

Environmental & Waste Services Q4 2020



Market Insights

The record economic recovery continued to gain momentum in the final quarter of 2020, despite the continued challenges from the pandemic and uncertainty from the U.S. election. The Dow Jones Industrial Average and the S&P 500 gained 16% and 7%, respectively, closing at record highs at the end of 2020. This economic strength spilled over into performance in the private markets and drove continued mergers and acquisitions (M&A) volume and valuation growth.

In Q4 2020, Mergermarket reported 1,651 announced transactions, up 8% year-over-year and 22% quarter-over-quarter. In addition, the average EBITDA multiple for these transactions was 18.2x in 2020, compared to 14.8x in 2019 (note that this data is across all business models and industries and not specific to environmental services). One key driver of higher multiples was quality – most deals that launched in the second half of 2020 and closed before year-end demonstrated resiliency through the pandemic (either with growth throughout 2020 or quick recovery early in the summer of 2020). A second key driving factor was ample availability of capital. The lending market continued to recover towards pre-pandemic pricing and leverage levels in Q4 2020, while private equity continued to deploy significant capital.

The environmental services sector saw similar trends to the broader market in Q4 2020. Public strategics were active with M&A activity in waste, including GFL Environmental (WCA Waste, closed 10/20) and Republic Services (Randy's Sanitation, Knox Waste, Gallegos Sanitation). Private equity remained highly active in acquiring new environmental services platforms, including GI Partners acquiring Valet Living (waste/recycling/other residential services), J.F. Lehman acquiring ENTACT (remediation), Court Square Capital acquiring Veregy (energy management/energy efficiency), New Mountain Capital acquiring Inframark (water management) and Warburg Pincus acquiring Sweeping Corp of America (power street cleaning), among others.

Looking forward, the momentum carrying over from Q4 2020 gives us confidence that 2021 will be another strong year for M&A. There continues to be a large backlog of transactions which has carried into 2021, as well as many processes which paused preparation in 2020 due to COVID-19 and may pursue a sale in 2021. In addition, we expect owners of well-performing businesses to explore strategic alternatives before any potential tax changes take place.

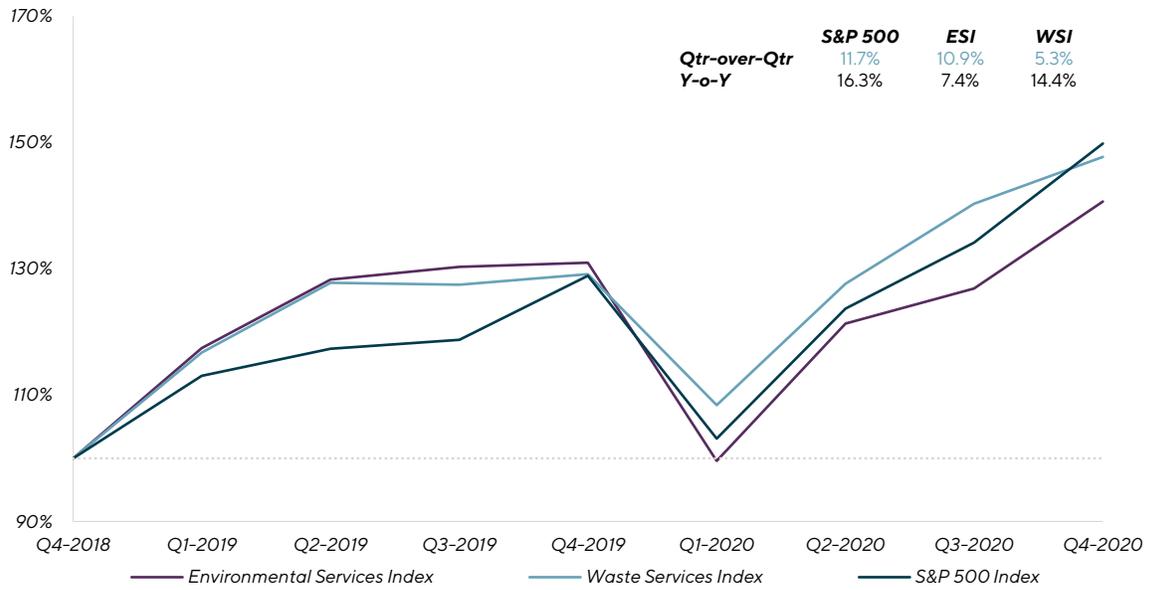
For the environmental services sector in particular, we expect even more favorable tailwinds driven by increased regulations under the Biden administration, as well as greater investor interest driven by "green initiatives". Many investors are dedicating capital, or even deploying dedicated funds, to pursue businesses with core tenets servicing environmental, social and corporate governance (ESG).

