



# WASTE AND RECYCLING Q1 2019

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## MERGER AND ACQUISITION OVERVIEW

Expansion of U.S. economy and increases in industrial, commercial, and construction activity have continued to drive growth in the Waste and Recycling industry. While per capita waste production has remained relatively stable over the past 2 decades, the U.S. continues to produce more waste than any other country at around 4.5 pounds per person per day according to the EPA. Waste management services are essential to communities and the industry's high resiliency to the economic cycle makes both short and long-term prospects very attractive. The essential nature of Waste and Recycling services coupled with population growth and urbanization will continue to drive the demand for those services and thus M&A activity in the space.

Last year, 105 mergers and acquisitions were announced or closed in the Waste and Recycling Industry. Public companies accounted for the largest share of buyer activity (38.1%) while private investment firms completing bolt-on acquisitions consisted of 32.4% of the transactions in 2018. Large players such as Waste Management and Republic Services are consolidating the market to strategically take control of specific regions while smaller companies have primarily used acquisitions to vertically integrate their operations. The industry is poised for another strong year of M&A activity with 22 announced or completed deals in Q1 2019, slightly behind last year's Q1 number of 26 transactions.

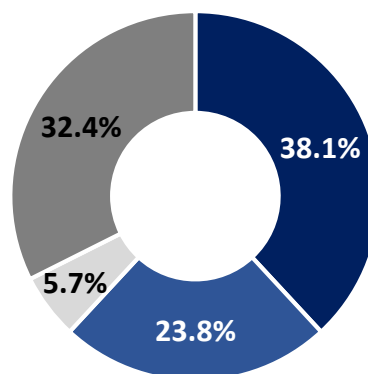
### 2018 Buyer Breakdown

#### Strategic

- Public
- Private

#### Financial

- Direct
- Add-on



Source: Capital IQ

## SEGMENT HIGHLIGHTS

### 75 WASTE-TO-ENERGY FACILITIES THROUGHOUT 21 US STATES

There are 75 waste-to-energy (WTE) facilities in the U.S. processing municipal solid waste that would otherwise be sent to a landfill into renewable energy, according to the Energy Recovery Council's 2018 directory. Through refuse derived fuel (RFD), mass burn, and modular technology, WTE facilities have the capability of turning more than 29 million tons of trash into approximately 14 million megawatts of electricity. While the number of facilities has shrunk from 97 in 2000 due to changing regulations, failure to renew contracts, and market conditions, overall industry revenue is still forecasted to grow at a compound annual growth rate of 2% to \$3.9 billion over the next five years, according to IBISWorld.

Covanta Holding Corporation (NYSE: CVA) is the largest player in the WTE sector accounting for 51.1% of market share and generating \$1.9 billion in revenue in 2018. In 2018, Covanta acquired Palm Beach Resource Recovery Corporation for \$46 million, expanding its number of facilities in Florida to eight.

Wheelabrator Technologies Inc. is the second largest operator in the space claiming 27.8% of market share. Wheelabrator was recently acquired by Macquarie Infrastructure Partners in October 2018 for an undisclosed amount.

### 15% FORECASTED DECREASE IN US LANDFILL CAPACITY BY 2021

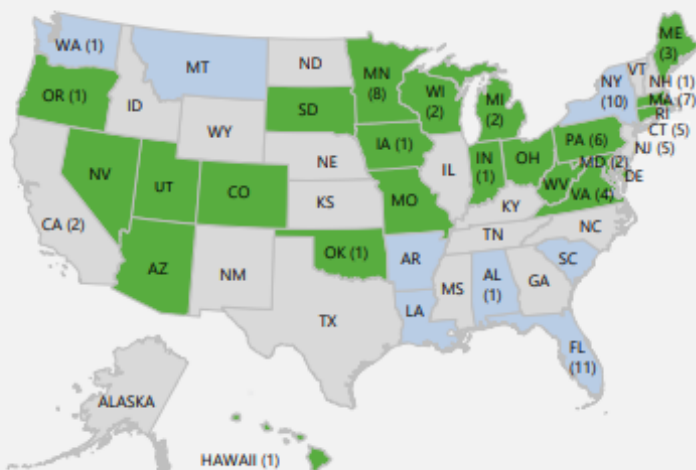
Landfills are scarce, heavily regulated assets in the Waste & Recycling Industry. While there are currently more than 2,000 landfills in the U.S., *Waste Business Journal* has projected Landfill capacity to decrease 15% in the next two years so that by 2021, only 15 years of landfill capacity will remain.

