



INDUSTRY OVERVIEW WASTE COLLECTION SERVICES JULY 2021

WASTE COLLECTION INDUSTRY KEY TAKEAWAYS

□ Industry Performance

- The waste collection services industry benefits directly from increasing industrial, construction, and commercial business activity. The primary objective of the industry is to collect and transport waste of consumers; hence the industry's revenue depends on the amount of waste produced. Residential waste during the pandemic has remained relatively stable, while commercial business activity has slowed due to COVID-19.
- Communities have pushed for landfill sites located further from urban centers. Thus, more fuel consumption is required to transport waste and has ultimately reduced earnings. Vehicles for waste collection are among the least efficient forms of transportation. Alternative sources such as natural gas, biofuels, and battery electric technology have come into play to reduce fuel costs.
- The total industry revenue is \$51.7B as of 2020 with an operating margin of 8.3%. There are an estimated 8,051 waste collection businesses in the U.S. The CAGR of the industry over the next 5 years is 1.4%.

□ Trends

- Government regulation and consumer opinion has pushed for greater capabilities in recycling services. Recycled solid waste grew from 28.5% in 2000 to 35.2% in 2017.
- A rebounding economy will boost consumer and business spending and therefore will increase demand for waste services.
- Operating costs are likely to increase as companies transition to sustainable processes.
- Industry heavy weights have looked to reduce labor costs by transitioning to single-driver trucks equipped with an automated side loader (ASL).

□ Market Outlook

- The industry is expected to grow in the coming years as waste generation increases in residential and commercial sectors. Additionally, anticipated implementation of more sustainable operations and joint efforts with recycling and renewable energy affiliates will occur. These practices will allow companies to raise prices for their services and retain a higher profit after costly installation.

INDUSTRY AT A GLANCE

Key Statistics

\$51.7bn
Revenue



\$4.3bn
Profit



8.3%
Profit Margin



\$13.6bn
Wages



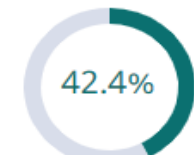
219k
Employment



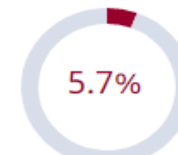
8,051
Businesses



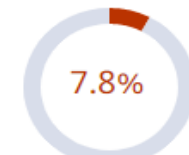
Products and Services Segmentation



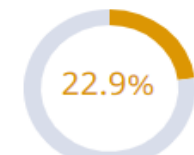
Residential waste collection



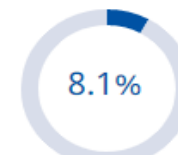
Recyclable material collection



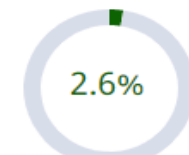
Transfer and storage facility



Nonresidential waste collection



Hazardous waste collection



Construction and demolition site waste collection

Waste Collection Services
Source: IBISWorld

INDUSTRY AT A GLANCE

Major Players

% = share of industry revenue



- 21.1% Waste Management
- 16.9% Republic
- 7.5% Waste Connections
- 54.5% Other

Waste Collection Services

Source: IBISWorld

S STRENGTHS

- Low Imports
- High Profit vs. Sector Average
- Low Customer Class Concentration
- Low Product/Service Concentration
- High Revenue per Employee

W WEAKNESSES

- Low & Steady Level of Assistance
- High Competition
- High Capital Requirements

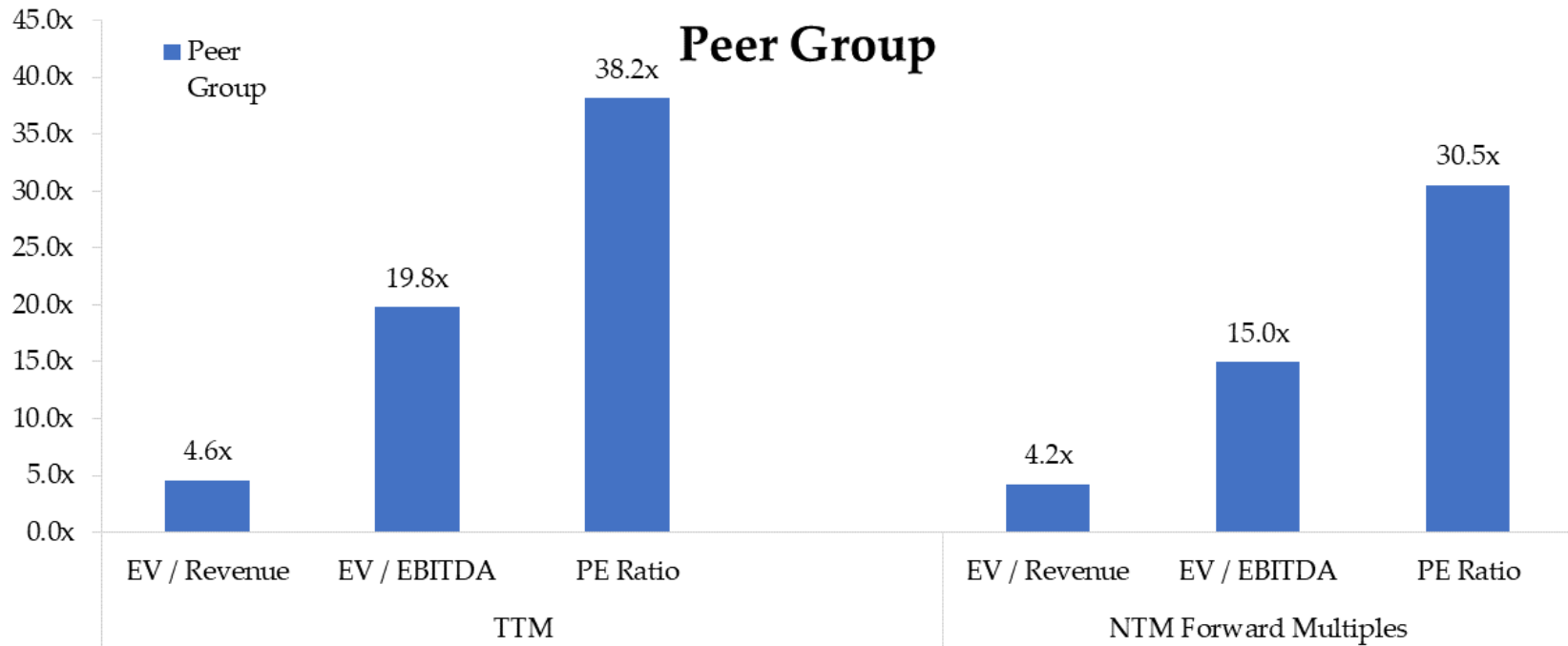
O OPPORTUNITIES

- High Revenue Growth (2020-2025)
- Price of diesel

T THREATS

- Low Revenue Growth (2005-2020)
- Low Revenue Growth (2015-2020)
- Low Outlier Growth
- Low Performance Drivers
- Population

