



INDUSTRY OVERVIEW

WASTE COLLECTION SERVICES

Q4 2022

EXTERNAL INDUSTRY DRIVERS

INDUSTRIAL PRODUCTION INDEX

- ❑ The manufacturing, mining, electric and gas industries generate a substantial share of national waste. Much of this waste is hazardous, which is costlier to collect and dispose of than nonhazardous waste.
- ❑ As industrial production increases, more waste is produced, increasing demand for industry services. The industrial production index is expected to increase through 2022.

NUMBER OF BUSINESSES

- ❑ The majority of industry revenue comes from waste collection from businesses, farms, and construction sites.
- ❑ The Covid-19 pandemic has led to a decline in revenue as the number of American businesses shrank, posing a threat to the industry.

VALUE OF CONSTRUCTION

- ❑ The construction sector produces waste in the form of wood, concrete, rubble, and other bulky waste.
- ❑ Construction activity is expected to increase through 2022, leading to more waste produced. This in turn poses as a potential opportunity for the industry.

NUMBER OF HOUSEHOLDS

- ❑ Roughly a third of industry revenue comes from residential collection services, making households one of the most important segments for industry operators.
- ❑ The number of households is projected to increase through 2022, posing a potential opportunity for the industry.

INDUSTRY AT A GLANCE

Key Statistics



\$68.0bn Revenue

- Annual Growth 2017 – 2022 2.3%
- Annual Growth 2022 – 2027 1.0%



\$4.5bn Profit

- Annual Growth 2017 – 2022 1.4%



6.6% Profit Margin

- Annual Growth 2017 – 2022 -2.1pp



8,352 Businesses

- Annual Growth 2017 – 2022 1.3%
- Annual Growth 2022 – 2027 1.6%



250k Employment

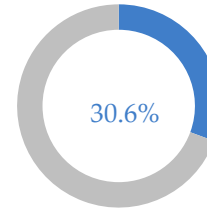
- Annual Growth 2017 – 2022 3.0%
- Annual Growth 2022 – 2027 1.4%



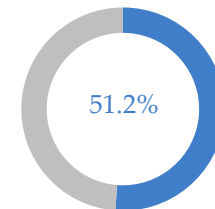
\$16.4bn Wages

- Annual Growth 2017 – 2022 2.5%
- Annual Growth 2022 – 2027 1.4%

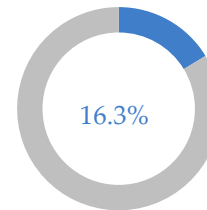
Industry Segments



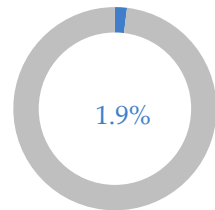
Residential waste collection



Nonresidential waste collection



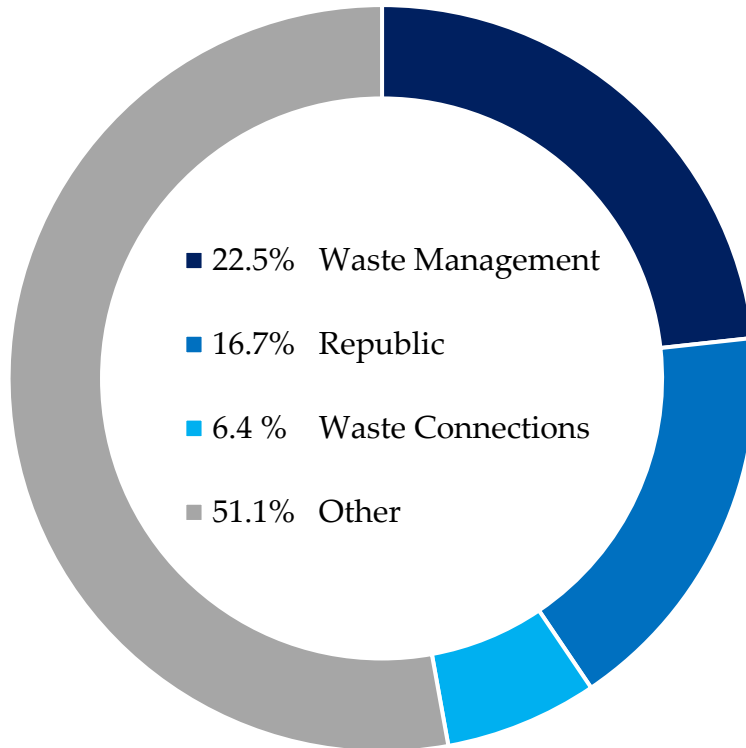
Transfer and storage facility



Hazardous waste collection

INDUSTRY AT A GLANCE

Major Players



SWOT Analysis

S STRENGTHS

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

W WEAKNESSES

- Low & Steady Level of Assistance
- High Competition
- High Capital Requirements
- High Product/Service Concentration

