



Environmental Services M&A Update
Q3 2024

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CONTACTS



Trevor Hulett
Managing Director
thulett@rlhulett.com



Ryan Hartman
Senior Analyst
rhartman@rlhulett.com



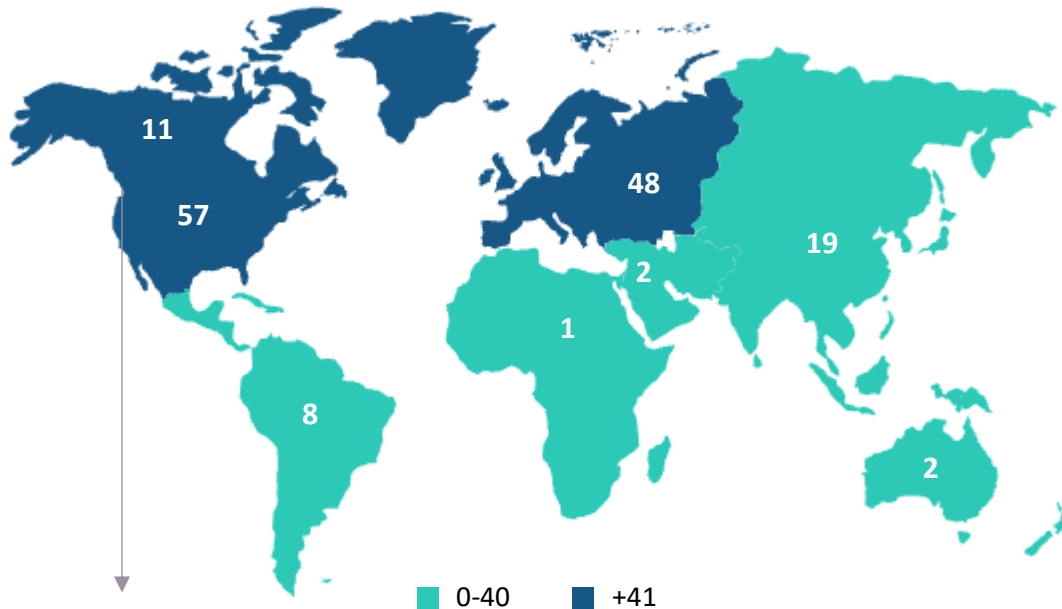
Charlie Meier
Analyst
cmeier@rlhulett.com

REPORT HIGHLIGHTS

- In Q3, the NYSE Arca Environmental Services Index increased by 7.5% and outperformed the S&P 500, which increased by 5.3% over the same period.
- The median EV/EBITDA multiple for reported private equity deals decreased to 3.6x in the first nine months of 2024 from 13.3x in 2023, and decreased for strategic deals to 8.1x from 15.1x in the prior year.
- M&A deal volume in the Environmental Services sector increased 8.8% in Q3 to 148 deals from 136 deals in Q2, and increased 15.6% from 128 deals in Q3 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation decreased slightly in YTD Q3 to 48.8% from 49.2% in 2023.
- North America was the most active region in Q3 with 68 deals. Most notably in North America was Colliers International's \$475.0 million acquisition of EnGlobe, a Quebec-based provider of soil and materials engineering services, in July 2024.



Of the 148 deals in the Environmental Services sector in Q3, North America was the most active with 68. Europe was the second most active with 48 transactions and all other regions combined for a total of 32 deals. A notable European deal was Ares Management’s \$1.1 billion acquisition of RSK Group, a U.K.-based provider of environmental consulting services, in September 2024.



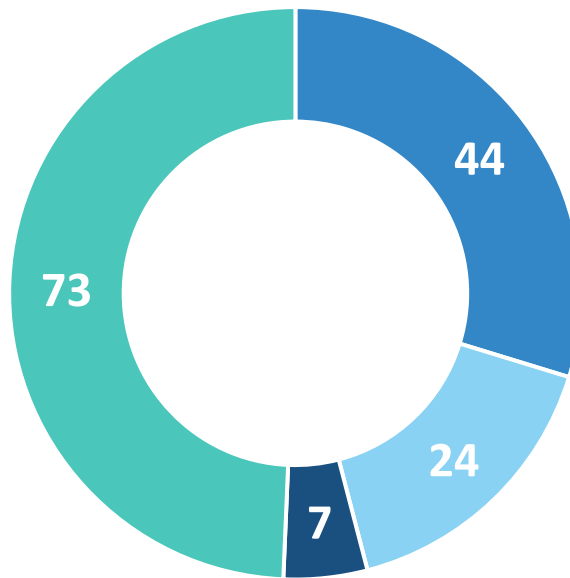
Canada:	11
United States:	57
Southeast:	14
Mid Atlantic:	13
West Coast:	7
Great Lakes:	6
Others:	17

In the U.S. market, the Southeast region was the most active area with 14 deals, followed by the Mid Atlantic with 13 closed transactions. The West Coast and Great Lakes regions saw 7 and 6 transactions, respectively, and all other U.S. regions combined for a total of 17 completed deals. Most notably in the West Coast region was Israel Chemicals’ \$60.0 million acquisition of Custom Ag Formulators, a California-based manufacturer of tailored agricultural formulations, in July 2024.