PUBLIC COMPARABLES

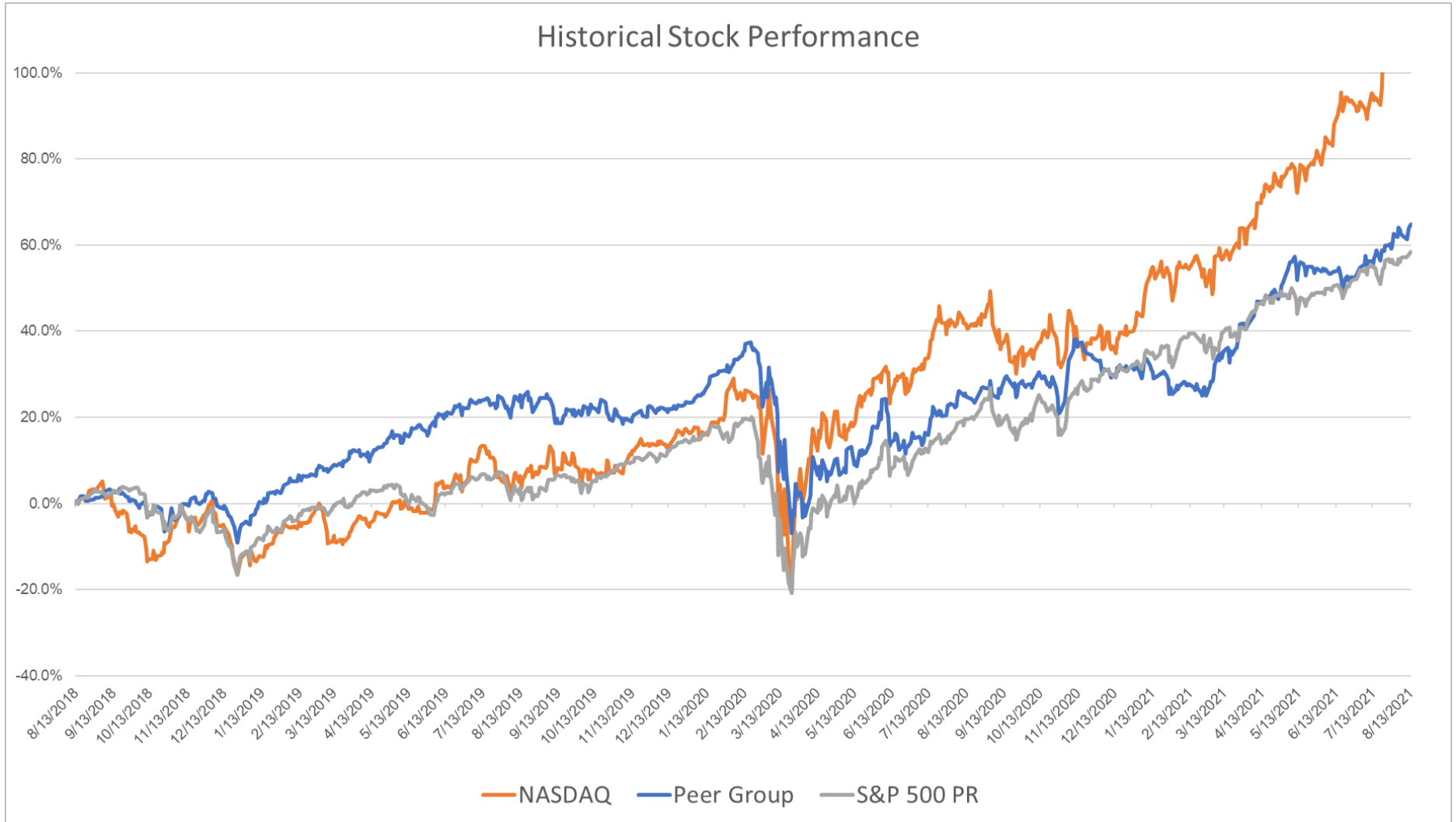


WASTE CONNECTIONS, INC.

PUBLIC COMPARABLES

As of 7/31/21 in Millions Ticker	\$	Waste Management WM	Republic Services RSG	Waste Connections WCN	Castella Waste Sytems CWST	Stericycle SRCL	Clean Harbors CLH	
Total Revenue		\$16,516	\$10,555	\$5,718	\$808	\$2,633	\$3,310	
Gross Profit		6,434	4,287	2,315	279	1,067	1,071	
EBIT		2,453	1,668	938	67	150	306	
Net Income		\$1,600.00	\$1,122.40	\$626.07	\$94.13	\$22.70	\$183.05	
EBITDA		4,280	2,792	1,716	170	374	596	
Total Debt		13,244	9,211	4,947	608	2,082	1,691	
EV as of 3.31.21		75,530	46,864	37,314	3,975	8,564	6,312	
Employees		48,250	35,000	18,933	2,500	7,000	13,500	
Ratio Analysis								Median
Revenue/Employee		\$342,301	\$301,557	\$301,995	\$323,325	\$376,143	\$245,196	\$312,660
EV/Revenue		4.57x	4.44x	6.80x	4.92x	3.35x	2.04x	4.51x
Debt/EBITDA		2.98x	3.25x	2.85x	3.60x	6.04x	2.88x	3.11x
EV/EBITDA (normalized)		16.22x	14.61x	22.12x	21.51x	16.82x	11.11x	16.52x
Market Cap/EBITDA		14.59x	13.50x	27.51x	20.84x	18.68x	9.46x	16.64x
Market Cap		62,432	37,682	33,153	3,534	6,474	5,184	
Close Price		148.26	118.36	126.69	68.78	70.55	95.00	
52 Week Low		106.11	85.97	97.02	51.98	59.41	52.22	
52 Week High		149.95	118.56	126.93	69.60	79.97	96.47	
Gross Margin		39.0%	40.6%	40.5%	34.5%	40.5%	32.4%	39.7%
EBIT		14.9%	15.8%	16.4%	8.3%	5.7%	9.3%	12.1%
EBITDA		25.9%	26.4%	30.0%	21.0%	14.2%	18.0%	23.4%
Acct. Receivable Days		45	38	40	33	54	68	42
Inventory Days		4	4	NM	5	NM	36	5
Acct. Payable Days		40	61	36	39	43	43	42
Revenue Growth		9.4%	3.2%	5.2%	5.8%	-12.7%	-0.6%	4.2%

DCA WASTE COLLECTION INDEX VS. S&P 500 AND NASDAQ



DCA Waste Collection Index: WM, WCN, CWST, SRCL, CLH, RSG

RECENT PRIVATE TRANSACTIONS

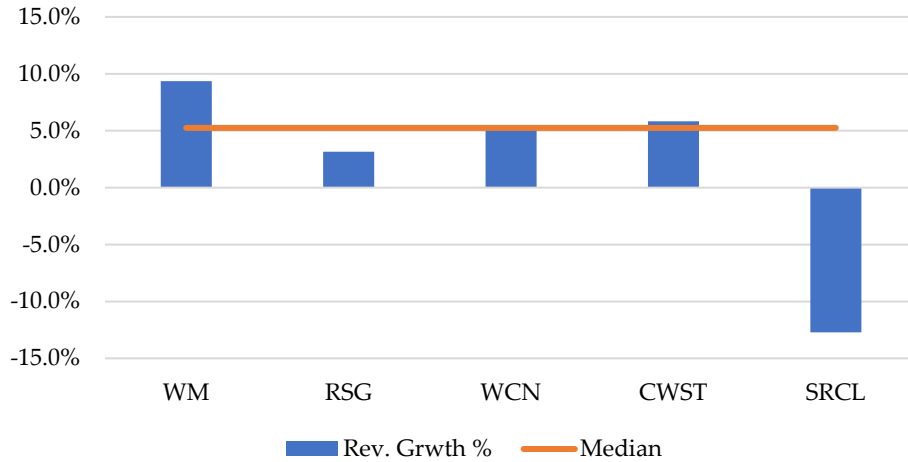
Private Transactions						
Date	Target description	Deal Value	EBITDA	Revenue	EV/EBITDA	EV/Revenue
16-Jun-20	Scrap metal and Waste Hauling	\$750,000	\$137,031	\$3,837,169	5.5x	0.2x
5-May-20	Dumpster Roll-Off Rental Business	160,000	86,580	151,127	1.8x	1.1x
29-Sep-17	Trash Hauling	169,000	57,882	136,604	2.9x	1.2x
15-Feb-17	Garbage and Recycling Disposal Service	40,852,000	7,537,867	20,782,287	5.4x	2.0x
11-Mar-16	Truck Hauling	1,000,000	538,776	3,836,125	1.9x	0.3x
Median		\$750,000	\$137,031	\$3,836,125	2.9x	1.1x

