



Waste & Recycling Industry

Q2 2020

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TRANSITUS CAPITAL

Investment Banking Services:

- M&A Advisory
- Capital Advisory
- Generational Transfer Finance

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COVID-19 Impact on the Waste Stream

In this Quarterly Recap, we this cover the impact of the COVID-19 pandemic on the various components of the waste stream during the quarter and examine commentary on waste volumes from the second quarter earnings calls.

The second quarter of 2020 was one of the most challenging quarters in recent memory. Revenues were hit hard as commercial volumes fell significantly due to businesses closures and stay-at-home orders. Companies were forced to implement new safety and sanitation protocols, make significant investments in PPE and safety infrastructure, and eliminate spending on entertainment, travel, meals, and other non-essential expenses.

Despite the turbulent and unpredictable environment, the waste industry proved its resilience and the majors (Waste Management, Republic Services, Waste Connections, and Casella Waste) were able to effectively manage their cost structures and produce better than anticipated results. The ability for these companies to cut costs and produce solid quarterly figures was highly impressive due to the fact that volumes were absolutely hammered during the months of April and May and only began to mildly recover in June.

Residential

Residential solid waste volumes saw a significant increase during the quarter and margins for the business line saw a significant decrease due to the pricing structure of residential waste contracts. Republic Service's residential volumes were up 10.1% for the quarter versus the prior year, according to RSG President Jon Vander Ark.

The increase in residential volume created margin compression for municipal haulers, yielding a sub 10% EBITDA margins for their residential business. The impact of the pandemic on residential waste volumes has highlighted some of the structural problems with many municipal waste contracts. Pinpointing a fundamental issue, Waste Management CEO Jim Fish, indicated that "CPI is not representative of our cost structure anymore, so we want to start to move municipalities away from that price metric."



Investment Banking for the Waste Industry



Small Container

Small container volumes were hit hard in the second quarter as businesses across the country were forced to shut down. Waste Management and Republic Services saw a lower commercial volumes during the quarter, with a decrease of 11% and 8.8% respectively. Despite the significant decline in volumes, publicly reporting CEO's remained positive on the outlook of their small container businesses, encouraged by a significant upturn in volume for June and July. According to Waste Connections CEO Worthing Jackman, about 53% of commercial solid waste customers who had temporarily paused or reduced service at the onset of the pandemic had returned.

Construction and Demolition

C&D waste volumes held up well during the quarter as construction activity persisted during the lockdowns that took place throughout most of the United States. Republic Services CEO Don Slager highlighted C&D waste as a bright spot during the quarter, noting that "Construction has held up pretty well... if looked at a metric for C&D tons in our landfill it looks like we had a pretty strong quarter there." He further expanded with "on the residential side, probably a lot of current projects are getting finished, but we're still seeing new activity in the market, however it's probably too early to tell on the longer-term outlook".

Landfill

Landfill volumes were hit hard during the quarter with Waste Management, Republic Services, and Waste Connections all reporting double digit percentage drops in volume. COO of Waste Management, John Morris revealed that "external volumes for the quarter were down a little more than 18%" although "Landfill volumes improved throughout the quarter with June only down 11% year-over-year." Casella Waste saw similar declines in landfill volumes with CFO Edmond Coletta stating that "Landfill tons were down 18.4% year over year as economic activity and construction projects were both negatively impacted by COVID."

Recycling

In the second quarter, the reporting companies continued to execute their recycling strategies and restructure their recycling contracts to become less dependent on commodity prices. Recycling commodity prices did, however, hold up well during the quarter. Republic Services saw a 29% year-over-year increase in commodity prices, which helped offset the 11% decline in inbound recycling volume. Waste Management also saw improvements in their recycling business and reported a blended recycling commodity rate of \$57/ton.

