



ENVIRONMENTAL SERVICES & REMEDIATION

SUMMARY REPORT

Q1 2024

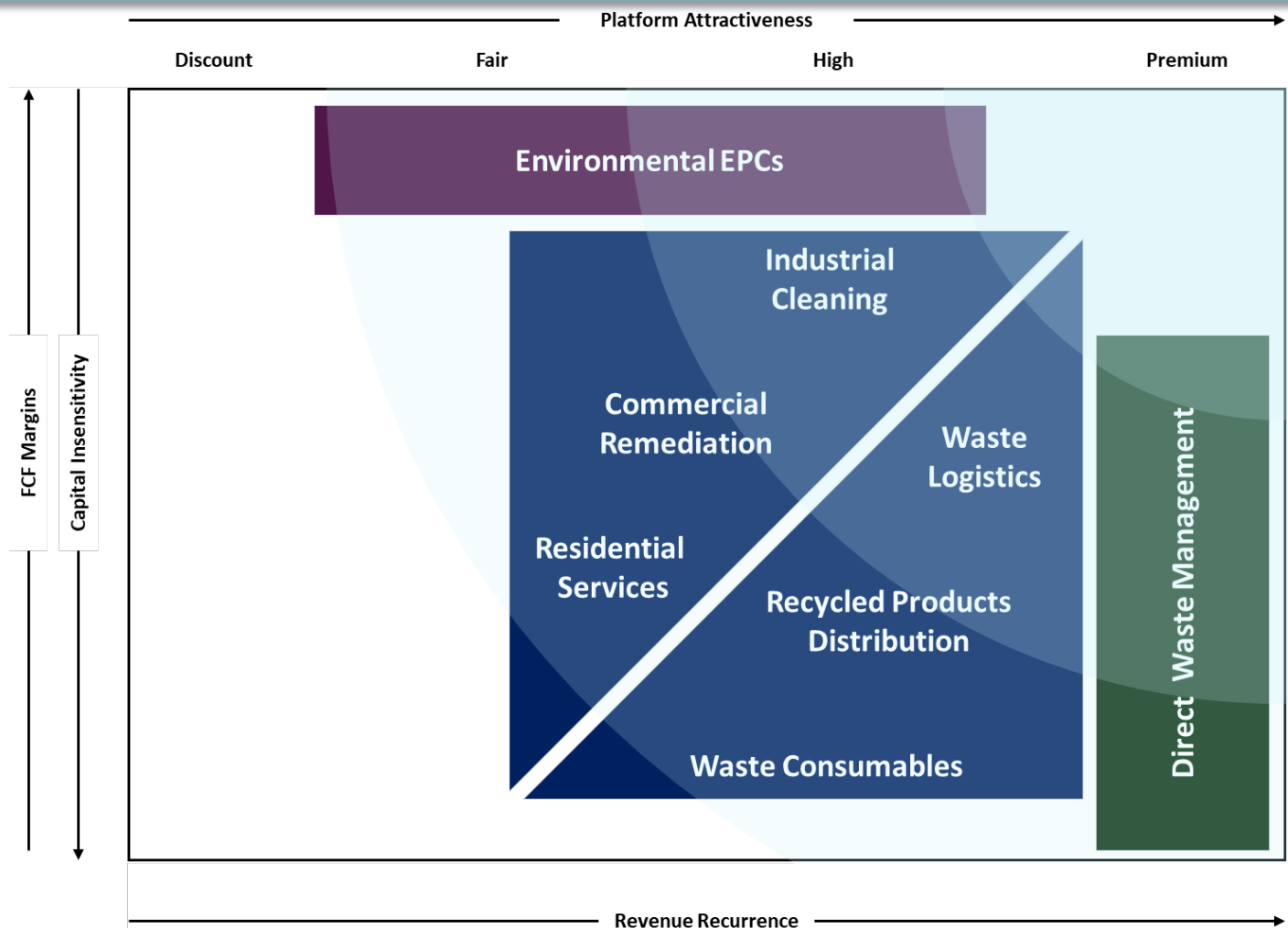


INDUSTRY TAILWINDS UNLOCK NEW MARKETS FOR BUSINESS OPERATORS

- The environmental services and remediation sector is supported by significant tailwinds as technological innovation, ESG demand and legislative/regulatory initiatives unlock new services with large addressable markets. Business owners can capture this growth by familiarizing themselves with these trends and adding complementary services to their business.
- Partnering with private equity in the early innings of this industry-wide growth phase can help ensure success. Private equity is currently competing aggressively for high-quality businesses to serve as platforms for future M&A to capture industry growth and consolidate market share, providing a high valuation environment for owners looking to capitalize on these trends.

MARKET MAP | Environmental Services & Remediation

Illustrative Valuation Ranges by Subsector



HIGH DEMAND OPPORTUNITIES MANDATED BY LEGISLATION AND REGULATION

Per-and-Polyfluoroalkyl Substances ("PFAS")

- The regulatory landscape surrounding the remediation of PFAS or 'forever chemicals' is dictated at the federal level by the EPA [Strategic Roadmap](#) outlining program roll-outs through 2024. In addition to federal regulatory developments, many states have passed and are considering additional legislation related to PFAS.
- **Significant Federal Regulations:** [TSCA New Chemicals Program](#), [SNUR](#), [TRI](#), [NPDES](#), [CERCLA](#).
- Notably, PFAS have been added to the CERCLA or Superfund Act, which provides mandates and funding for environmental cleanup activities.
- PFA cleanup is expected to be a **\$200bn** market including 40,000 currently identified sites, with upside of 170,000+ potentially contaminated sites including ~10,000 landfills and 100,000 industrial sites across the United States.

