




 Harris Williams

# Environmental Services

SECTOR UPDATE | Q2 2023

# Upcoming Events

Our team is attending WasteExpo 2023 in New Orleans! Connect with us at the conference to discuss M&A trends in the environmental services sector: [Email](#)



**WE DRIVE BUSINESS TOGETHER**

At WasteExpo, the road ahead is paved with myriad opportunities. From meeting with thousands of buyers to doing business with current and prospective customers, it's one event that pays you dividends all year long.

Eager buyers rely on you to showcase the latest vehicles and equipment, preview the newest technology and innovation, and deliver the solutions they need. For 50+ years, WasteExpo has been driven to give you the best business opportunity in the solid waste, recycling and organics industry.

Join us in New Orleans and move into the fast lane of business success.

**LET'S THRIVE TOGETHER. WASTEEXPO.COM**

MAY 1-4, 2023 • ERNEST N. MORIAL CONVENTION CENTER  
NEW ORLEANS, LA USA

WasteExpo 2023 Prospectus

Produced by: Waste 360

In Collaboration with: National Waste & Recycling Association

### WasteExpo Snapshot



**12,000+** total participants and 500+ exhibitors

**Nearly 9,000** motivated buyers

Attendees are eager and motivated.

- 97% would recommend WasteExpo to colleagues
- 80% researched new products, suppliers/vendors
- 43% attend NO other trade show
- 45% did/will purchase a product/service as a result of WasteExpo

Exhibitors get meaningful contacts and contracts.

- 93% would recommend WasteExpo to colleagues
- 84% will send proposals to customers based on WasteExpo meetings

**"If you're not attending WasteExpo, you are missing out on tons of valuable products and services in the industry."**

- Mike Raftery  
VP of Operations GEL Recycling

WasteExpo 2023 Prospectus

**Website Link:** <https://www.wasteexpo.com/en.html>

# Key Themes Across Environmental Services

## Plastic Debate & Legislation



- Plastic remains a hotly debated topic for its recycling and waste profile, and 2023 could be the year for further industry regulation, opening the door for new and emerging business ventures.
- Statewide decisions could affect future markets for plastic packaging materials to drive MRF operators and haulers to change how they operate, with California and Oregon leading the rulemaking charge.

## Continued Industry Consolidation



- High-velocity M&A is expected to continue into 2023 as the environmental services sector's multiyear acquisition trend is supported by labor and supply chain challenges, both of which were exacerbated by the pandemic and have yet to fully abate.
- The environmental services sector continues to experience increasing interest from private equity buyers or investment funds, driven by ESG considerations and recession-resilient business models.

## Sustained Demand for Skilled Workers



- Pandemic-era labor challenges for the environmental services sector are persisting years later, with M&A and creative hiring practices being critical to bolster the sector's workforce in 2023.
- Many of the sector's largest companies still don't think they are back to pre-pandemic staffing levels, noting health and economic turbulence combined with a wave of acquisitions that had choppy integration periods as the leading catalysts.

## Beneficial Reuse of Waste



- Waste management is one element of sustainability that is changing rapidly, with numerous sector participants making ESG commitments focused on driving beneficial reuse and fostering a circular waste loop.
- Large corporations are becoming increasingly focused on circular economy-driven strategies, including reducing their waste footprint, sourcing reused materials, and creating products that can be reused in an effort to create a more sustainable system.

## Anaerobic Digestion & Biogas



- Disposal remains the cheaper and less capital-intensive alternative to anaerobic digestion in many areas; however, continued investment and regulatory trends are shifting to encourage more diversion of organic waste via systems such as anaerobic digestion.
- Big acquisitions such as BP-Archaea and BlackRock-Vanguard Renewables and BurTech Acquisition Corp. and CleanBay Renewables have created additional buzz around biogas, which is expected to continue into 2023.

# What We're Reading

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## The Plastic Problem

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- Plastic is a key component in mission-critical products, including medical devices, aerospace & defense components, and energy infrastructure; however, research shows that more than 40% of the plastic used in packaging is generally single-use.
- Plastic particles can be found in soil, water, air, and humans, and plastic is responsible for 3.4% of greenhouse gas emissions, primarily because plastic products are typically produced with fossil fuels.
- Fifty nations have joined the High Ambition Coalition to End Plastic Pollution, which is pushing for a treaty that will limit production of plastic with binding targets for every nation that signs the pact. However, other countries, including fossil fuel-producing nations like Saudi Arabia and the United States, prefer a global agreement that focuses on recycling and is built on voluntary commitments.
- Negotiations are scheduled to continue through 2023, with a plastics treaty expected by the end of 2024.

