



Environmental Services M&A Update
Q4 2024

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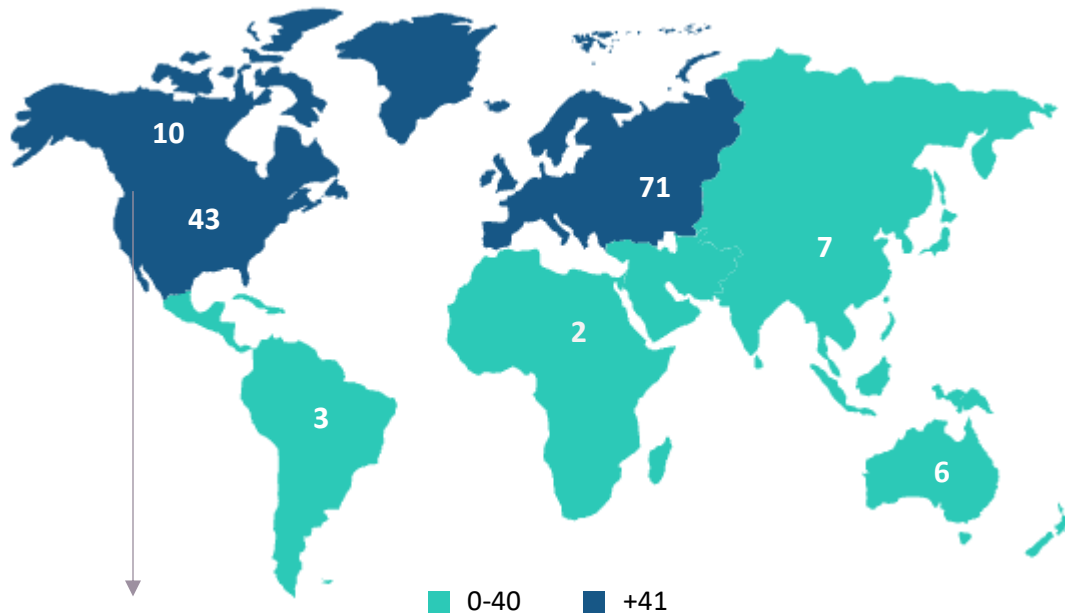
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REPORT HIGHLIGHTS

- In Q4, the NYSE Arca Environmental Services Index decreased by 3.3% and was outperformed by the S&P 500, which increased by 3.0% over the same period.
- The median EV/EBITDA multiple for reported private equity deals in the Environmental Services sector decreased to 4.6x in 2024 from 13.3x in 2023, and decreased slightly for strategic deals to 15.0x from 15.1x in the prior year.
- M&A deal volume in the sector decreased 4.1% in Q4 to 142 deals from 148 deals in Q3, and decreased 9.6% from 157 deals in Q4 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation decreased in 2024 to 31.2% from 49.2% in 2023.
- Europe was the most active region in Q4 with 71 deals. Most notably in Europe was Norsk Gjenvinning's ("NG Group") \$851.6 million acquisition of Denmark-based Fortum's recycling and waste business in November 2024.



Of the 142 deals in the Environmental Services sector in Q4, Europe was the most active with 71. A notable European deal (in addition to the Fortum deal mentioned on the previous page) was Biffa’s \$165.3 million acquisition of Renewi’s UK-based municipal waste management business in October 2024. North America was the second most active with 53 transactions and all other regions combined for a total of 18 deals.



Canada: 10

United States: 43

Southeast: 9

Mid Atlantic: 7

New England: 5

Great Lakes: 5

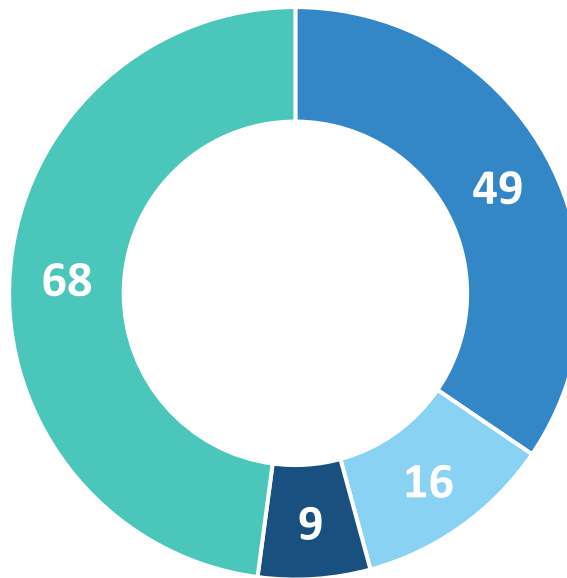
Others: 17

In the U.S. market, the Southeast region was the most active area with 9 deals, followed by the Mid Atlantic with 7 closed transactions. Most notably in the U.S. Market was Waste Management’s (“WM”) \$7.2 billion acquisition of Stericycle, an Illinois-based provider of medical waste disposal and data destruction services, in November 2024. The New England and Great Lakes regions each saw 5 transactions close and all other U.S. regions combined for a total of 17 completed deals.