Beneficial Reuse of Waste

- California, Connecticut, Washington and Rhode Island are some of the leading jurisdictions enforcing new Reuse Legislation in January of 2024.
- Most notable of the new state level legislation comes from Washington in the form of an addition to the state's [HB 1799](#), which requires businesses to arrange for direct organics waste management while calling for local governments to create organics processing facilities.
- Whether organic or non-organic, beneficial reuse of waste, and its role in the 'circular' economy is creating significant opportunities in the specialty waste services sector, namely the logistics/distribution sub-sector.
- Circular practices require significant investment in refining and process infrastructure, creating new demand for service companies to design, build and maintain critical circular economy infrastructure.

Waste to Energy

- Renewable Portfolio Standards, Production Tax Credit/Investment Tax Credit and Renewable Energy Credit Legislation, alongside state Renewable Energy goals all support ongoing technological and supply chain developments in the waste-to-energy supply chain. Latest in this trend is direction brought about by the EPA's new [Set Rule](#), which allows for LFG-to-electricity projects to create e-RINs.
- The efficient and widespread utilization of landfill gas contributing electrical power directly to the grid will require significant infrastructure development and R&D investment.
- Operators seeking to service this new and growing industry can position themselves as regional leaders in these areas as programs roll out.

M&A Strategies

Vertical Integration

- Acquirers within the Direct Waste Management ("DWM") subsector, which is dominated by large public companies like Waste Management (NYSE:WM) and Republic Services (NYSE:RPS) typically focus on targets which build and defend the behemoths' competitive economies of scale. Today, additional vertical integration is taking place throughout DWM supply chains, which are becoming increasingly circular.
- Technological developments necessary to 'close the loop', wherein post-consumption products are recycled with significantly high efficiency are beginning to emerge, spurring demand for supply chains which can capture the post-consumed products. As a result, strategic acquirers seek to bring the entire supply chain in-house, providing the infrastructure, ability, and operational flexibility to acquire, sort, recycle, decompose and convert waste into new beneficial outputs including electricity.
- Logistics and distribution businesses are becoming more attractive acquisition targets for strategics seeking to close the loop. Service companies with expanded service offerings will be able to penetrate these vertically integrated supply chains and capture bigger portions of larger customer spend.

Platform Establishment & Inorganic Consolidation

- Many private equity-backed platforms have recently formed to consolidate the fragmented landscape throughout the specialty waste services subsectors through M&A.
- Business owners partnering with private equity, particularly as the platform through which additional M&A takes place, maximize the value from their businesses, as sellers typically retain equity and participate in many phases of business growth, while also receiving liquidity. A private equity investment also brings along a team of M&A professionals with expertise in identifying and executing acquisitions and additional expertise in back-office and accounting professionalization, unlocking the time of selling managers to focus on business development post close.
- Private equity acquirers value larger margin profiles, which supports the debt capacity of a business, additive customer contracts, and typically prefer higher customer diversification. However, the RCO team has been successful in executing transactions wherein customer-concentrated businesses with low recurring revenue but high line of sight on future projects are compensated in the transaction for the future value of their project backlog.

