



# **Water, Wastewater & Environmental Services**

Quarterly Industry Update – 2<sup>nd</sup> Quarter 2016



## Industry News and Notable M&A Activity

- **Aquatech International**, the Pennsylvania-based advanced water treatment company, sold 40% of its equity to **Ecolab Inc.**, a global leader in water, hygiene and energy technologies and services, in a deal that involves an option to acquire the remainder of the business.
- **Evoqua Water Technologies** acquired **Neptune Benson**, a leader in commercial pool filtration from **Audax Group**. Audax built a portfolio of water filtration and disinfection products around Neptune Benson over the past few years.
- **TestAmerica**, an environmental testing laboratory company, was acquired by **Shenzhen**-listed consulting engineering firm **JSTI Group**. The merger positions JSTI to address the growing need for advanced water sampling by Chinese companies.
- **H2O Midstream, LLC** announced that it has received \$100 million in a round of funding in June 2016 from **EIV Capital** to build and operate midstream water assets in the O&G sector.
- The five largest private contract operators in the North American water and wastewater market (**Veolia**, **Severn Trent**, **American Water**, **CH2MHill** and **Suez**) generated combined revenues of \$1.98 billion last year – a jump of 10.9% year-on-year.
- **Badger Meter** and **Sensus USA** are both exploring a sale by taking advantage of investor appetite for metering assets (\$5.1 billion sale of **Elster** to **Honeywell** end 2015). While Badger Meter is publicly-traded, Sensus has been held by private equity (Jordan Company and Goldman Sachs) for the past 13 years.
- **Bilfinger Water Technologies** was renamed **Aqseptence Group** following its recent acquisition by **Chengdu Techcent**.
- **Bolder Capital** and **JZ Capital Partners** are divesting **Triwater Holdings**. Triwater focuses on trenchless pipe rehab, industrial water treatment and residential filtration.
- **Dow Water & Process Solutions** broadened its capabilities in the wastewater space by injecting a single-digit million dollar sum for a minority equity stake in Irish MABR specialist **OxyMem**.
- **AOSmith** acquired **AquaSana** for \$87 million to establish a lead position in the growing residential water treatment e-commerce. AOSmith is globally recognized for its leading residential and commercial water heaters.



### Strategic Investment



Aquatech International Corporation provides industrial water and wastewater treatment technologies for various industrial customers.

Acquisition Price: NA  
Implied EV / EBITDA: NA  
Closed: July 15, 2016



### Acquired



GE Appliances Inc. manufactures and markets consumer durable appliances including water filtration, and softening and heating systems.

Acquisition Price: \$5.4B  
Implied EV / EBITDA: 10.0x  
Closed June 6, 2016



### Acquired



Environmental Services Inc. provides removal, transportation, and disposal of liquid and solid hazardous and nonhazardous wastes.

Acquisition Price: NA  
Implied EV / EBITDA: NA  
Closed May 3, 2016



### Acquired



Neptune-Benson, Inc. designs and manufactures filtration and disinfection products for recreational, industrial, and municipal water markets.

Acquisition Price: NA  
Implied EV / EBITDA: NA  
Closed April 2016



Johnson Matthey

### Acquired



MIOX Corporation designs and manufactures on site generators for water disinfection.

Acquisition Price: NA  
Implied EV / EBITDA : NA  
Closed: April 2016



### Acquired



Underground Solutions, Inc. provides infrastructure technologies for water, sewer, and conduit applications.

Acquisition Price: \$85.0M  
Implied EV / EBITDA : NA  
Closed Feb 2016

# The Market - Public Company Performance Indicators

Q2 2016

Company	Segment	Market Cap	EV	2015 EBITDA <sup>1</sup>	EV/EBITDA <sup>1</sup>	Op. Margin <sup>1</sup>
American Water Works	Water Services	\$14.8B	\$21.5B	\$1.51B	14.0x	33.8%
Aqua America	Water Services	\$6.1B	\$7.9B	\$453.8M	18.9x	39.7%
American States Water Company	Water Services	\$1.6B	\$1.9B	\$156.7M	12.4x	25.4%
California Water Service Group	Water Services	\$1.6B	\$2.2B	\$156.6M	14.1x	15.8%
York Water Company	Water Services	\$397.4M	\$481.7M	\$28.8M	16.8x	48.1%
Middlesex Water Company	Water Services	\$668.5M	\$806.4M	\$48.9M	16.6x	28.4%
Aegion Corporation	Equipment, Systems, Solutions	\$666.8M	\$934.4M	\$118.2M	7.9x	5.6%
Pentair	Equipment, Systems, Solutions	\$11.1B	\$15.8B	\$1.6B	13.6x	13.5%
Xylem	Equipment, Systems, Solutions	\$8.3B	\$9.0B	\$598.0M	14.9x	12.8%
A.O. Smith	Equipment, Systems, Solutions	\$7.8B	\$7.5B	\$484.0M	15.4x	16.5%
Calgon Carbon	Equipment, Systems, Solutions	\$675.4M	\$737.2M	\$91.5M	8.1x	11.4%
Flowserve	Components	\$6.0B	\$7.3B	\$728.7M	9.9x	13.5%
Mueller Water Products	Components	\$1.9B	\$2.3B	\$187.6M	12.1x	11.7%
Rexnord Corporation	Components	\$2.1B	\$3.5B	\$324.6M	10.8x	10.9%
Watts Water Technologies	Components	\$2.1B	\$2.4B	\$140.9M	17.0x	6.1%
Badger Meter	Components	\$1.1B	\$1.1B	\$69.6M	16.2x	12.2%
CLARCOR	Components	\$3.0B	\$3.2B	\$251.2M	12.6x	13.7%
Franklin Electric	Components	\$1.6B	\$1.7B	\$134.5M	13.0x	10.8%
Energy Recovery Inc	Components	\$476.8M	\$380.0M	-2.5M	NA	(11.7%)
Tetra Tech	Environmental Services	\$1.8B	\$2.1B	\$190.5M	10.8x	8.6%
AECOM	Environmental Services	\$5.0B	\$9.0B	\$1.0B	8.0x	2.9%
Arcadis NV	Environmental Services	€1.0B	€1.6B	€240.4	6.5x	4.7%
Clean Harbors	Environmental Services	\$3.0B	\$4.3B	\$483.5M	8.9x	6.6%
US Ecology	Environmental Services	\$972.6M	\$1.3B	\$124.4M	10.2x	14.1%
Nuverra Environmental Services	Environmental Services	\$504.8M	\$406.1M	\$37.5M	13.7x	(9.3%)