RECENT PUBLIC TRANSACTIONS

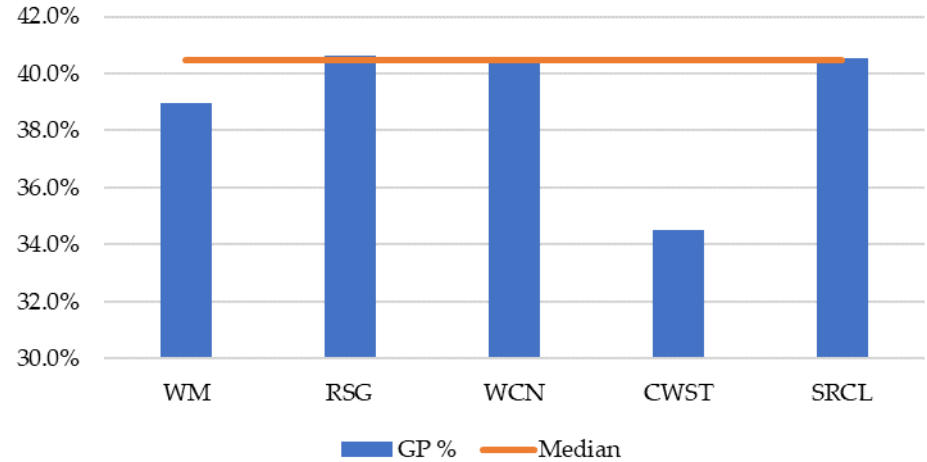
Deal Date	Target/Issuer	HQ Location	Buyers/Investors	Deal Size	Primary Industry Sector
30-Oct-2020	Advanced Disposal	Ponte Vedra Beach, FL	Waste Management (NYS: WM)(James Fish)	4,082.00	Business Products and Services (B2B)
28-Feb-2019	Nexeo Solutions	The Woodlands, TX	Univar Solutions (NYS: UNVR)(David Jukes)	1,814.80	Business Products and Services (B2B)
01-Oct-2020	WCA Waste Corporation	Houston, TX	GFL Environmental (NYS: GFL)(Patrick Dovigi)	1,210.00	Business Products and Services (B2B)
01-Nov-2019	NRC International Holdings	New York, NY	US Ecology (NAS: ECOL)(Jeffrey Feeler)	1,024.80	Business Products and Services (B2B)
13-Feb-2020	GFL Environmental (Operations in Virginia and Pennsylvania)	New York, NY	GFL Environmental (NYS: GFL)	725.00	Business Products and Services (B2B)
31-Oct-2019	Hillstone Environmental Partners	Denver, CO	NGL Energy Partners (NYS: NGL)(Michael Krimbill)	624.40	Energy
06-Apr-2020	PSC Environmental Services	Houston, TX	Harsco (NYS: HSC)	462.50	Business Products and Services (B2B)
03-Feb-2020	Elemental Environmental Solutions	Gum Springs, AR	Veolia ES Technical Solutions	250.00	Business Products and Services (B2B)
17-Oct-2018	NRC International Holdings	New York, NY	Hennessy Capital III	250.00	Business Products and Services (B2B)
04-Dec-2018	Concrete Pumping Holdings (NAS: BBCP)	Thornton, CO	Industrea Acquisition	230.00	Financial Services
02-Apr-2019	Mountain Waste & Recycling	Carbondale, CO	Waste Connections (NYS: WCN)(Aaron Bradley)	200.00	Business Products and Services (B2B)
21-Apr-2020	Strad	Calgary, Canada	2238399 Alberta	92.16	Energy
21-May-2018	Terra Renewal Services	Richardson, TX	American Residuals Group	80.00	Business Products and Services (B2B)
01-May-2018	Kruger Commodities	Omaha, NE	Darling Ingredients (NYS: DAR)(Randall Stuewe)	51.30	Business Products and Services (B2B)
19-Oct-2020	Green Remedies Waste and Recycling	Elon, NC	Quest Resource Holding (NAS: QRHC)	18.49	Business Products and Services (B2B)
01-Jan-2018	Complete Disposal Company	Westfield, MA	Casella Waste Systems (NAS: CWST)(John Casella)	16.50	Business Products and Services (B2B)
26-Apr-2019	Organic Incineration Technology	North Pole, AK	NRC International Holdings(Blake Hillis)	12.80	Business Products and Services (B2B)
31-Mar-2020	Gro America	Wyoming, MI	Heritage-Crystal Clean (NAS: HCCI)	10.00	Business Products and Services (B2B)
30-Nov-2018	Hays Utility South	Spring, TX	H2O Innovation (TSX: HEO)(Frédéric Dugré)	6.70	Business Products and Services (B2B)
01-Jun-2019	Twin Bridges Waste & Recycling	Halfmoon, NY		6.00	Business Products and Services (B2B)
13-Nov-2018	George B Wittmer Associates	Green Cove Springs, FL	QSAM Biosciences(Kevin Bolin)	4.50	Business Products and Services (B2B)
10-Jan-2018	Wilson Waste Systems	Warrenton, MO	Attis Industries(Jeffrey Cosman)	3.66	Business Products and Services (B2B)
01-Jan-2018	V. Garofalo Carting	Brentwood, NY		2.10	Business Products and Services (B2B)
14-Aug-2019	HEBioT (Martinsburg Facility)	Martinsburg, WV	BioHitech America (NAS: BHTG)	2.00	Business Products and Services (B2B)
08-Oct-2019	California Environmental & Litho	San Leandro, CA	Heritage-Crystal Clean (NAS: HCCI)	0.50	Business Products and Services (B2B)

