



## Environmental Services

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Sector Brief Q3 2024

**HW** Harris Williams

# What We're Reading

## Hazardous Waste Incinerators See PFAS Disposal Opportunity, Emissions Questions Remain



"PFAS, a class of persistent, human-made chemicals known as per- and polyfluoroalkyl substances, have contaminated soil and groundwater across the country. Some types of PFAS have been linked to a range of serious health issues, including testicular and kidney cancer, liver damage, immune suppression, birth defects, preeclampsia and increased cholesterol."

"The need to get rid of PFAS waste is increasingly necessary as the agency moves to regulate the chemicals on multiple fronts... A 2023 analysis by Public Employees for Environmental Responsibility, an advocacy group, found that industries in the U.S. disposed of at least 60 million pounds of PFAS waste over the past five years."

[Waste Dive](#)

## Biden Administration Proposes Single-Use Plastic Restrictions



"Innovation in materials and services can help ensure that products are compatible with waste management systems and have minimal impacts on human health and the environment. Actions include participating in the development of standards to promote recyclability and reuse, innovation in materials management, and additional research and development of materials that will create a more circular economy."

"Our industry is ready to come to the table and work with the administration and Congress to keep plastic waste out of the environment. Instead of implementing arbitrary bans that don't address our environmental challenges, we need to collaborate on sound policies that will truly help us achieve circularity."

[Waste Today](#)

## 9 Senators Call for EPA Funding to Address Landfill Methane



"A group of senators is urging the Senate's Environment & Public Works Committee to allocate additional funding to the U.S. EPA for landfill methane emissions monitoring, enforcement and reduction strategies."

"Stronger EPA regulations for landfill emissions are critical to slash planet-warming methane emissions, advance environmental justice, and achieve our climate commitments," the signatories wrote. "Federal funding for states to utilize advanced monitoring technology to detect large emissions at MSW landfills and support the necessary improvements to fix and prevent methane leaks will accelerate critical, near-term methane reductions as EPA kicks off the rulemaking process."

[Waste Dive](#)

## Biden Administration Strengthens Commitment to Reducing Food Loss and Waste



"Reducing food loss and waste is critically important for the climate and also provides social and economic benefits, contributing to improvements in food security across the globe. With the renewal of the agreement, collaborating agencies will strengthen coordination to continue to produce educational and guidance materials, conduct outreach, community investments, voluntary programs, technical assistance, policy discussion, and public-private partnerships."

"New EPA research demonstrates the impact wasted food in landfills has on methane emissions; 58% of methane emissions released to the atmosphere from landfills are from food waste. Each year in the U.S., food loss and waste create potent greenhouse gas pollutants equal to the emissions of 60 coal-fired power plants."

[EPA](#)

## Recent Harris Williams Industry Content



[Link to Read](#)

"While year-to-date performance and market conditions are encouraging, Baltimore and Neuner are most excited about the groundwork that buyers and sellers have laid for a strong remainder of 2024."



[Link to Read](#)

"While distractions are a certainty, our analysis shows limited sustained impacts to U.S. M&A from the presidential election cycle. ...

"The public markets are performing well, interest rates appear to have stabilized, and private equity groups are eager to put money to work in high-quality businesses while returning capital to their investors by exiting mature investments."

# Select Recent Environmental Services M&A Transactions

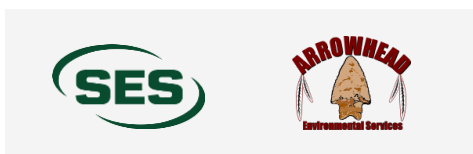
*Announced July 2024*



## H.I.G. Infrastructure Completes Acquisition of Best Trash

- Best Trash is a market-leading municipal solid waste platform serving the residential waste collection needs of select markets
- H.I.G. Infrastructure plans to continue driving growth and supporting management through leveraging their experience and resources

*Announced June 2024*



## Superior Environmental Solutions Acquires Arrowhead Environmental Services

- Arrowhead Environmental Services is a provider of tank cleaning and decontamination services
- The acquisition broadens SES's geographic reach as well as significantly enhancing their capabilities within the specialized industrial and environmental services sector

*Announced June 2024*



## WM to Acquire Stericycle, a Leader in Medical Waste Services, for \$7.2 Billion

- Stericycle is a premier provider of regulated medical waste and compliance services as well as secure information destruction services
- Through this acquisition, Waste Management will expand their comprehensive environmental solutions in the growing healthcare market while advancing sustainability commitments

