

Bennett Environmental Inc (BEVFF)

| | | | | | |
|--------------------------|--------------|---------------------------------|--------|-------------------------------|----------|
| Price: | \$1.68 | Price/Book: | 1.05 | EV/EBITDA 5x TV: | \$5.13 |
| Market Cap: | \$64,725,863 | Price/Earnings: | -6.08 | Net Tangible Asset TV: | \$3.59 |
| Cash: | \$60,030,000 | EV/EBITA: | 0.29 | SN Defined TV: | \$6.32 |
| Debt: | \$850,000 | EV/FCF: | 0.23 | Economic Value Added: | \$5.97 |
| Net Cash: | \$59,180,000 | Net Tang. Asset/Share: | \$1.65 | Year 5 Target: | \$5.25 |
| Enterprise Value: | \$5,545,863 | Avg. Year 1-5 FCF/Share: | \$0.37 | Appreciation: | 213.466% |

Fraud ridden Canadian soil clean up company is selling at attractive valuations. Besides the fraud in 2002-2004 and the recent 5 year suspension of new U.S. government contracts, which composes only 3% of revenue, the company has otherwise been generating positive cash flow.

The company gets polluted soil from Superfund sites and they clean the soil of the pollutants and return the cleaned soil.

Technicals**Dividend?**

Dividend yield is 0.00%.

Price to Book

Price to book is 1.04. Price to book excluding intangibles is 1.01.

Cashflow Generation

Cashflows are \$14.0 MM from operating cashflow.

Capex is \$0 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$14 MM.

52.3% EBITA margin and FCF/EV yield is 256.8%.

The company has \$60 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 19.6%, and ROC is 23.3%.

Bankruptcy Risk

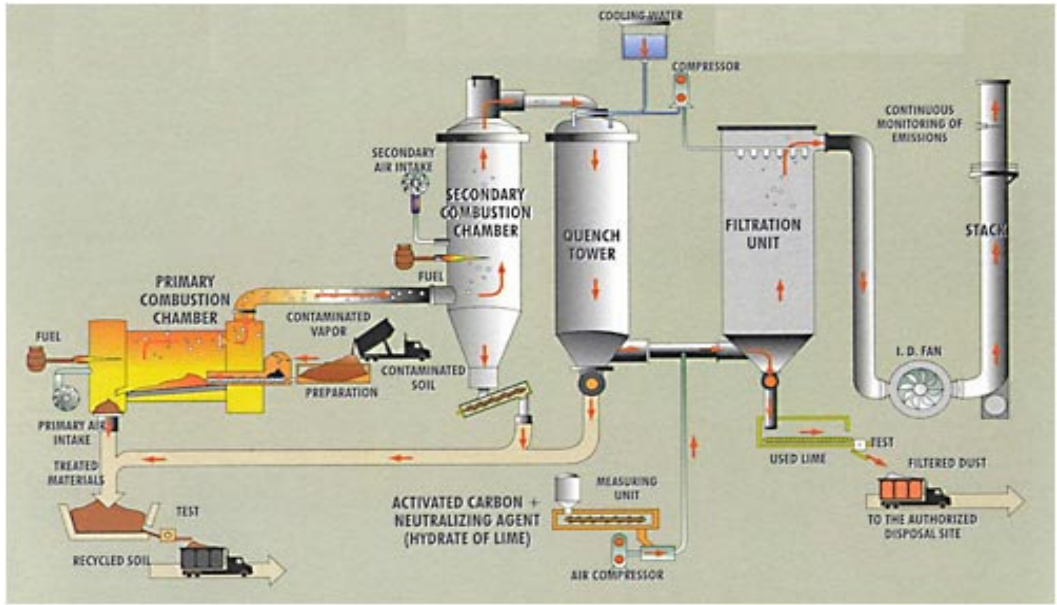
Altman Z is at 5.42.

LBO?

We don't believe a 60% debt/40% equity would be sustainable.

Price

We are forecasting a \$5.25/share in Year 5, or a 213.5% holding return, or 25.7% annual return. Thus, the 1 year forecasted price is \$2.10.