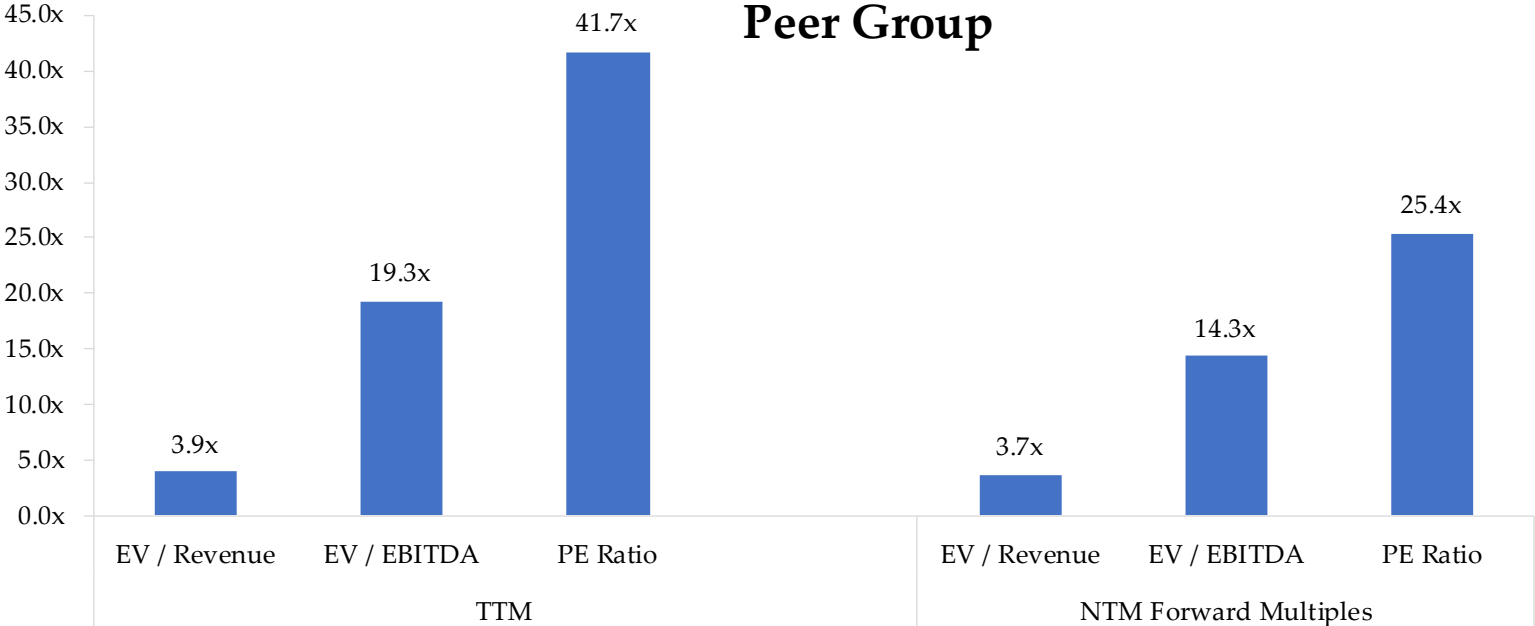
O OPPORTUNITIES

- High Performance Drivers
- Number of Households

T THREATS

- Low Revenue Growth (2005-2022)
- Low Revenue Growth (2017-2022)
- Low Outlier Growth

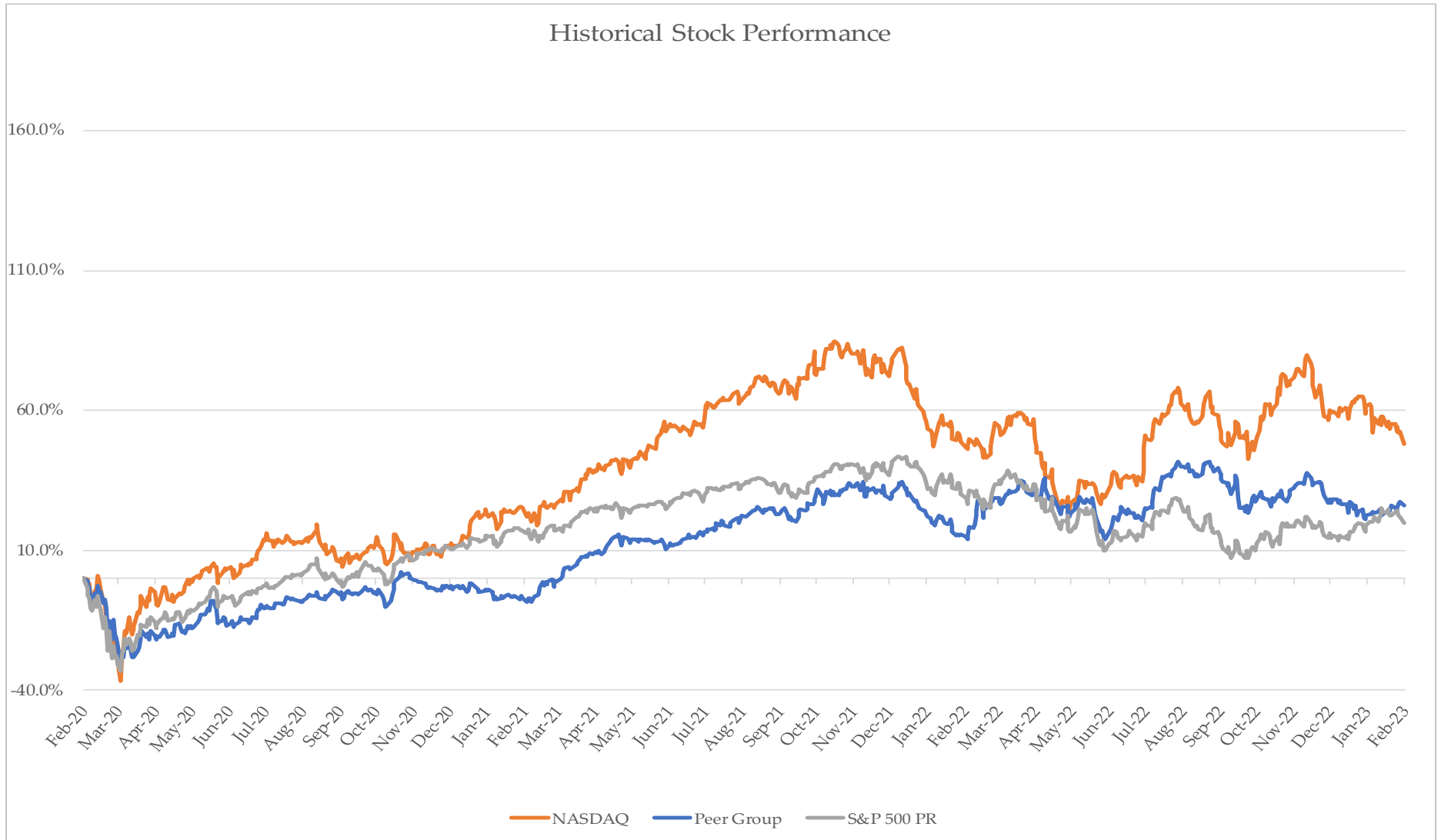
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions	Waste Management	Republic Services	Casella Waste Systems	Stericycle	Waste Connections	
Ticker	WM	RSG	CWST	SRCL	WCN	
Total Revenue	19,698	12,934	1,085	2,692	7,212	
Gross Profit	7,404	5,104	362	1,018	2,876	
EBIT	3,296	2,095	96	103	1,245	
Net Income	2,238	1,454	53	7	836	
EBITDA (Normalized)	5,512	3,794	245	407	2,221	
Total Debt	14,984	11,942	658	2,072	7,098	
EV	76,908	52,823	4,551	7,058	41,815	
Employees	48,500	35,000	2,900	15,000	19,998	
Ratio Analysis						Median
Revenue/Employee	\$406,144	\$369,551	\$339,090	\$179,447	\$326,196	\$339,090
EV/Revenue	3.90x	3.91x	4.19x	2.62x	5.80x	3.91x
Debt/EBITDA	2.63x	3.18x	2.89x	6.06x	2.82x	2.89x
EV/EBITDA (Normalized)	13.95x	13.44x	18.56x	17.35x	18.83x	17.35x
Market Cap/EBITDA	11.67x	11.24x	17.86x	14.94x	16.08x	14.94x
Market Cap (mm)	62,260	41,181	3,964	5,027	34,792	
Close Price	152.54	130.32	76.66	54.53	135.26	
52 Week Low	138.58	113.57	63.90	39.63	113.50	
52 Week High	175.98	149.17	92.75	59.89	148.20	
Gross Margin	37.6%	39.5%	33.4%	37.8%	39.9%	37.8%
EBIT	16.7%	16.2%	8.8%	3.8%	17.3%	16.2%
EBITDA	27.1%	25.9%	20.5%	12.5%	30.0%	25.9%
Acct. Receivable Days	45	41	33	61	39	41
Inventory Days	5	4	6	NM	4	4
Acct. Payable Days	44	60	36	49	44	44
Revenue Growth	9.9%	18.5%	22.0%	1.7%	17.2%	17.2%