1) Public company filings, Pitchbook and RCO Research

Public Company Overview

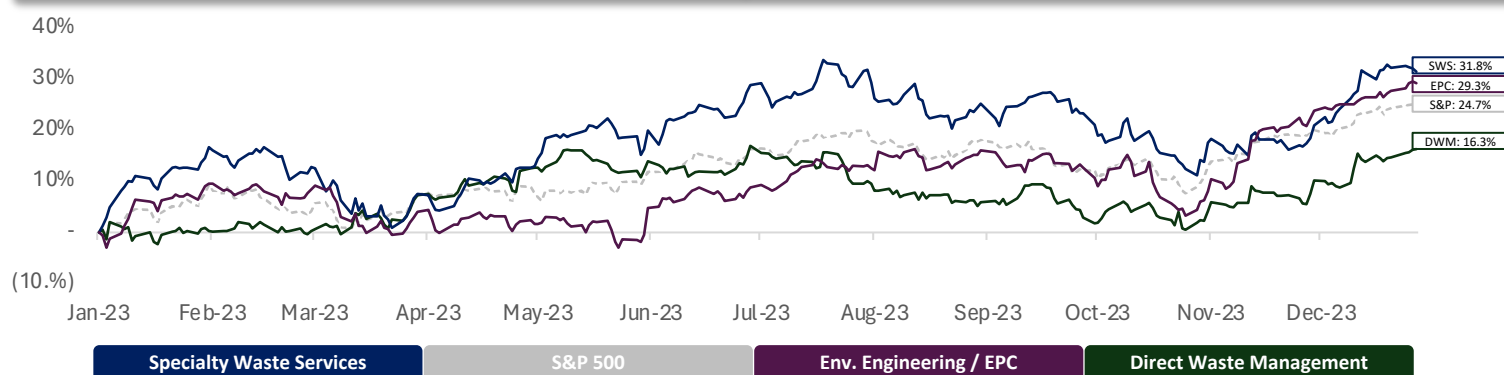


Overview

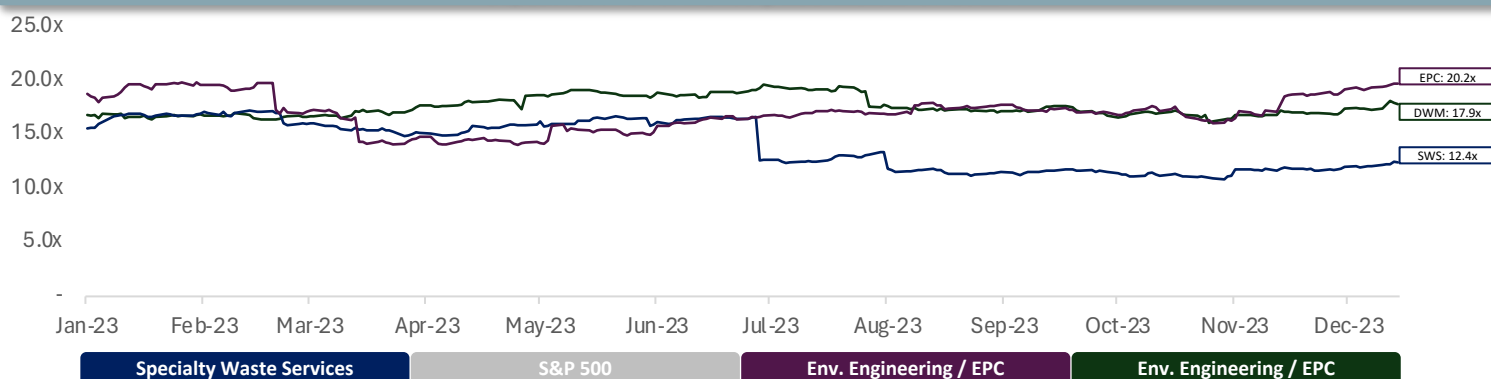
- During 2023, the Specialty Waste Services ("SWS") and Environmental EPC ("EPC") subsectors out-performed the S&P 500 significantly, with the Direct Waste Management ("DWM") subsector underperforming the S&P 500.
- Public/Strategic M&A activity slowed in 2023 as private equity activity dominated the M&A landscape, threatening the largest public company market share while forcing significant competition for high quality acquisition targets, increasing valuation.

Price Performance and Valuation | Overview

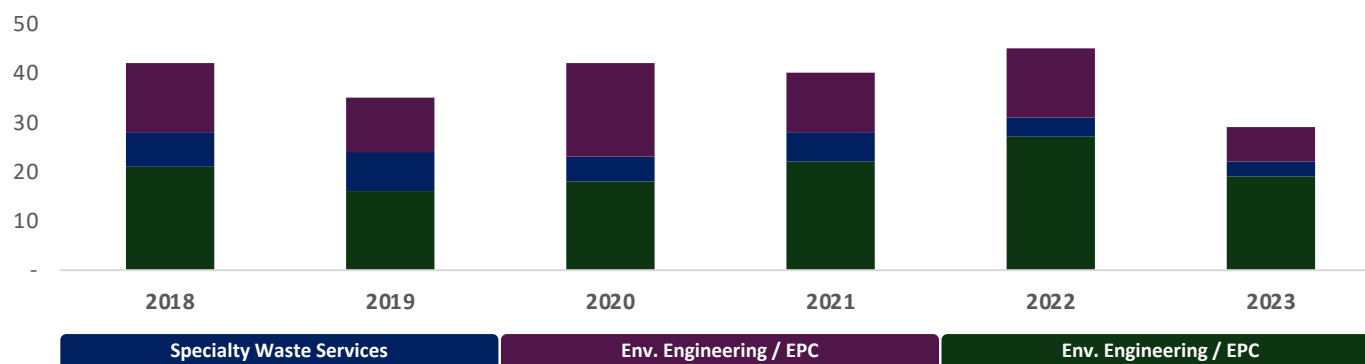
Price Performance | RCO Indices CY 2023A



EV/EBITDA Performance | RCO Indices CY 2023A



PUBLIC STRATEGIC M&A OVERVIEW



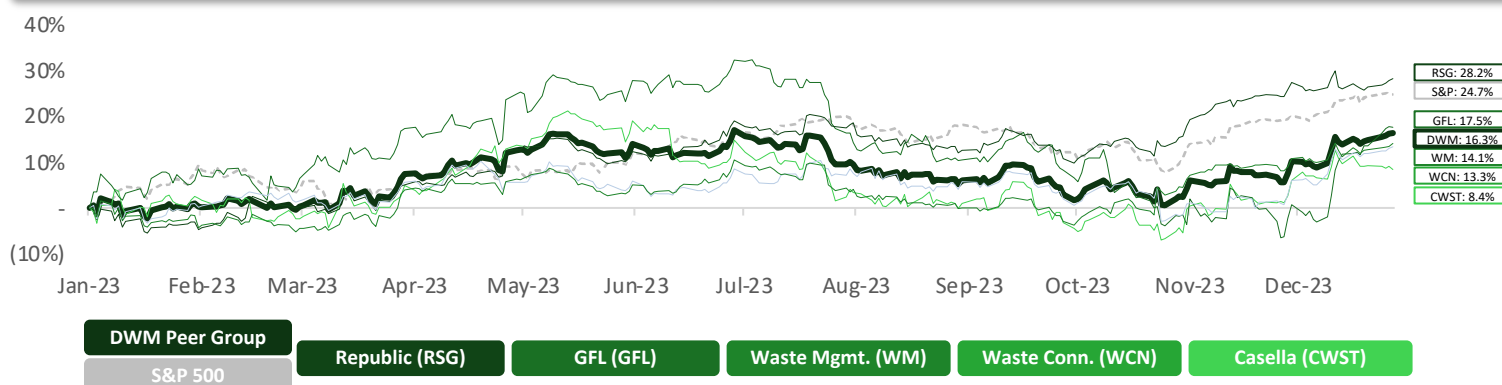
1) Public company filings, Pitchbook and RCO Research