*Announced April 2024*



## Sibelco Completes Acquisition of Strategic Materials

- Strategic Materials is one of North America's largest glass recyclers
- This acquisition expands Sibelco's global glass recycling presence in North America to position them as a key global player in glass recycling poised for further growth

*Announced February 2024*



## Clean Harbors Completes Acquisition of HEPACO


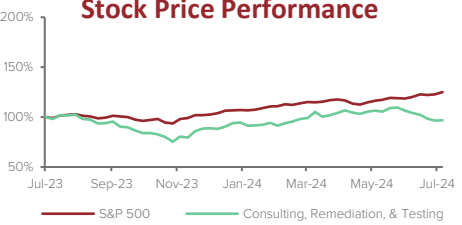


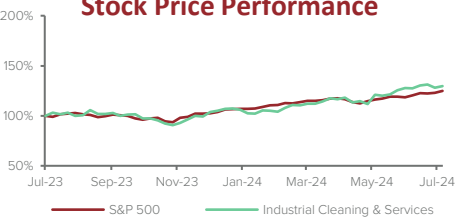


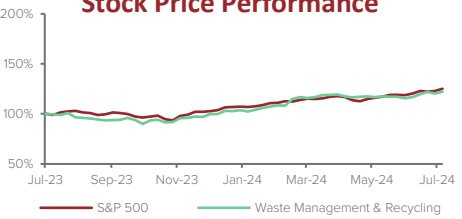


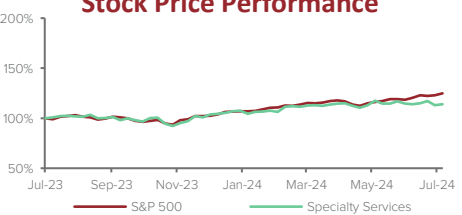

- HEPACO is a leading environmental provider of field and emergency response services in the Eastern United States
- The acquisition will be highly synergistic with strong margin improvement potential through the growth of Clean Harbors' Environmental Services segment and their Vision 2027 long-term strategic plan

# Select Recent Public Market Commentary

Company	Key Takeaway	Presentation & Earnings Call Excerpts <sup>1</sup>
	<p><b>Areas of strength in 2023 have continued to look very similar in 2024, giving WM the confidence to deliver highest-ever full year EBITDA.</b></p>	<p><i>"Continued traction on cost optimization led to our third consecutive quarter of operating EBITDA margin above 29.5%, with Q1 coming in at 29.6% in the historically lowest margin quarter of the year. This margin result exceeded our expectations and reflects the tangible benefits of technology on our operating costs, the sustained effectiveness of our pricing strategy and the substantial progress we're delivering on our sustainability initiatives."</i></p> <p>- James C. Fish, CEO &amp; President, April 25, 2024</p>
	<p><b>With stronger than expected performance over the last two quarters, Clean Harbors has high confidence in the growth outlook of both of their segments this year.</b></p>	<p><i>"We're confident because of a few different things. #1, the backlog that the whole environmental services market has today is very strong and continues to grow in anticipation of those units coming online, continues to be more legislative and regulatory requirements that -- some things like we were just talking about, that's there. Captives are another continued opportunity that there most likely will be more captive closures, which will drive volume. So along with the presence that we have, our growth in the market of how we service customers, we're very confident that we'll fill up these units."</i></p> <p>-Eric W. Gerstenberg, Co-CEO &amp; Co-President, June 4, 2024</p>
	<p><b>First Quarter revenues and adjusted EBITDA indicate a great start to 2024 due to secular tailwinds and strong performance across all segments and service lines.</b></p>	<p><i>"We had a strong start to 2024 with record results in our key operating metrics. As we look to the remainder of 2024 and beyond, we are incredibly optimistic given the demand momentum for our integrated environmental solutions and the material regulatory tailwinds. With the success of our cross-selling strategy and integration of newly acquired businesses, we are confident in our ability to achieve our full year goals."</i></p> <p>- Allan Michael Dicks, CFO, May 8, 2024</p>
	<p><b>Through organic revenue growth and acquisitions, Republic Services is seeing enhanced profitability in 2024, which continues to support their strategy and differentiated capabilities.</b></p>	<p><i>"Our efforts to provide best-in-class essential services and sustainability offerings continue to drive customer loyalty and organic growth in the business. Our customer retention rate remained high at over 94%, and we continue to see favorable trends in our net promoter score as customers value our broad service offerings and the quality of our service delivery. Strong organic revenue growth during the first quarter was underpinned by core price on related revenue of 8.5% and average yield on related revenue of 7.3%."</i></p> <p>- John Vander Ark, President &amp; CEO, April 30, 2024</p>
	<p><b>With each segment performing above expectations in terms of cash flow and adjusted EBITDA, Enviri has a strong outlook for 2024.</b></p>	<p><i>"Enviri's cash earnings are at the highest level in the last decade. And our environmental businesses are more stable with more upside potential than those in our portfolio a decade ago. ... Overall, I'm pleased with the improved demand for our services and products as well as our execution and expect HE to deliver a solid year of underlying earnings and cash flow growth."</i></p> <p>- F. Nicholas Grasberger, Chairman, President &amp; CEO, May 2, 2024</p>