[The New York Times](#)

## As Compost Volumes Grow, Policy and Research Help Boost Market Expansion

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- There is mounting pressure to reduce the emissions associated with organic waste as producers generated an estimated 5.1 million tons of compost in 2020.
- In 2022, California made a meaningful change in how it handles food waste, by requiring local jurisdictions to offer organic waste collection services. Effective collection services have received the most attention; however, procurement focuses on the urgent issue of what to do with the increasing volumes of compost.
- The U.S. Composting Council survey found that landscaping customers accounted for 40% of compost sold in 2020, and agriculture only used 10% of the product, along with parks and road projects.
- Looking ahead, new techniques to work compost into a wider range of settings have helped develop markets for the product, but industry experts, retailers, and researchers still see meaningful opportunity in the form of untapped land that could make use of compost.

[Waste Dive](#)

## EPA Announces \$1 Billion for New Hazardous Waste Cleanups

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- On February 22, the EPA announced that 22 new sites will benefit from \$1 billion in funding from a program designed to remediate hazardous waste sites, such as landfills, mines, and manufacturing facilities.
- The \$1 billion marks the second tranche in \$3.5 billion in funding appropriated by the Bipartisan Infrastructure Bill, which was signed into law in 2021.
- Last year, the EPA started 81 new cleanup projects, including 44 sites on the Superfund backlog list. The agency also added 12 sites in fall 2022 to the Superfund National Priorities List, a special designation under the program funded by the infrastructure bill for deeply contaminated sites.
- Once remediation projects are completed, the sites can be turned into parks, green space, office parks, or warehouses.

[Reuters](#)

## Federal Lawmakers Reintroduce Bills Calling for Billions in Food Waste Recycling and Prevention Grants

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- Two bills have been reintroduced to Congress, The COMPOST Act and Zero Food Waste Act, which are designed to provide billions of dollars in funding for food waste prevention efforts and support composting projects over the next 10 years.
- The COMPOST Act would offer loans and grants for both large-scale and small-scale composting infrastructure, while the Zero Food Waste Act would offer U.S. EPA grants for projects focused on diverting or preventing food waste and gathering data about food waste practices.
- There is a need to address the economic, environmental, and public health costs of the burgeoning food waste problem, and the COMPOST and Zero Food Waste bills offer an attractive option to inject billions of dollars toward waste and composting initiatives.

[Waste Dive](#)

# Select Environmental Services M&A Transactions

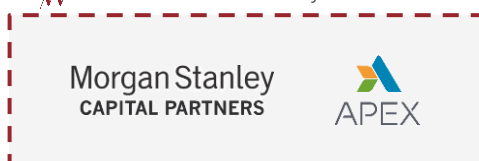
 Announced February 2023



## Turnspire Capital Partners Acquires USG Water Solutions from Veolia

- Turnspire Capital Partners announced that it has acquired USG Water Solutions (USG) from Veolia North America, the U.S. holding company of Veolia Environnement S.A.
- Headquartered in Atlanta and Perry, GA, USG is a national leader in providing maintenance services to municipal and private water companies across the U.S. and the leading provider of asset management programs for water and wastewater infrastructure for the municipal market.

 Announced February 2023



## Sentinel Capital Partners Sells Apex Companies to Morgan Stanley Capital Partners

- Morgan Stanley Capital Partners (MSCP) announced the acquisition of Apex Companies, a leading provider of end-to-end environmental consulting and engineering solutions, from Sentinel Capital Partners.
- The new partnership with MSCP provides Apex Companies with the opportunity to access additional capabilities and resources to further enhance the Company's value proposition and service offering. Sentinel Capital Partners will maintain a minority position in Apex post-closing.

 Announced February 2023



## Littlejohn & Co. Partners with Management to Acquire Ardurra Group and Accelerate Growth

- Littlejohn & Co. announced that it has partnered with management and the firm's employees to acquire Ardurra Group, a leading provider of multidisciplinary engineering and design services to water, transportation, and aviation end markets.
- The partnership will enable Ardurra to accelerate growth while continuing to innovate as one of the country's largest engineering and design firms, as investments in complex infrastructure focused on drinking water, water treatment, and transportation continue to accelerate.