NOTABLE TRANSACTIONS



Acquires



Waste Pro acquires AmeriSouth Recycling's businesses in the Atlanta, GA area (June 2020, Undisclosed)

The arrangement, which got underway in June 2020, expands the Atlanta Materials Recovery Facility's (MRF) industrial customer base. As part of the arrangement, AmeriSouth's Atlanta site has closed, and all business will now be based out of Waste Pro's MRF in Atlanta. Industrial recycling – most of which is corrugated cardboard – will now be collected and processed by Waste Pro.

"This allows us to be a full-service company for all the recycling needs of industrial businesses in the Atlanta market," said Waste Pro's Vice President of Recycling, Will Howard. "Our MRF can take any recyclable materials companies may have – baled or loose, delivered or picked up. We can do it all." "The opportunity to purchase a very viable C&D landfill in a dynamic growth market



Acquires



Integrated Waste Solutions Group acquires Central Texas Refuse and 130 Environmental Park (April 2020, Undisclosed)

Integrated Waste Solutions Group, LLC (IWSG) announced funding from NOVA Infrastructure, the completion of the acquisition of Central Texas Refuse, Inc. (CTR) and its affiliates and the agreement with Green Group Holdings to acquire 130 Environmental Park (130 EP).

CTR is a full-service waste collection and recycling company serving Austin, Texas, and surrounding areas. The company is one of the largest independent waste collection service organizations in Central Texas. Founded in 1981 by the families of Richard Butler, William Butler, James Schenk, Donald Schenk and Dennis DeGolier, CTR has grown through organic expansion and currently operates from four primary locations in Southeast Austin, Round Rock, Lockhart and a comprehensive single stream recycling facility in Hutto/Taylor, Texas. Debt financing for the transaction was provided by Comerica Bank..

130 EP is the holder of a municipal solid waste (MSW) permit for a Type I MSW landfill facility issued by the Texas Commission on Environmental Quality (TCEQ). 130 EP is a mixed-use development in northern Caldwell County that is located east of the 130 Toll Road and north of FM 1185.



Acquires



Waste Pro acquires Hernando, FL based Angie's Disposal Service (July 2020, Undisclosed)

Effective July 1, 2020, Waste Pro has acquired Angie's Disposal Service, Inc., based in Citrus County, Florida.

The company has been servicing approximately 4,500 customers in the area for the past four years. As part of the arrangement, Waste Pro will now provide service to those customers and welcome Angie's employees at its facility in Hernando, FL.

"When we met the folks at Angie's, we immediately realized they ran a like-minded business in that caring for our environment and providing excellent service are top priorities," said Senior Vice President Keith Banasiak. "They've built an excellent reputation for being the best, and we look forward to continuing that.

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description
Q2 2020	AmeriSouth Recycling	Waste Pro	Provider of MRF services to an industrial customer base in the Atlanta, GA area
Q2 2020	Tri-lakes Disposal	GFL Environmental	Provider of solid waste disposal services to residential and commercial customers in Colorado Springs, CO
07/21/2020	Value Waste Services	Valet Living	Full service amenities provider to 23,000 multifamily housing units in Texas
07/01/2020	Skinner Waste Solutions	Valet Living	Full service amenities provider to 30,000 multifamily housing units in Florida
06/30/2020	Capital Waste Services	Priority-1 Waste	Provider of roll-off collection services to industrial and construction customers in Charleston, SC
04/09/2020	Central Texas Refuse	Integrated Waste Solutions Group	Full service waste collection and recycling company serving Austin, TX and surrounding markets
04/09/2020	130 Environmental Park	Integrated Waste Solutions Group	130 EP is the holder of a municipal solid waste (MSW) permit for a Type I MSW landfill facility issued by the Texas Commission on Environmental Quality (TCEQ).
04/08/2020	Stericycle's Domestic Environmental Solutions business	Harsco Corporation	Provider of unused consumer pharmaceutical take-back services
03/24/2020	Republic Services hauling and recycling operations in Erie, Niagara, and Orleans Counties in western New York State	Modern Disposal	Republic Service's hauling and recycling operations in Erie, Niagara, and Orleans Counties
03/1/2020	Select residential customers and landfills operated by RES	Waste Pro	Waste Pro of Mississippi began servicing 700 customers previously serviced by RES and acquired a C&D landfill previously operated by RES in Cleveland, MS
02/27/2020	Soft-Pak	Dover Environmental Solutions Group	Leading provider of integrated back office, route management, and customer relationship management software for the waste and recycling industry
02/25/2020	ConFab	Wastequip	Leading North American manufacturer of waste handling equipment
02/20/2020	Daley & Sons Trucking	Casella Waste	Provider of commercial and residential waste hauling services to 3,500 customers in Massachusetts
02/19/2020	ABCO Recycling	G&G Garbage	Provider of commercial waste hauling services in the Arnegard, North Dakota region
02/13/2020	Miller Sanitation	Waste Management	Provider of solid waste collection and recycling services to over 3,000 customers in southwestern and central Minnesota
02/05/2020	Denali	TPG Growth	Backed by Ironwood Capital and sold to TPG Growth, Denali is a provider of specialty waste and recycling services in the U.S.
Q4 2019	Devens Recycling	Republic Services	C&D recycling and waste transfer facility in Northern Massachusetts