DIRECT WASTE MANAGEMENT (“DWM”) OVERVIEW AND HIGHLIGHTS

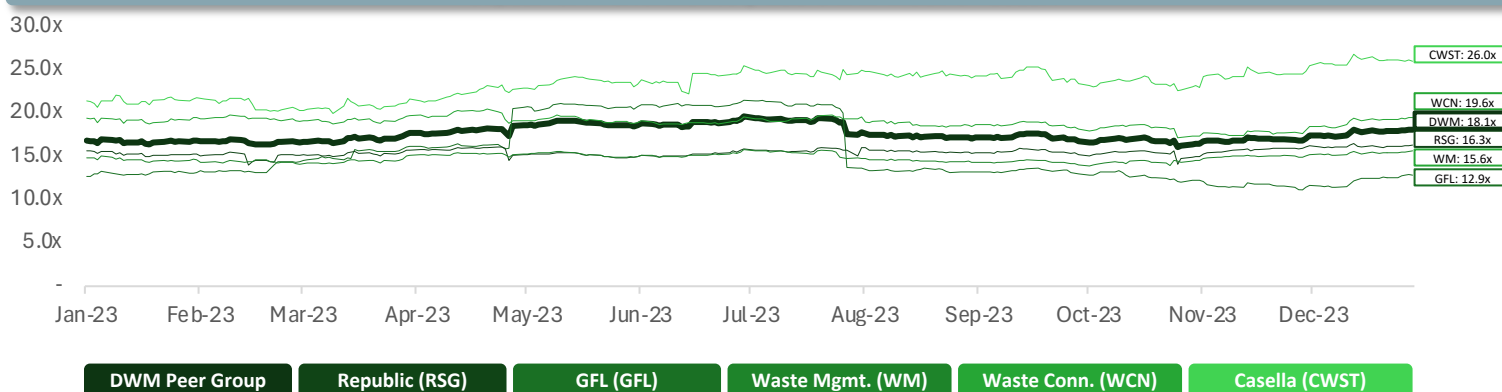
- During 2023, the Direct Waste Management subsector under-performed the S&P 500, in line with the subsector's low beta.
- M&A activity by public companies in the DWM subsector was muted relative to the historically high levels of M&A activity that have taken place in recent years. However, the companies profiled below have signaled a strong appetite for M&A in 2024, particularly for acquisitions that close the post-consumer supply chain loop and support green initiatives.

Price Performance and Valuation | Overview

Price Performance | RCO DWM Index CY 2023A



EV/EBITDA Performance | RCO DWM Index CY 2023A



PUBLIC STRATEGIC M&A HIGHLIGHT

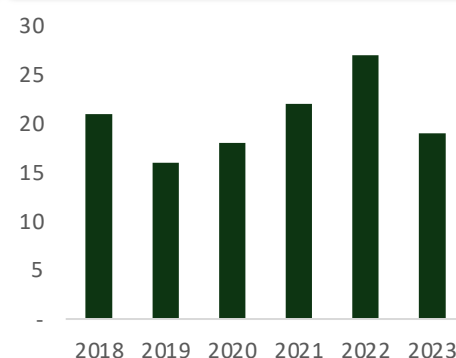
Public M&A Spotlight

Republic Services has partnered with polymer distributor **Ravago**. The \$350 million JV **Blue Polymers** will build four production facilities over the next four years, beginning in 2024 at Republic's planned polymer centers to create 100% recycled PP and PE resins, with a combined production capacity of 300 million pounds of recycled plastics annually.

The Joint Venture points to a larger trend of vertical integration within the DWM subsector to acquire post-consumer recyclables and create close-loop supply chains, especially focused on green initiatives.



DWM Spotlight



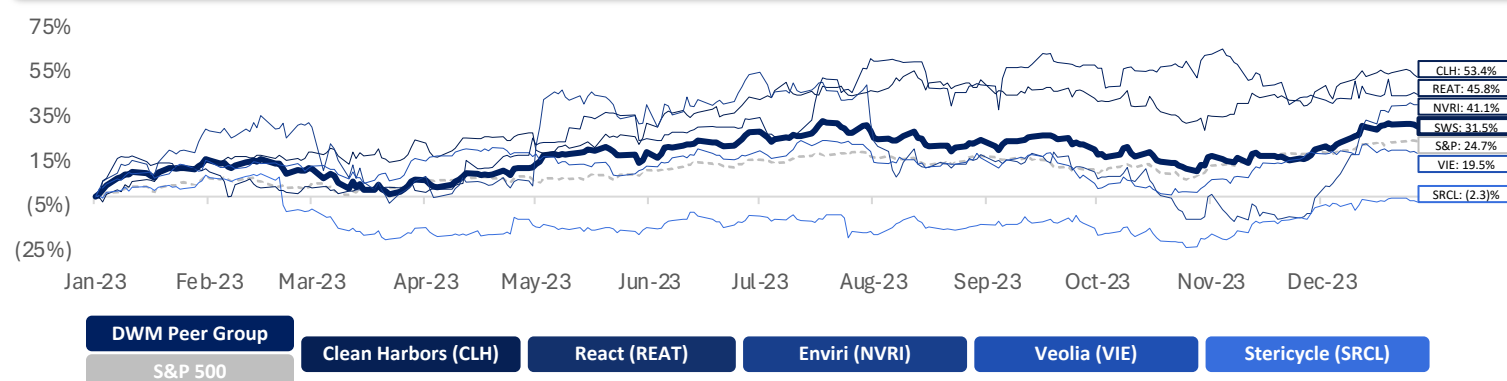
1) Public company filings, Pitchbook and RCO Research

