



Waste & Recycling Industry

Q3 2020

TABLE OF CONTENTS

- COVID-19 Impact Mergers & Acquisitions
- Notable Transactions
- Select Transactions
- Publicly Traded Company Data
- Q3 Earnings Overview
- About Transitus Capital

TRANSITUS CAPITAL

Investment Banking Services:

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

CONTRIBUTORS

Victor Bloede

Managing Director

214-945-2636

Vbloede@transituscap.com

Michael Haddad

Analyst

214-919-4167

Mhaddad@transituscap.com

COVID-19 Impact on Mergers and Acquisitions

Every industry has been significantly impacted by the economic shutdowns and changing consumer behavior caused by the pandemic. The waste industry has seen a shift in both the volume of waste generated and the type of waste generated. The “stay-at-home” economy has led to a significant increase in residential volumes, with Waste Management reporting a whopping 25% spike in residential volumes during the depths of the lockdowns. Conversely, commercial volumes have seen a decline due to total or partial shutdowns in several sectors including hospitality, travel, gaming, and more. While volumes have started to normalize as businesses have reopened and shutdowns have ended, a spike in COVID cases heading into the winter months could bring a reversal to this trend.

M&A Activity Remains Robust

Despite the turbulent and unpredictable economic environment, M&A activity has remained strong with multiples and deal flow near pre-pandemic levels. Several large deals including Waste Management’s acquisition of Advanced Disposal, Republic Services acquisition of Santek, and GFL’s acquisition of WCA Corp have occurred despite the uncertainty and operational challenges presented by the pandemic. Acquirers have also been aggressively making small “tuck-in” acquisitions of local and regional players. For example, GFL and Kinderhook Industries backed Capital Waste Services have been on a tear recently, making small tuck-in acquisitions to expand their geographic footprint and bolster their presence in existing markets.

We expect this trend to continue with the Majors providing guidance that several sizeable deals will be announced in Q4. Republic Services indicated that they expect to spend between \$600M and \$650M on acquisitions in Q4 alone - dwarfing the \$150M spent through the first three quarters of the year. Furthermore, Waste Management, Waste Connections, and Republic Services have all stated in their Q3 earnings calls that they expect 2021 to be a very strong year for M&A activity.



