



Environmental Services M&A Update

Q3 2023

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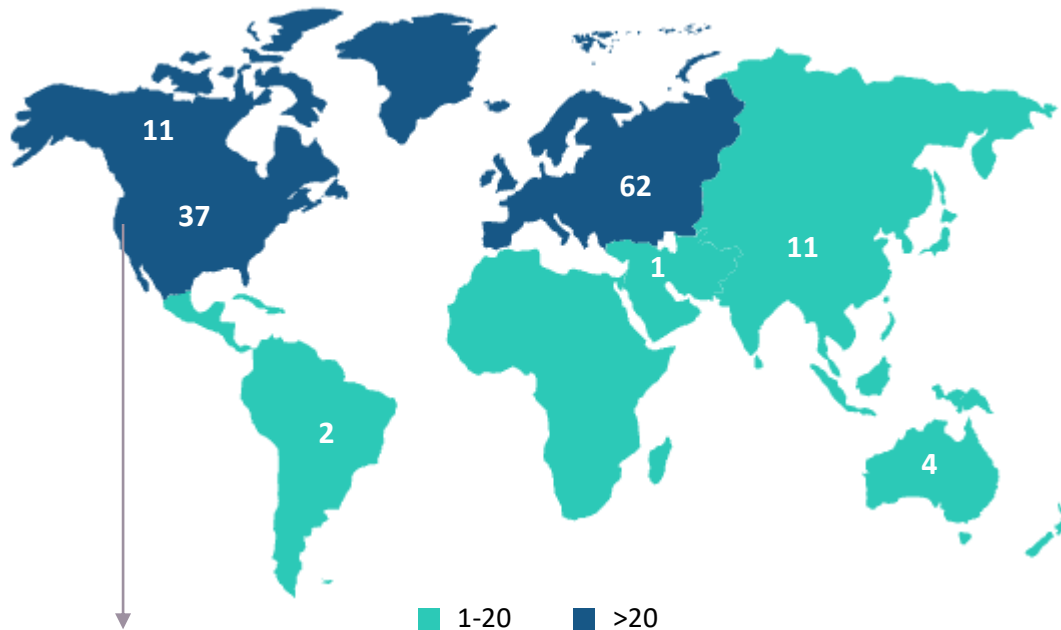
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REPORT HIGHLIGHTS

- The NYSE Arca Environmental Services Index declined by 11.8% in Q3 and was outperformed by the S&P 500 which, only declined 3.8% over the same period.
- The median EV/EBITDA multiple in the Environmental Services industry for reported PE deals decreased to 12.5x in YTD 2023 from 44.5x in 2022 (based on limited data available). The median EV/EBITDA multiple for reported strategic deals increased to 15.1x from 15.0x over the same period.
- M&A deal volume decreased 12.3% in Q3 to 128 completed transactions from 146 in Q2 and decreased 28.1% from 178 deals in Q3 of the prior year.
- As a % of total capital invested in M&A transactions in YTD 2023, PE participation decreased significantly to 45.0%, down from 73.0% in 2022.
- Europe was the most active region in Q3 with 62 deals. Most notably in the European market was French-based Arverne Group's \$180.5 million acquisition of Transition in September 2023.

Global Deal Analytics

Out of 128 deals globally in the Environmental Services sector in Q3, Europe was the most active market with 62, followed by North America with 48. Another notable European deal (in addition to the Arverne Group deal mentioned on the previous page) was LetterOne's \$115.6 million investment in Plastic Energy, a provider of recycling services in the United Kingdom, in August 2023. All other regions combined had a total of 18 deals.



Canada: 11

United States: 37

Southeast:	10
Great Lakes:	8
Mid Atlantic:	6
South:	6
Others:	7

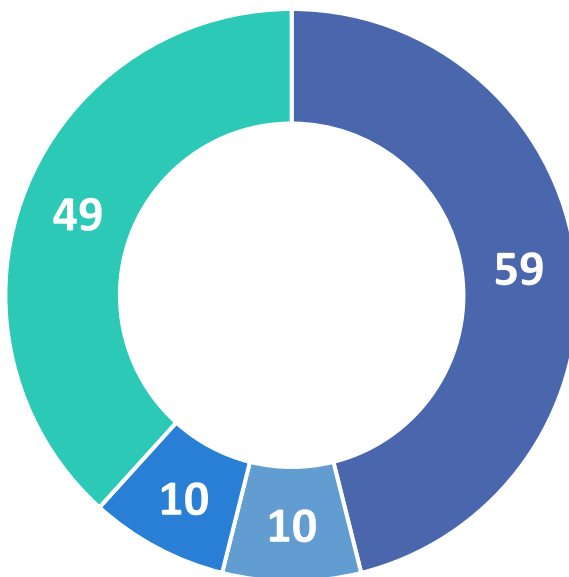
In the U.S. market, the Southeast region was the most active in Q3 with 10 deals, followed by the Great Lakes region with 8. The Mid Atlantic and South both reported 6 deals, respectively, including Global Principal Partners' investment of \$700.0 million of development capital in Arkansas-based operator of steel rebar recycling mills, Hybar, in July 2023. All other U.S. regions combined totaled 7 deals.

Outside of the U.S. in the North American market, 11 transactions closed in the Canadian market in Q3 2023.

Global Deal Analytics

Of the 128 Environmental Services deals in Q3, 59 were in Environmental Tech, making it the most active subsector in the industry from an M&A volume standpoint. Industrial Services and the Sustainability subsector both had 10 completed transactions. All other subsectors combined for 49 deals.