SPECIALTY WASTE SERVICES (“SWS”) OVERVIEW AND HIGHLIGHTS

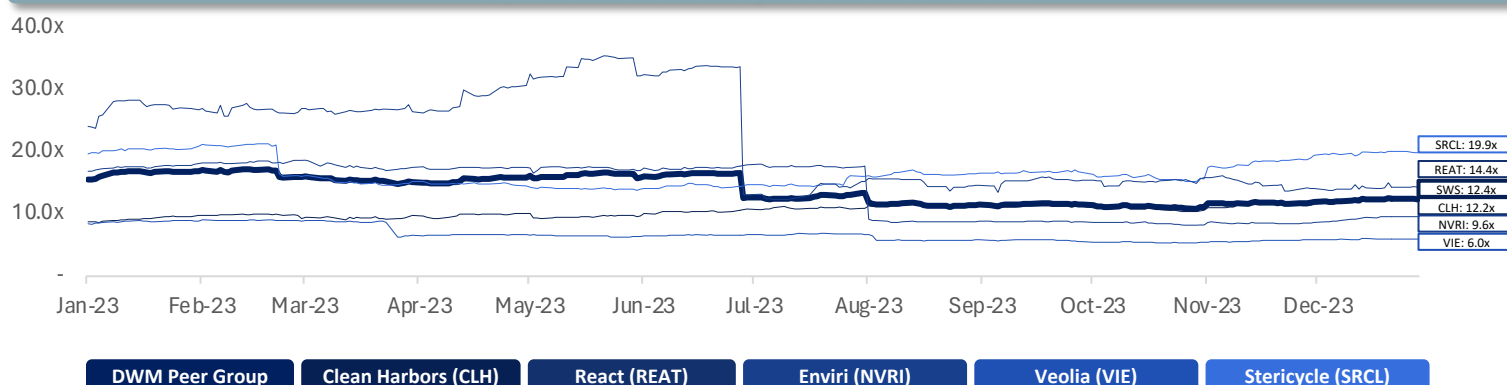
- During 2023, the Specialty Waste Services subsector out-performed the S&P 500 significantly, in line with the sectors historically low beta. Industrial cleaning/maintenance services drove high valuations and growth in the subsector.
- M&A activity by public companies in the DWM subsector was below the rapid pace of acquisitions that has taken place in the space for the last 5+ years. However, a flurry of private equity activity has taken place and continues to drive up valuations for high quality companies in the sector.

Price Performance and Valuation | Overview

Price Performance | RCO SWS Index CY 2023A



EV/EBITDA Performance | RCO SWS Index CY 2023A



PUBLIC STRATEGIC M&A HIGHLIGHT

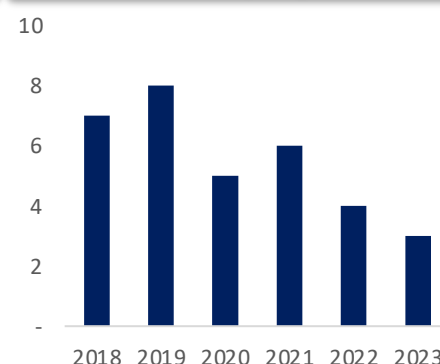
Public M&A Spotlight

Clean Harbors acquired **Thompson Industrial Services** from Five Points Capital and Reynolds Equity Partners for \$100mm. The acquisition combines the top industrial service provider on the East Coast with the leader in specialty environmental services. Thompson first partnered with private equity in 2006. Since then, Thompson acquired 3 companies and experienced 4 liquidity events.

This acquisition exemplifies how corporate and capital transactions maximize value for business owners, as they partner with private equity to grow the business and realize liquidity at higher levels of scale.



