



Environmental Services M&A Update – Q1 2024



Environmental Services M&A Update

Q1 2024

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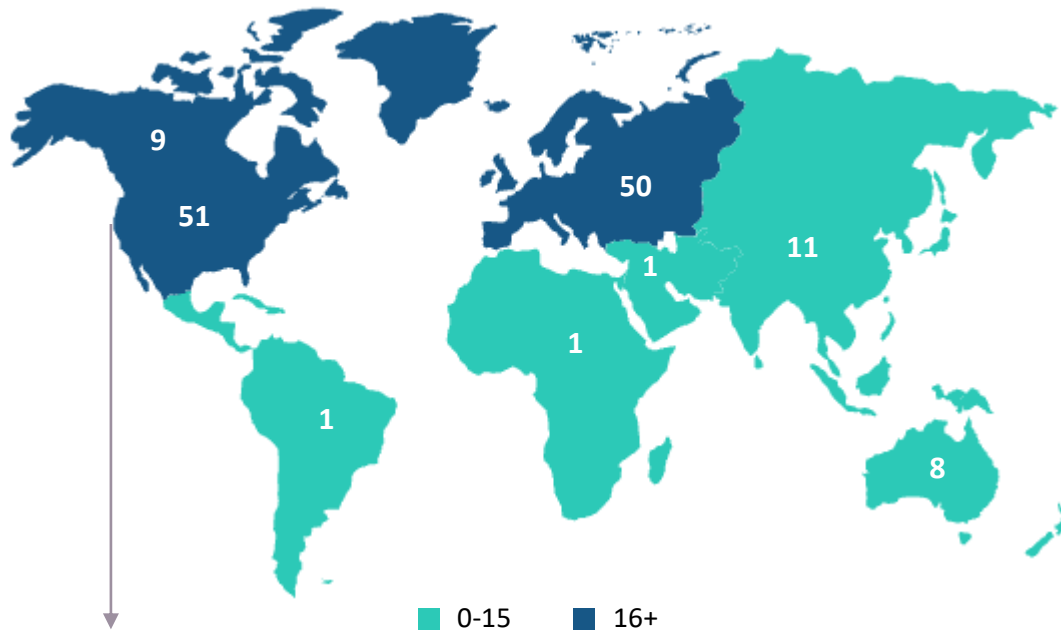
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REPORT HIGHLIGHTS

- In Q1, the NYSE Arca Environmental Services Index increased by 11.0% and outperformed the S&P 500, which increased 10.8% over the same period.
- The median EV/EBITDA multiple in the Environmental Services industry for reported strategic deals decreased to 8.1x in Q1 from 15.1x in 2023. There were no reported EV/EBITDA multiples for private equity deals in Q1.
- Deal volume in the Environmental Services sector decreased 15.9% in Q1 to 132 deals from 157 deals in Q4 2023, and decreased 29.4% from 187 deals in Q1 of the prior year.
- As a % of total capital invested in M&A transactions in Q1, PE participation declined significantly to 23.6%, down from 49.2% in 2023.
- North America was the most active region in Q1 with 60 deals. Most notably in the North American market was Clean Harbors' \$400.0 million acquisition of HEPACO in March 2024.

Global Deal Analytics

Out of 132 deals in Q1, North America was the most active market with 60, followed by Europe with 50. A notable European deal was Artek Industries' \$280.0 million acquisition of Kemira's Energy Division, a manufacturer of energy products in the Helsinki region, in February 2024. All other regions combined for a total of 22 deals.



Canada: 9

United States: 51

Southeast:	14
South:	11
Mid Atlantic:	10
West Coast:	6
Great Lakes:	4
Others:	6

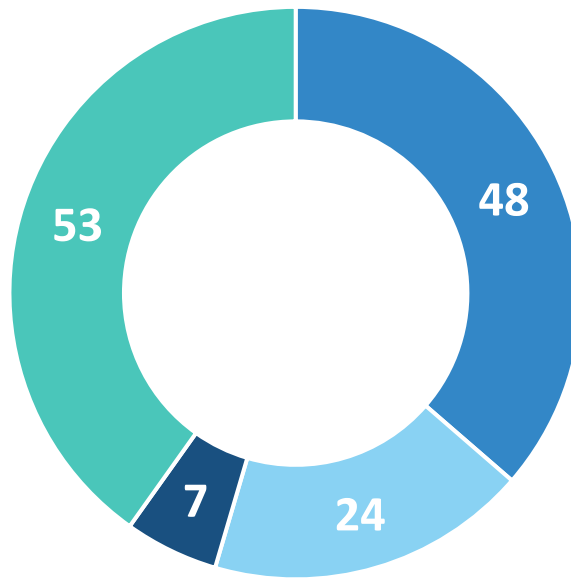
In the U.S. market, the Southeast was the most active region in Q1 with 14 deals, followed by the South with 11. A notable deal in the Southeast region (aside from the HEPACO deal mentioned on the previous page) was Global Emerging Markets' \$100.0 million investment of development capital into e2Companies, a Florida-based provider of ESG compliance services, in March 2024. The Mid Atlantic region had 10 completed transactions and was followed by the West Coast and Great Lakes regions which reported 6 and 4 deals, respectively. All other U.S. regions combined totaled 6 deals.

Outside of the U.S. in the North American market, 9 transactions closed in the Canadian market in Q1.

Global Deal Analytics

Of the 132 Environmental Services deals in Q1, 48 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 had 24 and 7 completed transactions, respectively. All other subsectors combined for 53 deals.