Lincoln welcomes the opportunity to discuss your company's strategic alternatives and how to think about the right timing for a process given business momentum and the market dynamics, or the environmental services market more generally.

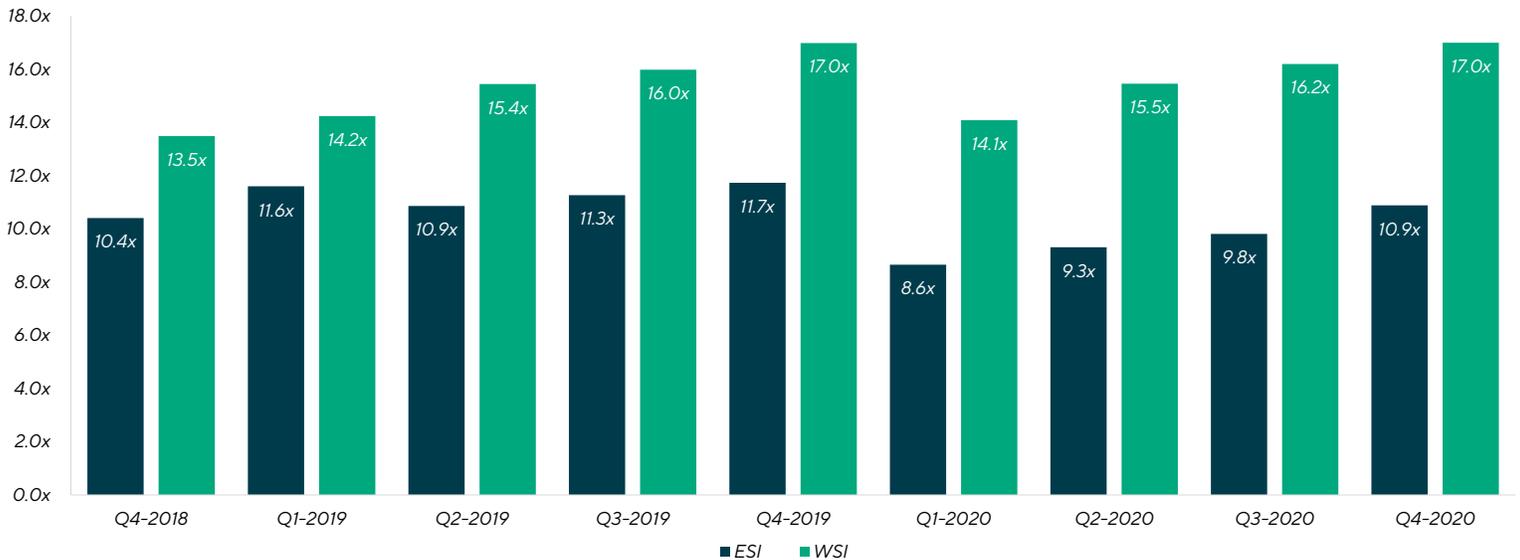
Index Performance

Lincoln's environmental services index (ESI) recorded a gain of 7.4% in Q4 2020 vs. Q3 2020 and waste services index (WSI) recorded a gain of 14.4%. Both had lower year-over-year growth than the broader S&P 500, which was up 16.3% in Q4 2020. Also, while it lagged the ESI and WSI at the start of this year, today the S&P 500 is slightly ahead of the WSI (up 49.8% to 47.7% since the start of 2018) and significantly ahead of the broader ESI (up 40.6%).

Environmental & Waste Services Indices - Quarterly Relative Stock Price Performance



Environmental & Waste Services Indices - Historical EV / EBITDA Valuation Performance