Deal by Subsector



■ Environmental Tech ■ Industrial Services ■ Sustainability ■ Other



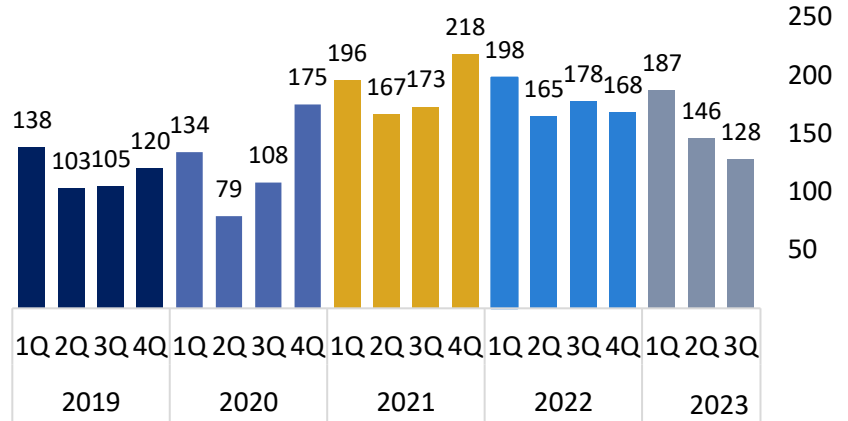
Global Deal Analytics

Deal volume in the Environmental Services sector decreased 12.3% in Q3 to 128 deals from 146 deals in Q3 and decreased 28.1% from 178 deals in Q3 of the prior year. This quarterly decline in Q3 2023 continues the downward trend in M&A volume for the Environmental Services sector from the peak in Q4 2021.

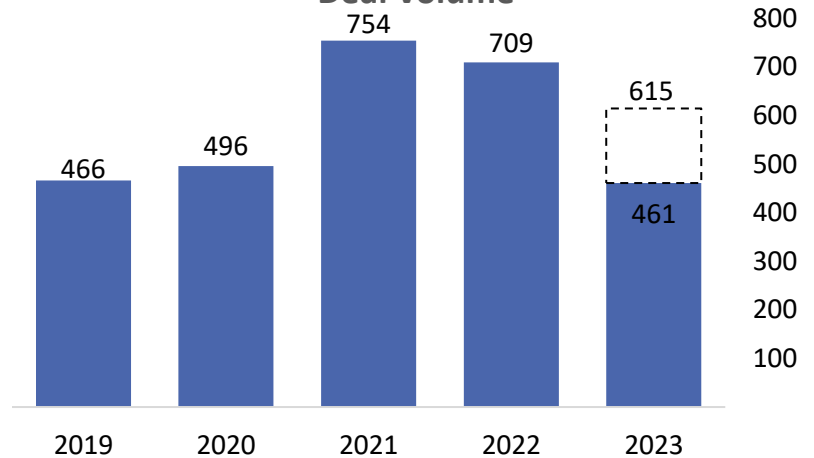
Following the trend in quarterly deal volume, YTD 2023 data indicates that M&A deal volume is projected to decrease 13.3% to 615 deals in 2023, down from 709 in 2022. We attribute this decline to more challenging market conditions from a dealmaking perspective, including increased interest rates/cost of capital and tightening credit markets. These adverse conditions are expected to persist due to the Fed's decision to maintain elevated interest rates through 1H 2024.

Total capital invested in M&A deals in the Environmental Services sector increased 2.3% in Q3 to \$8.8B from \$8.6B in Q2 and increased 66.0% from \$5.3B in Q3 of the prior year. Although deal volume decreased in Q3, total capital invested increased. This is largely due to PATRIZIA's \$6.9 billion buyout of Active Utilities.

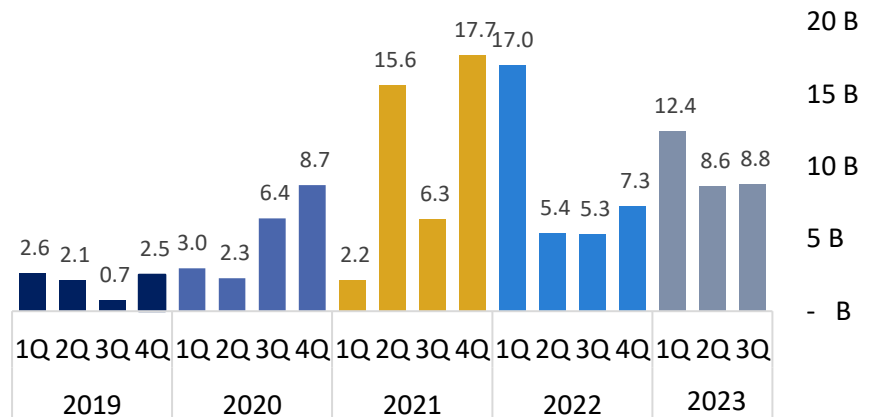
Deal Volume



Deal Volume



Total Capital Invested



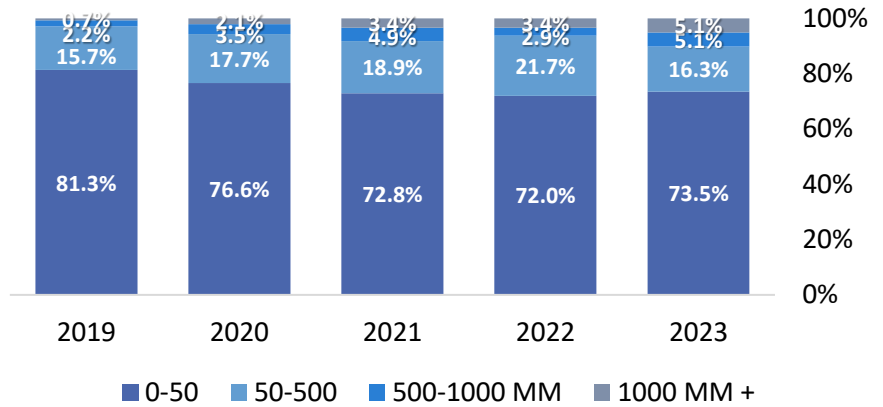
Global Deal Analytics

YTD through Q3 2023, we saw a shift in mix toward larger deals. Both the upper middle (\$500-\$1000MM) and large cap (\$1000MM+) tranches saw meaningful increases to 5.1% from 2.9% and 3.4%, respectively, in 2022. The middle market (\$50-\$500MM) saw a substantial decline from 21.7% in 2022 to 16.3% in 2023, while the lower middle market (\$0-\$50MM) saw a slight increase to 73.5% from 72.0% in 2022.