OPERATING METRICS

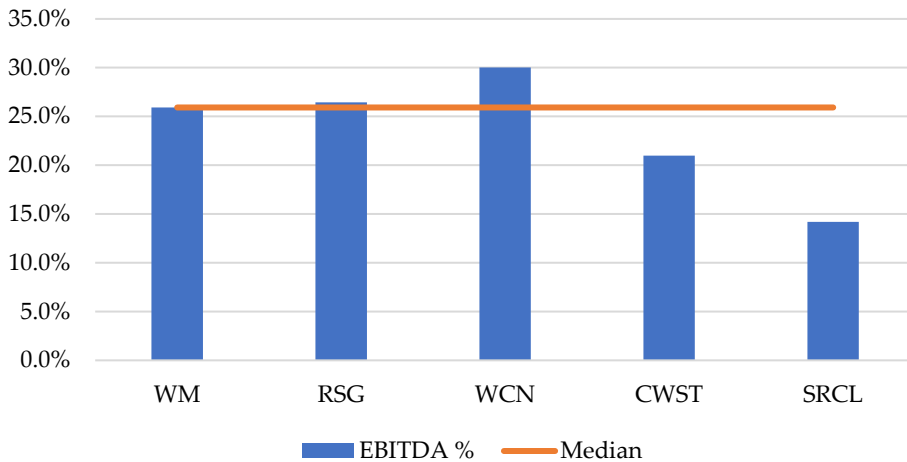
Revenue Growth



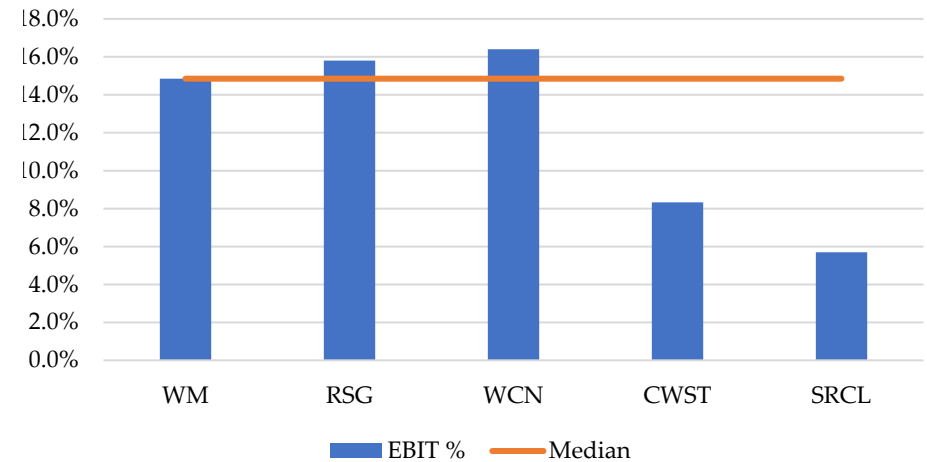
Gross Profit Margin



EBITDA Margin

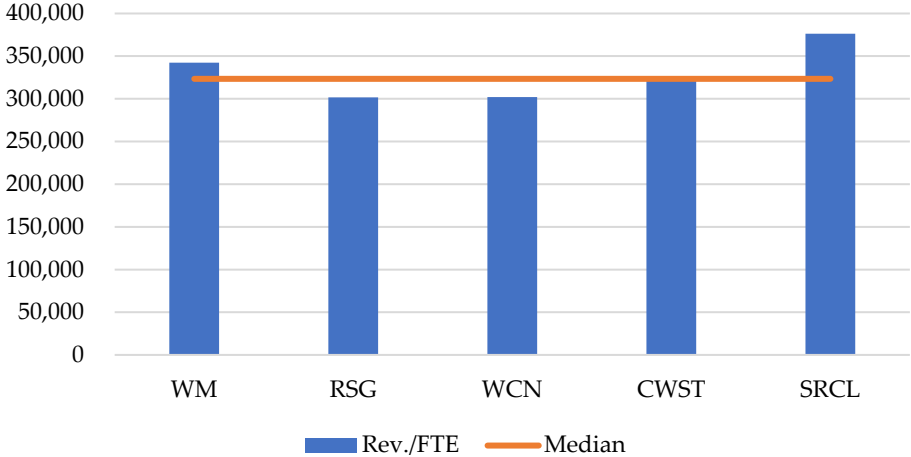


EBIT Margin

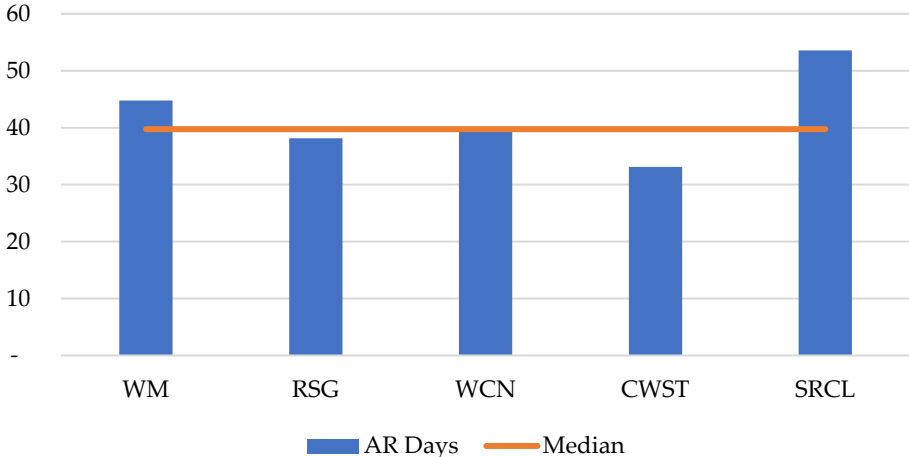


RATIO ANALYSIS

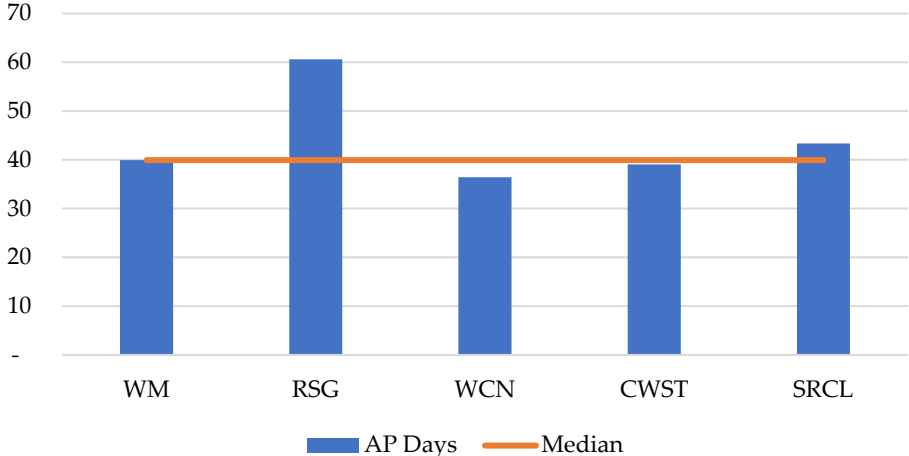
Revenue per Employee



AR Days



AP Days



VALUATION TRENDS

Ticker	Company	Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
WM	Waste Management	139.77	59,000.73	72,014.73	15,601.00	4,154.00	3.69	17,356.59	5,019.63	4.99
RSG	Republic Services	107.96	34,442.85	43,430.95	10,196.10	2,104.30	3.19	10,991.39	3,294.94	3.89
WCN	Waste Connections	120.52	31,538.24	35,699.88	5,489.53	1,205.05	0.85	6,072.99	1,908.75	3.20
CWST	Casella Waste Systems	67.11	3,446.99	3,904.44	781.21	162.62	1.89	847.74	191.98	0.77
SRCL	Stericycle	78.91	7,240.84	9,331.04	2,558.50	346.50	(0.12)	2,718.45	523.30	2.67
CLH	Clean Harbors	93.14	5,082.17	6,210.47	3,093.68	547.79	2.63	3,374.25	589.75	2.59

Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
Peer Group							
WM	Waste Management	4.6x	17.3x	38.2x	4.1x	14.3x	28.0x
RSG	Republic Services	4.3x	20.6x	33.9x	4.0x	13.2x	27.8x
WCN	Waste Connections	6.5x	29.6x	141.8x	5.9x	18.7x	37.7x
CWST	Casella Waste Systems	5.0x	24.0x	35.0x	4.6x	20.3x	86.6x
SRCL	Stericycle	3.6x	26.9x		3.4x	17.8x	29.6x
CLH	Clean Harbors	2.0x	11.3x	35.7x	1.8x	10.5x	35.9x