Environmental Services Index



Waste Services Index



Comparable Public Companies

Environmental Services

Company Name	Current Price	52 Week High	% of High 52 Week	Market Cap	Enterprise Value	LTM Rev	LTM EBITDA	EV / LTM			LTM Growth		EBITDA Margin	Net Debt / EBITDA
								Rev	EBITDA	EBIT	Rev	EBITDA		
Clean Harbors, Inc.	76.10	88.40	86.1%	4,204	5,414	3,144	691	1.7x	7.8x	21.5x	(7.9%)	2.9%	22.0%	1.6x
Covanta Holding Corporation	13.13	16.13	81.4%	1,730	4,316	1,904	314	2.3x	13.7x	48.0x	1.8%	(7.6%)	16.5%	8.2x
Ecolab Inc.	216.36	231.36	93.5%	61,759	68,109	11,790	2,650	5.8x	25.7x	42.0x	(20.9%)	(25.2%)	22.5%	2.2x
Harsco Corporation	17.98	23.44	76.7%	1,419	2,750	1,755	299	1.6x	9.2x	33.6x	16.7%	3.3%	17.0%	4.3x
Heritage-Crystal Clean, Inc	21.07	31.68	66.5%	506	566	413	88	1.4x	6.4x	41.8x	(7.1%)	9.6%	21.4%	0.7x
Stericycle, Inc.	69.33	79.50	87.2%	6,347	8,691	2,820	622	3.1x	14.0x	33.6x	(14.8%)	(5.4%)	22.0%	3.8x
Suez SA	19.84	20.15	98.5%	12,404	29,112	19,723	2,936	1.5x	9.9x	31.5x	(2.4%)	(8.1%)	14.9%	4.2x
US Ecology, Inc.	36.33	58.36	62.3%	1,131	1,943	924	181	2.1x	10.7x	36.8x	34.8%	19.7%	19.6%	4.5x
Veolia Environnement S.A.	24.48	35.58	68.8%	13,848	29,670	30,683	3,867	1.0x	7.7x	21.0x	0.6%	(6.5%)	12.6%	3.6x
Mean								2.3x	11.7x	34.4x	0.1%	(1.9%)	18.7%	3.7x
Median								1.7x	9.9x	33.6x	(2.4%)	(5.4%)	19.6%	3.8x

Source: Bloomberg, Capital IQ and company filings, as of 12/31/20

Note: dollars in millions, except stock price

Waste Services

Company Name	Current Price	52 Week High	% of High 52 Week	Market Cap	Enterprise Value	LTM Rev	LTM EBITDA	EV / LTM			LTM Growth		EBITDA Margin	Net Debt / EBITDA
								Rev	EBITDA	EBIT	Rev	EBITDA		
Bingo Industries Limited	\$1.88	\$2.68	70.3%	\$1,232	\$1,501	\$366	\$101	4.1x	14.9x	28.2x	12.7%	18.6%	27.5%	2.7x
Casella Waste Systems, Inc.	61.95	63.58	97.4%	3,164	3,773	775	177	4.9x	21.3x	57.4x	4.2%	10.7%	22.8%	2.6x
GFL Environmental Inc.	29.12	29.51	98.7%	9,505	13,129	3,293	778	4.0x	16.9x	nmf	27.6%	29.5%	23.6%	6.5x
Republic Services, Inc.	96.30	103.79	92.8%	30,693	39,433	10,154	2,871	3.9x	13.7x	23.0x	(1.4%)	0.8%	28.3%	3.1x
Waste Connections, Inc.	102.57	111.04	92.4%	26,958	31,084	5,446	1,685	5.7x	18.4x	34.8x	1.1%	(0.7%)	30.9%	2.6x
Waste Management, Inc.	117.93	126.79	93.0%	49,838	59,559	15,218	4,371	3.9x	13.6x	23.3x	(1.5%)	(1.1%)	28.7%	3.2x
Mean								4.4x	16.5x	33.3x	7.1%	9.6%	27.0%	3.5x
Median								4.0x	15.9x	28.2x	2.6%	5.8%	27.9%	2.9x

Source: Bloomberg, Capital IQ and company filings, as of 12/31/20

Note: dollars in millions, except stock price

Environmental & Waste Services Subsectors

This update tracks valuation metrics and transaction activity for the following environmental and waste services subsectors:

- Consulting & Engineering
- E-Waste
- Hazardous Waste
- Industrial Waste
- Laboratory Testing
- Liquid Waste
- Recycling
- Solid Waste
- Waste-to-Energy
- Water & Wastewater
- Remediation & Specialty Construction

