

SECTORWATCH:

Water Treatment Services & Technology

January 2018

7 MILE 
ADVISORS

SECTORWATCH:
**Water Treatment Services
& Technology**
January 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↓ -6.5%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↓ -0.5%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↑ 0.0%

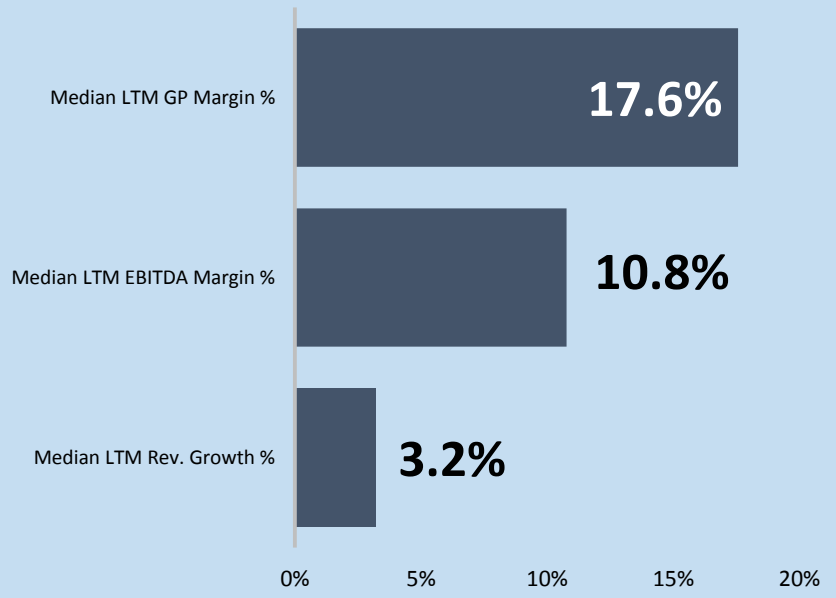
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

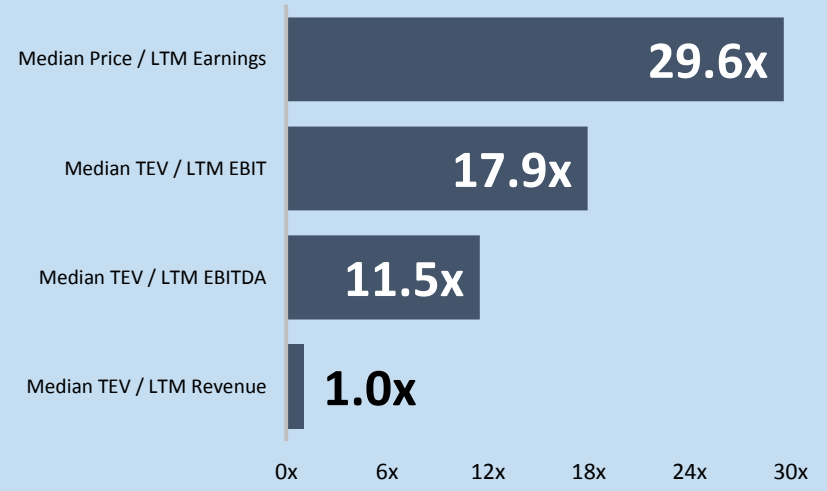
PUBLIC BASKET CONSTITUENTS

- ENXTAM:ARCAD NYSE:JEC
- NasdaqGS:TTEK NYSE:ACM
- TSX:STN ENXTPA:SEV
- NYSE:ALE ENXTPA:VIE

Operating Metrics



Valuation

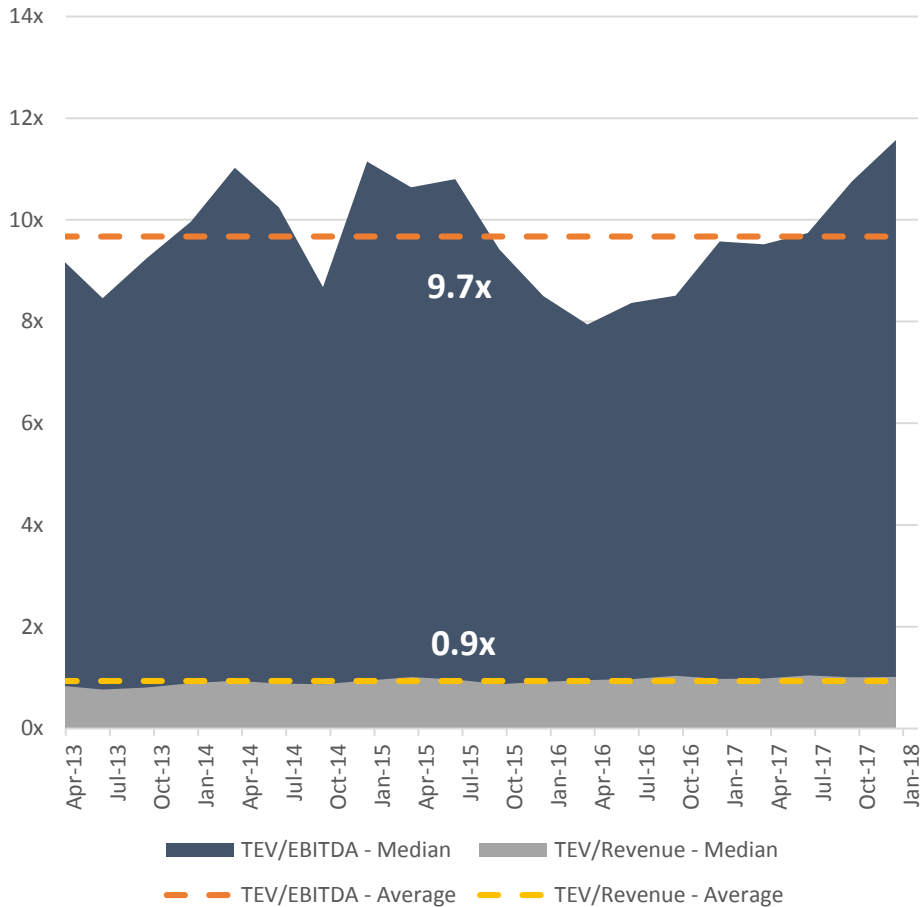


PUBLIC BASKET PERFORMANCE

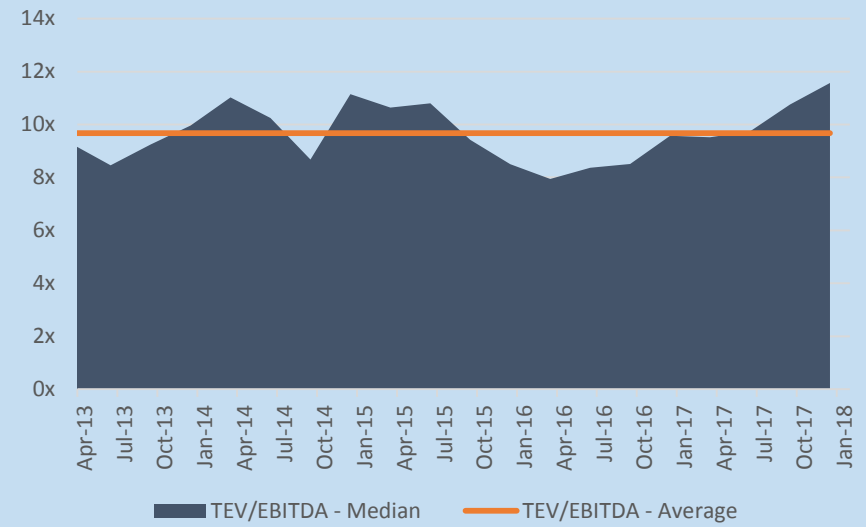
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
ARCADIS NV	2,632	3,764	-3%	17%	6%	0.7	11.6	26,001	145
Tetra Tech, Inc.	2,917	2,034	5%	17%	11%	1.4	13.2	16,000	127
Stantec Inc.	3,756	2,746	21%	54%	11%	1.4	12.6	22,000	125
ALLETE, Inc.	5,155	1,423	3%	35%	30%	3.6	11.5	1,917	742
Jacobs Engineering Group Inc.	9,331	10,023	-9%	18%	6%	0.9	14.6	44,800	224
AECOM	9,386	18,203	5%	4%	4%	0.5	9.8	87,000	209
SUEZ SA	21,581	17,562	1%	54%	14%	1.1	7.7	82,536	213
Veolia Environnement S.A.	25,879	28,410	2%	17%	11%	0.8	7.3	156,379	182
Average	10,080	10,521	3%	27%	12%	1.3	11.0	54,579	246
Median	7,243	6,893	2%	18%	11%	1.0	11.5	35,401	195

