

WASTE & RECYCLING M&A ACCELERATES AMID ELEVATED WASTE VOLUMES

WASTE & RECYCLING SECTOR UPDATE | FEBRUARY 2022



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Waste & Recycling Sector M&A Activity Accelerates

KEY SECTOR TAKEAWAYS

Capstone Partners' Industrials Group is pleased to share its Waste & Recycling report. Through our ongoing analysis of sector trends and drivers, we have observed a resurgence in waste volumes driven by pandemic tailwinds including rising per capita income and commercial and industrial activity, providing a favorable outlook for waste and recycling companies in 2022. Merger and acquisition (M&A) activity proliferated in 2021 as sector participants consolidated competitors and business owners expedited liquidity event timelines due to the prospect of a capital gains tax increase. Several key report takeaways are included below.

1. Leading public companies reported strong Q3 2021 results due to rising waste volumes and additional sector growth dynamics.
2. Mounting landfill volumes, exacerbated by elevated consumption levels and the rise of e-commerce, have highlighted issues in current waste infrastructure.
3. Recycled material volumes are rising, driven by increased consumer awareness and environmentally-friendly policies in certain regions of the U.S. Growing demand for recycling services and circular economy solutions represent a promising opportunity for sector participants.
4. Despite the favorable demand backdrop, the labor shortage is expected to challenge sector participants as elevated waste volumes drive overtime costs higher.
5. Leading companies have integrated automation technology and robotics, particularly in the sorting and material recovery processes, improving recycling rates and driving labor efficiencies.
6. Add-on deals and public strategic acquisitions accounted for the lion's share of M&A transactions as large players and private equity (PE)-backed companies executed roll-up strategies.

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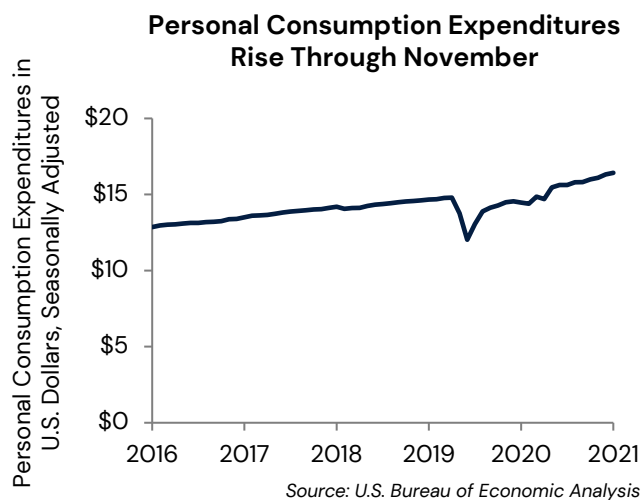
To learn more about Capstone's wide range of advisory services and Waste & Recycling sector expertise, please contact Capstone Managing Director [Doug Usifer](#).

ELEVATED WASTE VOLUMES SUPPORT SECTOR GROWTH

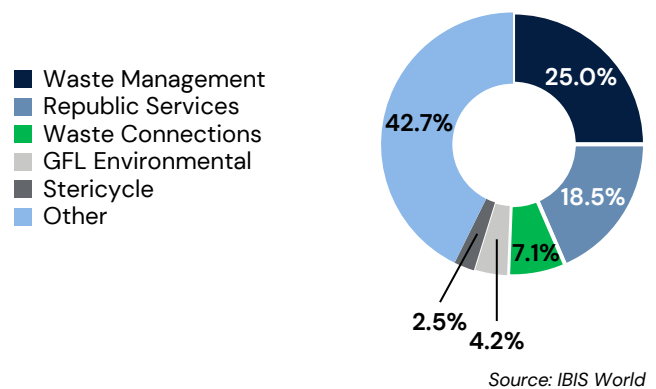
Prior to the pandemic, the steady rise of industrial and construction waste generation supported demand in the Waste & Recycling sector. However, in 2020 business activity declined as the pandemic led to a drop in overall waste volumes despite increased residential waste generation. Waste volumes recovered throughout 2021, bolstering sector demand, as economic activity accelerated. Pandemic tailwinds including the resurgence of per capita income and business activity are expected to translate to elevated waste volumes, providing a favorable outlook for the Waste & Recycling sector in 2022. Personal consumption expenditures increased 13.5% year-over-year (YOY) in November 2021, with consumers leveraging heightened disposable income, according to the U.S. Bureau of Economic Analysis.¹ Consumer spending, which accounts for two-thirds of U.S. economic activity, is expected to remain high, due to wage growth and ample savings, despite the ongoing pandemic. Construction and manufacturing activity have also trended upwards, supplementing healthy waste volumes with the Associated Builders and Contractors (ABC) Backlog Indicator rising 0.3 months to 8.4 months in November (ABC)² and the Industrial Production Index increasing 5.3% YOY in November (Board of Governors of the Federal Reserve System).³ Growing demand for environmentally-friendly recycling services is also a promising opportunity for sector participants.