Lincoln's 2020 Results

234 transactions worldwide

8,800+ debt and equity valuations annually

42% increase in capital advisory transactions over prior year

220% increase in transaction opinions

20% increase in average M&A deal value over prior year

51% M&A transactions completed with strategic acquirers

43% of transactions were cross-border

9% increase in global employees over prior year

Lincoln's Environmental & Waste Services



has received a significant investment from



Sell-Side



Sale of a wooden pallet recycling and remanufacturing provider



MONITOR CLIPPER PARTNERS

has sold



REVERSE LOGISTICS GROUP

to



Reconomy

a portfolio company of



EMK Capital

Sell-Side



Sale of a global environmental compliance solutions provider

Selected M&A Transactions

Date	Target Company	Target Description	Acquiring Company
Dec-20	Knox Waste	Solid waste collection and recycling services	Republic Services
Dec-20	Industrial Water Operations of Ultrapure	Water purification equipment and services	Evoqua Water Technologies
Dec-20	Redwing Ecological Services	Ecological assessment, engineering and compliance services	RES
Dec-20	Reverse Logistics Group	Environmental compliance services	Reconomy
Dec-20	Inframark	Water management and infrastructure service	New Mountain Capital
Dec-20	48Forty Solutions	Wooden pallet management services	Audax Group
Dec-20	Black & Veatch UK and Asia Water Services	Water and wastewater services	RSK Group
Dec-20	Wheelabrator U.K.	Waste-to-energy services	First Sentier Investors
Dec-20	ENTACT	Environmental remediation services	J.F. Lehman
Dec-20	Virginia American Industries	Wastewater treatment services	Shamrock Environmental
Dec-20	Seminole Septic	Septic system services	Wind River Environmental
Dec-20	JBR Environmental Services	Waste management and environmental services	VLS Recovery
Dec-20	Wenck	Environmental engineering services	Stantec
Dec-20	Griffin Dewatering	Groundwater treatment and control solutions	Crossplane Capital
Nov-20	Talismark	Managed waste services provider	Waste Harmonics
Nov-20	NMC Group	Surfacing, engineering and external environment maintenance services	GRITIT
Nov-20	Valet Living	Doorstep waste, recycling and other amenities services	GI Partners
Nov-20	EnviDan	Water and environmental engineering services	Waterland Private Equity
Nov-20	Organic Waste Systems	Engineering and design services for municipal solid waste treatment plants	Normec
Nov-20	Encino Environmental Solutions	Environmental consulting and compliance services	BP Energy Partners
Nov-20	KB Environmental Services	Environmental and infrastructure consulting services	Crawford, Murphy & Tilly
Nov-20	Environmental Development Company	Hazardous waste management and environmental services	SUEZ / Itochu
Nov-20	O'Hara Management	Landscaping, hardscaping and irrigation services	LP First Capital / Centre Partners
Nov-20	KDC	Environmental and project management services	SLR

Selected M&A Transactions (Cont'd)

Date	Target Company	Target Description	Acquiring Company
Nov-20	King & MacGregor Environmental	Natural resource consulting and environmental services	Barr Engineering Company
Nov-20	Biototal	Organic waste recycling services	MVI Partners
Nov-20	Veregy	Energy management and energy efficiency services	Court Square Capital
Nov-20	Sweeping Corporation of America	Street and industrial cleaning services	Warburg Pincus
Nov-20	NewTerra Group	Modular water treatment systems and services	Frontenac Group
Oct-20	Pigeon-Roberts & Associates	Water and wastewater engineering services	Ardurra Group
Oct-20	Noventiz Group	Packaging compliance services	Reconomy
Oct-20	Environmental Strategy Consultants	Environmental consulting services	All4
Oct-20	Parson Environmental Products	Sanitary sewer and stormwater retention products and services	The Vortex Companies
Oct-20	Dunklee & Dunham	Environmental and geological engineering services	SynTerra Corporation
Oct-20	Environmental 360 Solutions	Environmental management services	OPSEU Pension Plan Trust
Oct-20	Randy's Environmental Services	Solid waste collection and recycling services	Republic Services
Oct-20	Ambrosia	Processor of products from food waste	Recycle Track Systems
Oct-20	Envira	Environmental laboratory test and inspection services	Eurofins Scientific
Oct-20	Highland Technical Services	Environmental and infrastructure engineering services	LaBella Associates
Oct-20	Green Remedies Waste and Recycling	Waste and recycling services	Quest Resource Holding Corporation
Oct-20	WellKept	Valet trash/recycling, junk removal and beautification solutions	Trash Butler
Oct-20	ClimateCare	Environmental and social impact solutions	Averna Capital
Oct-20	Simply Waste Solutions	Industrial and commercial waste collection services	Biffa
Oct-20	Bowen	Transfer station management and leachate hauling services	Stella Environmental Holdings
Oct-20	Commercial Tree Care	Tree and land care services	BrightView Holdings
Oct-20	Si Environmental	Water utility operations and maintenance services	Warren Equity Partners
Oct-20	Carolina Environmental Contracting	Stormwater construction solutions	RES
Oct-20	WCA Waste Corporation	Non-hazardous solid waste collection, processing and disposal services	GFL Environmental



Lincoln International's Environmental & 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 environmental & 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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