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



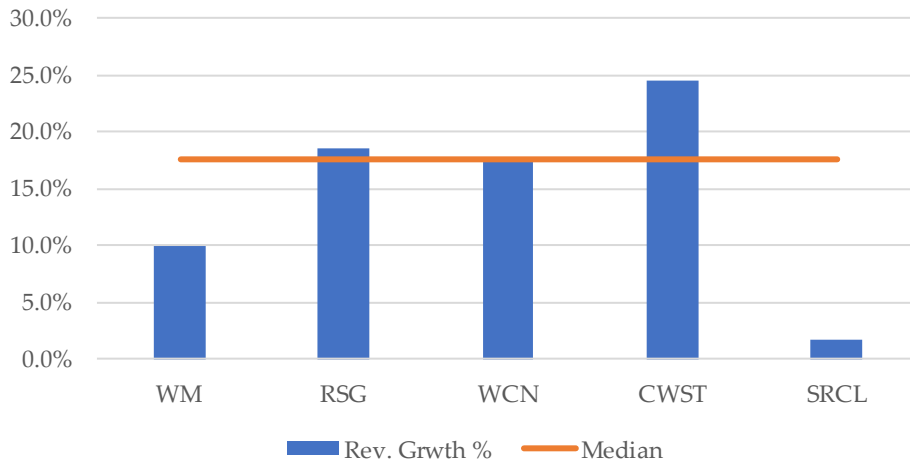
DCA Waste Collection Index: WM, WCN, CWST, SRCL, CLH, RSG

RECENT TRANSACTIONS

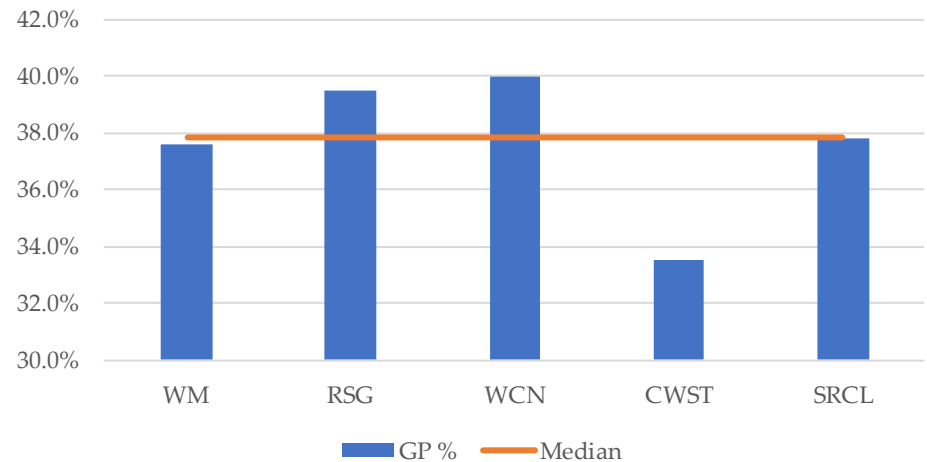
Deal Date	Companies	Investors	Deal Size (\$MM)	HQ Location
30-Dec-2022	Amey	One Equity Partners	321.79	London, United Kingdom
22-Dec-2022	Eco-Techno	Itago Partners	NM	Busnago, Italy
19-Dec-2022	Caravelle	Pacifico Acquisition	58.00	Singapore
17-Dec-2022	Pacific Light & Energy	Burlington Street Partners	NM	Markham, Canada
14-Dec-2022	Enpure	SKion	7.55	Birmingham, United Kingdom
13-Dec-2022	Duke's Root Control	Comvest Partners	NM	Elgin, IL
06-Dec-2022	Suez Recycling and Recovery UK	Macquarie Asset Management	2,473.99	Maidenhead, United Kingdom
02-Dec-2022	O.C.S. Group	Clayton, Dubilier & Rice	530.00	Crawley, United Kingdom
29-Nov-2022	Plastigaur	Espiga Capital	NM	Andoain, Spain
15-Nov-2022	Circular Services	Closed Loop Partners	NM	New York, NY
10-Nov-2022	Kom-Eko	CEE Equity Partners	NM	Lublin, Poland
09-Nov-2022	Geesinknorba Group	Globitas	NM	Emmeloord, Netherlands
12-Oct-2022	Terminix Global Holdings	Rentokil Initial	6,700.00	Memphis, TN
10-Oct-2022	Hopkinson Waste Management	Highgate Capital Management	NM	Staveley, United Kingdom

