



## Environmental Services

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Sector Update | Q1 2024

# Upcoming Events

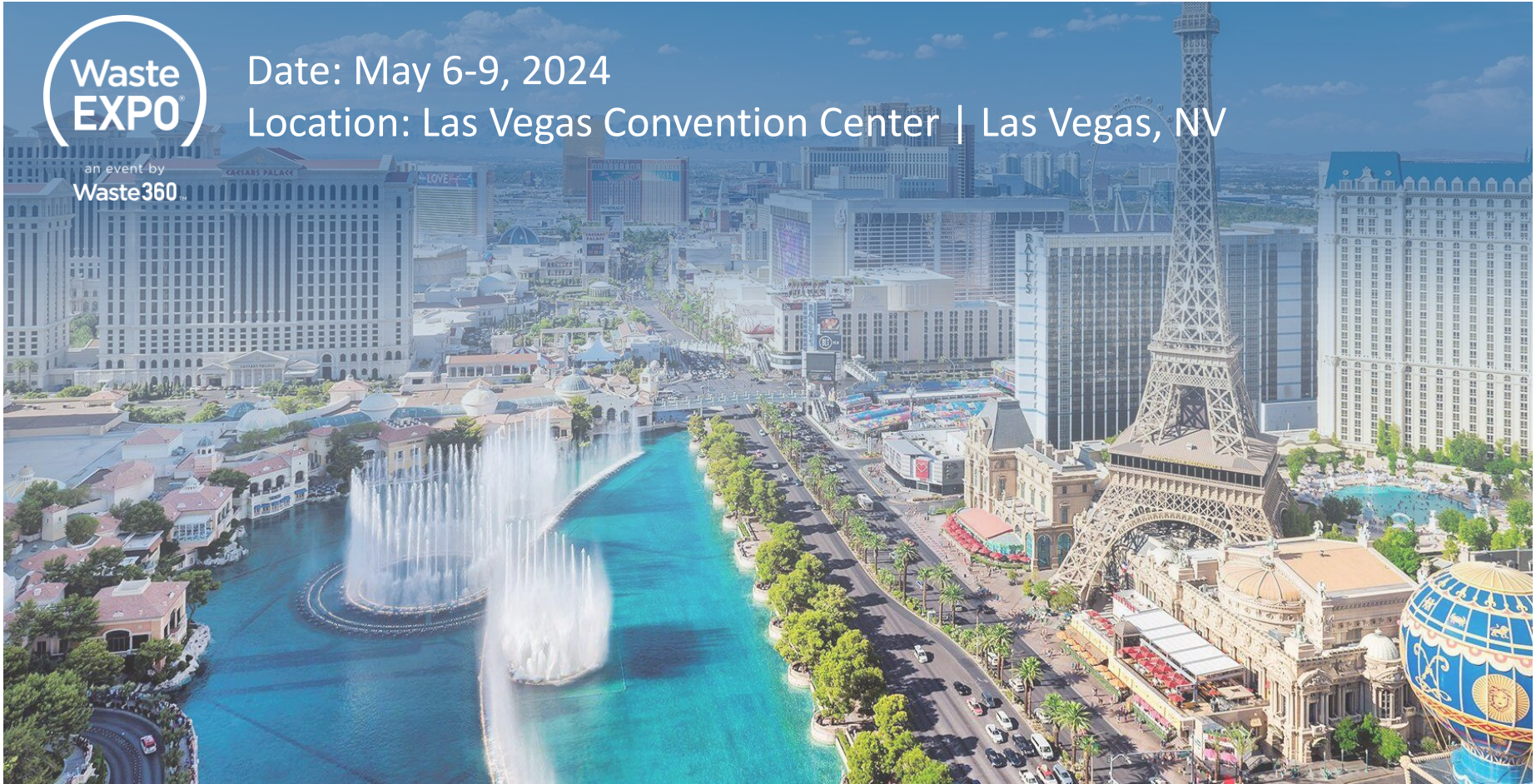
Our team is attending WasteExpo 2024 in Las Vegas. Connect with us at the conference to discuss M&A trends in the environmental services sector. Let us know if you'll be there, [via email](mailto:info@wasteexpo.com).



