The Chicago Corporation®

October 2021 | Volume VI, Issue X

Trash Talk

An Environmental Services Newsletter

Market Overview

Indices Performance (% change)

	October 2021	LTM		October 2021	LTM
S&P 500	5.7%	40.8%	NASDAQ	6.4%	42.0%
Dow Jones Industrial Average	4.3%	35.2%	Russell 3000	2.5%	49.3%

Source: Federal Reserve: Bank of St. Louis

Environmental Services Market Overview

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

Heritage-Crystal Clean	19.6%	Cypress Environmental Partners	(11.8%)
Fuel Tech	18.4%	EEI	(5.8%)
Darling Ingredients	17.6%	Quest Resource Holding	(4.6%)
Casella Waste Systems	14.2%	CECO Environmental	(2.3%)
Republic Services	12.1%	Stericycle	(1.5%)
Clean Harbors	8.3%	US Ecology	(0.5%)

Source: PitchBook

Publicly Traded Company Performance: Solid Waste

($ in millions, except per share data)

Company		Share Price 10/31/2021	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples: TEV/Total Revenue	Valuation Multiples: TEV/EBITDA	Valuation Multiples: TEV/EBIT	PE Multiples: LTM P/E	PE Multiples: CY19 P/E	LTM Operating Margins: Gross	LTM Operating Margins: EBIT	LTM Operating Margins: EBITDA	Net Debt/EBITDA
Waste Management	WM	$160.23	97.2%	$67,027	$79,960	4.6x	17.5x	30.4x	38.9x	27.9x	38.5%	15.2%	26.3%	2.8x
Republic Services	RSG	$134.60	92.2%	$42,681	$52,178	4.8x	17.6x	28.8x	35.5x	26.7x	40.7%	16.6%	27.1%	3.2x
Waste Connections	WCN	$136.01	99.5%	$35,434	$40,144	6.8x	24.0x	45.7x	61.3x	42.4x	40.6%	14.8%	28.3%	2.8x
Casella Waste Systems	CWST	$86.72	99.4%	$4,457	$5,028	5.9x	28.9x	67.8x	45.6x	287.7x	34.8%	8.7%	21.2%	3.2x
Mean				$37,400	$44,328	5.5x	22.0x	43.2x	45.3x	96.2x	38.6%	13.8%	25.7%	3.0x
Median				$39,058	$46,161	5.4x	20.8x	38.0x	42.3x	35.1x	39.5%	15.0%	26.7%	3.0x
High				$67,027	$79,960	6.8x	28.9x	67.8x	61.3x	287.7x	40.7%	16.6%	28.3%	3.2x
Low				$4,457	$5,028	4.6x	17.5x	28.8x	35.5x	26.7x	34.8%	8.7%	21.2%	2.8x

Source: PitchBook

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

LTM = Last Twelve Months

Environmental Services Industry Contacts

Tom Denison
(312) 283-0819
thomas.denison@thechicagocorp.com

Phil Clarke
(312) 283-0803
philip.clarke@thechicagocorp.com

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Publicly Traded Company Performance: Special Waste

($ in millions, except per share data)

Company		Share Price 10/31/2021	% 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	CY19 P/E	Gross	EBIT	EBITDA	
Stericycle	SRCL	$66.92	83.7%	$6,147	$8,171	3.1x	21.9x	54.5x	278.8x	NA	40.5%	5.7%	14.2%	5.4x
Clean Harbors	CLH	$112.54	97.1%	$6,122	$7,148	2.2x	12.0x	23.3x	33.9x	53.6x	32.4%	9.3%	18.0%	1.7x
Darling Ingredients	DAR	$84.52	99.1%	$13,698	$15,288	3.7x	15.2x	23.0x	28.6x	43.2x	25.6%	16.2%	24.4%	1.5x
US Ecology	ECOL	$32.19	70.4%	$1,014	$1,761	1.9x	137.0x	NA	NA	25.5x	24.8%	(7.3%)	1.4%	58.0x
Sharps Compliance	SMED	$8.25	44.2%	$159	$131	1.7x	8.9x	9.4x	11.3x	84.4x	37.8%	19.0%	21.6%	(0.9x)
Perma-Fix Environmental Services	PESI	$7.20	90.1%	$95	$91	0.9x	23.4x	24.5x	23.2x	NA	11.5%	3.8%	4.3%	(0.6x)
Mean				$4,539	$5,431	2.2x	36.4x	26.9x	75.2x	51.7x	28.8%	7.8%	14.0%	10.9x
Median				$3,568	$4,454	2.0x	18.5x	23.3x	28.6x	48.4x	29.0%	7.5%	16.1%	1.6x
High				$13,698	$15,288	3.7x	137.0x	54.5x	278.8x	84.4x	40.5%	19.0%	24.4%	58.0x
Low				$95	$91	0.9x	8.9x	9.4x	11.3x	25.5x	11.5%	(7.3%)	1.4%	(0.9x)