SELECT TRANSACTIONS (Continued)

Date	Target	Acquirer	Target Business Description
Q4 2019	Prinville Disposal	Republic Services	Provider of solid waste disposal services to 7,000 customers in Central Oregon.
Q4 2019	Waste Harmonics	Arcapita	Technology-enabled facility services company that delivers a comprehensive suit of waste management solutions to blue-chip clients throughout North America
Q4 2019	Shotwell Companies	Meridian Waste	Provider of landfill, transfer station, and recycling services throughout the Raleigh, NC marketplace
01/10/2020	GFL Environmental	American Waste	Vertically integrated provider of environmental solutions for a broad base of solid and liquid waste customers
01/07/2020	Trojan Waste Solutions	Valet Living	Provider of doorstep waste and recycling pickup in the San Antonio and Austin Marketplaces
Q4 2019	Penn Waste	Waste Connections	Provider of residential and commercial waste collection across multiple Pennsylvania counties as well as an operator of a single-stream MRF
12/10/2019	County Waste of Virginia	GFL Environmental	Provider of collection, transportation, transfer, recycling, and non-hazardous solid waste disposal to over 400,000 customers in Virginia and Eastern Pennsylvania
11/20/2019	AGI Group	GFL Environmental	Provider of environmental remediation and waste management services in the Kitchener-Waterloo area of Ontario
11/05/2019	Designated Disposal	Meridian Waste	Acquisition of the hauling, container, and contracts assets in Knoxville, TN
Q3 2019	Triple H Dumpster Service	Frontier Waste Solutions	Provider of solid waste disposal services
Q3 2019	H&L Rural Trash	Frontier Waste Solutions	Provider of solid waste disposal services
Q3 2019	Riata Disposal	Frontier Waste Solutions	Provider of solid waste disposal services in Dripping Springs, TX
Q3 2019	Panther City Disposal	Frontier Waste Solutions	Provider of roll off dumpster service in the DFW area
Q3 2019	Midwest Waste Services	Frontier Waste Solutions	Provider of residential and commercial waste disposal services in Azle, TX and surrounding towns
09/05/19	Windsor Disposal Services	GFL Environmental	Provider of solid waste management solutions in Windsor, ON
09/03/19	West Transfer Station - St Louis	Meridian Waste	St. Louis based transfer station that had been non-operational for 10 years
08/30/19	A&L Waste Removal	Meridian Waste	Provider of waste collection and disposal services in Georgia
08/30/19	Waste Solutions	Meridian Waste	Provider of waste collection and disposal services in Georgia
08/26/19	Harbor Carting & Empire Waste Rer Winter Bros'		Provider of solid waste collection and recycling services