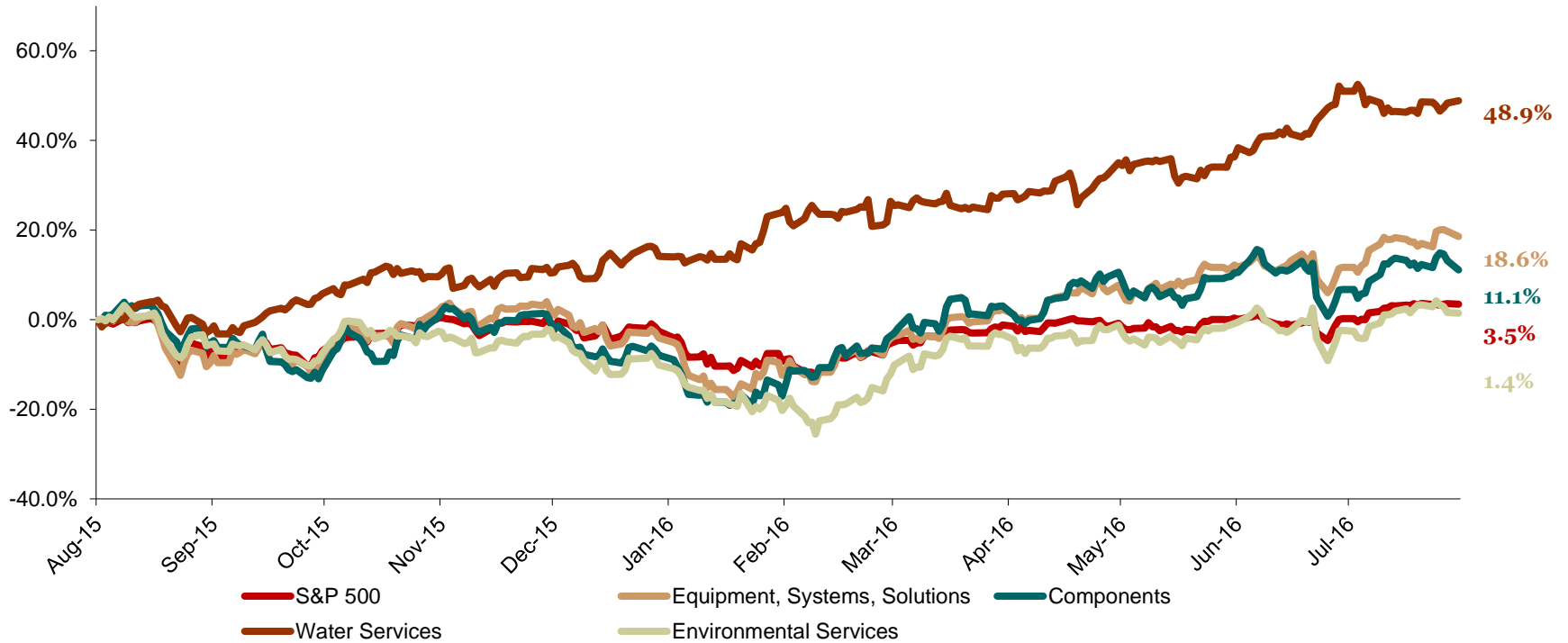
As of 08/09/2016

Source: S&P Capital IQ

# The Market - Custom Index Performance

Q2 2016

## 52 Week Public Market Index Performance



% Change					
The McLean Group Customer Indices	1-Year High	1-Year Low	1-Year Median	1-Year Average	Current
Environmental Services	4.2%	-25.6%	-4.6%	-6.4%	1.4%
Equipment, System, Solutions	20.1%	-14.7%	-0.3%	0.2%	18.6%
Water Services	52.5%	-3.2%	21.0%	21.0%	48.9%
Components	15.7%	-19.1%	-0.7%	-0.9%	11.1%
S&P 500	3.7%	-12.8%	-2.3%	-3.2%	3.5%