Leading public companies Waste Connections (NYSE:WCN), Republic Services (NYSE:RSG), and Waste Management (NYSE:WM) reported strong Q3 2021 results due to rising waste volumes. Waste Connections, which comprises ~7.1% of the Waste Collection sector market share (IBIS World),⁴ reported that its recycling revenue more than doubled YOY and the company expects to outperform total 2021 revenue expectations by \$130 million, according to its Q3 earnings call.⁵ Republic Services, accounting for ~18.5% of the Waste Collection sector's market share, reported a 5.8% increase in revenue in Q3 YOY citing more demand for profitable special waste streams, fuel recovery fees, recycling commodities, and acquisitions as key drivers in its earnings call.⁶ The largest company in the Waste Collection sector, Waste Management (~25% of market share), recorded overall waste volume increases of 3.8% with commercial and special waste up 4.6% in its earnings call.⁷ Waste Management raised its 2021 revenue expectations to an increase of as much as 17.5% over last year, noting several factors bolstering profitability including elevated commodity prices. However, the company reported that wage inflation is up 8.3% as employees were paid more to work overtime amid a persistently tight labor market.

While demand remains elevated, the labor shortage is expected to challenge sector participants as high waste volumes continue to translate to overtime costs. In its Q3 earnings call, Waste Management reported that ~900 employees (about half of which were drivers) were absent due to quarantine or illness during one peak week in September 2021. That number has since dropped down to ~200. The company indicated that it will leverage automation technology in order to mitigate the effects of the labor shortage. "I don't think we can overstate the importance of using automation to take some of the labor intensity out of this business," said President and CEO James Fish in the earnings call.



Leading Players Comprise Large Portion of Waste Collection Market Share



AUTOMATION AND SUSTAINABILITY REMAIN TOP PRIORITIES

Automation Offers Recycling Infrastructure and Labor Shortage Solutions

The U.S. has the highest waste-to-population rate of any country, accounting for 12% of the world's municipal solid waste (MSW) in 2018 despite comprising only about 4% of the world's population, according to the Environmental Protection Agency (EPA).⁸ Due to the lack of a comprehensive recycling infrastructure in the U.S., the EPA estimates that less than 10% of plastic thrown in bins in the last 40 years has been recycled. Amid rising sustainability concerns among governments and consumers, waste and recycling companies across the globe have integrated automation technology, particularly in the sorting process, improving recycling rates and driving labor efficiencies for materials recovery facilities (MRFs).

“We’ve said previously that we view the automation of certain high turnover positions as both a competitive advantage and a de-risking mechanism in today’s labor market where certain jobs simply don’t attract the interest they previously did.”

James Fish
Chief Executive Officer of Waste Management

Diversified environmental services company, GFL Environmental (TSX:GFL) has invested in the retrofitting of existing facilities by implementing the latest technology in order to maximize recovery and mitigate the impacts of the labor shortage, according to the company’s Q3 earnings call.⁹ Similarly, Waste Management has undergone an automation transformation, reducing labor at its recycling facilities by 70% and saving \$1 million every quarter per plant, according to a report by Deutsche Bank.¹⁰ Vertically integrated MSW services provider Casella Waste Systems (Nasdaq:CWST) reduced the impact of labor market challenges by investing in route optimization and automation, according to its Q3 earnings call.¹¹

Capstone expects sector participants to continue to invest in cost-cutting automated sorting equipment in order to improve operations via quicker sorting, machine learning, data storage and processing, and improved output quality.

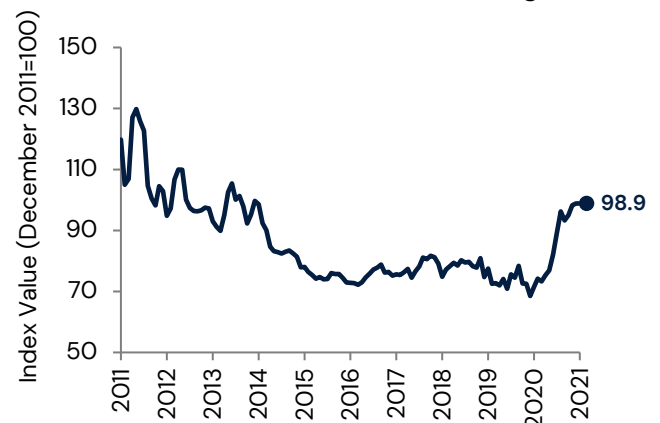
Governments and Sector Participants Grapple With Circular Economy Measures

Mounting landfill volumes, exacerbated by elevated consumption and the rise of e-commerce, have highlighted issues in current waste infrastructure. Sector participants and the U.S. Government have considered methods to alleviate landfill space, including waste-to-energy (WTE) combustion. However, WTE supporters have been met with opposition surrounding costs and potential emissions. Governments are expected to enact legislation that incentivizes sustainable practices and circular economy initiatives, presenting an opportunity for innovative, environmentally-minded sector players.