Investment Banking for the Waste Industry

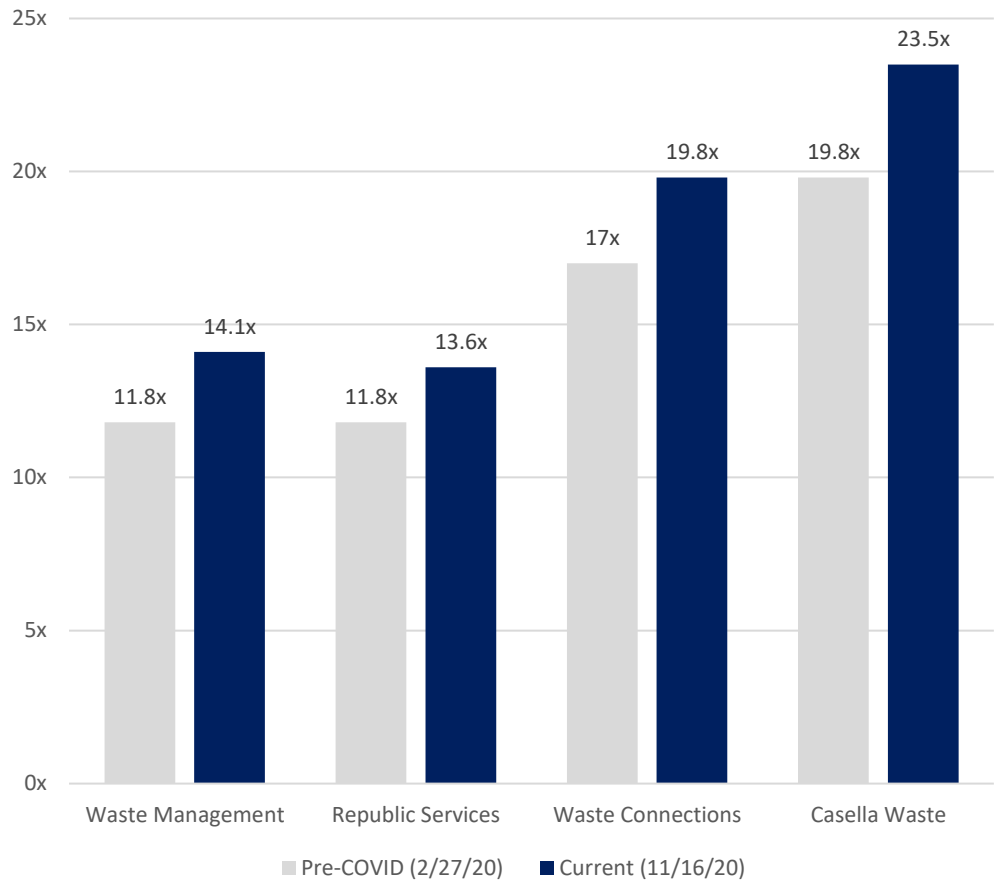


Valuations Remain High

Surprisingly enough, valuations have remained stable, and continue to sit at historical highs due to several factors:

- There is growing optimism that the worst of the pandemic is over, and the economy is likely to make a “V” shaped recovery
- Interest rates are at an all time low and record amounts of dry powder have continued to flood private capital markets as institutional investors seek high returns without the market volatility of public equities
- Waste is viewed as a “cycle-resistant” investment, as the industry is somewhat insulated from economic gyrations

Enterprise Value/EBITDA Multiples



Summary

While many feared that the pandemic and subsequent shutdowns would be the end of the record-breaking M&A activity and valuations that we saw in 2019, this has been far from the case. M&A activity has continued to remain strong through the pandemic, providing confidence to business owners seeking a sale during this period of uncertainty - those historically high valuation multiples and favorable deal structures still exist.

NOTABLE TRANSACTIONS



Acquires



GFL Environmental acquires WCA Waste Corp (October 2020, \$1.2 Billion)

The Acquisition is expected to support GFL's continued organic growth by further extending its reach into new and adjacent markets and forming a base to pursue synergistic tuck-in acquisitions. GFL expects that the Acquisition will expand its U.S. footprint while creating an opportunity to realize meaningful synergies and free cash flow accretion.

"We continue to deliver on our goal of pursuing strategic and accretive acquisitions to grow our business. The WCA transaction, which we have been working on for over a year, is another example of this commitment. The high quality, vertically integrated network of assets, together with our recently announced acquisition of certain divestiture assets resulting from the Waste Management and ADS transaction, will complement our existing footprint and provide us with the runway to further expand in the U.S. through tuck-in acquisitions and providing our suite of environmental services solutions to new customers. We are excited to welcome almost 1,600 employees of WCA to the GFL family," said Patrick Dovigi, the Founder and Chief Executive Officer of GFL.



Acquires



Capital Waste acquires Superior Sanitation of S.C. (August 2020, Undisclosed)

Capital Waste Services, LLC ("Capital Waste" or "CWS"), a portfolio company of Kinderhook Industries, LLC ("Kinderhook"), announced the acquisition of Superior Sanitation, Inc., of S.C. ("Superior Sanitation" or the "Company"), a residential collection company in Kershaw County servicing 1,700 subscription customers. Superior Sanitation represents Capital Waste's third add-on acquisition and Kinderhook's 49th environmental services transaction since inception.

"Superior Sanitation expands our residential collection service coverage into a new county. We are excited to add another operating hub for our growing company as our sales team continues to ramp up marketing efforts across South Carolina." said Matt Parker, Chief Executive Officer of CWS.

"We are excited to further invest in the Capital Waste platform, growing the Company's regional presence. With additional investment in Superior's fleet and equipment, we will continue to provide the best service to our growing customer base." said Rob Michalik, Managing Director of Kinderhook.



WYNNCHURCH | CAPITAL

Acquires



Wynnchurch Capital acquires Labrie Environmental Group (September 2020, Undisclosed)

Labrie is a leading manufacturer of refuse collection vehicles and related parts. Founded in 1971, Labrie is an industry leader with a full suite of highly engineered side loader, front loader, and rear loader vehicles that it sells through a network of dealers.

"We are committed to delivering best-in-class refuse collection vehicles and service for our customers and are excited to partner with Wynnchurch as we continue that mission," said Diana Grootenk, CEO of Labrie. Diana added, "Wynnchurch understands our business and the demanding needs of our customers, and we believe, that through our shared vision, we can take Labrie to new levels."

John Hatherly, Managing Partner at Wynnchurch, said, "Wynnchurch is pleased to make Labrie our first platform investment in Fund V. The business fits our investment philosophy of acquiring well-managed market leaders with significant growth potential."

