The full Global Competitor Analysis report includes 23 profiles of the top Environmental Consulting firms.

This sample report contains one sample profile only.
Environmental Resources Management (ERM)

CONTACTS
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Global HQ: 2nd Floor, Exchequer Court, St Mary’s Axe, London EC3A 8AA, UK
Tel: +44 (0)20 3206 5200 Fax: +44 (0)20 3206 5440
Directors: Keryn James (Global CEO)
John Alexander (Chairman)
Ownership: Private (partnership model with c60% private equity stake held by Omers Private Equity/AimCo and c40% by ERM staff
Founded: 1971 (UK)

VITAL STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of group turnover in environmental consulting</td>
<td>100.0%</td>
<td>100.0%</td>
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</tr>
<tr>
<td>Turnover (gross), group*</td>
<td>US$945.5m</td>
<td>US$888.0m</td>
<td>US$875.6m</td>
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<tr>
<td>Turnover 3-year growth, group</td>
<td>18.4%</td>
<td>-3.7%</td>
<td>-6.8%</td>
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</tr>
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<td>Turnover, environmental services (including EC)</td>
<td>US$945.5m</td>
<td>US$888.0m</td>
<td>US$875.6m</td>
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<td>Turnover, environmental consulting (as defined by EA)</td>
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</tr>
<tr>
<td>Operating profit (EBITA), group</td>
<td>US$112.0m</td>
<td>US$98.2m</td>
<td>US$91.2m</td>
<td>US$91.2m</td>
</tr>
<tr>
<td>Operating margin, group (% of gross turnover)</td>
<td>11.8%</td>
<td>11.1%</td>
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</tr>
<tr>
<td>Staff, group (average for the year, FTEs)</td>
<td>4,716</td>
<td>4,650</td>
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<tr>
<td>Turnover per head, environmental</td>
<td>US$200.5k</td>
<td>US$191.8k</td>
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<td>Turnover per head, environmental consulting</td>
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</tr>
<tr>
<td>Contracts, environmental services (EA estimate)</td>
<td>19,750</td>
<td>19,750</td>
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<td>19,750</td>
</tr>
<tr>
<td>Average contract value, environmental services</td>
<td>US$47.9k</td>
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</tr>
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</table>

GLOBAL REVENUE BREAKDOWN

- Environmental consultancy (EC) 100%

GLOBAL EC REVENUE BREAKDOWN

- Environmental management, compliance and due diligence 37%
- Other 11%
GEROSPHICAL FOOTPRINT

ERM has c160 offices in 40 countries; the global business is organised around four major regions:

North America (1,955 environmental staff)
- North America is ERM's largest market, driven by "large numbers" of projects relating to unconventional gas extraction.
- Region's footprint has been boosted in recent years via several niche bolt-on M&As (inc. IRC Risk and Safety, Environmental Inc; Rescan; NRG; rePlan, MP&A, BrownFlynn)
- Recent projects: study (with PD Consulting Environment) on potential environmental impacts of used automotive American Petroleum Institute (API); environmental permitting and environmental impact report for Pacific Light Cable Network (PLCN) linking Los Angeles and Hong Kong; supporting development of 150MW wind energy and coal mine in West Virginia, US
- Acquired Michael Piscitelli & Associates, Inc. an environmental consultancy focused on clients of BrownFlynn Ltd, a US corporate sustainability and governance consulting business based in CA

Latin America and Caribbean (428 environmental staff)
- Offices in Argentina, Brazil, Colombia, Guyana, Mexico, Panama, Peru, Puerto Rico and Venezuela.
- Rescan acquisition brought new opportunities for growth in Latin American regions.
- Demand for regulatory services linked to country's 'booming O&G sector' in 2017.
- Recent projects: ESIA for proposed trans-oceanic canal across Nicaragua that baseline surveys offshore in Salinas and Perdido basin completed by marine third-party validation of projects against Dow Climate Solutions Framework for mitigation of Rio 2016 Olympic Games' owned and associated carbon for French agency (SENACEN) to develop a benchmarking study of environmental to mining and energy sectors to inform environmental licensing procedures.