Due to the increasing scarcity of space, landfills with a large amount of available airspace can be very lucrative. In addition, landfills can often be the only player in an area and therefore create a monopoly like affect. For this reason, small operators face fierce competition from large strategic players and are often ripe for roll-ups.

Meridian Waste Services is a prime example of a recent acquirer in this space. Warren Equity took Meridian Waste Services private last spring and immediately began to expand the business through bolt-on acquisitions. Between August and year-end, Meridian acquired Bob's Refuse Service, New River Container, and Resource Management Group (VA); Partner Disposal (FL), and Knoxville Landfills (TN). Most recently, Meridian has acquired Waste Corporation of Tennessee (WCA) in April to further integrate into the Knoxville, Tennessee and provide full-service solutions to customers. Terms of the transaction were not disclosed.

#### Waste-to-Energy Facilities & Laws by State

- Waste-to-energy in renewable portfolio standards
- Waste-to-energy in other renewable law



#### Waste-to-Energy Products and Services Segmentation

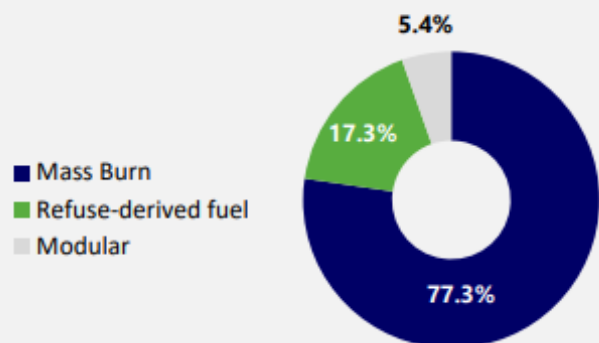


Chart sources: Energy Recovery Council and IBISWorld

## NOTABLE TRANSACTIONS



To Acquire



### Waste Management, Inc. to acquire Advanced Disposal Services, Inc. (April 2019, \$4.9 Billion)

Waste Management, Inc. (NYSE:WM) has announced its definitive plans to acquire Advanced Disposal (NYSE:ADSW) for \$4.9 billion at 12.7x EBITDA. Under the agreement, a subsidiary of Waste Management will purchase all outstanding shares for \$33.15 per share in cash.

Advanced Disposal is one of the largest, vertically integrated solid waste companies in the US with 2018 revenues of \$1.6 billion and an adjusted EBITDA of \$427 million. The acquisition is projected to deliver over \$100 million in annual synergies and is expected to close in the first quarter of 2020.

“The acquisition of Advanced Disposal extends these commitments by adding complementary assets and operations as well as a team with a shared focus on safety, outstanding service and operational excellence,” said Jim Fish, President and CEO of Waste Management, in a statement. This purchase is expected to expand Waste Management’s customer base and footprint, grow its cash flows, and support its capital allocation priorities.

### GFL Environmental, Inc. acquires Waste Industries USA, Inc. (October 2018, \$2.8 Billion)



Acquires



WASTE INDUSTRIES

Solid and liquid waste management company Green For Life Environmental (GFL) has acquired Waste Industries USA, Inc. in a \$2.8 billion leveraged buyout. The transaction has created the largest privately-held environmental services provider in North America.

Founded in North Carolina in 1970, Waste Industries has 2,500+ employees and provides solid waste and recycling collection services to commercial, industrial, and residential customers in the US.

“Waste Industries will more than double GFL’s current footprint of operations in North America,” GFL Founder and CEO Patrick Dovigi said in an article, “adding collection, transfer station, materials recovery and landfill operations in fast-growing United States markets (including North Carolina, South Carolina, Georgia, Colorado, Tennessee, Virginia and others), growing our customer base and forming an extended platform from which GFL can continue to execute on our proven organic and acquisition growth strategy.”

### GFL Environmental, Inc. acquires Waste Industries USA, Inc. (October 2018, \$2.8 Billion)



Acquires



Asset manager Macquarie Infrastructure Partners Inc. (NYSE: MIC) has acquired Wheelabrator Technologies Holdings Inc., the second-largest US waste-to-energy business (terms undisclosed). Energy Capital Partners sold Wheelabrator after acquiring the company in 2014 for \$1.9 billion.