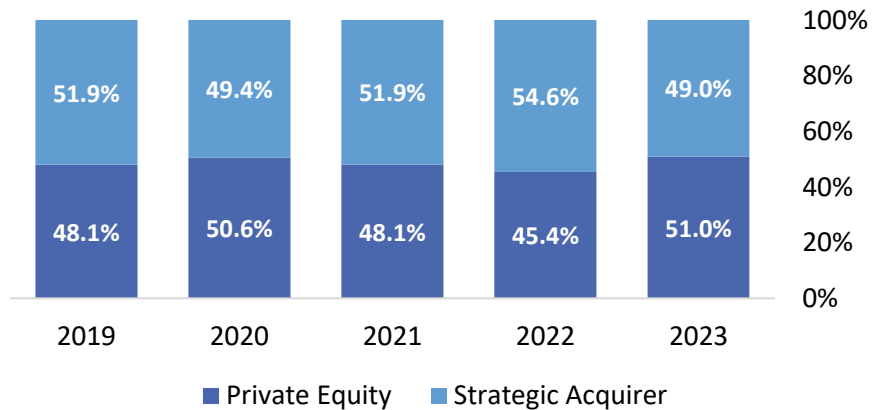
As a % of total deal volume, PE buyers trended higher in 2023 relative to strategic buyers, representing 51.0% of deal volume in the sector. YTD 2023 marks the highest percentage of PE deal volume over the last 5 years.

Contrary to the trend in deal volume, PE share of total capital invested in M&A deals declined significantly in YTD 2023 to 45.0%, down from 73.0% in the prior year. This decrease in PE's share of total capital is primarily due to Caisse des Depots Group's \$14.6B buyout of SUEZ Environnement in 2022. The largest PE deal in YTD 2023 is PATRIZIA's \$6.9 billion buyout of Active Utilities.

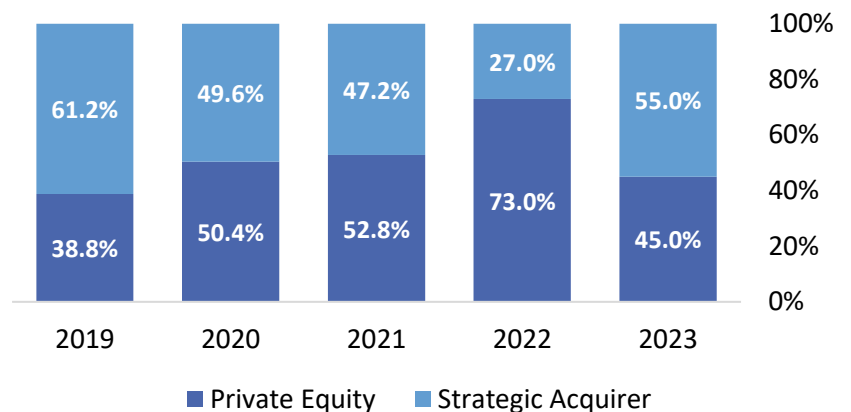
Deal Volume by Deal Size



Deal Volume by Acquirer

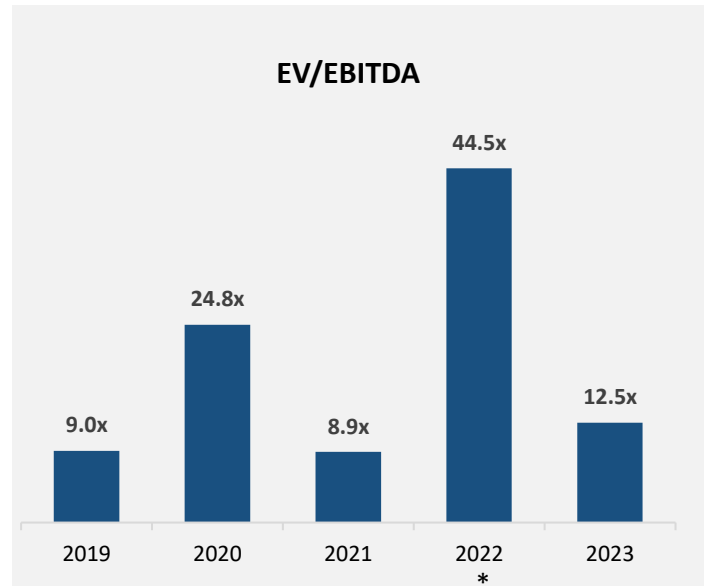
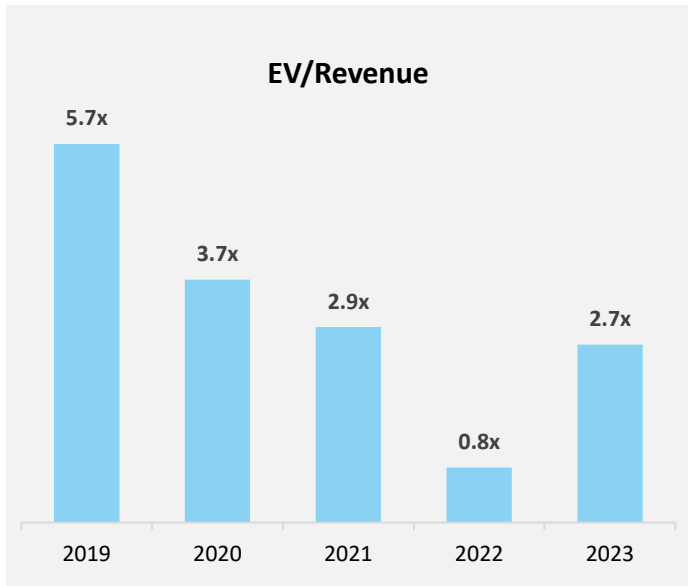


