## ESI Commercial Bank Senior Lender Survey

In the fourth quarter of 2015, Cronus Partners expanded and strengthened its decade long focus on the Environmental Services Industry ("ESI") with the addition of Ken Leung and Paul Nowak to John Quirk and his experienced staff. To share information with our valued network of ESI industry participants, including advisors and service and capital providers, we are resuming publication of the quarterly industry overview previously authored by Ken and Paul. For the inaugural edition of ESI Quarterly at Cronus Partners, we have revisited a topic from former editions that received a lot of attention from readers: the state of the senior bank debt market for lenders focused on the industry.

We conducted a number of informal surveys with senior bankers from domestic commercial banks across the United States that have a dedicated focus on lending to the ESI to get a sense of how 2015 ended up relative to 2014 and what the outlook is for 2016. Our universe of respondents comprises bankers familiar with the industry, and all have an active portfolio of loans in the industry. They also vary in size and focus from smaller regional banks to very large "money center" financial institutions covering the entire country. Our respondents and their institutions are anonymous; however, we are happy to provide more specific information to clients and facilitate introductions to senior lenders upon request. We are very grateful for their participation in our survey and support of our industry.

## Highlights from the Survey:

- ***Lending Volume.*** Lending volume increased across the board in 2015 over 2014, mostly driven by refinancings and expansion of existing loans. Expectations for 2016 were biased toward additional growth, but more temperate.
- ***Regulatory Activity.*** Increased regulatory activity and new rules, particularly with regard to leveraged lending, have made lenders more cautious in assessing and approving loans this year.
- ***Fed Tightening***. Fed tightening so far has had a very limited effect on rates, and lenders do not expect much change in 2016.
- ***Sector Focus.*** Solid waste continues to be the favorite sector among lenders, and all of the lenders want to increase their exposure to that segment. Recycling as a service and business is the least desirable sector, a victim of depressed commodity prices.
- ***Leverage Availability.*** More variance than in past surveys, with a wider range of senior and total debt available to the buyer, highlighting the importance of buyers identifying the correct lender and structure to support their deal.

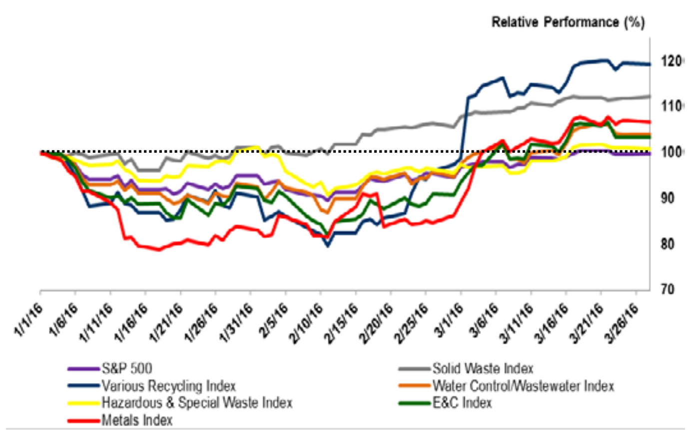
*Surveyed bankers were asked a series of general questions about their respective institutions' ability and willingness to lend to industry participants.*

**How did the volume of lending for your institution (number of transactions and total size) compare in 2015 to 2014? Any comments on your environmental group's general willingness/ability to lend today vs. one year ago?**

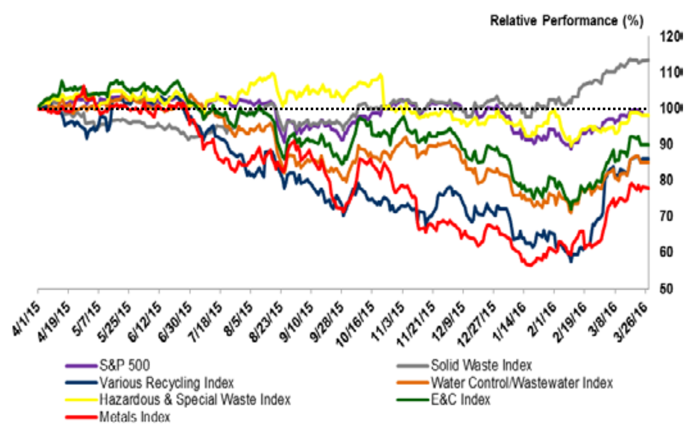
The year 2015 was more active than 2014, marking a streak of continuous growth in lending volume and activity dating back to the credit crisis of 2008 and 2009. Responses ranged from low single-digit volume growth year-over-year to 15%-20% growth for one institution.