an event by  
Waste360

Date: May 6-9, 2024

Location: Las Vegas Convention Center | Las Vegas, NV



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

# Key Themes Across Environmental Services

## Increased Focus on Emerging Contaminants



- New per- and polyfluoroalkyl substances ("PFAS") regulations have made the disposal, destruction, and management of harmful contaminants a major focus for businesses and municipalities
- Chemical recycling and thermal destruction have gained traction as solutions to PFAS contamination; businesses and governments continue to explore other ways to mitigate their presence in water and other materials

## Intensified Efforts Around Food and Other Organic Waste



- Legislation and economic incentives fuel a nationwide composting crusade, boosting organics processing capacity across the country and diverting growing amounts of food and organics from landfills
- State-level mandates like California's SB 1383 are holding businesses accountable for diverting food waste, while New York City has expanded their curbside organics program

## Continued M&A Momentum



- M&A momentum across the environmental services sector is expected to continue into 2024 as sector fundamentals strengthen and government investment helps stoke meaningful growth
- M&A continues to reshape the waste industry as large waste companies continue to bolt on smaller players, aiming for economies of scale and diversification in a competitive landscape

## Commodity Performance



- Commodity price fluctuations are expected to continue as supply chain and geopolitical disruptions persist
- The EPA's projected 25% growth in renewable natural gas ("RNG") production will likely increase the amount of renewable identification number ("RIN") credits, boosting waste-to-RNG project development

## Automation and Advanced Sorting Technologies



- Environmental services and waste companies are utilizing AI-powered sorting robots and automated systems to tackle labor shortages and improve sorting efficiency, which is leading to cleaner waste streams and higher recycling rates
- In addition to materials recovery, automation is expanding to other areas such as waste-to-energy conversion and anaerobic digestion, promising significant environmental and economic benefits

# What We're Reading

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## **EPA Says Final PFAS Drinking Water Regulation and Hazardous Designations on the Horizon**

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- The EPA is expected to finalize national drinking water standards for certain PFAS in January and designate another two types of PFAS as hazardous substances by March, continuing the agency's push to rid waterways and consumer substances of the dangerous chemicals
- The proposed regulations on national drinking water standards would require public water systems to monitor closely for certain chemicals, resulting in potential for developing technologies

[Waste Dive](#)

## **New York DEC Releases Final Draft of 10-Year Solid Waste Management Plan**

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- The New York Department of Environmental Conservation ("DEC") released the final draft of a waste management plan with the goal of moving toward an 85% recycling rate by 2050
- The plan includes initiatives to redirect waste from landfills and rescue the recycled supply chain to reduce greenhouse gas emissions and promote a transition to greener solutions
- The DEC is already taking initiative by supporting six major focus areas of the plan: waste reduction & reuse, recycling market development & resiliency, product stewardship & extended producer responsibility, organics reduction, toxics reduction in products, and advanced design & operation of solid waste management facilities

[Waste Today](#)

## **EPA Announces \$2B in Environmental Justice Grants, Including for Waste Projects**

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- In November 2023, the U.S. EPA announced that an estimated \$2 billion in funding is available for local projects, including waste-related initiatives, through its Community Challenge Grants program
- Circular waste reduction and management as well as the safe management and disposal of hazardous wastes are two priority areas for proposed projects

[Waste Dive](#)

## **EU Countries Back Law to Curb Packaging Waste**

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- In December, European Union countries agreed to a new law that will cut packaging waste to control the increase of waste driven by online shopping and "grab and go" consumption habits
- Core goals of the new rules are to make all packaging recyclable by 2030, to phase out single-use plastic items, and to require countries to launch deposit return systems for plastic bottles and cans

[Reuters](#)