Source: PitchBook

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

LTM = Last Twelve Months

Publicly Traded Company Performance: Industrial Services

($ in millions, except per share data)

Company		Share Price 10/31/2021	% 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	CY19 P/E	Gross	EBIT	EBITDA	
Covanta	CVA	$20.18	99.7%	$2,684	$5,114	2.5x	13.6x	35.5x	106.2x	371.0x	26.5%	7.1%	18.4%	6.5x
Heritage-Crystal Clean	HCCI	$34.67	98.8%	$839	$845	1.8x	9.4x	12.7x	16.9x	56.0x	30.2%	13.9%	18.8%	0.1x
CECO Environmental	CECE	$6.88	72.7%	$246	$293	0.9x	15.1x	31.7x	86.0x	27.4x	32.4%	3.0%	6.3%	2.4x
Cypress Environmental Partners	CELP	$1.57	40.7%	$19	$121	0.8x	28.0x	NA	NA	11.8x	15.0%	0.0%	3.8%	9.1x
EEI	EEI	$0.13	70.0%	$134	$353	1.1x	NA	NA	NA	16.2x	(4.1%)	(8.1%)	(3.2%)	NA
Fuel Tech	FTEK	$2.06	29.3%	$62	$26	1.1x	21.8x	68.2x	206.0x	NA	54.6%	1.6%	4.9%	(29.6x)
Quest Resource Holding	QRHC	$5.82	75.4%	$109	$115	0.9x	22.6x	29.0x	72.8x	NA	19.0%	3.2%	4.0%	1.2x
Mean				$585	$981	1.3x	18.4x	35.4x	97.6x	96.5x	24.8%	3.0%	7.6%	(1.7x)
Median				$134	$293	1.1x	18.5x	31.7x	86.0x	27.4x	26.5%	3.0%	4.9%	1.8x
High				$2,684	$5,114	2.5x	28.0x	68.2x	206.0x	371.0x	54.6%	13.9%	18.8%	9.1x
Low				$19	$26	0.8x	9.4x	12.7x	16.9x	11.8x	(4.1%)	(8.1%)	(3.2%)	(29.6x)

Source: PitchBook

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

LTM = Last Twelve Months

Recent Industry News

❖ GFL Environmental Expands Midwest Footprint With PDC Acquisition

October 1, 2021 - GFL Environmental further solidified its Illinois presence with the acquisition of Peoria Disposal Company (PDC). The 93-year-old family Company was one of the state's largest remaining private waste and recycling companies and a well-respected name throughout the national waste industry.

❖ LRS Announces Strategic Acquisition of GFL Environmental Assets

October 5, 2021 - LRS, the Midwest's leading independent waste diversion, recycling and portable services provider, announced it has entered into a definitive agreement to purchase assets from Vaughn, Ontario based GFL Environmental, Inc., transforming the waste and recycling landscape across northern Illinois and northern Minnesota; the acquisition is effective immediately.