Outside of the U.S. in the North American market, 11 transactions closed in the Canadian market in Q3 2024.

Of the 148 Environmental Services deals in Q3, 44 deals were in the Environmental Tech subsector, making it the most active subsector from an M&A volume standpoint. Industrial Services was the second most active with 24, followed by Sustainability with 7 reported deals. All other subsectors combined for a total of 73 deals in the quarter.

Deal by Subsector



■ Environmental Tech

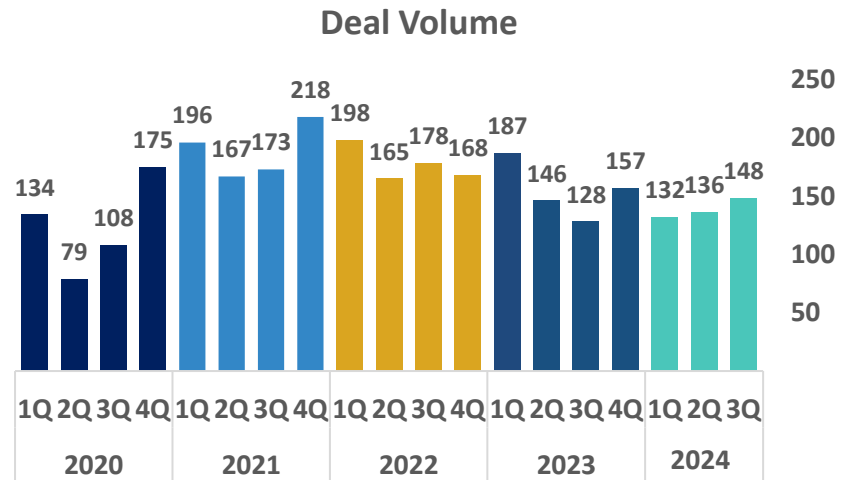
■ Industrial Services

■ Sustainability

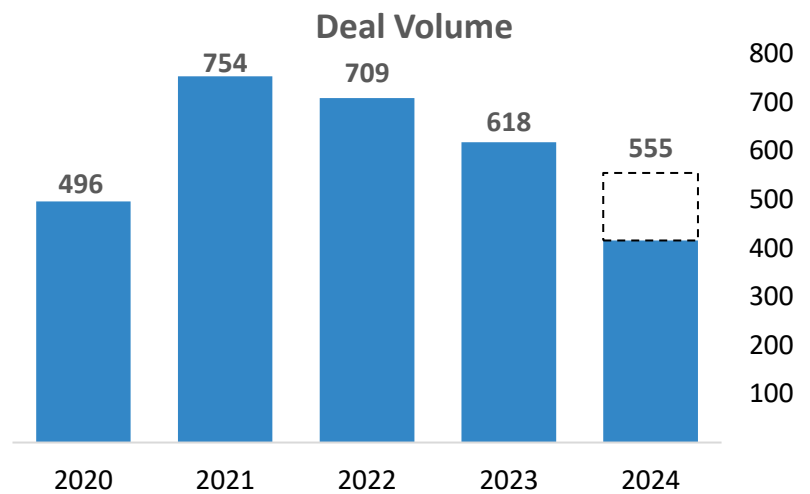
■ Other



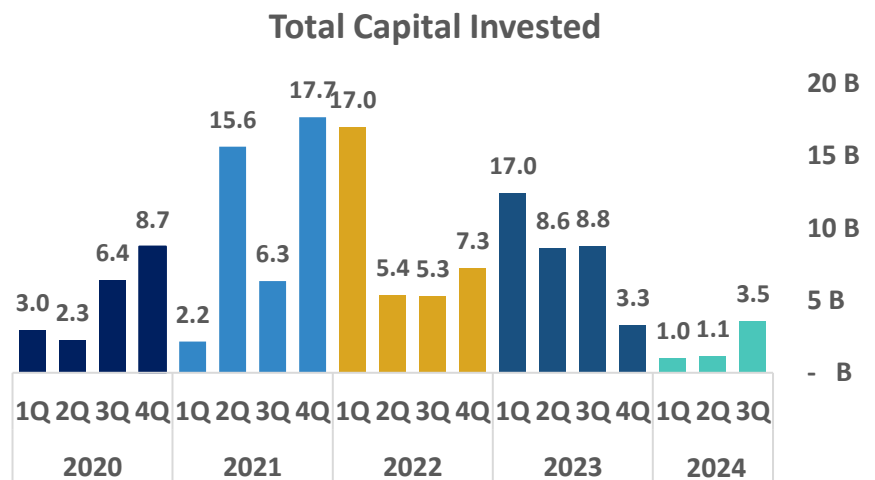
Deal volume in the Environmental Services sector increased 8.8% in Q3 to 148 deals from 136 deals in Q2, and increased 15.6% from 128 deals in Q3 of the prior year. Q3 represents the third consecutive quarter of increasing deal volume and suggests a more positive outlook on future market conditions in the coming quarters, with the Fed cuts in interest rates and the election moving to the rearview mirror.