Deal by Subsector



■ Environmental Tech ■ Industrial Services ■ Sustainability ■ Other



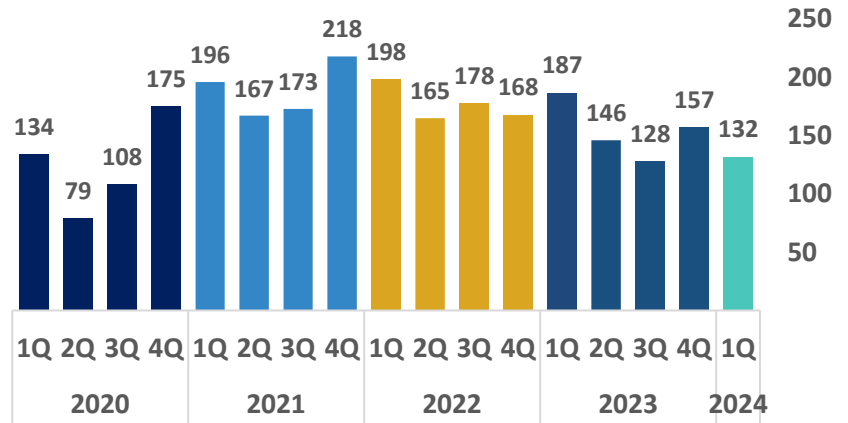
Global Deal Analytics

Deal volume in the Environmental Services sector decreased 15.9% in Q1 to 132 deals from 157 deals in Q4 2023, and decreased 29.4% from 187 deals in Q1 of the prior year. This decline continues the general downward trend since deal volume peaked in Q4 2021 at 218 completed transactions.

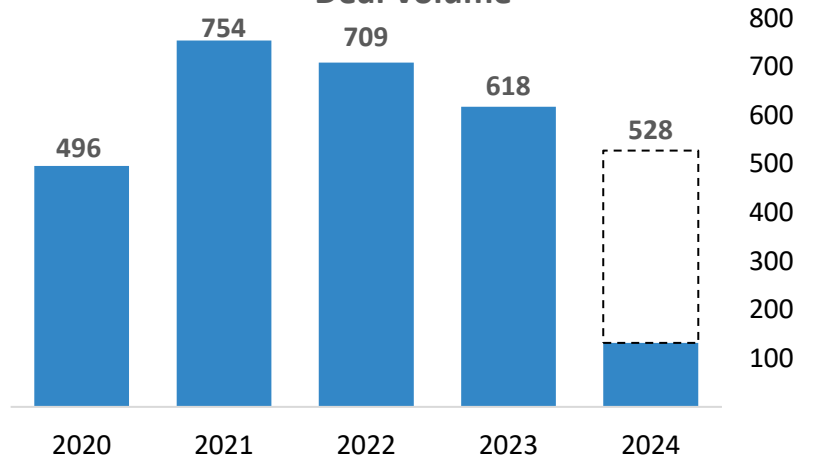
Annual deal volume is projected to decrease 14.6% to 528 deals in 2024 from 618 in the prior year. We attribute this decline to continuing challenges in the capital markets from a dealmaking perspective, including elevated interest rates/cost of capital and tightened underwriting standards from lenders.

Following the trend in quarterly deal volume, total capital invested in M&A deals in the Environmental Services sector decreased 69.7% in Q1 to \$1.0B from 3.3B in Q4, and decreased 94.1% from \$17.0B in the same period of the prior year. The decrease from Q4 is largely due to a shift in preference towards smaller deals. In Q1, the largest deal was Clean Harbors \$400.0 million acquisition of HEPACO in March 2024. In Contrast, Q4 saw 6 deals close of equal or greater size.