As of 08/09/2016

Source: S&P Capital IQ

# 2016 M&A Summary Transaction Analysis

Q2 2016

Target	Buyer	Category	Date	Transaction Comments
SouthWaste Services, Inc.	Not Disclosed	Services	7/26/2016	Provides non-hazardous liquid waste collection, processing, and disposal services in Gulf Coast region.
Utility Partners, LLC	H2O Innovation USA Holding	Services	7/26/2016	Maintains sewer pump stations transporting waste water to local treatment plants for processing.
Avita Artesian Water, LLC	iBrands Corp.	Services	7/20/2016	Offers mineral water producing and bottling services.
Standard Carbon LLC	Donau Carbon US LLC	Components	7/18/2016	Manufactures a range of activated carbon products for the purification of air, water, and soil.
Tri-State Engineering	Olsson Associates, Inc.	Services	7/18/2016	Offers engineering services in water supply, treatment, storage and distribution, sewage collection, and treatment.
Aquatech International Corporation	Ecolab Inc.	Solutions	7/15/2016	Provides industrial water and wastewater treatment technologies
Valve and Filter Corporation	Neptune-Benson, Inc.	Components	7/7/2016	Manufactures and distributes strainers, intake screens, filters, automatic self-cleaning filters, automatic strainers, manually controlled strainers and filters, and complete filtration skids.
Blue Ribbon Technology Inc.	PfP Industries LLC	Services	7/7/2016	Offers specialty chemicals including scale inhibitors, water clean-up/purification treatments, and polymer water control.
Mid South Pump Sales & Service Inc.	Southern Pump & Tank Company	Solutions	7/1/2016	Engaged in the sale, service, and installations of petroleum equipment in the central Midwest.
Weir American Hydro Corporation	Wartsila Services	Solutions	6/23/2016	Manufactures, supplies, and installs equipment for hydroelectric and water distribution industries.
Woodland Manor Water Company, LLC	Missouri-American Water Company	Services	6/21/2016	Operates a water utility supplying water in Kimberling City, Missouri.
Evergreen Industrial Services, Inc.	The Sterling Group, L.P.; Platform Partners, LLC	Services	6/16/2016	Provides environmental and industrial cleaning solutions to the downstream and midstream energy sectors.
NorthAmerican Services Group, LLC	The Sterling Group, L.P.	Services	6/16/2016	Operates as an industrial maintenance company in the United States and Canada.
GE Appliances Inc.	Qingdao Haier Co., Ltd.	Solutions	6/6/2016	Manufactures and markets consumer durable appliances including water filtration, and softening and heating systems.
Cambridge International, Inc.	Rexnord Corporation	Components	6/1/2016	Designs and manufactures woven metal products for industrial, architectural, and environmental applications.
Lompico County Water District	San Lorenzo Valley Water District	Services	6/1/2016	Lompico County Water District is a government institution that supplies water to the household customers in CA.
Heitkamp, Inc.	Michels Corporation	Services	5/31/2016	Operates as a water and waste water utility infrastructure rehabilitation company.
Waterworks Operating Company LLC	Restoration Hardware Holdings	Components	5/27/2016	Designs and manufactures faucets, fittings, and surface products for kitchens and bathrooms to residential and commercial markets.
Wastewater System of City of Grafton	Illinois American Water Co.	Services	5/26/2016	Wastewater System of City of Grafton was acquired by Illinois American Water Company.

# 2016 M&A Summary Transaction Analysis

Q2 2016

Target	Buyer	Category	Date	Transaction Comments
Atlantic Supply & Equipment Company	Fortiline LLC	Components	5/24/2016	Distributes pipes, valves, fittings, tools, and equipment for underground water, sewer, and storm water systems.
HaloSource, Inc., Recreational Water	Natural Chemistry, Inc.	Solutions	5/24/2016	Recreational Water Business of HaloSource, Inc. comprises recreational water treatment chemicals.
Quicksilver Water Company	Culligan of West Central MO.	Components	5/17/2016	Produces bottled water based in Missouri.
Willow Valley Water Company, Inc.	EPCOR Water Arizona Inc.	Services	5/9/2016	Offers water services in Arizona and operates as a subsidiary of EPCOR.
Current Environmental Solutions, LLC	TerraTherm, Inc.	Services	5/6/2016	Designs, manufactures, and sells or leases the specialty heating equipment, including systems for power delivery, steam and vapor recovery, and air and water treatment.
GreenHunter Resources, Inc.	FQ Disposal, LLC	Services	5/5/2016	Provides water management solutions in the United States.
GWR Global Water Resources Corp.	Global Water Resources, Inc.	Services	5/3/2016	Company owns, operates, and manages water, wastewater, and recycled water utilities in Arizona.
Environmental Services Inc.	US Ecology, Inc.	Services	5/2/2016	Provides removal, transportation, and disposal of liquid and solid hazardous and nonhazardous wastes.
Village of Ransom Water System	Illinois American Water Company	Services	4/26/2016	Comprises drinking water distribution system in Village of Ransom, Illinois.
Hydromax USA LLC	Warren Equity Partners, LLC	Services	4/22/2016	A professional services company, specializes in data collection in the country's aging water and wastewater systems.
Green Bay Glacier Co.	Century Springs Bottling Co	Components	4/20/2016	Produces bottled water. The company is based in West Bend, Wisconsin.
Neptune-Benson, Inc.	Evoqua Water Technologies LLC	Solutions	4/18/2016	Designs and manufactures filtration and disinfection products for recreational, industrial, and municipal water markets.
United States Pipe and Foundry Company	Forterra Building Products	Components	4/15/2016	Manufactures and sells fabricated/grooved ductile iron pipes and fittings for water and wastewater industries.
NeuCo, Inc.	GE Power & Water	Solutions	4/14/2016	Provides power plant optimization software solutions. The company offers BoilerOpt, a boiler optimization software solution to optimize power plant performance.
Kurion, Inc.	Veolia Environnement S.A.	Solutions	4/14/2016	Develops technologies for nuclear waste management. It offers modular detritiation system to decontaminate tritiated water.
US Ecology, Inc., Material Processing Facility in Augusta, GA	Covanta Environmental Solutions	Services	4/5/2016	Provides non-hazardous waste solidification, shredding, water treatment, and transportation services to commercial and industrial customers.
MIOX Corporation	Johnson Matthey Plc	Solutions	4/1/2016	MIOX Corporation designs and manufactures on site generators for water disinfection.
Evoqua Water Technologies LLC, Biosolids Products Line	Aqua Global Engineering SA	Solutions	4/1/2016	Comprises sludge drying and dewatering technology.