Based on activity through Q3, M&A deal volume is anticipated to decrease 10.2% to 555 deals in 2024 from 618 in 2023. We attribute this forecasted decline in deal volume to a sluggish deal environment in the first nine months of 2024 coupled with delays in the first rate cut to the Fed Funds rate which was originally expected in Q1 but did not happen until Q3 of 2024.

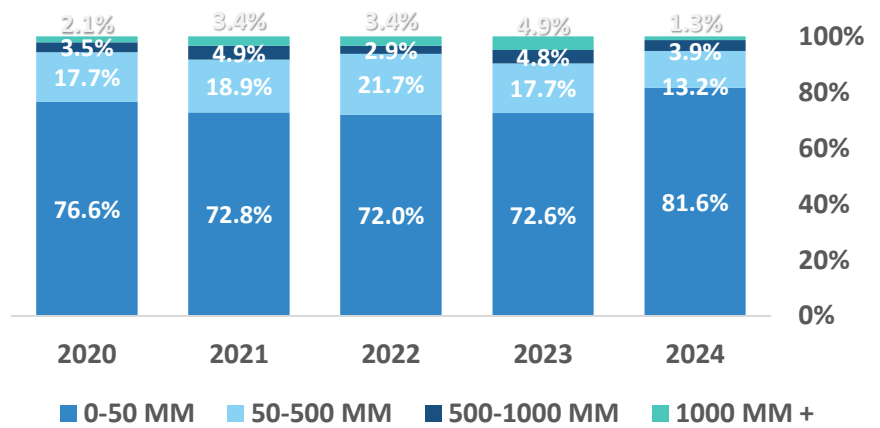


Total capital invested in M&A deals in the sector increased 218.2% in Q3 to \$3.5B from \$1.1B in Q2, but decreased 60.2% from \$8.8B in Q3 of the prior year. The increase from the prior quarter is primarily due to the RSK Group deal for \$1.1 billion in Q3. Comparatively, the largest deal in Q2 was CPP Investments' \$590.0 million acquisition of Urbaser in June 2024.



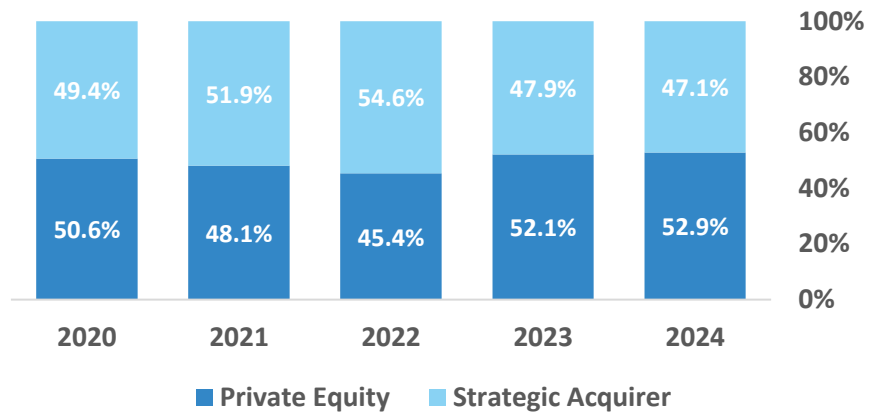
YTD through Q3, we generally saw a shift in mix towards smaller-sized deals from the prior year. The lower middle market (\$0 - \$50 MM) increased to 81.6% from 72.6% in 2023, while the large cap (\$1000 MM+), upper middle (\$500 - \$1000 MM), and middle (\$50 - \$500 MM) tranches of the market saw decreases to 1.3%, 3.9%, and 13.2% from 4.9%, 4.8%, and 17.7%, respectively, in the prior year.

Deal Volume by Deal Size



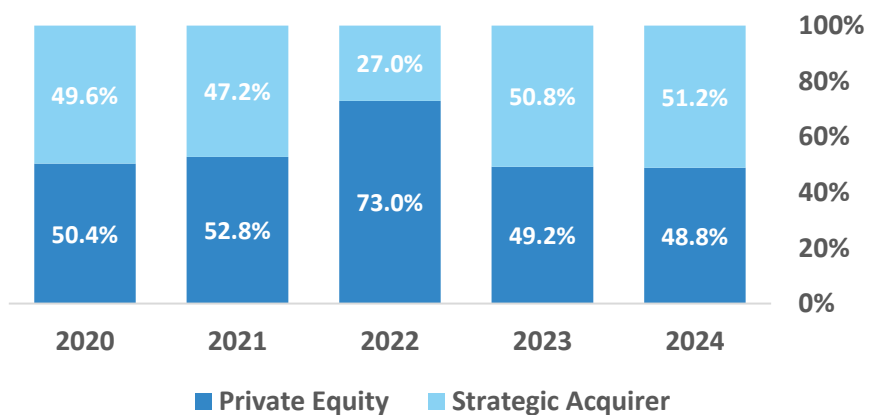
As a % of total deal volume, PE buyers have trended higher so far in 2024 relative to strategic buyers, representing 52.9% of deal volume in the sector compared to 52.1% in 2023. YTD Q3 2024 marks the highest level of participation in the sector (from a volume standpoint) from PE buyers versus strategic buyers over the last five years.