PUBLICLY TRADED COMPANY OPERATING DATA

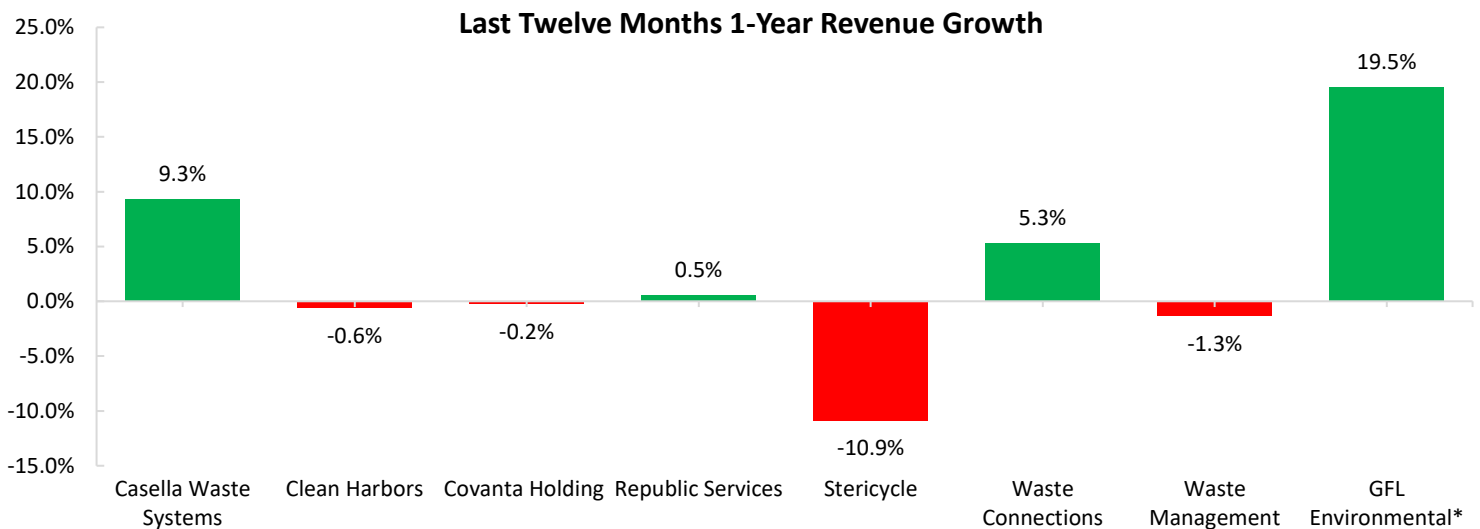
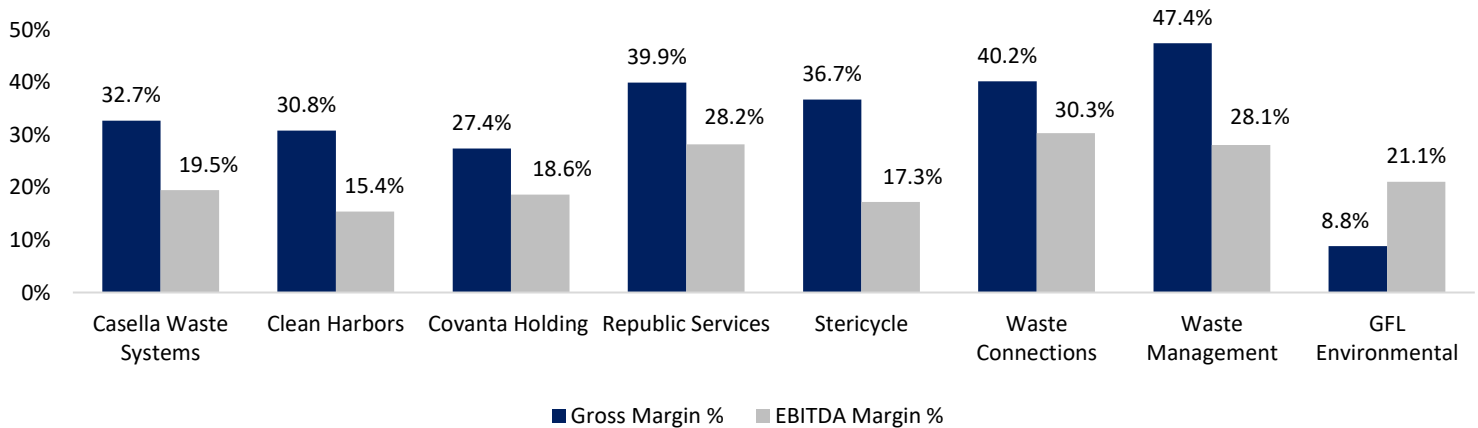
Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM	
	08/10/20	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Casella Waste Systems (CWST)	\$56.98	95.5%	\$2,710.0	\$3,320.0	\$763.5	\$148.88	19.5%	4.3x	22.3x
Clean Harbors (CLH)	\$65.35	73.9%	\$3,636.0	\$4,860.0	\$3,331.0	\$512.97	15.4%	1.5x	9.5x
Covanta Holding Corporation (CVA)	\$10.10	56.2%	\$1,333.0	\$3,790.0	\$1,872.0	\$348.94	18.6%	2.0x	10.9x
GFL Environmental (GFL)	\$20.49	88.1%	\$6,688.0	\$11,260.0	\$3,719.0	\$783.22	21.1%	3.0x	14.4x
Republic Services (RSG)	\$90.89	90.1%	\$28,921.0	\$37,210.0	\$10,227.0	\$2,881.97	28.2%	3.6x	12.9x
Stericycle (SRCL)	\$65.20	96.0%	\$5,965.0	\$8,970.0	\$3,016.0	\$520.26	17.3%	3.0x	17.2x
Waste Connections (WCN)	\$100.24	95.0%	\$26,353.0	\$30,970.0	\$5,430.7	\$1,647.13	30.3%	NM	18.8x
Waste Management (WM)	\$111.61	88.0%	\$47,151.0	\$56,750.0	\$15,104.0	\$4,236.67	28.1%	3.8x	13.4x