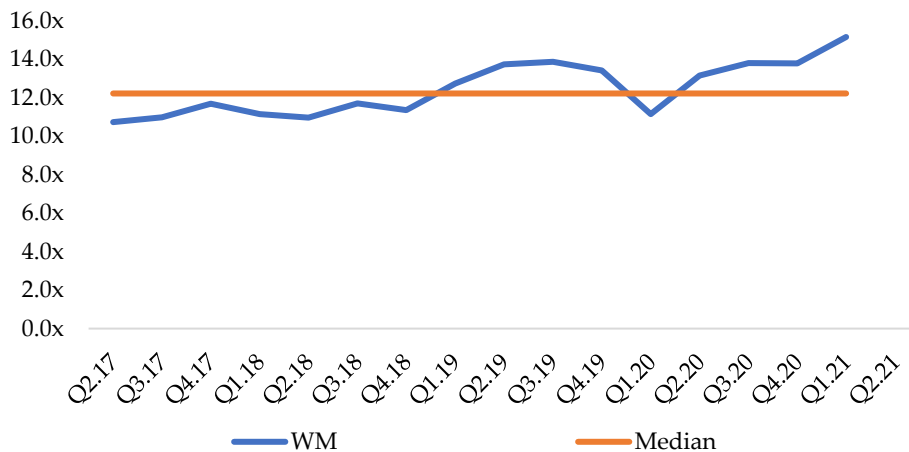
PUBLIC COMP

Waste Management (NYS: WM)

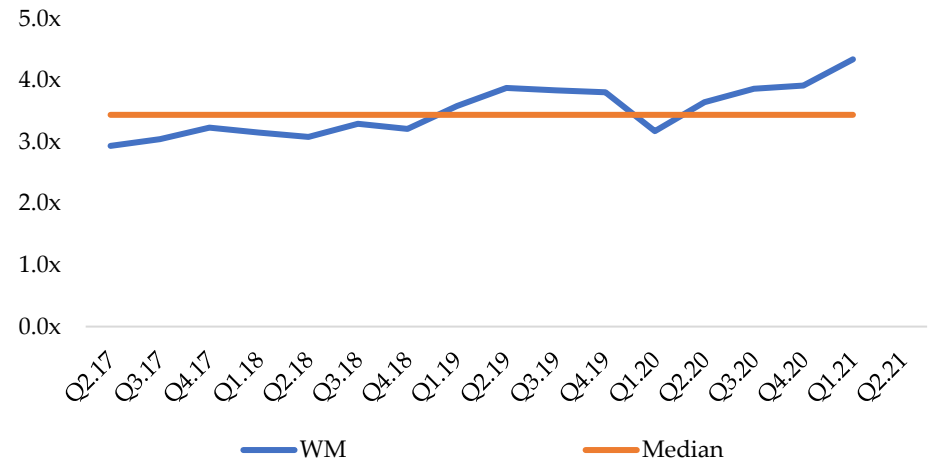
Waste Management is the largest waste-collection company in the United States with over 21% market share. The Houston-based company offers waste collection, disposal, incineration, and other services. The firm's customer base by revenue is 41.3% commercial customers, 28.5% industrial/construction customers, and 15.5% residential customers, and waste collection accounted for 66.3% of its total revenue in 2019. The company operates over 200 landfill sites and over 300 transfer and storage facilities.

Waste Management has been active in the M&A market in recent years. The firm acquired Deffenbaugh Industries in March of 2015 and acquired Advanced Disposal in April 2019 for \$4.57B.

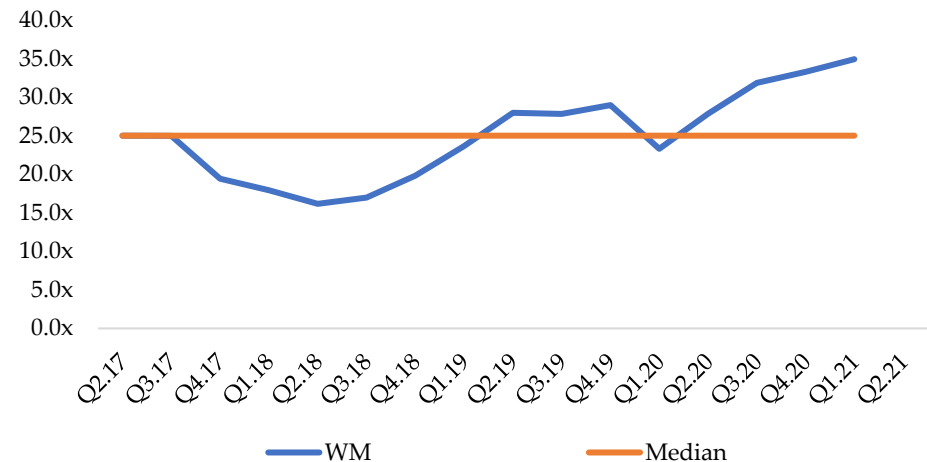
EV/EBITDA Waste Management



EV/Revenue Waste Management



P/E Waste Management



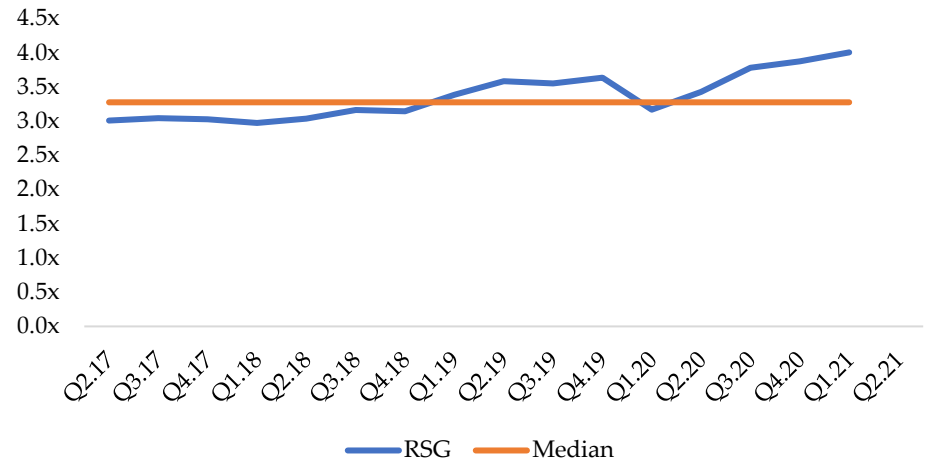
PUBLIC COMP

Republic Services (NYS: RSG)

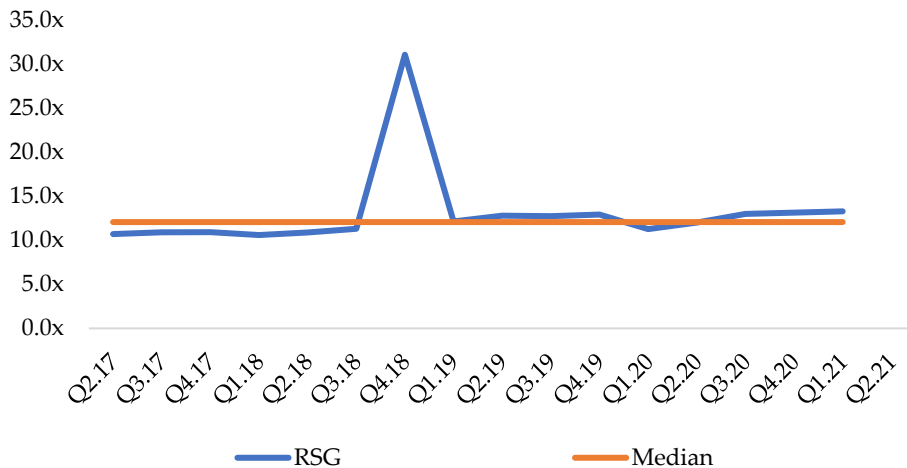
Republic Services is headquartered in Phoenix and is the second-largest waste management firm in the US with 16.9% market share. Company operations include 189 landfills, 79 recycling facilities, 212 transfer stations, and over 16,000 service trucks. The company operates in 41 states and Puerto Rico.

