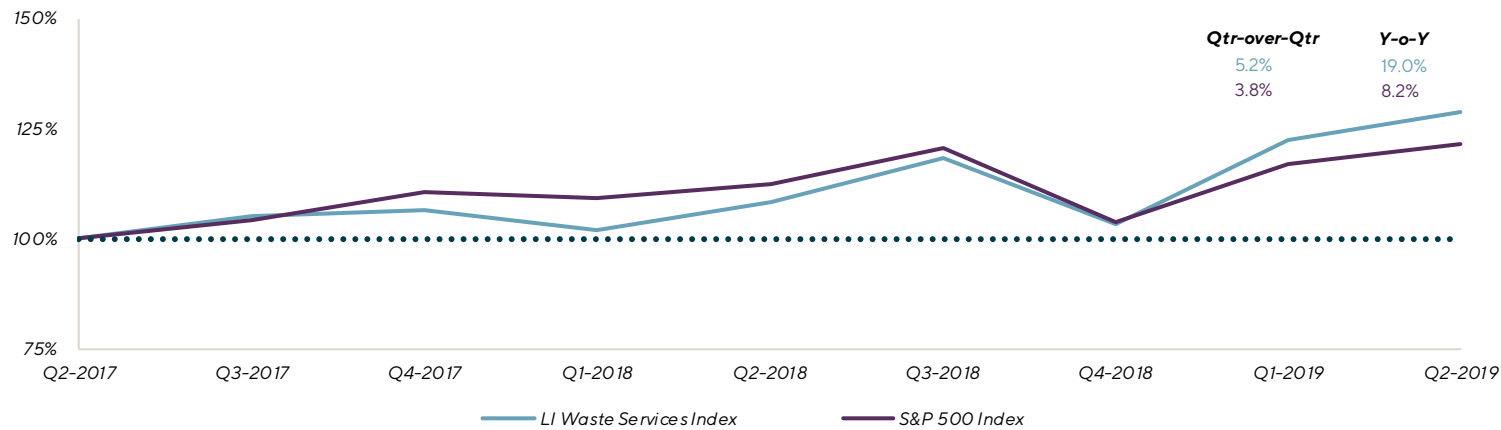
Lincoln expects M&A activity, and valuations, in the waste services sector to remain strong for the foreseeable future. We would welcome the opportunity to connect with you and discuss your company's strategic alternatives or the waste services market more generally.

Lincoln's Waste Services Stock Index increased 5.2% quarter-over-quarter in Q2 2019

The Lincoln International Waste Services Stock Index

The Lincoln Waste Services Stock Index is a market cap-weighted composite stock index similar to the S&P 500 Index. Given the broad scope of waste services, our index 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 our index is provided below.

Stock Index Change



Source: Capital IQ as of 6/30/2019

Quarter-over-Quarter Performance

Outperformers	Change
Advanced Disposal Services, Inc.	14.0%
Casella Waste Systems, Inc.	11.4%
Waste Management, Inc.	11.0%
Waste Connections, Inc.	7.9%
Republic Services, Inc.	7.8%
Suez SA	7.5%
US Ecology, Inc.	6.4%

Underperformers	Change
Stericycle, Inc.	(12.3%)
Heritage-Crystal Clean, Inc.	(4.2%)
Clean Harbors, Inc.	(0.6%)
Covanta Holding Corporation	3.5%

Based on quarter-over-quarter share price performance relative to the S&P 500 Stock Index, which increased 3.8% quarter-over-quarter in Q2 2019.