EV = Enterprise Value; LTM = Last twelve months

\$ in Millions, except for per share data

NM = Not Meaningful

Mean	22.30%	3.0x	14.9x
Median	20.28%	3.0x	13.9x
Harmonic Mean	21.08%	2.7x	13.9x

Last Twelve Months Margin Performance


GFL Environmental revenue growth shows Q1 quarter over quarter growth figures*

Source: Yahoo Finance, ETRADE Research



REPUBLIC
SERVICES

2020 Q2 EARNINGS OVERVIEW



REVENUE

\$2.45B

Down 5.8%

Declines due to significant volume decreases related to COVID-19

ADJUSTED EARNINGS PER DILUTED SHARE

\$0.81

ADJUSTED OPERATING EBITDA

\$726M

Remained essentially flat from Q2 2019



RECYCLING REVENUE



UP 2.2%

CORE PRICE



4.7%

INVESTMENTS IN ACQUISITIONS



\$63M

EBITDA MARGIN

29.6%

Up 1.7% from Q2 2019

QUARTERLY DIVIDEND



\$0.425

LANDFILL REVENUES

\$564M

Down 7.2% from Q2 2019

"Our second quarter results clearly demonstrate the resiliency of our business and the strength of our cash flow. During the quarter, we expanded adjusted EBITDA margin 170 basis points, increased adjusted earnings and delivered double-digit growth in adjusted free cash flow. I am extremely proud of the team's perseverance during these challenging times. Thanks to their hard work and laser focus we provided uninterrupted service to our customers, rapidly adjusted the business as volumes changed and effectively managed our cost structure. We continue to invest in the safety and well-being of our people and achieved our best-ever safety performance in the company's history."