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description
10/28/2020	Industrial Organic PBC	Recycle Track Systems	Closed-loop manufacturing company that turns food waste into circular products and commodities
10/09/2020	Bowen, Inc.	Stella Environmental	Provider of transfer station management and leachate hauling services throughout North Carolina and Virginia
10/02/2020	WCA Waste Corp	GFL Environmental	WCA operates a vertically-integrated network of solid waste assets, including 37 collection and hauling operations, 27 transfer stations, 3 material recovery facilities and 22 landfills supported by over 1,000 collection vehicles, across 11 U.S. states.
09/09/2020	Labrie Environmental Group	Wynnchurch	Leading manufacturer of refuse collection vehicles and related parts
08/18/2020	Superior Sanitation	Capital Waste Services	Residential collection company in Kershaw County, SC servicing 1,700 subscription customers
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	Angie's Disposal Service	Waste Pro	Provider of solid waste hauling services to 4,500 customers in Citrus County, FL
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

SELECT TRANSACTIONS (Continued)

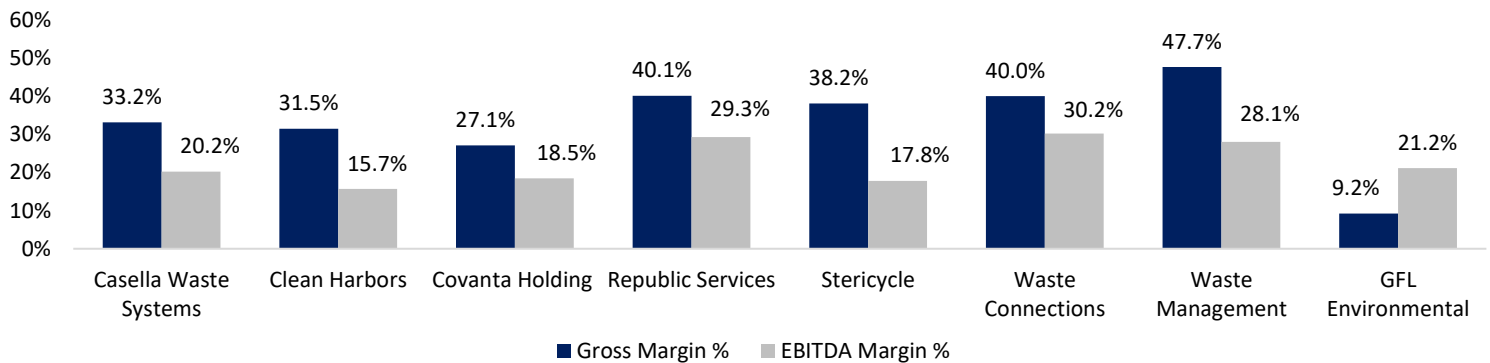
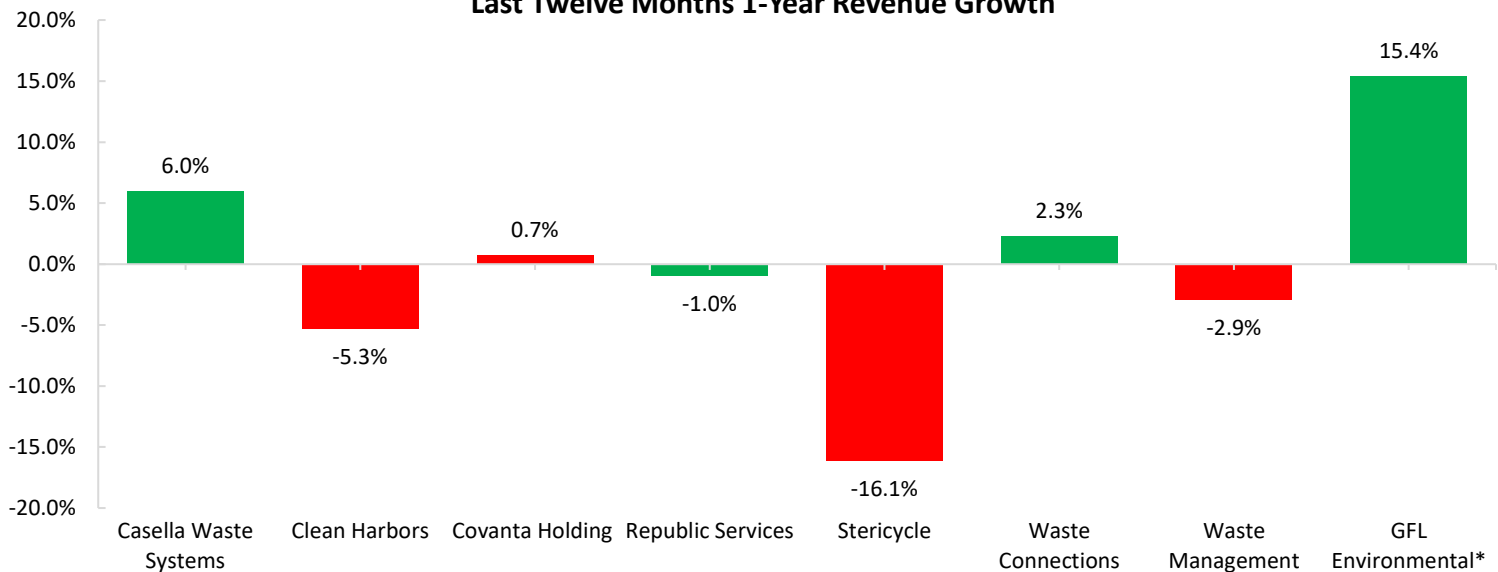
Date	Target	Acquirer	Target Business Description
02/27/2020	Soft-Pak	Dover Environmental Solutions Group	Leading provider of integrated back office, route management, and customer relationship management software for the waste and recycling industry
02/25/2020	ConFab	Wastequip	Leading North American 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
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