### ENVIRONMENTAL SERVICES INDUSTRY: TRADING STATISTICS

#### Q1 2016 Market Performance (Market Cap Weighted)




#### LTM Market Performance (Market Cap Weighted)




Source: Thomson Reuters as of 3/28/16

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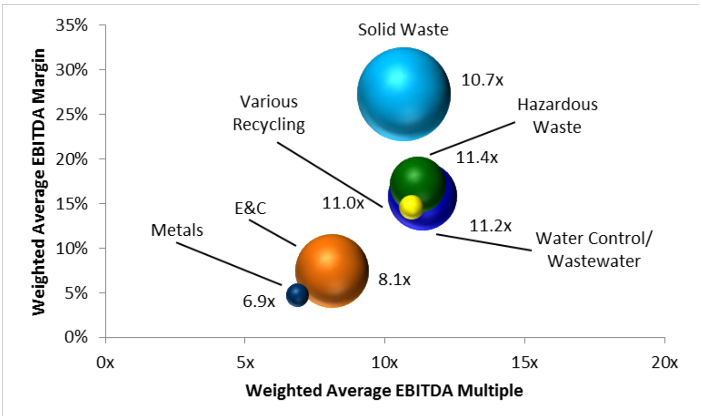
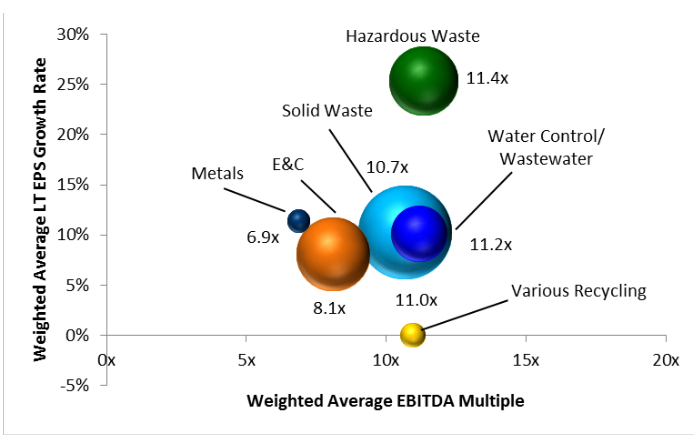
## ENVIRONMENTAL SERVICES INDUSTRY: VALUATION FACTORS

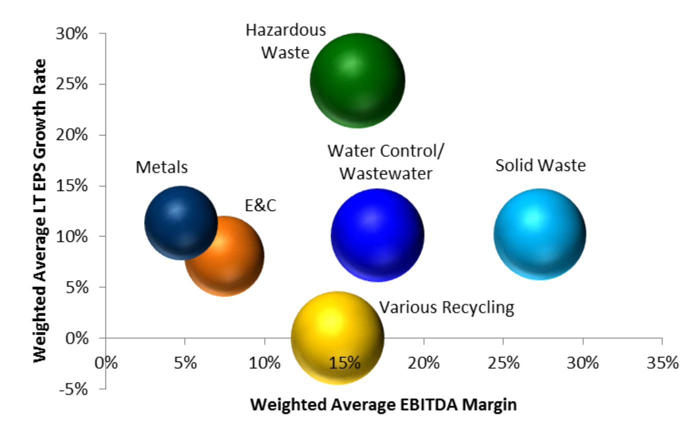
### EBITDA Margin vs. EBITDA Multiple (1)




### EPS Growth vs. EBITDA Multiple (1)




### EPS Growth vs. EBITDA Margin (2)




(1) Balloon size represents the market capitalization of each industry.

(2) Balloon size corresponds to weighted average EBITDA multiple.

Source: Thomson Reuters as of 3/28/16

The outlook for 2016 is not as uniformly positive, though not negative. Responses ranged from no growth expected ("about the same volume as last year") to optimism fed by more aggressively looking for deals ("we expect to take the boat out a little farther from shore"). While none of the respondents has soured on the industry, and the issues cited were macro-economic rather than industry-specific, more than one banker referred to increased regulatory pressure reducing the institution's willingness to lend this year or at least making the processing of new credits internally more difficult.

Responses on the near-term outlook were cautiously positive, reflecting, in our opinion, a lot of uncertainty in the macro economy around issues like Fed policy on interest rates, banking regulatory changes, commodity price and currency volatility, and election year political uncertainty.

**What kind of activity/type of transactions did you see most often in 2015? How did that differ from 2014?**

The predominant story last year seems to have been refinancing existing lines of credit on more favorable terms (e.g., lower amortization and lighter covenants) or expanding existing lines to accommodate capital expenditures for growth or equipment conversion. There were not as many "event-driven" loans as there were in 2014, though one respondent noted there were several transactions in process that started in 2015 and carried into 2016. While there was M&A-driven activity, volume was characterized by existing customers making acquisitions of smaller in-market competitors more than by larger change-of-control transactions. One respondent observed there was disproportionately more special/industrial waste activity (relative to solid waste) than in previous years.