Elevated Curbside Commodity Prices Bolster Recyclable Materials Market

MRFs have benefited from elevated prices for scrap paper, plastic, and metal bales as material demand has significantly outpaced supply due to pandemic-induced headwinds. The rise of e-commerce has translated to an additional hike in the price for recycled corrugated boxes. Plastics, namely polyethylene and natural high-density polyethylene (HDPE), have experienced significant price inflation supplemented by the slow recovery of Texas petrochemical plants from the Big Freeze in February 2021, according to Waste 360.¹² Capstone expects recycled material prices to remain high in the near-term, buoyed by ongoing supply chain challenges and heightened consumer and corporate awareness regarding sustainability.

Recyclable Plastics Producer Price Index Reaches Six-Year High



Source: U.S. Bureau of Labor Statistics

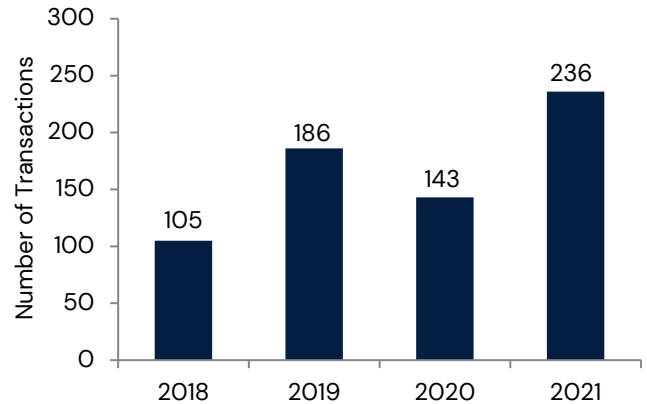
CONSOLIDATION DRIVES M&A ACTIVITY

M&A volume surged in 2021, increasing 65% YOY, as buyers consolidated competitors to establish regional dominance and sellers sought to maximize take-home earnings ahead of a potential capital gains tax increase. Add-on deals (34.8%) and public strategic acquisitions (31.8%) accounted for the lion's share of transactions as large players and PE-backed companies executed roll-up strategies. Deal activity is expected to continue at a strong pace throughout 2022 with acquirers pursuing accretive targets that bolster scale, enhance workforces, or offer cost-cutting technology.

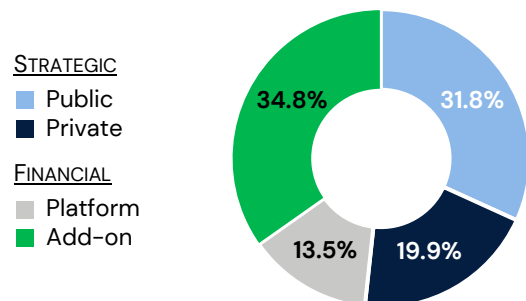
In recent years, waste and recycling companies have increasingly sought financial support from PE firms in order to execute growth strategies and capture market share. This has fueled platform investments and sponsor-to-sponsor deals. "If you need capital and can't get it on your own, I wouldn't hesitate entertaining a partnership with a private equity firm. I've seen 'less competitive' competitors partner up with a private equity firm and accomplish amazing things," said Anthony Lomangino, Former CEO of Southern Waste Systems at the 2021 Corporate Growth Conference, according to Waste Dive.¹³ However panelists at the conference advised sector participants to ensure that investments will be affordable and produce cash flows quickly before seeking funding.

Capstone expects buyers to continue to look for companies offering innovative solutions as automation, artificial intelligence, robotics and machine learning technology become an integral factor in cost-cutting and green practice solutions.

M&A Transaction Volume Reaches Record Levels in 2021



Add-On Acquisitions Comprise Largest Share of Transactions



Source: Capital IQ, PitchBook, FactSet, and Capstone Research



Doug Usifer, Managing Director

"M&A activity surged in 2021 driven by pent-up deal demand, the desire for founders to seek liquidity, and the need for owners to position their companies for expanded growth opportunities. Profitable and growing companies that offer recycling, automation efficiency, and environmentally-friendly waste solutions are particularly attractive."