Outside of the U.S. in the North American market, 10 transactions closed in the Canadian market in Q4 2024.

Of the 142 Environmental Services deals in Q4, 49 deals were in the Industrial Services subsector, making it the most active subsector from an M&A volume standpoint. Environmental Tech was the second most active with 16, followed by Sustainability with 9 reported deals. All other subsectors combined for a total of 68 deals in the quarter.

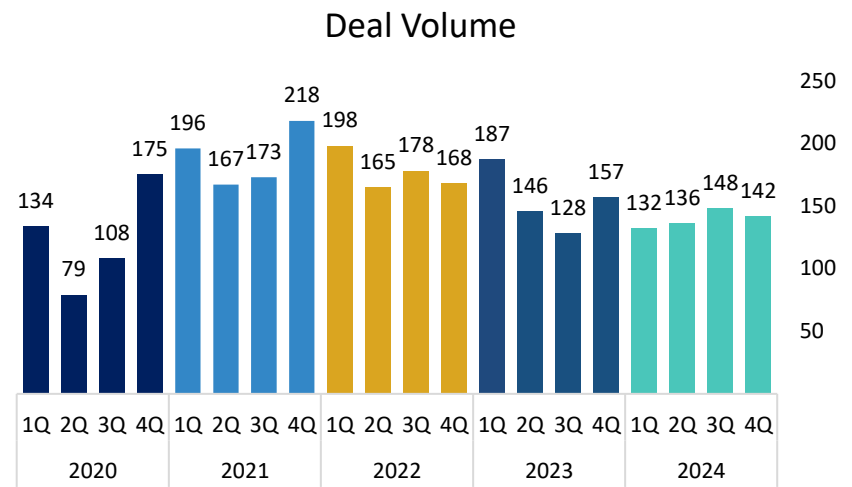
Deal by Subsector



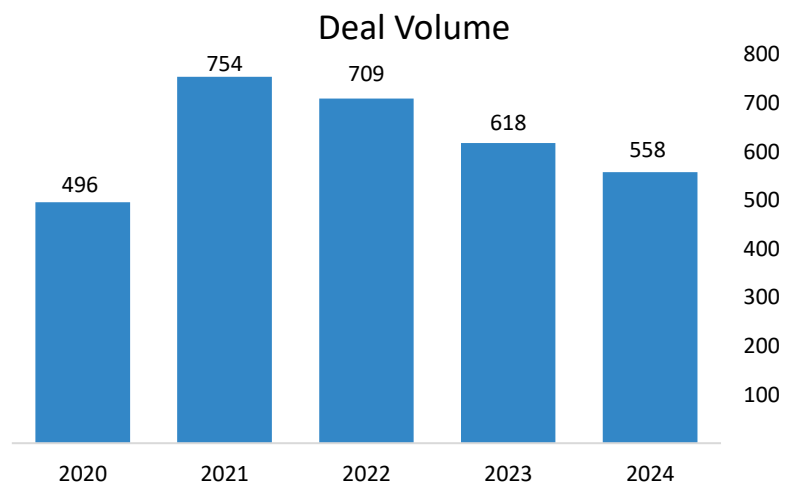
■ Industrials Services
 ■ Environmental Tech
 ■ Sustainability
 ■ Other



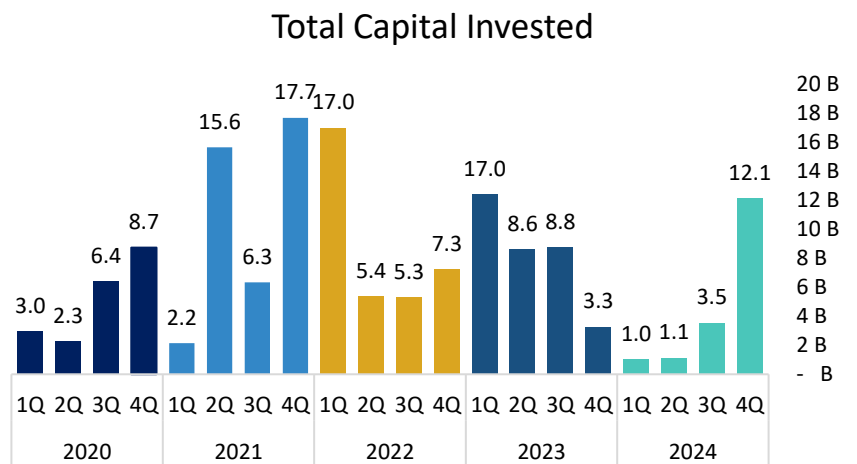
Deal volume in the Environmental Services sector decreased 4.1% in Q4 to 142 deals from 148 deals in Q3, and decreased 9.6% from 157 deals in Q4 of the prior year. Q4 marks the first quarter in 2024 with a decrease in deal volume, but volume was still higher than the first two quarters of the year signaling a generally positive market sentiment for the sector with uncertainty surrounding the presidential election in the rearview mirror.