# Select Environmental Services M&A Transactions

 Closed December 2023



## Ridgewood Infrastructure Acquires WRM

- WRM is a mission-critical provider of liquids and wastewater collection, treatment, and disposal serving the commercial and industrial market
- Ridgewood Infrastructure will provide access to greater financial and operational resources, which will enable accelerated organic and inorganic growth

Announced November 2023



## GFL Environmental Acquires Capital Waste from Kinderhook, Building Southeast Presence

- GFL Environmental acquired South Carolina-based Capital Waste Services, a portfolio company of Kinderhook Industries
- Capital Waste Services has locations in Georgia, South Carolina, and Tennessee that provide residential, commercial, and roll-off services to the broader region
- The transaction will strengthen GFL's foothold in some of the fastest-growing markets in the U.S.

Announced November 2023



## Synagro Executes on Its Sustainable Growth Plan With the Acquisition of NEFCO

- Synagro Technologies Inc. announced that it has acquired New England Fertilizer Company ("NEFCO"), a Massachusetts-based, privately held company with customized client solutions and proven biosolids management technologies
- The acquisition increases Synagro's industry leadership in beneficial-use capabilities of biosolids from thermal drying facilities and provides additional capacity and an enhanced set of innovative client solutions to meet growing customer needs

Closed October 2023



## J.F. Lehman & Company Completes Acquisition of Crystal Clean

- Heritage-Crystal Clean is a provider of parts cleaning, used oil re-refining, hazardous and non-hazardous waste disposal, emergency and spill response, and industrial and field services to vehicle maintenance businesses, manufacturers, and other industrial businesses, as well as utilities and governmental entities
- J.F. Lehman's acquisition of Crystal Clean will build on the company's strong foundation and best position them for sustainable, long-term success as a private company

Announced October 2023



## Littlejohn & Co. Welcomes Ares as Significant Investor in Interstate Waste Services

- Interstate Waste Services ("IWS") is the largest privately held, vertically integrated provider of solid waste collection, transfer, recycling, and disposal services in the greater New York City and New Jersey markets
- Moving forward, both Littlejohn and Ares will each have significant ownership in IWS, providing access to greater financial and operational resources, which will enable accelerated organic and inorganic growth

 Denotes deals where HW served as an advisor

# Deals in Focus: Waste Harmonics and WRM

## HW advises Waste Harmonics on its sale to Keter Environmental Solutions



*"From the very beginning of our partnership, the Waste Harmonics and Harris Williams teams worked together seamlessly to achieve an exceptional outcome. Harris Williams offered candid and thoughtful advice at all turns, and expertly navigated the process while ensuring that our team was optimally prepared and positioned for every step along the way. I take great pride in the business that my team and I have built, and Harris Williams provided it the care, attention, and commitment that we knew it deserved."*

**Mike Hess, CEO of Waste Harmonics**

## HW advises WRM Companies on its sale to Ridgewood Infrastructure



*"We are excited to join forces with Ridgewood Infrastructure, which shares our focus on fostering long-term partnerships with customers and our commitment to operational excellence and sustainability. Ridgewood has a proven track record as the leader investing in U.S. water sector infrastructure and in helping companies like ours achieve transformational growth."*

**Ryan Wurgler, CEO of WRM**

### Background

- Waste Harmonics, North America's leading tech-enabled waste solutions provider, coordinates and manages waste pickups for businesses and corporations with multi-site, national, and regional footprints
- Headquartered in New York, Waste Harmonics uses an asset-light model that leverages a Rolodex of more than 2,500 local and regional haulers to coordinate waste services
- Through its proprietary iWaste technology, the company actively tracks the fullness of customers' dumpsters and compactors to optimize pickup cadence, unlock sustainable waste program cost savings, and provide detailed, actionable data