COMPANY SPOTLIGHT: WIN WASTE INNOVATIONS



Founded: 2021

Chief Executive Officer: Robert Boucher

Ownership: Private, PE-backed

Headquartered: Portsmouth, New Hampshire

Company Description

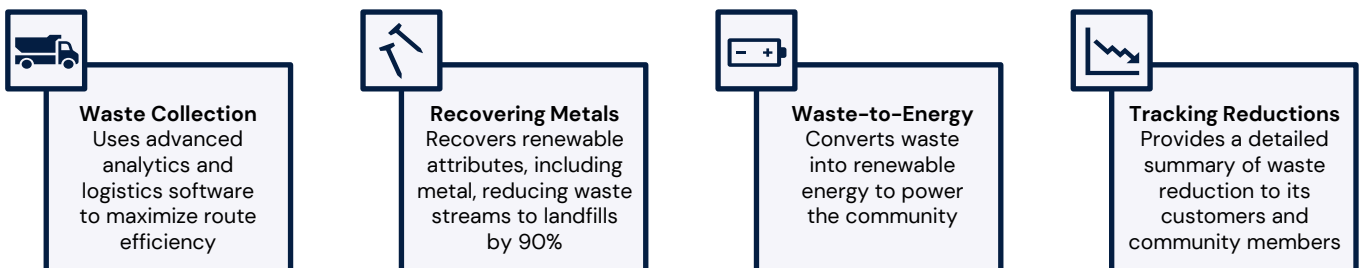
In April 2021, Macquarie Infrastructure Partners-backed Wheelabrator Technologies, a developer, owner, and operator of waste-to-energy facilities announced the formation of WIN Waste Innovations through the integration of 10 leading businesses in the Waste & Recycling sector. WIN Waste Innovations is comprised of the former Wheelabrator Technologies (Portsmouth, New Hampshire), City Carting & Recycling and Tunnel Hill Partners (Stamford, Connecticut), Charles George Waste Disposal & Recycling (Londonderry, New Hampshire), United Material Management (Westboro, Massachusetts), Shipyard Waste Solutions (Eliot, Maine), Bay State Disposal (Atkinson, New Hampshire), County Waste Management (Bedford Hills, New York), Fiore Trucking Recycle & Disposal (Fitchburg, Massachusetts), and the Commercial and Residential Subscription business of Noonan Waste Service (West Bridgewater, Massachusetts).

The consortium of legacy businesses has formed a vertically integrated, curb-to-grid waste management company with over 50 collection, transfer, and disposal assets, serving more than 110,000 collection customers on 231 routes using 346 total collection vehicles and eight hauling locations, according to a press release.¹⁴ Through the combination of these collection, hauling, transfer, and waste-to-energy companies, WIN Waste Innovations can now provide a holistic approach to waste management, allowing it to better serve customers and communities. The company operates from Maine to Florida and as west as Ohio and intends to bolster its operational footprint in the Northeast and other markets of strategic interest.

"By bringing together these 10 industry-leading companies under a single brand, WIN Waste Innovations has positioned itself to deliver essential services to our customers and communities while performing for the planet. We strive to exceed our customers' expectations every day, delivering comprehensive, tailored waste services from a professional, responsible team you can count on. Our passionate and professional employees are dedicated to delivering exceptional customer service and end-to-end solutions that begin with reliable waste pickup at the curb and end with flexible disposal options designed to support a healthier planet," said WIN Waste Innovations President and CEO Robert Boucher, in the press release.

As part of its rebranding, WIN Waste Innovations has dedicated itself to minimizing its environmental impact through its four-step curb-to-grid waste management and waste-by-rail process. The consortium currently converts 6.7 million tons of waste into clean, renewable energy to power 340,000 homes, and recycles more than 234,000 tons of plastic, paper, and metal from the waste stream.

Four-Step Curb-to-Grid Process



Source: WIN Waste Innovations

PUBLIC COMPANIES SCALE THROUGH ACQUISITIONS IN 2021



Ticker: Nasdaq:CWST
Headquarters: Rutland, VT
Market Capitalization: \$3.8 Billion

Casella Waste Systems reported spending ~\$153 million on nine deals through Q3 2021. Due to challenges with attracting and retaining front-line workers, the company raised hourly wage rates over budget rates, adding ~\$700,000 in quarterly costs. Casella noted that revenues and adjusted EBITDA were both up over 19% YOY with its Solid Waste and Resource Solutions businesses performing strongly as it continues to advance key pricing and operational strategies to stay ahead of inflationary labor, container, and equipment costs.



Ticker: TSX:GFL
Headquarters: Vaughan, ON
Market Capitalization: \$10.5 Billion

GFL Environmental reported spending ~\$1.7 billion on 37 deals in North America through Q3 2021. The company noted that pricing has been key to its success due to labor market challenges. In addition, the company indicated that the impact of the labor shortage has eased after peaking in the spring/summer of 2021. GFL reported a 43% YOY increase in revenue through Q3 driven by solid waste pricing and volume, elevated commodity prices, and accretive M&A.