PUBLICLY TRADED COMPANY OPERATING DATA

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM	
	11/10/20	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Casella Waste Systems (CWST)	\$61.05	98.8%	\$3,120.0	\$3,630.0	\$763.5	\$154.15	20.2%	4.8x	23.5x
Clean Harbors (CLH)	\$72.95	99.8%	\$4,040.0	\$5,040.0	\$3,331.0	\$521.63	15.7%	1.5x	9.7x
Covanta Holding Corporation (CVA)	\$11.78	73.0%	\$1,530.0	\$4,030.0	\$1,872.0	\$346.13	18.5%	2.2x	11.6x
GFL Environmental (GFL)	\$23.99	98.4%	\$7,828.0	\$11,700.0	\$3,719.0	\$787.68	21.2%	3.1x	14.9x
Republic Services (RSG)	\$101.75	98.0%	\$32,430.0	\$40,840.0	\$10,227.0	\$2,998.56	29.3%	4.0x	13.6x
Stericycle (SRCL)	\$72.88	91.7%	\$6,660.0	\$8,770.0	\$3,016.0	\$537.15	17.8%	2.9x	16.3x
Waste Connections (WCN)	\$107.58	96.9%	\$28,290.0	\$32,560.0	\$5,430.7	\$1,640.61	30.2%	NM	19.8x
Waste Management (WM)	\$121.97	96.2%	\$51,550.0	\$61,240.0	\$15,455.0	\$4,338.22	28.1%	4.0x	14.1x