Total Capital Invested by Acquirer

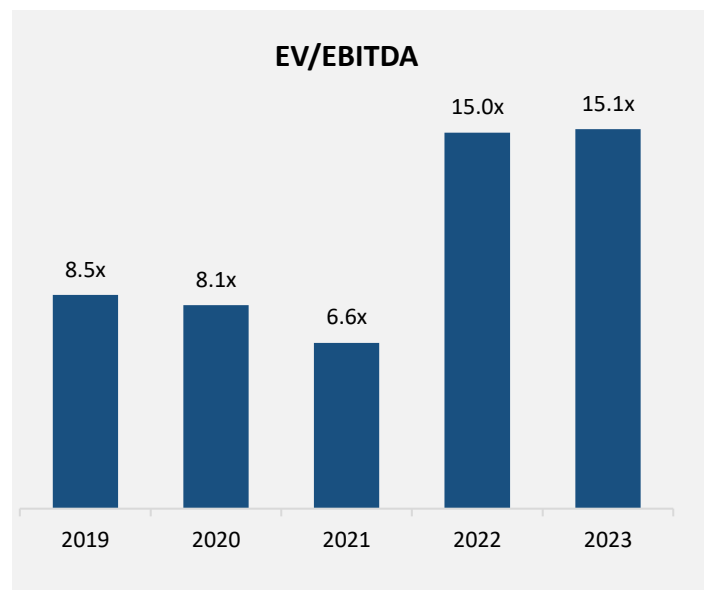
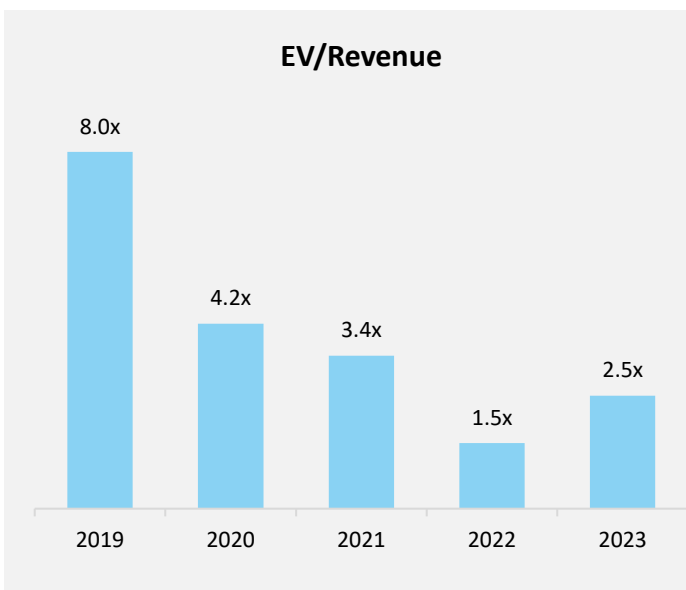


Valuation Multiples

Private Equity Multiples



Strategic Multiples



* The only EV/EBITDA multiple for reported PE deals in 2022 was from Caisse des Depots Group's buyout of Suez Recycling and Recovery (UK) in December 2022.

Largest Deals (Disclosed)