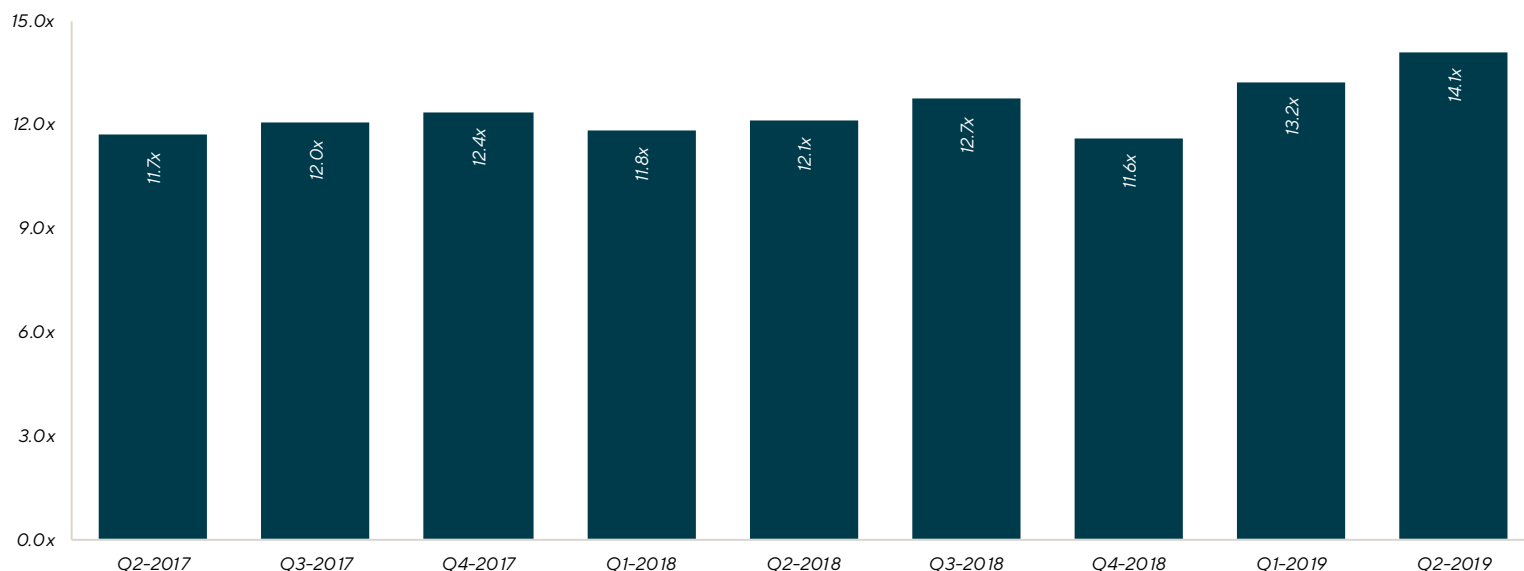
Waste Services Subsectors

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

Public Company Trading Multiples Increased 0.9x in the Past Quarter, Averaging 14.1x in Q2 2019

Enterprise Value / LTM EBITDA Multiples



Source: Capital IQ as of 6/30/2019

Lincoln International Waste Services Stock Index Data

(\$ in millions, except per share data)

Company Name	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.	\$31.91	\$33.01	96.7%	\$2,836	\$4,748	\$1,578	\$389	3.0x	12.2x	47.8x	3.4%	(2.9%)	24.6%	4.9x
Casella Waste Systems, Inc.	39.63	41.72	95.0%	1,872	2,410	677	125	3.6x	19.3x	45.5x	10.4%	8.7%	18.5%	4.3x
Clean Harbors, Inc.	71.10	77.24	92.1%	3,972	5,492	3,331	490	1.6x	11.2x	28.7x	10.8%	14.3%	14.7%	3.1x
Covanta Holding Corporation	17.91	18.38	97.4%	2,341	4,862	1,863	317	2.6x	15.3x	49.6x	3.2%	1.3%	17.0%	8.0x
Heritage-Crystal Clean, Inc	26.31	29.01	90.7%	608	658	423	36	1.6x	18.3x	34.0x	14.7%	(6.5%)	8.5%	1.4x
Republic Services, Inc.	86.64	87.78	98.7%	27,862	36,455	10,084	2,793	3.6x	13.1x	21.6x	0.1%	(0.6%)	27.7%	3.1x
Stericycle, Inc.	47.75	71.43	66.8%	4,347	7,505	3,421	678	2.2x	11.1x	18.1x	(4.5%)	(4.8%)	19.8%	4.7x
Suez SA	14.44	15.48	93.3%	8,922	22,274	19,843	2,545	1.1x	8.8x	17.3x	4.7%	3.3%	12.8%	4.1x
US Ecology, Inc.	59.54	77.15	77.2%	1,315	1,657	577	119	2.9x	13.9x	22.2x	12.3%	7.7%	20.7%	2.9x
Waste Connections, Inc.	95.58	96.14	99.4%	25,195	29,091	5,027	1,578	5.8x	18.4x	33.1x	7.4%	7.3%	31.4%	2.5x
Waste Management, Inc.	115.37	117.34	98.3%	48,996	59,695	15,099	4,247	4.0x	14.1x	21.7x	3.7%	4.5%	28.1%	2.5x
Mean								2.9x	14.1x	30.9x	6.0%	2.9%	20.3%	3.8x
Median								2.9x	13.9x	28.7x	4.7%	3.3%	19.8%	3.1x