Source: Bennett Website

Bennett Environmental Inc. (BEI) is a Canada-based company. The Company is engaged in the business of using thermal oxidation to remediate contaminated soil and contaminated construction debris. The Company owns and operates a remediation facility located in Saint Ambroise, Québec and owns an idle remediation facility in Belledune, New Brunswick. The Company markets its remediation services throughout Canada and the United States.

| | | | | | | |
|--------------------------------------|------------------|---|------------------|---------------------------------|----------------------------|-----------------|
| Company Name: | | Bennett Environmental Inc | | | Income Statement | |
| Ticker Symbol: | BEVFF | Market Capitalization: | \$64,725,862.80 | Revenue: | \$0.00 | 100.0% |
| Last Price: | \$1.68 | Total Debt: | \$850,000.00 | Cost of Goods Sold: | #VALUE! | #VALUE! |
| Net Cash/Share: | \$1.53 | Total Cash: | \$60,030,000.00 | Gross Profit: | #VALUE! | #VALUE! |
| Net Cash to Last Price: | 91.43% | Net Cash/(Debt): | \$59,180,000.00 | EBITDA: | -\$7,990,000.00 | #DIV/0! |
| Shares Outstanding: | 38,640,000 | Enterprise Value: | \$5,545,862.80 | Net Income: | -\$10,650,000.00 | #DIV/0! |
| Industry: | Waste Management | Current EV/Share: | \$0.14 | | | |
| Sector: | Industrials | EBITDA: | \$19,190,000.00 | Balance Sheet | | |
| | | EV/EBITDA Multiple: | 0.29 | Cash: | \$64,990,000.00 | |
| | | EV/EBITDA Multiple Average Year 1-5: | 0.28 | Short Term Investment: | \$0.00 | |
| | | EV/FCF Multiple: | 0.23 | A/R: | \$130,000.00 | |
| | | EV/FCF Multiple Average Year 1-5: | 0.39 | PP&E: | \$10,000,000.00 | |
| | | Upper Range | | | Assets: | \$73,480,000.00 |
| | | DCF: EV/EBITDA Terminal Value | | | A/P: | \$0.00 |
| | | Implied TV from 3 X EV/EBITDA Multiple | \$68,798,595.77 | Deferred Tax: | \$0.00 | |
| | | Enterprise Value | \$68,798,595.77 | Other Liabilities: | \$8,730,000.00 | |
| | | Cash at Year 5: | \$131,248,531.73 | Short term Debt: | \$800,000.00 | |
| | | Debt at Year 5: | \$1,810,000.00 | Long Term Debt: | \$50,000.00 | |
| | | Equity Value Year 5: | \$198,237,127.50 | Liabilities: | \$9,580,000.00 | |
| | | Equity/Share at Year 5: | \$5.13 | Retained Earnings: | -\$42,150,000.00 | |
| | | Annualized Return: | 25.09% | Paid-In Capital: | \$103,920,000.00 | |
| | | Lower Range | | | Treasury Stock: | \$0.00 |
| | | DCF: Net Tangible Asset excluding Cash/Debt Terminal Value | | | Stockholder's Equity: | \$61,770,000.00 |
| | | Year 5 Net Tangible Assets excluding cash and debt | \$9,150,000.00 | Cash Flow | | |
| | | Enterprise Value | \$9,150,000.00 | Net Income: | 14,400,000.00 | |
| | | Cash at Year 5: | \$131,248,531.73 | Depreciation/Amortization: | 1,060,000.00 | |
| | | Debt at Year 5: | \$1,810,000.00 | Change in Working capital: | 3,500,000.00 | |
| | | Equity Value Year 5: | \$138,588,531.73 | Cash from Operating Activities: | 23,230,000.00 | |
| | | Equity/Share at Year 5: | \$3.59 | Capital Expenditures: | -250,000.00 | |
| | | Annualized Return: | 16.45% | Cash from Investing Activities: | 630,000.00 | |
| | | EVA | | | Total Cash Dividends Paid: | 0.00 |
| | | EVA today: | \$71,255,217.62 | Issuance (Retirement) of Stock: | 23,990,000.00 | |
| | | EVA in 5 Years: | \$101,207,030.32 | Issuance (Retirement) of Debt: | -500,000.00 | |
| | | EVA/Share: | \$2.62 | Cash from Financing Activities: | 23,490,000.00 | |
| | | Cash at Year 5: | \$131,248,531.73 | Profitability Margins | | |
| | | Debt at Year 5: | \$1,810,000.00 | Debt to Equity: | 1.38% | |
| | | Equity Value Year 5: | \$230,645,562.05 | Return on Assets: | 19.60% | |
| | | Equity/Share at Year 5: | \$5.97 | Return on Capital: | 23.00% | |
| | | Annualized return | 7.27% | Return on Equity: | 23.31% | |
| | | Current Net Tangible Asset | | | | |
| | | Net Tangible Asset/Share: | \$1.65 | | | |
| | | Net Tangible Asset/Share in Year 5: | \$3.31 | | | |
| | | Annualized return | 14.91% | | | |
| | | Current Equity Price: | \$1.68 | | | |
| | | Selling at Discount? | Premium | | | |
| | | Appreciation Potential: | -1.28% | | | |
| | | Dividend Model | | | | |
| | | Next Year Dividend | #VALUE! | | | |
| | | WACC: | 9.92% | | | |
| | | Dividend: | #VALUE! | | | |
| | | Net Income: | -\$10,650,000.00 | | | |
| Technicals | | | | | | |
| 52 week low: | \$1.55 | | | | | |
| Today from 52 week low: | 8.07% | | | | | |
| 52 week high: | \$2.74 | | | | | |
| Today from 52 week high: | 63.57% | | | | | |
| 50 day Moving Average: | \$1.72 | | | | | |
| 200 day Moving Average: | \$1.97 | | | | | |
| Analyst/Consensus | | | | | | |
| Analyst Sales Growth FY1: | N/A | | | | | |
| Analyst Sales Growth FY2: | N/A | | | | | |
| SN Valuation Estimate FY1: | 5.00% | | | | | |
| SN Valuation Estimate FY2: | 5.00% | | | | | |
| Analyst Earnings Estimate | | | | | | |
| Analyst Earnings Estimate FY1: | N/A | | | | | |
| Analyst Earnings Estimate FY2: | N/A | | | | | |
| SN Valuation Earnings Est. FY1: | \$0.30 | | | | | |
| SN Valuation Earnings Est. FY2: | \$0.32 | | | | | |
| Multiples | | | | | | |
| Market Value to Book: | 1.05 | | | | | |
| EV to Book: | 0.09 | | | | | |
| Market Value to Tangible Net Assets: | 9.84 | | | | | |
| P/E Ratio: | -6.08 | | | | | |
| Trailing P/E Ratio: | N/A | | | | | |
| Forward P/E Ratio: | N/A | | | | | |
| Beta: | 0.83 | | | | | |
| Dividend: | Error | | | | | |
| Dividend Yield: | Error | | | | | |
| Dividend Date: | N/A | | | | | |
| Ex-Dividend Date: | N/A | | | | | |
| Competitors | | | | | | |
| Average EV to EBITDA: | N/A | | | | | |
| Company EV to EBITDA: | 0.29 | | | | | |
| Average EV to EBIT: | N/A | | | | | |
| Company EV to EBITA: | 0.32 | | | | | |