**What is the level of scrutiny by loan commitment committees today vs. one year ago?**

The institutional scrutiny seems to be increasing owing to two factors. First, there are new tighter regulations, particularly regarding leveraged loans. This is making the processing and approval of new loans a longer procedure, with more incremental steps and approvals required. Second, distress from the oil and gas and commodity-pricing sectors is "bleeding into other sectors", making the institutions more cautious lenders.

We should note that the surveyed bankers specialize in the environmental services industry, some with decades of experience, and in several cases they pointed out that their institutions are willing to be more accommodating to borrowers in the ESI because of their institutional comfort with the risks of ESI deals.

**Any comments on changes in covenant requirements today vs. one year ago?**

Covenant terms in 2015 were more favorable to borrowers, with longer amortization cited by more than one lender as an example. However, many lenders expect a bit of tightening in 2016, particularly with regard to leveraged deals that will be syndicated. Institutions without experience and comfort in the sector that are expected to participate in syndications have less appetite for leveraged deals.

**How does the recent move by the Fed to increase rates affect (i) current credits and (ii) quotes on new lending? If base rates continue to increase as expected over the next year, what will be the impact on terms?**

So far, there has been very little impact from the Fed's December 2015 quarter-point increase in the Federal Funds Rate. Because most loans are LIBOR-based, to the extent LIBOR increases there will be an increase in rates paid. However, several bankers pointed out that long-term rates have actually decreased since the Fed's action and voiced skepticism that the Fed would continue to increase rates at all this year.

Comments earlier this month from Fed Chair Janet Yellen made clear there will be no increase this quarter and indicated a less aggressive tightening schedule than was conveyed to the markets at the end of 2015. Expectations are now that the federal funds rate will be increased twice this year, ending the year a half-point higher, versus previous expectations of four quarter-point increases in 2016. Analysts previously expected the first increase of the year in March; now they do not anticipate any increases until June. Ms. Yellen cited weak global economic growth, along with low inflationary pressure (primarily from the strong dollar and slow wage growth), as reasons for the less aggressive rate increase schedule.

Most of our respondents also mentioned that their institutions offer interest rate hedges, which they (sometimes "strongly") encourage their borrowers to use.

**Do you anticipate credit spreads moving up or down over the next twelve months?**

The consensus is that spreads are likely to remain stable with a bias towards increasing this year. Respondents noted the increase in high yield rates and even investment grade rates as applying upward pressure. In addition, institutional pressure to increase returns is expected to lead to more disciplined pricing by lenders competing for new credits. Several respondents cited their institutions' pressure to generate more fee-driven returns by bundling additional banking services like treasury and trust management into loans.

**How does your institution view the environmental services industry in the current economy? Comment on these sectors in particular:**

**Solid Waste.** As in past years, this sector is still the industry's favorite. "Like" and "love" the space were common responses, and this is the most common type of environmental services credit. The stability of business and cash flows, driven by solid waste being an "essential service" were listed as reasons for its desirability among lenders. One respondent noted that he wished he could grow his portfolio more aggressively, but that it is a small world of competitors who mostly all know each other, and there are only so many opportunities each year. Another banker mentioned that not all solid waste companies and markets are equal. Integrated businesses are preferred to collection or disposal companies, and the nature and length of contracts are a consideration of creditworthiness, as is the type of municipal market (franchise markets are especially desirable). Another respondent pointed out that solid waste companies that have fracking exposure—a trend of recent years among MSW companies looking for incremental volume—are going to face additional headwinds this year. At the very least, the timing of many such moves has not been fortuitous.

**Hazardous/Industrial Waste.** This sector is not as universally liked as solid waste, but is still viewed favorably for many of the same reasons. Bankers observed that the hazardous/industrial sector does not support as much leverage as solid waste. Concerns for this year relate to oil and gas exposure and the general weakness of the industrial sector producing less volume and/or delaying industrial clean-up jobs.

**Medical Waste.** Viewed favorably, but bankers bemoan the lack of lending opportunities in this sector, which remains dominated by Stericycle.

**Recycling.** This is currently the most out-of-favor sector in the ESI. Most of the credits are exposed to recycling through larger integrated MSW companies, but at best, recycling is a drag on their overall results. Multi-year low commodity prices are the culprit, a well-known issue in the industry. Lower oil and gas prices have made virgin materials less expensive than recycled materials, and weaker global demand from formerly strong markets like China have driven prices down. Recycling of glass, for instance, is currently a money loser for recyclers. One respondent said that recycling businesses were "non-starters" for his institution right now. Another noted that they would only consider business models where a fee for service is levied (as opposed to relying on the value of the recycled commodity).