### Harris Williams' Role and Outcome

- Harris Williams served as the lead advisor for Waste Harmonics
- Harris Williams orchestrated a customized, high-touch process to deliver an ideal outcome for the management team and shareholders
- Waste Harmonics was ultimately acquired by Keter Environmental Services, a portfolio company of TPG
- The transaction allows Keter and Waste Harmonics to expand their offerings, enhance their sustainability reporting capabilities, and continue to utilize data and technology to provide exceptional customer service

### Background

- WRM is a mission-critical provider of liquids and wastewater collection, treatment, and disposal serving the commercial and industrial market
- Headquartered in Houston, Texas, WRM is a vertically integrated operator of non-discretionary, mission-critical solutions for a diverse base of customers within many growing end markets, including grocery, restaurant, education, industrial, and automotive


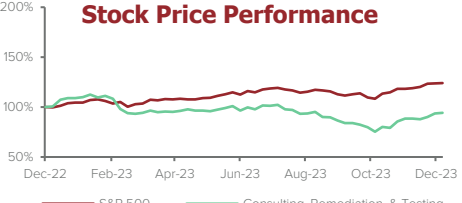


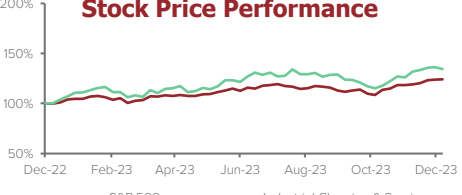


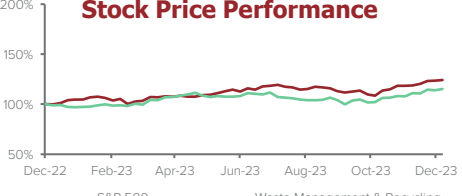


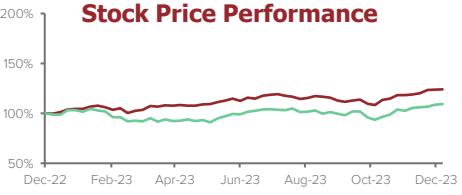


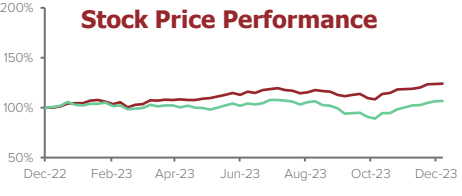

### Harris Williams' Role and Outcome

- Harris Williams served as the lead advisor for WRM Companies
- During the process, WRM gained significant engagement from financial, infrastructure, and strategic investors, balancing the objectives of both NGP Energy Technology Partners and the WRM management team
- With Ridgewood's support, the company plans to continue executing their multi-pronged growth strategy