share price as of 17Jan18

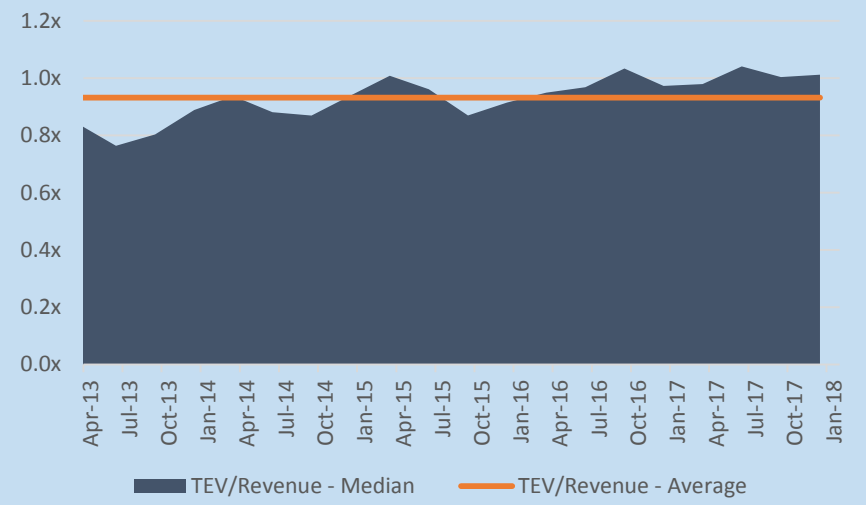
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