SN VALUATION

LBO Analysis

| | | | | | | | |
|---|----------------|------------------------------------|-------------|------------------------------------|-------------------------|------------------------------|---------------|
| WACC Terminal Value: | N/A | Intrinsic Price in 5 Years: | 5.25 | Non-LBO Forecast | Non-LBO Forecast | Desired Return Rate | 20.00% |
| EV/EBITDA with 3X Multiple Terminal Value: | \$5.13 | Market Price: | 1.68 | Year 1 Target | 2.11 | Implied Today's Price | 2.11 |
| Net Tangible Asset Terminal Value: | \$3.59 | LBO Price: | 1.68 | Year 2 Target | 2.65 | Overvalued/(Undervalued) | -20.62% |
| EV/EBITDA with Today's Multiple Terminal Value: | \$6.32 | Premium to Market Price: | 0.00% | Year 3 Target | 3.32 | | |
| EVA Enterprise Value: | \$5.97 | LBO Price/Intrinsic Price Target: | 25.67% | Year 4 Target | 4.18 | | |
| Dividend Discount Model: | #VALUE! | LBO Price/EV/EBIT Exit Price: | 29.39% | Year 5 Target | 5.25 | | |
| Average (Excluding Dividend Discount): | \$5.25 | Implied IRR at today's EV/EBITDA: | 30.41% | Implied IRR (Market Price): | 25.67% | | |
| | | 5 Year Return: | 213.47% | | | | |

| Current Evaluation | | | | Exit Evaluation | | | |
|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| Current Market Price: | 1.68 | LBO Price: | 1.68 | Exit Price: | 5.25 | Exit Price: | 6.32 |
| Outstanding Shares: | 38,640,000 | Outstanding Shares: | 38,640,000 | Outstanding Shares: | 38,640,000 | Outstanding Shares: | 38,640,000 |
| Market Capitalization: | 64,725,863 | Market Capitalization: | 64,725,863 | Market Capitalization: | 202,893,520 | Market Capitalization: | 244,102,858 |
| Available Cash: | 60,030,000 | Available Cash: | 60,030,000 | Available Cash: | 131,248,532 | Available Cash: | 131,248,532 |
| Debt: | 850,000 | Debt: | 850,000 | Debt: | 1,810,000 | Debt: | 1,810,000 |
| Net Cash: | 59,180,000 | Net Cash: | 59,180,000 | Net Cash: | 129,438,532 | Net Cash: | 129,438,532 |
| Enterprise Value: | 5,545,863 | Enterprise Value: | 5,545,863 | Enterprise Value: | 73,454,988 | Enterprise Value: | 114,664,326 |
| Original EV/EBITDA: | 0.32 | EV/EBITDA: | 0.32 | EV/EBITDA at 5 Years: | 3.51 | EV/EBITDA at 5 Years: | 5.00 |
| Original EV/EBITDA: | 0.29 | EV/EBITDA: | 0.31 | EV/EBITDA at 5 Years: | 4.66 | EV/EBITDA at 5 Years: | 5.15 |
| Competitor Average EV/EBIT: | N/A | | | | | | |
| Competitor Average EV/EBITDA: | N/A | | | | | | |