In February 2015, the company acquired Tervita's US-based operations, and acquired ReCommunity Holdings II (recycling and processing services) in October 2017. The company spent \$463.6M on acquisitions in 2019.

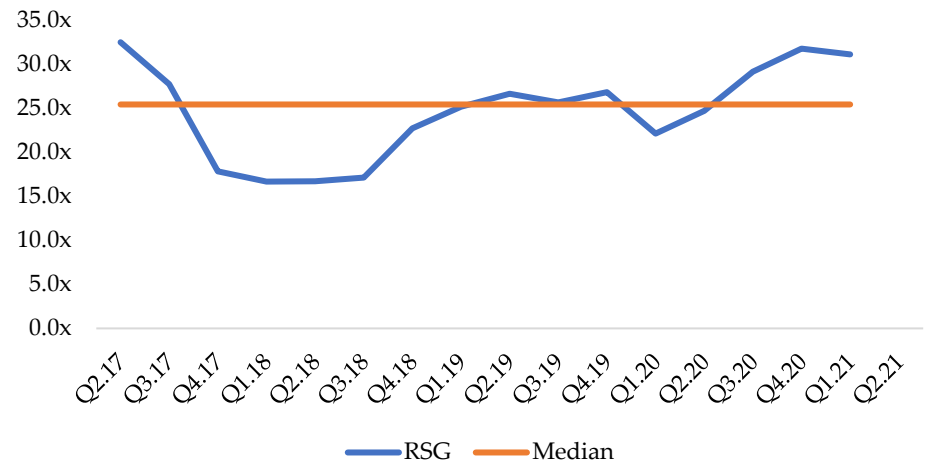
EV/Revenue Republic Services



EV/EBITDA Republic Services



P/E Republic Services



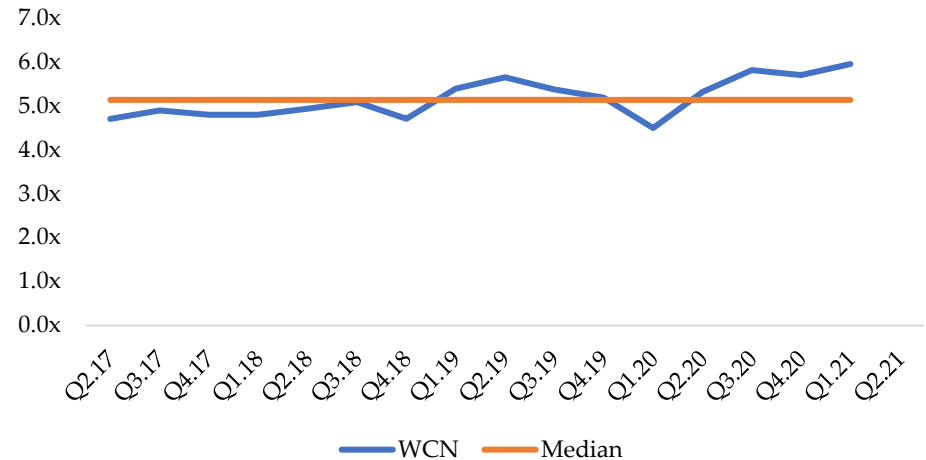
PUBLIC COMP

Waste Connections (NYS: WCN)

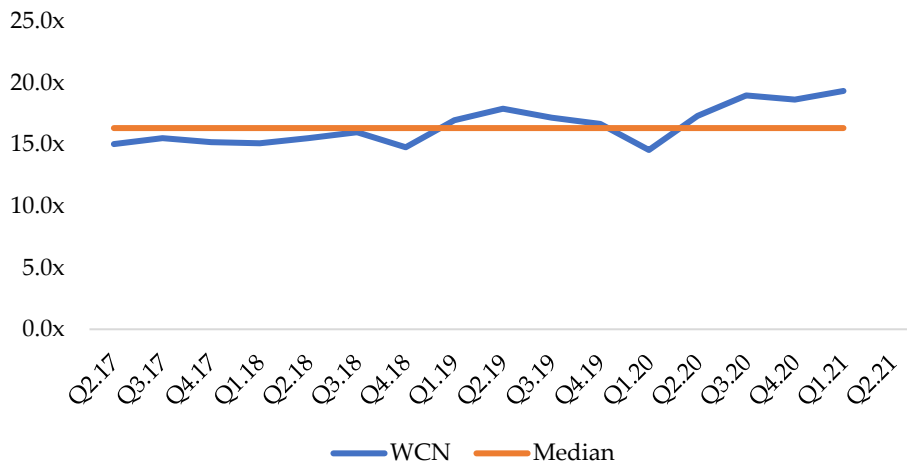
Waste Connections was founded in 1997 and holds 7.5% of the waste collection market share. Services include recycling, transfer, disposal, and solid waste collection in the US and Canada. Waste Connections employs over 18,000 individuals, operates 300 solid waste collection facilities, 87 landfills, and 66 recycling facilities.

The company's revenue has 20.6% from 2015-2020 due to the acquisition of Progressive Waste Solutions in June 2016. Waste Connections acquired American Disposal Services in December 2018, adding an additional 400,000 customers in Colorado, Georgia, Maryland, and Virginia.