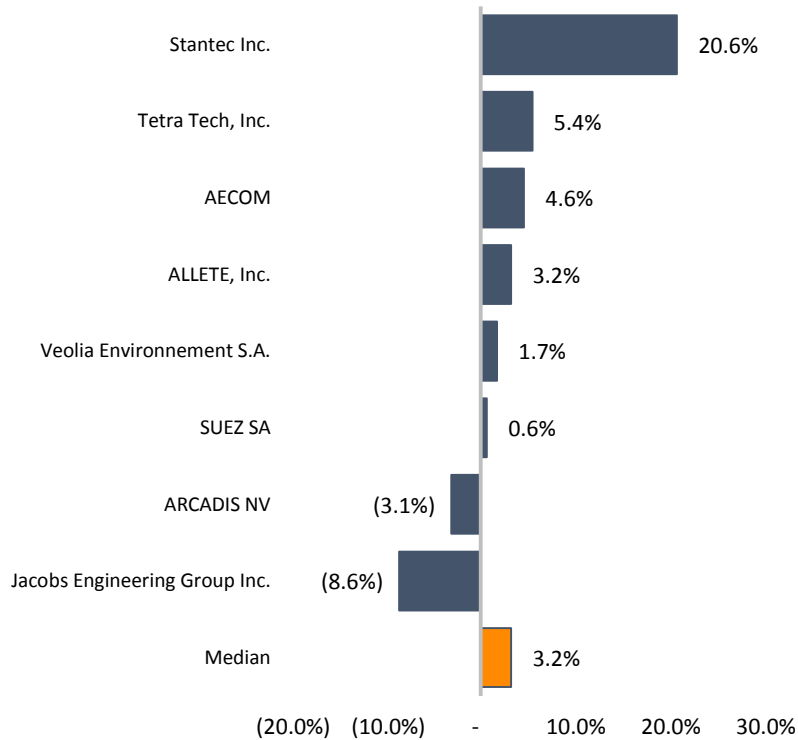
Public Revenue Multiples Over Time



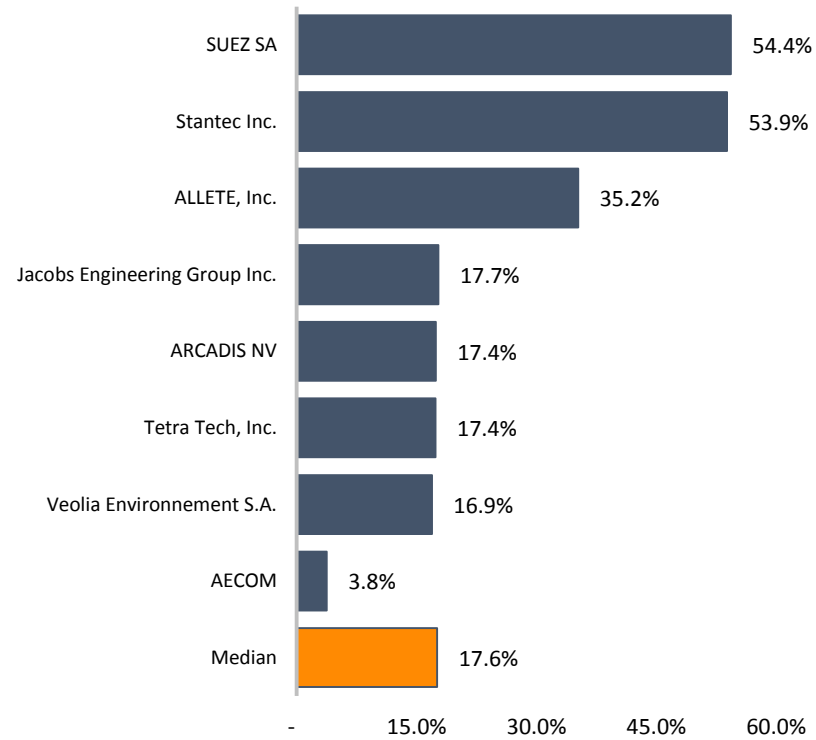
OPERATIONAL METRICS




LTM Revenue Growth %



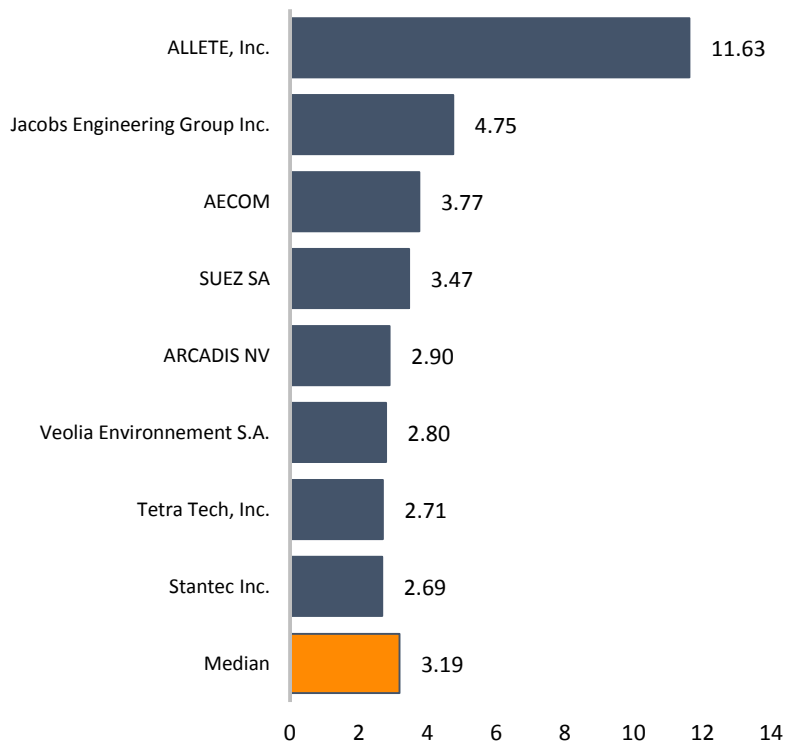

LTM Gross Profit Margin %



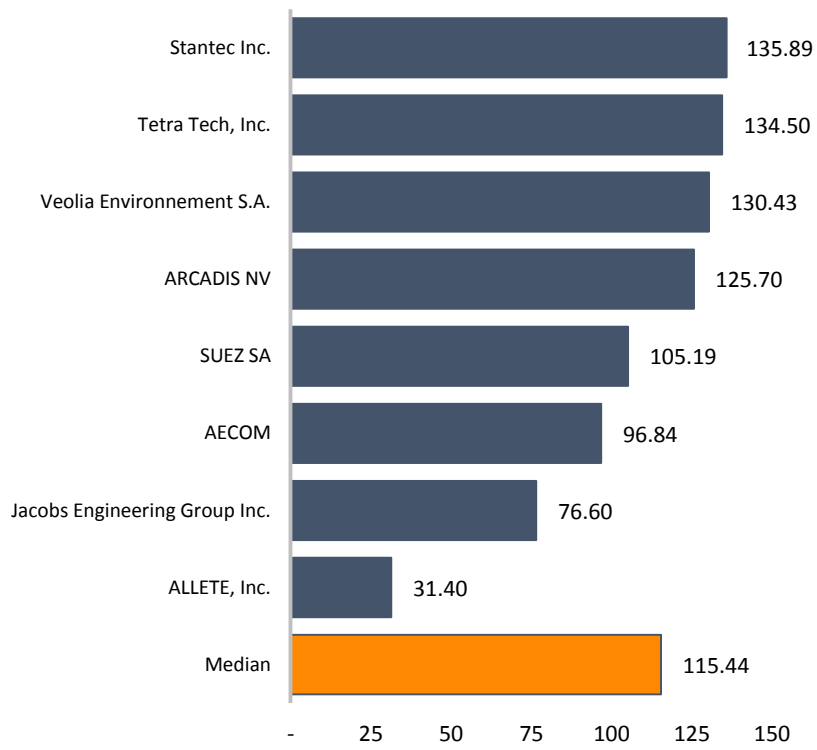
OPERATIONAL METRICS



Accounts Receivable Turnover

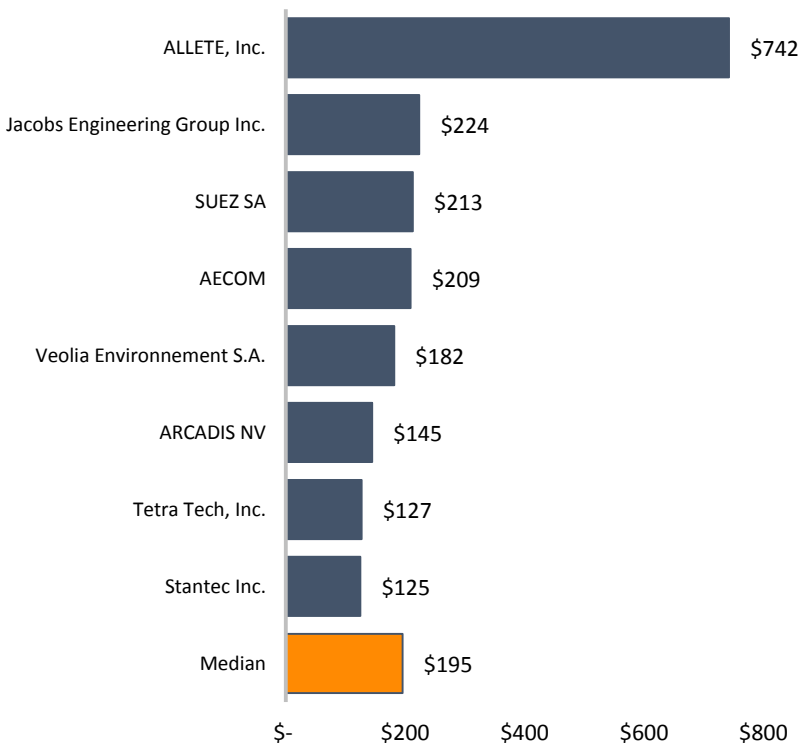
Average Days Sales Outstanding



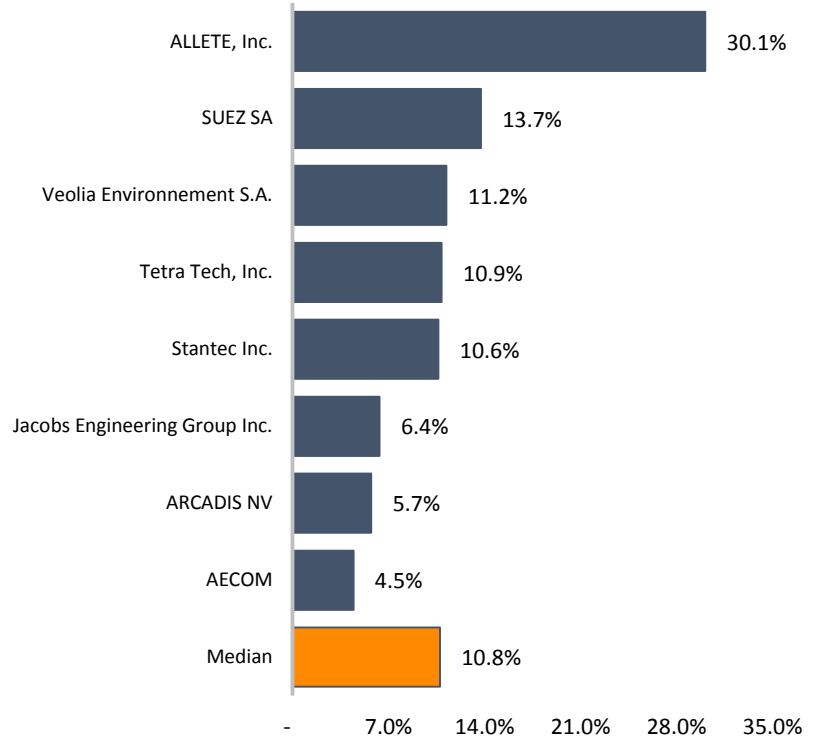
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