Annual deal volume decreased 9.7% to 558 deals in 2024 from 618 in 2023. Despite a strong 2H, we attribute this decline in deal volume to a general sense of caution in 2024 with election uncertainty, higher interest rates and tightened liquidity markets for much of the year. As we progress into 2025, we anticipate increasingly strong M&A activity in the Environmental Services sector.



Contrary to the slight decline in quarterly deal volume, total capital invested in M&A deals in the sector increased 245.7% in Q4 to \$12.1B from \$3.5B in Q3, and increased 266.7% from \$3.3B in Q4 of the prior year. The increase from the prior quarter is primarily due to the \$7.2 billion Stericycle deal mentioned previously in this report. Comparatively, the largest deal in Q3

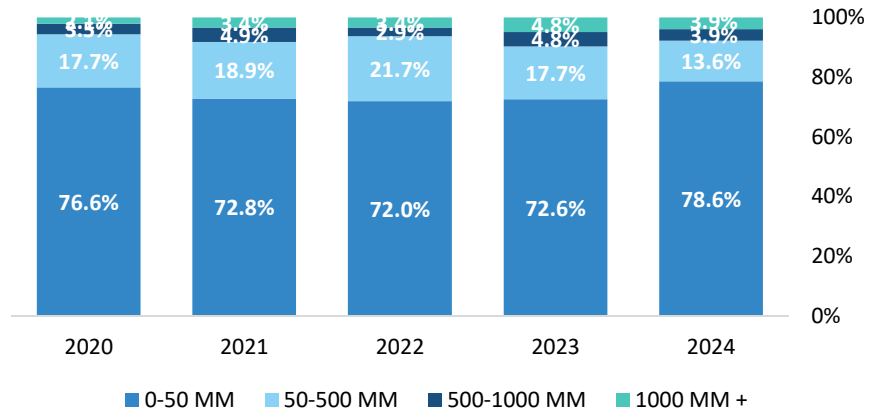


was Ares Management's \$1.1B acquisition of RSK Group in September.

Source: PitchBook Data

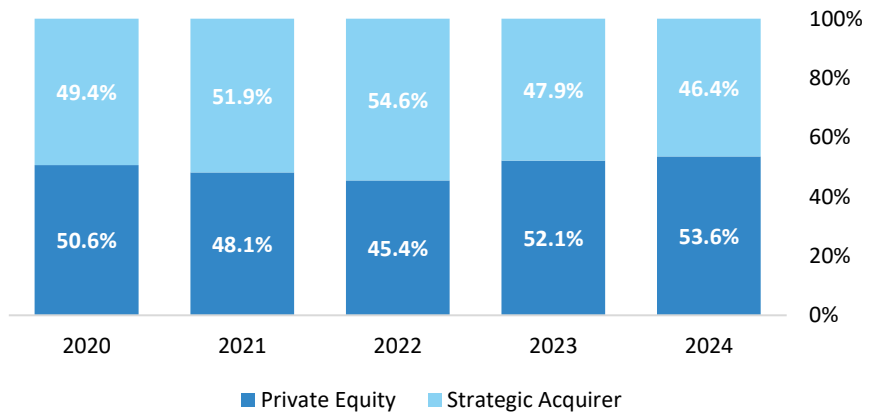
In 2024, we saw a shift in mix toward smaller-sized deals compared to the prior year. The lower middle market (\$0 - \$50 MM) increased to 78.6% from 72.6% in 2023, while the large cap (\$1000 MM+) and upper middle (\$500 - \$1000 MM) tranches of the market each saw declines to 3.9% from 4.8% in 2023. The middle market (\$50 - \$500 MM) saw a significant decline to 13.6% from 17.7% in the prior year.