Sources: Bloomberg, Capital IQ and company filings, as of 6/30/2019

has been sold to

PILOT WATER
SOLUTIONS

a subsidiary of

Pilot. FLYING J

Sell-Side



Transaction Spotlight

- Headquartered in Midland, Texas, RBJ & Associates is one of the largest independent providers of wastewater infrastructure and disposal services for energy companies in the Permian Basin
- RBJ was acquired by Pilot Water Solutions LLC, a subsidiary of Pilot Flying J
- Pilot Water Solutions' combination with RBJ will further accelerate the company's evolution into a leading midstream provider of water management infrastructure and solutions
- Lincoln served as the exclusive financial advisor to RBJ, providing advisory expertise and managing the preparatory, marketing, negotiation and due diligence phases of the transaction

Market Intelligence

China announced that it will continue its restrictions on imports of solid waste, forcing industry participants to restructure contracts, lower operating costs and get cleaner streams at MRFs

Despite extended winters and impactful weather in a number of areas, Q2 solid waste volumes and pricing rose and instilled confidence in a seasonal upturn that is expected to continue into H2 2019

Given the tight U.S. labor market and waste services' place as one of the most dangerous occupations, companies

are increasingly emphasizing recruitment and retention. Specifically, companies are aiming to attract more women and millennials to the industry and collaborating on best practices for safety

The rate of technology adoption is expected to increase exponentially, including increased use of geotracking and measurement tools - 75% of waste fleet managers surveyed in the U.S. and Canada have the goal to equip trucks with more technology over the next five years

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Renewi Canada	Engages in treatment and recycling of organic waste	Convent Capital
Announced	Select Solid Waste Assets of Republic Services	Provides solid waste management services	Casella Waste Systems
Announced	Advanced Disposal Services	Provides non-hazardous solid waste collection, transfer, recycling and disposal services	Waste Management
Announced	NRC Group Holdings	Provides various environmental, compliance and waste management services	US Ecology
Jun-19	RBJ & Associates	Provides wastewater infrastructure and disposal services for energy companies in the Permian Basin	Pilot Water Solutions
May-19	Lewis Clark Recycling & Disposal Holdings	Acquires and develops assets for the collection, transfer, recycling and disposal of solid waste and debris	Waste Connections
May-19	D&E Rubbish Removal	Engages in commercial and residential trash removal	Casella Waste Systems
May-19	Bin Dump'n Trash	Provides curbside trash and recycling pickup for businesses and households	Casella Waste Systems
May-19	TAM	Provides waste management, recycling and composting services	Casella Waste Systems
May-19	EarthTech Contracting	Provides trash and recycling collection across southern New Jersey	Gold Medal Services
May-19	DisposAll	Provides waste and recyclable items disposal services	Orion Waste Solutions
May-19	TAS Environmental Services	Provides environmental and industrial services, including waste transportation and disposal	Blue Point Capital Partners
May-19	Junk King Franchise Systems, Inc.	Offers junk removal and hauling services in North America	Norwest Venture Partners
Apr-19	All-Pro Sanitation	Provides waste collection services in Tennessee	Santek Waste Services
Apr-19	Hauling Assets of Waste Corp. of Tennessee	Provides waste hauling, rolling stock and collections capabilities	Meridian Waste
Apr-19	M.C. Disposal	Provides waste collection services	Casella Waste Systems
Apr-19	Organic Incineration Technology	Provides thermal treatment for non-hazardous petroleum contaminated soils and sludges	NRC Group Holdings
Apr-19	Mountain Waste & Recycling	Provides trash, recycling and compost collection services	Waste Connections
Apr-19	Sustainable Solutions Group	Provides commercial waste reduction and recycling solutions	Recycling And Waste Solutions