Ticker: NYSE:RSG
Headquarters: Phoenix, AZ
Market Capitalization: \$38 Billion

Republic Services reported spending ~\$922 million on acquisitions through Q3 and expects to invest over \$1 billion in M&A in full-year 2021. The company reported that it was unable to fully capitalize on the high waste volumes due to labor shortages. "We're expecting the positive momentum in our business to continue to produce profitable growth in 2022. At this point we anticipate producing above-average revenue growth leading to high single-digit adjusted free cash flow growth compared to our full-year 2021 performance," said President and CEO Jon Ark in the Company's Q3 earnings call.



Ticker: NYSE:ACA
Headquarters: Woodbridge, ON
Market Capitalization: \$31.4 Billion

Waste Connections reported spending ~\$561 million on 14 deals through Q3. The company noted that it proactively addressed labor constraints through wage adjustments covered by incremental price increases. Waste Connections also discussed the importance of engagement and retention in mitigating labor constraints. Waste Connections estimates that full-year revenue for 2021 will be approximately \$6.11 billion, a \$130 million increase from its previous updated outlook, due to solid waste volumes, commodity values, and acquisitions.



Ticker: NYSE:WM
Headquarters: Houston, TX
Market Capitalization: \$59.7 Billion

Waste Management reported spending ~\$11 million on acquisitions through Q3 and indicated that its primary focus remains integrating the ~\$4.6 billion acquisition of Advanced Disposal Services from last year. "I would much rather grow organically than pay a multiple of 13 or 14 times. We're going to be disciplined about that," said President and CEO James Fish, in the company's Q3 2021 earnings call. Waste Management indicated that it faced unexpectedly acute and fast-moving inflation, supply chain, and labor shortage headwinds resulting in ~\$60 million in excess labor inflation in the quarter. The company's full-year 2021 projected revenue growth is 17-17.5%.

*Note: Market Capitalization Calculated Using Close Price as of February 11, 2022
Source: Q3 Earnings Calls, Waste Dive, Capital IQ*



NOTABLE TRANSACTIONS



To Merge With



Rubicon Technologies has entered into a reverse merger agreement with Founder SPAC (Nasdaq:FOUN) with a pro forma enterprise value of approximately \$1.7 billion, equivalent to 9.4x estimated 2023 net revenue and 7.2x estimated 2023 annualized recurring net revenue, according to an Investor Presentation.¹⁵ The company will trade on the New York Stock Exchange under the ticker "RBT." The transaction is expected to close in Q2 2022, subject to regulatory approval. Founded in 2008, Rubicon is a software company offering a technology-driven approach to traditional waste management that aggregates large amounts of data to align a customer's trash and recycling needs with the appropriate outlet. Rubicon partners with thousands of companies including Apple (Nasdaq:AAPL), Walmart (NYSE:WMT), and Starbucks (Nasdaq:SBUX), to handle their waste hauling and recycling needs. The company will generate ~\$432 million in proceeds from the deal prior to transaction costs, comprising \$321 million in cash from Founder and a \$111 million private investment in public equity (PIPE) backed by Palantir Technologies, the New Zealand Super Fund, and Rodina Capital.

"While the waste and recycling category is highly resilient, it is ripe for improvements in efficiency and sustainability, and the successful execution of our growth strategy will help propel the industry into the current age of digitization while facilitating the broader sustainability goals of customers and communities around the world," said Founder and CEO of Rubicon Nate Morris, in a press release.¹⁶



Acquires

In its largest expansion to-date, LRS, a portfolio company of Macquarie Infrastructure Partners and a leading waste diversion, recycling, and portable services provider in the Midwest acquired Orion Waste Solutions' territories in Arkansas, Kansas, and Wisconsin, and Waste Recycling Solutions' RAMCO-Alternative Waste Management, a vertically integrated waste and recycling business in Little Rock, Arkansas (November). Terms of the deals were not disclosed. The transactions added a combined 19 municipal contracts across Arkansas, Kansas and Wisconsin, 140 new employees, 115 trucks, one C&D landfill and nine facilities, according to a press release.¹⁷



And



"This new LRS-South platform will allow expanded product offerings and cross-selling opportunities throughout the entire state of Arkansas, along with Oklahoma, Kansas and Missouri, the rapidly growing northwest Arkansas market has little or no recycling services, and these acquisitions provide the perfect environment to graft LRS' world-class recycling offerings into this progressive market. I am thrilled to welcome the Ramco and Orion teams to the LRS family. Under their collective leadership, we look forward to explosive organic- and acquisition-related growth in this market," said Alan Handley, President and CEO in the press release.