As of 08/09/2016

Source: S&P Capital IQ

# 2016 M&A Summary Transaction Analysis

Q2 2016

Target	Buyer	Category	Date	Transaction Comments
Eastwood Manor Water	Aqua America Inc.	Services	3/31/2016	Provides drinking water supply at Clear Meadow Water System facility.
Golf Greenwood Gardens Improvement Association	Aqua America Inc.	Services	3/31/2016	Offers wastewater utility services.
Hickory Springs Bottling, Inc.	Silver Springs Bottled Water Company	Components	3/25/2016	Provides bottled water in southeast US.
Sanexen Environmental Services Inc.	Logistec Corp.	Services	3/24/2016	Contractor and consultant, provides contaminated site remediation, PCB management, water main rehabilitation, and risk assessment services.
Adams Ranch Mutual Water Company	California American Water Company	Services	3/10/2016	Operates a water system and serves residential and commercial connections based in Rosemead, California.
flowchem technologies, LLC	Dorf-Ketal Chemicals India Private Limited	Solutions	3/7/2016	flowchem technologies, LLC provides products and services to oil and gas companies, plants, and refineries.
Sustainable Resources Group, Inc.	B.G. Campbell Associates, LLC	Services	3/4/2016	Provides environmental services for industrial and government facilities in the United States.
MCC Control Systems LP	S.J. Electro Systems, Inc.	Solutions	3/2/2016	Provides integrated (SCADA) automation solutions for the water and wastewater market.
Roxiticus Water Company, Inc.	New Jersey-American Water Company, Inc.	Services	2/24/2016	Acquisition of regional water utility to leverage backroom support services.
Underground Solutions, Inc.	Aegion Corporation	Solutions	2/18/2016	Underground Solutions, Inc. provides infrastructure technologies for water, sewer, and conduit applications.
Aerex Industries Inc.	Consolidated Water U.S. Holdings, Inc.	Solutions	2/11/2016	Develops, manufactures, and installs membrane systems and vessel products for the water and wastewater industry.
Red Valve Company, Inc.	Process Equipment Group, Inc. (Hillenbrand)	Components	2/1/2016	Manufactures and supplies pinch valves for municipalities and industrial plants.
Ciana Realty, Jaxson Estates Water System in St. Charles County	Missouri-American Water Company	Services	2/1/2016	Comprises drinking water system in Missouri.
Wastewater One LLC.	Aqua Indiana, Inc.	Services	1/29/2016	Core business expansion of providing wastewater disposal services.
New Wave Industries Ltd.	Zep, Inc.	Solutions	1/29/2016	Expands Zep's position into the design and manufacture of water treatment system for car wash industry.
Dana/Long Point/Reading/Ancona Public Water District Water System	Illinois American Water Company	Services	1/26/2016	Public Water District Water System comprises water supply system and is located in CA.

