

Market Overview

Indices Performance (% change)

	August 2020	LTM		August 2020	LTM
S&P 500	7.0%	17.6%	NASDAQ	9.6%	47.2%
Dow Jones Industrial Average	7.6%	5.6%	Russell 3000	4.6%	13.9%

Source: Federal Reserve; Bank of St. Louis

Environmental Services Market Overview

Environmental Services Movers and Losers (largest % changes in the month in August)

Quest Resource Holding	36.6%	Cypress Energy Partners	(20.1%)
CECO Environmental	26.5%	Fuel Tech	(9.8%)
EEI	15.0%	Covanta	(4.1%)
Darling Ingredients	14.5%	Waste Connections	(2.3%)
US Ecology	7.1%	Stericycle	(0.2%)

Source: PitchBook

Publicly Traded Company Performance: Solid Waste

(\$ in millions, except per share data)

Company	Share Price 08/31/2020	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples		LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY18 P/E	Gross	EBIT	EBITDA		
Waste Management	WM	\$114.00	89.9%	\$48,161	\$58,288	3.9x	14.4x	24.1x	30.2x	16.9x	38.7%	16.0%	26.7%	2.5x
Republic Services	RSG	\$92.72	91.9%	\$29,531	\$38,175	3.7x	13.6x	23.1x	28.1x	17.2x	39.5%	16.1%	27.3%	3.1x
Waste Connections	WCN	\$100.03	94.8%	\$26,297	\$30,410	5.6x	26.3x	73.7x	128.2x	26.9x	40.2%	7.6%	21.3%	3.6x
Advanced Disposal	ADSW	\$30.13	90.9%	\$2,735	\$4,507	2.8x	12.4x	48.8x	3,388.8x	43.5x	NA	5.8%	22.9%	4.9x
Casella Waste Systems	CWST	\$56.15	94.1%	\$2,716	\$3,326	4.4x	22.2x	59.5x	78.0x	30.3x	32.7%	7.3%	19.6%	4.1x
Mean				\$21,888	\$26,941	4.1x	17.8x	45.8x	730.7x	27.0x	37.7%	10.6%	23.6%	3.6x
Median				\$26,297	\$30,410	3.9x	14.4x	48.8x	78.0x	26.9x	39.1%	7.6%	22.9%	3.6x
High				\$48,161	\$58,288	5.6x	26.3x	73.7x	3,388.8x	43.5x	40.2%	16.1%	27.3%	4.9x
Low				\$2,716	\$3,326	2.8x	12.4x	23.1x	28.1x	16.9x	32.7%	5.8%	19.6%	2.5x

Source: PitchBook

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

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Publicly Traded Company Performance: Special Waste

(S in millions, except per share data)

Company	Share Price 08/31/2020	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples		LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY18 P/E	Gross	EBIT	EBITDA		
Stericycle	SRCL	\$64.11	94.4%	\$5,865	\$8,335	2.8x	1,488.4x	NA	NA	21.2x	36.2%	(8.2%)	0.2%	440.3x
Clean Harbors	CLH	\$61.10	69.1%	\$3,399	\$4,681	1.4x	8.9x	20.6x	33.8x	21.1x	30.8%	6.8%	15.8%	2.4x
Darling Ingredients	DAR	\$31.97	94.8%	\$5,178	\$6,902	2.0x	7.5x	11.8x	12.8x	19.2x	24.4%	17.1%	27.0%	1.8x
US Ecology	ECOL	\$37.13	55.2%	\$1,170	\$1,961	2.3x	NA	NA	NA	20.8x	28.1%	(30.0%)	(19.6%)	(4.7x)
Sharps Compliance	SMED	\$7.64	84.9%	\$125	\$134	2.6x	55.6x	167.7x	54.5x	NA	30.8%	1.6%	4.7%	3.6x
Perma-Fix Environmental Services	PEFI	\$7.15	71.6%	\$87	\$91	1.0x	15.7x	17.9x	18.8x	15.7x	19.4%	5.6%	6.3%	1.0x
Mean				\$2,637	\$3,684	2.0x	315.2x	54.5x	30.0x	19.6x	28.3%	(1.2%)	5.7%	74.1x
Median				\$2,285	\$3,321	2.2x	15.7x	19.3x	26.3x	20.8x	29.4%	3.6%	5.5%	2.1x
High				\$5,865	\$8,335	2.8x	1,488.4x	167.7x	54.5x	21.2x	36.2%	17.1%	27.0%	440.3x
Low				\$87	\$91	1.0x	7.5x	11.8x	12.8x	15.7x	19.4%	(30.0%)	(19.6%)	(4.7x)

Source: PitchBook

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

Publicly Traded Company Performance: Industrial Services

(S in millions, except per share data)