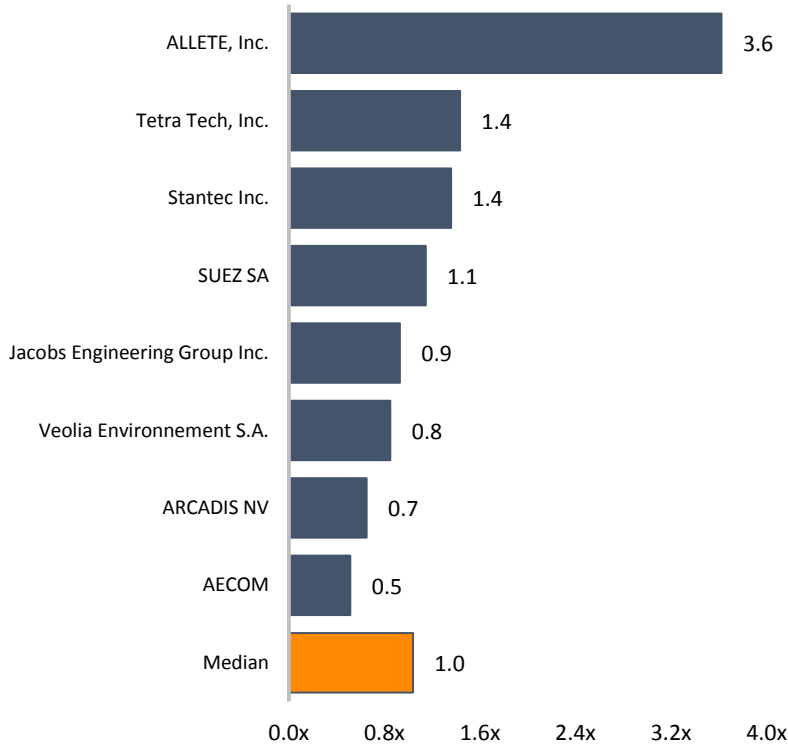
LTM ADJ. EBITDA %



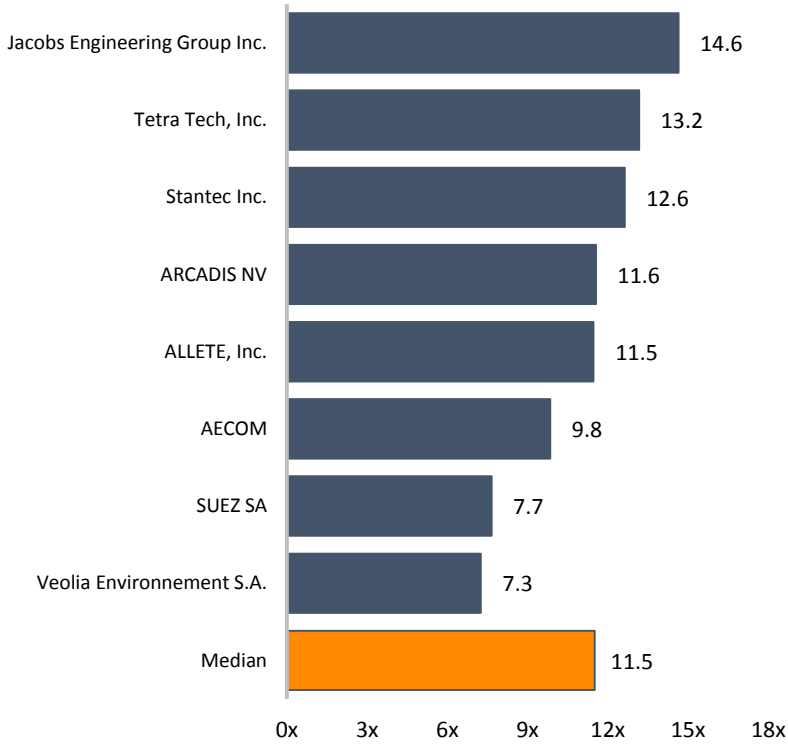
VALUATION



TEV / LTM Revenue



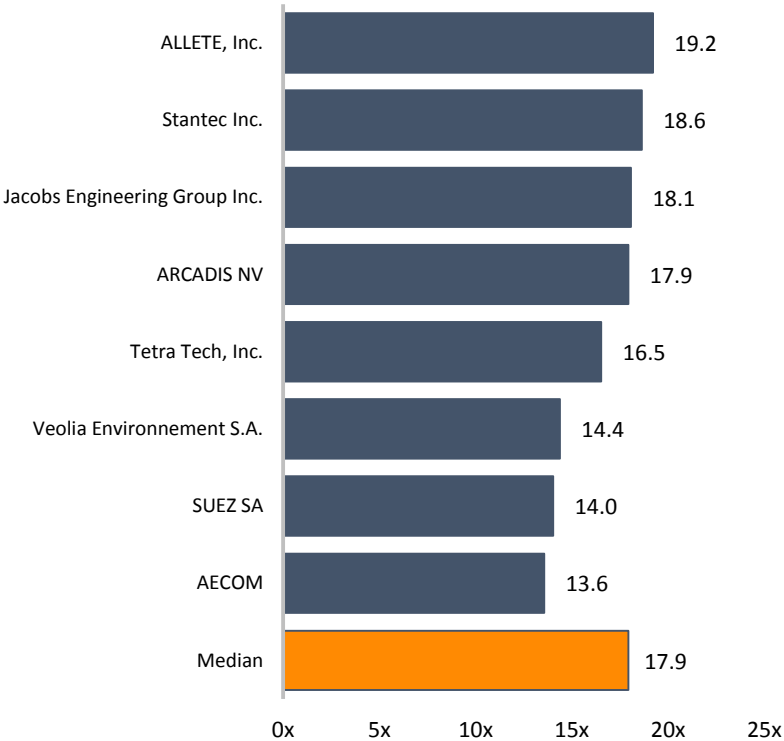
TEV / LTM EBITDA



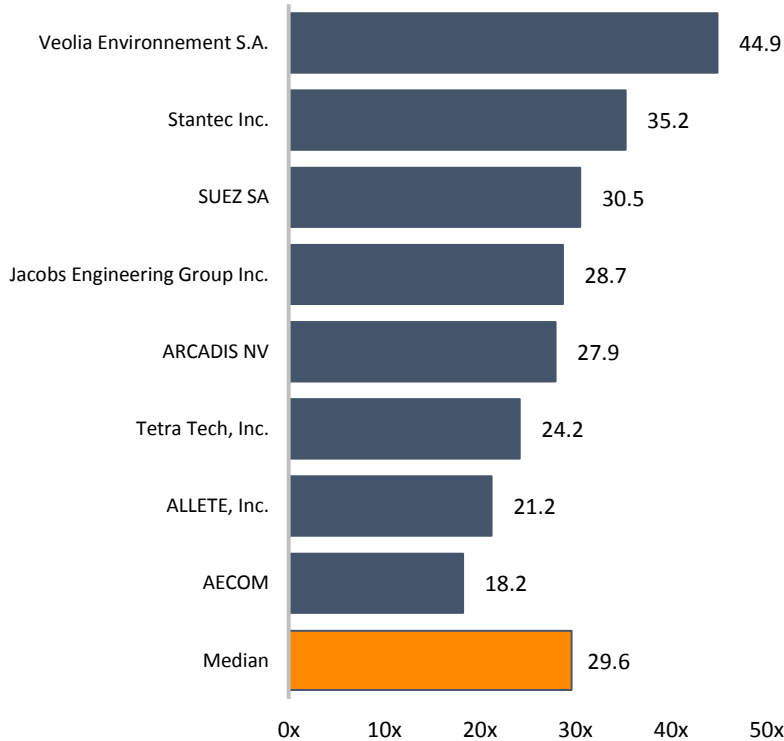
VALUATION



TEV / LTM EBIT



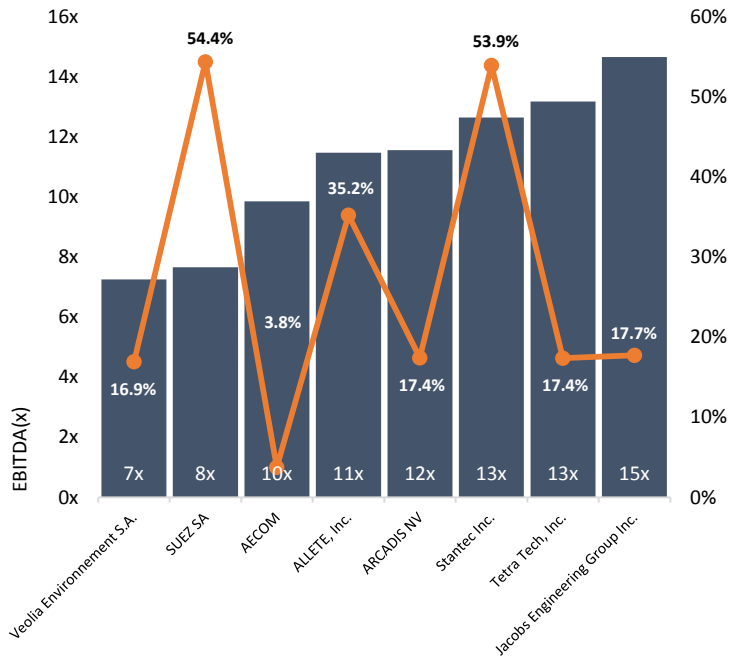
Price / LTM Earnings



VALUATION



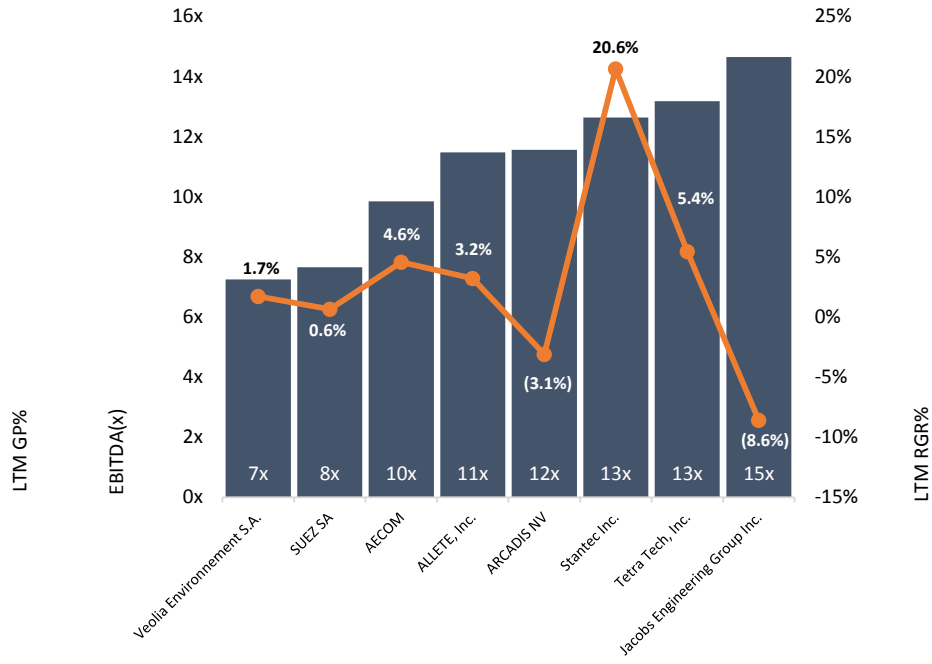
Historical Valuation Multiples versus Gross Profit