| Enterprise Valuation Calculation During Holding Period | | | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Time Period | 0 | Adjusted for LBO | 1 | 2 | 3 | 4 | 5 |
| Annualized Price Targets based off LBO Price: | 1.68 | 1.68 | 2.11 | 2.65 | 3.32 | 4.18 | 5.25 |
| Shares Outstanding: | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 |
| Market Capitalization: | 64,725,863 | 64,725,863 | 81,342,200 | 102,224,261 | 128,467,137 | 161,447,049 | 202,893,520 |
| Available Cash: | 60,030,000 | 60,030,000 | 72,827,817 | 86,313,325 | 100,520,911 | 115,486,677 | 131,248,532 |
| Debt: | 850,000 | 850,000 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 |
| Net Cash: | 59,180,000 | 59,180,000 | 71,017,817 | 84,503,325 | 98,710,911 | 113,676,677 | 129,438,532 |
| Enterprise Value: | 5,545,863 | 5,545,863 | 10,324,383 | 17,720,935 | 29,756,226 | 47,770,372 | 73,454,988 |
| EBIT | 17,090,000 | 17,090,000 | 16,866,925 | 17,810,271 | 18,800,785 | 19,840,824 | 20,932,865 |
| EV/EBIT: | 0.32 | 0.32 | 0.61 | 0.99 | 1.58 | 2.41 | 3.51 |
| EBITDA | 18,150,000 | 18,150,000 | 17,979,925 | 18,978,921 | 20,027,867 | 21,129,261 | 22,285,724 |
| EV/EBITDA: | 0.31 | 0.31 | 0.57 | 0.93 | 1.49 | 2.26 | 3.30 |

| Enterprise Valuation Calculation During Holding Period | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Time Period | 0 | Adjusted for LBO | 1 | 2 | 3 | 4 | 5 |
| Annualized Price Targets based off LBO Price: | 1.68 | 1.68 | 1.98 | 2.34 | 2.71 | 3.11 | 3.53 |
| Shares Outstanding: | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 | 38,640,000 |
| Market Capitalization: | 64,725,863 | 64,725,863 | 76,491,290 | 90,282,923 | 104,811,939 | 120,115,207 | 136,231,440 |
| Available Cash: | 60,030,000 | 60,030,000 | 72,827,817 | 86,313,325 | 100,520,911 | 115,486,677 | 131,248,532 |
| Debt: | 850,000 | 850,000 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 |
| Net Cash: | 59,180,000 | 59,180,000 | 71,017,817 | 84,503,325 | 98,710,911 | 113,676,677 | 129,438,532 |
| Enterprise Value: | 5,545,863 | 5,545,863 | 5,473,473 | 5,779,597 | 6,101,028 | 6,438,531 | 6,792,908 |
| EBIT | 17,090,000 | 17,090,000 | 16,866,925 | 17,810,271 | 18,800,785 | 19,840,824 | 20,932,865 |
| EV/EBIT: | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 |
| EBITDA | 18,150,000 | 18,150,000 | 17,979,925 | 18,978,921 | 20,027,867 | 21,129,261 | 22,285,724 |
| EV/EBITDA: | 0.31 | 0.31 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |

| | | | | | | | |
|------------------------------|-------------------|-----------------------------|-------------------|-----------|----------------|---|---------------|
| LBO Price | 1.68 | Equity Partners: | 67,295,863 | Weighting | 100.00% | Annualized Return for Equity Partners: | 29.39% |
| Shares Outstanding | 38,640,000 | Debt Partners: | 0 | | 0.00% | | |
| Market Capitalization | 64,725,863 | Total Funds for LBO: | 67,295,863 | | 100.00% | | |
| Debt | 2,570,000 | | | | | | |
| Cash | 60,030,000 | | | | | | |
| Enterprise Value | 7,265,863 | | | | | | |
| Capital Investment | 67,295,863 | | | | | | |

| | | | | | | | |
|--------------------------|---------------|----------------------------|---------------|--------------------------|---------------|-----------------------|---------|
| Book Value | | Enterprise Value | | Stock Valuation | | Debt Reduction | |
| Beginning Book Value | 61.77 | Beginning Enterprise Value | 5.55 | Current Market Price | \$1.68 | Starting Debt | 0.00 |
| Year 5 Book Value | 126.84 | Year 5 Enterprise Value | 114.66 | Year 5 Market Price | \$6.32 | Debt Repayment | 0.00 |
| Annualized Return | 15.48% | Annualized Return | 83.27% | Annualized Return | 30.41% | Year 5 Ending Debt | 0.16 |
| | | | | | | % of Starting Debt | #DIV/0! |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Bennett Environmental Inc