Company	Share Price 08/31/2020	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples		LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY18 P/E	Gross	EBIT	EBITDA		
Covanta	CVA	\$9.44	52.5%	\$1,246	\$3,740	2.0x	11.5x	37.0x	NA	6.4x	NA	5.4%	17.4%	7.7x
Heritage-Crystal Clean	HCCI	\$14.68	45.1%	\$342	\$403	1.0x	12.7x	37.0x	54.4x	22.3x	15.3%	2.7%	7.8%	2.0x
CECO Environmental	CECE	\$8.48	94.2%	\$301	\$350	1.1x	13.3x	16.2x	17.7x	NA	34.2%	6.6%	8.0%	1.9x
Cypress Energy Partners	CELP	\$2.42	23.9%	\$30	\$135	0.4x	6.1x	8.2x	10.5x	6.5x	13.8%	5.2%	6.9%	2.5x
EI	EI	\$0.12	54.9%	\$122	\$291	0.7x	NA	60.0x	NA	8.0x	9.9%	1.2%	5.7%	NA
Fuel Tech	FTFK	\$0.79	53.3%	\$20	\$14	0.7x	NA	NA	NA	NA	25.8%	(54.4%)	(50.0%)	0.6x
Quest Resource Holding	QRHC	\$1.94	72.9%	\$36	\$37	0.4x	12.6x	24.1x	27.9x	NA	19.5%	1.6%	3.1%	0.2x
Mean				\$299	\$710	0.9x	11.2x	30.4x	27.6x	10.8x	19.8%	(4.5%)	(0.1%)	2.5x
Median				\$122	\$291	0.7x	12.6x	30.6x	22.8x	7.3x	17.4%	2.7%	6.9%	1.9x
High				\$1,246	\$3,740	2.0x	13.3x	60.0x	54.4x	22.3x	34.2%	6.6%	17.4%	7.7x
Low				\$20	\$14	0.4x	6.1x	8.2x	10.5x	6.4x	9.9%	(54.4%)	(50.0%)	0.2x

Source: PitchBook

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

Select M&A and Capital Raising News

❖ GFL Acquires WCA Waste Corp for \$1.21 Billion

August 13, 2020 - GFL Environmental (GFL) has agreed to acquire WCA Waste for \$1.2 billion and expand its U.S. footprint. The purchase will be financed in part with the net proceeds of a private placement of \$600 million of equity and the balance through a combination of cash on hand and capacity under the Company's revolving credit facility. WCA has an established regional platform with a growing footprint across the Midwest and Southeast U.S., and generates \$400 million in annualized revenue. WCA operates a vertically-integrated network of solid waste assets, including 37 collection and hauling operations, 27 transfer stations, 3 material recovery facilities and 22 landfills supported by over 1,000 collection vehicles, across 11 U.S. states. Following the transaction close, GFL will operate in nine provinces in Canada and in 27 states in the U.S.

❖ Capital Waste Grows Further in the Midlands with Acquisition of Superior Sanitation

August 18, 2020 - Capital Waste Services, LLC (Capital Waste or CWS), a portfolio company of Kinderhook Industries, LLC (Kinderhook), announced the acquisition of Superior Sanitation, Inc., of S.C. (Superior Sanitation), a residential collection company in Kershaw County servicing 1,700 subscription customers. Superior Sanitation represents Capital Waste's third add-on acquisition and Kinderhook's 49th environmental services transaction since inception. Headquartered in Columbia, South Carolina, Capital Waste is a leading regional provider of solid waste hauling services for residential, commercial and industrial waste generators. The Company operates four hauling locations in South Carolina. Capital Waste currently services over 50,000 residential customers across seven long-term municipal contracts as well as over 3,400 commercial, industrial, and construction and demolition waste customers.

Recent Industry News

❖ Bill Around Franchised Hauling of Organic Byproducts Fuels Debate

August 6, 2020 - A proposed California bill addressing organic byproducts used for livestock feed has triggered ongoing dispute among multiple stakeholders. Under AB 2959, jurisdictions could require grocers, restaurants and other retail food establishments to use a franchised hauler to send organic byproducts for use as livestock feed. It amends an earlier bill: AB 3036, which stated that industrial sources who generate organic byproducts used for livestock feed are not held to a franchise waste hauler agreement. However, AB 3036 did not clearly define "industrial source." So along came AB 2959, spelling out who falls under this category, and excluding these retail food entities from this exemption. Many in the retail food and agriculture industries claim that AB 2959 will prevent these byproducts from going to feed and or that food retailers will incur higher compliance costs. But some constituents in the solid waste industry, and at least one environmental advocacy organization, contend that AB 2959 simply clarifies a gray area in AB 3036 that had created a loophole.