OPERATING METRICS

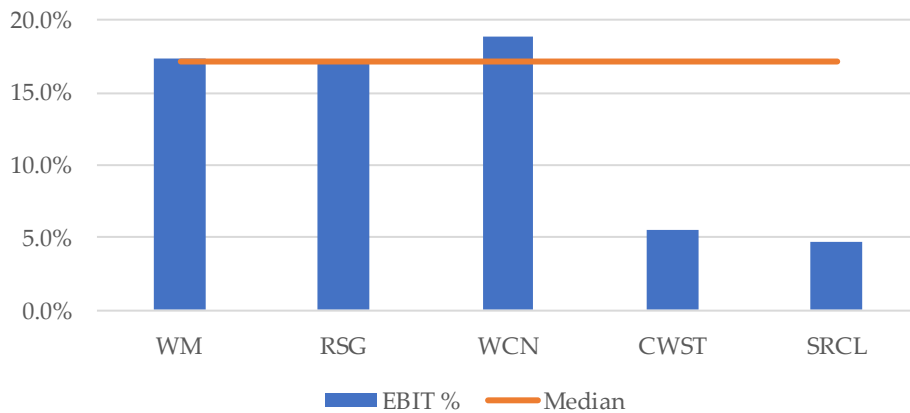
Revenue Growth



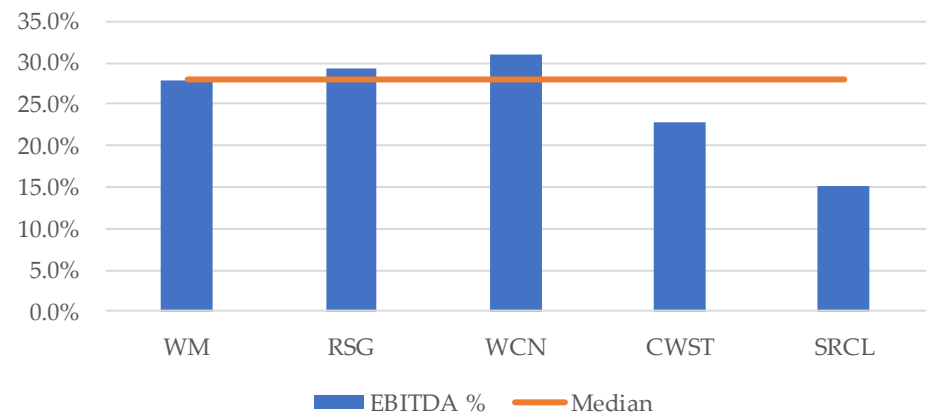
Gross Profit Margin



EBIT Margin Normalized

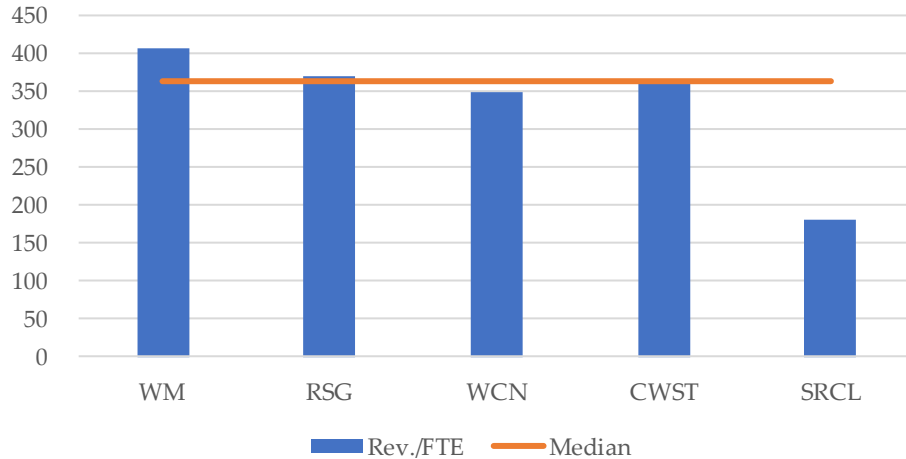


EBITDA Margin Normalized

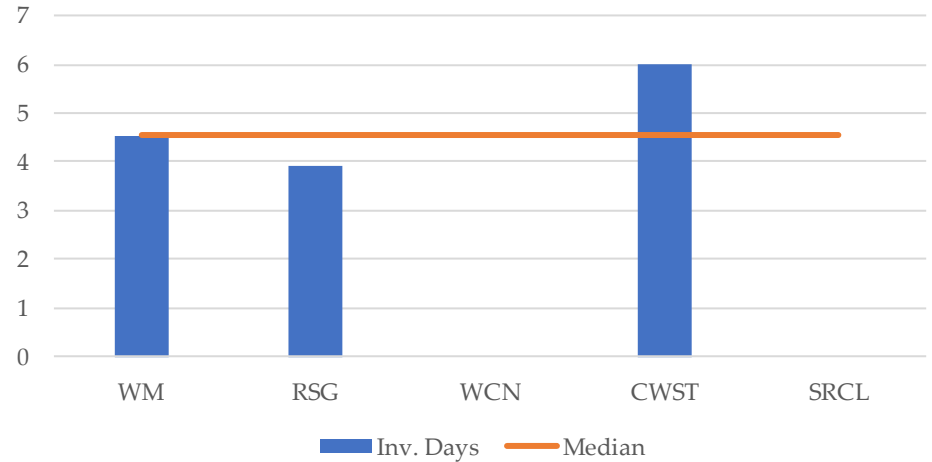


RATIO ANALYSIS

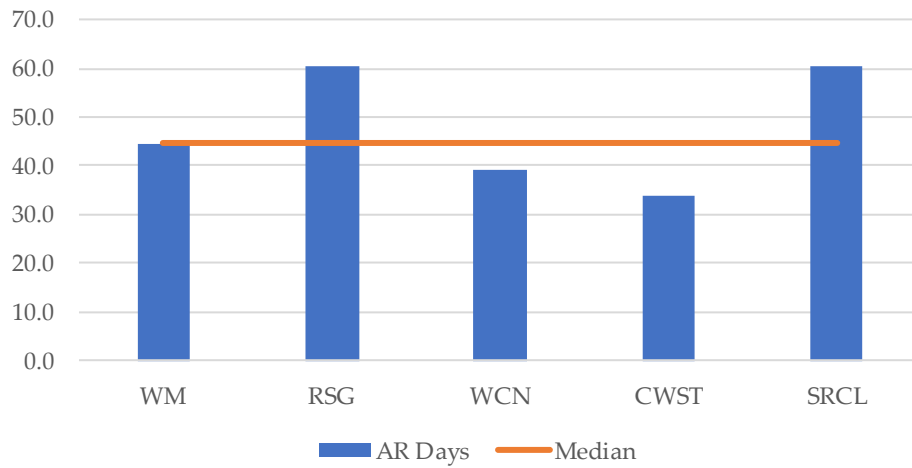
Revenue per Employee



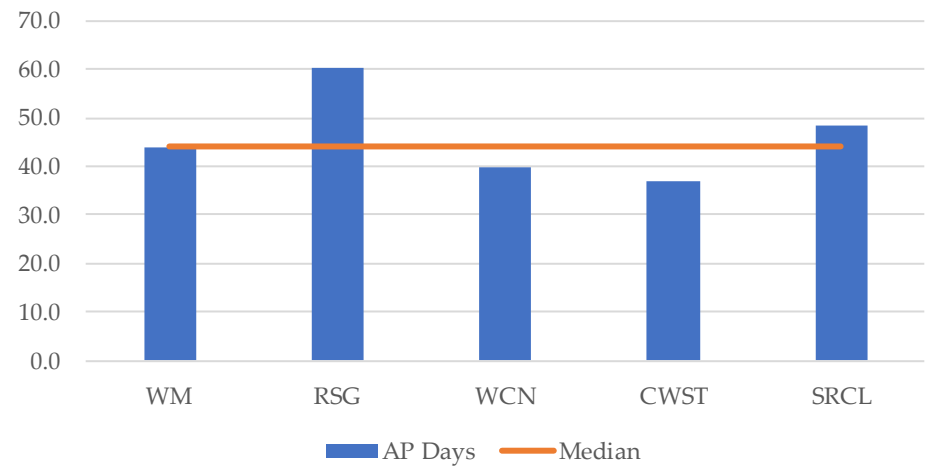
Inventory Days



AR Days



AP Days



VALUATION TRENDS

(\$MM)		Fundamentals								
Ticker	Company	TIM			NTM Estimates					
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
WM	Waste Management	152.54	62,260	76,908	19,698	5,334	5.42	20,674	5,895	6.00
RSG	Republic Services	130.32	41,181	52,823	12,934	3,355	4.59	14,705	4,301	5.20
WCN	Waste Connections	135.26	34,792	41,815	7,212	2,164	3.25	8,075	2,505	4.23