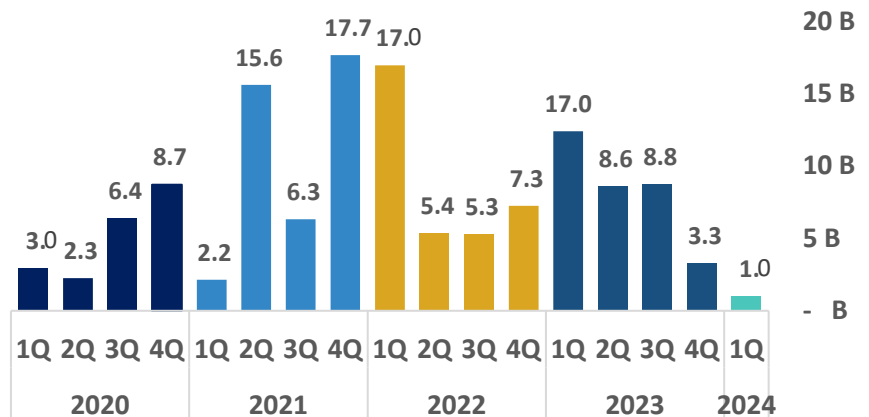
Deal Volume



Deal Volume



Total Capital Invested



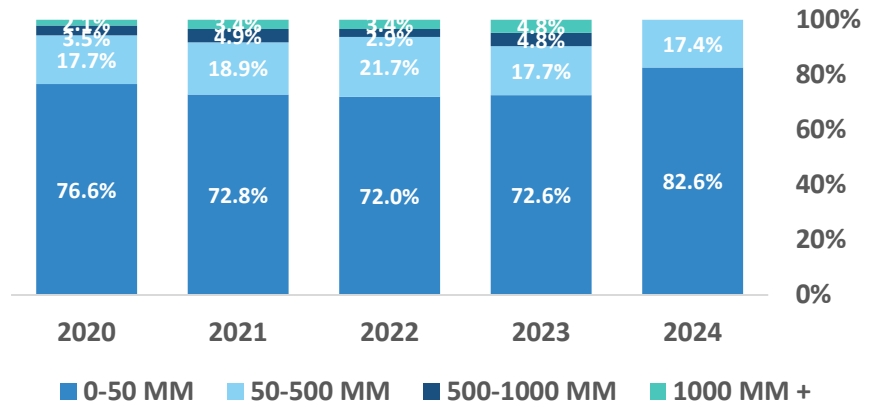
Global Deal Analytics

In Q1, we saw a significant shift in mix toward smaller deals compared to the prior year. No deals were completed in the upper middle (\$500-\$1000MM) or large cap (\$1000MM +) tranches of the market. The lower middle market (\$0-\$50MM) saw a significant increase to 82.6% from 72.6% in 2023 while the middle market (\$50-\$500MM) saw a slight decline to 17.4% from 17.7% over the same period.

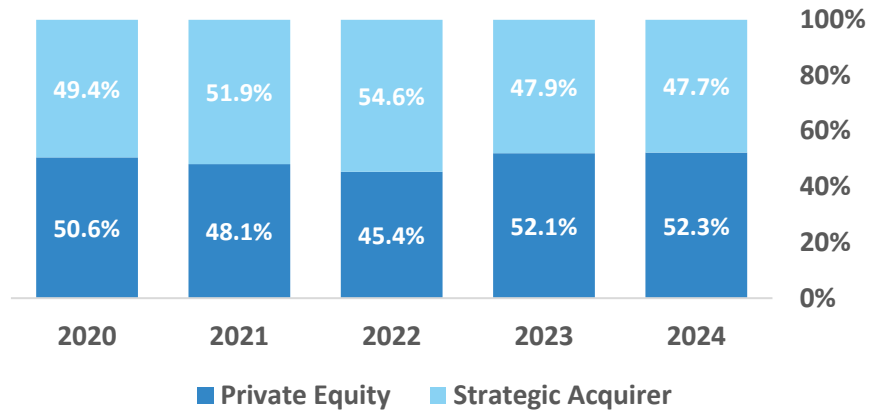
As a % of total deal volume, PE buyers trended slightly higher in Q1 relative to strategic buyers, representing 52.3% of deal volume in the sector. 2024 marks the highest percentage of PE deal volume over the last 5 years.

Contrary to the trend in deal volume, PE share of total capital invested in M&A deals declined significantly in Q1 2024 to 23.6%, down from 49.2% in the prior year. This decrease in PE's share of total capital is primarily due to Clean Harbors' \$400.0 million acquisition of HEPACO and Artek Industries' \$280.0 million acquisition of the Energy Division of Kemira in Q1, which skewed the strategic % higher than usual.

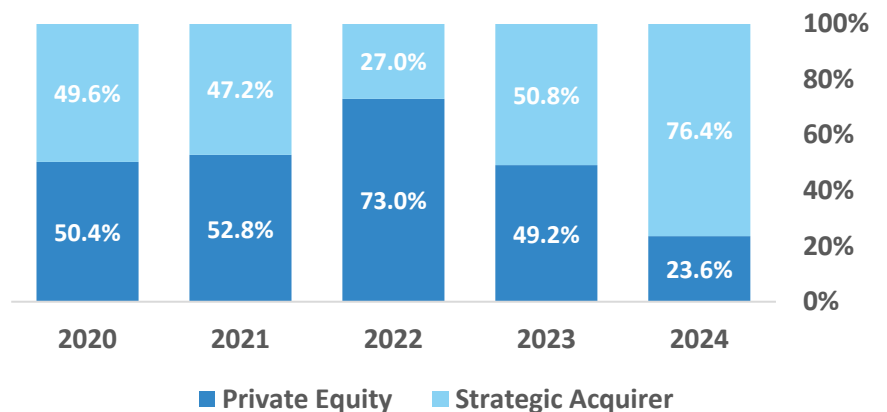
Deal Volume by Deal Size



Deal Volume by Acquirer

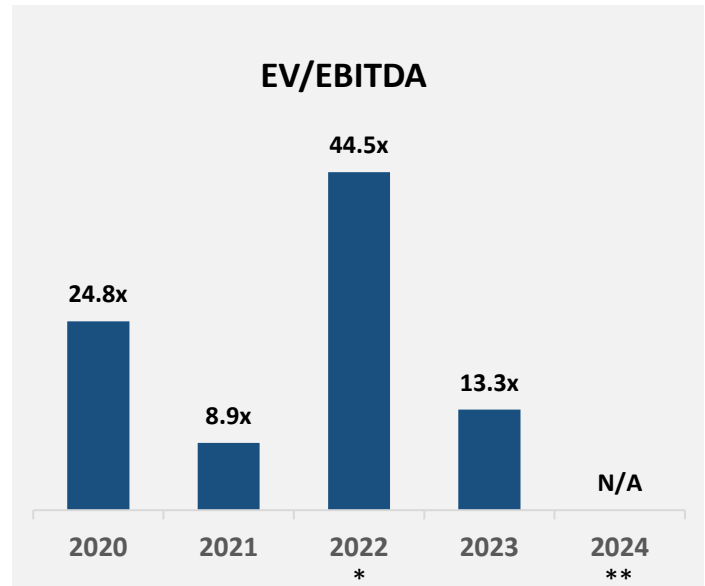
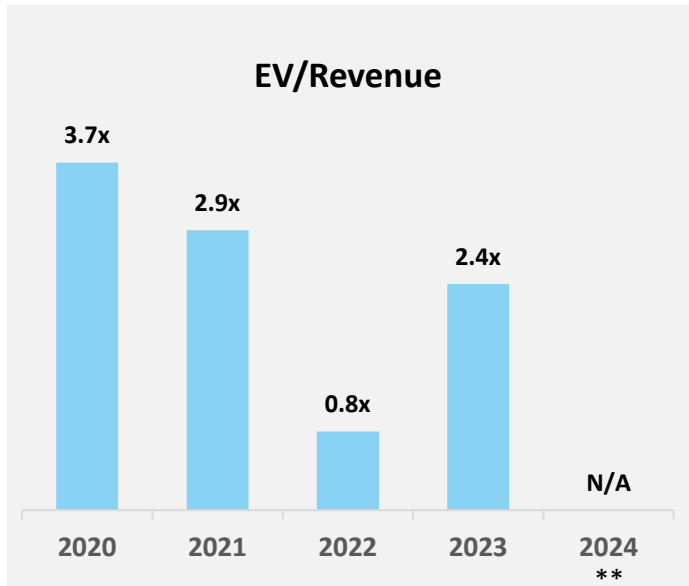


