FLASH REPORT – January 2024

Business Services: Environmental Services

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Quarterly Update

- Aging infrastructure in the United States is driving growth and increased M&A activity for providers of environmental services like remediation, industrial cleaning, selective demolition, and sub-floor grinding.
- Government continues to invest in infrastructure projects nationwide. Recently, 14 states have implemented legislation regarding asbestos abatement with others expected to follow suit.
- Buyers are attracted to providers with a healthy mix of recurring service contracts, dependable revenue streams and high margin project work.
- Providers that offer a complementary portfolio of services serving non-cyclical, mission end-markets will continue to command premium valuations.
- Heritage-Crystal Clean, a major environmental services platform, was acquired by J.F. Lehman & Company in October through a $1.2B public-to-private deal. The platform recently completed its first add-on in January, acquiring Envirosafe Services of Ohio.
- EdgePoint expects continued growth and acquisition activity for providers of environmental services in 2024.

Recent Relevant Transactions

Quality Environmental Services has been acquired by Caymus Equity (Private Equity for the Lower-Middle Market)

06 ENV Environmental Services has been acquired by Warren Equity Partners

SCT Safety Engineering • Consultation • Training has been acquired by ScaleCo

EMS has been acquired by HEPACO

For more information and insights, please contact us:

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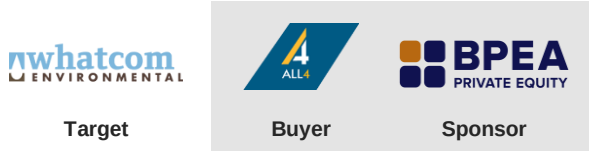
Recent Selected Environmental Services Transactions

Crystal Clean Acquires Envirosafe Services of OH

- **January 2024** – Heritage-Crystal Clean has acquired Envirosafe Services of Ohio.
- Envirosafe operates a hazardous waste treatment and storage facility, supplying customers with specialized expertise in the treatment and disposal of environmentally sensitive waste and by-products.

ALL4 Expands into Pacific Northwest



- **January 2024** – ALL4, an EH&S consulting company, has acquired Whatcom Environmental, located in Bellingham, Washington.
- Whatcom Environmental provides regulatory compliance and remediation services in air, water, waste, and soil.

TAS Environmental Service Acquires ECS

- **December 2023** – TAS Environmental Services has acquired Environmental Concepts & Services ("ECS").
- Headquartered in Springfield, Tennessee, ECS provides waste transportation, disposal, and other industrial services for the manufacturing and specialty chemical markets in the Southeast and Midwest.

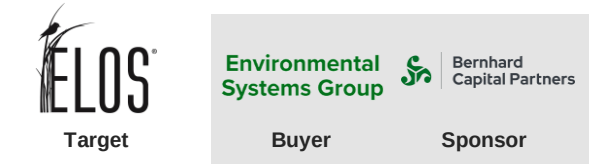
Blue Sage Acquires Geo-Solutions

- **November 2023** – Blue Sage Capital has acquired Geo-Solutions of New Kensington, Pennsylvania.
- Geo-Solutions provides highly complex geotechnical and environmental remediation services for the infrastructure, utilities, chemical, mining, and other industrial end-markets.

Caymus Makes Platform Investment in Quality

- **November 2023** – Caymus Equity has acquired Quality Environmental Services ("Quality").
- Quality is a leading provider of environmental remediation services in Michigan.
- ***EdgePoint served as the exclusive financial advisor to Quality.***

Environmental Systems Group Adds ELOS



- **October 2023** – Environmental Systems Group has acquired ELOS Environmental, a provider of environmental consulting services in Hammond, Louisiana.
- ELOS provides a diverse range of environmental consulting services across natural resources, industrial hygiene services, and disaster recovery.

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EdgePoint Public Comparable Index Constituents

Consulting, Remediation, & Testing

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2024E	EV/EBITDA LTM	EV/EBITDA 2024E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Bureau Veritas SA	$ 11,804	29.3%	16.6%	$ 973	$ 1,158	10.8x	10.2x	$ 5,861	11.5%	6.7%	$ 22.94	84.1%
Eurofins Scientific SE	13,780	20.5%	17.9%	1,167	1,306	10.6x	10.6x	6,510	-5.1%	11.3%	57.88	80.3%
Intertek Group plc	7,891	55.7%	21.3%	712	728	11.1x	10.8x	3,341	12.9%	5.1%	41.96	92.2%
Montrose Environmental Group, Inc.	1,209	37.7%	4.0%	24	79	33.3x	15.3x	598	9.0%	27.7%	28.45	51.7%
Median		**33.5%**	**17.3%**	842	943	**11.0x**	**10.7x**	4,601	**10.2%**	**9.0%**	35.21	82.2%
Mean		**35.8%**	**14.9%**	719	818	**16.4x**	**11.7x**	4,078	**7.1%**	**12.7%**	37.81	77.1%