CWST	Casella Waste Systems	76.66	3,964	4,551	1,085	222	1.03	1,168	269	1.21
SRCL	Stericycle	54.53	5,027	7,058	2,692	337	0.07	2,819	493	2.32

		Multiples					
Ticker	Company	TIM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
WM	Waste Management	3.9x	14.4x	28.3x	3.7x	13.0x	25.4x
RSG	Republic Services	3.9x	14.4x	27.8x	3.6x	12.3x	25.1x
WCN	Waste Connections	5.8x	19.3x	41.7x	5.2x	16.7x	32.0x
CWST	Casella Waste Systems	4.2x	20.5x	74.4x	3.9x	16.9x	63.6x
SRCL	Stericycle	2.6x	21.0x	779.0x	2.5x	14.3x	23.5x

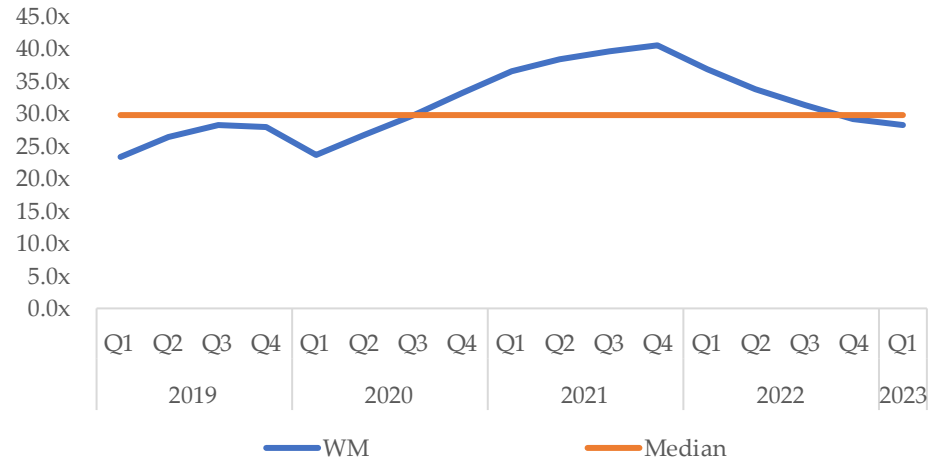
PUBLIC COMP

Waste Management (NYSE: WM)

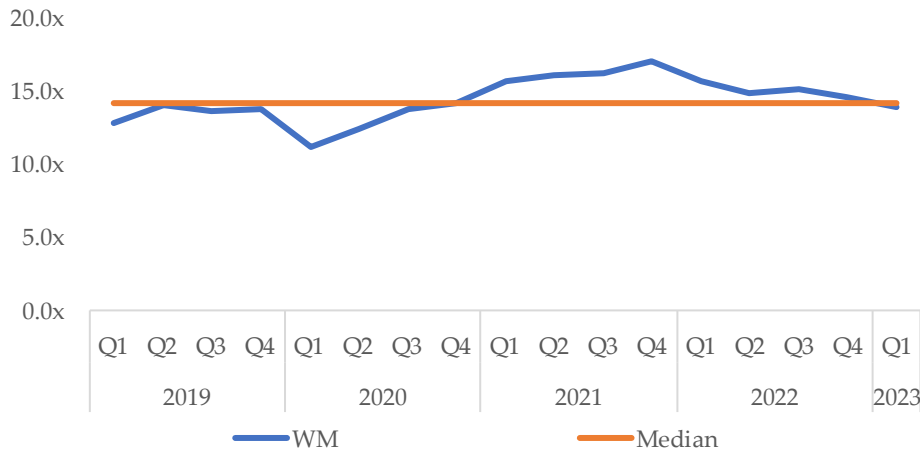
Waste Management is the largest waste-collection company in the United States with over 21% market share. The Houston-based company offers waste collection, disposal, incineration, and other services.