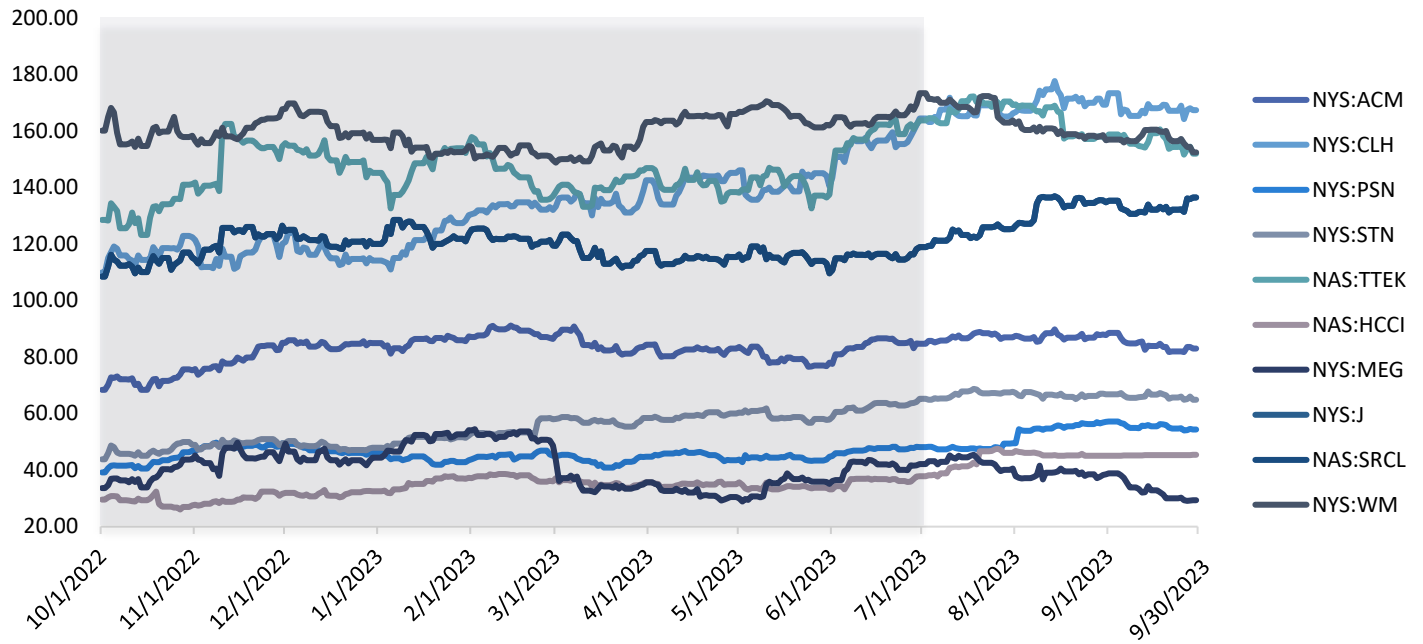
Deal Date	Company Name	Investor	Deal Type	Revenue (\$mm)	EBITDA (\$mm)	Deal Size (\$mm)	EV		Target Business Description
							Revenue	EBITDA	
19-Sep-2023	Active Utilities	PATRIZIA	Buyout/LBO			\$ 6,850.0			Operator of a utility service company.
19-Sep-2023	Arverne Group	Transition	Reverse Merger			180.5			Provider of environmental services focused on harnessing geothermal energy.
19-Sep-2023	Arverne Group	Undisclosed Investor	PIPE			133.0			Provider of environmental services focused on harnessing geothermal energy.
19-Sep-2023	SGEET	CSD Water services	Merger/Acquisition	2.2		5.9	5.26x		Provider of comprehensive organic waste management services.
01-Sep-2023	Consolidated Waste Services	Casella Waste Systems	Merger/Acquisition			219.0			Provider of waste management and recycling services.
29-Aug-2023	Advantek Waste Management Services	Lowercarbon Capital	PE Growth/Expansion			8.0			Provider of waste management services.
22-Aug-2023	PowerHouse Energy Group	Undisclosed Investor	PIPE	0.0	(55.4)	1.3	42.67x		Creator and developer of sustainable technology to transform plastics into clean energy.
18-Aug-2023	Plastic Energy	LetterOne	PE Growth/Expansion			115.6			Provider of recycling services.
18-Aug-2023	Cadel Deinking	Undisclosed Investor	Corporate	6.7		1.7	0.25x		Operator of an innovative plastic recycling process.
10-Aug-2023	UBQ Materials	Battery Ventures	PE Growth/Expansion			70.0			Developer of a clean technology to convert waste into usable thermoplastic materials.
07-Aug-2023	Meva Energy	AXA IM Alts	PE Growth/Expansion			10.0			Provider of gasification technology to produce renewable energy.
01-Aug-2023	Hanna Paper	Blackstone	Buyout/LBO			68.3			Provider of paper recycling services.
31-Jul-2023	Hybar	Global Principal Partners	PE Growth/Expansion			700.0			Operator of a recycling steel rebar mill.
31-Jul-2023	Northstar Clean Technologies	Tamko Building Products	PIPE	0.1	(4.8)	6.4	107.00x		Designer of proprietary process technology for the recycling of asphalt shingles.
19-Jul-2023	Construction Resources	ABC Financial Assets Investment	PE Growth/Expansion			31.9			Provider and operator of recycling services.
18-Jul-2023	Hycamite TCD Technologies	HAI Kapital	Corporate			27.5			Developer of environmental technology to produce clean hydrogen.
18-Jul-2023	Cimico	Inbergune Capital Partners	PE Growth/Expansion			7.7			Provider of biological services to offer wastewater treatment plants in urban environments.
14-Jul-2023	Eco-leather	Technologies	Corporate			8.4			Provider of industrial and household power generation equipment.
13-Jul-2023	Wastefront	VTTI	Corporate			43.2			Provider of rubber waste recycling services to convert disused tires into commodities.
10-Jul-2023	Union Rome Sewer	Aqua	Merger/Acquisition			25.5			Provider of sewage treatment services.
05-Jul-2023	Char Technologies	ArcelorMittal	PIPE	1.2	(4.0)	5.0	4.04x		Operator of a cleantech development and services company.
Mean						405.7	3.18x		
Median						27.5	4.65x		
High						6,850.0	107.00x		
Low						1.3	0.25x		

Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Active Utilities, an Australian Operator of a utility service company, was acquired by PATRIZIA through a \$6.9 billion LBO in September 2023. PATRIZIA plans to merge its existing portfolio company, Savant Energy, with Active Utilities to create Australia's largest independent embedded network platform. The merger is expected to drive the future growth of the platform through further market consolidation and diversification into new territories and sectors across Australia.</p>	<p>LBO</p>
 	<p>Hybar, an Arkansas-based operator of steel rebar recycling mills, received \$700.0 million of development capital from Global Principal Partners in July 2023. Hybar plans to use the financing to build a new mill in northeast Arkansas capable of processing 630,000 tons of rebar per year.</p>	<p>PE Growth/ Expansion</p>
 	<p>Consolidated Waste Services ("CWS"), a North Carolina-based provider of waste management services, was acquired by Vermont-based Casella Waste Systems for \$219.0 million in September 2023. Through the acquisition, CWS will enhance its ability to deliver additional resource management services to its customers through state-of-the-art MRF robotic technology.</p>	<p>Merger/ Acquisition</p>
 	<p>Arverne Group, a French provider of environmental services focused on harnessing geothermal energy, was acquired by Transition, a special purpose acquisition company, through a reverse merger for \$180.5 million in September 2023. The reverse merger resulted in the creation of a combined entity trading on the Euronext Paris Stock Exchange under the ticker symbol ARVEN.</p>	<p>Reverse Merger</p>

