

Market Update

Environmental Services

Q3 2018

Key Highlights

Lincoln International Environmental Services Stock Index increased 5.6% in Q3 2018

Public company trading multiples increased, averaging 11.4x in Q3 2018

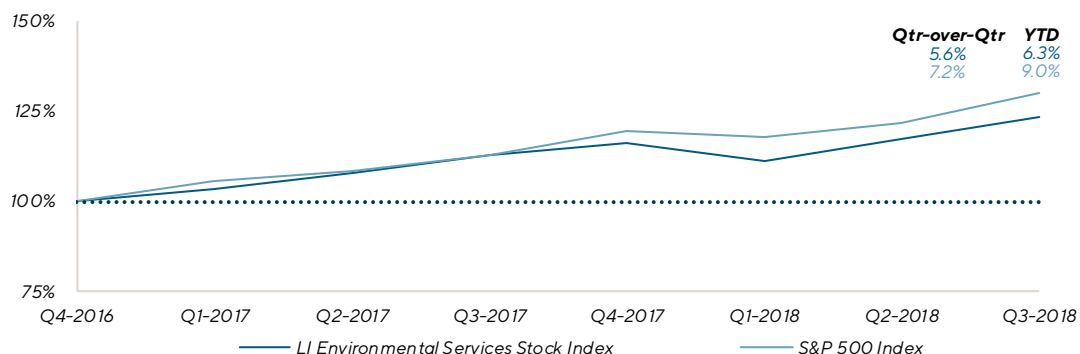
Global deal volume decreased in Q2 2018 when compared to the previous quarter



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



Stock Index Change

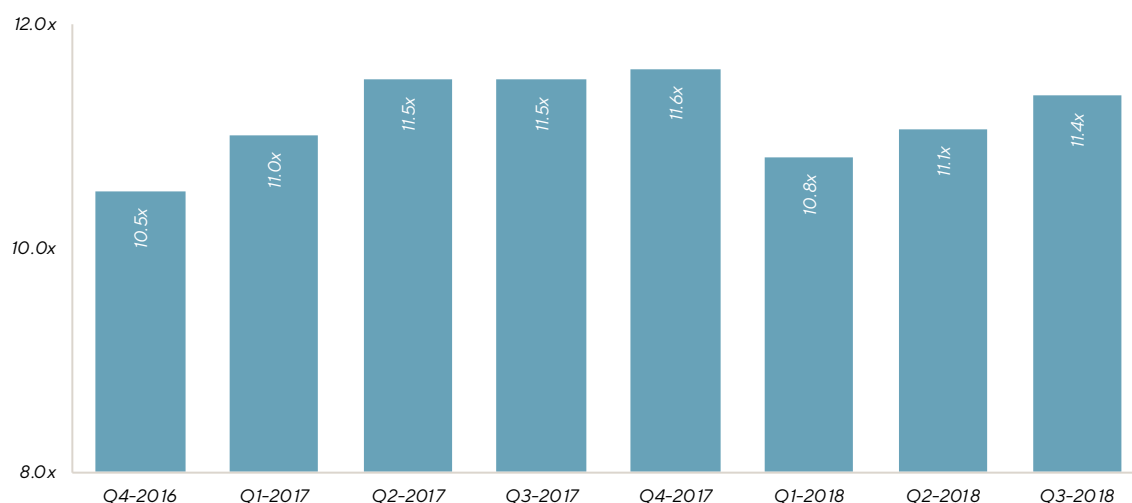
| Outperformers* | Change | Underperformers* | Change |
|-----------------------------|--------|----------------------------------|---------|
| Clean Harbors, Inc. | 28.9% | Sims Metal Management Limited | (21.3%) |
| Casella Waste Systems, Inc. | 21.3% | Schnitzer Steel Industries, Inc. | (19.7%) |
| Tetra Tech, Inc. | 16.8% | RPS Group plc | (13.9%) |
| US Ecology, Inc. | 15.8% | Stericycle, Inc. | (10.1%) |
| Waste Management, Inc. | 11.1% | SNC-Lavalin Group Inc. | (9.3%) |
| SUEZ SA | 10.2% | Arcadis NV | (6.8%) |
| Republic Services, Inc. | 6.3% | Veolia Environnement S.A. | (6.2%) |
| Waste Connections, Inc. | 6.0% | AECOM | (1.1%) |