Deal Volume by Deal Size



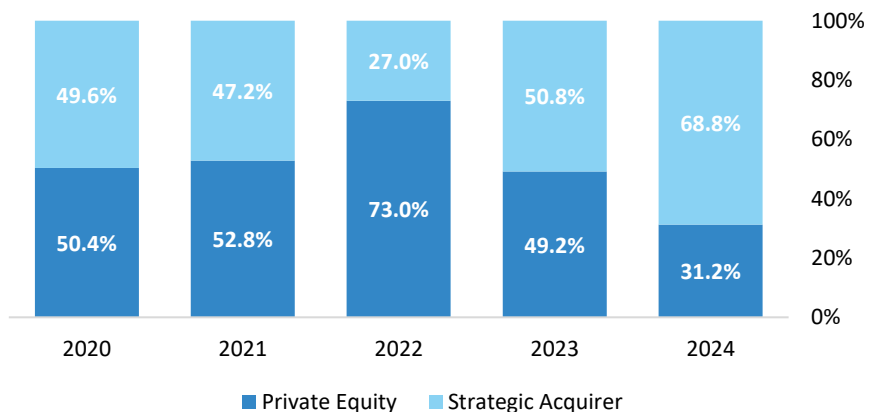
As a % of total deal volume, PE buyers trended slightly higher in 2024 relative to strategic buyers, representing 53.6% of deal volume in the sector and up from 52.1% in 2023. 2024 marks the highest level of deal volume from PE buyers over the last five years.

Deal Volume by Acquirer



Despite the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased in 2024 to 31.2% from 49.2% in 2023. 2024 represents the lowest level of capital invested by PE buyers over the last five years, in large part due to WM's \$7.2B strategic acquisition of Stericycle.

Total Capital Invested by Acquirer

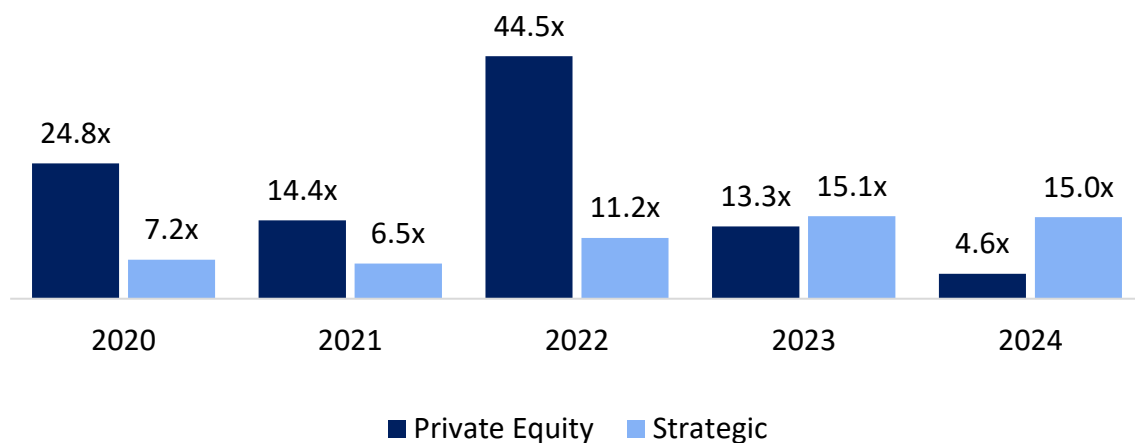


The median EV/EBITDA multiple for reported private equity deals decreased to 4.6x in 2024 from 13.3x in 2023, and for strategic deals decreased slightly to 15.0x from 15.1x in the prior year.

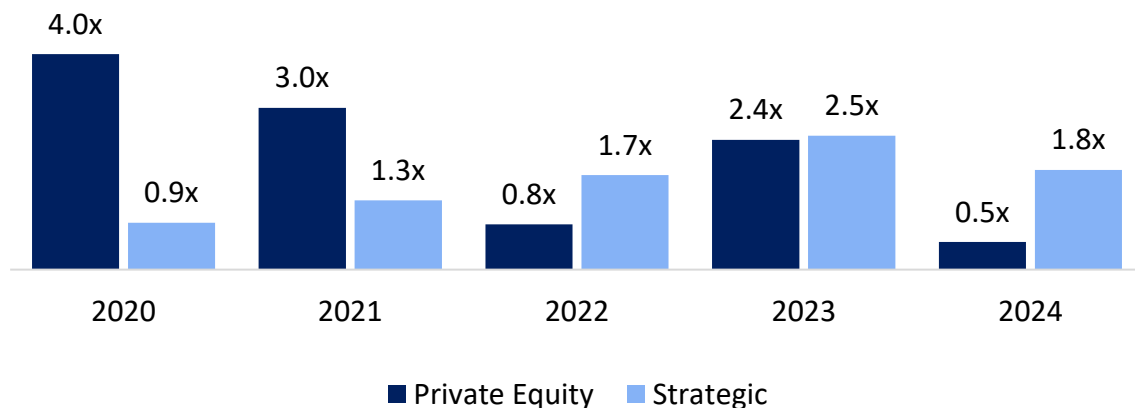
The median EV/Revenue multiple for reported private equity deals decreased significantly to 0.5x in 2024 from 2.4x in 2023, and decreased for strategic deals to 1.8x from 2.5x in the prior year.