Series1 Series2



Historical Valuation Multiples versus Revenue Growth Rate



Series1 Series2

RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
9Jan18	Loprest Water Treatment Company Inc.	Water Remediation Technology, LLC	-	-	-	-
2Jan18	Cascade Water Services, Inc.	Ecolab Inc.	-	35.00	-	-
11Dec17	Odle, Inc.	SUEZ Water Resources Inc.	-	-	-	-
30Nov17	Waterfleet, LLC	EagleTree Capital LP; EagleTree Partners IV; Stars Investment Management Company	-	-	-	-
29Nov17	Koester Canada, Inc.	Clearford Water Systems Inc.	6.07	2.33	2.6x	-
4Oct17	Waste Water Management, Inc.	Century Engineering, Inc.	-	-	-	-
15Sep17	Westin Engineering, Inc.	New Resources Consulting, LLC	-	-	-	-
1Sep17	Leggette, Brashears & Graham, Inc.	WSP Global Inc.	-	-	-	-
13Jun17	PurLucid Treatment Solution (Canada) Inc.	MGX Minerals Inc.	1.12	-	-	-
6Jun17	Valicor Environmental Services, LLC	Wind Point Partners	-	-	-	-
2Jun17	Finore Mining Inc.	Micron Waste Technologies Inc.	-	-	-	-
9May17	Noble Water Technologies, Inc.	Evoqua Water Technologies LLC	8.28	-	-	-
8May17	Clean Streams LLC	LaMotte Water Management LLC	-	-	-	-
5May17	RWL Water LLC	Emefcy Group Limited (nka:Fluence Corporation Limited)	69.56	62.70	1.1x	NM
1May17	XCG Water Group and XCG Training and Operations Inc.	Cole Engineering Group Ltd.	-	-	-	-
1Jan17	San Antonio Design Group Inc.	M & S Engineering, Ltd.	-	-	-	-
31Dec16	Culligan International Company	Advent International Corporation	-	-	-	-
3Apr17	WS Atkins plc	SNC-Lavalin Group Inc.	3,021.72	2,595.74	1.0x	11.6x
30Mar17	TRC Companies, Inc.	New Mountain Capital, LLC; New Mountain Partners IV, L.P.	687.55	529.44	1.3x	13.9x
31Mar17	Chester Engineers, Inc.	Hatch Ltd.	-	-	-	-
30Mar17	Whitley Burchett & Associates, Inc.	West Yost Associates Inc.	-	-	-	-
20Mar17	Innovyze, Inc.	EQT Partners AB; EQT Mid Market US	270.00	-	-	-
21Mar17	Sanzfield Technologies Inc.	Grupo Rotoplas S.A.B. de C.V.	2.35	-	-	-
8Mar17	GE Osmonics, Inc. (nka:SUEZ Water Technologies & Solutions)	Caisse de dépôt et placement du Québec; SUEZ SA	3,374.82	2,101.79	1.6x	10.0x
6Feb17	Royal Enterprises America, Inc.	Forterra, Inc.	-	-	-	-
31Jan17	Buckman Laboratories International, Inc., Portion of Water Treatment Business	Klenzoid Canada Inc.	-	-	-	-
11Jan17	Abednego Environmental Services, LLC	Ecolab Inc.	-	-	-	-
9Jan17	KBA EnviroScience, Ltd.	Groundwater & Environmental Services, Inc.	-	-	-	-

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Appendix: Public Basket
Constituents

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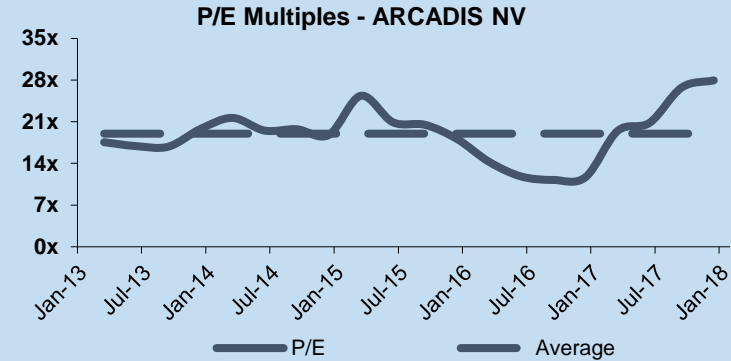
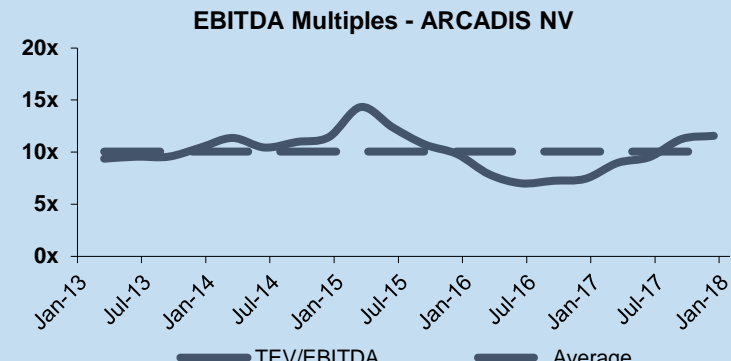
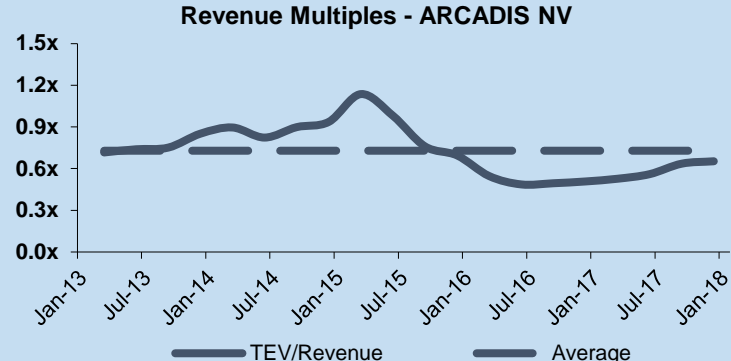


PUBLIC BASKET CONSTITUENTS

ARCADIS NV

Arcadis NV operates as a design and consultancy firm for natural and built assets worldwide. It offers design, management, and consulting solutions for light, heavy, freight, and high-speed rail, as well as bridges and tunnels; planning, design, feasibility studies, and operational enhancements to new airports or the expansion of existing airports; mine development and exploration, transportation and logistics, and distribution services; consulting, design, and program and construction management services for large and complex programs; and planning, design, project and program management for port extensions, upgrades, or new port development. The company also provides water supply, treatment, management, and conveyance solutions for water boards, municipalities, provinces and states, and central governments, as well as private and public utilities. In addition, it offers restoration consulting and strategy, site investigation, remedy design, implementation, environmental planning and construction, compliance assurance and advisory, environmental information-driven performance, merger and acquisition assurance, and sustainability and climate change solutions for oil and gas, chemical, pharmaceutical, automotive, aerospace, mining, power and utilities, conglomerates, and transportation industries. Further, the company provides planning and sustainable urban development, performance driven design, contract, program management, business advisory, and architecture and design services for owners, managers, operators, and developers from a range of sectors. The company was formerly known as Heidemij NV and changed its name to Arcadis N.V. in October 1997. Arcadis NV was founded in 1888 and is headquartered in Amsterdam, the Netherlands.

Date	Key Development Headline
1/9/18	ARCADIS NV (ENXTAM:ARCAD) acquired Skipworth Engelhardt Asset Management Strategists Limited.

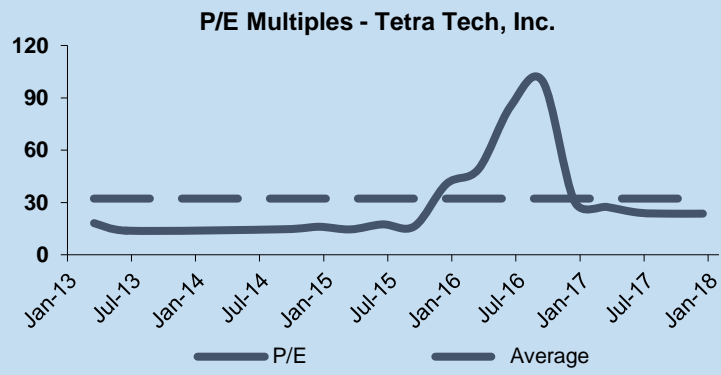
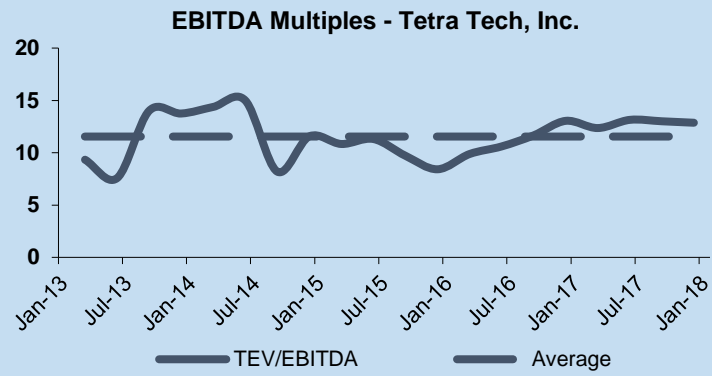
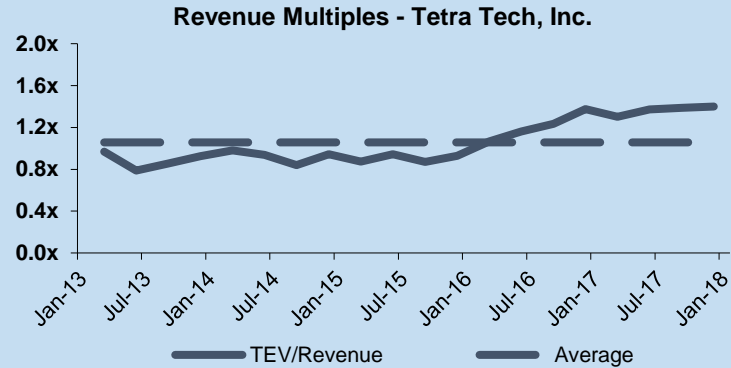


PUBLIC BASKET CONSTITUENTS

Tetra Tech, Inc.