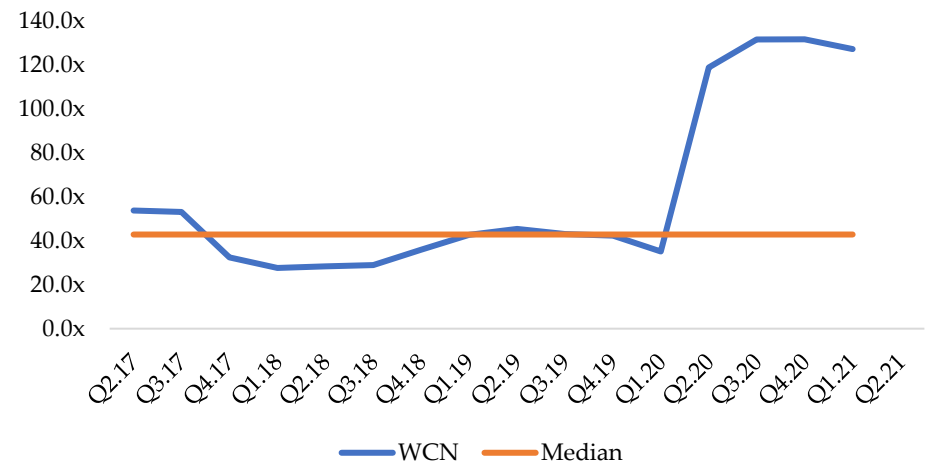
EV/Revenue Waste Connections



EV/EBITDA Waste Connections



P/E Waste Connections



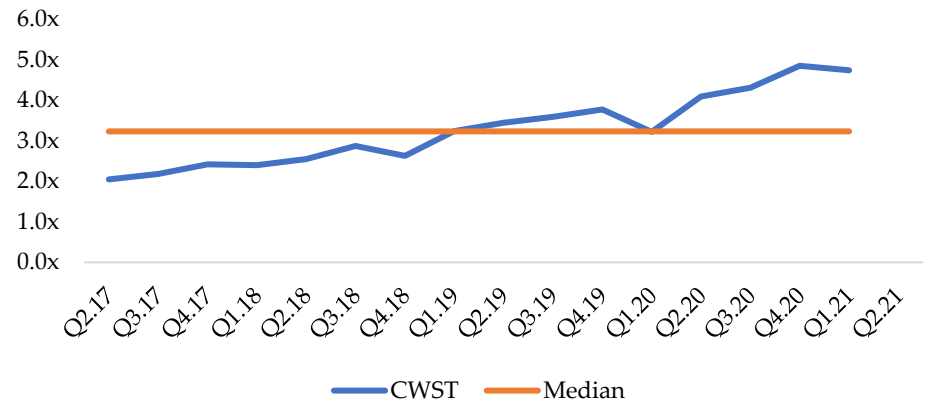
PUBLIC COMP

Casella Waste Systems (NAS: CWST)

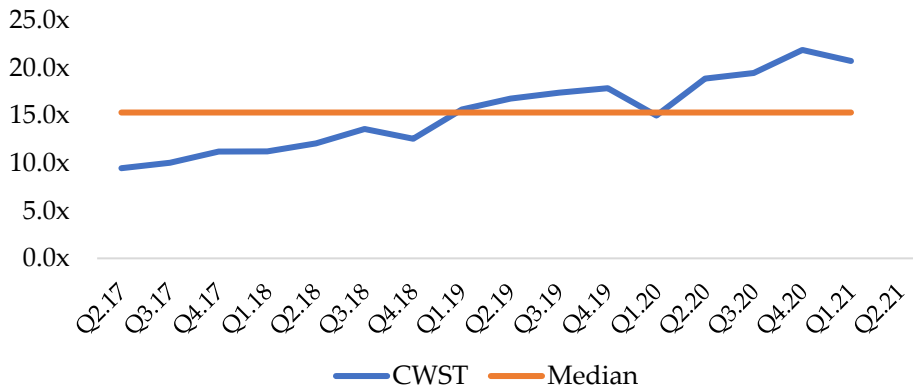
Casella provides solid waste removal for commercial, municipal, industrial, and residential consumers. A few of the company services include recycling, waste collection, and specialty waste services. The firm operates 43 solid waste collection operations, 58 transfer stations, and 20 recycling facilities.

The company has grown through acquisitions, spending \$82.2M on 9 acquisitions in 2019. In January 2019, Casella raised \$91.5M in a secondary public offering.

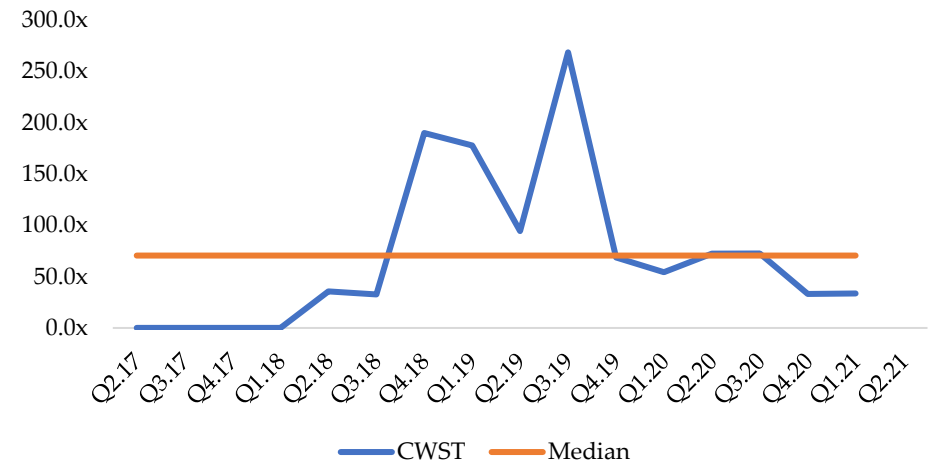
EV/Revenue Castella Waste Sytms



EV/EBITDA Castella Waste Sytms



P/E Castella Waste Sytms



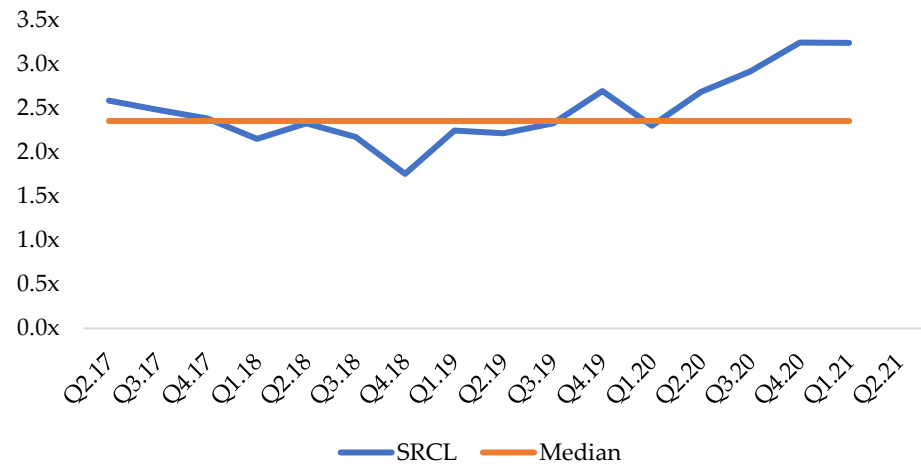
PUBLIC COMP

Stericycle (NAS: SRCL)

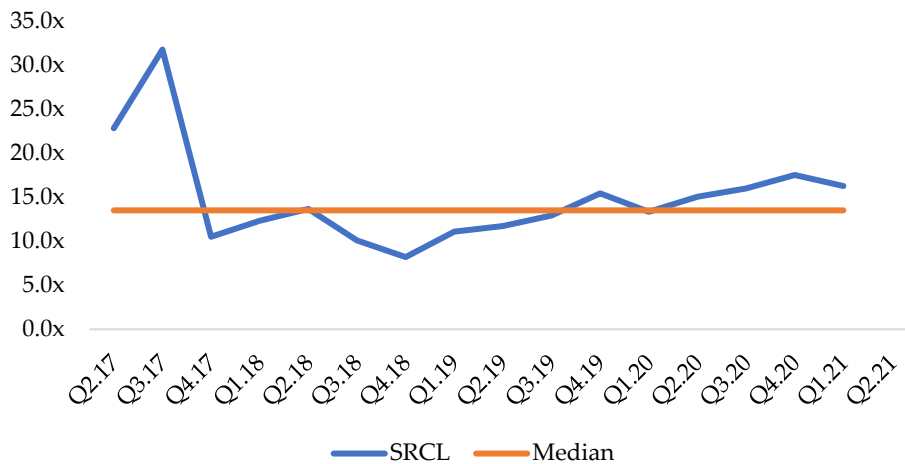
Stericycle headquarters is in Lake Forest, Illinois and is the largest medical waste-management company in the US. Working with hazardous waste is more profitable than working with standard waste; however, there are additional safety factors in operations. The firm focuses on waste in the healthcare industry and primarily hospitals and physician offices.