- Donald Slager, CEO



2020 Q2 EARNINGS OVERVIEW

WASTE CONNECTIONS, INC.



REVENUE

\$1.31B

Up 5.2%

Revenue growth driven by
acquired revenues

ADJUSTED
EARNINGS
PER DILUTED
SHARE

-\$0.86



ADJUSTED
OPERATING
EBITDA

\$394.3M

30.2% EBITDA margin

ACQUIRED
REVENUE



\$41M



SOLID WASTE
VOLUMES

DOWN 9.6%



QUARTERLY
DIVIDEND



\$0.185



CASH FROM
OPERATIONS

\$383.6M

1.4% Decrease from Q2 2019

CORE PRICE



4.5%

ADJUSTED
FREE CASH
FLOW

\$258.9M

Remained Relatively
Flat from Q2 2019

"Strong operational execution and continued recovery in solid waste volumes drove better than expected results in the second quarter. Adjusted EBITDA margin for solid waste collection, transfer and disposal expanded year over year in spite of significant COVID-19-related costs incurred during the quarter. In fact, the reported year-over-year margin decline in the period was entirely attributable to reduced E&P waste activity, as underlying solid waste margin expansion more than offset over \$20 million in incremental COVID-related costs, primarily related to frontline supplemental wages, and the margin dilutive impact of acquisitions in the quarter."