Deal Volume by Acquirer



Despite the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased slightly in YTD 2024 to 48.8% from 49.2% in 2023. YTD 2024 marks the lowest level of participation in the sector (from a % of capital invested standpoint) from PE buyers versus strategic buyers over the last five years.

Total Capital Invested by Acquirer

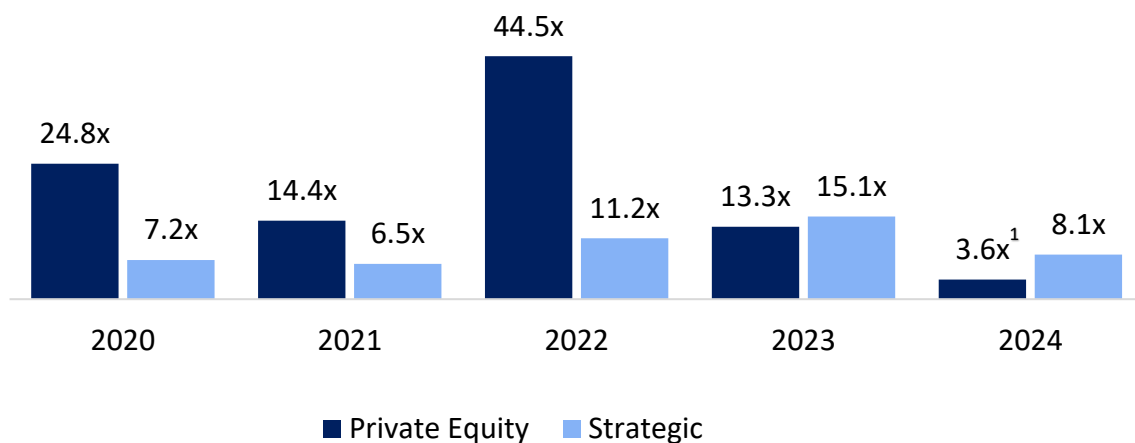


The median EV/EBITDA multiple for reported private equity deals decreased to 3.6x in 2024 from 13.3x in 2023, and multiples for strategic deals decreased to 8.1x from 15.1x in the prior year.

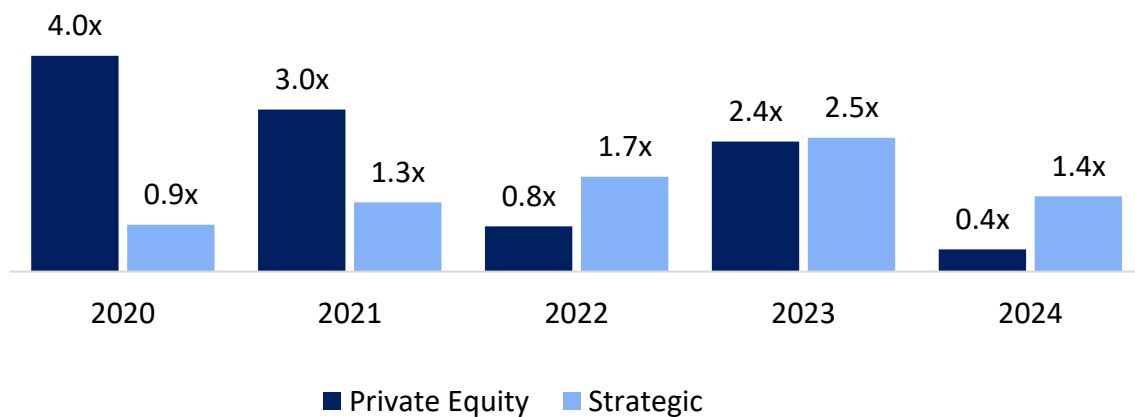
The median EV/Revenue multiple for reported private equity deals decreased significantly to 0.4x in 2024 from 2.4x in 2023, and decreased for strategic deals to 1.4x from 2.5x in the prior year.

YTD 2024 marks the lowest reported median EV/EBITDA multiple for PE in the past five years.

Reported EV/EBITDA Multiples












Reported EV/Revenue Multiples



¹ Only 2 PE EV/EBITDA multiples were reported in YTD 2024.

Active Strategic Investors





Investor	YTD T&L Investments	Select Targets
 PADNOS	3	  Elkhart Recycling Center
	3	  Tri-State Water Logistics
	2	 