Even companies that have been able to maintain spreads do not currently have the requisite volume. One lender to the metal recycling sector observed that the market is the worst it has been in 70 years, with credits at or near workout level.

**Engineering and Construction.** The survey participants do not have much exposure to these sectors, but would be interested in increasing exposure, particularly to the construction (and/or demolition) business. Issues include uncertainty around the work-in-process (WIP) accounting characteristic of the industry as well as the relative power of bonding companies to their customers (and lenders).

**Other than Fed activity, what external forces are affecting your business (for instance, competition from non-bank lenders like Business Development Companies, etc.)?**

Non-bank lender competition from BDCs and uni-tranche lenders was a big factor in 2015 (putting pressure on terms), and there is mixed sentiment among respondents about how significant such competition will be this year. Some said that they have become less aggressive and expect a quieter year from non-traditional competitors. Others expect at least as much competition this year from BDCs and even from other banks targeting the ESI for the first time. One lender noted that private equity sponsors are still pressing for too much leverage. Several said that seller and borrower expectations will need to come down this year.

*Surveyed bankers were presented with a hypothetical sponsor-backed acquisition of a private solid waste collection business with more detailed questions about likely specific terms associated with such a transaction.*

Answers were prefaced with the acknowledgement that likely senior terms will depend upon the overall banking relationship. Having a history with, and knowledge of, a company's management team/owners is an important credit tool, so a purely hypothetical example like this can produce a range of potential answers. A well-known and large private equity sponsor would also be a positive influence. These factors would largely determine where in that range the quoted terms would fall.

**Assume hypothetical solid waste Company XYZ is going through a sale to a private equity sponsor in partnership with management. The Company has been a family-owned business and long-time client of yours. Use the following historical and projected financials.**

| | *Historical Results for Yrs Ending 12/31,* | | | *2015* | *Projections for Fiscal Yrs Ending 12/31,* | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | **2014** | **2015** | **Pro Forma** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Revenues** | $81.7 | $88.2 | $95.2 | $95.2 | $100.0 | $105.0 | $110.3 | $115.8 | $121.6 |
| *Growth Rate* | *8.0%* | *8.0%* | *8.0%* | | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* |
| **EBITDA** | 18.0 | 19.7 | 21.5 | 21.5 | 22.9 | 24.4 | 25.9 | 27.6 | 29.3 |
| *Margin* | *22.0%* | *22.3%* | *22.6%* | *22.6%* | *22.9%* | *23.2%* | *23.5%* | *23.8%* | *24.1%* |
| **EBIT** | 14.7 | 16.0 | 17.5 | 17.5 | 18.5 | 19.6 | 20.8 | 22.1 | 23.6 |
| *Margin* | *18.0%* | *18.2%* | *18.4%* | *18.4%* | *18.5%* | *18.7%* | *18.9%* | *19.1%* | *19.4%* |
| **Net interest expense** | - | - | - | 5.0 | 4.8 | 4.5 | 4.1 | 3.7 | 3.3 |
| **Pretax income** | 14.7 | 16.0 | 17.5 | 12.6 | 13.7 | 15.2 | 16.7 | 18.4 | 20.3 |
| *Margin* | *18.0%* | *18.2%* | *18.4%* | *13.2%* | *13.7%* | *14.4%* | *15.2%* | *15.9%* | *16.7%* |
| **Income taxes** | 5.1 | 5.6 | 6.1 | 4.4 | 4.8 | 5.3 | 5.8 | 6.4 | 7.1 |
| *Rate* | *35.0%* | *35.0%* | *35.0%* | *35.0%* | *35.0%* | *35.0%* | *35.0%* | *35.0%* | *35.0%* |
| **Net income** | 9.6 | 10.4 | 11.4 | 8.2 | 8.9 | 9.9 | 10.9 | 11.9 | 13.2 |
| *Margin* | *11.7%* | *11.8%* | *12.0%* | *8.6%* | *8.9%* | *9.4%* | *9.9%* | *10.3%* | *10.8%* |
| **Capex** | | | | | | | | | |
| Maintenance | 2.4 | 2.6 | 2.9 | 2.9 | 3.0 | 3.2 | 3.3 | 3.5 | 3.6 |
| *% of revenue* | *3.0%* | *3.0%* | *3.0%* | *3.0%* | *3.0%* | *3.0%* | *3.0%* | *3.0%* | *3.0%* |
| Growth | 1.6 | 1.8 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 |
| *% of revenue* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| Total capex | 4.1 | 4.4 | 4.8 | 4.8 | 5.0 | 5.3 | 5.5 | 5.8 | 6.1 |
| *% of revenue* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* | *5.0%* |
| **EBITDA less maint. capex** | 15.5 | 17.0 | 18.7 | 18.7 | 19.9 | 21.2 | 22.6 | 24.1 | 25.6 |
| *Margin* | *19.0%* | *19.3%* | *19.6%* | *19.6%* | *19.9%* | *20.2%* | *20.5%* | *20.8%* | *21.1%* |
| **Working capital** | 9.8 | 10.3 | 10.9 | 10.9 | 11.1 | 11.3 | 11.6 | 11.8 | 12.0 |
| *% of revenue* | *12.0%* | *11.7%* | *11.4%* | *11.4%* | *11.1%* | *10.8%* | *10.5%* | *10.2%* | *9.9%* |