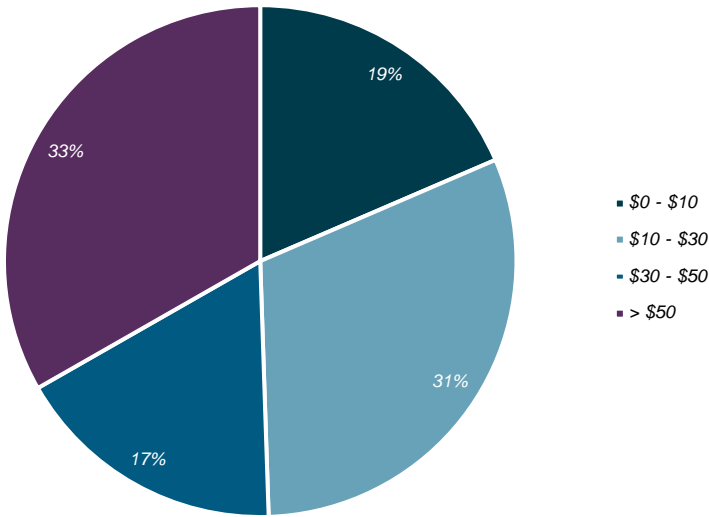
Source: Capital IQ, Mergermarket as of 6/30/2019

Lincoln Middle Market Index - Lincoln's Perspectives on the Mid-Market

Lincoln maintains an extensive proprietary database, the Lincoln Middle Market Index (Lincoln MMI), in connection with its quarterly portfolio valuation activities by the firm's Valuations & Opinions Group. The Lincoln MMI contains financial data for a diverse group of companies across ten primary industry segments. It 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 Lincoln MMI is comprised of information from nearly 800 mid-market companies.

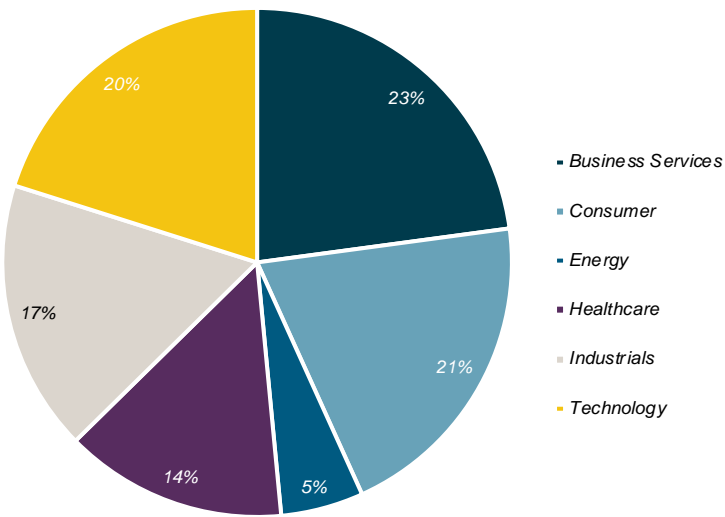
Q1 2019 Trends by Size (LTM EBITDA)