Active Private Equity Investors

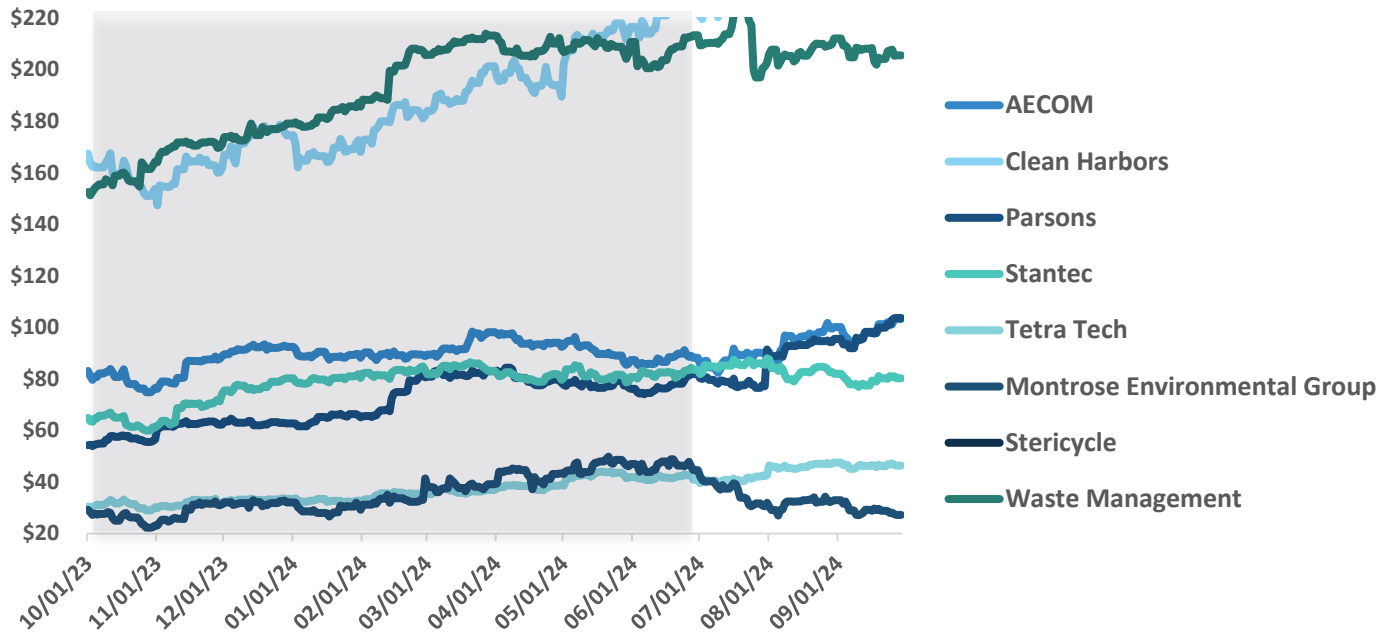
Investor	YTD T&L Investments	Select Targets
	3	  
	3	  
	2	 

Largest Deals (Disclosed)