Ticker:

BEVFF

| | Historical | | | | Forecasted | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------|---------|---------|---------|---------|
| | 12 months ending 2007-12-31 | 12 months ending 2008-12-31 | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenue | 11.29 | 8.29 | 28.06 | 32.67 | 34.30 | 36.02 | 37.82 | 39.71 | 41.70 |
| COGS | 8.95 | 5.24 | 10.10 | 8.50 | 8.92 | 9.36 | 9.83 | 10.32 | 10.84 |
| Gross margin | 2.34 | 3.05 | 17.96 | 24.17 | 25.38 | 26.65 | 27.99 | 29.39 | 30.86 |
| SG&A | 7.63 | 5.47 | 4.59 | 6.04 | 6.52 | 6.84 | 7.19 | 7.55 | 7.92 |
| R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unusual expense | 7.61 | -0.31 | 0.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other operating expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation is: Included within COGS | 3.04 | 2.47 | 1.87 | 1.04 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Operating Income (EBITA) | -16.14 | -4.58 | 11.17 | 17.09 | 16.87 | 17.81 | 18.80 | 19.84 | 20.93 |
| Interest income/(expense) | 0.11 | 0.00 | 0.00 | -0.46 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 |
| Gain (loss) on sale of asset | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other | 0.37 | 0.36 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income before tax | -15.66 | -4.22 | 11.47 | 16.63 | 17.44 | 18.38 | 19.37 | 20.41 | 21.51 |
| Tax | -0.04 | 0.07 | -3.84 | 2.23 | 5.76 | 6.07 | 6.39 | 6.74 | 7.10 |
| Income after tax | -15.62 | -4.29 | 15.31 | 14.40 | 11.68 | 12.32 | 12.98 | 13.68 | 14.41 |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity in affiliates | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income | -15.62 | -4.29 | 15.31 | 14.40 | 11.68 | 12.32 | 12.98 | 13.68 | 14.41 |
| *Figures are in millions (\$) | | | | | | | | | |
| EPS (based off today's share count) | -\$0.40 | -\$0.11 | \$0.40 | \$0.37 | \$0.30 | \$0.32 | \$0.34 | \$0.35 | \$0.37 |
| P/E (historical today's price; forecasted intrinsic price) | -4.14 | -15.09 | 4.23 | 4.49 | 6.96 | 8.30 | 9.90 | 11.80 | 14.08 |
| Revenue Growth | N/A | -26.57% | 238.48% | 16.43% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Tax Rate | 0.26% | -1.66% | -33.46% | 13.41% | 33.00% | 33.00% | 33.00% | 33.00% | 33.00% |
| Implied Debt Interest Rate | 5.00% | 0.00% | 0.00% | -17.90% | NA | 358.19% | 358.19% | 358.19% | 358.19% |
| Margins | | | | | | | | | |
| COGS | 79.27% | 63.21% | 35.99% | 26.02% | 26.00% | 26.00% | 26.00% | 26.00% | 26.00% |
| Gross margin | 20.73% | 36.79% | 64.01% | 73.98% | 74.00% | 74.00% | 74.00% | 74.00% | 74.00% |
| SG&A | 69.35% | 65.98% | 16.36% | 18.49% | 19.00% | 19.00% | 19.00% | 19.00% | 19.00% |
| R&D | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unusual expense | 67.40% | -3.74% | 1.18% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other operating expense | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Depreciation is: Included within COGS | 26.93% | 29.79% | 6.66% | 3.18% | 5.83% | 5.55% | 5.29% | 5.04% | 4.80% |
| Operating Income (EBITA) | -142.96% | -55.25% | 39.81% | 52.31% | 49.17% | 49.45% | 49.71% | 49.96% | 50.20% |
| Interest income/(expense) | 0.97% | 0.00% | 0.00% | -1.41% | 1.67% | 1.59% | 1.52% | 1.44% | 1.37% |
| Gain (loss) on sale of asset | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other | 3.28% | 4.34% | 1.07% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income before tax | -138.71% | -50.90% | 40.88% | 50.90% | 50.84% | 51.04% | 51.23% | 51.41% | 51.58% |
| Tax | -0.35% | 0.84% | -13.68% | 6.83% | 16.78% | 16.84% | 16.90% | 16.96% | 17.02% |
| Income after tax | -138.35% | -51.75% | 54.56% | 44.08% | 34.06% | 35.51% | 37.84% | 39.87% | 42.00% |
| Minority Interest | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Equity in affiliates | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Net income | -138.35% | -51.75% | 54.56% | 44.08% | 34.06% | 34.20% | 34.32% | 34.44% | 34.56% |