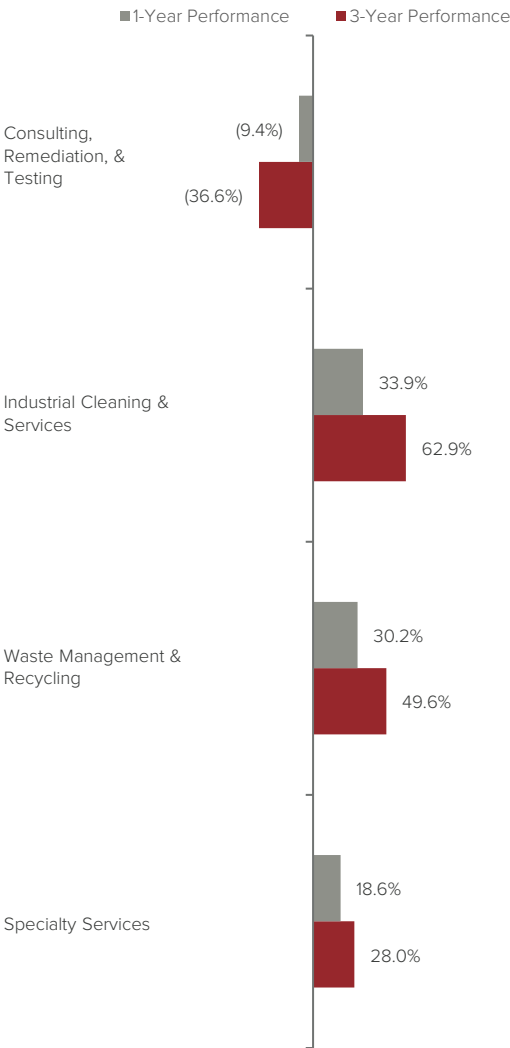


# Public Market Observations<sup>1</sup>

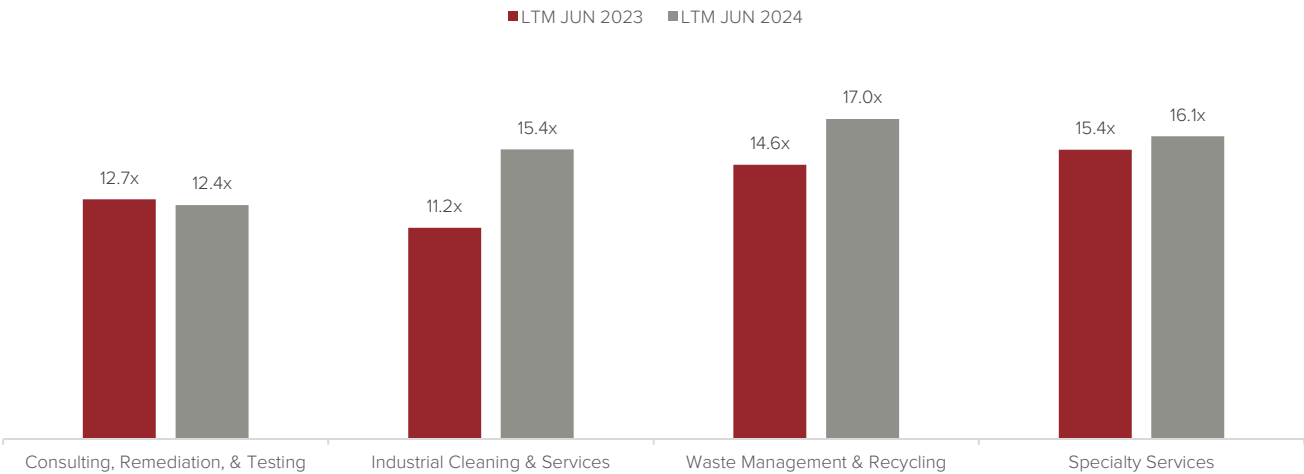
CONSULTING, REMEDIATION, & TESTING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM 2023 EBITDA    TTM 2024 EBITDA</p> <p>12.7x                      12.5x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500      — Consulting, Remediation, &amp; Testing</p>	<p><b>Transaction Spotlight</b> April 2, 2024</p> 	<p><b>Market Observations</b></p> <p>“We have partnered with ETA on client projects for many years and are excited to formally bring them into the Montrose family. We believe they will be highly additive to Montrose’s current Environmental, Health, Safety &amp; Security advisory offerings,” said Vijay Manthirapragada, President and Chief Executive Officer of Montrose Environmental Group.</p> <p><u>MONTROSE ENVIRONMENTAL GROUP ACQUIRES ETA AND ANNOUNCES INCREASE TO 2024 REVENUE AND CONSOLIDATED ADJUSTED EBITDA OUTLOOK</u></p>
INDUSTRIAL CLEANING & SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM 2023 EBITDA    TTM 2024 EBITDA</p> <p>11.2x                      14.8x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500      — Industrial Cleaning &amp; Services</p>	<p><b>Transaction Spotlight</b> March 22, 2024</p> 	<p><b>Market Observations</b></p> <p>“As an established leader in Field Services, HEPACO will support the growth of our Environmental Services segment and our Vision 2027 long-term strategic plan,” said Mike Battles, Co-Chief Executive Officer of Clean Harbors. “The addition of HEPACO’s highly trained team, specialized equipment, geographic footprint, and rail and marine service capabilities enables us to tap into additional markets, as well as cross-sell our full suite of environmental and industrial services.”</p> <p><u>CLEAN HARBORS COMPLETES ACQUISITION OF HEPACO</u></p>