Acquires



Global infrastructure investment firm EQT Infrastructure acquired all shares of Covanta Holding Corporation (NYSE:CVA) common stock for \$20.25 per share in a transaction valued at \$5.3 billion, equivalent to 2.7x LTM revenue and 16.6x LTM EBITDA in July 2021. Through its subsidiaries, Covanta is a global provider of waste to energy services for municipal entities. EQT will invest in organizational, operational, and digital technology initiatives allowing Covanta to continue to enhance its sustainable solutions, according to a press release.¹⁸

"Our comprehensive analysis during the past nine months has been singularly focused on enhancing value for our shareholders. EQT certainly recognizes the value we see in our business, and this transaction represents an excellent outcome of our strategic review. Furthermore, as an organization dedicated to sustainability and environmental stewardship, EQT shares our vision for a safer, cleaner, and more prosperous future through sustainable waste management thereby ensuring no waste is ever wasted," said Michael Ranger Covanta President and CEO, in the press release.



SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
01/04/22	Liberty Waste	Lakeshore Recycling Systems	Provides portable toilets for events and construction sites in the greater Nashville, Tennessee area.	-	-	-
01/04/22	Rocky Top Disposal	Lakeshore Recycling Systems	Provides waste management services in Portland, Tennessee.	-	-	-
12/30/21	Sims Municipal Recycling of NY	Closed Loop Partners	Provides curbside recycling services.	\$45.4	-	-
12/29/21	Pioneer Recycling Services	The Silverfern Group, Delos Capital	Operates full-service comingled residential and office recycling in the Pacific Northwest.	CF	CF	CF
12/16/21	Rubicon Technologies	Founder SPAC (Nasdaq:FOUN)	Provides smart waste and recycling solutions for business and governments worldwide.	\$1,700	-	-
12/10/21	Sustainable Origins	Forza Innovations (OTCPK:FORZ)	Offers garbage and recycling pick-up services and roll-off container rental solutions.	-	-	-
12/01/21	Sustana Fiber	Blackstone (NYSE:BX)	Offers recycled paper products and sustainable recycled fiber.	-	-	-
11/30/21	Assets of Waste Management of MI	GFL Environmental (TSX:GFL)	Provides waste management environmental services.	-	-	-
11/30/21	L & N Disposal	GFL Environmental (TSX:GFL)	Offers solid waste disposal and recycling services.	-	-	-
11/18/21	Ferrous Processing & Trading	Cleveland-Cliffs (NYSE:CLF)	Processes and distributes prime ferrous scrap in North America.	\$775.0	-	7.8x
11/08/21	Green Energy Services	TerraVest Industries (TSX:TVK)	Provides liner recycling/disposal and heavy-duty industrial pumps rental services.	-	-	-
11/04/21	Assets of Metalx	BlueScope Steel Limited (ASX:BSL)	Comprises steel recycling business.	\$240.0	-	-
11/01/21	Orion Waste / RAMCO-AWM	Lakeshore Recycling Systems	Offers solid waste management and recycling services.	-	-	-
10/29/21	PSC Metals	SA Recycling	Recycles scrap metals in Ohio, Western Pennsylvania, Tennessee, and Missouri.	\$290.0	-	5.4x
10/25/21	Affordable Medical Waste	Sharps Compliance (Nasdaq:SMED)	Provides medical waste removal and document shredding services.	-	-	-
10/01/21	Alabama Dumpster Service	GFL Environmental (TSX:GFL)	Develops an online application that allows users to view outfits.	-	-	-
09/09/21	Lakeshore Recycling Systems	Macquarie Infrastructure	Provides independent waste diversion, recycling, and portable services in the Midwest.	CF	CF	CF
08/23/21	East Chicago Machine Tool	Kadant (NYSE:KAI)	Manufactures heavy duty and reliable equipment for Waste Management and Recycling industries.	\$54.0	2.5x	6.7x
08/04/21	HydroChem	Clean Harbors (NYSE:CLH)	Provides industrial cleaning solutions.	\$1,250.0	-	10.9x
07/14/21	Covanta Holding	EQT Partners	Provides waste and energy services to municipal entities through its subsidiaries.	\$5,370.6	2.8x	17.0x
06/29/21	Assets of motor oil recycling	Safety-Kleen Systems	Comprises used oil refinery and recycling operations.	\$140.0	-	-
06/16/21	American Zinc Recycling	Befesa (XTRA:BFSA)	Offers products such as zinc oxide and recycled zinc powder.	\$450.0	-	-

Blue indicates Capstone advised transaction; CF = Confidential
Source: Capital IQ, PitchBook, FactSet, and Capstone Research