# Select Recent Public Market Commentary

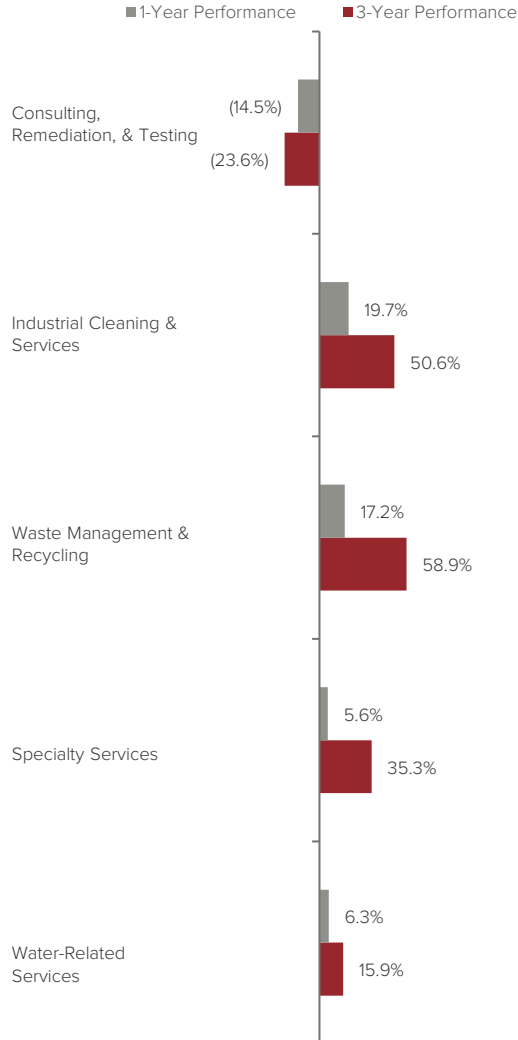
Company	Key Takeaway	Presentation & Earnings Call Excerpts <sup>1</sup>
	<p>Entering 2024, Clean Harbors remains bullish as the U.S. hazardous waste market continues to expand due to reshoring and sustainability tailwinds.</p>	<p>“When you think about kind of the Investor Day presentation we did back in late March, I'm really much more excited about the growth in the Environmental Services business as we go into 2024, given all the factors I just mentioned. The good margin expansion, the good EBITDA growth and the backlog at the end of the year of a sales pipeline that's even better than when we started the year.”</p> <p>- Michael L. Battles, Co-CEO &amp; Co-President, November 1, 2023</p>
	<p>GFL is focused on shaping a unique platform through divestitures and spin-offs that will drive differentiated growth in the coming years, after more than doubling the size of the business in the last three years.</p>	<p>“Since we went public in March of 2020, we have more than doubled the size of the business, while at the same time shaping a platform and asset base that will now drive the execution of our differentiated growth strategy in the coming years. That included the steps we took earlier this year to divest of non-core pieces of our portfolio at multiples greater than the basis of our current valuation, spinning off our infrastructure business into green infrastructure partners and deliberately shedding low-quality volume that does not meet our return thresholds.”</p> <p>- Patrick Dovigi, Founder, Chairman, President &amp; CEO, November 2, 2023</p>
	<p>Regulation and environmental protections continue to grow, creating strong demand for Montrose's existing services and positioning the company to assist clients in navigating the rapidly evolving landscape.</p>	<p>“Regarding demand for our environmental consulting services in October, the U.S. EPA pledged significant funding to states to support projects aimed at advancing environmental justice. We anticipate these campaigns will drive increased demand for our advisory and our testing services.”</p> <p>- Vijay Manthripragada, President, CEO &amp; Director, November 9, 2023</p>
	<p>Veolia's Energy business will remain a strong contributor to their results in 2024 due to their consistent growth and proven powerful business model.</p>	<p>“Veolia delivered solid growth and these very good sets of numbers are a result of Veolia's powerful business model of value creation. 85% immune to macro trends and with 70% of our contracts indexed as well as of our unique positioning. We are now 40% outside Europe, including \$5 billion in the U.S. with unique technologies and know-how in decarbonization, in depollution and resource generation, each a powerful engine for sustained growth.”</p> <p>- Estelle K. Brachlianoff, CEO &amp; Director, November 9, 2023</p>
	<p>Waste Management had strong results in 2023 and is very focused on price discipline and cost optimization to lay the groundwork for consistent growth in 2024.</p>	<p>“Turning to our strategic investments in sustainability growth, the investment proposition for growing our renewable energy and recycling business remains strong and our project execution is tracking well. Our seventh renewable natural gas plant and the third of 20 facilities in our growth program is expected to be in service in January. And we have another four facilities on track for completion in 2024, including two of the largest projects in the portfolio, Fairless in Pennsylvania and Orchard Hills in Illinois.”</p> <p>- James C. Fish, President, CEO &amp; Director, October 25, 2023</p>