WASTE MANAGEMENT & RECYCLING	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM 2023 EBITDA    TTM 2024 EBITDA</p> <p>14.6x                      17.0x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500      — Waste Management &amp; Recycling</p>	<p><b>Transaction Spotlight</b> June 3, 2024</p> 	<p><b>Market Observations</b></p> <p>Illinois-based Stericycle specializes in medical waste collection, disposal and treatment. The company also offers secure information destruction services through its Shred-It business. In a press release, WM said it sees the deal as a way to expand existing services for healthcare waste and to become a “single, trusted provider known for safety, compliance and environmental stewardship.”</p> <p><u>WM TO ACQUIRE STERICYCLE IN \$7.2B DEAL</u></p>
SPECIALTY SERVICES	<p><b>Key Public Comps</b></p>  <p>Enterprise Value / LTM 2023 EBITDA    TTM 2024 EBITDA</p> <p>15.4x                      14.8x</p>	<p><b>Stock Price Performance</b></p>  <p>— S&amp;P 500      — Specialty Services</p>	<p><b>Transaction Spotlight</b> May 20, 2024</p> 	<p><b>Market Observations</b></p> <p>“NV5 continues to invest in high-growth technology and tech-enabled services that deliver scalability and barriers to entry, while accelerating organic growth and profitability,” said Dickerson Wright, PE, Executive Chairman of NV5. “MyBIMteam’s subscription-based service delivery model supports NV5’s strategic focus on expanding recurring and subscription-based services that facilitate long-term client relationships and organic growth.”</p> <p><u>NV5 STRENGTHENS SUBSCRIPTION-BASED SERVICES WITH ACQUISITION OF MYBIMTEAM</u></p>

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

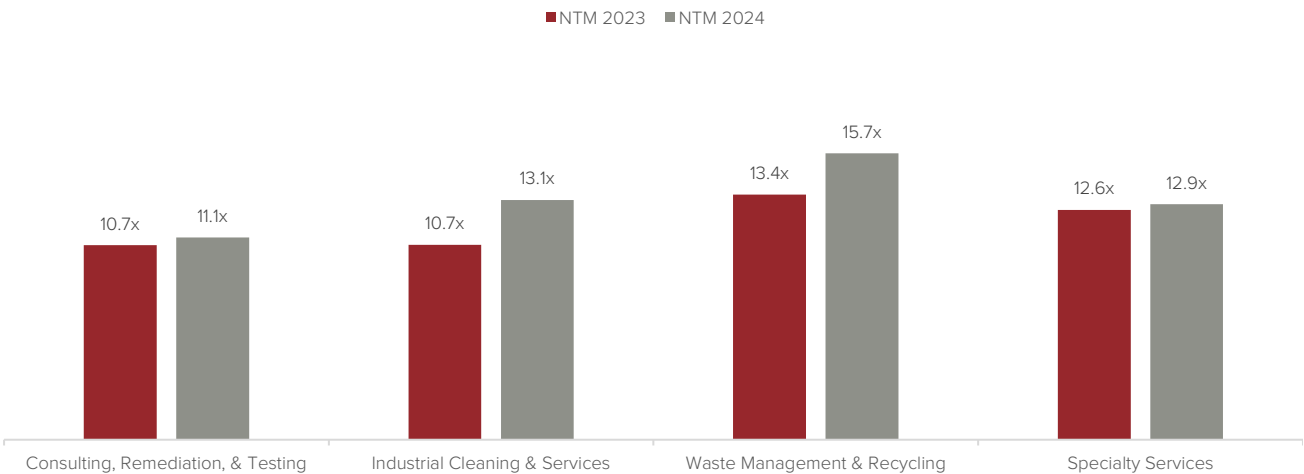
## Stock Performance (1- & 3-Year)