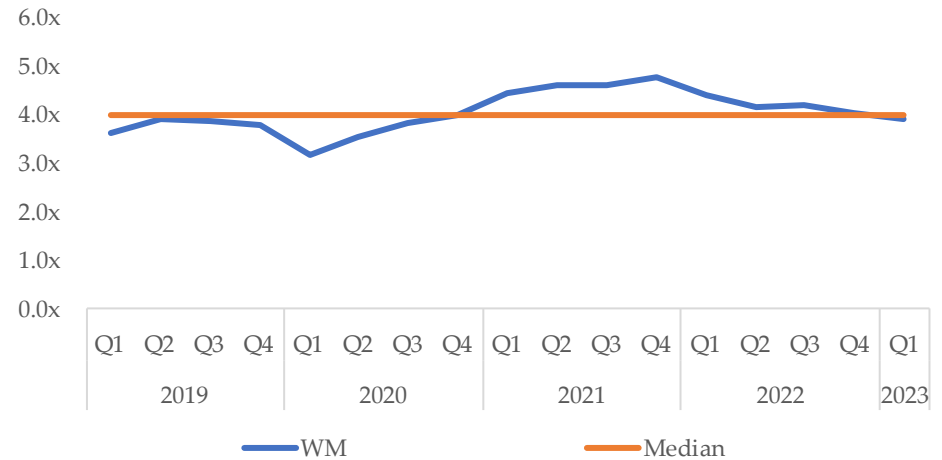
P/E Waste Management



EV/EBITDA Waste Management



EV/Revenue Waste Management



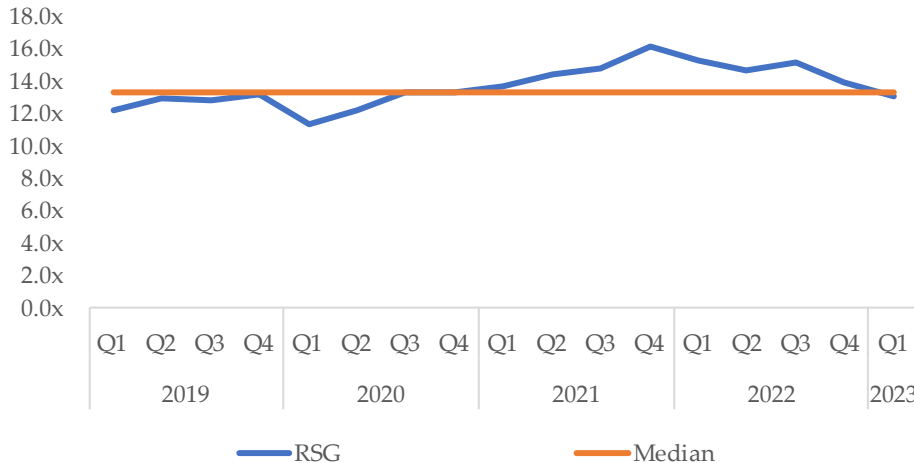
PUBLIC COMP

Republic Services (NYSE: RSG)

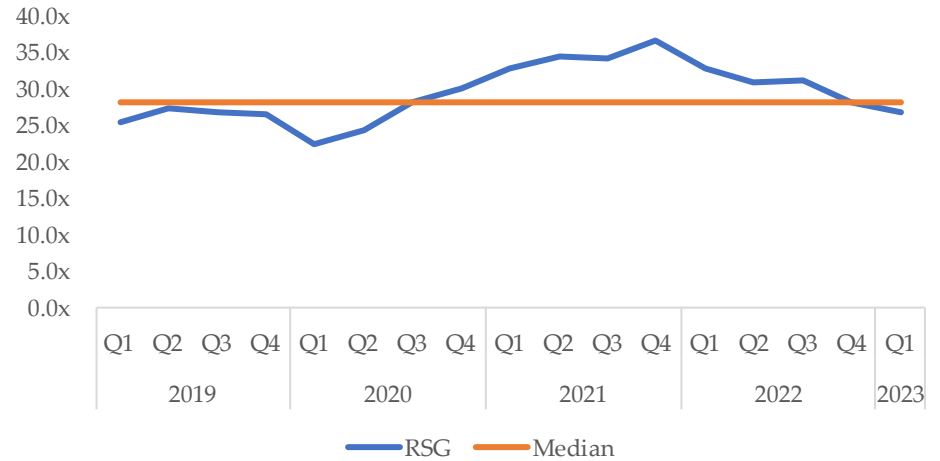
Republic Services ranks as the second-largest integrated provider of traditional solid waste services in the United States, operating roughly 198 active landfills and 239 transfer stations. The company serves residential, commercial, and industrial end markets. It also runs a sizable recycling operation in North America.



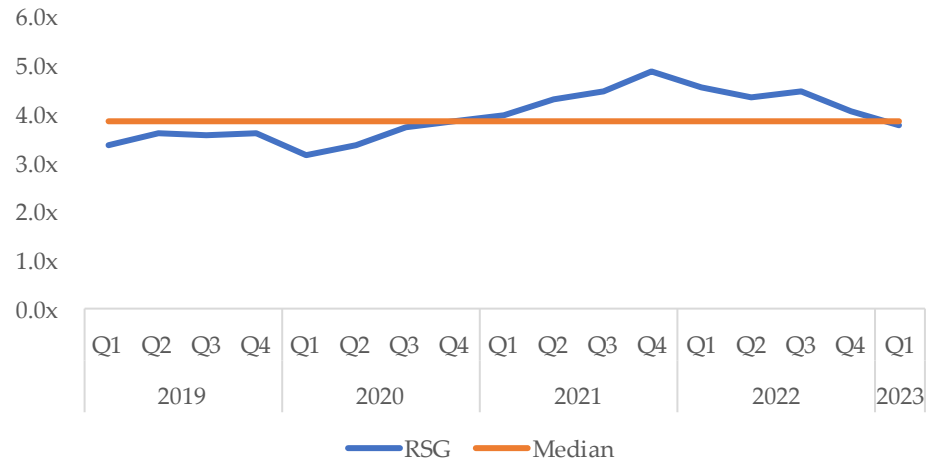
EV/EBITDA Republic Services



P/E Republic Services



EV/Revenue Republic Services



PUBLIC COMP

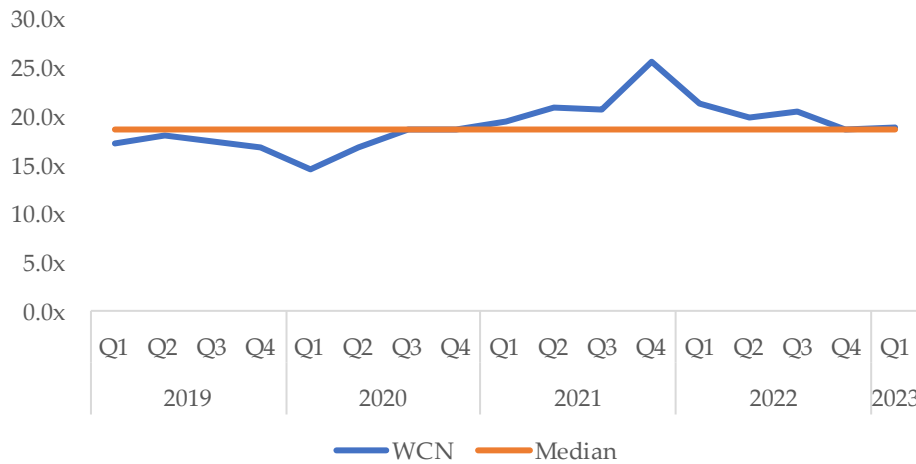
Waste Connections Inc. (NYSE: WCN)

Waste Connections is the third-largest integrated provider of traditional solid waste and recycling services in the North America, operating 97 active landfills (12 are exploration and production waste landfills and 14 are nonmunicipal waste landfills), 142 transfer stations, and 71 recycling operations. The firm serves residential, commercial, industrial, and energy end markets.