- Worthing Jackman, President & CEO



2020 Q2 EARNINGS OVERVIEW



REVENUE

\$3.56B

Down 9.9%

Declines due to significant volume decreases related to COVID-19

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.72



ADJUSTED OPERATING EBITDA

\$1.03B

8.8% Decrease from Q2 2019

INVESTMENTS IN ACQUISITIONS



\$0M

No notable acquisitions during the quarter



VOLUMES

DOWN 10.3%

QUARTERLY DIVIDEND



\$0.545



RECYCLING REVENUES

\$275M

4.2% Increase from Q2 2019

CORE PRICE



1.3%



ADJUSTED FREE CASH FLOW

\$423M

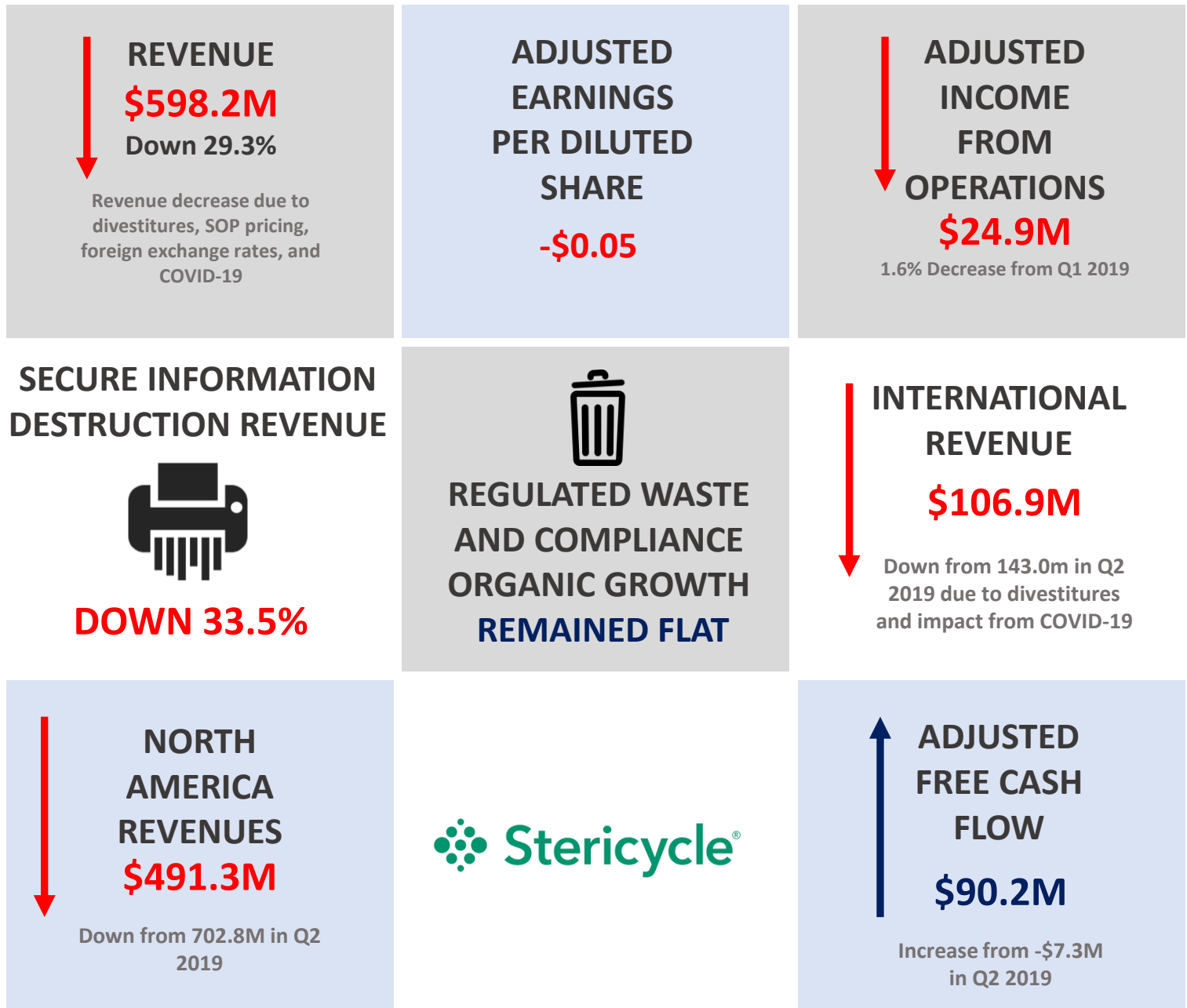
Down from \$440M in Q2 2019

"I am proud of how our employees have continued to provide dependable, essential services to our customers and communities during the pandemic. While keeping health and safety as the top priority, the team adapted through difficult circumstances, finding ways to improve efficiency across the collection and disposal business and reduce discretionary spending. We saw robust improvements in volumes and earnings each month as we progressed through the quarter with June standing out as the strongest month. This early stage of economic recovery combined with our successful cost flexing in the second quarter provide greater clarity for our 2020 financial results under current economic conditions."

- Jim Fish, President & CEO



2020 Q2 EARNINGS OVERVIEW



“While Stericycle continued to be impacted by the COVID-19 pandemic and the limited reopening of many geographies, we delivered a strong second quarter with meaningful progress toward key business priorities. We improved income from operations excluding divestitures and foreign exchange, generated significant cash, and lowered our leverage ratio. We are extremely proud of our global team members and the support we provide to the healthcare communities and essential service providers. The pandemic has served as a catalyst to accelerate our transformation as it forced us to think quickly and act differently.”

- Cindy J. Miller, President & CEO

COVANTA®

Powering Today. Protecting Tomorrow.

2020 Q2 EARNINGS OVERVIEW



REVENUE

\$454M

Down 2.8%

Year-over-year revenue decrease from COVID-19 partially offset by organic growth in previous quarters