As of 08/09/2016

Source: S&P Capital IQ



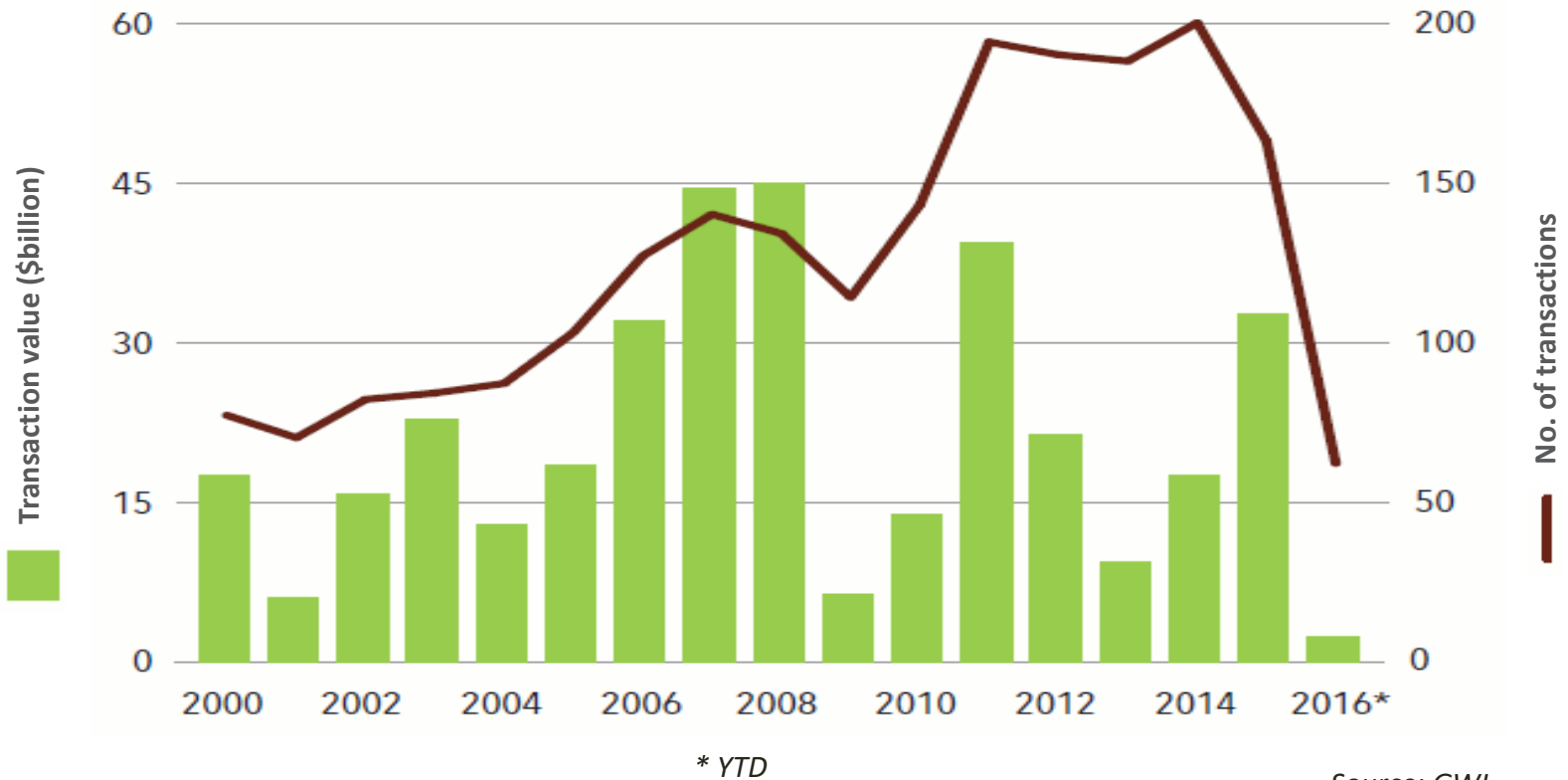
# 2016 M&A Summary Transaction Analysis

Q2 2016

Target	Buyer	Category	Date	Transaction Comments
Monarch Separators Inc.	Water Standard Company, LLC	Solutions	1/25/2016	Monarch Separators Inc. designs and manufactures water and oil separation equipment.
General Ecology, Inc.	Loar Group, Inc.	Solutions	1/22/2016	Develops, manufactures, and distributes drinking water purification systems for RV, marine and rec industries.
Water Transfer LLC	Fluid Delivery Solutions, LLC	Services	1/20/2016	Provides water transfer equipment to customers in the Permian Basin.
Phillips Services, Inc.	Natural Systems Utilities, LLC	Services	1/19/2016	Provides operations, management, and maintenance services for water and wastewater treatment facilities in Northern California.
Aqua-Aerobic Systems, Inc.	Metawater USA.,INC.	Solutions	1/16/2016	Provides water and reclamation water treatment technologies, equipment and engineering services to industrial/municipal markets .
Pumptek	Ohio Transmission Corporation	Components	1/14/2016	Reinforces already strong pump team and adds to existing strong product line.
Park Water Company Inc.	Liberty Utilities Co.	Services	1/11/2016	Supplies and delivers water to residential, commercial, industrial, institutional, and public facilities.
AquaTerra Corporation	Cott Corporation	Services	1/4/2016	A direct-delivery drinking water company, produces and distributes drinking water and water filtration systems in Canada.
Apache Energy Services, LLC and Aqua Handling of Texas, LLC and Sage Power Solutions, Inc.	Enservco Corporation	Services	1/4/2016	Offers water transfer services in connection with the hydraulic fracturing of oil and gas reservoirs. Sells, installs, and services water conditioning and purification systems for commercial and residential applications.
Hydro-Scape Products, Inc.	SiteOne Landscape Supply, Inc.	Components	1/4/2016	Adding to base landscape business to create a larger platform for eventual IPO (Owned by CD&R).
Environmental Disposal Corporation	American Water Works Company, Inc.	Services	1/4/2016	Provides sewer treatment and collection services for single-family homes, townhouse residents, condominium residents, and commercial users in NJ area.
Accutest Laboratories, Inc.	SGS North America Inc.	Services	1/3/2016	Owns and operates an environmental testing laboratory that provides environmental analytical services to multiple industrial, engineering/consulting, and government clients.
White Water Management Ltd.	Orion Rentals Ltd.	Services	1/1/2016	A water logistics company, engages in the sourcing, treatment, sharing, reuse, storage, and disposal of water for oil and gas drilling and hydraulic-fracturing operations.
Superior Water Company, Inc.	Aqua America Inc.	Services	1/1/2016	Operates as a water utility company in the PA area.