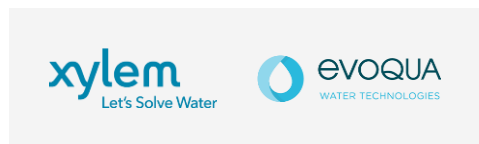
Announced January 2023



## Atlas Technical Consultants to Be Taken Private by GI Partners in a \$1.05 Billion Deal

- Atlas Technical Consultants (Atlas), a leading provider of infrastructure and environmental solutions, announced that it entered into a definitive agreement to be acquired by GI Partners in an all-cash transaction valued at approximately \$1.05 billion.
- Under the terms of the transaction, Atlas shareholders will receive \$12.25 per share in cash, which represents a premium of approximately 124% over the Company's unaffected closing share price of \$5.47 on January 30, 2023.

Announced January 2023



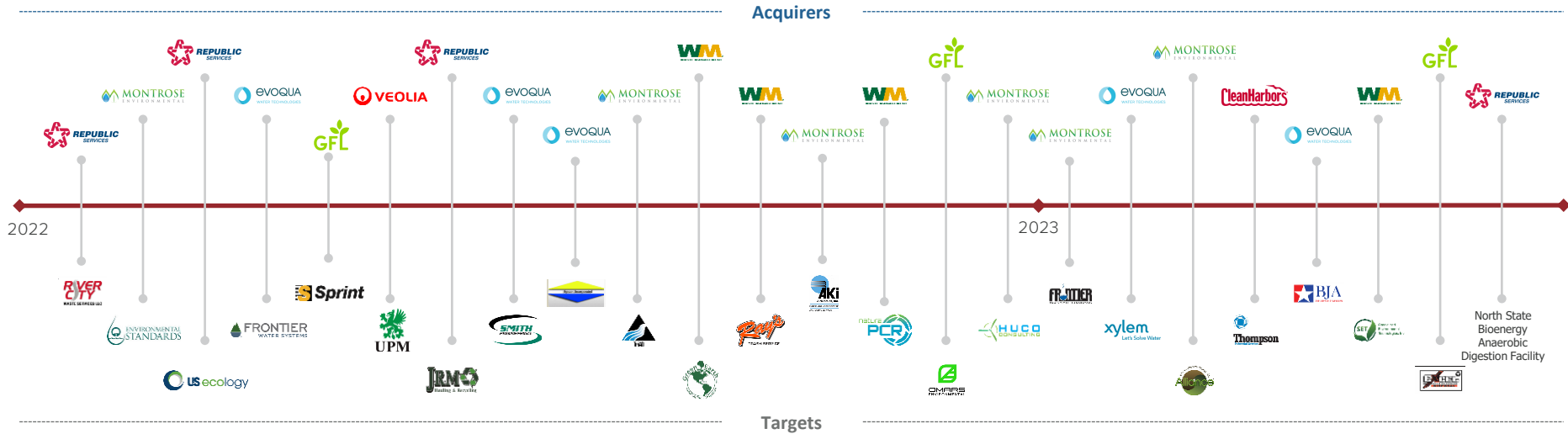
## Xylem to Buy Evoqua in \$7.5 Billion Deal to Tap Water Demand

- Xylem, a leading global water technology company, and Evoqua, a leader in mission-critical water treatment solutions and services, announced they have entered into a definitive agreement under which Xylem will acquire Evoqua in an all-stock transaction that reflects an implied enterprise value of approximately \$7.5 billion.
- The acquisition provides Xylem with greater exposure to recurring revenue streams in the form of water services, as demand for fresh water is rising globally due to population growth, industrial expansion, and increased agricultural development.