Tetra Tech, Inc. provides consulting and engineering services worldwide. It operates through two segments, Water, Environment and Infrastructure (WEI); and Resource Management and Energy (RME). The WEI segment offers early data collection and monitoring, data analysis and information technology, science and engineering applied research, engineering design, construction management, and operations and maintenance services; and climate change and energy management consulting, as well as greenhouse gas inventory assessment, certification, reduction, and management services. It serves governments, and commercial and industrial clients in water resources analysis and water management, environmental restoration, government consulting, and civil infrastructure master planning and engineering design markets. The RME segment provides early data collection and monitoring, data analysis and information technology, feasibility studies and assessments, science and engineering applied research, engineering design, construction management, and operations and maintenance services. This segment serves industrial and commercial clients, U.S. federal agencies in large scale remediation, and international development agencies in natural resources, energy, remediation, waste management, utilities, and international development markets. Tetra Tech, Inc. was founded in 1966 and is headquartered in Pasadena, California.

Date	Key Development Headline
1/16/18	Tetra Tech, Inc. (NasdaqGS:TTEK) signed a definitive agreement to acquire NDY Management Pty Limited.
10/2/17	Tetra Tech, Inc. (NasdaqGS:TTEK) acquired Glumac Inc.
5/4/17	Tetra Tech Mulls Acquisitions

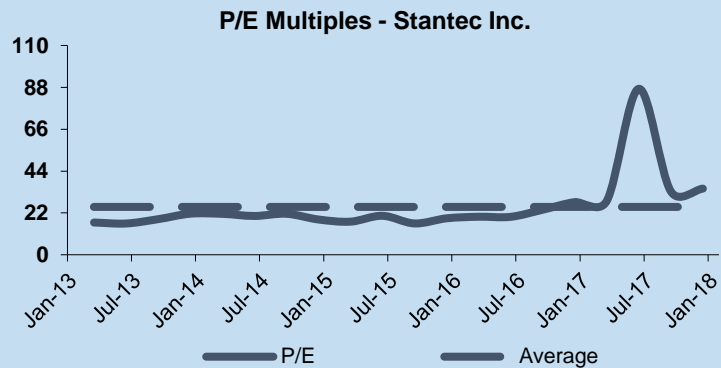
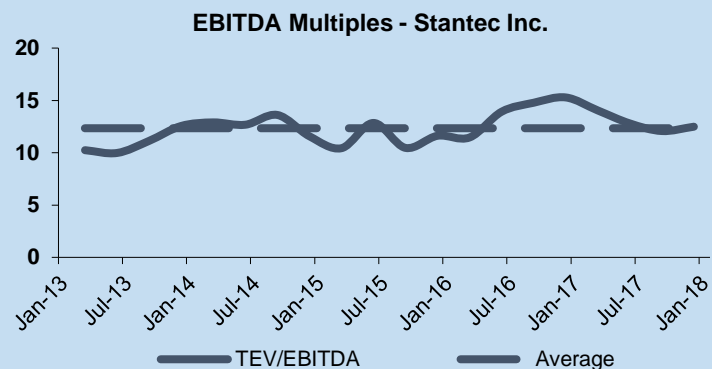
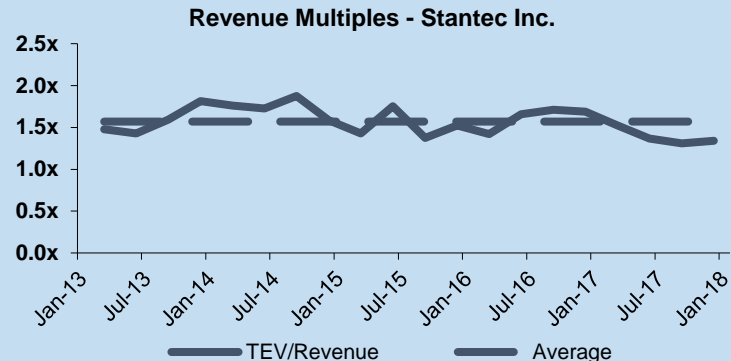


PUBLIC BASKET CONSTITUENTS

Stantec Inc.

Stantec Inc. provides professional consulting services in the area of infrastructure and facilities for clients in the public and private sectors in Canada, the United States, and internationally. It operates through four segments: Consulting Services – Canada, Consulting Services – United States, Consulting Services – Global, and Construction Services. The company provides consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental services, project management, and project economics; and construction management services. It undertakes commercial, healthcare, education, industrial, airports and aviation, civic, science and technology, waterpower and dam, power, oil and gas, mining, water, building, power transportation, community development, and transportation projects. The company was formerly known as Stanley Technology Group Inc. and changed its name to Stantec Inc. in October 1998. Stantec Inc. was founded in 1954 and is headquartered in Edmonton, Canada.

Date	Key Development Headline
11/9/17	Stantec Mulls Acquisitions
10/29/17	Stantec Inc. (TSX:STN) acquired North State Resources Inc.

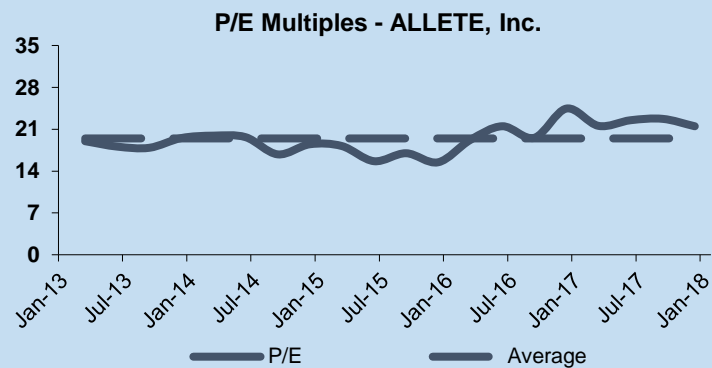
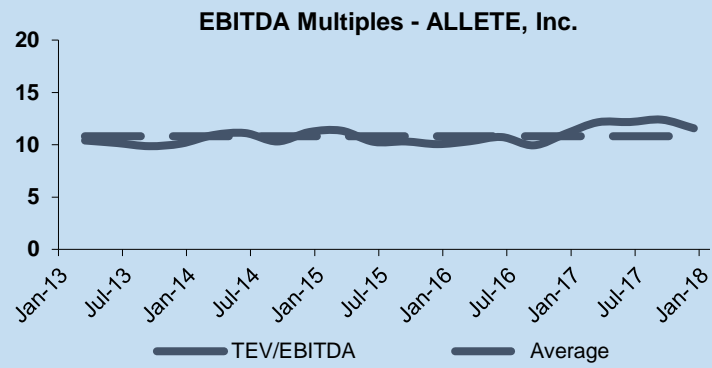
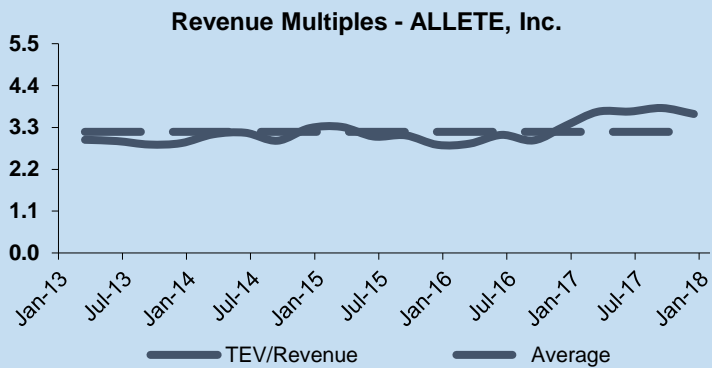


PUBLIC BASKET CONSTITUENTS

ALLETE, Inc.