SN VALUATION

LBO Adjusted Proforma Balance Sheet

| | | | | | | Adjustment | | Adjusted Proforma | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------------------|------------------|------------------|------------------|------------------|-------------|-------------|-------------------|--------------|--------------|---------------|---------------|---------------|
| | As of 2007-12-31 | As of 2008-12-31 | As of 2009-12-31 | As of 2010-12-31 | As of 2011-09-30 | + | - | | | | | | |
| Cash | 3.91 | 2.60 | 17.65 | 64.99 | 64.99 | | | 60.03 | 72.83 | 86.31 | 100.52 | 115.49 | 131.25 |
| Short term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash and Short term | 3.91 | 2.60 | 17.65 | 64.99 | 60.03 | | | 60.03 | 72.83 | 86.31 | 100.52 | 115.49 | 131.25 |
| Accounts Receivable | 4.11 | 7.41 | 26.69 | 0.32 | 0.13 | | | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| Other receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Receivables | 4.11 | 7.41 | 26.69 | 0.32 | 0.13 | | | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| Total Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 0.54 | 0.70 | 0.45 | 0.56 | 0.52 | | | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 |
| Other Current Assets | 2.61 | 1.90 | 4.78 | 3.35 | 2.80 | | | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 |
| Current Assets | 11.17 | 12.61 | 49.57 | 69.22 | 63.48 | 0.00 | 0.00 | 63.48 | 76.28 | 89.76 | 103.97 | 118.94 | 134.70 |
| PP&E, Gross | 33.93 | 29.23 | 30.00 | 30.00 | 30.00 | | | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Change in Depreciation | | 2.18 | 1.86 | 1.06 | 1.06 | | | 1.06 | 1.11 | 1.17 | 1.23 | 1.29 | 1.35 |
| Accumulated Depreciation | 18.69 | 19.57 | 20.00 | 20.00 | 20.00 | | | 20.00 | 21.11 | 22.28 | 23.51 | 24.80 | 26.15 |
| PP&E, Net | 15.24 | 9.66 | 10.00 | 10.00 | 10.00 | | | 10.00 | 8.89 | 7.72 | 6.49 | 5.20 | 3.85 |
| Goodwill | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Intangibles | 0.33 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long term investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other long term assets | 4.68 | 3.01 | 2.68 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long Term Assets | 20.25 | 12.67 | 12.68 | 10.00 | 10.00 | | | 10.00 | 8.89 | 7.72 | 6.49 | 5.20 | 3.85 |
| Total Assets | 31.42 | 25.28 | 62.25 | 79.22 | 73.48 | 0.00 | 0.00 | 73.48 | 85.16 | 97.48 | 110.46 | 124.14 | 138.55 |
| Accounts Payable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrued Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other current Liabilities | 3.85 | 4.09 | 9.85 | 4.34 | 8.03 | | | 8.03 | 8.03 | 8.03 | 8.03 | 8.03 | 8.03 |
| Total Current Liabilities | 3.85 | 4.09 | 9.85 | 4.34 | 8.03 | 0.00 | 0.00 | 8.03 | 8.03 | 8.03 | 8.03 | 8.03 | 8.03 |
| Notes Payables/Short Term Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| Current port. Of LT Debt/Capital Leases | 2.20 | 1.02 | 0.70 | 2.41 | 0.80 | | | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| Long term Debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 |
| Capital Lease Obligations | 0.00 | 0.00 | 0.23 | 0.16 | 0.05 | | | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| Total Interest Earning Debt | 2.20 | 1.02 | 0.93 | 2.57 | 0.85 | 0.00 | 0.00 | 0.85 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 |
| Deferred Income tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other liabilities | 2.07 | 3.46 | 2.91 | 0.74 | 0.70 | | | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 |
| Total Liabilities | 8.12 | 8.57 | 13.69 | 7.65 | 9.58 | 0.00 | 0.00 | 9.58 | 10.54 | 10.54 | 10.54 | 10.54 | 10.54 |
| Redeemable Preferred Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-redeemable Preferred Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Common Stock | 71.73 | 71.73 | 71.95 | 93.36 | 96.89 | | 0.00 | 96.89 | 96.89 | 96.89 | 96.89 | 96.89 | 96.89 |
| Additional Paid-in capital | 4.43 | 4.51 | 4.67 | 7.57 | 7.03 | 0.00 | 0.00 | 7.03 | 7.03 | 7.03 | 7.03 | 7.03 | 7.03 |
| Dividends Paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Retained Earnings | -59.08 | -63.71 | -48.40 | -32.16 | -42.15 | | 0.00 | -42.15 | -30.47 | -18.15 | -5.17 | 8.51 | 22.92 |
| Treasury Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Equity | 17.08 | 12.53 | 28.22 | 68.77 | 61.77 | 0.00 | 0.00 | 61.77 | 73.45 | 85.77 | 98.75 | 112.43 | 126.84 |
| Liability + Equity | 25.20 | 21.10 | 41.91 | 76.42 | 71.35 | 0.00 | 0.00 | 71.35 | 83.99 | 96.31 | 109.29 | 122.97 | 137.38 |
| Variance | 6.22 | 4.18 | 20.34 | 2.80 | 2.13 | | | 2.13 | 1.17 | 1.17 | 1.17 | 1.17 | 1.17 |
| Debt/Equity | 0.13 | 0.08 | 0.03 | 0.04 | 0.01 | | | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.01 |
| Inventory Turnover | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Inventory Turnover Days | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Days Inventory Outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable Turnover | 2.75 | 1.12 | 1.05 | 102.09 | 263.87 | | | 251.31 | 263.87 | 277.07 | 290.92 | 305.47 | 320.74 |
| Accounts Receivable Turnover Days | 132.87 | 326.25 | 347.18 | 3.58 | 1.38 | | | 1.45 | 1.38 | 1.32 | 1.25 | 1.19 | 1.14 |
| Days Payable Outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Days Sales Outstanding | 132.87 | 326.25 | 347.18 | 3.58 | 1.38 | | | 3.58 | 1.45 | 1.38 | 1.32 | 1.25 | 1.19 |
| Cash Conversion Cycle | 132.87 | 326.25 | 347.18 | 3.58 | 1.38 | | | 3.58 | 1.45 | 1.38 | 1.32 | 1.25 | 1.19 |

