



## Compass Diversified Holdings Subsidiary, Clean Earth, Acquires ESMI Companies and MKC Enterprises

May 29, 2018

### Accretive Add-on Acquisitions Enhance Clean Earth's Extensive Service Offerings, Expand Geographic Presence

WESTPORT, Conn., May 29, 2018 /PRNewswire/ -- Compass Diversified Holdings (NYSE: CODI) ("CODI" or the "Company"), an owner of leading middle market businesses, announced today that its subsidiary, Clean Earth, Inc. ("Clean Earth"), has acquired ESMI Companies ("ESMI") and MKC Enterprises, Inc. ("MKC"). CODI funded the purchase prices of the acquisitions of ESMI, which closed in May, and MKC, which closed in March, with available cash on its balance sheet and a draw on its revolving credit facility.

ESMI is a leading provider of remediation services across New Hampshire and New York. The company uses thermal desorption technology for the remediation, recycling, and beneficial reuse of non-hazardous contaminated materials including soil, stone, dredge, mine tailings, and paper mill sludge. ESMI operates out of two fully-permitted fixed facilities in Loudon, New Hampshire and Fort Edward, New York, and also offers on-site remediation options through the use of mobile treatment equipment.

MKC is a full-service provider of boutique hazardous waste management services. Founded in 1980, the company owns and operates a fully-permitted RCRA Part B hazardous waste facility in Doraville, Georgia. The company works with institutional and industrial clients to manage the identification, labeling, collection, disposal, and documentation of their hazardous wastes.

For the fiscal year ended December 31, 2017, ESMI and MKC reported combined net revenues of approximately \$25 million.

Commenting on the transactions, Elias Sabo, CEO of Compass Diversified Holdings, stated, "These accretive add-on acquisitions will grow Clean Earth's geographic presence further into New England and the Southeast U.S. while expanding the company's industry-leading and extensive service offerings. MKC's specialized lab packing capabilities will enable Clean Earth to enhance its services within the high barrier-to-entry hazardous chemical waste stream, while ESMI's fixed facilities and on-site treatment capabilities will expand the processing capabilities of our soil business unit. Going forward, CODI will continue to use its balance sheet strength to capitalize on accretive add-on opportunities that enhance our subsidiaries and deliver long-term value to shareholders."

Chris Dods, CEO of Clean Earth, commented, "Recognized leaders in their respective lines of business, both MKC and ESMI have strong track records of providing reliable, safe waste management solutions. The additions of these businesses will meaningfully strengthen our hazardous waste and soil business segments, broadening our geographic reach while positioning Clean Earth to provide a deeper and more comprehensive service offering to both existing and new customers."

### About Compass Diversified Holdings ("CODI")

CODI owns and manages a diverse family of established North American middle market businesses. Each of its current subsidiaries is a leader in its niche market.

CODI maintains controlling ownership interests in each of its subsidiaries in order to maximize its ability to impact long term cash flow generation and value. The Company provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth of the Company and to make cash distributions to its shareholders.

Our ten majority-owned subsidiaries are engaged in the following lines of business:

- The design and marketing of purpose-built tactical apparel and gear serving a wide range of global customers (**5.11**);
- The manufacture of quick-turn, small-run and production rigid printed circuit boards (**Advanced Circuits**);
- The manufacture of engineered magnetic solutions for a wide range of specialty applications and end-markets (**Arnold Magnetic Technologies**);
- Environmental services for a variety of contaminated materials including soils, dredged material, hazardous waste and drill cuttings (**Clean Earth**);
- The design, manufacture and marketing of airguns, archery products, optics and related accessories (**Crosman**);
- The design and marketing of wearable baby carriers, strollers and related products (**Ergobaby**);
- The design and manufacture of custom molded protective foam solutions and OEM components (**Foam Fabricators**);
- The design and manufacture of premium home and gun safes (**Liberty Safe**);
- The manufacture and marketing of branded, hemp-based food products (**Manitoba Harvest**); and

- The manufacture and marketing of portable food warming fuels and creative ambience solutions for the hospitality and consumer markets (**Sterno Products**).

*This press release may contain certain forward-looking statements, including statements with regard to the future performance of CODI. Words such as "believes," "expects," "projects," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10-K filed by CODI with the SEC for the year ended December 31, 2017 and other filings with the SEC. Except as required by law, CODI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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