❖ Republic Settles ESOP Lawsuit Related to Purchase of Rainbow Disposal

August 7, 2020 - Republic Services has reached a \$7.9 million class settlement in a lawsuit alleging the imprudent and disloyal sale of Rainbow Disposal Co. Inc. Employee Stock Ownership Plan (ESOP) assets. According to the original complaint, the Rainbow ESOP plan was first created in 1995 and held 100% of Rainbow's stock. But, through a series of "bad-faith dealings" on the part of the Company's executive leadership, ESOP assets were redirected by the creation of new companies and other measures—causing losses for employees. The settlement requires Republic (which purchased Rainbow in 2014) and related defendants to pay \$7.5 million, with an additional \$400,000 to be paid by GreatBanc Trust Co., the former ESOP trustee.

❖ GFL Subject of Negative Report from Spruce Point Capital

August 19, 2020 - Spruce Point Capital Management, LLC, a New York-based investment management firm that focuses on forensic research and short-selling, issued a 107-page report, "Green for Life, Red for Losses" that outlines why shares of GFL Environmental Inc. (GFL) face 100% downside risk. Spruce Point believes that without access to new capital, GFL's shares are worthless for institutional investors. Spruce Point also reported that GFL's leverage is understated by aggressive reporting of revenue and EBITDA, the Company's debt is understated by at least C\$460M and free cash flow burn is understated by 60%. GFL responded to the blistering report and said in a news release that the Spruce Point report is 'baseless'. The Company called the report misleading and inaccurate. The Company said, "The report contains numerous inaccuracies and mischaracterizations, which GFL believes are solely intended to benefit Spruce Point, who has disclosed that it stands to profit significantly in the event that the stock price of GFL declines." Spruce Point's views appear to clash with analysts, many of whom have been positive about the Company's future. The Spruce Point report included a disclaimer informing readers they should assume the firm and its affiliates have a short position in GFL and could benefit from falling share prices.

❖ Plastic Bag Ban Upheld by New York State Supreme Court

August 24, 2020 - New York State's Bag Waste Reduction Law went into effect on March 1, 2020, banning most single-use plastic bags in the state (exceptions are made for bags such as those used by a pharmacy for prescription drugs or at a grocery store for produce). While the law technically took effect in the spring, the coronavirus pandemic delayed its enforcement until mid-June. When the pandemic was at its worst, some stores even banned customers from bringing in their own reusable bags. A group, including a plastic manufacturer and the Bodega Association, sued the state, claiming the law was unconstitutional and inconsistent, in addition to causing them financial harm, especially during the pandemic. This past week, the New York State Supreme Court struck down the lawsuit against the statewide plastic-bag ban. Justice Gerald W. Connolly reinforced that the ban was legal.

❖ California Waste District and Wastewater Treatment Plant Partner to Boost Their Bottom Lines

August 26, 2020 - In California, Monterey Regional Waste Management District (MRWMD) and its neighbor, wastewater treatment plant Monterey One Water, have entered a somewhat unusual relationship with unique benefits to each. The relationship has payoffs for its shared customers too. The District is delivering renewable gas, sourced from its methane and produced on site, to Monterey One Water to power its operation. The two entities are working on building infrastructure to be able to directly convey the energy from the district's plant to Monterey One's water purification system – bypassing the utility grid. MRWMD now can sell power at higher rates than it sells on the stock market. For Monterey One, it means a guaranteed flow of energy at a predictable cost that is cheaper than if it were to get it from the grid. This symbiotic relationship has become especially meaningful to address a challenge that arose years ago around the region's drinking water supply. The Monterey region is not connected to California's water system and had to rely on water largely from the river. Policy was established to reduce the draw on the river by 70% and that water had to be replaced. Monterey One Water began developing plans to convert their effluent, stormwater and other sources to drinking water. That water treatment process has proven extremely energy intensive.

❖ Companies Kick Off Partnership Week to Tackle Plastic Waste

August 27, 2020 - While COVID-19 continues to disrupt local recycling, two companies launched a partnership this week to prevent some of the 9 million tons of plastic waste from ending up in the environment. Hi-Cone Worldwide, a multi-packaging provider for the beverage industry based in Itasca, Illinois, is partnering with Houston, Texas-based Avangard Innovative to launch a "manufacturer-led" consumer recycling program in the U.S. Where ring carriers are not collected, Hi-Cone has put a variety of free consumer recycling programs in place. The Company partnered with Avangard Innovative in the U.S. to ensure that consumers can recycle their ring carriers and give them a second life through the RingRecycleMe program. Avangard reclaims them and transforms them into PCR pellets for Hi-Cone to reuse in its production process of RingCycles, a multi-packaging solution that contains +50% PCR content.

The Chicago Corporation Overview

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Sources include waste360.com, PitchBook and various publicly available news publications.

Additional information is available upon request.