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

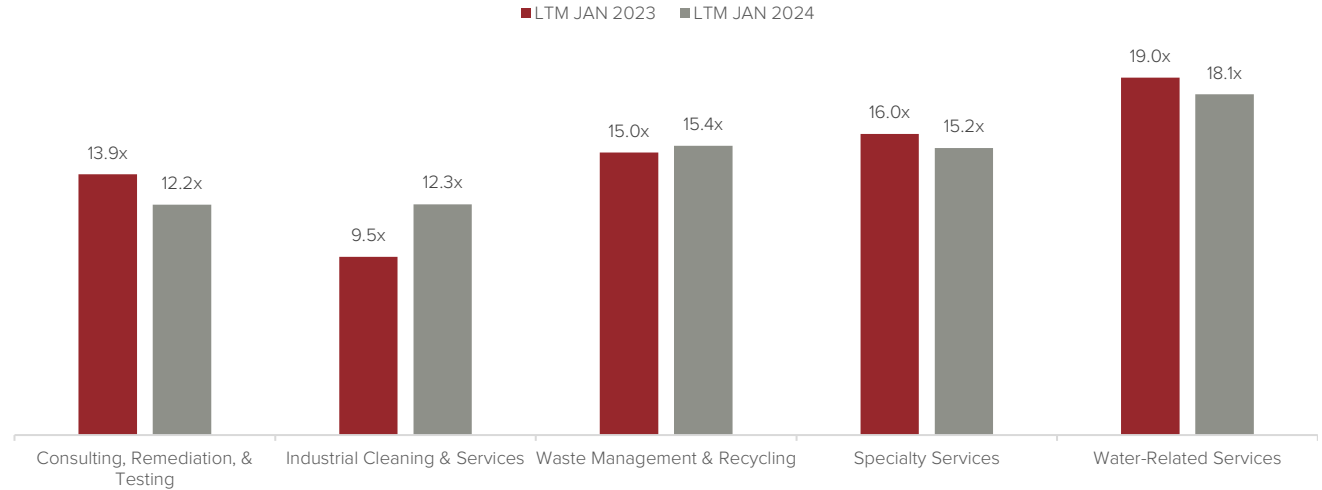
CONSULTING, REMEDIATION, & TESTING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2023 EBITDA    TTM 2024 EBITDA</p> <p>13.9x                    12.5x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Consulting, Remediation, &amp; Testing</p>	<p><b>Transaction Spotlight</b> December 15, 2023</p> 	<p><b>Market Observations</b></p> <p>ALS Limited acquired Algoritmos, a leading provider of environmental monitoring, modeling, and consulting serving Chile, Peru, Bolivia, Uruguay, Panama, and the United States</p> <p><b>ALS BECOMES A LEADING ENVIRONMENTAL SERVICE PROVIDER IN CHILE WITH THE ACQUISITION OF ALGORITMOS</b></p>
INDUSTRIAL CLEANING & SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2023 EBITDA    TTM 2024 EBITDA</p> <p>9.5x                    12.0x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Industrial Cleaning &amp; Services</p>	<p><b>Transaction Spotlight</b> October 31, 2023</p> 	<p><b>Market Observations</b></p> <p>Veolia's acquisition of USIT will expand the U.S. market share for their Environmental Solutions and Services division and serves to reinforce their commitment to the depollution of ground and water resources</p> <p><b>VEOLIA NORTH AMERICA ACQUIRES U.S. INDUSTRIAL TECHNOLOGIES TO EXPAND ITS HAZARDOUS WASTE TREATMENT BUSINESS</b></p>
WASTE MANAGEMENT & RECYCLING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2023 EBITDA    TTM 2024 EBITDA</p> <p>15.0x                    15.7x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Waste Management &amp; Recycling</p>	<p><b>Transaction Spotlight</b> November 2, 2023</p> 	<p><b>Market Observations</b></p> <p>GFL initially expanded in this market with the 2018 acquisition of Waste Industries. They have continued to densify their footprint through various tuck-in purchases since then. So far this year, GFL has completed acquisitions worth \$325 million in annualized revenue</p> <p><b>GFL ENVIRONMENTAL ACQUIRES CAPITAL WASTE FROM KINDERHOOK, BUILDING SOUTHEAST PRESENCE</b></p>
SPECIALTY SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2023 EBITDA    TTM 2024 EBITDA</p> <p>16.0x                    14.6x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Specialty Services</p>	<p><b>Transaction Spotlight</b> November 20, 2023</p> 	<p><b>Market Observations</b></p> <p>Jacobs and Amentum announce merger to create an independent, publicly traded company. Amentum delivers complex engineering and technical solutions, as well as finds ways to champion the environment, society, and responsibilities to the communities</p> <p><b>JACOBS TO SPIN-OFF AND MERGE ITS CRITICAL MISSION SOLUTIONS AND CYBER &amp; INTELLIGENCE GOVERNMENT SERVICES BUSINESSES WITH AMENTUM</b></p>
WATER-RELATED SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / 2023 EBITDA    TTM 2024 EBITDA</p> <p>19.0x                    17.7x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500    — Water-Related Services</p>	<p><b>Transaction Spotlight</b> November 6, 2023</p> 	<p><b>Market Observations</b></p> <p>Georg Fischer has acquired Uponor, a plumbing and heating systems maker. GF is set to become a global leader in sustainable water and flow solutions, with various organizational changes expected to be implemented in 2024</p> <p><b>GF ACQUIRES UPONOR TO FOCUS ON SUSTAINABLE WATER AND FLOW SOLUTIONS</b></p>