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



## NTM EBITDA Multiple Comparison Q3 2023 vs. Q3 2024



# Select Recent M&A Transactions

Date	Target	Target Description	Acquirer
7/12/2024	Best Trash	A U.S.-based waste collection platform	HIG Capital
7/6/2024	Englobe Assets	A U.S.-based soil and organic waste treatment	Ortec Group
7/2/2024	Twin Enviro Services	A U.S.-based family company with two landfills, three hauling sites, one MRF and a composting facility	Apex Waste Solutions
7/1/2024	Aaron Materials	A U.S.-based concrete recycling & materials business	Heidelberg Materials
6/27/2024	EBV	A U.S.-based energetic waste disposal business	Heritage
6/24/2024	Circulus	A U.S.-based polyethylene recycler	Dow
6/14/2024	Enviro Global	A Canada-based industrial cleaning and liquid waste service provider	Environmental 360 Solutions
6/13/2024	Rialto Bioenergy Facility	A U.S.-based processor of food waste and biosolids	Sevana Bioenergy
6/11/2024	Waste Control	A U.S.-based waste/recycling service provider	Certified Waste Solutions
6/4/2024	Strategic Materials	A U.S.-based glass recycler	Sibelco
6/3/2024	Stericycle	A U.S.-based medical waste disposal company	Waste Management
6/3/2024	Sue's Recycling & Sanitation	A U.S.-based provider of residential, commercial, roll-off, and transfer station services	Superior USA Waste
6/1/2024	Gel Recycling	A U.S.-based company with multiple recycling facilities and a C&D landfill	FCC Environmental Services
5/21/2024	T&R Environmental	A U.S.-based leading provider of environmental services based in Upstate New York	Momentum Environmental
5/21/2024	Arrowhead Environmental Services	A U.S.-based provider of tank cleaning and decontamination services	Superior Environmental Solutions
5/20/2024	Materials Management Company	A U.S.-based provider of solid waste collection and portable sanitation services	Apex Waste Solutions
5/20/2024	All American Disposal	A U.S.-based leading provider of roll-off services	Apex Waste Solutions
5/20/2024	County Sanitation	A U.S.-based provider of commercial and residential waste solutions	CARDS Recycling
5/9/2024	CG Environmental	A U.S.-based provider of specialty environmental remediation, emergency response, and waste management services	Enviroserve
5/2/2024	Noble Oil	A U.S.-based provider of oil collection and recycling	Clean Harbors, Inc. (Safety-Kleen)
5/2/2024	Litterally	A U.S.-based bulk trash removal specialist	Ally Waste
5/2/2024	Pioneer Recycling Services	A U.S.-based provider of reliable environmental services and solutions for commercial, industrial, municipal, and residential customers	Waste Connections
5/1/2024	Adler & Allan	A U.K.-based environmental risk reduction specialist	Goldman Sachs Alternatives

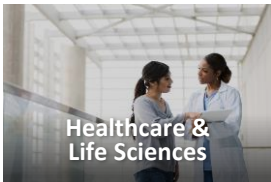
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## Proven Expertise

## 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.

 <i>a portfolio company of</i>  <i>has been acquired by</i> 	 <i>a portfolio company of</i>  <i>has been acquired by</i> 	 <i>a portfolio company of</i> ARCAPITA <i>has merged with</i>  <i>a portfolio company of</i> 	 <i>has acquired</i> USG Water Solutions <i>a division of</i> 	LITTLEJOHN & Co. <i>has acquired</i>  <i>a portfolio company of</i> 	Morgan Stanley CAPITAL PARTNERS <i>has acquired</i>  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  <i>has been acquired by</i> 
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