 Denotes deals where HW served as an advisor

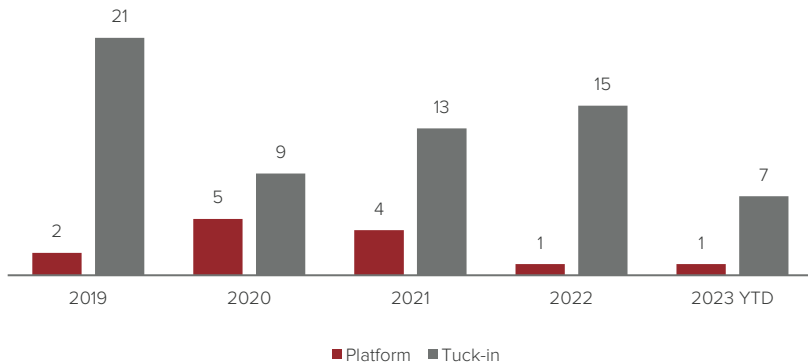
# Insight Into Strategic M&A Activity

## Select Strategic Environmental Services Investments Since 2022<sup>1</sup>

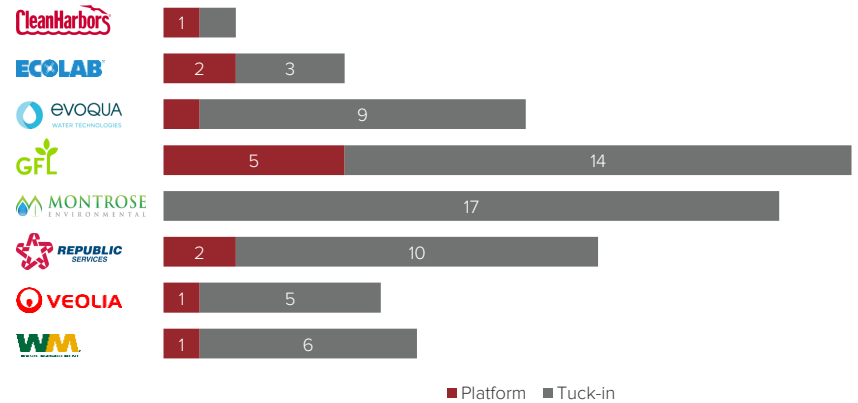


## Strategics Highly Focused on Tuck-In Acquisitions<sup>1</sup>





(2019-2023 Tuck-In vs. Platform Acquisitions)




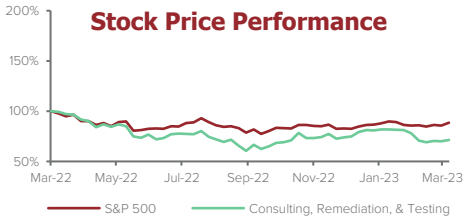


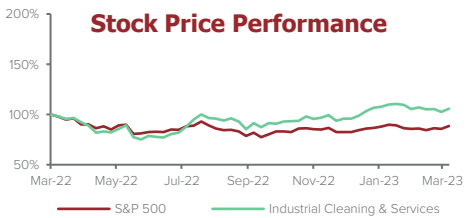


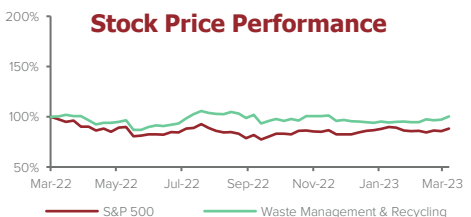


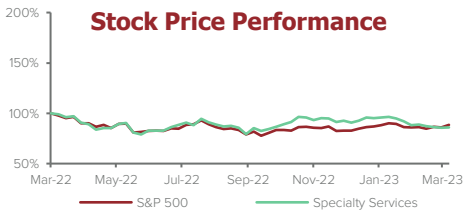


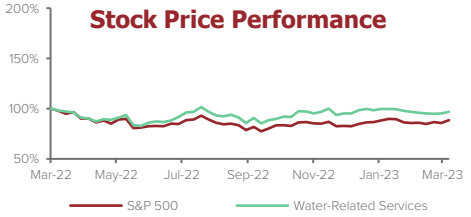

(2019-2023 Aggregate Acquisition Type by Buyer)