Stericycle has grown predominately through acquisition. In 2016, the company acquired 31 companies, and in 2018, the company acquired an additional 21 independent firms.

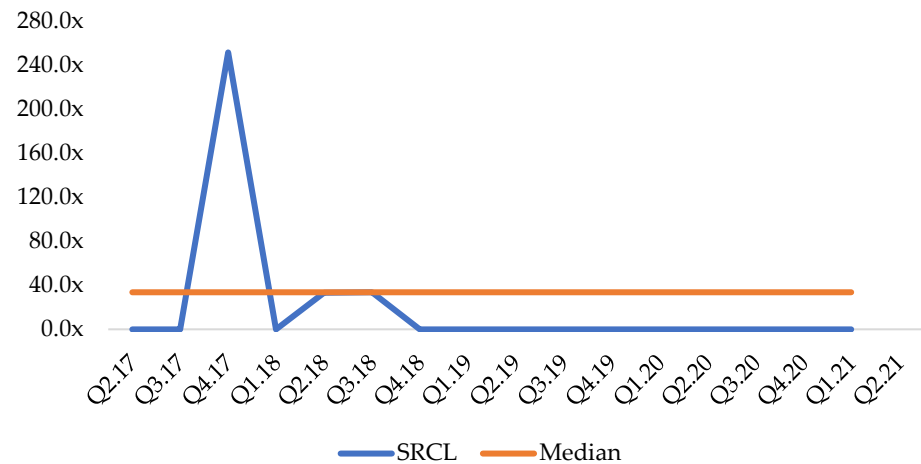
EV/Revenue Stericycle



EV/EBITDA Stericycle



P/E Stericycle



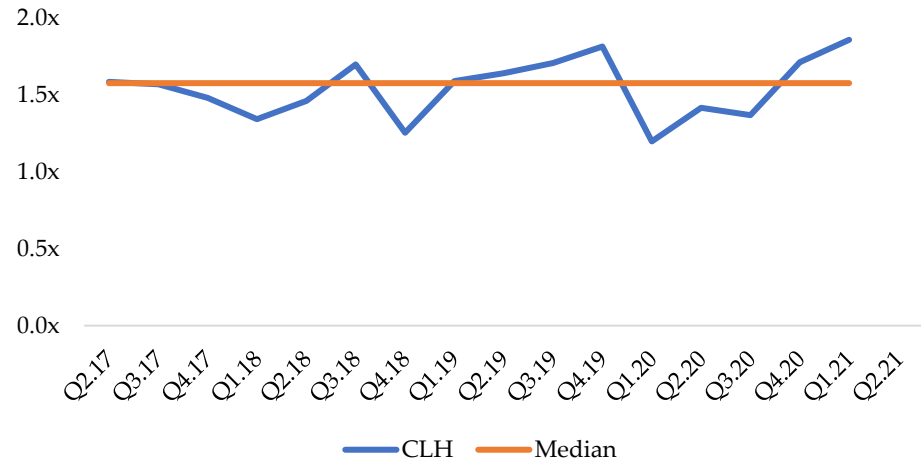
PUBLIC COMP

Clean Harbors (NYS: CLH)

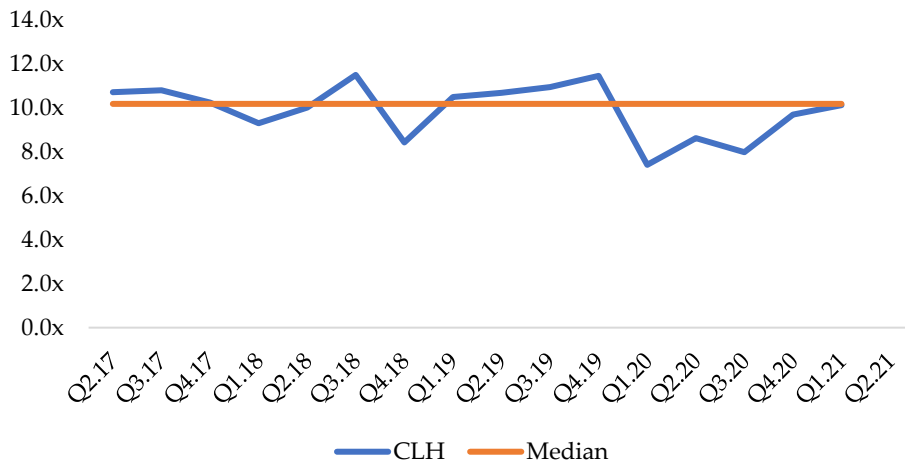
Clean Harbors' operations in the waste collection space accounts for a small portion of the company's total revenue. However, the company is the largest hazardous waste collection, management, and remediation company in the US. Across the US and Canada, the company has over 480 service locations, 9 incinerators, and 9 commercial landfills.

Clean Harbors acquired Cyn Environmental Services in August 2018 and Veolia North America for \$120M in February 2018.

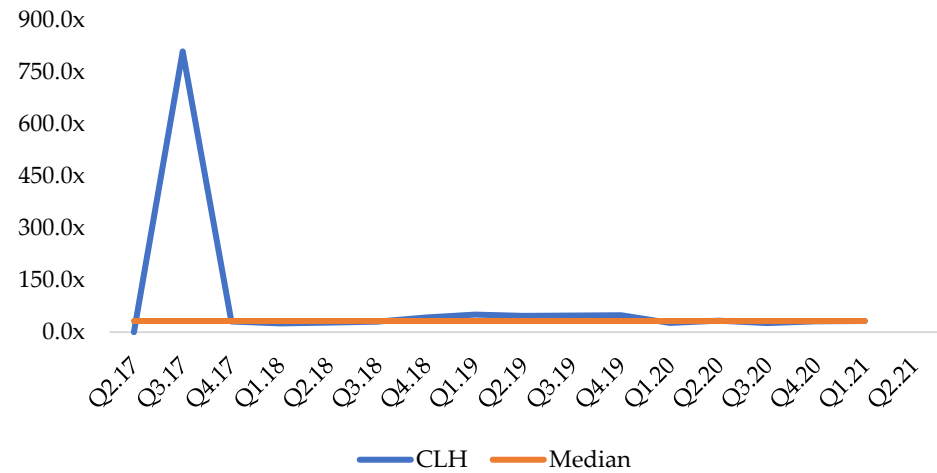
EV/Revenue Clean Harbors



EV/EBITDA Clean Harbors



P/E Clean Harbors



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Robert S. Cashion
Managing Director, Investment Banking and Advisory Services

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Elizabeth Folger **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Maxwell Purdy **Corporate Finance Coverage**

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

Jake Hall **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

Samuel Fernandez **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Fernandez served as a board member for Radio Nueva Vida, a radio network chain operating in the Southeast. He graduated from the University of North Carolina at Charlotte with a BS in Finance.

Luke Habecker **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Habecker worked in Brokerage and Business development with Odyssey Specialized Logistics, a logistics firm located in Chicago, IL. He graduated from the University of North Carolina at Charlotte with a BS in Finance.