2024 marked the lowest reported median EV/EBITDA and EV/Revenue multiple for PE in the past five years.

Reported EV/EBITDA Multiples

















Reported EV/Revenue Multiples



Active Strategic Investors








Investor	2024 T&L Investments	Select Targets
	4	   
	4	    
	3	  

Active Private Equity Investors

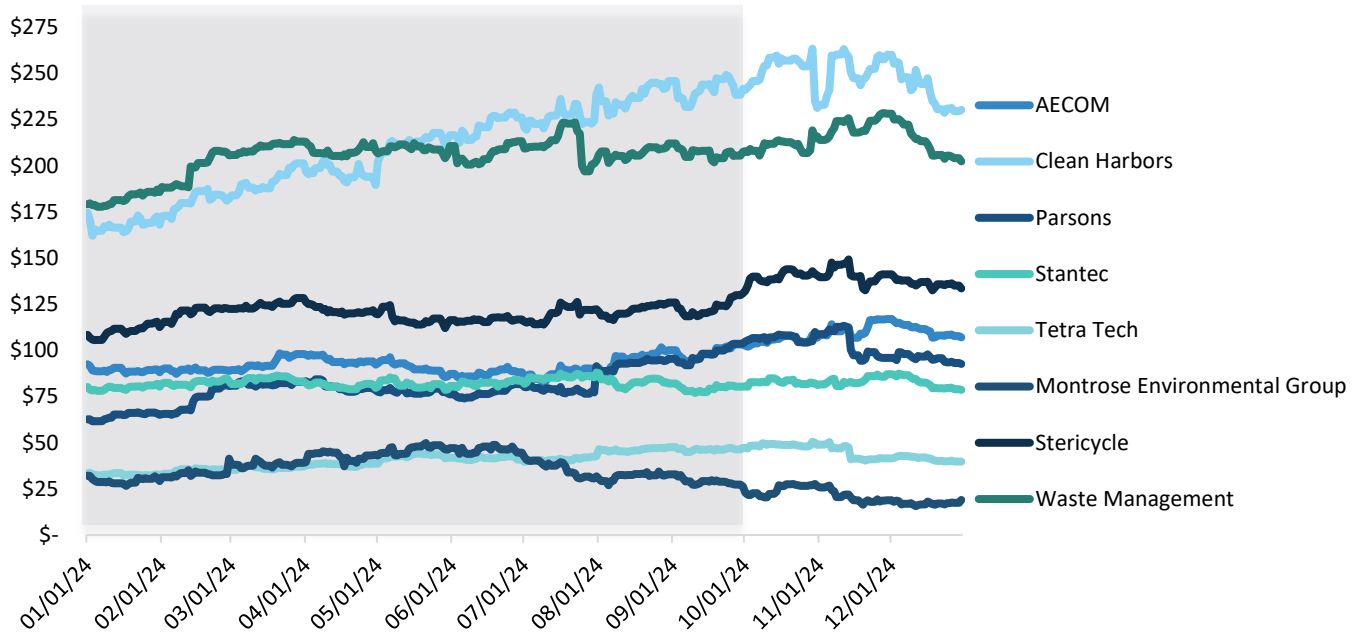
Investor	2024 T&L Investments	Select Targets
	13	   
	7	   
	6	  

Largest Deals (Disclosed)