| | ***Multiple*** | ***Purchase*** | |
|---|---|---|---|
| Multiple | | 8.00x | |
| Price | 8.00x | $172.2 | |
| Fees | | 3.0 | |
| Uses | 8.14x | $175.2 | |
| Total debt | 4.50x | 96.9 | *55%* |
| Equity | 3.64x | 78.3 | *45%* |
| Sources | 8.14x | $175.2 | *100%* |

**What is your estimate of senior debt availability on an EBITDA multiple basis?**

Responses ranged from 3.0x–4.5x. Notably, this is the widest range in the history of the survey. In the first survey in 2009, the range was 2.5x-3.5x. Generally, if the loan is syndicated, less leverage is available.

**What is your estimate of total debt availability on an EBITDA multiple basis?**

Responses ranged from 3.0x–5.0x, with the most common range of 4.5x-5.0x (versus 2.7x–4.3x in 2009). Several lenders were markedly more conservative. One indicated they would not allow any leverage below their senior term loan. Again, the need to syndicate would cause the leverage to be more conservative. One banker pointed out that in his experience, solid waste companies become too leveraged beyond 4.75x because of the replacement capex required to maintain the business.

**How quickly does the loan need to amortize over five years?**

Responses ranged from 30%–60%. Several lenders mentioned factors such as real estate that, if structured as a separate loan, can extend overall amortization. One lender also indicated that under certain circumstances they can structure all or part of the credit as a tax-exempt loan and keep the credit internal to the lender, also lengthening the amortization period.

**How do you think about debt as a percentage of total capitalization?**

Responses ranged from 30%–60%, though for most lenders this is not a big point of focus.

**What spreads (and therefore rates) would you estimate for the senior debt? Would there be a LIBOR floor, and if so, at what level?**

Responses ranged from L + 200-450 bps, primarily depending upon size, rating and total leverage. Most respondents said there would be no LIBOR floor. Most also indicated that grid pricing would be available, which would allow the borrower to reduce the interest rate as it paid down the loan and reduced overall leverage.

**What do you estimate the senior bank fees would be?**

Responses ranged from 25-150 bps, depending primarily on whether the loan is syndicated.

**How much of the total loan would you expect to keep vs. syndicate?**

It depends upon the size of the institution and the relationship to the borrower. Some institutions would keep the entire loan. Others would look to hold anywhere from $15-50 million.

**How would answers to the above questions differ if EBITDA were $5.0 million? $40 million? Is there a minimum EBITDA level for your institution?**

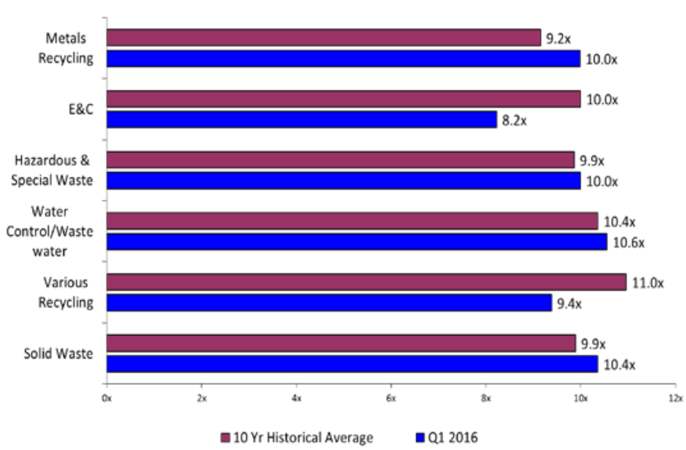
This is a function of the size of the lending institution. Some lenders have no minimum size requirements. Some have minimum credit limits and/or EBITDA minimums with certain deal-specific exceptions like geographic location. Indications are that a $40 million EBITDA deal would receive better pricing. Smaller deals are generally riskier (e.g., the underlying credits are likely to have less geographic diversity and are probably less vertically integrated) and therefore more expensive. However, if the deal is small enough not to require syndication that would work in the borrower's favor.