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

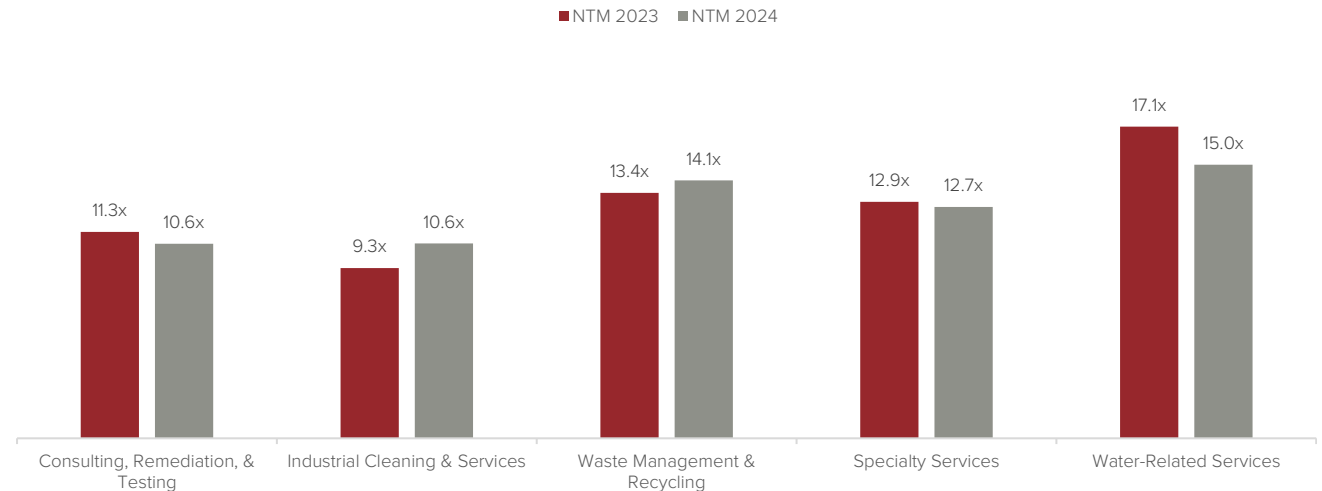
## Stock Performance (1- & 3-Year)