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

Mean	22.62%	3.2x	15.5x
Median	20.69%	3.1x	14.5x
Harmonic Mean	21.41%	2.8x	14.4x

Last Twelve Months Margin Performance

Last Twelve Months 1-Year Revenue Growth


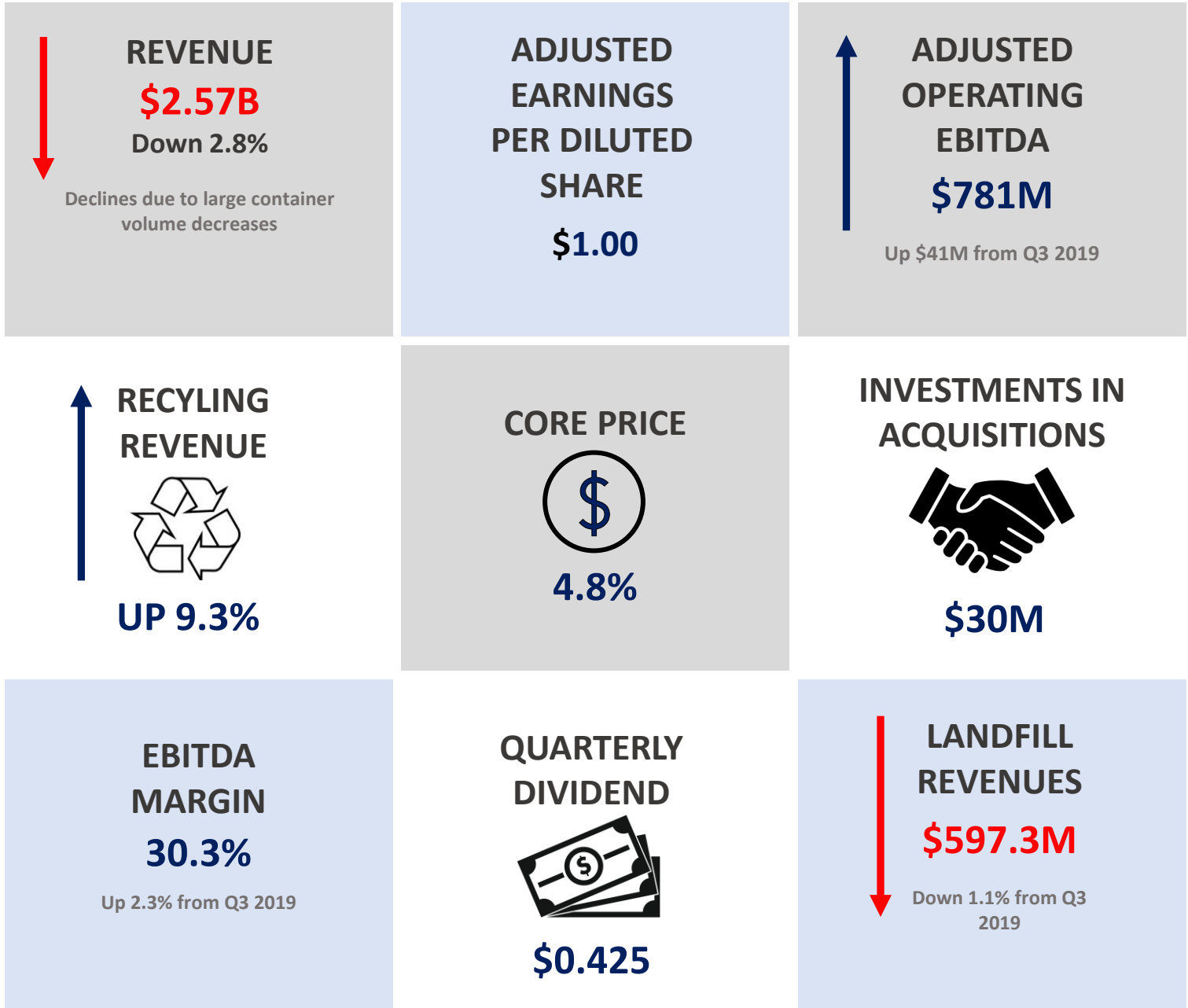
GFL Environmental revenue growth shows Q3 quarter over quarter growth figures*