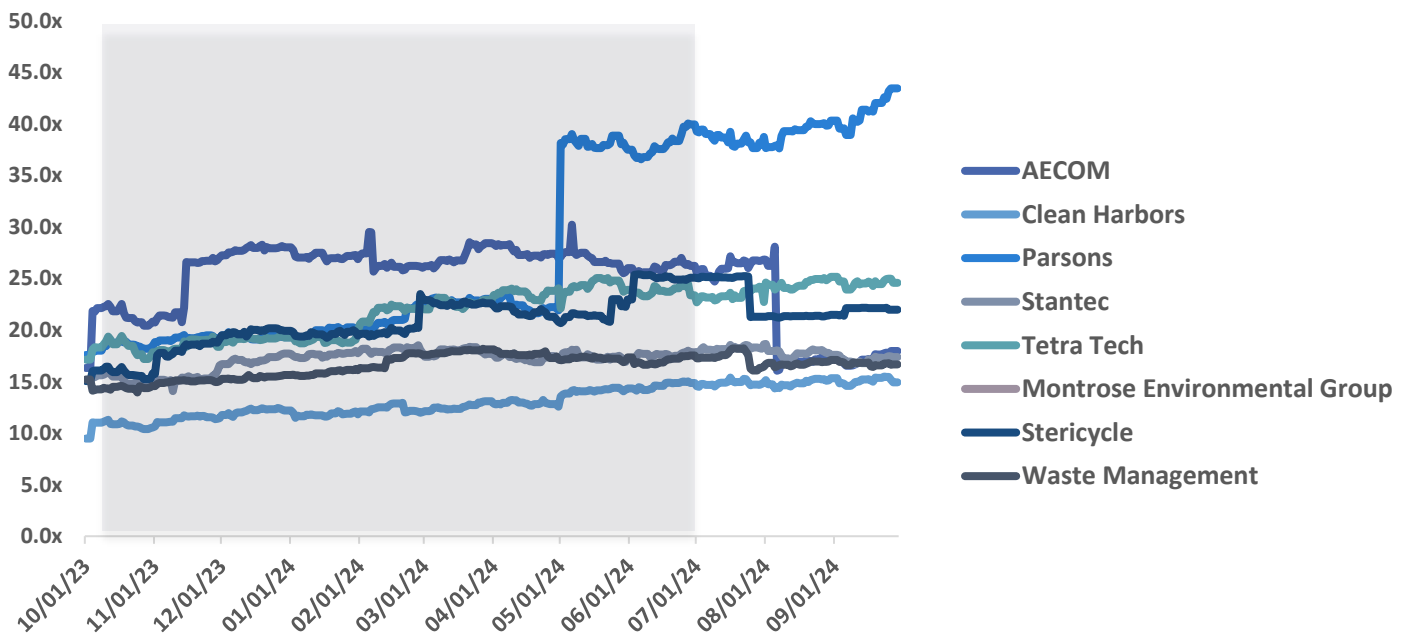
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
30-Sep-2024	Cetrel	GRI, Solvi Participações	Merger/ Acquisition	\$ 51.2			Provider of environmental engineering solutions.
23-Sep-2024	RSK Group	Ares Management	PE Growth/ Expansion	1,079.9			Provider of environmental consulting services.
10-Sep-2024	Iguá Saneamento	CPP Investments	PE Growth/ Expansion	396.6			Provider of provide public water and sewerage services.
10-Sep-2024	Pink Recycling Group	Kollect On Demand	Merger/ Acquisition	5.3			Manufacturer of waste management bags based in Rathangan, Ireland.
06-Sep-2024	CVW CleanTech	Undisclosed Investor	PIPE	12.3			Operator of a clean technology company.
01-Sep-2024	Hartwell Environmental	DXP Enterprises	Merger/ Acquisition	30.0	1.63x		Distributor of water and wastewater treatment equipment.
30-Aug-2024	GDRi	IBR	Merger/ Acquisition	0.5	5.69x		Developer of research and consulting organization designed for a green ecological city.
22-Aug-2024	ESGL Holdings	Undisclosed Investor	PIPE	4.0			Operator of a waste management, treatment and recycling company.
21-Aug-2024	Agilyx	Caspla Securities, Corvina Foods, Saffron Hill Ventures	PIPE	38.6			Provider of waste sourcing and processing services.
19-Aug-2024	CMMZE	Undisclosed Investor	Merger/ Acquisition	700.0			Provider of renewable energy services based in Tunis, Tunisia.
01-Aug-2024	Environmental Projects	EnviroServe	Buyout/ LBO	6.4			Provider of environmental remediation and waste management services.
01-Aug-2024	Asian Battery Minerals	Undisclosed Investor	Reverse Merger	6.0			Operator of an exploration company intended to find deposits of critical minerals.
30-Jul-2024	EnGlobe	Colliers International	Merger/ Acquisition	475.0			Provider of soil and materials engineering services.
30-Jul-2024	Colonization and Agrarian Transformation Sa	Agro Silo Santa Catalina	Merger/ Acquisition	40.2			Provider of farming, agricultural, forestry and environmental conservation services.
30-Jul-2024	Dong-A Special Metal	BNW Investment, Korea Asset Investment Securities	PE Growth/ Expansion	6.7			Provider and manufacturer of metal scrap recycling products and services.
29-Jul-2024	Custom Ag Formulators	Israel Chemicals	Merger/ Acquisition	60.0			Manufacturer of tailored agricultural formulations.
18-Jul-2024	ECO Special Waste Management	Seche Environnement	Merger/ Acquisition	608.2			Provider of industrial waste management services.
18-Jul-2024	Barghest Building Performance	Kohlberg Kravis Roberts	PE Growth/ Expansion	5.6			Provider of energy optimization services intended to promote carbon neutrality.
Mean				195.9	3.66x	N/A	
Median				34.3	3.66x	N/A	
High				1,079.9	5.69x	N/A	
Low				0.5	1.63x	N/A	

Target	Investor	Driver	Deal Synopsis
	PE Growth/ Expansion	<p>RSK Group, a U.K.-based provider of environmental consulting services, received \$1.1 billion of development capital from Ares Management in September 2024. RSK Group intends to use the capital to support its ambitious “2030 Global Growth Strategy,” which aims to double its family of businesses from 200 to 400 through aggressive M&A initiatives.</p>	
	Merger/ Acquisition	<p>ECO Special Waste Management, a Singapore-based provider of industrial and hazardous waste management services, was acquired by Séché Environnement (“Séché”), a subsidiary of Fonds Stratégique d’Investissement, for \$608.2 million in July 2024. The acquisition will expand Séché’s footprint to Southeast Asia.</p>	
	Merger/ Acquisition	<p>EnGlobe, a Canadian engineering, environmental and inspection services firm, was acquired by Colliers International for \$475.0 million in July 2024. The acquisition marks a significant entry for Colliers into the Canadian engineering market and aligns with its strategy of enhancing its professional services offering by focusing on resilient, non-discretionary, essential services.</p>	
		Merger/ Acquisition	<p>Hartwell Environmental, a Texas-based distributor of water and wastewater treatment equipment, was acquired by DXP Enterprises for \$30.0 million in September 2024. The acquisition helps DXP Enterprises to expand its water and wastewater platform.</p>