SN VALUATION

LBO Adjusted Proforma Cash Flow

| | 12 months ending 2007-12-31 | 12 months ending 2008-12-31 | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Income | -15.62 | -4.29 | 15.31 | 14.40 | 11.68 | 12.32 | 12.98 | 13.68 | 14.41 |
| Depreciation | 2.69 | 2.18 | 1.86 | 1.06 | 1.11 | 1.17 | 1.23 | 1.29 | 1.35 |
| Net Income + Depreciation | -12.93 | -2.11 | 17.17 | 15.46 | 12.80 | 13.49 | 14.21 | 14.97 | 15.76 |
| Amortization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred Taxes | -0.03 | 0.00 | -3.92 | 3.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Cash Items | 7.66 | 1.47 | 0.15 | 0.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Change in Working capital | 2.93 | 0.09 | 1.90 | 3.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable | 0.00 | -3.30 | -19.28 | 26.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 0.00 | -0.16 | 0.25 | -0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Payable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Operating Activities | -2.37 | -0.55 | 15.30 | 23.23 | 12.80 | 13.49 | 14.21 | 14.97 | 15.76 |
| Capital Expenditures Expenditures | -0.01 | 0.00 | -0.54 | -0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Investing Activities | -0.67 | -0.75 | 0.93 | 0.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Investing Activities | -0.68 | -0.75 | 0.39 | 0.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financing Cash flow items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Cash Dividends Paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Stock | 3.92 | 0.00 | 0.12 | 23.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Current Portion Debt | - | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Long Term Debt | 0.00 | 0.00 | -0.76 | -0.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Financing Activities | 3.92 | 0.00 | -0.64 | 23.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Foreign Exchange effect | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Beginning Cash Balance | 3.05 | 3.91 | 2.60 | 17.65 | 60.03 | 72.83 | 86.31 | 100.52 | 115.49 |
| Net Change in Cash | 0.86 | -1.31 | 15.04 | 47.35 | 12.80 | 13.49 | 14.21 | 14.97 | 15.76 |
| Ending Cash Balance | 3.91 | 2.60 | 17.64 | 65.00 | 72.83 | 86.31 | 100.52 | 115.49 | 131.25 |
| Capex to Revenue | 0.09% | 0.00% | 1.92% | 0.77% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Depreciation to Sales | 23.83% | 26.30% | 6.63% | 3.24% | 3.24% | 3.24% | 3.24% | 3.24% | 3.24% |
| Amortization to Sales | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| A/R to Sales | 36.40% | 89.38% | 95.12% | 0.98% | 0.93% | 0.89% | 0.85% | 0.81% | 0.77% |
| Distributable FCF Yield | -55.00% | -23.44% | 282.91% | 430.41% | 230.76% | 243.16% | 256.18% | 269.85% | 284.21% |
| Dividend Yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| FCF (Ops-Investing-Dividends) | -3.05 | -1.30 | 15.69 | 23.87 | 12.80 | 13.49 | 14.21 | 14.97 | 15.76 |