Europe, Middle-East and Africa (EMEA) (1,184 environmental staff)
- The UK (360 staff/8 offices) is ERM's second biggest market (inc High Speed 2 rail link). Winding down of these contracts but was partially offset by work in contaminated land and renewables have since recovered and FY17/18 also saw acquisition of Norwegian oilfield safety specialist Sensus.
- Chemicals sector presence was boosted by 2015/16 with framework, and reinforced by addition of UK chemical upstream.
- Mozambique office opened in 2013 to meet demand in African Portuguese-speaking countries; Added to ERM network.
- Recent projects: ESIA for Rio Tinto's lithium components of feasibility study for 100MW Norconsult and HDR; ESIA, among others.

Asia-Pacific (836 environmental staff)
- ERM's 3rd largest market globally.
- Infrastructure-related work is strong, particularly for clean air & noise, contaminated land and waste.
- ERM entered China in 2009; has four offices in China now has c80 staff in total.
- Additional offices in Hong Kong, 2013.
- New offices opened in countries in conjunction with clients.

NB Geographical footprint is c160 offices in 40 countries. Environment-related work is strong, particularly for clean air & noise, contaminated land and waste. ERM entered China in 2009; has four offices in China now has c80 staff in total. Additional offices in Hong Kong, 2013. New offices opened in countries in conjunction with clients.
Key services
Internally, services are organised around 5 business lines - sustainability and climate change, impact assessment and planning, performance and assurance, transaction services and contaminated site management. Niche environmental services outside of core consultancy include certification and verification (CVS) and information solutions.

Key global clients
Apple, AzkoNobel, BP, Chevron, Dow Chemical, Exxon, Honeywell, Johnson & Johnson, Procter & Gamble, Rio Tinto, SCG, Shell, TE SubCom

OVERARCHING INSIGHTS
• One of the sector's founding members, ERM has been active in environmental consultancy for near 50 years, positioning itself at strategic high-end of the market and earning a reputation for major international ESIA (environmental/social impact assessment) projects. One of the few big-name players whose business is focused on enviro/sustainability services, working for predominantly MNC clientele (works for >50% of Fortune 500).
• Growth over past decade has been primarily via organic geographic expansion, supported by a few bolt-on M&As. Since early 1990s, ERM began to build its global network, following MNC clients into new territories (eg Mozambique, Kenya) and forging jvs/alliances with local partners to gain an initial foothold.
• 2014 saw refinancing of credit facilities totaling $950m with new syndicate of lenders led by Deutsche Bank AG and BNP Paribas Fortis, including revolving credit facility of $50m and an acquisitions facility of $70m.
• 2015, PE partner Charterhouse Capital Partners (which secured 55% stake in 2011 as part of an MBO from Bridgepoint, which in turn replaced 3i in 2005) sold its stake to two of Canada's largest pension funds: Alberta Investment Management Corporation (AIMCo) and OMERS Private Equity (OPE). OMERS had previously shown interest in ERM in 2011 when Charterhouse secured its stake. Under a deal valuing ERM at $1.7bn, OPE/AIMCo secured c60% of shares whilst remainder is held by c600 ERM partners and managers.
• Five "focus sectors" (O&G, Mining, Power, Chemical and TMT) represent core of business. Oil price decline from 2014 meant reduction in upstream development and associated workload. Downstream/midstream were less/insensitive. 2016/early 2017 saw increased work for ERM's upstream O&G clients and renewed activity and investment in downstream sector. FY18 saw oil price and commodity prices generally pick up, supported by a more economically robust, growing background. ERM's strategy of sector diversification in Chemical, Power and TMT sectors, and development of focused service offerings, has meant that revenues have held up and resumed growth. Recent client-driven expansion has focused on chemicals and power sector.

GLOBAL STRATEGY
• ERM's strapline, "The business of sustainability", reflects what ERM does to support its clients' goals. Framed upon the UN's SDGs, a new strategy was compiled after extensive engagement to understand broader megatrends impacting society and the economy, namely, climate change, population growth and emerging middle classes. As such, ERM's stated aim is to assist the realisation of the SDGs whilst achieving business value for their organisations.
• Strategy of diversifying business has helped firm weather downturn in key sectors, with targets aim to build ERM's position in growth sectors eg chemicals. Another area of responsibility (inc GRI reporting, major disclosures such as Dow Jones Sustainability Index).
• Arrival of new financial partners in shape of OMERS/AIMCo providing support for further increasing market share through offering innovative new services, and strategic acquisitions in what remains a large, but still fragmented sector.
• Markets of interest are Chile and Mexico (esp mining/O&G sectors). ERM's current PE partners (also) gives scale to expand in this resource-rich country, with considerable opportunities both with domestic firms and MNCs.
• With digital transformation a key driver, "harnessing technology" a main area in which it says it has moved "aggressively to help clients.