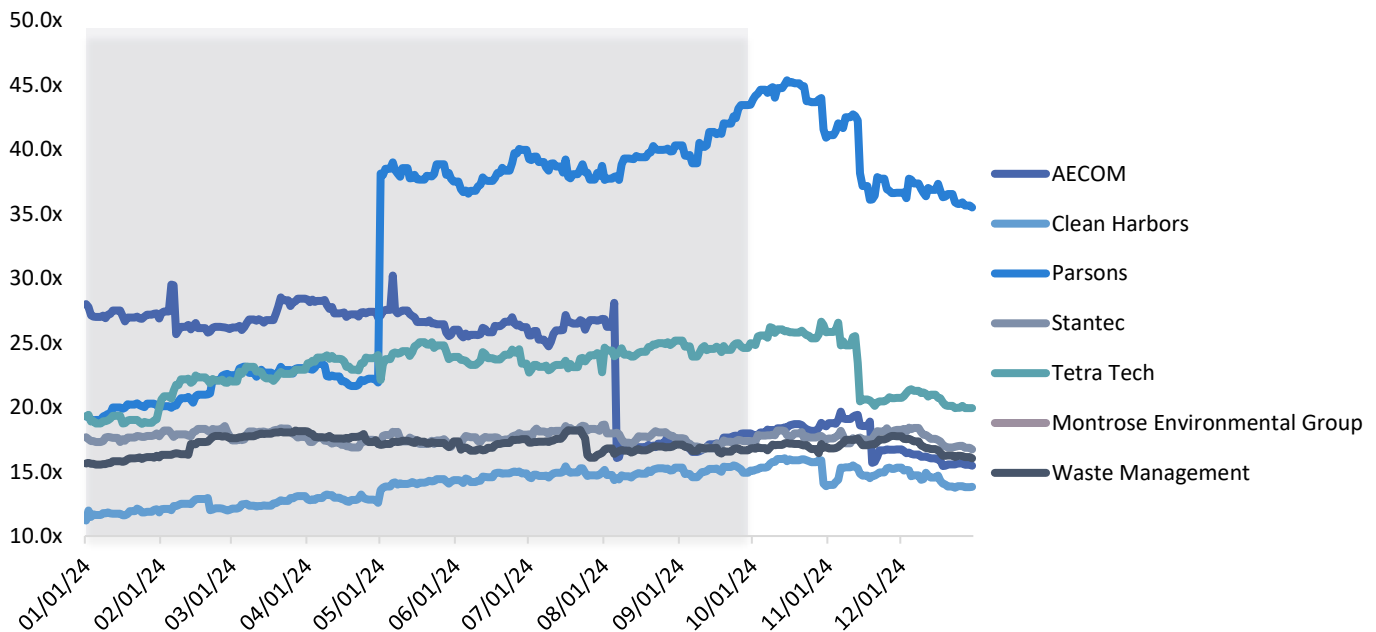
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
31-Dec-2024	Chula Vista Landscaping	Verde Equity Partners	Buyout/ LBO	\$ 4.0	0.71x	5.00x	Provider of commercial landscaping services for corporate campuses and retail centers.
19-Dec-2024	Civic Waste	WasteCo Holdings NZ	Merger/ Acquisition	5.2			Provider of waste clearing & collection services.
16-Dec-2024	Pryme	Infinity Recycling, Taranis Investment	PIPE	4.2			Developer of a technology that converts non-recyclable plastic into chemicals & hydrocarbons.
13-Dec-2024	Ecorbit.	IMM Private Equity	Buyout/ LBO	1,467.8		7.94x	Provider of sewage water treatment services.
10-Dec-2024	Nexus W2V	Nexus Development Capital, Orion Infrastructure Capital	PE Growth/ Expansion	140.0			Provider of waste-to-value technologies services.
02-Dec-2024	Treec	Haiki +	Merger/ Acquisition	7.6			Provider of waste management services committed to valorization.
29-Nov-2024	Fortum's recycling and waste business	Norsk Gjenvinning, Summa Equity	Buyout/ LBO	851.6			Provider of recycling and waste management services.
13-Nov-2024	G3 Environmental	Kohlberg Kravis Roberts, Re Sustainability	Buyout/ LBO	16.7			Provider of waste management and recycling services.
13-Nov-2024	Ecochlor	Erma First	Merger/ Acquisition	7.0			Developer of water treatment systems designed to eliminate aquatic invasive species.
06-Nov-2024	Silvercreek Water	Indiana American Water	Merger/ Acquisition	45.0			Operator of a water utility firm.
04-Nov-2024	Stericycle	Waste Management	Merger/ Acquisition	7,200.0	2.73x	21.79x	Provider of medical waste disposal and data destruction services in the United States.
31-Oct-2024	GE Chemical	Rio Investment Partners, Shinhan Venture Investment	Buyout/ LBO	34.6			Operator of the waste plastic recycling platform intended to reuse waste plastics.
18-Oct-2024	IT Recycling	EyeTi	Merger/ Acquisition	6.6			Provider of data destruction, hardware, and old computer recycling services.
14-Oct-2024	Perfesco	DWS	Buyout/ LBO	55.4			Operator of a third-party investment platform intended for decarbonization and energy sobriety.
10-Oct-2024	Renewi (UK Municipal Business)	Biffa, Energy Capital Partners	Buyout/ LBO	165.3			Provider of waste management services.
08-Oct-2024	Environmental Solutions Group	Terex	Merger/ Acquisition	2,000.0			Provider of collection vehicles, waste compaction systems, and automation solutions.
01-Oct-2024	Tokyo Soil Research	E J Holdings	Merger/ Acquisition	53.1			Provider of geological survey services.
01-Oct-2024	Golden State Clean Energy	Leyline Renewable Capital	PE Growth/ Expansion	28.0			Developer of renewable energy intended for clients in the United States.
Mean				671.8	1.72x	11.58x	
Median				39.8	1.72x	7.94x	
High				7,200.0	2.73x	21.79x	
Low				4.0	0.71x	5.00x	