ADJUSTED EARNINGS PER DILUTED SHARE

-\$0.10



ADJUSTED OPERATING EBITDA

\$96M

Up from \$94M in Q2 2019

RECYCLED METALS REVENUE



DOWN 4.8%

ENVIRONMENTAL SERVICES REVENUE

\$31M

Down 16.2% primarily due to the impact of COVID-19

DECLARED DIVIDEND PER SHARE



\$.08



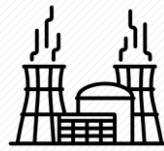
CASH FROM OPERATIONS

\$94M

Up from \$50M in Q1 2019



EFW REVENUE



\$72M

8.3% Increase from Q2 2019



FREE CASH FLOW

\$62M

Up from \$21M in Q2 2019

“Our business performed well in the second quarter under difficult circumstances. Covanta adapted quickly to the emerging COVID-19 pandemic, implementing steps to protect employees, ensure continued reliable operations at our facilities, and reduce costs to mitigate financial impacts. Overall business conditions remain challenging and there remains significant macro uncertainty, but we have seen meaningful recovery in our core waste markets from the initial months of the crisis, which benefited results as we exited the quarter. Covanta is a resilient company, built on critical infrastructure and outstanding employees, and these unprecedented times highlight the underlying stability of our business.”

-Stephen Jones, President & CEO



2020 Q2 EARNINGS OVERVIEW



REVENUE
\$188.8M
Up 0.7%

Revenue growth driven by acquired revenues in the face of significant headwinds due to COVID-19

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.25



ADJUSTED OPERATING EBITDA
\$44M

8.9% Increase from Q1 2019

INVESTMENTS IN ACQUISITIONS



\$15M



SOLID WASTE VOLUMES
DOWN 12.4%



LANDFILL PRICING



UP 6.2%



CASH FROM OPERATIONS
\$47.7M

42.4% Increase from Q2 2019



SOLID WASTE PRICING



4.4%



ADJUSTED FREE CASH FLOW
\$23.5M

Up from 14.6M in Q2 2019

"The last several months have been a challenging time and I am extremely proud of our 2,500 dedicated employees, especially our frontline team members who have worked hard to effectively service our customers while meeting our high safety and environmental standards. Our number one priority has been, and will continue to be, keeping our people and the communities where we operate safe and healthy. We are accomplishing this by strictly adhering to CDC recommendations and State executive orders, utilizing appropriate personal protective equipment, following exposure reduction plans for each frontline role, and increasing disinfectant procedures."

- John Casella, CEO



2020 Q2 EARNINGS OVERVIEW

REVENUE
\$993.3M
Up 19.5%

Increase of 19.5% from Q2 2019. Driven primarily by acquired revenues

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.03

ADJUSTED OPERATING EBITDA
\$261.5M
26.3% Increase from Q2 2019

AGREEMENT TO ACQUIRE ASSETS

\$865M

Agreement to acquire \$865M in divested assets from the WM/ADS merger

ORGANIC REVENUE GROWTH
-4.3%

Due to the effects of the COVID-19 shutdown

CORE PRICE

3.7%

CASH FROM OPERATIONS
\$132.2M

Increase from 55.7M in Q2 2019



VOLUMES
DOWN 8.3%

"We are very pleased with our strong results for the quarter. Despite the impacts of COVID-19 on parts of the North American economy, we were able to grow revenue in the quarter by 19.5% and Adjusted EBITDA by 23.4%, compared to the second quarter of 2019, resulting in our highest ever reported revenue, Adjusted EBITDA and Adjusted EBITDA margin. Our results for the quarter re-enforce the resiliency of our business model and our success in executing our margin enhancing strategic initiatives. Our skilled team of managers and operators exceeded our expectations in responding to the slowdown resulting from the pandemic"

- Patrick Dovigi, Founder & CEO

INVESTMENT BANKING FOR THE MIDDLE-MARKET

WHAT WE DO

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

Merger & Acquisition – Client Profile

- Revenue \$10+ million
- EBITDA \$1.5+ million
- Enterprise Value \$10+ million
- Sell-side & Buy-side representation

Capital Advisory – Client Requirements

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

Generational Transfer

- Partnership Buyouts
- Founder Retirement
- Interfamily Transfer

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

Transitus Capital Provides M&A advisory and capital advisory to firms in the waste industry including waste haulers, landfills, recyclers, and ancillary industries i.e. manufacturing.

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



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