Industrial Cleaning & Services

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2024E	EV/EBITDA LTM	EV/EBITDA 2024E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Clean Harbors, Inc.	$ 11,190	30.6%	17.7%	$ 947	$ 1,012	9.2x	11.1x	$ 5,349	6.8%	18.4%	$ 166.64	92.8%
Stericycle, Inc.	6,183	37.2%	15.9%	426	414	10.6x	14.9x	2,678	-0.5%	-1.7%	47.95	85.4%
Veolia Environnement SA	41,843	16.2%	10.6%	4,797	6,497	7.6x	6.4x	45,445	29.6%	20.0%	28.99	96.2%
Median		**30.6%**	**15.9%**	947	1,012	**9.2x**	**11.1x**	5,349	**6.8%**	**18.4%**	47.95	92.8%
Mean		**28.0%**	**14.7%**	2,057	2,641	**9.1x**	**10.8x**	17,824	**12.0%**	**12.3%**	81.19	91.5%

Specialty Services

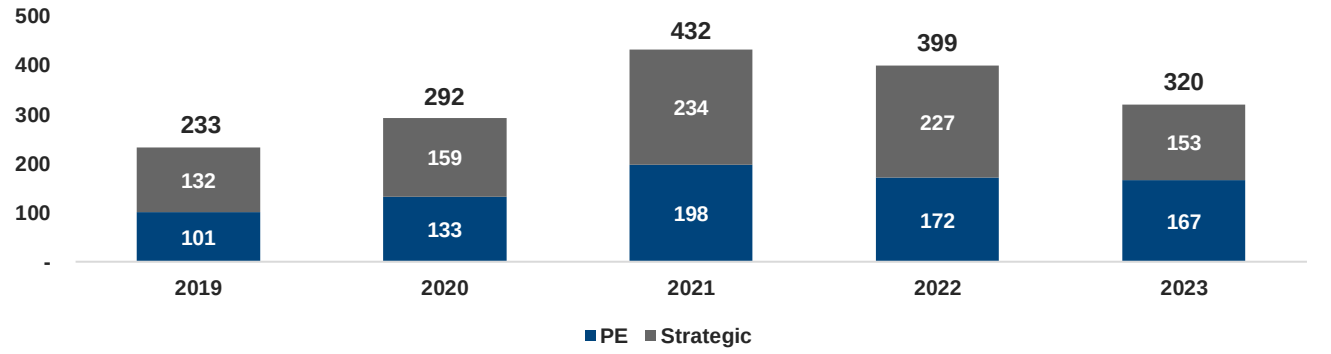
Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2024E	EV/EBITDA LTM	EV/EBITDA 2024E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
AECOM	$ 13,800	6.6%	6.7%	$ 969	$ 990	15.5x	13.9x	$ 14,378	9.4%	2.8%	$ 88.35	94.0%
CECO Environmental Corp.	776	30.6%	9.1%	46	55	15.5x	14.0x	508	26.9%	16.3%	19.04	88.8%
Enviri Corporation	2,180	20.5%	13.0%	260	286	6.3x	7.6x	2,009	6.7%	4.6%	8.77	87.7%
Jacobs Solutions Inc.	19,887	21.4%	9.0%	1,473	1,470	12.2x	13.5x	16,352	9.6%	6.4%	131.07	92.9%
NV5 Global, Inc.	1,856	49.6%	13.1%	109	136	14.1x	13.6x	836	6.4%	9.9%	102.54	72.1%
Tetra Tech, Inc.	9,618	19.3%	12.8%	481	508	16.8x	18.9x	3,751	32.3%	16.9%	163.34	94.3%
Median		**21.0%**	**11.0%**	371	397	**14.8x**	**13.8x**	2,880	**9.5%**	**8.1%**	95.45	90.8%
Mean		**24.7%**	**10.6%**	557	574	**13.4x**	**13.6x**	6,306	**15.2%**	**9.5%**	85.52	88.3%

Waste Management & Recycling

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2024E	EV/EBITDA LTM	EV/EBITDA 2024E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Casella Waste Systems, Inc.	$ 5,735	34.0%	21.4%	$ 251	$ 295	21.2x	19.5x	$ 1,177	11.6%	15.3%	$ 83.42	87.1%
Republic Services, Inc.	63,654	40.6%	28.7%	4,215	4,356	14.7x	14.6x	14,663	13.4%	13.0%	163.81	98.0%
Waste Connections, Inc.	44,958	40.3%	30.7%	2,414	2,510	18.3x	17.9x	7,856	12.8%	13.2%	147.28	98.3%
Waste Management, Inc.	87,083	37.7%	28.3%	5,691	5,836	15.0x	14.9x	20,144	3.6%	10.3%	178.23	98.2%
Median		**39.0%**	**28.5%**	3,315	3,433	**16.6x**	**16.4x**	11,259	**12.2%**	**13.1%**	155.55	98.1%
Mean		**38.2%**	**27.3%**	3,143	3,249	**17.3x**	**16.7x**	10,960	**10.3%**	**13.0%**	143.19	95.4%

Source: CapIQ (January 9, 2023)

Environmental Services Deal Activity – Last Five Years



Source: Pitchbook (December 31, 2023)