## LTM EBITDA Multiple Comparison Jan-23 vs. Jan-24



## NTM EBITDA Multiple Comparison Q1 2023 vs. Q1 2024



# Select Recent M&A Transactions

Date	Target	Target Description	Acquirer
1/9/2024	Envirosafe Services	U.S.-based provider of specialized expertise in the treatment and disposal of environmentally sensitive wastes and by-products	Crystal Clean
1/8/2024	WRM Companies	U.S.-based provider of liquids and wastewater collection, treatment, and disposal serving the commercial and industrial market	Ridgewood Infrastructures
12/22/2023	Chemtech	U.S.-based environmental services company specializing in soil, wastewater, groundwater, hazardous waste, and air analysis	Alliance Technical Group
12/12/2023	Heritage Environmental Services	U.S.-based provider of sustainability and industrial waste management services	EQT Infrastructure
12/11/2023	Environmental Concepts & Services	U.S.-based specialized provider of waste transportations, non-hazardous waste treatment and disposal and other industrial services	Blue Point Capital Partners
11/30/2023	Westland Resources	U.S.-based engineering and environmental consultancy	Trinity Consultants (Oak Hill Capital)
11/29/2023	New England Fertilizer Co.	U.S.-based company managing sewage sludge disposal	Synagro
11/29/2023	Longman Lindsey	U.S.-based acoustical consulting group focusing on sustainability	Trinity Consultants (Oak Hill Capital)
11/28/2023	North Georgia Roll Off	U.S.-based company handling waste assets and recycling capabilities	Waste Eliminator
11/20/2023	Summit Environmental Technologies	Provider of environmental analytical laboratory testing services intended to serve consultants, manufacturing plants, waste disposal facilities, paper mills, and wastewater plants	Alliance Technical Group (MSCP)
11/1/2023	Capital Waste Services	Provider of waste management services intended to serve residential, commercial, and industrial clients	GFL Environmental
11/1/2023	KDF Fluid Treatment	U.S.-based technological leader in the fluid treatment industry, providing solutions for economical clean water	Kymera International
10/25/2023	Triplepoint Environmental	Provider of lagoon wastewater treatment services intended to improve water quality and boost the efficiency of lagoons	XPV Water Partners (KKR)
10/24/2023	Interstate Waste Services	U.S.-based provider of solid waste and recycling services	Ares Management
10/20/2023	Miller Integrated Solutions	Provider of industrial cleaning and environmental services to the chemical, midstream, oil field, power plant, heavy industry, and refinery markets	KLH Capital
10/19/2023	ELOS Environmental	Provider of a diverse range of environmental consultancy services	KC Harvey Environmental (Bernhard Capital Partners)
10/19/2023	Crystal Clean	Provider of industrial parts cleaning services, used oil re-refining, and both hazardous and non-hazardous waste disposal	J.F. Lehman
10/17/2023	Waid Environmental	Engineering and environmental services firm specializing in air quality, emissions control, permitting, and compliance	Trinity Consultants (Oak Hill Capital)
10/5/2023	Iowa Pump Works	U.S.-based leading technical distributor and service provider of pumps for the municipal water, wastewater, and industrial markets throughout the Midwest	United Flow Technologies
10/4/2023	Milestone Environmental Services	U.S.-based leading environmental services and carbon management company	SK Capital Partners
10/3/2023	Enviro Group	U.S.-based provider of assessment, maintenance, and trenchless services for water and wastewater pipelines	Aegion (New Mountain Capital)
10/3/2023	H2O Innovation	Canada-based water treatment systems provider	Ember Infrastructure Management
10/2/2023	Herbert Recovery Systems	Provider of hazardous waste management services for residential, commercial, and state remediation projects	Miller Environmental Group

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## Proven Expertise

## Core Values That Drive Success



**MERGERS & ACQUISITIONS**

**PRIVATE CAPITAL SOLUTIONS**

**PRIMARY FUND PLACEMENT**



**75%** Revenue from repeat clients

**87%** Managing Directors promoted from within

**30+** Year history

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

The WRM Companies

a portfolio company of

has been acquired by

a portfolio company of

ARCAPITA

has merged with

a portfolio company of

has acquired

USG Water Solutions

a division of

LITTLEJOHN & Co.

has acquired

a portfolio company of

Morgan Stanley  
CAPITAL PARTNERS

has acquired

a portfolio company of

a portfolio company of

has been acquired by

has been acquired by

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