Target	Investor	Driver	Deal Synopsis
		Merger/ Acquisition	<p>Stericycle, an Illinois-based provider of medical waste disposal and data destruction services, was acquired by Waste Management (“WM”) for \$7.2 billion in November 2024. This acquisition represents a strategic move to significantly expand WM’s presence in the medical waste disposal market.</p>
		Merger/ Acquisition	<p>Environmental Solutions Group (“ESG”), a Tennessee-based provider of collection vehicles, waste compaction systems, and automation solutions, was acquired by Terex for \$2.0 billion in October 2024. The acquisition strengthens Terex’s position in high-growth, sustainability-focused markets, significantly reduces cyclicity, and unlocks operational and revenue synergies to drive long-term value creation.</p>
		Buyout/ LBO	<p>In December 2024, IMM Private Equity acquired Ecorbit, a South Korean-based provider of sewage water treatment services, for \$1.5 billion. Combined, IMM plans to strengthen Ecorbit’s core operations with infrastructure investments and position the company for strategic expansion into recycling through a bolt-on acquisition strategy.</p>
		Merger/ Acquisition	<p>Norsk Gjenvinning (“Norsk”), a Norwegian provider of sustainable waste management services, acquired Denmark-based Fortum’s recycling and waste business for \$851.6 million in November 2024. The Fortum acquisition gives Norsk a foothold in the hazardous waste management space and positions it as a leader in the Nordic circular economy.</p>