Stock Price

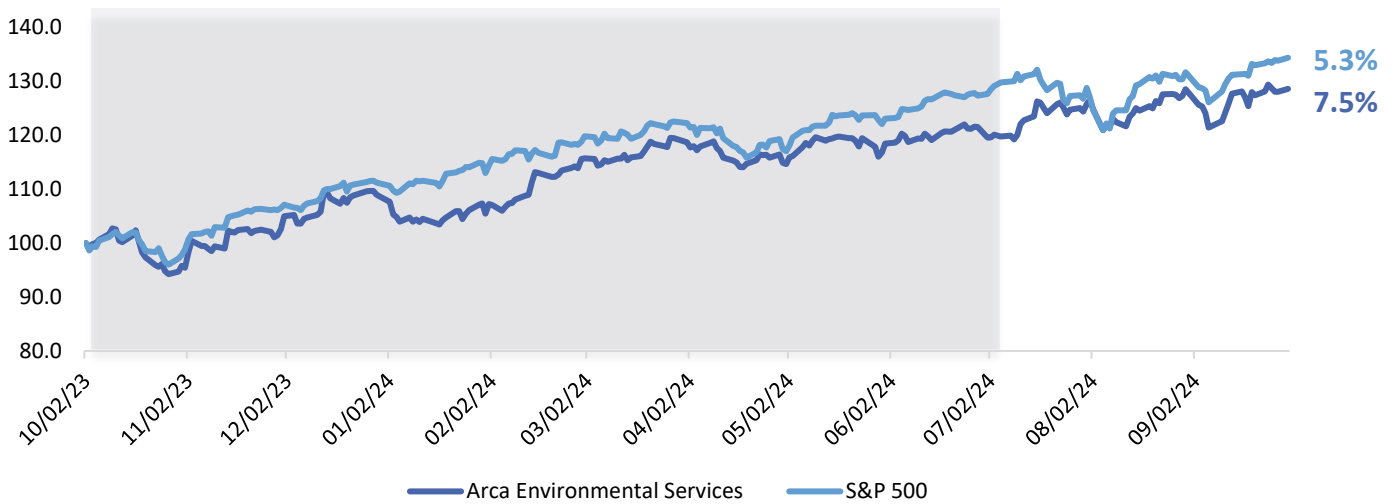


EV/EBITDA



Index Performance

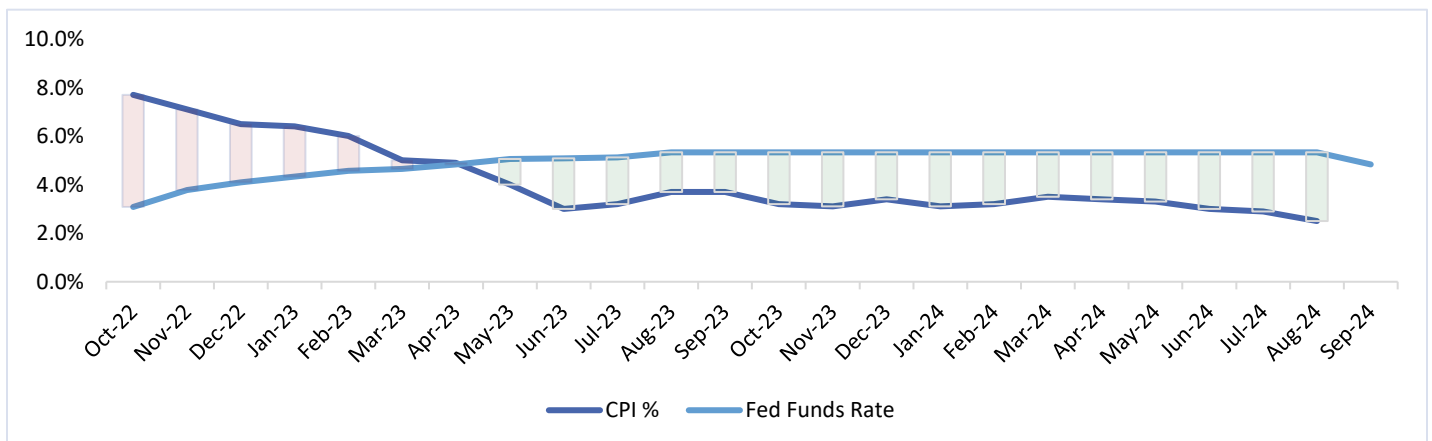
The NYSE Arca Environmental Services Index increased by 7.5% and outperformed the S&P 500, which increased by 5.3% over the same period.



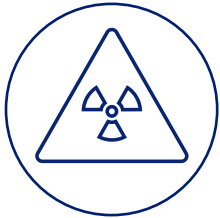
Key External Drivers

Overall, the Environmental Services industry tends to be more stable and resistant to volatility in the broader economy than other industries.

The Federal Reserve implemented its first interest rate cut in more than four years following a mid-September meeting, lowering the federal funds rate by 0.50%. This marks the start of what many economists predict will be a series of cuts over the next 1-2 years. The decision comes after a year of holding rates steady in the 5.25% to 5.50% range, following 11 rate hikes between March 2022 and July 2023 aimed at combating record inflation. With inflation now closer to the Fed’s 2% target, many experts anticipate further rate cuts through 2025. This move could ease borrowing costs, potentially narrowing the gap between seller expectations and buyer offers in M&A transactions, which may lead to increased deal volume.



Emerging trends in the Environmental Services sector:



Natural disasters

Flooded Industrial Sites Release a Toxic Threat

Natural disasters create unexpected environmental hazards that boost revenue for companies in the Environmental Services sector. Specifically, Hurricanes cause flooding of industrial facilities which often releases toxic environmental contaminants. Hundreds of these facilities with toxic pollutants are in Hurricane Milton's path as it heads toward Florida.