# Select Recent Public Market Commentary

Company	Key Takeaway	Presentation & Earnings Call Excerpts <sup>1</sup>
	<p>Entering 2023, Clean Harbors remains bullish as the U.S. hazardous waste market continues to expand due to reshoring and sustainability tailwinds.</p>	<p>"I think, as I said in the Q3 call, I'm very bullish on 2023. Nothing has changed there. I'm of the view that the hazardous waste pie has gotten bigger. That is, there's more waste streams, there's more onshoring and people coming back to the United States than moving jobs into Asia. That 10,000-mile supply chain challenge you talked about a minute ago is making companies rethink about where they want to put their manufacturing. And again, if we owned a plant in Shanghai and one in Tennessee, you're not going to close the Shanghai plant. But certainly, you maybe put an incremental investment or an extra shift into Tennessee."</p> <p>- Michael Battles, Executive VP &amp; CFO, January 11, 2023</p>
	<p>GFL is focused on driving operating leverage through pricing, asset utilization, and cost optimization in 2023. Additionally, the Company expects to continue pursuing accretive M&amp;A opportunities but is prioritizing the continued maturation of previously acquired businesses.</p>	<p>"Driving operating leverage through our continued focus on pricing, improved asset utilization, and cost optimization is first and foremost. We see 2023 as a year to allow all the businesses we've absorbed into our platform to mature and ensure that we're capturing all the opportunities that present, including implementing our pricing strategies in addition to the other self-help levers. Therefore, we anticipate a more tempered level of M&amp;A compared to prior years, deploying somewhere between \$300 million and \$500 million into true tuck-in acquisitions that will continue to densify our platform and leverage our relatively fixed-cost post-collection assets."</p> <p>- Patrick Dovigi, Founder, Chairman, President &amp; CEO, February 22, 2023</p>
	<p>Regulation trends and heightened concern around cumulative environmental impacts continue to drive Montrose's organic growth.</p>	<p>"Also in January, the U.S. EPA released a document on how to ensure cumulative environmental impacts are considered with permitting, remediation, waste management, environmental emergency response, and other decisions. So, in essence, with regulations, while many of these actions are in the early rule-making phase, the macro demand drivers for environmental services remain on the rise. And though we are highlighting the U.S. regulations as that is most of our business, the same general trends are true in Australia, Canada, and Europe, which we expect will collectively represent a greater percentage of our revenue in the coming years, given stellar growth opportunities."</p> <p>- Vijay Manthripragada, President, CEO &amp; Director, March 1, 2023</p>
	<p>Sustainability will remain a core component of Republic Services' strategy going forward as the Company looks to provide strong returns for shareholders and make a positive impact on the environment.</p>	<p>"Sustainability is core to our strategy and one of our differentiating capabilities. We believe Republic Services is in a unique position to leverage sustainability as a platform for profitable growth while making a positive impact on the environment. For example, our polymer centers are advancing circularity of plastics. This is the first time a single U.S. company will manage the plastic stream from current site collection to delivery of high-quality recycled content for consumer packaging."</p> <p>- John Vander Ark, President, CEO &amp; Director, February 15, 2023</p>

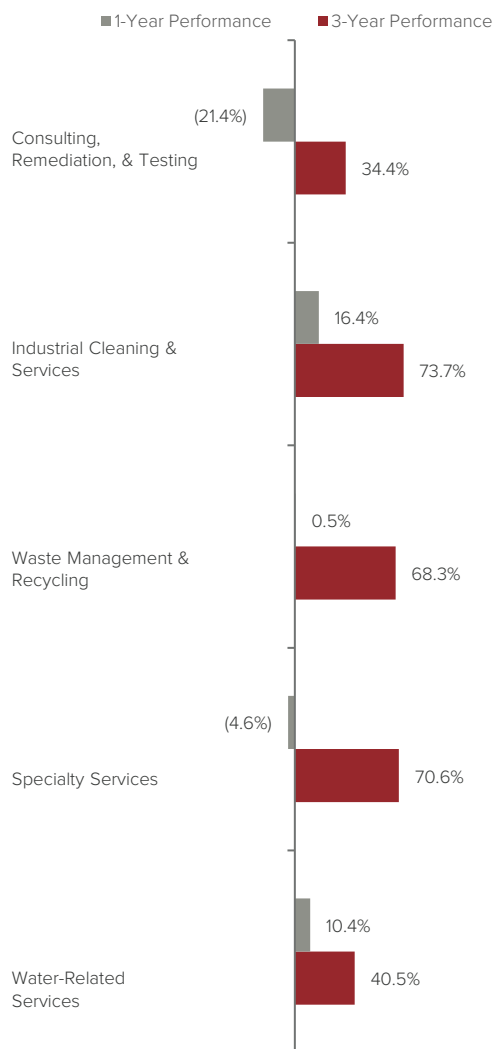
# Public Market Observations<sup>1</sup>