**How would answers to the above questions differ if the transaction were a leveraged recap by the same owner(s)?**

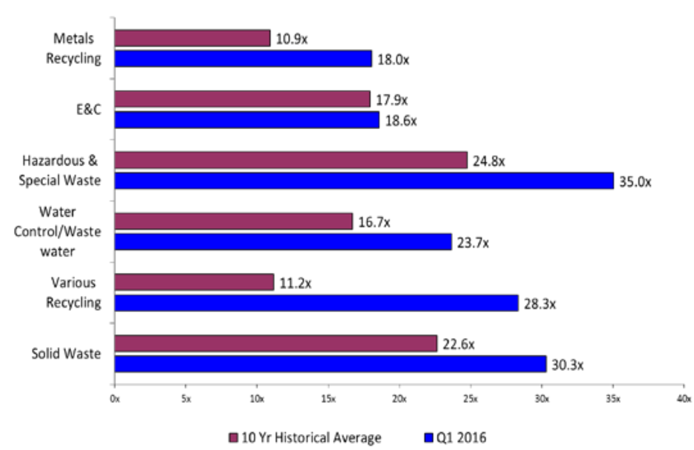
It would be viewed less favorably, so would receive slightly higher pricing, less leverage and require more amortization, though there are mitigating qualitative factors. The motivation behind the deal is important. For example, is it a generational transfer of a family business versus "taking money off the table"?