Wheelabrator owns or operates 25 locations in the US and UK with 19 waste-to-energy, two waste fuel facilities, and four ash monofills. The business has capacity to process eight million tons of waste per year, generating enough energy to power more than 600,000 homes.

“We look forward to working with MIP to continue operating as a trusted and reliable provider of sustainable post-recycled waste disposal and renewable energy generation for the customers and communities we serve. Wheelabrator remains focused on executing our strategy, our priorities and our vision—to develop, deliver and realize the potential of clean energy,” Robert Boucher, President and CEO of Wheelabrator, said in a press release.

**SELECT TRANSACTIONS**

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
03/11/19	D & D Sanitation, Outreach Disposal	WCA Waste Corporation	Provides residential and commercial garbage collection services.	-	-	-
03/11/19	Petro Waste Environmental	Waste Management	Offers solid waste disposal and waste processing solutions.	-	-	-
03/06/19	Bend Garbage Company	Republic Services	Provides waste management, recycling, and hauling services in Oregon.	-	-	-
03/04/19	9 Coastal Ladies Carting	Waste Industries USA	Provides recycling, trash collection, roll off dumpster, and waste management services in North Carolina.	-	-	-
03/01/19	Beaver Oil Co.	Intergulf Corporation	Operates a centralized waste treatment plant for processing and recycling waste oil.	-	-	-
02/12/19	Tunnel Hill Partners	Macquarie Infrastructure Partners	Provides recycling, beneficial reuse, transfer, and disposal in the Northeast.	\$590.0	-	-
01/25/19	Lawn-Corps	Organic Resource Management	Provides recycling services for yard waste collections.	-	-	-
01/08/19	Routes of Molenhouse	Lakeshore Recycling Systems	Provides waste and recycling services.	-	-	-
01/04/19	Alabama Waste Disposal Solutions	Advanced Disposal Services South	Provides waste collection, transportation and disposal services.	\$15.0	-	-
12/20/18	Assets of NGL Energy Partners	WaterBridge Resources	Comprises nine saltwater disposal facilities and disposal permits in Texas.	\$238.8	-	-
12/10/19	Tyler's Sanitation	Waste Management	Offers residential and commercial waste collection services.	-	-	-
12/10/19	American Disposal Services	Waste Connections	Provides recycling services to residential, commercial, and industrial customers.	-	-	-
12/03/18	Assets of AI's Maintenance	Casella Waste Systems	Comprises solid waste, recycling, and resource management services.	-	-	-
12/03/18	Apple Valley Waste	BioHiTech Global, Gold Medal Services	Provides waste collection and recycling services in Maryland.	-	-	-
11/21/18	Knoxville Landfills	Meridian Waste Operations	Operates the only two long-term construction and demolition (C&D) landfills in Knox County, Tennessee.	-	-	-
11/14/18	Luck Stone Atlanta - Stephens Plant	Luck Stone Corporation	Recycles dirt and other construction material from construction sites.	-	-	-
11/14/18	Ecoserv Industrial Disposal	US Ecology	Provides non-hazardous industrial wastewater disposal services.	\$87.2	-	-
10/24/18	Coastal Waste & Recycling	Summer Street Capital Partners	Operates as a solid waste disposal and recycling company	-	-	-