Total Capital Invested by Acquirer

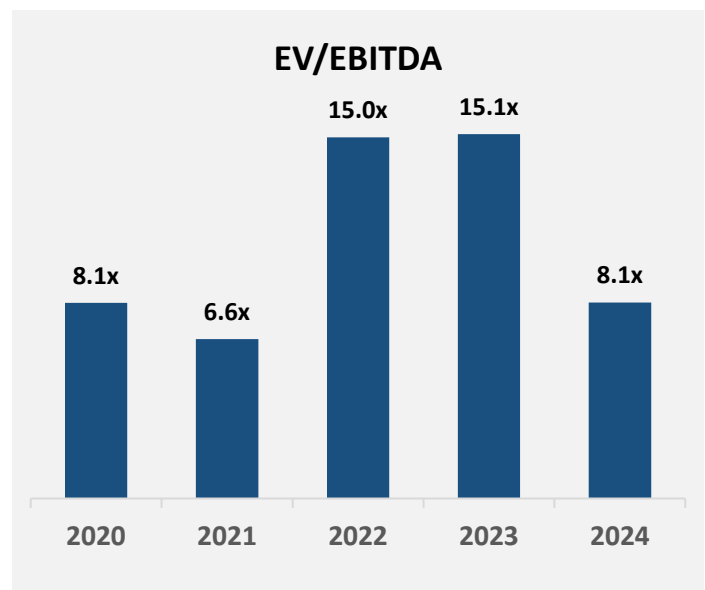
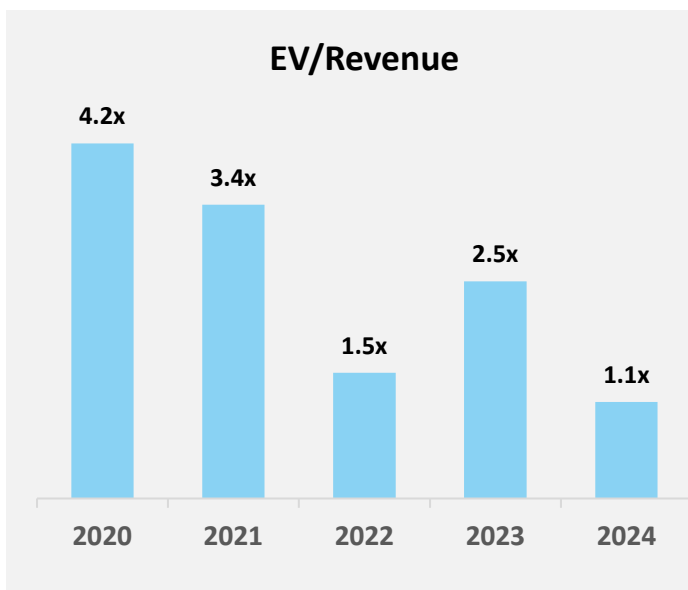


Valuation Multiples

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.

** No EV/Revenue or EV/EBITDA multiples were reported for private equity deals in Q1 2024.

Largest Deals (Disclosed)