ENVIRONMENT ANALYST SWOT
S • One of the few truly global specialist environmental consultants, management consultants operating in retail/manufacturing sectors
S • Ability to build (actual and virtual) local perspective; expanding footprint
W • Historically focused on the US, diligence; and EIA & sustainability
W • Not allied to engineering background, but upside is not having to relearn willingness to do cost and time estimation
O • First mover in capitalising on the energy and power sectors
O • Group of professionals with strong technical and subject matter expertise
T • 
T • 

SAMPLE PROFILE
CORPORATE DEVELOPMENTS/M&A

1971  ERL founded in London, UK
1977  ERM founded in Philadelphia, USA
1987  ERL (US$5m turnover) merges with ERM (US$50m turnover)
1994-6  Acquires Mitchell McCotter consultancy (Australia); enters China through j-v with local environmental sciences organisation; establishes India operations; Acquires Dell Engineering (US), Panzardi (Puerto Rico)
1999  ERM Inc and ERM International become global operation
2001  MBO of retiring partners supported by PE firm 3i in deal valuing group at £200m (3i takes 53% stake)
2002-2003  Acquires Enverdant in US (creating ERM Information Solutions) and Ecobe (South Africa)
2004-5  Expands in Canada, Hawaii, Russia, South Africa, UAE
2005  Bridgepoint Capital replaces 3i as ERM's financial partner (57% stake) in deal valuing firm at US$535m (approx. 12x EBITDA)
2007  Launches ‘global knowledge sharing platform’ (Minerva) to strengthen global comms and team working
2009  c8%-10% global headcount reduction confirmed for 2009 (mainly impacting US & Europe); pay deferral scheme (based on financial targets) introduced for partners to show leadership in response to global economic downturn. Resignation of ERM Chairman, Peter Regan
2009  Partners US-based software firm Tiriga to offer IT-based energy and ghg emissions solutions
2010  Creates new role of acquisitions director - filled by Julio Torti
2010  Acquires IRC Risk and Safety (Houston, USA) - c27 staff, annual turnover cUS$4m - risk management specialist in oil and gas sector
2010  Financial results for FY ending 31 Mar '10 show 12.7% dip in global gross revenue, and a 5.4% drop in operating profit; but operating margin is improved
2011  Bridgepoint exits from partnership; majority stake (55%) acquired by another PE firm, Charterhouse Partners in deal valuing ERM at £950m (78% increase on 2005 value). Remaining 45% of stake held by ERM's partners and management team
2011  Acquires 100-strong Oasis Environmental, Alaskan environmental services firm, focused on mining sector and net revenues of C$26m
2012  Acquires Rescan, Vancouver-based Canadian environmental consulting firm with 120 staff - mining sector and net revenues of C$26m
2013  Acquires sustainability and health, safety and environmental assets of Australian firm
2013  Opens new office in Mozambique capital, Maputo, to meet demand from clients as bridge to other Portuguese-speaking African countries, including Angola
2013/14  New client-led offices open in Nairobi, Kenya; Fort Collins, US
2014  David McArthur appointed director of acquisitions
2014  Refinancing of credit facilities totalling £950m with new syndicate led by BNP Paribas Fortis, inc revolving credit facility of £50m and 6.65% O&G/power
2015  Acquires 13-strong, Brussels-based ReachCentre, services focussed on EU regulation of chemical products
2015  Canada’s OMERS Private Equity (OPE) acquires 35% interest held by Charterhouse Capital Partners in ERM (55% retained), held by ERM’s partners & senior management
2015  Acquires rePlan, c30-strong (plus support) sustainability and management services to natural and renewable energy sector
2016  ERM technical director Doug McLaughlin appointed which is to “share knowledge”
2016  Acquires 30-strong UK-based Cultivate
2017  Keryn James appointed head of new digital business
2017  Acquires Pacific Energy Services
2017  MoU signed with Barefoot Robotics to assist on data project
2018  Simon Cordier joins as COO
2018  Acquires 100% of US-based market research firm