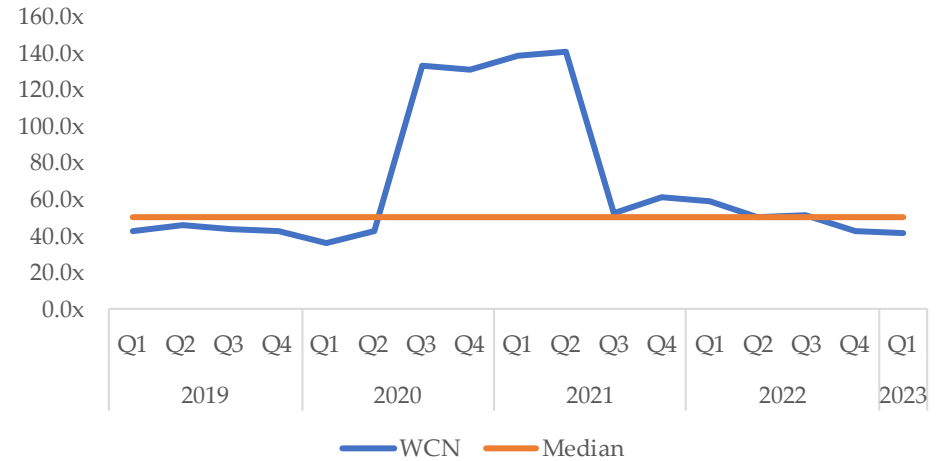


WASTE CONNECTIONS, INC.

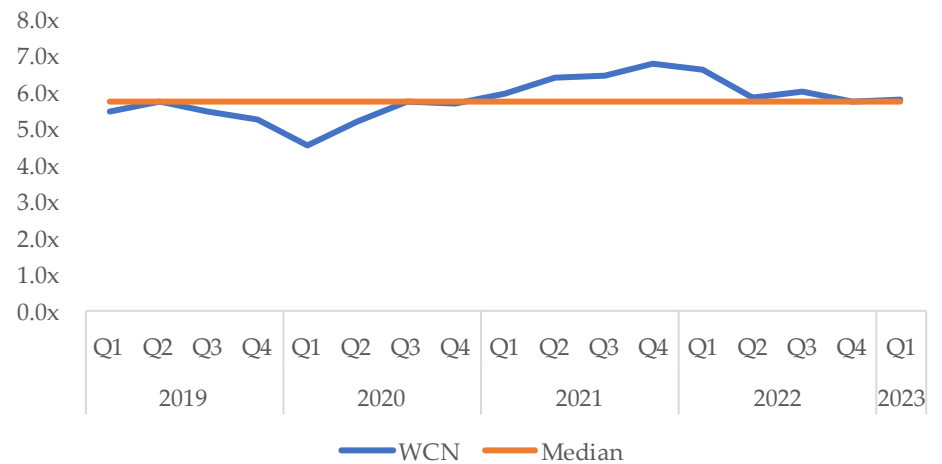
EV/EBITDA Waste Connections



P/E Waste Connections



EV/Revenue Waste Connections



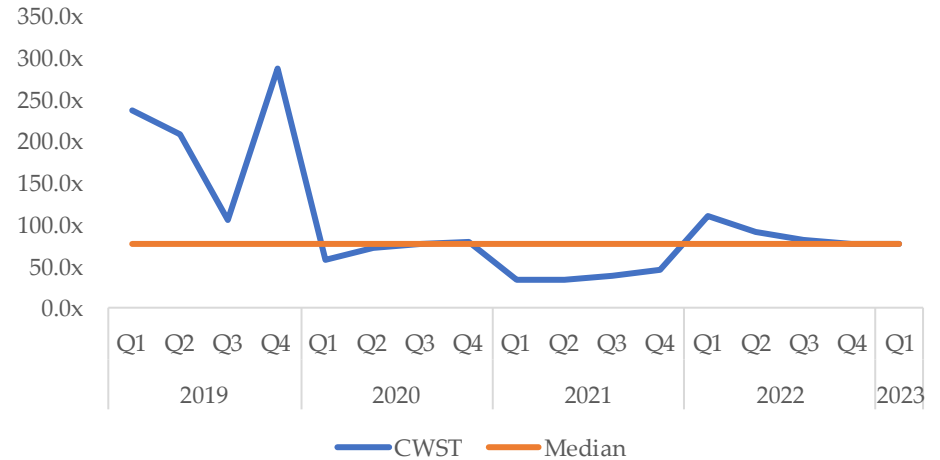
PUBLIC COMP

Casella Waste Systems (NAS: CWST)

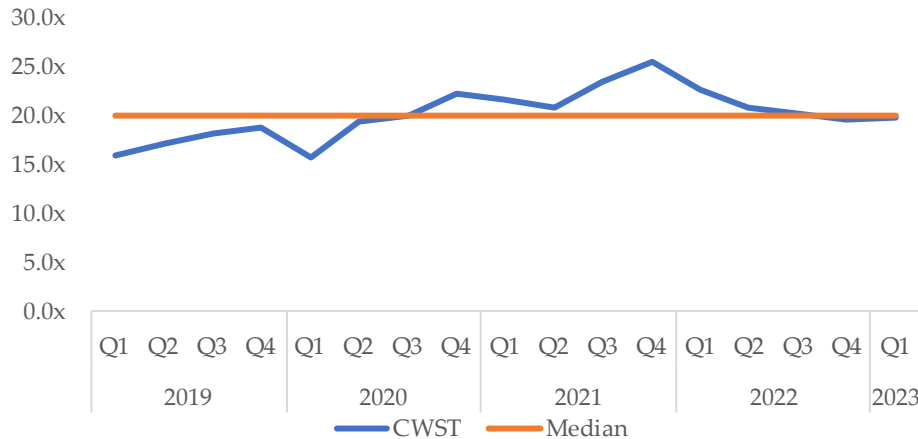
Casella Waste Systems Inc is a solid waste removal company, providing resource management services to residential, commercial, municipal, and industrial customers in the Northeastern United States. The company's reportable segments on Geographical basis include Eastern and Western regions as well as the Resource solution segment. It generates maximum revenue from the Western region segment. The company services include Recycling, Collection, Organics, Energy, Landfills, Special Waste as well as Professional Services.