CONSULTING, REMEDIATION, & TESTING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2022 EBITDA    2023E EBITDA</p> <p>14.1x                      12.2x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Consulting, Remediation, &amp; Testing</p>	<p><b>Transaction Spotlight</b></p> <p>January 6, 2023</p> 	<p><b>Market Observations</b></p> <p>Montrose Environmental Group announced the acquisition of Frontier Analytical Laboratories, an environmental laboratory. The combination will provide customers with high-quality, timely, and defensible data as hazardous waste monitoring becomes increasingly important.</p> <p><b>MONTROSE ENVIRONMENTAL GROUP ACQUIRES FRONTIER ANALYTICAL LABORATORIES</b></p>
INDUSTRIAL CLEANING & SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2022 EBITDA    2023E EBITDA</p> <p>7.0x                      8.4x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Industrial Cleaning &amp; Services</p>	<p><b>Transaction Spotlight</b></p> <p>February 9, 2023</p> 	<p><b>Market Observations</b></p> <p>The train derailment in East Palestine, Ohio, serves as a stark reminder highlighting the importance of industrial cleaning and services. The disaster caused chemicals to leak into five creeks and the Ohio River, elevating the importance of proper inspection and cleaning services.</p> <p><b>OHIO TRAIN DERAILMENT: TOXIC CHEMICALS AND DISTRUST REMAIN IN EAST PALESTINE</b></p>
WASTE MANAGEMENT & RECYCLING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2022 EBITDA    2023E EBITDA</p> <p>14.9x                      15.1x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Waste Management &amp; Recycling</p>	<p><b>Transaction Spotlight</b></p> <p>February 1, 2023</p>  <p>Used Motor Oil Collection &amp; Recycling</p>	<p><b>Market Observations</b></p> <p>Waste Connections CEO Worthing Jackman noted a better than expected Q4, driven mainly by pricing and acquisitions. The Company expects to see more growth in 2023 from mild increases in recycled commodities and renewable fuel values and acquisition growth.</p> <p><b>WASTE CONNECTIONS ENDS 2022 FAVORABLY DESPITE HEADWINDS; SPENT \$2.3B ON ACQUISITIONS</b></p>
SPECIALTY SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2022 EBITDA    2023E EBITDA</p> <p>15.5x                      13.5x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Specialty Services</p>	<p><b>Transaction Spotlight</b></p> <p>January 10, 2023</p> 	<p><b>Market Observations</b></p> <p>CECO Environmental Corp. announced it has completed the acquisition of Wakefield Acoustics, a U.K.-based design and manufacturing firm specializing in advanced industrial, commercial, and environmental noise control systems.</p> <p><b>CECO ENVIRONMENTAL EXPANDS OFFERING WITH ACQUISITION OF NOISE CONTROL TECHNOLOGY COMPANY</b></p>
WATER-RELATED SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2022 EBITDA    2023E EBITDA</p> <p>18.4x                      18.3x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Water-Related Services</p>	<p><b>Transaction Spotlight</b></p> <p>January 23, 2023</p> 	<p><b>Market Observations</b></p> <p>Danaher Corporation announced that Veralto Corporation will be the name of the separate public company Danaher intends to create in Q3 2023. Veralto will be comprised of a collection of market-leading brands in Danaher's Environmental and Applied Solutions (EAS) segment.</p> <p><b>DANAHER ANNOUNCES NEW ENVIRONMENTAL AND APPLIED SOLUTIONS COMPANY TO BE NAMED VERALTO</b></p>