Public Comps

Stock Price

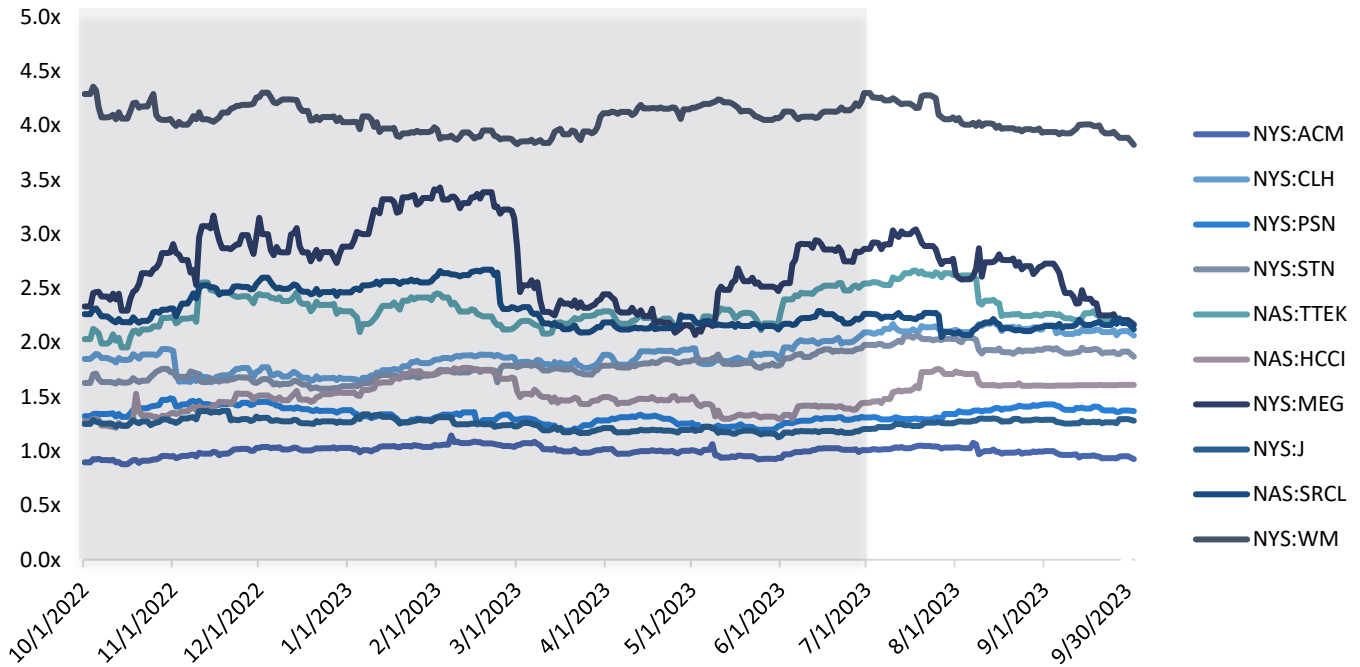


Financial & Valuation

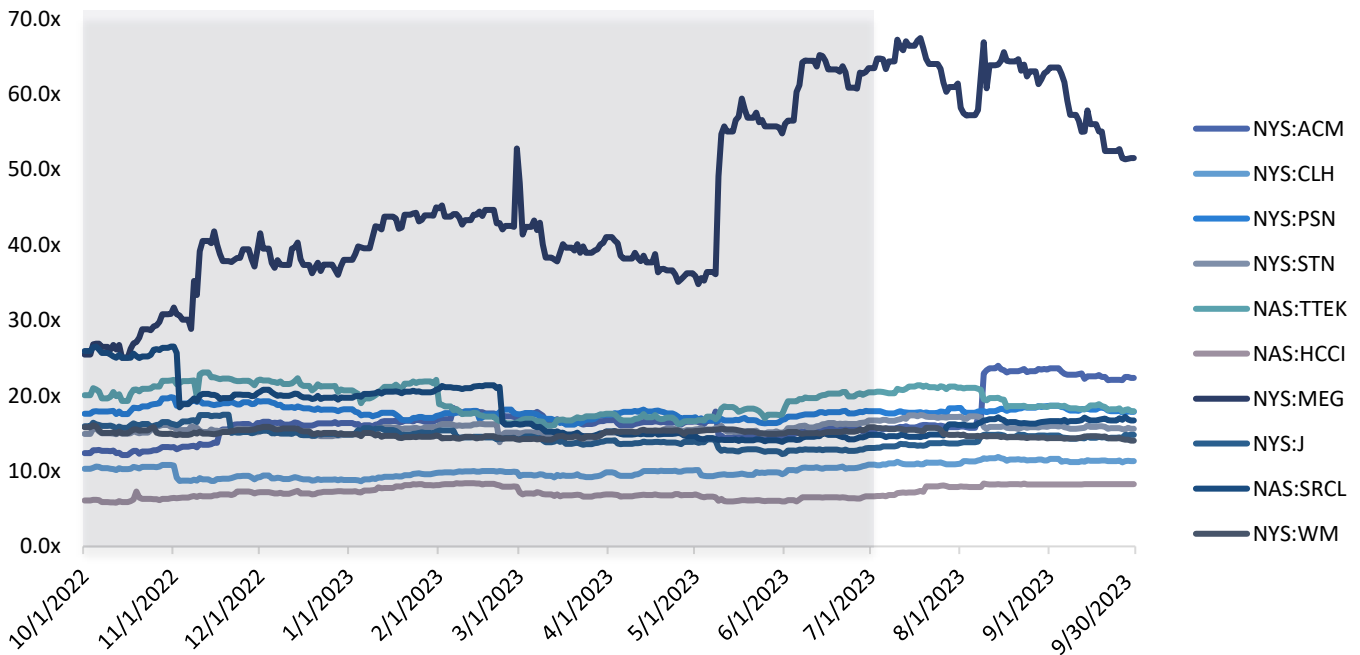
SMM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
						21A	22A	23F	21A	22A	23F	21A	22A	23F	21A	22A	23F	21A	22A	23F
	AECOM	NYS:ACM	83.0	11,520	2,790	1.0x	1.0x	2.0x	15.7x	16.0x	13.8x	1%	-1%	-49%	6%	6%	14%	6%	6%	15%
	Clean Harbors	NYS:CLH	167.4	9,063	2,487	1.8x	1.7x	1.6x	10.5x	8.9x	8.1x	8%	44%	6%	32%	31%	31%	18%	19%	19%
	Parsons	NYS:PSN	54.4	5,701	930	1.1x	1.4x	1.3x	15.0x	18.3x	14.4x	-8%	10%	12%	23%	23%	22%	7%	8%	8%
	Stantec	NYS:STN	64.9	7,248	1,655	2.1x	1.6x	1.9x	18.3x	15.0x	11.7x	-6%	18%	-13%	42%	43%	52%	11%	11%	16%
	Tetra Tech	NAS:TTEK	152.0	8,095	1,152	2.9x	2.4x	2.7x	31.2x	21.3x	21.0x	7%	9%	-3%	16%	16%	20%	9%	11%	13%
	Heritage-Crystal Clean	NAS:HCCI	45.4	1,104	216	1.6x	1.5x	1.2x	8.7x	7.0x	6.3x	16%	33%	4%	30%	31%	#N/A	19%	21%	15%
	Montrose Environmental Group	NYS:MEG	29.3	882	227	4.8x	2.8x	2.6x	56.6x	37.3x	19.3x	78%	7%	22%	32%	35%	36%	8%	8%	11%
	Jacobs Solutions	NYS:J	136.5	17,188	3,925	1.5x	1.3x	1.2x	21.2x	14.7x	12.9x	4%	6%	9%	22%	22%	22%	7%	9%	9%
	Stericycle	NAS:SRCL	44.7	4,137	1,761	2.8x	2.5x	2.4x	19.7x	19.7x	13.2x	-6%	2%	3%	39%	38%	#N/A	14%	13%	17%
	Waste Management	NYS:WM	152.4	61,747	15,368	4.8x	4.1x	3.9x	18.2x	15.2x	13.6x	15%	12%	8%	38%	37%	37%	26%	27%	28%
	Mean					2.4x	2.0x	2.1x	21.5x	17.4x	13.4x	10.9%	14.0%	-0.2%	28.1%	28.4%	29.2%	12.7%	13.1%	15.2%
	Median					2.0x	1.6x	2.0x	18.2x	15.6x	13.4x	5.6%	9.5%	5.2%	31.1%	31.2%	26.4%	10.3%	10.9%	14.9%