Distribution by Size

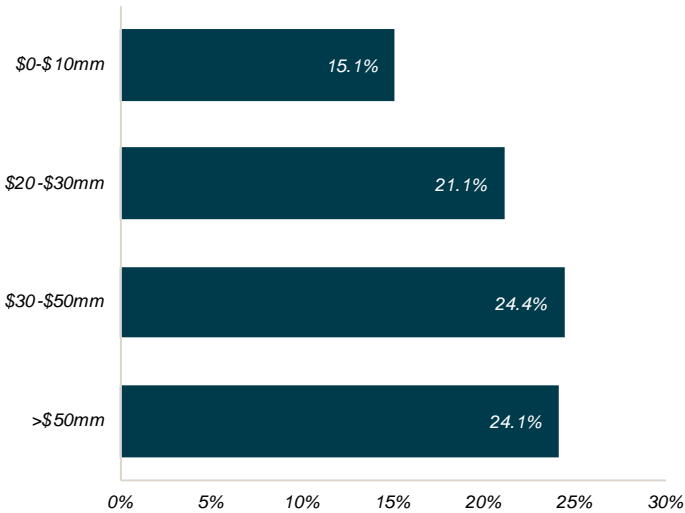


Q1 2019 Trends by Industry Vertical

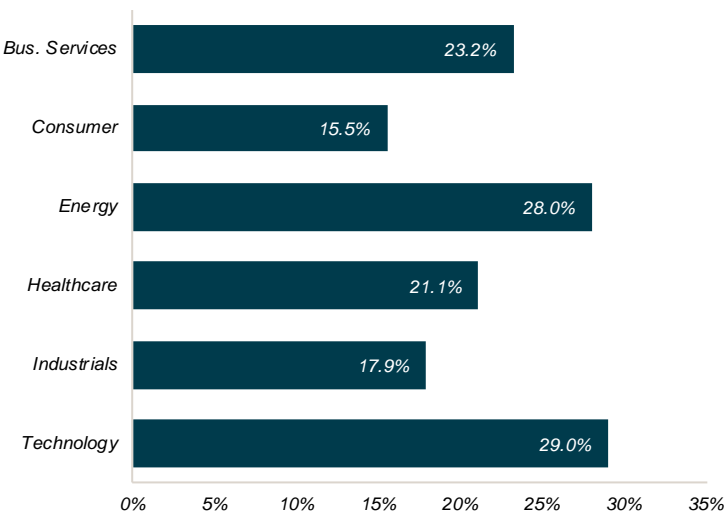
Distribution by Vertical



Average LTM EBITDA Margin by Size



Average LTM EBITDA Margin by Vertical

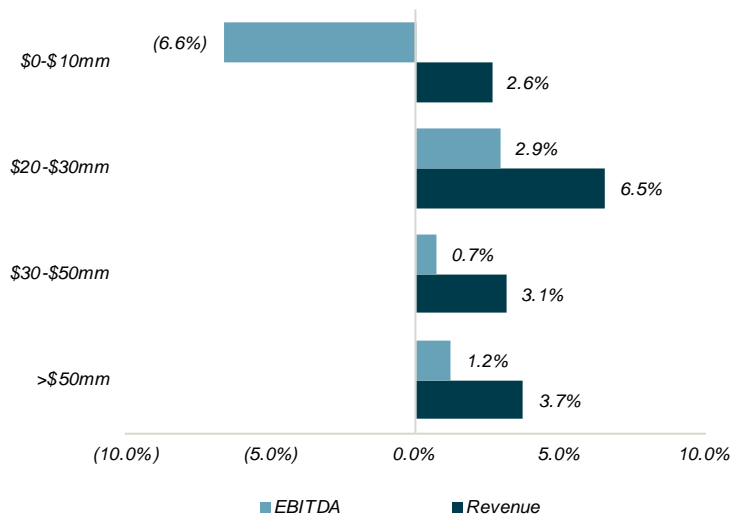


Note: the above charts reflect data from Lincoln's proprietary valuations database as of 3/31/2019

Lincoln Middle Market Index - Lincoln's Perspectives on the Mid-Market (cont'd)