**SELECT TRANSACTIONS (CONTINUED)**

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	LTM EBITDA
10/10/18	Waste Industries USA	GFL Environmental	Provides solid waste and recycling collection services to commercial, industrial, and residential customers.	\$2,825.0	-	-
10/04/18	Royal Container Service	Lakeshore Recycling Systems	Provides dumpsters to homeowners, contractors, and businesses.	-	-	-
10/01/18	Wheelabrator Technologies	Macquarie Infrastructure Partners	Operates waste-to-energy facilities in the US and the UK.	-	-	-
09/28/18	Partner Disposal	Meridian Waste Services	Provides residential and commercial solid waste collection, recycling, and disposal services.	-	-	-
09/14/18	Operations of Sunshine Recycling	WCA Waste Corporation	Comprises two hauling operations which provide commercial, roll-off dumpster, and disposal services.	-	-	-
09/11/18	AMS Environmental	Pine Lake Partners	Provides commercial and industrial waste management solutions.	-	-	-
09/10/18	Global Waste Services	WCA Waste Corporation	Provides solid waste hauling and recycling services to commercial, residential, and industrial customers.	-	-	-
09/05/18	Allwaste Services	Waste Management Of South Carolina	Offers residential garbage, construction container, and commercial container collection and disposal services.	-	-	-
08/30/18	FibreK Recycling US	ND Paper	Operates a recycling plant that processes waste paper and recycles bottles, cans, and cardboard.	\$62.0	-	-
08/17/18	Computerized Waste Systems	Rubicon Global Holdings	Provides waste and recycling-management programs to retail, commercial, and industrial customers.	-	-	-
08/16/18	GLR Advanced Recycling	Louis Padnos Iron & Metal Company	Provides recycling solutions for businesses, residents, and municipalities in Michigan.	-	-	-
08/09/18	Resource Recovery Corporation	Covanta Pasco	Operates waste-to-energy facilities.	\$45.0	-	-
06/06/18	Envirowaste & Commonwealth	Gold Medal Services	Operates a solid waste management and resource recovery facility.	-	-	-
08/01/18	Charter Waste Management	Rubicon Global Holdings	Offers waste and recycling management services.	-	-	-
07/23/18	Phoenix Trash Solutions	Macau Capital Investments	Provides solid waste management services.	-	-	-
07/02/18	Reparenco Holding B.V.	Smurf Kappa Group	Offers paper and recycling services.	\$538.0	1.8x	11.2x <sup>1</sup>

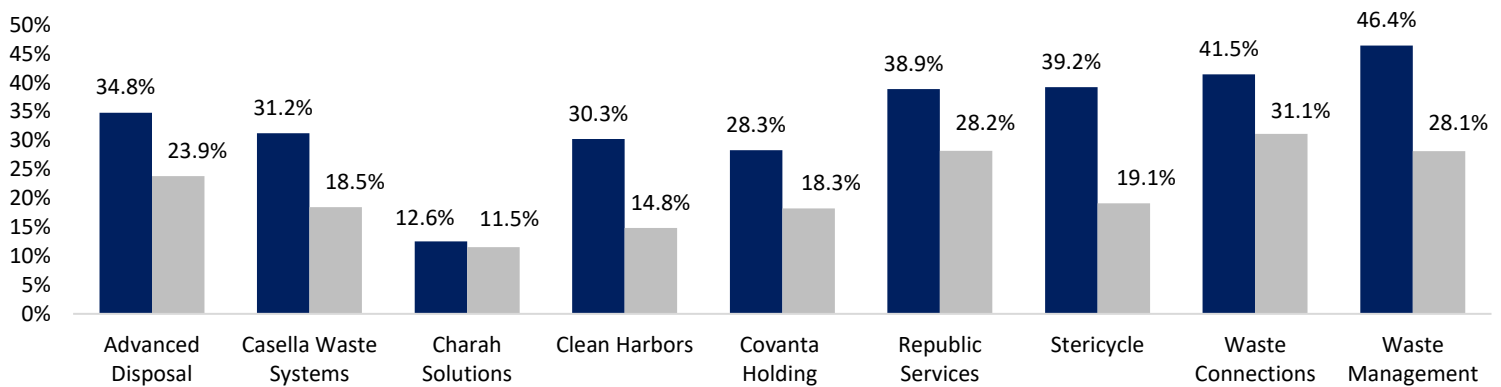
## PUBLIC COMPANY TRADING & OPERATING DATA

Company	Price 06/01/19	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV/LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Advanced Disposal Services, Inc.	\$32.14	97.4%	\$2,854.9	\$4,764.9	\$1,577.5	\$376.23	23.85%	3.0x	12.7x
Casella Waste Systems, Inc.	\$38.72	98.6%	\$1,829.1	\$2,369.1	\$676.9	\$124.96	18.46%	3.5x	19.0x
Charah Solutions, Inc.	\$4.66	38.8%	\$137.7	\$387.9	\$748.9	\$86.42	11.54%	0.5x	4.5x
Clean Harbors, Inc	\$64.64	83.7%	\$3,611.5	\$5,161.5	\$3,331.0	\$494.32	14.84%	1.5x	10.4x
Covanta Holding Corporation	\$16.86	92.4%	\$2,216.0	\$4,716.0	\$1,863.0	\$340.00	18.25%	2.5x	13.9x
Republic Services, Inc.	\$84.59	99.8%	\$27,203.0	\$35,793.0	\$10,085.0	\$2,844.98	28.21%	3.5x	12.6x
Stericycle, Inc.	\$46.38	64.9%	\$4,222.5	\$7,382.5	\$3,421.0	\$653.41	19.10%	2.2x	11.3x
Waste Connections, Inc.	\$94.64	100.0%	\$24,954.1	\$29,044.1	\$5,028.0	\$1,565.22	31.13%	NM	18.6x
Waste Management, Inc.	\$109.35	99.8%	\$46,438.9	\$60,538.9	\$15,099.0	\$4,247.35	28.13%	4.0x	14.3x