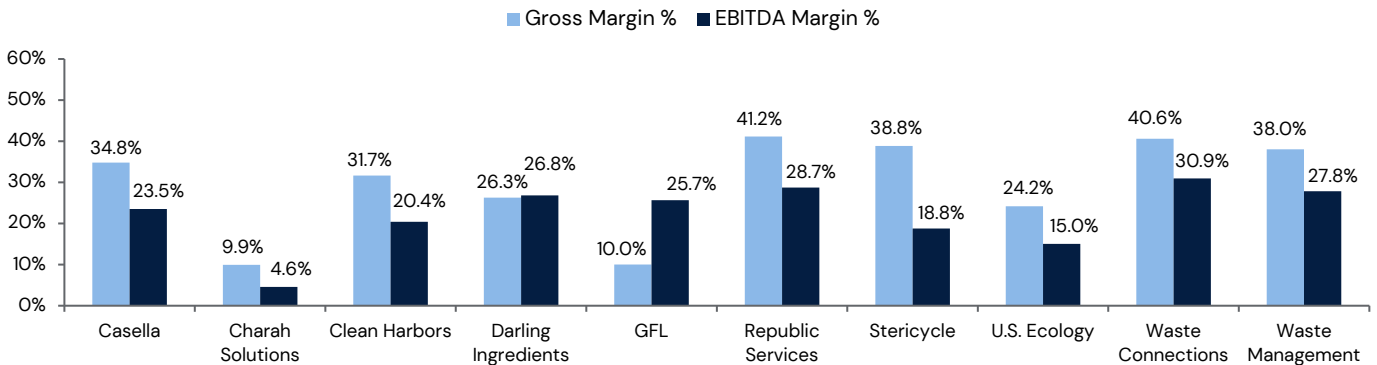


PUBLIC COMPANY DATA

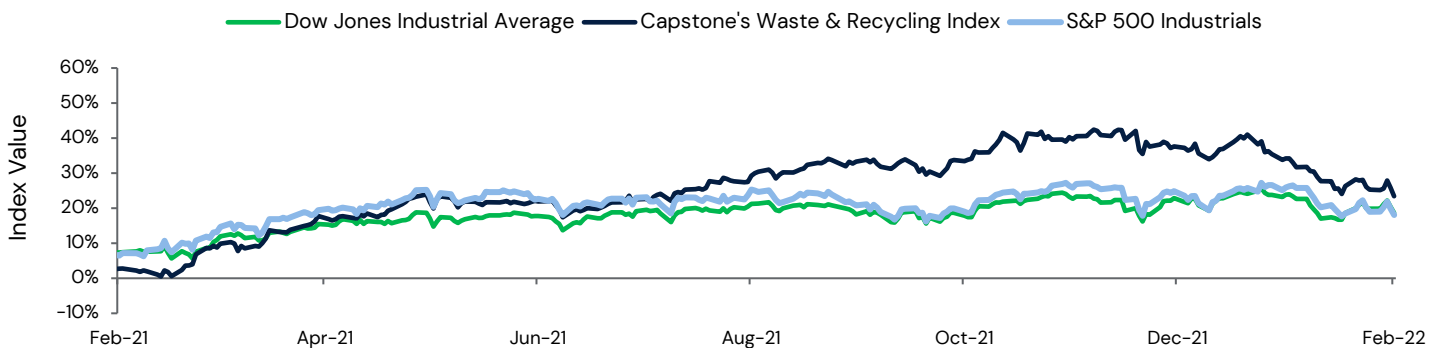
Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	02/11/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Casella Waste Systems, Inc.	\$74.41	82.8%	\$3,824.5	\$4,403.3	\$847.6	\$199.4	23.5%	NM	22.1x
Charah Solutions, Inc.	\$5.03	75.9%	\$168.0	\$356.2	\$265.5	\$12.1	4.6%	1.3x	29.4x
Clean Harbors, Inc.	\$94.42	79.4%	\$5,137.6	\$6,142.0	\$3,482.3	\$709.8	20.4%	1.8x	8.7x
Darling Ingredients Inc.	\$65.21	75.8%	\$10,551.5	\$12,092.3	\$4,451.1	\$1,193.3	26.8%	2.7x	10.1x
GFL Environmental Inc.	\$31.13	73.1%	\$10,530.6	\$16,994.5	\$4,366.3	\$1,120.5	25.7%	3.9x	15.2x
Republic Services, Inc.	\$120.18	82.3%	\$38,028.7	\$47,882.8	\$11,295.0	\$3,245.2	28.7%	4.2x	14.8x
Stericycle, Inc.	\$58.86	73.6%	\$5,407.1	\$7,390.1	\$2,645.5	\$496.7	18.8%	2.8x	14.9x
US Ecology, Inc.	\$47.00	98.3%	\$1,469.7	\$2,220.3	\$967.6	\$145.2	15.0%	2.3x	15.3x
Waste Connections, Inc.	\$120.64	86.9%	\$31,430.0	\$36,221.4	\$5,925.3	\$1,833.1	30.9%	NM	19.8x
Waste Management, Inc.	\$142.64	84.9%	\$59,668.6	\$72,957.6	\$17,931.0	\$4,988.0	27.8%	NM	14.6x
Mean							22.6%	2.7x	16.5x
Median							24.6%	2.7x	15.0x
Harmonic Mean							16.4%	2.4x	14.7x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = Not Meaningful