## ENVIRONMENTAL SERVICES INDUSTRY: HISTORICAL COMPARISON

### Median EV / LTM EBITDA (Q1 2016 vs. 10 Year Average)




### Price / LTM Earnings (Q1 2016 vs. 10 Year Average)




Source: Thomson Reuters as of 3/28/16

# Public Company Valuation

| Company | Ticker | Share Price | Market Cap | Enterprise Value (EV) | LTM EV/ Revenue | LTM EV/ EBITDA | 2016 Expected EV/ Revenue | 2016 Expected EV/ EBITDA |
|---|---|---|---|---|---|---|---|---|
| **Solid Waste** | | | | | | | | |
| Waste Management Inc | WM | $59.38 | $26,402 | $35,366 | 2.7 x | 10.4 x | 2.7 x | 9.8 x |
| Republic Services Inc | RSG | 48.31 | 16,655 | 24,199 | 2.7 | 9.3 | 2.6 | 9.1 |
| Waste Connections Inc | WCN | 63.95 | 7,827 | 10,034 | 4.7 | 14.3 | 4.5 | 13.4 |
| Progressive Waste Solutions Ltd | BIN | 30.60 | 3,345 | 4,860 | 2.5 | 10.3 | 2.5 | 9.8 |
| Covanta Holding Corp | CVA | 16.65 | 2,162 | 4,556 | 2.8 | 13.0 | 2.8 | 11.1 |
| Casella Waste Systems Inc | CWST.O | 6.69 | 274 | 795 | 1.5 | 8.9 | 1.4 | 7.1 |
| | | | | **Median** | **2.7 x** | **10.4 x** | **2.7 x** | **9.8 x** |
| **Various Recycling** | | | | | | | | |
| Darling Ingredients Inc | DAR | $12.38 | $2,032 | $3,939 | 1.2 x | 9.4 x | 1.2 x | 8.0 x |
| Trex Co Inc | TREX.K | 46.29 | 1,431 | 1,432 | 3.2 | 15.6 | 3.0 | 12.2 |
| Advanced Environmental Recycling Tec | AERT.PK | 0.07 | 6 | 80 | 1.0 | 5.8 | NM | NM |
| | | | | **Median** | **1.2 x** | **9.4 x** | **2.1 x** | **10.1 x** |
| **Water Control / Wastewater** | | | | | | | | |
| Pentair plc | PNR | $52.65 | $9,513 | $14,096 | 2.2 x | 12.7 x | 2.1 x | 11.0 x |
| Ashland Inc | ASH | 107.94 | 6,825 | 9,823 | 1.9 | 10.6 | 1.9 | 8.9 |
| ITT Corp | ITT | 36.34 | 3,252 | 3,024 | 1.2 | 7.6 | 1.2 | 7.5 |
| Lindsay Corp | LNN | 77.37 | 862 | 850 | 1.6 | 12.6 | 1.6 | 12.3 |
| Calgon Carbon Corp | CCC | 14.08 | 712 | 770 | 1.4 | 7.6 | 1.4 | 7.2 |
| Layne Christensen Co | LAYN.O | 7.01 | 139 | 232 | 0.3 | NM | 0.3 | 20.6 |
| | | | | **Median** | **1.5 x** | **10.6 x** | **1.5 x** | **9.9 x** |
| **Hazardous & Special Waste** | | | | | | | | |
| Veolia Environnement VE SA | VIE-FR | $22.73 | $12,820 | $22,718 | 0.8 x | 8.8 x | 0.8 x | 6.7 x |
| Stericycle Inc | SRCL.OQ | 124.34 | 10,525 | 13,701 | 4.6 | 17.1 | 3.7 | 13.6 |
| Clean Harbors Inc | CLH | 47.86 | 2,757 | 3,955 | 1.2 | 8.0 | 1.4 | 8.7 |
| US Ecology Inc | ECOL.O | 41.57 | 905 | 1,193 | 2.1 | 10.1 | 2.3 | 9.2 |
| Heritage-Crystal Clean Inc | HCCI.O | 9.08 | 203 | 251 | 0.7 | 9.9 | 0.7 | 6.8 |
| Newalta Corp | NAL.TO | 1.34 | 76 | 313 | 1.2 | 7.4 | 1.7 | 11.0 |
| Sharps Compliance Corp | SMED.O | 5.25 | 81 | 67 | 2.0 | 30.2 | 1.8 | 19.5 |
| Vertex Energy Inc | VTNR.O | 1.69 | 48 | 82 | 0.4 | NM | 0.5 | NM |
| Perma-Fix Environmental Services Inc | PESI.O | 3.68 | 43 | 41 | 0.7 | NM | NM | NM |
| | | | | **Median** | **1.2 x** | **10.0 x** | **1.5 x** | **9.2 x** |
| **Engineering and Consulting** | | | | | | | | |
| Fluor Corp | FLR | $53.88 | $7,484 | $6,446 | 0.4 x | 5.7 x | 0.3 x | 6.1 x |
| Jacobs Engineering Group Inc | JEC | 43.02 | 5,272 | 5,517 | 0.5 | 7.7 | 0.5 | 8.2 |
| AECOM | ACM | 30.54 | 4,661 | 8,730 | 0.5 | 8.4 | 0.5 | 8.0 |
| Chicago Bridge & Iron Company NV | CBI | 36.97 | 3,886 | 6,088 | 0.5 | 5.0 | 0.5 | 5.8 |
| EMCOR Group Inc | EME | 47.90 | 2,906 | 2,741 | 0.4 | 7.6 | 0.4 | 7.3 |
| Amec Foster Wheeler PLC | AMFW.L | 6.33 | 2,467 | 3,895 | 0.5 | NM | 0.5 | 7.7 |
| Stantec Inc | STN | 23.76 | 2,231 | 2,431 | 1.3 | 11.2 | 1.1 | 8.7 |
| KBR Inc | KBR | 15.07 | 2,143 | 1,308 | 0.3 | 6.3 | 0.3 | 4.2 |
| Tetra Tech Inc | TTEK.O | 28.76 | 1,686 | 1,751 | 1.0 | 9.4 | 0.9 | 8.3 |
| Arcadis NV | ARDS.AS | 17.69 | 1,486 | 2,031 | 0.7 | 6.5 | 0.6 | 7.1 |
| MasTec Inc | MTZ | 19.86 | 1,592 | 2,614 | 0.6 | 11.2 | 0.6 | 6.2 |
| Headwaters Inc | HW | 19.11 | 1,415 | 1,873 | 2.0 | 11.5 | 1.9 | 9.7 |
| Exponent Inc | EXPO.O | 49.35 | 1,269 | 1,098 | 3.5 | 14.8 | 3.5 | 13.3 |
| Mcdermott International Inc | MDR | 3.89 | 930 | 1,169 | 0.4 | NM | 0.4 | 4.5 |
| Aegion Corp | AEGN.O | 20.91 | 742 | 905 | 0.7 | 8.2 | 0.7 | 7.2 |
| Ecology and Environment Inc | EEI.O | NM | 44 | 36 | 0.3 | 3.9 | NM | NM |
| Versar Inc | VSR | 2.50 | 25 | 45 | 0.2 | 10.2 | NM | NM |
| | | | | **Median** | **0.5 x** | **8.2 x** | **0.5 x** | **7.3 x** |
| **Metals Recycling** | | | | | | | | |
| Commercial Metals Co | CMC | $16.61 | $1,930 | $2,631 | 0.5 x | 7.0 x | 0.6 x | 7.5 x |
| Sims Metal Management Ltd | SGM-AU | 6.59 | 1,326 | 1,048 | 0.2 | 10.1 | 0.3 | 8.7 |
| Schnitzer Steel Industries Inc | SCHN.O | 19.41 | 519 | 707 | 0.4 | 11.2 | 0.5 | 9.5 |
| Horsehead Holding Corp | ZINCQ.PK | 0.12 | 7 | 399 | 0.9 | NM | 0.9 | NM |
| | | | | **Median** | **0.5 x** | **10.0 x** | **0.5 x** | **8.7 x** |

*Source: Thomson Reuters as of 3/28/2016. Amounts in millions USD, except share price*