Source: Yahoo Finance, ETRADE Research



REPUBLIC
SERVICES

2020 Q3 EARNINGS OVERVIEW



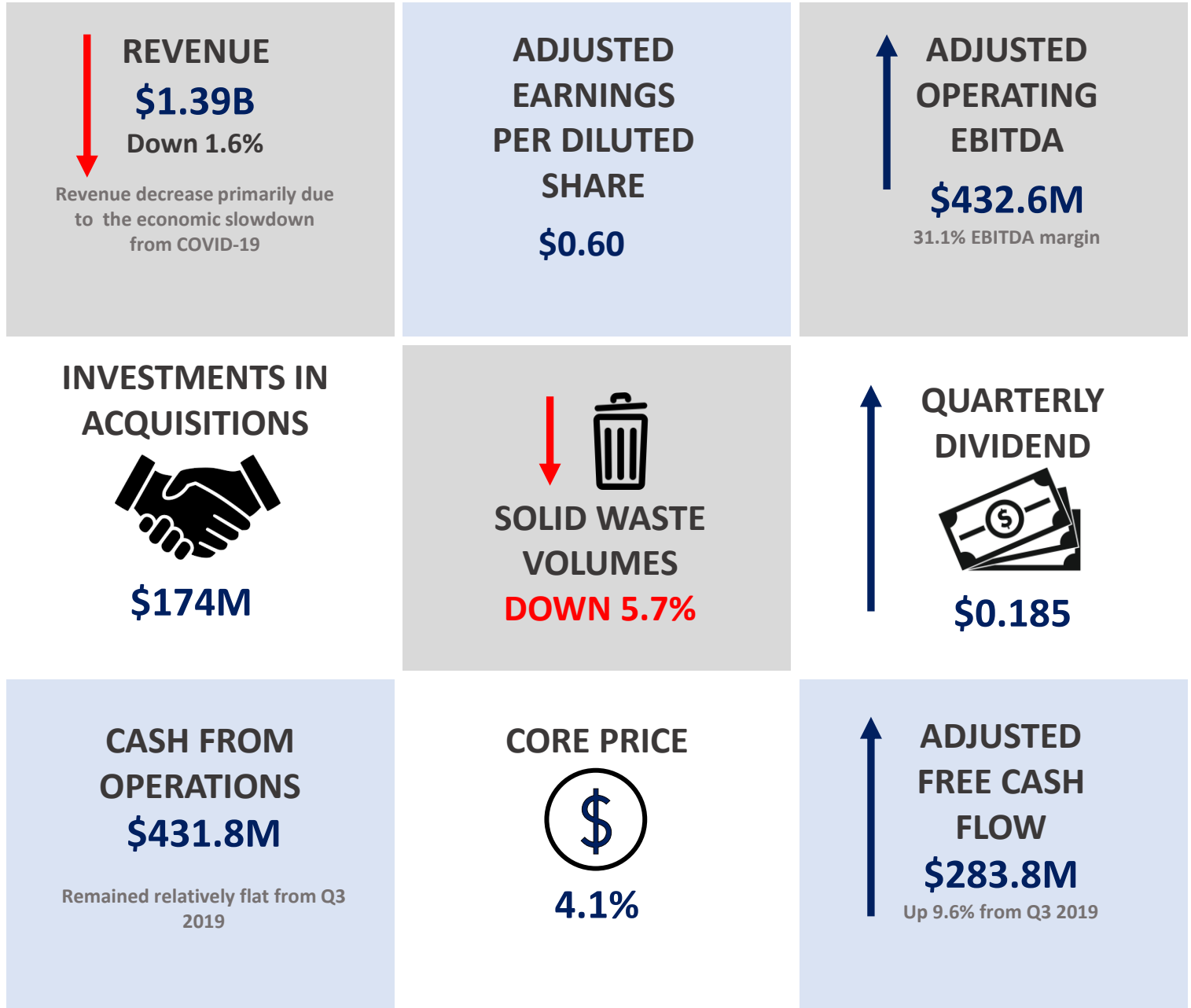
"During the third quarter, we expanded adjusted EBITDA margin 230 basis points and delivered double-digit growth in adjusted earnings and adjusted free cash flow. We continued to provide quality service to our customers while effectively managing our costs, and we are extremely pleased with our results. Given the continued strength of our business and steadfast execution by the entire Republic team, we are raising our 2020 full-year adjusted free cash flow guidance. I am proud of our team and the dedication and resiliency they have demonstrated, which has positioned us well for continued profitable growth."

- Donald Slager, CEO



2020 Q3 EARNINGS OVERVIEW

WASTE CONNECTIONS, INC.



"Sequential improvement in solid waste volumes and increased recovered commodity values drove better than expected results in the third quarter and provide incremental momentum going forward. Our strong operating results, financial performance and frontline support continue to differentiate Waste Connections during this year's unprecedented health, economic and social challenges. Higher margin flow-through from improving revenue during the quarter provided better than expected adjusted EBITDA margin and adjusted free cash flow generation. Adjusted EBITDA as a percentage of revenue in the period was approximately 40 basis points above our outlook in spite of 30 basis points higher than expected discretionary frontline and incentive compensation costs impacting the quarter." - **Worthing Jackman, President & CEO**