ALLETE, Inc. operates as an energy company. The company operates through three segments: Regulated Operations, ALLETE Clean Energy, and U.S. Water Services. It generates electricity from coal-fired, natural gas-fired, biomass co-fired, hydroelectric, wind, solar, and other sources. The company provides regulated electric, natural gas, and water services in northwestern Wisconsin to approximately 15,000 electric customers, 13,000 natural gas customers, and 10,000 water customers, as well as regulated utility electric service in northeastern Minnesota to approximately 145,000 retail customers and 16 non-affiliated municipal customers. It also owns and maintains electric transmission assets in Wisconsin, Michigan, Minnesota, and Illinois. In addition, the company focuses on developing, acquiring, and operating clean and renewable energy projects; and owns and operates approximately 535 MW of nameplate capacity wind energy generation that are under power sales agreements. Further, it offers integrated water management for industry by combining chemical, equipment, engineering, and service for customized solutions to reduce water and energy usage. Additionally, the company is involved in the coal mining operations in North Dakota; and real estate investment activities in Florida. The company owns and operates 165 substations with a total capacity of 8,396 megavolt amperes. It serves taconite mining, iron concentrate, paper, pulp and wood products, and pipeline industries. The company was founded in 1906 and is headquartered in Duluth, Minnesota.

Date	Key Development Headline
9/8/17	ALLETE Seeks Acquisitions
2/15/17	ALLETE Clean Energy Seeks Acquisitions

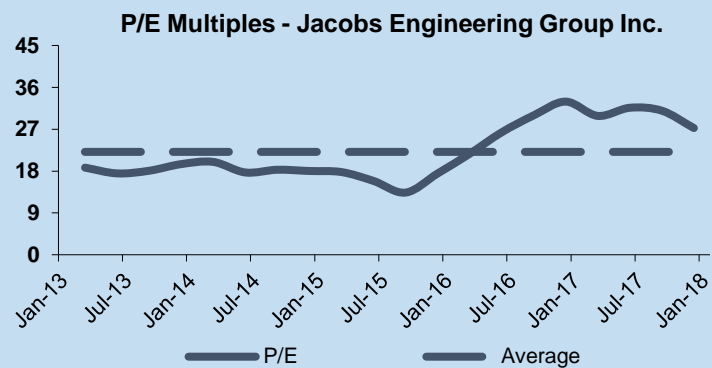
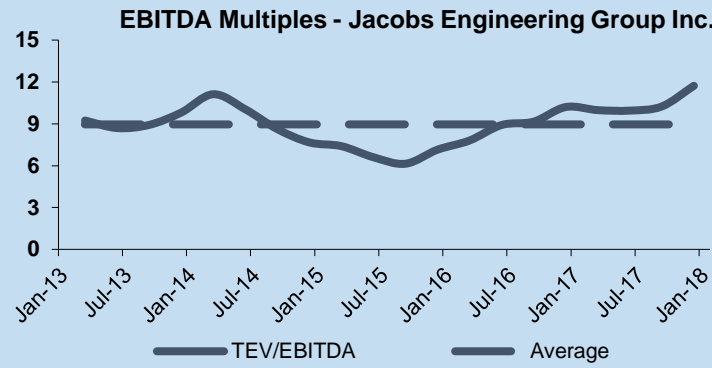
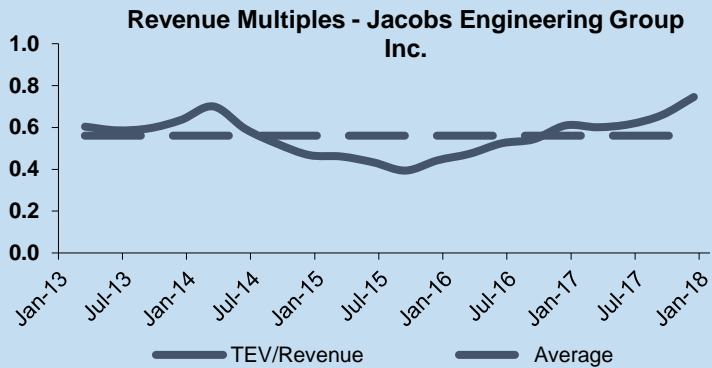


PUBLIC BASKET CONSTITUENTS

Jacobs Engineering Group Inc.

Jacobs Engineering Group Inc. provides technical, professional, and construction services. It offers project services that include engineering, architectural, interiors, design, planning, and related services, as well as planning, scheduling, procurement, estimating, cost engineering, project accounting and delivery, safety, and other support services. The company also provides process, scientific, and systems consulting services, including performing pricing studies, market analyses, and financial projections in determining the feasibility of a project; performing gasoline reformulation modeling; analyzing and evaluating layout and mechanical designs for complex processing plants; analyzing automation and control systems; analyzing, designing, and executing bio containment strategies; developing and performing process protocols; and performing geological and metallurgical studies. The company was founded in 1947 and is headquartered in Dallas, Texas.

Date	Key Development Headline
12/14/17	Jacobs Engineering Group Inc. (NYSE:JEC) completed the acquisition of CH2M HILL Companies, Ltd. from Apollo Management VIII, L.P., managed by Apollo Global Management, LLC (NYSE:APO) and others.
9/28/17	Neste Oyj (HLSE:NESTE) acquired the remaining 40% stake in Neste Jacobs Oy from Jacobs Engineering Group Inc. (NYSE:JEC).
8/30/17	Jacobs Engineering Group Inc. (NYSE:JEC) acquired Blue Canopy Group, LLC.
8/2/17	CH2M HILL Companies, Ltd., Jacobs Engineering Group Inc. - M&A Call
8/2/17	CH2M HILL Companies, Ltd., Jacobs Engineering Group Inc. - M&A Call

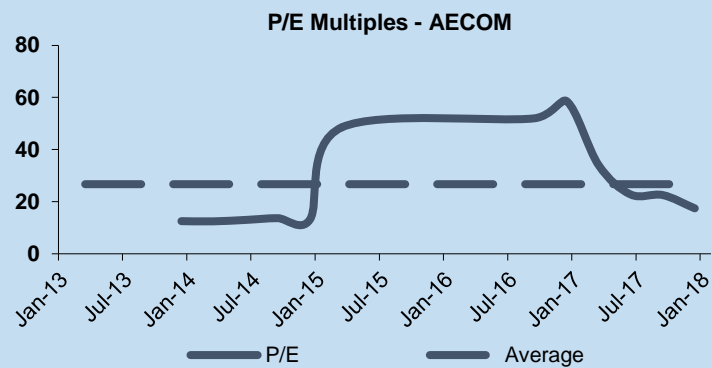
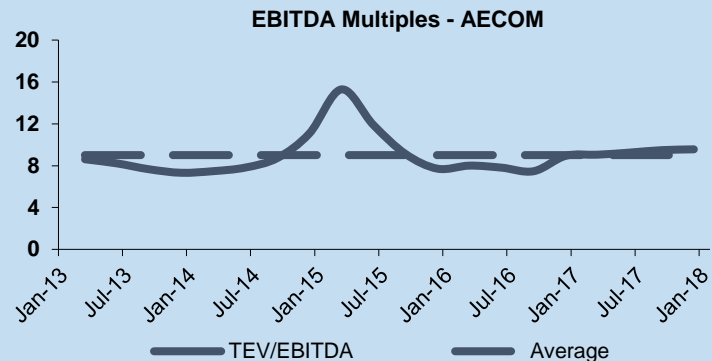
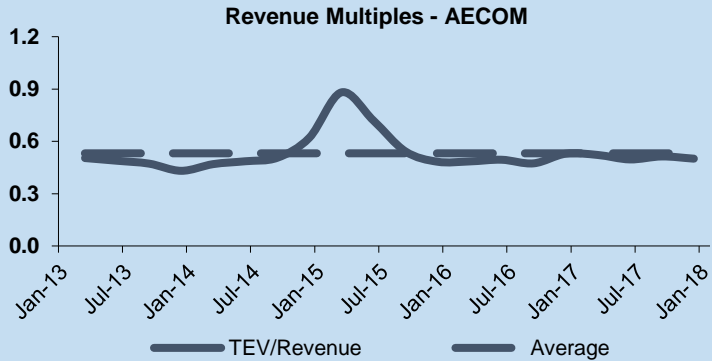


PUBLIC BASKET CONSTITUENTS

AECOM

AECOM, together with its subsidiaries, engages in designing, building, financing, and operating infrastructure assets worldwide. The company operates through four segments: Design and Consulting Services (DCS), Construction Services (CS), Management Services (MS), and AECOM Capital (ACAP). The DCS segment provides planning, consulting, architectural and engineering design, program management, and construction management services for industrial, commercial, institutional, and government clients, such as transportation, facilities, environmental, and energy/power markets. The CS segment offers building construction and energy, as well as infrastructure and industrial construction services. The MS segment provides program and facilities management and maintenance, training, logistics, consulting, technical assistance, and systems integration and information technology services primarily for agencies of the U.S. government and other national governments. The ACAP segment invests in and develops real estate, public-private partnership (P3), and infrastructure projects. The company was formerly known as AECOM Technology Corporation and changed its name to AECOM in January 2015. AECOM was founded in 1980 and is headquartered in Los Angeles, California.