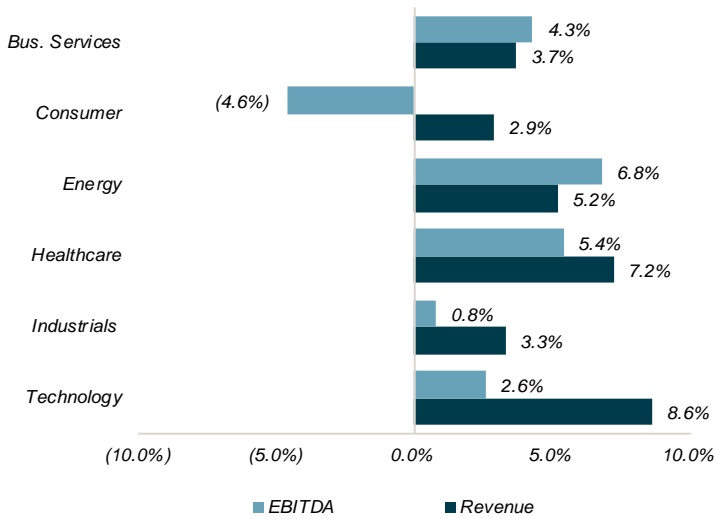
Q1 2019 Trends by Size (LTM EBITDA)

Quarter over Prior Year Quarter
Revenue and EBITDA by Size

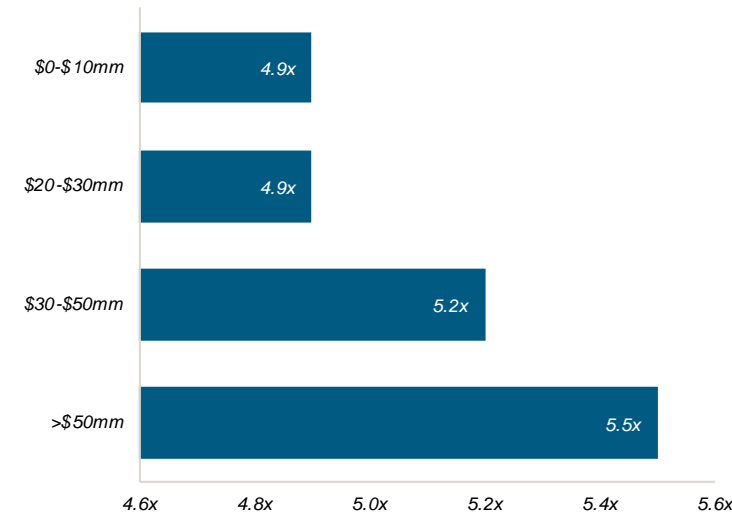


Q1 2019 Trends by Industry Vertical

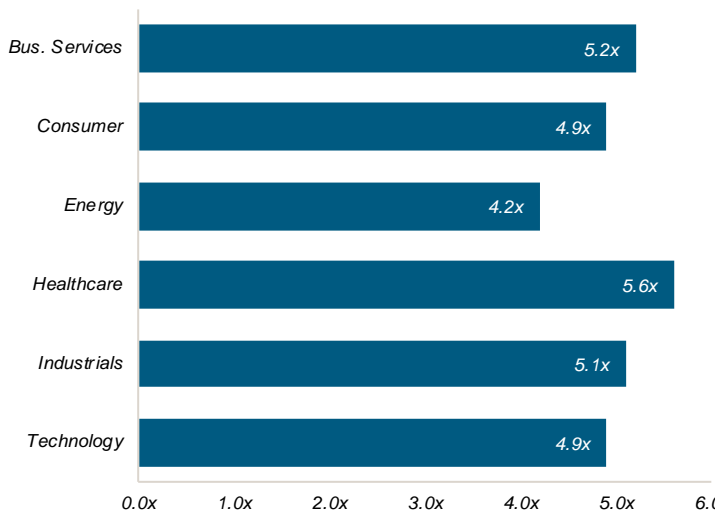
Quarter over Prior Year Quarter
Revenue and EBITDA by Vertical



Average Current Leverage by Size



Average Current Leverage by Vertical



Note: the above charts reflect data from Lincoln's proprietary valuations database as of 3/31/2019



Lincoln International's Waste Services Focus

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 industry leaders, augmented by our globally integrated resources and tailored process execution, enable Lincoln International to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated waste services team is among the most active M&A advisors in the mid-market. Our senior professionals provide sector-specific expertise, global buyer access and unmatched execution.



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