2020 Q3 EARNINGS OVERVIEW



REVENUE

\$3.86B

Down 2.7%

Declines due to volume decreases related to COVID-19

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.92

ADJUSTED OPERATING EBITDA
\$1.14B

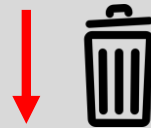
Remained relatively flat from Q3 2019

INVESTMENTS IN ACQUISITIONS



\$3M

No notable acquisitions during the quarter



VOLUMES
DOWN 5.1%

QUARTERLY DIVIDEND



\$0.545



RECYCLING REVENUES

\$290M

18.4% Increase from Q3 2019

CORE PRICE



3.2%



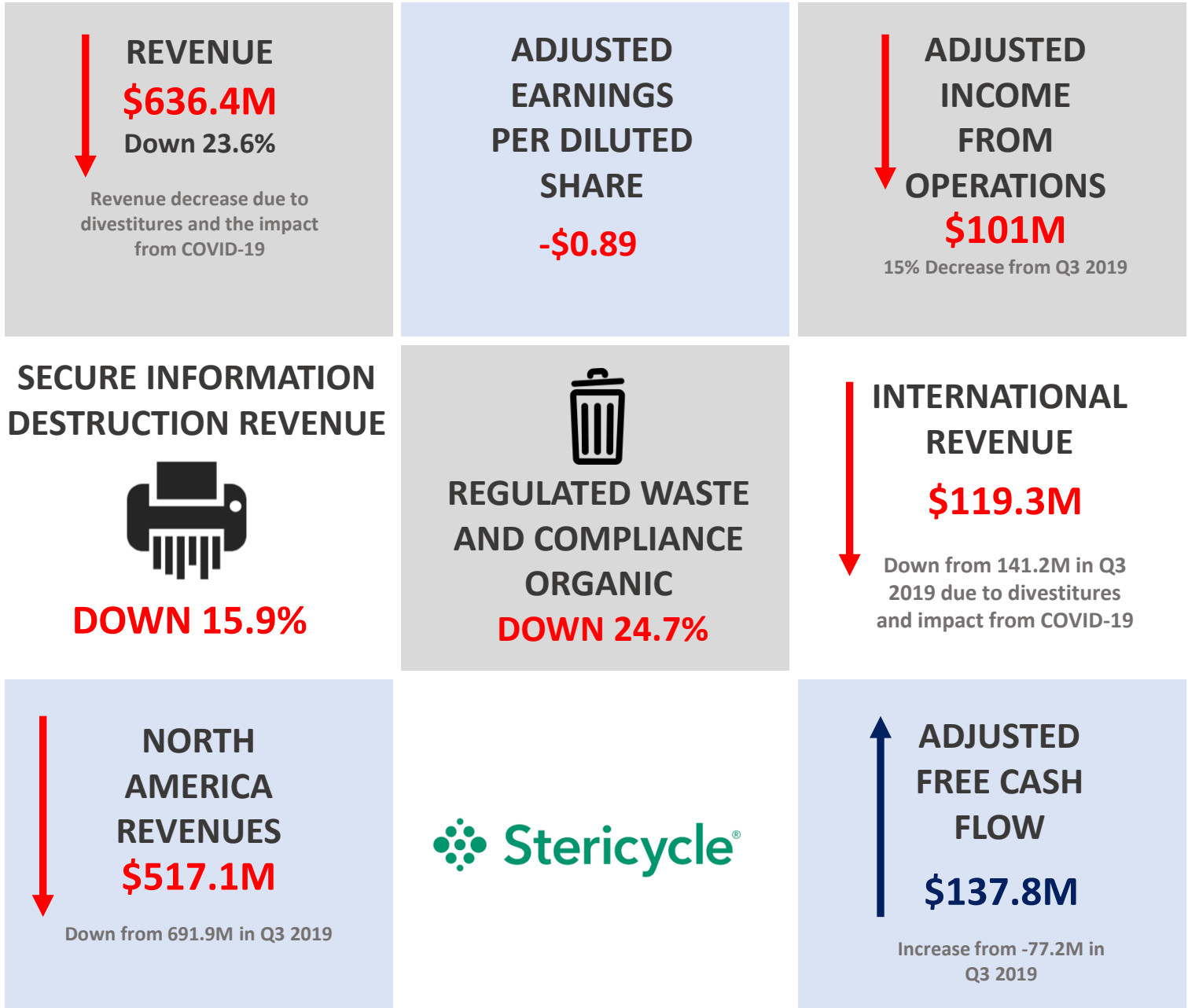
ADJUSTED FREE CASH FLOW
\$691M

Up from \$478M in Q3 2019

“We’ve consistently pointed to operating EBITDA as the best measure of the health of our business, and despite the challenging backdrop, we delivered third quarter adjusted operating EBITDA results in line with last year’s record performance and expanded adjusted operating EBITDA margin by 70 basis points. This is a testament both to our team’s ability to optimize our business in the new environment as well as the progress of economic recovery in North America. Given the strength of the Company’s third quarter, which demonstrated the resilience of the business model and strong execution on reducing the cost to serve, the Company expects to exceed its 2020 adjusted operating EBITDA margin guidance of 28.0% to 28.5% and generate free cash flow in excess of \$2 billion.”