## THE WATER M&A LANDSCAPE (2000-2016)

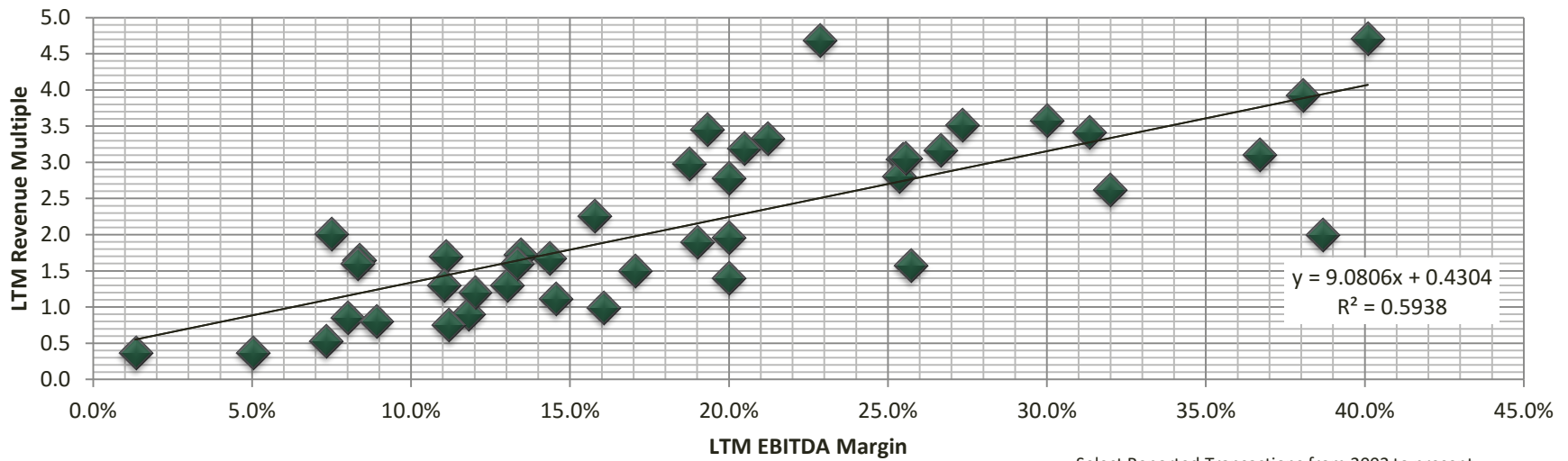
A robust pipeline of opportunities should help the second half of 2016 rebound from a lackluster start of the year.



## Summary

- Transaction valuations are relatively consistent, with annual medians ranging from 9 to 12x LTM EBITDA.
- Regression line shows “average” relationship between revenue multiple and EBITDA margin.
- Fairly consistent correlation between transaction valuation and LTM EBITDA margin.
- For example, a target with \$50 million in revenue and a 20% EBITDA margin on average would be valued at 2.2 x revenue or \$110 million.

## Transactional Value Matrix – Revenue Multiple to EBITDA Margin



Select Reported Transactions from 2002 to present

## The McLean Group interviews William Mertes Senior Vice President of Operations and Service Delivery at Severn Trent – North America



### Can you provide us a brief overview of Severn Trent?

*Severn Trent – North America is a leading operator of water and wastewater assets, primarily for municipalities. We provide operations and maintenance management for over 300 water and wastewater plants, and we also provide utility management services, including meter reading, customer service, billing, and support for collection and distribution systems. We operate throughout the US. Severn Trent - North America is a member of the Severn Trent Plc (London: SVT.L) group of companies, a FTSE 100 company.*



**William Mertes**  
Severn Trent



### Tell us about your background!

*I've been in the water industry since 1991, having worked for a variety of water and wastewater firms. I've enjoyed roles in sales, marketing, business development, general management and operations, having worked for Dow Chemical, USFilter Corporation, Culligan International, Siemens Water Technologies, Western Reserve Water Systems and Severn Trent. Today, I am responsible for Severn Trent's entire field operations, which stretch across 22 states. I earned my BBA in Marketing from the University of Wisconsin and an MBA from the Kellogg Graduate School of Management at Northwestern University.*



### What markets do you serve?

*We provide O & M services for municipal water and wastewater systems, targeting communities with population ranging from 20,000 to 200,000 people.*





## What are some of the biggest obstacles facing the municipal water market?

*There are several issues that continue to plague the municipal water and wastewater market. One of the biggest challenges facing nearly all municipalities is an aging workforce. As workers retire, there is often a big experience gap in those called upon to replace retiring workers. The issue hits small and medium sized cities hardest, where there are fewer members of staff to begin with. We see many opportunities for our services driven by the expected loss of key staff members in the communities we serve.*



*Another issue facing the municipal water and waste water treatment industry is the sheer cost of upgrading treatment infrastructure. While plants are expensive in and of themselves, there are even more latent problems looming in many communities' horizontal infrastructure. Given the miles of aging pipe in place, our industry is facing problems that have been kicked down the road for far too long.*