SN VALUATION

LBO Debt Schedule

| | Proforma | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------|----------------|-----------------|-----------------|-----------------|-----------------|
| Net Change in Cash | 47.35 | 12.80 | 13.49 | 14.21 | 14.97 | 15.76 |
| Current Portion Debt Repayment | | | | | | |
| Long Term Debt Repayment | | | | | | |
| Outstanding Debt | 0.96 | 0.96 | 0.96 | 0.96 | 0.96 | 0.96 |
| Current Portion Debt Balance | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| Long Term Debt Balance | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 |
| Forward Libor Curve | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Spread | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Interest Rate | | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Interest Expense | | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |
| Cash Balance | | 64.99 | | | | |
| Interest @ 1.0% | | 0.65 | 0.65 | 0.65 | 0.65 | 0.65 |
| Net Interest Expense/(Income) | | (0.57) | (0.57) | (0.57) | (0.57) | (0.57) |
| Net Interest Rate | | #DIV/0! | -358.19% | -358.19% | -358.19% | -358.19% |
| EBITDA | | 16.87 | 17.81 | 18.80 | 19.84 | 20.93 |
| EBITDA/Interest Expense Coverage | | 219.62 | 231.90 | 244.80 | 258.34 | 272.56 |

Interest Rate Coverage Table

| Debt Rating | | | | | |
|-------------|-----|-----|-----|-----|-----|
| AAA | AAA | AAA | AAA | AAA | AAA |
| AA | | | | | |
| A+ | | | | | |
| A | | | | | |
| A- | | | | | |
| BBB | | | | | |
| BB+ | | | | | |
| BB | | | | | |
| B+ | | | | | |
| B | | | | | |
| B- | | | | | |
| CCC | | | | | |
| CC | | | | | |
| C | | | | | |
| D | | | | | |

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Bennett Environmental Inc

Ticker:

BEVFF

| Period | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Working Capital | 7.32 | 8.52 | 39.72 | 55.45 | 68.25 | 81.73 | 95.94 | 110.91 | 126.67 |
| Total Assets | 31.42 | 25.28 | 62.25 | 73.48 | 85.16 | 97.48 | 110.46 | 124.14 | 138.55 |
| X1 | 0.23 | 0.34 | 0.64 | 0.75 | 0.80 | 0.84 | 0.87 | 0.89 | 0.91 |
| Retained Earnings | -59.08 | -63.71 | -48.40 | -42.15 | -30.47 | -18.15 | -5.17 | 8.51 | 22.92 |
| Total Assets | 31.42 | 25.28 | 62.25 | 73.48 | 85.16 | 97.48 | 110.46 | 124.14 | 138.55 |
| X2 | -1.88 | -2.52 | -0.78 | -0.57 | -0.36 | -0.19 | -0.05 | 0.07 | 0.17 |
| EBITDA | -13.10 | -2.11 | 13.04 | 18.13 | 18.87 | 19.81 | 20.80 | 21.84 | 22.93 |
| Total Assets | 31.42 | 25.28 | 62.25 | 73.48 | 85.16 | 97.48 | 110.46 | 124.14 | 138.55 |
| X3 | -0.42 | -0.08 | 0.21 | 0.25 | 0.22 | 0.20 | 0.19 | 0.18 | 0.17 |
| Market Value of Equity | 64.73 | 64.73 | 64.73 | 64.73 | 81.34 | 102.22 | 128.47 | 161.45 | 202.89 |
| Total Liabilities | 8.12 | 8.57 | 13.69 | 9.58 | 10.54 | 10.54 | 10.54 | 10.54 | 10.54 |
| X4 | 7.97 | 7.55 | 4.73 | 6.76 | 7.72 | 9.70 | 12.19 | 15.32 | 19.25 |
| Net Sales | 11.29 | 8.29 | 28.06 | 32.67 | 34.30 | 36.02 | 37.82 | 39.71 | 41.70 |
| Total Assets | 31.42 | 25.28 | 62.25 | 73.48 | 85.16 | 97.48 | 110.46 | 124.14 | 138.55 |
| X5 | 0.36 | 0.33 | 0.45 | 0.44 | 0.40 | 0.37 | 0.34 | 0.32 | 0.30 |
| Altman Z Score | 1.41 | 1.46 | 3.66 | 5.42 | 6.23 | 7.60 | 9.25 | 11.26 | 13.73 |

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red