- Jim Fish, President & CEO

Stericycle® 2020 Q3 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 Q3 EARNINGS OVERVIEW



REVENUE

\$491M

Up 5.6%

Year-over-year revenue increase primarily due to increased tipping fees

ADJUSTED
EARNINGS
PER DILUTED
SHARE
\$0.04



ADJUSTED
OPERATING
EBITDA

\$128M

Up from \$125M in Q3 2019



RECYCLED METALS
REVENUE



UP 5.2%

ENVIRONMENTAL
SERVICES REVENUE

\$36M

Remained flat from Q3 2019

DECLARED
DIVIDEND PER
SHARE



\$.08



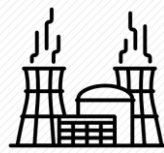
CASH FROM
OPERATIONS

\$36M

Up from \$25M in Q3 2019



EFW REVENUE



\$93M

14.8% Increase from Q3 2019



FREE CASH
FLOW

\$3M

Down from \$22M in Q3 2019

"During the third quarter we saw continued recovery from the initial months of the pandemic, most notably in the waste market, with tip fees up 3% year-over-year," said Covanta's CFO Bradford J. Helgeson. "While the operating environment remains challenging, our team has performed at a very high level, as our facilities matched last year's strong availability. We will continue to focus on operating safely and reliably, while progressing our growth initiatives, particularly in the UK."

-Stephen Jones, President & CEO



2020 Q3 EARNINGS OVERVIEW



REVENUE
\$202.7M
Up 2.1%

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

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.31



ADJUSTED OPERATING EBITDA
\$51.3M

6.0% Increase from Q3 2019

INVESTMENTS IN ACQUISITIONS



\$5.3M



SOLID WASTE VOLUMES
DOWN 8.4%



LANDFILL PRICING



UP 6.9%



CASH FROM OPERATIONS
\$49.4M

48.8% Increase from Q3 2019



SOLID WASTE PRICING



4.0%



ADJUSTED FREE CASH FLOW
\$32.5M

Up from 18.7M in Q3 2019

"I remain extremely proud of our 2,500 dedicated employees, especially our frontline team members who have worked hard during this challenging time to effectively service our customers while maintaining our high safety and environmental standards. As an essential services provider, we have continued to operate effectively through this period and our number one priority has been, and will continue to be, keeping our people and the communities where we operate safe and healthy. Solid waste volumes were down year-over-year in the quarter, as certain customers sustained negative business impacts from the COVID-19 pandemic. Volume declines continued to moderate throughout the quarter as various commercial customers reopened or increased services, construction projects resumed, and overall building activity increased."

- John Casella, CEO



2020 Q3 EARNINGS OVERVIEW

REVENUE
\$1,036M
Up 19.5%

Increase of 15.4% from Q3 2019. Driven primarily by acquired revenues

ADJUSTED EARNINGS PER DILUTED SHARE
\$0.13

ADJUSTED OPERATING EBITDA
\$281.2M
24.6% Increase from Q3 2019

YTD INVESTMENTS IN ACQUISITIONS

\$1,165M

ORGANIC REVENUE GROWTH
2.5%
Driven by improvements in commercial volumes

CORE PRICE

3.5%

CASH FROM OPERATIONS
\$124.5M
Increase from 81.7M in Q3 2019



VOLUMES
DOWN 3.6%

“Our employees continued to deliver exceptional results in the third quarter. Despite the ongoing impact of COVID-19 on parts of the North American economy, we were able to grow our revenue in the quarter by 15.4% and Adjusted EBITDA by 24.6%, compared to the third quarter of 2019, resulting in our highest ever reported Adjusted EBITDA margin. This increase in margins was largely due to the organic growth in our solid waste business and our disciplined management of our variable costs, resulting in better-than-expected free cash flow generation for the period. In our solid waste line of business, we continued to see sequential improvements in the commercial activity and volumes in the markets that we serve, driving 2.5% of organic growth in the quarter and resulting in margin expansion of 240 basis points.”

- 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.



Victor Bloede

Managing Director
 214-945-2636
 Vbloede@transituscap.com
 BS, University of Texas at Dallas
 MBA, Southern Methodist University



Jared Behnke

Managing Director
 214-945-2631
 Jbehnke@transituscap.com
 BBA, University of Texas at Austin
 MBA, Columbia Business School

The material, information, and facts discussed in this announcement are from sources believed to be reliable at time of publication but are in no way guaranteed to be complete or accurate. This announcement should not be used as a complete analysis of any Company, securities or topics discussed herein. This is not an offeror solicitation of the securities discussed. Any opinions or estimates in this announcement are subject to change without notice. An investment in any security based on this announcement may involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Additionally, such investments may involve a high degree of risk and may not be suitable for all investors. Securities offered through Burch & Company, Inc. (“Burch”), member FINRA/SIPC; 4151 North Mulberry Drive, Suite 235; Kansas City, MO 64116; 816-842-4660. Burch and Transitus Capital are not affiliated entities. Certain principals of Transitus Capital are registered representatives of Burch. ©2020