*Based on qtr-over-qtr share price performance



Public company trading multiples increased, averaging 11.4x in Q3 2018

LI Environmental Services Stock Index Data



Source: Capital IQ as of 9/28/2018; 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

| Company Name | Current Price | 52 Week High | Market Cap | Enterprise Value | Diluted EPS | LTM Rev | EV / LTM | | | LTM Growth | | EBITDA Margin | Net Debt/EBITDA |
|--|---------------|--------------|------------|------------------|-------------|----------|-------------|--------------|--------------|--------------|--------------|---------------|-----------------|
| | | | | | | | Rev | EBITDA | EBIT | Rev | EBITDA | | |
| AECOM | \$32.66 | \$39.90 | \$5,251 | \$8,512 | \$0.87 | \$19,706 | 0.4x | 11.3x | 17.2x | 11.5% | (5.5%) | 3.8% | 4.1x |
| Arcadis NV | 16.74 | 23.31 | 1,468 | 2,024 | 0.82 | 3,683 | 0.5x | 8.5x | 12.2x | (2.2%) | 17.1% | 6.5% | 2.3x |
| Casella Waste Systems, Inc. | 31.06 | 33.94 | 1,328 | 1,830 | 0.71 | 625 | 2.9x | 15.9x | 37.1x | 7.2% | 1.9% | 18.4% | 4.4x |
| Clean Harbors, Inc. | 71.58 | 72.50 | 4,015 | 5,410 | 2.01 | 3,102 | 1.7x | 12.1x | 34.5x | 8.3% | 8.1% | 14.5% | 3.1x |
| Republic Services, Inc. | 72.66 | 75.82 | 23,658 | 31,859 | 4.07 | 10,067 | 3.2x | 11.4x | 19.1x | 3.7% | 2.5% | 27.7% | 2.9x |
| RPS Group plc | 2.87 | 4.01 | 628 | 739 | (0.07) | 843 | 0.9x | 8.9x | 12.5x | 5.6% | (6.5%) | 9.9% | 1.3x |
| Schnitzer Steel Industries, Inc. | 27.05 | 38.85 | 706 | 874 | 3.99 | 2,189 | 0.4x | 4.9x | 6.8x | 38.2% | 96.3% | 8.1% | 0.9x |
| Sims Metal Management Ltd. | 9.16 | 13.07 | 1,871 | 1,647 | 0.99 | 4,778 | 0.3x | 7.5x | 12.4x | 22.3% | 22.4% | 4.6% | (1.0x) |
| SNC-Lavalin Group Inc. | 40.75 | 47.61 | 7,153 | 9,162 | 1.81 | 7,990 | 1.1x | 12.3x | 18.2x | 27.2% | 80.7% | 9.4% | 2.6x |
| Stericycle, Inc. | 58.68 | 76.73 | 5,040 | 7,661 | 1.93 | 3,549 | 2.2x | 11.2x | 18.1x | (1.6%) | (14.0%) | 19.3% | 3.8x |
| SUEZ SA | 14.22 | 18.54 | 8,764 | 22,628 | 0.50 | 19,518 | 1.2x | 8.8x | 17.8x | 11.4% | 6.3% | 13.1% | 4.3x |
| Tetra Tech, Inc. | 68.30 | 72.20 | 3,779 | 4,003 | 2.51 | 2,182 | 1.8x | 16.1x | 19.3x | 7.4% | 14.6% | 11.4% | 0.9x |
| USEcology, Inc. | 73.75 | 77.15 | 1,617 | 1,841 | 2.80 | 525 | 3.5x | 16.0x | 24.8x | 9.7% | 7.7% | 21.9% | 1.9x |
| Veolia Environnement S.A. | 19.97 | 25.90 | 11,041 | 24,539 | 0.72 | 29,755 | 0.8x | 7.2x | 14.7x | 6.3% | 6.6% | 11.4% | 3.6x |
| Waste Connections, Inc. | 79.77 | 81.36 | 21,008 | 24,673 | 2.66 | 4,744 | 5.2x | 16.5x | 29.1x | 7.8% | 9.6% | 31.6% | 2.4x |
| Waste Management, Inc. | 90.36 | 92.85 | 38,739 | 48,490 | 4.99 | 14,618 | 3.3x | 11.8x | 18.2x | 3.5% | 6.2% | 28.0% | 2.4x |
| Mean | | | | | | | 1.8x | 11.3x | 19.5x | 10.4% | 15.9% | 15.0% | 2.5x |
| Median | | | | | | | 1.5x | 11.4x | 18.1x | 7.6% | 7.1% | 12.3% | 2.5x |
| Adjusted Mean (excludes highest and lowest value) | | | | | | | 1.7x | 11.4x | 19.2x | 9.3% | 12.3% | 14.6% | 2.6x |

Source: Capital IQ as of 9/28/2018

Market Intelligence

09/12/18: **Google** and **Aclima**, the Californiabased company that maps air quality and climate emissions block by block, announced plans to integrate **Aclima's** mobile sensing platform into **Google's** global fleet of Street View vehicles starting with 50 cars. **Google Maps** Street View cars will be equipped with **Aclima's** mobile sensor node, which will generate snapshots of carbon dioxide and other pollutants while the cars routinely collect Street View imagery. This snapshot data will be aggregated and made available on **Google BigQuery** to advance air quality science and research.