# Recent Environmental Services Mergers and Acquisitions Activity

| Date | Target | Acquirer | Target Location | Target Description |
|---|---|---|---|---|
| Jan-16 | Chief Liquid Waste | Covanta Environmental Solutions | Winneconne, WI | Environmental services provider specializing in custom non-hazardous waste management and cleaning services for industrial and commercial customers. |
| Jan-16 (a) | Waste Connections | Progressive Waste Solutions | Woodlands, TX | Integrated municipal solid waste services company that provides solid waste collection, transfer, disposal and recycling services, and also non-hazardous E&P, waste treatment, and recovery. |
| Jan-16 | Southern Waste Systems | Waste Management Inc. | Somers, CT | Engages in the collection, processing, and recycling of commercial, industrial, municipal, and residential waste. |
| Dec-15 | Gateway Rolloff Services | National Waste Management | Odessa, FL | Portable dumpster service with pickup and drop off collection, specializing in the removal of debri, garbage, waste, hauling construction, and demolition debri. |
| Nov-15 | Allstate Power Vac | Kinderhook | Rahway, NJ | Leading environmental and industrial service provider in the Northeast United States. |
| Nov-15 | Clean Venture | Kinderhook | Elizabeth, NJ | Privately held, full-service environmental contractor offering a broad range of environmental services from industrial cleaning and emergency response to large scale site remediation projects. |
| Nov-15 | STC Holdings | Kinderhook | Sumter, SC | Provider of waste removal, transportation, and disposal solutions. The company operates in four business segments: refinery services, kiln direct, landfill management, and equipment leasing. |
| Nov-15 (a) | Waste Control Specialists | Rockwell Holdco Inc. | Dallas, TX | Treats, stores, repacks/consolidates, decontaminates, and disposes of radioactive, hazardous, and mixed waste materials. |
| Nov-15 | EnergySolutions PP&T division | WS Atkins plc | Salt Lake City, UT | Projects, products, and technology division of EnergySolutions, a provider of nuclear disposal services. |
| Nov-15 | Rock River Environmental Services | Waste Connections | Rockford, IL | Provides waste disposal and composting, waste hauling and recycling, and environmental and remediation services in northern Illinois. |
| Oct-15 | Waste Recovery Enterprises | National Waste Management | Bainbridge, NY | Provides waste processing and disposal services to the industrial and residential customers primarily in Binghamton, NY. |
| Oct-15 | Transforce | GFL Environmental | Montreal, QC | Solid waste business that includes landfill, transfer station, and recycling operations. |
| Sep-15 | Waste Recovery Solutions | Covanta Environmental Solutions | Myerstown, PA | Provides commercial and industrial waste management services for clients in manufacturing, pharmaceutical, engineering, and educational industries. |
| Sep-15 | Chesapeake Waste Solutions | Covanta Environmental Solutions | Manheim Township, PA | Provides non-hazardous waste management solutions and offers destruction of various waste materials, including pharmaceuticals, raw materials, chemicals, and industrial residues. |
| Aug-15 | Nordic Waste Services | Waste Management Inc. | Duluth, MN | Provides local garbage and recycling collection services. |
| May-15 | Advanced Waste Services | Covanta Environmental Solutions | West Allis, WI | Provides hazardous and non-hazardous waste collection, transportation, treatment, recycling, disposal, and cleaning services. |
| Mar-15 | Progressive Waste (Long Island Assets) | Winter Bros. Waste Systems | Long Island, NY | Waste management company that provides non-hazardous solid waste collection, recycling and disposal services to commercial, industrial, municipal and residential customers in approximately 13 states. |
| Dec-14 | Sunny Farms Landfill | Tunnel Hill Partners | Fostoria, OH | Landfill, subsidiary of Tunnel Hill Partners. |
| Dec-14 | AES Environmental LLC | Clean Earth | Sewickley, PA | Provides hazardous and non-hazardous waste management services. |
| Nov-14 | GFL Environmental | Highbridge Principal Strategies | Toronto, ON | Solid and liquid waste management company, engages in collecting and processing industrial, commercial, institutional, municipal, and residential solid and recycling wastes. |
| Oct-14 | Deffenbaugh Disposal | Waste Management Inc. | Topeka, KS | Provider of hazardous waste treatment and disposal services. |
| Aug-14 | Clean Earth | Compass Holdings | Hatboro, PA | Involved in processing contaminated soil, dredge sediments, and hazardous and non-hazardous soils. |
| Apr-14 | Environmental Quality Co. | U.S. Ecology | Wayne, MI | Environmental services and waste management organization specializing in hazardous waste water and hazardous solids treatment. |

(a): Announced

Source: Thomson Reuters

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## Environmental Services Industry Coverage

- *Solid Waste and Construction and Demolition Waste; Hazardous and Industrial Waste; Recycling; Waste Transportation; Alternative Energy; Water; Air*




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