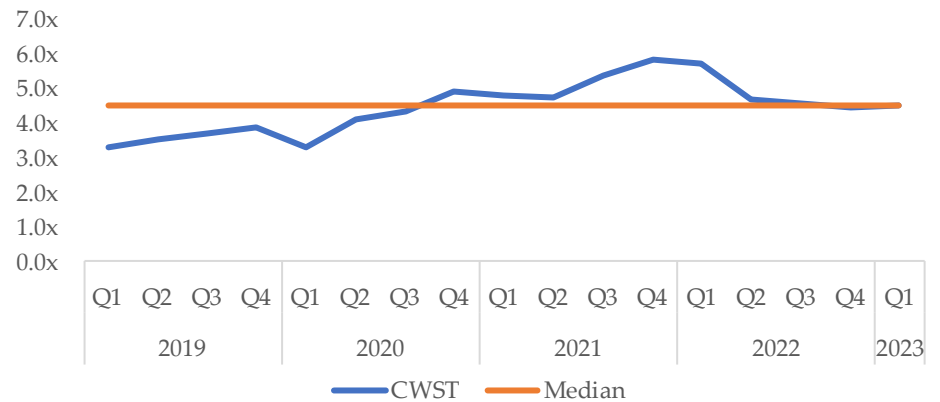
P/E Casella Waste Systems



EV/EBITDA Casella Waste Systems



EV/Revenue Casella Waste Systems



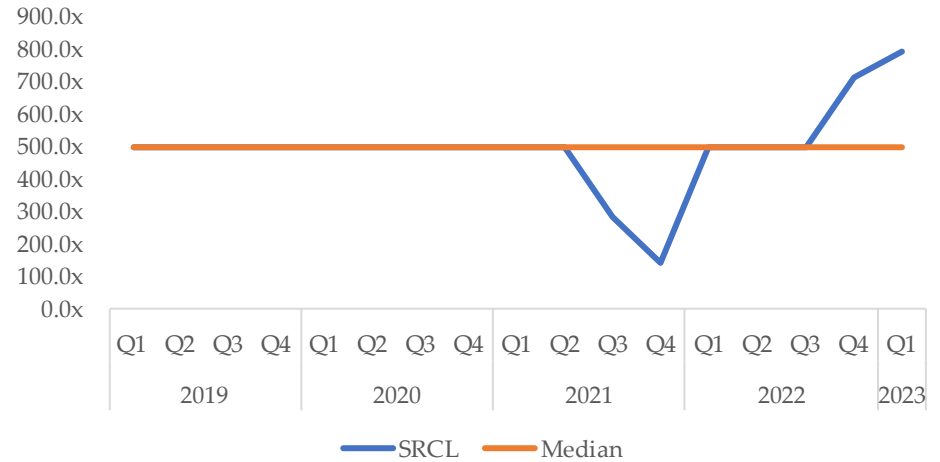
PUBLIC COMP

Stericycle (NAS: SRCL)

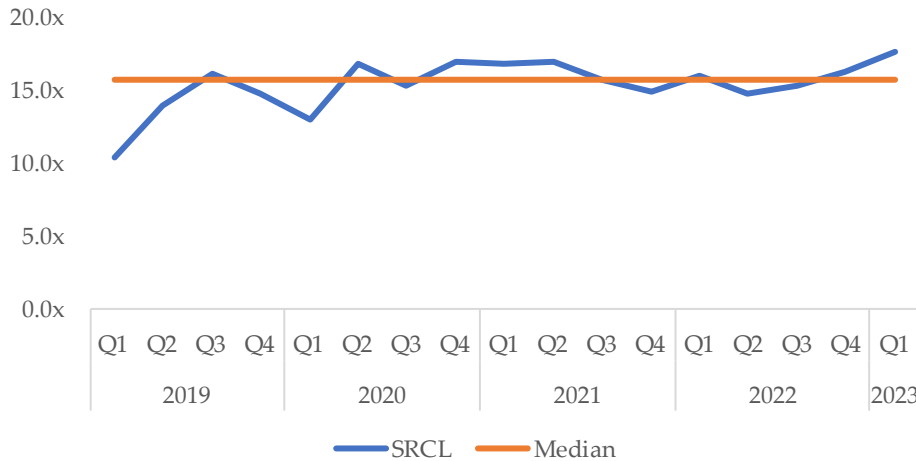
Stericycle is headquartered in Lake Forest, Illinois and is the largest medical waste-management company in the US. Working with hazardous waste is more profitable than working with standard waste; however, there are additional safety factors in operations. The firm focuses on waste in the healthcare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



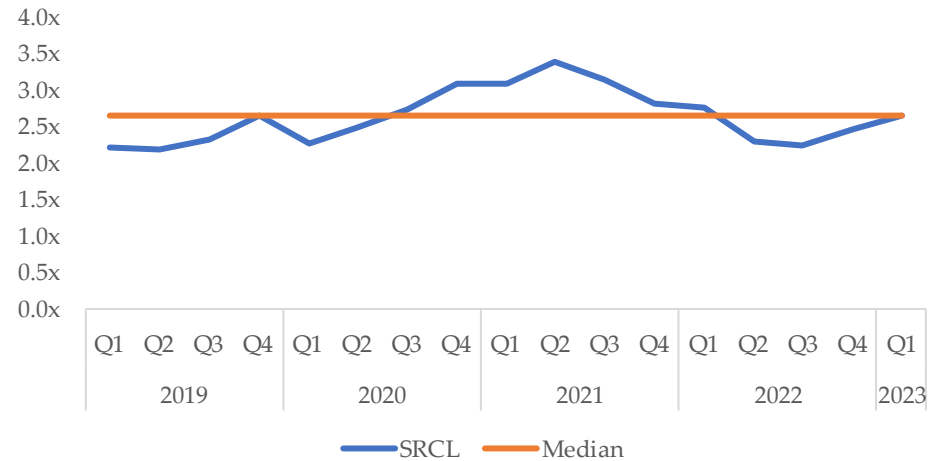
P/E Stericycle



EV/EBITDA Stericycle



EV/Revenue Stericycle



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.



980-237-9474 | Direct
robert.cashion@davcapadvisors.com



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.



980-237-9474 | Direct
beth.folger@davcapadvisors.com

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.