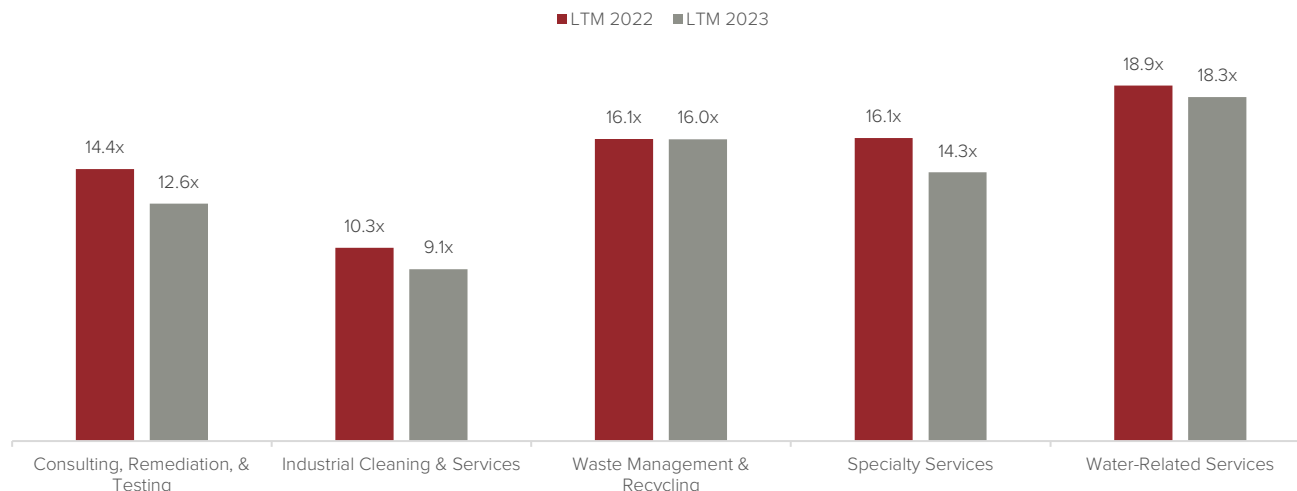


# Public Valuation Multiples by Sector<sup>1</sup>

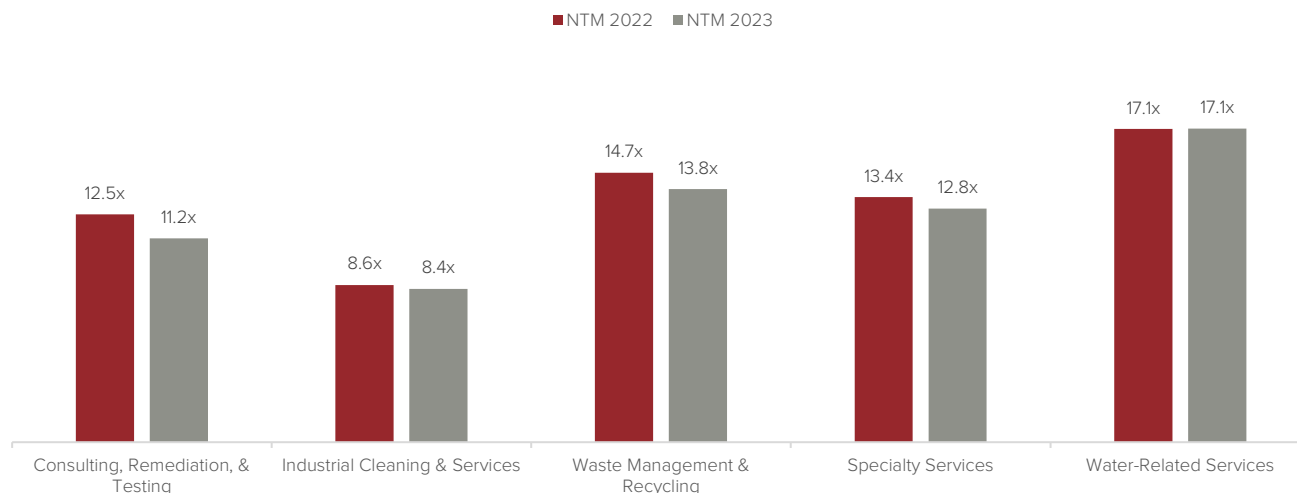
## Stock Performance (1- & 3-Year)