*The impact of both of these issues can be lessened by having third party support help municipalities, either to provide labor, capital or expertise. Sometimes, though, municipalities are reluctant to embrace an outsourced solution, preferring to deal with their issues in-house for political or perceived cost saving reasons. This is a shame, though, as private operators are far easier to hold accountable than in-house operations, and many municipalities are missing an opportunity to have real expertise brought in to assist them.*



## What do you see as opportunities within water (and/or wastewater)?

*Given a host of issues facing municipalities today—aging workers, outdated assets, unmet pension liabilities, mounting debt—some municipalities are seeking to monetize their water and wastewater assets through concession agreements. In exchange for a large upfront payment to the municipality entering the agreement, a concessionaire would assume responsibility for the operation and upgrade to any given city's assets. The concessionaire would then assume full utility management of the system, and would also manage the income provided by the ratepayers of the system. A concessionaire would get a long term operating contract, while a city would get guaranteed operation, along with a sizable upfront payment for them to use in retiring other liabilities.*



*We are also seeing increasing interest from industry to operate their water and wastewater assets, as they turn their attention to their core business.*



## How is technology impacting your business and the industry?



*While the trend has been occurring for some time, automatic meter reading (AMR) is providing greater insight into non-revenue water (NRW) by detecting leaks and usage as well reducing the cost of meter reading. Along with AMR, we are also seeing an increased use of GIS (geographic information systems) to map system assets, document problem hotspots, and predict future failures. Computerized maintenance management systems (CMMS) and data management systems (DMS) help to manage asset lifecycle costs, and to assist in process control.*



## How have recent events at Flint, MI impacted your business?



*Consumers are seeking peace-of-mind over the quality and safety of their drinking water now more than ever. As a result of the Flint, MI, lead problems, we are seeing more lead testing conducted by cities, schools, institutions, and individuals. In light of the indictments coming down in Flint, we are also seeing regulators act with more scrutiny of nearly every operator action or inaction on water systems. I expect to see more regulation imposed for public transparency, testing, and operational oversight before we are through. Nearly all drinking water actions are being looked at through a lens tinted by the Flint crisis.*



## How does Severn Trent view their organic vs acquisition growth initiatives?



*Over the past few years we have focused on portfolio rationalization, and have sought to shed ourselves of underperforming contracts. We are opportunistically looking at bolt-on acquisitions that could leverage our existing business. We are also seeing increasing interest from industry to operate their water and wastewater assets, as they turn their attention to their core business.*



## Is there anything else that you would like to talk about or emphasize?



*We are in the midst of a substantial business improvement initiative in our North American business. We have complemented our existing staff with several new and capable additions and we are set to transform our business for our customers. We aim to be the most trusted O & M provider in the market.*



June 2016, Chicago, Illinois

The McLean Group recently attended the **American Water Works Association (AWWA)** Annual Conference & Exposition (ACE16) held in Chicago, IL where a thousand exhibitors showcased a broad array of products and services primarily dedicated to the municipal drinking water treatment equipment and services market segment with secondary focus on water reuse, storm water and wastewater.

ACE16 follows the recent water contamination tragedy of Flint, MI. This is at a time when the industry is under intense scrutiny by regulators and consumers with regard to water safety. Companies that provide faster, more reliable testing and reporting to both utilities and consumers were quite busy during the show.

Technology advancements via Smart Technology are dramatically changing the landscape across most industries and water is no exception. Over the past few years, the ACE show has transformed from displays of the usual piping, valves, meters, etc. to dizzying displays of Smart Technology being applied across the board. No where is this more evident than in the use of an wearable digital glass product to leverage operational expertise by AdEdge Technologies, smart meters by Badger Meter, communication technologies and data analytics by Neptune and Sensus, and satellite technology for leak detection by Hydromax USA/ Utilis

There is continued discussion about the deterioration of our public infrastructure and its resulting impact on rising operating costs to address non-revenue water. Several expert panels discussed funding solutions for water infrastructure needs. Topics included an examination of current financial trends, including perspectives from credit agencies, an exploration of public-private partnerships, and a demonstration of how to successfully navigate funding for infrastructure projects.

## *Upcoming Event*



WEFTEC in New Orleans, September 24-28. To meet, please contact Mark at [mbertler@mcleanllc.com](mailto:mbertler@mcleanllc.com)



June 2016, Chicago, Illinois (continued)

## Select unique services or products showcased at ACE16:

**AdEdge Water Technologies** - An innovative industrial and municipal water solutions company that focuses on the removal of contaminants from aqueous streams. The Company displayed its “augmented” reality Google Glass “equivalent” that enables a technician or engineer to remotely assist in the troubleshooting and/or system start-up. Cost savings and a timely response rates are two main benefits.

**Aclara** - A global supplier to water utilities of smart infrastructure solutions that magnify the benefits of AMI by incorporating a range of meters, sensors, communications and analytics. Enables the utility to offer a more personalized customer experience.

**ANDalyze** - On-line instrument for continuous heavy metal analysis. Employs a DNA-enzyme sensor technology that is validated by the EPA to detect lead at 2ppb, thereby, providing a real time, reliable analysis of the presence of heavy metals.

**Aquarius Spectrum** - Water pipe network monitoring and leak detection using acoustics for continuous active leakage control.