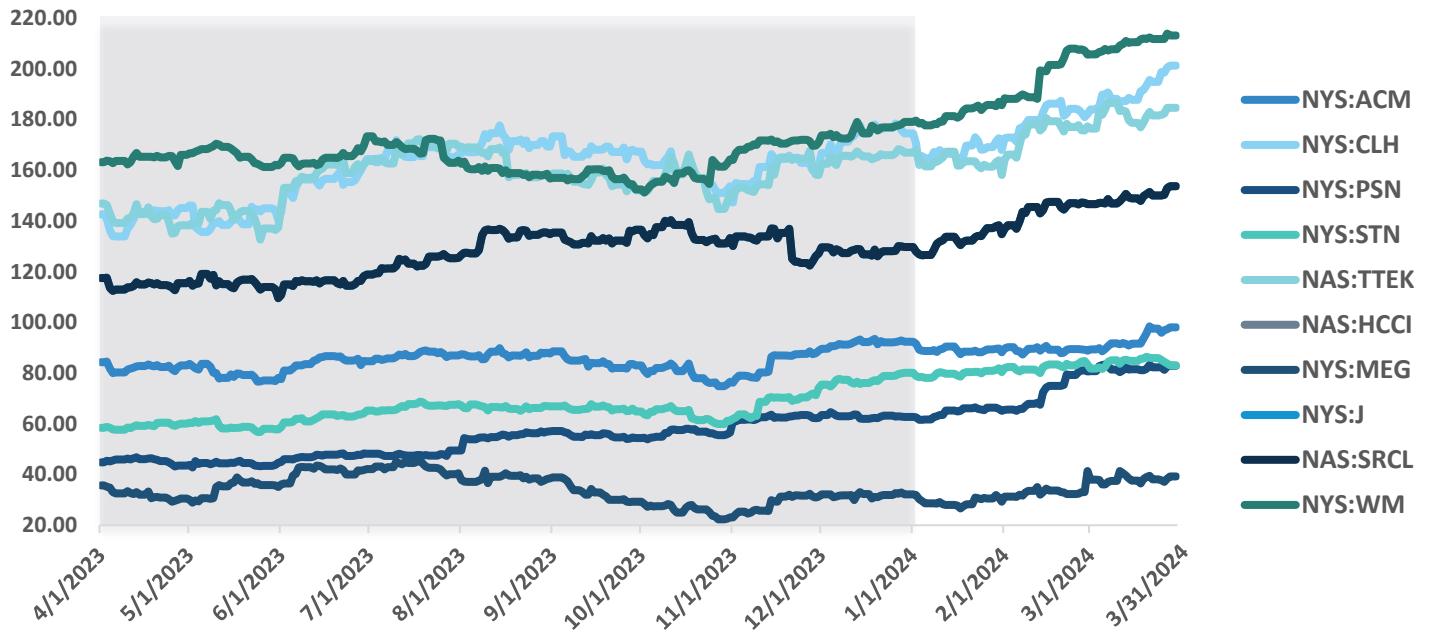
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
31-Mar-2024	Greenwave Technology Solutions	Undisclosed Investor	PIPE	\$ 2.8			Operator of several metal recycling facilities in Virginia and North Carolina.
25-Mar-2024	HEPACO	Clean Harbors	Merger/Acquisition	400.0	1.48x	11.11x	Provider of critical environmental and emergency services.
21-Mar-2024	Habitat	Fonds de solidarite FTQ	PE Growth/Expansion	2.6			Provider of data and environmental services to local, national and international organizations.
19-Mar-2024	Greenoffice	Entrepreneur Invest	PE Growth/Expansion	21.7			Manufacturer of waste management products.
04-Mar-2024	Stormfisher Environmental	ARC Financial	PE Growth/Expansion	30.0			Operator of a renewable energy facility.
03-Mar-2024	Novelplast	Ocean 14 Capital	Buyout/LBO	10.8			Operator of a sustainable plastics manufacturing company.
22-Feb-2024	dynaCERT	Undisclosed Investor	PIPE	4.0			Manufacturer and distributor of a transportable hydrogen generator aftermarket product.
21-Feb-2024	De.Mem	Undisclosed Investor	PIPE	2.2			Operator of a de-centralized water and waste water treatment business.
16-Feb-2024	Capsol Technologies	Munters	PIPE	8.4			Provider of carbon capture technology .
15-Feb-2024	ADP Green	Fine Asset Management	Merger/Acquisition	44.9			Provider of food waste collection and processing services.
15-Feb-2024	Mahindra Waste To Energy Solutions	Bintang Capital Partners	Buyout/LBO	2.4			Operator of a biogas plant intended for the automobile industry.
07-Feb-2024	Kemira	Artek Industries	Merger/Acquisition	280.0			Manufacturer of energy products in the Helsinki region.
07-Feb-2024	Waga Energy	Aliad	PIPE	56.6			Producer of biomethane, specialized in cost-competitive and grid-compliant biomethane.
01-Feb-2024	Kappe Associates	DXP Enterprises	Merger/Acquisition	19.7	0.77x	5.17x	Distributor of pumps, controls and process equipment.
31-Jan-2024	Ethan Industrial Group	Greenthesis Group	Merger/Acquisition	27.6			Provider of waste management service catering to industrial and agricultural sectors.
29-Jan-2024	Minero	DNA Link	Corporate	1.5			Provider of extracting services of core wastewater raw materials based in Seoul, South Korea.
28-Jan-2024	Saham Environmental Services Company	Lana Medical	Merger/Acquisition	1.3			Provider of commercial waste, demolition and construction waste-related services.
22-Jan-2024	Gaia EnviroTech	RFC Ambrian	Corporate	4.3			Provider of bioenergy and waste management services.
18-Jan-2024	Beijing Building Materials Testing Academy	Building Materials Inspection & Certification Group	Corporate	5.3			Provider of third-party quality inspection and certification services.
17-Jan-2024	e2Companies	Global Emerging Markets	PE Growth/Expansion	100.0			Operator of a vertically integrated virtual utility company intended to help with ESG compliance.
Mean				51.3	1.13x	8.14x	
Median				9.6	1.13x	8.14x	
High				400.0	1.48x	11.11x	
Low				1.3	0.77x	5.17x	

Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
	<p>HEPACO, a Charlotte-based provider of environmental remediation and emergency services, was acquired by Clean Harbors for \$400.0 million in March 2024. Through this acquisition, Clean Harbors looks to benefit from HEPACO’s complementary service offerings that increase the scale and capabilities of Clean Harbors’ Field Services business.</p>	<p>Merger / Acquisition</p>
	<p>Artek Industries (“Artek”), a Praana Group (“Praana”) Company, acquired the Energy Division of Kemira, a manufacturer of energy products in the Helsinki region, for \$280.0 million in February 2024. Following the acquisition, Praana intends to merge Artek with Sterling Specialty Chemicals, one of Praana’s existing businesses. This strategic alliance aims to create a global specialty chemicals business.</p>	<p>Merger / Acquisition</p>
	<p>e2Companies, a Florida-based provider of ESG compliance services, received \$100.0 million of development capital from Global Emerging Markets, an alternative investment group, in January 2024. With this financing commitment, e2Companies is well-positioned to advance the company’s mission to design power generation and distribution solutions that deliver seamless resiliency.</p>	<p>PE Growth / Expansion</p>
	<p>Waga Energy, a French biomethane producer, received \$56.6 million of development capital from a group of institutional investors led by Aliad through a private placement in March 2024. The net proceeds of the offering will be used to support Waga Energy's accelerated international expansion.</p>	<p>PIPE</p>