## LTM EBITDA Multiple Comparison Q2 2022 vs. Q2 2023



## NTM EBITDA Multiple Comparison Q2 2022 vs. Q2 2023






















# Select Recent M&A Transactions

Date	Target	Target Description	Acquirer
4/3/2023	Transcend Solutions	U.S.-based process filtration solution design and manufacturing company with applications in hydrocarbon and chemical processing.	CECO Environmental
4/3/2023	Circon Holdings	U.S.-based full-service provider of sustainable environmental services with a customer base across more than 20 waste facilities in the Midwest, Southeast, and Gulf Coast.	Covanta (EQT)
4/3/2023	D&D Water & Sewer	U.S.-based firm that provides specialized underground infrastructure installation and repair solutions.	PURIS (J.F. Lehman & Company)
3/30/2023	RecycleSmart Solutions	Canada-based provider of smart waste diversion, organic capture, and recycling management technology.	Recycle Track Systems
3/30/2023	Digested Organics	U.S.-based engineering company that manufactures advanced filtration solutions to help customers reduce wastewater disposal costs, reclaim clean water for reuse, and produce valuable co-products.	Mott Corporation
3/29/2023	Madera Pumps	U.S.-based water services platform launched via the partnership with Madera Pumps, a provider of water well and pump services.	Axia Water (Alpine Investors)
3/28/2023	Ecoserv, LLC	U.S.-based waste sequestration platform servicing the offshore exploration and production (E&P) industry, offering collection, cleaning, transportation, and disposal of RCRA-exempt E&P liquid and solid waste streams.	CoLaTenTex
3/27/2023	North State Bioenergy	Anaerobic digestion facility in Oroville, California.	Republic Services
3/27/2023	Envirachem	U.S.-based provider of radiological, chemical, and environmental services to a wide range of federal and commercial clients.	ASRC Industrial Services
3/22/2023	Accelerated Technology Laboratories	U.S.-based leading laboratory information management system provider to several industries, including water/wastewater, environmental, food/beverage, and manufacturing.	Syphony Technology Group
3/21/2023	Muscat Projects & Engineering Services	U.S.-based full-service water and wastewater management company.	Gradiant Osmotics
3/20/2023	Absolute Waste Services	U.S.-based provider of residential, commercial, and roll-off waste collection services.	Frontier Waste Solutions (Concentric Equity; Summer Street Capital Partners)
3/20/2023	CARDS Recycling	U.S.-based municipal, commercial, and industrial solid waste collection company.	Kinderhook Industries
3/17/2023	Sandlands C&D Landfill of SC	U.S.-based construction and demolition landfill and roll-off hauling company.	Capital Waste Services (Kinderhook Industries)
3/14/2023	Industrial Waste Solutions	U.S.-based bulk-rental and transportation services division based in Houston.	Space City Services
3/13/2023	Specialized Environmental Technologies	U.S.-based composting company serving the rapidly growing Minnesota organics recycling market.	Waste Management
3/6/2023	Proline Vactor Services	U.S.-based storm drain cleaning and inspection services firm.	Aegion (New Mountain Capital)
3/3/2023	Donalco	Canada-based fireproofing, firestopping, and hazardous material abatement services firm.	Inflector Environmental Services (Fengate Capital Management)
2/28/2023	Combineering	Denmark-based rapidly growing provider of unique, science-based recycling solutions with the aim of turning waste into an infinite resource.	Reconomy (EMK Capital)
2/27/2023	Stratified Environmental and Archaeological Services	U.S.-based cultural resource management firm providing a variety of consulting services to help clients understand and mitigate the impact of construction and other land development projects on cultural resources.	PaleoWest (The Riverside Company)
2/27/2023	USG Water Solutions	U.S.-based provider of water asset management services from Veolia North America.	Turnspire Capital Partners
2/21/2023	Midland Basin water assets	Two JV interests in water recycling facilities and 35 miles of gathering and distribution pipelines, 3.5 million barrels of water storage, 120 source water wells, and 25,000 barrels per day of permitted disposal capacity.	Select Energy Services
2/16/2023	Dynamat; Best Blasting Mat	Canada-based manufacturers of blasting mats, marine fenders, and silo covers.	Environmental 360 Solutions (BlackRock)
2/16/2023	Environmental 360 Solutions	Canada-based environmental management company.	BlackRock
2/14/2023	Total Sanitation Services	Canada-based integrated family of leading brands within the portable sanitation rentals and related site services industry.	Trivest Partners

# HW Harris Williams / GLOBAL M&A ADVISOR

## Collaborative Efforts to Advise Environmental Services Companies

Our Energy, Power & Infrastructure Group and Business Services Group collaborate to advise leading Environmental Services companies worldwide.

 has acquired USG Water Solutions <i>a division of</i> 	 has acquired  <i>a portfolio company of</i> 	 has acquired  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  has been acquired by 	 <i>a portfolio company of</i>  has been acquired by 	 has been acquired by 	 <i>a portfolio company of</i>  has been acquired by 
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# HW Harris Williams / GLOBAL M&A ADVISOR

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## Deep Industry Experience



Aerospace, Defense & Government Services



Business Services



Consumer



Energy, Power & Infrastructure



Healthcare & Life Sciences



Industrials



Technology



Transportation & Logistics

**70%** Revenue from repeat clients

**83%** Managing directors promoted from within the firm

**30+** Year history



Offices: Boston | Cleveland | Frankfurt | London | Minneapolis | Richmond | San Francisco | Washington, DC

## Sources

1. CapIQ
2. Waste Dive
3. New York Times
4. Reuters
5. Cision PR Newswire

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