Stock Price

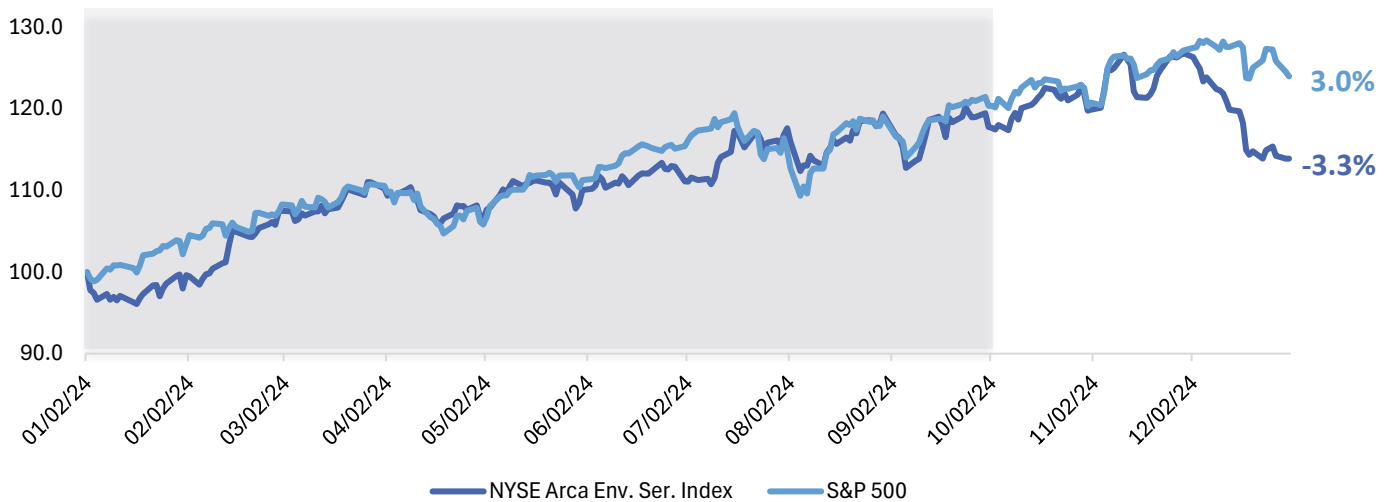


EV/EBITDA



Index Performance

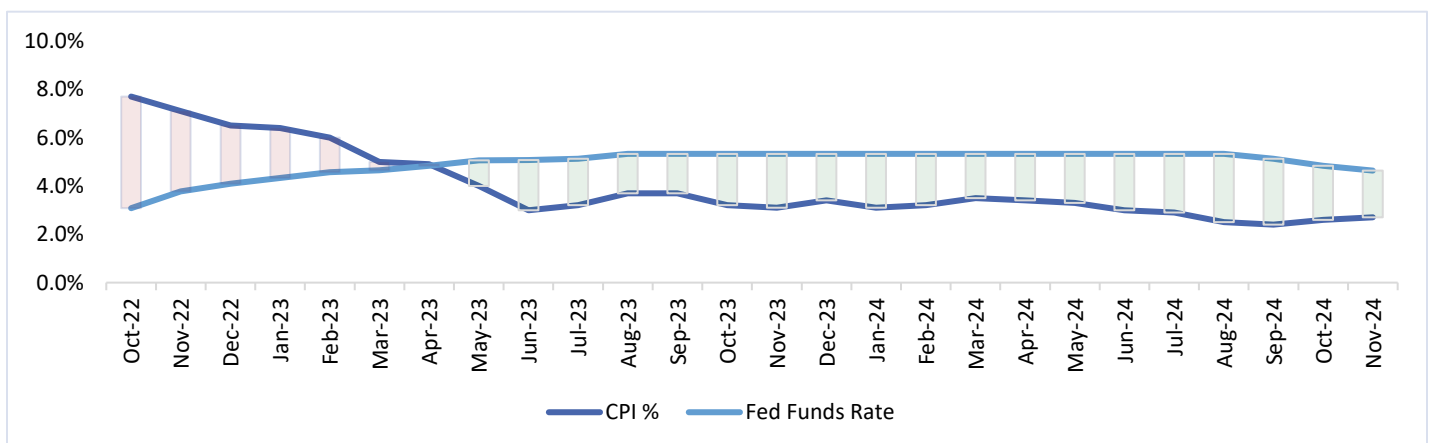
In Q4, the NYSE Arca Environmental Services Index decreased by 3.3% and was outperformed by the S&P 500, which increased by 3.0% over the same period.



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's interest rate cuts in 2024 lowered the federal funds rate to a target range of 4.25%–4.50%. While multiple rate cuts were initially expected in 2025, robust job growth in December, with 256,000 jobs added and unemployment falling to 4.1%, has shifted projections toward a more gradual pace of reductions. Current estimates suggest one to two quarter-percentage-point cuts by year-end, bringing the rate to approximately 4.00-4.25%. This measured approach may moderate the reduction in borrowing costs. However, the M&A environment remains favorable for strategic deal-making and effective capital deployment.



Emerging trends in the Environmental Services sector:



Natural disasters

Surge in demand of remediation services due to recent wildfires

Natural disasters create unexpected environmental hazards that boost revenue for companies in the Environmental Services sector. Specifically, the destructive Los Angeles wildfires will create a surge in demand in the area for services related to post-fire clean up, air quality monitoring, soil remediation, and vegetation restoration.



Climate Change

Climate change'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. These collective efforts are often described as climate action, and its continued momentum will play a large role in the funding of environmental services projects.



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. These Acts have funded projects such as lead pipe replacements, clean energy adoption, and modernization of infrastructure which are providing new opportunities for environmental service providers.



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 2025 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**





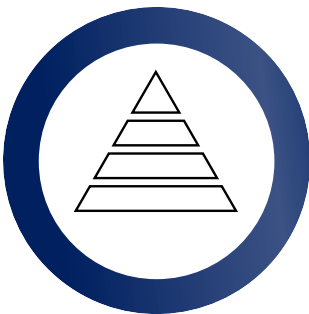
Sell-Side Advisory: Sell your business

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.



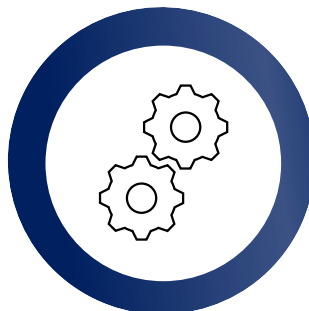
Buy-Side Advisory: Buy a business

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.

Transaction Rationale: In this transaction, RLH advised the Seller and facilitated the transaction process by helping ownership evaluate strategic alternatives from a sale/control buyout standpoint. This enabled ER ownership to compare transaction dynamics and economics of a sale/control buyout with an ESOP alternative. RLH assisted in the ESOP transaction process by sharing marketing materials, financial models and insights gained in the sale process.



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
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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.



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.



Christopher Riley
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Mr. Riley has owned, operated, and sold multiple businesses spanning five decades in the technology, fabrication, hospitality, real estate, social media, financial services, automotive, private equity and business services industries. He owns multiple companies, United Cutwater and Cutwater Advisory Partners, that focus on identifying, funding, growing, and exiting businesses at their Optimum Value. Prior to joining the firm, he worked in New York in the investment banking industry for 10 years. He began his career with American Express as an Estate and Tax Planning Specialist. With degrees in Finance and Philosophy and a Master's in Organizational Psychology, Chris was educated at Santa Clara University, the London School of Economics and the Harvard Business School. Chris is Series 79 and Series 63 licensed, has seven board certifications in cyber intelligence, and is a licensed forensic investigator.



Ron Litton
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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.



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
Senior 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
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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.



Robert L. Hulett
In Memoriam:
1943-2024

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.



Trusted Advisors. Tenacious Advocates.

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