Public Comps

Stock Price



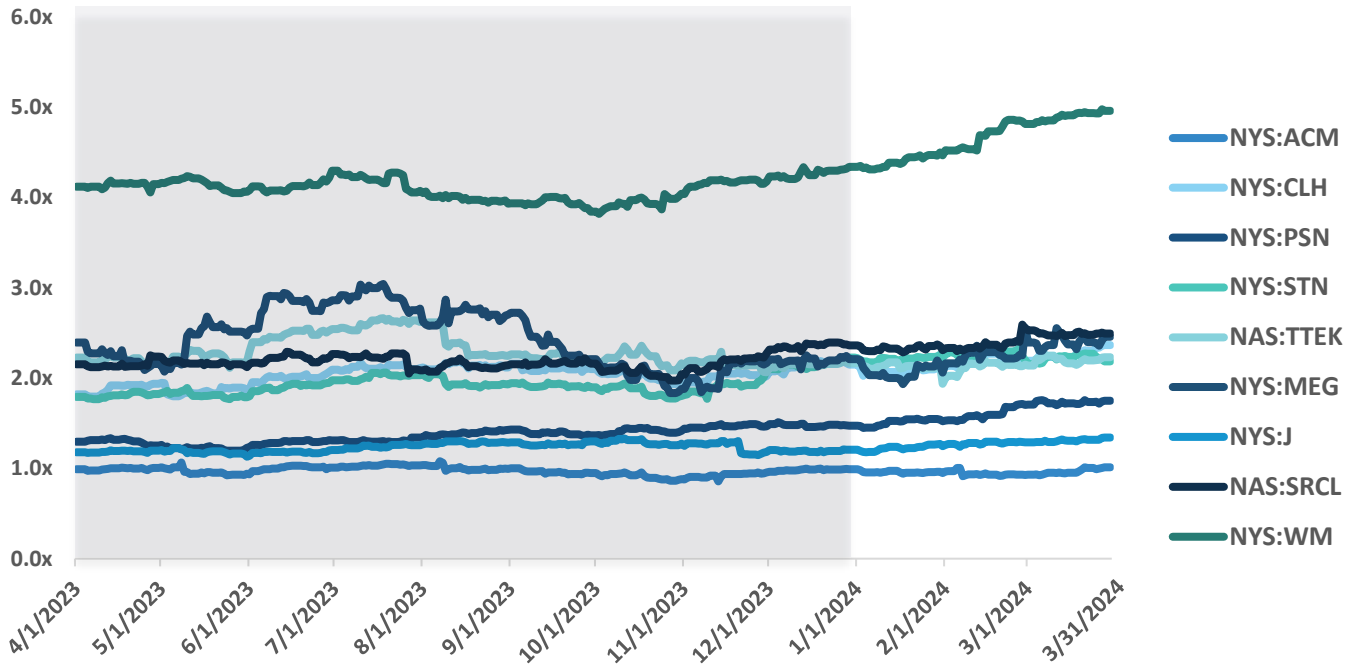
Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
						22A	23A	24F	22A	23A	24F	22A	23A	24F	22A	23A	24F	22A	23A	24F
	AECOM	NYS:ACM	97.3	13,236	2,725	1.0x	1.0x	2.0x	15.7x	16.0x	13.8x	1%	-1%	-51%	6%	6%	15%	6%	6%	15%
	Clean Harbors	NYS:CLH	200.6	10,819	2,490	1.8x	1.7x	1.6x	10.5x	8.9x	8.1x	8%	44%	5%	32%	31%	32%	18%	19%	20%
	Parsons	NYS:PSN	82.7	8,750	927	1.1x	1.4x	1.3x	15.0x	18.3x	14.4x	-8%	10%	9%	23%	23%	23%	7%	8%	9%
	Stantec	NYS:STN	83.8	9,551	1,305	2.0x	1.6x	1.9x	17.6x	15.0x	11.7x	-6%	18%	-11%	42%	43%	54%	11%	11%	17%
	Tetra Tech	NAS:TTEK	184.6	9,872	1,153	2.9x	2.4x	2.7x	31.2x	21.3x	21.0x	7%	9%	-13%	16%	16%	20%	9%	11%	13%
	Montrose Environmental Group	NYS:MEG	38.4	1,170	210	4.8x	2.8x	2.6x	56.6x	37.3x	19.3x	78%	7%	12%	32%	35%	39%	8%	8%	14%
	Jacobs Solutions	NYS:J	152.9	19,216	3,566	1.5x	1.3x	1.2x	21.2x	14.7x	12.9x	4%	6%	4%	22%	22%	22%	7%	9%	9%
	Stericycle	NAS:SRCL	53.1	4,915	1,783	2.8x	2.5x	2.4x	19.7x	19.7x	13.2x	-6%	2%	3%	39%	38%	40%	14%	13%	17%
	Waste Management	NYS:WM	214.0	85,930	16,229	4.8x	4.1x	3.9x	18.2x	15.2x	13.6x	15%	12%	6%	38%	37%	38%	26%	27%	29%