09/10/18: **Macquarie Infrastructure Partners ("MIP")** will invest in Oklahomabased **Lagoon Water Solutions ("Lagoon")** to fund growth. Founded in 2017, **Lagoon** works with oilfield producers to reduce their operating costs by providing reliable and efficient water midstream infrastructure. **MIP** has committed up to \$500 million to support growth in the STACK, SCOOP and other basins. Initial investment capital will focus on the expansion of **Lagoon's** assets serving Anadarko Basin producers. **Lagoon** will have more than 350,000 barrels of water per day of disposal capacity across 17 facilities and over 150 miles of water gathering pipeline by the end of 2018. "**Lagoon** represents a unique opportunity to invest in a successful operator in the STACK and to build the leading water midstream company in the mid-continent region," said Karl Kuchel, CEO of **MIP**.

08/14/18: **Heritage Environmental Services** and **Zinc Nacional** are building a state-of-the-art Waelz Kiln facility in the Midwestern United States. The joint venture company, **Waelz Sustainable Products ("WSP")**, will provide the metals sector with a proven process for reclaiming zinc oxide from recycled steel dust, a byproduct of the electric arc furnaces operated in steel mills. Zinc oxide is a widely used ingredient in products such as metallic zinc, rubber, ceramics, lubricants and ointments. **WSP** plans to hire up to 60 employees during the initial phase of production and an additional 30 employees after expansions are complete. **Heritage Environmental** has more than 1,600 employees across North and Central America.

08/12/18: Global investment firm **KKR** will acquire a 60% stake in **Ramky Enviro Engineers Limited ("REEL")**, the Indianbased provider of waste management and environmental services, for approximately \$530 million, valuing the company at an enterprise value of \$925 million. **REEL** has

a presence in 20 Indian states, as well as in Southeast Asian, Middle Eastern and African markets. **KKR's** investment marks the first private equity buyout in the country's environmental services sector, according to **KKR**. The deal comes as Prime Minister Narendra Modi's administration enhances its focus on environmental management through the **Swachh Bharat (Clean India) Mission**, an initiative to reduce pollution and improve critical sanitation infrastructure to boost living standards in cities, towns and rural villages nationwide.

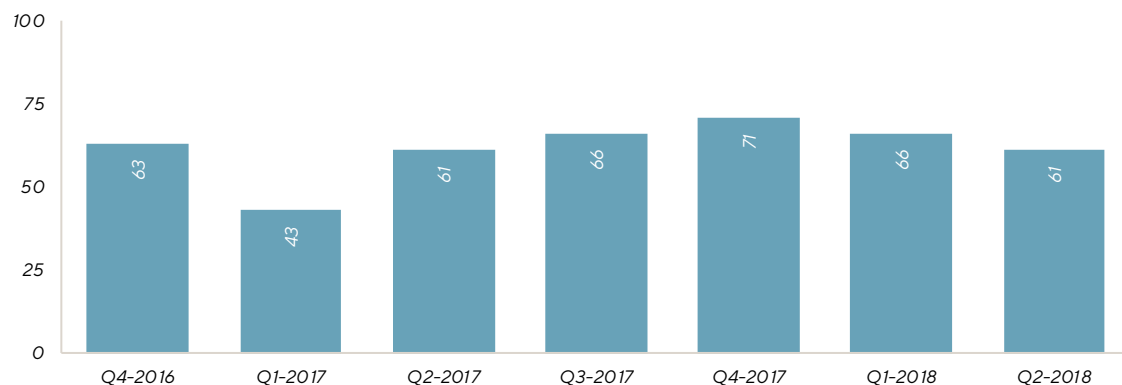
07/24/18: The **California Water Commission ("CWC")** has voted to award **The Sites Project** \$816 million of state funding to provide environmental benefits for refuge water supplies, Delta smelt, recreational opportunities and localized flood control. The funds were the most given to any of the eight projects across California as part of the \$2.7 billion **Proposition 1** water bond measure passed in 2014. **The Sites Project** will add up to 500,000 acre-feet of usable water per year to the state's water system, representing two-thirds of the total amount of annual storage being created through **Proposition 1** funding. In addition, the **CWC** agreed to provide \$40.8 million in early funding to assist in completing environmental analyses and obtaining permits. "**The Sites Project** offers the unique benefit of improving water quality and habitat conditions in the Sacramento River and Delta when and where it's needed most," said General Manager Jim Watson.