Climate Change

The Heightened Focus of Climate's Impact on Human Health

The rising financial costs associated with the health impacts of climate change are garnering increased attention and concern. Governments, multilateral development banks, and private philanthropies have collectively pledged an initial \$1 billion towards sustainability initiatives and enhanced research.



Legislative Stimulus

Positive Influences on the Environmental Services Industry

The American Rescue Plan Act, Infrastructure Investment and Jobs Act, and Inflation Reduction Act are pouring money into clean energy, geotechnical work, environmental investigations, and infrastructure remediation projects. For example, the Infrastructure Investment and Jobs Act is making outdated infrastructure more resilient to climate change.



Rising Workforce and Educational Opportunities

The Workforce is Getting Younger

The environmental services industry is attracting young professionals driven by educational institutions providing new credentialed and degree programs. As a result of younger employees joining the workforce, Jobs for environmental scientists & specialists are expected to grow by 6% from 2024 to 2032, which is faster than the average for all occupations.



Proven, Professional, Principled.

Investment Bankers for the Middle Market

About

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 280 transactions in a variety of industries including Environmental Services, Transportation & Logistics, Packaging, Food & Consumer, Industrials, Business Services, 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.

Our Clients

\$10 - 250MM
Revenue

\$2 - 20MM
EBITDA

Middle Market
Privately Owned

Industries Served



**Environmental
Services**



**Tech-Enabled
Services**



**Plastics &
Packaging**



Industrials



**Transportation
& Logistics**



**Food &
Consumer**





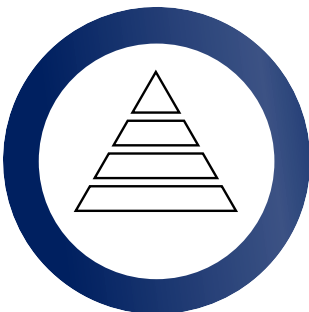
Sell-Side Advisory: Sell your business

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.



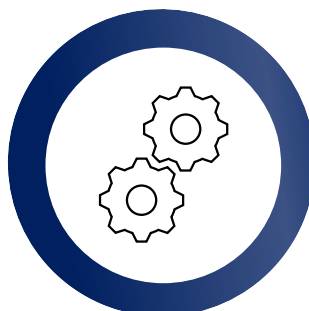
Buy-Side Advisory: Buy a business

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.

Below are two recent transactions facilitated by R.L. Hulett, showcasing our expertise in the Environmental Services sector. Each transaction exemplifies our commitment to delivering exceptional value and strategic growth for our clients.



Has been acquired by

**Environmental Restoration
Employee Stock
Ownership Plan**



The Seller: Founded in St. Louis, Missouri in 1997, ER has grown to be the leading national provider of environmental emergency response and remediation services to the USEPA with coverage spanning over 43 states. Additionally, ER provides emergency remediation and rapid response services to the U.S. Army Corps of Engineers as well as a number of commercial and industrial customers. Several members of the ER ownership group were seeking liquidity and retirement and this ESOP transaction enabled these owners to monetize their investment but also afford the employees with a way to become owners themselves and help secure the long-term continuity of the business.



Was recapitalized by

**MERIT
CAPITAL
PARTNERS**



The Seller: U.S. Minerals, headquartered in Dyer, Indiana, is a leading recycler and processor of coal slag. The Company's facilities, located in Baldwin and Coffeen, Illinois, Harvey, Louisiana and Galveston, Texas, process coal slag from the bottom of power-plant boilers into two beneficial re-use products: roofing granules and surface-blasting abrasives. Roofing customers utilize coal slag to produce asphalt shingles. Abrasives customers use coal slag to remove particles, like rust and paint, from metal and wood surfaces.

The Buyer: Based in Chicago, Merit Capital Partners manages \$1.7 billion of capital through five institutionally-sponsored limited partnerships investing mezzanine and equity capital in middle-market companies principally in manufacturing, distribution and services industries.

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



FEDERAL STEEL SUPPLY, INC.

has sold substantially all of its assets to



VSA CAPITAL



Federated Software Group, Inc.

has been acquired by



BOEING



TRILOGY WAREHOUSE PARTNERS

has partnered with




REFRIG WAREHOUSE

a portfolio company of




tilia




CLASSIC-EQUINE EQUIPMENT

has been acquired by



MORTON BUILDINGS



EPIC

has sold substantially all of its assets to



COMPASS GROUP
Equity Partners



RENARD PAPER COMPANY INC.
A Solutions Company

has been acquired by



HP Products
excellence in distribution





R. Trevor Hulett, CPA
Managing Director
(314) 721-0607 x112
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
(314) 721-0607 x134
rlhulett@rlhulett.com

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.



Ron Litton
Director
(816) 810-0799
rlitton@rlhulett.com

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
(314) 721-0607 x115
dvass@rlhulett.com

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.



Ryan Hartman
Senior Analyst
(314) 721-8027
rhartman@rlhulett.com

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
(314) 721-8027
cmeier@rlhulett.com

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
(314) 721-0607 x 104
lhulett@rlhulett.com

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.



Trusted Advisors. Tenacious Advocates.

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