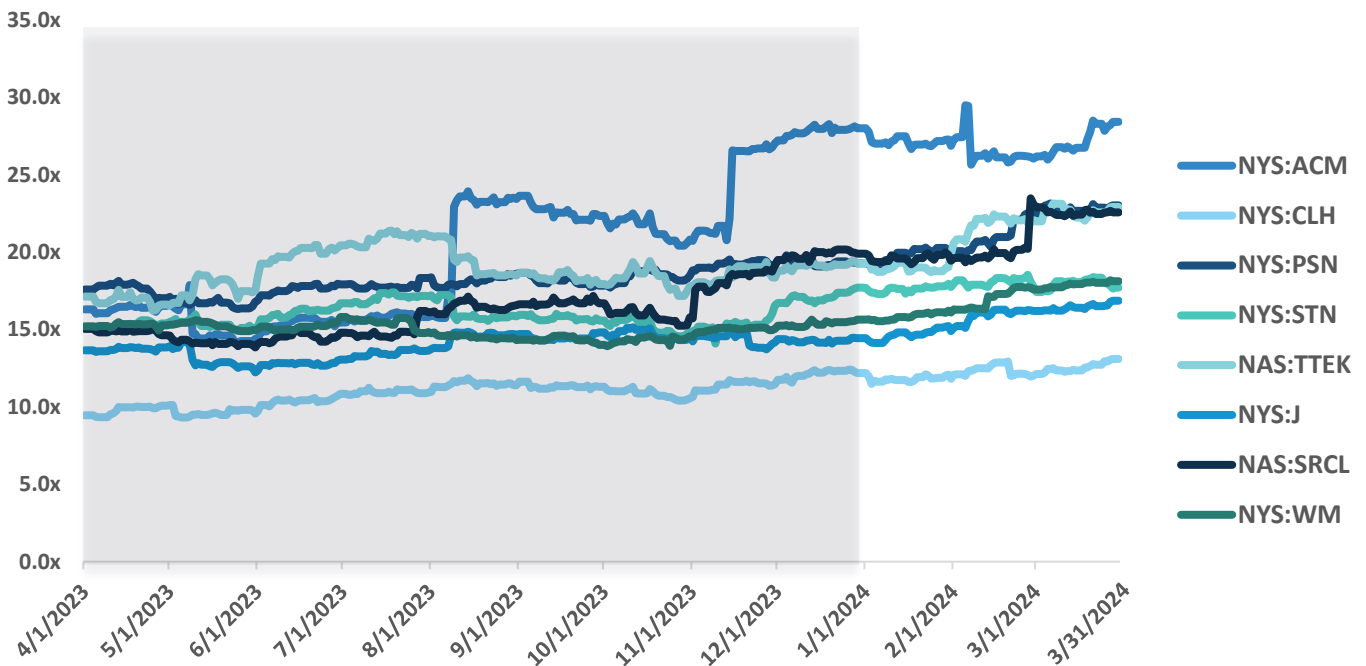
Mean						2.5x	2.1x	2.2x	22.8x	18.5x	14.2x	10.4%	11.9%	-3.9%	27.9%	28.1%	30.4%	12.0%	12.3%	15.9%
Median						2.0x	1.7x	2.0x	18.2x	16.0x	13.6x	3.9%	9.0%	4.5%	32.0%	31.2%	27.5%	9.4%	10.8%	15.3%