**aquaTECTURE** - The departure of experienced operations talent in the water industry continues to be a challenge for many water utilities. WaterTent by aquaTECTURE aims to keep America’s water and wastewater treatment facilities running effectively and in compliance by deploying top-caliber operations talent with the experience and expertise to quickly meet the most demanding water operations challenges.

**Dropcountr** - Dropcountr connects utilities with customers via smartphone apps, social media and email. This meter-agnostic data management software solution enables utility staff to identify leaks and usage trends.

**Hydromax USA** - Hydromax has partnered with Israeli startup Utilis to provide pipeline leak detection to utilities using cutting edge satellite technology. The technology uses spectral aerial imaging to spot leakage in underground distribution and transmission pipes. The satellite detection service enables pipeline condition assessment without the time and ground resources employed by conventional survey methods.

**SonicSolutions, LLC** - Sonic Solutions uses a chemical-free solution employing ultrasonic waves to control algae growth in lakes, tanks and reservoirs. It operates 24-hours a day, and each unit can cover up to 8 acres.



## The McLean Group's Water, Wastewater & Environmental Services Practice

The McLean Group's Water, Wastewater and Environmental (WWE) group provides sell side and buy side M&A advisory and corporate finance services to lower middle market companies. The businesses that comprise the WWE group include those water, wastewater and environmental firms that provide solutions, components, and services to the residential, commercial, industrial and municipal markets.

### Global Water Ecosystem

#### | SOLUTIONS

- Water & Wastewater Treatment Equipment
- Filtration and Separation Technologies
- Membrane Treatment
- Membrane Bio-Reactor (MBR) Treatment
- Environmental Remediation Treatment
- Produced Water Treatment
- Recycle and Reuse
- Boiler Water Feeding
- Desalination
- Disinfection
- Biological Treatment
- Drinking Water Treatment
- Cooling Tower Treatment
- Specialty Chemicals
- Mobile Water Treatment
- Waterscaping

#### | COMPONENTS

- Analytical Instrumentation
- Pumps, Valves, and Fittings
- Media and Membranes
- Irrigation
- Filter Housings, Cartridges, Bags
- Piping
- Metering Equipment
- Monitoring & Control Automation
- Swimming Pool and Spa Supplies
- Chemical Feed Equipment

#### | SERVICES

- Environmental Remediation
- Non-Hazardous Waste Handling & Disposal
- Contract Services
- Well Water Drilling
- Infrastructure
- Engineering Consulting
- Hydro-Excavating
- Analytical Testing
- Emergency Spill Response
- Pipeline Installation & Repair

*Representative  
Buyers / Clients*



# Representative Engagements

Q2 2016

 <p>CHRIST AMERICAS Christ Water Technology Group</p> <p>acquired by</p>  <p>NALCO</p>	 <p>CLEARWATER INTERNATIONAL</p> <p>Purchase Price Allocation</p>	 <p>ENVIRONAMICS</p> <p>Litigation Support</p>	 <p>GW</p> <p>acquired by</p>  <p>NALCO</p>	 <p>HydroNovation</p> <p>acquired by</p>  <p>3M</p>	 <p>HydroNovation</p> <p>acquired by</p>  <p>KEMFLO FILTERS, VALVES, PLASTIC WOOD</p>
 <p>Michael Baker INTERNATIONAL</p> <p>Business Valuation</p>	 <p>OMNI WATER SOLUTIONS</p> <p>Business Valuation</p>	 <p>Pentair</p> <p>Strategic Advisory</p>	 <p>Res-Kem Corp.</p> <p>acquired by</p>  <p>NALCO</p>	 <p>SCWW SOUTHERN CALIFORNIA WASTE WATER SINCE 1988</p> <p>growth recapitalization by</p>  <p>C3 CAPITAL</p>	 <p>SoilSafe. Recycling of Contaminated Soil and Industrial Waste.</p> <p>Purchase Price Allocation</p>
 <p>TanksForLess Water Tanks and Rain Harvesting Equipment.</p> <p>Business Valuation</p>	 <p>envisioneering™</p> <p>Business Valuation</p>	 <p>VERSAR</p> <p>Goodwill Impairment Test</p>	 <p>BS BOWYER SINGLETON</p> <p>acquired by</p>  <p>Dewberry</p> <p>Purchase Price Allocation</p>	 <p>S.M. M. logo Professional, Business, and Construction Services</p> <p>merged with</p>  <p>TLI Solutions</p> <p>a company of</p>  <p>TechLaw Holdings</p>	 <p>SCInergy®</p> <p>Business Valuation</p>

## The McLean Group Overview

The McLean Group is an independent, industry-focused investment bank with deep expertise in mergers and acquisitions and business valuation

- Founded in 1997
- Headquartered in McLean, Virginia
- 65 dedicated professionals nationally
- Dedicated industry groups which bring extensive domain and transactional expertise to every client engagement
- Largest independent valuation practice in the Mid-Atlantic Region with more than 250 active valuation clients

### Investment Banking

- Mergers & Acquisition (Private Company Sale, Public M&A Advisory, Buy-side Advisory, etc.)
- Corporate Divestitures
- Private Equity Investments
- Strategic Alternatives Analysis

### Business Valuation

- Financial Reporting (Purchase price allocation, goodwill impairment, stock option expense)
- Equity Incentive Plans and Tax
- Litigation Support
- Transaction Advisory (Fairness Opinion, Due Diligence)



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