SWS Spotlight



1) Public company filings, Pitchbook and RCO Research

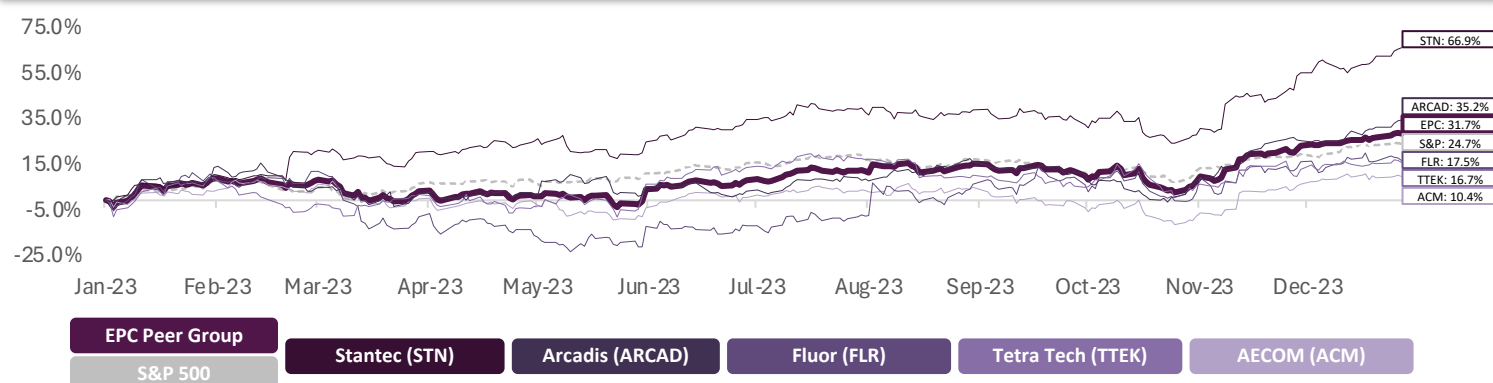


ENVIRONMENTAL EPC OVERVIEW AND HIGHLIGHTS

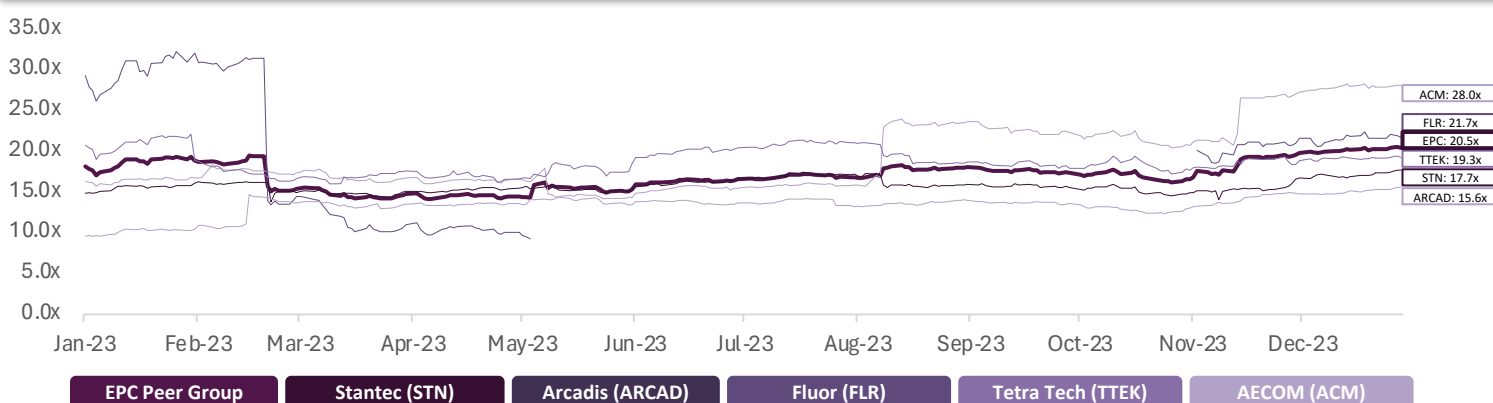
- During 2023, the Environmental EPC ("EPC") subsector out-performed the S&P 500 with engineering focused businesses outperforming construction/project management focused competitors within the subsector.
- M&A activity by public companies in the EPC subsector was low relative to previous years, due in part to financial constraints within the subsector, including negative EBITDA performance, alongside other natural headwinds on M&A within the sector, such as high employee leakage during M&A integration relative to other industries.

Price Performance and Valuation | Overview

Price Performance | RCO Environmental EPC Index CY 2023A



EV/EBITDA Performance | RCO Environmental EPC Index CY 2023A



PUBLIC STRATEGIC M&A HIGHLIGHT

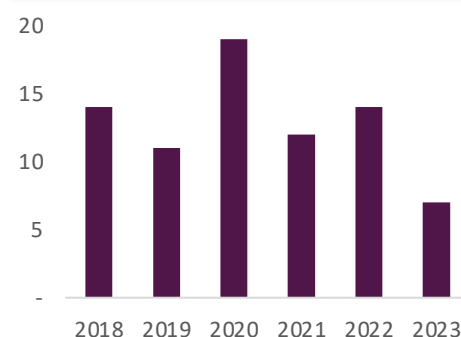
Public M&A Spotlight

Tetra Tech, Inc. a leading provider of high-end consulting and engineering services, has acquired **RPS Group**. The combined 26,000 associates of the RPS Group and Tetra Tech will establish a premier global consultancy in water, environment, sustainable infrastructure, and energy transformation.

The transaction advances Tetra Tech's Global High-End Consultancy in Water, Environment, and Sustainable Infrastructure and expands the Company's Global Leadership in Energy Transformation, Environmental Management, and Data Analytics.