Public Comps

EV/Revenue



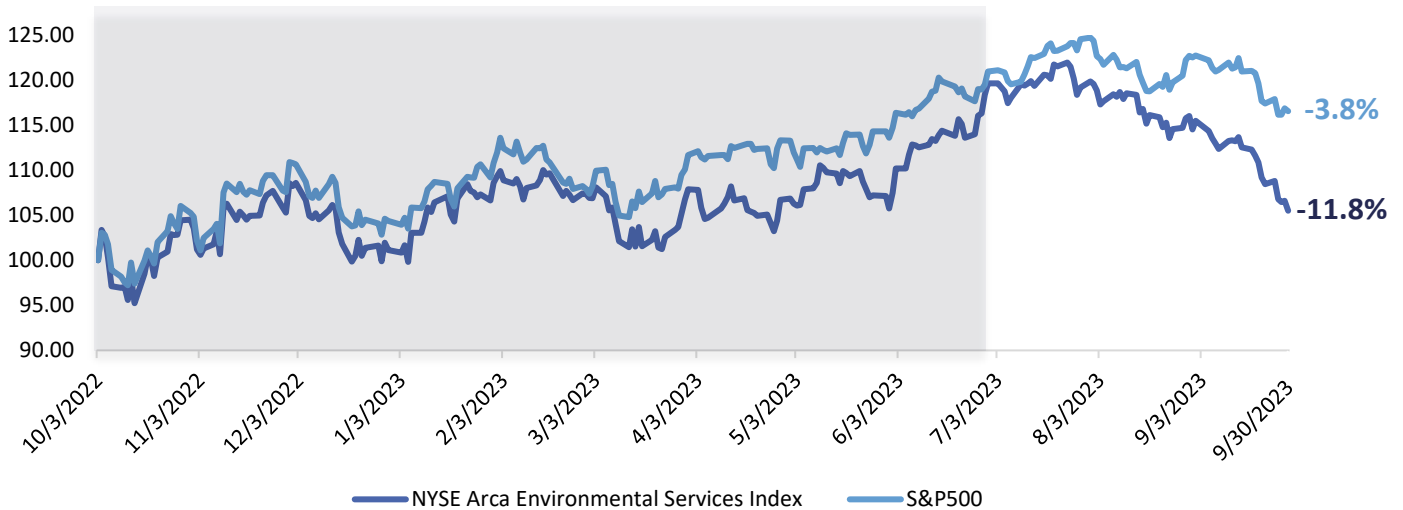
EV/EBITDA



Public Markets

Index Performance

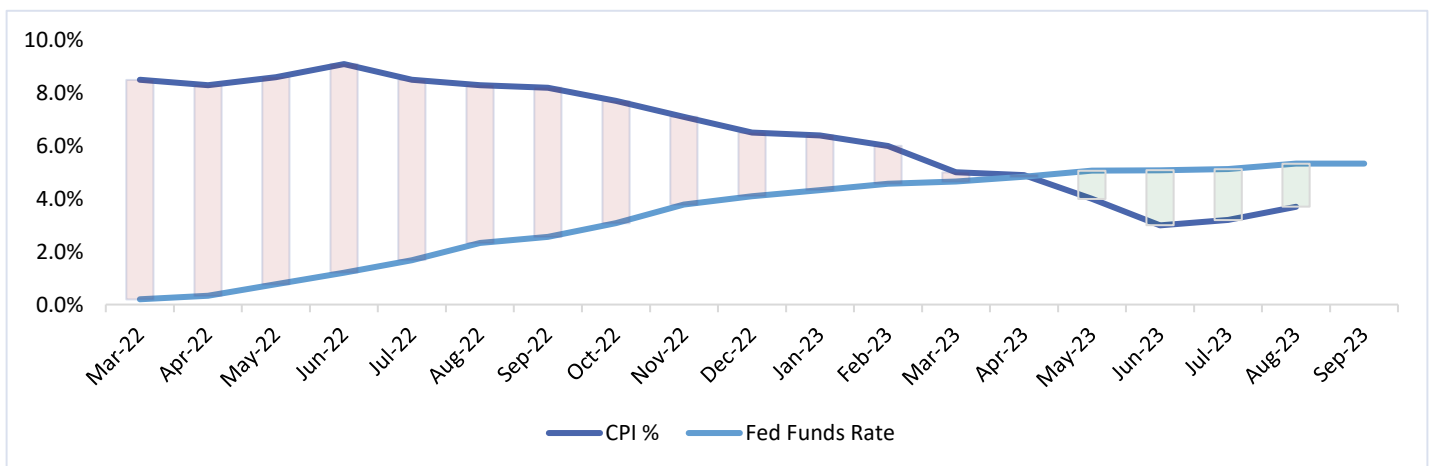
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Key External Drivers

Overall, the Environmental Services industry tends to be more volatile in the broader economy than other industries.

In September 2023, the Federal Reserve decided to keep the Federal Funds Rate stable at 5.3%, signaling a reversal in the trend of the Fed’s increasing rate hikes that we saw from March 2022 to August 2023. The Fed’s recent decision was likely a result of the CPI decreasing from a peak of 9.1% in June 2022 to 3.7% in August 2023. However, the CPI remains above the Fed’s 2% target and indicates we will see another rate hike in 2023, followed by a long pause at 5.4% in 1H 2024 due to concerns that inflation might not fall fast enough. The job market and the economy have remained robust despite these rate hikes as the Fed seeks to guide the economy towards a "soft landing" in an attempt to reduce inflation without causing a recession. An elevated Federal Funds Rate will lower consumer spending and result in lower revenues for the Environmental Services sector.



Industry Trends

Circular Economy

The Rise of Circular Economies

The circular economy focuses on minimizing waste and maximizing resource reuse. It promotes a sustainable approach where products and materials are recycled or repurposed, reducing environmental harm and unlocking economic benefits for businesses. Companies in the environmental services industry, such as those that provide waste management and recycling services, have benefited greatly from the increasing popularity of circular economies.



Waste-to-energy

The Growing Influence of Waste-to-energy

Waste-to-energy is a notable trend within the environmental services industry. It involves the conversion of waste materials, such as municipal solid waste, into electricity, heat, or biofuels. This innovative approach not only contributes to waste management but also addresses energy needs by turning waste into a valuable energy resource.



Eco-friendly Construction

Building a Greener Future

Eco-friendly construction practices involve the adoption of green building certifications, the use of environmentally friendly construction materials, and a heightened focus on energy efficiency and waste reduction. As businesses and governments increasingly prioritize sustainability, the demand for eco-friendly construction services is expected to rise.



Increased EPA Funding

EPA Funding and the Brownfields Redevelopment Initiative