Date	Key Development Headline
9/21/17	AECOM To Seek Niche, Strategic Acquisitions
8/7/17	AECOM and China Communications Construction Company Limited Highway Consultants Co., Ltd. to Establish Joint Venture Company
7/5/17	AECOM (NYSE:ACM) entered into definitive agreement to acquire Shimmick Construction Company, Inc. for the enterprise value of \$175 million.

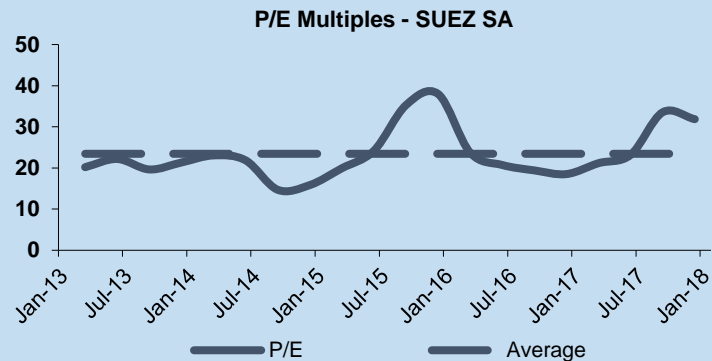
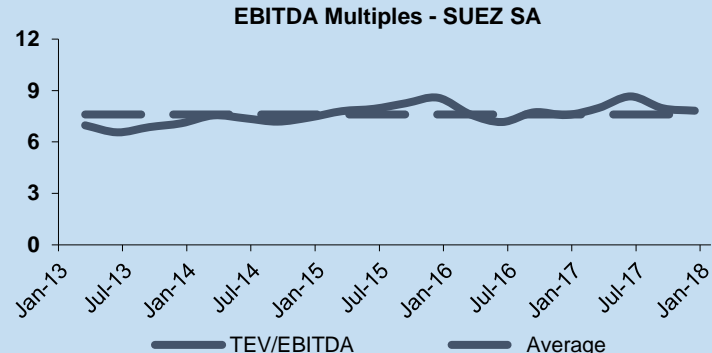
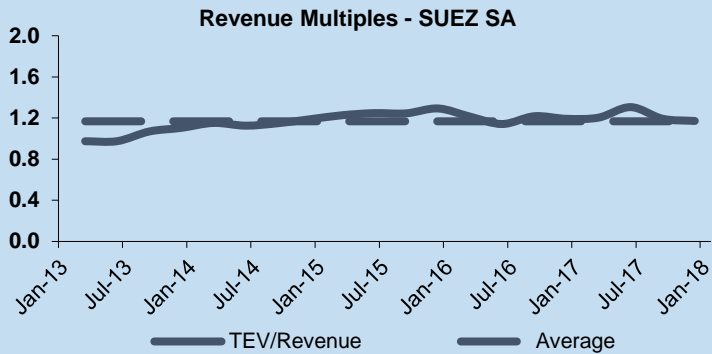


PUBLIC BASKET CONSTITUENTS

SUEZ SA

SUEZ SA, together with its subsidiaries, provides water management, recycling and waste recovery, water treatment, and consulting services. The company also engages in the water management business that covers collection and distribution of water, production of drinking water, wastewater treatment and reuse, management of the water cycle in industry, public-private water partnerships, and water regulations; and recycling and waste recovery business, such as collection and logistics, sorting and dismantling, recovery and treatment, sanitation, maintenance and cleaning, decontamination of sites and soils, delegated waste management, and waste regulations. In addition, it engages in the urban development business that covers water and wastewater infrastructure, environment and waste, urban development and transport, and energy; and engineering and construction contracts and other services. SUEZ SA was founded in 1858 and is headquartered in Paris, France.

Date	Key Development Headline
11/26/17	LyondellBasell Industries N.V. (NYSE:LYB) and SUEZ SA (ENXTPA:SEV) entered into a definitive agreement to acquire QCP Holding BV.
9/29/17	Caisse de dépôt et placement du Québec and SUEZ SA (ENXTPA:SEV) completed the acquisition of GE Osmonics, Inc. (GE Water) from General Electric Company (NYSE:GE).
3/7/17	Caisse de dépôt et placement du Québec and SUEZ SA (ENXTPA:SEV) entered into a binding agreement to acquire GE Osmonics, Inc. (GE Water) from General Electric Company (NYSE:GE) for an enterprise value of €3.2 billion.
3/1/17	SUEZ Mulls Acquisitions

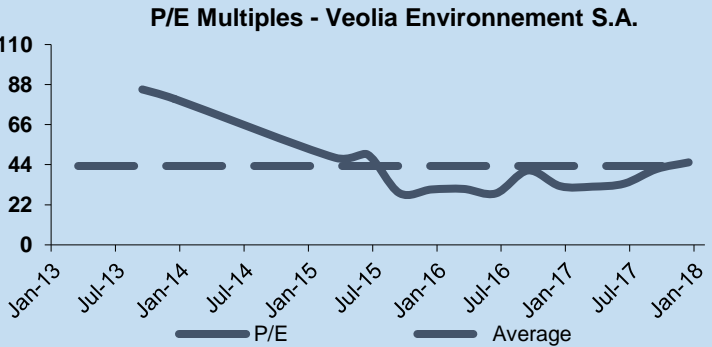
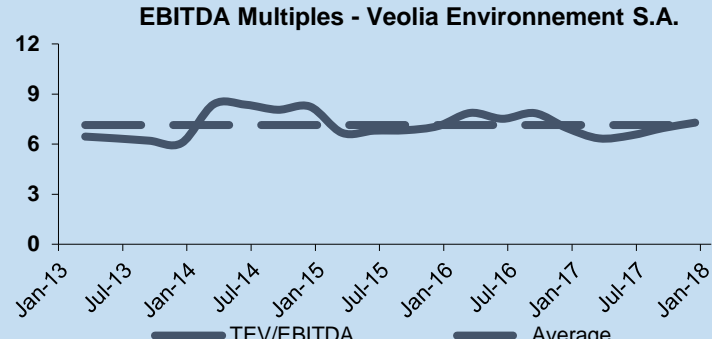
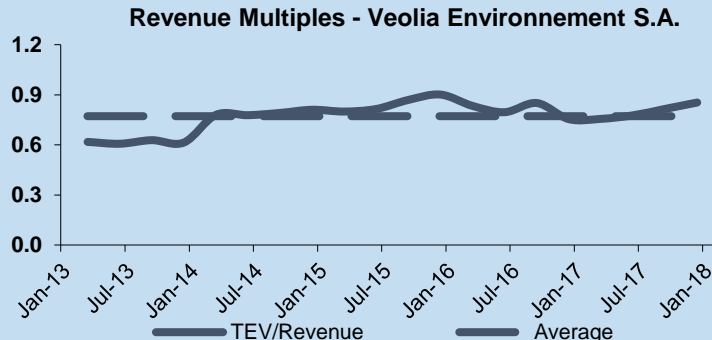


PUBLIC BASKET CONSTITUENTS

Veolia Environnement S.A.

Veolia Environnement S.A. provides a range of environmental services worldwide. It operates through Water, Waste, and Energy businesses. The Water business integrates drinking water and wastewater activities, such as water distribution and collection, water and wastewater treatment and supply, industrial process water, wastewater sludge management, and recycling and reuse solutions, as well as construction of water treatment plant. It also manufactures water treatment equipment and technologies. The Waste business collects, sorts, processes, disposes, and recycles household, commercial, and industrial wastes. Veolia Environnement S.A. was founded in 1853 and is headquartered in Paris, France.

Date	Key Development Headline
11/28/17	Indorama Netherlands B.V. completed the acquisition of Artelia Ambiente, S.A. from Veolia Environnement S.A. (ENXTPA:VIE).
11/8/17	Indorama Netherlands B.V. agreed to acquire Artelia Ambiente, S.A. from Veolia Environnement S.A. (ENXTPA:VIE).
10/30/17	Veolia Environnement S.A. (ENXTPA:VIE) completed the acquisition of Van Scherpenzeel Groep B.V.
10/17/17	Veolia Environnement S.A. (ENXTPA:VIE) agreed to acquire Van Scherpenzeel Groep B.V.
5/29/17	ACEA S.p.A. (BIT:ACE) cancelled the acquisition of Idrolatina S.r.l. from Veolia Environnement S.A. (ENXTPA:VIE).



CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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