Last Twelve Month Margin Performance



Capstone's Waste & Recycling Index Average Return Outpaces Dow Jones Industrial Average and S&P 500



Index Includes: CWST, CHRA, CLH, DAR, ECOL, GFL, RSG, SRCL, WCN, WM
Source: Capital IQ as of February 11, 2022



CAPSTONE CASE STUDY

Capstone Partners advised Pioneer Recycling Services, LLC, a portfolio company of Central Valley Fund, on its sale to Delos Capital and The Silverfern Group. Pioneer, based in Tacoma, Washington, is an industry leader in comingled residential and office recycling in the Pacific Northwest. Pioneer's full-service recycling centers focus on providing reliable, environmentally-friendly services and solutions for commercial, industrial, municipal, and residential customers.

Pioneer President Tommy Crenshaw said, "Pioneer is thrilled with our new partnership. We are confident that deploying Delos and Silverfern's proven growth strategies will ensure long-term profitability for all stakeholders."

Capstone's Managing Director Doug Usifer, also noted, "Pioneer is a world-class materials recovery facility and a leader in the Waste & Recycling industry. The company's unique business model and advanced sorting technology have driven proven commercial success while delivering a sustainable, environmentally-friendly footprint. We were thrilled and honored to represent Pioneer and its entire management team in the transaction with Delos/Silverfern."

"We are excited to partner with Silverfern and the management team of Pioneer, a best-in-class provider of sustainable recycling services," commented Michael Rakiter, Partner at Delos Capital. "Since the company's formation in 2014, the founders of Pioneer have consistently invested in state-of-the-art equipment and process innovation to provide the highest levels of service."

Delos Capital is a lower-middle-market private equity firm specializing in management buyouts, recapitalizations, and growth investments. Headquartered in New York City, the firm concentrates largely in the Industrials, Chemicals, Packaging, and Consumer industries.

Silverfern is a global middle-market investment management firm specializing in buyouts, build-ups, acquisitions, growth equity, and recapitalizations. From offices in Greenwich, Frankfurt, and Sydney, Silverfern's investment professionals target companies with deep industry knowledge and local market experience.



" *The Capstone team took the time to gain a deep understanding of our value proposition which led to communicating a compelling investment opportunity for the buyer. Capstone far exceeded our expectations on all fronts which resulted in getting the maximum value for our team.* **"**

Steve Frank
CEO and Owner
Pioneer Recycling Services

WASTE & RECYCLING REPORT CONTRIBUTORS

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Doug joined Capstone Partners from Atlas Advisors where he focused on the firm's Industrials practice. He has over 30 years of experience in investment banking and industrial sectors including chemicals, plastics, waste and scrap metal. Prior to Atlas, Doug worked at National Starch as Business Director, Food Emulsions, and Encapsulation, where he was General Manager of a \$40MM global specialty food ingredients business. He also worked on M&A transactions including National Starch's acquisition of Penford's resistant starch business. Before to National Starch, Doug worked at Engelhard Corporation in several capacities, including Business Development Manager, Corporate New Ventures; Marketing Manager, Special Effect Pigments; Manager, Technology and Market Development, Performance Additives/Specialty Minerals. While at Engelhard, he worked on M&A transactions including the acquisition of Mearl Corp, a U.S. producer of pearlescent pigments and iridescent films. He previously worked at Cambrex Corporation (pharmaceutical fine chemicals) and Hoechst Celanese (electronic products and plastics).

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John Wilson is a Vice President in the Burlington office. He is engaged in the execution and advisory of mergers, acquisitions and strategic capital raises. Prior to joining Capstone Partners, he was with Goldman Sachs Asset Management in their fixed income defined contribution division. His industry experience includes Chemical and Waste. He earned a BS and an MBA from the University of Vermont. John is a Registered Securities Representative having passed the FINRA Series 79 examinations.

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Luke serves as a Research Analyst at Capstone Partners primarily focusing on the Industrials and Business Services industries. Prior to joining the firm's corporate Research Team, Luke was an intern at DLG Wealth Management, Valpey Financial Services, and VIGILANT Capital Management where he performed financial analysis on equities, evaluated exchange traded funds and mutual funds, and determined the impact of proposed legislation on financial planning strategies.



FIRM TRACK RECORD

Capstone Partners maintains an active Industrials practice in the middle market, with Waste & Recycling being an important vertical within our focus. This market presence allows Capstone Partners to provide Waste & Recycling companies with up-to-date market data and access to key decision makers among the sector's most active acquirers and investors. A sampling of closed transactions are displayed below.



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QUEST RESOURCE HOLDING CORPORATION
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HAS BEEN ACQUIRED BY



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HAS BEEN ACQUIRED BY



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