07/17/18: **ERM** and the **Principles for Responsible Investment ("PRI")** have published guidance on environmental, social and governance ("ESG") monitoring and reporting in private equity. Launched at the 9th Annual **Responsible Investment Forum** in London, the guidance supports incorporating responsible investment considerations across the three stages of fund due diligence, commitment and monitoring. "It is our hope that this guidance will help drive the monitoring and reporting agenda forward and, in doing so, deliver not only improved ESG performance but also protection and enhancement of the value of underlying investments," said Keryn James, group chief executive of **ERM**.

07/09/18: **Veolia North America**, the Massachusetts-based waste and energy water company, will buy the majority of the market-based Contract Services business from **American Water Works Company** for \$27 million.

Global deal volume decreased in Q2 2018 when compared to the previous quarter

Selected M&A Transaction Recap



Source: Capital IQ as of 9/30/2018

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

| Closed | Target | Target Description | Acquirer | Enterprise Value | EV / LTM Revenue | EBITDA |
|-----------|--|---|---|------------------|------------------|--------|
| Announced | Berger Group | Provides environmental science and economic development consultancy services | WSP Global | \$400.0 | 1.0x | 8.9x |
| Announced | Rio Verde Utilities | Provides water and wastewater service connections and irrigated water services | EPCOR Water | - | - | - |
| Announced | American Water Works Contract Services | Provides contract wastewater treatment services | Veolia North America | 27.0 | 0.9x | - |
| Announced | "DMS Disaster Planning & Recovery Consultants" | Provides disaster planning and recovery services | ICF International | - | - | - |
| Announced | Hennessy Capital | Provides provider environmental, compliance and waste management services | NRC Group | - | - | - |
| Announced | True Grit Engineering | Provides environmental and infrastructure engineering services | Stantec | - | - | - |
| Announced | "Ramky Enviro Engineers " | Provides waste management and environmental services | KKR | - | - | - |
| Sep-18 | KEH & Associates | Provides water and wastewater engineering services | Gannett Fleming | - | - | - |
| Aug-18 | Suez Water Conditioning Services | Provides purification, disinfection, treatment and management of water and wastewater | Marlowe | 4.5 | - | - |
| Aug-18 | Hazard Management Services | Provides hazardous materials identification and management training services | Forensic Analytical Consulting Services | - | - | - |
| Aug-18 | Donovan Industrial Service and ROTAP | Provides environmental cleaning and transportation services | TAS Environmental Services | - | - | - |
| Aug-18 | Plasgran | Provides provides plastics recycling services | British Polythene | 34.5 | 1.3x | - |
| Aug-18 | CLEAResult Consulting | Provides technology-enabled energy efficiency solutions and services | TPG Growth | - | - | - |
| Aug-18 | "Beauchan Rail Services" | Provides railcar cleaning services | VLS Recovery Services | - | - | - |
| Aug-18 | David Ford Consulting Engineers | Provides water resources engineering services | HDR | - | - | - |
| Jul-18 | Copper Environmental Consulting | Provides environmental consulting, engineering and project management services | PRISM Response | - | - | - |
| Jul-18 | Kingfisher Environmental Services | Provides water treatment and hygiene services | Marlowe | - | - | - |
| Jul-18 | GP Green Recycling | Provides food and green waste recycling services | Enva | - | - | - |
| Jul-18 | "Land Management Group" | Provides environmental consulting services | Davey Resource Group | - | - | - |
| Jul-18 | EHS Environmental | Provides customized environmental consultation services | Hillmann Consulting | - | - | - |
| Jul-18 | Shepherd Engineering Design Company | Provides engineering and environmental services | Civil & Environmental Consultants | - | - | - |
| Jul-18 | Southwest Waterworks Contractors | Provides water pump systems design and installation services | PumpMan | - | - | - |
| Jul-18 | Transwaste Recycling | Provides waste recycling services | Attero Recycling | - | - | - |

Advisory Services

Mergers & Acquisitions
Debt Advisory
Growth Equity
Special Situations
Valuations & Opinions
Joint Ventures & Partnering

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

Lincoln's Environmental Services Team

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

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