Public Comps

EV/Revenue



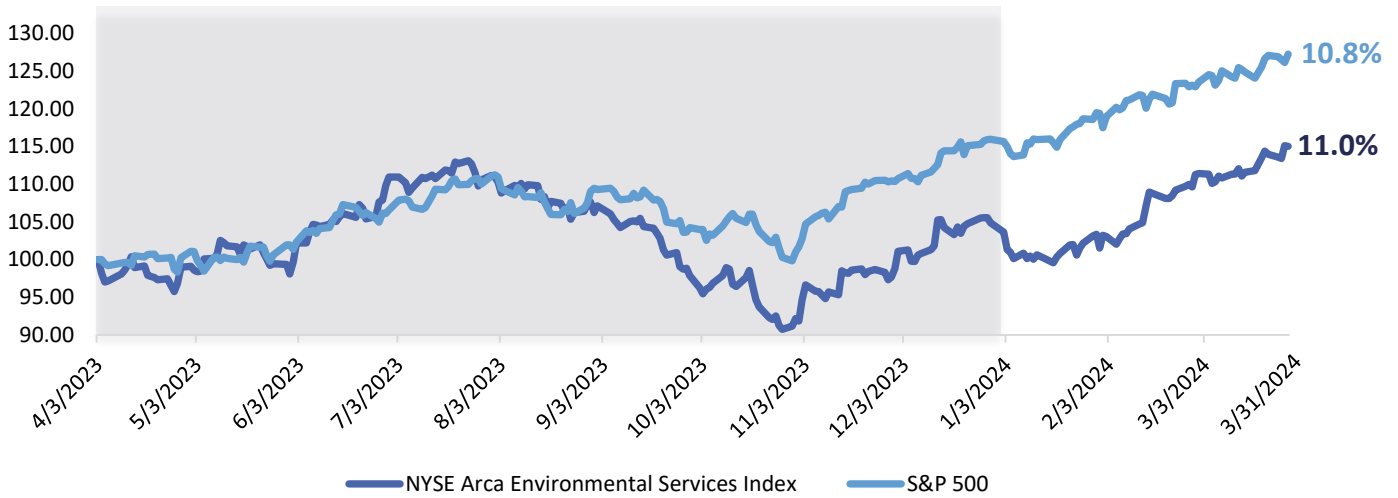
EV/EBITDA



Public Markets

Index Performance

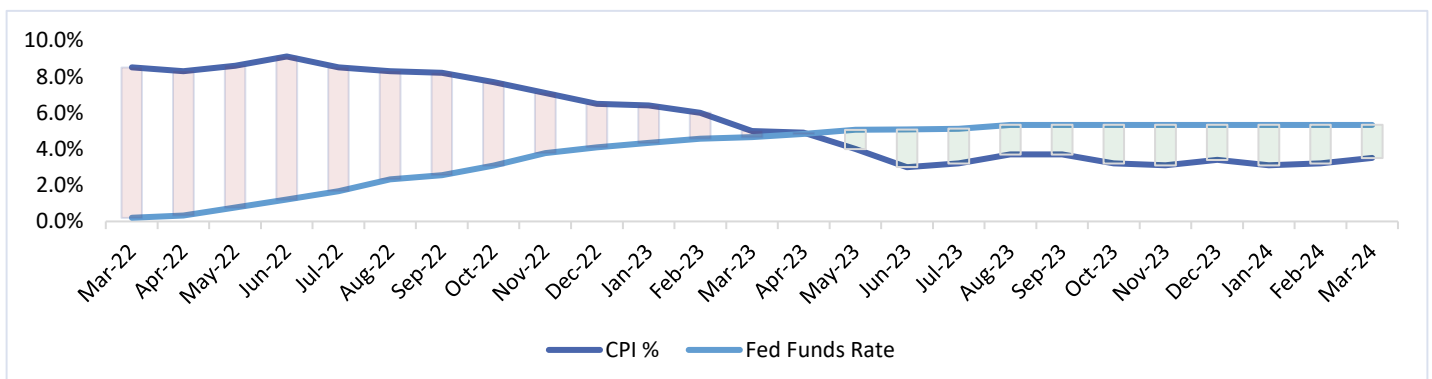
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Key External Drivers

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

The Federal Reserve is anticipated to initiate a series of rate cuts in 2H 2024, with policymakers considering three cuts starting in June, aiming to reduce the Fed funds rate from 5.25%-5.5% to 4.5%-4.75%. This outlook, coupled with the latest above-expectations performance by the Magnificent Seven Stocks, has fueled public equity activity in Q1, 2024. The S&P 500 surged to 17 new record highs and has experienced a significant YoY increase of 28.36% since March 2023. The anticipated rate cuts are poised to increase M&A activity in Environmental Services sector by lowering the cost of capital required to finance acquisitions. Lower borrowing costs may narrow the gap between the price sellers are willing to accept and the proposed purchase price offered by buyers. Although we anticipate elevated M&A activity relative to 2023, we do not foresee M&A activity returning to the record-high levels seen in 2021.



Industry Trends

Soil Contamination Cleanup

Regulatory Compliance & Innovative Technologies

Strict regulatory standards drive the demand for soil remediation. Remediation companies work closely with regulatory agencies to ensure compliance while developing and executing effective cleanup strategies. Advancements in remediation technologies, such as electrokinetics and chemical oxidation, allow for more targeted and efficient removal of contaminants from soil.



Addressing Emerging Pollutants

PFAS and Microplastics Remediation

PFAS (per- and polyfluoroalkyl substances) and microplastics are emerging environmental pollutants requiring specialized remediation efforts due to their persistence, bioaccumulation potential, and widespread presence. Environmental services companies are developing specialized techniques to address emerging pollutants like PFAS and microplastics, employing innovative filtration, adsorption, and treatment methods to mitigate their environmental impact.



Technological Integration

Monitoring and Assessment

Remote sensing technologies, geographic information systems (GIS), and satellite imagery aid in comprehensive site assessment, accurately mapping contaminated areas, and monitoring changes in soil composition over time. Drones equipped with various sensors and imaging systems are increasingly being used as a cost-effective and efficient means to conduct aerial surveys, collect data, and assess contamination levels in inaccessible or large areas.



Brownfield Redevelopment Initiatives

Revitalization of Contaminated Sites

The environmental remediation services industry is experiencing a significant boost due to increased funding from the Environmental Protection Agency (EPA). Environmental remediation services enable the revitalization of Brownfield sites, transforming underutilized or abandoned areas into viable, safe, and productive spaces for redevelopment.



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.



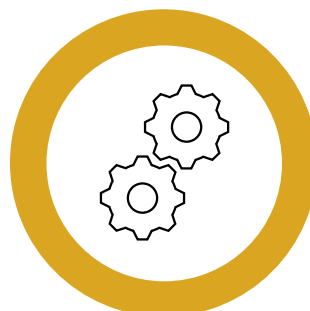
Buy-Side Advisory: Buy a business

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.



has been acquired by

**Environmental Restoration
Employee Stock
Ownership Plan**

In this transaction, the undersigned served as co-advisor
with Butcher Joseph



has been recapitalized by

**MERIT
CAPITAL
PARTNERS**



has sold substantially all of
its assets to

Vidya Holdings




inventive-group




has been recapitalized by





in collaboration with



has been acquired by



has acquired substantially
all of the assets of



Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
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thulett@rlhulett.com

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
Chairman Emeritus
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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
Director
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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
Senior Analyst
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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.

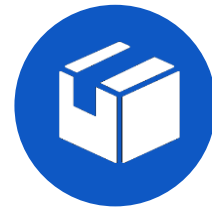
Industry Sectors Covered:



Environmental Services



Transportation & Logistics



Packaging



Industrials



Tech-enabled Services



Healthcare

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