The environmental services industry is experiencing a significant boost due to increased funding from the Environmental Protection Agency (EPA). The EPA's Brownfields program, which aims to remediate and redevelop abandoned or polluted sites, is injecting new life into the industry. This funding surge not only presents lucrative investment prospects but also aligns with the broader drive to restore and repurpose underutilized land for both environmental and economic benefits.



Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



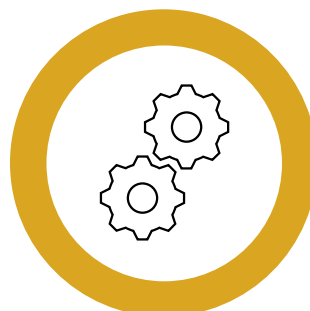
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Environmental Services sector. Please note that this list is not comprehensive.



U.S. MINERALS

has been recapitalized by



**MERIT
CAPITAL
PARTNERS**




**DEDICATED CONVERTING
GROUP**

has sold substantially all of
its assets to



Vidya Holdings



inventive-group

has been recapitalized by



**CLEARVIEW
CAPITAL**

in collaboration with



**VERTIKAL
BRANDS**



**CLASSIC-EQUINE
EQUIPMENT**

has been acquired by



**MORTON
BUILDINGS**




FEDERAL STEEL SUPPLY, INC.

has sold substantially all of
its assets to




V&A CAPITAL




SMWILSON
BEYOND THE BUILD

has acquired substantially
all of the assets of



**CAMBRIDGE
ROOFING SYSTEMS,
LLC**



Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
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Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.

Our M&A Deal Leaders



Ron Litton
Director
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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



David T. Vass
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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ryan Hartman
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Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree in Finance from The Freeman School of Business, Tulane University. Prior to joining the firm, Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Charlie Meier
Analyst
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Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



Lynda Hulett
Marketing
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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

About R.L. Hulett

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 275 transactions in a variety of industries including industrials, environmental services, packaging, business services, transportation & logistics, healthcare and software/tech-enabled services. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

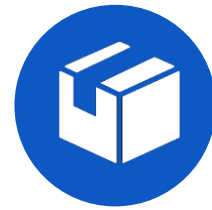
Industry Sectors Covered:



Environmental Services



Transportation & Logistics



Packaging



Industrials



Tech-enabled Services



Healthcare

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