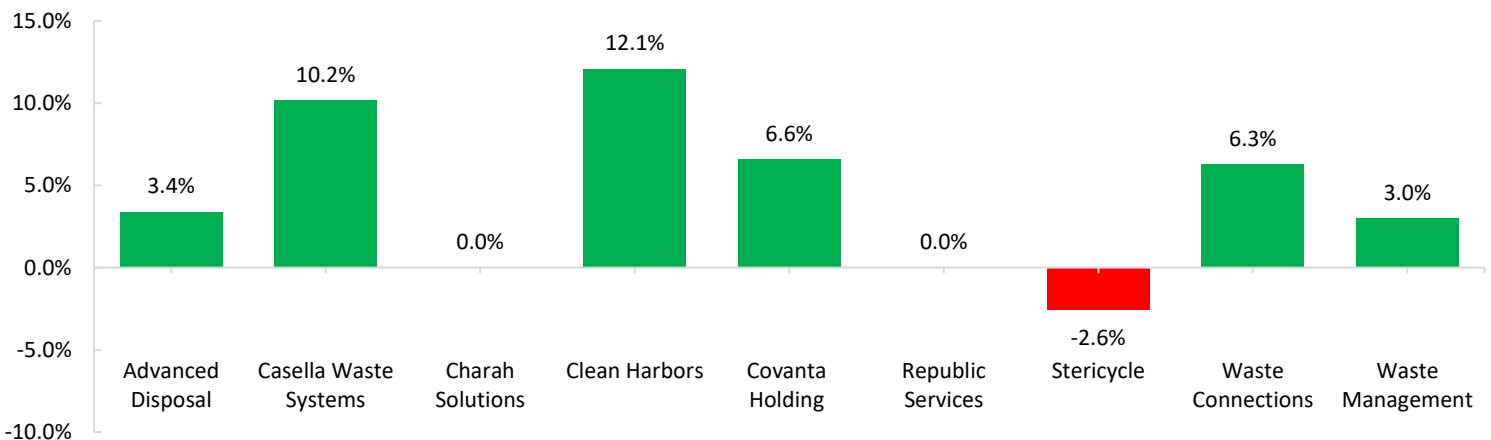
EV = Enterprise Value; LTM = Last twelve months  
 \$ in Millions, except for per share data  
 NM = Not Meaningful

Mean	21.50%	2.6x	13.0x
Median	19.10%	2.8x	12.7x
Harmonic Mean	19.55%	1.7x	11.1x

### Last Twelve Month Margin Performance



### Last Twelve Month 1-Year Revenue Growth



Source: Yahoo Finance, ETRADE Research

## WHAT WE DO

Our singular focus on the middle market allows us the opportunity to work closely with clients to provide top tier guidance throughout the transaction.

### Merger & Acquisition

- Revenue \$5-\$100 million
- EBITDA \$1 – 15\$ million
- Enterprise Value \$5 - \$100 million
- Sell-side & Buy-side representation

### Capital Advisory

- Seeking \$10-\$100 million
- Debt – Mezzanine/Unitranche/Commercial
- Private Equity
- Recapitalization
- Control & Non-Control Financing

## WHO WE ARE

Transitus Capital is dedicated to providing a client centered, prudent approach by seasoned professionals. We provide a level of sophistication that our clients need to meet their varied needs with a full suite of services.

Transitus Capital delivers a true investment banking process by FINRA registered investment banking professionals.

## CLIENT PROFILE

Our clients are middle market companies seeking a transition through capitalization or by merger/acquisition.

Our capital solutions and M&A advisory provide clients guidance throughout the process of selling a business and/or raising capital.

## INDUSTRY COVERAGE



Oil & Gas  
Oilfield Service  
Midstream

Industrials  
&  
Manufacturing

Dental Practice  
Healthcare Services  
Health & Beauty

Waste & Recycling  
Transportation  
Logistics

Tech  
Media  
Telecom

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