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❖ **Battery Recycling Firm Li-Cycle Nets $100M Investment**

October 7, 2021 - Lithium-ion battery recycling firm Li-Cycle announced a $100 million investment from Koch Investments Group. The investment, made through a convertible note, will support Toronto-based Li-Cycle's expansion in North America, Europe and Asia. The investment could also include opportunities to partner on engineering and construction services, optimized process design and new commercial facilities.

❖ **Clean Harbors Completes Acquisition of HydroChem PSC**

October 11, 2021 - Clean Harbors, Inc. ("Clean Harbors") announced the completion of its acquisition of HydroChemPSC ("HPC"), a leading U.S. provider of industrial cleaning, specialty maintenance and utilities services. Clean Harbors purchased HPC from an affiliate of Littlejohn & Co., LLC, for $1.25 billion in an all-cash transaction. With more than 5,000 employees and 240 service locations throughout the country, HPC serves a broad range of end markets including refining, chemical and utilities.

❖ **Multiple Locally-owned California Haulers Sell to Burrtec Waste Industries**

October 11, 2021 - Facing changes with upcoming regulations, a group of locally-owned haulers in the Los Angeles, Riverside and San Bernardino areas have sold to a larger company. Fontana-based Burrtec Waste Industries is equipped to handle organics and green waste mandated by California law to begin Jan. 1, 2022.

❖ **Covanta Stockholders Approve Proposed EQT Infrastructure Acquisition**

October 13, 2021 - Covanta Holding Corporation ("Covanta"), a world leader in sustainable waste and energy solutions, announced that at a special meeting of its stockholders, its stockholders voted to approve the previously announced acquisition of Covanta by EQT Infrastructure ("EQT") for $20.25 per share in cash, pursuant to the Agreement and Plan of Merger dated July 14, 2021.

❖ **Macquarie Acquiring Large Stakes In GreenWaste and Zanker In Its First California Waste Deal**

October 13, 2021 - California-based GreenWaste and partner company Zanker Recycling have agreed to sell large majority stakes to MIP V Waste, a subsidiary of Macquarie Asset Management. As outlined in a recent letter to the Burbank Sanitary District, current stockholders or partners in GreenWaste Recovery and Zanker Road Resource Management will sell their respective stakes to MIP V Waste in a recapitalization deal. The transaction could close by the end of this year.

❖ **Ecobat Acquires Benelux Battery Distributor Emrol**

October 19, 2021 - Ecobat, the global leader in battery recycling, announced that it has acquired Belgium-based industrial battery distributor, Emrol. This acquisition expands Ecobat's footprint throughout the Benelux region and diversifies Ecobat's offerings of batteries in non-automotive verticals such as motive power and niche e-mobility markets. Additionally, Emrol distributes a range of battery types, including lithium-ion batteries, that will fortify Ecobat's leading position in Europe.

❖ **Oregon's New Landfill Methane Emissions Rules Now Strictest In The Country**

October 21, 2021 - New landfill methane emissions standards in Oregon will regulate a larger set of landfills than before, and already-regulated landfills will need to meet additional monitoring and measurement requirements. It is the most stringent standard of its kind in the United States. The new regulations, which went into effect Oct. 1, will affect all types of landfills in the state, with requirements that vary and apply differently based on factors such as the tonnage of waste the landfill holds and the amount of methane the landfill already produces based on monitoring data.

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The Chicago Corporation Overview

- Highly regarded investment bank with a long, distinguished history.
- Focused on middle market private companies owned by families and entrepreneurs with revenue up to $250 million.
- Over 35 experienced professionals with broad industry experience.
- Providing traditional investment banking services as well as broader financial advisory services to assist clients facing issues of growth, capital structure, ownership transition, shareholder value and liquidity.
- All we do is advise clients on corporate finance matters. We don't trade or underwrite securities, provide wealth management services, or engage in principal investing.

Why the Chicago Corporation?

Deep Environmental Services Experience

Trusted Advisors to Business Owners

Two Managing Directors on Every Engagement

Seasoned Bankers with 200+Years of Combined Experience

Best-in-Class Unbiased Advice

Exceptional Transaction Execution

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Sources include Waste Dive, PitchBook and various publicly available news publications.

Additional information is available upon request.

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