EPC Spotlight



1) Public company filings, Pitchbook and RCO Research

M&A TRANSACTIONS | Direct Waste Management



Date	Acquirer	Target	Description
Dec 2023	CLOSED LOOP partners	Midwest Fiber RECYCLING	Closed Loop Services has acquired Midwest Fiber , the owner of 5 recycling facilities throughout Illinois and Indiana via Closed Loop's platform Circular Services . The facilities will be operated Circular Service's subsidiary Balcones Recycling .
Dec 2023	TAS ENVIRONMENTAL SERVICES, L.P.	ECS	Blue Point Capital , has completed its fifth add on acquisition via its platform TAS Environmental Services , Environmental Concepts & Services ECS is a specialized provider of waste transportation, non-hazardous waste treatment and disposal services to companies operating in the manufacturing and specialty chemical end markets in Tennessee, Kentucky, Alabama, Georgia and Indiana.
Dec 2023	HCAP PARTNERS	SES SIMPLIFIED E SOLUTIONS ZERO WASTE TO LANDFILL	HCAP Partners , a California-based private equity firm announced its investment in Simplified E-Solutions , an innovative zero waste to landfill material processing and management company based in Hazelwood, MO. SES's services include onsite waste and recycle consultation, transportation and logistics management, post-industrial waste processing, recycling, controlled disposal of finished goods, and reuse of raw material waste and scrap.
Nov 2023	We waste eliminator WE MAKE A DIFFERENCE	North Georgia Roll-off Service	Waste Eliminator backed by Allied Industrial Partners has acquired North Georgia Roll-off . NGRS Waste Eliminator with additional waste handling assets in the Atlanta market and increase WE's recycling capabilities around its existing infrastructure.
Oct 2023	ARES ARES CAPITAL CORPORATION	INTERSTATE IWS WASTE SERVICES	Littlejohn backed IWS , the largest privately-held, vertically-integrated provider of solid waste collection, transfer, recycling and disposal services in Greater New York City and New Jersey has been recapitalized with Ares Capital acquiring a significant equity stake. The partnership with Ares will further accelerate IWS' growth, providing capital to pursue organic and inorganic growth initiatives.
Oct 2023	SK CAPITAL	MILESTONE ENVIRONMENTAL SERVICES	SK Capital Partners has completed the acquisition of Milestone Environmental Services, LLC a leading environmental services and carbon management company, from Amberjack Capital Partners Founded in 2014, Milestone has become one of the largest independent provider of waste management services and an emerging leader in permanent carbon sequestration services to the United States energy and industrial sectors.
Aug 2023	CARDS	TRASH HOG OF ARKANSAS	Trash Hog of Arkansas , a solid waste collection firm intended to serve municipal, residential subscription, commercial and industrial markets has been acquired by CARDS Recycling , via its financial sponsor Kinderhook Industries .
Jul 2023	3i Infrastructure plc	AMWASTE (MM) Matter Management Company	AmWaste , a Matter Management Company, and full-service waste and recycling company with operations in AL, GA and LA, has received an infusion of growth capital from 3i North American Infrastructure . The company operates 8 landfills, 10 transfer stations and one MRF.
Mar 2023	FRONTIER WASTE SOLUTIONS	AW ABSOLUTE WASTE	Absolute Waste , a provider of waste management services intended to serve clients in residential and commercial sectors has been acquired by acquisition platform Frontier Waste Solutions via its financial sponsors Concentric Equity Partners and Summer Street Capital Partners . Absolute Waste marks the fourth add-on acquisition by the platform.
Feb 2023	NMS CAPITAL	TEXAS PRIDE DISPOSAL	NMS Capital has partnered with Company management in the recapitalization of Texas Pride Disposal Solutions, LLC and the Texas Dumpsters family of hauling businesses, forming a new solid waste hauling platform which will continue operating under the name Texas Pride Disposal .

Source: Public company filings, Pitchbook, and RCO research

M&A TRANSACTIONS | Specialty Waste Services



Date	Acquirer	Target	Description
Nov 2023			Process Service Specialists a turnkey industrial services operator has received development capital from Settoon Capital . The capital infusion supports PSS's continued growth. PSS offers comprehensive solutions to North American industrial, petrochemical and energy companies requiring support for turnarounds, maintenance or general construction needs.
Nov 2023			Caymus Equity Partners has acquired Quality Environmental Services , a leading provider of environmental remediation services in the greater Midwest region. Based in Beaverton, MI, and led by CEO, Kevin Wolfe, Quality offers a complementary portfolio of environmental remediation services, including: asbestos abatement, mold remediation, lead paint abatement, sub-floor grinding, selective demolition, and mechanical insulation. Caymus Equity's investment provides Quality with the capital support necessary to continue the expansion of the Company's portfolio of service offerings, penetration of new industry verticals and geographies, and the pursuit of strategic acquisitions.
Nov 2023			KLH Capital has acquired Miller Integrated Solutions from Trinity Hunt. Founded in 1985 and based in Deer Park, Texas, Miller Integrated Solutions is a leading industrial cleaning, environmental, and mechanical services company that operates within the downstream, midstream, and upstream hydrocarbon processing markets. Miller's 100 master service agreements provide a recurring, maintenance-driven, service discipline, on which KLH plans to establish a growing acquisition platform.
Oct 2023			Heritage-Crystal Clean , an Illinois-based provider of hazardous and non-hazardous waste services has been acquired by private equity firm J.F. Lehman & Co. for \$1.2 billion. As a private company HCC will have added flexibility to pursue innovation and inorganic growth alongside a deeply knowledgeable financial partner.
Sep 2023			Hillcor Group has acquired Whitewater Management and the company's majority owned subsidiary Catalyst Production Systems. Founded in 2010, Whitewater Management is a market leading fluid management business serving top tier customers across a wide range of industries.
Sep 2023			The Lewis Group , founded in 1996 and headquartered in Pennsylvania, has received equity investment from three equity sponsors in order to fund TLG's growing geographic footprint through organic and inorganic growth. TLG operates a multidisciplinary environmental services company offering comprehensive services including emergency and disaster response, industrial maintenance, site remediation, waste disposal, waste management, facilities services, and disposal services.
Aug 2023			Illini Environmental has been acquired by O6 Environmental Services a portfolio company of Warren Equity . Illini caters to industrial, manufacturing, utility and environmental services customers offering them a suite of services including waste solidification, depackaging, beneficial reuse management, wastewater treatment brokering, hazardous material brokering, waste-to-energy processing and industrial cleaning.
Jul 2023			EIS Holdings , one of the largest providers of mission-critical environmental and infrastructure services, has acquired Cason Environmental & Demolition Services , headquartered in Tallahassee, Florida. This acquisition continues to strengthen EIS' depth and breadth of services throughout marking the Company's ninth acquisition since Sun Capital Partners established the platform in 2018.

Source: Public company filings, Pitchbook, and RCO research

Date	Acquirer	Target	Description
Dec 2023			UES , an Orlando-headquartered consulting and engineering firm, has acquired InControl Technologies , a Houston-based environmental consulting firm providing environmental and consulting services to commercial property management companies, institutional organizations, chemical and petrochemical industries, electrical and gas utility companies, among others. UES has seen rapid expansion since 2019, acquiring more than 20 engineering firms. The firm was itself acquired by BDT Capital Partners in 2021. UES' acquisition of InControl will support its expanding focus on environmental services.
Oct 2023	LANGAN	TOWERBROOK	Langan Engineering & Environmental Services has received a minority equity investment from TowerBrook Capital Partners . This partnership aligns with Langan's strategic vision to further propel the growth and success of the company by adding TowerBrook's sophisticated financial and business-operations expertise and resources, preparing Langan for future inorganic growth.
Sep 2023			PRIME AE Group , a portfolio company of NewHold Enterprises , has acquired Jacobi, Toombs & Lanz , a provider of engineering, survey and construction services JTL provides engineering, survey and construction services to the municipal, state, and commercial infrastructure market in Indiana and Kentucky. The acquisition marks Prime's fourth add-on acquisition.
Sep 2023			Water Engineering Inc. a portfolio company of Nolan Capital , has acquired Earthwise Environmental , a leading provider of innovative water treatment services and consultation. Earthwise is based in Wood Dale, IL and offers environmental services, water treatment, and hazardous liquid treatments, among other services which enable clients to optimize their water, energy and chemical use.
May 2023			Fehr Graham , an Illinois-based engineering and environmental firm, has announce a strategic partnership with Trilon Group , a family of infrastructure consulting businesses backed by Alpine Investors . Fehr Graham is a leading provider of engineering and environmental consulting services to public and private entities throughout the Midwest. The Partnership will support Fehr Graham by accelerating growth and careers of their employees with additional investment in talent, technology, and targeted acquisitions.
May 2023		MATRIXNEWORLD	Matrix New World , a leading provider of environmental consulting, engineering, and infrastructure solutions, has partnered with True Environmental , a platform backed by Halle Capital , advancing True's mission of building a platform to partner with and grow businesses in the environmental consulting and engineering industry.
April 2023		GI PARTNERS	Atlas Technical Consultants , a leading provider of infrastructure and environmental solutions, announced the completion of its acquisition by GI Partners , a private investment firm for ~\$1.05 billion, including outstanding debt. Headquartered in Austin, Texas Atlas is a leading provider of infrastructure and environmental solutions, partnering with clients to improve performance and extend the lifecycle of built and natural infrastructure assets stressed by climate, health, and economic impacts.

Source: Public company filings, Pitchbook, and RCO research

ROMANCHUK & CO. FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing strategic advisory services to our clients across the middle-market, including sourcing, initiating, structuring and negotiating mergers and acquisitions, raising capital, as well as providing valuation and restructuring services. Our team of licensed investment banking professionals specializes in advising owners and

investors of privately-held businesses, private equity firms and corporations on the preparation and sale of their company, facilitating mergers and acquisitions, guiding companies through capital raises, and assisting in identifying and executing upon strategic opportunities. For more information, please visit our website at www.romanchukco.com.

INDUSTRY EXPERTISE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the industrial services sector while maximizing value for our clients in the middle-market. Drawing on our collective industry experience, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.

In Process PROJECT ACE Oilfield Environmental Services Sell-Side Advisor	In Process PROJECT SATURN Environmental Waste Hauler Sell-Side Advisor	OUTSOURCE UTILITY CONTRACTOR CORP. has been recapitalized by JUMANA Romanchuk & Co. advised Outsource Utility Contractor Corp. on this transaction.	Yates has been acquired by GRIDTEK UTILITY SERVICES Romanchuk & Co. advised Yates Energy on this transaction.	Bright Star Solutions has been recapitalized by JUMANA Romanchuk & Co. advised Bright Star Solutions on this transaction.	STATION ELECTRIC has been acquired by KVPOWER Romanchuk & Co. advised Station Electric on this transaction.
WARREN EQUITY PARTNERS has recapitalized KVPOWER Romanchuk & Co. advised Warren Equity Partners on this transaction.	FRONT LINE POWER CONSTRUCTION, LLC has been acquired by ORBITAL INFRASTRUCTURE GROUP Romanchuk & Co. advised Front Line Power Construction, LLC on this transaction.	KVPOWER has been recapitalized by Rock Hill Romanchuk & Co. advised KV Power on this transaction.	BEST OF TEXAS BORING has been recapitalized with financing provided by DOS RIOS P.A. RENTALS Romanchuk & Co. advised Best Texas Boring on this transaction.	APSCO has been acquired by TGP INVESTMENTS Romanchuk & Co. advised APSCO Holdings on this transaction.	KSW OILFIELD RENTAL, LLC SOLIDS CONTROL has been acquired by PINHIGH CAPITAL PARTNERS Romanchuk & Co. advised KSW on this transaction.

FIRM RECOGNITION

ACG Houston DEAL OF THE YEAR DEAL OF THE YEAR WINNER APRIL 19, 2022 UTILITY, POWER & INFRASTRUCTURE	ACG Houston DEAL OF THE YEAR DEAL OF THE YEAR WINNER APRIL 19, 2022 HOUSTON IMPACT AWARD
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Romanchuk & Co.'s recent transaction "Front Line Power Construction Acquired by Orbital Infrastructure Group" was selected as the 2022 Utility, Power & Infrastructure Deal of the Year by the Houston Chapter of the Association for Corporate Growth. The transaction was also selected as the winner of the Houston Impact Award, which recognizes the transaction that drives the most middle-market growth in the Houston region.

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